Covered Bond & SSA View

NORD/LB Markets Strategy & Floor Research

7 July 2021 ♦ 24/2021

Investment strategy recommendation and marketing communication
(see disclaimer on the last pages)

Agenda

Market overview	
Covered Bonds	**3**
SSA/Public Issuers	**5**
Covered Bonds: Review of H1 and outlook for H2 2021	**8**
Half-time report 2021 – how will the SSA segment fare in the second half?	**13**
ECB tracker	
Asset Purchase Programme (APP)	**22**
Pandemic Emergency Purchase Programme (PEPP)	**27**
Aggregated purchase activity under APP and PEPP	**30**
Charts & Figures	
Covered Bonds	**31**
SSA/Public Issuers	**37**
Overview of latest Covered Bond & SSA View editions	**40**
Publication overview	**41**
Contacts at NORD/LB	**42**

Floor analysts:

Dr Frederik Kunze
Covered Bonds
frederik.kunze@nordlb.de

Dr Norman Rudschuck, CIIA
SSA/Public Issuers
norman.rudschuck@nordlb.de

Henning Walten, CIIA
Covered Bonds
henning.walten@nordlb.de

NORD/LB:
Markets Strategy & Floor Research

NORD/LB:
Covered Bond Research

NORD/LB:
SSA/Public Issuer Research

Bloomberg:
RESP NRDR <GO>

Market overview
Covered Bonds

Author: Dr Frederik Kunze

Primary market: four deals from three jurisdictions

There has certainly been a greater sense of dynamism on the primary market over the past five trading days. However, with four benchmark bonds placed from three separate jurisdictions, we would also not describe this as a veritable glut of fresh activity. First of all, the Italian bank Credito Emiliano placed its first benchmark for more than two years last Wednesday. This soft bullet bond worth EUR 750m was priced at ms +14bp (guidance ms +17bp area). The allocation went primarily in the direction of investors from Italy (54%) followed by accounts based in the DACH region (Germany, Austria, Switzerland; 23%) and the Nordics (12%). In terms of investor type, the category of Bank Treasuries/ALM (41%) dominated proceedings, ahead of Central Banks/OI (27%) and Funds (25%). This deal was followed by covered bond issuances from the French institution Credit Agricole Home Loan (EUR 1.0bn; 6.8y) and Coventry Building Society (EUR 750m; 7y) from the UK. The covered bond issued by CA Home Loan was not only the issuer's first deal in 2021 but also the first benchmark in social format from this issuer (cf. Investor Presentation). This means that CA Home Loan now has outstanding benchmarks in both green and social format. The bid-to-cover ratio stood at 1.6x. In terms of the allocation, 42% went to DACH investors, followed by those based in France (32%). At 41%, Banks/Private Banks were the best represented investor group for this deal, with 33% going to Central Banks/OI followed by Asset Managers (19%). On the same day, the second UK benchmark in 2021 was issued by Coventry Building Society. Once again, investors from the DACH region snapped up the largest portion of this deal (47%), while significant shares also headed to investors from the Nordics (17%), the UK/Ireland (16%) and the Benelux states (9%). Yesterday, on Tuesday, another French issuer then made an appearance on the market when Cie de Financement Foncier (CFF) successfully placed its second EUR benchmark of the current year (EUR 1.5bn). With a maturity of five years, CFF opted for a much shorter term than was the case in April (CFF 0.01 04/16/29; EUR 1.5bn; 8y). The bid-to-cover ratio for the trading week's second French deal came to 1.7x. In the year to date, the issuance volume attributable to French issuers totals EUR 14.75bn, which at the same time increases the gap to Germany (EUR 8.0bn) as the second largest jurisdiction in terms of the absolute issue volume in 2021. Looking back at the deals placed since May, the bonds issued over the past five trading days also confirm a new trend regarding new issue premiums. For example, these amounted to two to three basis points, which indicates that the market environment is no longer characterised by negative new issue premiums, which in our opinion signals the return of at least some normality to the primary market. In our forecast for the secondary market, we continue to expect sideways movements, although here too, when looking at the individual jurisdictions, widening and tightening trends in the lower basis point range should by no means be described as worrying movements. This week's publication also contains a review of the first half of 2021 as well as a look ahead to the second half of the year.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
CFF	FR	05.07.	FR0014004I65	5.0y	1.50bn	ms +3bp	- / Aaa / AAA	-
Coventry BS	GB	01.07.	XS2360599281	7.0y	0.75bn	ms +14bp	AAA/ Aaa / -	-
CA Home Loan	FR	01.07.	FR0014004EJ9	6.8y	1.00bn	ms +2bp	AAA/Aaa/AAA	X
Credito Emiliano	IT	30.06.	IT0005451759	7.0y	0.75bn	ms +14bp	AA- /Aa3 /-	-

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

A thing of the past: Pfandbriefe without extendable maturities

For the German Pfandbrief market, 01 July 2021 was an historic date. This is because hard bullet bonds are now a thing of the past following the entering into force of the revised and updated version of the German Pfandbrief Act (PfandBG). However, for all outstanding and newly issued Pfandbriefe, the administrator can, under certain circumstances and at their due discretion, effect a postponement of the final due dates of the repayment figures pursuant to the new Section 30 (2a) PfandBG. In any case, for this to happen the principle of equal treatment of creditors must be observed. In addition to this amendment, 01 July 2021 also saw clarifications and adjustments come into effect regarding cover calculation, liquidity buffers, derivatives as cover assets, trustee obligations, building insurance and transparency (cf. In particular Otmar Stöcker (2021); Die wesentlichen Neuerungen der Pfandbriefgesetz-Novelle 2021).

EU Covered Bond Directive: legislative amendments gain momentum across the board

Legislative amendments are also gaining traction in other covered bond jurisdictions. For example, in France, Norway and Poland, detailed proposals have been submitted, while the Danish parliament has adopted the proposed amendments. Another jurisdiction in the form of Spain has presented a draft that contains comparatively wide-ranging amendments to its national legislation. The implementation of this draft bill would exert significant influence on the Spanish programme. With regard to potential negative implications, the rating agencies DBRS, Scope and Moody's, among others, point out that overcollateralisation requirements will be much lower based on the new legislation. This is due to the fact that in Spain, the entire loan book of the issuer is currently set off against the outstanding bonds, which at present is reflected in high OC rates of Spanish programmes. In line with the new draft bill, legal OC requirements would be reduced from 25% (mortgage assets) and 42.9% (public sector assets and export finance assets) to 0%. At the same time, the criteria for cover assets would be tightened, which in itself improves the credit quality of the cover pools, but concurrently narrows the group of eligible assets. The 0% requirement also means that issuers are likely to strive for a voluntary OC rate above the statutory requirement in order to achieve the 5% requirement based on the EU regulation, with the aim of fulfilling CRR criteria and thereby being eligible to carry the European Covered Bond (Premium) label. The rating agencies DBRS, Scope and Moody's, among others, regard the introduction of a 180-day liquidity buffer as a clear improvement with regard to credit quality. Moreover, the risk experts from Scope, for example, expressly underline the non-existent grandfathering rules for outstanding bonds, as a result of which the current requirements would remain relevant until the new legislation is applied for outstanding bond issues. As soon as the law enters into force (01 July 2022), the new requirements will be relevant here. As part of the legislative process, comments can be submitted up to 16 July 2021. Although the "external appearance" of Spanish programmes is likely to change significantly, Spanish covered bonds should benefit from the adjustments over the long term, while short-term distortions on the secondary market would, in our opinion, be extremely unlikely.

Market overview
SSA/Public Issuers

Author: Dr. Norman Rudschuck, CIIA

AAA: ILB receives its first rating

Fitch has assigned its highest rating (AAA) and a stable outlook to ILB − which our less regular readers may know under the name of Investitionsbank des Landes Brandenburg − as a promotional bank; the rating therefore also applies to its bonds. ILB had agreed to a valuation by any rating agency for the first time. The highest possible rating reflects ILB's solid business model, the bank's proven track record in terms of efficiency and Brandenburg's excellent creditworthiness. We entirely share this view. The AAA rating reflects ILB's very low default risk and will support the bank in its refinancing activities. Since 2018, ILB has been active in the capital market as an issuer of SSDs and issued its first social bond in 2020. ILB's CEO, Tillmann Stenger, said that Fitch's rating demonstrates that ILB has the highest creditworthiness in the capital markets. The rating is proof of the bank's efficiency and it will be used for the benefit of its clients, he added. Brandenburg's Finance Minister Katrin Lange was also pleased with the top rating. Ms Lange, who also sits on ILB's Board of Directors, said that she was delighted that both the Bundesland of Brandenburg itself and its bank now had a top rating. After all, she said, "this shows investors that they can count on us". As a reminder: in May 2017, Moody’s had upgraded its rating for Brandenburg from Aa1 to Aaa. This was last affirmed by the agency in October 2020.

EU: NGEU and no end in sight

Whereas the EFSF has already met its funding requirement for 2021, having safely raised EUR 16.5bn since the beginning of the year (see market section and article in this issue), the EU − though it has completed its SURE programme − has lost no time in immediately embarking on the next programme with "NextGenerationEU", which is in full swing. After a very successful debut (10y, EUR 20bn, ms -2bp), the second deal consisted of a dual tranche (5y and 30y). Both deals were oversubscribed by just under ten times and 14 times respectively with EUR 9bn at ms -11bp with EUR 6bn at ms +22bp. Combined order books of EUR 171bn speak for themselves. Accordingly, the market is ready for further transactions and a current RfP has been sent out. Not every deal can or will be as record-breaking as the first: it was in fact the biggest institutional bond ever, the biggest single tranche transaction ever and largest deal in the EU’s history. We were surprised by the fact that 24% of the allocation for the debut issue went to the UK, then 15% to the Benelux states. Germany was allocated 13%, ahead of France and the Nordics (10% each). In June, the EU had already raised EUR 35bn of a EUR 80bn target for 2021 from all three NGEU bonds placed so far. In addition, the EU is projecting a figure of EUR 150bn per year on average. In our view, the figure is likely to be higher in 2022/23 and lower in 2025/26. We expect to find out further details on this subject from the EU's funding update in September. This will be followed by the start of auctions for capital market transactions and the start of the bill programme in the money market. Ahead of that, moreover, there will be the publication of the Green Framework.

Proposal: step-up coupons for government bonds where ESG targets are missed

After repeatedly turning our attention to the EU in the last few weeks, and at length, and after putting together ideas about a possible new "risk-free" pricing, today, we wish to highlight and discuss another issue. At the Global Borrowers & Investors Forum 2021, we were interviewed by Global Capital as part of a panel discussion and confronted with the following question: the spectrum of topics addressed in the frameworks for SRI bonds is becoming broader, and do we support this? The short answer is "yes, of course we support this". The longer explanation is as follows: let us look first at the eight Millennium Development Goals (MDGs) approved 21 years ago by the United Nations and which were meant to be met by 2015. These goals were formulated in 2000 by the working group consisting of representatives of the United Nations, the World Bank, the IMF and the OECD's Development Assistance Committee. At the end of September 2015, the MDGs were enhanced to include the 17 worldwide Social Development Goals (SDGs). These were adopted unanimously by the then 193 UN member states at the World Summit for Sustainable Development held in New York in 2015: according to the SDGs, poverty and hunger around the world is to end by 2030, among other things. We would very much wish that could be achieved, but believe it is an overambitious and therefore disastrous target. We regard the SDGs as a good guideline, especially since they address SRI thinking at its core. We will not make the world a better place with "green" thinking alone − there are just too many problems counteracting each other. Every approach to solve the tasks we face offers an approach for innovations and projects. This alone could not only become a sort of growth engine for jobs in the regions concerned, it would go hand-in-hand with economic growth. In the best-case scenario, projects would be self-supporting and/or funded. Let us leave aside land masses and focus briefly on the blue economy. The Dutch agencies have been busy in this area for years, above all NWB. However, starting from dike reinforcement, underground water storage in cities, etc., we quickly arrive at the funding of onshore and offshore installations. Further still, now more than ever, we need clean oceans and recycling (waste management), as illustrated by the masks strewn not only all over the pavements since the beginning of the pandemic, but which are also ending up in the sea. We see all this as relevant areas for SRI bonds. In this respect, there are already indices for ESG topics, but even these are never completed or matured. We would like to use this opportunity to propose sustainability bonds for states which would come with step-up coupons. These would then kick in if individual governments failed to meet climate or sustainability targets. We are keeping an eye on the growing volume of sustainability-linked bonds (SLBs). Some are already issued with specific sustainability performance targets (SPTs) which include key performance indicators (KPIs) – e.g. the "percentage of recycled materials which will be used in manufacturing by 2030". If the sustainability target is missed, the step-up clause then increases the bond's coupons. The Italian energy provider Enel already issued a comparable bond with a 25-basis point step-up in September 2019 and linked manager pay to meeting the targets (proportion of energy generation capacity for renewable energy: 55%). This could be extended to health or social-related targets, to anything surrounding social development goals to fight poverty and hunger and provide affordable housing. And if we may be allowed a closing remark: there is no other planet where we can live! Economy and ecology absolutely go hand-in-hand – now more than ever.

Primary market

As always, there is a lot going on in the SSA segment, which is why, exceptionally, we are starting with an issuer who has already completed its issuance programme for 2021: the EFSF was able to complete its funding requirement for this year ahead of schedule with a EUR 2bn tap (2031 maturity) at ms -5bp. The tap attracted orders of EUR 16.5bn. Any disappointed investors will have no trouble pouncing on further EU transactions. So far in 2021, the bid-to-cover ratios for Luxemburg supras have been enormous. According to our calculations, the ESM still has EUR 4bn outstanding until the end of the year and one transaction from this amount is likely to be carried out in USD. Moreover, it is likely that the EU still has to raise EUR 45bn as part of the NGEU. However, it has other funding programmes such as the European Financial Stabilisation Mechanism (EFSM), which, as far as we know, still have a funding requirement of EUR 5bn in July. Either way: the EU will be in the market in July; NGEU is the dominant, but not the only, topic here. Smaller, but by no means less interesting, issuers were also active during the trading week under consideration here (Wednesday to Tuesday): WALLOO, SCHHOL and BGOSK. The Walloons had mandated a syndicate of banks for a ten-year transaction which was quickly carried out. There was lively demand for a ten-year, EUR 1bn bond, as demonstrated by a gratifying order book of EUR 2.7bn. The deal was priced at 29 basis points above the Belgian reference bond (BGB 0% 10/22/31). Germany's northernmost Bundesland, Schleswig-Holstein, also opted for a ten-year bond, issuing a EUR 650m benchmark priced at ms -4bp. The issue attracted orders of EUR 790m and the guidance was at ms -3bp area, which means that the deal was still able to tighten by one basis point. The 10y duration was very popular; Poland's BGK (Bank Gospodarstwa Krajowego) also chose this duration for its Covid-19 Response Bond. As such, the deal is the only ESG transaction this week. The bond raised EUR 500m at ms +50bp. IPT began at high +50s area; in the end, the issue had attracted orders amounting to EUR 590m.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
BGOSK	Other	01.07.	XS2361047538	10.0y	0.50bn	ms +50bp	A- / - / -	X
SCHHOL	DE	30.06.	DE000SHFM808	10.0y	0.65bn	ms -4bp	AAA / - / -	-
WALLOO	Other	29.06.	BE0002816974	10.0y	1.00bn	ms +25bp	- / A2 / -	-

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

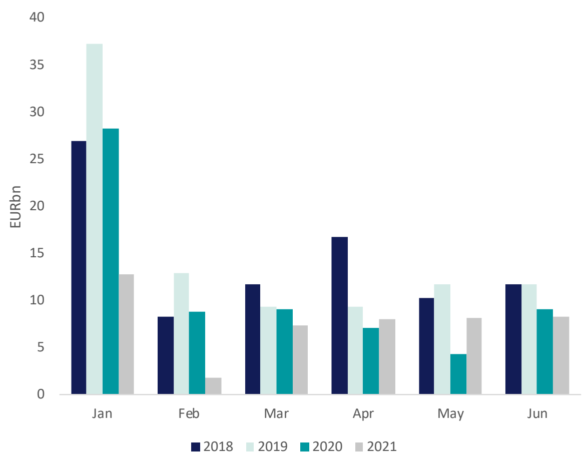
Covered Bonds
Covered Bonds: Review of H1 and outlook for H2 2021

Author: Dr Frederik Kunze

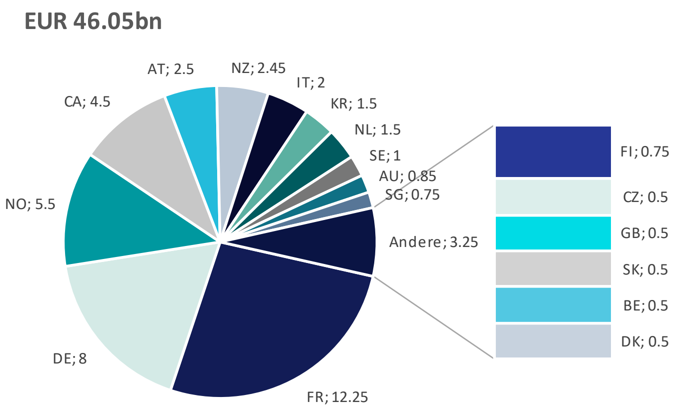
Covered bonds continue to be impacted by pandemic in 2021

To coincide with the end of H1 2021, we propose to review the first six months of this year and developments in the market for EUR benchmark covered bonds. We will also provide an outlook for H2 2021 based on current and likely forthcoming conditions in this major sub-market. While we expect few new goalposts, especially in relation to the direction of travel of the ECB's monetary policy, direct and indirect influence factors determined by the future course of the pandemic are likely if anything to go hand-in-hand with a heightened degree of uncertainty.

EUR Benchmarks: historical new issues (H1)



EUR Benchmark Issues in H1 2021 (EUR bn)



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

Primary market: weaker still in 2021

As regards activity in the primary market in H1 2021, once again we have to conclude that there has been a reduced level of issues compared with previous years and even against an already weak H1 2020. The issue volume in the first three months of this year was down considerably against previous years. Nonetheless, a direct comparison of historical issuance trends shows that the momentum in March, April and May was far less dampened than it was even in January and February 2021. Even so, it could not be described as a marked upturn or catching-up movement. In absolute figures, the issuance volume for H1 2021 stands at a total of EUR 46.05bn and therefore lags well behind the level of previous years (EUR 66.3bn in 2020, EUR 92.2bn in 2019 and EUR 85.8bn in 2018). France, Germany, Norway and Canada accounted for the biggest shares of the issue volume in H1. However, it is also worth mentioning a comeback by New Zealand issuers in 2021: they placed as much as EUR 2.45bn in the market during the first six months.

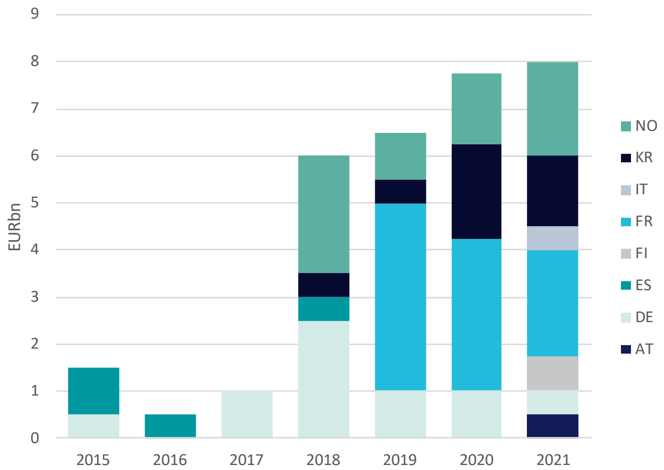
Debut issues a pleasing development

Apart from the return of issuers from Down Under, we would also describe the appearance of a number of newcomers in the EUR benchmark segment as an exceptionally pleasing development. In chronological order, there were inaugural deals from Komercni Banka (CZ), Hana Bank (KR) and Argenta Spaarbank (BE), each placing EUR 500m. Last but not least, bid-to-cover ratios of a minimum of 3 respectively show high demand from investors for new names in our view. In the case of South Korea's Hana Bank, it was also an ESG debut in the form of a social bond. The market was particularly buoyant in the first six months, especially in relation to the ESG segment. Hypo Tirol Bank (AT) placed Austria's first ESG benchmark with its social bond and we saw the first green covered bonds and at the same time ESG benchmarks from Italy (Credit Agricole Italia) and Finland (OP Mortgage Bank). Moreover, Eika Boligkreditt (NO) issued its first green benchmark while Aegon Bank (NL) issued a soft bullet covered bond for the first time, further increasing the prevalence of this format.

