Covered Bond & SSA View

NORD/LB Markets Strategy & Floor Research

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Investment strategy recommendation and marketing communication

(see disclaimer on the last pages)

Agenda

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Market overview
Covered Bonds

Authors: Henning Walten, CIIA // Dr Frederik Kunze

Primary market: CPT, ESG and Pfandbrief deals placed

Over the past six trading days, three further EUR benchmark bonds were placed on the market, increasing the volume issued so far this year by EUR 1.75bn to EUR 26.0bn. By way of comparison, EUR benchmarks worth EUR 28.25bn were placed on the market in January 2020 alone. Issuing activity was kicked off by Dutch bank NIBC, which had last been active with a EUR benchmark in October 2019. At the same time, its deal was the first CPT transaction since November 2020, when Aegon Bank had placed a 5y bond. By contrast, this recent CPT bond was placed on the market with a maturity of ten years and a volume of EUR 500m. At ms +9bp, pricing was significantly below the initial guidance in the region of ms +14bp. The issue yield was positive at +0.152%. The order book amounted to EUR 1.35bn, meaning the deal was significantly oversubscribed. After a transaction from NN Bank, this is only the second EUR benchmark bond from this Benelux state in 2021. At the start of the current trading week, CAFFIL came to the EUR benchmark market for the third time this year. Having previously opted for maturities of 10.2 and 15 years, a bond of eight years was now offered to investors. Based on demand of EUR 1.8bn, ultimately EUR 750m changed hands at ms -2bp. The yield was slightly below zero (-0.065%). Unlike the two previous issuances on the market, this was a social covered bond, the third of its kind to be placed by CAFFIL. On Tuesday, Bausparkasse Schwäbisch Hall became the last of the recently active issuers. After its inaugural EUR benchmark bond in October 2020, this was only the second EUR benchmark from the German building society. A total of EUR 500m was raised at ms -1bp over 12 years. Guidance had initially started in the region of ms +4bp. With an order book volume of EUR 1.7bn, the deal was in similarly strong demand to the inaugural bond (EUR 1.9bn).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
Bauspk. Schwäbisch Hall	DE	20.04.	DE000A3E5S18	12.0y	0.50bn	ms -1bp	- / Aaa / -	-
CAFFIL	FR	19.04.	FR00140033E4	8.0y	0.75bn	ms -2bp	- / Aaa / AA+	X
NIBC	NL	14.04.	XS2333649759	10.0y	0.50bn	ms +9bp	AAA / - / AAA	-

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

GBP segment: Deutsche Pfandbriefbank active with 3.0y SONIA-based covered bond

On Tuesday, Deutsche Pfandbriefbank (PBB) successfully approached investors for what is only the second GBP benchmark seen so far in 2021. Previously, Nationwide Building Society has been the only bank active on the sterling market, with its ten-year SONIA-based covered bond issued in mid-February 2021. PBB has now placed a three-year covered bond, also referenced as FRN on SONIA. The spread was fixed at SONIA +27bp (guidance: SONIA +30bp), while the transaction of GBP 500m generated an order book of GBP 600m. Like Aareal Bank, for example, PBB is one of the German banks on the market to have a funding requirement in pound sterling due to its business activities.

Canada: Equitable Bank confirms plans for placement of EUR sub-benchmarks

In the previous issue of NORD/LB Covered Bonds & SSA View, we outlined the dealings of the Canadian regulator OSFI and the country's central bank. Among other aspects, we highlighted that it is our expectation the Canadian covered bond market would normalise, resulting in a strong presence of publicly placed bonds. A manuscript published by GlobalCapital on 16 April 2021 for a virtual round table discussion, which focussed on the outlook for Canadian covered bonds, revealed that Equitable Bank is ready to place an inaugural EUR bond from Canada. The choice of issuing currency and also the focus on the sub-benchmark segment (EUR 300m) were highlighted by Alex Prokoudine (Vice President Capital Markets at Equitable Bank) in the context of the round table and justified on the basis of the 5.5% issue limit imposed by the OSFI. We welcome this addition to the Canadian covered bond market and see it as a clear vital sign from Canada, although the focus on the sub-benchmark segment will at best have an indirect impact on our expectations for the benchmark segment. In fact, it is our assessment that those investors who were crowded out of the EUR benchmark – and also the sub-benchmark – segment by the dominance of the Eurosystem might see the announced issuance from Equitable Bank as a viable alternative. In this context, the recent announcement by the Laurentian Bank of Canada revealing that it has received approval from the Canada Mortgage and Housing Corporation (CMHC) to establish a covered bond programme is, in our view, more than just a side note.

ECB Bank Lending Survey: credit standards for loans to households for house purchases relaxed slightly by lenders

On Tuesday, the European Central Bank presented the results of the Bank Lending Survey for the first quarter of 2021. The survey-based information on the credit standards of banks is one of the most significant sources of information with regard to financing conditions in the euro area and is in our view also of great importance for the ECB's monetary policy measures on bank lending. While the internal credit standards for loans and credit lines to enterprises or consumer credit were ultimately moderately tightened, individual banks' overall terms and conditions for housing loans on balance eased slightly on the previous quarter. Banks also reported a net decrease in demand for housing loans in the first quarter of 2021, which according to the survey was triggered by lower levels of consumer confidence dampening demand for housing loans. Demand continued to be supported by the low general level of interest rates and, to a lesser extent, housing market prospects. With regard to the impact of the ECB's monetary policy measures on bank lending, the 143 banks surveyed confirmed on average that the purchase programmes (APP and PEPP) as well as the TLTRO III all had a positive impact on banks' liquidity positions and therefore market financing conditions. The ECB's negative deposit facility rate as well as the APP, PEPP and TLTRO III – with TLTRO III in particular strongly supporting bank lending over the past six months – had an easing impact on bank lending conditions and a positive impact on lending volumes. At the same time, the Bank Lending Survey clearly indicated that the asset purchases and the negative deposit facility rate had a negative impact on profitability. We do not see any direct stimulus for monetary policy decision-makers from these indications. Not least, we justify this assessment on the basis that the survey results – at least in part – have the desired effect on commercial banks from the ECB's perspective.

Norway: Moody's recognises takeover of Sbanken by DNB

In the context of an Issuer Comment, ratings agency Moody's recently discussed the planned acquisition of Sbanken ASA by DNB BANK ASA, which was announced by the company potentially being acquired on 15 April 2021, and rated the corresponding step for the affected Sbanken covered bonds as positive. As a result, the covered bond investors of Sbanken would benefit from the improved credit liquidity of the acquiring DNB bank. Moody's put the CR Assessment of Sbanken on "review for upgrade" after the announced takeover bid. Based on the Norwegian legal framework for the issuance of covered bonds, both banks issue their covered bonds via specific subsidiaries. Currently, the covered bonds of DNB Boligkreditt and Sbanken Boligkreditt have both been assigned the top rating of Aaa by Moody's. In the EUR benchmark segment, DNB Boligkreditt is clearly the biggest player with an outstanding volume of EUR 20.25bn (13 bonds). Sbanken Boligkreditt currently has one covered bond in this segment (EUR 500m; SBANBK 0 3/8 04/26/23). Spread narrowing and alignment with the DNB Boligkreditt curve is to be expected for the bond with a residual maturity of two years in the course of the successful acquisition Sbanken.

EU taxonomy from the perspective of covered bonds: "improved" again!

On Wednesday, the European Commission adopted a package of measures for sustainable finance. By enabling investors to re-orient investments towards more sustainable technologies and businesses, the European Commission is of the view that these measures will be instrumental in making Europe climate neutral by 2050. The package adopted yesterday is comprised of the EU Taxonomy Climate Delegated Act, a proposal for a Corporate Sustainability Reporting Directive and six amending Delegated Acts. With regard to the covered bond market and, in particular, the sub-segment of green bonds, the focus is especially on the taxonomy requirements for existing buildings completed before 2020, for which an Energy Performance Certificate (EPC) class A was prescribed in an earlier draft in order to be classified as green. This would have resulted in non-conformity with EU taxonomy for a very large proportion of assets refinanced via green covered bonds. As we previously reported in March, broadening of criteria in the meantime flowed into a new draft, which has now once more – and finally – been adapted to the benefit of green covered bonds. Accordingly, for newly acquired buildings, the requirement of an EPC class A applies or, as an alternative, the criteria that the building is within the top 15% of the national or regional building stock (cf. Annex I, p. 176 ff.). For the "Do no significant harm" (DNSH) criteria, the condition of EPC class C applies as an alternative for corresponding buildings within the top 30% of the national or regional building stock (cf. Annex II, p. 254 ff.). Moreover, the new draft of the Delegated Act stipulates that after 2021, the energy performance of the building resulting from the construction is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements (cf. Annex I, S. 165 f.), which represents an improvement against the previous draft (previously, a threshold of 20% applied). With regard to the sub segment of green covered bonds (but also unsecured green bonds), these amendments are to be welcomed, as they retain a key part of the current universe of assets in the context of EU taxonomy. This approval was also welcomed and positively assessed by the EMF and the ECBC.

Scope quarterly report: risk experts comment on house price development

In the context of its quarterly report for the first quarter of 2021, ratings agency Scope focused on market developments in the first three months of 2021 – and therefore particularly on the restraint in issuance activity – and on overarching topics and trends, such as its position on EU taxonomy and house price developments in Europe. For example, aside from a few exceptions, the agency regards the relevant property price indices as an indication that the previous price trend is being bucked, although they say it is too soon to speak of a bubble forming. Nonetheless, the analysis identifies a need for proactive regulatory action, also with the aim of protecting banks and borrowers. The fact that the price trend in property circles is on the up long term even against the backdrop of the pandemic is not least a consequence of the monetary policy environment and a new preference structure within the populations of European countries, as the European Mortgage Federation (EMF) surmised in its quarterly report for the second quarter of 2020. The expectations with regard to the state lockdown and stay-at-home orders have resulted in a correlative adjustment with regard to demand on the property markets.

Market overview SSA/Public Issuers

Authors: Dr Norman Rudschuck, CIIA // Henning Walten, CIIA

Today's ECB meeting allows the market to pause for breath

Please note the following: The study was prepared at the editorial deadline of 22 April 2021, 08:56 and is hereby made available to you by e-mail with a delay due to technical disruptions in the dispatch process. We apologise for this. This afternoon, the eurozone's monetary watchdogs will meet for their regular meeting to discuss key interest rates. At the same time, the Governing Council is likely once again to grapple with questions regarding the economic implications of progress with vaccina-tion and lockdowns as well as the associated short, medium and long-term course of the economic recovery process and the trend in inflation. In this context, it must also assess the "new" environment resulting from a US economic programme and the ramping up of bond purchases by the ECB. In principle, we assume that the central bankers in Frankfurt will leave the key monetary policy control parameters untouched in their April meeting too. Accordingly, we are not expecting either adjustments to key interest rates or amendments to the conditions for the current TLTRO III programme and the bond pur-chase programmes (PEPP/APP). Finally, the increase in bond purchases announced for the second quarter of 2021 as part of the current parameterisation of the PEPP is taking place. We are also not anticipating an increase in the tiering factor of the ECB's tiered interest rate, which applies to deposits by commercial banks with the Eurosystem, at the present moment. However, we would not rule this out later on this year. Overall, there-fore, the monetary policy parameters should remain intact this afternoon, while the text of the press release should – yet again – be highly significant. In our view, the PEPP and TLTRO are likely to determine the scenarios in 2021.

Semi-autonomous region: Republic of Srpska

It has been 25 years since the end of the Bosnian war, but the country remains deeply divided both ethnically and politically. This is also due to provocation from the Republic of Srpska, the Serbian-led entity of Bosnia-Herzegovina, which has now placed a syndicated issue in euros for the first time on the market and, as a result, has added to the expanding supply of debt from the Balkans. The consortium acting on behalf of the semi-autonomous region (constituent state) held calls with investors in advance to discuss a potential five-year bond issue. Srpska, which was established in 1995 as part of a peace agreement, has its own government and a population of 1.3m compared with Bosnia's total population of almost 3.3m. Srpska first ventured onto the EUR capital market three years ago under the ticker REPSBN. The previous securities are, according to market information, very illiquid. The Republic of Srpska was established under an agreement negotiated by the USA, which ended the fighting in Bosnia-Herzegovina that came about during the bloody disintegration of Yugoslavia (key word: Srebrenica massacre). The Serbian entity shares a weak central government based in the capital Sarajevo with its Bosniak-Croatian counterparts. Generally speaking, the political entities or units with the status of a state within a federal association of states (federal state) or a confederation are described as constituent states (see Belgium or even the USA). Srpska has now sought investors for EUR 300m over five years at a coupon of 4.75%. The bond was minimally oversubscribed and was rated B3 / B.

Primary market

Aside from the deal issued by the Republic of Srpska, which at EUR 300m does not qualify for the benchmark segment, other issuers raised funds on the market in the last six trading days. On Wednesday last week, MuniFin (KUNTA) approached its investors and offered a bond worth EUR 500m with a maturity of seven years. At ms -6bp, it was priced one basis point tighter than its guidance. Given demand of EUR 750m, the deal was 1.5 times oversubscribed. It was followed one day later by the International Development Association, whose Bloomberg ticker IDAWBG references its membership of the **W**orld **B**ank **G**roup. A total of EUR 1.75bn was printed in the form of a sustainable development bond. Here, too, the pricing tightened by a single basis point. Details of the books were also released. Accordingly, 86% of the volume of the 15y bond went to Europe, while the remaining 14% was allocated to Asian investors. As far as the type of investor was concerned, asset managers/pension funds (54%) dominated, followed by central banks/official institutions (31%). Finally, 15% went to banks and corporates. Nederlandse Waterschapsbank kicked off the current trading week with a water bond. The bond, which has a maturity of 30 years and a volume of EUR 500m was initially marketed at ms +11bp area and was finally priced two basis points tighter at ms +9bp on the basis of an order book of EUR 1.0bn. The next day it was the EU that came to the market. Demand far exceeded supply again, which is now to be regarded as standard procedure for this issuer, despite the fact that this was not expressly announced as a SURE bond (refinancing EFSM: European Financial Stability Mechanism). Altogether, EUR 4.75bn was marketed at ms -7bp for 15 years. The order books reached EUR 41.5bn, meaning that the deal was almost nine times oversubscribed. Pricing again tightened two basis points during the book building process. The group of EUR benchmarks in the SSA segment was completed yesterday (Wednesday) by a German Bundesland. The Free State of Saxony raised EUR 500m for ten years. It was priced at ms -5bp. No details have been disclosed regarding the order book. Two further Bundeslaender featured on the market, albeit not with new issues but with benchmark-sized taps. The State of Lower Saxony increased its NIESA 0.01 01/10/31, which was only issued on 1 April. A sum of EUR 500m changed hands for ms -5bp. The same goes for the city state of Berlin, which also carried out a tap worth EUR 500m. BERGER 0 1/8 11/24/45 from November 2020 was increased at ms +6bp. NRW 2121 was also increased but is now full, at EUR 3bn, and has been closed by the issuer. The guiding principle in Düsseldorf is being actively followed with this cap and can clearly be seen from the bonds up to 2119 and 2120, which were also increased to a maximum of EUR 3bn. We comment on the EU's funding plans, which have now been fleshed out, in today's lead SSA article. The ESM has also sent an RfP for its next deal.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
SAXONY	DE	20.04.	DE0001789337	10.0y	0.50bn	ms -5bp	- / - / AAA	-
EU	SNAT	19.04.	EU000A3KP2Z3	15.0y	4.75bn	ms -7bp	AAA / Aaa / AAA	-
NEDWBK	NL	15.04.	XS2334267098	30.0y	0.50bn	ms +9bp	- / - / AAA	X
IDAWBG	SNAT	14.04.	XS2334114779	15.0y	1.75bn	ms +4bp	- / Aaa / AAA	X
KUNTA	FI	14.04.	XS2333658073	7.0y	0.50bn	ms -6bp	- / Aa1 / AA+	-

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

Covered Bonds
LCR levels and risk weights of EUR benchmarks

Author: Henning Walten, CIIA

Regulatory indicators relevant for most important buyer group

With an allocation rate of more than 40% among new issuances in the EUR benchmark segment, credit institutions continue to make up the most significant investor group for covered bond issuers, despite the major market intervention by the Eurosystem. The fact that covered bonds might be shown regulatory preference is also likely to be a key reason for this, alongside their favourable risk profile. In our NORD/LB Covered Bond Special – risk weights and LCR levels of covered bonds, we examined in detail how the risk weight and LCR level of covered bonds is ascertained and also offered our own classification of the bonds included in the iBoxx EUR Covered. In this article, we therefore intend to offer a brief overview of the two indicators and their distribution within the EUR benchmark segment.

