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NORD/LB Floor Research

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Marketing communication (see disclaimer on the last pages)

Agenda

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Market overview
Covered Bonds

Authors: Alexander Grenner // Lukas Kühne

Primary market: first signs of cooling?

Over the past few trading days, a degree of calm has evidently returned to the primary market for covered bonds in the EUR benchmark segment. This should not really come as a surprise on the back of the remarkably dynamic levels of activity seen in recent weeks, as demand for new deals was somewhat saturated, particularly in the medium-term maturity segment of around five years. During the period under review, five issuers approached investors with fresh supply. Swedbank Hypotek and Achmea Bank got the ball rolling on 18 June, each opting for a term of five years on this occasion. While Swedbank's covered bond amounted to EUR 1bn and was placed at a reoffer spread of ms +33bp, Achmea Bank settled on an issuance volume of EUR 500m in advance. In comparison with the original guidance, the reoffer spread narrowed by six basis points, coming in at ms +36bp at the end of the marketing phase (bid-to-cover ratio: 3.6x). Three additional transactions then followed in the current trading week on 24 June. DZ HYP announced its fourth issuance this year with one day's notice. As was the case on 02 April (when a dual tranche deal was the order of the day), the issuer selected a term of a "short" ten years at a guidance of ms +52bp area. After closing the books, the issuer recorded orders in the amount of EUR 2.4bn and ultimately opted for a final issuance volume of EUR 1bn. For its part, Arkea Public Sector also tapped into the long maturity segment. For its new public sector covered bond, the bank selected the WNG format (EUR 500m; 10y) and generated a final spread of ms +67bp. Before closing out the trading days under review, there was still time to welcome an Asian issuer to the primary market again in the shape of DBS Bank. The bank from the Lion City of Singapore opened the books for this transaction at ms +38bp. The deal (long 3y term) benefited from dynamic investor demand, resulting in a bid-to-cover ratio of 1.7x. In the end, DBS Bank placed a covered bond with a volume of EUR 1.25bn at ms +32bp.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
DBS Bank Ltd	SG	24.06.	XS3105239928	3.5y	1.25bn	ms +32bp	AAA / Aaa / -	-
Arkea Public Sector SCF	FR	24.06.	FR0014010UW5	10.0y	0.50bn	ms +67bp	- / Aaa / -	-
DZ HYP	DE	24.06.	DE000A3825T4	9.9y	1.00bn	ms +46bp	- / Aaa / AAA	-
Achmea Bank	NL	18.06.	XS3103624337	5.0y	0.50bn	ms +36bp	- / - / AAA	-
Swedbank Hypotek	SE	18.06.	XS3104454106	5.0y	1.00bn	ms +33bp	- / Aaa / AAA	-

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

Secondary market: demand for long maturities continues to dominate

The secondary market continues to be characterised by strong demand, with long-term deals for core European names attracting interest. Long-term bonds in particular are becoming increasingly scarce – despite the new issues from DZ HYP (9.9y) and Arkea Public Sector (10y). The liquidity of longer-dated bonds in secondary trading is also correspondingly low. In terms of the transaction volume, the last few trading days can be described as rather quiet sessions.

Results of the Market Fluctuation Measurement 2025 published

The German Banking Industry Committee (GBIC) has published the results of its Market Fluctuation Measurement 2025 for residential and commercial real estate. The examination of the German real estate market is conducted by vdpResearch GmbH for all 401 urban and rural districts and, according to the company itself, provides a representative overview of regional and national market price trends owing to the composition of the databases evaluated. According to the survey, the residential real estate markets recorded smaller price declines in 2024 compared with the previous year, whereby no urban or rural district saw a price decline of more than -20%. Instead, price increases have actually already been observed in some cases. Price declines for office properties were also lower, averaging out at -4.6% compared with the previous year (-8.8%). Here, too, the threshold (in this case 10%) was no longer exceeded in any city or district. However, a two and three-year comparison shows that the threshold has been exceeded in nearly every case due to the sharp price declines seen across recent years. Under the market value fluctuation concept of the GBIC, exceeding the threshold generally results in a review and, if necessary, a revaluation of the property value. This concept meets the requirements for the annual monitoring of real estate assets in the cover pools of covered bonds, which entered into force in December 2019 as part of the Regulation amending Article 129 CRR (in conjunction with Article 208 (3) CRR). A similar trend can be observed for retail properties as is the case for office properties: despite the fact that the 10% threshold is still exceeded across the board in a three-year comparison, the negative trend has weakened in the recent past, resulting in significantly lower price declines of -4.8% in a one-year comparison (as against -8.5% in the previous year). Contrary to the trend for other property types, a positive trend is now seen in relation to warehouse and logistics properties versus the previous year, with capital values increasing in all urban and rural districts. Developments in the hotel property markets are not included in the current publication and will be provided shortly.

