Issuer Guide 2024 – European Supranationals

NORD/LB Floor Research

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Marketing communication (see disclaimer on the last pages)

NORD/LB

ISSUER GUIDE 2024

European Supranationals

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European Supranationals – an overview

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

EU clearly dominates EUR-denominated supply from supranationals

The segment of European supranationals (E-supras) is the largest within the global supranational market. With an outstanding bond volume of approximately EUR 1,391bn, European supras account for around two thirds of the worldwide supranational market. The EUR-denominated supply is of crucial importance here: the outstanding EUR bond volume attributable to E-supras totals about EUR 1,108bn, while the corresponding volume from other supras amounts to just a fraction of this. At the same time, the segment of E-supras as a sub-market has also undergone more changes in recent years than any other. As a result of the sovereign debt crisis in the Eurozone, credit facilities were set up that subsequently developed into the largest supranational issuers within a short period of time and have been brought to public attention. In this context, the EFSF should be mentioned as well as the subsequently established ESM, which is still active today and now fulfils additional duties following a change of mandate. In view of their major importance, in the following we shall devote separate sections to these issuers, before moving on to look at European multilateral development banks (MDBs) in greater detail. Furthermore, the EU has launched various programmes since October 2020 in order to mitigate the effects of the COVID-19 pandemic, among other aspects. The EU (Bloomberg ticker: EU) is well on its way to becoming one of the biggest issuers worldwide by 2026. It has already been the biggest issuer of social bonds since 2021 (in excess of EUR 98bn since the start of the pandemic). In addition, the EU plans to issue green bonds worth up to EUR 250bn by 2026 – an additional boost to support the continued growth of the ESG segment. Owing to this ongoing EU paradigm shift we have once again included an overview of these programmes, which from the perspective of market players dominate the landscape, in this publication. Regarding the classification in regulatory frameworks, the issuer group of E-supras can rely on excellent treatment: with the exception of EUROFIMA, all market players benefit from a 0% risk weight in accordance with CRR/Basel III. Moreover, they are classified as Level 1 assets under the LCR (EUROFIMA: “Not eligible”). Issuers on the European supras market are also categorised as “preferred” (EUROFIMA: non-preferred) in line with Solvency II.

European supranationals – an overview

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

Source: Issuers, NORD/LB Floor Research

Supranationals

Bailout funds and associated aid programmes – an overview

Crisis in Eurozone states led to establishment of new credit facilities

Facilities to support sovereigns experiencing financial difficulties had existed even before 2010. This was the year in which Ireland became the first Eurozone state to receive support from the IMF and the European Financial Stabilisation Mechanism (EFSM), an EU credit facility set up for this purpose. In fact, a loan facility (albeit small) had already been set up prior to this. This was the Balance of Payments (BoP) programme with a maximum capacity of EUR 12bn. At present, this programme remains available to support non-Eurozone EU states. In view of negative developments in 2008, the capacity of the BoP was topped up to EUR 25bn, before being upgraded to EUR 50bn in 2009. In 2010, it was followed by the European Financial Stability Facility (EFSF), which was designed as a temporary bailout fund for Eurozone Member States. In 2012, the EFSF and EFSM were replaced by the European Stability Mechanism (ESM) as a permanent firewall for the Eurozone. Although the EFSM and the EFSF are no longer available for any aid programmes, the ESM will be available to support Eurozone sovereigns on an indefinite basis. In the following section, we shall take a look at each of the aid programmes agreed in recent years and the involvement of the credit facilities. This will then be followed by more detailed analyses.

Credit facilities – an overview

Credit facility	Institution	Member States	Maximum capacity	Time limit
BoP	EU	27 EU Member States	EUR 50bn	Unlimited
EFSM	EU	27 EU Member States	EUR 60bn	2012
EFSF	EFSF	17 Eurozone Member States	EUR 440bn	2013
ESM	ESM	20 Eurozone Member States	EUR 500bn	Unlimited

Source: Issuers, NORD/LB Floor Research

Overview of aid programmes (commitments) (EURbn)

Country		IMF	EFSM/BoP	EFSF	ESM	Other	Total	Launched (terminated)
Hungary	Total	12.5	6.5	-	-	1.0	20.0	2008 (2010)
Latvia	Total	1.7	3.1	-	-	2.7	7.5	2008 (2012)
Romania	1st programme	13.0	5.0	-	-	2.0	20.0	2009 (2011)
	1st precautionary	3.5	1.4	-	-	1.2	6.1	2011 (2013)
	2nd precautionary	2.0	2.0	-	-	1.9	5.9	2013 (2015)
Greece	1st programme	30.0	-	-	-	77.3	107.3	2010 (2013)
	2nd programme	19.8	-	144.7	-	-	164.5	2012 (2015)
	of which bank recap.	-	-	-	-	-	50.0	
	3rd programme	-	-	-	86.0	-	86.0	2015 (2018)
	of which bank recap.	-	-	-	25.0	-	25.0	
Ireland	Total	22.5	22.5	17.7	-	22.3	85.0	2010 (2013)
	of which bank recap.	-	-	-	-	-	35.0	
Portugal	Total	26.0	26.0	26.0	-	-	78.0	2011 (2014)
	of which bank recap.	-	-	-	-	-	12.0	
Spain	Total	-	-	-	100.0	-	100.0	2012 (2014)
	of which bank recap.	-	-	-	100.0	-	100.0	
Cyprus	Total	1.0	-	-	9.0	-	10.0	2013 (2016)
	of which bank recap.	-	-	-	-	-	2.5	

Source: EU, ESM/EFSF, IMF, NORD/LB Floor Research

EFSF v1 and ESFS v2: two very different liability structures

In relation to the guarantee framework, it should be noted that the EFSF has two very different liability structures. Up to 13 October 2011, each EFSF shareholder was liable for up to 120% of the share determined by the country's paid-in capital with the ECB (EFSF v1). The last bond subject to the EFSF v1 liability mechanism fell due in May 2021. In the subsequent set-up (EFSF v2), each member guarantees up to 165% of its own share, which is also determined in accordance with the ECB capital key. However, this has been adjusted to take account of Greece, Ireland and Portugal's withdrawal from the liability framework. As such, the ceiling amounts to a maximum of EUR 780bn, although the guarantees for EFSF v2 now effectively amount to EUR 724.47bn following the withdrawal of the four countries (Cyprus also withdrew from the liability mechanism in 2013; EFSF v2.2). Although EFSF v1 required a liquidity reserve to be maintained and/or guarantees from triple-A shareholders, these requirements no longer apply under EFSF v2. Instead, countries subject to EFSF v2 are authorised to issue commercial paper for short-term liquidity management purposes. The EFSF also conducts a liquidity test in the run up to each debt servicing date. If the test reveals a lack of liquidity, callable capital provided by the guarantors can be accessed in an emergency. These tests are carried out ten days and three days before a payment becomes due.

EFSF v2.1 since 29 April 2013 and EFSF v2.2 since 28 June 2013

After Cyprus withdrew from the liability framework, the guarantee structure of EFSF v2.1 initially applied to bonds issued after 29 April 2013. Furthermore, a change was made to the Deed of Guarantees with effect from 28 June 2013, which gave rise to EFSF v2.2. This restructuring aimed to create a legal framework for bond issues following the rating downgrade of a major EFSF guarantor. Bonds issued prior to 28 June 2013 cannot be topped up via tap deals since this date.

Key differences between EFSF v1 and EFSF v2

EFSF v1 (until 12 October 2011)	EFSF v2 (since 13 October 2011)
Guarantees from each EFSF shareholder up to 120% of the state's own share, as determined in accordance with the ECB capital key	Guarantees from each member for up to 165% of the state's own share, as determined in accordance with the ECB capital key and taking into account the withdrawal of Greece, Ireland and Portugal from the liability mechanism
Maintenance of a liquidity reserve and/or guarantees from triple-A shareholders	Liquidity reserve not necessary, instead a liquidity test is conducted as each debt servicing date approaches

Alternatives to insolvency/resolution processes: Collective Action Clauses (CACs)

Due to a planned reform of the ESM, so-called "Single-Limb-Collective Action Clauses" have increasingly come into focus. We reported on this as part of our weekly publication. Unlike in the case of companies, there is no insolvency or resolution process for sovereign issuers. CACs therefore aim to make sovereign debt restructuring processes simpler and more orderly. Since 2013, Eurozone members have been bound under Article 12 (3) of the ESM treaty to include standardised CACs for the issuance of bonds with a maturity of over one year. These were initially "double-limb CACs", i.e. those with a two-tier aggregation mechanism, which means that a qualified majority is required both at the level of each individual bond and at the level of all series combined in order for a restructuring to be carried out. On 30 November 2021, ESM Member States approved a reform of the ESM itself. This provides for the introduction of "single-limb CACs", in other words CACs with a single-tier aggregation mechanism for which only a majority at the level of all combined series would be required. This makes it even less likely in future that bond holders could join forces to form blocking minorities, i.e. those that could prevent a restructuring. In theory, single-limb CACs would make debt restructurings easier in critical situations. Due to the ongoing Italian rejection, the ESM reform still cannot be implemented. The Italian parliament voted against a motion for the reform in December 2023.

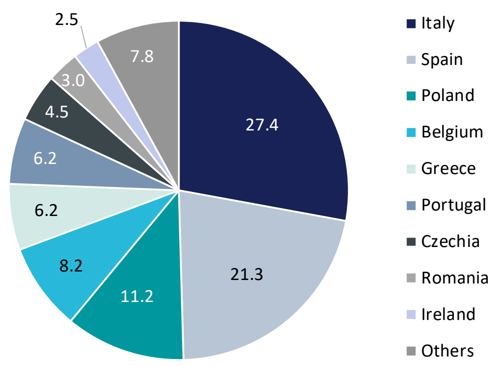
Supranationals

EU: mega issuer spawned by the crisis

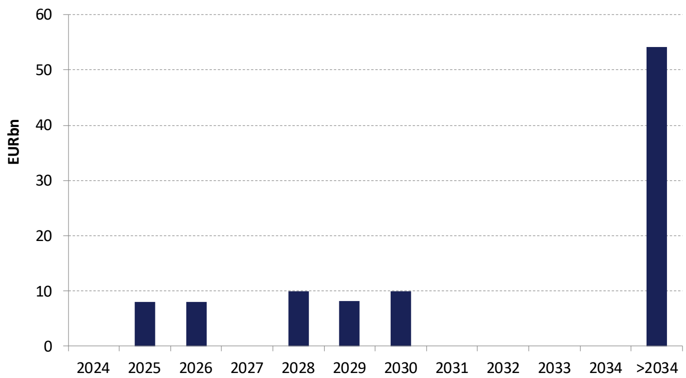
SURE: protection for workers and jobs

The "European instrument for temporary support to mitigate unemployment risks in an emergency" (SURE), activated in September 2020 by the European Commission, offers support to EU Member States for dealing with the consequences arising from the COVID-19 pandemic. The focus is mainly on stabilising the labour market. The funds were primarily used to finance short-time working hours or similar measures. Of the EUR 100bn made available for this purpose, a total of EUR 98.4bn had been granted in the form of loans with favourable terms by the scheduled end of the programme on 31 December 2022. The EU Member States affected had to apply for this financial aid from the European Commission, which then discussed the extent of the expenditures incurred with the respective country and determined the conditions of the loan. The commitments to Member States were serviced in tranches. With disbursed loans amounting to EUR 27.4bn, Italy received the largest share of funding under the SURE programme. Spain, which registered a record number of short-time workers as a result of the COVID-19 pandemic, received EUR 21.3bn, putting it in second place. In order to ensure that the impact on future generations is kept to a minimum, a repayment period of a maximum of 30 years was set from 2028. The repayments of the loans taken out are to be returned to the EU budget. The programme is backed by a system of voluntary guarantees, in which EU Member States could participate by providing at least 25% of the maximum programme volume (EUR 100bn). According to data from the European Commission, the Member States have spent nearly EUR 122bn on measures financed as part of the SURE programme. For example, a total of EUR 9.0bn in interest payments was "saved" alongside the actual social benefits of the instrument. To guarantee the financing of the SURE programme in full, the European Commission has issued social bonds with a maximum term of up to 2050 (referred to as "back-to-back lending"). In total, EUR 98.4bn in bonds with maturities of between five and 30 years has been issued. The basis for this is provided by the ICMA-compliant Social Bond Framework that was developed specifically for this purpose. As part of its reporting obligations, the European Commission has now published five half-year reports on the implementation of the SURE programme, with the last of these being released in June 2023. The reports contain information on the impact of the financed SURE measures on unemployment and the real economy. In addition, an evaluation process is currently in progress to assess the SURE programme, which aims to evaluate the efficacy, efficiency, relevance, coherence and added value of the measures. According to the European Commission, the results are set to be published before the end of this year.

