Covered Bond & SSA View

NORD/LB Markets Strategy & Floor Research

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Marketing communication (see disclaimer on the last pages)

Agenda

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Market overview
Covered Bonds

Authors: Dr Frederik Kunze // Melanie Kiene, CIIA

Primary market: exceptionally active start to the week

At the start of the week there was a pronounced spate of issuance activity. On Monday, four issuers appeared on the market in one fell swoop offering five deals, with a further four having announced mandates for impending issuances. In contrast to this, the previous week was still relatively quiet, which we would ascribe to the ECB key rates decision slated for last Thursday (in this context, please also refer to NORD/LB Fixed Income Special). Last Friday, the French issuer BPCE SFH approached investors with a green covered bond in the amount of EUR 750m (10y). With a bid-to-cover ratio of 2.7x (the highest in the period under review today), the bond was met with high demand. LBBW (dual tranche), RLB-Steiermark and CRH kicked off this week's issuance activity. While LBBW and RLB-Steiermark limited their deals to EUR 500m (WNG) in advance, CRH left its potential issuance volume open. The four bonds were well, or even very well, absorbed by the market. With a bid-to-cover ratio of 1.1x and pricing at the level of the guidance, it was only the 10y covered bond from LBBW that was met with restrained demand. Yesterday, three further deals were placed on the market. The covered bonds from the Bank of New Zealand and Banco BPM from Italy (both EUR 750m; term to maturity: 5y; final spread: ms +53bp and ms +55bp) were solidly received by the market. The bid-to-cover ratios stood at 1.7x (BNZ) and 1.1x (Banco BPM). In contrast, Germany's Hamburg Commercial Bank left market players in the dark with regard to its order book. Meanwhile, due to a lack of corresponding investor demand, another German issuer in the form of Bausparkasse Schwäbisch Hall opted later in the day to postpone its new issue - despite the fact that the order books had been opened that morning and final terms had already been published. This is the first incidence of this kind for a covered bond deal this year. The bank guided its deal (EUR 500m; WNG) in the area of ms +21bp and defined this as the final spread too. New issue premiums over the past couple of days have come in at between three and nine basis points. Therefore, a total of EUR 4.5bn has been placed on the market since Monday alone, while we also expect the primary market to remain active in the days to come. The abundant supply of fresh bonds and in particular the dynamics seen over the past few trading weeks have left their trace on the market, which can also be seen as a reason for the rather underwhelming order books.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
HCOB	DE	20.06.	DE000HCB0BV0	4.6y	0.50bn	ms +20bp	- / Aaa / -	-
Banco BPM	IT	20.06.	IT0005552507	5.0y	0.75bn	ms +55bp	- / Aa3 / -	-
Bank of New Zealand	NZ	20.06.	XS2638490354	5.5y	0.75bn	ms +53bp	AAA /Aaa / -	-
CRH	FR	19.06.	FR001400IUM5	9.0y	1.00bn	ms +31bp	AAA /Aaa / -	-
LBBW	DE	19.06.	DE000LB387C2	10.0y	0.50bn	ms +19bp	- / Aaa / -	-
LBBW	DE	19.06.	DE000LB387B4	4.3y	0.50bn	ms -1 bp	- / Aaa / -	X
RLB-Steiermark	AT	19.06.	AT0000A35Y69	3.0y	0.50bn	ms +27 bp	- / Aaa / -	-
BPCE SFH	FR	16.06.	FR001400ITG9	10.0y	0.75bn	ms +33 bp	AAA /Aaa / -	X
Argenta Spaarbank	BE	13.06.	BE6344564859	5.0y	0.50bn	ms +28 bp	- /- / AAA	-

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

Secondary market: overwhelmingly weak performance of new issuances

Banks in particular increasingly acted as sellers in the four to six-year maturity range in order to extend their duration by buying new 10y or 7y covered bonds and thereby benefit from the I-spread widening. Looking at the new deals placed over the last couple of weeks, it is clear that performance was solid (average value: -5.9 basis points). The majority of bonds are trading below their issuance spread, with double digit narrowing of 13 basis points even recorded by the double debut from UniCredit Bank Czech Republic & Slovakia (inaugural green deal from this issuer and from Czech Republic at jurisdiction level; for further details, please refer to the focus article in this edition).

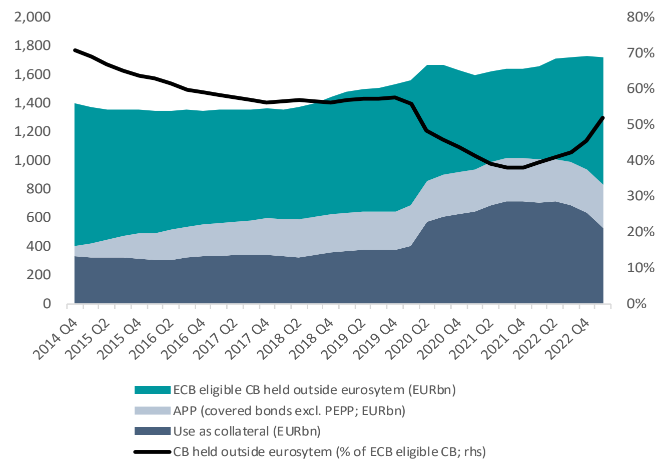
EBA discusses impacts of TLTRO III repayments as part of third report on monitoring the implementation of the LCR and NSFR

On 15 June, the European Banking Authority (EBA) published its third report on monitoring the implementation of the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). In the report, the EBA lists covered bonds as one of the four elements used for the refinancing of maturing TLTRO III tenders alongside deposits, the use of excess liquidity and the issuance of senior preferred bonds. For months now we have been seeing significant pre-funding activities, which also includes covered bond deals. At the same time, holdings of TLTRO III funding are steadily declining. On 16 June 2023, the ECB announced voluntary early repayments (as at 28 June 2023) in the amount of EUR 29.5bn from the six tenders maturing in the period from 27 September 2023 to 18 December 2024. With regard to the LCR, the EBA has identified a reduction in the ratio, although the relevant banks are on average still complying with the minimum requirements. However, the regulatory agency sees a need for action on the part of individual banks to avoid falling below the minimum ratio. Furthermore, additional outflows of liquidity due to "adverse" market scenarios cannot be ruled out. In the course of this fundamental consideration, the relevance of covered bonds as a funding option becomes clear. For example, the EBA also determined that senior funding (in contrast to covered issues) is characterised not only by higher absolute yields but also by higher spreads. On the investor side, covered bonds represent a key element for banks in the context of the LCR when it comes to the interest-bearing investments of liquidity in "LCR-eligible" material.

Outstanding TLTRO III tenders (EUR bn)

Tender	Settlement	Maturity	Allotted	Outst.*
20210155	22.12.21	18.12.24	51.97	**43.89**
20210119	29.09.21	25.09.24	97.57	**90.87**
20210078	24.06.21	26.06.24	109.83	**73.28**
20210034	24.03.21	27.03.24	330.5	**284.25**
20200248	16.12.20	20.12.23	50.41	**45.52**
20200207	30.09.20	27.09.23	174.46	**83.81**
20200131	24.06.20	28.06.23	1308.43	**476.80**
			Σ	**1,089.42**

Share of the ECB on the covered bond market



Source: ECB, Moody's, NORD/LB Markets Strategy & Floor Research; *outflows as at 28 June 2023 not yet taken into account

S&P takes a look at the Spanish covered bond market

In the middle of last week, S&P published an analysis of the Spanish covered bond market. In the report, the risk experts address the country's covered bond market, the legal framework, the domestic mortgage market and key characteristics of individual programmes rated by the agency, among other aspects. S&P highlights the following key points: the experts are expecting the domestic real estate market to develop more weakly owing to rising interest rates and persistent inflation, although the robust labour market and high levels of private household wealth are likely to have a supportive effect. In terms of the figures, the agency expects Spanish house prices to fall by -2.5% in 2023 and -1.0% in 2024. In 2025, prices are then projected to rise by +1.5%. Spain has essentially aligned its legal framework with the EU covered bond directive (one change is still pending). In contrast to other countries, the harmonisation process in Spain required considerable structural changes to the existing legal framework. It is now possible to separate the cover pool, while maturity deferrals have been introduced and liquidity risks will be hedged in the future. S&P takes a positive view of the changes, because they lead to greater transparency and the legislation has been adapted in line with EU standards. From a global perspective, the Spanish covered bond market is one of the largest sub-segments. According to S&P, the Spanish market totalled EUR 204bn as at the end of May 2023. Since as far back as 1981, three types of covered bonds have been placed under the legal framework in Spain: mortgage-backed (Cédulas Hipotecarias), public (Cédulas Territoriales) and pooled covered bonds (e.g., Multi Cédulas). The outlook for the five programmes currently rated by S&P (Abanca, BBVA, CaixaBank, Cajamar, Ibercaja) is set at stable and therefore corresponds with the outlook for these issuers and the rating of the Spanish state. In addition, all covered bond programmes have a corresponding overcollateralisation buffer to support the ratings.

Moody's adjusts valuation assumptions for UK covered bonds

The rating agency Moody's has reacted to changes in the composition of the cover pools for UK covered bonds and has adjusted its model assumptions. As the risk experts write, both the composition and maturities on the covered bond market have been impacted by this. Certain average life assumptions have been changed, which are used as the basis for evaluating the refinancing risk for UK covered bonds. In particular, Moody's has lowered its assumption for the average term of floating rate assets, as the proportion of these assets in the cover pools has fallen on a sustained and broad basis. In addition, the refinancing margins of the models were revised due to the credit positive development of the UK covered bond market. In this context, the agency refers to the statutory covered bond market, which was established fifteen years ago and has since become an important refinancing source on the part of issuers. No rating changes came about as a result of the adjustments. The outstanding volume of UK covered bonds in the EUR benchmark segment totals EUR 25.4bn as at 20 June 2023. We still expect new issues in the amount of EUR 2.0bn by the end of the year. Adjusted to take account of maturities this year, this would result in a net new supply of EUR 0.0bn from the UK across 2023 as a whole.

vdp Issuance Climate reveals depressed sentiment

Yesterday, on Tuesday, the Association of German Pfandbrief Banks (vdp) published the results of its new Issuance Climate for the second time. In its press release, the vdp concludes that the sentiment on the capital market is "rather subdued" at present. The outlook for the second half of 2023 is also expected to remain "muted", according to the vdp. The vdp Issuance Climate survey is carried out twice a year, with the results also made available to a wide audience by being published in the financial markets daily newspaper BörsenZeitung. The deterioration in sentiment is due, among other factors, to a weaker development in the lending business and the shift in ECB monetary policy. The indicator ranges from -100 to +100 points. With an overall score of -21 points (previously: -17 points), the vdp describes a slightly negative mood overall in the report. The score for Pfandbriefe is now -14 points (-10 points), with unsecured bank bonds coming in at -29 points (-26 points). Against the backdrop of the latest primary market developments in particular, we can certainly see added value in the sub-components of the Issuance Climate. For example, survey participants also commented on investor demand, oversubscription ratios and spread levels, as well as premiums to Bunds. Opinions are also sought with regard to the outlook over the next six months, with questions relating to upcoming maturities, the rating trend in the banking sector, the volume of lending to be funded, general interest rate developments and ECB support. In particular, investor demand remains the focus of our attention here. Sascha Kullig, member of the vdp Management Board, provides some clarity in this regard: "As a stable funding instrument, the Pfandbrief always sells – even in tense market periods such as we are experiencing now. There have been a lot of issuances in 2023 thus far, but we cannot assume that this momentum will continue in the second half of the year. This would require a revival of the real estate financing business." From our perspective, we see the vdp survey as a reflection of our market expectations and, therefore, there is no need to adjust our issuance forecast for Germany. We continue to expect EUR 33bn in Pfandbriefe deals in EUR benchmark format, which corresponds to a net new supply of EUR 15.25bn.

vdp Issuance Climate in June 2023

How do you assess…		Pfandbriefe	unsecured
Investor demand	In the last 6 months?	27	-9
	At present?	30	3
	In the next 6 months?	14	0
Oversubscription ratios for issuances	At present?	-5	0
	In the next 6 months?	-11	-19
The asset-swap spread level	At present?	-22	-65
	In the next 6 months?	-19	-61
Premiums to Bunds	At present?	56	-
	In the next 6 months?	44	-
Looking towards the next 6 months	Upcoming maturities?	-12	0
	The rating trend in the banking sector?	-36	
	The volume of lending to be funded?	-81	
	General interest rate developments?	24	
	ECB support	-56	

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

Market overview
SSA/Public Issuers

Author: Dr Norman Rudschuck, CIIA

ECB: rates decision holds no surprises

Following the ECB's monetary policy meeting last Thursday (15 June) the announcement that all three reference rates would be raised by 25 basis points came as no surprise. Following the latest decision by the ECB's Governing Council, the rate for the main refinancing operations is accordingly 4.00% with effect from today (21 June), while the rate for the marginal lending facility is 4.25% and that for the deposit facility is 3.50%. No further adjustments to the monetary policy control parameters were announced in the official statement. As far as the issue of "repayment of the TLTRO III liquidity" is concerned, the central bankers once more refer to the fact that they will only keep a watching brief. However, the ECB was more specific regarding the APP: "The ECB will discontinue the reinvestments under the APP as of July 2023." The gradual abandonment of unconventional monetary policy is therefore continuing. As we suggested in the last edition of the Covered Bond & SSA View, both current inflationary pressure and future expectations for this remain too high for central bankers. Evidently, the ECB neither can nor does it wish to take the recent fall in inflation rates as grounds for pausing the series of rate hikes. Accordingly, Christine Lagarde explicitly specified another rate hike in July 2023 at least. This announcement was accompanied by the latest forecasts for inflation in the single currency area, which were revised slightly upwards. Average overall inflation in 2023 is now expected to be 5.4% (previously: 5.3%), while the experts at the ECB now assume a rate of 3.0% (2.9%) for 2024 and 2.2% (2.1%) for 2025. The 2% inflation target is therefore not by any means within reach, which was underlined by the fact that there were more significant adjustments to the inflation rate excluding energy and fuel: for 2023, the ECB is now assuming a rate of 5.1% (previously: 4.6%). The forecasts were also revised upwards in each case for 2024 and 2025, namely to 3.0% (2.5%) and 2.3% (2.2%). The economic braking effect of the previous rate hikes is also reflected in expectations for future economic activity in the single currency zone: marginal adjustments were made to growth in economic output in this context, meaning that growth in GDP of 0.9% (previously: 1.0%) is expected for 2023, while the forecasts for 2024 were also adjusted slightly at 1.5% (1.6%). The experts' forecast for 2025 is unchanged at 1.6%. Economically, it therefore still looks as though we shall achieve a "soft landing" rather than a crash landing. However, inflation remains a cause for concern. We are curious to see where the monetary policy journey will take us over the rest of the year, as the ECB itself does not seem to know the destination. The next stop will take place on 27 July when we will be rewarded with another rate hike. Will this then be the final stop? We think "not". We therefore expect to see and feel the effects of a "4" in front of the deposit facility rate by September. This figure of 4 is already a fact of life for the other key interest rates.

