



## 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

Authors: Alexander Grenner // Lukas Kühne

#### Primary market: Activities slowly picking up again

After having surmised in last week's edition that the primary market was "brought back to life" by the new DKB issue, we can now at least confirm a gradual uptick in terms of issuance activities in the trading week under review here. For example, on 26 June, we welcomed the EUR benchmark debut from Ceskoslovenska obchodna banka (CSOB; ticker: KBCBB), which had been announced in advance and which we looked at in detail in [issue 20/2024](#) of our weekly publication. The Slovakian issuer announced an initial guidance of ms +65bp area for its deal (EUR 500m; 5.0y), which subsequently tightened by a full eight basis points to a final re-offer spread of ms +57bp (bid-to-cover ratio: 2.5x). In the current trading week, we again saw new activities in the ESG segment: DZ HYP (cf. [Issuer View](#)) announced a green benchmark in the amount of EUR 500m (4.2y; WNG) with an original guidance of ms +26bp area, which consequently narrowed to ms +20bp (new issue premium: +1bp) in the course of the marketing process. The bank was first active on the market for green Pfandbriefe in 2022, last issuing a green deal in benchmark format in August 2023. In our opinion, the high final order book (EUR 2.3bn) and the corresponding bid-to-cover ratio (4.6x) reflect the high level of investor interest for this latest deal. We also observed some action on the market for EUR sub-benchmarks. Raiffeisen Bausparkasse from Austria opted to issue a bond worth EUR 300m (WNG) with a term of five years. In a section below, we shall look at this inaugural deal in closer detail. At the same time, we continue to keep a close eye on the situation in France after the first round of parliamentary elections. However, it is still too early to draw definitive conclusions for the covered bond market. In our opinion, the credit quality of the pools will not be directly negatively affected by these events. French issuers have already recorded a high volume of new issues in 2024 (cf. [half-year review in this edition](#)) and are therefore, from our point of view, in the comfortable position of being able to carry out additional primary market activities when the market situation suits them.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
DZ HYP	DE	02.07.	DE000A351XY9	4.2y	0.50bn	ms +20bp	- / Aaa / AAA	X
CSOB	SK	26.06.	SK4000025284	5.0y	0.50bn	ms +57bp	- / Aaa / -	-

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

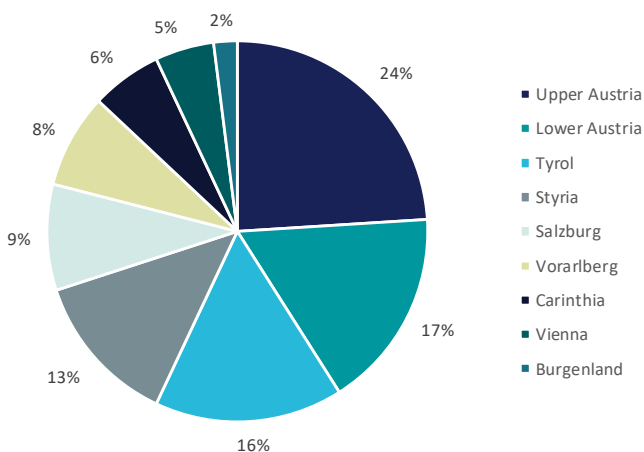
#### Secondary market: All eyes on France

Unsurprisingly, the results of the first round of the parliamentary elections in France also had an impact on the secondary market. To begin with, market players were initially cautious. Eventually, we started to see the odd transaction at the long end. Although the Bund swap spreads have narrowed further, it is evident that real money investors are showing a preference for German covered bonds. Overall, performance on the secondary market can still be described as cautious due to the uncertain situation in France.

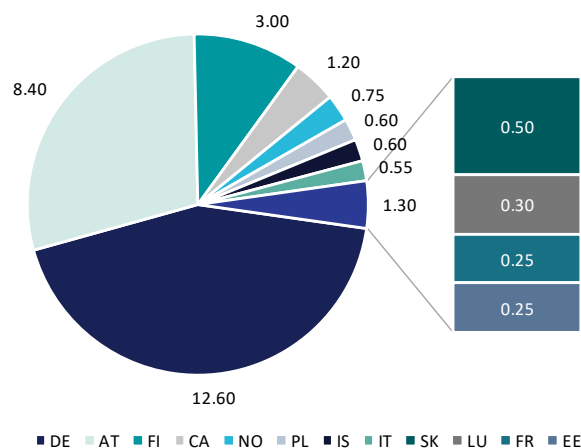
**Raiffeisen Bausparkasse expands the EUR sub-benchmark segment in Austria**

On Monday, Raiffeisen Bausparkasse (RZBBAU) from Austria announced its intention to expand the circle of EUR sub-benchmark issuers in the near future (cf. [investor presentation](#)). RZBBAU, which according to its own information is the largest building society in Austria, approached investors the very next day with its first mortgage-backed sub-benchmark deal with a volume of EUR 300m (WNG) and a term to maturity of five years. Based on the guidance of ms +65bp area, the spread tightened by ten basis points to ms +55bp during the marketing process. As a wholly owned subsidiary of Raiffeisen Bank International, RZBBAU is also part of the Raiffeisen institution-related protection system and benefits from a portfolio protection mechanism on the basis of mutual assurances of solvency and liquidity among the member banks. The bank’s core business includes building society products and the granting of mortgage loans for private residential properties. At 79% (FY 2023), building society deposits account for the largest share of the funding mix at RZBBAU. As at 31 March 2024, the issuer’s cover pool, which exclusively contains residential mortgage loans that in geographical terms are 100% located in Austria, amounted to EUR 365.7m. In a regional breakdown, the largest share (24%) is attributable to the state of Upper Austria, followed by Lower Austria (17%). As at the reporting date, the average loan volume of the mortgage loans included in the cover pool came to approximately EUR 215,000. With an issue volume of EUR 300m, this results in nominal OC of EUR 65.7m or an OC ratio of 21.9%. The rating experts at Moody’s have awarded their top rating of Aaa to the covered bond programme, with a collateral score of 4.0%. With RZBAU, the number of Austrian issuers with at least one outstanding EUR sub-benchmark deal has increased to ten. After Germany, Austria is the second most important jurisdiction for the EUR sub-benchmark segment in terms of issuance volume (EUR 8.4bn) and number of issuers. So far in 2024, four Austrian issuers have approached investors and placed fresh bonds with a volume of EUR 1.1bn on the market. From our point of view, the EUR sub-benchmark debut by RZBBAU once again underlines the dynamic development in this market segment and offers grounds for optimism in terms of further growth.

**RZBBAU: Regional breakdown of the cover pool**



**Outstanding EUR-SMBK volume by country (EURbn)**



Source: RZBBAU, Bloomberg, NORD/LB Floor Research

**Fitch: Pfandbriefe from the savings bank sector well protected against price corrections on the German property market**

In the past few days, the rating experts from Fitch presented their analysis of German mortgage covered bond programmes from the savings bank sector. Overall, Fitch rates seven such covered bond programmes, three of which have the top rating of AAA and four of which have a rating of AA+. Fitch points out that the three covered bond programmes with the top rating of AAA are rated according to what is known as the “full rating approach” and have six unused notches of uplift, while the other four programmes are evaluated in line with the “limited rating uplift approach” and have zero unused notches of uplift. In the event of an issuer downgrade, the covered bond programmes without unused uplifts would also be downgraded. Looking at the cover pools of issuers from the savings bank sector, Fitch identifies significant OC ratios in the range of 19.6% to 355.1%. The mortgage cover pools chiefly comprise residential properties, with a primary focus in this regard on single-family and two-family homes. According to Fitch, the default risk associated with such properties is low, which reflects the high credit quality of the cover pool values. The rating experts state that the maximum CRE share of the cover pools of the savings banks under consideration in this article amounts to 35%. Fitch considers multi-family houses with a value of more than EUR 1.5m to be commercial assets in this definition. For more detailed information on the cover pool values in the savings bank sector, please refer to our study on [Transparency disclosures in line with §28 PfandBG](#). Due to the high OC ratios and a more than solid credit quality of the assets, the rating experts from Fitch take the view that the Pfandbrief programmes from the savings bank sector are more than well-protected against potential price corrections on the German real estate market.

**vdp I: Issuance Climate - marked improvement in sentiment on the Pfandbrief market**

The recently published vdp Issuance Climate provides information on the sentiment among member institutions regarding the issuance of Pfandbriefe and unsecured bank bonds (cf. [press release](#)). In comparison with the December 2023 survey, the scores for the issuance climate for Pfandbriefe and unsecured bank bonds respectively increased to -11 points (December 2023: -23 points) and -14 points (December 2023: -21 points). Looking ahead to the second half of 2024, the capital market experts interviewed for the survey identify a continuation of subdued lending activities, the general interest rate trend and the achievable spread level as stress factors for the Pfandbrief market. Moreover, investor demand for Pfandbriefe in the second half of 2024 is assessed significantly more negatively. Compared with December 2023, the score fell from +37 to -3 points in June. For Sascha Kullig (vdp Management Board member) it is “not surprising that, following the strong first five months of 2024, somewhat more investor reticence is again expected”. In terms of unsecured bank bonds, the capital market experts expect sentiment in relation to investor demand to deteriorate even more significantly in the second half of 2024. This can be put down to the fact that the spreads on unsecured bank bonds have fallen heavily in the meantime, according to the vdp.

**vdp II: Minimum standards for green Pfandbriefe raised**

This week, the vdp provided information regarding changes to the minimum standards applying to green Pfandbriefe, which take effect from 01 January 2025. The key changes relate to the classification of the assets as suitable assets, further details of which can be found in a [press release from 02 July](#). In the case of new construction financing, properties will in future need to have a primary energy requirement of at least 10% below the national standard for nearly zero energy buildings (NZEB). Following the revision, existing residential properties must have an energy efficiency class of A at a minimum (previously: B). In addition, an energy efficiency class of A at a minimum also applies to existing commercial properties. In discussing the revised minimum standards, Sascha Kullig, vdp Management Board member, commented: "By updating the minimum standards, the requirements that green cover assets must meet will be more closely aligned with the EU taxonomy." The press release then explains further that it is "not possible, nor is it planned in the foreseeable future, to gear them to all requirements of the taxonomy due to the complexity, the lack of practicability and the insufficient transformation concept of the taxonomy criteria."

**Moody's: Development of Canadian cover pools supported by rising property prices**

In a recently published analysis, the rating experts at Moody's looked at developments on the Canadian covered bond market in the first quarter of 2024. According to the rating agency, increased property prices in Canada are in particular supporting the development of the cover pools of Canadian issuers. Moody's states that this development was largely supported by the lower interest rate level for real estate assets, so that by the end of May 2024, Canadian property prices had almost reached their 2022 peak again - after a price drop of around 11% from the peak value. Nevertheless, the rating experts do point out that the average LTV ratio based on current real estate prices has increased slightly. However, at 50%, this remains at a low level and underpins the conservative lending practices seen in Canada. In our opinion, this development illustrates the resilience of Canadian covered bonds to significant price fluctuations in the real estate market.

**S&P: Check-up for the EU Covered Bond Harmonisation project**

The rating experts at S&P focused on the harmonisation effects of the EU Covered Bond Directive as part of a recent analysis, highlighting other possible reference points for the legislator in the process. According to S&P, the extensive nature of the market intervention by the ECB as part of the CBPP3 makes it difficult to consider the effect of the Covered Bond Directive in isolation. As the rating experts explain, the biggest changes to S&P's rating approach are the introduction of a mandatory liquidity buffer and the possibility to extend the maturity of covered bonds in the event of an issuer default. S&P points out that these changes have in some cases increased the number of unused notches of rating uplifts. However, the introduction of the Covered Bond Directive did not lead to any rating changes. S&P sees potential for change, in particular in the introduction of a third-country equivalence regime at European level as well as the creation of a new class of covered bonds that would be secured with SME loans. However, according to the rating experts, the implementation of both proposals still comes with considerable uncertainty. Overall, despite the ongoing discrepancies, S&P expects little scope for further harmonisation steps between the individual covered bond jurisdictions.

## Market overview

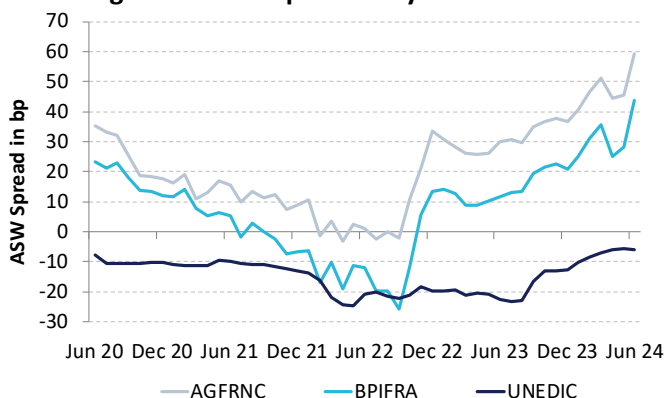
### SSA/Public Issuers

Authors: Dr Norman Rudschuck, CIIA // Christian Ilchmann

#### Mon dieu, Monsieur Macron

First France was downgraded, then the European elections disaster – things are going badly for France at the moment – even the French national football team seems to have lost its magic, so Les Bleus can scarcely offer the people any consolation. In addition, French President Emmanuel Macron surprisingly dissolved parliament three weeks ago. The first round of voting took place at the weekend, with the far-right nationalists winning the first round of the snap parliamentary elections. Now the run-off election this coming Sunday will decide the political landscape. As we would rather comment on sport than politics, we prefer to look at everything from the perspective of capital market participants. A widening of French agency spreads can be seen with the naked eye. UNEDIC is comparatively stable; the regulatory advantage (risk weighting: 0%) over Bpifrance and AFD plays a role here. The movements of BPIFRA and AGFRNC (to use their tickers) from negative territory to over 40bp and almost 60bp respectively have gathered pace again due to the above-mentioned downgrade of the French state and the resulting cascade of downgrades for French agencies coupled with the elections that have been called. In the meantime, we had even noticed a calming of the market (dip before the last sharp rise). The last time the spread between German and French government bonds was this high was in 2012 when it was over 80bp. We would characterise this as being an extremely tense situation, but due to the home-made problems we see no reason for the ECB to even think about starting the TPI.

**French Agencies ASW Spreads 10y**



**Bunds versus OATs (10y)**



Source: Bloomberg, NORD/LB Floor Research

#### Speaking of France: Scope now also rates CADES

There is also some good news about France, as Scope Ratings adds Caisse d'Amortissement de la Dette Sociale (CADES) to its growing list of public-sector customers. On 28 June 2024, Scope published its first public rating for CADES as AA with a negative outlook. The strategic importance for the French state, with which it is financially intertwined, and the high probability of extraordinary state support underpin the conformity with the long-term ratings of the French Republic – both a curse and a blessing, as the current environment shows.



**ECB Forum on Central Banking in Sintra: ECB needs time to weigh up inflation risks**

The ECB Forum began on Monday in Sintra, Portugal. ECB President Christine Lagarde spoke very clearly about the ECB's future roadmap and inflation in the eurozone: "Our work is not done, and we need to remain vigilant." A year ago, in Sintra, Lagarde had hinted at plans for an initial interest rate cut in summer 2024. This time, she was more cautious and did not specify whether another interest rate cut would follow in September. A "soft landing" of the economy is also still not guaranteed. The strong labour market, on the other hand, means that the ECB can take time to gather new information. The buzzword is the much talked-about topic of 'data dependency'. Lagarde continued in her speech: "Now, we are still facing several uncertainties regarding future inflation, especially in terms of how the nexus of profits, wages and productivity will evolve." The ECB will therefore take its policy decisions meeting by meeting. Meanwhile, the head of Lithuania's central bank, Gediminas Šimkus, expressed the view that the ECB would cut interest rates twice more this year. The head of the Belgian central bank, Pierre Wunsch, said that he would have to be completely convinced that inflation was heading back towards its target for him to be in favour of more than two interest rate cuts this year. The Latvian central banker Mārtiņš Kazāks also commented on the TPI and emphasised that there was currently no need to activate this instrument. When the ECB announces its new interest rate decision in just over two weeks, it is highly likely that the result will be an interest rate pause.