Credit Quality Step is important starting point for regulatory indicators

The Credit Quality Step (CQS) system of the Capital Requirements Regulation (CRR) is fundamental for ascertaining both the risk weight and the LCR level. It can be used to enable comparison between rating assessments from renowned agencies (ECAI, External Credit Assessment Institutions) and, if several credit ratings are available, allows for a definitive result. Just one rating can be deemed "unproblematic", with the mapping a little more complex for a number of ratings. Regardless of the actual number of ratings available, the CQS is always determined by the two ratings that lead to the two lowest risk weights, i.e. the two best ratings (see examples below). Should the two relevant ratings lead to different assessments with regard to the risk weight, the pertinent rating of the two is that which in turn results in the higher of the two risk weights, i.e. the worse of the two ratings. If there are two or more ratings available, the CQS is therefore derived from the worst of the two best ratings, as the table below also shows.

Ascertaining Credit Quality Steps

Rating 1 \ Rating 2		CQS 1				CQS 2			CQS 3		
		AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
CQS 1	AAA	Credit Quality Step 1				Credit Quality Step 2			Credit Quality Step 3		
	AA+										
	AA										
	AA-										
CQS 2	A+	Credit Quality Step 2				Credit Quality Step 2			Credit Quality Step 3		
	A										
	A-										
CQS 3	BBB+	Credit Quality Step 3				Credit Quality Step 3			Credit Quality Step 3		
	BBB										
	BBB-										

Source: Regulation 2016/1799, NORD/LB Markets Strategy & Floor Research

Covered bonds might benefit from reduced risk weight

While the risk weight for exposures against credit institutions under the CRR is generally calculated pursuant to Article 120 (rated exposures) or Article 121 (unrated exposures) based on the CQS, covered bonds pursuant to Article 129 can, under certain circumstances, benefit from preferential treatment and therefore a reduced risk weight. Accordingly, a covered bond pursuant to Article 129(1) must meet the requirements set out in Article 52(4) of the Collective Investment of Transferable Securities (UCITS). Among other criteria, the bond must be issued by a bank whose registered office is in the European Economic Area (EEA). Article 129(1) also defines the assets that are eligible as cover assets in order for covered bonds to have regulatory preference. Conversely, if a cover pool contains assets that have not been explicitly included in Article 129, the respective bond will not benefit from a preferential risk weight. Moreover, the transparency requirements laid down in Article 129(7) must also be met in order to justify preferential treatment for the risk weight. With regard to the EUR benchmark segment, this means that only EEA bonds can be considered for a preferential risk weight, bearing in mind they must also fulfil other requirements at the same time. While bonds from outside the EEA do not need to meet any further criteria, they will however have a risk weight of at least 20% instead. The following table provides a simplified picture of how risk weight is ascertained. As a rule, a risk weight can be determined for covered bonds without a rating as well, although we are excluding these at this point because we are focussing on the EUR benchmark segment.

Risk weight of covered bonds with ECAI rating

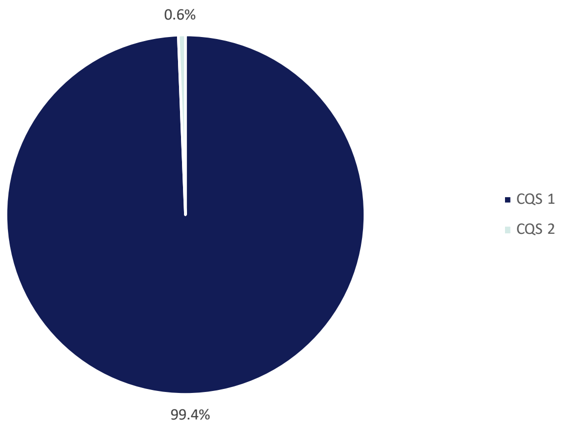
Credit Quality Step	Requirements of Article 129 of the CRR met	Requirements of Article 129 of the CRR not met (incl. non-EEA bonds)
1	10%	20%
2	20%	50%
3	20%	50%
4	50%	100%
5	50%	100%
6	100%	150%

Source: Regulation 2016/1799, CRR, NORD/LB Markets Strategy & Floor Research

LCR level: preferential treatment of EEA covered bonds

Numerous requirements must be taken into account and met when it comes to determining the LCR level of a covered bond. As is the case for ascertaining the risk weight, the registered office of the issuing entity is key. While EEA bonds can be level 1, level 2A and level 2B assets, bonds from outside the EEA can only achieve classification as level 2A assets. It is not just the previously mentioned CQS that is taken into account when determining the level, but also the issue volume and overcollateralisation of covered bonds, which do not play a role in determining risk weights. However, the fulfilment of transparency requirements pursuant to Article 129(7) of the CRR is likewise of relevance for the LCR level. Furthermore, there are additional requirements with regard to the composition of the relevant cover pools. When compared with how the risk weight is determined, ascertaining the LCR level of covered bonds is considerably more complex. At this point, we therefore refer to our Special for further information on the LCR level.

CQS by volume (EUR benchmarks)



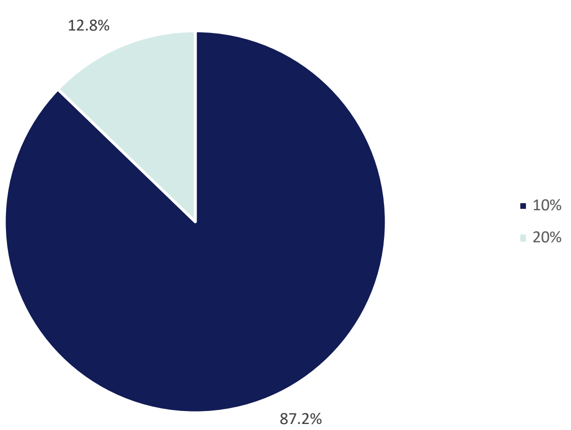
CQS by jurisdiction (EUR benchmarks)

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

Mostly, iBoxx EUR Covered contains covered bonds with risk weight of 10%

With regard to the bonds included in the iBoxx EUR Covered (excl. Spanish multi-cedulas), benchmarks with a risk weight of 10% make up the majority share of 87.2%. This share is fundamentally attributable to the high proportion of EEA transactions in the index. However, there are also isolated examples of bonds that, owing to their rating, do not benefit from a risk weight of 10%. The proportion of bonds that cannot currently be allocated to CQS 1 is a mere 0.6%. Outstanding bonds that can be allocated to CQS 2 under the CQS system exist only in Denmark (2 bonds), Italy (1), Portugal (3) and Spain (1). There is not currently a bond with a risk weight of 50%, although in principle, this would be possible as even covered bonds with a rating of CQS 3 (BBB segment) are eligible for the iBoxx index. Covered bonds from Luxembourg are currently a special case. While these generally boast a risk weight of 10%, because of the assets in the cover pool, they cannot fulfil the specifications under Article 129(1) of the CRR and therefore carry a risk weight of 20%.

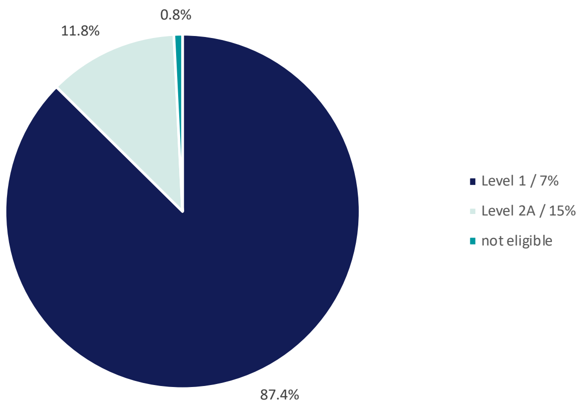
Risk weight by volume (EUR benchmarks)



Risk weight by jurisdiction (EUR benchmarks)

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

LCR level by volume (EUR benchmarks)



LCR level by jurisdiction (EUR benchmarks)

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

Only few bonds are not LCR eligible

Once more, the clear dominance of the best-possible grade is demonstrated in the LCR levels. LCR level 1 covered bonds account for 87.4% of the iBoxx volume, which is again due to the share of EEA issuances. We classify a further 11.9% of bonds as level 2A assets. Bonds from Japan and Switzerland are not LCR eligible, as they are not issued under a legal framework. The same applies for the CPT benchmark from Deutsche Bank, as this is not based on the German Pfandbrief Act (PfandBG). In isolated cases, the LCR level falls below the top grade on account of the rating. In this context, it is worth highlighting that we think all cover pool reporting fulfils the transparency requirements under Article 129(7) of the CRR. This is also a prerequisite for a preferential risk weight. In the past, this was not so in some instances, which meant the respective bonds would not be LCR eligible.

Conclusion

With regard to both the risk weight and the LCR level of EUR benchmarks, it can be established that the best-possible grade has mostly been assigned for the respective indicators. Any variance is above all attributable to the credit ratings of individual bonds. On a positive note, the picture has not worsened in the wake of the Corona crisis and the bonds currently included in the iBoxx EUR Covered benefit to a very high degree from the best possible regulatory treatment. Detailed information on determining the risk weight and LCR level as well as our assessments with regard to the two regulatory indicators and other characteristics of the bonds can be found in our NORD/LB Covered Bond Special – risk weight and LCR level of covered bonds.

SSA/Public Issuers
NextGenerationEU: NGEU is taking shape

Author: Dr Norman Rudschuck, CIIA

The EU now has its finger on the trigger: NextGenerationEU is taking shape

It has often been talked about and we have already provided a general description in the past, but now more and more facts are being revealed: NextGenerationEU (NGEU) is a time-limited economic instrument worth EUR 750bn at 2018 prices, which makes it EUR 806.9bn at current prices. Why are we so precise here? The issues on the capital market will equate to EUR 806.9bn and not the presumed EUR 750bn. This is the centrepiece of the European Union's reaction to the coronavirus pandemic. NGEU will support the economic recovery and build a greener, more digital and more resilient future. To finance NGEU, the European Commission will raise loans on the capital markets in the name of the EU. Thanks to the EU's high credit rating, the European Commission will be able to raise loans at advantageous financial conditions. The Commission will then pass this advantage directly to EU Member States if it grants them loans or to the budget in the form of low interest payments on bonds to finance economic expenditure. Borrowing will be concentrated in the period between mid-2021 and the end of 2026 and will comprise EUR 150-200bn every year. We expect a proportion of green bonds of EUR 250bn in the total package. Maturities of three to 30 years were announced. Total borrowings are to be repaid by 2058. The EU budget, which is financed through own resources and contributions from all EU Member States and is often a stumbling block for negotiations, will provide security for the borrowings.

NGEU: structure and refinancing

The centrepiece of NGEU is the Recovery and Resilience Facility – an instrument for providing grants and loans to support reforms and investments in EU Member States with a total value of EUR 723.8bn at current prices. A not inconsiderable part of the funds (up to EUR 338bn) is to be provided in the form of grants. These will be repaid from the EU budget. The other part (up to EUR 385.8bn) will be granted as loans to individual Member States by the EU. Only these loans will also be repaid by these Member States. The funds from the facility will be allocated in accordance with the national recovery and resilience plans which have been worked out by individual Member States in collaboration with the European Commission and allocated in accordance with an agreed allocation key. To support repayment of the bonds, the Commission will propose new own resources (or sources of income) for the EU budget, which will be added to the existing sources. These could also be used for premature repayment before 2028. These new own resources will be based on a Carbon Border Adjustment Mechanism (CBAM), the emissions trading system and a digital services tax. According to the EU, detailed proposals will follow by June 2021. Additional new own resources, which are to be proposed by June 2024, could include a financial transaction tax, a financial contribution linked to the corporate sector or a new joint assessment basis for corporation tax.

Brief visual overview

Source: European Commission, NORD/LB Markets Strategy & Floor Research

Diversified funding strategy

The European Commission’s diversified financing strategy would combine the following:

- Six-monthly publication of financing plans to offer transparency and predictability to investors and other stakeholders;
- Structured and transparent relationships with banks that support the issuance programme;
- Several funding instruments (medium and long-term bonds, of which some will be issued as NextGenerationEU green bonds and EU bills), to maintain flexibility in relation to market access and to manage the liquidity requirement and the maturity profile;
- A combination of auctions and syndications to guarantee cost-efficient access to the requisite financial resources on advantageous terms.

Bonds and bills

The issue of bonds over benchmark maturities (3, 5, 7, 10, 15, 20, 25, 30 years) is the key path for an issuer to implement their funding plan. The European Commission has already issued benchmark bonds with different maturities through SURE, the instrument to finance employment programmes throughout the EU, and has established a presence along the maturity curve (from 5 to 30 years). The Commission’s aim is to be present on a regular basis across all parts of the curve with EU bonds that are as liquid as possible. Instead of issuing new bonds with new maturities, the Commission will, if possible, increase the amount of bonds already issued. As a result, the outstanding amount of the bond will become more liquid in secondary market trading and consequently more attractive for investors. In contrast, we are only familiar with bills from the ESM so far. As a result, the European Commission will also start to issue securities with a shorter maturity – less than one year – which will be known as EU bills. These will give the EU access to the deep and liquid (short-term) money market, which will improve its ability to manage its funding requirement responsively and flexibly. For the issue of EU bills, the Commission will always have recourse to auctions which is consistent with normal market practice.

Conclusion

The recovery fund of EUR 806.9bn will be the largest amount raised jointly by the 27 EU Members. This goes hand in hand with a further EUR 100bn to create jobs (SURE). According to Bloomberg, some market participants hope that this will lead to the creation of regional "safe assets", which could compete with US Treasuries – a goal that European decision makers would have pursued even before the creation of the single currency two decades ago. In our opinion, the recovery fund will catapult Europe into the top rank of ESG bond issues, as the EIB was already a major player here and is becoming even more of one, to say nothing of the fact that the KfW is already issuing large amounts of green bonds as well. The EU will not replace Germany as a safe haven, but it will do no harm to have other AAA entities in Europe, which (help) shape market events. The significance of the EUR will inevitably increase. Whether EU bonds are priced instead of versus Bunds, BTPs, OLOs or FRTRs or even replace the EUR mid-swap, is yet to be revealed and remains up in the air. However, here too, new capital market practices could come about, as standards have to emerge over time because of acceptance and practicability. This also implies a plentiful supply after 2027 etc. The EU will certainly often preoccupy us in this context. Some people also see the European capital market union as already having a foot and a half through the door, others are betting on the (German) Federal Constitutional Court and hope that the European concept will be rolled back rather than advanced. The expedited application against NGEU financing was at least rejected yesterday. However, the constitutional complaint lodged by "Bündnis Bürgerwille" (the citizens' movement) remains pending even after the decision on the expedited application. It has not been announced when the German Constitutional Court will make a ruling. Our understanding is that the applicants are arguing that the EU treaties unequivocally prohibit joint borrowing altogether. According to the trade press, however, the German federal government and European Commission have sought to invoke Article 122 of the EU treaties. According to this exemption clause, in the event of natural disasters or exceptional circumstances, a Member State can be granted "financial assistance from the EU under certain conditions". In our opinion, this would be analogous to the suspension of the German debt brake. Will the market tolerate more EU? Absolutely! As a reminder, the first EU deal was almost 14 times oversubscribed; there is therefore more than enough demand, as the most recent deal (non-SURE!) has also demonstrated, and the Eurosystem can buy up to 50% of supranationals on the secondary market.

