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NORD/LB Capital Market Conference
"Mission: (Im)Possible?“
27 and 28 August at Herrenhausen Palace

# Covered Bond & SSA View

NORD/LB Floor Research

10 April 2024 ♦ 13/2024

Marketing communication (see disclaimer on the last pages)

# Agenda




**Floor analysts:**

**Covered Bonds/Banks**

**Dr Frederik Kunze**
frederik.kunze@nordlb.de

**Lukas Kühne**
lukas.kuehne@nordlb.de

**SSA/Public Issuers**

**Dr Norman Rudschuck, CIIA**
norman.rudschuck@nordlb.de

**Christian Ilchmann**
christian.ilchmann@nordlb.de

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


**NORD/LB:**
Floor Research

**NORD/LB:**
Covered Bond Research

**NORD/LB:**
SSA/Public Issuers Research

**Bloomberg:**
RESP NRDR <GO>

# Market overview
# Covered Bonds

Authors: Dr Frederik Kunze // Lukas Kühne

**Primary market: back to business after Easter!**

After the expected lull did in fact materialise around the Easter break, the second quarter is now underway with renewed vigour on the covered bond primary market, even if it was slightly delayed. We shall be taking a look back at the first three months of the year in a focus article in this edition of our weekly publication. In April, a total of six issuers from five jurisdictions have approached investors. To kick off the new quarter, Credit Agricole Home Loan laid down the first marker with a benchmark deal worth EUR 1.25bn priced at ms +34bp (guidance: ms +42bp area) on 02 April. In this way, the deal was priced within the curve (new issue premium: -2bp). A few trading days later, the Finnish bank Nordea (EUR 1.0bn) and the Australian issuer Westpac (EUR 1.5bn) offered fresh supply to the market. Investors are likely to have received the new issue premiums with a certain degree of goodwill. After all, these were at least positive at +2bp (Nordea) and +3bp (Westpac), even if the deals were once again priced well below the initial spread guidance with final re-offer spreads of ms +33bp (guidance: ms +40bp area) and ms +42bp (guidance: ms +48bp area) on account of order books that can be described as more than merely solid. Yesterday, on Tuesday, S-Bank (FI), Yorkshire Building Society (YBS; UK) and Bausparkasse Schwäbisch Hall (ticker: BAUSCH; DE) approached investors, with the entire trio opting for a clear communication strategy in terms of the size: EUR 500 million WNG. After an inaugural deal in 2023, the Finnish issuer placed a second EUR benchmark (6.0y) at ms +42bp, while YBS successfully placed its deal with investors at a spread of ms +40bp. Green Pfandbriefe have been rather thin on the ground in recent times, which might also help to explain the sizeable final order book (EUR 2.3bn) for the green bond placed by Bausparkasse Schwäbisch Hall with a term of 9.6 years. The re-offer spread ultimately came in at ms +36bp, seven basis points below the original guidance.

| Issuer | Country | Timing | ISIN | Maturity | Size | Spread | Rating | ESG |
|---|---|---|---|---|---|---|---|---|
| BAUSCH | DE | 09.04. | DE000A383JG8 | 9.6y | 0.50bn | ms +36bp | - / Aaa / - | X |
| YBS | GB | 09.04. | XS2802587258 | 7.0y | 0.50bn | ms +40bp | AAA / Aaa / - | - |
| S-Bank | FI | 09.04. | FI4000570841 | 6.0y | 0.50bn | ms +42bp | - / - / AAA | - |
| Westpac | AU | 08.04. | XS2802726476 | 7.0y | 1.50bn | ms +42bp | AAA / Aaa / - | - |
| Nordea | FI | 08.04. | XS2802191937 | 10.0y | 1.00bn | ms +33bp | - / Aaa / - | - |
| CA Home Loan SFH | FR | 02.04. | FR001400PBM0 | 8.7y | 1.25bn | ms +34bp | AAA / Aaa / AAA | - |

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

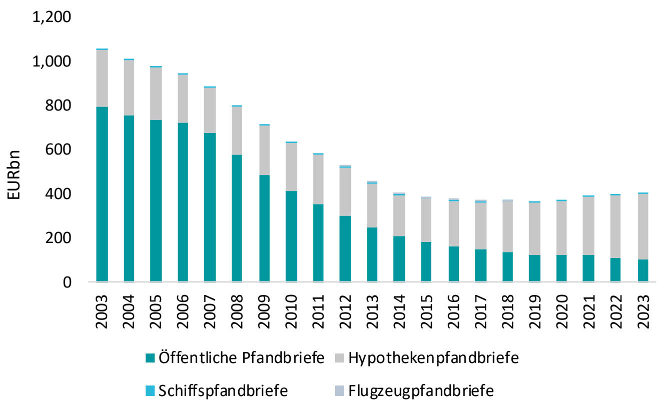
**Secondary market: calm but stable!**

Things are certainly very lively on the primary market for EUR benchmark transactions – and this does not just apply to the covered bond segment. While there is certainly a lot on offer for investors, this primarily relates to the quantity available. On the spread side, things remain less generous. We would be inclined to summarise the situation with regard to secondary market trading as calm but stable. Demand is rather sporadic and specific in nature. Conversely, there is no selling pressure, which means that the spreads (on new deals) have recently been stable. As long as primary market activity remains buoyant, some investors may prefer to focus on the fresh supply.

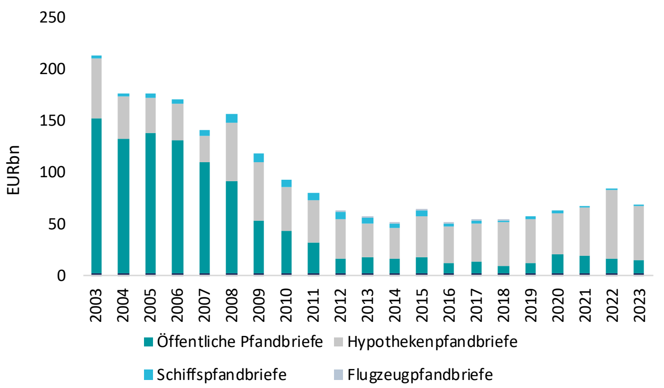
### German Pfandbriefe: Outstanding volume creeps back over the EUR 400bn mark

The Association of German Pfandbrief Banks (vdp) presented its Pfandbrief statistics a few days ago. The reporting date for the database, which is also included in the corresponding chapters of the "ECBC Covered Bond Factbook", is 31 December 2023. The outstanding volume of EUR 400.3bn represents the highest value since 2014 (EUR 402.3bn). This development was driven by a new issuance volume of EUR 65.7bn, which was significantly above the average of the past decade, although did still fall well short of the previous year (2022: EUR 82.3bn). When looking at the outstanding volume, the continued decline in public Pfandbriefe across the most recent reporting period is striking. For example, while this format – at EUR 797.5bn (or 75.5%) – represented the largest share of the total volume (EUR 1,056.7bn) in 2003, at year-end 2023 the equivalent value was just EUR 104.0bn (or 26.0%). In the relevant reporting period, mortgage Pfandbriefe reached a new high of EUR 294.8bn based on a database that goes back 20 years. The public offering of Pfandbriefe now amounts to EUR 237.2bn (2022: EUR 215.4bn). This is offset by private placements worth EUR 163.0bn (2022: EUR 178.2bn). In terms of the "maturity discussion", we would like to highlight the metric of residual term of the Pfandbrief in circulation (in years). Here, a value of 5.5 years was recorded for 2023, with an average value of 6.0 years in the period between 2003 and 2023. The peak value in this regard was reached in the midst of the low interest rate environment in 2018 (8.9 years), while the lowest value goes back to when the database was first started (2003: 4.6 years).

**Pfandbrief in circulation (2003 to 2023)**




**Pfandbrief placements (2003 to 2023)**



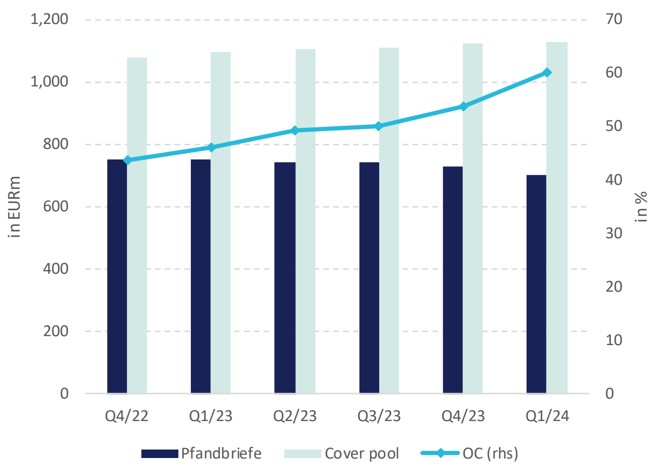

Source: vdp, NORD/LB Floor Research

### Internal matters I: NORD/LB Capital Markets Spotlight on the PfandBG

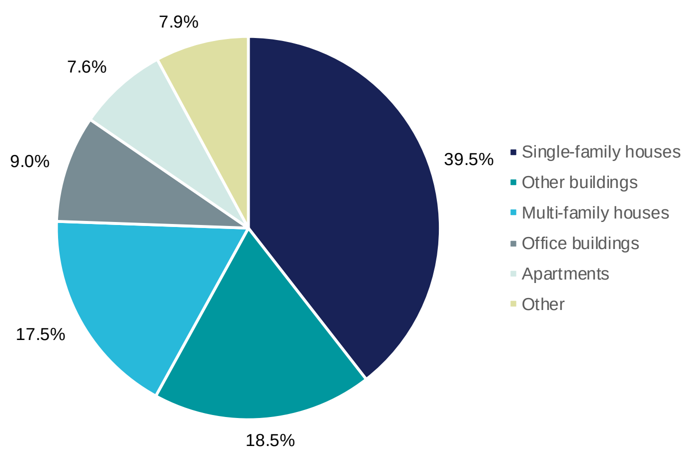
We would like to invite you – on this occasion together with the risk experts from S&P and Moody's – to another edition of our virtual NORD/LB Capital Markets Spotlight. Under the title "The gold standard under the microscope – a (double) look at the risk side of the Pfandbrief Act", we shall seek to address questions that have arisen in the wake of the latest developments on the Pfandbrief market. This event is also a great opportunity for us to build on the successful format of our NORD/LB CRE series from 2023 by covering additional relevant issues. Make sure to join us on 11 April at 11am! If you are yet to receive an invitation, please speak to your sales contact or feel free to contact us directly at (msfr@nordlb.de). The session will also be held in English at 3pm.

**EUR sub-benchmark segment: Sparkasse Bremen extends the circle of Pfandbrief issuers**
Over in the EUR sub-benchmark segment, a Finnish issuer recently made an appearance on the primary market. The Mortgage Society of Finland (ticker: SUOHYP) raised EUR 300m on the market at ms +43bp. In the past trading week, Bloomberg reported that a banking consortium had been arranged for an inaugural deal in the EUR sub-benchmark segment. For its first appearance in this sub-segment, Sparkasse Bremen (Die Sparkasse Bremen AG; ticker: SPKBRE) is offering a mortgage Pfandbrief with a volume of EUR 250m. The institute reported a nominal volume of EUR 1,131m for its mortgage cover pool as at 31 March 2024 (cf. Section 28 PfandBG report). With outstanding issues amounting to EUR 705m as at the same reporting date, overcollateralisation amounts to EUR 425m or 60.3%. In the majority of cases, the type of use of the cover assets in the cover pool (EUR 730m or 64.6%) can be attributed to residential use, with 17.5% attributable to the sub-category of multiple family dwellings. The average LTV (on the basis of the mortgage lending value) stands at 53.3%. The rating agency Fitch awards a rating of AA+ with a stable outlook to the bank's mortgage Pfandbriefe (cf. communication dated 23 May 2023). Based on the rating, the Pfandbrief deals would benefit from a preferred risk weight of 10% and, in our opinion, could be used as Level 2A assets as part of LCR management. After the inaugural deal placed by Sparkasse Dortmund in March 2024, the sub-segment of German Pfandbriefe is continuing its growth phase in the EUR sub-benchmark format. Together with Sparkasse Bremen, the number of active banks in this segment would increase to 12. On the basis of the available data as of today, the outstanding volume would come in at around EUR 12bn. This basic trend towards growth in the segment for sub-benchmarks is clearly to be welcomed and, in our opinion, is being driven by the savings banks to a significant extent. This underscores the importance of the covered bond market for the savings bank sector in Germany, which is one of the reasons why we have previously focused on Pfandbrief issuers from the savings bank sector as part of our weekly publication (cf. NORD/LB Covered Bond & SSA View dated 13 March 2024).

**SPKBRE: cover pool data over time**




**SPKBRE: composition of the cover pool**




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

**NORD/LB Covered Bond Special: Transparency requirements §28 PfandBG Savings Banks**
For a few months now, the transparency disclosures made under §28 PfandBG have again been provided on a regular basis by the vdp for German savings banks as well, with the database prepared in cooperation with the Pfandbrief office of the German Savings Banks Association (DSGV). Yesterday, on Tuesday, we published the latest Covered Bond Special: Transparency requirements §28 PfandBG Savings Banks. This is to be published on a quarterly basis again going forward.

**ECB key rates meeting this Thursday: our preview of the upcoming decision**
In the previous trading week, we already dealt with the upcoming key rates decision on the part of the ECB Governing Council this coming Thursday in some detail (cf. NORD/LB Fixed Income Special – ECB preview: The early bird catches the worm? as well as the SSA Market Overview in today's edition of our weekly publication). The April meeting is unlikely to provide any significant impetus for the covered bond segment either. At present, we find ourselves in a transitional phase caught between the final throes of an "unconventional or interventionist" monetary policy and the return to a more normal approach adopted by the ECB Governing Council. Certainly, this does not mean that the decisions taken by the Frankfurt-based central bankers will remain without implications for the covered bond segment. However, the distorting influences of purchase programmes and cheap central bank refinancing are visibly easing off, which leads us to the conclusion that the repricing phase can now be viewed as almost complete.

**Covered bonds of HSBC Bank Canada unaffected by RBC takeover**
The rating experts from Fitch and Moody's have revoked their rating for the HSBC Bank Canada Global Covered Bond programme following the Royal Bank of Canada's takeover of HSBC Bank Canada. The three outstanding covered bonds in EUR benchmark format are being migrated to the covered bond programme of the Royal Bank of Canada. This has no implications for the rating of the respective covered bonds with Fitch and Moody's (AAA/Aaa). Overall, things are pretty quiet on the Canadian covered bond market for EUR benchmarks. Most recently, Toronto-Dominion Bank approached investors with a triple tranche back in March – this deal included two covered bonds with a fixed coupon (EUR 2.5bn; 5.0y and EUR 1.0bn; 10.0y) and a floater. For the year as a whole, we are working on the assumption of net new supply totalling EUR 12.0bn from Canada as part of our current forecast.

**Moody's I: Spanish banks benefiting from strong macro profile**
The rating agency Moody's has published an update on the macro profile of Spain. According to this, the Spanish economy has stabilised again in recent years following a Covid-related decline and has significantly improved its competitive standing on the back of continuous foreign trade surpluses, reduced private sector debt and strong labour market data. GDP is now back at a pre-crisis level, with growth of +1.7% expected for 2024 (2025: +1.8%). Overall, the rating experts award a score of "a2" for Spain's economic strength. The strength of the country's banks is stated at "a1", while susceptibility to event risks is given a score of "baa". This includes both geopolitical risks such as the war in Ukraine, but also domestic political aspects such as continuing tensions between the central government and separatist groups in Catalonia, especially with regard to the current legislative period. Moody's bases the positive outlook on improved credit conditions in the private sector, the expectation that debt servicing costs on the part of Spanish households will start to decline and stable financing conditions for domestic banks.

**Moody's II: increased number of mortgage approvals in the UK**

At the beginning of April, the Bank of England published its latest money and credit statistics for February 2024. An analysis carried out by rating experts at Moody's showed a continuous increase in mortgage approvals from British banks since October 2023, with the highest level since September 2022 now having been reached. Banks benefit from increased demand for mortgage loans on the basis of profit growth (increased interest income) and balance sheet growth (increased lending). This can serve as a form of buffer against declining net interest margins, which may come under further pressure due to competition in the mortgage market and lower effective interest rates. According to Moody's, the effective interest rate on new mortgages fell to 4.9% in February 2024 as a result of cuts to mortgage interest rates on the part of several major lenders. This is now at the lowest value since August 2023. Given that lower mortgage interest rates reduce the risk of borrowers defaulting, this has a positive impact on asset quality. At the same time, banks can reduce their provisioning costs for NPLs. Outstanding mortgages in arrears have risen steadily since the Bank of England's cycle of rate hikes began at the end of 2021, reaching GBP 20.3bn as at 31 December 2023, which is the highest level since 2014. The current BOE base rate has remained unchanged at 5.25% since August 2023, although rating experts expect that the first interest rate cuts will be initiated at some point this year owing to falling inflationary pressure.

**Internal matters II: NORD/LB Capital Market Conference - 27 and 28 August in Hanover**

At this point, we would like to draw our readers' attention to the NORD/LB Capital Market Conference 2024. Entitled "Mission: (Im)Possible", we are inviting you to attend the event at Schloss Herrenhausen in Hanover on 27 and 28 August 2024 in order to discuss potential solutions to the current challenges of our time together with our customers. A "save the date" email was sent out yesterday (09.04.) Formal invitations, which will include an option to register for the Capital Market Conference and a detailed agenda, will be sent in due course ahead of the event. If you did not receive the save the date email but are interested in taking part in the NORD/LB Capital Markets Conference, please speak with your sales contact or get in touch with us directly at msfr@nordlb.de. As in previous years, the Floor Research team will be in presence, and we look forward to exciting discussions and insightful conversations with you throughout the event.