Loans disbursed by Member States (EURbn)



SURE bond maturities

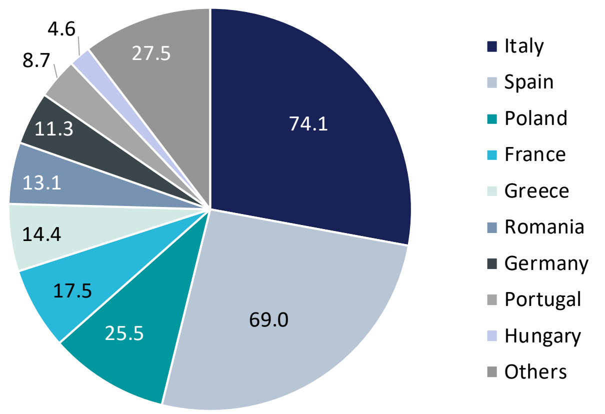


Source: Bloomberg, European Commission, NORD/LB Floor Research

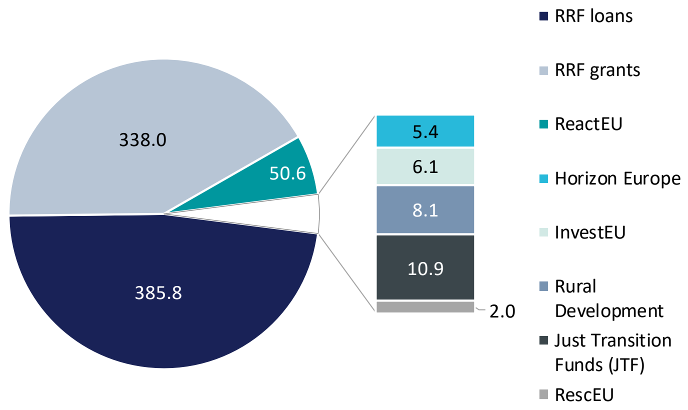
NGEU: facing the future with increased strength

Another measure to support the economy weakened by the COVID-19 pandemic is the NextGenerationEU (NGEU) programme, which was formally adopted by the European Council in December 2020. The temporary stimulus instrument has a volume of EUR 750bn in 2018 prices, or EUR 806.9bn at current prices. The aim here is to support the economic recovery of EU Member States so that they can emerge stronger from the pandemic. In this way, the aim is also to build a greener, more digital, and more resilient future across the EU. The core of NGEU is the Reconstruction and Resilience Facility (RRF), which provides grants and loans for investments and reforms in EU Member States. The volume of this programme amounts to EUR 723.8bn and is split into EUR 385.8bn for loans and EUR 338bn for grants (both at current prices). Only the loans are repaid by the Member States. To receive support from the RRF, EU Member States must submit detailed reconstruction and resilience plans (RRPs), outlining how the funding would be used to achieve climate neutrality and digital transformation goals by 2026. An allocation is then made according to a predetermined distribution key. The remaining EUR 83.1bn from the NGEU funds will be distributed among the ReactEU, Horizon Europe, InvestEU, Rural Development, Just Transition Fund and RescEU programmes. This is intended to promote research, renewable energies and medical equipment, for example. In order to finance the expenditure for the NGEU programme, the European Commission raises funds on the capital market on behalf of the EU for the maximum programme volume of EUR 806.9bn. Although the EU budget must be financed entirely from its own resources according to Art. 311 (2) TFEU, the loans taken out as part of the NGEU are classified as other revenue under the terms of Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union, which is why it is possible for debt to be incurred in this context as an exception. Financing instruments are medium and long-term bonds, of which at least 30% should be green bonds. This would make the EU the largest ESG issuer in the world. To date, a total of EUR 65.2bn has been issued in the form of green bonds. Borrowing will take place from mid-2021 to the end of 2026 with an estimated annual issuance volume of EUR 150-200bn. To secure this, the EU will use its own budget as well as its own resources ceiling. The latter was temporarily increased for the NGEU programme up to 2058. Repayment of the issued bonds must therefore take place by this point in time. With the NGEU Green Bond Dashboard, the EU has also published a tool that provides a transparent insight into the sustainable investments made to date and planned as part of the RRF.

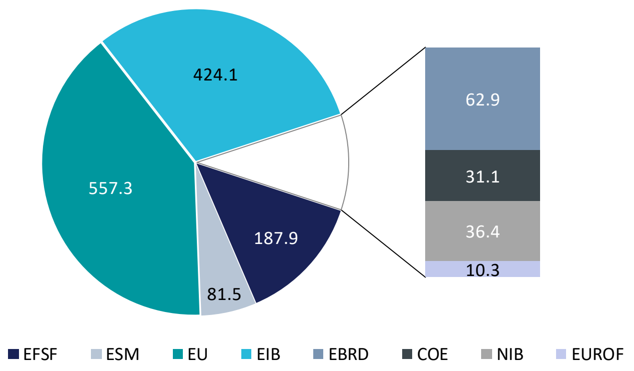
Green bond-eligible investments (acc. to RRPs; EURbn)



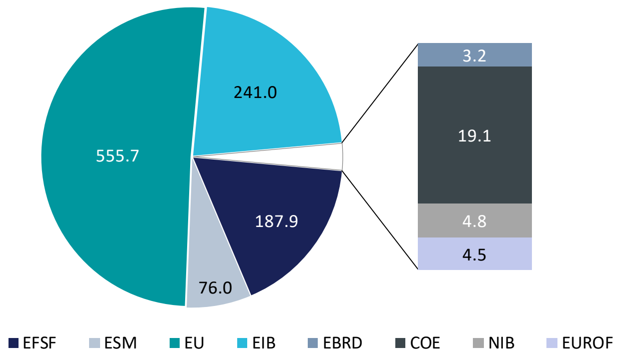
Distribution of NGEU funding (EURbn)



Outstanding bond volumes (EURbn)



Outstanding EUR benchmarks (EURbn)



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

Overview of European supranationals (EURbn/EUR equivalent)

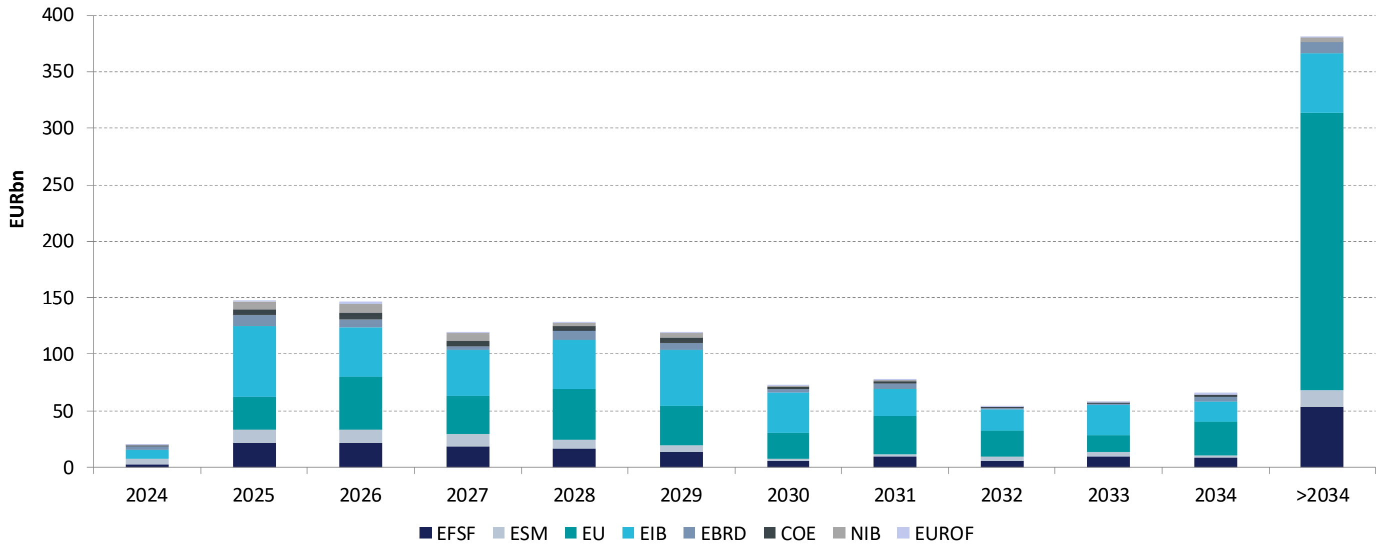
Name	Ticker	Rating (Fitch/Moody's/S&P)	Outstanding Volume	Of which in EUR volume	Funding target 2024	Maturities 2024	Net Supply 2024	Number of ESG bonds	ESG volume
EFSF	EFSF	AA-/Aaa/AA-	187.9	187.9	20.0	25.1	-5.1	0	0.0
ESM	ESM	AAA/Aaa/AAA	81.5	76.0	6.0	10.8	-4.8	0	0.0
EU	EU	AAA/Aaa/AA+	557.3	557.3	140.0	3.2	136.8	18	163.6
EIB	EIB	AAA/Aaa/AAA	424.1	246.0	62.5	60.7	1.8	77	89.2
EBRD	EBRD	AAA/Aaa/AAA	62.9	8.7	13.5	10.7	2.8	55	5.9
NIB	NIB	-/Aaa/AAA	36.4	7.9	8.8	6.5	2.3	17	6.2
CEB	COE	AAA/Aaa/AAA	31.1	19.1	7.0	4.3	2.7	15	9.7
EUROFIMA	EUROF	AA/Aa2/AA	10.3	5.5	0.9	1.0	-0.1	13	5.5
Total			**1,391.5**	**1,108.4**	**258.7**	**122.3**	**136.4**	**195**	**280.1**

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

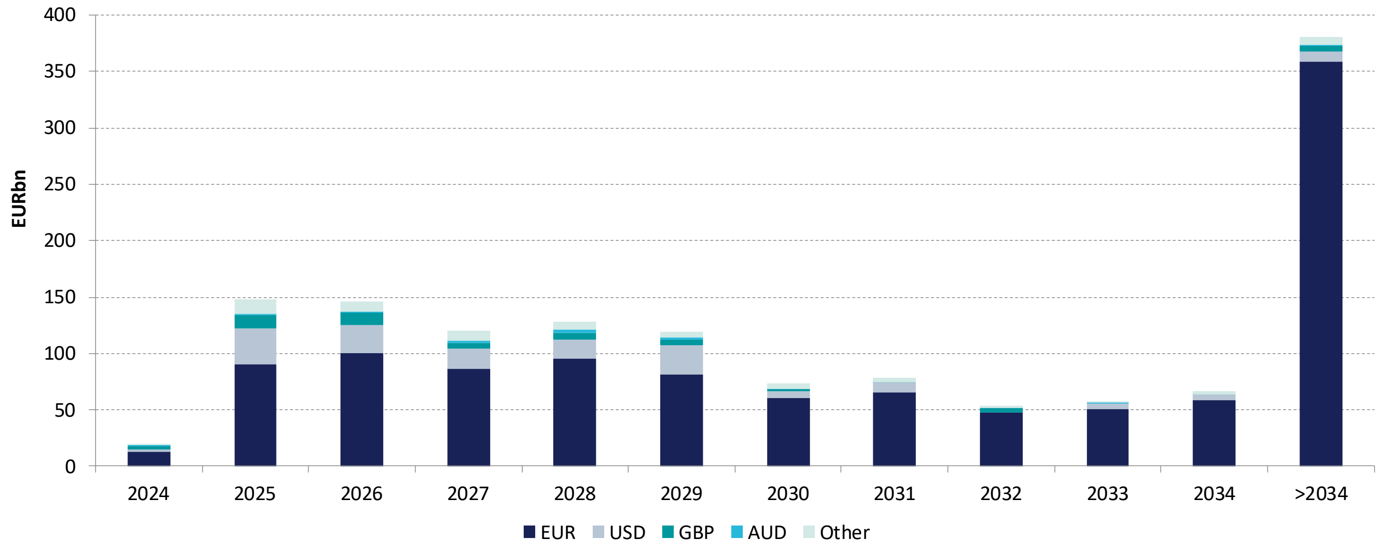
Comment

The European supranational market offers a substantial supply of bonds with different maturities, with a particular emphasis in terms of currency of the EUR. This is largely due to the EU, EFSF and EIB. Especially the two first mentioned issuers conduct all their funding activities exclusively in the single currency. Yet, in absolute terms, the volume of bonds outstanding denominated in foreign currencies is also very high – especially when compared with other markets. For example, the EIB, EBRD and NIB turn to a range of diverse currencies when it comes to their respective refinancing strategies, although there is a distinct focus on the USD and GBP in this regard. In the coming years, the EU is expected to continue dominating the fresh supply. Up to 2026, an average of EUR 150-200bn is to be raised via the capital market under the NGEU programme alone. For the current year, the EU expects to raise a total of EUR 140bn in new funding. This eclipses other financial institutions, including in terms of the total volume outstanding, by quite some distance. After the EU, the EIB has announced the second highest funding requirement for 2024 (EUR 62.5bn). With regard to regulatory treatment, all E-supras also boast excellent ratings and, with the exception of EUROFIMA, are all subject to Level 1 classification within the framework of the LCR as well as a 0% risk weighting under the CRR/Basel III. In addition, the existing volume of outstanding ESG bonds should also be highlighted: a remarkable 195 ESG-related bond issues with a total volume equivalent to EUR 280.1bn are already outstanding in this segment – and all the signs point towards further growth here as well.

Europeans supranationals: outstanding bonds by issuer



Europeans supranationals: outstanding bonds by currency



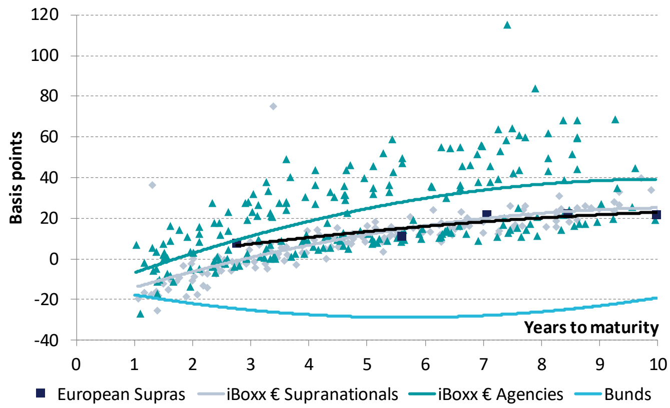
NB: Foreign currencies are converted into EUR at rates as at 15 October 2024.
Source: Bloomberg, NORD/LB Floor Research

Substantial supply across all maturity ranges

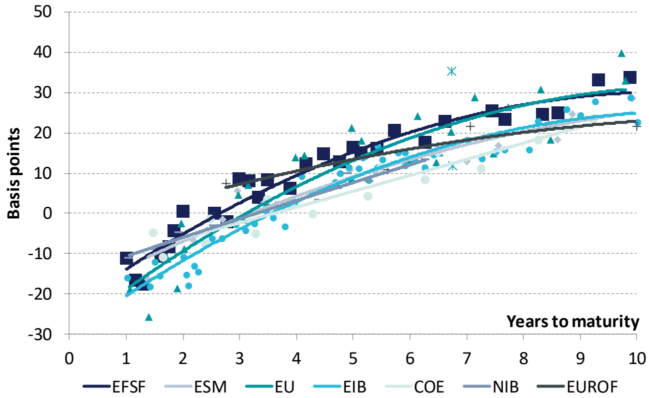
The segment of the European supranationals has undergone a process of extensive change over recent decades. Starting with the sovereign debt crisis, which necessitated the establishment of credit facilities that subsequently developed into major issuers within a very short period of time, the COVID-19 pandemic then sounded the starting pistol for the EU's transformation into a mega issuer. The E-supras market offers a wide range of outstanding bonds across practically all maturity segments. In the period between 2024 and 2028, an average volume of EUR 100bn is set to fall due per year. In the (ultra) long maturity segment, too, the outstanding volumes are high for numerous bond issues. For a long time, the EIB and EFSF accounted for much of the supply. However, since launching its SURE and NGEU programmes, the EU has evolved into a major player in this segment and looks set to continue its dominance of this sub-market over the years to come.

