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Covered Bond & SSA View

NORD/LB Floor Research

18 June 2025 ♦ 22/2025

Agenda

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Market overview Covered Bonds

Authors: Alexander Grenner // Lukas Kühne

Primary market: investors considering individual deals increasingly selectively

Looking at the primary market, it can certainly be said that the escalation in the Middle East conflict has so far not had any significant impacts on issuance activities. In fact, many issuers seem to think that the current sentiment on the market is attractive for new deals. For example, over the past five trading days, a total of nine issuers approached investors with fresh supply in the amount of EUR 5.5bn. In this context, the issuers focused on medium terms to maturity, whereby a total of seven deals were placed in the maturity segments between four and six years. Only BPCE SFH from France opted for a long-dated bond (10y; EUR 1bn), which was placed with a reoffer spread of ms +68bp. In addition to BPCE SFH, the only other “core Europe” issuers active on the market were NORD/LB and Wüstenrot Bausparkasse. NORD/LB started the marketing phase for its new mortgage-backed covered bond (4.3y; cf. Issuer View) at ms +36bp area. In the end, this fresh deal was placed with a volume of EUR 500m at ms +31bp (bid-to-cover ratio: 2.4x). In contrast, Wüstenrot opted for a slightly longer term of seven years and communicated the final size of its bond as soon as the mandate was announced (EUR 500m; WNG; cf. Issuer View). Over the course of the marketing phase, the spread tightened by five basis points to ms +41bp. In the last five trading days, other issuers to select an issuance volume of EUR 500m included OTP Jelzalogbank Zrt (OPT Mortgage Bank; 5y), PKO Bank Hipoteczny (PKO; 3.9y) and Danske Mortgage Bank (4.3y). Of these, the OTP Mortgage Bank deal stands out; in fact, it marked the return of the issuer to the primary market with its first EUR benchmark transaction for nearly 14 years. However, Banca Monte dei Paschi di Siena opted for a new deal last week with a volume EUR 250m greater. The issuer successfully placed its covered bond (5.6y) with a volume of EUR 750m at a reoffer spread of ms +54bp. The group of nine was rounded off by two issuers from the overseas regions of Canada and New Zealand. While the deal placed by the Bank of New Zealand (5y; EUR 750m) was met with fairly high levels of investor interest, this was not the case to the same degree for the Canadian transaction by Equitable Bank (3.3y; EUR 500m). The spread failed to narrow against the guidance (ms +45bp area) during the marketing phase (bid-to-cover ratio: 1.3x), meaning that the bond was finally also priced at ms +45bp. In our view, the lower interest in the Equitable Bank deal can be attributed, among other aspects, to the sharpening decline in excess demand amid consistently high issuance volumes. This is also reflected in the aggregated monthly analysis of net new issue premiums and bid-to-cover ratios. On average, the bid-to-cover ratio in June 2025 stood at 2.1x, which is the lowest level since the beginning of the year, while new issue premiums climbed to their highest level since November 2024. This suggests that investors are currently taking a far more selective approach to individual deals, given the persistently high volume of new issuances.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
PKO Bank Hipoteczny	PL	17.06.	XS3097942141	3.9y	0.50bn	ms +45bp	- / Aa1 / -	-
Wüstenrot Bausparkasse	DE	17.06.	DE000WBP0BN3	7.0y	0.50bn	ms +41bp	- / - / AAA	-
BPCE SFH	FR	16.06.	FR0014010MT8	10.0y	1.00bn	ms +68bp	- / Aaa / AAA	X
Danske Mortgage Bank	FI	16.06.	XS3096213361	4.3y	0.50bn	ms +31bp	- / Aaa / -	-
OTP Mortgage Bank	HU	12.06.	XS3094548123	5.0y	0.50bn	ms +80bp	- / A1 / -	-
Equitable Bank	CA	12.06.	XS3099011853	3.3y	0.50bn	ms +45bp	AA+ / Aa1 / -	-
Banca Monte dei Paschi	IT	11.06.	IT0005655334	5.6y	0.75bn	ms +54bp	AA / Aa3 / -	-
Bank of New Zealand	NZ	11.06.	XS3097000403	5.0y	0.75bn	ms +46bp	AAA / Aaa / -	-
NORD/LB	DE	11.06.	DE000NLB5EY8	4.3y	0.50bn	ms +31bp	- / Aaa / -	-

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

Secondary market: new issues performing well despite high level of fresh supply

Despite the raft of new issues seen recently, nearly all new deals are continuing to perform well in secondary trading. The focus of buyers tends to be on long maturities, in particular in the maturity segment around 10 years, in addition to core European names. Overall, the transaction volume of the secondary market is rather limited, which can also be put down to the high level of activities on the primary market. The moderate widening in the Bund-swap-spread should, from a relative value perspective, have a positive impact on the attractiveness of the spread level on the covered bond market.

Groupe BPCE announces takeover of Novo Banco

Last week, Groupe BPCE (BPCE) announced its intention to acquire 75% of the shares in the Portuguese covered bond issuer Novo Banco from the private equity firm Lone Star Funds (cf. press release). The remaining 25% of the shares are owned by the Portuguese government (11.5%) and the Portuguese Banking Resolution Fund (13.5%), with whom, BPCE states, talks regarding a potential acquisition are underway. According to information from BPCE, this is the largest transnational acquisition in the eurozone in over ten years. BPCE considers the acquisition of Novo Banco to be another core element of its "Vision 2030" strategy, which, among other aspects, aims to achieve greater geographical diversification of the group across Europe. BPCE also hopes that this transaction will improve its earnings profile in addition to broadening its loan portfolio thanks to Novo Banco's high proportion of variable-rate loans. According to Novo Banco, it is the fourth largest Portuguese bank as measured by total assets (FY/2024: EUR 42bn) and enjoys a 9% share of its domestic market. With an outstanding volume of EUR 1.5bn, Novo Banco is one of the most active Portuguese issuers in the EUR benchmark segment. In 2025, the bank has already approached its investors twice in the primary market, placing two deals worth EUR 500m with maturities of four and five years. With issues placed through its subsidiary BPCE SFH, Groupe BPCE is one of the largest issuers of covered bonds worldwide (outstanding volume of EUR benchmarks: EUR 47.3bn). BPCE expects to close the acquisition of Novo Banco in the first half of 2026.

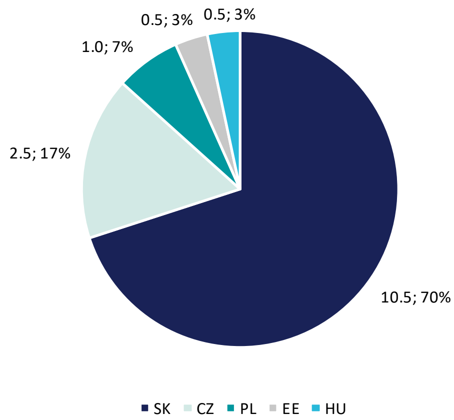
OTP Mortgage Bank active with EUR benchmark deal

OTP Mortgage Bank from Hungary announced its return to the EUR benchmark segment during a roadshow last week. The Hungarian bank chose 12 June as the execution date and opted for a five-year term for its new deal, which is expected to be rated A1 by Moody's and marks the comeback not just of the bank itself, but of the jurisdiction of Hungary as a whole, to the EUR benchmark segment. The issuer was last active in the market in August 2011 when it placed a covered bond in the amount of EUR 750m, which matured just three years later. OTP Mortgage Bank is a wholly owned subsidiary of OTP Bank Plc, which in turn is the parent company of the OTP Group. In the CEE region, the OTP Group is one of the largest banking groups and is the market leader in its domestic market of Hungary. It operates across eleven countries, serving more than 17 million customers in 1,245 branches. OTP Bank was founded in 1949 as a state-owned retail bank before being privatised and listed on the Budapest Stock Exchange in 1995. Through its covered bond vehicle OTP Mortgage Bank, the bank primarily issues bonds denominated in the domestic currency, the Hungarian forint (HUF); just 19.2% of the total outstanding volume was denominated in EUR as at 31 March 2025. Most recently, the bank issued a private placement of EUR 500m in December 2023, which was placed within the OTP Group. OTP Mortgage Bank's cover pool exclusively comprises mortgage loans located in Hungary.

Programme data

31 March 2025	Mortgage
Covered bonds outstanding	HUF 1,046bn (EUR 2.6bn)
Cover pool volume	HUF 1,763bn (EUR 4.4bn)
Current OC (nominal / legal)	68.5% / 2.0%
Type	100% Residential
Main country	100% Hungary
Main region	39,4% Budapest
Number of loans	237,000
Share top 10 exposures	0.20%
NPL	0.68%
Fixed interest (Cover Pool / CBs)	36.3% / 74.2%
CB Rating (Fitch / Moody's / S&P)	- / A1 / -

Outstanding volume CEE (EUR BMK)



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

EUR BMK: CEE countries on the primary market

Over recent years, Slovakia has gradually become the most active EUR benchmark jurisdiction in the CEE region, in part due to its eurozone membership. At present, the jurisdiction has an outstanding covered bond volume of EUR 10.5bn, which corresponds to 70% of the overall volume of the CEE region. Czechia follows in second place with EUR 2.5bn, while Poland's outstanding volume amounts to EUR 1bn. Estonia and Hungary each have EUR 500m outstanding. Poland, Czechia and Hungary primarily use their respective domestic currencies for new issues, which can help to explain the rather low EUR volumes. Covered bond legislation has also been adopted in other jurisdictions such as Latvia and Romania, although no issuers in these countries have yet been active on the market for EUR benchmarks. Slovakia currently has five active benchmark issuers, followed by Czechia with two, as well as Estonia, Poland and Hungary with one active issuer each in this market segment.

Fitch cuts Belgium's IDR by one notch to A+

Last Friday, the rating experts at Fitch lowered Belgium's Long-Term Foreign-Currency Issuer Default Rating (IDR) from AA- to A+. The downgrade primarily came about owing to the Belgian government's fiscal situation, higher planned defence spending, rising pension costs, insufficient efforts at budget consolidation, and the high and still rising debt level in the public sector. In our view, the downgrade of the Belgian government rating is unlikely to have any impact on the ratings of covered bonds issued by Belgian EUR benchmark issuers. All covered bond programmes rated by Fitch have a sufficiently large number of unused notches of uplift to maintain their top rating (AAA) even after the downgrade of Belgium. In total, Fitch rates three covered bond programmes whose issuers currently have at least one deal outstanding in the EUR benchmark segment. The country ceiling, which indicates the maximum rating uplift above the Long-Term Foreign Currency IDR, has been left unchanged by the rating agency at AAA. Fitch's Country Ceiling Model calculates a starting point above the IDR of three notches and grants Belgium an additional notch uplift as a member of the eurozone. Accordingly, in the event that Belgium's IDR were to deteriorate further, the country ceiling would in all probability no longer be sufficient to award Belgian covered bond issues a AAA rating – assuming the country ceiling assessment remains at a four-notch uplift.

Market overview
SSA/Public Issuers

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

KfW: Positive signals from SME provide hope of an economic trend reversal

The latest developments in terms of the business climate in Germany's small and medium enterprises (SME) landscape offer hope of an economic recovery. According to the relevant press release, the KfW-ifo SME Barometer climbed significantly in May 2025, by +2.5 points to -14.7 points. This was the third increase in a row. Although the level remains below the long-term average, as a rule of thumb, three consecutive increases should point to an imminent economic upswing. The upward trend of the business climate index was supported by both sub-components. An increase of +1.2 points to -16.7 points was recorded in the assessment of the current business situation, which therefore was at the highest level since July last year. At the same time, expectations for the next six months were significantly better, with the sub-index climbing +3.7 points to -13.2 points. Similar to the previous two months, business expectations among SME were once again brighter than the assessment of the current situation. This pattern often precedes an economic recovery and was last observed for the period from October 2020 to March 2021. Regarding the various sectors of the economy, the upturn in the business climate was as broadly based as possible. An upward trend was in fact recorded for each of the five key economic sectors. The increase was particularly marked in wholesale (+7.8 to -26.8 points), retail (+6.5 to -14.8 points) and the manufacturing industry (+5.1 to -21.5 points). The services sector (+3.0 to -11.6 points) and construction (+2.0 to -13.8 points) saw more modest increases. However, sentiment in these sectors was certainly less negative than before.

May tax estimate: NRW prepares for lower additional revenue in the medium term

According to the regionalized result of the May estimate of tax receipts, North Rhine-Westphalia (ticker: NRW) can expect moderate additional receipts compared with the October estimate of around EUR 0.3bn each for 2025 and 2026. Considering the guidelines relating to the debt brake, these receipts would reduce the economic component and therefore would not be available for higher spending. Accordingly, it is to be expected that NRW's medium-term tax revenue will fall significantly short of the assumptions comprised in the medium-term financial planning. Since the regional government had already included financial reserves in its budget for this year, in order to compensate for potentially lower receipts as a result of the German Tax Development Act, Dr Marcus Optendrenk, Minister of Finance of NRW, feels vindicated in his financial planning: "Now that it is evident that the economy will not pick up in the short term and tax receipts are set to remain severely reduced, irrespective of the slight easing compared with the previous estimate, this early provisioning helps us. It means the even more dramatically reduced tax receipts expected nationwide can be absorbed to some extent, for North Rhine-Westphalia at least." However, the Minister of Finance explained that the results provided no additional financial leeway. If anything, they reinforced the need for the approach adopted in terms of spending discipline and prudent prioritising. To recap, the Tax Estimates Committee presented its expectations regarding tax receipts at the level of Bund, Laender and municipalities in mid-May. Accordingly, and in view of the flagging economy, tax receipts of the Laender in each year during the period from 2026 to 2029 are set to be approximately EUR -6 to -7bn lower than expected in October 2024.

