Covered Bond & SSA View

NORD/LB Markets Strategy & Floor Research

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Marketing communication (see disclaimer on the last pages)

NORD/LB

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Contacts at NORD/LB 37

Floor analysts:

Covered Bonds/Banks

Dr Frederik Kunze
frederik.kunze@nordlb.de

Melanie Kiene, CIIA
melanie.kiene@nordlb.de

SSA/Public Issuers

Dr Norman Rudschuck, CIIA
norman.rudschuck@nordlb.de

Jan-Phillipp Hensing
jan-phillipp.hensing@nordlb.de

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Market overview Covered Bonds

Author: Stefan Rahaus

The primary market: the summer break is over, high level of investor demand, and...

As early as the Tuesday of the third week of August, numerous issuers sought to take advantage of the improved market environment and the recently recorded high levels of investor demand (DekaBank's EUR 250m, 3y deal priced at ms -1bp on 02 August registered a record bid-to-cover ratio of 8.8x). The first issuer to approach investors was BerlinHyp (BHH) with a 3y green mortgage Pfandbrief with an initial guidance in the area of ms +1bp. Due to high demand, the final issue spread tightened by 5bp to ms -4bp, producing a new issue premium of just 1bp in the process. With an order book of EUR 5.8bn, the volume of this bond was fixed at EUR 1.0bn. According to our records, a bid-to-cover ratio of 5.8x or higher has been achieved just 13 times in past decade, and most recently in October 2020. On the same day, SR-Boligkreditt from Norway placed a deal designated as European Covered Bond (Premium). This bond featured a term to maturity of 5.6 years with a volume of EUR 1bn (order book: EUR 1.7bn) and was placed at ms +12bp (guidance: ms +15bp area), which resulted in a new issue premium of 4bp. With just two issuers having opted for maturities of ten years or longer since May of this year, last Wednesday BAWAG came to market with a European Covered Bond (Premium) featuring a term of 10y, which tested investor interest at the long end. Although BAWAG has already been active on three separate occasions this year and the issuance volume from Austria is much higher this year in comparison with 2021, the order book reflected demand of EUR 2.2bn, which was surely also due to the highly generous guidance of ms +24bp area. In the end, a volume of EUR 1.25bn was priced at ms +20bp, with a new issue premium of 10bp recorded in this instance. This deal was therefore the largest ever seen from an Austrian issuer, the first Austrian deal with a volume of EUR 1bn or higher since January 2018 and the first from this jurisdiction to be issued in line with the new legislation. In actual fact, the deal is therefore also of note because until recently we had expected a longer pause in Austrian issuance activity, which we had assumed would be due to a more drawn-out approval process. Evidently, however, there have been no delays here. Last Thursday, three banks appeared on the market almost simultaneously: MUNHYP sought to take advantage of the renewed demand at the long end as well by placing a 10y mortgage Pfandbrief with a volume of EUR 1bn at ms +5bp (guidance: ms +9bp area; new issue premium: 2bp; order book: EUR 2.2bn). A second deal from Norway to cover in today's edition of our weekly publication came from Sparebank 1 Boligkreditt (SPABOL). It issued a Premium Bond in the amount of EUR 1.25bn, which featured a term to maturity of 4.8 years and a final spread of ms +9bp (guidance: ms +14bp area; new issue premium: 5bp; order book: EUR 1.9bn). Jyske Realkredit (JYKRE) from Denmark recorded a slightly lower order book for its covered bond with a term of just over 7 years, which was also marketed in Premium Bond format. With a final issue spread of ms +14bp (guidance: ms +16bp area), interest in the first JYKRE deal in 2022 amounted to EUR 600m, with a volume of EUR 500m ultimately being placed with a new issue premium of 8-9bp. Following a brief primary market break on Friday, CCDJ from Canada continued the wave of issues on Monday of this week with a 4y covered bond guided at ms +16bp. In the end, the order book amounted to EUR 1.3bn, with a total of EUR 750m ultimately being printed at ms +13bp.

...longer maturities also plausible!
Despite a weak market environment, two additional covered bond issuers came to mar-ket yesterday, on Tuesday: firstly, the French issuer Credit Agricole SFH raised a total of EUR 1bn in a deal with a term until January 2030 at ms + 12bp (order book: EUR 1.9bn; guid-ance: ms +16bp area), and secondly, NAB from Australia placed a total of EUR 750m as part of a deal with a 7y term to maturity at ms + 28bp (order book: EUR 950m; initial guidance: ms+ 30bp area). BayernLB has also announced a publicly secured Pfandbrief deal with a term to maturity of nine years and a volume of EUR 500m (WNG). The primary market can therefore be described as intact. The "sweet spot" remains the maturity segment of five years and shorter, although longer maturities are also possible at the moment. With corre-sponding premiums (NIP), we can currently also imagine terms long-er than ten years for prime names. Pending maturities in the EUR benchmark segment amounting to EUR 21.54bn by the end of September should ensure that the fresh supply of new issuances remains at a high level. Conversely, the ECB must refinance correspond-ing maturities in its CBPP3 portfolio and in so doing will support the demand side. Investor demand will cer-tainly also be influenced by further developments in connection with other asset classes. In this context, the risk-on movement seen since mid-July would seem to have come to an end, with the focus of market players now having increasingly shifted back to issues such as inflation and a potential recession. For example, spreads in the unsecured area of the iTraxx Financial Senior have in recent days moved from lows of under 100bp to values of 120bp again, while the cash market for senior preferred and non-preferred bonds has al-ready widened significantly again following the placement of the first new deals. A similar movement was also seen over the first six months of the year, which ultimately then also led to widening in the covered area. We therefore ex-pect that the trend towards narrower spreads seen over the past few weeks may also come to an end in the covered bond seg-ment and that, due to the increased volume of new issues, marginal spread widening movements will come to the fore in the coming weeks.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
Credit Agricole SFH	FR	23.08.	FR001400CGA2	7.3y	1.00bn	ms +12bp	AAA/ Aaa /AAA	-
National Australia Bank	AU	23.08.	XS2526882001	7.0y	0.75bn	ms +28bp	AAA / Aaa / -	
CCDJ	CA	22.08.	XS2526825463	4.0y	0.75bn	ms +13bp	AAA / Aaa / -	
Jyske Realkredit	DK	18.08.	DK0009410185	7.1y	0.50bn	ms +14bp	- / - / AAA	
SpareBank 1 Boligkreditt	NO	18.08.	XS2525255647	4.8y	1.25bn	ms +9bp	- / Aaa / -	
Muenchener Hypo	DE	18.08.	DE000MHB31J9	10.0y	1.00bn	ms +5bp	- / Aaa / -	
BAWAG PSK	AT	17.08.	XS2523326853	10.0y	1.25bn	ms +20bp	- / Aaa / -	
SR-Boligkreditt	NO	16.08.	XS2524675050	5.5y	1.00bn	ms +12bp	- / Aaa / -	
Berlin Hyp	DE	16.08.	DE000BHY0GK6	3.0y	1.00bn	ms -4bp	- / Aaa / -	X

Source: Bloomberg, NORD/LB Markets Strategy & Floor Research, (Rating: Fitch / Moody's / S&P)

Secondary market follows the positive momentum on the primary market

The spreads on the secondary market followed the positive mood on the primary market by trading tighter over the past two to three weeks. At the short end in particular, core names were heavily in demand and met practically empty trading books. For example, the new 3y green BHH Pfandbrief tightened from an issuance spread of ms -4bp to ms -12/-14bp, while the NORD/LB bond placed at the end of July (term of 3.3 years, issued at ms +3bp) is currently trading at ms -6/-8bp. New deals in medium maturity segments have tightened by around 2bp to 5bp, while the performance of the two longer-dated covered bonds (BAWAG and MUNHYP) has been slightly more restrained at 1bp to 2bp. A similar picture has emerged in the non-EEA area, where the spreads in the secondary market at the short and medium end of the maturity range have also tightened, while the long end is also lagging behind here. Spreads of covered bonds from the European pe-riphery were able to recover from their highs for the year in the past few weeks, but re-main underperformers in terms of their movement, as we expected. Spreads are likely to continue to stand under the influence of the forthcoming Italian elections at the end of September and the uncertainties associated with this vote. The trend in other markets will certainly depend on the volume in the primary market and therefore on whether issuers deem that a switch to increased covered bond activities is required, as was seen at the end of the first quarter and start of the second quarter, when the primary market for unsecured bonds was temporarily closed. An intensifying energy crisis, which could lead to recessions in many countries, in combination with rising interest rates may lead to renewed risk-off movements, which would ultimately also be reflected on the covered bond market. In this case too, however, we expect that secured bonds will live up to their reputation as a safe haven and clearly outperform other asset classes, as was the case in the first half of the year.

Deutsche Hypo Real Estate Economic Index positive again for August

The Deutsche Hypo Real Estate Economic Index, having been in free fall since the end of 2021, declining from values in excess of 100 points to 80.3 points in July, was for the first time this year positive again in August after rising by 2 points to 82.3 points. In the survey of around 1,200 real estate experts, the investment climate, which had slumped significantly in the last three months, improved by 5.5% to 69.2 points. The earnings climate rose slightly by 0.4% to 96.1 points compared with July. In the sub-indices, the office climate stood out with an increase of 9.3% to 83.4 points, and the hotel climate also recovered by 5.5 points to 81.8 points. However, the mood with regard to the residential climate is viewed much more negatively. Here, the value of 97.9 points is 10.4% down on the previous month and below 100 points for the first time in two years. In our opinion, inflation, high prices and more stringent lending conditions on the part of banks are dampening expectations here, while the office climate is benefiting from a continued robust labour market. We discussed the Deutsche Hypo Real Estate Economic Index in greater detail as part of edition 24/2022 of our weekly publication on 20 July 2022.

NORD/LB Covered Bond Special on the implementation of the Covered Bond Directive

At the start of August, we focused on the implications related to the implementation of the Covered Bond Directive with regard to determining the LCR level and risk weights as part of our “NORD/LB Covered Bond Special” publication series. In addition to regulatory adjustments, the Covered Bond Special also includes our current assessment of the EUR benchmark programmes regarding these two regulatory requirements.

Moody's sees increased settlement capacity for eurozone banks through reduced MREL deficit as a positive for covered bonds

In a Sector Comment from 27 July 2022, Moody's references an assessment published by the Single Resolution Board (SRB) in which it was determined that eurozone banks have reduced their coverage deficit in terms of loss-absorbing MREL (Minimum Requirement for own funds and Eligible Liabilities) to around EUR 33bn at the end of 2021 as against EUR 82bn at year-end 2019. This has significantly increased their ability to absorb losses and recapitalize in the event of a default. A successful bail-in with going concern would avoid an anchor event for covered bonds. The increase in MREL liabilities reduces the likelihood that senior creditors will suffer losses. According to the SRB, most major banks have already met their MREL requirements as of 1 January 2024, two years ahead of the deadline.

European Commission updates implementation status for the Covered Bond Directive

Application of the new requirements under the Covered Bond Directive (CBD) has been mandatory since 8 July 2022 and the European Commission updated the implementation status in EU member states on its website at the beginning of August. Apart from Lithuania, Malta and Romania, which have reported only partial implementation although are currently not of major significance for the EUR benchmark segment, all EU countries have implemented the CBD. As such, investors have at their disposal an official source to verify preferred regulatory treatment. In terms of other EEA countries, Norway has at least implemented the CBD in a binding manner, with the result that SRBANK and SPABOL have marketed their new issues under the new label "European Covered Bond (Premium)". Covered bonds that meet the uniform minimum standards required by the CBD are eligible to carry the "European Covered Bond" label, while the "European Covered Bond (Premium)" label may be used if the requirements of Article 129 CRR for preferred capital are also met, which provides helpful evidence for investors seeking to prove regulatory status. This can either come directly from the issuer, for example JYKRE or BAWAG, who marketed their new issues under this label, or through lists from the supervisory authorities, such as those already published by the Federal Financial Supervisory Authority (BaFin) in Germany and Banco de España, the Spanish central bank. We assume that investors will view the label as proof of preferred regulatory treatment and therefore attach greater importance to it and expect that issuers will therefore use the label more frequently as part of their marketing activities.

LBBER underlines the appeal of the EUR sub-benchmark segment

In addition to numerous EUR benchmark issues, on Wednesday last week we also saw an issuer come to market in the EUR sub-benchmark segment in the form of Landesbank Berlin (Ticker: LBBER). After the record level of demand recorded for the EUR 250m mortgage Pfandbrief placed by DekaBank at the start of August (bid-to-cover ratio: 8.8x), with an order book totalling EUR 1.6bn there was again significant demand for the LBBER covered bond featuring a term of 3.7 years, which was ultimately placed at ms -3bp (guidance: ms +2bp). The volume of this bond was originally announced at EUR 250m, although this was raised to EUR 300m on the back of high demand, resulting in a bid-to-cover ratio of 5.3x. We discussed the EUR sub-benchmark segment in greater detail as part of edition 24/2022 of our weekly publication from 20 July 2022.

Market overview SSA/Public Issuers

Author: Dr Norman Rudschuck, CIIA

KfW half-year figures: barely believable, but true nevertheless

In the first half of 2022, the KfW Group recorded a very sharp increase in new business to EUR 95.1bn (H1 2021: EUR 49.8bn, +91%). According to its Investor Relations, domestic promotion and financing more than doubled due to non-recurring effects with a commitment volume of EUR 87.0bn (H1 2021: EUR 41.1bn, +112%). Within a generally high level of promotional demand, the German Federal Funding for Efficient Buildings (BEG) programmes, in particular, were in high demand at EUR 30.2bn. In addition, support measures for energy supply companies on behalf of the German government contributed EUR 33.4bn to this result due to the war in Ukraine. This is not reflected one-to-one in the capital market, as this is usually the clear focus of our reporting: KfW raised a total of EUR 56.6bn on the international capital markets in 12 different currencies to fund its promotional business in the first half of the year (H1 2021: EUR 50.5bn). The euro share of the total funding volume amounted to 58%, meaning that the single currency continues to be the most important currency in KfW's funding mix. The US dollar accounted for 24%, with 10% attributable to the pound sterling. KfW has been active in the green bond market since 2014 and is one of the largest issuers in the world in this segment. With the issue of its EUR 3bn Green Bond in April 2022, KfW has exceeded the threshold of EUR 50bn in total issue volume of green bonds and achieved a significant milestone in its funding programme. The volume of "Green Bonds – made by KfW" issued up to 30 June 2022 was EUR 3.8bn. As of 31 July 2022, the green bond issue volume amounted to EUR 7.9bn, and the total capital market funding volume was EUR 64.8bn. KfW continues to act as an investor in green bonds with an announced green bond portfolio of EUR 2.0-2.5bn. In the first half of 2022, KfW invested EUR 331m in green bonds. The total volume of the portfolio was around EUR 2.4bn as of 30 June 2022. Due to its commitment to various initiatives, as described above, aimed at mitigating the economic and societal consequences of the war in Ukraine and the high level of demand for promotional funds within Germany, KfW raised its capital market funding target for 2022 to EUR 90bn in mid-July (previously EUR 80bn to 85bn). Since the Federal Government's mandated transactions are mainly short-term bridging measures for energy companies, KfW plans to make greater use of its money market activities for refinancing in the second half of 2022. The KfW Group generated consolidated profit of EUR 949m in the first half of 2022 (H1 2021: EUR 1,396m). Following a first quarter negatively impacted by the Ukraine war, consolidated earnings recovered due to positive effects in the loan and investment portfolio, and a strong operating result. At EUR 551.2bn, total assets are on a par with the level recorded as at 31 December 2021 (EUR 551.0bn). With a total capital ratio of 24.7% and a (common equity) tier 1 capital ratio of 24.6% (31 Dec. 2021: both 23.9%), the regulatory capital ratios remained at a very good level.

IBB solid as a rock

The State of Berlin and Investitionsbank Berlin (IBB) have drawn a positive conclusion after more than two years of "Corona Aid for Start-Ups". According to the press release, around EUR 190m had been pledged for start-ups by the time that the application deadline elapsed on 30 June 2022, with Berlin leading the way at national level. More funds were made available for start-ups during the coronavirus crisis in Berlin than in any other state of Germany. The "Corona Aid for Start-Ups" was set up in three modules. In this way, Berlin, together with the Kreditanstalt für Wiederaufbau (KfW), supported Berlin-based start-ups and SMEs with funds up to a maximum of EUR 2.3m per company or group of companies that encountered difficulties as a result of the pandemic. One of the main financing channels was through cooperation with intermediaries. IBB Capital GmbH, which was founded specifically for this purpose, allocated venture capital (VC) from public funding together with private investors (VC companies, business angels and family offices). A total of EUR 162m in financing was committed to 137 start-ups in 251 financing rounds. Of this, a total of EUR 62m across 77 financing rounds is attributable to the first half of 2022 alone. In addition to VC via IBB Capital GmbH and its intermediaries, the overall programme consisted of two other financing components. Through IBB Ventures, a total of EUR 21m in funding was provided to start-ups via VC Fonds Technologie and VC Fonds Kreativwirtschaft. The third financing channel, Berlin Mezzanine, also provided loans of around EUR 6m to Berlin start-ups. To recap and for an overview: The "Corona Aid for Start-ups" was initiated by the Federal Government, the Bundesland of Berlin, KfW and IBB to support start-ups that experienced financial difficulties through no fault of their own as a result of the COVID-19 pandemic. Dr. Hinrich Holm, Chairman of the Board of IBB and Chairman of the Supervisory Board of IBB Capital GmbH, also agreed: "With this programme, we have made a decisive contribution to ensuring that Berlin will remains the start-up capital of the world in the future. Berlin was able to secure by far the most money from the federal funds and pass it on to the start-ups. Therefore, in addition to the intermediaries, significantly more private investors were attracted. In total, we were able to facilitate financing rounds of more than EUR 500m as a result. This sends an important signal to the community, which underlines once again: if you want to start a business in Berlin, you'll get great advice from IBB!"