# Market overview SSA/Public Issuers

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

**ECB meeting – interest rate cut remains unlikely in April**

Last week, we published our preview of the upcoming meeting of the ECB's Governing Council under the heading: "The early bird catches the worm?". The latest data points regarding the inflation trend in the single currency area had recently fuelled rate cut speculation among financial market players. However, equating this with a rapidly starting new turnaround in interest rates would still be more than premature, in our opinion. Much has happened once again since the last meeting of the ECB's Governing Council. On 13 March 2024, the ECB's Governing Council resolved changes to the scope for monetary policy action. According to the ECB, these changes will impact on how central bank liquidity will be made available over the coming years, due to the still substantial if gradually decreasing excess liquidity in the banking system. The adjustment is aimed at managing short-term money market rates, so they are closely aligned with the monetary policy decisions of the ECB's Governing Council. Our view remains unchanged that a first interest rate cut in June (-25bp) would be the ideal scenario now that the door is open. Everyone agrees with regard to the April meeting that interest rates are set to remain unchanged for now. We are already looking forward to the meeting in June with great interest. The new staff projections will be announced then, an event which always has the potential to be explosive. If anything, these staff projections have become even more important, given that everyone is anticipating the first data-based interest rate cut around mid-year.

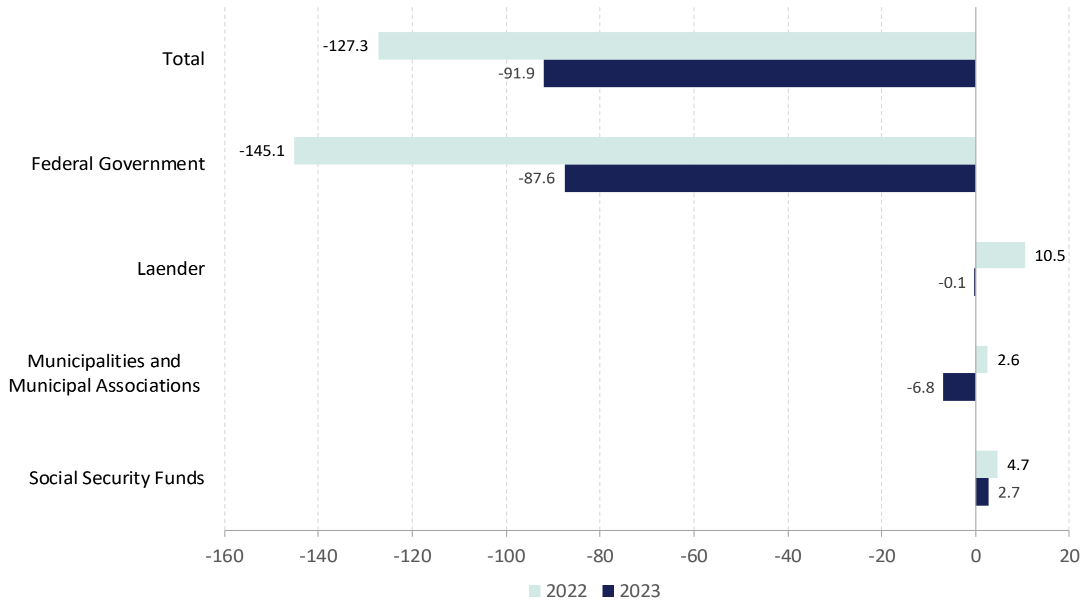
**NWB's loan portfolio increased to a record level of more than EUR 53bn in 2023**

On 21 March 2024, Nederlandse Waterschapsbank (NWB, ticker: NEDWBK) published its report on financial year 2023. Last year, the bank granted new loans to the Dutch public sector (including water boards) and for projects in the field of renewable energy totalling EUR 7.4bn. This means that the volume of new lending was down by EUR 2.2bn on 2022. Despite this ongoing downward trend in new loans, the loan portfolio was at a new record level as at the end of the financial year (EUR 53.9bn). Net profit decreased slightly compared with the previous year and amounted to EUR 126m on the reporting date, after EUR 143m at the end of 2022. NWB plans to pay a dividend to shareholders of EUR 60m in total. NWB is an established issuer of both green and social bonds, not least in the Dutch agency market. The bank's green bonds are also called water bonds, and its bonds in social format are issued under the SDG housing bonds label. According to the annual report, the bank raised EUR 8.9bn in funding capital via the capital market in 2023, including EUR 2.3bn via SDG housing bonds and a further EUR 1.5bn by issuing water bonds. Consequently, 42.3% of NWB's funding requirement was covered through the issuance of ESG bonds. The average maturity of the funding capital raised was 5.3 years, according to the issuer. The total amount of outstanding bonds reported was EUR 61.1bn, with ESG bonds accounting for 38% of this total. NWB expects demand from the public sector in the Netherlands for finance to increase further in the future. As a result, the bank also expects further growth in the loan portfolio.

**Latest press releases on Germany's public debt**

On 5 April, the Federal Statistical Office in Germany presented the overall public budget figures for 2023. Revenue of EUR 1,860bn (+6.4% on 2022) was offset by expenditure of around EUR 1,952bn (+4.1%). This means that the core and supplementary budgets of the federal government, Laender, municipalities and municipal associations as well as the social security funds closed last year with a financial deficit of EUR 91.9bn – calculated distinct from financial statistics. The deficit was EUR 35.4bn lower than that recorded in 2022 and was below the symbolic threshold of EUR 100bn for the first time since the record deficit of 2020 (EUR 189.2bn). Based on the results of the quarterly cash statistics, the deficit was largely at the expense of the Bund (EUR -87.6bn), which was also the case in the previous years. For the first time in many years, municipalities also recorded a deficit (EUR -6.8bn), while the revenue and expenditure of the Laender were almost entirely balanced. A relatively small surplus was recorded in terms of social insurance (EUR 2.7bn). Revenue from taxes and similar levies rose by 3.8% compared with 2022, to around EUR 1,584bn (2022: EUR 1,525bn). According to the press releases, this mainly resulted from growth in social security contributions (+6.3%), while tax revenue was up by 2.2%.

**Financial balances of the overall public budget by level (EURbn)**




Source: Destatis, NORD/LB Floor Research

The press releases also stated that the ECB's tight monetary policy was taking effect. At Bund level, interest expenditure on credit market funds rose by EUR 29.3bn to EUR 46.7bn – more than two and a half times (+168.3%) higher than expenditure in the previous year. Interest expenditure was also up among the Laender and municipalities. However, the increase was far more moderate (+13.1% to EUR 10.5bn and +41.4% to EUR 2.9bn respectively). On the other hand, the Bund saw an inflow of interest from other areas of EUR 13.7bn, which was approximately twice as much as in 2022. COVID-19 related allocations from the Bund decreased, whereas grants increased, including for energy cost relief. The Bund spent significantly less (-13.9%) on ongoing subsidies, grants and help with debt service payments to other units of the overall public budget – essentially the Laender – than in the same period of the previous year. This reflected, in particular, the reduction in COVID-19-related help for businesses, primarily paid out via the Laender, and the resultant allocation of funds to the healthcare fund.

**IBB turns 100 – yesterday, today and tomorrow in Berlin**

From the centenary document of Investitionsbank Berlin: "On 2 April 1924, the local government of Greater Berlin made a decisive move towards tackling the existing housing shortage in the capital city by establishing Wohnungsfürsorgegesellschaft mbH – a historic moment that at the same time marked the beginnings of Investitionsbank Berlin (IBB). Today, one century on, together with you we are celebrating our 100-year anniversary as the development bank of the Land of Berlin. We are proud and grateful to reflect on a time filled with memorable moments, amazing people and challenging tasks – always with the aim of supporting and promoting Berlin and its residents." The company's history spans many events, from overcoming the housing shortage of the 1920s to the equalisation of structural deficits in the wake of German reunification and monetary assistance to trade and industry in the 21st century. During this long history, IBB was integrated in Landesbank Berlin (1993). However, since being hived off in 2004, IBB has again operated as an independent development bank. In May 2021, the Berlin House of Representatives, Berlin's parliament, resolved the restructuring of IBB. As a result, the newly established IBB Unternehmensverwaltung AöR, directly owned by the Land of Berlin, became the body responsible for IBB and all its subsidiaries (the IBB Group). This is to increase the bank's transparency and ensure a more efficient cost structure. Meanwhile, support for SMEs, which are vital to Berlin's economy, encompasses various programmes in the stages of starting up (e.g. Berlin Start – low-interest loans for start-ups), growth (e.g. Berlin Kapital) and stabilising (e.g. Liquiditätshilfen BERLIN). IBB Ventures is a member of the IBB Group. It has interests in start-ups in various sectors (e.g. industrial technology) and therefore is an important tool in the economic policy management of the federal state. In view of its long history, IBB also continues to offer development loans for housing, modernisation and maintenance. In some cases, applications for the various programmes are made and paid out via the main banking connection (Hausbankprinzip, "house bank principle"), with IBB not affecting competition among commercial banks. Pursuant to Section 2 (4) of the Investitionsbankgesetz (Investment Bank Act), the federal state of Berlin provides an explicit guarantee in respect of liabilities and acts as IBB's guarantor. IBB actively invests in social and green bonds and maintains an IBB ESG portfolio.

**Italy – alleged NGEU fraud totalling EUR 600m uncovered**

In a press release dated 4 April 2024, the European Public Prosecutor's Office (EPPO) and Italy's financial police reported on the uncovering of an international criminal organisation suspected of fraud in connection with the NGEU recovery and development plan for Europe. A total of EUR 600m is being investigated. The funds for (purported) projects were managed by Simest, a company owned by Cassa Depositi e Prestiti (ticker: CDEP) – an agency also included in our coverage. In a statement, Simest communicated that it was actively cooperating with the authorities and that all suspicious applications were reported in the period from January 2022 to September 2023 within the scope of its responsibility. The statement reads as follows: "The identification of these cases by Simest was possible thanks to detailed and diligent analysis of the risk indicators. The evidence confirmed Simest's comprehensive and proactive cooperation with the authorities as well as the adequacy and strength of checks carried out to protect public funds." So, what exactly has gone on here? According to preliminary findings, mainly SMEs applied for capital from the recovery fund in order to expand their business activities to international markets. The suspects prepared and submitted bogus balance sheets for this purpose, masking that the companies were fictitious. It is suspected that considerable sums of money from illegal proceeds were laundered via a complex network of other fictitious companies.

**S&P downgrades BRUCAP rating**

S&P downgraded the rating of the Brussels-Capital Region (ticker: BRUCAP) from AA- (outlook: stable) to A+ (outlook: stable) on 22 March 2024. This downgrade mainly took place in view of the expected ongoing budget deficit. According to the rating agency, the fact that the outlook is stable reflects the expectation that budget consolidation measures will be introduced after the regional elections in June this year, in order to stabilise the high debt ratio. Originally, the region had expected a return to a balanced budget as early as 2023. However, the current budget for 2024 aims for this to happen in 2026. S&P therefore expects debt to increase in the next two years and consequently was forced to adjust the rating. For more information on the Belgian regions, please refer to our Public Issuers Special – Beyond Bundeslaender: Belgium.

**Primary market**

After the Easter break, we return relaxed and refreshed to report on the bond issues that occurred during our absence in the usual manner. Our review starts with BNG Bank (ticker: BNG), whose mandate for a social bond issue we first mentioned two weeks ago. The public sector financier raised fresh funds totalling EUR 1.75bn (5y) at ms +13bp. After the Easter holidays, Saarland (ticker: SAARLD) was present with a new EUR benchmark bond issue worth EUR 500m (7y), placed in line with the guidance at ms +14bp. Yesterday, Tuesday, four issuers took advantage of the opportunity to use the EUR market to hit their funding targets. Based in the segment of European supranationals, the Council of Europe Development Bank (ticker: COE) issued its first EUR-denominated Social Inclusion Bond of this year, weighing in with a volume of EUR 1.25bn (7y). The final pricing was at ms +13bp. Alberta (ticker: ALTA) became the fourth Canadian province this year to be present in the market, placing its first EUR benchmark bond issue since April 2020 in the process. In this context, Alberta sought fresh funds of EUR 1.5bn (10y), which ultimately were raised with final pricing at ms +48bp. China Development Bank (CDB, ticker: SDBC) was another rather infrequent guest to appear on screens. The Chinese bank placed a dual tranche, comprising a USD denominated benchmark bond issue and a EUR benchmark bond issue. The EUR bond totalled EUR 500m (3y) and was eventually priced at ms +60bp. French Bpifrance (ticker: BPIFRA) also approached investors and launched a bond issue worth EUR 1.25bn (8y) at OAT +23bp (which equates to approximately ms +21bp). In the sub-benchmark segment, we report on a floating rate note of Nordic Investment Bank (ticker: NIB) worth EUR 25m (7y). The pricing was at +19bp against the three-month Euribor. In addition, Lower Saxony (ticker: NIESA) increased its 2029 bond issue by EUR 500m at ms +7bp, which was in line with the guidance. Moreover, the European Union (ticker: EU) was active as part of the latest bond auction, increasing not just one but two bond issues, EU 3.125% 04/12/2030 and EU 3.0% 04/12/2034, by EUR 2.267bn and EUR 2.392bn respectively. There were no new mandates ahead of the upcoming ECB meeting.

| Issuer | Country | Timing | ISIN | Maturity | Size | Spread | Rating | ESG |
|---|---|---|---|---|---|---|---|---|
| SDBC | Other | 09.04. | XS2800342318 | 3.0y | 0.50bn | ms +60bp | - / A1 / A+ | - |
| ALTA | CA | 09.04. | XS2802866728 | 10.5y | 1.50bn | ms +48bp | AA- / Aa2 / AA- | - |
| BPIFRA | FR | 09.04. | FR001400PGB2 | 7.8y | 1.25bn | ms +21bp | AA- / Aa2 / - | - |
| COE | SNAT | 09.04. | XS2803760359 | 7.0y | 1.25bn | ms +13bp | AAA / Aaa / AAA | X |
| SAARLD | DE | 03.04. | DE000A3H3GP3 | 7.0y | 0.50bn | ms +14bp | AAA / - / - | - |
| BNG | NL | 27.03. | XS2797440638 | 5.0y | 1.75bn | ms +13bp | AAA / Aaa / AAA | X |

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

# Covered Bonds
# A review of Q1 in the Covered Bond segment

Authors: Dr Frederik Kunze // Lukas Kühne

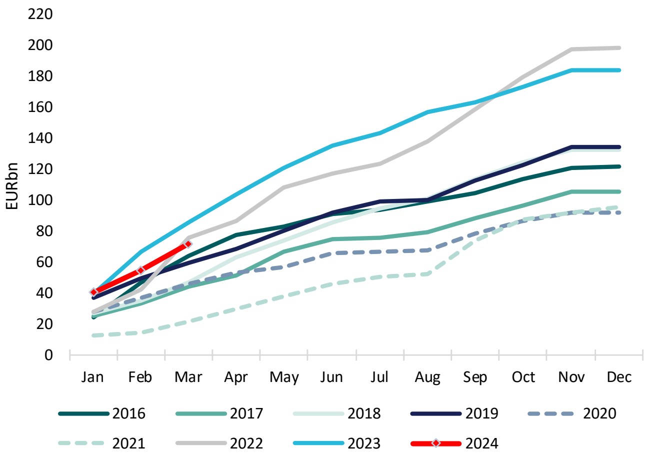
**January breaks the monthly record for new issues**

We would like to use this edition of our weekly publication as an opportunity to take a look at the first quarter of 2024. Once again, it is no exaggeration to say that the seasonal pattern of a high-issuance start to the year has been confirmed. This development is exemplified by the month of January, which saw the highest volume of new issues ever observed by us on the primary market and also set a new record for the number of successfully placed deals. In total, 49 new covered bond deals with a volume totalling EUR 40.6bn were recorded. Issuers were driven by considerable excess demand and the impressive performance of the deals. The bid-to-cover ratios for some new issues were correspondingly high. The decline in demand from the ECB following the termination of the asset purchase programmes and their reduction was more than compensated for by other investors. For the remainder of 2024, the decisions of the ECB's Governing Council on "conventional" monetary policy are likely to move more sharply into focus again. In particular, we believe that the timing of the first possible interest rate cut will be a dominant topic on the market

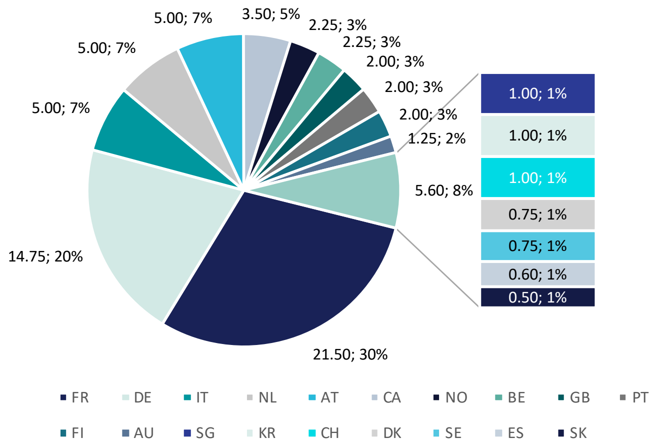
**Primary market Q1 2024: Issuance volume comes to EUR 72.1bn**

After the extremely dynamic start to the year, the issuance volume did not really ease off all that much, although February and March were, as expected, not quite as dynamic as January. Overall, we are looking back at an issuance volume of EUR 72.1bn, with France (30%) and Germany (20%) predictably accounting for the largest shares, followed by the jurisdictions of Italy, Austria and the Netherlands, each with a share of just under 7%. Issuers from Italy and Portugal in particular proved to be surprisingly keen. Issuers from these countries were responsible for new issues totalling EUR 7.0bn in Q1 2024. The picture is somewhat different for the covered bond jurisdiction Canada and some APAC countries. While we were still reckoning on a positive net new supply from Canada, Australia and New Zealand in our forecast for 2024, issuers from these jurisdictions were increasingly cautious on the market in the first quarter. During this period, only two issuers approached investors with three covered bonds (two from Canada and one from Australia) with a volume of EUR 4.8bn. With maturities of EUR 2.5bn in 2024, we had also expected more activity from New Zealand, as the last deal in EUR benchmark format from this jurisdiction dates back to July 2023. Along with many other aspects, we put the reticence of issuers from these jurisdictions down to the wide array of different currencies in which these issuers are active on the market. Accordingly, they tend to selectively approach investors with "fresh" produce in the EUR benchmark segment. As Canadian issuers in particular are increasingly placing high-volume deals on the market and tend to issue covered bonds in close succession, we still expect to see some benchmark issues from this jurisdiction.