CEB: EUR 600m for ESG projects, Ukraine accepted as a new member

Eventful days at the Council of Europe Development Bank (CEB): to start with, four new loans totalling EUR 600m for ESG-associated projects in Germany, Hungary, Slovakia and Spain were made available at its 56th Joint Meeting in Athens on 9 June. A total of EUR 100m will be lent to HOWOGE Wohnungsbaugesellschaft MBH, one of the largest municipal housing companies in Berlin, to expand its supply of modern social housing in the less economically developed eastern districts of the city. Here, the focus was concentrated particularly on the more than 100,000 people seeking protection as a consequence of the war in Ukraine. The construction of homes that meet stringent energy efficiency standards is also expected to reduce CO_2 emissions. The Hungarian development bank (MFB) received EUR 50m for a pilot project to award energy efficiency loans to SMEs, in particular, to promote investment in the generation of renewable energy and the energy-efficient renovation of its buildings. CEB and MFB have also enjoyed a longstanding relationship: the CEB has already approved ten loans in the last 24 years. The largest single amount, of EUR 300m, was awarded to the Republic of Slovakia, the aim being to co-finance the "Slovakia 2021-2027" project. The programme, which is worth EUR 12.6bn in total, aims to reduce social, economic and environmental inequalities, as well as poverty and social exclusion by improving the employability of disadvantaged groups, ensuring equality of opportunity and strengthening social rights for all. Specifically, it involves measures to ensure a just transition for people previously employed in mining and the revitalisation of areas affected by pollution resulting from generating coal-based electricity. Last but not least, the Spanish region of Andalusia (ticker: ANDAL; also covered in more detail in our Public Issuer Special) received EUR 150m to finance and support external providers in the area of long-term and social care. Eligible investments are expected to be capable of allowing older people and people with disabilities to lead independent, dignified lives. More than 182,000 recipients of social services in the region benefited from the first CEB loan in 2022. The accession process for Ukraine to the CEB was also completed on 15 June, meaning that it has now become the 43rd Member State less than a year after applying to join. The Ukrainian Minister of Finance Sergii Marchenko commented: "Ukraine's accession to the CEB is another step towards our country's further integration with the European Union. Both sides have made substantial efforts to fulfil this goal. We are confident that the CEB will play an important role in Ukraine's recovery process and help us to overcome the existing challenges." The commitment to Ukraine is one of the overarching goals of the CEB's "Strategic Framework 2023-2027". The focus is to be concentrated, in particular, on social sectors such as health and residential construction. Since business in Ukraine could (potentially) affect the risk profile and financial solvency of the CEB, an unprecedented capital increase of EUR 4.25bn in total was resolved in December 2022. The Member States also made a cash contribution of EUR 1.20bn for the first time. Following the capital increase, the CEB's subscribed capital will increase from EUR 5.48bn to EUR 9.73bn, while the paid-in capital will increase from EUR 0.61bn to EUR 1.81bn. The subscription period for the capital increase runs until 31 December 2023. More information on the CEB is also provided in the SSA leading article of this edition of our weekly publication and in our NORD/LB Issuer Guide 2023 – European Supranationals.

NRW.BANK: Green and Social Bond Reporting 2022

In 2013, NRW.BANK was the first regional promotional bank in Europe to issue a green bond – this was a great success for the bank. Since then, NRW.BANK has placed a new green issue at least once a year. The total volume of all NRW.BANK green bonds issued to date therefore comes to EUR 6.8bn, of which EUR 6.0bn was still outstanding as of 31 December 2022. On Monday, 19 June, NRW.BANK published the latest sustainability report for 2022, in which it focuses particularly on last year's successful placements of the green bonds number twelve (NRW.BANK.Green Bond #1 2022) and number thirteen (NRW.BANK.Green Bond #2 2022) worth EUR 500m and EUR 1bn, respectively, each with a maturity of ten years. Among other things, these financed projects in the areas of clean transport, such as the promotion of local public transport, e-vehicles and goods transport, energy-saving measures, the renaturation of the Emscher river (currently the largest water infrastructure project in the EU-27) as well as wind power and geothermal energy. In addition to contributions to diversity and flood defence, savings of 3.2m tons of CO_2 equivalents in total can be achieved over the entire maturity of last year's new issues according to calculations by the Wuppertal Institute for Climate, Environment and Energy. In 2020, NRW.BANK expanded its ESG concept beyond green bonds and once again was the first German promotional bank to approach the market with a social bond, the NRW.BANK.Social Bond. In 2022, the sixth social bond was issued in the amount of EUR 1bn with a maturity of 15 years. The social bonds issued by NRW.BANK pursue a pool-to-bond approach: the resulting asset pool consisted of loans to promote affordable housing, to support SMEs, to improve education, health and care provision, to optimise catastrophe management as well as loans and liquidity support to economically disadvantaged municipalities in 2022. NRW.BANK does not merely strive to be more sustainable as an issuer: in 2022, it adopted an ESG Investment Framework to make ESG integration more transparent. Its overarching objective is to achieve a climate-neutral investment portfolio by 2045 with the aim of limiting the increase in global temperatures to 1.5 °C. More details about NRW.BANK can also be found in our NORD/LB Issuer Guide – German Agencies

Hesse planning new green bond issue

Last Friday (16 June), Michael Boddenberg, Minister of Finance of the State of Hesse, announced that a second green bond from Hesse will probably be issued in June or July. An issuance volume of at least EUR 500m (benchmark) but not more than EUR 1bn is planned to refinance suitable "green expenditure" – mainly projects in the areas of environmentally friendly local public transport, measures for woodland and to improve the energy efficiency of public buildings – in the budget years 2021 and 2022. Indications are that discussions with investors are expected to take place in the current week. As a reminder: on 11 June 2021, the State of Hesse successfully placed its first green bond in the amount of EUR 600m at ms -4bp over ten years. Even at that rate, the bond was significantly oversubscribed: demand as reflected by the order book amounted to EUR 3.2bn.

Primary market

An exciting trading week now lies behind us: prior to the meetings of the Fed and the ECB and immediately afterwards there was practically nothing "worth counting" to report from the SSA segment. However, there was a positive torrent of issuer mandates: Bpifrance kicked things off by meeting investors to discuss a ten-year green bond. Shortly thereafter, Hesse issued invitations to investor calls and also opted for a green bond. Having called investors earlier in June, the details of Baden-Württemberg's issue were firmed up and they commissioned banks for a green bond in the amount of EUR 600m (10y). On 7 June, 3CIF, or CCCI, had commissioned banks for a five-year bond and accompanying investor meetings. The deal appeared on screens on Monday once the aftermath of the central bank meetings had been digested and the general reek of uncertainty had evaporated. The guidance for the deal had initially started at OAT +45bp area, however, the books grew to over EUR 2.6bn, meaning that ultimately EUR 630m could be printed at OAT +41bp. This roughly corresponds to ms flat or thereabouts. Subsequently, BADWUR put its money where its mouth is by starting the marketing phase for its targeted EUR 600m deal at ms +2bp area. The order books ultimately stood at over EUR 4.9bn, meaning that the ESG bond was even priced at ms -1bp. MADRID was also active in the ESG segment, issuing EUR 600m at SPGB +21bp, which incidentally also results in a pricing of around ms +21bp. This was two basis points less than the indicated guidance of SPGB +23bp area. This was possible because of the bulging order books of EUR 2.6bn. As if today were the beginning of spring, another ESG benchmark emerged from the ground: Bpifrance, which was mentioned above, issued its EUR 1bn at OAT +29bp or the equivalent of ms +26bp. A tightening of five basis points compared with the guidance was even possible, after marketing had started at OAT +34bp area. Books amounting to EUR 17.8bn made this more than possible. Our greatest respect for such a sizeable bid-to-cover ratio! We failed to find any evidence of taps this week, but did stumble across a sub-benchmark deal from the Azores: EUR 230m was achieved at 85 basis points above the Portuguese reference bond for a term of five years. The books were quoted at a just-about-sufficient EUR 225m. Four further mandates remain which we are happy to list for you and for which we expect transactions to be carried out in the near future: the Belgian region WALLOO has commissioned banks for a 15-year green bond. France's CADES has opted for a social bond (8y). ADIFAL in Spain is planning a five-year bond and Sächsische Aufbaubank will approach investors with its ten-year deal in the form of a sub-benchmark (EUR 250m). At present, there are no signs of any summer slump and we send our best wishes from the Euromoney Global Borrowers conference in London.

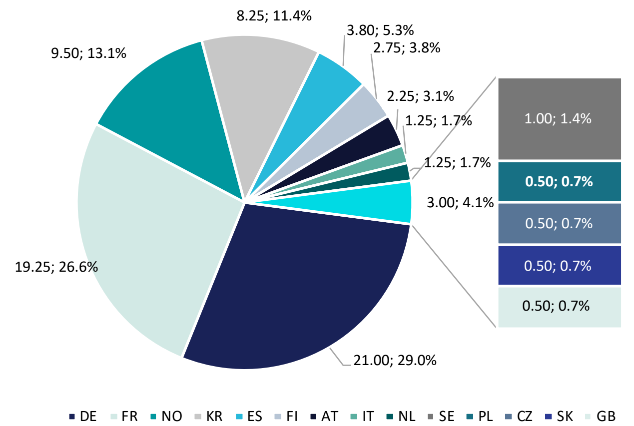
Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
BPIFRA	FR	20.06.	FR001400IV17	9.9y	1.00bn	ms +26bp	AA- / Aa2 / -	X
MADRID	ES	19.06.	ES00001010L6	5.3y	0.60bn	ms +21bp	- / Baa1 / A	X
BADWUR	DE	19.06.	DE000A14JZX6	10.0y	0.60bn	ms -1bp	- / - / AA+	X
CCCI	FR	19.06.	XS2639007587	5.0y	0.63bn	ms flat	AA- / Aa2 / -	-

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

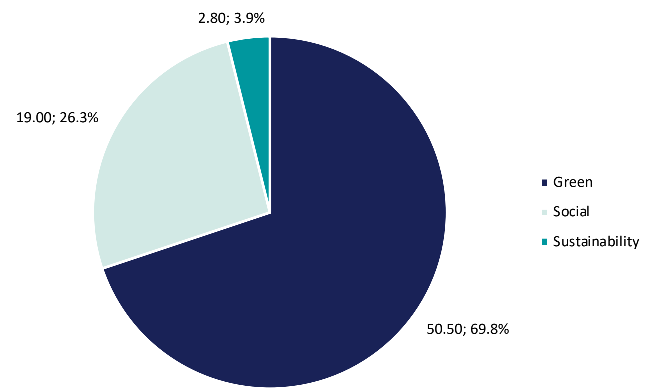
Covered Bonds
ESG covered bonds: a look at the supply side
Author: Dr Frederik Kunze

The market for ESG covered bonds: latest newcomer from the Czech Republic
In our annual ESG update, we regularly discuss general developments in the ESG segment, focusing both on developments in the steadily growing ESG bond sub-market and on regulatory developments. Within the framework of our weekly publications, we additionally devote ourselves to specific situation assessments for the issuers we cover. For example, we recently looked at supply side dynamics in connection with the SSA segment in 2023 (see NORD/LB Covered Bond & SSA View from 22 March 2023). In this present edition of our weekly publication, we shall comment on the developments in the ESG sub-market of the covered bond asset class, focusing once again on the EUR benchmark segment. We last presented a detailed update here in November 2022. Since then, several new issuers have successfully placed sustainable covered bonds with their investors. The latest addition in terms of jurisdiction level is the Czech Republic through the green covered bond placed by UniCredit Bank Czech Republic and Slovakia. On 12 June 2023, this issuer placed a green covered bond in EUR benchmark format (EUR 500m). In the following, we will present the supply side for covered bonds in sustainable formats, looking at recent developments as well as venturing a brief outlook for the future.

ESG covered bonds by country (EUR BMK; in EUR bn)



ESG covered bonds by type (EUR BMK; in EUR bn)



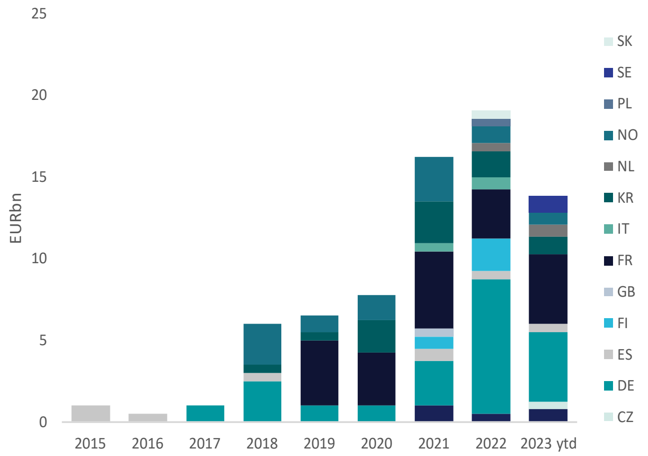
Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

EUR benchmarks in ESG format: Green continues to dominate...
The total outstanding volume of EUR benchmarks amounts to around EUR 1,030.2bn, of which EUR 72.3bn is attributable to covered bonds in ESG format. Here, issues declared as “Green” continue to dominate (EUR 50.5bn or 69.8%). The remaining volume is divided between “Social” (EUR 19.0bn or 26.3%) and “Sustainable” (EUR 2.8bn or 3.9%). The dominance of the green formats is hardly surprising given the asset class and the focus on cover assets (residential or commercial real estate financing).

