Covered Bond & SSA View

NORD/LB Floor Research

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Marketing communication (see disclaimer on the last pages)

Agenda

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Market overview
Covered Bonds

Authors: Dr Frederik Kunze // Lukas Kühne

Primary market: lively market environment continues

Following an eventful start to 2024, the primary market showed no signs of pausing for breath over the past five trading days. Rather, the market environment remained thoroughly lively. The market continues to be shaped by high average new issue premiums and sustained spread widening. Overall, eight issuers from four jurisdictions successfully placed fresh bonds on the primary market. Although we initially saw deals primarily from the jurisdictions of Germany, Austria and France at the start of the new year, issuers from other countries have increasingly been active on the market in recent days. These included three issuers from Italy, which each approached investors with one deal. Here, the green covered bond from Credit Agricole Italia (9.5y) stands out in particular. Initial guidance for this deal in the amount of EUR 500m tightened by 17.5 basis points during the marketing process, meaning that the covered bond was eventually placed at a spread of ms +90bp. The final order book amounted to EUR 4.5bn. Alongside the three successful deals from Italy, the first primary market issue from Landesbank Saar rounded off an extremely gratifying week. Previously, this issuer had only been active in the sub-benchmark segment, until last week it successfully placed a 10y deal worth EUR 500m with investors. The order book was well-filled at EUR 1.1bn, meaning that the covered bond could be issued at a spread of ms +46bp. Over the past couple of days, Banca Popolare di Sondrio (5.5y) and RLB Niederösterreich-Wien (3.7y) have each sought investors for deals in the amount of EUR 500m. Both deals tightened versus their initial guidance over the course of the marketing process, with final spreads of ms +77bp and ms +50bp respectively determined for the Italian and Austrian bonds.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
RLB Noe-Wien	AT	16.01.	XS2752052063	3.7y	0.50bn	ms +50bp	- / Aaa / -	-
Banca Popol. di Sondrio	IT	15.01.	IT0005580276	5.5y	0.50bn	ms +77bp	AA / - / -	-
Credito Emiliano	IT	11.01.	IT0005579294	5.3y	0.50bn	ms +67bp	AA / Aa3 / -	X
Spk Pforzheim Calw	DE	11.01.	DE000A3823V5	7.0y	0.50bn	ms +45bp	AAA / - / -	-
RLB Tirol	AT	10.01.	AT0000A39K79	5.0y	0.50bn	ms +56bp	- / Aaa / -	-
OP Mortgage Bank	FI	10.01.	XS2749486556	7.5y	1.00bn	ms +42bp	- / Aaa / -	-
Credit Agricole Italia	IT	10.01.	IT0005579997	9.5y	0.50bn	ms +90bp	- / Aa3 / -	X
Landesbank Saar	DE	10.01.	DE000SLB4360	10.0y	0.50bn	ms +46bp	AAA / - / -	-

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

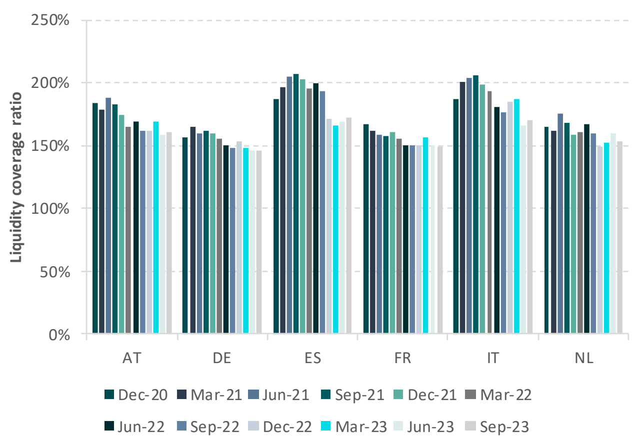
Secondary market

The EUR benchmarks placed in the past five trading days have for the most part performed well on the secondary market. Due to robust investor demand, particularly in the area of "fast money", spreads on newly issued bonds have narrowed further. As expected, in the past week, secondary market curves continued to drift further out. The majority of investors seem to be predominantly focused on recently placed deals with shorter terms to maturity.

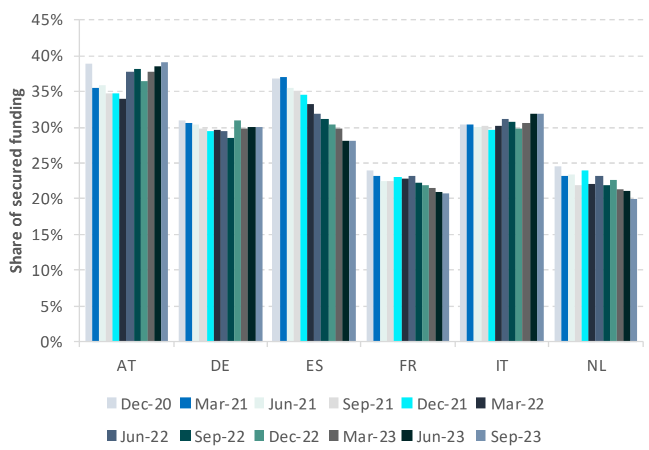
EBA Risk Dashboard: banks remain robust overall – higher interest rates adversely impacting asset quality

On 12 January, the European Banking Authority (EBA) presented the latest figures under its EBA Risk Dashboard, which is published on a quarterly basis. The reporting period for this latest instalment of the Risk Dashboard is the third quarter of 2023. Even if the period under review is, as per usual, now a few months behind us, the implications of the extensive database offer a form of health check for the EU banking market that should not be overlooked. As the EBA reports, European banks remain in a robust condition, which is due in particular to aspects such as capitalisation and liquidity, as well as the earnings situation. However, potential downside risks to asset quality, as a result of, among other aspects, the impact of higher interest rates for borrowers, should also be borne in mind. Together with the Risk Dashboard, the EBA has also announced the results of the Risk Assessment Questionnaire (RAQ), which are based on answers from 85 banks back in September 2023. At this time, a large proportion of the banks surveyed stated that they were not looking to expand their own new business in the real estate sector (both residential and commercial) as much. This is due to the expectation of deteriorating asset quality in both real estate segments. However, looking at the credit quality – both of the banks themselves and of the cover pools of the issuers active in the EUR benchmark segment – we do not identify any threat of significant deterioration. We arrive at this conclusion due, among other things, to the extensive requirements defined in covered bond legislation as well as the fundamentally robust condition of the banks. With regard to the importance of covered bonds as a refinancing instrument for European banks, the aggregated EBA data paints something of a mixed picture. For example, the subtle – albeit continuous – growth in the share of secured funding in Austria and Italy over recent quarters is striking. From our point of view, this development also fits with the current picture on the primary market. In the first couple of trading weeks of the still nascent new year 2024, a total of 23 issuers have approached investors and have ultimately managed to successfully raise EUR 22.8bn in fresh supply. Also owing to the comparatively high IPTs and issue spreads, Italian issuers have generated high levels of investor interest for their deals. For the deals mentioned above, the final order books came in at a more than respectable total of EUR 9.1bn.

EBA Risk Dashboard: Liquidity Coverage Ratio



EBA Risk Dashboard: Share of secured funding



Source: EBA, NORD/LB Floor Research

The Belgian covered bond market: rated "Strong +" by Moody's

When evaluating the credit quality of covered bonds, the issuer rating is the usual starting point. With regard to the covered bond segment, in this context we would attach significant importance to the condition of the banking market as a whole, as well as to factors specific to individual banks. As part of a recent analysis, the risk experts at Moody's assessed the macro profile of the banking market in Belgium as "Strong +", which by international comparison is an extremely high rating. In terms of assessments at the level of individual countries, only Norway, Singapore and Luxembourg (rating of "Very Strong –" in each case) benefit from a better assessment. We last devoted a focus article to the Belgian covered bond market in October 2023. In 2024, we expect fresh supply from Belgium amounting to EUR 2.8bn. Offset by maturities of EUR 1.0bn overall, this would result in net growth of EUR +1.8bn.

The French banking market in the spotlight: Scope and Moody's offer their assessments

The French banking sector was likewise rated "Strong +" by Moody's. For example, the risk experts highlight the stability of the country's residential real estate financing market. From our perspective, this aspect is highly relevant to the covered bond segment in France as well. The risk experts at Scope also assess French banks as robust. For 2024, for example, it is expected that the French banks will benefit from support in terms of their margins as a result of increased interest rates. With regard to refinancing and liquidity, Scope expects less volatility in 2024 than in 2023. This view is based on the expectation that money market and capital market interest rates will begin to stabilise, among other aspects. On the refinancing side, covered funding is one of the most important pillars of the banking sector. In terms of outstanding volume, France is the largest jurisdiction in the EUR benchmark segment (EUR 258bn). For 2024, we forecast a gross issuance volume of EUR 36bn from this jurisdiction. Set against expected maturities of EUR 23.8bn, resulting in net supply of EUR +12.2bn, France is also set to be the strongest driver of growth within the EUR benchmark segment in 2024.

Real estate and ESG: Moody's comments on the "European" agreement proposing a revision to the Energy Performance of Buildings Directive

In December 2023, the European Parliament and European Council reached a preliminary agreement on the proposed revision of the Energy Performance of Buildings Directive, which aims to support EU efforts to achieve climate-neutrality by 2050. The main objectives of the proposed revision are for all new buildings to be emissions-free by 2030 and for the existing building stock to be converted into emissions-free buildings by 2050. The risk experts from Moody's recently commented on the implications of the ambitious programme of adjustments for the real estate sector. In terms of the covered bond segment, it should be highlighted that programmes with cover pools in which rather energy-inefficient existing properties account for a significant share of the cover assets are, in particular, exposed to the risk of declining credit quality. Conversely, cover pools dominated by new or energy-efficient buildings will benefit in terms of credit quality and the valuations of such properties should not deteriorate. In the view of Moody's, these conclusions apply to both residential real estate financing and the CRE segment.

Primary market: A look at the start to 2024

On 13 December 2023, we published our outlook for the covered bond year 2024 as part of our weekly publication. As is the case every year, one of the most important “ingredients” for spread expectation in the EUR benchmark segment is the projected net new supply for the period under consideration. For 2024, we anticipate net new supply of EUR +57.3bn overall. We are sticking to this forecast despite the eventful start to the new year. As far as our spread forecast up to the middle of 2024 is concerned, we remain confident in our basic assessment that the peak will be reached or already behind us by the end of June, with an appreciable consolidation then set to kick in during the second half of the year. We base this expectation on the fact that the usual seasonal pattern tends to see the largest share of the issuance volume placed during the first two quarters of the year.

NORD/LB forecast 2024: Issuances and maturities by jurisdiction

Jurisdiction	**Outstanding volume** as at 16 January 2024 (EURbn)	**Maturities 2024** (EURbn)	**Issues 2024ytd** as at 16 January 2024 (EURbn)	**Issues 2024e** (EURbn)	**Net supply 2024e** (EURbn)
AT	58.10	58.10	2.75	9.50	7.25
AU	34.30	34.30	0	5.75	0.25
BE	21.50	21.50	0	2.75	1.75
CA	81.45	81.45	0	17.50	5.00
CH	0.75	0.75	0	1.00	1.00
CZ	2.00	2.00	0	2.00	2.00
DE	203.22	203.22	7.25	26.00	7.83
DK	5.50	5.50	0	1.00	0.50
EE	1.00	1.00	0	1.00	1.00
ES	70.25	70.25	0	8.00	1.75
FI	38.00	38.00	1.00	5.00	2.00
FR	258.57	258.57	7.00	36.00	12.25
GB	25.36	25.36	0	6.50	-2.00
GR	0.00	0.00	0	0.00	0.00
HU	0.00	0.00	0	0.50	0.50
IE	0.75	0.75	0	0.00	0.00
IS	0.50	0.50	0	1.00	1.00
IT	51.26	51.26	2.25	11.00	3.00
JP	5.60	5.60	0	1.75	1.75
KR	9.50	9.50	0	2.50	2.00
LU	1.00	1.00	0	0.00	-0.50
NL	79.45	79.45	2.50	6.00	1.00
NO	45.00	45.00	0	7.00	3.00
NZ	10.45	10.45	0	3.75	1.25
PL	1.50	1.50	0	1.00	0.00
PT	5.35	5.35	0	2.00	0.00
SE	32.08	32.08	0	6.25	1.50
SG	7.00	7.00	0	2.50	1.25
SK	8.00	8.00	0	1.50	1.00
Total	**1057.42**	**111.43**	**22.75**	**168.75**	**57.33**

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

DBRS presents covered bond outlook for 2024

Right at the start of the new year, the risk experts at DBRS presented their outlook for 2024. In the view of the rating agency, elevated interest rates in particular will have a moderate impact on the ability of borrowers to repay mortgage loans during the new calendar year. In fact, against this backdrop, the asset class of covered bonds should remain robust, which DBRS puts down to both the dual right of recourse and the consistent cover pool management on the part of the issuers. The risk experts also list the legal requirements and programme-specific factors offering significant risk mitigation. In terms of rating stability, DBRS states, among other things, that it is in particular the programmes dominated by fixed-interest cover assets with no interest rate protection, which at the same time issue covered bonds in the form of floaters, that will be forced to significantly increase overcollateralisation (OC) ratios in order to maintain their ratings. The experts at DBRS also touch upon pending regulatory/legal changes in the context of Article 31 of the Covered Bond Directive. This stipulates that the European Commission, in cooperation with the European Banking Authority (EBA), must submit reports on various topics to the European Parliament and the European Council by 8 July 2024. In this context, DBRS is working on the assumption that this deadline will be postponed to 2025. Article 31 also covers the question of equivalence or equal treatment of covered bonds from “third countries”, which is highly relevant to issuers and investors in the EUR benchmark segment.

Market overview
SSA/Public Issuers

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

Publication of "Beyond Bundeslaender: Belgium 2023"

Last week, we published an update on Belgium as part of our established publication series "Beyond Bundeslaender". At the time of going to press, the regional market as a whole was worth EUR 59.3bn, against EUR 50.9bn around a year ago. Two issuers stand out way above the others, namely FLEMSH at EUR 22.3bn and WALLOO at EUR 18.3bn. They are followed by BRUCAP at EUR 9.2bn and LCFB at EUR 8.1bn. In bottom place are DGBE and FRBRTC at around EUR 800m and EUR 300m respectively. It is immediately obvious that there is still no currency diversification. The bonds of Belgian sub-sovereigns are not only interesting from a yield point of view, but also from a regulatory aspect.

