



## Covered Bond & SSA View

NORD/LB Floor Research

18 September 2024 ♦ 29/2024

Marketing communication (see disclaimer on the last pages)

# Agenda

<b>Market overview</b>	
<b>Covered Bonds</b>	<b>3</b>
<b>SSA/Public Issuers</b>	<b>5</b>
<b>ECBC publishes annual statistics for 2023</b>	<b>9</b>
<b>Sukuk bonds – an update on sharia-compliant investments</b>	<b>14</b>
<b>Charts &amp; Figures</b>	
<b>Covered Bonds</b>	<b>18</b>
<b>SSA/Public Issuers</b>	<b>24</b>
<b>ECB tracker</b>	
<b>Asset Purchase Programme (APP)</b>	<b>27</b>
<b>Pandemic Emergency Purchase Programme (PEPP)</b>	<b>28</b>
<b>Overview of latest Covered Bond &amp; SSA View editions</b>	<b>29</b>
<b>Publication overview</b>	<b>30</b>
<b>Contacts at NORD/LB</b>	<b>31</b>

## Floor analysts:

### Covered Bonds/Banks

Dr Frederik Kunze  
[frederik.kunze@nordlb.de](mailto:frederik.kunze@nordlb.de)

Lukas Kühne  
[lukas.kuehne@nordlb.de](mailto:lukas.kuehne@nordlb.de)

Alexander Grenner  
[alexander.grenner@nordlb.de](mailto:alexander.grenner@nordlb.de)

### SSA/Public Issuers

Dr Norman Rudschuck, CIIA  
[norman.rudschuck@nordlb.de](mailto:norman.rudschuck@nordlb.de)

Christian Ilchmann  
[christian.ilchmann@nordlb.de](mailto:christian.ilchmann@nordlb.de)

Lukas-Finn Frese  
[lukas-finn.frese@nordlb.de](mailto: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: Lukas Kühne // Dr Frederik Kunze

#### Primary market: what's next on the agenda after Porto? 2024 enters the home straight with potential for significant fresh supply in 2025?

In the previous trading week, the covered bond community gathered in Porto, Portugal. The conference was not just of importance because it brought together investors, issuers, rating agencies and other industry representatives, but also since both the conference itself and the Plenary Meeting on the day before traditionally offer the opportunity for discussions with national central bank representatives and regulators, as well as decision-makers from Brussels. The focus of the event in Porto was on the question as to what kind of contribution covered bonds can make to financing the green transformation. From our perspective, clear evidence of this fundamental ability is already available. This applies both in a historical context further back in time (covered bond issues in the wake of German reunification at the start of the 1990s) and regarding contemporary innovative power (e.g. covered bonds in ESG format). At the same time, the industry must also deal with challenges originating from the regulatory environment (including the EU taxonomy) and from current market developments (e.g. weak lending activities). Nevertheless, the ECBC Congress was able to offer grounds for optimism here. For example, some issuers reported lively demand for real estate loans. Ultimately, this should, in and of itself, have a positive impact on funding requirements. As we enter the home straight of 2024, however, we are not seeing any fresh impetus for the primary market. As such, we continue to anticipate a total volume of EUR 170bn (net supply 2024: EUR 59bn), meaning that fresh supply of more than EUR 40bn can be expected over the remaining trading weeks of the year. For 2025, we then expect growth in the issuance volume to somewhere between EUR 175bn and EUR 180bn, with maturities of EUR 127bn. At such an early stage, however, this prediction is subject to a heightened degree of forecasting risk. For example, upward deviations may occur if the funding alternatives such as deposits or senior issues prove to be less dynamic than expected, or if the signs start to change here. Covered bond issuers could, however, operate with slightly more caution if, for example, the turnaround in the real estate market falters or in the event that banks (outside the eurozone) focus more on other currencies. UBS from Switzerland recently placed a EUR benchmark. This was the first primary market deal since 3 September, with the Swiss bank opting for a term to maturity of three years for its EUR benchmark, which as per usual was issued on the basis of a contractual framework. The deal was launched at ms +31bp area, while the final spread came in five basis points narrower at ms +26bp (size: EUR 1bn) and offered a slender new issue premium of one to two basis points. Due to the contractual structure of the UBS programme, the deal neither qualifies as an eligible marketable asset at the ECB nor is it suitable for use as an asset within the framework of LCR management, which indicates a comparatively high level of demand from real money investors (final order book: EUR 1.4bn).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
UBS Switzerland AG	CH	16.09.	CH1377443895	3.0y	1.00bn	ms +26bp	AAA / - / -	-

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

**Secondary market: fewer reasons to be cheerful right now**

The grounds for optimism mentioned in relation to the primary market segment or lending have not carried over to the secondary market. Rather, there is currently increasing interest from sellers here. Issues from the public issuer/SSA environment, which is important in terms of a relative value analysis, are not really helping the cause of covered bonds, which are presently seen as expensive. The signs are therefore pointing more towards (gentle) widening for covered bonds. In this situation, we believe that covered bonds in the longer maturity segment (>7y) in particular are having a slightly harder time of it or would have to offer a larger premium on the basis of current spread levels. From a relative value perspective, the “sweet spot” for many investors in covered bonds is and will remain at the ≤5y mark. However, saturation effects could also increasingly occur here among potential buyers.

**Transparency initiative for the covered bond segment: “HTT 2025” presented**

Within the framework of our issuer coverage, we regularly make use of external sources of information. For the Pfandbrief market, for example, the “§28 templates” provided uniformly by the [vdp](#) have formed an important data basis for our analyses for many years now. Furthermore, the “[Covered Bond Label](#)” has functioned as a global initiative since 2012. With the annually updated Harmonised Transparency Template (HTT), this offers a uniform reporting standard that is not only based on the regulatory requirements in Europe but has also been coordinated with market players active across Asia and North America. A few days ago, the Covered Bond Label presented the most recent version of the template (“[HTT 2025](#)”). For Luca Bertalot from the Covered Bond Label Foundation one thing is clear: “Through the improved consistency and transparency in the 2025 HTT, the Covered Bond Label will continue to play a fundamental role in enabling issuers to provide essential data for investors in their daily activities in the covered bond space, all around the world.”

**ECB cuts rates further – but EU regulators urge caution**

Last week, as expected the ECB continued its journey of interest rate cuts (cf. also [NORD/LB Fixed Income Special](#)). The central bankers are aiming to achieve a soft landing in terms of economic activity. In their [autumn report](#) the EU regulators (EBA, EIOPA and ESMA) recently called for caution and warned of the dangers of geopolitical and economic events with regard to the stability of the EU financial system. Financial institutions should also remain prepared for the long-term influence of elevated interest rates. This applies to increased funding costs, in particular. With regard to European credit institutions, we can read between the lines of the warning words to deduce that the volume of new business might not grow quite as strongly as anticipated. With regard to the volume of mortgage loans, which is of significant relevance for covered bonds, we take the view that growth should not be prematurely exaggerated despite the interest rate turnaround. We continue to see little cause for concern with regard to covered bonds and their credit quality, although financial institutions should, on the whole, continue to keep an eye on general credit risk. The EU supervisory authorities expect banks to ensure that they are always in a position to respond with agility and at short notice to (unexpected) challenges. In this context, we actually see an advantage for those banks that are able to use covered bonds for refinancing purposes even in phases of extreme market volatility. We would also like to highlight the investor perspective here, as covered bonds can offer institutional investors from the insurance sector an important opportunity for diversification.

## Market overview

### SSA/Public Issuers

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

#### **ECB decision: Cut, sleep, repeat**

In last Thursday's [NORD/LB Fixed Income Special](#), we focused on the anticipated rate cuts by the ECB. The key interest rate decision was largely influenced by the changes to the monetary policy framework decided by the ECB Council in March 2024. Expected by (almost) all market players and accompanied by new *staff projections*, the ECB Council reduced the interest rate for the deposit facility rate (DFR) by 25bp to 3.5%. Furthermore, the rate for the main refinancing operations (MROs) fell from 4.25% to 3.65%, and that for the marginal lending facility (MLF) was reduced from 4.5% to 3.9%. However, in our view, the technical reduction of the last two interest rates by 60bp each should not be seen as a monetary policy signal from dovish heavyweights. Markets are fully pricing in a further rate cut in December. We would say that most market players are too ambitious for October at the moment. The next meeting will take place in a little over four weeks from now, and by then there will of course be hardly any new data available. We are therefore currently expecting another pause in interest rate cuts, true to the motto: cut, sleep, repeat. This is also indicated by the adjusted *staff projections*: while forecasts for the real GDP growth rate were revised downwards, expectations regarding future inflation have remained at the level published in June. After (not just) our criticism of the ECB in the past, the mantra of its data-based, meeting-by-meeting approach seems to be gaining credibility again. However, there was no announcement of any pre-commitment to future (rate) steps. Although inflation rates are gradually continuing to normalise, it is our view that the danger has not yet been permanently averted. Or, to quote Christine Lagarde in homage to Doris Day: "Que sera, sera – whatever will be, will be."

#### **IBB: Moody's assigns first rating**

The rating agency Moody's has for the first time assessed the creditworthiness of the German promotional bank Investitionsbank Berlin (ticker: IBB). Several ratings are essential for some investors. By allocating a rating of "Aa1" and a stable outlook to IBB, the risk experts assigned it the same rating grade as its owner, the federal state of Berlin (ticker: BERGER). Moody's above all highlighted the bank's strong liquidity reserves. Dr Stephan Brandt, Member of the Management Board and Chief Financial Officer of IBB, explained the importance of this rating: "Having been subject to Fitch's rating process for ten years and regularly receiving the same excellent credit rating as our owner, the federal state of Berlin, this first-time rating from Moody's confirms our appeal for investors in securities trading. We are delighted with this, and it is an important signal to our customers as well as national and international investors in our bonds. Only through excellent ratings can we continue to have access to favourable refinancing. We can then use this for low-interest financing models to promote transformation projects, housing construction and corporate financing."

**Finnvera: Weaker demand for export financing**

The Finnish export financier Finnvera (ticker: FINNVE) issued a press release to mark the publication of its financial report for the first six months of 2024. According to the half-year report, the number of financing decisions was at the previous year's level, but the figure for domestic loans and guarantees denominated in EUR was down on the reference period (H1/2024; EUR 0.5bn; H1/2023: EUR 0.8bn). A total of EUR 34m was granted for climate and digital loans, which are intended for green transition and digitalisation projects under the InvestEU Guarantee Programme (H1/2023: EUR 5m). The granting of such loans began in June 2023. Demand for Finnvera's export financing decreased in the first half of the year (-48%), with fewer new export credit guarantee offers being submitted than in the previous year. This was mainly due to the focus of Finnish exporters on investment goods and the decline in export demand due to both the economic operating environment and higher interest rates. Between January and June, Finnvera granted EUR 1.8bn in export credit guarantees, export guarantees and special guarantees (H1/2023: EUR 3.5bn). Finnvera's result during the period under review was EUR 85m and therefore down on the EUR 148m reported for H1/2023 (-42%). According to the key financial performance indicators, the Finnish group's equity ratio was 9.2% and therefore on a par with the previous year's figure (year-end 2023: 9.3%). At 24.8%, the Common Equity Tier 1 (CET1) capital ratio for domestic operations was slightly up on the comparative figure for 2023 (24.3%) and consequently significantly exceeds the minimum requirement of 15% stipulated by the Finnish state. For export financing business, this indicator was 5.6% (year-end 2023: 3.2%). The leverage ratio also increased (H1/2024: 22.1%; year-end 2023: 21.9%).

**NRW.BANK.ifo business climate: Slow progress in the NRW economic recovery**

Looking across all sectors, the trend in the NRW.BANK.ifo business climate was mixed in August. Following an increase in July, the business climate worsened again in the German federal state of North Rhine-Westphalia in August. This recent development is above all due to the business expectations of the 1,500 companies surveyed. Overall, the economic indicator deteriorated by 3.0 points to -10.1 points last month. The most recent decline was due in particular to companies' business expectations for the coming months, which deteriorated by 4.4 points to -14.9 points. The surveyed companies also rated their current business situation a little more poorly, with this value falling by 1.4 points to -5.3 points. Eckhard Forst, Chairman of the Managing Board of NRW.BANK, commented: "The renewed decline in business expectations is a sign of the ongoing uncertainty in the economy. Hopes for more growth now rest on stronger private consumption. A falling rate of inflation coupled with rising nominal wages will have a positive effect on real income. This may stimulate the economy of NRW later in the year." While the service sector took a slightly better view of its current situation than in July, expectations are significantly more sceptical due to declining order volumes. Regarding the current business situation and expectations for the coming months, retailers were reported as being dissatisfied and reticent. Order volumes fell in both building construction and civil engineering compared to July, causing companies to be less satisfied with both their current situation and be more pessimistic about the future. In the industry sector, the development of the business climate varied.

**BNG Bank presents interim report 2024**

Last week, the Dutch municipality bank BNG Bank (ticker: BNG) presented its interim report for the first half of 2024. At EUR 158m, net profit in the first half of 2024 was EUR 17m higher than in the same period last year (H1/2023: EUR 141m). Interest income was up EUR 12m to EUR 258m (H1/2023: EUR 246m). Olivier Labe, acting CEO and CFO of BNG, commented on the figures: “We showed some good results for the first half of the year. [...] Despite a moderate recovery in economic growth, we saw a strong increase in demand for loans from social housing associations and municipalities in the second quarter of this year in particular. As a result, we issued EUR 6bn in new long-term loans to our clients.” The long-term loan portfolio grew by EUR 2.2bn net to EUR 91.4bn (H1/2023: EUR 89.2bn). BNG was also active on the capital market in the first half of the year. It raised EUR 12.3bn in long-term funding over this period, of which EUR 5.7bn was ESG in nature. With 46% of total bonds issued in ESG format, BNG is right on track to increase the percentage of last year’s ESG bonds (as at end of 2023: 41%). With the proceeds of these ESG bonds, BNG predominantly finances activities of Dutch municipalities and social housing associations that have a positive impact on the environment and offer social benefits. BNG’s capital position remains undiminished. At the end of June 2024, the Common Equity Tier 1 (CET1) ratio and the leverage ratio came to 40% and 11%, respectively, well above the minimums set by the regulator. With a funding target for the year of EUR 16bn, BNG has already fulfilled the majority of its capital requirements for 2024. Nonetheless, we still expect to see the Dutch bank on the primary market on occasion before the end of the year.

**SFIL announces strong interim result for 2024**

The French export and municipality financier Société de Financement Local (ticker: SFILFR) also published its interim report for the first half of 2024 last week. In a volatile economic environment, recurring net banking income was up 4% on the same period of the previous year to total EUR 103m. At the same time, operating expenses fell by 8% to EUR 57m. The level of lending to local authorities increased by a notable 157% versus H1/2023 to EUR 2.8bn overall. Since 2013, more than EUR 50bn in loans has been granted to the French public sector, including almost EUR 45bn to local authorities. The result is supported by a very robust financial structure in respect of consistently low credit risk metrics. The non-performing loan ratio in H1/2024 was just 0.2%. The CET1 ratio fell slightly as at the end of Q2/2024 and amounted to 37.3% (37.5% in December 2023). The liquidity position is strong, with an LCR of 270% and NSFR of 123.5%. In terms of the ESG segment, the SFIL stated that green loans of EUR 512m were issued to the French public sector, while social loans amounting to EUR 464m were granted in favour of public hospitals and socially driven investments of local authorities. Philippe Mills, CEO of SFIL, commented on the figures: “We achieved an excellent performance in the first half of 2024, driven by a historic level of activity in public sector lending activity. We are fully aligned with the trajectory of our ‘Objective 2026’ strategic plan. All of our employees are fully committed to working alongside our clients to support them in their projects in favour of net-zero transition.”

### African Development Bank celebrates 60th anniversary

In mid-September, the African Development Bank (ticker: AFDB) marked its 60th anniversary celebrations in Abidjan, Côte d'Ivoire (formerly Ivory Coast), and looked back on a rich history. Since being founded, the multilateral development bank has supported more than 6,575 projects across Africa and invested USD 77bn (equivalent to EUR 70bn) in around 3,000 projects over the past ten years alone, making it Africa's most dependable development partner. The AFDB's operations have had a direct positive impact on the lives of 400m people in Africa. For example, it was instrumental in ensuring 52% of Africans now have access to electricity, an improvement from just 25% back in 2016. The "Desert to Power" project is a USD 20bn (equivalent to EUR 18bn) initiative to produce up to 10,000MW of solar energy to supply 250m people in eleven Sahel countries with photovoltaic power by 2030. The bank also celebrated its mobilisation of USD 72bn (equivalent to EUR 64bn) to help unlock Africa's agricultural potential at the "Feed Africa Summit" in Dakar, Senegal, and its work to support Africa's efforts to cope with climate change. In order to help achieve this latter goal, it has mobilised USD 25bn (equivalent to EUR 22bn) through the Africa Adaptation Acceleration Programme and USD 14bn (equivalent to EUR 12bn) through its Climate Action Window. "This is a historic milestone and a cause for celebration, but it is also an opportunity to see that the African Development Bank has financed some pivotal infrastructure and helped improve the living conditions of millions of Africans. The bank is a source of pride and hope for Africa", said the President of Côte d'Ivoire, Alassane Ouattara, in his speech at the anniversary celebrations.