IBB has also updated its Sustainability Report

Of the overall funding volume of around EUR 6.5bn in 2021, a total of EUR 3.4bn (2020: EUR 2.0bn) was last year paid into the Sustainable Development Goal (SDG) "No Poverty" as defined by the United Nations (UN) alone. The background to this was above all the extensive coronavirus emergency aid. A further EUR 1.4bn (up from EUR 119m) was allocated to the SDG "Industry, Innovation and Infrastructure" and EUR 1.2bn (2020: EUR 1.5bn) to the SDG "Sustainable Cities and Communities". By 2030, IBB aims to finance a total of up to EUR 15bn in funding commitments based on the SDGs in its funding programmes. Back in 2015, the UN defined a total of 17 SDGs as global sustainability targets. IBB is committed to these goals and applies them transparently and measurably to its fields of activity. For its 2021 data update, IBB has also once again mapped its funding programmes according to the SDGs. This also helps, for example, with the support for the "Climate Neutral Berlin" initiative by 2045, and the issuer is setting a good example with climate-neutral banking operations as early as 2022. This requires the systematic implementation of the sustainability strategy and integration of the SDGs in all IBB areas of activity.

There are some days when nothing really happens on the primary market

In 2022, a record of inactivity was broken in August. Bloomberg has already recorded 32 days in Europe without a single deal. On the one hand, the holidays are still in full swing in many places and, on the other, December in particular is always characterised by the greatest possible inactivity, so this is probably not the end of the story. The data record at Bloomberg “only” goes back eight years, but since then 31 days have been recorded in the most inactive full calendar year. This has now been beaten as early as August.

Seventh joint NRW municipal bond

In May, we last looked at the NRWGK and DEUSTD constructs. The joint municipal bonds from North Rhine-Westphalia (NRWGK) and of a multi-Laender nature (DEUSTD) always require explanation due to their different compositions and partial debtor liability. NRWGK #7 was the first joint NRW bond in four and a half years. In its seventh edition, Essen (44%), Hagen (32%) and Remscheid (24%) joined forces for a ten-year term. The needs of the three municipalities amounted to EUR 125m. The books added up to EUR 150m and the spread was therefore not moved during the book-building process. The stated IPT and guidance at ms +25bp in each case were ultimately also the final spread. The bond carries a coupon of 1.95%.

Primary market

Before our summer break, we signed off by announcing a deal from Berlin: a total of EUR 2.7bn ultimately found its way into the order book, with EUR 500m printed for ten years and “only” 41.7% of this deal snapped up by German investors. During our publication break, there were only three EUR benchmarks. NRW.BANK got the ball rolling at the end of July. In a green bond, the Düsseldorf-based bank raised EUR 1bn at ms -7bp, also for ten years. This bond was last priced at ms -5bp on the secondary market. Then there was nothing for a long time, until last week, when KfW made an appearance in which a total of EUR 5bn changed hands. The term was just under five years. As usual at KfW, narrowing compared with the guidance (ms -29bp area) was recorded; due to the bulging order book of EUR 22.5bn, two basis points of tightening was possible, with a final value of ms -31bp recorded here. On the secondary market, the bond now stands at ms -33bp. The third fresh deal came from Luxembourg. EFSF chose a three-year maturity and raised EUR 4bn at ms -26bp. In this instance, the order book amounted to EUR 18.1bn and the guidance was ms -24bp area. In addition, we recorded a significant tap in the amount of EUR 1.5bn from EFSF in its 2032 maturity at ms -6bp. Here, the order book was at EUR 4.2bn and the guidance was initially at ms -5bp area. By mid-year, EFSF had already raised EUR 10.5bn of the EUR 19.5bn planned for 2022. Now EUR 5.5bn has been added and a total of EUR 3.5bn is still outstanding before the end of the year. The two taps from MuniFin under its ticker KUNTA were also exciting. The same bond (KUNTA 0.25 02/25/32) was topped up twice by EUR 50m on each occasion. As it is relevant for some investors: the Federal Republic of Germany is planning a new green bond with a five-year maturity in Q3 2022 and is launching investor meetings for this purpose. As a final note, please be aware that due to absences, the SSA coverage for this week only includes Monday as a trading day.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
EFSF	SNAT	22.08.	EU000A2SCAD0	3.3y	4.00bn	ms -26bp	AA / Aaa / AA	-
KFW	DE	16.08.	DE000A3MQVV5	4.8y	5.00bn	ms -31bp	- / Aaa / AAA	-
NRWBK	DE	26.07.	DE000NWB0AR8	10.0y	1.00bn	ms -7bp	AAA / Aa1 / AA	X

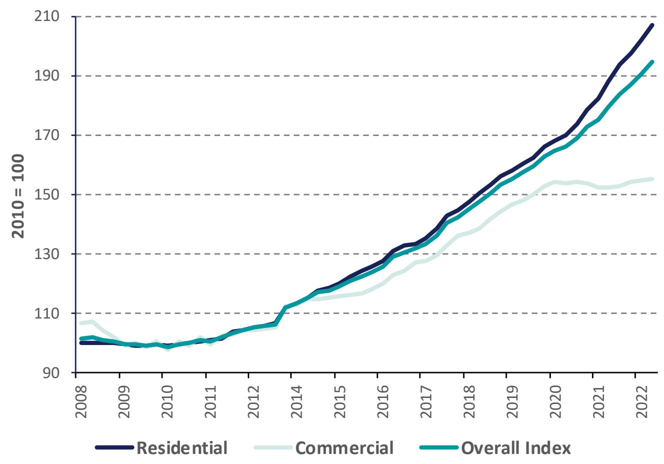
Source: Bloomberg, NORD/LB Markets Strategy & Floor Research (Rating: Fitch / Moody’s / S&P)

Covered Bonds
Development of the German property market

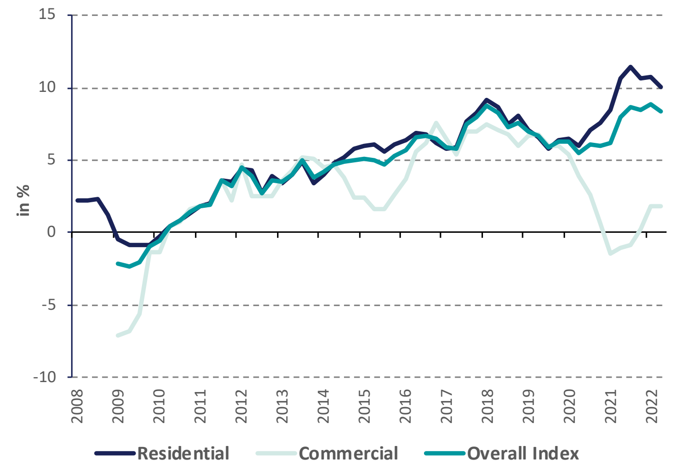
Author: Stefan Rahaus

vdp property price index reaches new high in Q2 2022 in spite of numerous stress factors
The Association of German Pfandbrief Banks (vdp) released the latest data from its property price index back on 10 August; the index is based on an evaluation of property transaction data from over 700 lenders (cf. vdp press release of 10 August). In Q2 2022, the All properties price index rose by 8.4% year-on-year to a new high of 194.8 points (baseline year 2010 = 100 points). The figure in Q1 2022 was still 190.8 (equivalent to an increase of 2.1% against the previous quarter). The trend of the previous quarters triggered by the Ukraine conflict and resulting consequences therefore continues unabated in Q2 2022. A sector analysis still shows striking differences in the price trend for residential and commercial property. Whereas the residential price index has risen to 207.5 points (+10.1% year on year), and therefore still indicates that residential property prices have more than doubled since 2010, the trend for commercial real estate has been less buoyant, although it has stabilised further compared with 2021. The commercial property price index has risen to 155.4 points (+1.9% year-on-year), whereas it still showed a decline year on year in the first three quarters of 2021 and the index was not back in positive territory again until Q4. All in all, therefore, the price trend for commercial real estate has continued to move sideways since the beginning of 2020 (154.7 to 155.4 points, +0.5%); in contrast, residential property has shown a strong rise from 168.5 to 207.5 points (+23.1%).

Index level: overall, residential and commercial



Year-on-year change: overall, residential and commercial

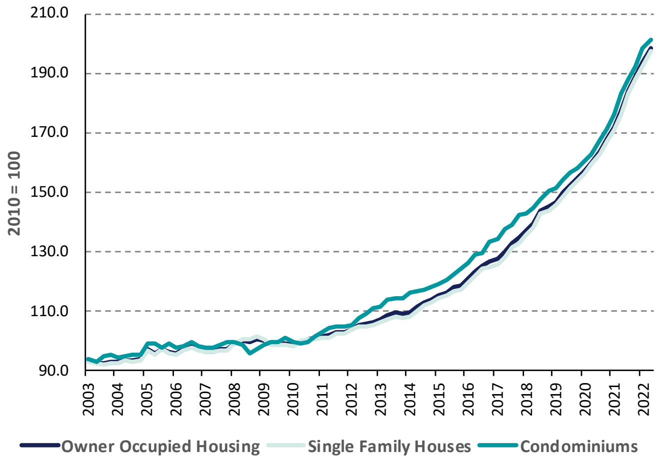


Source: vdp, NORD/LB Markets Strategy & Floor Research

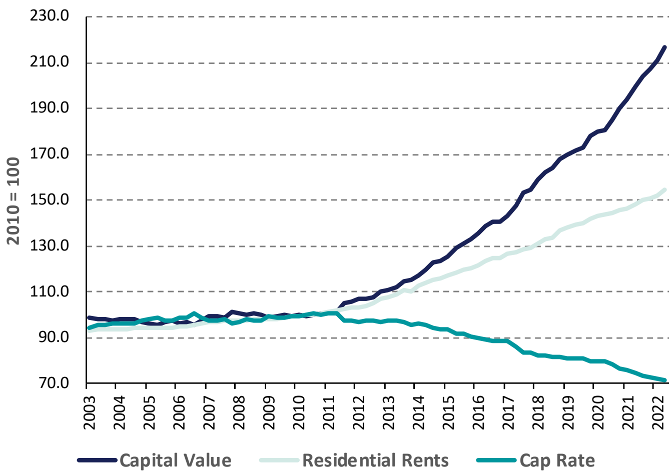
No signs of any let-up in demand for residential property: double-digit increase in the owner-occupied segment for the fifth quarter in a row

In the residential property sub-index, the owner-occupied segment still showed the strongest performance (price index overall +11.6% year on year to 198.3 points). The price of owner-occupied houses and apartments rose by +12.1% and +9.8% respectively year on year. Since 2010 (index at 100 points), owner-occupied apartments (201.2 points in Q2 2022) have remained just ahead of owner-occupied houses (197.5 points). The price increase for multi-family houses has dipped slightly from 9.1% year on year in Q1 to 8.6% year on year, but still shows that it remains a seller's market. The capital values index shows an even more buoyant performance since 2010 than owner-occupied housing at 216.9 points. The rent rise for new rental contracts has improved to +4.4% year on year in Q2, (Q1 +3.7% year on year) and is therefore currently slightly higher than the average since 2010, which stands at +3.5%. The index for new rental contracts has risen from 100 in 2010 to 154.9, but remains significantly below the increases in purchase prices. In relation to the capital value index of 216.9 points (average annual increase of 6.2% since 2010), this means that profitability as expressed in the cap rate index, fell by a further -3.9% year on year in Q2 2022. The cap rate index has therefore fallen to 71.4 points.

Owner-occupied housing



Multi-family houses



Source: vdp, NORD/LB Markets Strategy & Floor Research

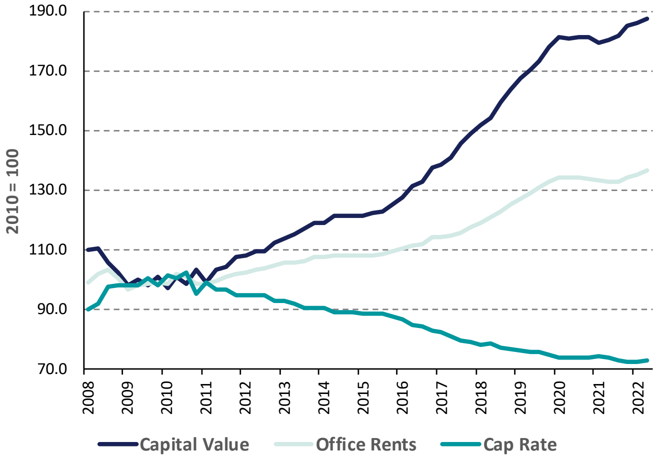
Top 7 housing market: further marked price rises in conurbations

The separate index for the performance of the residential market in the top 7 cities has also hit a new all-time high of 266.5 points (+11.0% year on year), with owner-occupied housing just ahead of the market for multi-family houses (increase of +11.0% year on year versus +10.8%). The latter was supported by a further rise in new rental contracts, which rose by +5.5% year on year. Cologne was once again in the lead for single family houses in the last quarter with an increase of +15.6% year on year, whereas the price momentum in Stuttgart was below average at +8.7% year on year. In the owner-occupied apartment segment, Berlin was once again in the lead, as in the previous quarter with a +12.1% year on year rise and likewise number one in the multi-family segment (+11.8% year on year) and for new rental contracts (+6.3% year on year).

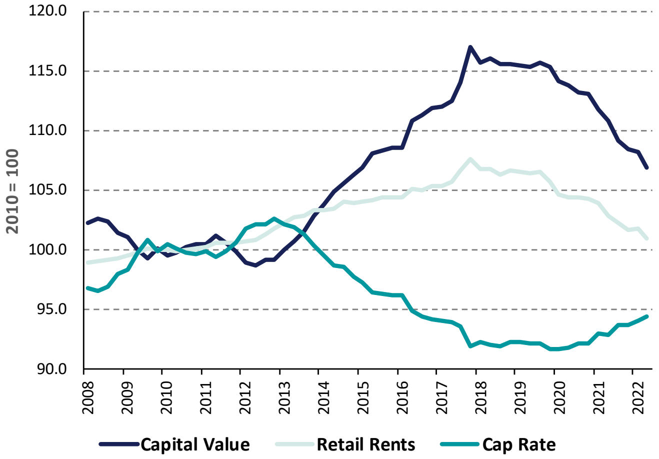
Commercial real estate remains a game of two halves

Whereas the commercial properties sub-index tended sideways, the office and retail sub-markets continued to evolve at different rates. After prices for office properties and rents showed a slight dip in 2020 and 2021, the recovery which started to take shape in Q4 2021 has continued in Q2 2022. The capital value for office properties rose by +4.1% year on year to 187.7 points, while the index for office rents rose to 136.7 points (+2.8% year on year). Since the price of office space once again rose faster than office rents, the cap rate remained low at 72.8 points. According to the vdp, a robust labour market along with the prospect of a marked reduction in COVID-related restrictions are more than offsetting the trend towards more working from home. However, the picture for retail properties in Germany is still a different matter. In this segment, the negative impact from COVID restrictions has been replaced seamlessly by an inflation-led decline in dis-posable incomes among consumers. Both prices (-3.5% year on year) and new rental contracts (-1.9% year-on-year) for retail space have continued to decline. The capital val-ue index was only 7.0 points above the baseline figure of 100 points from 2010; indeed, as regards rents, the improvement in the past 12 years has only been to 101.0 points. It remains to be seen to what extent reduced purchasing power and uncertain prospects will weigh on the situation, but the structural change towards online shopping will undoubtedly continue to dampen prices in future in this segment.

Office space



Retail space



Source: vdp, NORD/LB Markets Strategy & Floor Research

Conclusion and outlook

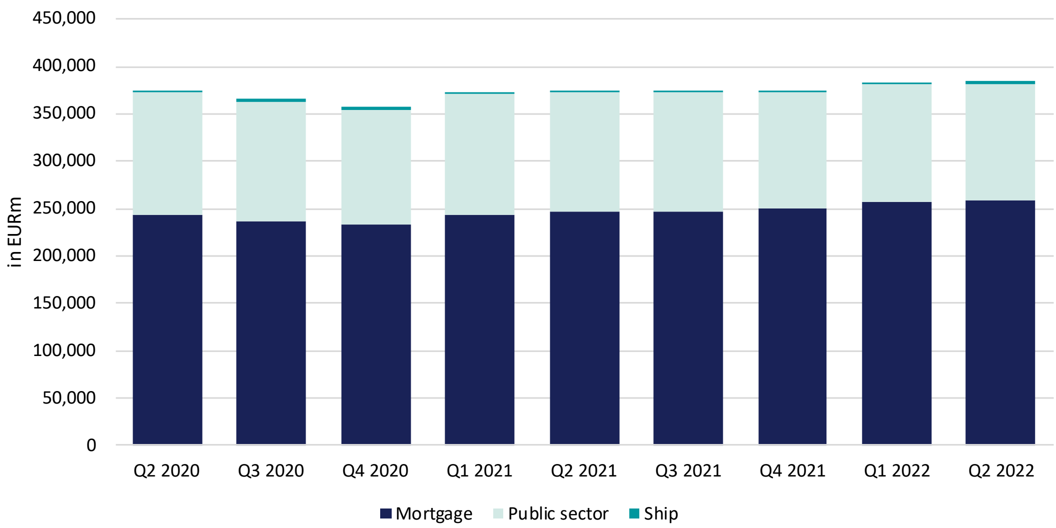
The performance of the various indices shows that prices in the German property market have continued to rise in Q2 2022 in spite of many negative factors. However, as is the case with the labour market, property prices are lagging indicators that tend to follow the economic trend after some time has elapsed. In our view, the current impact of the war in Ukraine (e.g. factors such as the energy crisis, inflation, stricter lending standards or even a rise in/further rising interest rates) and persistent supply chain problems is still not yet fully reflected in the current vdp property price index figures. More up-to-date economic and sentiment indicators have already fallen sharply and a number of property websites already report the first price concessions. Similarly, a number of countries with significantly overheated markets such as Australia, Canada and some Scandinavian countries are already reporting initial price falls in their property markets. We therefore expect a marked flattening in the price momentum and moreover do not in any way rule out a downturn in prices in certain sub-segments and regions. The possibility of an escalation in the energy crisis (involving a halt in gas deliveries), which could well lead to a recession on the back of rationing, poses at least the threat of an ongoing correction in property markets. On the other hand, supply remains tight in view of high prices and a shortage of materials and, if anything, this should provide support for prices. As things stand at present, vdp CEO Jens Tolckmitt does not foresee any slump in prices in view of the prevailing supply and demand situation. However, he warns that “negative economic factors, such as dampened growth prospects, inflation or the marked rise in interest rates will also have an impact on index readings after a degree of time lag”. As regards mortgage Pfandbriefe, on balance we do not anticipate any danger of significant changes in credit quality as a result of this. Both the requirements of the Pfandbrief Act and related specifications (e.g. in respect of overcollateralisation, maximum LTV ratio, property valuation) and the composition of the cover pools should continue to rule out any fundamental changes in this respect for the time being.