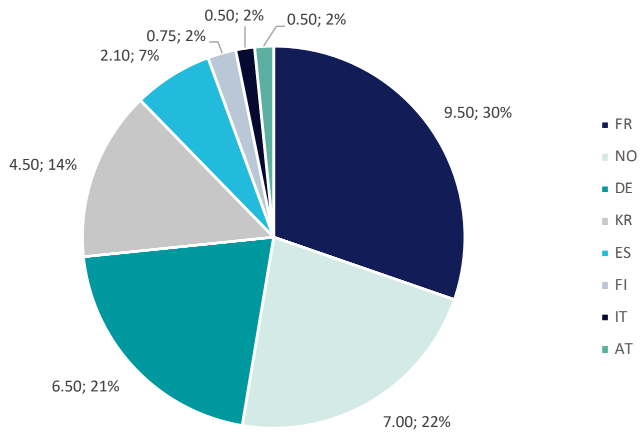
ESG volume in excess of 2020 figure

The volume of ESG placements in the EUR benchmark segment now amounts to a total of EUR 8.0bn so far this year (as at 30 June 2021), undoubtedly also helped by debut issuers but also as a result of ongoing momentum on the part of active ESG issuers. This means that the volume of ESG placements at the end of H1 2021 already exceeded the figure achieved in the ESG record year 2020 (EUR 7.75bn) – a development which hardly comes as a surprise given current tailwind for sustainable issues, and not just in the covered bond market. With six months of this year to go, moreover, there should be further deals in this sub-segment and the issuance volume should increase accordingly. Another pleasing factor in this respect is the increase we mentioned earlier in the number of issuers and jurisdictions which offers those interested in sustainable investing a greater range of investment options.

ESG: EUR benchmark segment deals over time



ESG: EUR benchmark segment overview

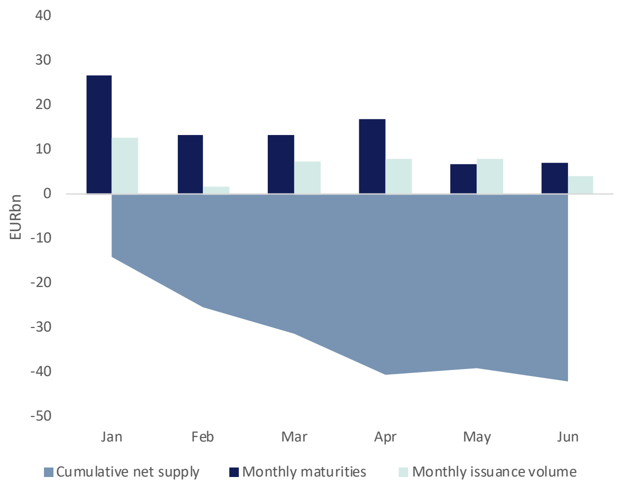


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

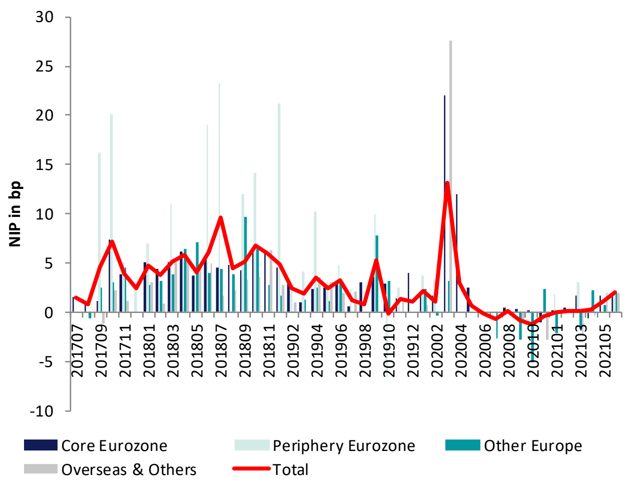
EUR benchmark segment: substantial negative net supply in H1 2021

Although debut issuers and the momentum in the ESG segment definitely provide encouraging glimmers of hope, the market for EUR benchmarks is nevertheless characterised by continued shrinking. This is clearly illustrated by EUR 38bn in aggregate negative net supply as per the end of June. The iBoxx EUR Covered has fallen by EUR 70bn against 2020. The total volume of EUR 755bn is now well below the level from before the pandemic (June 2019: EUR 867bn). As we have already outlined on a number of occasions in the past, this development should be seen as a direct consequence of the ECB's monetary policy, which also has an influence on the supply of benchmarks through the TLTRO III programme and impacts the demand side via CBPP3 supply. In addition, there is the impact of a set of alternative funding options – e.g. senior non-preferred issues (which are also fuelled by regulatory requirements) or a sharp rise in customer deposits through forced or precautionary saving by households. The demand effect is thereby extending above all to issues which are not directly eligible for CBPP3 purchase, a development reflected among other things not least by the relatively low new issue premiums witnessed in overseas markets.

Issues, maturities and net supply in H1 2021



Trend in new issue premiums

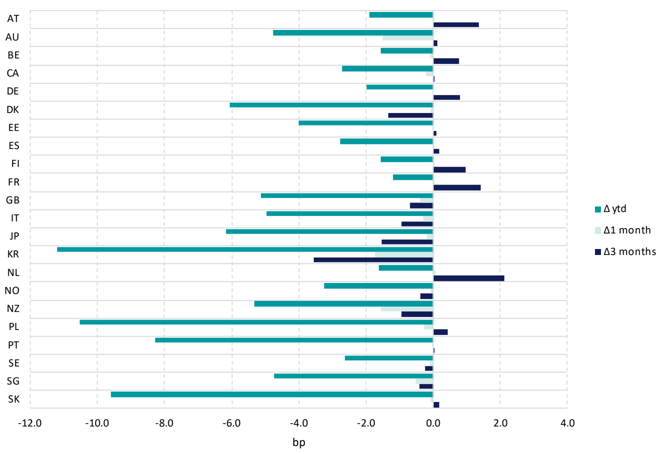


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

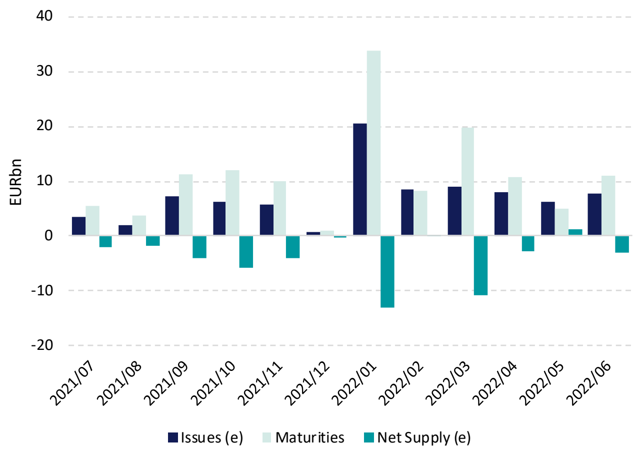
Spreads: sideways movement (largely) ongoing

As regards spreads in the covered bond segment, we would still refer to a sideways movement overall. This applies in spite of the increase in spreads in H1 2021. After all, the market is now once again in a sideways movement overall, and moreover, any widening was at most moderate. The trend in spreads can be ascribed to a negative net supply and demand overhang in conjunction with ECB purchases and general investor demand. As, for example, the widening of spreads which we have mentioned has also demonstrated (widening which, in our view, should also be assessed in the context of the tapering debate), sentiment-driven widening in current market conditions has not been particularly resounding, while we cannot yet discern any impetus on the fundamental data front which might lead to a lasting revaluation in relation to issuers or cover pool quality.

Yields by region (7y generic)



Net supply: Outlook



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

Outlook for the primary market: more momentum but still no upturn

We assume that the seasonal pattern for the covered bond primary market should hold for the rest of the year since a few more deals are likely before the summer break and then issuance momentum will pick up again in the late summer/autumn until shortly before the winter break. Nevertheless, this assessment should not be seen in any way to equate with the possible view that we should see some catching up. This reflects, among other things, the fact that EMU commercial banks have taken advantage of TLTRO III tenders so far to cover their liquidity purposes and in some cases to a significant extent. In addition, there will be two further tenders in 2021 (TLTRO III.9 in September and TLTRO III.10 in December). After all, non-EMU issuers have made regular appearances in the market in 2021 and as we outlined last week, we expect further placements from Australia and therefore had to increase our supply forecast for the overall market by EUR 1bn. On balance, however, 2021 is set to remain a weak issuance year with a figure of EUR 79.5bn, characterised by negative net supply of around EUR 57bn with maturities of EUR 136.43bn.

Outlook for the secondary market: spreads still in a sideways channel?

As regards the outlook for spreads, technical analysis will remain a major factor in the remaining months of this year, since we do not expect either fundamental or sentiment-driven factors to strongly influence the market. Although a widening of spreads might be conceivable for specific sub-segments such as commercial real estate (CRE), for example in the wake of changes in preference structures (e.g. in view of a downturn in demand for shopping or office real estate), we nevertheless believe that it is fair to assume that dual recourse products in particular are sufficiently protected against negative effects on relevant individual financings. Our views are similar when it comes to potential increases affecting NPLs, so that issuers remove non-performing loans or loans in arrears from their pools or add new assets. As regards technical analysis, the picture is then dominated by the ECB and Eurosystem, which should carry out asset purchases in an undersupplied market with an additional EUR 54bn year-on-year (EUR 24bn in new asset purchases and EUR 30bn in reinvestments). However, we see this more as a counterargument against a widening of spreads and, given current spread levels, would tend to rule out any fresh tightening.

NORD/LB forecast for H2 2021: Supply and maturities 2021 (EUR bn)

Jurisdiction	Outstanding volume	Maturities 2021	Issues 2021e	Outstanding 12/21e	Net supply 2021e
AT	29.00	4.50	5.00	29.50	0.50
AU	26.00	5.50	2.00	22.50	-3.50
BE	18.50	3.25	2.00	17.25	-1.25
CA	50.75	7.50	6.50	49.75	-1.00
CH	2.50	3.50	0.00	-1.00	-3.50
CZ	0.00	0.00	0.50	0.50	0.50
DE	145.60	13.35	12.50	144.75	-0.85
DK	6.00	2.50	1.00	4.50	-1.50
EE	0.50	0.00	0.50	1.00	0.50
ES	81.95	15.91	3.00	69.04	-12.91
FI	27.75	3.50	3.50	27.75	0.00
FR	208.55	29.87	17.00	195.68	-12.87
GB	33.03	13.10	2.00	21.93	-11.10
GR	0.50	0.00	0.00	0.50	0.00
HU	0.00	0.00	0.50	0.50	0.50
IE	3.46	1.25	0.00	2.21	-1.25
IT	50.43	7.10	2.00	45.32	-5.10
JP	4.10	0.00	1.00	5.10	1.00
KR	3.00	0.00	1.50	4.50	1.50
LU	2.00	0.50	0.00	1.50	-0.50
NL	57.37	3.75	5.00	58.62	1.25
NO	44.95	7.75	4.50	41.70	-3.25
NZ	7.00	2.00	3.35	8.35	1.35
PL	2.70	0.60	0.50	2.60	-0.10
PT	5.75	0.00	0.50	6.25	0.50
SE	29.33	10.00	2.15	21.48	-7.85
SG	5.75	0.50	1.50	6.75	1.00
SK	2.50	0.00	1.50	4.00	1.50
TR	0.00	0.50	0.00	-0.50	-0.50
Total	**848.95**	**136.43**	**79.50**	**792.02**	**-56.93**

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

Conclusion

In many ways, the second half of 2021 is not likely to differ all that much from the first six months of the year. Momentum in the primary market is likely to be more akin to gentle simmering than to a strong spark, even though we would expect to see more activity in a number of market segments (e.g. the Down Under segment). We also regard the topic of ESG as a glimmer of hope for increased momentum and therefore the benchmark segment should also benefit from the general momentum. In contrast, the transfer of the EU directive on covered bonds into national legislation is more of an obligation than a voluntary exercise, and therefore, as we already mentioned elsewhere, we do not see this issue as a market driver. As regards our spread forecast, moreover, we assume that a fairly substantial chunk of financial aid (from the monetary policy and/or regulatory front, among other aspects) will remain in place in 2021, and consequently there should be no cliff-edge effects which might hit either cover pools or issuers. The Eurosystem does not regard the crisis as being over either. As a result, we do not anticipate any major widening impetus for spreads at the moment either.

SSA/Public Issuers
Half-time report 2021 – how will the SSA segment fare in the second half?

Author: Dr Norman Rudschuck

Introduction

In this issue, we will be looking back at EUR activity in the SSA market in the year to date in spite of ongoing distortions. On the whole, for the issuers in our coverage, the first half of this year has continued to be characterised by favourable refinancing modalities in spite of certain yield increases. At the same time, this is bad news for investors, despite the fact that most bonds were still oversubscribed and, in some cases, to extreme degrees. Investors in the top ratings segment can forget significantly higher yields in the coming years as a result of the Eurosystem purchasing programmes and ensuing reinvestments in particular (APP as well as PSPP and PEPP).

Monetary policy framework for 2021 – ECB: review and outlook

At its December 2020 Council meeting, the ECB made a number of targeted adjustments to its policy for 2021. As expected, the PEPP was extended both in terms of volume and duration. The programme volume was upped by EUR 500bn to the present level of EUR 1,850bn and the duration was extended by nine months until March 2022. In addition, reinvestments will now be carried out until the end of 2023 at least, twelve months longer than originally announced. The same applies to TLTRO III-tenders, which were also adjusted again in terms of maturity and modalities in line with the current situation. In contrast, the ECB has so far left interest rates untouched at 0.00% (main refinancing operations) and -0.50% (deposit facility). The regular APP was also left unchanged with monthly net purchases of EUR 20bn until shortly before a rise in interest rates. The same applies for any maturities under the programme and these funds can even be reinvested in the market beyond the date of any interest rate hike. Other measures to mitigate the impact of the pandemic were initiated and/or expanded. These include four additional rounds of PELTROs as well as an extension of the relaxed requirements for central bank collateral until June 2022. The adjustment to tiered interest rates (tiering factor) that had been discussed ahead of the meeting, including by us, has not happened so far in 2021. However, we still consider such a step conceivable in 2021. This is the general framework within which both issuers and investors have to operate. At the moment, the average weekly pace of purchasing under the PEPP since it was established stands at EUR 18.0bn and the limit of EUR 1,850bn would be hit in full by mid-March 2022 despite the summer lull and Christmas break.

Selected funding figures for 2021

After another extremely successful year for KfW in 2020 with a funding volume of around EUR 65.7bn via 160 transactions in 14 different currencies, the institution now plans to raise funds of EUR 70-80bn in 2021, with around 50% again denominated in EUR and around EUR 10bn attributable to green bonds. For 2021, Landwirtschaftliche Rentenbank expects a refinancing volume of up to EUR 11bn with maturities of over two years. This would be marginally less than in 2020. It intends to raise up to 50% of its mid and long-term funding volume via benchmarks in EUR or USD, with the other half in different currencies such as GBP and AUD. Last September, Rentenbank successfully issued its first benchmark green bond in EUR and since 2021 has been concentrating on establishing a corresponding curve. These German agencies are joined in particular by the two big Luxembourg institutions, the ESM and EFSF: their respective funding targets of EUR 8.0bn and EUR 16.5bn have been in place for many months already. Net supply for 2021 stands at EUR +2.0bn for ESM but at EUR -5.8bn for EFSF. The funding schedule for the ESM is very straightforward with plans to raise EUR 2.0bn every quarter. The EFSF on the other hand has already carried out funding of EUR 14.5bn and had therefore already achieved 87.9% of its target by the middle of the year. This was swiftly followed by a tap issue for the remaining EUR 2bn very early in Q3 with nothing further planned for the last quarter which means the EFSF is now finished for 2021. There will be no cannibalisation of supply and demand between the EFSF and EU with immediate effect.

Long-term funding plan 2021 (EUR bn)

	Q1	Q2	Q3	Q4	∑ 2021
EFSF	7.0	7.5	2.0	-	**16.5**
ESM	2.0	2.0	2.0	2.0	**8.0**

Time window for...

…ESM/EFSF bond issuances		… ESM Bill auctions (3M, 6M and 12M)			
CW 27	July 05-09	**July**	Tue 06	Tue 20	Tue 13
CW 38	September 20-24	**August**	Tue 03	Tue 17	Tue 10
		September	Tue 07	Tue 21	Tue 14

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

…and the other supras

The EU is a big name here and for 2021 we expect around EUR 150bn, which works out at around EUR 3bn per full calendar week. In H1 the SURE programme alone provided a great deal of activity with social bond issues totalling almost EUR 60bn. The EU also has a volume of EUR 10bn that “normally” needs refinancing or extending. On top of this there is the financing for the NextGenerationEU fund. Here, the second half of the year is likely to be even more interesting. As with the ESM/EFSF, we expect to see a detailed funding plan for 2022 in September. The EIB estimates its funding requirement for 2021 at EUR 60bn. According to a press release issued by the EIB, at its December meeting the Management Board approved borrowing of up to EUR 70bn, which gives the bank some leeway. The bank has implemented its borrowing programme for 2020 in full, and also made use of the buffer, which was increased part way through the year, including pre-funding (also EUR 70bn in total). The EIB is set to repay maturing bonds totalling EUR 64bn in 2021. Repayments in 2020 amounted to EUR 69bn.

SURE: Approved financial support in 19 member states (EUR 94.3bn)

Belgium	EUR 8,200m	**Latvia**	EUR 305m
Bulgaria	EUR 511m	**Lithuania**	EUR 957m
Croatia	EUR 1,000m	**Malta**	EUR 421m
Cyprus	EUR 604m	**Poland**	EUR 11,200m
Czech Republic	EUR 2,000m	**Portugal**	EUR 5,900m
Estonia	EUR 230m	**Romania**	EUR 4,000m
Greece	EUR 5,200m	**Slovakia**	EUR 631m
Hungary	EUR 504m	**Slovenia**	EUR 1,100m
Ireland	EUR 2,473m	**Spain**	EUR 21,300m
Italy	EUR 27,400m		

Source: European Commission, NORD/LB Markets Strategy & Floor Research

EU becoming the dominant factor

Since the start of June the SURE programme has been almost seamlessly superseded by the subject of the NGEU fund. There was an investor call by the European Union, Bloomberg ticker EU, regarding its NextGenerationEU funding programme. The funding update for the rest of the year had been published earlier on 1 June after all Member States had ratified the NGEU programme. On 4 June, the EU sent out its RfP for the forthcoming inaugural NGEU deal. The 10-year, EUR 20bn transaction was on the large side and attracted record-breaking demand. The first three deals before the summer break will be syndicated bonds with auctioning also set to start from September. By the end of the year, the programme is set to have raised up to EUR 80bn. There will also be at least EUR 20bn in new EU Bills from September, although we expect this amount to be significantly higher. By the end of 2026, the EU intends to raise EUR 800bn, give or take, via the capital market (i.e. excluding Bills). Of this volume, 30% will be green bonds (around EUR 250bn). In total, the EU is planning on EUR 407.5bn in grants and EUR 386bn in loans. On average, EUR 150bn a year is forecast, although we believe 2022/23 will be higher and 2025/26 lower than this. Regardless of the exact figures and percentages, in just a few years' time the EU will be the biggest issuer in the Supranationals segment and will also have overtaken some sovereign states. This applies both to primary market issues per calendar year as well as for the entire depth of the market. Maturities for the NGEU bonds have been confirmed as 3 to 31 (maximum) years, which is familiar from the SURE programme (social bonds), where the average announced maturity was 15 years. This will not necessarily be the case here, and the framework does not have to be utilised in full in order to finance green and digital initiatives and to pull national economies out of recession if required. Part of the funds will be distributed to Member States in the form of grants which will be repaid from the joint EU budget and new taxes. The next update will be published in September including figures for 2022 and details on the first disbursements. In addition, the Green Framework will be presented in summer.

