

## FOREWORD

Housing lays the foundation for freedom, dignity and opportunity, paving a solid path towards lasting peace and shared prosperity. Housing policies for their part represent a major social lift, with the potential to support each and every citizen in realising their future expectations. Alongside these, the development of solid long-term funding strategies, which facilitate lenders' access to capital markets and therefore optimise and enhance public resources in this critical sector, is of paramount importance in Europe and around the world. Any sound capital markets solution linked to the housing sector will not only relieve public resources but also reinforce market harmonisation and efficiency in the mechanism of transmission of monetary policies, securing financial stability, affordability and sustainability, whilst facilitating labour mobility and investment opportunities for citizens in the single market.

The lack of affordable housing in Europe has been worsening since the Global Financial Crisis and even more since the Covid Pandemic, particularly affecting larger cities. Such a lack of affordable housing highlights an increasing concern for Europe's social equality, economic growth and productivity as, inter alia, it hampers workers' mobility, the possibility for students to complete their education and the need of the most vulnerable to own or rent a house or a flat at affordable conditions. The Affordable Housing Initiative, newly announced in the European Commission's Renovation Wave Strategy for Europe, aims to ensure access to adequate and affordable housing for all Europeans, while also promoting energy efficiency and environmental sustainability. At the heart of this initiative is the recently announced **European Affordable Housing Plan**, which will provide a roadmap to tackle the root causes of the crisis.

The publication of the 20<sup>th</sup> edition of the European Covered Bond Council (ECBC) Covered Bond Fact Book this year comes at a critical geopolitical moment and at the dawn of a new political agenda for the European Institutions. In addition to the emphasis placed on ensuring access to affordable housing for all, the new agenda envisages a new role for the Capital Markets Union (CMU) Initiative against the backdrop of the European Banking Authority's (EBA) assessment of the EU covered bond framework. Changing priorities in Brussels, with the Omnibus Simplification Package, augur radical changes to the regulatory landscape. All of these developments are taking place in conjunction with the recently launched initiative on Saving and Investments Union (SIU), which takes forward the debate initiated by the CMU initiative.

Market dynamics and developments are called to design a new capital markets paradigm and resources, the way forward for the covered bond market in the wake of the imminent delivery of the EBA's report. During the recent months of market turmoil, lenders have been able to secure access to capital market funding by relying on the 250 year old DNA of covered bonds and their macroprudential characteristics, including low volatility, exceptionally low transaction execution risk, outstanding credit ratings and decreased refinancing costs, which limits banks' reliance on less stable funding and interbank markets.

It is against this background that the EMF-ECBC (European Mortgage Federation – European Covered Bond Council) remains committed to strengthening the European housing market and the Single Market by serving as a catalyst supporting the banking sector and uniting leading market and academic experts to shape an affordable, sustainable housing ecosystem.

Established in 1967, the European Mortgage Federation (EMF) is the voice of the European mortgage industry, worth over €9 trillion at the end of 2024 (EU27 and UK, Norway, and Iceland). In 2004, the EMF founded the European Covered Bond Council (ECBC), bringing together covered bond market participants worldwide, including issuers, analysts, investment banks, rating agencies, and a wide range of other stakeholders. ECBC members represent over 95% of covered bonds outstanding, which were worth over €3.3 trillion globally (of which €2.9 trillion in the EU27, UK, Switzerland, Norway, and Iceland) at the end of 2024.

Through its membership, our organisation represents more than 2,000 financial institutions in more than 60 jurisdictions encompassing the entire mortgage credit value chain from retail to funding activities. We stand ready to assist the EU institutions by sharing knowledge, advice, best practices, cooperating, and supporting the housing agenda with an ecosystem approach, bringing affordability, energy efficiency, and renovation solutions over the coming years. In particular, we believe that we can provide a tangible contribution with our expertise in developing and leading global market initiatives such as the Covered Bond Label with its specific disclosure section of the Harmonised Transparency Template for Green & Sustainable Covered Bonds, the Energy Efficient Mortgage Initiative (EEMI), Energy Efficient Mortgage Label, the International Secondary Mortgage Market Association (ISMMA) and a global housing finance database (HOFINET). These initiatives, where innovation and harmonisation of best practices have already facilitated a leveraging of the market to scale-up efficiencies, demonstrate both the capacity and willingness of our sector to assume and play its full role.