The covered bond rating approach of Scope – today's focus article

As part of our coverage, we regularly look at the rating assessments of the five major rating agencies: Fitch, Moody's, S&P, DBRS and Scope. Their evaluations are used, for example, as one of the criteria for the inclusion of a bond in the iBoxx EUR Covered benchmark index, which serves as the basis for our "BMK universe". At the same time, ratings are relevant for determining the risk weight (on the basis of the Capital Requirements Regulation – CRR) and LCR management (cf. our regular publication series: Covered Bond Special – Risk weights and LCR levels of covered bonds). The rating agencies' assessments are also used to determine the central bank eligibility of covered bonds (cf. Covered Bond Special – Covered Bonds as eligible collateral for central banks). Many investors also base their investment criteria on the various ratings. Owing to this particular relevance, we regularly look at the different rating methodologies of the individual agencies and incorporate them into our Issuer Guide Covered Bonds. In this edition of our weekly publication, we are taking a closer look at the specific characteristics of Scope's covered bond rating approach. Its methodology comprises a four-step process that defines the issuer rating as the "anchor point" and, in the next steps, determines the possible notches of uplift by, for example, using analyses of the legal framework or the composition of the cover pool.

Moody's: UK building societies expand product portfolio to protect earnings

In a recent analysis of UK building societies, the rating experts from Moody's noted that, in order to secure earnings in the current falling interest rate environment, these financial institutes are increasing their exposure to more profitable, albeit riskier, loans. UK building societies tend to be cooperative banks that have traditionally specialised in lending to finance owner-occupied housing and are primarily refinanced through savings deposits. Moody's states that in order to continue offering competitive mortgage rates, these building societies are also reliant to a significant extent on alternative sources of income with higher margins. To this end, the two largest building societies, Nationwide and Coventry, have completed acquisitions of medium-sized banks, namely Virgin Money and Co-operative Bank respectively. According to the risk experts, this has enabled the building societies to secure access to interest-free current accounts, among other aspects, which offers benefits in terms of refinancing costs compared with their direct competitors. In contrast, the next largest building societies covered in the Moody's report – Yorkshire, Skipton, Leeds and Principality – tend to primarily focus on granting higher-margin loans with increased risks. According to Moody's, market financing, which tends to be more expensive than savings deposits, accounts for an average of less than 20% of the funding mix of the six largest building societies and is chiefly used for diversification purposes (improved liquidity management and reducing asset/liability mismatches). This includes the issuance of debt instruments such as residential mortgage-backed securities (RMBS) or covered bonds. Nationwide, Coventry, Yorkshire and Skipton, four of the six largest building societies, are currently represented with outstanding covered bonds in EUR benchmark format, cumulatively accounting for a volume of EUR 11.9bn (46.5%) of the total outstanding volume in this market segment.

Fitch publishes peer comparison of New Zealand covered bond programmes

Fitch recently presented an analysis of the covered bond programmes it rates in New Zealand. According to the rating experts, the reductions to the base rate in New Zealand (3.25% since May 2025) are expected to have a positive impact on the local mortgage market. Mortgage loans in New Zealand primarily feature short-term, fixed interest rates. Therefore, according to Fitch, as interest rates fall further the debt servicing capacity on the part of borrowers should gradually begin to improve over the course of 2025 and 2026. The quality of the cover pool assets of the covered bond programmes in New Zealand should also benefit from the interest rate cuts. The loans included in the cover pools of New Zealand issuers are exclusively residential in nature, featuring an average remaining term of 61 months. According to the risk experts, this typically improves the probability of compliance with repayment schedules. The NPL ratios of mortgage loans of the country's five largest banks also remained stable over the course of the last year (0.6% in Q4/2024; 0.4% in Q1/2025). According to Fitch, the Issuer Default Ratings (IDR) of New Zealand issuers are at least A+, which means that the issuer rating could be slashed by up to three notches without calling into question the rating of the "AAA"-rated covered bonds. In the EUR benchmark segment, ASB Bank (EUR 500m; 5y) and the Bank of New Zealand (EUR 750m; 5y) have already been active in the market this year. This comes on the back of the previous year, when neither issuer approached investors with fresh supply. For the remainder of the year, we are currently expecting additional new issues in the amount of EUR 1.25bn, which would correspond to a net supply of EUR 2.5bn for the year as a whole in the absence of any maturities.