NGEU: Economic stimulus programme will not be renewed

The European Commission announced in early June that it would not extend its NextGenerationEU (NGEU) economic programme beyond the end of 2026. This means that Member States have until 31 August 2026 to achieve all targets as part of their national recovery and resilience plans, with final payments on the part of the European Commission to be made by the end of December 2026. The Recovery and Resilience Facility (RRF) is a financing tool that was set up in February 2021 for a limited period of time. It enables the European Commission to make funds available to Member States for financing reforms and investments, provided they are in line with the EU's priorities. The facility has a dual purpose: on the one hand it supports the EU's intention of achieving climate neutrality by 2050 and on the other, it ushers in and/or accelerates digital transformation in the EU. To receive RRF funds, Member States must submit plans for investments and reforms which both promote economic recovery and strengthen social resilience. The NGEU programme was adopted in 2020 as an economic package in the wake of the COVID-19 pandemic. It boasts a volume in excess of EUR 800bn (at current prices). According to information provided by the European Commission, investments under NGEU are to produce a +1.4% increase in economic output for the coming year. However, disbursement of funds currently lags behind original projections. As at the end of May 2025, payouts amounted to EUR 315bn. This represents just under 48% of the target total amount (EUR 650bn in the form of loans and grants). Hence, over the coming 18 months, more than half of the planned funds are to be paid out to EU Member States. In a press release, the European Commission indicated administrative hurdles as well as the unforeseen war in Ukraine – with the resultant economic consequences – as major reasons for the delay in making payments. These delays in implementation have meanwhile had noticeable implications for the liquidity management of the European Commission. As a result of the changed interest rate environment, cash holdings which have unexpectedly accumulated over a longer period are starting to cause net liquidity costs for the EU budget and loan beneficiaries. The European Commission has proposed a series of recommended actions to speed up the disbursement of funds. In addition to the potential reduction of the credit envelope for which Member States have applied, the European Commission has also mentioned the possibility of supporting national promotional banks and institutions (and their subsidiaries) with additional capital. Specific milestones for obtaining such support include the relevant Member State subscribing the additional paid-in capital in full, and the financial institution revising its investment policy regarding the utilisation of the increased equity. Based on this kind of support measure, the mandate of a promotional bank could be expanded to encompass activities that are consistent with the aims of the RRF and the EU's priorities, such as industrial decarbonisation, energy transition, affordable housing, access to capital or security and defence. On the subject of defence: the European Commission also suggested using the RRF to support national contributions to the European Defence Industry Programme (EDIP) in future. Contributions to the programme would be treated as an investment under the RRF in such a case. The EU will plan and communicate its capital market activities beforehand in the usual manner to guarantee the required payments to member states during the final stage of the NGEU programme. We expect the funding plan for H2/2025 to be published in the coming days and assume that the EU will raise EUR 70bn by means of bond issues in the second half of the year.

S&P downgrades BRUCAP rating

The rating agency S&P downgraded the rating of the Belgian region of Brussels-Capital (ticker: BRUCAP), from A+ to A on 13 June 2025. At the same time, the rating agency revised the outlook for the region downwards from stable to negative. The risk experts cited the ongoing high budget deficit and increasing debt ratios as crucial factors in its decision. In April 2024, S&P still assumed that following the parliamentary election in June of 2024, a new government would implement credible fiscal consolidation measures. To date, these expectations have not been met. The lack of a fully functional executive body since the election has affected the region's ability to get the budget deficit under control. The risk experts forecast that the region's debt level is likely to rise to 265% of consolidated operating revenue by 2027. The average balance in relation to revenue is set to amount to around -3% on average for the period from 2025 to 2027. In the rating agency's view, the negative outlook reflects the risk that planned cost-cutting measures will not be implemented, and the deficit will consequently increase further. In addition, S&P considered the fact that a potential weakening of institutional agreements between the central state and the Belgian sub-sovereigns could put additional strain on the financial situation. The risk experts pointed out in this connection that federated entities (regions and communities) accounted for around 40% of the overall overall general government deficit in 2024. Delayed implementation of fiscal consolidation measures aimed at mitigating deficits may however also indicate structural underfunding of federated entities' responsibilities, as well as a very rigid spending structure. Furthermore, specific grants by the central government were not increased in line with the higher inflation rate. Nevertheless, S&P assumes that BRUCAP will remain in a position to service its debt comfortably, regardless of rising interest payments. According to the risk experts, access to market-based funding sources by means of a broad spectrum of financial instruments including bonds, commercial paper and access to investors in German Schuldscheindarlehen represents a key strength of the region.

French AFD publishes its annual report for 2024

On 10 June 2025, the French development bank, Agence Française de Développement (AFD, ticker: AGFRNC), presented its figures for 2024. Based on the annual report, the French agency's financing volume amounted to EUR 13.7bn last year (2023: EUR 13.5bn). Total lending rose to EUR 54.0bn (2023: EUR 51.5bn). Overall, AFD financed 1,250 new projects in 160 states. On the revenue side, the agency recorded lower net income than at year-end 2023 (2024: EUR 344m, 2023: EUR 371m). In contrast, total assets were up by +5% year on year and amounted to EUR 72.3bn. Regarding balance sheet ratios, AFD continued to fulfil the relevant regulatory requirements. Compared with the previous year, the CET1 ratio was slightly up to 14.0% as at the balance sheet date. The capital adequacy ratio stood at 15.3%. This means that both figures considerably exceeded the relevant statutory minimum levels. On the funding side, AFD raised fresh funds totalling EUR 8.0bn on the international capital markets in 2024. The agency's new bond issues included an EUR benchmark bond issue worth EUR 2.0bn with a maturity of ten years. As at the balance sheet date, the total outstanding bond volume came to EUR 54.8bn. In the current year, the agency's activities have included as many as three deals in EUR benchmark bond format to date, enabling it to ensure a supply of fresh capital totalling EUR 4.5bn.

Primary market

In the past trading week, fresh supply was plentiful on the SSA primary market. Consequently, we can report on six transactions in EUR benchmark format today, with an aggregated new issuance volume of EUR 9.5bn, as well as two deals in the sub-benchmark segment and a tap issue. In chronological order, shortly after going to press with the previous issue of our publication, the EIB (same ticker) tapped the market in the form of a Climate Awareness Bond (10y) worth EUR 5bn. Following an impressive order book totalling EUR 56.6bn, the bond was eventually printed at ms +36bp (guidance: ms +39bp area). Further ESG supply followed on the same day, provided by the French promotional institution Agence Française de Développement (ticker: AGFRNC), which placed a sustainability bond (5y) worth EUR 1.5bn with investors. The final pricing was at OAT +21bp (which was approximately equivalent to ms +49bp, bid-to-cover ratio: 2.7x). Additional supply in sustainability format came from the Spanish region of Galicia (ticker: JUNGAL). The Iberian sub-sovereign raised EUR 500m (7y) at SPGB +12bp (approximately equivalent to ms +50bp; guidance: SPGB +18bp area). Outside of the ESG segment, the Council of Europe Development Bank (ticker: COE) popped up on screens last Thursday. Hoping to raise EUR 1bn (10y), the supranational eventually collected the amount at a reoffer spread of ms +37bp (bid-to-cover ratio: 3.5x; guidance: ms +40bp area). From Germany, the Investitionsbank des Landes Brandenburg (ticker: ILBB) made an appearance, placing EUR 500m with a maturity of five years at ms +31bp with investors. The order book amounted to EUR 2bn by the end of the marketing phase, which resulted in tightening of two basis points versus the guidance. Furthermore, French Municipal and export financier Société de Financement Local (ticker: SFILFR) ventured out. The agency issued EUR 1bn (7y) at OAT +20bp, which was the equivalent of approximately ms +64bp at the time of issue (order book: EUR 1.6bn; guidance: OAT +21bp area). We also comment on two transactions in the sub-benchmark segment this week: first, the Spanish capital Madrid (ticker: METMAD, not to be confused with the region of Madrid [ticker: MADRID]), placed a bond worth EUR 220m (10y) in line with the guidance at SPGB +23bp (bid-to-cover ratio: 2.0x). Next, Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (ticker: NEDFIN) followed with a Tier 2 bond (11NC6) worth EUR 300m, which was eventually printed at ms +75bp (order book: EUR 1bn; IPT: ms +100bp area). Yesterday, Tuesday, the European Union (ticker: EU) opted to tap its EU 3.375% 10/04/2039 as part of its sixth and final syndicated transaction for H1/2025 (cf. funding plan). The bond issue was ultimately increased by EUR 5bn at ms +73bp. The order book for this tap issue amounted to a remarkable EUR 93bn, with a bid-to-cover ratio of 18.6x. The seventh and last EU bond auction in H1/2025 will take place next Monday. In addition, we expect issuance dates for the second half of this year to be published shortly. An interesting new mandate was announced by HAMBRG (EUR 500m, WNG, 10y).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
SFILFR	FR	12.06.	FR0014010JY4	7.0y	1.00bn	ms +64bp	- / Aa3 / AA-	-
ILBB	DE	12.06.	DE000A383G49	5.8y	0.50bn	ms +31bp	AAA / - / -	-
COE	SNAT	12.06.	XS3099809306	10.0y	1.00bn	ms +37bp	AAA / Aaa / AAA	-
JUNGAL	ES	11.06.	ES0001352642	6.8y	0.50bn	ms +50bp	- / Baa1 / A	X
AGFRNC	FR	11.06.	FR0014010J41	5.3y	1.50bn	ms +49bp	AA- / - / AA-	X
EIB	SNAT	11.06.	EU000A4ECKZ8	10.0y	5.00bn	ms +36bp	AAA / Aaa / AAA	X

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

Covered Bonds
The UK covered bond market

Authors: Alexander Grenner // Lukas Kühne

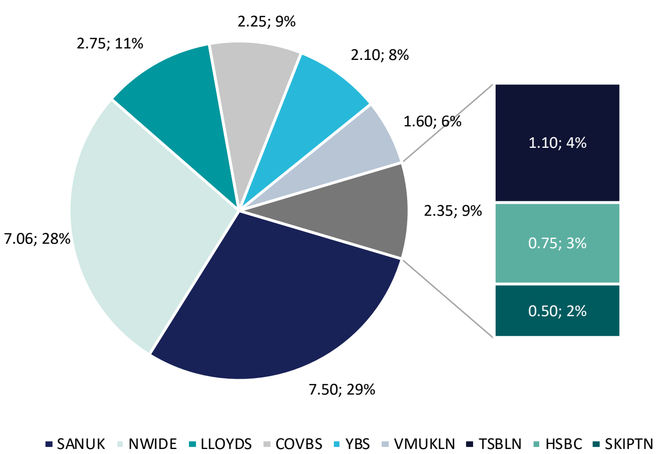
HSBC celebrates comeback to the EUR benchmark segment

Covered bond issuers from the United Kingdom frequently resort to their domestic currency, the pound sterling (GBP), for new issues. Nevertheless, issues in euro or other currencies remain highly relevant for British banks, not least for diversification purposes. New issuers are regularly venturing into the EUR benchmark segment, as demonstrated by TSB Bank's successful debut last year. As a result, the bank decided to approach its investors once again in February of this year. In addition, on 4 June, we welcomed HSBC back to the primary market. The bank was active on the market in 2006 with its only issue in EUR benchmark format but now, nearly 20 years later, has made a comeback in the form of a EUR 750m covered bond. We would like to take this opportunity to provide an overview of the EUR benchmark segment in the United Kingdom and, at the same time, discuss other relevant developments such as the current debate on third-country equivalence.

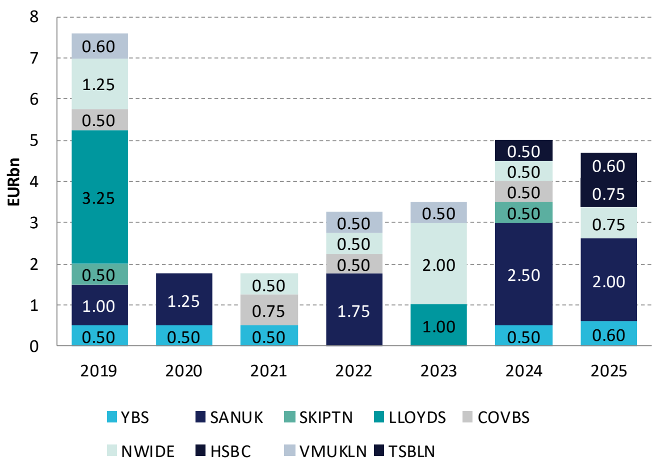
Overview of EUR benchmark segment

The EUR benchmark segment in the United Kingdom is currently divided into nine issuers. Over half the volume outstanding is attributable to Santander UK and Nationwide Building Society, followed by Lloyds Bank. Both have already been active on the market this year with benchmark issues. In terms of new issues over the course of the year, we have seen a steady increase in issuance volume since 2020. Given the uncertainty surrounding Brexit and the COVID-19 pandemic, the significantly lower issuance volumes in 2020 and 2021 as against that recorded in 2019 should not come as a great surprise. The volume of EUR benchmarks placed in 2025 currently stands at EUR 4.7bn and is therefore only EUR 300m below the previous year. Overall, we are expecting further issues from the United Kingdom totalling EUR 2.3bn in 2025.

UK: outstanding volume (EUR BMK)



UK: new issues over the course of the year (EUR BMK)



Source: Bloomberg, NORD/LB Floor Research

NORD/LB

The covered bond programmes of UK EUR benchmark issuers

The circumstances described above are also evident when we look at the cover pools and the total covered bonds outstanding of UK issuers. Taking into account issues in other currencies, the largest UK issuers of covered bonds are Santander UK, Lloyds Bank and Nationwide Building Society. In terms of overcollateralisation ratios, all issuers have a very comfortable buffer compared with the minimum requirement of 8% set by the supervisory bodies. The covered bond programmes of all issuers are backed by residential property and have been awarded top ratings by the rating agencies. The rating classification of the individual programmes implies a risk weight of 20% in accordance with CRR. All issued covered bonds also have a soft bullet structure. In our opinion, the issued EUR benchmarks can be seen as having met the requirements for use as level 2A assets within the framework of LCR management.