The EMF-ECBC has played a prominent role as a market catalyst through its efforts to monitor and align best practices in promoting dual recourse instruments to support funding in housing, the public sector, and the real economy.

Furthermore, through its technical committees, working groups, and task forces, the EMF-ECBC has developed technical knowledge and centres of competence in both the mortgage and covered bond businesses, with a focus on retail considerations, property valuation, prudential regulation, and funding strategies, to name but a few key areas. By adopting a “think-tank” approach and adhering to a clear global market governance structure, the EMF-ECBC has applied this expertise to help minimise market disruption and ensure the wider adoption of best practices in financial markets.

At the same time, through the initiatives highlighted above, it has sought to deliver active coordination and implementation of an operational market toolkit aimed at harmonising procedures, standards, definitions, and solutions.

Mortgage lenders and capital markets have played and will continue to play a crucial and catalytic role in supporting economic transition, providing the means to respond to local, regional and national needs – especially with regards to access to housing, with an overarching European financial infrastructure which also supports the EU’s leadership in ESG policies as a geopolitical financial model. In this context, designing an affordable and sustainable housing ecosystem that supports citizens, investors, and lenders is an opportunity to generate both macro- and micro-economic growth models.

In this context, the EMF-ECBC is proposing constructive ideas which can help in creating a sustainable and affordable Housing Ecosystem:

1. Market governance and coordination between public and private sector stakeholders
2. Capital Markets support and guarantee schemes
3. Additional funding options to scale up capital markets resources for a Housing Ecosystem

Honing in on capital markets, in the context of capital market development in a potential long-term alignment with the SIU debate, it is essential to underline the critical complementarity in securing optimisation of access to capital markets played by both covered bonds and securitisation. These are two key tools for bank funding and capital markets development, albeit each with distinct structures, risk profiles and regulatory frameworks.

In the context of the current political debate, these instruments play unique but mutually reinforcing roles in the financial ecosystem offering:

**1. Diverse Funding Sources:** Covered bonds and securitisation offer banks diverse funding options. Covered bonds offer stable, long-term funding with lower risk, while securitisation allows banks to achieve efficient capital management with the benefit of redeploying capital in segments of interest and free up regulatory capital. There is very little overlap between the two investor groups, and the complementarity in the funding mix allows the use of both tools, mobilising two very different parts of the market to the needs of housing finance.

**2. Market Stability and Resilience:** The dual recourse nature of covered bonds contributes to financial stability, particularly in times of crisis. By distributing risk across a broad base of investors, securitisation enhances market resilience through accrued risk sharing and supports credit availability.

**3. Enhanced Liquidity:** Both instruments contribute to market liquidity. Covered bonds are typically highly liquid, making them attractive for institutional investors. Securitisation can create liquidity for less liquid asset classes, broadening access to funding.

**4. Investor Diversification:** Each asset class's different risk profiles and structures attract a wide range of investors, from conservative to risk-seeking. Diversifying the investor base enhances the robustness and depth of capital markets.

**5. Regulatory Balance:** Harmonised regulatory frameworks for covered bonds and securitisation under the CMU ensure high standards of transparency, quality and investor protection, fostering trust and participation in European capital markets.