Update to Germany's 2024 budget – a lot of angry red ink

We have already reported in the past on the ruling by the Federal Constitutional Court that the government's decision to reallocate pandemic emergency funds to its climate and transformation fund (KTF) was unconstitutional, and on the resulting budget deficit. The fog has now lifted somewhat regarding the budget for 2024, and we shall give a brief summary of the most important points below. The main thrust is as follows: there will be funding cuts for several ministries, which could include Transport, Environment, Foreign Office, Economic Affairs, Development, Education, Food, as well as Labour and Social Affairs. However, there would be no "reduction in social standards", according to Christian Lindner. The KTF would remain the key instrument in the climate-friendly transformation. However, the fund's budget for 2024 would be reduced by EUR 12bn, according to Olaf Scholz. By 2027, budget cuts could amount to as much as EUR 45bn. By then, though, the total size of the fund would still amount to around EUR 160bn. Meanwhile, scrapping the planned subsidy for network fees will mean more expensive bills for almost all electricity customers. This alone, according to the grid operator, will mean a budget saving of around EUR 5.5bn in 2024. For end users, this will lead to an increase in the price of electricity of one to two cents per kWh. In addition, there will be a reduction of around EUR 3bn in "climate-damaging" subsidies. The government is considering scrapping the tax break for agricultural vehicles, something which has already led to huge protests by the affected farmers in the last few weeks. There are also plans for a change in the tax on plastics. Until now, EUR 1.4bn has been paid to the EU from Germany's budget. In future, however, it will be the companies that use plastic in their products that will bear the cost, providing another saving for the budget as a result. The environmental premium for potential purchasers of electric vehicles will run out earlier than planned, according to Robert Habeck, although he did not mention a precise deadline. Mr Habeck also plans to reduce funding for solar PV expansion although, once again, no dates were mentioned. There will additionally be budget cuts of EUR 1.5bn for the Minister of Labour and Social Affairs, Hubertus Heil. This would involve a much more efficient allocation of social benefits, e.g. in job placements for Ukrainian refugees. In addition, there will probably also be another small reduction in income support. Furthermore, there are also plans to scrap the monthly bonus earmarked for further training for recipients of unemployment benefits, which will mean a saving of EUR 250m for the state. Bearing in mind the fact that discussions are ongoing, it will be interesting to see what remains of the proposals mentioned above in the end.

Elections in three Laender

German citizens will go to the polls in 2024 in three Laender in order to choose new members of parliament or local councillors: elections are due in Brandenburg, Saxony and Thuringia. However, once again the electoral year in Germany 2024 will kick off with an election in Berlin, a deviation from the normal pattern. The Bundestag election of 2021 has to be partly repeated in the capital in view of irregularities, in line with the decision by the Federal Constitutional Court. This will be followed on 01 September by the first normal scheduled elections of 2024 in Saxony and Thuringia. Around 3.5m citizens will be called to the polls in Germany's easternmost Land. At the moment, Saxony is ruled by a "Kenya" coalition consisting of CDU, SPD and the Greens. However, the latest opinion polls put AfD in the lead with 34.1%, ahead even of the CDU with 32.1%. Meanwhile, Bodo Ramelow (Die Linke) is standing for re-election in Thuringia. At present, he is heading the government here as part of a coalition between the SPD, Linke and Greens. However, there are signs that the AfD is gaining significant ground here, in the smallest of the eastern German Laender (excl. Berlin). Opinion polls suggest that AfD would currently win 36.1% of the vote, while Die Linke – once the strongest party – would now only attract 20% (-11 percentage points). The picture looks very similar in Brandenburg, which is being governed by a "Jamaica" coalition; elections for a new Landtag will take place here on 22 September. The latest polls suggest that the AfD can hope to become the strongest party in Brandenburg with 32% of the vote (an increase of 15 percentage points). Our readers know our views; as little talk of politics as possible, as much classification as necessary: should the latest polls prove correct, we would expect very tough coalition negotiations and a very difficult government-building process, in which all those involved will have to be willing to make concessions. In the past, particularism and highly restrictive compromises have very rarely been drivers of progress. It will be very interesting to see what transpires in the late summer/early autumn of 2024 and the impact it has on the economic and financial development of the three Laender in question. To round off the picture, we should also mention that new European Parliamentary elections are set to take place at the beginning of June 2024.

Provisional dates for the next Laender parliamentary (Landtag) elections (and frequency)

Baden-Württemberg	Spring 2026	5 years
Bavaria	Autumn 2028	5 years
Berlin	Autumn 2026	5 years
Brandenburg	**22 September 2024**	**5 years**
Bremen	Spring 2027	4 years
Hamburg	Spring 2025	5 years
Hesse	Autumn 2028	5 years
Mecklenburg-Western Pomerania	Autumn 2026	5 years
Lower Saxony	Autumn 2027	5 years
North Rhine-Westphalia	Spring 2027	5 years
Rhineland-Palatinate	Spring 2026	5 years
Saarland	Spring 2027	5 years
Saxony	**01 September 2024**	**5 years**
Saxony-Anhalt	Summer 2026	5 years
Schleswig-Holstein	Spring 2027	5 years
Thuringia	**01 September 2024**	**5 years**

Source: German Federal Council (Bundesrat), NORD/LB Floor Research

NRW.BANK: Housing Market Report NRW 2023

NRW.BANK (ticker: NRWBK) published its Housing Market Report NRW for 2023 on 08 January. The current situation in the housing market mainly reflects the impact of higher interest rates, high construction and energy prices as well as population growth. In spite of difficult conditions though, 47,400 new flats were nevertheless built in NRW in 2022. The construction backlog, namely the number of approved but as yet uncompleted flats, remains at a record level of around 138,000. According to the report, rents have risen in many places, while prices for those buying their own home have fallen. Claudia Hillenherms, member of the NRW.BANK Management Board, categorised the situation as follows: "Bearing in mind a general rise in prices and high demand, public housing promoted by the Land (NRW) is becoming even more important. There was another marked increase in conditions in 2023. In spite of a change in the general environment, profitable investment is still possible, above all through cheap interest rates and significant repayment concessions, and this is leading to the construction of affordable rental properties as well as stimulating energy-efficient building modernisation and renovation." All of the districts and almost all of the 396 municipalities in North Rhine-Westphalia have experienced population growth. In 2022, the population in NRW totalled 18.1m, an increase of around 215,000 on the previous year. This mainly reflects high immigration from abroad, especially refugees from Ukraine. Demographic growth has led to rising demand for homes. In turn, the supply of homes has fallen significantly. The rise in demand is also reflected in higher rents for re-letting and new-build lets: at the end of 2022, the average rent for existing homes stood at EUR 8.51 per m², which represents an increase of 5.7% against the previous year. The sales market saw a turnaround after over a decade of relentless increases in property prices: the price of existing detached houses fell by an average of -6.1% in H1 2023 against the second half of 2022. The price of older existing properties fell more than the price of new builds. According to the report, this mainly reflects uncertainties about future regulations and the cost of modernising energy systems.

KfW-ifo Skilled Labour Barometer: Weak economy reduces skilled labour deficit

KfW (ticker: KFW) presented the results of its Skilled Labour Barometer for the second half of 2023 on 31 December. At the beginning of Q4 2023, around 39% of companies in Germany reported being held back in their operations by a shortage of skilled workers. Although this is a 6.5 percentage point reduction against the figure of 45.2% in April 2023, the shortage of skilled staff still remains high. On this issue, KfW Chief Economist Dr Fritzi Köhler-Geib stated that "the proportion of companies that feel hampered by a lack of skilled labour has fallen back below the 40% mark for the first time in two years. However, it is likely to increase again if the economic situation improves as expected in the year ahead, since the structural trend is unchanged: a growing number of baby boomers are retiring and there are far fewer millennials coming into the workforce to replace them. The number of people in employment will start to dwindle in 2025, sounding the beginning of a new phase in the skills shortage." In the longer term, the shortage of labour could limit economic growth to well below 1%. However, companies, the government and the working age population have it in their power to counteract the trend. Determined and rapid countermeasures across the board will now be required.

NORD/LB

Primary market

Again this year, January is living up to its reputation for being a strong issuing month. As many as 12 new issues appeared on screens in the past trading week, among which was the first floater of the new year. It all kicked off with Finland's Municipality Finance (ticker: KUNTA), which issued a 10y bond worth EUR 1bn at ms +24bp (guidance: ms +26bp area). It was followed by Dexia Credit Local (ticker: DEXGRP) with a EUR 1.5bn bond (5y). The final spread was one basis point tighter than the guidance at ms +21bp. There were three issuers at the same time from France: Agence Française de Développement (ticker: AGFRNC) issued a 10y bond in the amount of EUR 2bn at OAT +42bp (guidance: OAT +44bp). This equates to around ms +48bp. The promotional bank SFIL (ticker: SFILFR) meanwhile issued a 7y deal worth EUR 1.25bn at OAT +43bp (guidance: OAT +45bp area). Agence France Locale (ticker: AFLBNK) completed the trio, raising EUR 750m at OAT +49bp (guidance: OAT +50bp area) for a bond with a 10y term. Fresh supply in the ESG segment came from IDA (part of the World Bank Group; ticker: IDAWBG) and the Japanese municipal bank JFM (ticker: JFM). IDAWBG's 20y sustainability bond featured a volume of EUR 1.75bn was issued at ms +61bp and achieved tightening of a single basis point against the guidance. For its part, JFM issued a green bond with a volume of EUR 500m (5y) at ms +34bp; this deal had originally been guided at ms +35bp area. In Canada, Export Development Canada (ticker: EDC) used the EUR market for its funding, raising EUR 2.25bn (5y) at a final price of ms +11bp. The first floater of the year (mentioned above) came from Germany: Baden-Württemberg (ticker: BADWUR) issued an FRN totalling EUR 600m with a term in excess of three years; it managed to place the issue in line with guidance at -8bp against the 6M Euribor. Saxony-Anhalt (ticker: SACHAN) was also active in the primary market, raising EUR 750m for a 10y bond at ms +15bp. The Spanish railway operator ADIF-AV (ticker: ADIFAL) came onto the market with a dual tranche: the shorter, 5y bond in the amount of EUR 700m was priced at SPGB +48bp, while the 10y bond worth EUR 800m was issued at SPGB +46bp. Our list also includes three taps, from NIESA, RENTEN and KFW. In addition, the EU has sent its RfP to selected banks. Finally, NIB (7y, ESG/WNG), BERGER (7y) and BRCOL (10y) have all announced interesting mandates for the near future.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
JFM	Other	16.01.	XS2749769696	5.0y	0.50bn	ms +34bp	- / A1 / A+	X
SACHAN	DE	15.01.	DE000A3824L4	10.0y	0.75bn	ms +15bp	AAA / AA1 / -	-
ADIFAL	ES	11.01.	ES0200002105	5.3y	0.70bn	ms +66bp	A- / Baa2 / -	-
ADIFAL	ES	11.01.	ES0200002113	10.3y	0.80bn	ms +98bp	A- / Baa2 / -	-
AFLBNK	FR	11.01.	FR001400N9U7	10.2y	0.75bn	ms +58bp	- / Aa3 / AA-	-
SFILFR	FR	11.01.	FR001400N9E1	7.0y	1.25bn	ms +35bp	- / Aa2 /AA	-
BADWUR	DE	11.01.	DE000A14JZZ1	3.5y	0.60bn	6mE -8bp	- / - / AA+	-
EDC	CA	10.01.	XS2748850687	5.0y	2.25bn	ms +11bp	- / - / AAA	-
AGFRNC	FR	10.01.	FR001400N7K2	10.0y	2.00bn	ms +48bp	AA- / - / AA	-
IDAWBG	SNAT	10.01.	XS2749537481	20.0y	1.75bn	ms +61bp	- / Aaa / AAA	X
DEXGRP	BE	10.01.	XS2749477134	5.0y	1.50bn	ms +21bp	AA- / Aa3 / -	-
KUNTA	Nordics	10.01.	XS2748850927	10.0y	1.00bn	ms +24bp	- / Aa1 / AA+	-

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

Covered Bonds
Pfandbrief market: potential newcomer Evangelische Bank

Authors: Dr Frederik Kunze // Lukas Kühne

Dynamic covered bond market soon to gain a new issuer?

After a record year in 2022, the primary market for EUR-denominated sub-benchmarks was also buoyant in 2023. Although the issuance volume of EUR 7.5bn did not match the record level of 2022, it was almost twice the amount achieved in 2021. This trend was primarily driven by issues from Germany and Austria. In total, there were two new issuers in the market last year in the form of Landsbankinn (IS) and Bank für Tirol und Vorarlberg (AT). Often, "smaller" institutions in particular start off with covered bond issues in the private placement (PP) segment, before going on to approach investors with a sub-benchmark size deal. What is true for the covered bond market as a whole also applies to the Pfandbrief segment. This sub-market also recorded strong momentum. There are also some institutions among the Pfandbrief banks that could take the leap into the EUR-denominated sub-benchmark segment in the foreseeable future. One such institution in particular is Evangelische Bank (EB). Since 30 June 2023, EB has been publishing its cover pool data in accordance with the transparency requirements of Section 28 of the Pfandbrief Act using the vdp templates and is also a member of the Association of German Pfandbrief Banks (vdp). Since then, its cover pool has continued to grow, while the outstanding Pfandbrief volume is low. Last week, the covered bond programme also received its first rating from a rating agency. The experts at Standard & Poor's awarded the covered bond programme of EB a top rating of AAA, with a stable outlook. In our opinion, these activities point towards a stronger capital market focus for EB. In its Investor Presentation in November 2023, EB cited its funding focus as private placements, with the rationale for this being the flexible structuring afforded by the PP format. However, we clearly see the potential at EB for regular market issues in EUR-denominated sub-benchmark format. This is one of the reasons we are taking a closer look at EB as part of the present edition of our weekly publication.

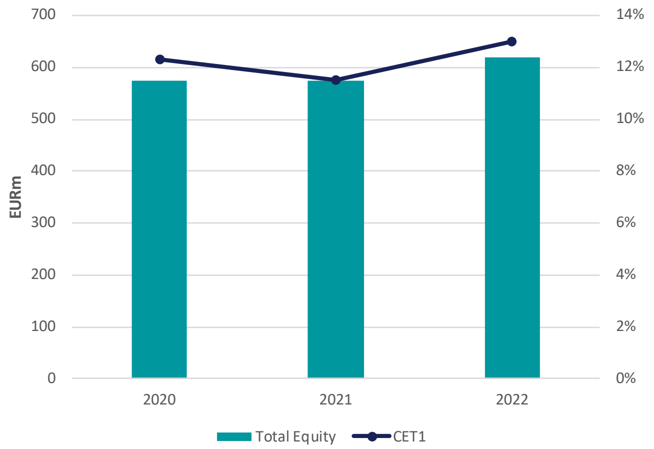
EB: bank with a socially sustainable business model

Headquartered in Kassel, EB is a continually growing specialist bank that focuses on the areas of church, welfare and social work, healthcare as well as companies operating in the area of social services. It describes itself as making a significant contribution to a sustainable society that offers a high standard of living for over 50 years. The institution is part of the National Association of German Cooperative Banks (Bundesverband der Volks- und Raiffeisenbanken) and the German Cooperative Financial Group (genossenschaftliche FinanzGruppe). As a cooperative credit institution, EB is owned by its 1,168 members (FY/2022). The EB Group includes various subsidiaries which are active in a wide variety of business areas. These include EB-SIM (sustainable asset management), EB-Kundenservice (service unit), Change Hub (platform and hub for social impact community), EB-RE (real estate subsidiary), EB-SRE (design, development and implementation of sustainable property projects), EB Consult (consultancy company, specialising in social economy and church enterprises) as well as HKD (trading company for church and social bodies).

