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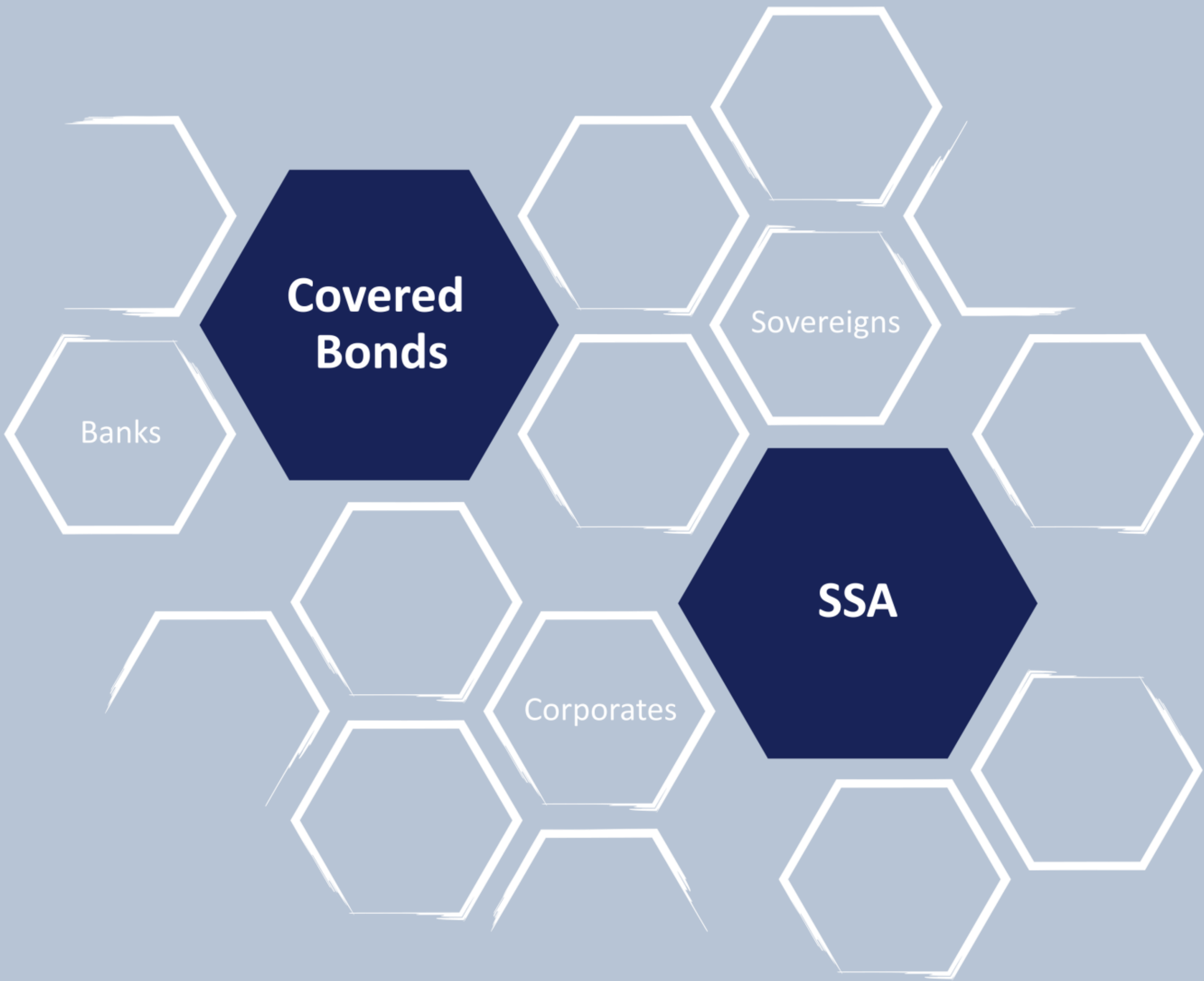

Covered Bond & SSA View

NORD/LB Markets Strategy & Floor Research

19 January 2022 ♦ 02/2022

Investment strategy recommendation and marketing communication

(see disclaimer on the last pages)

Finanzgruppe

Agenda

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Market overview Covered Bonds

Authors: Melanie Kiene, CIIA // Dr Frederik Kunze

Primary market: issuance wave continues with 14 fresh EUR benchmarks...

The primary market remained exceptionally active over the past five trading days. Last Wednesday, three issuers approached investors offering a total of five bonds. Both Credit Agricole Italia (EUR 1bn; 10y & EUR 500m; 20y) and BPCE SFH from France (EUR 1bn; 5y & EUR 1bn; 10y) offered dual tranche deals, while Hamburg Commercial Bank (HCOB) placed a mortgage Pfandbrief (EUR 500m; 5y). The benchmark from HCOB started out in the marketing phase in the area of ms +3bp before eventually being issued at ms +2bp. In terms of investor breakdown, the largest portion went to Germany and Austria (63%). Looking at the investor types, the high share attributable to category of Central Banks/OI (41%) was striking, although this can be explained by the fact that the deal is eligible for purchase under the CBPP3. Similarly, this reasoning can likewise be applied to the eurozone deals that we shall outline below. The two deals from Italy represented the first activity from the country since October 2021 and were priced at ms +10bp (10y; guidance: ms +13bp area) and ms +20bp (20y; guidance: ms +20bp area). The order books amounted to EUR 1.6bn (10y) and EUR 650m (20y) respectively, while new issue premiums of five (10y) and seven (20y) basis points were also in evidence. The two EUR benchmarks from BPCE featured even higher oversubscription ratios, with bid-to-cover ratios of 2.5x (5y) and 1.7x (10y) respectively recorded here. These deals were ultimately priced at ms -3bp (5y; guidance: ms +2bp area) and ms +2bp (10y; guidance: ms +6bp area). Our calculations show that the benchmarks were priced near to the curve (NIP 5y: -1bp; NIP 10y: +1bp). The trading day of Wednesday alone generated an issuance volume of EUR 4bn. Then, on Thursday, Bayerische Landesbank followed up with what was only the second public sector covered bond of the new year. For this public sector Pfandbrief worth EUR 500m (WNG), the final re-offer spread came in at ms -4bp following initial guidance of ms flat. The order books for this deal totalled EUR 1.06bn, with a huge 90% of the allocation going to accounts from Germany and Austria. On the same trading day, two Norwegian issuers in the form of Sparebanken Vest and SpareBank 1 were also active on the market. While SpareBank 1 opted for a benchmark in the amount of EUR 1.25bn with a term to maturity of six years, Sparebanken Vest approached its investors with a 10y deal worth EUR 750m that generated a sizeable order volume (EUR 1.45bn) in the midst of a competitive market environment. During the marketing phase, the spread accordingly tightened by five basis points before eventually being fixed at ms +5bp. In terms of the allocation breakdown, the majority of this deal was snapped up by accounts in Germany and Austria (64%), followed by those in the Benelux countries (17%) and the Nordics (10%). In terms of investor type, Funds (50%) and Banks (43%) dominated proceedings, with Central Banks/OI accounting for a rather paltry share of just 6%. SpareBank 1 placed its benchmark at ms flat (guidance: ms +4bp area). Here, too, the largest share (59%) went in the direction of Germany and Austria, followed by the Nordics (17%) and Benelux countries (9%). The investor group of Banks (61%) claimed the largest share here, followed by Central Banks/OI (20%) and Funds (19%). These two deals mean that Norwegian banks have joined the issuing community for the first time in 2022, with Sparebank 1 having also been responsible for the last issuance activity in the benchmark segment from Norway (October 2021).

...from seven jurisdictions

On Friday, LBBW announced the issuance of its first mortgage Pfandbrief of the year. On Monday, the deal (7.5y; EUR 750m) was priced at ms -5bp after the bond had entered the marketing phase at ms flat area. The order book totalled EUR 1.05bn. This deal was then followed by two further issuers making their first appearance on the market in 2022. From the Netherlands, ABN AMRO approached investors with a 15y deal with a volume of EUR 1bn. The order book here came in at EUR 1.15bn. ABN AMRO was most recently active on the market in September 2021, when it placed a benchmark-sized deal worth EUR 1.5bn over 20 years. The re-offer spread yesterday stood at ms +8bp (guidance: ms +10bp), while the issuing yield came in at 0.634%. The new issue premium for this deal amounted to five basis points, which according to our records makes it the highest NIP since September 2021. The EUR benchmark segment of the Netherlands and Belgium is also the topic of a focus article in today's edition of our weekly publication. From Canada, the Bank of Nova Scotia (BNS) became the first EUR benchmark issuer of the year from this jurisdiction, placing a bond in the amount of EUR 1.25bn at ms +10bp (guidance: ms +12bp area). The marketing phase for this deal was carried out in parallel with a GBP deal (GBP 1.3bn; 4y FRN; SONIA +28bp) as part of a dual tranche transaction. The bid-to-cover ratio stood at 1.2x. Further Canadian activity was then registered yesterday, when the Royal Bank of Canada (RBC) popped up with the largest deal seen so far this year in the EUR benchmark segment. The bond worth EUR 2bn was priced at ms +6bp (guidance: ms +10bp area) and attracted an order book totalling EUR 3.15bn. With a term to maturity of 5.25y, we take the view that this deal satisfied current investor preferences. EUR benchmarks from Aktia Bank in Finland and Credit Agricole Home Loan SFH from France then brought the number of deals recorded in our reporting period extending across the previous five trading days to nine, while the number of active jurisdictions now stands at seven. The benchmark from Aktia Bank started the marketing phase in the area of ms +4bp, with this bond (EUR 500m; just under 7y) ultimately being priced five basis points tighter at ms -1bp. The order book for this deal totalled EUR 1.5bn. CA Home Loan opted for a significantly longer term of 11y and placed its soft bullet covered bond (volume: EUR 1.25bn) at ms +5bp (guidance: ms +8bp area). The volume of the order book for this deal ultimately amounted to EUR 1.4bn.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
CA Home Loan	FR	18.01.	FR0014007VS7	11.0y	1.25bn	ms +5bp	AAA/Aaa/AAA	-
RBC	CA	18.01.	XS2436159847	5.3y	2.00bn	ms +6bp	AAA/Aaa/-	-
Aktia Bank	FI	18.01.	XS2436153139	6.8y	0.50bn	ms -1bp	- / Aaa / -	-
BNS	CA	17.01.	XS2435614693	8.2y	1.25bn	ms +10bp	AAA/Aaa/-	-
LBBW	DE	17.01.	DE000LB2ZSM3	7.5y	0.75bn	ms -5bp	- / Aaa / -	-
ABN AMRO	NL	17.01.	XS2435570895	15.0y	1.00bn	ms +8bp	AAA/Aaa/-	-
SpareBank 1	NO	13.01.	XS2434677998	6.0y	1.25bn	ms +0bp	- / Aaa / -	-
Sparebanken Vest	NO	13.01.	XS2434412859	10.0y	0.75bn	ms +5bp	- / Aaa / -	-
Bayerische Landesbank	DE	13.01.	DE000BLB6JM4	8.3y	0.50bn	ms -4bp	- / Aaa / -	-
BPCE SFH	FR	12.01.	FR0014007QS7	5.0y	1.00bn	ms -3bp	- /Aaa/AAA	-
BPCE SFH	FR	12.01.	FR0014007QT5	10.0y	1.00bn	ms +2bp	- /Aaa/AAA	-
HCOB	DE	12.01.	DE000HCB0BH9	5.0y	0.50bn	ms -2bp	- / Aa1 / -	-
Credit Agricole Italia	IT	12.01.	IT0005481038	20.0y	0.50bn	ms +20bp	- / Aa3 / -	-
Credit Agricole Italia	IT	12.01.	IT0005481046	10.0y	1.00bn	ms +10bp	- / Aa3 / -	-

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

Issuance volume totals EUR 21.5bn so far this year – medium maturities in demand:
Due to the lively primary market activity seen so far this year, the cumulative issuance volume for January 2022 already stands at EUR 21.5bn. In fact, yesterday's issuance activity generated a total of EUR 3.75bn alone. The total volume seen so far in January is significantly above the figures for the whole of January 2021 EUR 12.8bn) and is on course to equal the January volumes recorded in 2020 (EUR 28.3bn) or even 2019 (EUR 37.3bn). In our view, the most recent data on primary market deals supports the conclusion that covered bonds continue to be subject to high levels of demand. However, investor interest is evidently concentrated more towards the medium maturity segment. Moreover, investors are acting in a price-sensitive manner – particularly in connection with bonds that are not eligible for purchase by the Eurosystem under the CBPP3. The rather restrained demand for longer maturities is also reflected in the occasional higher new issue premium and lower bid-to-cover ratios. On balance, oversubscription rates are trending downwards. However, we would not equate this development with a sustained exodus of investors against the background of less strongly inflated order books, although some eurozone deals are characterised by a higher relative weight of ECB orders (approximated by the Central Banks/OI category). According to our records so far in 2022, EMU deals total EUR 16.25bn overall with an average oversubscription ratio of 2.0x and an average share of 32% (where this data is available) attributable to the category of Central Banks/OI.

Additional capital buffer for banks from February 2023 onwards...
As the Federal German Financial Supervisory Authority (BaFin) outlined in a press release dated 12 January 2022, it is weighing up the introduction of a countercyclical capital buffer of 0.75% (presently: 0%) of risk-weighted assets (RWA) for domestic risk positions as well as a systemic risk buffer of 2.0% (0%) of RWAs for loans secured by real estate assets. Both buffers would take effect and require full compliance from 01 February 2023 onwards. We do not expect that banks would face any difficulties in complying with these requirements. As BaFin writes in the press release, the additional capital requirements would likely be satisfied using existing excess capital at most institutions. In total, around EUR 22bn in hard core capital is to be set aside to meet the buffer requirements: EUR 17bn for the countercyclical capital buffer and EUR 5bn for the systemic risk buffer. The context behind the introduction of these measures is related, among other aspects, to the relatively solid state of the financial system during the coronavirus crisis.

...in order to maintain resilience in the banking sector
Nevertheless, the risk situation on the residential property market has increased, which can be attributed to recent dynamic price trends and growth in lending. As a result, BaFin is being forced to act in order to ensure that the financial sector remains resilient. In its decision, BaFin takes into account both analyses carried out by the European Systemic Risk Boards (ERSB) in addition to data from its Financial Stability Committee. In addition to these measures, the supervisory authority warns that lenders should proceed with caution in terms of their lending activities. In particular, they should aim to be restrictive in the case of high LTVs. In this regard, particular attention will be paid in future to the development of lending standards. In relation to credit conditions, the higher equity backing for residential real estate loans will lead to an increase here. The German Banking Industry Committee (Deutsche Kreditwirtschaft – DK) takes a critical view of the increase in the countercyclical capital buffer. In December 2021, the DK had already spoken out against any increase, pointing to the restraining impact this could have on lending, which in the midst of the current economic situation would be counter-productive, it argued.

European covered bond harmonisation: Moody's presents analysis on national implementation efforts in terms of maturity extensions and liquidity buffers

In July 2022, the EU covered bond harmonisation project will enter the home stretch. At suitable moments, we have taken the opportunity to express our unbiased view that this project is more about establishing minimum standards than any formal harmonisation of national legislative texts. One example of this would be the national implementation of the requirements relating to the mandatory introduction of the liquidity buffer in conjunction with the "optional requirement" to implement maturity extensions. Moody's has now also recently commented on this situation. While the rating agency expects that, on balance, the covered bond harmonisation project will lead to an improvement in credit quality, it also discusses differences within the frameworks of its report, which produces a varied picture when the individual case considerations are combined for each jurisdiction. This can be attributed to the potential variations in implementation approaches. For example, some jurisdictions (e.g. Germany and Slovakia) have opted to use the original maturity date of a soft bullet covered bond as the reference point for the liquidity buffer, while others (e.g. France, Italy and the Netherlands) are applying the maturity date when the repayment date is postponed (extended maturity date). Moody's also identifies significant differences in relation to the trigger events for a maturity extension – i.e. the implementation of the requirements of the covered bond directive, according to which trigger events must be explicitly defined in the legal framework. For example, the entities involved (regulator or cover pool administrator, among other parties) and trigger events (insolvency and insufficient liquidity, among other aspects) vary significantly. Moreover, Moody's highlights potential conflicts of interest for trustees and/or insolvency administrators, which could ultimately also lead to an increased degree of uncertainty. Without wanting to downplay the importance and relevance of the case-by-case considerations, we do not see the differences as a "trigger" for differentiation in the EUR benchmark segment as far as spread movements are concerned. We would justify this stance not least by citing the historical consideration of spread differences for soft and hard bullets, but also with the liquidity buffer in terms of the covered bond directive that has not yet been implemented in some jurisdictions.

Market overview SSA/Public Issuers

Author: Dr Norman Rudschuck, CIIA

Teaser: Stability Council

In today's SSA focus article, we look at the 24th meeting of the Stability Council, which took place in mid-December and in which the Stability Council noted that the German government (Bund) and the Laender Baden-Wuerttemberg, Bavaria, Berlin, Brandenburg, Bremen, Hamburg, Mecklenburg-Western Pomerania, Lower Saxony, North Rhine-Westphalia, Saarland, Saxony, Schleswig-Holstein and Thuringia will comply with the debt brake pursuant to Article 109 (3) GG and in accordance with the federal or respective state law regulations in the years of 2020, 2021 and 2022. Attentive readers will have noted the absence of two Laender, as the Stability Council also noted that Saxony-Anhalt complied with the debt brake pursuant to Article 109 (3) GG and in accordance with state law in 2020 and 2021, but that Saxony-Anhalt indicated that the draft budget for 2022 had not yet been completed. The state government intends to introduce a draft budget for 2022 to the state parliament that will comply with the requirements of the state debt brake. In turn, Hesse indicated that the State Constitutional Court of Hesse has declared that the "Hessens gute Zukunft sichern" (Securing a Good Future for Hesse) special fund established in 2020 to finance the costs incurred by the Land in combatting the effects of the COVID-crisis is not compatible with the constitution of Hesse. However, until a new regulation is adopted, no later than 31 March, the contested provisions will apply unchanged. Hesse will adjust the 2022 draft budget in line with the requirements of the State Constitutional Court and, consequently, comply with the state debt brake.

Outlook Moody's: German Laender

In recent weeks, Moody's has published various outlooks for sub-sovereigns in 2022. For us, the key report was, of course, that on the German Laender. It offers a fundamentally stable outlook for the sector following the fall in tax revenues caused by the pandemic and substantial countercyclical expenses in the past, which is also reflected in stable individual ratings. Baden-Wuerttemberg, Bavaria and Brandenburg are unchanged at Aaa. Berlin, North Rhine-Westphalia and Saxony-Anhalt are a notch lower at Aa1. Five of the six Laender have (as of 18 January) a stable outlook, only Brandenburg had to contend with a negative outlook since August 2021. Moody's bases its assessment on five thematic areas: the economic recovery will gradually lead to rising tax revenues, resulting in falling deficits. Expenditure will converge with its pre-crisis level, as the costs triggered by the pandemic will gradually peter out. Budgets will recover rapidly meaning that the Laender will largely be able to finance their investment expenditure themselves. The regional debt burden will mainly increase further this year, as the debt brake is still suspended; it will peak soon and subsequently fall. The annual funding requirement for new borrowing and the refinancing of maturing debt will decline as the economic recovery becomes stronger. Favourable market conditions will still make it easy for Laender to secure low-cost funding and consequently refinance maturing debt (long maturities expected).

2022 will not be a repeat of the bumper election year 2021 – but still thrilling

It was a bumper election year in 2021: elections to the Bundestag plus six regional parliamentary (Landtag) elections. Many elections also took place on the same Sunday last year, which will not be the case in 2022. Saarland will kick off the 2022 season on 27 March. It will be followed by Schleswig-Holstein on 8 May before the NRW goes to the polls only a week later (15 May). In the autumn, attention will turn to Lower Saxony on 9 October, when the Landtag in Hanover will be newly elected. Looking at the elections in order, SAARLD, the smallest of the German non-city states with around 1 million inhabitants, has been governed by a coalition of the CDU and SPD in the last five years. Currently, the CDU provides the Minister-President; a continuation of the coalition is definitely possible albeit with the parties' share of the vote being reversed as forecasts indicate that the SPD may become the dominant partner in the coalition. SCHHOL, the northernmost sub-sovereign with just over 3m inhabitants, has been governed by a coalition of the CDU, Greens and the FDP for the last five years. Known as the "Jamaica" coalition, these parties would certainly like to remain in government, but the SPD has been gaining ground significantly here recently. The SSW (Southern Schleswig Voters Association) is a distinctive feature of the political landscape in the far north. Following the disaster for Armin Laschet at a federal level, all eyes will be focused on NRW only a week later: there are almost 18m people living in Germany's most populous sub-sovereign. At present, there are no signs of a relaunch of the CDU/FDP government. Hendrik Wüst only took on the role of MP a few months ago. Besides the upcoming election, he still has to chair the Conference of MP's. According to political observers, he still has just four months to turn the tide. In autumn, we will be reporting on changes to the state parliament in our beautiful state capital of Hanover. Stephan Weil has been the MP for around 8m inhabitants since 2013. As a member of the SPD, he has already governed with the Greens, but is currently in coalition with the CDU. The SPD is currently indicating that it would definitely prefer a red-green coalition in future. On 13 February, the Federal Assembly will be asked to elect a new Federal President or re-elect the current incumbent. In fact, the chances of Frank-Walter Steinmeier being re-elected for a second term in office are better than ever, as things stand at present.