EUR benchmark issuers from the UK

Issuer[1]	Type	Cover Pool (GBPbn)	Outst. Volume (GBPbn)	OC (%)	Covered Bond rating (Fitch / Moody's / S&P)	EUR BMK 2025ytd	EUR BMK 2024	EUR BMK 2023
						EURbn / Number of deals		
Clydesdale Bank	M	9.00	4.94	82.3	AAA / Aaa / -	- / -	- / -	0.50 / 1
Coventry Building Society	M	6.96	3.87	79.7	AAA / Aaa / -	- / -	0.50 / 1	- / -
HSBC UK Bank	M	4.75	1.00	374.9	AAA / Aaa / -	0.75 / 1	- / -	- / -
Lloyds Bank	M	24.82	14.69	68.9	AAA / Aaa / -	- / -	- / -	1.00 / 1
Nationwide Building Society	M	23.82	16.83	41.5	AAA / Aaa / AAA	0.75 / 1	0.50 / 1	2.00 / 2
Santander UK	M	30.26	19.37	56.2	AAA / Aaa / AAA	2.00 / 2	2.50 / 2	- / -
Skipton Building Society	M	3.55	1.92	84.6	AAA / Aaa / -	- / -	0.50 / 1	- / -
TSB Bank	M	6.65	4.18	59.0	- / Aaa / -	0.60 / 1	0.50 / 1	- / -
Yorkshire Building Society	M	6.75	4.77	41.6	AAA / Aaa / -	0.60 / 1	0.50 / 1	- / -

[1] Cover pool data as of 31 March 2025
Source: Issuers, rating agencies, NORD/LB Floor Research

Mergers and acquisitions within the UK banking market

The banking market in the United Kingdom has been characterised in recent years by a highly agile consolidation environment, which has also led to changes amongst some EUR benchmark issuers. For example, on 01 October 2024, the acquisition of Virgin Money by Nationwide Building Society was successfully concluded, after the necessary approvals had been obtained from all the relevant authorities. Kevin Parry, Chairman of Nationwide, and Chris Rhodes, CEO of Virgin Money, were delighted about the possibilities that the merger of the two institutions would offer their customers. By its own account, the bank is now the second largest provider of mortgage loans and savings accounts in the United Kingdom. At the same time, the two banks promised that all Virgin Money branches would remain open until at least the beginning of 2028. The associated covered bond issuer Clydesdale Bank, which previously traded under the Virgin Money name, will also continue to exist for the time being. Nationwide's takeover bid for Clydesdale Bank was accepted by Virgin Money shareholders in May. In total, Nationwide paid around GBP 2.8bn for this deal. On 02 January this year, Coventry Building Society also announced the conclusion of the takeover of Co-operative Bank. In this case too, both names will continue to operate separately from each other for now. The plan is that integration will take place gradually over the next few years.

UK supervisory authority questions LCR eligibility of non-UK covered bonds

For covered bonds placed by issuers from third countries, which, since Brexit, also includes the entire EEA, third-country equivalence is relevant with regard to their LCR eligibility in the United Kingdom. This currently allows third country covered bonds to be registered as Level 2A High Quality Liquid Assets (HQLA). The UK Prudential Regulation Authority (PRA) of the Bank of England recently announced a change to its previous practice: accordingly, only bonds registered by the cut-off date 31 January 2025 can be used as LCR assets on a declining basis (i.e. until they are sold or mature). This would result in the complete loss of LCR eligibility of non-UK covered bonds. However, as this change came as a surprise to many market participants and was made without any prior notice, the PRA decided, in response to the numerous queries and comments, to suspend the amendment process for the time being and withdraw the relevant Modification by Consent (MbC). According to the press release, the PRA intends to take the necessary time to give appropriate consideration to the points raised and communicate its approach more clearly. At present, there are therefore no obligations for British banks to make changes to the registration of non-UK covered bonds as LCR-eligible assets. In our view, it will be interesting to see how things develop, as the PRA's reasoning makes perfect sense and technically covered bonds from outside the United Kingdom do not meet all the LCR regulations in place there.

LCR eligibility and risk weights of UK covered bonds under EU law

In our opinion, as with covered bonds from jurisdictions that are also not part of the EEA, covered bonds issued by British issuers cannot benefit from a preferential risk weight under Article 129 CRR. To do so, a covered bond from a third country would have to meet the criteria of the Covered Bond Directive (CBD), which is not possible as we understand it. Correspondingly, the risk weight of UK covered bonds is no longer determined in accordance with Article 129 CRR, but in accordance with Articles 120 and 121 CRR. If there is at least one rating from an External Credit Assessment Institution (ECAI), the risk weight is determined in accordance with Article 120 CRR. Without an ECAI rating, Article 121 CRR is used. Covered bonds from a non-EEA country that have at least one recognised rating assessment at Credit Quality Step 1 have a risk weight of 20%. This is also the lowest possible risk weight for a covered bond from the United Kingdom. The LCR Regulation differentiates between covered bonds from EEA countries and covered bonds from non-EEA countries. Just like Canadian covered bonds, UK covered bonds can in a best-case scenario also be classified as level 2A assets within the framework of LCR management. To be classified as level 2A assets, issues from third countries must meet the transparency requirements of Article 14 of the Covered Bond Directive (CBD). In addition, the cover pool must have a minimum overcollateralisation ratio of at least 7% – alternatively, 2% will suffice if the issuance volume of the covered bond is at least EUR 500m. For further details on determining the LCR level and the risk weight, please refer to our latest LCR study. Besides these two aspects, there are a number of details specific to covered bonds in UK legislation that have some relevance. We provide an overview of the key aspects of covered bond legislation in the United Kingdom in the form of a summary table on the following page.

Legislation overview: United Kingdom and Germany

Country	United Kingdom	Germany
Designation	Regulated Covered Bonds	Mortgage Pfandbriefe, Public -, Ship- & Aircraft Pfandbriefe
Short form	RCB	Hypfe, Öpfe, Schipfe, Flupfe
Special bank principle	No	No
Owner of assets	SPV	Issuer
Public supervision / Regulator	Financial Conduct Authority (FCA)	Federal Financial Services Supervisory Authority (BaFin)
Cover assets (if applicable incl. substitute cover)	Mortgage loans, Public sector loans (incl. PPP loans & social housing), Bank loans	Mortgage, Ship and Aircraft loans, Public sector loans, Bank loans
Substitute assets	Yes	Yes
Limit of substitute assets	-	CQS1; 15% Öpfe, 20% Hypfe, Schipfe, Flupfe
Derivatives as cover assets	Yes	Yes
Geographical scope - Mortgage loans	UK (Practice), EEA, CH, US, CA, JP, NZ, AU, Channel Islands, Isle of Man	EEA, CH, US, CA, JP, AU, NZ, SG, UK[1], Schipfe and Flupfe worldwide
Geographical scope - Public sector loans	UK, EEA, CH, US, CA, JP, NZ, AU, Channel Islands, Isle of Man	EEA, CH, US, CA, JP, UK[1]
Loan to value - Mortgage loans	Residential: max. 80% (In individual programmes partly different according to FCA)	60% of the mortgage lending value
LTV calculation	Market value (indexed, price increases with 15% discount, price decreases full)	Mortgage lending value pursuant to Mortgage Lending Value Regulation
Minimum OC	8% nominal	Hypfe/Öpfe: 2% (nominal + stressedpresent value) Schipfe/Flupfe: 5% (nom. value)
Cover pool register	Yes	Yes
Asset encumbrance	FCA approval required for each issue	-
Deferral of maturity	Yes, optional	Yes, mandatory
Trigger Deferral of maturity	Insolvency, Resolution, Inability to pay	Insolvency, Resolution
CRD compliant	No	Yes (does not apply to aircraft Pfandbriefe)
ECB eligible	Yes (if in EUR denominated)	Yes

Source: ECBC, national legislation, NORD/LB Floor Research
[1] Non-EEA assets are limited to 10% unless security is assured

Conclusion

The covered bond market in the United Kingdom can still be referred to as dynamic. In the current year, British issuers have already placed EUR 4.7bn in the EUR benchmark segment, almost matching the total volume for the whole of last year (EUR 5bn). The figures for 2022 (EUR 3.3bn) and 2023 (EUR 3.5bn) have already been exceeded by a very considerable margin. Last year’s inaugural deal from TSB Bank and the comeback by HSBC this year have certainly also contributed to this trend. In the wake of consolidation in the British banking market, issuers’ funding requirements in euro are unlikely to become smaller in the coming years. At the present time, even regulatory uncertainty with regard to LCR classification of non-UK covered bonds in the United Kingdom and covered bonds from the UK in the EEA is not affecting this momentum. Nevertheless, future developments in this area could have a considerable impact and should therefore be monitored closely.

SSA/Public Issuers
Stability Council convenes for 31st meeting

Authors: Dr Norman Rudschuck, CIIA // Tobias Cordes, CIIA

Introduction

On 12 June 2025, the 31st meeting of the Stability Council was held under the chairmanship of the Federal Minister of Finance, Lars Klingbeil, and the Finance Minister of the State of North Rhine-Westphalia, Dr Marcus Optendrenk. The meeting focused on compliance with European fiscal rules, particularly in light of the newly created national borrowing options in the context of amendments to the Basic Law and the written request to activate the national exemption clause for defence spending.

Macroeconomic framework – challenging situation also due to structural factors

Germany is currently facing a challenging economic and fiscal situation, which, according to the Stability Council, cannot be attributed solely to the week economic growth, but is also partly due to structural factors. According to the federal government's spring projection published in April, Germany's economic prospects have deteriorated further: Consequently, the growth forecast for 2025 has been lowered from +0.3% to 0.0%. Furthermore, price-adjusted gross domestic product (GDP) is expected to grow by +1.0% in 2026. In mid-May, the "Tax Estimates" working group also presented its expectations for the tax revenue of the Bund, Laender and the municipalities and revised them downwards again compared with the October estimate. This would mean that tax revenues in 2025 would be EUR -2.7bn lower than assumed in October 2024 across all three levels. From 2026, however, the shortfall in revenue will rise much more sharply, averaging around EUR 19.5bn per year. Germany's general government deficit last year of 2.7% of GDP was only slightly below the Maastricht limit of 3%. The national debt in relation to GDP was 62.5%.

Amended EU fiscal rules in force since April 2024 – Germany will submit FSP later

The reform of the Stability and Growth Pact (SGP) fundamentally changed the EU's common fiscal framework last year. EU Regulation 2024/1263 no longer contains an annual target for the general government fiscal deficit, but rather a multi-year ceiling for expenditure growth – known as the "net spending path". This upper limit is set out in a medium-term Fiscal Structural Plan (FSP) that must be agreed with the European Commission and confirmed by the Council and is essentially aimed at ensuring compliance with the existing Maastricht criteria for annual new borrowing and debt levels over time. As the German government has agreed with the European Commission to postpone submitting the first German FSP due to the early federal elections, Germany will submit it as soon as the necessary conditions are in place. The Stability Council has already announced in this context that it will issue a statement on the net spending path and then monitor compliance with it.

New national leeway stands in tension with the EU fiscal rules

In addition to submission of the FSP, the EU regulation on the reformed Stability and Growth Pack also requires Member States to submit an annual report on progress in implementing the net spending path. At the end of April, the German government submitted its Progress Report 2025 to the European Commission for the first time and in this presented a fiscal policy projection for the current year with a cut-off date of 31 March. Accordingly, the federal government is forecasting a general government deficit of 2.5% of GDP and a Maastricht debt ratio of just under 63% for 2025. However, this does not yet take into account the effects of the amendments to the Basic Law in March – the exemption of defence-related spending from the debt brake, the special fund for infrastructure and climate neutrality of up to EUR 500bn and the structural debt leeway for the Laender amounting to 0.35% of GDP, which will increase the discrepancy with European fiscal rules. The newly created fiscal leeway would therefore be at odds with the stipulations of the reformed European fiscal rules, compliance with which, in the opinion of the Stability Council, will most likely require efforts at all levels of government.

Stability Council welcomes measures to increase potential growth…

The Stability Council supports the German government's efforts to increase growth potential, not least in order to ensure the long-term sustainability of public finances and to create financial leeway for future investment. In addition, the committee believes that the newly established special fund for infrastructure could provide an important stimulus for growth. It is crucial that the financial resources are used specifically for investments that will effectively contribute to additionally increasing growth potential. In the opinion of the Stability Council, it will not be enough to rely solely on measures for promoting growth. Rather, it will be equally necessary to review the spending structure of budgets at all levels of government and the distribution of tasks, in order to ensure the sustainability of public finances and to meet European fiscal targets – including by making use of the flexibility available. Therefore, the Stability Council strongly recommends that fiscal and economic policy should be consistently geared towards boosting economic momentum and that priority should be given to spending on future-proofing Germany. It is crucial that the room for manoeuvre gained from the amendments to the Basic Law is used consistently for investments that will sustainably strengthen growth potential. The Stability Council also recognises the fiscal necessity to activate the exemption clause for defence spending, as requested by the German government as part of the "ReArm Europe Plan/Readiness 2030" programme submitted to the European Commission in March 2025.

…and calls for compliance with EU fiscal rules and their implementation at national level

In addition to calling for targeted financial and economic policies and a review of the spending structure, the Stability Council advocates the timely implementation of the reformed SGP rules in the Stability Council Act (StabiRatG) and German Budgetary Principles Act (HGrG) at national level. This will create the legal basis to enable the Stability Council, together with the independent advisory board, to continue monitoring compliance with European fiscal rules in the future. The committee also expects the German government to submit the first German FSP to the European Commission as soon as the necessary conditions for establishing the net spending path as a fiscal policy commitment are in place and, if necessary, to use the leeway provided by the European guidelines when setting the net spending path.

Independent advisory board criticises current national fiscal surveillance

The independent advisory board has once again used the regular meeting of the Stability Council as an opportunity to comment on the state of national fiscal surveillance in Germany. In its accompanying statement, the advisory board firstly emphasises that it welcomes the request by the Stability Council to the legislator to implement the reformed SGP rules in a timely manner in national law and recommends that the national budget rules should be consistently aligned with the reformed European guidelines. In this context, the advisory board says it is open to the idea of enshrining in law the current development of the net spending path as a numerical upper limit for the revision of national fiscal surveillance in future. Germany is still subject to national budgetary rules combined with an upper limit that caps the structural general government deficit to 0.5% of GDP. The advisory board sees a need for action and reform with regard to the current national fiscal surveillance, as it believes that the current institutional framework for national fiscal surveillance has been dysfunctional since 2023 and no longer meets EU requirements. The statement criticises in particular the fact that the Stability Council is not fulfilling its national fiscal surveillance role properly despite its statutory obligation under the StabiRatG, as the Stability Council neither provides (sufficient) forecasts of public finances nor checks compliance with the national ceiling for the general government deficit. The Stability Council cited political uncertainties and changes to EU fiscal rules as well as the absence of the FSP as reasons, which, in the advisory board's opinion, does not justify failure to provide forecasts and check compliance with the deficit limit. This applies in particular in light of the fact that the upper limit for the general government deficit enshrined in the HGrG still applies regardless of the changes made at European level. In the opinion of the advisory board, fundamental changes are also needed in regard to national fiscal surveillance that also extend to institutional arrangements and in particular ensure that the question of whether and when compliance with the rules is checked is no longer subordinate to political decisions. It must also be ensured that the Stability Council, as a central fiscal institution, provides information on a regular basis and in a timely manner that enables the advisory board to carry out independent fiscal monitoring and make an assessment, in particular in connection with public finance forecasts. While in previous years it could still be assumed that the debt break requirements were sufficiently ambitious in order to (largely) ensure compliance with European requirements, this is now no longer the case, as the debt break no longer (fully) guarantees compliance with overall government requirements due to the increased borrowing opportunities outside the regulatory limits for net borrowing. The decisions on amending the Basic Law in March 2025 have also made it possible to carry out further borrowing outside the limits set by the debt brake that would require more intensive independent fiscal surveillance combined with more detailed information on developments in the extra-budgetary accounts of the Bund and the Laender. All in all, the advisory board concludes in its statement that the European fiscal rules are likely to become binding in future in view of the recently adopted changes to the debt brake. Accordingly, the advisory board believes that the planned reform of the debt brake should in particular be geared towards ensuring compliance with European fiscal rules.