Covered Bonds
Transparency requirements §28 PfandBG Q2/2022
Author: Dr Frederik Kunze

Transparency disclosures under Section 28 PfandBG: 37 mortgage and 23 public Pfandbrief issuers

The Pfandbrief issuers organised in the Association of German Pfandbrief Banks (vdp) submitted their transparency reports on the composition of their cover pools in accordance with Section 28 PfandBG a few weeks ago. The reporting period was the second quarter of 2022. With regard to the group of issuers, there were no changes for this reporting period. Our Covered Bond Special "Transparency requirements §28 PfandBG Q2/2022" therefore contains cover pool data on 37 mortgage Pfandbrief issuers and 23 issuers of public Pfandbriefe. In the process, we again manually added cover pool information relating to the second quarter for Deutsche Bank, which is no longer reported on the vdp website.

Trend in outstanding volume

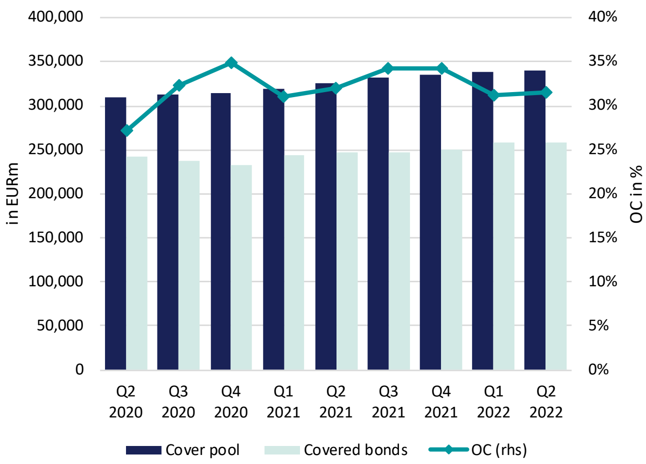


Source: vdp, Deutsche Bank, NORD/LB Markets Strategy & Floor Research

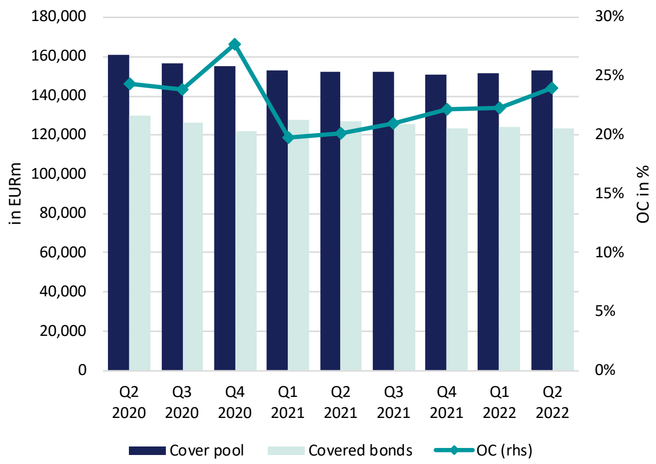
Pfandbrief circulation: total volume increased in Q2 2022 for the third time in a row

With EUR 384.5bn in outstanding Pfandbriefe, the total volume rose again compared to the previous quarter (reference date 31 March 2022: EUR 383.7bn). The volume of outstanding mortgage Pfandbriefe increased by EUR 1.5bn or +0.6% Q/Q, whereas the volume of public Pfandbriefe fell by EUR 852m. After the decline in ship Pfandbriefe in the last quarter, this time there was an increase again (by EUR 150m to EUR 2.2bn). As regards cover assets, there was an increase of EUR 2.5bn in mortgage assets, a plus of EUR 23m in ships and an increase of EUR 926m in cover assets for public Pfandbriefe.

Trend – mortgage Pfandbriefe



Trend – public sector Pfandbriefe



Source: vdp, Deutsche Bank, NORD/LB Markets Strategy & Floor Research

Mortgage Pfandbriefe with an increase of EUR 1,459m (+0.6%) Q/Q

Mortgage Pfandbriefe presented a less dynamic picture during the reporting period from April to June 2022 after a significant increase in the first quarter of 2022. The increase of EUR 7.7bn was followed by an increase of EUR 1.5bn (+0.6% Q/Q), resulting in a mortgage Pfandbrief volume of EUR 259.0bn at the end of June 2022. At the same time, an increase of +5.0% Y/Y is derived from this value. The banks with a markedly higher outstanding volume based on a quarterly comparison included, in particular, Bayerische Landesbank (EUR +1.2bn) and Aareal Bank (EUR +1.0bn). Based on a year-on-year comparison, apart from the combination of the two issuers NORD/LB and Deutsche Hypo, the outstanding volume of mortgage Pfandbriefe increased the most at Commerzbank (EUR 2,012m) and decreased the most at Helaba (EUR -1,757m). It should be noted here that both the in-crease at Commerzbank and the decrease at Helaba in the current quarter are significantly lower in terms of amount than was observed for the previous reporting period. Out-standing mortgage Pfandbriefe in the amount of EUR 259.0bn were offset by cover as-sets of EUR 340.5bn. At 31.5%, the average OC remained practically on a par with the lev-el recorded in the previous quarter (31.3%).

Public Pfandbriefe segment: decline of EUR 852m (-0.7%) Q/Q

After an increase in outstanding public Pfandbriefe was recorded for the months January to March 2022, the volume here fell again in the second quarter of 2022. The decline in this sub-market amounted to EUR 852m, with the outstanding volume now coming in at EUR 123.3bn as a result. Compared with the previous year, the volume of Pfandbriefe declined by EUR 3,520m or -2.8% Y/Y. At issuer level, the strongest quarter-on-quarter growth was recorded by LBBW (EUR +1,330m), which actually recorded the strongest absolute decline in the first quarter of 2022. In the current reporting period, the volume of public Pfandbriefe fell most sharply at UniCredit Bank (EUR -1,254m), after the bank had recorded the strongest growth in the previous quarter. In total, the outstanding volume was offset by cover assets in the amount of EUR 152.8bn, whereby the average overcollateralisation compared with the previous quarter (31 March 2022: 22.4%) rose slightly to 23.9%.

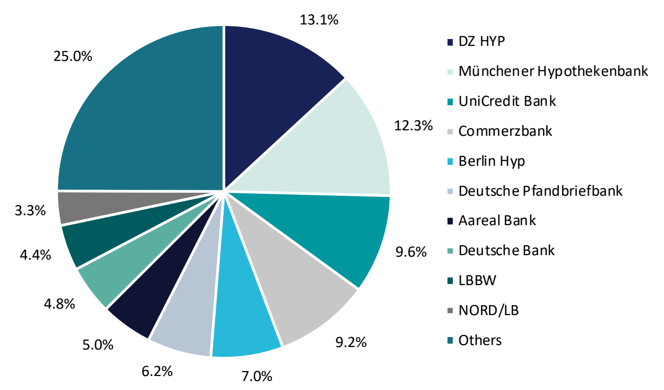
Ship Pfandbriefe remain a niche product

Ship Pfandbriefe are still a niche market within the German Pfandbrief market, with a volume of EUR 2,187m (+7.3% Q/Q or EUR 150m), but this increased again in the second quarter of 2022. At present, only three institutions, namely Commerzbank, HCOB and NORD/LB, have outstanding ship Pfandbriefe, of which HCOB accounts for around 95%.

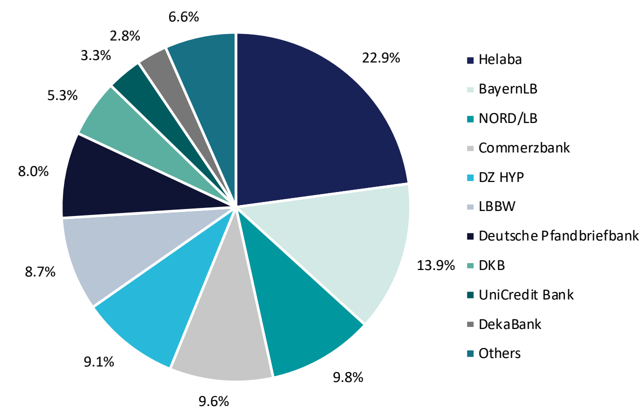
A look at the top 10: No new shifts compared with the previous quarter

With regard to the rankings of the three biggest mortgage Pfandbrief issuers, there were no changes. The biggest issuer in the mortgage-backed Pfandbrief sub-segment is therefore still DZ HYP, followed by Münchener Hypothekenbank and UniCredit Bank. The share of the volume outstanding attributable to "smaller" issuers stands at 25% (category: "Others"). In the public Pfandbrief segment, there was no change to the top three, with Helaba, Bayern LB and NORD/LB represented here.

Market shares – mortgage Pfandbriefe



Market shares – public Pfandbriefe



Source: vdp, Deutsche Bank, NORD/LB Markets Strategy & Floor Research

Significant revision to Pfandbrief reporting

With the entry into force of the Covered Bond Directive on 8 July 2022, the European Covered Bond harmonisation project has also set new standards for the reporting obligations with regard to cover pools and outstanding covered bonds. As a result, the vdp template used by the member institutions will also be adapted. In order to comply with the revised Section 28 PfandBG, banks must now, for example, also submit key figures on liquidity and publish ISIN lists. The new form of transparency disclosures will be made for the first time for the third quarter of 2022, with the previous year's data being presented for the first time from the third quarter of 2023.

Conclusion

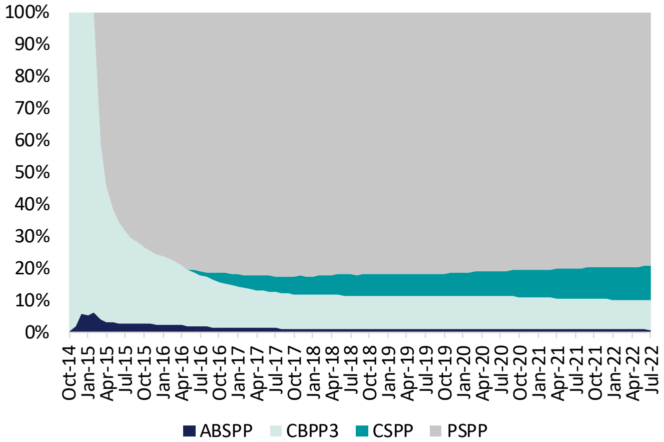
The total volume of Pfandbriefe outstanding increased again in the second quarter of 2022. The latest issuance activity of German Pfandbrief institutions in the EUR benchmark or EUR sub-benchmark segment is not yet reflected in the current data. Accordingly, there is a certain degree of anticipation ahead of the publication of the figures for the third quarter of 2022, and not only because of the new templates.

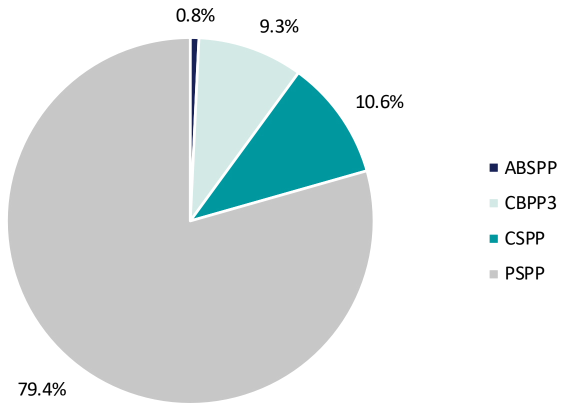
ECB tracker

Asset Purchase Programme (APP)

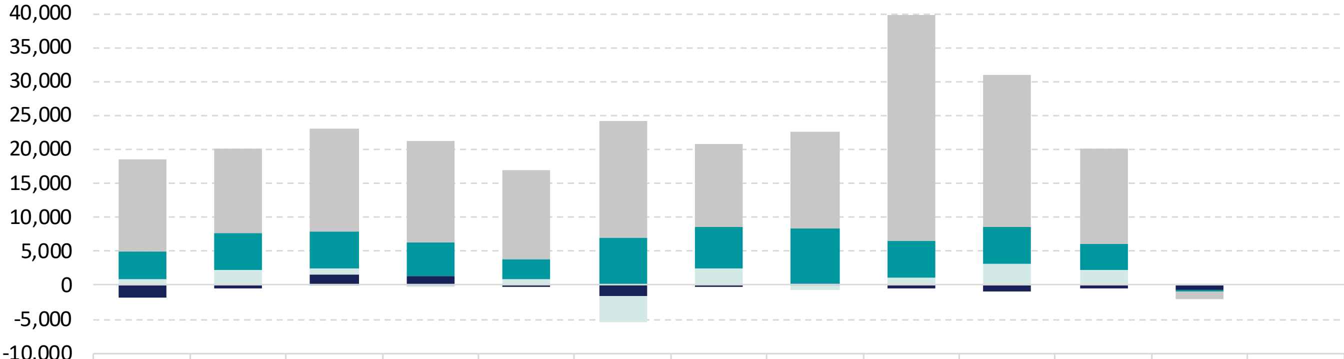
	ABSPP	CBPP3	CSPP	PSPP	APP
Jun-22	25,337	302,210	344,952	2,592,645	3,265,144
Jul-22	24,638	302,427	344,811	2,591,531	3,263,407
Δ	-699	+217	-141	-1,114	-1,737

Portfolio structure





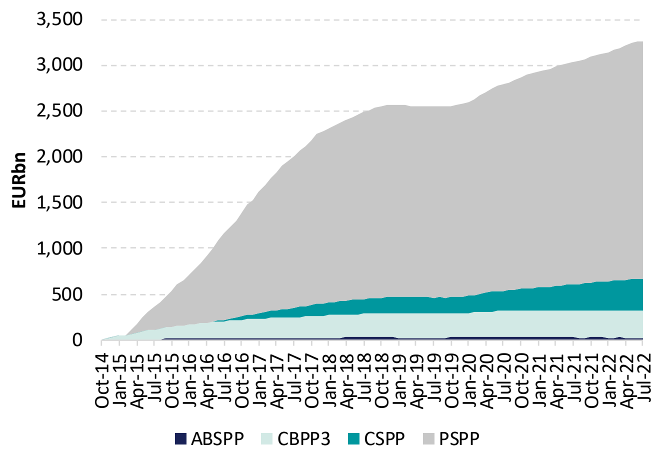
Monthly net purchases (in EURm)



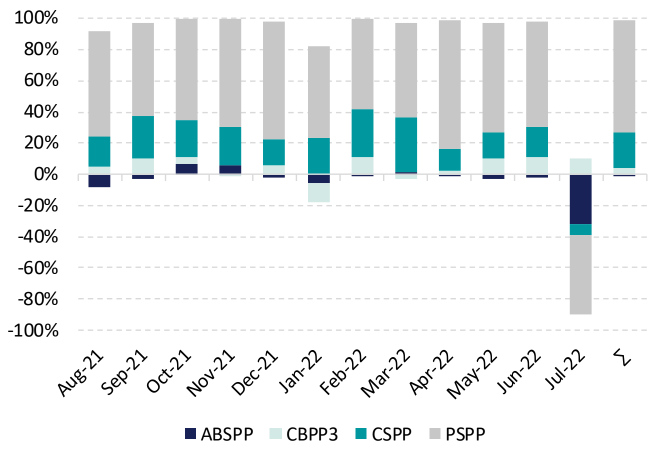
	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	∑
APP	16,749	19,659	23,017	21,200	16,596	18,838	20,698	21,929	39,397	30,232	19,722	-1,737	246,300
PSPP	13,563	12,423	15,038	14,815	12,989	17,292	12,095	14,172	33,238	22,443	13,924	-1,114	180,878
CSPP	3,936	5,590	5,481	5,142	3,007	6,970	6,272	8,042	5,461	5,366	3,858	-141	58,984
CBPP3	999	2,184	1,008	-12	942	-3,761	2,376	-606	1,074	3,247	2,339	217	10,007
ABSPP	-1,749	-538	1,490	1,255	-342	-1,663	-45	321	-376	-824	-399	-699	-3,569

Source: ECB, NORD/LB Markets Strategy & Floor Research

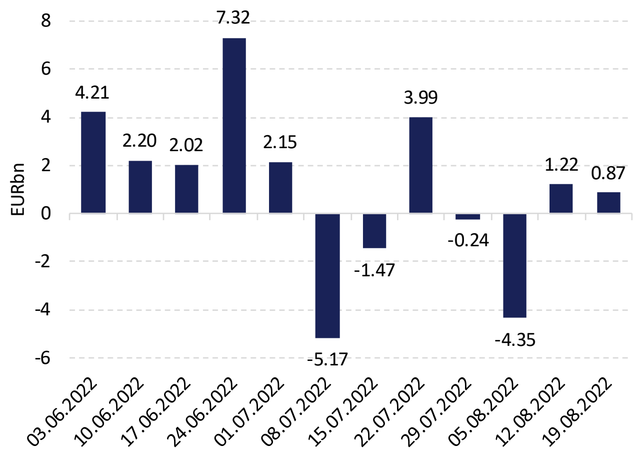
Portfolio development



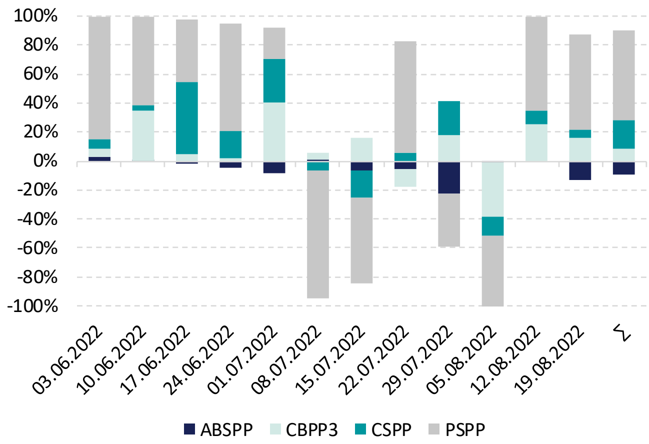
Distribution of monthly purchases



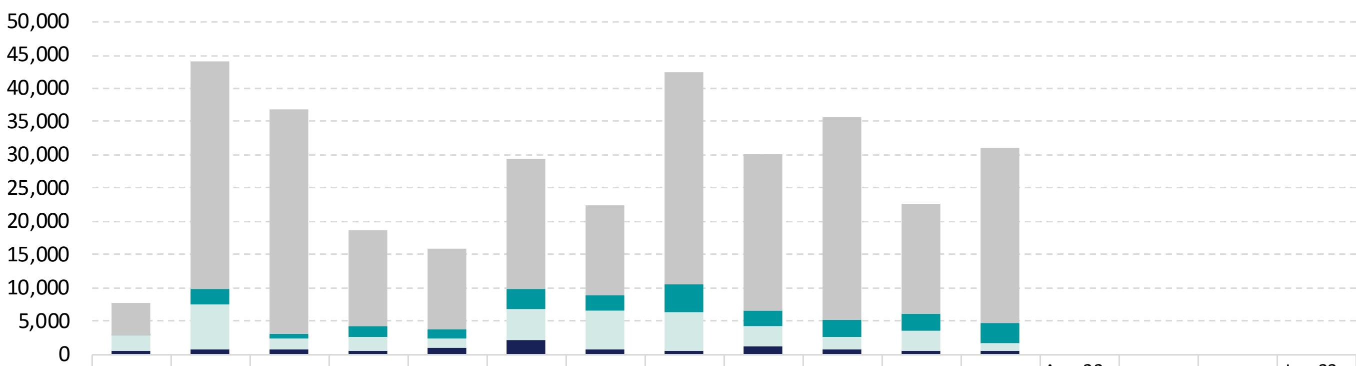
Weekly purchases



Distribution of weekly purchases



Expected monthly redemptions (in EURm)

