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: Alexander Grenner // Lukas Kühne // Dr Frederik Kunze

Primary market: deals lined up like a motorway merge process

As we have already reported, the primary market was comparatively late to get going in 2025. While we were already working on the assumption at the end of 2024 that issuers would generally display a degree of caution during the first few trading days of the new year, it was necessary to emphasise even then that "calendar effects" would be partly responsible for the sluggish start. As a result, we had to wait until 7 January to report on the first mandates of the new year. As it turned out, it was LBBW and Credit Agricole Italia (CA Italia) that finally opened up the market on 8 January. For its mortgage Pfandbrief (EUR benchmark; 5.1y), LBBW opted for a clear communication strategy in terms of the announced pricing at ms +40/42bp WPIR. At the end of the marketing phase, the order books totalled EUR 5.7bn overall, while the volume of this deal was set at EUR 1bn. The final spread came in at the lower end of the communicated range, which raised the question as to whether the marketing strategy was too defensive. However, it should not be forgotten in this context that the market has been in a state of deep sleep since November. For the benchmark from CA Italia (exp. EUR 750m; 9.1y), the marketing phase started out in the area of ms +100-105bp. The final re-offer spread for the deal with a volume of EUR 1bn came in far lower at ms +88bp and likewise generated significant investor interest (bid-to-cover ratio: 6.4x). The first green EUR benchmark in 2025 was placed the following day by NORD/LB (EUR 1bn; 3.8y) at ms +33bp (guidance: ms +38bp area; bid-to-cover ratio: 4.0x). Then, on the Friday, the French issuer CAFFIL approached investors with a EUR benchmark featuring a term in excess of eight years. The order books opened at ms +78bp as the French primary market kicked into gear again. The final pricing amounted to ms +69bp, with a volume of EUR 1.25bn (bid-to-cover ratio: 3.4x). The new trading week got underway with deals from Erste Bank (AT) and Commerzbank (DE). The Austrian issuer placed its EUR benchmark (EUR 1bn; 7.3y) at ms +52bp (guidance: ms +60bp area; bid-to-cover ratio: 4.5x), while Commerzbank opted for a term just short of five years and a volume of EUR 1bn (bid-to-cover ratio: 3.6x). The final spread came in at ms +36bp, which was seven basis points below the IPT (guidance ms +43bp area). Yesterday, we were finally able to welcome to the market, in the shape of CCF SFH (ticker: CCFSFH) from France, an issuer linked to the CCF Group (Credit Commercial de France), whose covered bond programme we presented in detail a few weeks ago as part of a focus article in our weekly publication (cf. CSV dated 11 December 2024 and Issuer View dated 13 January). CCF ultimately ended up placing EUR 1bn at ms +58bp (guidance: ms +65bp area; bid-to-cover ratio: 3.0x). After the past five trading days, in summary we can certainly state that the primary market is on the comeback trail. However, rather than seeing issuers jostling for premium position, which is not unusual in the first few trading days of a new year, we would actually tend to describe developments so far as a sort of merge procedure reminiscent of traffic joining a motorway, for example, with the deals lining up neatly one after the other. The striking aspect about the seven newly placed covered bonds is the size of the respective deals. All transactions featured a volume of at least EUR 1bn, although not all syndicates announced a corresponding volume in advance. We see this as a clear indication of a constructive market environment, which perhaps comes as a surprise to some people.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
CCF SFH	FR	14.01.	FR001400WR23	5.3y	1.00bn	ms +58bp	- / Aaa / -	-
Commerzbank	DE	13.01.	DE000CZ45ZB8	4.9y	1.25bn	ms +36bp	- / Aaa / -	
Erste Group Bank	AT	13.01.	AT0000A3HN08	7.3y	1.00bn	ms +52bp	- / Aaa / -	
CAFFIL	FR	10.01.	FR001400WO83	8.5y	1.25bn	ms +69bp	- / Aaa / -	
NORD/LB	DE	09.01.	DE000NLB5AA6	3.8y	1.00bn	ms +33bp	- / Aaa / -	X
Credit Agricole Italia	IT	08.01.	IT0005631491	9.1y	1.00bn	ms +88bp	- / Aa3 / -	
LBBW	DE	08.01.	DE000LB4W647	5.1y	1.00bn	ms +40bp	- / Aaa / -	

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

Side note on the primary market: EUR benchmarks priced within "Govies"

The levels of demand seen so far on the primary market, which would appear to at least somewhat assuage concerns regarding execution risks that may arise for covered bond transactions in the context of a relative value analysis, also fit with the impression of a constructive market environment. We are keen to look at this idea again separately by taking the recent CAFFIL deal as an example. In terms of the final spread (ms +69bp; NIP: ±0bp), this EUR benchmark was priced eight basis points within comparable OATs. The fact that covered bonds can now slip below the sovereign curve is far from unusual in some jurisdictions, although we would take the view that this observation still constitutes an exception for the majority. In France, the debate about the fiscal and political situation has seen govies come under pressure without the covered bond market precisely mirroring this movement. The primary market transaction from CAFFIL now offers confirmation of this secondary market observation. In this context, a critical factor, unsurprisingly, is the actual investor interest at this (relative) spread level. While a new issue below the OATs may have seemed less attractive for treasury accounts, it was evidently the case that other investors more than made up for the lower demand from this investor group. An increased presence of investors with a stronger focus on absolute returns, such as real money and credit investors, could be seen in the order book for the CAFFIL transaction. On balance, the deal fits neatly into this picture of a highly constructive market environment at the start of the year, which is characterised by high levels of demand and elevated oversubscription rates. In turn, this situation has allowed CAFFIL to price its covered bond within OATs. In our opinion, however, this circumstance will tend to remain limited to individual deals and, in contrast to jurisdictions such as Italy, is unlikely to become the norm.

Secondary market: order books ensure constructive environment for fresh supply

Despite the fact that the market was slow to open at the start of 2025 for the reasons outlined previously, the primary market this year is displaying the usual pattern for January with regard to some key figures of the issuance data, which also tend to have an impact on secondary market performance. This applies in particular with regard to oversubscription rates and, in a similar vein, initially with regard to new issue premiums as well. In the case of the latter, these have already melted away to a significant extent in the most recent deals, whereas bid-to-cover ratios have been maintained at an elevated level. The overhang demand or at least the high interest in the primary market transactions has had and continues to have an impact on the secondary market. However, a distinction must be made between the individual transactions. In particular, deals placed with high new issue premiums and/or that started "generously" in terms of the guidance performed well on the secondary market. Conversely, Erste Bank and Commerzbank, both with a negative new issue premium (-1bp in each case), have been stable in trading up to this point.

Dynamics away from the covered bond markets for EUR benchmarks

While the primary market for covered bonds in EUR benchmark format was somewhat slower to get moving in the new year, as we have already mentioned, to begin with things have been far more active both in the seniors market and in the various foreign currency markets too. For the issuers, there are a multitude of different motivations for selecting other formats. Moreover, particularly with regard to transactions outside of the euro, it is by no means a fait accompli that this dynamic will necessarily come at the expense of EUR benchmarks. Nevertheless, we believe it is important to keep an eye on these sub-markets. In addition to a number of publicly placed deals by Scandinavian banks in NOK, the start of the year also saw numerous deals in other currencies. Among them was Credit Agricole next bank (Suisse) with a dual tranche of CHF 100m each. CFF from France also opted for a CHF deal in the form of a dual tranche. In contrast, the market for GBP benchmarks has been far more dynamic. Here, two UK issuers (Coventry BS and Nationwide BS) were joined by Federation des Caisses Desjardins du Quebec (CCDJ) from Canada in approaching investors. The total volume of these three GBP deals so far in 2025 amounts to GBP 2.2bn. Anecdotal evidence leads us to believe that non-UK issuers can also achieve attractive pricing in this sub-market. This is also reflected in the relative view of the CCDJ transaction compared with the deals placed by UK issuers. The USD segment is also up and running already in 2025. Unsurprisingly, a Canadian issuer opened this market. The Canadian Imperial Bank of Commerce (CIBC; ticker: CM) was first out of the blocks in this market in 2025 and successfully placed a deal worth USD 1.5bn with investors on 07 January. From Down Under, the Commonwealth Bank of Australia (ticker: CBAAU) appeared on the primary market on 13 January. Both deals have an initial residual term of five years and therefore slot in more towards the long end as far as covered bonds in USD benchmark format are concerned.

Danmarks Skibskredit: new regulatory classification following S&P upgrade

The rating experts at S&P recently upgraded the rating of the covered bond programme of Danmarks Skibskredit (DK) by two notches from A to AA-. The reason for this upgrade is a change to the classification of the systemic relevance of ship-backed covered bonds in Denmark and the likelihood of support from the Danish government. The rating experts upgraded both factors from “moderate” to “strong”, resulting in an increase in the covered bond rating by two notches. The cover pool of Danmarks Skibskredit primarily comprises senior secured ship loans and is supplemented by liquid substitute cover assets. With three outstanding covered bonds in the EUR benchmark segment, the bank is one of two active issuers of ship-backed covered bonds in this market segment. Aside from Danmarks Skibskredit, only Hamburg Commercial Bank has an outstanding ship Pfandbrief (Schipfe) in the EUR benchmark segment. Danmarks Skibskredit was most recently active on the market in October 2023, when it placed a covered bond (3.0y) to successfully raise EUR 500m in fresh supply. For more detailed information on this issuer and its cover pool, please refer to the NORD/LB Issuer Guide Covered Bonds 2024. In the context of regulatory treatment, a reclassification is necessary in our opinion. With the assets now assigned to “Credit Quality Step 1” (CQS 1), this results in a risk weight of 10% for covered bonds in accordance with the CRR. In addition, we are of the view that Level 1 classification in accordance with the LCR Regulation is now possible for EUR benchmark transactions.

Market overview
SSA/Public Issuers

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Latest press releases on German public debt

Public debt rose again in Q3/2024 compared with the end of 2023: The debt owed by the overall public budget (Bund, Laender, municipalities, municipal associations and social security funds including all extra budgets) to the non-public sector (credit institutions and the remaining domestic and non-domestic sector, e.g. private businesses in Germany and abroad) amounted to EUR 2,488.6bn at the end of the quarter. As the Federal Statistical Office (Destatis) also reported based on provisional results, public debt at the end of the third quarter therefore rose by +1.8%, or EUR +43.5bn compared with year-end 2023. According to the press release, the level of debt increased by +1.2% or EUR +28.5bn compared with the second quarter of 2024. The liabilities of the federal government rose by +1.3% or EUR +22.8bn compared with the end of 2023. The debt of the Economic Stabilisation Fund regarding COVID-19, a special fund established following the outbreak of the pandemic, fell by -24%, whereas the German Armed Forces special fund posted an increase in debt of +166.7%. In comparison with the previous quarter, the federal government's debt level was also +1.3% higher. The debt of the German Laender amounted to EUR 606.1bn at the end of Q3/2024, which corresponds to an increase of +2% or EUR +11.9bn compared with year-end 2023. The sharpest debt growth in percentage terms was recorded by Mecklenburg-Western Pomerania (+13%), Rhineland-Palatinate (+10.6%), Berlin (+8.1%) and Hesse (+7.9%). In Mecklenburg-Western Pomerania, expiring loans in the public sector were partially refinanced via the capital market (non-public sector). The increase in debt in Rhineland-Palatinate is mainly due to the fact that a total of EUR 1.1bn in municipal cash loans were taken over by the federal state as of 30 September 2024 as part of the "Partnership for Debt Relief of Municipalities in Rhineland-Palatinate" (German: "Partnerschaft zur Entschuldung der Kommunen in Rheinland-Pfalz", PEK-RP) programme. In turn, this reduced the indebtedness of the municipalities in Rhineland-Palatinate. Falling debt levels at Laender level could only be registered for four sub-sovereigns, including Lower Saxony (-2.5%) and Hamburg (-2.1%). The trend with regard to assuming liabilities via Kassenkredite continued to decline at Laender level. The debt of municipalities and associations of municipalities also increased as of Q3/2024 compared with year-end 2023: This rose by an aggregate of +5.6% or EUR +8.7bn to a current level EUR 163.4bn. The highest percentage debt increase was recorded by municipalities in Mecklenburg-Western Pomerania (+12.3%), followed by Saxony (+11.8%). For information purposes only, social security funds reported a debt level of EUR 40.3m as of Q3/2024, which represented a decrease of EUR -0.7m (-1.7%) compared with the end of 2023.

Finnvera increases volume of EMTN programme

The Finnish export financier Finnvera (ticker: FINNVE) increased its existing EMTN programme by EUR +2bn on 20 December. The volume of the bond programme now stands at EUR 17bn. Prior to this, on 19 December, the Finnish state reconfirmed its explicit guarantee for the agency's liabilities in its role as owner. For further information, please refer to our NORD/LB Issuer Guide – Scandinavian Agencies (Nordics) 2024.

Elections at federal level and in a Hanseatic city

In 2025, only in the Free and Hanseatic City of Hamburg will citizens at Laender level be called to elect new MPs for the city state. Hamburg is currently governed by a coalition of the SPD and the Greens under the leadership of First Mayor Peter Tschentscher of the SPD. According to current opinion polls, it can be assumed that the two ruling parties will still account for the majority of the votes after the next parliamentary elections on 02 March 2025 and will continue to jointly form the state government. However, the election year in Germany is starting in an unscheduled manner across the country: After losing the vote of confidence in the Bundestag on 16 December 2024, the still incumbent Federal Chancellor Olaf Scholz (SPD) subsequently proposed to the Federal President that parliament should be dissolved. The German Head of State subsequently complied with the request made by the head of the government, dissolving the Bundestag and arranging new elections for 23 February in the process. The original election date for the 21st German Bundestag was originally set for 28 September, so the current legislative period will anyway end a good six months before a new German parliament is elected. You all know how we like to play these things - as few political topics as possible and as much context as necessary: If the latest polls are to be believed, we expect tough coalition negotiations and a potentially protracted process to form a government. The problems and challenges that Germany currently faces economically and politically are more serious than they have been for a long time and require a prompt and sustainable solution. How fitting that even before his inauguration as the next US president Donald Trump is now demanding that all NATO countries spend 5% of GDP on defence. Drawing up a federal budget for 2025 should be at the top of any future government's agenda because the traffic light coalition was unable to agree on an appropriate budget before it broke up last November. In addition, it will be interesting to see whether and how a reform of the debt brake gets off the ground.

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

Baden-Wuerttemberg	Spring 2026	5 years
Bavaria	Autumn 2028	5 years
Berlin	Autumn 2026	5 years
Brandenburg	Autumn 2029	5 years
Bremen	Spring 2027	4 years
Hamburg	**02 March 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	Autumn 2029	5 years
Saxony-Anhalt	Summer 2026	5 years
Schleswig-Holstein	Spring 2027	5 years
Thuringia	Autumn 2029	5 years

Source: Bundesrat, NORD/LB Floor Research

Slowdown in growth: Berlin's economy in turbulent times

The accumulation of crises and uncertainties and the economic stagnation at federal level was also clearly discernible in Berlin (ticker: BERGER). In 2024, weaker economic growth of +1.3% could be achieved overall, after +1.6% in the previous year. This is a finding from a recent study by Investitionsbank Berlin (ticker: IBB). The bottom line is that the German economy is expected to contract by a further -0.2%, following -0.3% in 2023. For the federal capital, economists at the promotional bank expect economic output to speed up slightly to +1.5% in 2025. According to the IBB, the service sectors are likely to be the main drivers of economic development in this new year. Thus, the turnover index for the main business-related service sectors overcame its low in June and recently stood at +5.1% compared with the same period last year (Germany: -0.4%). The Information & Communication sector in particular recorded strong growth of +7.4% in the first nine months. Other economic services also grew significantly by +12.7%. However, employment will also come under increasing pressure here. Recently, the number of jobs in Berlin's services sectors fell by -0.5% (Germany: -0.8%). However, on a positive note, although Berlin's labour market clearly lost momentum during this economic slowdown, it has not collapsed completely. The number of vacancies in November of 21,433 was around +5.8% higher than in the same month of the previous year. Compared with September 2023, 3,099 additional jobs were created. According to economists at IBB, demographic change and the acute shortage of skilled labour are currently preventing major layoffs of qualified workers and supporting the labour market.