Provisional dates for the next Laender parliamentary (Landtag) elections (and frequency)

Baden-Wuerttemberg	Spring 2026	5 years
Bavaria	Autumn 2023	5 years
Berlin	Autumn 2026	5 years
Brandenburg	Autumn 2024	5 years
Bremen	Spring 2023	4 years
Hamburg	Spring 2025	5 years
Federal election	Autumn 2025	4 years
Hesse	Autumn 2023	5 years
Mecklenburg-Western Pomerania	Autumn 2026	5 years
Lower Saxony	**09 October 2022**	**5 years**
North Rhine-Westphalia	**15 May 2022**	**5 years**
Rhineland-Palatinate	Spring 2026	5 years
Saarland	**27 March 2022**	**5 years**
Saxony	Summer 2024	5 years
Saxony-Anhalt	Summer 2026	5 years
Schleswig-Holstein	**08 May 2022**	**5 years**
Thuringia	Autumn 2024	5 years

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

Primary market

Having seen an action-packed start to the year, this week we have even bigger, longer deals to report. However, we have a few loose ends to tie up first to fulfil our duties as chroniclers: a ten-year bond from the SDG (Sustainable Development Goals) Housing segment was issued under the NEDWBK ticker back at the start of last week. The bond is worth EUR 1.75bn and was priced at ms -5bp. The books exceeded EUR 2.6bn and the guidance was ms -3bp area at the beginning of the book-building process. It was absolutely not our intention to omit this deal from our coverage in last week's edition. As was correctly anticipated in the previous week, NRW did not keep investors waiting long after mandating banks and got started with its Methuselah bond before 9 am on Wednesday. EUR 1.5bn changed hands for 100 years at ms +106bp. The bond was almost twice oversubscribed, with the books ultimately reaching EUR 2.8bn. It was priced one basis point tighter than guidance (ms +107bp area). The 50Y EUR swap rate is always used for such a long maturity. It was followed by the Council of Europe Development Bank (COE) from the Supras segment, which had announced a deal worth EUR 1bn (WNG, 10y). No details were disclosed regarding the order books, although the reoffer spread was fixed at ms -13bp (in line with the guidance). After NRW placed the longest deal of the year so far, we also saw the largest bond so far in 2022 in the SSA universe defined by us: CADES raised 6bn for ten years in a social bond at OAT +18bp. Here, as so often, one had to interpolate between two bonds (FRTR 0% 11/25/31 & FRTR 0% 05/25/32). According to our calculations, this equates to approx. ms +6bp. The books were filled to bursting, at EUR 26.5bn. Consequently, tightening compared with guidance (OAT +20bp area) was possible. The next deal also comes from France: Agence France Locale (AFLBNK) had a sustainability bond in mind. It featured a seven-year maturity and was ultimately worth EUR 500m. It came in at OAT +25bp, which equated to approx. ms -2bp at the relevant date. NRWBK was also out and about in the ESG segment with its ten-year bond of EUR 500m (WNG). The deal started with a guidance of ms -3bp area but narrowed by three basis points to ms -6bp in the course of orders (more than EUR 2bn) being accepted. The Canadian regions are seldom seen on the market but are always popular. However, Quebec and Ontario, in particular, always offer jumbo-sized deals – and this proved the case again on this occasion. Quebec, or Q, to use the shortest ticker in our coverage, raised a total of EUR 2.25bn for ten years at ms +18bp. The books finally reached EUR 4.1bn, meaning that the guidance of ms +20bp area was only short-lived. Finland's Municipality Finance Plc, which likewise opted for a ten-year maturity, is also seen rarely. It raised EUR 1bn at ms -5bp under its ticker KUNTA. Guidance started at ms -3bp area and the books grew to EUR 2.05bn. Finally, two taps should be mentioned: KFW, EUR 1bn at ms -9bp (2039 bond) and RENTEN, EUR 750m at ms -15bp (2028 bond). Last but not least, Berlin issued mandates for a 30-year deal.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
KUNTA	Nordics	17.01.	XS2435663393	10.1y	1.00bn	ms -5bp	- / Aa1 / AA+	-
Q	CA	17.01.	XS2435787283	10.0y	2.25bn	ms +18bp	AA- / Aa2 / AA-	-
NRWBK	DE	17.01.	DE000NWB0AQ0	10.0y	0.50bn	ms -6bp	AAA / Aa1 / AA	X
AFLBNK	FR	12.01.	FR0014007RX5	7.2y	0.50bn	ms -2bp	- / Aa3 / AA-	X
CADES	FR	11.01.	FR0014007RB1	10.0y	6.00bn	ms +6bp	- / Aa2 / AA	X
COE	SNAT	11.01.	XS2433831885	10.0y	1.00bn	ms -13bp	AA+ / Aa1 / AAA	-
NRW	DE	11.01.	DE000NRW0M92	100.0y	1.50bn	ms +106bp	AAA / Aa1 / AA	-
NEDWBK	NL	10.01.	XS2433385650	10.0y	1.75bn	ms -5bp	- / Aaa / AAA	X

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

Covered Bonds
Spotlight on the EUR benchmark segment: a look at the covered bond markets in Belgium and the Netherlands

Author: Dr Frederik Kunze

Belgium and the Netherlands: promising outlook for 2022?

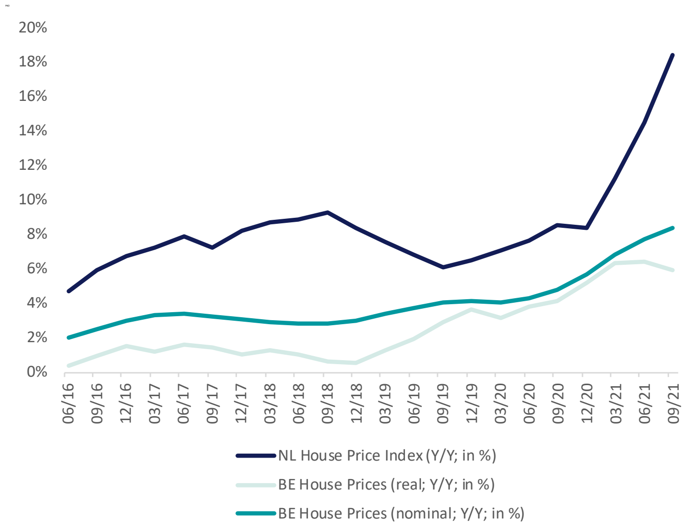
In the current issue of our weekly publication, we shall provide a compact overview of the covered bond markets in Belgium and the Netherlands. We expect significant primary market activity in 2022. The Dutch ABN AMRO has already made its first market appearance of the new year (cf. Market Overview). Initial appearances in the ESG sub-segment can also be expected with a certain degree of anticipation. In the following, we intend to highlight the current macroeconomic conditions, place the covered bond markets in a global context and briefly examine the legal framework in both jurisdictions. In addition, we will provide an overview of the currently active benchmark issuers. In doing so, we address both current structural trends and the expected implications of the EU covered bond harmonisation project. Suffice to say, then, that overall we would definitely count Belgium and the Netherlands among the most promising jurisdictions in 2022.

Macroeconomic conditions: solid fundamentals

The macroeconomic environment in Belgium and the Netherlands is characterised by both the sharp slump in economic activity in the wake of the outbreak of the coronavirus crisis in spring 2020 and the subsequent strong economic recovery. The unemployment rate in the Netherlands in November 2021 of 2.7% (sa) was lower than the level shortly before the outbreak of COVID-19. For Belgium, at 5.9% (sa; also in November 2021), this time series is moving successively towards the initial level (March 2020: 4.9%). The inflationary trends in consumer prices were far more symmetrical in the two economies. Accordingly, CPI growth of 5.7% year on year was reported for the Netherlands in December 2021 (November: 5.2% Y/Y). For Belgium, the same period also saw a value of +5.7% year on year (previous month: +5.6% Y/Y). Not least as a result of the low interest rates and a supply of liquidity that can be described as more than merely adequate, there is strong upward pressure on property prices in both countries, although the increase in the Netherlands is much more rapid. This in turn is a consequence of relatively high employment as well as significant and sustained excess demand on the housing markets. Although an overheating property market does pose significant downside economic risks, we believe that the covered bond segment in the Netherlands is comfortably shielded from pronounced price setbacks - also because of the legal framework. In the case of both countries, this is due to the design of the legal frameworks at jurisdictional level as well as the contractually specified conditions of the covered bond programmes and the market standards. In both jurisdictions, there is a focus on the domestic market for residential property. Impetus for a further – albeit more modest – improvement in credit quality in Belgium and the Netherlands should also come from European covered bond harmonisation efforts.

GDP growth: Belgium and the Netherlands

Trend in house price indices: Belgium and Netherlands



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

Covered bond harmonisation: Belgium and the Netherlands on the home straight

Even though neither the legislative bodies in Belgium nor the responsible authorities in the Netherlands have transposed the requirements of the European Covered Bond Directive into national law on time (see European Commission), we do not see any significant negative implications for the covered bond market arising from this non-compliance. We would initially justify this by stating that, although adoption into national law should have taken place on 8 July 2021, application is only envisaged to be binding from 8 July 2022. We do not consider this date to be in danger at the moment. Moreover, the two jurisdictions are not or were not among those countries for which the requirements of the Covered Bond Directive resulted in an above-average need for adjustment. Both new legal frameworks are also on the home straight, so to speak. In addition, given the expected manageable adjustments to the legal framework, we would like to briefly present the two covered bond laws at this point – despite the upcoming revision – and summarise them in tabular form.

Current legal framework for Belgian covered bonds

The current legal framework for Belgian covered bonds is set out in the Banking Law of 25 April 2014 and has already been amended several times. Belgian covered bonds can be issued by credit institutions headquartered in Belgium. Credit institutions must be authorised by the National Bank of Belgium (NBB) as covered bond issuers (general authorisation as issuer). Moreover, their covered bond programmes must be approved by the NBB (specific programme licence). At programme level, a distinction is made between different covered bonds in terms of requirements: Belgian Pandbrieven (shown in the table below), which comply with the requirements under Article 129 CRR, and Belgian Covered Bonds (not considered in any more detail here), which are not Article 129 CRR-compliant but which meet the requirements of Art. 52 (4) UCITS. In addition, there is a cover pool limit, where the amount of cover assets is limited to 8% of the balance sheet according to Belgian GAAP.

Legislation overview: Belgian Pandbrieven and Geregistreerde Gedekte Obligaties

Jurisdiction	Belgium	Netherlands
Designation	**Belgian Pandbrieven**	**Geregistreerde Gedekte Obligaties**
Special law	Yes	Yes
Cover assets (incl. substitute cover assets)	Residential mortgage loans, RMBS, commercial mortgage loans, CMBS, public sector exposures; loans to banks; derivatives	No legal guideline (in practice: mortgage loans)
Owner of the assets	Issuer	SPV
Special bank principle	No	No
Geographical scope – mortgage loans	EEA	EEA
Geographical scope – public sector loans	OECD	OECD
Loan to Value – mortgage loans limit	Private: 80% Commercial: 60%	Private: 80% Commercial: 60% Ships: 60%
Derivatives in the cover pool	Yes	Yes
Substitute assets	Yes	Yes
Substitute cover limit	15%	20%
Minimum OC	5% nominal	5% nominal
Asset encumbrance	8% of total assets	Case-by-case based on healthy ratio
UCITS compliant	Yes	Yes
CRD compliant	Yes	Yes
ECB eligible	Yes	Yes

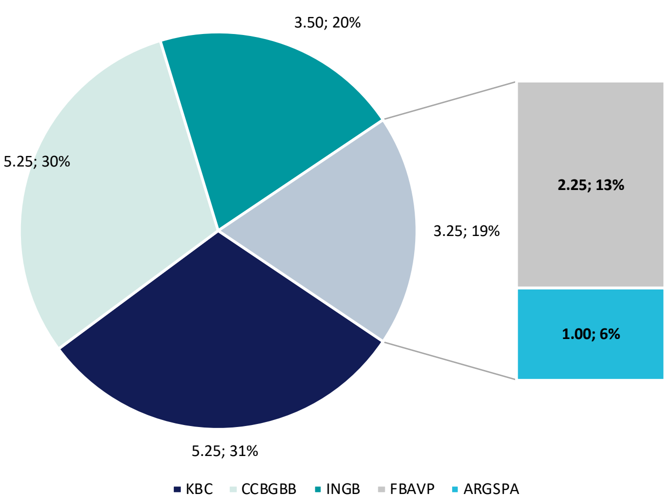
Source: National laws, ECBC, NORD/LB Markets Strategy & Floor Research

Current legal framework for Dutch covered bonds

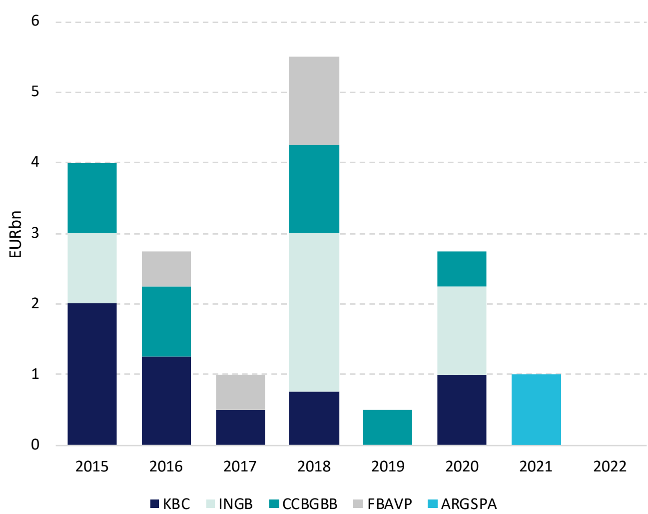
The Dutch legal framework for the issuance of covered bonds, known as Geregistreerde Gedekte Obligaties (GGO), first came into force on 1 July 2008 and has also been amended several times. GGOs may be issued by authorised banks domiciled in the Netherlands. The issuing bank must apply for registration with the Dutch Central Bank, which in turn decides that (i) the issuer and (ii) the category of the covered bonds are entered in a public register. When registering a covered bond programme with the Dutch Central Bank, specific framework parameters must be specified – including the maximum programme size, the rights and obligations of the covered bond holders, the type of cover assets and the structure of the covered bond (hard bullet, soft bullet, conditional pass through [CPT]). The Dutch covered bond legislation also provides for a restriction on the issuance of covered bonds. The central bank ensures on a case-by-case basis that there is a “healthy ratio” between the nominal value of outstanding covered bonds and the consolidated total assets of the issuing bank.

Global comparison of the Belgian and Dutch covered bond markets
Although we clearly focus on the EUR benchmark segment in our weekly publication, we consider the annual statistics of the European Covered Bond Council (ECBC) to be a very suitable data basis for an initial quantitative or comparative classification of national covered bond markets at global level. Particularly given that retained issues have been gaining ground again in the last two calendar years, we believe it makes sense to look at the ECBC annual statistics, as these retained covered bonds have recently accounted for a significantly higher share of the outstanding volume in some jurisdictions. In this context, it should however be borne in mind that the current ECBC annual statistics refer to the reporting date of 31 December 2020, so this trend for 2021 is not yet reflected in the ECBC data. Based on currently available statistics, the Dutch covered bond market ranks eighth in terms of outstanding volume (EUR 154bn; share: 5.3%) behind Canada (EUR 168bn) and ahead of Switzerland (EUR 140bn). Belgium is in 15th place with EUR 43.5bn (share of total market: 1.5%) behind Finland (EUR 43.8bn) and ahead of Portugal (EUR 39bn). Based on issuance volumes in 2020, the Netherlands ranked sixth with a volume of EUR 44bn (share: 7.2%), while Belgium is in twelfth place with EUR 19.3bn (share: 3.4%). In the context of the above-mentioned importance of retained covered bonds, the comparatively high proportion of non-publicly place issues of EUR 16.5bn (Belgium) and EUR 37.3bn (Netherlands) should also be emphasised. Based on a different data basis (Bloomberg), we derive retained covered bonds with a volume of EUR 28.5bn (Netherlands) and EUR 1.5bn (Belgium) for 2021. In 2022, we expect retained covered bonds to also play more of a minor role in the Netherlands and Belgium, which is also reflected in our EUR benchmark issuance forecast. If there was even an unexpectedly strong reduction in ECB liquidity (keyword: TLTRO III repayments), especially in the Netherlands, the market could present itself even more strongly here than we have expected so far.

EUR benchmark segment: Belgium (EUR bn)



Issues from Belgium (EUR benchmarks)



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

EUR benchmark issuers in Belgium: exclusively soft bullet covered bonds

The following table summarises the Belgian covered bond programmes with EUR benchmark placements. The EUR benchmark segment in Belgium consists solely of soft bullet covered bonds. The current EUR benchmark volume for Belgium amounts to EUR 17.25bn spread over 24 bonds. The share is therefore 1.9%. The most recent newcomer in Belgium in 2021 was Argenta Spaarbank, which approached investors with its EUR benchmark debut back in February and was already successfully active on the primary market again less than eight months later in September. The largest EUR benchmark issuer is KBC Bank with an outstanding volume of EUR 5.5bn, which was last active on the market in 2020. The last issues of ING Belgium and Belfius Bank also date back to 2020. Last year, only the debutant Argenta Spaarbank placed covered bonds in EUR benchmark format. Following its debut last year, the issuer is also positioning itself for appearances in the ESG format. A few days ago, Argenta Spaarbank presented its new Green Bond Framework, which is designed for the issuance of unsecured bonds as well as for the placement of covered bonds.

Overview: Belgian EUR benchmark issuers

Issuer (*Link*)	Cover pool volume (mEUR)	Total amount outstanding (mEUR)	OC	Programme size	Maturity type (BMK)	CB-Rating (Fitch / Moody's/ S&P)	Main region	Owner occupied
Argenta Spaarbank[1]	1,235	1,000	23.5%	EUR 7.5bn	Soft Bullet	- / - / AAA	Antwerpen 32.8%	96.3%
Belfius Bank (Mortgage)[1]	8,777	7,292	21.4%	EUR 10bn	Soft Bullet	AAA / - / AAA	Antwerpen 14.3%	N.A.
Belfius Bank (Public)[1]	1,678	1,211	39.8%	EUR 10bn	Soft Bullet	- / Aaa / AAA	Brussel 15.0%	N.A.
BNP Paribas Fortis[1]	2,94	2,250	30.8%	EUR 10bn	Soft Bullet	- / Aaa / AAA	Antwerpen 16.6%	N.A.
ING Belgium[2]	11,373	7,750	46.7%	EUR 10bn	Soft Bullet	AAA / Aaa / -	Flanders 54.7%	100.0%
KBC Bank[1]	16,572[1]	12,770[1]	37.4%[1]	EUR 17.5bn	Soft Bullet	AAA / Aaa / -	Antwerpen 27.7%	75.5%

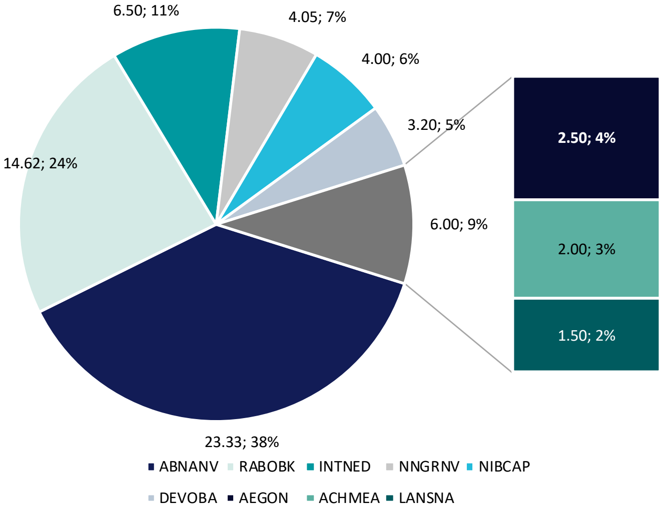
Source: Issuers, rating agencies, NORD/LB Markets Strategy & Floor Research

[1] Reporting month December 2021; [2] Reporting month November 2021

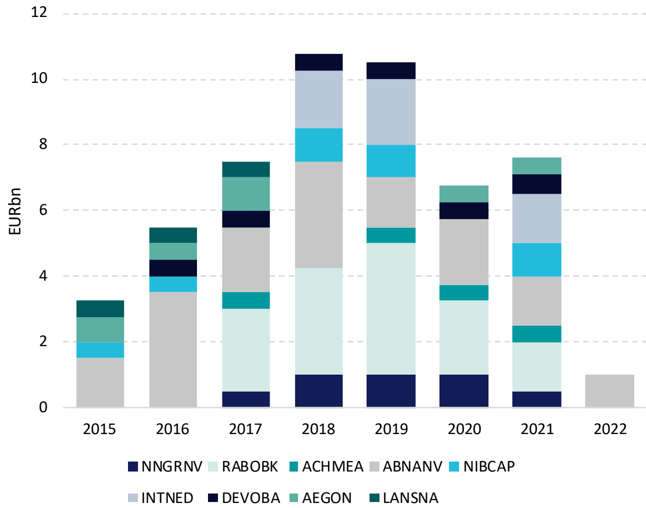
EUR benchmark issuers in the Netherlands: new soft bullet programmes in 2021

The following table summarises the Dutch covered bond programmes with EUR benchmark placements. As we explain below, the EUR benchmark segment in the Netherlands consists of both soft bullet issues and placements in CPT format. The whole EUR benchmark volume for the Netherlands currently amounts to EUR 61.70bn spread over 64 bonds. This makes the Netherlands the third-largest covered bond jurisdiction in the EUR benchmark segment after Spain (EUR 79.05bn) and ahead of Canada (EUR 62.25bn). The share of the total market is 6.8%. The largest EUR benchmark issuer, with an outstanding volume of EUR 23.33bn, is ABN AMRO, which was also the first Dutch institution to be active on the market this year. The primary covered bond market in the Netherlands was characterised by surprisingly lively activity in 2021, resulting in a positive net supply of EUR 3.85bn.