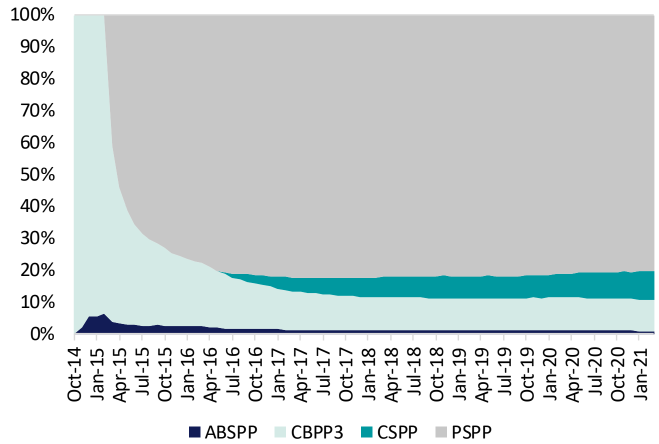
ECB tracker

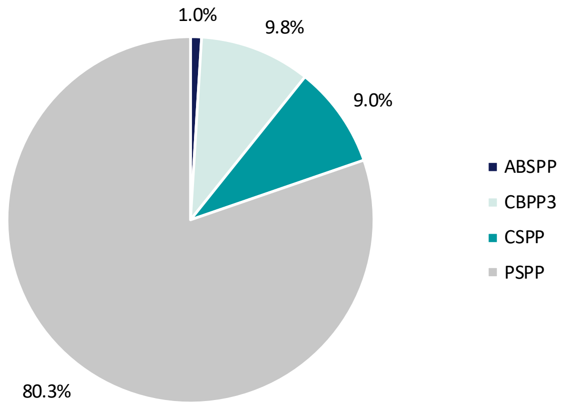
Asset Purchase Programme (APP)

Holdings (in EURm)

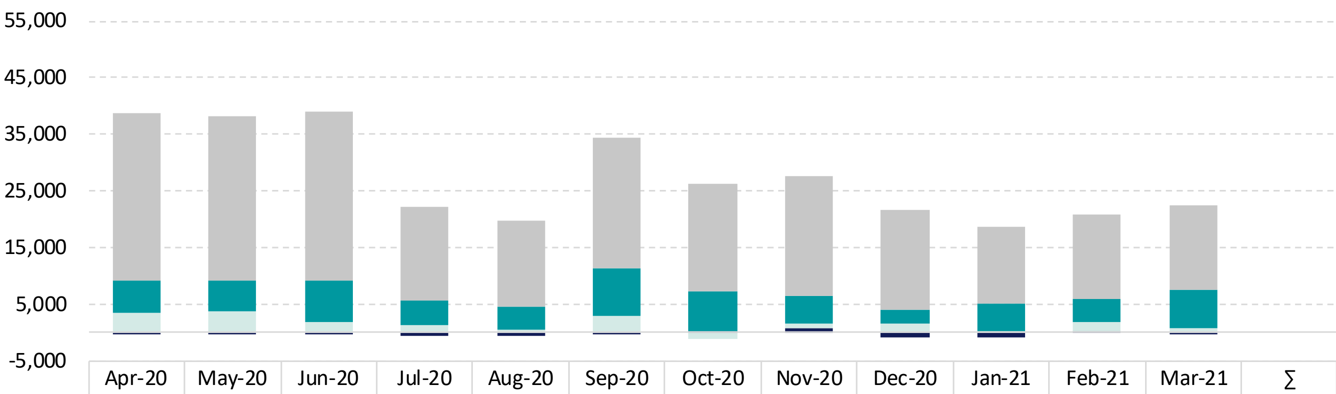
	ABSPP	CBPP3	CSPP	PSPP	APP
Feb-21	28,728	289,158	259,391	2,370,392	2,947,669
Mar-21	28,716	289,424	266,060	2,379,053	2,963,252
Δ	-12	+266	+6,669	+8,661	+15,583

Portfolio structure





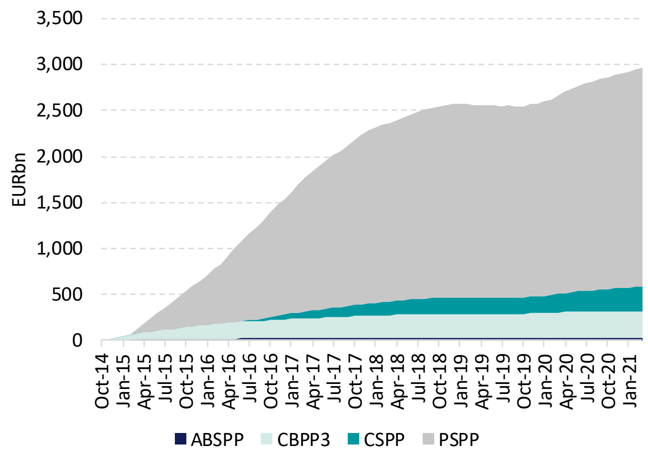
Monthly net purchases (in EURm)



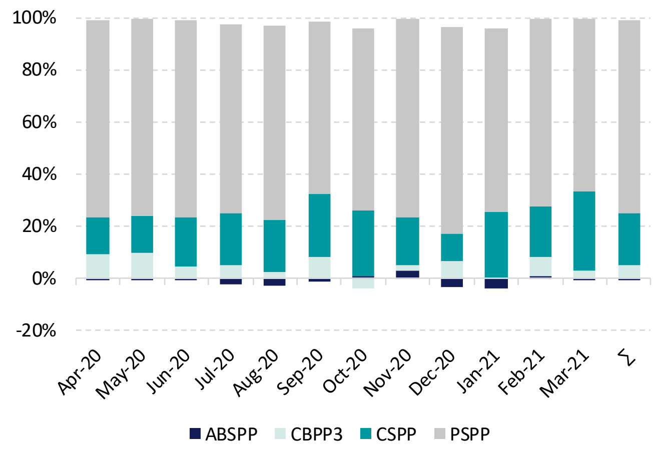
	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	∑
APP	38,441	38,170	38,770	21,529	19,127	34,014	25,349	27,720	20,929	17,846	20,915	22,567	325,377
PSPP	29,624	28,961	29,779	16,370	15,150	23,102	19,182	21,241	17,822	13,655	15,129	14,955	244,970
CSPP	5,560	5,438	7,515	4,502	4,004	8,496	6,983	5,009	2,378	4,924	4,064	6,929	65,802
CBPP3	3,582	3,785	1,731	1,198	500	2,839	-1,041	646	1,529	74	1,539	684	17,066
ABSPP	-325	-14	-255	-541	-527	-423	225	824	-800	-807	183	-1	-2,461

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

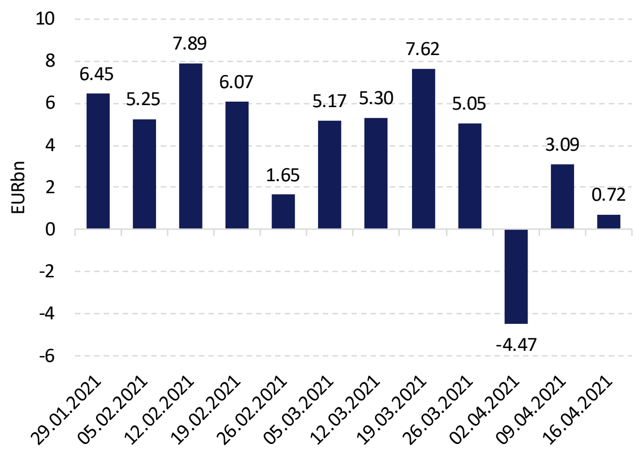
Portfolio development



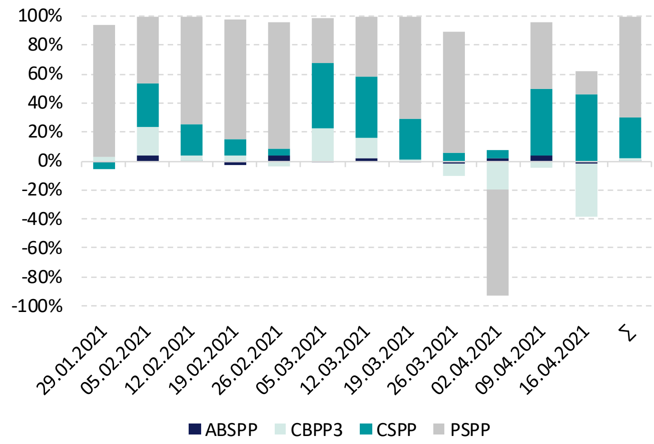
Distribution of monthly purchases



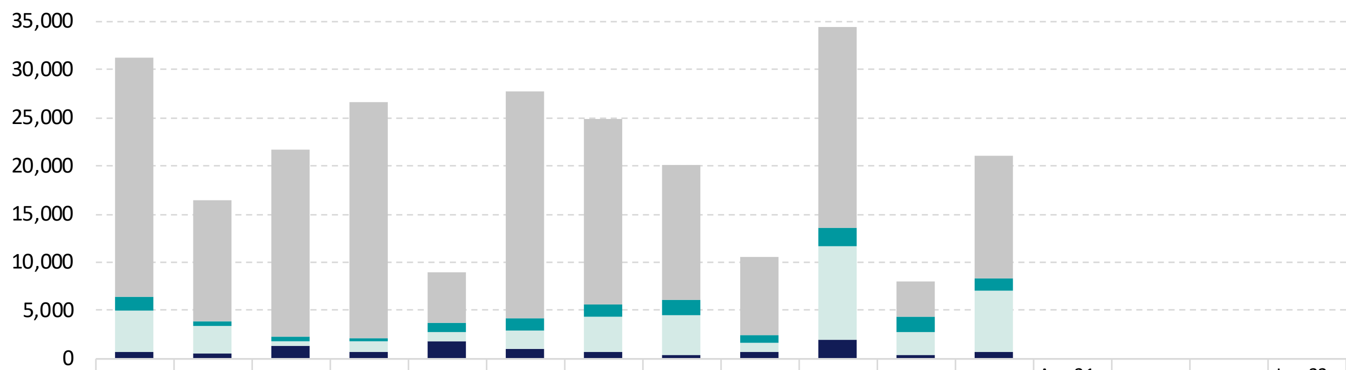
Weekly purchases



Distribution of weekly purchases



Expected monthly redemptions (in EURm)

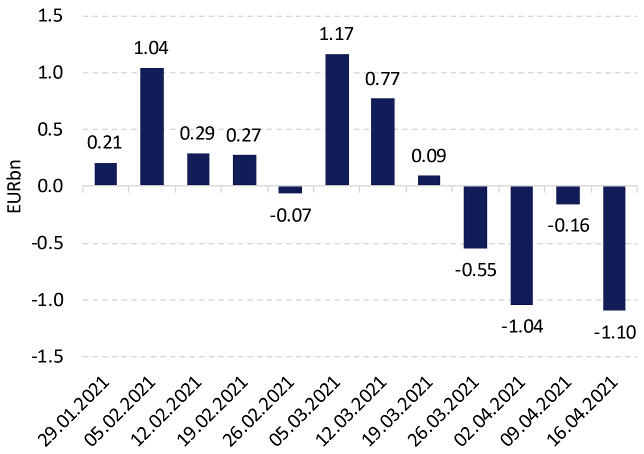


	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-21 - Mar-22	2020	2021	Jan-22 - Mar-22
APP	31,330	16,471	21,747	26,602	8,890	27,788	24,887	20,133	10,597	34,448	7,984	20,995	251,872	262,253	246,554	63,427
PSPP	24,919	12,637	19,519	24,535	5,118	23,642	19,227	13,994	8,177	20,906	3,625	12,603	188,902	201,482	189,750	37,134
CSPP	1,433	464	486	334	966	1,272	1,280	1,673	826	1,915	1,544	1,416	13,609	18,267	16,142	4,875
CBPP3	4,278	2,894	367	1,132	1,002	1,902	3,749	4,044	937	9,647	2,442	6,297	38,691	33,236	30,095	18,386
ABSPP	700	476	1,375	601	1,804	972	631	422	657	1,980	373	679	10,670	9,268	10,567	3,032

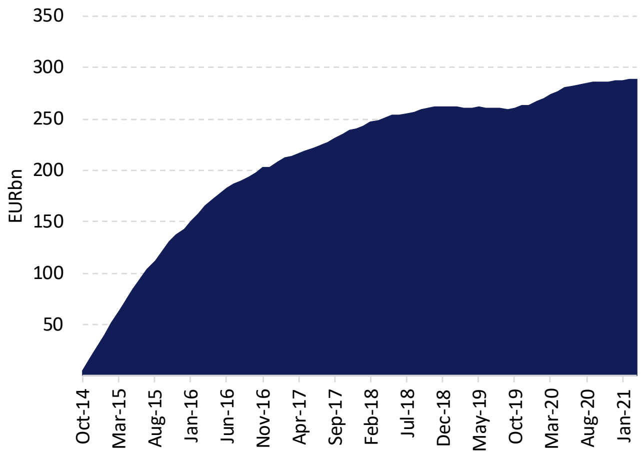
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Covered Bond Purchase Programme 3 (CBPP3)

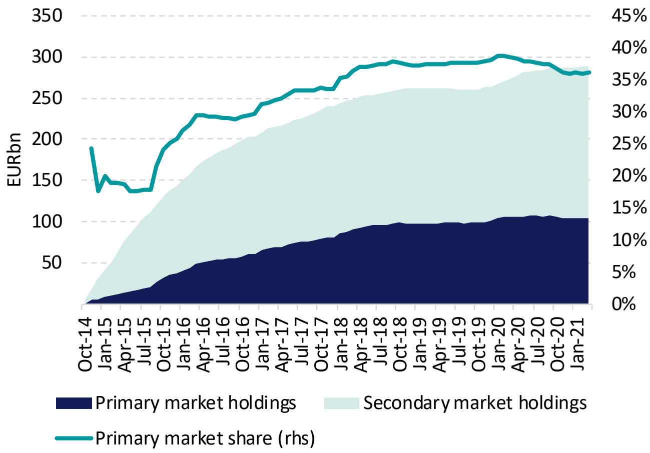
Weekly purchases



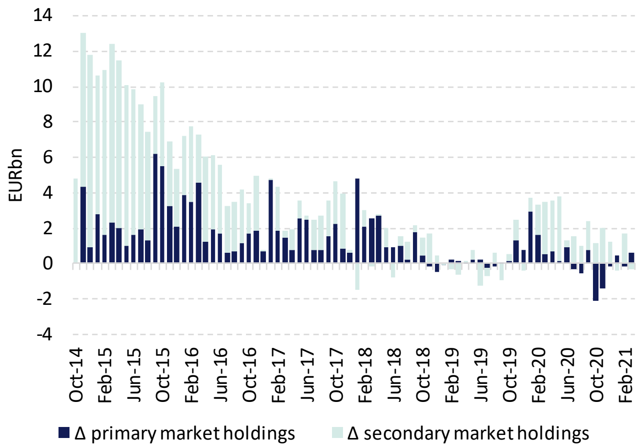
Development of CBPP3 volume



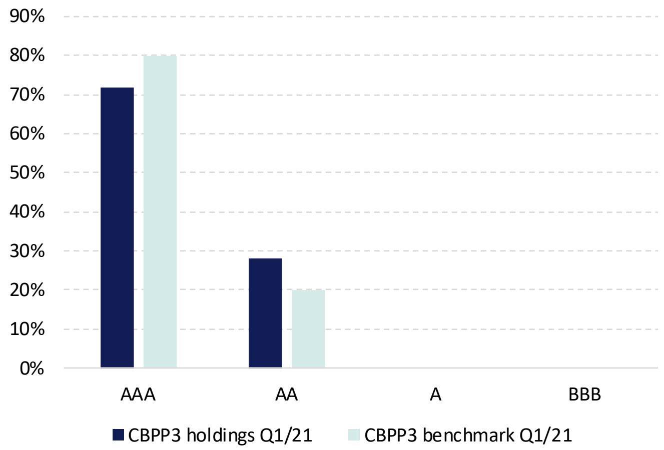
Primary and secondary market holdings



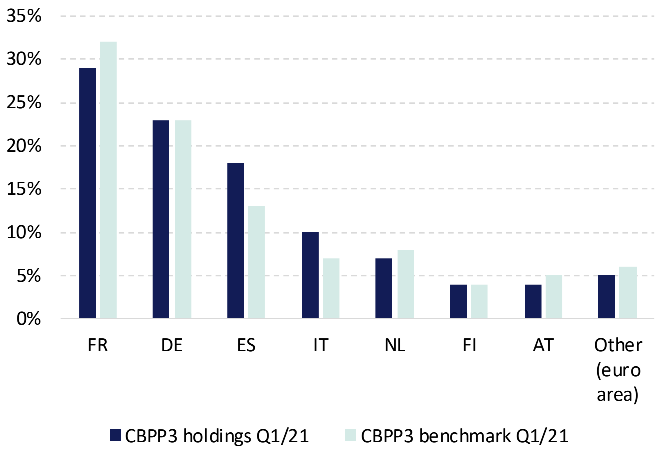
Change of primary and secondary market holdings



