

## 18th Central European Covered Bond Conference Tallinn, 6 / 7 November 2014

Nordic Hotel Forum, Viru väljak 3, Tallinn

– Draft agenda –

### DAY ONE

13.00 – 14.00 **Registration and buffet lunch**

14.00 – 14.30 **Welcome speeches**

*Riho Unt*, Chairmann, Estonian Banking Association, Tallinn

*Otmar Stöcker*, Managing Director, Association of German Pfandbrief Banks, Berlin

14.30 – 16.00

**Panel 1: SSM versus special public supervision on covered bond issuers**

The supervision on Covered Bond issuers will be affected by SSM by the future Resolution authority. There will be competences on European level, which will have an overriding influence on the procedure, which is foreseen by national Covered Bond law on how to do supervision on banks. This will cover Covered Bonds and cover assets as well. The so-called “special public supervision” very likely will remain with the national supervisory authority. But one could anticipate that reporting requirements for Covered Bonds and cover assets will increase dramatically as a consequence. Possibly twofold as the ECB as well as the national authority will have information needs. A lot of questions already are discussed, for example:

- If national Covered Bond law requires a special Covered Bond license, will this be granted by the national supervision authority or the ECB?
- Is this special Covered Bond license regarded as being an independent (secondary) license or only a special add-on to the general banking license, which will be granted (and withdrawn) by ECB?
- Will national parliamentary law remain competent to regulate that the unity of Covered Bonds and cover pool (in Luxemburg and Germany called “Pfandbriefbank with limited business activities”) will keep the banking license including the Covered Bond license, if an insolvency procedure over the issuer is started and the banking license therefore withdrawn?
- Will national supervision authority remain competent to appoint and supervise cover pool monitors?
- If national law regulates cover pool inspections, will national supervision authority remain competent to arrange this and draw consequences out of it?

#### **Moderator:**

*Florian Hillenbrand*, Vice President/Senior Covered Bond Analyst, UniCredit Corporate & Investment Banking, Munich

#### **Panelists:**

- ✓ *Martin Bourbeck*, Principal Expert, Federal Financial Supervisory Authority (BaFin), Bonn
- ✓ *Wolfgang Kälberer*, Department Head, Association of German Pfandbrief Banks, Brussels
- ✓ *Florian Delva*, Supervisor – Mortgage, Consumer Finance and Municipalities Division, Autorité de contrôle prudentiel et de résolution, Paris
- ✓ *Bernd Volk*, Head of Covered Bond Research, Deutsche Bank, Zurich
- ✓ *Roberto Paciotti*, Managing Director, Standard & Poor’s, Milan

16.00 – 16.30 **Coffee**

16.30 – 18.00

**Panel 2: BRRD / SRM: Protecting dual recourse and the security package**

The Covered Bond frameworks will be affected by the BRRD, but especially by the Single Resolution Mechanism (SRM) which gives a special twist to bank recovery and resolution in the Euro area.

Any recovery procedure could have and any resolution procedure will have an impact on Covered Bonds – therefore any kind of harmonization on these areas will have a fundamental impact on the Covered Bond legal frameworks. There will be competences on European level, which very likely will have an overriding influence on the procedure, which is foreseen by national Covered Bond law on how to deal with crisis situations and especially on the legal effects of a default of the issuer. The decision making procedure, when and how to wind down a covered bond issuer, will no longer be dominated by national authorities only, but by the new SRM body. It seems that so far nobody knows how this conflict of competences will be solved and what national regulations in detail will have to be adapted to the BRRD/SRM. A lot of questions already are discussed, for example:

- How to deal with over-collateralisation? Could this be used at least partially to support a recovery procedure?
- There is a special bail-in tool for Covered Bonds, if the cover pool turns out to be insufficient. How will this be calculated? Who will do this calculation? Who will decide on the results of the calculation?
- Who will make the decision to start an official insolvency procedure over a Covered Bond issuer and who will file the application for this to court?
- Who will select the cover pool administrator, who is regulated in many Covered Bond frameworks, who will appoint him, who will supervise him – the competent body on national level or on European level?
- Who will make the decision regarding transfer of cover pool and Covered Bonds to another issuer? In most Covered Bond frameworks, where this is regulated, a consent of the – so far national – supervisory authority is necessary.

**Moderator:**

Jörg Homey, Covered Bond Analyst, DZ BANK AG, Frankfurt

**Panelists:**

- ✓ *Fritz Engelhard*, Managing Director Fixed Income Strategy Research, Barclays Capital, Frankfurt
- ✓ *Sascha Kullig*, Head of Capital Markets, Association of German Pfandbrief Banks, Berlin
- ✓ *Oscar Meester*, Head Asset Based Funding, BNP Paribas Fortis, Brussels
- ✓ *Henrik Stille*, Portfolio Manager, Nordea, Copenhagen
- ✓ *Martin Lenhard*, Vice President – Senior Analyst, Moody's Deutschland GmbH, Frankfurt

18.00 – 18.30 **Discussion**

19.30 – 22.00 **Evening Reception**

Estonian Maritime Museum in Fat Margaret  
Pikk 70, 10133 Tallinn

## DAY TWO

9.00 – 10.30

### Panel 3: LTV for cover purposes

- absolute/relative LTV
- CRR
- Asset Quality Review
- internal / external appraiser
- re-valuation
- market value versus mortgage lending value
- indexation of valuation
- potential impact of LTV methodology to the rating

#### **Moderator:**

*Mihkel Hollo*, Covered Bond's Project Manager, Estonian Banking Association, Tallinn

#### **Panelists:**

- ✓ *Rebecca Holter*, Senior Director Covered Bonds, Fitch Ratings Fitch Deutschland GmbH, Frankfurt
- ✓ *Leho Vool*, Legal Division, AS Swedbank, Tallinn
- ✓ *Massimiliano Rimarchi*, Regulation, European Banking Authority, London

10.30 – 11.00 **Coffee**

11.00 – 12.30

### Panel 4: Security right over immovable property - efficiency versus owners' protection

Banks' need of reliable mortgage collateral for risk management, capital and CB eligibility purposes. However, since the beginning of the worldwide financial and housing crisis in 2007, the EU Commission and the EU member states have pushed forward new pieces of legislation to increase the protection of consumers and to prevent further bad banking practices. The Mortgage Credit Directive 2014/17/EU is a good example of the former, while the discussion about new mechanisms of personal insolvency, *datio in solutum*, etc. are under discussion. Over-indebtedness of households, high number of evictions in some EU countries and the increase of risk of homelessness are somehow behind these movements, which at some point, should be balanced with an effective mortgage system, both national and European.

- overview of mortgage collateral in Europe. Harmonization of mortgages in Europe
- Housing as a fundamental right vs housing as an asset. Over indebtedness of households: mortgages, evictions and homelessness
- restrictions on enforcements or insolvency processes over individuals?
- shift from efficiency to owners' protection as a hidden trend in Estonian practice. Evolution of owners' protection rules through the principle of good faith applied to property law and security rights. Finding the right balance between efficiency and equity in case law.

**Moderator:**

*Prof. Dr. Sergio Nasarre-Aznar*, Civil Law Professor and Director of the Chair of Housing,  
University Rovira i Virgili, Tarragona

**Panelists:**

- ✓ *Andreas Luckow*, Senior Specialist International Real Estate Finance, Association of German Pfandbrief Banks, Berlin
- ✓ *Martin Käerdi*, Attorney at law and Assistant professor at the University of Tartu
- ✓ *Freek Spinnewijn*, Director, FEANTSA, Brussels

12.30 – 13.00     **Discussion**

13.00             **Buffet lunch – end of conference**