



## Covered Bond & SSA View

NORD/LB Floor Research

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Marketing communication (see disclaimer on the last pages)

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## Market overview

### Covered Bonds

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#### Primary market: A bit on the greedy side?

At first glance, we can certainly talk of a pleasing development on the primary market for covered bonds in the EUR benchmark format. After all, quite a number of issuers have approached investors over the past few trading weeks, placing a real mix of fresh bonds on the market in the process. Generally speaking, the order books here filled up in dynamic fashion and, allied with the associated comparatively high oversubscription ratios, this points to a level of demand above and beyond merely robust. The volume of new issues placed since May 29 totals a considerable EUR 5.8bn, split across nine benchmark-size deals. In this context, we should also highlight the unsurprising market restraint in the wake of the ECB's key rate decision, which was communicated on 06 June and which we have already discussed in some detail as part of a [NORD/LB Fixed Income Special](#). However, opinions are likely to differ when it comes to the question as to whether restraint is the order of the day in pricing the fresh supply. The average new issuance premium for the previous nine deals amounts to +1.3bp. And, moreover, if we exclude Skipton Building Society from the equation, which was a bit of an outlier, the average value comes in at +0.6bp. In this market environment, many issuers have been able to price their newly placed covered bonds on or even under the curve. However, this has also restricted the performance on the secondary market of recently placed deals. Overall, we still see covered bonds as relatively attractive. Nevertheless, in this context we must also bear in mind that other asset classes have to a certain extent made ground from relative value perspectives. The narrowing movement with regard to the Bund swap spread is likely to support demand for rates products, while the spread on covered bonds tends to tighten over the medium term. Up to now, this pressure on the primary market has not been perceptible for the issuers, as indicated by the new issue premium levels mentioned at the beginning of this section. We take the two deals from Singapore as confirmation of the signs of growth from the Asia-Pacific region, which we have repeatedly highlighted in the recent past. In addition to the inaugural deal from Maybank Singapore, we also welcomed back a familiar face in the form of Oversea-Chinese Banking Corporation (OCBC) to the market.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
Skipton Building Society	GB	11.06.	XS2841962017	5.0y	0.50bn	ms +38bp	AAA / Aaa / -	-
CA Public Sector SCF	FR	05.06.	FR001400QN09	6.0y	0.50bn	ms +30bp	- / Aaa / AAA	-
OCBC	SG	04.06.	XS2838470123	3.0y	0.50bn	ms +20bp	AAA / Aaa / -	-
Achmea Bank	NL	04.06.	XS2833410033	12.0y	0.50bn	ms +46bp	- / - / AAA	-
LBBW	DE	03.06.	DE000LB39EQ6	5.4y	0.75bn	ms +22bp	- / - / -	-
DNB Boligkreditt	NO	29.05.	XS2834475704	7.0y	1.00bn	ms +25bp	- / Aaa / AAA	-
Danske Bank	DK	29.05.	XS2835735916	7.0y	0.75bn	ms +27bp	AAA / - / AAA	-
Maybank Singapore	SG	29.05.	XS2831200154	3.0y	0.50bn	ms +25bp	- / Aaa / AAA	-
Iccrea Banca	IT	29.05.	IT0005597916	10.0y	0.75bn	ms +68bp	- / Aa3 / -	-

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

**The music plays on: New and old issuers alike getting into position**

The most recent mandates also point to the fact that the primary market's summer break is still some way off. Although we only rarely highlight mandates from "day-to-day business" as part of our weekly publication, we are keen to shine a light on imminent market activities on the part of some new faces and old acquaintances. For example, a newcomer from Slovakia has announced a debut roadshow, which got underway yesterday (Tuesday 11.06.). As part of its market communication, Ceskoslovenska obchodna banka (CSOB) has already announced a EUR benchmark (EUR 500m; WNG; 5.0y) that will also carry the European Covered Bond (Premium) label. On 17 June, the Australian issuer Bendigo & Adelaide Bank will also start a series of investor meetings to market its second EUR benchmark. The bank first approached investors back in September 2023 (cf. [NORD/LB Covered Bond & SSA View from 20 September 2023](#)).

**Secondary market: Spread correction was overdue**

Looking back on the past few trading days, we have noticed a spread correction on the secondary market. We are certainly of the opinion that this correction was long overdue. In the interim, primary market prices had been excessively aggressive, which also served to severely limit the performance potential. Meanwhile, covered bonds in France have been left rather unimpressed by the current situation in this jurisdiction.

**The ECB interest rate decision and the covered bond market**

As expected, the ECB Governing Council announced a key rate reduction of 25 basis points on 06 June (cf. [NORD/LB Fixed Income Special](#)). Although the ECB has now officially embarked upon an interest rate turnaround, we would view the chances of another rate cut at the next meeting in July as incredibly unlikely. Taking a holistic view of the second half of the year, the ECB is likely to implement two further rate cuts at most, although this will depend heavily on the data situation and the central bankers' own projections. From our perspective, the decision of 06 June injected little in the way of momentum into the covered bond segment, which is not only due to the fact that this measure did not really come as a surprise. In fact, demand patterns on the covered bond market in particular are determined by factors that are barely influenced by modest interest rate steps of this kind. For example, investors tend to focus more on the relative attractiveness of covered bonds compared with seniors or credits when it comes to their investment decisions. In comparison with the swap curve, too, covered bonds remain attractive for investors, although public sector debt securities have become more attractive again as well, a development which can be put down to the tightening of the Bund swap spread. As part of our spread outlook for the second half of the year, we assume that covered bonds will widen slightly. However, this is attributable more to the projected issuance volume than to the decisions of the ECB Governing Council.

**NORD/LB ESG Update 2024**

The market for sustainable bonds remains on a growth trajectory. Nevertheless, investors and issuers have both had to contend with challenges brought about by regulatory developments. In the fourth edition of our [ESG Update](#), we take a look at these regulatory developments, in addition to dealing with current market events in this sub-segment. From a regulatory standpoint, the milestones achieved with regard to the delegated acts on the EU taxonomy and the EU Green Bond Standard are among the most important influencing factors. The covered bond segment cannot be viewed in isolation from this progress either. In a [Focus Article](#) in this present edition of our weekly publication, we seek to delve a little deeper into the market for ESG covered bonds.

**Covered Bond Investor Conference: Industry met in Frankfurt on June 6**

For the 11th time, issuers, investors, rating experts and other key players within the covered bond market came together for the Covered Bond Investor Conference, a flagship event for the industry. During the [conference](#), the broad church of participants discussed the current market landscape, which is characterised by high levels of investor demand at the same time as a certain degree of caution with regard to CRE risks, in addition to constructively dealing with the challenges and achievements relating to the sustainability aspects of covered bonds. Moreover, the participants cast a critical eye over the current approach favoured by regulators and legislators – something which we certainly appreciated. The covered bond harmonisation project was also critically appraised at the event. In this context, we continue to see a few question marks and areas of uncertainty with regard to the treatment of non-EEA covered bonds.

**DBRS: Spanish mortgage market remains stable...**

The rating experts at DBRS attest to the solid development of the Spanish residential mortgage market. Especially in comparison with other European economies such as Germany, France and the United Kingdom, property prices in Spain remained stable across 2023. According to DBRS, this can be primarily put down to government measures aimed at stabilising the economy, a strong labour market with solid growth in wages, housing shortages (particularly in major cities) and households tightening the purse strings during the pandemic. Although Spain has had to contend with rising global inflation figures over the past few years and the elevated interest rates that this has precipitated, the Spanish economy has recovered rapidly in the wake of the pandemic, with significantly higher GDP growth figures expected, the risk experts explain, than is the case for countries such as Italy, France, the UK and Germany. Spanish property prices are rising in all regions of the country, although it should be pointed out that this trend has slowed somewhat over the past 12 months. In addition, rental prices in Spain hit a record level of EUR 13 per square meter in April 2024. In September 2023, fixed-rate mortgages accounted for around 56% of all mortgage loans in Spain, although, as the rating experts explain, this share is expected to decline owing to falling interest rates. However, this should still remain at a high level, which is particularly due to households' experiences with the high interest burdens seen in recent years and the natural amortisation of variable-rate loans in the mortgage loans that are currently outstanding. Overall, DBRS views the Spanish mortgage market as being at a stable level, with the likelihood of significant impairments in 2024 being low.

**...while Scope identifies surprisingly strong bank profitability**

As is the case with the mortgage market, the Spanish banking sector is also enjoying a phase of strong profitability. In the first quarter of 2024, banks generated record results in this regard. Moreover, in the wake of a potential takeover of Banco de Sabadell by BBVA, it is expected that a period of consolidation could set in, which at the same time would open up new growth opportunities, as a larger player would offer advantages in terms of pricing power and capital investment, as well as lower operating costs. Conversely, Scope has also identified challenges, particularly in relation to a high number of small banks with a distinctly regional focus. Overall, the rating experts at Scope emphasise the profitability of the evaluated banks, which is reflected, among other aspects, in a high level of return on equity (Q1/2024: RoE >10%).

**Moody's: Refinancing risks in the CRE segment**

The risk experts at Moody's have also recently taken a look at refinancing risks in the CRE segment. In a sector study published a few days ago, the rating agency outlines that refinancing risks in the sub-segment of European commercial real estate financing will be high, particularly over the next two years, as loans from the "peak years" of 2021 and 2022 are set to fall due during this period. In this context, Moody's identifies a heightened risk of losses for lenders in the non-bank segment in particular. This is due to the fact that they are increasingly exposed to mezzanine tranches and additionally amassed a disproportionately high level of exposure in 2021 and 2022. However, the risk of losses for covered bonds is very limited, which can also be attributed to the composition of cover pools. As far as borrowers are concerned, Moody's also points out that they often have the opportunity to raise cash in the context of refinancing activities, which would accordingly mitigate the risks. Nevertheless, the authors of the study point to areas where the issuers may potentially have suffered deteriorations. In some individual cases, this could also lead to covered bond ratings being downgraded.

**France: S&P downgrade and political developments**

Sovereign ratings represent a significant input variable when it comes to determining the risk profiles of covered bonds. In actual fact, as examples from Spain and Italy have shown in the past, sovereign ratings can also limit the covered bond rating (keyword: sovereign ceiling). In this respect, sovereign downgrades occasionally also entail consequences for covered bond ratings. S&P has now taken the French rating downgrade as an opportunity to offer market participants its own assessment of the S&P ratings of eight mortgage-backed covered bond programmes that the agency rates. The risk experts do not believe that the downgrade will have any impact on the ratings (all AAA) of the relevant covered bond programmes (AXA Home Loan SFH, BNP Paribas Home Loan SFH, BPCE SFH, CCF SFH, Credit Agricole Home Loan SFH, Credit Mutuel Home Loan SFH, La Banque Postale Home Loan SFH and MMB SCF). For the public sector programmes, S&P clarified in the same publication that it has launched a review in which it will seek to re-evaluate potentially increased vulnerability with regard to the default risk at state level or a deterioration in the credit quality of the cover assets. Despite the possible impetus for general market activity, we take the view that the announcement of fresh parliamentary elections by the French President is unlikely to have a direct or lasting impact on the spreads for covered bonds from France. Similar political manoeuvres, including in far more susceptible jurisdictions such as Italy, for example, suggest that this may drive short-term movements in sentiment on the covered bond market, although these are unlikely to trigger a reassessment of the fundamental situation.

**Fitch I: Peer review for mortgage-backed covered bonds from New Zealand**

As part of its quarterly analysis of individual covered bond markets, the risk experts at Fitch have focused on the five covered bonds programmes from ANZ Bank New Zealand, ASB Bank, Bank of New Zealand, Kiwibank and Westpac Bank New Zealand for which the agency provides a rating. Fitch awards a AAA rating with a stable outlook to all programmes. The top ratings are protected from possible issuer downgrades by significant buffers (of at least three notches). In each case, the cover assets are exclusively of residential origin.

**Fitch II: Growth in the APAC region**

A few days ago, the risk experts at Fitch also presented their quarterly update for the covered bond market in the Asia-Pacific (APAC) region as a whole. The reporting period for this concerns the first quarter of 2024. In particular, the rating agency highlighted the new issuance programme established by Shinhan Bank from South Korea. This issuer ranks among the new players in the EUR benchmark segment. Taking a holistic view of the APAC region, Fitch anticipates a higher level of covered bond issuance activities, which the rating agency above all puts down to the need for a diversified and stable refinancing basis on the issuer side. Moreover, investors are increasingly viewing APAC covered bonds as a relevant asset class, as Fitch writes in its quarterly update. For the full year 2024, we expect a primary market issuance volume in the EUR benchmark segment of EUR 14.8bn from APAC jurisdictions. At present, we have recorded a volume of EUR 6.9bn in the year to date. This leads us to believe that the second half of the year should also be pretty busy overall, with our projection for this period amounting to EUR 7.9bn.

**Fitch III: Focus on commercial real estate financing in the Nordics**

While the asset class of commercial real estate (CRE) financing hardly has any relevance in the cover pools of the Nordic covered bond issuers included in our coverage, this is certainly not the case for the banking sector in countries such as Denmark, Finland and Sweden. As part of a recent analysis, the risk experts at Fitch focused on the market for Nordic Commercial Real Estate, in addition to looking at the credit quality of some banks. In this context, the rating agency also highlights the fact that Nordic banks have high levels of exposure to the CRE-segment in comparison with other jurisdictions. At the same time, however, Nordic banks boast comparatively high asset quality, which must also be taken into account here. The agency has consistently set the rating outlooks for the Swedish (SEB, Swedbank and Svenska Handelsbanken), Danish (Danske Bank) and Finnish (Nordea) banks at “stable”. According to Fitch, the ratings would only come under pressure in the event that the period of elevated interest rates lasts longer than expected, opportunities for refinancing are reduced or rental incomes are permanently affected. Taking the Nordics as an example, in our view Fitch’s report makes a significant contribution to understanding the risks across the CRE segment, including the implications for the covered bond segment. The decision-makers at the Norwegian Ministry of Finance are certainly displaying a certain degree of foresight. This can be seen in the [“EBA Opinion”](#) published last Friday at least. Accordingly, the supervisory authority was informed that the Norwegian government has drawn up plans to apply a risk weight of 100% under the standard approach to the CRR category “Commercial Immovable Property”, among others, due to the fact that the previous risk weight does not accurately reflect the actual risks.



## Market overview

### SSA/Public Issuers

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#### **Key interest rate decision: [One swallow does not make an ECB summer!](#)**

Updated assessment of the inflation outlook, dynamics of underlying inflation, strength of monetary policy transmission and the usual abundance of familiar ECB official haze. In the ECB Governing Council's opinion, key interest rates had been at a level long enough to make a significant contribution to stabilising the price level. According to the ECB, the highest escalation level of restrictiveness to date can now be abandoned. Last Thursday, all three key interest rates were adjusted downwards. The interest rate for the main refinancing operations was reduced to 4.25%, and the interest rates for the marginal lending facility (4.50%) and the deposit facility (3.75%) were each reduced by 25bp to the same extent. Historiographers were also able to note a novelty, in that never in its almost 26-year history has the ECB cut interest rates before the Federal Reserve. Despite all the (media-evoked) forward guidance, the decision-makers at the European Central Bank (ECB) probably did not have much room for manoeuvre without building up a credibility mortgage. The adjusted ECB staff projections left us slightly speechless. For the current year, the central bank's experts now expect an average inflation rate of 2.5% (previously: 2.3%). The figure for 2025 is now 2.2% after previously 2.0%, while 2026 is sufficiently far away in the future and is still valued at 1.9%. After the presentation of Lagarde's press statement, the most obvious question was raised immediately: why is the ECB cutting key interest rates when inflation projections have been raised? The Teflon-coated ECB President then remained as vague as possible: since the change in monetary policy in 2022, inflation rates have been halved. This was followed by the repeated, usual invocation of the ECB's "data dependence" – is this just a vicious circle? Lagarde nuanced this by saying that the way in which the decision-makers analysed the data was particularly important. What the interest rate cut shows in any case is a change within the ECB itself: it has regained confidence in its own forecasting abilities. Moving forward, we see the Governing Council continuing to be faced with a dilemma: inflation vs. interest rate cuts. As in the fable alluded to in the title from around 500 BC., last week's decision should not be taken as a sign of an (expansive) summer of key interest rate cuts to come.

