Covered Bond & SSA View

NORD/LB Markets Strategy & Floor Research

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Marketing communication (see disclaimer on the last pages)

NORD/LB

Agenda

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NORD/LB

Market overview
Covered Bonds

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Primary market I: a quieter week

After having reported on certain saturation tendencies on the primary market for covered bonds in EUR benchmark format last week, things have been much quieter since then. The upcoming congress of the covered bond community in Munich this week and the ECB Council meeting on Thursday have certainly played their part in this development. Monday saw the only new issuance of the current reporting week, when the Italian issuer Banco BPM (ticker: BAMIIM) approached investors seeking to raise EUR 500m (WNG) at ms +49bp for three years (cf. NORD/LB Issuer View – Banco BPM here). The initial guidance was at ms +52bp area. The final order book amounted to EUR 900m and the bid-to-cover ratio accordingly came in at 1.8x. The new issuance volume for EUR benchmark covered bonds from Italy therefore now amounts to EUR 7.0bn in the current year. We have now adjusted our forecast for Italy to EUR 10.0bn for the full year, meaning that we expect additional issuance activity on the part of Italian banks in the amount of EUR 3.0bn. This would produce net new supply of EUR 2.75bn. It should be noted here that due to the delayed final implementation of the EU Covered Bond Directive in Italy, there was a significantly negative net supply in 2022. The lower volume on the EUR primary market mentioned at the beginning of this article was partially offset by fresh deals from a handful of issuers (e.g., TD, RBC, TBS, HSBC) in other currencies (USD, AUD, GBP). From our perspective, the high volume of new deals in the unsecured segment also points to a temporary shift and we assume that new issuance activity will pick up speed again quickly after the ECB meeting. Some previously announced projects also indicate this, including one newcomer: Bendigo and Adelaide Bank (Ticker: BENAU) from Australia is planning to hold investor talks from 18 September with a view to placing a three-year bond with a volume of EUR 500m (WNG).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
Banco BPM SpA	IT	11.09.	IT0005562142	3.0y	0.50bn	ms +49bp	- / Aa3 / -	-

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

Primary market II: DekaBank places fresh deal in EUR subbenchmark format

After Landesbank Berlin placed its second EUR subbenchmark Pfandbrief deal in 2023 last week, DekaBank followed suit in this market segment yesterday by successfully raising a sum of EUR 250m from investors. The deal featured a term to maturity of just over three years and was priced at ms +9bp. This brings the new issuance volume in this segment to EUR 5.8bn in the year to date (2022 total: EUR 8.0bn).

Secondary market: widening tendencies easing off, long end under pressure
Widening tendencies are still predominant on the secondary market, particularly for longer-dated maturities. However, at the short end, the widening dynamics have eased off slightly. Customers are continuing to focus on bonds with up-to-date coupons. New deals with high spread premiums versus mid-swap are presently performing better post-issuance than deals from "expensive" issuers that feature only marginal spread premiums.

S&P shines a light on the French covered bond market
In a Covered Bond Market Inside Report from 07 September 2023, the rating experts at S&P took a closer look at the covered bond market in France. In this, the authors of the report state that covered bonds remain one of the most important refinancing instruments for French banks. At EUR 235.1bn, the largest volume in the EUR benchmark segment is attributable to French banks. Falling deposits (inflation/high levels of consump-tion in the post-Covid world), partial replacement of TLTRO refinancing and brisk investor demand all mean that France currently tops the table for issuance volumes in 2023 (EUR 38.9bn), although the volume of real estate financing has declined sharply versus the prior year in France. Alongside increased interest rates, the experts at S&P believe that the reasons for this are primarily to do with the legal requirements for lending. The French High Council for Finan-cial Stability (HCSF) introduced new lending guidelines on 1 January 2022. This requires a stricter affordability benchmark with a debt-to-income (DTI) ratio cap of 35%, while loan terms should not exceed 25 years (deviations permissible up to certain percentages). Furthermore, usury rate requirements limit the interest rate on residential mortgages. This was temporarily switched from a quarterly to monthly calculation with effect from 01 February 2023 in order to be able to pass on increased interest rates on the liabilities side more quickly when granting loans on the assets side (cf. NORD/LB Covered Bond & SSA View dated 08 February 2023). According to S&P, following the implementation of the EU Covered Bond Directive, there is a balanced relationship between the interests of issuers and investors in the legal framework. French covered bond programmes benefit from good issuer ratings and sufficient buffers against rating downgrades, even if the credit and market risks pertaining to the cover pools have increased. The spreads of French covered bonds have recently widened significantly compared with Pfandbriefe. From a fundamental perspective, we do not believe that there is a risk of rating downgrades for French covered bonds at present.

Bausparkasse Schwäbisch Hall joins the ECBC and CBLF

On Thursday last week, it was announced that Bausparkasse Schwäbisch Hall (Ticker: BAUSCH) had joined both the European Covered Bond Council (ECBC) and the Covered Bond Label Foundation (CBLF). The ECBC, founded by the European Mortgage Federation (EMF) in 2004, therefore now has 121 members in 30 different jurisdictions around the world, which accounted for 95% of the outstanding covered bond volume at the end of last year. The website of the Covered Bond Label has since published data on 132 issuers and provides information on 173 "labelled" pools from 24 countries. Bausparkasse Schwäbisch Hall placed its inaugural benchmark bond on the Pfandbrief market in 2020 and currently has six bonds outstanding, each with a volume of EUR 500m. The issuer was most recently active on the primary market in mid-January 2023, when it placed a covered bond with a term to maturity of 9.4 years at a re-offer spread of ms +17bp. For further information on Bausparkasse Schwäbisch Hall and its cover pool, please refer to our NORDLB Issuer Guide Covered Bonds 2023 from page 179.

EUR benchmark segment in the Netherlands: an end to CPT bonds looms ever larger

In June 2022, the Dutch covered bond issuer Van Lanschot Kempen already successfully made the switch to the soft bullet format in the EUR benchmark segment. A second deal on the basis of the newly established soft bullet programme then followed in May 2023. However, an outstanding EUR benchmark (EUR 500m; term to maturity up to May 2027) can still be assigned to the "old" CPT programme. On 11 September, Van Lanschot Kempen announced that it had attained the consent of investors to transfer the outstanding CPT bond to the soft bullet programme. This further reduces the number of Dutch issuers with outstanding EUR benchmarks in CPT format. In fact, it is only Aegon Bank and NIBC Bank that would then still have deals of this kind outstanding. However, these two institutions have also already established soft bullet programmes of their own and have placed corresponding EUR benchmarks on the market. The risk experts at S&P award the issuer's three outstanding benchmarks (CPT and soft bullet) its top AAA rating. The agency has advised that, based on the information currently available, the proposed changes should neither result in a withdrawal nor any change to the current rating. As such, it is likely that the issuer will maintain its top rating.

Portugal: Novo Banco also switching to soft bullets from the CPT format

In recent years, the Portuguese covered bond market has been rather quiet as far as the primary market segment for EUR benchmarks is concerned. Nevertheless, since April 2023 a couple of banks from this jurisdiction, namely Banco Santander Totta and Banco BPI, have finally started to approach investors again. The issuance volume in the year to date currently stands at EUR 2.1bn across three separate deals. Issuance activities have often come on the back of adjustments to the programmes, particularly in connection with the implementation of the new legal requirements that have also applied to the Portuguese legal framework. Novo Banco recently announced a significant adjustment to its covered bond programme. In this context, the bank is seeking to move away from the current CPT programme and convert this to a soft bullet structure. As it stands, Novo Banco has no EUR benchmarks outstanding. The cover pool has a volume of EUR 7.5bn as at 30 June 2023, with these cover assets offset by covered bonds in the amount of EUR 5.5bn (all of which were issued in the form of floating rate notes). As a result, voluntary overcollateralisation comes to at least 30.1%. There is therefore clearly potential for issuance activities. For the rating experts at Moody's, the adjustment to the programme structure would have no negative impact on the current rating (Aa2).

Moody's assessment of the Dutch covered bond market: well-established, with assets, state and issuers all boasting high credit quality

Last week, the rating agency Moody's focused on the Dutch covered bond market as part of a detailed Sector Profile. With house prices in the Netherlands having risen by over 90% in the period from 2015 to 2022, Moody's expects them to continue to fall due to the trend reversal triggered by the ECB's monetary policy and historically high inflation (rating: Aaa [stable]). However, in the opinion of the risk experts, this does not represent a material risk in relation to the covered bonds, as the banks boast significant overcollateralisation ratios and have suitable assets available to them. In its models, Moody's assumes average cover pool losses of 21.4%, which is slightly above the European average of 19.4%. This value is the result of higher market risks due to unhedged interest rate risks, which for most programmes have been exacerbated by long-term fixed interest periods for cover assets. Nevertheless, the quality of Dutch cover pools is higher than the EU average. As in all EU member states, the Netherlands has also implemented the EU Covered Bond Directive on a national basis. In this context, Moody's underlines that guarantors have the flexibility to sell off cover assets in order to repay covered bonds that are due in the wake of an issuer default event. Another strength of the legal framework highlighted by Moody's is that the guarantors have the ability to assert unsecured claims of covered bond investors immediately after an issuer default, even without taking the covered bonds into account. In the Netherlands, the agency rates seven covered bond programmes with a total volume of EUR 180bn, all of which have been awarded the top rating of Aaa. In addition to the high quality of the mortgage cover pools, the securities also benefit from high issuer ratings (counterparty risk), which are between Aa2(cr) and Aa3(cr). There is little correlation between the covered bond ratings and issuer ratings. The latter are supported by the TPI, which is assessed as "Probable-High" for all programmes. This means that issuer ratings can be downgraded by four to five notches without leading to a downgrade of the covered bond rating.

Spanish banks post record profits – Moody's expects trend to continue

The six major Spanish banks rated by Moody's (Bankinter, CaixaBank, BBVA, Banco Sabadell, Unicaja Banco and Banco Santander) presented record results in the first half of 2023 in comparison with the same period last year. The results were influenced in particular by sharp growth in net interest income due to the increased key interest rate, which enabled banks to adjust credit conditions more quickly than deposit interest rates, which remained relatively stable in comparison. The majority of loans feature variable interest rates, which makes a rapid adjustment easier. The growth in net interest income outpaced the rise in operating expenses and provisions for potential loan losses, despite lower loan growth. Growth in fee and commission income was somewhat lower. Moody's expects this trend to continue in the second half of the year. However, despite Moody's working on the assumption of a slight deterioration in the credit quality of borrowers, the rating agency takes the view that this will not have a negative impact on either liquidity or capital (both of which are still rated as strong). Spanish banks were heavily reliant on the TLTRO scheme in the midst of the financial markets crisis, although they have already repaid a significant portion of this funding. Covered bonds in EUR benchmark format totalling EUR 7.75bn have already been issued so far this year, as against maturities for the full year in the amount of EUR 9.35bn.

Market overview SSA/Public Issuers

Authors: Dr Norman Rudschuck, CIIA // Christian Ilchmann

ECB interest rate decision: doves vs. hawks clash still too close to call

Heribert Fassbender, an acclaimed German sports journalist, once calmly summed up the state of play during a football broadcast in the following manner: "It's 1-1, but it could just as well be the other way round." The same or similar words could also apply on Thursday in the ECB Tower when the Governing Council announces its interest rate decision. We are expected to forecast something which the ECB itself does not yet know or has not yet sufficiently discussed behind closed doors. That was the challenge we faced in our most recent ECB Special last week. Whatever happens, interest rates are likely to remain at a peak for some time to come. We are just about in favour of an interest rate hike. Consequently, one last bold 25 basis-point move should be followed by a longer pause in the next few meetings.

BNG: half-year report – strong performance and social impact

In keeping with the theme in our focus article this week, Bank Nederlandse Gemeenten (Ticker: BNG) presented its results for the first half of 2023 on 04 September. We summarise the main points in the following: new business for long-term lending fell by around 9.1% against the same previous-year period to EUR 6bn (H1 2022: EUR 6.6bn). The main reason for this was a decline in the issue of loans to Dutch municipalities, which fell by a total of around EUR 1.5bn. Gita Salden, CEO of BNG Bank, indicated that a number of the bank's [municipal] customers had brought forward their credit requirements in view of the expectation of higher interest rates. She added that demand for municipal loans had also been dampened because of construction projects, for example, being deferred due to a shortage of manpower and materials along with persistent uncertainty regarding the long-term trend for financing conditions. Meanwhile, this decline could not be offset by an increase in lending of over EUR 1bn in "other sectors". Total assets rose, especially through higher reported short-term liquidity, by EUR 16.2bn in all to EUR 128.3bn. Net interest income rose by EUR 49m year on year to EUR 269m at present, thereby making a significant contribution to pre-tax profit of EUR 188m (-30%). The decline in net profit is said to have been caused mainly by lower net income from financing transactions in the liquidity portfolio. Return on equity fell from 9.5% to 6.3%, although this was significantly higher than the projected figure of 2.7%. BNG Bank raised EUR 11.2bn in long-term funds from the issue of bonds in the first half of 2023. Of this, EUR 4.2bn was issued with an ESG label (38% of the total issuance volume), including a ten-year EUR benchmark (EUR 1.5bn), a five-year USD benchmark (USD 1.5bn) and a seven-year CHF bond (CHF 200m). The remaining funds raised came from taps of existing ESG bonds. The bank is planning to use the funds from the ESG bonds to support investments in the field of environmental and social services. This is said to fit in with the bank's strategic aim of maximising the social effectiveness of its business activities. ESG bonds from BNG are issued under its Sustainable Finance Framework. All in all, and bearing in mind the fact that only 70% of the funding target for 2023 has been achieved, we assume that BNG will still be active in the capital market once or twice more this year, not least in the ESG segment.

NRW.BANK: EUR 4.5bn in promotional funds issued in the first half of 2023

NRW.BANK (Ticker: NRWBK) presented its results for the first half of 2023 on 30 August. It provided promotional funds totalling EUR 4.5bn (-38%) in the first six months of this year, which shows that demand is gradually returning to pre-Covid levels. According to the bank, this reflects the fact that credit-based aid programmes established during the pandemic have now come to an end and that the bank has, by and large, caught up with its investment plans that were deferred due to the Covid-19 crisis. Moreover, the effects of the flooding disaster of July 2021 are also no longer reflected in the lending. Meanwhile, however, persistently high inflation as well as higher interest rates affected investment inclination. One positive exception was promotional funding for start-ups in the Economy promotional field. The corresponding NRW.BANK programme for start-ups and growth grew by 28% against the same period of the previous year with a current volume of around EUR 305m (H1 2022: EUR 238m). Overall, however, the newly approved promotional business in the Economy promotional field was down for the reasons mentioned, having shrunk by 50% to EUR 1.5bn. In view of a marked improvement in public housing promotion by North Rhine-Westphalia, the promotion of rental housing, including modernisation, doubled in volume in the first half of 2023. New loans amounting to EUR 125.6m were approved in this segment (H1 2022: EUR 60.1m). Meanwhile, new loans in home ownership promotion trebled to EUR 72m. However, due to persistently difficult market conditions, new lending nevertheless fell by -35% year on year to EUR 900m in housing promotion overall. Infrastructure/municipalities promotion was particularly influenced by the issue of accommodation for refugees in municipalities. Just last year, the bank set up a new NRW.BANK programme for refugee accommodation in response to the war in Ukraine. More than three times the funds were approved in the first half of 2023 at around EUR 74m (H1 2022: around EUR 22m). However, new lending in infrastructure/municipalities promotion has fallen by around -27% to EUR 2bn year on year, reflecting much lower demand for promotional funds for infrastructure projects (-34%) on the back of higher prices and interest rates.