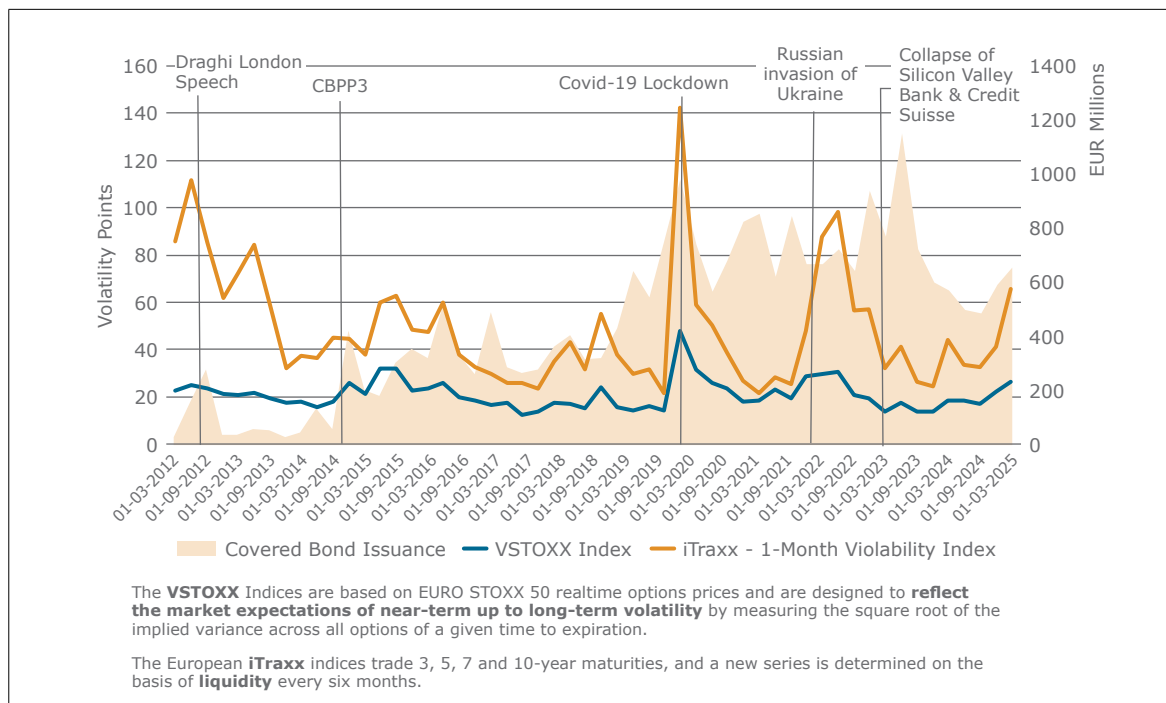
**6. SME Financing:** European Secured Notes (ESN) and SME securitisation are mutually complementary as ESNs would be issued based on an issuance programme, therefore acting as a resilient funding instrument for SMEs, especially in times of market volatility where issuers can react quickly according to the economic context, whereas securitisations would finance SMEs through investors' differing risk appetites and would be issued via stand-alone transactions in periods of market stability. Furthermore, ESNs are also complementary to the importance of balance sheet SME securitisations, which are currently allowing banks to off-load portions of their regulatory capital, allowing new credit issuance to the real economy.

**7. Economic Growth:** Both instruments support economic growth by improving banks' and businesses' access to finance. Covered bonds provide stable funding for mortgages and public sector projects, while securitisation facilitates credit for a wide range of economic sectors, including SMEs and consumer lending.

This strategic complementarity also offers unique value in terms of the ability of these asset classes to support housing solutions and the transition to a climate-neutral economy due to their pivotal role in forging a path to sustainable growth, stability, and shared prosperity. Capital market solutions continue to evolve and expand, transcending borders and bridging gaps between capital markets and the real economy.

During the recent years of market turmoil, also impacting the levels of customer deposits, lenders have been able to secure access to capital market funding by relying on covered bonds and their macroprudential characteristics. This anti-cyclical, long-term financing instrument has become a pillar of EU financial stability and is the nexus between harmonised European financial innovation and the traditions that sit within national legal frameworks. Together, via the harmonisation and convergence of efforts through the entry into force of the Covered Bond Directive and the ongoing pursuit of third-country equivalence for non-EEA countries, our industry continues to seek to address geographical barriers.

> FIGURE 1: COVERED BOND LABELLED ISSUANCE OVER TIME SHOWING ANTI-CRISIS ACCESS TO CAPITAL MARKETS



Source: Bloomberg & Covered Bond Label

The covered bond market continues to evolve and expand, transcending borders and bridging gaps between capital markets and the real economy. Beyond the purely financial aspects, for most jurisdictions the introduction of covered bonds has also resulted in the provision of more affordable mortgages, more funding choices for lenders and more long-term borrowing options for consumers when they make the biggest investment of their life.

