Covered Bond & SSA View

NORD/LB Floor Research

16 October 2024 ♦ 33/2024

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

Alexander Grenner
alexander.grenner@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: Lukas Kühne // Dr Frederik Kunze

Primary market: ESG deals and Canadian "scarcity value"

Over the past five trading days, the primary market has impressively reminded us of the global nature of the covered bond market. No fewer than five issuers from four jurisdictions approached investors, ultimately placing a volume of EUR 2.8bn on the market in the process. Kommunalkredit Austria (AT; Investor Presentation 09/2024) wasted no time in getting the ball rolling last Wednesday with the issuance of a public sector EUR benchmark (EUR 500m; 5.5y) at ms +69bp. This transaction is notable for a couple of reasons. First, our records reveal that this is the first syndicated EUR benchmark issued by Kommunalkredit. Second, the final size was left open at the start of the marketing phase (as was the case during the previous roadshow): on this occasion, the bond was guided at EUR 300-500m and ms +70bp area. Eventually, a total of EUR 500m was placed at ms +69bp (final order book: EUR 525m). According to the issuer, a volume of EUR 500m was selected in order to respond to sensitivities on the demand side. The next day, a Canadian bank appeared on the market for the first time in the current month. The National Bank of Canada opened the books for its benchmark (4.0y) at ms +37bp area, with the issuer eventually raising EUR 750m at ms +33bp for this deal. In the end, the order book amounted to EUR 1.3bn, while we calculated a new issue premium of +2bp. With an issuance volume of EUR 9.5bn up to this point, we are almost tempted to speak of a "scarcity value" here. After this deal, the Canadian issuance volume now amounts to EUR 10.3bn, meaning that the gap to our supply forecast for Canada (2024: EUR 12bn) is slowly closing, although we are expecting the sub-market to contract slightly this year (net supply 2024: EUR -500m). On Monday, two further banks in the shape of Kookmin Bank from South Korea and NORD/LB (DE) approached investors. Kookmin made its first appearance on the market in 2024 with its transaction in the amount of EUR 500m (3.25y; WNG.) A special feature in the EUR benchmark segment as a whole was the chosen format of a "sustainability bond". The issuance proceeds are used to (re)finance loans that comply with the Kookmin Bank Sustainable Financing Framework. The final spread amounted to ms +45bp (guidance: ms +50bp area), meaning that from our perspective the bond was priced practically on the curve. NORD/LB (cf. Issuer View) also had an ESG deal up its sleeve for investors, placing a green mortgage Pfandbrief (EUR 500m; 3.75y; WNG) at ms +23bp. The spread tightened by four basis points over the course of the marketing phase, while the order book amounted to EUR 1.4bn and the calculated new issue premium came to +1bp. Yesterday, on Tuesday, another Pfandbrief issuer in the shape of DZ HYP emerged as the "top dog" on the German covered bond market. Once again, the issue size was communicated in advance (EUR 500m; WNG). Recently, public covered bonds have been somewhat thinner on the ground. At 6.5 years, the term to maturity can almost be considered as being towards the long end. The marketing phase got underway at ms +37bp area, with this bond being ultimately priced at ms +31bp (order book: EUR 1.4bn; new issue premium: +2bp).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
DZ HYP	DE	15.10.	DE000A3825M9	6.5y	0.50bn	ms +31bp	- / Aaa / AAA	-
Kookmin Bank	KR	14.10.	XS2901481460	3.3y	0.50bn	ms +45bp	AAA / - / AAA	X
NORD/LB	DE	14.10.	DE000NLB4621	3.8y	0.50bn	ms +23bp	- / Aaa / -	X
National Bank of Canada	CA	10.10.	XS2920588618	4.0y	0.75bn	ms +33bp	AAA / Aaa / -	-
Kommunalkredit Austria	AT	09.10.	AT0000A3FWC3	5.5y	0.50bn	ms +69bp	- / - / A+	-

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

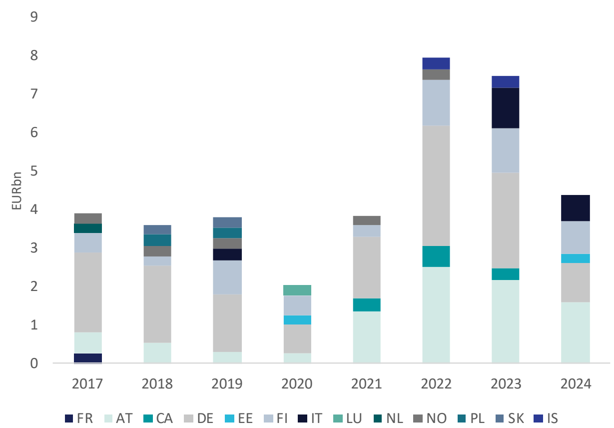
Secondary market: sales pressure has abated

The picture on the secondary market is becoming consolidated, with the selling pressure that was still evident a few weeks ago now having eased. On the other side of the coin, buyer interest has increased somewhat. Newly placed deals are performing robustly on the secondary market, with average tightening of one to two basis points plausible. The environment is benefiting from a higher proportion of real money investors in the order books, which for primary market deals can be described as somewhat less well-filled at the moment.

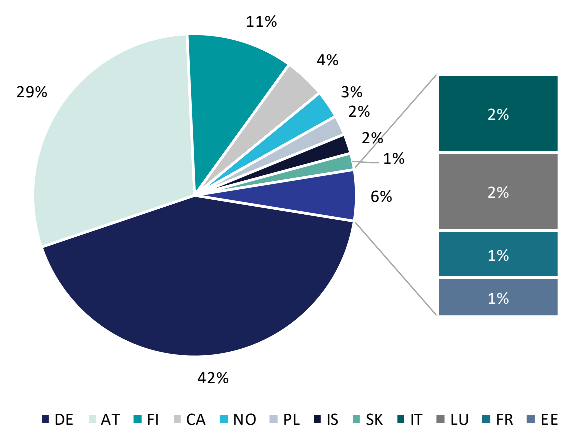
EUR sub-benchmark segment: a debut and a comeback

In addition to the dynamic developments seen on the primary market for benchmarks, it would appear that the issuance window for sub-benchmark deals also remains wide open. In last week's edition, we briefly mentioned the announcement of a fresh sub-benchmark from Estonia. For the first time since 2020, LHV Pank approached its investors to place a deal worth EUR 250m (4.0y) on the market. The re-offer spread for this comeback deal came to ms +67bp, which was at the lower end of the guidance (ms +67-70bp; WPIR). In our opinion, Estonia certainly ranks among the covered bond growth markets, although its potential is limited by the size of the economy. In addition to LHV Pank, another Estonian issuer in the form of Luminor is active on the market for publicly placed deals (in benchmark format) as well, and therefore also forms part of our coverage for the Issuer Guide Covered Bonds. The latest debut transaction in the EUR sub-benchmark segment is attributable to Kreissparkasse Ludwigsburg. The savings bank from Baden-Wuerttemberg in Germany placed a deal worth EUR 250m (5.0y; WNG) at ms +38bp, with the books having opened yesterday (Tuesday 15.10.) at ms +44bp area. In the current year, fresh EUR sub-benchmarks totalling EUR 4.4bn (16 bonds) have now been placed, with October having been unusually dynamic so far (EUR 1bn spread across four deals).

EUR SBMK: issuance trend



EUR SBMK distribution by country



Source: Bloomberg, NORD/LB Floor Research

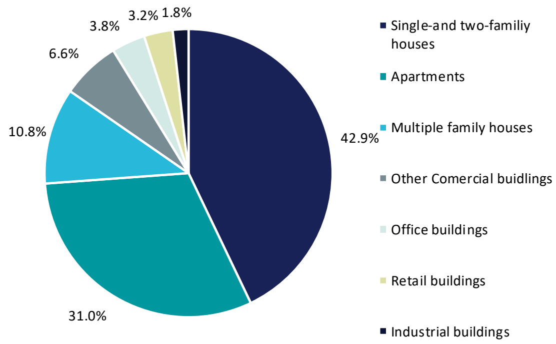
Kreissparkasse Ludwigsburg expands the EUR sub-benchmark segment

Last Thursday, Kreissparkasse Ludwigsburg (total assets FY 2023: EUR 12.3bn; cf. Investor Presentation in July 2024) announced that it had mandated a consortium of banks for the above-mentioned inaugural bond. With Kreissparkasse Ludwigsburg's debut deal, the number of new German sub-benchmark issuers in 2024 has been increased to three overall. All three newcomers are active in the savings bank sector. Sparkasse Dortmund and Sparkasse Bremen approached investors back in March and April respectively, each placing covered bonds with a volume of EUR 250m in the process. Kreissparkasse Ludwigsburg has been active as an issuer of registered and bearer mortgage Pfandbrief bonds since 2011. Future funding options are to be expanded and secured through further EUR sub-benchmark deals. According to information from Kreissparkasse Ludwigsburg itself, the savings bank plans to be active in this market segment every two years from now on. The rating experts from Fitch rate the institute's covered bond programme at AA+ with a stable outlook.

Programme data

30. September 2024	Mortgage
Covered Bonds outstanding	EUR 0.810bn
Cover pool volume	EUR 1.665bn
Current OC (nominal / legal)	105.6% / 2.0%
Type	84.4% Residential
Main country	100.0% Germany
Avg. seasoning	5.6y
Avg. LTV (mortgage lending value)	55.7%
NPL	0.00%
Fixed interest (Cover Pool / CBs)	96.7% / 100%
CB Rating (Fitch / Moody's / S&P)	AA+ / - / -

Spread overview (BMK) – Germany



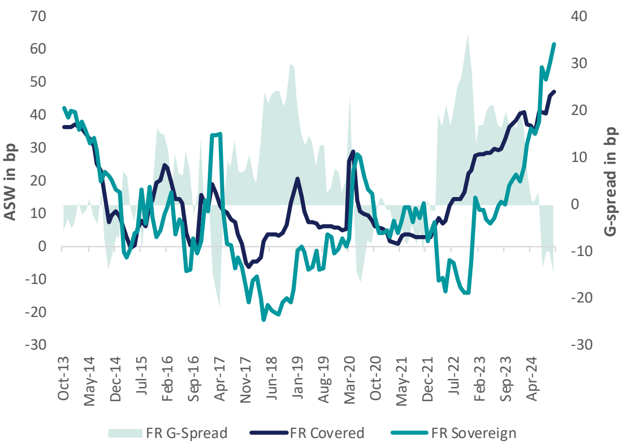
Source: Issuer, rating agencies, NORD/LB Floor Research

Cover pool chiefly comprises residential assets

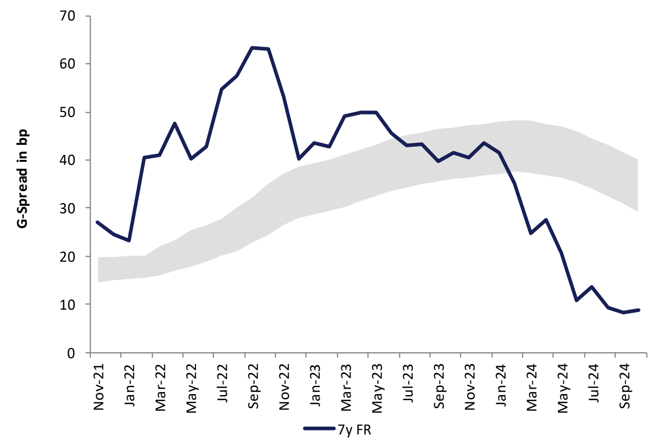
As at the reporting date of 30 September 2024, the mortgage cover pool of Kreissparkasse Ludwigsburg consists of 94.1% primary coverage. Of the primary cover assets, 84.4% are residential in nature, with commercial assets constituting a share of 15.6%. At 50.6%, single and two-family houses make up the largest share of residential cover assets, followed by condominiums (36.5%) and multiple family dwellings (12.9%). The primary cover pool values are exclusively of German origin. The LTV calculated on the basis of the mortgage lending value was given as 55.7% as at the reference date of 30 September 2024. The bank's mortgage cover pool does not include any non-performing loans (NPLs). Further information on the cover pool assets of Kreissparkasse Ludwigsburg can be found in our Covered Bond Special covering transparency disclosures in line with §28 PfandBG for the savings bank sector. Following the successful sub-benchmark transaction, we will be including Kreissparkasse Ludwigsburg in the next edition of our Issuer Guide Covered Bonds, with the 12th edition in this series having been published in September.

France in the spotlight: covered bond spreads being driven by budget debate?
The challenges associated with the French budget deficit have given the rating experts at Fitch grounds to revise the outlook for France's sovereign rating from "Stable" to "Negative". However, for now, the rating (AA-) itself remains unchanged. In addition to the projected rise in national debt, the change in outlook can be put down to a highly fragmented political landscape. In this complex situation, OAT spreads are widening appreciably. The tense sentiment also left its mark on the market for French covered bonds, resulting in a significant increase compared to Pfandbriefe, for example. Overall, however, French covered bonds are more robust than sovereigns, so that in the longer maturity segment (10y generic) the covered bonds are trading within the government bond curve. From a fundamental perspective, the changed rating outlook has hardly any rating implications for French covered bonds. With regard to the general (and therefore not just rating-specific) credit quality, risk mitigation elements such as the composition of the cover pools and their statutory and voluntary OC levels should be highlighted here. The widening of spreads on French covered bonds is therefore more sentiment-driven in nature. In particular, the NORD/LB Issuer Guide Covered Bonds 2024 delivers a fundamental overview of the covered bond market in France.

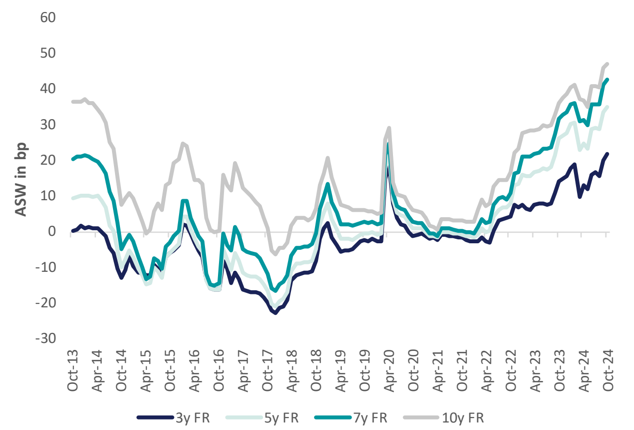
ASW spreads FR: covereds vs. sovereigns (10y; generic)



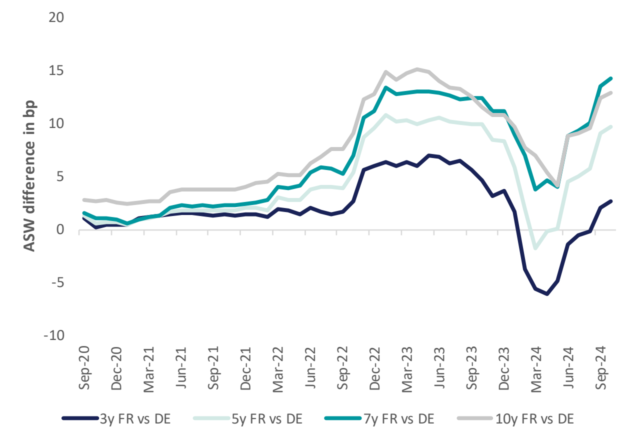
Relative value: FR covereds vs. sovereigns (7y; generic)



ASW spreads covereds FR (generic)



ASW Spreads covereds FR vs. DE (generic)



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

S&P offers updated overview of the Swedish covered bond market

The rating experts from S&P have discussed the dynamics of the Swedish covered bond market in 2024 as part of a recently published analysis, in the process offering insights into the real estate and mortgage market, which is currently facing a series of challenges. Rising income and falling interest rates are likely to support the credit performance of mortgage loans contained in the cover pools across the remainder of this year and 2025, while the decline in property prices could well become the driving force of developments on the Swedish housing market. In this context, the rating experts are keen in particular to highlight the low interest rate lock-in periods. Looking at issuance activities so far in 2024, S&P notes a decline in deals placed in the EUR benchmark segment, albeit the risk experts do expect issuance activities to become more dynamic in the near future, which it puts down to an expected economic recovery and falling interest rate levels. The domestic currency (SEK) has also remained dominant when it comes to Swedish banks issuing covered bonds. Overall, the importance of covered bonds as a refinancing vehicle for Swedish banks remains high, according to the rating experts. S&P puts the share of covered bonds in all debt securities issued at 44%.