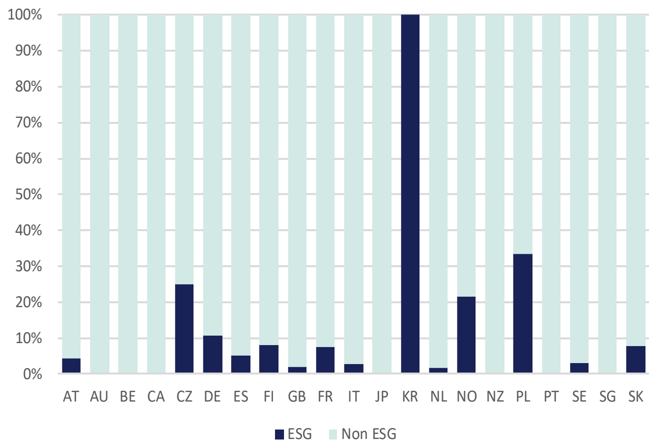
…and Germany is the largest provider of ESG covered bonds

At country level, the outstanding covered bonds in ESG format (a total of 101 outstanding bonds) are mainly distributed among the market leaders Germany (EUR 21.0bn; 34 bonds) and France (EUR 19.3bn; 19 bonds). The 14 jurisdictions now active in the EUR benchmark segment include Norway (EUR 9.5bn; 12 bonds) and South Korea (EUR 8.3bn; 14 bonds). In the case of South Korean issuers, it is important to note that the market has an extremely high weighting of ESG issues, mainly due to the public mandate of the Korea Housing Finance Corporation (KHFC, all in social format). Currently, there are only ESG covered bonds in the EUR benchmark segment in South Korea.

ESG covered bond issues (EUR BMK)



ESG covered bonds: market share (EUR BMK)



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

Market developments over the past few months

Looking back at previous years, 2022 was a record year so far in terms of ESG new issues. After all, a volume of EUR 19.1bn was placed (Green: EUR 15.8bn; Social: EUR 2.9bn; Sustainability: EUR 0.5bn). This exceeded the figure from 2021 (EUR 16.3bn). The year 2022 was also a record year in terms of the number of individual issues. A total of 28 deals were placed in the ESG format (after 21 in 2021 and ten in 2020). In 2023, the volume placed so far adds up to EUR 13.9bn - divided between Green (EUR 9.3bn) and Social (EUR 4.6bn). The number of issues so far is 20 ESG covered bonds. In our discussions with investors, we notice that more and more accounts are following an ESG mandate as a sub-goal and are also looking for investment opportunities in the covered bond segment. For example, portfolio managers are given concrete guidelines with regard to the share of the ESG portfolio in the entire book. In our view, the relative growth of the ESG market for covered bonds also plays a significant role here. In 2022, a total of EUR 198.6bn was placed in the EUR benchmark segment, meaning that the aforementioned value of EUR 19.1bn accounts for a share of 9.6%. In 2021, the calculated share was still 17.0%, whereas in the current year 2023 it is 10.4%. We see an ESG share of just over 10% for 2023 as realistic, but would assume a steadily growing share for the coming years, whereby ESG regulation (and here especially with regard to green bonds) could become a temporary braking factor.

ESG covered bonds in benchmark format: 40 active issuers

There are now 40 active ESG issuers. The most recent addition at the jurisdictional level before the Czech Republic was Sweden. Stadshypotek approached investors in March 2023 with a covered bond in green format (EUR 1.0bn). Since November 2022, we have also welcomed debutants from Finland and France.

Issuers of EUR benchmarks in ESG format

Issuer	Country	ESG Type	Volume (EUR bn)	No. of ESG BMKs	Framework based on ICMA principles
BAWAG PSK	AT	green	0.50	1	YES (Link)
Hypo Tirol Bank	AT	social	0.50	1	YES (Link)
UniCredit Bank Austria	AT	green	1.25	2	YES (Link)
UniCredit Bank CZ & SK	**CZ**	**green**	**0.50**	**1**	YES (Link)
BayernLB	DE	green	1.00	2	YES (Link)
Berlin Hyp	DE	green social	5.25 1.25	9 2	YES (Link)
Deutsche Kreditbank	DE	social	2.25	4	YES (Link)
DZ HYP	DE	green	2.00	3	YES (Link)
ING-DiBa AG	DE	green	2.25	2	YES (Link)
LBBW	DE	green	2.00	3	YES (Link)
Münchener Hyp	DE	green	2.00	3	YES (Link)
NORD/LB	DE	green	2.00	4	YES (Link)
UniCredit Bank	DE	green	1.00	2	YES (Link)
Caja Rural de Navarra	ES	green sustainable	1.00 1.10	2 2	YES (Link)
Eurocaja Rural	ES	sustainable	0.70	1	YES (Link)
Kutxabank	ES	social	1.00	1	YES (Link)
OP Mortgage Bank	FI	green	1.75	2	YES (Link)
Nordea Kiinnitysluottopankki	**FI**	**green**	**1.00**	**1**	YES (Link)
Yorkshire Building Society	GB	social	0.50	1	YES (Link)
Arkea Home Loans SFH	**FR**	**green**	**1.00**	**1**	YES (Link)
BPCE SFH	FR	green	4.50	4	YES (Link)
CAFFIL	FR	green social	1.50 3.25	2 4	YES (Link)
Credit Agricole Home Loan SFH	FR	green social	1.25 2.25	1 2	YES (Link)
La Banque Postale Home Loan SFH	**FR**	green **social**	0.75 **1.25**	1 **1**	YES (Link)
Société Générale SFH	FR	green	3.50	3	YES (Link)
Banco BPM SpA	IT	green	0.75	1	YES (Link)
Credit Agricole Italia SpA	IT	green	0.50	1	YES (Link)
Hana Bank	KR	social	1.10	2	YES (Link)
Kookmin Bank	KR	green sustainable	0.50 1.00	1 2	YES (Link)
Korea Housing Finance Corp	KR	social	5.65	9	YES (Link)
NN Bank	NL	green	1.25	2	YES (Link)
DNB Boligkreditt	NO	green	3.00	2	YES (Link)
Eika Boligkreditt	NO	green	1.00	2	YES (Link)
SpareBank 1 Boligkreditt	NO	green	2.75	3	YES (Link)
Sparebanken Soer Boligkreditt	NO	green	1.00	2	YES (Link)
Sparebanken Vest Boligkreditt	NO	green	1.25	2	YES (Link)
SR-Boligkreditt	NO	green	0.50	1	YES (Link)
PKO Bank Hipoteczny	PL	green	0.50	1	YES (Link)
Stadshypotek	**SE**	**green**	**1.00**	**1**	YES (Link)
Slovenská Sporiteľňa	SK	green	0.50	1	YES (Link)

Source: Market data, issuers, NORD/LB Markets Strategy & Floor Research; **bold** = changes in the composition of ESG-type issuers compared to publication from November 2022

What comes next - reporting requirements becoming a burden…

In our view, the steady growth in the number of jurisdictions with active issuers alone, as well as the growing group of institutions within the issuing countries with sustainable frameworks for placing not only covered bonds, is a clear indication that there will be an increasing volume of EUR benchmarks in ESG format. We continue to assume a relative dominance of green issues, although the environment remains quite challenging. In this context, the focus is on the EU Green Bond Standard and the related EU taxonomy. At the same time, however, it is important to consider how investors approach the ESG issue with regard to the investment side. Here, we are not initially thinking of a fundamentally increasing demand with regard to the acquisition of sustainable assets. Rather, the question arises as to the extent to which regulatory requirements could also influence the demand side. Specifically, the EU Disclosure Regulation for Financial Market Participants and Financial Advisors (see EU Sustainable Finance Disclosure Regulation [SFDR]) comes to mind here. We certainly see the potential in these and other initiatives for the dynamically changing requirements to become an increasing burden for issuers and investors, even though we are fundamentally in favour of a high degree of transparency in the ESG environment as well. Nevertheless, increasing reporting obligations are accompanied by rising transaction costs, which can be attributed, among other things, to existing scope for interpretation and difficulties in drawing distinctions. For example, some requirements refer to a broader concept of sustainability, whereas the EU taxonomy (so far) only covers "green" financial investments.

…but the ESG market also remains on a growth path for covered bonds

Irrespective of this, we remain convinced that the covered bond asset class can be seen as an essential natural "partner" in the sub-segment of green covered bonds as well as social issues. Ultimately, the combination of a sustainable investment with high security standards that are based on national legislation provides an investment alternative for a large number of investors with ESG requirements. In 2023, the supply side should continue to grow dynamically. We expect a total of EUR 193.5bn in fresh EUR benchmarks. Assuming a share of 10%, this should result in EUR 19-20bn in new ESG bonds across 2023 as a whole.

Conclusion

ESG covered bonds have become a permanent fixture for the EUR benchmark segment. The supply side is growing dynamically, although regulatory requirements are increasing. However, we see this more as a necessary evil and do not see the complexity of the requirements as an obstacle to continued dynamic growth in both green and social issues. Therefore, new issuers will continue to enter the market in the coming months and years and existing institutions will tend to expand their presence. The focus will continue to be on tapping into new investor groups. The growing importance of being seen to be sustainable will be another motivating factor for institutions. However, it is no longer enough to focus solely on issues. Rather, we are seeing investors place an increasingly striking emphasis on the sustainability of the issuer as a whole. This also increases the relevance of ESG ratings - another topic that regulators are now increasingly zeroing in on and which also affects covered bond issuers.

SSA/Public Issuers
Increasing exposure of e-supras to Ukraine

Authors: Dr Norman Rudschuck, CIIA // assisted by Lukas-Finn Frese

Overview

In light of the ongoing war in Ukraine, a recent study by the rating agency Fitch reports on the impact of the conflict on the ratings of European supranationals (e-supras). Fitch's analysis focuses in particular on the risk positions of the following e-supras: i) European Union (EU); ii) European Investment Bank (EIB) and iii) European Bank of Reconstruction and Development (EBRD) plus the International Bank of Reconstruction and Development (IBRD) as part of the World Bank. All of the above (European) institutions act as lenders to Ukraine, with the EU being nominally the largest creditor, as we elaborate on below. The experts at Fitch note an increasing exposure of e-supras to Ukraine. In addition, a payment default by the Ukrainian state would represent a risk that could have an impact on the ratings of multilateral development banks (MDBs) such as the EIB or EBRD in particular. As all three European institutions mentioned above are already represented in their role as issuers in our NORD/LB Issuer Guide – European Supranationals 2023, we would therefore like to go into the most important content of the Fitch publication in more detail below.

EU with largest exposure to Ukraine

Since Russia's annexation of Crimea in 2015, financial support for Ukraine from the supranationals segment has steadily increased and experienced further growth since February 2022 in the wake of the Russian invasion. According to Fitch, 24% of Ukraine's public debt is due to loans from Western supranationals. In absolute terms, the EU currently has the largest risk position vis-à-vis Ukraine. Loans amounting to EUR 15.3bn were granted through the Macro-Financial Assistance (MFA) programme (as at the end of 2022), of which EUR 11.6bn was provided directly by the EU and EUR 3.7bn went to Ukraine via European MDBs. In 2023, a further EUR 18bn is to be added under the expanded MFA programme (MFA+), which would take the total lending volume to around EUR 30bn. Fitch's risk experts expect more credit to come, especially the longer the war goes on. In order to compensate for potential payment defaults, the EU has extended the content of Regulation 2020/2093, which sets the financial framework for the years 2021 to 2027, to include loans to Ukraine. According to the amendment of December 2022, the EU is therefore allowed to call for additional financial resources from the member states that exceed their respective annual budget contributions. According to the risk experts, were the scenario of a complete default by Ukraine on its EU liabilities to occur, this would have no impact on the EU's rating over the medium term. According to the rating agency's calculations, additional financial contributions by the AAA-rated member states alone would be sufficient to service the entire medium-term debt of the EU - including a default by Ukraine. As a result, the EU's existing AAA rating would therefore remain unaffected by this worst-case scenario.

European MDBs extend grants in 2023

Other important lenders aside from the EU are the EIB and the EBRD. The two promotional banks are intended to support economic development and integration in Europe. Fitch puts the EIB's exposure to Ukraine at EUR 3.6bn as at year-end 2022, and it is mostly to government institutions. At the end of 2021, the loan volume was still EUR 2.0bn. It is important to note that almost the entire amount is covered by EU guarantees. The individual risk position of the EIB therefore amounts to a remarkably low EUR 17m. The EIB has already decided to make further funds available in the amount of EUR 2.9bn, although these have not yet actually been released at this point in time. Of this volume, EUR 2.7bn are covered by EU guarantees. Due to this collateral, a payment default by Ukraine vis-à-vis the EIB would have hardly any negative effect on the bank's current AAA rating. In contrast to the EIB, the EBRD's lending volume in 2022 decreased slightly in terms of amount, from EUR 2.9bn as at year-end 2021 to EUR 2.7bn in 2022. Fitch forecasts an increase in risk exposure of EUR 3.1bn for the current calendar year, based on loans already announced to support the private sector in Ukraine in particular. The approved funds are intended in particular to ensure the provision of energy and food, restore the rail network and support the pharmaceutical industry. Fitch concludes that the EBRD is exposed to a far greater risk than the EIB. This can essentially be attributed to two factors. On the one hand, Ukrainian borrowers from the private and sub-sovereign sectors account for more than half of the outstanding loans. On the other hand, a considerable part of the credit risk is reflected in the bank's own balance sheet. The EBRD shareholders' guarantees for new loans cover only 50% of the loan volume. As a result, the rating agency argues that a downgrade of the EBRD's AAA rating by one notch, triggered by a default of the Ukrainian debtor, seems quite realistic. The rating change could also be higher, depending on the future development of the credit volume. However, the experts also point out that in such a case, the bank's shareholders would provide additional liquidity to stabilise the balance sheet. As a result, the negative effect on the rating would also be mitigated.