EUR benchmark segment: Netherlands (EUR bn)



Issues from the Netherlands (EUR benchmarks)



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

Overview: Dutch EUR benchmark issuers

Issuer (*Link*)	Cover pool volume (mEUR)	Total amount out-standing (mEUR)	OC	Programme size	Maturity type (BMK)	CB-Rating (Fitch / Moody's/ S&P)	Main region	Owner occupied
ABN AMRO	36,330	29,138	24.7%	EUR 40bn	HB and SB	AAA / Aaa / -	Noord-Holland 25.1%	100.0%
Achmea Bank	1,908	1,500	27.2%	EUR 5bn	CPT	AAA / Aaa / -	Zuid-Holland 19.9%	100.0%
AEGON Bank	567	500	13.3%	EUR 5bn	SB	- / - / AAA	Zuid-Holland 19.0%	100.0%
AEGON Bank	2,387	2,000	19.8%	EUR 5bn	CPT	- / - / AAA	Zuid-Holland 20.2%	100.0%
De Volksbank	5,213	4,390	18.7%	EUR 15bn	SB	AAA / Aaa / -	Nord-Brabant 16.0%	100.0%
ING Bank	18,121	14,614	24.0%	EUR 30bn	HB and SB	AAA / Aaa / AAA	Zuid-Holland 22.1%	100.0%
NIBC Bank	4,732	4,000	18.3%	EUR 5bn	CPT	AAA / - / AAA	Noord-Holland 23.0%	100.0%
NN Bank	1,929	1,750	10.2%	EUR 7.5bn	SB	- / - / AAA	Zuid-Holland 27.8%	100.0%
NN Bank	2,979	2,595	14.8%	EUR 5bn	CPT	- / - / AAA	Zuid-Holland 25.9%	100.0%
Rabobank	16,790	13,703	22.5%	EUR 25bn	SB	- / Aaa / -	Zuid-Holland 18.6%	100.0%
Van Lanschot Kempen	1,792	1,500	19.4	EUR 5bn	CPT	AAA / - / AAA	Noord-Holland 36.5%	100.0%

Source: Issuers, rating agencies, NORD/LB Markets Strategy & Floor Research

Repayment structures of benchmarks in the Netherlands

The introduction of the CPT repayment structure by NIBC Bank in 2013 was followed by four more issuers in the shape of Achmea Bank, Van Lanschot, Aegon Bank and NN Bank issuing bonds in CPT format. Consequently, the Netherlands not only has the most EUR benchmark issuers in CPT format, but also by far the most outstanding CPT benchmarks in the world. At EUR 48.7bn, the outstanding volume of soft bullet bonds is around four times higher than that of the CPT bonds (EUR 11.55bn). However, the gap is smaller when it comes to the number of issues: 41 soft bullet deals versus 23 bonds in CPT format. With NN Bank's debut soft bullet bond in June 2020 and the subsequent soft bullet launches by Achmea Bank and Aegon Bank, three institutions in the Netherlands now have outstanding EUR benchmarks featuring two different maturity structures.

Repayment structures in the Netherlands

	Soft	CPT		Soft	CPT
ABN AMRO Bank	X		de Volksbank	X	
Achmea Bank	X	X	ING Bank	X	
Aegon Bank	X	X	Nationale-Nederlanden Bank	X	X
Cooperatieve Rabobank	X		NIBC Bank		X
			Van Lanschot Kempen		X

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

Regulatory aspects: risk weighting and LCR classification

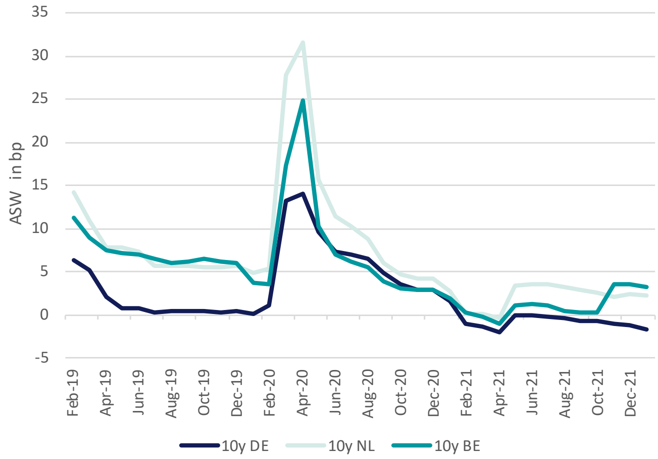
A detailed description of the derivation of the risk weight and the LCR classification can be found in our corresponding NORD/LB Covered Bond Special (last published on 8 October 2021). With regard to the EUR benchmarks from Belgium and the Netherlands, it can be said that all currently outstanding benchmarks benefit from a preferred risk weight of 10% and, in our view, should be classified as Level 1 assets in the context of LCR management. In addition, soft bullets (and hard bullets) can generally be purchased under the PEPP or APP, whereas CPT structures cannot be purchased by the Eurosystem central banks. In the context of the ECB Collateral Framework, on the other hand, CPT covered bonds and soft bullets definitely qualify as eligible collateral, although the haircuts for (retained) CPT covered bonds can be significantly higher in individual cases.

Spread development: sideways movement also for Belgium and the Netherlands

The generic spread curves for Belgium and the Netherlands basically show a sideways movement parallel to Pfandbriefe. Accordingly, modest widening of ASW spreads was also observed here at the beginning of 2021, but – analogous to the ASW spreads in most other regions – this did not continue over the rest of the year. In relation to the short-term outlook, we see – as for other jurisdictions (cf. Market Overview) – in principle the potential for pressure on spreads. A high issuance volume coupled with some uncertainty about the ECB's future course – especially with regard to the pace of CBPP3 purchases – could be responsible for sentiment-driven widening and lead some covered bond traders to adopt a wait-and-see stance. However, we see this as more of a temporary phenomenon, as a technical market analysis and fundamental data as a whole do not point to sustained widening for Belgium and the Netherlands either. Even the developments mentioned above, especially in the Dutch property market, should, in our view, not cloud the picture of solid fundamentals for covered bonds in the long term.

ASW spreads: BE, NL and DE (5y generic)

ASW spreads: BE, NL and DE (10y generic)



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

Conclusion

The covered bond markets in Belgium and the Netherlands are already characterised by solid framework conditions, even by international standards, due to both the legal framework and the fundamentals. In the Netherlands, a trend towards soft bullet programmes can be observed. In our opinion, this is partly but not exclusively due to the fact that it is no longer possible to purchase CPT covered bonds under the CBPP3. We expect a less pronounced focus on retained covered bonds by some issuers compared with previous years, which is linked to the fact that the ECB is not reviving the extremely attractive conditions for longer-term refinancing operations. All in all, publicly placed EUR benchmarks from Belgium and the Netherlands should play a pretty significant role in 2022. According to our current assessment, the delayed implementation of covered bond harmonisation should not have any acute disruptive potential for spreads here. We see the presentation of the new Green Bond Framework of Argenta Spaarbank as anecdotal evidence that supports the theory of growing significance of the ESG segment in Belgium too (and the Netherlands). In our view, the fact that the property sector combined with (green) covered bonds may represent a natural constellation, especially for the refinancing of green assets, is also true for Belgium and the Netherlands.

SSA/Public Issuers
24th meeting of the Stability Council (Dec. 2021)

Author: Dr Norman Rudschuck, CIIA

Foreword on the Stability Council and the economic situation

On 10 December 2021, the Stability Council convened for its 24th meeting. The meeting was chaired by Lutz Lienenkämper, Finance Minister of North Rhine-Westphalia, and Christian Lindner, the new Federal Minister of Finance. The Stability Council is a joint body operated by the federal government (Bund) and federal states (German Laender). The establishment of the Stability Council can be traced back to the Federalism Reform II (Foederalismusreform II), since which time its existence has been governed by Article 109a of the Basic Law (GG). The impacts of the coronavirus crisis are still clearly reflected in the financial situations of both Bund and Laender despite the improvements in the economic outlook in the meantime. The containment of the pandemic and the investment required in digitalisation and transforming the economy to achieve climate neutrality are, in the opinion of the Stability Council, crucial to a sustained, robust economic recovery. The federal government forecasts growth in nominal gross domestic product (GDP) of +6.4% for 2022 and an increase of +3.3% for 2023. In the medium term, average annual growth of +2.6% is expected from 2024 to 2026.

Reduction in the structural deficit by 2025

In terms of the public budget, the Stability Council is expecting a structural deficit of 3.5% of GDP for 2021. Looking forward, assuming the economic recovery expected by the federal government materialises, it is forecasting a reduction in the structural deficit. The European medium-term budgetary target – a maximum structural deficit in the overall public budget of 0.5% of GDP – is not expected to be met again until 2024: the Council expects higher structural deficits in 2022 and 2023. In the opinion of the Stability Council, these are permissible due to the European exemption clause and regulatory requirements of European budgetary monitoring to reduce the structural deficit. A surplus of 0.5% of GDP is expected for 2025. It should also be noted that non-quantified measures in the new federal government's coalition agreement have not been taken into account.

Debt brake compliance check

In its 24th meeting, the Stability Council continued to monitor the debt brake pursuant to Article 109 (3) GG. Taking into account the exceptional situation, both Bund and Laender will, in accordance with the federal or respective state law regulations, comply with the debt brake in 2020, 2021 and 2022, as this has been suspended. The exception for 2022 is Saxony-Anhalt, as it is currently in process of preparing its budget. Consequently, there are no complaints. The Stability Council is of the view that the Covid-19 pandemic will continue to constitute a natural disaster/unusual emergency situation as set out in Article 109 GG.

NORD/LB

Stability Council review on the basis of individual stability reports

As part of its regular budgetary monitoring procedures, the Stability Council reviewed the budgetary situation of both Bund and Laender on the basis of their stability reports. The restructuring programmes agreed in December 2017 with the Laender of Bremen and Saarland expired last year. According to the stability report, there are indications (based on key metrics) of an impending budgetary emergency for Bremen once again. In this respect, the Stability Council will set up an Evaluation Committee to determine whether there is such an impending emergency in Bremen. The Stability Council will discuss the results of its investigations during its next meeting (June 2022). There were no indications of an impending budgetary emergency in any other Laender, including Saarland.

Number of anomalies at a historic low

The number of anomalies decreased by one year on year to stand at 16. The peak value of 29 anomalies was registered in 2011, the lowest number of anomalies, also 16, was determined in 2019. The current number of anomalies has therefore reached its historic low despite the crisis. The Stability Council identifies an anomaly as soon as one of the relevant key metrics (budget balance, credit financing ratio, interest/tax ratio, debt level) in one of the analysis periods (1. Current situation = last two financial years and current financial year; 2. Planning = financial planning of the coming years) breaches the permissible limit several times. Since 2020, an updated system to assess the budgetary situations has been used. Details on the new version can be accessed here. Information on the function of the Stability Council, its key metrics and unchanged definitions is available in the current version of our NORD/LB Issuer Guide Deutsche Bundeslaender 2021.

Anomalies identified by the Stability Council

	Budget balance		Credit financing ratio		Interest-tax ratio		Debt level	
	Current	Planning	Current	Planning	Current	Planning	Current	Planning
Baden-Wuerttemberg	No	No	No	No	No	No	No	No
Bavaria	No	No	No	No	No	No	No	No
Brandenburg	**Yes**	No	**Yes**	No	No	No	No	No
Hesse	No	No	No	No	No	No	No	No
Mecklenburg-Western Pomerania	No	No	No	No	No	No	No	No
Lower Saxony	No	No	No	No	No	No	No	No
North Rhine-Westphalia	No	No	No	No	No	No	No	No
Rhineland-Palatinate	No	No	No	No	No	No	No	No
Saarland	No	No	No	No	**Yes**	**Yes**	**Yes**	**Yes**
Saxony	No	No	No	No	No	No	No	No
Saxony-Anhalt	No	No	No	No	No	No	**No**	No
Schleswig-Holstein	No	No	No	No	No	No	**Yes**	**Yes**
Thuringia	No	No	No	No	No	No	No	No
Berlin	No	No	No	No	**Yes**	No	No	No
Bremen	**Yes**	**Yes**	**Yes**	No	**Yes**	**Yes**	**Yes**	**Yes**
Hamburg	No	No	No	No	No	No	No	No

Source: Stability Council, NORD/LB Markets Strategy & Floor Research

NORD/LB

Structural net lending/borrowing in EUR per capita

	Current		Target	Limit	Financial planning				Limit
	2019	2020	2021	violations	2022	2023	2024	2025	violations
Baden-Wuerttemberg	333	-484	-175	No	-137	133	163	-	No
Bavaria	18	-433	**-977**	No	-94	-91	-57	-	No
Brandenburg	**-382**	-576	**-1,222**	**Yes**	-715	-245	-81	9	No
Hesse	283	-398	-410	No	-273	-141	9	60	No
Mecklenburg-Western Pomer	82	**-1,806**	-198	No	8	-9	58	146	No
Lower Saxony	178	-609	-194	No	-76	-52	-10	14	No
North Rhine-Westphalia	121	-651	-311	No	-238	-30	21	36	No
Rhineland-Palatinate	249	-310	-317	No	-206	-94	15	-	No
Saarland	**-176**	-210	-411	No	-276	115	140	142	No
Saxony	220	-378	-469	No	-316	271	356	419	No
Saxony-Anhalt	97	-384	-40	No	-616	-548	-473	-	No
Schleswig-Holstein	43	-50	-504	No	-291	-257	-156	-68	No
Thuringia	231	-498	**-748**	No	101	149	179	-	No
Berlin	304	-194	**-1,013**	No	-453	-438	195	206	No
Bremen	**-133**	-568	**-1,989**	**Yes**	**-1,080**	**-884**	-326	-159	**Yes**
Hamburg	810	-167	**-925**	No	-651	-238	-287	-	No
Laender average*	163	-492	-503		-332	-147	-16	81	
Threshold (universal)	-37	-692	-703		-753	-753	-753	-753	

* The Laender average from 2022 was determined using estimates. **Red** = Violation of permitted threshold values; several times = value exceeded
Source: Stability Council, NORD/LB Markets Strategy & Floor Research

Credit financing ratio in %

	Current		Target	Limit	Financial planning				Limit
	2019	2020	2021	violations	2022	2023	2024	2025	violations
Baden-Wuerttemberg	-3.2	**18.0**	5.8	No	-2.3	-1.6	-2.3	-	No
Bavaria	-0.5	10.3	**34.4**	No	-0.4	-0.3	-1.1	-	No
Brandenburg	**5.9**	10.4	**21.7**	**Yes**	1.3	1.6	0.8	0.6	No
Hesse	-1.9	7.0	8.2	No	4.8	2.1	-1.8	-1.8	No
Mecklenburg-Western Pomer	-1.4	**21.8**	-1.4	No	-1.4	-1.4	-1.4	-3.0	No
Lower Saxony	0.6	**19.6**	3.1	No	0.6	0.3	-0.1	-0.5	No
North Rhine-Westphalia	-0.3	10.3	6.2	No	4.8	-0.1	-0.3	-0.6	No
Rhineland-Palatinate	-2.1	7.1	6.4	No	3.9	1.6	-0.5	-	No
Saarland	**6.4**	5.9	8.6	No	5.8	-1.3	-1.8	-1.8	No
Saxony	-4.9	4.1	5.7	No	2.3	-5.5	-7.2	-8.2	No
Saxony-Anhalt	0.7	5.7	-4.0	No	-2.5	-2.7	-2.8	-	No
Schleswig-Holstein	-0.3	**39.4**	1.4	No	-0.1	0.8	-0.4	-0.7	No
Thuringia	-0.7	9.8	3.6	No	-2.9	-4.3	-4.3	-	No
Berlin	-2.4	**17.4**	0.0	No	2.0	0.2	-1.1	-1.1	No
Bremen	**4.4**	6.9	**17.9**	**Yes**	10.4	8.8	3.3	1.8	No
Hamburg	-7.6	9.6	**15.2**	No	9.5	6.5	7.2	-	No
Laender average*	-1.2	12.9	11.4		2.2	0.3	-0.9	-1.5	
Threshold (universal)	1.8	15.9	14.4		16.4	16.4	16.4	16.4	

* The Laender average from 2022 was determined using estimates. **Red** = Violation of permitted threshold values; several times = value exceeded
Source: Stability Council, NORD/LB Markets Strategy & Floor Research

NORD/LB

Interest/tax ratio in %

	Current		Target	Limit		Financial planning			Limit
	2019	2020	2021	violations	2022	2023	2024	2025	violations
Baden-Wuerttemberg	3.1	3.0	4.3	No	3.2	3.2	3.1	-	No
Bavaria	1.1	1.0	1.1	No	1.0	1.0	1.1	-	No
Brandenburg	2.8	2.2	3.0	No	2.3	2.7	2.7	2.9	No
Hesse	3.9	**4.0**	3.9	No	3.5	3.5	3.4	3.4	No
Mecklenburg-Western Pomer	3.2	3.4	3.1	No	2.8	3.5	2.9	2.9	No
Lower Saxony	3.4	2.2	4.0	No	3.6	3.5	3.3	3.3	No
North Rhine-Westphalia	3.1	2.2	2.9	No	2.2	2.3	2.8	3.0	No
Rhineland-Palatinate	3.2	2.6	3.0	No	2.8	2.6	2.4	-	No
Saarland	**8.5**	**8.0**	**8.4**	**Yes**	**8.3**	**7.1**	**6.9**	**6.9**	**Yes**
Saxony	0.8	0.2	0.5	No	0.4	0.4	0.5	0.6	No
Saxony-Anhalt	4.1	**3.9**	3.7	No	4.2	4.1	4.0	-	No
Schleswig-Holstein	3.9	3.1	4.3	No	3.5	4.3	5.0	5.3	No
Thuringia	3.8	3.5	4.2	No	3.8	3.6	3.4	-	No
Berlin	**4.8**	**4.3**	4.9	**Yes**	4.4	4.1	4.0	3.8	No
Bremen	**13.4**	**14.2**	**13.8**	**Yes**	**12.6**	**11.6**	**10.9**	**10.4**	**Yes**
Hamburg	3.4	3.4	3.6	No	2.9	2.9	2.9	-	No
Laender average*	3.2	2.7	3.4		3.8	3.8	3.7	4.3	
Threshold (non-city states)	4.5	3.8	4.7		5.7	5.7	5.7	5.7	
Threshold (city states)	4.8	4.1	5.1		6.1	6.1	6.1	6.1	

* The Laender average from 2022 was determined using estimates. **Red** = Violation of permitted threshold values; several times = value exceeded
Source: Stability Council, NORD/LB Markets Strategy & Floor Research