**ESM & EFSF: ESG Summary Report published**

Last week, the European Stability Mechanism (ticker: ESM) presented the ESG report for 2023. The biggest innovation this year was that ESG assessments were carried out for the first time for the balance sheets of both the ESM and the European Financial Stability Facility (ticker: EFSF). Further details are summarised below. **ESG ratings:** In 2023, Morningstar Sustainalytics assessed both the ESM and the EFSF at low risk of experiencing material financial impacts from ESG-related factors. Previously, both the ESM and the EFSF received an ESG rating of A (on a scale of AAA to CCC) from MSCI. **Allocation of ESG bonds:** At the end of 2023, the ESM held ESG bonds totalling EUR 5.2bn (2022: EUR 4.5bn). Of this amount, EUR 5.1bn complied with the principles and guidelines of the ICMA, with green bonds accounting for the lion's share and the remaining amount evenly split between social and sustainability bonds. **ESG scoring of the loan portfolio:** The scoring approach used by the rating experts from Moody's for paid-in capital has been extended to the total assets included in the ESM and EFSF balance sheets, including outstanding loans to eurozone member states. As at the end of 2023, the ESM's loan portfolio amounted to EUR 82bn, comprising EUR 60bn to Greece, EUR 16bn to Spain, and EUR 6bn to Cyprus. For the same period, the EFSF loan portfolio stood at EUR 186bn, with EUR 19bn provided to Ireland, EUR 142bn to Greece, and EUR 25bn to Portugal. Applying Moody's ESG sovereign scores to the loan portfolios for these countries, the ESM and EFSF obtained a weighted average score of 72 and 71, respectively. These scores place them in Moody's advanced category. **Funding:** Of this year's funding targets for the ESM (EUR 6.0bn) and the EFSF (EUR 20.0bn), EUR 2bn and EUR 11.5bn respectively have been raised on the capital market to date, including no bonds from the ESG segment. We expect increased activity on the primary market in the second half of the year.



### Kommuninvest publishes updated Green Bond Framework

Last week, the Swedish Kommuninvest (ticker: KOMINS) published its [updated framework for green bonds](#). The new criteria are intended to promote the (green) transformation of the Swedish municipal sector, with the EU taxonomy as a central point of reference. The framework for issuing green bonds has been in place since 27 June 2024. Following the launch of the first framework for green bonds in 2015, Kommuninvest has since become one of the largest green financiers in the Nordic countries, with the equivalent of over EUR 10bn in green loans committed and twelve outstanding green bonds totalling around EUR 7.5bn. More than 650 investment projects in almost 200 Swedish municipalities and regions have been financed with green loans through KOMINS. In view of current developments, including the introduction of the EU taxonomy and a European standard for green bonds, Kommuninvest has decided in favour of a gradual adjustment of its own taxonomy. In future, all project categories for which it is deemed appropriate should fulfil the criteria of the EU taxonomy. “With its green financing programme, Kommuninvest wants to support Swedish municipalities and regions in their transformation work. We are now upping our ambitions to keep pace with regulatory developments in the EU and to better support the higher environmental and climate targets of our members and customers,” said Björn Bergstrand, Head of Sustainability.

### Primary market

The gradual start of the summer holidays, the end of H1/2024 and various (political) uncertainties continued to dominate primary market activity in the SSA segment last week – so we can only report on two new EUR benchmarks. As usual, let’s start in chronological order. Nordic Investment Bank (ticker: NIB) led the way last Wednesday. The issuer was looking to raise EUR 500m with a three-year term and entered the marketing phase with guidance of ms -4bp area. The order book totalled EUR 1.2bn, so the deal could finally be closed at ms -5bp. Yesterday, Landwirtschaftliche Rentenbank (ticker: RENTEN) also ventured onto the trading floor after being reprimanded by BaFin last week for weaknesses in its internal auditing. We were happy to see a EUR benchmark for seven years that came with a guidance of ms +13bp area. With a well-filled order book totalling EUR 1.35bn, the final volume was set at EUR 1.25bn, then priced at ms +12bp. We had already mentioned this several times and yesterday, in the sub-benchmark segment, the time finally came for Kreditanstalt für Wiederaufbau (ticker: KfW) to approach investors with its first [block-chain-based digital bond](#) (min. EUR 100m, 1.5y). With a guidance of ten basis points above the KfW 2.5% 11/2025 bond, the volume was finally priced at EUR 100m. The final spread is still +10bp over the KfW 2.5% 11/2025 bond and +19.6bp over the OBL 0% 10/10/25 bond. In addition, the Spanish capital Madrid (ticker: METMAD, not to be confused with MADRID) has mandated for a sub-benchmark in the amount of EUR 128m (WNG) with a term in excess of ten years. Initial investor calls took place on Monday. We would also like to draw your attention to the RfP sent out by the EU last Wednesday.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
RENTEN	DE	01.07.	XS2856144576	7.0y	1.25bn	ms +12bp	AAA / Aaa / AAA	-
NIB	SNAT	26.06.	XS2854303489	3.0y	0.50bn	ms -5bp	- / Aaa / AAA	-

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

## Covered Bonds

# Half-year review and outlook for the second half of 2024

Author: Dr Frederik Kunze

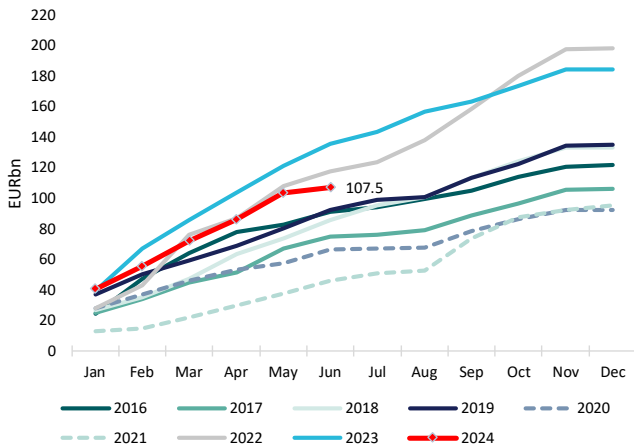
### **The highs and lows in the first six months have almost been as complex as we would expect for a full year...**

As usual at the halfway point of the year, we are taking stock of the developments on the covered bond market over the first six months of the trading year in our weekly publication. In doing so, our focus will be on both structural changes and market-related stimuli. The highs and lows we have already observed within the covered bond segment between January and June are almost as complex as we might normally expect to see over the year as a whole. The mood and risk appetite of investors was above all influenced by the (geo) political situation. However, the effects of the European Central Bank's interest rate turnaround have also left their mark on covered bonds. This became evident looking at the market for mortgage Pfandbriefe backed by commercial real estate loans, for example. The "CRE crisis" also impacted the "gold standard" of the Pfandbrief and the German Pfandbrief Act (PfandBG). At this point, we would like to highlight that we had assumed the debate was always driven by sentiment. At the same time, this example clearly shows that a glance at the fundamental factors is also essential for the covered bond segment and ultimately can provide a certain encouragement.

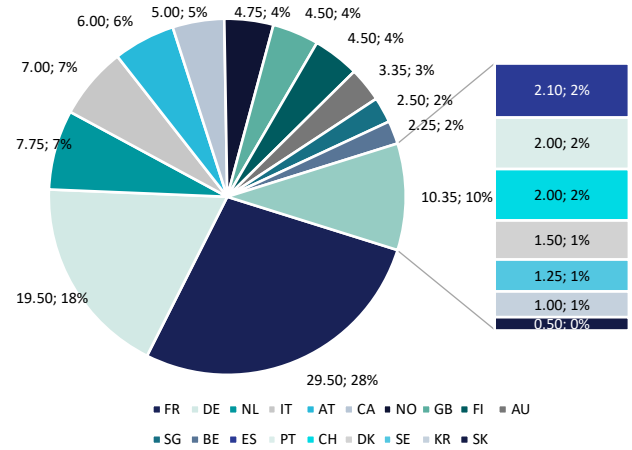
### **...and there is certainly still more to come over the second half of the year**

As we will detail in our covered bond focus article, the outlook for the second half of the year continues to be shaped by a degree of tension. It is therefore not surprising that some issuers still made use of the window before the summer break to appeal to their investors. Currently, it is after all still relatively unclear how the situation will develop regarding political tensions in France (as well as other European countries and the USA). Matters of geopolitics and any associated uncertainties will likely continue to dominate from July to December 2024. Not least, the ECB is expected to cautiously continue its renewed monetary policy turnaround, initiated in June with a tentative, almost forced move (cf. [NORD/LB Fixed Income Special – Decision day: one swallow does not make an ECB summer!](#)). Developments on both sides of the Atlantic certainly suggest that the central bankers in Frankfurt are not going to be all too dynamic in their monetary policy easing. In relation to the ECB, it is also worth stating that the covered bond market has proven to be a bastion when it comes to dealing with the progressively declining excess liquidity held by commercial banks. Some market experts asserted as much in their [ECB blog](#) in mid-June. In fact, we would say that the two covered bond sub-markets that we focus on (i.e. the EUR benchmark and the EUR sub-benchmark segments) are set to remain on a dynamic course over the coming months, albeit modestly so. The expected stabilisation on the real estate markets is also likely to impact new business for banks. Covered bonds should hold their appeal for investors overall from a relative value standpoint. From the issuers' point of view, covered financing will likely remain a popular instrument on account of both the opportunity costs and the lower execution risk.

**EUR BMK: Issue trend**



**EUR BMK in H1/2024 (EURbn)**

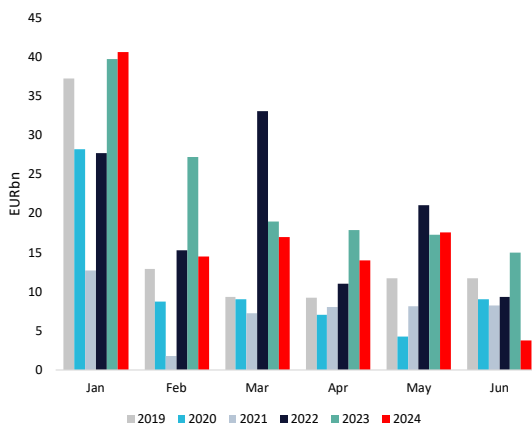


Source: Market data, Bloomberg, NORD/LB Floor Research

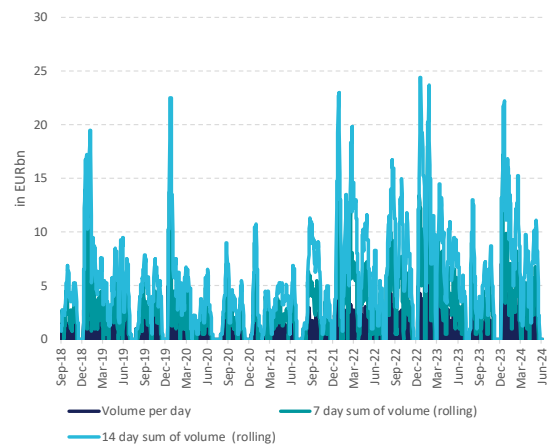
**Primary market for 2024: No less than EUR 107.5bn placed by midpoint of the year**

At the halfway point of 2024, a volume of EUR 107.5bn (spread across 133 bonds) had been placed in the EUR benchmark segment. As expected, the heavyweights of France (EUR 29.5bn; 27 deals) and Germany (EUR 19.5bn; 31 deals) were the strongest drivers on the market. Activity was also notable for the Netherlands (EUR 7.8bn; 8 deals) and Italy (EUR 7bn; 11 deals). The fact that Italy is catching up is certainly also welcome. In the context of a reduction in central bank liquidity, we also see these jurisdictions as examples of covered bonds becoming more relevant again in capital market refinancing. We can draw a similar interim conclusion for Portugal at mid-year, with EUR 2bn raised across three deals (cf. also [Covered Bond & SSA View dated 24 April](#)). Looking at the issuing months of January to June in the past, the market as a whole can expect the primary market to be rather weaker in June. Alongside the previously mentioned mood, certain saturation trends are variables that must be pointed out in explanation. In March, April and May, the primary market certainly kept pace with the very strong monthly performance of previous years.

**EUR BMK: New issuances in previous years (H1)**

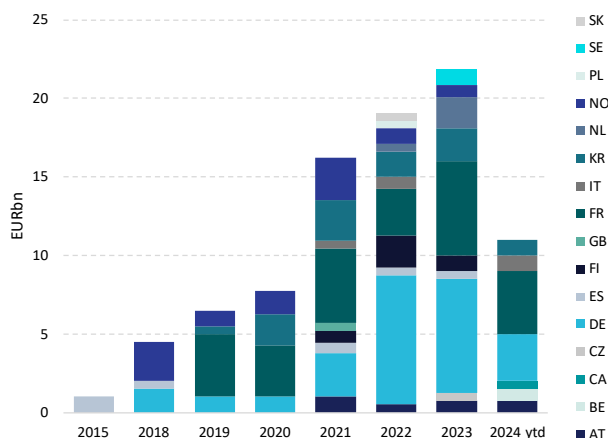


**EUR BMK: Seasonal pattern on primary market**

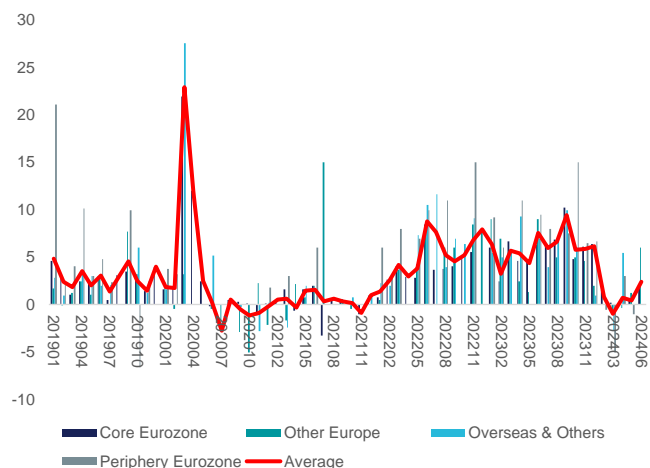


Source: Market data, Bloomberg, NORD/LB Floor Research

## ESG: Issue trend (H1/2024; EUR BMK)



## EUR BMK: Development of new issue premiums



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

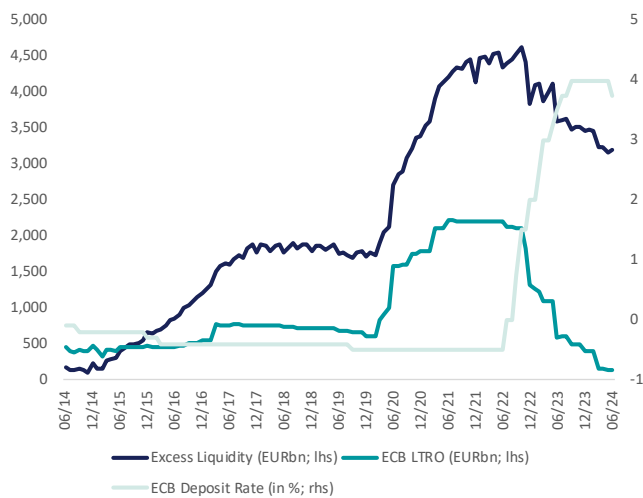
### New issue premiums were at times too low; strong debut deals

The habitual high supply of issuances at the start of the year caused the new issue premiums to tighten. Since a high proportion of the deals came from France and Germany, this is not really surprising. At the same time, it must be highlighted in this context that new issue premiums rose in the wake of a significant repricing process on the covered bond market. This had peaked after just a few weeks and the allowances made by issuers on the primary market swiftly narrowed again. For the months of March (NIP: -1bp), April (+0.7bp) and May (+0.4bp), our data contains very low average NIPs. Only in June did the average new issue premium rise to a more usual – and in our view healthier – level with a figure of +2.4bp. In our opinion, the considerable frequency of inaugural issuers in the EUR benchmark segment suggests that the market is essentially functional and structurally sound. We welcomed no fewer than three new additions from the APAC region in the shape of Maybank Singapore (ticker: MAYSIL), Standard Chartered Bank Singapore (STNCSSG) and Shinhan Bank (SHNHAN). Furthermore, Ceskoslovenska Obchodna Banka (KBCBB) from Slovakia and TSB Bank (TSBLN) from the UK also sought investors. For the latter, the bid-to-cover ratio of 8.5x is an indication of strong investor interest in new deals from the UK. As the first Canadian issuer to do so, the Equitable Bank (EQBCN) placed its inaugural ESG format bond, previously only having EUR sub benchmarks outstanding. The fact the social covered bond was oversubscribed eight-fold was notable. The German Pfandbrief market was fortified by Landesbank Saar (SAARLB), Oldenburgische Landesbank (LBOLD) and Sparkasse Hannover (SSPHAN). The issuer from Saarland was early to seek investors, placing its public sector Pfandbrief with a maturity of ten years in the strong issuing month of January. Meanwhile, Oldenburgische Landesbank successfully ascended to the status of benchmark issuer with its [transaction on 22 January](#). On 27 May, [Sparkasse Hannover](#) then also achieved this status, once more highlighting the rising importance of public sector Pfandbriefe for the German savings bank sector. All inaugural issuers opted for an issue volume of EUR 500m for their deals. The initial residual maturities ranged from three years to ten years.