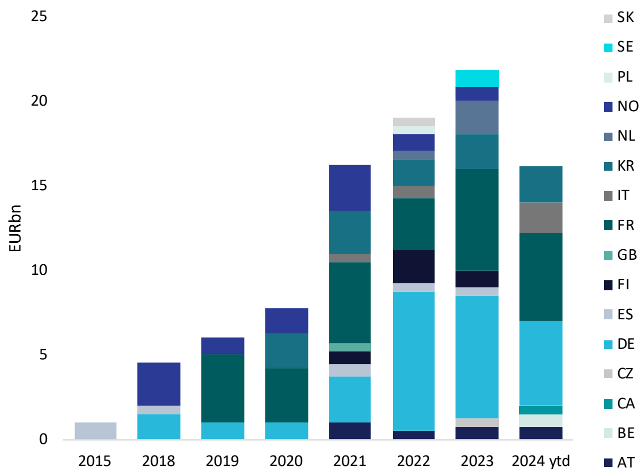
Moody's I: Covered Bond Sector Update Q3 2024 now published

The rating agency Moody's currently operates the most comprehensive market coverage when it comes to the risk assessments of covered bond programmes. This also applies to the market for EUR covered bonds, which is our focus in this article. The risk experts publish the "Covered Bond Sector Update" on a quarterly basis, which includes a comprehensive data base (cf. focus article in this edition our of weekly publication). In addition, the risk experts regularly comment on developments in the covered bond market that are relevant to ratings. For the European commercial real estate (CRE) financing segment, Moody's sees the recent interest rate cuts as a positive factor for the yield and valuation of CRE assets. At the same time, falling financing costs also offer more attractive investment opportunities in CRE. The rating experts also state that the use of interest rate and currency swaps to hedge against similar risks within European covered bond programmes has decreased in recent years. According to Moody's, this has put the creditworthiness of some programmes under strain. The use of swap instruments varies according to jurisdiction, at times drastically so, but in some countries the overall proportion of covered bond programmes featuring swaps remains high. Another topic that Moody's highlights in its report concerns maturity extensions for covered bonds. Considering the significant rise in the number of soft bullet programmes in recent years, maturity extensions generally have a risk-mitigating effect. However, the European Banking Authority (EBA) has announced that it will seek to clear up uncertainties surrounding the potential use of these maturity extensions more precisely as part of a review. In total, Moody's rates 32 covered bond markets. With the exception of Slovakia, the outlook for the sovereign ratings is "stable" or "positive" in all jurisdictions. For the banking systems, the outlook is "stable" for the majority of countries, although at the same time a number of jurisdictions, including Germany, France, the UK and South Korea, have to contend with negative outlooks at present.

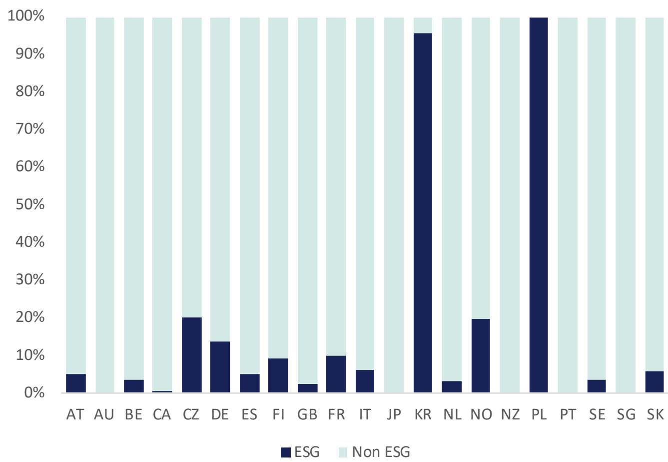
Moody's II: improved disclosure standards for "sustainable" covered bonds expected to positively impact credit quality

In their recently published analysis, the rating experts at Moody's looked in some detail at the disclosure standards for "sustainable" covered bonds. According to Moody's, while these disclosure standards are still limited at present, regulators and market participants are striving to make improvements to them. Among other aspects, the EBA should also take into account cover pool-specific disclosure requirements when revising the Covered Bond Directive. This could ultimately strengthen the sustainable disclosure criteria, which are already partly included in the disclosure requirements of Pillar 3 for EU banks. However, the rating experts point out that a legislative process of this kind still requires a great deal of patience owing to the limited availability of data and implementation deadlines. The rating agency hopes that laws that have already been adopted, such as the Energy Performance of Buildings Directive, will make it easier to assess whether environmental risks are taken into account for property valuations, which would then help to create greater transparency. One market initiative highlighted by the rating experts that offers issuers the option of supplying their investors with more detailed information on the sustainable assets in their cover pools is the Harmonised Transparency Template (HTT) developed by the European Covered Bond Council. However, according to Moody's, most of the 150 issuers that report in line with the HTT do not currently make use of this voluntary option (in addition to the statutory disclosures). These three initiatives are examples of a series of efforts aimed at enhancing the disclosure standards of sustainable covered bonds. Moody's concludes that the amount of new or already implemented efforts for greater transparency regarding the sustainability of cover pool assets should have a credit positive effect. We delved deeper into additional developments and initiatives in connection with the ESG segment as part of our ESG update 2024.

ESG covered bond deals (EUR BMK)



ESG covered bonds: market share (EUR BMK)



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

Market overview SSA/Public Issuers

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

ECB preview: O Hawks, Where Art Thou?

Last week's view from the Hanover office window showed: gray on gray and rain. Driven by low inflation figures and weak economic indicators, sentiment also currently appears to be on the rise on some fronts. In our opinion, this has given (too) many market participants grounds to assume that Thursday's ECB Governing Council meeting will see a further interest rate cut. We think: maximum "could". After all, what is the ECB's mandate? Its primary goal is to ensure price stability in the single currency area, i.e. to maintain the monetary stability of the euro. According to the ECB, this is essential for economic growth and the creation of jobs, two of the European Union's goals. It is the most important contribution that monetary policy can make in this area. To our mind, this would seem to indicate that a rate cut is unlikely. However, if the ECB wanted to prevent a recession, which of course it could never admit, this would speak in favour of a rate cut in October. However, the new hard data, which admittedly is a bit thin on the ground, does not support this yet, although the data situation will look clearer in December. In our ECB preview, we outline why the current opinion of the central bankers in Frankfurt is clearly in favour of a rate cut, but why a continuation of the interest rate turnaround built up by the media and priced in by financial market participants can also be justifiably criticised. If the decision were in our hands, we would not cut rates. Our view is based on the fact that it is not the ECB's mandate to ensure economic stabilisation. After all, economic weakness cannot be the reason for -25 basis points. But will the central bankers also see things this way by the end of the meeting? Of course, it hardly needs saying that the ECB will not be asking us for our assessment. Therefore, we would tend to expect a neck-and-neck race between the doves and hawks, with the doves currently making more noise.

KfW and the World Bank keen to intensify cooperation

The largest German promotional bank Kreditanstalt für Wiederaufbau (KfW, ticker: KFW) and the World Bank Group concluded a framework agreement at the beginning of October, through which the partners intend to intensify their future cooperation for financing international development and transformation projects. Both institutions agree to apply harmonised standards to jointly financed projects. At the same time, the agreement enables a division of labour between the partners for the first time, thus bolstering the impact of their cooperation. Through joint financing, KfW and the World Bank can offer larger financing packages to meet the investment needs for the transformation to sustainable and resilient economies. "International partnerships are a powerful lever for increasing the impact of development finance. This agreement is therefore a milestone for us in implementing our strategic agenda. I am sure that both partners will benefit from the enhanced cooperation", said KfW CEO Stefan Wintels.

WIBank places first registered bond in digital format

Wirtschafts- und Infrastrukturbank Hessen (ticker: WIBANK) has successfully implemented a public blockchain to optimise processes for the issuance of a traditional registered bond, the first German promotional bank to do so. In cooperation with various partners, the security was issued on 08 October using the Bundesbank's Trigger Solution. Integrating blockchain technology in conjunction with the Bundesbank's Trigger Solution enabled real-time Delivery versus Payment (DvP). The issue therefore demonstrates that the use of new technologies can optimise traditional processes for the issue of securities without neglecting existing regulatory and operational requirements, as WIBank explains. This approach could make processing financial transactions more secure, in addition to reducing credit and liquidity risks in comparison with traditional processing methods. "With our project, we are making a valuable contribution to the ECB's research into the possible introduction of central bank digital currency for financial transactions. As a promotional bank, we are thereby supporting the further development and modernisation of the European capital market infrastructure", said Christian Forma, Head of Treasury at WIBank, in commenting on the successful issue.

NRW.BANK.ifo Business Climate: no economic recovery in NRW

The NRW.BANK.ifo Business Climate declined for the second time in a row last September. The economic indicator for the German federal state of North Rhine-Westphalia (ticker: NRW), for which 1,500 companies are surveyed each month, is therefore roughly back to the level it was at before sentiment increased in the spring. Overall, the indicator fell by -3.2 balance points to -13.5 points last month. In particular, the assessment of the current business climate was responsible for the deterioration in sentiment. Consequently, the former fell by -3.4 balance points to -8.7 points. Business expectations for the coming months also continued to decline. They fell by -3.1 points to -18.1 points. NRW.BANK CEO Eckhard Forst commented as follows: "The mood amongst consumers and companies in Germany is noticeably characterised by uncertainty. In view of the weak global economy, there is little prospect of a countervailing boost from abroad." **Construction sector:** The climate saw a slight improvement in sentiment compared with the previous month of August. This is due to more optimistic expectations for the coming months. Companies in the construction industry were also more satisfied with their current business. Developments in residential construction and civil engineering were particularly positive in the period under review. **Services:** The slightly positive sentiment of recent months reversed in September. Service companies were therefore noticeably more dissatisfied with the current situation. Similarly, expectations for the next six months were more sceptical again. We should emphasise the trend in logistics, where the business climate declined particularly markedly due to the current weakness in the industry. **Retail:** Companies in the retail sector were continuing to wait for private consumption to improve due to falling inflation and rising wages. As this trend continued to fail to materialise, wholesalers and retailers saw both their current and future situation as worse than in August. **Industry:** Across large parts of the industrial sector, the lack of orders has worsened again, with the result that many companies are planning to reduce production and employee numbers. Therefore, the current situation and business expectations were considered to be significantly worse.

Primary market

The stroke rate on the SSA primary market increased significantly again in the past trading week. Overall, we can report six new issues in benchmark format totalling EUR 8.5bn overall. As mandated, the International Development Association (ticker: IDAWBG), which is part of the World Bank Group, was the first to take to the trading floor after our previous edition was published last week. For the second EUR-denominated Sustainable Development Bond so far this year, a total of EUR 1.75bn was sought for a maturity of ten years. This sum was eventually raised one basis point tighter than the guidance at ms +36bp (bid-to-cover ratio: 1.3x). The promotional bank Kreditanstalt für Wiederaufbau (ticker: KFW) followed with a fresh bond worth EUR 3bn in the seven-year maturity segment. At the end of the marketing phase, the order book had filled up to EUR 14.2bn, allowing the deal to be priced two basis points tighter at ms +17bp and more than four times oversubscribed. This is the eighth new issue in EUR benchmark format by Germany's largest promotional bank this year. Staying in Germany but switching to the Laender segment: Baden-Wuerttemberg (ticker: BADWUR) approached investors with its sixth EUR benchmark of 2024 in the form of a five-year floater with a volume of EUR 500m. Pricing was in line with the guidance at +11bp against the six-month Euribor. North Rhine-Westphalia (ticker: NRW) issued the first ESG bond by a German federal state in 2024 last Monday, raising EUR 1.25bn in the process. The Sustainability Bond with a maturity of five years was finally priced at ms +15bp (guidance: ms +17bp area). The order book was reported at EUR 2.5bn. The Belgian region Flanders, represented by the Ministeries van de Vlaamse Gemeenschap (ticker: FLEMSH), also put its money where its mouth is by issuing EUR 1.5bn with a maturity of five years at OLO +29bp (corresponds to around ms +36bp; guidance: OLO +35bp area; bid-to-cover ratio: 4.2x). Outside of our current regular coverage, Japan Bank for International Cooperation (ticker: JBIC) came onto our screens in the form of a green benchmark with a volume of EUR 500m in the six-year maturity segment. The reoffer spread eventually came in at ms +33bp, after a guidance of ms +34bp area had been announced at the beginning of the book-building process. Tokyo Prefecture (ticker: TOKYO) has meanwhile announced an issuance volume of EUR 300m, a maturity of five years and an asking price of ms +43bp area for its upcoming transaction with a sustainable label. Looking ahead to next week, we would like to bring to your attention the EU's fourth bond auction in H2/2024 (cf. funding plan). Due to the new mandate that has been issued, we also expect to see the following transaction on screens in the near future: Through the Gemeinschaft deutscher Laender (Joint Laender, ticker: LANDER) construct, a group of six issuers intend to place a EUR 1bn (WNG) jumbo with a term of seven years. This is the 65th issue under this ticker and the second so far this year.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
NRW	DE	14.10.	DE000NRW0PR8	5.0y	1.25bn	ms +15bp	AAA / Aa1 / AA	X
BADWUR	DE	10.10.	DE000A3H25U4	5.0y	0.50bn	6mE +11bp	- / Aaa / AA+	-
JBIC	Other	09.10.	XS2913069428	6.0y	0.50bn	ms +33bp	- / A1 / A+	X
FLEMSH	BE	09.10.	BE0390162288	5.0y	1.50bn	ms +36bp	AA / Aa3 / -	-
KFW	DE	09.10.	DE000A383P48	7.0y	3.00bn	ms +17bp	AAAu / Aaa / AAA	-
IDAWBG	SNAT	09.10.	XS2919906573	10.0y	1.75bn	ms +36bp	- / Aaa / AAA	X

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

Covered Bonds
The covered bond universe of Moody's: an overview

Author: Alexander Grenner

Moody's publishes new Covered Bond Sector Update

As part of its series of regular Covered Bond Sector Updates, the rating agency Moody's has carried out a review of its database. The Q3 2024 issue concentrates on all the covered bonds rated by Moody's with relevant information for the first quarter of 2024. With its ratings and detailed figures on a total of 236 covered bond programmes from 30 countries, the agency covers a significant proportion of the global covered bond universe. In terms of numbers, most of the programmes come from Germany (40), followed by Austria (25) and Spain (22). Nine countries with nine or more programmes each account for 69.5% (164 programmes) of the total number. The remaining 30.5% (72 programmes) are split between 21 jurisdictions with seven or fewer programmes. Mortgage-backed programmes, of which there are 196 (83.1%), account for the bulk of the programmes rated by Moody's. The agency also rates 38 public sector programmes (16.1%) from nine countries, although these are mainly concentrated in the jurisdictions of Germany (12 programmes), Austria (9), Spain (6) and France (4). Moody's also covers one ship Pfandbrief programme and one programme in the "other" category, both from Germany. In today's article of our weekly publication, we will once again take a closer look at various key figures.