#### **ESG Update 2024 published – spotlight on regulatory aspects and market activity**

As part of our annual ESG Update, we summarise the most important developments within the ESG segment in addition to exploring the future opportunities and challenges presented by this market segment. In addition to the global market activities seen last year, regulatory aspects return to the forefront of our coverage, including the European Green Bond Standard (EUGBS) and changes to the EU taxonomy, among other aspects, in what is now the fourth edition in this publication series. Moreover, we shed light on the (planned) approach of various central banks to the ESG segment and will bring together the assessments of risk experts at the rating agencies S&P, Moody's and Fitch with regard to the market for ESG bonds. For further information, please refer to our [NORD/LB Fixed Income Special – ESG update 2024](#).



### **S&P: Downgrade of France with consequences for the SSA segment**

The French Republic's budget situation has been a cause for concern for the risk experts at S&P for some time. On 31 May, the rating agency was finally forced to downgrade the credit rating of the "Grande Nation" from AA to AA- with a stable outlook. According to S&P, the reason for this step is France's rising national debt to 112% of GDP by 2027, compared with around 109% in 2023. Last year, the French budget deficit of 5.5% of GDP was also significantly higher than originally forecast by the rating experts. Although S&P anticipates that the recovery in economic growth and the recently implemented economic and budgetary reforms will make it possible to reduce the deficit in future, the credit rating agencies now expect the budget deficit to exceed 3% of GDP up to and including 2027. Similar to a year ago, when Fitch downgraded the French state (cf. [weekly publication of 07 June 2023](#)), this triggered a veritable "downgrade avalanche". On 03 June, S&P also downgraded the EFSF's credit rating from AA to AA- with a stable outlook, while a day later, the foreseeable consequences eventually materialised: a total of seven government-related entities (GRE) from the French jurisdiction saw their ratings downgraded accordingly. The GREs equated with the credit rating of the central government (alphabetically, those included in our coverage in italics) are: *Agence centrale des organismes de sécurité sociale (ACOSS)*, *Agence française de développement (AFD)*, *Assistance publique – Hôpitaux de Paris (AP-HP)*, *Caisse d'Amortissement de la Dette Sociale (CADES)*, *Caisse des dépôts et consignations (CDC)*, *Société anonyme de gestion de stocks de sécurité (SAGESS)* and *Société de financement local (SFIL)*. The issuers' outlooks all remained stable. However, the next dark clouds are already gathering on the horizon: Now that President Macron has dissolved the National Assembly in response to the results of the European elections and announced fresh parliamentary elections for the end of June, further negative effects on the budget situation and the rating of the "Grande Nation" are to be expected.

### **KfW-ifo SME Barometer: End of the economic downturn in sight**

On 05 June, KfW (ticker: KFW) published the latest results of the KfW-ifo SME Barometer. According to the survey, sentiment among the SMEs surveyed improved for the fourth time in a row in May. Compared with the previous month of April, the business climate only increased by +0.1 points to -11.5 balance points this time. While situation assessments fell slightly by -0.4 points to -11.5 balance points, business expectations improved (+0.5 points to -11.7 balance points). This renewed increase gives hope that the economic recovery will continue in the months ahead. With the exception of the service sector (-1.5 points to -6.2 balance points), the improvement in sentiment among SMEs extended across all main economic sectors. The improvement in the business climate was particularly pronounced in wholesale (+5.8 points to -24.9 balance points) and manufacturing (+4.6 points to -16.6 balance points). In contrast, sentiment among large corporates was disappointing. Their business climate fell by -0.8 points to -18.2 balance points in May. The divergence between situation assessments and expectations is striking. While large corporates were slightly more confident about the future than SMEs, the situation assessments of the former deteriorated by -3.5 points to -26.7 balance points. "Expectations in particular have improved significantly and continuously since the turn of the year. The economic trough should therefore be largely over," said KfW Chief Economist Dr Fritzi Köhler-Geib.

**May tax estimate: Lower Saxony's tax revenues lower than expected**

The result of the May tax estimate brings with it a predicted deterioration in revenue for the state of Lower Saxony (ticker: NIESA). Taking into account the municipal financial equalisation system, there will be arithmetical changes of around EUR -79m for the current year compared with the 2024 budget. As part of the medium-term planning, it is therefore necessary to calculate EUR -23m less in 2025, EUR -166m less in 2026, EUR -100m less in 2027 and EUR -268m less in 2028. The estimated revenue shortfall for this period would now be included in the 2025 budget and the medium-term financial planning for 2024 to 2028 as part of the current preparation process. In view of the overall economic situation, the result of the tax estimate came as no surprise to Lower Saxony's Finance Minister Gerald Heere: "Although this has not yet forced us to make any tough cuts in Lower Saxony, there is no relief in sight. We will have to create room for manoeuvre for political priorities by reallocating funds when drawing up the next budgets." While expectations for municipalities nationwide are also cooling, the picture for municipalities in Lower Saxony is more differentiated. The tax revenues of the state's municipalities developed more strongly than the national average last year, particularly in the area of trade tax. This gives the municipalities a larger share of the total tax revenue. As a result, there would be an increase of EUR 88m for 2024 compared with the October 2023 tax estimate, followed by two years with lower revenues. For the years 2027/28, tax revenues are then estimated to be higher than most recently assumed.

**EAA: Interim report for Q1/2024 presented**

Erste Abwicklungsanstalt (EAA, ticker: ERSTAA) has published its official quarterly report for the first three months of the current year. EAA's economic situation in Q1/2024 was largely determined by its wind-up mandate, with its key performance indicator being the decline in the nominal volume of the portfolio. The nominal volume of the banking book decreased by -2.1% to EUR 6.1bn compared with the reporting date in Q1/2023. The nominal volume of the trading portfolio fell by -2.0% to EUR 48.9bn in the same period. The result after taxes of EUR -3.6m was characterised in particular by general administrative expenses of EUR 12.8m and net commission income of EUR -5.1m. This was mainly offset by net interest income of EUR 5.8m, the result from financial assets and investments and income from the reversal of loan loss provisions, which together totalled EUR 3.9m, the net result from the trading portfolio of EUR 2.7m and the positive balance of other expenses and income of EUR 1.9m. Net interest income totalled EUR 5.8bn, which equates to a decrease of -28.4% compared with Q1/2023. The reduction in net interest income is primarily the result of the ongoing portfolio reduction. EAA's total assets fell from EUR 13.8bn at the end of 2023 to EUR 13.4bn in the first quarter. This was due to both the reduction in the banking book and the reduction in the trading portfolio. The business volume, which also includes off-balance sheet items, decreased by -3.2% to EUR 14.3bn (2023: EUR 14.8bn). With regard to EAA's issuing activities in Q1/2024, the freshly raised refinancing funds included a new issue in EUR benchmark format totalling EUR 500m with a term of three years (cf. [weekly publication of 28 February](#)).

### Primary market

After our recent publication break, we can once again look back on an active SSA primary market over the last two trading weeks. The ESG segment in particular was able to present a whole host of fresh produce with a new issuance volume totalling EUR 4.75bn spread over six transactions. We already mentioned the mandating of a EUR benchmark in the [social format of the Belgian region of Wallonia](#) (ticker: WALLOO) and a green counterpart from the Dutch NWB (ticker: NEDWBK) a fortnight ago: WALLOO successfully placed EUR 750m with a 30-year term at OLO +34 (corresponds to approx. ms +134bp). NWB, meanwhile, was able to issue its [water bond](#) with a volume of EUR 1bn in the seven-year maturity segment at ms +18bp, with pricing four basis points tighter than the guidance. Also from the Netherlands, BNG Bank (ticker: BNG) was active in the ESG segment: the municipal financier was equally keen to raise fresh funding of EUR 1bn with a seven-year term, but opted for a [sustainable label](#) on this occasion. The order book filled up to EUR 1.3bn at the end of the marketing phase, allowing final pricing at ms +18bp. From Canada, CPPIB Capital (ticker: CPPIBC) ventured out of cover and placed a fresh [green bond](#) with a volume of EUR 1bn (5y) at ms +25bp. Let's look at Spain: The promotional bank Instituto de Crédito Oficial (ticker: ICO) approached investors with a [social bond](#) in the amount of EUR 500m (5y). With a bid-to-cover ratio of 4.2x, the deal ultimately went through five basis points tighter at SPGB +9bp (corresponds to approx. ms +21bp). A Spanish sub-sovereign also provided replenishment in ESG format: Andalusia (ticker: ANDAL) issued its second [sustainability bond](#) in the current year and decided in favour of a volume of EUR 500m (5.8y). Pricing was carried out at SPGB +24 bp (corresponds to approximately ms +38bp). A narrowing of five basis points compared with the guidance was also possible here. Outside the ESG segment, North Rhine-Westphalia (ticker: NRW) took to the floor with its second EUR benchmark issue in 2024: on this occasion, it sought raise a fresh EUR 1.5bn with a term of five years, which was finally processed at ms +6bp. As part of the last syndicated transaction of the European Union (ticker: EU) in H1/2024 (cf. [funding plan](#)), the community of states was on the hunt for a fresh EUR 6bn (15.3y), which landed in investors' securities accounts at a final spread of ms +52bp. The usual high demand, which manifested itself in an order book of EUR 37.5bn, should be emphasised in particular. We also have a tap from the Canadian province of British Columbia to report (ticker: BRCOL), which increased its 2034 bond issued last January by EUR 600m at ms +44bp in line with guidance. Based on the new mandates that have been issued, we expect the following transaction in the next few days: Investitionsbank des Landes Brandenburg (ticker: ILBB) plans to issue its first EUR benchmark for 2024 in the amount of EUR 500m (WNG, 8y).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
EU	SNAT	11.06.	EU000A3LZ0X9	15.3y	6.00bn	ms +52bp	AAA / Aaa / AA+	-
ANDAL	ES	05.06.	ES0000090946	5.8y	0.50bn	ms +38bp	BBB / Baa2 / A-	X
ICO	ES	04.06.	XS2838987506	5.3y	0.50bn	ms +21bp	A- / Baa1 / A	X
BNG	NL	04.06.	XS2838886062	7.0y	1.00bn	ms +18bp	AAA / Aaa / AAA	X
CPPIBC	CA	04.06.	XS2838538291	5.0y	1.00bn	ms +25bp	- / Aaa / AAA	X
NEDWBK	NL	29.05.	XS2834365277	7.0y	1.00bn	ms +18bp	- / Aaa / AAA	X
NRW	DE	29.05.	DE000NRW0PJ5	5.0y	1.50bn	ms +6bp	AAA / Aa1 / AA	-
WALLOO	BE	29.05.	BE0390135011	30.0y	0.75bn	ms +134bp	- / A3 / -	X

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

## Covered Bonds

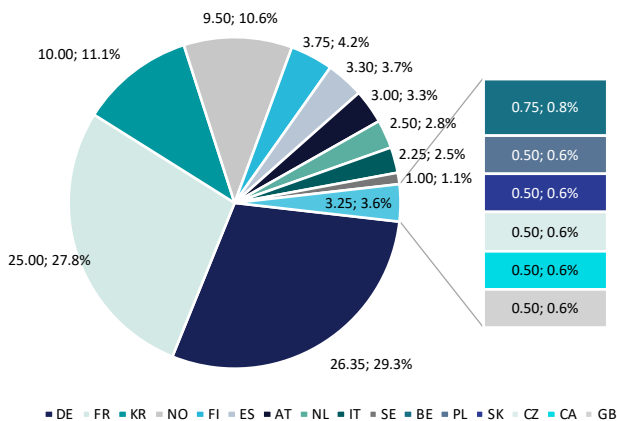
### ESG covered bonds: Green deals continue to dominate

Author: Dr Frederik Kunze

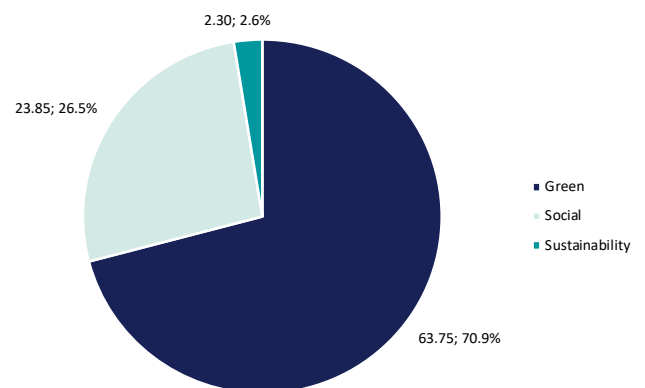
#### ESG covered bonds market: An update

In our annual [ESG-Update](#) we regularly discuss general developments in the ESG segment and focus on the momentum in the steadily growing ESG bond sub-market as well as the regulatory progress and framework conditions. In this year’s edition of our NORD/LB Special on sustainable bond markets, we take a closer look at what is new in the context of the EU taxonomy and the EU Green Bond Standard. In our weekly publication, we also look at assessments of the actual situation for issuers in our coverage. In today’s Covered Bond & SSA View we provide a brief and more detailed outline of the ESG sub-market, concentrating in particular on the EUR benchmark segment.

ESG covered bonds by country (EUR BMK; EURbn)



ESG covered bonds by type (EUR BMK; EURbn)



Source: Market data, Bloomberg, NORD/LB Floor Research

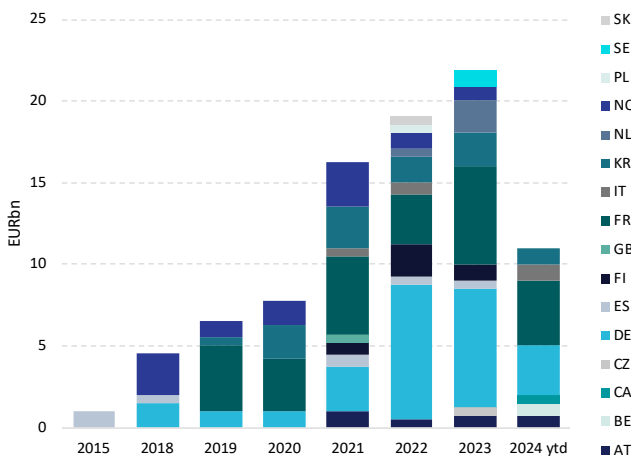
#### EUR benchmarks in ESG format: “Green” continues to dominate....

The total volume of outstanding EUR benchmarks stands at around EUR 1,096.8bn, of which some EUR 90bn is attributable to covered bonds in ESG format. In this context, issues declared as “green” continue to dominate (EUR 63.8bn or 70.9%). The remaining volume is divided between “social” bonds (EUR 23.9bn or 26.5%) and “sustainability” bonds (EUR 2.3bn or 2.6%). Given the background of the asset class and its cover assets (residential or commercial real estate finance), the dominance of green formats hardly comes as a surprise. The sustainability sub-category exclusively comprises bonds issued from South Korea and Spain, with the most recent primary market activity in this area dating back to June 2022. Although we would not rule out new primary market appearances in this small sub-market, we expect this to remain a niche part of the sustainable covered bond segment in the future as well.