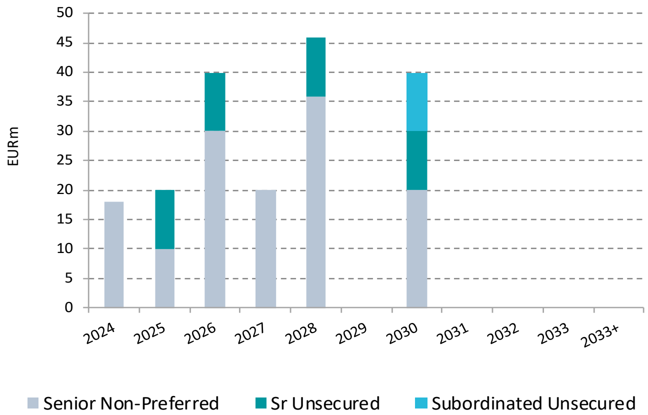
Business development at EB

With 417 employees (FY 2022), the bank looks after over 19,000 institutional and 72,000 retail customers. Institutional clients are served on a decentralised basis at twelve locations in Germany, while services for retail customers are pooled at the headquarters in Kassel. In addition to Germany, the bank is also active in Austria. Its business focuses on financing projects and enterprises in healthcare and the social economy. In preceding years, EB has generated positive net income for the year and further strengthened its equity ratios. The core equity tier 1 ratio (CET1; FY 2022: 13.0%), LCR (111.0%) and NSFR (107.1%) were accordingly higher than the regulatory requirements. With regard to funding, EB primarily uses customer deposits which are supplemented on a targeted basis by placements in the capital market. Currently EB is active in the capital market with senior unsecured bonds and subordinated bonds. These activities are to be supplemented by Pfandbrief issues in the future.

EB: equity position



EB: Redemption profile[1]



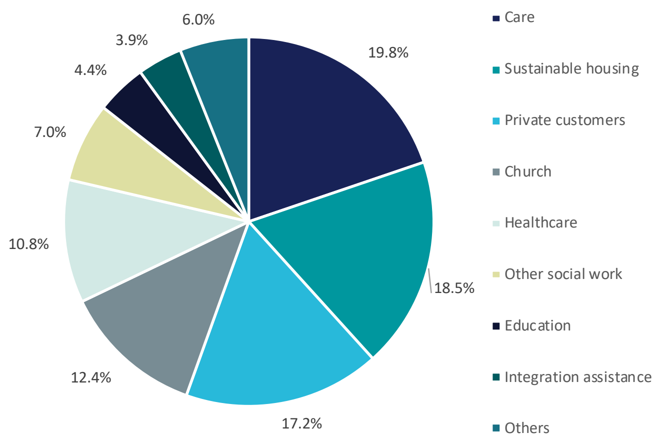
[1] Bloomberg, as at: 12 January 2024

Source: EB, NORD/LB Floor Research

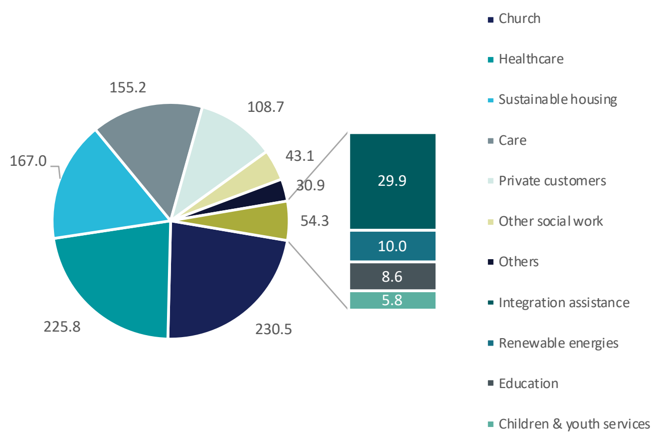
Growing loan portfolio with a social profile

In line with its business model, with an operating customer loan volume of around EUR 5.4bn, EB's lending business supports healthcare and the social economy in particular. In recent years, EB has continually increased its loan volume. The majority is attributable to institutional clients (82%), supplemented by retail customer business (18%). In 2022, the volume of new loans totalled EUR 1.0bn. Large shares of this were attributable to the client groups of Church (22.7%), Health (22.2%) and Sustainable Housing (16.4%). According to EB, this development is due to the great level of trust that clients in these business areas have in the bank (cf. EB Financial Information 2022). The bank also emphasises the priority placed on quality ahead of growth in its lending practices. This focus is also reflected in an NPL ratio of 0.38% (FY 2022), which equates to a volume of non-performing loans of EUR 19.5m. The bank's business model precludes providing finance to certain client segments. These include large power plants, armaments and military equipment as well as environmentally harmful products and technologies.

EB: Loan portfolio by type of use



EB: New lending FY 2022 (EUR 1,016m)



Source: EB, NORD/LB Floor Research

Sustainable commitment of EB

The bank places a strong focus on sustainability. This is firmly enshrined in its business principles and encompasses the entire spectrum of the bank's activities. Accordingly, the bank states it is the only church and cooperative bank that meets all the requirements of the sustainability standard EMAS^{plus} (Eco-Management and Audit Scheme). The standard certifies that all divisions of the bank are set up on a sustainable basis and that ecological, economic and socio-ethical aspects are comprehensively integrated. EB is also involved in diverse sustainable organisations and initiatives. Looking to the future, the bank plans to increasingly expand its sustainable commitment in the capital market through the issue of social bonds. The fresh capital is set to be used for the long-term financing of social and system-relevant industries. EB sees the issue of social bonds as supporting its business model and enhancing the sustainability focus of the bank. EB plans to approach investors with an inaugural social bond deal in 2024.

Cover pool features overcollateralisation of 665.5%

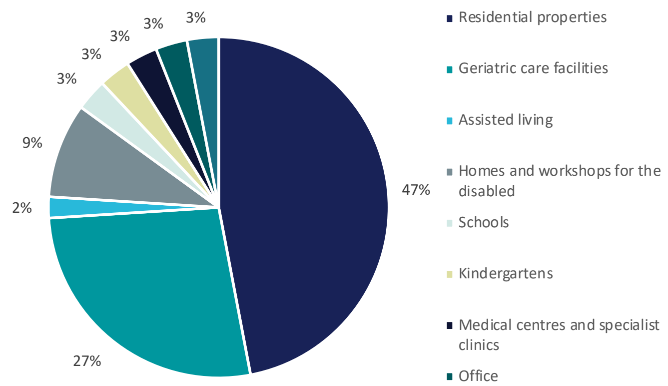
As mentioned earlier, EB has only recently joined the ranks of German Pfandbrief issuers and therefore does not yet have an issuance volume of significant size. The volume of outstanding Pfandbrief bonds stood at EUR 7.0m at the end of September. However, EB says it intends to diversify its funding profile by way of Pfandbrief issues, leading us to believe there will be increased issuance activity in 2024. Another indicator of Pfandbrief issuance in the future is the development of the cover pool volume. As at 30 September 2023, this totalled EUR 53.6m, with the bank stating that it intended to increase this figure to EUR 100m by the end of 2023 (November 2023: EUR 75m). On the reporting date, the volume of Pfandbrief outstanding lagged considerably behind the cover stock volume and this is reflected in an overcollateralisation ratio of 665.5%. In terms of a regional breakdown, 100% of the assets in the cover pool are in Germany, widely spread across the entire country. At 44.9%, almost half of the cover pool assets are attributable to the commercial sector, predominantly enterprises in the social and welfare sector.

EB: Cover pool data

Reporting date 30 September 2023	Mortgage
Cover pool volume (EURm)	53.6
of which residential	44.9%
of which commercial	47.6%
of which substitution assets	7.5%
Amount outstanding (EURm)	7.0
-thereof ≥ EUR 250m	0.0%
Current OC (nominal)	665.5%
Committed OC	2.0%
Cover type	Mortgage
Main country	100% Germany
Fixed interest (cover pool / covered bonds)	100.0% / 100.0%
LTV (unindexed)	44.9%
Avg. seasoning	5.3y
Loans in arrears (>90 days)	0,00%

Source: EB, NORD/LB Floor Research

EB: Cover pool by type of use



Our view: EUR sub-benchmarks from EB eligible as Level 2A assets for LCR management at best

We believe a future Pfandbrief issue by EB in the EUR-denominated sub-benchmark format could be treated as a Level 2A asset in the context of LCR management and would benefit from a favourable risk weighting of 10%. To achieve this, the covered bonds must be placed in sub-benchmark format (min. EUR 250m), with overcollateralisation of at least 2% and a covered bond rating of AA- or better. The rating agency S&P assigned a rating of AAA to Pfandbriefe issued by EB and highlighted the low LTV ratios of commercial property financing in the cover pool as part of its rating report. The rating agency identified an asset-liability mismatch in EB's cover pool as a potential challenge.

Conclusion

EB is a continually growing specialist bank with a clear focus on sustainable social development. With steady growth in its cover pool and the planned issue of social Pfandbrief bonds, the bank intends to add a new segment to its capital market funding. Although the initial issues are primarily to be private placements, we believe a possible issue in sub-benchmark format cannot be ruled out for the future. Regardless of the format of its debut in the covered bond market, we look forward to welcoming a new German Pfandbrief issuer in 2024.

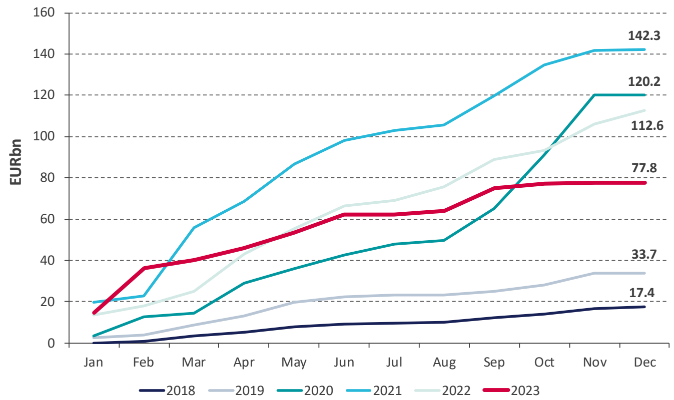
SSA/Public Issuers
Review: EUR-ESG benchmarks 2023 in the SSA segment

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

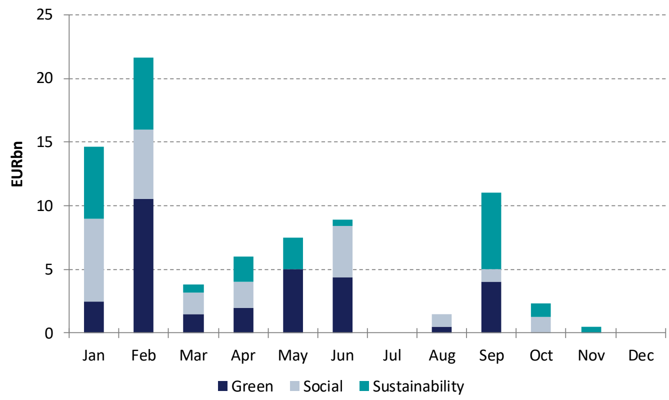
Introduction

As attentive readers of our SSA Annual Review 2023 will undoubtedly have noticed, a significant portion of the SSA segment was deliberately neglected somewhat. This was because we decided to address this topic in the necessary detail in a separate article. In this publication, we are therefore focusing in particular on the EUR-denominated ESG segment over the course of the past year in our SSA universe (as we define it – i.e., excluding sovereigns). We last published a report relating to the global ESG bond market in May 2023 (cf. NORD/LB Fixed Income Special – ESG Update; an update for this year is also in the pipeline). The data forming the basis for this issue is sourced from our in-house database in which we record each new EUR BMK issue from the SSA segment. To identify ESG bonds, we have recourse to data fields supplied by the financial data provider Bloomberg, which allow us to make a distinction between green, social and sustainability bonds. In 2023 as a whole, EUR-denominated ESG benchmarks with a total volume of EUR 77.8bn were recorded. If this figure is compared with issuance trends from previous years, it is considerably below the levels recorded in the years 2020 to 2022 inclusive. At the end of 2022, the ESG volume issued stood at a level of EUR 112.6bn, while in the record year of 2021 the figure at year-end came in at EUR 142.3bn. Compared with 2019 (EUR 33.7bn), 2023 represents more than a doubling of the amount issued, which once again illustrates the significance and relevance of the ESG segment both for issuers and investors. February was the strongest month for issues: at EUR 21.7bn the issuance volume for ESG bonds was EUR 7.1bn higher than in the second strongest month of January. A total of 15 new ESG related bonds were placed in February, with the largest in terms of volume (EUR 5bn) being issued by the EIB. The order book for the 5-year deal reached EUR 30.5bn, producing a bid-to-cover ratio of 6.1x. For the first time since 2020, there were gaps again over the course of the year, with no ESG bonds being issued in either July or December.

Primary market: EUR ESG BMK issuance trajectory

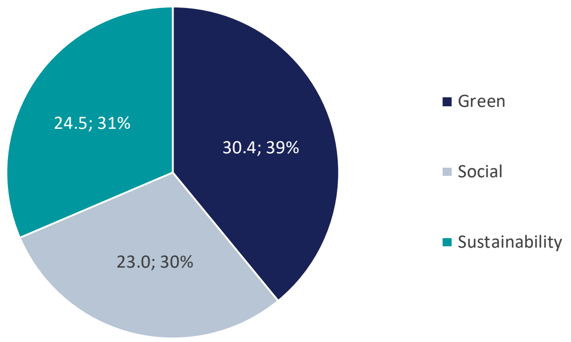


Primary market: EUR ESG BMK issues in 2023

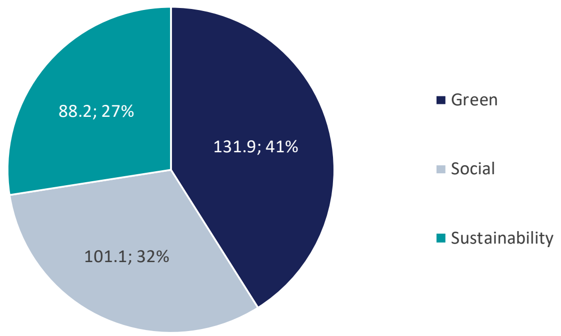


Source: Bloomberg, NORD/LB Floor Research

Breakdown by ESG category (EURbn)



Order books by ESG category (EURbn)



Source: Bloomberg, NORD/LB Floor Research

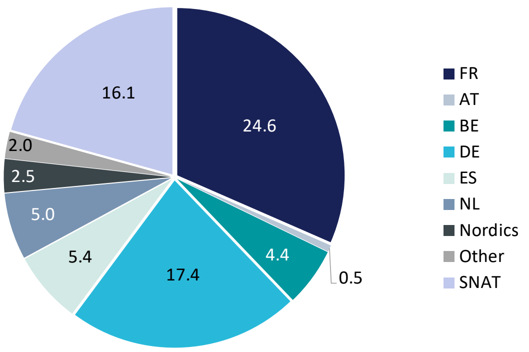
Balanced distribution of volume, green bonds boast highest order books

It is worth taking a look at the ESG issuance volumes to date in greater detail: at the end of 2023, green bonds were once again ahead overall. They accounted for 39% or EUR 30.4bn of the total volume, while the share attributable to sustainability bonds was slightly smaller at 31% (EUR 24.5bn). The social bond volume meanwhile amounted to EUR 23.0bn (30%). Compared with 2022, the proportion of social bonds in the overall mix dropped by eight percentage points, while the sustainability format increased by nine percentage points. If one looks at demand in the form of aggregate order books, however, a somewhat different picture emerges. In this context, green bonds come first at EUR 131.9bn (41%), followed by social bonds (EUR 101.1bn; 32%). Sustainability bonds, on the other hand, recorded an aggregate volume of only EUR 88.2bn (27%). However, we should not forget to point out that the comparison of order books is of course also driven by ratings and the general popularity of the issuers and is therefore difficult to assess. For instance, in the case of social bonds, EUR 67.6bn of the total volume of EUR 101.1bn ended up in the books of the three CADES transactions. The situation is similar for green bonds: EUR 74.9bn of the total volume of EUR 131.9bn was attributable to order books for the four deals issued by KfW and the EIB, which in any case always have the capacity to generate substantial oversubscription rates for bonds without ESG characteristics.