In this context, the ECBC Covered Bond Fact Book represents an industry transparency and information toolkit offering a deep-dive into the covered bond world, summarising the latest market trends, providing a statistical overview and compiling detailed legal information, jurisdiction by jurisdiction. Moreover, the Fact Book sheds light on the potential of this asset class to support the transition to a climate-neutral economy through covered bonds' pivotal role in forging a path to sustainable growth, stability, shared prosperity and, in the end, a brighter future for all.

The ECBC Covered Bond Fact Book together with the Covered Bond Label comparative database serve as a map and compass, guiding market participants, regulators and policymakers through the intricacies of the covered bond market.

The Fact Book represents the collective effort of our community to produce a prime academic and statistical benchmark publication, whilst coordinating a discussion forum encompassing the collaborative spirit and the different cultures of ECBC members.

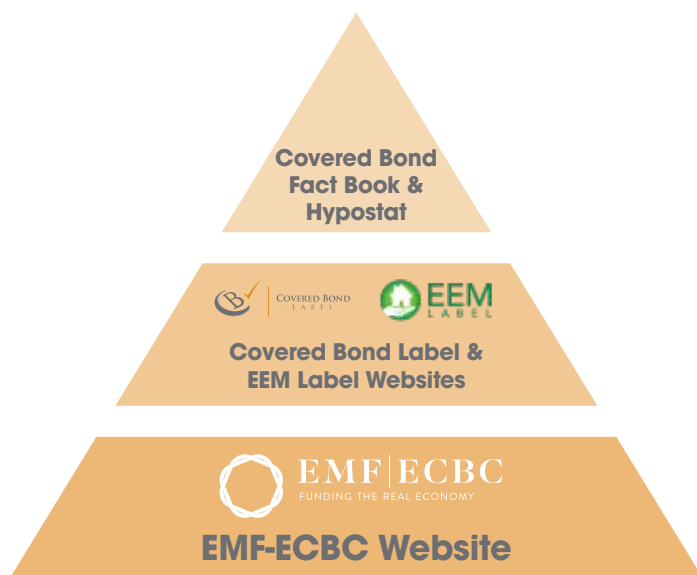
Over time, this community has been able to foster a covered bond philosophy with clear macroprudential characteristics for investors, thereby ensuring capital market accessibility and financial stability for mortgage and housing markets.

On a daily basis, capital market participants need complete and accurate information to support regulatory compliance with the Covered Bond Directive, LCR eligibility and ESG-related diligence matters, to name but a few priorities, and this need is growing all the time. This is where the ECBC comes into its own. The ECBC-led Covered Bond Label<sup>1</sup>, has become a qualitative benchmark as an informative gateway into the covered bond space.

Most recently, the ECBC has completely refreshed its Comparative Database<sup>2</sup> on global covered bond legislative frameworks, which is embedded in the Covered Bond Label website.

At the same time, it has sought to deliver active coordination and implementation of initiatives aimed at harmonising procedures, standards, definitions and solutions, for example via the Covered Bond Label and its Harmonised Transparency Template (HTT), the Energy Efficient Mortgages Initiative (EEMI)<sup>3</sup> or the Energy Efficient Mortgage Label (EEM Label)<sup>4</sup> and its Harmonised Disclosure Template (HDT).

Significantly, all of this know-how and expertise can be accessed by way of a unique information “pyramid” which offers market participants with direct and rapid access to a wide variety of information and data on specific national markets or on European/global market and policy trends. The content and structure of this pyramid is fine-tuned on a regular basis with market participants.



The operational entry level of the pyramid is the EMF-ECBC website<sup>5</sup> through which the EMF-ECBC provides access to all position papers, studies and analysis produced by its technical committees and working groups, offering a valuable window into the potential of current and future legislative and market evolutions. The EMF-ECBC website furthermore provides links to its member organisations, giving an insight into the experts behind the knowledge.