No adjustment to the calculation method for budget indicators

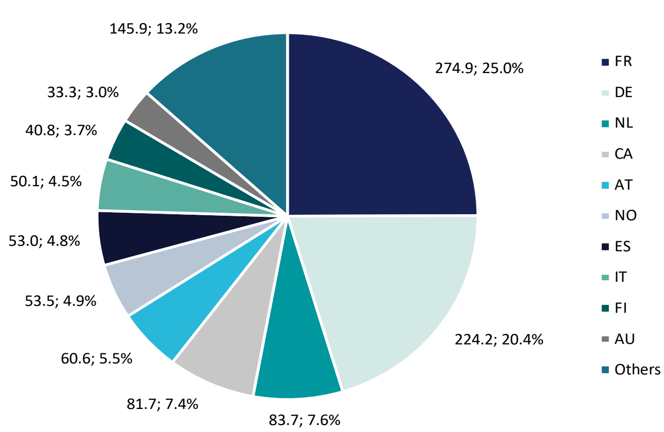
Another topic addressed by the Stability Council at its meeting concerned the possible effects of the introduction and use of structural borrowing leeway in the 2025 surveillance year. Ultimately it agreed not to adjust the method for calculating budget indicators despite the introduction of structural borrowing options for the Laender. The Laender have to submit their budget plans for 2025 to the Secretariat of the Stability Council by 15 June (provided that a parliamentary decision has been taken) and for the financial planning period by 15 October 2025, so as to ensure that the structural component is already included in this year's calculation of the indicators. The thresholds from July will not be adjusted. Should new budget plans arise in regard to the use of the structural component for the current year before the stability reports are submitted, these would, where possible, be included for information in the stability report and in the fiscal surveillance decision. The option of utilising the structural borrowing component for all the Laender would lead to a methodological transition phase in the 2025 reporting year. Therefore, anomalies in the individual indicators of a federal state cannot be ruled out for 2025 and the years 2026-29. The Laender affected here will be given the opportunity to provide alternative calculations to those submitted, in which the indicators are adjusted to allow for the effects of utilising the structural borrowing component. The following applies for the reporting year 2025: Overall, there are no anomalies if there would be no anomalies without utilising structural borrowing.

Conclusion

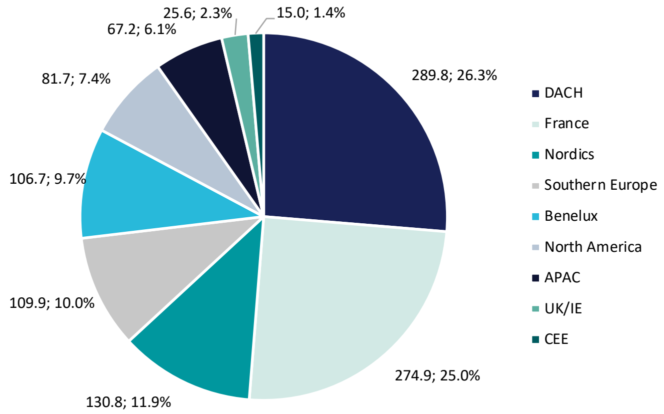
In the course of its 31st meeting, the Stability Council concludes that Germany's new fiscal leeway stands in tension with the requirements of the reformed EU fiscal rules, compliance with which will most likely require efforts at all levels of government. Germany is still facing a challenging economic and fiscal situation: the federal government is forecasting a general government deficit of 2.5% of GDP and a Maastricht debt ratio of just under 63% for 2025, although this does not yet take into account the effects of the amendments to the Basic Law in March, which, in the opinion of the Stability Council, will increase the discrepancy with European fiscal rules yet further. Nevertheless, the committee supports the federal government's efforts to increase growth potential and recommends prioritising investment spending to ensure Germany's future viability. At the same time, the Stability Council calls on the legislator to implement the reformed SGP rules in a timely manner at national level in order to create a legal basis for monitoring compliance with EU fiscal rules. It is also expected that the first German FSP will be submitted to the European Commission as soon as the necessary conditions for establishing the net spending path are in place. The advisory board also welcomes the call to implement the reformed SGP rules in a timely manner in national law and recommends that the national budget rules should be consistently geared towards the European guidelines. The development of the net spending path to be defined in the FSP could, in the opinion of the advisory board, be enshrined in law as an upper limit for the general fiscal surveillance. In view of the newly created national borrowing options, the EU fiscal rules are likely to be binding in future, as the debt break no longer guarantees compliance with them. The advisory board is particularly critical of what it sees as dysfunctional fiscal surveillance by the Stability Council and therefore concludes that fundamental changes are required.

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



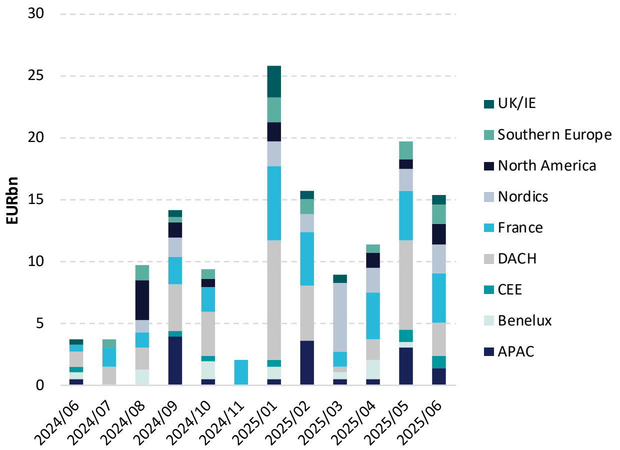
EUR benchmark volume by region (in EURbn)



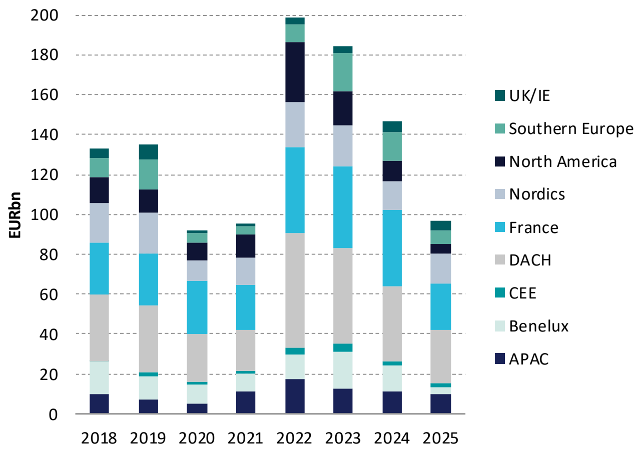
Top-10 jurisdictions

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	274.9	265	34	0.98	9.1	4.6	1.68
2	DE	224.2	314	49	0.66	7.7	3.7	1.69
3	NL	83.7	84	4	0.93	10.3	5.5	1.47
4	CA	81.7	60	1	1.34	5.5	2.4	1.61
5	AT	60.6	100	5	0.60	8.0	3.8	1.65
6	NO	53.5	64	12	0.84	7.0	3.3	1.36
7	ES	53.0	45	5	1.07	10.5	3.4	2.25
8	IT	50.1	65	6	0.75	8.2	3.8	2.12
9	FI	40.8	47	5	0.85	6.6	3.0	1.84
10	AU	33.3	33	0	1.01	7.2	3.5	1.92

EUR benchmark issue volume by month

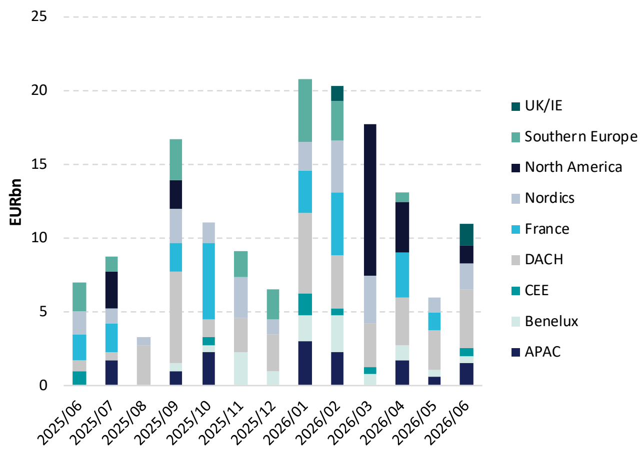


EUR benchmark issue volume by year

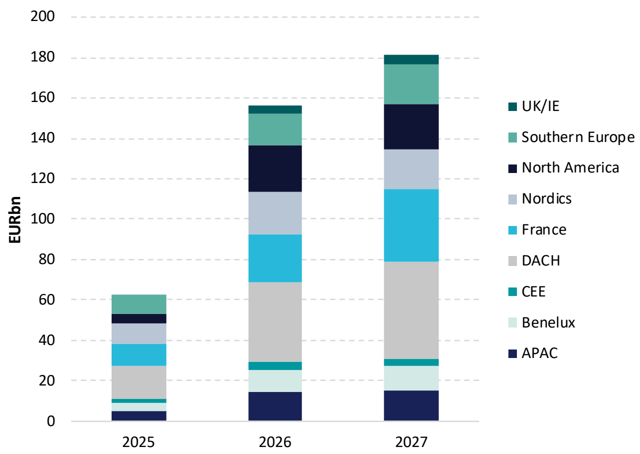


Source: Market data, Bloomberg, NORD/LB Floor Research

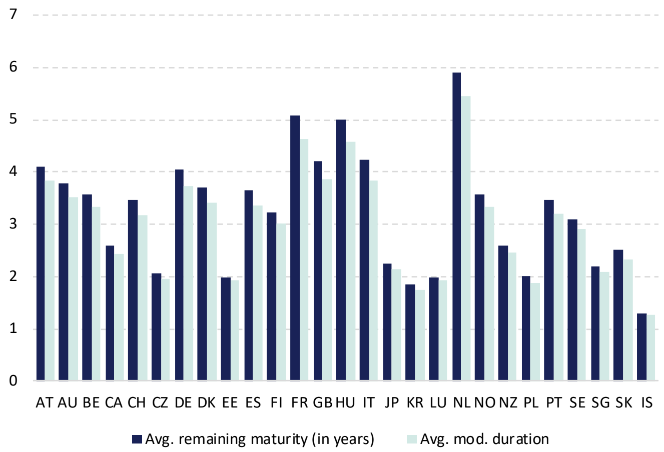
EUR benchmark maturities by month



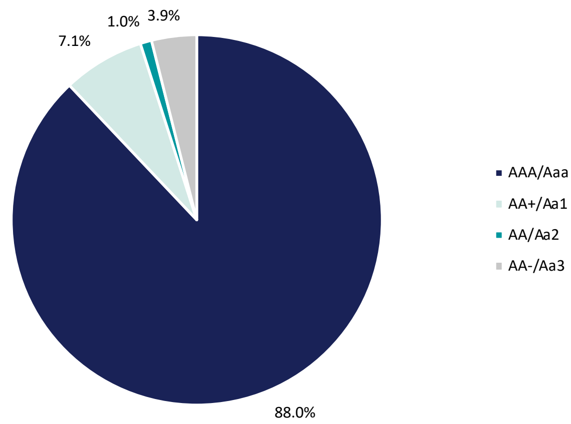
EUR benchmark maturities by year



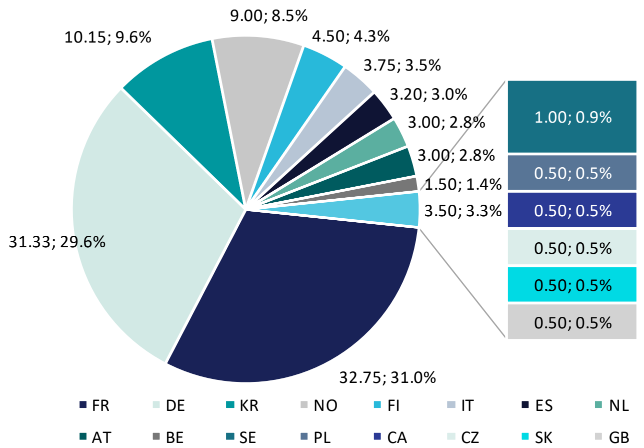
Modified duration and time to maturity by country



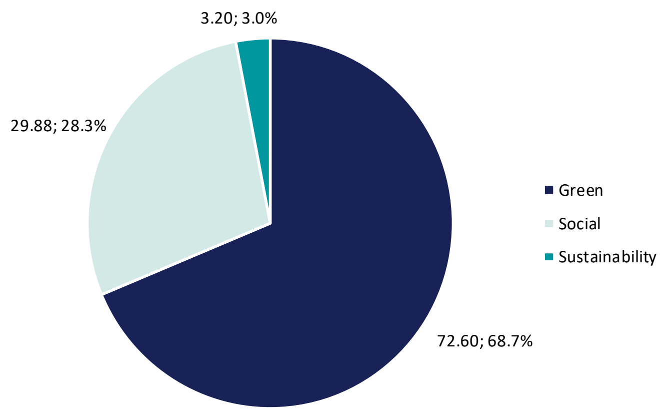
Rating distribution (volume weighted)