### Primary market

As usual, our review of the past trading week takes place in chronological order: shortly after publishing last week, two issuers from the French agency segment came onto the trading floor. First on the scene was Société des Grands Projets (ticker: SOGRPR) with its second [green bond](#) in the current year. A total of EUR 1bn was raised with a maturity of more than 20 years at OAT +24bp (corresponds to ms +92bp). The bid-to-cover ratio was 7.5x. Next came Caisse Centrale du Crédit Immobilier de France (ticker: CCCI) with a EUR 500m bond in the long three-year maturity segment. This could ultimately be placed on the market at OAT +26bp (corresponds to ms +32bp). By the end of the marketing phase, the order book was filled to EUR 3.1bn. Yesterday, on Tuesday, German promotional bank Bayerische Landesbodenkreditanstalt (ticker: BYLABO) approached investors with a EUR benchmark bond. A total of EUR 500m changed into the corresponding depots here at ms +29bp for a term to maturity of ten years. Furthermore, Landwirtschaftliche Rentenbank (ticker: RENTEN) decided to tap its 2034 bond by EUR 400m at ms +22bp. For next week, we would like to draw attention to the EU's upcoming third bond auction in H2/2024. The city of Munich (ticker: MUENCH) has also announced a term of seven years for its planned [green bond](#) issue (min. EUR 250m). New mandates for the trading week to come: NRWGK (sub-benchmark, 9y) and NRWBK ([social](#), EUR 500m WNG, 15y).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
BYLABO	DE	17.09.	DE000A161R10	10.0y	0.50bn	ms +29bp	- / Aaa / -	-
CCCI	FR	11.09.	XS2902710370	3.3y	0.50bn	ms +32bp	AA-u / Aa2 / AA-u	-
SOGRPR	FR	11.09.	FR001400SNH9	20.7y	1.00bn	ms +92bp	AA- / Aa2 / -	X

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



# Covered Bonds

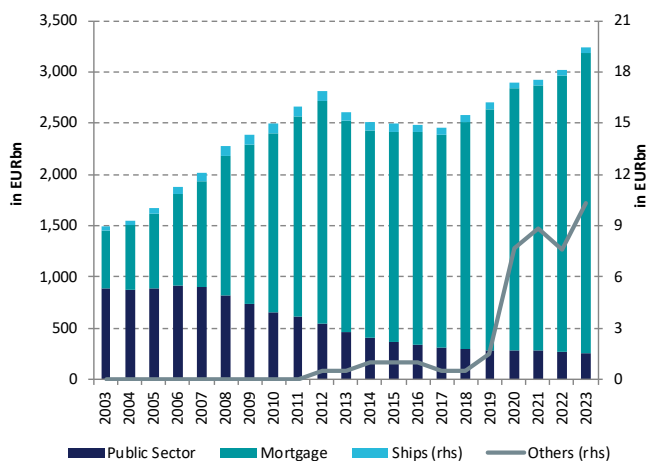
## ECBC publishes annual statistics for 2023

Author: Lukas Kühne

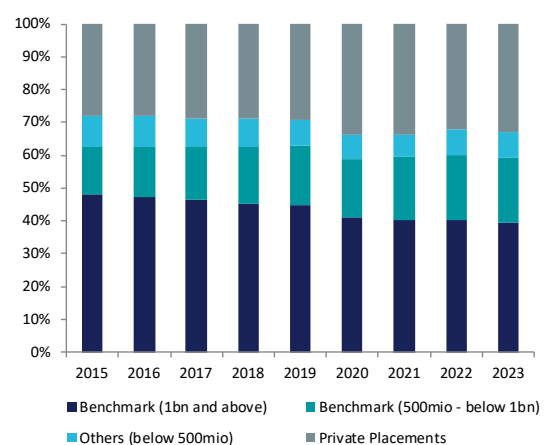
### Global outstanding covered bond volume amounts to EUR 3,258.5bn

A few days ago, the European Covered Bond Council (ECBC) presented its [annual statistics for the global covered bond market](#). The reporting date for the database, which covers a total of 433 programmes of 329 issuers from 36 different countries in its most recent edition, is 31 December 2023. The ECBC annual statistics, which constitute a unique database in terms of the coverage of the global covered bond market, show growth in relation to the outstanding volume. For example, the data reflects an increase of EUR +229.7bn (+7.6% Y/Y). With a volume of EUR 3,258.5bn, the covered bond market is therefore currently at the highest level since this data was first recorded (2003). After an issuance volume of EUR 673.4bn in 2022, new issuance activity reached a new record volume of EUR 689.4bn (+2.4% Y/Y) in 2023. As we have done in previous years, we should now like to take a closer look at the figures published by the ECBC this year as part of our weekly publication.

### Covered bond volume by asset class



### Covered bond volume by issue size



Source: ECBC, issuers, NORD/LB Floor Research

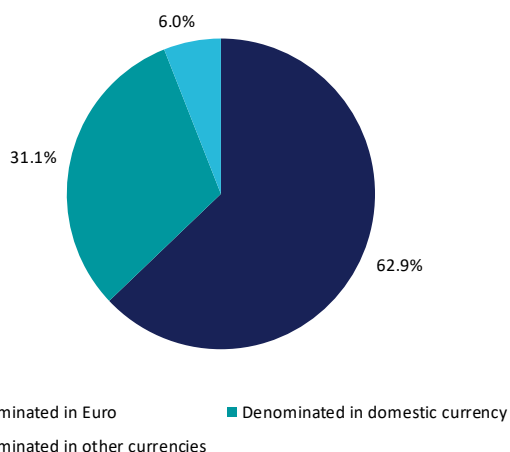
### Growth largely driven by the “Mortgages” category

In 2023, the outstanding volume increased in three out of the four sub-categories. In nominal terms, the sharpest growth was attributable to the category of “Mortgages”, which increased by EUR +245.6bn (+9.1% Y/Y). In contrast, the rises were far less pronounced in the categories of “Ships” (EUR +290.9m; +0.5% Y/Y) and “Others” (EUR +2.7bn; +35.6% Y/Y). The sole decline was seen in the category of “Public Sector” covered bonds, where the outstanding volume fell by EUR -18.9bn (-6.8% Y/Y). In the current statistics, the category of “Mortgages” accounts for a sum of EUR 2,931.7bn at present, and with a share in the overall volume of 90%, remains by far the biggest asset class on the international covered bond market.

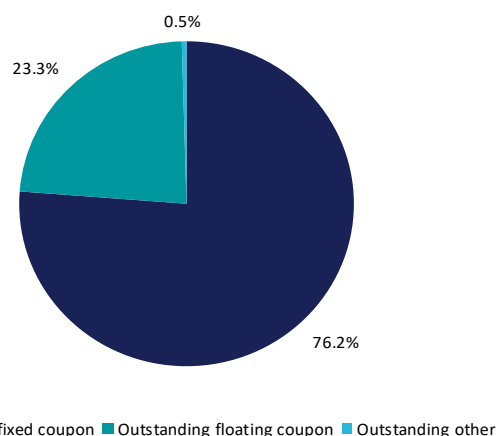
### Renewed growth in the area of retained covered bonds

In terms of the type of placement (this data has been published in the annual statistics since 2012), some notable changes occurred in 2023 compared with the previous year. In and of itself, this does not come as a surprise, as central bank measures - in particular those implemented by the ECB - have led to a boom in retained issues, which are included in the "Private Placements" category. With the end or gradual expiration of these instruments, which can be considered to be a feature of a more unconventional monetary policy approach, these additional incentives for retained covered bonds will also come to an end. Nevertheless, the volume of outstanding private placements (EUR 927.9bn) in the eurozone rose by +9.4% versus the prior year (EUR 848.3bn), setting a new record high in the process. This development is due, in particular, to the increased issuance of retained covered bonds from France and should not be considered a cross-border phenomenon. In this context, French issuers placed around EUR 100bn in the form of private placements in 2023, which reflects growth of approximately EUR +85bn against the previous year. According to one issuer, the increased issuance of retained covered bonds is intended to build up additional liquidity reserves and is no longer due to the ECB's special measures. The new issuance volume of private placements in the eurozone came to EUR 173.9bn in 2023, of which a share of around 58% was geographically attributable to France. In the overall market, the share of the outstanding volume attributable to publicly placed covered bonds stood at 67.2% (previous year: 67.8%), while the private placements category now accounts for 32.8% (previous year: 32.2%).

#### Covered bond volume by currency



#### Covered bond volume by coupon type

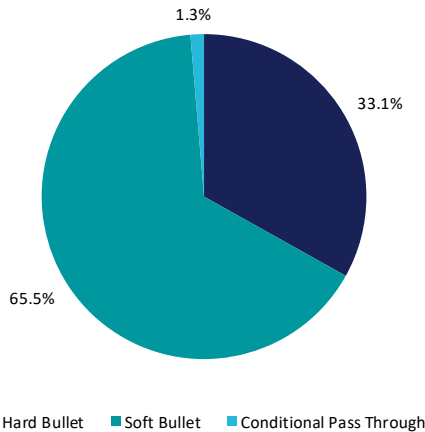


Source: ECBC, NORD/LB Floor Research

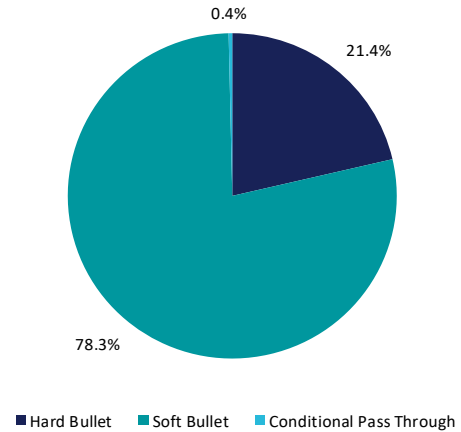
### Fixed-coupon issues dominate; EUR deals account for largest share

Fundamentally speaking, the breakdown of the outstanding volume by coupon type has remained stable, with only marginal changes in evidence here. At 76.2% (2022: 75.5%), fixed coupon covered bonds accordingly continue to account for the greatest share. Among the newly issued bonds, the share of fixed coupons amounts to 73.0% (previous year: 71.6%). In terms of currency breakdown, EUR-denominated covered bonds predominate with a share of 62.9% of the total market volume, while the EUR share in relation to newly placed bonds came to 55.7% (2022: 51.4%). At 34.4%, the share of the domestic currency in the new issue volume for deals from jurisdictions outside of the eurozone is comparatively high. Once again, the covered bond market in Denmark is of significance in this regard. In 2023, Denmark placed the equivalent of EUR 110.8bn out of a total volume of EUR 121.2bn in covered bond issues in its domestic currency.

**Covered bond volume – repayment structure**



**Covered bond new issues – repayment structure**

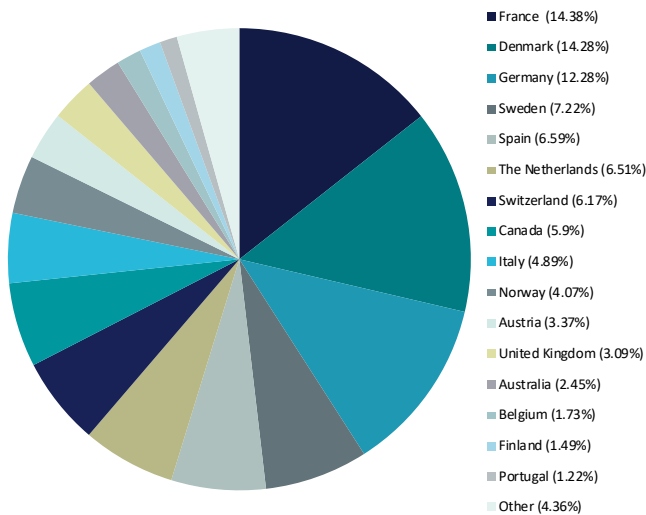


Source: ECBC, NORD/LB Floor Research

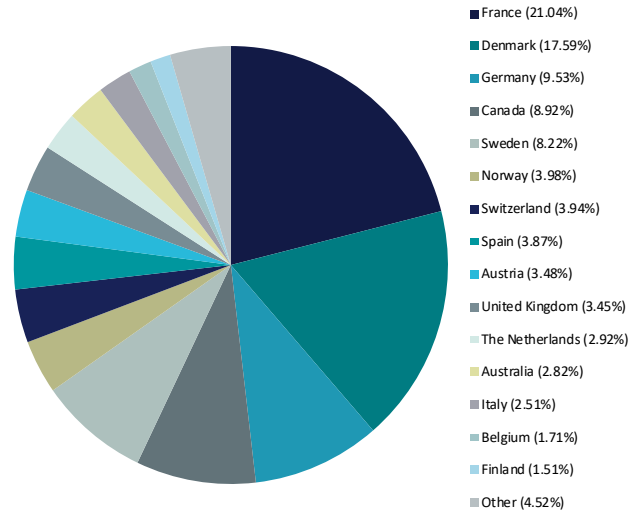
**Repayment structures: soft bullets account for the largest share of issues in 2023**

The current ECBC data reflects a steadily growing share of soft bullet structures (2023: 65.5%) in terms of the volume of outstanding bonds. For example, the volume of outstanding bonds with a soft bullet structure increased for the third year in a row in 2023. This trend is supported in particular by the EU covered bond harmonisation project, which has facilitated the issuance of such structures in significantly more jurisdictions. With the implementation of the EU directive into German law, for example, it has no longer been possible to issue Pfandbriefe with a hard bullet structure since 2021. As such, the new issue volume of German covered bonds (2023: EUR 65.7bn) comprises soft bullet bond deals in its entirety. At 78.3%, soft bullets unsurprisingly also account for the largest share of newly issued bonds in 2023. Looking ahead, we also see an increasing dominance of soft bullet covered bonds. In addition to a shift from hard to soft bullets, the focus of issuers has also shifted from CPT issues to soft bullets in recent years.

**Covered bond volume – country breakdown\***



**New covered bond issues – country breakdown\***

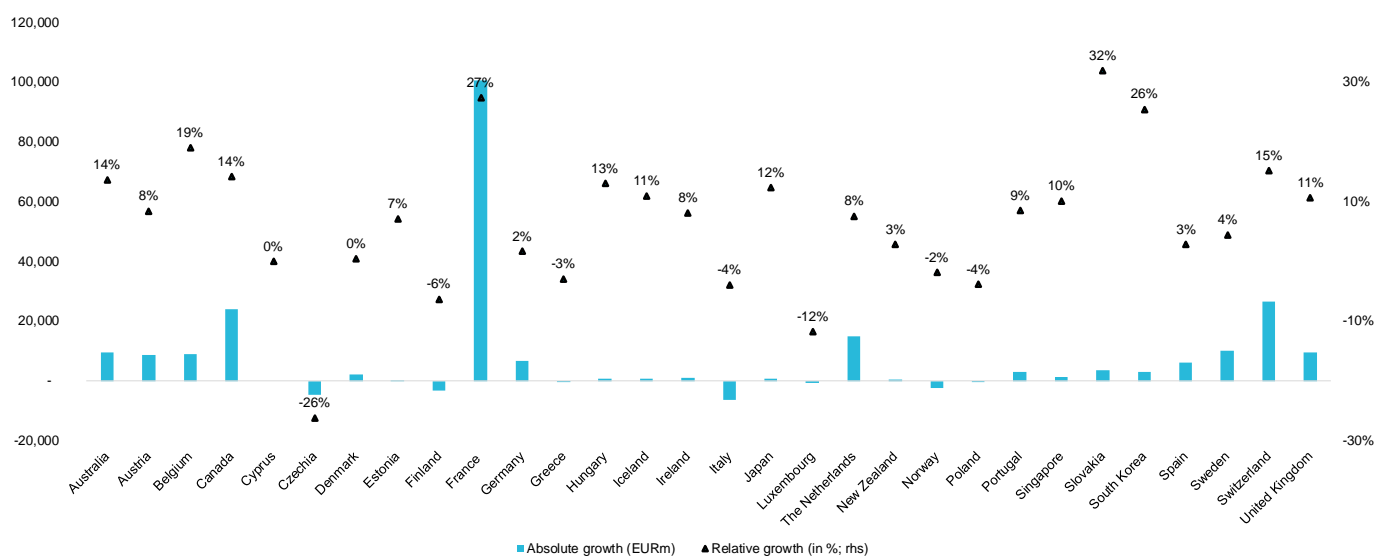


Source: ECBC, NORD/LB Floor Research; \*the "Other" category covers all countries with a share of less than 1%

### French issuers ranked first for outstanding volume and new issues

As at the end of 2023, the highest outstanding volume was attributable to France (EUR 468.5bn), followed by Denmark at EUR 465.3bn. Driven by the elevated issuance volume of retained covered bonds, France has succeeded in removing Denmark from top spot for the first time in nearly ten years. The share of French covered bonds in the market as a whole has risen from 11.3% (2022) to 14.4% (2023). In contrast, the Danish share has fallen slightly to 14.3% (2022 share: 15.3%). Germany follows in third place (EUR 400.3bn), whereby its share has also declined marginally to 12.2% from 13.0% in 2022. Looking at the new issuances in 2023, France again leads the way with an issuance volume of EUR 145.1bn and a share of 21.0%. In second place is Denmark at EUR 121.2bn or 17.6%. Germany is once more ranked in third place (EUR 65.7bn; 9.5%), followed by Canada (EUR 61.7bn; 8.9%) and Sweden (EUR 56.7bn; 8.2%) in fourth and fifth place.

