



Covered Bond & SSA View

NORD/LB Floor Research

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Marketing communication (see disclaimer on the last pages)

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Floor analysts:

Covered Bonds/Banks

Dr Frederik Kunze
frederik.kunze@nordlb.de

Lukas Kühne
lukas.kuehne@nordlb.de

Alexander Grenner
alexander.grenner@nordlb.de

SSA/Public Issuers

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

Christian Ilchmann
christian.ilchmann@nordlb.de

Lukas-Finn Frese
lukas-finn.frese@nordlb.de

NORD/LB:
[Floor Research](#)

NORD/LB:
[Covered Bond Research](#)

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Market overview

Covered Bonds

Authors: Alexander Grenner // Lukas Kühne // Dr Frederik Kunze

Primary market: progress in the year to date vs. initial forecast

It remains exceptionally quiet on the primary market for EUR-denominated covered bonds. In actual fact, no fresh bonds have been placed since the BPCE deal from France on 04 November. For this reason, we are keen to take this as an opportunity to compare our initial forecast for 2024 with the issuance volume recorded in the year to date and highlight the jurisdictions with particularly notable deviations. In this context, we should first of all point out that our initial forecast of EUR 168.8bn has not been achieved owing to various factors, meaning that we have had to adjust this downwards over the course of the year. At present, the total issuance volume for 2024 amounts to EUR 145.5bn. Against the backdrop of current market events, most of the jurisdictions tend to show deviations below our initial forecasts, whereas countries with an unexpectedly high volume of new issues are rather thin on the ground. In this regard, some discrepancies can be seen for Canada in particular. In our initial forecast, we projected new issues of EUR 17.5bn against maturities of EUR 12.5bn, which would produce a positive net new supply of EUR 5.0bn. However, over the course of the year we have already been forced to adjust our projection for Canada downwards several times, with new issues from this jurisdiction continuing to fall well short of expectations. At the moment, we are forecasting a volume of EUR 10.3bn from Canadian issuers. As such, a lot of the evidence points to the market shrinking by around EUR 1.3-2.3bn. The same goes for Spain, where we had initially anticipated new deals in the amount of EUR 8.0bn and a slightly growing market of EUR +1.8bn. Ultimately, however, issuance activities in Spain have likewise fallen well short of our projections across 2024 and currently stand at just EUR 2.9bn. This equates to a negative net new issuance volume of EUR -3.4bn. Other jurisdictions where we have seen unexpectedly weak primary market activities include New Zealand (zero new deals so far; initial forecast: EUR 3.8bn) and Sweden (current volume of EUR 1.3bn as against initial expectations of EUR 6.3bn). On the other side of the coin, however, there are countries where issuance activities have outstripped our initial projections. These include Switzerland (EUR 3.0bn; initial expectations: EUR 1bn) and the Netherlands (EUR 9.7bn versus initial forecast of EUR 6.0bn).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
-	-	-	-	-	-	-	-	-

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

Secondary market: sales pressure remains high

The situation on the secondary market is again largely unchanged on the previous weeks. With the primary market unavailable, sales pressure in the secondary market remains high, but there is now less and less buyer demand even for short maturities. Spreads are also continuing to widen. There is a growing consensus in the market that a further widening of spreads can be expected at the start of the new year, which is also not conducive to great investor interest in the current year.

Activities away from the EUR benchmark segment

In addition to looking at events on the primary market, we also occasionally consider deals outside of our usual coverage. In recent weeks, two issuers have taken advantage of the calm on the primary market to successfully place new bonds. First, ING Bank Australia approached its customers with a dual tranche – comprising a floater and a fixed-interest covered bond – in Australian dollars (AUD). This fresh supply came with a volume of AUD 1.0bn. At AUD 700m, the majority of this issue volume was attributable to the floater. At present, ING Bank Australia has no outstanding issues in the EUR benchmark segment. In contrast, Aareal Bank is a regular issuer in this segment. However, on this occasion, the issuer opted to place a covered bond in GBP last week. The three-year covered bond with a volume of GBP 325m was eventually priced at UKT +87bp. Due to the original funding requirement in GBP, market appearances in this currency by Aareal Bank are certainly rare, although by no means a one-off. As at 30 September 2024, for example, the equivalent of EUR 598.5m had been placed in GBP-denominated covered bonds by Aareal Bank, which is offset by cover assets with a volume of EUR 1.6bn. Aareal Bank's most recent covered bond activity in GBP dates back to April 2021, although this was a floater with a volume of GBP 500m, whereas last week's deal featured a fixed coupon. Similar to ING Bank Australia, Federation des Caisses Desjardins du Quebec (Desjardins) announced its intention to place new covered bonds in AUD on the market at the beginning of this week. Aside from the targeted term to maturity of three years, the bank remained vague in its communications. For example, Desjardins opted not to reveal whether it planned to issue one or more covered bonds and refused to commit in advance to the type of bond (floater or fixed-rate). While Aareal Bank has an original funding requirement in GBP, all of the cover pool assets at Desjardins are geographically located in Canada and denominated in Canadian dollars (CAD). However, the bank does not have any covered bonds in its domestic currency, but has rather been active already in EUR, CHF, GBP, NOK and USD. Accordingly, its plan to place a covered bond in AUD should not come as too much of a surprise. As of now, the issuer has seven outstanding covered bonds in the EUR benchmark segment comprising an overall volume of EUR 4.8bn.

ING Bank Australia joins the Covered Bond Label Foundation

Following a successful market appearance in its domestic currency, ING Bank Australia also announced that it had become a member of the Covered Bond Label Foundation (CBLF). As the eighth Australian bank to join the Covered Bond Label Foundation, it is now also committed to using the uniform reporting standards of the Covered Bond Label. ING Bank Australia believes that joining the CBLF is an opportunity to confirm the quality, liquidity and transparency of its programme and to strengthen its relationships with international investors. Luca Bertalot (Administrator of the Covered Bond Label Foundation) expressed his delight at welcoming another issuer from Australia as a new member of the CBLF, pointing out the central role of the Covered Bond Label in promoting transparency for the growing global covered bond market in the process. A total of 149 issuers from 25 jurisdictions now report in line with the uniform standards of the Harmonised Transparency Template.

ECB releases minutes of the key rate meeting on 16/17 October...

On [14 November](#), the European Central Bank (ECB) published the minutes of the key rate meeting held in Ljubljana on 16 and 17 October. From our point of view, the decision was also a sign of an easing of monetary policy driven by “soft” economic data and mood indicators (cf. [Fixed Income Special dated 17 October](#)), which has somewhat softened the mantra of data dependency. The now-published minutes remain a vital source of information for us – even if (political) events and news have almost literally come thick and fast since they were released. Growth risks were already starting to move increasingly into the foreground in October. The minutes also stated: “A few members initially expressed a view that they would have preferred to accrue more information and to wait until December, when a comprehensive assessment of the medium-term outlook for inflation would be available. However, these members could see the precautionary risk management case for cutting now, and thus expressed their readiness to support the proposal.” Potential “dissenters” were therefore convinced that the step in October was necessary after all. Attention now turns to the December meeting. With the formation of a new Trump administration and the upcoming new elections in Germany, the demands on ECB risk management are ramping up. On balance, market players are likely to start preparations for another interest rate cut. However, if developments across the Atlantic were to give rise to fresh concerns in connection with the “spectre of stagflation”, it is likely that the debate would then shift to focus on how far the interest rate cut should actually go. The next scheduled ECB interest rate decision is set for 12 December.

...while Executive Board member Isabel Schnabel urges caution at the IMF Research Conference in relation to the use of bond purchases and forward guidance

Isabel Schnabel, member of the ECB Executive Board, recently called for greater agility and flexibility in the choice of instruments used by her organisation in fulfilling its mandate at the annual Research Conference of the International Monetary Fund (IMF). According to Schnabel, she is above all keen to ensure that short-term interest rates receive the greatest share of attention. The central banker also sees long-term refinancing operations as being of crucial importance for the future. However, she urged caution with regard to instruments such as quantitative easing (QE) and stipulating internal guidelines for the future. She made it clear: “Asset purchases have proven to be a powerful tool for market stabilisation, while their cost-benefit ratio is less favourable when it comes to stimulating the economy near the effective lower bound [...]” She also arrived at a sobering conclusion with regard to the ECB’s forward guidance: “Our recent experience has also taught us that central bankers should be careful not to tie their hands too much by providing explicit forward guidance [...]” On [07 November](#), Isabel Schnabel had already provided interim insights into efforts aimed at reducing the ECB’s balance sheet to date during the ECB Conference on Money Markets 2024. The current upward pressure on interest rates in some areas of the money market is also due to far less pronounced shortages in terms of collateral. This in turn is also a consequence of more dynamic issuance activities in relation to sovereign bonds. In addition, the Eurosystem’s “footprint” has been diminished as a result of the balance sheet contraction, which is being felt on the demand side. These developments are also of vital importance to our asset classes, as the movements in the Bund swap spread are putting them under huge pressure and fuelling repricing.

Transparency requirements §28 PfandBG Q3/2024 Savings Banks

In this week's [focus article](#), we take a look at the composition of the cover pools of German Pfandbrief issuers according to the figures published on a quarterly basis by the Association of German Pfandbrief Banks (vdp). At the same time, this organisation also publishes figures on the Pfandbrief programmes of German savings banks, which we consider in greater detail as part of our special publication [Transparency requirements §28 PfandBG Q3/2024 Sparkassen](#). As at the end of the third quarter of 2024, the total outstanding volume of Pfandbriefe placed by German savings banks totalled EUR 29.3bn, which reflects a decline of -2.8% versus the previous quarter (EUR 30.2bn). A fall of -2.9% in outstanding mortgage Pfandbriefe (EUR 27.8bn) is primarily responsible for this development, although at -1.9% the share of outstanding public sector Pfandbriefe (EUR 1.5bn) also followed this trend. Overall, this is the first decline for the savings banks following three successive quarters of growth on the market. However, the total outstanding volume of Pfandbriefe remains in excess of the previous year's value of EUR 28.5bn at the end of the third quarter of 2023. This year-on-year growth is also due, among other aspects, to a handful of debutants that we welcomed to the EUR benchmark and EUR sub-benchmark segments across 2024. In the benchmark segment, the inaugural deal placed by Sparkasse Hannover deserves a special mention: in May, the issuer successfully approached investors to place a mortgage bond with a volume of EUR 500m. In actual fact, the bank had previously been a regular guest on the primary market for EUR sub-benchmarks, having placed its first bond in this format back in 2014. We also saw three debut deals in the sub-benchmark segment: Sparkasse Dortmund and Sparkasse Bremen arrived on the market in March and April respectively, with each bank opting for a volume of EUR 250m and a relatively long term of seven years. In October, they were joined by Kreissparkasse Ludwigsburg, which also raised a volume of EUR 250m. However, the bank from the German Bundesland of Baden-Württemberg selected a term to maturity of five years for its first foray into the EUR sub-benchmark segment. All three deals were well received by the market and had significantly oversubscribed order books at the end of the marketing phase. On balance, we are of the view that the savings banks are well-positioned to contribute to a dynamic Pfandbrief market in the coming year, also in view of their continued comfortable OC ratios.

Coop Pank from Estonia authorised to issue covered bonds

Last week, Coop Pank from Estonia announced that it had been awarded a licence from the ECB for the issuance of covered bonds. The bank will seek to issue covered bonds in an attempt to diversify its financing structure and at the same time to stabilise its long-term financing. Coop Pank stated that a debut issuance on the covered bond market can be expected in the first half of 2025. According to [Paavo Truu](#) (CFO of Coop Pank), the level of real estate financing has now reached a level that would facilitate the issuance of covered bonds. He went on to say that the timing and volume of the issuance would be dependent on market conditions and the bank's refinancing requirement. At present, two Estonian issuers are active on the EUR benchmark or EUR sub-benchmark segment. In addition to Luminor Bank, which was most recently active on the primary market in May 2022 with a transaction amounting to EUR 500m, LHV Pank placed a deal in the EUR sub-benchmark segment (EUR 250m) in October of this year.

Market overview

SSA/Public Issuers

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

KfW: promotional figures at the end of Q3/2024

Germany's largest promotional bank, Kreditanstalt für Wiederaufbau (KfW, ticker: KFW), has published its promotional figures for the third quarter of 2024 as well as for the first nine months of the current year. According to the corresponding press release, KfW's promotional funding volume in the period January to September 2024 stands at EUR 53.9bn, down considerably on the same period in the previous year (EUR 80.8bn). The decline is particularly evident in domestic promotional funding, where the commitment volume amounted to EUR 31.0bn at the end of Q3/2024, compared with EUR 57.9bn in 2023. The main reasons here were the expiry of special programmes, such as the emergency aid package and the price brake for gas and heat, and absence of special financing in the energy sector. KfW ended the nine-month period under review with consolidated profit of EUR 1.3bn. This was based on a continued strong operating result of EUR 1.4bn, which in turn benefited from increased interest income. At EUR 2.2bn (Q3/2023: EUR 2.0bn), net interest income remained the promotional bank's main source of income. "Even under challenging conditions, KfW supports private individuals, companies and municipalities in their sustainable transformation with its programmes and financing. [...] Our consolidated earnings show a positive trend. This is important, as a strong financial position is essential for us to continue supporting the economy and society effectively in the future," said Stefan Wintels, CEO of KfW. At EUR 551.8bn, total assets were slightly below the level recorded as at year-end 2023 (EUR 560.7bn). The decline resulted, in particular, from a downturn in the volume of lending and the repayment of credit lines in the package of measures for energy suppliers. The equity capital reported in the balance sheet increased slightly compared with the end of the previous year (September 2024: EUR 39.3bn; December 2023: EUR 38.1bn). With a total capital ratio of 30.9% and a (common equity) tier 1 capital ratio of 30.8% (end Q2/2023: both 29.9%), the regulatory capital ratios remain at a very good level. On the refinancing side, KfW raised fresh funds of around EUR 68bn in the nine-month period (Q3/2023: EUR 75bn) on the international capital markets. The majority (around EUR 45bn) of the planned funding volume of EUR 80bn for 2024 as a whole was procured by issuing EUR and USD denominated bonds in benchmark format. Of this, net proceeds amounting to EUR 11bn were attributable to the placement of [green bonds](#). In total, KfW issued bonds in eight different currencies. Several digitalisation projects that KfW has implemented in recent months to automate its financial market activities should also be highlighted. These included the issue of two blockchain-based bonds in July and August. With these successful pilot transactions, KfW achieved important milestones on its digitalisation journey, which also serve to strengthen Germany as a financial centre and help further improve its competitive standing.