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

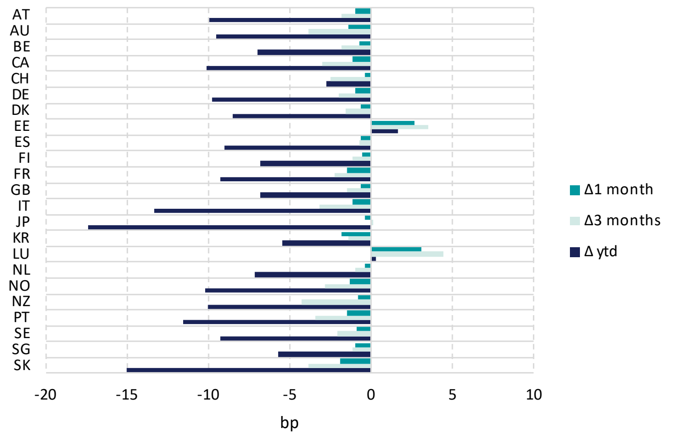


EUR benchmark volume (ESG) by type (in EURbn)

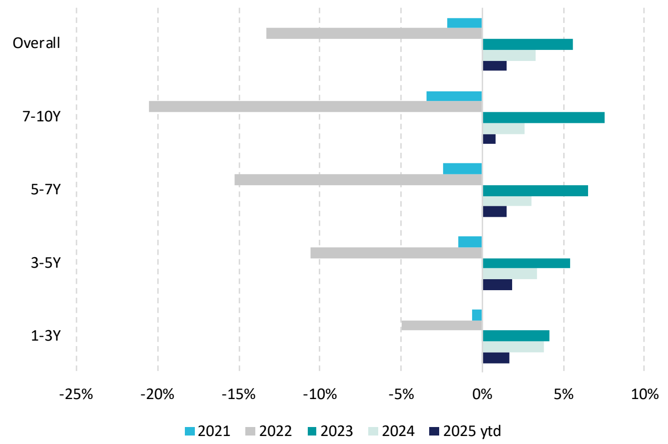


Source: Market data, Bloomberg, NORD/LB Floor Research

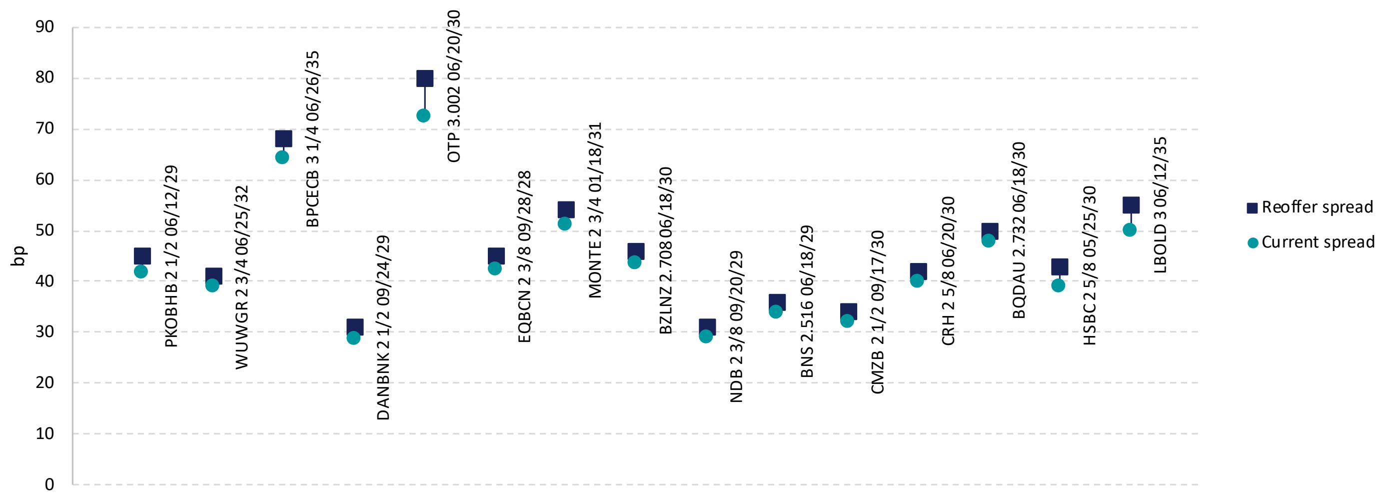
EUR benchmark emission pattern



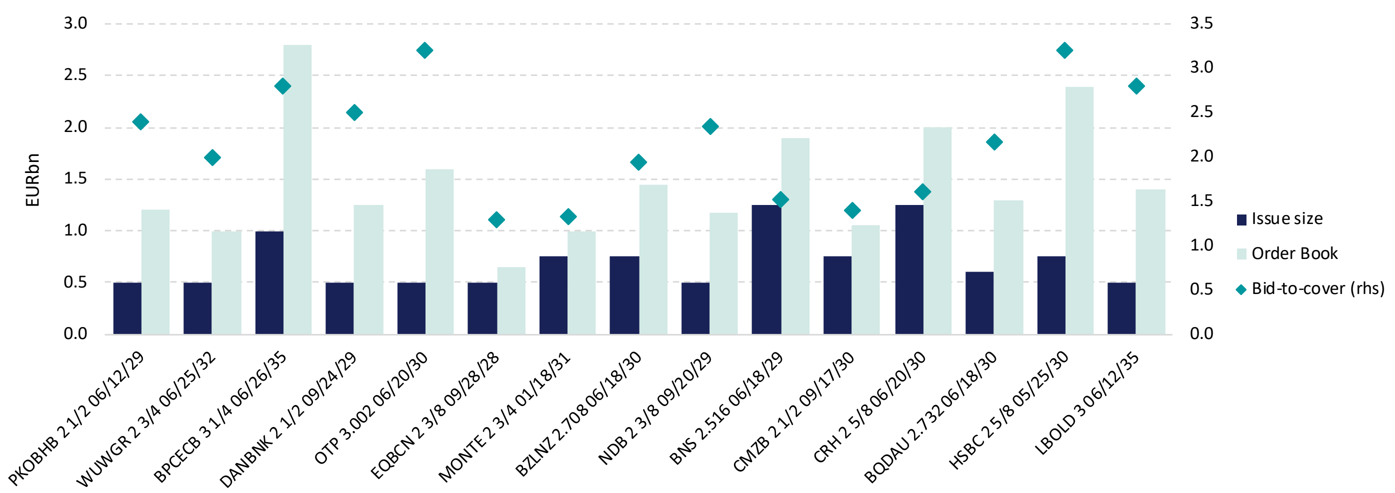
Covered bond performance (Total return)



Spread development (last 15 issues)



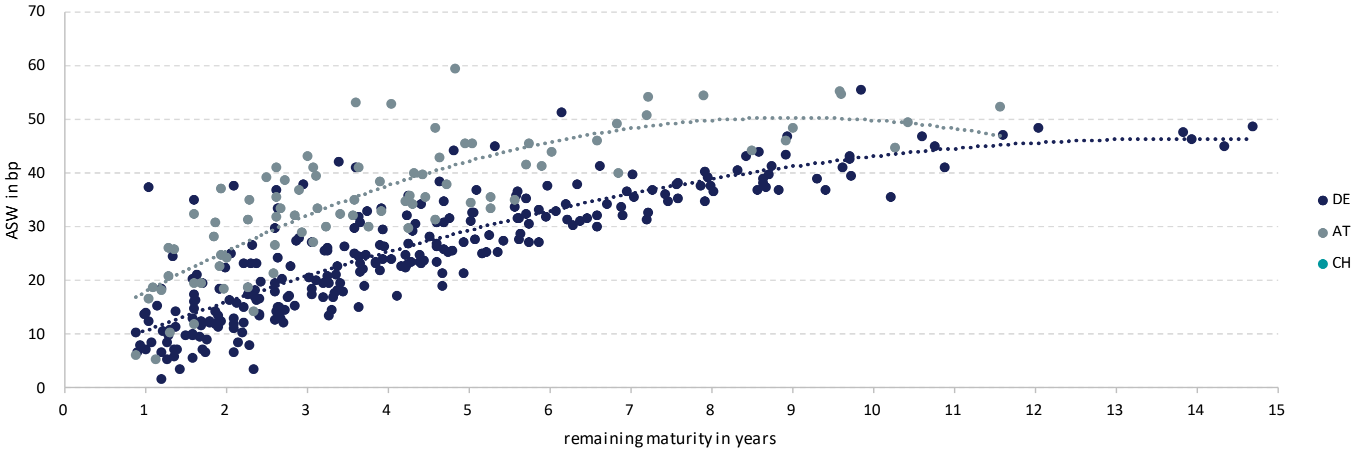
Order books (last 15 issues)



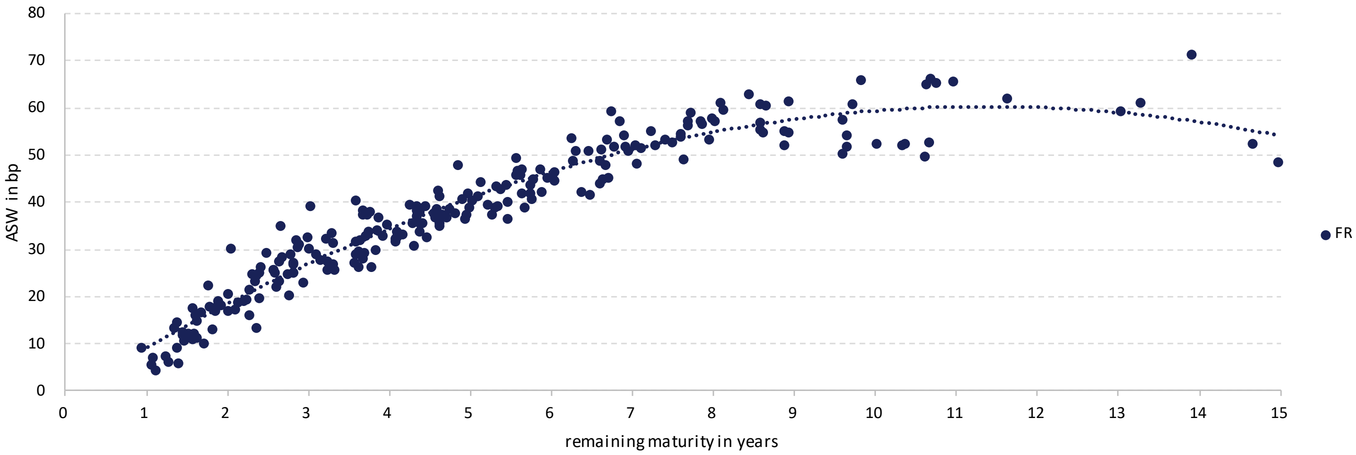
Source: Market data, Bloomberg, NORD/LB Floor Research

Spread overview[1]