Kommuninvest: quarterly report on municipal debt management

Kommuninvest (Ticker: KOMINS) has published its quarterly report on municipal debt management in Sweden for Q2 2023. This report is based on Kommuninvest loans and transactions registered by municipalities and regions and their companies in the bank's own finance management tool. The data for Q2 2023 consists of 8,482 loans, certificates and bonds with a total value equivalent to around EUR 52bn, along with 1,545 derivatives linked to underlying loans of around EUR 15.2bn. On this basis, Kommuninvest lays claim to a market share of around 59% for lending to Swedish municipalities. The following findings are definitely of note and at the same time concerning: the average interest rate for new transactions, including derivatives, has increased from 3.28% to 3.73% within the space of one quarter, whereas the average duration of new FI instruments has fallen from 2.63 years to 2.41 years. This means a total increase of around 300 basis points over a period of around 18 months, which municipalities will now have to cope with when it comes to forthcoming refinancing rounds. Although the increase in the debt of Swedish municipalities last year was at what is likely to be a record low, at 2.7%, the developments mentioned will not weigh any the less on the budgets in question and the positive trend.

LfA: half-year results – Bavarian SMEs bank on innovations

LfA Förderbank Bayern (Ticker: BAYLAN) published its interim report for the first half of 2023 during our summer break. Projects in the Bavarian economy were promoted with loans totalling EUR 1bn in the period from January to the end of June. Overall, demand for LfA promotional loans was nonetheless much more moderate than in the same period of the previous year. Among other aspects, this is attributed to the impact of anticipatory strategies in 2022 because there were already signs of the impending interest rate trend, the scrapping of LfA Covid products in mid-2022 and a generally muted investment climate at present. On this subject, Dr Bernhard Schwab, LfA CEO, said that the bank’s promotional half-year figures reflected the huge uncertainties confronting many small and medium-sized enterprises (SMEs) in Bavaria at the moment. Meanwhile, the strongest demand was for LfA's promotional programmes for start-ups and company successions (over EUR 210m) as well as for growth plans, including modernisation measures (over EUR 345m). Moreover, there was a noticeable increase in demand for the Innovation loan 4.0, which supports SMEs as well as start-ups and the self-employed with digitalisation and innovation plans, with loan agreements amounting to over EUR 95m (+30% year on year). A total of around 1,700 SMEs and municipalities have so far benefited from LfA programmes.

KfW: staff changes in the offing

Just last week, we heard that staff changes are once again on the cards at KfW and that there would be a new head for the Group Development and Accounts divisions "in the wake of their systematic strategic realignment towards becoming *the* digital transformation and promotional bank". ESG expert and former NORD/LB colleague Dr Susanne Maurenbrecher (44), who has been working for McKinsey since 2009, will take over the management of the Group Development division with effect from 1 November 2023. Her special expertise is in the field of sustainable financing and the importance of ESG factors in the German banking sector. Prior to her stint at McKinsey & Company, she worked for the NORD/LB Group in the areas of in-house consulting, business development and investment controlling. KfW CEO, Stefan Wintels, said that Germany is facing major transformation tasks this decade and that KfW intended to make an effective contribution. He added that KfW was being developed further with its KfWplus transformation agenda in order to become even more effective and efficient. Stefan Wintels stated that he was delighted to welcome Dr Susanne Maurenbrecher to KfW as a transformation expert with in-depth ESG expertise. Dr Maurenbrecher would be able to build on the successful work already carried out and bring fresh impetus to the implementation of KfWplus and further development of KfW towards a digital transformation and promotional bank. The current head of Group Development, Mirko Sedlacek (43), is taking on a new role within the business to head up the Accounting department in summer 2024. KfW's CFO Bernd Loewen stated that Sedlacek was familiar with many aspects of the KfW Group from his work on the market and risk side along with strategy and control, and that he would also bring an overarching understanding of the bank that is much needed in the financial sphere. In addition, his in-depth knowledge of sustainability, which is a game changer not only in banking strategy, but also in data management, data analysis and future reporting in their financial areas, make him an ideal fit for KfW's Accounting department.

Primary market

Last week, the primary market could be summed up as follows: various announcements, a number of deals, and a packet of chewing gum… or words to that effect! The days when issues in the EUR benchmark segment were a sure-fire success at almost any spread level seem to be behind us. However, we will start in chronological order: the first to appear in the market was Investitionsbank Berlin (Ticker: IBB) on 06 September, as mandated, with a five-year bond amounting to EUR 500m and a social label. The transaction attracted well-filled order books of EUR 830m with a guidance of ms -1bp area and the deal was also sealed at ms -1bp. The next issuer to make an appearance was the Council of Europe Development Bank (Ticker: COE), which aimed to raise fresh funds of EUR 1bn for five years. In the end though, the deal with a guidance of ms -7bp area only reached a bid-to-cover ratio of 0.52x. More gratifying, if not the surprise of the week, was the Development Bank of Japan (Ticker: DBJJP). Its new four-year deal worth EUR 500m in the sustainability segment came with guidance of ms +25bp area and was received with a degree of fanfare on the market. Order books were more than 12x oversubscribed, which in the end allowed tightening to ms +22bp. Next up was the Export-Import Bank of Korea (Ticker: EIBKOR) for a fairly rare appearance in the market. It also opted for a four-year deal worth EUR 500m, which was concluded in line with the guidance at ms +40bp. However, at the time of going to press, we do not have any details regarding the order book. Meanwhile, yesterday (Tuesday), a real heavyweight in the shape of the European Union issued this week's largest new issue, raising EUR 5bn in fresh funds over seven years at a spread of ms +2bp, which was 2bp tighter than the guidance. As usual, the order books were overflowing, ultimately amassing a hefty EUR 46bn. The last issue in this week's coverage of the EUR benchmark segment came from Agence Française de Développement (Ticker: AGFRNC); it launched a 15-year sustainable bond in the amount of EUR 500m at OAT +39bp (guidance: OAT +43bp area) with a bid-to-cover ratio of 12.2x. In addition, we are able to report a tap from last week. KfW sought to tap its 2033 bond at ms flat by EUR 1bn; but at this spread level, order books only filled up to "above EUR 925m". Naturally, we would not wish to omit a still relevant tap event that took place during the summer break. The EU's monthly bond auction took place on 28 August. Around EUR 2.2bn was raised successfully through taps, with half attributable to 2026 bond, and the 2043 maturity accounting for the other half. New mandates this week: the Free State of Saxony with a three-year EUR 500m (WNG) bond. Last but not least, two news items from our non-euro, non-benchmark segment: the European Stability Mechanism (Ticker: ESM) continues its diversification on the funding side and development of a USD curve. Last week, it issued a three-year bond in the amount of USD 3bn at SOFR ms +28bp (guidance: SOFR ms +30bp area). In addition, Rhineland-Palatinate yesterday raised fresh funds of EUR 500m on the capital market via a floater with a coupon of 3mE -22bp. The issuer retained a volume of EUR 120m.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
AGFRNC	FR	11.09.	FR001400KR43	15.0y	0.50bn	ms +54bp	- / - / AAA	X
EU	SNAT	11.09.	EU000A3LNF05	7.2y	5.00bn	ms +2bp	AAA / Aaa / AA+	-
DBJJP	Othes	07.09.	XS2687921473	4.0y	0.50bn	ms +40bp	AA- / Aa2 / AA	X
EIBKOR	Other	06.09.	XS2677519196	4.0y	0.50bn	ms +22bp	- / A1 / A	-
COE	SNAT	05.09.	XS2681334962	5.0y	1.00bn	ms -7bp	AAA / Aaa / AAA	-
IBB	DE	05.09.	DE000A30V257	5.0y	0.50bn	ms -1bp	AAA / - / -	X

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

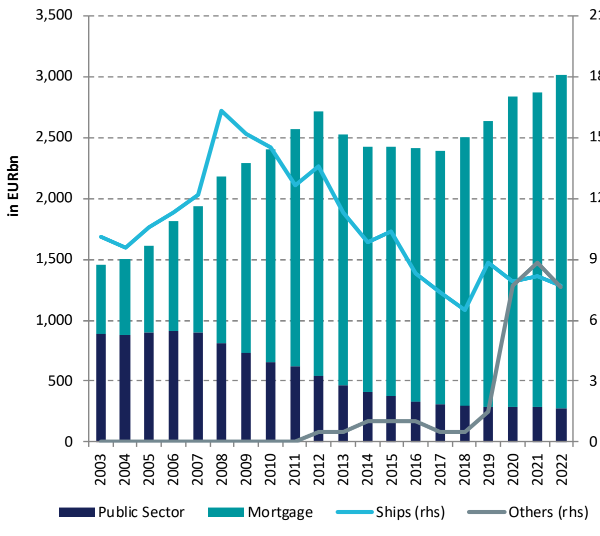
Covered Bonds
ECBC publishes annual statistics for 2022

Author: Dr Frederik Kunze

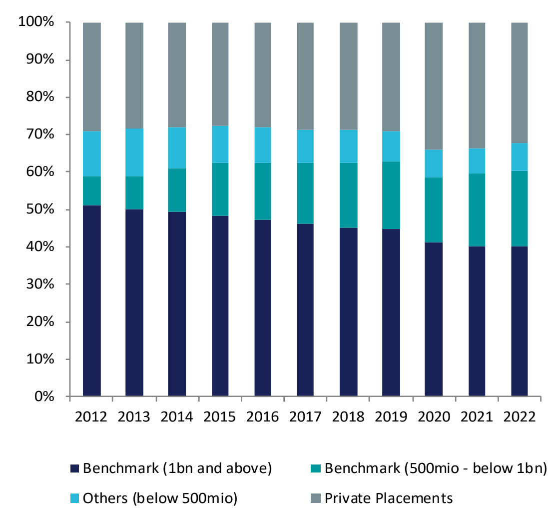
Outstanding covered bond volume totals EUR 3,028.8bn

A short while ago, the European Covered Bond Council (ECBC) published its Annual statistics for the global covered bond market. The reporting date for the database, which covers a total of 446 programmes from 334 issuers in 36 countries in the latest instalment, is 31 December 2022. The ECBC's annual statistics, which are a unique database in terms of coverage of the global covered bond market, indicate growth in outstanding volume amounting to EUR +89.2bn (+3.0% Y/Y). With a volume of EUR 3,028.8bn, the covered bond market has thus reached its highest level since the inception of the database (in 2003). After an issuance volume of EUR 514.6bn in 2021, new issues in 2022 rose to a new record volume of EUR 673.4bn (+30.9% Y/Y). As in previous years, we are keen to take a closer look at the figures published by the ECBC as part of our weekly publication.

Covered bond volume by asset class



Covered bond volume by deal size



Source: ECBC, issuers, NORD/LB Markets Strategy & Floor Research

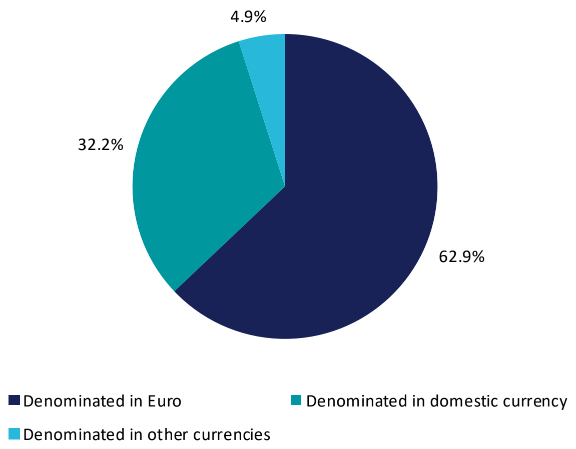
Increase largely driven by the "Mortgage" category

In 2022, the outstanding volume decreased in three out of four sub-categories. Unsurprisingly, the only increase was in mortgages (EUR +153.5bn; +5.9% Y/Y). The "Public Sector" category recorded a decline of EUR -9.4bn (-3.3% Y/Y), while "Ships" fell by EUR -490.5m (-6.0% Y/Y) and "Others" dropped by EUR -1.2bn (-13.8% Y/Y). In the current statistics, the "Mortgages" category now accounts for a volume of EUR 2,737.0bn and remains by far the largest asset class in the international covered bond market, making up 90.4% of the total volume.

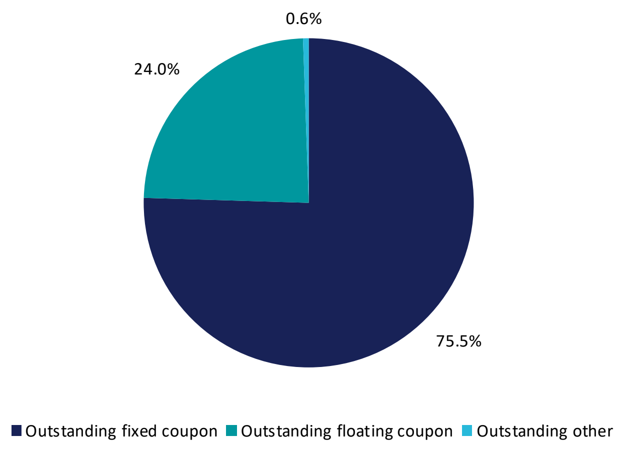
Gradual end to the Covid boom for retained covered bonds

With regard to the placement type, which has also been published since 2012, there have been some notable changes compared with the previous year. This is hardly surprising given that the central bank measures – especially those implemented by the ECB – have led to a boom in retained issues, which are included in the “Private Placements” category. With the ending or gradual phasing out of the instruments, which can be regarded as part of a rather unconventional monetary policy approach, the additional incentives for retained covered bonds will also come to an end. In the Eurozone, the volume of outstanding private placements (EUR 848.0bn) fell slightly by -0.9% compared to the previous year (EUR 855.8bn), but remained at a historically very high level. The steady shrinkage of the ECB’s balance sheet, starting in 2022, and the end of allocations from the TLTRO III programme (November 2021) will only have a larger impact on the outstanding volume of private placements in the coming years. In terms of new issues in the Eurozone, the changes are far clearer. The share of private placements in new issues (2022: 44.7%) fell significantly compared with the previous year (63.6%), with public issues representing the majority of new issues again for the first time since 2019. We expect this trend to materialise even more strongly in 2023 and to therefore be reflected even more clearly in subsequent ECBC datasets. In the market as a whole, the share of the outstanding volume of publicly placed covered bonds was 67.8% (previous year: 66.5%). The private placements category now accounts for 32.2% (previous year: 33.5%).

Covered bond volume by currency



Covered bond volume by coupon type

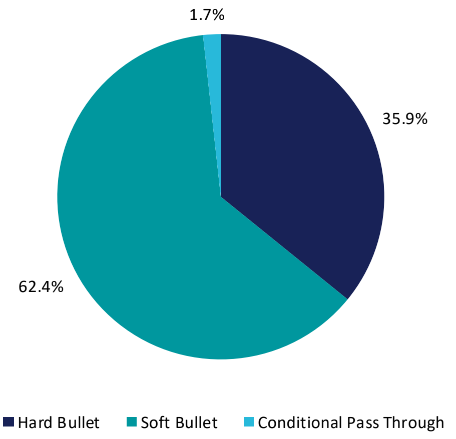


Source: ECBC, NORD/LB Markets Strategy & Floor Research

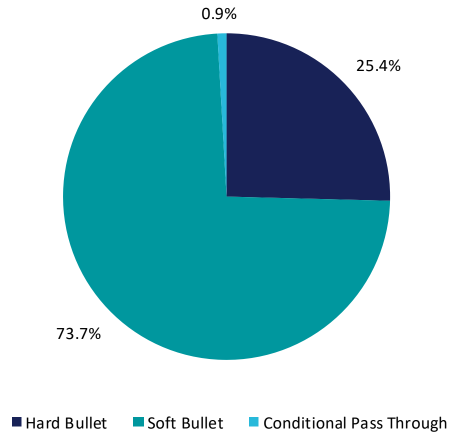
Fixed coupon issues with largest share and EUR issues dominant

The distribution of outstanding volume by coupon type is basically stable, and so there were only minor changes. At 75.5% (2021: 74.6%), covered bonds with fixed coupons accordingly continue to carry the largest weight. In terms of newly issued bonds, the share of fixed coupons was 71.6% (previous year: 69.8%). As regards currency distribution, EUR-denominated covered bonds were dominant, accounting for 62.9% of the total market volume. The euro share for newly placed bonds was 51.4% (2021: 49.7%). At 40.1%, the “domestic currency” share of the new issuance volume outside the euro area is comparatively high. In this regard, the largest covered bond market, Denmark, is again of relevance. In 2022, the equivalent of EUR 145.5bn of the total of EUR 153.2bn of covered bonds placed in domestic currency originated from Denmark.