Criticism of approach

Even before the programme started, there were calls for a permanent mechanism of joint debt. In particular, Germany, Finland and the Netherlands are alone in resisting the concept. The Frugal Four (Austria, Denmark, Netherlands, Sweden), plus Germany, will continue to be vigilant by keeping a keen eye on this particular subject.

NextGenerationEU: Germany expecting "only" EUR 28bn

According to media reports, the German government expects to receive around EUR 28bn of the EUR 809bn for Germany from the European Union's coronavirus recovery fund. A government representative said that the cabinet had approved the recovery plan submitted by Finance Minister Olaf Scholz. Around 90% of the forecast expenditure is for climate protection and digitalisation. This would clearly exceed the EU's requirements. Scholz presented the details in a joint press conference with France's Finance Minister Bruno Le Maire. The investment backlog in Germany with regard to climate protection and digitalisation is significantly higher than EUR 28bn, and we are left somewhat bewildered as to why issues for the future are being approached at such a low level.

EIB also important in context of transformation

In H1 the EIB launched a Climate Awareness Bond (CAB) just for the savings banks sector. Savings banks provide appropriate financial services to support enterprises, private individuals and local authorities in their business regions on their journey towards greater sustainability and effective climate protection. Dozens of savings banks have made a voluntary commitment here that encompasses responsible action in their business areas, a public mandate, an entrepreneurial philosophy and the United Nations' Principles for Responsible Banking (UNEP). Sustainability management therefore includes targets and measures in retail banking, human resources, business operations, financing, own investments and local sponsorship. This was also notable given that the group of 194 institutions cannot yet be described as complete. However, the EIB's CAB deal (EUR 500m, ms -12bp) was exclusive to them. The EIB set another milestone with its first digital bond on a blockchain platform, utilising the distributed ledger technology for the registration and settlement of digital bonds. In partnership with Banque de France (BDF), payment of the issue monies from the consortium banks to the EIB was represented on the blockchain in the form of central bank digital currency (CBDC). Once again, the EIB is a pioneer when it comes to digitalisation of the capital markets, as it was with the world's first green bond and €STR bonds. Back in 2007, the EIB issued the world's first green bond in the shape of its Climate Awareness Bond (CAB), laying the foundation for at times exponential growth in this segment. Similarly, in 2019 it issued the first €STR bond in EUR as a debut benchmark. The newly-placed two-year bond (volume: EUR 100m) is the first multi-dealer led primary issuance of digital native tokens using public blockchain technology. The project was selected as part of the digitalisation strategy of France's central bank BDF (CBDC sphere). The EIB believes that the digitalisation of capital markets may bring benefits to market participants over the coming years. These include a reduction of intermediaries and fixed costs, improved market transparency through an increased capacity to see trading flows and identify asset owners, as well as a much faster settlement process. Similar to the EIB's role in green bonds or risk-free rates, the new digital bond may pave the way for market players to adopt blockchain technology for the issuance of financial securities.

German Bundeslaender

Primarily as a result of the coronavirus, the German Bundeslaender only concluded their (preliminary) credit planning for the current year unexpectedly late in mid-March. Figures for all of the borrowing authorisations have therefore been available since then. The figures, the gross numbers for which can be viewed in the broadest sense as funding targets, provide a comparatively good indicator of how active the Bundeslaender are likely to be in the capital markets this year. The planning also includes SSDs and private placements. The gross figure aggregated across all Bundeslaender in 2021 stands at around EUR 119.4bn, which corresponds to a decline versus the previous year's figure, which was distorted by coronavirus (2020: EUR 154.4bn). In the years before the pandemic, borrowing authorisations were still much lower at EUR 70.3bn (2020; pre-coronavirus and as a result of the debt brake) and EUR 66.8bn (2019). Until March 2020, the movement in these figures clearly reflected the growing focus of the Laender on budget consolidation. None of the Bundeslaender finance ministries are forecasting a balanced, let alone positive, Laender budget until 2022 at the earliest, as this is when the debt brake comes into force again. Most of the Bundeslaender are intending to slightly reduce the debt mountain in absolute terms. The year 2020 was dominated by several supplementary budgets, sometimes two per Bundesland, although 2021 is likely to be quieter on this front since the planning basis at the end of Q1 differs from that at the end of 2020 in anticipation of the current year. Following on from the sustainability bonds issued by NRW in recent years, this year has seen the first "real" green bonds from BADWUR (EUR 300m, 10y) and HESSEN (EUR 600m, 10y at ms -4bp). Demand for the bonds issued by Hesse was strong at EUR 3.2bn, with guidance at ms flat area making it significantly more attractive compared with other bonds. There was also considerable demand for the green bond issued by Baden-Wuerttemberg, peaking at EUR 1.5bn. The bond was therefore five-times oversubscribed and was issued in the previous legislative period.

Update: German Bundeslaender borrowing authorisations 2021 (EUR bn)*

	Net	Gross
Baden-Wuerttemberg	2,50	21,39
Bavaria	10,60	11,96
Berlin	0,00	6,61
Brandenburg	1,81	4,55
Bremen	1,18	2,79
Hamburg	2,39	4,57
Hesse	2,85	8,04
Mecklenburg-Western Pomerania	2,15	3,20
Lower Saxony	1,12	7,64
North Rhine-Westphalia	13,80	29,20
Rhineland-Palatinate	1,27	7,88
Saarland	0,50	2,20
Saxony	2,00	2,80
Saxony-Anhalt	-0,10	1,75
Schleswig-Holstein	0,55	3,78
Thuringia	-0,07	1,00
Total	**42,55**	**119,36**

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

*Some figures may be rounded or preliminary figures

Super election year in Germany

A super election year is on the cards for 2021 and all parties have now named their top candidates for chancellor to succeed Angela Merkel after 16 years in charge. There are also six regional Landtag elections in 2021. Some have already taken place, with regional elections in Rhineland-Palatinate and Baden-Wuerttemberg back in mid-March and on 6 June in Saxony-Anhalt. Alongside the federal elections in the autumn, regional elections will be held on 26 September in Berlin, Mecklenburg-Western Pomerania and Thuringia. A total of 25 million people are eligible to vote in the regional Landtag elections. The east of the country also goes to the polls disproportionately frequently. Both of the elections in the west of the country in March were clearly viewed as the first gauge of public opinion with regard to the national election. Just what street election campaigns and cheering crowds at demonstrations will look like during the pandemic remains to be seen. There could also be changes to the set-up of polling station locations, working closely with the health authorities at the very least. It is already clear that there will be no polling stations that cannot be well ventilated. It is quite probable that more people will vote by post because of the pandemic. Even without coronavirus, the number of postal voters has increased in each election. As many as one in five voted by post in the Mecklenburg-Western Pomerania regional Landtag election in 2016. The authorities there expect the number to increase again this year.

(Provisional) dates for the regional Landtag elections (and intervals)

Baden-Wuerttemberg	**14 March 2021**	**5 years**
Bavaria	Autumn 2023	5 years
Berlin	**Autumn 2021 (with federal elections)**	**5 years**
Brandenburg	Autumn 2024	5 years
Bremen	Spring 2023	4 years
Hamburg	Spring 2025	5 years
Parliamentary election	**26 September 2021**	**4 years**
Hesse	Autumn 2023	5 years
Mecklenburg-Western Pomerania	**Autumn 2021 (with federal elections)**	**5 years**
Lower Saxony	Autumn 2022	5 years
North Rhine-Westphalia	Spring 2022	5 years
Rhineland-Palatinate	**14 March 2021**	**5 years**
Saarland	Spring 2022	5 years
Saxony	Autumn 2024	5 years
Saxony-Anhalt	**6 June 2021**	**5 years**
Schleswig-Holstein	Spring 2022	5 years
Thuringia	**Autumn 2021 (with federal elections)**	**5 years**

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

New issuers in the SSA segment

There is a new EUR benchmark issuer in the market that we cannot include in our coverage on a permanent basis. The West African Development Bank (BOAD) was established in 1973 and is the promotional bank of the West African Monetary and Economic Union (UEMOA) headquartered in Lomé, Togo. BOAD's guarantors are the West African central bank (BCEAO) as well as the member states of the UEMOA (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo). Other shareholders include the states of France, Belgium and Morocco, the Chinese central bank, India's Eximbank as well as KfW, the EIB and the African Development Bank (AfDB). According to its statutes, BOAD's purpose is to promote the balanced development of its member states and foster economic integration within West Africa by financing development projects. The focus is also on combating poverty which is still very widespread in the UEMOA countries. The Banque ouest-africaine de Développement, to use its official French title, has six outstanding bonds at present, three of which are denominated in XOF and three in USD. The EUR bond (EUR 750m, 12y) was priced at ms +300bp (IPT: ms +350bp area; yield: 2.843%). The books outstripped EUR 2.8bn. We should also mention the Eurasian Development Bank (EDB). Established by the Russian Federation in 2006, it is a multinational development bank. Russia holds 65.97% of the capital, Kazakhstan 32.99% and Belarus 0.99%. The remaining 0.05% is split between Tajikistan, Kyrgyzstan and Armenia. Apart from Tajikistan, the participating countries are also members of the Eurasian Economic Union which represents an association of five states to form a single market with customs union. The EDB's head office is in Almaty, the biggest city in Kazakhstan. The aim of the bank is to strengthen economic growth in the member states and promote trade and economic relations between them. EURDEV, to use its Bloomberg ticker, currently has 11 bonds outstanding. Seven are denominated in RUB, one in KZT, two in USD and the new bond in EUR (EUR 300m). The original plan was for one benchmark, but a whole new group of investors was gained, as we saw with the International Investment Bank years before. Good things also came in small packages for the inaugural deal by ISB in Mainz: EUR 125m at ms +3bp with demand hitting EUR 350m. The guidance was at ms +5bp area. The promotional bank of Rhineland-Palatinate has appeared under the Bloomberg ticker ISBRLP since March.

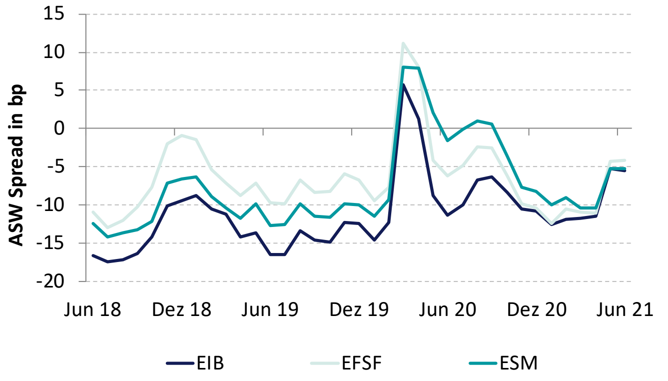
Clear rejection of debt relief

In an open letter, more than 100 economists called on the ECB to grant countries debt relief. The letter, which was published in various European media, states that the ECB should cancel the sovereign debt securities its holds totalling around EUR 2,500bn. The economists argue that the ECB holds around 25% of European debt. If these debts are to be repaid at any time, money would have to be borrowed to roll the debt, taxes raised or spending cut. Would it not be better (for whom? – a question we have to ask) for there to be an agreement on debt relief between the ECB and these countries: "The ECB writes off the debt it holds (or converts it into non-time-limited interest free debt) and in return the European states undertake to invest the same amount in a social and ecological recovery plan". However, ECB President Christine Lagarde was quick to hit back: "Cancelling that debt is unthinkable. It would be a violation of the European treaty which strictly forbids monetary financing of states. This is one of the founding pillars of the European single currency".

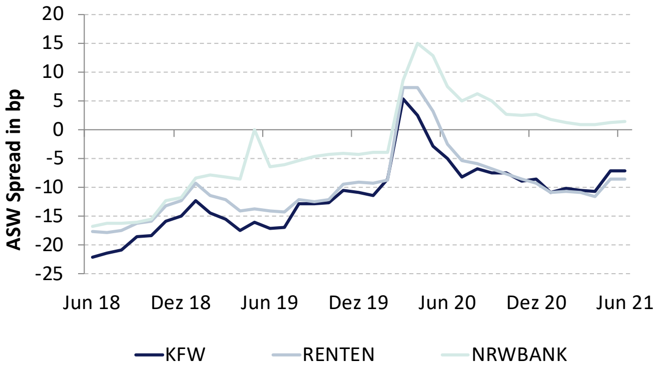
Bank of Canada saw tapering as necessary

Away from the mainstream other things were happening that are worthy of mention: the Bank of Canada was under a certain amount of pressure to reduce its asset purchases as the central bank now already holds 42% of outstanding government bonds (GoC) – a higher percentage than at other central banks. The Governor stated that 50% would have unsettling consequences for the market and tapering of CAD 1bn down to CAD 3bn per week was necessary. GoC bonds account for over 70% of total assets and therefore make up most of the central bank's balance sheet. In January the figure was still 55%. Given the size of Canada's bond market and the Canadian economy, this means that the Bank of Canada has provided, and continues to provide, a considerable stimulus.

European supras ASW spreads 10y



German agencies ASW spreads 10y

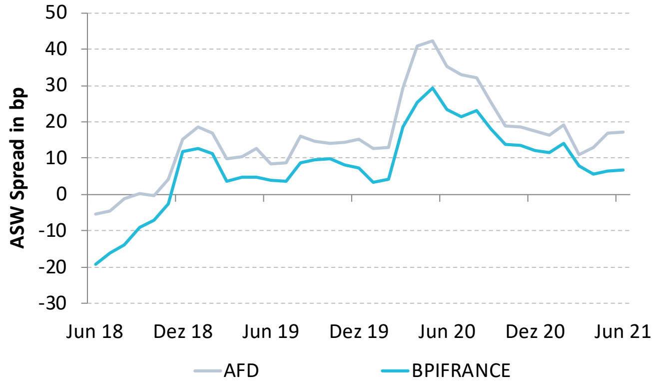


Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

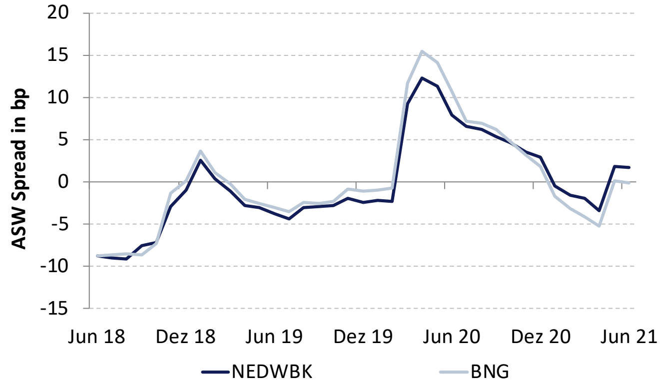
Sideways movement follows shock coronavirus tightening

The movements in spreads in all sub-asset classes can be described in just a few words. At the beginning of the year, nearly all spreads trended more or less sideways in the first half of the year. For German promotional banks/agencies this applied to the whole of the first six months, while supras experienced a jump because of the EU bond, but since then the movement has been sideways. The increased supply due to special programmes and supplementary budgets was well received by the central banks. As has often been seen, spreads for the biggest issuers moved nearly parallel to one another. Rating differences are the main distinguishing feature here along with the new supply of bonds. "Sideways" remains a good description of the movement at present.

French agencies ASW spreads 10y



Dutch agencies ASW spreads 10y



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

Similar picture for French and Dutch names

The picture for French and Dutch agencies was similar. While for Dutch agencies it was primarily relative value considerations that likely played a role due to regulatory disadvantages versus other issuers (risk weighting 20%), for a long time there was only one bond from CADES in the ten-year maturity bucket, which is why the chart looks somewhat thinned out. Nevertheless, the French market is more volatile because of its heterogeneous nature. For the rest of the year, we expect sideways movement at the current levels in both segments.

Conclusion

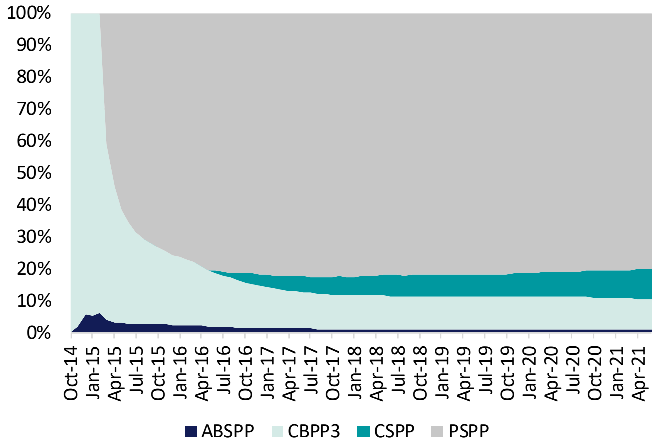
Our brief half-time report at the mid-point of the year shows that there were, and always will be, other subjects apart from the big topics of the ECB/PEPP/PSPP on the one hand and the EU, EU, EU (just like the real estate mantra of "Location, location, location!") and the Bundeslaender on the other. The EFSF is finished for 2021, while the EU still has over EUR 50bn to issue (EUR 45bn of which under the NGEU). Following on from the green bonds issued by Baden-Wuerttemberg and Hesse, we expect to see other Bundeslaender in this segment. Supply and demand remain equally high which is why we expect to see sideways trending spreads. We are not currently forecasting any changes to key interest rates or quantitative easing.