Stepping up a level, the next layer of the pyramid consists of the Covered Bond Label website, where around EUR 2 trillion of covered bonds outstanding are officially registered. The Covered Bond Label website offers a unique level of transparency as the data it holds is managed directly by issuers, ISIN by ISIN, on: (1) liabilities’

1 [www.coveredbondlabel.com](http://www.coveredbondlabel.com)

2 <https://compare.coveredbondlabel.com>

3 [www.energyefficientmortgages.eu](http://www.energyefficientmortgages.eu)

4 [www.energy-efficient-mortgage-label.org](http://www.energy-efficient-mortgage-label.org)

5 <https://hypo.org>

characteristics; (2) cover asset data via the Harmonised Transparency Template (HTT); and (3) the features of national legislation, which are summarised and comparable at global level. In a similar way, on the ESG lending side, the EEM Label website offers transparency in the energy efficient mortgages space for consumers, lenders and investors. The pyramid's cornerstone lies in the compliance with disclosure requirements, with the Covered Bond Label's HTT being fully aligned to Article 14 of the Directive.

At the top of the pyramid are the EMF-ECBC's flagship publications offering a deeper dive into market dynamics and legislative developments: the ECBC Fact Book and the EMF Hypostat. The ECBC Fact Book crowns the Covered Bond Label website and Comparative Database with its insights into key themes and trends having impacted the covered bond space in the previous year, national legislation, summaries of the overarching macroprudential value and regulatory treatment of the asset class, as well as synopses of rating agencies' methodologies. Through the Hypostat, the EMF-ECBC delivers a unique analysis of trends in Europe's mortgage and housing markets, offering a comprehensive asset side perspective of mortgage market dynamics and national characteristics for investors and other market participants.

At the global level, the ongoing prospect of a third-party equivalence regime is boosting the interest in adopting covered bond legal frameworks and helping to make compliance with the qualitative standards foreseen in the Directive a clear point of reference for regulators and legislators.

Access to information, market guidance and harmonisation efforts are the secret ingredients which make the covered bond space a unique area of the market rooted in stakeholder confidence that, in turn, represents the real essence of the crisis management capabilities of the covered bond asset class.

The EMF-ECBC has always sought to be part of the solution and has activated the Industry's best resources to monitor, analyse, discuss and guard against potentially negative impacts for mortgage, housing and funding markets worldwide, amalgamating different cultures and market perspectives in a common way forward. Over the years, this approach has become the true *fil rouge* of our industry's *modus operandi*, and we are always ready to adapt to challenges whilst preserving asset quality and ensuring consumer and investor protection.

Our myriad of market-led initiatives reinforce the role of the European mortgage market as a driver for growth and risk reduction. As identified in the Report *"Assessing real estate risks and vulnerabilities: Hidden cracks in the financial system?"* prepared by the Economic Governance and EMU Scrutiny Unit (EGOV) of the European Parliament in April 2025 at the request of the European Parliament's Economic and Monetary Affairs Committee (ECON), there is a growing need for strengthening oversight, improving data collection, and adjusting regulations. This Report concludes that too many national segmentations remain across Member States, there is ample room for bringing national markets closer to the best practice, and that asymmetries should be investigated, aiming to promote a faster alignment towards best practices. The EMF-ECBC stands ready to continue its support and commitment to EU institutions toward effective policies for affordable housing and resilient financing conditions.

After so many years of activities and successful market initiatives, there is no doubt that we are stronger together and we would like to thank all ECBC members for their inputs, engagement and continued support. We would particularly like to express our gratitude to the contributors to this year's publication for their work in ensuring that this 20<sup>th</sup> edition of the ECBC European Covered Bond Fact Book remains:

- > The leading source of covered bond market intelligence; and
- > The primary source for aggregate covered bond market data and statistics, and a comparative framework analysis.