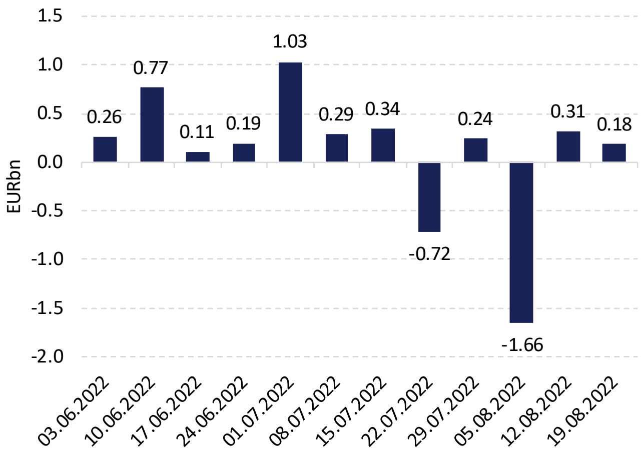


	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-22 - Jul-23	2021	2022	Jan-23 - Jul-23
APP	7,779	44,089	36,959	18,801	15,787	29,318	22,499	42,515	30,140	35,777	22,762	31,009	337,435	247,069	298,690	214,020
PSPP	4,841	34,354	33,927	14,669	12,016	19,469	13,657	32,033	23,611	30,551	16,619	26,347	262,094	188,494	228,585	162,287
CSPP	196	2,221	674	1,491	1,416	2,947	2,182	4,219	2,388	2,579	2,521	3,018	25,852	17,134	17,337	19,854
CBPP3	2,227	6,873	1,651	2,167	1,487	4,786	5,995	5,631	2,937	1,874	3,108	1,162	39,898	30,143	41,244	25,493
ABSPP	515	641	707	474	868	2,116	665	632	1,204	773	514	482	9,591	11,298	11,524	6,386

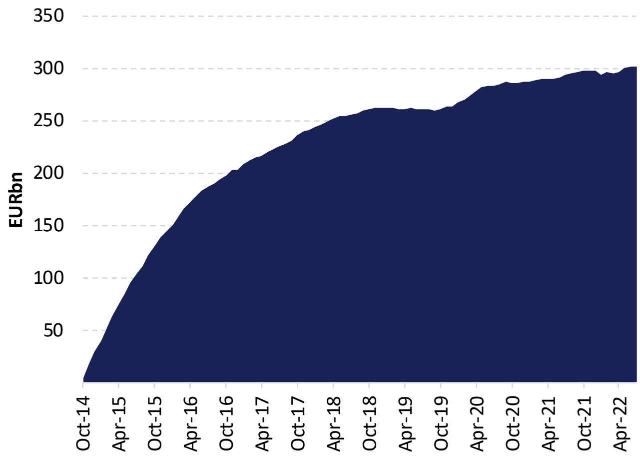
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Covered Bond Purchase Programme 3 (CBPP3)

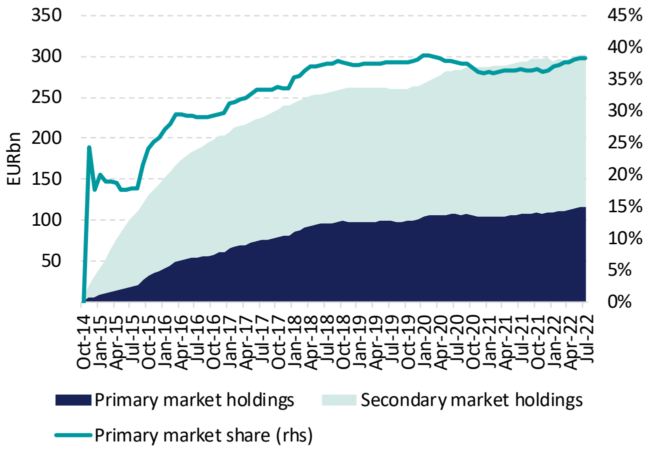
Weekly purchases



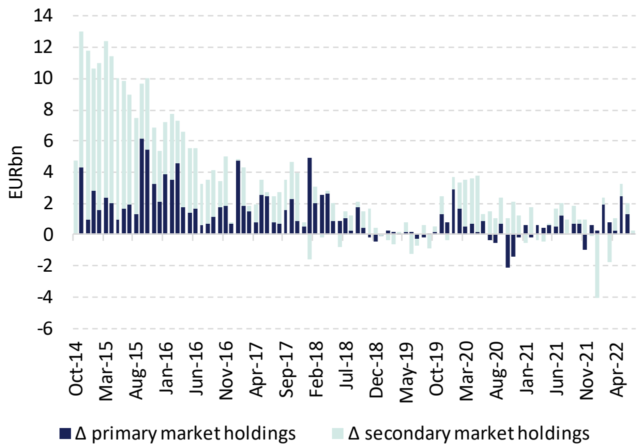
Development of CBPP3 volume



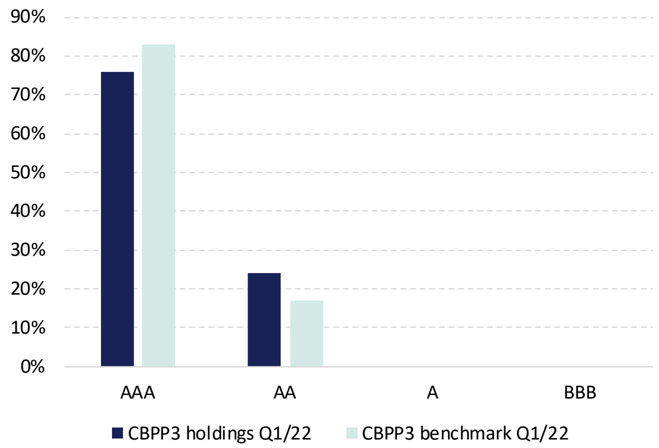
Primary and secondary market holdings



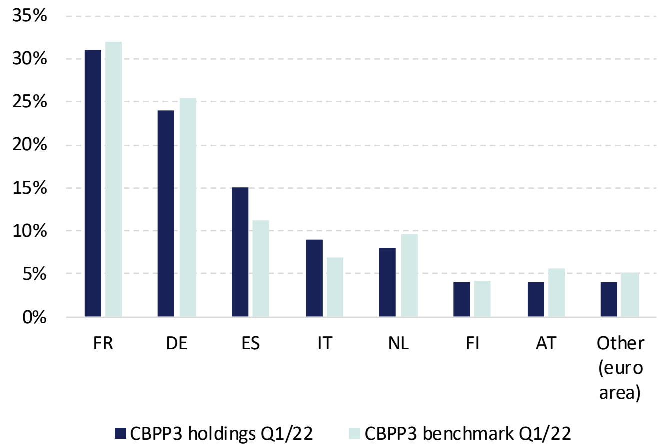
Change of primary and secondary market holdings



Distribution of CBPP3 by credit rating



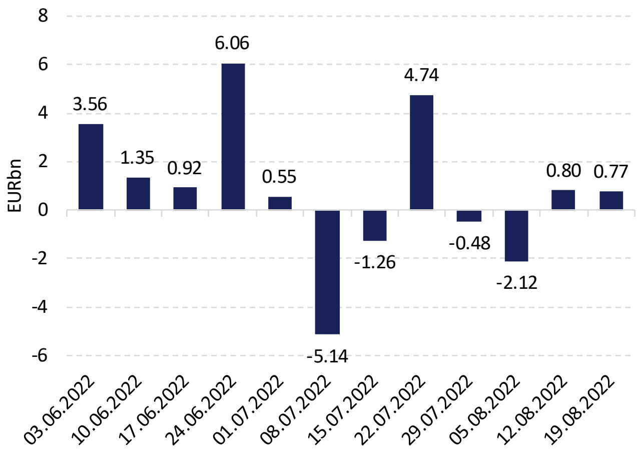
Distribution of CBPP3 by country of risk



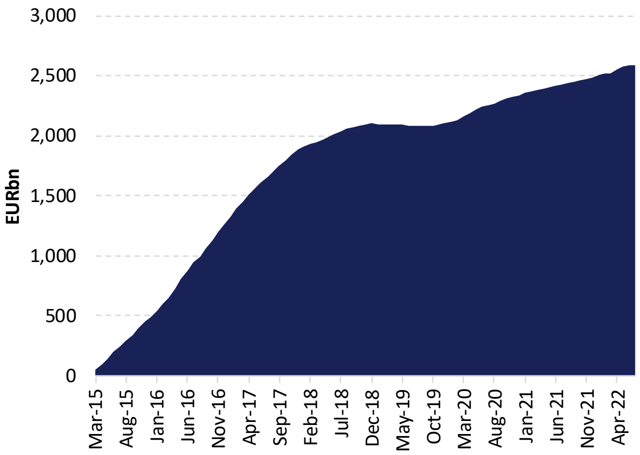
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Public Sector Purchase Programme (PSPP)

Weekly purchases



Development of PSPP volume



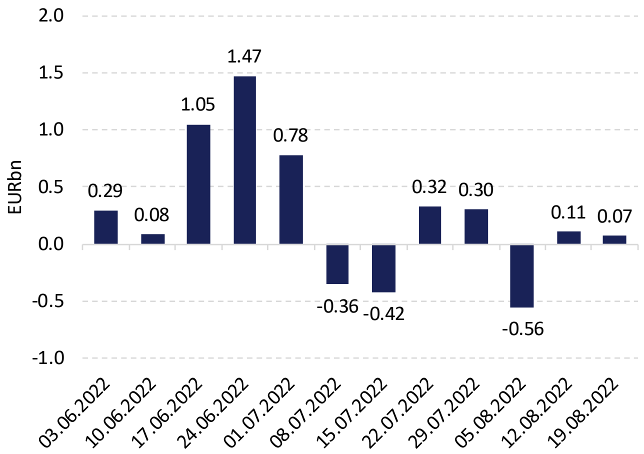
Overall distribution of PSPP buying at month-end

Jurisdiction	Adjusted distribution key[1]	Holdings (EURm)	Expected holdings (EURm)[2]	Difference (EURm)	Current WAM of portfolio[3] (in years)	WAM of eligible universe[4] (in years)	Difference (in years)
AT	2.7%	78,089	74,093	3,996	7.2	8.4	-1.2
BE	3.4%	95,525	92,227	3,298	7.3	10.4	-3.1
CY	0.2%	4,295	5,447	-1,152	8.9	9.3	-0.4
DE	24.3%	662,990	667,329	-4,339	6.7	8.0	-1.3
EE	0.3%	444	7,131	-6,687	7.9	7.9	0.0
ES	11.0%	316,794	301,866	14,928	7.8	8.3	-0.5
FI	1.7%	44,118	46,500	-2,382	8.0	8.9	-0.8
FR	18.8%	530,148	517,033	13,115	6.8	8.7	-1.9
GR	0.0%	0	0	0	0.0	0.0	0.0
IE	1.6%	42,835	42,867	-32	8.3	10.6	-2.3
IT	15.7%	450,235	430,056	20,179	7.1	7.8	-0.7
LT	0.5%	5,933	14,651	-8,718	10.4	10.1	0.3
LU	0.3%	3,835	8,339	-4,504	5.7	7.9	-2.2
LV	0.4%	3,772	9,864	-6,092	9.2	9.2	0.0
MT	0.1%	1,419	2,655	-1,236	11.3	9.8	1.5
NL	5.4%	129,651	148,354	-18,703	7.8	9.7	-1.9
PT	2.2%	55,364	59,249	-3,885	7.3	7.7	-0.4
SI	0.4%	10,872	12,189	-1,317	9.5	9.7	-0.1
SK	1.1%	18,243	28,991	-10,748	8.0	8.6	-0.6
SNAT	10.0%	288,595	274,316	14,279	8.0	9.5	-1.5
Total / Avg.	**100.0%**	**2,743,157**	**2,743,157**	**0**	**7.3**	**8.5**	**-1.3**

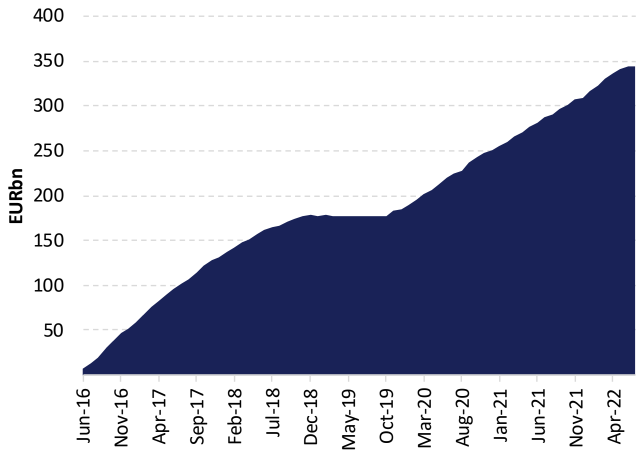
[1] Based on the ECB capital key, adjusted to include supras and the disqualification of Greece
[2] Based on the adjusted distribution key
[3] Weighted average time to maturity of PSPP portfolio holdings
[4] Weighted average time to maturity of the bonds eligible for purchasing under the PSPP
Source: ECB, NORD/LB Markets Strategy & Floor Research

Corporate Sector Purchase Programme (CSPP)

Weekly purchases

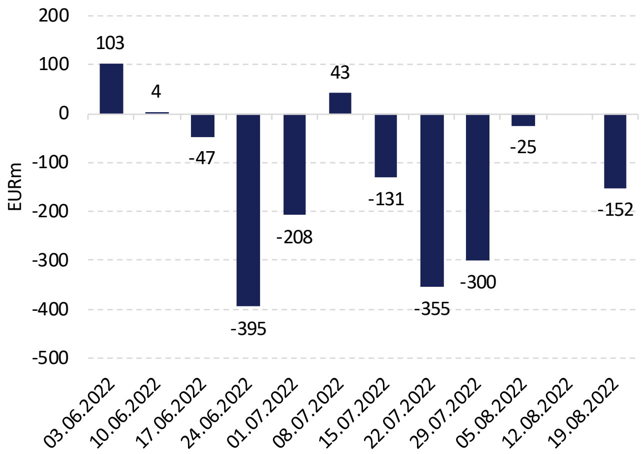


Development of CSPP volume

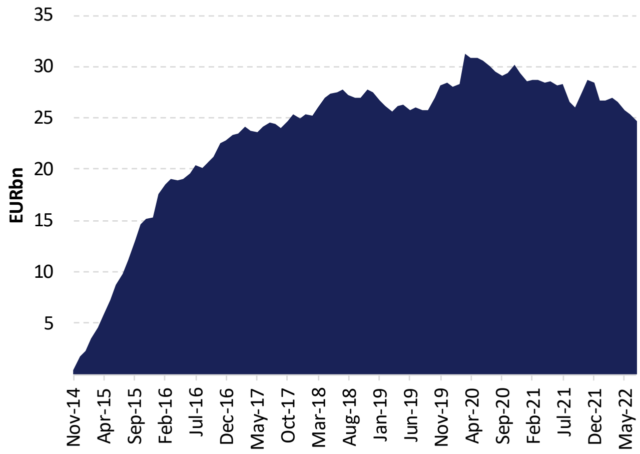


Asset-Backed Securities Purchase Programme (ABSPP)

Weekly purchases



Development of ABSPP volume



Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

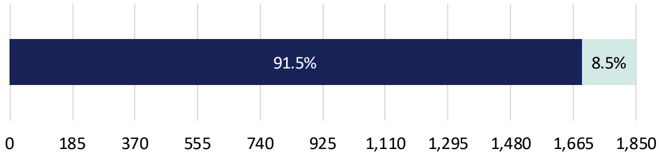
NORD/LB

Pandemic Emergency Purchase Programme (PEPP)

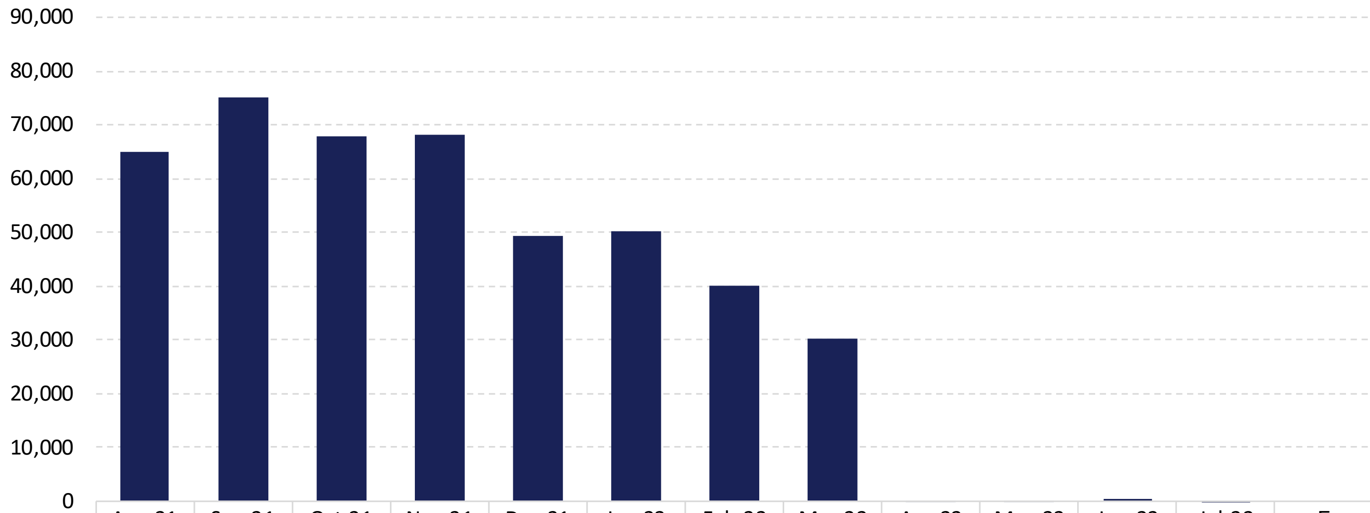
Holdings (in EURm)