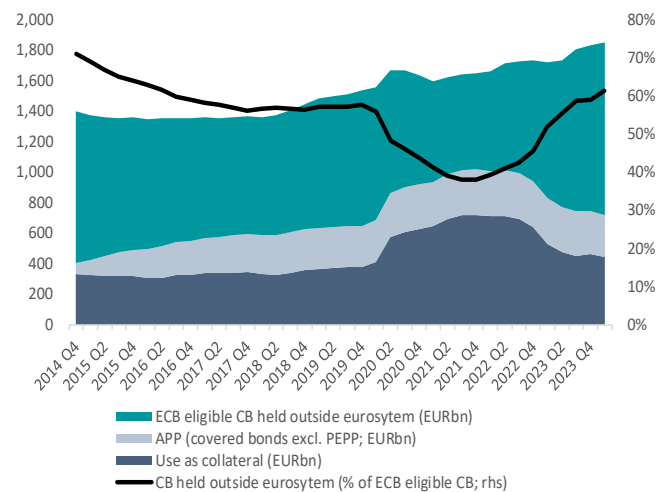
**ESG segment remains highly relevant for covered bonds**

In our [NORD/LB Fixed Income Specials – ESG update 2024](#), we took a detailed look at the sustainable bonds segment and in this context shone the spotlight on significant regulatory aspects. We are in any case certain that the format of sustainable bonds will remain an integral and growing element of the covered bond segment. At the same time, the classifications of the EU taxonomy and the EU Green Bond Standard present new challenges for players in the covered bond market. However, for the EUR benchmark segment, we do not see any structural upheaval arising from this. So far, 17 bonds with a total volume of EUR 11bn have been placed in the ESG format. Of this, the greatest share of EUR 8.5bn is attributable to green covered bonds, while EUR 2.5bn is accounted for by bonds in a social format. At this point, we would like to highlight Equitable Bank, which not only launched its inaugural bond in the EUR benchmark segment, but also become the first-ever Canadian bank to issue a social (and sustainable) covered bond. Argenta Spaarbank became the first Belgian bank to place a green covered bond on the market. The order book for the deal, which ultimately amounted to EUR 750m, reached a sizeable EUR 4.9bn as at 30 January. This corresponds to a bid-to-cover ratio of 6.5x for the bond with an initial maturity of ten years.

**ECB: Excess liquidity, LTRO and deposit rate**



**ECB: Influence on the covered bond market**

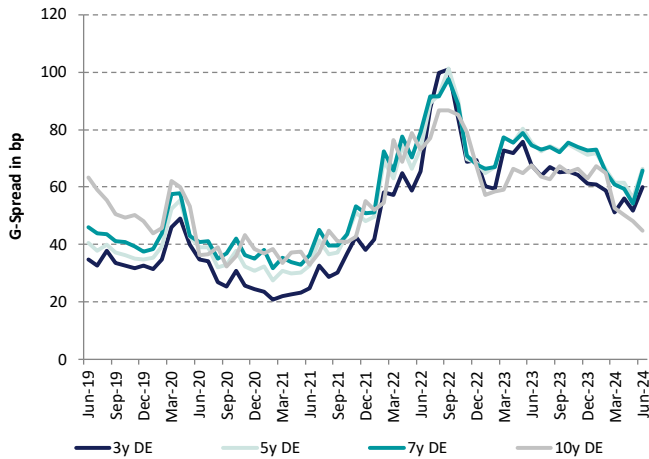


Source: Bloomberg, ECB, Moody's, NORD/LB Floor Research

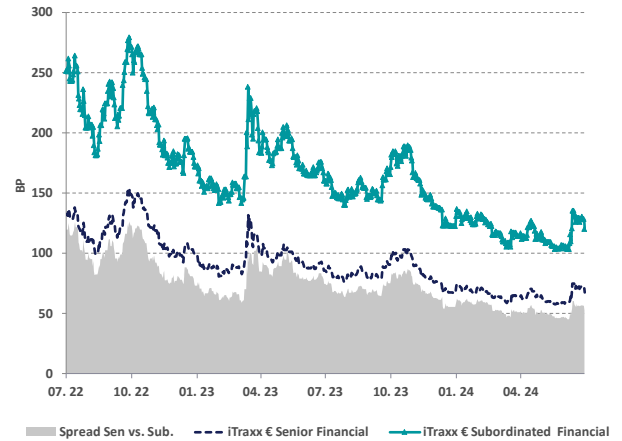
**The covered bond market and the ECB: What's changed?**

The direct influence and indirect distortions of ECB monetary policy are significantly less clear on the covered bond market. Little by little, the grip of purchase programmes and favourable refinancing opportunities is easing. As the ECB outlined in the aforementioned blog, covered bond funding are again playing a central role in a capital market-based funding mix of banks. This is indeed to be welcomed. At the same time, the high interest level remains a major challenge for the real estate market and the economic expansion process in the common currency area. While this is not yet triggering real concerns in respect of issuer and cover pool credit quality, fundamental factors should not be ignored.

**Relative value: Pfandbriefe vs. Bunds (generic)**



**Credits: iTraxx Senior vs. Subordinated Financials**

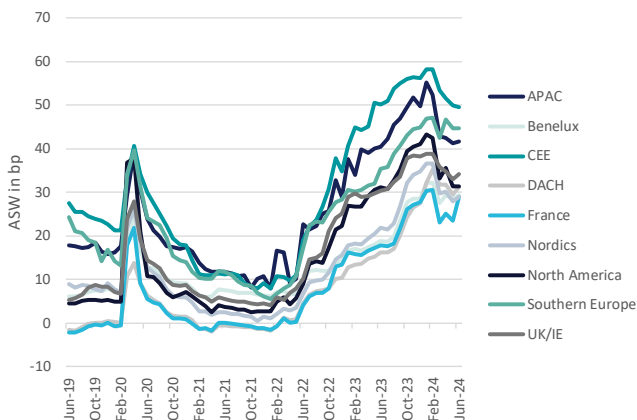


Source: Bloomberg, market data, S&P, NORD/LB Floor Research

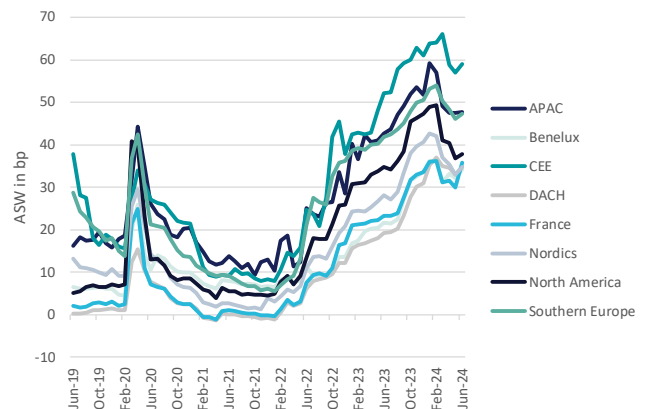
**Spread trend: Repricing vs. re-repricing?**

In accordance with the general repricing, considerable widening of ASW spreads occurred for covered bonds at the start of the year. There would certainly have been crisis-related potential for further widening on the credit side. However, here the trends in the iTraxx indices for financials tended to indicate a consolidation. From a relative value standpoint, covered bonds were attractive across the board. This initially applied versus seniors, despite G-spread narrowing, and versus sovereign bonds. We would also speak of a certain renaissance in the fundamental view of covered bond spreads. Conversely, this means that slightly exaggerated risk-off movements in this sub-market have weakened over time. The spread countermovement was also favoured by a less strong primary market and greater differentiation between new issue activity in terms of maturity, jurisdiction, and issuer.

**EUR BMK: spread trend (5y; generic)**



**EUR BMK: spread trend (7y; generic)**



Source: Bloomberg, NORD/LB Floor Research

**Primary market outlook: It's not over until it's over!**

We started 2024 by forecasting a gross new issue volume of EUR 168.8bn for the year. As we cross the mid-year point, we have raised this to EUR 171.5bn and therefore only slightly adjusted our forecast. However, this only applies to the overall total. In terms of individual jurisdictions, the downward revision for Canada is most notable. Having initially projected EUR 17.5bn for 2024 as a whole, we now “only” expect EUR 12bn. In fact, this forecast is rather progressive, given that Canada issued just EUR 5bn in the first half of the year. The lull is likely to be less pronounced in the second half of the year, with EUR 7bn still expected. Together with France (according to our forecast, EUR 10.5bn is yet to come) and Germany (EUR 6.5bn), Canada will consequently slip back into the role of “primary market driver”. On the whole, the EUR benchmark segment is likely to continue growing in 2024. With maturities accounting for a volume of EUR 111.4bn, we expect net new supply to amount to EUR 60bn.

**NORD/LB forecast: Supply and maturities 2024 (EUR BMK; EURbn)**

Jurisdiction	Issues 2023	Current outstanding volume	Maturities 2024e	Issues 2024ytd	Issues 2024e	Net supply 2024e	Still to come 2024e
AT	12.80	60.10	2.25	6.00	9.50	7.25	3.50
AU	6.25	35.40	5.50	3.35	5.75	0.25	2.40
BE	7.00	23.45	1.00	2.25	4.50	3.50	2.25
CA	17.00	82.45	12.50	5.00	12.00	-0.50	7.00
CH	0.00	2.75	0.00	2.00	2.00	2.00	0.00
CZ	1.00	2.00	0.00	0	1.00	1.00	1.00
DE	35.75	209.12	18.18	19.50	26.00	7.83	6.50
DK	1.25	7.00	0.50	1.50	2.75	2.25	1.25
EE	0.00	1.00	0.00	0	0.50	0.50	0.50
ES	8.25	67.85	6.25	2.10	4.00	-2.25	1.90
FI	9.00	40.50	3.00	4.50	7.00	4.00	2.50
FR	40.65	268.37	23.75	29.50	40.00	16.25	10.50
GB	3.50	24.41	8.50	4.50	6.50	-2.00	2.00
GR	0.00	0.00	0.00	0	0.00	0.00	0.00
HU	0.00	0.00	0.00	0	0.50	0.50	0.50
IE	0.00	0.75	0.00	0	0.00	0.00	0.00
IS	0.00	0.50	0.00	0	1.00	1.00	1.00
IT	8.75	53.06	8.00	7.00	11.00	3.00	4.00
JP	1.75	5.60	0.00	0	1.50	1.50	1.50
KR	2.60	10.00	0.50	1.00	2.50	2.00	1.50
LU	0.00	0.50	0.50	0	0.00	-0.50	0.00
NL	11.25	82.82	5.00	7.75	9.75	4.75	2.00
NO	4.00	47.75	4.00	4.75	8.00	4.00	3.25
NZ	2.00	10.45	2.50	0	2.50	0.00	2.50
PL	0.00	1.50	1.00	0	1.00	0.00	1.00
PT	2.10	5.85	2.00	2.00	3.00	1.00	1.00
SE	6.75	29.33	4.75	1.25	5.25	0.50	4.00
SG	0.00	9.50	1.25	2.50	2.50	1.25	0.00
SK	3.00	8.50	0.50	1.00	1.50	1.00	0.50
<b>Σ</b>	<b>184.65</b>	<b>1090.49</b>	<b>111.43</b>	<b>107.45</b>	<b>171.50</b>	<b>60.08</b>	<b>64.05</b>

Source: Bloomberg, NORD/LB Floor Research



**Spread forecast: Moderate widening towards year-end**

Our expectations for spreads are first and foremost based on the aforementioned forecast in relation to the primary market. After all, it is our view that this “market-technical” analysis not only marks the starting point for deriving our spread forecast, but also carries the greatest weight in the medium to long term. In the short term, the impact of market sentiment must not be underestimated. This especially applies for spread widening, which might occur in the wake of a news event (e.g. the CRE crisis or the French president calling a snap election). Even if the impact on spreads might be significant and should by no means be trivialised, this widening tends to be of an episodic nature. Here, the fundamental view often successively comes to the fore. In the covered bond segment, we certainly do not see any reason for a reassessment of the situation in the second half of the year. For example, issuer credit quality is often expressed through sound capital ratios and liquidity resources as well as relatively low non-performing loan shares in the loan portfolios. When assessing by jurisdiction, we do not see strong shifts. Longer maturities tend to run wider since investor appetite is less pronounced and already saturated to an appreciable extent. With regard to France, disproportionate widening not seen in the base case would tend to be driven by the mood. The implications of a change in government will only be reflected in the fundamentals in the medium term.

**NORD/LB forecast: Spreads (EUR BMK)**

Current levels					as of 31/12/2024(e)					Expected spread change				
in bp	3y	5y	7y	10y	in bp	3y	5y	7y	10y	in bp	3y	5y	7y	10y
AT	32.0	37.8	40.9	44.7	AT	35.0	40.0	43.0	48.0	AT	3.0	2.2	2.1	3.3
AU	21.0	32.3	38.9	44.0	AU	24.0	34.0	41.0	47.0	AU	3.0	1.7	2.1	3.0
BE	21.4	31.3	38.4	45.9	BE	24.0	33.0	41.0	50.0	BE	2.6	1.7	2.6	4.1
CA	19.7	31.4	37.8	40.4	CA	22.0	33.0	40.0	44.0	CA	2.3	1.6	2.2	3.6
CZ	51.8	62.7			CZ	54.0	65.0			CZ	2.2	2.3		
DE	17.5	24.3	26.8	32.0	DE	20.0	26.0	29.0	35.0	DE	2.5	1.7	2.2	3.0
DK	38.1	32.3	28.4		DK	41.0	34.0	31.0		DK	2.9	1.7	2.6	
EE	27.8	27.8			EE	31.0	30.0			EE	3.2	2.2		
ES_Single	28.9	42.7	45.9	49.9	ES_Single	32.0	45.0	48.0	53.0	ES_Single	3.1	2.3	2.1	3.1
FI	17.0	26.6	29.2	30.6	FI	20.0	29.0	32.0	34.0	FI	3.0	2.4	2.8	3.4
FR	16.2	28.9	35.8	40.9	FR	19.0	31.0	38.0	44.0	FR	2.8	2.1	2.2	3.1
GB	29.4	34.2	35.3	39.3	GB	32.0	36.0	38.0	44.0	GB	2.6	1.8	2.7	4.7
IS	35.7	38.0	51.5	51.9	IS	38.0	40.0	54.0	55.0	IS	2.3	2.0	2.5	3.1
IT	38.0	51.5	51.9	58.0	IT	41.0	53.0	54.0	61.0	IT	3.0	1.5	2.1	3.0
JP	43.4	56.6	59.2		JP	46.0	59.0	62.0		JP	2.6	2.4	2.8	
KR	31.0	33.6			KR	34.0	36.0			KR	3.0	2.4		
LU	31.7	31.7			LU	34.0	34.0			LU	2.3	2.3		
NL	15.3	25.1	29.9	34.9	NL	18.0	27.0	32.0	38.0	NL	2.7	1.9	2.1	3.1
NO	11.1	23.1	31.5	35.9	NO	14.0	25.0	34.0	39.0	NO	2.9	1.9	2.5	3.1
NZ	26.1	43.1	45.0		NZ	29.0	45.0	47.0		NZ	2.9	1.9	2.0	
PL	31.0				PL	34.0				PL	3.0			
PT	33.3	43.1	49.5		PT	36.0	45.0	52.0		PT	2.7	1.9	2.5	
SE	14.3	24.7	33.0	38.0	SE	17.0	27.0	35.0	41.0	SE	2.7	2.3	2.0	3.0
SG	28.3	42.2			SG	31.0	44.0			SG	2.7	1.8		

Source: Bloomberg, NORD/LB Floor Research

**Conclusion and outlook**

This rather quiet market phase, with some areas already on summer break, has given the primary market a chance to consolidate. This might at the same time increase the pressure on the period after the summer break, though bonds placed in the first trading days of July will ease that slightly. The influencing factors tend to suggest only moderate widening for spreads, though – as we admittedly write every year at this juncture – widening in the interim is not to be ruled out.