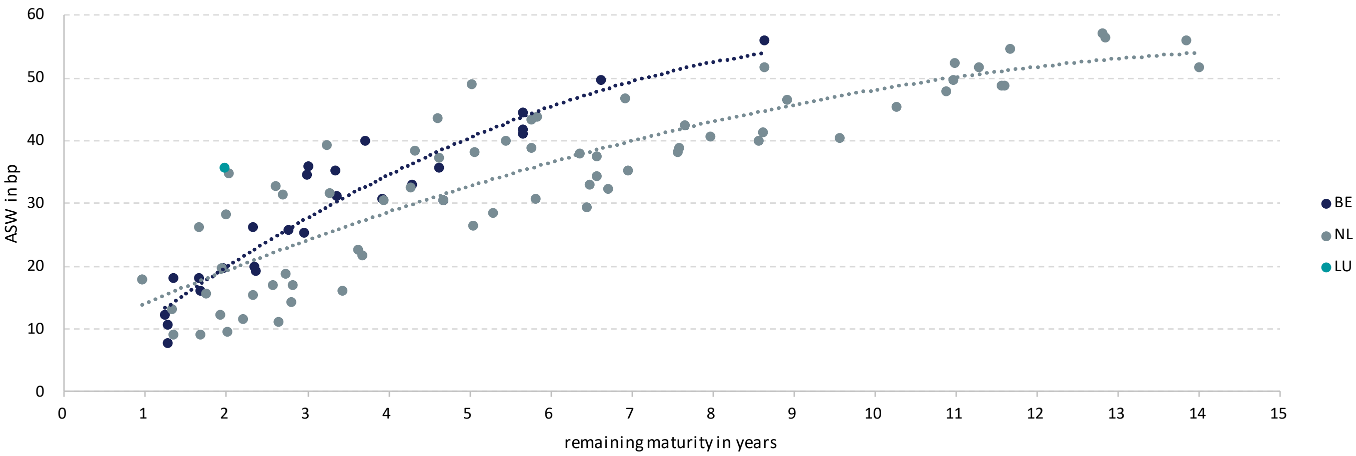
DACH



France

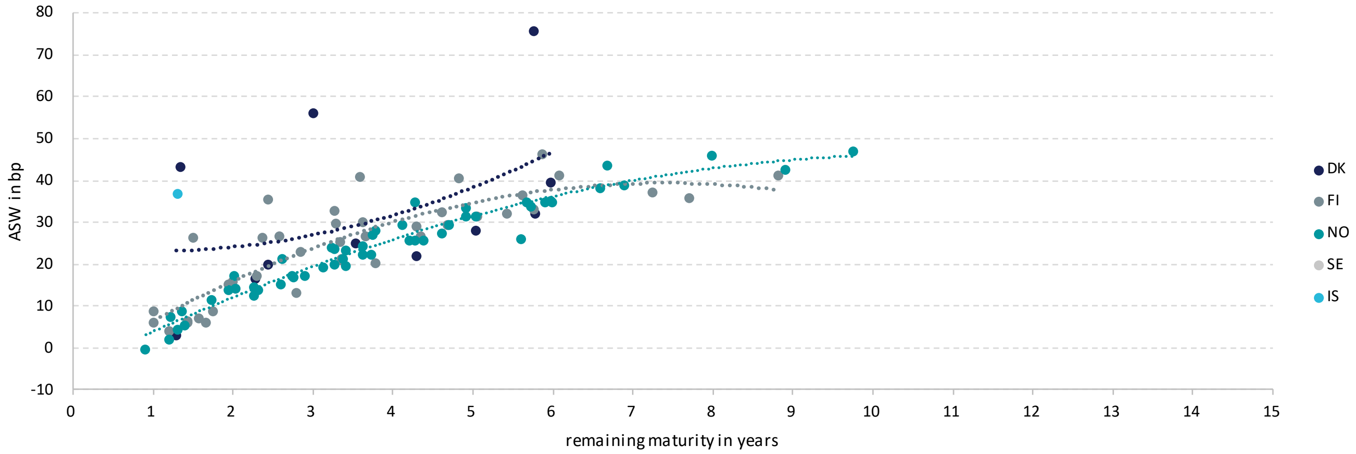


Benelux

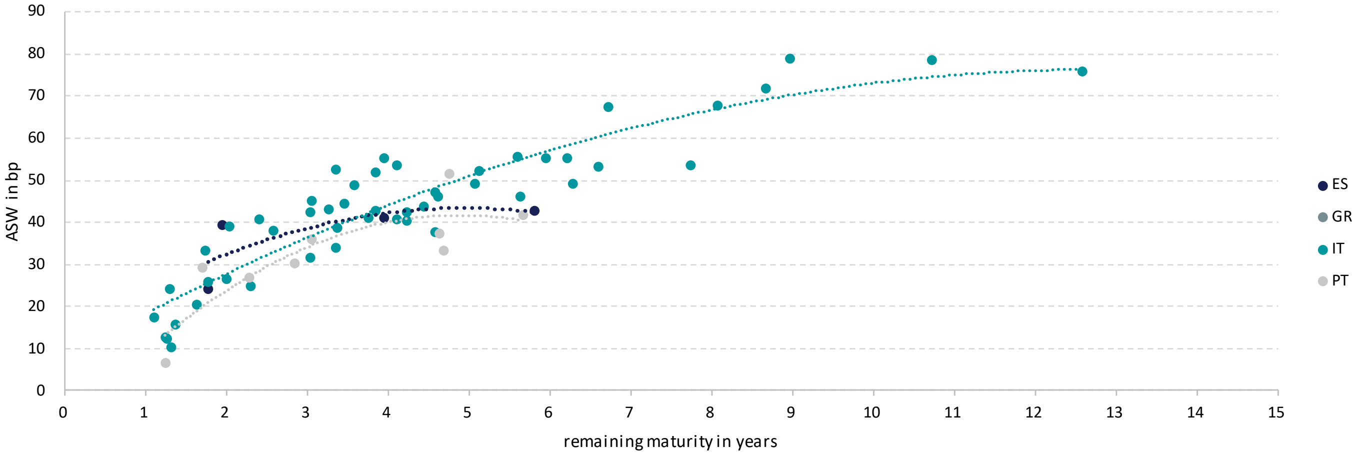


Source: Market data, Bloomberg, NORD/LB Floor Research [1]Time to maturity 1 ≤ y ≤ 15

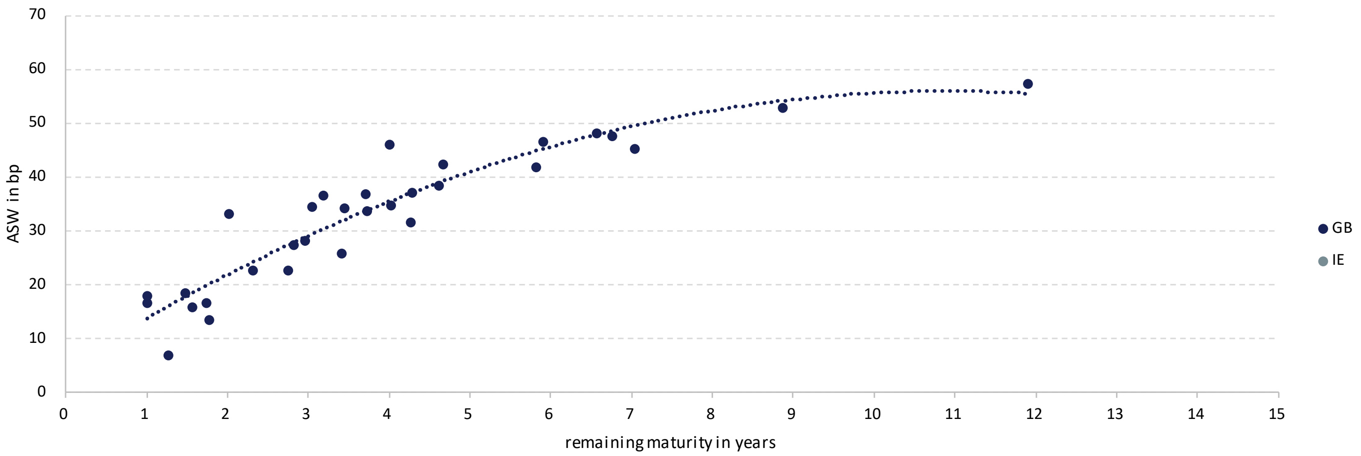
Nordics



Southern Europe

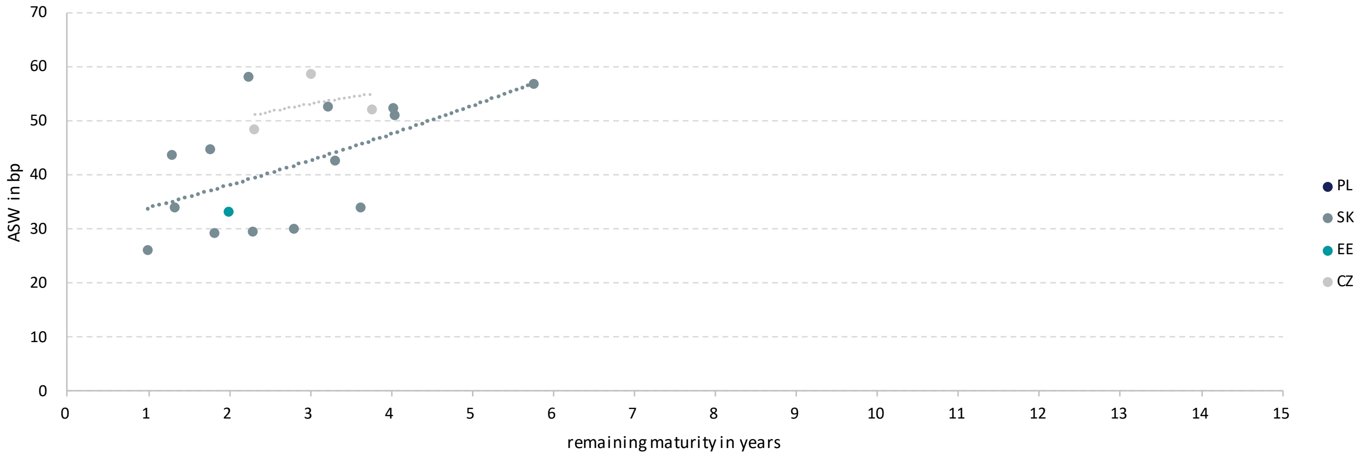


UK/IE

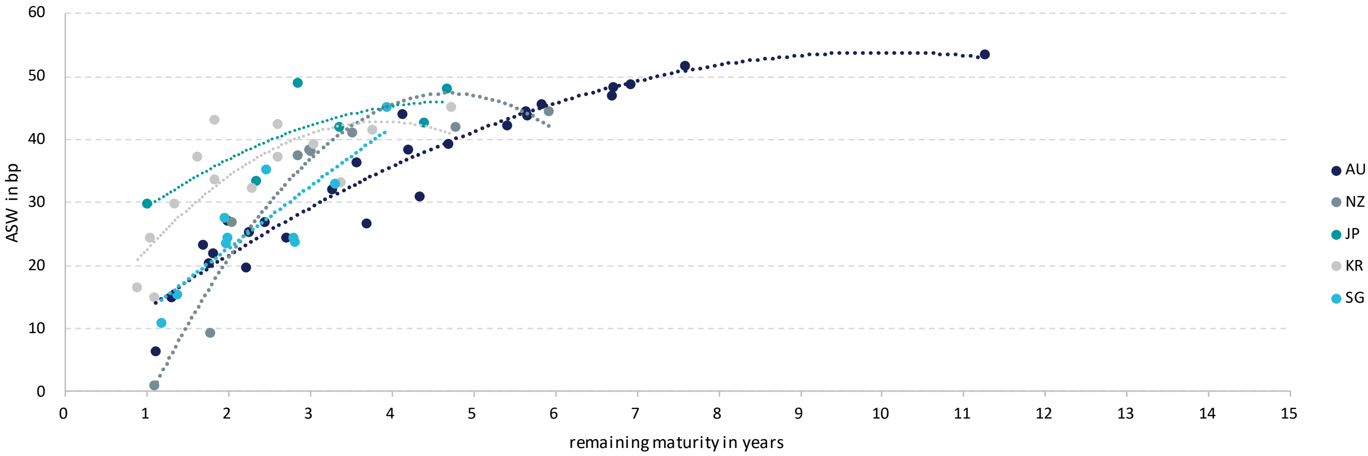


Source: Market data, Bloomberg, NORD/LB Floor Research

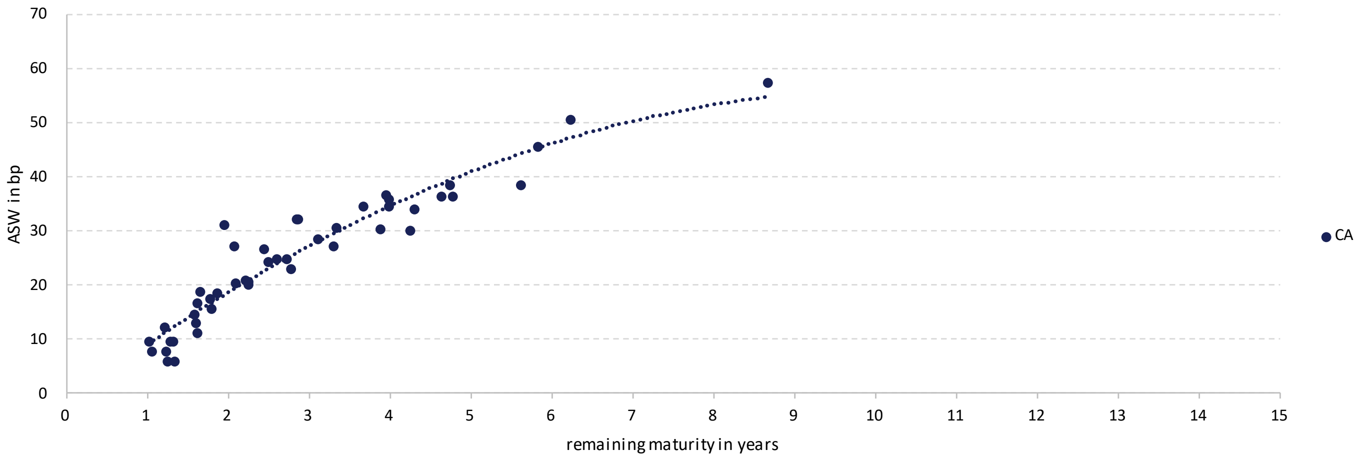
CEE



APAC



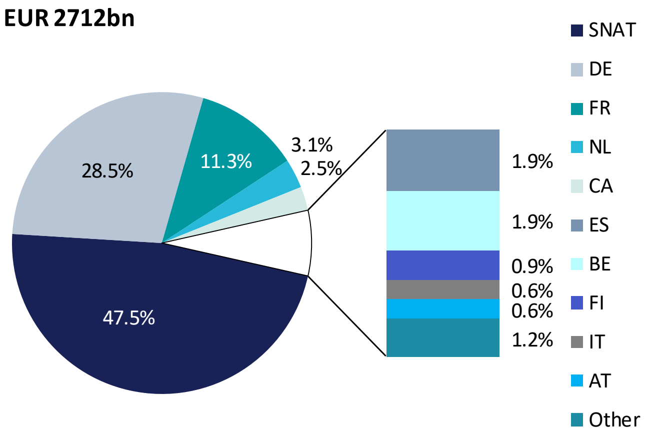
North America



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

Charts & Figures
SSA/Public Issuers

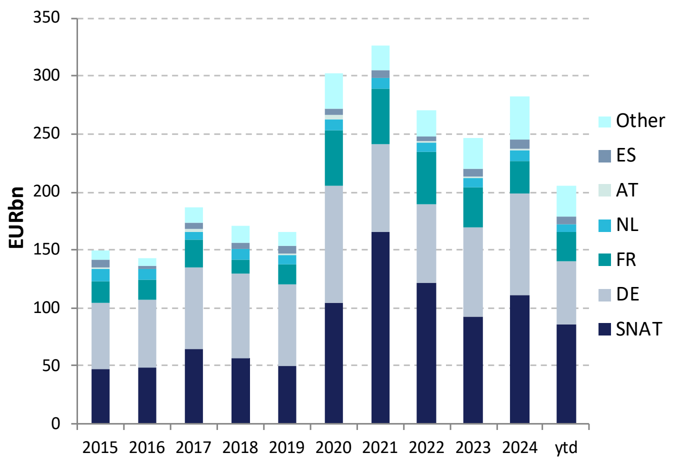
Outstanding volume (bmk)



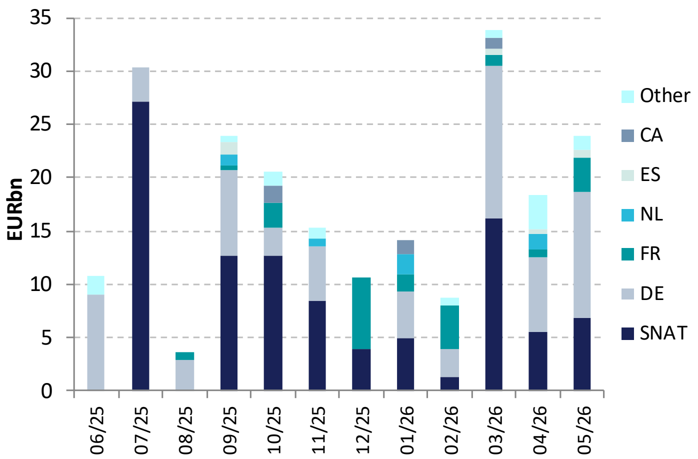
Top 10 countries (bmk)