**EUR BMK: Issuance history**




**EUR BMK in Q1 2024 (EURbn)**

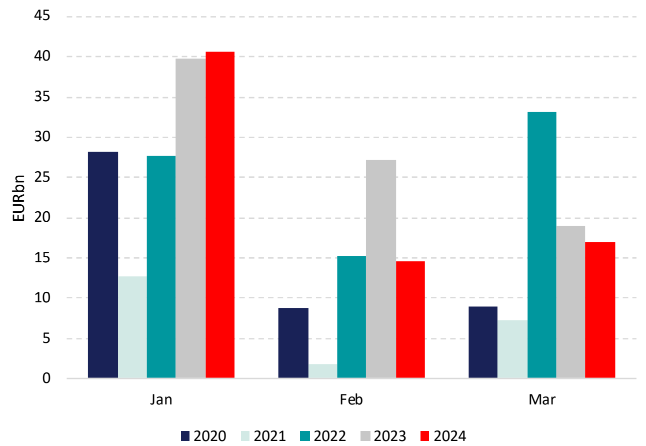



Source: Market data, Bloomberg, NORD/LB Floor Research

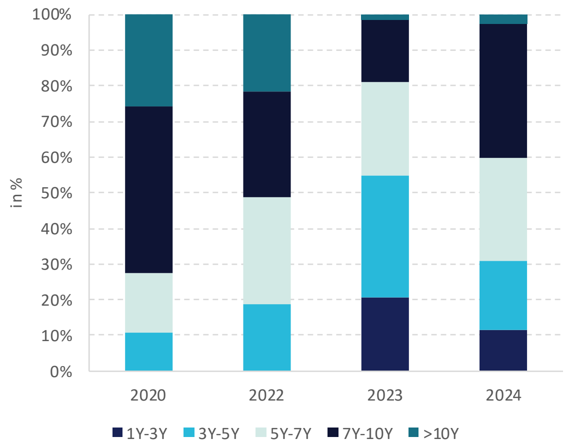
**Longer terms are in demand again!**

After maturities of up to five years dominated the market in the second half of 2023 and the last issue with a term of more than six years dated back to August 2023, Credit Agricole Home Loan SFH showed on just the second trading day of the new year that the market is by all means receptive to covered bonds with a maturity of ten years. The French issuer successfully placed a covered bond (10.0y) with a volume of EUR 500m with investors and this was not to be the last deal in this maturity segment in the first quarter. A total of 18 issuers approached investors with deals, each with an initial maturity of at least ten years. The average maturity of all EUR benchmarks issued in the first three months of 2024 was 6.8 years, which corresponds to an increase of 1.3 years compared with the same period in 2023. In addition to the "longer" maturities, issuers also continued to be active in the maturity segment of less than five years. Accordingly, in our opinion, the covered bond market remained open to new issues – regardless of the maturity selected.

**EUR BMK: History of new issues (Q1)**




**EUR BMK: Maturities of new issues**

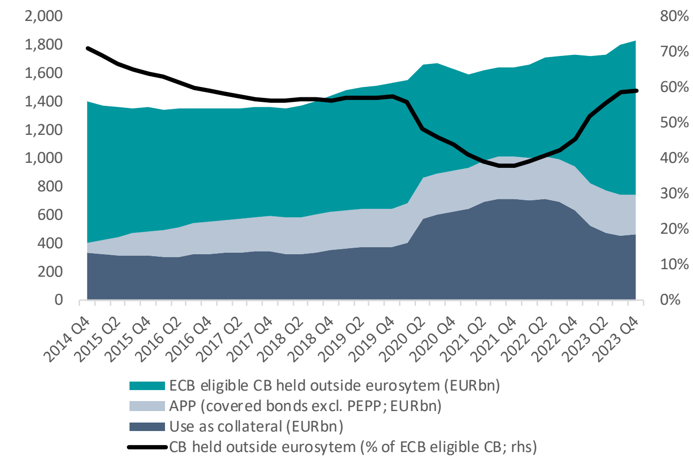



Source: Market data, Bloomberg, NORD/LB Floor Research

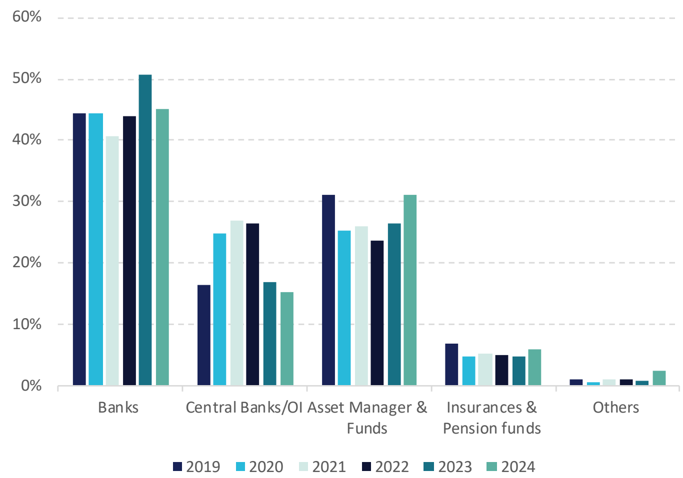
### The ECB's withdrawal from the covered bond market was compensated for

As a result of the interest rate turnaround and the end of the ECB's asset purchase programmes, the question arose at the beginning of the year (and in comparison with the previous year) as to which group of investors would absorb the supply previously creamed off by the central bank on the primary market. Real money investors in particular compensated for the lack of demand from the ECB on the primary market and, in conjunction with the other investor classes, provided for significant excess demand in the first quarter of 2024. Accordingly, the average bid-to-cover ratio in the first three months of 2024 was quite impressive at 3.8x – as against just 2.2x in the same period of the previous year. In our opinion, the proportion of covered bonds which are not held by the Eurosystem indicate that the situation will have mostly returned to normal by the end of 2024. The last time the Eurosystem had a similarly "low" percentage of covered bonds held was in 2016. Banks and bank treasuries continued to be the largest investor group in Q1 2024 with a share of over 40%, followed by the "Asset Manager & Funds" category.

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




**Primary market: Investor breakdown EUR BMK**

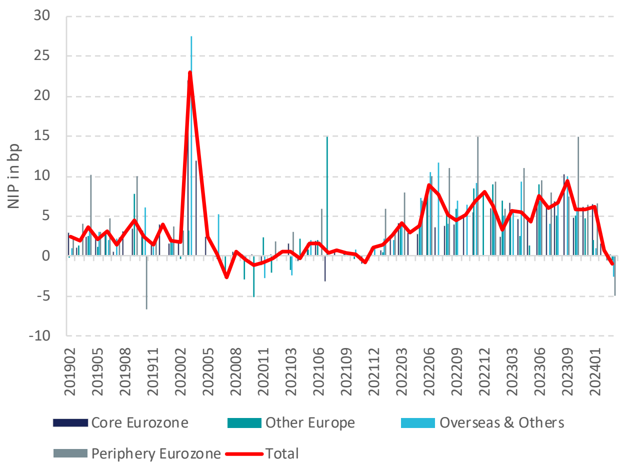



Source: ECB, market data, Bloomberg, NORD/LB Floor Research

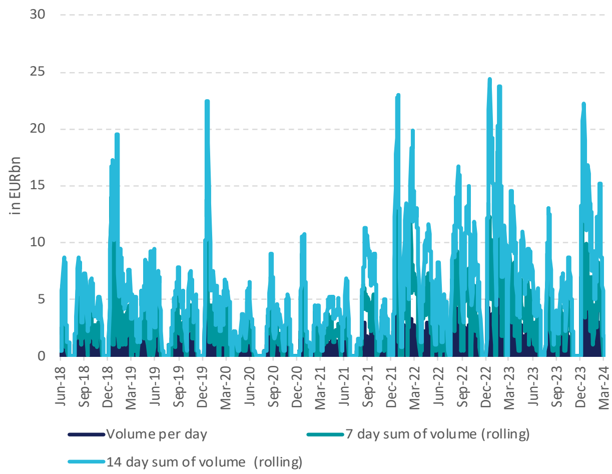
### No sign of new issue premiums recently

Before we turn to the spread development in the first quarter of 2024, we would first like to look at the new issue premiums during this period. Having said that, we are well aware of the limited informative value of this indicator. This is especially true given the often severely limited liquidity in secondary trading. Nevertheless, we can derive relevant observations from a global perspective. While new issue premiums were in the double-digit or high single-digit range in some cases at the start of the year, they fell significantly over the course of the first quarter. Currently, the majority of newly placed deals have no or even negative new issue premiums. While the average new issue premium for January still amounted to +6.1bp, it turned negative in March and stood at -1.0bp. Despite the steady stream of fresh supply, high demand is still currently resulting in well-filled order books. Even in the event of a sharp reduction in spreads during the marketing phase, this will not lead to any rapid declines in the order books even in. We believe that this development is the exception rather than the rule and should not be seen as the new norm on the covered bond market.

**EUR BMK: New issue premiums on the primary market**




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




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

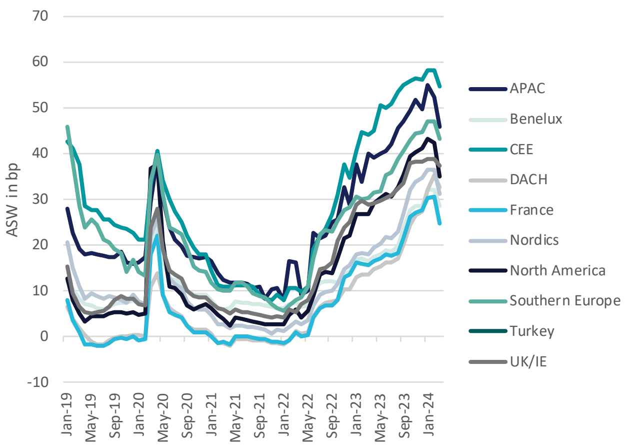
**Four new issuers on the covered bond market**

In the first three months of the year, we welcomed a total of four new issuers from three jurisdictions to the market for EUR benchmarks. With Oldenburgische Landesbank (cf. Issuer View) and Landesbank Saar, two new issuers from Germany approached investors and were each able to successfully place a Pfandbrief with a volume of EUR 500m on the market. Shinhan Bank from South Korea and TSB Bank from the UK also joined the ranks of EUR benchmark issuers. While the two deals from Germany had an initial term of at least eight years, the other two banks were content to settle for a maximum maturity of five years for their first benchmark deal. In our opinion, the successful debuts on the primary market are an indicator that the covered bond market is continuing to grow steadily.

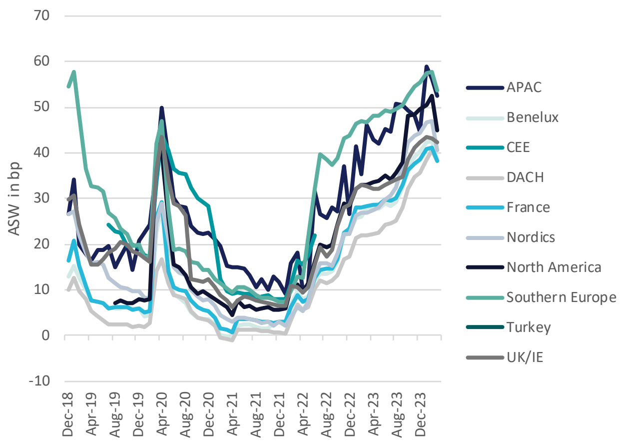
**Spread development: Repricing continued in the first quarter**

The ECB’s interest rate turnaround led to repricing on the covered bond market, which did not end in the first few months of the new year. After a slight increase in spreads in almost all jurisdictions at the start of the year, a counter movement emerged over the course of the first quarter, which led to a significant reduction in spread levels. Spreads at the end of March 2024 were for the most part even lower than at the end of 2023. However, this trend needs to be viewed in a differentiated way according to the different maturity segments. Compared with the end of the year, the spread declines tend to be more pronounced in the shorter maturity segments than for covered bonds with a term of seven or ten years. In light of the ongoing debate about the CRE exposure of some German Pfandbrief issuers, the Pfandbrief spreads of institutions with a higher exposure have widened significantly. In our aggregated spread analysis, this leads to an overall spread increase due to the use of average values for Germany. In terms of the further spread development, we certainly see some arguments suggesting that we have already seen the largest movement in repricing, even if we cannot rule out a slight spread increase at the midpoint of the year. In our opinion, the future development of spreads on the covered bond market depends largely on the monetary policy implications of the central banks.

**EUR BMK: Spread development (5y; generic)**




**EUR BMK: Spread development (10y; generic)**




Source: Bloomberg, NORD/LB Floor Research

**Conclusion and outlook**

Overall, we can look back on a dynamic first quarter. Although it did not quite live up to the record number of new issues from 2023, we would still describe this as a strong start to 2024, especially in view of the lower maturities. In total, covered bonds with a volume of EUR 72.1bn were successfully placed in the first three months of the year. Unsurprisingly, the majority of issuers are geographically attributable to the jurisdictions of France and Germany. The seasonal pattern of a strong start to the year was additionally underpinned in the first quarter of this year by the impressive performance of newly placed deals on the primary and secondary markets. In our opinion, the "new" flexibility in the choice of maturity segment and the exceptional development in new issue premiums should be emphasised. Depending on the further course of NIPs, investors could also focus more on the secondary market in the medium to long term. In our opinion, the future development of spreads will be largely influenced by the interest rate implications of the central banks. We expect the covered bond market to continue to develop dynamically and currently see it as being in good shape. Accordingly, we also welcomed four new EUR benchmark issuers to the primary market.

NORD/LB

# SSA/Public Issuers
# A review of Q1 in the SSA segment

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

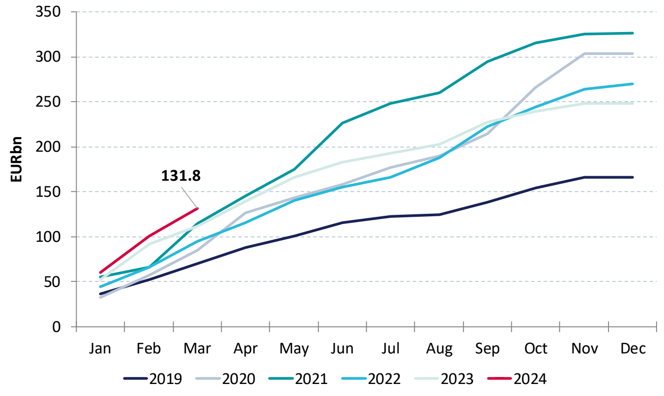
**Q1/2024 – issuance volume at record level**

After taking a comprehensive look at January, which is always an extremely dynamic month, at the beginning of the year in our Covered Bond & SSA View of 5 February, we would like to extend the time horizon in this edition to cover the first quarter of the year. By the end of March 2024, for the SSA segment according to our definition – supranationals, sub-sovereigns and agencies, i.e. excluding sovereigns – EUR benchmarks added up to an impressive EUR 131.8bn (2023: EUR 112.0bn; 2022: EUR 94.9bn; 2021: EUR 114.6bn). With a volume of EUR 617.8bn, the order books were around 42% larger than in the same period in the previous year (2023: EUR 436.4bn). The record level of EUR 624.2bn set in 2021 was narrowly missed in the first quarter of 2024. Owing to the record-breaking issuance volume, however, we can justifiably talk about the strongest first quarter ever for our SSA universe.