Bremen launches initiative to reform the debt brake

In view of a massive need for investment in the coming years, which is estimated to be as much as EUR 600bn nationwide and cannot be met by the budgets of the Bund, Laender and municipalities despite budgetary discipline, Björn Fecker, Finance Senator of the Free Hanseatic City of Bremen (ticker: BREMEN), called for a moderate reform of the debt brake in the Bundesrat. The initiative by the Hanseatic city essentially envisages increasing the scope for debt for appropriately defined investments. Borrowing will remain limited in line with European law. As the Laender would have to shoulder a large share of the investments, they should be allowed to take out an appropriate portion of the loans within a narrow upper limit. Debt for consumer spending remains taboo. In addition, Bremen is committed to adapting the exemption clause of the Basic Law for extraordinary emergency situations in such a way that the state's ability to act is guaranteed at all times, even after the decision by the Federal Constitutional Court on 15 November 2023, and that year-to-year spending programmes are possible in crisis situations. Last but not least, the establishment of a special fund secured by the constitution is to be considered, which would in particular serve to meet the unavoidable financial needs for tackling the climate crisis. "Our initiative is not a gateway to a new debt policy. Debt sustainability must continue to be guaranteed under European law. Germany can increase its scope for debt. This additional leeway must be used for the necessary investments and be distributed appropriately between Bund and Laender. A moderate reform of the debt brake will secure our prosperity", as the Finance Senator for Bremen explains.

Primary market

January, traditionally a strong issuance month, is living up to its reputation again this year. In the past trading week, we saw an impressive 13 new issues on our screens, with a total volume of EUR 27.5 bn placed on the market. The Asian Development Bank (ticker: ASIA) kicked things off with a deal worth EUR 1.75bn in the seven-year maturity segment at ms +38bp, followed, from the supranationals segment, by the European Investment Bank (ticker: EIB) with a fresh Climate Awareness Bond (CAB) worth EUR 5bn (10y) at ms +45bp, the World Bank Group in the form of the International Bank for Reconstruction & Development (ticker: IBRD) with a EUR 3bn Sustainable Development Bond (10y) at ms +47bp and the European Union (ticker: EU) with a 3y bond in the amount of EUR 6bn placed at ms +17bp. The German Laender were also very active on the primary market: we already referred to the planned benchmark from North Rhine-Westphalia (ticker: NRW) in our last issue. The bond in the five-year maturity segment with a volume of EUR 2bn was then priced at ms +29bp. This was followed by Berlin (ticker: BERGER) with a fresh EUR 1.5bn (7y) that was ultimately priced at ms +33bp. Rhineland-Palatinate (ticker: RHIPAL) put its money where its mouth is: EUR 1.25bn (2y) came in at ms +10bp, with EUR 350m retained by the sub-sovereign. Saarland (ticker: SAARLD) completed the quartet and issued EUR 500m last Monday (10y) at ms +42bp. We also recorded the first activity of the new year from Landwirtschaftliche Rentenbank (ticker: RENTEN): the agency raised EUR 750m (8y) at ms +32bp. Now let's take a look at France: at the beginning of the week, the development bank Agence Française de Développement (ticker: AGFRNC) appeared on our screens with a Sustainability Bond. Here, a total of EUR 2bn (10y) was transferred to the corresponding securities accounts with a final spread of OAT +21bp (corresponds to around ms +103bp). Yesterday, Tuesday, the Île-de-France (ticker: IDF) region followed up with EUR 1bn (10y) in green format, which was raised at OAT +18bp (corresponds to around ms +101bp). Further supplies in the ESG segment came from Japan Finance Organization for Municipalities (ticker: JFM). The municipal financier issued EUR 500m (5y) with a green label that was eventually priced at ms +45bp. Across the Atlantic, Export Development Canada (ticker: EDC) turned to the EUR market for its funding and placed a fresh bond worth EUR 2.25bn (5y) at ms +32bp. We also have two taps to report: NRW increased its 2054 bond by EUR 1bn at ms +106bp, while the EU also decided to increase the volume of its bond set to mature in the same year by EUR 5bn at ms +127bp. New mandates: KOMMUN (BMK, 8y) and BADWUR (EUR 1bn, WNG, 15y).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
EDC	CA	14.01.	XS2980930148	5.0y	2.25bn	ms +32bp	- / Aaa / AAA	-
EU	SNAT	14.01.	EU000A4D5QM6	3.4y	6.00bn	ms +17bp	AAA / Aaa / AA+	-
IDF	FR	14.01.	FR001400WR49	10.3y	1.00bn	ms +101bp	AA- / Aa3 / -	X
AGFRNC	FR	13.01.	FR001400WPS3	10.0y	2.00bn	ms +103bp	AA- / - / AA-	X
SAARLD	DE	13.01.	DE000A383UZ5	10.0y	0.50bn	ms +42bp	AAA / - / -	
IBRD	SNAT	09.01.	XS2978479298	10.0y	3.00bn	ms +47bp	AAAu / Aaa / AAA	X
RHIPAL	DE	09.01.	DE000RLP1577	2.0y	1.25bn	ms +10bp	AAA / - / -	-
BERGER	DE	09.01.	DE000A3513T6	7.0y	1.50bn	ms +33bp	AAA / Aa1 / -	-
JFM	Other	08.01.	XS2967933453	5.0y	0.50bn	ms +45bp	- / A1 / A+	X
RENTEN	DE	08.01.	XS2977903314	8.0y	0.75bn	ms +32bp	AAA / Aaa / AAA	-
EIB	SNAT	08.01.	EU000A3L72Y4	10.0y	5.00bn	ms +45bp	AAA / Aaa / AAA	X
NRW	DE	08.01.	DE000NRW0PU2	5.0y	2.00bn	ms +29bp	AAA / Aa1 / AA	-
ASIA	SNAT	08.01.	XS2974146156	7.0y	1.75bn	ms +38bp	AAA / Aaa / AAA	-

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

Covered Bonds
The Moody's covered bond universe – an overview

Author: Lukas Kühne

Moody's presents most recent "Covered Bonds Sector Update" in December

The rating agency Moody's presented a new "Covered Bond Sector Update" as part of its regular series at the end of December. The Q4 2024 issue refers to all the covered bonds assessed by Moody's with the relevant information for the second quarter of 2024. With its ratings and detailed figures on a total of 241 covered bond programmes from 30 countries, the rating experts cover a significant proportion of the global covered bond market. Currently, most of the programmes come from Germany (40), followed by Austria (26) and Spain (22). Nine countries with ten or more programmes respectively account for a total of 68.9% (166 programmes) of the total number. The remaining 31.1% (75 programmes) are split between 21 jurisdictions with eight or fewer programmes. Mortgage-backed programmes, of which there are 201 (83.4%), account for the bulk of the programmes rated by Moody's. The agency also rates 38 public programmes (15.8%) from nine countries, although these are mainly concentrated in the jurisdictions of Germany (12 programmes), Austria (9), Spain (6) and France (4). Moody's also covers one ship Pfandbrief programme and one programme assigned to the "other" category from Germany. In this present edition of our weekly publication, we shall take a more detailed look at various key figures as usual. This makes sense, not least because Moody's has the most extensive market coverage in terms of covered bond ratings.

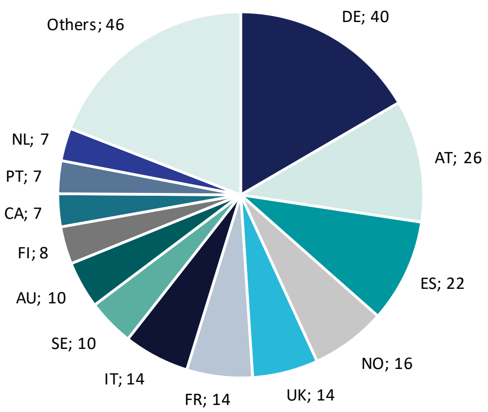
Focus on mortgage programmes from EUR benchmark jurisdictions

As regards Moody's rating universe, its focus is clearly on mortgage programmes, which are located virtually entirely in EUR benchmark jurisdictions. The only countries from which we currently register no outstanding covered bond issues in the EUR benchmark segment are Greece (4 programmes), Hungary (2), Turkey (1) and Cyprus (1). Our following analysis will concentrate on those mortgage-backed programmes which have been established in EUR benchmark jurisdictions. It is worth bearing in mind that the programmes under consideration need not necessarily have issued any EUR benchmarks.

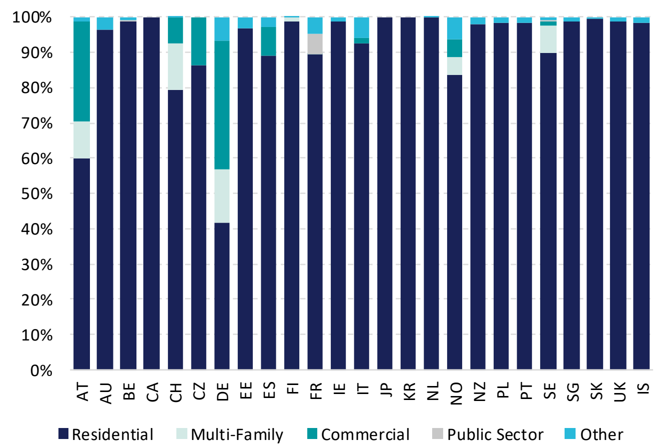
Overwhelming majority of mortgage programmes are residential

Regarding the classification of cover assets, 83.8% of the individual programmes rated by Moody's are covered by residential assets on average. The proportion of commercial assets is also comparatively high in Germany (36.6%), Austria (28.1%), Czechia (13.8%) and Spain (7.9%). In addition, Germany (15.1%), Switzerland (13.2%), Austria (10.6%) and Sweden (8.0%) also have significant percentages of multi-family assets. With the exception of the aforementioned countries plus France (89.5%) and Norway (83.5%), residential assets make up a share of at least 92% in the cover pools of the programmes in all the remaining jurisdictions. It is only the two programmes from Luxembourg that do not include any mortgage assets in either instance.

Number of programmes with a Moody's rating



Cover pool structure (mortgage programmes)



Source: Moody's, NORD/LB Floor Research

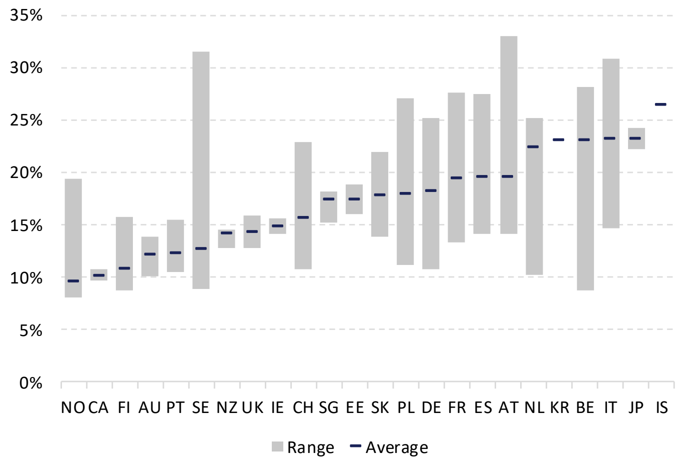
Collateral score as indicator of cover pool quality

We use the Moody's collateral score as one of the most important metrics in our analysis of cover pool quality. A lower figure in this respect implies a higher quality of cover assets. More specifically, the score is a measure of the credit deterioration of the assets in the cover pool in conjunction with the theoretically highest possible rating in the relevant country. Fundamentally, we regard it as adequate to compare collateral scores across programmes and jurisdictions as well, even though a number of specific features might have to be taken into account. For example, Moody's provides for between 4.0% and 5.0% as a lower limit for the collateral score of most mortgage-based programmes. The exceptions are "smaller" covered bond jurisdictions such as Iceland (13.3%), Turkey (10.4%), Greece and Cyprus (10% each), which have higher floors. With the exception of Japan, where collateral scores as low as 0% are applied in view of the RMBS structure of the respective programmes, only the Netherlands (3.8%) has a collateral score of less than 4%. Issuers from Iceland (13.3%) as well as Germany (11.4%), Greece and Turkey (10.4% each) have on average the highest collateral scores. At the same time, Germany and Austria show the greatest fluctuations around the mean value. As we mentioned earlier, issuers from Germany and Austria have a comparatively high proportion of commercial assets in their cover pools, and therefore, at the moment, it would appear that a high proportion of commercial cover assets goes hand in hand with a higher collateral score.

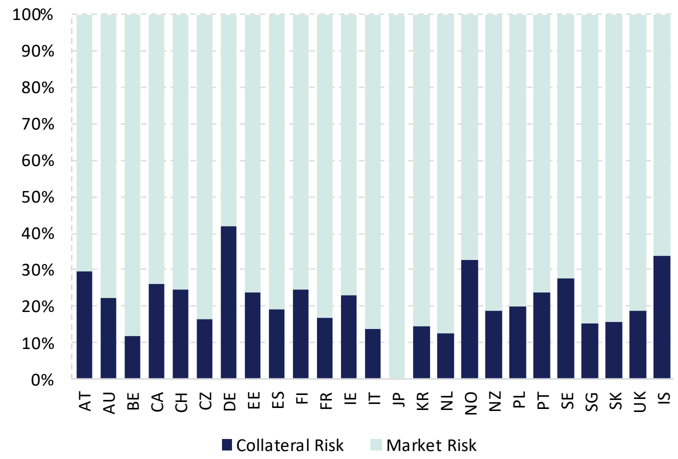
Cover pool losses as indicator of expected losses in the cover pool

Moody's uses cover pool losses (CPL) as an indicator to reflect the losses which can be expected in the cover pool following a covered bond anchor event (issuer default). In this case, the risk comprises two components: market risk (cover pool losses as a result of funding, interest rate and/or currency risk) and collateral risk (cover pool losses resulting from a deterioration in the credit quality of cover assets). Similar to the collateral score, there is a great disparity here by global comparison. This is true not only in relation to average cover pool losses, but once again also for the national range in each case. CPLs are especially low in Norway (9.6%), Canada (10.2%) and Finland (10.9%); in contrast, they are quite high in Iceland (26.5%) and Czechia (33.7%).

