NORD/LB Regulatory Update
Squaring the circle!
Haven't received an invitation yet?
event-markets@nordlb.de

Covered Bond & SSA View

NORD/LB Floor Research

5 February 2025 ♦ 05/2025
Marketing communication (see disclaimer on the last pages)

Agenda

Floor analysts:

Covered Bonds/Banks

Dr Frederik Kunze
frederik.kunze@nordlb.de

Lukas Kühne
lukas.kuehne@nordlb.de

Alexander Grenner
alexander.grenner@nordlb.de

SSA/Public Issuers

Dr Norman Rudschuck, CIIA
norman.rudschuck@nordlb.de

Lukas-Finn Frese
lukas-finn.frese@nordlb.de

Tobias Cordes
tobias.cordes@nordlb.de

NORD/LB: Floor Research

NORD/LB: Covered Bond Research

NORD/LB: SSA/Public Issuers Research

Bloomberg: RESP NRDR <GO>

NORD/LB

Market overview
Covered Bonds

Author: Lukas Kühne

Primary market: brief pause for breath at the end of the first trading month

As the first month of the new year came to an end last Friday, we saw a degree of calm return to the primary market following the dynamic issuance activities seen over recent weeks. We will briefly review the trading month of January for the primary market on the next page of this Market Overview. The short interruption on the primary market should provide market players with an opportunity to catch their breath and "digest" the high number of deals seen in January. Nevertheless, the uncertainty associated with recently announced (and now in part postponed) tariffs on certain Canadian, Mexican and Chinese exports to the USA may now potentially lead to a sense of reticence among issuers on the primary market. In our view, however, these protectionist measures from the USA are not likely to develop into a long-term issuance brake for the primary market. Over the past five trading days, we recorded just two market appearances overall in the EUR benchmark segment. Aareal Bank got the ball rolling with its first deal (6.5y) in the new year. The transaction started out in the marketing phase with a guidance of ms +70bp area and was met with buoyant investor interest, with the result that the fresh bond worth EUR 750m could be placed at a re-offer spread of ms +64bp. At the end of the marketing phase, the order book totalled EUR 2.8bn (bid-to-cover ratio: 3.7x). Looking at the investor breakdown, the majority of the allocated volume went to the category of Asset Managers (57.5%). Before waving a fond farewell to January, Jyske Realkredit approached investors at the end of last week with a new EUR benchmark (3.9y). The Danish issuer was able to successfully place its covered bond in the amount of EUR 500m on the market at a re-offer spread of ms +29bp. As was the case with Aareal Bank, Jyske Realkredit was also able to generate considerable investor interest. As such, the spread tightened by seven basis points across the marketing phase. With a final order book of EUR 2.4bn, the bid-to-cover ratio came in at 4.7x. However, there was no net new issue premium for this last deal of the trading month.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
Jyske Realkredit	DK	31.01.	DK0009416976	3.9y	0.50bn	ms +29bp	- / - / AAA	-
Aareal Bank	DE	29.01.	DE000AAR0454	6.5y	0.75bn	ms +64bp	- / Aaa / -	-

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

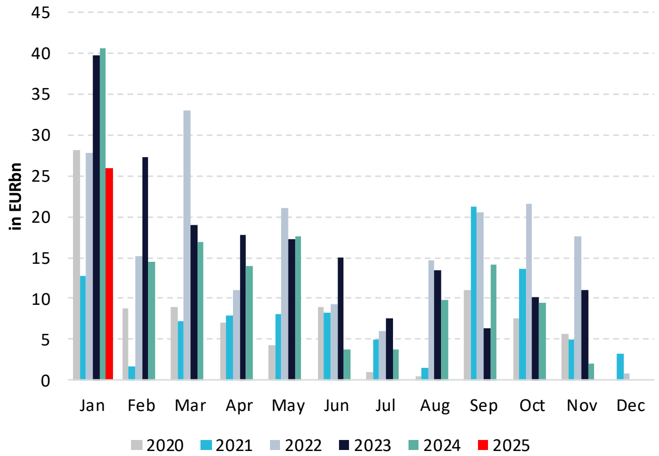
Secondary market: purchase interest remains high with fresh supply thin on the ground

The focus of market players on the secondary market remains on new issues. Accordingly, the last few trading days were characterised by a dearth of activity. The tariff announcements from the USA did lead to some price distortions on the markets, albeit covered bond spreads remained largely stable. Due to the positive sentiment on the market, purchase interest on the secondary market remains intact and is being supported by low trading portfolios at the same time.

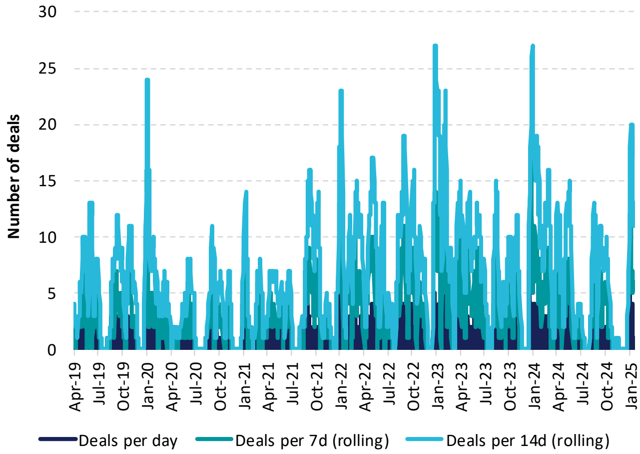
No new issuance record in January 2025!

With the end of the week and the end of the first trading month coinciding last Friday, from our perspective it is worth spending some time reviewing events during the first few weeks of the new year. Traditionally, the month of January is characterised by a high volume of new issues, with the issuers themselves really jostling for optimum position on the market. While a total of 29 deals placed at a cumulative volume of EUR 25.9bn could certainly be described as a dynamic start to the year, there was largely no “battle for position” this January. Rather, the issuers lined up one after another like a chain of pearls. In terms of the issuance volume, although January 2025 did not come close to matching the record figures seen over the past couple of years (2023: EUR 39.7bn; 2024: EUR 40.6bn), it is certainly at a similar level to, for example, January 2022 (EUR 27.8bn). In regional terms, the majority of issues are, unsurprisingly, attributable to the jurisdictions of Germany (ten deals; issuance volume: EUR 8.8bn) and France (six, EUR 6.0bn). All in all, however, we recorded deals from a total of 13 jurisdictions in January. The first deal of the new year took a while to arrive, due, among other factors, to the holiday for Epiphany observed in some of the German Bundeslaender. Eventually, Landesbank Baden-Württemberg sounded the starting pistol for the primary market with its deal on 08 January. Accordingly, the issue window in January was actually 22 trading days, reduced by four days, shorter than in previous years, which has also impacted the new issuance volume for the month. Fresh supply on the primary market met with high investor interest in January, which was also reflected in high bid-to-cover ratios and low new issue premiums. While the average bid-to-cover ratio stood at 2.9x in January 2024, this rose to 4.6x in the first month of 2025. In our opinion, the high level of investor interest in the fresh supply brought to the covered bond market is due in particular to the attractive spread level at the start of the year. In addition to conventional real money investors, credit investors also showed interest in the new deals. Overall, there was certainly a high level of new deals in January 2025 and, in our opinion, this fits into the usual issuance pattern on the covered bond market. Although the final issuance volume is well down on the two previous years, we would not refer to this January as being out of step with the established pattern. Instead, we would tend to highlight the holiday-related peculiarities at the start of the month as reasons for the reduced issuance volume.

EUR BMK: deals across the year (monthly basis)



EUR BMK: deals across the year (daily basis)

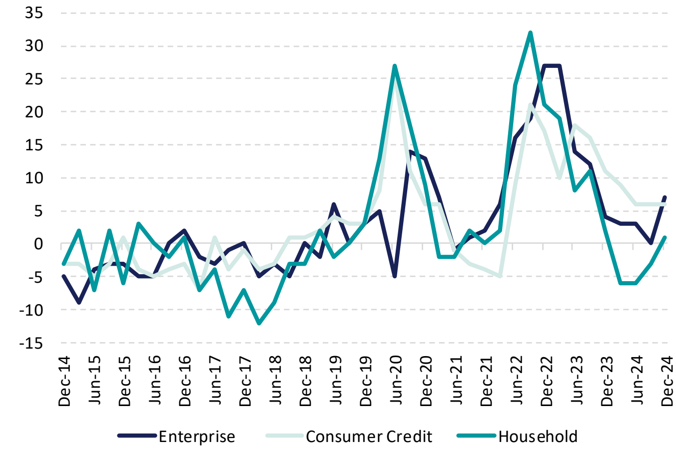


Source: Market data, Bloomberg, NORD/LB Floor Research

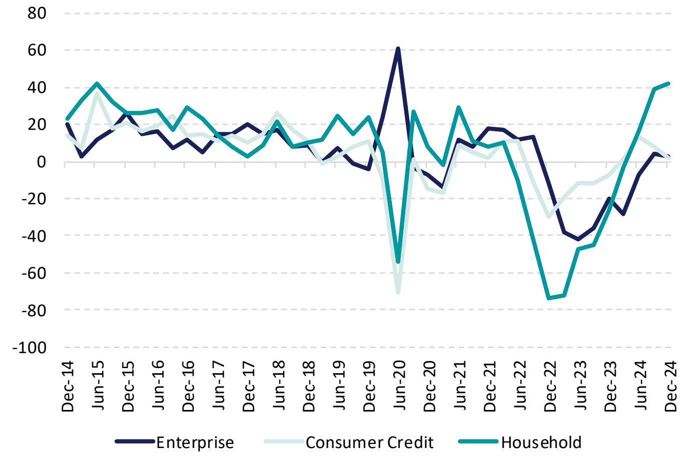
Bank Lending Survey: banks project further tightening of lending standards; private mortgage lending stands out positively

The Bank Lending Survey (BLS), published on a quarterly basis by the ECB, provides some important insights into the new lending business and lending standards of European banks. Among other aspects, the BLS provides us with valuable information in relation to the credit quality of cover assets included in the cover pools of covered bonds, while also allowing us to gauge potential funding requirements in the future. For the January edition of the BLS, a total of 155 European banks were surveyed with regard to developments in the fourth quarter of 2024. While lending standards were sharpened in the categories of loans or credit lines to enterprises as well as consumer credit and other lending to households, lending standards for loans to households for house purchase remained largely constant. The tightening of lending standards to companies was even greater than projected in the previous quarter. In particular, this development can be put down to the increased risk assessment in relation to the economic and company or industry-specific situation as well as the lower risk tolerance on the part of banks. At the level of individual sectors, the BLS has identified a significant tightening of lending standards across the second half of 2024. This is reflected in particular in the commercial real estate (CRE), wholesale and retail, construction and energy-intensive manufacturing sectors. Demand for credit in these sectors declined over the same period. For the first quarter of 2025, the banks anticipate further tightening of lending standards for all of the borrower groups in the BLS. However, at the same time they expect that loans to households for house purchase will be less affected by this trend. Despite the more stringent lending standards, demand for corporate loans as well as consumer loans and other loans to households continued to rise slightly in the fourth quarter of 2024, while the growth in mortgage lending to households was even more pronounced. The BLS attributes this development in particular to the falling interest rate level. Accordingly, against the backdrop of the latest ECB interest rate cut – concisely summarised by our SSA colleagues in their Market Overview article in this present edition of our weekly publication – there is no expectation of a trend reversal here. For the first quarter of 2025, the reporting banks anticipate that credit demand will remain largely unchanged, with the significant increase in demand expected in relation to household lending for the purchase of real estate.

BLS: change in lending standards (%)



BLS: change in credit demand (%)



Source: ECB, NORD/LB Floor Research

Fitch sees positive momentum for covered bond ratings

In their recently published Covered Bond Snapshot for the fourth quarter of 2024, the rating experts from Fitch identified positive momentum for the covered bond programmes that form part of the rating agency's rating universe. For example, over the course of 2024, a total of ten programmes benefited from a rating upgrade of between one and four notches, including one programme each from Portugal and Italy, where upgrades were awarded by Fitch following the revision to the European RMBS Rating Criteria. An additional three programmes from Portugal and Poland were upgraded following an improved issuer rating. In connection with the implementation of the Covered Bond Directive into Portuguese law, Fitch's rating experts raised the rating of another two covered bond programmes from this jurisdiction. There were also further rating improvements for one covered bond programme each in Cyprus and Hungary, while no rating downgrades were implemented in 2024. In total, the rating universe of Fitch comprises 104 programmes as at 01 January 2025. While in geographical terms the majority of the programmes are located in Europe, the rating experts point to the increasing proportion of rated programmes based outside of Europe. At the start of 2025, these accounted for 35% of all covered bond programmes rated by Fitch, chiefly comprising issuers from Australia (ten programmes) and Canada (eight).

Internal matters: NORD/LB Markets issues invitations to "Regulatory Update 2025"

We are delighted to once again be able to invite you to this year's "NORD/LB Regulatory Update" event, which is set to take place in Hanover this February. Entitled "Stability, sustainability and crisis management – can we square the circle?", our aim this year is again to offer you a platform for exchanges with regard to current regulatory developments. Attendees can look forward to a varied programme featuring specialist presentations, keynote speeches and interactive workshops to facilitate direct exchanges with the speakers. If you are interested in taking part but have not yet received a personal invitation, then please do not hesitate to contact us at: event-markets@nordlb.de.

Market overview
SSA/Public Issuers

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

ECB Governing Council meeting – 2025 started like 2024 ended with falling interest rates

Expectations of observers and market players regarding the first interest rate decision in 2025 were clear: the ECB would continue its rapid downward course and once more fine-tune key rates by applying another cut in interest rates. This means that no break in terms of interest rate changes has been evident since July 2024. Instead, the ECB delivered exactly what was expected. In our view, this once again appropriately describes the decision ultimately taken last Thursday by the ECB. In fact, the ECB's Governing Council cut the deposit facility rate (DFR) by 25bp to 2.75% while adjusting the interest rate for main refinancing operations (MRO) downwards, from the previous 3.15% to 2.9%. At the same time, the rate on the marginal lending facility (MLF) was cut from 3.4% to 3.15%. With regard to its other meetings in 2025, the decision-makers from the ECB gave nothing away at the press conference. As always, they referred to their meeting-by-meeting based approach and pointed out that their decisions were always data dependent. Beyond this most recent interest rate decision, we believe that a further two interest rate cuts of 25bp each are highly likely in the first half of this year. However, it remains to be seen whether these cuts will be resolved in two successive meetings, meaning that cuts would continue uninterrupted. Is it better to get to the necessary terminal rate (at whatever level that may be) comparatively quickly, so as not to be too far behind the curve again in the future? Or will Europe's central bankers rather take a breather to think things over carefully and come to a sound assessment of the impact of the interest rate decisions taken to date? We would go so far as to say that we currently can no longer rule out as many as four interest rate adjustments in the first half of this year, although we expect that a pause in terms of interest rate decisions by the ECB is more likely.

Council of the EU specifies spending framework for budgets of 21 member states

Under the new framework for the management of its economic policy all EU Member States are required to submit national medium-term fiscal-structural plans (MTP) covering a period of four to five years. On 21 January 2025, the Council of the European Union approved the relevant plans of 21 of its member states and specified the applicable net spending framework for each. The plans comprise the target fiscal policy path of the relevant countries, as well as planned reforms and investments. The spending framework for each member state represents the only operating indicator for budget policy monitoring at EU level. The budget constraints will determine the relevant national fiscal policy for the next four to five years and help to ascertain whether the member states are on course to achieving balanced public finances and/or maintaining these. For five of the 21 countries, an extension was also granted in terms of the period in which their budgets are to be adapted, and they now have seven years to achieve this. A key aim of the plans is to ensure that the public deficit is reduced to a reference value of less than 3% of nominal GDP in the medium term and subsequently maintained below this 3% mark. In this context, the Council of the European Union also made recommendations to seven countries for correcting their respective excessive budget deficit, including France and Belgium. Germany had not submitted a proposed medium-term MTP by the agreed deadline in October 2024, because the country has yet to implement the European requirements at national level.