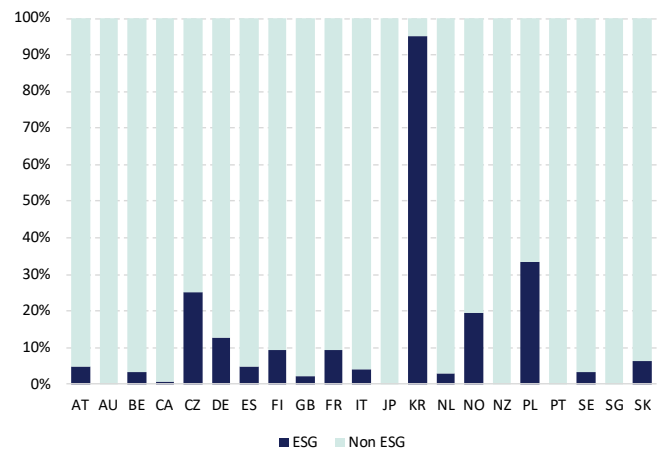
**...and Germany is the biggest issuer of ESG covered bonds**

At country level, most of the outstanding covered bonds in ESG format (a total of 123 outstanding bonds) are attributable to the jurisdictions of Germany (EUR 26.4bn; 41 bonds) and France (EUR 25.0bn; 26 bonds). In total, there are now 16 jurisdictions active in the EUR benchmark segment, including Norway (EUR 9.5bn; 12 bonds) and South Korea (EUR 10.0bn; 16 bonds). With regard to South Korean issuers, it should be noted that the market has an extremely high weighting of ESG bonds, primarily due to the public mandate of Korea Housing Finance Corporation (KHFC).

**ESG covered bond issues (EUR BMK)**



**ESG covered bonds: Market share (EUR BMK)**



Source: Market data, Bloomberg, NORD/LB Floor Research

**EUR benchmarks in ESG format: Market developments and new “records”**

In terms of the ESG segment, the 2023 calendar year was another record year in the primary market for covered bonds in EUR benchmark format. The new issuance volume totalled EUR 21.9bn (green: EUR 14.8bn and social: EUR 7.1bn). The trend of annual growth in new issues therefore remained unbroken in 2023 as well (new issuance volume in 2022: EUR 19.1bn). In terms of the number of individual bonds, 2023 also marked another record with 31 deals placed in ESG format (versus 28 in 2022). In the year to date, there have been 17 new ESG-related issues. Once again, the volume, which currently stands at EUR 11.0bn, is exclusively attributable to the green (EUR 8.5bn) and social (EUR 2.5bn) categories. Last year, a total volume of EUR 190.3bn was placed in the EUR benchmark segment, with the EUR 21.9bn share mentioned above representing 12.3% of the total primary market in 2023. The percentage share of new issues attributable to ESG placements on average for the years 2019-2024 is 10.5%. This figure also corresponds to the share accounted for by ESG issues in the deals placed so far in 2024. From an investor perspective, this share is likely to be perceived as rather modest, at least as far as investment demand is concerned. However, the growing requirements with regard to the “quality” of ESG paper must also be taken into account. In this context, attention is focused increasingly on issuers and their business models. At market level, the picture for the ESG share of outstanding covered bonds is currently very heterogeneous. In the country breakdown, high ESG shares tend to be attributable to the smaller markets.

## Issuers of EUR benchmarks in ESG format

Issuer	Country	ESG Type	Volume (in EURbn)	No. of ESG BMKs	Framework based on ICMA principles
BAWAG	AT	Green	0.50	1	YES ( <a href="#">Link</a> )
Hypo Tirol Bank	AT	Social	0.50	1	YES ( <a href="#">Link</a> )
UniCredit Bank Austria	AT	Green	2.00	3	YES ( <a href="#">Link</a> )
Argenta Spaarbank	BE	Green	0.75	1	YES ( <a href="#">Link</a> )
Equitable Bank	CA	Social	0.50	1	YES ( <a href="#">Link</a> )
UniCredit Bank Czech Republic	CZ	Green	0.50	1	YES ( <a href="#">Link</a> )
Bayerische Landesbank	DE	Green	1.00	2	YES ( <a href="#">Link</a> )
Bausparkasse Schwaebisch Hall	DE	Green	1.00	2	YES ( <a href="#">Link</a> )
Berlin Hyp	DE	Green	5.50	9	YES ( <a href="#">Link</a> )
Berlin Hyp	DE	Social	1.75	3	YES ( <a href="#">Link</a> )
Deutsche Kreditbank	DE	Social	2.85	5	YES ( <a href="#">Link</a> )
DZ HYP	DE	Green	2.75	4	YES ( <a href="#">Link</a> )
ING-DiBa	DE	Green	3.25	3	YES ( <a href="#">Link</a> )
Landesbank Baden-Wuerttemberg	DE	Green	1.5	2	YES ( <a href="#">Link</a> )
Muenchener Hypothekenbank	DE	Green	3.25	4	YES ( <a href="#">Link</a> )
Norddeutsche Landesbank	DE	Green	2.00	4	YES ( <a href="#">Link</a> )
UniCredit Bank	DE	Green	1.00	2	YES ( <a href="#">Link</a> )
Wuestenrot Bausparkasse	DE	Green	0.60	1	YES ( <a href="#">Link</a> )
Caja Rural de Navarra	ES	Green	1.00	2	YES ( <a href="#">Link</a> )
Caja Rural de Navarra	ES	Sustainability	0.60	1	YES ( <a href="#">Link</a> )
Eurocaja Rural	ES	Sustainability	0.70	1	YES ( <a href="#">Link</a> )
Kutxabank	ES	Social	1.00	1	YES ( <a href="#">Link</a> )
Nordea Kiinnitysluottopankki	FI	Green	2.00	2	YES ( <a href="#">Link</a> )
OP Mortgage Bank	FI	Green	1.75	2	YES ( <a href="#">Link</a> )
Arkea Home Loans SFH	FR	Green	1.00	1	YES ( <a href="#">Link</a> )
BPCE SFH	FR	Green	6.00	5	YES ( <a href="#">Link</a> )
CAFFIL	FR	Green	2.25	3	YES ( <a href="#">Link</a> )
CAFFIL	FR	Social	4.25	6	YES ( <a href="#">Link</a> )
Compagnie de Financement Foncier	FR	Social	0.50	1	YES ( <a href="#">Link</a> )
Credit Agricole Home Loan SFH	FR	Green	2.50	2	YES ( <a href="#">Link</a> )
Credit Agricole Home Loan SFH	FR	Social	2.25	2	YES ( <a href="#">Link</a> )
La Banque Postale Home Loan SFH	FR	Green	1.50	2	YES ( <a href="#">Link</a> )
La Banque Postale Home Loan SFH	FR	Social	1.25	1	YES ( <a href="#">Link</a> )
Societe Generale SFH	FR	Green	3.50	3	YES ( <a href="#">Link</a> )
Yorkshire Building Society	GB	Social	0.50	1	YES ( <a href="#">Link</a> )
Banco BPM	IT	Green	0.75	1	YES ( <a href="#">Link</a> )
Credit Agricole Italia	IT	Green	1.00	2	YES ( <a href="#">Link</a> )
Credito Emiliano	IT	Social	0.50	1	YES ( <a href="#">Link</a> )
Hana Bank	KR	Social	1.10	2	YES ( <a href="#">Link</a> )
Kookmin Bank	KR	Green	0.50	1	YES ( <a href="#">Link</a> )
Kookmin Bank	KR	Sustainability	1.00	2	YES ( <a href="#">Link</a> )
Korea Housing Finance	KR	Social	6.90	10	YES ( <a href="#">Link</a> )
Shinhan Bank	KR	Green	0.50	1	YES ( <a href="#">Link</a> )
Cooperatieve Rabobank	NL	Green	1.25	1	YES ( <a href="#">Link</a> )
Nationale-Nederlanden Bank NV	NL	Green	1.25	2	YES ( <a href="#">Link</a> )
DNB Boligkredditt	NO	Green	3.00	2	YES ( <a href="#">Link</a> )
Eika Boligkredditt	NO	Green	1.00	2	YES ( <a href="#">Link</a> )
SpareBank 1 Boligkredditt	NO	Green	2.75	3	YES ( <a href="#">Link</a> )
Sparebanken Soer Boligkredditt	NO	Green	1.00	2	YES ( <a href="#">Link</a> )
Sparebanken Vest Boligkredditt	NO	Green	1.25	2	YES ( <a href="#">Link</a> )
SR-Boligkredditt	NO	Green	0.50	1	YES ( <a href="#">Link</a> )
PKO Bank Hipoteczny	PL	Green	0.50	1	YES ( <a href="#">Link</a> )
Stadshypotek	SE	Green	1.00	1	YES ( <a href="#">Link</a> )
Slovenska Sporitelna	SK	Green	0.50	1	YES ( <a href="#">Link</a> )

Source: Market data, issuers, NORD/LB Floor Research



### ESG covered bonds in benchmark format: 48 active issuers and ongoing debate

Having already welcomed several ESG debutants in 2024, there are now 48 active ESG issuers in the EUR benchmark segment for covered bonds. Green debuts came from Bausparkasse Schwäbisch Hall (DE), Shinhan Bank (KR) and Argenta Spaarbank (BE), among others. Bausparkasse Schwäbisch Hall has also taken the opportunity in 2024 to place green Pfandbrief bonds on two occasions already, going to investors in January and February of this year. Credito Emiliano (IT) placed its first social bond, while a first ESG benchmark was also reported for Canada, when Equitable Bank chose a social format for its bond in April this year. The EUR 500m bond placed within the bank's own [Sustainable Bond Framework](#) was announced as a "Secured Social Standard Bond". In line with the Chapter 4(ii) Appendix I of the Social Bond Principles (see table below; summarised from the English original), this is a bond where the "social projects" do not necessarily have to be securing the corresponding (covered) bond. In our opinion, this format and clear communication represent a rather rare form of issuance for green and/or social covered bonds in the EUR-benchmark segment. We would also refer at this juncture to the ongoing debate among industry representatives, whereby it is unclear whether the social Pfandbrief bond (or "green" Pfandbrief bond under ICMA Green Bond Principles) can be clearly allocated to one category. In the Pfandbrief market for instance, there is no standardised allocation to one of the two categories. We believe clarification can be found by referring to ICMA. A classification of covered bonds as "Secured Collateral Bonds" would appear conceivable but would not align with the ICMA wording on providing collateral for a specific bond, at least according to the understanding of covered bond legislation such as the German Pfandbrief Act (PfandBG).

### ICMA Green/Social Bond Principles: Secured bonds pursuant to ICMA

#### Green Bond Principles (Appendix I; type 4 bonds)

<b>Secured Green Bond</b>	A secured bond where the net proceeds will be exclusively applied to finance or refinance either:
i.	The Green Project(s) securing the specific bond only (a " <b>Secured Green Collateral Bond</b> "); or
ii.	The Green Project(s) of the issuer, originator or sponsor, where such Green Projects may or may not be securing the specific bond in whole or in part (a " <b>Secured Green Standard Bond</b> "). A Secured Green Standard Bond may be a specific class or tranche of a larger transaction.

#### Social Bond Principles (Appendix I; type 4 bonds)

<b>Secured Social Bond</b>	A secured bond where the net proceeds will be exclusively applied to finance or refinance either:
i.	The Social Project(s) securing the specific bond only (a " <b>Secured Social Collateral Bond</b> "); or
ii.	The Social Project(s) of the issuer, originator or sponsor, where such Social Projects may or may not be securing the specific bond in whole or in part (a " <b>Secured Social Standard Bond</b> "). A Secured Social Standard Bond may be a specific class or tranche of a larger transaction.

*This Secured Green/Social Bond category may include, but is not limited to, covered bonds, securitisations, asset-backed commercial paper, secured notes and other secure structures, where generally, the cash flows of assets are available as a source of repayment or assets serve as security for the bonds in priority to other claims.*

Source: ICMA, NORD/LB Floor Research

### Conclusion

The market for covered bonds in ESG format continues to grow. Nevertheless, we see notable challenges in the overall market for ESG bonds, which we also discuss in our ESG update. The number of new issuers with green and social bonds in the market is pleasing. We continue to view the covered bond segment as an important market in the (re-) financing of the green transition. To be able to fulfil this role, however, both issuers and investors remain dependent on set frameworks. This is true both of the regulations and the market standards, as set by ICMA for example.



## SSA/Public Issuers

### Teaser: Issuer Guide – Nordic Agencies 2024

Authors: Dr Norman Rudschuck, CIAA // Lukas-Finn Frese // Christian Ilchmann // assisted by Maike Maas

#### Banks for regional authorities dominate the Nordic agency market

With outstanding bonds totalling the equivalent of EUR 218.0bn, split across a total of 1,326 bonds issued by the six agencies covered in this teaser, the Scandinavian (or Nordic) agency market is medium sized in a European comparison. The players within this market are very similar in many respects. Institutions whose mission is to finance local authorities play a particularly key role. Kommunalbanken (KBN) from Norway, Kommuninvest i Sverige from Sweden, Denmark's KommuneKredit and the Finnish organisation Municipality Finance (MuniFin) account for a large portion of the bonds issued by Nordic agencies that are currently in circulation. Given that they lend to municipalities, municipal associations, regions and public sector companies, there is a constant funding requirement that is largely covered through capital market activities. As measured in terms of total assets at year-end 2023, the largest Nordic agency is the Finnish municipal financier MuniFin, while Sweden's Kommuninvest i Sverige is the second largest institution. In addition to municipal financiers, other institutions tasked with handling export financing in their respective countries are also active. For example, the mandate of Svensk Exportkredit (SEK) is based on managing the state export financing scheme in Sweden. In this case, too, specialised lending leads to a funding requirement that is heavily influenced by the demand for export credit and, consequently, by growth in the Swedish export industry. The Finnish agency Finnvera, which is involved in financing small and medium sized enterprises (SMEs) in Finland in addition to export development activities, has a similar mandate. The agency became active in the EUR benchmark segment for the first time in 2014 and has been gradually building up a benchmark curve in EUR since then.

#### Nordic agencies – an overview

Institution	Type	Owner(s)	Guarantee	Risk weighting
Kommunalbanken (KBN; Norway)	Municipal bank	100% Norway	Maintenance obligation	20%
Svensk Exportkredit (SEK; Sweden)	Export financier	100% Sweden	-	20%
Kommuninvest i Sverige (Sweden)	Municipal bank	100% Kommuninvest Cooperative Society	Joint and several guarantee	0%
Municipality Finance (MuniFin; Finland)	Municipal bank	53% municipalities, municipal associations and companies in municipality ownership; 31% municipal pension institutions; 16% Finland	Joint and several guarantee	0%
KommuneKredit (Denmark)	Municipal bank	100% all Danish municipalities and regions	Joint and several guarantee	0%
Finnvera (Finland)	Export financier	100% Finland	Explicit guarantee	0%

Source: Issuers, NORD/LB Floor Research

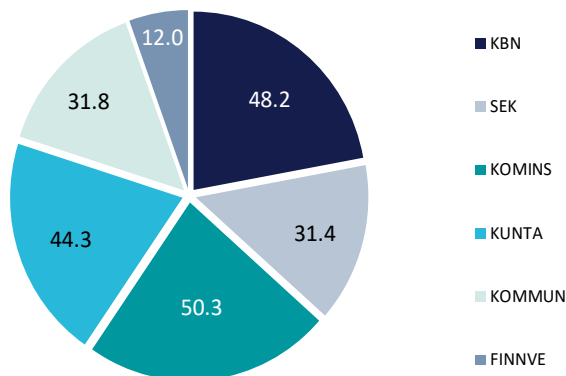
### Joint and several liability

Local authorities bear joint and several liability for three of the four municipal financiers (Kommuninvest, KommuneKredit, MuniFin). This means that each individual local authority must assume responsibility for all of the liabilities of the respective municipal bank. If a liability event occurs, the creditors may demand performance or satisfaction of the claim from the entirety of the guarantors. The guarantors are obliged to service the overall claim even if one of the guarantors is unable to make the necessary payments. The respective liability quotas of the local authorities result from internal regulations in the internal relationship, although in the external relationship there is always an entitlement to full satisfaction of the claims.