Market overview
SSA/Public Issuers

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

Berlin exports defy the challenging environment

Berlin's export trade is defying the weakness affecting the German economy as a whole and, according to a press release from Investitionsbank Berlin (ticker: IBB), has proved robust even against the backdrop of international trade wars: in 2024 exports from the German capital increased by +2.2% Y/Y to EUR 17.1bn in contrast to the nationwide fall (-1.7% Y/Y). The most significant of Berlin's product groups was still pharmaceutical products, which were worth EUR 2.4bn in total, followed by other vehicles, at EUR 1.6bn, and equipment for generating electricity amounting to EUR 1.4bn. The economists at IBB expect moderate growth in exports of +0.6% Y/Y for 2025 – this projection is, however, based on the proviso that there is no further escalation in the tariff war during the year. In their opinion, an upturn in European domestic trade plus increasing demand from the Near and Middle East is likely to have a stabilising effect in this scenario. On the other hand, a renewed escalation in the trade war combined with tariffs of up to 25% on EU exports to the USA would hit Berlin's export-oriented economy hard and lead to a drop in exports of EUR -325m per year, which equates to around 2% of the value of exports in 2024. Tariffs of 50% or more could, in contrast, entail annual losses of -6% or more. The economic adjustment processes resulting from the changes to the global trade framework should therefore, from the economists' perspective, be accompanied by political measures, such as in the form of time-limited export promotion programmes, to facilitate diversification into other sales markets. Hinrich Holm, the Chairman of IBB's Management Board, also emphasised the importance of reliable framework conditions and said: "Berlin has highly effective industries, well-established corporate clusters and many hidden champions, whose products are sold in a multiplicity of countries. […] Particularly in times of heightened global uncertainty, it is vital that we ensure our export trade remains competitive through smart investments and reliable framework conditions."

Export Development Canada publishes an integrated annual report for 2024

Export Development Canada (ticker: EDC) has published its integrated annual report, in which it reveals that it supported some 27,800 companies – predominantly small and medium-sized enterprises – in developing their international business activities. In total, the bank supported export, investment and trade development activities comprising CAD 123.4bn (EUR equivalent: EUR 83.3bn), which included projects worth CAD 23.4bn in emerging countries alone. As a result, more than 475,000 jobs were created or retained in Canada and around CAD 87bn was contributed to domestic GDP. With an annual net profit of CAD 915m, the export financier more than doubled its net result compared with the previous year (2023: CAD 450m), which was attributable to higher revenues and positive valuation effects for financial instruments, among other factors. As far as funding was concerned, EDC largely relied on the USD in 2024 and, in addition to other activities, issued a sixth green bond in the amount of USD 1bn. For 2025, EDC has announced a funding requirement of the equivalent of EUR 9.7bn, offset by maturities totalling EUR 7.9bn.

EIB: ceiling for new financing raised to EUR 100bn

In its press release dated 20 June, the European Investment Bank (ticker: EIB) announced that the 27 EU Member States had – as shareholders in the EIB – decided jointly to raise the ceiling for new financing to up to EUR 100bn in 2025. Around EUR 3.5bn is earmarked for investment in Europe's security and defence – which is EUR 2.5bn more than in the previous year. The new ceiling therefore marks another record for the supranational after the EIB awarded new loans of just under EUR 89bn in the past year. The EIB's Board of Directors and the Board of Directors of the European Investment Fund (EIF) also approved various projects with the aim of strengthening European competitiveness and technology leadership in the long term. These include the "TechEU" funding programme, for example, which will help to underpin Europe's role as an innovation and technology leader. Financial resources totalling EUR 70bn are to be made available for this purpose via the EIB in the form of equity, quasi-equity, loans and guarantees for European start-ups in the period from 2025-27, to encourage further public, but especially private investors, to participate by this means and consequently mobilise investments of at least EUR 250bn. TechEU is therefore an important component of the European Commission's start-up and scale-up strategy and aims to support young, innovative companies, from the areas of artificial intelligence, digital infrastructure and cleantech, for example, in all phases of development and along the entire investment cycle. In this context, the Board of Directors has already approved the first TechEU instruments and consequently launched new projects: among others, the EIB increased its financing programme for European manufacturers of wind turbines and components by an additional EUR 1.5bn.