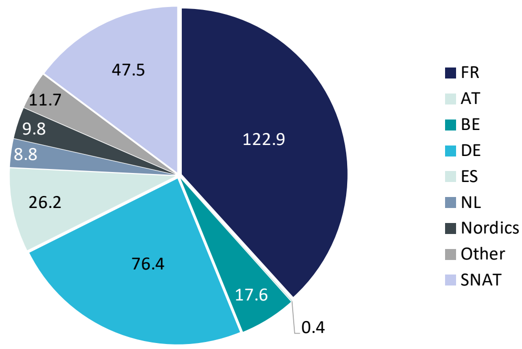
The three musketeers of the ESG universe

In terms of issuers, the aforementioned CADES stands out with a total volume of EUR 12bn across three bonds making it the most active issuer in the ESG segment. However, it only issued deals in the social category. Fresh supply in the green segment came primarily from KfW. The German promotional bank issued three bonds with a total volume of EUR 9bn, while bonds focusing on sustainability came mainly from the IBRD. As part of the World Bank Group, the multilateral development bank raised an aggregate volume of EUR 7.5bn in the capital market. This volume is also attributable to three ISINs. In a breakdown by jurisdiction, French issuers lead the field with EUR 24.6bn attributable to deals from the "Grand Nation". German issuers rank in second place with a total volume of EUR 17.4bn (12 bonds). Supranationals complete the podium, with this issuer group accounting for eight new bonds with a volume totalling EUR 16.1bn.

Breakdown by jurisdiction (EURbn)



Order books by jurisdiction (EURbn)



Source: Bloomberg, NORD/LB Floor Research

Overview: Top 10 benchmark issuers by ESG category and EUR volume

Issuer	Green (EURbn)	Issuer	Social (EURbn)	Issuer	Sustainability (EURbn)
KFW	9.0	CADES	12.0	IBRD	7.5
EIB	5.0	BNG	3.0	ALSFR	2.2
SOGRPR	2.0	WALLOO	1.5	NRW	2.0
NEDWBK	1.5	BPIFRA	1.3	AGFRNC	2.0
KOMINS	1.5	NRWBK	1.0	FLEMSH	1.5
IDFMOB	1.5	UNEDIC	1.0	AIIB	1.5
NRWBK	1.0	COE	1.0	CDCEPS	1.0
BPIFRA	1.0	LCFB	0.7	MADRID	1.0
RENTEN	1.0	SACHAN	0.5	BERGER	0.8
HESSEN	1.0	IBB	0.5	BASQUE	0.7

Source: Bloomberg, NORD/LB Floor Research

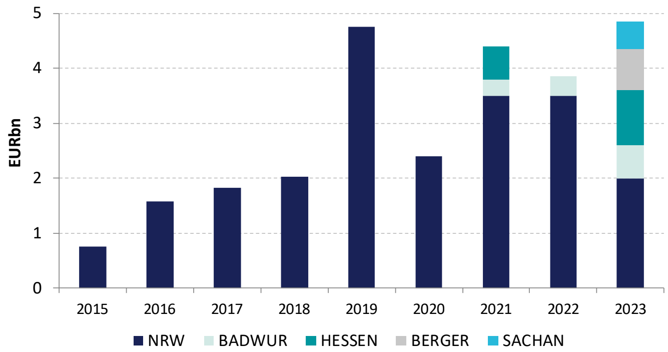
EU as a mega issuer

We would like to deal with the European Union (EU) separately as an ESG issuer. The EU did not issue any new deals in this segment in 2023, with activities here dominated by tap issues. It is possible that the EU may also continue in this fashion in future, as the conditions for this would seem to be right. Up to the end of 2026, the EU plans an average annual funding target of EUR 150bn for the NextGenerationEU (NGEU) programme. The intention is to raise around 30% of the funding using green bonds (up to EUR 250bn in total). This would make the EU the world's largest green bond issuer. Although as mentioned earlier there were no new ESG bonds from the EU last year, a large volume of fresh funding was raised through tap issues for existing ESG bonds. Overall, the tap volume stood at EUR 12.5bn in the form of NGEU green bonds. This would have put the EU in the number one spot ahead of KfW. At the end of 2023, the EU therefore had an outstanding volume of EUR 48.9bn in green bonds. In terms of the total bond volume of EUR 444.2bn, this accounts for a share of 9.3% of the outstanding volume. To make the proceeds from the green bonds transparent and traceable by recipient country and intended purpose, the European Commission provides the corresponding tool in the form of the NGEU Green Bond Dashboard. In addition, in December 2023 it also published the first NGEU Green Bonds Allocation and Impact Report.

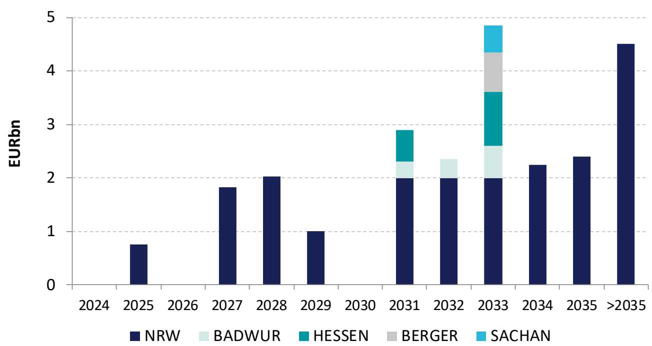
German Laender register record ESG year

The German Laender have been key players in the EUR-denominated ESG segment for quite some time already. North Rhine-Westphalia (ticker: NRW) discovered this segment back in 2015 and issued its first sustainability bond. Since then, the federal state has issued sustainability bonds in the primary market on an annual basis. The most recent deal in May 2023 was very popular: EUR 2bn (10y) was priced at ms +3bp and the books reached over EUR 13bn. Then in 2021, the ESG market was discovered by another two Laender in the shape of Baden-Wuerttemberg (ticker: BADWUR) and Hesse (ticker: HESSEN). BADWUR issued its first green bond in March, followed by HESSEN in June, also with a green bond. In 2023, the capital city Berlin (ticker: BERGER) and Saxony-Anhalt (SACHAN) became the fourth and fifth Laender respectively to join the ranks of sustainability bond issuers. On the basis of its Sustainability Bond Framework (year-end 2022), BERGER opted for a corresponding format with a ten-year maturity and a volume of EUR 750m (start of 2023). SACHAN, on the other hand, chose the social category and successfully placed a EUR 500m deal, also with a ten-year maturity. In total, the ESG volume issued by the German Laender last year stands at EUR 4.9bn, which means 2023 outperformed the strongest issuance year of 2019. The aggregate ESG volume issued since 2015 has therefore increased to EUR 25.4bn. We expect to see growing momentum in each of the ESG segments in the next few years and there has already been an upward trend in the ESG bond volumes issued in the preceding years. While the annual ESG volume issued still stood at EUR 750m in 2015, a volume of EUR 4.75bn was issued in 2019 and EUR 4.4bn in 2021, with the lion's share once again attributable to NRW. With regard to the maturity profile for the ESG bonds issued by the German Laender, a very wide range of different maturities is already in evidence. Unsurprisingly, NRW is the main driver here: the original maturities for its bonds range from seven years (issued in 2016; therefore matured in 2023) to 30 years (issued in 2022; maturing in 2052). However, ten-year maturities dominate in the deals to date. This is the maturity band chosen by BADWUR and HESSEN as well as BERGER and SACHAN. Given the efforts to invest more heavily in ecological and social areas, we anticipate that other Laender will also issue ESG bonds in the future. A deciding factor here is the ever-growing funding requirement due, among other aspects, to amendments in energy transition and climate protection legislation. For further information on the capital market activities of the German Laender in the EUR-denominated ESG segment, please refer to our Issuer Guide – German Laender 2023.

Laender: ESG issuance volume over time



Laender: Maturity profile of ESG bonds



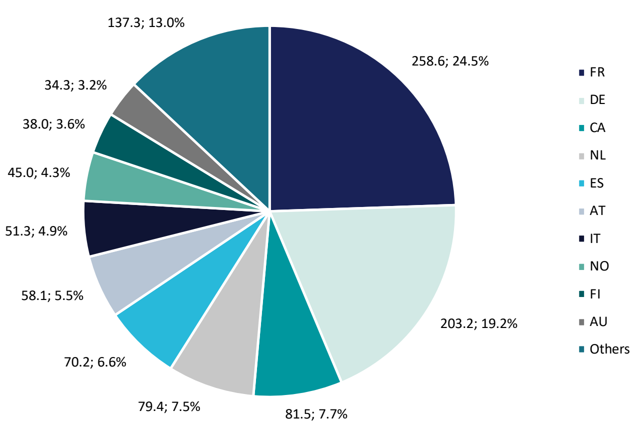
Source: Bloomberg, NORD/LB Floor Research

Conclusion and outlook

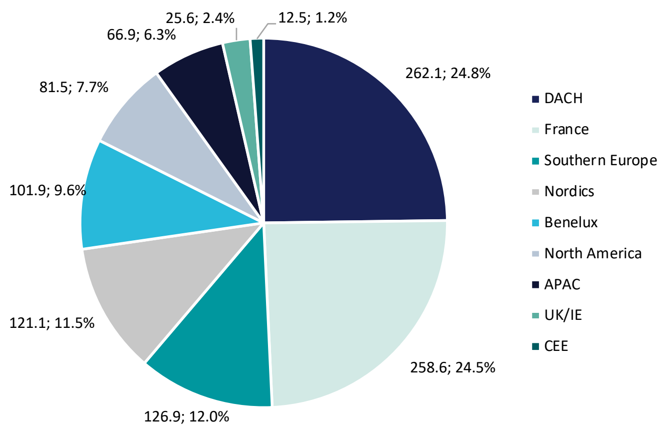
ESG issuances in the SSA segment (as we define it) are still heavily driven by individual issuers, although these are increasing in number each year. Nevertheless, we believe there is still upside potential in terms of the range of EUR-denominated issues. Of the 171 new deals from issuers in our coverage last year, 66 bonds featured ESG characteristics. This means ESG bonds accounted for 39% of all new issues. Although this figure is below the level for 2022 (42%), it is slightly higher than 2021 (38%). In terms of the new issuance volume of EUR 248.1bn, the ESG volume made up EUR 77.8bn or 31% (2021: 44%; 2022: 42%). Although we are pleased to see new issuers discovering the ESG market every year, the segment is still concentrated on a few large, established names. Looking to the years ahead, however, we expect to see a long-term increase in the ESG share of funding in our SSA coverage. Environmental protection, sustainability and social added value are not only highly relevant topics, but also very popular among investors. However, we would mention at this juncture that the increased issuance of ESG bonds does not necessarily mean that more green, social or sustainability projects are being carried out. The issuers would most probably also have implemented these projects without the ESG label in the funding, like CADES for example. Conversely, this also means that issuers that have not issued any ESG bonds to date are also able to promote social and sustainability-related projects and undoubtedly do so. The high reporting standards continue to pose a challenge for smaller issuers especially. We were therefore particularly pleased to see another two German Laender with their own ESG frameworks and bonds. We are excited to see what 2024 holds in store for us in this regard.

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



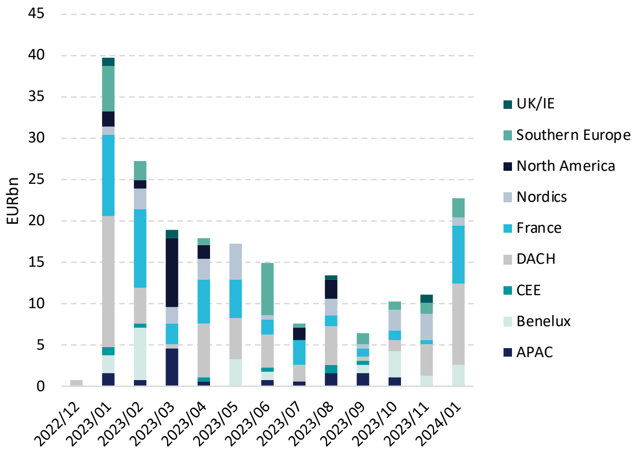
EUR benchmark volume by region (in EURbn)



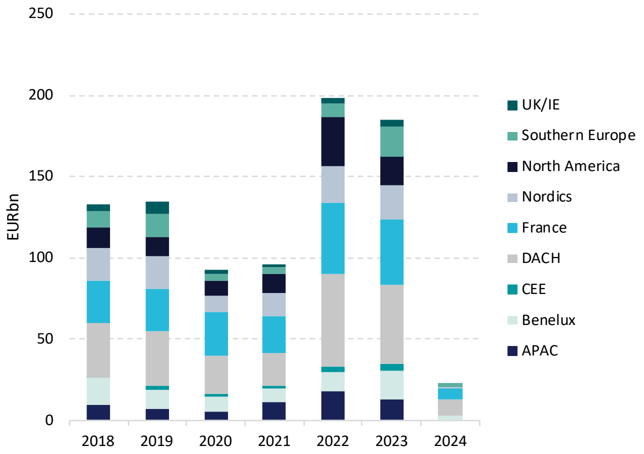
Top-10 jurisdictions

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	258.6	249	23	0.97	9.4	4.8	1.30
2	DE	203.2	289	37	0.65	7.9	4.1	1.28
3	CA	81.5	60	0	1.33	5.5	2.7	1.15
4	NL	79.4	80	3	0.93	10.4	6.1	1.20
5	ES	70.2	55	5	1.16	11.1	3.3	2.03
6	AT	58.1	98	5	0.58	8.1	4.6	1.44
7	IT	51.3	63	4	0.78	8.6	3.6	1.71
8	NO	45.0	55	12	0.82	7.3	3.6	0.78
9	FI	38.0	42	4	0.89	6.9	3.6	1.53
10	AU	34.3	33	0	1.04	7.2	3.4	1.56