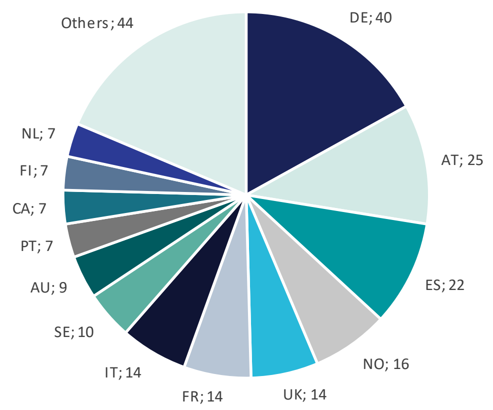
Focus on mortgage programmes from EUR benchmark jurisdictions

As regards Moody's rating universe, its focus is clearly on mortgage programmes. Almost all of these originate in EUR benchmark jurisdictions. At present, only Greece (3 programmes), Hungary (2), Turkey (1) and Cyprus (1) do not have any outstanding covered bonds in EUR benchmark format. The Alpha Bank programme from Romania that used to be rated has in the meantime been removed from the Moody's coverage. Our following analysis will concentrate on those mortgage-backed programmes which have been established in EUR benchmark jurisdictions. It is worth bearing in mind that the programmes under consideration need not necessarily have issued any EUR benchmarks.

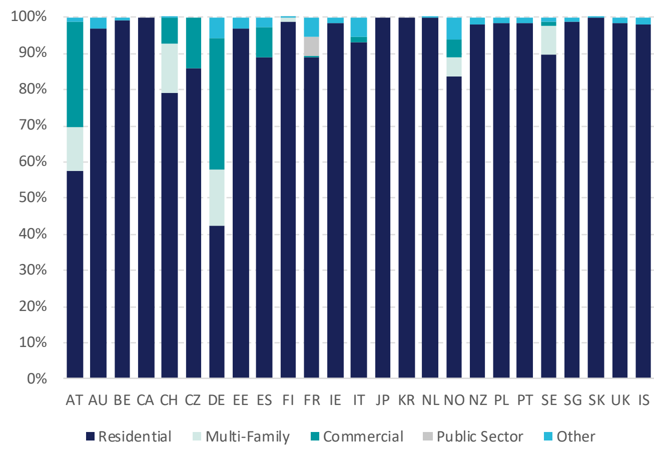
Majority of mortgage programmes are residential

Regarding the classification of cover assets, 83.5% of the individual programmes rated by Moody's are covered by residential assets, on average. However, Germany (36.7%), Austria (29.0%), Czechia (14.2%) and Spain (8.1%) have a relatively high proportion of commercial assets. At the same time, there is a fairly substantial proportion of multifamily assets in Germany (15.2%), Switzerland (13.4%), Austria (12.1%) and Sweden (8.1%). With the exception of the aforementioned countries plus France (89.1%) and Norway (83.6%), residential assets make up a share of at least 93.0% in the cover pools of the programmes in all the remaining jurisdictions. It is only the two programmes from Luxembourg that do not include any mortgage assets in either instance.

Number of programmes with a Moody's rating



Cover pool structure (mortgage programmes)



Source: Moody's, NORD/LB Floor Research

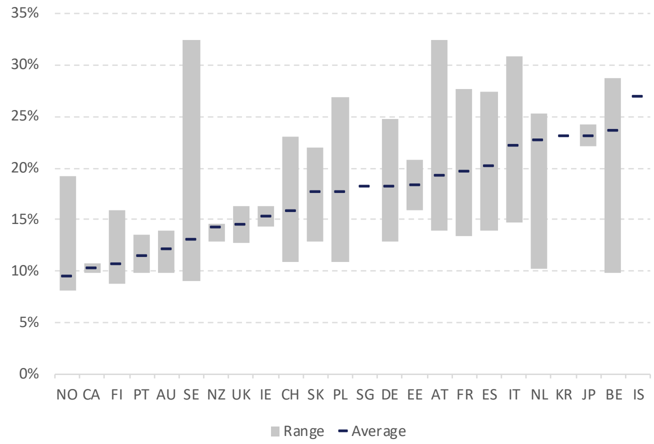
Collateral score as indicator of cover pool quality

We use the Moody's collateral score as one of the most important metrics in our analysis of cover pool quality. A lower figure in this respect implies a higher quality of cover assets. More specifically, the score is a measure of the credit deterioration of assets in the cover pool in conjunction with the theoretically highest possible rating in the relevant country. Fundamentally, we regard it as adequate to compare collateral scores across programmes and jurisdictions as well, even though a number of specific features might have to be taken into account. For example, Moody's provides for between 4.0% and 5.0% as a lower limit for the collateral score of most mortgage-based programmes. The exceptions are "smaller" covered bond jurisdictions such as Cyprus (27.0%), Greece (14.3%) and Iceland (13.3%), where the lower limits for collateral scores are higher for programmes. In Japan, collateral scores are set at 0% due to the RMBS structure of the relevant programmes. Overall, six jurisdictions (Australia, Canada, New Zealand, Singapore, Finland and Portugal) have scores of exclusively 4.0%. On average, issuers from Iceland (13.3%), Greece (15.1%) and Cyprus (27.0%) have the highest collateral scores. At the same time, a wide range of scores was recorded in Germany and Sweden (21.0 and 11.9 percentage points, respectively). As outlined above, issuers from Germany and Austria feature a comparatively high proportion of commercial assets in their respective cover pools. Evidently, a high share of commercial cover assets is associated with a higher collateral score.

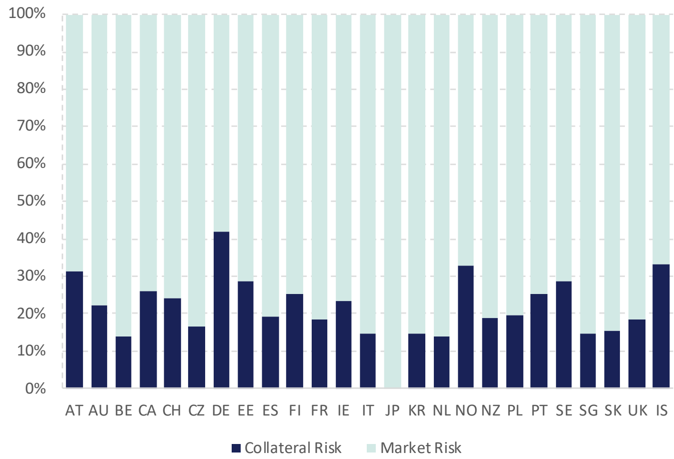
Cover pool losses as indicator of expected losses in the cover pool

Moody's uses cover pool losses (CPL) as an indicator to reflect the losses which can be expected in the cover pool following a covered bond anchor event (issuer default). In this case, the risk comprises two components: market risk (cover pool losses as a result of funding, interest rate and/or currency risk) and collateral risk (cover pool losses resulting from a deterioration in the credit quality of cover assets). Similar to the collateral score, there is a great disparity by global comparison. This is true not only in relation to average cover pool losses, but once again also for the national range in each case. CPLs are especially low in Norway (9.5%), Canada (10.3%) and Finland (10.6%); in contrast, they are quite high in Iceland (27.0%) and Czechia (33.8%).

Cover pool losses by country (mortgage programmes)



Cover pool losses: market and collateral risk by country (mortgage programmes)

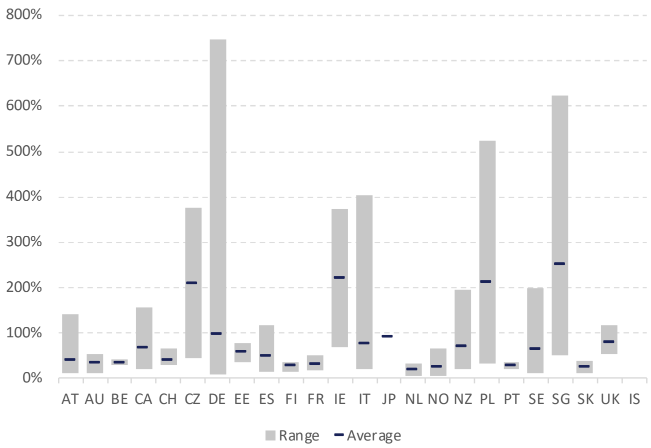


Source: Moody's, NORD/LB Floor Research

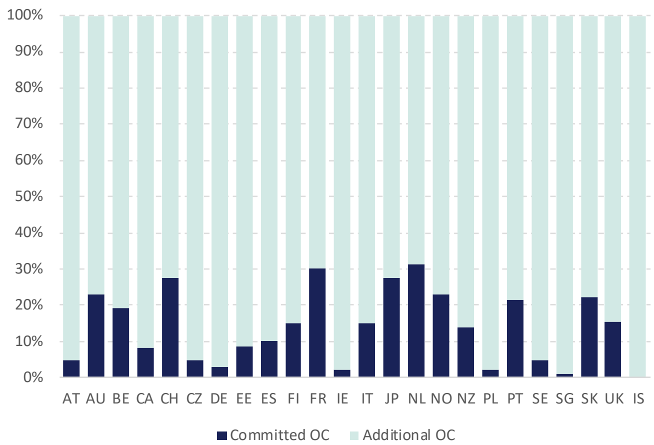
Cover pool losses: Refinancing, interest rate and currency risk most widespread

The contribution from collateral risk and market risk varies considerably between the different jurisdictions. However, as we can see from the upper-right chart, market risk quite clearly dominates. This means losses which, in the event of an issuer default, could be ascribed to refinancing, interest rate and currency risk. The two covered bond programmes from Japan have no collateral risk whatsoever since, as mentioned earlier, they exclusively have RMBS transactions as cover assets.

Overcollateralisation by country (mortgage programmes)



Composition of overcollateralisation (mortgage programmes)



Source: Moody's, NORD/LB Floor Research

Wide range of overcollateralisation levels

With regard to overcollateralisation levels, there are significant differences in an international comparison. High average overcollateralisation ratios (>100%) were evident in the comparatively small covered bond jurisdictions of Singapore, Poland, Ireland and Czechia, which have a smaller number of rated programmes. Narrower ranges are often due to a smaller number of issuers in the relevant jurisdiction. However, this is not always the case, since Singapore, Poland and especially Germany have a very wide range.

Committed overcollateralisation as the lower overcollateralisation limit

Overcollateralisation can also be divided into subcomponents. It might have been committed vis-à-vis third parties in order to maintain a specific rating or be based on legal requirements. Committed OC can therefore be understood as a kind of lower limit for overcollateralisation, where the programme cannot readily fall below this limit, or where falling below this limit is not permitted at all. In contrast, actual overcollateralisation might just be a temporary status and may be subject to certain volatilities as a result of new bond issues or maturities. Overall, it can be stated that the greater share of overcollateralisation continues to be provided by issuers on a voluntary basis, although this could certainly be due to low levels of committed OC. It is also true that a high proportion of committed OC by no means also results in high overcollateralisation.

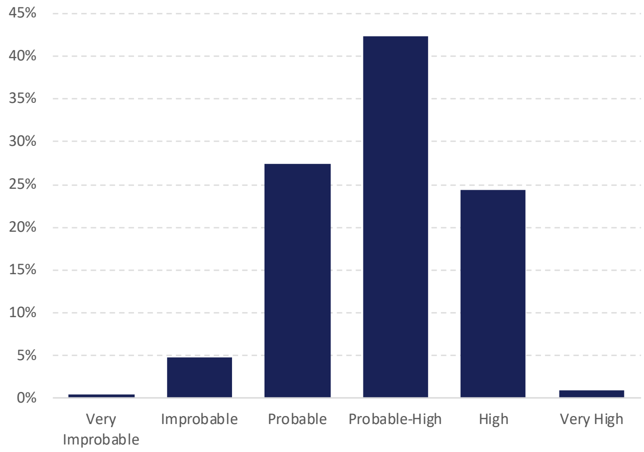
TPI restricts rating upgrades of covered bonds in relation to issuer rating

The TPI (Timely Payment Indicator) is a framework used by Moody's that restricts the potential covered bond rating to a specific number of notches above the issuer's rating. It provides information about the probability of timely servicing of payment obligations following issuer default. It contains six assessment levels, ranging from "very high" to "very improbable". At 94.0%, the bulk of the mortgage programmes rated by Moody's are in the "probable", "probable-high" or "high" categories, which in our view is a sign of stable values. In contrast, the outer limits are less represented, with shares of 0.4% (very improbable) for the programme in Iceland and 0.9% (very high) for one programme each in Italy and Portugal. In 15 of the 26 EUR benchmark jurisdictions, there are programmes that all have one and the same timely payment indicator (chart: TPI by country). In Germany (38 of 40 programmes) and Norway (9 of 16 programmes), the majority of the programmes rated are allocated to the category "high".

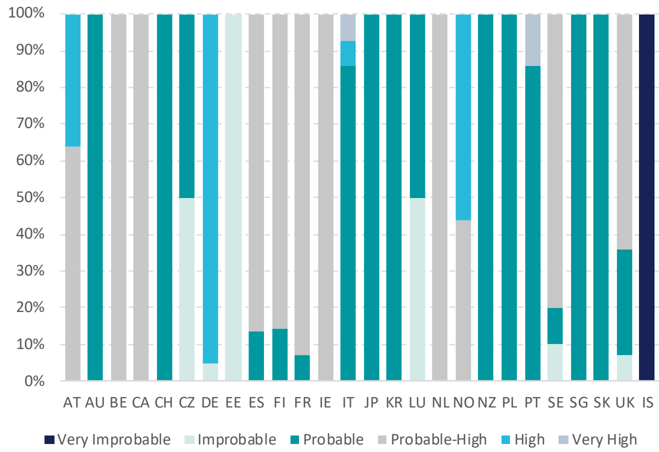
TPI Leeway defines the buffer in relation to downgrades

Apart from the TPI, the TPI Leeway is another key metric denoting the number of notches by which the relevant covered bond anchor could be downgraded without it leading to a deterioration in the rating in the context of the TPI framework for the issuer's covered bond programme. Four (1.9%) of the covered bond programmes rated by Moody's have no such leeway, which means in the event of a downgrade of the covered bond anchor we would see the programme downgraded as a direct consequence. Overall, 55 programmes (26.1%) feature a TPI Leeway of four notches. The maximum of seven notches is only achieved by programmes from Germany (eight; 3.8%). A total of 16 covered bond programmes have a TPI Leeway of six notches, of which 12 are attributable to Germany, two to Sweden and one each to Canada and Norway.

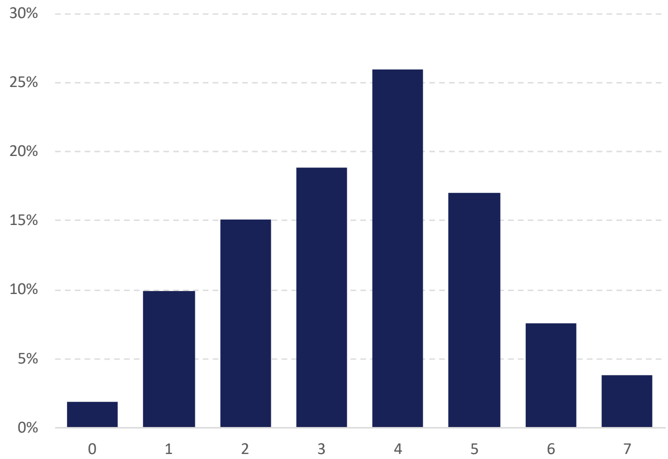
Timely Payment Indicator (TPI) (mortgage programmes)



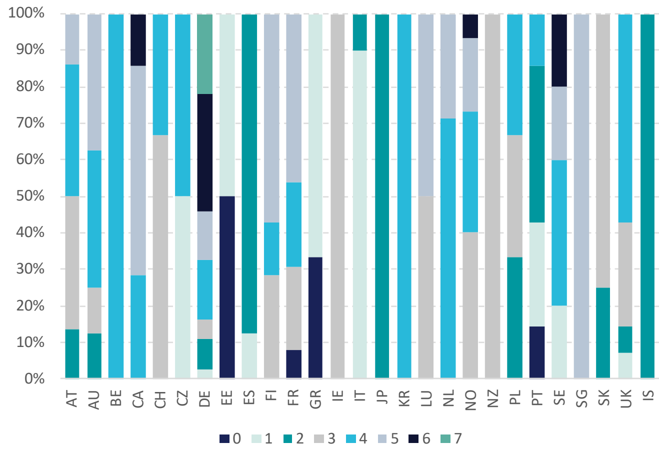
TPIs by country (mortgage programmes)



TPI Leeways in notches (mortgage programmes)



TPI Leeways in notches by country (mortgage programmes)



Source: Moody's, NORD/LB Floor Research

Conclusion

Moody's current Covered Bond Sector Update as well as the data on which it is based once again reflects the heterogeneity that exists in the covered bond market at jurisdiction level. For several years now, Moody's aggregated parameters have delivered important insights into the relevant countries, particularly regarding the occurrence of a credit event on the issuer side. However, as the case of Germany highlights, differentiation within each jurisdiction is also necessary. At the same time, other factors that play a part in determining covered bond ratings, but which are not included in this dataset, are also highly relevant when assessing what potentially influences spreads. Italy would be one such example where a sovereign downgrade would also have implications for the rating of a number of issuers and for Italian covered bond programmes. With regard to deriving the risk weight and the LCR level, and depending on the availability of ratings from other rating agencies, this may in turn result in a reassessment that then leads to rating changes.