Bill on federal government participation in debt clearance of Germany's federal states

On 13 January 2025, Germany's Ministry of Finance presented a bill for amending the Constitution so as to create a legal framework that enables the federal government (Bund) to participate in debt clearance measures of the Laender, the country's federal states, and their municipalities which face charges under liquidity facilities. To this end, the Constitution is to be supplemented with a section that implements an exemption in terms of the constitutional allocation of competences, which will enable the federal government to share the debt clearance measures taken by the Laender in favour of excessively indebted municipalities on a one-off basis by assuming a maximum of half of the Laender debt. The prerequisite is that the relevant Land had assumed in full the charges resulting from excessive liquidity facilities of its municipalities which existed as at the cut-off date of 31 December 2023. For this purpose, excessive liquidity facilities may also be considered if they no longer existed on the cut-off date but formed part of a debt clearance programme of the federal states. To prevent excessive municipal liquidity facilities from building up again, those Laender which take up the federal government's help are to adopt suitable measures in accordance with budget law and local by-laws. The basic responsibility of federal states is to ensure that this amendment of the law does not compromise adequate financial resources for their municipalities. To put this into context, municipalities raised loans totalling EUR 31bn in recent years (as at year-end 2023) to safeguard liquidity. The resultant burden is hampering municipalities both in the fulfilment of their responsibilities and in making important investments. Without support, it is foreseeable that the municipalities concerned will not be in a position to improve their financial situation on a sustained basis.

Brandenburg ends financial year 2024 with a deficit of around EUR 900m

After Brandenburg (ticker: BRABUR) recorded surpluses in the last two years, the federal state is expected to end the 2024 financial year with a deficit of around EUR 900m after utilisation of all net borrowing authorisations. This sum is to be offset by the federal state's general reserves, which are said to amount to around EUR 1.6bn at present. According to Robert Crumbach, Brandenburg's Minister of Finance, to put the deficit in context, it is necessary to take into account the fact that the budget plan in the version of the second supplementary budget act for 2024 originally provided for a withdrawal of around EUR 1.6bn from general reserves to enable the federal state to cover all its expenses. The Minister of Finance explained: "This amount is no longer required. Nevertheless, this is not the time to rest on our laurels. Tax receipts were lower than expected in 2024 and, as a matter of fact, lower than in 2023. The bottom line is that our federal state will have to resort to general reserves to a substantial extent, in order to balance its budget […]." Revenue from taxes, levies, general supplementary grants from the federal government and supplementary federal grants to compensate for particularly weak fiscal capacity amounted to EUR 11.4bn. This figure was EUR 318.6m lower than estimated, which was due, in particular, to the economic trend that fell short of expectations. Based on current projections, Brandenburg's Ministry of Finance anticipates total revenue of EUR 16.6bn for the 2024 financial year. At the same time, total spending amounted to EUR 17.5bn. Accordingly, the figures for the financial year just ended were largely in line with the budget plan for 2024 in the version of the second supplementary budget act. The final accounts for 2024 will probably be published at the end of March or beginning of April. Depending on the calculation of reserves that has yet to be carried out, a variation in either direction is still possible with regard to the final amount of net income for the year.

Landwirtschaftliche Rentenbank presents its figures for the 2024 financial year

In a press release, Landwirtschaftliche Rentenbank (ticker: RENTEN) provided an insight into its financial data as well as a review of what was a challenging year overall. New business in terms of programme loans was down by -41.1% across all divisions to EUR 3.6bn (2023: EUR 6.1bn). A downward trend in the new development lending business as a whole was evident, with a decrease of -26.3% in financial year 2024 to EUR 7.9bn (2023: EUR 10.7bn). This reflected general hesitation in the sector when it came to investing. The sharpest decreases in new business were recorded for programme loans in the development categories of renewable energy (-91.0%) and agribusiness (-53.8%). According to the press release, they were primarily caused by the high EU base rate, which for Rentenbank's standardised loans meant that either only high non-subsidised interest terms could be granted, or high financial assistance figures arose. New business in the category of rural development – mainly characterised by demand from Laender development banks for global loans – declined by -40.4%. Operating results before risk provisions and valuation of EUR 161.6m were considerably lower than the high level of EUR 197.3m achieved in the previous year. At the same time, administrative expenses rose as a result of higher operating expenditure on IT investments (EUR +8.6m) as well as higher staff costs (EUR +4.5m). The Common Equity Tier 1 (CET1) ratio increased from 31.3% (2023) to 38.3% as at year-end 2024, although this ratio is likely to decrease again following the first-time application of CRR III with effect from 1 January 2025. Conversely, the leverage ratio was relatively steady at 10.2%, after 10.3% in the previous year. Both ratios continued to exceed the regulatory minimum requirements, including under CRR III.

SEK 2024 year-end report – growth in client base and historically high profits

On 24 January 2025, Svensk Exportkredit (ticker: SEK) published its annual report for 2024 and presented record figures for both net interest income and its operating results. At around SEK 3.1bn (EUR equivalent: EUR 266m), net interest income surpassed the SEK 3bn mark for the first time in the financial institution's history. Operating results were also at a historical high of EUR 185m, up from EUR 137m (2023). The volume of new lending business increased throughout the year to around EUR 7.9bn (2023: EUR 7.3bn). In contrast, the loan portfolio remained unchanged, following growth of +3.6% in the previous year. Net income for the year totalled EUR 147m, which represented a marked increase of approximately +35.2% compared with 2023. With regard to the return on equity, Svensk Exportkredit exceeded the target of at least 5% that it set itself, achieving a 7.1% return. Magnus Montan, CEO of SEK, was clearly pleased: "Despite a cautious investment climate, SEK's client base continued to grow during 2024. Additionally, we posted a historically high operating profit and a record-high net interest income. SEK's role as a key financing partner for the export industry continues to grow. […] In the current uncertain market, it is crucial to continue to promote increased Swedish exports. I am therefore very pleased that SEK continued to grow its client base, in line with our ambition to increase our support for the Swedish export industry." Montan also explained that lower interest rates in the fourth quarter of 2024 had reduced financing costs for Swedish companies. According to the findings of a SEK survey, around 93% of Swedish exporters consequently were cautiously optimistic about the future and expected an increased or at the least unchanged level of export orders in the coming twelve months.

Primary market

In the past trading week, activities in the SSA primary market remained dynamic, albeit at a slightly reduced pace compared with the last issue of our publication. Fresh supply in the SSA segment certainly was plentiful. Accordingly, today we report on five new EUR benchmark bond issues worth an aggregated total of EUR 7.0bn, one sub-benchmark bond issue as well as three tap issues. Issuers from France dominated the last few trading days of what has been the busiest-ever January as far as issuance activities are concerned. First up, however, was a Belgian issuer: the French Community of Belgium (ticker: LCFB) placed a EUR benchmark bond worth EUR 500m (15y) at OLO +38bp, which represents approximately ms +122bp (order book of EUR 2bn, bid-to-cover ratio of 4.0x). Next, all eyes were on 'la Grande Nation': indeed, Caisse d'Amortissement de la Dette Sociale (ticker: CADES), France's deficit and debt repayment fund, ventured onto the trading floor with a bond issue in social format totalling EUR 2.5bn. The order book for this bond in the 5y maturity segment added up to a remarkable EUR 29bn by the end of bookbuilding, with the bond eventually priced at OAT +7bp (the equivalent of approximately ms +44bp). The deal was almost 12.0x oversubscribed. The promotional bank Bpifrance (ticker: BPIFRA) was the last public issuer with a transaction in January. A bond worth EUR 1.5bn with a maturity of seven years was transferred to investors' securities portfolios at a final price of OAT +12bp (represents approximately ms +61bp). The order book for the deal totalled EUR 10bn, with a bid-to-cover ratio of 6.7x. Then, yesterday, on Tuesday, Landwirtschaftliche Rentenbank (ticker: RENTEN) was also present in the SSA primary market, for the second time this year, successfully placing a deal worth EUR 1.25bn (7y) at ms +29bp (order book of EUR 3.4bn, bid-to-cover ratio of 2.7x). Cassa Depositi e Prestiti (ticker: CDEP) from Italy followed, issuing a bond worth EUR 1.25bn (7y) at BTPS +30bp, which roughly equates to ms +107bp (guidance: BTPS +33bp area). Ville de Paris (ticker: VDP) was active in the EUR sub-benchmark bond segment during the final week of January this year. We mentioned the relevant mandate in last week's publication. The French local authority approached investors with a sustainability bond issue, raising EUR 350m (11y) at OAT +16bp (roughly equates to ms +95bp). Furthermore, Saarland (ticker: SAARLD) seized the opportunity to meet an additional funding requirement with a tap issue at the start of this week. Its method of choice was to increase the 2027 bond issue by EUR 200m. Order book details were not published. Kreditanstalt für Wiederaufbau (ticker: KFW) also opted for a tap issue yesterday, Tuesday, and increased its 2032 bond in green format by EUR 3bn at ms +26bp (guidance: ms +28bp area). Another tap issue followed, this time Hesse (ticker: HESSEN) increased its 2039 bond deal by EUR 250m at ms +53bp (guidance: ms +54bp area). Moreover, the EU sent out an RfP to a group of banks for its upcoming second syndicated transaction in H1 2025 (cf. funding plan). In view of new mandates assigned, we expect to see the following transactions on our screens soon: EIB (BMK, 5y, EARN), MADRID (BMK, 10y, sustainability), BADWUR (EUR 1bn, WNG, 10y) and KBN (BMK, 7y).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
CDEP	Other	04.02.	IT0005634735	7.0y	1.25bn	ms +107bp	BBB / Baa3 / BBB	-
RENTEN	DE	04.02.	XS2999573905	7.3y	1.25bn	ms +29bp	AAA / Aaa/ AAA	-
BPIFRA	FR	31.01.	FR001400X862	7.3y	1.50bn	ms +61bp	AA- / Aa3 / -	-
CADES	FR	29.01.	FR001400X6D7	5.3y	2.50bn	ms +44bp	AA-u / Aa3 / AA-	X
LCFB	BE	29.01.	BE0390188549	15.3y	0.50bn	ms +122bp	- / A2 / -	-

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

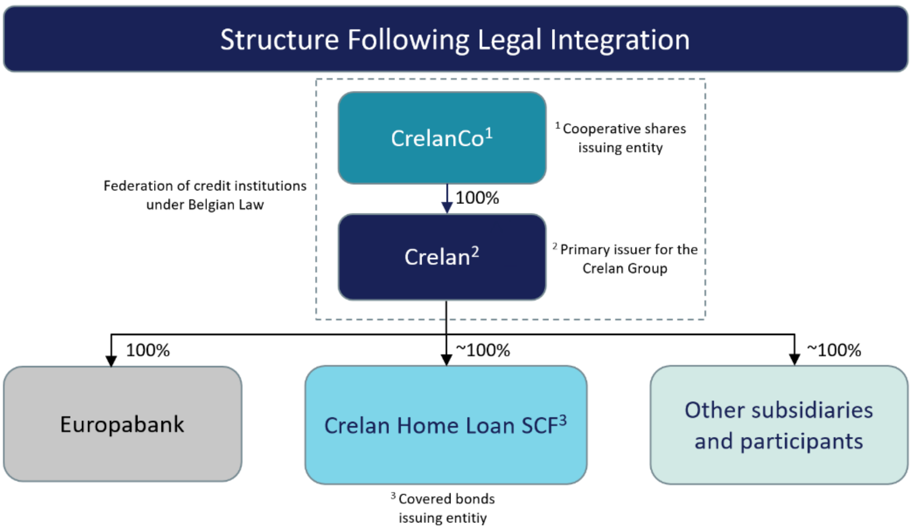
Covered Bonds
Crelan Home Loan plans return to the covered bond market

Author: Alexander Grenner

Crelan Home Loan holds roadshow for covered bond investors

As Crelan Home Loan SCF disclosed in a recent press release, it is planning to return to the primary market for covered bonds in EUR benchmark format in 2025 after an absence of approximately two-and-a-half-years (October 2022 – at that time still in the form of AXA Bank Europe SCF). For this purpose, the issuer held virtual investor meetings last week on 29 and 30 January. Due to this break from issuance activities and the concluded restructuring of the Crelan Group, which also included taking over the covered bond issuer AXA Bank Europe SCF, the chosen approach of a non-deal-related roadshow seems understandable and sensible in our opinion. The attending covered bond investors were to be given an update on the new corporate structure of the Crelan Group, which successfully completed the merger with AXA Bank Belgium in June 2024 according to plan (cf. press release). We would like to take these announcements as an opportunity to take a closer look at the covered bond issuer and its parent company in the current edition of our NORD/LB Covered Bond & SSA View. Back in November 2019, we focused on the Group in greater detail following the announcement by the AXA Group that it intended to sell its Belgian subsidiary AXA Bank Europe as part of a move to streamline group operations. In those days, the Group's covered bonds were still issued by AXA Bank Europe SCF, which has now been renamed Crelan Home Loan SCF after completion of the takeover. In the following, we would like to provide a brief overview of the Belgian entity Crelan and, along with current rating developments, look at the covered bond programme of Crelan Home Loan SCF, which issues bonds under French law.

Crelan's current corporate structure after completion of AXA Bank Belgium integration



Source: Issuer, NORD/LB Floor Research

Focus on Belgian mortgage market & Crelan retains specific characteristics following acquisition of the covered bond issuer AXA Bank Europe SCF

Crelan is one of Belgium's leading providers of mortgages and sees itself as a "must stop shop" bank in this segment. The bank currently has a total loan portfolio of EUR 37.1bn and a market share of around 12.5% (as at December 2023), with the Group focusing primarily on families, couples and high-net-worth individuals. In 2022, after years of strong activity, the Belgian mortgage market was also hit by the turnaround on interest rates, causing the volume of newly granted loans to fall significantly. In the first half of 2024, however, a slight recovery trend became apparent again due to initial interest rate cuts. In general, the market has seen strong and sustained growth in recent years, largely due to tax breaks, structural factors (wage indexation) and cultural factors (over 71% of Belgian households are homeowners). At the same time, the proportion of developed land is very high by European standards. Conversely, the Belgian central bank has introduced various macro-prudential measures, such as "Sector Systematic Risk Buffers" (SSRB), in order to curb the issuance of high-risk loans and to increase the resilience of existing mortgages. The mortgage loans which Crelan took over from AXA Bank Belgium for Crelan Home Loan's cover pool were issued in full before the end of the acquisition period in June 2024. Since then, the portfolio has been downsized. It is expected that newly issued loans from Crelan will meet the conditions for inclusion in the cover pool over the course of 2025. Covered bonds issued by Crelan Home Loan benefit from the strong legal framework for covered bonds in France, which has been amended since July 2022 in line with the European Harmonisation Directive.

Crelan Home Loan SCF as a funding vehicle within the Crelan Group

Crelan NV (Crelan) is the central institution within the Belgian Crelan Group and is wholly owned by the cooperatively organised CrelanCo. Crelan Home Loan SCF is a French subsidiary of Crelan and is 99.99% owned by Crelan. On 31 December 2021, Crelan acquired all the shares of AXA Bank Belgium (ABB), which was also the owner of AXA Bank Europe SCF until the acquisition process was concluded in June 2024. With the integration complete, ABB ceased to exist after all the assets and liabilities had been transferred to Crelan. Crelan Home Loan does not conduct any operational business of its own, instead serving exclusively as a provider of specialised financing within the Group under French law for refinancing by means of covered bonds. Crelan has been classified as a domestic systemically important bank (D-SIB) by the Belgian central bank. The Group has around 1,700 employees (H1/2024) in 770 branches, serving almost 1.7 million customers. This makes it one of the largest banking groups in Belgium in terms of assets. The Group offers its customers a wide range of banking and insurance services. The bank focuses on retail customers, the self-employed and SME. The Group's loan portfolio is made up of the customer groups: "Retail" (H1/2024: 83.3%), "Professional" (12.4%) and "Agricultural" (4.3%). Funding consists mainly of customer deposits (H1/2024: 77.2% of liabilities), followed by covered bonds from Crelan Home Loan SCF (8.1%). Based on its green bond framework, Crelan successfully issued its second Green SNP Bond in January 2024 in Belgium. The Group is rated by the rating agency Sustainalytics with an ESG score of 19.6, which indicates that it belongs to the "low risk" category (as at January 2025).

S&P adjusts Crelan's rating outlook to positive, ratings confirmed

As a result of the completed acquisition of AXA Bank Belgium, the rating experts from S&P upgraded their rating outlook for Crelan from "stable" to "positive". At the same time, the ratings for Long-Term Issuer Credit (A-), Short-Term Issuer Credit (A-2) and Resolution Counterparty (A/A-1) were confirmed. S&P justified this improved outlook by the fact that the bank's business activities were now larger, more diversified and more profitable. It is also anticipated that the long-term synergy effects will enable the bank to close the operational deficits compared with its competitors over the next few years, particularly in terms of cost structures. Improved profitability is also cited as a positive factor by the rating agency.