NIB presents figures for Q1/2025 – fall in profits and new lending

Nordic Investment Bank (ticker: NIB) has presented its results for Q1/2025, in which it revealed that it achieved a net profit of EUR 70m (Q1/2024: EUR 82m) in the first three months of the current year, while net interest income was up on the same period in the previous year, at EUR 85m, thanks to an increase in lending (January – March 2024: EUR 82m). The fall in the net profit compared with Q1/2024 was largely attributable to valuation effects, which did not apply in this year's reporting period. In the meantime, new lending commitments came to EUR 606m and were therefore around -36% down on the level in Q1/2024 (EUR 954m). The amount of disbursed loans also fell significantly compared with the same period in the previous year – from EUR 643m to EUR 458m. The balance sheet total grew by +7.2% and came to EUR 44.9bn at the end of the first quarter. In terms of funding, NIB raised new capital amounting to the equivalent of EUR 3.1bn in this period, which corresponds to approximately 35% of the anticipated funding requirement for 2025. A total of EUR 1.75bn was raised by issuing two EUR benchmarks. André Küüsvek, President and CEO of NIB, explained, "Despite the turbulence on financial markets caused by political tensions, this was a solid quarter for NIB. Our long-term financing also boosts the resilience of our region – with loans ranging from energy security to digital infrastructure, which all support our customers' objectives and contribute to a prosperous and secure Nordic/Baltic region."

Finnvera: government proposes comprehensive reform of the legislation

At the beginning of June, the Finnish government presented a legislative proposal to the parliament aimed at strengthening the structures for promoting exports. This act of law would allow the domestic export financing agency Finnvera (ticker: FINNVE) to pursue its business activities and fulfil its economic and industrial policy responsibilities more effectively. The new law will contain provisions about the agency's objectives and structure as well as the basis of the financial framework available to Finnvera, taking account of the risk-bearing capacity of the Finnish central government. The current existing ten laws and nine decrees, which regulate the agency's business activities, are to be suspended in the wake of this. All relevant provisions are then to be consolidated in a single act of law, without materially amending the underlying principles and approval limits. The aim of the reform is to ensure that the financing system for public sector companies functions smoothly and to make the export sector more competitive internationally. "Finnvera is a central government tool for supporting Finland's economic growth. With the updated regulation, Finnvera will be able to promote Finnish companies' exports and investments more efficiently and thus fulfil its industrial and industrial policy task. Finnvera will in future be able to expand its operations to more than one sector once the sectoral boundaries that previously restricted it are removed. This will enable Finnvera to serve more and more eligible companies", says Minister of Economic Affairs Wille Rydman. The proposed act of law is expected to enter force on 01 January 2026.

Kommuninvest presents quarterly report on municipal debt management

The Swedish municipal financier Kommuninvest (ticker: KOMINS) has presented its quarterly report on managing the debts of municipalities in Sweden for the first quarter of 2025. This report is based on Kommuninvest's loans and transactions, which were registered by domestic municipalities and regions as well as their companies in the in-house debt management tool "KI Finans". The dataset for Q1/2025 consists of 9,406 loans, certificates and bonds with a total value of SEK 695bn (corresponds to circa EUR 62.9bn) as well as 1,623 derivatives worth SEK 202bn. This report shows that the average term of Swedish municipalities' outstanding loans has fallen from 2.5 years to around 2.4 years compared with the previous quarter. A total of 30% of the loan portfolio is also due within the next twelve months. This relatively short term means that investments financed by borrowing usually have to be refinanced several times. Since financing costs for the municipal sector had largely stabilised last year, financing conditions have improved for the third consecutive time in Q1/2025: accordingly, the average interest rate including derivatives fell by six basis points to 2.32% compared with the previous quarter. Regarding transactions in Q1/2025, 614 new loans, bonds and commercial paper totalling SEK 54bn and 46 derivatives amounting to SEK 7bn were registered. The average term for these transactions was 2.7 years, while the average interest rate for new transactions amounted to 2.69%. Meanwhile, 53% of the loans raised in the first quarter, excluding commercial paper, carried a variable interest rate.

Long-term funding plan (EURbn)

	2024	2025	2026	∑
EFSF	20.0	21.5	18.0	**59.5**
ESM	6.0	7.0	7.0	**20.0**
∑	**26.0**	**28.5**	**25.0**	**79.5**

Time window for...