NORD/LB

SSA/Public Issuers
Teaser: Issuer Guide – European Supranationals 2024

Authors: Dr Norman Rudschuck, CIIA // Christian Ilchmann // Lukas-Finn Frese // assisted by Maike Maas and Tim Bräunl

EU clearly dominates EUR-denominated supply from supranationals

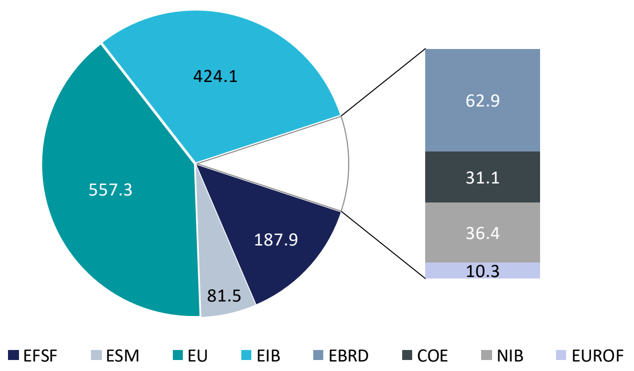
The segment of European supranationals (E-supras) is the largest within the global supranational market. With an outstanding bond volume of approximately EUR 1,391bn, European supras account for around two thirds of the global supranational market. The EUR-denominated supply is of crucial importance here: the outstanding EUR bond volume attributable to E-supras totals around EUR 1,108bn, while the corresponding volume from other supras amounts to just a fraction of this. At the same time, the segment of European supranationals as a sub-market has undergone more changes in recent years than any other. As a result of the sovereign debt crisis in the Eurozone, credit facilities such as the EFSF and the ESM were set up that subsequently developed into the largest supranational issuers within a short period of time and have been brought to public attention. Furthermore, the EU has launched various programmes since October 2020 in order to mitigate the effects of the COVID-19 pandemic, among other aspects. As a result, the EU (Bloomberg ticker: EU) is well on its way to becoming one of the largest issuers globally by 2026. It has already been the biggest issuer of social bonds since 2021 (in excess of EUR 98bn since the start of the pandemic). Also, the EU plans to issue green bonds worth up to EUR 250bn by 2026 – an additional boost to support the continued growth of the ESG segment. The market is also characterised by supranational promotional banks, whose relevant has increased significantly in the last few years and decades in the wake of various financial and economic crises. In this context, we should emphasise the EIB, which is the second largest issuer in this market by volume outstanding. Regarding the classification in regulatory frameworks, the E-supras can rely on excellent treatment: Except for EUROFIMA, all issuers benefit from a 0% risk weight in accordance with CRR/Basel III. Moreover, they are classified as Level 1 assets under the LCR (EUROFIMA: “Not eligible”). They are also categorised as “preferred” (EUROFIMA: non-preferred) in line with Solvency II.

European supranationals – an overview

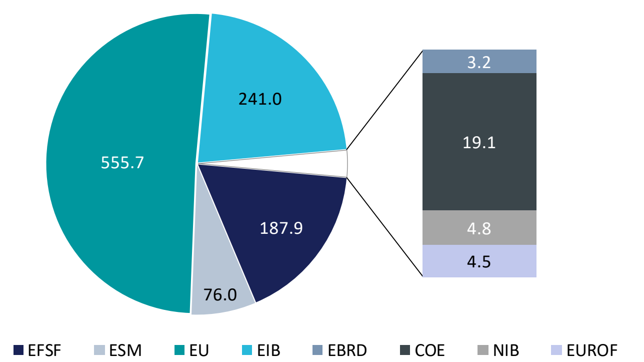
Institution	Type	Owner(s)	Guarantee	Risk weight
European Financial Stability Facility (EFSF)	Credit facility	17 Eurozone Member States	Guarantee ceiling of: EUR 780bn	0%
European Stability Mechanism (ESM)	Credit facility	20 Eurozone Member States	Callable capital: EUR 627.5bn	0%
European Union (EU)	Credit facility	27 EU Member States	Maintenance obligation	0%
European Investment Bank (EIB)	Promotional bank	27 EU Member States	Callable capital: EUR 226.6bn	0%
European Bank for Reconstruction and Development (EBRD)	Promotional bank	73 states, EU and EIB	Callable capital: EUR 23.5bn	0%
Nordic Investment Bank (NIB)	Promotional bank	Eight Nordic and Baltic countries	Callable capital: EUR 7.5bn	0%
Council of Europe Development Bank (CEB)	Promotional bank	43 Member States of the Council of Europe	Callable capital: EUR 4.9bn	0%
European Company for the Financing for Railroad Rolling Stock (EUROFIMA)	Promotional bank	26 railway companies from 25 European countries	Callable capital: EUR 1.9bn	20%

Source: Issuers, NORD/LB Floor Research

Outstanding bond volumes (EURbn)



Outstanding EUR benchmarks (EURbn)



NB: Benchmarks are defined as bonds with a minimum volume of EUR 0.5bn, incl. EIB & EFSF floating rate notes.
Foreign currencies are converted into EUR at rates as at 15 October 2024.
Source: Bloomberg, NORD/LB Floor Research

Overview of European supranationals (EURbn/EUR equivalent)

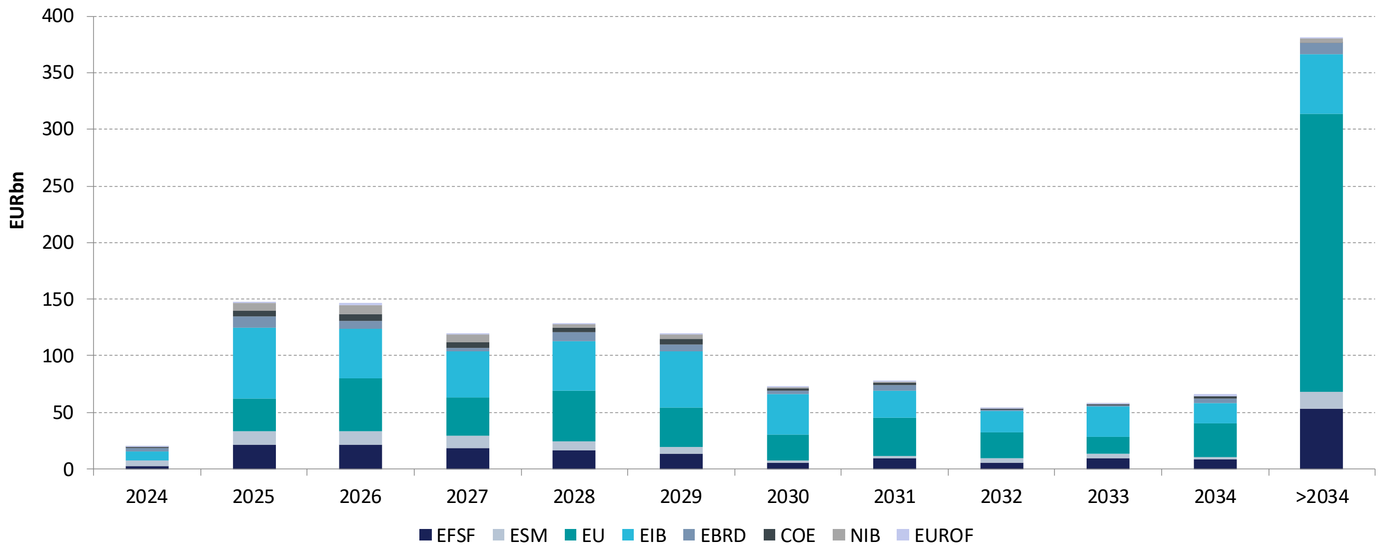
Name	Ticker	Rating (Fitch/Moody's/S&P)	Outstanding Volume	Of which in EUR volume	Funding target 2024	Maturities 2024	Net Supply 2024	Number of ESG bonds	ESG volume
EFSF	EFSF	AA-/Aaa/AA-	187.9	187.9	20.0	25.1	-5.1	0	0.0
ESM	ESM	AAA/Aaa/AAA	81.5	76.0	6.0	10.8	-4.8	0	0.0
EU	EU	AAA/Aaa/AA+	557.3	557.3	140.0	3.2	136.8	18	163.6
EIB	EIB	AAA/Aaa/AAA	424.1	246.0	62.5	60.7	1.8	77	89.2
EBRD	EBRD	AAA/Aaa/AAA	62.9	8.7	13.5	10.7	2.8	55	5.9
NIB	NIB	-/Aaa/AAA	36.4	7.9	8.8	6.5	2.2	17	6.2
CEB	COE	AAA/Aaa/AAA	31.1	19.1	7.0	4.3	2.7	15	9.7
EUROFIMA	EUROF	AA/Aa2/AA	10.3	5.5	0.9	1.0	0.0	13	5.5
Total			**1,391.5**	**1,108.4**	**258.7**	**122.3**	**136.4**	**195**	**280.1**

Foreign currencies are converted into EUR at rates as at 15 October 2024.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Floor Research

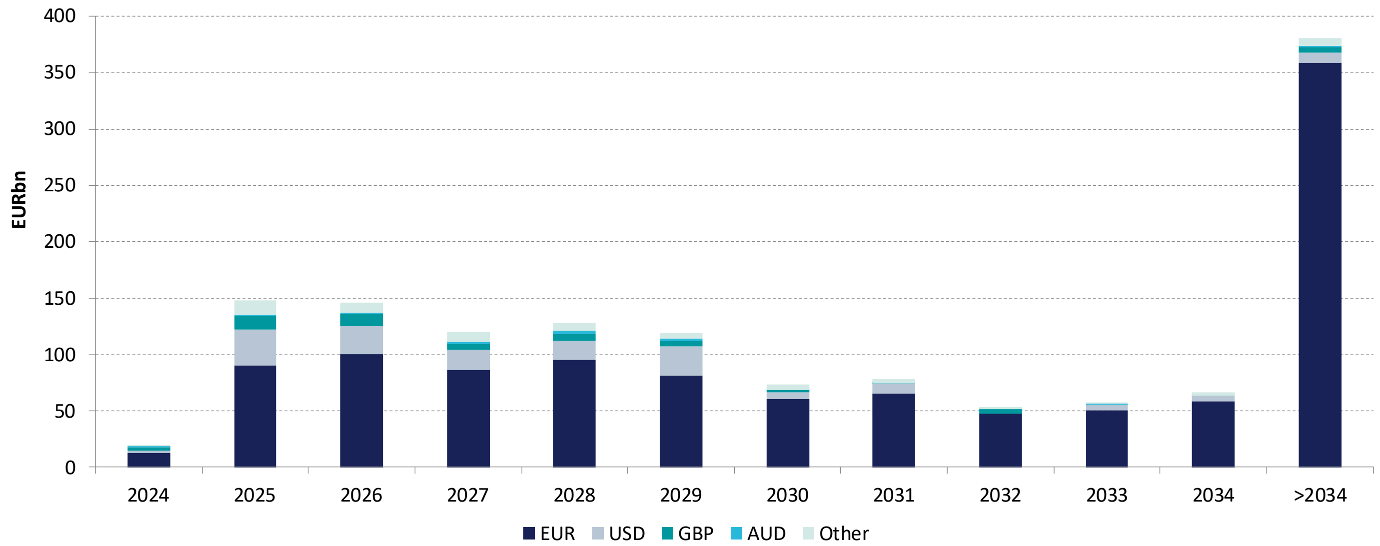
High positive net supply of conventional and ESG bonds

The European supranational market offers a substantial supply of bonds with different maturities, with a particular emphasis in terms of currency on the EUR. This is largely down to the EFSF and the EU, as all of their funding activities are exclusively conducted in the single currency. Yet, in absolute terms, the volume of bonds outstanding denominated in foreign currencies is also very high – especially when compared with other markets. For example, the EIB, EBRD and NIB turn to a range of diverse currencies when it comes to their respective refinancing strategies, although there is a distinct focus on the USD and GBP in this regard. In the coming years, the EU is expected to continue dominating the fresh supply. Up to 2026, an average of EUR 150-200bn is to be raised via the capital market under the NGEU programme alone. For the current year, the EU expects to raise a total of EUR 140bn in new funding. This eclipses other financial institutions, including in terms of the total volume outstanding, by quite some distance. After the EU, the EIB has announced the second highest funding requirement for 2024 (EUR 62.5bn). In addition, the existing volume of outstanding ESG bonds should also be highlighted: a remarkable 195 ESG-related bond issues with a total volume equivalent to EUR 280.1bn are already outstanding in this segment – and all the signs point towards further growth here as well.

Europeans supranationals: outstanding bonds by issuer



Europeans supranationals: outstanding bonds by currency



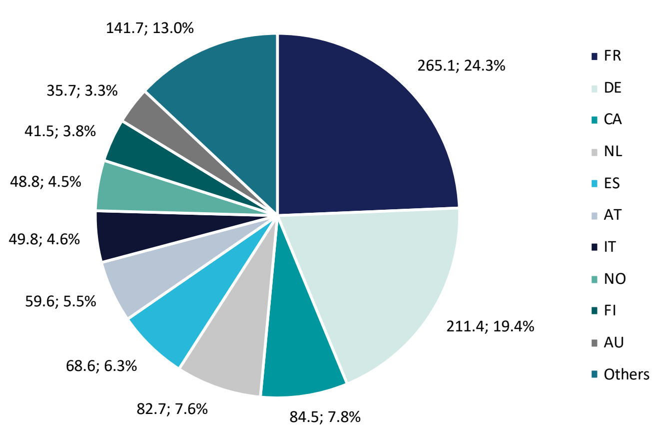
NB: Foreign currencies are converted into EUR at rates as at 15 October 2024.
Source: Bloomberg, NORD/LB Floor Research

Comment and conclusion

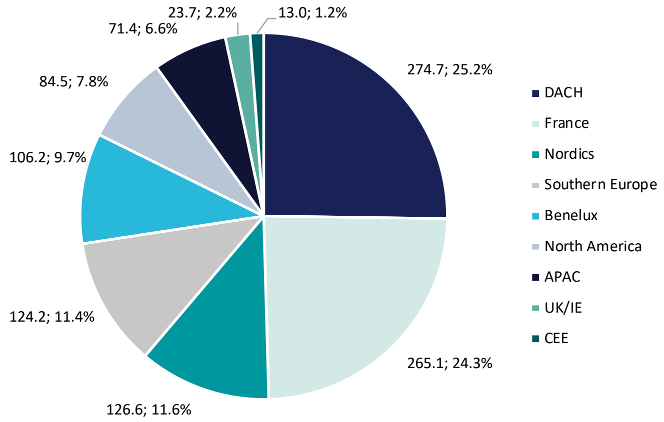
The segment of European supranationals has undergone a process of extensive change over recent decades. Starting with the sovereign debt crisis, which necessitated the establishment of credit facilities that subsequently developed into major issuers within a very short period of time, the COVID-19 pandemic then lead to the EU's transformation into a mega issuer. The E-supras market offers a wide range of outstanding bonds across practically all maturity segments. In the (ultra) long maturity segment, too, the outstanding volumes are high for numerous bond issues. After the EIB and EFSF accounted for much of the supply for a long time, and will definitely continue to play a decisive role in the future, the EU has evolved into a major player in this segment since launching its SURE and NGEU programmes and looks set to continue its dominance of this sub-market over the years to come.