Deutsche Bundesbank: October monthly report – Laender finances 2023

In its [Monthly Report - October 2024](#), Deutsche Bundesbank provides a comprehensive analysis of the financial and budgetary position of the [German Laender](#) in 2023 as well as an outlook for the current budget year. According to the report, the finances of sub-sovereigns, including their municipalities, deteriorated considerably in the past year. After achieving a strong surplus in 2022, the unadjusted deficit in 2023 stood at EUR -8bn. Growth in tax revenue was weak, while the rise in expenditure categories such as personnel and service purchases was much higher following the significant price increases of recent years. Nevertheless, the structural situation of Laender finances according to the Bundesbank was still relatively favourable, as the budget deficit is primarily due to factors such as temporary measures and acquisitions of financial assets weighing heavily on the balance. Adjusted for these and cyclical effects, a structural surplus of EUR +8bn was recorded for 2023. There were major differences in the financial situation of the individual sub-sovereigns in the past year. Saarland achieved the highest per capita surplus, largely buoyed by budgetary recovery assistance from central government. Although Bremen also received budgetary recovery assistance, it ranked last by a wide margin with a high per capita deficit. Bremen also recorded the highest per capita debt out of all the Laender, while Saarland had the highest debt per capita among the non-city states. Per capita debt was lowest in Saxony and Bavaria. In recent years, the Laender have made extensive use of emergency borrowing via the debt brake escape clause. In the reporting year, they repaid around EUR 5bn. For the end of 2023, they reported outstanding emergency loans amounting to nearly EUR 70bn (EUR 820 per capita), which are to be repaid in the future. These obligations vary greatly between the sub-sovereigns. As recipients of budgetary recovery assistance, Saarland and Bremen have the highest volume of emergency loans per capita at EUR 3,500 and EUR 3,100 respectively. In contrast, Rhineland-Palatinate and Hamburg have already repaid all emergency loans. After the Federal Constitutional Court ruled in November 2023 that emergency borrowing may not be used to finance expenditure in subsequent years (unless an emergency situation is declared), some Laender have had to write back some of their emergency reserves. However, some Laender did declare an emergency situation again in 2023 and increased their emergency borrowing, notably Brandenburg and Bremen. Some are also planning to use emergency borrowing in the current year, not least the two Laender receiving budgetary assistance, Bremen and Saarland, but also Saxony-Anhalt and Schleswig-Holstein. With regard to budgetary development in 2024, the Bundesbank expects the financial results of the Laender and municipalities to worsen again. The main reasons here are subdued macroeconomic growth and lower tax revenues coupled with higher costs, especially for personnel. By the end of the first six months of 2024, the deficit of Laender and municipalities had already increased considerably to EUR 17bn. In addition, the Bundesbank criticised the lack of transparency in Laender finances and called for more meaningful and harmonised statistics in future to improve the identification of problems and budgetary scope. Moreover, the debt brake at Laender level should be structured in a more uniform manner. This concerns, not least, cyclical adjustment. At present, cyclical effects diverge more strongly across the individual Laender than can be explained from an economic perspective. The cyclically adjusted figures based on the Laender data therefore cannot be meaningfully compared.

NRW.BANK: economic promotion normalises further after crisis years

On 05 November, Germany's second largest promotional bank by total assets, NRW.BANK (ticker: NRWBK), also published its promotional figures for the first nine months of 2024. According to the press release, NRW.BANK extended promotional funds amounting to EUR 7.1bn in the period January to September. The volume of new commitments was therefore up slightly on the same period in the previous year, when the figure stood at EUR 7.0bn. Developments in the individual promotional fields varied considerably. Compared with the first nine months of 2023, the new commitment volume in Housing climbed +49% to EUR 2.4bn. This increase was mainly due to demand under the "NRW.BANK.Wohneigentum" and "NRW.BANK.Nachhaltig Wohnen" programmes. In contrast, demand for promotional funds in the Economy segment fell -17% from EUR 2.3bn in the first nine months of 2023 to EUR 1.9bn. The normalisation trend in promotional business to pre-Covid levels that has been in evidence for several quarters is therefore continuing. Nevertheless, higher demand was registered in some programmes. In the promotional field Infrastructure/Municipalities, however, new financing in the first nine months of 2024 amounted to EUR 2.9bn, down -9% on the same period in 2023 (EUR 3.1bn).

Financial equalisation for municipalities in Bavaria 2025

At a meeting at the start of November, the state government of the Free State of Bavaria (ticker: BAYERN) and the municipal central organisations agreed a financial equalisation of EUR 11.98bn for the coming year. This is an increase of EUR 608.6m on the figure for 2024 for Bavarian municipalities, cities, rural districts and governmental districts. To ensure permanent structural improvement for the municipalities, the municipality share of the general tax pot is to rise from 12.75% to 13% from 2025. The key allocations that make up the biggest individual positions in Bavaria's municipal financial equalisation are set to amount to EUR 4.85bn in 2025. These sums will be available to the municipalities to fulfil their mandates and boost their own tax receipts. They are therefore very important for strong levels of autonomy for the municipalities. To take account of the increased burden on governmental districts resulting from social expenditure and to improve their financial position on a sustained basis, allocations to governmental districts will rise next year by EUR +120m to EUR 836.5m. At the same time, the burden on municipalities and rural districts as payers of the allocated contribution is to be reduced. "Together we have reached a fair compromise again this year. The negotiations were difficult but always handled with great mutual respect with the aim of finding acceptable solutions. Given the huge fall in tax revenue forecast for both Bavaria and the municipalities and concurrent enormous price rises, the starting point was extremely problematic. Municipalities in Bavaria will receive a total of EUR 11.98bn from the financial equalisation system in 2025. This shows that the Free State of Bavaria is a reliable partner that stands firmly by its municipalities, especially in challenging times of weak tax growth," emphasised Albert Füracker, Minister for Finance and Home Affairs in Bavaria. "Sound municipal finances are hallmarks of Bavaria. [...] We need strong municipalities that are financially independent. I am therefore delighted we have been able to mutually agree a sustainable solution for municipal financial equalisation in 2025 as well," added Minister of the Interior Joachim Herrmann.

First digital issue from CDC

The French agency Caisse des Dépôts (CDC, ticker: CDCEPS) has completed its first digital bond issue in the context of the Eurosystem's exploratory phase. The EUR 100m (10y) Digital Native Note was placed by CDC using the digital financial market infrastructure (D-FMI), the distributed ledger technology-based component of the securities settlement system operated by Euroclear and the cash distributed ledger technology (DL2S) of Banque de France. Nathalie Tubiana, Chief Financial and Sustainable Policy Officer of the CDC Group, was pleased with the issue, commenting as follows: "Financial and digital sovereignty is one of the three strategic axes for the Caisse des Dépôts Group, along with ecological transition and social and territorial cohesion. So, we wanted to participate in this digital issuance, a pioneering operation on the capital market in France, to support players in the sector working with Euroclear and the Banque de France. This programme demonstrates Caisse des Dépôts' capacity for adaptation and innovation, which its teams have always demonstrated."

Primary market

Having come to a near standstill in the previous week, activity in the SSA primary market picked up slightly again in the trading week under review with a series of tap issues in particular. The first came from the Free Hanseatic City of Bremen (ticker: BREMEN), which offered investors a 5-year deal, its fourth EUR benchmark of the year. At the end of the marketing phase, the bond tightened by two basis points versus initial guidance and was priced at ms +31bp. The deal was 2.0x oversubscribed. In the context of the digitalisation of the capital markets, the European Investment Bank (ticker: EIB) appeared on the screens again, issuing another EUR 100m digital bond at ms +17bp (3y, bid-to-cover ratio: 1.2) as part of its exploratory phase. Also making an appearance in the German Laender segment was Schleswig-Holstein (ticker: SCHOL) with a tap issue. It opted to increase its 2028 floater by a further EUR 250m, with final pricing at +17bp versus the six-month Euribor. Staying in Germany, the Free and Hanseatic City of Hamburg (ticker: HAMBURG) increased its 2029 bond at the start of the week by EUR 250m at ms +30bp (bid-to-cover ratio: 3.6x). Moreover, the region of Wallonia in Belgium (ticker: WALLOO) increased its 2030 bond in [social format](#) by EUR 300m at OLO +39bp last Tuesday. The final deal came from the European Union (ticker: EU), which was active with a dual tranche in the form of two taps as part of its fourth syndicated deal in H2/2024 (cf. [funding plan](#)). While the shorter-dated 2031 bond was increased by EUR 4bn at ms +47bp (guidance: ms +50bp area; order book: EUR 66bn), the volume of the [green](#) 2043 bond was increased by EUR 3bn at ms +95bp (guidance: ms +98bp area; order book: EUR 80bn). Looking ahead to the coming week, there is the EU's sixth and final bond auction this year. Interesting new mandates include FLEMSH (tap, 3.125% 06/2034) and BADWUR (EUR 1bn, WNG, 6y).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
BREMEN	DE	13.11.	DE000A30V4A0	5.0y	0.50bn	ms +31bp	AAA / - / -	-

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

Covered Bonds

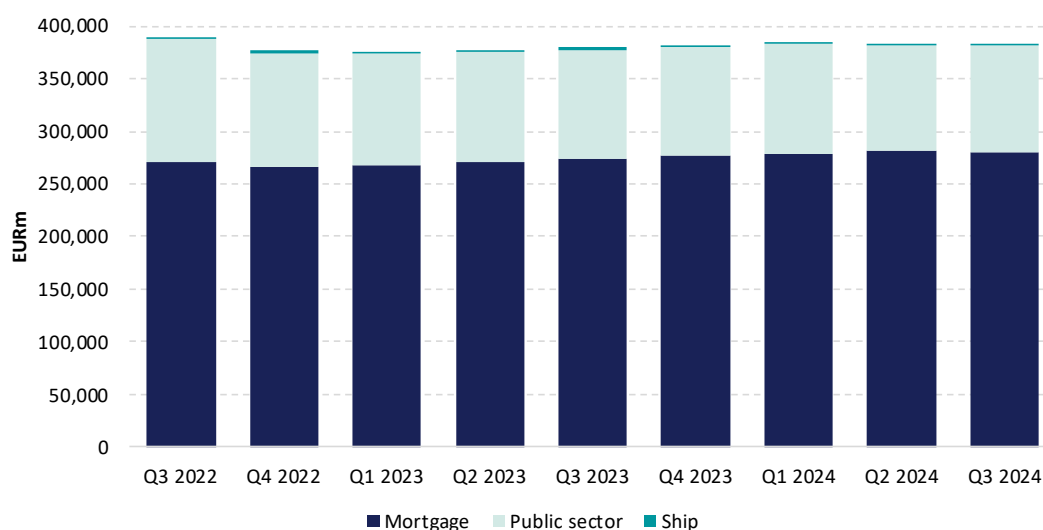
Transparency requirements §28 PfandBG Q3/2024

Author: Alexander Grenner

Transparency requirements §28 PfandBG: a look at the German Pfandbrief market

In the current issuance year, German Pfandbrief banks are among the key drivers in the primary market both with regard to the EUR benchmark as well as the EUR sub-benchmark segment. In our opinion, a closer look at the composition of the cover pools of the German Pfandbrief issuers also provides a little more clarity in terms of CRE exposure and its prevalence among the issuers under review. The main focus is on the type of cover assets (residential vs. commercial) as well as the geographical distribution of the real estate assets. In this context, the reporting requirements in the form of [transparency reports](#) in line with §28 PfandBG published on a quarterly basis by the Association of German Pfandbrief banks (vdp) of §28 PfandBG also regularly provide an important input variable. On the basis of this data, we have again published our NORD/LB Covered Bond Special "[Transparency requirements §28 PfandBG Q3/2024](#)" in the last week, in which the cover pool data on 38 mortgage Pfandbrief programmes, 21 programmes for public sector Pfandbriefe and two ship Pfandbrief programmes were presented. Furthermore, we also manually included details of the Deutsche Bank cover pool, which are not reported on the vdp website. At the same time, with the publication of "[Transparency requirements §28 PfandBG Q3/2024 Sparkassen](#)", we also looked at German savings banks' Pfandbrief programmes, which consist of 43 mortgage programmes and 12 programmes backed by public sector assets, in more detail. We summarise the key developments and core messages from the transparency reports at the end of the third quarter of 2024 below.