Distribution of CBPP3 by credit rating



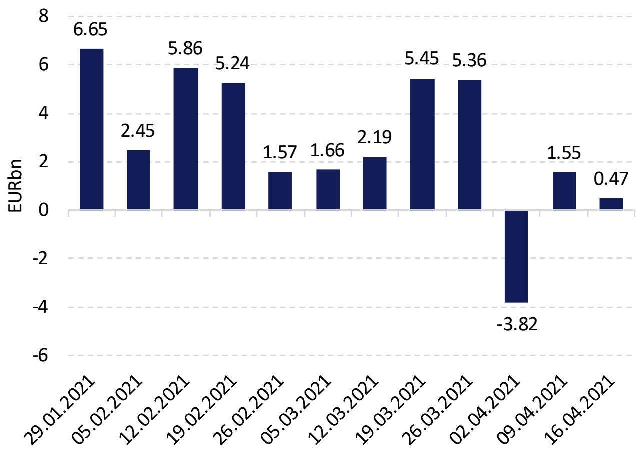
Distribution of CBPP3 by country of risk



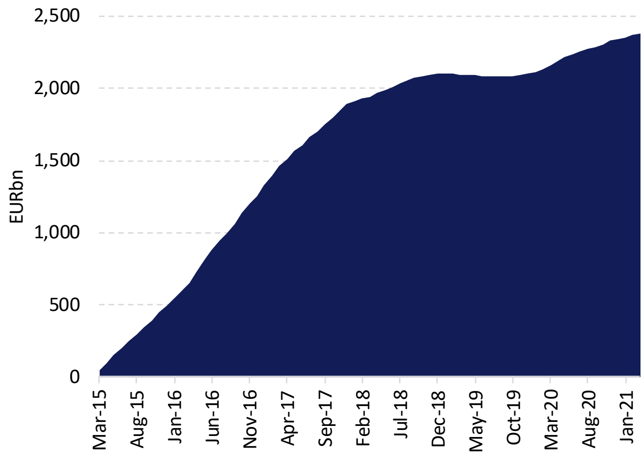
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Public Sector Purchase Programme (PSPP)

Weekly purchases



Development of PSPP volume



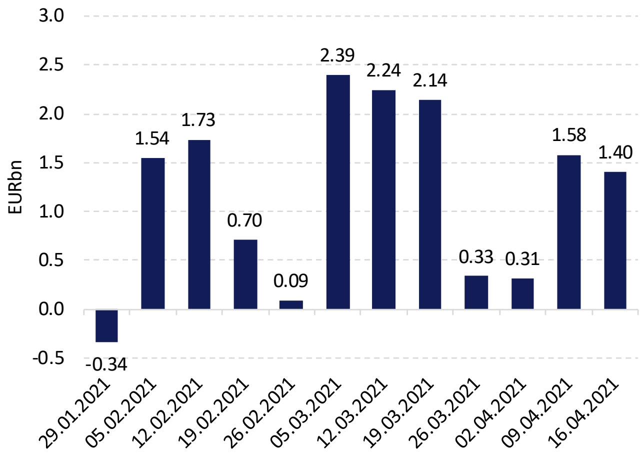
Overall distribution of PSPP buying at month-end

Jurisdiction	Adjusted distribution key[1]	Purchases (EURm)	Expected purchases (EURm)[2]	Difference (EURm)	Avg. time to maturity[3] (in years)	Market average[3] (in years)[3]	Difference (in years)
AT	2.7%	69,985	67,711	2,274	7.8	7.8	0.0
BE	3.4%	88,296	84,283	4,013	8.4	10.2	-1.8
CY	0.2%	3,524	4,978	-1,454	10.0	9.3	0.7
DE	24.3%	592,995	609,844	-16,849	6.5	7.6	-1.1
EE	0.3%	351	6,517	-6,166	9.7	9.7	0.0
ES	11.0%	293,850	275,863	17,987	8.2	8.5	-0.3
FI	1.7%	37,236	42,494	-5,258	7.2	7.9	-0.7
FR	18.8%	494,798	472,494	22,304	7.0	8.1	-1.1
GR	0.0%	0	0	0	0.0	0.0	0.0
IE	1.6%	38,563	39,174	-611	8.6	9.9	-1.3
IT	15.7%	421,580	393,011	28,569	7.1	7.8	-0.7
LT	0.5%	4,793	13,389	-8,596	9.5	11.3	-1.8
LU	0.3%	3,230	7,620	-4,390	5.0	6.5	-1.5
LV	0.4%	2,706	9,014	-6,308	10.1	10.5	-0.4
MT	0.1%	1,226	2,426	-1,200	10.1	9.2	0.9
NL	5.4%	120,754	135,575	-14,821	7.5	8.4	-0.9
PT	2.2%	47,379	54,145	-6,766	7.2	7.6	-0.4
SI	0.4%	9,204	11,139	-1,935	9.4	9.3	0.1
SK	1.1%	15,190	26,494	-11,304	8.4	8.6	-0.2
SNAT	10.0%	261,198	250,686	10,512	7.2	8.3	-1.1
Total / Avg.	**100.0%**	**2,506,856**	**2,506,856**	**0**	**7.2**	**8.1**	**-0.9**

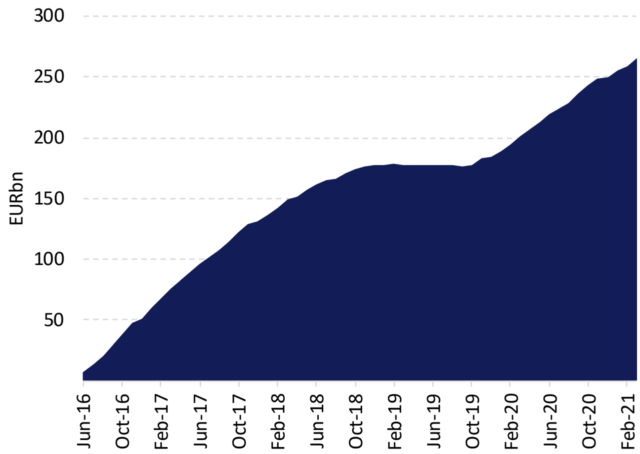
[1] Based on the ECB capital key, adjusted to include supras and the disqualification of Greece
[2] Based on the adjusted distribution key
[3] Weighted average time to maturity of the bonds eligible for purchasing under the PSPP (semi-annual data, Q3/2020)
Source: ECB, NORD/LB Markets Strategy & Floor Research

Corporate Sector Purchase Programme (CSPP)

Weekly purchases

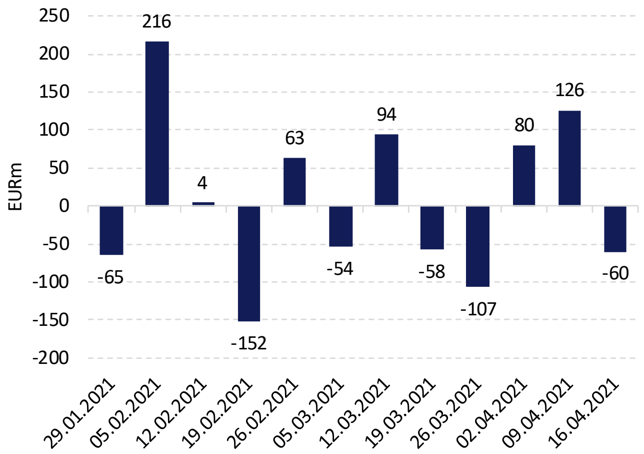


Development of CSPP volume

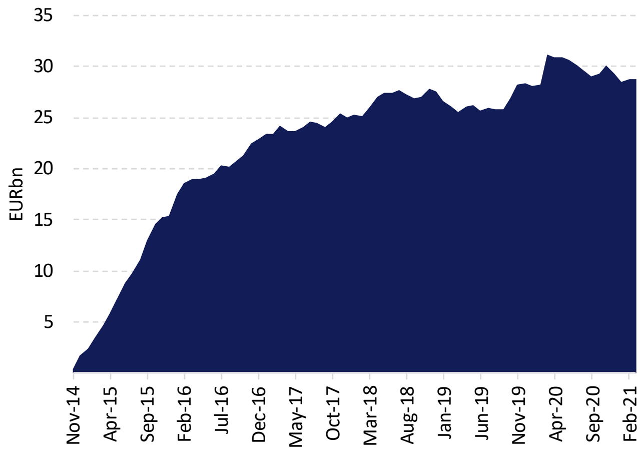


Asset-Backed Securities Purchase Programme (ABSPP)

Weekly purchases



Development of ABSPP volume



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

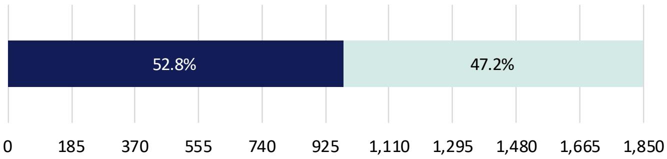
NORD/LB

Pandemic Emergency Purchase Programme (PEPP)

Holdings (in EURm)

	PEPP
Feb-21	870,126
Mar-21	943,647
Δ	+73,521

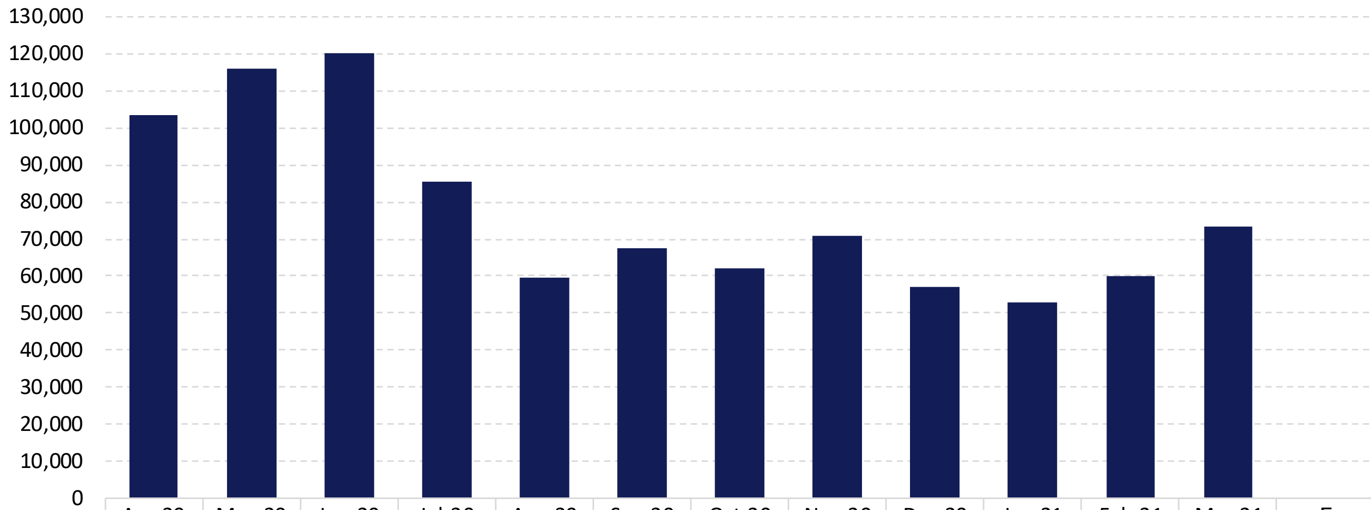
Volume already invested (in EURbn)



Estimated portfolio development

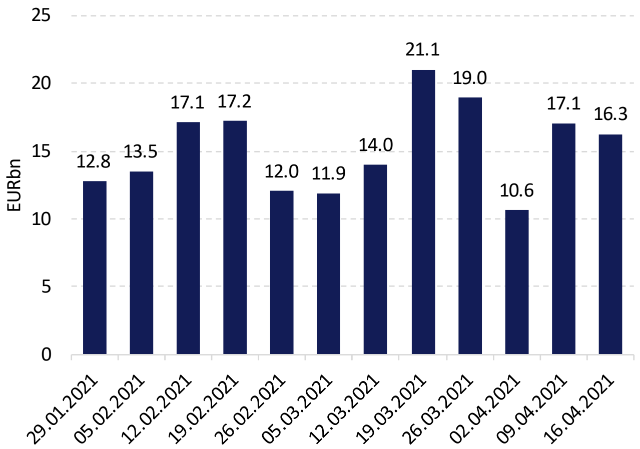
Assumed pace of purchases	Weekly net purchase volume	PEPP limit hit in ...
Average weekly net purchase volume so far	EUR 17.8bn	49 weeks (25.03.2022)

Monthly net purchases (in EURm)

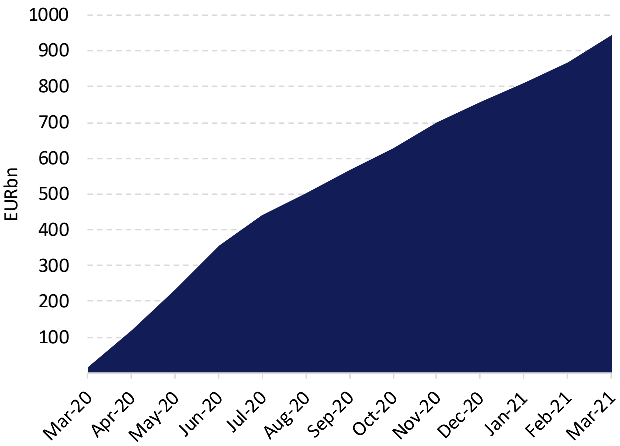


	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	∑
■ PEPP	103,366	115,855	120,321	85,423	59,466	67,308	61,985	70,835	57,163	53,046	59,914	73,521	928,203

Weekly purchases



Development of PEPP volume

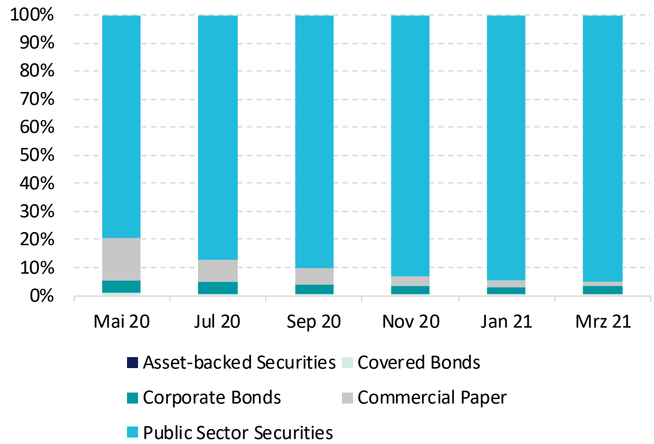


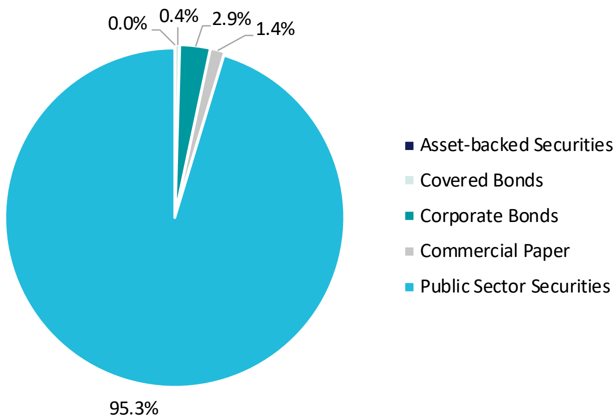
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Holdings under the PEPP (in EURm)

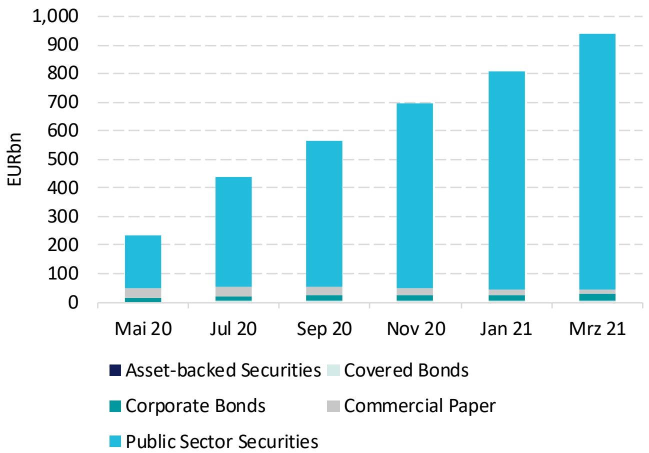
	Asset-backed Securities	Covered Bonds	Corporate Bonds	Commercial Paper	Public Sector Securities	PEPP
Jan-21	0	3,120	22,315	16,611	764,710	806,756
Mar-21	0	4,055	27,058	12,766	893,844	937,723
Δ	0	+935	+4,743	-3,845	+129,134	+130,967