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



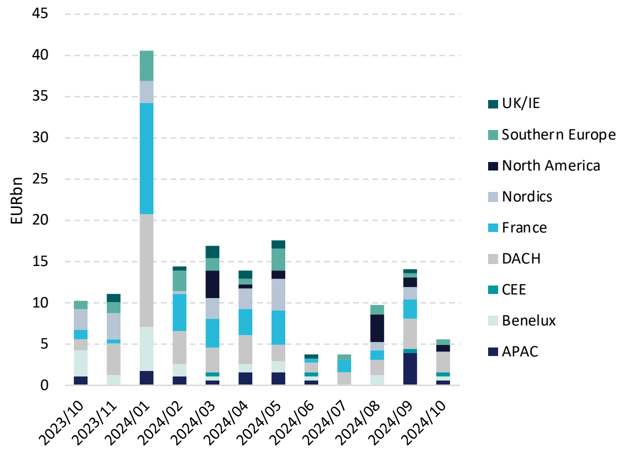
EUR benchmark volume by region (in EURbn)



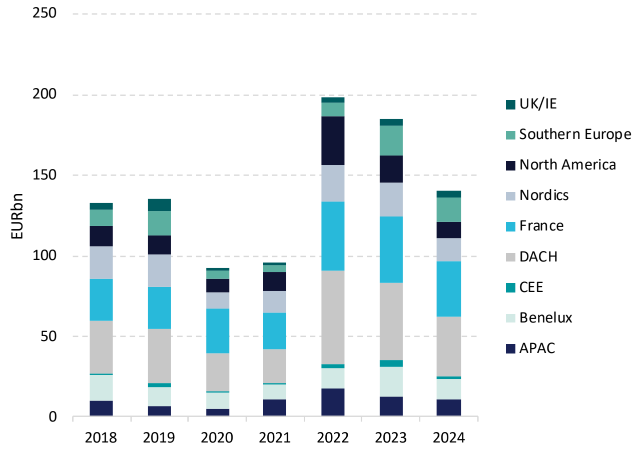
Top-10 jurisdictions

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	265.1	254	27	0.98	9.3	4.7	1.46
2	DE	211.4	299	45	0.65	7.7	3.9	1.52
3	CA	84.5	62	1	1.34	5.5	2.6	1.48
4	NL	82.7	84	3	0.92	10.4	5.9	1.38
5	ES	68.6	54	5	1.15	11.1	3.1	2.17
6	AT	59.6	100	5	0.59	8.0	4.2	1.56
7	IT	49.8	64	5	0.76	8.5	4.0	2.01
8	NO	48.8	59	12	0.83	7.2	3.4	1.10
9	FI	41.5	47	4	0.87	6.9	3.4	1.74
10	AU	35.7	33	0	1.08	7.1	3.2	1.83

EUR benchmark issue volume by month

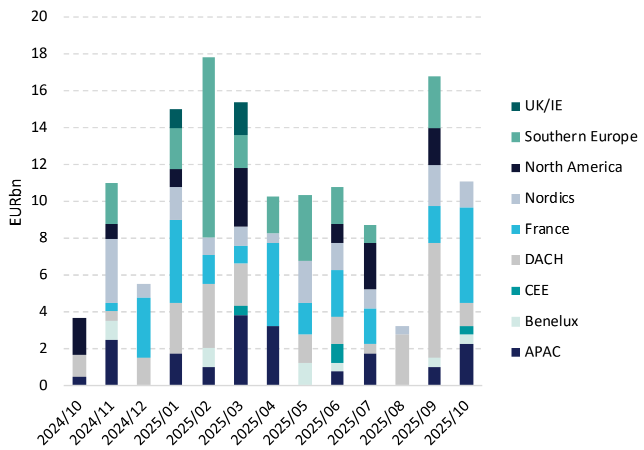


EUR benchmark issue volume by year

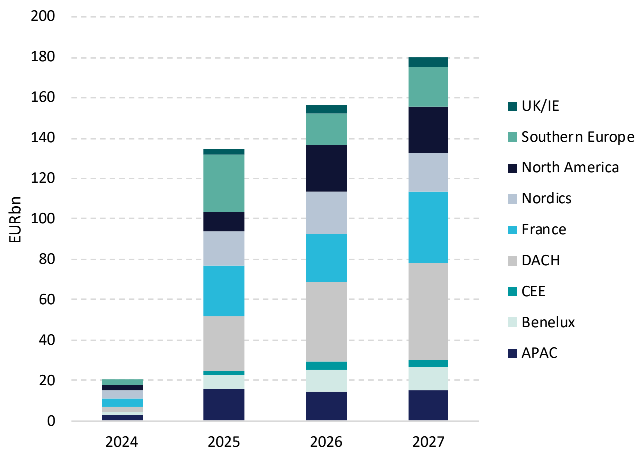


Source: Market data, Bloomberg, NORD/LB Floor Research

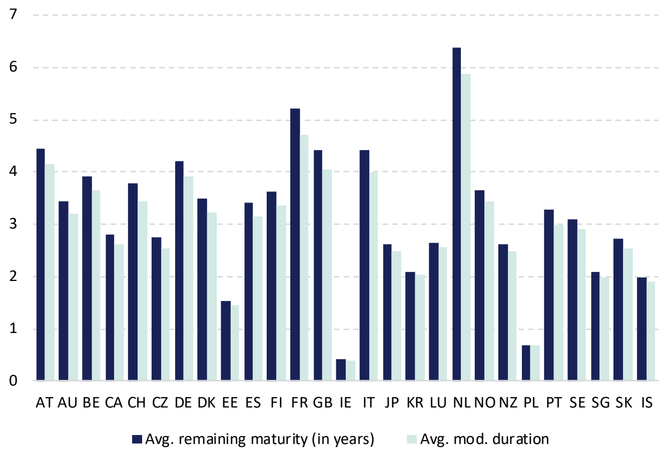
EUR benchmark maturities by month



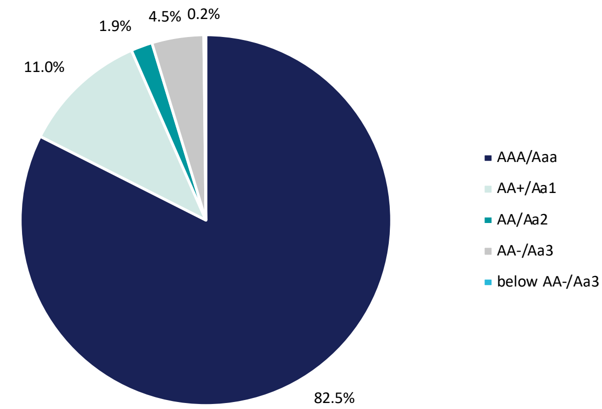
EUR benchmark maturities by year



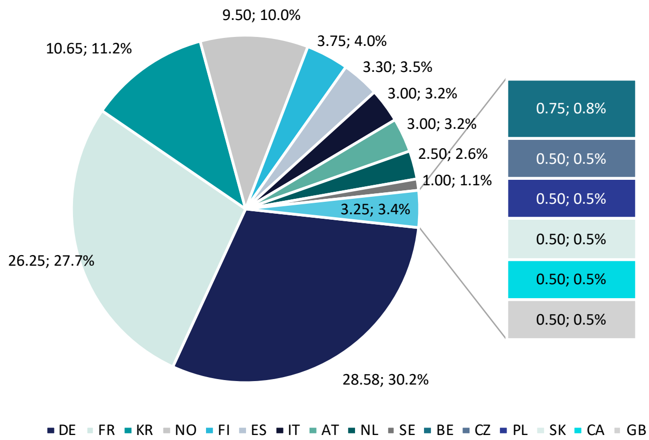
Modified duration and time to maturity by country



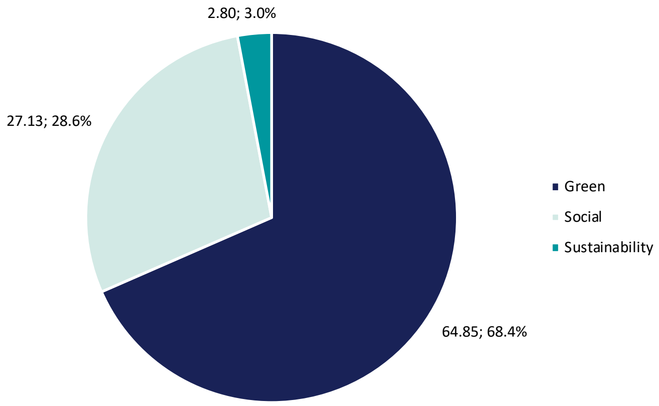
Rating distribution (volume weighted)



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

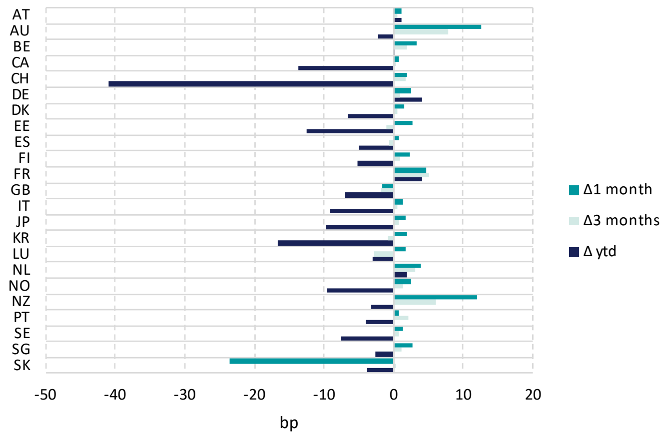


EUR benchmark volume (ESG) by type (in EURbn)

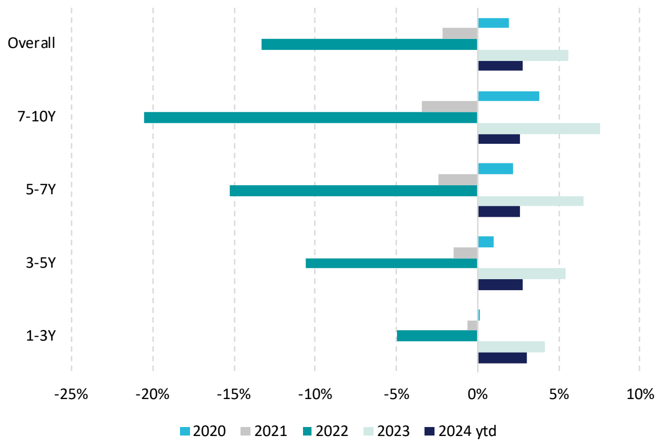


Source: Market data, Bloomberg, NORD/LB Floor Research

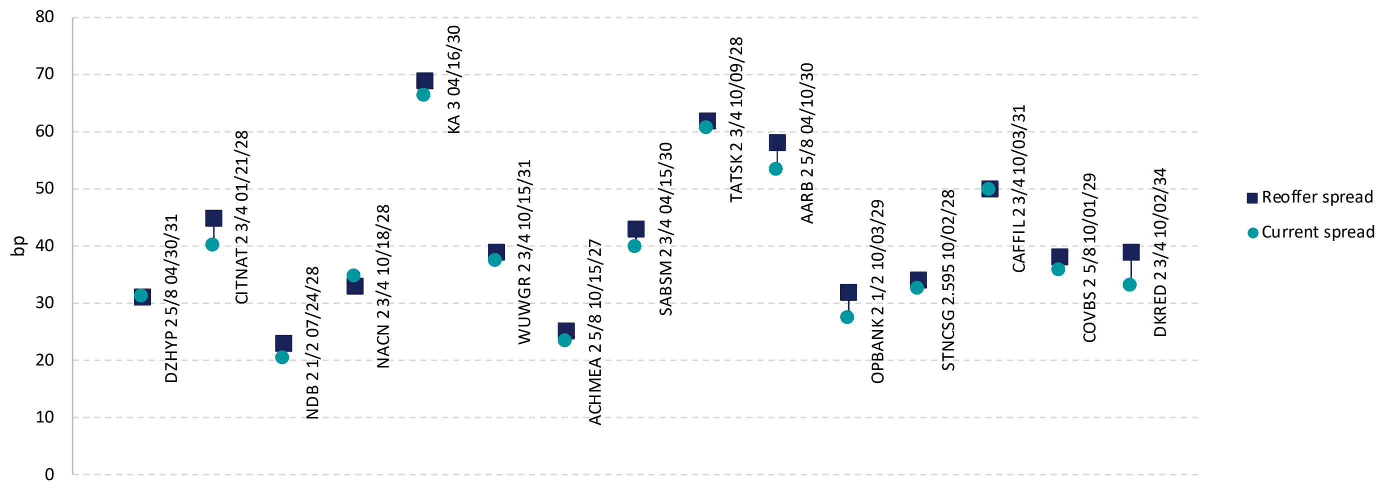
EUR benchmark emission pattern



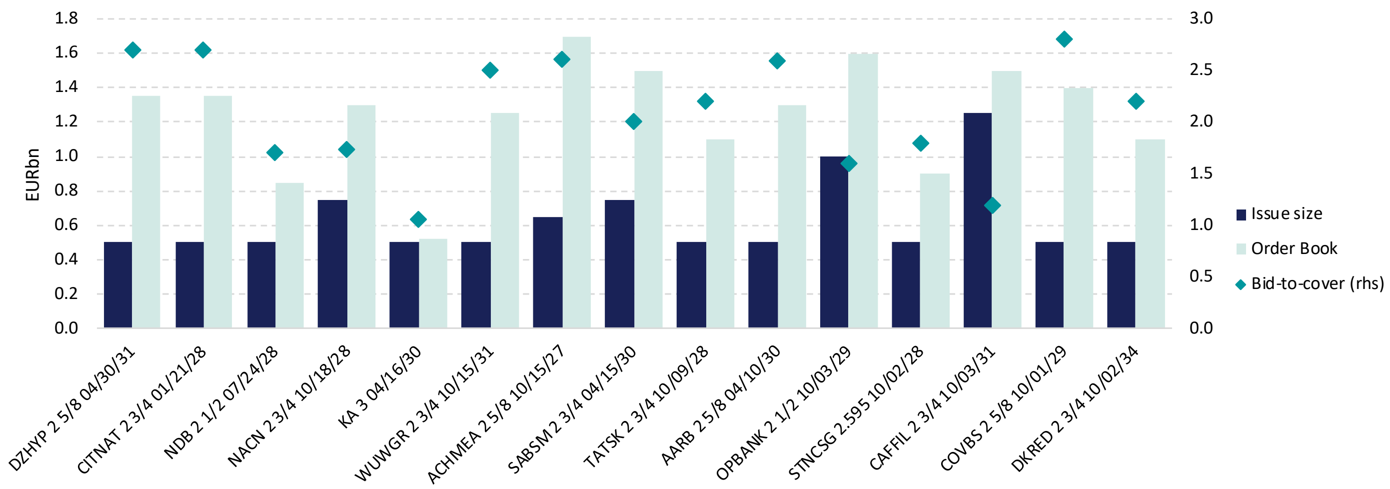
Covered bond performance (Total return)



Spread development (last 15 issues)