Supranationals A comparison of spreads

European supras vs. iBoxx € indices & Bunds



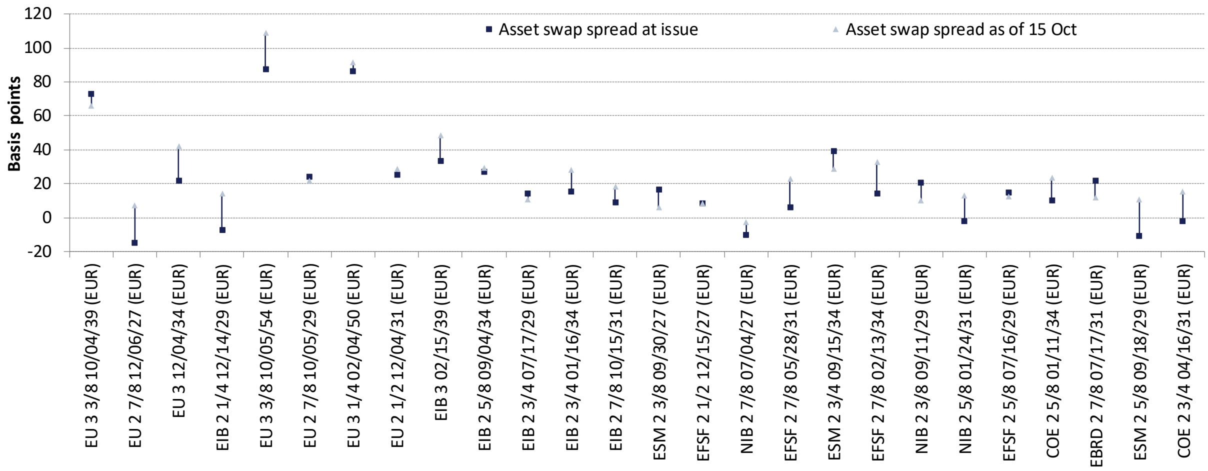
Comparison of European supras



* Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
Source: Bloomberg, Markit, NORD/LB Floor Research

Supranationals Primary market activities – an overview

Performance of fixed income benchmark issues 2024



NB: Benchmarks are defined as bonds with a minimum volume of EUR 0.5bn or USD 1.0bn.
Source: Bloomberg, NORD/LB Floor Research

European Financial Stability Facility

General information

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[Investor Relations]

Owner(s)

17 Eurozone Member States

Guarantor(s)

13 Eurozone Member States (EFSF v2.2)

Liability mechanism

Guarantees up to EUR 780bn in total (EFSF v2.2)

Bloomberg ticker

EFSF

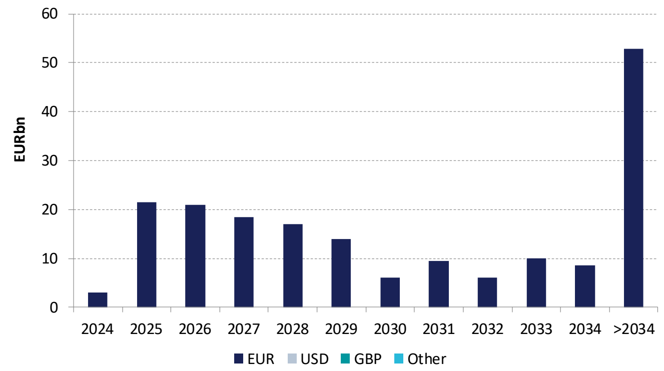
Ratings	Long-term	Outlook
Fitch	AA-	N/A*
Moody's	Aaa	stab
S&P	AA-	stab

* Fitch has not assigned a rating outlook

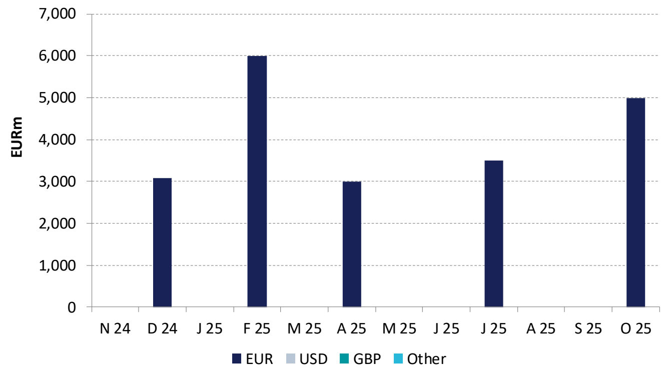
European Financial Stability Facility (EFSF)

The EFSF was formed on 07 June 2010 by the 16 members of the Eurozone at that time. Its mission was to safeguard the monetary union by providing temporary financial assistance to Member States whose access to the capital markets had been temporarily disrupted. For this purpose, the EFSF made available a lending facility with a capacity of EUR 440bn. The guarantees provided by the sovereigns participating in the EFSF now amount to EUR 780bn, to ensure overcollateralization of up to 165%. However, the guarantee structure is not joint and several; rather, each Member State is liable for its own share including the overcollateralization. Sovereigns that received support from the EFSF were no longer obligated to accept liability under the scheme. As such, Greece, Ireland and Portugal do not provide any guarantees for future bonds in the current liability structure. Cyprus is also no longer liable for future bonds since its application for ESM aid in 2013. As a result, three different liability mechanism structures now apply to EFSF bonds (EFSF v1 through to EFSF v2.2). However, the respective governments continue to guarantee the EFSF bonds that were issued prior to their withdrawal from the liability framework. Greece, Ireland and Portugal were awarded financial commitments of EUR 186.4bn in total. Meanwhile, a credit facility of up to EUR 100bn established for the purposes of refinancing Spanish banks was transferred to the ESM at the end of 2012. Since July 2013, the EFSF has been barred from participating in any further aid programmes. For this reason, the current mandate of the EFSF is centred on handling the disbursement of any remaining loan tranches to the states eligible for such payments, in addition to refinancing existing loan commitments until the outstanding liabilities have been settled. Headquartered in Luxembourg, the EFSF, which in contrast to other supranational institutions is subject to the national law of Luxembourg rather than international law, operates in the form of a Société Anonyme (S.A.).

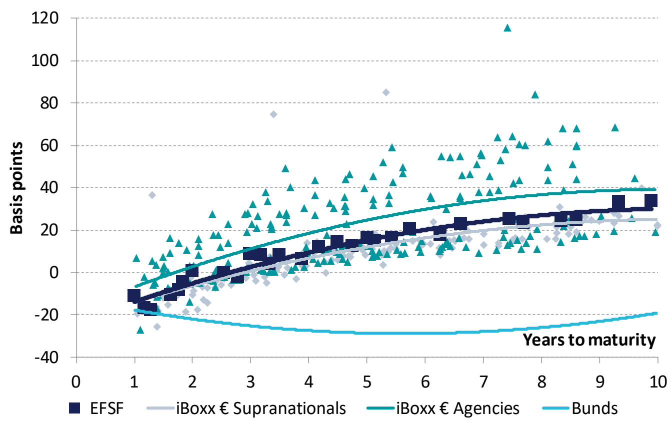
Maturity profile by currency



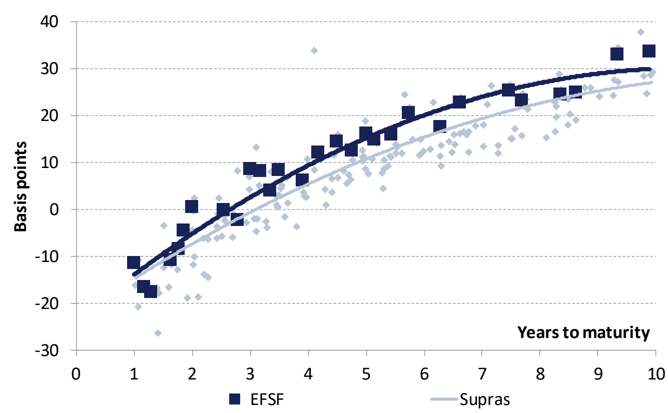
Bond amounts maturing in the next 12 months



EFSF vs. iBoxx € Indices & Bunds



EFSF vs. Supranationals



NB: Foreign currencies converted into EUR at rates as at 15 October 2024; residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
Source: Bloomberg, Markit, NORD/LB Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
0%	Level 1	II	Does not apply

Relative value

Attractiveness vs. Bunds (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Supranationals
26	72	85	-37	-16	6	7.8%	17.9%

Funding & ESG (EURbn/EUR equivalent)

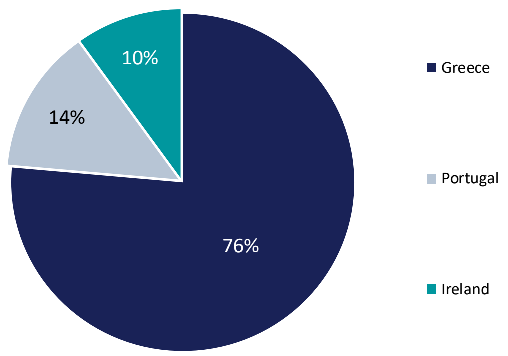
Target 2024	Maturities 2024	Net Supply 2024	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
20.0	25.1	-5.1	Benchmarks	-	0	0.0

Outstanding volume (EURbn/EUR equivalent)

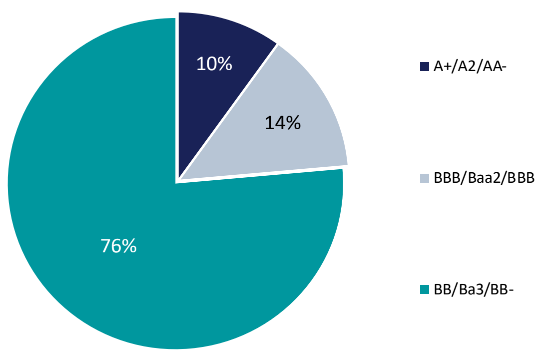
Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
187.9	187.9	47	0.0	0	0.0

* Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 15 October 2024.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuer, NORD/LB Floor Research

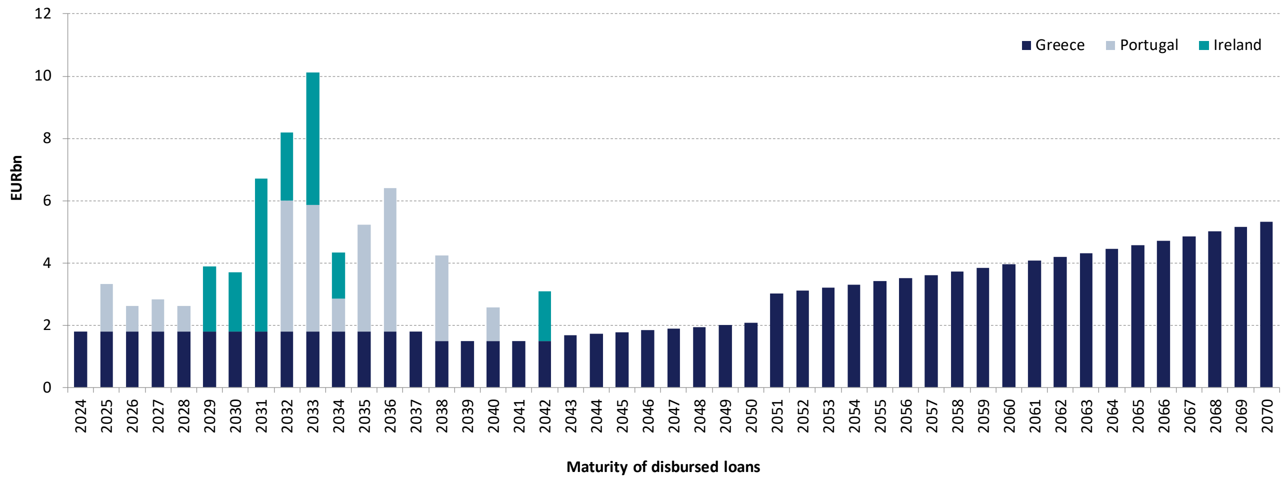
EFSF credit risks by country



Ratings of the loans to Eurozone Member States



Overview of repayment plan



Source: Issuer, NORD/LB Floor Research

Strengths/Chances

+ Overcollateralization of liabilities through guarantees provided by Member States
+ Guarantee from each Member State for up to 165% of its own share

Weaknesses/Risks

– Periphery-related risk (especially Greece)
– Paid-in capital marginal in relation to balance sheet total and stability of the liability framework
– No preferred creditor status

General information

[Homepage]
[Investor Relations]

Owner(s)
20 Eurozone Member States

Guarantor(s)
20 Eurozone Member States

Liability mechanism
Callable capital:
EUR 627.5bn

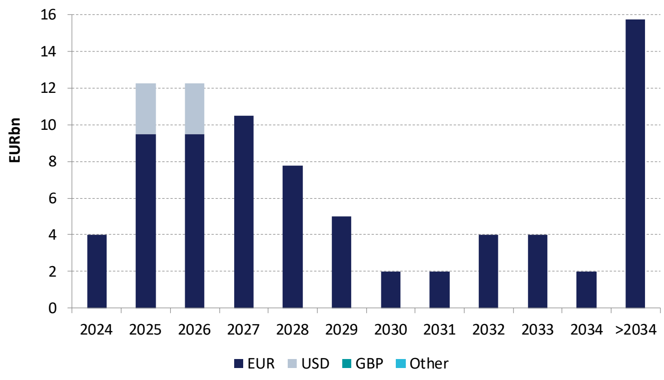
Bloomberg ticker
ESM, ESMTB

Ratings	Long-term	Outlook
Fitch	AAA	stab
Moody's	Aaa	stab
S&P	AAA	stab

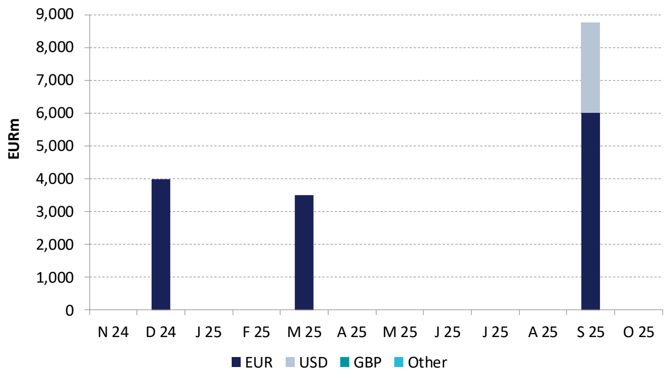
European Stability Mechanism (ESM)

Headquartered in Luxembourg, the ESM, which first came into force on 08 October 2012, is the permanent bailout fund of the European Monetary Union (EMU). Following a period in which the ESM was at times available in parallel with the EFSF for aid programmes aimed at maintaining financial stability across Europe, the ESM has been the sole mechanism for assistance in the Eurozone since July 2013. The maximum effective lending capacity of the ESM amounts to EUR 500bn, with systematic overcollateralization of EUR 708.5bn (140%) additionally in place. The last tranche of paid-in capital was transferred in April 2014, which consequently amounts to EUR 80.5bn. The accession of the two Baltic states Latvia and Lithuania to the Eurozone resulted in a slight increase of the paid-in capital and overcollateralization of the ESM. The remaining guarantees amounting to EUR 627.5bn are available as callable capital for emergency situations. In contrast to the EFSF, for example, the guarantee structure is not altered in the event that a Member State requires financial assistance. As a result, Eurozone sovereigns remain responsible for liabilities in line with the amount of their defined share. For the loans granted, the credit facility has preferred creditor status, which is only subordinate to the IMF. One exception to this is the recapitalisation of Spanish banks, for which the ESM is ranked on an equal footing with private creditors. This is due to the transfer of EFSF commitments to the ESM. In addition, a programme for Cyprus with a volume of up to EUR 9bn was also agreed. From July 2015 until August 2018, a third programme for Greece was financed via the ESM, under which up to EUR 86bn was made available. Following the outbreak of the COVID-19 pandemic, Member States were able to access a credit facility up to the end of 2022 in order to finance expenditure in the healthcare sector. The reform of 30 November 2020 also led to the creation of new instruments and mandates. With Croatia having also joined the Eurozone at the start of 2023, the number of shareholders in the ESM increased to 20 in 2024.