Trend in outstanding Pfandbrief volume

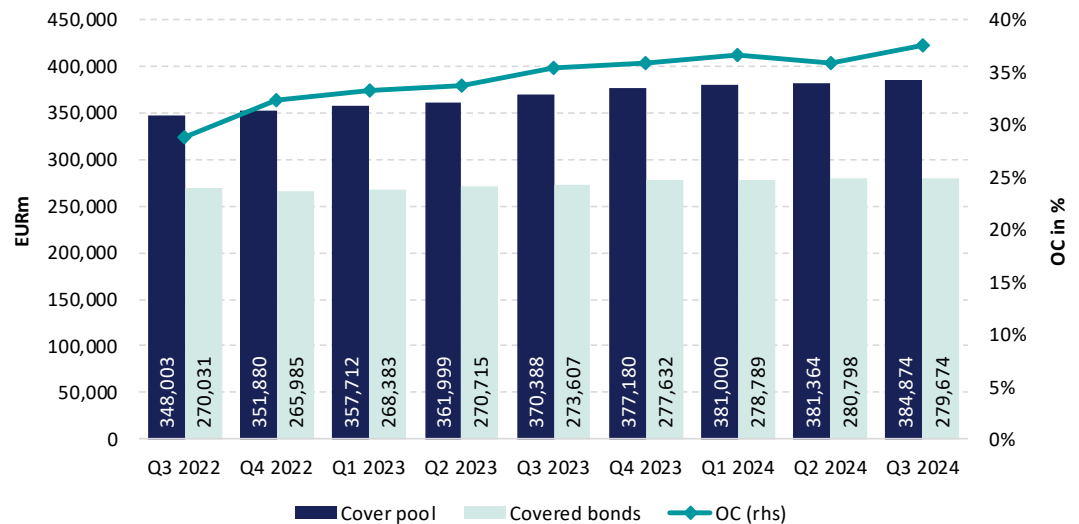


Source: vdp, Deutsche Bank, NORD/LB Floor Research

Outstanding Pfandbriefe: total volume declines marginally

At EUR 382.8bn in outstanding Pfandbriefe, the total volume has fallen slightly in comparison with the previous quarter (30 June 2024: EUR 383.0bn). This development is largely attributable to the volume of mortgage Pfandbriefe, which fell by EUR -1.1bn in comparison with the previous quarter to EUR 279.8bn. In contrast, the amount of public sector Pfandbriefe rose slightly quarter on quarter (EUR +875m), reaching EUR 101.7bn. Compared with the previous quarter, the amount of outstanding ship Pfandbriefe (Schipfe) remained largely constant and, at EUR 1.4bn, was only up by EUR +20m on Q2 2024. At 73.1%, mortgage Pfandbriefe therefore still account for the major share of the Pfandbrief market as per our definition.

Trend in mortgage Pfandbriefe

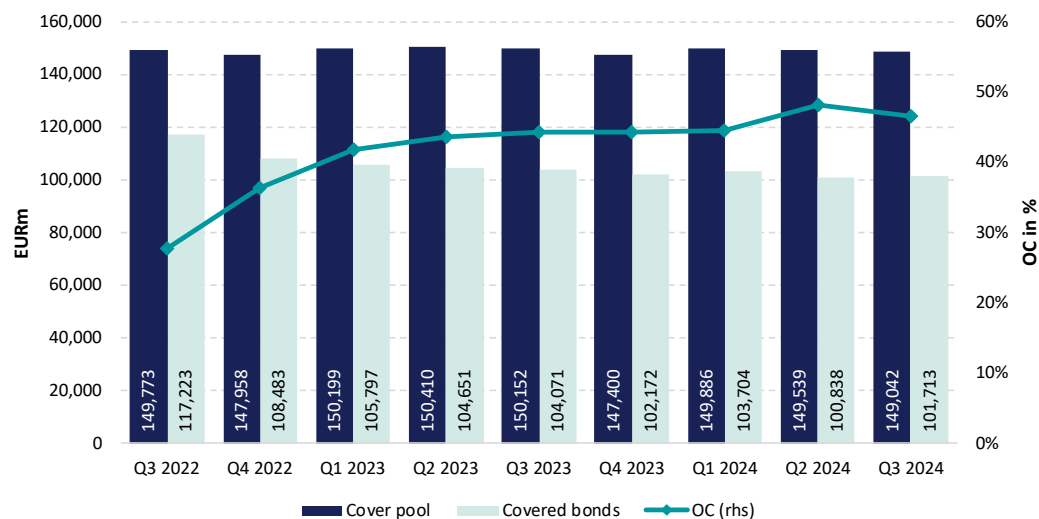


Source: vdp, Deutsche Bank, NORD/LB Floor Research

Mortgage Pfandbriefe: OC ratio increases to 37.6%

The above-mentioned mortgage Pfandbrief volume of EUR 279.8bn is currently matched by a cover pool volume of EUR 384.9bn, which results in a calculated OC of EUR 105.2bn or 37.6% (previous quarter: EUR 100.6bn or 35.8%). In our view, this analysis of average values continues to show no indication yet of a shortage of cover assets that could impair the issuance potential in the coming quarters. Among other factors, this assessment is based on the increase in the overcollateralisation ratio of around +8.7% compared with the third quarter of 2023. As of the reporting date, the growth in the outstanding volume of ING-DiBa of EUR +1.0bn catches the eye at issuer level. Deutsche Pfandbriefbank (EUR +649m), Oldenburgische Landesbank (EUR +577m) and Deutsche Kreditbank (EUR +525m) also posted significant increases. In comparison with the previous year, ING-DiBa reported a remarkable increase of around EUR +5.0bn in outstanding mortgage Pfandbriefe as well. Münchener Hypothekenbank (EUR 1.6bn) and Landesbank Baden-Württemberg (LBBW; EUR 1.4bn) were also very active on the primary market. Compared with the previous year, the outstanding volume of Landesbank Hessen-Thüringen (Helaba) and Hamburger Sparkasse also fell by roughly EUR 1.2bn in each case.

Trend in public Pfandbriefe



Source: vdp, Deutsche Bank, NORD/LB Floor Research

Public sector Pfandbriefe: outstanding volume rises slightly again

The volume of outstanding public sector Pfandbriefe increased slightly once again in the current quarter, as it did in the first quarter of this year. In every other quarter over the past two years, the volume here had actually declined. Accordingly, the current figures seem to suggest a certain stabilisation on the market for public sector Pfandbriefe. In the current reporting period, the outstanding volume totalled EUR 101.7bn (previous quarter: EUR 100.8bn). The amount of cover assets fell slightly compared with the previous period (EUR 149.5bn) and now stands at EUR 149.0bn, meaning that the calculated OC ratio fell from 48.3% in the previous quarter to 46.5%. Despite this slight drop, we still view an OC ratio of this level as an indicator of sufficient issuance potential in the future, which should materialise in the EUR benchmark segment and the EUR sub-benchmark segment in particular. The positive trend in issuance volume was attributable, in particular, to UniCredit Bank, which posted growth of EUR +967m (Q/Q), LBBW with EUR +717m and Deutsche Kreditbank with EUR +500m. On the other hand, falling Pfandbrief volumes were reported by Deutsche Pfandbriefbank (EUR -754m), Bayerische Landesbank (BayernLB; EUR -532m) and Commerzbank (EUR -393m). Compared with the previous year, the increases in issuance volume at UniCredit Bank (EUR +2.8bn) and LBBW (EUR +2.1bn) are especially noteworthy, whereas Helaba (EUR -4.0bn), BayernLB (EUR -1.9bn) and Deutsche Pfandbriefbank (EUR -1.8bn) reported particularly sharp declines in their issuance volumes.

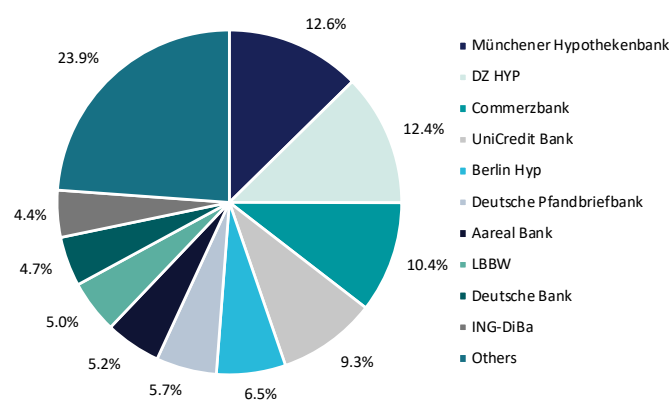
Ship Pfandbriefe are still a niche product

Accounting for a 0.4% share of the total volume, the ship Pfandbrief segment is still a niche market within the market, even though the volume of outstanding Schipfe has increased minimally, at EUR +20m, compared with the previous quarter and now stands at around EUR 1.4bn. At present, only two banks, namely Commerzbank (EUR 44m) and Hamburg Commercial Bank (EUR 1.3bn) have outstanding ship Pfandbriefe.

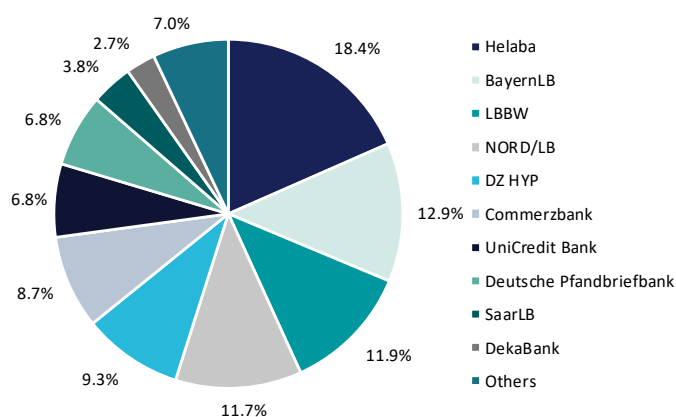
A look at the “top 10”

Looking at the top 10 mortgage Pfandbrief issuers in terms of outstanding volume, Münchener Hypothekbank takes first place as at 30 September 2024 with a share of 12.6% – just ahead of DZ HYP on 12.4%. They are followed by Commerzbank (10.4%) and UniCredit Bank (9.3%) in third and fourth place. The ten largest issuers account for a total share of 76.1% of outstanding volume, while their share of public sector Pfandbriefe is even higher at 93%. Here, Helaba is well ahead of the field on 18.4%, followed by BayernLB on 12.9%. It is closely followed in third and fourth place by LBBW (11.9%) and Norddeutsche Landesbank (11.7%).

Market shares – mortgage Pfandbriefe



Market shares – public sector Pfandbriefe



Source: vdp, Deutsche Bank, NORD/LB Floor Research

Additional information on the German and international Pfandbrief market

Alongside the general overview provided here, a review of individual pools and programmes should not be overlooked. For more detailed information, please refer to our “[§28 report](#)”, which offers insights, for example, into which mortgage cover pools contain a high proportion of commercial assets (cf. overview table on p.5). The publication also includes a geographical breakdown of the assets. For a more international assessment, we also refer to the [NORD/LB Issuer Guide Covered Bonds 2024](#). In this publication, we provide a comprehensive overview of all issuers active in the EUR benchmark and/or EUR sub-benchmark segments at the time of reporting.

Conclusion

The German Pfandbrief market shrank slightly in Q3 2024 but is still at a high level in terms of outstanding volume. It is clear that this development is driven by a decline in mortgage Pfandbrief volume, which could not be entirely offset by the increase in the volume of public sector Pfandbriefe. A contrary trend was apparent for the most part in recent quarters. To sum up, we view the reports pursuant to §28 PfandBG as a good basis for analysis, facilitating deeper insights into the data structure of the cover pools of German Pfandbrief issuers. This includes data on OC ratios. In our opinion, these are more than adequate, which means there is nothing set to stand in the way of further growth for the Pfandbrief market.

SSA/Public Issuers

ECB repo collateral rules and their implications for Supranationals & Agencies

Authors: Dr Norman Rudschuck, CIAA // 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 (Eurosysteem 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 high credit quality requirements, which are assessed on the basis of 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 RMBDs 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, Guideline \(EU\) 2015/510](#), NORD/LB Floor Research

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

		Minimum amount at the time of submitting the credit claim:	
Minimum amount	-	- domestic use:	-
		EUR 0 or any higher amount set by NCB;	
		- cross-border use:	
		minimum amount of EUR 0.5m	
		Governing law for credit claim agreement and mobilisation:	
		law of a Member State whose currency is the euro.	
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.	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, Guideline \(EU\) 2015/510](#), 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 volumes 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 \(EU\) 2014/528](#), certain bonds that are denominated in GBP, JPY or USD may be accepted for collateral purposes, while credit threshold limits may be waived for debt securities that are issued or guaranteed by countries participating in IMF or EU programmes, provided that the relevant states meet the requirements associated with the financial support and/or 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 Guideline (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 Guideline (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 Guideline (EU) 2015/510 (ECB/2014/60)		Unsecured debt instruments issued by financial corporations other than credit institutions	
Debt certificates issued by national central banks (NCBs) of the Member States whose currency is not the euro	Debt instruments issued by multilateral development banks and international organisations other than the European Union Legislative covered bonds Multi cédulas			

Source: ECB, NORD/LB Floor Research

Haircuts not applicable to ECB debt certificates

Guideline (EU) 2016/65 was amended by [Guideline \(EU\) 2024/1164](#) with effect from 06 May 2024. Following its entry into force, no valuation haircut shall be applied in the future to ECB debt certificates as well as debt certificates issued by NCBs prior to the date of adoption of the euro in their respective Member State whose currency is the euro.

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%	
	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%	Not permissible
	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 since 2019

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 05 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 re-evaluated every year over an observation period of one year (01 August through to 31 July).

Consequences of different classifications

Having last dealt with the allocations of supranationals and agencies in our coverage to the specific haircut categories almost six months ago in June 2024, there have been no significant changes in this context since our last update. For example, there have been no relevant changes to legislation nor has any institution been included or removed from the “List of preferred eligible issuers”, which is published by the ECB. Investitionsbank Berlin (ticker: IBB) therefore remains the last agency to have switched from category IV to II last April, since the ECB had not previously given it a “yes”. This resulted 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](#)). At this point, we should mention the classification of sub-sovereigns: pursuant to Guideline (EU) 2016/65, the valuation discounts applicable under haircut category II must always be applied to debt instruments issued by local and regional governments. This treatment will benefit not only [German Laender](#) or [French](#) and [Spanish regions](#), but also [Canadian sub-sovereigns](#) for instance.