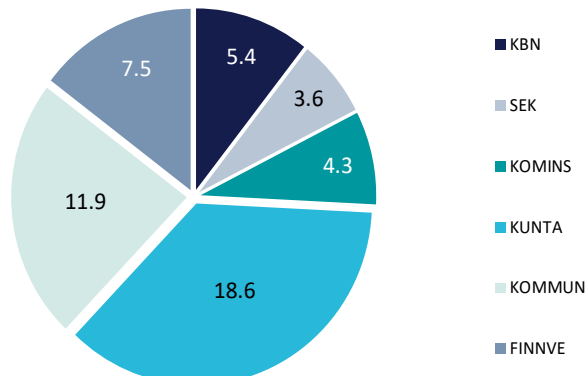
### Maintenance obligation

A maintenance obligation exists for Norway's KBN, which requires the Norwegian state to provide KBN with the funding necessary for its functioning through a Letter of Support. The state therefore has a duty to ensure that KBN's finances are managed in such a way that proper business operations are maintained and KBN's liabilities are serviced. The maintenance obligation therefore requires the guarantor to ensure solvency. De facto, this arrangement with the Norwegian state corresponds to an implicit (liquidity) guarantee.

Outstanding bond volumes (EURbn)



Outstanding EUR benchmarks (EURbn)



NB: Benchmarks are defined as bonds with a minimum volume of EUR 0.5bn.

Foreign currencies are converted into EUR at rates as at 10 June 2024.

Source: Bloomberg, NORD/LB Floor Research

### Nordic agencies – an overview (EURbn/EUR equivalent)

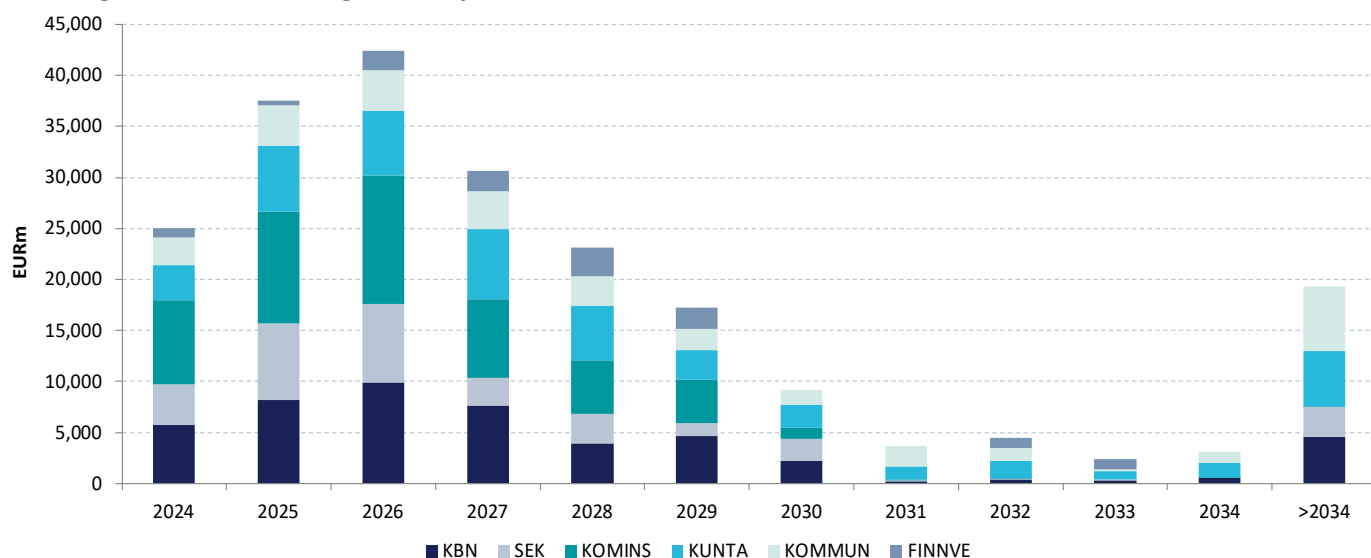
Name	Ticker	Rating (Fitch/Moody's/S&P)	Outstanding Volume	Of which in EUR volume	Funding target 2024	Maturities 2024	Net Supply 2024	Number of ESG bonds	ESG volume
KBN	KBN	-/Aaa/AAA	48.2	6.0	8.6	7.4	1.2	15	4.6
SEK	SEK	-/Aa1/AA+	31.4	5.0	11.3	6.9	4.4	13	2.7
Kommuninvest	KOMINS	-/Aaa/AAA	50.3	4.3	12.7	13.4	-0.7	11	7.5
MuniFin	KUNTA	-/Aa1/AA+	44.3	22.7	9.5	6.9	2.6	10	4.7
KommuneKredit	KOMMUN	-/Aaa/AAA	31.8	13.3	5.0	4.0	1.0	8	3.8
Finnvera	FINNVE	AA+/Aa1/-	12.0	7.5	1.5	0.9	0.6	0	0.0
<b>Total</b>			<b>218.0</b>	<b>58.8</b>	<b>48.6</b>	<b>39.5</b>	<b>9.1</b>	<b>57</b>	<b>23.3</b>

NB: Foreign currencies are converted into EUR at rates as at 10 June 2024.

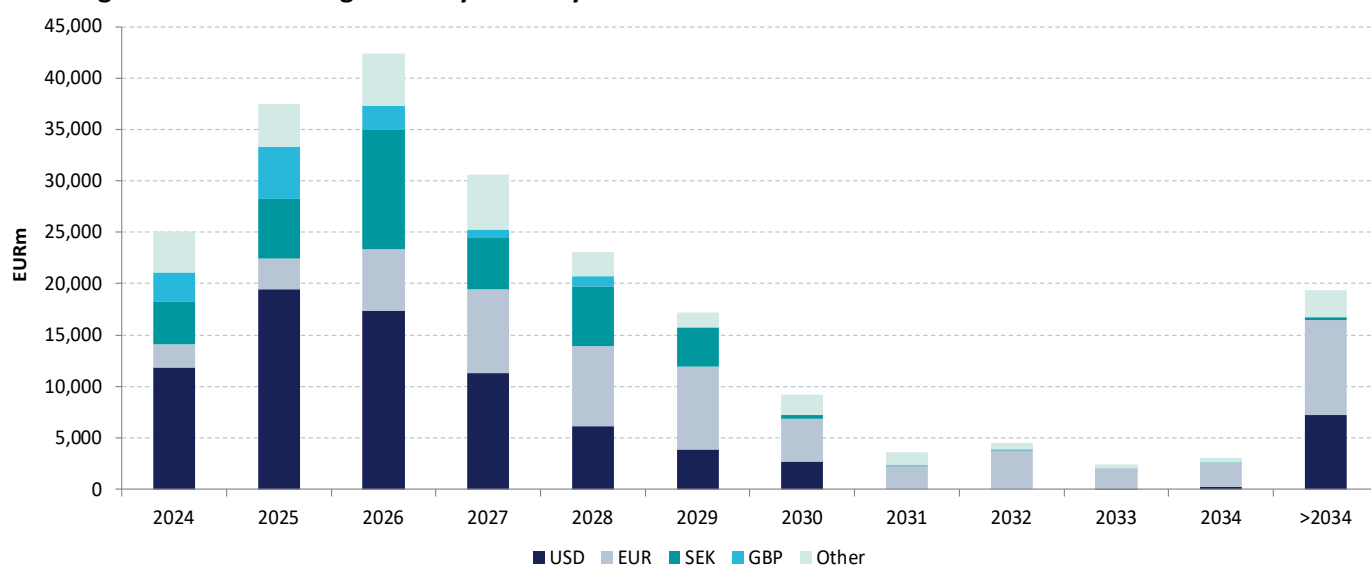
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.

Source: Bloomberg, issuers, NORD/LB Floor Research

### Nordic agencies: Outstanding bonds by issuer



### Nordic agencies: Outstanding bonds by currency



NB: Foreign currencies are converted into EUR at rates as at 10 June 2024.

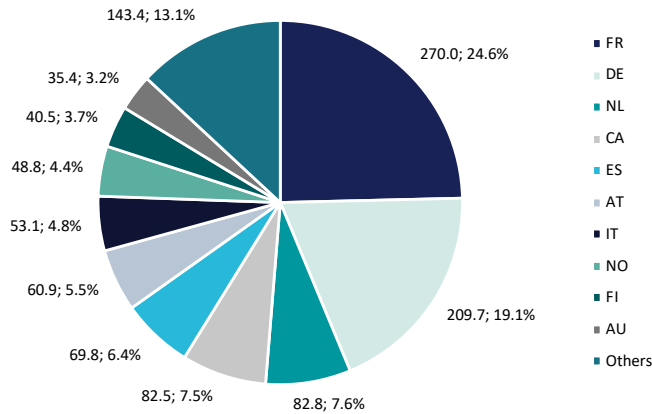
Source: Bloomberg, NORD/LB Floor Research

### Conclusion and comment

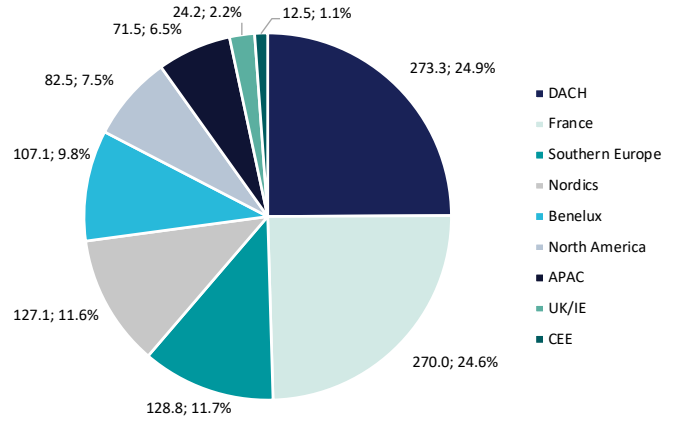
The Nordic agency market is a significant player when compared with other European markets, especially with regard to foreign currency bonds. New issues are also at a high level, producing a broad supply in a range of foreign currencies. However, the EUR supply is relatively constrained. Looking towards the ESG segment, with the exception of Finnvera, all of the agencies covered in this article are active in this area, with a distinct focus on the sub-categories of green and social. We would expect state support to be forthcoming in the event that any of the institutes covered in this Issuer Guide were to encounter financial difficulties. Theoretically speaking, the importance of the respective institutions for their owners or states is too great for them not to step in should this ever be required. It should be noted that since no explicit guarantees are in place, KBN and SEK bonds are assigned a risk weight of 20% under [CRR](#)/Basel III.

# Charts & Figures Covered Bonds

EUR benchmark volume by country (in EURbn)



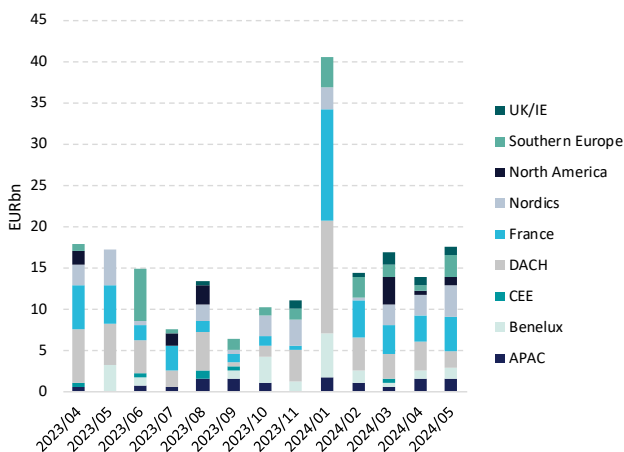
EUR benchmark volume by region (in EURbn)



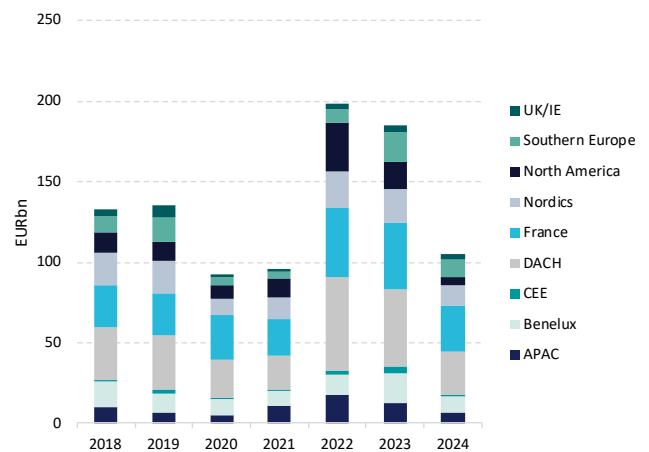
Top-10 jurisdictions

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	270.0	260	26	0.98	9.3	4.8	1.45
2	DE	209.7	297	41	0.65	7.8	4.0	1.42
3	NL	82.8	84	3	0.92	10.5	6.1	1.35
4	CA	82.5	61	1	1.33	5.5	2.7	1.34
5	ES	69.8	55	5	1.15	11.1	3.3	2.13
6	AT	60.9	102	5	0.59	8.1	4.3	1.53
7	IT	53.1	67	4	0.76	8.5	3.8	1.86
8	NO	48.8	59	12	0.83	7.3	3.6	1.02
9	FI	40.5	46	4	0.87	6.9	3.6	1.72
10	AU	35.4	33	0	1.07	7.2	3.5	1.82