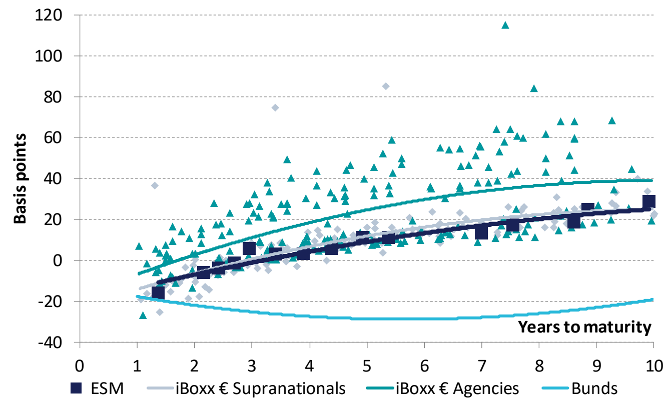
Maturity profile by currency



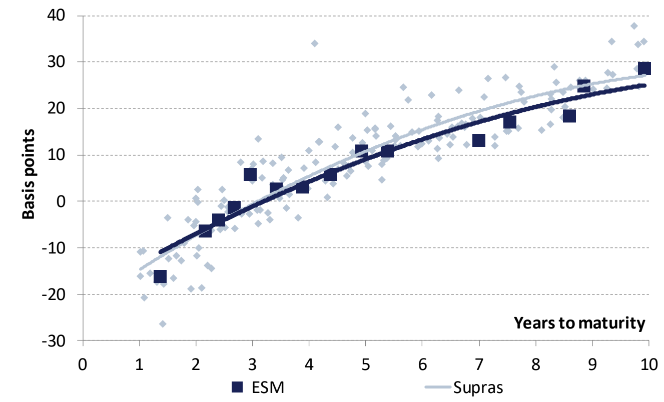
Bond amounts maturing in the next 12 months



ESM vs. iBoxx € Indices & Bunds



ESM vs. Supranationals



NB: Foreign currencies are converted into EUR at rates as at 15 October 2024; residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
Source: Bloomberg, Markit, NORD/LB Floor Research

Regulatory details

Risk weight according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
0%	Level 1	II	Does not apply

Relative value

Attractiveness vs. Bunds (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Supranationals
29	72	84	-42	-15	5	2.9%	6.9%

Funding & ESG (EURbn/EUR equivalent)

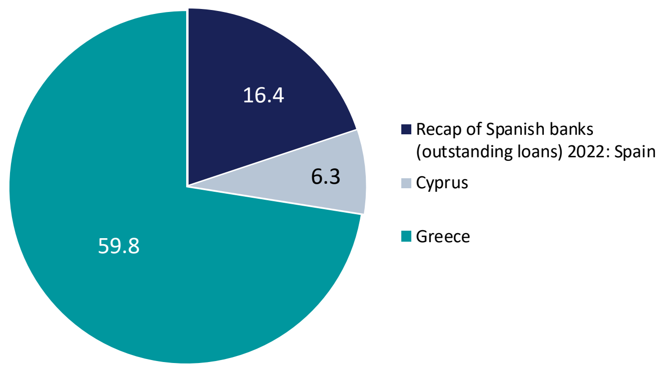
Target 2024	Maturities 2024	Net Supply 2024	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
6.0	10.8	-4.8	Benchmarks, PP, CP	-	0	0.0

Outstanding volume (EURbn/EUR equivalent)

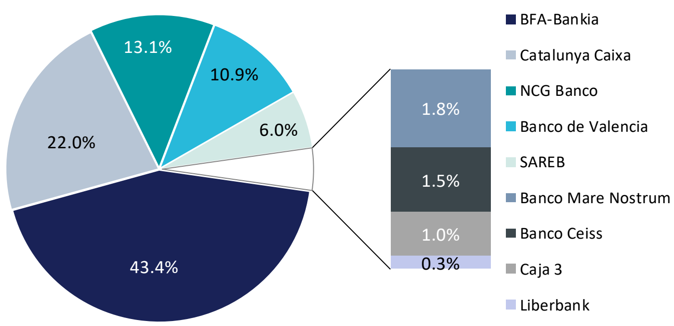
Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
81.5	76.0	23	5.5	2	0.0

* Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 15 October 2024.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuer, NORD/LB Floor Research

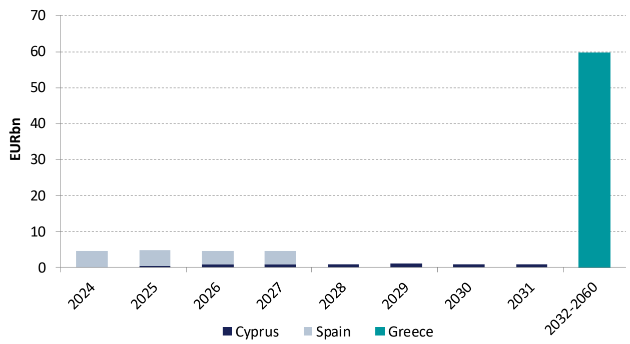
Outstanding loans and capacity of the ESM by sovereign or programme (EURbn)



Composition of commitments to Spain disbursed through FROB



Overview of repayment plan



Source: Issuer, NORD/LB Floor Research

Overview of investment guidelines

	General Eligible Assets List	Enlarged Eligible Assets List
Instruments	- Debt instruments (bonds, bills, covered bonds, CP and CD) - Secured deposits with selected counterparties - Unsecured deposits with selected counterparties	
Issuer	- Central banks (CB) - (Sub-)sovereigns - Agencies - Supranationals - Financial institutions (FI)	- Central banks (CB) - (Sub-)sovereigns - Agencies - Supranationals - Financial institutions (FI)
Ratings	Min. AA- (all except CB and FI); FI: AAA	Min. A (all except for FI, Eurozone sovereigns and CB); FI: AA

Strengths/Chances

+ Overcollateralization of liabilities through callable capital provided by Member States
+ Very high paid-in capital
+ Preferred creditor status (exception: subordinate only to the IMF; equal status for Spanish programme)

Weaknesses/Risks

— Periphery-related risk (especially from Greece)
— Potential deterioration of the credit rating in the event of direct bank recapitalisation

European Union (EU)

The EU was created in 1993 from the European Economic Community, which had been established in 1958. The EU now pursues a multifaceted series of objectives, ranging from development aid and economic promotion activities all the way through to environmental protection. The EU budget, under which it is not possible in principle to borrow for deficit financing, forms the basis of the organisation’s activities. However, there are seven programmes that are financed via EU capital market issuances: the EFSM, BoP, Macro-Financial Assistance (MFA), SURE, NGEU, the Ukraine facility and Euratom. Aid totalling EUR 46.8bn was provided to Ireland and Portugal through the EFSM, while Hungary, Latvia and Romania received a total of EUR 14.6bn under the terms of the BoP programme. Up to EUR 50bn can be allocated to non-Eurozone EU sovereigns via the BoP programme. Generally speaking, loans provided under the MFA scheme feature considerably smaller volumes. These are used to support existing IMF programmes for non-EU states, most recently Ukraine. At a volume of EUR 100bn, the SURE programme helps EU Member States to combat unemployment in the wake of the COVID-19 pandemic. Bonds issued by the EU are guaranteed by the EU budget. Due to the fact that the European Council is also explicitly mentioned as an institution of the EU in Art. 323 of the Treaty on the Functioning of the EU (TFEU), from our perspective this constitutes an implicit obligation on the part of the Member States. We assume an implicit guarantee in the form of a maintenance obligation on the part of the Member States, which, in this case, is comparable to callable capital. In 2020, the NGEU reconstruction fund was also agreed. The programme aims to support EU Member States in their efforts to get a grip on the ramifications of the COVID-19 pandemic. With a volume of EUR 750bn (in 2018 prices), the programme will be largely financed through bond issuances, of which 30% should come in the form of green bonds.

General information

Homepage

Investor Relations

Members

27 EU Member States

Guarantor(s)

27 EU Member States

Liability mechanism

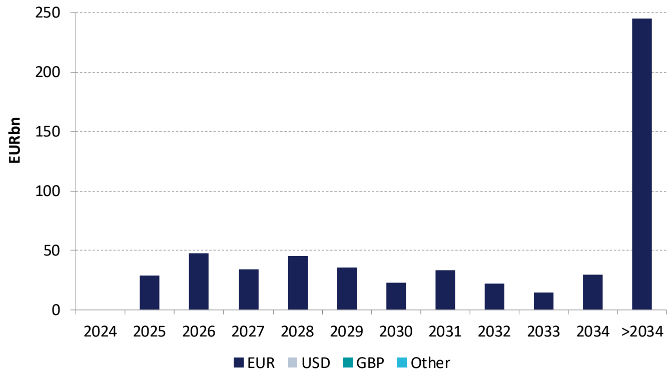
Maintenance obligation

Bloomberg ticker

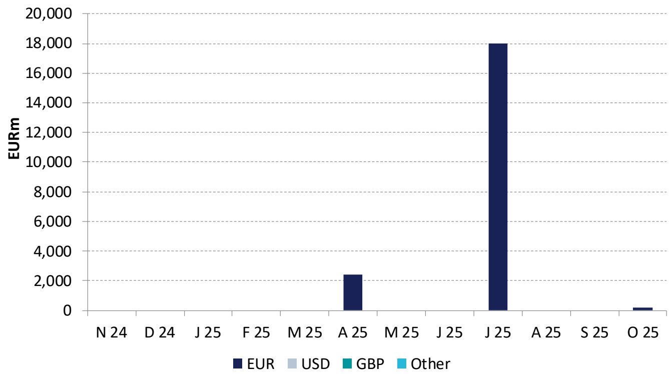
EU

Ratings	Long-term	Outlook
Fitch	AAA	stab
Moody’s	Aaa	stab
S&P	AA+	stab

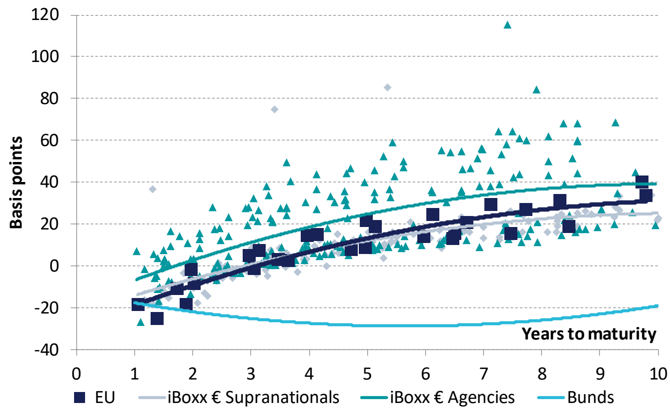
Maturity profile by currency



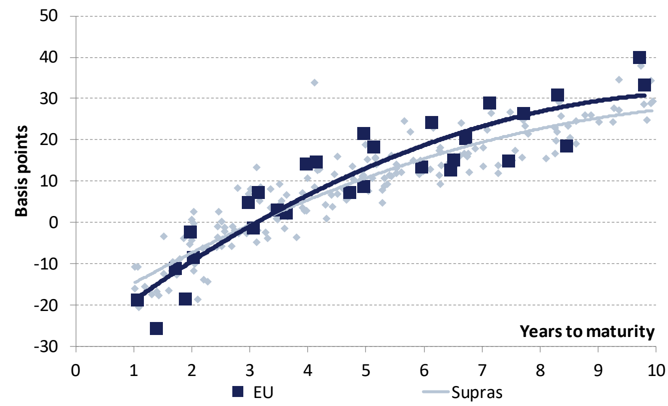
Bond amounts maturing in the next 12 months



EU vs. iBoxx € Indices & Bunds



EU vs. Supranationals



NB: Foreign currencies are converted into EUR at rates as at 15 October 2024; residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
Source: Bloomberg, Markit, NORD/LB Floor Researchv

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
0%	Level 1	II	Does not apply

Relative value

Attractiveness vs. Bunds (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Supranationals
-6	42	60	-26	13	40	22.1%	45.5%

Funding & ESG (EURbn/EUR equivalent)

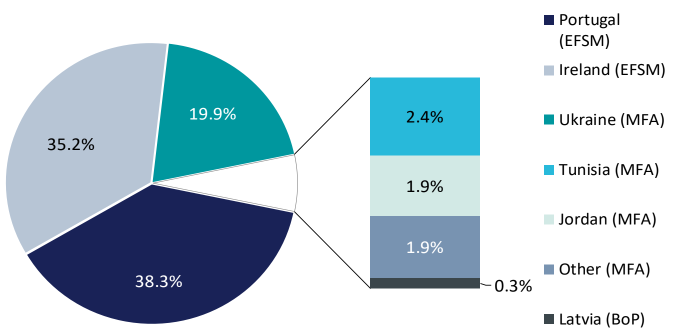
Target 2024	Maturities 2024	Net Supply 2024	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
140.0	3.2	136.8	Benchmarks, ESG Bonds, PP	-	18	163.6

Outstanding volume (EURbn/EUR equivalent)

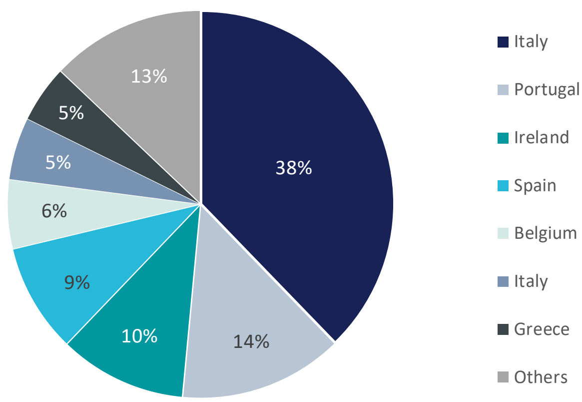
Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
557.3	557.3	61	0.0	0	0.0

* Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 15 October 2024.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuer, NORD/LB Floor Research

