Covered Bond & SSA View

NORD/LB Floor Research

19 June 2024 ♦ 20/2024

Marketing communication (see disclaimer on the last pages)

Agenda

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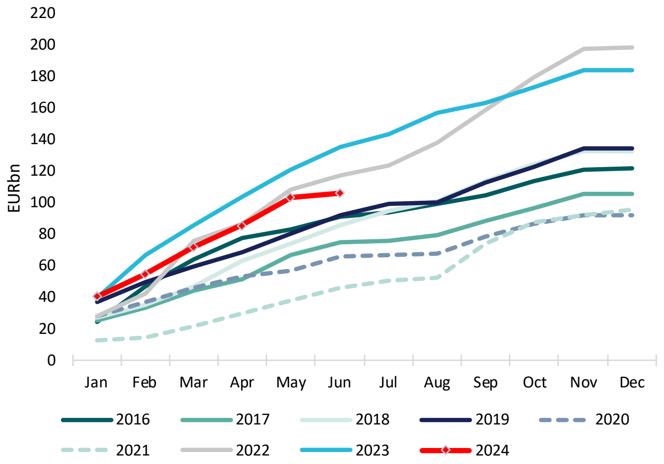
Market overview
Covered Bonds

Authors: Dr. Frederik Kunze // Alexander Grenner

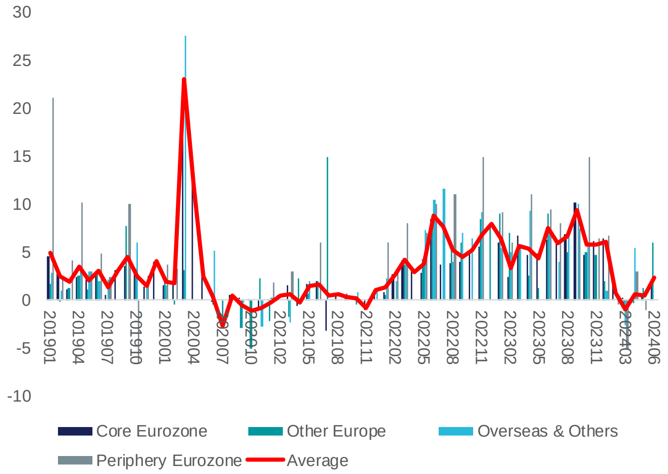
Primary market: Low tide!

There was no activity whatsoever on the EUR primary market for covered bonds in the trading week following the ECB meeting. As such, we shall take this as an opportunity to look again in greater detail at the recent deal from the Skipton Building Society. The new issue premium of six basis points is well above the level seen over recent trading weeks. From our perspective, this can certainly be seen as an indication that concessions will be required on the issuer side to reduce potential execution risks before the summer break. In our view, however, this phase of calm is not solely attributable to the ECB meeting. Rather, the wait-and-see attitude of market players in a period shaped by political uncertainties is also playing a part here. However, other deals have already been announced. For example, Bendigo and Adelaide Bank (AU) is planning to approach investors with the offer of a EUR-denominated benchmark (cf. Issuer View). The development of the UK market for EUR benchmark bonds seen in the wake of the Skipton Building Society deal is also a positive. In the year to date, a total of EUR 4.5bn has been placed by five issuers in this jurisdiction. The value is even significantly in excess of the levels recorded in the financial years of 2023 (EUR 3.5bn), 2022 (EUR 3.3bn) and 2021 (EUR 1.8bn). For the rest of the year, we expect additional activity from the UK in the range of EUR 2.0bn, meaning that the market is likely to contract in 2024 (negative net supply: EUR 2.0bn). In terms of the EUR benchmark segment overall, we estimate net growth in 2024 of approximately EUR +60bn. The projected issuance volume of EUR 171.5bn is certainly substantial in historical comparison, although it would still fall short of the record years 2022 and 2023. Looking at the new issue premiums, it seems safe to say that 2024 has definitely not been a record year. However, in this context, we would be inclined to argue that the low points are already behind us.

Trend in issuance activity (EUR BMK)



New issue premiums (EUR BMK)



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

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG

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

Secondary market: French covered bonds affected by spread widening

The current situation in France is now also having an increasing impact on French covered bonds, which are coming under greater pressure and, in some cases, are having to contend with marked spread widening, especially at the longer end. Other jurisdictions are not impacted to the same extent, although we expect that additional price adjustments will be needed for upcoming new issues. However, with many issuers having already covered their funding requirements for 2024, a lower primary market supply is likely to have a supporting effect on spreads. Generally speaking, in terms of the covered bond market as a whole – but also for France specifically – we do not currently see any signs of a reassessment of the fundamental situation. Rather, secondary market spreads are being driven by sentiment, which also helps to explain the "underperformance" in France.

Deutsche Hypo Real Estate Economic Index: Positive mood despite wait-and-see position

The mood among real estate experts continues to improve. As Deutsche Hypo reports in its latest update on the current situation on the real estate market, the index has risen for the third time in a row and now stands at 88.2 points, which represents a high for the year with an increase of +1.5%. In this regard, the development of the investment climate is particularly noteworthy, having risen by +3.5% to a current level of 77.6 points. With the exception of the retail climate, which fell slightly by -1.3% (73.9 points), this positive development can be noted across all asset classes. There have even been pretty sharp increases, for example of +4.3% in the logistics climate (114.2 points) and +3.6% in the hotel climate (103.2 points). The residential climate, which currently sits top of the pile, also grew by +2% to 137.5 points. However, according to comments from José Luis Caldéron Martínez, Head of Central Acquisition and the Berlin office, this positive mood does not reflect the actual situation on the markets. He is not expecting transactions to pick up in the short term due to the fact that the ECB's interest rate cut has already been factored into the markets, while investors and sellers are still too far apart in terms of their price expectations. Nevertheless, the head of the Berlin office also offers some positive news, such as the successful Real Estate Arena in Hanover, which has now become established as a network and innovation platform for the region and beyond.

Equitable Bank joins Covered Bond Label

In an announcement from 12 June 2024, the Covered Bond Label Foundation (CLBF) announced that Equitable Bank from Canada has joined the Covered Bond Label, thereby confirming that the issuer will comply with the uniform reporting standards of Article 14 of the European Covered Bond Directive and at the same time will also record the cover pool data as part of the Harmonised Transparency Template (HTT), which seeks to improve transparency. Equitable Bank becomes the 145th issuer and 182nd cover pool (from 25 jurisdictions at present) to have joined the label. According to Luca Bertolot, administrator of the Covered Bond Label Foundation, the commitment of market participants to greater transparency and quality has once again been demonstrated by another issuer opting to join the label. Chadwick Westlake, CFO of EQB Inc., which is the parent company of Equitable Bank, adds that this is an important step in diversifying the bank's covered bond programme, that will offer greater clarity to current and future investors alike, in addition to confirming the reputation of covered bonds as a high-quality asset class.

Co-operative Bank returns to the covered bond market after an absence of 13 years

In a recent communication, the Co-operative Bank from the UK announced its intention to return to the British covered bond market by issuing a floater (GBP 500m; 3.0y). This represents the bank's first primary market activity since 2011, when it issued a 10y RMBS bond that expired in 2021. According to information from the bank itself, the Co-operative Bank now plans to use its relaunched covered funding programme to refinance expiring central bank liquidity from the Bank of England. In this context, the bank still has to repay financing of GBP 4.0bn, despite having already serviced maturities in the amount of GBP 1.2bn in 2023. Last April, Coventry Building Society reached an agreement to acquire the Co-operative Bank for a purchase price of GBP 780m. The deal is expected to be finalised in the spring of 2025. However, given that the process is ongoing and quite a few details still need to be cleared up, no mention of the takeover was made in the investor presentation for this new bond deal.

Fitch: Impacts of climate change on the housing market

The rating agency Fitch recently discussed the impacts of climate change on the housing market. In their analysis, the risk experts state that the impacts can differ significantly from country to country and also largely reflect the extent to which political decision-makers specifically focus on the housing market as part of their decarbonisation strategy. At present, the rating agency has not identified any major risks within the covered bond market, although it does not rule out impacts in the context of climate change either – for example in relation to residential property prices. The EU's Energy Performance of Buildings (EPBD) directive also plays a key role in this context. For example, the authors of the study take the view that the introduction of energy certificates represents "a catalyst for taking account of climate protection aspects in residential property prices", while at the same time also acknowledging the importance of data availability and transparency in the context of evaluating the extent to which "a house is prepared for climate change". We recently covered ESG aspects in the context of our Covered Bond and SSA/Public Issuers coverage in detail as part of a NORD/LB Fixed Income Special.

ECB: Considerations as to how banks can deal with dwindling excess liquidity

In a recent edition of the ECB blog, a six-strong, cross-departmental team of authors offered some detailed considerations on how European banks might deal with dwindling excess liquidity. The bottom line is that there was an "effective redistribution" of the declining liquidity and that the "use of market funding" played a significant role. In this context, the ECB blog also explicitly refers to the market for covered bonds. These were also among the "less liquid" assets that could be transformed into the most liquid positions (cash held at the central bank). In fact, as a "market-based" form of funding, covered bonds also play a vital role in refinancing banks and redistributing liquidity. The latter aspect is also reflected in cross-border investments in covered bonds, which are primarily conducted by bank treasuries. For this team of ECB authors, one thing was clear: "As excess liquidity remains high and the redistribution among banks via repo and covered bond markets is working well, there was only a limited increase in the usage of central bank refinancing operations until now".

Market overview SSA/Public Issuers

Authors: Dr Norman Rudschuck, CIIA // Christian Ilchmann // Lukas-Finn Frese

MSCI unexpectedly decides not to include EU bonds in its sovereign bonds index

The European Union's (ticker: EU) presence on capital markets has changed significantly in the last few years. In the past, the EU has traditionally been regarded as an SSA issuer by the market. In view of the EU's limited issuance volume and fragmented issue curve, the market had little reason to treat EU bonds any other way than as comparable SSA bonds. In the last few years though, a growing number of market participants have been treating EU bonds more as part of the govie market, first and foremost among which the ECB in the context of its repo collateral rules. This has thrown up the question of whether these should not also be represented in the corresponding indices. A classification as government bonds would potentially have led to lower funding costs for the member states. On 12 June, almost two weeks after the deadline it had originally set itself, the index provider MSCI finally reached its long-awaited decision regarding an inclusion of EU bonds in its index: in view of persistently divided views about how EU bonds should be treated in the market, MSCI decided to continue to exclude EU bonds from govie indices. At the same time, the index provider announced that it would review the situation in a year's time, thus leaving the door open to inclusion at a later date. A large number of market participants had nonetheless anticipated a different decision, and this was reflected in reactions in the market. There was a widening of spreads all along the EU curve in the aftermath of the decision. In our view, though, we should not attribute too much importance to these reactions; after all, they are not the result of any fundamental change in the EU, but rather the expression of disappointed expectations. As such, one might instead expect the ongoing fragile budget situation together with political uncertainty in France to have a negative impact. In this context, the rating agency S&P had already downgraded a major European institution – the EFSF. We assume that the EU itself will be unfazed by the MSCI decision. Moreover, the decision is unlikely to hit what is generally always very high investor interest for new issues. In this context, the funding plan for H2/2024 is expected to be published in the next few days. We assume that the EU will propose to raise fresh funds of EUR ±55bn in the next six months via bonds and taps to previously issued bonds.

KOMINS: no changes to 2024 funding target

The Swedish municipal lender Kommuninvest i Sverige (ticker: KOMINS), has confirmed the funding target indicated for this year. According to the press release, the agency is still aiming to raise fresh funds amounting to SEK 140bn (or around EUR 12.7bn) on the capital market. Among the issuers from Scandinavia that we recently covered in detail in our Issuer Guide – Nordic Agencies 2024, Kommuninvest therefore remains the institution with the largest funding requirement in 2024.

BADWUR: key points for the double budget 2025/26

The cabinet of the state of Baden-Wuerttemberg (ticker: BADWUR) has agreed on the main cornerstones of the budget for 2025/26. The fiscal conditions under which the double budget was put in place are said to be characterised especially by only a small rise in tax revenues. In addition, a hole in the budget of EUR 7.3bn would have to be filled. Consequently, savings were necessary and all the ministries would have to make consolidation efforts. The deficit could largely be made up by surpluses from the years 2022/23 which are expected to amount to EUR 5.2bn. Consolidation measures by the ministries would therefore come to a combined figure of EUR 1bn. Over the further course of working out the budget, the various departments would announce what additional measures they planned to take to achieve budget consolidation. Speaking about this decision, the Finance minister, Dr Danyal Bayaz, said: "We have set a sound base for further budget negotiations. We are not planning an austerity budget. This should not be taken for granted in any way, and, for this, we mostly have the economic strength of our Land to thank along with its forward-looking financial policy. We will enable carefully targeted investments in the future of Baden-Wuerttemberg. However, this will also call for some sacrifices on our part. […] Without savings elsewhere, it will not be possible. Financial freedom literally comes at a price. Our total package is financially solid overall and does justice to the changed conditions. Necessary consolidation measures in the budget and investment opportunity balance each other out."

ICO: EUR 900m for the sustainable transformation of Spanish companies

The Spanish promotional bank, Instituto de Crédito Oficial (ticker: ICO), has announced that it will make available funding of EUR 900m for companies based in Spain in order to help them drive forward their green and digital transformation. The resources which ICO plans to invest via its venture capital subsidiary AXIS, will come from three initiatives which ICO will manage as part of the second phase of Spain's economic programme: ICO Verde (Green), ICO Empresas y Emprendedores (companies and entrepreneurs) and ICO Spain Audiovisual Hub. Thanks to the public-private partnership system in which the ICO Global Fund operates, authorised investments are likely to be able to mobilise EUR 2.4bn of funds for projects in Spain. A total of 37 applications for promotional funds have been submitted to the ICO Global Fund, which, according to the fund, is the highest number of applications for any tender. As part of the 16th tender, AXIS has now selected 12 funds, in which a record volume of EUR 900m is to be invested. The sum will be destined for companies at all stages of development and will be split as follows into the different categories: EUR 600m will be invested in the selected expansion capital funds; EUR 200m will go into venture capital funds and EUR 100m is to go towards incubation/technology transfer funds. The aim of the investments is, among other aspects, to promote the generation of renewable energies, sustainable mobility, competitiveness and digitalisation. As an ESG issuer in the SSA primary market, the Spanish agency was last active with a five-year EUR 500m social bond; the bond was placed at a spread of SPGB +9bp (the equivalent of around ms +21bp) (cf. weekly publication of 12 June).