Country	Vol. (EURbn)	No. of bonds	ØVol. (EURbn)	Vol. weight. ØMod. Dur.
SNAT	1,287.1	260	5.0	7.6
DE	773.3	565	1.4	5.9
FR	307.8	206	1.5	5.5
NL	84.8	67	1.3	6.3
CA	69.1	61	1.1	6.1
ES	51.6	74	0.7	5.1
BE	50.2	49	1.0	9.7
FI	24.0	25	1.0	4.4
IT	16.6	21	0.8	4.3
AT	16.0	21	0.8	4.4

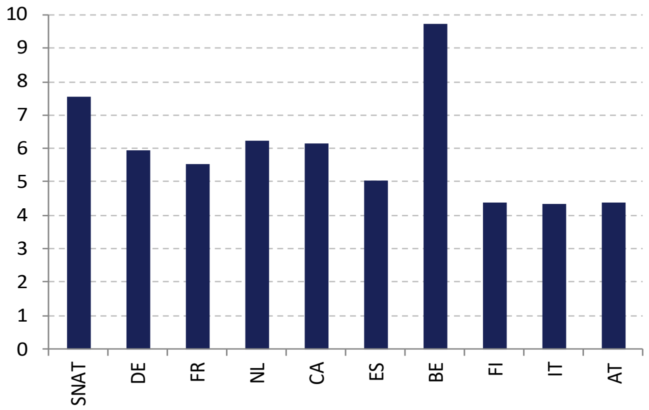
Issue volume by year (bmk)



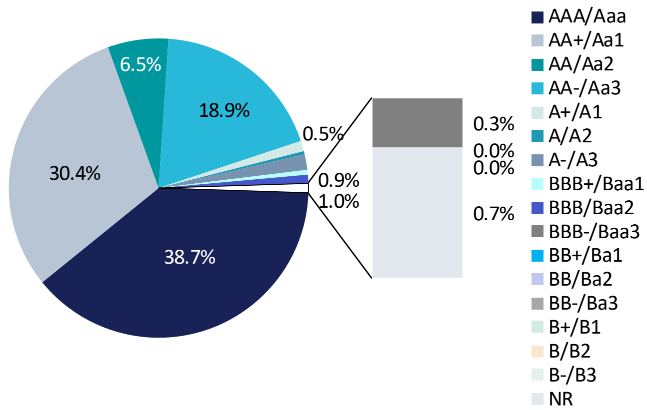
Maturities next 12 months (bmk)



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

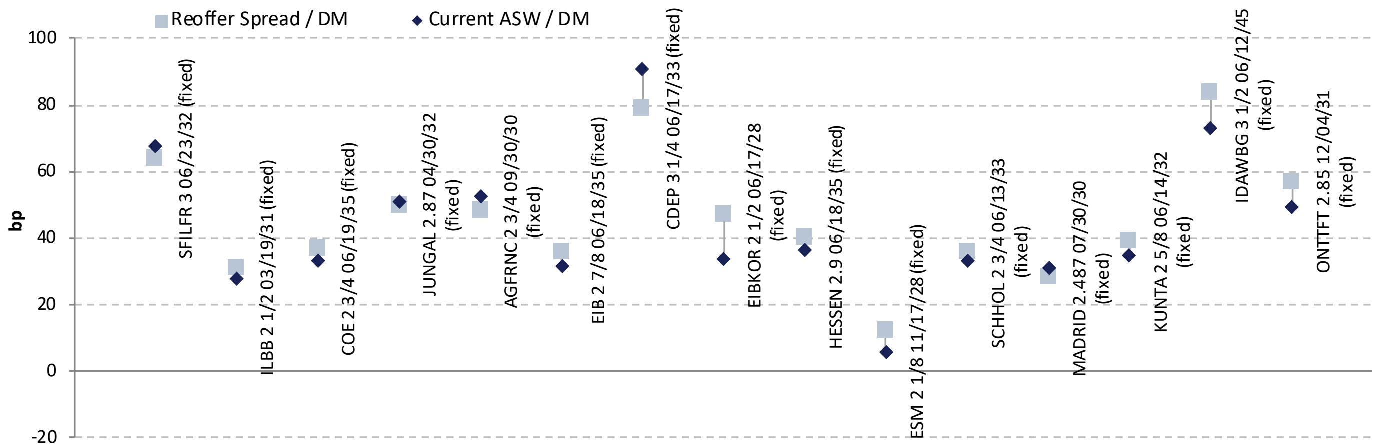


Rating distribution (vol. weighted)

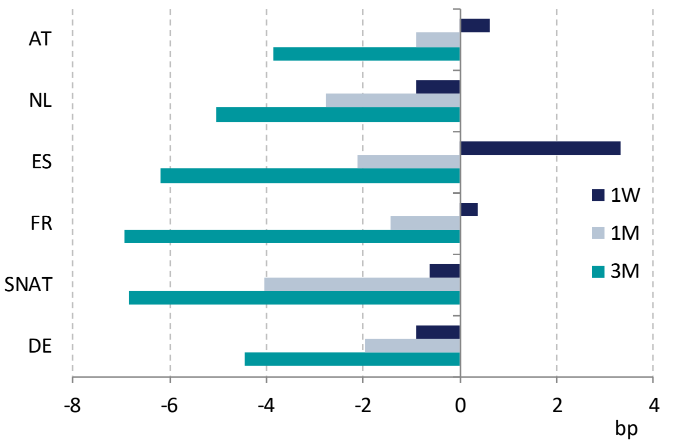


Source: Bloomberg, NORD/LB Floor Research

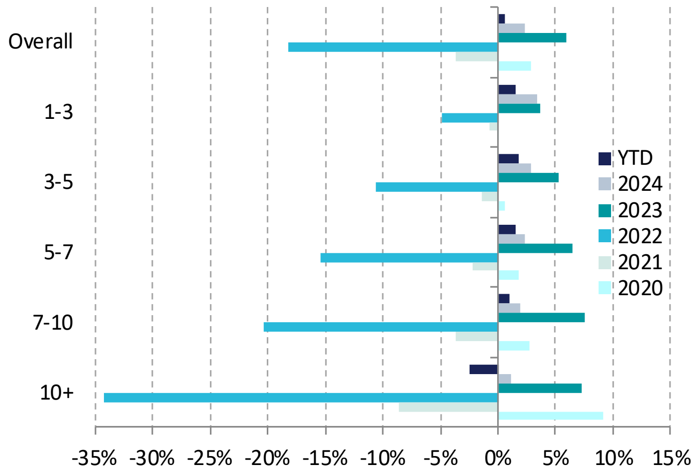
Spread development (last 15 issues)



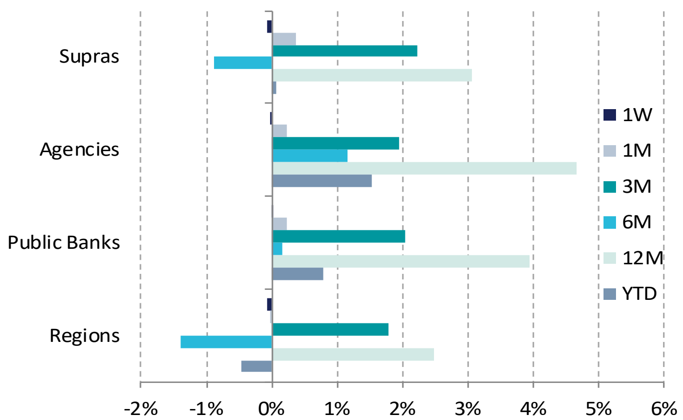
Spread development by country



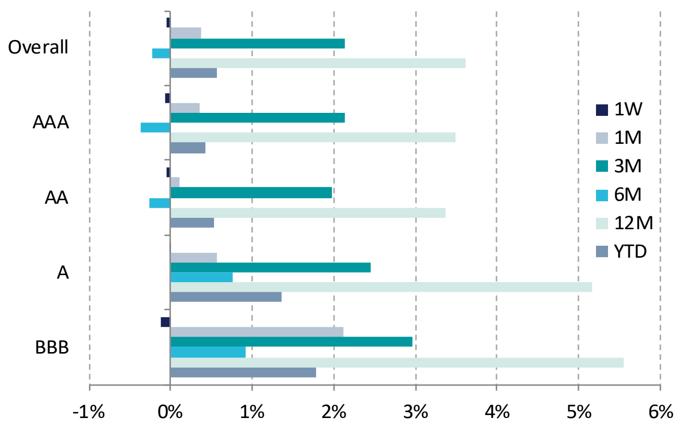
Performance (total return)



Performance (total return) by segments

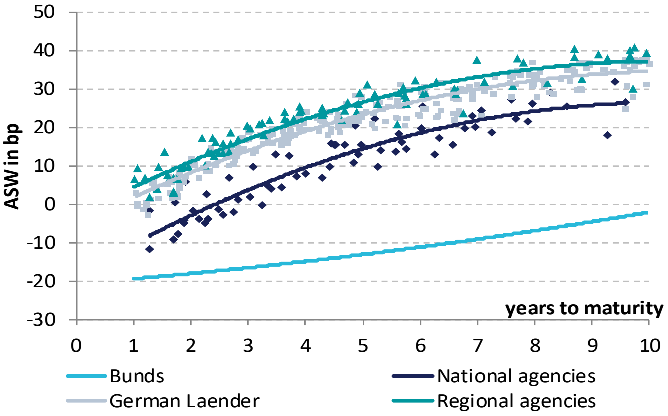


Performance (total return) by rating

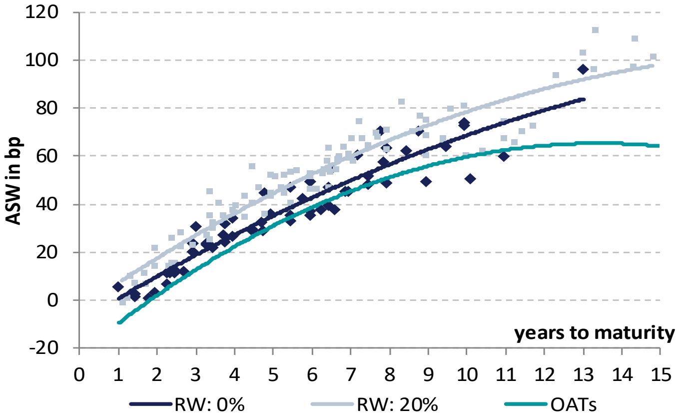


Source: Bloomberg, NORD/LB Floor Research

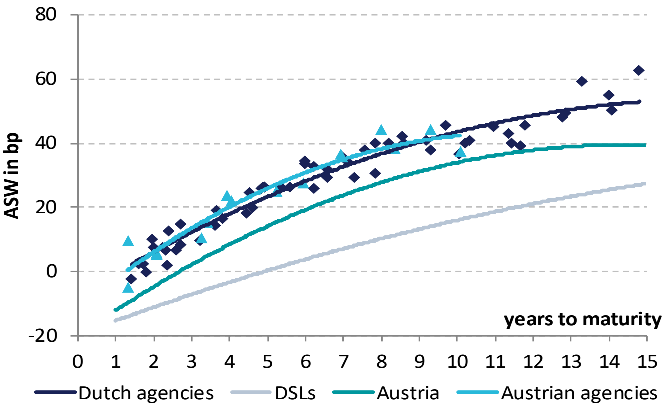
Germany (by segments)



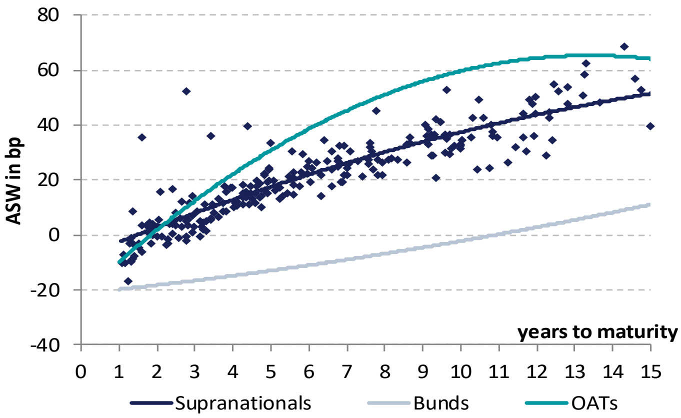
France (by risk weight)



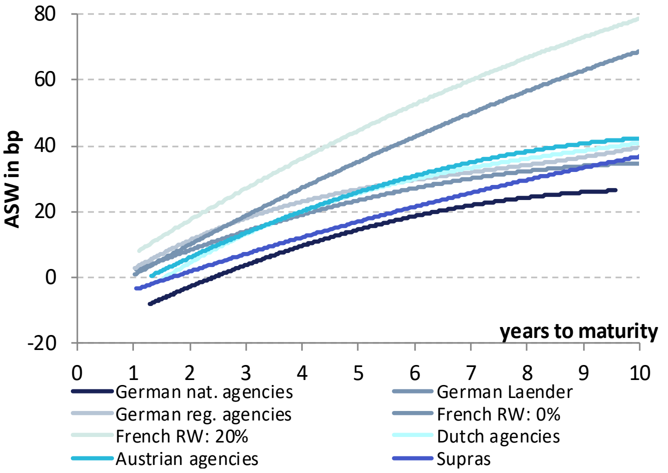
Netherlands & Austria



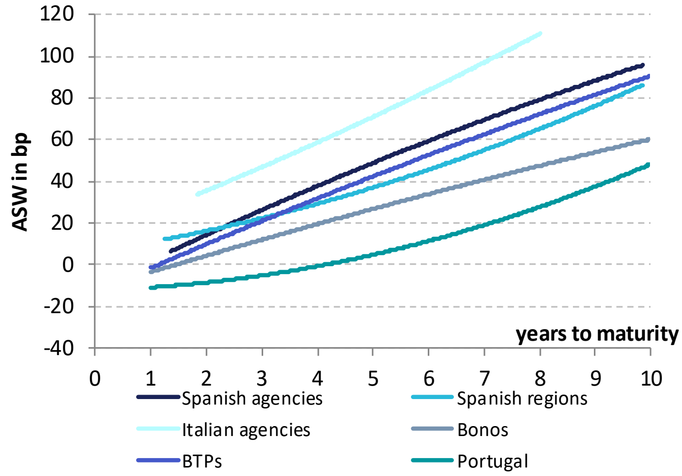
Supranationals



Core



Periphery

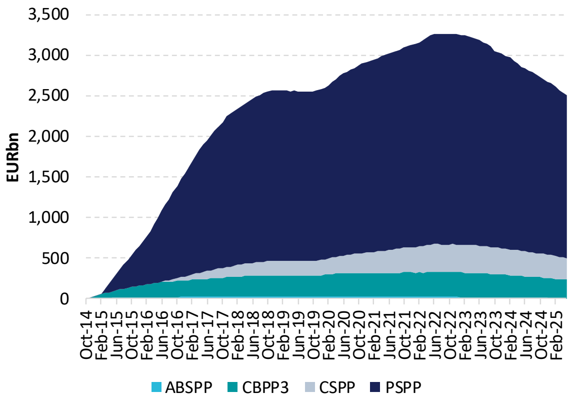


Source: Bloomberg, NORD/LB Floor Research

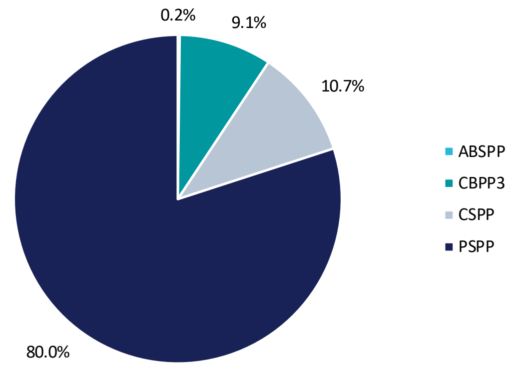
Charts & Figures
ECB tracker

Asset Purchase Programme (APP)