Covered bond volume - repayment structure



New covered bond issues - repayment structure

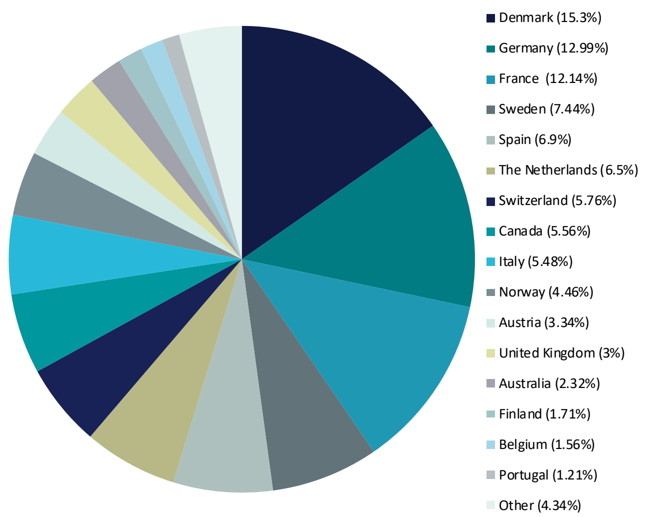


Source: ECBC, NORD/LB Markets Strategy & Floor Research

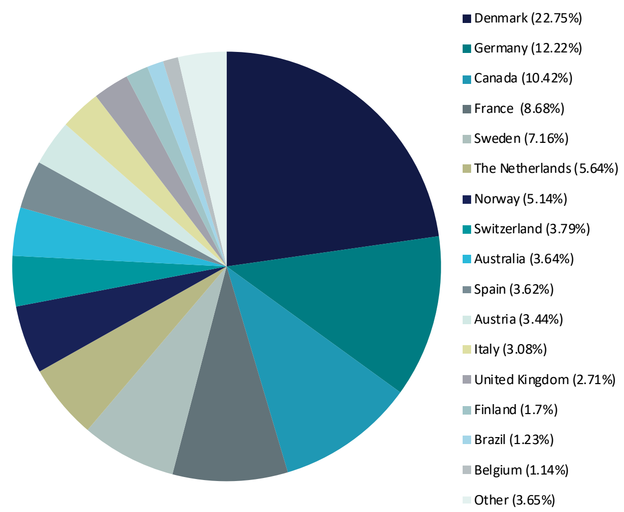
Repayment structures: soft bullets accounted for largest share of issues in 2022

The current ECBC data shows a steadily growing share of soft bullet structures (2022: 62.4%) with regard to the volume of outstanding bonds. For example, the volume of outstanding bonds with a soft bullet structure increased for the second year in succession in 2022. This trend is supported in particular by the EU covered bond harmonisation, which allows the issuance of these structures in significantly more jurisdictions. For example, with the implementation of the EU Directive into German law, it has no longer been possible to issue Pfandbriefe with a hard bullet structure since 2021. This means that the entire volume of new issues of German Pfandbriefe (2022: EUR 82.3bn) involved bonds with a soft bullet structure. Unsurprisingly, soft bullets also accounted for the largest share of newly issued bonds in 2022, at 73.7%. Looking ahead, we also see an increasing dominance of soft bullet covered bonds. In addition to a shift from hard to soft bullets, the focus of issuers has also been shifting from CPT issues to soft bullets in recent years.

Covered bond volume - country breakdown*



New issues of covered bonds - country breakdown*

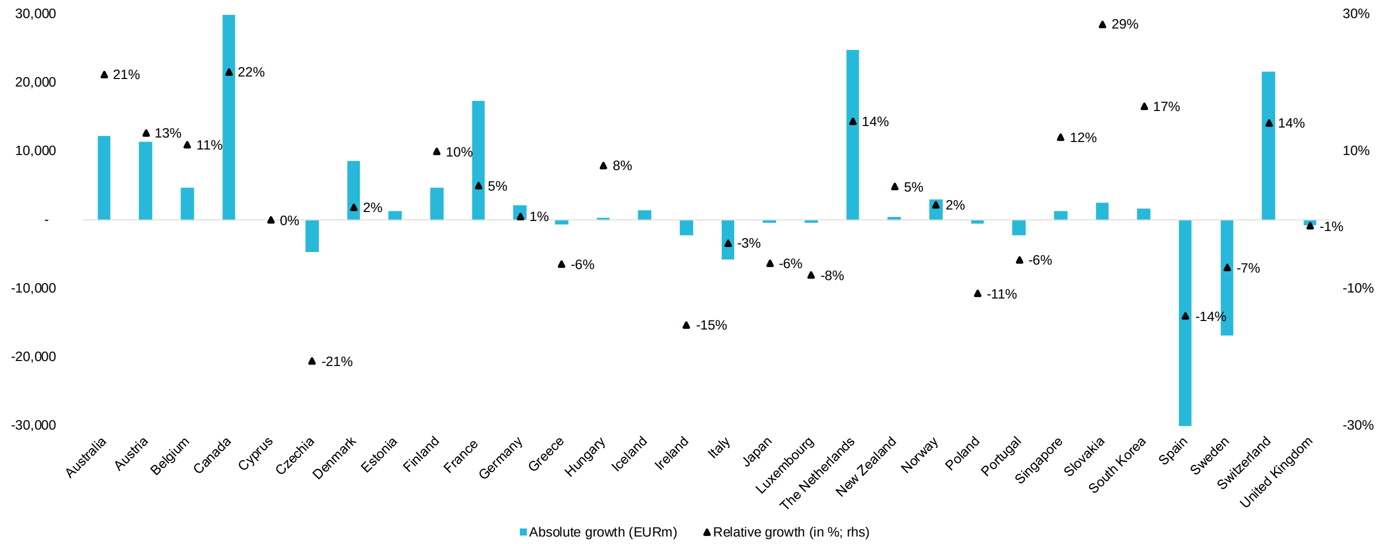


Source: ECBC, NORD/LB Markets Strategy & Floor Research *the "Other" category includes all countries with a share of less than 1%

Danish issuers claim top spot for outstanding volume and new issues

Denmark once again accounted for the highest outstanding volume at the end of 2022 (EUR 463.3bn). Its share of the whole market fell slightly from 15.5% (2021) to 15.3% (2022). Germany's share is 13.0% (EUR 393.6bn) and therefore declined slightly (share 2021: 13.3%). As in previous years, France follows in third place (EUR 367.6bn) with a slightly increased share of 12.1% (2021: 11.9%). In terms of new issues in 2022, Denmark again tops the table. The issuance volume was EUR 153.2bn with a share of 22.8%. Germany follows in second place with EUR 82.3bn or 12.2%. The third place for Canada (EUR 70.2bn or 10.4%) is striking. The country's issues are spread across a broad currency range, with EUR-denominated placements of EUR 86.6bn playing a dominant role. In terms of outstanding volume, Canada has a share of 5.6% (ranked 8th).

Outstanding covered bond volume - changes versus the previous year



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

Changes in outstanding volume: significant increases in Canada, for example

Viewed on a country basis, there are certainly noticeable changes in the total outstanding volume of covered bonds. In nominal terms, Canada recorded the sharpest increase in volume during the period under review: EUR +30.0bn or +21.6% year on year. The Dutch market also grew considerably (EUR +24.8bn or +14.4% Y/Y). The same applies to Switzerland, where there was an increase of EUR +21.6bn (+14.2% Y/Y). Switzerland is something of a special case in that the domestic currency (CHF) dominates the market. In addition, the market for statutory covered bonds is exclusively formed by the two authorised institutions "Pfandbriefzentrale der schweizerischen Kantonalbanken AG" and "Pfandbriefbank schweizerischer Hypothekarinstitute AG". The issuance volume in 2022 (EUR 25.5bn) was largely provided by these "statutory" issuers. Despite the banking stress seen in early 2023, we expect further EUR benchmark placements from Switzerland over the coming 18 months. The French market (EUR +17.4bn) and Australia (EUR +12.3bn) were also among the growth candidates in 2022. The largest nominal decline of EUR -34.0bn (-14.0% Y/Y) was recorded in Spain.

ECBC focuses on data for sustainable issuers

As is often the case when developing new components of a database, it takes a certain amount of time before the information gathered is of any notable value and significance. The ECBC's annual statistics 2022 definitely make a contribution when it comes to information on sustainable covered bonds. This term covers all covered bonds that support the path to a climate-neutral transformation and promote sustainable growth, stability and shared prosperity. Sustainable covered bonds are issued in the formats Green, Social and Sustainable. The outstanding volume for 2022 is EUR 78.4bn (previous year: EUR 54.2bn, which represents 2.6% of the total volume (previous year: 1.8%). With regard to newly placed bonds, the share of ESG covered bonds can be estimated at 4.3% (2021: 4.0%) based on ECBC data. This corresponds to a volume of EUR 28.8bn. Of the 334 covered bond issuers currently listed in the ECBC statistics, 65 institutions are listed as sustainable issuers, reflecting a rise of 15 issuers compared with the previous year.

Conclusion

In this turbulent covered bond year, we have again taken the opportunity to draw conclusions about structural changes in the covered bond market based on the ECBC's annual statistics. For some years now, evaluating the annually published database has also frequently helped us to appraise observations from the previous year. Once again, it is the special monetary policy factors and the accompanying structural changes by type of issue that grabbed our attention this year. Conversely, the high proportion of Danish covered bonds remains almost unchanged. These continue to be dominated by the domestic currency. For the reporting year 2023, we are anticipating a similarly strong new issue volume to that seen in 2022, especially as far as EUR benchmarks are concerned. We also see the trend towards increased issuance of ESG bonds as unbroken and expect an increase in the volume of new issues, which will in turn also be driven by new ESG-related issuers.

SSA/Public Issuers
Teaser: Issuer Guide – Dutch Agencies 2023

Authors: Dr Norman Rudschuck, CIIA // Christian Ilchmann

Dutch agency market shaped by two public-sector agencies

As a teaser for our NORD/LB Issuer Guide Supranationals & Agencies, which we are publishing on a chapter-by-chapter basis, we are taking a look at the Dutch agency market in this present edition of our weekly publication. To this end, we shall kick things off with a sector update before turning our attention to seeing what Q4 2023 might be possible with our manpower. Measured in terms of the number of issuers, the Dutch agency market is comparatively small. Three agencies regularly issue bonds: Bank Nederlandse Gemeenten (BNG), Nederlandse Waterschapsbank (NWB) and Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO). However, despite the small number of issuers, the Dutch agency market is one of the largest of its kind measured in terms of its outstanding bond volume. Outstanding bonds worth the equivalent of EUR 164.2bn are spread across 572 bonds placed by the three issuers presented in this article. The two main players on the Dutch agency market, BNG and NWB, focus (almost) exclusively on the provision of funding to the public sector. Accordingly, both agencies make funding available for companies in the healthcare and housing construction sectors, in particular. Loans to these companies are guaranteed by funds for which the Dutch government is, in turn, ultimately liable. These loans, which make up a large proportion of the BNG and NWB credit portfolios, therefore benefit from an implicit guarantee provided by the Dutch government. Other major clients from the public sector include municipalities and the Dutch water boards (*Waterschappen*). These institutions, some of which date back to the 13th century, play a key role in managing the water industry in the Netherlands. Roughly one quarter (26%) of the area of the Netherlands is below sea level, which presents huge challenges in terms of water quality, water treatment and water supply. In contrast, FMO concentrates on development aid in the areas of energy, banks and the agricultural sector, as well as food and water, while additionally maintaining a particular focus on the private sector. Furthermore, Dutch agencies are also active in the market for ESG and SRI (socially responsible investment) bonds. The funding strategy within this segment is exceptionally expansive, with bonds covering the full spectrum of ESG (Environmental, Social, Governance) aspects. In the Netherlands, this extends from social housing through to funding for conventional ecological projects. As a promotional bank for the public sector, BNG also indirectly issues "green" funding to eligible municipalities, for example.

Dutch agencies – an overview

Institution	Type	Owner(s)	Guarantee	Risk weight
Bank Nederlandse Gemeenten (BNG)	Municipal bank	50% Netherlands, 50% Dutch municipalities, regions and one water board	-	20%
Nederlandse Waterschapsbank (NWB)	Municipal bank	81% Dutch water boards, 17% Netherlands, 2% Dutch provinces	-	20%
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO)	Promotional development bank	51% Netherlands, 42% private banks, 7% trade unions and employer associations	Maintenance obligation	0%

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

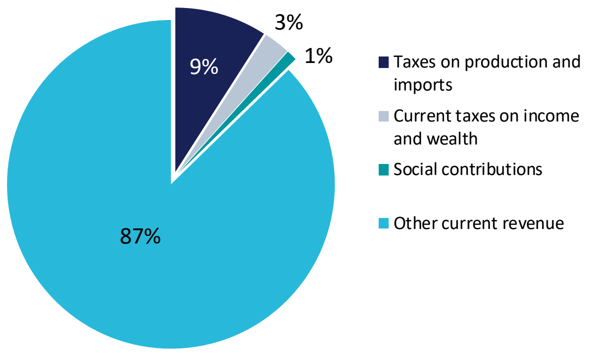
Risk weighting of 0% according to CRR/Basel III only possible for FMO

Neither BNG nor NWB have explicit guarantees provided by the central government. Nevertheless, it is highly likely that the state or public sector would support both institutions should either encounter any financial difficulties. The owners of both banks are, in addition to the Dutch government, the municipalities and water boards, for which BNG and NWB are hugely important in terms of funding. The institutes' ability to secure funding at favourable terms due to their high creditworthiness and low-risk business models does, however, lead to tighter credit margins for private institutes, with the result BNG and NWB's market shares in business segments are correspondingly high. On account of the agencies' status as the public sector's main source of funding, public sector institutions would be exposed to a substantial funding risk should even just one of the two banks have to file for insolvency. We therefore fully support the assumption that the state would support either BNG or NWB. It should be noted that because the Dutch state has not provided any explicit guarantees, neither BNG nor NWB benefit from a 0% risk weighting according to CRR/Basel III. However, a maintenance obligation for FMO means that a risk weighting of 0% is possible for this agency. Unlike BNG and NWB, the Dutch state implicitly guarantees the liabilities of FMO. An agreement stipulated that the Dutch government should strive to avoid situations where FMO is unable to meet its obligations on time (maintenance obligation). The state is also obliged to cover FMO's losses from unforeseeable business risks if it has not made any provision for this eventuality and the general risk reserves have been exhausted. In our upcoming Issuer Guide in Q4 2023, we will again go into the topic of guarantees for you in greater detail.

Dutch sub-sovereigns dominate BNG and NWB risk

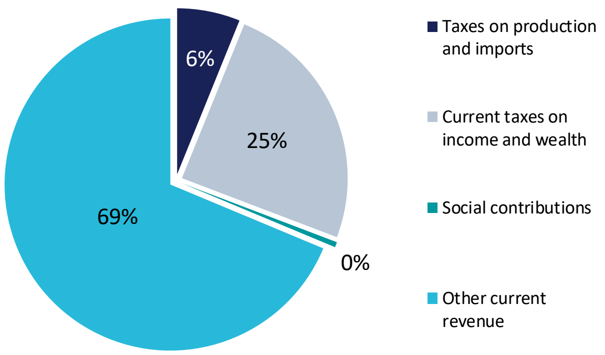
Since 2023, the Netherlands has been divided into 342 municipalities. A year earlier, this figure stood at 352. The slight decline reflects a steady trend: in 2005, the Netherlands was divided into 467 municipalities, although at the start of the 1990s, the number of Dutch municipalities was as high as 774. The municipalities are overseen by 12 provinces, which form the regional governments in the Netherlands. By and large, the municipalities and provinces perform similar tasks, which they are entitled to finance by levying taxes, among other measures. A large portion of the BNG and NWB lending portfolios holds risks attributable to Dutch municipalities, provinces and water boards. These regional governments and local authorities (RGLAs) form part of the Dutch state and are therefore entitled within existing regulatory frameworks to make binding decisions for citizens, to draft their own regulations, to issue or refuse permits and to levy taxes. Just under 25% of the Dutch state's income was attributable to these three RGLAs in 2022, while the majority accrued to the Dutch central government.