## SSA/Public Issuers

# SSA half-year review 2024

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

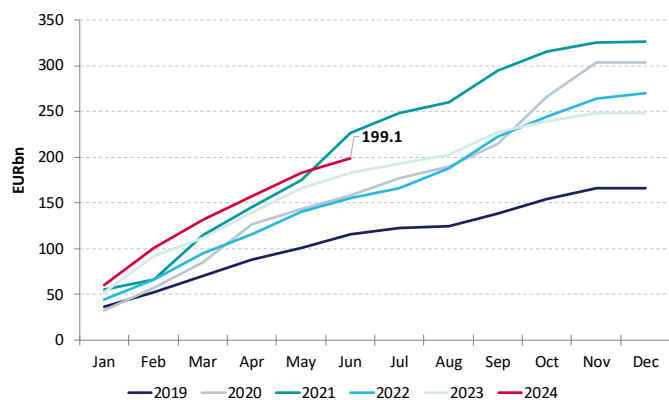
### **A longer look at H1/2024 – second-highest issuance volume of all time**

After taking a comprehensive look at the month of January, which is always extremely active, at the beginning of the year in our [weekly publication from 5 February](#) and appropriately assessing [the first quarter of the year](#), we would like to extend the time horizon in this issue to the first half of the year. By the end of June 2024, EUR benchmarks issued across the SSA segment as defined by us – supranationals, sub-sovereigns and agencies, i.e. excluding sovereigns – added up to an impressive volume of EUR 199.1bn (2023: EUR 182.4bn; 2022: EUR 154.7bn; 2021: EUR 226.5bn). With an aggregated volume of EUR 1,027bn, the order books were around 36% larger than in the same period in the previous year (2023: EUR 753.3bn). However, the record level of just under EUR 1,248bn from 2021 was narrowly missed in the first half of 2024. Owing to the high issuance activity and the nevertheless impressive order book volumes, however, we can justifiably talk about a strong H1/2024 for our SSA universe.

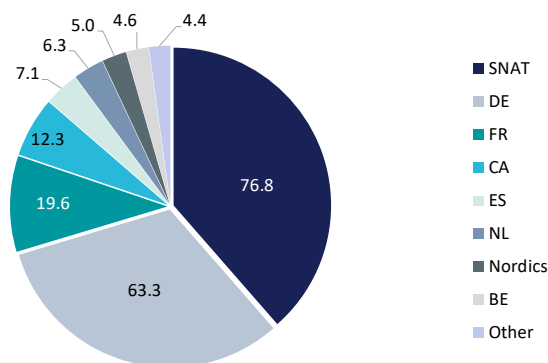
### **Market overview**

Let's start our review with a comparison of the issuance volumes from previous years: By the end of June, we had recorded EUR BMK issues with a volume of EUR 199.1bn in our SSA segment defined above. This figure is only exceeded by issuance activities in 2021, when newly issued EUR benchmarks totalled EUR 226.5bn. It is interesting that by the end of May, the current year had seen new record volumes being set in this respect month after month. The relatively lower primary market activity in June (06/2024: EUR 16.3bn; 06/2021: EUR 51.8bn), however, means that 2021 remains ahead. A total of 74 different issuers successfully appeared on the market in the first half of the year, issuing 130 new bonds. Supranationals accounted for the largest share: In all, 25 bonds with a total volume of EUR 76.8bn were issued in this segment. The supranationals' order books have always been full to bursting so far this year. Adding up all the issues, we arrive at a figure of EUR 580.5bn – more than in the other sub-segments combined. Although we saw the largest number of bonds from Germany (52), the total volume of EUR 63.3bn lags behind the supranationals, which naturally operate in larger volumes than regional development banks or German states. The aggregated order book volume of EUR 193.6bn was nevertheless sizeable. France ranks third in our list by a considerable gap with an issuance volume totalling EUR 19.6bn. Twelve bonds were issued in the first half of the year, with CADES, the French deficit and debt repayment fund, always attracting the greatest interest in terms of order book entries in the French SSA segment. Issues on the other side of the Atlantic are also particularly noteworthy: From Canada (and not only from [the provinces we cover](#)), we have observed EUR BMK issues totalling EUR 12.3bn to date. Last year, bonds with a total volume of only EUR 4.3bn were issued in the same period.

## Issuance volume over the course of the year



## Issuance volume by jurisdiction (EURbn)



Source: Bloomberg, NORD/LB Floor Research

## Overview of issuers with the most transactions and the largest volume

Issuer	# Benchmark transactions	Issuer	EUR benchmarks (EURbn)
KFW	6	EU	30.0
EU	5	KFW	26.0
BERGER	5	EIB	19.0
HESSEN	5	EFSF	11.5
BADWUR	4	CADES	8.0
EIB	4	HESSEN	5.8
RHIPAL	3	BERGER	5.5
NIESA	3	BNG	4.0
ASIA	3	BADWUR	3.2
ADIFAL	3	NIESA	3.0

Source: Bloomberg, NORD/LB Floor Research

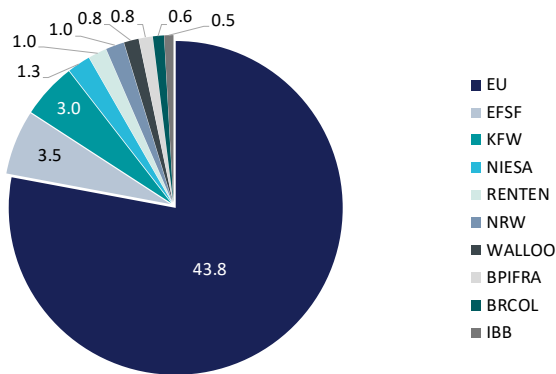
## E-Supras and KfW set the pace

In terms of individual issuer activities, the SSA universe continued to present a familiar picture over the first six months of the current year. Unsurprisingly, the major E-supras (EU, EIB, EFSF) and the German KfW (ticker: KFW) lead the field in terms of newly issued EUR benchmarks. It is headed by the European Union, having raised EUR 30bn in fresh funds in H1/2024 through five EUR benchmark bonds. KfW ranks second in this list with a new issuance volume of EUR 26bn. This amount was spread across six ISINs, making Germany's largest promotional institution the most active issuer in this context. With a new issuance volume totalling EUR 19bn, the EIB came third in the list. Among the German Laender, Hesse (ticker: HESSEN) and Berlin (ticker: BERGER) stand out in particular. Both issued five new EUR benchmark bonds in the first half of 2024. In the case of Hesse, however, the volume of EUR 5.8bn was slightly higher than that of the German capital at EUR 5.5bn. In addition, Hesse already chose the floater format for two transactions, while Berlin only opted for a single FRN deal at the beginning of May. The German Laender issued a total of EUR 30.6bn in H1/2024, spread across 36 new bonds (including the Joint Laender vehicle [ticker: LANDER]).

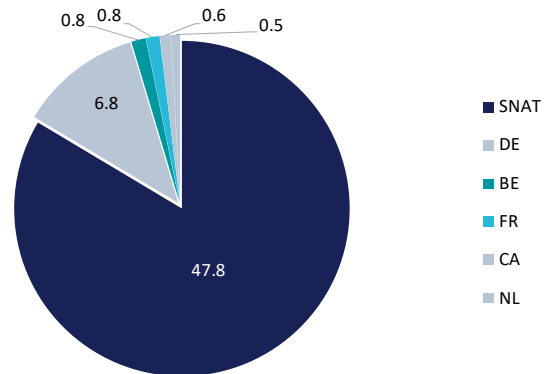
**EU dominates tap volume**

Even though taps are not included in our “large” data set, we would like to deal with them separately because of their extraordinarily high volume. In H1/2024, the amount already came to EUR 57.2bn spread over 35 transactions, of which EUR 43.8bn alone is attributable to a total of 17 EU tap deals, which involved 11 different bonds being tapped. In addition, twelve other issuers decided to increase the volume of existing bonds. In relation to the volume of new issues totalling EUR 199.1bn, the total amount of taps was just under 29%, which is extraordinarily high.

**Tap volume by issuer (EURbn)**



**Tap volume by jurisdiction (EURbn)**

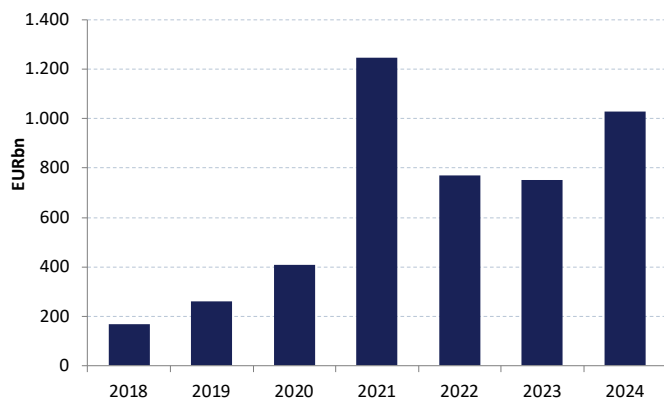


Source: Bloomberg, NORD/LB Floor Research

**Aggregated order books back above EUR 1,000bn for the first time since H1/2021**

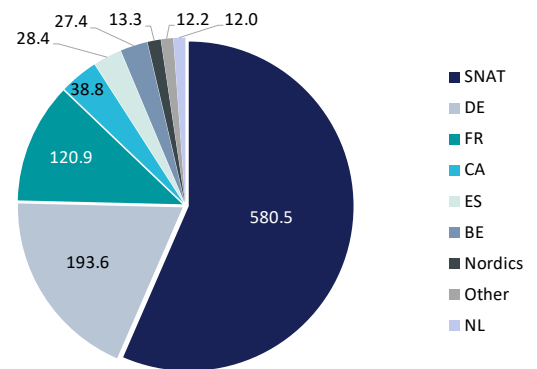
It is also worth taking a look at the order books. Cumulatively over the 130 new issues, we have calculated a total of EUR 1,027bn. Compared with the years 2023 (EUR 753.3bn) and 2022 (EUR 771.2bn), this is a significant increase, but does not reach the 2021 mark (around EUR 1,248bn). The main drivers behind this development were the successful deals by the EU, EIB and KfW, which together achieved an order book volume of EUR 601.3bn, with the EU again accounting for the lion’s share of EUR 320bn. A quick look at taps: in total, the issuers in our coverage carried out 35 taps, generating order books totalling EUR 346.4bn.

**Aggregated order books in H1/2024**

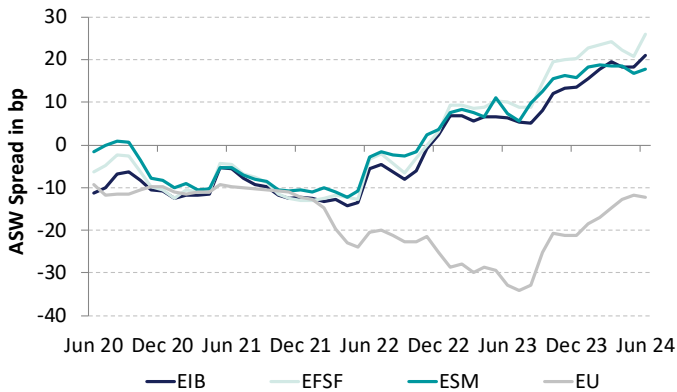


Source: Bloomberg, NORD/LB Floor Research

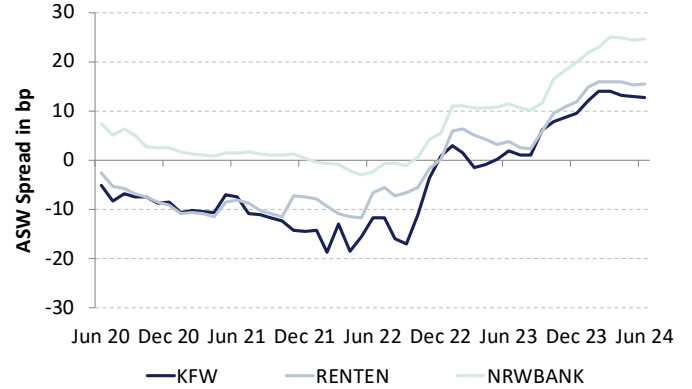
**Order books by jurisdiction (EURbn)**



**European Supras ASW Spreads 10y**



**German Agencies ASW Spreads 10y**

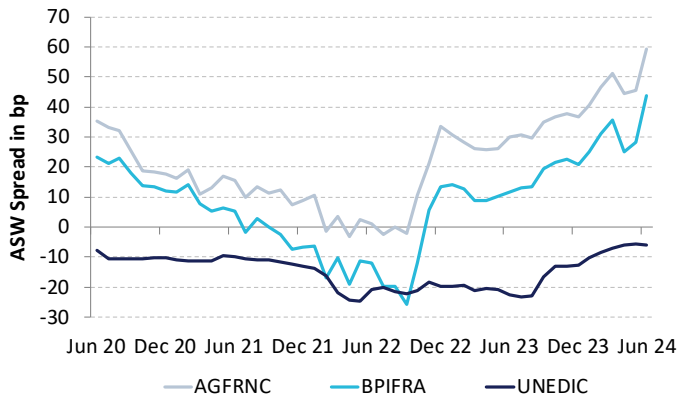


Source: Bloomberg, NORD/LB Floor Research

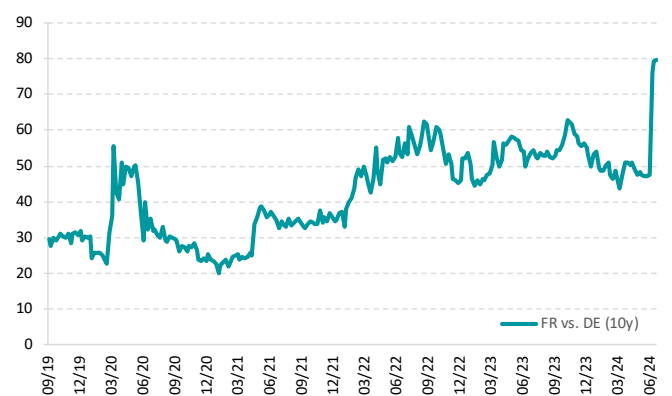
**Spread trends characterised by EU and France**

The spread movements in the ten-year range for all sub-asset classes can be described as follows: following the successive repricing of spreads since the beginning of the year (widening trend), the downgrade of France and the EFSF created a certain additional momentum of its own. The German agency segment and other E-supras, on the other hand, were left pretty unimpressed by this. We exclude Dutch, Austrian, Spanish and Nordic agencies from the current analysis. Due to the fact that the music played in France and in the context of the new elections there.

**French Agencies ASW Spreads 10y**



**Bunds versus OATs (10y)**



Source: Bloomberg, NORD/LB Floor Research

**Exciting fever curves for French names and sovereign bond spreads**

Widening can also be observed for French agencies. It is worth mentioning in advance that the spread for UNEDIC is still quite low in a historical context. The regulatory advantage (risk weighting: 0%) over Bpifrance and AFD plays a role here. The movements of BPIFRA and AGFRNC (to use their tickers) from negative territory to over 40bp and almost 60bp respectively have gathered pace again due to the downgrade of the French state and the elections that have been called after a temporary period of calm. The last time the spread between German and French government bonds was this high was in 2012 when it was over 80bp. This has kept not only issuers but also investors on the sidelines in recent weeks until the fever barometer slowly drops again.

**Teaser: ESG half-year review**

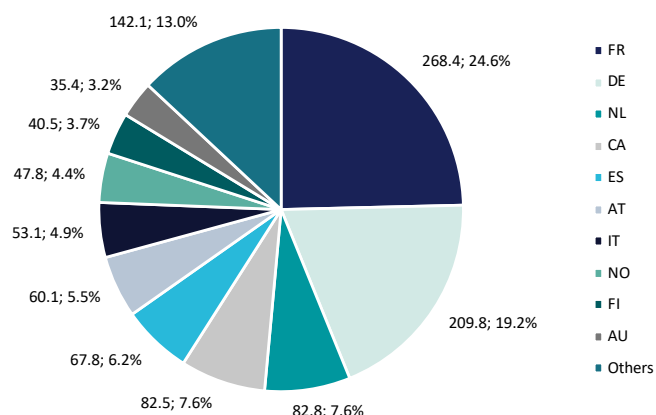
Loyal readers have probably already surmised this, and this review of the SSA segment is no exception. As usual, we will cover the topic of ESG in more detail in a separate article in our weekly publication in order to give the segment the attention and stage it deserves. To shorten the waiting time for interested readers, we would like to refer you to the fourth issue of our [NORD/LB Fixed Income Special – ESG Update](#) which we published at the beginning of June 2024. As part of our annual series of publications, 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 over the course of the last year, regulatory aspects return to the forefront of our coverage in this issue, including the European Green Bond Standard (EUBGS) and amendments to the EU taxonomy, among other aspects. Moreover, we shall shed light on the (planned) approaches 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.