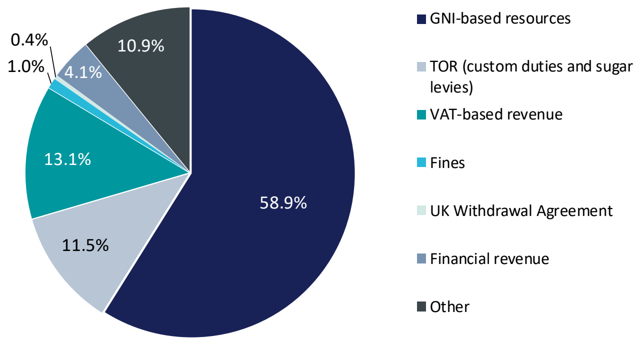
Outstanding EU loans by borrower (excl. SURE and NGEU)



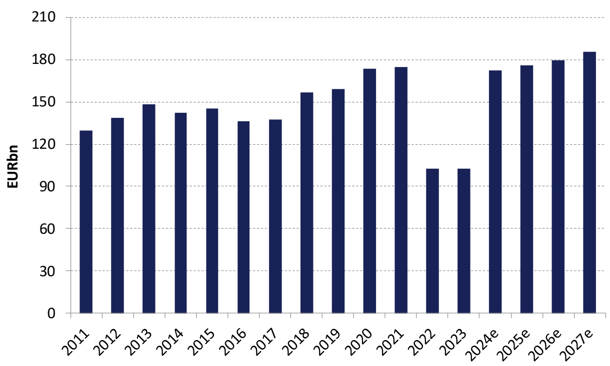
Outstanding EU loans by country



EU budget revenue by source of revenue



Trend in EU expenditure (excl. NGEU)



Source: Issuer, NORD/LB Floor Research

Strengths/Chances

\+ Multi-layered guarantee
\+ Preferred creditor status
\+ Cap on borrowing

Weaknesses/Risks

— Political risks
— Poor quality of the loan portfolio

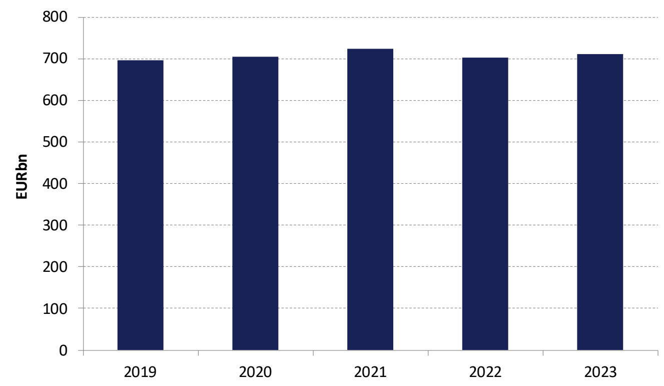
Supranationals

European multilateral development banks – an overview

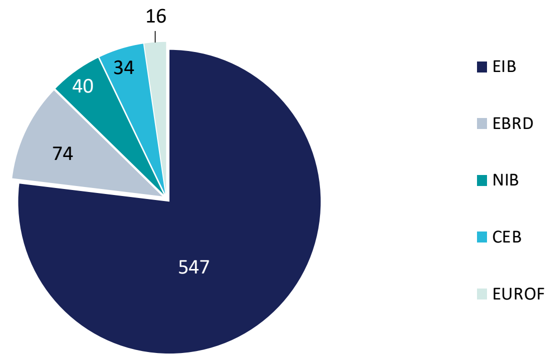
Marginal growth in balance sheet totals in 2023

The importance of supranational funding institutes increased notably in the wake of a series of financial and economic challenges and crises that have occurred both in recent years and over the past couple of decades. The relevance of these institutes is reflected in their balance sheet totals. In contrast to 2022, another marginal increase in the aggregated balance sheet totals of the group of European MDBs covered in this Issuer Guide was recorded in 2023. For example, in comparison with the prior-year comparison period, the value rose by around +1.3% to EUR 711.7bn (2022: EUR 702.7bn). In this context, all European MDBs recorded growth in their aggregated assets. With total assets of EUR 547.3bn, the EIB accounts for a share of 76.9% among the European MDBs and most recently recorded growth of EUR +2.7bn versus 2022. In percentage terms, the sharpest growth last year was recorded by the CEB, whose balance sheet total increased by +9.2% year on year in comparison with the reporting date in 2022.

Balance sheet growth of European MDBs



Comparison of balance sheet totals (EURbn)

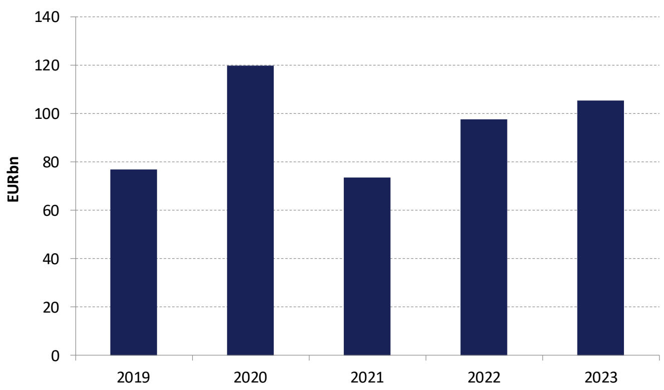


NB: Foreign currencies converted into EUR on basis of average exchange rates.
Source: Issuers, NORD/LB Floor Research

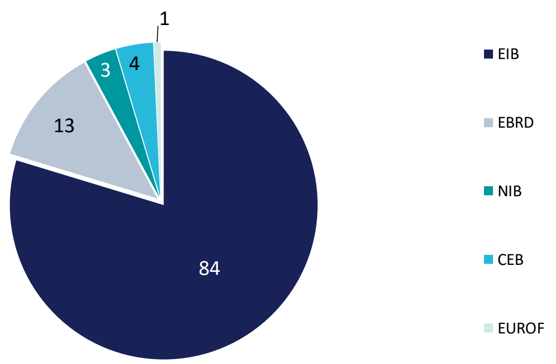
Renewed increase in new commitments

As is the case with total assets, the aggregated volume of new commitments on the part of European MDBs increased again in 2023 versus the prior year. On account of the long-term economic consequences of the COVID-19 pandemic and, in particular, the ongoing war in Ukraine, the aggregated volume of new commitments increased to a value of EUR 105.6bn. This corresponds to growth of +8.1% year on year. This can be chiefly attributed to the EIB, whose volume of new commitments rose by EUR +8.3bn to EUR 84.2bn compared with the previous year. Conversely, the EBRD, NIB, CEB and EUROFIMA posted constant or slightly declining volumes.

New commitments of European MDBs



Comparison of new commitments (EURbn)



NB: Foreign currencies converted into EUR on basis of average exchange rates.
Source: Issuers, NORD/LB Floor Research

Capital ratios of European MDBs – a comparison

	Paid-in capital / total assets	Callable capital / total assets	Subscribed capital / total assets	Equity / total assets	Paid-in capital / subscribed capital
EIB	4.1%	40.4%	45.5%	14.3%	8.9%
EBRD	8.4%	31.8%	40.3%	30.1%	26.4%
NIB	2.1%	19.0%	21.1%	11.0%	10.1%
CEB	1.8%	14.4%	16.2%	10.2%	11.2%
EUROFIMA	3.2%	12.6%	15.8%	9.7%	20.0%

Source: Issuers, NORD/LB Floor Research

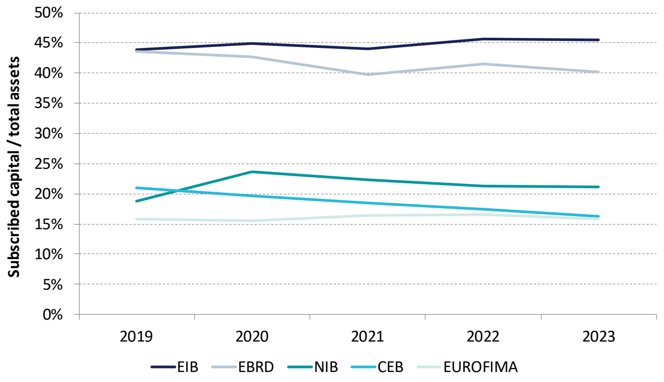
Significant differences in capital ratios

In some cases, the capital ratios of the European MDBs covered in this Issuer Guide are at very different levels. For instance, the EBRD has a far higher ratio of equity to total assets than is the case for any other supranational institution. The situation is similar in terms of the ratio of subscribed capital, which comprises paid-in and callable capital, to total assets: while the EBRD and EIB boast the highest values here, the low figure for EUROFIMA (15.8%) also stands out. However, the development regarding this value year on year at the latter must also be highlighted: due to an increase in the balance sheet total in 2023, the ratio of subscribed capital to total assets consequently fell, after two consecutive years of declining total assets. At the end of 2022, the CEB also resolved to implement a capital increase. This was intended to have a positive impact on the bank's capital ratios, which are currently at comparatively low levels. We shall briefly address this in the section below.

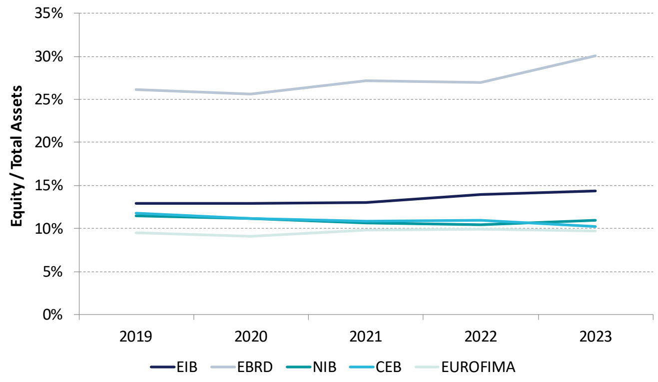
Capital increase at the CEB

In December 2022, the Board of Directors of the CEB approved the seventh capital increase in the history of the institution. The subscribed capital of the CEB is expected to increase by up to EUR +4.25bn from EUR 5.48bn to an amount of EUR 9.73bn – in the event that the capital increase is fully subscribed. The paid-in capital of EUR 0.61bn at present would therefore increase by EUR +1.2bn to EUR 1.81bn. By the end of the subscription period on 31 December 2023, the subscribed share amounted to 51.5%.

Ratio of subscribed capital to total assets



Ratio of equity to total assets



Metrics as at 31 December 2023.
Source: Issuers, NORD/LB Floor Research

European Investment Bank (EIB)

General information

Homepage

Investor Relations

Owner(s)
27 EU Member States

Guarantor(s)
27 EU Member States (limited)

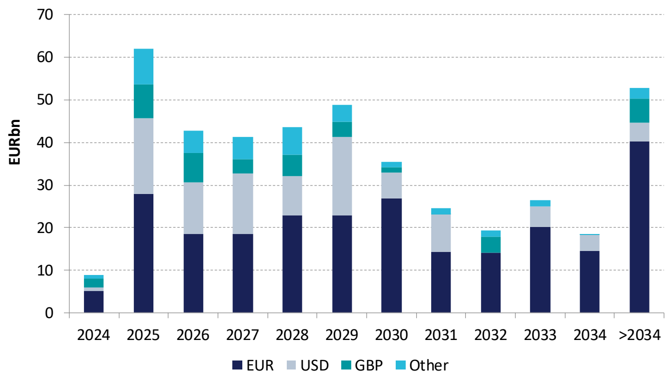
Liability mechanism
Callable capital: EUR 226.6bn

Bloomberg ticker
EIB

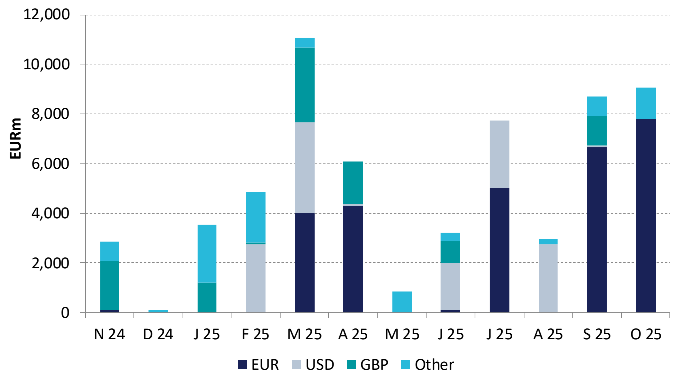
Ratings	Long-term	Outlook
Fitch	AAA	stab
Moody's	Aaa	stab
S&P	AAA	stab

The European Investment Bank (EIB) was founded in 1958 through the Treaties of Rome as the promotional bank of the European Economic Community (EEC; forerunner to the present-day European Union [EU]). The objectives of the EIB are to promote the economic development and integration of Europe by cooperating closely with EU institutions. For example, the EIB finances small and medium-sized enterprises (SMEs) and projects in the areas of renewable energy, infrastructure, education and innovation. There is no regional restriction on EIB activities, with the promotional bank focusing, for example, on supporting potential candidates for EU accession as well as on development policy. In addition, venture capital, guarantees and micro-financing are also provided via the European Investment Fund (EIF), in which the EIB is a shareholder alongside other financial institutions. Furthermore, since 2013 the EIB has supported infrastructure projects by way of innovative funding contributions in the form of project bonds. The EIB was one of the first movers when it came to tackling the issue of sustainability. For example, it issued the world's first green bond in the form of a Climate Awareness Bond as far back as 2007. In 2018, it added Sustainability Awareness Bonds to the mix. At the EU summit in 2012, the EU Member States resolved to implement a capital increase of EUR 10bn, which was then legally finalised on 08 January 2013. Following payments from Poland and Romania in 2020, the paid-in capital now amounts to EUR 22.2bn. Moreover, in the event of potential liquidity bottlenecks, a sum of EUR 226.6bn is available in the form of callable capital from the 27 EU Member States which at the same time are also the shareholders of the EIB. The liability of the sovereigns is limited to their respective share of the subscribed capital. The rules on callable capital are anchored in the Statute of the EIB, which in turn forms part of the Treaty on the Functioning of the EU and the EU Treaty. It is therefore superior to national law. The EIB is headquartered in Luxembourg.