Cover pool losses by country (mortgage programmes)



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

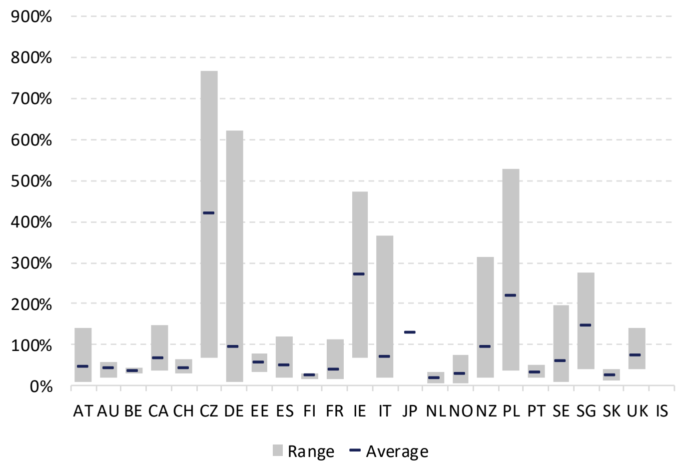


Source: Moody's, NORD/LB Floor Research

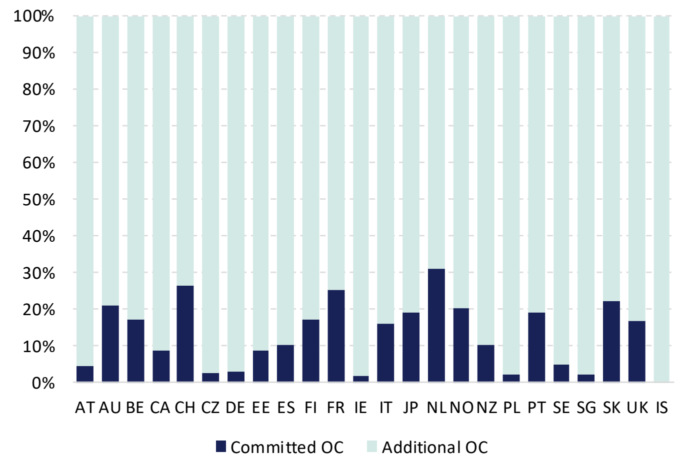
Cover pool losses: Refinancing, interest rate and currency risk most widespread

The contribution from collateral risk and market risk to the cover pool losses varies considerably between the different jurisdictions. However, as we can see from the upper-right chart, market risks quite clearly dominate. These are risks relating to the insolvency of the issuer, e.g. refinancing, interest rate or currency risks. The two covered bond programmes from Japan have no collateral risk whatsoever since, as mentioned earlier, they exclusively have RMBS transactions as cover assets

OC by country (mortgage programmes)



Composition of OC (mortgage programmes)



Source: Moody's, NORD/LB Floor Research

Wide range of overcollateralisation levels

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

Committed OC as lower limit for overcollateralisation

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

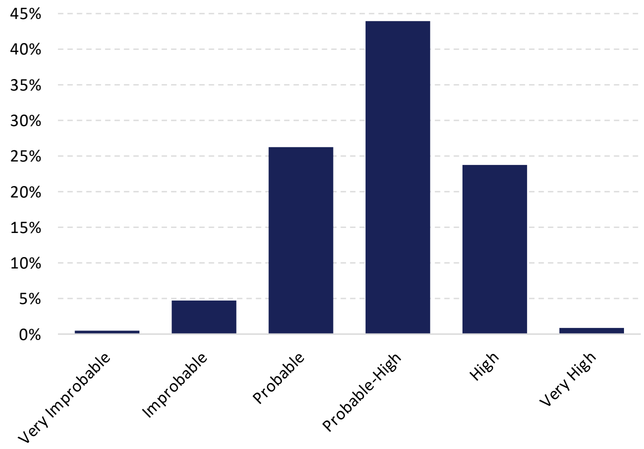
TPI restricts rating upgrades of covered bonds in relation to issuer rating

TPI rules restrict the potential covered bond rating to a specific number of notches above the issuer rating. Moody's uses the Timely Payment Indicator (TPI) here. It provides information about the probability of timely servicing of payment obligations following issuer default. It contains six assessment levels, ranging from "very high" to "very improbable". Over 94% of the mortgage programmes rated by Moody's are in the "probable", "probable-high" or "high" categories, which in our view is a sign of stable values. In contrast, the outer limits are less represented, with shares of 0.4% (very improbable) for the programme in Iceland and 0.8% (very high) for one programme each in Italy and Portugal. In 15 of the 26 EUR benchmark jurisdictions covered by Moody's, there are programmes that all have one and the same timely payment indicator (chart: TPI by country). In Germany (38 of 40 programmes) and Norway (9 of 16 programmes), the majority of the programmes rated are allocated to the category "high".

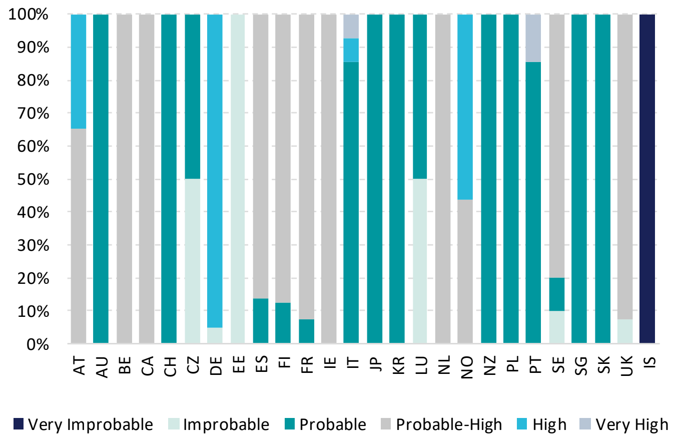
TPI Leeway defines the buffer in relation to downgrades

Apart from the TPI, the TPI Leeway is another key metric denoting the number of notches by which the relevant covered bond anchor could be downgraded without it leading to a deterioration in the rating in the context of the TPI framework for the issuer's covered bond programme. Four (1.8%) of the covered bond programmes rated by Moody's have no such leeway, which means in the event of a downgrade of the covered bond anchor we would see the programme downgraded as a direct consequence. Overall, 55 programmes (25.4%) feature a TPI Leeway of four notches. The maximum of seven notches is only achieved by programmes from Germany (eight; 3.7%). A total of 17 covered bond programmes have a TPI Leeway of six notches, of which 13 are attributable to Germany, two to Sweden and one each to Canada and Norway.

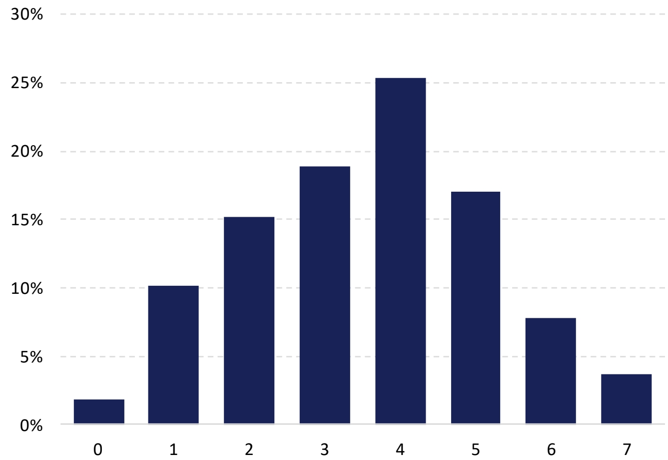
Timely payment indicator (TPI)
(mortgage programmes)



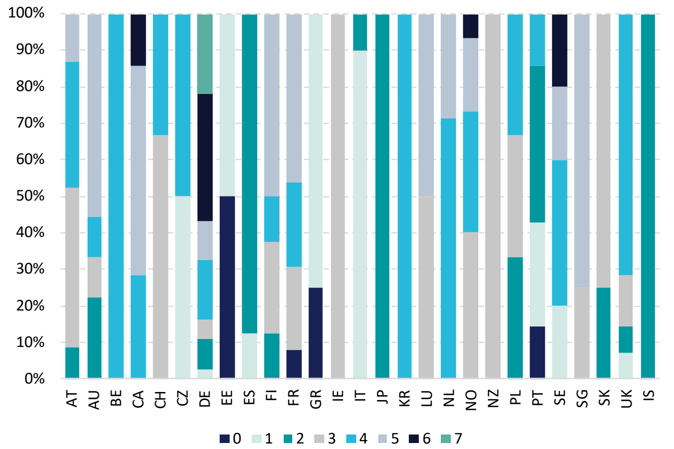
TPIs by country
(mortgage programmes)



TPI Leeways in notches
(mortgage programmes)



TPI Leeways in notches by country
(mortgage programmes)



Source: Moody's, NORD/LB Floor Research

Conclusion

Moody's current update as well as the data on which it is based once again reflect the heterogeneity that exists in the covered bond market at jurisdiction level. For several years now, Moody's aggregated parameters have delivered important insights into the relevant countries, particularly regarding the occurrence of a credit event on the issuer side. However, as the case of Germany highlights, differentiation within each jurisdiction is also necessary. Not least due to the developments in France, it is advisable to consider other factors that are not included in this dataset when evaluating and analysing covered bond ratings. In particular, we regard the country ceiling as a relevant factor. This gives the best possible covered bond rating depending on a jurisdiction's sovereign rating. In France's case, this is currently Aaa. Moody's current rating for the French government is Aa2. The country ceiling is therefore two notches above this Aa2 rating. For France, the maximum premium is five notches, so two downgrades are still applied as a buffer for the covered bond rating.

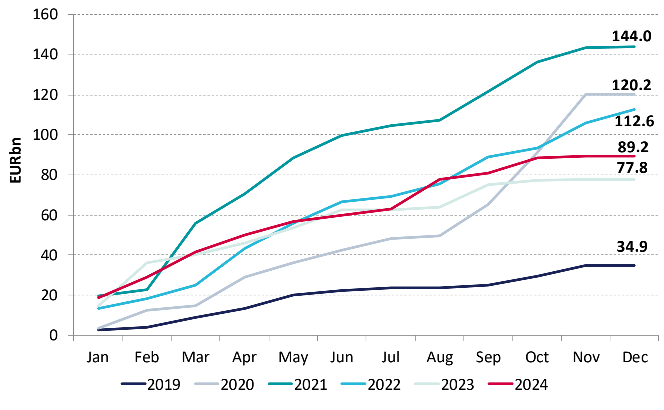
SSA/Public Issuers
Review: EUR-ESG benchmarks 2024 in the SSA segment

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

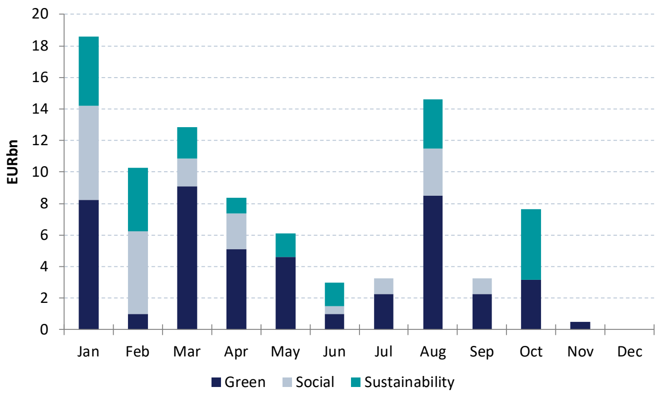
Introduction

As was the case last year, at the start of 2025 we were once again somewhat neglectful of a key element of the SSA segment in our Annual Review 2024. Instead, we have decided to give this topic the requisite attention through a dedicated separate article this week. So, in this edition we are specifically focusing on the EUR ESG segment over the past twelve months in definition of the SSA universe (i.e. excluding countries). We last published a study on the most important developments within the global ESG bond market in May 2024 (cf. NORD/LB ESG update 2024; we are planning an update this year as well). The data that serves as the basis for this publication comes from our in-house database, into which we enter every new EUR-BMK issue from the SSA segment. To identify ESG bonds, we use fields from the financial data provider Bloomberg, which also allow us to differentiate between green, social and sustainability bonds. In 2024 we recorded a volume of EUR 89.2bn in EUR BMK issues with ESG labels. Compared with the issue trends of previous years, this is significantly below the figures for the years 2020 to 2022, but higher than in 2023. The issued ESG volume stood at EUR 77.8bn at the end of 2023, down from the record year of 2021 where the figure was EUR 144bn. When compared with 2019 (EUR 34.9bn), the new issue volume was more than double in 2024. This continues to underline the importance and relevance of the ESG segment for both issuers and investors, although exponential growth is a thing of the past. January was the month with the highest issuance activity: at EUR 18.6bn, the issue volume of ESG bonds was EUR 4bn higher than in the next strongest month of August. A total of eleven new ESG issues were placed in January, with the EIB carrying out the largest transaction in terms of volume at EUR 6bn (10y). The order book of this bond ultimately amounted to EUR 42.5bn, resulting in a bid-to-cover ratio of 7.1x. Over the year, December was the only month during which no new ESG bonds were placed on the market.

Primary market: EUR ESG BMK issuance trajectory

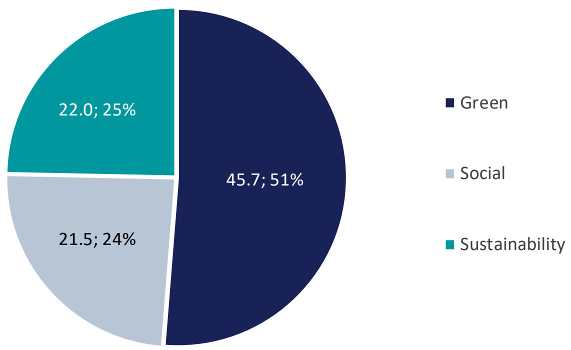


Primary market: EUR ESG BMK issues in 2024

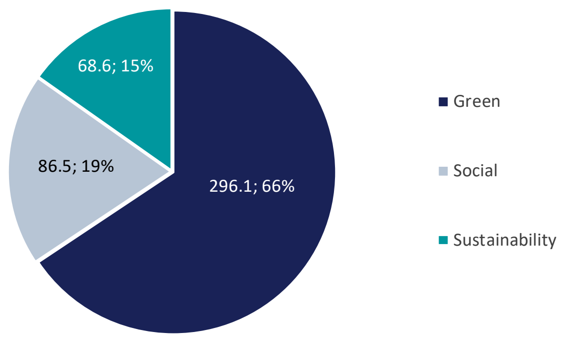


Source: Bloomberg, NORD/LB Floor Research

Breakdown by ESG category (EURbn)



Order books by ESG category (EURbn)



Source: Bloomberg, NORD/LB Floor Research

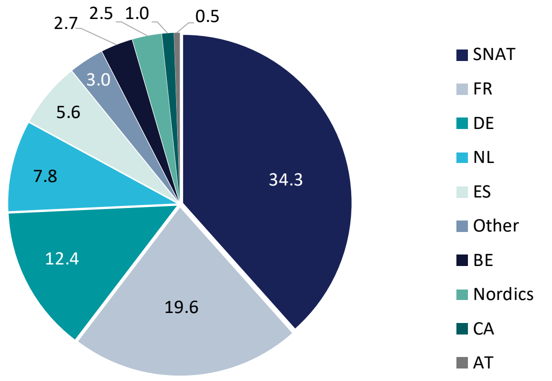
Green bonds dominated new issuances

Let's take a closer look at the ESG issue volume to date: green bonds were clearly the most dominant overall at the end of 2024. Their share of the total volume was 51%, or EUR 45.7bn, while sustainability bonds accounted for a slightly smaller share of 25% (EUR 22bn). Meanwhile, the social bond volume amounted to EUR 21.5bn (24%). Compared to 2023, the share of green bonds in the overall mix therefore increased by an impressive eleven percentage points, while the sustainability and social formats decreased by six percentage points and five percentage points respectively. Looking at the demand side in the form of aggregate order books, the picture is even more pronounced: at EUR 296.1bn (66%), green bonds lead the way by a considerable margin, followed by social bonds (EUR 86.5bn; 19%). Conversely, the aggregate volume of sustainability bonds was "just" EUR 68.6bn (15%). Compared with the previous year, the distribution has therefore shifted very strongly to the benefit of bonds with a green label. At this point it is also worth mentioning that the comparison of order books was of course also driven by the ratings, as well as the general popularity of issuers, and is consequently difficult to weigh up. For example, of the EUR 86.5bn in social bonds overall, EUR 41.1bn went onto the books of CADES through two transactions from the French issuer. The situation is similar for green bonds: EUR 194.7bn of the EUR 296.1bn was attributable to the order book volumes of five issues from the EIB, the EU and the KfW, which are also almost always many times oversubscribed for bonds without an ESG character as well.