Debt level in EUR per capita

	Current		Target	Limit		Financial planning			Limit
	2019	2020	2021	violations	2022	2023	2024	2025	violations
Baden-Wuerttemberg	4,063	5,042	5,374	No	5,332	5,332	5,302	-	No
Bavaria	2,056	2,597	5,004	No	5,000	4,996	4,954	-	No
Brandenburg	6,085	6,699	7,990	No	8,064	8,140	8,171	8,192	No
Hesse	6,395	7,211	7,661	No	7,944	8,095	8,047	7,999	No
Mecklenburg-Western Pomer	5,833	7,603	7,603	No	7,603	7,603	7,603	7,514	No
Lower Saxony	7,581	8,595	8,735	No	8,763	8,777	8,775	8,752	No
North Rhine-Westphalia	7,959	8,649	8,959	No	9,215	9,215	9,204	9,176	No
Rhineland-Palatinate	7,400	7,900	8,209	No	8,404	8,487	8,462	-	No
Saarland	**14,125**	**14,772**	**15,357**	**Yes**	**15,657**	**15,633**	**15,655**	**15,734**	**Yes**
Saxony	2,658	3,033	3,523	No	3,836	3,764	3,615	3,420	No
Saxony-Anhalt	**9,071**	9,462	9,416	No	9,370	9,325	9,279	-	No
Schleswig-Holstein	**9,846**	**10,331**	10,520	**Yes**	**10,672**	**10,855**	**10,979**	**11,101**	**Yes**
Thuringia	6,801	7,029	7,165	No	6,959	6,750	6,538	-	No
Berlin	**14,812**	16,329	16,329	No	16,534	16,579	16,505	16,431	No
Bremen	**29,446**	**31,646**	**33,515**	**Yes**	**34,466**	**35,292**	**35,545**	**35,647**	**Yes**
Hamburg	12,624	13,552	15,197	No	16,062	16,621	17,271	-	No
Laender average*	6,689	7,454	8,122		10,868	10,967	10,994	12,397	
Threshold (non-city states)	8,696	9,690	10,558		10,658	10,758	10,858	10,958	
Threshold (city states)	14,715	16,398	17,868		17,968	18,068	18,168	18,268	

* The Laender average from 2021 was determined using estimates. **Red** = Violation of permitted threshold values; several times = value exceeded
Source: Stability Council, NORD/LB Markets Strategy & Floor Research

Bremen: potential impending budgetary emergency
Together with Saarland, Bremen has also been undergoing a restructuring programme since 2011, which expired at the end of 2020. As mentioned previously, the stability report (based on key metrics) indicates an impending budgetary emergency for Bremen, in response to which an Evaluation Committee was established. This Evaluation Committee takes place at the level of state secretaries and will verify whether there is an impending emergency budgetary situation in Bremen by the next meeting of the Stability Council (June 2022). If it decides that this is the case, Bremen will have to launch a new restructuring programme pursuant to Section 5 (1) of the Stability Council Act (Stabilitätsratsgesetz) in consultation with the Stability Council. A restructuring programme usually lasts five years and includes targets for cutting annual net borrowing in stages and suitable restructuring measures. The Senate in Bremen takes the view that launching a new restructuring programme is not helpful. It justifies this, firstly, by questioning whether the key metrics are currently comparable and, secondly, by the current pandemic and the emergency situation applied to the 2021 budget, which it would like to be extended to the 2022/23 budget. Therefore, according to the Senate in Bremen, it would not be possible to agree any specific restructuring targets due to the uncertainty associated with the emergency situation.

Lower Saxony: balanced budget and stable debt level
And how is our major shareholder faring? Lower Saxony has not exceeded the threshold value for any of the key figures taken into account by the Stability Council and is therefore again not required to undergo restructuring. Accordingly, no anomalies have again been recorded for Lower Saxony – even when taking account of the emergency pandemic situation. Due to solid budget management in recent years, Lower Saxony will be able to navigate the challenges presented by the coronavirus pandemic. The current situation proves that its ability to act remains unaffected by the introduction of the debt brake. In line with current budget and financial planning, the structural financial deficits in Lower Saxony will decrease up to 2024. From 2025, a structural financial surplus should be achieved again.

Implementation of the Budgetary Frameworks Directive (Directive 2011/85/EU)
With immediate effect, the following items will always be published in the autumn:

- Presentation of the new measures contained in the projection by the BMF and their medium-term financial impacts.
- Presentation of a scenario, based on no changes in policy, which shows how the projection would develop without these measures for the state as a whole and for the levels (Bund, Laender, local authorities and social insurance).
- Estimate of the impact of the new measures on the long-term viability of public finances.

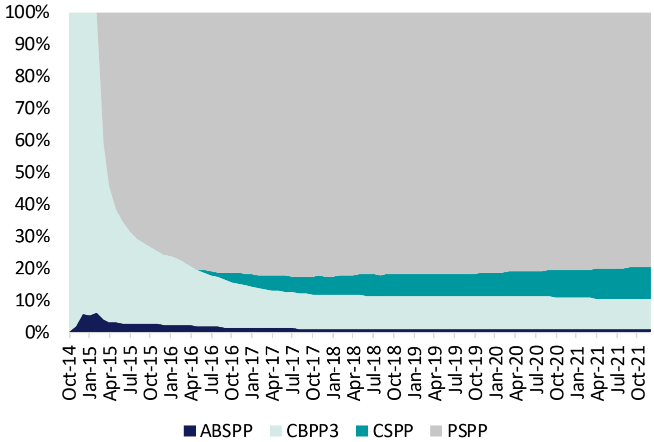
Conclusion
The 24th meeting of the Stability Council was dominated by the impacts of the coronavirus crisis. Since its first meeting in April 2010, the financial situation of the German Laender has steadily improved. This is evident from the decreasing number of anomalies and/or limit violations identified by the Stability Council. The meeting in 2011 identified 29 anomalies, whereas the latest figure for 2021 equalled the record low seen in 2019 of just 16 anomalies despite the onset of the pandemic. By and large, it is clear that the trend is positive. Bremen is the only Land where there are indications of an impending budgetary emergency. The Evaluation Committee established by the Stability Council will investigate whether this is the case before the next meeting in June 2022.

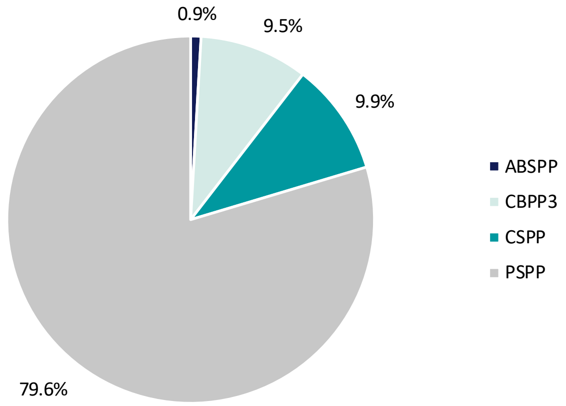
ECB tracker

Asset Purchase Programme (APP)

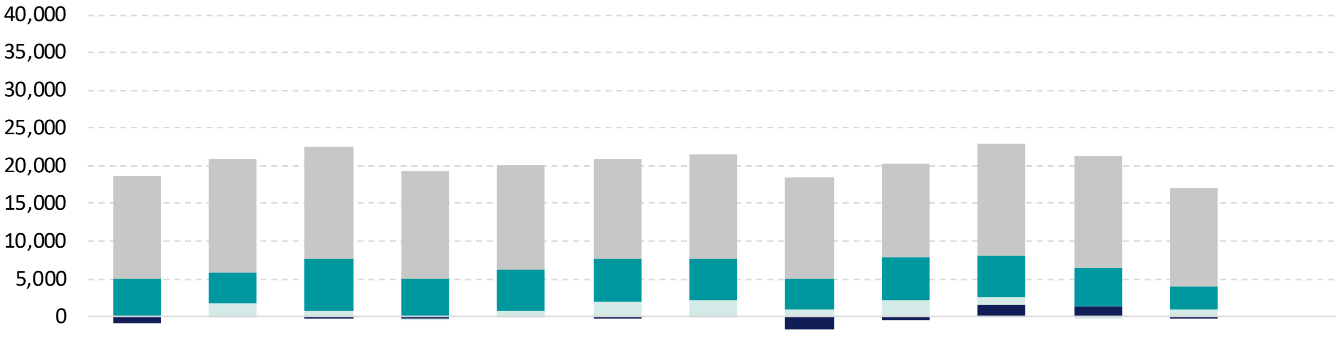
	ABSPP	CBPP3	CSPP	PSPP	APP
Nov-21	28,757	297,586	307,026	2,479,130	3,112,499
Dec-21	28,477	298,167	309,676	2,487,136	3,123,456
Δ	-269	+942	+3,007	+12,989	+16,669

Portfolio structure





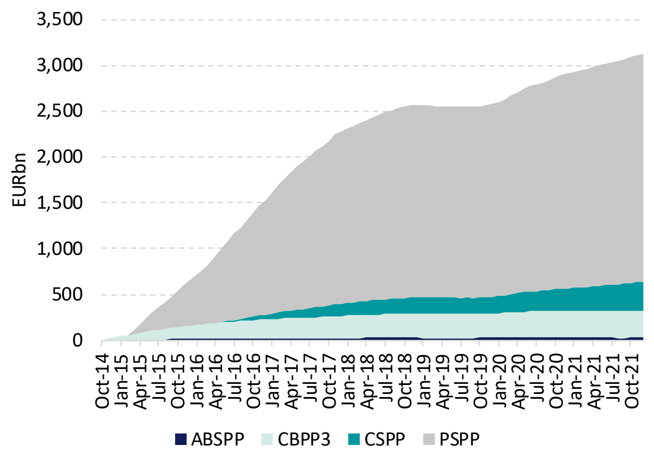
Monthly net purchases (in EURm)



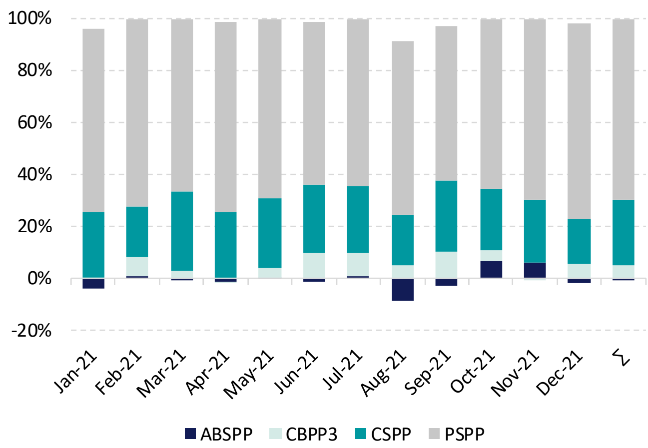
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	∑
APP	17,846	20,915	22,561	18,918	20,141	20,640	21,597	16,749	19,659	23,017	21,199	16,669	239,911
PSPP	13,655	15,129	14,955	14,186	13,973	13,320	13,943	13,563	12,423	15,038	14,814	12,989	167,988
CSPP	4,924	4,064	6,929	5,015	5,394	5,602	5,502	3,936	5,590	5,481	5,142	3,007	60,586
CBPP3	74	1,539	684	-5	686	2,037	2,011	999	2,184	1,008	-12	942	12,147
ABSPP	-807	183	-7	-278	88	-319	141	-1,749	-538	1,490	1,255	-269	-810

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

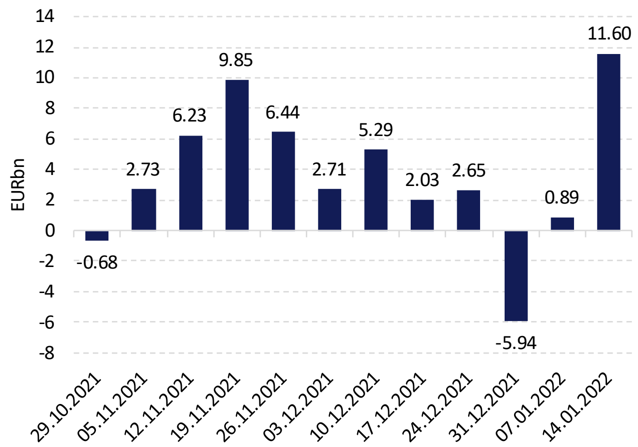
Portfolio development



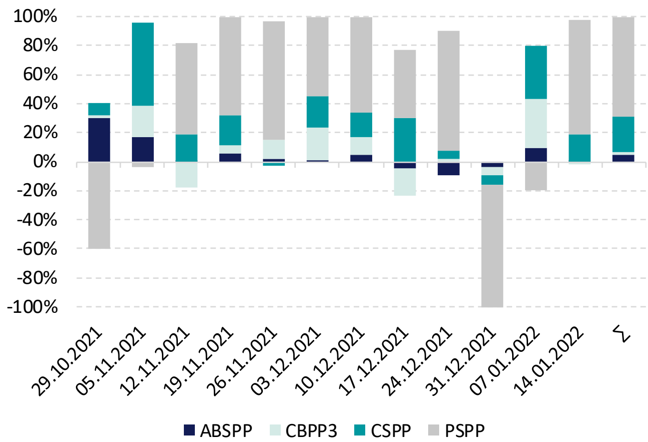
Distribution of monthly purchases



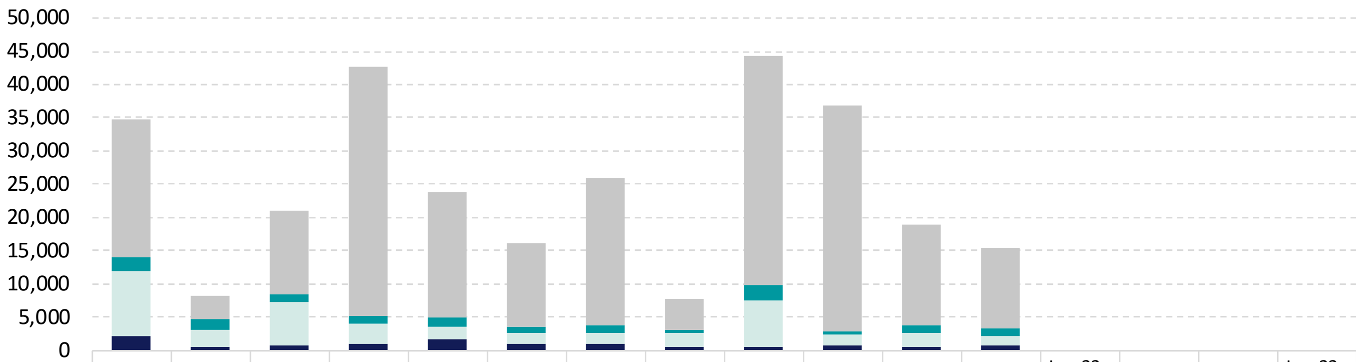
Weekly purchases



Distribution of weekly purchases



Expected monthly redemptions (in EURm)

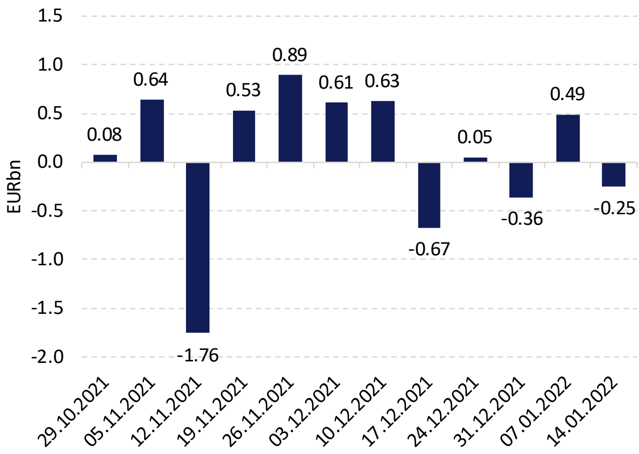


	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-22 - Dec-22	2020	2021	Jan-22 - Dec-22
APP	34,831	8,220	20,977	42,698	23,921	16,167	25,934	7,807	44,427	36,819	18,839	15,418	296,058	262,253	246,995	296,058
PSPP	20,906	3,625	12,603	37,533	18,999	12,638	22,198	4,841	34,554	34,003	14,945	12,016	228,861	201,482	188,494	228,861
CSPP	2,006	1,590	1,132	1,093	1,341	1,017	1,198	280	2,431	549	1,332	1,156	15,125	18,267	17,134	15,125
CBPP3	9,800	2,524	6,419	3,018	1,866	1,565	1,613	2,227	6,866	1,622	2,150	1,408	41,078	33,236	30,143	41,078
ABSPP	2,119	481	823	1,054	1,715	947	925	459	576	645	412	838	10,994	9,268	11,224	10,994

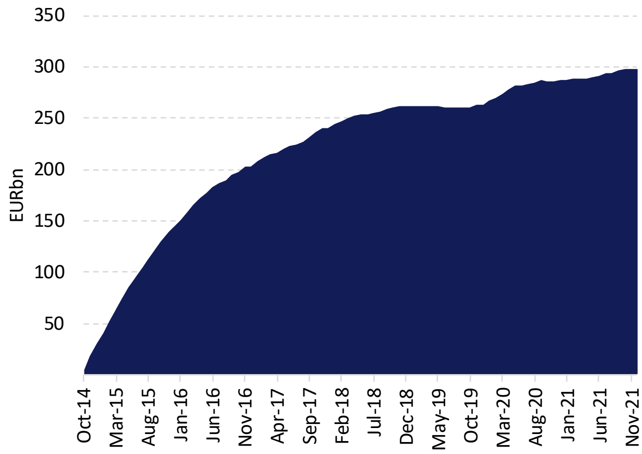
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Covered Bond Purchase Programme 3 (CBPP3)

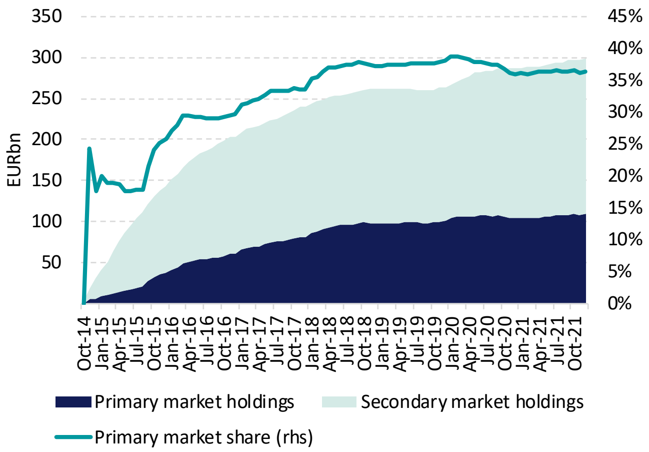
Weekly purchases



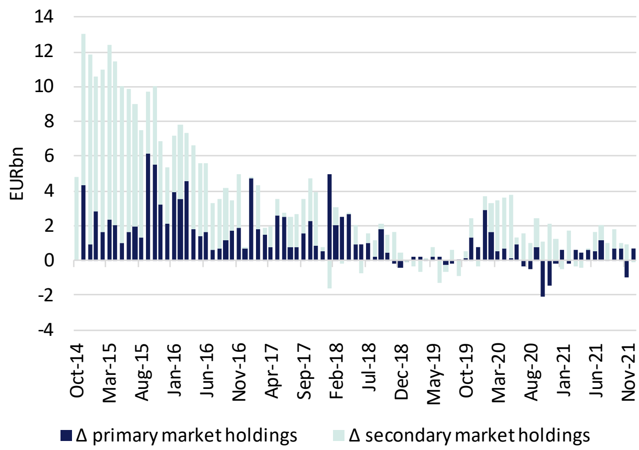
Development of CBPP3 volume



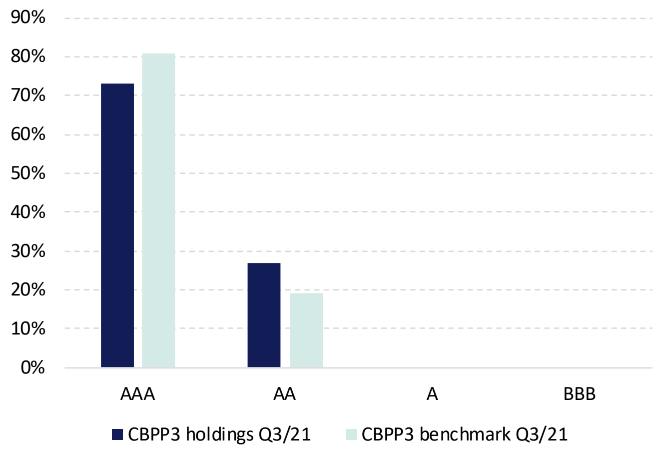
Primary and secondary market holdings



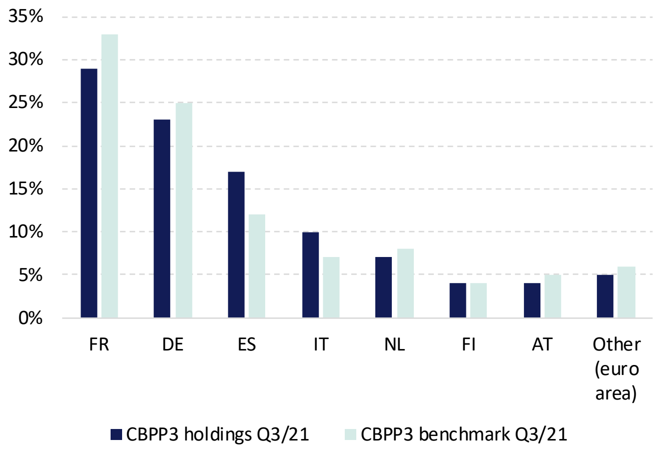
Change of primary and secondary market holdings



