

Mortgage covered bonds & Public sector covered bonds
- the market (R)evolution in Poland.

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The potential covered bond issuers in Poland

- Mortgage banks:
 - mBank Hipoteczny (former BRE Bank Hipoteczny SA)
 - Pekao SA Bank Hipoteczny
 - PKO BP Bank Hipoteczny
 - BZWBK BH (SANTANDER BH) ?
 - RAIFFEISEN POLBANK BH ?
- Bank Gospodarstwa Krajowego – state owned bank

January 1st, 2016 – The Covered Bond's Act amendment comes into force in Poland....

- The new Covered Bond's Act is result of a great number of talks and meetings with rating agencies (Fitch Ratings, Moody's, S&P), European mortgage banks, European mortgage associations and experts.
- The Bankruptcy Law and Tax regulations regarding the Polish covered bonds has also been changed.

The main changes introduced by new regulations

- The covered bonds collateral - related to the single loan:
 - Max 80 % of the mortgage lending value in case of residential property
 - Max 60 % of the mortgage lending value in case of commercial property
- A Liquidity buffer to provide future coupon payments on mortgage covered bonds and public sector covered bonds within next 6 months is made of Government Bonds, deposits with NBP or cash

The main changes introduced by new regulations

- Liquidity test (minimum once in 3 months) and Asset coverage test (minimum once in 6 months) are introduced to increase covered bond holder's protection
- **NO withholding tax for covered bonds holders !**
- The Bankruptcy and reorganisation law:
 - detailed bankruptcy procedure
 - pass-through securities

The covered bond's collateral structure (not less than 110% of outstanding covered bonds)

Min. 10%

- Overcollateralization

0%-15%

- Substitute cover

Min. 85%

- Loans

The challenges...

- Is AAA for Polish covered bonds possible ?
- Building up the covered bond and mortgage banks market in Poland
- ECB eligibility
- International Issues
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Thank you for your attention !