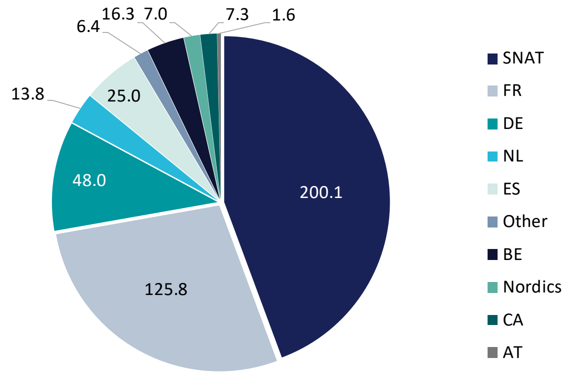
The three ESG musketeers

Regarding individual issuers, the EIB, which we mentioned above, stands out, having placed a total of EUR 11bn between two Climate Awareness Bonds. It was therefore the most active issuer in the ESG segment in terms of volume. CADES was above all responsible for new bonds in the social segment. The French agency issued an aggregated volume of EUR 7bn via two bonds, while bonds with a focus on sustainability were mainly placed by the IBRD. As part of the World Bank Group, the multilateral development bank raised a total of EUR 5.5bn on the capital market. The volume was divided between two Sustainable Development Bonds. Broken down by jurisdiction, supras are in the lead overall: EUR 34.3bn was issued via 16 ISINs in this sub-segment. French issuers ranked second with a volume of EUR 19.6bn (14 bonds). German agencies and the Laender occupied the remaining places on the winners' podium: they issued nine new bonds with a total volume of EUR 12.4bn.

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)
EIB	11.0	CADES	8.0	IBRD	5.5
EU	7.0	BNG	4.5	IDAWBG	3.5
KFW	7.0	NRWBK	1.5	NEDWBK	1.3
SOGRPR	2.0	BPIFRA	1.5	ANDAL	1.3
ASIA	1.8	WALLOO	1.5	NRW	1.3
BPIFRA	1.5	COE	1.3	FLEMSH	1.3
IDFMOB	1.5	UNEDIC	1.0	MADRID	1.0
NIB	1.3	CDEP	0.8	CDCEPS	1.0
SFILFR	1.3	IBB	0.5	BNG	1.0
NEDWBK	1.0	BYLABO	0.5	AIIB	1.0

Source: Bloomberg, NORD/LB Floor Research

Mega issuer EU provided the ESG highlight of the year

We would like to separately highlight the EU as an ESG issuer. In 2023, the community of states offered no new issues in this market segment, with taps alone dominating proceedings. Taps were also an essential pillar of the funding strategy in 2024, but the EU came up with a true highlight last March in the form of a new NGEU Green Bond. The order book of the EUR 7bn bond with a maturity of 25 years ultimately amounted to EUR 86.5bn. The reoffer spread was ms +80bp. Over the further course of the year, the bond was again topped up by EUR 5bn. In total, the tap volume for green EU bonds amounted to just under EUR 12bn in 2024. This alone would have put the EU ahead of the EIB to first place in the rankings. For the immediate future, the EU targets remain ambitious: up to the end of 2026, the EU has set an annual funding target of around EUR 160bn as part of its unified funding approach. The aim is to carry out around 30% of the funding for NGEU through green bonds, which would make the EU the largest green bond issuer in the world. At the end of 2024, the EU had outstanding green bonds amounting to EUR 68bn. In relation to the total amount of EUR 578bn, these consequently account for just under 12% of the outstanding volume. The NGEU Green Bond Dashboard is a relevant tool from the European Commission that provides full transparency on the use and allocations of green bond proceeds. In addition, the NGEU Green Bonds Allocation and Impact Report was published again in November 2024.

The ESG year in the sub-sovereign segment

German Laender have been important players in the EUR-ESG segment for a while now and were able to record a record year in terms of new issue volume in 2023. In the year before last, new bonds totalling EUR 4.9bn were placed on the market, exceeding the previously highest issue year of 2019. German Laender took their time before becoming active in the ESG segment in 2024. Primary market activity was limited to the two heavyweights of North Rhine-Westphalia (ticker: NRW) and Baden-Württemberg (ticker: BADWUR), each of which placed a new bond in October. NRW placed a sustainability bond with a new issue volume of EUR 1.25bn and a five-year maturity, while BADWUR opted for a green bond worth EUR 650m in the ten-year maturity segment. Ultimately, ESG supply from the Laender segment consequently amounted to EUR 1.9bn. We see considerably more potential here for 2025. However, interesting alternatives have again emerged in the sub-sovereign segment over the past year. Above all, the Spanish regions should be mentioned in this context: the sub-sovereigns of the Iberian Peninsula placed almost EUR 4bn on the primary market in 2024, spread over six benchmark issues. The Portuguese autonomous regions did not contribute to this total. Unsurprisingly, the bulk of EUR 1.6bn came from the Spanish capital Madrid (ticker: MADRID), which was operating in a green and sustainable format. Meanwhile, Andalusia (ticker: ANDAL) issued two sustainability bonds with a total volume of EUR 1.25bn. A sustainable EUR benchmark of EUR 500m from Galicia (ticker: JUNGAL) and EUR 600m from the Basque Country (ticker: BASQUE) complete the picture. In total, Spanish regions have placed EUR 22.4bn of bonds with ESG labels since 2017. The number of ISINs is 32. The lion's share is accounted for by MADRID, with EUR 11.1bn spread over 13 bonds. BASQUE ranks second with EUR 5bn across eight bonds. Alongside their Spanish counterparts, Belgian regions are now also established players in the ESG segment. Last year, we registered new issues of Belgian sub-sovereigns in benchmark format amounting to EUR 2.7bn. Of this, EUR 1.45bn with a social label came from Wallonia (ticker: WALLOO) and EUR 1.25bn in a sustainable format from Flanders (ticker: FLEMSH). WALLOO also raised a further EUR 1.1bn through taps to already issued social bonds. There were no new issues on the primary market last year from the third ESG player in the Belgian sub-sovereign segment, the French Community of Belgium (ticker: LCFB). However, last September the region published its Sustainable Finance Framework, an expanded version of the existing framework which provides for the issuance of green and sustainable bonds in addition to social bonds (cf. weekly publication of 06 November). Altogether, Belgian regions have issued EUR 15.7bn since 2018, spread over 19 different ISINs in various ESG formats. While FLEMSH leads the ranking in terms of issue volume with EUR 7.7bn spread over seven bonds, WALLOO has carried out the most transactions with nine benchmarks (issue volume: EUR 6.2bn). The LCFB ticker accounts for the remaining volume of EUR 1.8bn spread over three ISINs. Of course, the sub-sovereign markets mentioned in detail in this section are not the only ones from our coverage which are active in the ESG segment. In France, the Île-de-France region (ticker: IDF) currently has outstanding sustainability bonds in a benchmark format, while ESG bonds can also be found on the other side of the Atlantic among the issuances from the Canadian provinces and territories, although these are denominated exclusively in the home currency CAD. The same applies to regional governments from Down Under.

KfW celebrates ten years of green bonds; BNG takes the title for issuances

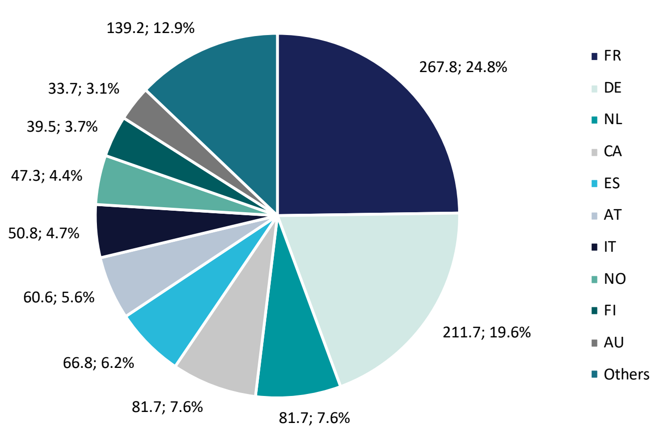
Apart from the large supranationals and sub-sovereigns, the ESG segment also received fresh supply from a large number of issuers in the agency segment last year. We have already discussed the primary market activity of CADES in the field of social bonds in more detail above. Also in France, the new green issues from Société des Grands Projets (ticker: SOGRPR) really stood out for their maturities. A total of EUR 1bn was raised through long maturities of 20 years and 25 years, in each case. To mark the tenth anniversary of its Green Bond Framework, KfW (ticker: KFW) launched two corresponding new issues in 2024, raising EUR 7bn (aggregate order book: 31.2bn). Other representatives from the German agency segment included NRW.BANK (ticker: NRWBK) with a green EUR 1bn bond as well as a EUR 1.5bn bond featuring a social label, Investitionsbank Berlin (ticker: IBB) with a social bond worth EUR 500m, and Bayerische Landesbodenkreditanstalt (ticker: BYLABO) with another social bond of EUR 500m. When it comes to the number of new bonds, BNG Bank from the Netherlands (ticker: BNG) stood out. The municipal financier was active with four new bonds in EUR benchmark format, namely three social bonds (aggregate EUR 4.5bn) and one sustainability bond (EUR 1bn). No other issuer in our coverage placed as many ESG bonds in 2024.

Conclusion and outlook

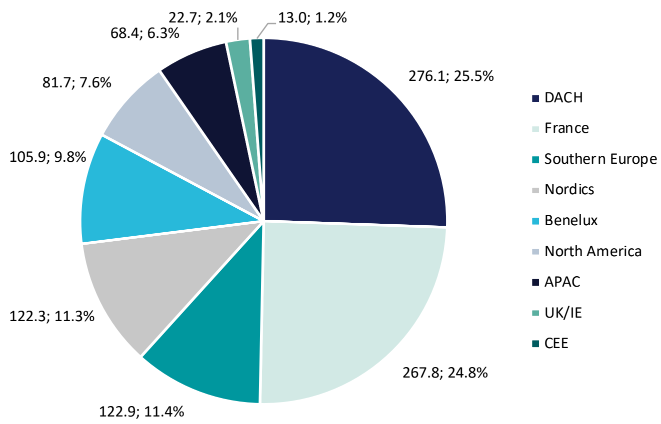
Within our SSA segmentation, the market for ESG bonds is still strongly driven by individual issuers and jurisdictions, although the number does continue to increase year by year. Nevertheless, we believe there is still room for improvement when it comes to the variety of EUR issuances. Of the 200 new placements we recorded from issuers in our coverage last year, 68 bonds had ESG characteristics. This therefore puts the ESG share of all new issuances at 34%. This is a year-on-year decline from the share of 39% recorded in 2023, and also falls below previous periods (2021: 38%; 2022: 42%). With respect to the new issue volume of EUR 282.9bn, the ESG share was EUR 89.2bn and consequently accounted for 32%, compared to 31% in 2023 (2021: 44%; 2022: 42%). While we are pleased to see issuers continue to expand their presence on the ESG floor year after year, we are still seeing a concentration on a few big and established names in the segment. Nevertheless, in the long term we expect an increase in the ESG share of funding in our SSA coverage. Environmental protection, sustainability and social benefit are not only of undisputed high relevance but are also important to investors. However, we will take the wind out of the sails a bit at this point: the increased issuance of ESG bonds does not necessarily mean that more green, social or even sustainable projects will be carried out. The issuers would most likely have engaged in these even without an ESG label in their funding, like CADES does, for example. Conversely, however, this also means that issuers that have not yet issued ESG bonds can and undoubtedly do back social and sustainable projects. For smaller issuers, in particular, the high reporting requirements continue to represent a significant barrier. This will continue to be the case within the framework of the EU Green Bond Standard, which became applicable to bond issuers at the end of December. In fact, this barrier is set to only increase on the whole. Consequently, we expect that the majority of issuers will continue to adhere to ICMA-compliant ESG issuances in 2025, but we are also curious to see whether and how smaller issuers might continue to drive the segment forward.

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



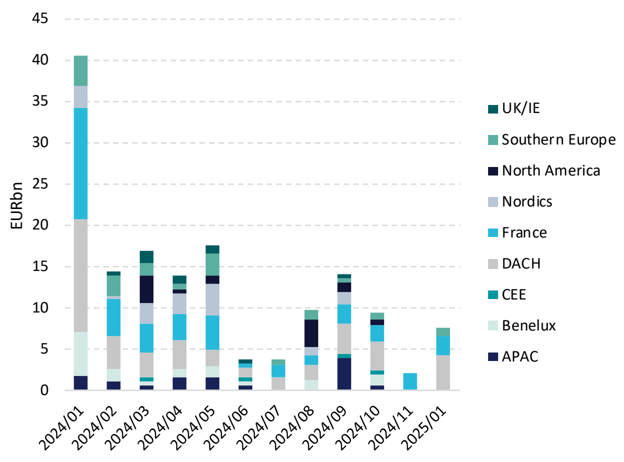
EUR benchmark volume by region (in EURbn)



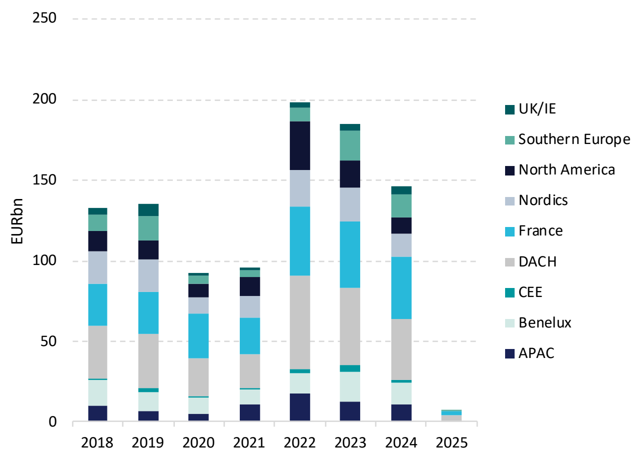
Top-10 jurisdictions

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	267.8	258	29	0.97	9.2	4.6	1.51
2	DE	211.7	297	46	0.66	7.7	3.8	1.56
3	NL	81.7	82	3	0.93	10.5	5.8	1.40
4	CA	81.7	60	1	1.34	5.6	2.5	1.43
5	ES	66.8	53	5	1.14	11.1	3.0	2.19
6	AT	60.6	101	5	0.59	8.0	3.9	1.57
7	IT	50.8	65	5	0.76	8.5	3.8	2.03
8	NO	47.3	58	12	0.81	7.2	3.2	1.11
9	FI	39.5	45	4	0.86	6.7	3.3	1.77
10	AU	33.7	32	0	1.05	7.2	3.2	1.79