Distribution of CBPP3 by credit rating



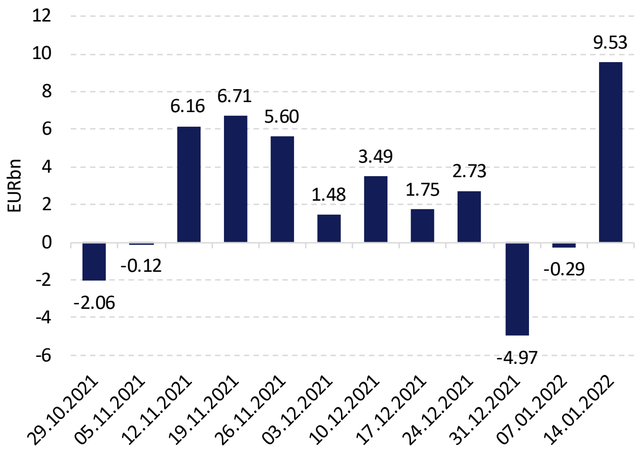
Distribution of CBPP3 by country of risk



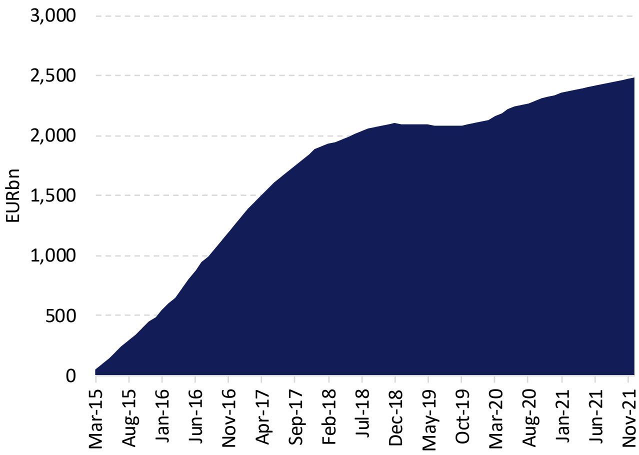
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Public Sector Purchase Programme (PSPP)

Weekly purchases



Development of PSPP volume



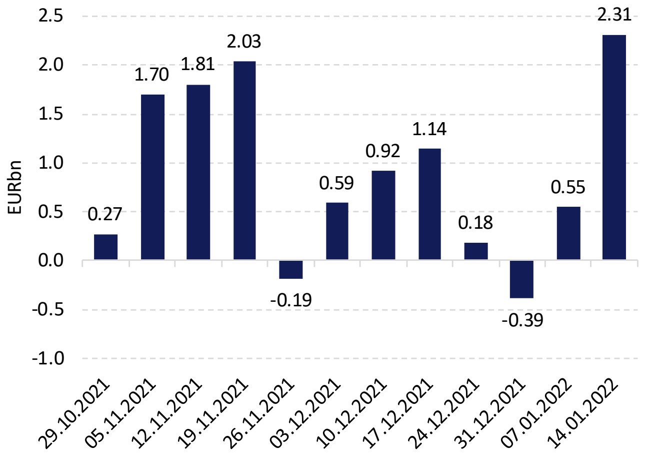
Overall distribution of PSPP buying at month-end

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%	72,409	71,067	1,342	7.5	7.6	-0.1
BE	3.4%	91,027	88,460	2,567	8.0	10.2	-2.2
CY	0.2%	4,144	5,225	-1,081	9.9	8.8	1.1
DE	24.3%	634,814	640,071	-5,257	6.6	7.6	-1.0
EE	0.3%	408	6,840	-6,432	9.2	7.5	1.7
ES	11.0%	305,333	289,536	15,797	8.0	8.4	-0.4
FI	1.7%	41,170	44,600	-3,430	6.9	7.7	-0.8
FR	18.8%	516,032	495,913	20,119	7.2	8.1	-0.9
GR	0.0%	0	0	0	0.0	0.0	0.0
IE	1.6%	41,029	41,116	-87	8.5	10.1	-1.6
IT	15.7%	429,415	412,490	16,925	7.1	7.9	-0.8
LT	0.5%	5,493	14,053	-8,560	10.2	10.6	-0.4
LU	0.3%	3,870	7,998	-4,128	5.6	7.2	-1.7
LV	0.4%	3,344	9,461	-6,117	11.3	10.4	0.9
MT	0.1%	1,362	2,547	-1,185	9.5	9.2	0.3
NL	5.4%	126,966	142,294	-15,328	7.7	9.0	-1.4
PT	2.2%	51,035	56,829	-5,794	7.0	7.2	-0.2
SI	0.4%	10,349	11,691	-1,342	9.9	10.2	-0.3
SK	1.1%	17,034	27,807	-10,773	8.2	8.3	-0.1
SNAT	10.0%	275,874	263,111	12,763	7.7	8.9	-1.2
Total / Avg.	**100.0%**	**2,631,107**	**2,631,107**	**0**	**7.3**	**8.2**	**-0.9**

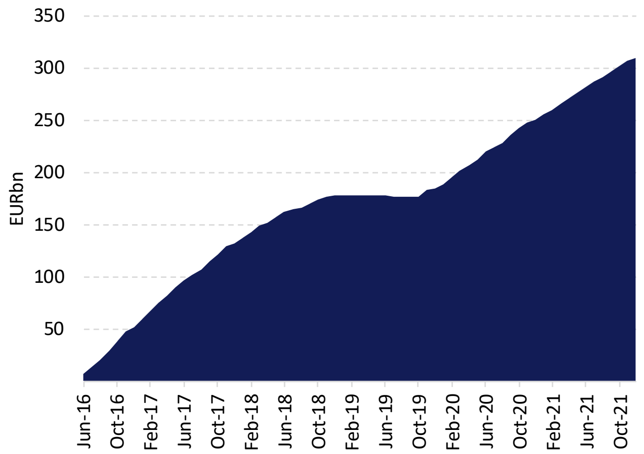
[1] Based on the ECB capital key, adjusted to include supras and the disqualification of Greece
[2] Based on the adjusted distribution key
[3] Weighted average time to maturity of the bonds eligible for purchasing under the PSPP (semi-annual data, Q1/2021)
Source: ECB, NORD/LB Markets Strategy & Floor Research

Corporate Sector Purchase Programme (CSPP)

Weekly purchases

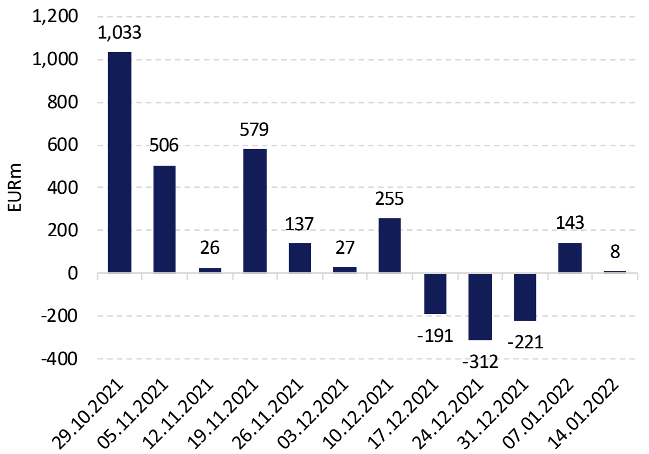


Development of CSPP volume

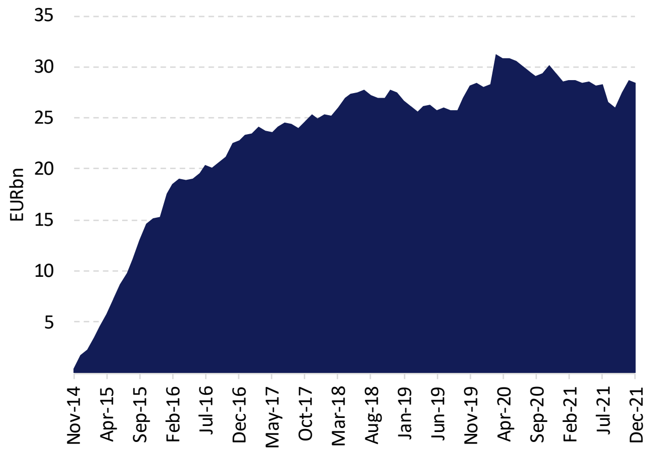


Asset-Backed Securities Purchase Programme (ABSPP)

Weekly purchases



Development of ABSPP volume



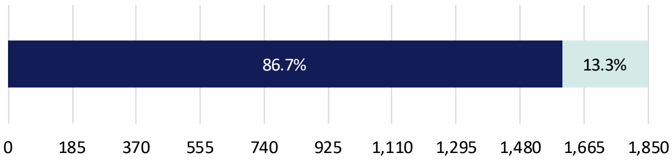
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Pandemic Emergency Purchase Programme (PEPP)

Holdings (in EURm)

	PEPP
Nov-21	1,548,190
Dec-21	1,597,565
Δ	+49,375

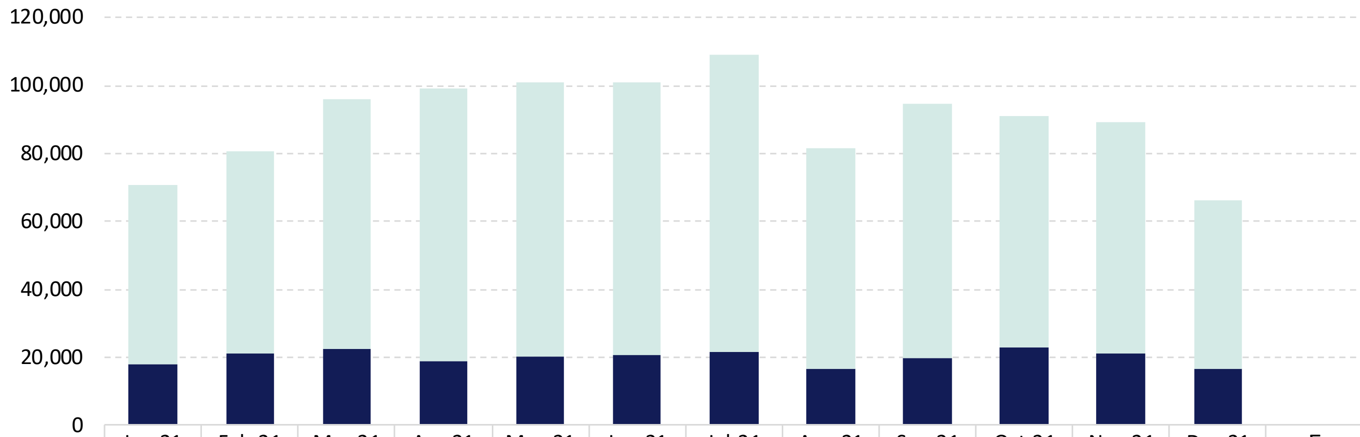
Volume already invested (in EURbn)



Estimated portfolio development

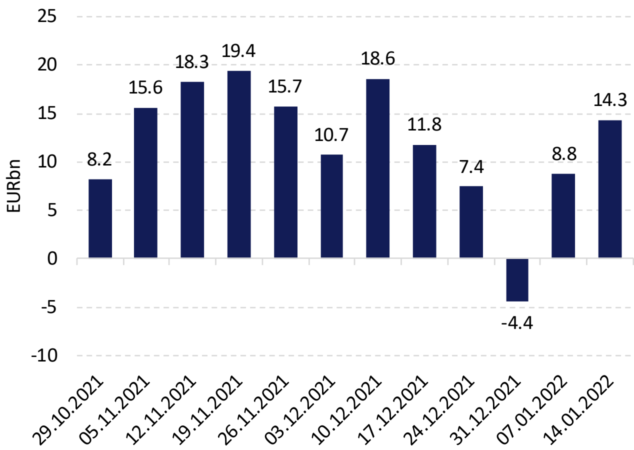
Assumed pace of purchases	Weekly net purchase volume	PEPP limit hit in …
Average weekly net purchase volume so far	EUR 17.1bn	14 weeks (22.04.2022)

Monthly net purchases (in EURm)

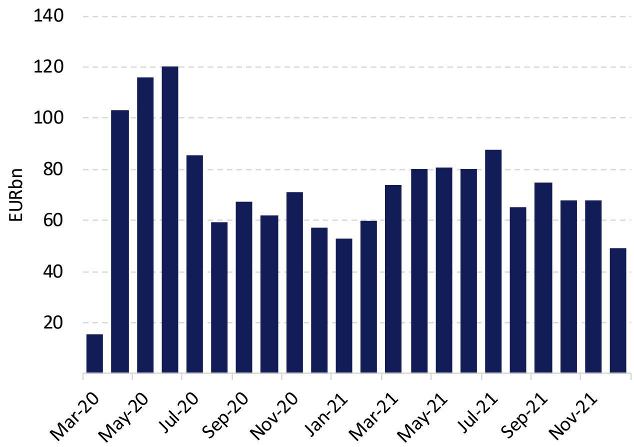


	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	∑
∑	70,892	80,829	96,082	99,036	100,841	100,808	109,154	81,799	94,710	90,872	89,244	66,044	1,080,31
PEPP	53,046	59,914	73,521	80,118	80,700	80,168	87,557	65,050	75,051	67,855	68,045	49,375	840,400
APP	17,846	20,915	22,561	18,918	20,141	20,640	21,597	16,749	19,659	23,017	21,199	16,669	239,911

Weekly purchases



Development of PEPP volume

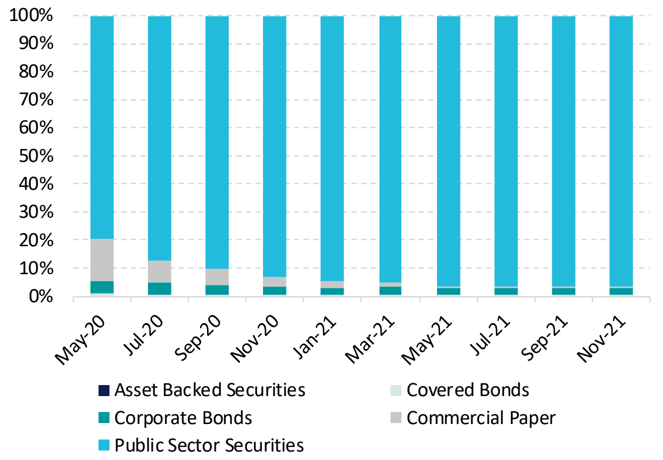


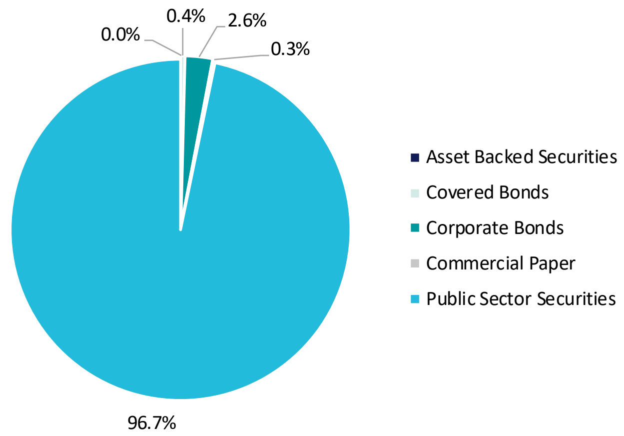
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Holdings under the PEPP (in EURm)

	Asset-backed Securities	Covered Bonds	Corporate Bonds	Commercial Paper	Public Sector Securities	PEPP
Sep-21	0	6,079	37,139	3,314	1,353,076	1,399,609
Nov-21	0	6,079	39,871	4,032	1,485,567	1,535,549
Δ	0	0	+2,732	+717	+132,491	+135,940

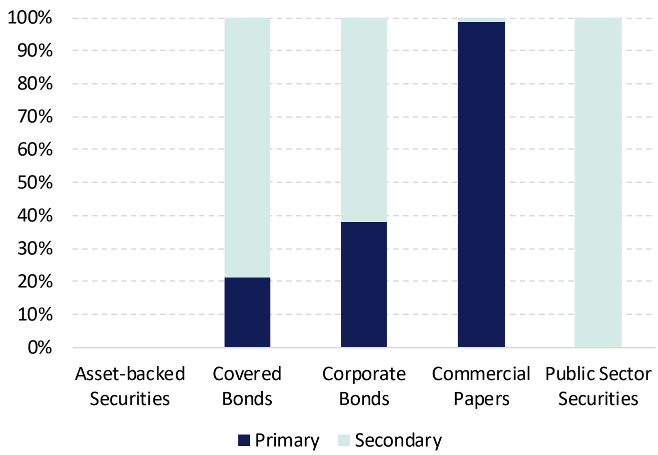
Portfolio structure





Portfolio development

Share of primary and secondary market holdings



Breakdown of private sector securities under the PEPP

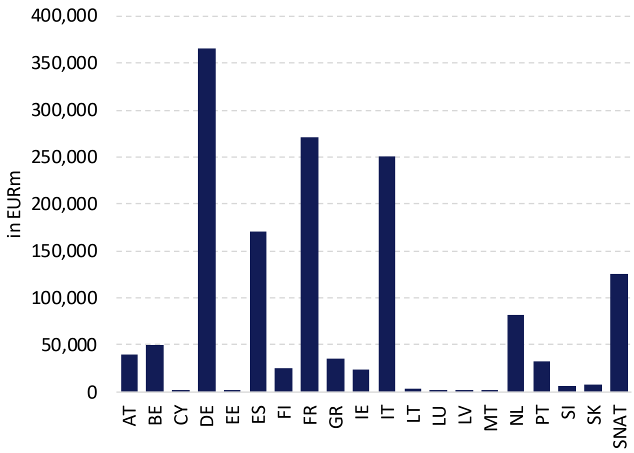
Nov-21	Asset-backed securities		Covered bonds		Corporate bonds		Commercial paper	
	Primary	**Secondary**	**Primary**	**Secondary**	**Primary**	**Secondary**	**Primary**	**Secondary**
Holdings in EURm	0	0	1,298	4,781	15,101	24,770	3,989	43
Share	0.0%	0.0%	21.4%	78.7%	37.9%	62.1%	98.9%	1.1%

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

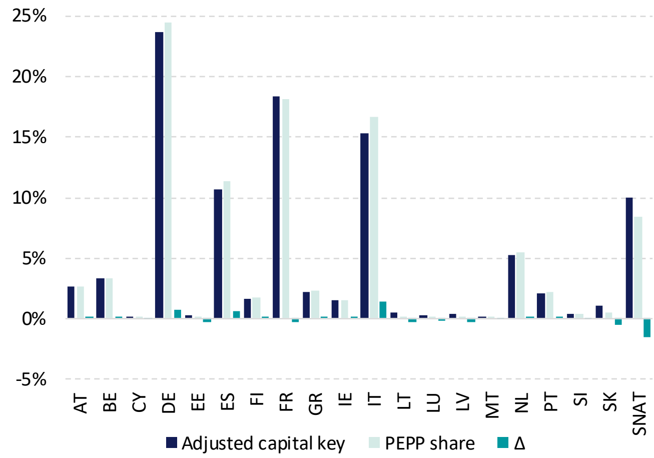
Breakdown of public sector securities under the PEPP