	PEPP
Jun-22	1,718,074
Jul-22	1,717,352
Δ (net purchases)	-722

Invested share of PEPP envelope (in EURbn)

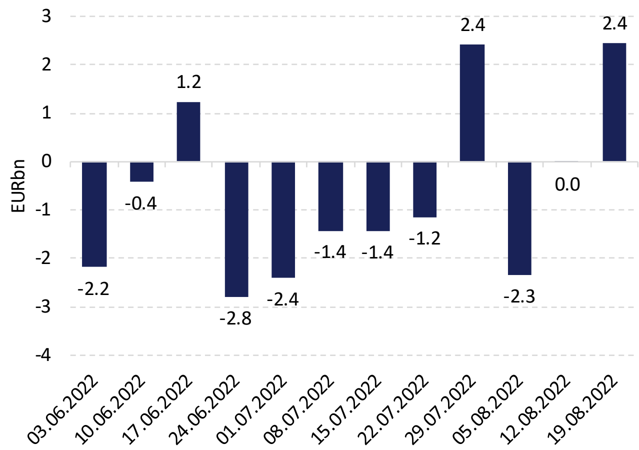


Monthly net purchases (in EURm)

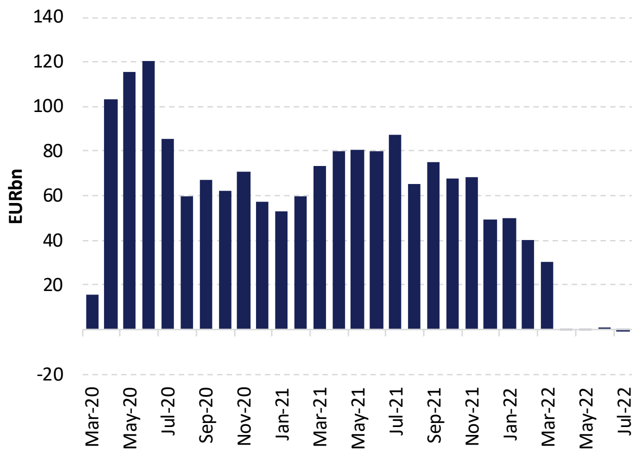


	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	∑
PEPP	65,050	75,051	67,855	68,045	49,375	50,113	40,184	30,214	-4	-10	12	-722	445,163

Weekly purchases



Development of PEPP volume

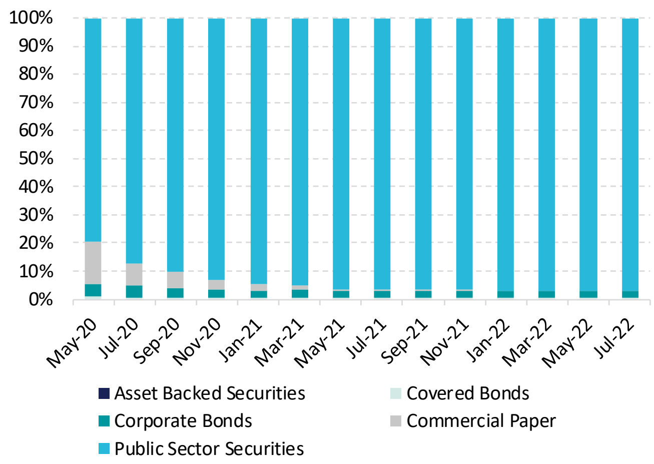


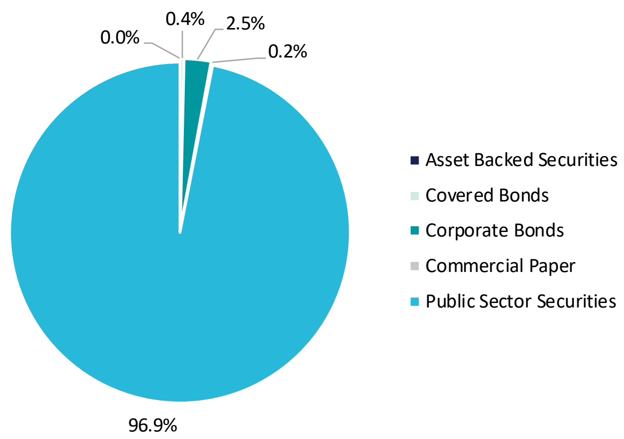
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Holdings under the PEPP (in EURm)

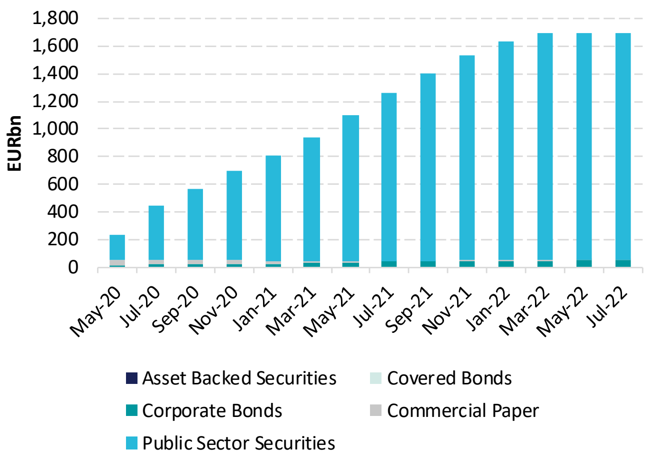
	Asset-backed Securities	Covered Bonds	Corporate Bonds	Commercial Paper	Public Sector Securities	PEPP
May-22	0	6,067	41,825	4,352	1,644,230	1,696,474
Jul-22	0	6,062	42,814	3,322	1,639,774	1,691,971
Δ (net purchases)	0	0	+1,025	-1,029	-705	-709

Portfolio structure

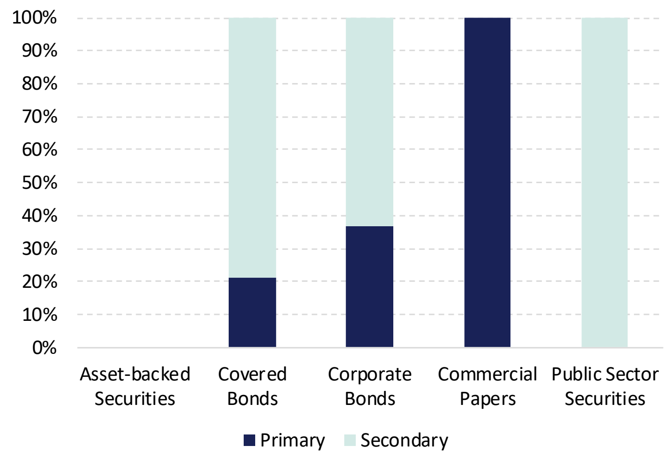




Portfolio development



Share of primary and secondary market holdings



Breakdown of private sector securities under the PEPP

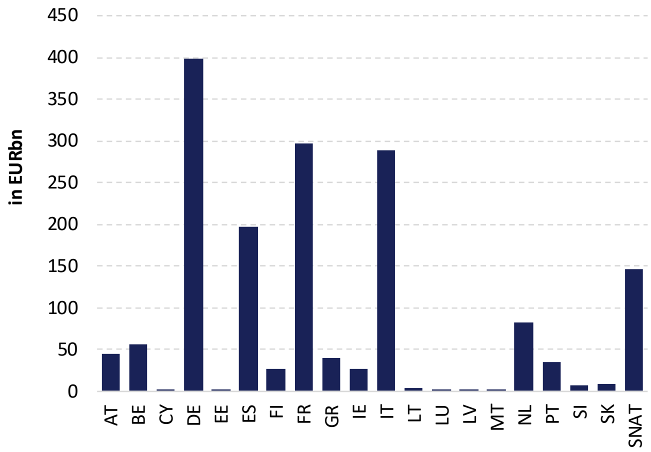
May-22	Asset-backed securities		Covered bonds		Corporate bonds		Commercial paper	
	Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
Holdings in EURm	0	0	1,298	4,769	15,332	26,493	4,353	0
Share	0.0%	0.0%	21.4%	78.6%	36.7%	63.3%	100.0%	0.0%

Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

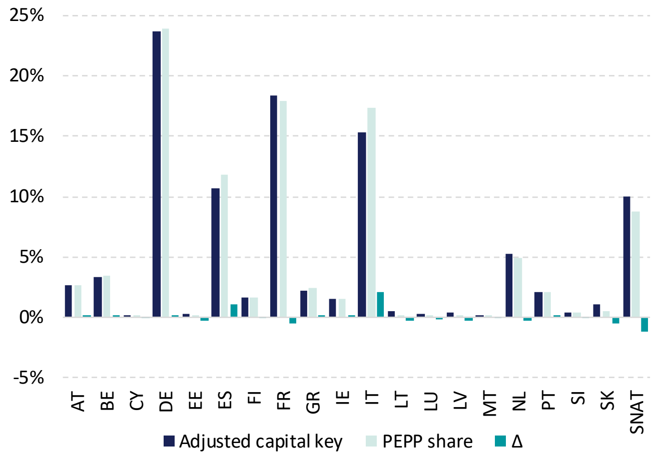
Breakdown of public sector securities under the PEPP

Jurisdiction	Holdings (in EURm)	Adj. distribution key[1]	PEPP share	Deviations from the adj. distribution key[2]	Current WAM[3] (in years)	WAM of eligible universe[4] (in years)	Difference (in years)
AT	44,424	2.6%	2.7%	0.0%	7.7	7.3	0.3
BE	57,057	3.3%	3.4%	0.1%	6.4	9.6	-3.2
CY	2,464	0.2%	0.1%	0.0%	8.9	8.2	0.7
DE	398,212	23.7%	23.9%	0.2%	6.6	7.0	-0.3
EE	256	0.3%	0.0%	-0.2%	7.9	6.5	1.4
ES	196,377	10.7%	11.8%	1.1%	7.5	7.4	0.1
FI	27,454	1.7%	1.6%	0.0%	7.1	8.2	-1.2
FR	297,766	18.4%	17.9%	-0.5%	8.0	7.8	0.2
GR	39,765	2.2%	2.4%	0.2%	8.4	9.4	-1.0
IE	26,004	1.5%	1.6%	0.0%	8.8	9.7	-0.8
IT	289,065	15.3%	17.4%	2.1%	7.1	7.0	0.1
LT	3,235	0.5%	0.2%	-0.3%	9.9	9.6	0.4
LU	1,865	0.3%	0.1%	-0.2%	6.2	7.0	-0.8
LV	1,890	0.4%	0.1%	-0.2%	8.4	8.3	0.1
MT	603	0.1%	0.0%	-0.1%	10.9	9.0	2.0
NL	82,741	5.3%	5.0%	-0.3%	7.9	8.7	-0.7
PT	35,315	2.1%	2.1%	0.0%	6.6	7.0	-0.4
SI	6,542	0.4%	0.4%	0.0%	9.0	9.2	-0.2
SK	7,966	1.0%	0.5%	-0.6%	8.6	8.1	0.5
SNAT	145,953	10.0%	8.8%	-1.2%	10.5	8.7	1.8
Total / Avg.	**1,664,955**	**100.0%**	**100.0%**	**0.0%**	**7.6**	**7.6**	**0.0**

Distribution of public sector assets by jurisdiction



Deviations from the adjusted distribution key



[1] Based on the ECB capital key, adjusted to include supras [2] Based on the adjusted distribution key
[3] Current WAM of public sector securities holdings under the PEPP [4] WAM of eligible universe of public sector securities holdings under the PEPP
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

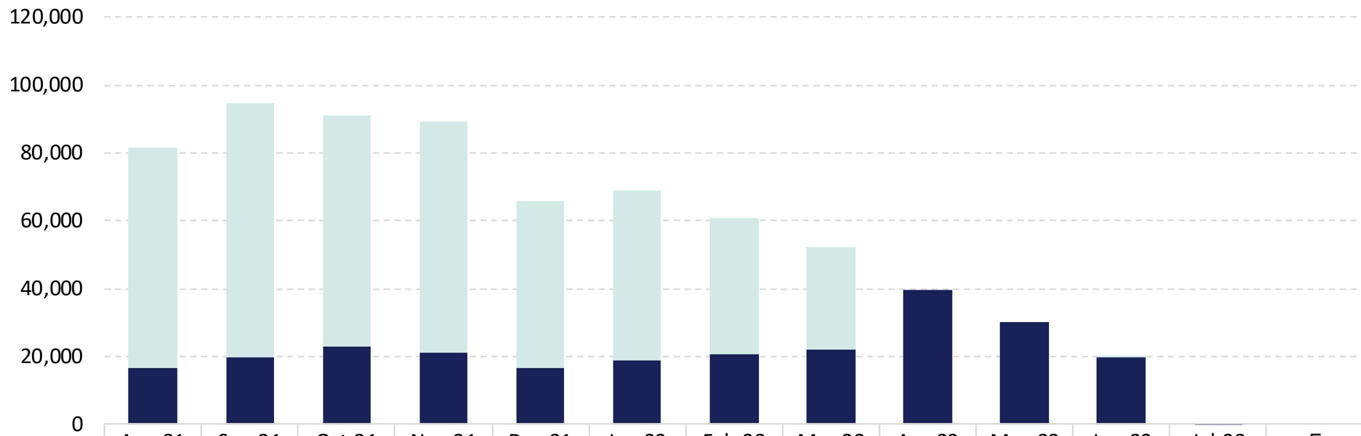
NORD/LB

Aggregated purchase activity under APP and PEPP

Holdings (in EURm)

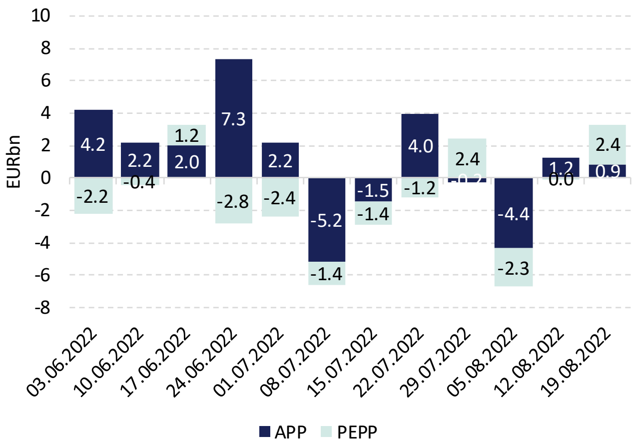
	APP	PEPP	APP & PEPP
Jun-22	3,265,144	1,718,074	4,983,218
Jul-22	3,263,407	1,717,352	4,980,759
Δ	-1,737	-722	-2,459

Monthly net purchases (in EURm)

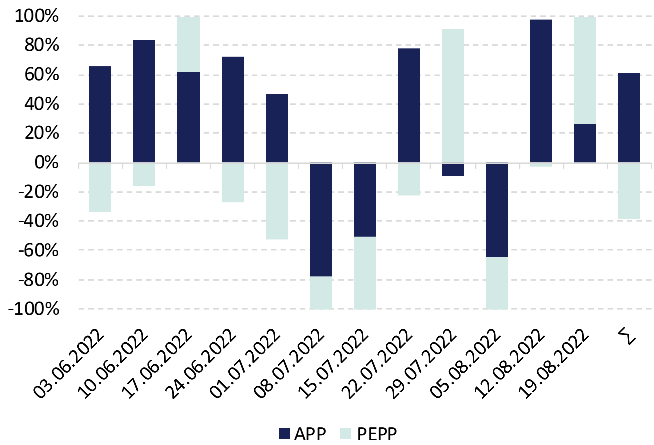


	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	∑
∑	81,799	94,710	90,872	89,245	65,971	68,951	60,882	52,143	39,393	30,222	19,734	-2,459	691,463
PEPP	65,050	75,051	67,855	68,045	49,375	50,113	40,184	30,214	-4	-10	12	-722	445,163
APP	16,749	19,659	23,017	21,200	16,596	18,838	20,698	21,929	39,397	30,232	19,722	-1,737	246,300

Weekly purchases



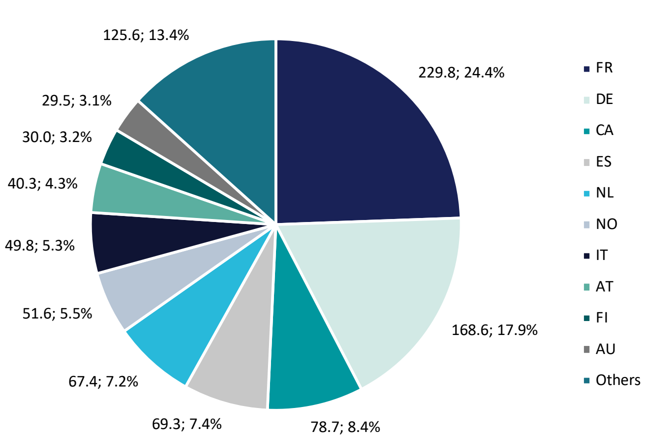
Distribution of weekly purchases



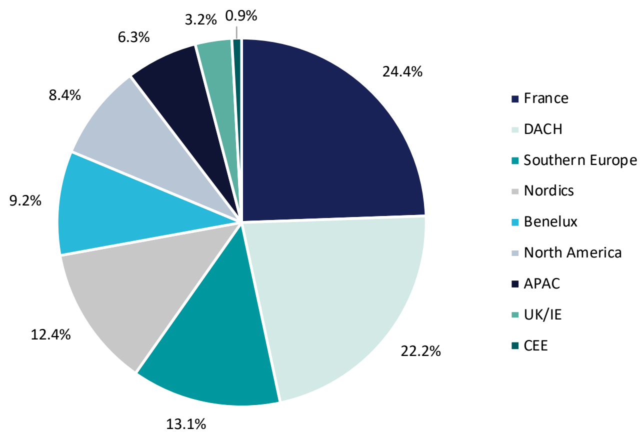
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