NRW.Bank.ifo Business Climate: slight downturn in NRW economy in May

The NRW.BANK.ifo Business Climate Index showed an uneven performance from one sector to another in May. Sentiment in retail and industry improved further, while a deterioration was recorded for the services sector. Overall, the economic indicator fell by -0.8 points to net -4.4 points last month. Prior to that, the index for economic development in North Rhine-Westphalia had risen sharply two months in a row. The latest dip mostly reflects company expectations for the next few months which deteriorated by -1.1 points to net -8.0 points. The firms surveyed were also slightly less upbeat about their current business situation and the corresponding reading fell by -0.5 points to -0.8 points. NRW.BANK's CEO Eckhard Forst commented as follows: "In spite of a slight dampener in May, as things stand at present, we can still expect a recovery for North Rhine-Westphalia's economy in 2024." This view was backed by positive signals from a number of sectors. However, the slowdown indicated that companies were definitely finding it difficult to achieve any noticeable upturn. **Industry:** Sentiment rose for the third time in a row. Manufacturers were not only more satisfied with the current business situation in May, but also with the outlook for the next six months. A majority of industrial companies expect to see an increase in their exports in the next three months, for the first time in over a year. **Trade:** There was a marked improvement in sentiment in the trade sector. Both the current business situation and outlook were rated better even than in the previous month. However, there are still doubts about the outlook. The positive development was driven by the wholesale sector. Sentiment in the retail sector has deteriorated slightly in view of unsatisfactory sales. **Construction:** Sentiment in the construction sector hardly changed in May. Companies are less satisfied with current business, although expectations for the next half-year have improved slightly. **Services:** The index suffered a marked setback in the services sector last month. This mostly reflected a decline in business outlook. In addition, the current situation was rated as slightly worse. There was an especially significant deterioration in sentiment in the hospitality segment and in transport and logistics. In contrast, sentiment improved in the land and housing sectors on the back of solid sales.

Islamic Development Bank (IsDB) celebrates golden jubilee

The Islamic Development Bank (ticker: ISDB) has celebrated its 50th anniversary with an event in Riyadh under the motto "Cherishing our Past, Charting our Future". Founded in the early 1970s, IsDB now brings together 57 member countries from Asia, Africa, Europe and South America. The bank's mission is to promote humanitarian development, focusing on fighting poverty, health and education. To this end, the bank provides project financing, loans, technical help, capital investments and credit lines. Over 12,000 projects have been funded with these aims in mind since the bank was founded, of which two were actually in Germany. All transactions must conform to sharia requirements. For this reason, bonds are issued in the "Sukuk" format. The IsDB has been active in the capital market regularly since 2009. Most of the Sukuk bonds are USD-denominated (total outstanding: around USD 18.1bn), but there is also a not insignificant EUR-volume at around EUR 2.8bn. The first EUR benchmark bond was issued in November 2018 and the first green Sukuk bond in December 2019. Further details can be found in our Issuer Guide – Non-European Supranationals (MDBs) 2024.

Primary market

In the past week, the downgrade of France and selected French agencies, the forthcoming snap parliamentary election in France and the MSCI decision on the EU were (still) the key concerns in a very volatile primary market in the SSA segment. This week, we can now report three new issues in the EUR benchmark segment, one sub-benchmark and one tap. As usual, we shall report in chronological order, starting with Investitionsbank des Landes Brandenburg (ticker: ILBB), whose mandate we already commented on in the last issue of our weekly publication. ILBB launched its first EUR benchmark of 2024 in the amount of EUR 500m (WNG, 8y). The bank opted to go direct to the trading floor without guidance; final pricing was at ms +19bp with an order book of EUR 350m. Next came the state of Hesse (ticker: HESSEN) aiming to raise fresh funds of EUR 500m in the form of a floater with a maturity of four years. The deal was completed in line with guidance at 6mE -1bp; only the "area" was dropped in the process. There were no details regarding the order book. On Monday, another state appeared on our screens, namely Schleswig-Holstein (ticker: SCHHOL), aiming for a five-year EUR benchmark bond with a guidance of ms +8bp area. During the course of the marketing phase, the bond attracted orders of over EUR 840m. The size of the bond was therefore set at EUR 750m and we noted a final spread of ms +8bp. We shall now turn our attention to French issuers: the regional authority Ville de Paris (ticker: VDP) has mandated for a 24-year EUR benchmark bond in sustainable format (cf. VDP Sustainability Bond Framework 2024). Guidance stood at 25 basis points over the French curve (equating to around ms +119bp), with FRTR 2% 05/25/48 serving as benchmark. Although the issue attracted orders of EUR 800m, in view of difficult market conditions, the issuer ultimately opted for a EUR 400m sub-benchmark deal; final pricing was in line with the guidance. France's Société de financement local (ticker: SFIL) also mandated for a five-year green EUR benchmark(cf. SFIL Green, Social & Sustainability Bond Framework). After initial investor meetings, SFIL's management in fact decided to postpone the forthcoming new issue to the near future in view of the challenging market conditions. Yesterday, coinciding with the publication of our Issuer Guide – Nordic Agencies 2024, the Danish municipal bank KommuneKredit (ticker: KOMMUN) tapped its 2029 green bond by EUR 500m (WNG) in line with the guidance at ms +8bp. Here, the order book was slightly oversubscribed at EUR 585m. There was also a short update on the blockchain-based digital bond (min. EUR 100m, 1.5y) from KfW (ticker: KFW): Pricing for this bond is not expected until 02 July 2024 at the earliest – we will keep our readers informed! We can also report a new mandate: Baden-Wuerttemberg (ticker: BADWUR) is planning to issue a fresh seven-year (WNG) bond, via which it is going to raise EUR 1bn. In addition, we would like to draw our readers' attention to the EU's final bond auction in H1/2024, which takes place this coming Monday. Closer to the time, we also expect the funding plan for H2/2024. We are working on the assumption that the EU will look to raise fresh funds of EUR ±55bn in the next six months.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
SCHHOL	DE	17.06.	DE000SHFM949	5.0y	0.75bn	ms +8bp	AAA / - / -	-
HESSEN	DE	13.06.	DE000A1RQEV4	4.0y	0.50bn	6mE -1bp	- / - / AA+	-
ILBB	DE	12.06.	DE000A383C01	8.0y	0.50bn	ms +19bp	AAA / - / -	-

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

Covered Bonds
New EUR benchmark issuer from Slovakia

Author: Alexander Grenner

Ceskoslovenska obchodna banka announces inaugural EUR benchmark

As reported in the previous edition of our weekly publication, we shall soon be welcoming a newcomer to the EUR benchmark segment for covered bonds. Following a series of discussions with investors, Slovakia's Ceskoslovenska obchodna banka (CSOB) has announced that it will issue a first EUR benchmark covered bond worth EUR 500m (5.0y; WNG) on the market. The issue will be structured as a soft bullet with the option to extend the maturity by up to two years. The extension period, which is based on the Slovak Covered Bond Act, constitutes a special feature on the European market. The covered bond programme (volume: EUR 5bn) was established on 20 November 2023 and has been awarded Moody's top rating of Aaa. In the following sections, we would like to present the new issuer in detail before its planned debut transaction and, at the same time, examine key aspects of the covered bond transaction.

Spotlight on the issuer: Ceskoslovenska obchodna banka ranks fourth in Slovakia

CSOB is the fourth-largest bank in Slovakia and was established in 2008 when it became independent from CSOB Prague. It is part of the KBC Group, which emerged in 1998 from the merger of the Belgian banks Kredietbank and CERA Bank plus the insurance company ABB insurance. It is an integrated banking and insurance group, which concentrates primarily on private banking activities for retail customers and SMEs. The Group's principal markets are located in Belgium, Czechia, Slovakia, Hungary and Bulgaria. CSOB itself serves more than 800,000 clients in 99 branches and has received a long-term issuer rating of A3 with a stable outlook from Moody's. In 2023, it increased its net interest income by 8% to EUR 249m and has a 13% share of the loan market (+0.5% growth compared with 2022). Its liquidity coverage ratio (LCR; 158%) and net stable funding ratio (NSFR; 118%, data as at FY/2023 in each case), respectively indicate that the bank's liquidity is stable. The proportion of non-performing loans (NPLs) is 1.42%. Of the entire outstanding loan portfolio, over 83% of the assets are attributable to stage 1 (according to the ISFR 9 "expected credit loss model"), with just 1.42% attributable to stage 3.

Issuer (SK)	Cover Pool[1] (EURm)	Outst. Volume (EURm)	OC (%)	LCR level / Risk weight[2]	LTV (indexed; %)	Moody's Collateral Score	Number of loans	Long-Term Issuer rating (Fitch / Moody's / S&P)	Covered Bond rating (Fitch / Moody's / S&P)
Vseobecna Uverova Banka	5,541	4,570	20.8	1 / 10%	50.8	4.0%	81,828	- / A2 / -	- / Aa1 / -
Prima Banka Slovensko	3,915	3,000	30.5	1 / 10%	52.3	4.6%	76,912	- / - / -	- / Aaa / -
Tatra Banka	2,275	1,885	20.7	1 / 10%	52.5	4.0%	23,430	- / Baa1 / -	-/ Aaa / -
Slovenska Sporitelna	5,771	4,151	39.0	1 / 10%	42.1	4.0%	120,157	- / A2 / -	- / Aaa / -
Ceskoslovenska obchodna banka	*785*[3]	*650*	*20.8*	*1 / 10%*	*52.0*	*4.0%*	*13,558*	*- / A3 / -*	*- / Aaa /-*

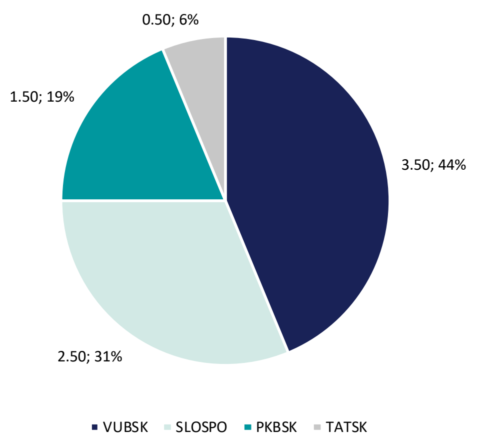
Source: Institutes, rating agencies, NORD/LB Floor Research

[1] Cover pool data as at 31.03.2024; [2] Regulatory treatment of EUR benchmarks; [3] According to issuer's investor presentation: EUR 1,398m

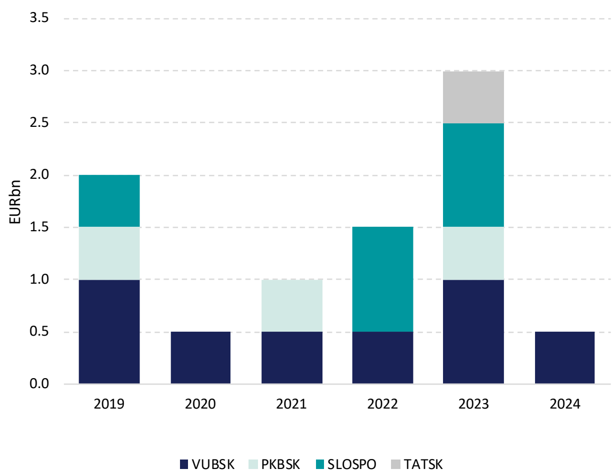
Slovakian EUR benchmark issuers – an overview

The total volume of outstanding covered bonds on the Slovakian market for EUR benchmarks amounts to EUR 8.0bn, spread across four issuers. With seven bonds (EUR 3.5bn), the majority is attributable to Vseobecna Uverova Banka (VUSBK), followed by Slovenska Sporitelna (SLOSPO) with five bonds (EUR 2.5bn). Three bonds worth EUR 1.5bn in total have been issued by Prima Banka Slovensko (PKBSK), while Tatra Banka (TATSK) has only ventured onto the market once to date (EUR 500m). So far this year, only VUSBK has approached investors and succeeded in placing EUR 500m at ms +70bp (current ASW spread: ms +60bp). Including the upcoming EUR benchmark debut from CSOB, we expect total new issuance volume from Slovakia of EUR 1.0bn.

EUR benchmarks – Slovakia (EURbn)



EUR benchmark issues – Slovakia (EURbn)



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

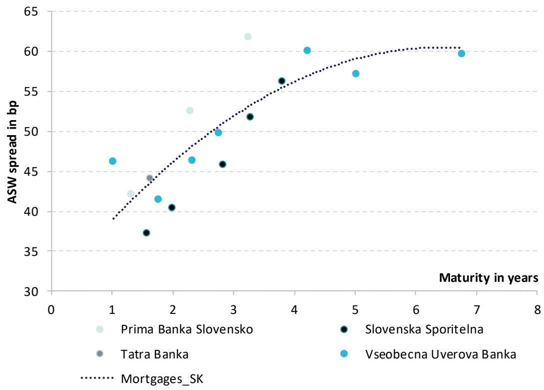
Covered bond programme of Ceskoslovenska obchodna banka

As mentioned initially, Moody's has awarded the CSOB cover pool its top rating of Aaa. As at the reporting date of 31 March 2024, the primary cover assets were estimated to amount to EUR 785m. In total, the pool consists of 13,558 residential mortgage loans, which are all located in Slovakia. The current overcollateralisation ratio amounts to 20.8%, as against the legal minimum of 5% required in Slovakia. The predominant share of loans is located in the Bratislava region (32.2%), followed by Trnava (11.7%), Kosice (11.1%) and Zilina (10.6%). In total, 52.3% of the loans were used for rescheduling and 28.6% for the acquisition of property, the remainder for construction, renovation and "other purposes". The average remaining term of receivables in the cover pool is 20.5 years and they have an average weighted age of 4.1 years. The indexed LTV stands at around 52% and the cover pool does not contain any non-performing loans. According to the CRR, a risk weighting of 10% is applicable to the issuer's covered bonds based on the rating. Our understanding is that future benchmark issues by CSOB will qualify as level 1 assets for the purposes of LCR management. The issuer's covered bonds also qualify as collateral in the context of transactions with the ECB and the issues can be marketed with the European Covered Bond (Premium) label.

Programme data

31 March 2024	**Mortgage**
Covered bonds outstanding*	EUR 650m
Cover pool volume**	EUR 785m
Current OC (nominal / legal)	20.8% / 5%
Type	100% Residential
Main country	100% Slovakia
Main region	32.2% Bratislava
Number of loans / exposures**	13,558
Fixed interest (Cover Pool / CBs)	100% / 100%
NPL	0.0%
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -

Spread Overview – Slovakia (EUR BMK)



*Covered bonds already issued, albeit neither in BMK nor SBMK format.