Characteristics of the European supranational market

Back in March 2023, we took a detailed look at the e-supra market in our NORD/LB Issuer Guide – European Supranationals 2023. The segment of European supranational entities is the biggest within the global supranational market with a bond volume outstanding of EUR 1,195.7bn. The supply of EUR-denominated bonds in particular is dominated by a broad range of bonds with different maturities and an aggregate volume of EUR 916.7bn. Over the past decade, the European supra segment has faced major challenges. The European sovereign debt crisis, the Covid-19 pandemic and the war in Ukraine led to the issuers from this market becoming the largest of their kind and also being more in the public eye. We should, of course, mention here the European Financial Stability Facility (EFSF), the European Stability Mechanism (ESM) and the EU. In terms of their risk profiles, all e-supras have very good rating scores. In addition to loans for Ukraine, the ESG segment in particular has grown strongly in recent years. A total of 176 bonds with a volume equivalent to EUR 228.5bn are already outstanding in this segment, with this figure set to increase in future

Overview of European supranationals

Institution	Type	Owner(s)	Guarantee	Risk weight
European Financial Stability Facility (EFSF)	Credit facility	17 eurozone member states	Guarantee ceiling of: EUR 724.5bn	0%
European Stability Mechanism (ESM)	Credit facility	20 eurozone member states	Callable capital: EUR 624.3bn	0%
European Union (EU)	Credit facility	27 EU member states	Maintenance obligation	0%
European Investment Bank (EIB)	Promotional bank	27 EU member states	Callable capital: EUR 226.6bn	0%
European Bank for Reconstruction and Development (EBRD)	Promotional bank	71 states, EU and EIB	Callable capital: EUR 23.5bn	0%
Nordic Investment Bank (NIB)	Promotional bank	Eight Nordic and Baltic countries	Callable capital: EUR 7.5bn	0%
Council of Europe Development Bank (CEB)	Promotional bank	42 member states of the Council of Europe	Callable capital: EUR 4.9bn	0%
European Company for the Financing for Railroad Rolling Stock (EUROFIMA)	Promotional bank	26 railway companies from 25 European countries	Callable capital: EUR 1.9bn	20%

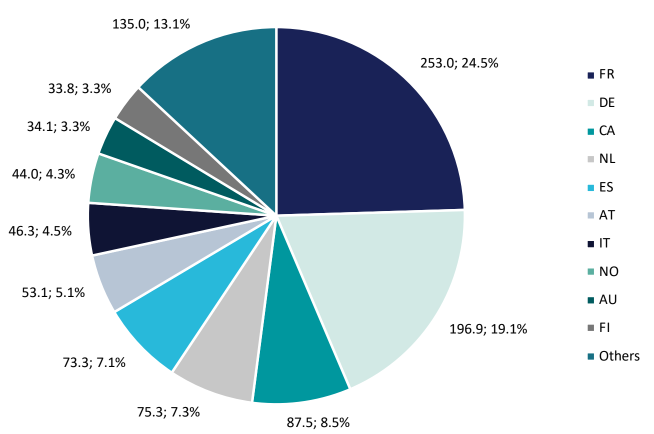
Source: Issuers, NORD/LB Markets Strategy & Floor Research

Conclusion and outlook

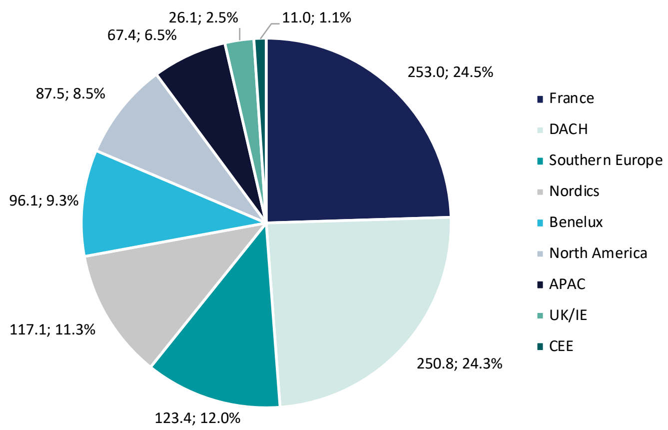
European supranationals have become one of the most important lenders to Ukraine in times of war. The EU in particular accounts for a considerable part of the outstanding credit volume, which will again grow strongly in the current year. In addition to the EU, the EIB and EBRD participate in financial assistance from the eurozone in order to support state institutions, as in the case of the EIB, or to relieve the private and sub-sovereign sector, as in the case of the EBRD. Based on existing security systems and the financial strength of the member states, the scenario of a default by Ukraine has only a limited impact on the ratings of the EU and the EIB, according to Fitch experts. With regard to the EBRD, however, such a shock could lead to a rating downgrade. Whether, when and for whom the increasing risk will materialise remains to be seen. In addition, a fourth e-supra could expand its field of activity to Ukraine in the future. With the Council of Europe Development Bank (CEB), there would then be three European MDBs providing financial support to Ukraine.

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



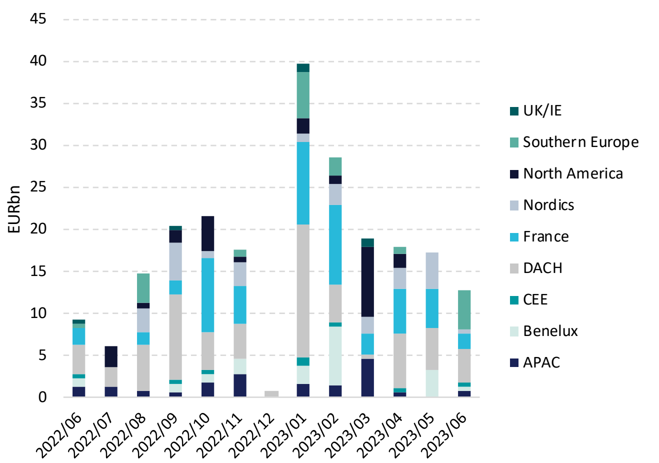
EUR benchmark volume by region (in EURbn)



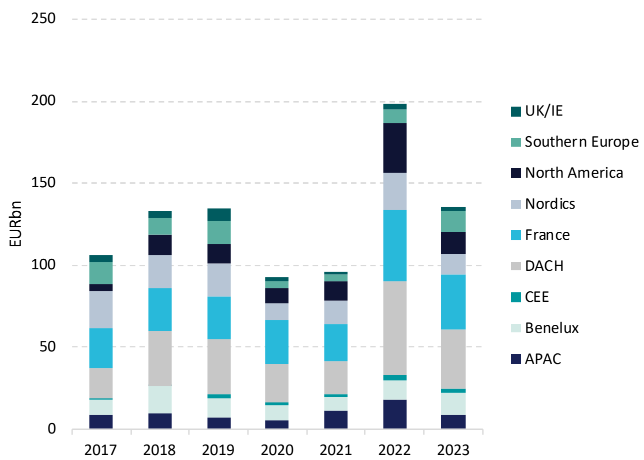
Top-10 jurisdictions

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	253.0	243	19	0.97	9.6	5.2	1.21
2	DE	196.9	281	34	0.65	8.0	4.3	1.04
3	CA	87.5	65	0	1.32	5.5	2.8	0.92
4	NL	75.3	75	2	0.94	10.9	6.7	1.05
5	ES	73.3	58	6	1.15	11.2	3.6	1.95
6	AT	53.1	90	4	0.58	8.4	5.1	1.27
7	IT	46.3	56	2	0.80	9.0	3.8	1.37
8	NO	44.0	53	12	0.83	7.4	4.0	0.62
9	AU	34.1	33	0	1.03	7.3	3.5	1.35
10	FI	33.8	37	3	0.89	7.2	3.8	1.10

EUR benchmark issue volume by month

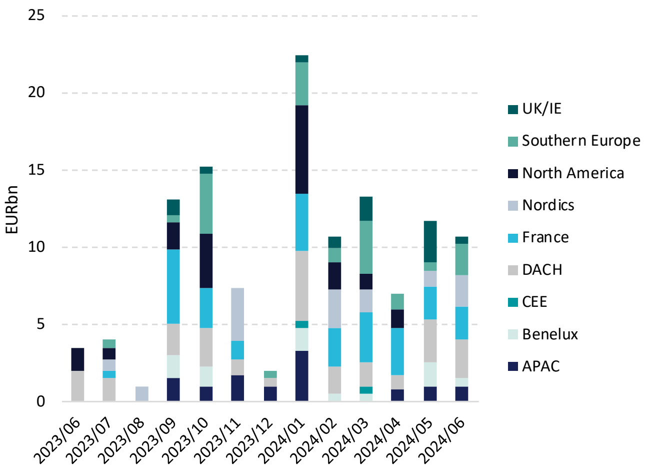


EUR benchmark issue volume by year

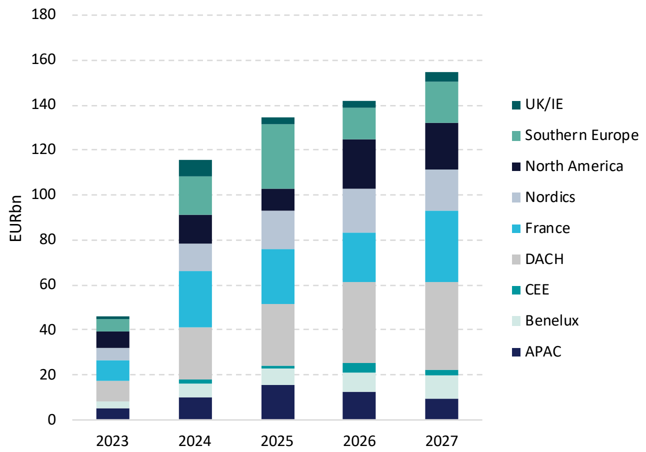


Source: market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

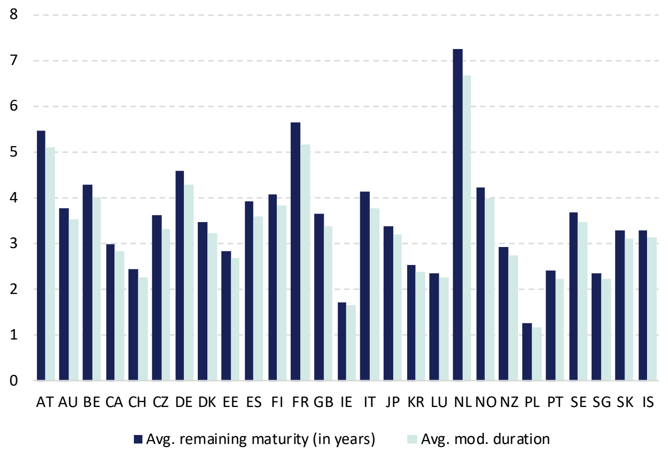
EUR benchmark maturities by month



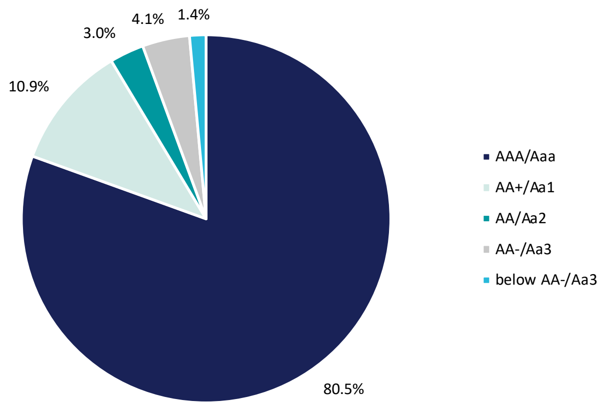
EUR benchmark maturities by year



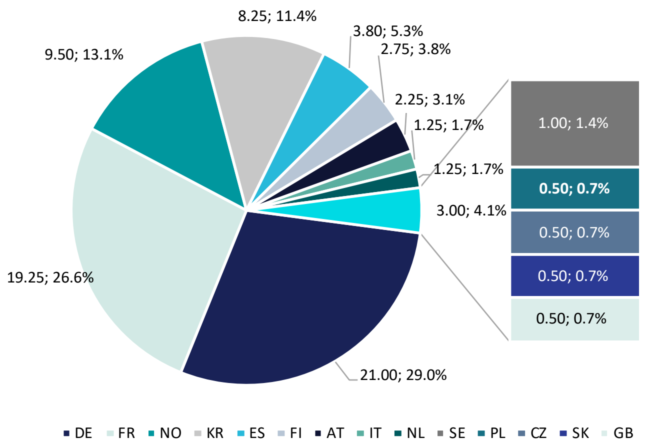
Modified duration and time to maturity by country



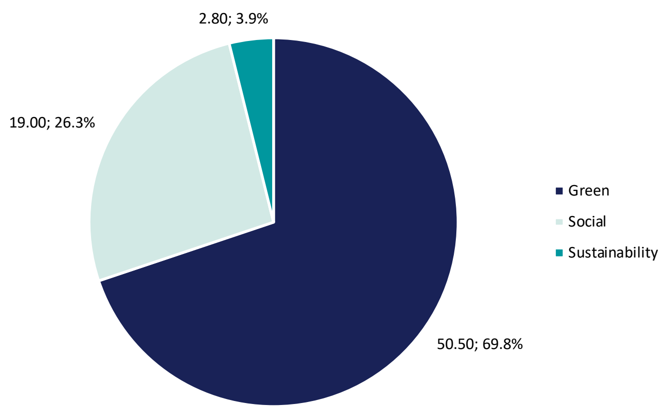
Rating distribution (volume weighted)



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



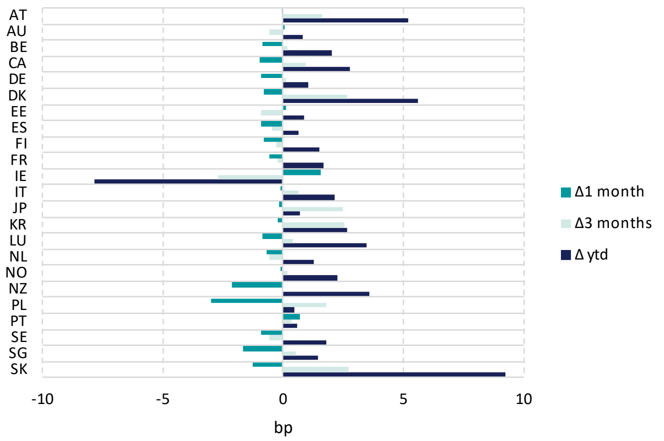
EUR benchmark volume (ESG) by type (in EURbn)



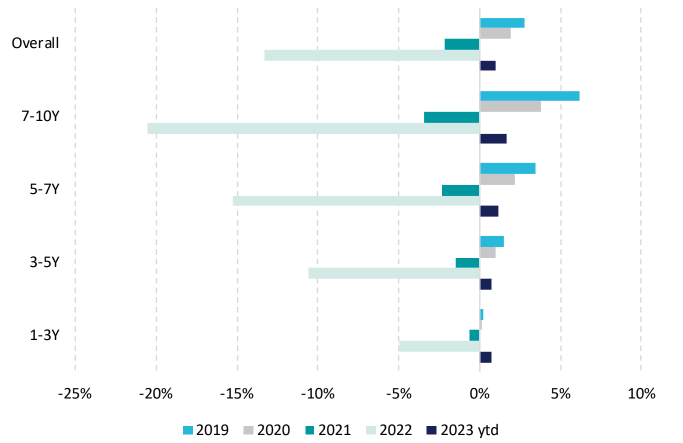
Source: market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