### Outstanding covered bond volume – changes against the prior year



Source: ECBC, NORD/LB Floor Research

### Changes in outstanding volume: significant growth in France

On a country basis, there are certainly noticeable changes in the total outstanding covered bond volume. In nominal terms, the sharpest growth in the volume during the period under review was recorded in France (EUR +100.9bn or +27.5% Y/Y). The Swiss market also registered considerable growth (EUR +26.6bn or +15.3% Y/Y), with the same applying to Canada too, where there was an increase of EUR +24.0bn (+14.2% Y/Y). Switzerland constitutes a special case due to the fact that the domestic currency dominates the market. In addition, the market for statutory covered bonds in Switzerland is formed exclusively of the two authorised institutions “Pfandbriefzentrale der schweizerischen Kantonalbanken AG” and “Pfandbriefbank schweizerischer Hypothekar institute AG”. Ultimately, the issuance volume in 2023 (EUR 27.1bn) was largely attributable to these statutory issuers. The Dutch market (EUR +15.1bn) and Sweden (EUR +10.0bn) also recorded growth in 2023. At EUR -6.5bn (-3.9% Y/Y), the largest nominal decline in the outstanding covered bond volume was recorded in Spain.

**ECBC adopts focus on data relating to sustainable issuers**

As is often the case when constructing the new components for a database, it takes a while for the information collected to become significantly robust and meaningful. As far as information covering sustainable covered bond issues is concerned, the ECBC annual statistics 2023 certainly make a valuable contribution in this regard. In this context, “sustainable” is taken to mean all covered bonds that support the transition to a climate-neutral transformation and promote sustainable growth, stability and shared prosperity. Sustainable covered bonds are issued in the green, social and sustainable formats. The outstanding volume here stands at EUR 107.6bn (previous year: EUR 78.4bn) for 2023, which corresponds to 3.3% of the total volume (previous year: 2.6%). With regard to newly placed bonds, the share of ESG covered bonds can be put at 4.9% (2022: 4.3%) based on ECBC data, which corresponds to a volume of EUR 33.7bn. Of the 329 covered bond issuers currently listed in the ECBC statistics, 77 institutions are listed as “sustainable issuers”. The number of such issuers has therefore increased by 11 as against the previous year.

**Conclusion**

In this covered bond year, we have also taken the opportunity to draw conclusions with regard to structural changes in the covered bond market on the basis of the ECBC annual statistics. For several years now, we have also been evaluating the annual database on a regular basis in order to assess observations from the previous year. In contrast to the past couple of years, special monetary policy factors and the associated structural changes in relation to the type of placement were no longer such prominent features when it comes to analysing the data. Instead, our attention was focused on the high proportion of retained covered bonds issued from France in 2023, which led to a change at the top of the rankings in terms of the jurisdictions with the highest outstanding volume of covered bonds. France now ranks ahead of Denmark in terms of both outstanding volume and volume of new issuances. For the 2024 reporting year, we are anticipating slightly weaker momentum when it comes to the new issuance volume than was the case for 2023, especially in connection with EUR benchmarks. We take the view that the trend towards increased ESG bond issues will continue unabated, even if the record new issuance volume in this area seen last year will not be replicated or exceeded again in 2024.

## SSA/Public Issuers

# Sukuk bonds – an update on sharia-compliant investments

Authors: Dr Norman Rudschuck, CIAA // Christian Ilchmann

### **Motivation**

As long ago as 2018, we took the opportunity of the inaugural EUR issue from the Islamic Development Bank (IsDB, ticker: ISDB) to look at the universe of Islamic investments in our weekly publication. For many decades now, the market for sharia-compliant money transactions held the promise of substantial potential. The first Islamic bank was founded in the 1970s, for example. According to a study, there were over 1.9bn Muslims around the world in 2020, equating to around 25% of the world's population. Another study is forecasting that Islam will be the world's largest religious community by the year 2050. This also has implications for the financial world, which is why we propose to take a closer look once again at Islamic investments in the following article. Methods subject to Islamic law (read: sharia) definitely have their strengths, at least in the financial world, even for non-Muslims. The leading financial centre for Islamic banking is in Malaysia. Naturally, there is also relevant specialised literature (e.g. Global Islamic Finance Magazine) for this growing segment, which remains almost completely overlooked in Germany. In fact, more than 330 financial institutions have been founded in this niche market in the past 40 to 50 years, which now operate in at least 75 countries. The aggregated total assets of all global financial institutions operating under Islamic law amounted to around EUR 3,000bn in 2023.

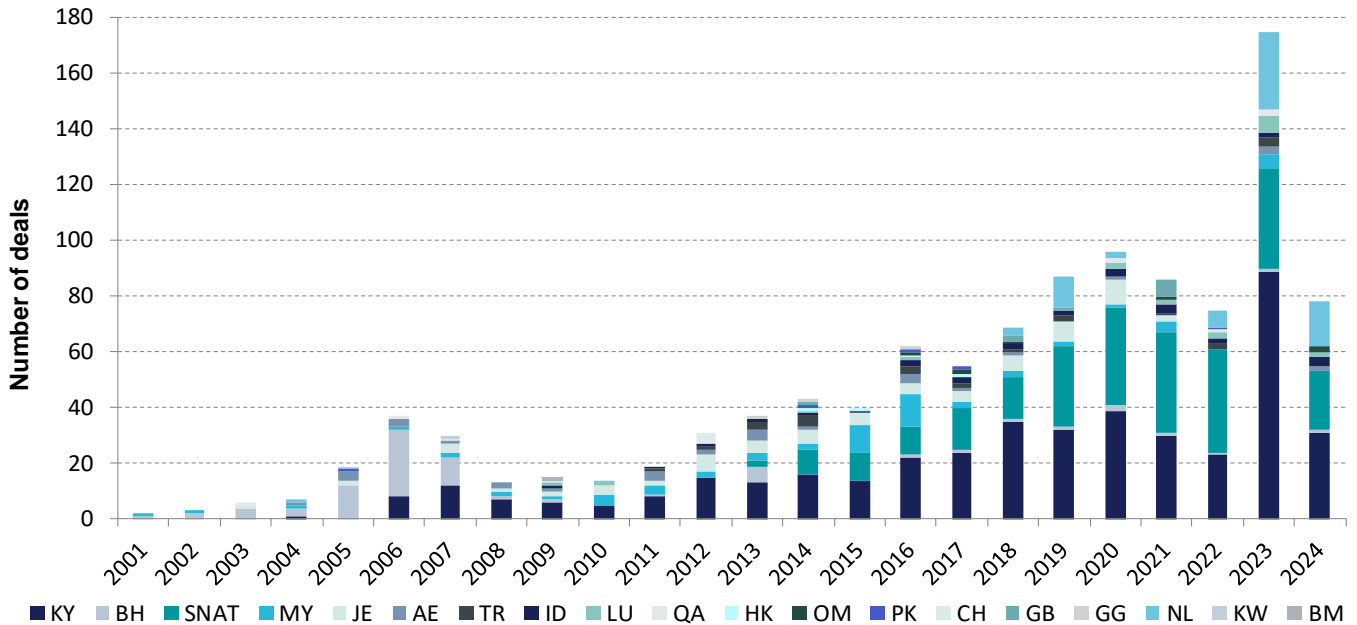
### **What is “sukuk”?**

In order for an investment to be deemed sharia-compliant, a recognised Islamic cleric must confirm that each (!) financial product or service meets strict rules and it must be classified as “halal”, i.e. permitted. First and foremost among these rules is that earning interest is not allowed under Koranic rules. Surah 2, verse 275 of the Koran prohibits usury, in other words Muslims are not allowed to charge or pay interest. Moreover, Islam bans transaction with companies whose business involves alcohol, tobacco, weapons, pork, gambling, or anything of the kind. In the Western World, this is called the “Code of Conduct” or “Forum for sustainable investing”. The ban on usury also leads in particular to the requirement that every financial transaction should have a value in the real economy – in other words that an asset or service must underlie every transaction. Unlike plain vanilla bonds, holders of the Islamic variant of such bonds become the economic owners of a commodity or other good, and, as such, they receive a lease payment but no interest payment. This conversely also leads to annual payments, and it is therefore possible to indicate “normal yield”.

### **Market for sukuk bonds**

The importance of sukuk bonds has continued its meteoric growth after they were first issued in Malaysia following the turn of the millennium. In 2023, this niche market was worth around EUR 155bn; in November 2018, we had reported a total volume to date of EUR 118bn. As at 30 July 2024, Bloomberg listed a total of 4,690 (domestic and international) active bonds. However, we are mainly interested in international bonds in our analysis and not in the very small domestic sukuk bond offering. This leaves 1,136 bonds in our analysis which have been issued since 2001.

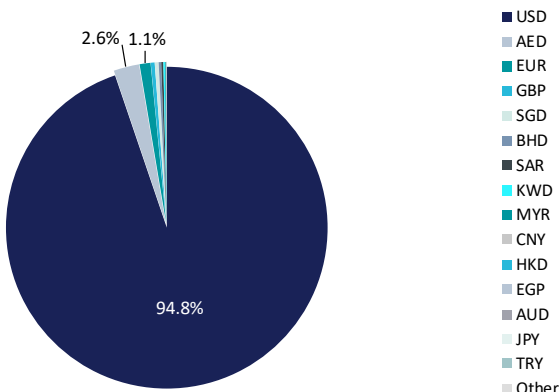
**Number of international sukuk bonds issued per annum**



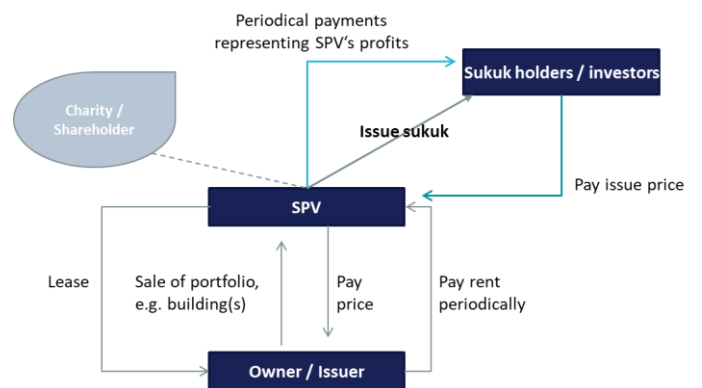
KY = Cayman Islands, BH = Bahrain, SNAT = Supranationals, MY = Malaysia; JE = Jersey, AE = United Arab Emirates, TR = Turkey, ID = Indonesia, LU = Luxembourg, QA = Qatar, HK = Hong Kong, OM = Oman, PK = Pakistan, CH = Switzerland, GB = United Kingdom, GG = Guernsey, NL = Netherlands, KW = Kuwait, BM = Bermuda  
 Source: Bloomberg, NORD/LB Floor Research

**Sukuk bonds still only rarely denominated in euro**

Of the 1,136 international sukuk bonds ever issued, 430 come from the Cayman Islands (spin-off of special purpose vehicles [SPV]), as a result of which the importance of Malaysia as a financial centre for sharia-compliant bonds is not so obvious (61 bonds). Based on the figures, Bahrain (75) and even supranationals (255) are still ahead in this respect. In almost all countries, the number of sukuk bonds has increased year on year since 2001 with an interim high in 2006/07. The trend continued more clearly from 2011 onwards. Leaving aside domestic sukuk bonds, the main currency at present is the US dollar which accounts for 94.8% or 966 transactions. It is followed by the euro at 1.1% (2018: 1.2%) in third place with 25 transactions carried out. Of these, IDB Trust accounts for 15 deals, Arcapita Bank, BNP Paribas Islamic Issuance and Dawama PLC for two bonds each, and Luxembourg Treasury Securities SA, Amwaj Limited, Al Baraka Turk Participation Bank and Stichting Sachsen-Anhalt Trust for one deal each.



Quelle: Bloomberg, NORD/LB Floor Research



**Saxony-Anhalt already active in the market with one bond under Islamic law in 2004**

Saxony-Anhalt (ticker: SACHAN) placed a bond under Islamic law back in the summer of 2004 and expected high demand ahead of the issue. It offered a EUR 100m sharia-compliant bond with no interest payments via conference call auction. At the time, the Bundesland was a pioneer in Europe. As we have already explained, the Koran bans strict believers from accepting interest payments. Consequently, the bond announced in March 2004 by Saxony-Anhalt “worked” by leasing state buildings (including 18 tax offices). As part of the transaction, ownership rights to a number of state buildings were transferred to a Dutch foundation for the duration of the bond (five years) and subsequently leased back. Arab investors were then able to participate in the transaction through the foundation (Stichting Sachsen-Anhalt Trust); instead of interest, investors received lease rental payments and therefore remained within Islamic law. Saxony-Anhalt in turn was able to buy back the rights to its buildings after five years. At the time, the Ministry of Finance of Saxony-Anhalt did not earn universal acclaim for the deal. After all, it used the Netherlands for the SPV in order to “optimise” its tax bill. Moreover, the Ministry saw the deal as a marketing measure to attract companies from the Arab world to Saxony – albeit with only moderate success.

**From our coverage: Islamic Development Bank**

In June of this year, the Islamic Development Bank celebrated its 50th birthday in Riyadh, Saudi Arabia. Founded in the early 1970s, IsDB now has 57 member countries in Asia, Africa, Europe and South America. Its mission is now to promote humanitarian development, concentrating on fighting poverty as well as on healthcare and education. To this end, it provides project financing, loans, technical aid, capital investment and credit lines. Since its foundation, the bank has financed over 12,000 projects worldwide, of which two were in Germany: the first project, which was launched in September 2012 under the “Education” banner, involved the construction of classrooms at the Islamic Cultural & Educational Center. Apart from coaching and training, the centre also holds Arabic classes and lessons in Islamic culture – for Muslims and non-Muslims alike. Also in this segment, the process to acquire premises in Flensburg started in October 2014. In addition to a computer room, a library and six classrooms across an area of 650m<sup>2</sup>, the facility also has grounds of 3,600m<sup>2</sup>. Every single IsDB transaction must be sharia-compliant. For this reason, bonds are issued in sukuk format. The IsDB has been active in the capital market regularly since 2009. Most sukuk bonds are denominated in USD (with a total of around USD 17.8bn outstanding). Until 2017, the euro was only used in the form of private placements, for which the ceiling seemed to have been reached given heightened demand. The first EUR benchmark bond was issued in November 2018 and the first green sukuk bond in December 2019. The reason for this apart from the funding of member states is also the boom in SRI bonds. Socially Responsible Investments are creating a growing pool of potential new buyer groups, above all also for sukuk bonds. What is remarkable in this respect is the fact that the IsDB is rated as a Level 1 issuer under the LCR classification of assets as per CRR Art. 117 (2) and that it benefits from a 0% risk weight. It is therefore on a par with issuers such as the EIB, IBRD, ESM and the EFSF. For further information, please refer to our [Issuer Guide – Non-European Supranationals \(MDBs\) 2024](#).



**New AAOIFI Sharia Standard 62 could bring disruption to the sukuk market**

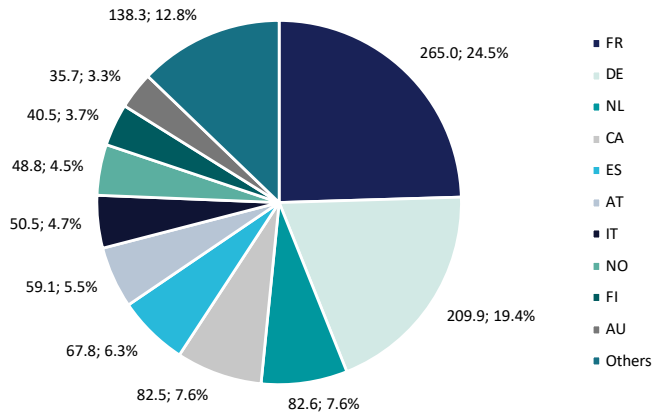
At the end of 2023, the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) published its [Draft on sukuk Sharia Standard 62](#), for which the consultation period was extended twice until 31 July 2024. Apart from rather marginal changes, the main (planned) amendment is that, in future, there will have to be an actual transfer of ownership and of the risks associated with the underlying assets to the respective sukuk holder. In future, those assets will therefore play an even more prominent role. We could envisage various scenarios as to how the planned changes might impact the sukuk market: a) the actual transfer of assets could lead to additional transactions costs, for example entering the name of the sukuk investor into the land registry for a specific property, or even in the form of property transfer taxes. Whatever the case may be, such costs will make sukuk transactions more expensive; at worst, they could even become uneconomical; b) from the AAOIFI Sharia Standard 62, it is inherent that investors will be directly exposed to the risks associated with the assets in question. Although we primarily draw attention to possible changes in the value of the underlying assets, we should not entirely neglect the danger of seizure or nationalisation of assets. Vice versa, state issuers could be unwilling to transfer ownership of their assets since this could be interpreted as a hidden privatisation; c) potential legal problems: in some countries, it could become difficult to structure sukuk bonds if, by law, foreign investors are not allowed to own the assets in question. The planned Standard 62 obviously also envisages that sharia should be the applicable law for sukuk bonds, whereas the market norm is still the application of Anglo-Saxon law. This could lead to a situation in which the sukuk instrument becomes even more complex or where issuers will be forced in practice either to infringe contractual obligations or to violate sharia rules.