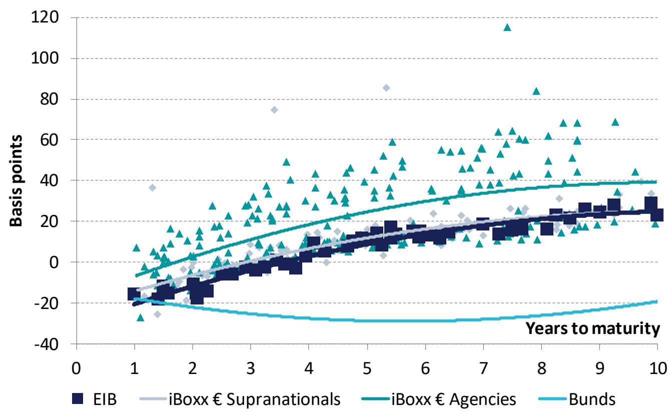
Maturity profile by currency



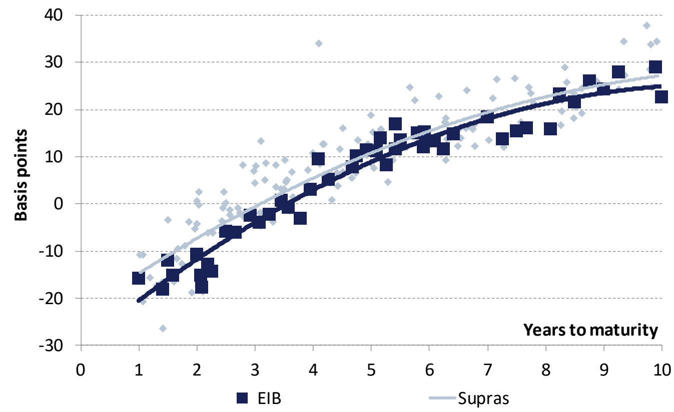
Bond amounts maturing in the next 12 months



EIB vs. iBoxx € Indices & Bunds



EIB vs. Supranationals



NB: Foreign currencies are converted into EUR at rates as at 15 October 2024; residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
Source: Bloomberg, Markit, NORD/LB Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
0%	Level 1	II	Does not apply

Relative value

Attractiveness vs. Bunds (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Supranationals
1	38	50	-18	11	29	10.1%	22.4%

Funding & ESG (EURbn/EUR equivalent)

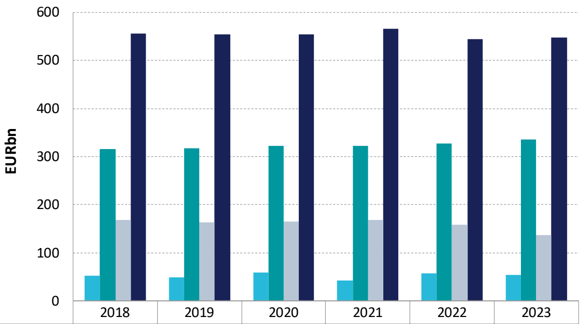
Target 2024	Maturities 2024	Net Supply 2024	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
62.5	60.7	1.8	Benchmarks, ESG bonds, other public bonds, PP, CP	ECB	77	89.2

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
424.1	246.0	72	100.6	35	77.5

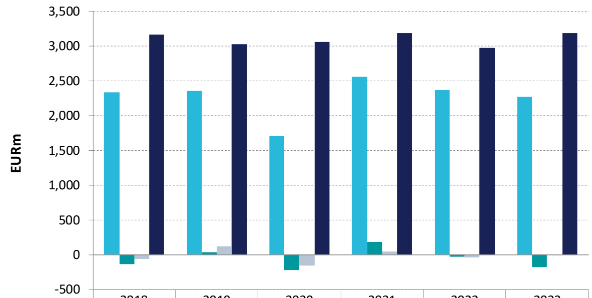
* Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 15 October 2024.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuer, NORD/LB Floor Research

Balance sheet development



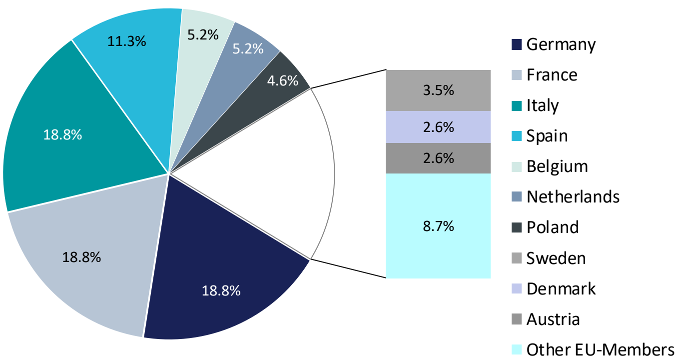
	2018	2019	2020	2021	2022	2023
Total assets	556	554	554	565	545	547
Loans to banks	168	164	164	169	158	137
Loans to customers	315	318	321	323	327	335
Disbursements	53	48	58	41	58	54

Earnings development

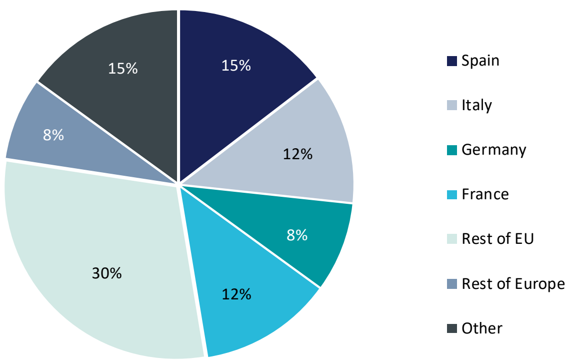


	2018	2019	2020	2021	2022	2023
Net interest income	3,168	3,032	3,062	3,185	2,978	3,191
Net result from financial transactions	-58	118	-161	42	-43	-7
Loan value adjustments	-137	33	-222	178	-29	-174
Net income	2,339	2,364	1,712	2,566	2,366	2,274

Shareholders by subscribed capital



Loan portfolio by sovereign



Source: Issuer, NORD/LB Floor Research

Strengths/Chances

+ Preferred creditor status
+ Access to ECB liquidity

Weaknesses/Risks

— Dwindling profitability
— High concentration of lending to Spain and Italy

General information

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[Investor Relations]

Owner(s)

73 states, EU and EIB

Guarantor(s)

73 states, EU and EIB

Liability mechanism

Callable capital: EUR 23.5bn

Bloomberg ticker

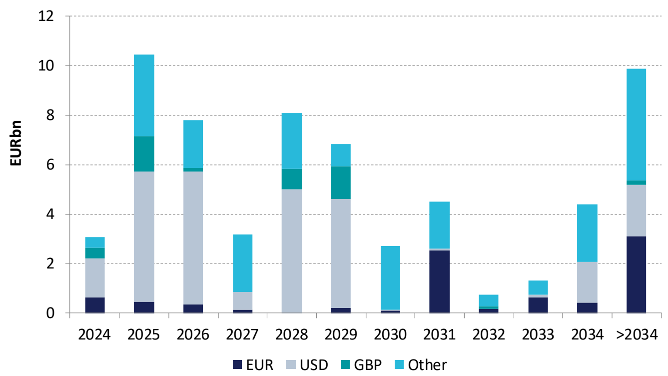
EBRD

Ratings	Long-term	Outlook
Fitch	AAA	stab
Moody's	Aaa	stab
S&P	AAA	stab

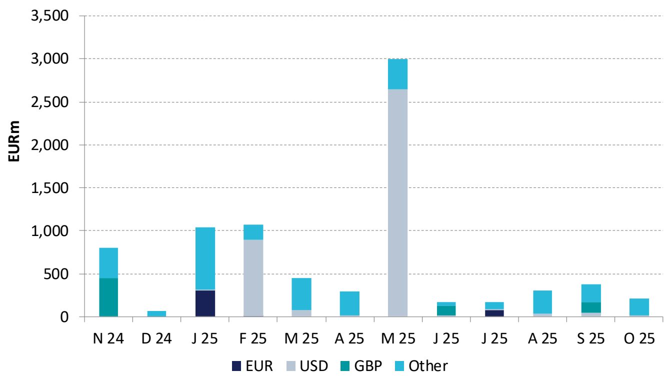
European Bank for Reconstruction and Development (EBRD)

The European Bank for Reconstruction and Development (EBRD) was formed in 1991 to support the transition to open and market-oriented economies in the countries of Central and Eastern Europe following the end of the Cold War. Since then, the EBRD has been involved in various activities including banking sector reforms and numerous privatisation processes, with the regional focus gradually being extended to Central Asia and most recently to the southern and eastern Mediterranean region. The promotional bank is now active in 36 countries overall. The EBRD offers project financing for banks and businesses, while the instruments at the disposal of the EBRD include equity and debt financing as well as guarantees, leasing and trade financing. In general, the promotional bank finances up to 40% of the costs of a project. However, the EBRD does not provide funding to cover budgetary deficits or to finance aid programmes. In addition, soft loans (i.e. interest-free loans or loans featuring an interest rate below the usual market rate) are not offered either. The emphasis continues to be on developing the private sector and promoting the transition to open and democratic market economies, while the promotional bank maintains a particular focus on aspects such as financial stability, strong corporate growth and modern infrastructure. As part of its sustainability initiative, the EBRD has also been issuing green bonds since 2010. The loans granted include preferred creditor status to the benefit of the EBRD. A total of 73 sovereigns, in addition to the European Union (EU) and European Investment Bank (EIB), are the shareholders of the EBRD. The paid-in capital amounts to EUR 6.2bn, while an additional sum of EUR 23.5bn is available in the form of callable capital. The headquarters of this supranational development bank are located in London, the capital city of the United Kingdom.

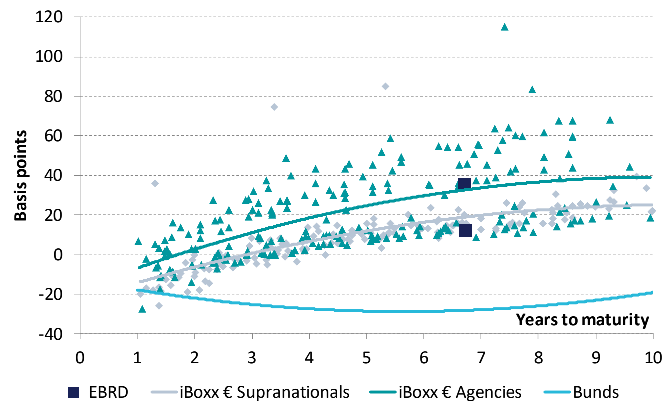
Maturity profile by currency



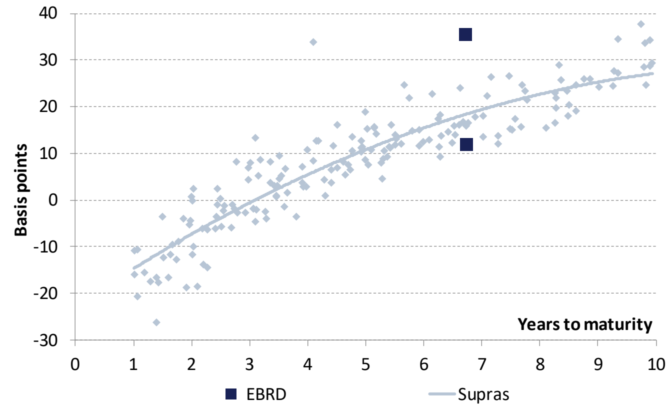
Bond amounts maturing in the next 12 months



EBRD vs. iBoxx € Indices & Bunds



EBRD vs. Supranationals



NB: Foreign currencies are converted into EUR at rates as at 15 October 2024; residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
Source: Bloomberg, Markit, NORD/LB Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
0%	Level 1	II	Does not apply

Relative value

Attractiveness vs. Bunds (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Supranationals
42	55	68	12	24	35	0.0%	0.0%

Funding & ESG (EURbn/EUR equivalent)

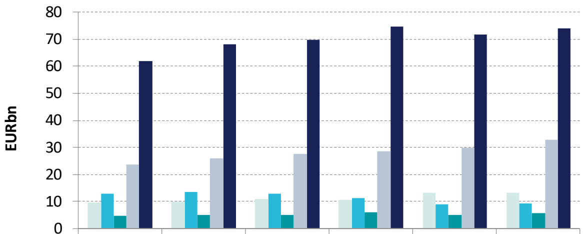
Target 2024	Maturities 2024	Net Supply 2024	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
13.5	10.7	2.8	Benchmarks, ESG bonds, other public bonds, PP, CP	-	55	5.9

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
62.9	8.7	4	26.3	10	27.9

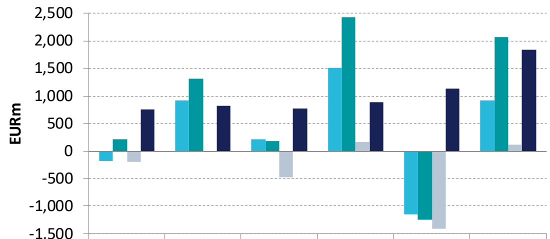
* Residual term to maturity >1 year and <10 years; outstanding volume at least USD 1.0bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 15 October 2024.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuer, NORD/LB Floor Research

Balance sheet development



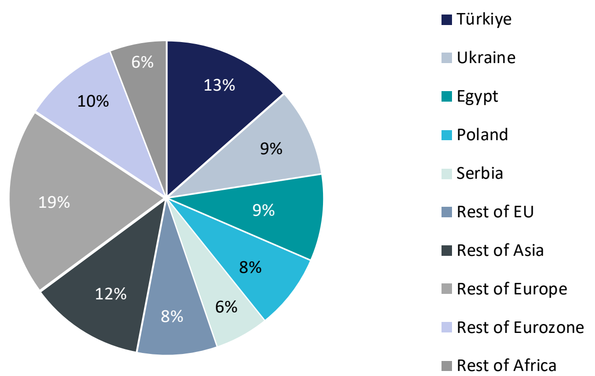
	2018	2019	2020	2021	2022	2023
Total assets	62	68	70	75	72	74
Loan investments	24	26	27	29	30	33
Share investments	5	5	5	6	5	6
Debt securities	13	14	13	11	9	9
New commitments	10	10	11	10	13	13

Earnings development

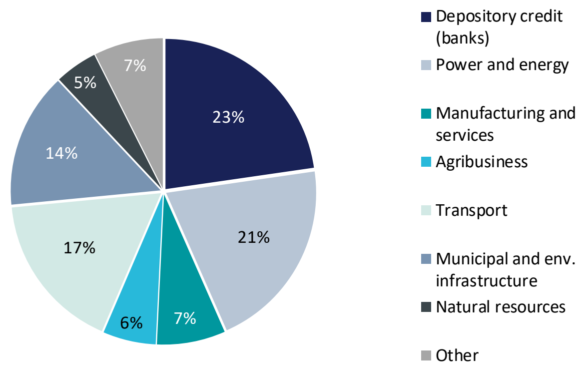


	2018	2019	2020	2021	2022	2023
Net interest income	751	820	764	883	1,139	1,834
Impairments	-192	-22	-479	164	-1,417	114
Consolidated net income	210	1,315	175	2,422	-1,240	2,075
Gains/losses from share investments	-176	922	212	1,510	-1,150	919

Credit risk in the banking book by sovereign/region



Credit risk in the banking book by sector



Source: Issuer, NORD/LB Floor Research

Strengths/Chances

+ Very good capitalisation
+ Very high level of liquidity
+ Preferred creditor status

Weaknesses/Risks

– Fair value valuation-induced earnings volatility
– Above average level of risk in the portfolio
– Substantial exposure to Ukraine and Türkiye

Nordic Investment Bank (NIB)

The Nordic Investment Bank (Nordiska Investeringsbanken, NIB) was created in 1975 as a result of a joint initiative between the Scandinavian nations of Denmark, Finland, Iceland, Norway and Sweden. The primary mission of the NIB is to provide funding with the aim of promoting sustainable growth in the shareholder/member countries of the NIB. Strengthening the competitiveness of the member countries, allied with a commitment towards protecting and improving the environment, is a particular focus of this promotional bank. In specific terms, the NIB helps to finance energy projects, infrastructure investments (e.g. in the transport sector), major investments on the part of businesses (e.g. to improve manufacturing processes in addition to R&D activities) as well as investments by small and medium-sized enterprises (SMEs) through other financial intermediaries. Moreover, it should be noted that the promotional bank's activities are not limited to the countries that are shareholders of the NIB. In 2023, around 71% of the loan portfolio was focused on Sweden, Norway and Finland, whereby 99% of new business was realised in the Member States of the NIB. Generally speaking, the NIB tends to benefit from preferred creditor status within the framework of its credit commitments. In 2005, Estonia, Latvia and Lithuania became shareholders in the NIB. Previously, it was only the founding Member States that held shares in the promotional bank. The participation rates with regard to subscribed capital are calculated on the basis of the countries' respective gross national income (GNI) figures. The paid-in capital comes to just under EUR 846m, with an additional sum of EUR 7.5bn available in the form of callable capital in the event of liquidity problems. The headquarters of the NIB are located in the Finnish capital of Helsinki. In the sustainability segment, the promotional bank is active as an issuer of green and sustainability bonds.