Breakdown of income sources of municipalities

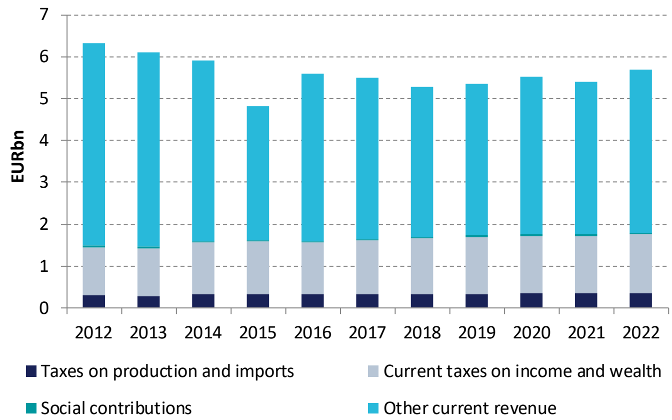


Trend in income sources of municipalities

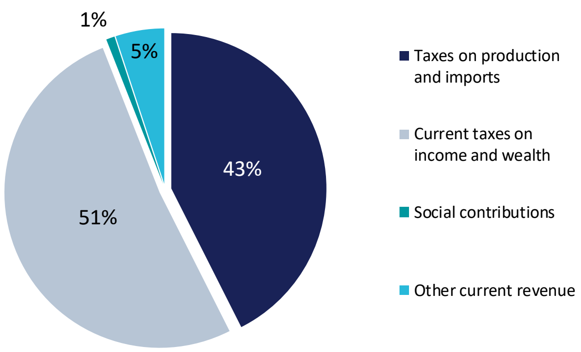
Breakdown of income sources of provinces



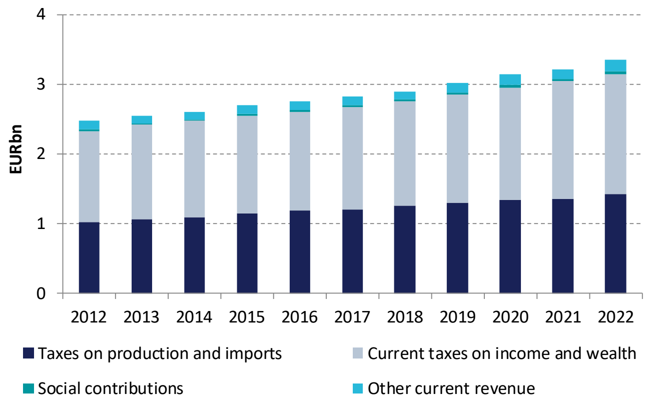
Trend in income sources of provinces



Income sources of water boards

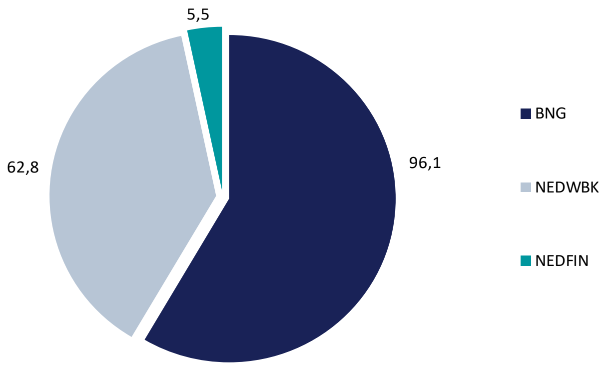


Trend in income of water boards

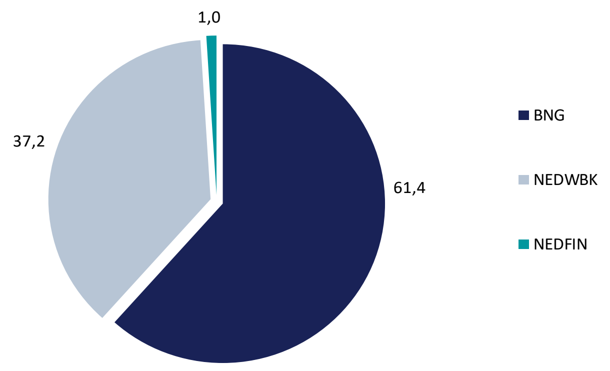


Source: Centraal Bureau voor de Statistiek (CBS), NORD/LB Markets Strategy & Floor Research

Outstanding bond volumes (EURbn)

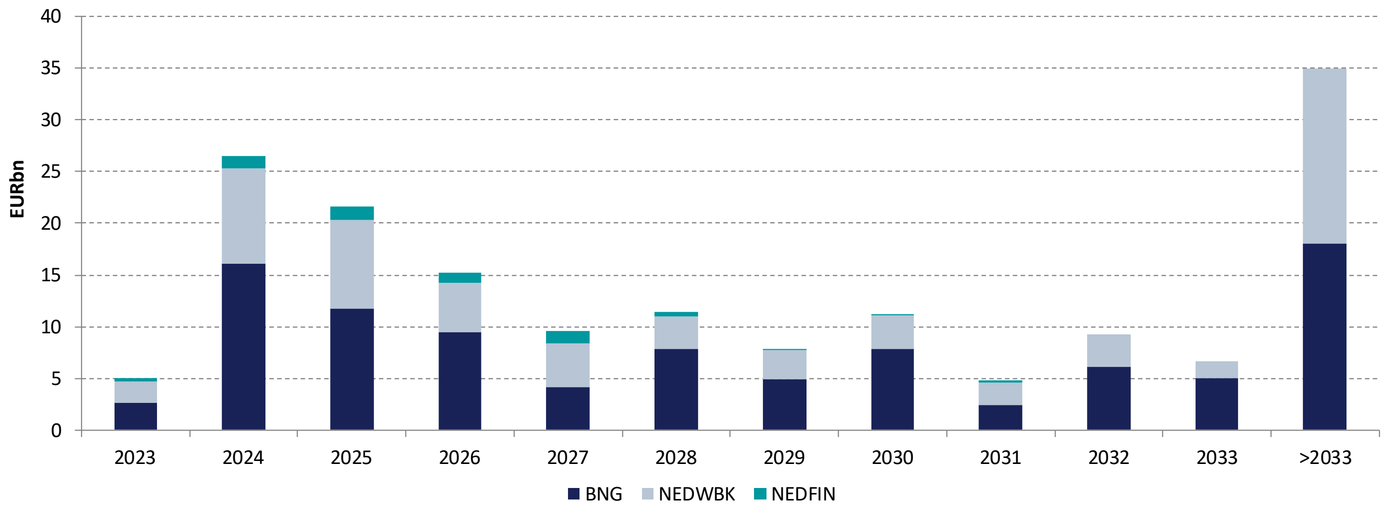


Outstanding EUR benchmarks (EURbn)

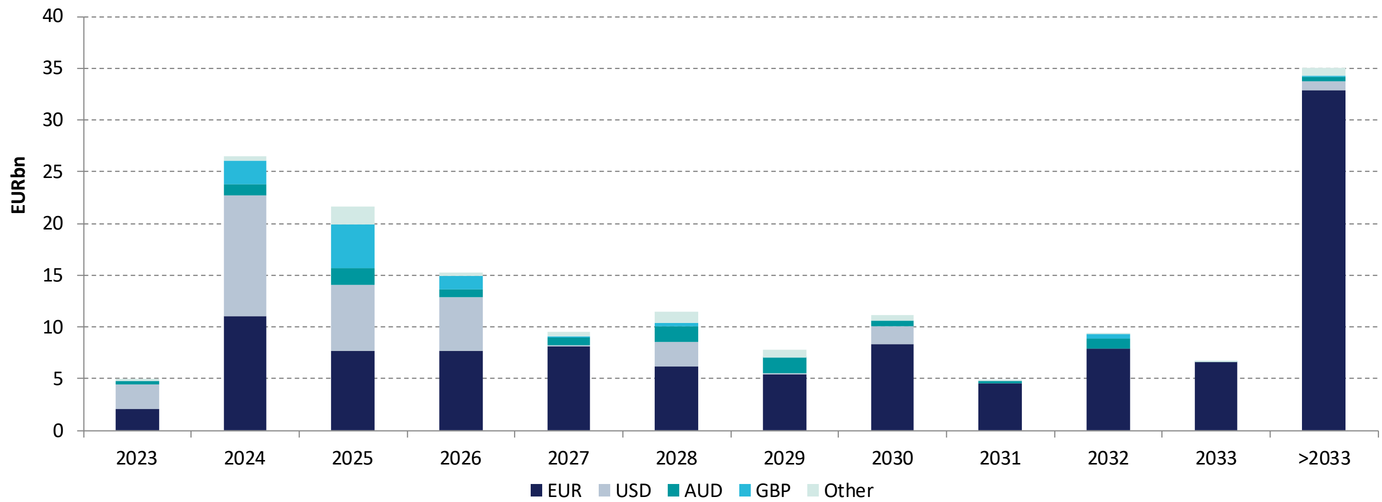


Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

Dutch agencies: outstanding bonds by issuer



Dutch agencies: outstanding bonds by currency



NB: foreign currencies are converted into EUR at rates as at 07 September 2023.
Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

Fluctuating share of EUR benchmarks in overall funding mix

Dutch agencies conduct their activities across a variety of currencies (15 different FX denominations, plus EUR), although in recent years we have observed an increased proportion of EUR benchmarks at BNG in particular. Demand for refinancing on the part of the agencies is even trending upwards, a development that is reflected on the liabilities side of their balance sheet totals. ESG bonds are particularly popular in the Netherlands and certainly appeal to investors.

Dutch agencies increasingly opting for longer-term refinancing

With the exception of NEDFIN, which conducts a significant proportion of its refinancing activities at the short end, Dutch agencies are now tending to opt for longer-term refinancing. For both BNG and NEDWBK, there is therefore a more extensive supply in longer maturity segments than we have observed in the past. We do not expect any nasty surprises at all in terms of primary market activities, as Dutch agencies have in the past been characterised by their extremely reliable funding plans and capital market communications

Dutch Agencies – an overview (EURbn/EUR equivalent)

Name	Ticker	Ratings (Fitch/Moody's/S&P)	Outstanding volume (EURbn equivalent)	EUR volume (EURbn)	Funding target 2023 (EURbn equivalent)
BNG	BNG	AAA/Aaa/AAA	96.3	66.3	±16.0
NWB	NEDWBK	-/Aaa/AAA	62.0	40.7	10.0
FMO	NEDFIN	AAA/-/AAA	5.9	1.3	1.5
Summe			**164,2**	**108,3**	**164.2**

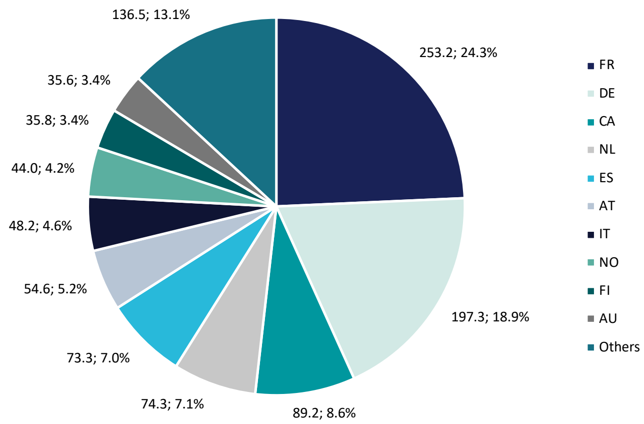
NB: Foreign currencies are converted into EUR at rates as at 07 September 2023.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Conclusion and comment

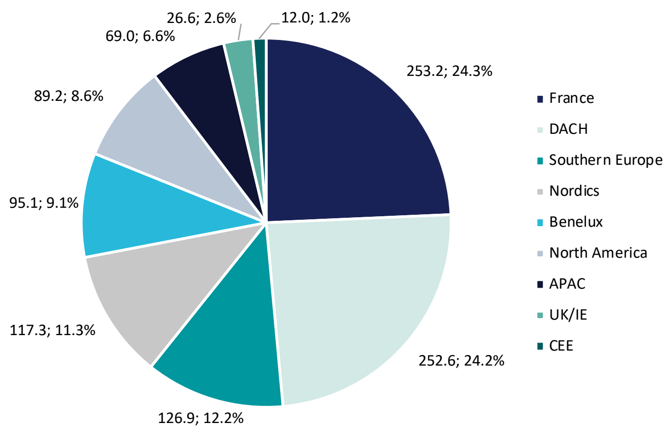
Despite the small number of issuers, as outlined above, the Dutch agency market is one of the largest of its kind when measured in terms of the outstanding bond volume. Outstanding bonds worth the equivalent of EUR 164.2bn are spread across 572 separate bond deals placed by the issuers presented in this article. The funding target of NEDWBK, to use its ticker, again stands at EUR 10bn for 2023, while that for BNG amounts to EUR ±16bn. For its part, the comparatively small FMO (ticker: NEDFIN) aims to raise EUR 1-2bn.

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



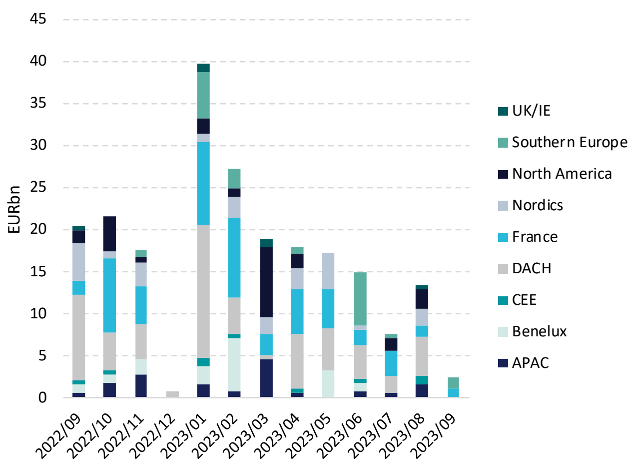
EUR benchmark volume by region (in EURbn)



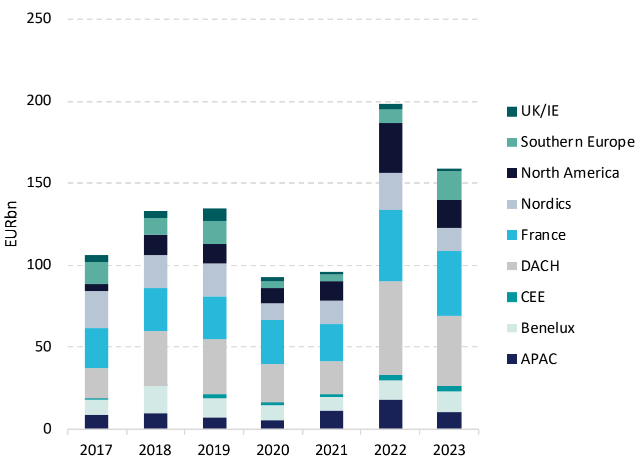
Top-10 jurisdictions

Rank	Country	Amount outst. (EURbn)	No. of BMKs	There of ESG BMKs	Avg. issue size (EURbn)	Avg. initial maturity (in years)	Avg. mod. Duration (in years)	Avg. coupon (in %)
1	FR	253.2	243	19	0.97	9.5	5.0	1.25
2	DE	197.3	281	35	0.65	8.0	4.2	1.12
3	CA	89.2	66	0	1.33	5.5	2.8	1.07
4	NL	74.3	75	2	0.92	10.8	6.5	1.06
5	ES	73.3	58	6	1.15	11.2	3.4	1.95
6	AT	54.6	93	4	0.58	8.2	4.8	1.35
7	IT	48.2	58	2	0.80	8.9	3.7	1.50
8	NO	44.0	53	12	0.83	7.4	3.8	0.62
9	FI	35.8	39	4	0.90	7.1	3.6	1.22
10	AU	35.6	34	0	1.05	7.2	3.3	1.42