**Conclusion**

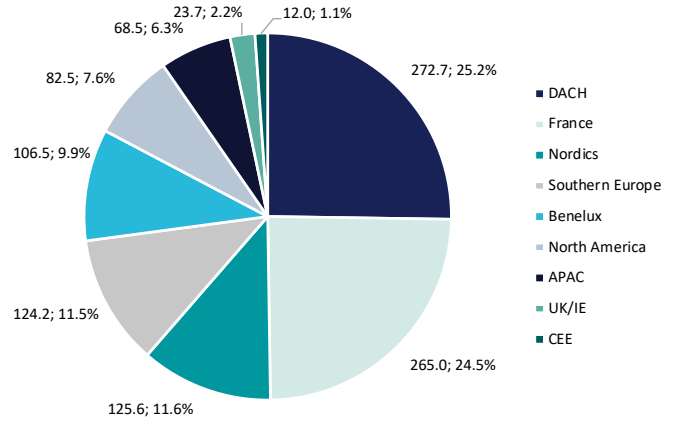
Based on the relatively sparsely available information, we believe it remains unclear whether sharia Standard 62 will be adopted in the form that has been proposed. It is also unclear how countries that have adopted the AAOIFI Standard will react to the possible impact on their sukuk markets. One possible result of the introduction of sharia Standard 62 in the proposed form would be a stronger fragmentation of the sukuk market. Consequently, the differences between countries which adopt the standard and those that do not could increase further. At any rate, we assume that the new standard – should it be adopted soon, as has been suggested – could be implemented at the earliest at the beginning of 2025. Since it is most likely that grandfathering will apply to sukuk bonds that have already been issued, we could see a sharp rise in the issuance volume of sukuk bonds prior to the implementation of the standard. Based on previous years and developments in H1/2024, we expect a total issuance volume in the region of USD 150-160bn in the sukuk market in 2024, of which around USD 9-10bn would be attributable to the ESG segment.

# Charts & Figures Covered Bonds

EUR benchmark volume by country (in EURbn)



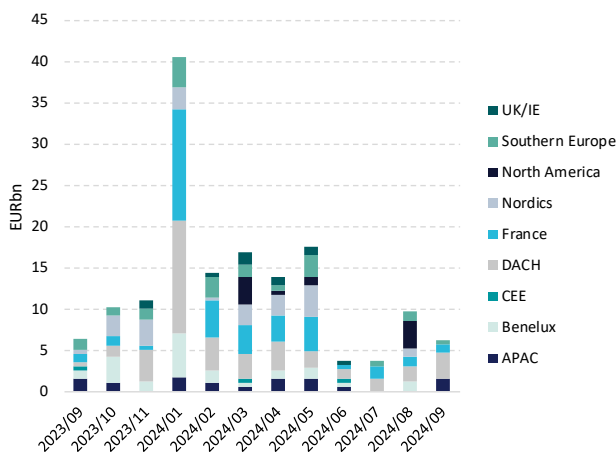
EUR benchmark volume by region (in EURbn)



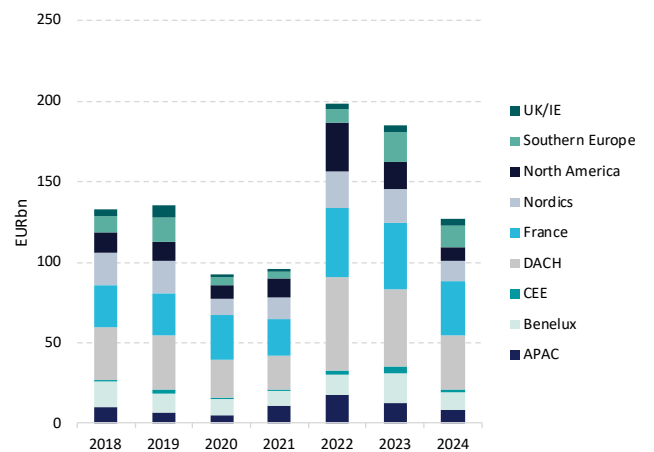
## Top-10 jurisdictions

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	265.0	255	26	0.98	9.3	4.7	1.45
2	DE	209.9	296	43	0.66	7.8	3.9	1.49
3	NL	82.6	84	3	0.92	10.4	5.9	1.35
4	CA	82.5	60	1	1.35	5.5	2.6	1.44
5	ES	67.8	53	5	1.16	11.2	3.2	2.16
6	AT	59.1	99	5	0.59	8.1	4.2	1.54
7	IT	50.5	65	5	0.76	8.5	4.0	1.98
8	NO	48.8	59	12	0.83	7.3	3.4	1.06
9	FI	40.5	46	4	0.87	6.9	3.4	1.72
10	AU	35.7	33	0	1.08	7.1	3.3	1.83

EUR benchmark issue volume by month

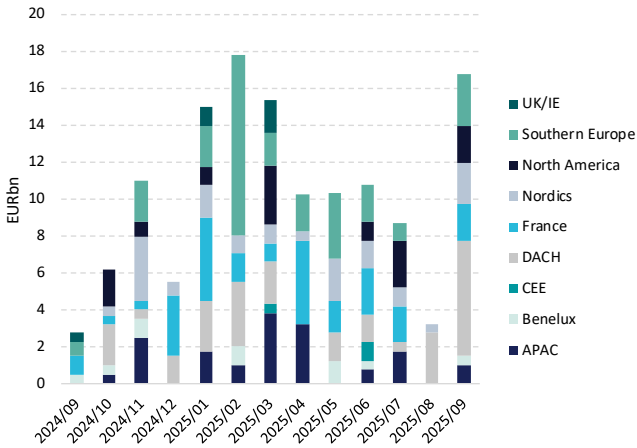


EUR benchmark issue volume by year

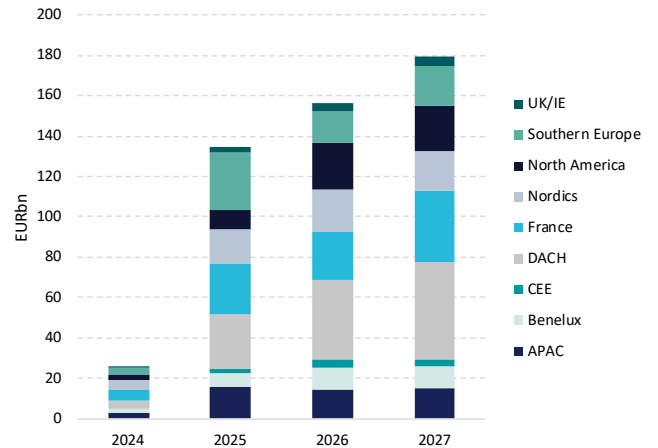


Source: Market data, Bloomberg, NORD/LB Floor Research

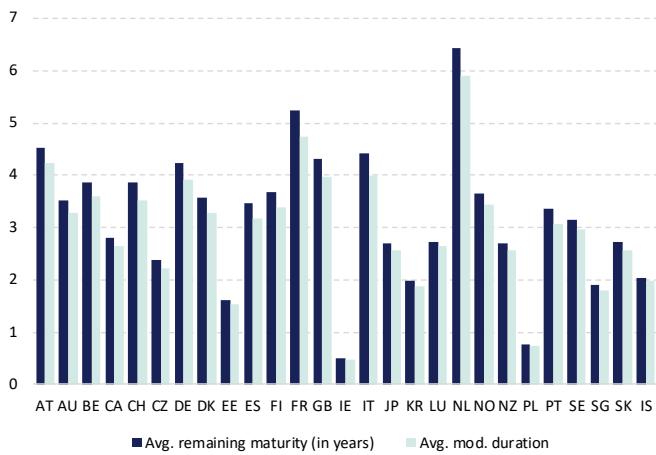
**EUR benchmark maturities by month**



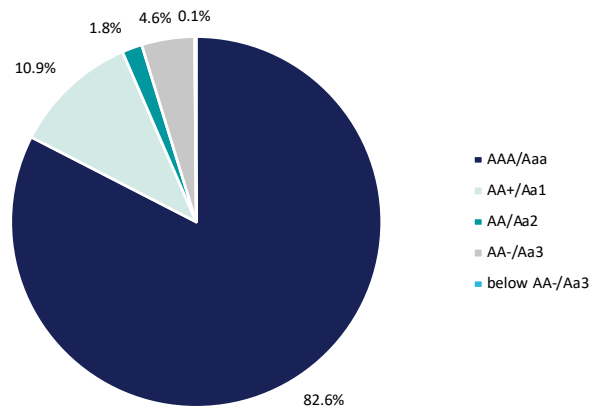
**EUR benchmark maturities by year**



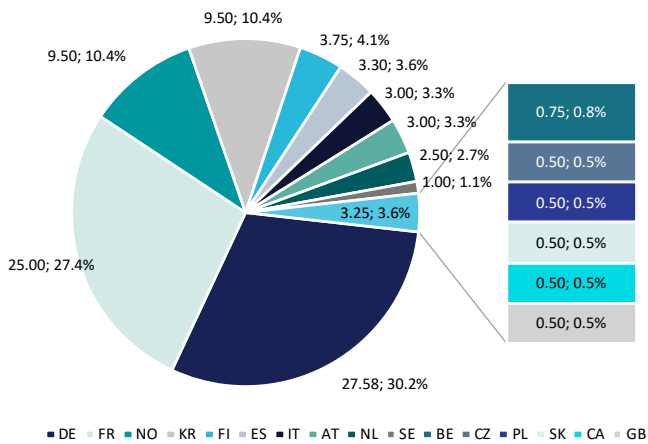
**Modified duration and time to maturity by country**



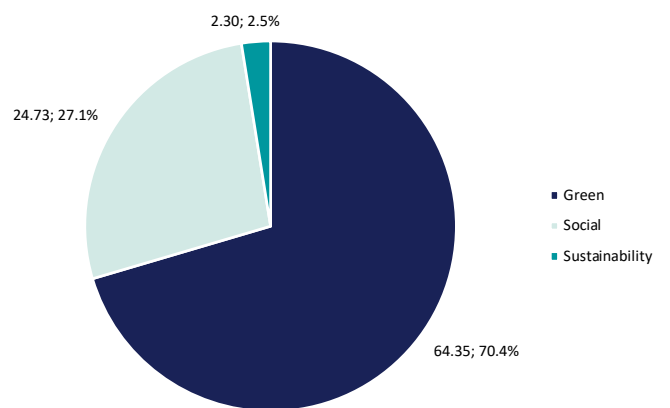
**Rating distribution (volume weighted)**



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

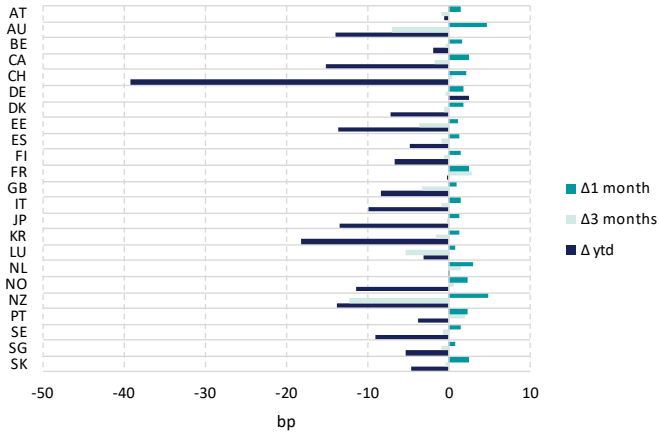


**EUR benchmark volume (ESG) by type (in EURbn)**

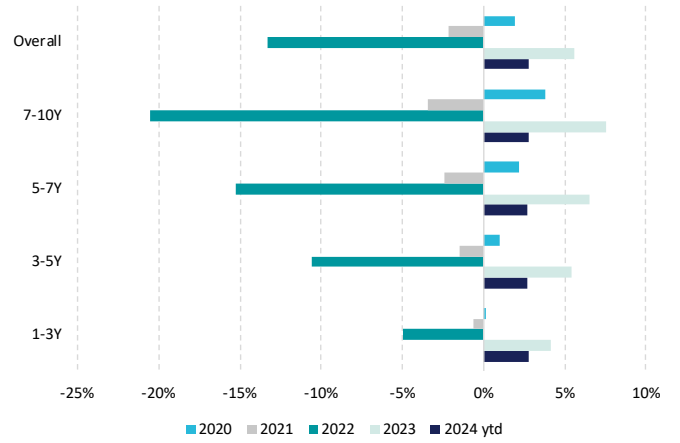


Source: Market data, Bloomberg, NORD/LB Floor Research

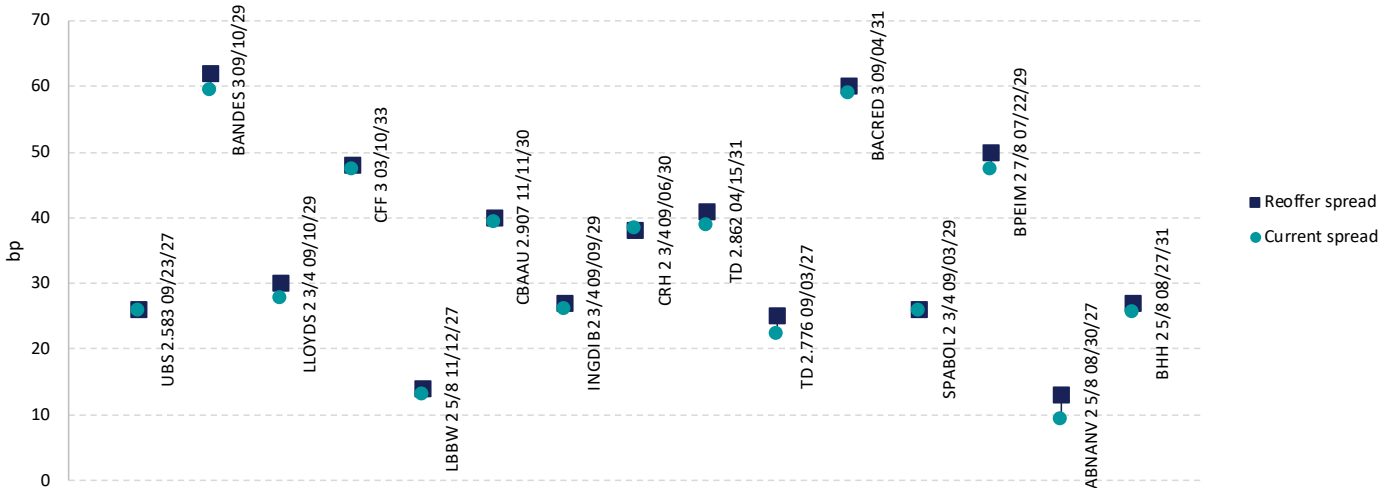
**EUR benchmark emission pattern**



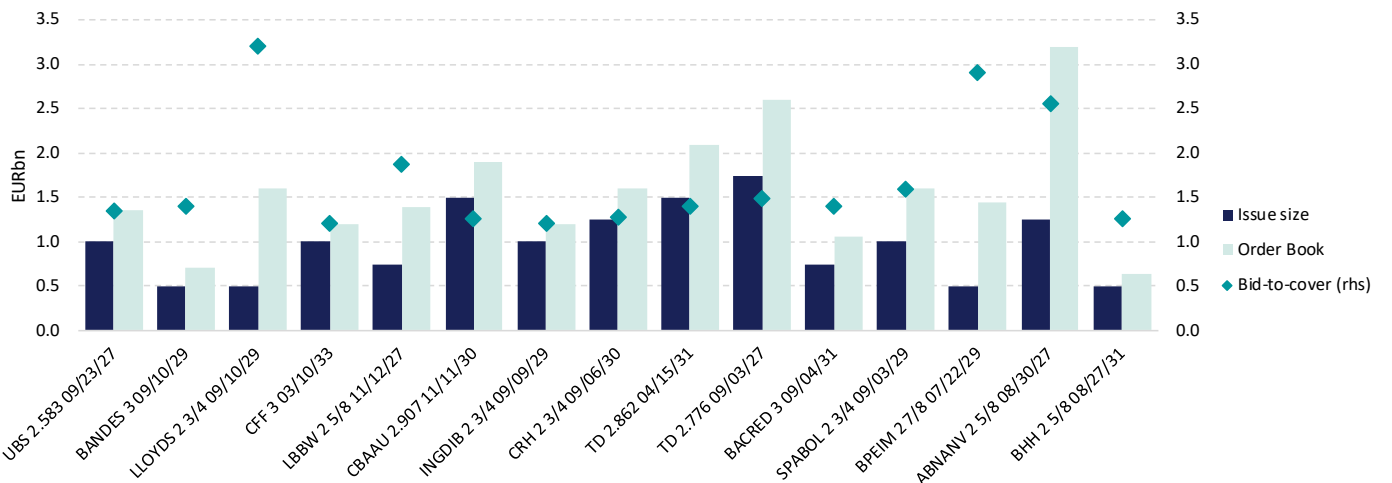
**Covered bond performance (Total return)**