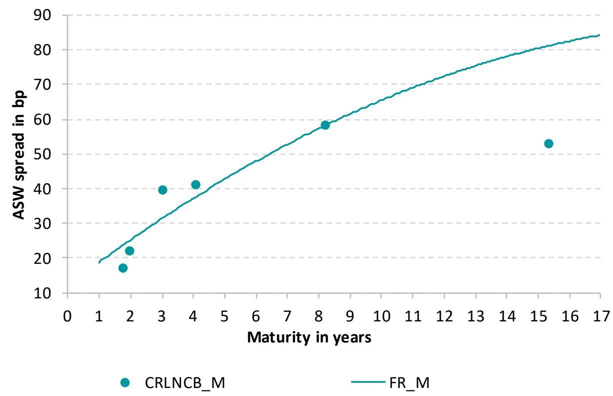
Moody's with upgrade of Crelan's long-term issuer rating to A2

Moody's is the only agency that rates both Crelan and the covered bond programme (Crelan Home Loan SCF). Crelan's LT issuer rating was recently upgraded to A2 with a stable outlook. At the same time, the LT deposit rating was upgraded to A1 (previously A2) and the senior unsecured rating to Baa1 (previously Baa2). The outlook for the deposit rating was, however, reduced from stable to negative, which the rating experts associate with the negative outlook for Belgium's sovereign rating (Aa3 negative). In particular, Belgium's debt burden is cited here as a reason that could make it more difficult for the next government to support systemically important banks. The upgrades of LT issuer and deposit ratings are accompanied by an improvement in the baseline credit assessment (BCA) from Baa2 to Baa1. Moody's justifies this based on the successful completion of the integration of AXA Bank Belgium into Crelan in June 2024. Accordingly, the costs and risks associated with the merger process that have a negative impact on the BCA rating ceased to exist. Instead, the influence of the expected synergy effects is now highlighted as an indicator of an improvement in credit quality. Moody's claims that other factors justifying the BCA upgrade include low asset risks, solid capitalisation and a stable funding structure and liquidity.

Programme data

30 September 2024	Mortgage
Covered bonds outstanding	EUR 10.000bn
Cover pool volume	EUR 13.012bn
Current OC (nominal / legal)	30.1% / 5.0%
Type	81.2% Owner Occupied
Main country	100% Belgium
Main region	16.8% Antwerpen
Number of loans	146,542
Share top 10 exposures	0.10%
NPL	0.00%
Fixed interest (Cover Pool / CBs)	96.3% / 65.0%
WAL (Cover Pool / CBs)	8.3y / 5.1y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -

Spread overview (BMK) – France

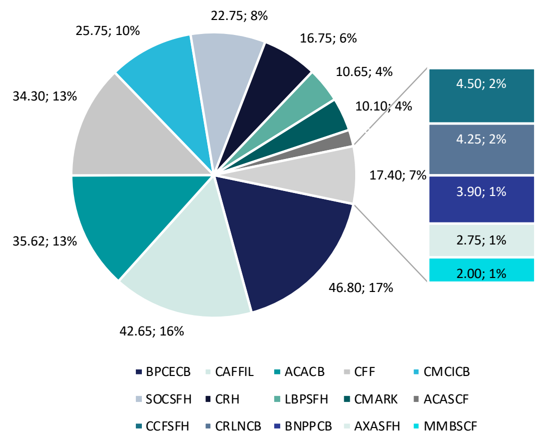


Source: Rating agencies, Bloomberg, NORD/LB Floor Research

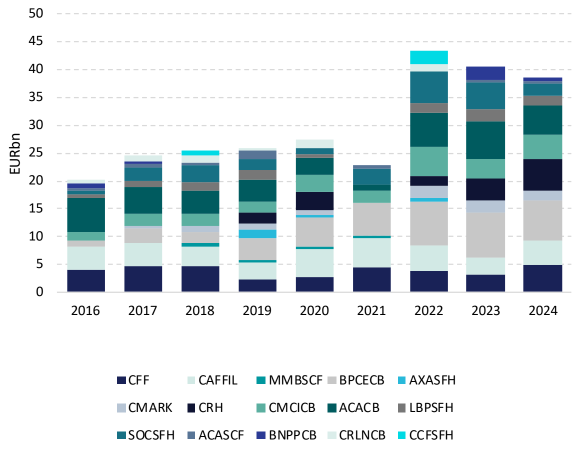
Moody's: Crelan Home Loan SCF's covered bonds have TPI leeway of three notches
Crelan Home Loan's covered bond rating is not affected by the renaming of the programme (formerly AXA Bank Europe SCF) in the course of the now completed merger. The quality of the cover assets in the issuer's cover pool will therefore remain unchanged. Moody's also reports a very solid collateral score of 4.0% by international standards. In the current performance report, Moody's also puts the TPI leeway for the Aaa-rated covered bonds at three notches, which in turn indicates that even a downgrade of the CR assessment by three notches would not necessarily lead to an immediate downgrade of the covered bonds. The recent downgrade of France's sovereign rating (from Aa2 to Aa3) has no impact on Crelan Home Loan's covered bond programme.

Crelan Home Loan with outstanding covered bond volume of EUR 10bn
The cover pool of Crelan Home Loan had cover assets with a volume of around EUR 13bn as at the reporting date 30 September 2024. This is offset by issued covered bonds worth EUR 10bn, leading to a calculated overcollateralisation ratio of 30.1%. The legally binding minimum overcollateralisation in France is 5%. In the current composition of the iBoxx EUR Covered (February 2025), Crelan is represented with six outstanding bonds, with the last benchmark issue dating back to 2022. The issuer's cover pool consists of 92.2% residential assets and 7.8% substitute cover. The former are split between a total of 146,542 loans and are located exclusively in Belgium. The highest share can be attributed to the Antwerp region (16.8%), followed by East Flanders (14.1%) and West Flanders (13.4%). The average loan volume as at the reporting date 30 September 2024 is around EUR 81,900 and the share of the ten largest exposures in the cover pool is listed at 0.1%. Non-performing loans are not included in the cover pool. In total, 81.2% of the loans were used to fund owner-occupied residential property, while 18.8% are allocated to the "buy to let" category. While the average LTV for the non-indexed case is given as 58.6%, the indexed LTV, which takes into account price changes in the property market, stood at 48% as at 30 September 2024.

France: outstanding volume (EURbn)



France: new issues (EURbn)



Source: Market data, NORD/LB Floor Research

Rating and regulatory treatment

Based on Moody's top rating (Aaa), a preferred risk weight of 10% is applicable for the covered bonds of Crelan Home Loan in accordance with CRR. In addition, we believe that the EUR benchmark transactions are eligible as Level 1 assets for LCR management purposes. Moreover, the issuers' covered bonds are suitable as collateral in transactions with the ECB and can be marketed under the European Covered Bond (Premium) label. All the institution's outstanding covered bonds have a soft bullet structure based on the national French covered bond legislation. According to this, a maturity extension of twelve months is possible that can only be triggered by legal requirements.

Overview of the French covered bond market

With EUR 267.8bn (as at January 2025), France is currently the jurisdiction with the highest outstanding volume of covered bonds in EUR benchmark format, ahead of Germany. In total, this is spread over 258 different bonds from 15 credit institutions. The largest shares here are attributable to Groupe BPCE with EUR 46.8bn (17%; 39 ISINs) and CAFFIL with EUR 42.7bn (16%; 44 ISINs). In third place is Credit Agricole Home Loan (EUR 35.6bn; 13%; 29 ISINs), closely followed by CFF (EUR 34.3bn; also 13% and 29 ISINs). With a total volume outstanding of EUR 4.3bn across seven bonds, Crelan Home Loan is currently one of the institutions with a smaller market share, however the last issue, as already mentioned, goes back to 2022. Although the issuance volume from France fell slightly last year (compared with the record years 2022 and 2023), at EUR 38.5bn, it was still well above the years 2016 to 2021. French issuers were hit by relatively significant spread widening in the second half of last year, which was mainly due to the escalating government crisis as a result of the budget debate. In addition to the general market sentiment for covered bonds, this may have contributed to a certain reluctance in the case of newly placed deals towards the end of the year. In our annual forecast for 2025, we expect a total issuance volume of EUR 37.5bn for France and a net new issuance volume of EUR 16.2bn.

Conclusion

By holding investor meetings, Crelan is signalling to covered bond investors that it will soon be returning to the primary market. As the integration of AXA Bank Belgium into the Crelan Group since June 2024 is now complete, the covered bond issuance vehicle of AXA Bank Europe has also been renamed Crelan Home Loan and is therefore operating entirely under its own name. The completion of the acquisition on schedule is having positive effects for Crelan's rating in the form of rating upgrades (Moody's) and rating outlooks (S&P). The covered bond programme of Crelan Home Loan was not affected by the upgrades and still holds the top Aaa rating from Moody's. Following the issuer's announcement, we can in any case look forward to the imminent return of Crelan Home Loan to the market for covered bonds in EUR benchmark format. The resumption of Crelan's/Crelan Home Loan's issuance activity should be expressly welcomed, in our opinion, as this development would again increase the investable universe on the primary market for EUR benchmarks. In addition, we believe that the configuration of a covered bond issuer that applies the French legal framework as part of its programme and at the same time has recourse to Belgian mortgage financing would have certain diversification effects.

SSA/Public Issuers
SSA January recap: record start to 2025

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

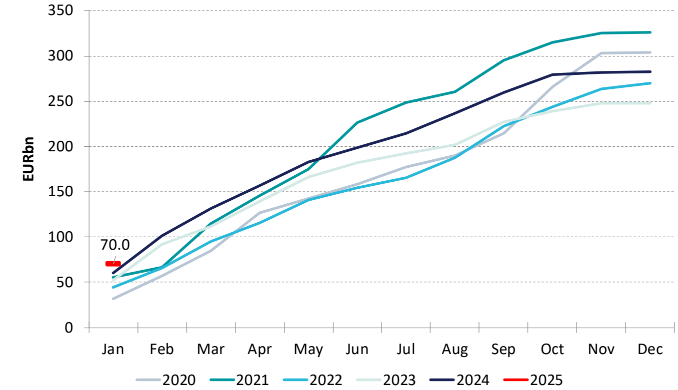
January 2025 – the busiest SSA month of all time

At the beginning of each year, we traditionally take a look at developments on the primary market: January always comes up with the good in terms of volume. It is usually one of the three most issuance-intensive months of the year. In January 2025, for the SSA segment as defined by us – supranationals, sub-sovereigns and agencies, i.e. excluding sovereigns – EUR benchmarks totalled an impressive EUR 70bn (2024: EUR 60bn; 2023: EUR 52.5bn; 2022: EUR 44.5bn). Never have we had such a strong issuance start to the new year. The primary market took advantage of the full month, which consisted of 22 trading days. NIESA did not waste any time at the back end of 2024 and mandated for the first trading week in the new year, so that the ball was rolling immediately on 02 January.

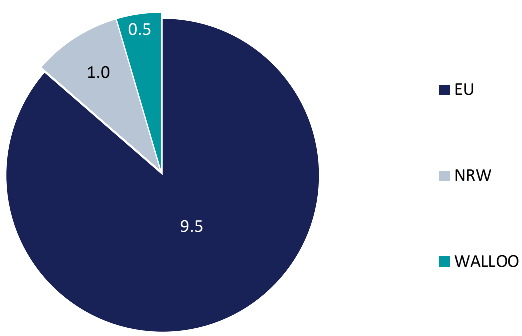
Highlights

In January, 33 different issuers have already successfully appeared on the market – some of them more than once: A total of 40 new issues were carried out (January 2024: 34 issuers; 39 new issues). KfW raised the largest volume: the promotional bank placed a total of EUR 9bn via two new issues. The order books here amounted to EUR 85bn. EFSF also raised a significant portion of its funding target for this year (EUR 21.5bn) in one fell swoop with a dual tranche of EUR 7bn (order books: EUR 80bn). However, the largest demand for a single bond was for a fresh EU bond with an order book of EUR 82bn. The German Laender also wasted no time at the start of the year: Ten Laender have already appeared on the market with new benchmark bonds, including BERGER with a floater. German sub-sovereigns placed a total of EUR 15.25bn in January (13 ISINs). In the context of ESG bonds, however, the issue under the new EU Green Bond Standard (EUGBS) was undoubtedly a milestone. We shall discuss the corresponding transaction by IDFMOB in more detail below. Away from the action in the EUR benchmark segment, some issuers also selectively took advantage of the opportunity to increase the volume of bonds already outstanding. In particular for the EU, taps are traditionally a key part of its funding strategy.

Issuance volume over the year(s)



Tap volume by issuer (EURbn)

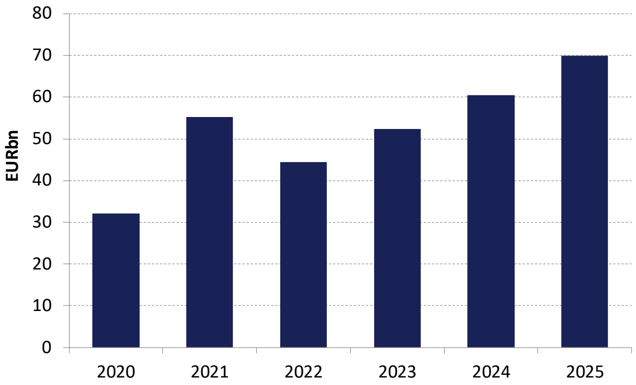


Source: Bloomberg, NORD/LB Floor Research

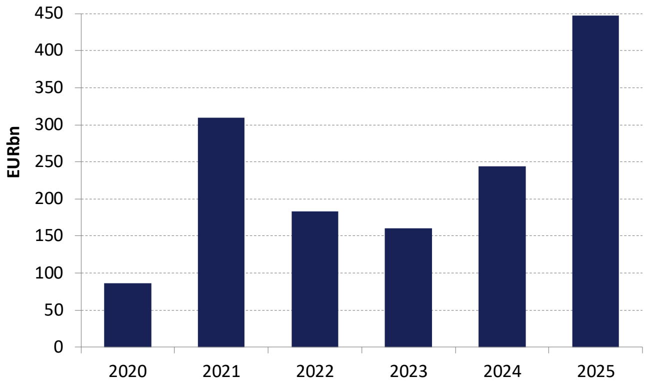
EU dominated a modest tap volume so far

Even though taps are not included in our “large” data set and the volume in January was rather modest, we would like to deal with them separately. In the first month of the year, the volume of such deals came to EUR 11bn, of which EUR 9.5bn alone is attributable to the three EU taps. In addition to one new issue, NRW and WALLOO also decided to increase the volume of existing bonds. In terms of tap volume and the number of issuers involved, there was more of a need to approach investors with fresh new issues than with taps on the supply side in January. We see plenty of spare capacity for tap deals across the rest of the year.

Comparison of issuance volumes in January



Comparison of order book volumes in January



Source: Bloomberg, NORD/LB Floor Research

Inflated order books?

Let’s turn our attention to order books. Cumulatively over the 40 new issues, we have calculated a total of EUR 447.2bn. Compared with previous years (2024: EUR 243.6bn; 2023: EUR 160.2bn), this is a significant increase and exceeded even the historic benchmark to date of EUR 309.2bn from 2021. The main drivers behind this development were the successful KfW and EU deals, which boasted an order book volume of EUR 85bn and EUR 82bn respectively. The taps carried out this year are, as we said before, not included in the data set shown above, but are nevertheless more than worthy of mention: for example, the increase that took place as part of the EU’s first syndicated transaction had a corresponding order book amounting to EUR 115bn (bid-to-cover ratio: 23x).

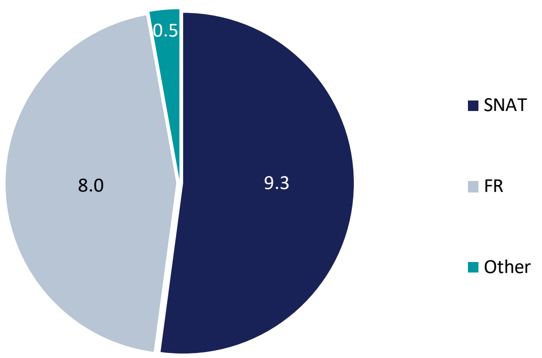
German Laender achieved early funding successes

As mentioned above, the individual sub-segments in our SSA coverage were dominated by the German Laender in January. The new issuance volume amounted to EUR 15.25bn and, like almost everything this January, was at a record level based on a direct annual comparison (2024: EUR 7.6bn; 2023: EUR 9.5bn). In total, ten Laender approached investors with EUR benchmarks – NIESA and BERGER did so multiple times. A total of 13 new bonds were placed on the market. Accordingly, around one in three new issues from our SSA coverage came from the German Laender segment. The demand for bonds from this issuer group was also remarkable: the order books across all transactions amounted to EUR 46.7bn. Despite significantly higher spread premiums than at the beginning of the previous year, the Laender have therefore already achieved considerable funding successes at a very early stage in 2025.