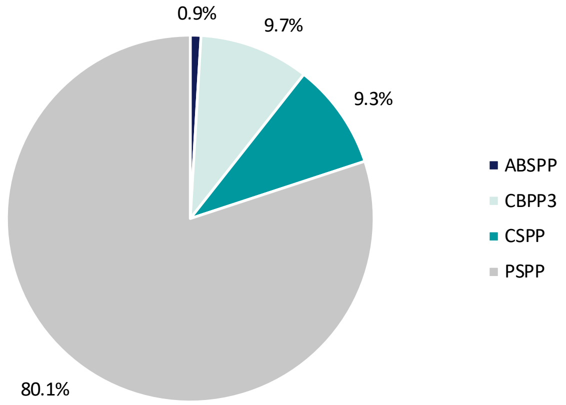
ECB tracker

Asset Purchase Programme (APP)

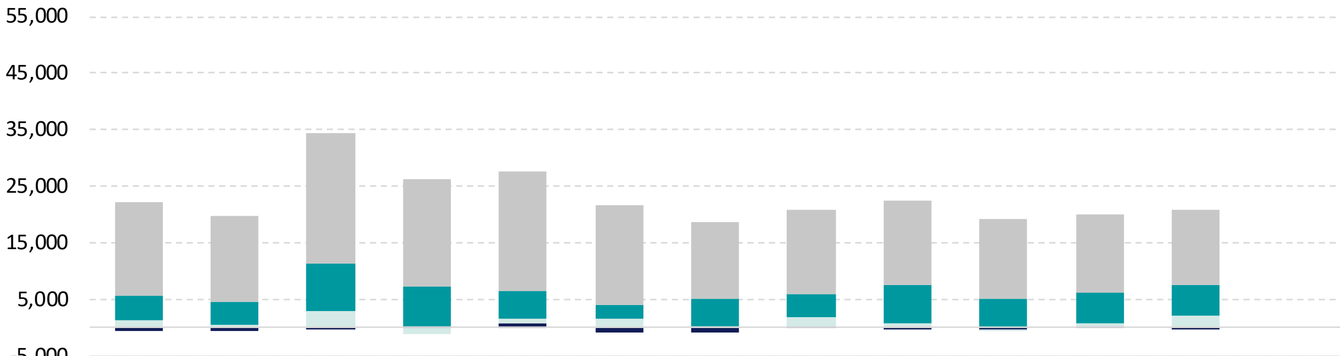
	ABSPP	CBPP3	CSPP	PSPP	APP
May-21	28,520	290,104	276,469	2,407,212	3,002,305
Jun-21	28,196	291,764	281,731	2,415,331	3,017,022
Δ	-314	+2,037	+5,602	+13,320	+20,645

Portfolio structure





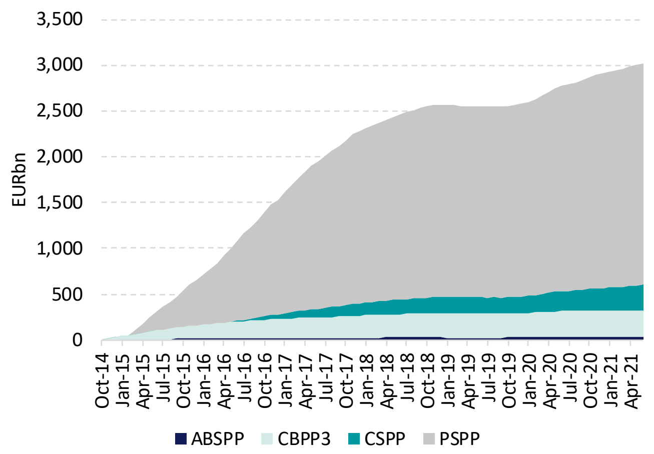
Monthly net purchases (in EURm)



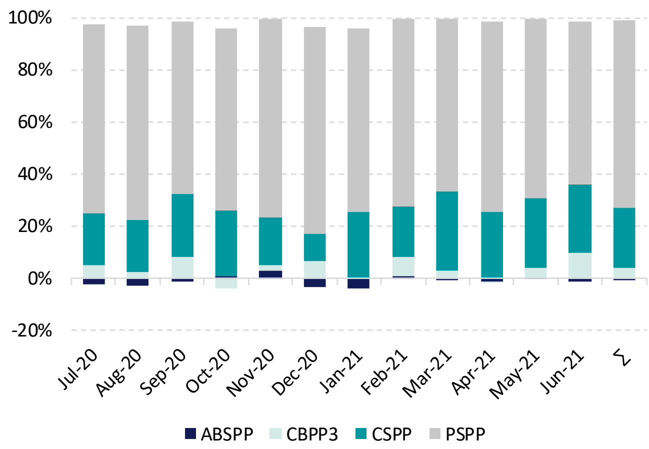
	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	∑
APP	21,529	19,127	34,014	25,349	27,720	20,929	17,846	20,915	22,561	18,918	20,141	20,645	269,694
PSPP	16,370	15,150	23,102	19,182	21,241	17,822	13,655	15,129	14,955	14,186	13,973	13,320	198,085
CSPP	4,502	4,004	8,496	6,983	5,009	2,378	4,924	4,064	6,929	5,015	5,394	5,602	63,300
CBPP3	1,198	500	2,839	-1,041	646	1,529	74	1,539	684	-5	686	2,037	10,686
ABSPP	-541	-527	-423	225	824	-800	-807	183	-7	-278	88	-314	-2,377

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

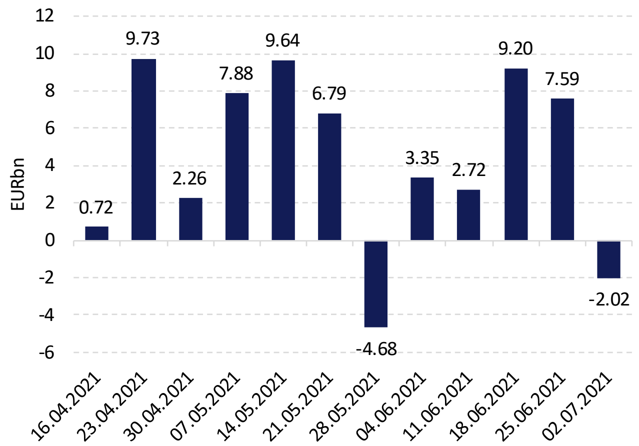
Portfolio development



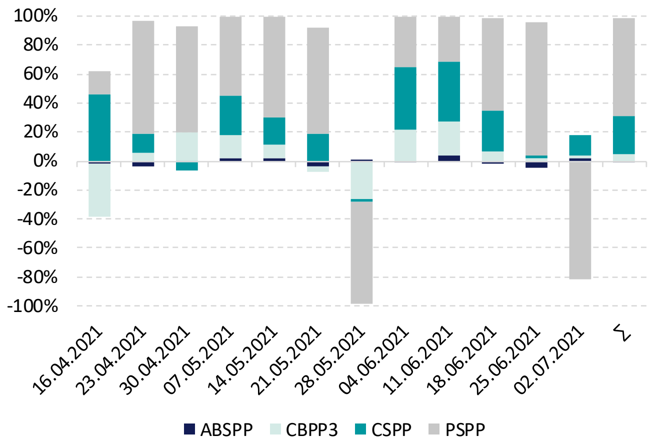
Distribution of monthly purchases



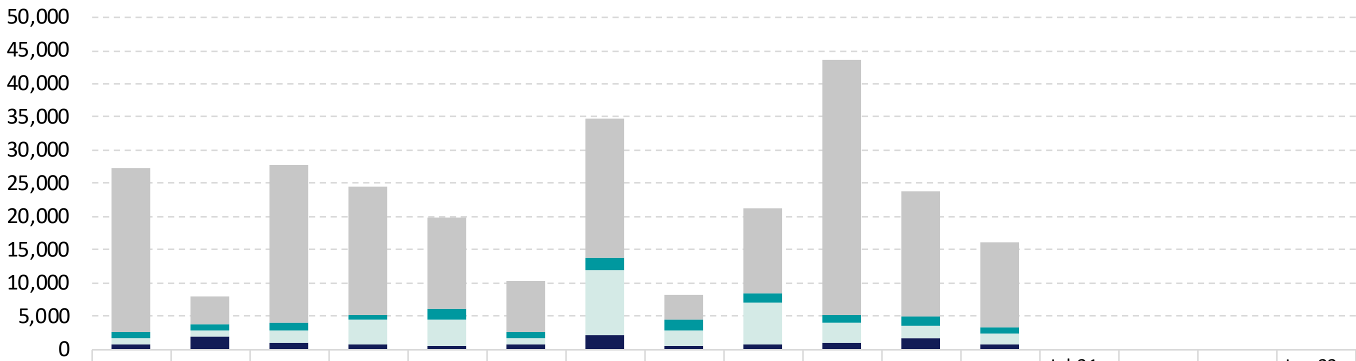
Weekly purchases



Distribution of weekly purchases



Expected monthly redemptions (in EURm)

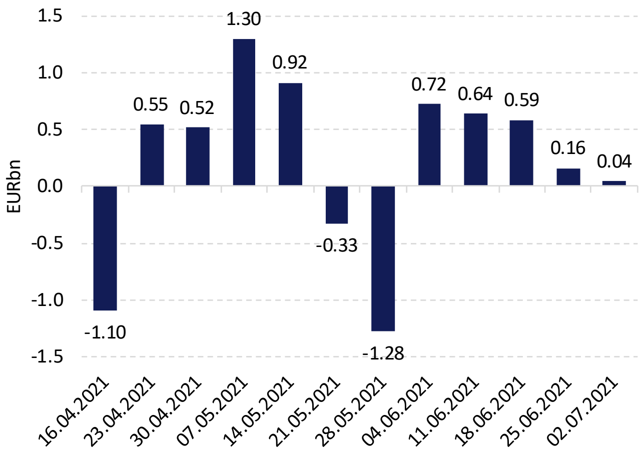


	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-21 - Jun-22	2020	2021	Jan-22 - Jun-22
APP	27,267	8,034	27,684	24,487	19,880	10,311	34,697	8,163	21,148	43,713	23,863	16,097	265,344	262,253	245,843	147,681
PSPP	24,549	4,370	23,661	19,224	13,795	7,811	20,906	3,625	12,603	38,619	18,998	12,714	200,875	201,482	188,467	107,465
CSPP	920	820	1,102	800	1,564	826	1,946	1,590	1,416	1,125	1,341	1,017	14,467	18,267	16,280	8,435
CBPP3	1,132	1,002	1,915	3,775	4,048	937	9,780	2,500	6,352	2,995	1,846	1,518	37,800	33,236	30,138	24,991
ABSPP	666	1,842	1,006	688	473	737	2,065	448	777	974	1,678	848	12,202	9,268	10,958	6,790

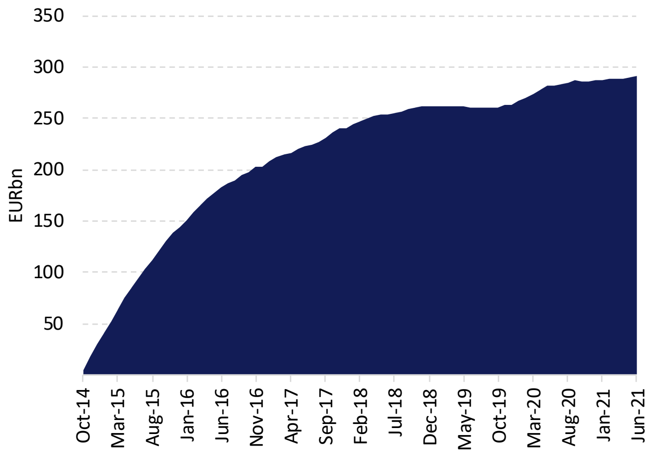
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Covered Bond Purchase Programme 3 (CBPP3)

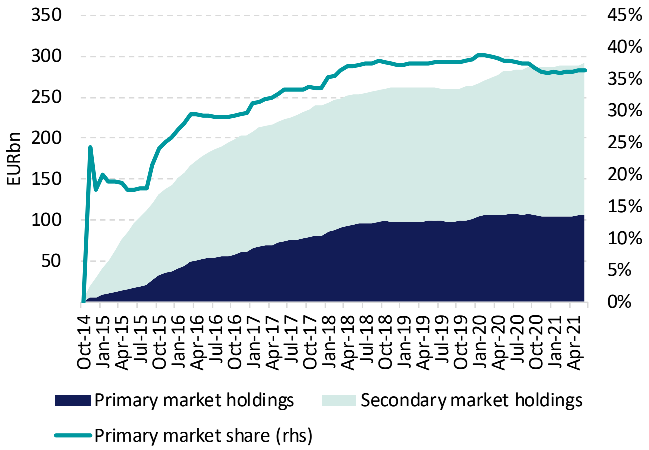
Weekly purchases



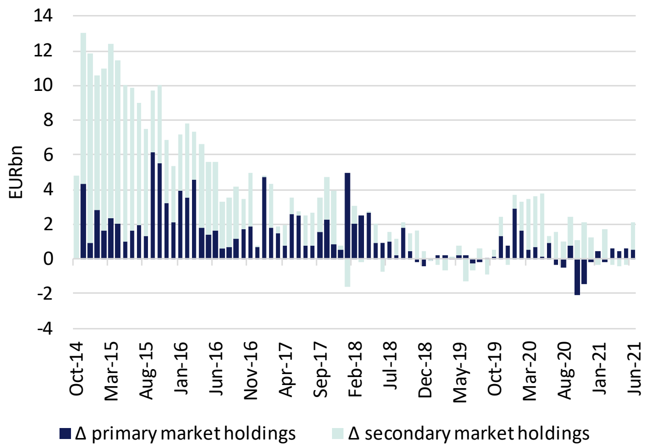
Development of CBPP3 volume



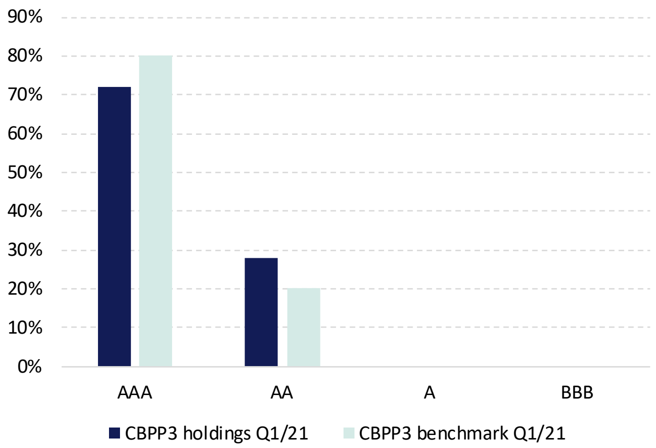
Primary and secondary market holdings



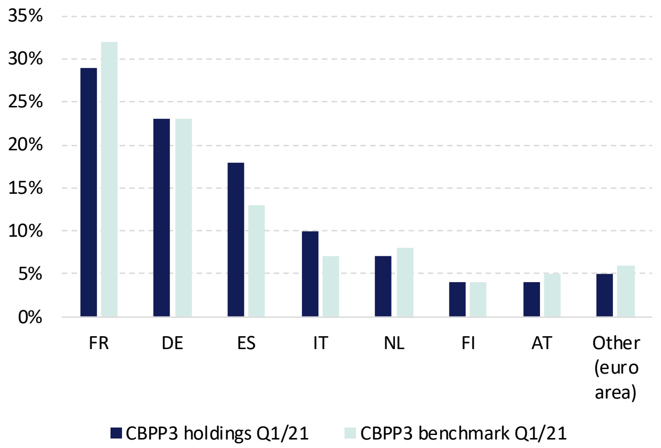
Change of primary and secondary market holdings



Distribution of CBPP3 by credit rating



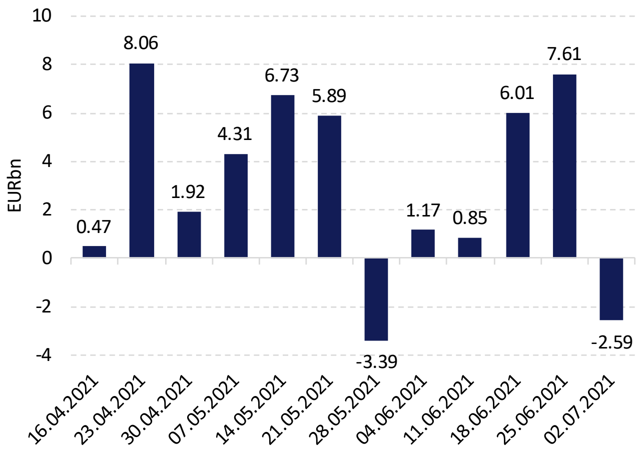
Distribution of CBPP3 by country of risk



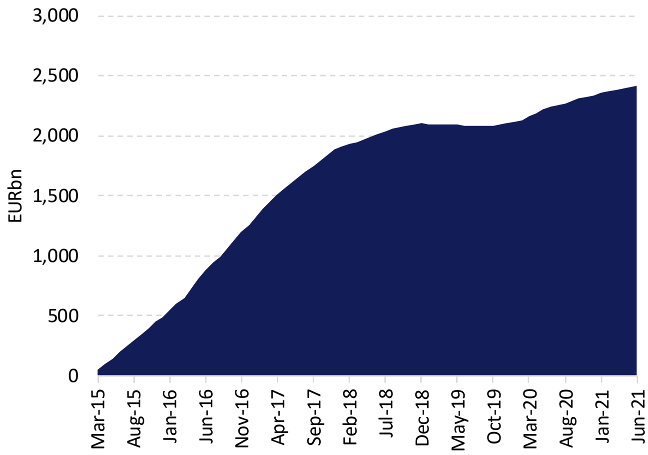
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Public Sector Purchase Programme (PSPP)

Weekly purchases



Development of PSPP volume



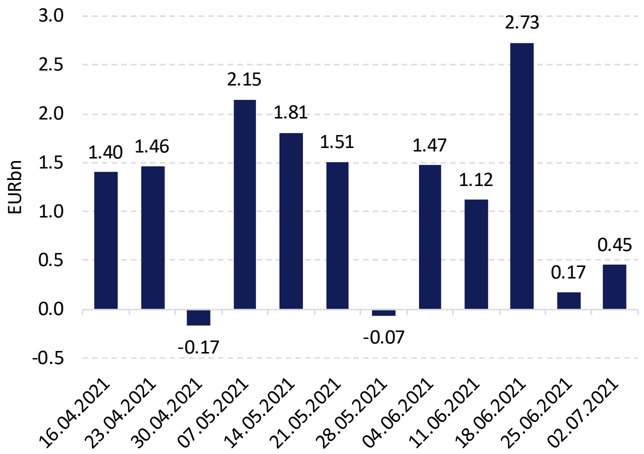
Overall distribution of PSPP buying at month-end

Jurisdiction	Adjusted distribution key[1]	Purchases (EURm)	Expected purchases (EURm)[2]	Difference (EURm)	Avg. time to maturity[3] (in years)	Market average[3] (in years)[3]	Difference (in years)
AT	2.7%	71,823	68,831	2,992	7.5	7.6	-0.1
BE	3.4%	90,376	85,677	4,699	8.0	10.2	-2.2
CY	0.2%	3,763	5,060	-1,297	9.9	8.8	1.1
DE	24.3%	609,448	619,935	-10,487	6.6	7.6	-1.0
EE	0.3%	397	6,625	-6,228	9.2	7.5	1.7
ES	11.0%	301,766	280,427	21,339	8.0	8.4	-0.4
FI	1.7%	37,685	43,197	-5,512	6.9	7.7	-0.8
FR	18.8%	496,901	480,313	16,588	7.2	8.1	-0.9
GR	0.0%	0	0	0	0.0	0.0	0.0
IE	1.6%	39,425	39,823	-398	8.5	10.1	-1.6
IT	15.7%	421,648	399,514	22,134	7.1	7.9	-0.8
LT	0.5%	5,038	13,611	-8,573	10.2	10.6	-0.4
LU	0.3%	3,427	7,747	-4,320	5.6	7.2	-1.7
LV	0.4%	2,959	9,163	-6,204	11.3	10.4	0.9
MT	0.1%	1,259	2,467	-1,208	9.5	9.2	0.3
NL	5.4%	124,784	137,818	-13,034	7.7	9.0	-1.4
PT	2.2%	47,126	55,041	-7,915	7.0	7.2	-0.2
SI	0.4%	9,438	11,323	-1,885	9.9	10.2	-0.3
SK	1.1%	16,004	26,932	-10,928	8.2	8.3	-0.1
SNAT	10.0%	265,069	254,834	10,235	7.7	8.9	-1.2
Total / Avg.	**100.0%**	**2,548,336**	**2,548,336**	**0**	**7.3**	**8.2**	**-0.9**

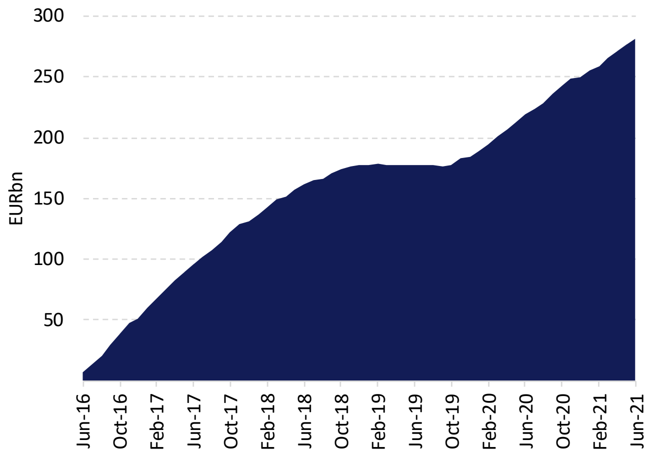
[1] Based on the ECB capital key, adjusted to include supras and the disqualification of Greece
[2] Based on the adjusted distribution key
[3] Weighted average time to maturity of the bonds eligible for purchasing under the PSPP (semi-annual data, Q1/2021)
Source: ECB, NORD/LB Markets Strategy & Floor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

Corporate Sector Purchase Programme (CSPP)

Weekly purchases

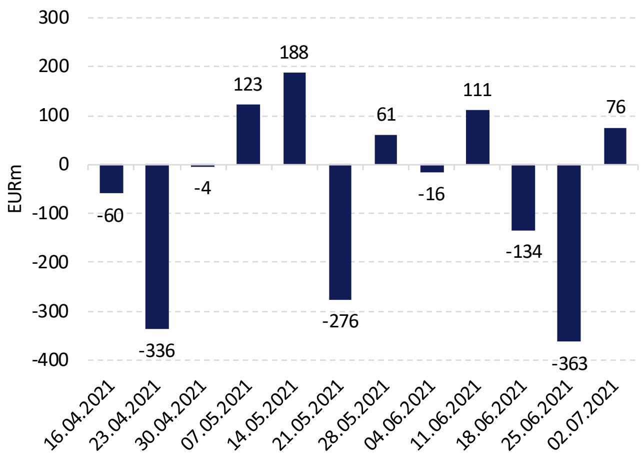


Development of CSPP volume

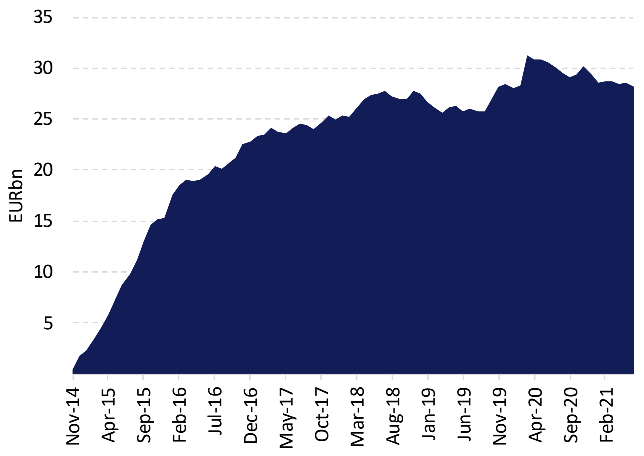


Asset-Backed Securities Purchase Programme (ABSPP)