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 (ILB)	

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	
Työllisyssrahassto (previously Työttömyysvakuutusrahassto (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 supnationals by the ECB**Institution (Bloomberg ticker)****Region**

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 supranationals and agencies

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	AAA/Aaa/AA+
WIBANK	Germany	IV	-/-/AA+
BAYLAN	Germany	II	-/Aaa/-
IBBSH	Germany	IV	AAA/-/-
BYLABO	Germany	IV	-/Aaa/-
IBB	Germany	II	AAA/Aa1/-
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	AA/-/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 supnationals and agencies (continued)

Bloomberg ticker	Country/type	Haircut category	Rating (Fitch/Moody's/S&P)
BNG	Netherlands	II	AAA/Aaa/AAA
NEDWBK	Netherlands	II	-/Aaa/AAA
NEDFIN	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	-(P)A3/-
BGOSK	Poland	IV	A-/A2/-
MAEXIM	Hungary	IV	BBB/-/BBB-
DEXGRP	Belgium/France	IV	AA-/Aa3/AA (guaranteed) BBB+/Baa3/BBB- (not guaranteed)
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.

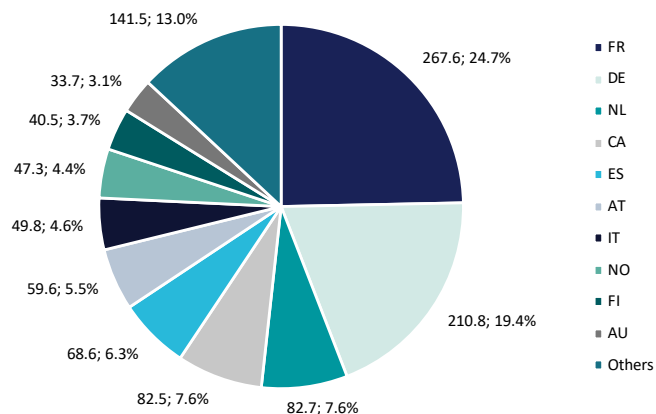
Source: ECB, Bloomberg, NORD/LB Floor Research

Conclusion and comment

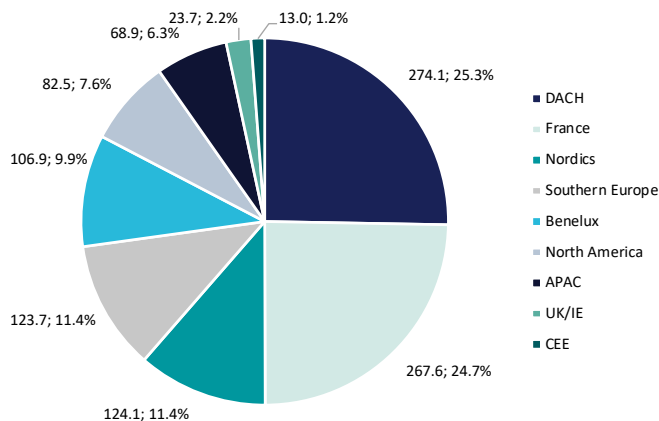
We regard the allocation of quasi-government issuers to the ECB's liquidity categories as a minor factor influencing the attractiveness and therefore the risk premiums of the individual institutions. Especially in the case of agencies, we see the liquidity category as an aspect that can contribute to 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.

Charts & Figures Covered Bonds

EUR benchmark volume by country (in EURbn)



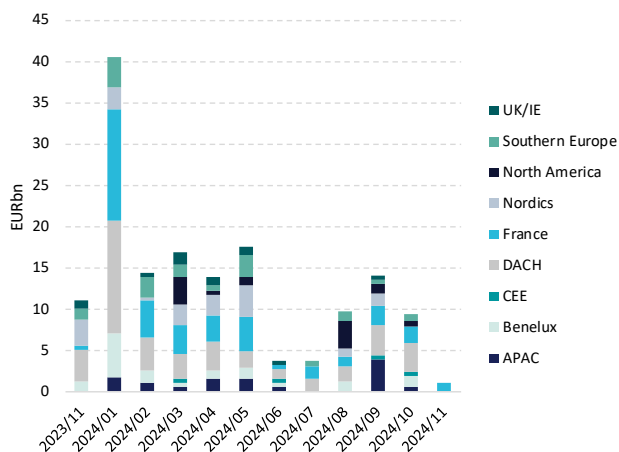
EUR benchmark volume by region (in EURbn)



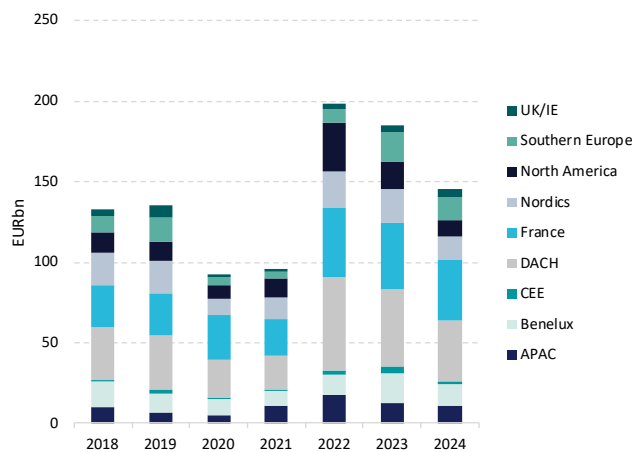
Top-10 jurisdictions

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	267.6	257	29	0.98	9.2	4.6	1.48
2	DE	210.8	299	46	0.65	7.8	3.9	1.52
3	NL	82.7	84	3	0.92	10.4	5.8	1.38
4	CA	82.5	61	1	1.33	5.6	2.6	1.45
5	ES	68.6	54	5	1.15	11.1	3.1	2.17
6	AT	59.6	100	5	0.59	8.0	4.1	1.56
7	IT	49.8	64	5	0.76	8.5	3.9	2.01
8	NO	47.3	58	12	0.81	7.2	3.4	1.11
9	FI	40.5	46	4	0.87	6.8	3.4	1.75
10	AU	33.7	32	0	1.05	7.2	3.2	1.79

EUR benchmark issue volume by month

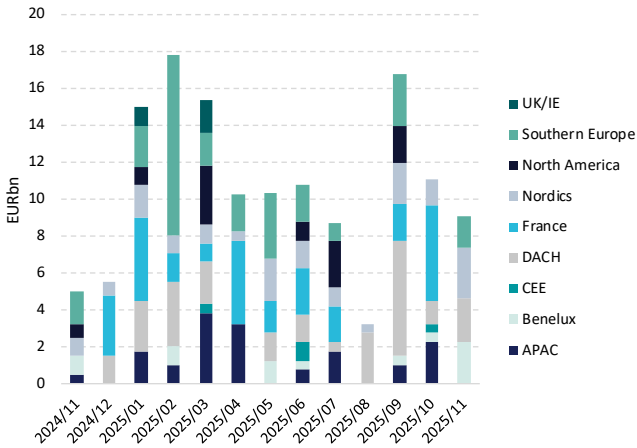


EUR benchmark issue volume by year

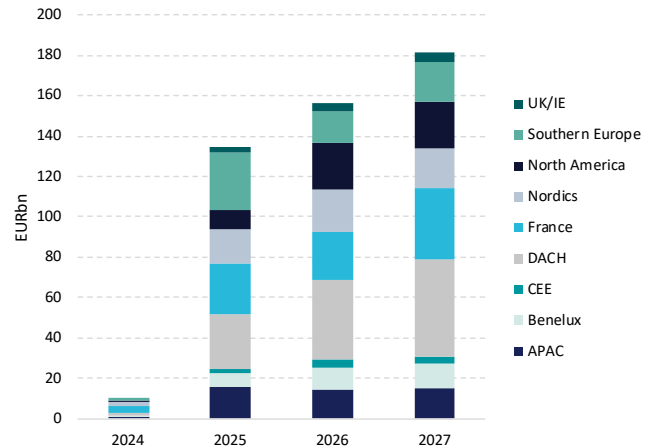


Source: Market data, Bloomberg, NORD/LB Floor Research

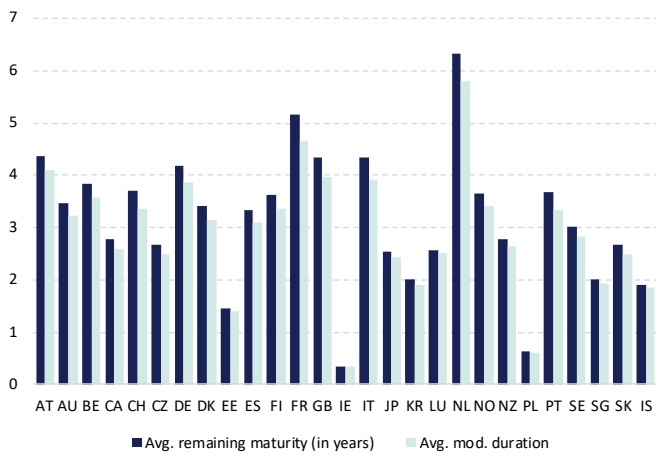
EUR benchmark maturities by month



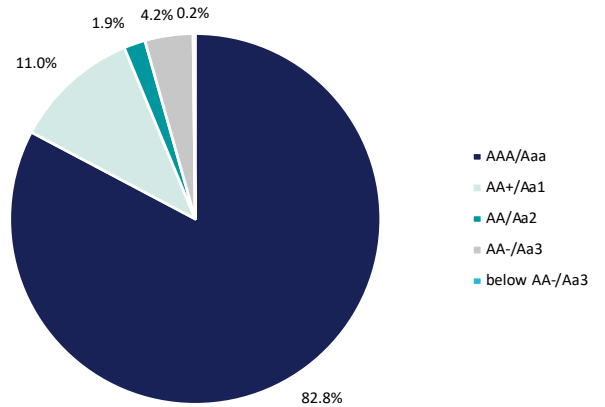
EUR benchmark maturities by year



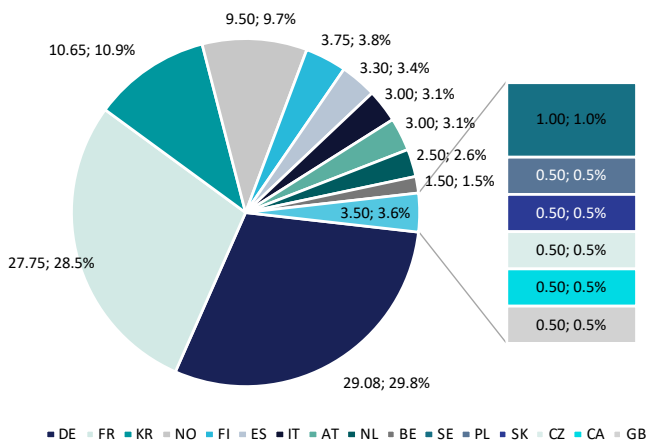
Modified duration and time to maturity by country



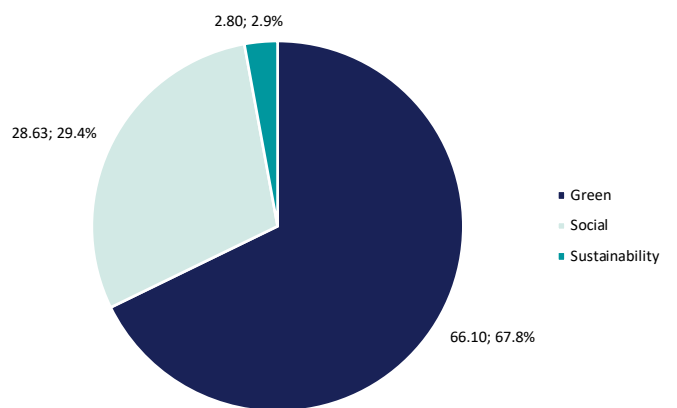
Rating distribution (volume weighted)



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

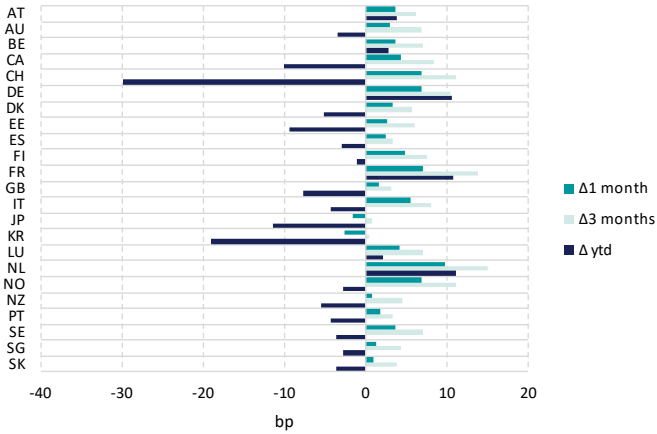


EUR benchmark volume (ESG) by type (in EURbn)

