



COVERED BONDS

June 2025



UK COVERED BONDS

Ian Stewart - UK Regulated Covered Bond Council

- Jeremy Helme - Skipton Building Society
- Ed Smith – Yorkshire Building Society
- Richard Wood – Leeds Building Society

UK COVERED BONDS

First UK Covered Bond:

25th July 2003 HBOS €3bn 7 year fixed rate at 3.75%

Primary objective was to further diversify funding and access the European market

Used securitisation techniques to imitate German Pfandbriefe

Other issuers followed and improved the concept

Regulation by the FSA (and then FCA) from 2008 also led to creation of UK RCBC

Currently UK RCBC has 15 members who are all top 20 mortgage lenders

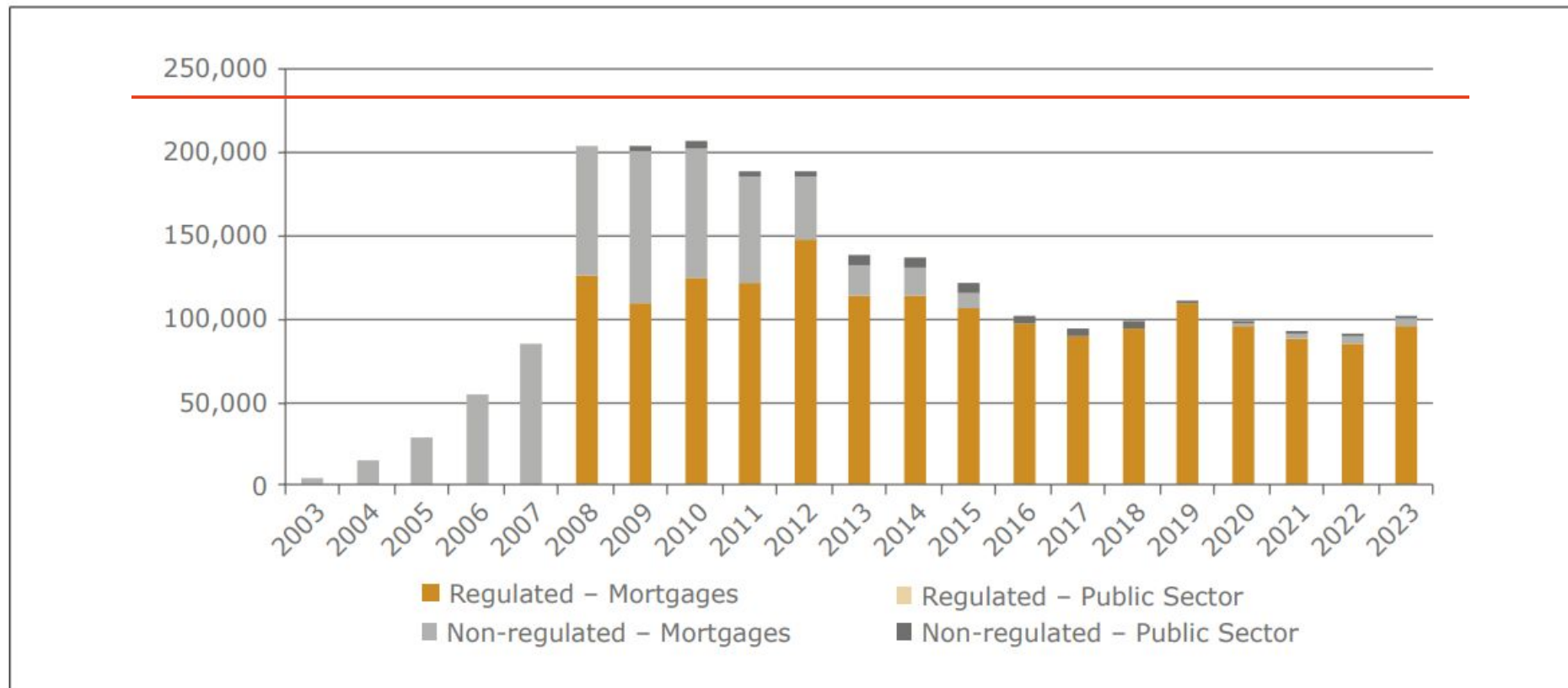
UK COVERED BONDS

What is a covered bond and key features:

- Dual recourse to issuer and cover pool
- Segregated pool of mortgages
- Dynamic Asset Coverage Test to ensure sufficient collateral
- Standardised stress testing and regulatory tests on liquidity and asset adequacy
- Rating Agency requirements to achieve AAA
- Statutory reporting standards

The strength and credit worthiness of covered bonds leads to favourable regulatory treatment in the hands of bank investors for both capital and liquidity purposes

> FIGURE 3: COVERED BONDS OUTSTANDING, 2003-2023, EUR M



Source: EMF-ECBC. Please note that this data includes private placements, floating rate covered bonds and self-retained issuances that may have been used to access central bank liquidity.

> FIGURE 4: COVERED BONDS ISSUANCE, 2003-2023, EUR M



Source: EMF-ECBC. Please note that this data includes private placements, floating rate covered bonds and self-retained issuances that may have been used to access central bank liquidity.

PANEL DISCUSSION

Questions from the
audience

www.ukrcbc.org

ALMA

ASSET & LIABILITY MANAGEMENT ASSOCIATION

THANK YOU

Ian Stewart