Weekly purchases



Development of ABSPP volume



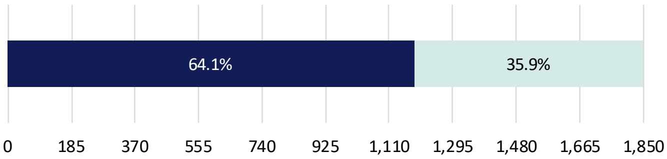
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Pandemic Emergency Purchase Programme (PEPP)

Holdings (in EURm)

	PEPP
May-21	1,104,465
Jun-21	1,184,633
Δ	+80,168

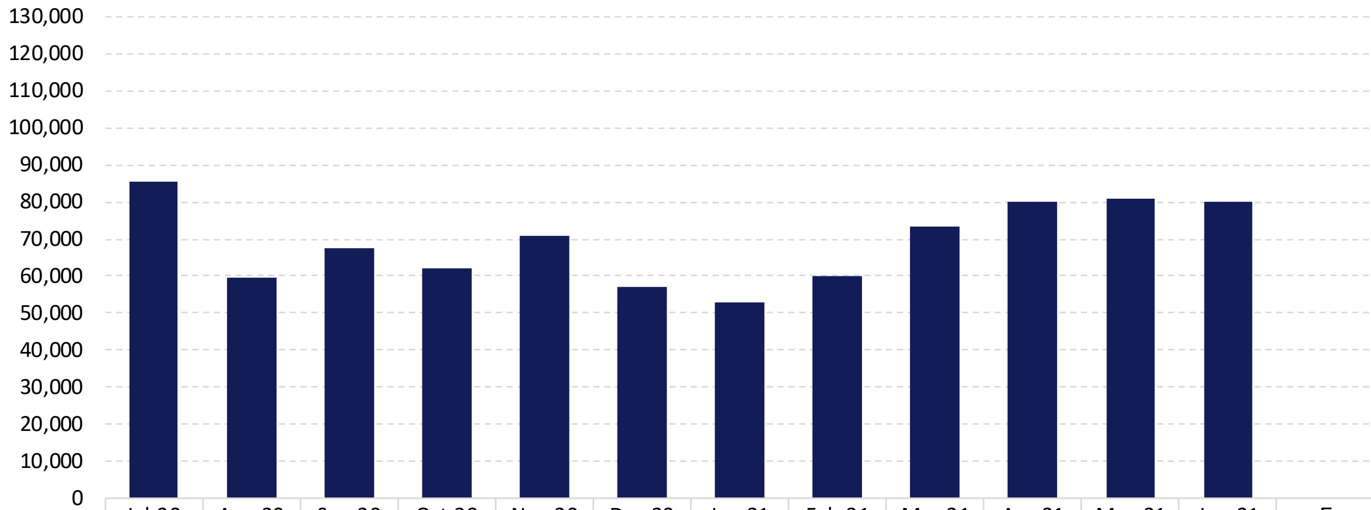
Volume already invested (in EURbn)



Estimated portfolio development

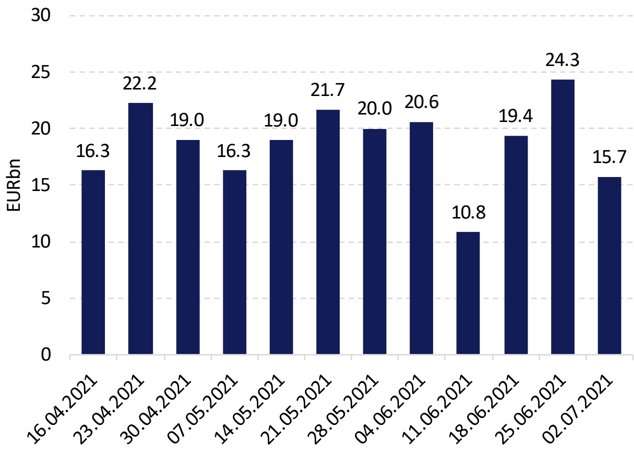
Assumed pace of purchases	Weekly net purchase volume	PEPP limit hit in …
Average weekly net purchase volume so far	EUR 18.0bn	37 weeks (18.03.2022)

Monthly net purchases (in EURm)

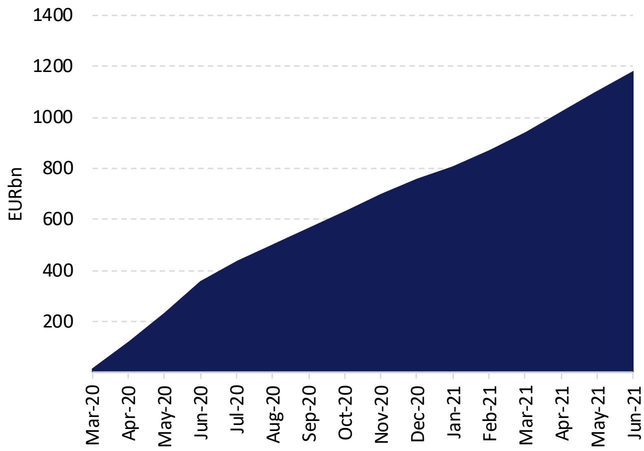


	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	∑
PEPP	85,423	59,466	67,308	61,985	70,835	57,163	53,046	59,914	73,521	80,118	80,700	80,168	829,647

Weekly purchases



Development of PEPP volume

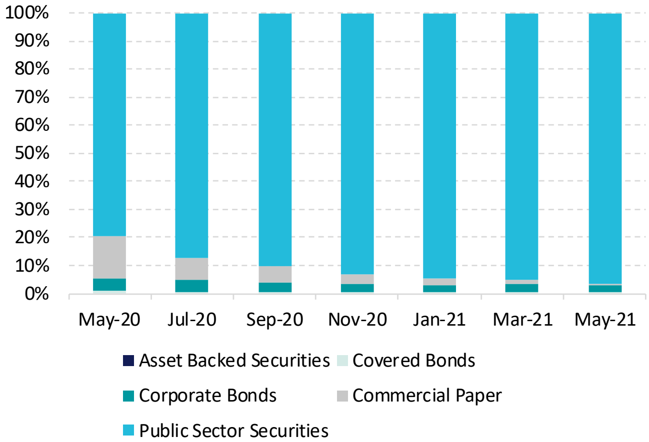


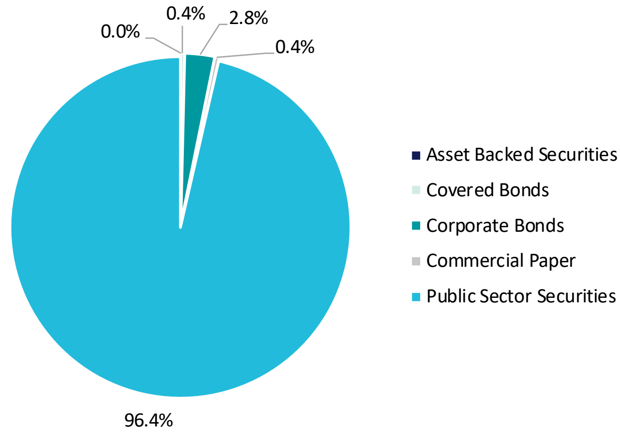
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Holdings under the PEPP (in EURm)

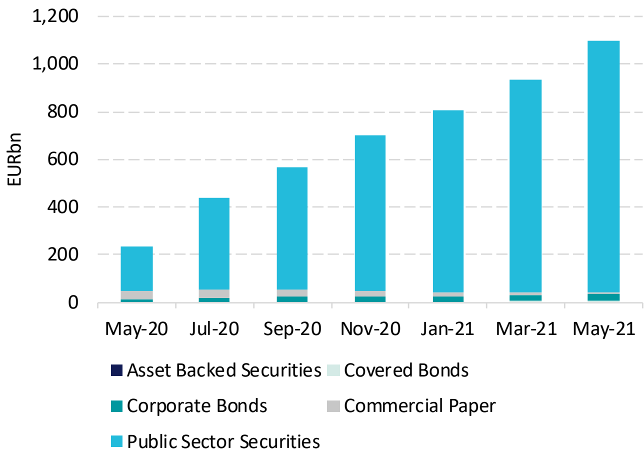
	Asset-backed Securities	Covered Bonds	Corporate Bonds	Commercial Paper	Public Sector Securities	PEPP
Mar-21	0	4,055	27,058	12,766	893,844	937,723
May-21	0	4,055	31,014	4,590	1,058,882	1,098,541
Δ	0	0	+3,956	-8,176	+165,038	+160,818

Portfolio structure

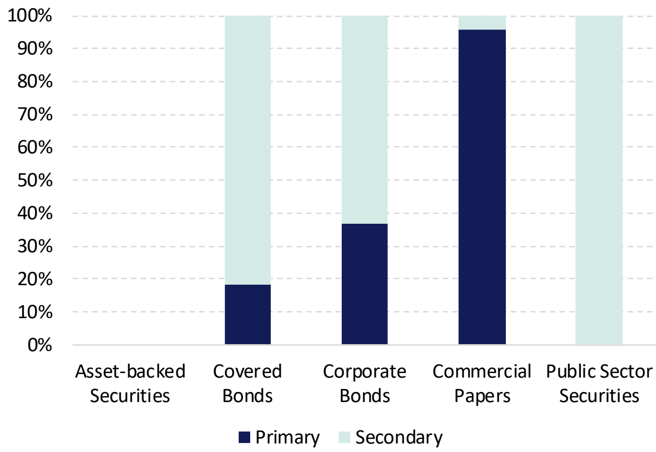




Portfolio development



Share of primary and secondary market holdings



Breakdown of private sector securities under the PEPP

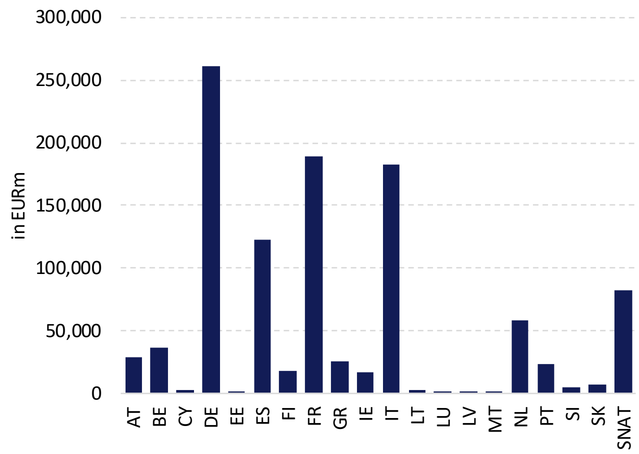
May-21	Asset-backed securities		Covered bonds		Corporate bonds		Commercial paper	
	Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
Holdings in EURm	0	0	745	3,310	11,431	19,583	4,397	193
Share	0.0%	0.0%	18.4%	81.6%	36.9%	63.1%	95.8%	4.2%

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

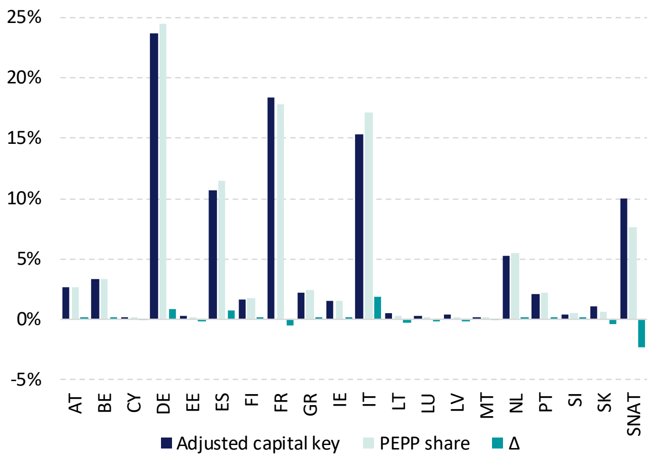
Breakdown of public sector securities under the PEPP

Jurisdiction	Holdings (in EURm)	Adj. distribution key[1]	PEPP share	Deviations from the adj. distribution key[2]	ø time to maturity (in years)	Market average[3] (in years)	Difference (in years)
AT	28,731	2.6%	2.7%	0.1%	9.4	6.9	2.6
BE	36,086	3.3%	3.4%	0.1%	6.7	9.1	-2.5
CY	2,060	0.2%	0.2%	0.0%	9.7	8.3	1.4
DE	261,137	23.7%	24.5%	0.8%	6.1	6.8	-0.7
EE	255	0.3%	0.0%	-0.2%	9.0	7.3	1.7
ES	122,583	10.7%	11.5%	0.8%	8.3	7.6	0.7
FI	18,174	1.7%	1.7%	0.1%	7.3	7.5	-0.2
FR	189,672	18.4%	17.8%	-0.6%	8.5	7.7	0.8
GR	25,680	2.2%	2.4%	0.2%	9.5	9.9	-0.5
IE	16,770	1.5%	1.6%	0.1%	9.2	9.5	-0.3
IT	182,946	15.3%	17.2%	1.9%	6.9	7.0	-0.1
LT	2,505	0.5%	0.2%	-0.3%	11.1	9.9	1.2
LU	1,726	0.3%	0.2%	-0.1%	7.0	6.6	0.5
LV	1,344	0.4%	0.1%	-0.2%	9.8	9.7	0.1
MT	305	0.1%	0.0%	-0.1%	7.9	8.7	-0.8
NL	58,043	5.3%	5.5%	0.2%	6.0	8.4	-2.3
PT	23,730	2.1%	2.2%	0.1%	7.4	7.3	0.1
SI	4,838	0.4%	0.5%	0.0%	9.2	9.3	-0.2
SK	6,384	1.0%	0.6%	-0.4%	9.5	8.4	1.1
SNAT	81,801	10.0%	7.7%	-2.3%	10.4	8.4	2.1
Total / Avg.	**1,064,769**	**100.0%**	**100.0%**	**0.0%**	**7.6**	**7.5**	**0.1**

Distribution of public sector assets by jurisdiction



Deviations from the adjusted distribution key



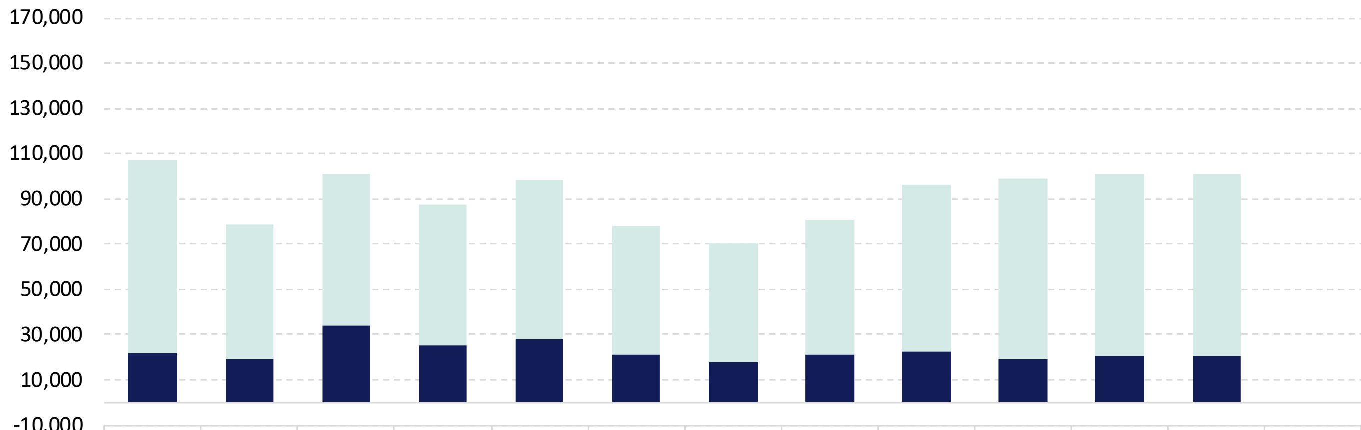
[1] Based on the ECB capital key, adjusted to include supras [2] Based on the adjusted distribution key
[3] Weighted average time to maturity of the bonds eligible for purchasing under the PEPP
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Aggregated purchase activity under APP and PEPP

Holdings (in EURm)

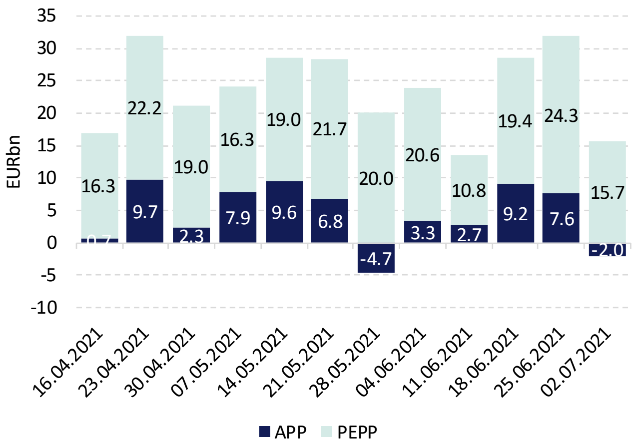
	APP	PEPP	APP & PEPP
May-21	3,002,305	1,104,465	4,106,770
Jun-21	3,017,022	1,184,633	4,201,655
Δ	+20,645	+80,168	+100,813

Monthly net purchases (in EURm)

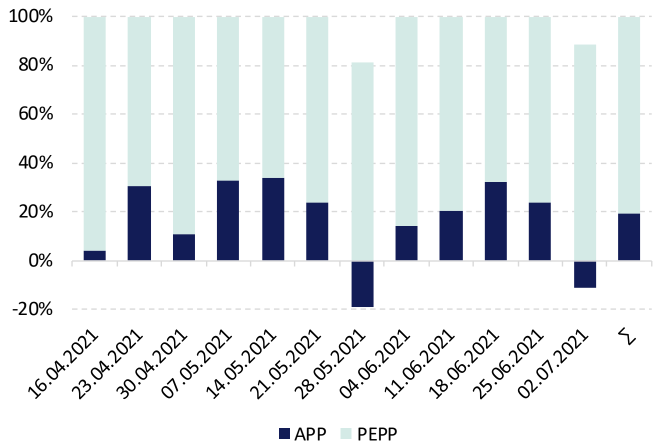


	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	∑
∑	106,952	78,593	101,322	87,334	98,555	78,092	70,892	80,829	96,082	99,036	100,841	100,813	1,099,34
PEPP	85,423	59,466	67,308	61,985	70,835	57,163	53,046	59,914	73,521	80,118	80,700	80,168	829,647
APP	21,529	19,127	34,014	25,349	27,720	20,929	17,846	20,915	22,561	18,918	20,141	20,645	269,694