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	40,331	2.6%	2.7%	0.1%	8.4	7.0	1.3
BE	50,666	3.3%	3.4%	0.1%	6.7	9.1	-2.4
CY	2,418	0.2%	0.2%	0.0%	8.7	8.1	0.6
DE	366,630	23.7%	24.5%	0.7%	6.2	6.8	-0.6
EE	256	0.3%	0.0%	-0.2%	8.5	6.8	1.7
ES	170,306	10.7%	11.4%	0.6%	8.0	7.6	0.4
FI	25,499	1.7%	1.7%	0.0%	7.1	7.4	-0.3
FR	271,410	18.4%	18.1%	-0.3%	8.2	7.5	0.7
GR	34,935	2.2%	2.3%	0.1%	8.9	9.6	-0.7
IE	23,549	1.5%	1.6%	0.0%	8.8	9.1	-0.3
IT	250,889	15.3%	16.7%	1.5%	7.1	6.9	0.2
LT	2,939	0.5%	0.2%	-0.3%	11.0	10.1	0.9
LU	1,904	0.3%	0.1%	-0.2%	6.5	6.1	0.4
LV	1,625	0.4%	0.1%	-0.2%	9.5	9.2	0.3
MT	480	0.1%	0.0%	-0.1%	10.8	9.1	1.7
NL	81,494	5.3%	5.4%	0.2%	7.4	8.6	-1.2
PT	33,097	2.1%	2.2%	0.1%	6.8	7.2	-0.4
SI	6,143	0.4%	0.4%	0.0%	9.4	9.2	0.1
SK	7,262	1.0%	0.5%	-0.5%	7.5	8.5	-1.0
SNAT	126,308	10.0%	8.4%	-1.6%	10.5	8.5	2.0
Total / Avg.	**1,498,141**	**100.0%**	**100.0%**	**0.0%**	**7.6**	**7.5**	**0.1**

Distribution of public sector assets by jurisdiction



Deviations from the adjusted distribution key



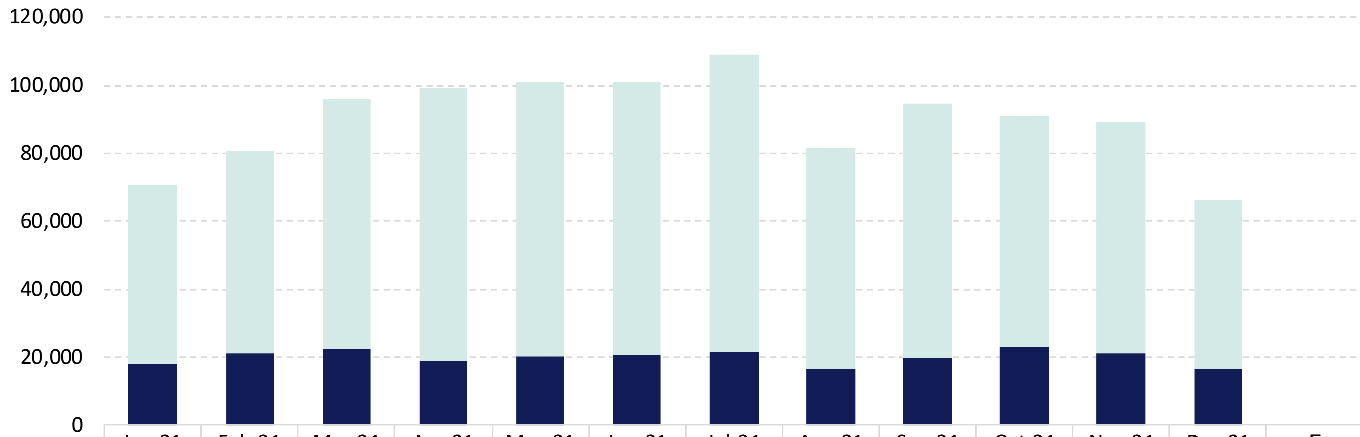
[1] Based on the ECB capital key, adjusted to include supras [2] Based on the adjusted distribution key
[3] Weighted average time to maturity of the bonds eligible for purchasing under the PEPP
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Aggregated purchase activity under APP and PEPP

Holdings (in EURm)

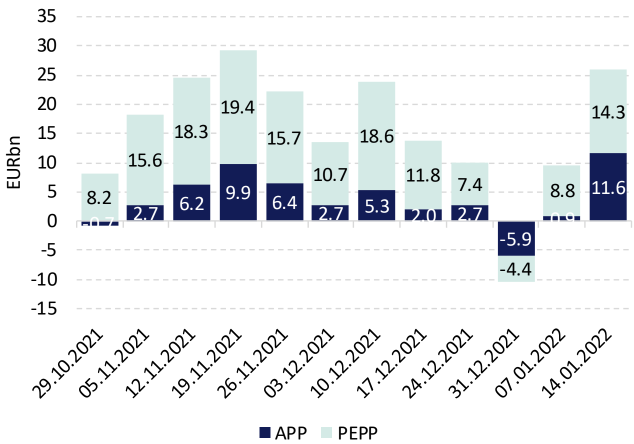
	APP	PEPP	APP & PEPP
Nov-21	3,112,499	1,548,190	4,660,689
Dec-21	3,123,456	1,597,565	4,721,021
Δ	+16,669	+49,375	+66,044

Monthly net purchases (in EURm)

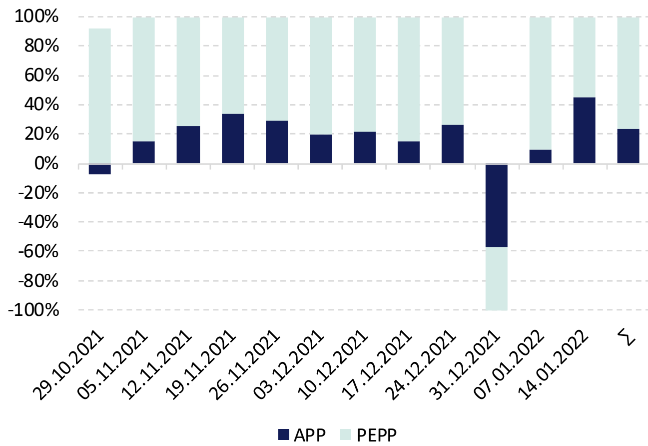


	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	∑
∑	70,892	80,829	96,082	99,036	100,841	100,808	109,154	81,799	94,710	90,872	89,244	66,044	1,080,31
PEPP	53,046	59,914	73,521	80,118	80,700	80,168	87,557	65,050	75,051	67,855	68,045	49,375	840,400
APP	17,846	20,915	22,561	18,918	20,141	20,640	21,597	16,749	19,659	23,017	21,199	16,669	239,911

Weekly purchases



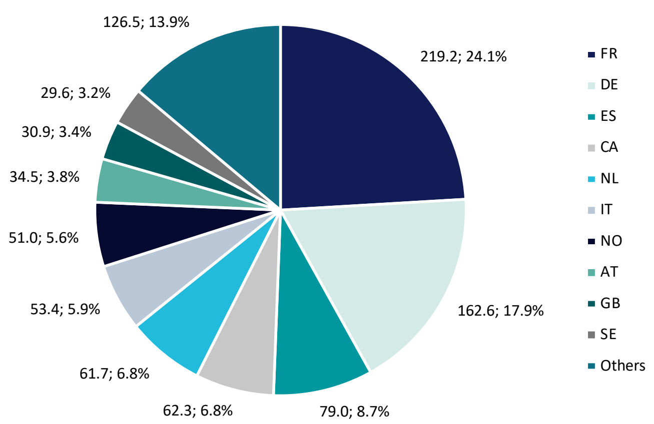
Distribution of weekly purchases



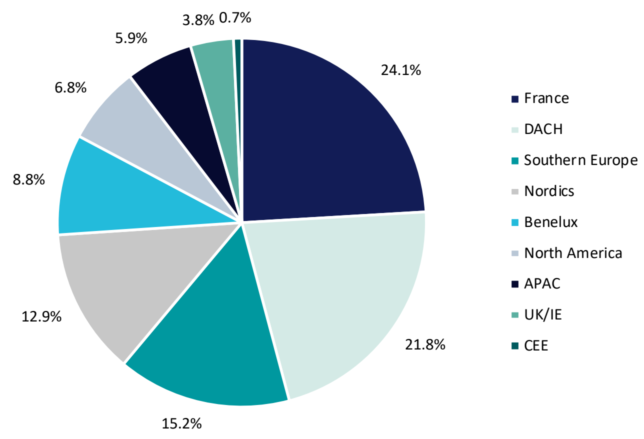
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



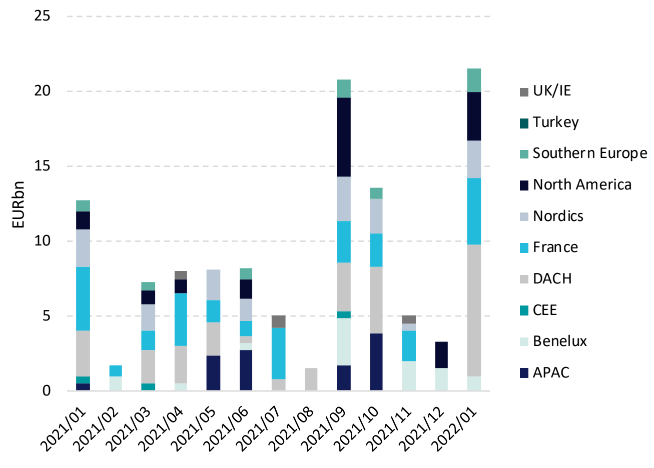
EUR benchmark volume by region (in EURbn)



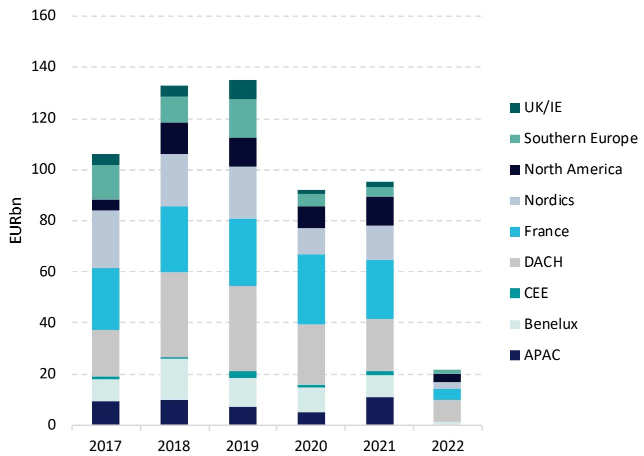
Top-10 jurisdictions

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	219.2	210	11	0.93	10.2	5.7	0.85
2	DE	162.6	239	16	0.62	8.4	4.6	0.41
3	ES	79.0	64	4	1.13	11.7	3.6	1.82
4	CA	62.3	53	0	1.14	6.1	3.2	0.22
5	NL	61.7	64	0	0.91	11.7	7.8	0.71
6	IT	53.4	63	1	0.82	9.2	4.2	1.27
7	NO	51.0	59	9	0.86	7.4	4.0	0.38
8	AT	34.5	63	2	0.54	9.9	6.3	0.58
9	GB	30.9	37	1	0.86	8.5	3.5	0.91
10	SE	29.6	36	0	0.82	7.6	3.4	0.41

EUR benchmark issue volume by month



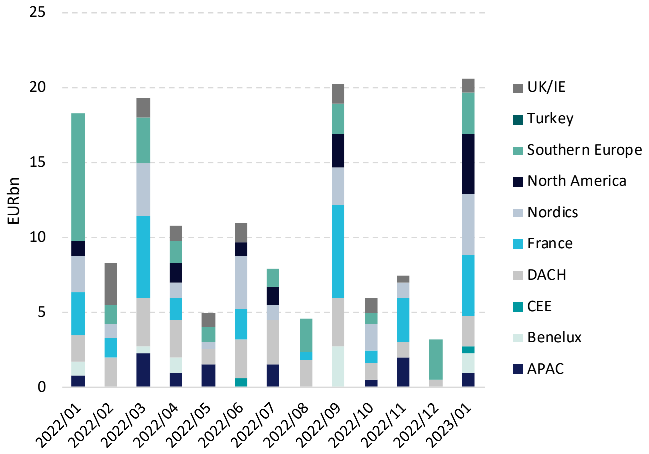
EUR benchmark issue volume by year



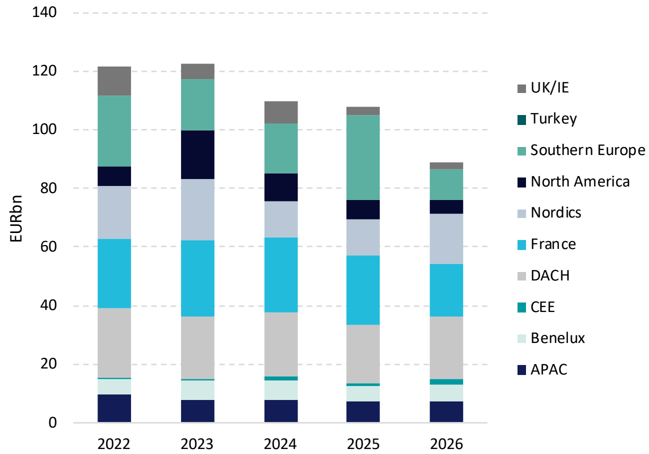
Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

NORD/LB

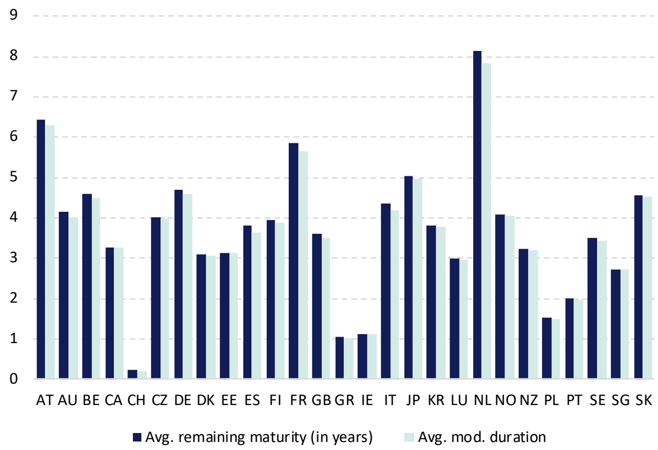
EUR benchmark maturities by month



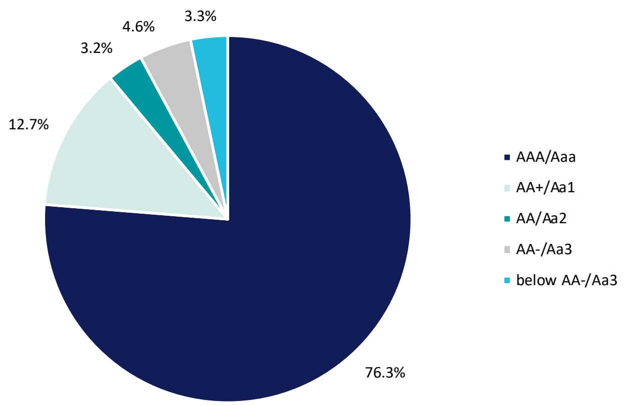
EUR benchmark maturities by year



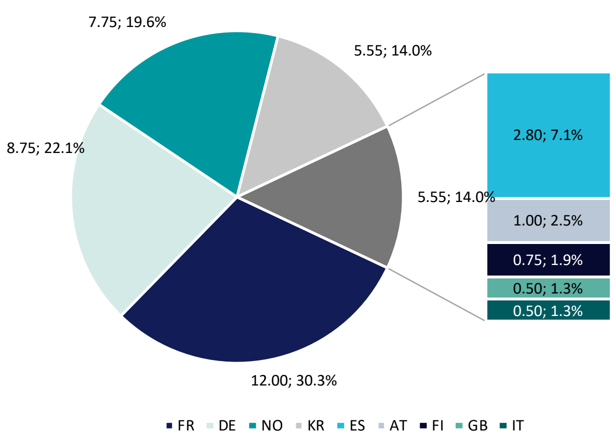
Modified duration and time to maturity by country



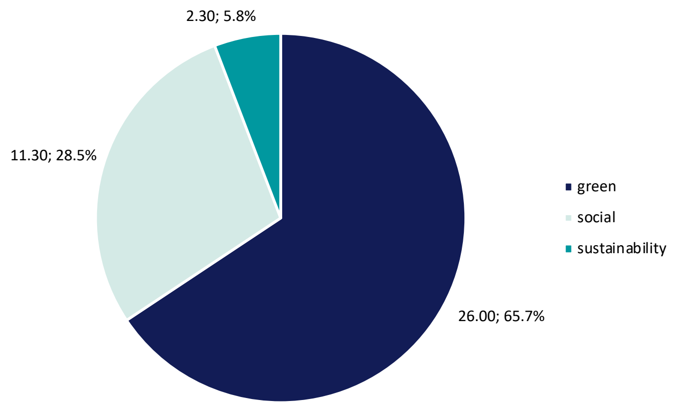
Rating distribution (volume weighted)



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



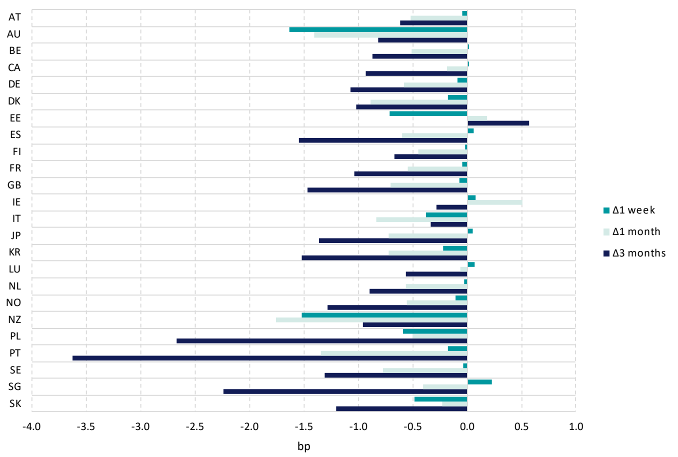
EUR benchmark volume (ESG) by type (in EURbn)



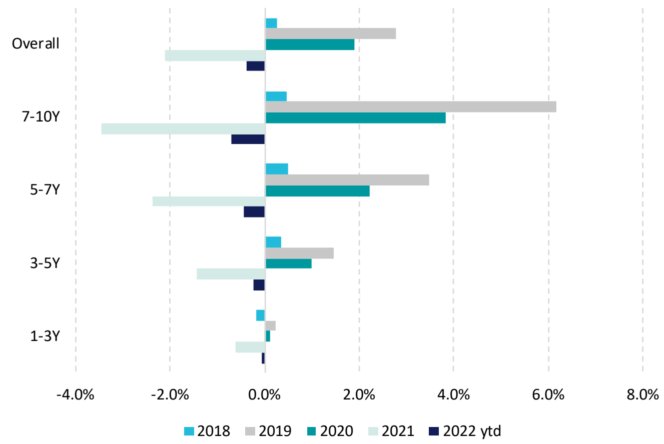
Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