EUR benchmark issue volume by month

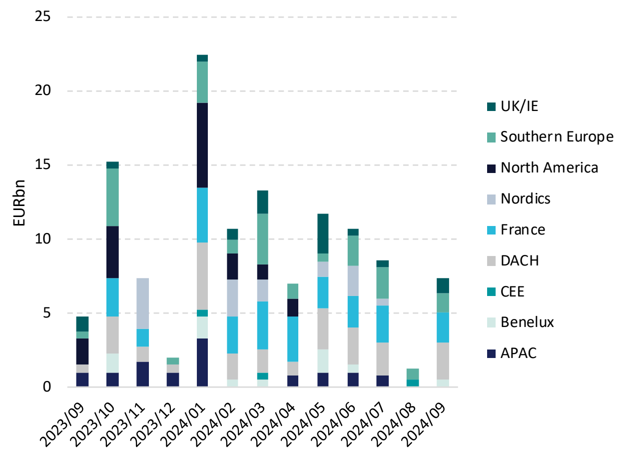


EUR benchmark issue volume by year

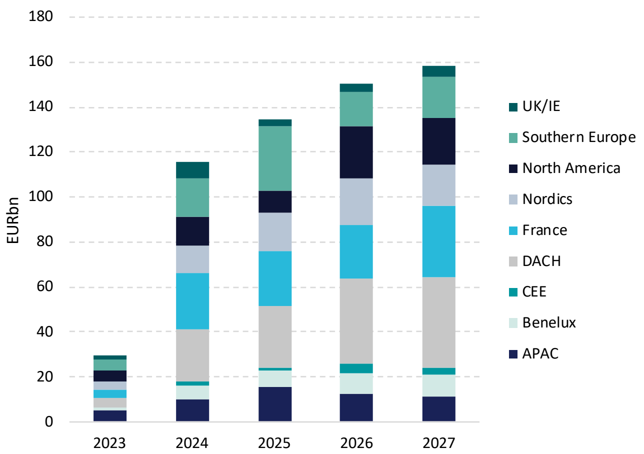


Source: market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

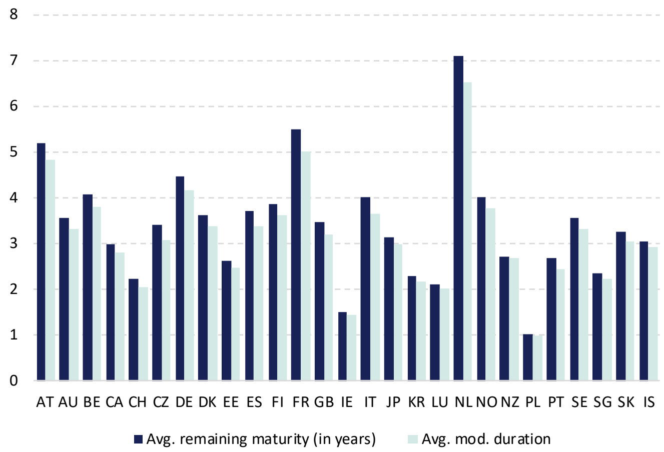
EUR benchmark maturities by month



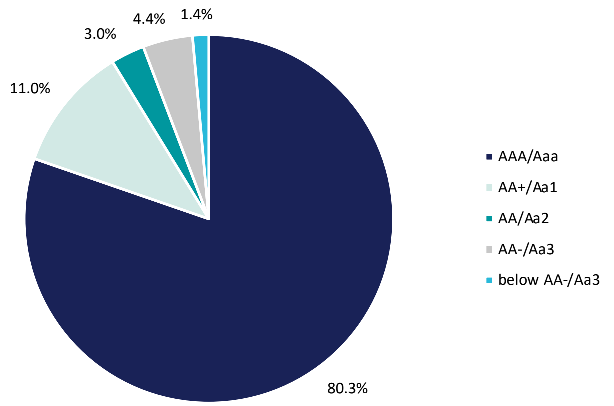
EUR benchmark maturities by year



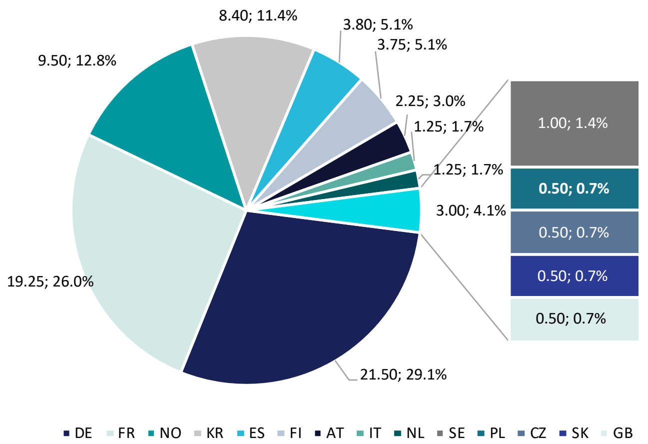
Modified duration and time to maturity by country



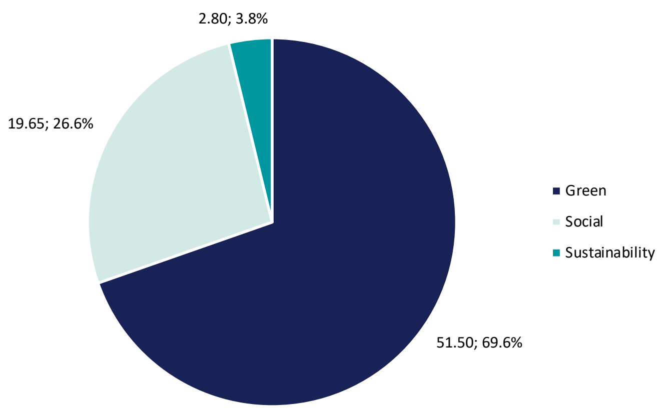
Rating distribution (volume weighted)



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

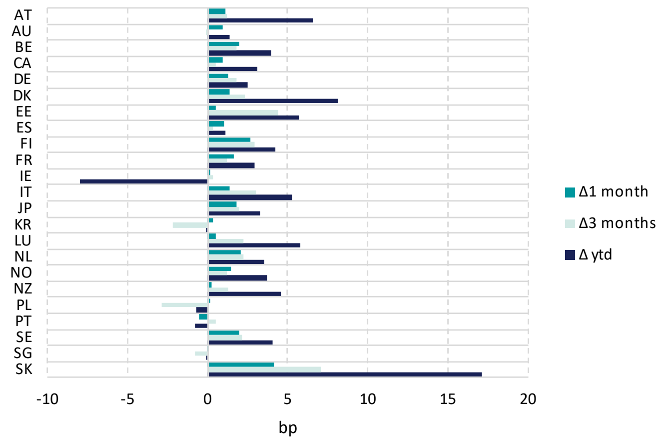


EUR benchmark volume (ESG) by type (in EURbn)

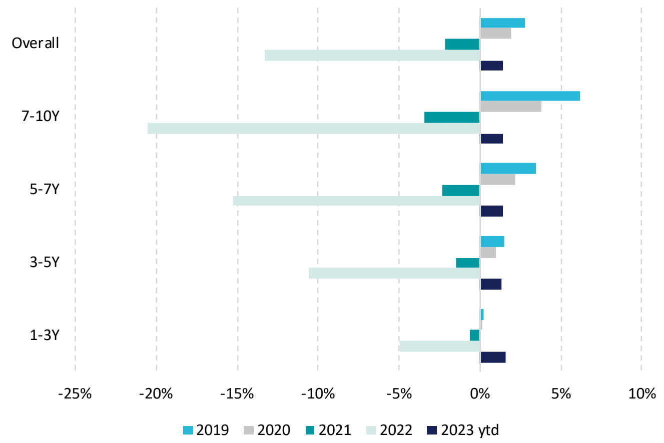


Source: market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

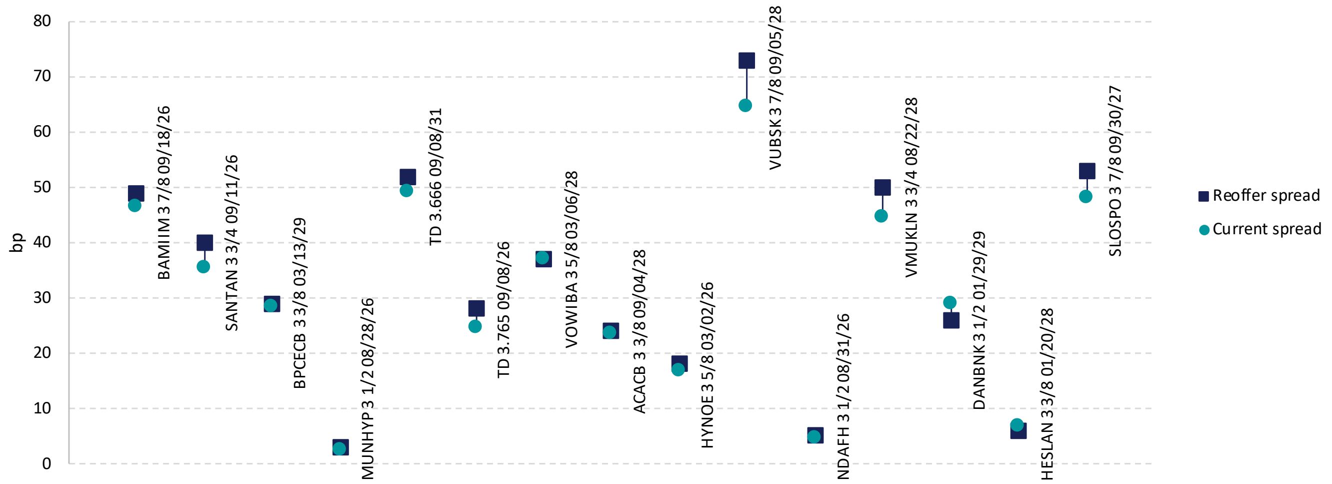
Spread development by country



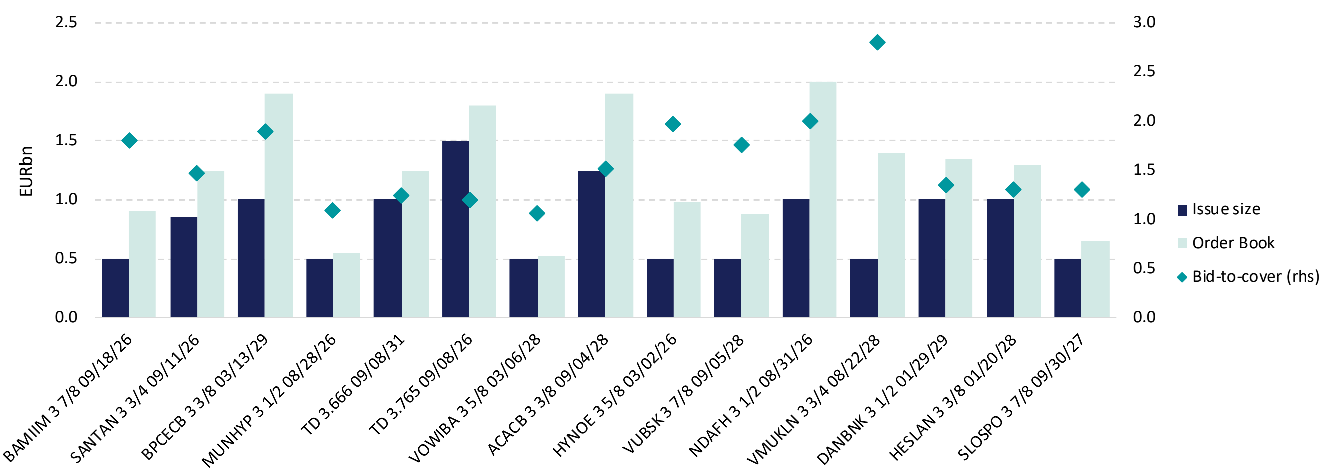
Covered bond performance (Total return)



Spread development (last 15 issues)



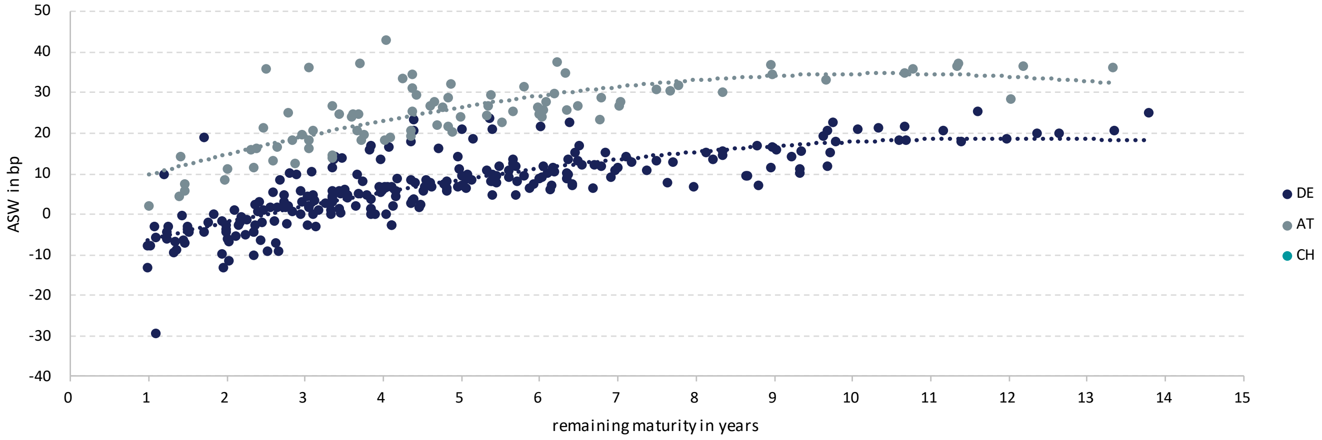
Order books (last 15 issues)



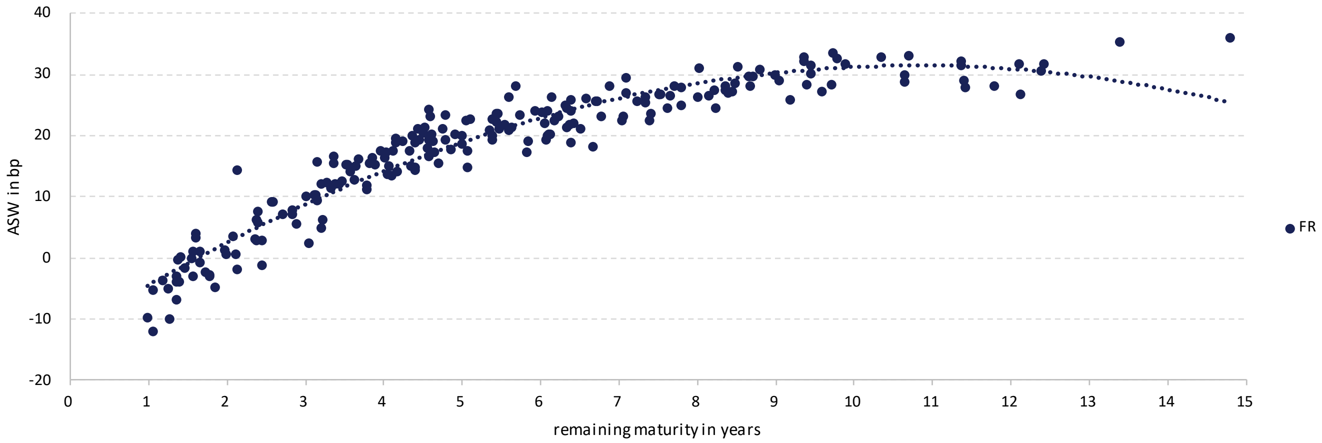
Source: market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