**Spread development (last 15 issues)**

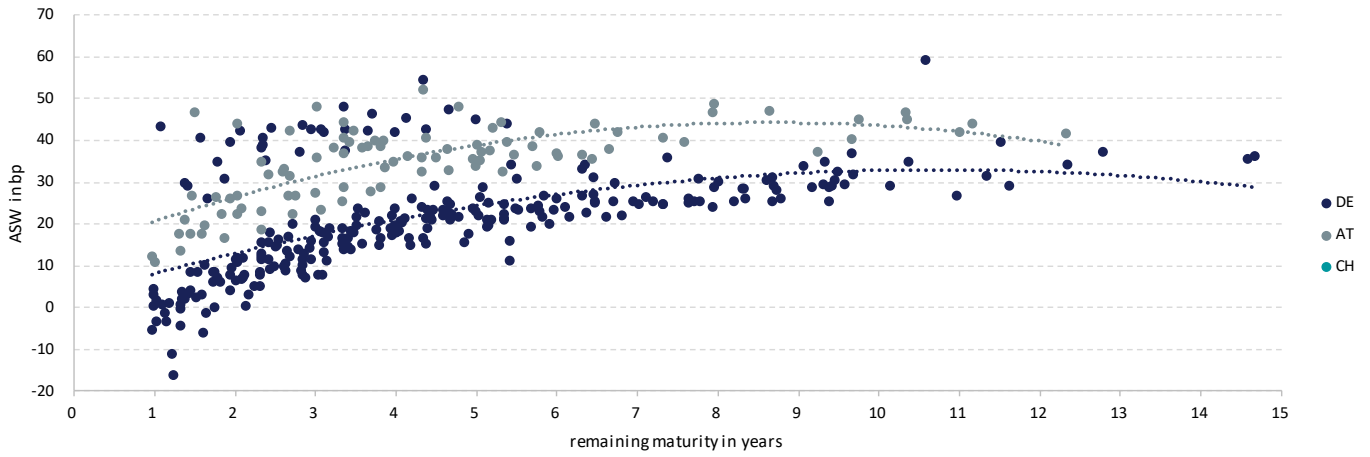


**Order books (last 15 issues)**

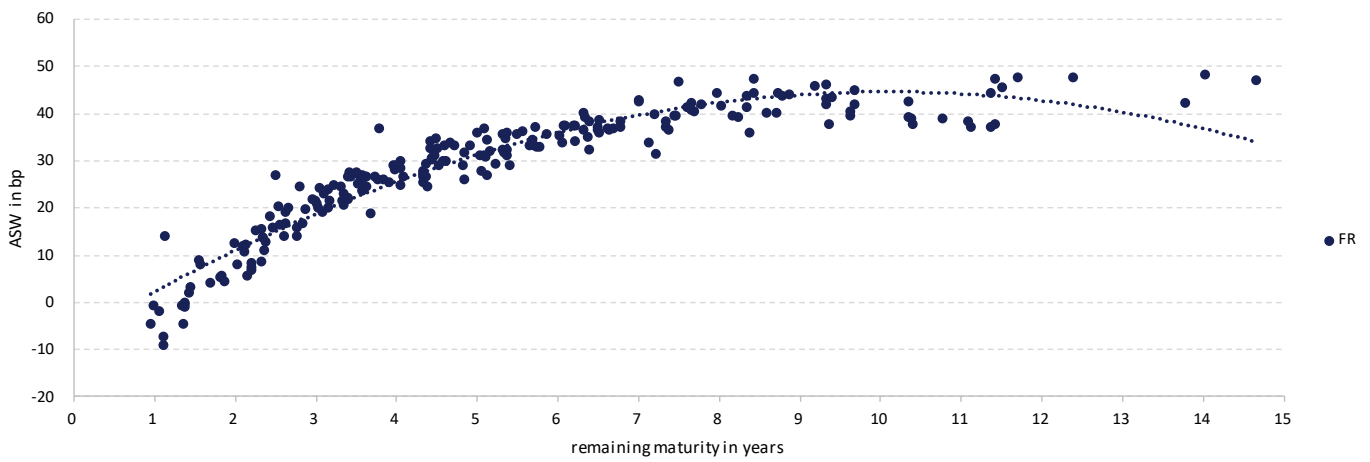


**Spread overview<sup>1</sup>**

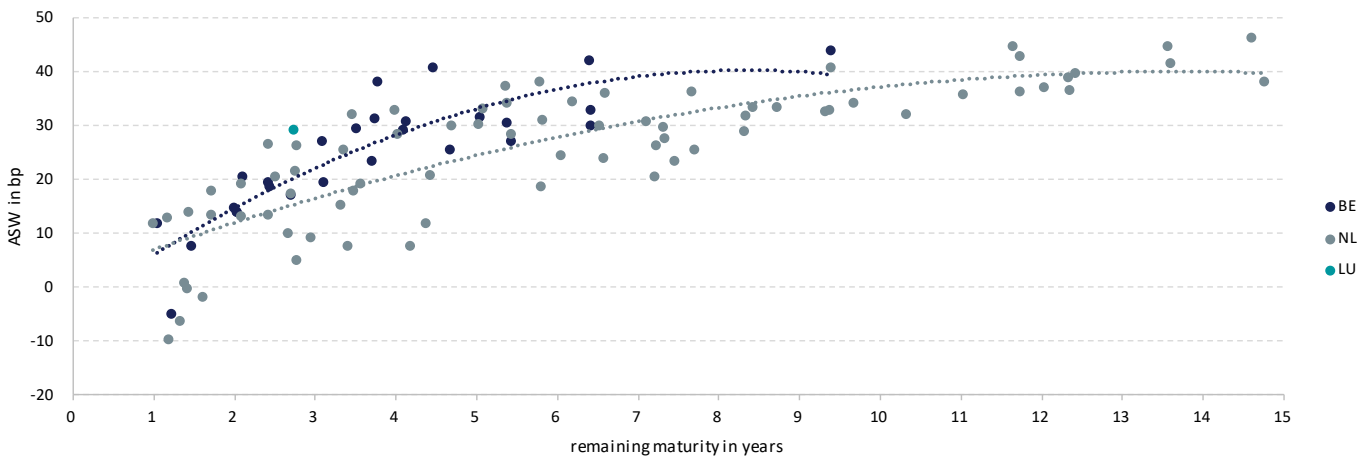
**DACH** 



**France** 

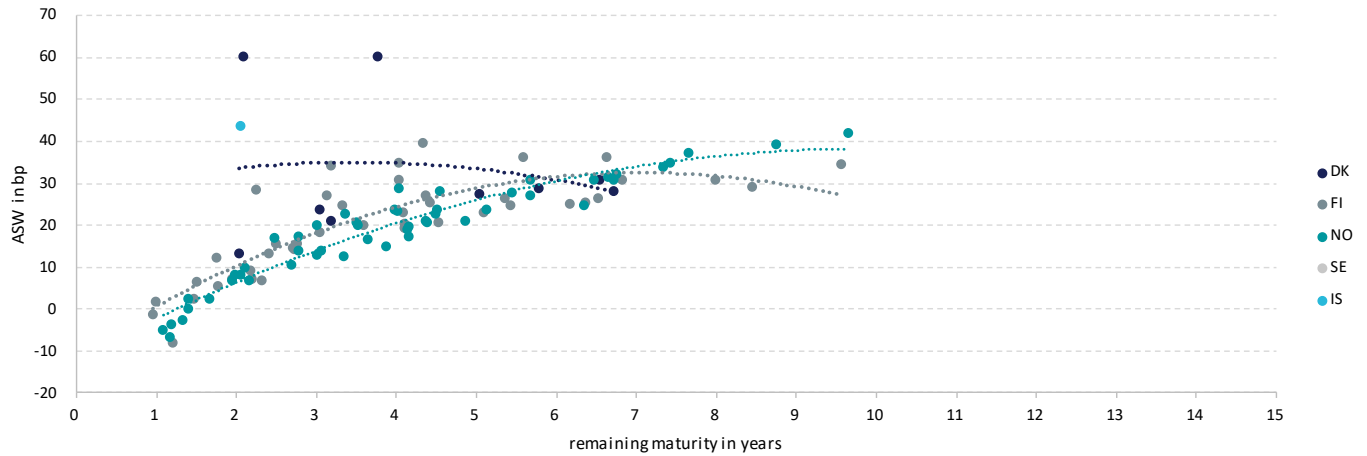


**Benelux** 

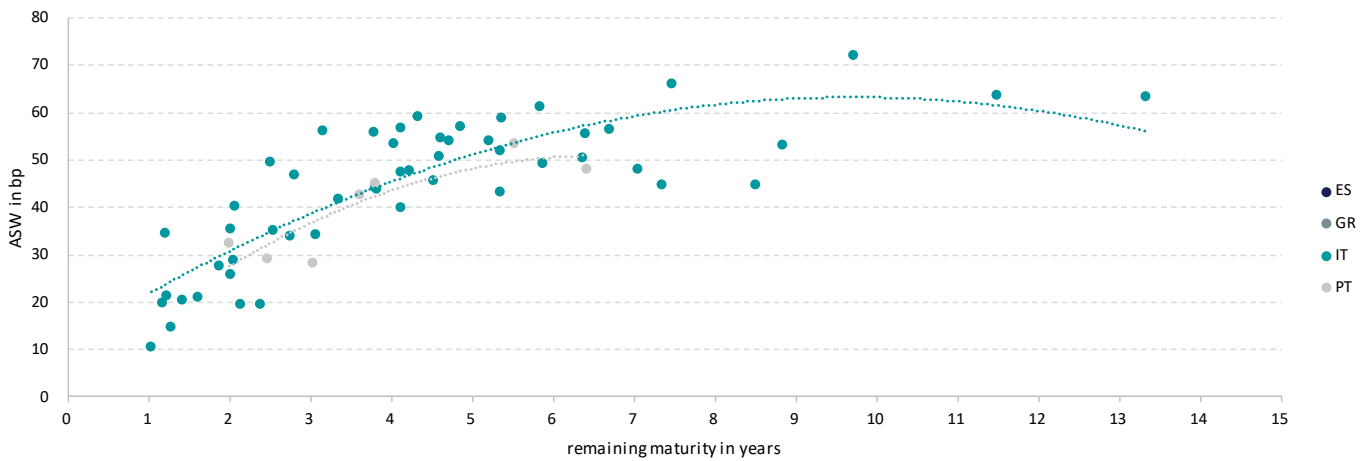


Source: Market data, Bloomberg, NORD/LB Floor Research <sup>1</sup>Time to maturity 1 ≤ y ≤ 15