NORD/LB

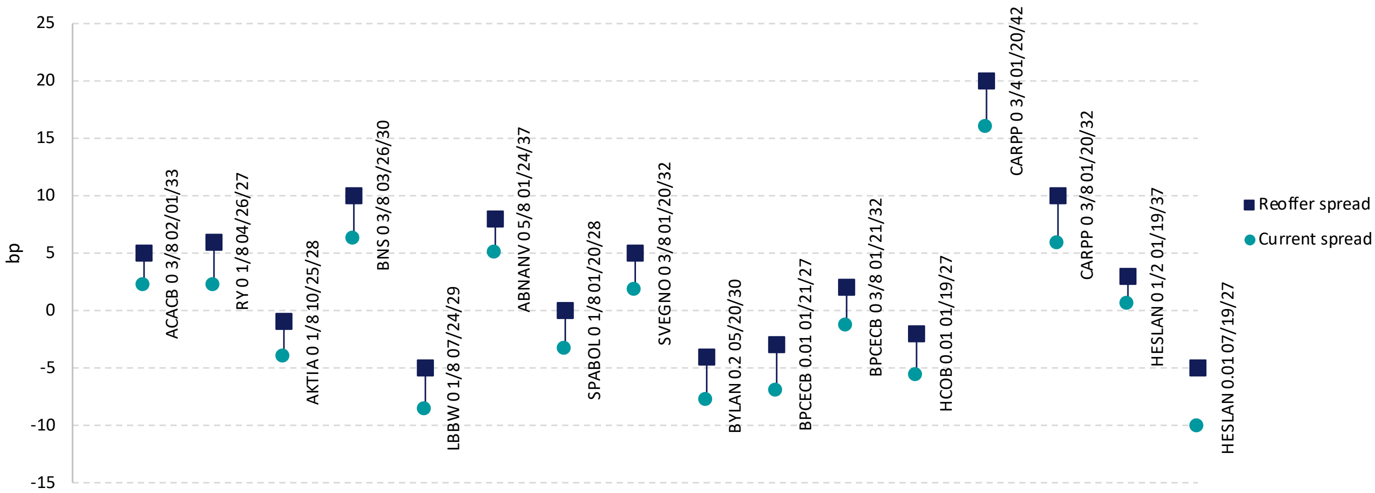
Spread development by country



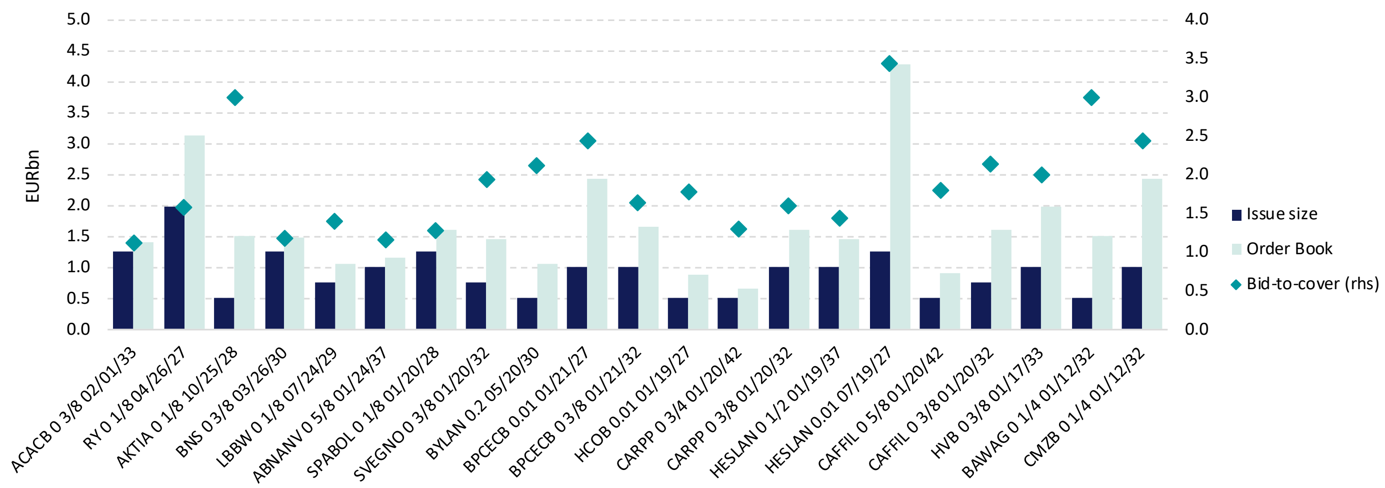
Covered bond performance (Total return)



Spread development (last 15 issues)



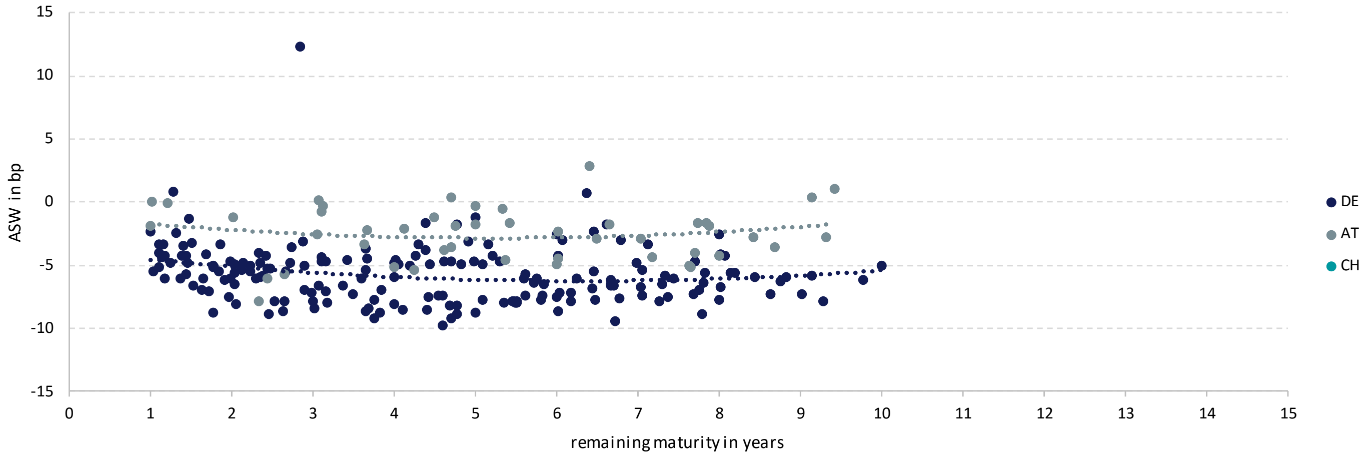
Order books (last 15 issues)



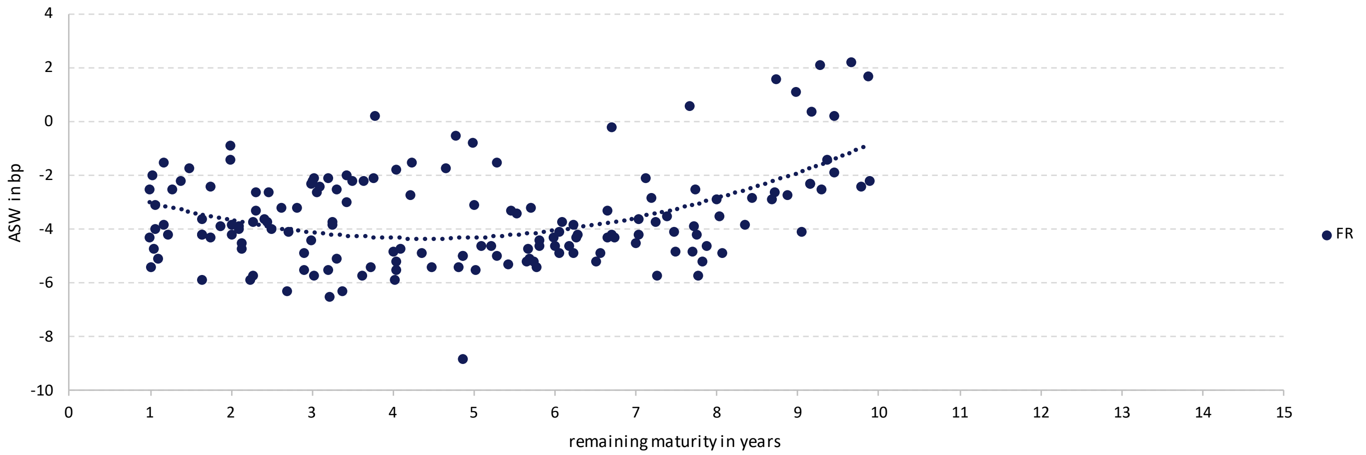
Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

Spread overview[1]

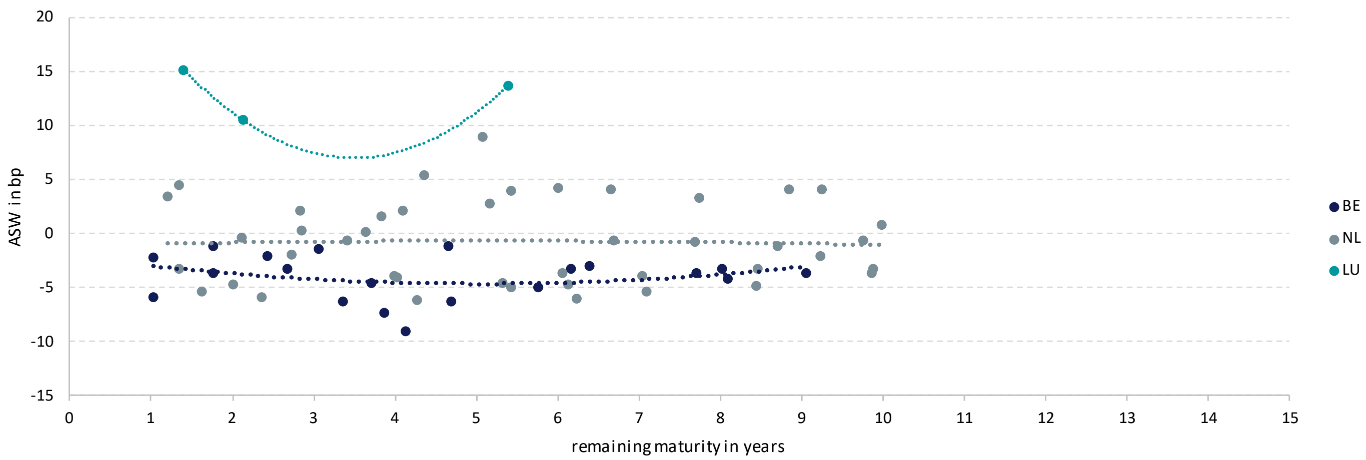
DACH



France

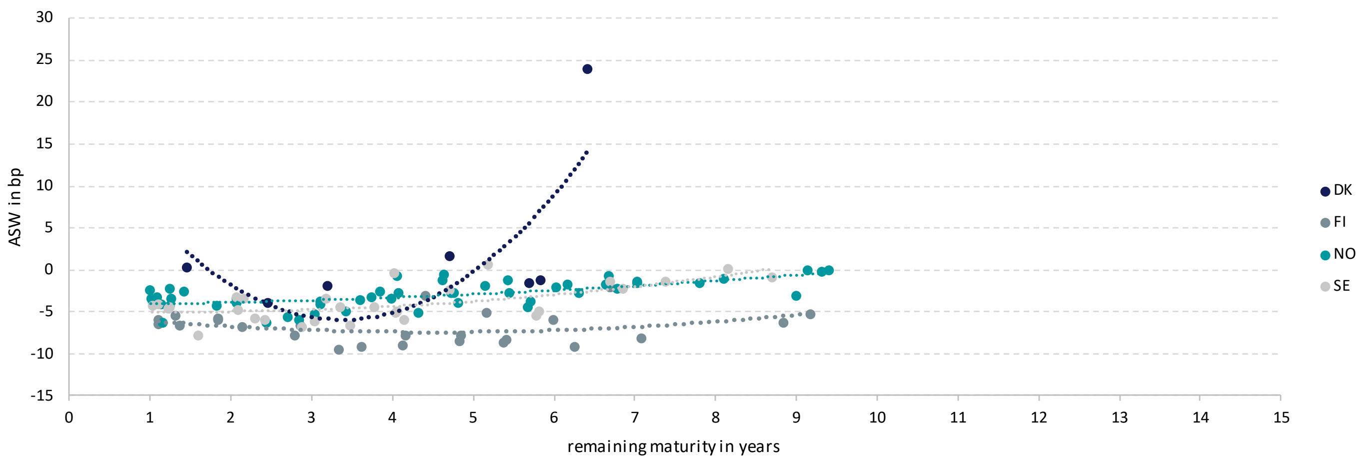


Benelux

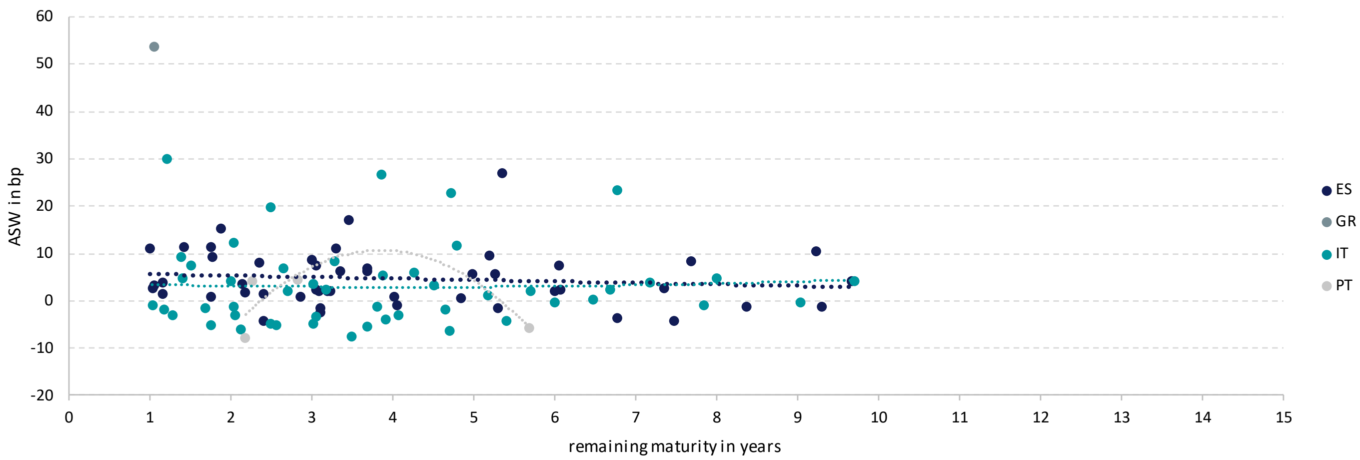


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research [1]Time to maturity 1 ≤ y ≤ 15

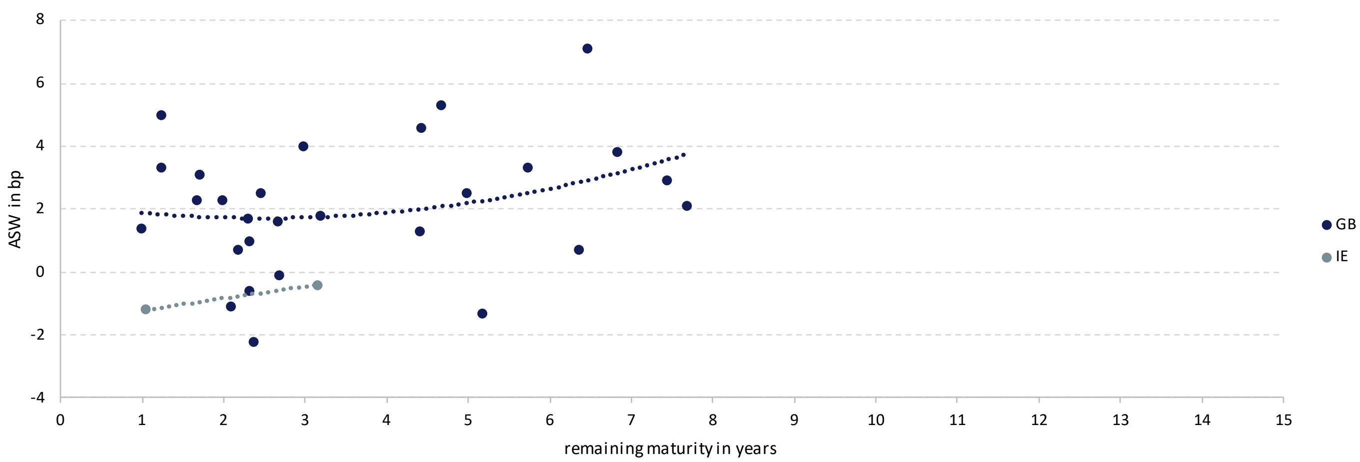
Nordics



Southern Europe

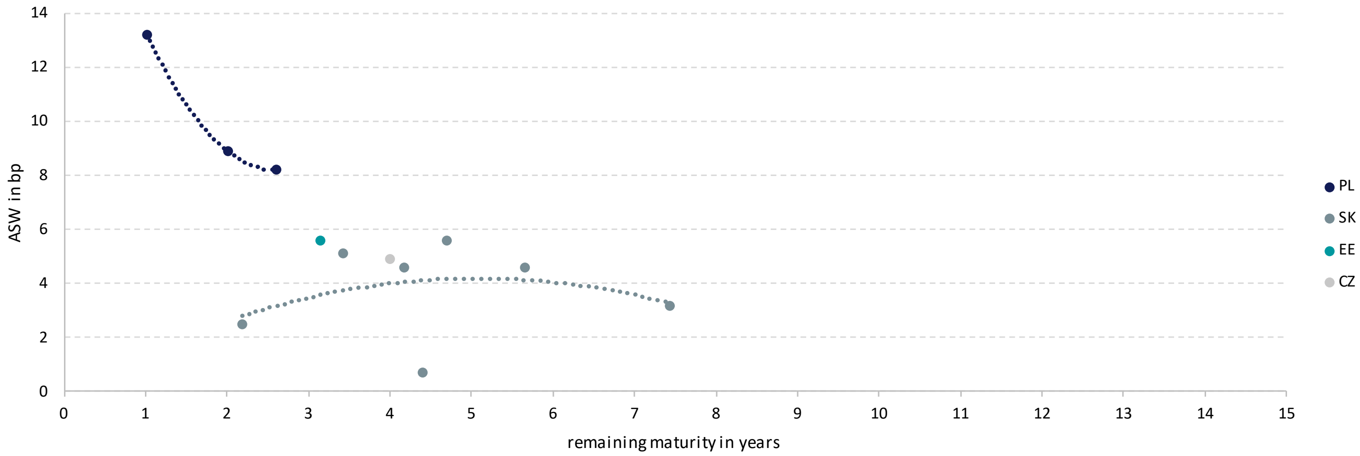


UK/IE

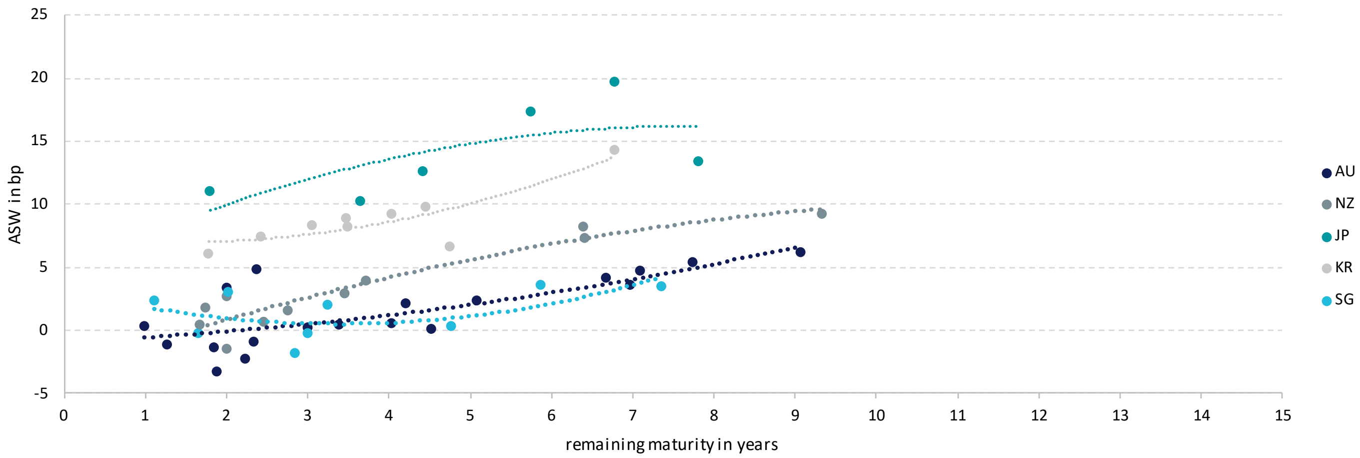


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

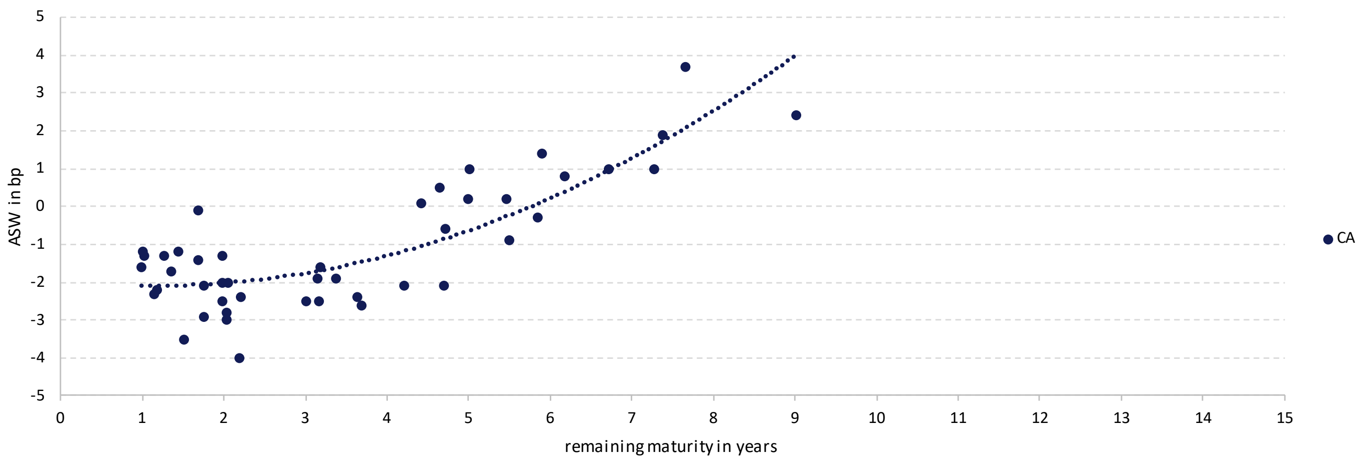
CEE



APAC



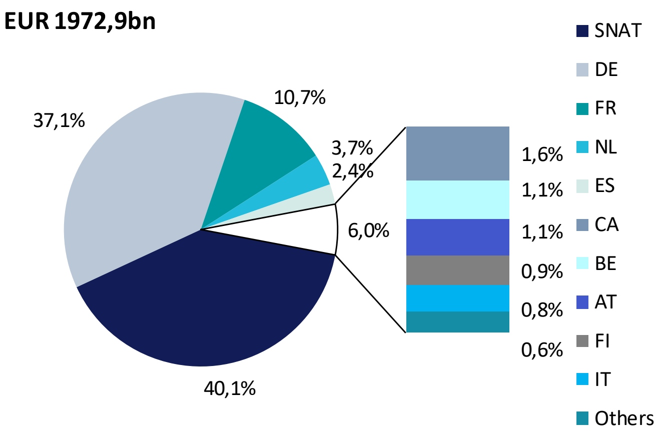
North America



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

Charts & Figures
SSA/Public Issuers

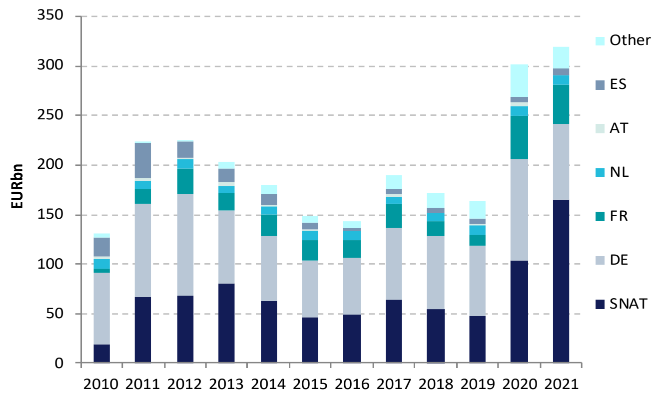
Outstanding volume (bmk)



