

Contents

1	Introduction	1
1.1	Problem Definition and Objective of This Work	1
1.2	Course of Investigation	5
2	Fundamentals of Covered Bonds	7
2.1	Covered Bonds	7
2.1.1	Definition and Description	7
2.1.2	Differences Compared to ABS/MBS	10
2.2	Covered-Bond Ratings	12
2.2.1	The Importance of Covered-Bond Ratings	12
2.2.2	Methodologies	13
2.2.2.1	Fitch	13
2.2.2.2	Moody's	14
2.2.2.3	Standard & Poor's	16
2.3	Regulatory Treatment	17
2.3.1	Basel III	18
2.3.2	Solvency II	20
3	Empirical Analysis of the International Public Covered-Bond Market	24
3.1	Motivation and Literature Overview	24
3.2	The Importance of Public Covered Bonds and Research Questions	28
3.2.1	The Importance of Public Covered Bonds	28
3.2.2	Research Questions	29
3.3	Data	36
3.3.1	Sample Selection	36
3.3.2	Variables	37
3.3.2.1	Covered Bond-specific Variables	37
3.3.2.2	Macroeconomic Variables	39
3.3.2.3	Event Variables	43
3.3.3	Descriptive Statistics	48

3.4	Empirical Results	51
3.4.1	Preliminary Analysis	51
3.4.2	Effect of Covered Bond-specific Factors	53
3.4.3	Effect of Macroeconomic Factors and Events	56
3.5	Interim Results	69
3.6	Appendix	72
3.6.1	Panel Data Regression Methods	72
3.6.1.1	Fixed Effects Estimation	73
3.6.1.2	Random Effects Estimation	75
3.6.2	Decision between Different Models	76
3.6.2.1	Breusch/Pagan Test	76
3.6.2.2	Hausman Test	77
3.6.3	Different Types of Panel Data Coefficients of Determination	78
4	Risk Assessment of Mortgage Covered Bonds: International Evidence	79
4.1	Motivation	79
4.2	Data	81
4.2.1	Sample Selection and Variables	81
4.2.2	Descriptive Statistics	85
4.3	Empirical Results	90
4.3.1	Preliminary Analysis	91
4.3.2	Analysis of Covered Bond-specific Factors	91
4.3.3	Analysis of Macroeconomic Factors and Events	93
4.4	Interim Results	98
5	The Impact of Credit-Rating Events on Covered-Bond Prices	99
5.1	Motivation	99
5.2	Research Question	101
5.3	Methodology	105
5.4	Data	109
5.4.1	Sample Selection	109
5.4.2	Descriptive Statistics	111
5.5	Empirical Results	115
5.5.1	Effects of Rating Events	116
5.5.2	Cross-Sectional Analysis of Abnormal Price Reactions	123
5.5.3	Robustness Checks	129
5.5.4	Discussion	136
5.6	Interim Results	137

5.7	Appendix	140
5.7.1	Event Study	140
5.7.2	Statistical Tests	141
5.7.2.1	(One-sample) t-Test	141
5.7.2.2	(Wilcoxon) Signed-Rank Test	142
5.7.2.3	Sign Test	144
6	Conclusion	146