Weekly purchases



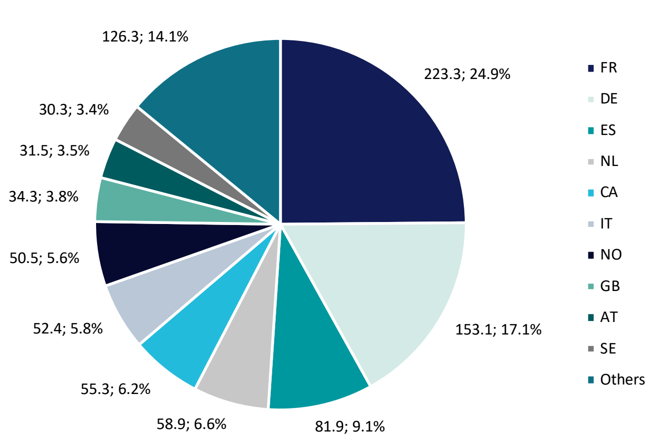
Distribution of weekly purchases



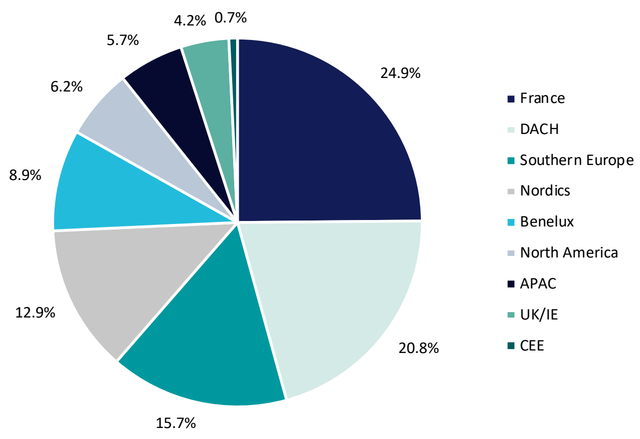
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



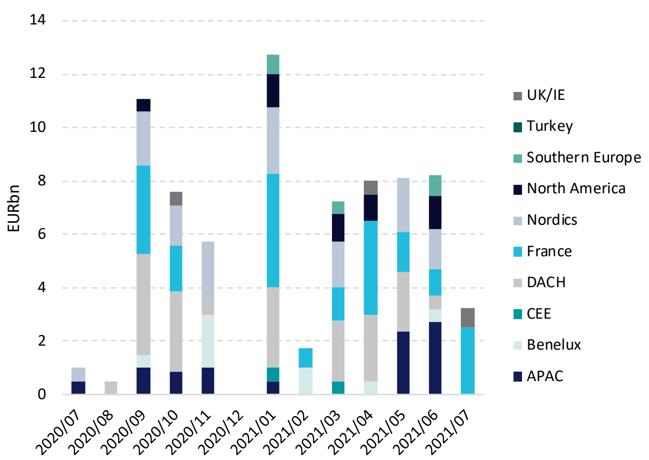
EUR benchmark volume by region (in EURbn)



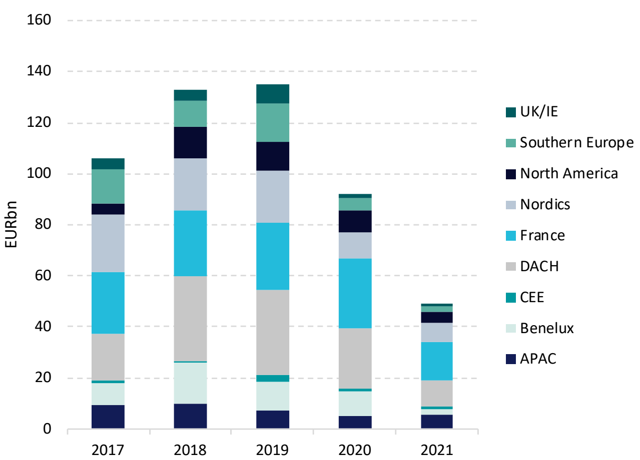
Top-10 jurisdictions

Rank	Country	Amount outst. (EURbn)	No. of BMKs	There of ESG BMKs	Avg. issue size (EURbn)	Avg. initial maturity (in years)	Avg. mod. Duration (in years)	Avg. coupon (in %)
1	FR	223.3	208	206	0.96	10.1	5.5	1.04
2	DE	153.1	229	229	0.60	8.4	4.7	0.43
3	ES	81.9	67	67	1.13	11.4	3.8	1.79
4	NL	58.9	60	60	0.93	11.3	7.3	0.90
5	CA	55.3	48	48	1.12	6.1	3.1	0.26
6	IT	52.4	61	60	0.83	9.1	4.2	1.38
7	NO	50.5	57	57	0.89	7.3	4.0	0.45
8	GB	34.3	40	39	0.88	8.5	3.6	0.99
9	AT	31.5	58	58	0.54	10.0	6.5	0.63
10	SE	30.3	36	36	0.84	7.5	3.5	0.44

EUR benchmark issue volume by month

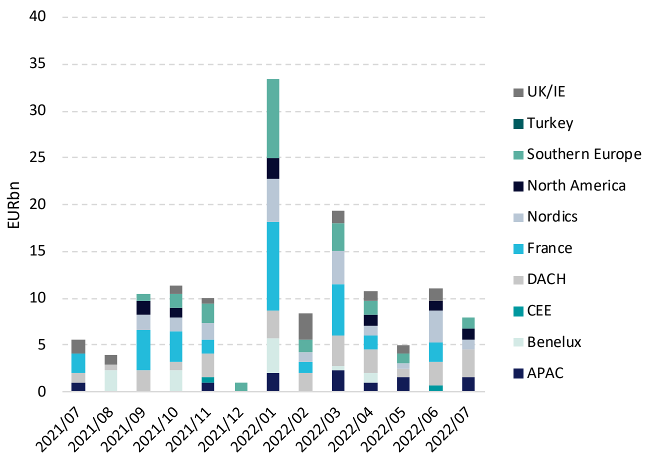


EUR benchmark issue volume by year

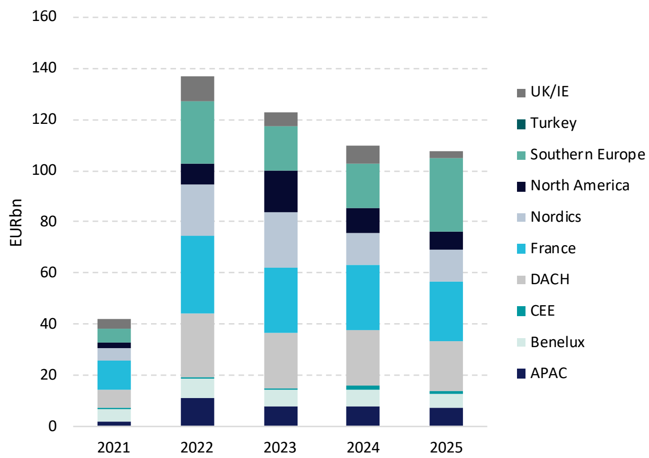


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

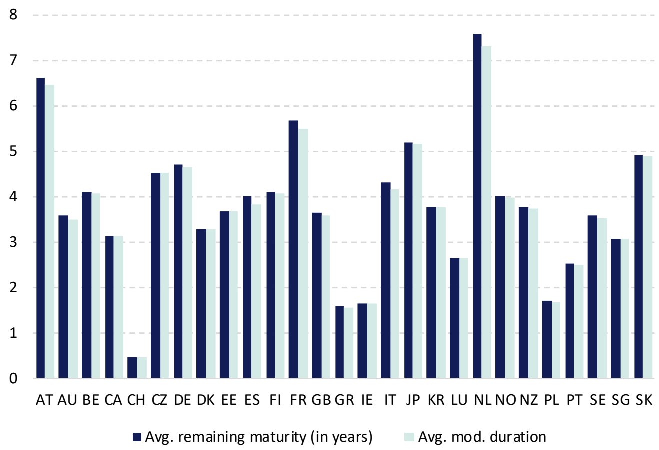
EUR benchmark maturities by month



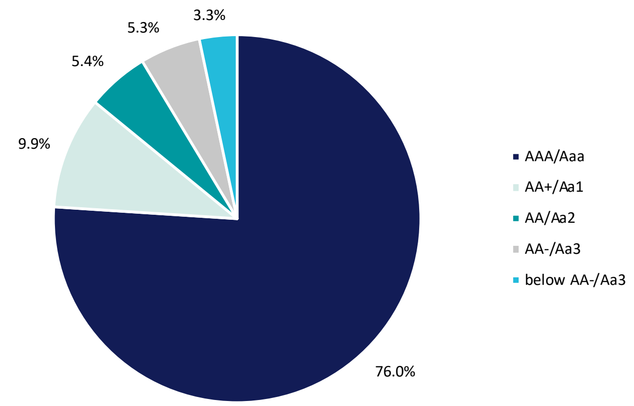
EUR benchmark maturities by year



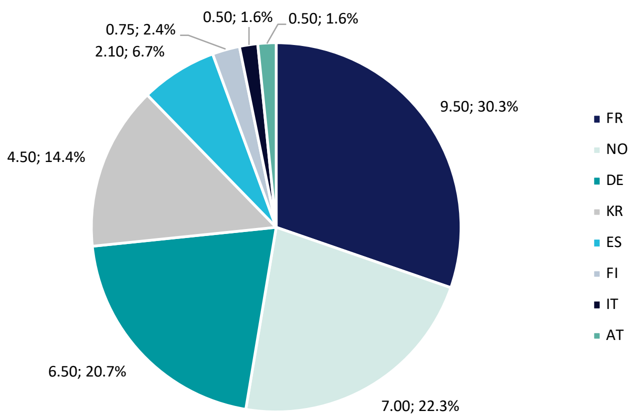
Modified duration and time to maturity by country



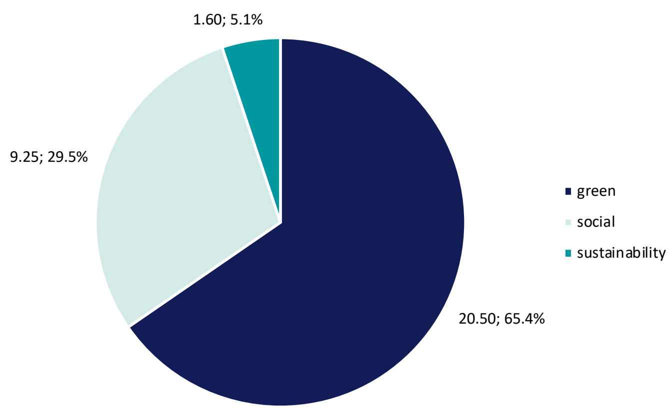
Rating distribution (volume weighted)



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

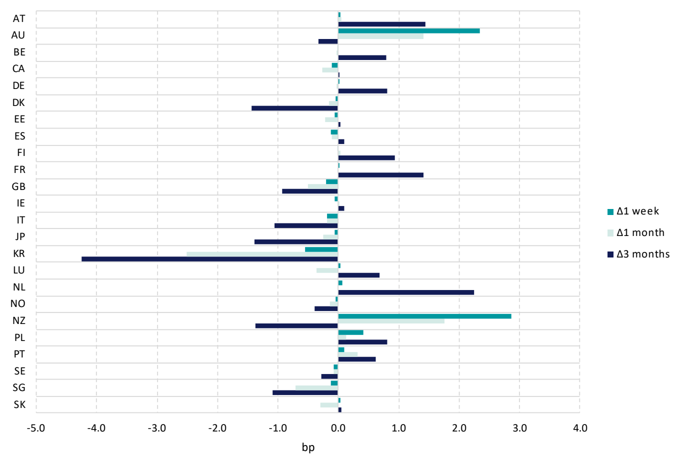


EUR benchmark volume (ESG) by type (in EURbn)

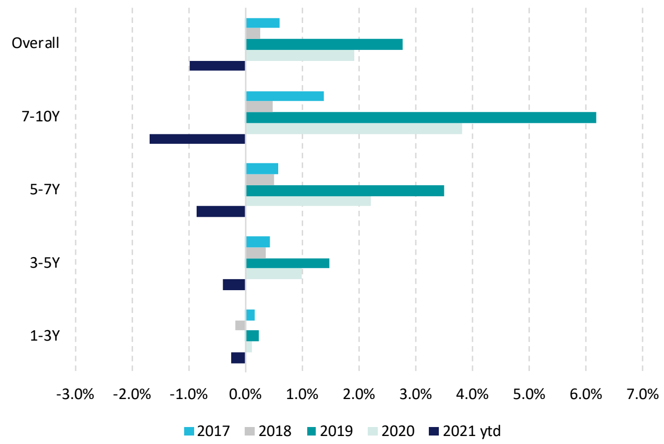


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

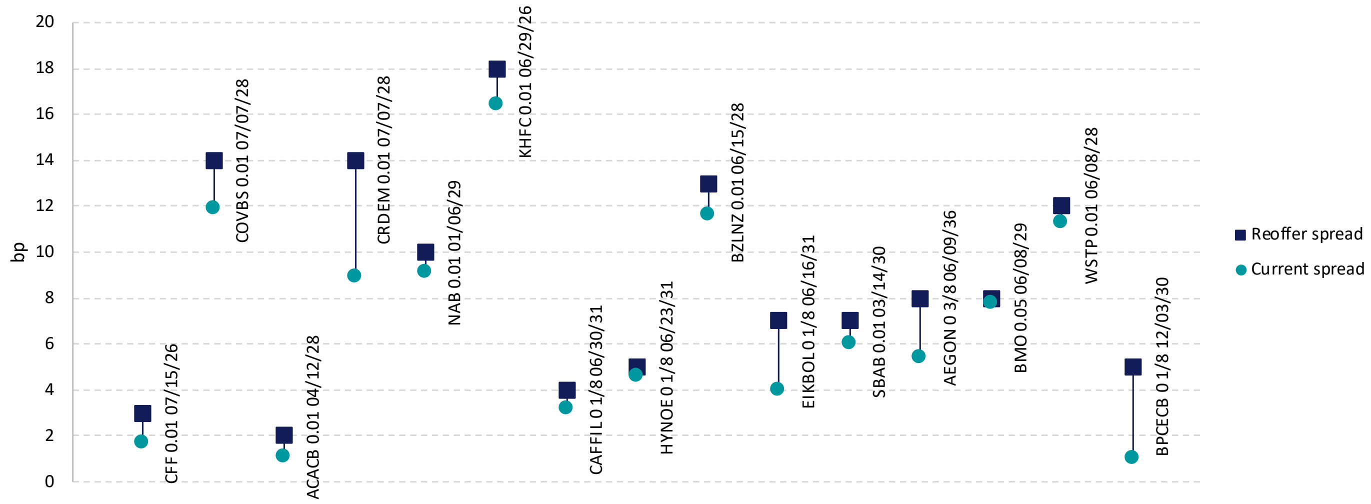
Spread development by country



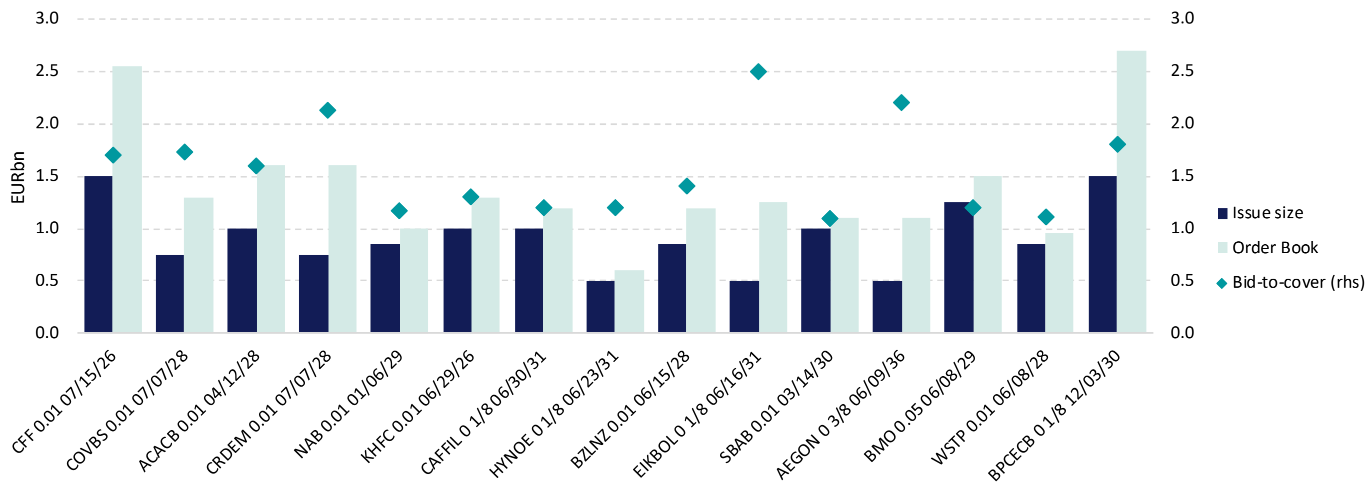
Covered bond performance (Total return)



Spread development (last 15 issues)



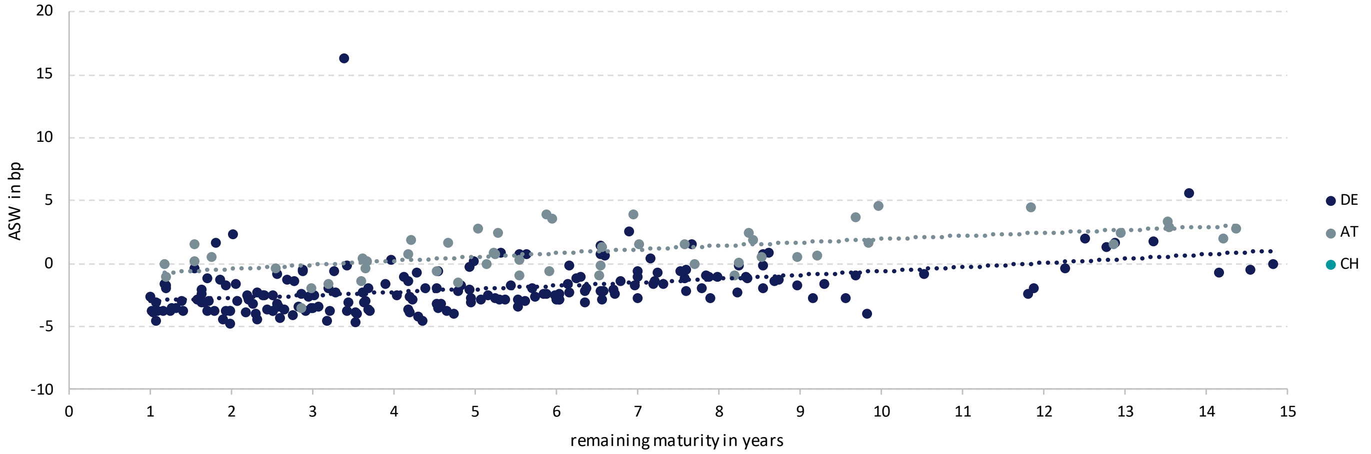
Order books (last 15 issues)



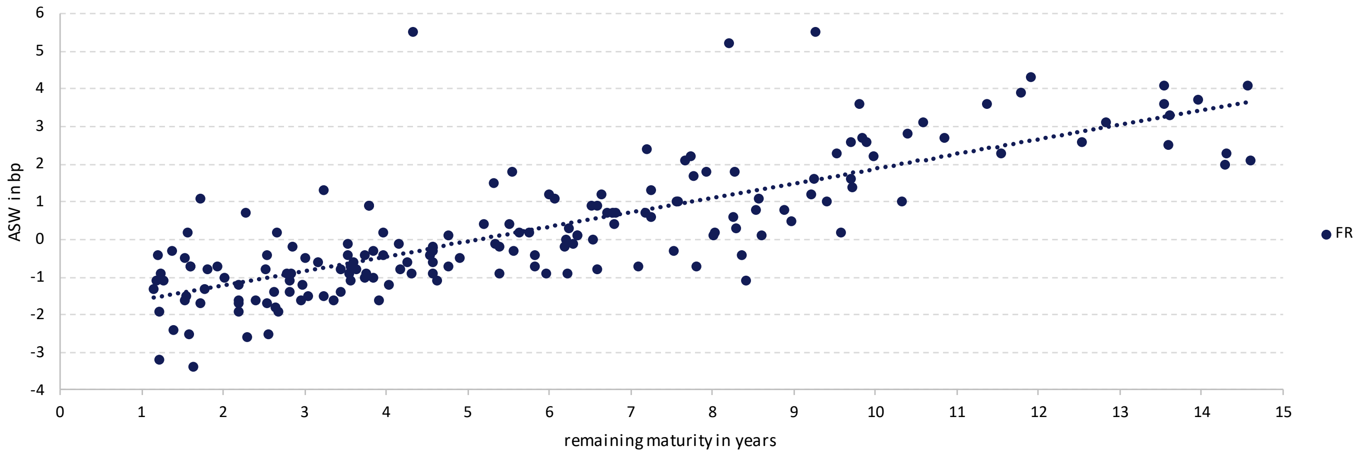
Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