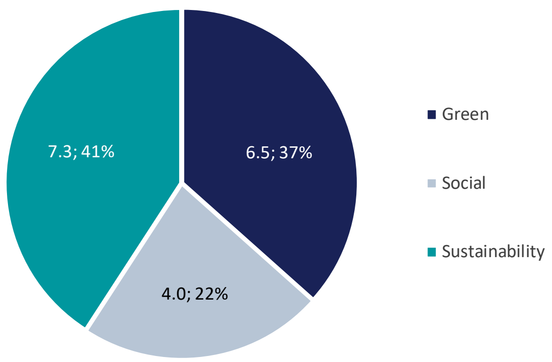
ESG: European Green Bond Standard applied for the first time

Let's take another look at the subject of ESG bonds, given that we recently discussed the developments in this market segment in 2024 as part of a separate Annual Review: overall, nine ESG bonds were issued in January, with the new issuance volume at the beginning of the year amounting to EUR 17.8bn. ESG issues therefore accounted for just over 25% in our sub-segment. The supranationals were particularly active: at EUR 9.3bn, they accounted for the lion's share. Three issuers from our SNAT coverage have already placed bonds with an ESG label: EIB (EUR 6bn; Green), IDAWBG (EUR 1.75bn); Sust.) and IBRD (EUR 3bn; Sust.). Five French issuers also got in on the act, including Île-de-France Mobilités (ticker: IDFMOB) with the first-ever EU Green Bond (EuGB) in our coverage. The bond with a 20-year maturity had a volume of EUR 1bn and the order book totalled EUR 5.9bn by the end of the marketing phase. Last week we used the transaction as an opportunity to take a closer look at the latest developments surrounding the EUGBS in a Cross Asset article.

ESG volume by jurisdiction (EURbn)



Volume by ESG format (EURbn)



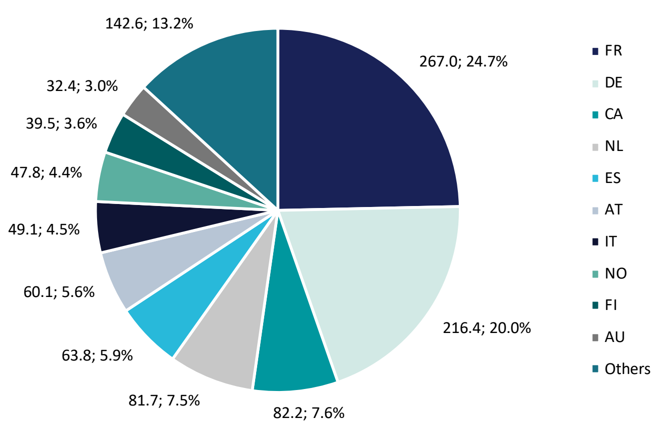
Source: Bloomberg, NORD/LB Floor Research

Conclusion and outlook

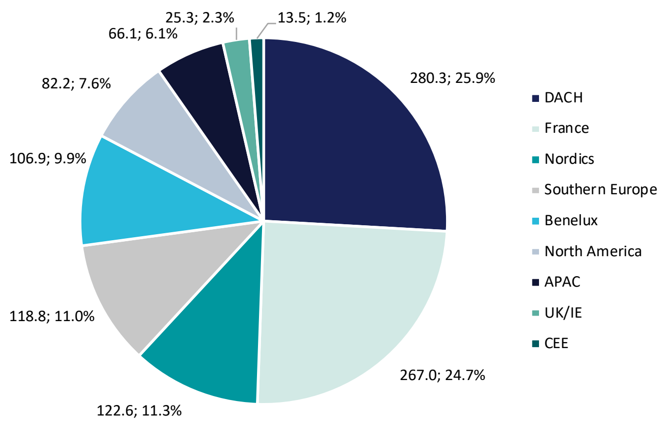
No two Januarys are the same. In recent years, the market environment has always been characterised or influenced by challenging factors. While monetary policy is occasionally taking a back seat, the spotlight is mainly on fiscal and budgetary uncertainties in Germany and France. Nevertheless, some issuers have already been inclined to clinch early funding successes. At EUR 70bn, the record from the previous year was impressively surpassed, even though this may not have been anticipated due to the relatively low level of maturities set to fall due. As described above, the German Laender played a crucial role in this. However, KfW has also taken a large step towards achieving its funding target for this year of EUR 60-70bn in the form of a EUR dual tranche and other foreign currency deals. At European level, the EFSF also recently even achieved almost a third of its funding target for 2025 with a dual tranche. It remains to be seen how the current conditions for issuers in the SSA segment will pan out over the course of the year. The ongoing conflict in Ukraine, the upcoming federal elections in Germany, budgetary worries in France and the trade policy of the second Trump administration will remain core factors of uncertainty. In combination with the (for the time being, anyway…) ongoing path of interest rate cuts by the ECB, we are therefore highly intrigued to see what happens next in the SSA year 2025.

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



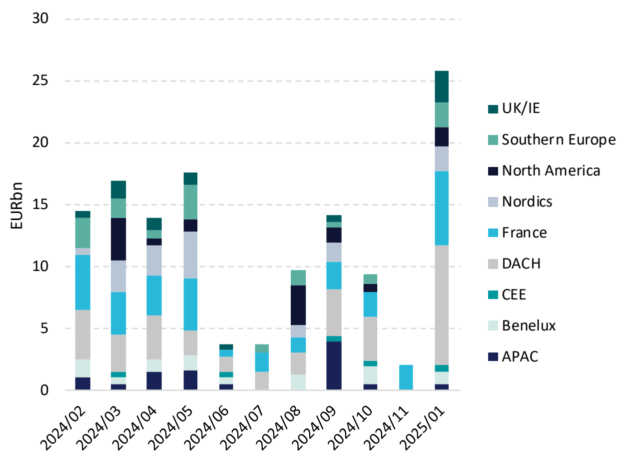
EUR benchmark volume by region (in EURbn)



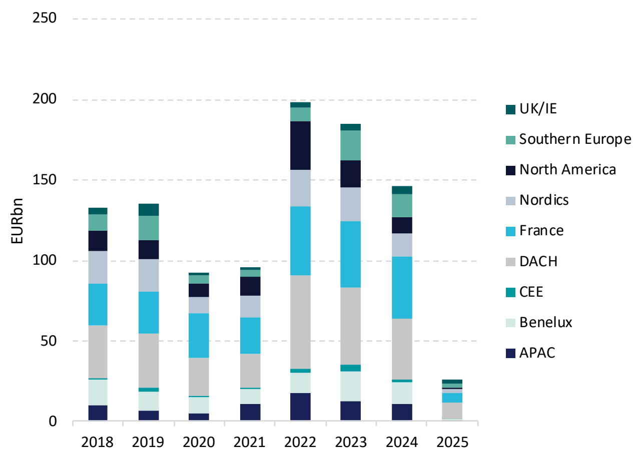
Top-10 jurisdictions

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	267.0	257	29	0.98	9.2	4.6	1.54
2	DE	216.4	303	47	0.66	7.7	3.8	1.59
3	CA	82.2	60	1	1.35	5.6	2.5	1.46
4	NL	81.7	82	3	0.93	10.5	5.7	1.40
5	ES	63.8	51	6	1.12	11.0	3.2	2.22
6	AT	60.1	100	5	0.59	8.0	4.0	1.58
7	IT	49.1	63	5	0.76	8.5	3.9	2.02
8	NO	47.8	58	11	0.82	7.2	3.3	1.15
9	FI	39.5	45	4	0.86	6.7	3.2	1.77
10	AU	32.4	31	0	1.05	7.2	3.8	1.83

EUR benchmark issue volume by month

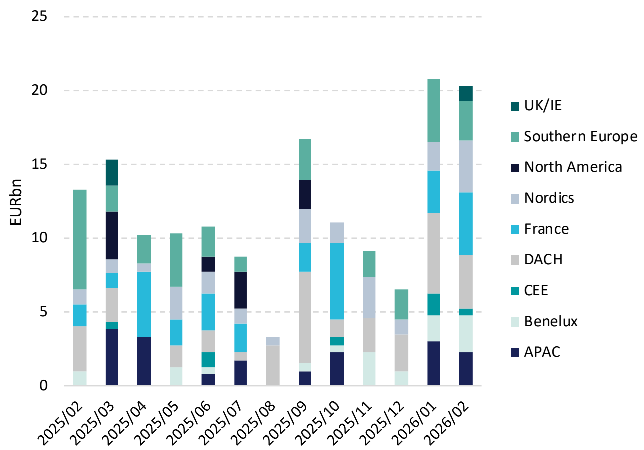


EUR benchmark issue volume by year

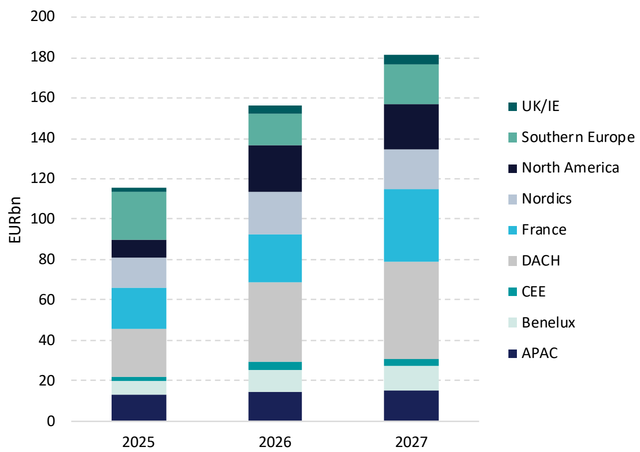


Source: Market data, Bloomberg, NORD/LB Floor Research

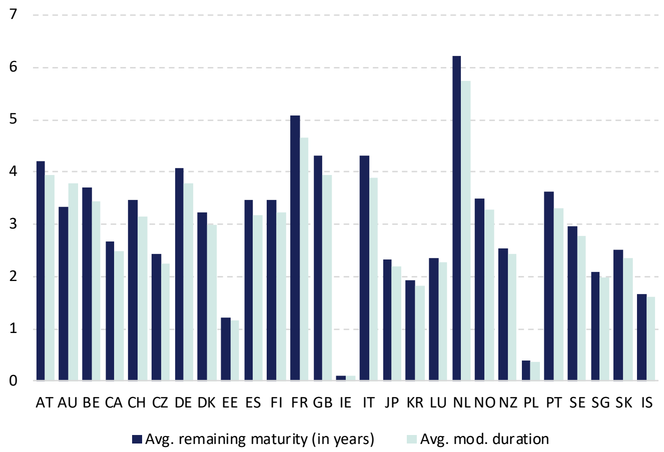
EUR benchmark maturities by month



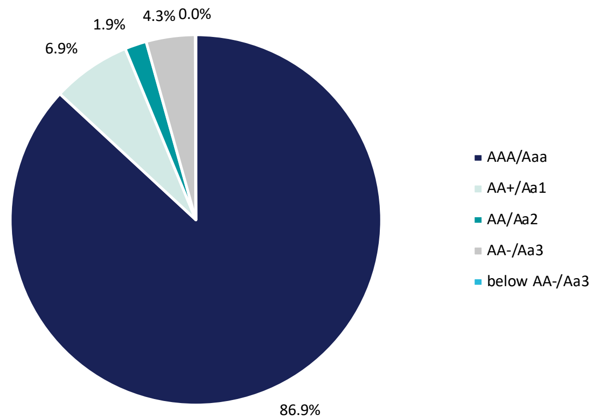
EUR benchmark maturities by year



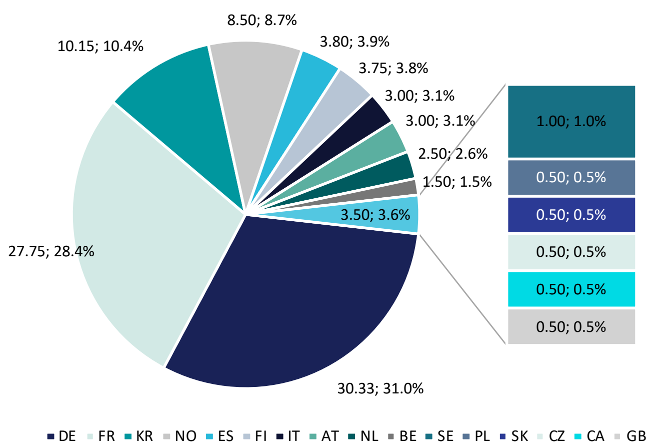
Modified duration and time to maturity by country



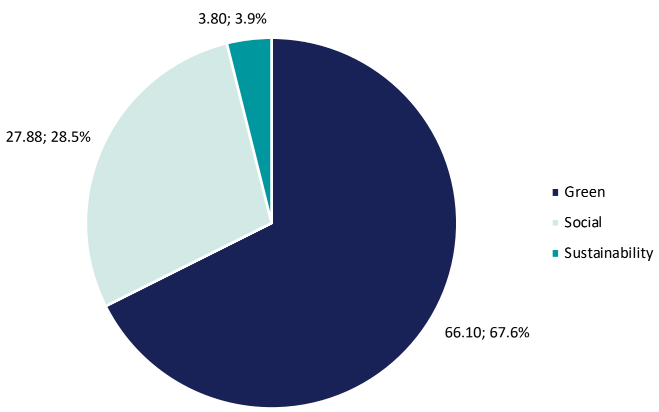
Rating distribution (volume weighted)



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

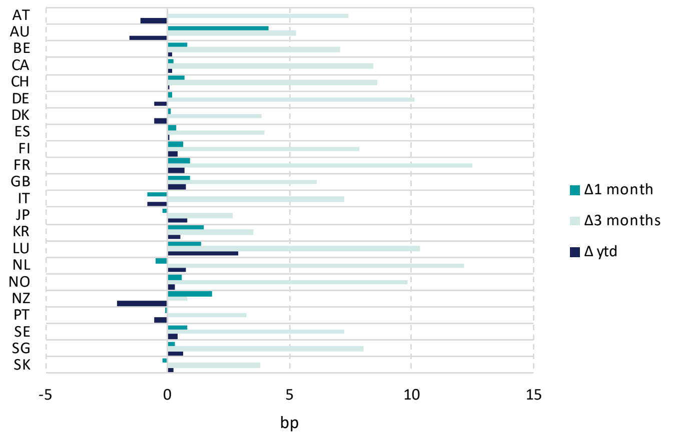


EUR benchmark volume (ESG) by type (in EURbn)