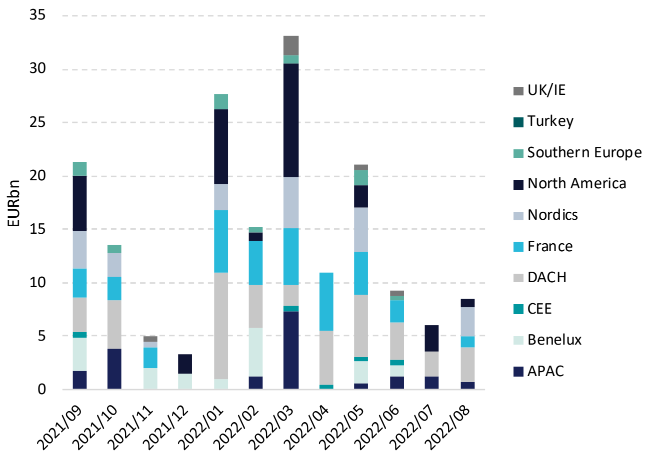
EUR benchmark volume by region (in EURbn)



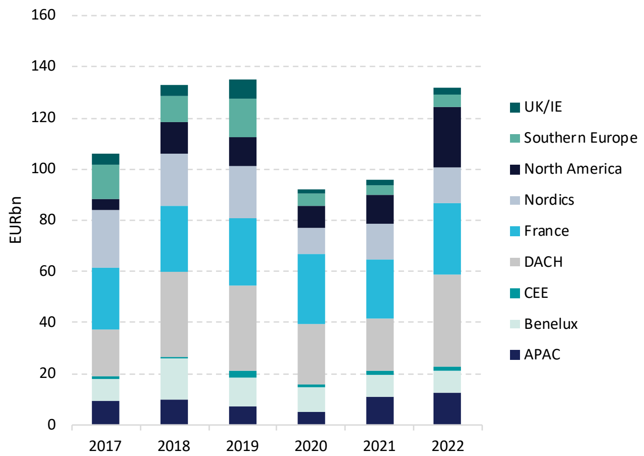
Top-10 jurisdictions

Rank	Country	Amount outst. (EURbn)	No. of BMKs	There of ESG BMKs	Avg. issue size (EURbn)	Avg. initial maturity (in years)	Avg. mod. Duration (in years)	Avg. coupon (in %)
1	FR	229.8	221	14	0.94	10.0	5.4	0.83
2	DE	168.6	243	22	0.63	8.4	4.5	0.49
3	CA	78.7	61	0	1.25	5.8	3.1	0.34
4	ES	69.3	56	5	1.12	11.8	3.7	1.70
5	NL	67.4	69	1	0.91	11.5	7.3	0.79
6	NO	51.6	60	9	0.86	7.4	3.9	0.45
7	IT	49.8	60	2	0.80	9.2	4.0	1.27
8	AT	40.3	72	3	0.56	9.4	5.9	0.67
9	FI	30.0	32	2	0.94	7.7	3.6	0.40
10	AU	29.5	30	0	0.98	8.2	4.0	0.85

EUR benchmark issue volume by month

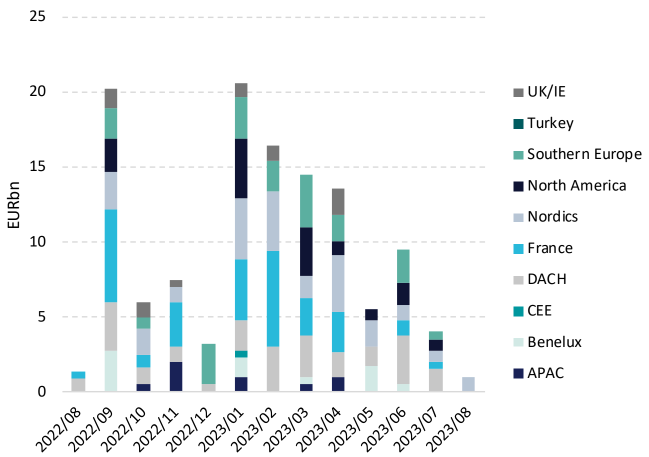


EUR benchmark issue volume by year

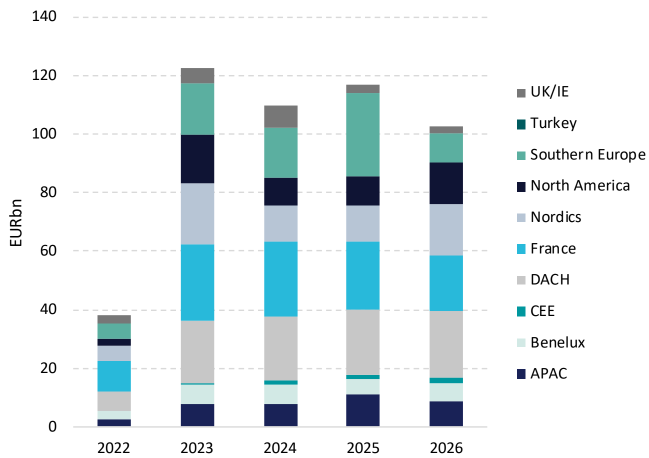


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

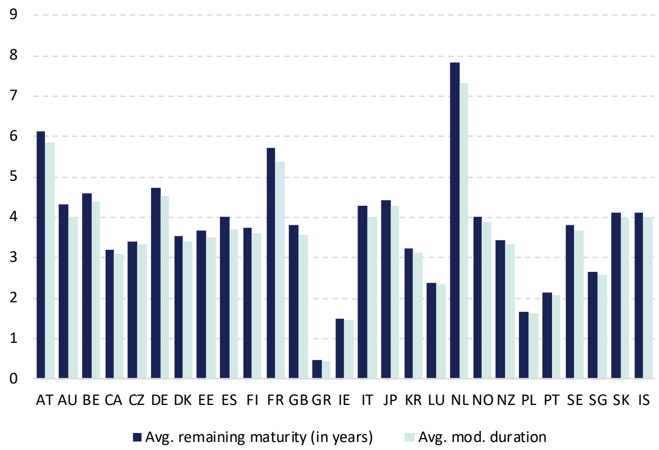
EUR benchmark maturities by month



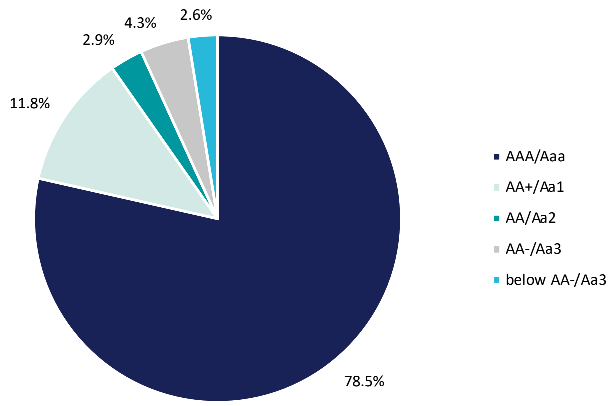
EUR benchmark maturities by year



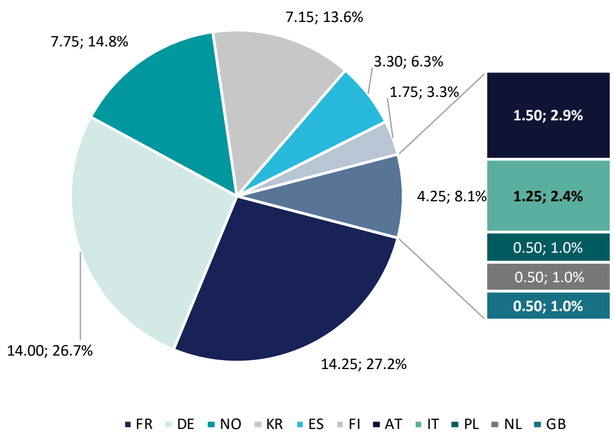
Modified duration and time to maturity by country



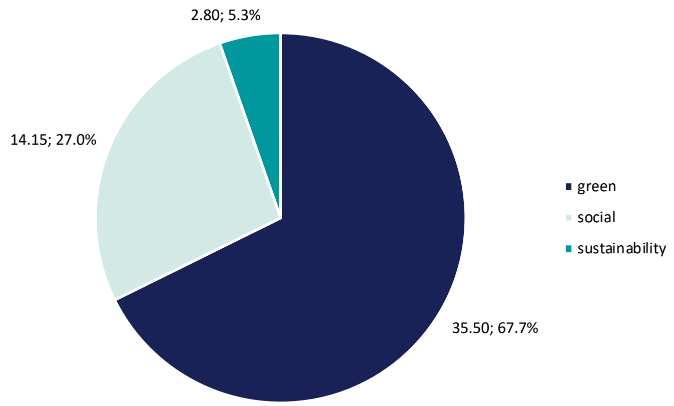
Rating distribution (volume weighted)



EUR benchmark volume (ESG) by country (in EURbn)

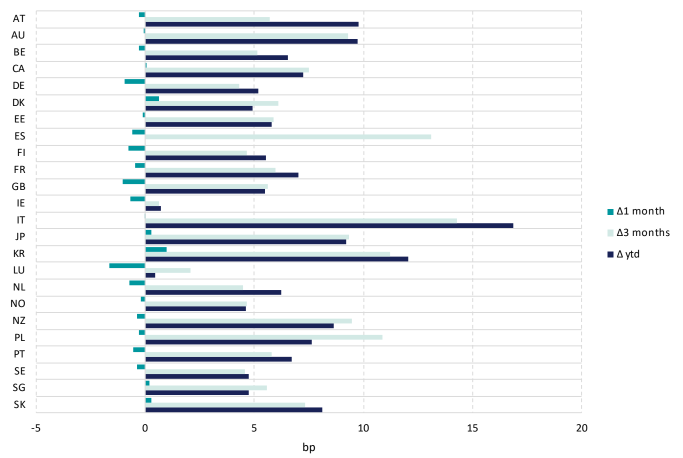


EUR benchmark volume (ESG) by type (in EURbn)

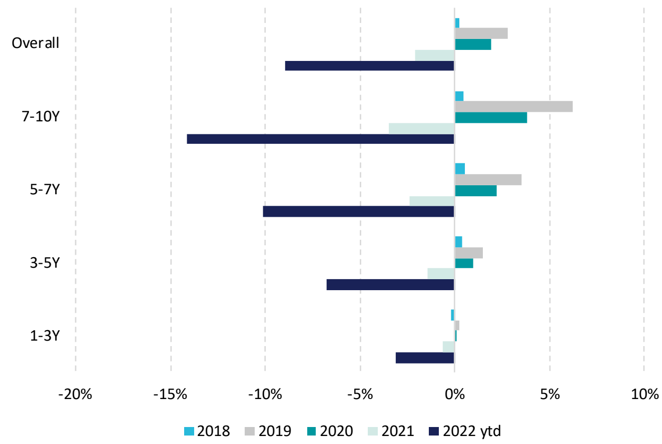


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

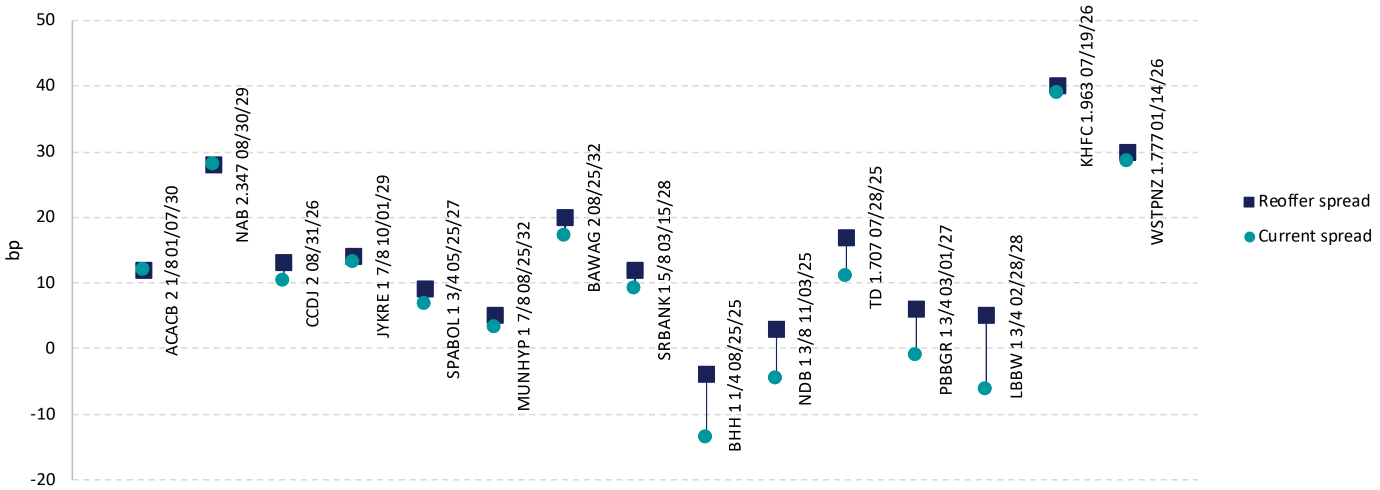
Spread development by country



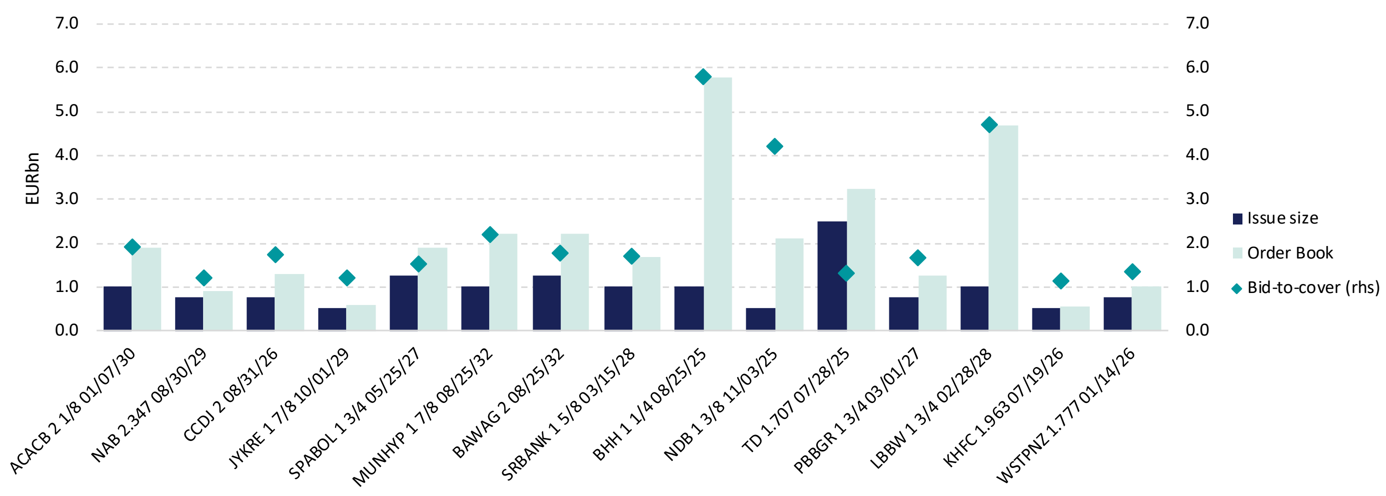
Covered bond performance (Total return)



Spread development (last 15 issues)



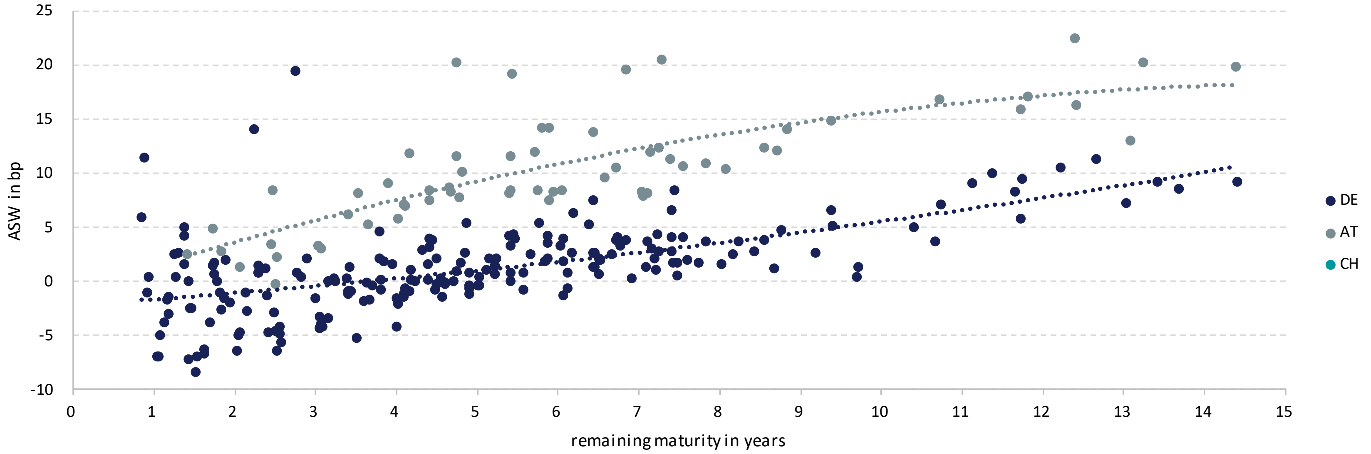
Order books (last 15 issues)



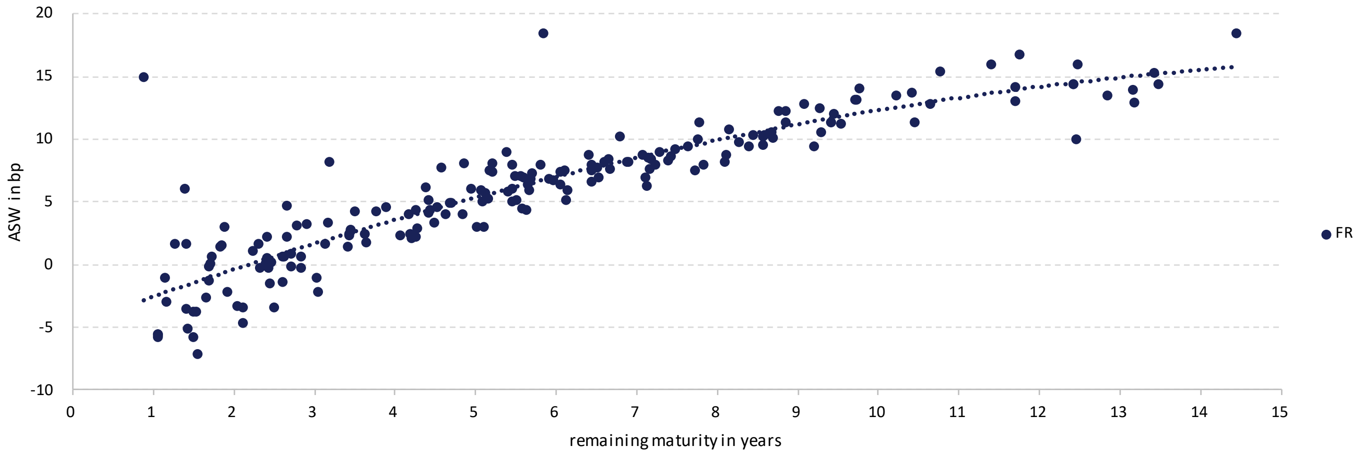
Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