General information

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Investor Relations

Owner(s)

Eight Nordic and Baltic countries

Guarantor(s)

Eight Nordic and Baltic countries

Liability mechanism

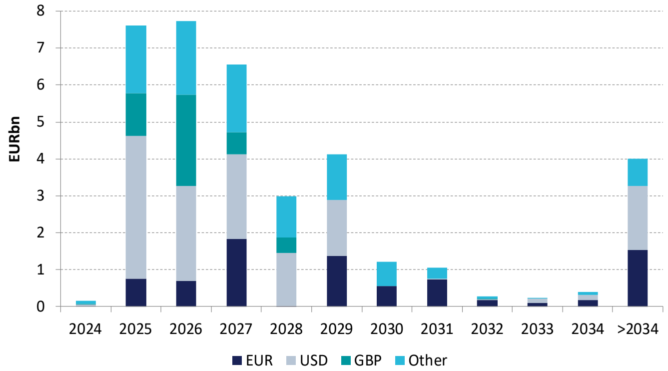
Callable capital: EUR 7.5bn

Bloomberg ticker

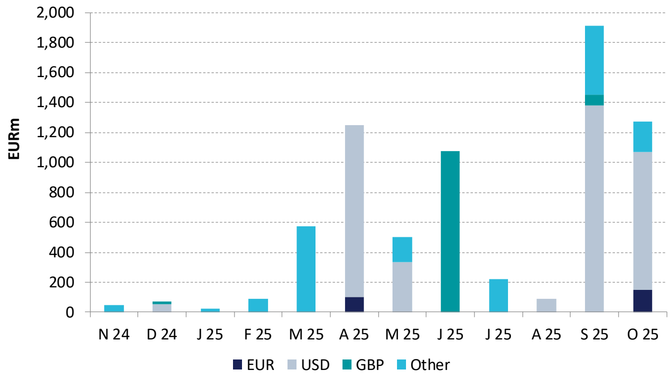
NIB

Ratings	Long-term	Outlook
Fitch	-	-
Moody's	Aaa	stab
S&P	AAA	stab

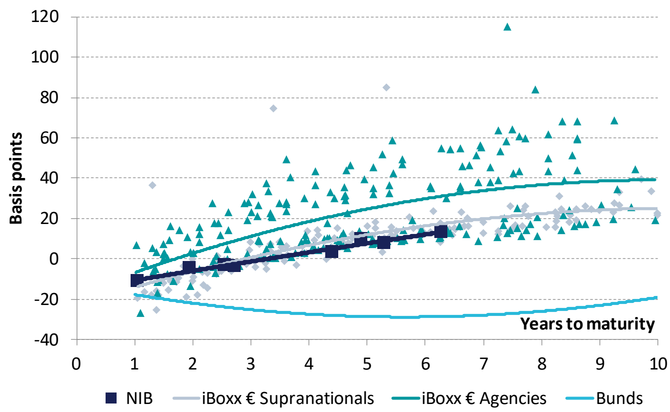
Maturity profile by currency



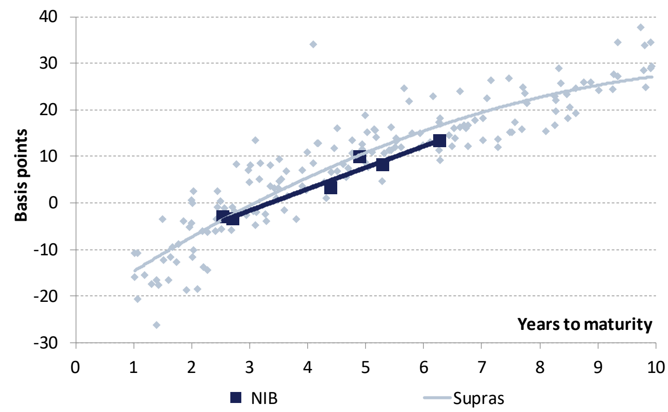
Bond amounts maturing in the next 12 months



NIB vs. iBoxx € Indices & Bunds



NIB vs. Supranationals



NB: Foreign currencies are converted into EUR at rates as at 15 October 2024; residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
Source: Bloomberg, Markit, NORD/LB Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
0%	Level 1	II	Does not apply

Relative value

Attractiveness vs. Bunds (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Supranationals
8	29	45	-11	0	13	0.0%	0.1%

Funding & ESG (EURbn/EUR equivalent)

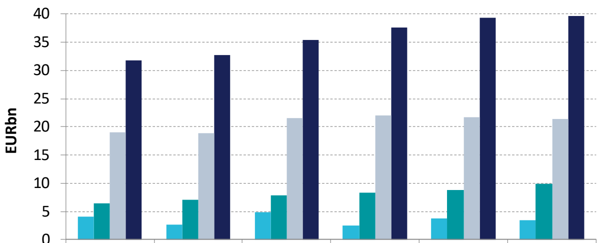
Target 2024	Maturities 2024	Net Supply 2024	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
8.8	6.5	2.3	Benchmarks, ESG bonds, other public bonds, PP, CP	-	17	6.2

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
36.4	7.9	8	13.8	8	14.7

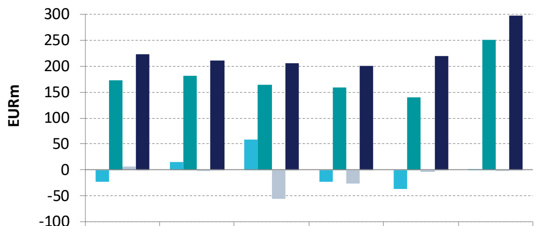
* Residual term to maturity >1 year and <10 years; outstanding volume at least USD 1.0bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 15 October 2024.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuer, NORD/LB Floor Research

Balance sheet development



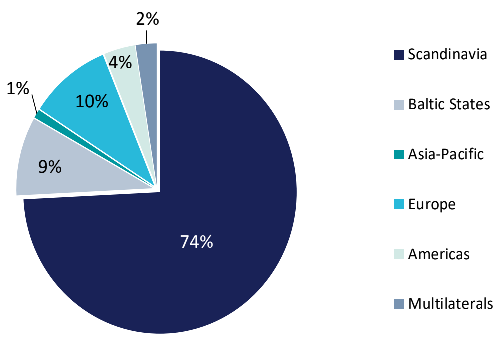
	2018	2019	2020	2021	2022	2023
Total assets	32	33	35	38	39	40
Loans	19	19	22	22	22	21
Debt securities	6	7	8	8	9	10
Disbursements	4	3	5	2	4	3

Earnings development

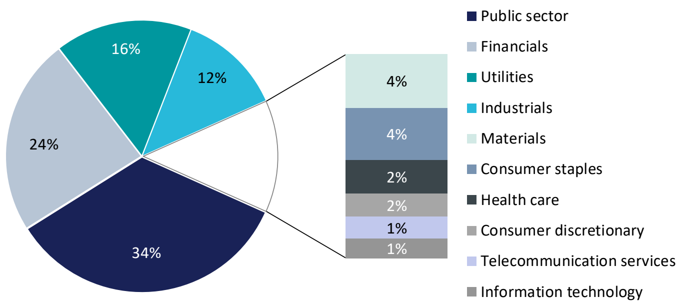


	2018	2019	2020	2021	2022	2023
Net interest income	223	212	206	201	219	299
Impairments	6	-1	-57	-26	-4	-3
Consolidated net income	173	183	165	159	139	251
Result from financial transactions	-24	14	59	-24	-37	1

Credit risk by region



Credit risk by sector



Source: Issuer, NORD/LB Floor Research

Strengths/Chances

+ Very high creditworthiness of the shareholders
+ Robust intrinsic financial strength
+ Strong mandate
+ Preferred creditor status

Weaknesses/Risks

– Relatively high leverage
– Strong regional concentration within the loan portfolio

General information

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Owner(s)
43 states of the Council of Europe

Guarantor(s)
43 states of the Council of Europe

Liability mechanism
Callable capital: EUR 4.9bn

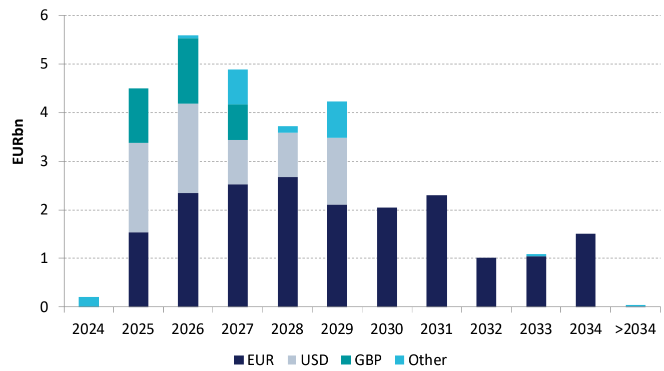
Bloomberg ticker
COE

Ratings	Long-term	Outlook
Fitch	AAA	stab
Moody's	Aaa	stab
S&P	AAA	stab

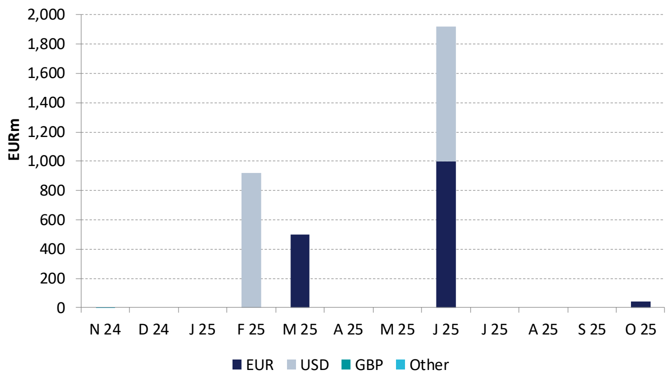
Council of Europe Development Bank (CEB)

The Council of Europe Development Bank (CEB) was founded in 1956 by eight Member States of the Council of Europe, with the primary aim of offering financial support to refugees after the end of the Second World War and promoting their integration. Since then, the range of activities of the CEB has been steadily expanded with a view to supporting the aim of promoting social cohesion and integration throughout Europe. The CEB is active in various fields, whereby its strategic framework covering the period 2023-2027 places a particular emphasis on social integration of refugees in addition to reconstruction efforts focused on the social sector in Ukraine. Moreover, the CEB strives to support sustainable, inclusive growth. To this end, the CEB offers financing to small and medium-sized enterprises (SMEs) as well as promoting vocational training, social housing projects and initiatives across the healthcare sector. Furthermore, the CEB finances environmental projects, steps in to offer aid in the aftermath of natural disasters and supports educational reforms. In terms of its refinancing activities, the CEB issues Social Inclusion Bonds of its own. The business model of the CEB also places an emphasis on financing projects that seek to preserve cultural heritage. The CEB is particularly active in Spain, Poland and Türkiye, with the loan volumes in these countries amounting to more than EUR 1.0bn in each case since 2012. Although the CEB reports directly to the Council of Europe, it also maintains partnerships and cooperation agreements with the European Union and institutions of the United Nations. While eight sovereigns were members or shareholders of the CEB in 1956, the group of countries participating in the CEB has steadily increased over the years. In principle, all countries that are members of the Council of Europe are eligible for membership of the CEB. With the accession of Ukraine in 2023, there are now 43 Member States of the CEB at present. As part of the strategic framework concept, there are also plans to increase the subscribed capital by up to EUR +4.25bn.