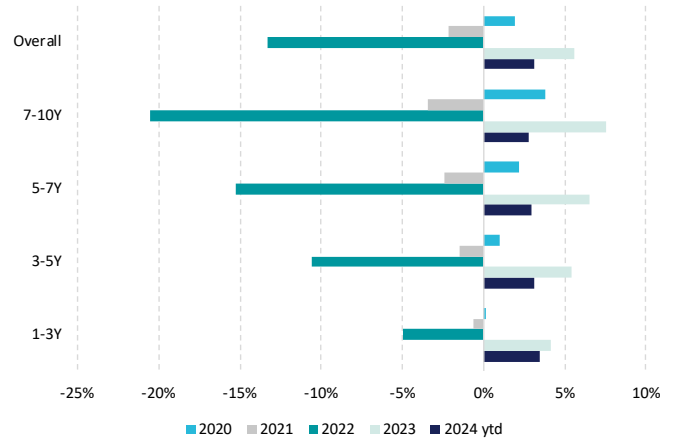


Source: Market data, Bloomberg, NORD/LB Floor Research

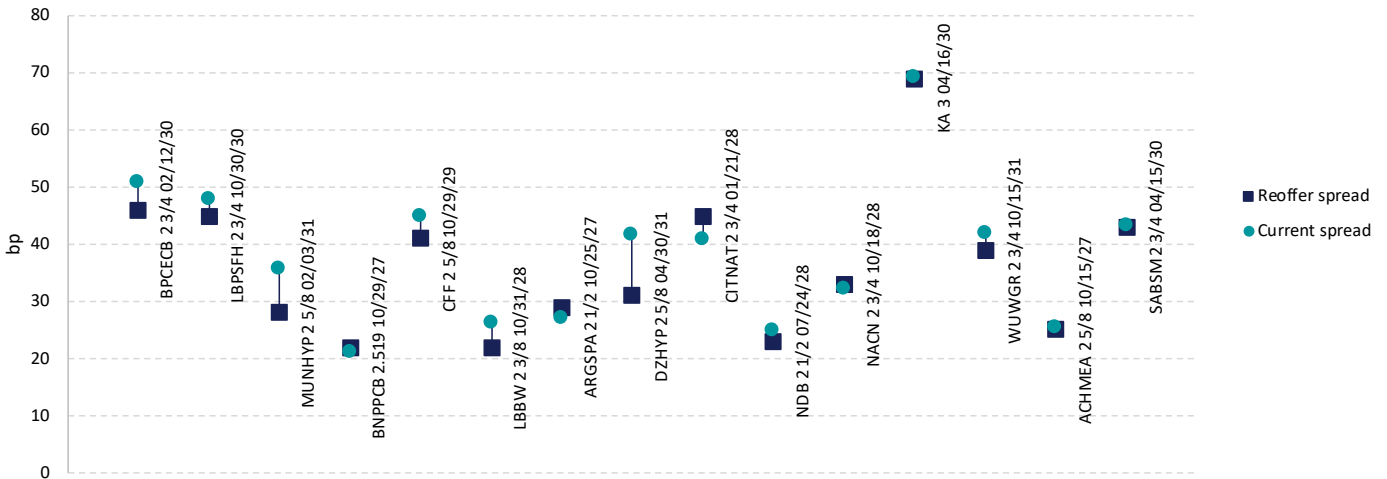
EUR benchmark emission pattern



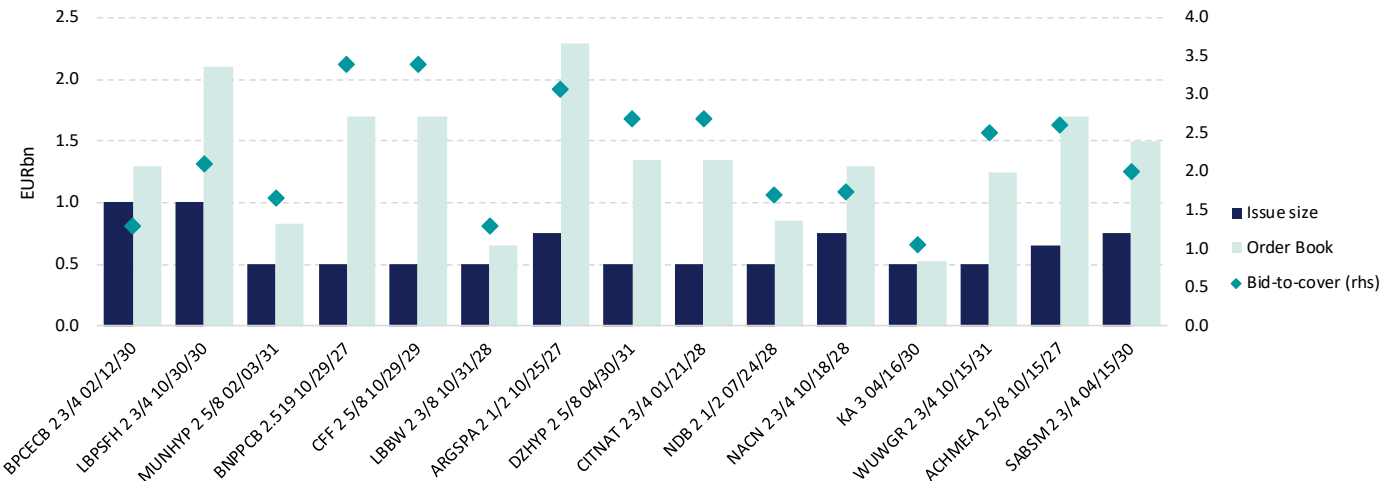
Covered bond performance (Total return)



Spread development (last 15 issues)



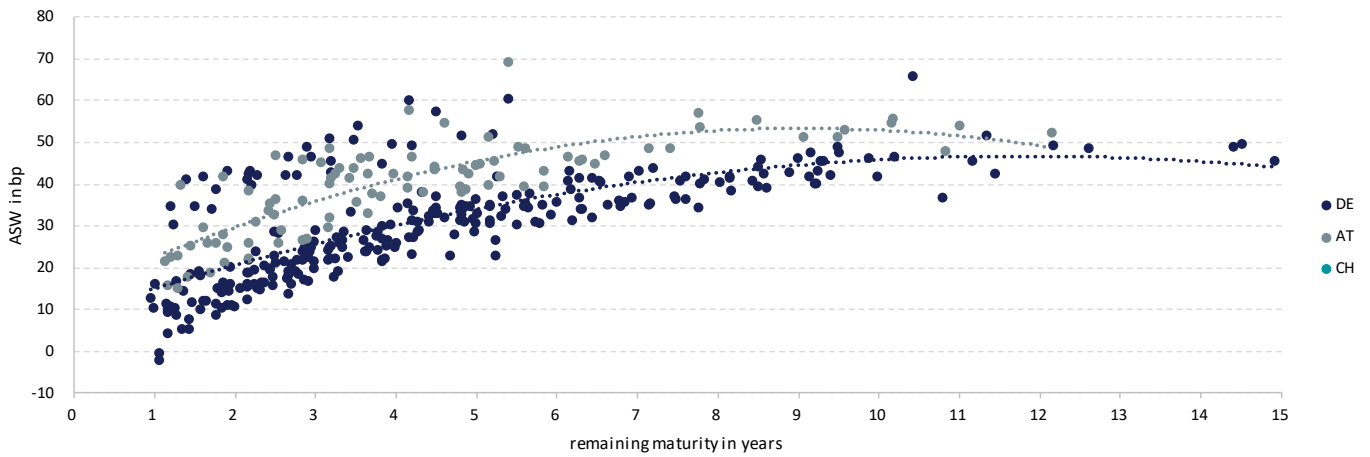
Order books (last 15 issues)



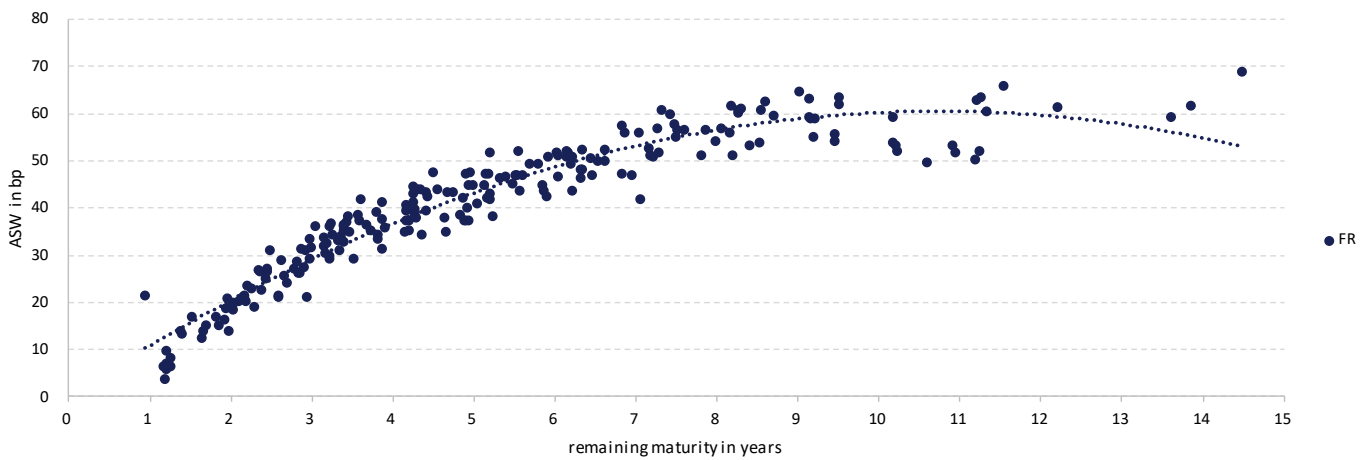
Source: Market data, Bloomberg, NORD/LB Floor Research

Spread overview¹

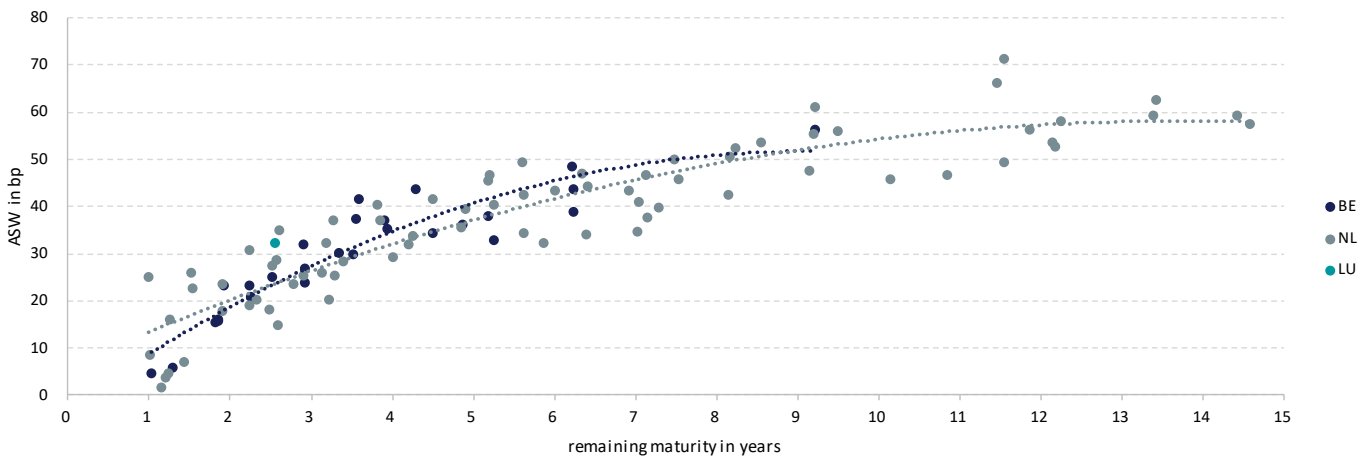
DACH 



France 

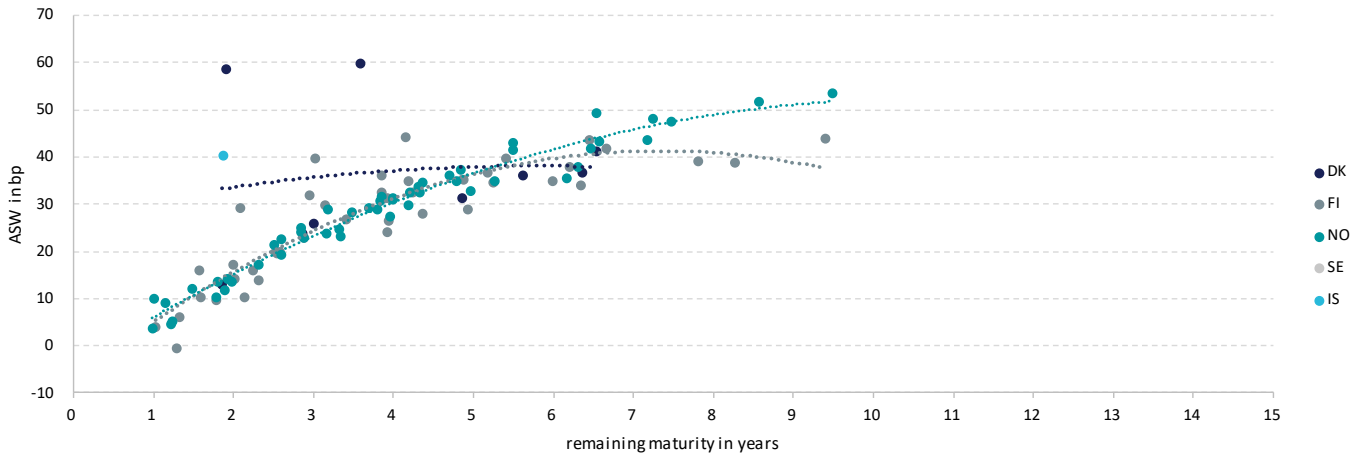


Benelux 

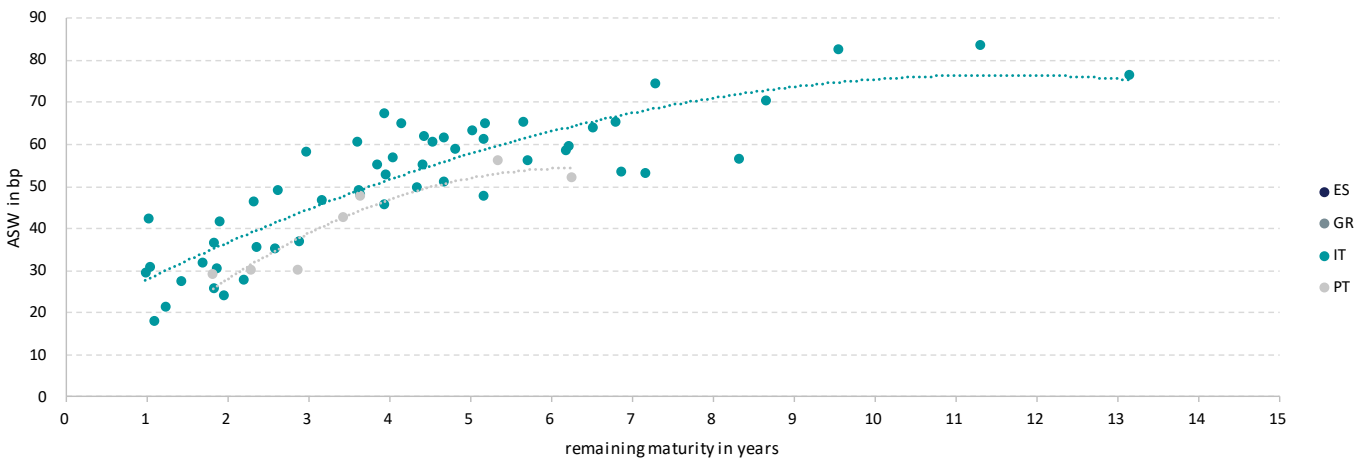


Source: Market data, Bloomberg, NORD/LB Floor Research ¹Time to maturity 1 ≤ y ≤ 15