** In its current investor presentation, the issuer stated that the amount of "residential mortgage loans" will be increased to EUR 1,398m in the context of the upcoming issue. The number of loans is accordingly quoted at 23,491.

Source: Issuer, rating agencies, Bloomberg, NORD/LB Floor Research

Conclusion and outlook

In addition to VUSB, which has already succeeded in raising funding through a covered bond issue in the amount of EUR 500m this year, the first EUR benchmark from Ceskoslovenska obchodna banka will be the second new issue on the Slovakian covered bond market this year. The bank has already issued covered bonds in EUR, albeit neither in benchmark nor sub-benchmark format. From our perspective, the fact that the country's banks are making active use of covered bonds as a funding vehicle must be viewed positively. In the current year, we expect a net new supply of EUR 1.0bn set against maturities of EUR 500m, meaning that there is likely to be further activity on the primary market following the issue by CSOB. In our opinion, the Slovakian market as a whole is definitely poised for growth.

SSA/Public Issuers
ECB repo collateral rules and their implications for Supranationals & Agencies

Authors: Dr Norman Rudschuck, CIIA // Christian Ilchmann // Lukas-Finn Frese

General framework and Temporary framework define collateral rules

Within the scope of its statutes, access to ECB liquidity is only possible on a collateralised basis. The ECB defines the assets that are eligible as collateral in its General framework and Temporary framework. There are some significant differences in the criteria for acceptance as collateral, especially for quasi-government issuers. For this reason, we devote the following section to a more detailed look at the ECB repo rules.

Eligibility criteria	Marketable assets	Non-marketable assets	
Type of asset	ECB debt certificates, other marketable debt instruments	Credit claims and Schuldscheindarlehen (SSDs)	Retail mortgage-debt instruments (RMBDs)
Credit standards	The asset must meet high credit quality standards. These are assessed using ECAF (Eurosystem credit assessment framework) rules for marketable assets.	The debtor/guarantor must satisfy high credit quality requirements. Creditworthiness is assessed on the basis of the ECAF rules for credit claims.	The asset shall comply with the high credit quality requirements, which are assessed based on ECAF rules for RMBDs.
Place of issue	Debt instruments must be issued with a central bank or an approved securities settlement system in the European Economic Area (EEA)	-	-
Settlement/ handling procedures	Debt instruments shall be transferable in book entry form and shall be held and settled in Member States whose currency is the euro through an account with a national central bank (NCB) or with an eligible SSS, so that the provision and realisation of collateral is subject to the law of a Member State whose currency is the euro	Credit claims must be settled in accordance with the processes of the Eurosystem, which are stipulated in the relevant national documentation of the NCBs	The procedures for commissioning, using and settling the RMDBs are based on Eurosystem procedures as defined in the national documentation of the home NCB
Type of issuer/ debtor/guarantor	NCBs, public sector entities, private sector, multilateral development banks or international organisations	Public sector entities, non-financial enterprises, multilateral development banks or international organisations	Credit institutions that are counterparties and based in a Member State whose currency is the euro
Place of establishment of the issuer/debtor/ guarantor	Issuer: EEA or non-EEA G-10 countries; Debtor: EEA; Guarantor: EEA	Eurozone	Eurozone
Acceptable markets	Regulated markets as defined in the Directive 2014/65/EU, non-regulated markets approved by the ECB	-	-
Currency	Euro	Euro	Euro

Source: ECB, NORD/LB Floor Research

Overview of collateral regulations (in accordance with General framework) (continued)

Minimum amount	-	Minimum amount at the time of submitting the credit claim: - domestic use: EUR 0 or any higher amount set by NCB; - cross-border use: minimum amount of EUR 0.5m	-
Legal basis	For asset-backed securities (ABS), the acquisition of the cash-flow generating assets by the SPV shall be governed by the law of a Member State. The law governing the cash-flow generating assets shall be the law of an EEA country.	Governing law for credit claim agreement and mobilisation: law of a Member State whose currency is the euro. There shall be no more than two governing laws in total that apply to: a) the counterparty, b) the creditor, c) the debtor, d) the guarantor (if relevant), e) the credit claim agreement, f) and the mobilisation agreement	-
Cross-border use	Yes	Yes	Yes

Source: ECB, NORD/LB Floor Research

Precise differentiation of possible collateral through respective definitions

In accordance with Part 4, Title II, Chapter 1, Articles 62 and 63 of the General Framework, the ECB accepts bonds with fixed, unconditional nominal volume as collateral (in contrast to convertible bonds, for example) as well as bonds for which the capital amount is generally linked to an inflation index in the eurozone at a certain date and do not have any other complex features. Collateral that includes warrants or similar rights is expressly not eligible. In addition to fixed coupons, zero coupon bonds or those with floating coupons based on a reference interest rate such as the EURSTR or Euribor, or bonds that depend on sustainability performance targets verified by independent third parties, are also eligible. Bonds where the coupon payment is based on the return of a sovereign bond or an index of several sovereign bonds in the eurozone with a maturity of not more than one year or the interest payments are linked to inflation (eurozone) are possible for collateral purposes. As far as ABS are concerned, special rules apply with regard to the first condition (fixed, unconditional nominal amount). The ECB generally distinguishes between two groups of collateral: marketable and non-marketable assets, which differ in particular with regard to their eligibility criteria.

Temporary Framework extends collateral rules

Apart from assets that meet these acceptance criteria, the Temporary Framework extends the criteria to some extent. Under certain conditions and subject to valuation adjustments pursuant to Guideline 2014/528, certain bonds that are denominated in GBP, JPY or USD may be accepted for collateral purposes, while the credit threshold limits may be waived for debt securities that were issued or are guaranteed by IMF/EU programme states, provided that the relevant Member States meet the requirements associated with the financial support and/or the macroeconomic programme in the opinion of the ECB's Governing Council.

Valuation discount (haircut) for collateral is derived from allocation to a haircut category
ECB-compliant collateral (marketable) is divided into five haircut categories, which differ with regard to issuer classification and type of collateral. The haircut category is the key factor in determining haircuts to which certain debt securities are subject. The haircuts also differ on the basis of residual term to maturity and coupon structure. Haircuts for bonds with variable coupons correspond to those of fixed-interest bonds (of the respective category). The haircut categories shown in the table are defined in Guideline (EU) 2016/65.

Haircut categories – an overview

Category I	Category II	Category III	Category IV	Category V
Debt instruments issued by central governments	Debt instruments issued by local and regional governments	Debt instruments issued by non-financial corporations, corporations in the government sector and agencies which are non-credit institutions that do not meet the quantitative criteria set out in Annex XIIa to Directive (EU) 2015/510 (ECB/2014/60)	Unsecured debt instruments issued by credit institutions and agencies which are credit institutions that do not meet the quantitative criteria set out in Annex XIIa to Directive (EU) 2015/510 (ECB/2014/60)	Asset-backed securities
Debt instruments issued by the European Union	Debt instruments issued by entities (credit institutions or non-credit institutions) classified by the Eurosystem as agencies and which meet the quantitative criteria set out in Annex XIIa to Directive (EU) 2015/510 (ECB/2014/60)		Unsecured debt instruments issued by financial corporations other than credit institutions	
ECB debt certificates	Debt instruments issued by multilateral development banks and international organisations other than the European Union			
Debt certificates issued by national central banks (NCBs) prior to the date of adoption of the euro in their respective Member State	Legislative covered bonds			
	Multi cédulas			

Source: ECB, NORD/LB Floor Research

Haircuts not applicable to ECB debt certificates
Directive (EU) 2016/65 was amended by Directive (EU) 2024/1164 with effect from 6 May 2024. Following its entry into force, debt certificates issued by the ECB and national central banks of Member States whose currency is the euro before the introduction of the euro will no longer be classified into one of the haircut categories. As such, haircuts will no longer be applied to such debt certificates in future.

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Haircuts by haircut category and rating – an overview

Credit quality	Residual maturity (years)(*)	Haircut category: Category I		Category II		Category III		Category IV		Category V
		Fixed/floating coupon	Zero coupon	Fixed/floating coupon	Zero coupon	Fixed/floating coupon	Zero coupon	Fixed/floating coupon	Zero coupon	
AAA to A-	0-1	0.5%	0.5%	1.0%	1.0%	1.0%	1.0%	7.5%	7.5%	4.0%
	1-3	1.0%	2.0%	1.5%	2.5%	2.0%	3.0%	10.0%	11.5%	5.0%
	3-5	1.5%	2.5%	2.5%	3.5%	3.0%	4.5%	12.0%	13.0%	7.0%
	5-7	2.0%	3.0%	3.5%	4.5%	4.5%	6.0%	14.0%	15.0%	9.0%
	7-10	3.0%	4.0%	4.5%	6.5%	6.0%	8.0%	16.0%	17.5%	12.0%
	10-15	4.0%	5.0%	6.5%	8.5%	7.5%	10.0%	18.0%	22.5%	18.0%
	15-30	5.0%	6.0%	8.0%	11.5%	9.0%	13.0%	21.0%	25.0%	20.0%
	>30	6.0%	9.0%	10.0%	13.0%	11.0%	16.0%	24.0%	31.5%	22.0%
BBB+ to BBB-	0-1	5.0%	5.0%	5.5%	5.5%	6.5%	6.5%	11.5%	11.5%	Not permissible
	1-3	6.0%	7.0%	7.5%	10.5%	9.5%	12.0%	18.5%	20.0%	
	3-5	8.5%	10.0%	11.0%	16.0%	13.0%	18.0%	23.0%	27.0%	
	5-7	10.0%	11.5%	12.5%	17.0%	15.0%	21.5%	25.5%	29.5%	
	7-10	11.5%	13.0%	14.0%	21.0%	17.0%	23.5%	26.5%	31.5%	
	10-15	12.5%	14.0%	17.0%	25.5%	19.5%	28.0%	28.5%	35.0%	
	15-30	13.5%	15.0%	20.0%	28.5%	22.0%	31.0%	31.5%	39.0%	
	>30	14.0%	17.0%	22.0%	32.5%	25.0%	35.5%	34.5%	43.0%	

(*), i.e. [0-1) residual maturity less than 1 year, [1-3] residual maturity equal to or greater than 1 year and less than 3 years, etc.
Source: ECB, NORD/LB Floor Research

Far more agencies classified as eligible collateral

The revised Directive ECB/2019/11, which includes some European agencies in the list of assets eligible as collateral for the first time, has been in effect since 5 August 2019. Since then, all agencies recognised by the ECB, which – in addition to eligibility for purchase under the PSPP and PEPP – may also qualify for category II if they meet the two following quantitative criteria, have been listed on the ECB's website: outstanding volume of marketable assets EUR ≥10bn and nominal value of EUR benchmarks average ≥50% of the outstanding volume. These criteria are revaluated every year over an observation period of one year (1 August through to 31 July).

Consequences of different classifications

Having last dealt with the allocations of supranationals and agencies to the specific haircut categories just over six months ago in November 2023, we look briefly at the changes that have taken place since then below. To this end, we consider in detail the "List of eligible preferred issuers", which is published by the ECB. The only change here concerns Investitionsbank Berlin (ticker: IBB), which switches from haircut category IV to II, since the ECB had previously not given it a "yes". This results in a lower valuation discount for longer maturities (e.g. AAA – A- rating, six years maturity: category II: 3.5%; category IV: 14.0%). According to IBB, this new classification is recognition of its increased presence on the capital market and the development of a liquid benchmark curve (cf. weekly publication dated 24 April). There were no other beneficiaries, but equally no agencies were removed either or no longer given a "yes".

List of eligible preferred issuers

Name of agency recognised by the ECB	Compliance with quantitative criteria
Action Logement Services (ALS)	
ADIF-Alta Velocidad	
Agence centrale des organismes de sécurité sociale (ACOSS)	
Agence de Promotion Immobilière du Brabant wallon (APIBW)	
Agence Française de Développement (AFD)	yes
Agence France Locale (AFL)	
Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. (Invitalia)	
Alliade Habitat	
Assistance Publique-Hôpitaux de Paris (AP-HP)	
Autobahnen- und Schnellstraßen-Finanzierungs-Aktiengesellschaft (ASFINAG)	
Batigère	
BNG Bank N.V.	yes
Bayerischen Landesbodenkreditanstalt (BayernLabo)	
Bpifrance Financement	yes
Bremer Aufbau-Bank	
Caisse d'Amortissement de la dette sociale (CADES)	yes
Caisse des dépôts et consignations (CDC)	
Cassa del Trentino S.p.A.	
Cassa Depositi e prestiti S.p.A. (CDP)	yes
Caisse Nationale des Autoroutes (CNA)	
CDC Habitat	
Clairsienne	
Clesence	
Družba za avtoceste v Republiki Sloveniji, d.d. (DARS)	
Finlombarda S.p.A.	
Finnvera PLC	
Fondo de Amortización del Déficit Eléctrico, Fondo de Titulización de Activos (FADE)	
Fonds Du Logement Des Familles Nombreuses De Wallonie Scrl (FLW)	
Fonds régional bruxellois de refinancement des trésoreries communales (FRTC)	
Grand Delta Habitat	
Groupement des Centres Hospitaliers Universitaires (CHU) / Centres Hospitaliers Régionaux (CHR)	
Halpades Societe Anonyme HLM	
Hamburgische Investitions- und Förderbank (IFB Hamburg)	
Housing Finance Agency plc (HFA)	
Île-de-France Mobilités (previously STIF)	
Infrabel SA	
Infraestruturas de Portugal S.A. (IP)	
IN'LI	
Instituto Catalán De Finanzas (ICF)	
Instituto de Crédito Oficial (ICO)	
Instituto de Finanzas de Cantabria (ICAF)	
Investitions und Strukturbank Rheinland-Pfalz	
Investitionsbank Berlin (IBB)	yes
Investitionsbank des Landes Brandenburg	

Source: ECB, NORD/LB Floor Research

List of eligible preferred issuers (continued)