Spread overview[1]

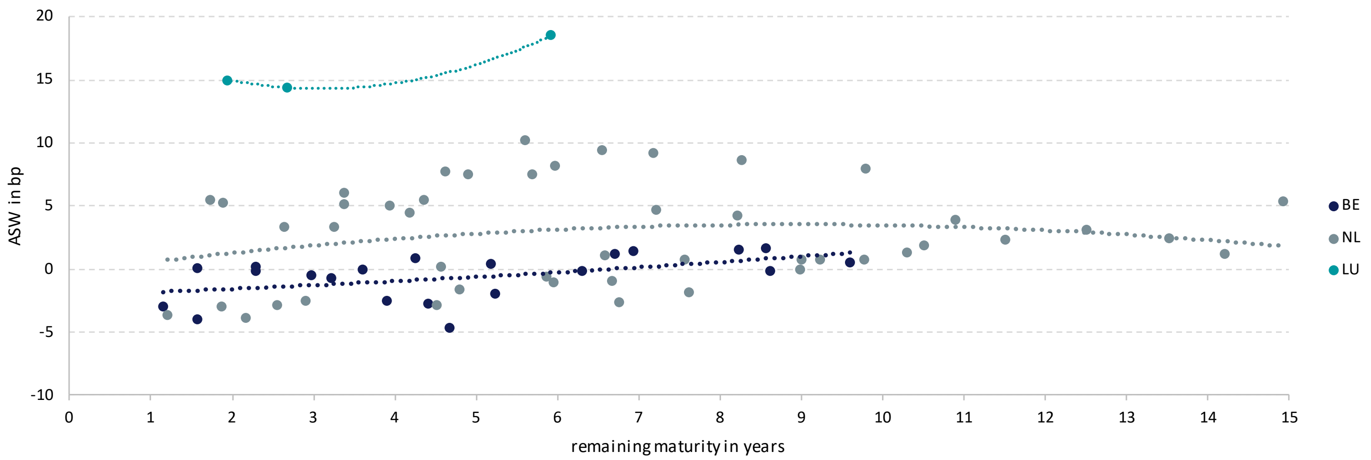
DACH



France

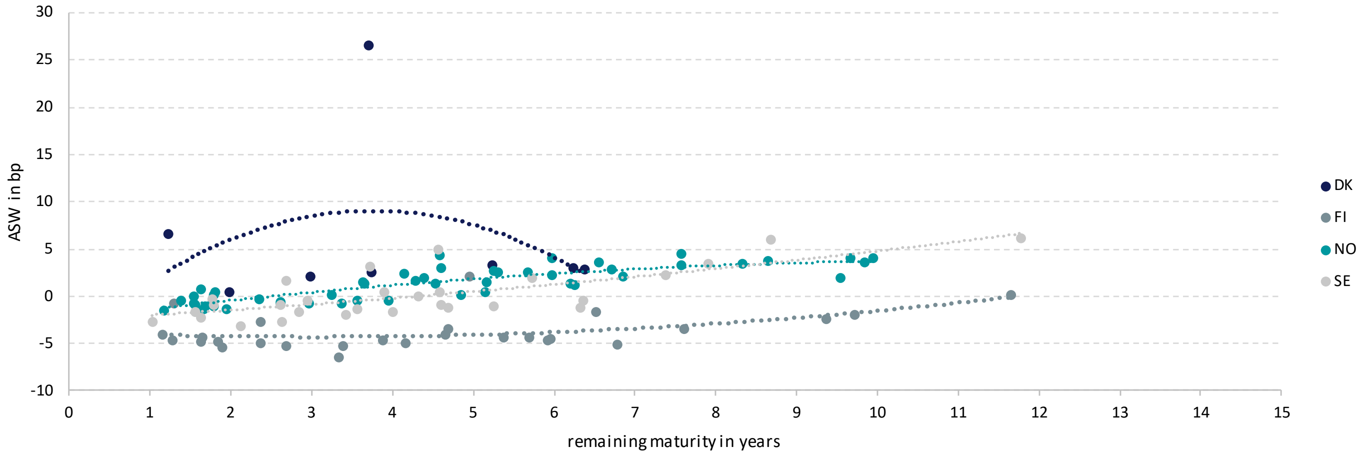


Benelux

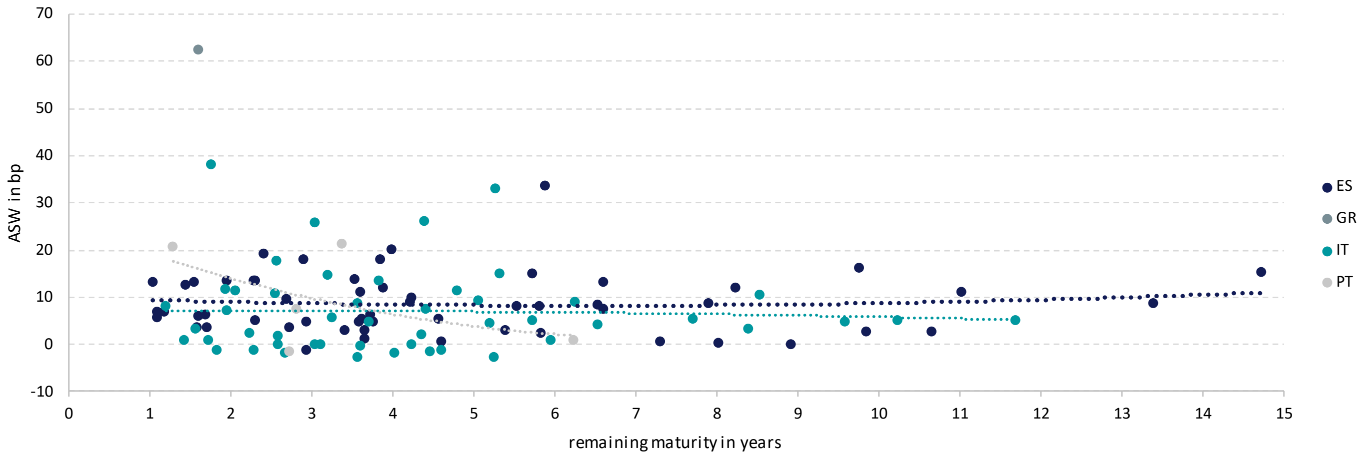


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research [1]Time to maturity 1 ≤ y ≤ 15

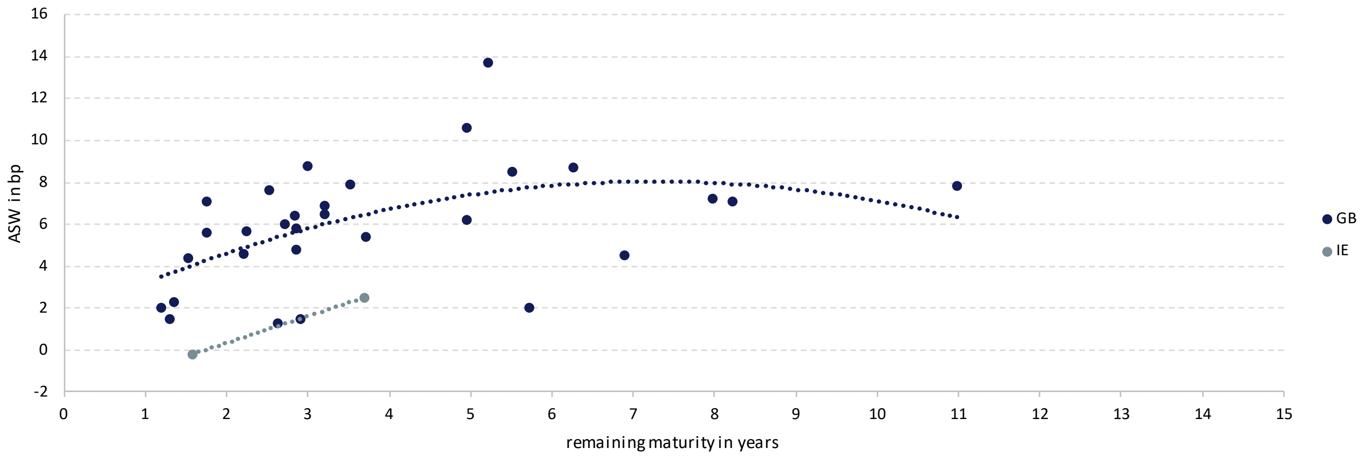
Nordics



Southern Europe

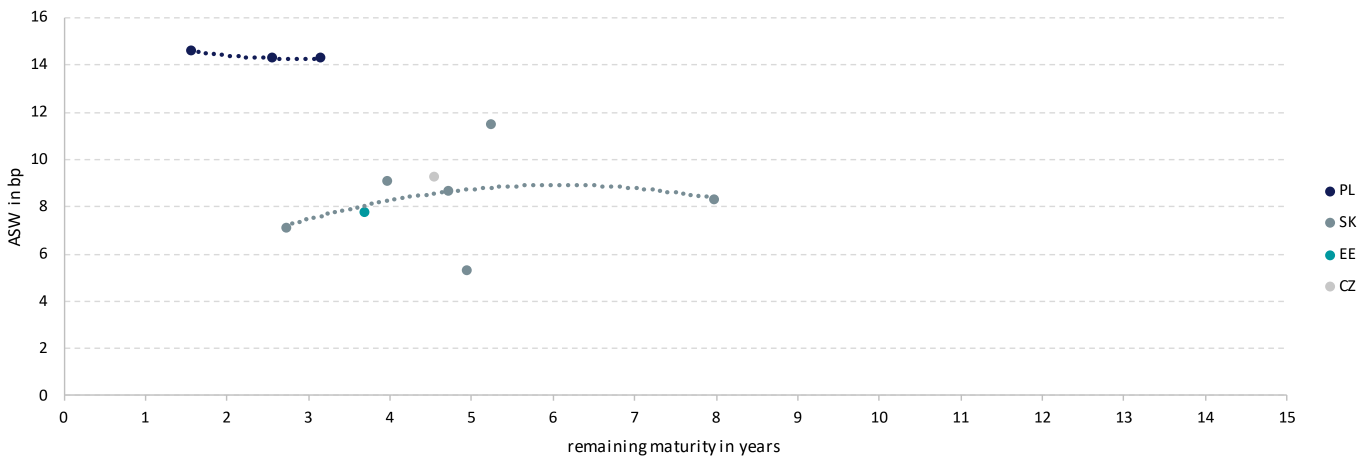


UK/IE

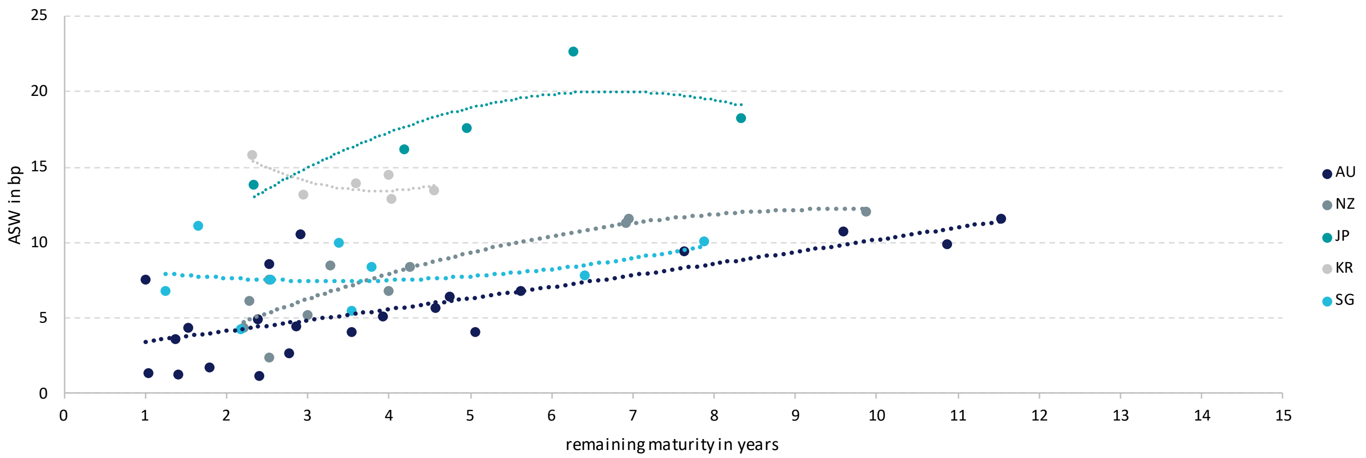


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

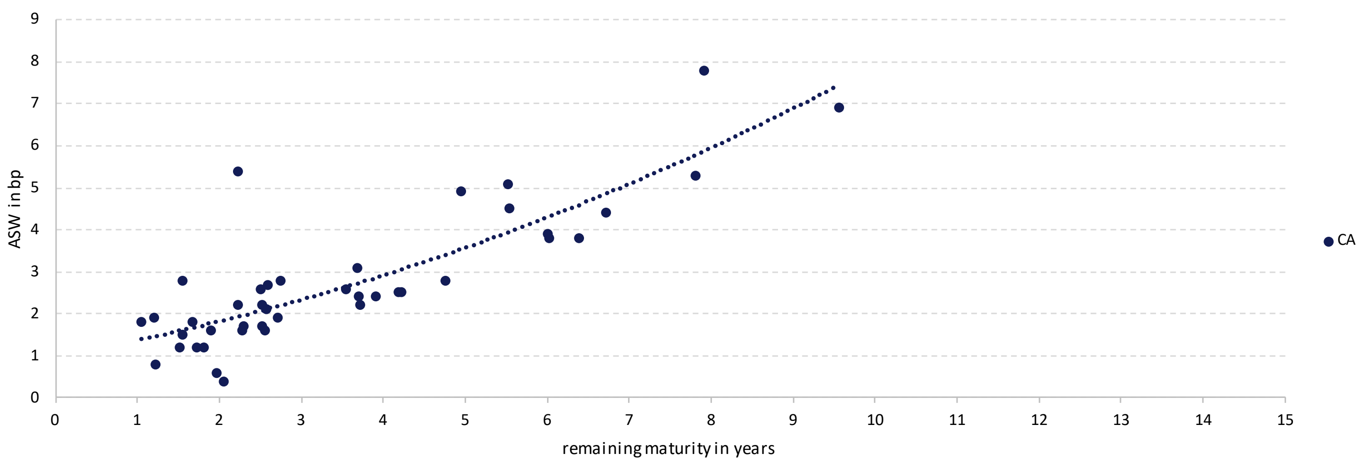
CEE



APAC



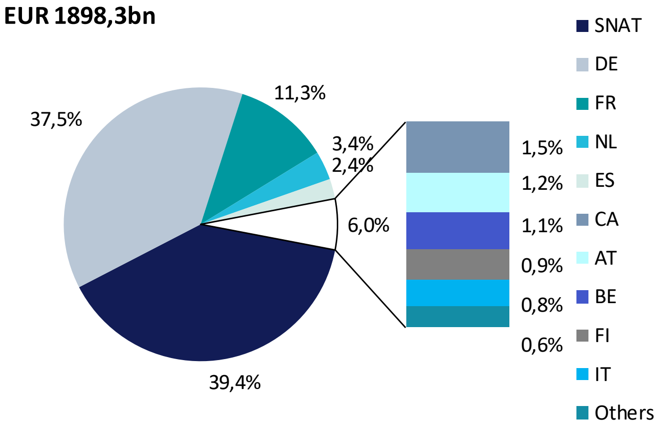
North America



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

Charts & Figures
SSA/Public Issuers

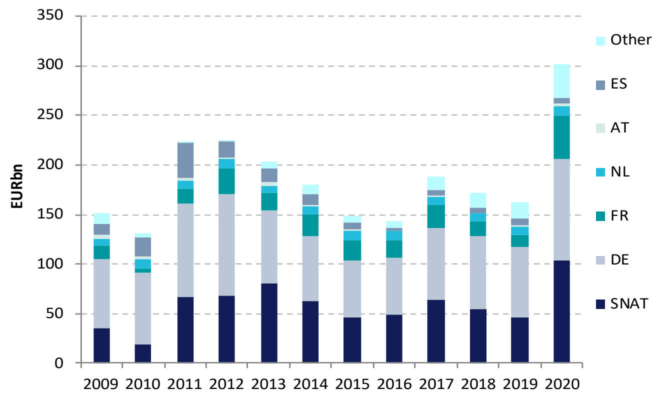
Outstanding volume (bmk)



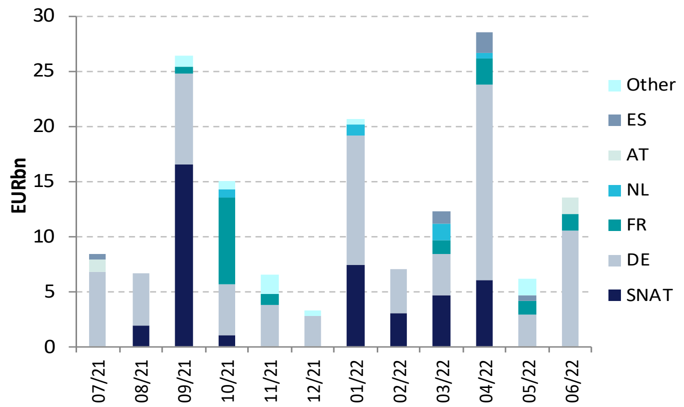
Top 10 countries (bmk)

Country	Vol. (€bn)	No. of bonds	ØVol. (€bn)	Vol. weight. ØMod. Dur.
SNAT	750.8	191	3.9	8.5
DE	721.3	560	1.3	6.8
FR	211.8	141	1.5	5.6
NL	64.4	65	1.0	6.5
ES	44.7	55	0.8	5.3
CA	26.5	18	1.5	5.9
AT	21.8	23	0.9	5.0
BE	19.2	23	0.8	14.8
FI	17.0	22	0.8	5.8
IT	15.0	19	0.8	6.1

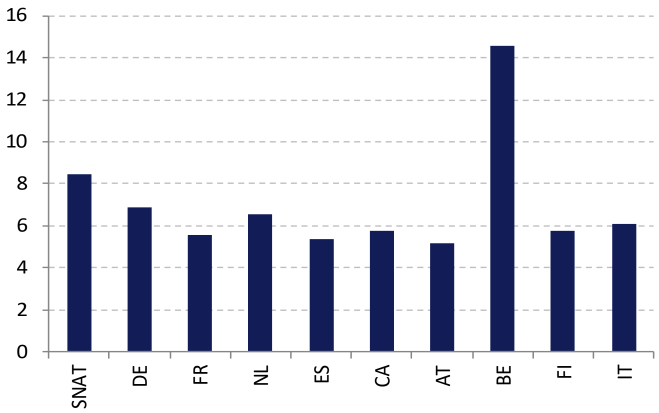
Issue volume by year (bmk)



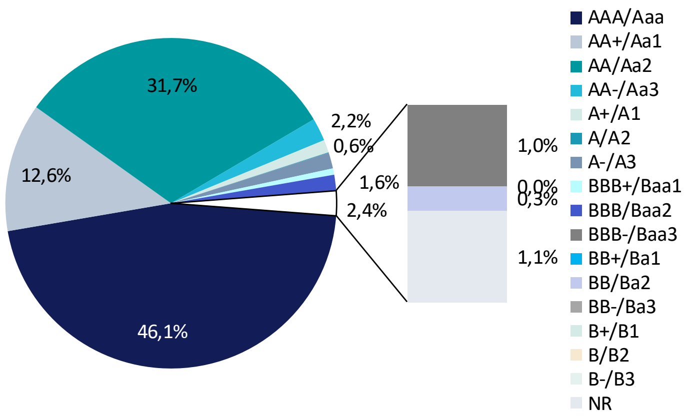
Maturities next 12 months (bmk)