Portfolio structure

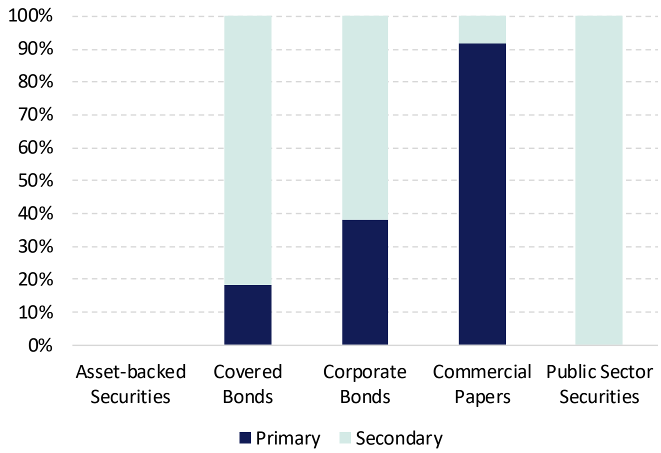




Portfolio development



Share of primary and secondary market holdings



Breakdown of private sector securities under the PEPP as of March 2021

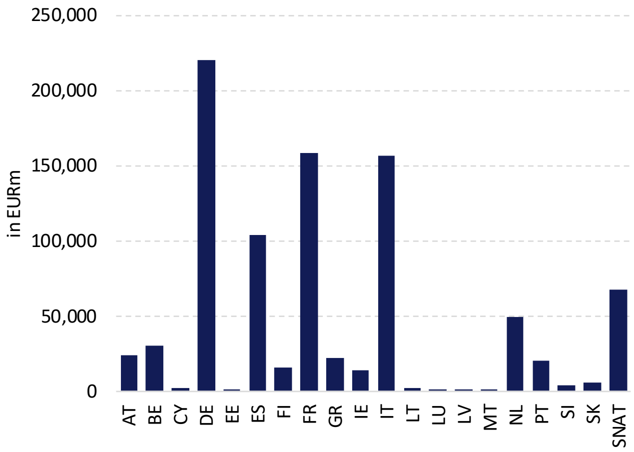
	Asset-backed securities		Covered bonds		Corporate bonds		Commercial papers	
	Primary	**Secondary**	**Primary**	**Secondary**	**Primary**	**Secondary**	**Primary**	**Secondary**
Holdings in EURm	0	0	745	3,310	10,333	16,725	11,716	1,050
Share	0.0%	0.0%	18.4%	81.6%	38.2%	61.8%	91.8%	8.2%

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

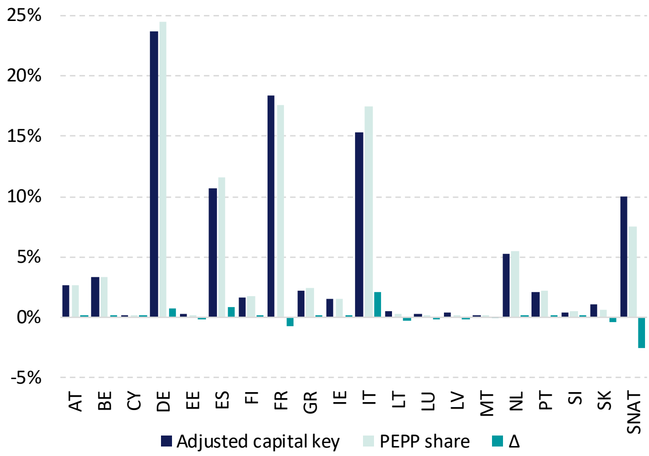
Breakdown of public sector securities under the PEPP

Jurisdiction	Holdings (in EURm)	Adj. distribution key[1]	PEPP share	Deviations from the adj. distribution key[2]	ø time to maturity (in years)	Market average[3] (in years)	Difference (in years)
AT	24,225	2.6%	2.7%	0.1%	9.7	7.0	2.7
BE	30,478	3.3%	3.4%	0.1%	6.7	9.3	-2.6
CY	1,899	0.2%	0.2%	0.0%	10.1	8.4	1.7
DE	220,519	23.7%	24.5%	0.8%	5.6	6.7	-1.1
EE	255	0.3%	0.0%	-0.2%	8.8	7.5	1.4
ES	104,227	10.7%	11.6%	0.9%	8.4	7.5	0.9
FI	15,347	1.7%	1.7%	0.1%	7.2	7.1	0.1
FR	158,231	18.4%	17.6%	-0.8%	8.4	7.5	0.9
GR	21,936	2.2%	2.4%	0.2%	8.8	10.1	-1.3
IE	14,162	1.5%	1.6%	0.0%	9.0	9.4	-0.4
IT	156,819	15.3%	17.4%	2.1%	6.8	7.0	-0.2
LT	2,365	0.5%	0.3%	-0.3%	11.5	10.2	1.3
LU	1,371	0.3%	0.2%	-0.1%	6.6	6.7	-0.2
LV	1,105	0.4%	0.1%	-0.2%	9.7	9.9	-0.3
MT	290	0.1%	0.0%	-0.1%	7.7	8.1	-0.4
NL	49,023	5.3%	5.4%	0.2%	5.1	7.9	-2.8
PT	20,126	2.1%	2.2%	0.1%	6.7	6.8	-0.1
SI	4,224	0.4%	0.5%	0.0%	9.6	9.5	0.1
SK	5,892	1.0%	0.7%	-0.4%	8.8	8.3	0.6
SNAT	67,236	10.0%	7.5%	-2.5%	10.3	8.2	2.1
Total / Avg.	**899,731**	**100.0%**	**100.0%**	**0.0%**	**7.3**	**7.4**	**0.0**

Distribution of public sector assets by jurisdiction



Deviations from the adjusted distribution key



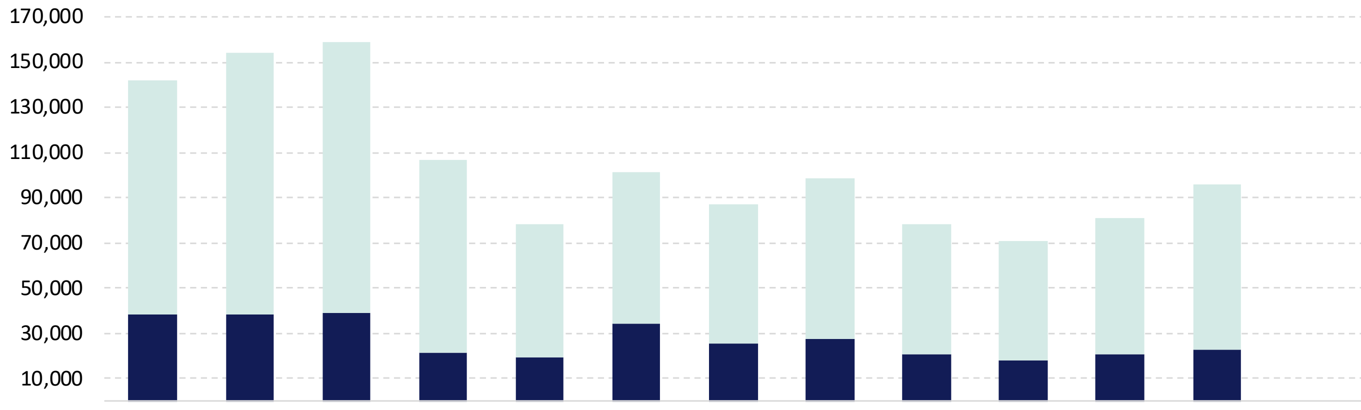
[1] Based on the ECB capital key, adjusted to include supras [2] Based on the adjusted distribution key
[3] Weighted average time to maturity of the bonds eligible for purchasing under the PEPP
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Aggregated purchase activity under APP and PEPP

Holdings (in EURm)

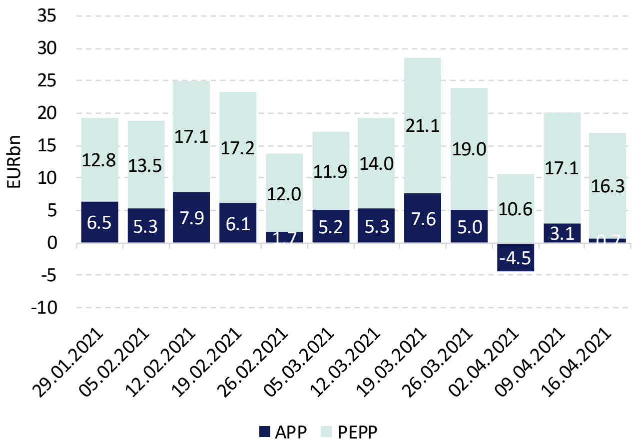
	APP	PEPP	APP & PEPP
Feb-21	2,947,669	870,126	3,817,795
Mar-21	2,963,252	943,647	3,906,899
Δ	+15,583	+73,521	+89,104

Monthly net purchases (in EURm)

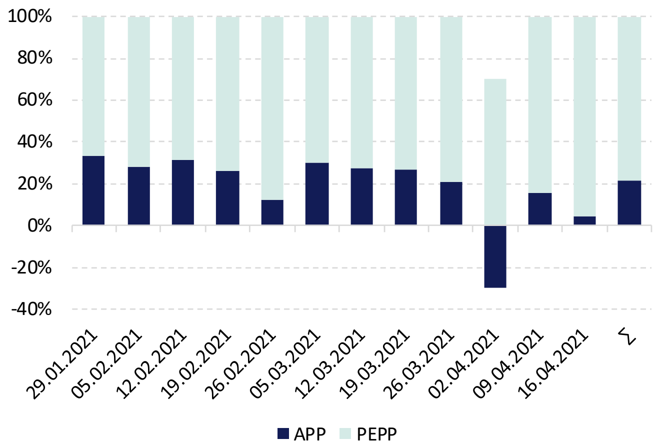


	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	∑
∑	141,807	154,025	159,091	106,952	78,593	101,322	87,334	98,555	78,092	70,892	80,829	96,088	1,253,58
PEPP	103,366	115,855	120,321	85,423	59,466	67,308	61,985	70,835	57,163	53,046	59,914	73,521	928,203
APP	38,441	38,170	38,770	21,529	19,127	34,014	25,349	27,720	20,929	17,846	20,915	22,567	325,377

Weekly purchases



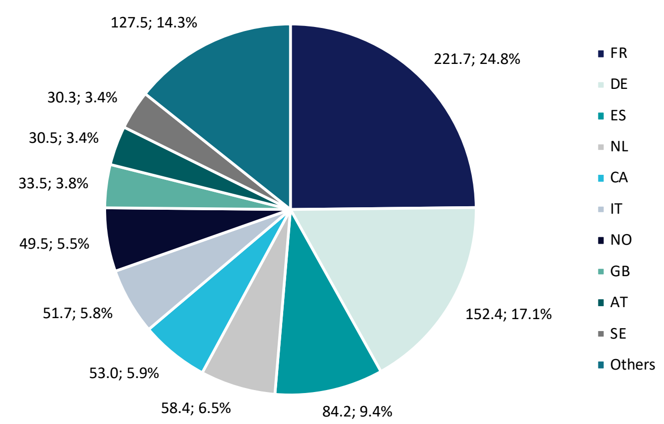
Distribution of weekly purchases



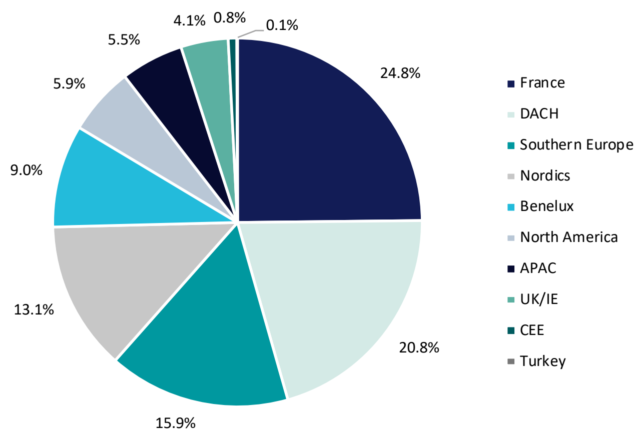
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



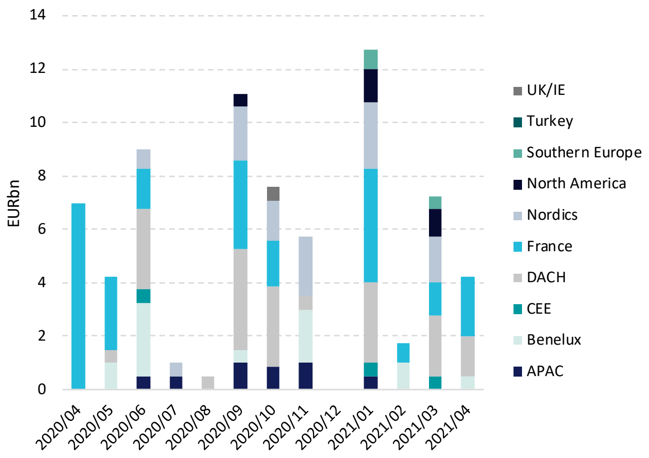
EUR benchmark volume by region (in EURbn)



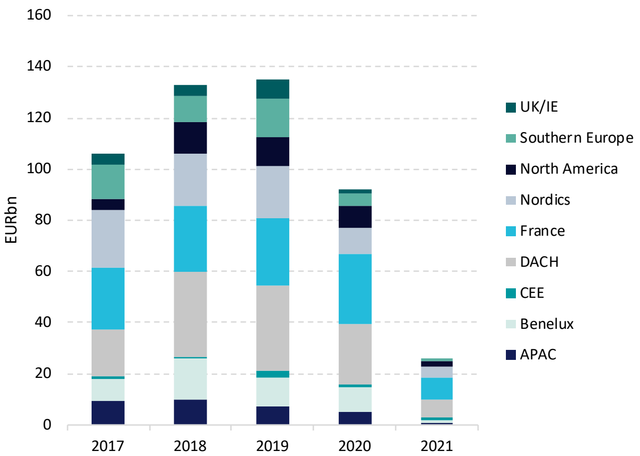
Top-10 jurisdictions

Rank	Country	Amount outst. (EURbn)	No. of BMKs	There of ESG BMKs	Avg. issue size (EURbn)	Avg. initial maturity (in years)	Avg. mod. Duration (in years)	Avg. coupon (in %)
1	FR	221.7	205	8	0.95	10.2	5.6	1.11
2	DE	152.4	227	13	0.60	8.3	4.7	0.44
3	ES	84.2	69	3	1.13	11.2	3.9	1.77
4	NL	58.4	59	0	0.93	11.2	7.4	0.90
5	CA	53.0	46	0	1.12	6.0	3.1	0.27
6	IT	51.7	60	1	0.83	9.1	4.3	1.41
7	NO	49.5	55	7	0.90	7.3	3.9	0.53
8	GB	33.5	39	0	0.89	8.2	3.2	1.04
9	AT	30.5	56	1	0.54	9.7	6.2	0.66
10	SE	30.3	36	0	0.84	7.5	3.5	0.47