Name of agency recognised by the ECB	Compliance with quantitative criteria
Investitionsbank Schleswig-Holstein (IB.SH)	
Investitionsbank Sachsen-Anhalt	
Attistibas finanšu institucija Altum	
Kreditanstalt für Wiederaufbau (KfW)	yes
Kuntarahoitus Oyj/ Municipality Finance PLC (MuniFin)	yes
Landesförderinstitut Mecklenburg-Vorpommern	
Landeskreditbank Baden-Württemberg - Förderbank (L-Bank)	yes
Landwirtschaftliche Rentenbank	yes
LfA Förderbank Bayern	yes
Maisons et cites Soginorpa	
Malta Development Bank	
NBank	
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)	
Nederlandse Waterschapsbank N.V. (NWB Bank)	yes
Néolia	
NRW.BANK	yes
ÖBB-Infrastruktur A.G.	
Oesterreichische Kontrollbank A.G. (OeKB)	yes
PARPÚBLICA - Participações Públicas S.A. (SGPS)	
Saarländische Investitions-kreditbank AG	
Sächsische Aufbaubank – Förderbank (SAB)	
SFIL S.A.	yes
SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana (SID banka)	
Slovenská záručná a rozvojová banka, a.s. (SZRB)	
Slovenski državni holding, d.d. (SDH)	
SNCF Réseau	yes
Société du Grand Paris (SGP)	yes
Société wallonne du crédit social SA (SWCS)	
Société Wallonne du Logement SA (SWL)	
Thüringer Aufbaubank	
Työllisyysrahasto (previously Työttömyysvakuutusrahasto (TVR))	
UAB Valstybės investicinis kapitalas (VIK)	
Unédic	yes
Valloire Habitat	
Vilogia	
Wirtschafts- und Infrastrukturbank Hessen (WIBank)	
Wohnbau Burgenland GmbH	

Source: ECB, NORD/LB Floor Research

Issuers classified as supranationals by the ECB

Institution (Bloomberg ticker)	Region
Council of Europe Development Bank (COE)	Europe
European Atomic Energy Community (EURAT)	Europe
European Bank for Reconstruction and Development (EBRD)	Europe
European Financial Stability Facility (EFSF)	Europe
European Investment Bank (EIB)	Europe
European Investment Fund	Europe
European Stability Mechanism (ESM)	Europe
European Union (EU)	Europe
Nordic Investment Bank (NIB)	Europe
African Development Bank (AFDB)	Non-Europe
Asian Development Bank (ASIA)	Non-Europe
Asian Infrastructure Investment Bank (AIIB)	Non-Europe
Bank for International Settlements (BIS)	Non-Europe
Caribbean Development Bank (CARDEV)	Non-Europe
Inter-American Development Bank (IADB)	Non-Europe
International Bank for Reconstruction and Development (IBRD)	Non-Europe
International Development Association (IDAWBG)	Non-Europe
International Finance Corporation (IFC)	Non-Europe
International Finance Facility for Immunisation (IFFIM)	Non-Europe
International Monetary Fund	Non-Europe
Islamic Development Bank (ISDB)	Non-Europe
Multilateral Investment Guarantee Agency	Non-Europe

Source: ECB, NORD/LB Floor Research

Haircut category classification of agencies and supranationals

Bloomberg ticker	Country/type	Haircut category	Rating (Fitch/Moody's/S&P)
EFSF	Supranational	II	AA-/Aaa/AA-
ESM	Supranational	II	AAA/Aaa/AAA
EU	Supranational	II	AAA/Aaa/AA+
EIB	Supranational	II	AAA/Aaa/AAA
EBRD	Supranational	II	AAA/Aaa/AAA
NIB	Supranational	II	-/Aaa/AAA
COE	Supranational	II	AAA/Aaa/AAA
EUROF	Supranational	-	AA/Aa2/AA
IBRD	Supranational	II	AAAu/Aaa/AAA
IADB	Supranational	II	AAAu/Aaa/AAA
ASIA	Supranational	II	AAA/Aaa/AAA
IFC	Supranational	II	-/Aaa/AAA
AFDB	Supranational	II	AAA/Aaa/AAA
CAF	Supranational	-	AA-/Aa3/AA
ISDB	Supranational	II	AAA/Aaa/AAA
KFW	Germany	II	AAAu/Aaa/AAA
RENTEN	Germany	II	AAA/Aaa/AAA
FMSWER	Germany	III	-/Aaa/AAA
ERSTAA	Germany	III	AAA/Aa1/AA
NRWBK	Germany	II	AAA/Aa1/AA
LBANK	Germany	II	AAAu/Aaa/AA+
WIBANK	Germany	IV	-/-/AA+
BAYLAN	Germany	II	-/Aaa/-
IBBSH	Germany	IV	AAA/-/-
BYLABO	Germany	IV	-/Aaa/-
IBB	Germany	IV	AAA/-/-
ILBB	Germany	IV	AAA/-/-
SABFOE	Germany	IV	-/-/AAA
ISBRLP	Germany	IV	AAA/-/-
IFBHH	Germany	IV	AAA/-/-
CADES	France	II	AA-u/Aa2/AA-
AGFRNC	France	II	AA-/-/AA-
UNEDIC	France	II	AA-/Aa2/-
CDCEPS	France	IV	AA-/Aa2/AA-
BPIFRA (formerly OSEOFI)	France	II	AA-/Aa2/-
SAGESS	France	III	-/-/AA-
AFLBNK	France	IV	-/Aa3/AA-
SFILFR	France	II	-/Aa2/AA-
SOGRPR	France	II	AA-/Aa2/-
CCCI	France	IV	AA-u/Aa2/AA-u (guaranteed) A/Baa2/- (not guaranteed)

Source: ECB, Bloomberg, NORD/LB Floor Research

Haircut category classification of agencies and supranationals (continued)

Bloomberg ticker	Country/type	Haircut category	Rating (Fitch/Moody's/S&P)
BNG	The Netherlands	II	AAA/Aaa/AAA
NEDWBK	The Netherlands	II	-/Aaa/AAA
NEDFIN	The Netherlands	IV	AAA/-/AAA
OKB	Austria	II	-/Aa1/AA+
OBND	Austria	III	-/Aa1/AA+
ASFING	Austria	III	-/Aa1/AA+
KBN	Norway	IV	-/Aaa/AAA
SEK	Sweden	IV	-/Aa1/AA+
KOMINS	Sweden	IV	-/Aaa/AAA
KUNTA	Finland	II	-/Aa1/AA+
KOMMUN	Denmark	IV	-/Aaa/AAA
FINNVE	Finland	IV	AA+/Aa1/-
ICO	Spain	IV	A-/Baa1/A
FADE*	Spain	III	-/-/-
ADIFAL	Spain	III	A-/Baa2/-
CORES	Spain	III	A-/-/A
CDEP	Italy	II	BBB/Baa3/BBB
REFER	Portugal	III	-/A3/-
BGOSK	Poland	IV	A-/(P)A2/-
DEXGRP	Belgium/France	IV	AA-/Aa2/AA- (guaranteed) BBB+/Baa3/BBB- (not guaranteed)
MAEXIM	Hungary	IV	BBB/-/BBB-
JFM	Japan	IV	-/A1/A+
KDB	South Korea	-	AA-/Aa2/AA
EIBKOR	South Korea	-	AA-/Aa2/AA
DBJJP	Japan	IV	-/A1/A+ (guaranteed) -/A1/A (not guaranteed)
INDKOR	South Korea	-	AA-/Aa2/AA-
EDC	Canada	IV	-/Aaa/AAA
SDBC	China	-	-/A1/A+

* No issuer ratings available, although bonds are rated as in the case of Spain.
Source: ECB, Bloomberg, NORD/LB Floor Research

Conclusion and comment

We regard the allocation of quasi-government issuers to the ECB's liquidity categories as a minor factor influencing the attractiveness and therefore the risk premiums of the individual institutions. Especially in the case of agencies, we see the liquidity category as an aspect that can contribute to a differentiated relative classification. In particular, we consider the differences between institutions in category II or IV to be relevant when assessing the relative attractiveness of the issuers. From our perspective, this is similar to supranational issuers, where some bonds issued by Supras are not eligible as collateral for ECB repo transactions. Moreover, the classification of bonds placed by public sector issuers has changed with regard to haircut categories. Preferential treatment of, or discrimination against, individual issuers' bonds is decided by quantitative criteria, which are reviewed on an annual basis. Generally speaking, the choice of criteria means that larger agencies are preferred, because the focus is on the liquidity of the issuer's bonds.

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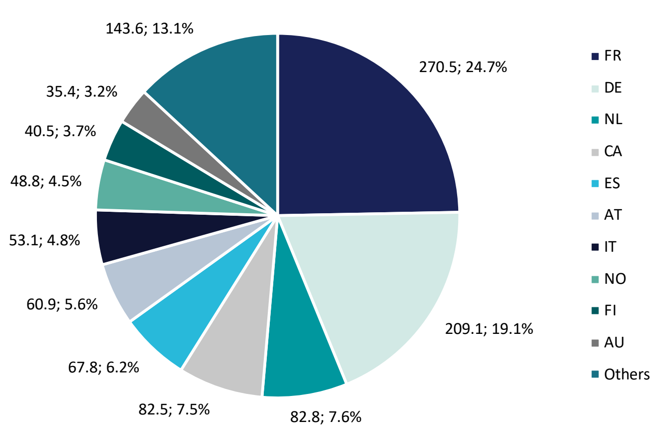
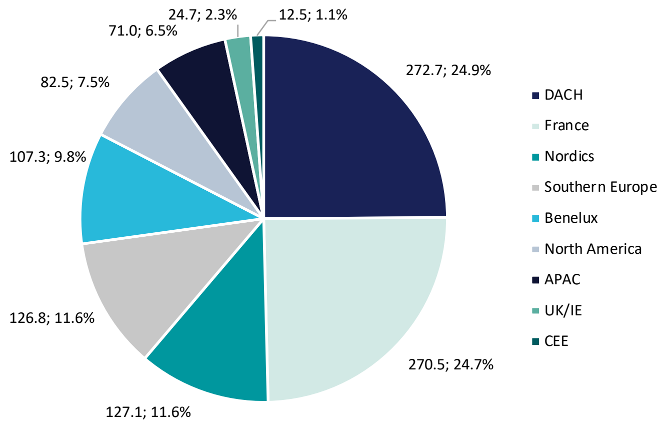
Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



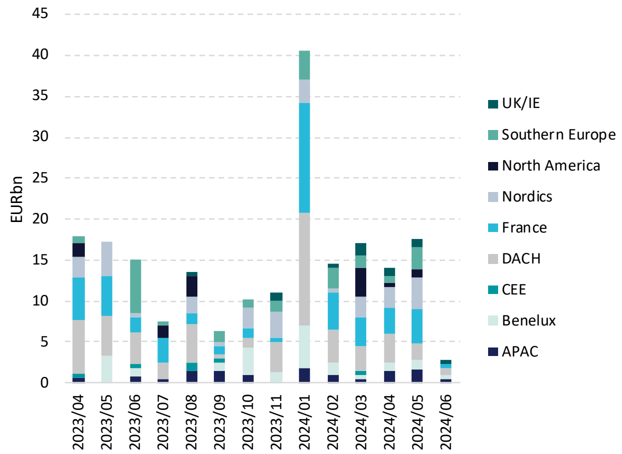
EUR benchmark volume by region (in EURbn)



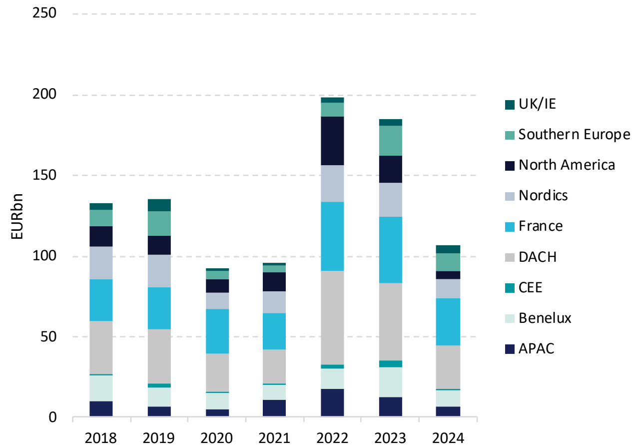
Top-10 jurisdictions

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	270.5	261	26	0.97	9.3	4.8	1.45
2	DE	209.1	296	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	67.8	53	5	1.16	11.2	3.4	2.16
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	3.4	1.82

EUR benchmark issue volume by month

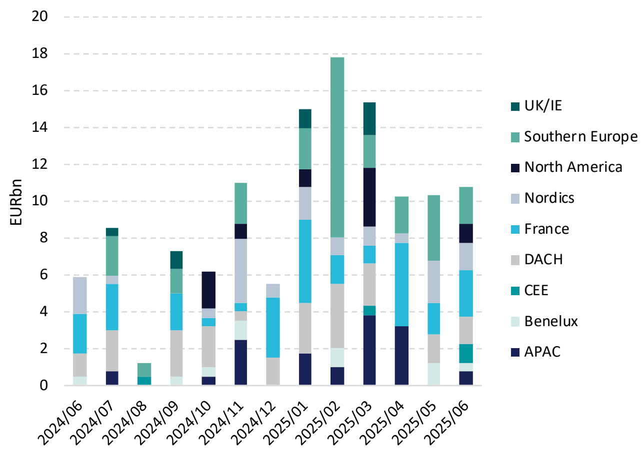


EUR benchmark issue volume by year

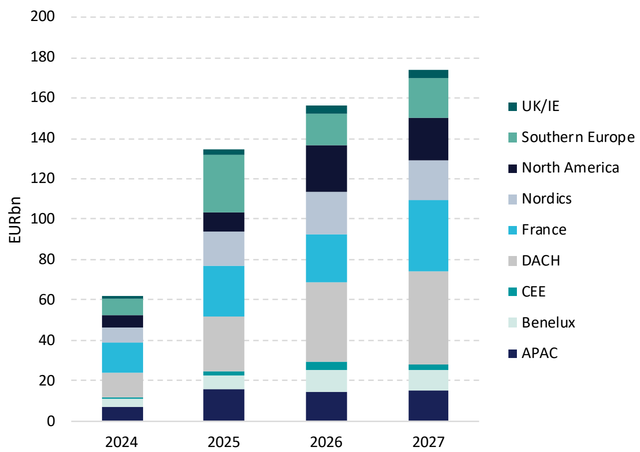


Source: market data, Bloomberg, NORD/LB Floor Research

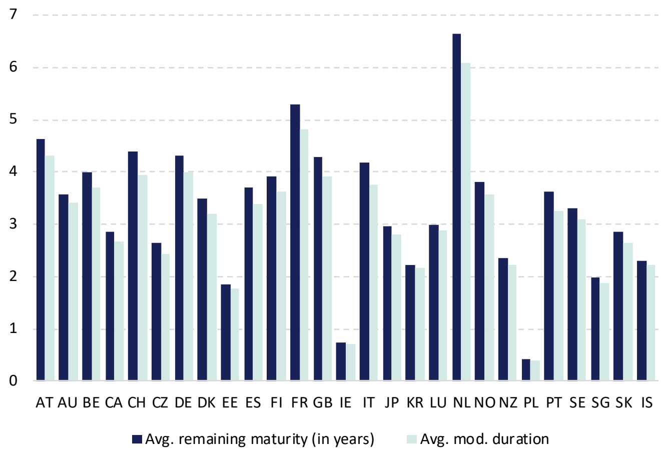
EUR benchmark maturities by month



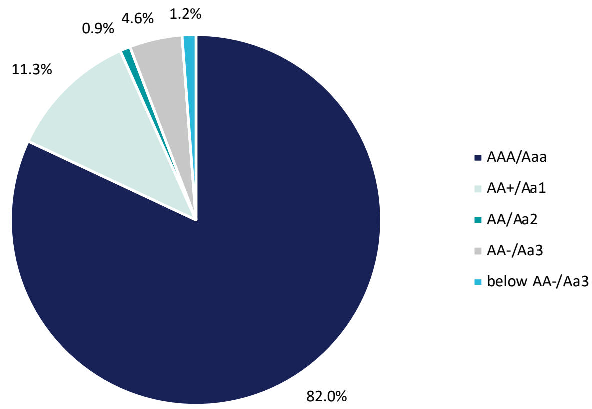
EUR benchmark maturities by year



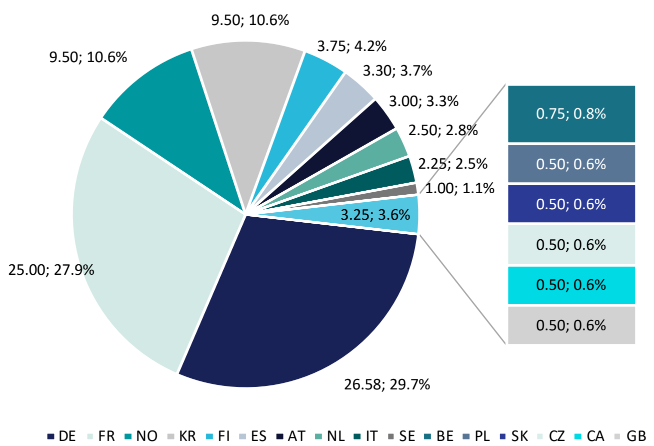
Modified duration and time to maturity by country