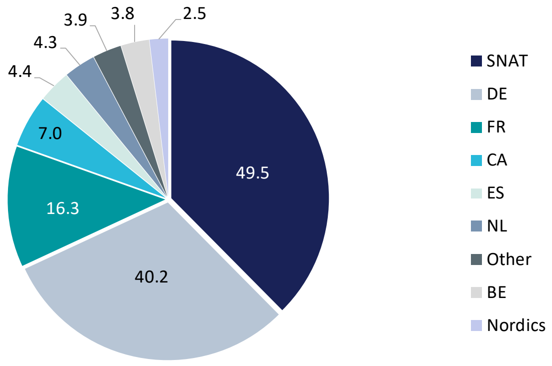
**The big picture**

Let's kick off our review with a comparison of the issuance volumes of previous years: up to the end of March, we recorded EUR benchmark issues with a record volume of EUR 131.8bn in our SSA segment defined above. Never before have we emerged so strongly from the first quarter of a year. After just failing to topple the previous "leader" from 2021 last year, the market evidently felt ready to head for a new all-time high in terms of issuance volume. A total of 58 different issuers successfully appeared on the market, issuing 81 new bonds in the process. Supranationals accounted for the largest share. Overall, 15 bonds with a total volume of EUR 49.5bn were issued in this segment. The supranationals' order books have always been full to bursting so far this year. Adding up all the issues, we arrive at a figure of EUR 340.0bn, which is more than in the other sub-segments combined. Although we saw the largest number of bonds from Germany (32), the total volume of EUR 40.2bn is behind the supranationals, which naturally operate in larger volumes than regional development banks or the German Laender. The aggregated order book volume of EUR 122.0bn was nevertheless sizeable. France ranked third in our list with an issuance volume totalling EUR 16.3bn. Nine bonds were issued in the first quarter of the year, with CADES, the deficit and debt repayment fund, always attracting the greatest interest in terms of order book entries in the French SSA segment. From Canada, we have observed EUR benchmark issues totalling EUR 7.0bn to date (and not only from the provinces we cover). Last year, bonds with a total volume of EUR 4.3bn were issued in the same period. From the Netherlands, however, we did not see any increase compared with the previous year. While bonds totalling EUR 6.5bn were issued in 2023, the volume in the same period for 2024 amounted to just EUR 4.3bn. In Spain, Andalusia, Madrid and the Basque Country were active on the primary market in Q1/2024, with the volume here coming in at EUR 4.4bn.

**Issuance volume over year(s)**




**Issuance volume by jurisdiction (EURbn)**




Source: Bloomberg, NORD/LB Floor Research

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

| Issuer | # benchmark deals | Issuer | EUR benchmarks (EURbn) |
|---|---|---|---|
| KFW | 4 | KFW | 18.0 |
| EIB | 3 | EU | 14.0 |
| NIESA | 3 | EIB | 14.0 |
| BERGER | 3 | EFSF | 9.0 |
| HESSEN | 3 | CADES | 8.0 |
| EU | 2 | BERGER | 3.8 |
| CADES | 2 | IBRD | 3.0 |
| ASIA | 2 | NIESA | 3.0 |
| BADWUR | 2 | BNG | 3.0 |
| EFSF | 2 | HESSEN | 3.0 |

Source: Bloomberg, NORD/LB Floor Research

**A look at Germany: who's been active and who's been missing from the primary market?**

Let's take a detailed look at the issues from Germany. Of the "17" German Laender (including the Gemeinschaft deutscher Laender [Joint Laender, ticker: LANDER]), we have registered EUR benchmark issues amounting to EUR 18.0bn in our database so far. Over the same period in the previous year, the issuance volume was slightly lower at EUR 17.6bn. In terms of volume and number of bonds, it was not North Rhine-Westphalia (ticker: NRW) or, as in the previous year, the Lower Saxony (ticker: NIESA) that was most active, but in fact Berlin (ticker: BERGER): all in all, three bonds with a total volume of EUR 3.75bn were issued by the German federal capital. NIESA and Hesse (ticker: HESSEN) also placed three new bonds each on the market, but both "only" have a volume of EUR 3.0bn. The Laender of Bavaria (ticker: BAYERN), Brandenburg (ticker: BRABUR), Hamburg (ticker: HAMBRG), Saarland (ticker: SAARLD) and Thuringia (ticker: THRGN) have not yet issued any EUR bonds in benchmark format so far this year. It should be noted that SAARLD was involved in the Laender jumbo No. 64 issued at the end of January. We last dedicated a separate article to the LANDER construct in our Covered Bonds & SSA View of 14 February. Of the regional development institutions in our coverage some have been missing until now. In the first quarter, only Bayerische Landesbodenkreditanstalt (ticker: BYLABO), Investitionsbank Berlin (ticker: IBB), Investitionsbank Schleswig-Holstein (ticker: IBBSH), Wirtschafts- und Infrastrukturbank Hessen (ticker: WIBANK) and NRW.BANK (ticker: NRWBK) were active with new bonds totalling EUR 500m or more.

**E-supras lead the way by some distance**

In the supranationals sub-segment, it was the E-supras (EU, EIB and EFSF) again who stood out: on the part of the mega-issuer EU, we have registered a EUR benchmark issuance volume of EUR 14.0bn on the basis of two new issues as part of the syndicated transactions carried out to date (cf. funding plan for H1/2024). For the first time since November 2022, a new green bond was also issued (cf. Covered Bond and SSA View of 20 March). The order books showed the popularity of the EU as an issuer. On an aggregated basis, these totalled a respectable EUR 153.5bn. By way of comparison, the order books of all deals from Germany (Laender and agencies) came to "only" EUR 122bn. We identified issues of EUR 14.0bn and EUR 9.0bn from the EIB and EFSF respectively. The EIB was almost ten times oversubscribed on average, with order books totalling EUR 119.5bn. The ESM was also active with a new issue of EUR 2.0bn and in this way has already raised a third of its 2024 funding target of EUR 6.0bn in one fell swoop. Away from the E-supras, we still recorded issues from the international Bank for Reconstruction and Development (ticker: IBRD; EUR 3.0bn), the Asian Development Bank (ticker: ASIA; EUR 2.3bn), the International Development Association (ticker: IDAWBG; EUR 1.8bn), Corporación Andina de Fomento (ticker: CAF; EUR 1.5bn), the Council of Europe Development Bank (ticker: COE; EUR 1.5bn) and Nordic Investment Bank (ticker: NIB; EUR 500m). We recently analysed the issuers from the non-European supranational segment in our Issuer Guide – Non-European Supranationals (MDBs) 2024 in more detail.

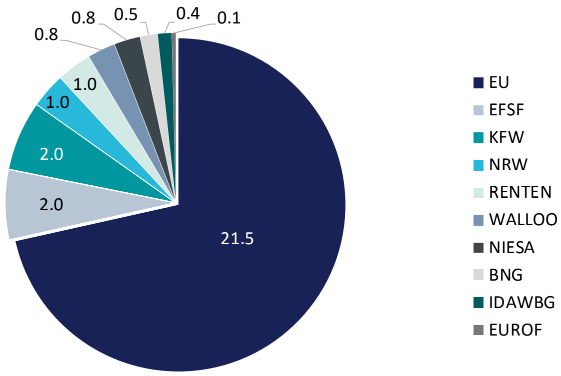
**Canadian provinces significantly more present on the SSA primary market again**

The Canadian provinces and territories are among the most important issuers for us in the sub-sovereign segment. In the first quarter, three of them were active on the SSA primary market and used the EUR to achieve their funding targets. Overall, the provinces of British Columbia (ticker: BRCOL), Ontario (ticker: ONT) and Quebec (ticker: Q) issued new bonds totalling EUR 4.75bn. The volume is therefore higher than the issuance volumes of other sub-sovereigns in our coverage, such as the Spanish regions (EUR 4.4bn), and also higher than the volume of the Belgian regions (EUR 3.8bn). While Q has regularly carried out a EUR benchmark issue once per calendar year since 2013 (with a break in 2016), the BRCOL and ONT deals were each preceded by periods of relatively long abstinence. In the case of ONT, the last appearance on the EUR market at that time dates back to June 2021, when EUR 1.0bn with a ten-year maturity was raised at ms +17bp. However, BRCOL's last transaction was much further back. In October 2015, the province decided to raise EUR 500m with a ten-year term at final price of ms +7bp. The new issues of the three provinces mentioned in Q1/2024 are primarily characterised by significantly increased reoffer spreads: BRCOL issued a fresh EUR 1.25bn in mid-January with a long ten-year term (10.5y) at ms +44bp. ONT approached investors at the end of January with an identical volume and a slightly shorter term of ten years, eventually issuing its deal at ms +44bp. Q similarly traditionally opted for the ten-year maturity segment in March, although the volume was significantly higher with a fresh EUR 2.25bn. The final spread stood at ms +46bp. For further information on the capital market presence and the funding strategies of Canadian sub-sovereigns, please refer to our recently published Issuer Guide – Canadian Provinces & Territories 2024, which is now the fifth edition of this publication series.

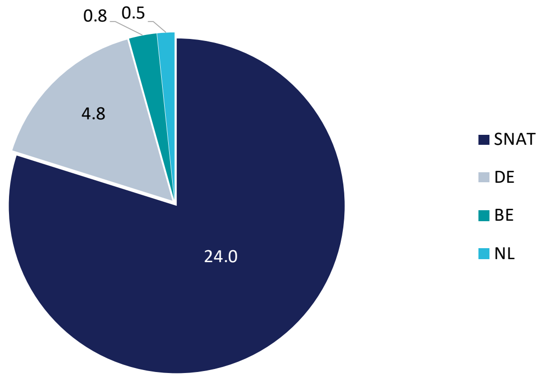
### EU dominates volume of tap issues

Even though taps are not included in our "big" dataset, we want to examine these separately because of their extraordinarily high volume. In Q1/2024, the amount already totalled EUR 30.0bn, of which EUR 21.5bn alone is attributable to eight EU tap deals. In addition, EFSF, KFW, RENTEN, NRW, WALLOO, BNG, IDAWBG and EUROF decided to increase the volume of existing bonds. In relation to the volume of new issues totalling EUR 131.8bn, the total amount of taps was just under 23%, which is extraordinarily high.

**Tap volume by issuer (EURbn)**




**Tap volume by jurisdiction (EURbn)**

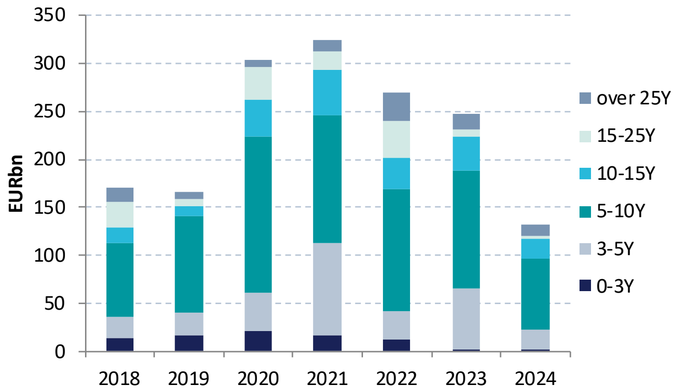



Source: Bloomberg, NORD/LB Floor Research

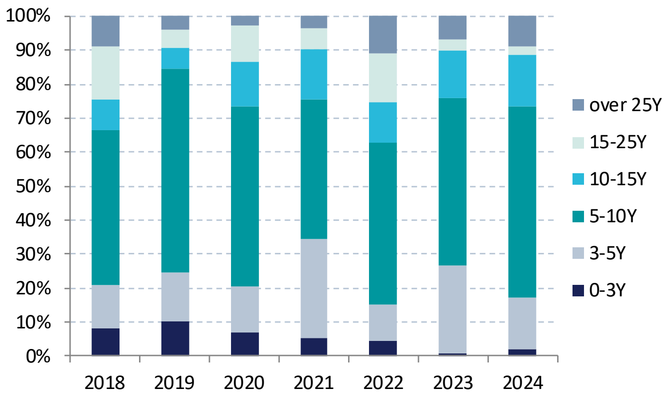
### Trend towards longer terms

In addition to looking at issuance volumes and order books, it is always worth taking a closer look at the maturity segments. As we already reported for 2023 as a whole, maturities in the 5-10Y range were also the preferred choice for new EUR benchmark issues in Q1/2024. With around 56.4% (2023: 49.4%) of all newly issued bonds, this maturity segment was once again in the lead and recorded further gains compared to 2023 as a whole, while issues in the 3-5Y range (15.1%) have so far declined quite significantly (2023: 26.0%). As the 10-15Y and >25Y maturity bands also recorded slight increases with shares of 15.4% (2023: 14.0%) and 8.9% (2023: 6.8%) respectively, we saw a clear trend on the part of issuers towards slightly longer maturities again in Q1/2024.

**EUR benchmark deals by maturity range**




**Percentage distribution by maturity range**

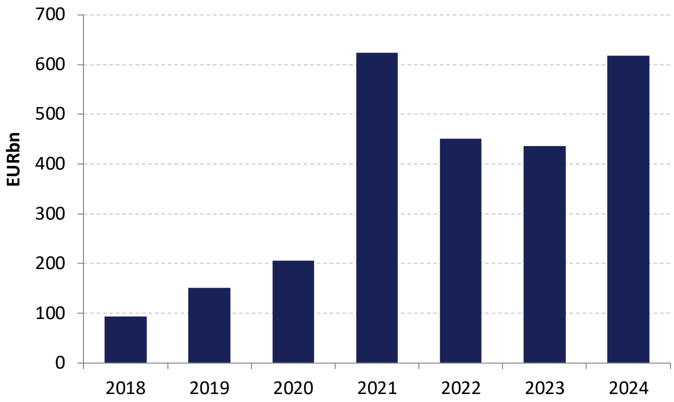



Source: Bloomberg, NORD/LB Floor Research

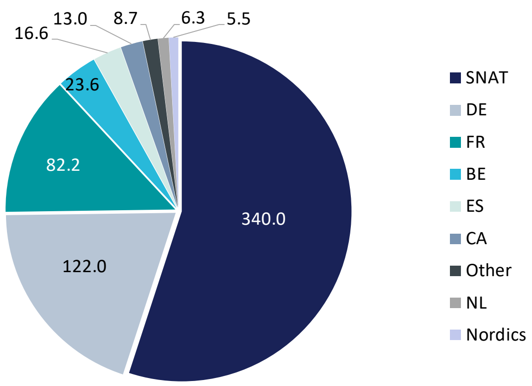
### Order books marginally miss out on new record

A look at the order books reveals that the 81 new issues result in a cumulative volume of EUR 617.8bn. Compared with 2023 (EUR 436.4bn) and 2022 (EUR 451.4bn), this is a significant increase, but does not quite reach the 2021 mark (EUR 624.2bn) despite the higher issuance volume. The main drivers behind this development are the successful deals by the EU, EIB and KfW, which together achieved an order book volume of EUR 360.4bn. The largest single order book was for the new EU green bond issued in March with a final volume of EUR 86.5bn, which meant that the deal was more than 12 times oversubscribed (cf. Covered Bond & SSA View of 20 March). The taps carried out this year are, as we said before, not included in the "big" dataset, but are nevertheless more than worthy of mention: for example, the increases that took place as part of the first EU syndicated transaction (cf. Covered Bond & SSA View of 24 January) had corresponding order books amounting to EUR 81bn and EUR 99bn, in addition to bid-to-cover ratios of up to an incredible 33x. In total, the issuers in our coverage topped up 20 bonds, generating order books totalling EUR 230.5bn.

**Cumulative order books in Q1/2024**




**Order books by jurisdiction (EURbn)**




Source: Bloomberg, NORD/LB Floor Research

### Teaser: ESG quarterly review

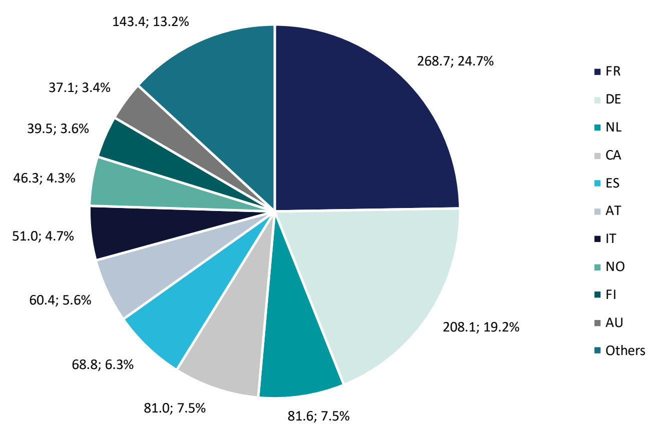
As already mentioned in our SSA annual review 2023, and as attentive readers will most likely have noticed, we have (deliberately) omitted the topic of ESG, a key component of the SSA segment, from this quarterly review. Instead, we have once again decided to give this topic the attention and stage it undoubtedly deserves. For this reason, we will take a separate look at the first quarter of 2024 from an ESG perspective in an upcoming issue. Until then, we would like to take this opportunity to draw your attention to two relevant and topical publications that will help interested readers to kill some time: we firstly have our ESG Review 2023, published as part of our Covered Bond & SSA View of 17 January, in which we commented extensively on and categorised the previous year's developments in this market segment. Last published in May 2023, we also offer with our NORD/LB Fixed Income Special - ESG Update a study that takes a detailed look at the global ESG bond market. We are already working on an update of the publication for the current year.