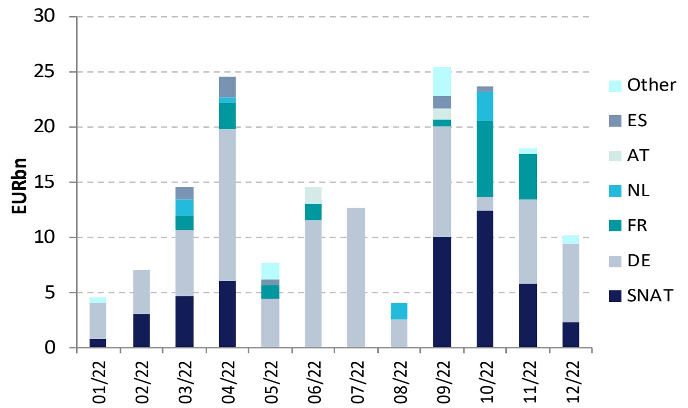
Top 10 countries (bmk)

Country	Vol. (€bn)	No. of bonds	ØVol. (€bn)	Vol. weight. ØMod. Dur.
SNAT	791,3	195	4,1	8,6
DE	732,2	571	1,3	6,8
FR	211,5	147	1,4	5,7
NL	73,6	69	1,1	6,7
ES	46,8	59	0,8	5,0
CA	30,7	21	1,5	5,5
BE	21,7	25	0,9	13,7
AT	21,2	23	0,9	4,9
FI	17,0	21	0,8	6,2
IT	15,0	19	0,8	5,5

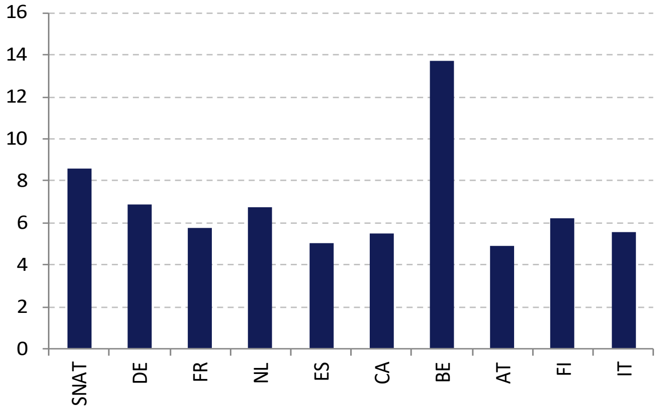
Issue volume by year (bmk)



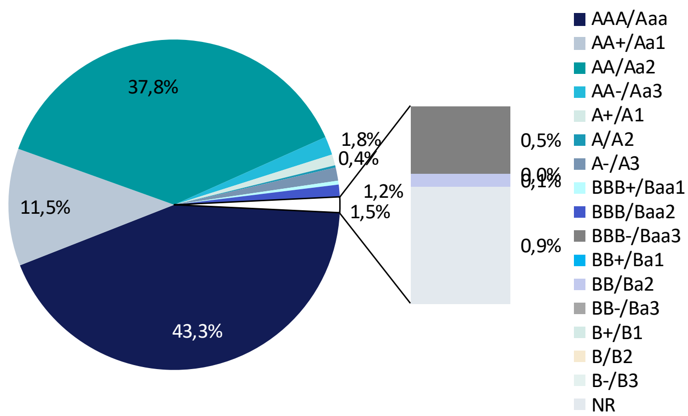
Maturities next 12 months (bmk)



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

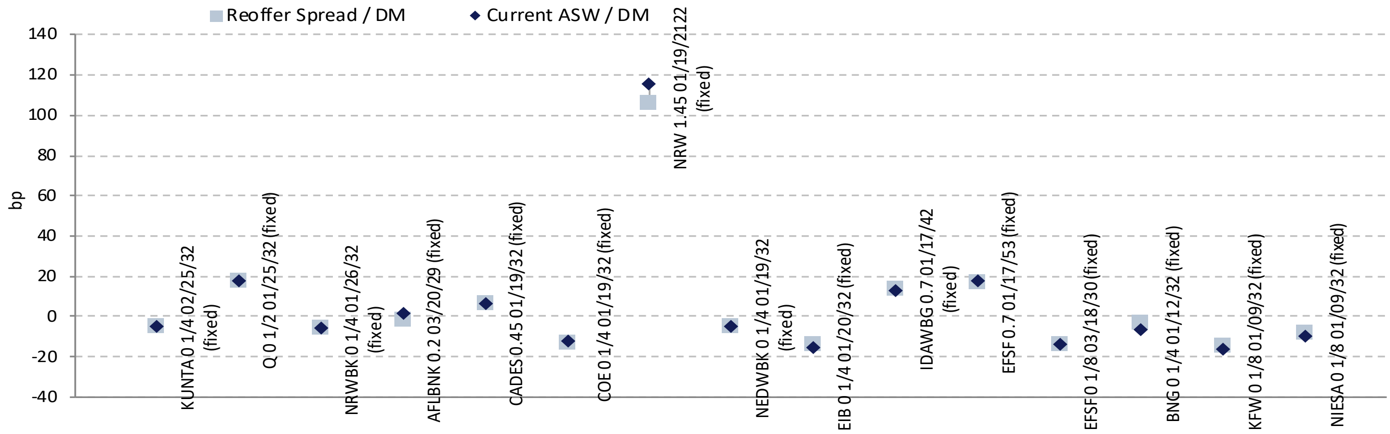


Rating distribution (vol. weighted)

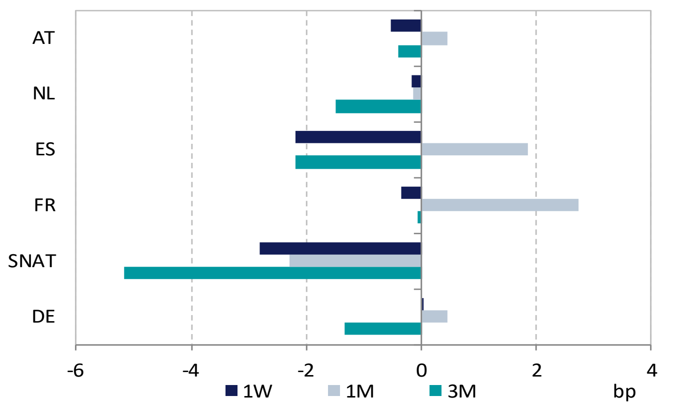


Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

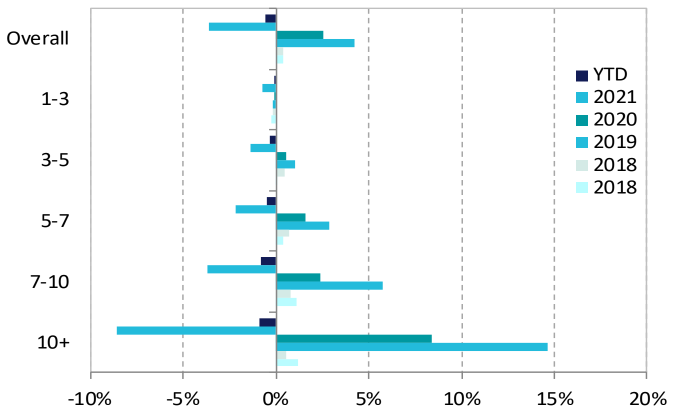
Spread development (last 15 issues)



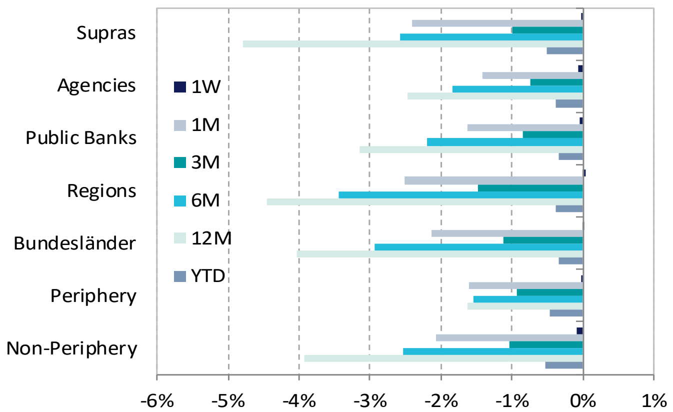
Spread development by country



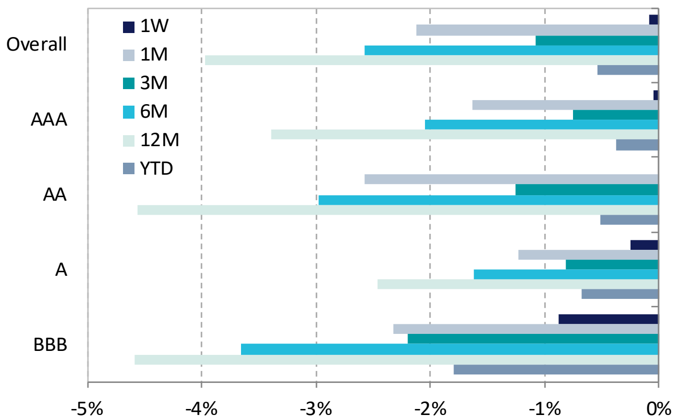
Performance (total return)



Performance (total return) by regions



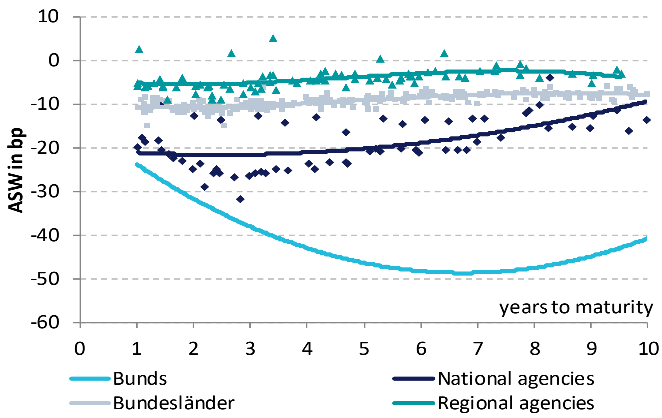
Performance (total return) by rating



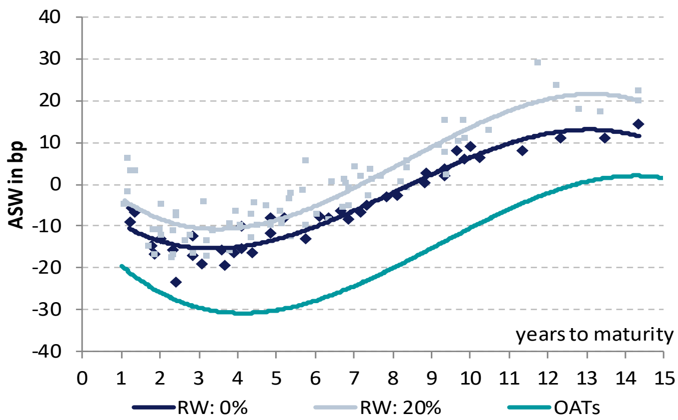
Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

NORD/LB

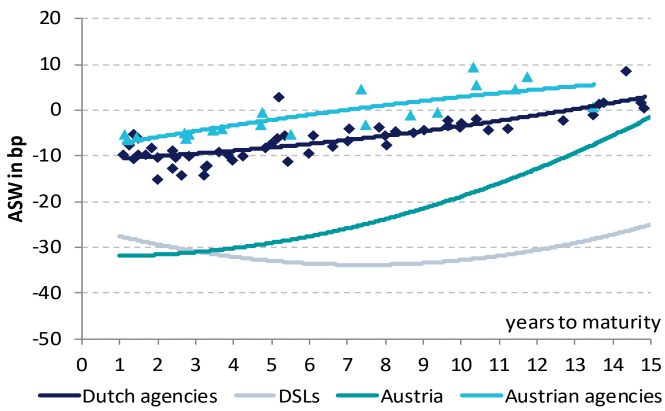
Germany (by segments)



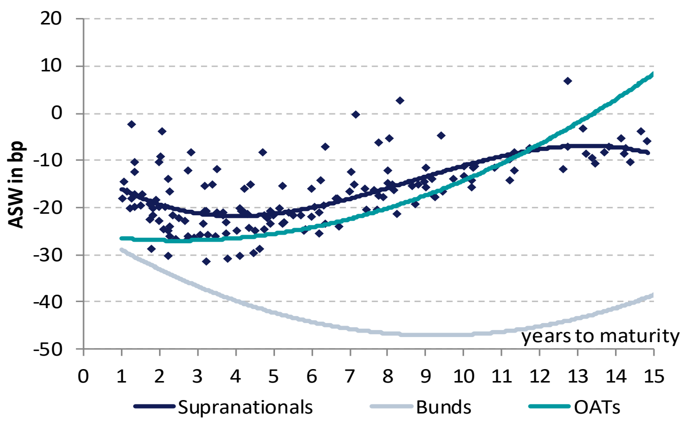
France (by risk weight)



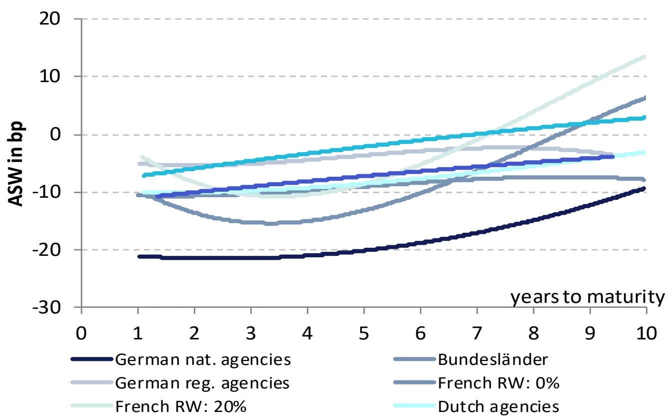
Netherlands & Austria



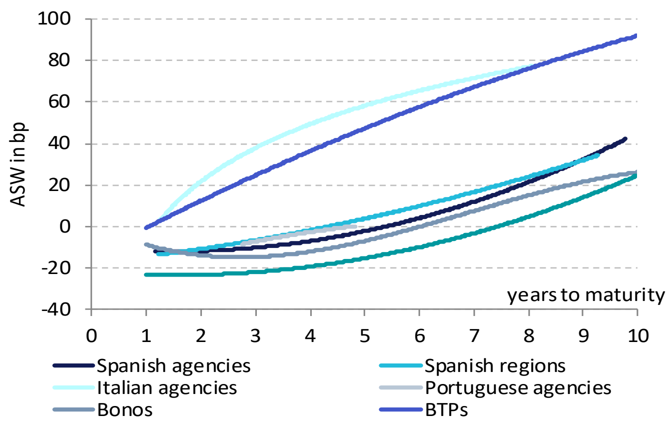
Supranationals



Core



Periphery



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

Appendix
Overview of latest Covered Bond & SSA View editions

Publication	Topics
01/2022 ♦ 12 January	▪ Covered Bonds Annual Review 2021 ▪ The Moody's covered bond universe – an overview ▪ SSA Annual Review 2021: Record after record
40/2021 ♦ 15 December	▪ ECB preview: End of PEPP, booster for APP?! ▪ Our view of the covered bond market in 2022 ▪ SSA Outlook 2022: Public sector caught between ECB & COVID
39/2021 ♦ 08 December	▪ The ECB, monetary policy and covered bond market: Hypothetical "What if...?" considerations ▪ The Moody's rating approach
38/2021 ♦ 01 December	▪ United Kingdom: Spotlight on the EUR benchmark segment ▪ Beyond Bundeslaender: Region Pays de la Loire (PDLL)
37/2021 ♦ 24 November	▪ Benchmark deals outside the euro: momentum has returned! ▪ Transparency regulations under Section 28 of the Pfandbriefgesetz (PfandBG - German Pfandbrief Act) Q3 2021 ▪ Beyond Bundeslaender: Auvergne-Rhône-Alpes Region (ARA)
36/2021 ♦ 17 November	▪ Primary market forecast 2022: time for a comeback? ▪ Development of the German property market ▪ Beyond Bundeslaender: Spotlight on Belgian regions
35/2021 ♦ 10 November	▪ PEPP approaching notional end – will the APP be pepped up? ▪ Spain's major move – will the amended covered bond legislation breathe new life into the market?
34/2021 ♦ 03 November	▪ Repayment structures on the covered bond market: EU harmonisation is already leaving its mark ▪ Beyond Bundeslaender: Spanish regions in the spotlight
33/2021 ♦ 27 October	▪ Insurance firms as covered bond investors: A look at Solvency II and EIOPA statistics ▪ The Scope rating approach
32/2021 ♦ 20 October	▪ ECB preview: interim step before a landmark December? ▪ ECBC publishes annual statistics for 2020 ▪ Covered bonds in the context of the ECB collateral framework
31/2021 ♦ 22 September	▪ Covered bond primary market: a September to remember ▪ Announcement: Issuer Guide German Laender 2021
30/2021 ♦ 15 September	▪ Transparency requirements § 28 PfandBG Q2 2021 ▪ Fitch: rating approach covered bonds ▪ Update: Joint Laender (Ticker: LANDER)
29/2021 ♦ 08 September	▪ New dynamic on the Canadian covered bond market: Two debut EUR issuers ▪ Development of the German property market ▪ NGEU in the starting blocks: 3, 2, 1 … EU auctions!
28/2021 ♦ 01 September	▪ ECB preview: focus on the pace of PEPP purchases? ▪ France – largest jurisdiction in EUR benchmark bond segment: a covered bond overview of the "Grande Nation"

Appendix
Publication overview

Covered Bonds:

Issuer Guide Covered Bonds 2021

Risk weights and LCR levels of covered bonds

Transparency requirements §28 PfandBG

Transparenzvorschrift §28 PfandBG Sparkassen (German only)

SSA/Public Issuers:

Issuer Guide – German Bundeslaender 2021

Issuer Guide – Canadian Provinces & Territories 2020

Issuer Guide – Supranationals & Agencies 2019

Issuer Guide – Down Under 2019

Fixed Income:

ESG update

Analysis of ESG reporting

ECB decision: PEPP benched for now, APP comes in as Point Guard

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

ECB launches corona pandemic emergency

NORD/LB:	**NORD/LB:**	**NORD/LB:**	**Bloomberg:**
Markets Strategy & Floor Research	Covered Bond Research	SSA/Public Issuer Research	RESP NRDR <GO>

Appendix
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Sales

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

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

Origination & Syndicate

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

Sales Wholesale Customers

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

Treasury

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

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Additional information
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Issuer / security	Date	Recommendation	Bond type	Cause