EUR benchmark issue volume by month

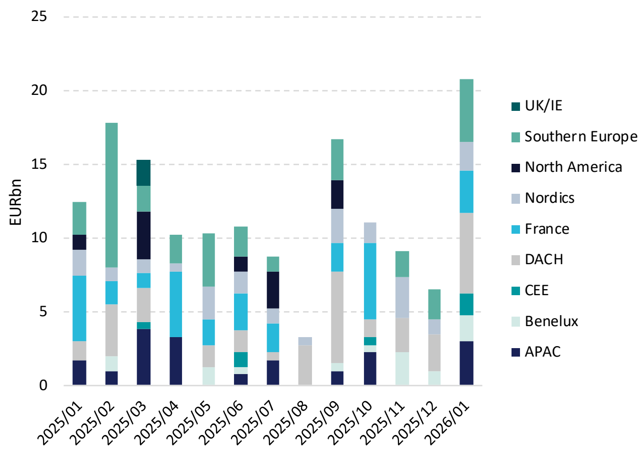


EUR benchmark issue volume by year

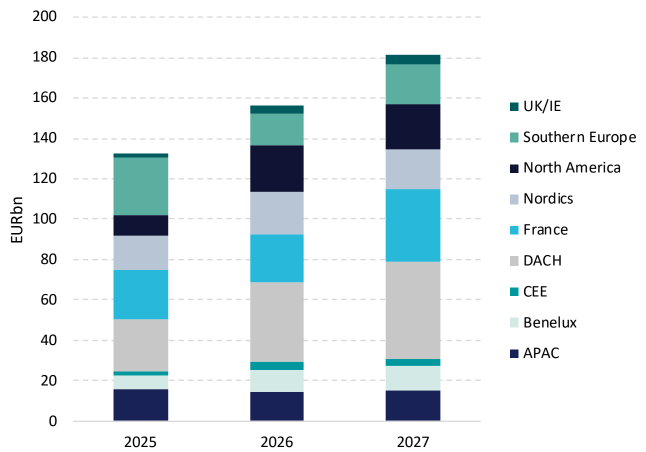


Source: Market data, Bloomberg, NORD/LB Floor Research

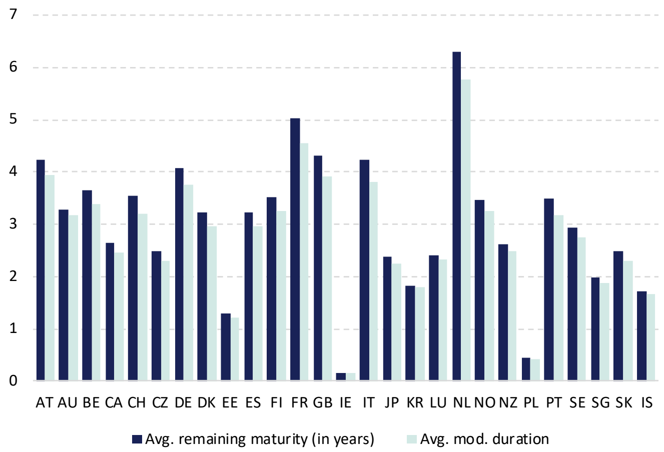
EUR benchmark maturities by month



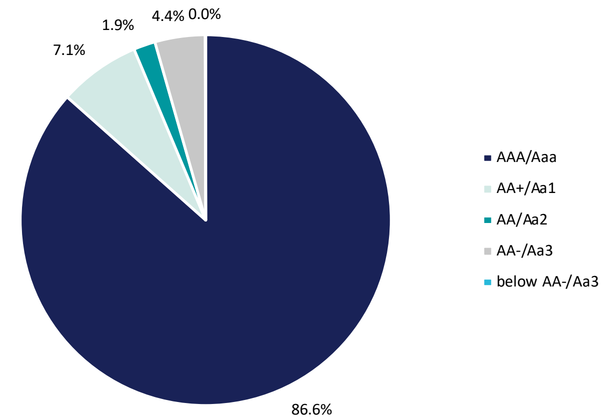
EUR benchmark maturities by year



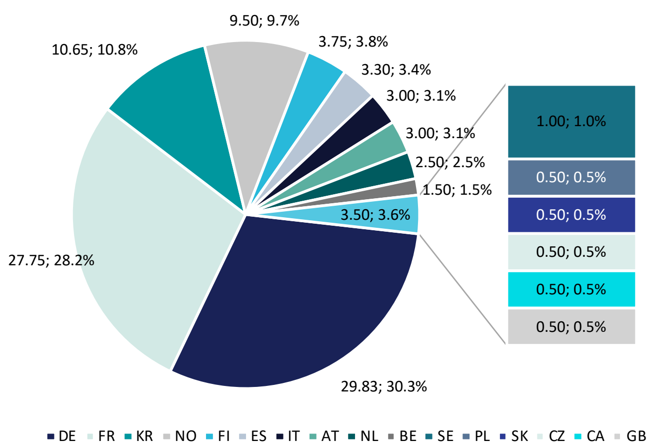
Modified duration and time to maturity by country



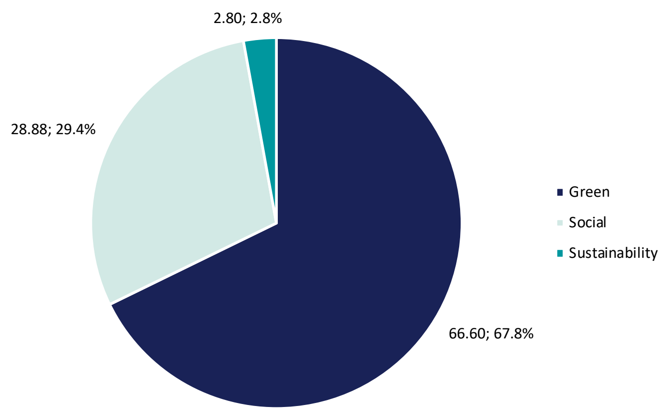
Rating distribution (volume weighted)



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

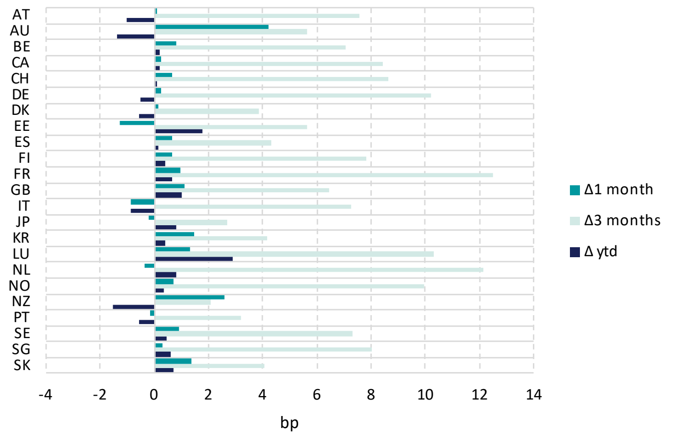


EUR benchmark volume (ESG) by type (in EURbn)

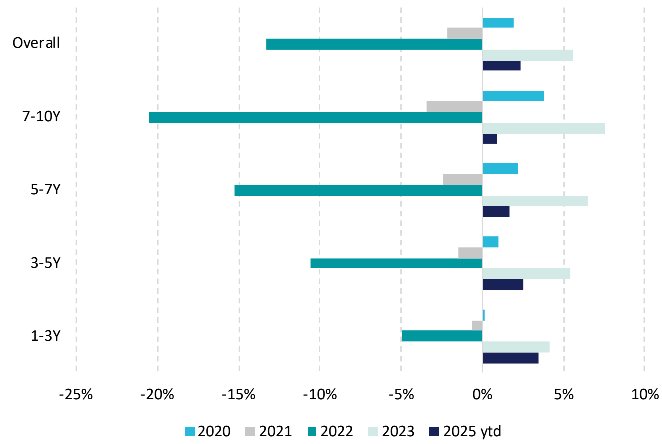


Source: Market data, Bloomberg, NORD/LB Floor Research

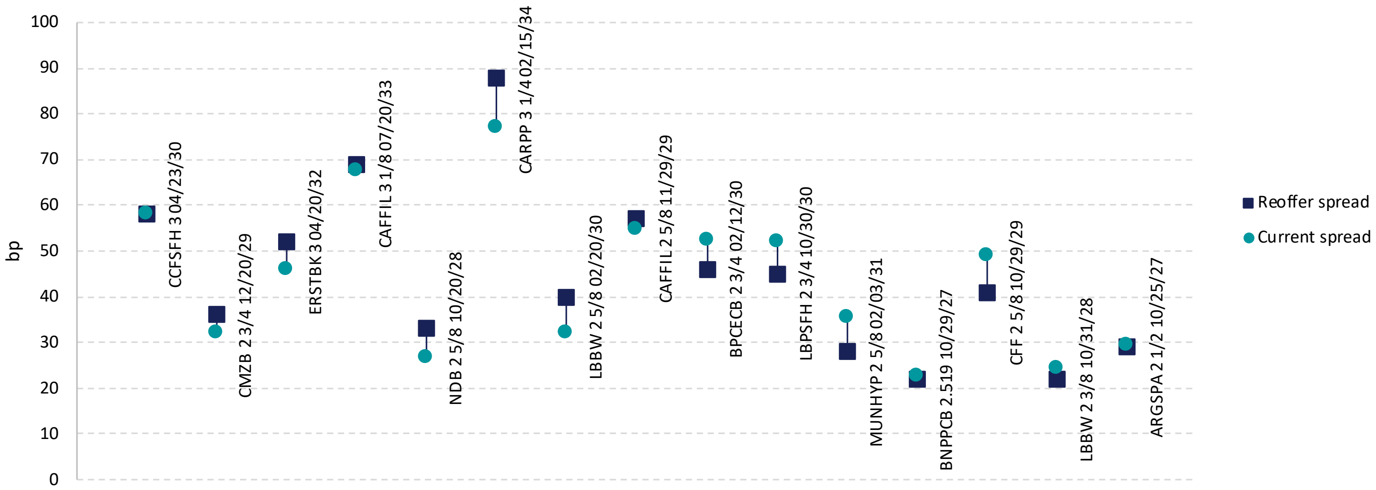
EUR benchmark emission pattern



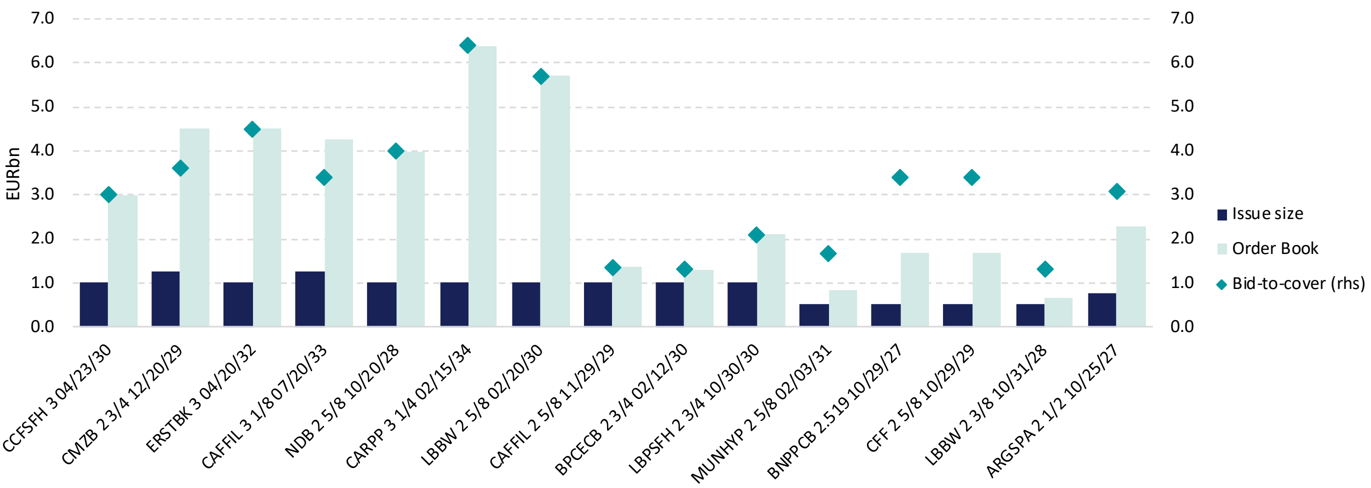
Covered bond performance (Total return)



Spread development (last 15 issues)



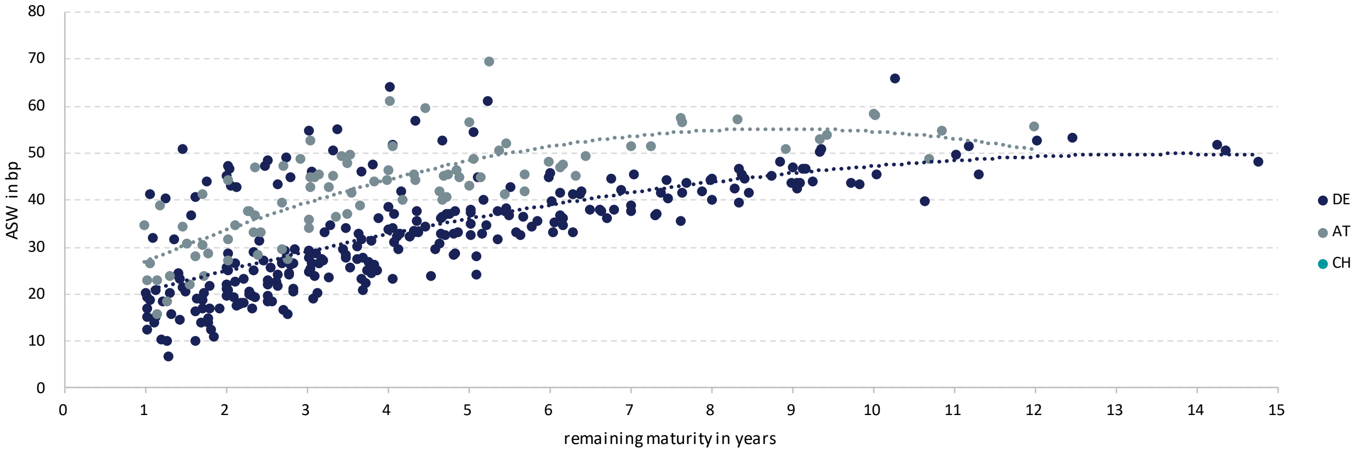
Order books (last 15 issues)



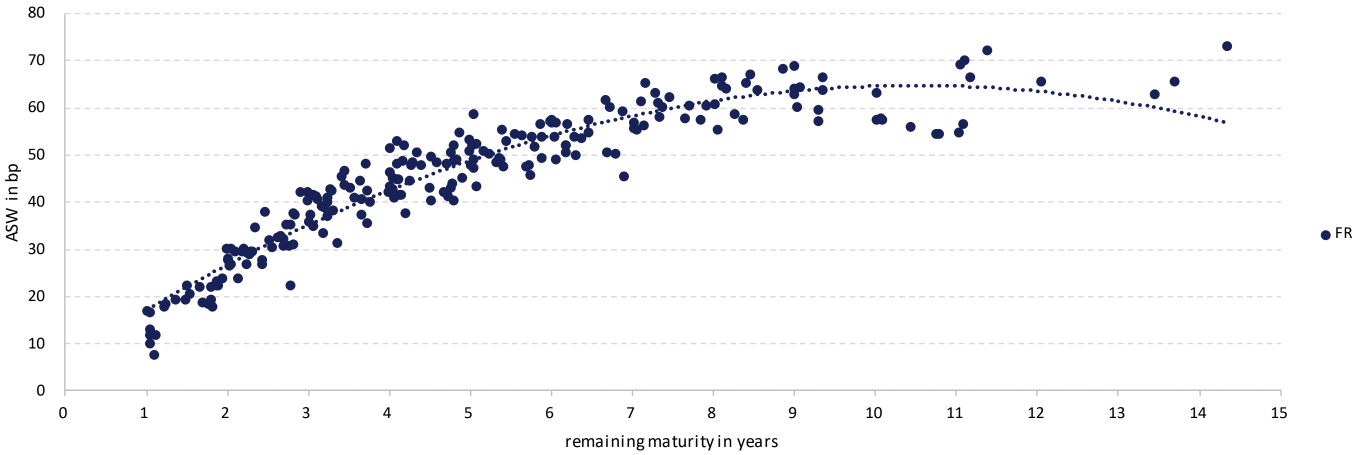
Source: Market data, Bloomberg, NORD/LB Floor Research