NORD/LB

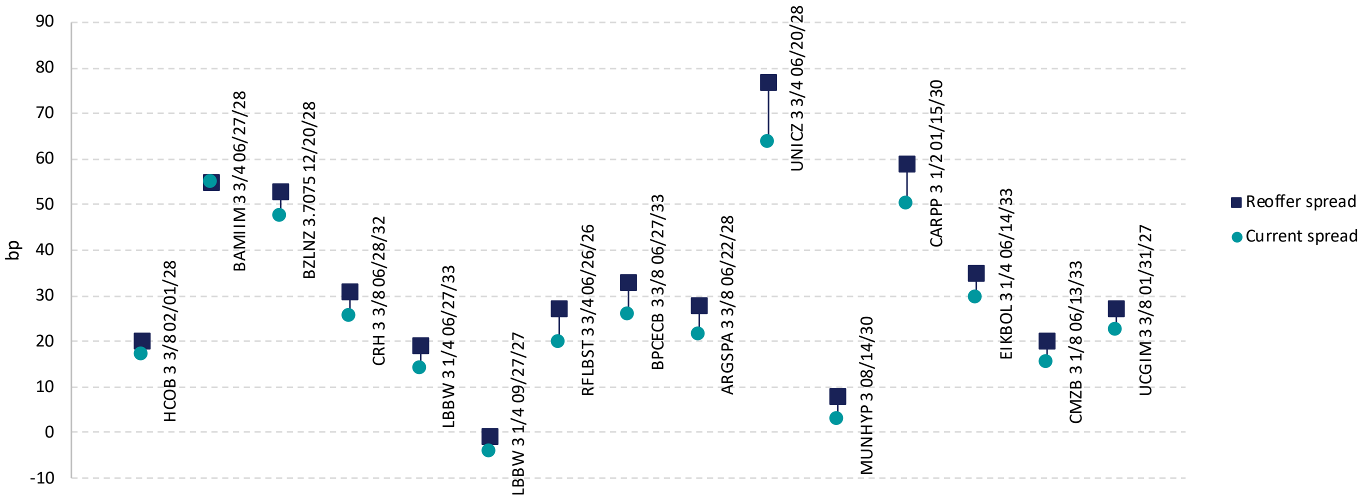
Spread development by country



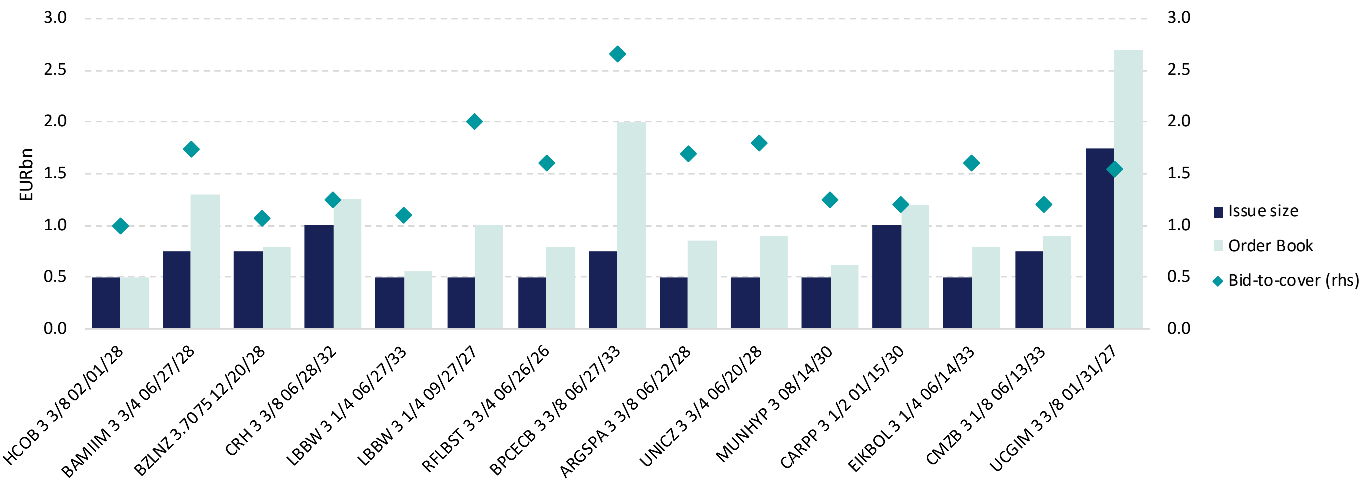
Covered bond performance (Total return)



Spread development (last 15 issues)



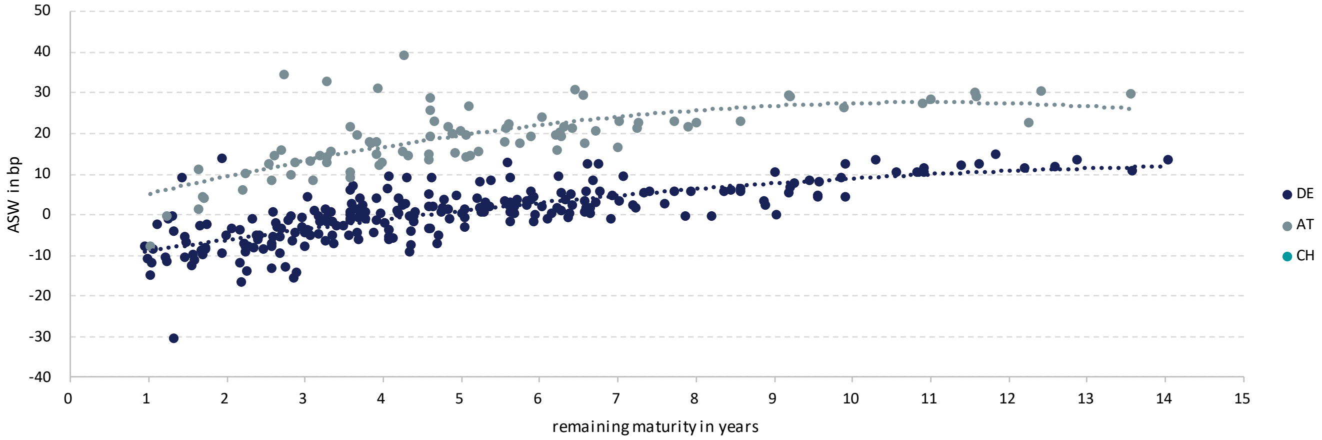
Order books (last 15 issues)



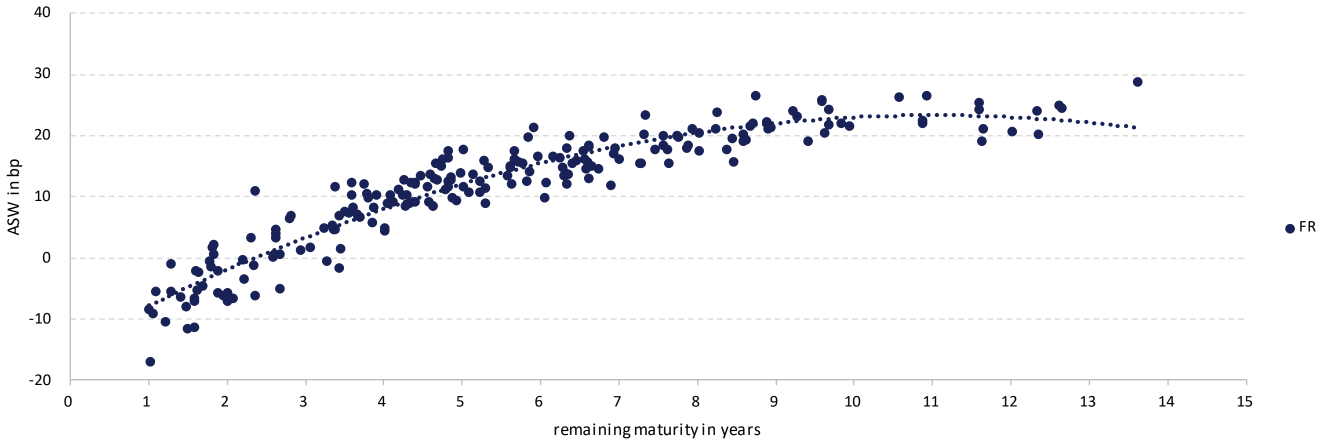
Source: market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

Spread overview[1]

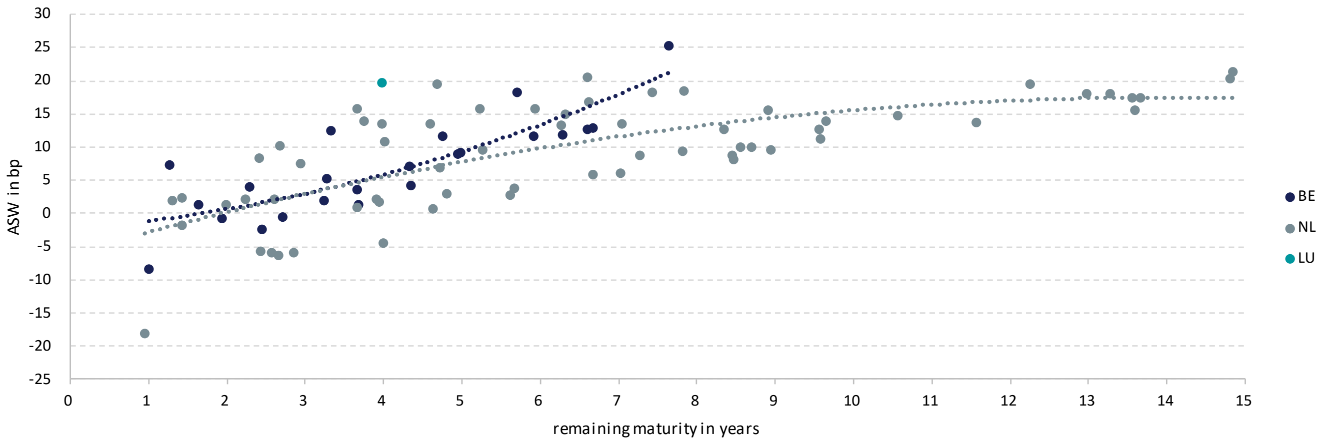
DACH



France

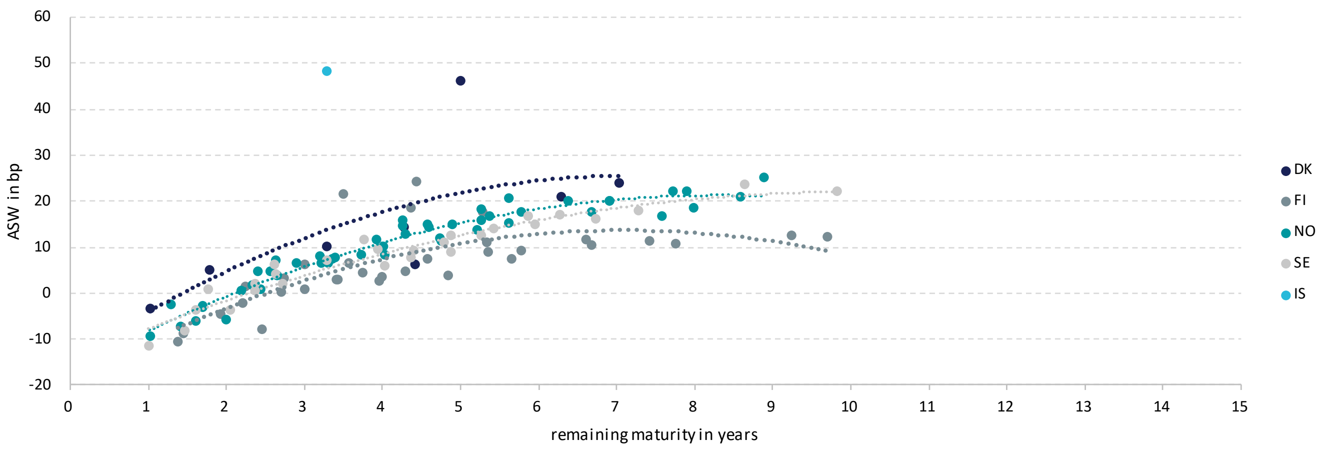


Benelux

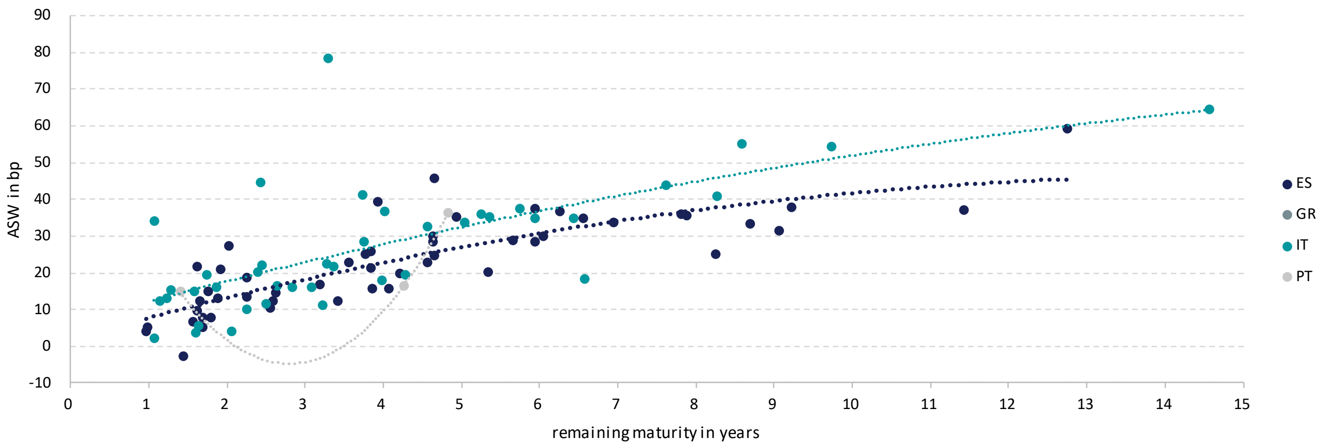


Source: market data, Bloomberg, NORD/LB Markets Strategy & Floor Research [1]Time to maturity 1 ≤ y ≤ 15