EUR benchmark issue volume by month

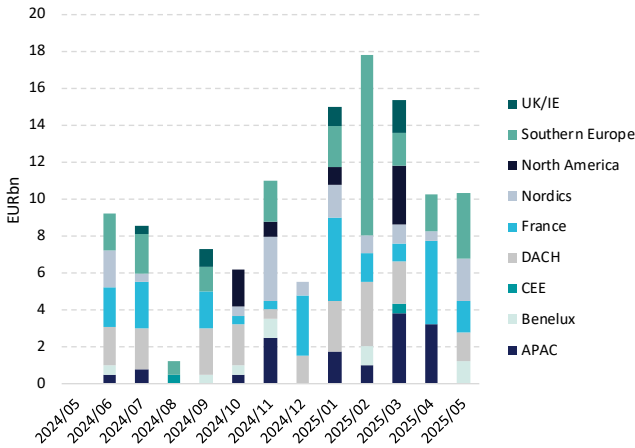


EUR benchmark issue volume by year

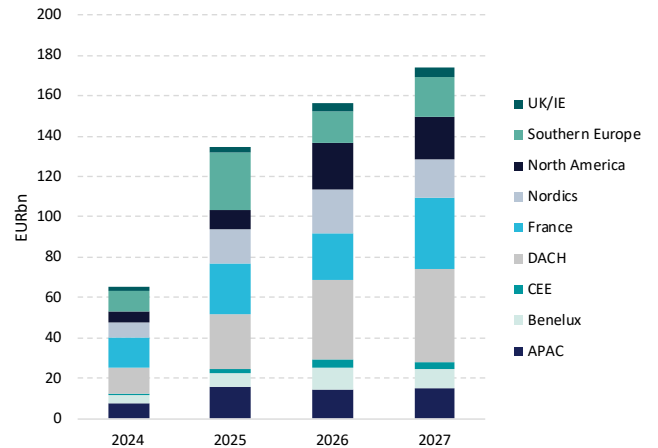


Source: market data, Bloomberg, NORD/LB Floor Research

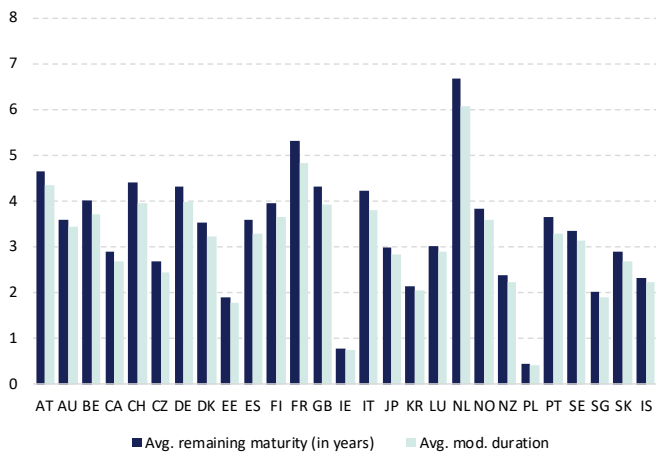
**EUR benchmark maturities by month**



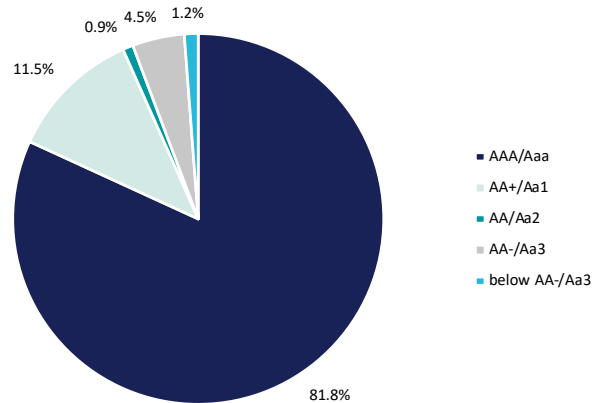
**EUR benchmark maturities by year**



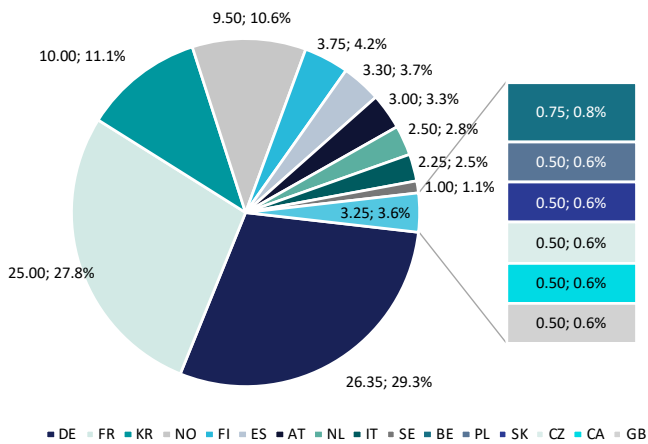
**Modified duration and time to maturity by country**



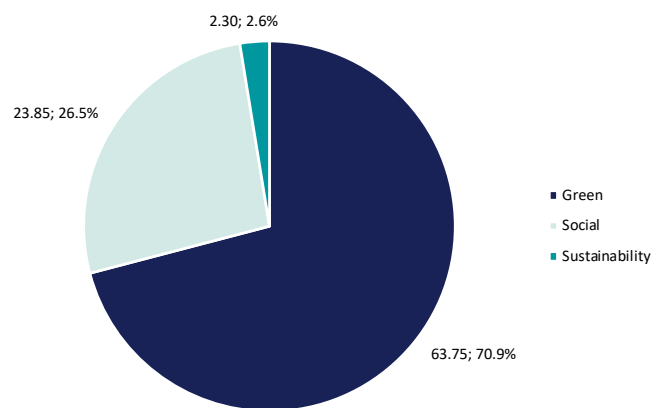
**Rating distribution (volume weighted)**



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

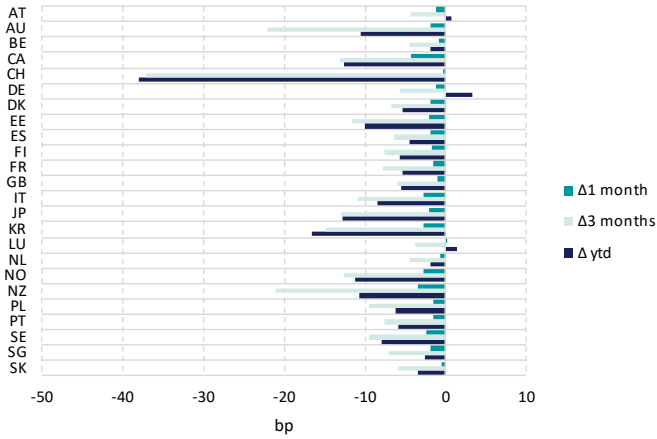


**EUR benchmark volume (ESG) by type (in EURbn)**

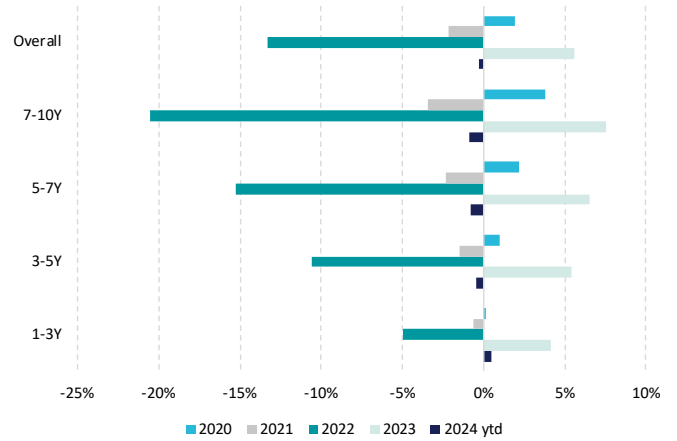


Source: market data, Bloomberg, NORD/LB Floor Research

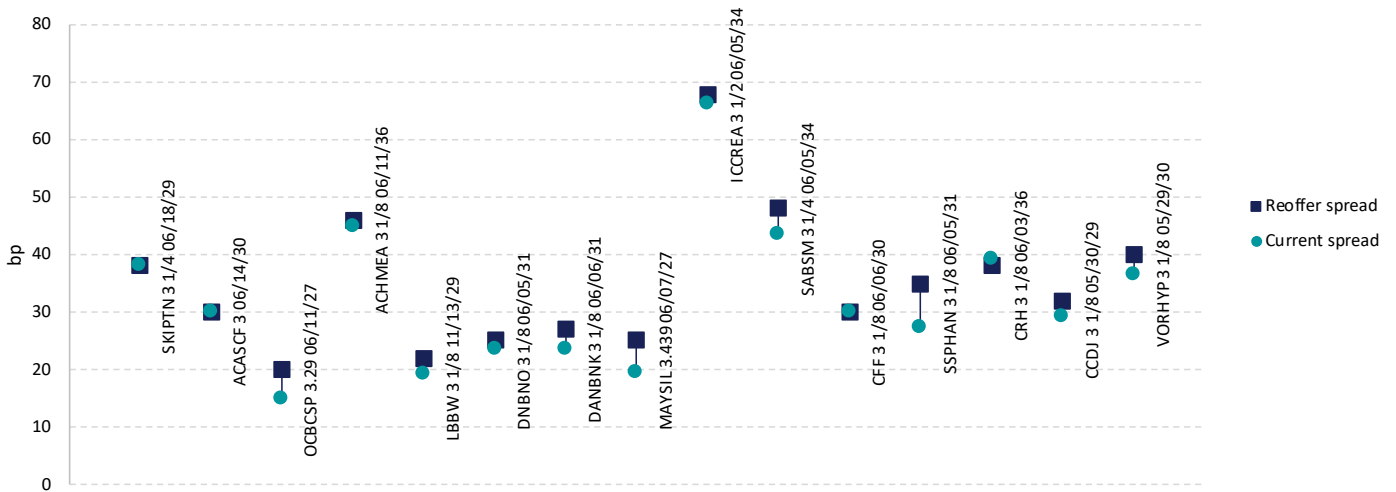
**Spread development by country**



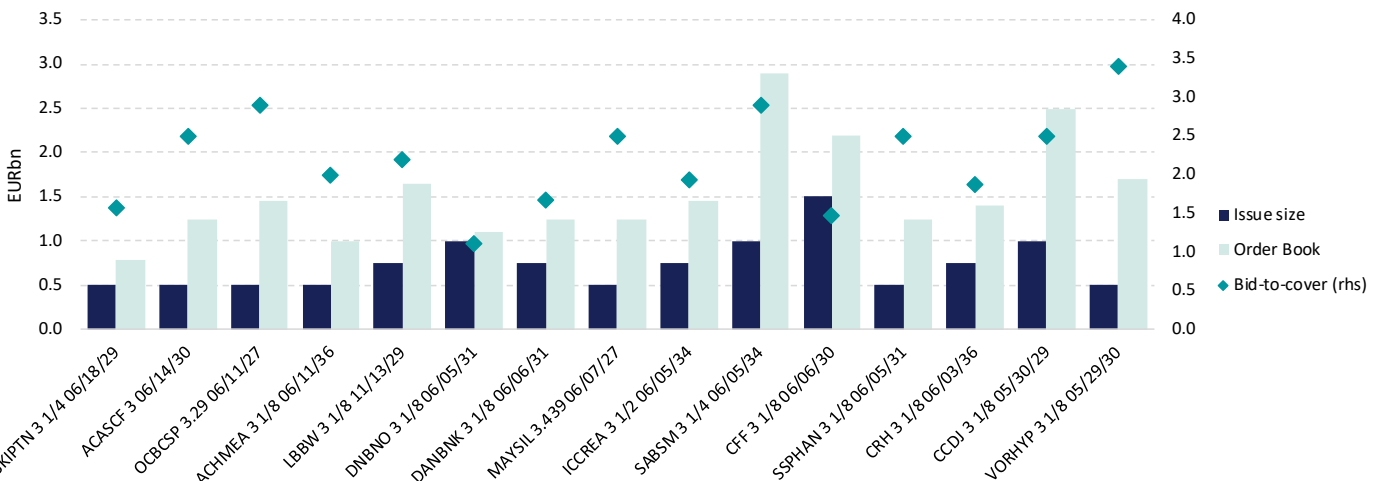
**Covered bond performance (Total return)**