**Conclusion**

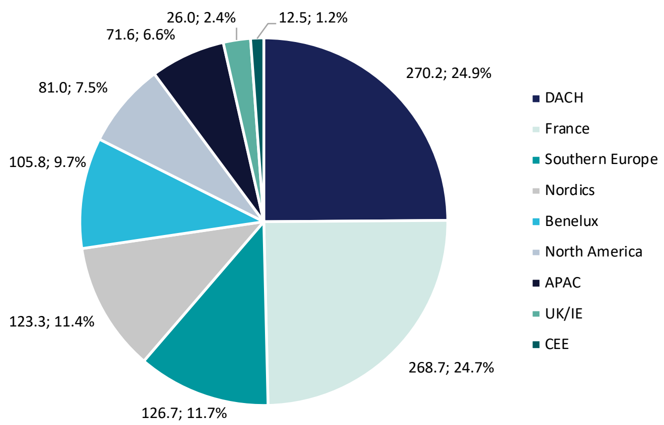
The year 2024 to date will already be remembered for the record-breaking issuance volume in the first quarter. Never before have the issuers in our SSA coverage been so active on the primary market in the first quarter of the year. The aggregate volume totalling EUR 131.8bn exceeded even the strongest first quarter previously recorded in 2021, which saw a volume of EUR 114.6bn at that time. In total, 81 new bonds were successfully placed on the market by 58 different issuers during the period under review. Over the same period last year, we registered “only” 75 new issues from 57 issuers. While the supply side therefore hit new highs, the demand side fell just short of a new record in terms of order book entries. Across all the new transactions we have registered, the cumulative order books totalled EUR 617.8bn. While this figure represents an increase of around 42% compared with the first quarter of the previous year (EUR 436.4bn), the 2021 level of EUR 624.2bn could not be reached. With regard to maturities, we have seen clear intentions on the part of issuers to increasingly carrying out their financing operations in longer-term maturity segments again. Our highlight in Q1/2024 is undoubtedly the EU green bond from March. We will take a closer look at this transaction in the ESG quarterly review in one of the upcoming editions. In addition to our weekly publications, we published updates on selected annual studies in the first quarter of the year. Above all, we would like to mention the Issuer Guide – Canadian Provinces & Territories 2024 , which is now available in its fifth edition. Furthermore, in the context of the Issuer Guide – Non-European Supranationals (MDBs) 2024 we looked at issuers from the multilateral development bank segment, which always gives rise to interesting developments on the market. The key word in this context: hybrid bonds. Meanwhile, we are already looking forward to the coming weeks and months until the middle of the year. The ECB is likely to be a key focus in this context. As part of our Preview of the ECB Governing Council meeting on 3 April we once again underpinned our forecast regarding the upcoming or, in this case, not-quite-imminent interest rate cuts up to the mid-year point. In our view, the signs continue to point to a pause in interest rates at least until the meeting on 6 June. We remain confident, that a first step of -25bp in June remains the absolute limit. Therefore, we are enjoying the calm before the storm for a few more months and can look back with satisfaction on a very successful start to the SSA year 2024.

# Charts & Figures
# Covered Bonds

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



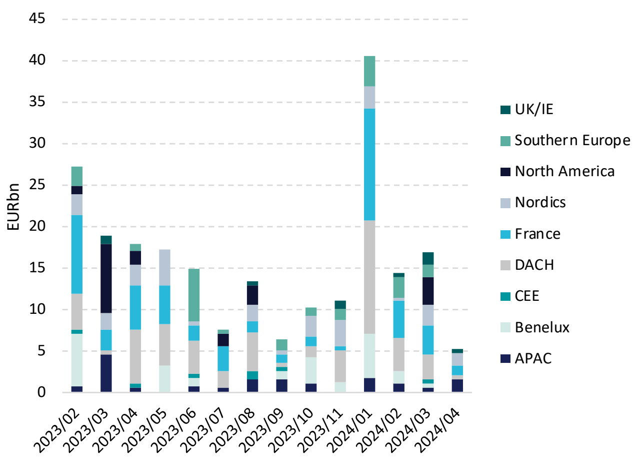

### EUR benchmark volume by region (in EURbn)



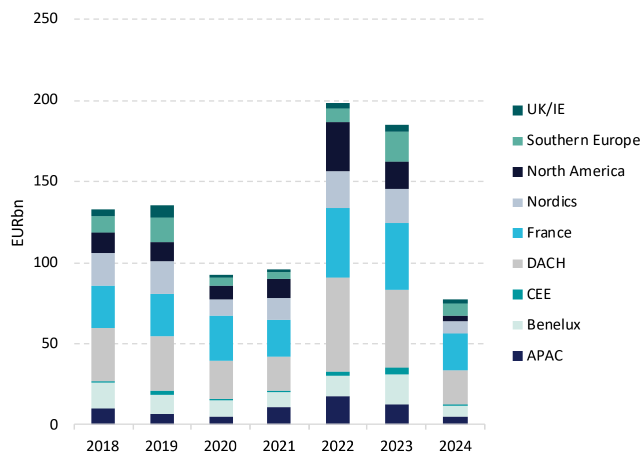

### Top-10 jurisdictions

| Rank | Country | Amount outst. (EURbn) | No. of BMKs | There of ESG BMKs | Avg. issue size (EURbn) | Avg. initial maturity (in years) | Avg. mod. Duration (in years) | Avg. coupon (in %) |
|---|---|---|---|---|---|---|---|---|
| 1 | FR | 268.7 | 259 | 25 | 0.97 | 9.3 | 4.8 | 1.40 |
| 2 | DE | 208.1 | 296 | 41 | 0.65 | 7.9 | 4.0 | 1.37 |
| 3 | NL | 81.6 | 82 | 3 | 0.93 | 10.4 | 6.1 | 1.27 |
| 4 | CA | 81.0 | 59 | 0 | 1.35 | 5.6 | 2.8 | 1.27 |
| 5 | ES | 68.8 | 54 | 5 | 1.15 | 11.2 | 3.3 | 2.07 |
| 6 | AT | 60.4 | 101 | 5 | 0.59 | 8.1 | 4.4 | 1.49 |
| 7 | IT | 51.0 | 64 | 4 | 0.77 | 8.5 | 3.8 | 1.79 |
| 8 | NO | 46.3 | 56 | 12 | 0.83 | 7.3 | 3.6 | 0.91 |
| 9 | FI | 39.5 | 44 | 4 | 0.88 | 6.9 | 3.7 | 1.66 |
| 10 | AU | 37.1 | 35 | 0 | 1.06 | 7.2 | 3.3 | 1.65 |