Stefano Patruno  
ECBC Chairman

Luca Bertalot  
EMF-ECBC Secretary General

## **ABOUT THE ECBC**

The European Covered Bond Council (ECBC) is the platform that brings together covered bond market participants including covered bond issuers, analysts, investment bankers, rating agencies, systems providers and a wide range of other interested stakeholders. The ECBC was created by the European Mortgage Federation (EMF) in 2004. As of September 2025, the Council has over 120 members across 30 countries and many different market segments. ECBC members represent over 95% of covered bonds outstanding. In 2014, the ECBC and the EMF unified under a common umbrella entity, the Covered Bond & Mortgage Council (CBMC) with the intention to further develop synergies, share market best practices, achieve convergence across the whole value chain of the Industry, and, in parallel, to act as a market catalyst in origination and funding techniques.

Against this background, the ECBC seeks to represent and promote the interests of covered bond market participants at the international level. The ECBC's main objective is to be the point of reference for all matters regarding the covered bond industry and operate as a think-tank, as well as a lobbying and networking platform for covered bond market participants.

## **ECBC STRUCTURE**

The ECBC Plenary Meeting is a bi-annual discussion forum where all ECBC members gather to discuss issues and to establish strong networking links.

The ECBC Steering Committee, headed by the ECBC Chairman, and composed of representatives from the major covered bond issuing jurisdictions in Europe and industry experts, is responsible for the day-to-day activities of the ECBC. The Committee convenes once per quarter and addresses strategy related questions. Furthermore, the Steering Committee coordinates the programmes of work of the various ECBC working groups and task forces.

## **ECBC WORKING GROUPS**

- > **The EU Legislation Working Group** has over the past years successfully lobbied at EU and international level to obtain appropriate treatment for covered bonds. As its name suggests, this Working Group monitors EU legislation with a specific relevance for covered bonds. Most recently, this has included Basel III and CRD IV/CRR, with a focus on the Net Stable Funding Requirement (NSFR) and the Fundamental Review of the Trading Book (FRTB).
- > **The Technical Issues Working Group** represents the technical think-tank of the covered bond community, drawing on experts from across the Industry to tackle key issues for the sector. The Working Group tackles subjects relating to covered bonds such as the use and treatment of derivatives in the cover pool, bankruptcy remoteness and latest market developments. The Working Group manages and updates a database which provides an overview of covered bond frameworks across the EU and globally and enables their features to be compared (this is accessible at [www.ecbc.eu](http://www.ecbc.eu)).
- > **The Market Related Issues Working Group** discusses topics such as the MiFID review and conventions on trading standards and the market-making process.
- > **The Statistics and Data Working Group** is responsible for collecting and publishing complete and up-to-date information on issuing activities and volumes outstanding of covered bonds in all market segments. With over 30 different covered bond jurisdictions and numerous issuers, the collection of data is of utmost importance, particularly given that the ECBC data is increasingly viewed as the key source of covered bond statistics.
- > **The Covered Bond Fact Book Working Group** is responsible for the development and publication of the annual ECBC Covered Bond Fact Book. This publication covers market developments, as well as legislative frameworks in different countries and provides comprehensive market statistics.

- > **The Rating Agency Approaches Working Group**, examines the rating approaches applied by credit rating agencies for covered bonds and, when necessary, convenes meetings and publishes position papers accordingly.
- > **The Global Issues Working Group** focuses exclusively on covered bond issues from a global perspective in an effort to create synergies between traditional, new and emerging covered bond markets. The Working Group aims to allow the development of a more level playing field for all at a global level, helping to enhance transparency and convergence, and ensure a proper recognition of the macro prudential value of the covered bond asset class internationally.

### **ECBC TASK FORCES**

In addition to the working groups, the ECBC has established a number of topical Task Forces which consist of relevant covered bond market and legal experts from various jurisdictions at the EU and global levels: ECBC Implementation Task Force, ECBC Task Force on Extendable Maturity Structures, ECBC European Secured Notes (ESN) Task Force, ECBC Transparency Task Force, ECBC Liquidity Task Force, ECBC Swap Task Force, ECBC Investor Task Force and ECBC ESG Bonds Task Force.

The ECBC's overarching objective remains to further strengthen its role in facilitating communication amongst the different covered bond stakeholders, by working as a catalyst in defining the common features that characterise the asset class and in facilitating improvements in market practices, transparency and liquidity.

More information is available from <https://hypo.org/ecbc/>

Luca Bertalot,  
EMF-ECBC Secretary General