**Conclusion and outlook**

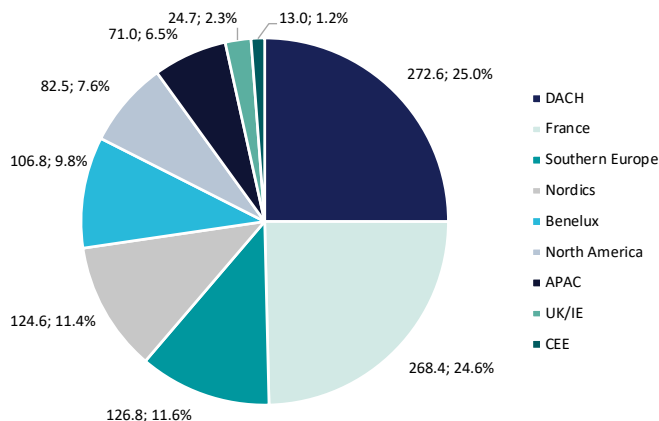
In the first half of 2024, EUR benchmarks in the SSA segment added up to an impressive EUR 199.1bn. By the end of May, the current year had seen new record volumes being set in this respect month after month. The relatively lower primary market activity in June (06/2024: EUR 16.3bn; 06/2021: EUR 51.8bn), however, means that 2021 remains ahead. This was mainly due to the downgrade of France and the EFSF, the defeat of the Macron camp in the European elections and, last but not least, the dissolution of the National Assembly by the same French president around three weeks ago. A total of 74 different issuers successfully appeared on the market in the first half of the year, issuing 130 new bonds. Supranationals accounted for the largest share: In all, 25 bonds with a total volume of EUR 76.8bn were issued in this segment. The European Union headed the field, having raised EUR 30bn in fresh funds in H1/2024 through five EUR benchmark bonds. On the demand side, the first half of the year was as follows: with an aggregated volume of EUR 1,027bn, the order books were around 36% larger than in the same period in the previous year. A quick look at taps shows that in all, the issuers in our coverage carried out 35 tap deals, generating order books totalling EUR 346.4bn. What's on the cards for the second half of 2024? The ECB will have to continue to sail its key interest rate boat through uncertain (inflation and economic) waters, and we expect a maximum of two more interest rate cuts on this voyage before the end of the year, otherwise a lull. It should also be borne in mind that reinvestments under the PEPP will be reduced by an average of EUR 7.5bn per month until December before ultimately being discontinued altogether. The "bond hoover" is therefore visibly running out of steam here too. The upcoming run-off elections in France and the state elections in three German Laender, among others, are events that will give more than a hint as to the direction in which the respective national debt will head in the future and thus also provide key indications as to how the funding requirements in the SSA segment could develop. Meanwhile, existing or impending geopolitical uncertainties, such as the ongoing war in Ukraine, the conflict between Gaza and Israel or the presidential election in the USA, which could lead to (further) distortions on the market, should not be overlooked either.

# Charts & Figures Covered Bonds

EUR benchmark volume by country (in EURbn)



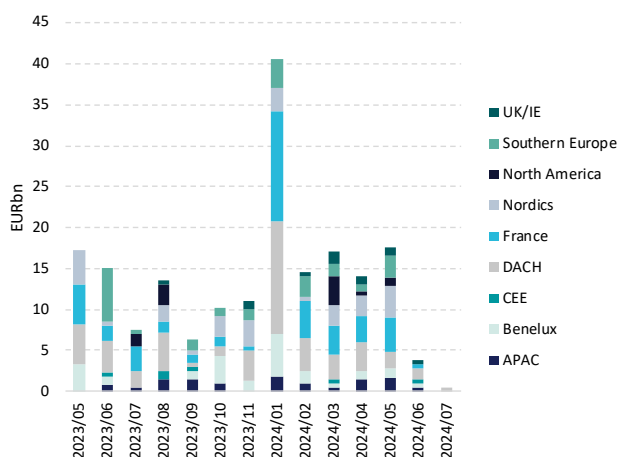
EUR benchmark volume by region (in EURbn)



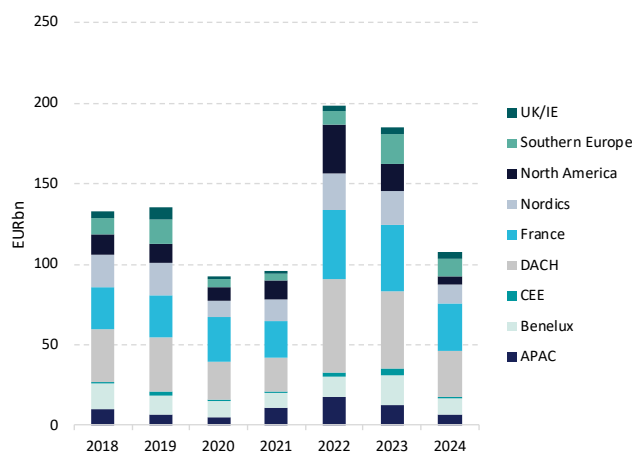
Top-10 jurisdictions

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	268.4	259	26	0.97	9.3	4.8	1.45
2	DE	209.8	297	42	0.65	7.8	4.0	1.43
3	NL	82.8	84	3	0.92	10.5	6.0	1.35
4	CA	82.5	61	1	1.33	5.5	2.6	1.34
5	ES	67.8	53	5	1.16	11.2	3.3	2.16
6	AT	60.1	101	5	0.59	8.1	4.3	1.54
7	IT	53.1	67	4	0.76	8.5	3.7	1.86
8	NO	47.8	58	12	0.82	7.3	3.6	1.03
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



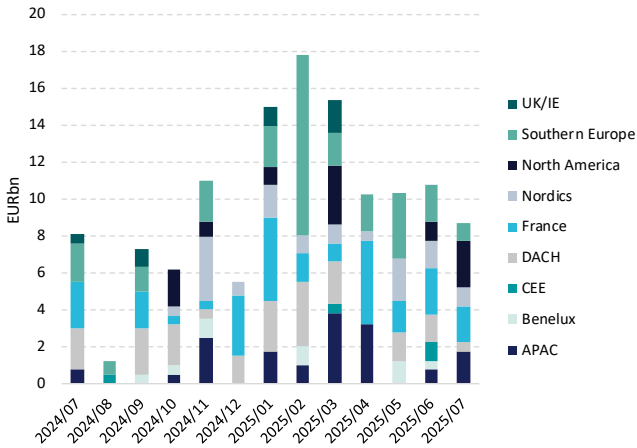
EUR benchmark issue volume by year



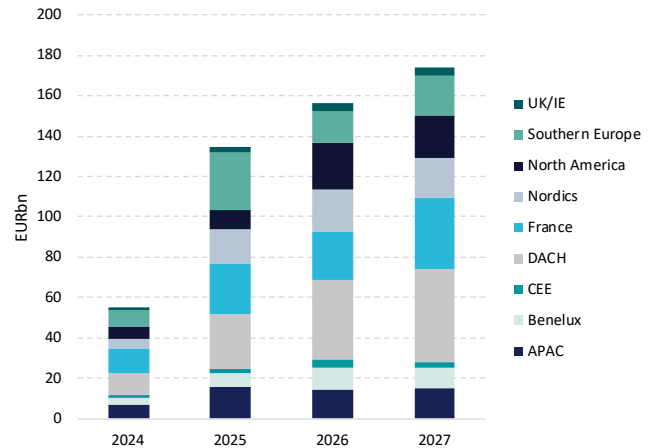
Source: market data, Bloomberg, NORD/LB Floor Research



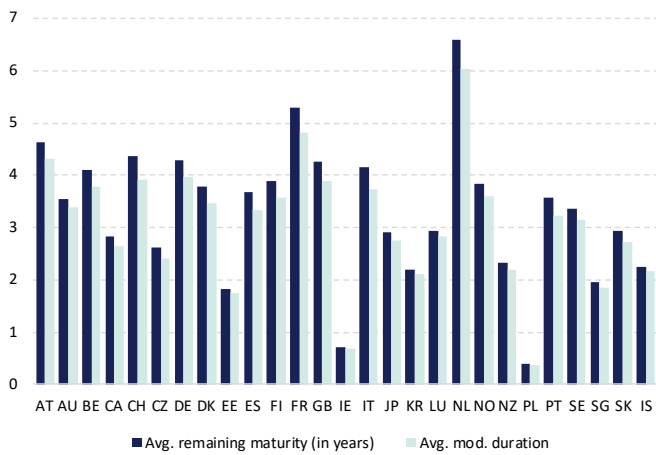
**EUR benchmark maturities by month**



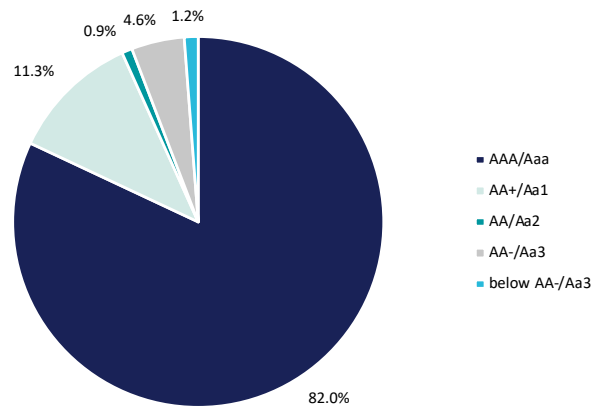
**EUR benchmark maturities by year**



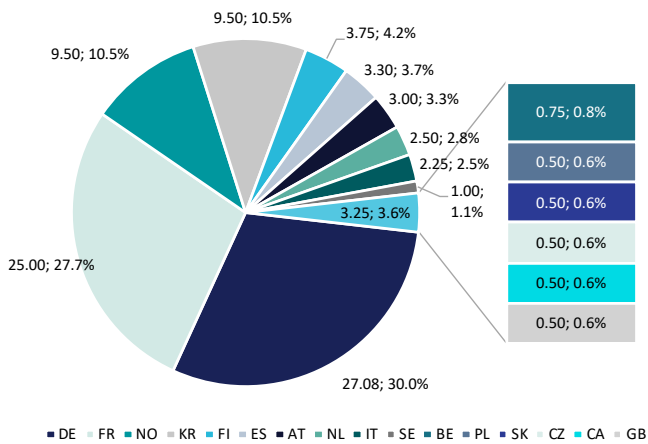
**Modified duration and time to maturity by country**



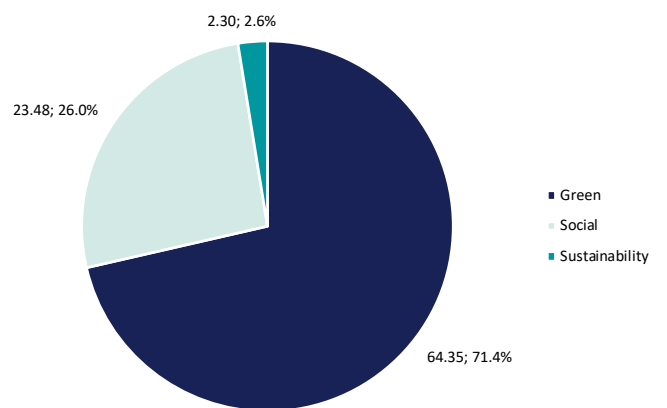
**Rating distribution (volume weighted)**



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

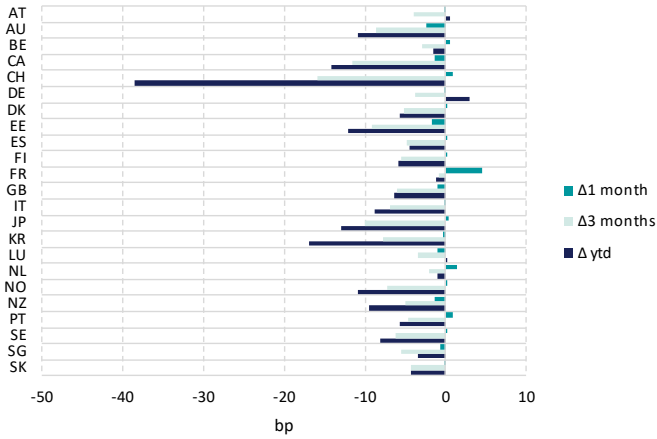


**EUR benchmark volume (ESG) by type (in EURbn)**

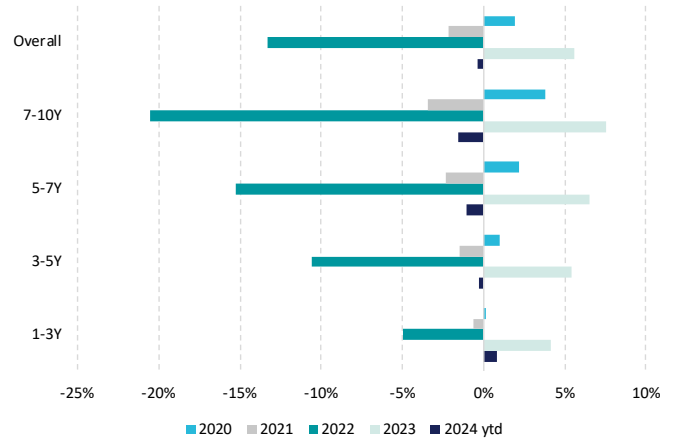


Source: market data, Bloomberg, NORD/LB Floor Research

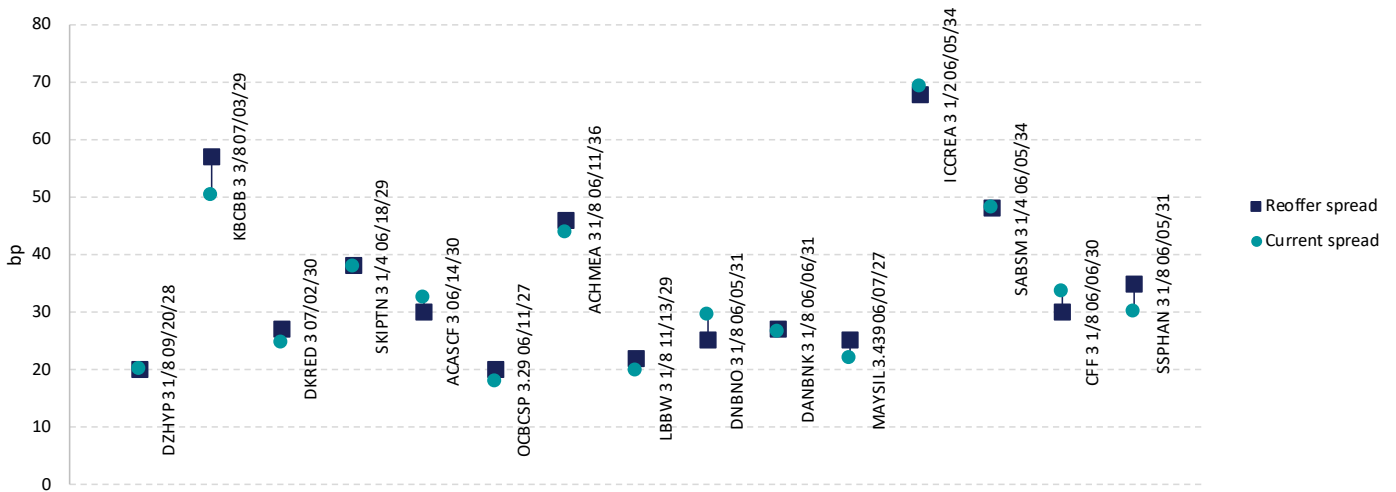
**Spread development by country**



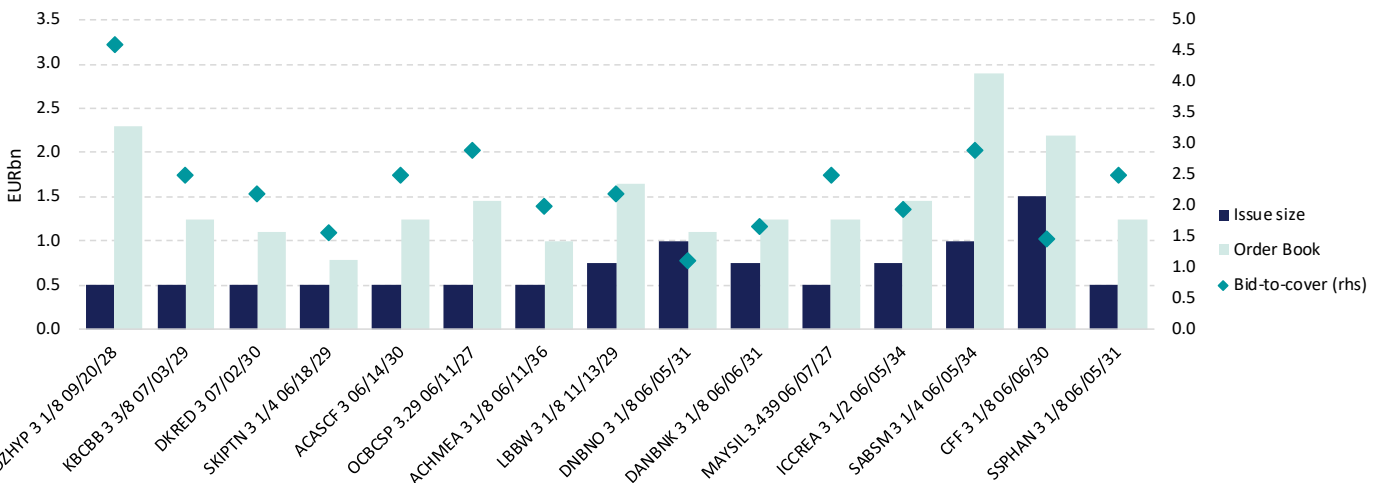
**Covered bond performance (Total return)**