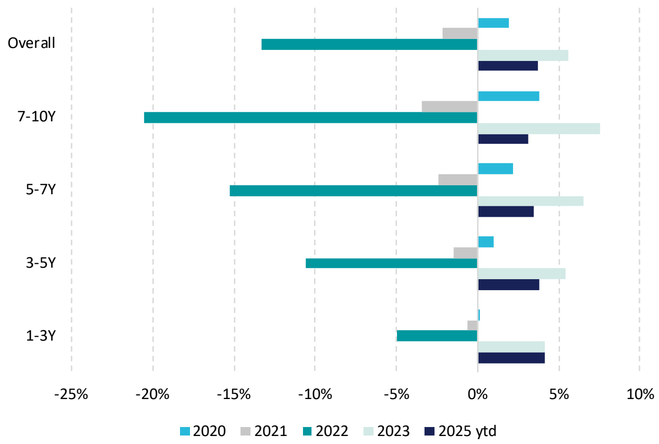


Source: Market data, Bloomberg, NORD/LB Floor Research

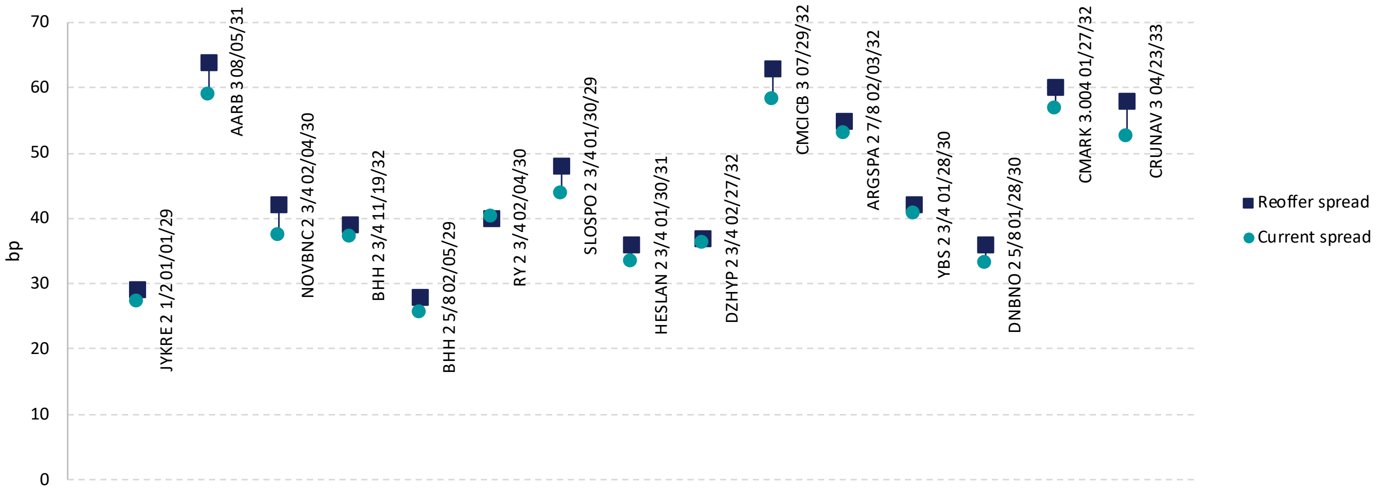
EUR benchmark emission pattern



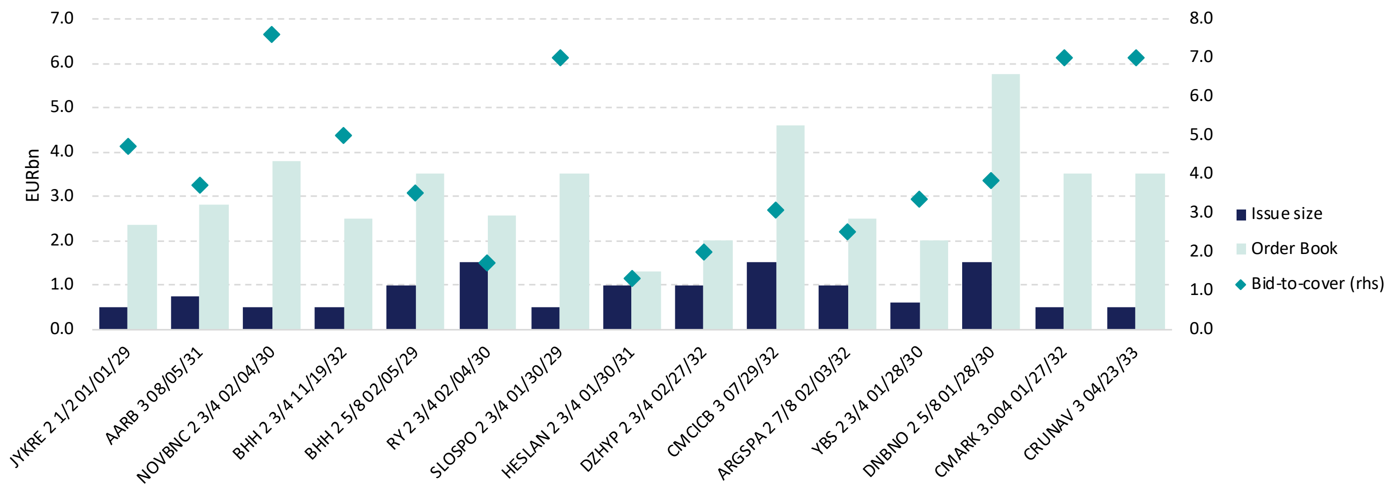
Covered bond performance (Total return)



Spread development (last 15 issues)



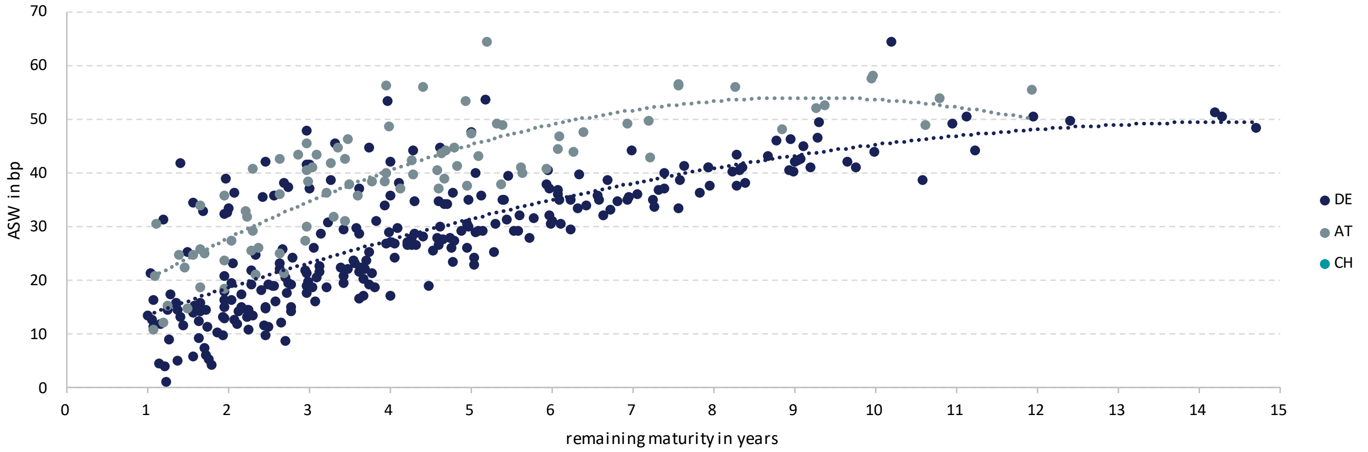
Order books (last 15 issues)



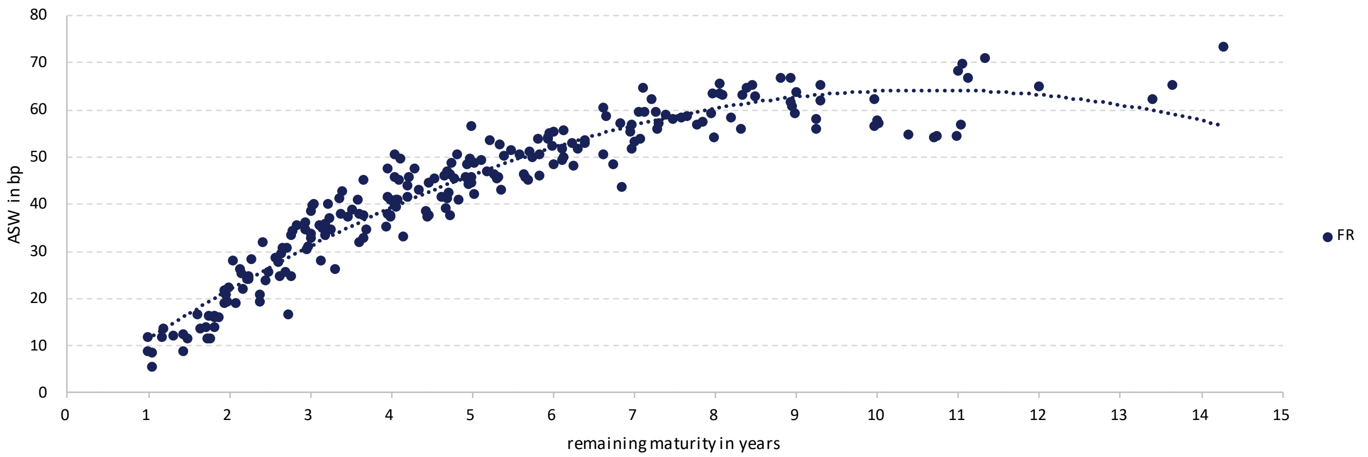
Source: Market data, Bloomberg, NORD/LB Floor Research

Spread overview[1]

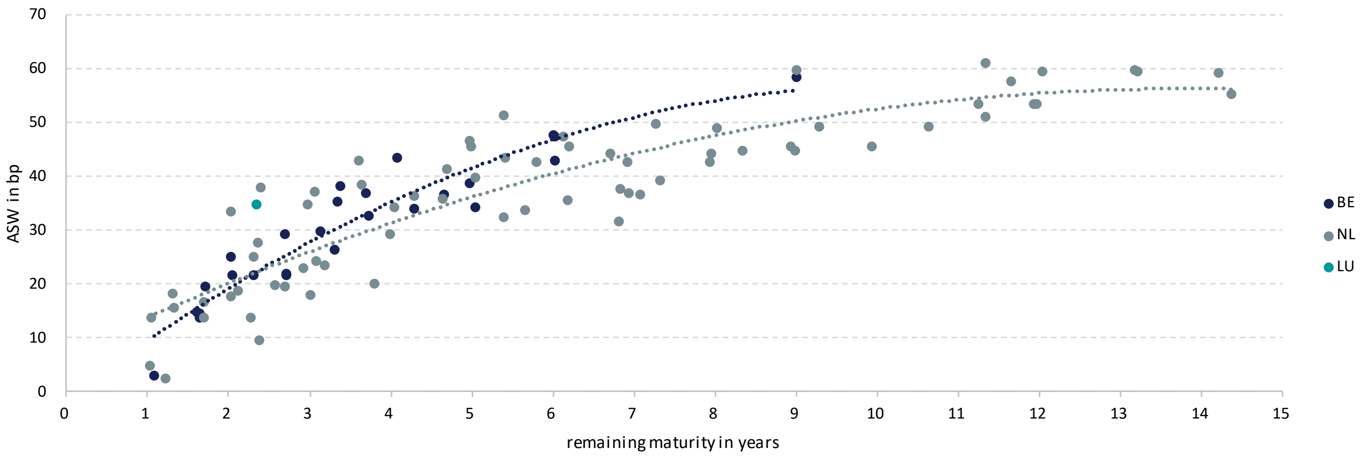
DACH



France

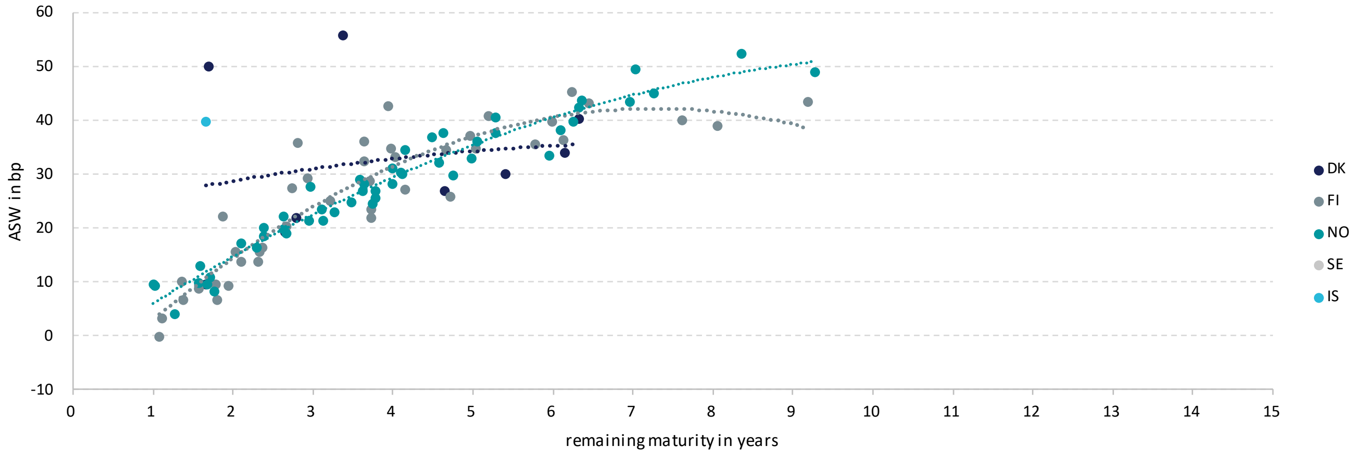


Benelux

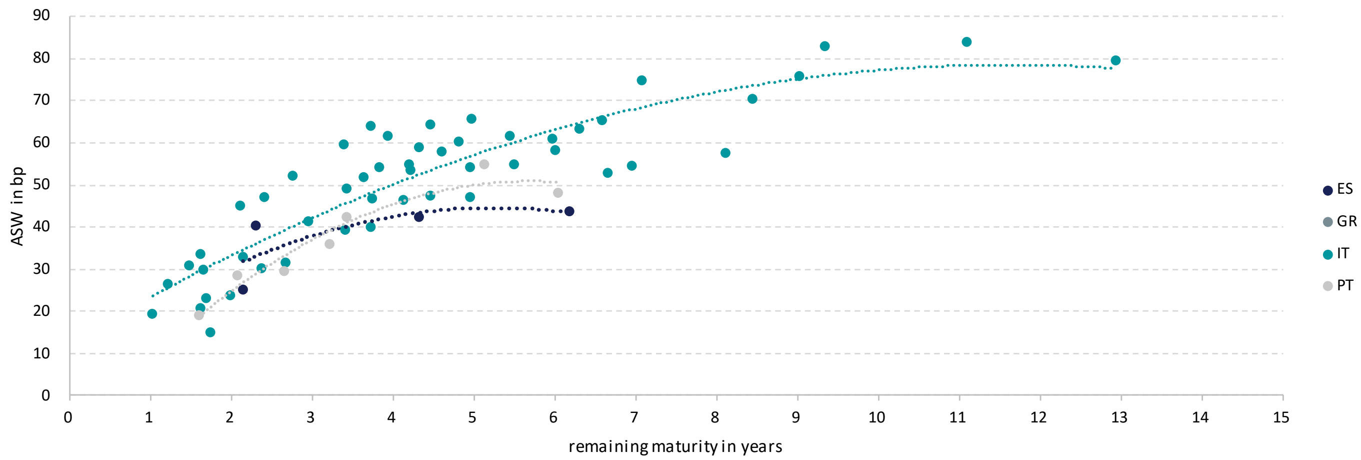


Source: Market data, Bloomberg, NORD/LB Floor Research [1]Time to maturity 1 ≤ y ≤ 15