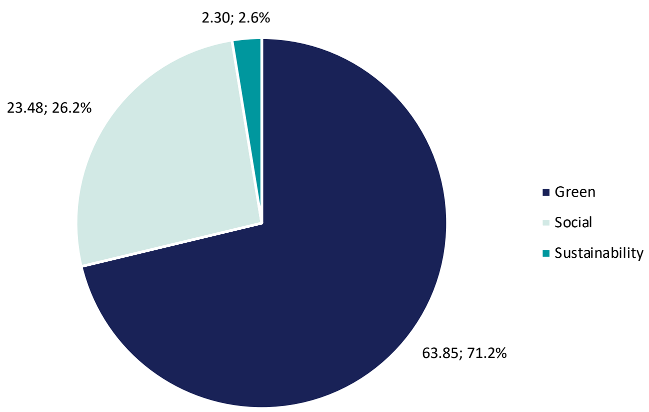
Rating distribution (volume weighted)



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

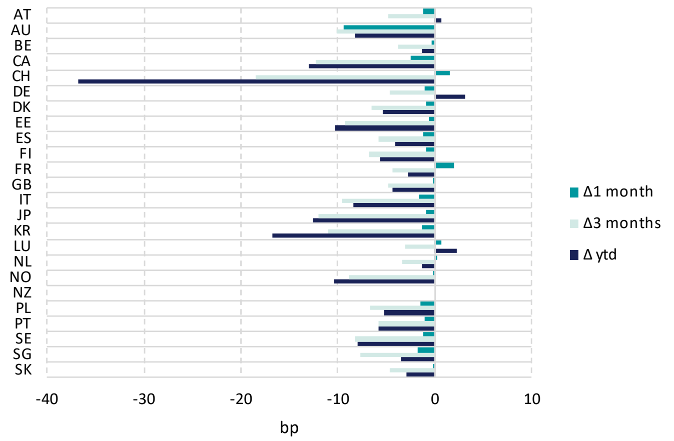


EUR benchmark volume (ESG) by type (in EURbn)

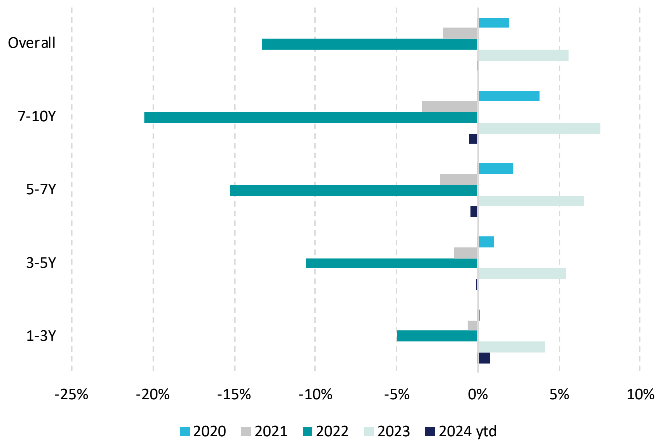


Source: market data, Bloomberg, NORD/LB Floor Research

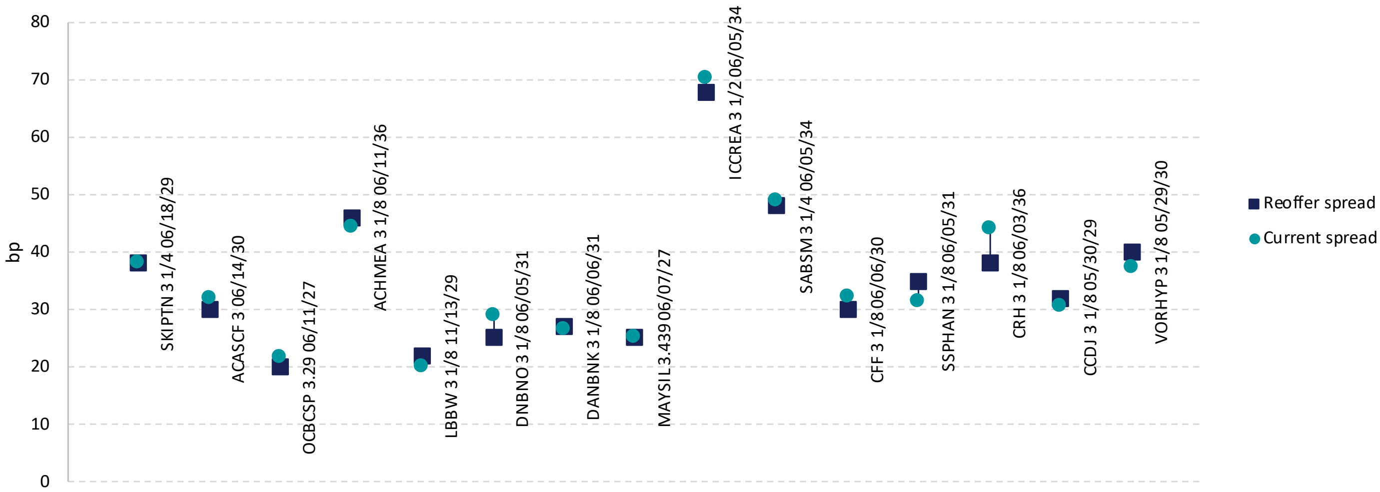
Spread development by country



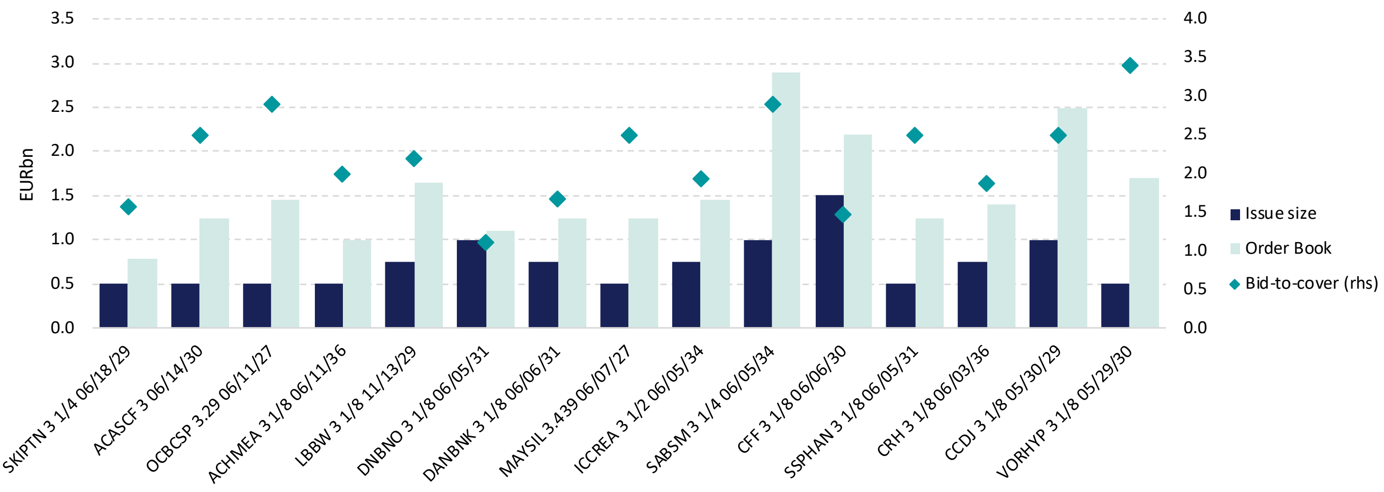
Covered bond performance (Total return)



Spread development (last 15 issues)



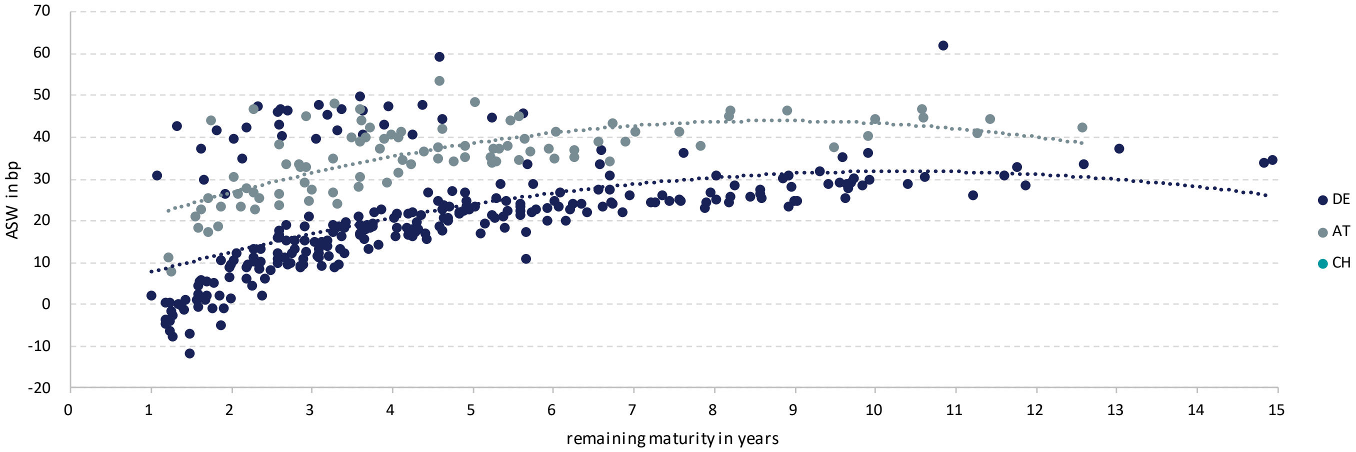
Order books (last 15 issues)



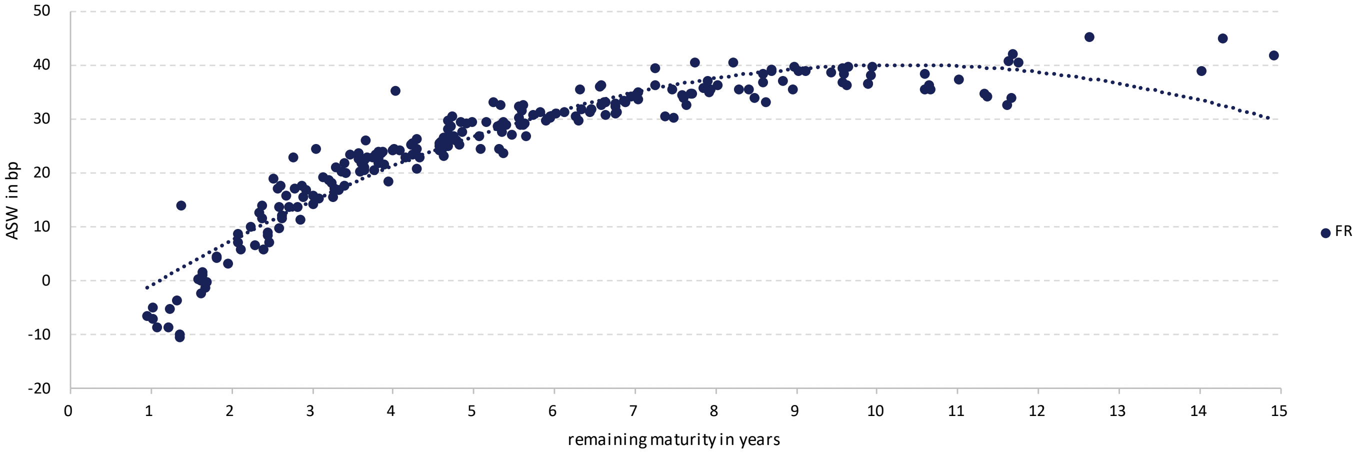
Source: market data, Bloomberg, NORD/LB Floor Research

Spread overview[1]