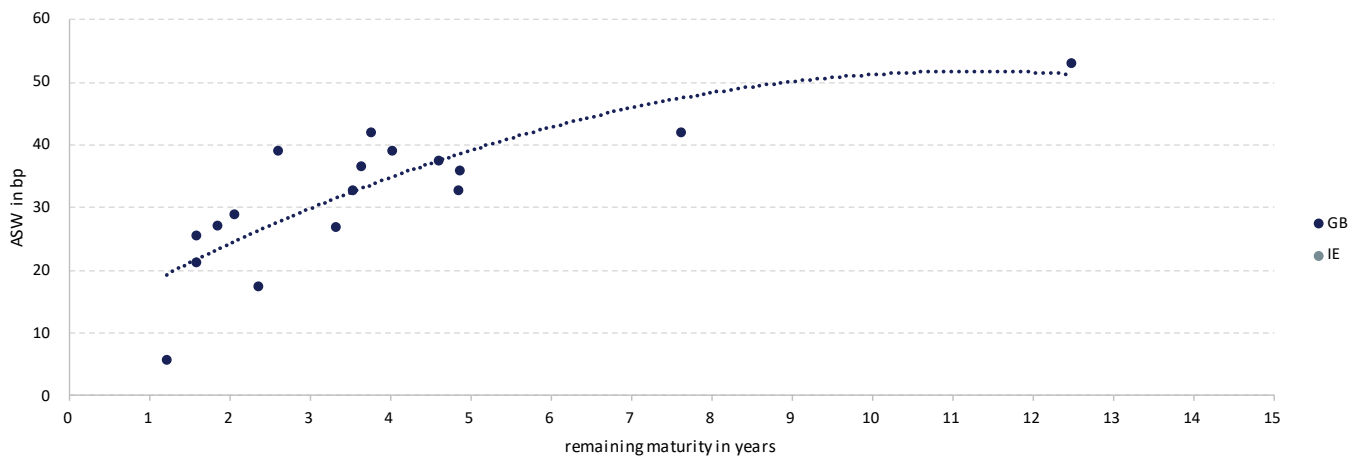
Nordics 🇩🇰 🇸🇪 🇳🇴 🇩🇪 🇫🇮



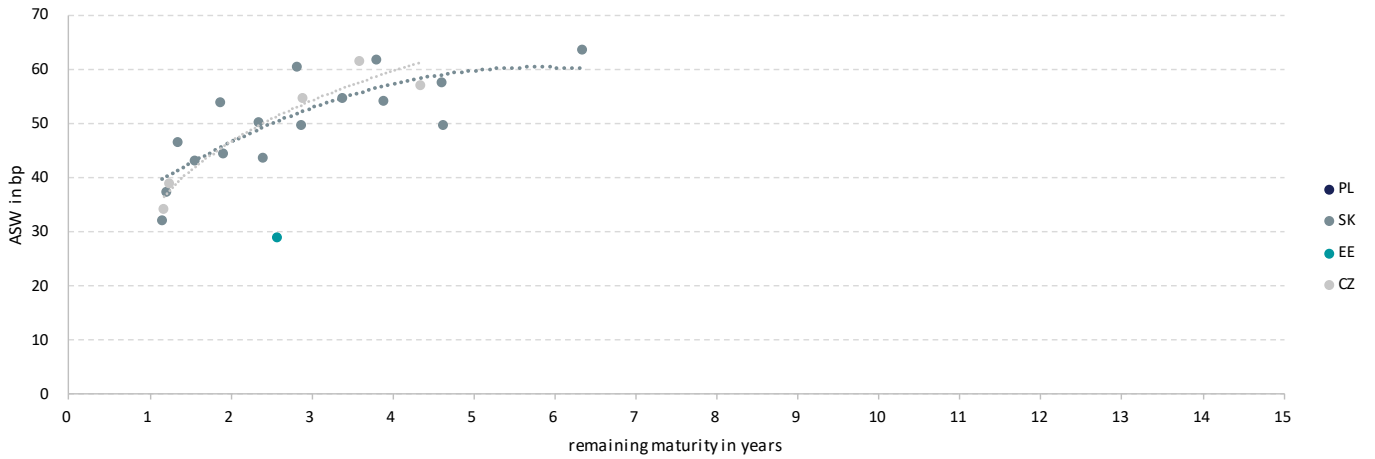
Southern Europe 🇪🇸 🇬🇷 🇮🇹 🇵🇹



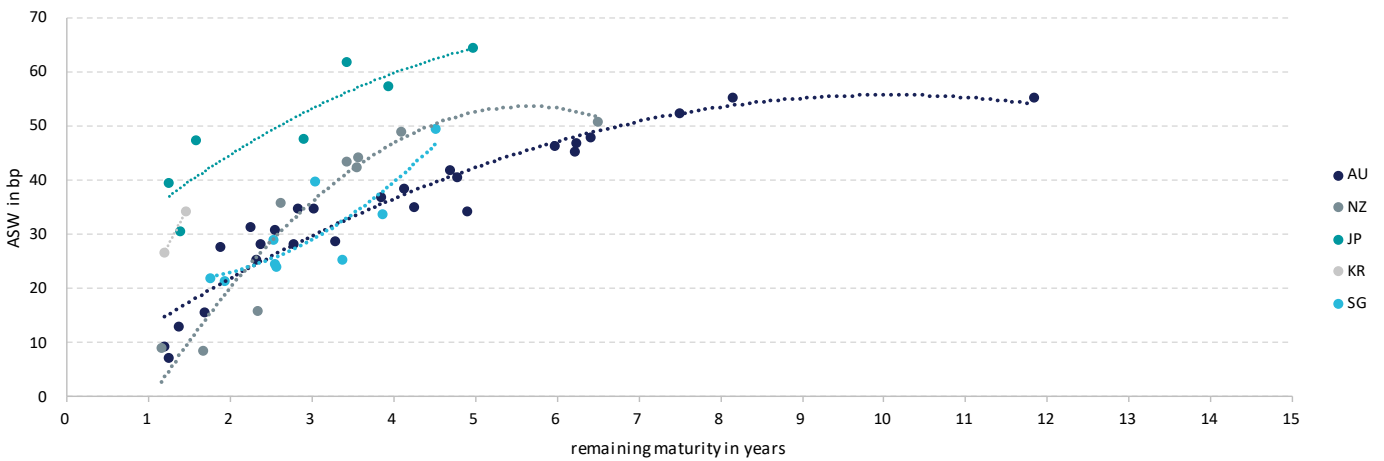
UK/IE 🇬🇧 🇮🇪



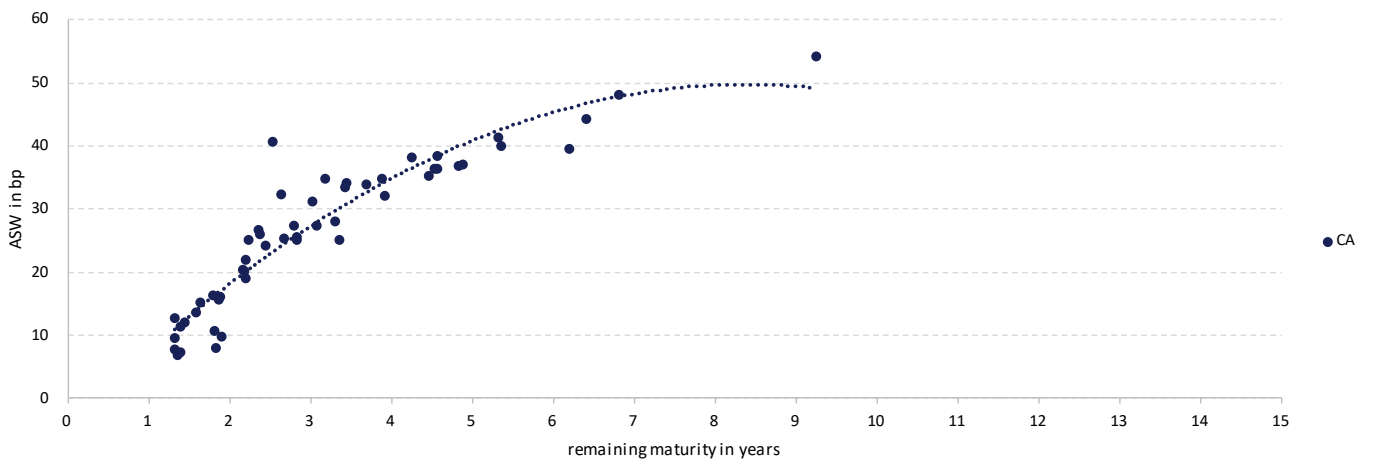
CEE 



APAC 



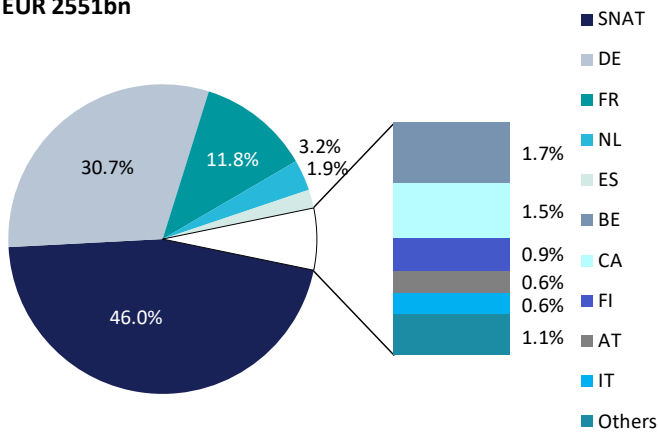
North America 



Charts & Figures SSA/Public Issuers

Outstanding volume (bmk)

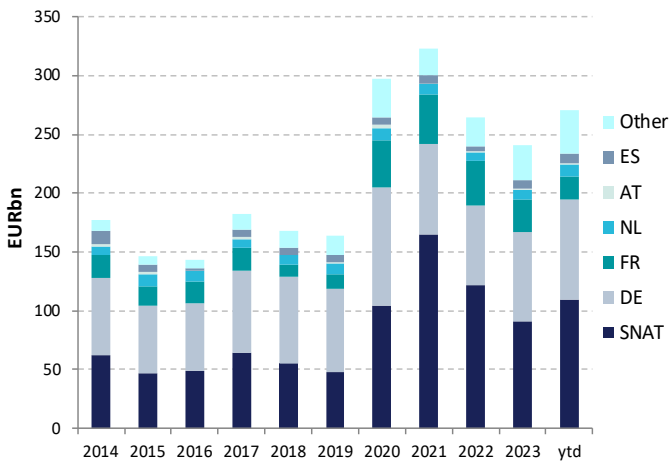
EUR 2551bn



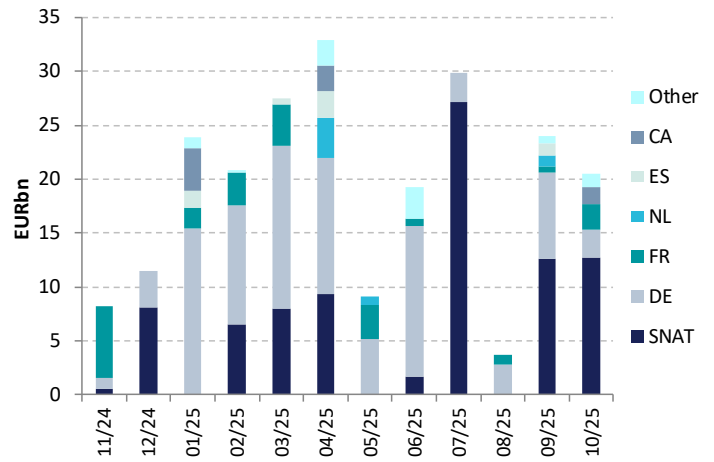
Top 10 countries (bmk)

Country	Vol. (EURbn)	No. of bonds	ØVol. (EURbn)	Vol. weight. ØMod. Dur.
SNAT	1,172.1	244	4.8	7.9
DE	782.3	590	1.3	6.1
FR	300.1	202	1.5	5.6
NL	82.3	67	1.2	6.4
ES	49.4	69	0.7	4.8
BE	43.4	46	0.9	10.1
CA	38.2	28	1.4	4.8
FI	23.2	25	0.9	4.6
AT	16.0	21	0.8	4.9
IT	15.6	20	0.8	4.4