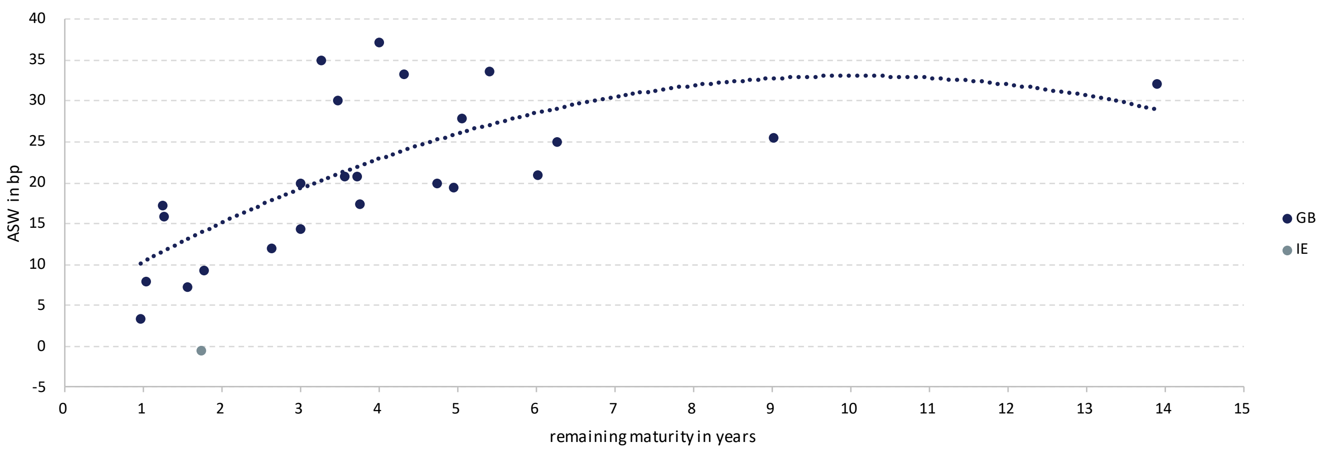
Nordics



Southern Europe

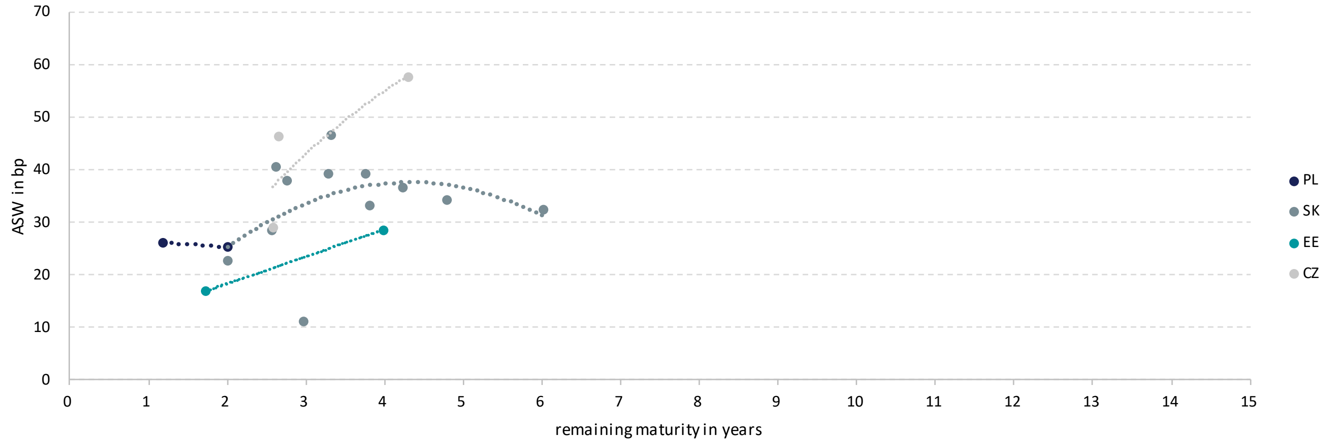


UK/IE

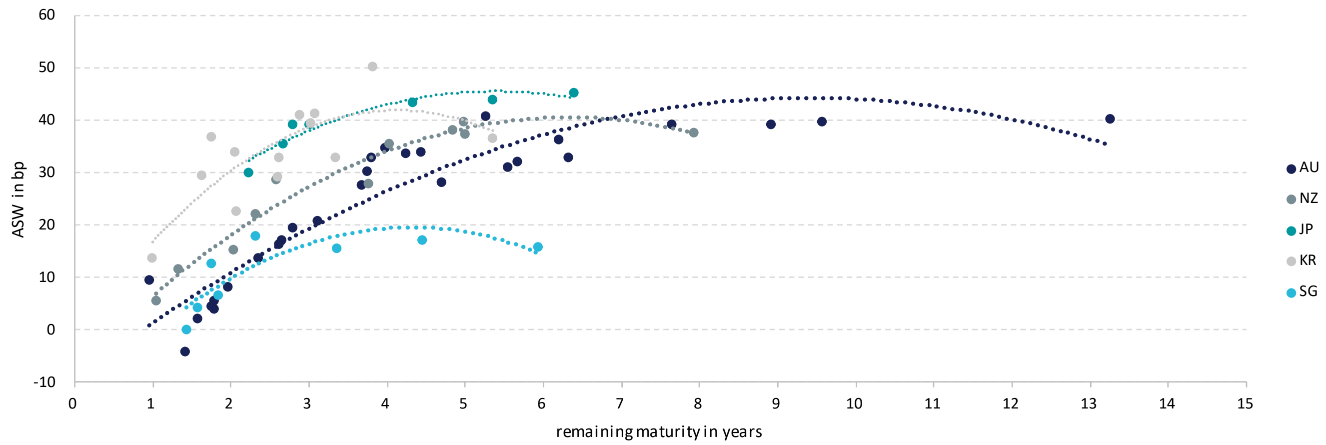


Source: market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

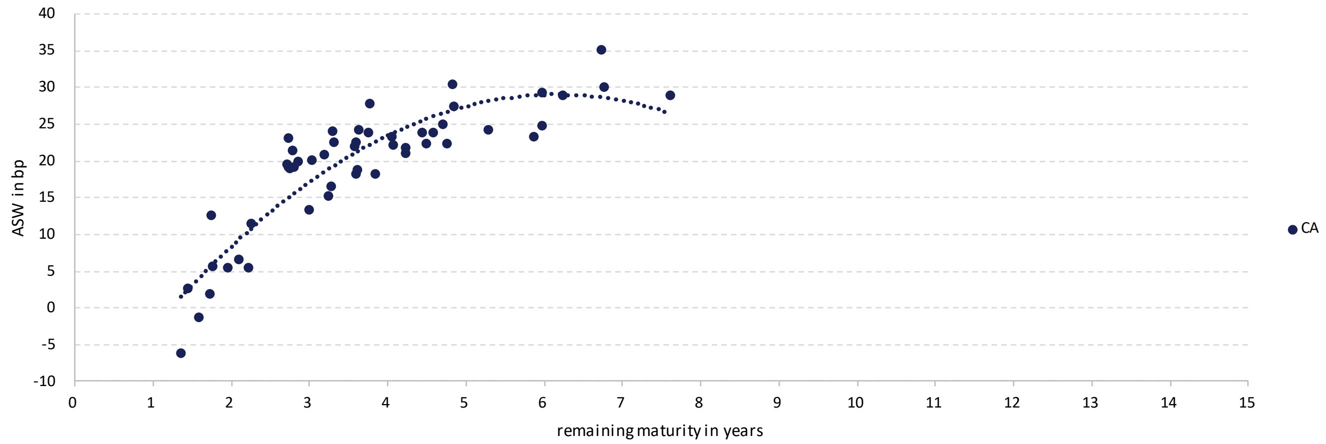
CEE



APAC



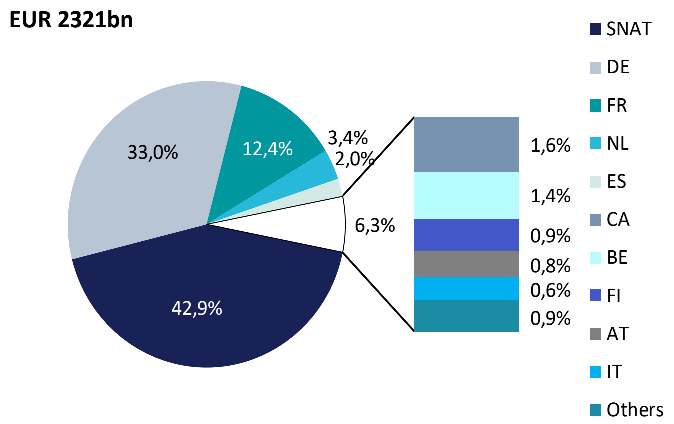
North America



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

Charts & Figures
SSA/Public Issuers

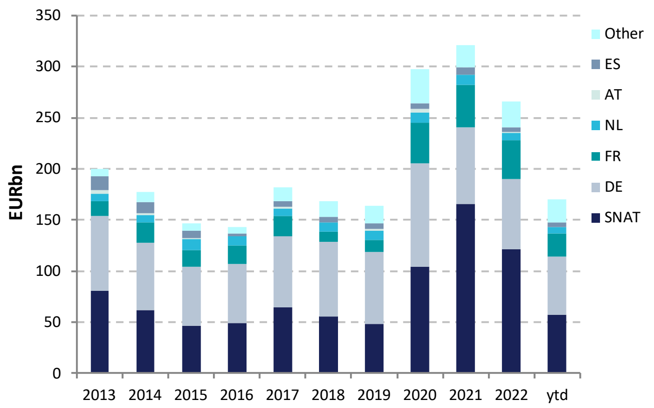
Outstanding volume (bmk)



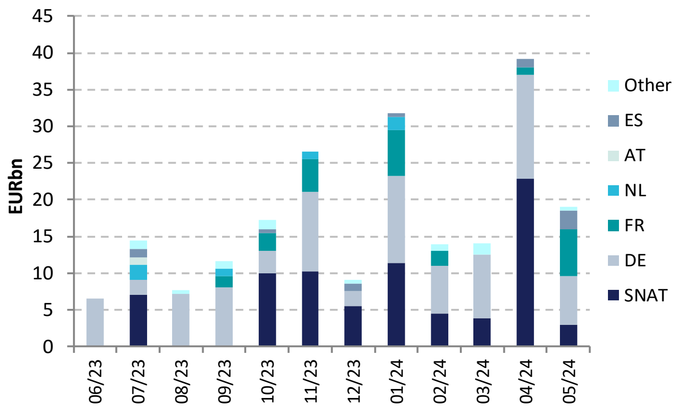
Top 10 countries (bmk)

Country	Vol. (€bn)	No. of bonds	ØVol. (€bn)	Vol. weight. ØMod. Dur.
SNAT	996,7	225	4,4	8,1
DE	765,4	565	1,4	6,3
FR	287,1	193	1,5	6,2
NL	79,5	69	1,2	6,6
ES	47,0	64	0,7	4,8
CA	37,2	26	1,4	4,4
BE	31,8	35	0,9	11,1
FI	22,0	24	0,9	5,1
AT	17,8	21	0,8	4,5
IT	15,0	19	0,8	4,7

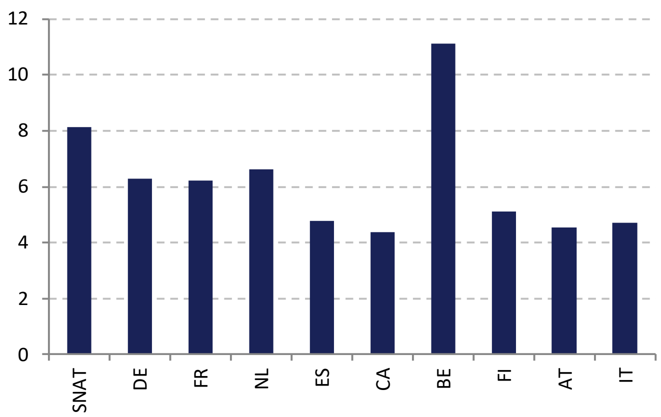
Issue volume by year (bmk)



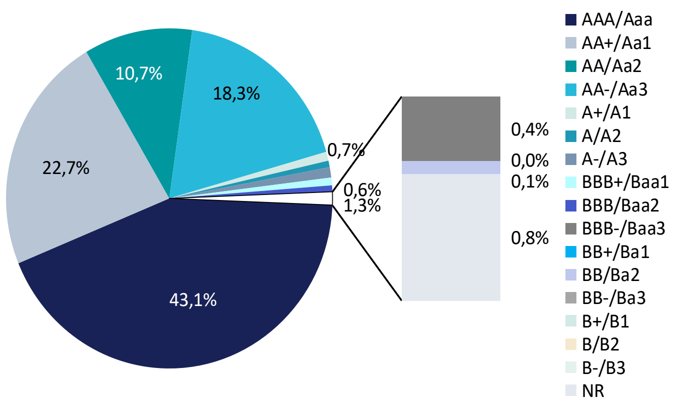
Maturities next 12 months (bmk)



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



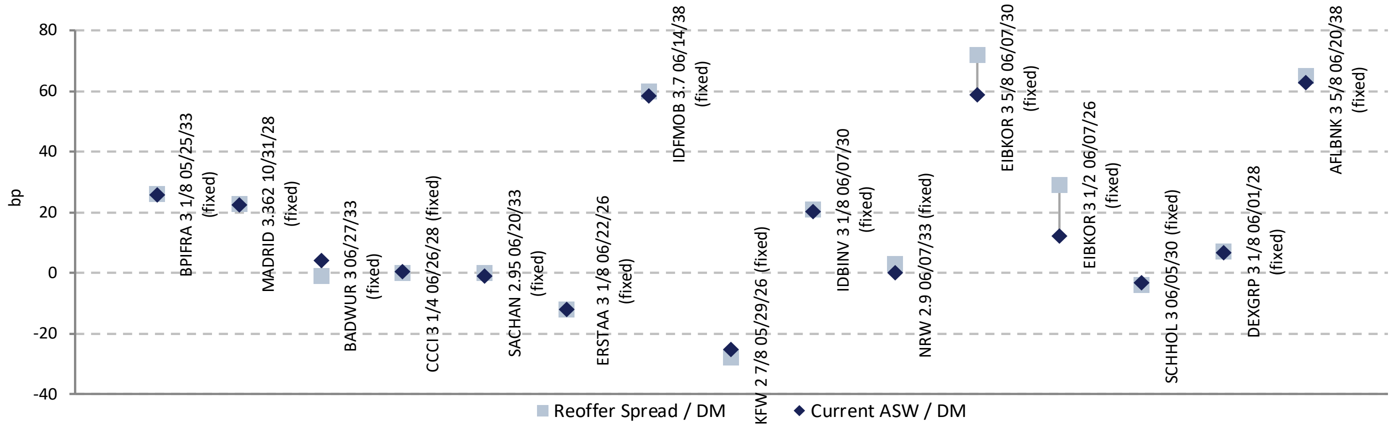
Rating distribution (vol. weighted)