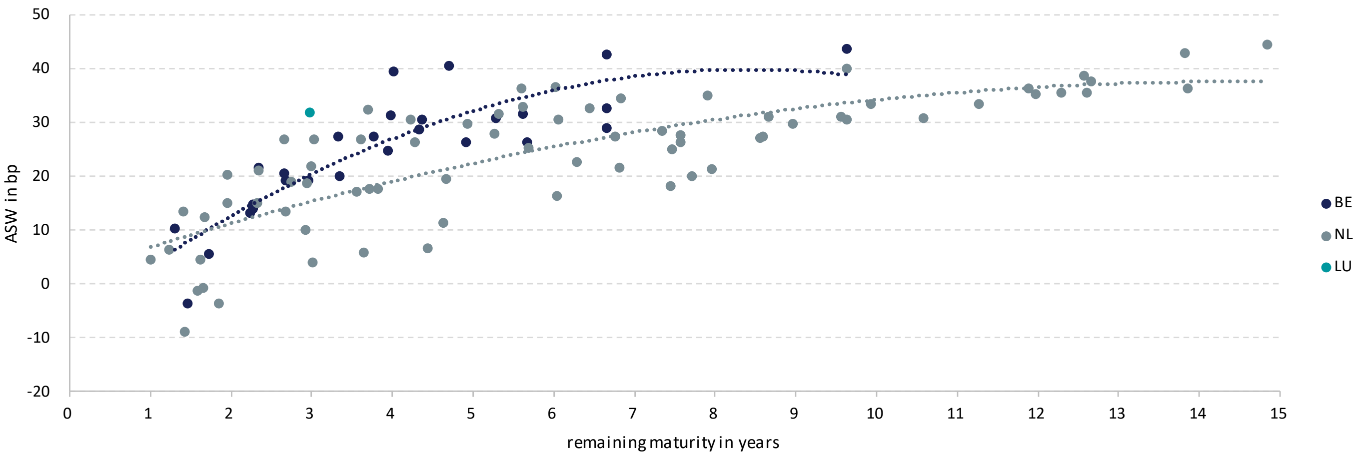
DACH



France

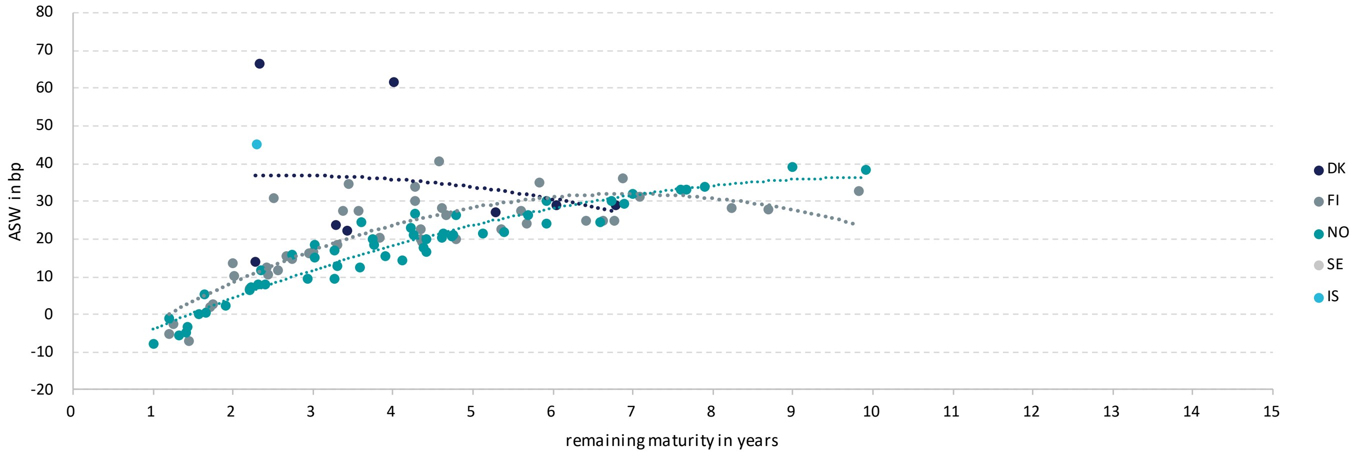


Benelux

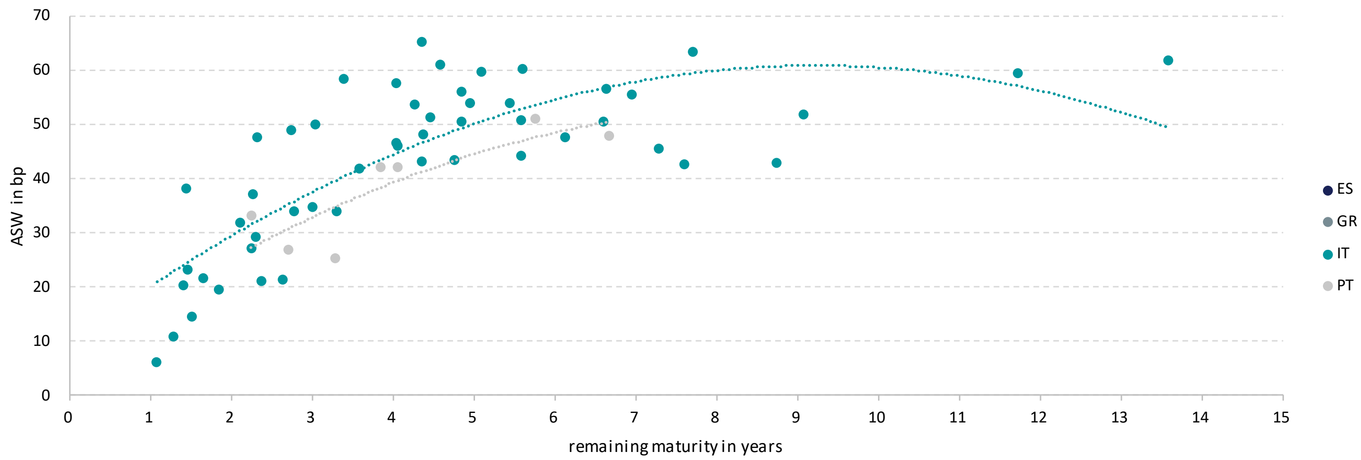


Source: market data, Bloomberg, NORD/LB Floor Research [1]Time to maturity 1 ≤ y ≤ 15

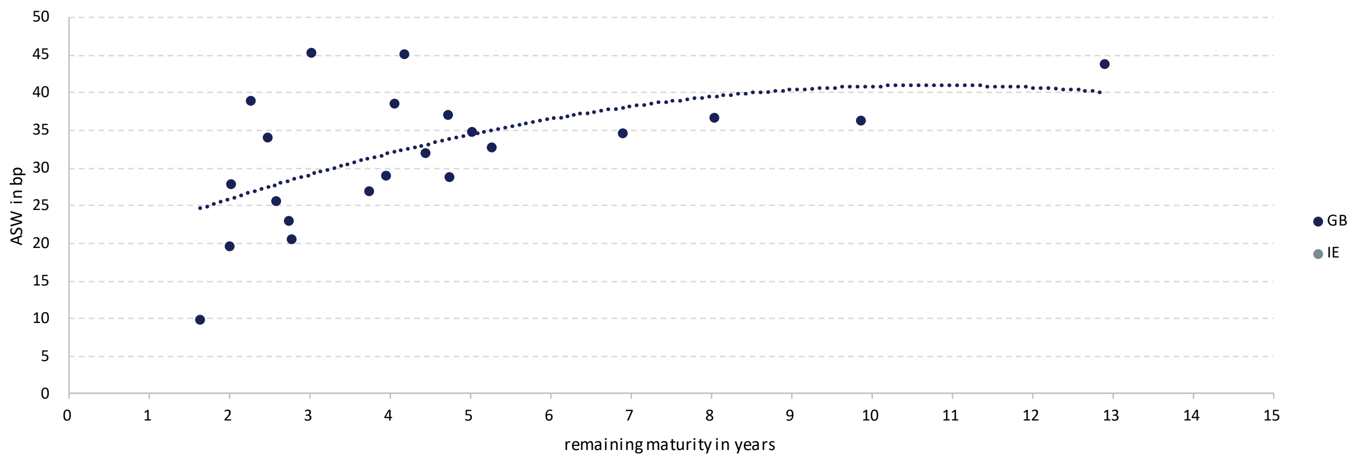
Nordics



Southern Europe



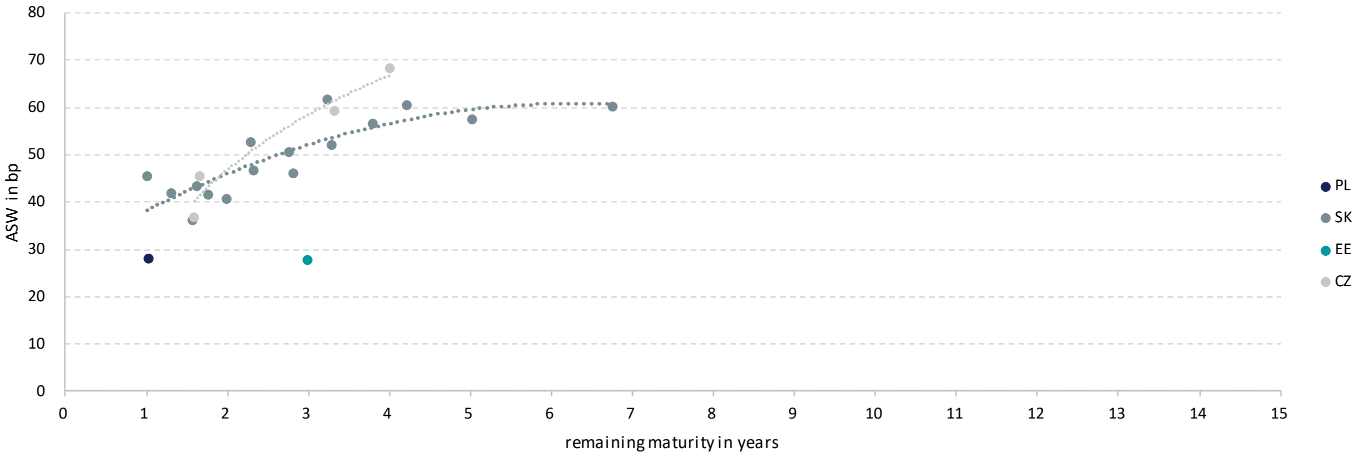
UK/IE



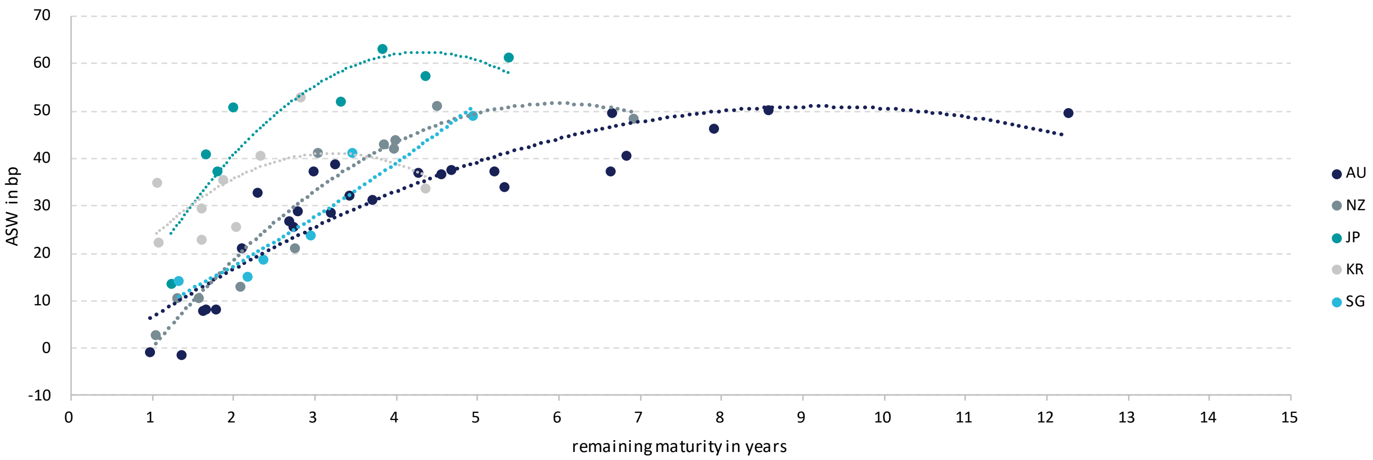
Source: market data, Bloomberg, NORD/LB Floor Research

NORD/LB

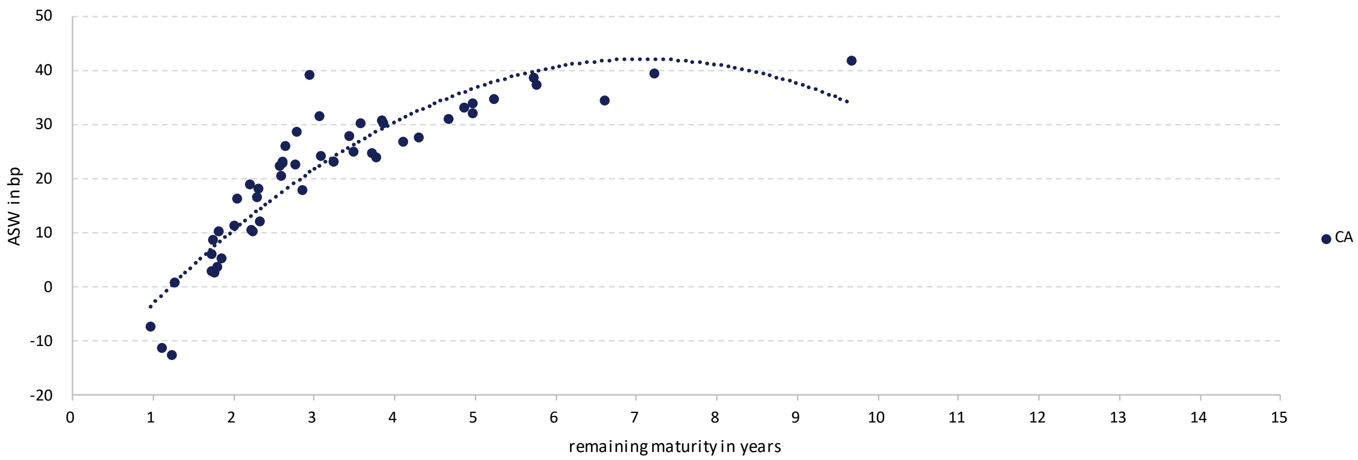
CEE



APAC



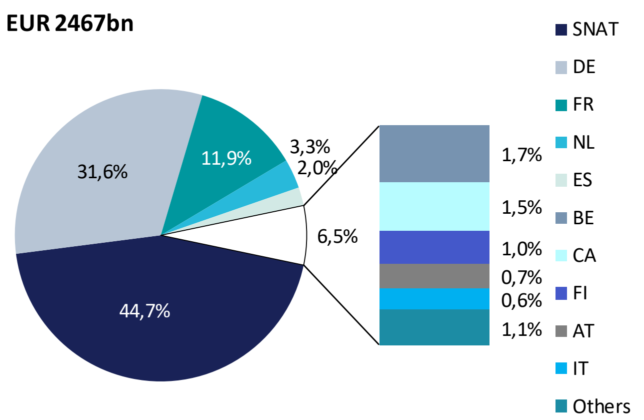
North America



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

Charts & Figures
SSA/Public Issuers

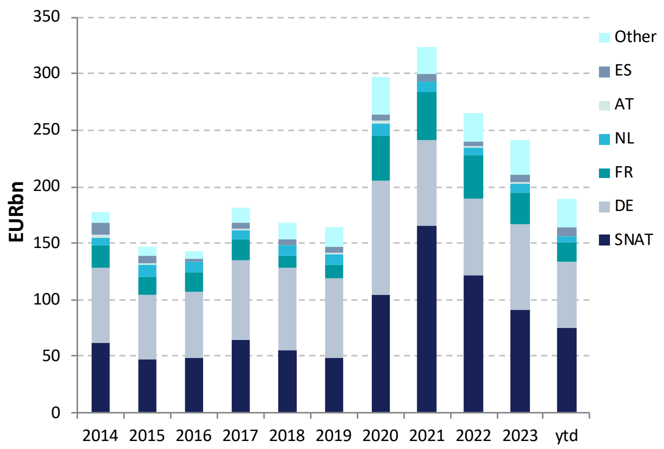
Outstanding volume (bmk)