EUR benchmark issue volume by month

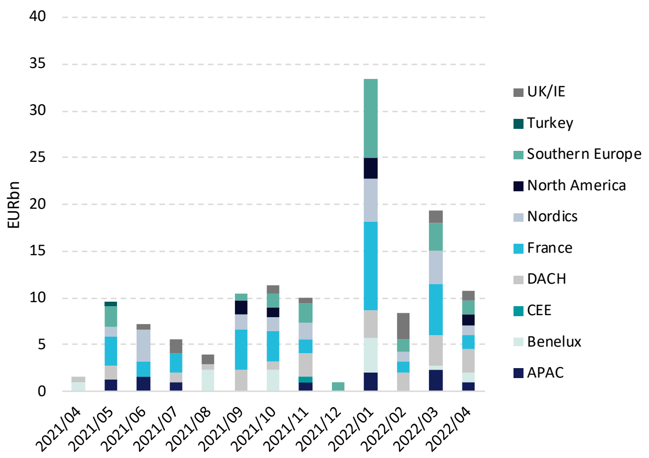


EUR benchmark issue volume by year

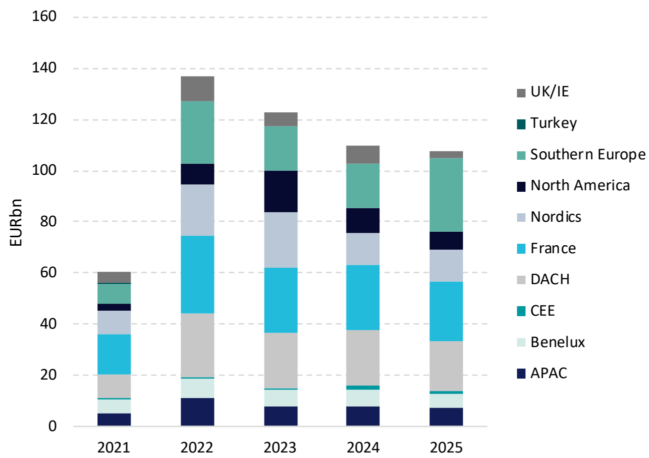


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

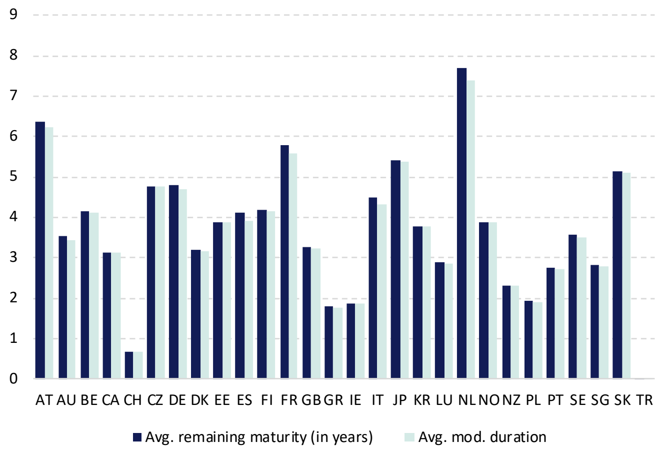
EUR benchmark maturities by month



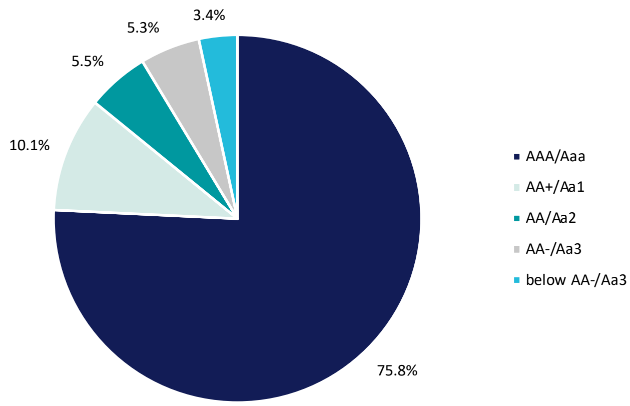
EUR benchmark maturities by year



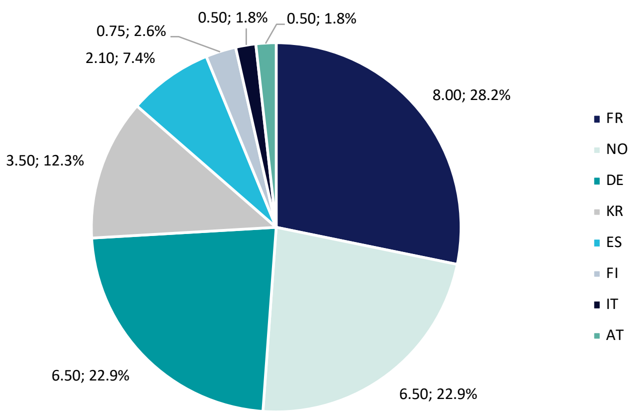
Modified duration and time to maturity by country



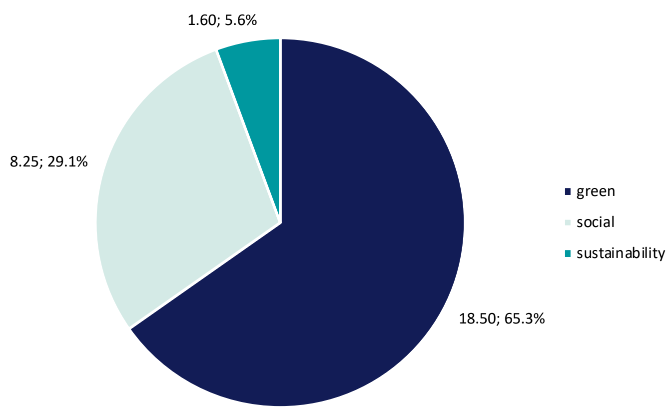
Rating distribution (volume weighted)



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

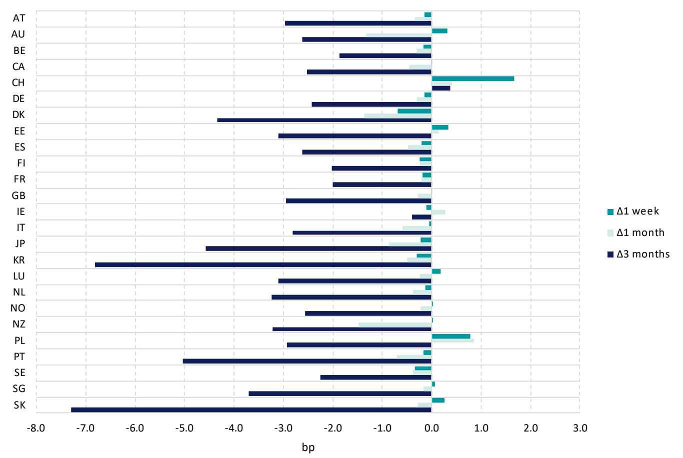


EUR benchmark volume (ESG) by type (in EURbn)

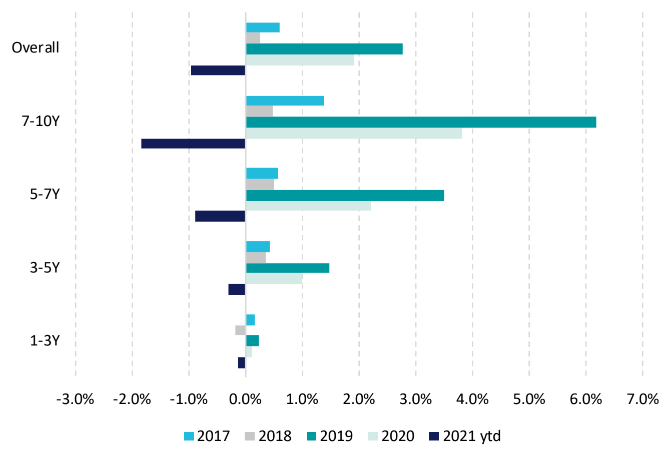


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

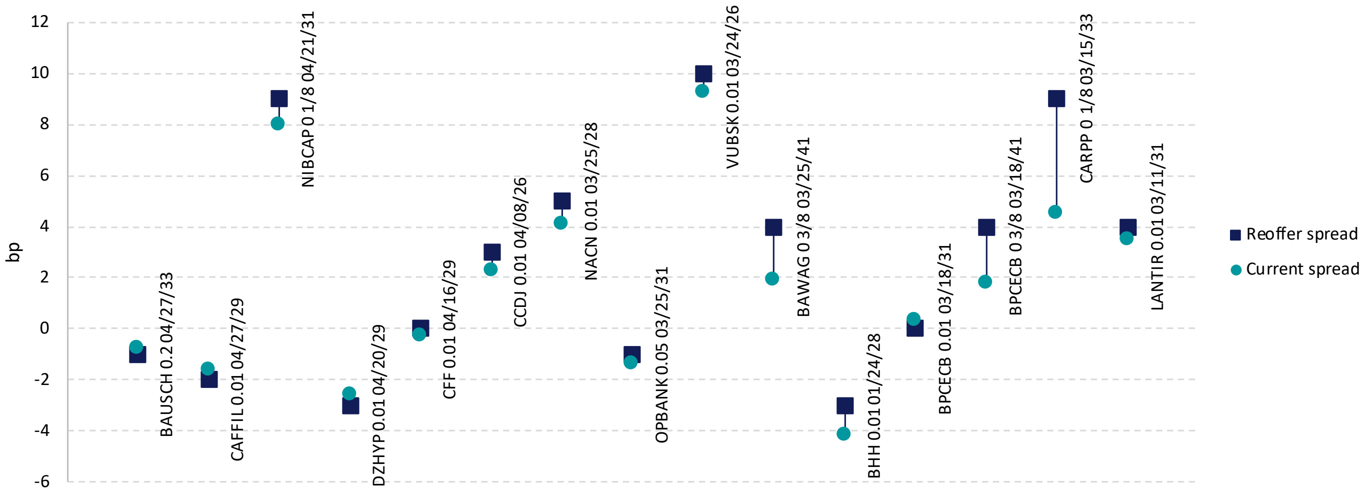
Spread development by country



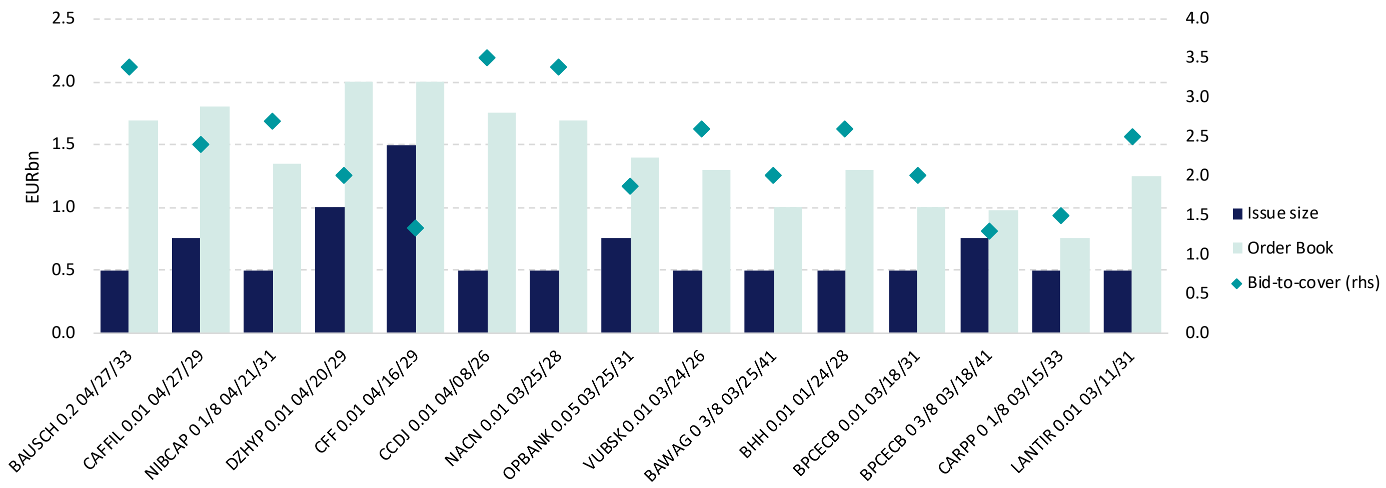
Covered bond performance (Total return)



Spread development (last 15 issues)



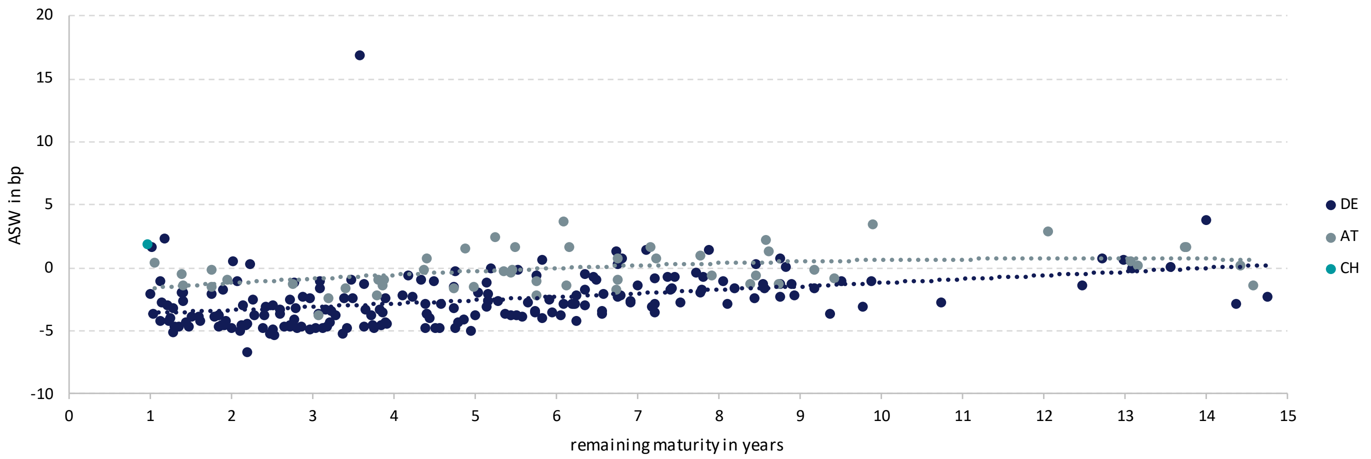
Order books (last 15 issues)



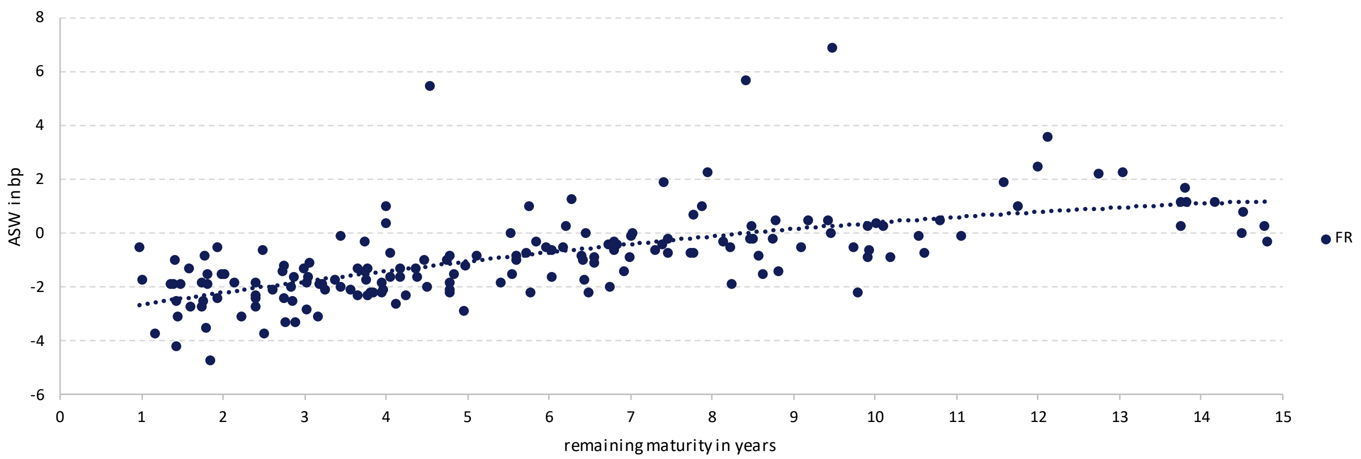
Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

Spread overview[1]

