

Luxembourg, 19 December 2018

To all banks issuing covered bonds

<b>CIRCULAR CSSF 18/706</b>
-----------------------------

**Re: Transparency requirements based on Article 12-6 (2) of the Law of 22 June 2018**

Ladies and Gentlemen,

Based on Article 12-6 (2) of the Law of 22 June 2018, laying down transparency requirements to covered bond banks, the circular establishes the type of information to be provided and defines the procedure to be applied for the publication of the information.

The covered bond bank shall publish on a quarterly basis the following information according to the respective covered bond class referring to the end of the quarter in each case:

**A) Disclosure of cover pool and covered bond information per category (public sector covered bonds, mortgage backed covered bonds, moveable property covered bonds, mutual covered bonds, renewable energy covered bonds)**

- Nominal value of cover assets in EUR
- Nominal value of cover assets including derivatives
- Net present value of cover assets in EUR
- Nominal value of covered bonds outstanding in EUR
- Nominal value of covered bonds outstanding including derivatives
- Net present value of covered bonds outstanding in EUR
- Nominal overcollateralisation in percent
- Nominal overcollateralisation in percent including derivatives
- Net present value overcollateralisation in percent
- Substitute assets in percent of nominal value
- Geographic dispersion of cover assets in percent of nominal value
- Type of interest rates (Fixed, Floating, Others)
- Rating<sup>1</sup> of cover assets in percent of nominal value

---

<sup>1</sup> A description of the selection criteria and origin of underlying ratings has to be part of the disclosure.

- Nominal value of cover assets by currency<sup>2</sup>
- Nominal value of covered bonds outstanding (liabilities) by currency
- Nominal value of cover assets in reporting currency (e.g. EUR) by maturity with the following buckets: ≤1 year, > 1 to ≤2 years, > 2 to ≤3 years, > 3 to ≤4 years, > 4 to ≤5 years, > 5 to ≤10 years and > 10 years
- Nominal value of covered bonds outstanding in reporting currency (e.g. EUR) by maturity with the following buckets: ≤1 year, > 1 to ≤2 years, > 2 to ≤3 years, > 3 to ≤4 years, > 4 to ≤5 years, > 5 to ≤10 years and > 10 years
- Percentage of the loans more than ninety days past due and non-performing loans at least in percent of nominal value
- Ten largest exposures of groups of connected clients in percent of nominal value of the cover pool
- Details in relation to repayment type (Bullet/Interest only, Amortising, Others) of cover assets and covered bonds outstanding
- CRR compliance (Yes/No) of covered bonds outstanding
- UCITS compliance (Yes/No) of covered bonds outstanding
- Nominal value of cover assets in EUR that are eligible for central bank credit in the European System of Central Banks
- Nominal value of cover assets in EUR that are level 1 or 2A liquid assets within the meaning of Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions, with the exception of covered bonds issued by the bank
- Information on derivatives used in the cover pool (notional, type of derivative).

## **B) Cover pool specific information**

- a) Cover assets of mortgage-backed covered bonds ("lettres de gage hypothécaires")
- Nominal value by type in EUR: commercial mortgages, residential mortgages, etc
  - For every type, the following additional information shall be given:
    - number of the loans,
    - property type information
    - according to their amount in tranches of up to 300,000 Euros, of more than 300,000 Euros up to 1 million Euros, of more than 1 million Euros up to 10 million Euros and of more than 10 million Euros
  - Loan to Value (LTV) information
  - Loan seasoning<sup>3</sup> with the following buckets: ≤ 1 year, > 1 to ≤ 2 years, > 2 to ≤ 3 years, > 3 to ≤ 5 years and > 5 years.
- b) Cover assets of public sector covered bonds ("lettres de gage publiques")
- Nominal value by type in EUR: bonds, loans, etc
  - For every type, the following additional information shall be given:
    - number of the loans,

---

<sup>2</sup> Details on the consideration of currency hedges in the breakdown by currency have to be part of the disclosure.

<sup>3</sup> "Loan Seasoning" shall mean the length of time a loan already exists

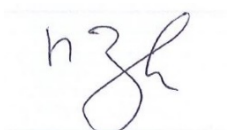
- debtor type information or, in the event of a full guarantee, guarantor type information (sovereigns, regional/federal authorities, local/municipal authorities, others) and
  - the distribution with the amounts assigned as cover in their nominal values in tranches of up to 10 million Euros, of more than 10 million up to 100 million Euros, and of more than 100 million Euros, in each case with respect to a debtor or a guaranteeing entity.
- c) Cover assets of moveable property covered bonds ("lettres de gage mobilières")
- Nominal value by type in EUR: aircraft, ship, etc
  - For every type, the following additional information shall be given:
    - number of the loans,
    - property type information and
    - the distribution with the amounts assigned as cover in their nominal values a) according to their amount in tranches of up to 500,000 Euros, of more than 500,000 Euros to 5 million Euros and of more than 5 million Euros
  - Loan to Value (LTV) information
  - Loan seasoning with the following buckets:  $\leq 1$  year,  $> 1$  to  $\leq 2$  years,  $> 2$  to  $\leq 3$  years,  $> 3$  to  $\leq 5$  years and  $> 5$  years.
- d) Cover assets of mutual covered bonds ("lettres de gage mutuelles")
- Nominal value by Institution in EUR
  - For every type, the following additional information shall be given:
    - number of the loans
    - debtor type information (institutional guarantee scheme)
    - the distribution with the amounts assigned as cover in their nominal values in tranches of up to 10 million Euros, of more than 10 million up to 100 million Euros, and of more than 100 million Euros, in each case with respect to a debtor or a guarantor
  - Loan seasoning with the following buckets:  $\leq 1$  year,  $> 1$  to  $\leq 2$  years,  $> 2$  to  $\leq 3$  years,  $> 3$  to  $\leq 5$  years and  $> 5$  years.
- e) Cover assets of renewable energy covered bonds ("lettres de gage énergies renouvelables")
- Nominal value by type in EUR (production, transmission, storage):
  - Nominal value by type of technology (wind-onshore, wind-offshore, photovoltaic, etc.)
  - Nominal value by development status (construction phase, operational phase, etc.)
  - For every type the following additional information shall be given:
    - number of the loans
    - according to their amount (i.e. current notional) in tranches of up to 10 million Euros, of more than 10 million Euros up to 25 million Euros, of more than 25 million Euros up to 50 million , Euros, and of more than 50 million Euros
  - Loan to Value (LTV) information
  - Loan seasoning with the following buckets:  $\leq 1$  year,  $> 1$  to  $\leq 2$  years,  $> 2$  to  $\leq 3$  years,  $> 3$  to  $\leq 5$  years and  $> 5$  years.

The information shall be published on the internet website of the covered bond bank within the following periods:

- Regarding the first three quarters of each business year within one month of the end of the respective quarter and
- Regarding the fourth quarter of each business year within two months after the end of the quarter.

This circular shall enter into force six months after publication on the CSSF website.

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER



Marco ZWICK  
Director



Jean-Pierre FABER  
Director



Françoise KAUTHEN  
Director



Claude SIMON  
Director



Claude MARX  
Director general