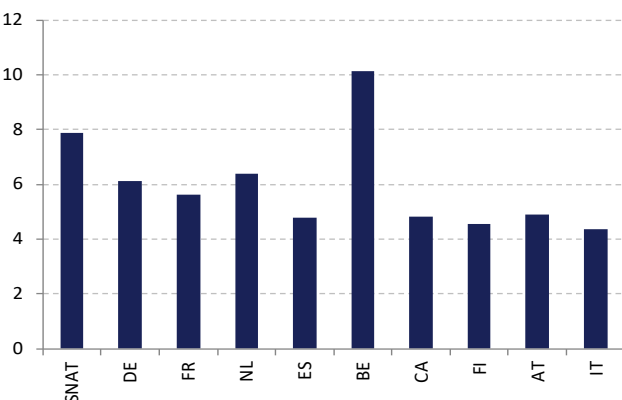
Issue volume by year (bmk)



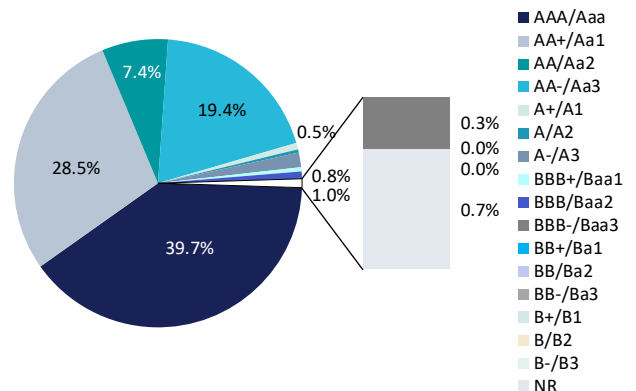
Maturities next 12 months (bmk)



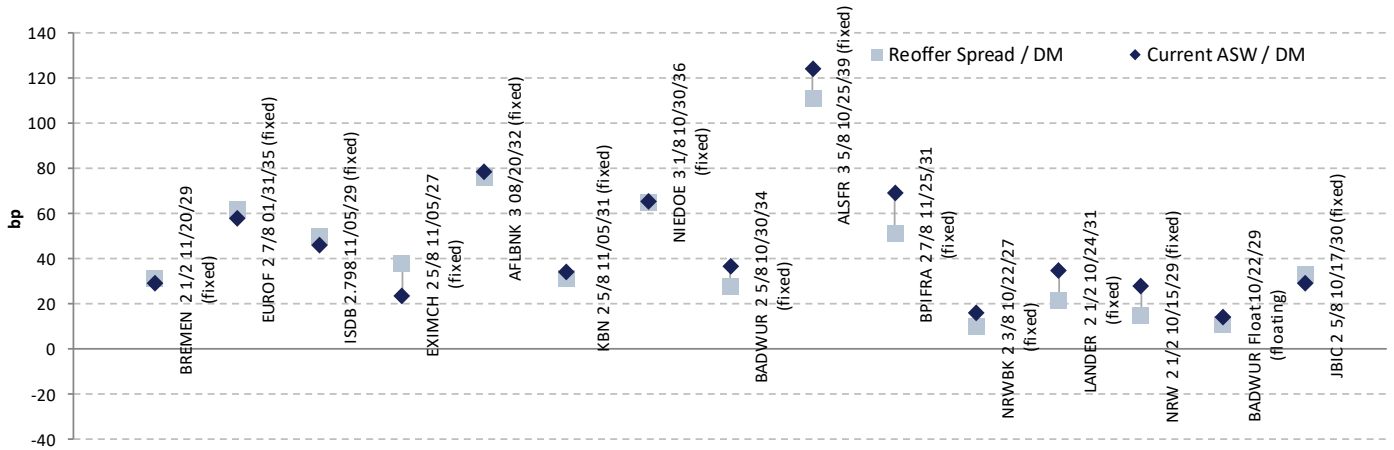
Avg. mod. duration by country (vol. weighted)



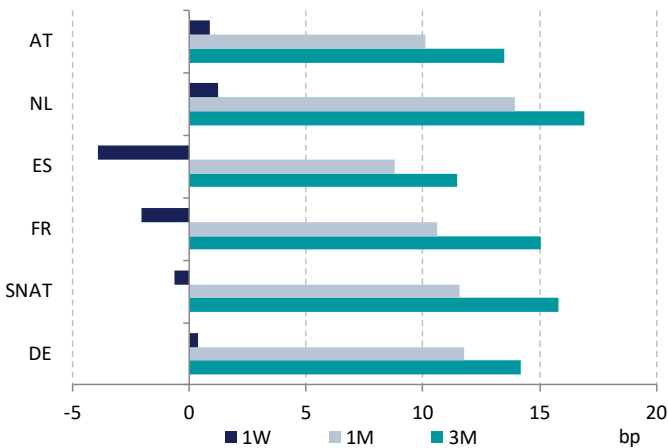
Rating distribution (vol. weighted)



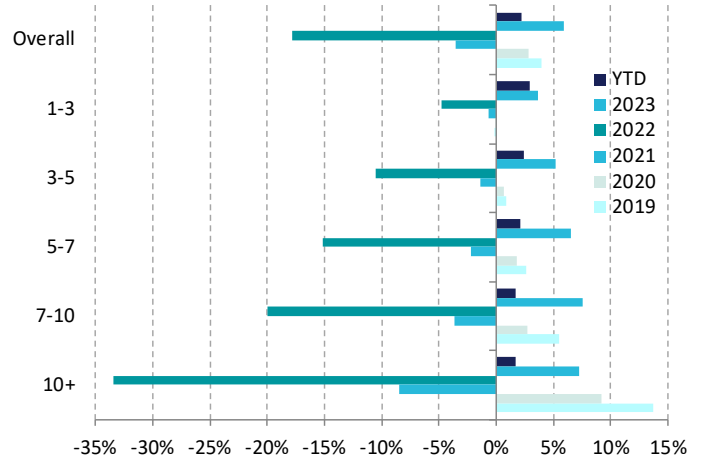
Spread development (last 15 issues)



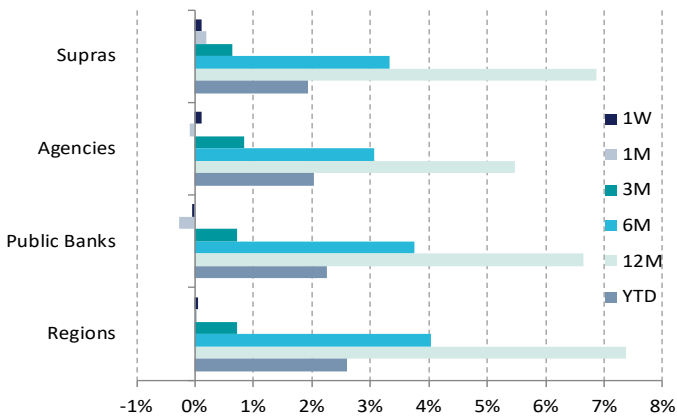
Spread development by country



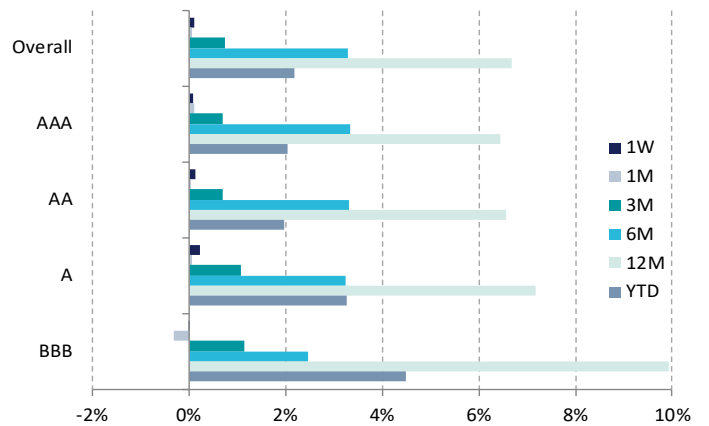
Performance (total return)



Performance (total return) by segments

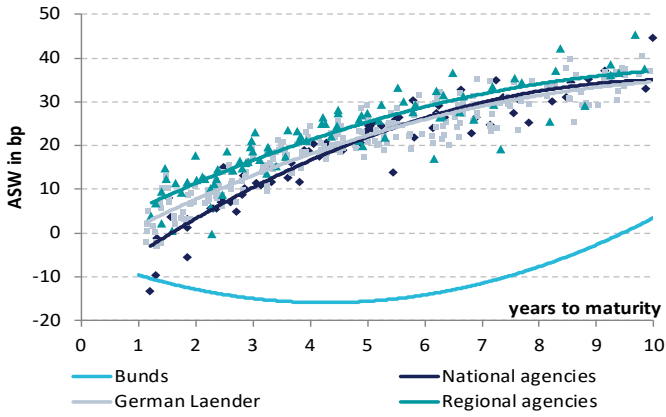


Performance (total return) by rating

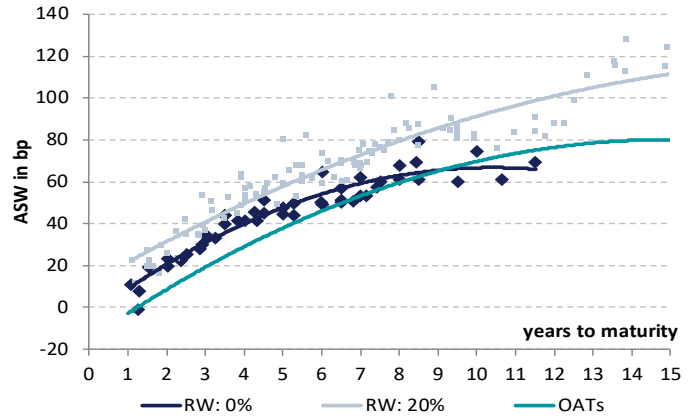


Source: Bloomberg, NORD/LB Floor Research

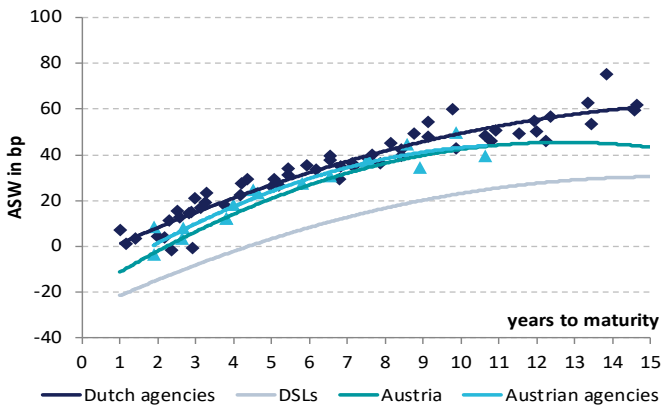
Germany (by segments)



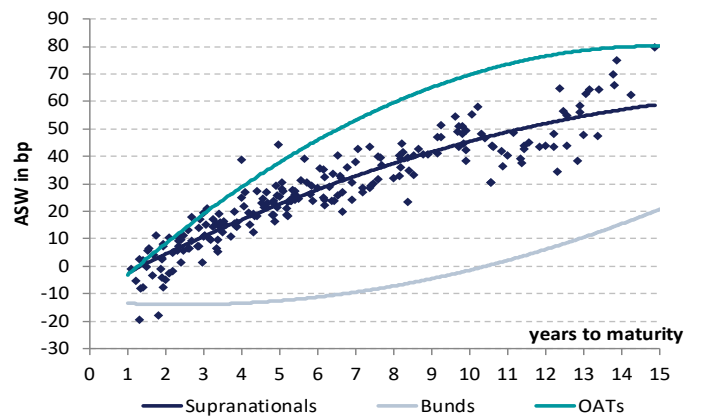
France (by risk weight)



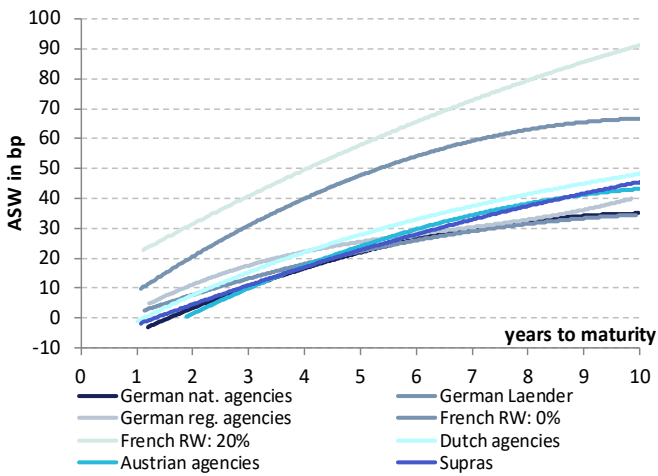
Netherlands & Austria



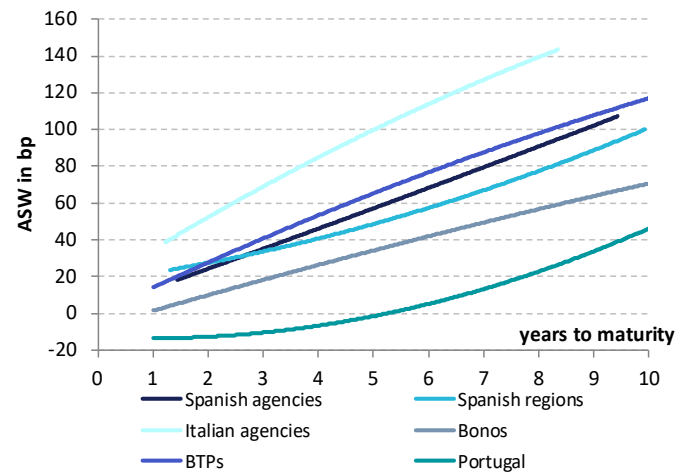
Supranationals



Core



Periphery



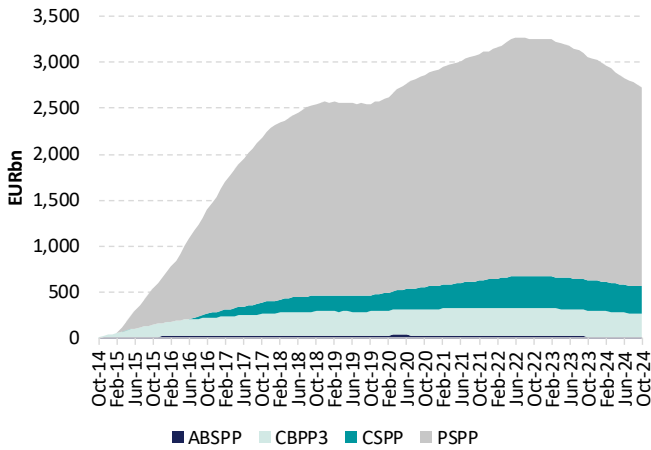
Source: Bloomberg, NORD/LB Floor Research