EUR benchmark issue volume by month

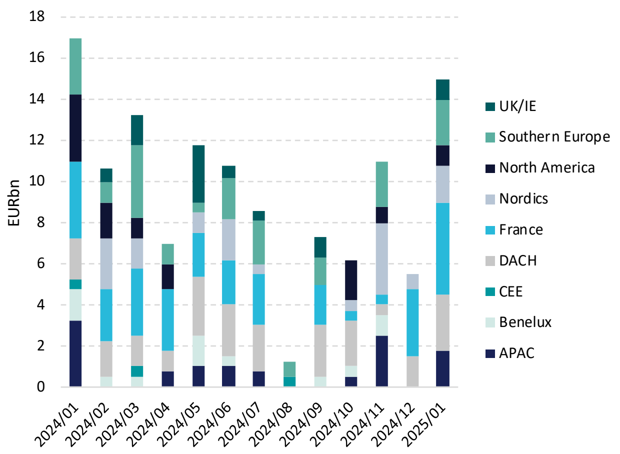


EUR benchmark issue volume by year

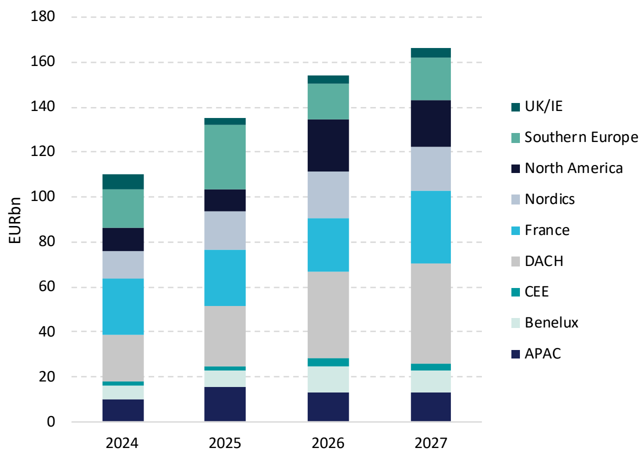


Source: market data, Bloomberg, NORD/LB Floor Research

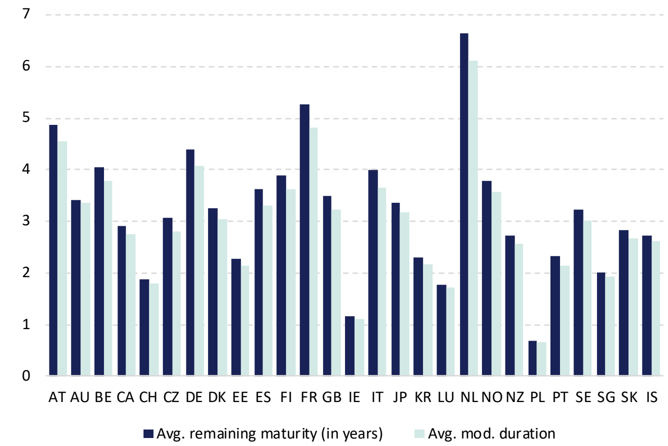
EUR benchmark maturities by month



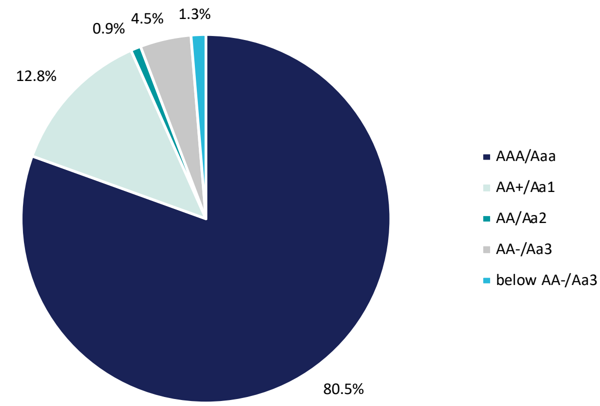
EUR benchmark maturities by year



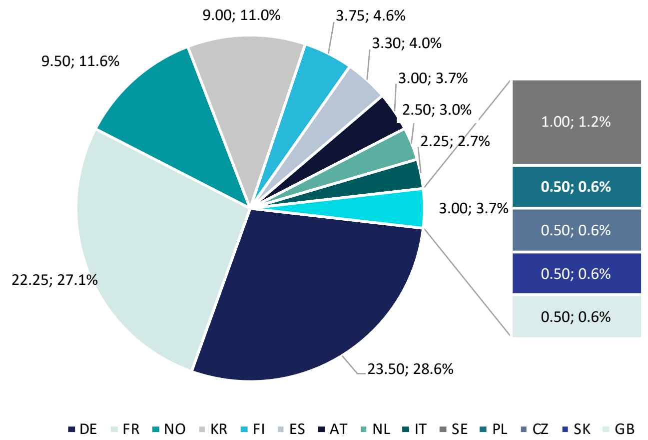
Modified duration and time to maturity by country



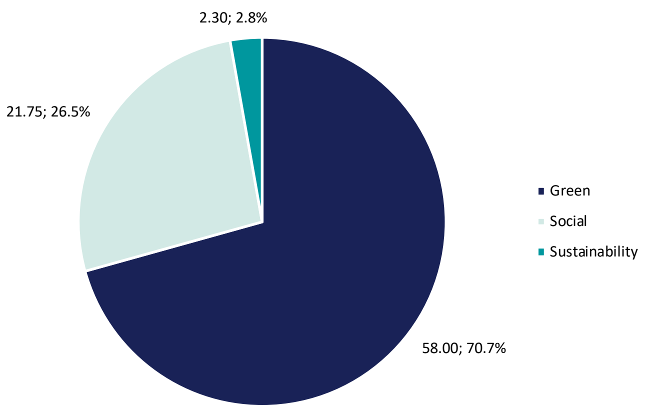
Rating distribution (volume weighted)



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



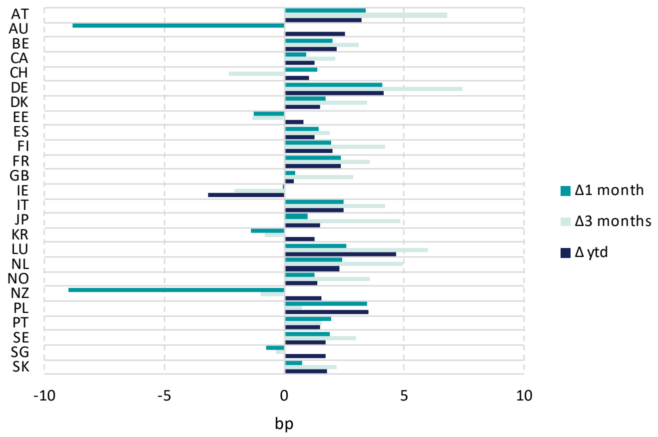
EUR benchmark volume (ESG) by type (in EURbn)



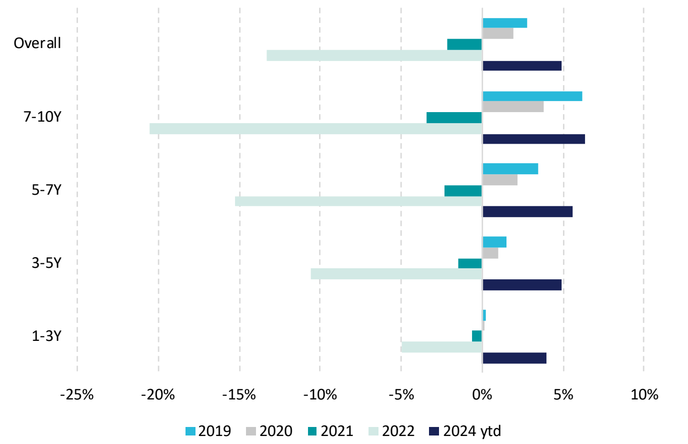
Source: market data, Bloomberg, NORD/LB Floor Research

NORD/LB

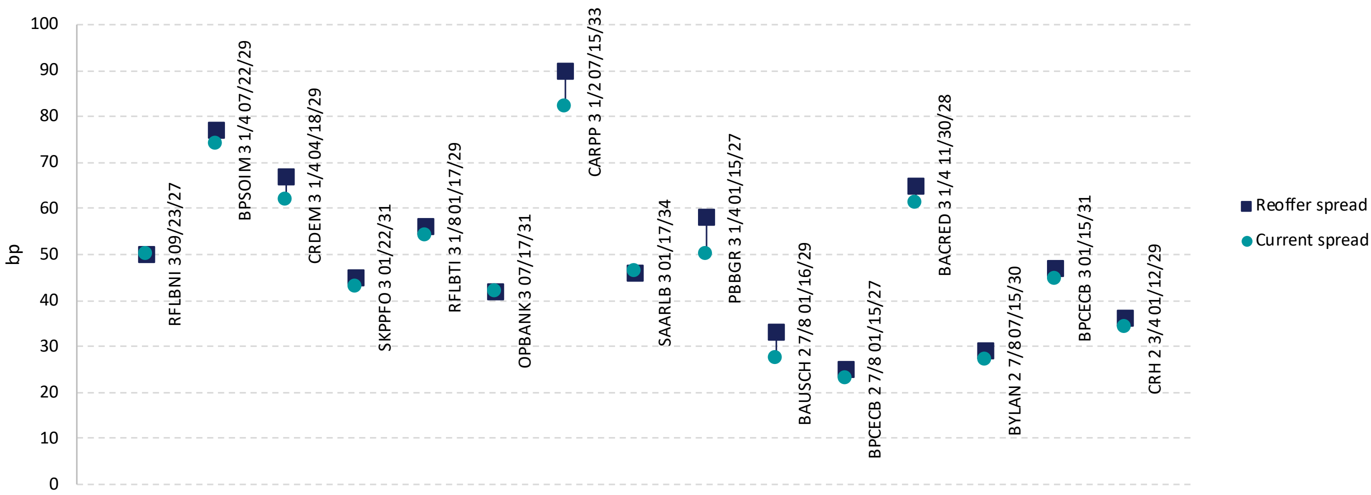
Spread development by country



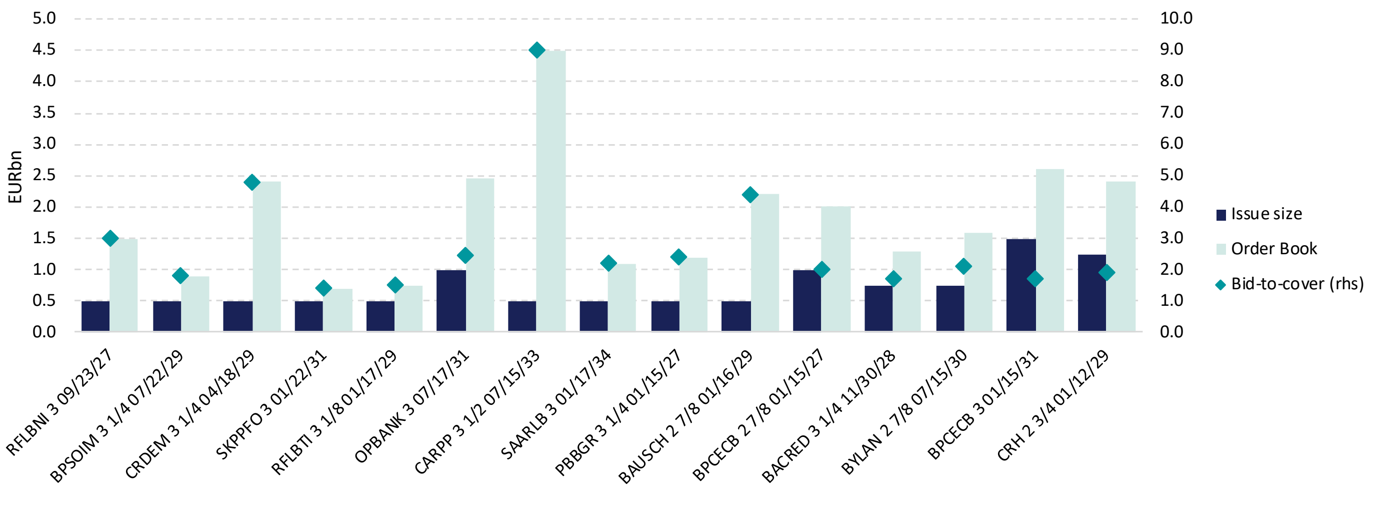
Covered bond performance (Total return)



Spread development (last 15 issues)



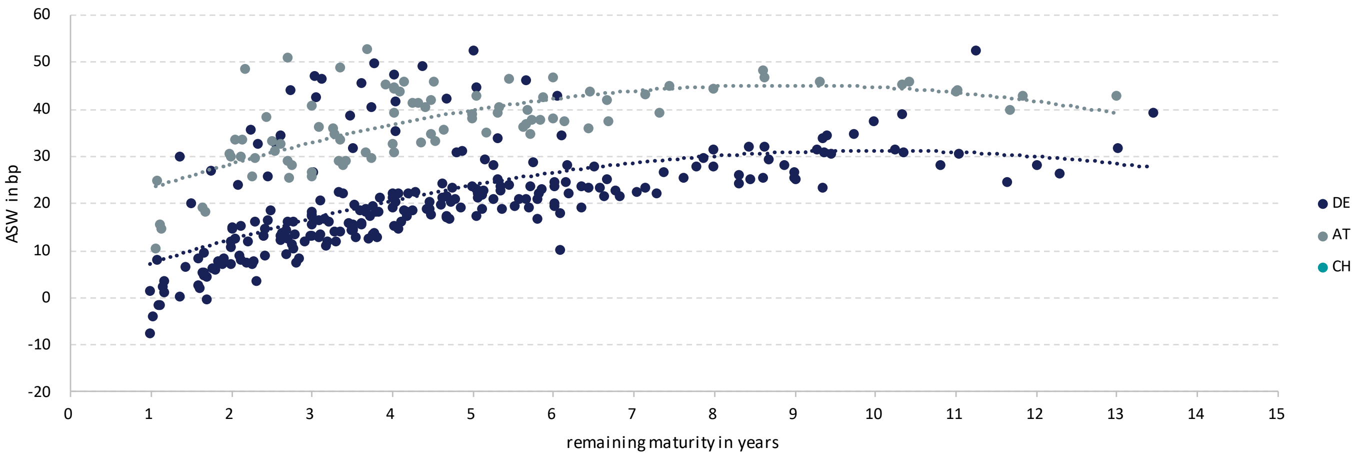
Order books (last 15 issues)