Spread overview[1]

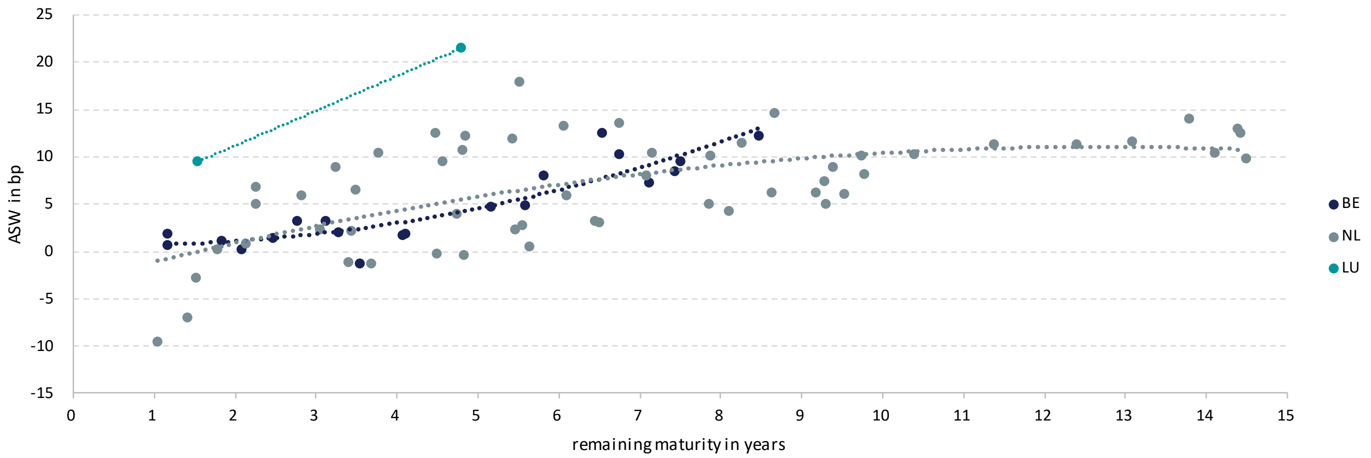
DACH



France

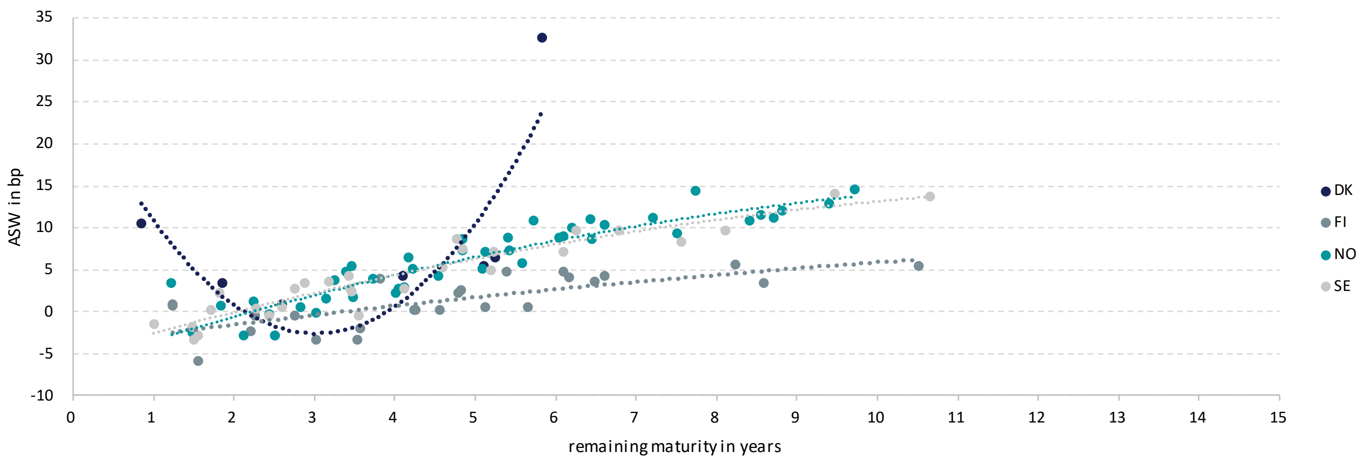


Benelux

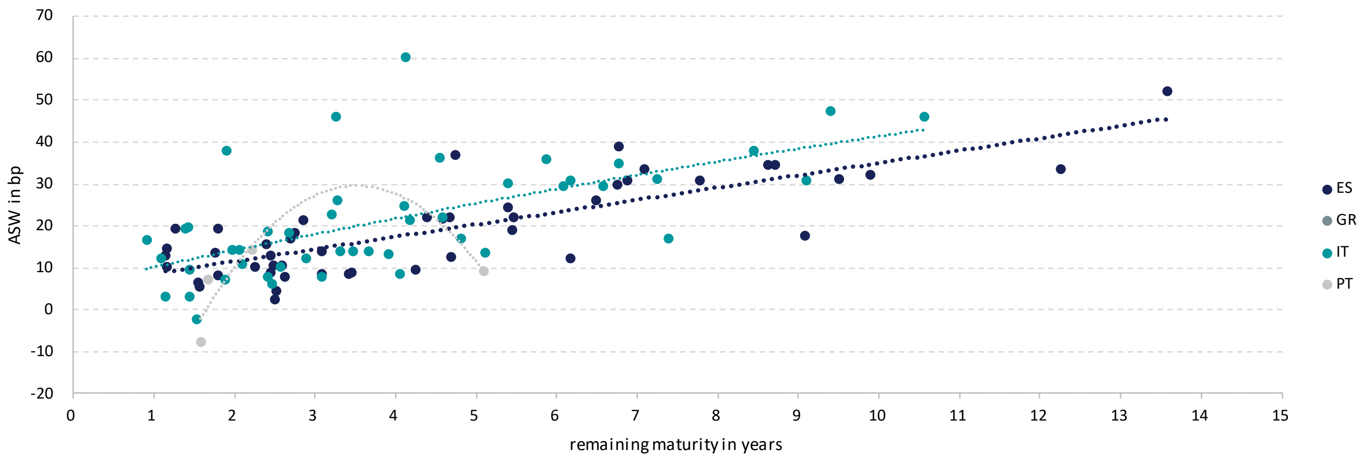


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research [1]Time to maturity 1 ≤ y ≤ 15

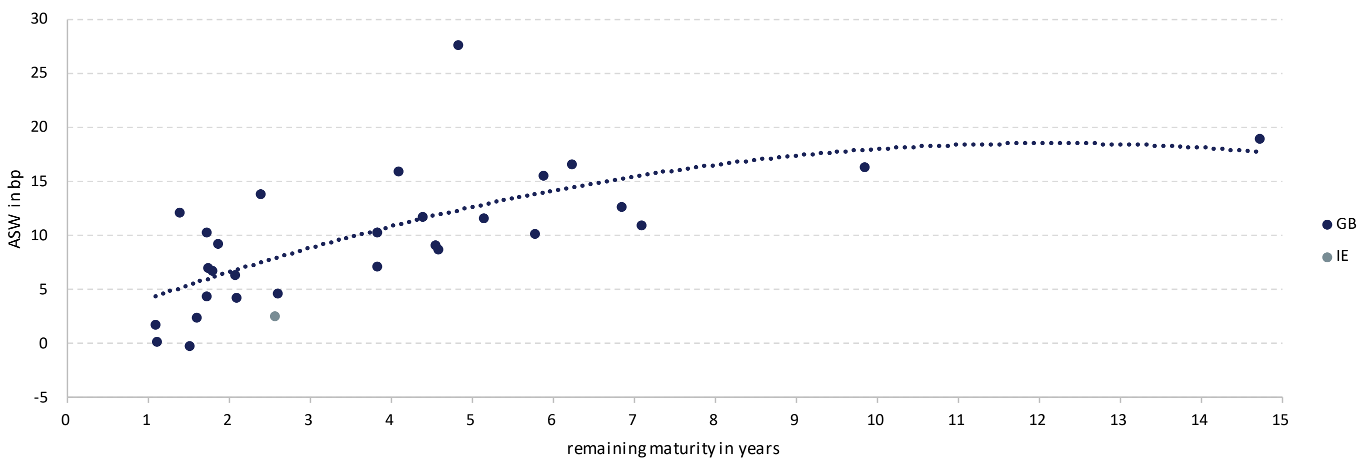
Nordics



Southern Europe

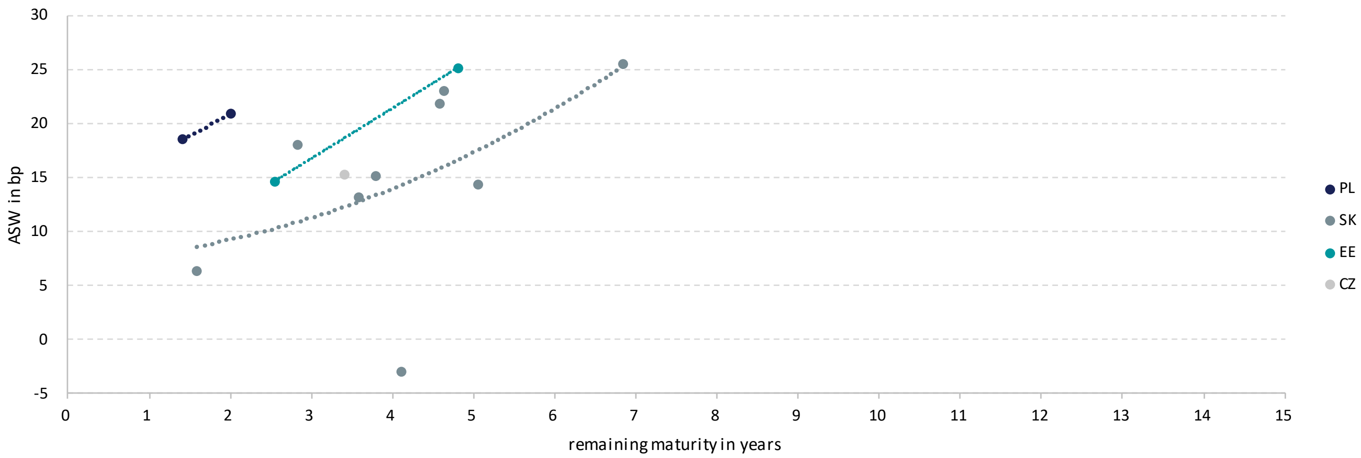


UK/IE

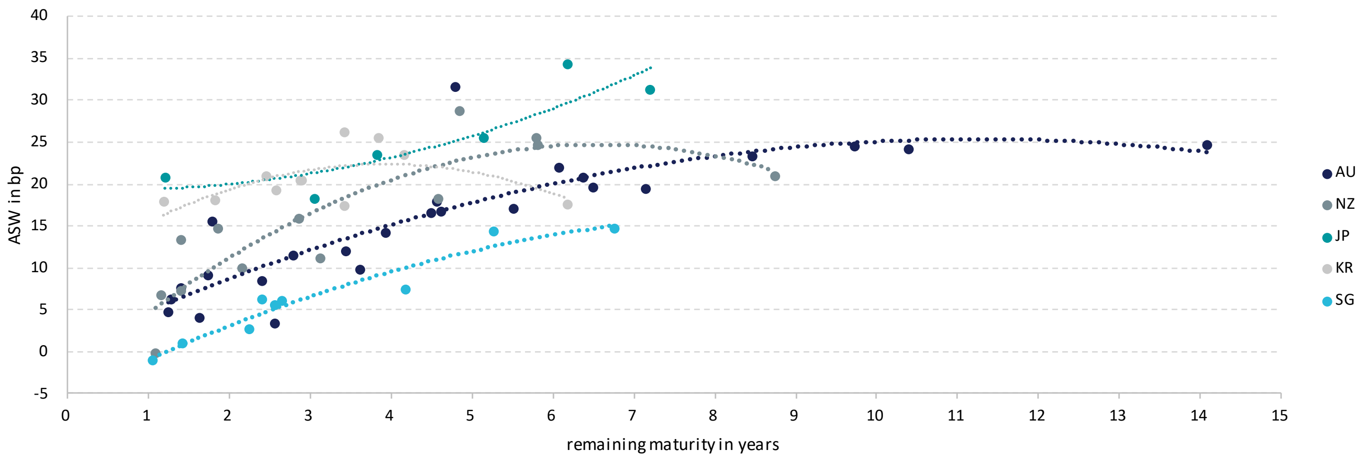


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

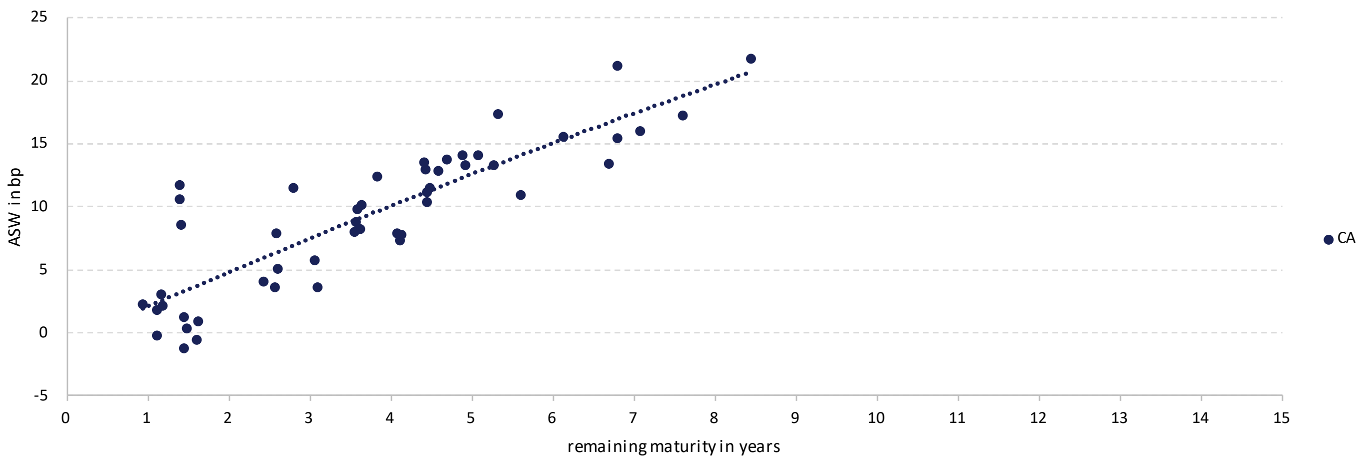
CEE



APAC



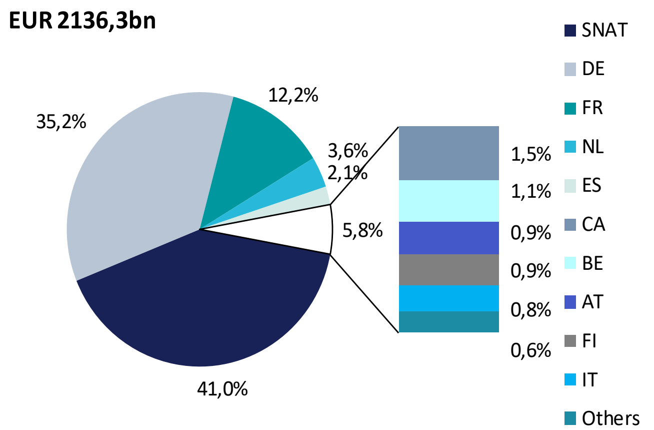
North America



Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

Charts & Figures
SSA/Public Issuers

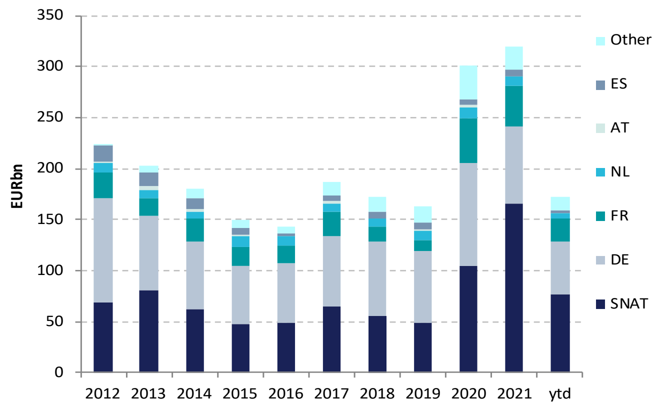
Outstanding volume (bmk)



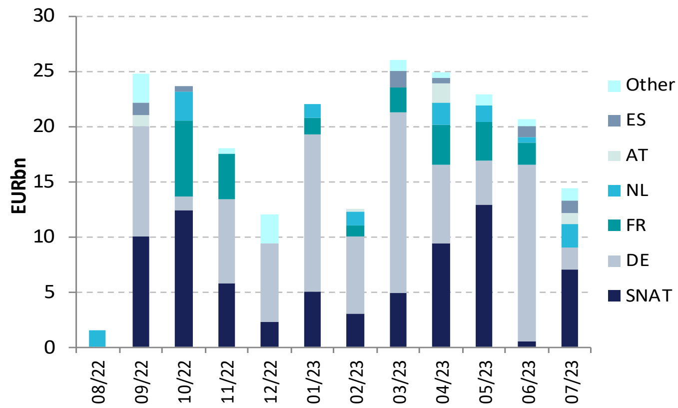
Top 10 countries (bmk)