Spread overview[1]

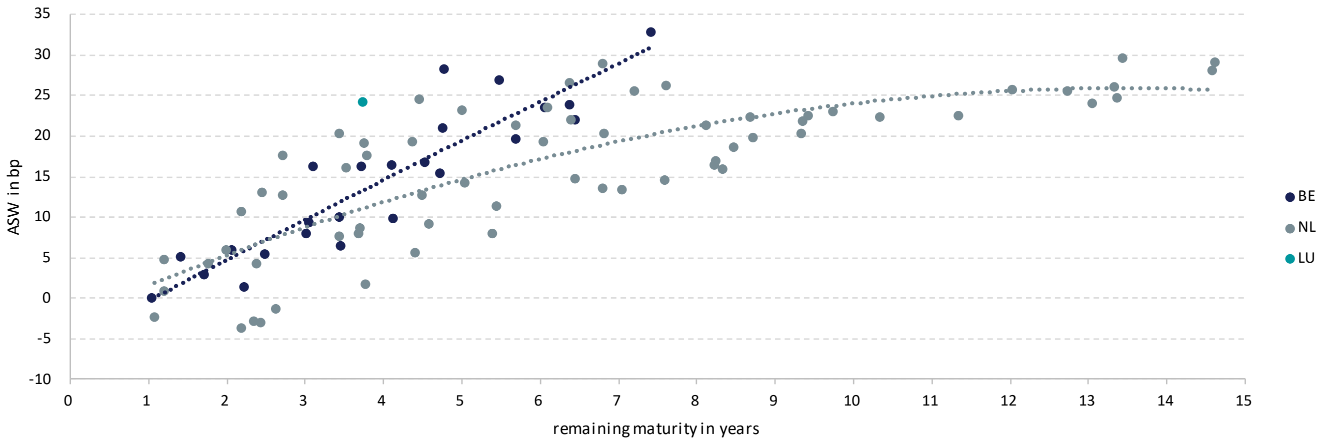
DACH



France

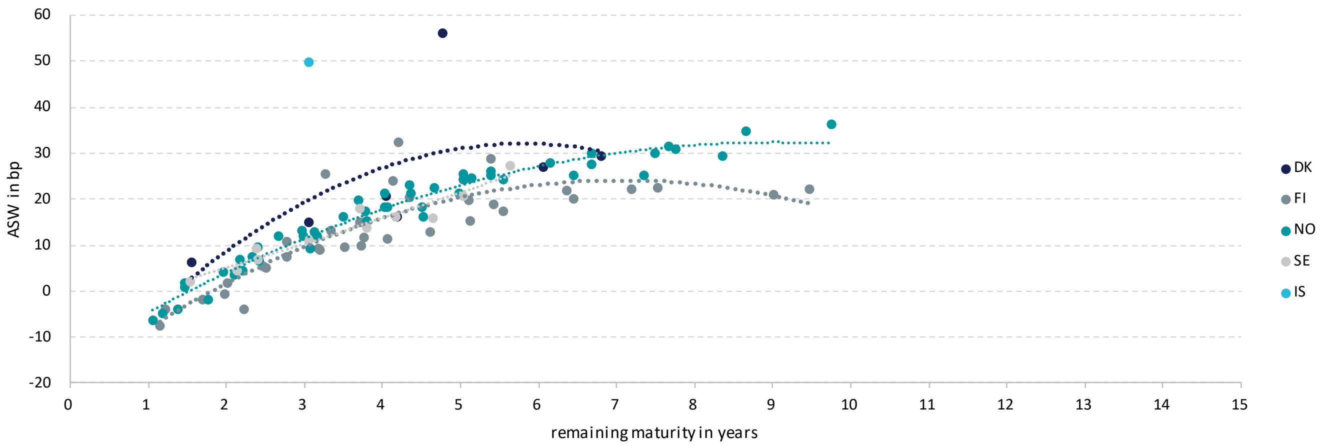


Benelux

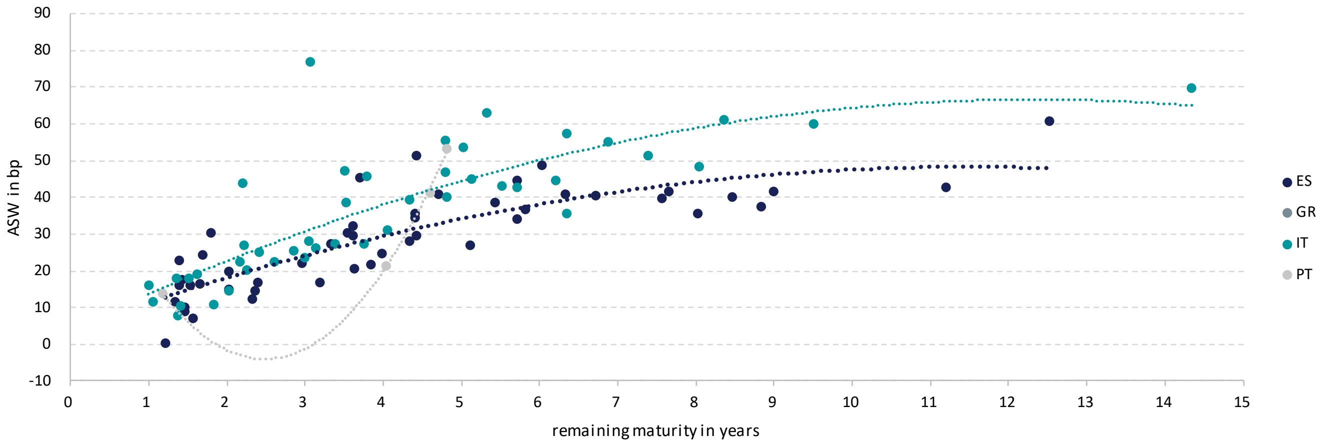


Source: market data, Bloomberg, NORD/LB Markets Strategy & Floor Research [1]Time to maturity 1 ≤ y ≤ 15

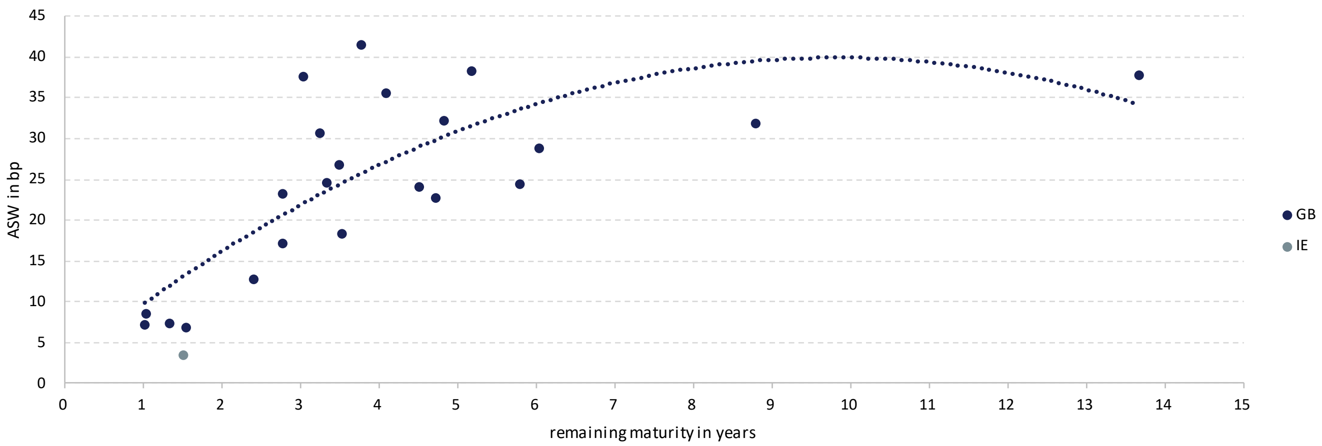
Nordics



Southern Europe

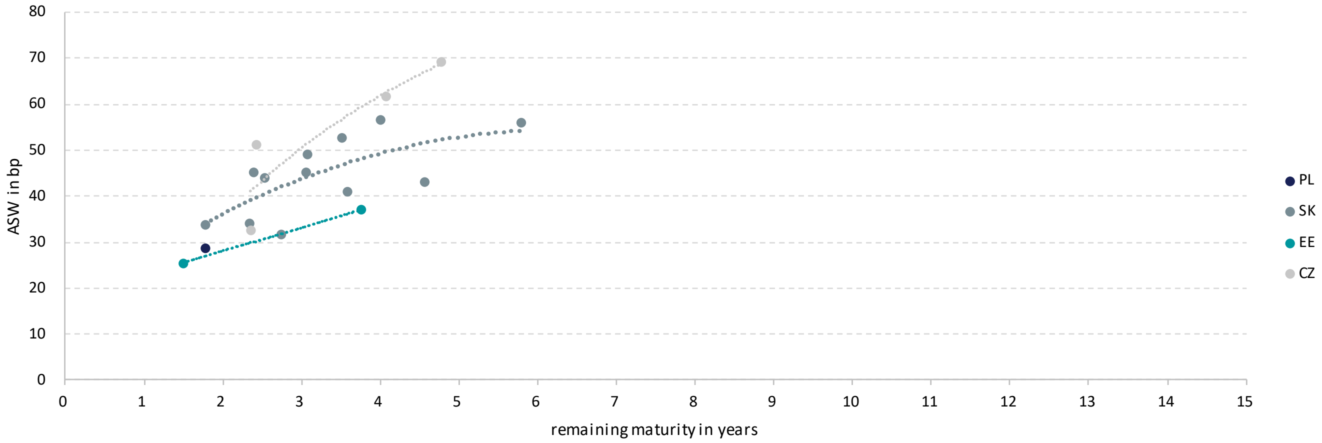


UK/IE

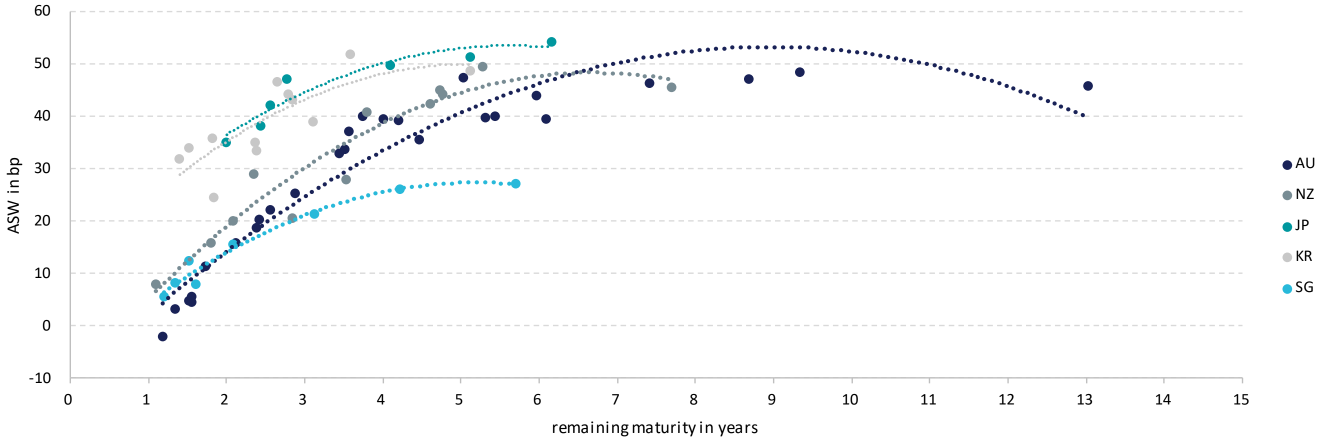


Source: market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

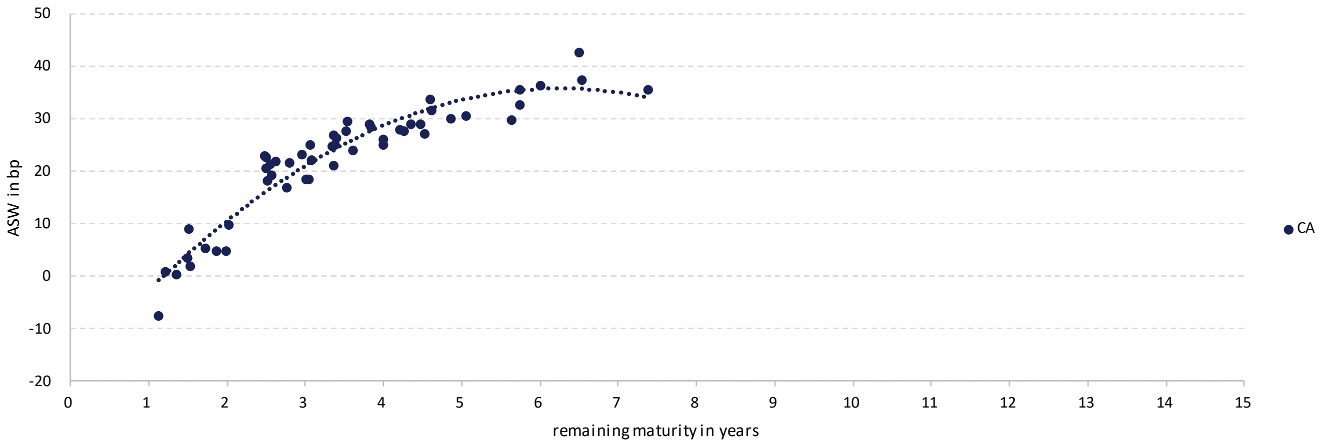
CEE



APAC



North America

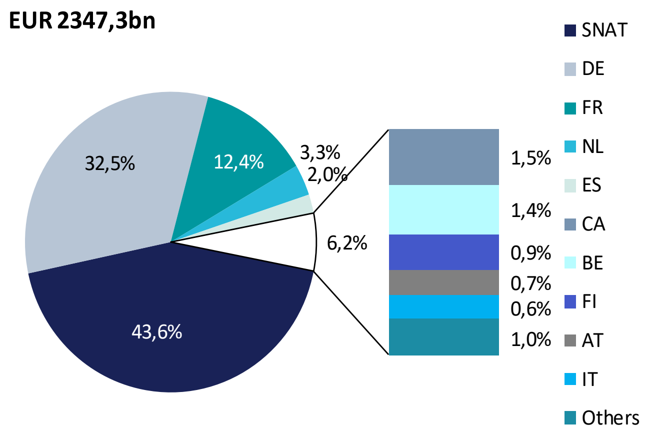


Source: market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

NORD/LB

Charts & Figures
SSA/Public Issuers

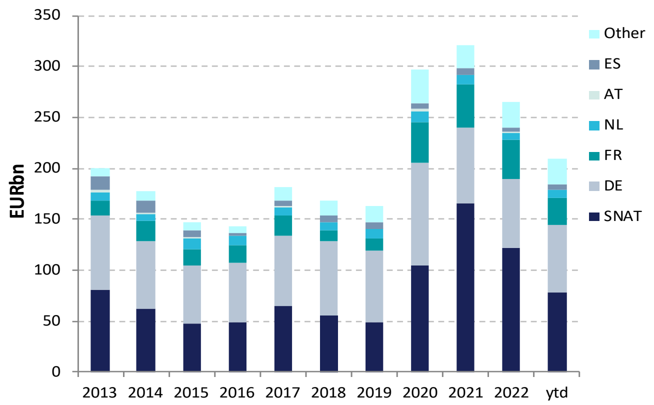
Outstanding volume (bmk)