**Spread development (last 15 issues)**

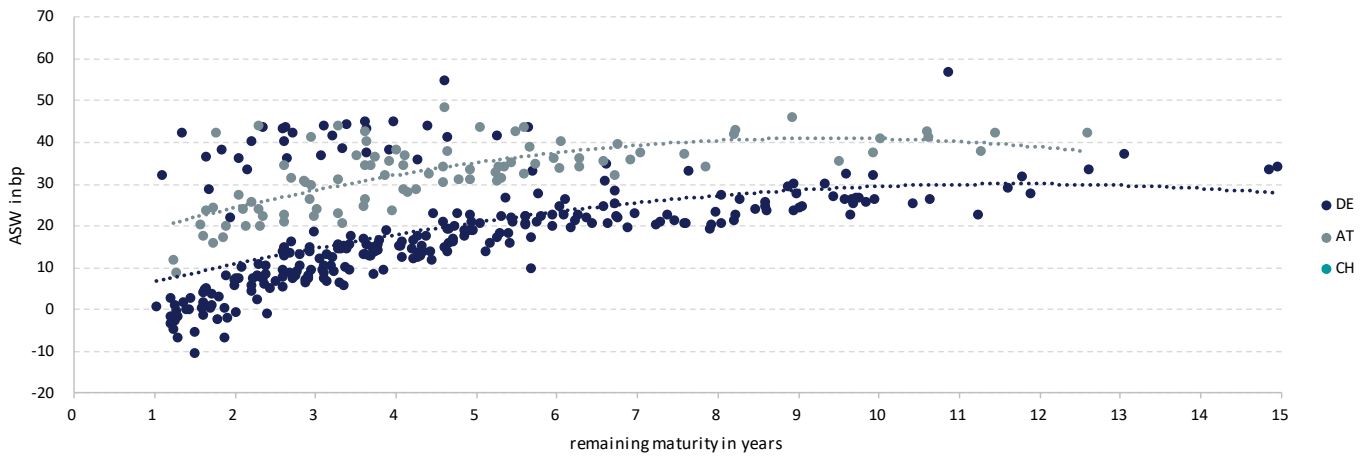


**Order books (last 15 issues)**

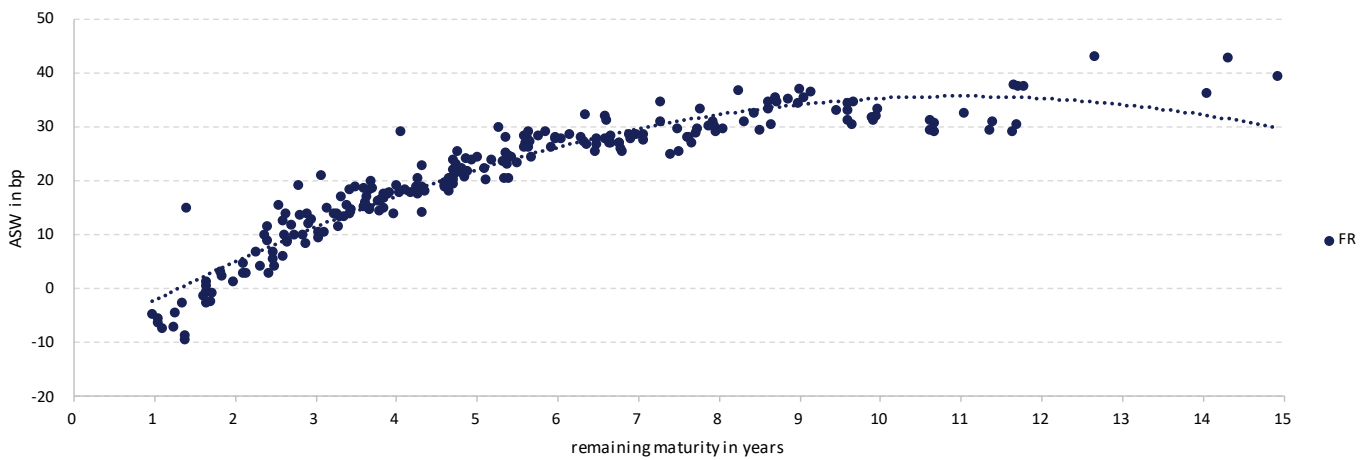


**Spread overview<sup>1</sup>**

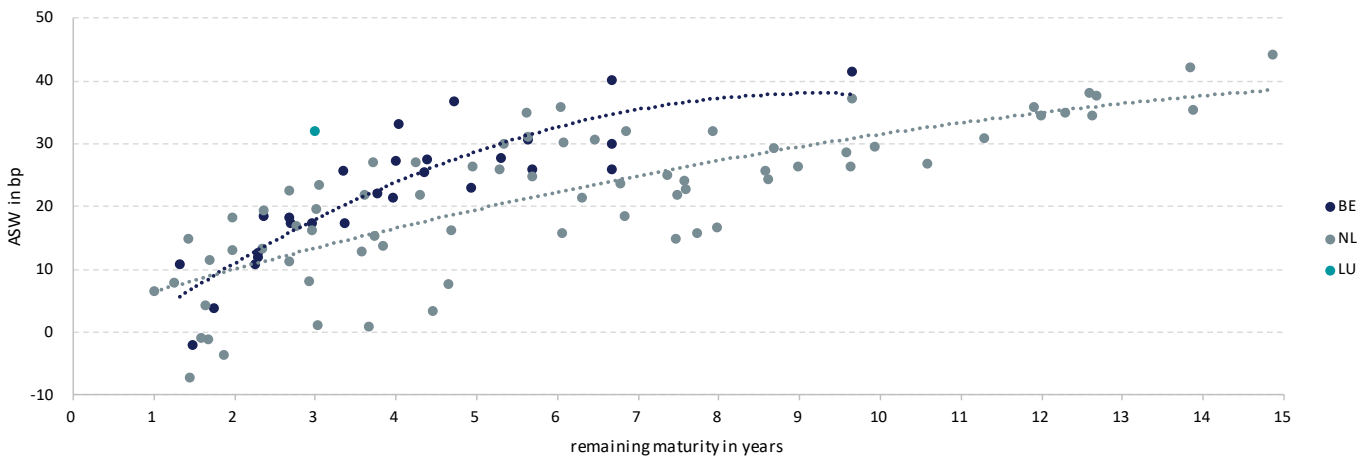
**DACH** 



**France** 



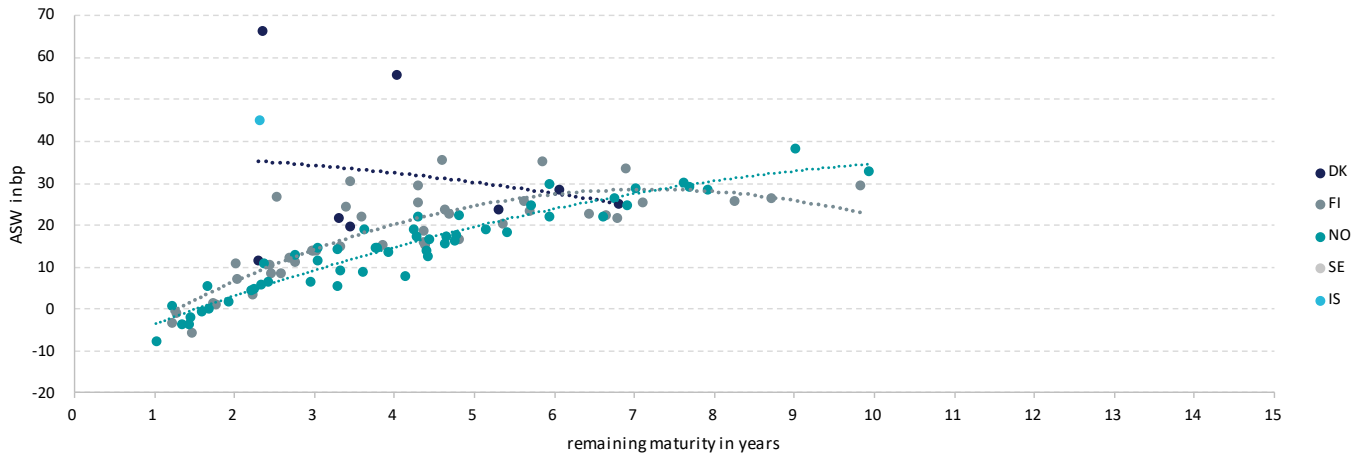
**Benelux** 



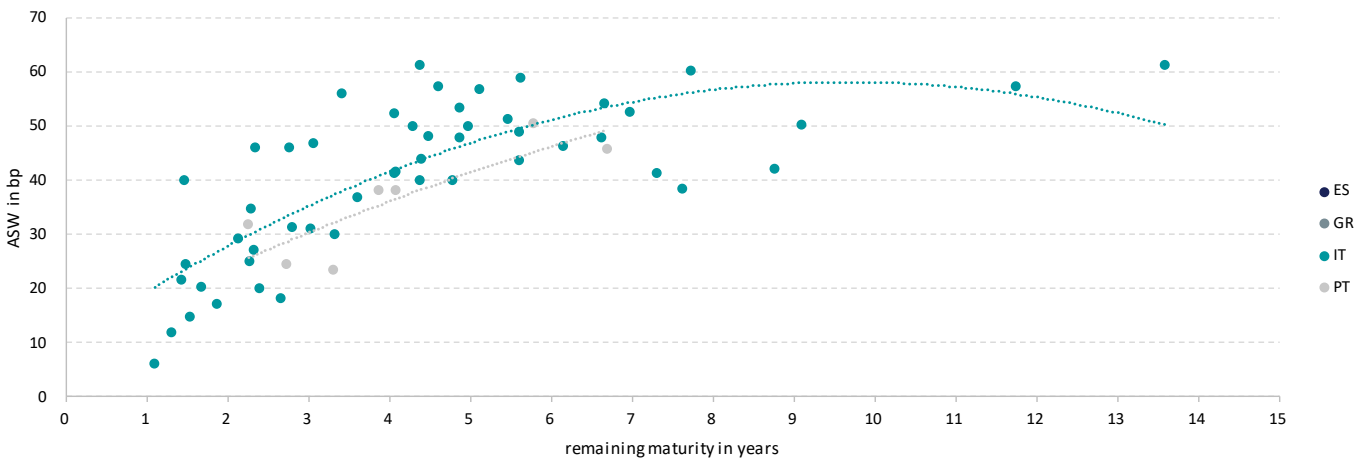
Source: market data, Bloomberg, NORD/LB Floor Research <sup>1</sup>Time to maturity 1 ≤ y ≤ 15



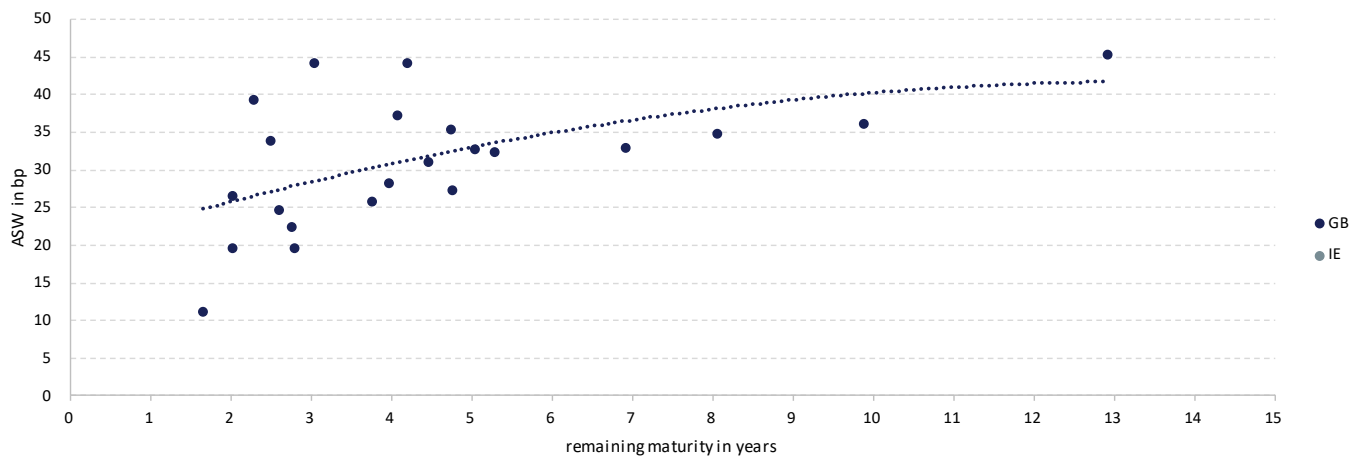
**Nordics** 🇩🇰 🇫🇮 🇳🇴 🇸🇪 🇮🇸



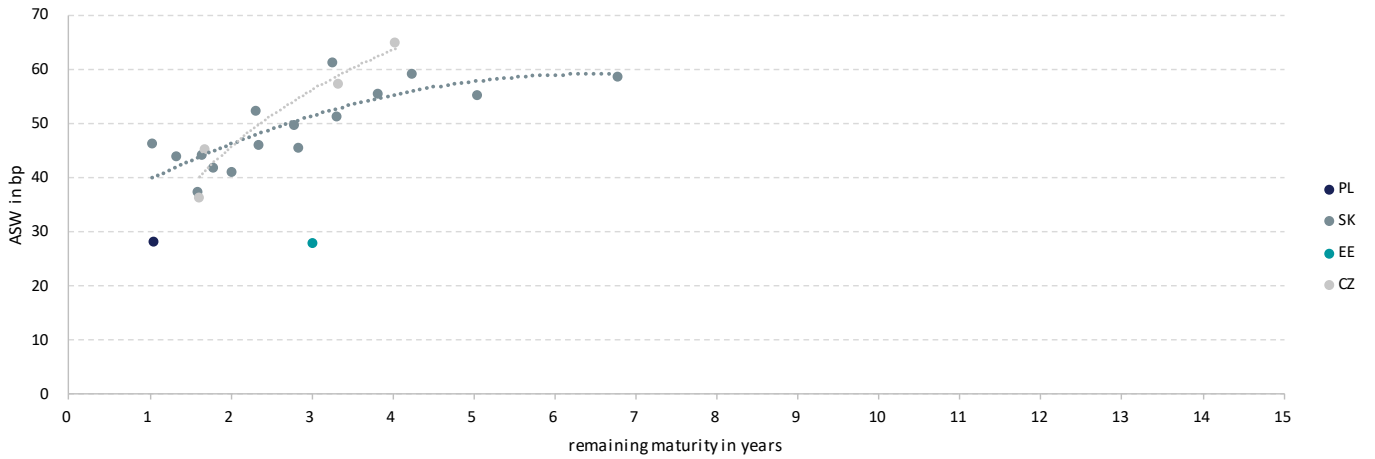
**Southern Europe** 🇪🇸 🇬🇷 🇮🇹 🇵🇹



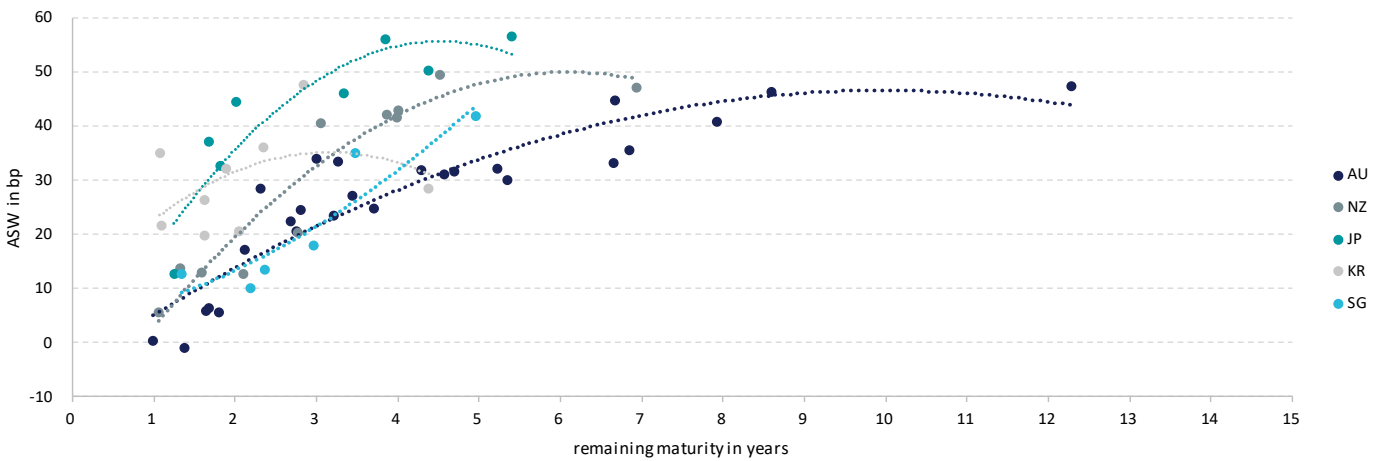
**UK/IE** 🇬🇧 🇮🇪



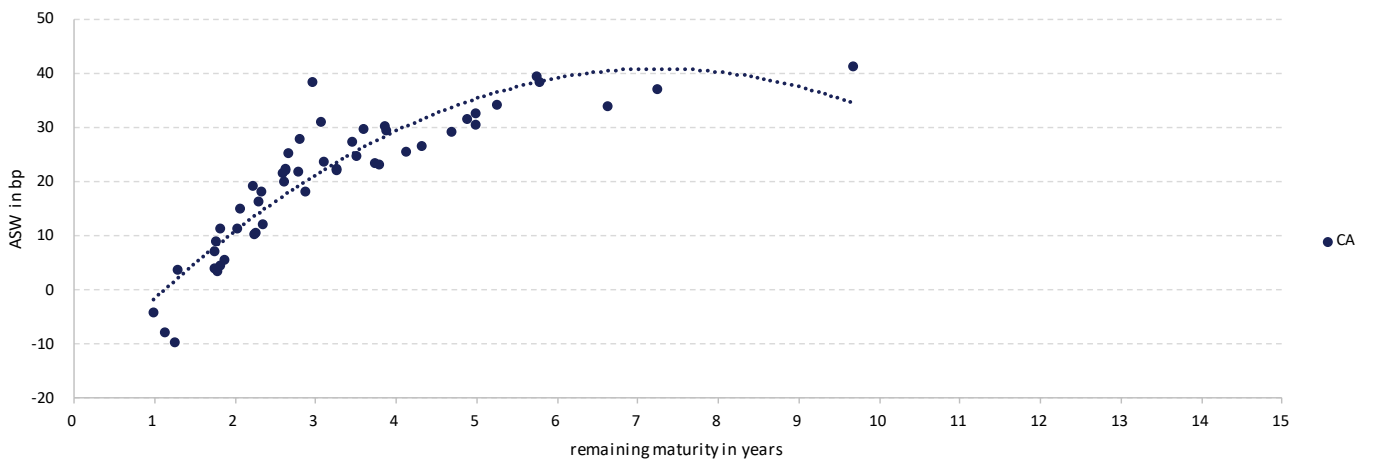
**CEE** 



**APAC** 



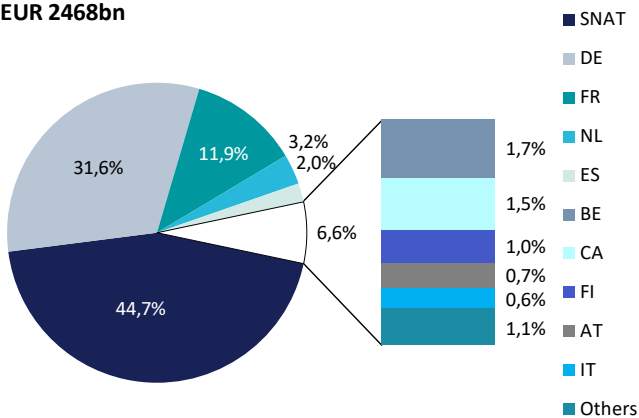
**North America** 



# Charts & Figures SSA/Public Issuers

## Outstanding volume (bmk)

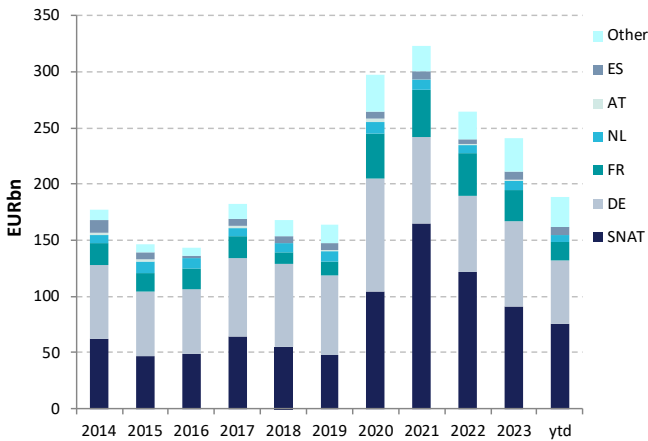
EUR 2468bn



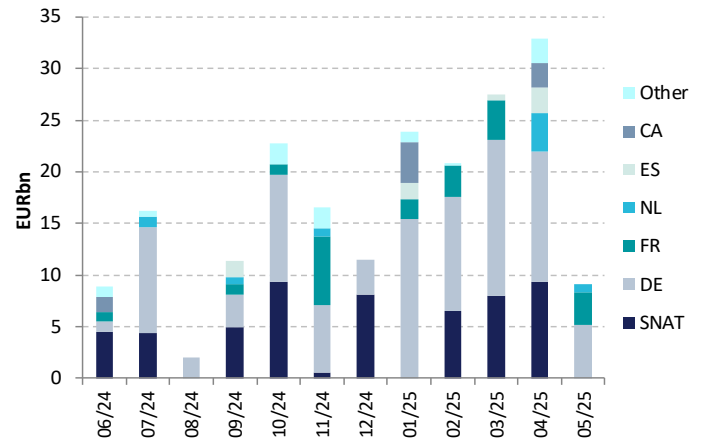
## Top 10 countries (bmk)