**Spread development (last 15 issues)**



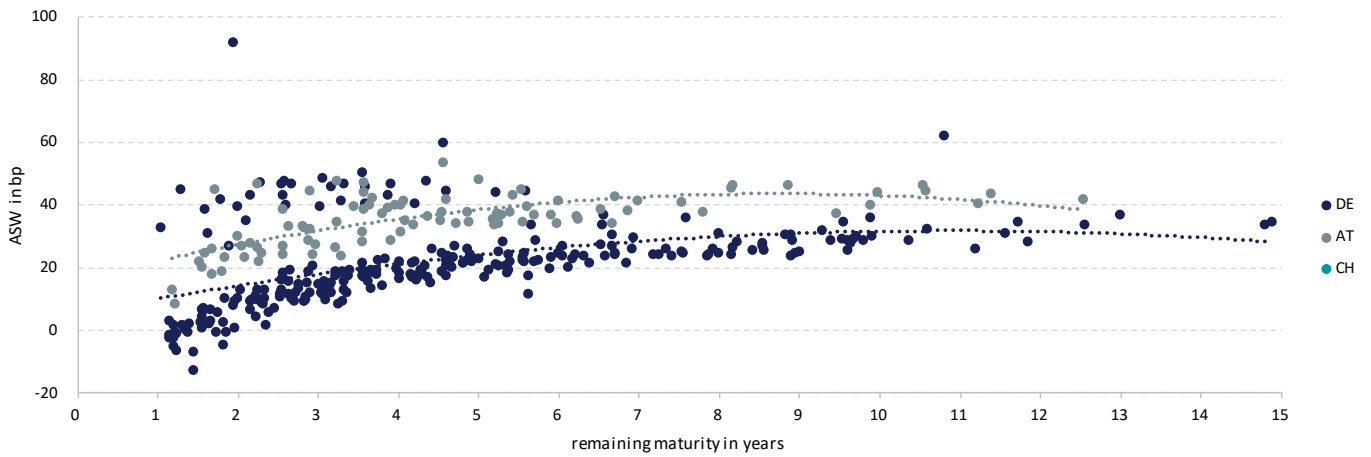
**Order books (last 15 issues)**



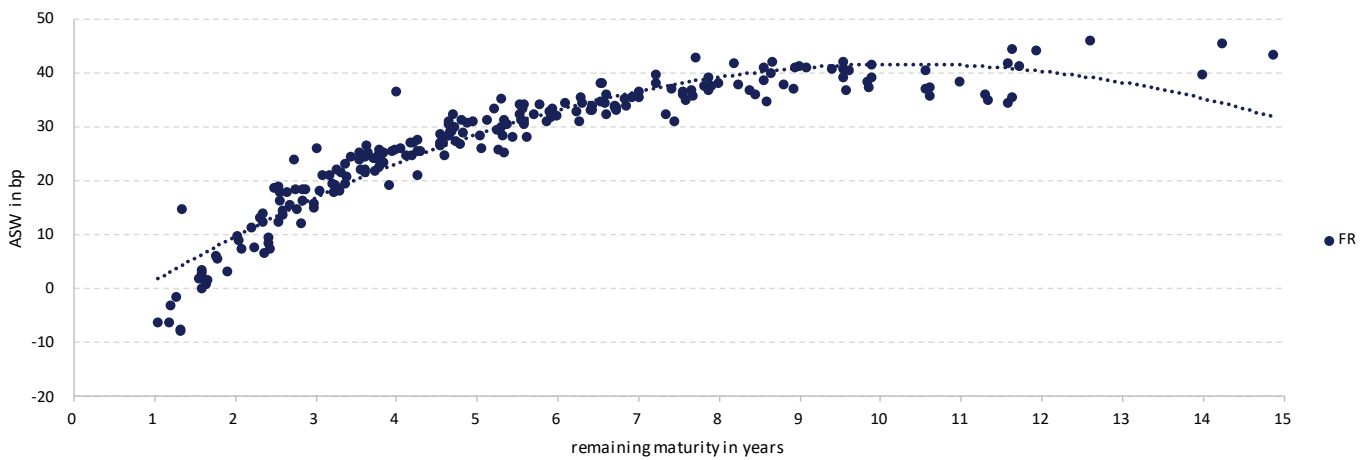
Source: market data, Bloomberg, NORD/LB Floor Research

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

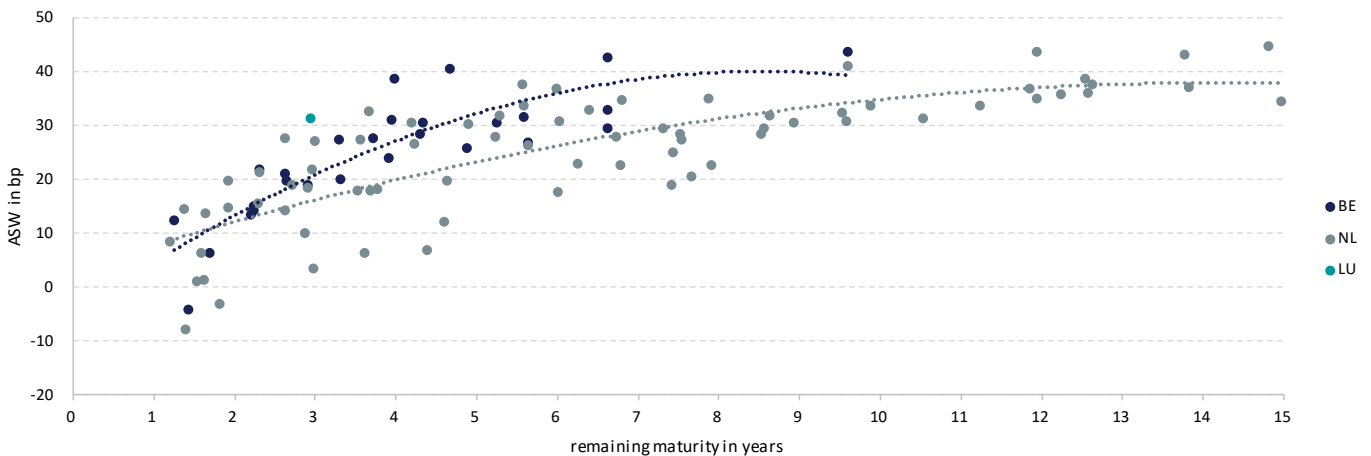
**DACH** 



**France** 

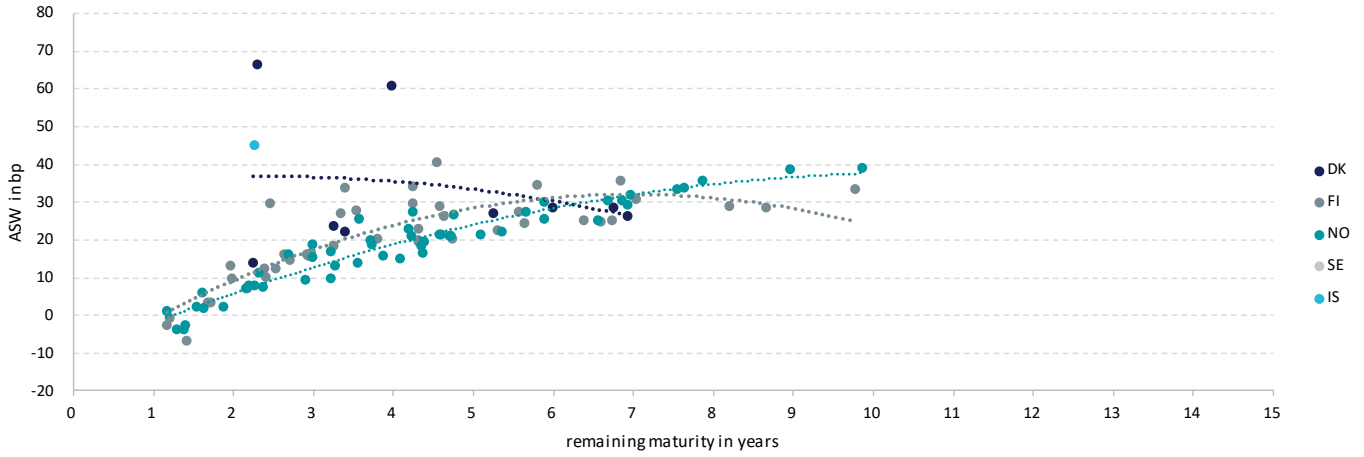


**Benelux** 

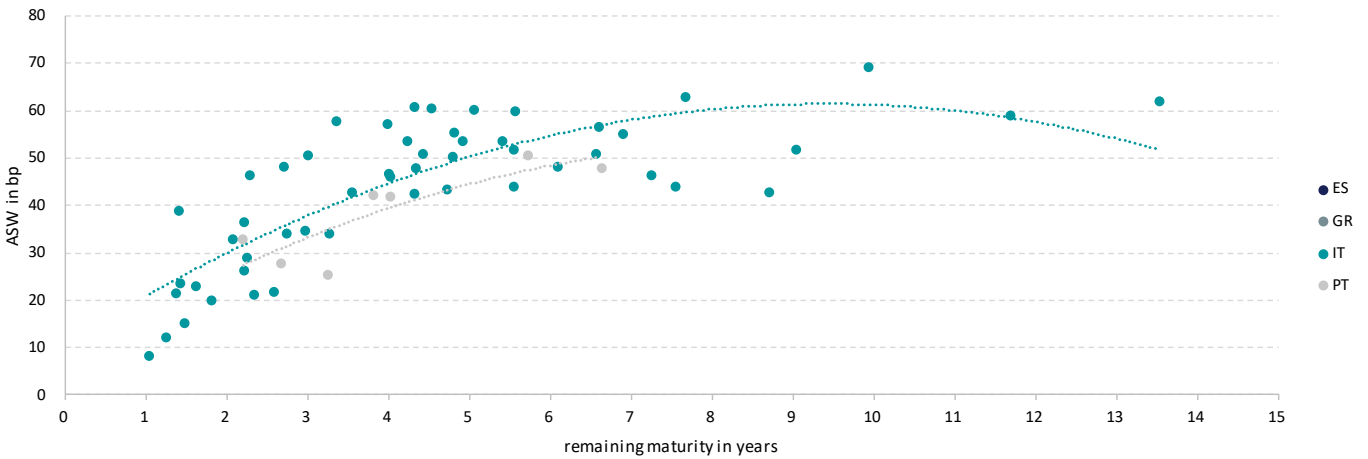


Source: market data, Bloomberg, NORD/LB Floor Research <sup>1</sup>Time to maturity 1 ≤ y ≤ 15