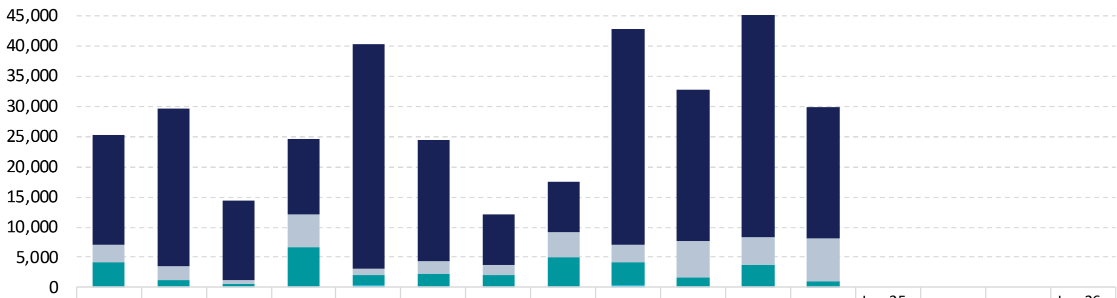
APP: Portfolio development



APP: Portfolio structure

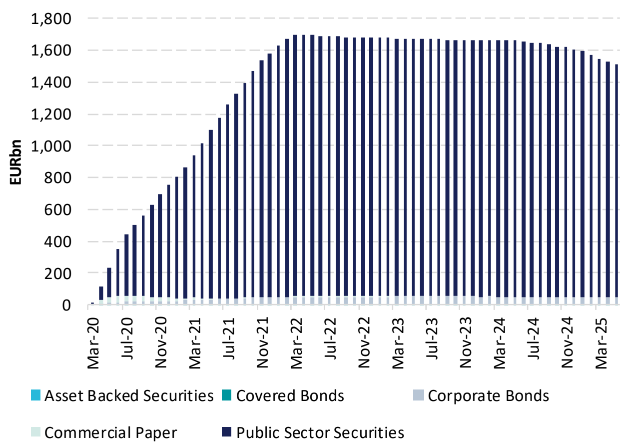


Expected monthly redemptions (in EURm)

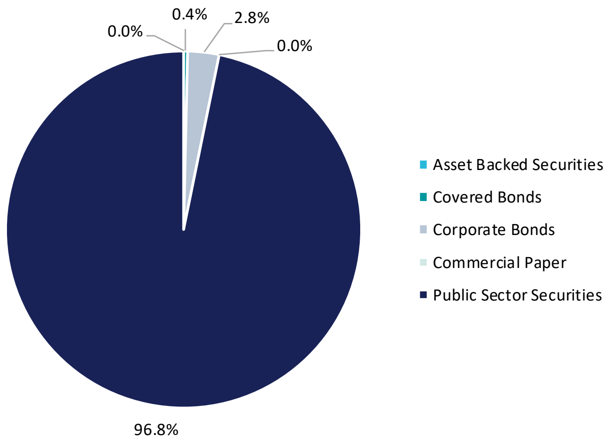


	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-25 - May-26	2024	2025	Jan-26 - May-26
APP	25,290	29,618	14,310	24,596	40,249	24,445	12,017	17,538	42,791	32,768	50,965	29,919	344,506	334,302	334,255	29,919
PSPP	18,261	26,161	13,114	12,568	37,073	20,060	8,274	8,318	35,650	25,077	42,520	21,748	268,824	264,480	253,586	21,748
CSPP	2,940	2,156	562	5,259	1,005	2,008	1,693	4,212	2,926	5,946	4,673	7,111	40,491	31,380	34,499	7,111
CBPP3	3,864	1,135	468	6,492	1,864	2,106	1,903	4,740	3,911	1,575	3,685	1,003	32,746	32,173	42,332	1,003
ABSPP	225	166	166	277	307	271	147	268	304	170	87	57	2,445	6,269	3,838	57

PEPP: Portfolio development



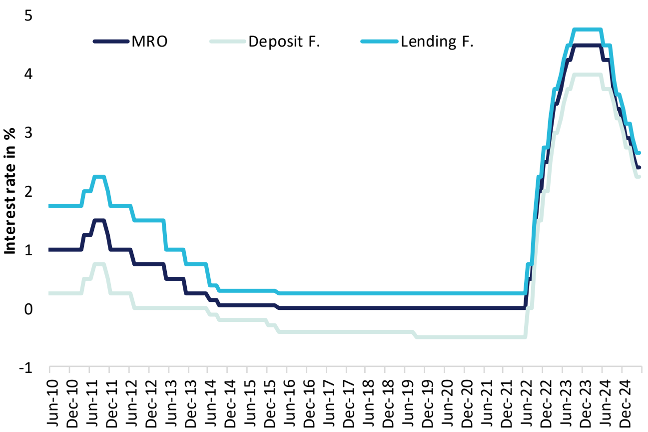
PEPP: Portfolio structure



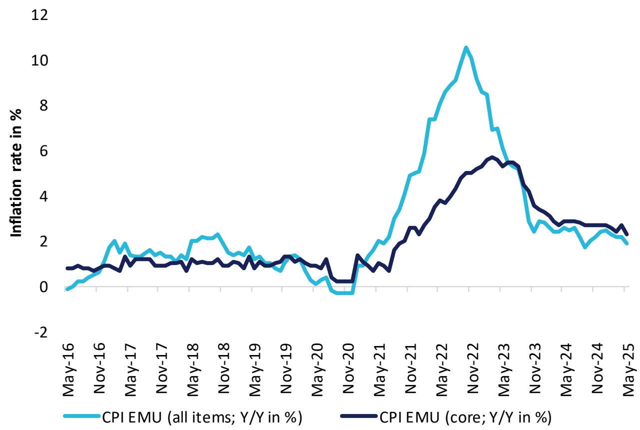
Source: ECB, NORD/LB Floor Research

Charts & Figures
Cross Asset

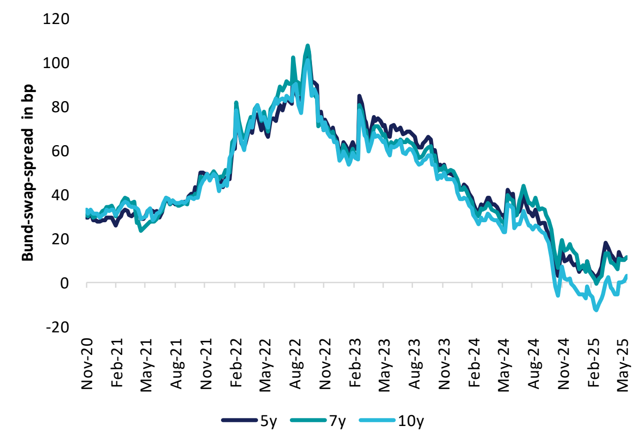
ECB key interest rates



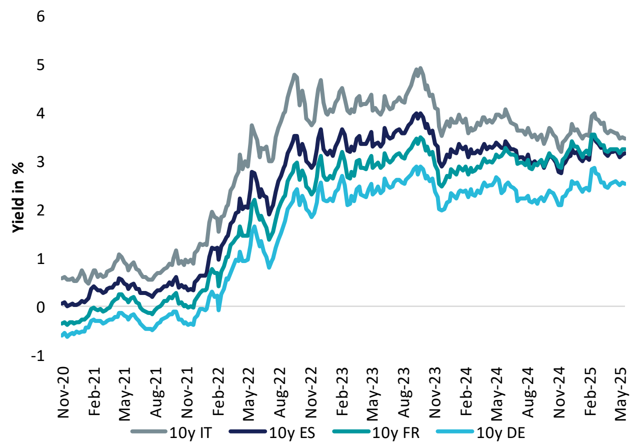
Inflation development in the euro area



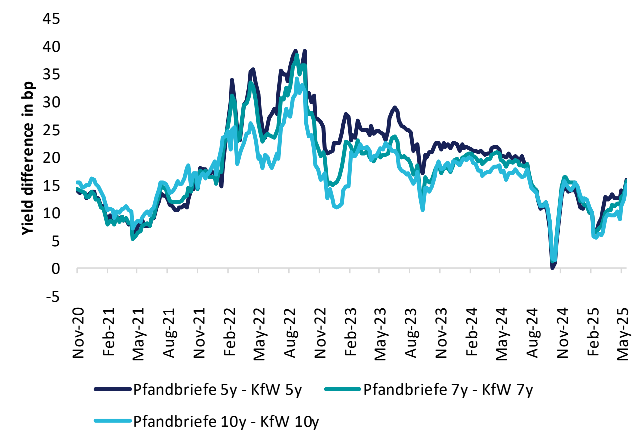
Bund-swap-spread



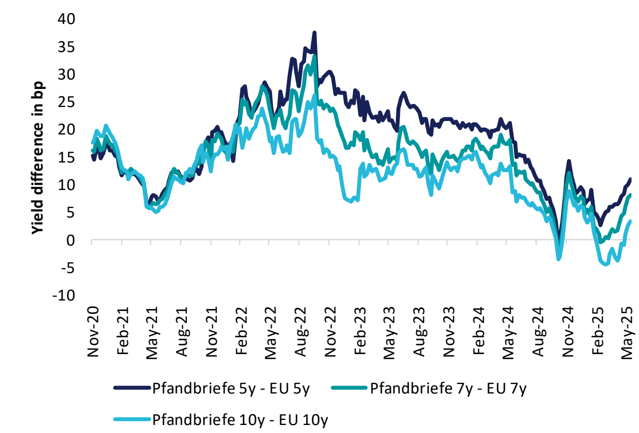
Selected yield developments (sovereigns)



Pfandbriefe vs. KfW



Pfandbriefe vs. EU



Source: ECB, Bloomberg, NORD/LB Floor Research

Appendix
Overview of latest Covered Bond & SSA View editions

Publication	Topics
21/2025 ♦ 11 June	▪ Moody's: rating approach Covered Bonds ▪ Teaser: Issuer Guide – Austrian Agencies 2025
20/2025 ♦ 28 May	▪ Cross Asset // Teaser: ESG update 2025 – Focus on greenium and socium+
19/2025 ♦ 21 May	▪ Development of the German property market (vdp index) ▪ Teaser: Issuer Guide – Nordic Agencies 2025
18/2025 ♦ 14 May	▪ Transparency requirements §28 PfandBG Q1/2025 ▪ Current LCR classification for our SSA coverage
17/2025 ♦ 07 May	▪ Fitch: rating approach covered bonds ▪ Credit authorisations of the German Laender for 2025
16/2025 ♦ 30 April	▪ Special report on LCR classification and risk weights: a (regulatory) look at the EUR benchmark segment ▪ Teaser: Issuer Guide – Dutch Agencies 2025
15/2025 ♦ 16 April	▪ Cross Asset: Relative value – What is the state of play?
14/2025 ♦ 09 April	▪ The covered bond universe of Moody's: an overview ▪ SSA review: EUR-ESG benchmarks in Q1/2025
13/2025 ♦ 02 April	▪ Review of the first quarter in the covered bond segment ▪ A review of Q1/2025 in the SSA segment
12/2025 ♦ 26 March	▪ A look at the Danish covered bond market ▪ Teaser: Issuer Guide – Non-European Supras (MDBs) 2025
11/2025 ♦ 19 March	▪ Eligibility of covered bonds for repo transactions ▪ Current risk weight of supranationals & agencies
10/2025 ♦ 12 March	▪ Covereds vs. sovereign bonds: A question of attractiveness ▪ NGEU: Green Bond Dashboard
09/2025 ♦ 05 March	▪ Transparency requirements §28 PfandBG ▪ Teaser: Issuer Guide – Non-European Agencies 2025
08/2025 ♦ 26 February	▪ Overseas Covered Bonds – A Brave New Spread World? ▪ Update: Joint Laender – Laender jumbos
07/2025 ♦ 19 February	▪ An overview of the EUR sub-benchmark segment ▪ Export Development Canada – spotlight on EDC
06/2025 ♦ 12 February	▪ Development of the German property market (vdp index) ▪ Occitania – spotlight on OCCTNE
05/2025 ♦ 05 February	▪ Crelan Home Loan plans return to the covered bond market ▪ SSA January recap: record start to 2025
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)

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 Q1/2025 (quarterly update)

Transparency requirements §28 PfandBG Q1/2025 Sparkassen (quarterly update)

Covered bonds as eligible collateral for central banks

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) 2025

Issuer Guide – German Agencies 2024

Issuer Guide – French Agencies 2024

Issuer Guide – Nordic Agencies 2025

Issuer Guide – Dutch Agencies 2025

Issuer Guide – Austrian Agencies 2025

Beyond Bundeslaender: Belgium

Beyond Bundeslaender: Greater Paris (IDF/VDP)

Beyond Bundeslaender: Spanish regions

Fixed Income Specials:

ESG-Update 2025

ECB Council meeting: Last round in the interest rate cut carousel?

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

Appendix
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