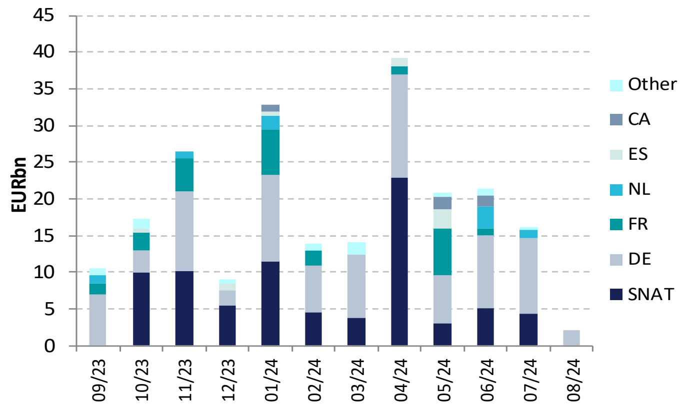
Top 10 countries (bmk)

Country	Vol. (€bn)	No. of bonds	ØVol. (€bn)	Vol. weight. ØMod. Dur.
SNAT	1.022,4	229	4,5	8,0
DE	762,5	566	1,3	6,2
FR	291,0	196	1,5	6,0
NL	78,5	68	1,2	6,6
ES	47,5	65	0,7	4,7
CA	35,7	25	1,4	4,3
BE	32,5	36	0,9	10,8
FI	22,1	24	0,9	4,9
AT	16,8	20	0,8	4,6
IT	15,0	19	0,8	4,5

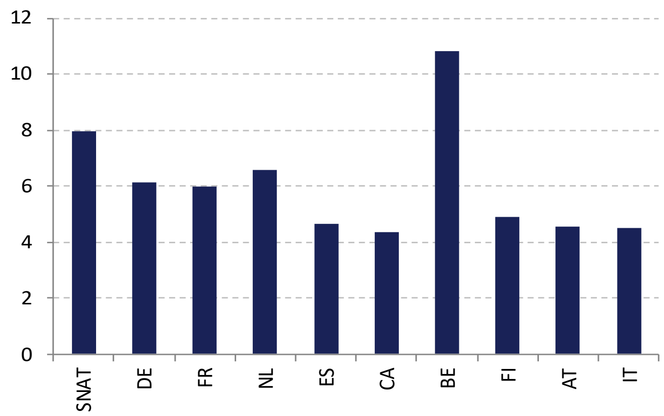
Issue volume by year (bmk)



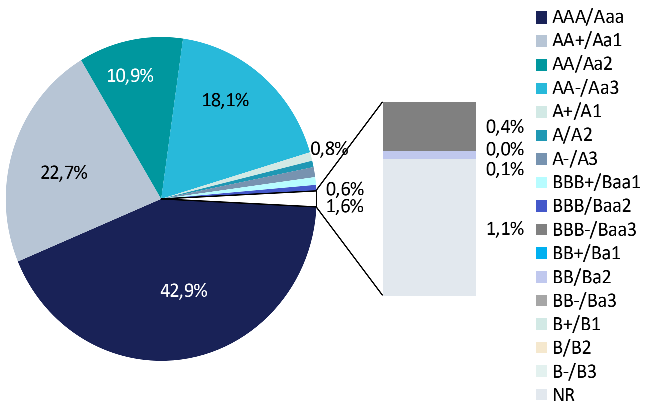
Maturities next 12 months (bmk)



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



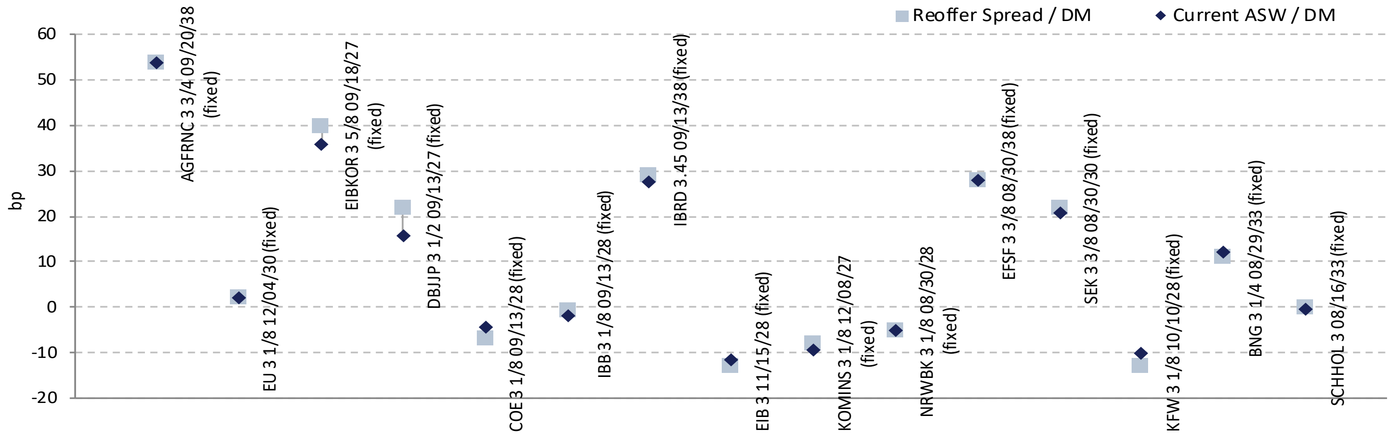
Rating distribution (vol. weighted)



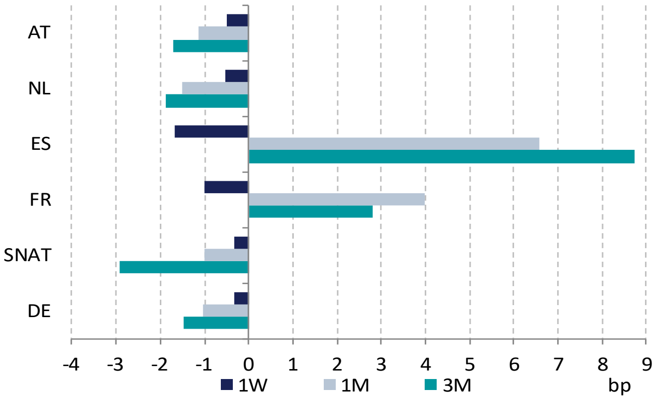
Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

NORD/LB

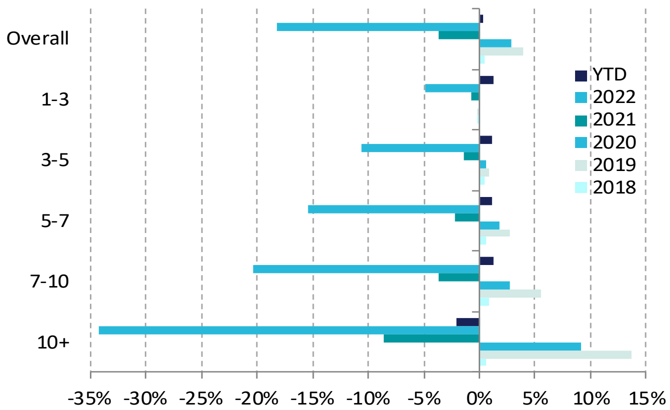
Spread development (last 15 issues)



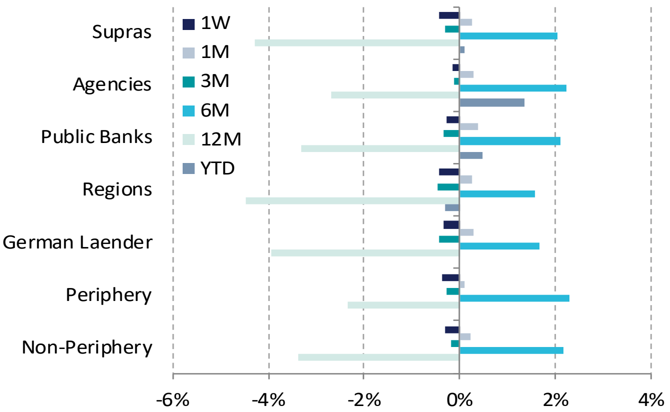
Spread development by country



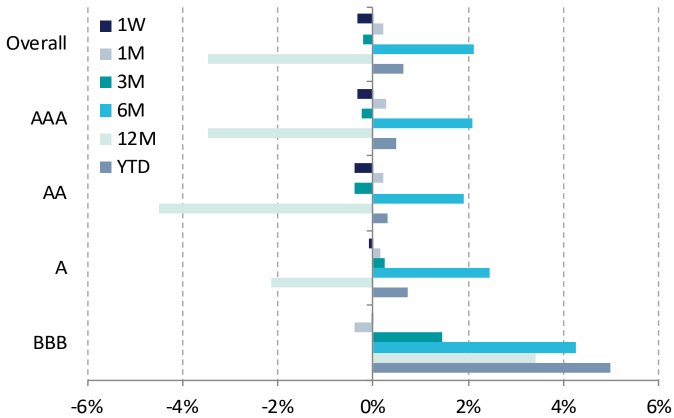
Performance (total return)



Performance (total return) by segments

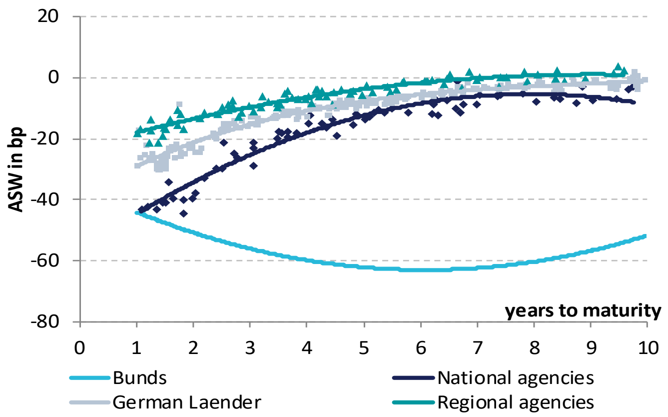


Performance (total return) by rating

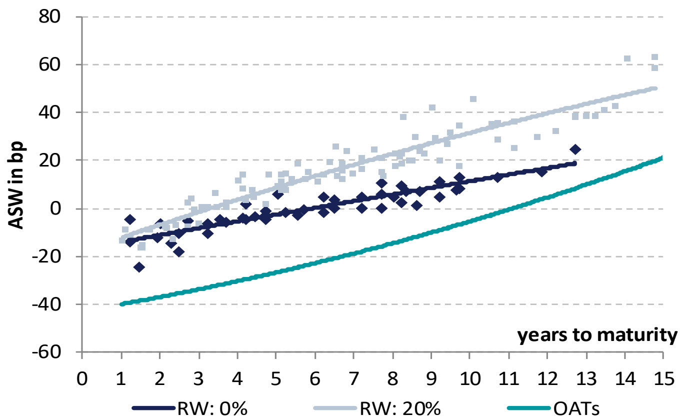


Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

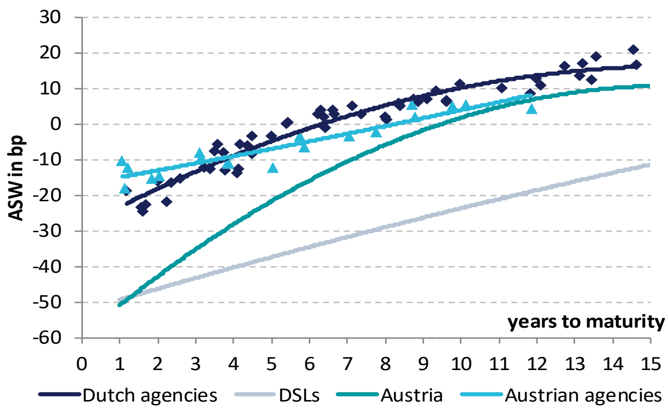
Germany (by segments)



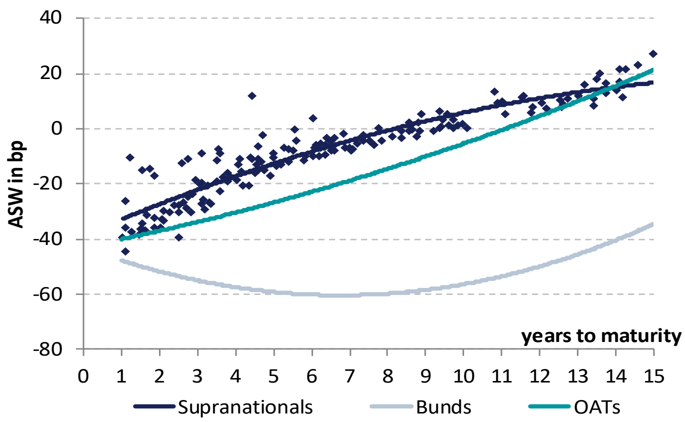
France (by risk weight)



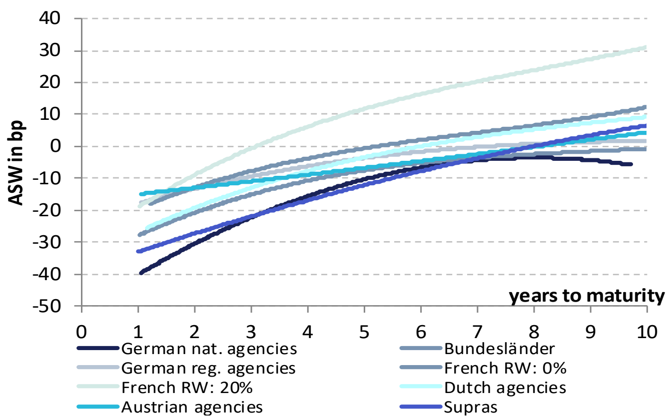
Netherlands & Austria



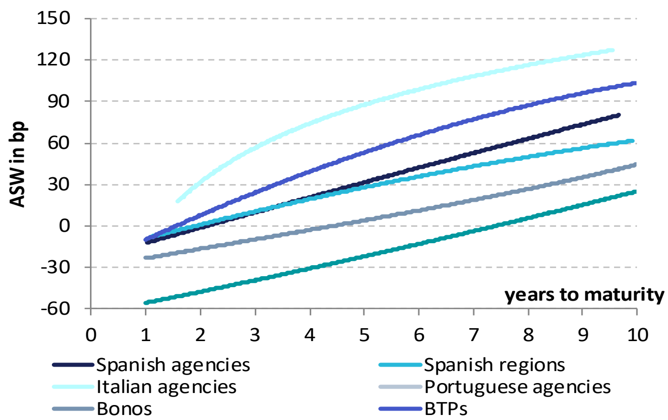
Supranationals



Core



Periphery



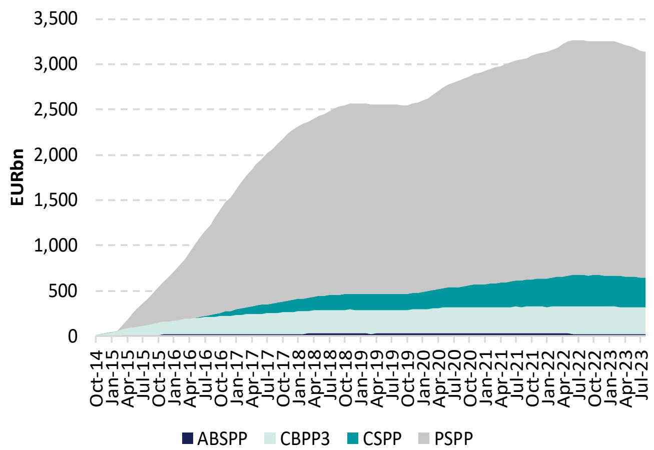
Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

ECB tracker

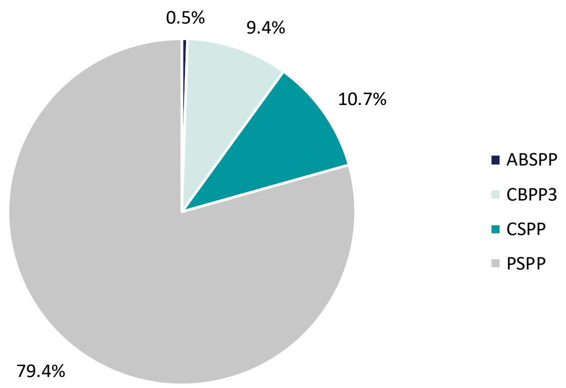
Asset Purchase Programme (APP)