Spread overview[1]

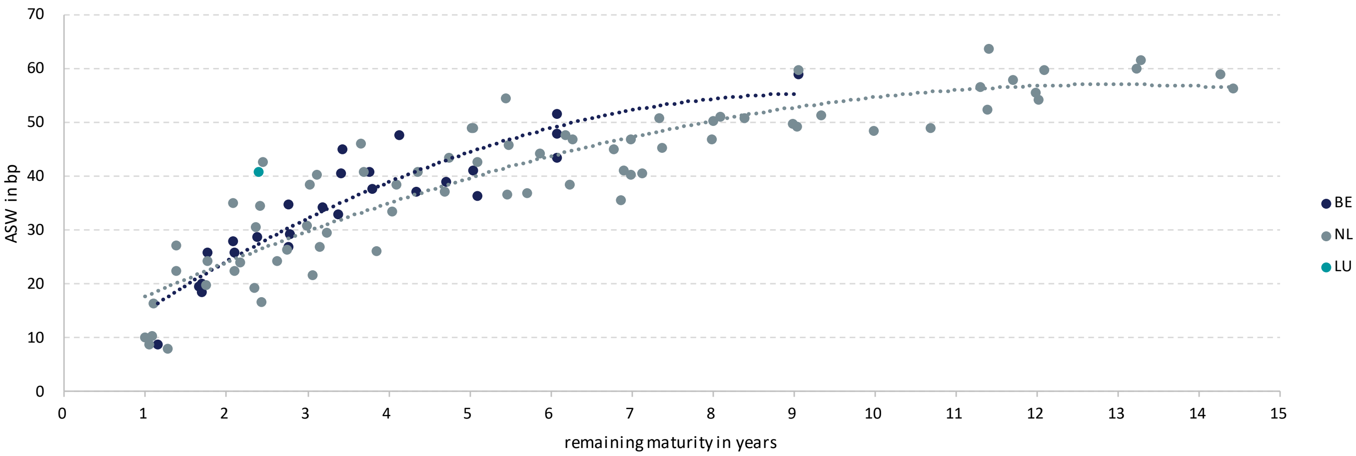
DACH



France

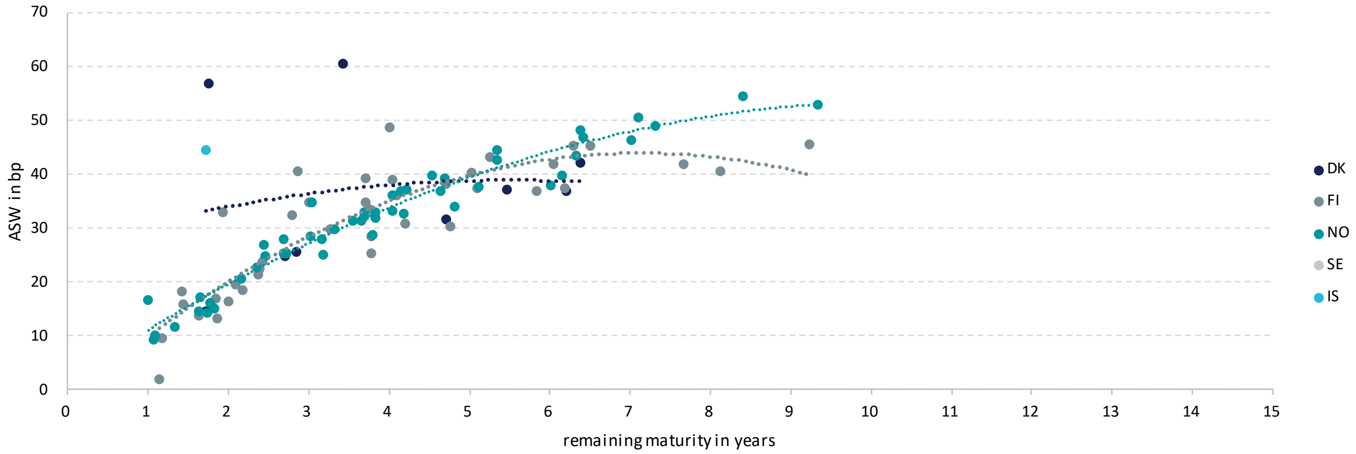


Benelux

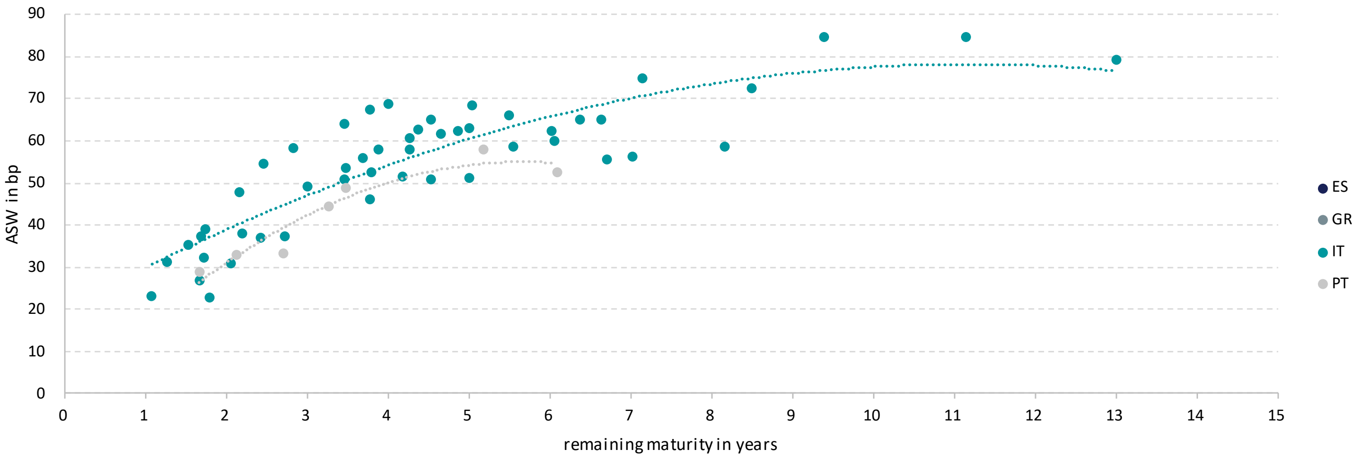


Source: Market data, Bloomberg, NORD/LB Floor Research [1]Time to maturity 1 ≤ y ≤ 15

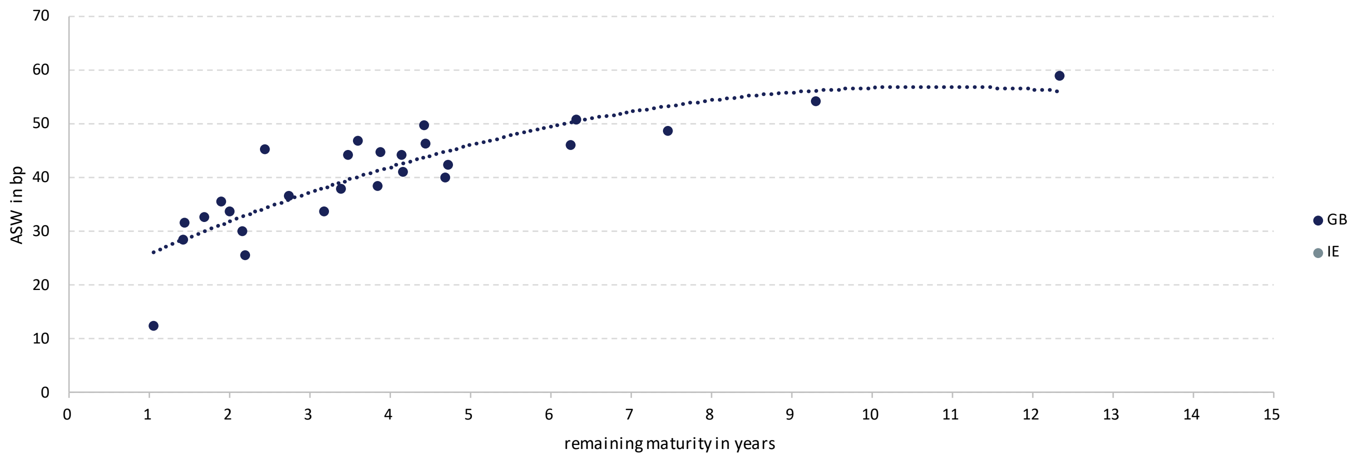
Nordics



Southern Europe

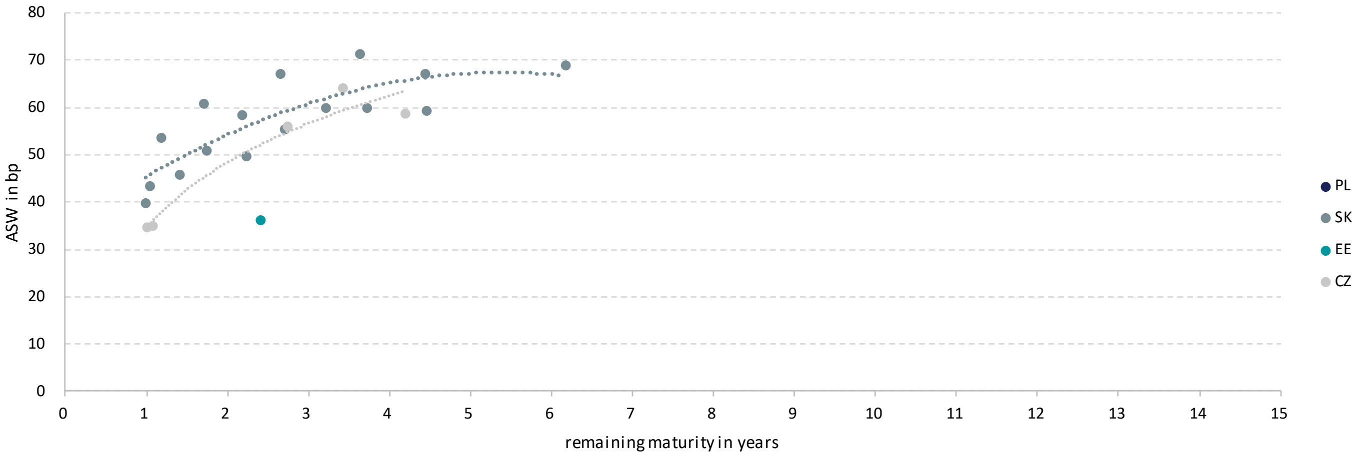


UK/IE

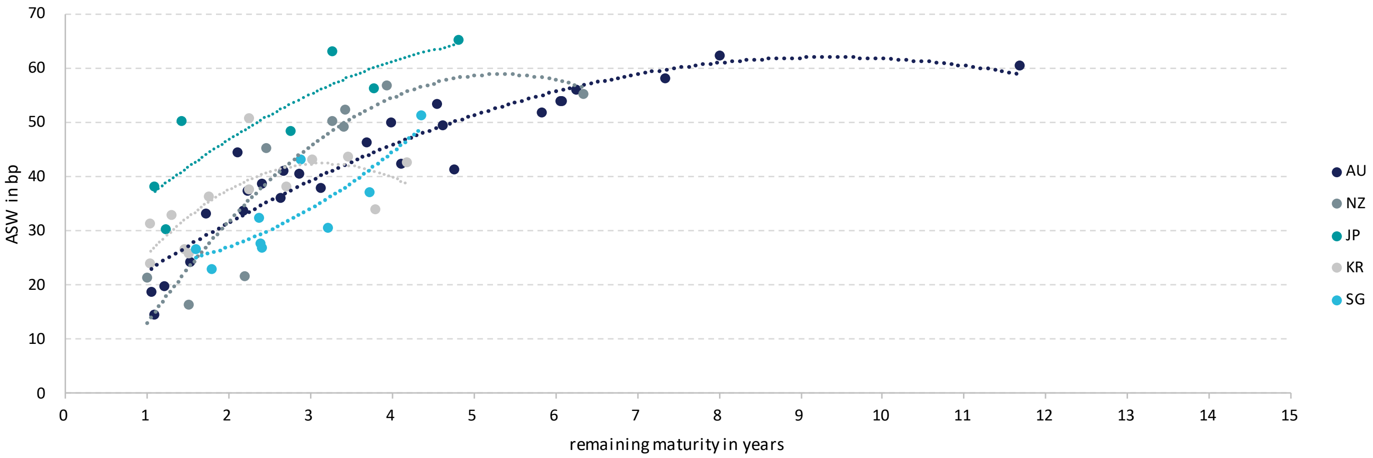


Source: Market data, Bloomberg, NORD/LB Floor Research

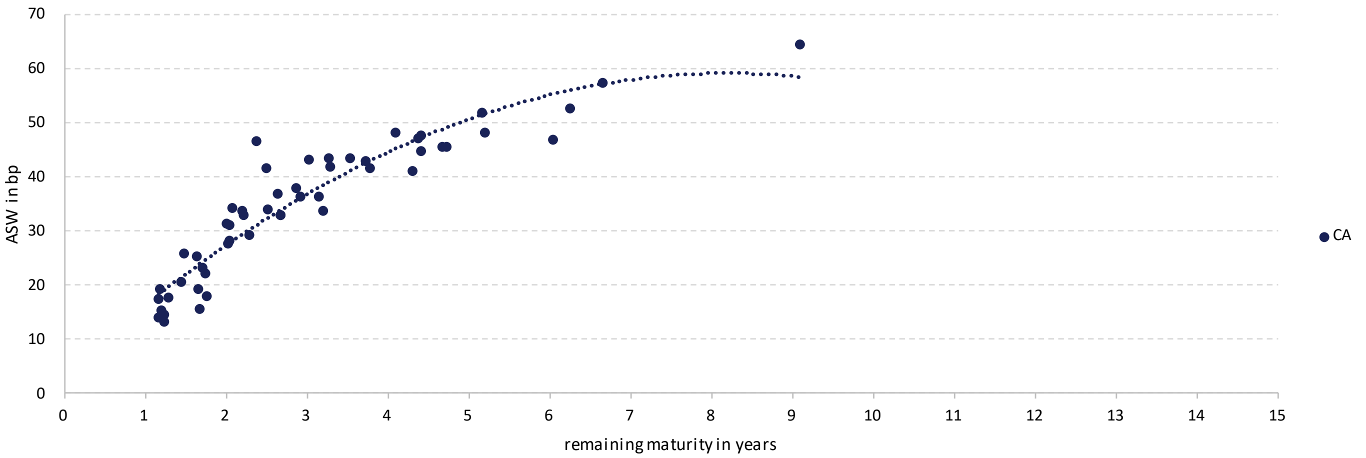
CEE



APAC



North America

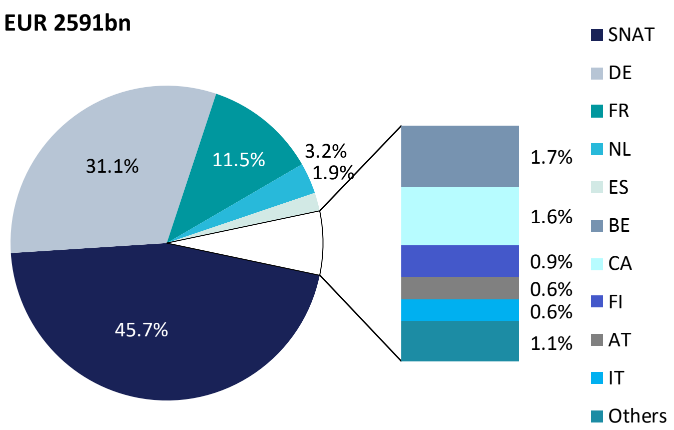


Source: Market data, Bloomberg, NORD/LB Floor Research

NORD/LB

Charts & Figures
SSA/Public Issuers

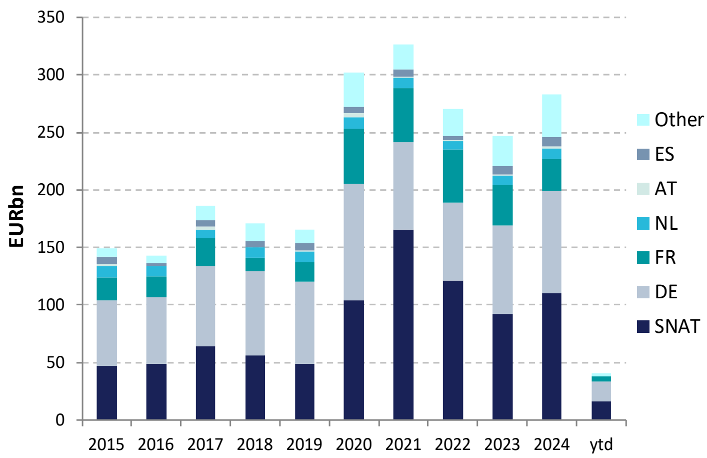
Outstanding volume (bmk)