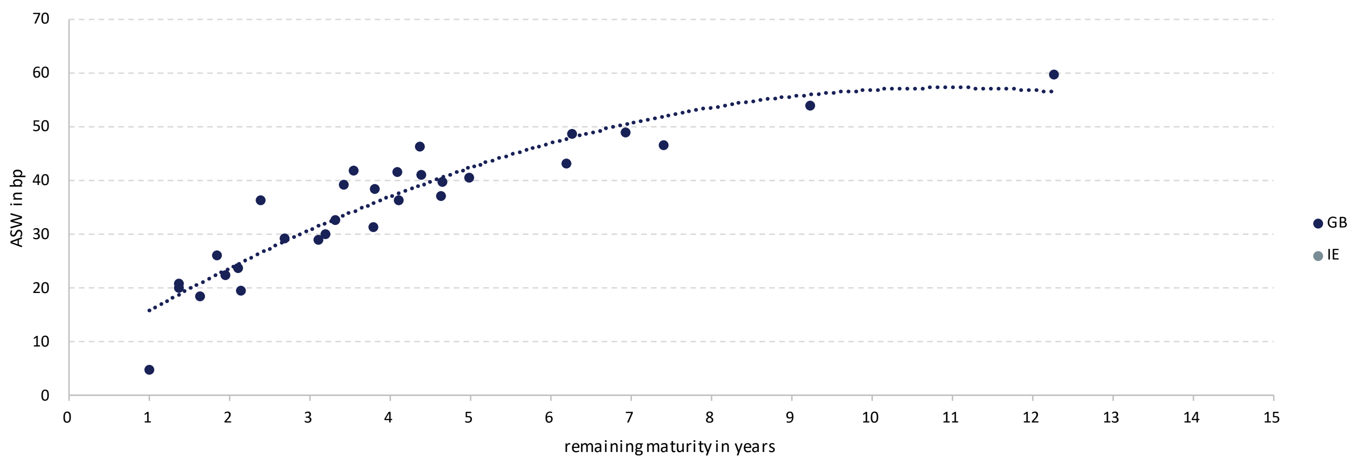
Nordics



Southern Europe

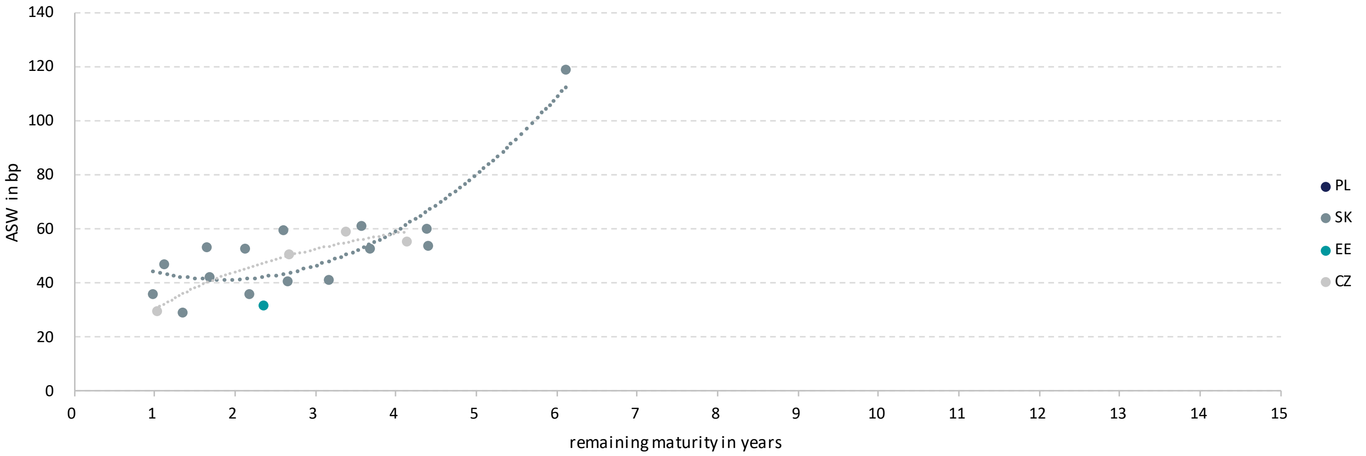


UK/IE

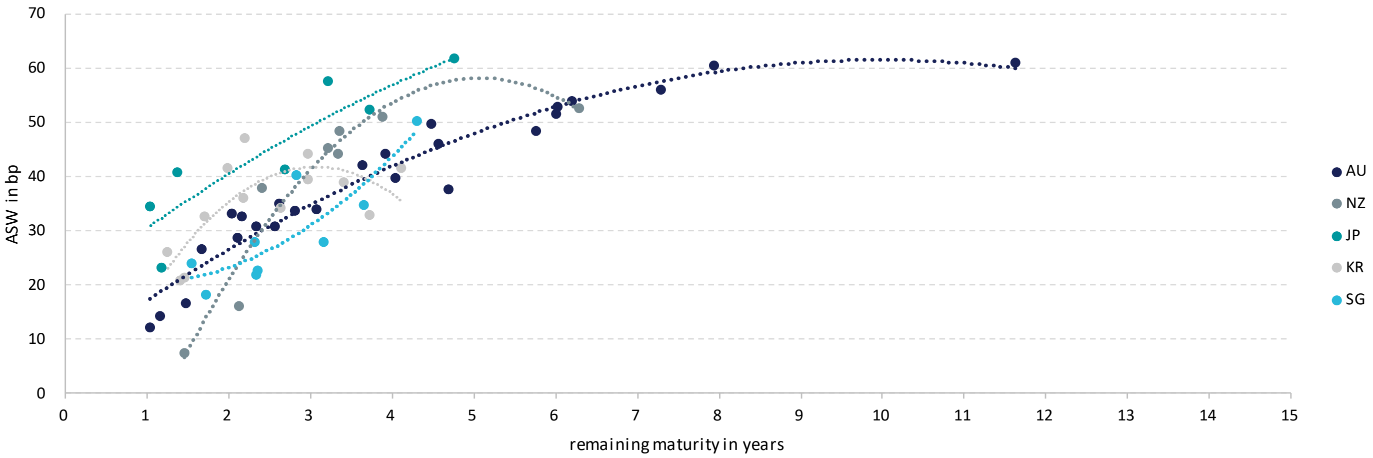


Source: Market data, Bloomberg, NORD/LB Floor Research

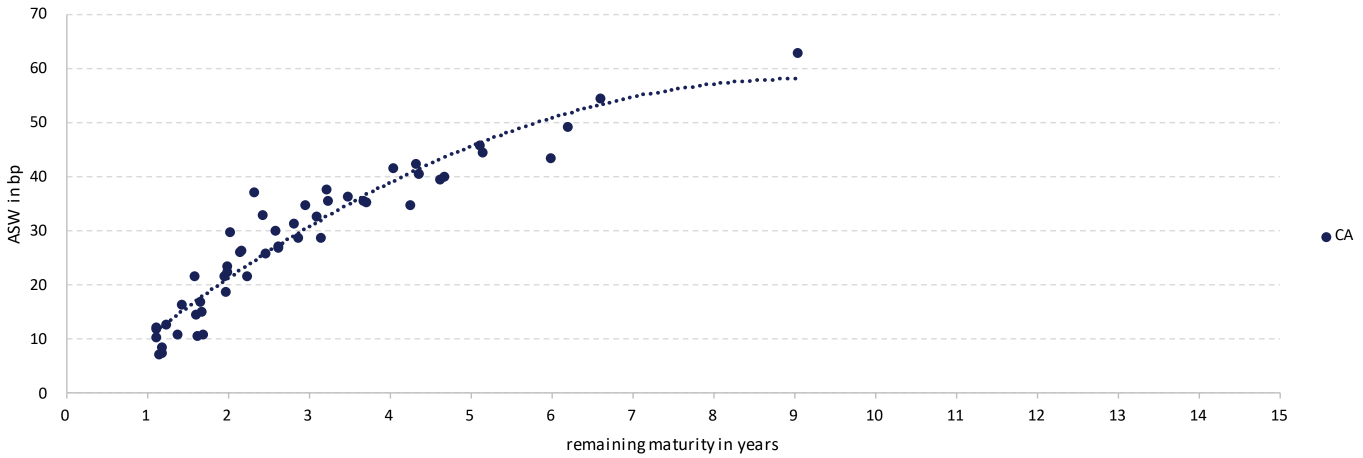
CEE



APAC



North America

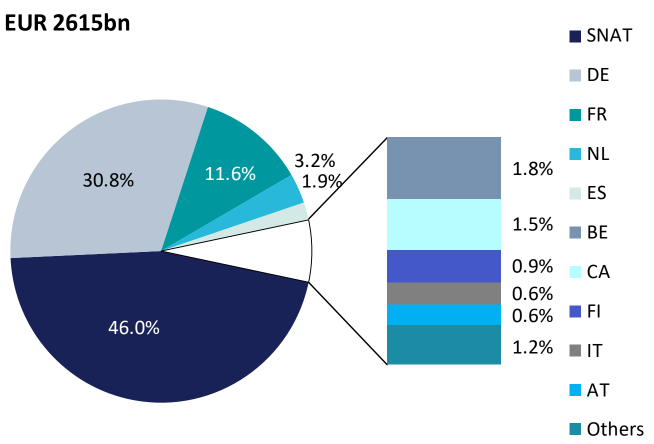


Source: Market data, Bloomberg, NORD/LB Floor Research

NORD/LB

Charts & Figures
SSA/Public Issuers

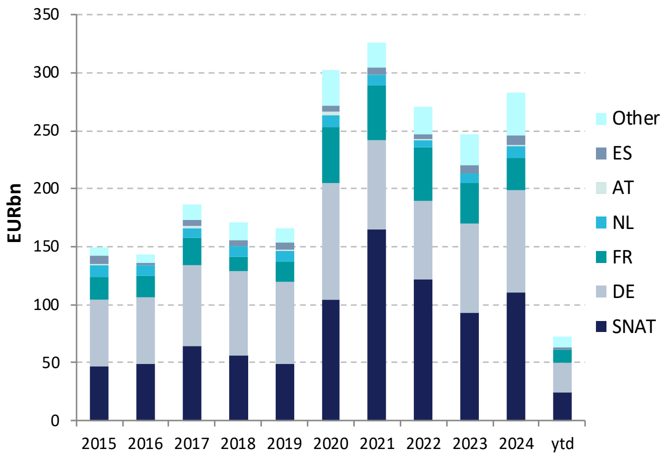
Outstanding volume (bmk)



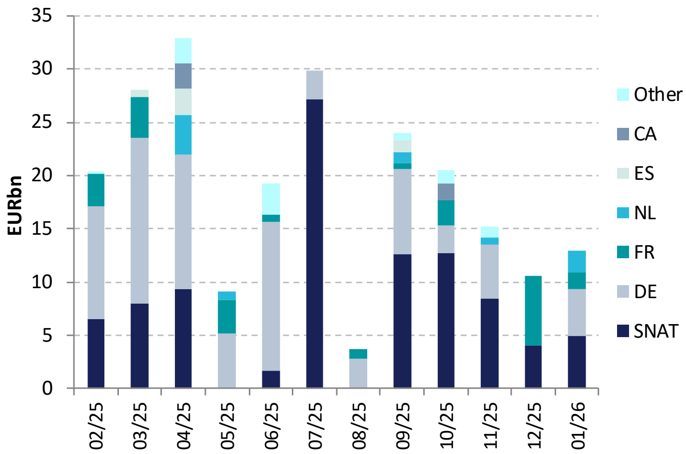
Top 10 countries (bmk)

Country	Vol. (EURbn)	No. of bonds	ØVol. (EURbn)	Vol. weight. ØMod. Dur.
SNAT	1,202.0	247	4.9	7.8
DE	804.6	599	1.3	6.1
FR	303.2	204	1.5	5.7
NL	83.3	67	1.2	6.2
ES	49.4	69	0.7	4.8
BE	47.1	48	1.0	10.0
CA	37.9	26	1.5	5.2
FI	24.6	26	0.9	4.4
IT	16.8	21	0.8	4.3
AT	16.0	21	0.8	4.7

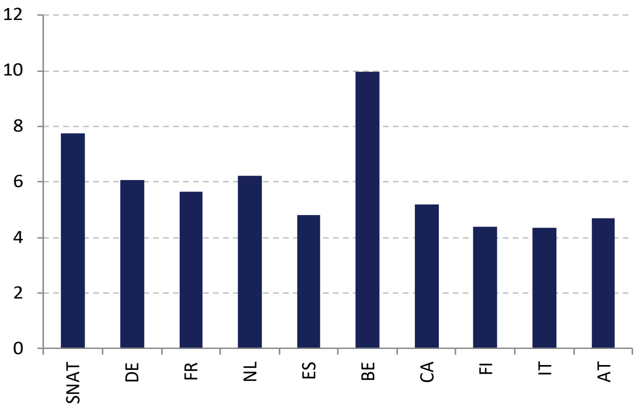
Issue volume by year (bmk)



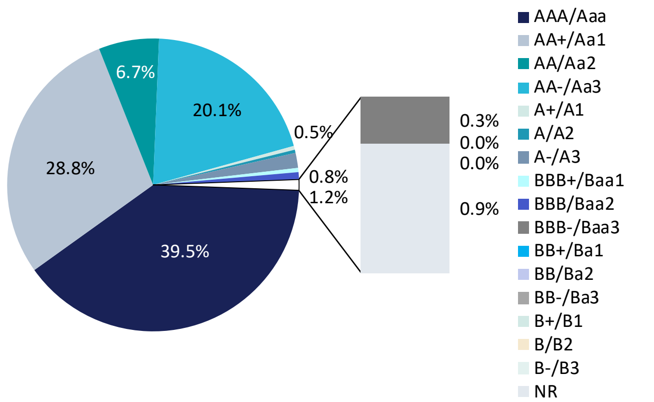
Maturities next 12 months (bmk)



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

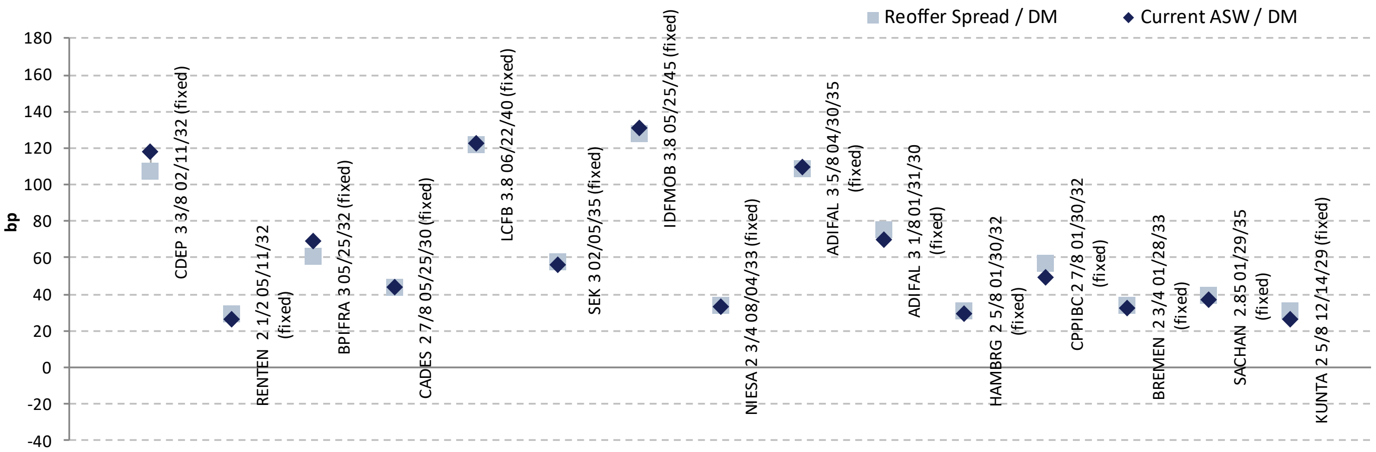


Rating distribution (vol. weighted)

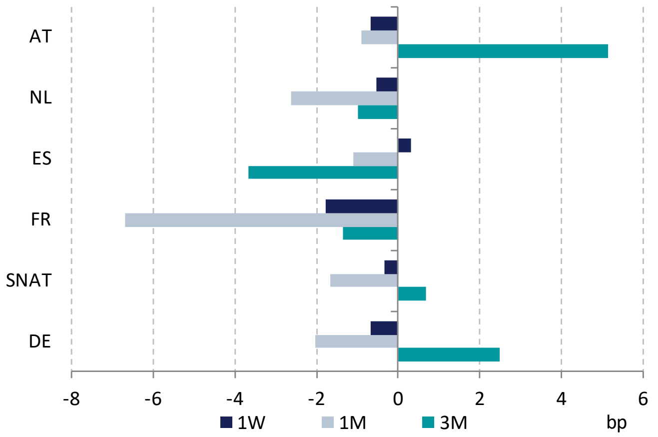


Source: Bloomberg, NORD/LB Floor Research

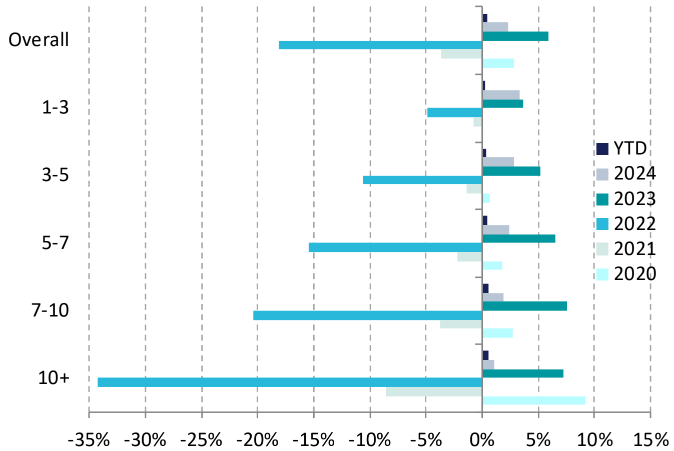
Spread development (last 15 issues)



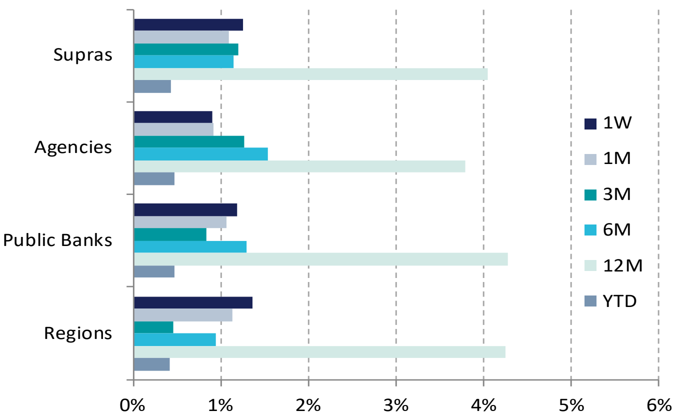
Spread development by country



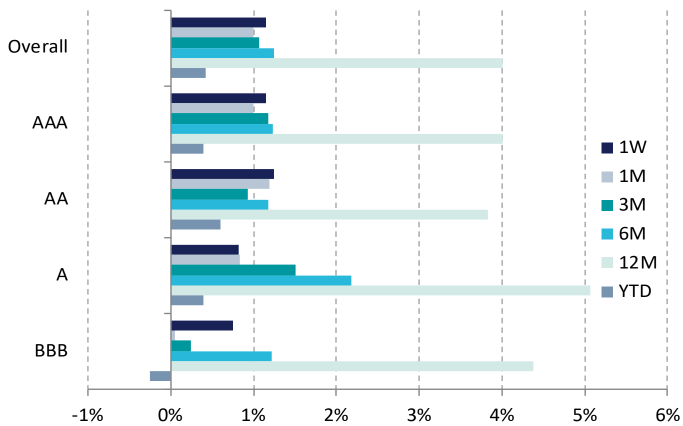
Performance (total return)