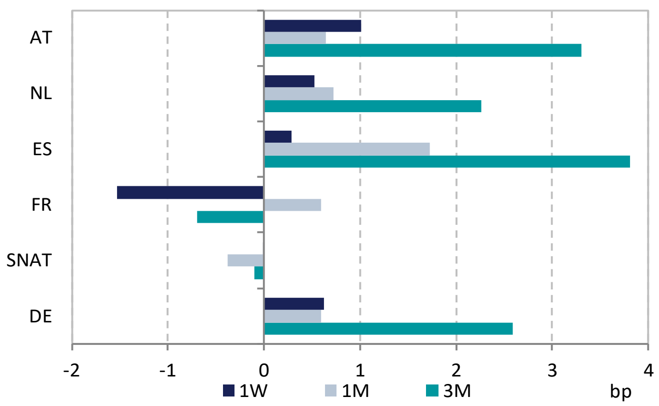
Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

NORD/LB

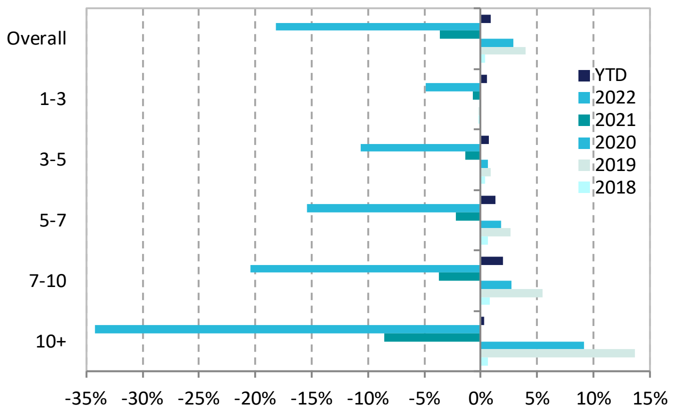
Spread development (last 15 issues)



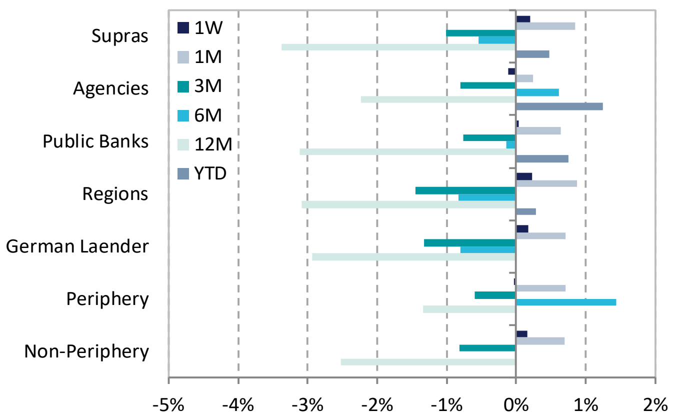
Spread development by country



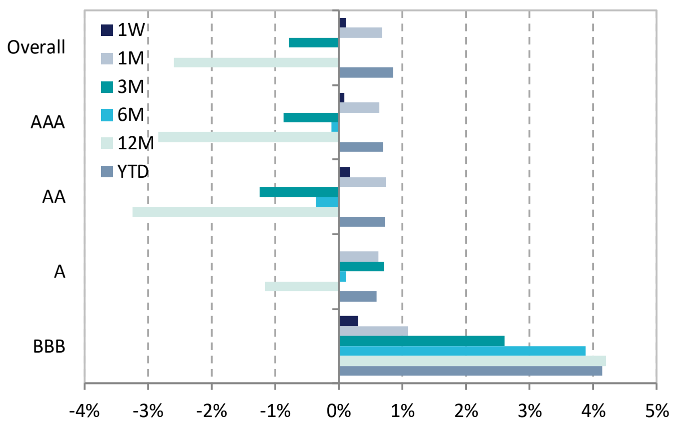
Performance (total return)



Performance (total return) by segments

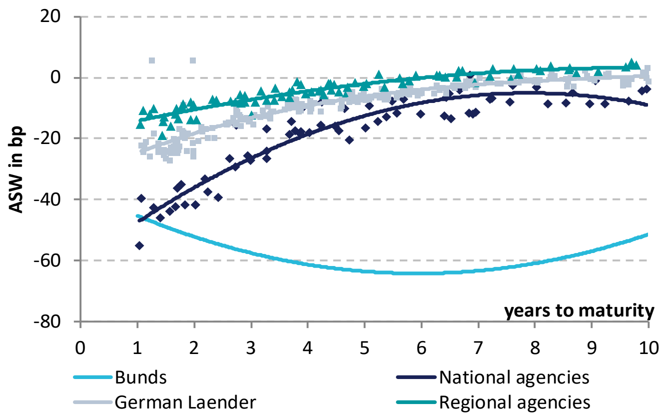


Performance (total return) by rating

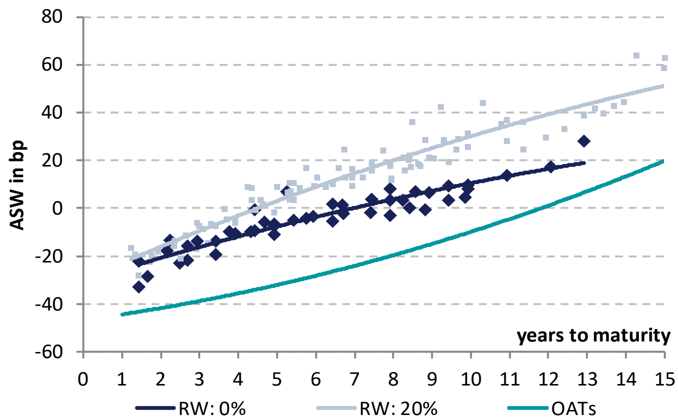


Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

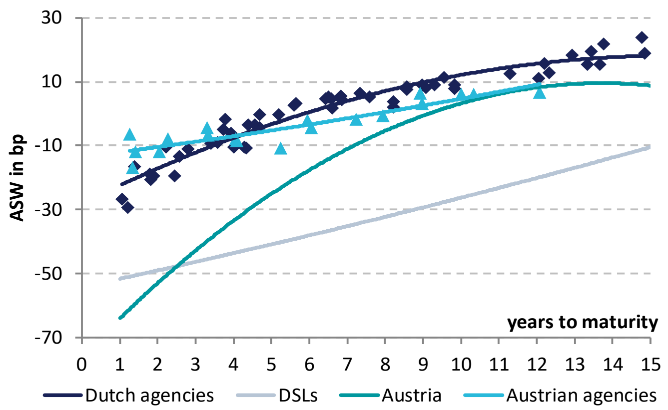
Germany (by segments)



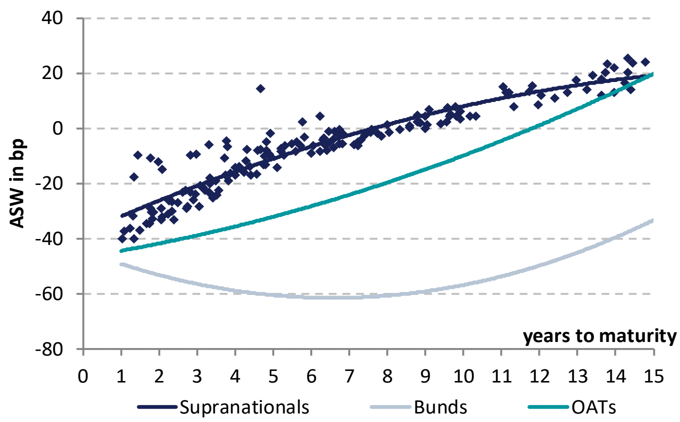
France (by risk weight)



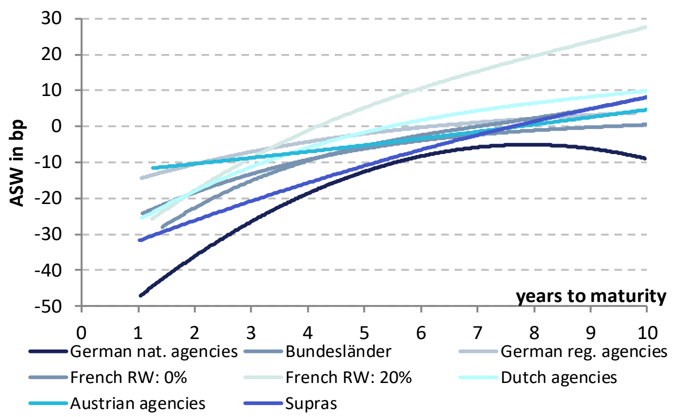
Netherlands & Austria



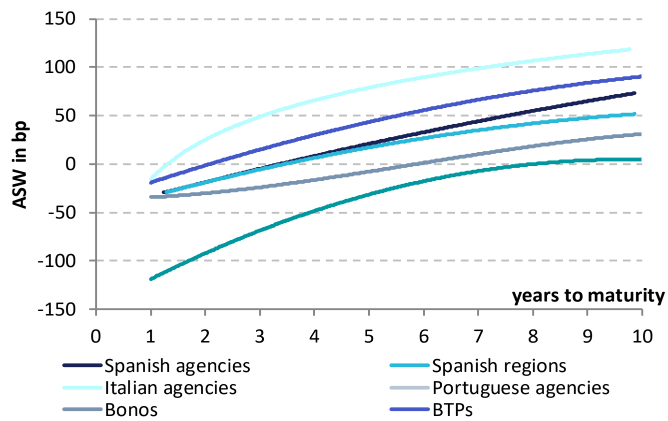
Supranationals



Core



Periphery



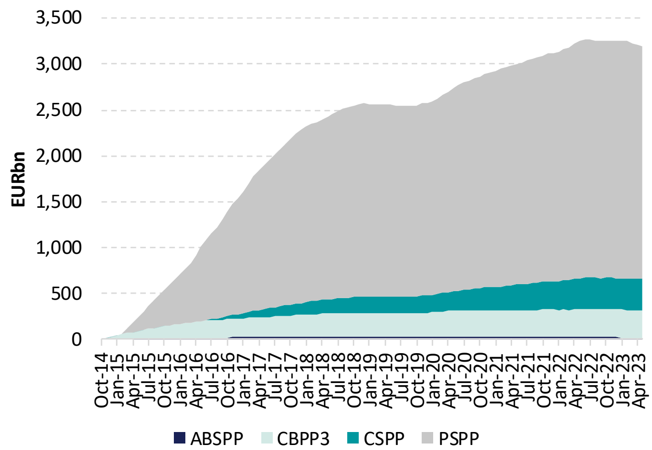
Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

ECB tracker

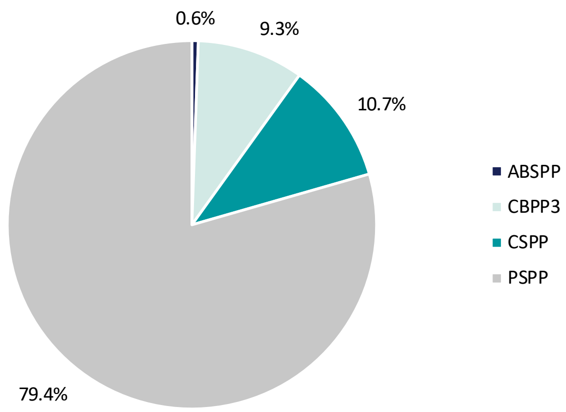
Asset Purchase Programme (APP)

	ABSPP	CBPP3	CSPP	PSPP	APP
Apr-23	18,462	298,627	341,574	2,557,798	3,216,461
May-23	17,821	299,134	341,010	2,543,603	3,201,568
Δ	-641	+507	-564	-14,195	-14,893

Portfolio development

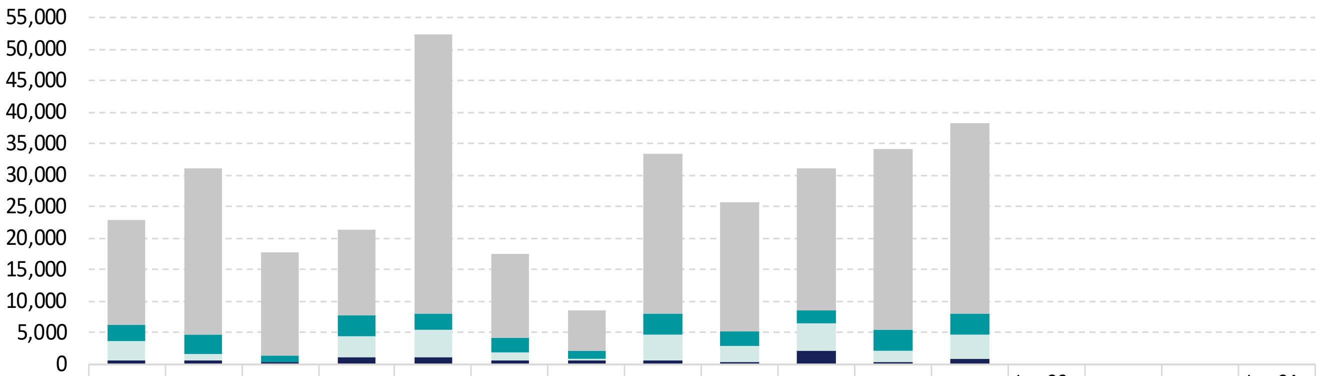


Portfolio structure



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

Expected monthly redemptions (in EURm)