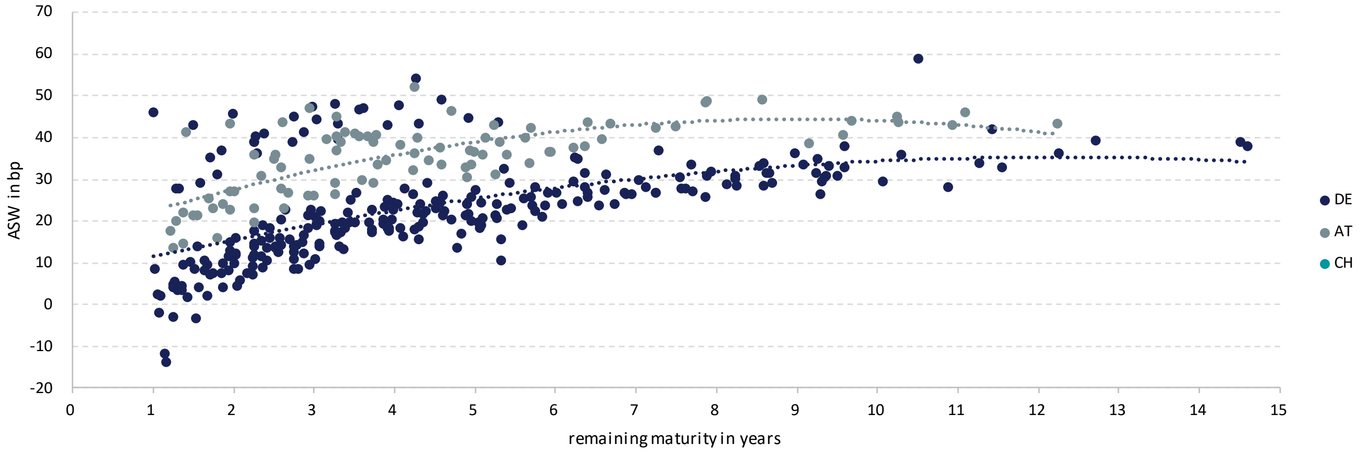
Order books (last 15 issues)



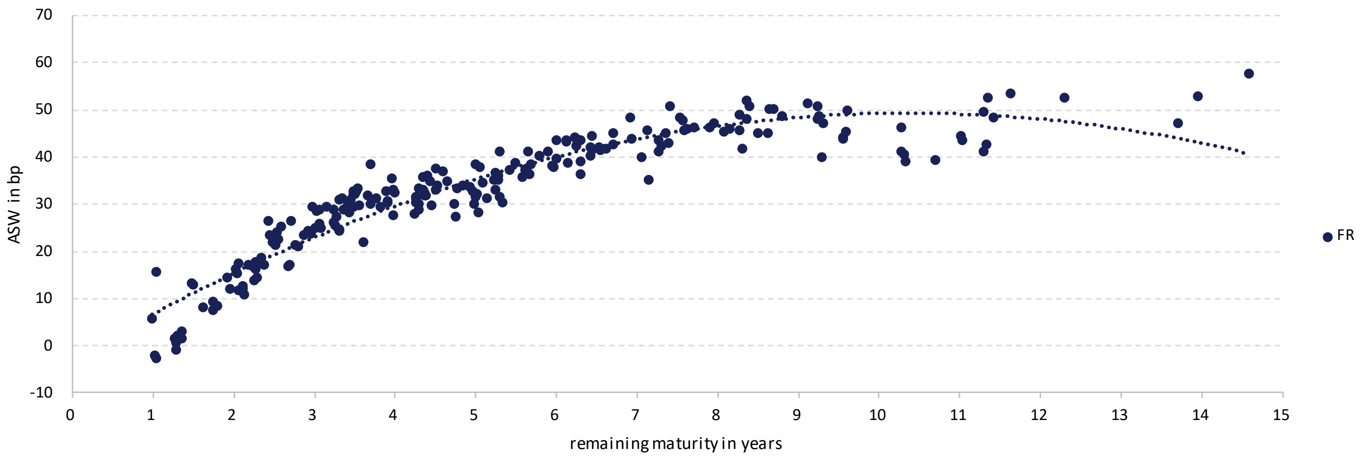
Source: Market data, Bloomberg, NORD/LB Floor Research

Spread overview[1]

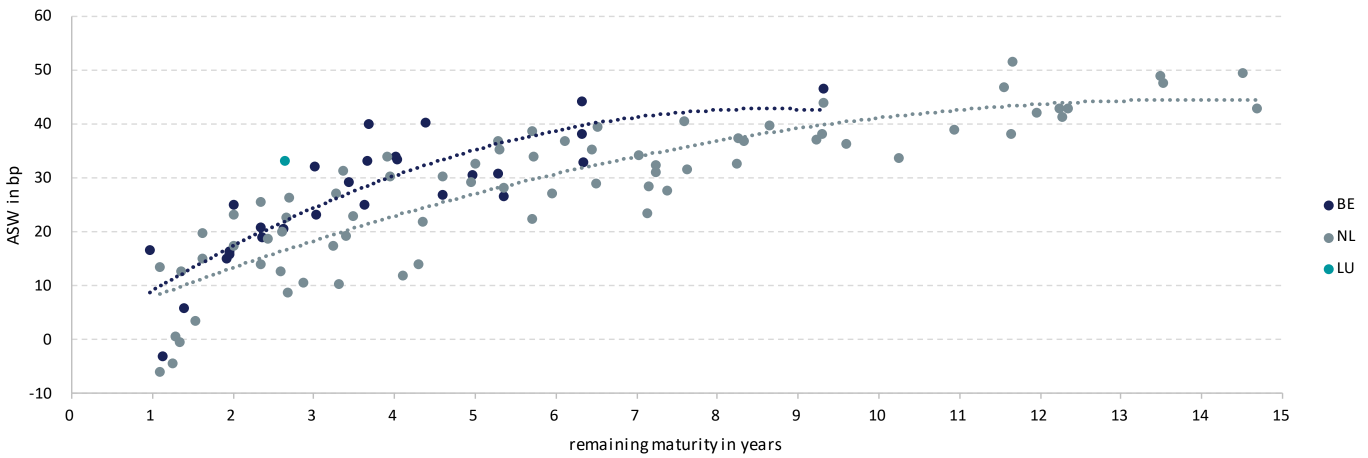
DACH



France

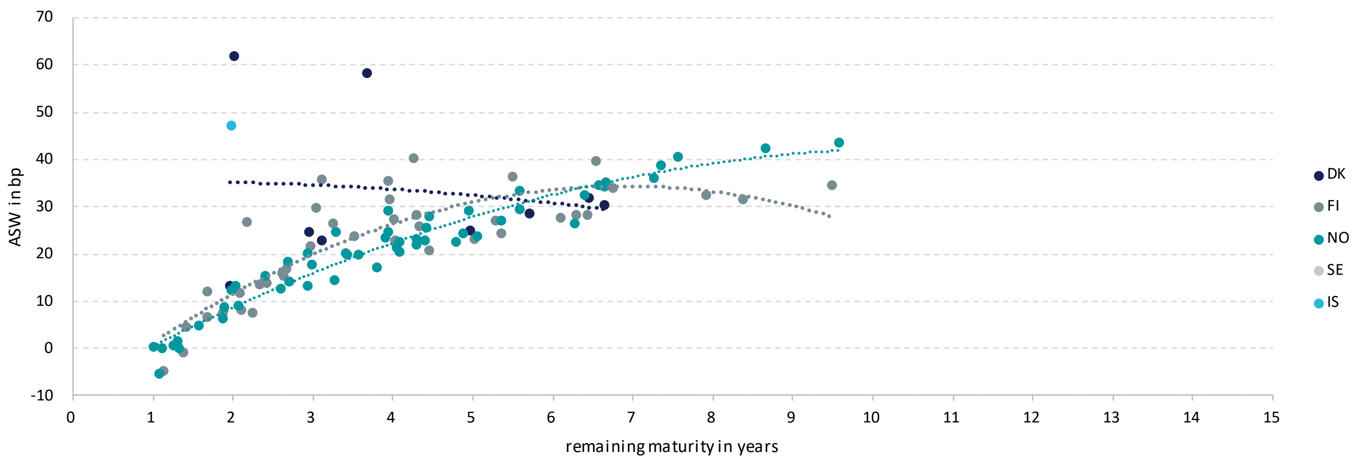


Benelux

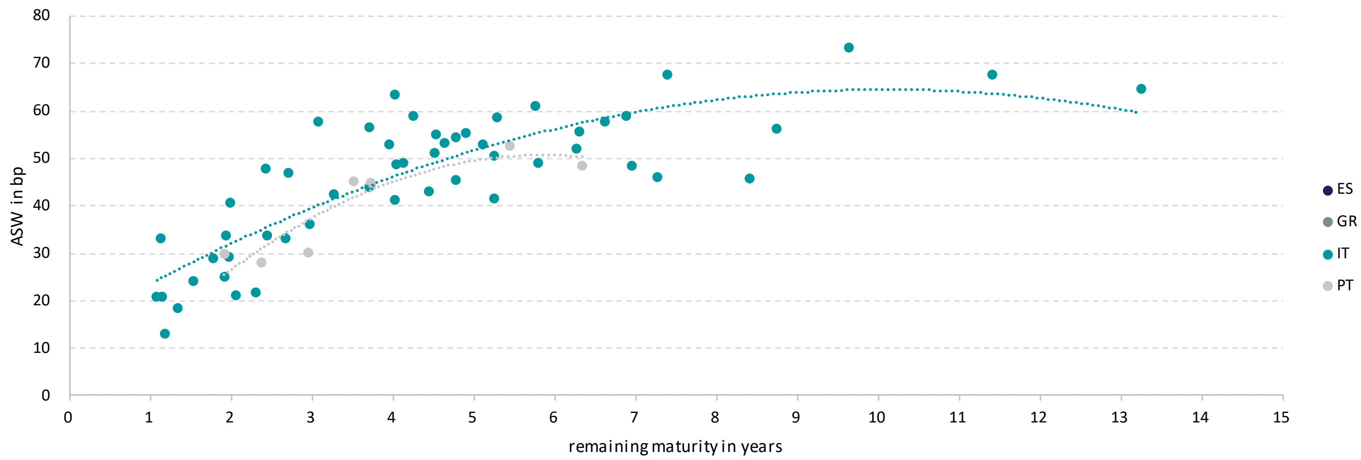


Source: Market data, Bloomberg, NORD/LB Floor Research [1]Time to maturity 1 ≤ y ≤ 15