Performance (total return) by segments

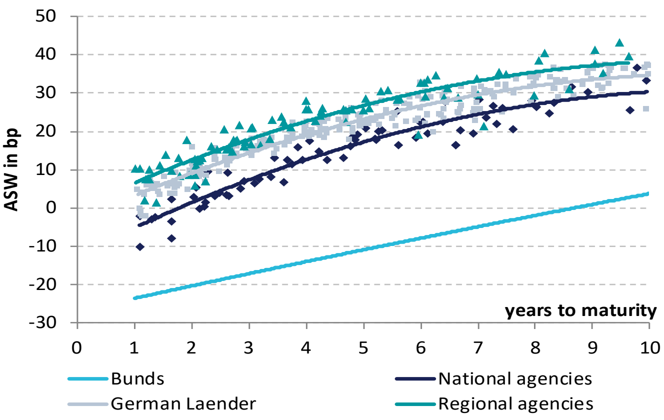


Performance (total return) by rating

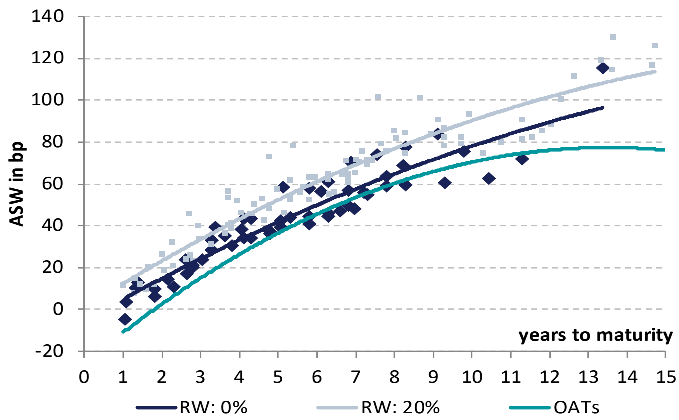


Source: Bloomberg, NORD/LB Floor Research

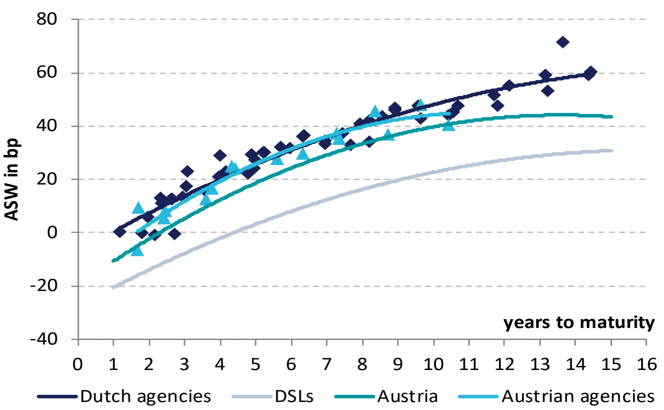
Germany (by segments)



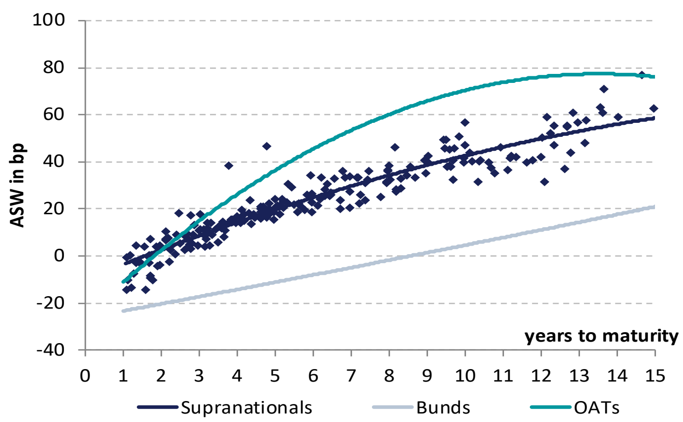
France (by risk weight)



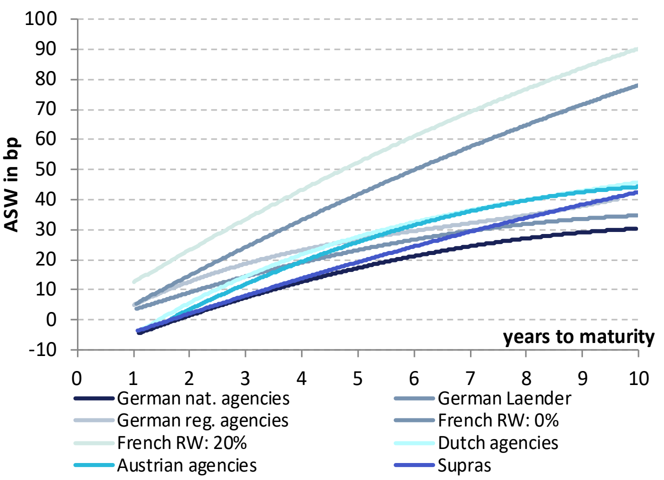
Netherlands & Austria



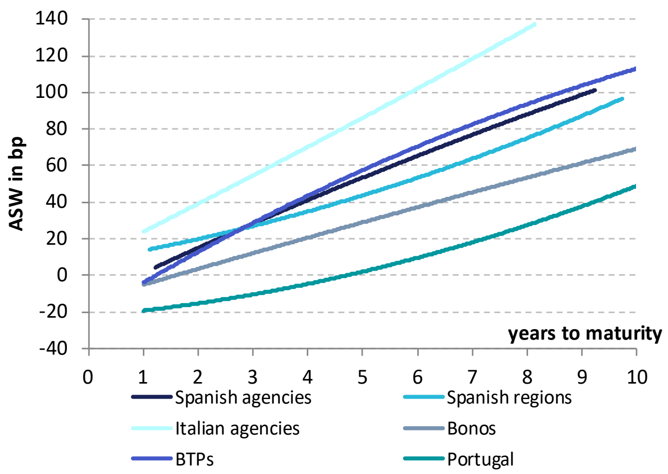
Supranationals



Core



Periphery

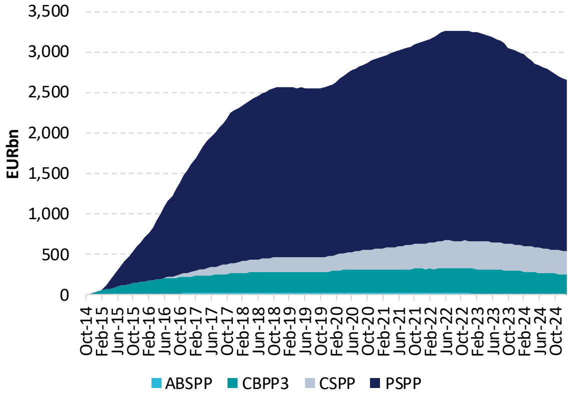


Source: Bloomberg, NORD/LB Floor Research

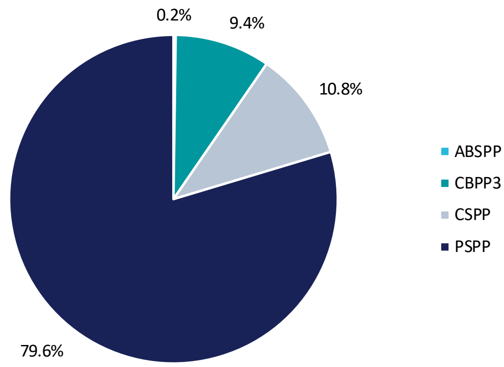
Charts & Figures
ECB tracker

Asset Purchase Programme (APP)

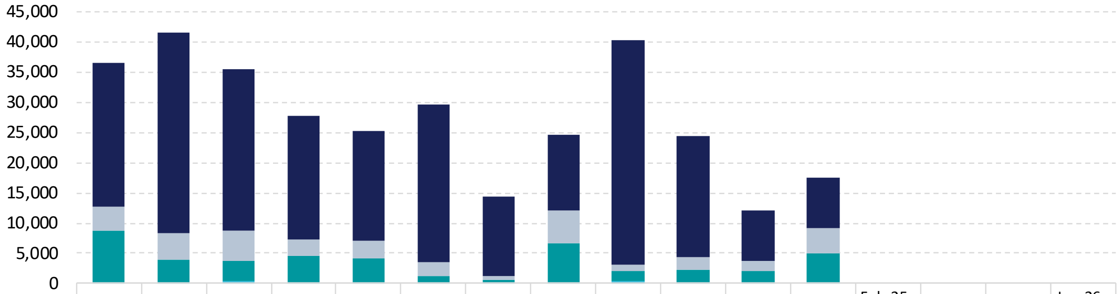
APP: Portfolio development



APP: Portfolio structure

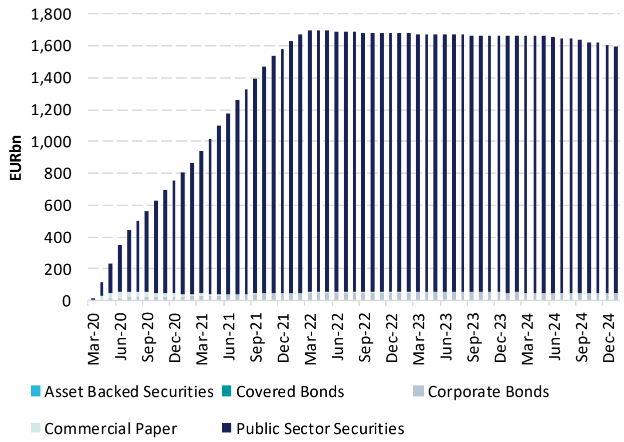


Expected monthly redemptions (in EURm)

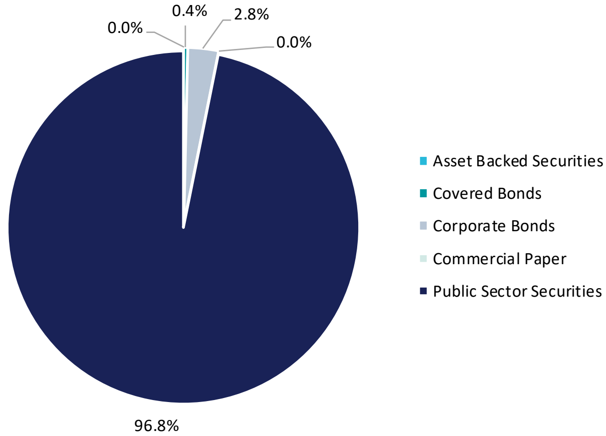


	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-25 - Jan-26	2024	2025	Jan-26 - Jan-26
APP	36,658	41,660	35,527	27,846	25,290	29,618	14,310	24,596	40,249	24,445	12,017	17,538	329,754	334,302	334,255	17,538
PSPP	24,021	33,379	26,671	20,541	18,261	26,161	13,114	12,568	37,073	20,060	8,274	8,318	248,441	264,480	253,586	8,318
CSPP	3,788	4,279	5,137	2,699	2,940	2,156	562	5,259	1,005	2,008	1,693	4,212	35,738	31,380	34,499	4,212
CBPP3	8,635	3,709	3,373	4,448	3,864	1,135	468	6,492	1,864	2,106	1,903	4,740	42,737	32,173	42,332	4,740
ABSPP	214	293	346	158	225	166	166	277	307	271	147	268	2,838	6,269	3,838	268

PEPP: Portfolio development



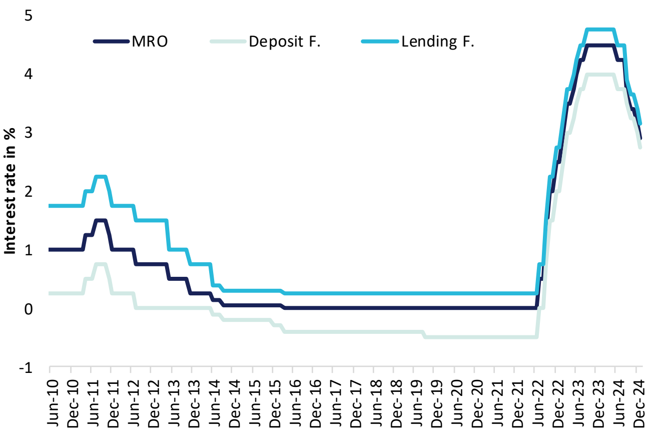
PEPP: Portfolio structure



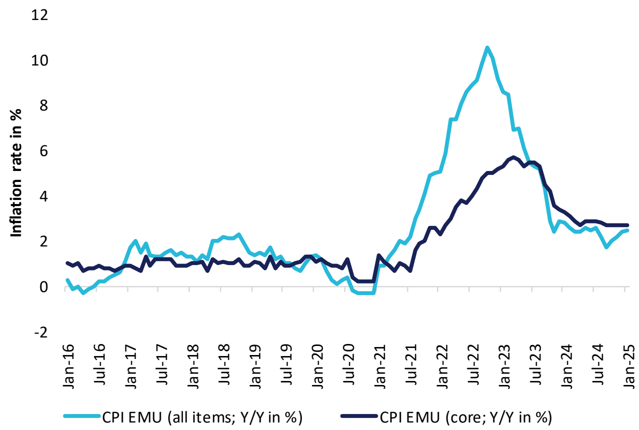
Source: ECB, NORD/LB Floor Research

Charts & Figures
Cross Asset

ECB key interest rates

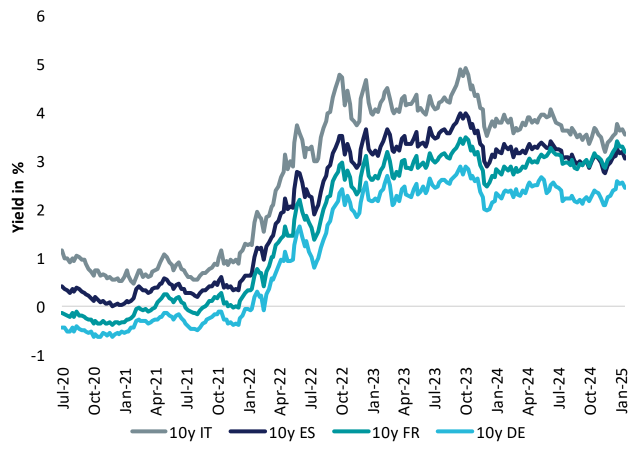


Inflation development in the euro area

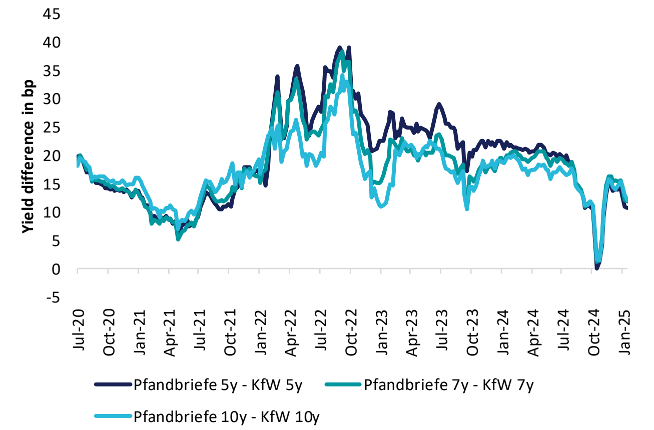


Bund-swap-spread

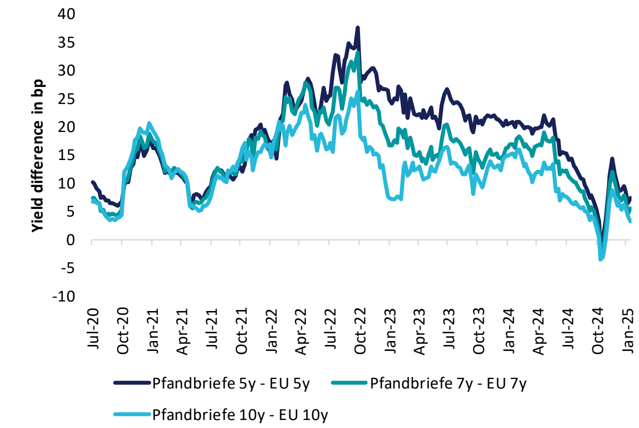
Selected yield developments (sovereigns)



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
04/2025 ♦ 29 January	▪ Cross Asset – ESG pilot project: First EU Green Bond in our coverage
03/2025 ♦ 22 January	▪ Focus on the banking sector: EBA Risk Dashboard in Q3/2024 ▪ 30th meeting of the Stability Council (December 2024)
02/2025 ♦ 15 January	▪ The Moody's covered bond universe – an overview ▪ Review: EUR-ESG benchmarks 2024 in the SSA segment
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

NORD/LB:
Floor Research

NORD/LB:
Covered Bond Research

NORD/LB:
SSA/Public Issuers Research

Bloomberg:
RESP NRDR <GO>

Appendix
Publication overview

Covered Bonds:

[Issuer Guide – Covered Bonds 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]

[ECB Council meeting: 2025 begins as 2024 ended – cutting rates]

Appendix
Contacts at NORD/LB

Floor Research

Dr Frederik Kunze
Covered Bonds/Banks

+49 172 354 8977
frederik.kunze@nordlb.de

Dr Norman Rudschuck, CIIA
SSA/Public Issuers

+49 152 090 24094
norman.rudschuck@nordlb.de

Lukas Kühne
Covered Bonds/Banks

+49 176 152 90932
lukas.kuehne@nordlb.de

Lukas-Finn Frese
SSA/Public Issuers

+49 176 152 89759
lukas-finn.frese@nordlb.de

Alexander Grenner
Covered Bonds/Banks

+49 157 851 65070
alexander.grenner@nordlb.de

Tobias Cordes
SSA/Public Issuers

+49 162 760 6673
tobias.cordes@nordlb.de

Sales

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

Trading

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

Origination & Syndicate

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

Sales Wholesale Customers

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

Treasury

Liquidity Management/Repos	+49 511 9818-9620 +49 511 9818-9650

Relationship Management

Institutionelle Kunden	rm-vs@nordlb.de
Öffentliche Kunden	rm-oek@nordlb.de

Disclaimer

The present report (hereinafter referred to as “information”) was drawn up by NORDDEUTSCHE LANDESBANK GIROZENTRALE (NORD/LB). The supervisory authorities responsible for NORD/LB are the European Central Bank (ECB), Sonnemannstraße 20, D-60314 Frankfurt am Main, and the Federal Financial Supervisory Authority in Germany (Bundesanstalt für Finanzdienstleitungsaufsicht; BaFin), Graurheindorfer Str. 108, D-53117 Bonn and Marie-Curie-Str. 24-28, D-60439 Frankfurt am Main. The present report and the products and services described herein have not been reviewed or approved by the relevant supervisory authority.