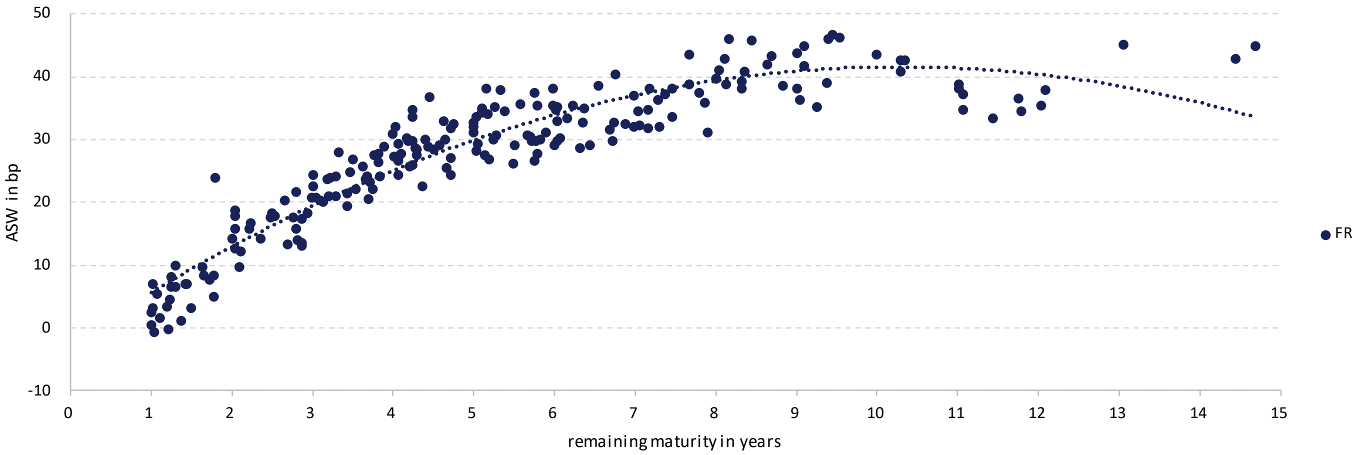
Source: market data, Bloomberg, NORD/LB Floor Research

Spread overview[1]

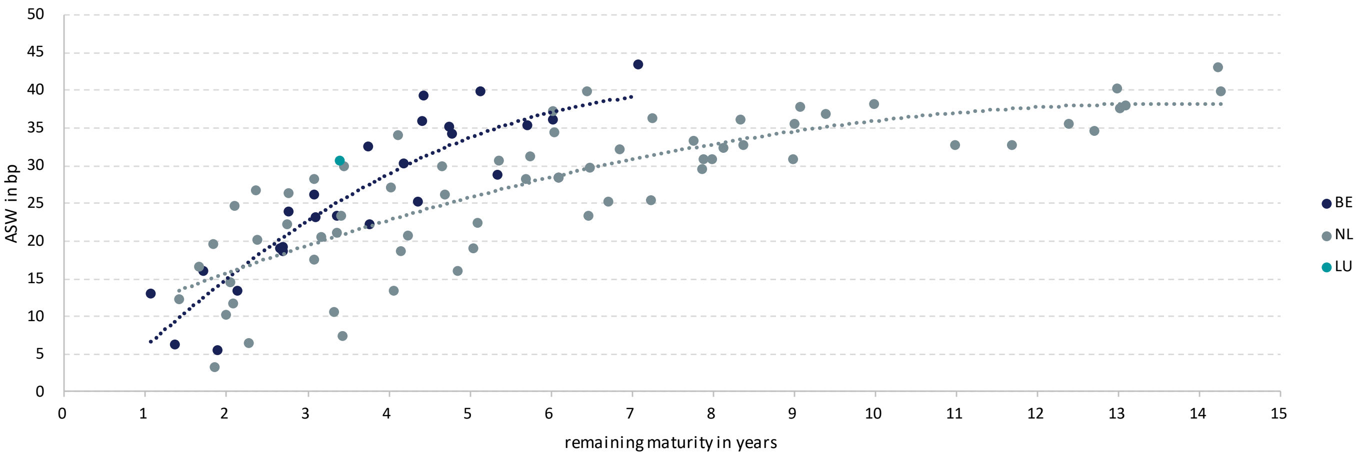
DACH



France

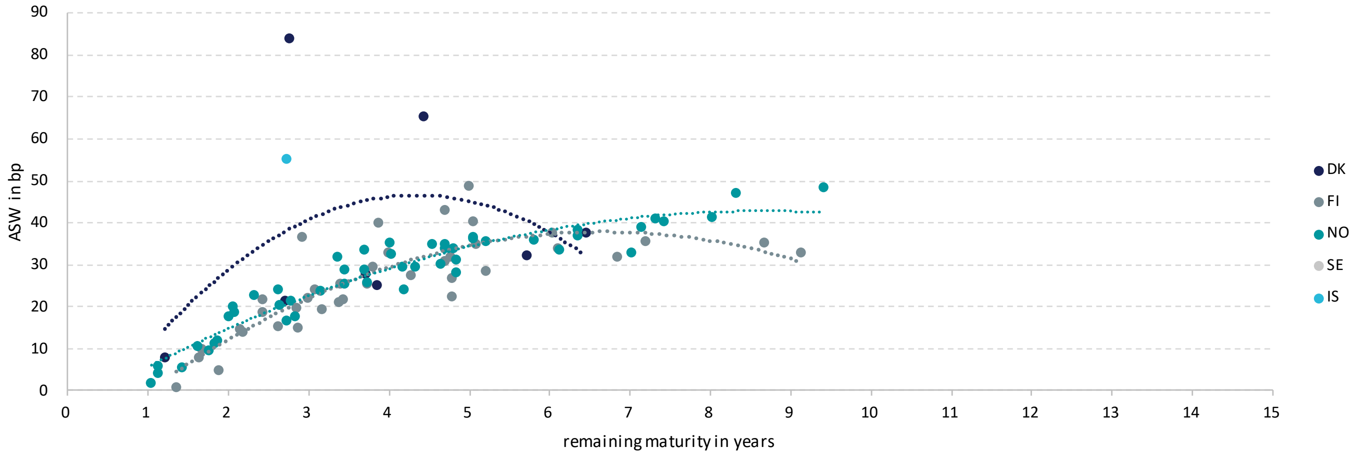


Benelux

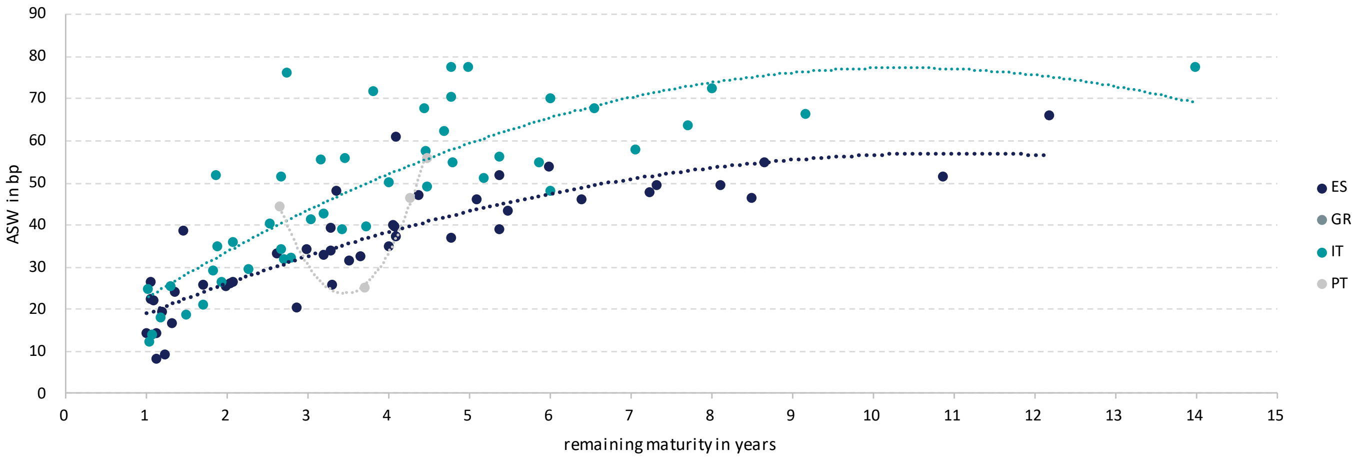


Source: market data, Bloomberg, NORD/LB Floor Research [1]Time to maturity 1 ≤ y ≤ 15

