1.1 FOREWORD

By Sascha Kullig, Chairman of the ECBC Fact Book Working Group, Association of German Pfandbrief Banks (vpd)

The world shows no sign of settling down. Russia's war against Ukraine continues with undiminished ferocity, as do the conflicts in Gaza and Lebanon. Now, on top of that, there is the war against Iran, resulting in the blockade of the Strait of Hormuz which has had a significant impact on oil prices and the global economy. Overall, the geopolitical situation remains fragile, and economic growth is subdued in many countries. And what are the capital markets doing? They appear largely unfazed, and the covered bond market, in particular, is once again impressively demonstrating its resilience. This makes it all the more important, however, that the shift in priorities at European level that took place last year is finally translated into action. It is right that Europe's political leaders are placing greater emphasis on the competitiveness of the European banking sector. Yet the measures taken so far are insufficient. The first article in this year's section on key themes outlines where the focus must lie, particularly from the perspective of property finance. Meanwhile, for small and medium-sized enterprises (SMEs), European Secured Notes (ESN) could fill an important gap in bank refinancing. The introduction of the ESN remains on the political agenda, whilst the market continues to set the agenda. As in previous years, we continue to focus intensively on sustainable finance issues. The market for sustainable bonds is no longer growing as rapidly as in the early years, but it has become an integral part of the landscape. Meanwhile, the EHV/ECBC's Energy Efficient Mortgage Initiative has become firmly established.

Following the EBA's publication of its report on the Covered Bond Directive, we naturally examine its recommendations and potential implications in the Fact Book. It remains to be seen which EBA recommendations will be taken up by the European Commission, as the Commission has not yet taken a public stance. The EBA's recommendation to introduce a 'third-country equivalence regime' for covered bonds from third countries is the subject of particularly intense discussion in the market. Such a regime is likely to further boost the global development of the covered bond market. As the global perspective has always been a key concern for the ECBC, attention will be focused on this. Finally, the investors' perspective must not be overlooked. You can find out what matters most to investors. The chapter on key themes is rounded off with detailed information on the liquidity situation in the covered bond market.

I would like to thank all the authors for their hard work alongside their regular daily duties. This demonstrates their commitment to and enthusiasm for covered bonds. I hope you, dear reader, will enjoy reading this year's articles in this chapter and find them full of fascinating information.