The present information is addressed exclusively to Recipients in Austria, Belgium, Canada, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Indonesia, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Poland, Portugal, Singapore, Portugal, Spain, Sweden, Switzerland, the Republic of China (Taiwan), Thailand, the United Kingdom and Vietnam (hereinafter referred to as “Relevant Persons” or “Recipients”). The contents of the information are disclosed to the Recipients on a strictly confidential basis and, by accepting such information, the Recipients shall agree that they will not forward it to third parties, copy and/or reproduce this information without the prior written consent of NORD/LB. The present information is addressed solely to the Relevant Persons and any parties other than the Relevant Persons shall not rely on the information contained herein. In particular, neither this information nor any copy thereof shall be forwarded or transmitted to the United States of America or its territories or possessions, or distributed to any employees or affiliates of Recipients resident in these jurisdictions.

The present information does not constitute financial analysis within the meaning of Art. 36 (1) of the Delegate Regulation (EU) 2017/565, but rather represents a marketing communication for your general information **within the meaning of Art. 36 (2) of this Regulation. Against this background, NORD/LB expressly points out that this information has not been prepared in accordance with legal provisions promoting the independence of investment research and is not subject to any prohibition of trading following the dissemination of investment research.** Likewise, this information does not constitute an investment recommendation or investment strategy recommendation within the meaning of the Market Abuse Regulation (EU) No. 596/2014**.**

This report and the information contained herein have been compiled and are provided exclusively for information purposes. The present information is not intended as an investment incentive. It is provided for the Recipient’s personal information, subject to the express understanding, which shall be acknowledged by the Recipient, that it does not constitute any direct or indirect offer, recommendation, solicitation to purchase, hold or sell or to subscribe for or acquire any securities or other financial instruments nor any measure by which financial instruments might be offered or sold.

All actual details, information and statements contained herein were derived from sources considered reliable by NORD/LB. For the preparation of this information, NORD/LB uses issuer-specific financial data providers, own estimates, company information and public media. However, since these sources are not verified independently, NORD/LB cannot give any assurance as to or assume responsibility for the accuracy and completeness of the information contained herein. The opinions and prognoses given herein on the basis of these sources constitute a non-binding evaluation of the employees of the Floor Research division of NORD/LB. Any changes in the underlying premises may have a material impact on the developments described herein. Neither NORD/LB nor its governing bodies or employees can give any assurances as to or assume any responsibility or liability for the accuracy, appropriateness and completeness of this information or for any loss of return, any indirect, consequential or other damage which may be suffered by persons relying on the information or any statements or opinions set forth in the present Report (irrespective of whether such losses are incurred due to any negligence on the part of these persons or otherwise).

Past performance is not a reliable indicator of future performance. Exchange rates, price fluctuations of the financial instruments and similar factors may have a negative impact on the value and price of and return on the financial instruments referred to herein or any instruments linked thereto. Fees and commissions apply in relation to securities (purchase, sell, custody), which reduce the return on investment. An evaluation made on the basis of the historical performance of any security does not necessarily provide an indication of its future performance.
The present information neither constitutes any investment, legal, accounting or tax advice nor any assurance that an investment or strategy is suitable or appropriate in the light of the Recipient’s individual circumstances, and nothing in this information constitutes a personal recommendation to the Recipient thereof. The securities or other financial instruments referred to herein may not be suitable for the Recipient’s personal investment strategies and objectives, financial situation or individual needs.

Moreover, the present report in whole or in part is not a sales or other prospectus. Accordingly, the information contained herein merely constitutes an overview and does not form the basis for any potential decision to buy or sell on the part of an investor. A full description of the details relating to the financial instruments or transactions which may relate to the subject matter of this report is given in the relevant (financing) documentation. To the extent that the financial instruments described herein are NORD/LB’s own issues and subject to the requirement to publish a prospectus, the conditions of issue applicable to any individual financial instrument and the relevant prospectus published with respect thereto as well NORD/LB’s relevant registration form, all of which are available for download at www.nordlb.de and may be obtained free of charge from NORD/LB, Georgsplatz 1, 30159 Hanover, shall be solely binding. Furthermore, any potential investment decision should be made exclusively on the basis of such (financing) documentation. The present information cannot replace personal advice. Before making an investment decision, each Recipient should consult an independent investment adviser for individual investment advice with respect to the appropriateness of an investment in financial instruments or investment strategies subject to this information as well as for other and more recent information on certain investment opportunities.

Each of the financial instruments referred to herein may involve substantial risks, including capital, interest, index, currency and credit risks in addition to political, fair value, commodity and market risks. The financial instruments could experience a sudden and substantial deterioration in value, including a total loss of the capital invested. Each transaction should only be entered into on the basis of the relevant investor’s assessment of his or her individual financial situation as well as of the suitability and risks of the investment.

NORD/LB and its affiliated companies may participate in transactions involving the financial instruments described in the present information or their underlying basis values for their own account or for the account of third parties, may issue other financial instruments with the same or similar features as those of the financial instruments presented in this information and may conduct hedging transactions to hedge positions. These measures may affect the price of the financial instruments described in the present information.

If the financial instruments presented in this information are derivatives, they may, depending on their structure, have an initial negative market value from the customer's perspective at the time the transaction is concluded. NORD/LB further reserves the right to transfer its economic risk from a derivative concluded with it to a third party on the market by means of a mirror-image counter transaction.

More detailed information on any commission payments which may be included in the selling price can be found in the “Customer Information on Securities Business" brochure, which is available to download at www.nordlb.de.

The information contained in the present report replaces all previous versions of corresponding information and refers exclusively to the time of preparation of the information. Future versions of this information will replace this version. NORD/LB is under no obligation to update and/or regularly review the data contained in such information. No guarantee can therefore be given that the information is up-to-date and continues to be correct.
By making use of this information, the Recipient shall accept the terms and conditions outlined above.

NORD/LB is a member of the protection scheme of Deutsche Sparkassen-Finanzgruppe. Further information for the Recipient is indicated in clause 28 of the General Terms and Conditions of NORD/LB or at www.dsgv.de/sicherungssystem.

Additional information for Recipients in Australia:
NORD/LB IS NOT A BANK OR DEPOSIT TAKING INSTITUTION AUTHORISED UNDER THE 1959 BANKING ACT OF AUSTRALIA. IT IS NOT SUPERVISED BY THE AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY. NORD/LB does not provide personal advice with this information and does not take into account the objectives, financial situation or needs of the Recipient (other than for the purpose of combating money laundering).

Additional information for Recipients in Austria:
None of the information contained herein constitutes a solicitation or offer by NORD/LB or its affiliates to buy or sell any securities, futures, options or other financial instruments or to participate in any other strategy. Only the published prospectus pursuant to the Austrian Capital Market Act should be the basis for any investment decision of the Recipient. For regulatory reasons, products mentioned herein may not be on offer in Austria and therefore not available to investors in Austria. Therefore, NORD/LB may not be able to sell or issue these products, nor shall it accept any request to sell or issue these products to investors located in Austria or to intermediaries acting on behalf of any such investors.

Additional information for Recipients in Belgium:
Evaluations of individual financial instruments on the basis of past performance are not necessarily indicative of future results. It should be noted that the reported figures relate to past years.

Additional information for Recipients in Canada:
This report has been prepared solely for information purposes in connection with the products it describes and should not, under any circumstances, be construed as a public offer or any other offer (direct or indirect) to buy or sell securities in any province or territory of Canada. No financial market authority or similar regulatory body in Canada has made any assessment of these securities or reviewed this information and any statement to the contrary constitutes an offence. Potential selling restrictions may be included in the prospectus or other documentation relating to the relevant product.

Additional information for Recipients in Cyprus:
This information constitutes an analysis within the meaning of the section on definitions of the Cyprus Directive D1444-2007-01 (No. 426/07). Furthermore, this information is provided for information and promotional purposes only and does not constitute an individual invitation or offer to sell, buy or subscribe to any investment product**.**

Additional information for Recipients in the Czech Republic:
There is no guarantee that the invested amount will be recouped. Past returns are no guarantee of future results. The value of the investments may rise or fall. The information contained herein is provided on a non-binding basis only and the author does not guarantee the accuracy of the content.

Additional information for Recipients in Denmark:
This Information does not constitute a prospectus under Danish securities law and consequently is not required to be, nor has been filed with or approved by the Danish Financial Supervisory Authority, as this Information either (i) has not been prepared in the context of a public offering of securities in Denmark or the admission of securities to trading on a regulated market within the meaning of the Danish Securities Trading Act or any executive orders issued pursuant thereto, or (ii) has been prepared in the context of a public offering of securities in Denmark or the admission of securities to trading on a regulated market in reliance on one or more of the exemptions from the requirement to prepare and publish a prospectus in the Danish Securities Trading Act or any executive orders issued pursuant thereto.

Additional information for Recipients in Estonia:
It is advisable to closely examine all the terms and conditions of the services provided by NORD/LB. If necessary, Recipients of this information should consult an expert.

Additional information for Recipients in Finland:
The financial products described herein may not be offered or sold, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Specifically, in the case of shares, such shares may not be offered or sold, directly or indirectly, to the public in the Republic of Finland as defined in the Finnish Securities Market Act (746/2012, as amended). The value of investments may go up or down. There is no guarantee of recouping the amount invested. Past performance is no guarantee of future results.

Additional information for Recipients in France:
NORD/LB is partially regulated by the "Autorité des Marchés Financiers" for the conduct of French business. Details concerning the extent of our regulation by the respective authorities are available from us on request. The present information does not constitute an analysis within the meaning of Article 24 (1) Directive 2006/73/EC, Article L.544-1 and R.621-30-1 of the French Monetary and Financial Code, but does represent a marketing communication and does qualify as a recommendation pursuant to Directive 2003/6/EC and Directive 2003/125/EC.

Additional information for Recipients in Greece:
The information contained herein gives the view of the author at the time of publication and may not be used by its Recipient without first having confirmed that it remains accurate and up to date at the time of its use. Past performance, simulations or forecasts are therefore not a reliable indicator of future results. Investment funds have no guaranteed performance and past returns do not guarantee future performance.

Additional information for Recipients in Indonesia:
This report contains generic information and has not been tailored to the circumstances of any individual or specific Recipient. This information is part of NORD/LB's marketing material.

Additional information for Recipients in the Republic of Ireland:
This information has not been prepared in accordance with Directive (EU) 2017/1129 (as amended) on prospectuses (the "Prospectus Directive") or any measures made under the Prospectus Directive or the laws of any Member State or EEA treaty adherent state that implement the Prospectus Directive or such measures and therefore may not contain all the information required for a document prepared in accordance with the Prospectus Directive or the laws.

Additional information for Recipients in Japan:
This information is provided to you for information purposes only and does not constitute an offer or solicitation of an offer to enter into securities transactions or commodity futures transactions. Although the actual data and information contained herein has been obtained from sources which we believe to be reliable and trustworthy, we are unable to vouch for the accuracy and completeness of this actual data and information.

Additional information for Recipients in South Korea:
This information has been provided to you free of charge for information purposes only. The information contained herein is factual and does not reflect any opinion or judgement of NORD/LB. The information contained herein should not be construed as an offer, marketing, solicitation to submit an offer or investment advice with respect to the financial investment products described herein.

Additional information for Recipients in Luxembourg:
Under no circumstances shall the present information constitute an offer to purchase or issue or the solicitation to submit an offer to buy or subscribe for financial instruments and financial services in Luxembourg.

Additional information for Recipients in New Zealand:
NORD/LB is not a bank registered in New Zealand. This information is for general information only. It does not take into account the Recipient's financial situation or objectives and is not a personalised financial advisory service under the 2008 Financial Advisers Act.

Additional information for Recipients in the Netherlands:
The value of your investment may fluctuate. Past performance is no guarantee for the future.

Additional information for Recipients in Poland:
This information does not constitute a recommendation within the meaning of the Regulation of the Polish Minister of Finance Regarding Information Constituting Recommendations Concerning Financial Instruments or Issuers thereof dated 19 October 2005.

Additional information for Recipients in Portugal:
This information is intended only for institutional clients and may not be (i) used by, (ii) copied by any means or (iii) distributed to any other kind of investor, in particular not to retail clients. The present information does not constitute or form part of an offer to buy or sell any of the securities covered by the report, nor should it be understood as a request to buy or sell securities where that practice may be deemed unlawful. The information contained herein is based on information obtained from sources which we believe to be reliable, but is not guaranteed as to accuracy or completeness. Unless otherwise stated, all views contained herein relate solely to our research and analysis and are subject to change without notice.

Additional information for Recipients in Sweden:
This information does not constitute (or form part of) a prospectus, offering memorandum, any other offer or solicitation to acquire, sell, subscribe for or otherwise trade in shares, subscription rights or other securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. The present information has not been approved by any regulatory authority. Any offer of securities will only be made pursuant to an applicable prospectus exemption under the EC Prospectus Directive (Directive (EU) 2017/1129), and no offer of securities is being directed to any person or investor in any jurisdiction where such action is wholly or partially subject to legal restrictions or where such action would require additional prospectuses, other offer documentation, registrations or other actions.

Additional information for Recipients in Switzerland:
This information has not been approved by the Federal Banking Commission (merged into the Swiss Financial Market Supervisory Authority (FINMA) on 1 January 2009). NORD/LB will comply with the Directives of the Swiss Bankers Association on the Independence of Financial Research (as amended). The present information does not constitute an issuing prospectus pursuant to article 652a or article 1156 of the Swiss Code of Obligations. The information is published solely for the purpose of information on the products mentioned herein. The products do not qualify as units of a collective investment scheme pursuant to the Federal Act on Collective Investment Schemes (CISA) and are therefore not subject to supervision by FINMA.

Additional information for Recipients in the Republic of China (Taiwan):
This information is provided for general information only and does not take into account the individual interests or requirements, financial status and investment objectives of any specific investor. Nothing herein should be construed as a recommendation or advice for you to subscribe to a particular investment product. You should not rely solely on the information provided herein when making your investment decisions. When considering any investment, you should endeavour to make your own independent assessment and determination on whether the investment is suitable for your needs and seek your own professional financial and legal advice. NORD/LB has taken all reasonable care in producing this report and trusts that the information is reliable and suitable for your situation at the date of publication or delivery. However, no guarantee of accuracy or completeness is given. To the extent that NORD/LB has exercised the due care of a good administrator, we accept no responsibility for any errors, omissions, or misstatements in the information given. NORD/LB does not guarantee any investment results and does not guarantee that the strategies employed will improve investment performance or achieve your investment objectives.

Information for Recipients in the United Kingdom:
NORD/LB is subject to partial regulation by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). Details of the scope of regulation by the FCA and the PRA are available from NORD/LB on request. The present information is "financial promotion". Recipients in the United Kingdom should contact the London office of NORD/LB, Investment Banking Department, telephone: 0044 / 2079725400, in the event of any queries. An investment in financial instruments referred to herein may expose the investor to a significant risk of losing all the capital invested.

Time of going to press: 05 February 2025 (08:32)

Distribution: 05.02.2025 16:14:39