Country	Vol. (€bn)	No. of bonds	ØVol. (€bn)	Vol. weight. ØMod. Dur.
SNAT	875,5	215	4,1	8,3
DE	752,1	564	1,3	6,6
FR	261,1	177	1,5	6,4
NL	77,6	69	1,1	6,5
ES	45,8	59	0,8	4,9
CA	32,6	23	1,4	5,0
BE	24,5	28	0,9	12,4
AT	20,2	23	0,9	4,6
FI	18,2	22	0,8	5,5
IT	16,0	19	0,8	5,2

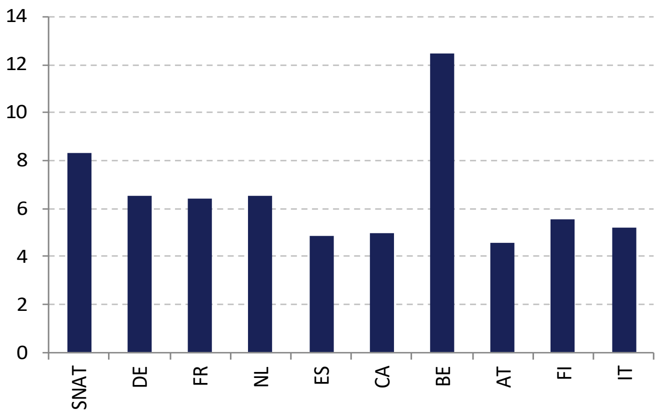
Issue volume by year (bmk)



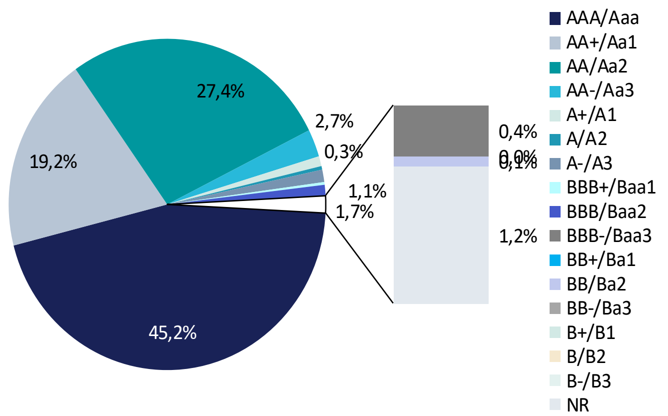
Maturities next 12 months (bmk)



Avg. mod. duration by country (vol. weighted)

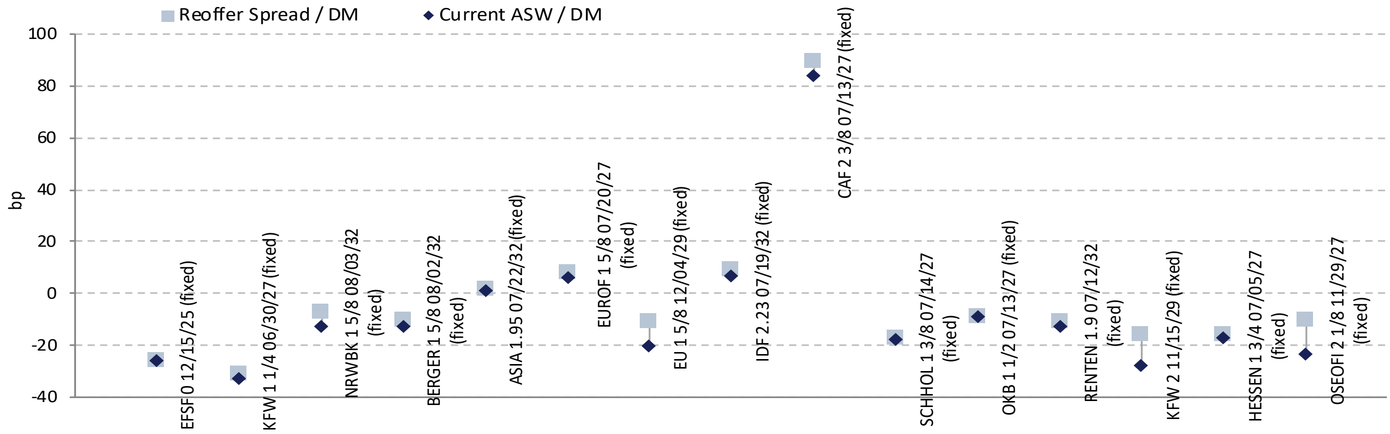


Rating distribution (vol. weighted)

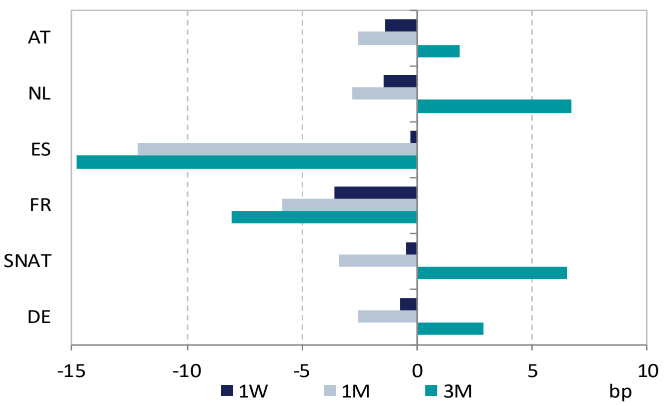


Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

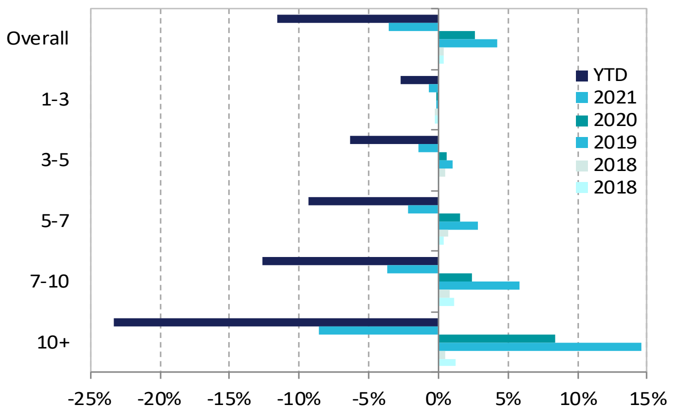
Spread development (last 15 issues)



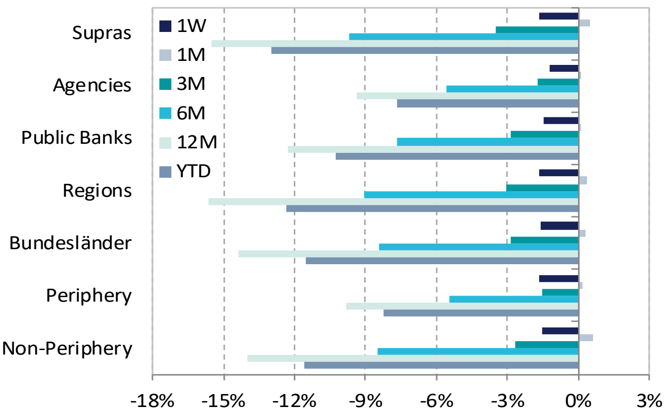
Spread development by country



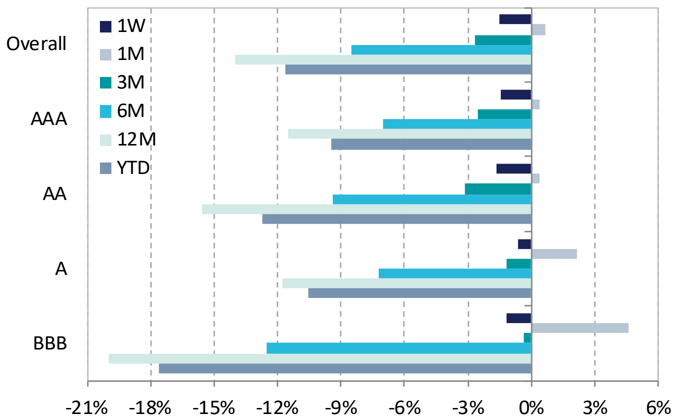
Performance (total return)



Performance (total return) by segments

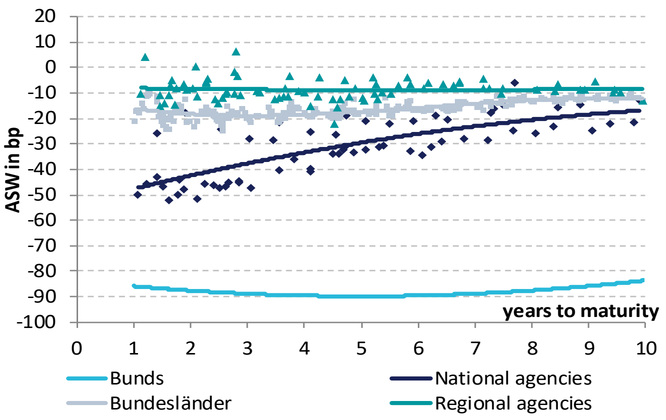


Performance (total return) by rating

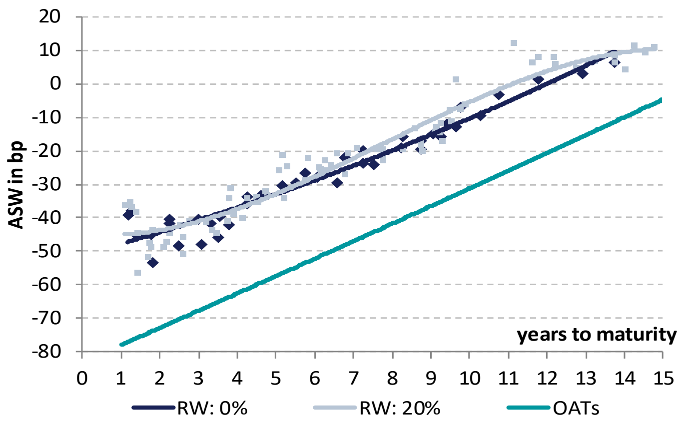


Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

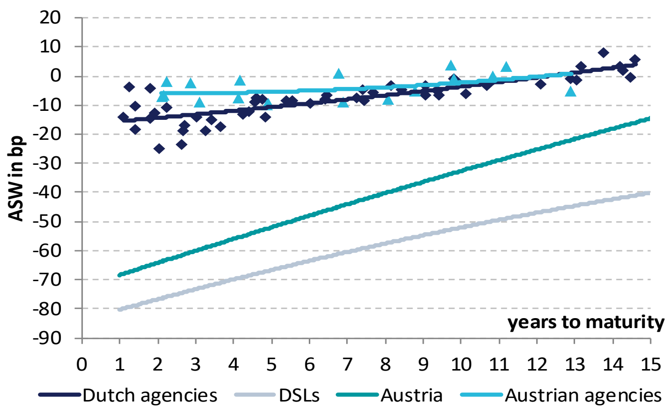
Germany (by segments)



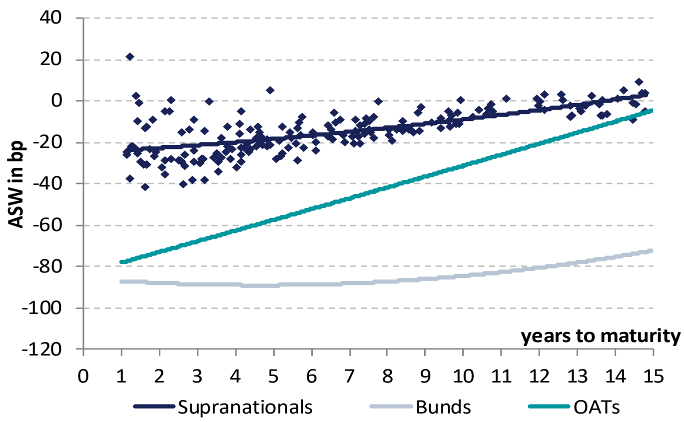
France (by risk weight)



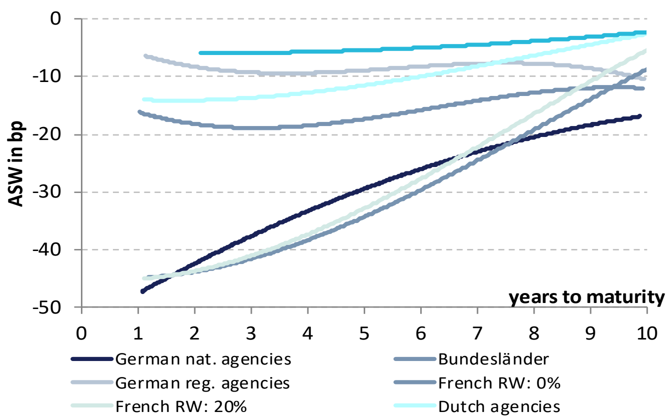
Netherlands & Austria



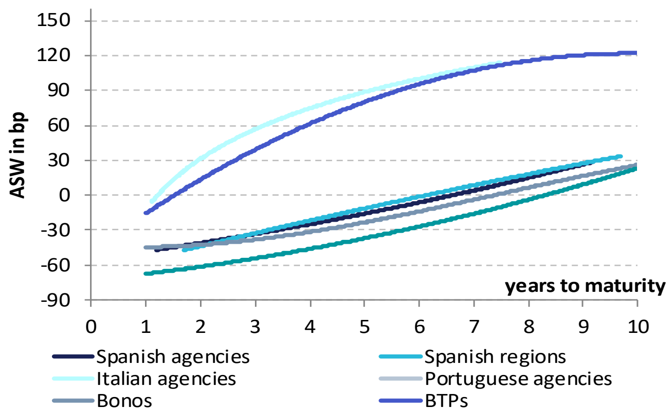
Supranationals



Core



Periphery



Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

NORD/LB

Appendix
Overview of latest Covered Bond & SSA View editions

Publication	Topics
25/2022 ♦ 27 July	▪ ECB likes abbreviations: After OMT and SMP, we now have TPI ▪ Covereds vs. Senior Unsecured Bonds
24/2022 ♦ 20 July	▪ A brief spotlight on the EUR sub-benchmark segment ▪ Deutsche Hypo real estate climate: index falls again
23/2022 ♦ 13 July	▪ ECB preview: might the ECB go slightly further? ▪ EBA Report on Asset Encumbrance: levels increasing
22/2022 ♦ 06 July	▪ H1 review and outlook for H2 2022 ▪ Half time in the 2022 SSA year – taking stock
21/2022 ♦ 22 June	▪ Focus on ESG covered bonds: BayernLB's "green rail" public sector Pfandbrief ▪ Stability Council convenes for 25th meeting
20/2022 ♦ 15 June	▪ Covered bond jurisdictions in focus: a look at Australia and New Zealand ▪ NGEU: Green Bond Dashboard
19/2022 ♦ 01 June	▪ ECB: 3, 2, 1 – lift-off! Decisive June, active summer ahead ▪ The covered bond universe of Moody's: an overview ▪ ECB Financial Stability Review identifies increasing risks in the eurozone: a brief overview of covered bonds
18/2022 ♦ 25 May	▪ Transparency requirements §28 PfandBG Q1 2022 ▪ ESG: EUR-benchmarks 2022 in the SSA segment (ytd)
17/2022 ♦ 18 May	▪ Development of the German property market ▪ The SSA market in 2022 a review of the first four months
16/2022 ♦ 11 May	▪ Focus on covered bond jurisdictions: a look at Austria ▪ Update on DEUSTD – Joint German cities (bond No. 1)
15/2022 ♦ 04 May	▪ Focus on covered bond jurisdictions: Spotlight on Sweden ▪ ESG covered bonds from Germany: DKB issues social Pfandbrief in the form of a "Berlin Social Housing Bond" ▪ Issuer Guide SSA 2022: The Spanish agency market
14/2022 ♦ 13 April	▪ First ECB meeting after the end of the PEPP: (Not) a non-event!? ▪ PEPP reporting: (Not) an obituary
13/2022 ♦ 06 April	▪ ECB adjusts order behaviour in time for the new quarter ▪ United Kingdom: spotlight on the EUR benchmark segment ▪ Issuer Guide SSA 2022: the Nordic agency market
12/2022 ♦ 30 March	▪ An overview of the market for ESG covered bonds ▪ Issuer Guide SSA 2022: the Austrian agency market
11/2022 ♦ 23 March	▪ ESG update 2022 in the spotlight ▪ The ratings approach of DBRS

NORD/LB: Markets Strategy & Floor Research

NORD/LB: Covered Bond Research

NORD/LB: SSA/Public Issuer Research

Bloomberg: RESP NRDR <GO>

Appendix
Publication overview

Covered Bonds:

Covered Bond Directive: Impact on risk weights and LCR levels

Issuer Guide Covered Bonds 2021

Risk weights and LCR levels of covered bonds (updated semi-annually)

Transparency requirements §28 PfandBG (quarterly update)

Covered bonds as eligible collateral for central banks

SSA/Public Issuers:

Issuer Guide – German Laender 2021

Beyond Bundeslaender: Greater Paris (IDF/VDP)

Spotlight on Belgian regions

Spotlight on Spanish regions

Fixed Income Specials:

ESG-Update 2022

ECB ready for lift-off: Every journey starts with a first step

Face-saving ECB decision: Hawks have won – for now

ECB decision: PEPP benched for now, APP comes in as Point Guard

ECB holds course, but ups the ante – PEPP running until 2022

Appendix
Contacts at NORD/LB

Markets Strategy & Floor Research

Jan-Phillipp Hensing
SSA/Public Issuers

+49 172 425 2877
jan-phillipp.hensing@nordlb.de

Dr Frederik Kunze
Covered Bonds/Banks

+49 172 354 8977
frederik.kunze@nordlb.de

Melanie Kiene, CIIA
Covered Bonds/Banks

+49 172 169 2633
melanie.kiene@nordlb.de

Dr Norman Rudschuck, CIIA
SSA/Public Issuers

+49 152 090 24094
norman.rudschuck@nordlb.de

Sales

Institutional Sales	+49 511 9818-9440
Sales Sparkassen & Regionalbanken	+49 511 9818-9400
Sales MM/FX	+49 511 9818-9460
Sales Europe	+352 452211-515

Trading

Covereds/SSA	+49 511 9818-8040
Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Laender/Regionen	+49 511 9818-9550
Frequent Issuers	+49 511 9818-9640

Origination & Syndicate

Origination FI	+49 511 9818-6600
Origination Corporates	+49 511 361-2911

Sales Wholesale Customers

Firmenkunden	+49 511 361-4003
Asset Finance	+49 511 361-8150

Treasury

Collat. Management/Repos	+49 511 9818-9200
Liquidity Management	+49 511 9818-9620 +49 511 9818-9650

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