… syndicated EU bond issuances

CW 28	07-11 July	**CW 41**	06-11 October
CW 37	08-12 September	**CW 47**	17-21 November

… EU auctions

14 July	25 August	22 September*	20 October*
03 November*	01 December*		

Source: EU, ESM, EFSF, NORD/LB Floor Research
* Indicative, non-competitive bids: on the following Tuesday

Primary market

The EU's issuance target for the second half of 2025 was highly anticipated. The funding plan was published last Monday, with the corresponding Global Investor Call set to take place today (Wednesday). As we expected for H2/2025, the "mega issuer" plans to raise EUR 70bn, which – according to the European Commission – is to be raised in the form of six bond auctions and four syndicated transactions. The EU auctions are to remain multiple bond auctions ("3-leg auctions"). From autumn, the EU will also implement the principle of "greenshoe options), which is familiar from sovereign bonds, among others. If demand is sufficiently strong, the Commission will therefore be able to issue additional bonds amounting to 20% of the originally allocated amount to primary dealers on the day following the auction. The total target notified in 2025 therefore amounts to EUR 160bn. EU bills supplement these figures constantly and are therefore not included. The funds raised are not to be used for the NGEU programme alone but also for other EU initiatives – such as to support Ukraine or for the Macro Financial Assistance (MFA) programme. Let us now turn our attention to the actual matter at hand – the deals seen during the past trading week: the Free and Hanseatic City of Hamburg (ticker: HAMBRG) got the ball rolling just after our last issue was published by placing EUR 500m (10y) at ms +37bp (guidance: ms +39bp area, bid-to-cover ratio: 4.4x). Deals from the China Development Bank (ticker: SDBC) and Bpifrance (ticker: BPIFRA) followed yesterday (Tuesday). While the Chinese promotional bank issued EUR 500m (3y) at ms +30bp (IPT: ms +65bp area), the French issuer raised EUR 1.5bn (8y) at OAT +18bp (corresponded to circa ms +67bp). The order books totalled EUR 7.4bn and EUR 4.6bn, respectively. The EU was also active with its seventh and final bond auction in H1/2025, in which it increased three of its bonds: the amount of the 2029 bond was raised by EUR 1.8bn, while the 2035 bond was raised by just under EUR 2.2bn and the 2051 security by around EUR 1.4bn. New mandates of interest: ONT (BMK, 10y) and BADWUR (EUR 1bn, WNG, 3y).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
SDBC	Other	24.06.	XS3104412872	3.0y	0.50bn	ms +30bp	- / - / A+	-
BPIFRA	FR	24.06.	FR0014010VH4	8.0y	1.50bn	ms +67bp	AA- / Aa3 / -	-
HAMBRG	DE	18.06.	DE000A3MQTC9	10.0y	0.50bn	ms +37bp	AAA / - / -	-

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

Covered Bonds
The ratings approach of Scope

Authors: Alexander Grenner // Lukas Kühne

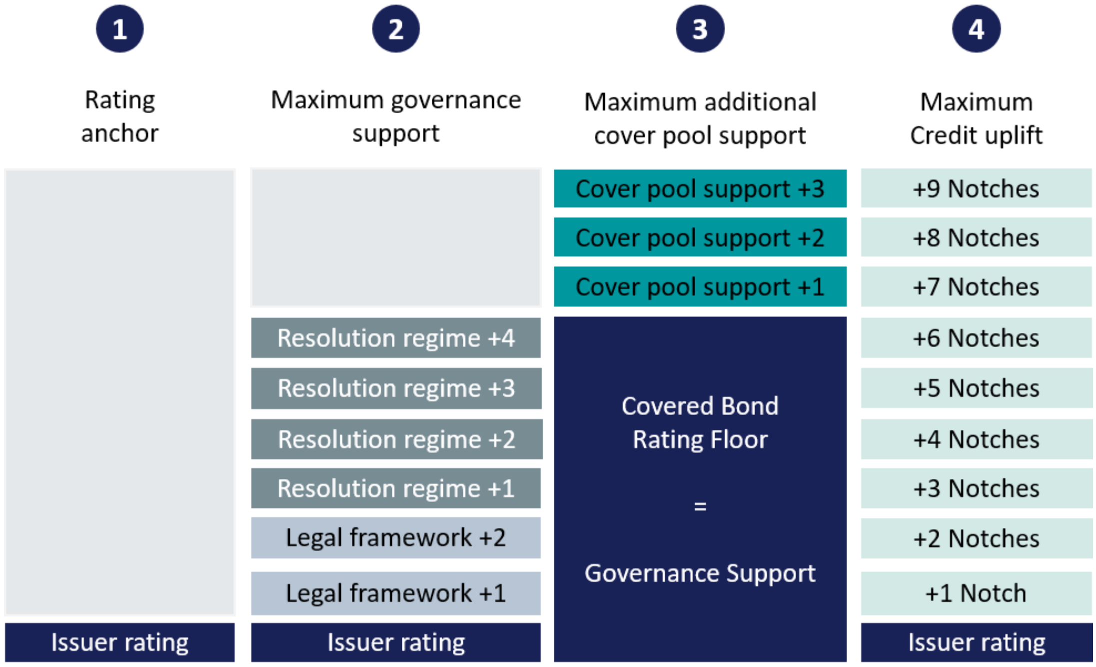
Structure and logic of the Scope methodology