Country	Vol. (€bn)	No. of bonds	ØVol. (€bn)	Vol. weight. ØMod. Dur.
SNAT	1.102,6	236	4,7	8,0
DE	779,3	581	1,3	6,2
FR	292,8	197	1,5	5,9
NL	80,2	68	1,2	6,6
ES	50,0	70	0,7	5,0
BE	41,6	45	0,9	10,6
CA	38,0	29	1,3	4,9
FI	24,1	25	1,0	4,6
AT	17,8	22	0,8	4,0
IT	15,2	19	0,8	4,2

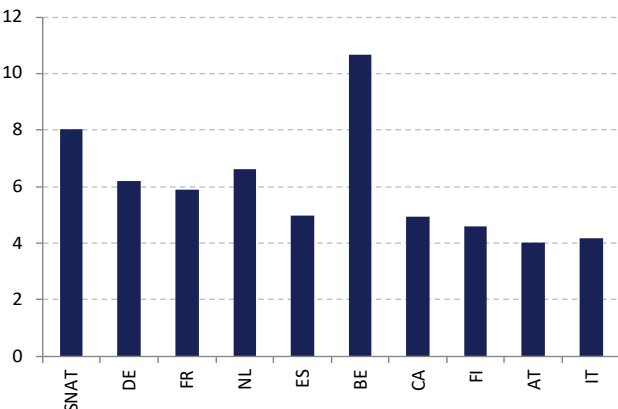
## Issue volume by year (bmk)



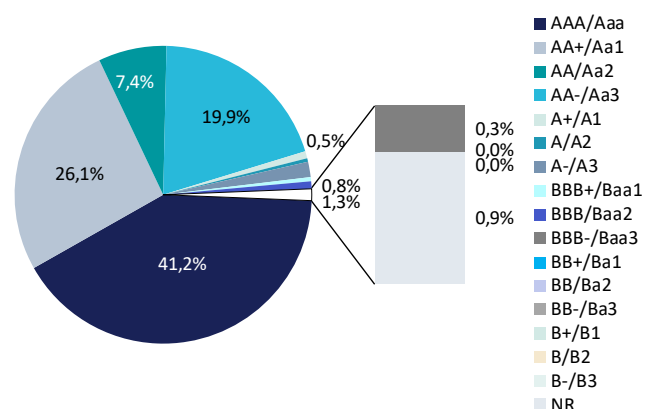
## Maturities next 12 months (bmk)



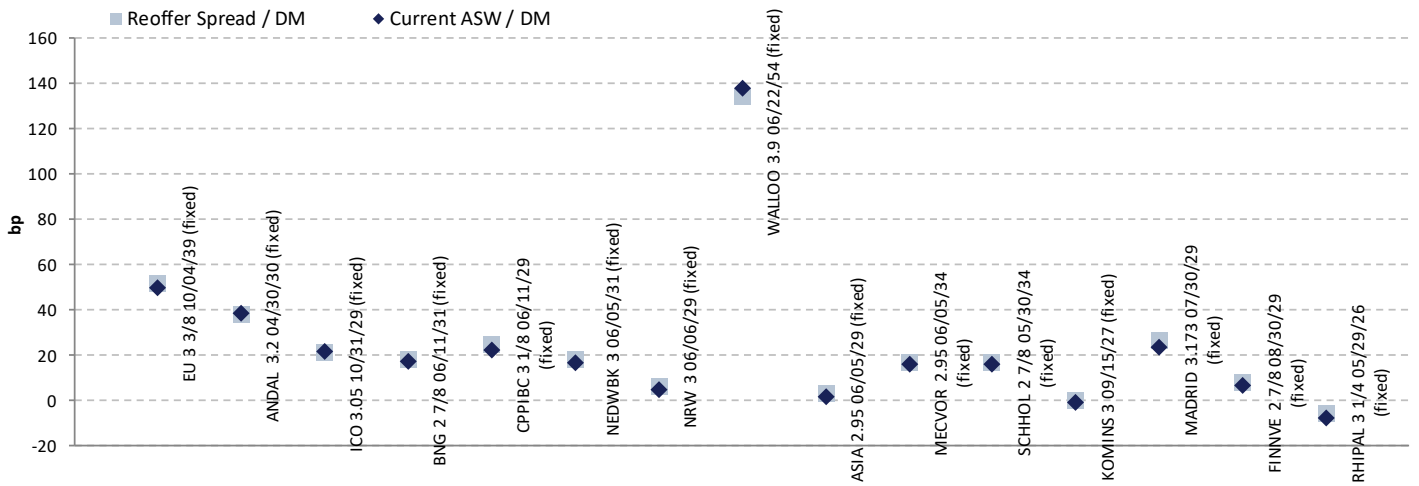
## Avg. mod. duration by country (vol. weighted)



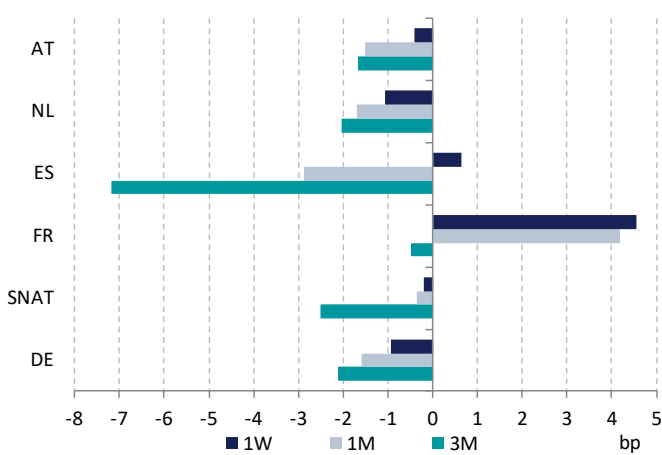
## Rating distribution (vol. weighted)



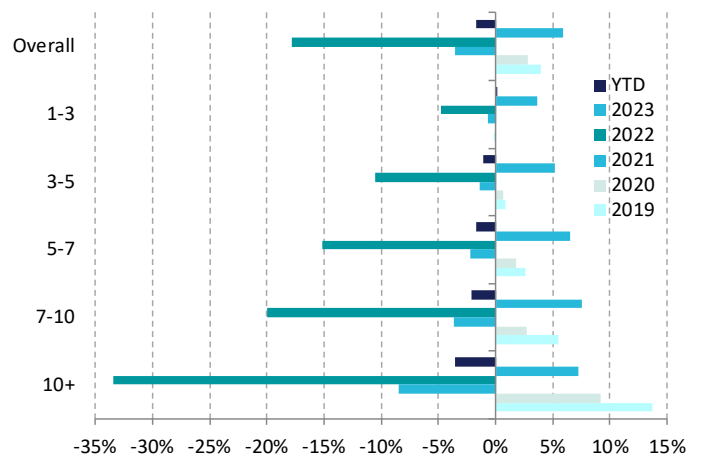
### Spread development (last 15 issues)



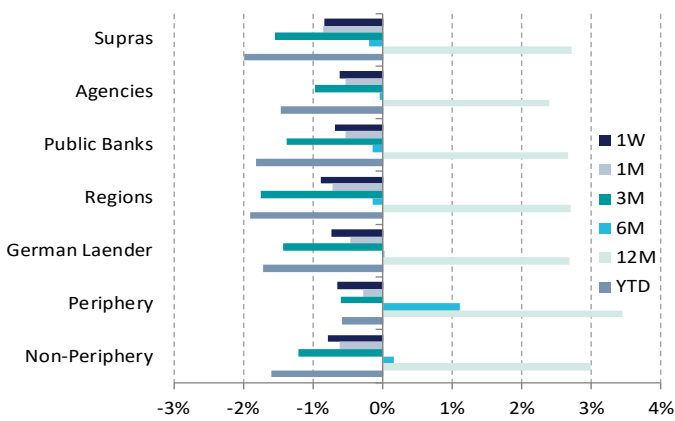
### Spread development by country



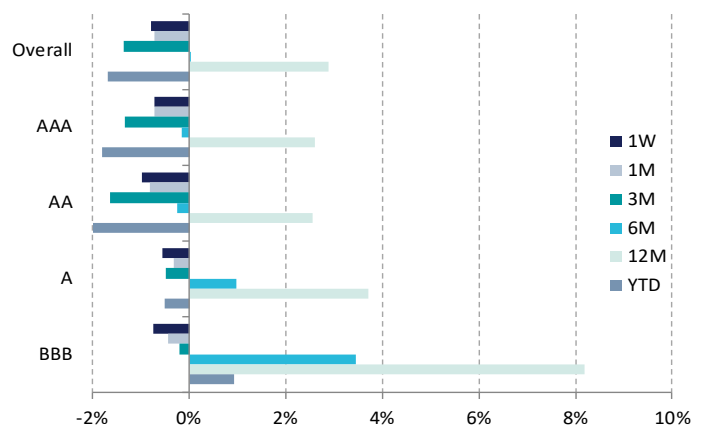
### Performance (total return)



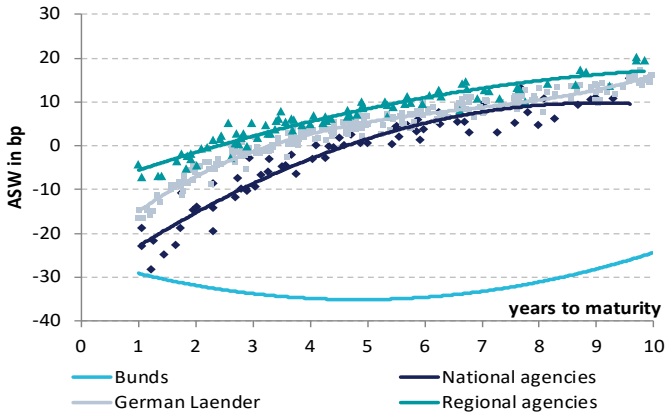
### Performance (total return) by segments



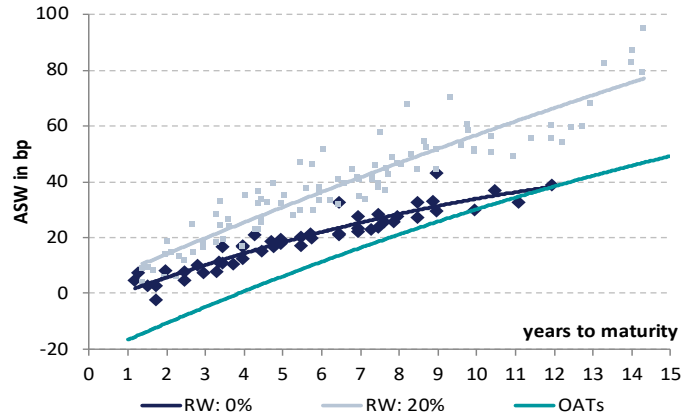
### Performance (total return) by rating



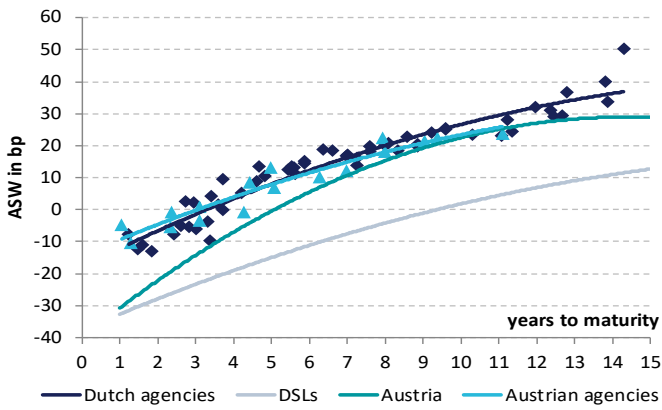
**Germany (by segments)**



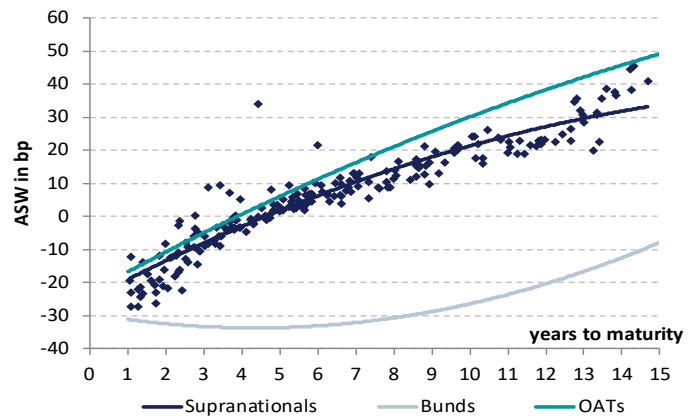
**France (by risk weight)**



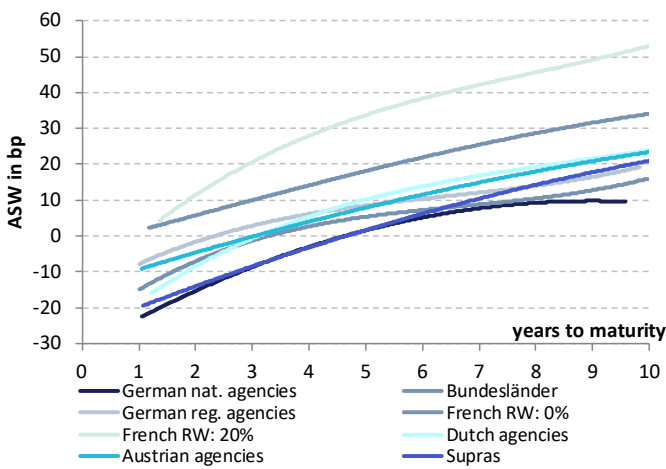
**Netherlands & Austria**



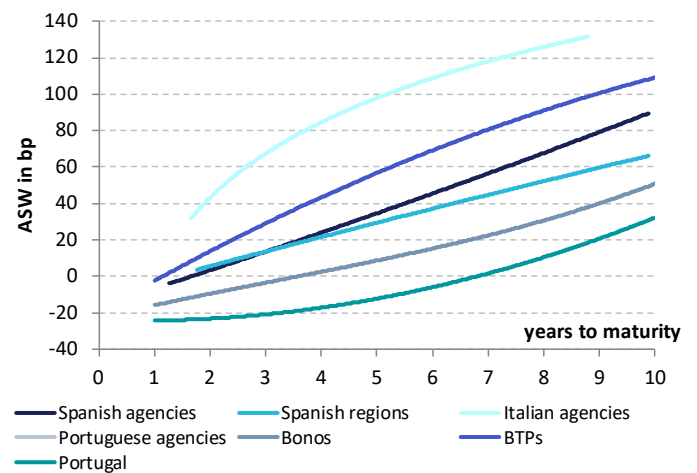
**Supranationals**



**Core**



**Periphery**



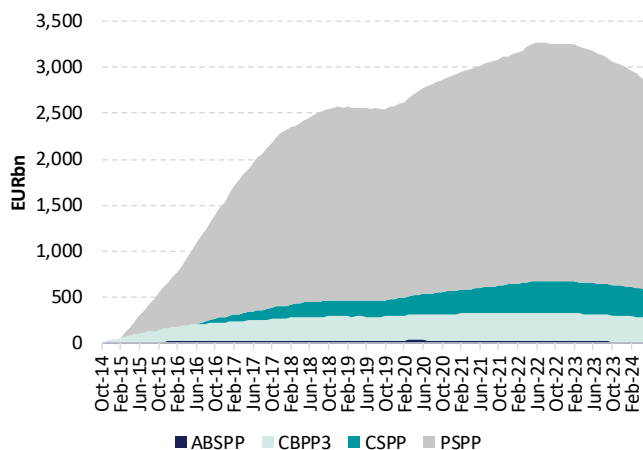
Source: Bloomberg, NORD/LB Floor Research