### EUR benchmark issue volume by month

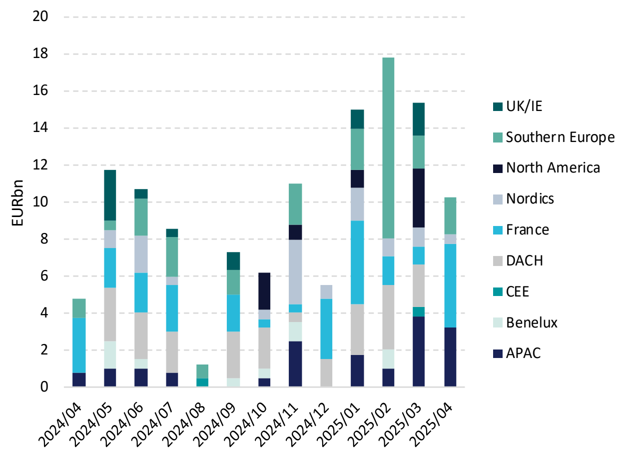



### EUR benchmark issue volume by year

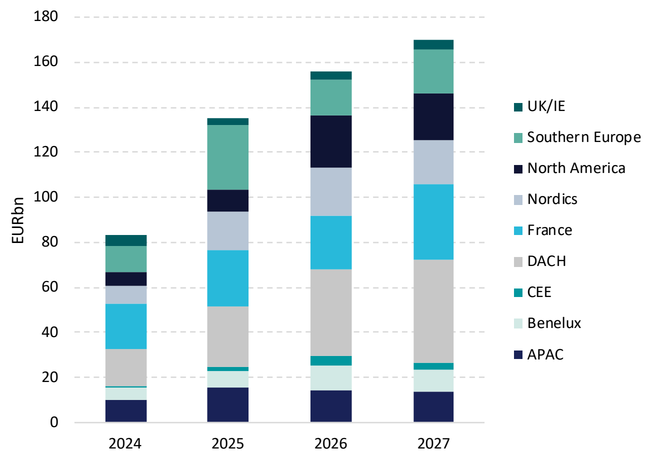



Source: market data, Bloomberg, NORD/LB Floor Research

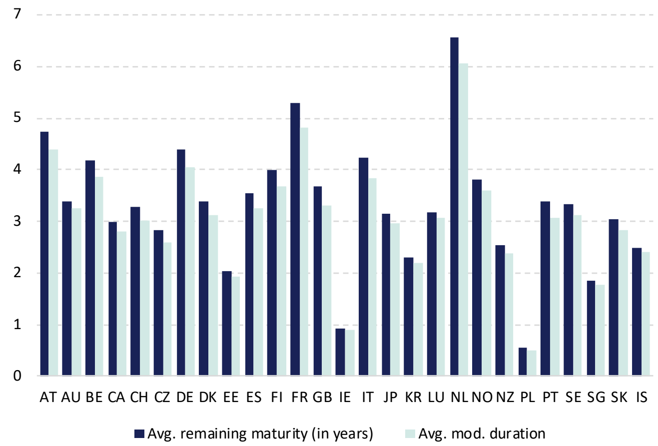
## EUR benchmark maturities by month



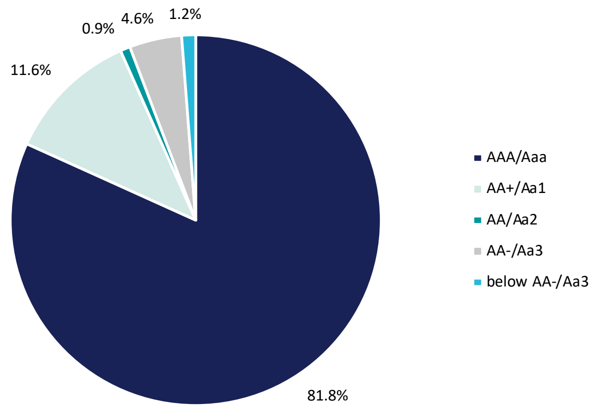

## EUR benchmark maturities by year



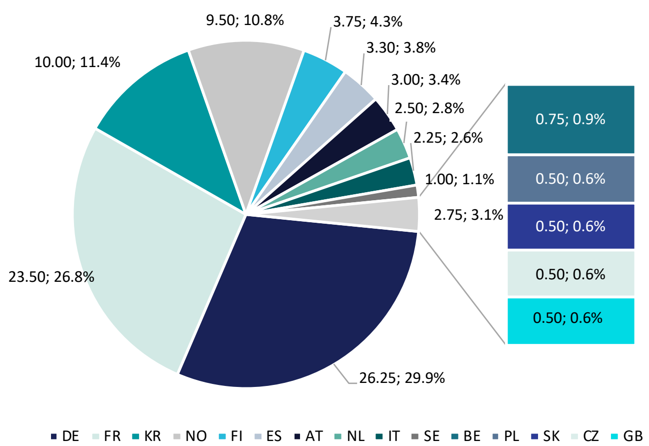

## Modified duration and time to maturity by country



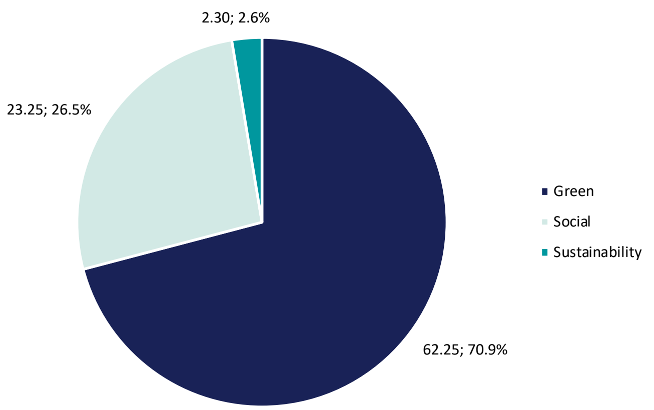

## Rating distribution (volume weighted)




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



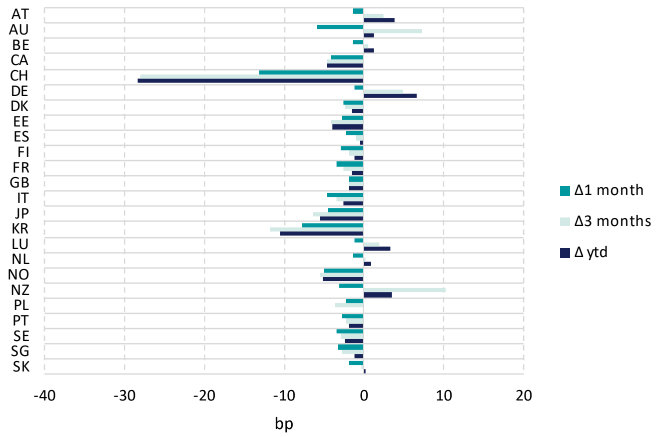

## EUR benchmark volume (ESG) by type (in EURbn)



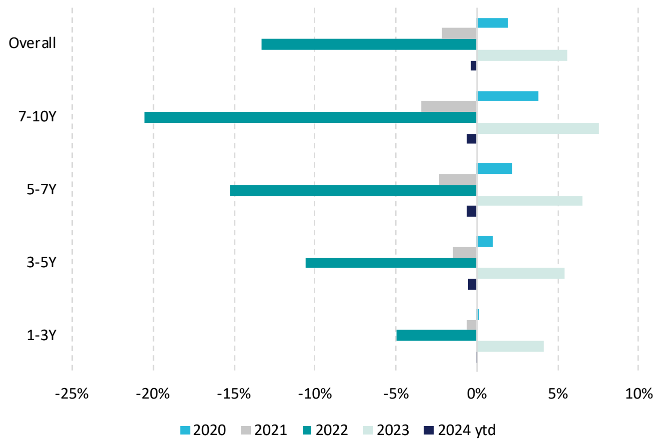

Source: market data, Bloomberg, NORD/LB Floor Research

NORD/LB

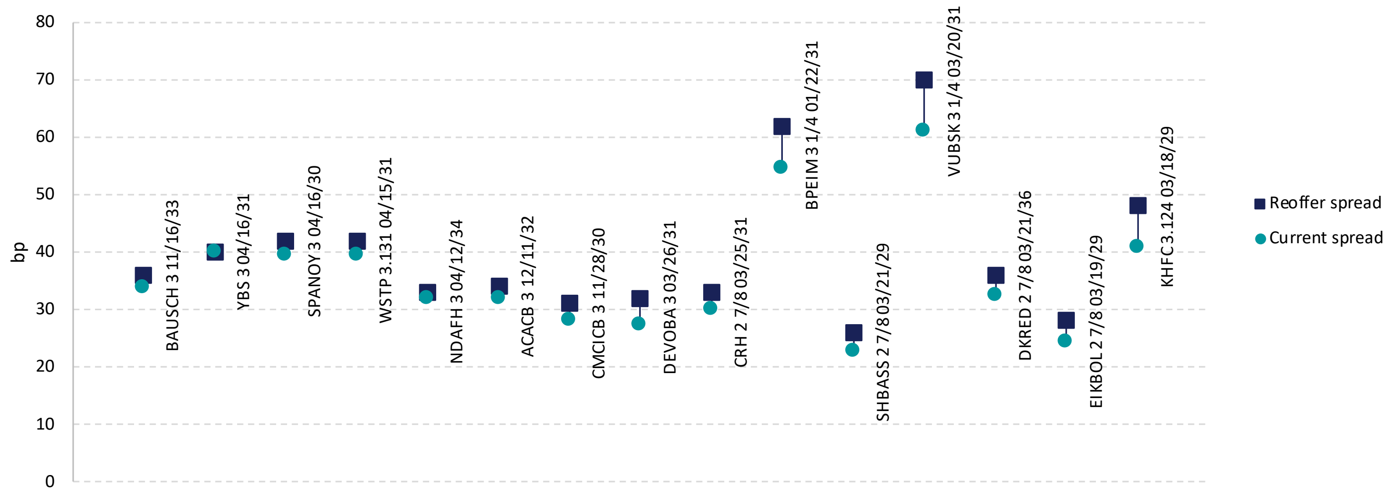
**Spread development by country**



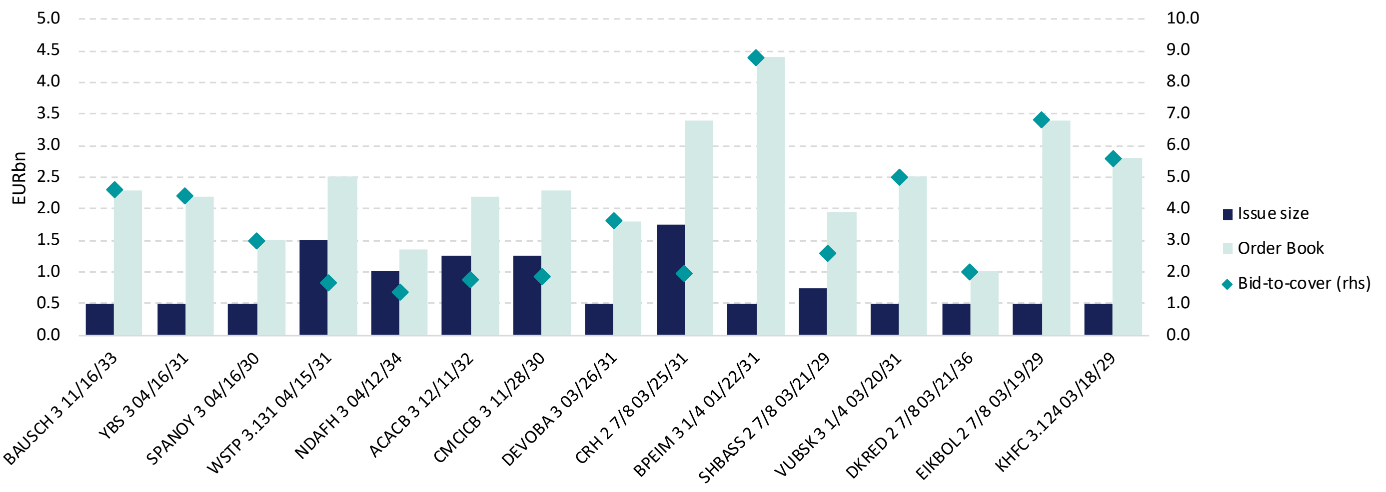

**Covered bond performance (Total return)**




**Spread development (last 15 issues)**



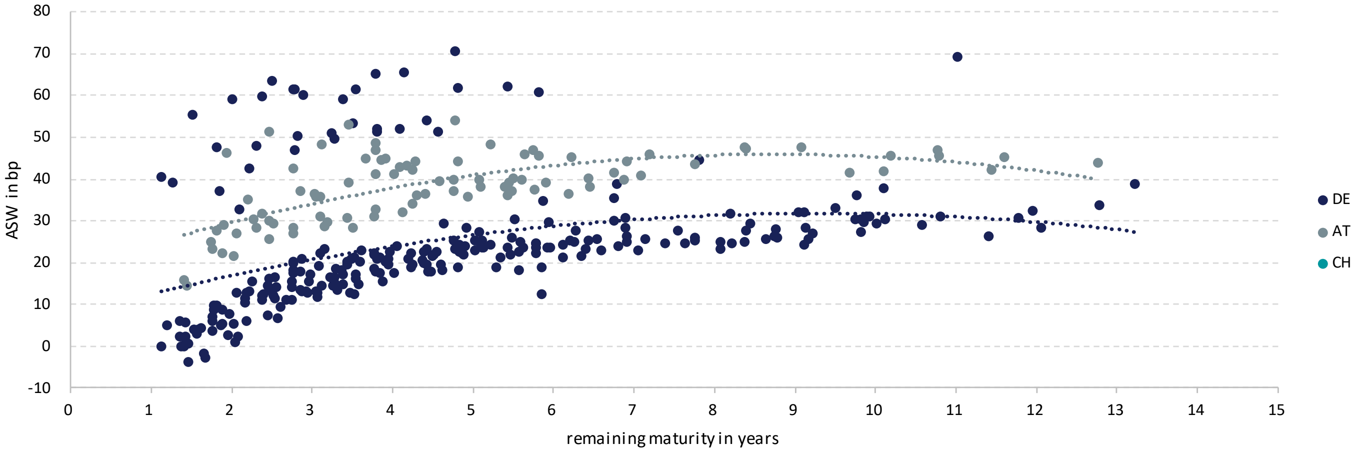

**Order books (last 15 issues)**



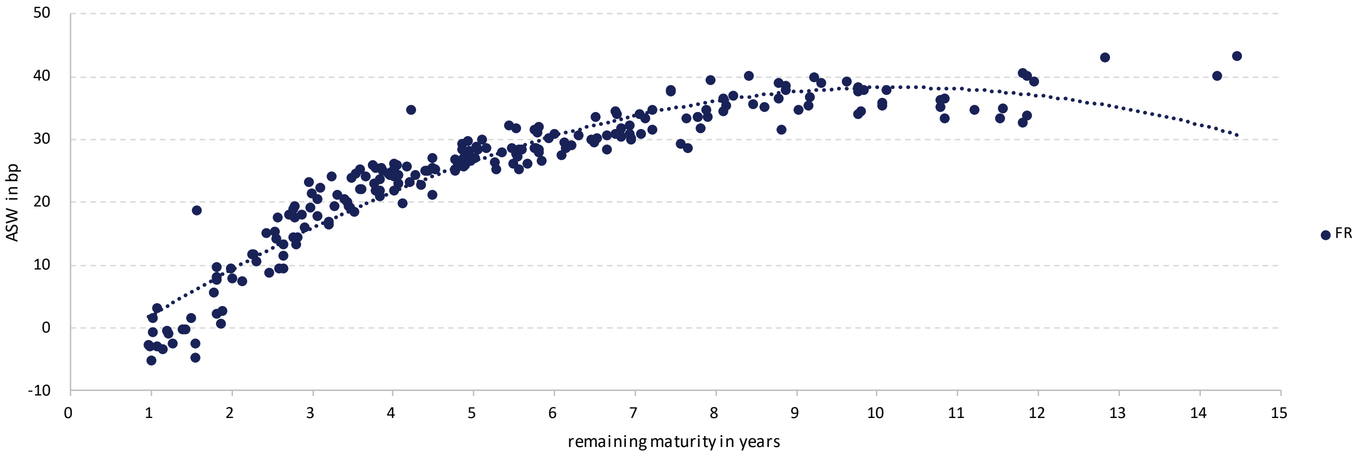

Source: market data, Bloomberg, NORD/LB Floor Research

## Spread overview[1]

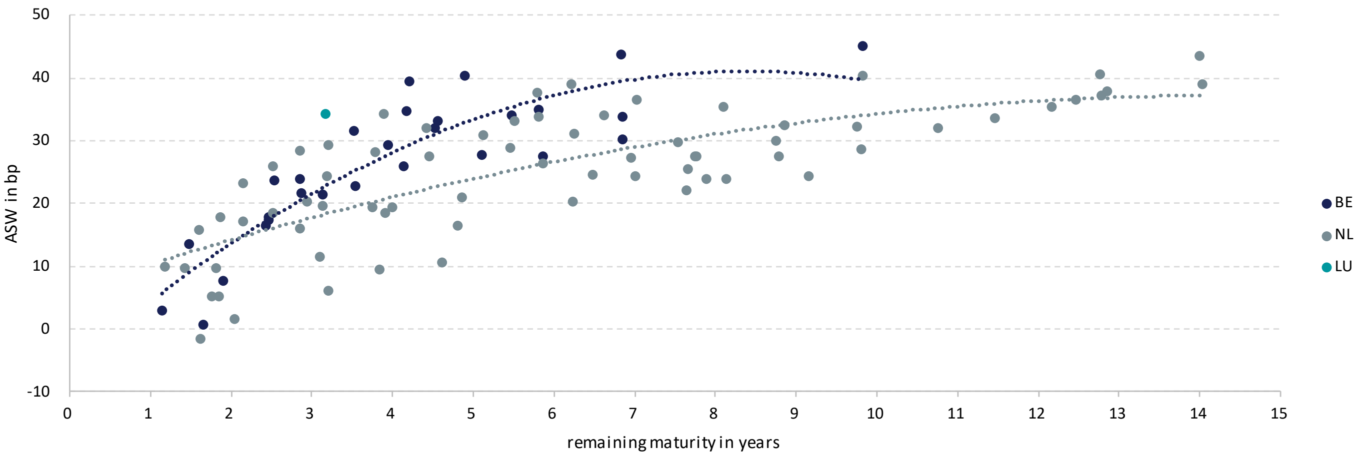
### DACH




### France

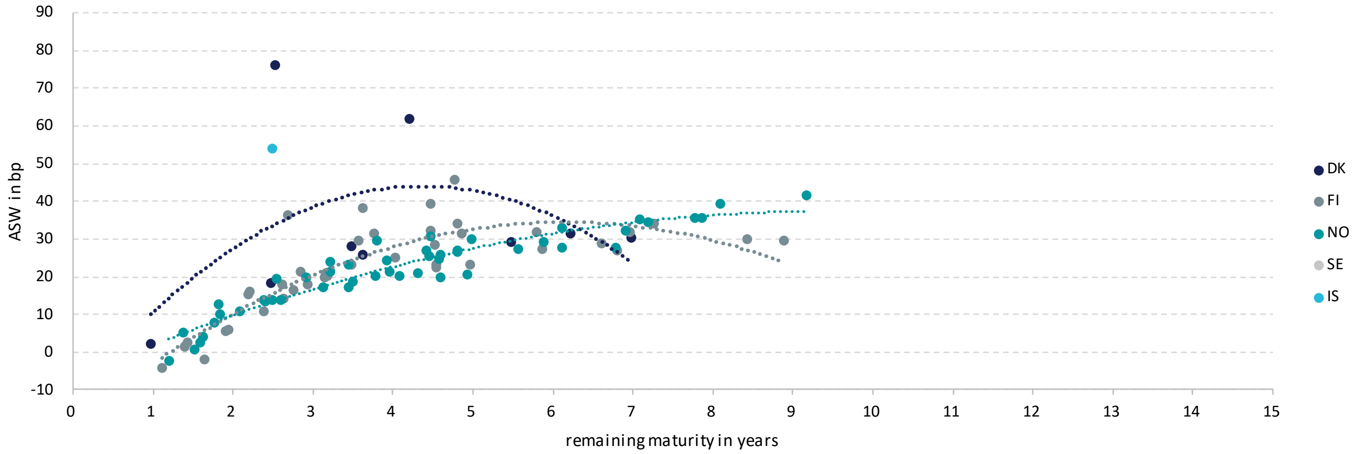



### Benelux

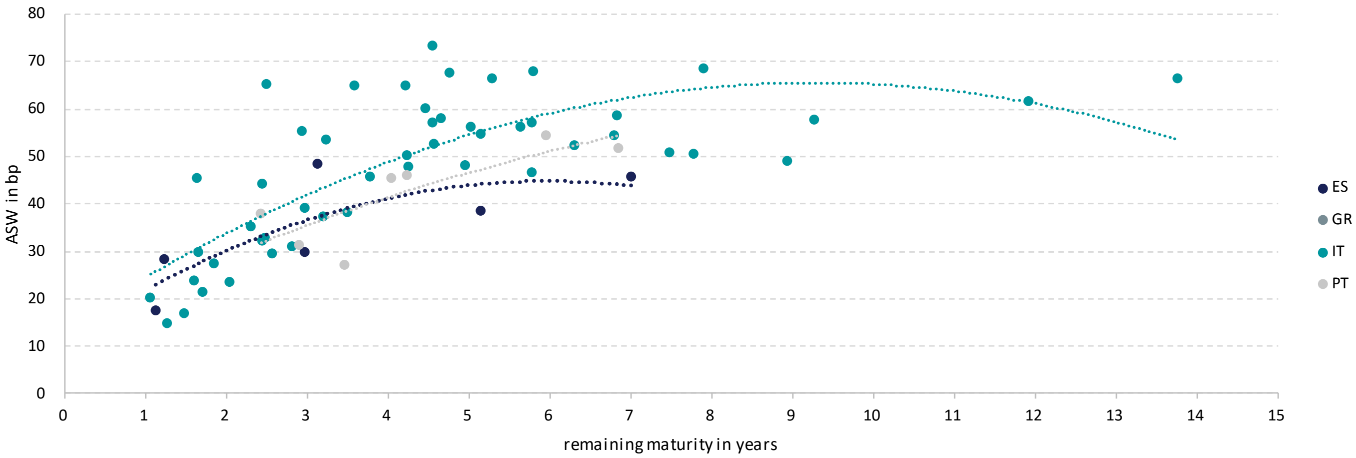



Source: market data, Bloomberg, NORD/LB Floor Research [1]Time to maturity 1 ≤ y ≤ 15