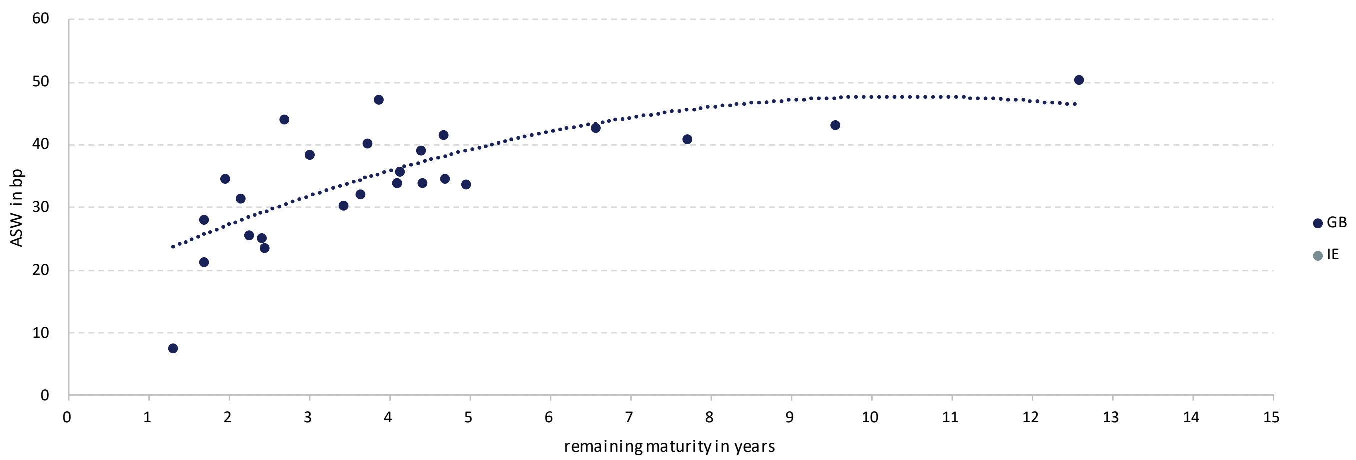
Nordics



Southern Europe

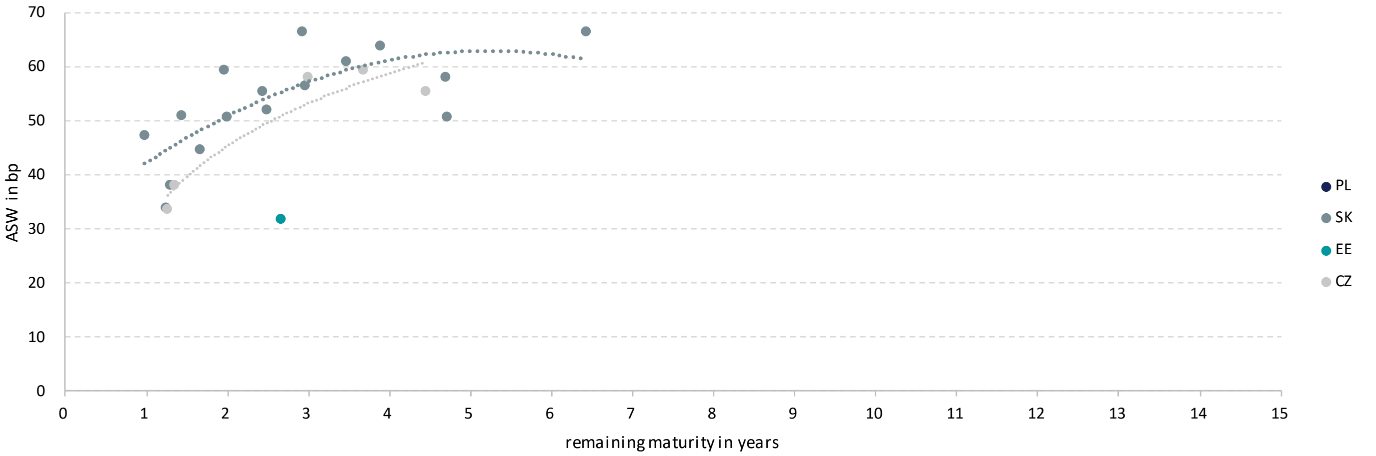


UK/IE

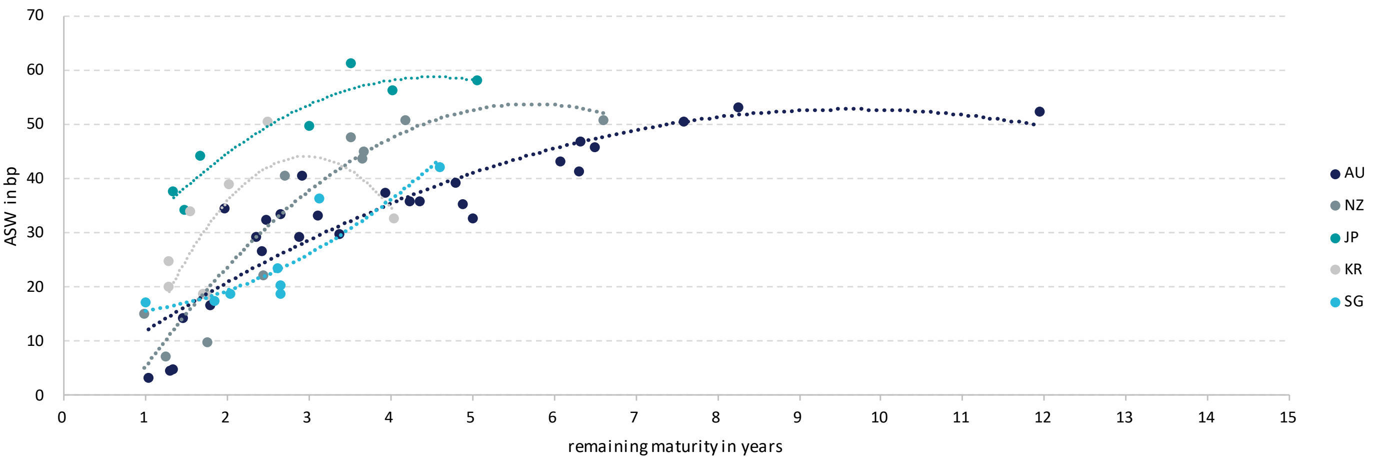


Source: Market data, Bloomberg, NORD/LB Floor Research

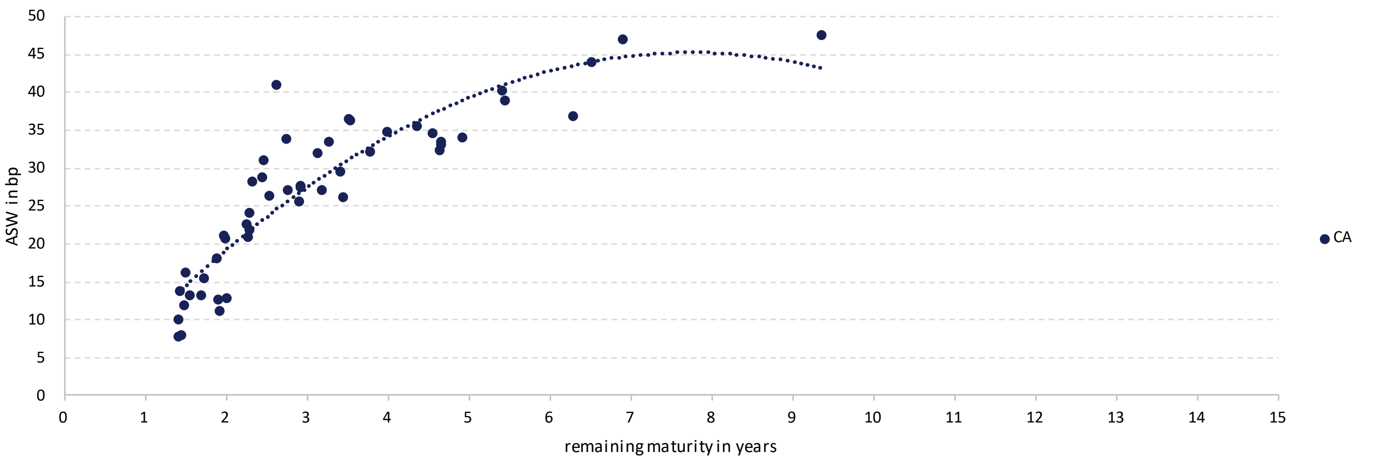
CEE



APAC



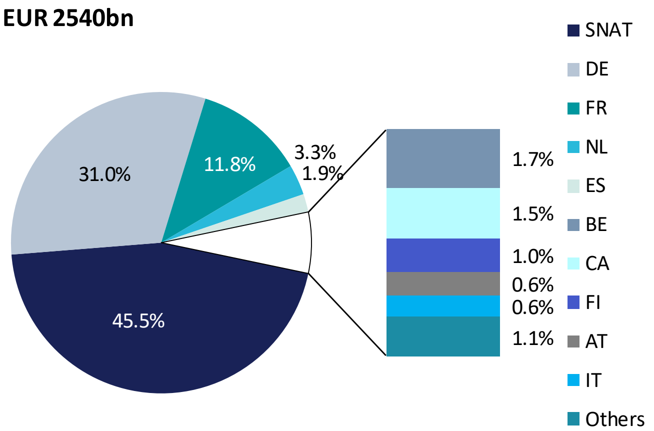
North America



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

Charts & Figures
SSA/Public Issuers

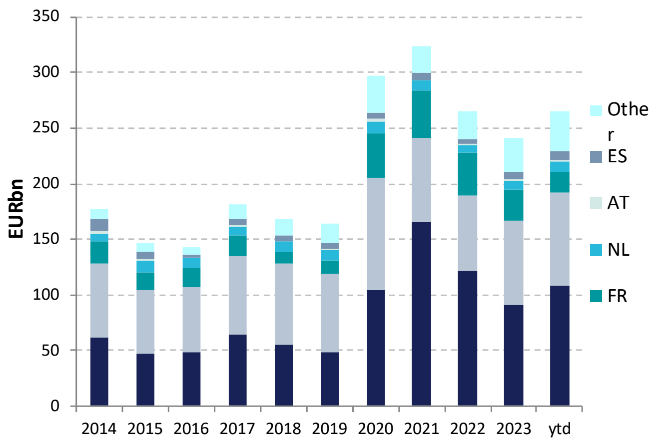
Outstanding volume (bmk)



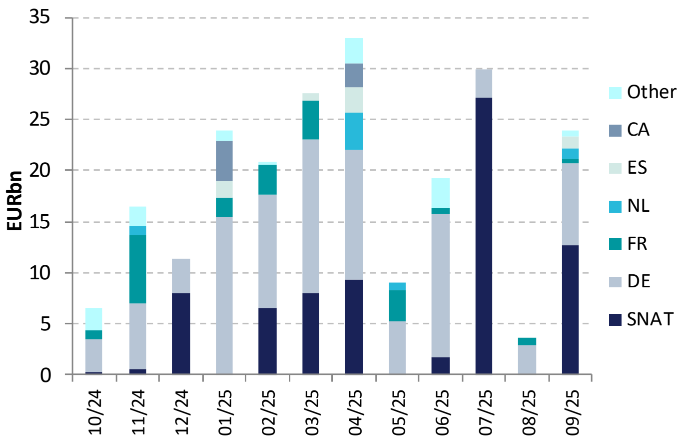
Top 10 countries (bmk)

Country	Vol. (EURbn)	No. of bonds	ØVol. (EURbn)	Vol. weight. ØMod. Dur.
SNAT	1,154.8	244	4.7	7.9
DE	787.8	592	1.3	6.2
FR	298.6	200	1.5	5.7
NL	82.9	68	1.2	6.5
ES	49.4	69	0.7	4.9
BE	43.1	46	0.9	10.3
CA	37.0	28	1.3	4.9
FI	25.2	26	1.0	4.3
AT	16.5	21	0.8	4.5
IT	15.6	20	0.8	4.5

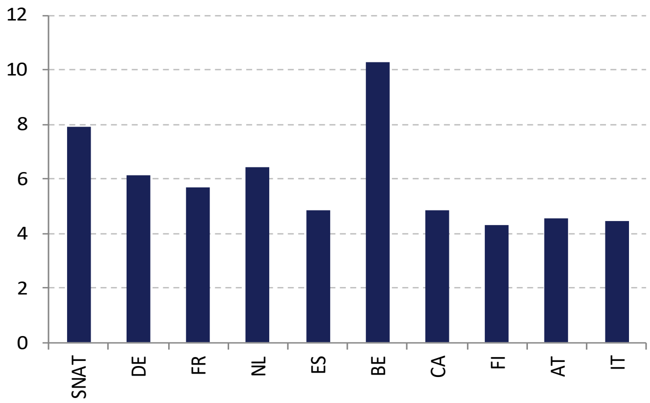
Issue volume by year (bmk)



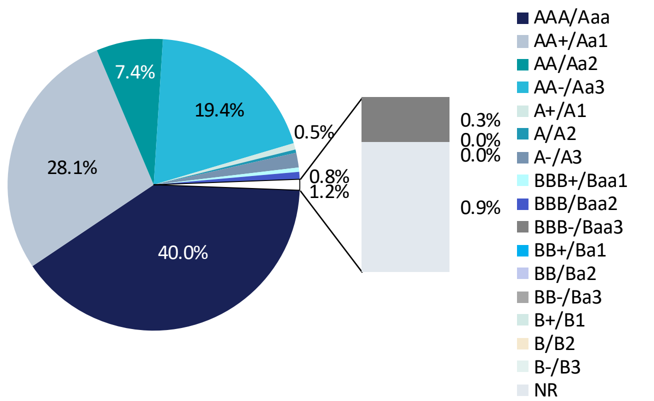
Maturities next 12 months (bmk)



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

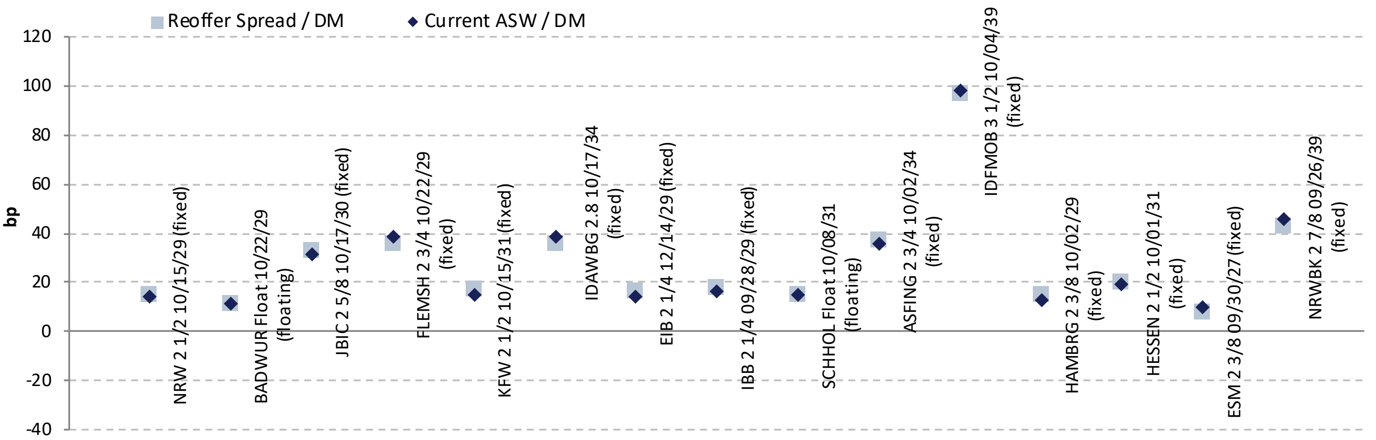


Rating distribution (vol. weighted)

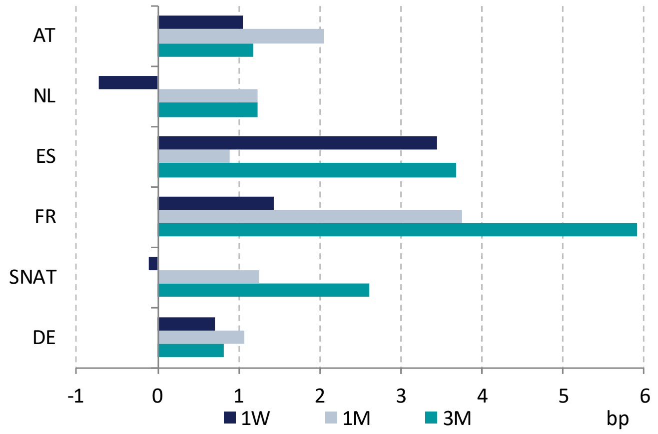


Source: Bloomberg, NORD/LB Floor Research

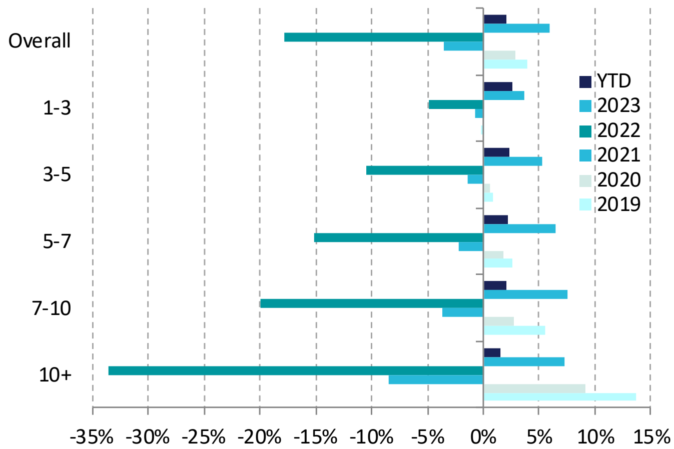
Spread development (last 15 issues)



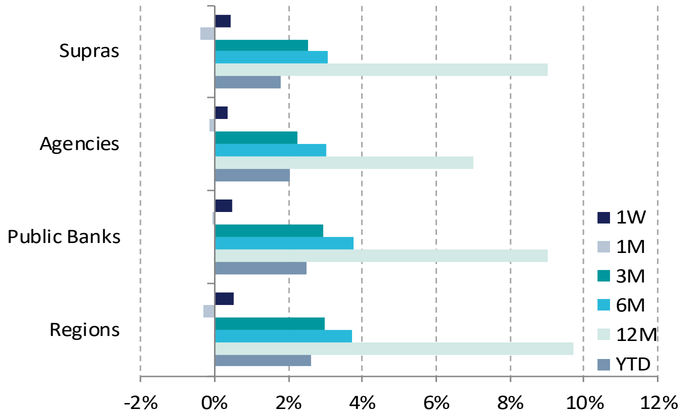
Spread development by country



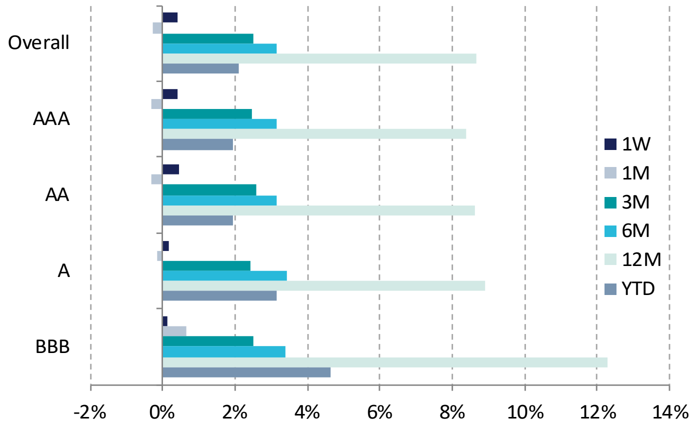
Performance (total return)



Performance (total return) by segments



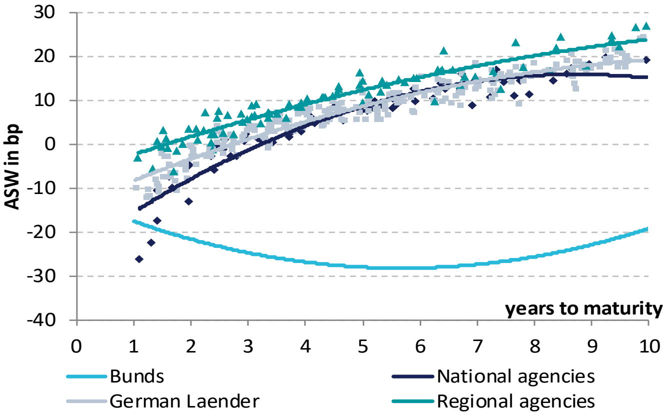
Performance (total return) by rating



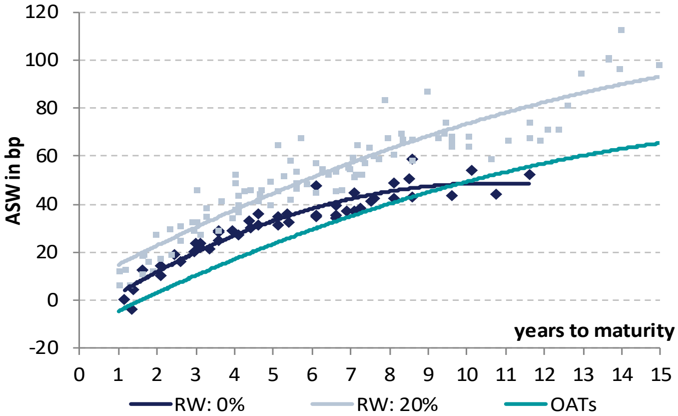
Source: Bloomberg, NORD/LB Floor Research

NORD/LB

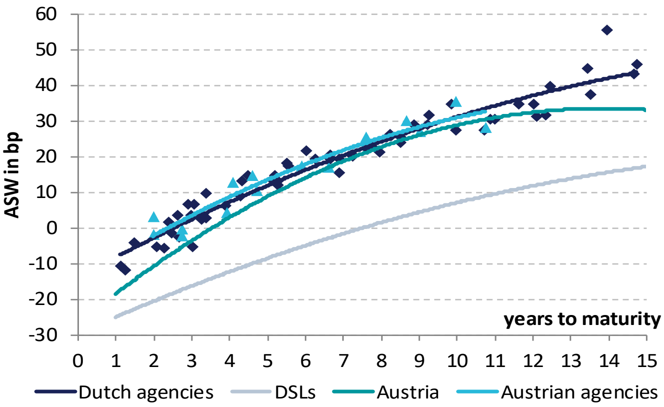
Germany (by segments)