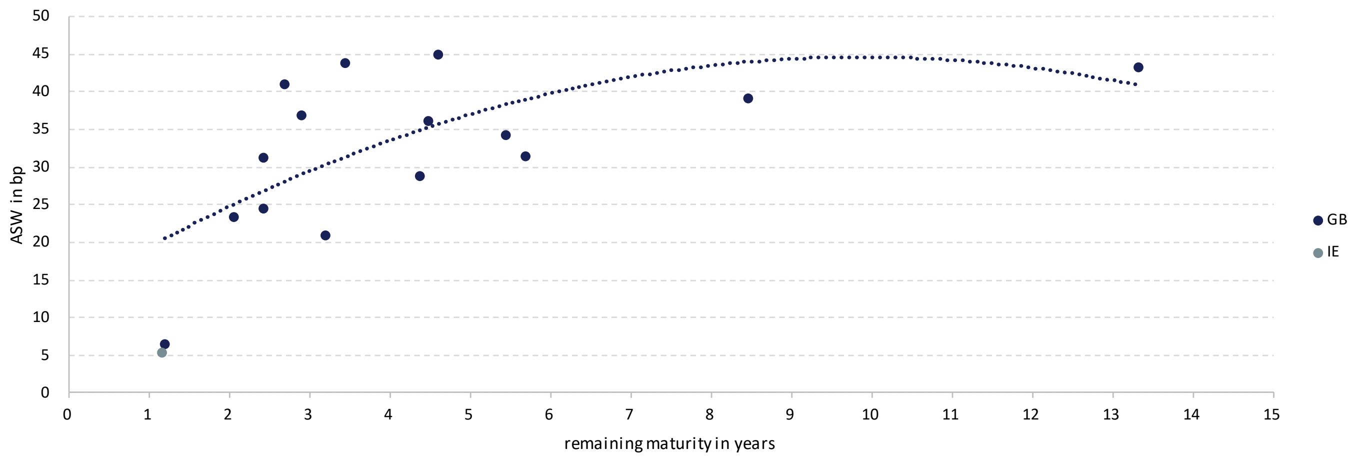
Nordics



Southern Europe

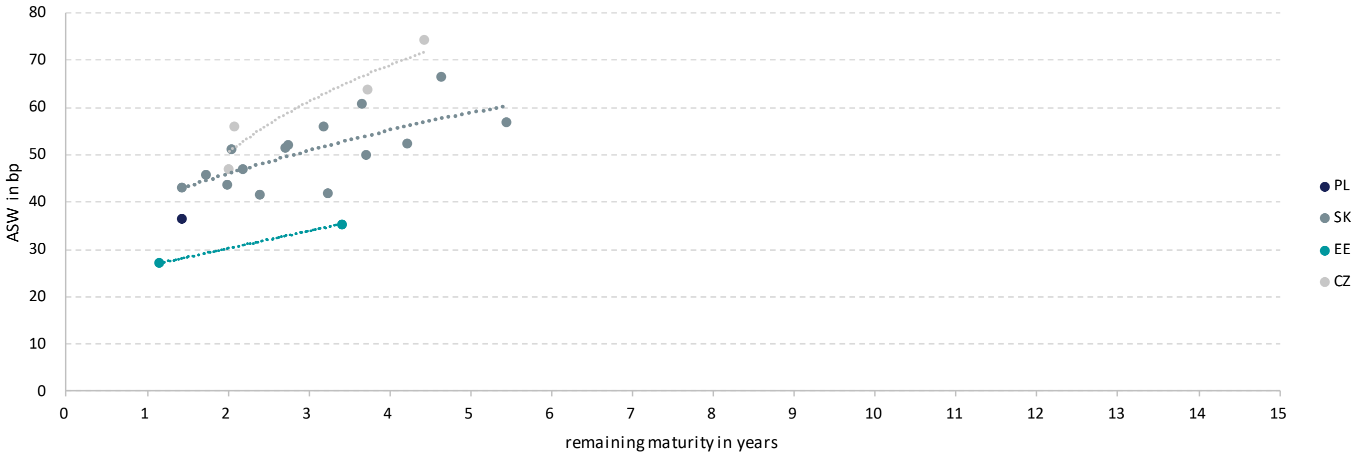


UK/IE

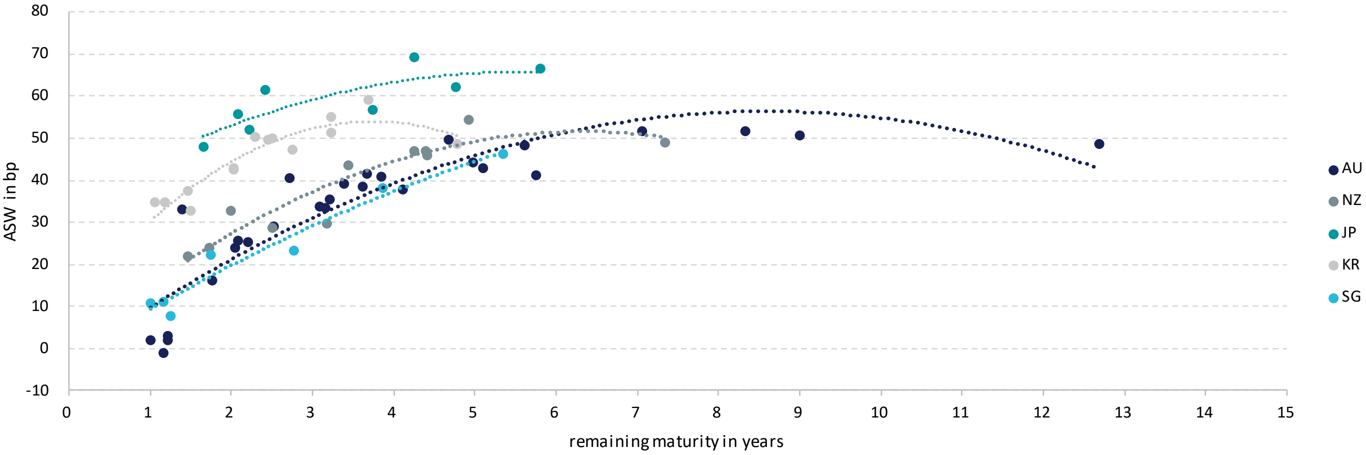


Source: market data, Bloomberg, NORD/LB Floor Research

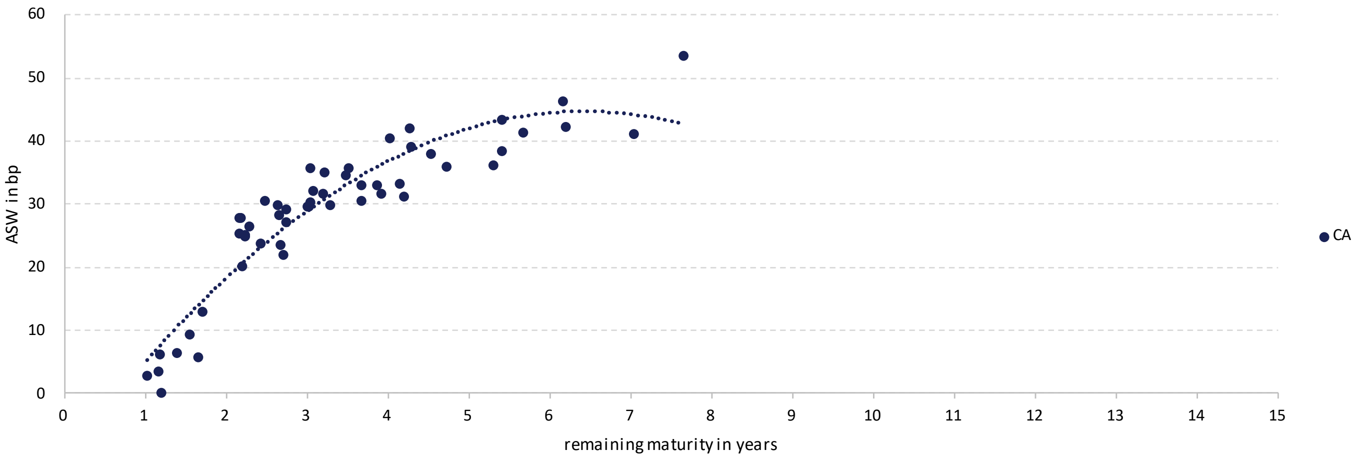
CEE



APAC



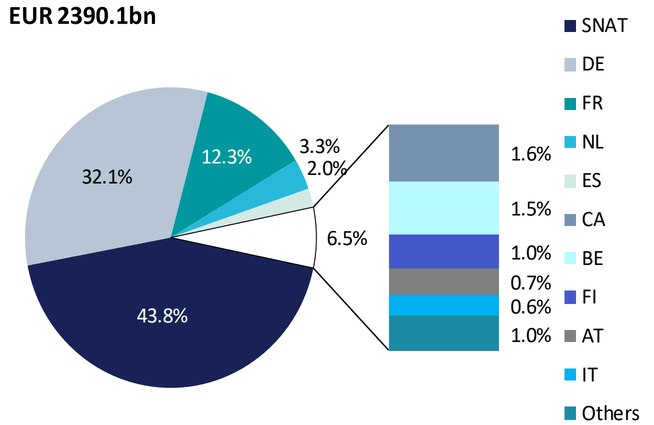
North America



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

Charts & Figures
SSA/Public Issuers

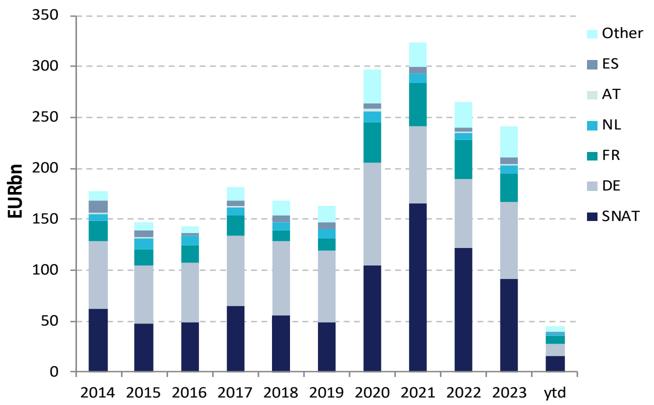
Outstanding volume (bmk)



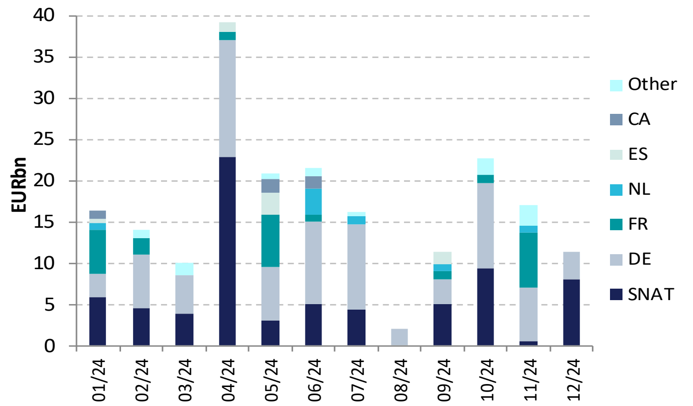
Top 10 countries (bmk)

Country	Vol. (€bn)	No. of bonds	ØVol. (€bn)	Vol. weight. ØMod. Dur.
SNAT	1,046.2	230	4.5	8.0
DE	766.5	570	1.3	6.2
FR	294.5	199	1.5	5.9
NL	79.0	68	1.2	6.7
ES	48.5	66	0.7	4.6
CA	39.2	26	1.5	4.2
BE	36.7	39	0.9	10.4
FI	23.5	25	0.9	4.8
AT	17.8	22	0.8	4.4
IT	14.5	18	0.8	4.5

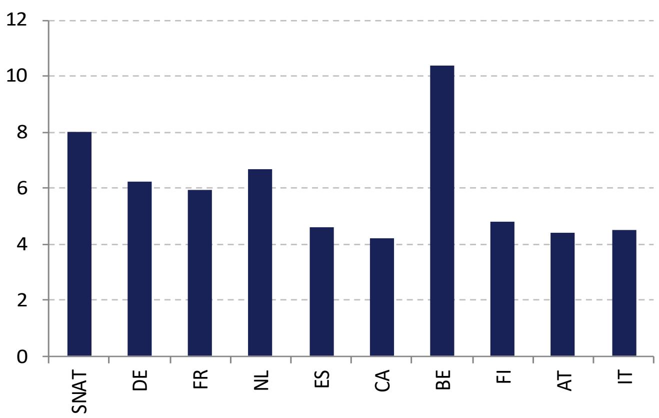
Issue volume by year (bmk)



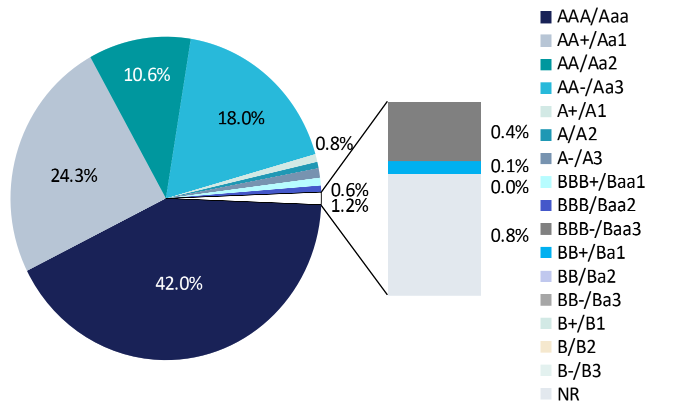
Maturities next 12 months (bmk)



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

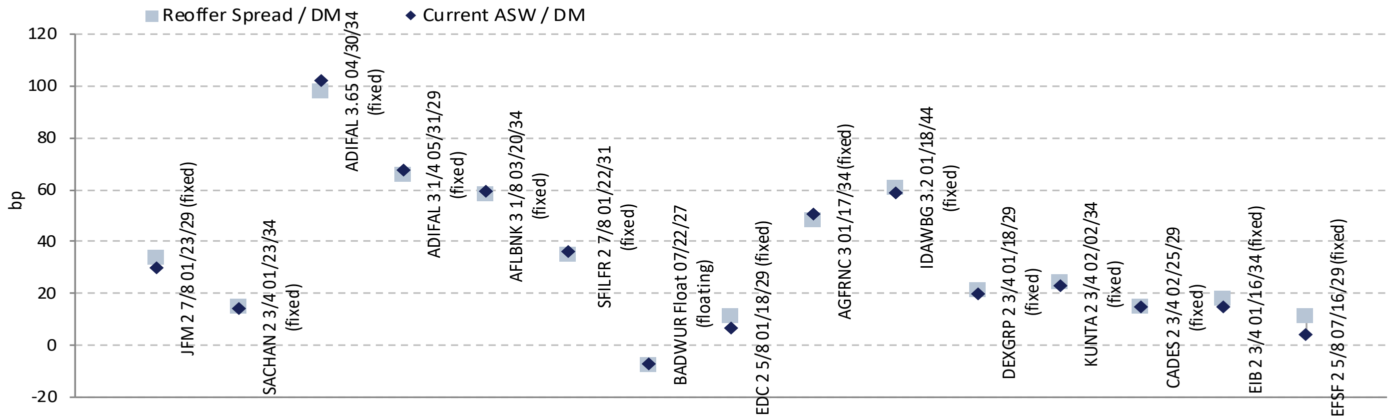


Rating distribution (vol. weighted)

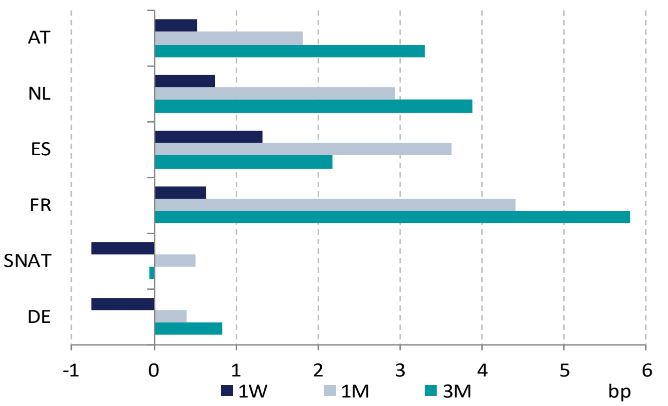


Source: Bloomberg, NORD/LB Floor Research

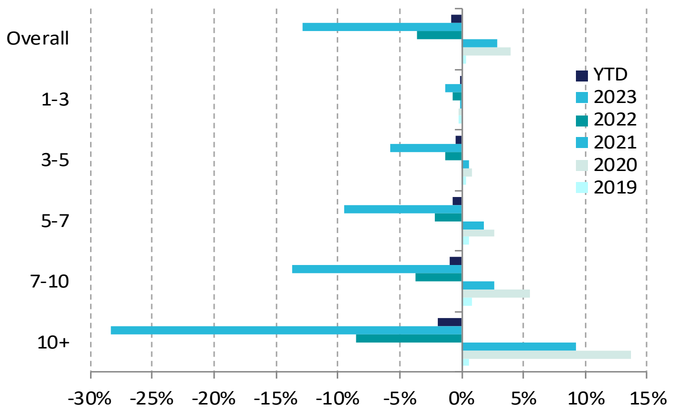
Spread development (last 15 issues)



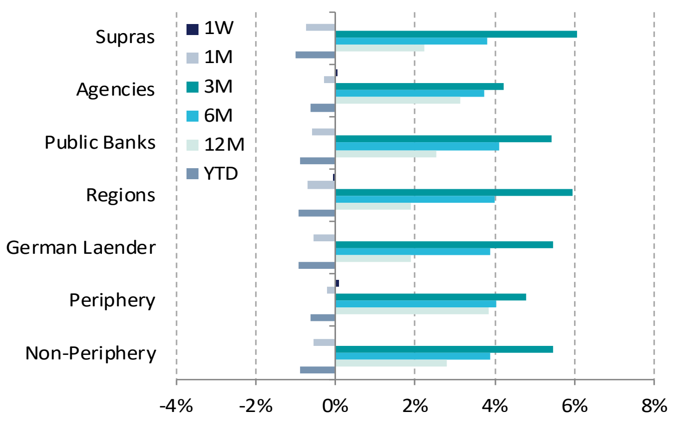
Spread development by country



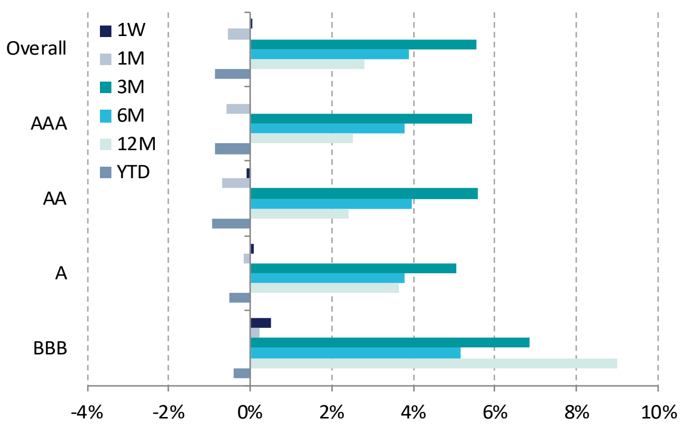
Performance (total return)



Performance (total return) by segments

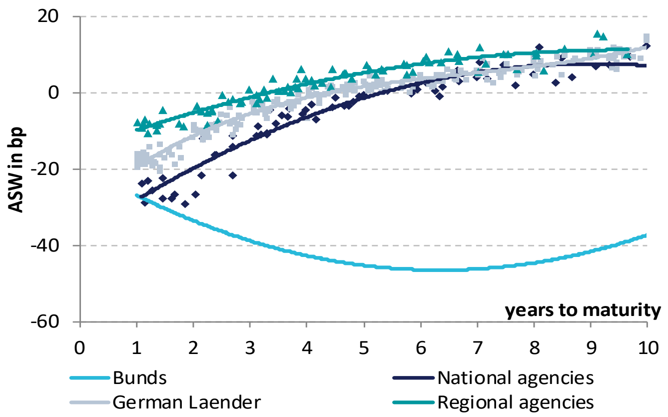


Performance (total return) by rating

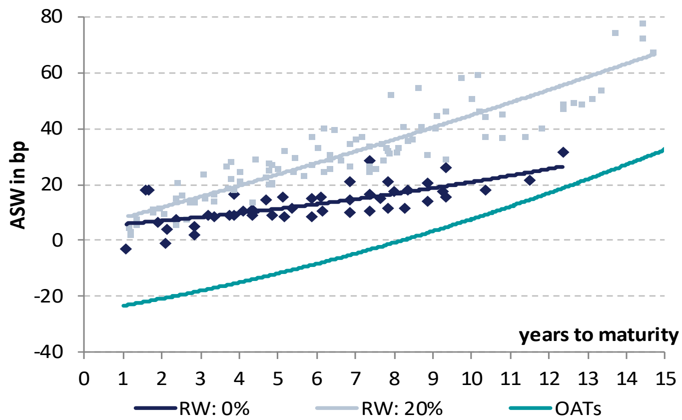


Source: Bloomberg, NORD/LB Floor Research

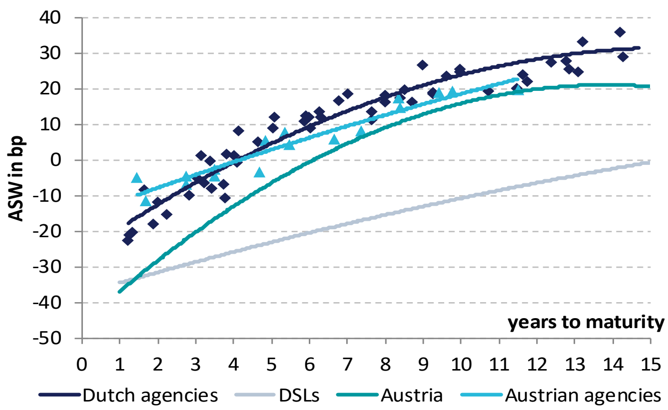
Germany (by segments)