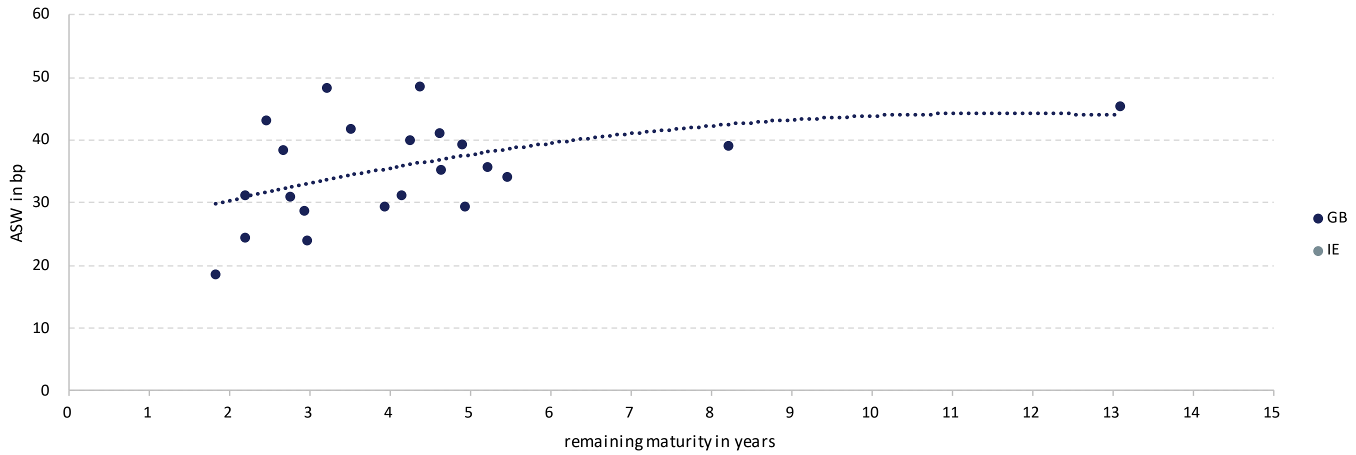
**Nordics**




**Southern Europe**

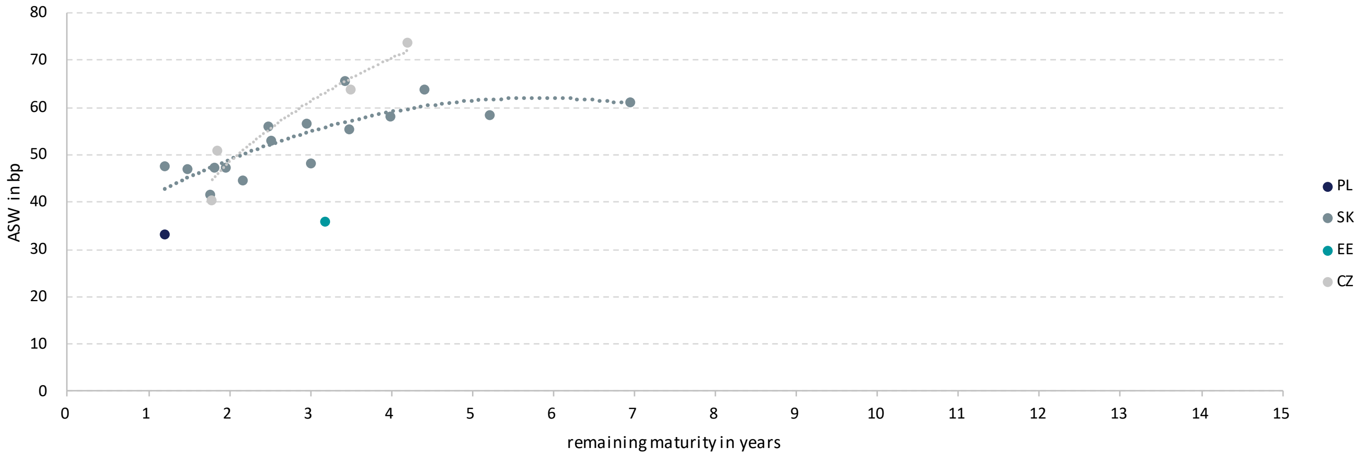



**UK/IE**

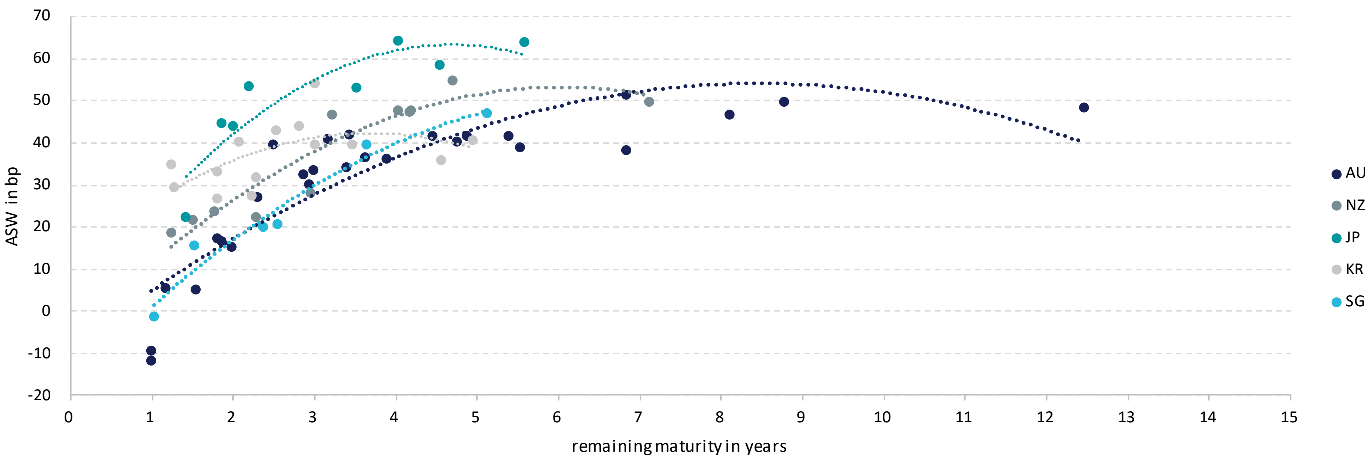



Source: market data, Bloomberg, NORD/LB Floor Research

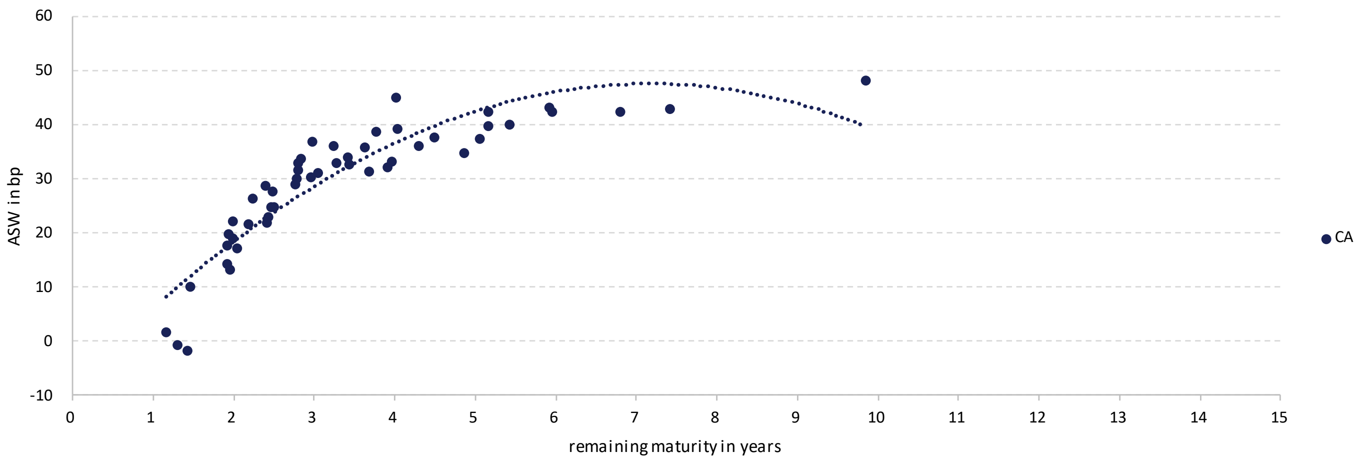
### CEE




### APAC



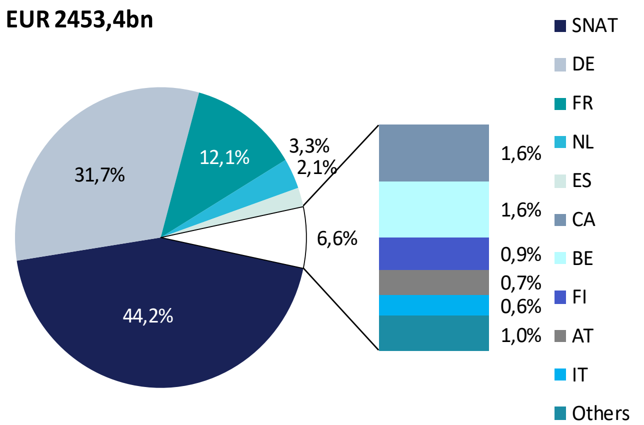

### North America




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

# Charts & Figures
# SSA/Public Issuers

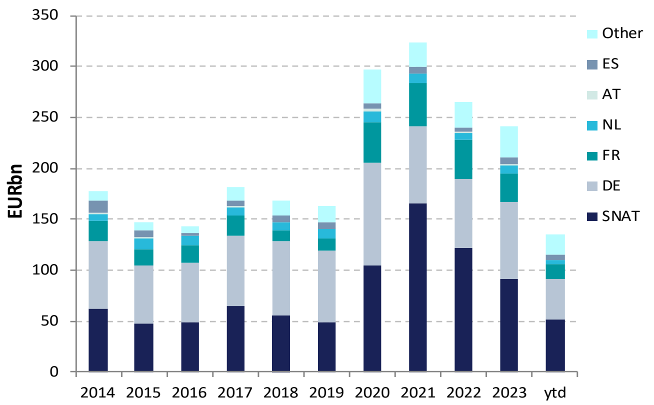
### Outstanding volume (bmk)



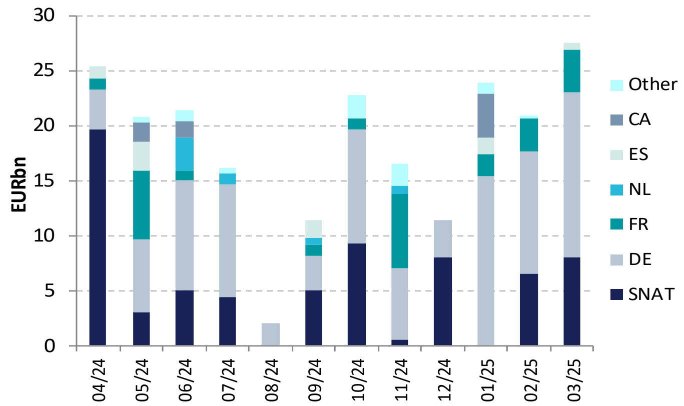

### Top 10 countries (bmk)

| Country | Vol. (€bn) | No. of bonds | ØVol. (€bn) | Vol. weight. ØMod. Dur. |
|---|---|---|---|---|
| SNAT | 1.085,5 | 235 | 4,6 | 8,0 |
| DE | 778,0 | 581 | 1,3 | 6,3 |
| FR | 297,4 | 200 | 1,5 | 5,9 |
| NL | 80,1 | 68 | 1,2 | 6,6 |
| ES | 50,9 | 69 | 0,7 | 4,7 |
| CA | 40,3 | 28 | 1,4 | 4,6 |
| BE | 40,3 | 43 | 0,9 | 10,6 |
| FI | 22,9 | 24 | 1,0 | 4,7 |
| AT | 17,8 | 22 | 0,8 | 4,2 |
| IT | 15,2 | 19 | 0,8 | 4,4 |

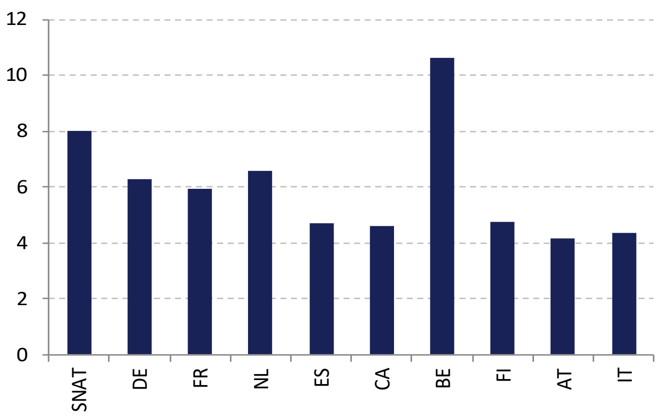
### Issue volume by year (bmk)



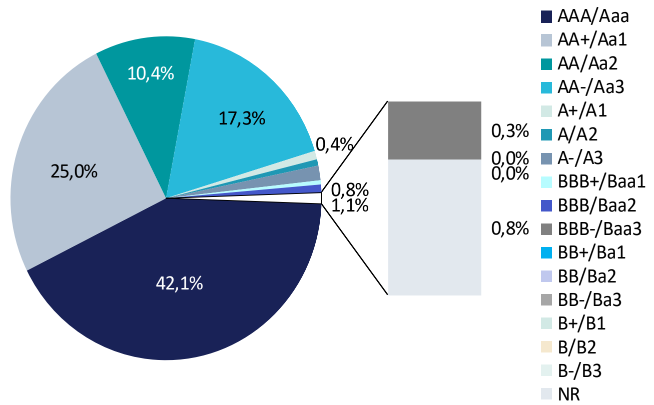

### Maturities next 12 months (bmk)




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

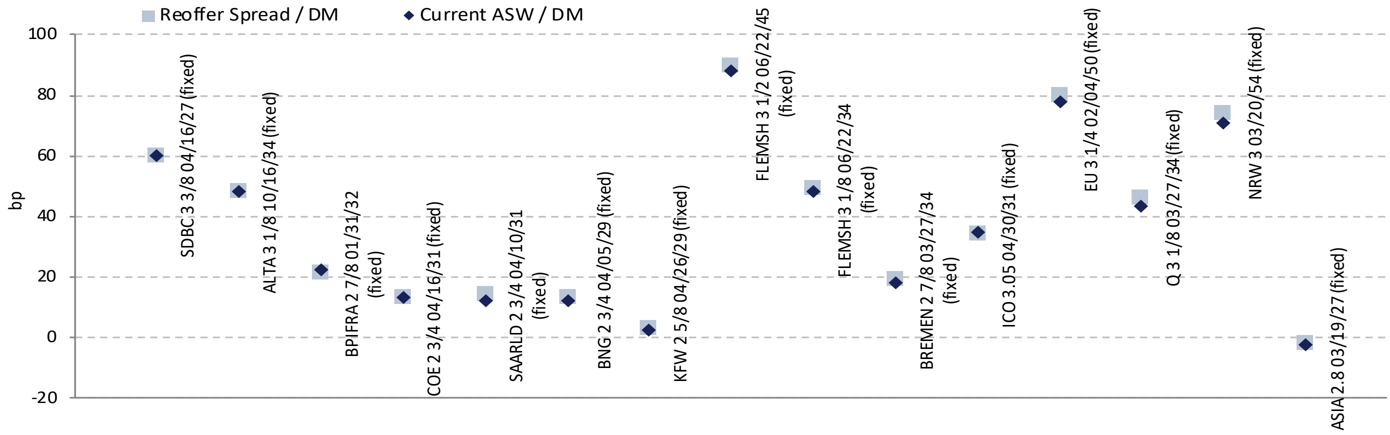



### Rating distribution (vol. weighted)

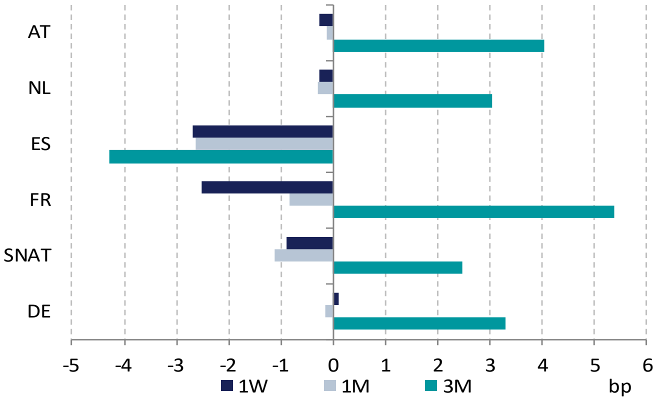



Source: Bloomberg, NORD/LB Floor Research

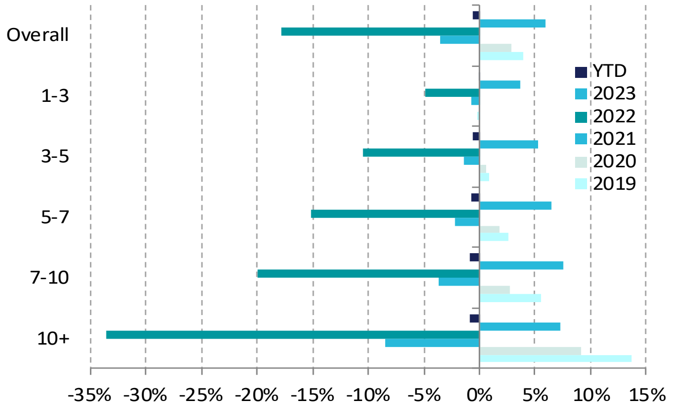
## Spread development (last 15 issues)



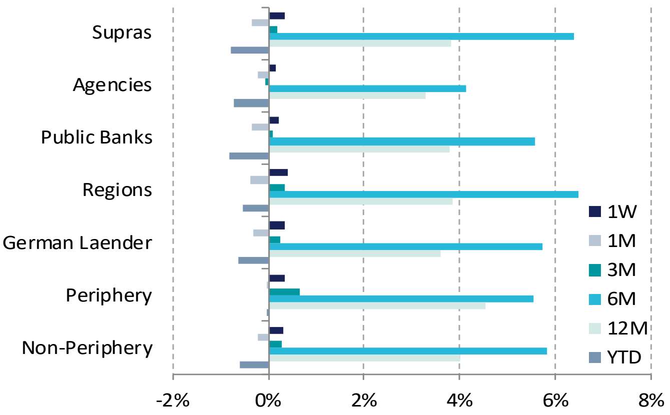

## Spread development by country



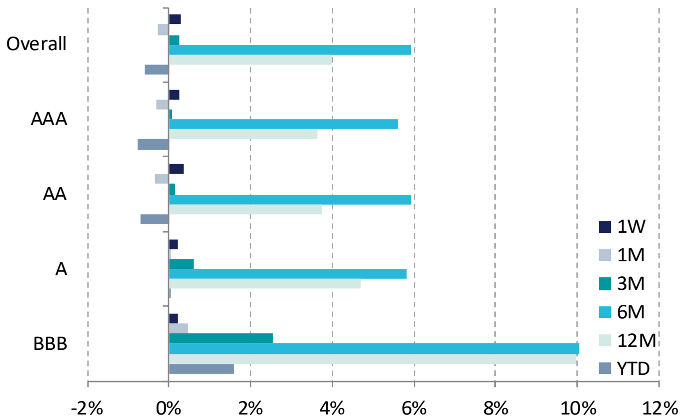

## Performance (total return)




## Performance (total return) by segments

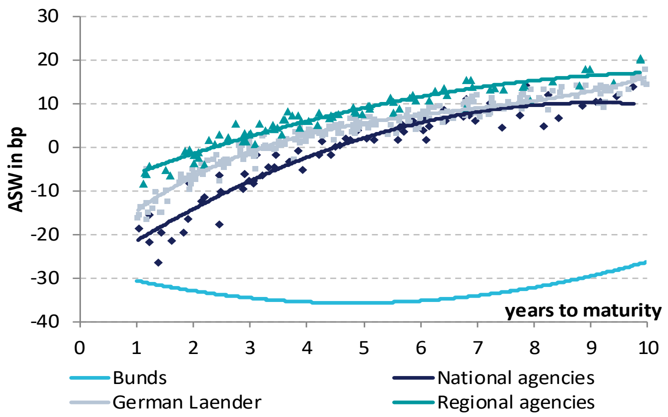



## Performance (total return) by rating

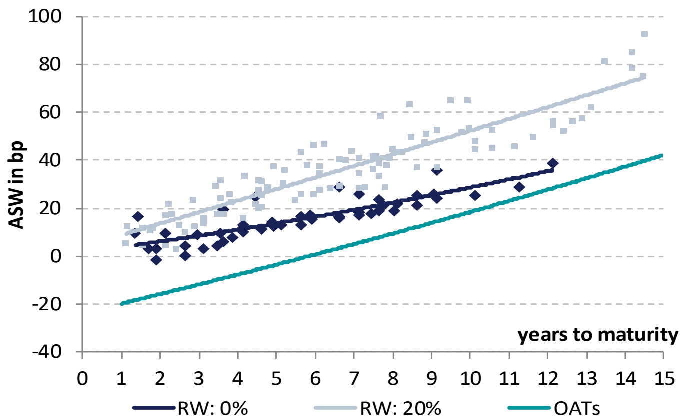



Source: Bloomberg, NORD/LB Floor Research

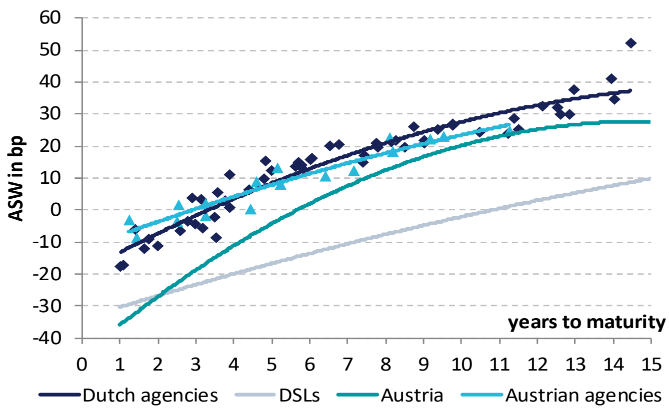
### Germany (by segments)