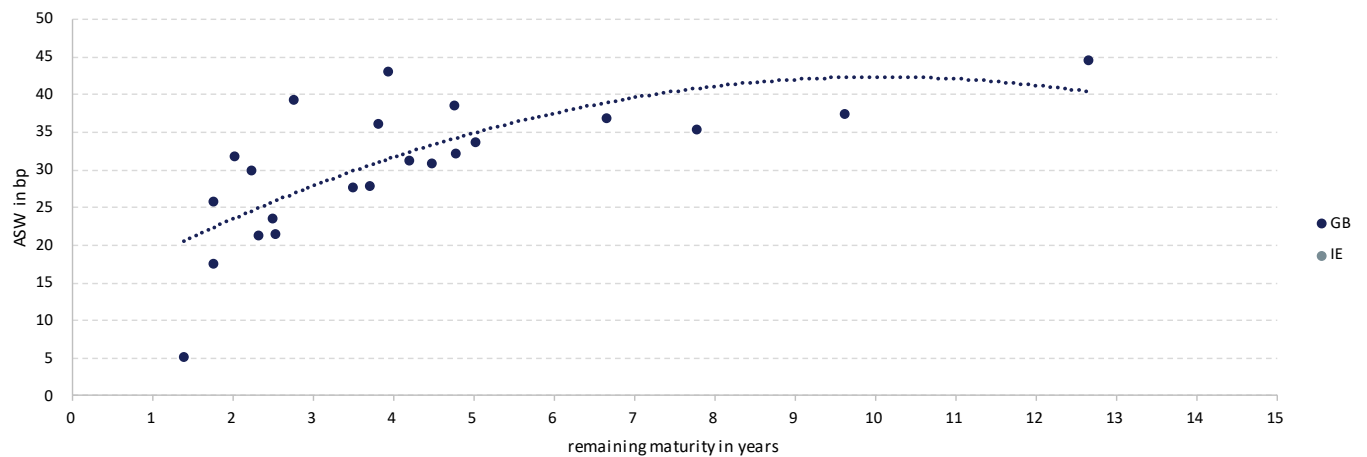
**Nordics** 🇩🇰 🇫🇮 🇳🇴 🇸🇪 🇮🇸



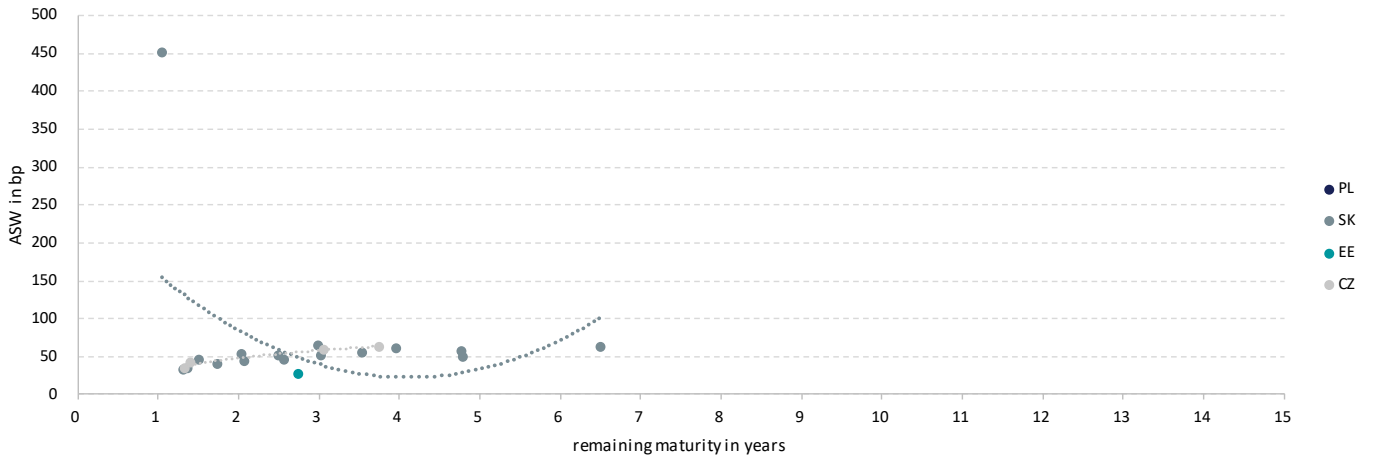
**Southern Europe** 🇪🇸 🇬🇷 🇮🇹 🇵🇹



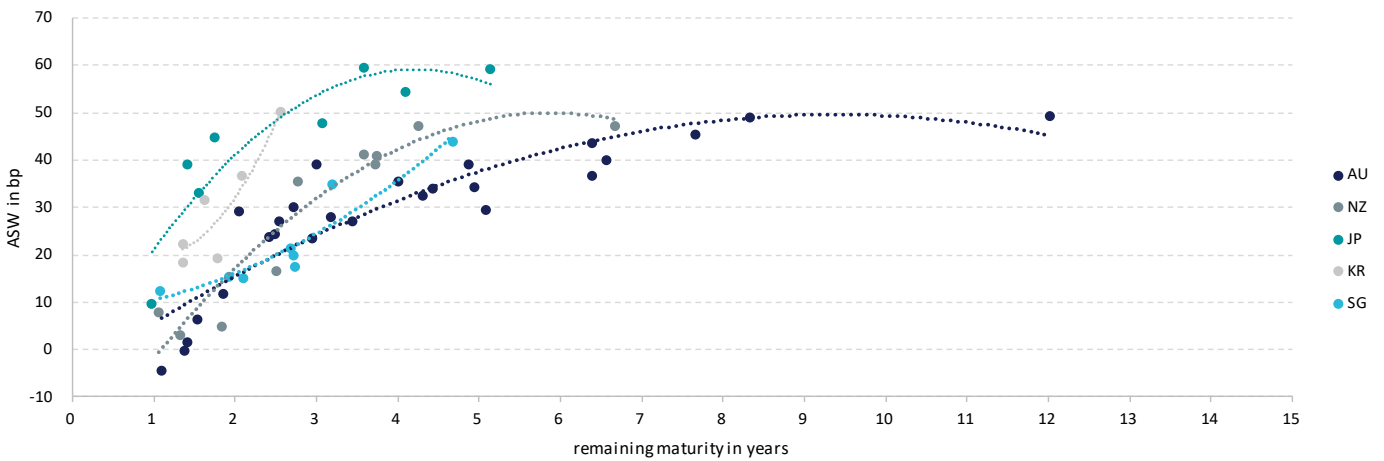
**UK/IE** 🇬🇧 🇮🇪



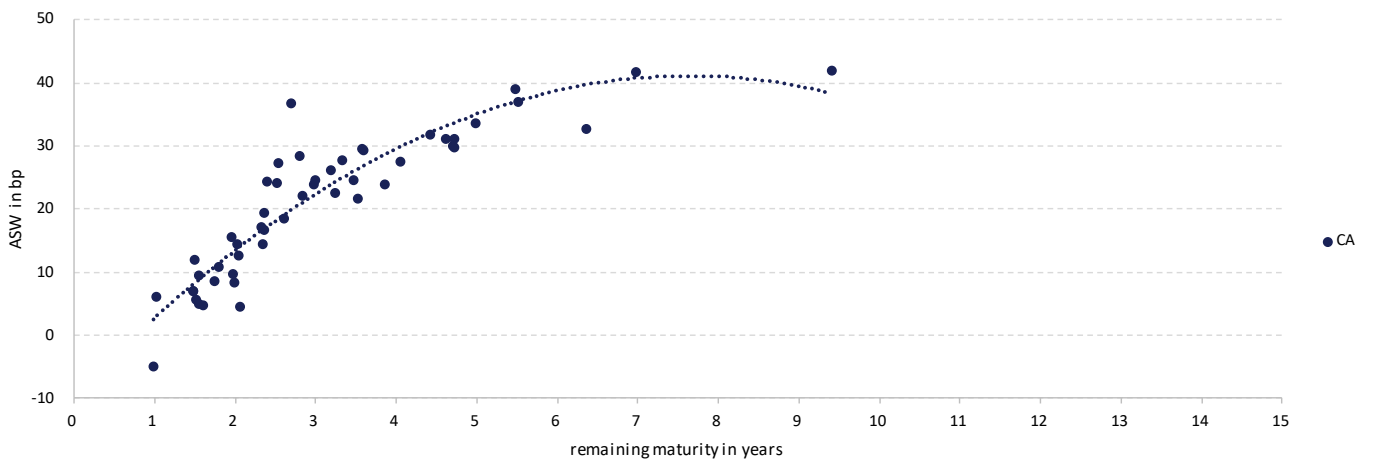
**CEE** 



**APAC** 



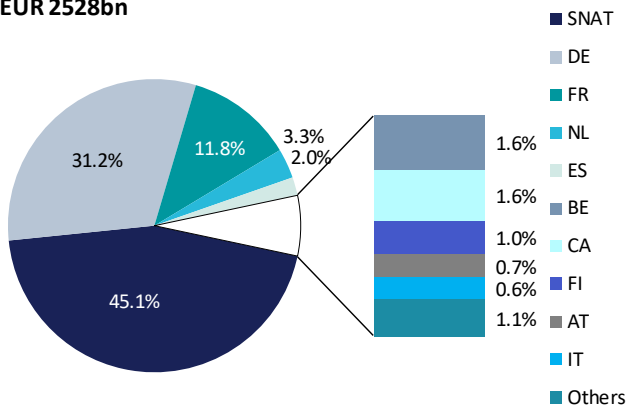
**North America** 



# Charts & Figures SSA/Public Issuers

## Outstanding volume (bmk)

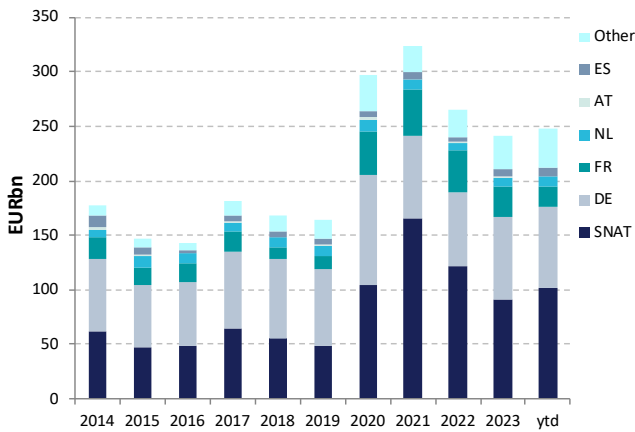
EUR 2528bn



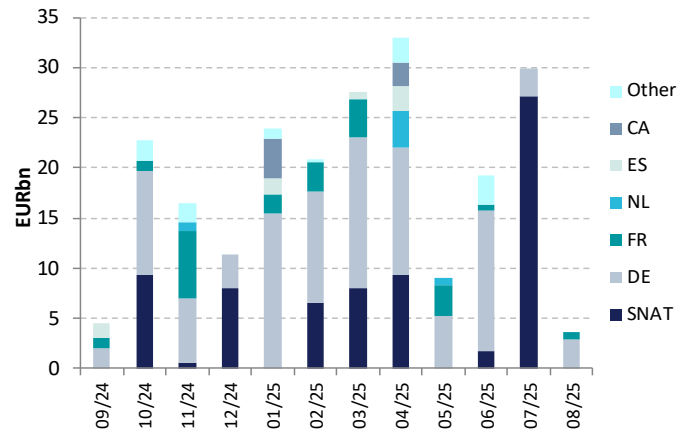
## Top 10 countries (bmk)

Country	Vol. (EURbn)	No. of bonds	ØVol. (EURbn)	Vol. weight. ØMod. Dur.
SNAT	1,139.2	242	4.7	8.0
DE	788.8	589	1.3	6.2
FR	298.4	200	1.5	5.7
NL	82.8	68	1.2	6.5
ES	51.0	71	0.7	4.8
BE	41.6	45	0.9	10.6
CA	39.5	28	1.4	5.2
FI	25.2	26	1.0	4.4
AT	17.8	22	0.8	3.8
IT	15.6	20	0.8	4.5

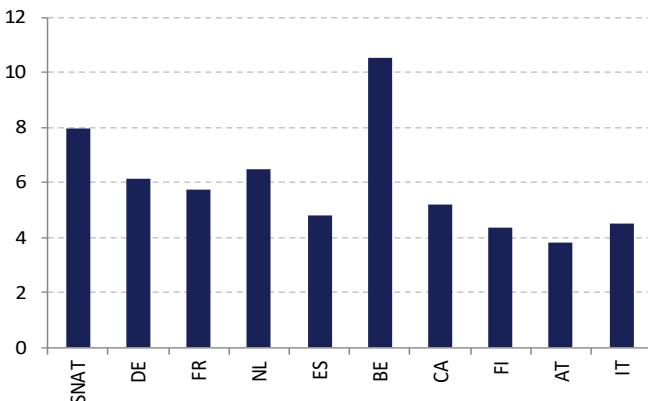
## Issue volume by year (bmk)



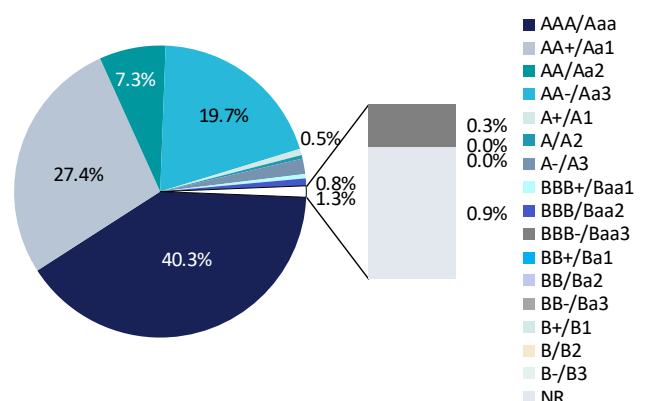
## Maturities next 12 months (bmk)



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

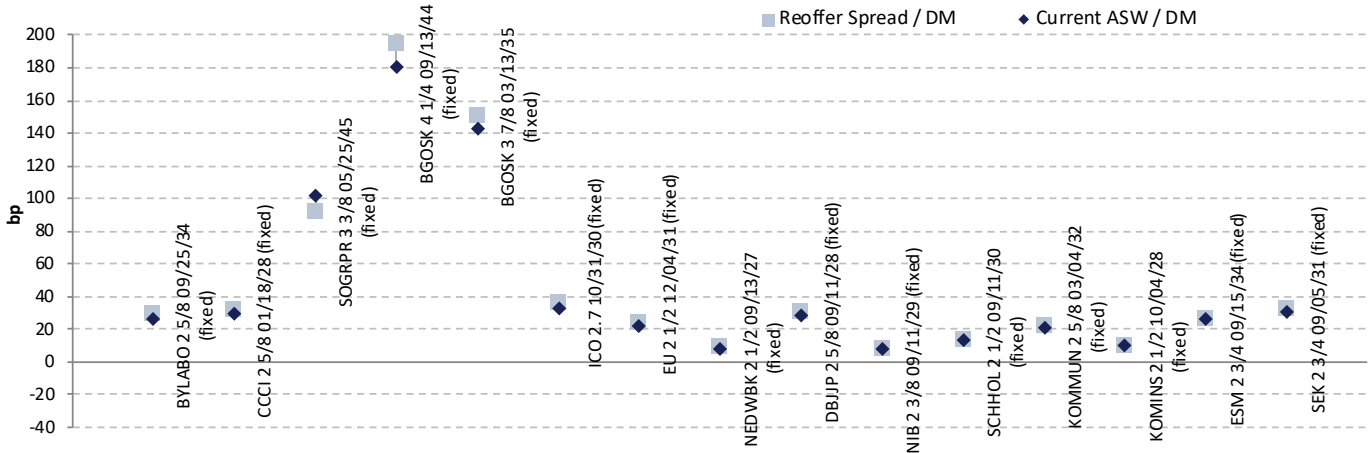


## Rating distribution (vol. weighted)

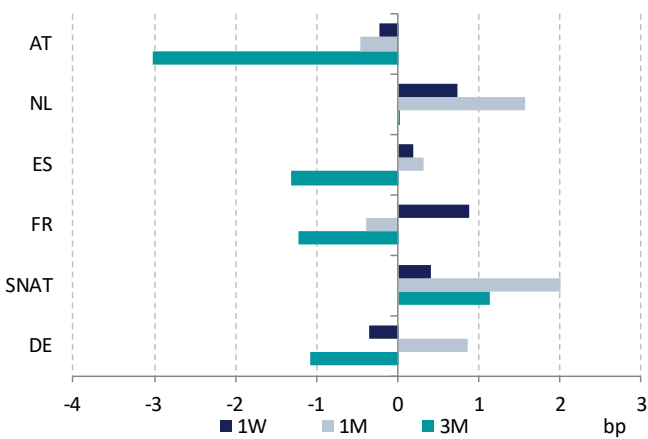




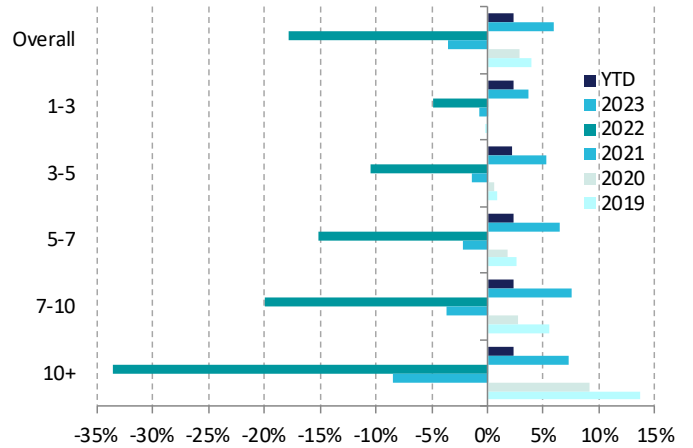
### Spread development (last 15 issues)



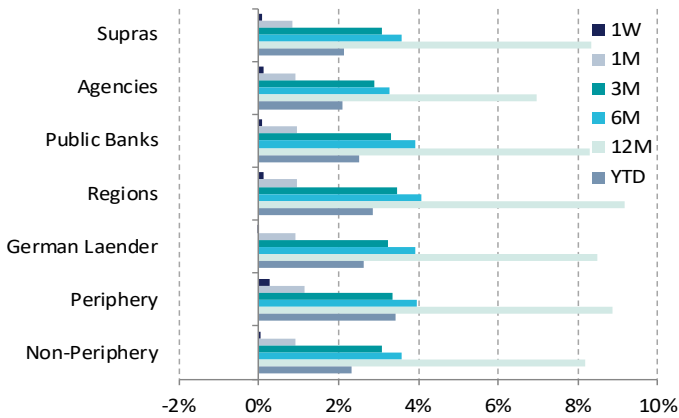
### Spread development by country



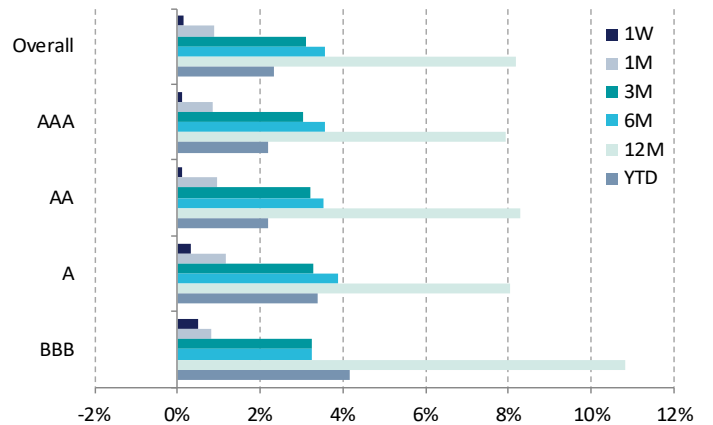
### Performance (total return)