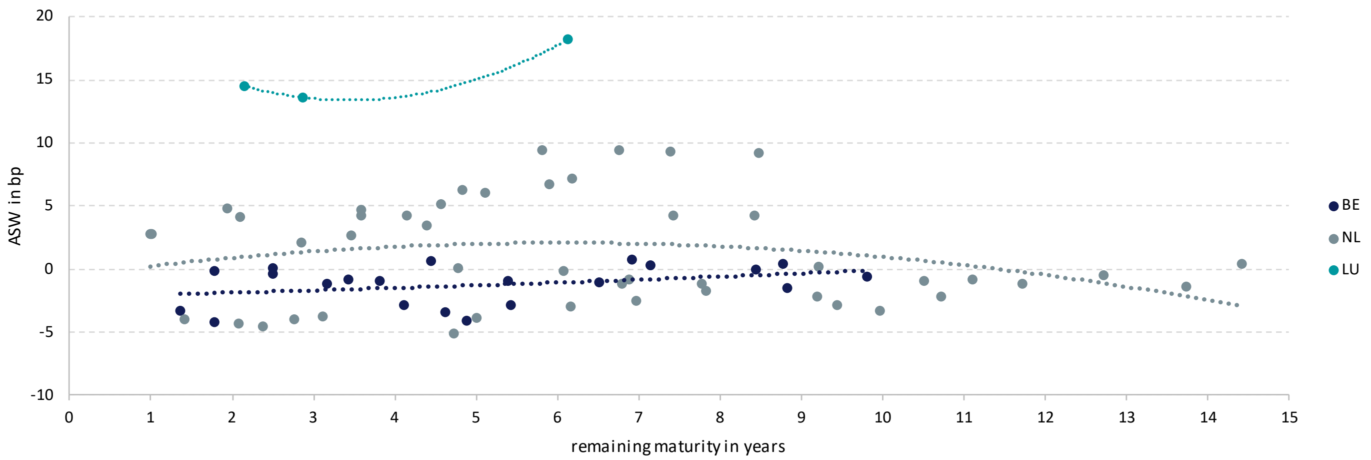
DACH



France

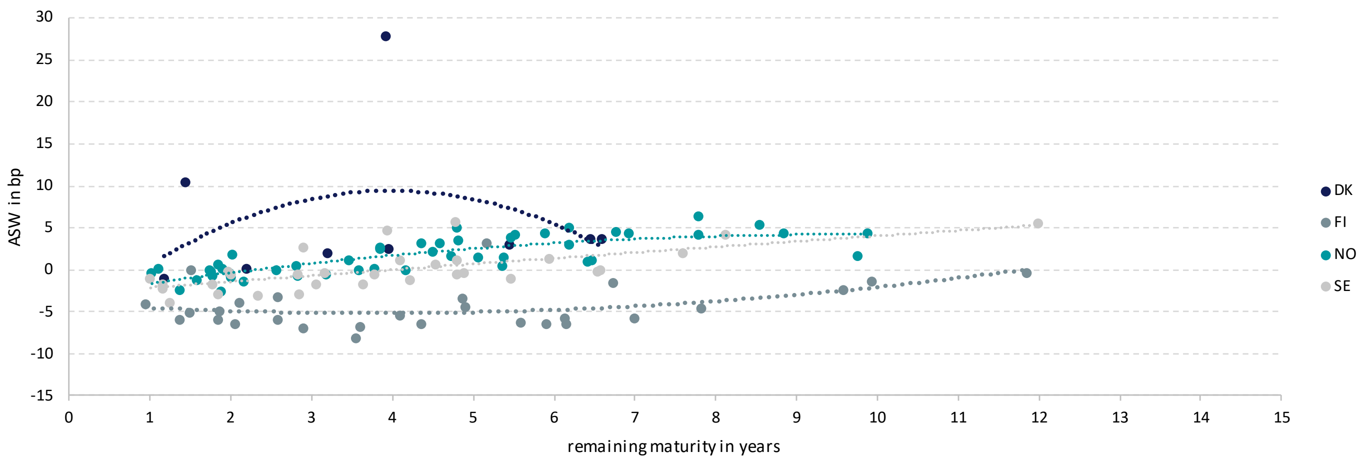


Benelux

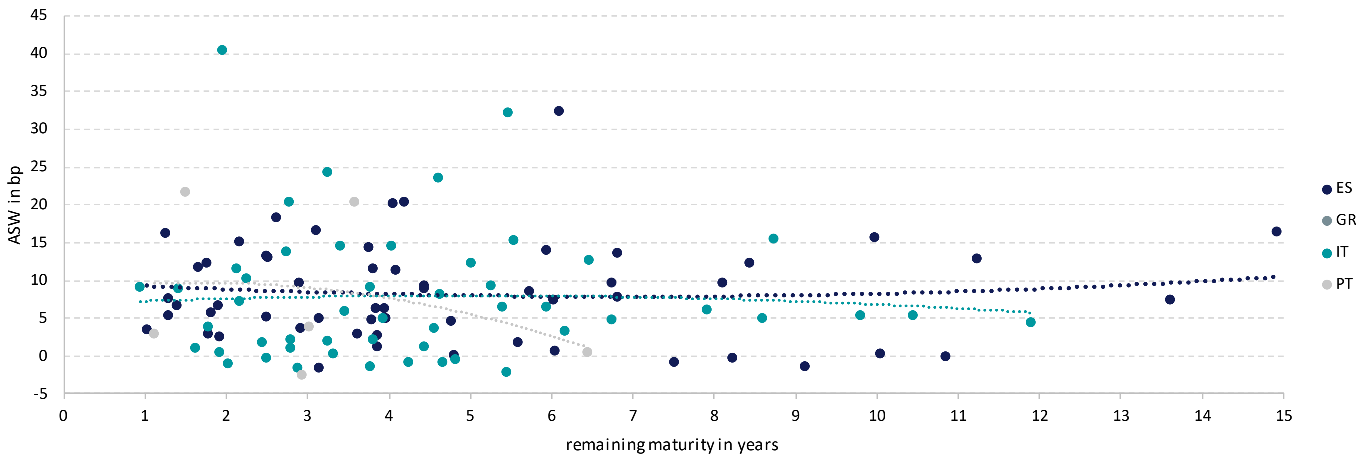


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research [1]Time to maturity 1 ≤ y ≤ 15

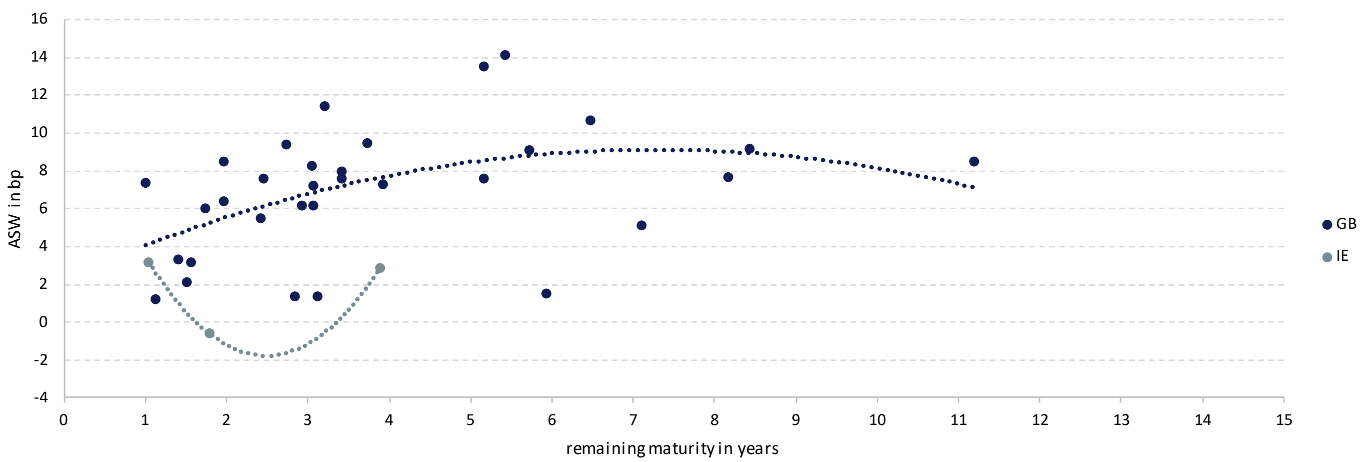
Nordics



Southern Europe

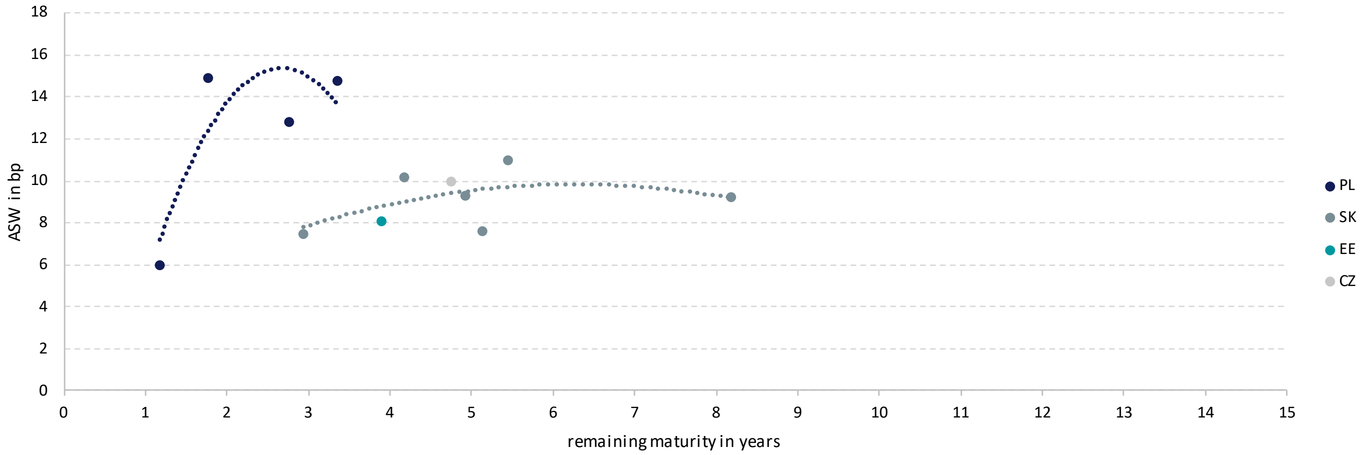


UK/IE

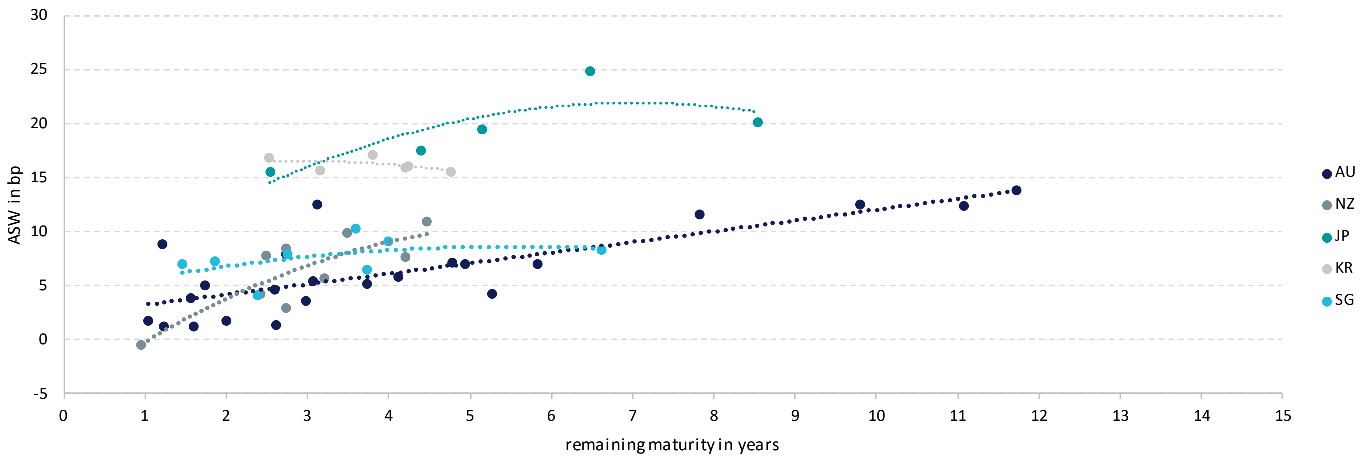


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

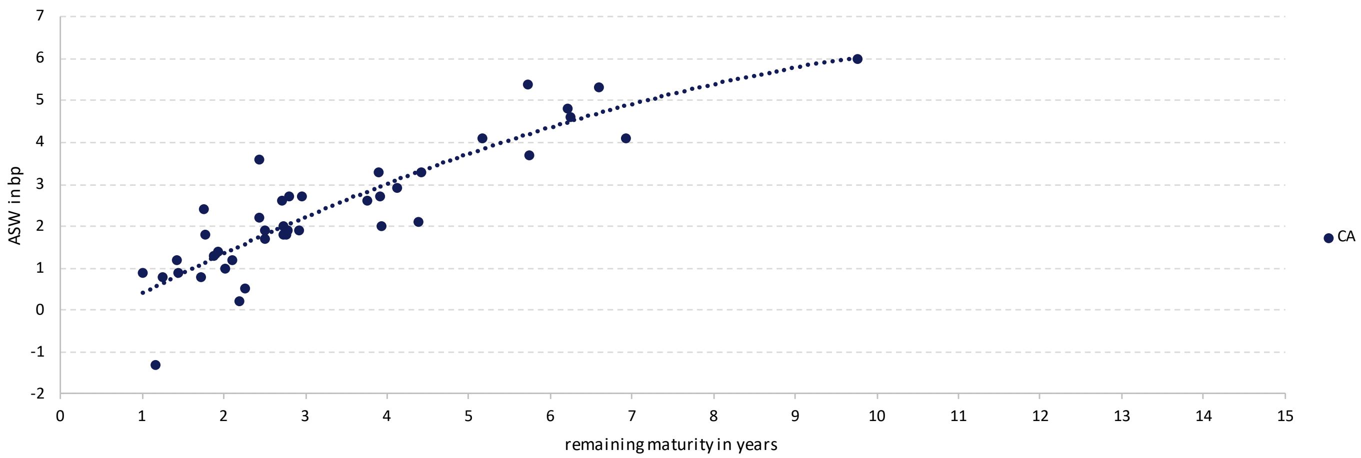
CEE



APAC



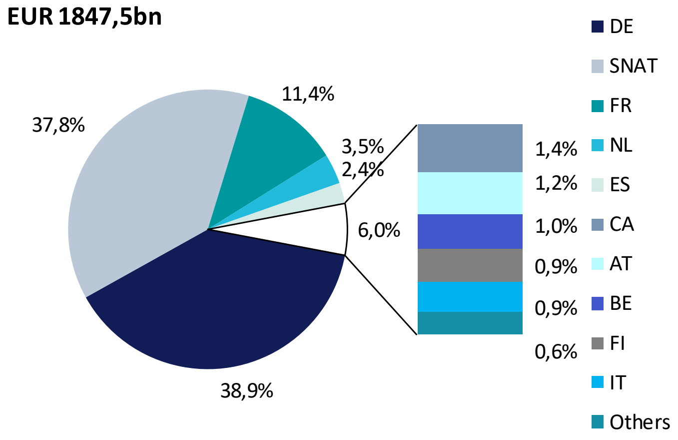
North America



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

Charts & Figures
SSA/Public Issuers

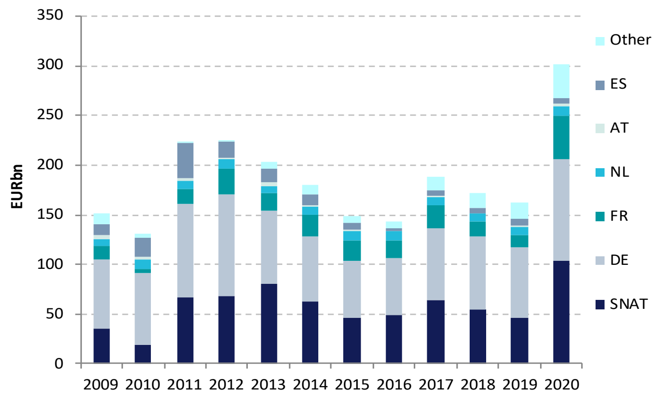
Outstanding volume (bmk)



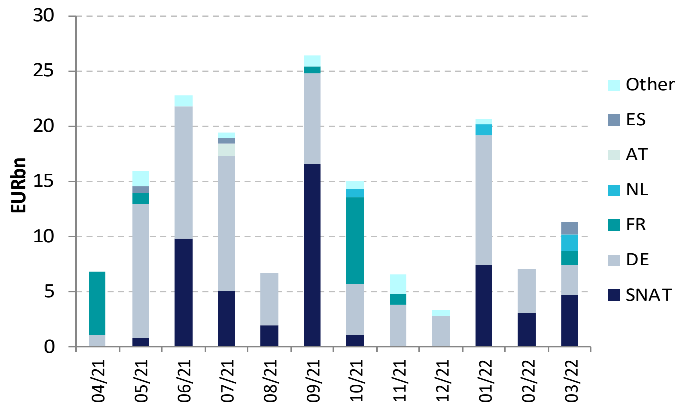
Top 10 countries (bmk)

Country	Vol. (€bn)	No. of bonds	ØVol. (€bn)	Vol. weight. ØMod. Dur.
DE	719,3	560	1,3	6,7
SNAT	699,2	186	3,8	8,2
FR	210,2	141	1,5	5,4
NL	64,4	65	1,0	6,7
ES	44,4	54	0,8	5,4
CA	25,0	18	1,4	5,4
AT	21,8	23	0,9	5,2
BE	18,7	22	0,9	15,0
FI	17,0	22	0,8	6,0
IT	15,8	20	0,8	5,8

