

1.1 FOREWORD

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The ECBC Covered Bond Fact Book can rightly be described as an encyclopedia of the covered bond universe. It is an excellent reference work for those new to the subject, as well as experts who have been familiar with it for years, wish to keep up to date with current developments and think ahead. The annual chapter on current key themes relating to covered bonds is particularly interesting for the latter group.

Priorities in Brussels have changed. In view of the significantly altered geopolitical and economic situation, the focus is now on reducing bureaucracy, simplification, growth, defence and affordable housing, to name just a few of the hot topics. Covered bonds can and will play an important role in all these areas. Linked to this is the Saving and Investment Union (SIU) initiative, which aims to reduce regulatory burden for securitization so that this instrument can also be used more widely again. This chapter provides valuable information on all of this, as well as on the potential creation of European Secured Notes, which could close a gap in refinancing SME loans.

Despite the new priorities sustainability issues remain highly important. Dismissing climate change, with all its implications for nature, societies, and financial markets as irrelevant would be disastrous. Now that the market segment of ESG covered bonds has been established, we have included key information on this market in the Generic Section for the first time this year. Meanwhile, the ESG articles in this chapter address topics such as impact reporting and investor demand. They also cover ESG risk management and the potential standardisation of corresponding risk assessments.

Even though the Covered Bond Directive was only introduced 6 years ago, it may soon be due for its first revision. The EBA's recommendations to the EU Commission could provide important insights in this regard. Unfortunately, the EBA report was not yet available at the time of writing. One of the key points in the EBA report will be the recommendation on the possible introduction of a third-country equivalence regime. As the global perspective has always been a key concern for the ECBC, attention will also be focused on this, given that covered bonds have long since become a global product.

Covered bonds are a crisis-proven traditional refinancing instrument. At the same time, both the community and the product continue to show how innovative they are. Consequently, one article deals with distributed ledger technology, blockchain covered bonds, and the use of artificial intelligence. The new technologies will slowly but surely change the financial markets. The chapter is rounded off with detailed information on investor demand and the liquidity situation in the covered bond market.

I would like to thank all the authors for their hard work alongside their regular daily tasks. This demonstrates their commitment to and enthusiasm for covered bonds. I hope you, dear readers, enjoy reading the articles in this key themes chapter.