### Performance (total return) by segments

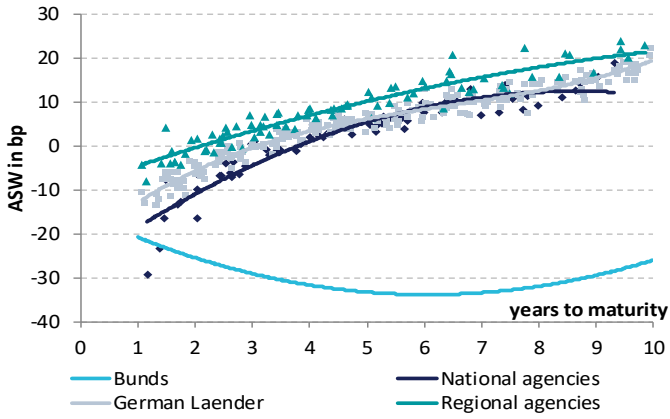


### Performance (total return) by rating

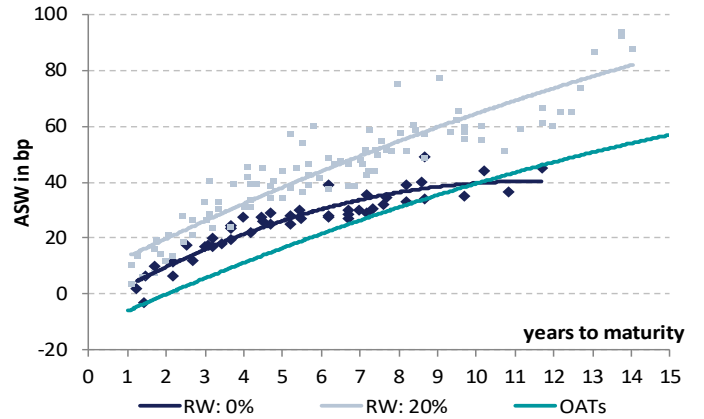


Source: Bloomberg, NORD/LB Floor Research

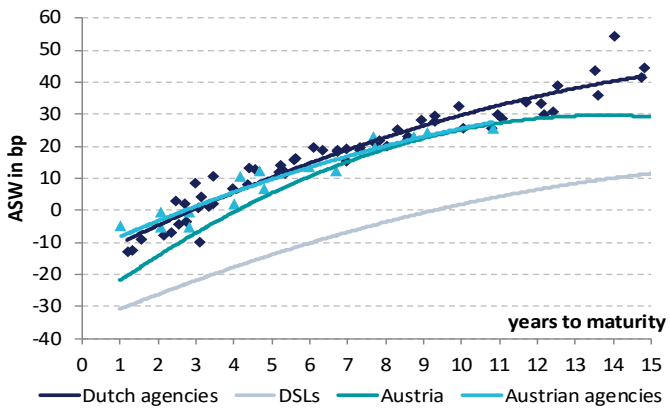
**Germany (by segments)**



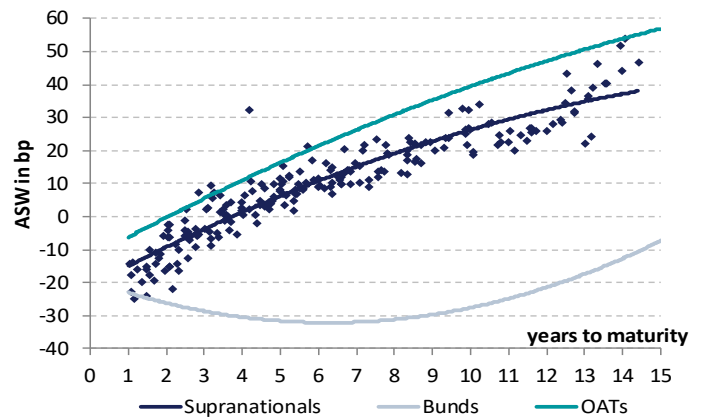
**France (by risk weight)**



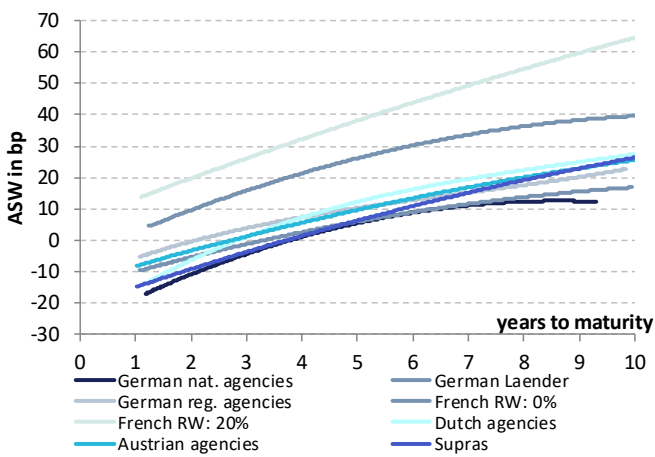
**Netherlands & Austria**



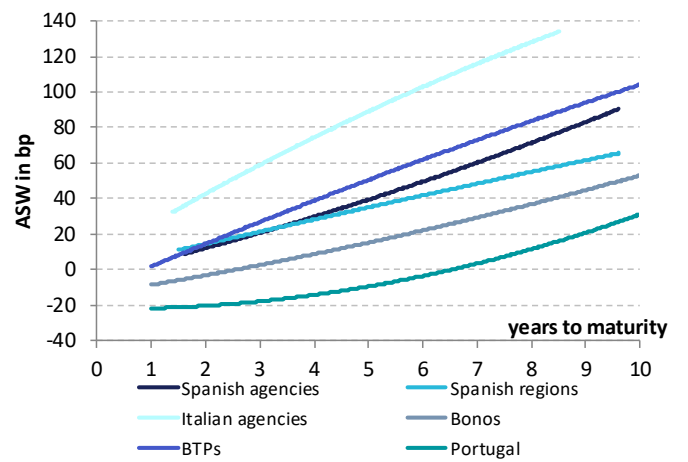
**Supranationals**



**Core**



**Periphery**



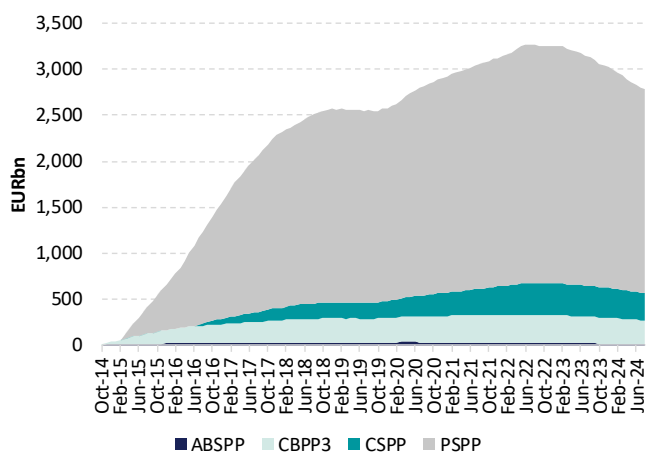
Source: Bloomberg, NORD/LB Floor Research

## ECB tracker

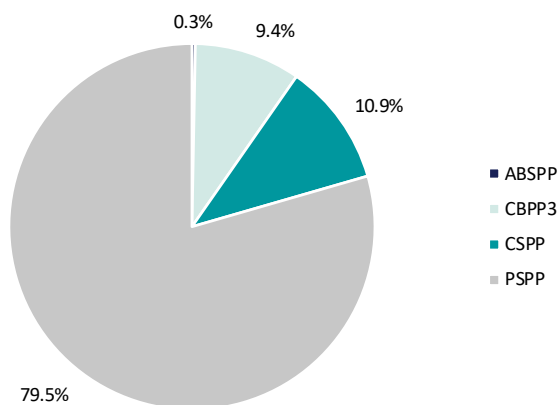
### Asset Purchase Programme (APP)

	ABSPP	CBPP3	CSPP	PSPP	APP
Jul-24	8,641	262,403	303,010	2,227,758	2,801,812
Aug-24	8,398	261,861	302,758	2,217,196	2,790,213
Δ	-243	-541	-252	-10,562	-11,598

### Portfolio development

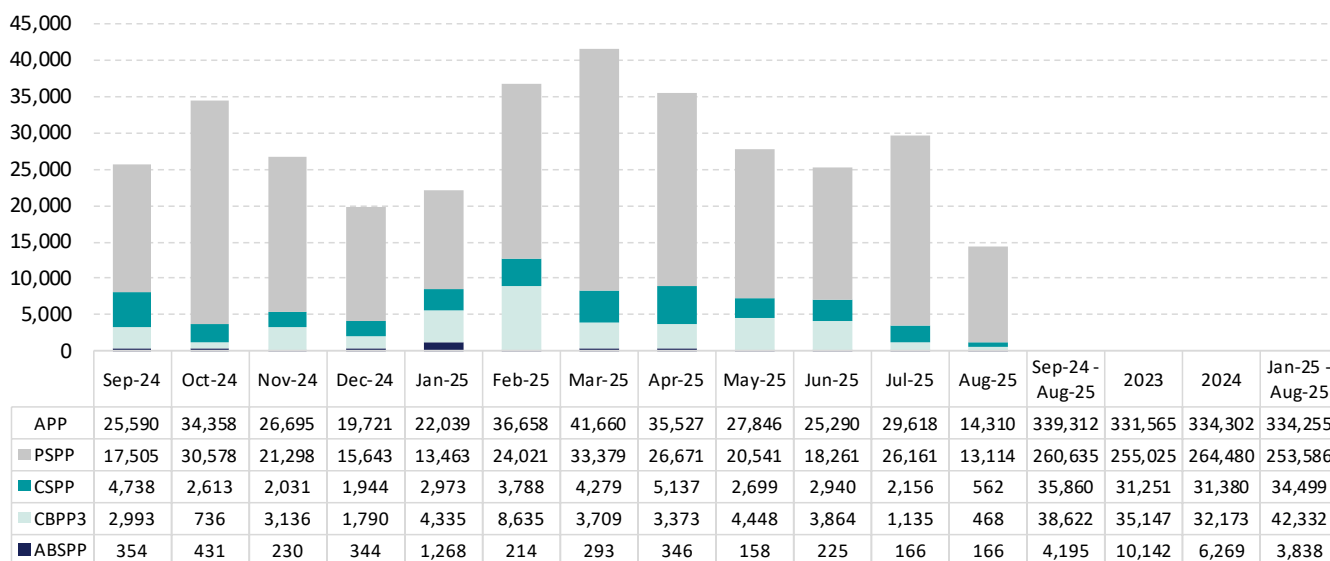


### Portfolio structure



Source: ECB, NORD/LB Floor Research

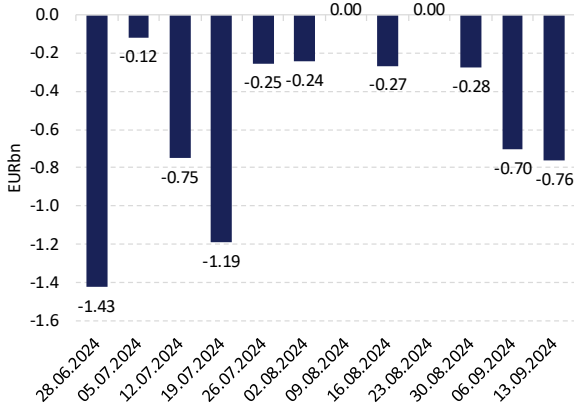
### Expected monthly redemptions (in EURm)



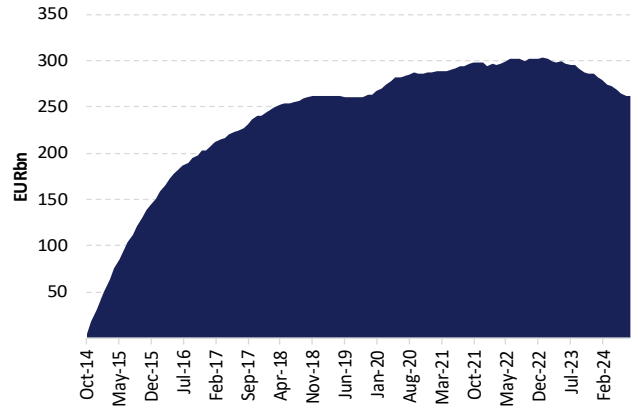
Source: ECB, Bloomberg, NORD/LB Floor Research

### Covered Bond Purchase Programme 3 (CBPP3)

Weekly purchases

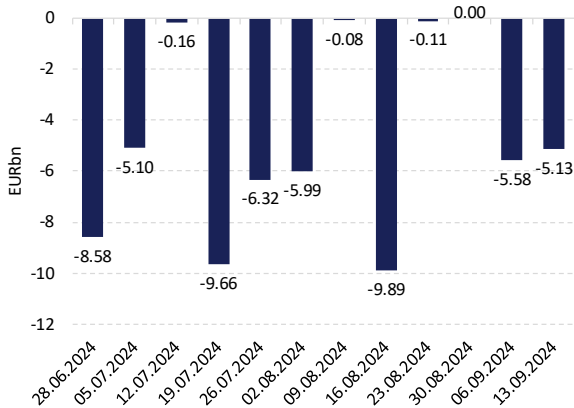


Development of CBPP3 volume

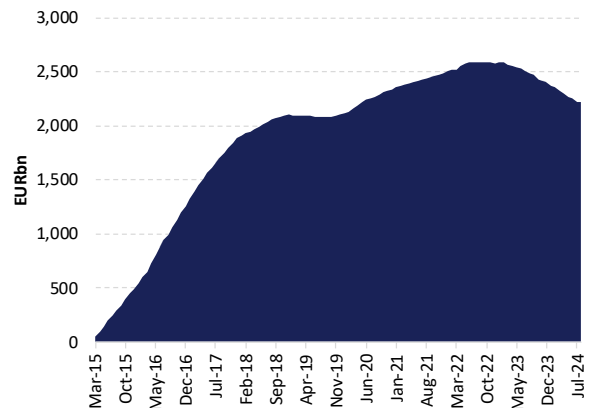


### Public Sector Purchase Programme (PSPP)

Weekly purchases



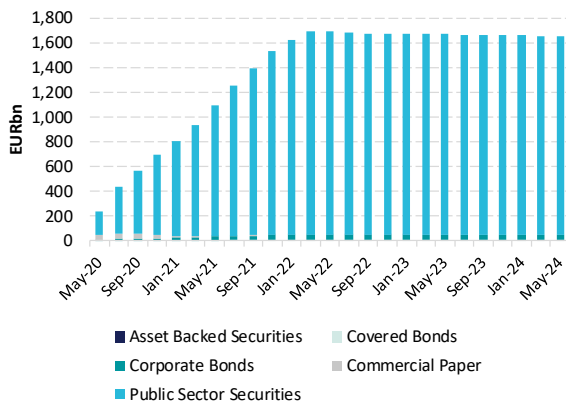
Development of PSPP volume



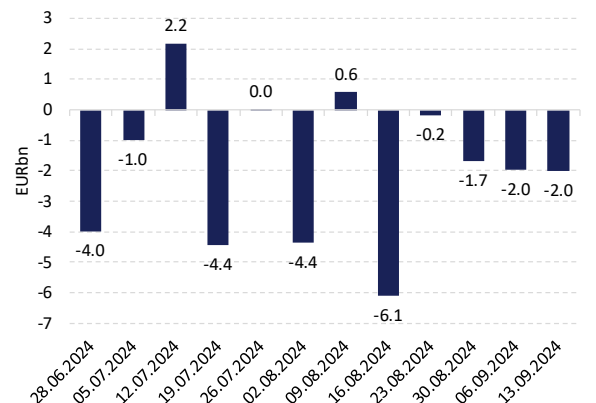
Source: ECB, Bloomberg, NORD/LB Floor Research

### Pandemic Emergency Purchase Programme (PEPP)

Portfolio development



Weekly purchases



Source: ECB, Bloomberg, NORD/LB Floor Research

## Appendix

# Overview of latest Covered Bond & SSA View editions

Publication	Topics
<a href="#">28/2024 ♦ 11 September</a>	<ul style="list-style-type: none"> <li>Banca Sella joins the EUR sub-benchmark segment</li> <li>Teaser: Beyond Bundeslaender – Autonomous Portuguese regions</li> </ul>
<a href="#">27/2024 ♦ 04 September</a>	<ul style="list-style-type: none"> <li>New Pfandbrief issuer: Lloyds Bank GmbH</li> <li>Agencies and resolution instruments of the BRRD</li> </ul>
<a href="#">26/2024 ♦ 21 August</a>	<ul style="list-style-type: none"> <li>Central bank eligibility of covered bonds</li> <li>Teaser: Issuer Guide – German Agencies 2024</li> </ul>
<a href="#">25/2024 ♦ 14 August</a>	<ul style="list-style-type: none"> <li>Development of the German property market (vdp index)</li> <li>Classification of Supranationals and Agencies under Solvency II</li> </ul>
<a href="#">24/2024 ♦ 07 August</a>	<ul style="list-style-type: none"> <li>Transparency requirements §28 PfandBG Q2/2024</li> <li>Teaser: Issuer Guide – Spanish Agencies 2024</li> </ul>
<a href="#">23/2024 ♦ 10 July</a>	<ul style="list-style-type: none"> <li>Repayment structures on the covered bond market: An update</li> <li>SSA review: EUR-ESG benchmarks in H1/2024</li> </ul>
<a href="#">22/2024 ♦ 03 July</a>	<ul style="list-style-type: none"> <li>Covereds: Half-year review and outlook for the second half of 2024</li> <li>SSA half-year review 2024</li> </ul>
<a href="#">21/2024 ♦ 26 June</a>	<ul style="list-style-type: none"> <li>The covered bond universe of Moody's: An overview</li> <li>Teaser: Issuer Guide – Austrian Agencies 2024</li> </ul>
<a href="#">20/2024 ♦ 19 June</a>	<ul style="list-style-type: none"> <li>New EUR benchmark issuer from Slovakia</li> <li>ECB repo collateral rules and their implications for Supranationals &amp; Agencies</li> </ul>
<a href="#">19/2024 ♦ 12 June</a>	<ul style="list-style-type: none"> <li>ESG covered bonds: Green deals continue to dominate</li> <li>Teaser: Issuer Guide - Nordic Agencies 2024</li> </ul>
<a href="#">18/2024 ♦ 29 May</a>	<ul style="list-style-type: none"> <li>Transparency requirements §28 PfandBG Q1/2024</li> <li>Development of the German property market (vdp Index)</li> <li>Spotlight on the EU as a mega issuer</li> </ul>
<a href="#">17/2024 ♦ 15 May</a>	<ul style="list-style-type: none"> <li>Standard Chartered Bank Singapore boosts APAC growth</li> <li>Stability Council convenes for 29th meeting</li> </ul>
<a href="#">16/2024 ♦ 08 May</a>	<ul style="list-style-type: none"> <li>Whats happening away from the benchmark?</li> <li>Teaser: Issuer Guide – Dutch Agencies 2024</li> </ul>
<a href="#">15/2024 ♦ 24 April</a>	<ul style="list-style-type: none"> <li>A covered bond view of Portugal: Welcome back!</li> <li>Credit authorisations of the German Laender for 2024</li> </ul>
<a href="#">14/2024 ♦ 17 April</a>	<ul style="list-style-type: none"> <li>Moody's covered bond universe: An overview</li> <li>SSA review: EUR-ESG benchmarks in Q1/2024</li> </ul>
<a href="#">13/2024 ♦ 10 April</a>	<ul style="list-style-type: none"> <li>A review of Q1 in the Covered Bond segment</li> <li>A review of Q1 in the SSA segment</li> </ul>
<a href="#">12/2024 ♦ 27 March</a>	<ul style="list-style-type: none"> <li>Maybank: New covered bond issuer from Singapore</li> <li>A closer look at Export Development Canada (Ticker: EDC)</li> </ul>

## 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 Q2/2024](#) (quarterly update)

[Transparency requirements §28 PfandBG Q2/2024 Sparkassen](#) (quarterly update)

### SSA/Public Issuers:

[Issuer Guide – German Laender 2024](#)

[Issuer Guide – German Agencies 2024](#)

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

[Issuer Guide – European Supranationals 2023](#)

[Issuer Guide – French Agencies 2023](#)

[Issuer Guide – Nordic Agencies 2024](#)

[Issuer Guide – Dutch Agencies 2024](#)

[Issuer Guide – Non-European Supranationals \(MDBs\) 2024](#)

[Beyond Bundeslaender: Belgium](#)

[Beyond Bundeslaender: Greater Paris \(IDF/VDP\)](#)

[Beyond Bundeslaender: Spanish regions](#)

### Fixed Income Specials:

[ESG-Update 2024](#)

[ECB decision: Cut, sleep, repeat](#)

## Appendix

### Contacts at NORD/LB

#### Floor Research



**Dr Frederik Kunze**

Covered Bonds/Banks

+49 172 354 8977

[frederik.kunze@nordlb.de](mailto:frederik.kunze@nordlb.de)