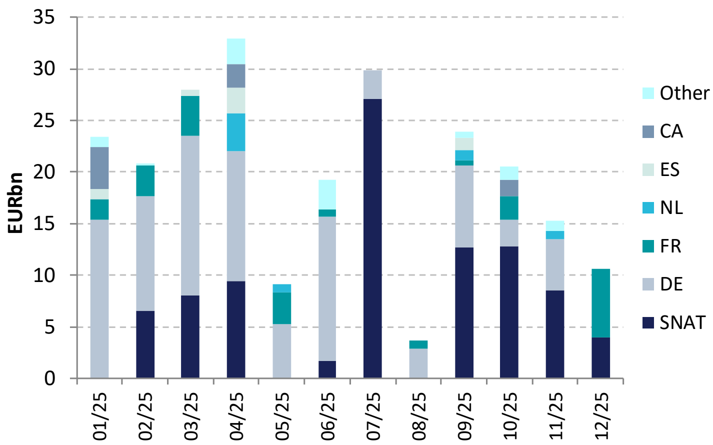
Top 10 countries (bmk)

Country	Vol. (EURbn)	No. of bonds	ØVol. (EURbn)	Vol. weight. ØMod. Dur.
SNAT	1,168.4	242	4.8	7.8
DE	796.7	594	1.3	6.0
FR	295.7	199	1.5	5.6
NL	82.3	67	1.2	6.3
ES	49.4	69	0.7	4.6
BE	45.1	46	1.0	9.9
CA	39.1	28	1.4	4.6
FI	23.3	25	0.9	4.4
AT	16.0	21	0.8	4.8
IT	15.6	20	0.8	4.2

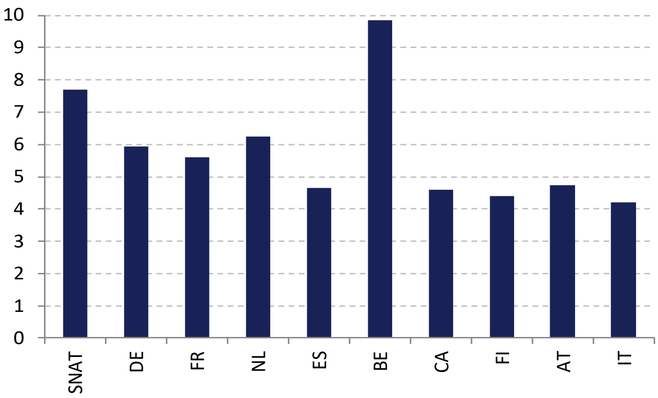
Issue volume by year (bmk)



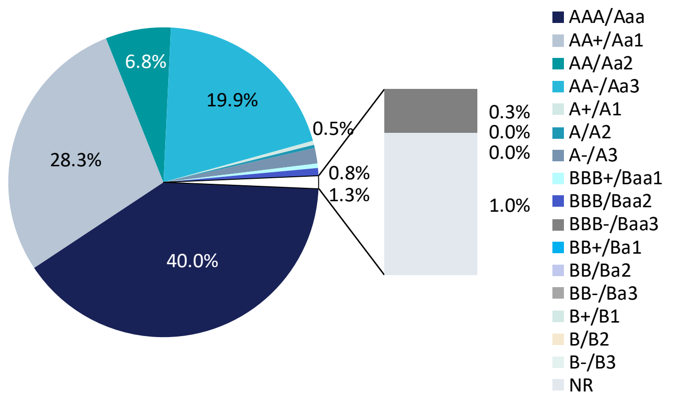
Maturities next 12 months (bmk)



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

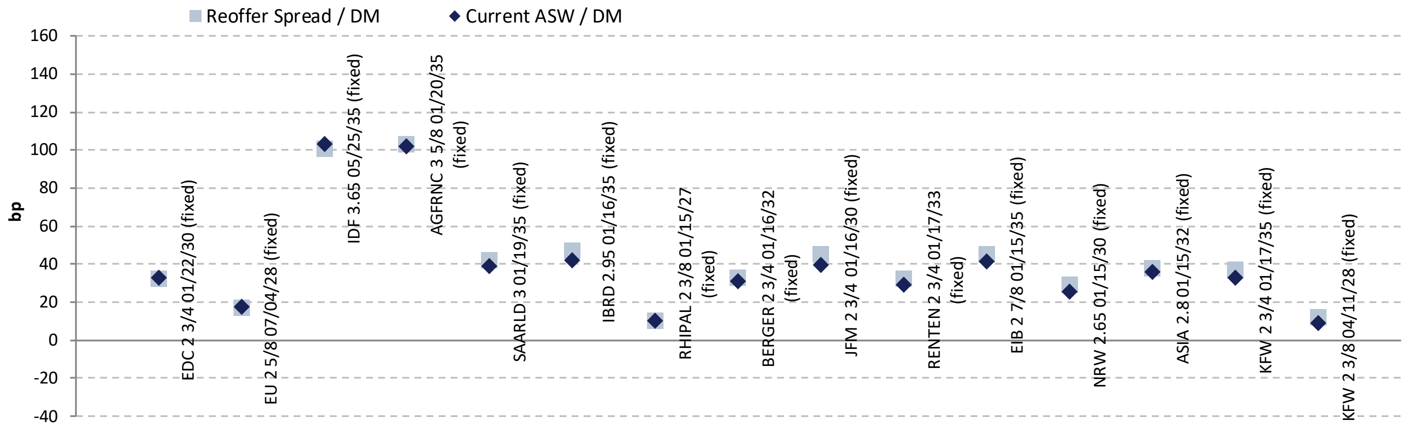


Rating distribution (vol. weighted)

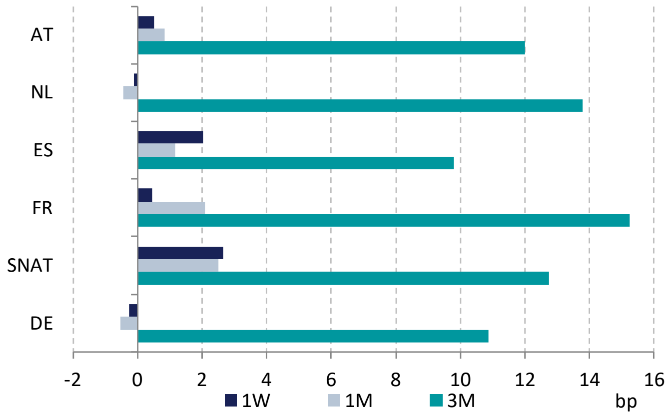


Source: Bloomberg, NORD/LB Floor Research

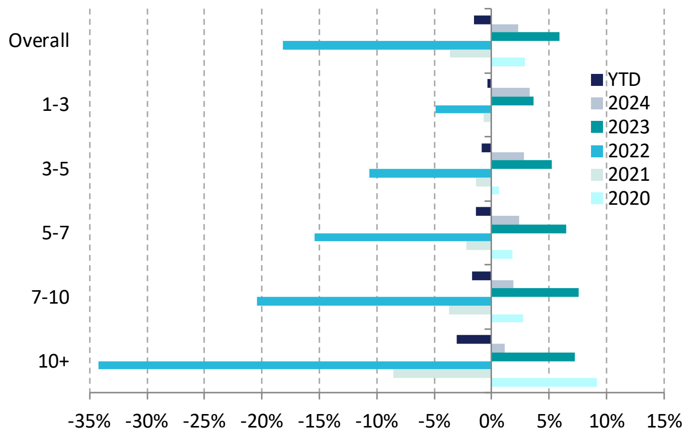
Spread development (last 15 issues)



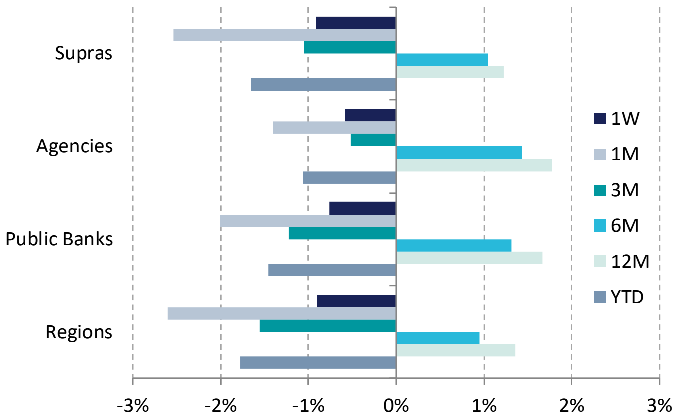
Spread development by country



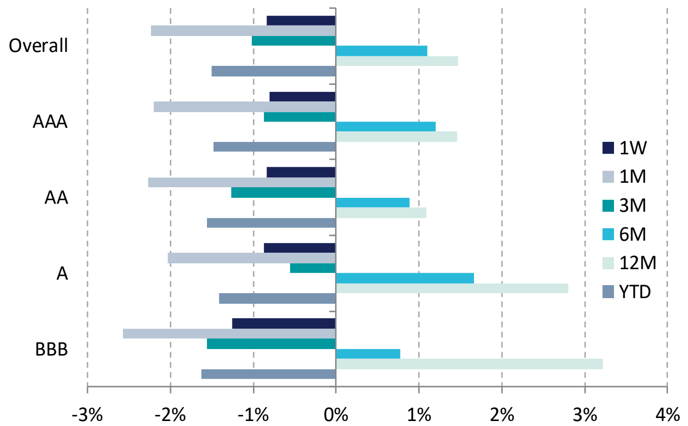
Performance (total return)



Performance (total return) by segments



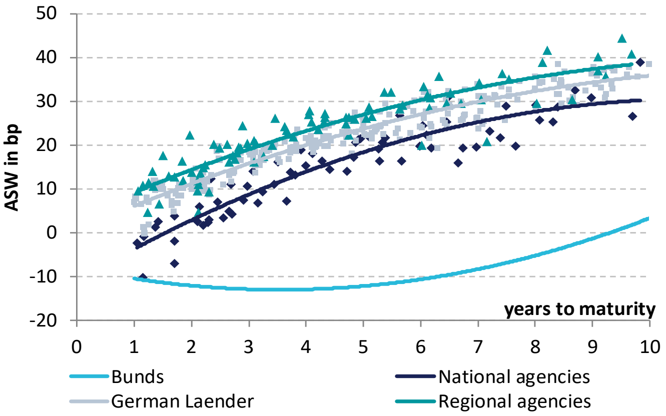
Performance (total return) by rating



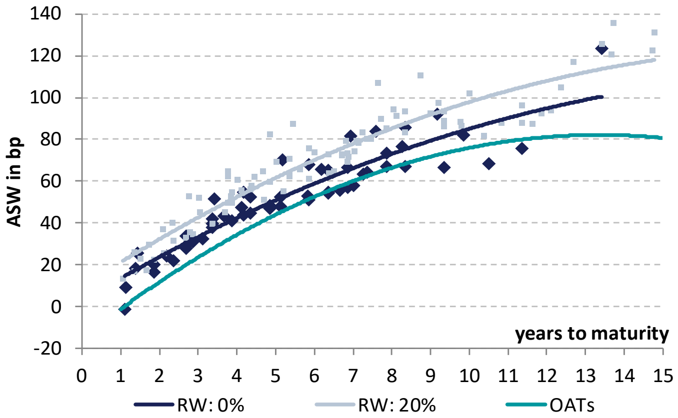
Source: Bloomberg, NORD/LB Floor Research

NORD/LB

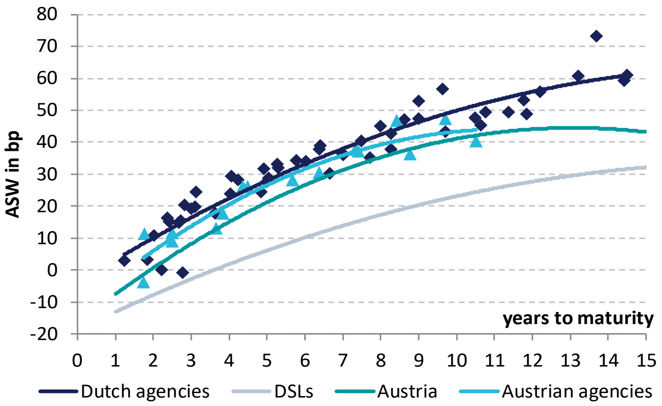
Germany (by segments)



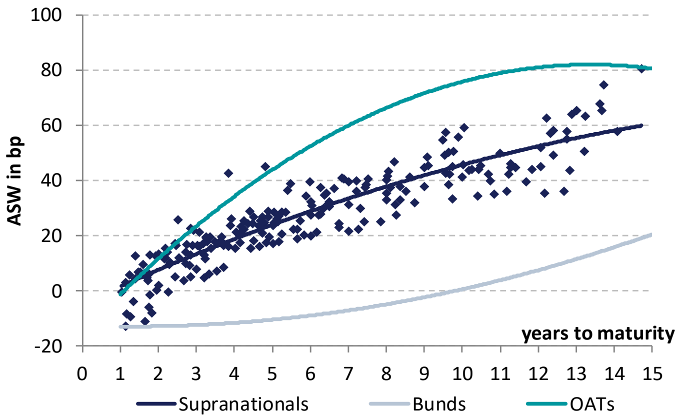
France (by risk weight)