ECB tracker

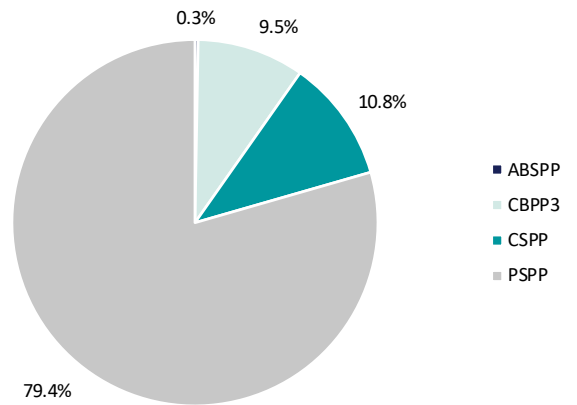
Asset Purchase Programme (APP)

	ABSPP	CBPP3	CSPP	PSPP	APP
Sep-24	8,003	258,768	297,662	2,196,710	2,761,143
Oct-24	7,748	258,032	294,507	2,165,737	2,726,024
Δ	-256	-736	-3,154	-30,973	-35,119

Portfolio development

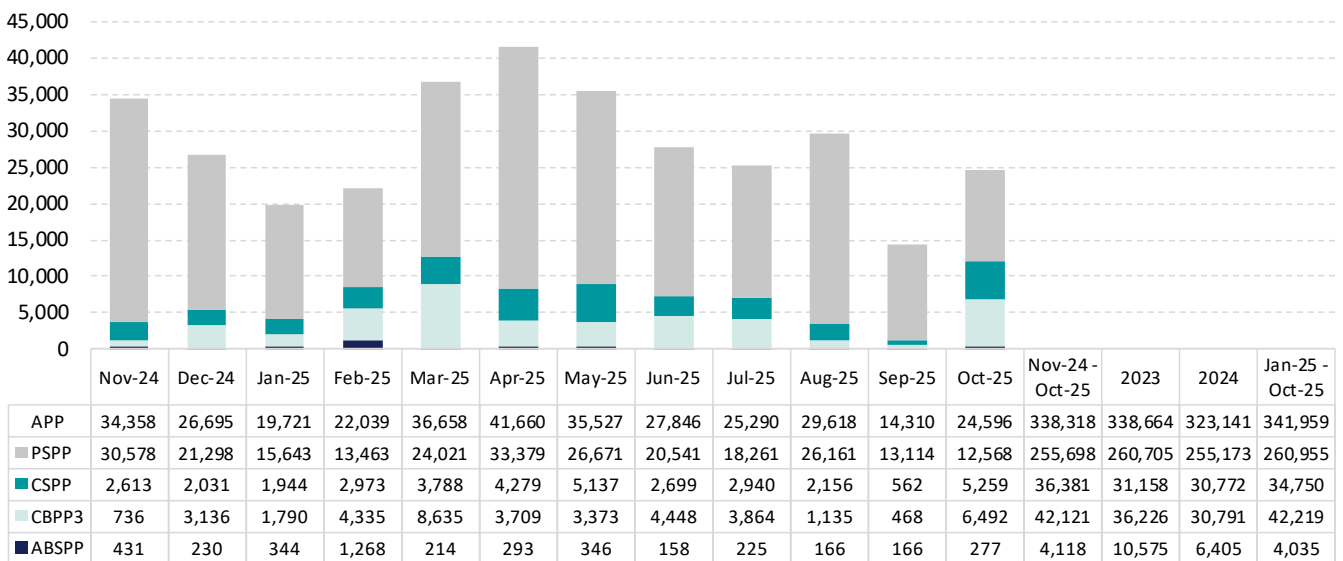


Portfolio structure



Source: ECB, NORD/LB Floor Research

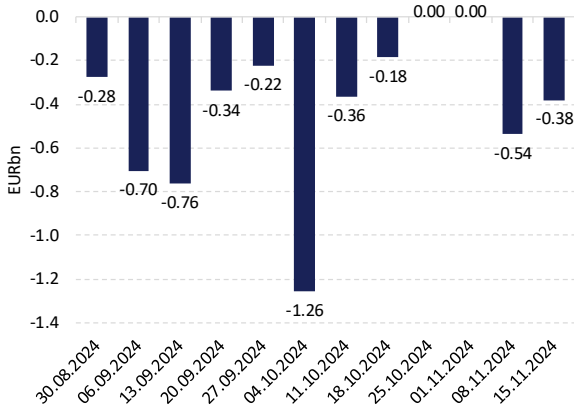
Expected monthly redemptions (in EURm)



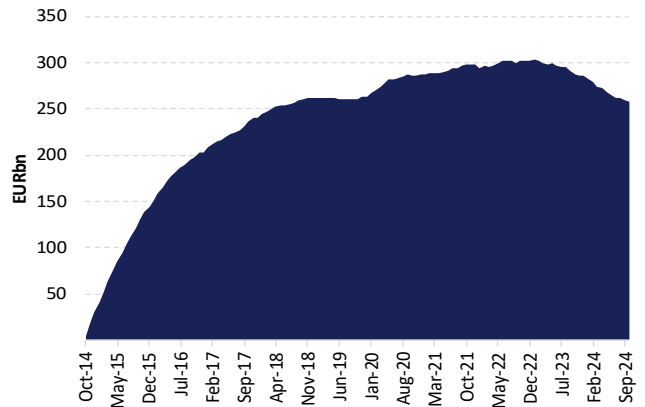
Source: ECB, Bloomberg, NORD/LB Floor Research

Covered Bond Purchase Programme 3 (CBPP3)

Weekly purchases

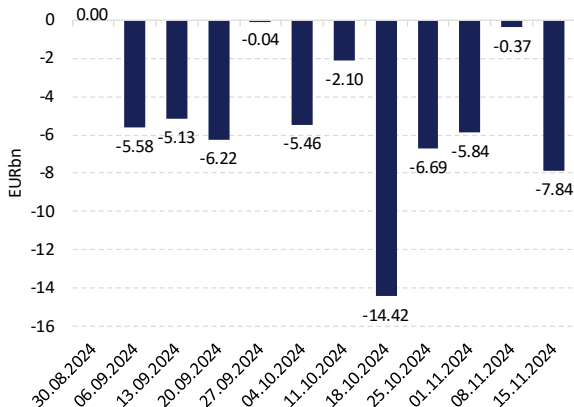


Development of CBPP3 volume

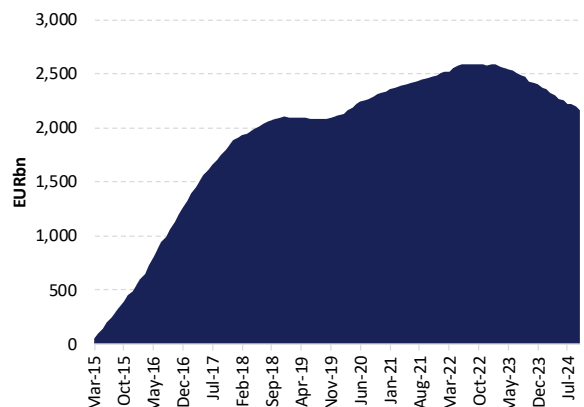


Public Sector Purchase Programme (PSPP)

Weekly purchases



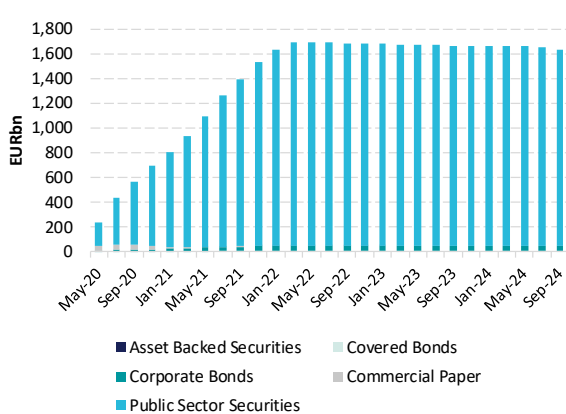
Development of PSPP volume



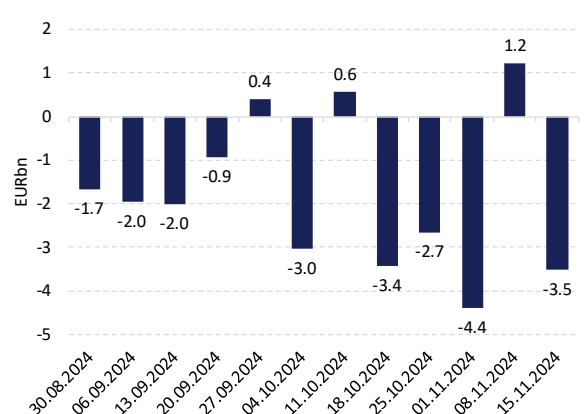
Source: ECB, Bloomberg, NORD/LB Floor Research

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
37/2024 ♦ 13 November	<ul style="list-style-type: none"> Development of German property market (vdp index) Auvergne-Rhône-Alpes Region – spotlight on REGRHO
36/2024 ♦ 06 November	<ul style="list-style-type: none"> ESG covered bonds: Benchmark segment on a growth trajectory Current LCR classification for our SSA coverage
35/2024 ♦ 30 October	<ul style="list-style-type: none"> Maturities the future driver in the primary market? German-speaking Community of Belgium – spotlight on DGBE
34/2024 ♦ 23 October	<ul style="list-style-type: none"> A relative value investigation of covered bonds Current risk weight of supranationals & agencies
33/2024 ♦ 16 October	<ul style="list-style-type: none"> The covered bond universe of Moody's: an overview Teaser: Issuer Guide – European Supranationals 2024
32/2024 ♦ 09 October	<ul style="list-style-type: none"> A look at the CEE covered bond market NGEU: Green Bond Dashboard
31/2024 ♦ 02 October	<ul style="list-style-type: none"> A review of Q3 in the Covered Bond segment Teaser: Beyond Bundeslaender – Spanish Regions
30/2024 ♦ 25 September	<ul style="list-style-type: none"> The EUR benchmark segment after the summer break Update on German municipality bonds: DEUSTD and NRWGK
29/2024 ♦ 18 September	<ul style="list-style-type: none"> ECBC publishes annual statistics for 2023 Sukuk bonds – an update on sharia-compliant investments
28/2024 ♦ 11 September	<ul style="list-style-type: none"> Banca Sella joins the EUR sub-benchmark segment Teaser: Beyond Bundeslaender – Autonomous Portuguese regions
27/2024 ♦ 04 September	<ul style="list-style-type: none"> New Pfandbrief issuer: Lloyds Bank GmbH Agencies and resolution instruments of the BRRD
26/2024 ♦ 21 August	<ul style="list-style-type: none"> Central bank eligibility of covered bonds Teaser: Issuer Guide – German Agencies 2024
25/2024 ♦ 14 August	<ul style="list-style-type: none"> Development of the German property market (vdp index) Classification of Supranationals and Agencies under Solvency II
24/2024 ♦ 07 August	<ul style="list-style-type: none"> Transparency requirements §28 PfandBG Q2/2024 Teaser: Issuer Guide – Spanish Agencies 2024
23/2024 ♦ 10 July	<ul style="list-style-type: none"> Repayment structures on the covered bond market: An update SSA review: EUR-ESG benchmarks in H1/2024
22/2024 ♦ 03 July	<ul style="list-style-type: none"> Covereds: Half-year review and outlook for the second half of 2024 SSA half-year review 2024
21/2024 ♦ 26 June	<ul style="list-style-type: none"> The covered bond universe of Moody's: An overview Teaser: Issuer Guide – Austrian Agencies 2024

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 2024](#)

[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 Q3/2024](#) (quarterly update)

[Transparency requirements §28 PfandBG Q3/2024 Sparkassen](#) (quarterly update)

SSA/Public Issuers:

[Issuer Guide – German Laender 2024](#)

[Issuer Guide – German Agencies 2024](#)

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

[Issuer Guide – European Supranationals 2024](#)

[Issuer Guide – French Agencies 2023](#)

[Issuer Guide – Nordic Agencies 2024](#)

[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](#)

[ECB: An autumn of interest rate cuts that wasn't supposed to be?](#)

Appendix

Contacts at NORD/LB

Floor Research



Dr Frederik Kunze

Covered Bonds/Banks

+49 172 354 8977

frederik.kunze@nordlb.de



Lukas Kühne

Covered Bonds/Banks

+49 176 152 90932

lukas.kuehne@nordlb.de



Alexander Grenner

Covered Bonds/Banks

+49 157 851 65070

alexander.grenner@nordlb.de



Dr Norman Rudschuck, CIAA

SSA/Public Issuers

+49 152 090 24094

norman.rudschuck@nordlb.de



Christian Ilchmann

SSA/Public Issuers

+49 157 851 64976

christian.ilchmann@nordlb.de



Lukas-Finn Frese

SSA/Public Issuers

+49 176 152 89759

lukas-finn.frese@nordlb.de

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

Liquidity Management/Repos	+49 511 9818-9620 +49 511 9818-9650
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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	rm-vs@nordlb.de
Öffentliche Kunden	rm-oek@nordlb.de

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