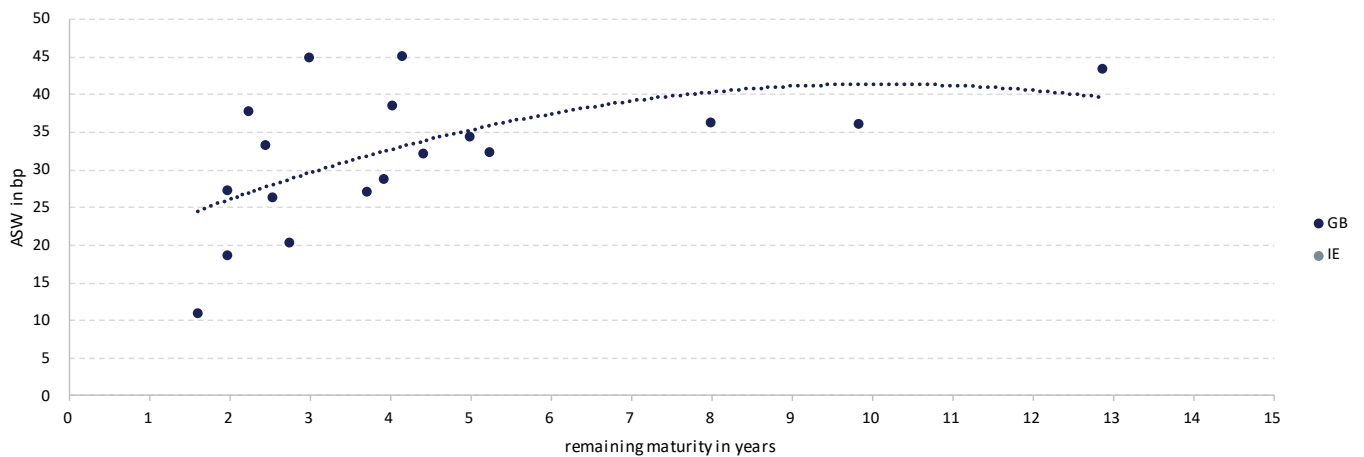
**Nordics** 🇩🇰 🇸🇪 🇳🇴 🇫🇮 🇮🇸



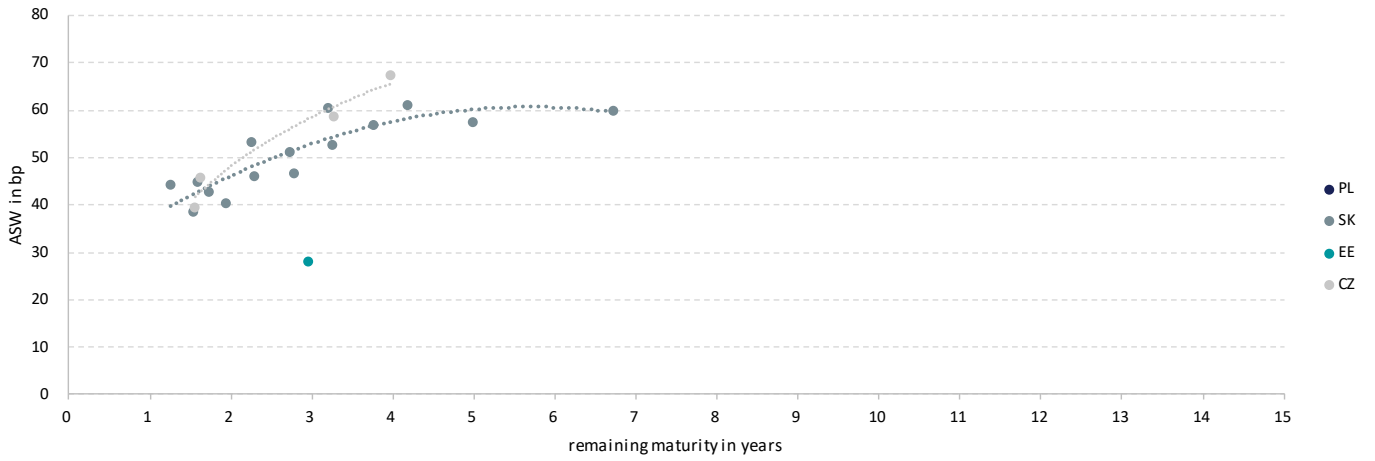
**Southern Europe** 🇪🇸 🇬🇷 🇮🇹 🇵🇹



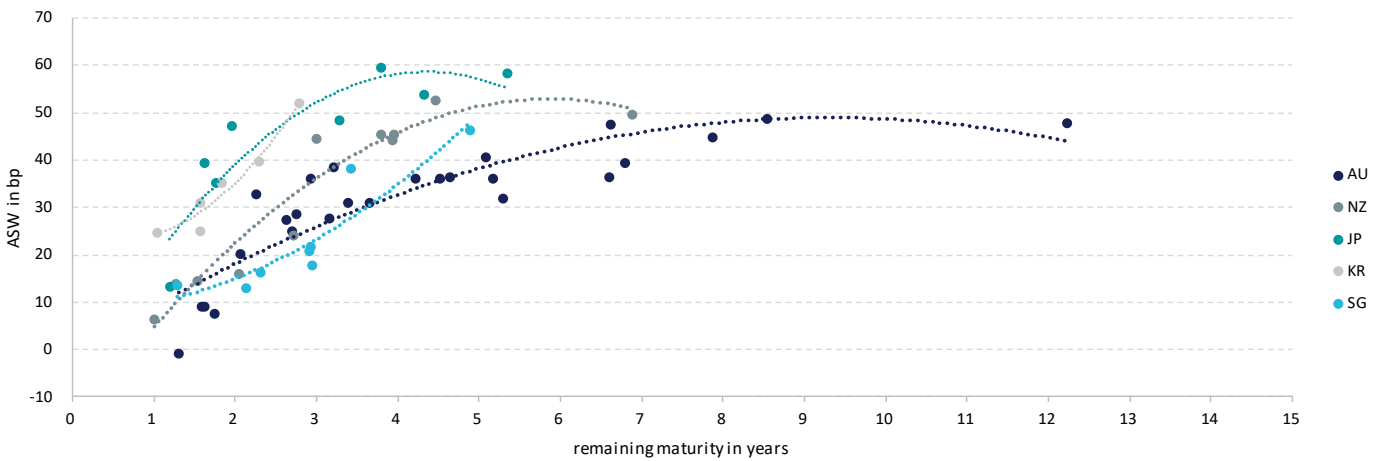
**UK/IE** 🇬🇧 🇮🇪



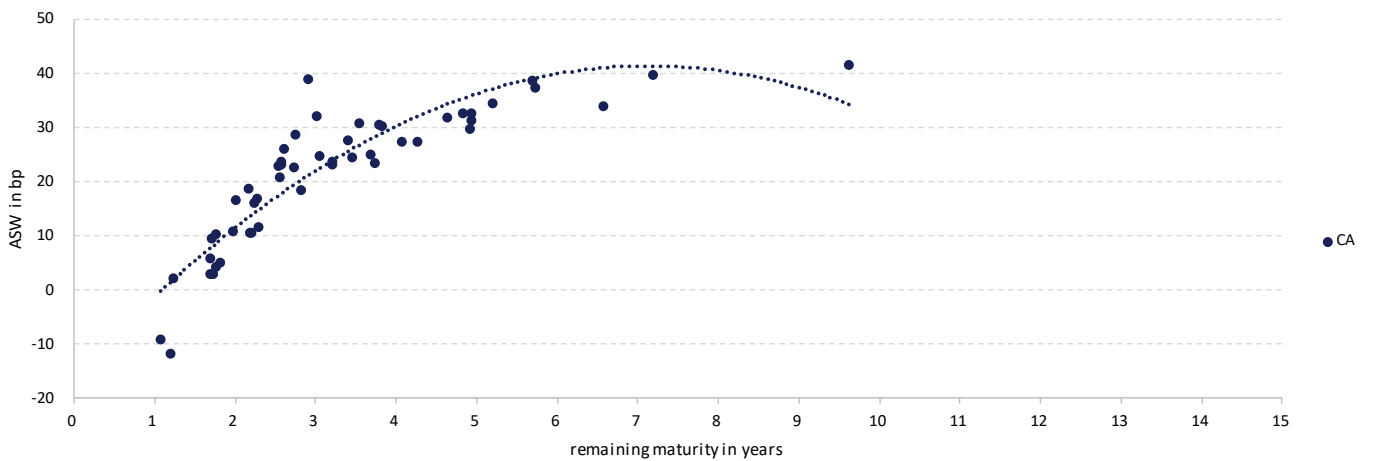
**CEE** 



**APAC** 



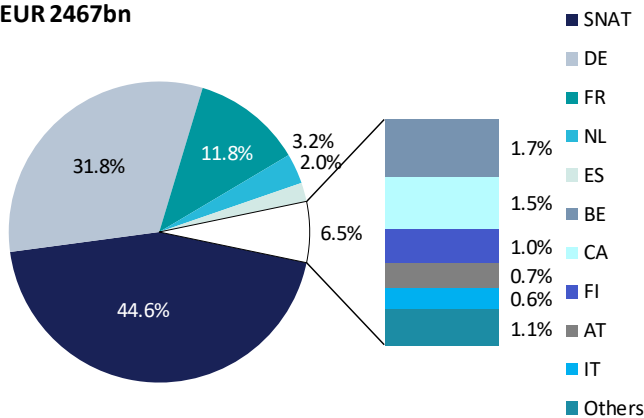
**North America** 



# Charts & Figures SSA/Public Issuers

## Outstanding volume (bmk)

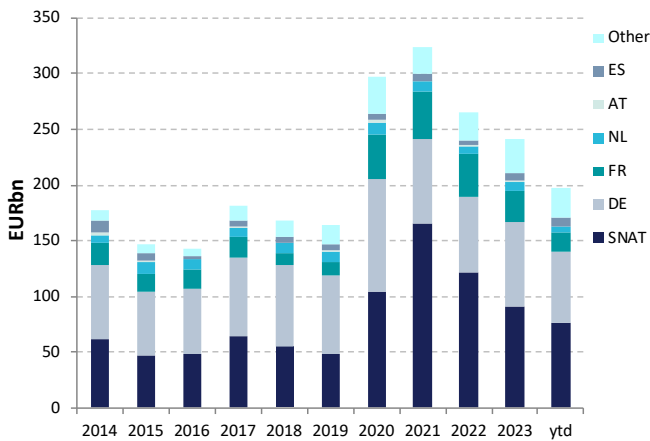
EUR 2467bn



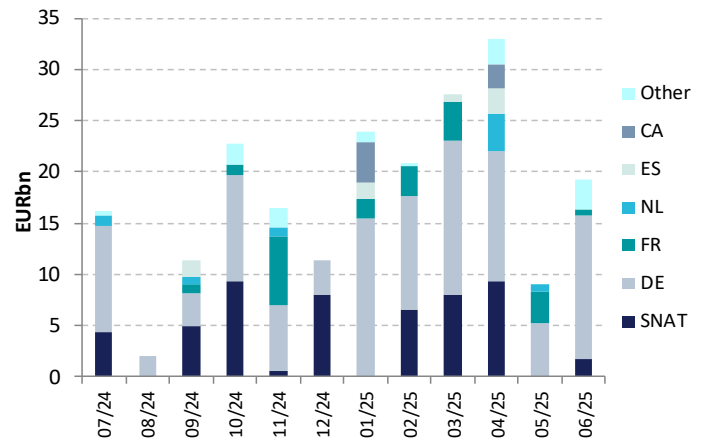
## Top 10 countries (bmk)

Country	Vol. (€bn)	No. of bonds	ØVol. (€bn)	Vol. weight. ØMod. Dur.
SNAT	1,103.2	237	4.7	8.0
DE	785.8	584	1.3	6.2
FR	291.9	195	1.5	5.9
NL	80.2	68	1.2	6.6
ES	50.0	70	0.7	4.9
BE	41.6	45	0.9	10.6
CA	37.7	28	1.3	5.1
FI	24.1	25	1.0	4.5
AT	17.8	22	0.8	4.0
IT	14.2	18	0.8	4.5

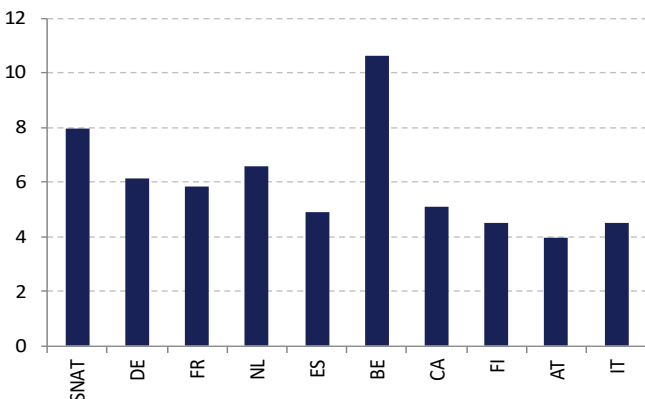
## Issue volume by year (bmk)



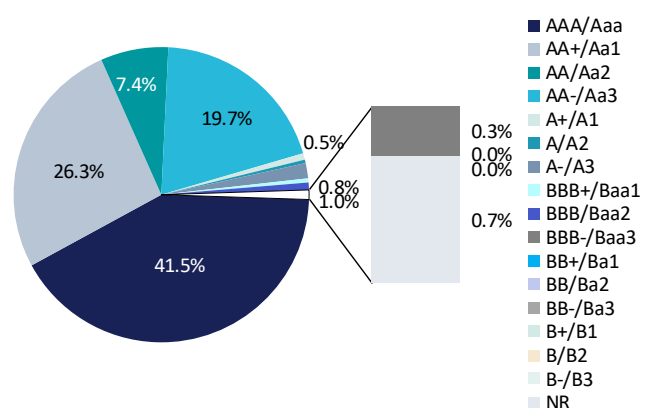
## Maturities next 12 months (bmk)



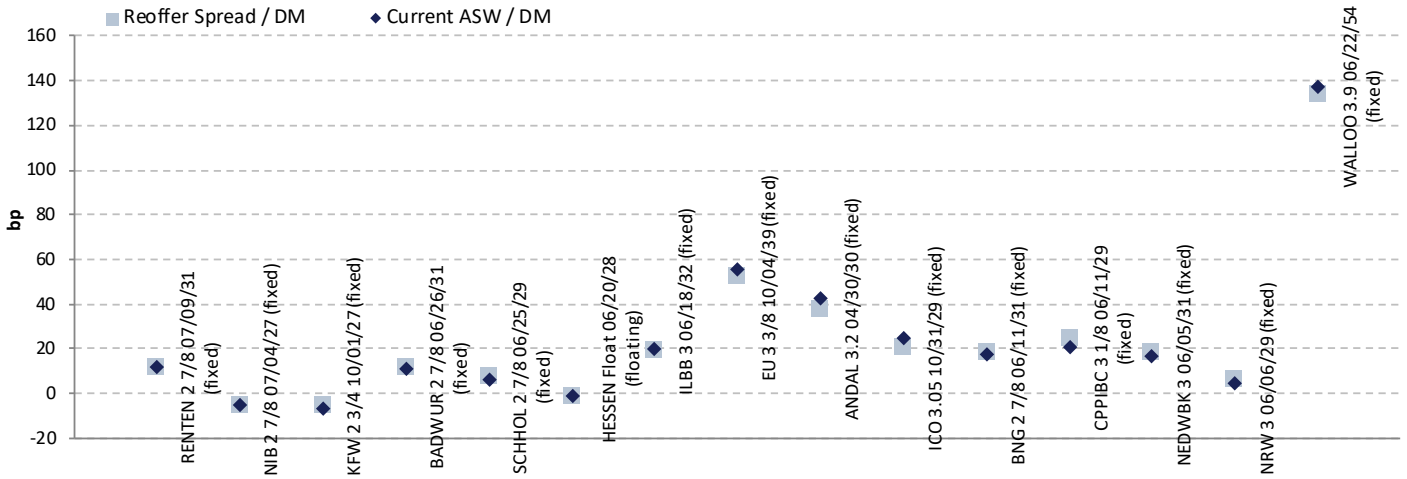
## Avg. mod. duration by country (vol. weighted)



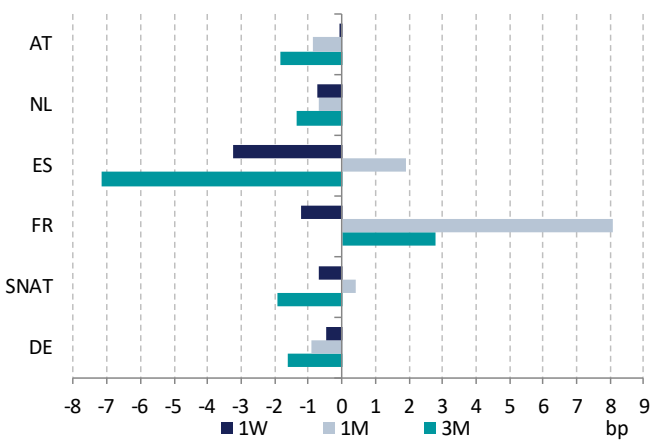
## Rating distribution (vol. weighted)



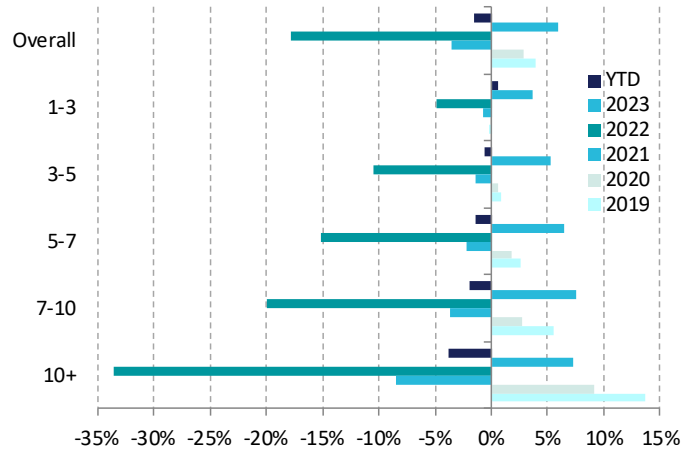
**Spread development (last 15 issues)**



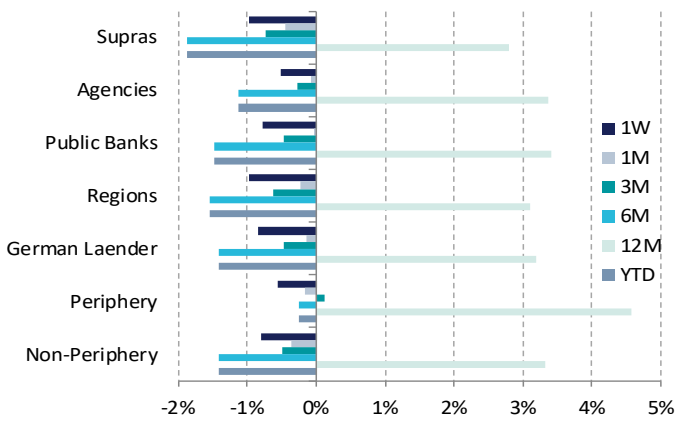
**Spread development by country**



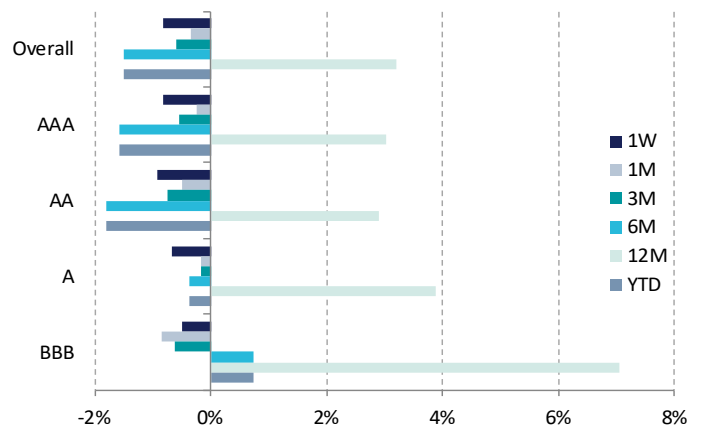
**Performance (total return)**



**Performance (total return) by segments**



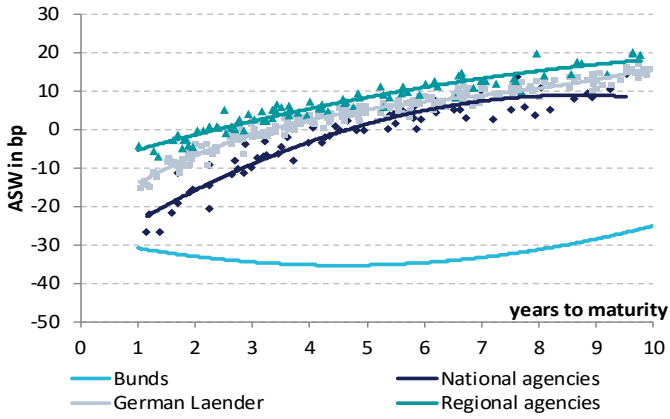
**Performance (total return) by rating**



