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“ECBC Launches its Label Initiative”

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The European Covered Bond Council (ECBC) announces its Label Initiative, which highlights to investors the value and quality of covered bonds and further enhances the recognition of, and trust in the covered bond asset class. The label will also improve access to relevant and transparent information for investors, regulators and other market participants. The long-term objective of the initiative is to promote liquidity and strengthen covered bonds' secondary market activity.

The Covered Bond Label is a key priority for the ECBC, which is developing the initiative in co-operation with issuers, investors and regulators with the aim of ensuring that the views of all stakeholders are incorporated.

The following key elements of the Label structure have been defined:

- The decision making and supervisory role is to be entrusted to the ECBC Steering Committee;
- The labelling itself is to be based upon a principle of self-certification;
- Market participants will meet through an Advisory Council, which is designed to act as a market think tank;
- The operation of the Label will be entrusted to a Label Secretariat dealing with the practical day-to-day operation of the labelling process.

The European Covered Bond Council's labelling initiative is based on the Covered Bond Label Convention which defines core characteristics required for a covered bond programme to qualify for the Label. This definition of the required characteristics is complemented by a transparency tool to be developed at national level based on "Voluntary Label Transparency Guidelines".

The Implementation Plan for the Label initiative will be presented at the next ECBC Plenary meeting, which is to be held in London in the spring of 2012.

With over €2.5 trillion outstanding at the end of 2010 and €600 billion issuance during 2010 at a global level, covered bonds have confirmed their central role in bank funding strategies, providing essential access to capital markets. Their consistently strong performance, quality features and stable investor base have stimulated the interest of regulators and market participants in the asset class around the world.

The key to the success of covered bonds lies in their simplicity as a clear plain vanilla instrument, typically guaranteed by mortgages and public sector assets. The strong supervision and the underlying regulatory and legislative framework of covered bonds are all designed to properly assign collateral in case of resolution.





European Covered Bond Council

The Covered Bond Voice of the European Mortgage Federation



Contact Persons:

Annik Lambert Tel: +32 2 285 40 30
Secretary General of the EMF alambert@hypo.org

Luca Bertalot Tel: : +32 2 285 40 35
Head of the ECBC lbartalot@hypo.org

For further information on the activities of the European Covered Bond Council and European Mortgage Federation please contact:

Avenue de Cortenbergh 71, B-1000 Brussels, Belgium
Tel. +32 2 285 40 30 - Fax +32 2 285 40 31
E-Mail: emfinfo@hypo.org - Website: www.hypo.org

Notes to the Editor:

1. The European Covered Bond Council (ECBC) (ecbc.hypo.org) is a platform that brings together covered bond market participants including covered bond issuers, analysts, investment bankers, rating agencies and a wide range of interested stakeholders. The ECBC was created by the European Mortgage Federation (EMF) in 2004. As of September 2011, the Council has over 100 members across more than 25 active covered bond jurisdictions and many different market segments. ECBC members represent over 95% of covered bonds outstanding.
2. Established in 1967, the European Mortgage Federation (www.hypo.org) is the voice of the European mortgage industry, representing the interests of mortgage lenders and covered bonds issuers at European level. The EMF provides data and information on European mortgage markets and its members grant more than 75% of residential and non-residential mortgage loans in Europe.



European Mortgage Federation aisbl

Avenue de Cortenbergh, 71 B-1000 Brussels - Belgium | Tel: +32 2 285 40 30 | Fax: +32 2 285 40 31 | TVA BE 411 583 173
emfinfo@hypo.org | www.hypo.org