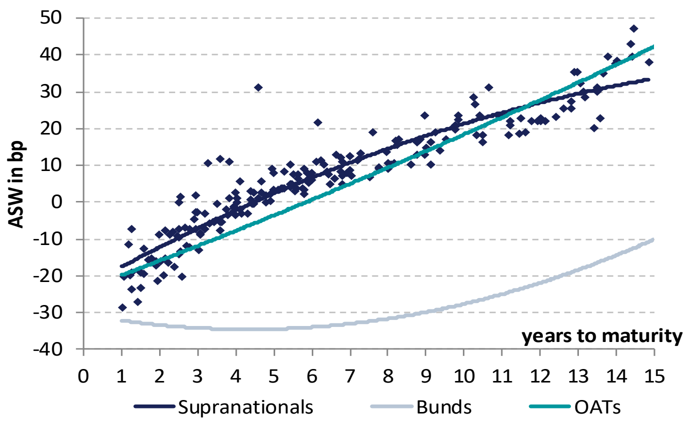

### France (by risk weight)



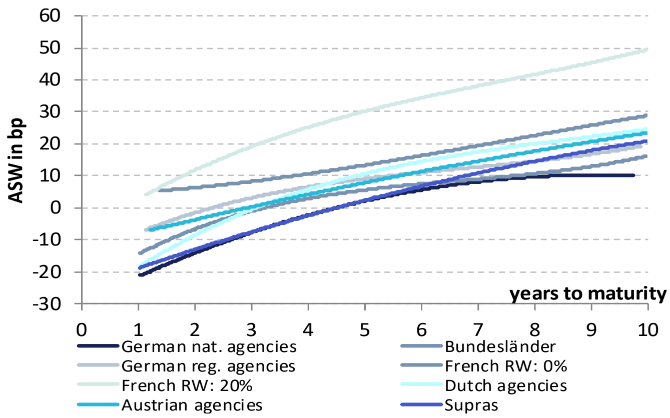

### Netherlands & Austria



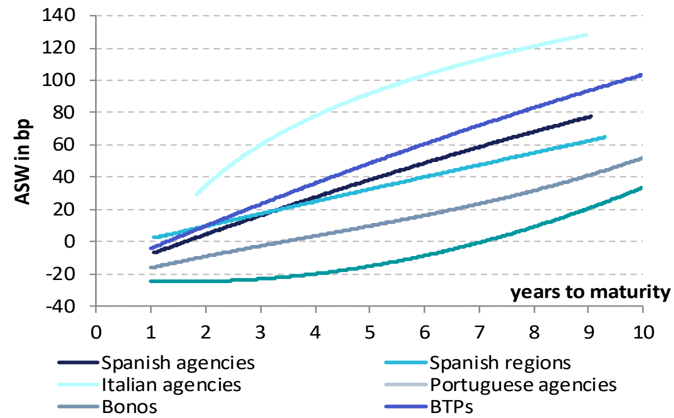

### Supranationals




### Core




### Periphery



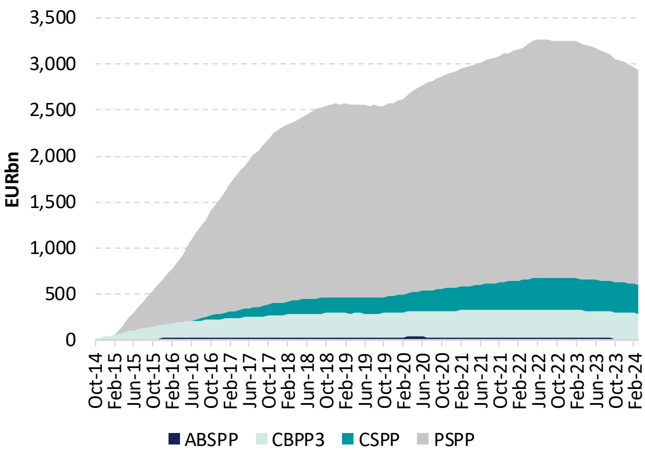

Source: Bloomberg, NORD/LB Floor Research

# ECB tracker

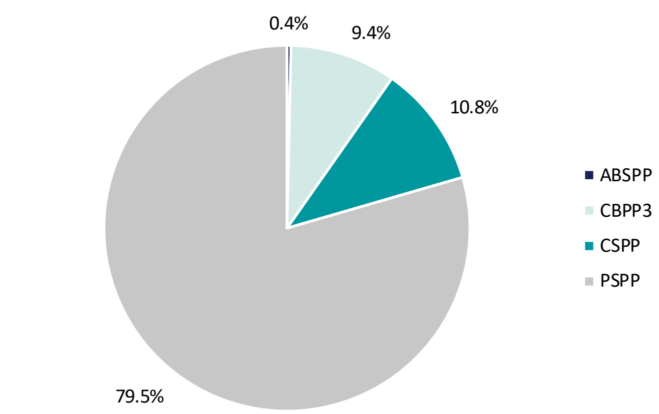
## Asset Purchase Programme (APP)

| | ABSPP | CBPP3 | CSPP | PSPP | APP |
|---|---|---|---|---|---|
| **Feb-24** | 12,546 | 279,061 | 318,688 | 2,356,971 | 2,967,266 |
| **Mar-24** | 10,539 | 274,499 | 316,207 | 2,330,298 | 2,931,543 |
| **Δ** | -1,978 | -4,434 | -2,295 | -22,455 | -31,162 |

### Portfolio development

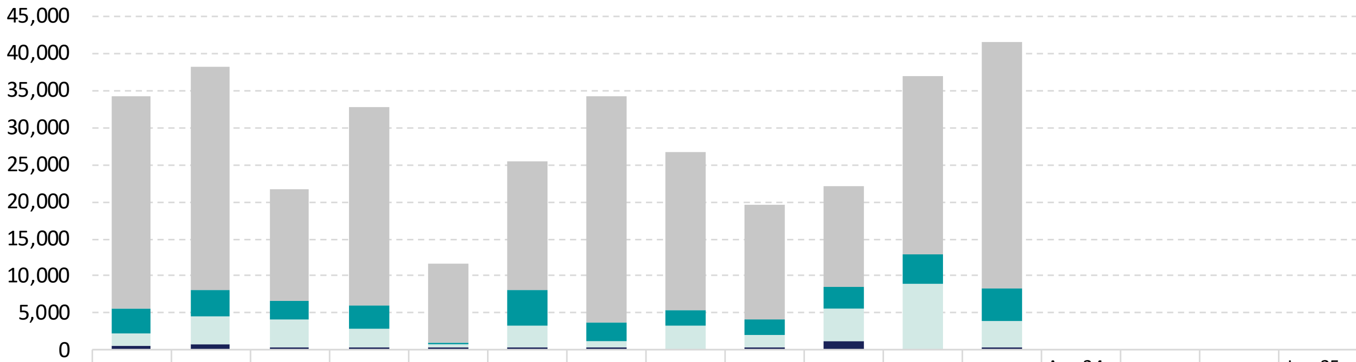



### Portfolio structure




Source: ECB, NORD/LB Floor Research

### Expected monthly redemptions (in EURm)

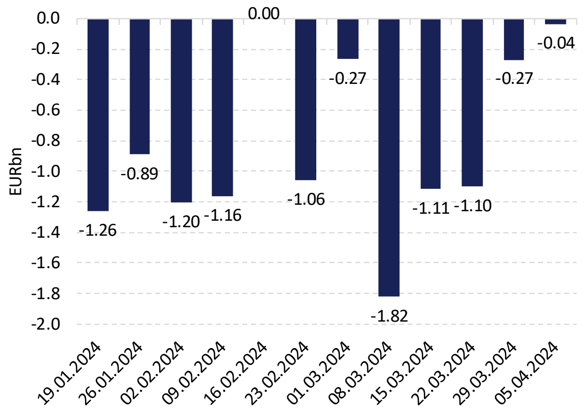



| | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-24 - Mar-25 | 2023 | 2024 | Jan-25 - Mar-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| APP | 34,344 | 38,232 | 21,640 | 32,719 | 11,595 | 25,488 | 34,347 | 26,692 | 19,621 | 22,055 | 36,947 | 41,601 | 345,281 | 331,565 | 334,123 | 59,002 |
| PSPP | 28,712 | 30,194 | 14,974 | 26,608 | 10,533 | 17,407 | 30,578 | 21,298 | 15,548 | 13,463 | 24,021 | 33,313 | 266,649 | 255,025 | 264,161 | 37,484 |
| CSPP | 3,316 | 3,463 | 2,462 | 3,204 | 244 | 4,738 | 2,613 | 2,031 | 1,944 | 2,973 | 4,076 | 4,279 | 35,343 | 31,251 | 31,379 | 7,049 |
| CBPP3 | 1,814 | 3,836 | 3,777 | 2,558 | 541 | 2,993 | 736 | 3,136 | 1,790 | 4,335 | 8,635 | 3,709 | 37,860 | 35,147 | 32,173 | 12,970 |
| ABSPP | 502 | 739 | 427 | 349 | 277 | 350 | 420 | 227 | 339 | 1,284 | 215 | 300 | 5,429 | 10,142 | 6,410 | 1,499 |

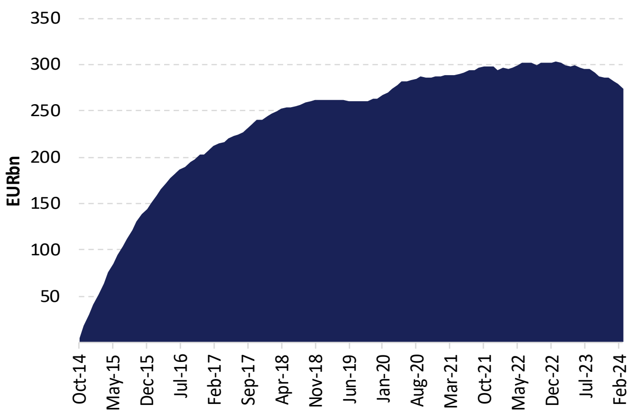
Source: ECB, Bloomberg, NORD/LB Floor Research

## Covered Bond Purchase Programme 3 (CBPP3)

### Weekly purchases

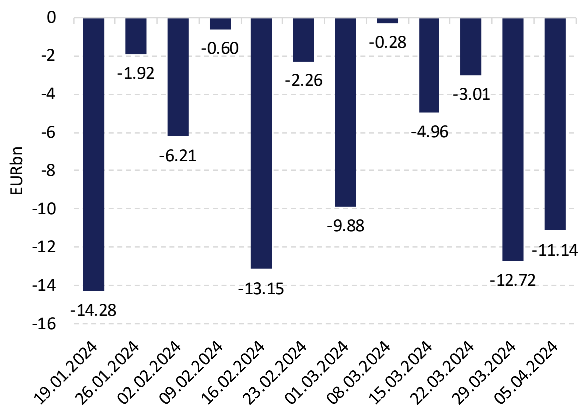



### Development of CBPP3 volume

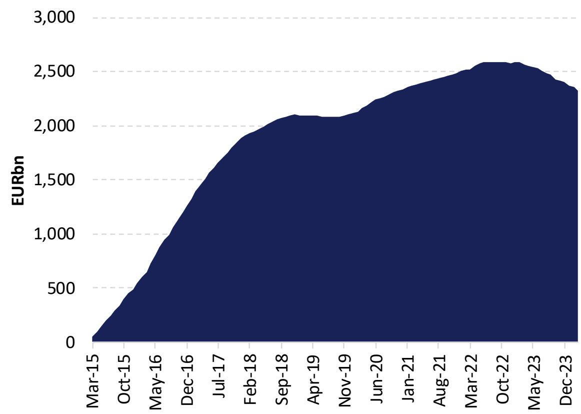



## Public Sector Purchase Programme (PSPP)

### Weekly purchases



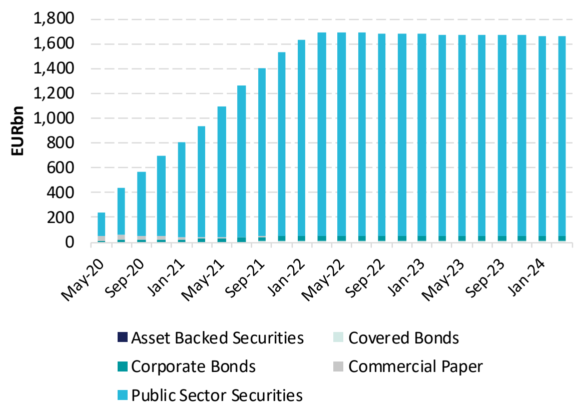

### Development of PSPP volume



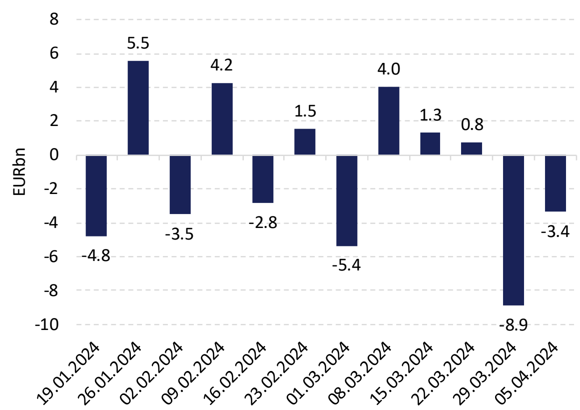

Source: ECB, Bloomberg, NORD/LB Floor Research

## Pandemic Emergency Purchase Programme (PEPP)

### Portfolio development




### Weekly purchases




Source: ECB, Bloomberg, NORD/LB Floor Research

# Appendix
# Overview of latest Covered Bond & SSA View editions

| Publication | Topics |
| --- | --- |
| 12/2024 ♦ 27 March | ▪ Maybank: New covered bond issuer from Singapore<br>▪ A closer look at Export Development Canada (Ticker: EDC) |
| 11/2024 ♦ 20 March | ▪ Covered bond jurisdictions “Down Under” in the spotlight<br>▪ Collective Action Clauses (CACs) – An (Italian) update |
| 10/2024 ♦ 13 March | ▪ Spotlight on Pfandbrief issuers in the savings bank sector<br>▪ NGEU: Green Bond Dashboard |
| 09/2024 ♦ 06 March | ▪ Transparency requirements §28 PfandBG Q4/2023<br>▪ Current LCR classification for our SSA coverage |
| 08/2024 ♦ 28 February | ▪ New UK player on the EUR covered bond market<br>▪ Teaser: Issuer Guide - Non-European supras (MDBs) 2024 |
| 07/2024 ♦ 21 February | ▪ Covered bond jurisdictions in the spotlight: A look at Austria<br>▪ Hope for hybrids? New SSA sub-asset class for MDBs |
| 06/2024 ♦ 14 February | ▪ Development of the German property market (vdp Index)<br>▪ Update: Joint Laender (Ticker: LANDER) |
| 05/2024 ♦ 07 February | ▪ January 2024: Record start to the new covered bond year<br>▪ SSA January recap: issuance volume at record level |
| 04/2024 ♦ 31 January | ▪ The Pfandbrief market at the start of 2024: caution thrown to the wind<br>▪ Teaser: Issuer Guide - Other European Agencies 2024 |
| 03/2024 ♦ 24 January | ▪ The “V” in the LTV calculation: Differing approaches persist despite EU Directive<br>▪ 28th meeting of the Stability Council (December 2023) |
| 02/2024 ♦ 17 January | ▪ Pfandbrief market: potential newcomer Evangelische Bank<br>▪ Review: EUR-ESG benchmarks 2023 in the SSA segment |
| 01/2024 ♦ 10 January | ▪ ECB: Annual review of 2023 – no end to high rates?<br>▪ Covered Bonds: Annual review of 2023<br>▪ SSA: Annual review of 2023 |
| 37/2023 ♦ 13 December | ▪ Our view of the covered bond market heading into 2024<br>▪ SSA outlook 2024: ECB, NGEU and the debt brake in Germany |
| 36/2023 ♦ 06 December | ▪ The covered bond universe of Moodys: an overview<br>▪ Teaser: Issuer Guide – Nordic Agencies 2023 |
| 35/2023 ♦ 29 November | ▪ ESG covered bonds: a look at the supply side<br>▪ Current risk weight of supranationals & agencies |
| 34/2023 ♦ 22 November | ▪ Transparency requirements §28 PfandBG Q3/2023<br>▪ Teaser: Issuer Guide – German Agencies 2023 |
| 33/2023 ♦ 15 November | ▪ Development of the German property market<br>▪ ECB repo collateral rules and their implications for Supranationals & Agencies |

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| --- | --- | --- | --- |
| Floor Research | Covered Bond Research | SSA/Public Issuers Research | RESP NRDR <GO> |

# Appendix
# Publication overview

**Covered Bonds:**

**Issuer Guide – Covered Bonds 2023**

**Covered Bond Laws**

**Covered Bond Directive: Impact on risk weights and LCR levels**

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

**Transparency requirements §28 PfandBG Q4/2023** (quarterly update)

**Transparency requirements §28 PfandBG Q4/2023 Sparkassen** (quarterly update)

**SSA/Public Issuers:**

**Issuer Guide – German Laender 2023**

**Issuer Guide – German Agencies 2023**

**Issuer Guide – Canadian Provinces & Territories 2024**

**Issuer Guide – European Supranationals 2023**

**Issuer Guide – French Agencies 2023**

**Issuer Guide – Dutch Agencies 2023**

**Issuer Guide – Non-European Supranationals (MDBs) 2024**

**Beyond Bundeslaender: Belgium**

**Beyond Bundeslaender: Greater Paris (IDF/VDP)**

**Beyond Bundeslaender: Spanish regions**

**Fixed Income Specials:**

**ESG-Update 2023**

**ECB decision: The council thinks game-by-game**

# Appendix
# Contacts at NORD/LB

## Floor Research

**Dr Frederik Kunze**
Covered Bonds/Banks

+49 172 354 8977
frederik.kunze@nordlb.de

**Lukas Kühne**
Covered Bonds/Banks

+49 176 152 90932
lukas.kuehne@nordlb.de

**Dr Norman Rudschuck, CIIA**
SSA/Public Issuers

+49 152 090 24094
norman.rudschuck@nordlb.de

**Christian Ilchmann**
SSA/Public Issuers

+49 157 851 64976
christian.ilchmann@nordlb.de

**Lukas-Finn Frese**
SSA/Public Issuers

+49 176 152 89759
lukas-finn.frese@nordlb.de

## Sales

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

## Trading

| | |
|---|---|
| Covereds/SSA | +49 511 9818-8040 |
| Financials | +49 511 9818-9490 |
| Governments | +49 511 9818-9660 |
| Länder/Regionen | +49 511 9818-9660 |
| Frequent Issuers | +49 511 9818-9640 |

## Origination & Syndicate

| | |
|---|---|
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| Origination Corporates | +49 511 361-2911 |

## Sales Wholesale Customers

| | |
|---|---|
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| Asset Finance | +49 511 361-8150 |

## Treasury

| | |
|---|---|
| Collat. Management/Repos | +49 511 9818-9200 |
| Liquidity Management | +49 511 9818-9620<br>+49 511 9818-9650 |

## Relationship Management

| | |
|---|---|
| Institutionelle Kunden | rm-vs@nordlb.de |
| Öffentliche Kunden | rm-oek@nordlb.de |

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