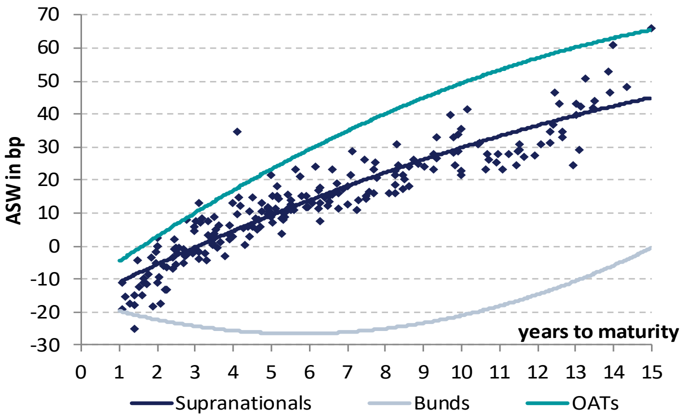
France (by risk weight)



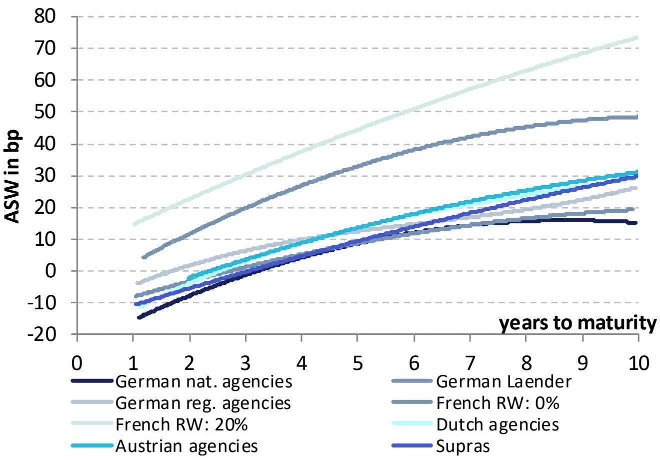
Netherlands & Austria



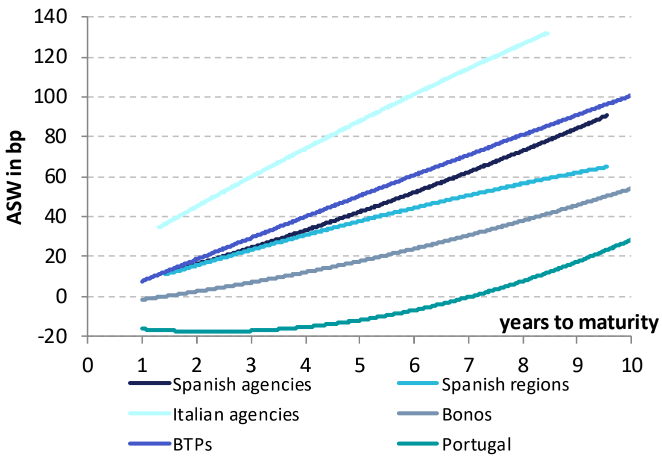
Supranationals



Core



Periphery



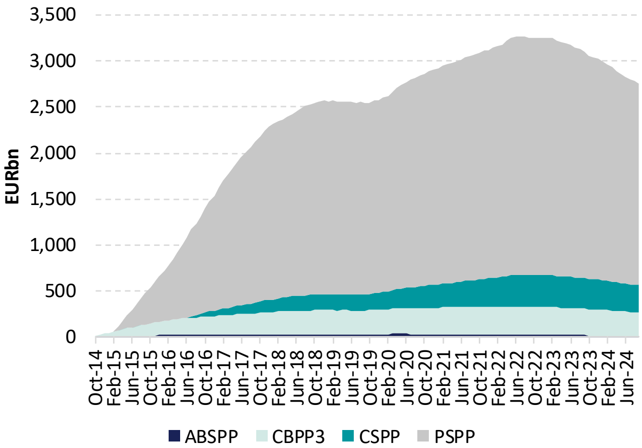
Source: Bloomberg, NORD/LB Floor Research

ECB tracker

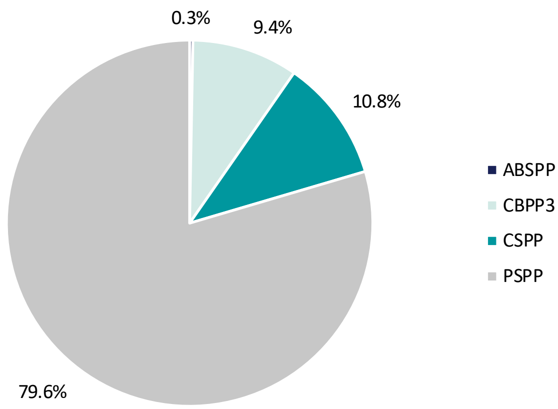
Asset Purchase Programme (APP)

	ABSPP	CBPP3	CSPP	PSPP	APP
Aug-24	8,372	261,861	302,758	2,217,196	2,790,187
Sep-24	8,003	258,768	297,662	2,196,710	2,761,143
Δ	-364	-2,993	-4,930	-17,504	-25,791

Portfolio development

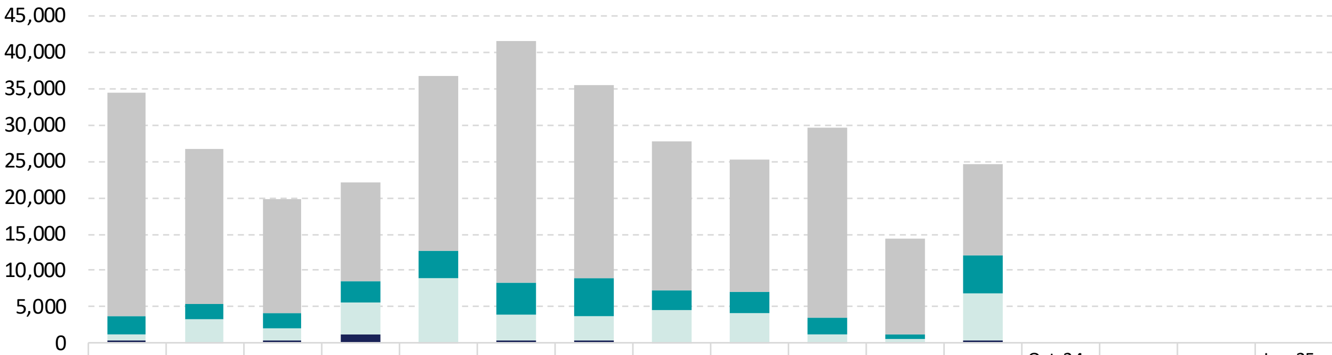


Portfolio structure



Source: ECB, NORD/LB Floor Research

Expected monthly redemptions (in EURm)



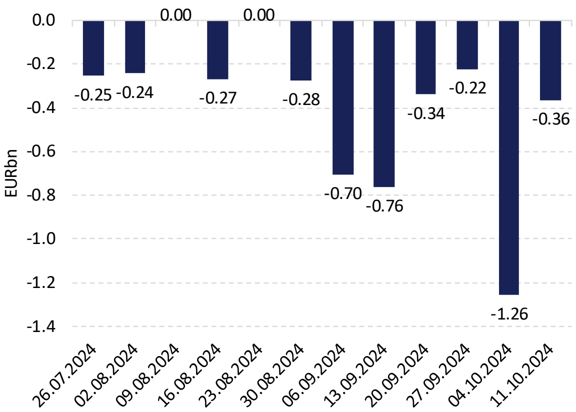
	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-24 - Sep-25	2023	2024	Jan-25 - Sep-25
APP	34,358	26,695	19,721	22,039	36,658	41,660	35,527	27,846	25,290	29,618	14,310	24,596	338,318	331,565	334,302	334,255
PSPP	30,578	21,298	15,643	13,463	24,021	33,379	26,671	20,541	18,261	26,161	13,114	12,568	255,698	255,025	264,480	253,586
CSPP	2,613	2,031	1,944	2,973	3,788	4,279	5,137	2,699	2,940	2,156	562	5,259	36,381	31,251	31,380	34,499
CBPP3	736	3,136	1,790	4,335	8,635	3,709	3,373	4,448	3,864	1,135	468	6,492	42,121	35,147	32,173	42,332
ABSPP	431	230	344	1,268	214	293	346	158	225	166	166	277	4,118	10,142	6,269	3,838

Source: ECB, Bloomberg, NORD/LB Floor Research

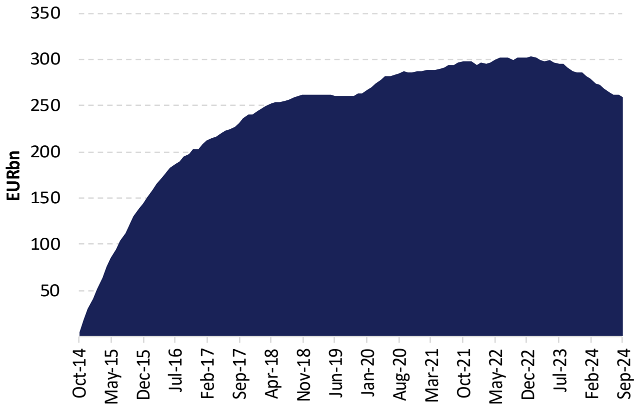
NORD/LB

Covered Bond Purchase Programme 3 (CBPP3)

Weekly purchases

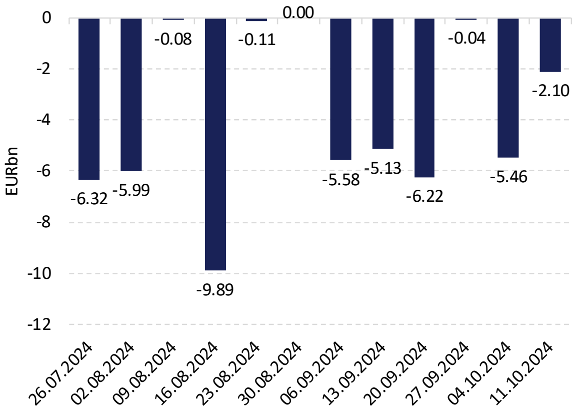


Development of CBPP3 volume

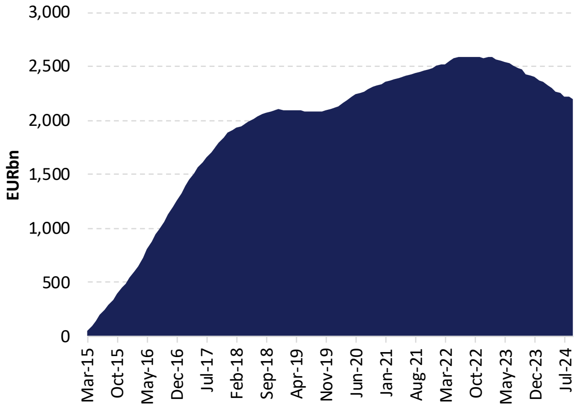


Public Sector Purchase Programme (PSPP)

Weekly purchases



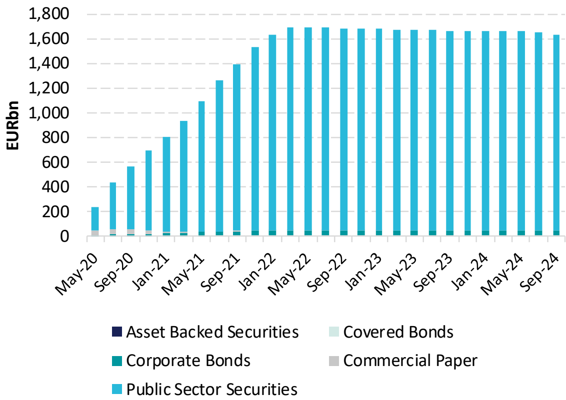
Development of PSPP volume



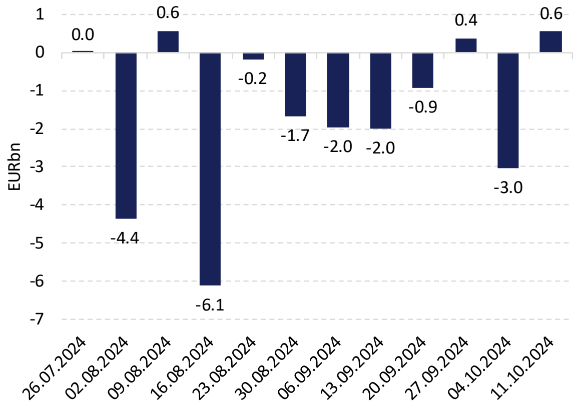
Source: ECB, Bloomberg, NORD/LB Floor Research

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
32/2024 ♦ 09 October	▪ A look at the CEE covered bond market ▪ NGEU: Green Bond Dashboard
31/2024 ♦ 02 October	▪ A review of Q3 in the Covered Bond segment ▪ Teaser: Beyond Bundeslaender – Spanish Regions
29/2024 ♦ 18 September	▪ ECBC publishes annual statistics for 2023 ▪ Sukuk bonds – an update on sharia-compliant investments
28/2024 ♦ 11 September	▪ Banca Sella joins the EUR sub-benchmark segment ▪ Teaser: Beyond Bundeslaender – Autonomous Portuguese regions
27/2024 ♦ 04 September	▪ New Pfandbrief issuer: Lloyds Bank GmbH ▪ Agencies and resolution instruments of the BRRD
26/2024 ♦ 21 August	▪ Central bank eligibility of covered bonds ▪ Teaser: Issuer Guide – German Agencies 2024
25/2024 ♦ 14 August	▪ Development of the German property market (vdp index) ▪ Classification of Supranationals and Agencies under Solvency II
24/2024 ♦ 07 August	▪ Transparency requirements §28 PfandBG Q2/2024 ▪ Teaser: Issuer Guide – Spanish Agencies 2024
23/2024 ♦ 10 July	▪ Repayment structures on the covered bond market: An update ▪ SSA review: EUR-ESG benchmarks in H1/2024
22/2024 ♦ 03 July	▪ Covereds: Half-year review and outlook for the second half of 2024 ▪ SSA half-year review 2024
21/2024 ♦ 26 June	▪ The covered bond universe of Moody's: An overview ▪ Teaser: Issuer Guide – Austrian Agencies 2024
20/2024 ♦ 19 June	▪ New EUR benchmark issuer from Slovakia ▪ ECB repo collateral rules and their implications for Supranationals & Agencies
19/2024 ♦ 12 June	▪ ESG covered bonds: Green deals continue to dominate ▪ Teaser: Issuer Guide - Nordic Agencies 2024
18/2024 ♦ 29 May	▪ Transparency requirements §28 PfandBG Q1/2024 ▪ Development of the German property market (vdp Index) ▪ Spotlight on the EU as a mega issuer
17/2024 ♦ 15 May	▪ Standard Chartered Bank Singapore boosts APAC growth ▪ Stability Council convenes for 29th meeting
16/2024 ♦ 08 May	▪ Whats happening away from the benchmark? ▪ Teaser: Issuer Guide – Dutch Agencies 2024
15/2024 ♦ 24 April	▪ A covered bond view of Portugal: Welcome back! ▪ Credit authorisations of the German Laender for 2024

NORD/LB:	NORD/LB:	NORD/LB:	Bloomberg:
Floor Research	Covered Bond Research	SSA/Public Issuers Research	RESP NRDR <GO>

Appendix
Publication overview

Covered Bonds:

Issuer Guide – Covered Bonds 2024

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 preview: O Hawks, Where Art Thou?

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

Alexander Grenner
Covered Bonds/Banks

+49 157 851 65070
alexander.grenner@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

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

Sales Wholesale Customers

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

Treasury

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

Relationship Management

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

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 Finanzdienstleitungsaufsicht; 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 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.

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.

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: 16 October 2024 (08:47)