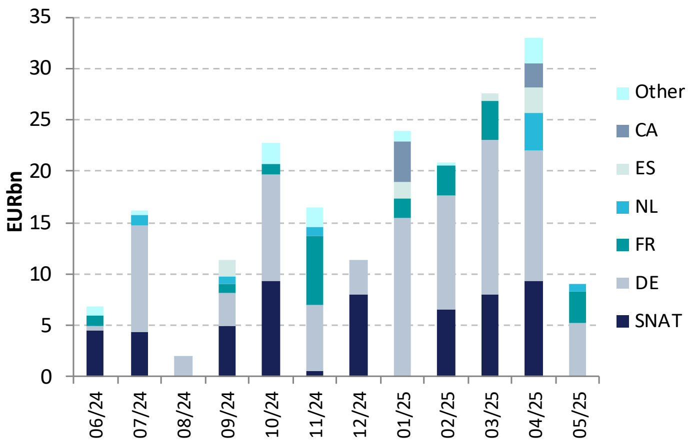
Top 10 countries (bmk)

Country	Vol. (€bn)	No. of bonds	ØVol. (€bn)	Vol. weight. ØMod. Dur.
SNAT	1.102,6	236	4,7	8,1
DE	780,1	582	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	10,7
CA	36,5	28	1,3	5,1
FI	24,1	25	1,0	4,6
AT	17,8	22	0,8	4,0
IT	15,2	19	0,8	4,2

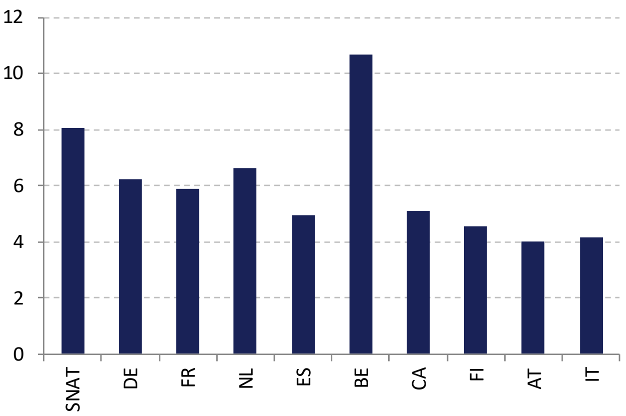
Issue volume by year (bmk)



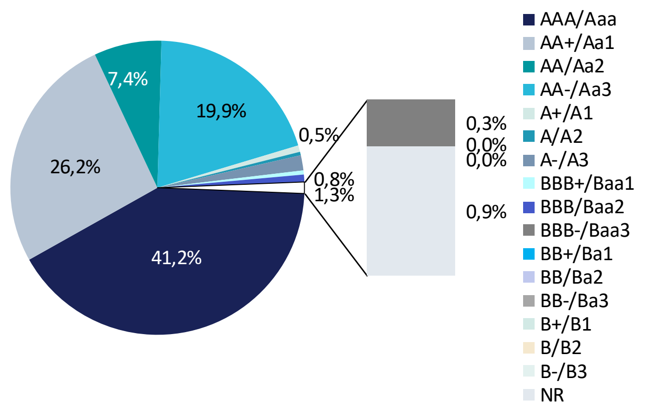
Maturities next 12 months (bmk)



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

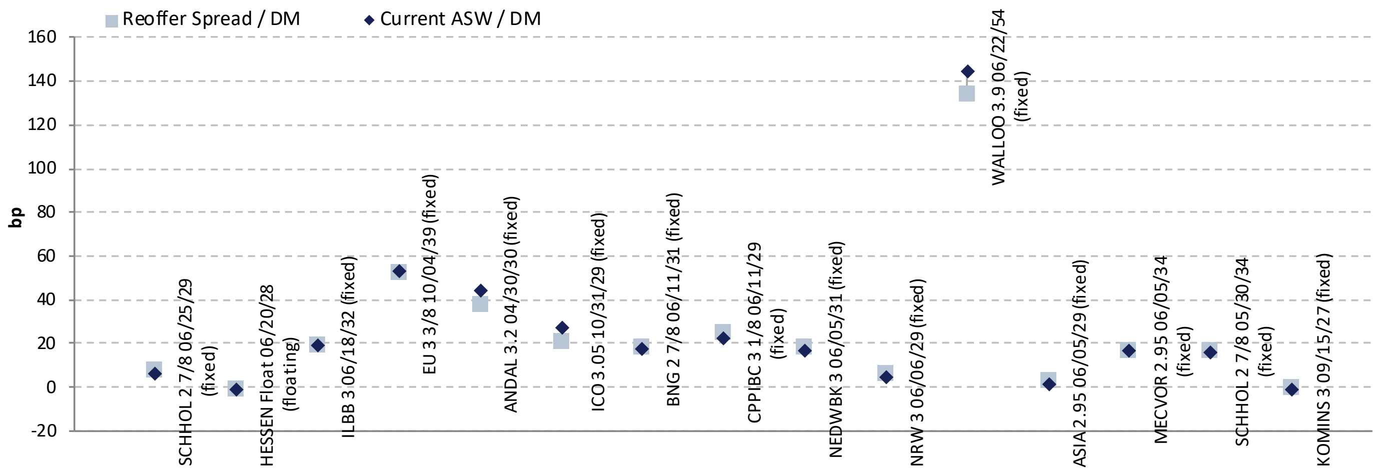


Rating distribution (vol. weighted)

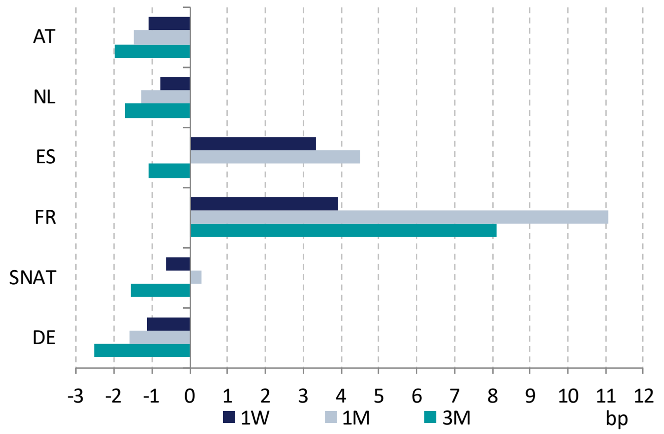


Source: Bloomberg, NORD/LB Floor Research

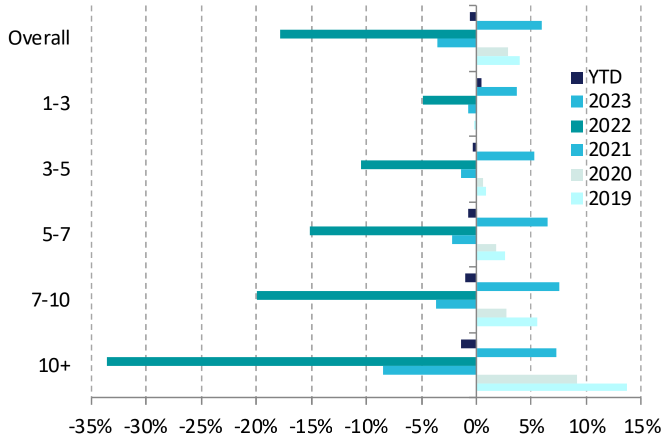
Spread development (last 15 issues)



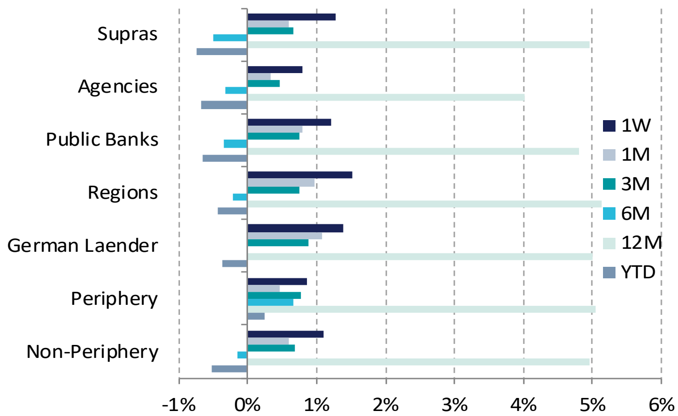
Spread development by country



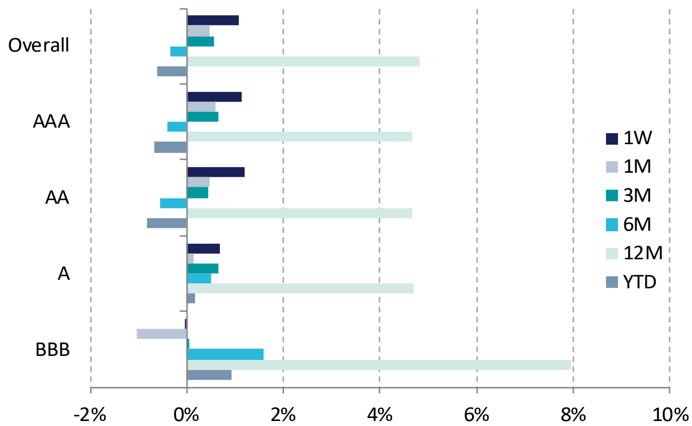
Performance (total return)



Performance (total return) by segments

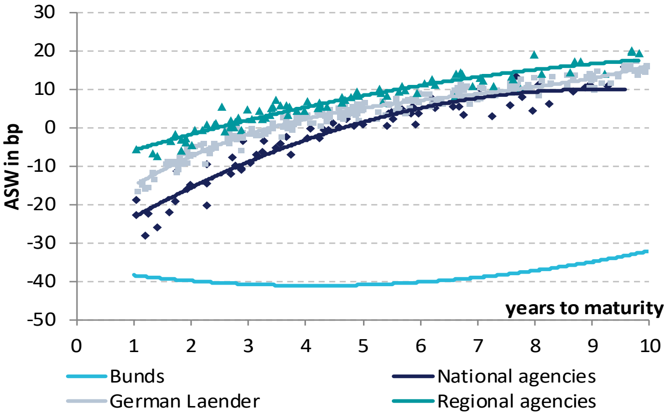


Performance (total return) by rating

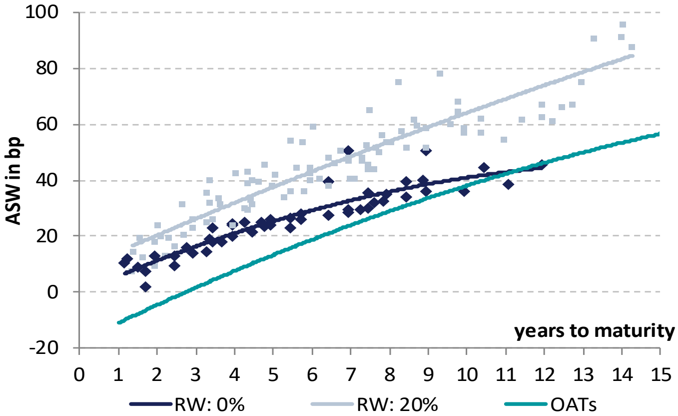


Source: Bloomberg, NORD/LB Floor Research

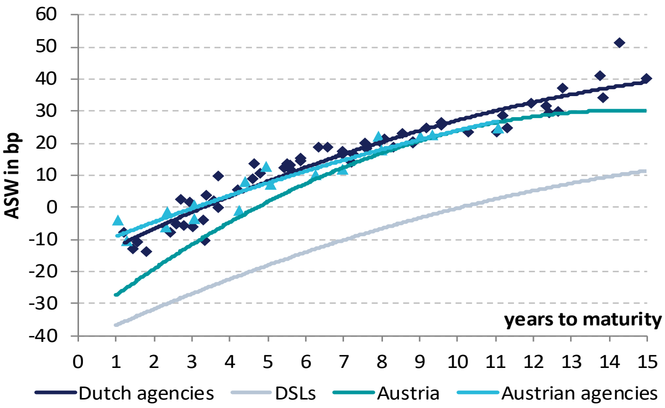
Germany (by segments)



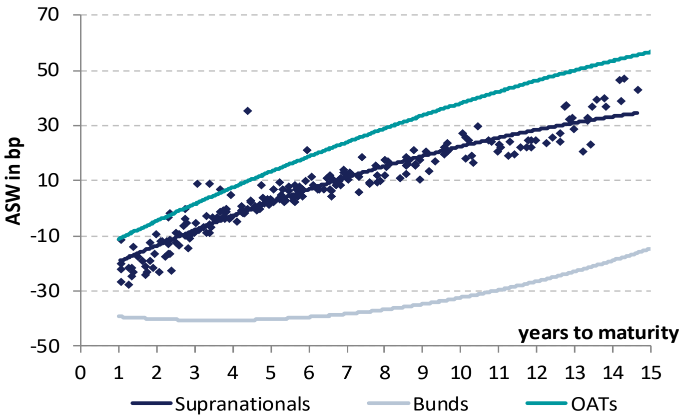
France (by risk weight)