**Lukas Kühne**

Covered Bonds/Banks

+49 176 152 90932

[lukas.kuehne@nordlb.de](mailto:lukas.kuehne@nordlb.de)



**Alexander Grenner**

Covered Bonds/Banks

+49 157 851 65070

[alexander.grenner@nordlb.de](mailto:alexander.grenner@nordlb.de)



**Dr Norman Rudschuck, CIAA**

SSA/Public Issuers

+49 152 090 24094

[norman.rudschuck@nordlb.de](mailto:norman.rudschuck@nordlb.de)



**Christian Ilchmann**

SSA/Public Issuers

+49 157 851 64976

[christian.ilchmann@nordlb.de](mailto:christian.ilchmann@nordlb.de)



**Lukas-Finn Frese**

SSA/Public Issuers

+49 176 152 89759

[lukas-finn.frese@nordlb.de](mailto:lukas-finn.frese@nordlb.de)

#### Sales

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

#### Origination & Syndicate

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

#### Treasury

Liquidity Management/Repos	+49 511 9818-9620 +49 511 9818-9650
----------------------------	--

#### Trading

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

#### Sales Wholesale Customers

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

#### Relationship Management

Institutionelle Kunden	<a href="mailto:rm-vs@nordlb.de">rm-vs@nordlb.de</a>
Öffentliche Kunden	<a href="mailto:rm-oek@nordlb.de">rm-oek@nordlb.de</a>

**Disclaimer**

**The present report (hereinafter referred to as “information”) was drawn up by NORDDEUTSCHE LANDESBANK GIROZENTRALE (NORD/LB). The supervisory authorities responsible for NORD/LB are the European Central Bank (ECB), Sonnemannstraße 20, D-60314 Frankfurt am Main, and the Federal Financial Supervisory Authority in Germany (Bundesanstalt für Finanzdienstleistungsaufsicht; BaFin), Graurheindorfer Str. 108, D-53117 Bonn and Marie-Curie-Str. 24-28, D-60439 Frankfurt am Main. The present report and the products and services described herein have not been reviewed or approved by the relevant supervisory authority.**

The present information is addressed exclusively to Recipients in Austria, Belgium, Canada, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Indonesia, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Poland, Portugal, Singapore, Portugal, Spain, Sweden, Switzerland, the Republic of China (Taiwan), Thailand, the United Kingdom and Vietnam (hereinafter referred to as “Relevant Persons” or “Recipients”). The contents of the information are disclosed to the Recipients on a strictly confidential basis and, by accepting such information, the Recipients shall agree that they will not forward it to third parties, copy and/or reproduce this information without the prior written consent of NORD/LB. The present information is addressed solely to the Relevant Persons and any parties other than the Relevant Persons shall not rely on the information contained herein. In particular, neither this information nor any copy thereof shall be forwarded or transmitted to the United States of America or its territories or possessions, or distributed to any employees or affiliates of Recipients resident in these jurisdictions.

**The present information does not constitute financial analysis within the meaning of Art. 36 (1) of the Delegate Regulation (EU) 2017/565, but rather represents a marketing communication for your general information within the meaning of Art. 36 (2) of this Regulation. Against this background, NORD/LB expressly points out that this information has not been prepared in accordance with legal provisions promoting the independence of investment research and is not subject to any prohibition of trading following the dissemination of investment research.** Likewise, this information does not constitute an investment recommendation or investment strategy recommendation within the meaning of the Market Abuse Regulation (EU) No. 596/2014.

This report and the information contained herein have been compiled and are provided exclusively for information purposes. The present information is not intended as an investment incentive. It is provided for the Recipient’s personal information, subject to the express understanding, which shall be acknowledged by the Recipient, that it does not constitute any direct or indirect offer, recommendation, solicitation to purchase, hold or sell or to subscribe for or acquire any securities or other financial instruments nor any measure by which financial instruments might be offered or sold.

All actual details, information and statements contained herein were derived from sources considered reliable by NORD/LB. For the preparation of this information, NORD/LB uses issuer-specific financial data providers, own estimates, company information and public media. However, since these sources are not verified independently, NORD/LB cannot give any assurance as to or assume responsibility for the accuracy and completeness of the information contained herein. The opinions and prognoses given herein on the basis of these sources constitute a non-binding evaluation of the employees of the Floor Research division of NORD/LB. Any changes in the underlying premises may have a material impact on the developments described herein. Neither NORD/LB nor its governing bodies or employees can give any assurances as to or assume any responsibility or liability for the accuracy, appropriateness and completeness of this information or for any loss of return, any indirect, consequential or other damage which may be suffered by persons relying on the information or any statements or opinions set forth in the present Report (irrespective of whether such losses are incurred due to any negligence on the part of these persons or otherwise).

Past performance is not a reliable indicator of future performance. Exchange rates, price fluctuations of the financial instruments and similar factors may have a negative impact on the value and price of and return on the financial instruments referred to herein or any instruments linked thereto. Fees and commissions apply in relation to securities (purchase, sell, custody), which reduce the return on investment. An evaluation made on the basis of the historical performance of any security does not necessarily provide an indication of its future performance.

The present information neither constitutes any investment, legal, accounting or tax advice nor any assurance that an investment or strategy is suitable or appropriate in the light of the Recipient’s individual circumstances, and nothing in this information constitutes a personal recommendation to the Recipient thereof. The securities or other financial instruments referred to herein may not be suitable for the Recipient’s personal investment strategies and objectives, financial situation or individual needs.

Moreover, the present report in whole or in part is not a sales or other prospectus. Accordingly, the information contained herein merely constitutes an overview and does not form the basis for any potential decision to buy or sell on the part of an investor. A full description of the details relating to the financial instruments or transactions which may relate to the subject matter of this report is given in the relevant (financing) documentation. To the extent that the financial instruments described herein are NORD/LB’s own issues and subject to the requirement to publish a prospectus, the conditions of issue applicable to any individual financial instrument and the relevant prospectus published with respect thereto as well NORD/LB’s relevant registration form, all of which are available for download at [www.nordlb.de](http://www.nordlb.de) and may be obtained free of charge from NORD/LB, Georgsplatz 1, 30159 Hanover, shall be solely binding. Furthermore, any potential investment decision should be made exclusively on the basis of such (financing) documentation. The present information cannot replace personal advice. Before making an investment decision, each Recipient should consult an independent investment adviser for individual investment advice with respect to the appropriateness of an investment in financial instruments or investment strategies subject to this information as well as for other and more recent information on certain investment opportunities.

Each of the financial instruments referred to herein may involve substantial risks, including capital, interest, index, currency and credit risks in addition to political, fair value, commodity and market risks. The financial instruments could experience a sudden and substantial deterioration in value, including a total loss of the capital invested. Each transaction should only be entered into on the basis of the relevant investor’s assessment of his or her individual financial situation as well as of the suitability and risks of the investment.



NORD/LB and its affiliated companies may participate in transactions involving the financial instruments described in the present information or their underlying basis values for their own account or for the account of third parties, may issue other financial instruments with the same or similar features as those of the financial instruments presented in this information and may conduct hedging transactions to hedge positions. These measures may affect the price of the financial instruments described in the present information.

If the financial instruments presented in this information are derivatives, they may, depending on their structure, have an initial negative market value from the customer's perspective at the time the transaction is concluded. NORD/LB further reserves the right to transfer its economic risk from a derivative concluded with it to a third party on the market by means of a mirror-image counter transaction.

More detailed information on any commission payments which may be included in the selling price can be found in the "Customer Information on Securities Business" brochure, which is available to download at [www.nordlb.de](http://www.nordlb.de).

The information contained in the present report replaces all previous versions of corresponding information and refers exclusively to the time of preparation of the information. Future versions of this information will replace this version. NORD/LB is under no obligation to update and/or regularly review the data contained in such information. No guarantee can therefore be given that the information is up-to-date and continues to be correct. By making use of this information, the Recipient shall accept the terms and conditions outlined above.

NORD/LB is a member of the protection scheme of Deutsche Sparkassen-Finanzgruppe. Further information for the Recipient is indicated in clause 28 of the General Terms and Conditions of NORD/LB or at [www.dsgv.de/sicherungssystem](http://www.dsgv.de/sicherungssystem).

**Additional information for Recipients in Australia:**

NORD/LB IS NOT A BANK OR DEPOSIT TAKING INSTITUTION AUTHORISED UNDER THE 1959 BANKING ACT OF AUSTRALIA. IT IS NOT SUPERVISED BY THE AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY. NORD/LB does not provide personal advice with this information and does not take into account the objectives, financial situation or needs of the Recipient (other than for the purpose of combating money laundering).

**Additional information for Recipients in Austria:**

None of the information contained herein constitutes a solicitation or offer by NORD/LB or its affiliates to buy or sell any securities, futures, options or other financial instruments or to participate in any other strategy. Only the published prospectus pursuant to the Austrian Capital Market Act should be the basis for any investment decision of the Recipient. For regulatory reasons, products mentioned herein may not be on offer in Austria and therefore not available to investors in Austria. Therefore, NORD/LB may not be able to sell or issue these products, nor shall it accept any request to sell or issue these products to investors located in Austria or to intermediaries acting on behalf of any such investors.

**Additional information for Recipients in Belgium:**

Evaluations of individual financial instruments on the basis of past performance are not necessarily indicative of future results. It should be noted that the reported figures relate to past years.

**Additional information for Recipients in Canada:**

This report has been prepared solely for information purposes in connection with the products it describes and should not, under any circumstances, be construed as a public offer or any other offer (direct or indirect) to buy or sell securities in any province or territory of Canada. No financial market authority or similar regulatory body in Canada has made any assessment of these securities or reviewed this information and any statement to the contrary constitutes an offence. Potential selling restrictions may be included in the prospectus or other documentation relating to the relevant product.

**Additional information for Recipients in Cyprus:**

This information constitutes an analysis within the meaning of the section on definitions of the Cyprus Directive D1444-2007-01 (No. 426/07). Furthermore, this information is provided for information and promotional purposes only and does not constitute an individual invitation or offer to sell, buy or subscribe to any investment product.

**Additional information for Recipients in the Czech Republic:**

There is no guarantee that the invested amount will be recouped. Past returns are no guarantee of future results. The value of the investments may rise or fall. The information contained herein is provided on a non-binding basis only and the author does not guarantee the accuracy of the content.

**Additional information for Recipients in Denmark:**

This Information does not constitute a prospectus under Danish securities law and consequently is not required to be, nor has been filed with or approved by the Danish Financial Supervisory Authority, as this Information either (i) has not been prepared in the context of a public offering of securities in Denmark or the admission of securities to trading on a regulated market within the meaning of the Danish Securities Trading Act or any executive orders issued pursuant thereto, or (ii) has been prepared in the context of a public offering of securities in Denmark or the admission of securities to trading on a regulated market in reliance on one or more of the exemptions from the requirement to prepare and publish a prospectus in the Danish Securities Trading Act or any executive orders issued pursuant thereto.

**Additional information for Recipients in Estonia:**

It is advisable to closely examine all the terms and conditions of the services provided by NORD/LB. If necessary, Recipients of this information should consult an expert.

**Additional information for Recipients in Finland:**

The financial products described herein may not be offered or sold, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Specifically, in the case of shares, such shares may not be offered or sold, directly or indirectly, to the public in the Republic of Finland as defined in the Finnish Securities Market Act (746/2012, as amended). The value of investments may go up or down. There is no guarantee of recouping the amount invested. Past performance is no guarantee of future results.

**Additional information for Recipients in France:**

NORD/LB is partially regulated by the “Autorité des Marchés Financiers” for the conduct of French business. Details concerning the extent of our regulation by the respective authorities are available from us on request. The present information does not constitute an analysis within the meaning of Article 24 (1) Directive 2006/73/EC, Article L.544-1 and R.621-30-1 of the French Monetary and Financial Code, but does represent a marketing communication and does qualify as a recommendation pursuant to Directive 2003/6/EC and Directive 2003/125/EC.

**Additional information for Recipients in Greece:**

The information contained herein gives the view of the author at the time of publication and may not be used by its Recipient without first having confirmed that it remains accurate and up to date at the time of its use. Past performance, simulations or forecasts are therefore not a reliable indicator of future results. Investment funds have no guaranteed performance and past returns do not guarantee future performance.

**Additional information for Recipients in Indonesia:**

This report contains generic information and has not been tailored to the circumstances of any individual or specific Recipient. This information is part of NORD/LB's marketing material.

**Additional information for Recipients in the Republic of Ireland:**

This information has not been prepared in accordance with Directive (EU) 2017/1129 (as amended) on prospectuses (the “Prospectus Directive”) or any measures made under the Prospectus Directive or the laws of any Member State or EEA treaty adherent state that implement the Prospectus Directive or such measures and therefore may not contain all the information required for a document prepared in accordance with the Prospectus Directive or the laws.

**Additional information for Recipients in Japan:**

This information is provided to you for information purposes only and does not constitute an offer or solicitation of an offer to enter into securities transactions or commodity futures transactions. Although the actual data and information contained herein has been obtained from sources which we believe to be reliable and trustworthy, we are unable to vouch for the accuracy and completeness of this actual data and information.

**Additional information for Recipients in South Korea:**

This information has been provided to you free of charge for information purposes only. The information contained herein is factual and does not reflect any opinion or judgement of NORD/LB. The information contained herein should not be construed as an offer, marketing, solicitation to submit an offer or investment advice with respect to the financial investment products described herein.

**Additional information for Recipients in Luxembourg:**

Under no circumstances shall the present information constitute an offer to purchase or issue or the solicitation to submit an offer to buy or subscribe for financial instruments and financial services in Luxembourg.

**Additional information for Recipients in New Zealand:**

NORD/LB is not a bank registered in New Zealand. This information is for general information only. It does not take into account the Recipient's financial situation or objectives and is not a personalised financial advisory service under the 2008 Financial Advisers Act.

**Additional information for Recipients in the Netherlands:**

The value of your investment may fluctuate. Past performance is no guarantee for the future.

**Additional information for Recipients in Poland:**

This information does not constitute a recommendation within the meaning of the Regulation of the Polish Minister of Finance Regarding Information Constituting Recommendations Concerning Financial Instruments or Issuers thereof dated 19 October 2005.

**Additional information for Recipients in Portugal:**

This information is intended only for institutional clients and may not be (i) used by, (ii) copied by any means or (iii) distributed to any other kind of investor, in particular not to retail clients. The present information does not constitute or form part of an offer to buy or sell any of the securities covered by the report, nor should it be understood as a request to buy or sell securities where that practice may be deemed unlawful. The information contained herein is based on information obtained from sources which we believe to be reliable, but is not guaranteed as to accuracy or completeness. Unless otherwise stated, all views contained herein relate solely to our research and analysis and are subject to change without notice.

**Additional information for Recipients in Sweden:**

This information does not constitute (or form part of) a prospectus, offering memorandum, any other offer or solicitation to acquire, sell, subscribe for or otherwise trade in shares, subscription rights or other securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. The present information has not been approved by any regulatory authority. Any offer of securities will only be made pursuant to an applicable prospectus exemption under the EC Prospectus Directive (Directive (EU) 2017/1129), and no offer of securities is being directed to any person or investor in any jurisdiction where such action is wholly or partially subject to legal restrictions or where such action would require additional prospectuses, other offer documentation, registrations or other actions.

**Additional information for Recipients in Switzerland:**

This information has not been approved by the Federal Banking Commission (merged into the Swiss Financial Market Supervisory Authority (FINMA) on 1 January 2009). NORD/LB will comply with the Directives of the Swiss Bankers Association on the Independence of Financial Research (as amended). The present information does not constitute an issuing prospectus pursuant to article 652a or article 1156 of the Swiss Code of Obligations. The information is published solely for the purpose of information on the products mentioned herein. The products do not qualify as units of a collective investment scheme pursuant to the Federal Act on Collective Investment Schemes (CISA) and are therefore not subject to supervision by FINMA.

**Additional information for Recipients in the Republic of China (Taiwan):**

This information is provided for general information only and does not take into account the individual interests or requirements, financial status and investment objectives of any specific investor. Nothing herein should be construed as a recommendation or advice for you to subscribe to a particular investment product. You should not rely solely on the information provided herein when making your investment decisions. When considering any investment, you should endeavour to make your own independent assessment and determination on whether the investment is suitable for your needs and seek your own professional financial and legal advice. NORD/LB has taken all reasonable care in producing this report and trusts that the information is reliable and suitable for your situation at the date of publication or delivery. However, no guarantee of accuracy or completeness is given. To the extent that NORD/LB has exercised the due care of a good administrator, we accept no responsibility for any errors, omissions, or misstatements in the information given. NORD/LB does not guarantee any investment results and does not guarantee that the strategies employed will improve investment performance or achieve your investment objectives.

**Information for Recipients in the United Kingdom:**

NORD/LB is subject to partial regulation by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). Details of the scope of regulation by the FCA and the PRA are available from NORD/LB on request. The present information is "financial promotion". Recipients in the United Kingdom should contact the London office of NORD/LB, Investment Banking Department, telephone: 0044 / 2079725400, in the event of any queries. An investment in financial instruments referred to herein may expose the investor to a significant risk of losing all the capital invested.

**Time of going to press:** 18 September 2024 (08:49)