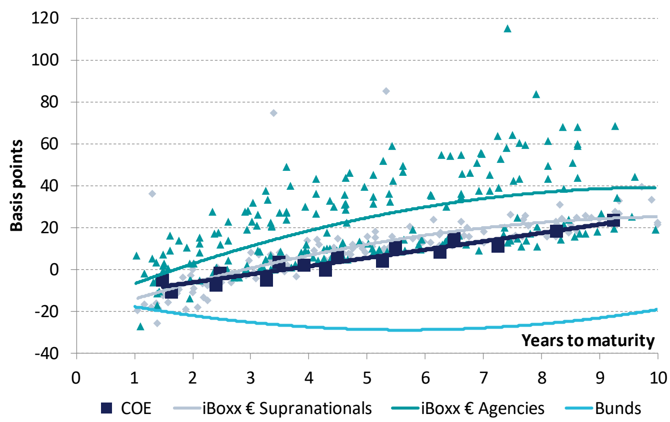
Maturity profile by currency



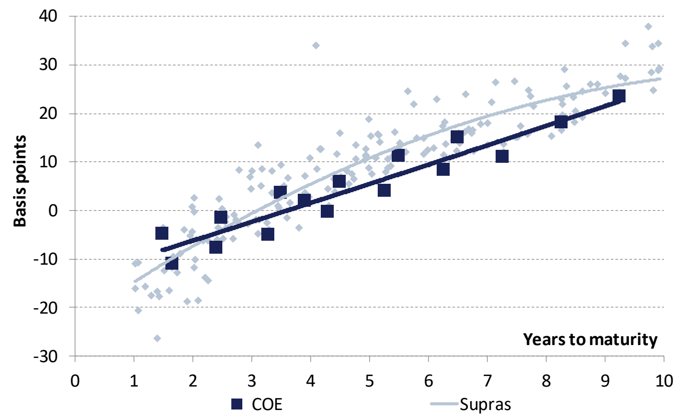
Bond amounts maturing in the next 12 months



COE vs. iBoxx € Indices & Bunds



COE vs. Supranationals



NB: Foreign currencies are converted into EUR at rates as at 15 October 2024; residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
Source: Bloomberg, Markit, NORD/LB Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
0%	Level 1	II	Does not apply

Relative value

Attractiveness vs. Bunds (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Supranationals
10	32	46	-11	4	23	0.8%	1.7%

Funding & ESG (EURbn/EUR equivalent)

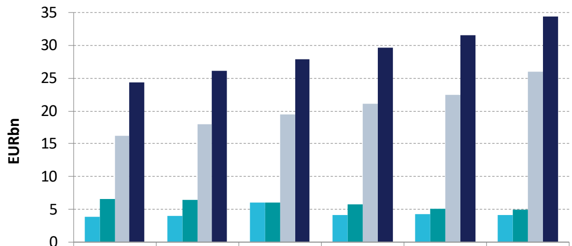
Target 2024	Maturities 2024	Net Supply 2024	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
7.0	4.3	2.7	Benchmarks, ESG bonds, other public bonds, CP, PP	-	15	9.7

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
31.1	19.1	18	6.9	7	5.1

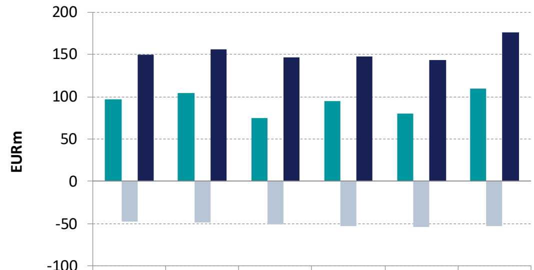
* Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 15 October 2024.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuer, NORD/LB Floor Research

Balance sheet development



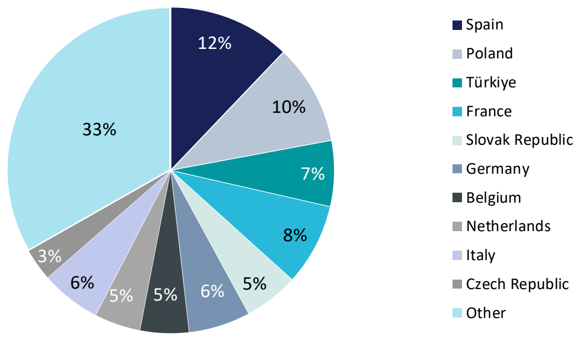
	2018	2019	2020	2021	2022	2023
Total assets	24	26	28	30	32	34
Loans and advances	16	18	19	21	22	26
Investments	6	6	6	6	5	5
Projects approved	4	4	6	4	4	4

Earnings development

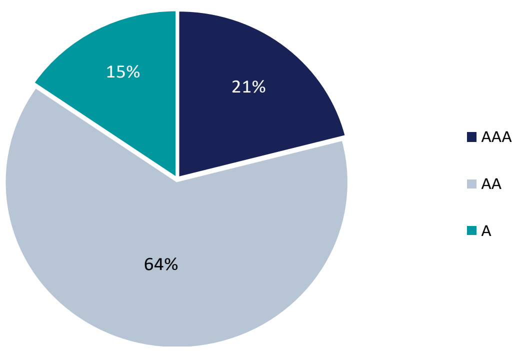


	2018	2019	2020	2021	2022	2023
Net interest income	149	157	147	147	143	177
General operating expenses	-47	-49	-51	-53	-53	-52
Net income	97	105	75	95	80	109

Loan portfolio by borrower origin



Creditworthiness of the participating states in the portfolio



Source: Issuer, NORD/LB Floor Research

Strengths/Chances

+ Preferred creditor status
+ Solid financial position
+ Low loan default risk

Weaknesses/Risks

– Low proportion of shareholder states with AAA/Aaa credit ratings
– Creditworthiness of lenders

General information

Homepage

Investor Relations

Owner(s)

26 railway companies from 25 European countries

Guarantor(s)

26 railway companies from 25 European countries

Liability mechanism

Callable capital of approx. EUR 1.9bn

Bloomberg ticker

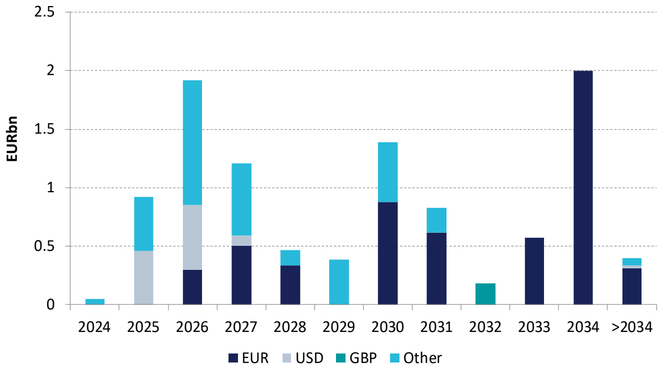
EUROF

Ratings	Long-term	Outlook
Fitch	AA	stab
Moody's	Aa2	stab
S&P	AA	stab

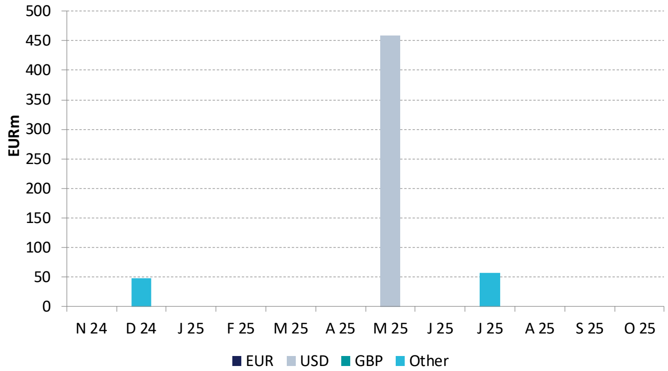
European Company for the Financing of Railroad Rolling Stock (EUROFIMA)

Created in 1956 as part of a treaty between 14 European sovereigns (which has since been expanded to include 25 countries), the purpose of the European Company for the Financing of Railroad Rolling Stock (EUROFIMA) is to promote the development of rail transport throughout Europe. Originally established for a limited period of 50 years, an extension of this time limit until 2056 was agreed on 01 February 1984. To promote rail transport, EUROFIMA finances railway rolling stock such as rail vehicles by providing rail companies with debt or equity capital to update and/or modernise their rail vehicle fleet. The quality of EUROFIMA's loan portfolio is very high. The institution either holds the financed assets until the loans extended are repaid, or direct or indirect guarantees are used. Never has a railway company which obtained funding from EUROFIMA been in a position where it is unable to pay back the loans received. In addition, explicit guarantees are awarded by the countries of origin for the companies which receive financing or are shareholders of EUROFIMA in respect of the liabilities arising from their participation in EUROFIMA. The railway companies of the European countries that signed the treaty establishing EUROFIMA, in addition to those who became shareholders in the wake of the eastward expansion between 1991 and 2006, have a stake in the institution's paid-in capital amounting to EUR 479m. In addition, callable capital in the amount of approximately EUR 1.9bn is available from the shareholders in the event that any liquidity problems should arise. Deutsche Bahn (22.6%) and the French rail network operator Société nationale des chemins de fer français (SNCF; 22.6%) are the largest shareholders in EUROFIMA. If a participating railway company is privatised, the guarantees by the countries of origin continue to apply, which ultimately means that privatisation does not constitute a credit risk. The headquarters of EUROFIMA are located in the Swiss city of Basel.

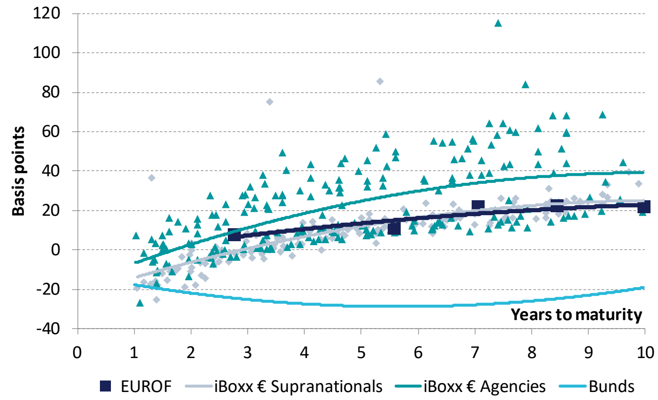
Maturity profile by currency



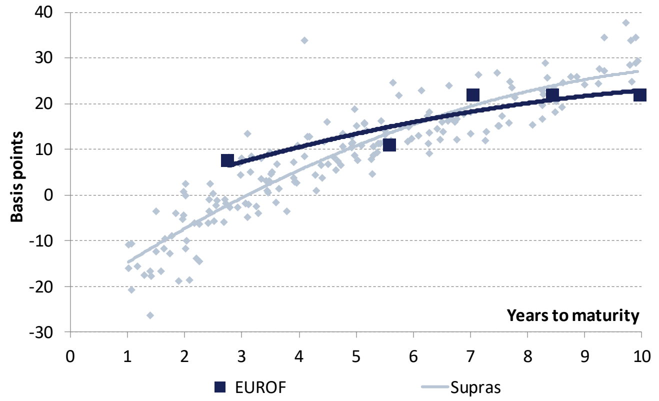
Bond amounts maturing in the next 12 months



EUROF vs. iBoxx € Indices & Bunds



EUROF vs. Supranationals



NB: Foreign currencies are converted into EUR at rates as at 15 October 2024; residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
Source: Bloomberg, Markit, NORD/LB Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
20%	-	-	Does not apply

Relative value

Attractiveness vs. Bunds (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Supranationals
40	46	50	7	22	22	0.1%	0.2%

Funding & ESG (EURbn/EUR equivalent)

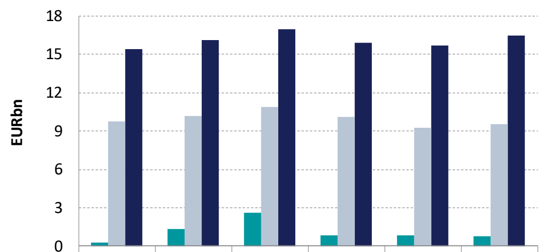
Target 2024	Maturities 2024	Net Supply 2024	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
0.9	1.0	-0.1	Benchmarks, ESG bonds, CP, PP	-	13	5.5

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
10.3	5.5	5	1.1	0	3.7

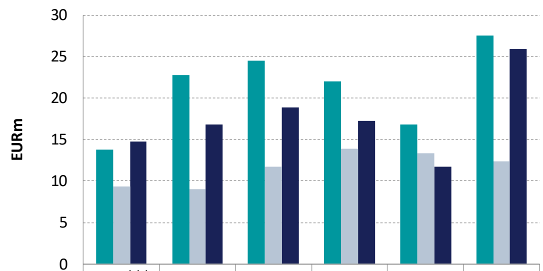
* Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 15 October 2024.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuer, NORD/LB Floor Research

Balance sheet development



	2018***	2019	2020	2021	2022	2023
Total assets	15	16	17	16	16	16
Equipment financing contracts	10	10	11	10	9	10
New financing contracts	0	1	3	1	1	1

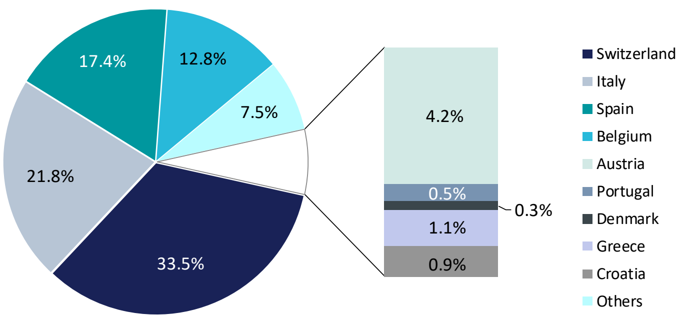
Earnings development



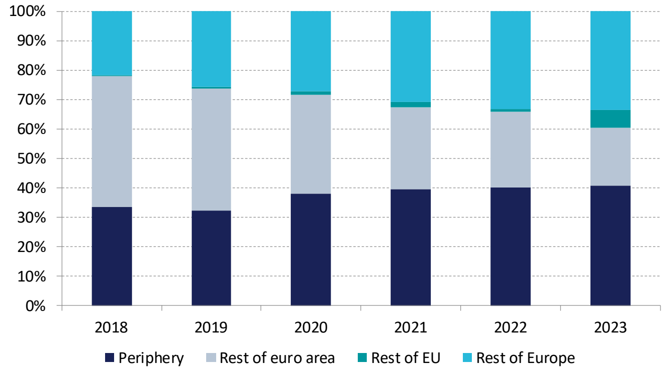
	2018***	2019	2020	2021	2022	2023
Net interest income	15	17	19	17	12	26
Net commission income	9	9	12	14	13	12
Net income	14	23	24	22	17	28

*** Accounting in CHF up to and including 2018. The value has been converted into EUR on the basis of the corresponding annual average exchange rate.

Loan portfolio by sovereign



Trend in credit exposure



Source: Issuer, NORD/LB Floor Research

Strengths/Chances

+ High collateralisation of the loan portfolio
+ Preferred creditor status

Weaknesses/Risks

— Lower utilisation on the part of the members
— No risk weight of 0% possible
— Periphery exposure

Appendix
Publication overview

Covered Bonds:

Issuer Guide – Covered Bonds 2024

Covered Bond Laws

Covered Bond Directive: Impact on risk weights and LCR levels

Risk weights and LCR levels of covered bonds (updated semi-annually)

Transparency requirements §28 PfandBG Q2/2024 (quarterly update)

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

SSA/Public Issuers:

Issuer Guide – German Laender 2024

Issuer Guide – German Agencies 2024

Issuer Guide – Canadian Provinces & Territories 2024

Issuer Guide – European Supranationals 2023

Issuer Guide – French Agencies 2023

Issuer Guide – Nordic Agencies 2024

Issuer Guide – Dutch Agencies 2024

Issuer Guide – Non-European Supranationals (MDBs) 2024

Beyond Bundeslaender: Belgium

Beyond Bundeslaender: Greater Paris (IDF/VDP)

Beyond Bundeslaender: Spanish regions

Fixed Income Specials:

ESG-Update 2024

ECB: An autumn of interest rate cuts that wasn't supposed to be?

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

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Time of going to press: 15 October 2024 (10:06h)