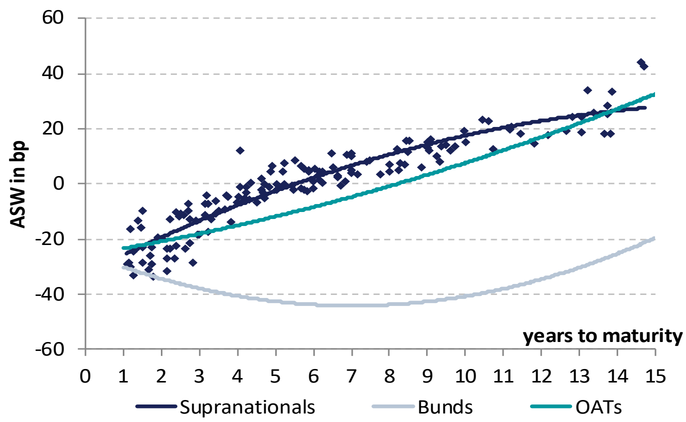
France (by risk weight)



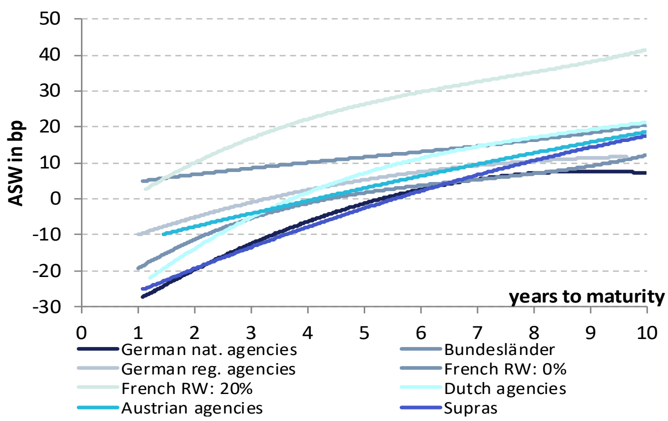
Netherlands & Austria



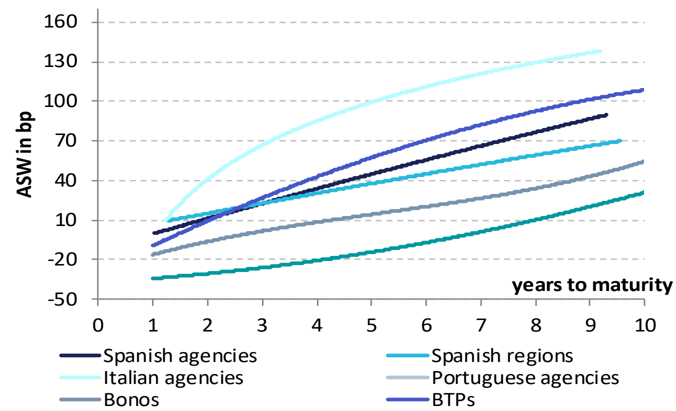
Supranationals



Core



Periphery



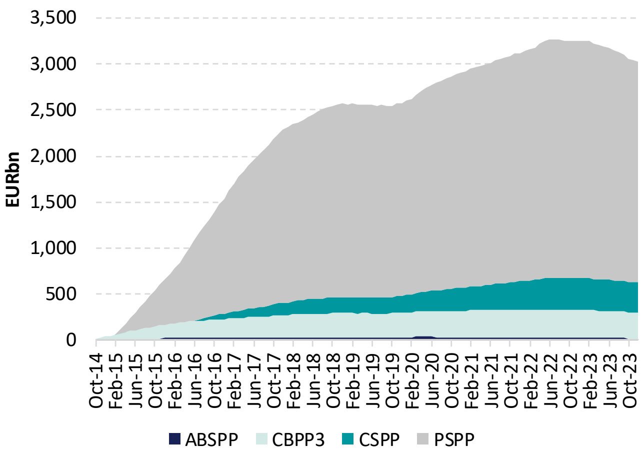
Source: Bloomberg, NORD/LB Floor Research

ECB tracker

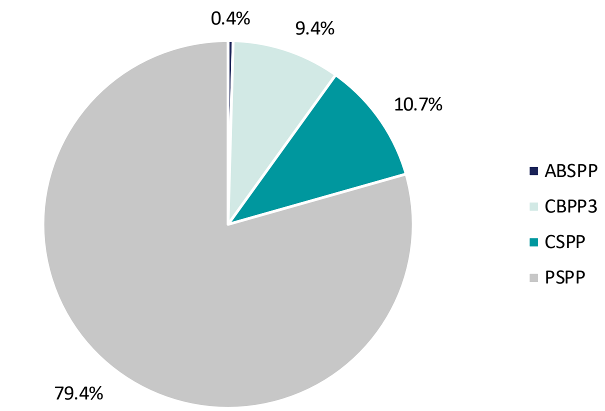
Asset Purchase Programme (APP)

	ABSPP	CBPP3	CSPP	PSPP	APP
Nov-23	13,840	286,174	325,481	2,412,976	3,038,471
Dec-23	13,350	285,620	323,921	2,403,035	3,025,926
Δ	-478	-408	-1,355	-6,776	-9,017

Portfolio development

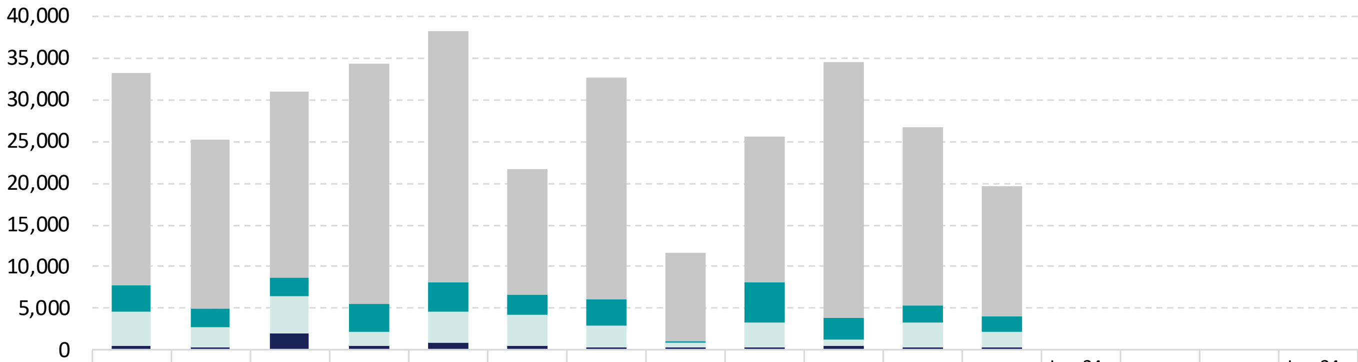


Portfolio structure



Source: ECB, NORD/LB Floor Research

Expected monthly redemptions (in EURm)



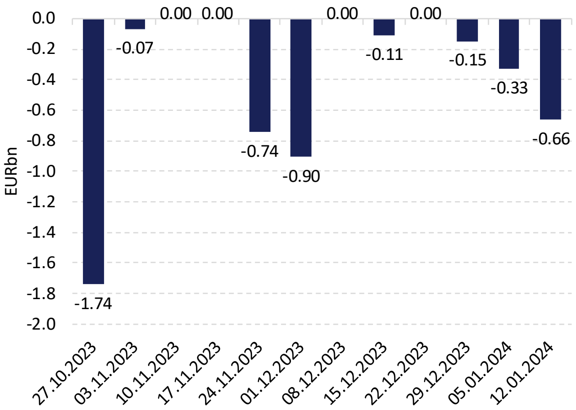
	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-24 - Dec-24	2022	2023	Jan-24 - Dec-24
APP	33,278	25,253	31,064	34,278	38,293	21,656	32,766	11,598	25,530	34,461	26,700	19,650	334,527	299,142	331,563	334,527
PSPP	25,524	20,372	22,413	28,712	30,194	14,974	26,653	10,533	17,440	30,578	21,298	15,579	264,270	228,585	255,025	264,270
CSPP	3,101	2,075	2,188	3,316	3,463	2,462	3,204	244	4,738	2,720	2,031	1,944	31,486	17,670	31,251	31,486
CBPP3	4,109	2,449	4,434	1,814	3,836	3,777	2,558	541	2,993	736	3,136	1,790	32,173	41,244	35,147	32,173
ABSPP	544	357	2,029	436	800	443	351	280	359	427	235	337	6,598	11,643	10,140	6,598

Source: ECB, Bloomberg, NORD/LB Floor Research

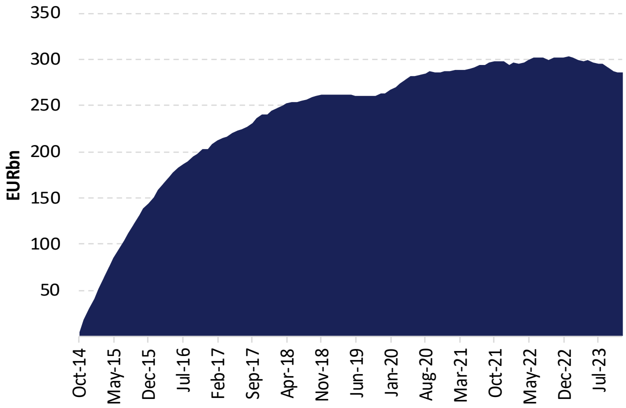
NORD/LB

Covered Bond Purchase Programme 3 (CBPP3)

Weekly purchases

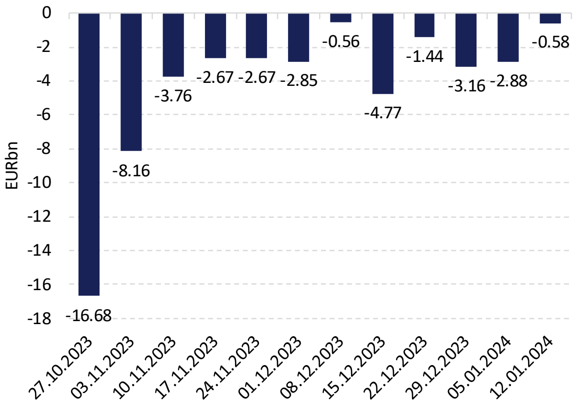


Development of CBPP3 volume

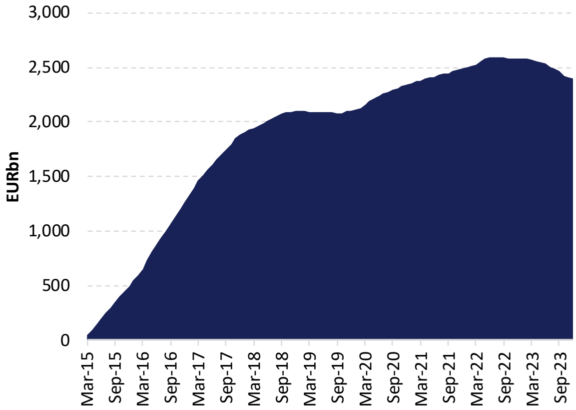


Public Sector Purchase Programme (PSPP)

Weekly purchases



Development of PSPP volume

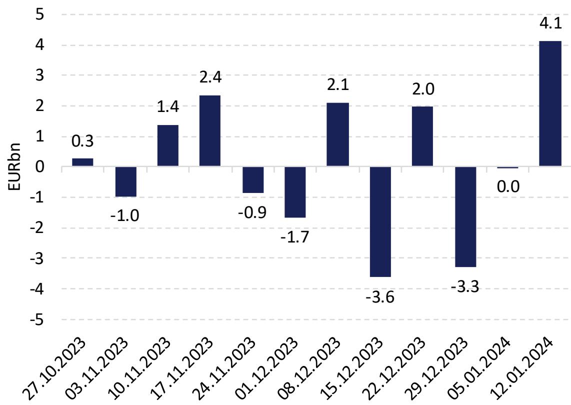


Source: ECB, Bloomberg, NORD/LB Floor Research

Pandemic Emergency Purchase Programme (PEPP)

Portfolio development

Weekly purchases



Source: ECB, Bloomberg, NORD/LB Floor Research

Appendix
Overview of latest Covered Bond & SSA View editions

Publication	Topics
01/2024 ♦ 10 January	▪ ECB: Annual review of 2023 – no end to high rates? ▪ Covered Bonds: Annual review of 2023 ▪ SSA: Annual review of 2023
37/2023 ♦ 13 December	▪ Our view of the covered bond market heading into 2024 ▪ SSA outlook 2024: ECB, NGEU and the debt brake in Germany
36/2023 ♦ 06 December	▪ The covered bond universe of Moodys: an overview ▪ Teaser: Issuer Guide – Nordic Agencies 2023
35/2023 ♦ 29 November	▪ ESG covered bonds: a look at the supply side ▪ Current risk weight of supranationals & agencies
34/2023 ♦ 22 November	▪ Transparency requirements §28 PfandBG Q3/2023 ▪ Teaser: Issuer Guide – German Agencies 2023
33/2023 ♦ 15 November	▪ Development of the German property market ▪ ECB repo collateral rules and their implications for Supranationals & Agencies
32/2023 ♦ 08 November	▪ Norway: creation of SpareBank 1 Sor-Norge ▪ ECB: PEPP versus TPI – or: (re)investing where others like to go on holiday
31/2023 ♦ 25 October	▪ Banks in Europe: the EBA Risk Dashboard in Q2 2023 ▪ Teaser: Issuer Guide – Spanish Agencies 2023
30/2023 ♦ 18 October	▪ Focus on covered bond jurisdictions: Canada in the spotlight ▪ A closer look at Newfoundland and Labrador
29/2023 ♦ 11 October	▪ A covered bond view of Belgium ▪ Funding of Canadian provinces – an overview
28/2023 ♦ 27 September	▪ The covered bond universe of Moody's: an overview ▪ Update on DEUSTD – Joint German cities (bond No. 1)
27/2023 ♦ 20 September	▪ Newcomer to the EUR benchmark segment: Bendigo and Adelaide Bank set to expand issuer base in Australia ▪ Teaser: Issuer Guide – Austrian Agencies 2023
26/2023 ♦ 13 September	▪ ECBC publishes annual statistics for 2022 ▪ Teaser: Issuer Guide – Dutch Agencies 2023
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

NORD/LB: Floor Research

NORD/LB: Covered Bond Research

NORD/LB: SSA/Public Issuers 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 Q3/2023 (quarterly update)
- Covered bonds as eligible collateral for central banks

SSA/Public Issuers:

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

Fixed Income Specials:

- ESG-Update 2023
- ECB: Scarf, dry cough and with less liquidity unwell into 2024
- ECB preview: A silent, but holy summit meeting?
- ECB: Now is not the time for forward guidance!

NORD/LB

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

Trading

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

Origination & Syndicate

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

Sales Wholesale Customers

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

Treasury

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