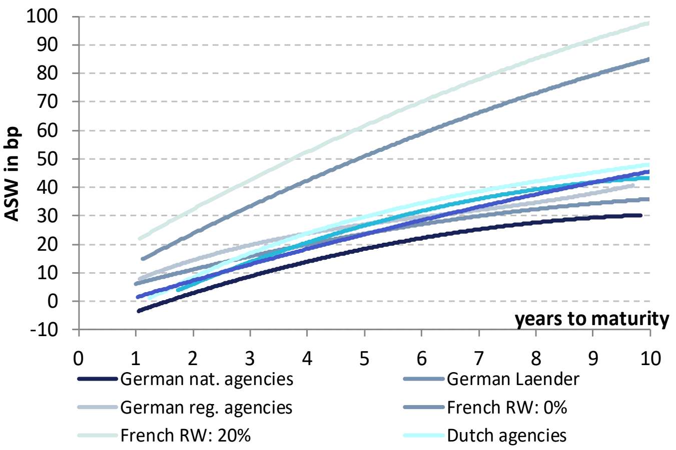
Netherlands & Austria



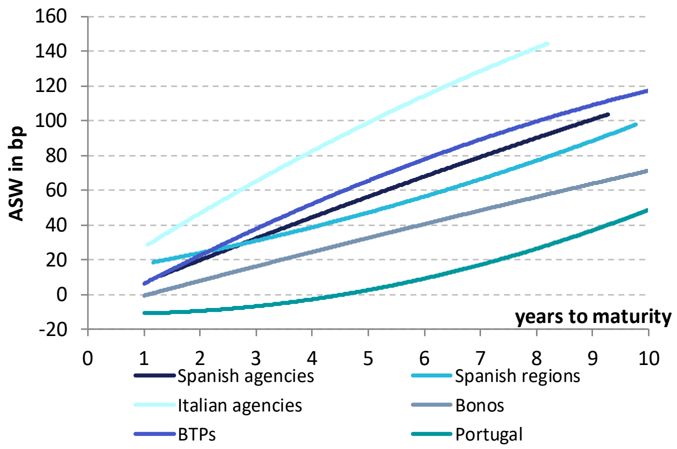
Supranationals



Core



Periphery

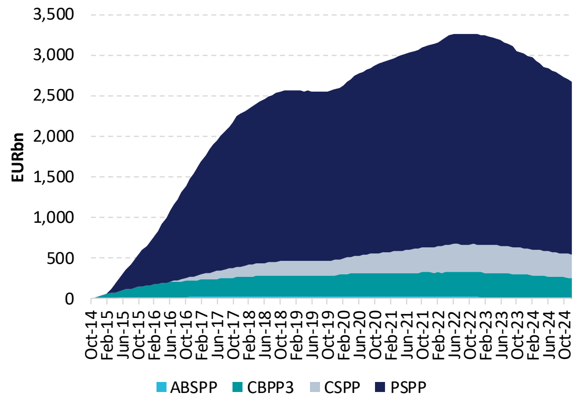


Source: Bloomberg, NORD/LB Floor Research

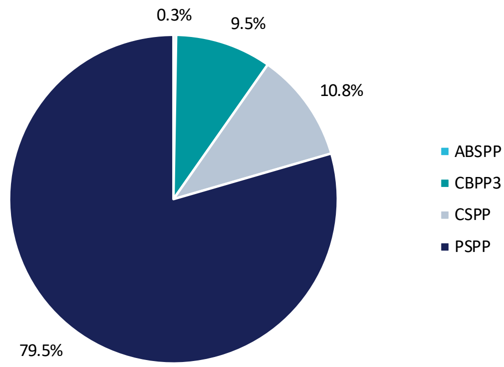
Charts & Figures
ECB tracker

Asset Purchase Programme (APP)

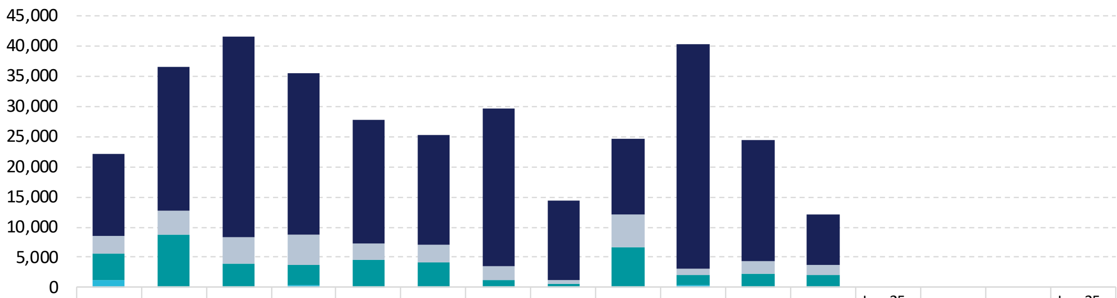
APP: Portfolio development



APP: Portfolio structure

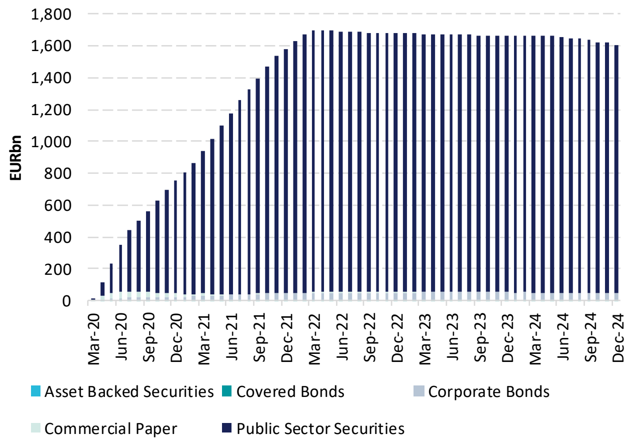


Expected monthly redemptions (in EURm)

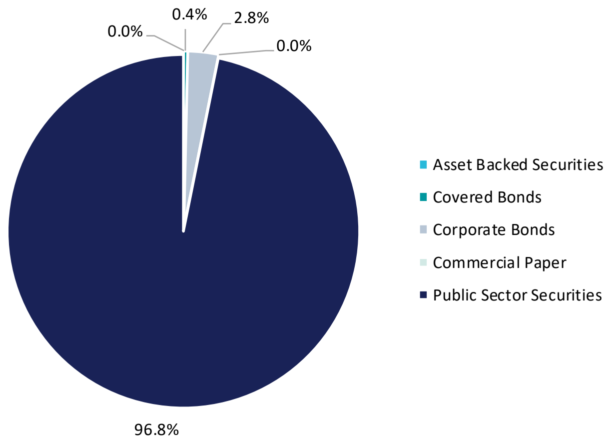


	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-25 - Dec-25	2023	2024	Jan-25 - Dec-25
APP	22,039	36,658	41,660	35,527	27,846	25,290	29,618	14,310	24,596	40,249	24,445	12,017	334,255	331,565	334,302	334,255
PSPP	13,463	24,021	33,379	26,671	20,541	18,261	26,161	13,114	12,568	37,073	20,060	8,274	253,586	255,025	264,480	253,586
CSPP	2,973	3,788	4,279	5,137	2,699	2,940	2,156	562	5,259	1,005	2,008	1,693	34,499	31,251	31,380	34,499
CBPP3	4,335	8,635	3,709	3,373	4,448	3,864	1,135	468	6,492	1,864	2,106	1,903	42,332	35,147	32,173	42,332
ABSPP	1,268	214	293	346	158	225	166	166	277	307	271	147	3,838	10,142	6,269	3,838

PEPP: Portfolio development



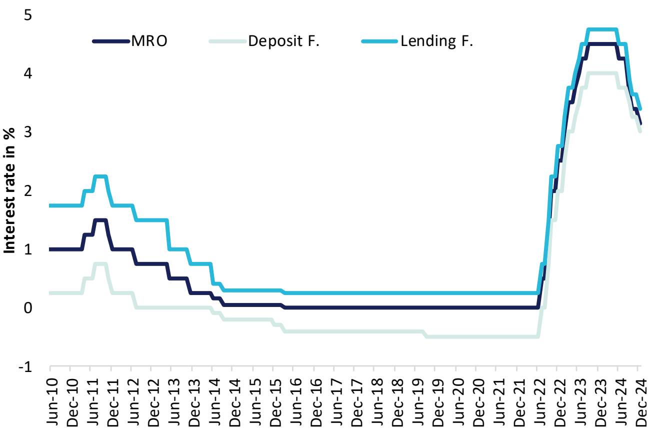
PEPP: Portfolio structure



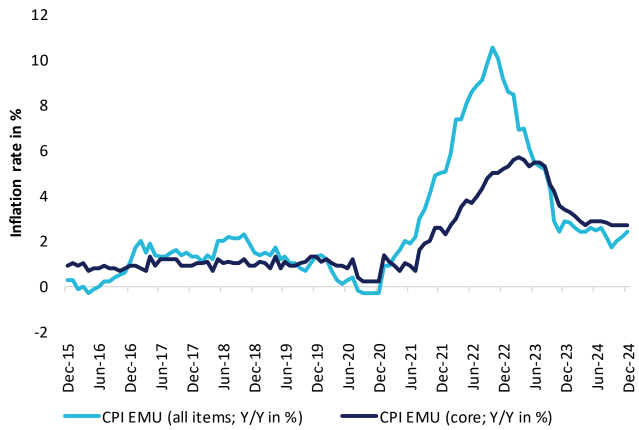
Source: ECB, NORD/LB Floor Research

Charts & Figures
Cross Asset

ECB key interest rates

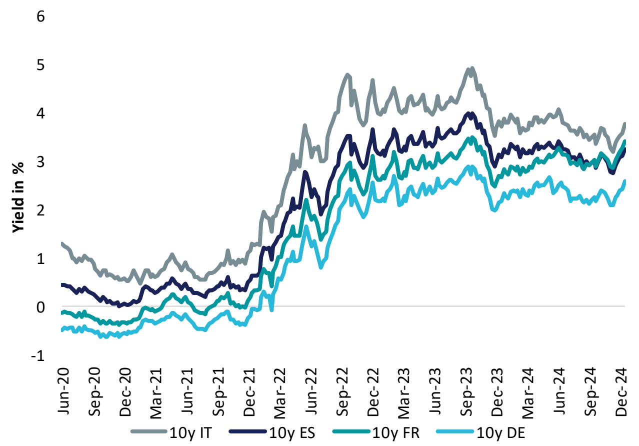


Inflation development in the euro area

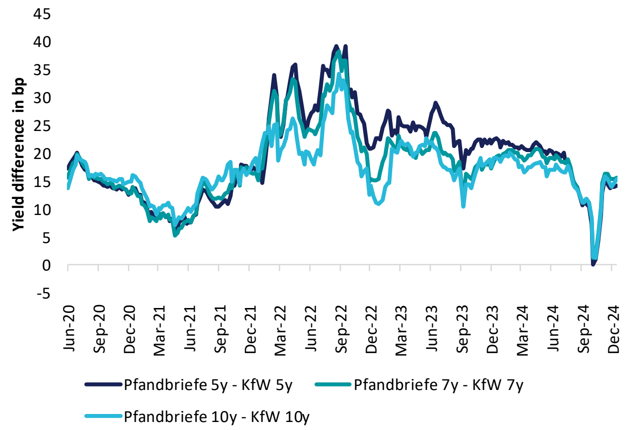


Bund-swap-spread

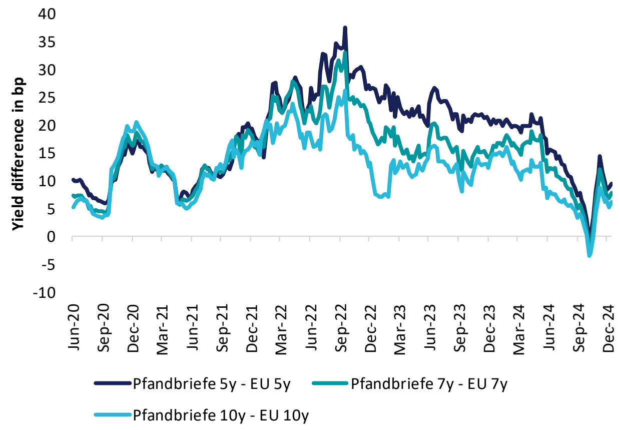
Selected yield developments (sovereigns)



Pfandbriefe vs. KfW



Pfandbriefe vs. EU



Source: ECB, Bloomberg, NORD/LB Floor Research

NORD/LB

Appendix
Overview of latest Covered Bond & SSA View editions

Publication	Topics
01/2025 ♦ 08 January	▪ Annual review of 2024 – Covered Bonds ▪ SSA: Annual review of 2024
42/2024 ♦ 18 December	▪ A regulatory look at the iBoxx EUR Covered ▪ Teaser: Beyond Bundeslaender – Belgium
41/2024 ♦ 11 December	▪ Focus on France: Covered bond view of Groupe CCF ▪ Teaser: Issuer Guide – French Agencies 2024
40/2024 ♦ 04 December	▪ Our outlook for the covered bond market in 2025 ▪ SSA Outlook 2025: Risk premiums are back in town
39/2024 ♦ 27 November	▪ What's going on outside of the EUR benchmark segment? ▪ Teaser: Issuer Guide – Down Under 2024
38/2024 ♦ 20 November	▪ Transparency requirements §28 PfandBG Q3/2024 ▪ ECB repo collateral rules and their implications for Supranationals & Agencies
37/2024 ♦ 13 November	▪ Development of German property market (vdp index) ▪ Auvergne-Rhône-Alpes Region – spotlight on REGRHO
36/2024 ♦ 06 November	▪ ESG covered bonds: Benchmark segment on a growth trajectory ▪ Current LCR classification for our SSA coverage
35/2024 ♦ 30 October	▪ Maturities the future driver in the primary market? ▪ German-speaking Community of Belgium – spotlight on DGBE
34/2024 ♦ 23 October	▪ A relative value investigation of covered bonds ▪ Current risk weight of supranationals & agencies
33/2024 ♦ 16 October	▪ The covered bond universe of Moody's: an overview ▪ Teaser: Issuer Guide – European Supranationals 2024
32/2024 ♦ 09 October	▪ A look at the CEE covered bond market ▪ NGEU: Green Bond Dashboard
31/2024 ♦ 02 October	▪ A review of Q3 in the Covered Bond segment ▪ Teaser: Beyond Bundeslaender – Spanish Regions
30/2024 ♦ 25 September	▪ The EUR benchmark segment after the summer break ▪ Update on German municipality bonds: DEUSTD and NRWGK
29/2024 ♦ 18 September	▪ ECBC publishes annual statistics for 2023 ▪ Sukuk bonds – an update on sharia-compliant investments
28/2024 ♦ 11 September	▪ Banca Sella joins the EUR sub-benchmark segment ▪ Teaser: Beyond Bundeslaender – Autonomous Portuguese regions
27/2024 ♦ 04 September	▪ New Pfandbrief issuer: Lloyds Bank GmbH ▪ Agencies and resolution instruments of the BRRD

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

Appendix
Publication overview

Covered Bonds:

Issuer Guide – Covered Bonds 2024

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

Transparency requirements §28 PfandBG Q3/2024 (quarterly update)

Transparency requirements §28 PfandBG Q3/2024 Sparkassen (quarterly update)

SSA/Public Issuers:

Issuer Guide – German Laender 2024

Issuer Guide – Canadian Provinces & Territories 2024

Issuer Guide – Down Under 2024

Issuer Guide – European Supranationals 2024

Issuer Guide – Non-European Supranationals (MDBs) 2024

Issuer Guide – German Agencies 2024

Issuer Guide – French Agencies 2024

Issuer Guide – Nordic Agencies 2024

Issuer Guide – Dutch Agencies 2024

Issuer Guide – Austrian Agencies 2024

Beyond Bundeslaender: Belgium

Beyond Bundeslaender: Greater Paris (IDF/VDP)

Beyond Bundeslaender: Spanish regions

Fixed Income Specials:

ESG-Update 2024

Silent night, lower rates: ECB prepares for the new year

Appendix
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Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9660
Frequent Issuers	+49 511 9818-9640

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