

# European Central Bank (ECB)

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August, 2010

## Covered bond market developments and the covered bond purchase programme

European Central Bank (ECB)

### Summary

On 7 May 2009 the Governing Council decided to initiate the covered bond purchase programme (CBPP), under which the Eurosystem purchased eligible covered bonds. The operational specifications of the CBPP were announced on 4 June 2009. The purchases started on 6 July 2009 and ended on 30 June 2010. The CBPP was aimed at improving the funding conditions for financial institutions that issue covered bonds, as well as the secondary market liquidity of covered bonds, and at encouraging an easing of credit conditions, given that the process of deleveraging in the banking sector was predicted to continue for some time. These measures were also meant to improve the risk profile of institutions holding covered bonds and, thereby, to spur credit growth.

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