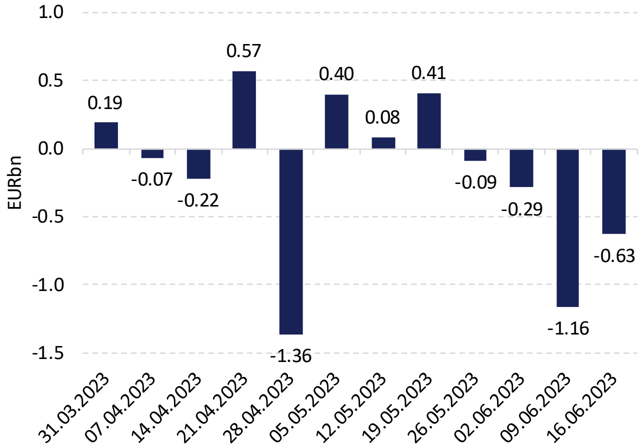


	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-23 - May-24	2022	2023	Jan-24 - May-24
APP	22,923	30,975	17,862	21,258	52,368	17,531	8,565	33,485	25,730	31,020	34,251	38,270	334,238	299,142	331,286	162,756
PSPP	16,619	26,223	16,445	13,404	44,340	13,269	6,336	25,524	20,586	22,413	28,712	30,194	264,065	228,585	255,111	127,429
CSPP	2,557	3,038	986	3,377	2,589	2,393	1,336	3,363	2,325	2,188	3,315	3,457	30,924	17,670	30,797	14,648
CBPP3	3,112	1,170	0	3,346	4,467	1,351	408	4,109	2,449	4,434	1,814	3,836	30,496	41,244	35,147	16,642
ABSPP	635	544	431	1,131	972	518	485	489	370	1,985	410	783	8,753	11,643	10,231	4,037

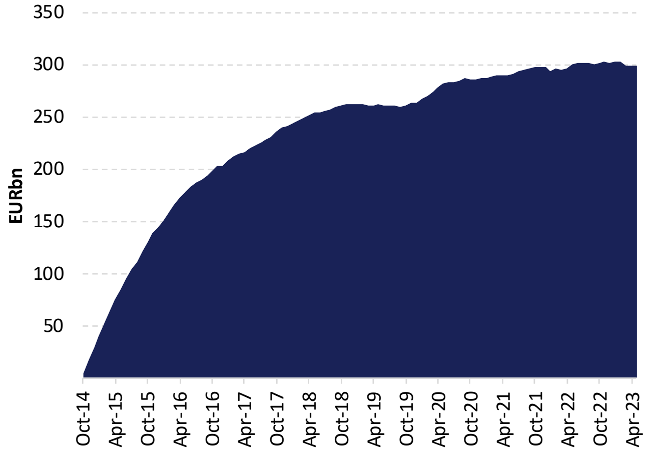
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Covered Bond Purchase Programme 3 (CBPP3)

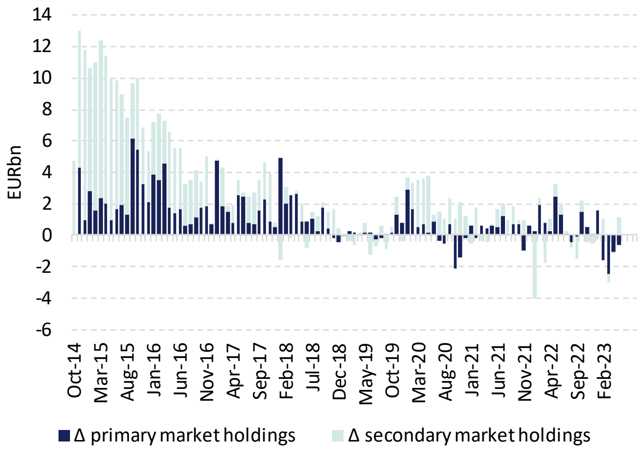
Weekly purchases



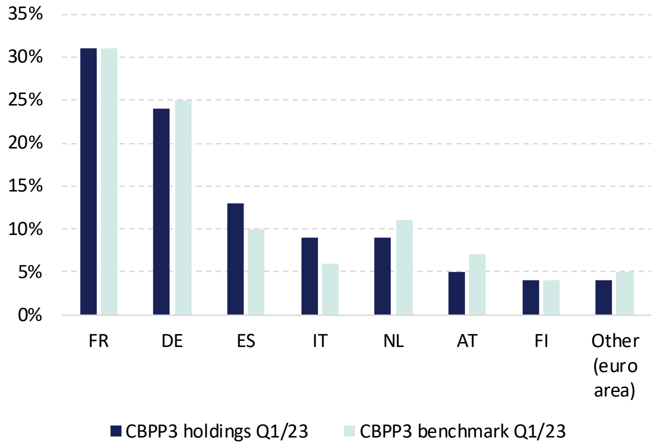
Development of CBPP3 volume



Change of primary and secondary market holdings

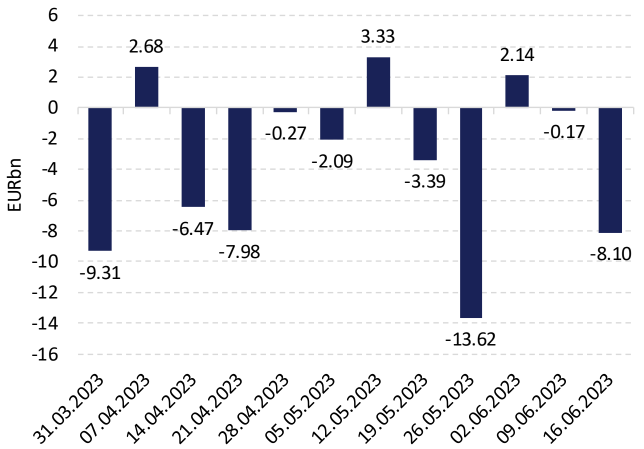


Distribution of CBPP3 by country of risk

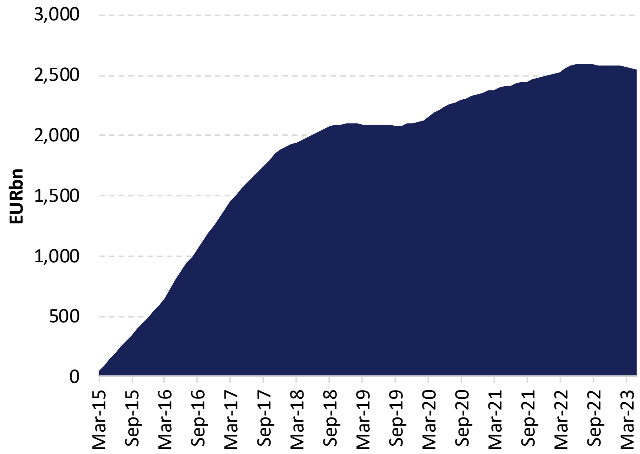


Public Sector Purchase Programme (PSPP)

Weekly purchases



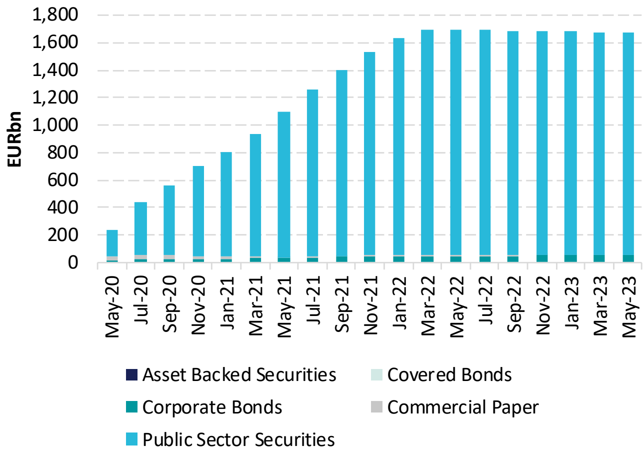
Development of PSPP volume



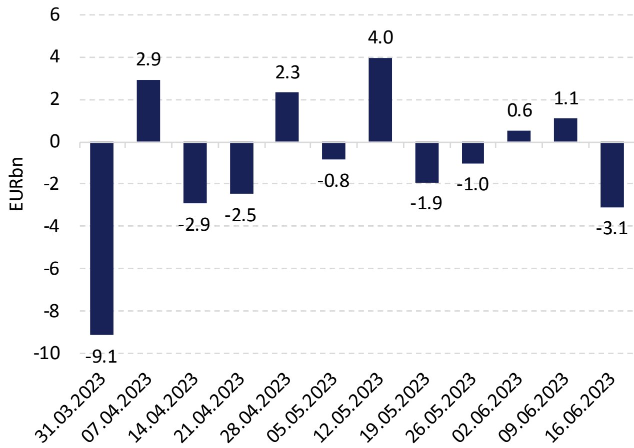
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Pandemic Emergency Purchase Programme (PEPP)

Portfolio development



Weekly purchases



Breakdown of public sector securities under the PEPP

Jurisdiction	Holdings (in EURm)	Δ Holdings previous period	Adj. distribution key[1]	PEPP share	Deviations from the adj. distribution key[2]	Current WAM[3] (in years)	WAM of eligible universe[4] (in years)
AT	44,688	1,070	2.6%	2.7%	0.1%	7.3	7.8
BE	57,078	630	3.3%	3.4%	0.2%	6.1	9.4
CY	2,543	0	0.2%	0.2%	0.0%	8.0	8.5
DE	396,449	627	23.7%	23.9%	0.1%	6.8	7.0
EE	256	0	0.3%	0.0%	-0.2%	7.0	7.0
ES	194,312	2,502	10.7%	11.7%	1.0%	7.3	7.4
FI	26,195	-64	1.7%	1.6%	-0.1%	7.6	7.7
FR	294,956	-4,954	18.4%	17.8%	-0.6%	7.6	7.8
GR	38,150	-34	2.2%	2.3%	0.1%	8.4	9.2
IE	25,280	-893	1.5%	1.5%	0.0%	9.1	9.7
IT	292,896	2,069	15.3%	17.6%	2.3%	7.1	6.9
LT	3,237	49	0.5%	0.2%	-0.3%	9.3	8.7
LU	1,955	19	0.3%	0.1%	-0.2%	5.7	8.6
LV	1,801	44	0.4%	0.1%	-0.2%	8.3	7.6
MT	607	0	0.1%	0.0%	-0.1%	10.1	8.5
NL	81,957	-1,771	5.3%	4.9%	-0.3%	7.7	9.1
PT	33,861	54	2.1%	2.0%	-0.1%	7.0	7.5
SI	6,406	-283	0.4%	0.4%	0.0%	8.7	9.1
SK	7,918	-192	1.0%	0.5%	-0.6%	8.2	8.4
SNAT	150,090	1,000	10.0%	9.0%	-1.0%	10.1	9.0
Total / Avg.	**1,660,635**	**-127**	**100.0%**	**100.0%**	**0.0%**	**7.5**	**7.7**

[1] Based on the ECB capital key, adjusted to include supras [2] Based on the adjusted distribution key
[3] Current WAM of public sector securities holdings under the PEPP [4] WAM of eligible universe of public sector securities holdings under the PEPP
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

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Appendix
Overview of latest Covered Bond & SSA View editions

Publication	Topics
20/2023 ♦ 14 June	▪ Moody's covered bond universe – an overview ▪ Beyond Bundeslaender: Spanish regions
19/2023 ♦ 07 June	▪ ECB Preview: ECB's 25th anniversary and is still going strong ▪ Focus on legal requirements for covered bonds
18/2023 ♦ 24 May	▪ Repayment structures on the covered bond market: an update ▪ Stability Council convenes for 27th meeting
17/2023 ♦ 17 May	▪ ESG update 2023 in the spotlight ▪ Development of the German property market ▪ Transparency requirements §28 PfandBG Q1/2023
16/2023 ♦ 10 May	▪ The ECB and the covered bond market: influences old and new ▪ Update: Joint Laender (Ticker: LANDER)
15/2023 ♦ 26 April	▪ ECB preview: caught in two minds? ▪ EBA Risk Dashboard paints solid picture of Q4 2022
14/2023 ♦ 19 April	▪ Lending in the Eurozone and Germany ▪ The French agency market – an overview
13/2023 ♦ 05 April	▪ Supply forecast requires no great adjustment ▪ Current risk weight of supranationals & agencies
12/2023 ♦ 29 March	▪ The Moody's covered bond universe – an overview ▪ NGEU: Green Bond Dashboard
11/2023 ♦ 22 March	▪ Covered Bonds: Under the spell of the banking crisis and ECB hawks? ▪ ESG: EUR-benchmarks 2023 in the SSA segment (ytd)
10/2023 ♦ 15 March	▪ Transparency requirements §28 PfandBG Q4/2022 ▪ Credit authorisations of the German Laender for 2023
09/2023 ♦ 08 March	▪ ECB preview: Soft landing lets ECB play hard ball with key rates ▪ Where does the Pfandbrief stand within the covered bond universe?
08/2023 ♦ 01 March	▪ The covered bond market and the ECB: a gradual farewell? ▪ Beyond Bundeslaender: Focus on Greater Paris (IDF and VDP)
07/2023 ♦ 22 February	▪ The Italian market for EUR benchmark covered bonds ▪ European supranationals – an overview
06/2023 ♦ 15 February	▪ Maturity premiums on covered bonds ▪ Development of the German property market ▪ Spotlight on the EU: a mega issuer spawned by the crisis
05/2023 ♦ 08 February	▪ January 2023: record start to the new covered bond year ▪ SSA monthly review: dynamic issuance activity to kick off the new year

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

Appendix
Publication overview

Covered Bonds:

Issuer Guide Covered Bonds 2022

Covered Bond Laws

Covered Bond Directive: Impact on risk weights and LCR levels

Risk weights and LCR levels of covered bonds (updated semi-annually)

Transparency requirements §28 PfandBG Q1/2023 (quarterly update)

Covered bonds as eligible collateral for central banks

SSA/Public Issuers:

Issuer Guide – German Laender 2022

Issuer Guide – German Agencies 2022

Issuer Guide – Dutch Agencies 2022

Issuer Guide – European Supranationals 2023

Issuer Guide – French Agencies 2023

Beyond Bundeslaender: Belgium

Beyond Bundeslaender: Greater Paris (IDF/VDP)

Beyond Bundeslaender: Spanish regions

Fixed Income Specials:

ESG-Update 2023

ECB interest rate decision: All new in May... Or: The force of past rate hikes!

ECB interest rate decision: Backbone in times of turmoil?!

ECB interest rate decision: Roadmap to QT

Appendix
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Sales MM/FX	+49 511 9818-9460
Sales Europe	+352 452211-515

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Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Länder/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

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Asset Finance	+49 511 361-8150

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