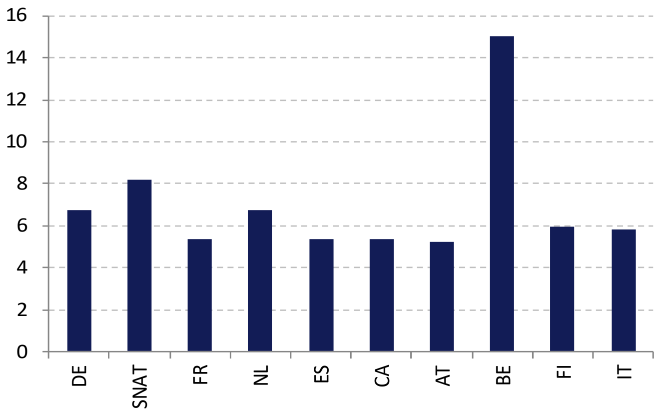
Issue volume by year (bmk)



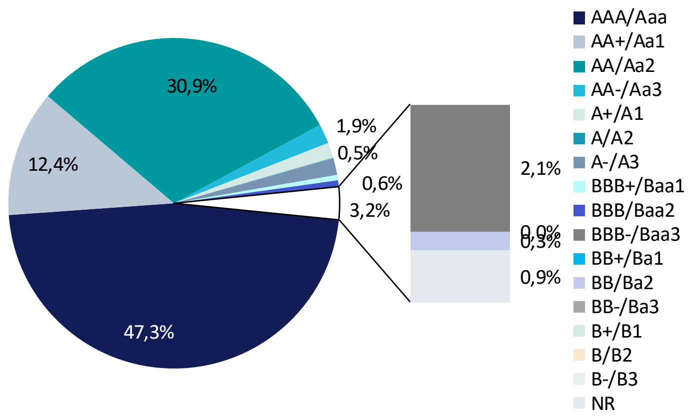
Maturities next 12 months (bmk)



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

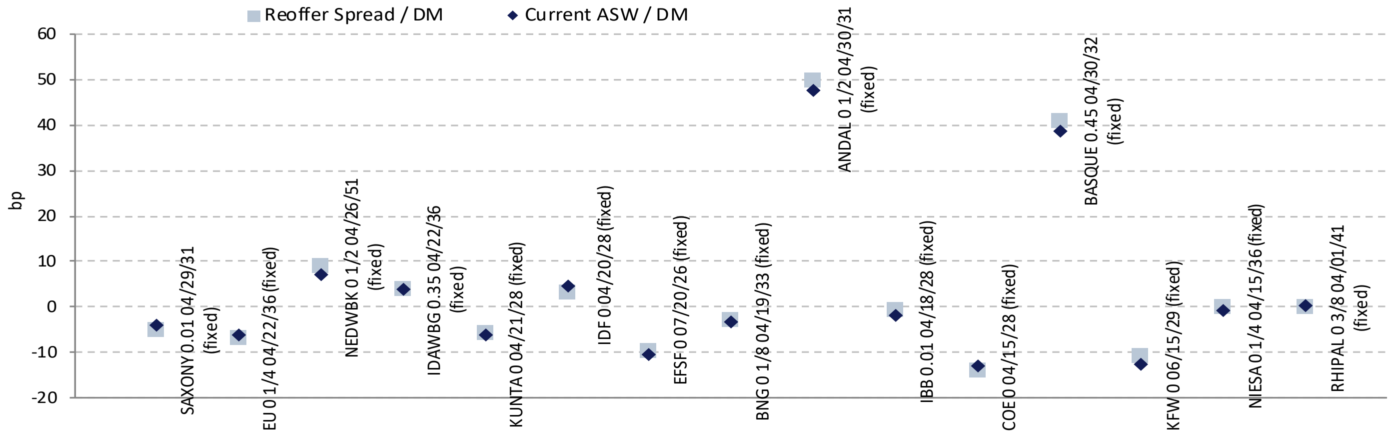


Rating distribution (vol. weighted)

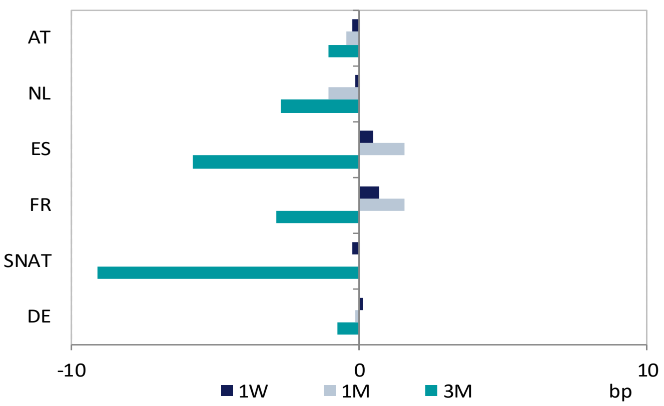


Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

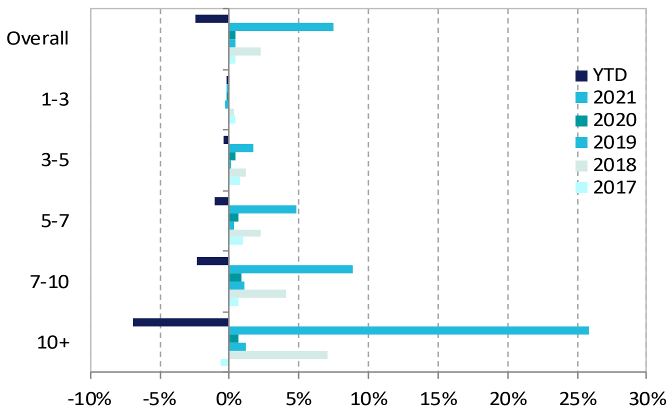
Spread development (last 15 issues)



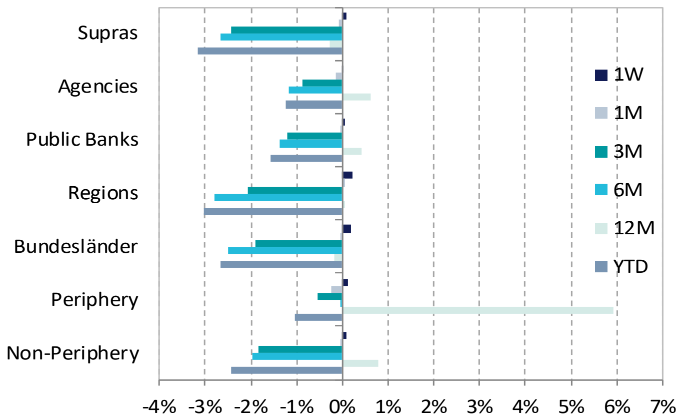
Spread development by country



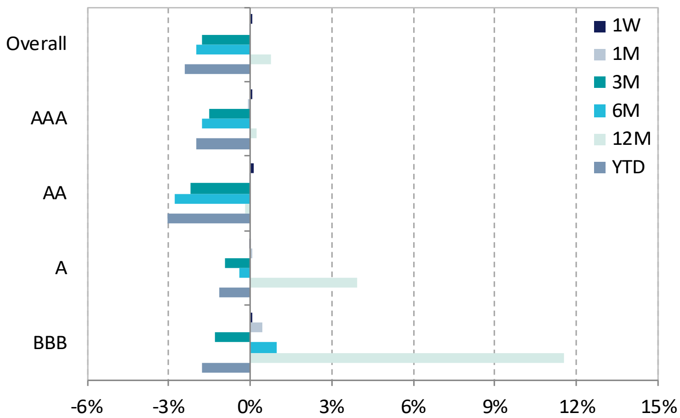
Performance (total return)



Performance (total return) by regions

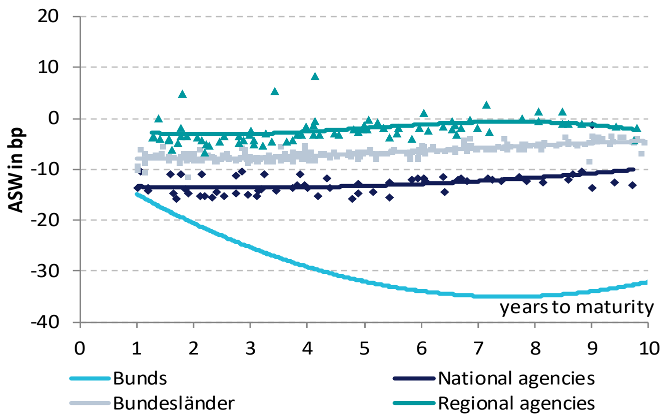


Performance (total return) by rating

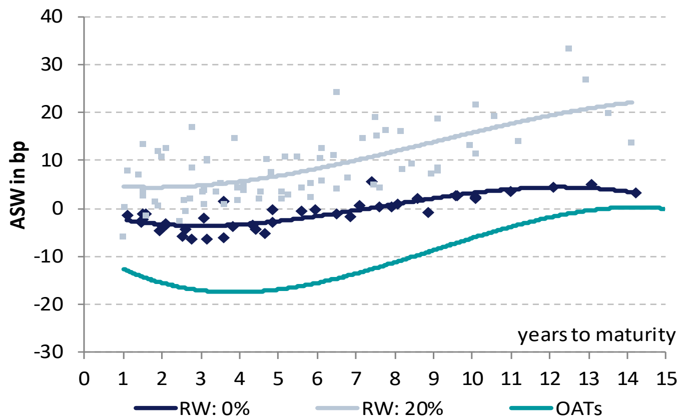


Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

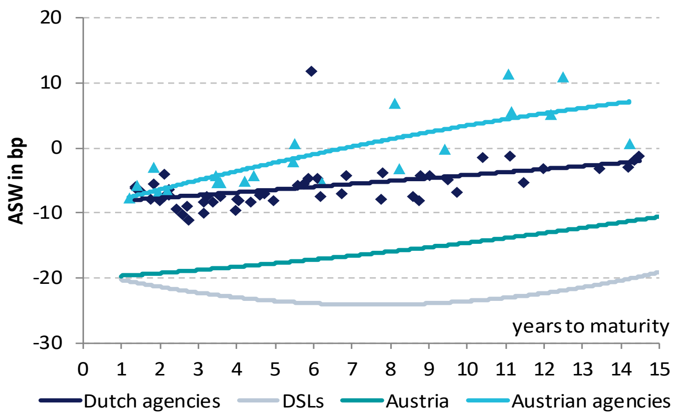
Germany (by segments)



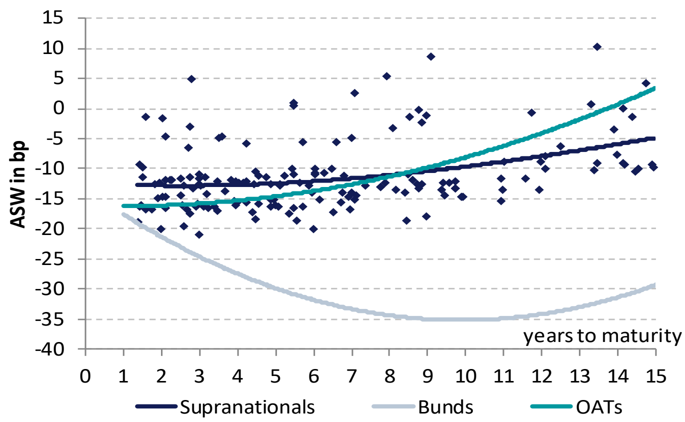
France (by risk weight)



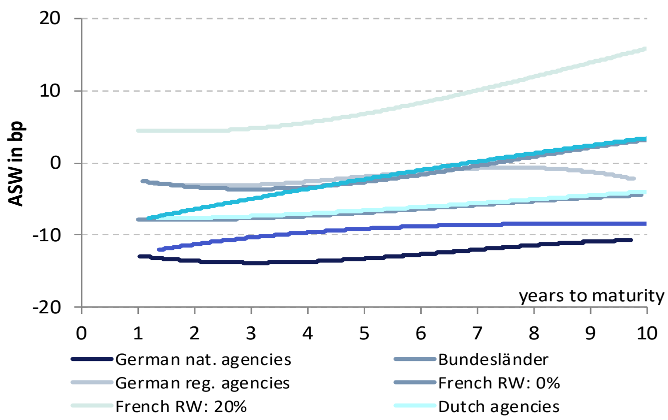
Netherlands & Austria



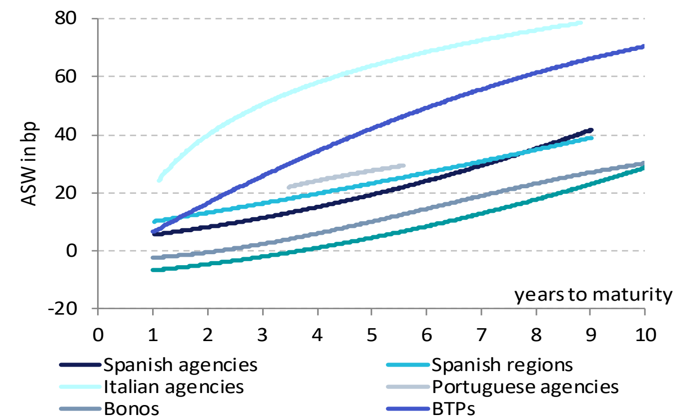
Supranationals



Core



Periphery



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

Appendix
Overview of latest Covered Bond & SSA View editions

Publication	Topics
13/2021 ♦ 14 April	▪ Predominant ECB strategy: wait-and-see but remain proactive ▪ PEPP reporting: First year done; a second (at least) now follows ▪ OSFI abandons temporarily increased 10% limit with immediate effect: (in)direct implications for Canadian benchmarks
12/2021 ♦ 31 March	▪ Unusual Q1 and revised supply forecast for 2021 ▪ Collective Action Clauses (CACs)
11/2021 ♦ 24 March	▪ Surprising dynamic: Eurosystem lends EUR 331bn to EMU banks via TLTRO III.7 ▪ German Pfandbrief savings banks in Q4 2020
10/2021 ♦ 17 March	▪ Transparency requirements §28 PfandBG Q4/2020 ▪ Credit authorisations for German Bundeslaender in 2021
09/2021 ♦ 10 March	▪ Moody's covered bond universe – an overview ▪ Oldenburgische Landesbank expands sub-benchmark segment
08/2021 ♦ 03 March	▪ Repayment structures on the covered bond market ▪ ECB in a tight spot: litmus test for PEPP flexibility and preview of the second interest rate meeting of the year
07/2021 ♦ 24 February	▪ An overview of the EUR sub-benchmark segment ▪ ECB: crowding-out effects take hold ▪ PEPP vs. PSPP: Similarities and differences
06/2021 ♦ 17 February	▪ Insights into the iBoxx EUR Covered ▪ Development of the German property market
05/2021 ♦ 10 February	▪ PEPP reporting: upswing in public sector assets continues; covered bonds inconsequential
04/2021 ♦ 03 February	▪ Argenta Spaarbank expands Belgian market for EUR benchmarks ▪ An overview of the Fitch covered bond universe ▪ January 2021 packs a punch to kick off the new year
03/2021 ♦ 27 January	▪ An unusual – albeit expected – start to the year? ▪ A look at USD benchmarks ▪ ESM reform – restructuring continues
02/2021 ♦ 20 January	▪ Spread considerations – APAC covered bonds riding the wave of ECB purchase programmes? ▪ Return of the Danish market for EUR benchmark bond issues ▪ 22nd meeting of the Stability Council (Dec. 2020)
01/2021 ♦ 13 January	▪ EUR benchmark from the Czech Republic: Komerční Banka launches a new covered bond programme ▪ New covered bond programme from South Korea: Hana Bank ▪ Annual review of 2020 – covered bonds ▪ Annual review of 2020 – SSA
48/2020 ♦ 16 December	▪ TLTRO III: ECB extends tender and also raises the threshold
47/2020 ♦ 09 December	▪ Fourth and final round of PEPP reporting in 2020 ▪ Investment alternative: Paris metropolitan area (IDF and VDP)

Appendix
Publication overview

Covered Bonds:

Issuer Guide Covered Bonds 2020

Risk weights and LCR levels of covered bonds

Transparency requirements §28 PfandBG

Transparenzvorschrift §28 PfandBG Sparkassen (German only)

SSA/Public Issuers:

Issuer Guide – Supranationals & Agencies 2019

Issuer Guide – Canadian Provinces & Territories 2020

Issuer Guide – German Bundeslaender 2020

Issuer Guide – Down Under 2019

Fixed Income:

ESG update

Analysis of ESG reporting

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

ECB launches corona pandemic emergency

ECB responds to corona risks

Appendix
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Sales

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

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
Laender/Regionen	+49 511 9818-9550
Frequent Issuers	+49 511 9818-9640

Sales Wholesale Customers

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

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Additional information
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Breakdown of recommendations (12 months)

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Issuer / security	Date	Recommendation	Bond type	Cause