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

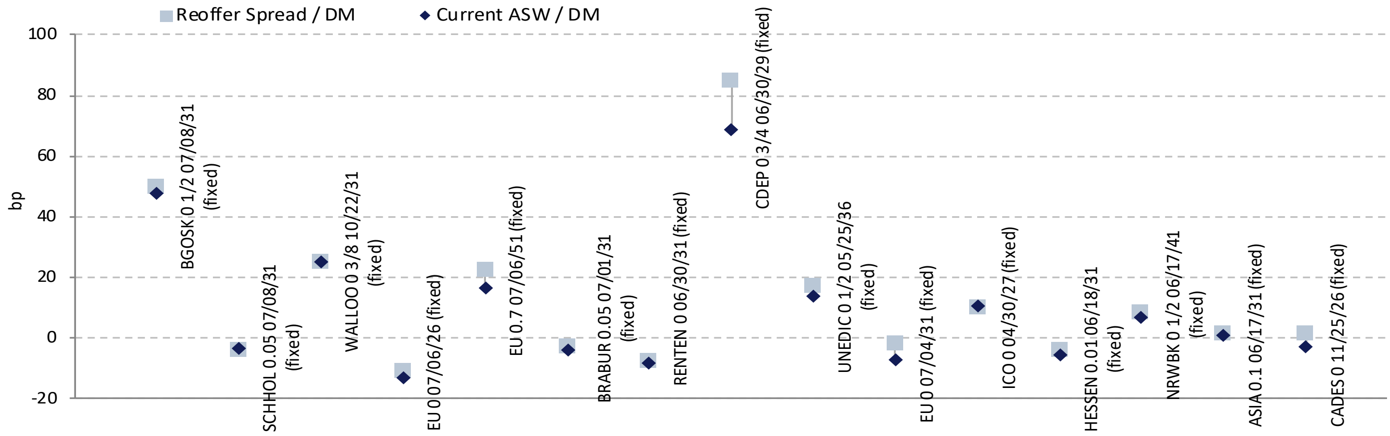


Rating distribution (vol. weighted)

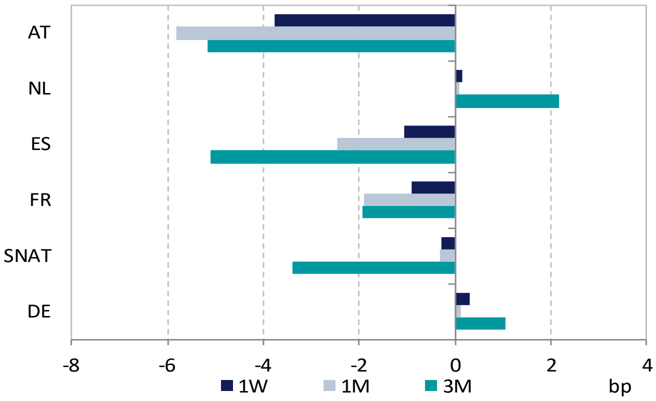


Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

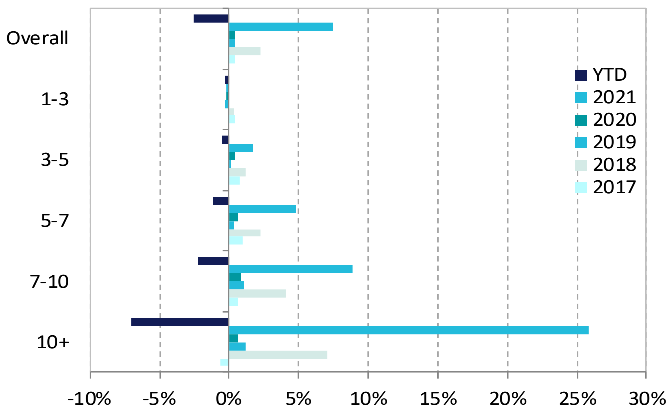
Spread development (last 15 issues)



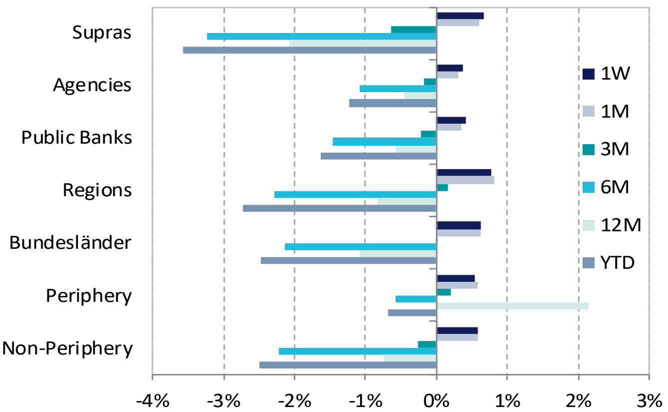
Spread development by country



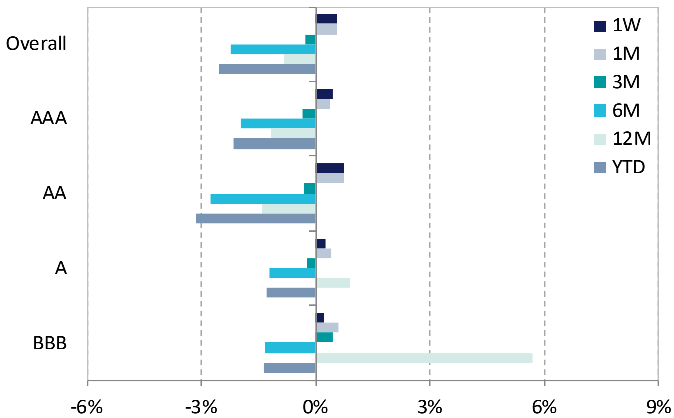
Performance (total return)



Performance (total return) by regions

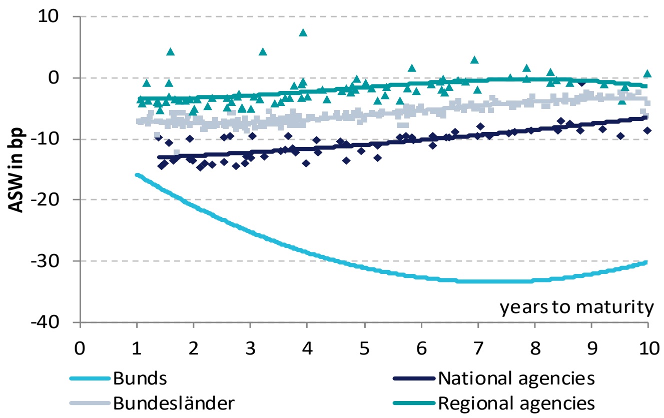


Performance (total return) by rating

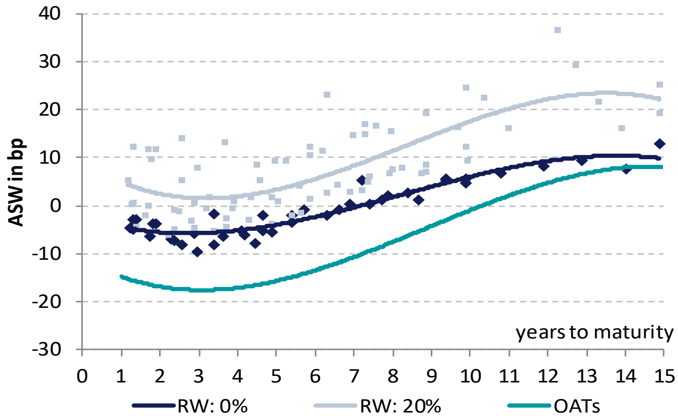


Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

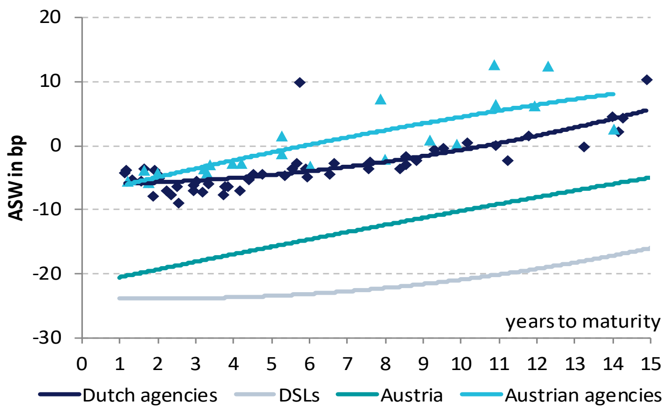
Germany (by segments)



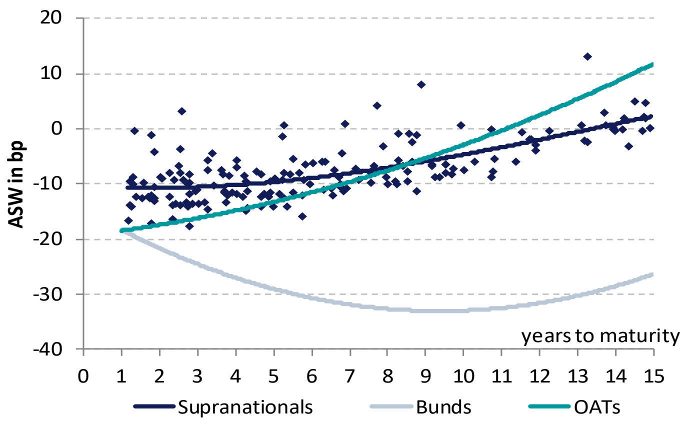
France (by risk weight)



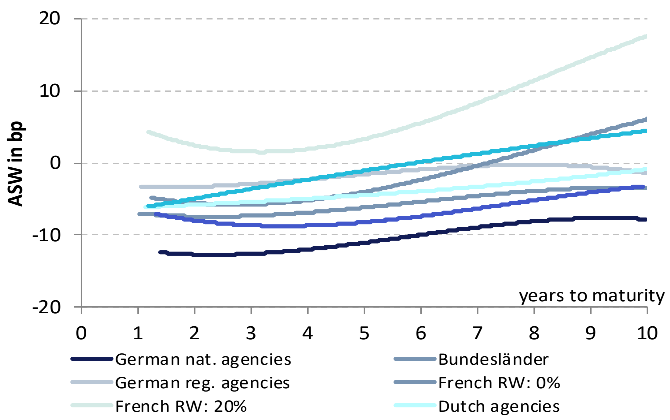
Netherlands & Austria



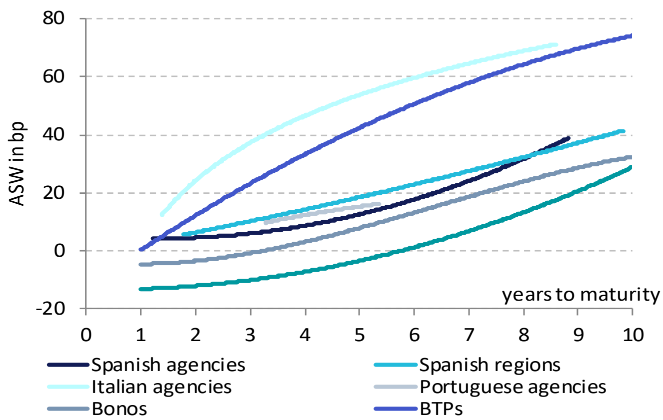
Supranationals



Core



Periphery



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

Appendix
Overview of latest Covered Bond & SSA View editions

Publication	Topics
23/2021 ♦ 23 June	▪ Return of the Australian covered bond market: National Australia Bank issues first EUR benchmark since 2019
22/2021 ♦ 23 June	▪ TLTRO III.8 neither really strong nor extraordinarily weak: implications for the covered bond market ▪ Realignment of the German real property tax
21/2021 ♦ 16 June	▪ ICMA Green and Social Bond Principles: 2021 update ▪ The covered bond universe of Moody's: an overview Covered bonds vs. senior unsecured bonds
20/2021 ♦ 09 June	▪ PEPP reporting: increased pace of purchases in Q2 ▪ Covered bonds vs. senior unsecured bonds
19/2021 ♦ 02 June	▪ ECB preview: Spectre of inflation fuelling tapering thoughts ▪ FX covered bonds: Same symptomatology as EUR benchmarks?
18/2021 ♦ 19 May	▪ United Overseas Bank reinvigorates the market in Singapore ▪ Transparency requirements §28 PfandBG Q1 2021
17/2021 ♦ 12 May	▪ ASB Finance opens primary market "Down Under": Our outlook for the rest of the year ▪ Development of the German property market
16/2021 ♦ 05 May	▪ Austria implements requirements of the covered bond directive and harmonises existing legal framework ▪ EIB goes Blockchain
15/2021 ♦ 28 April	▪ EU Taxonomy meets the market for sustainable covered bonds
14/2021 ♦ 22 April	▪ LCR levels and risk weights of EUR benchmarks ▪ NextGenerationEU: NGEU is taking shape
13/2021 ♦ 14 April	▪ Predominant ECB strategy: wait-and-see but remain proactive ▪ PEPP reporting: First year done; a second (at least) now follows ▪ OSFI abandons temporarily increased 10% limit with immediate effect: (in)direct implications for Canadian benchmarks
12/2021 ♦ 31 March	▪ Unusual Q1 and revised supply forecast for 2021 ▪ Collective Action Clauses (CACs)
11/2021 ♦ 24 March	▪ Surprising dynamic: Eurosystem lends EUR 331bn to EMU banks via TLTRO III.7 ▪ German Pfandbrief savings banks in Q4 2020
10/2021 ♦ 17 March	▪ Transparency requirements §28 PfandBG Q4/2020 ▪ Credit authorisations for German Bundeslaender in 2021
09/2021 ♦ 10 March	▪ Moody's covered bond universe – an overview ▪ Oldenburgische Landesbank expands sub-benchmark segment
08/2021 ♦ 03 March	▪ Repayment structures on the covered bond market ▪ ECB in a tight spot: litmus test for PEPP flexibility and preview of the second interest rate meeting of the year
07/2021 ♦ 24 February	▪ An overview of the EUR sub-benchmark segment ▪ ECB: crowding-out effects take hold ▪ PEPP vs. PSPP: Similarities and differences

Appendix
Publication overview

Covered Bonds:

Issuer Guide Covered Bonds 2020

Risk weights and LCR levels of covered bonds

Transparency requirements §28 PfandBG

Transparenzvorschrift §28 PfandBG Sparkassen (German only)

SSA/Public Issuers:

Issuer Guide – Supranationals & Agencies 2019

Issuer Guide – Canadian Provinces & Territories 2020

Issuer Guide – German Bundeslaender 2020

Issuer Guide – Down Under 2019

Fixed Income:

ESG update

Analysis of ESG reporting

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

ECB launches corona pandemic emergency

ECB responds to corona risks

Appendix
Contacts at NORD/LB

Markets Strategy & Floor Research

Melanie Kiene
Banks
+49 511 361-4108
+49 172 169 2633
melanie.kiene@nordlb.de

Dr Norman Rudschuck
SSA/Public Issuers
+49 511 361-6627
+49 152 090 24094
norman.rudschuck@nordlb.de

Dr Frederik Kunze
Covered Bonds
+49 511 361-5380
+49 172 354 8977
frederik.kunze@nordlb.de

Henning Walten
Covered Bonds
+49 511 361-6379
+49 152 545 67178
henning.walten@nordlb.de

Sales

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

Trading

Covereds/SSA	+49 511 9818-8040
Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Laender/Regionen	+49 511 9818-9550
Frequent Issuers	+49 511 9818-9640

Origination & Syndicate

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

Sales Wholesale Customers

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

Treasury

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

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.** This information also constitutes an investment recommendation or investment strategy recommendation within the meaning of Market Abuse Regulation (EU) No. 596/2014 and complies with the applicable provisions of this regulation and Delegated Regulation (EU) 2016/958 as well as the Securities Trading Act (see the supplementary details at the end of this information).

This information has been prepared by the Markets Strategy & Floor Research division, which is organisationally assigned to the Markets trading division within NORD/LB and which offers comprehensive securities services to the clients of the bank. Information may therefore be exchanged between the Floor Research and Trading divisions which may influence the content of this information. Against this background, the possibility cannot be ruled out that NORD/LB has its own holdings in the financial instruments described herein or in the issuers described herein and participates in the issue of such financial instruments as well as providing other services to such issuers or has other financial interests in these financial instruments or issuers. It also cannot be ruled out that the remuneration of the employees of the Markets Strategy & Floor Research division is indirectly linked to the overall performance of the Markets division, however, a direct linking of remuneration to transactions in investment services or trading fees is prohibited. Against this background, there are potential conflicts of interest that could fundamentally influence the objectivity of the recommendations contained herein.
NORD/LB has, however, taken extensive precautions to deal with potential conflicts of interest and to avoid them:

Arrangements for dealing with and avoiding conflicts of interest and for the confidential treatment of sensitive client and business data:
Business areas that may have regular access to sensitive and confidential information are classified as confidentiality areas by the Compliance Office and separated from other areas in terms of function, location and technical data processing measures. The trading division (Markets) is classified as such a confidentiality area. The exchange of information between individual confidentiality areas requires the approval of the Compliance Office.
The forwarding of confidential information which may have an impact on securities' prices is monitored by the NORD/LB Compliance Office, which is independent of the trading, business and settlement departments. The Compliance Office can issue any trading prohibitions and restrictions which may be necessary to ensure that information which may have an influence on securities' prices is not misused and to prevent confidential information from being passed on to areas which may only use publicly accessible information. Employees of the Markets Strategy & Floor Research unit are obliged to inform the Compliance Office of all transactions (including external) that they carry out for their own account or on behalf of a third party or in the interests of a third party. This will enable the Compliance Office to identify any unauthorised transactions by these employees.
Further information on this can be found in our Conflict of Interest Policy, which is available on request from the NORD/LB Compliance Office.

Supplementary important information:
This information and the details contained herein have been prepared and are provided for information purposes only. It is not intended to be an incentive for investment activities. It is provided for the personal information of the Recipient with the express understanding, acknowledged by the Recipient, that it does not constitute a direct or indirect offer, an individual recommendation, solicitation to buy, hold or sell, an invitation to subscribe 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. 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 Markets Strategy & 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 expressed in the present Report (irrespective of whether such losses are incurred due to any negligence on the part of such 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 give 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 Singapore
This information is directed only at accredited investors or institutional investors under the Securities and Futures Act in Singapore. This information is intended for general distribution only. It does not constitute investment advice and does not take into account the specific investment objectives, financial situation or particular needs of the Recipient. It is recommended that advice be obtained from a financial adviser regarding the suitability of the investment product in light of the specific investment objectives, financial situation and special needs of the Recipient before agreeing to purchase the investment product.

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.

Additional information
Time of going to press: 07 July 2021 08:49h (CET)

Disclosure of possible conflicts of interest at NORD/LB in accordance with Section 85 (1) of the German Securities Trading Act (WpHG) in conjunction with Article 20 of the Market Abuse Regulation (EU) No. 596/2014 and Articles 5 and 6 of Regulation (EU) 2016/958.
None

Sources and price details
For the preparation of investment recommendations, we use issuer-specific financial data providers, our own estimates, company information and publicly available media. Unless otherwise stated in the information, price information refers to the closing price of the previous day. Fees and commissions are incurred in connection with securities (purchase, sale, custody), which reduce the return on the investment.

Basis of valuation and frequency of updates
For the preparation of investment recommendations, we use company-specific methods from fundamental securities' analysis, quantitative / statistical methods and models as well as from technical information processes. It should be noted that the results of the information are snapshots and past performance is not a reliable indicator of future returns. The basis of valuation may change at any time and in an unforeseeable manner, which may lead to divergent assessments. The recommendation horizon is 6 to 12 months. The above information is prepared on a weekly basis. Recipients have no right to publish updated information. For more detailed information on our assessment bases, check under: www.nordlb-pib.de/Bewertungsverfahren.

Recommendation system
Positive: Positive expectations for the issuer, a bond type or a bond placed by the issuer.
Neutral: Neutral expectations for the issuer, a bond type or a bond of the issuer.
Negative: Negative expectations for the issuer, a type of bond or a bond placed by the issuer.
Relative Value (RV): Relative recommendation to a market segment, an individual issuer or a range of maturities.

Breakdown of recommendations (12 months)

Positive:	37%
Neutral:	55%
Negative:	8%

Recommendation record (12 months)
For an overview of our overall pension recommendations for the past 12 months, please visit www.nordlb-pib.de/empfehlungsuebersicht_renten. The password is "renten/Liste3".

Issuer / security	Date	Recommendation	Bond type	Cause

Distribution: 07.07.2021 16:46