	ABSPP	CBPP3	CSPP	PSPP	APP
Jul-23	16,851	295,503	335,724	2,504,498	3,152,576
Aug-23	16,441	295,503	334,738	2,487,900	3,134,582
Δ	-411	0	-986	-16,598	-17,995

Portfolio development

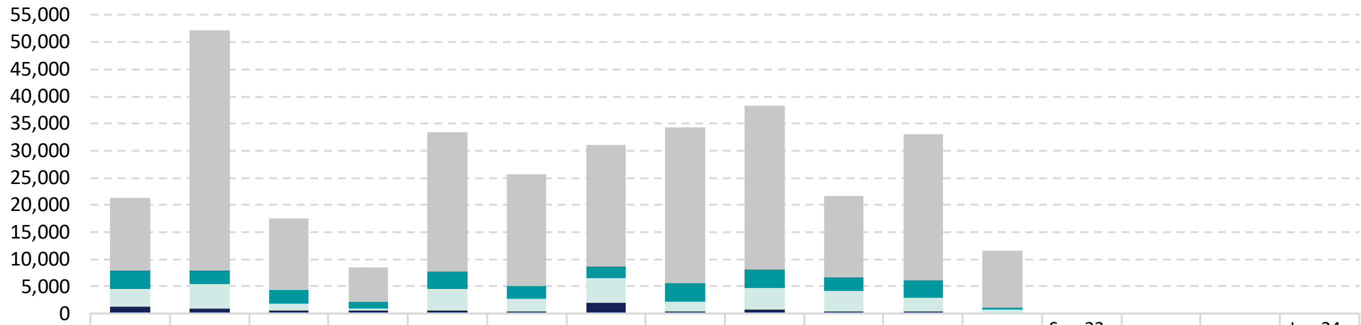


Portfolio structure



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

Expected monthly redemptions (in EURm)



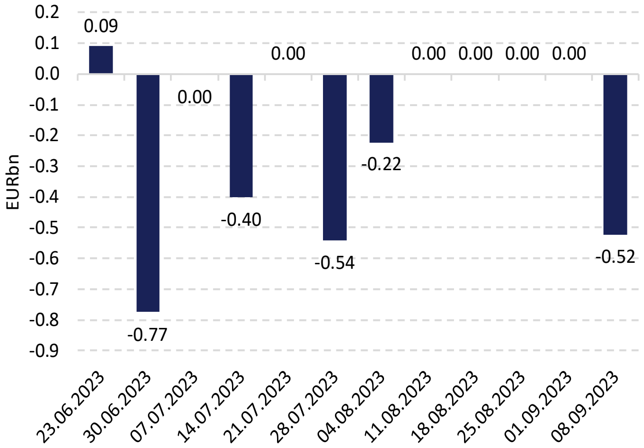
	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-23 - Aug-24	2022	2023	Jan-24 - Aug-24
APP	21,368	52,182	17,547	8,553	33,370	25,596	31,045	34,260	38,285	21,636	32,982	11,587	328,411	299,142	331,189	228,761
PSPP	13,436	44,186	13,277	6,336	25,524	20,470	22,413	28,712	30,194	14,974	26,881	10,533	256,936	228,585	255,019	179,701
CSPP	3,377	2,589	2,393	1,336	3,243	2,325	2,188	3,316	3,463	2,462	3,204	244	30,140	17,670	30,797	20,445
CBPP3	3,346	4,467	1,351	408	4,109	2,449	4,434	1,814	3,836	3,777	2,558	541	33,090	41,244	35,147	23,518
ABSPP	1,209	940	526	473	494	352	2,010	418	792	423	339	269	8,245	11,643	10,226	5,097

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

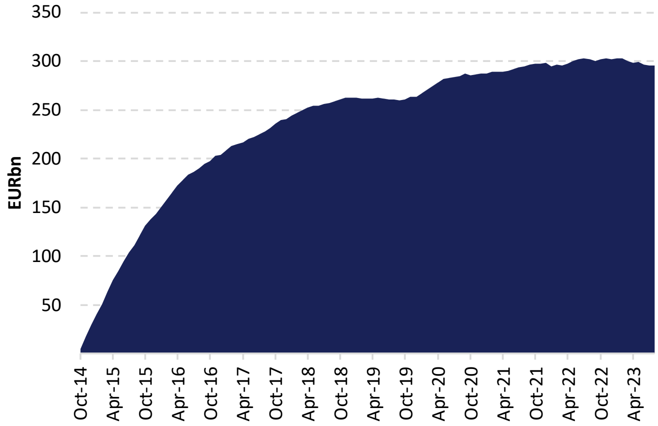
NORD/LB

Covered Bond Purchase Programme 3 (CBPP3)

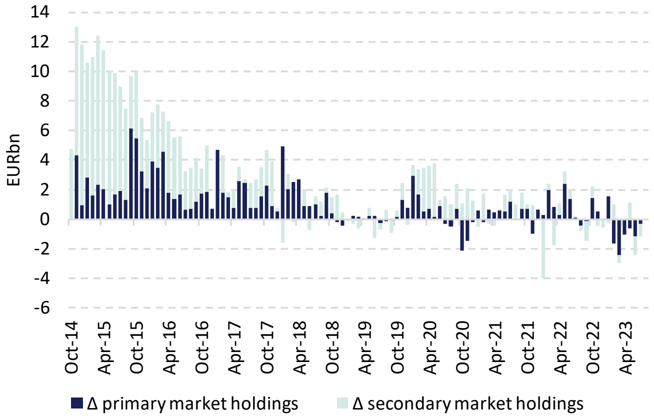
Weekly purchases



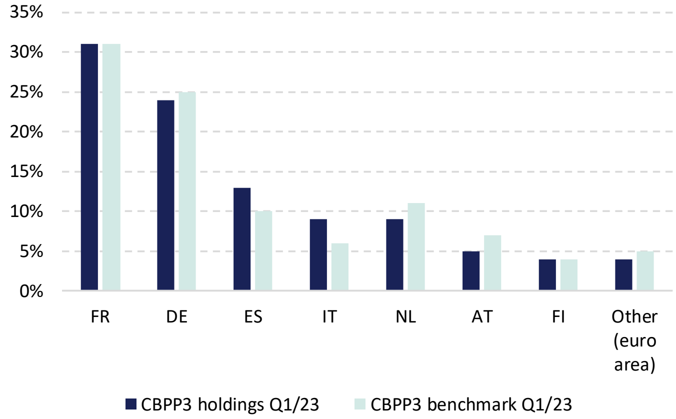
Development of CBPP3 volume



Change of primary and secondary market holdings

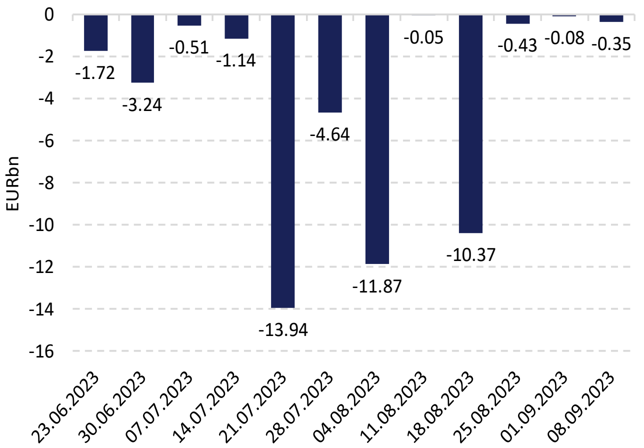


Distribution of CBPP3 by country of risk

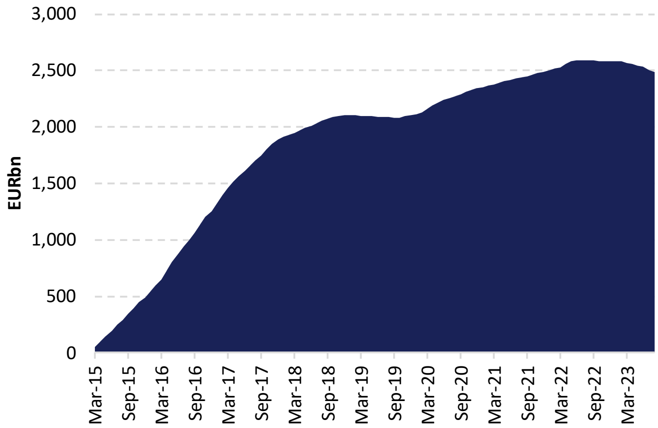


Public Sector Purchase Programme (PSPP)

Weekly purchases



Development of PSPP volume

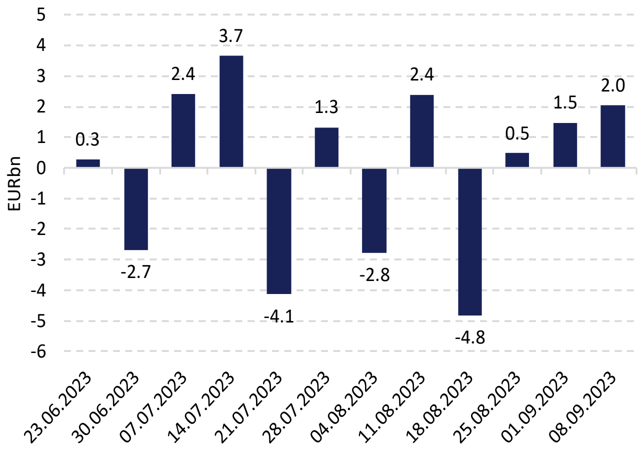


Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Pandemic Emergency Purchase Programme (PEPP)

Portfolio development

Weekly purchases



Breakdown of public sector securities under the PEPP

Jurisdiction	Holdings (in EURm)	Δ Holdings previous period	Adj. distribution key[1]	PEPP share	Deviations from the adj. distribution key[2]	Current WAM[3] (in years)	WAM of eligible universe[4] (in years)
AT	43,659	-419	2.6%	2.6%	0.0%	7.4	7.6
BE	56,468	653	3.3%	3.4%	0.1%	6.1	9.8
CY	2,387	50	0.2%	0.1%	0.0%	8.5	8.4
DE	397,585	-2,475	23.7%	23.9%	0.2%	6.7	7.0
EE	256	0	0.3%	0.0%	-0.2%	6.9	7.2
ES	191,589	-1,567	10.7%	11.5%	0.8%	7.3	7.4
FI	26,759	-695	1.7%	1.6%	0.0%	7.3	7.9
FR	296,673	-1,934	18.4%	17.9%	-0.5%	7.5	7.7
GR	37,979	424	2.2%	2.3%	0.1%	8.5	9.3
IE	25,413	176	1.5%	1.5%	0.0%	8.9	9.5
IT	293,834	3,169	15.3%	17.7%	2.4%	7.0	6.9
LT	3,235	-68	0.5%	0.2%	-0.3%	9.2	8.8
LU	1,845	14	0.3%	0.1%	-0.2%	6.1	8.4
LV	1,824	-154	0.4%	0.1%	-0.2%	8.0	7.6
MT	604	0	0.1%	0.0%	-0.1%	10.0	8.4
NL	79,687	340	5.3%	4.8%	-0.5%	7.8	9.1
PT	33,988	-102	2.1%	2.0%	-0.1%	7.0	7.5
SI	6,450	63	0.4%	0.4%	0.0%	8.6	9.0
SK	7,983	79	1.0%	0.5%	-0.5%	8.0	8.3
SNAT	152,090	2,002	10.0%	9.2%	-0.8%	10.0	9.0
Total / Avg.	**1,660,308**	**-443**	**100.0%**	**100.0%**	**0.0%**	**7.4**	**7.6**

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

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Appendix
Overview of latest Covered Bond & SSA View editions

Publication	Topics
25/2023 ♦ 06 September	▪ Covered bond market on the growth path: OLB looks set to join the ranks of EUR benchmark issuers ▪ NORD/LB Issuer Guide German Laender 2023 published
24/2023 ♦ 19 July	▪ Banks in Europe: EBA Risk Dashboard in Q1 2023 ▪ ECB repo collateral rules and German Laender
23/2023 ♦ 12 July	▪ Covereds: Half-year review and outlook for the second half of 2023
22/2023 ♦ 28 June	▪ Special publication on LCR classification and risk weights: a (regulatory) overview of the EUR benchmark segment ▪ ESG bonds of German Laender – significant further development
21/2023 ♦ 21 June	▪ ESG covered bonds: a look at the supply side ▪ Increasing exposure of E-supras to Ukraine
20/2023 ♦ 14 June	▪ Moody's covered bond universe – an overview ▪ Beyond Bundeslaender: Spanish regions
19/2023 ♦ 07 June	▪ ECB Preview: ECB's 25th anniversary and is still going strong ▪ Focus on legal requirements for covered bonds
18/2023 ♦ 24 May	▪ Repayment structures on the covered bond market: an update ▪ Stability Council convenes for 27th meeting
17/2023 ♦ 17 May	▪ ESG update 2023 in the spotlight ▪ Development of the German property market ▪ Transparency requirements §28 PfandBG Q1/2023
16/2023 ♦ 10 May	▪ The ECB and the covered bond market: influences old and new ▪ Update: Joint Laender (Ticker: LANDER)
15/2023 ♦ 26 April	▪ ECB preview: caught in two minds? ▪ EBA Risk Dashboard paints solid picture of Q4 2022
14/2023 ♦ 19 April	▪ Lending in the Eurozone and Germany ▪ The French agency market – an overview
13/2023 ♦ 05 April	▪ Supply forecast requires no great adjustment ▪ Current risk weight of supranationals & agencies
12/2023 ♦ 29 March	▪ The Moody's covered bond universe – an overview ▪ NGEU: Green Bond Dashboard
11/2023 ♦ 22 March	▪ Covered Bonds: Under the spell of the banking crisis and ECB hawks? ▪ ESG: EUR-benchmarks 2023 in the SSA segment (ytd)
10/2023 ♦ 15 March	▪ Transparency requirements §28 PfandBG Q4/2022 ▪ Credit authorisations of the German Laender for 2023
09/2023 ♦ 08 March	▪ ECB preview: Soft landing lets ECB play hard ball with key rates ▪ Where does the Pfandbrief stand within the covered bond universe?
08/2023 ♦ 01 March	▪ The covered bond market and the ECB: a gradual farewell? ▪ Beyond Bundeslaender: Focus on Greater Paris (IDF and VDP)

NORD/LB:
Markets Strategy & Floor Research

NORD/LB:
Covered Bond Research

NORD/LB:
SSA/Public Issuer Research

Bloomberg:
RESP NRDR <GO>

Appendix
Publication overview

Covered Bonds:

- Issuer Guide Covered Bonds 2023
- Covered Bond Laws
- Covered Bond Directive: Impact on risk weights and LCR levels
- Risk weights and LCR levels of covered bonds (updated semi-annually)
- Transparency requirements §28 PfandBG Q2/2023 (quarterly update)
- Covered bonds as eligible collateral for central banks

SSA/Public Issuers:

- Issuer Guide – German Laender 2023
- Issuer Guide – European Supranationals 2023
- Issuer Guide – French Agencies 2023
- Issuer Guide – German Agencies 2022
- Issuer Guide – Dutch Agencies 2022
- Beyond Bundeslaender: Belgium
- Beyond Bundeslaender: Greater Paris (IDF/VDP)
- Beyond Bundeslaender: Spanish regions

Fixed Income Specials:

- ESG-Update 2023
- ECB preview: Knives out… It's edging-time
- ECB: From the bottom to the top time to stop? Nobody knows it
- ECB preview: About scrambling and hiking to the terminal rate

Appendix
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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
Länder/Regionen	+49 511 9818-9550
Frequent Issuers	+49 511 9818-9640

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Origination Corporates	+49 511 361-2911

Sales Wholesale Customers

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

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