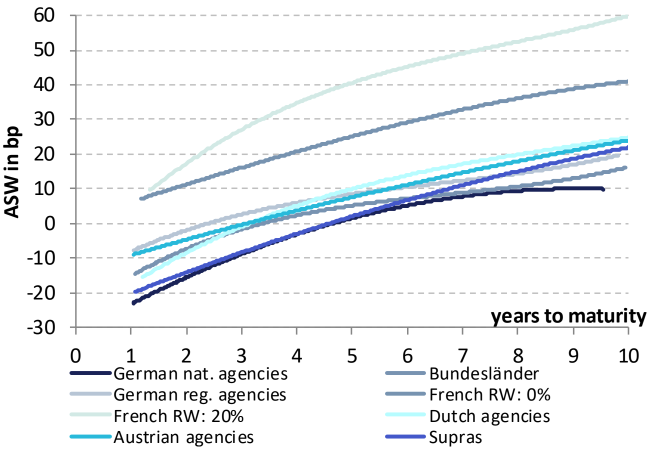
Netherlands & Austria



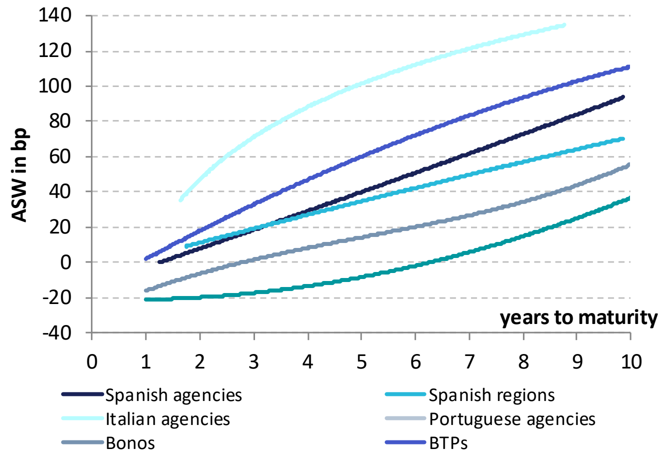
Supranationals



Core



Periphery



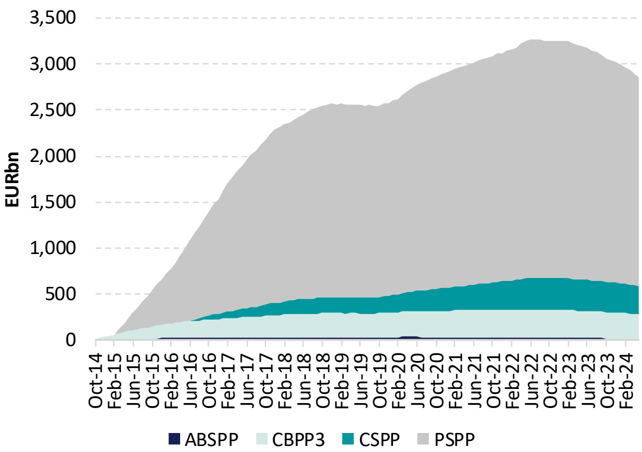
Source: Bloomberg, NORD/LB Floor Research

ECB tracker

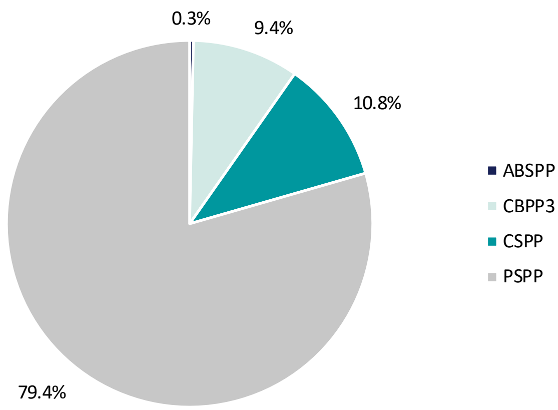
Asset Purchase Programme (APP)

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

Portfolio development

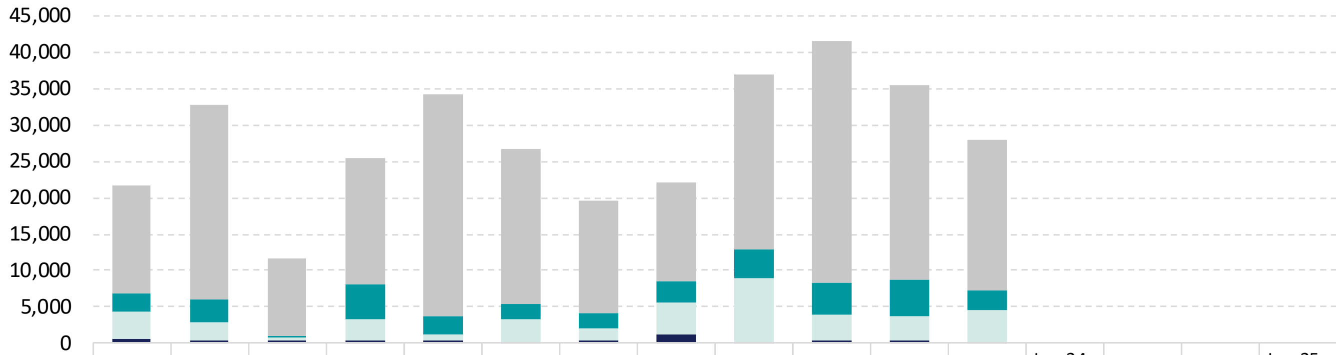


Portfolio structure



Source: ECB, NORD/LB Floor Research

Expected monthly redemptions (in EURm)

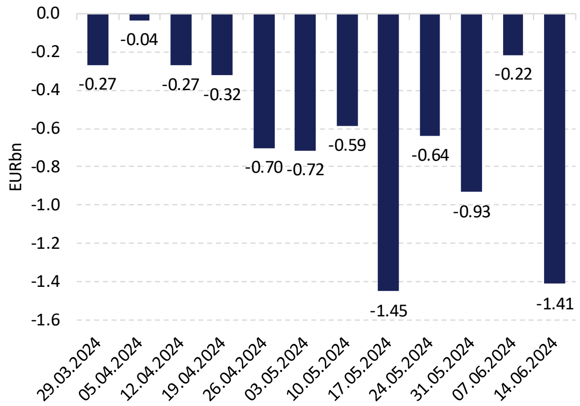


	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-24 - May-25	2023	2024	Jan-25 - May-25
APP	21,729	32,795	11,587	25,537	34,343	26,692	19,667	22,059	36,954	41,645	35,497	27,886	336,391	331,565	334,219	59,013
PSPP	14,974	26,692	10,533	17,468	30,578	21,298	15,605	13,463	24,021	33,355	26,671	20,571	255,229	255,025	264,363	37,484
CSPP	2,488	3,186	244	4,738	2,606	2,031	1,944	2,973	4,076	4,279	5,137	2,699	36,401	31,251	31,380	7,049
CBPP3	3,777	2,558	541	2,993	736	3,136	1,790	4,335	8,635	3,709	3,373	4,448	40,031	35,147	32,173	12,970
ABSPP	490	359	269	338	423	227	328	1,288	222	302	316	168	4,730	10,142	6,303	1,510

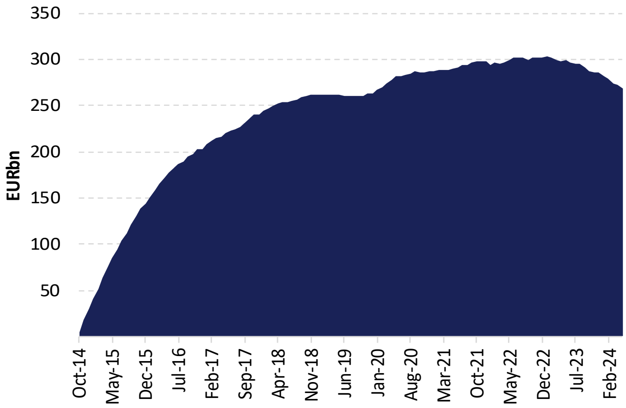
Source: ECB, Bloomberg, NORD/LB Floor Research

Covered Bond Purchase Programme 3 (CBPP3)

Weekly purchases

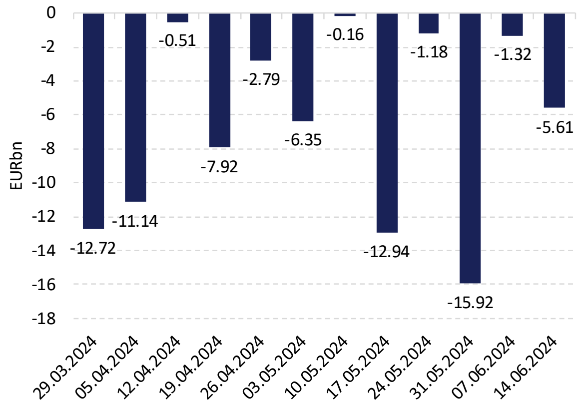


Development of CBPP3 volume

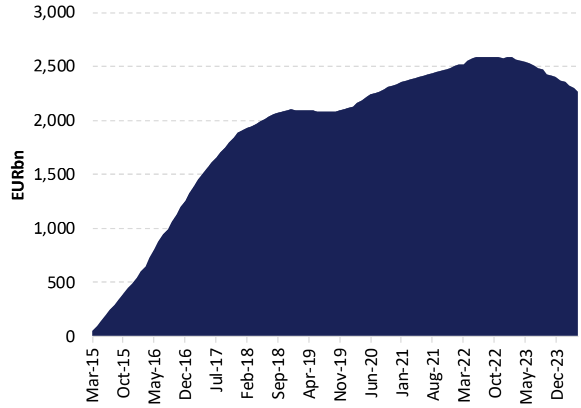


Public Sector Purchase Programme (PSPP)

Weekly purchases



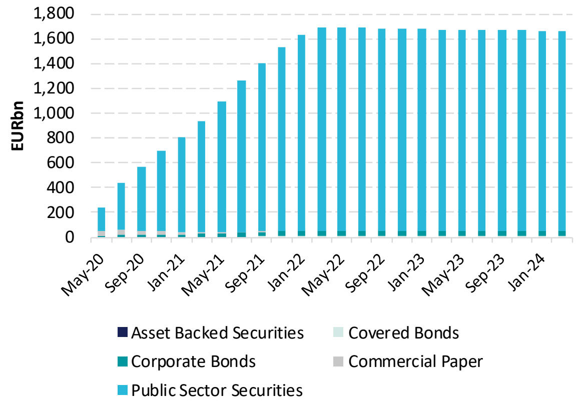
Development of PSPP volume



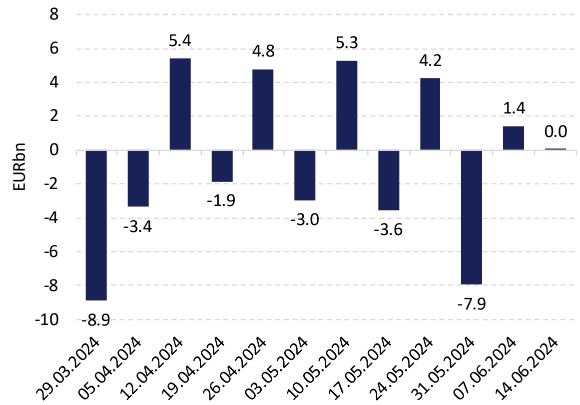
Source: ECB, Bloomberg, NORD/LB Floor Research

Pandemic Emergency Purchase Programme (PEPP)

Portfolio development



Weekly purchases



Source: ECB, Bloomberg, NORD/LB Floor Research

NORD/LB

Appendix
Overview of latest Covered Bond & SSA View editions

Publication	Topics
19/2024 ♦ 12 June	▪ ESG covered bonds: Green deals continue to dominate ▪ Teaser: Issuer Guide - Nordic Agencies 2024
18/2024 ♦ 29 May	▪ Transparency requirements §28 PfandBG Q1/2024 ▪ Development of the German property market (vdp Index) ▪ Spotlight on the EU as a mega issuer
17/2024 ♦ 15 May	▪ Standard Chartered Bank Singapore boosts APAC growth ▪ Stability Council convenes for 29th meeting
16/2024 ♦ 08 May	▪ Whats happening away from the benchmark? ▪ Teaser: Issuer Guide – Dutch Agencies 2024
15/2024 ♦ 24 April	▪ A covered bond view of Portugal: Welcome back! ▪ Credit authorisations of the German Laender for 2024
14/2024 ♦ 17 April	▪ Moody's covered bond universe: An overview ▪ SSA review: EUR-ESG benchmarks in Q1/2024
13/2024 ♦ 10 April	▪ A review of Q1 in the Covered Bond segment ▪ A review of Q1 in the SSA segment
12/2024 ♦ 27 March	▪ Maybank: New covered bond issuer from Singapore ▪ A closer look at Export Development Canada (Ticker: EDC)
11/2024 ♦ 20 March	▪ Covered bond jurisdictions “Down Under” in the spotlight ▪ Collective Action Clauses (CACs) – An (Italian) update
10/2024 ♦ 13 March	▪ Spotlight on Pfandbrief issuers in the savings bank sector ▪ NGEU: Green Bond Dashboard
09/2024 ♦ 06 March	▪ Transparency requirements §28 PfandBG Q4/2023 ▪ Current LCR classification for our SSA coverage
08/2024 ♦ 28 February	▪ New UK player on the EUR covered bond market ▪ Teaser: Issuer Guide – Non-European supras (MDBs) 2024
07/2024 ♦ 21 February	▪ Covered bond jurisdictions in the spotlight: A look at Austria ▪ Hope for hybrids? New SSA sub-asset class for MDBs
06/2024 ♦ 14 February	▪ Development of the German property market (vdp Index) ▪ Update: Joint Laender (Ticker: LANDER)
05/2024 ♦ 07 February	▪ January 2024: Record start to the new covered bond year ▪ SSA January recap: issuance volume at record level
04/2024 ♦ 31 January	▪ The Pfandbrief market at the start of 2024: caution thrown to the wind ▪ Teaser: Issuer Guide – Other European Agencies 2024
03/2024 ♦ 24 January	▪ The “V” in the LTV calculation: Differing approaches persist despite EU Directive ▪ 28th meeting of the Stability Council (December 2023)

NORD/LB:
Floor Research

NORD/LB:
Covered Bond Research

NORD/LB:
SSA/Public Issuers Research

Bloomberg:
RESP NRDR <GO>

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!

NORD/LB:	NORD/LB:	NORD/LB:	Bloomberg:
Floor Research	Covered Bond Research	SSA/Public Issuers Research	RESP NRDR <GO>

NORD/LB

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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

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

Origination & Syndicate

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

Sales Wholesale Customers

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Asset Finance	+49 511 361-8150

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