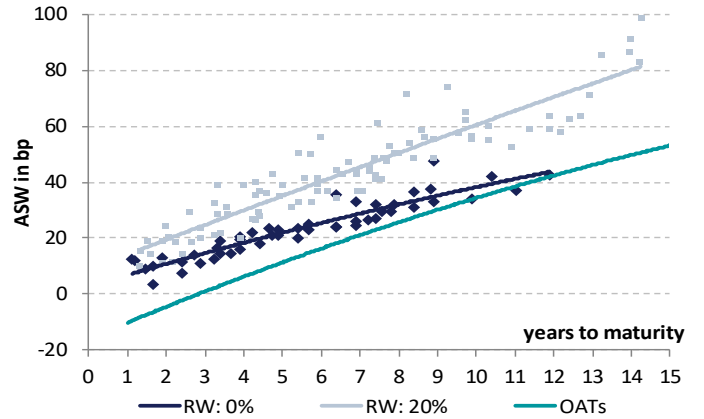
Source: Bloomberg, NORD/LB Floor Research



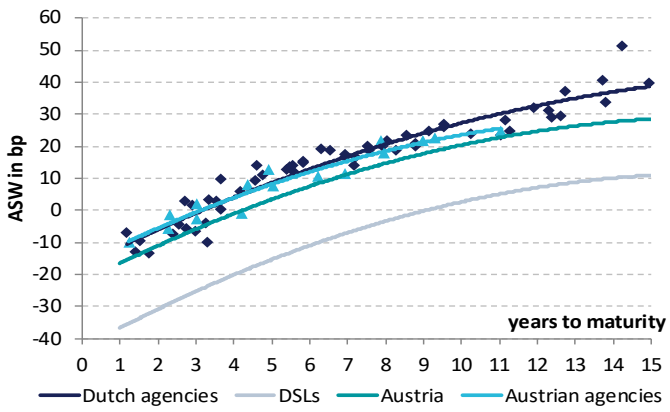
**Germany (by segments)**



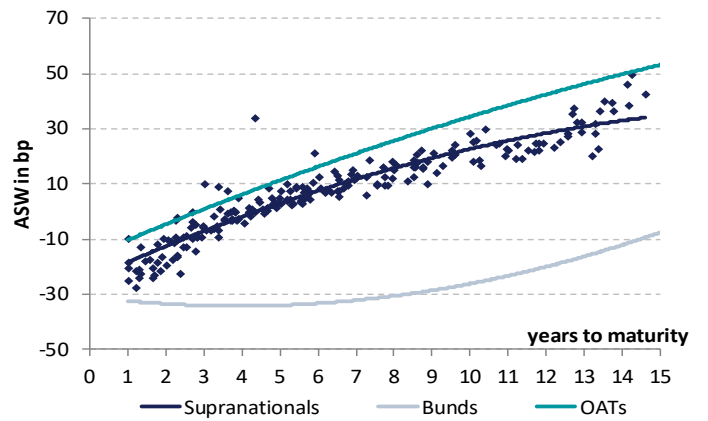
**France (by risk weight)**



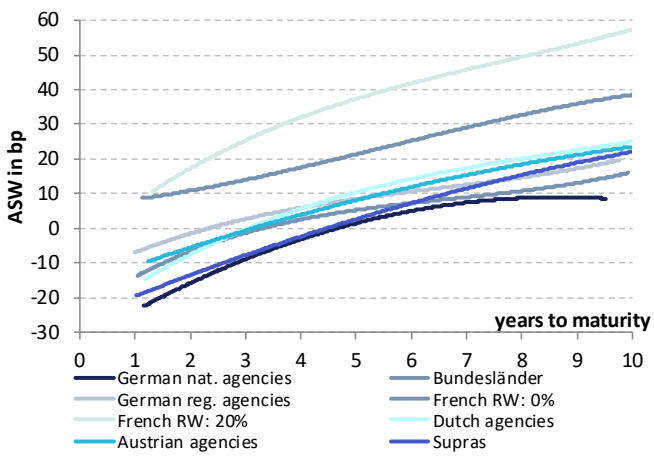
**Netherlands & Austria**



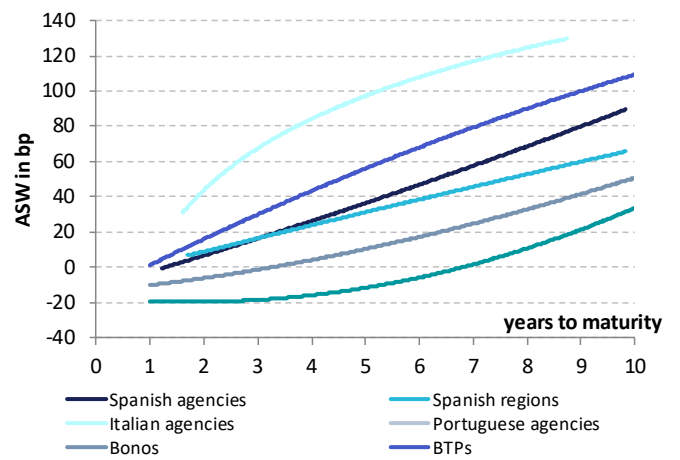
**Supranationals**



**Core**



**Periphery**



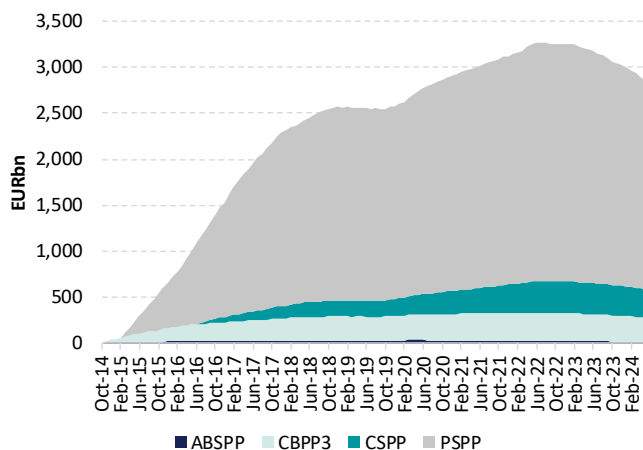
Source: Bloomberg, NORD/LB Floor Research

## ECB tracker

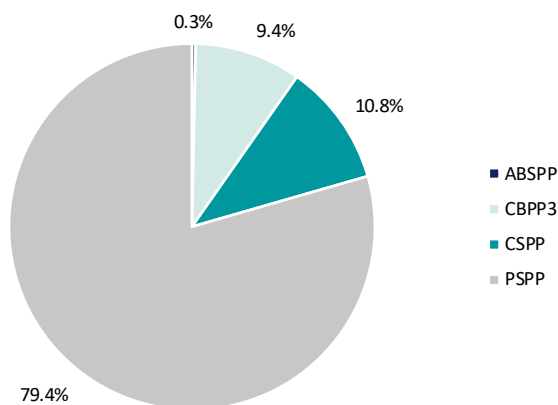
### Asset Purchase Programme (APP)

	ABSPP	CBPP3	CSPP	PSPP	APP
<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

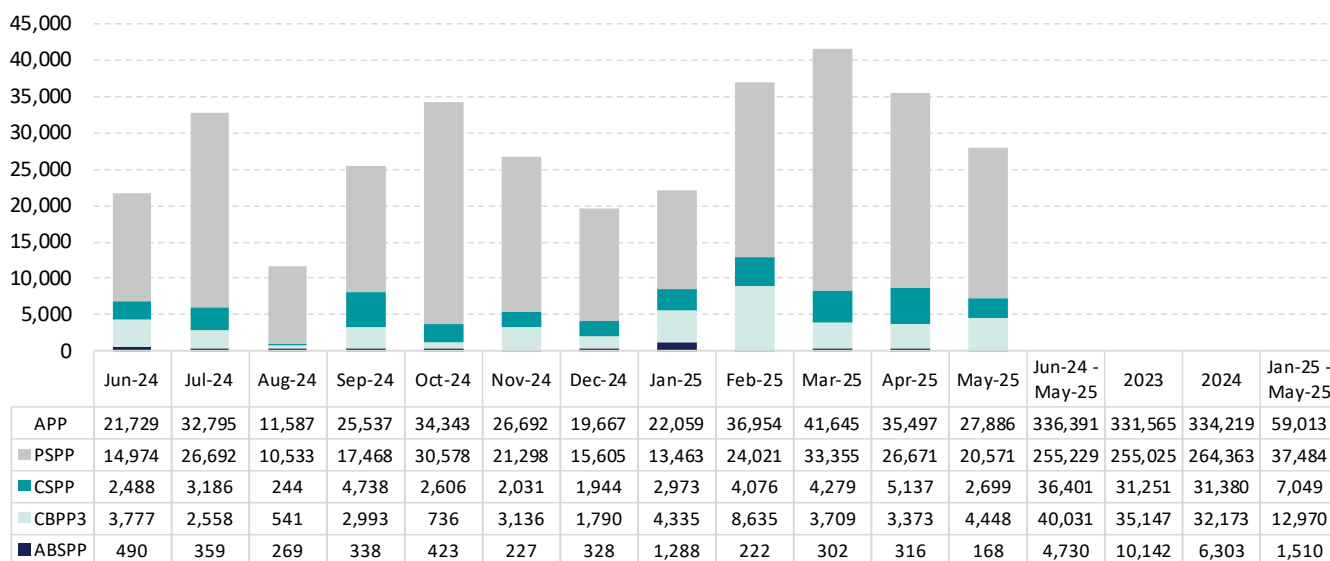


### Portfolio structure



Source: ECB, NORD/LB Floor Research

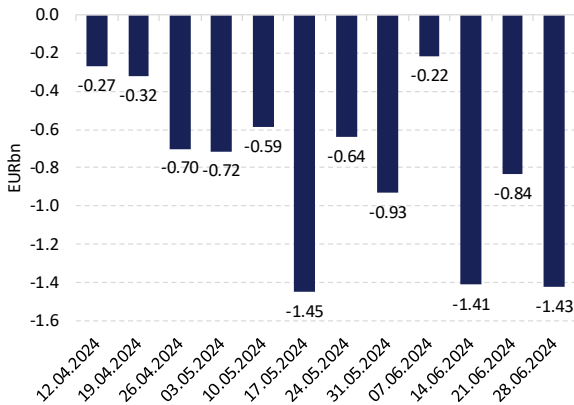
### Expected monthly redemptions (in EURm)



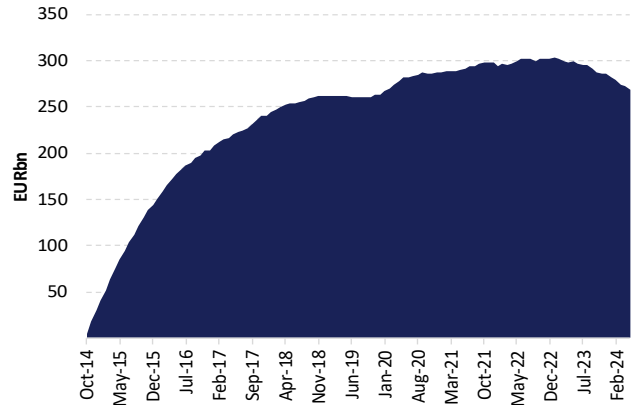
Source: ECB, Bloomberg, NORD/LB Floor Research

### Covered Bond Purchase Programme 3 (CBPP3)

Weekly purchases

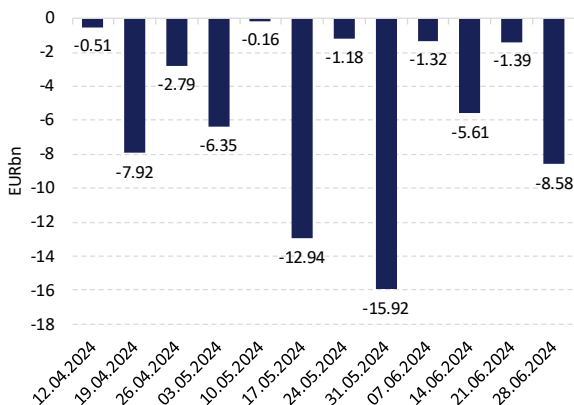


Development of CBPP3 volume

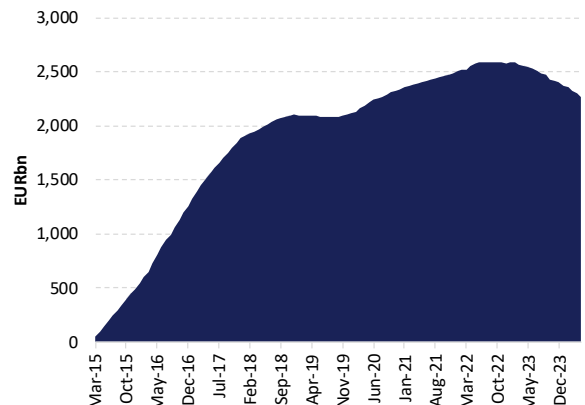


### Public Sector Purchase Programme (PSPP)

Weekly purchases



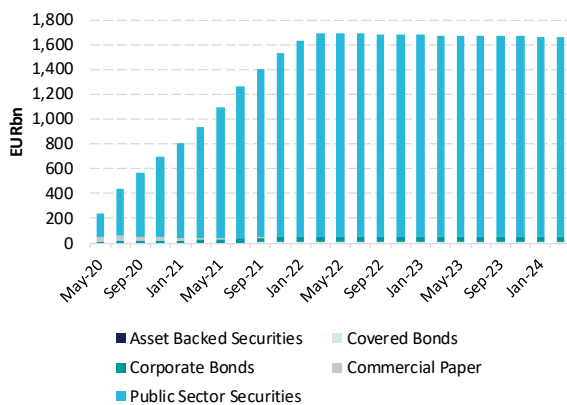
Development of PSPP volume



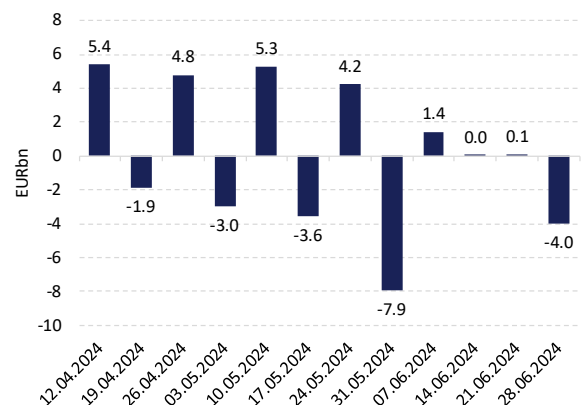
Source: ECB, Bloomberg, NORD/LB Floor Research

### 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="#">21/2024 ♦ 26 June</a>	<ul style="list-style-type: none"> <li>▪ The covered bond universe of Moody's: An overview</li> <li>▪ Teaser: Issuer Guide – Austrian Agencies 2024</li> </ul>
<a href="#">20/2024 ♦ 19 June</a>	<ul style="list-style-type: none"> <li>▪ New EUR benchmark issuer from Slovakia</li> <li>▪ ECB repo collateral rules and their implications for Supranationals &amp; Agencies</li> </ul>
<a href="#">19/2024 ♦ 12 June</a>	<ul style="list-style-type: none"> <li>▪ ESG covered bonds: Green deals continue to dominate</li> <li>▪ Teaser: Issuer Guide - Nordic Agencies 2024</li> </ul>
<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>

## 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

### Contacts at NORD/LB

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#### Sales

Institutional Sales	+49 511 9818-9440
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

#### Sales Wholesale Customers

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

#### Relationship Management

Institutionelle Kunden	<a href="mailto:rm-vs@nordlb.de">rm-vs@nordlb.de</a>
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