# ECB tracker

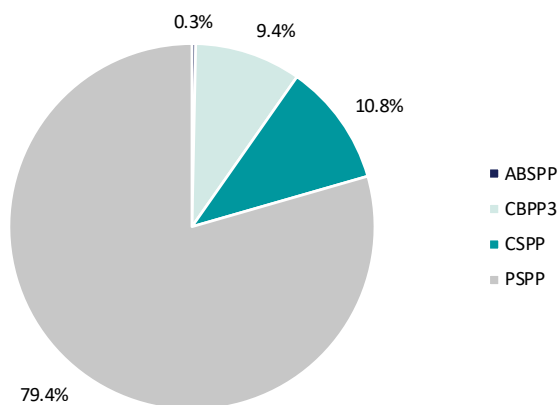
## Asset Purchase Programme (APP)

	ABSPP	CBPP3	CSPP	PSPP	APP
<b>Apr-24</b>	10,153	272,685	312,679	2,301,586	2,897,103
<b>May-24</b>	9,450	268,850	309,215	2,271,392	2,858,907
<b>Δ</b>	-702	-3,836	-3,463	-30,194	-38,195

### Portfolio development

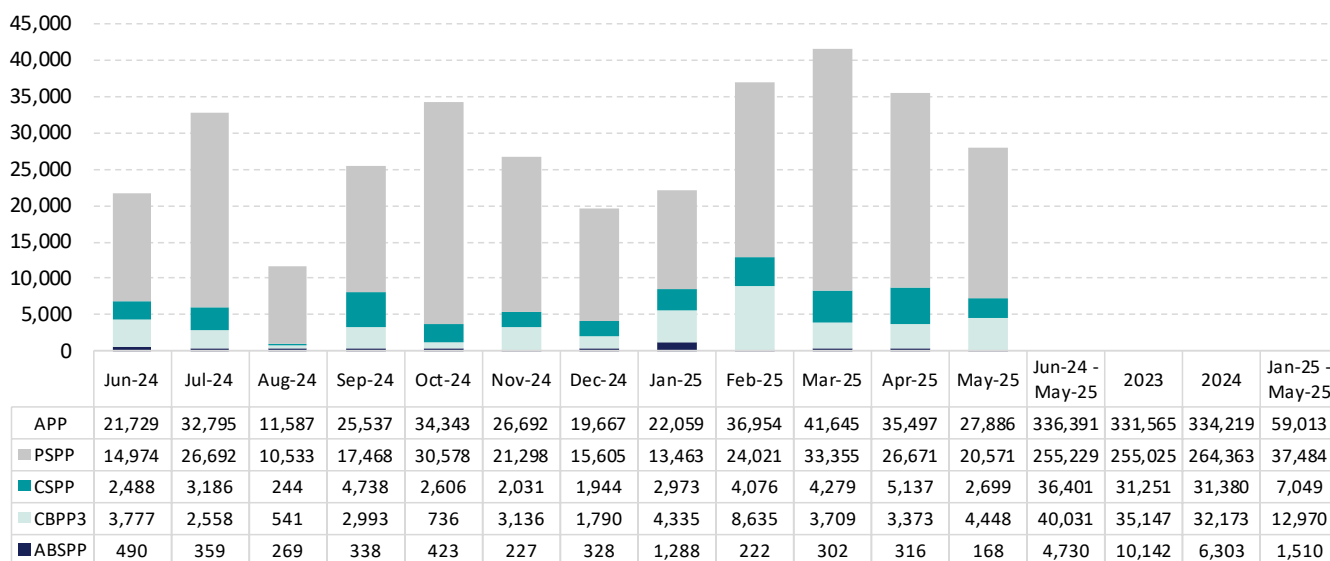


### Portfolio structure



Source: ECB, NORD/LB Floor Research

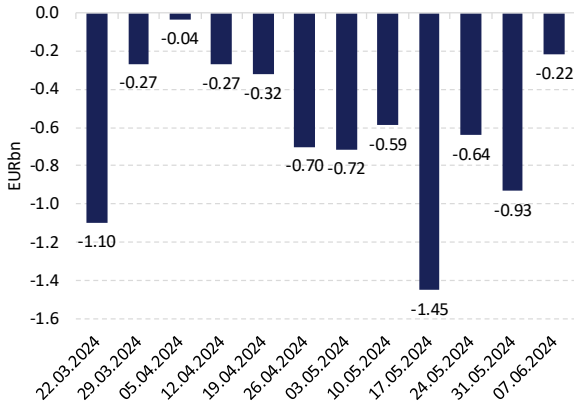
## Expected monthly redemptions (in EURm)



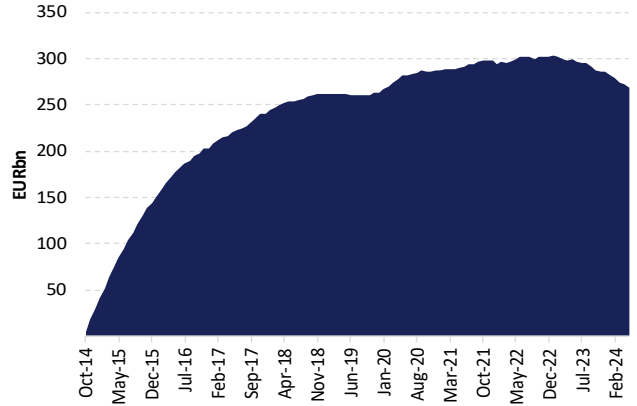
Source: ECB, Bloomberg, NORD/LB Floor Research

### Covered Bond Purchase Programme 3 (CBPP3)

Weekly purchases

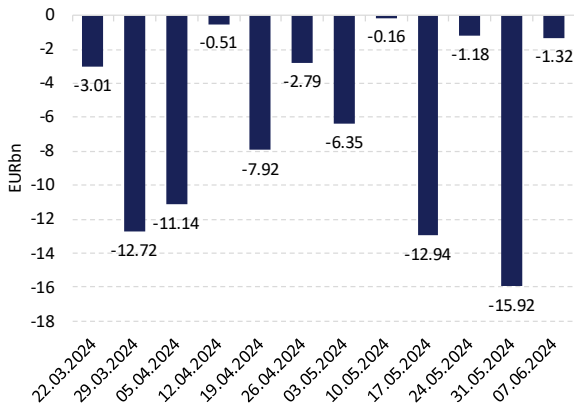


Development of CBPP3 volume

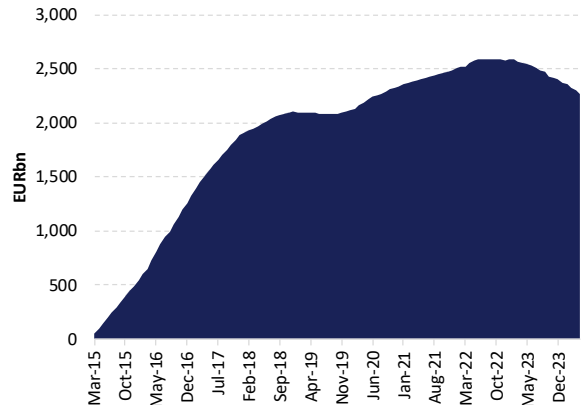


### Public Sector Purchase Programme (PSPP)

Weekly purchases



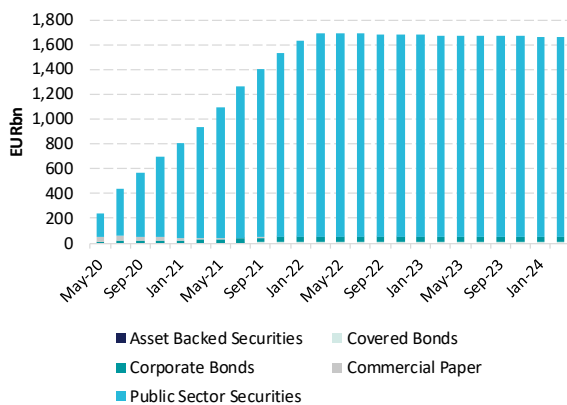
Development of PSPP volume



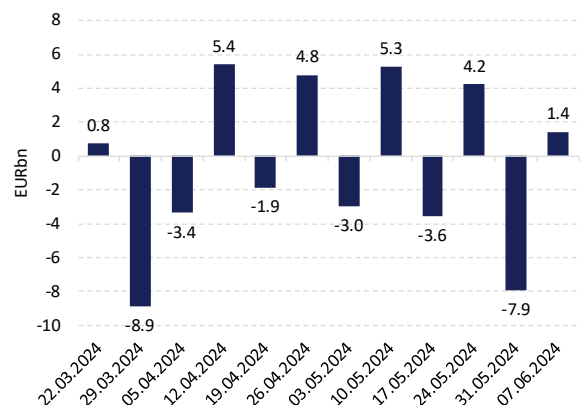
Source: ECB, Bloomberg, NORD/LB Floor Research

### Pandemic Emergency Purchase Programme (PEPP)

Portfolio development



Weekly purchases



Source: ECB, Bloomberg, NORD/LB Floor Research



## Appendix

### Overview of latest Covered Bond & SSA View editions

Publication	Topics
<a href="#">18/2024 ♦ 29 May</a>	<ul style="list-style-type: none"> <li>Transparency requirements §28 PfandBG Q1/2024</li> <li>Development of the German property market (vdp Index)</li> <li>Spotlight on the EU as a mega issuer</li> </ul>
<a href="#">17/2024 ♦ 15 May</a>	<ul style="list-style-type: none"> <li>Standard Chartered Bank Singapore boosts APAC growth</li> <li>Stability Council convenes for 29th meeting</li> </ul>
<a href="#">16/2024 ♦ 08 May</a>	<ul style="list-style-type: none"> <li>Whats happening away from the benchmark?</li> <li>Teaser: Issuer Guide – Dutch Agencies 2024</li> </ul>
<a href="#">15/2024 ♦ 24 April</a>	<ul style="list-style-type: none"> <li>A covered bond view of Portugal: Welcome back!</li> <li>Credit authorisations of the German Laender for 2024</li> </ul>
<a href="#">14/2024 ♦ 17 April</a>	<ul style="list-style-type: none"> <li>Moody's covered bond universe: An overview</li> <li>SSA review: EUR-ESG benchmarks in Q1/2024</li> </ul>
<a href="#">13/2024 ♦ 10 April</a>	<ul style="list-style-type: none"> <li>A review of Q1 in the Covered Bond segment</li> <li>A review of Q1 in the SSA segment</li> </ul>
<a href="#">12/2024 ♦ 27 March</a>	<ul style="list-style-type: none"> <li>Maybank: New covered bond issuer from Singapore</li> <li>A closer look at Export Development Canada (Ticker: EDC)</li> </ul>
<a href="#">11/2024 ♦ 20 March</a>	<ul style="list-style-type: none"> <li>Covered bond jurisdictions “Down Under” in the spotlight</li> <li>Collective Action Clauses (CACs) – An (Italian) update</li> </ul>
<a href="#">10/2024 ♦ 13 March</a>	<ul style="list-style-type: none"> <li>Spotlight on Pfandbrief issuers in the savings bank sector</li> <li>NGEU: Green Bond Dashboard</li> </ul>
<a href="#">09/2024 ♦ 06 March</a>	<ul style="list-style-type: none"> <li>Transparency requirements §28 PfandBG Q4/2023</li> <li>Current LCR classification for our SSA coverage</li> </ul>
<a href="#">08/2024 ♦ 28 February</a>	<ul style="list-style-type: none"> <li>New UK player on the EUR covered bond market</li> <li>Teaser: Issuer Guide – Non-European supras (MDBs) 2024</li> </ul>
<a href="#">07/2024 ♦ 21 February</a>	<ul style="list-style-type: none"> <li>Covered bond jurisdictions in the spotlight: A look at Austria</li> <li>Hope for hybrids? New SSA sub-asset class for MDBs</li> </ul>
<a href="#">06/2024 ♦ 14 February</a>	<ul style="list-style-type: none"> <li>Development of the German property market (vdp Index)</li> <li>Update: Joint Laender (Ticker: LANDER)</li> </ul>
<a href="#">05/2024 ♦ 07 February</a>	<ul style="list-style-type: none"> <li>January 2024: Record start to the new covered bond year</li> <li>SSA January recap: issuance volume at record level</li> </ul>
<a href="#">04/2024 ♦ 31 January</a>	<ul style="list-style-type: none"> <li>The Pfandbrief market at the start of 2024: caution thrown to the wind</li> <li>Teaser: Issuer Guide – Other European Agencies 2024</li> </ul>
<a href="#">03/2024 ♦ 24 January</a>	<ul style="list-style-type: none"> <li>The “V” in the LTV calculation: Differing approaches persist despite EU Directive</li> <li>28th meeting of the Stability Council (December 2023)</li> </ul>
<a href="#">02/2024 ♦ 17 January</a>	<ul style="list-style-type: none"> <li>Pfandbrief market: potential newcomer Evangelische Bank</li> <li>Review: EUR-ESG benchmarks 2023 in the SSA segment</li> </ul>

## Appendix Publication overview

### Covered Bonds:

[Issuer Guide – Covered Bonds 2023](#)

[Covered Bond Laws](#)

[Covered Bond Directive: Impact on risk weights and LCR levels](#)

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

[Transparency requirements §28 PfandBG Q1/2024](#) (quarterly update)

[Transparency requirements §28 PfandBG Q1/2024 Sparkassen](#) (quarterly update)

### SSA/Public Issuers:

[Issuer Guide – German Laender 2023](#)

[Issuer Guide – German Agencies 2023](#)

[Issuer Guide – Canadian Provinces & Territories 2024](#)

[Issuer Guide – European Supranationals 2023](#)

[Issuer Guide – French Agencies 2023](#)

[Issuer Guide – Dutch Agencies 2024](#)

[Issuer Guide – Non-European Supranationals \(MDBs\) 2024](#)

[Beyond Bundeslaender: Belgium](#)

[Beyond Bundeslaender: Greater Paris \(IDF/VDP\)](#)

[Beyond Bundeslaender: Spanish regions](#)

### Fixed Income Specials:

[ESG-Update 2024](#)

[Decision Day: One swallow does not make an ECB summer!](#)

## Appendix

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Sales Sparkassen & Regionalbanken	+49 511 9818-9400
Institutional Sales MM/FX	+49 511 9818-9460
Fixed Income Relationship Management Europe	+352 452211-515

#### Origination & Syndicate

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

#### Treasury

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

#### Trading

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

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