The Scope rating methodology takes into account the dual recourse character of covered bonds. Consequently, the analysis of the issuer and the derivation of the issuer rating provides the basis for the covered bond rating. Potential uplifts are derived using this anchor rating; these result from Governance support comprising the legal framework for covered bonds applicable in each case and the resolution regime to be applied to banks and the extent of systemic support. In this context, maximum uplifts of four notches are possible based on the resolution regime, while the legal framework allows uplifts of up to two notches. In total, a covered bond rating floor of up to six notches above the issuer rating can be achieved from "governance support". This potential for uplifts is a consequence of the high probability that the relevant regime will ensure that covered bonds are maintained as a "going concern" funding instrument even in the case of regulatory interventions affecting the issuer. Recourse to the cover pool, which only takes place if necessary (i.e. upon default by the issuer), is also analysed. In a first step, the potential, additional cover pool analysis-based uplift is determined. Governance considerations are reflected in the cover pool complexity (CPC) category which can constrain the additional, up to three notch cover pool uplift. In a second step, the cover pool support analysis comprises an asset and cash flow risk analysis that results in an assessment of the expected loss (EL) an investor is potentially exposed to. Here, in line with the basic principle of dual recourse, the approach provides for the fact that losses are only expected in the event of both, an issuer default and that the covered bond structure does not guarantee complete and timely repayment. In total, a covered bond rating with a maximum of nine notches above the issuer rating is possible, even with an uplift of more than nine notches in individual cases (such as some CPT structures).

Governance support: Analysis of the legal framework

The analysis of the legal framework for covered bonds, which can produce a maximum uplift of two notches, is based on the assessment of the ring fencing of the cover pool and the design of the SPV structure. Therefore, the evaluation of the legal framework includes ensuring that payments can be made at all times and that the cover pool is protected from insolvency. The analysis also looks at the question of whether and to what extent the permitted cover assets are high quality and how market and liquidity risks are dealt with adequately before and after the issuer's insolvency. In addition, the analysis of the legal framework also addresses issues such as sufficient overcollateralisation, how conflicts of interest are dealt with in the event of insolvency and independent supervision of the programmes in question, among other things.

Scope: Structure of covered bond rating methodology



Source: Scope, NORD/LB Floor Research

Governance support: Assessment of the resolution regime

Improved regulatory conditions, which also include new resolution regimes, can in particular lead to a lower probability of default for covered bonds in a scenario of this kind. Among other things, this is attributable to the fact that issuers can withstand a far higher stress level before investors may access the cover pool if need be. Scope derives the actual uplifts from the resolution regime and from specific factors linked to the preservation of the covered bonds credit quality in a resolution scenario. In addition to questions with regard to the possible prevention of an issuer default, Scope focuses on the systemic relevance of the issuer or of covered bonds in the domestic market here, among other things. As part of the methodological description of the analysis of the resolution regime, Scope also considers the case that there is no suitable resolution mechanism.

Cover pool support analysis: CobEL model

An additional uplift of up to three notches above the covered bond rating floor (issuer rating + notch uplift from the governance support) is possible in the context of the cover pool support. The covered bond expected loss model (CobEL) is used to evaluate the maximum cover pool uplift. The analysis is divided into four elements, namely credit risk analysis, cash flow risk analysis, auxiliary credit considerations and sensitivity analysis. The credit risk analysis is based on identifying the relevant asset risks arising from the cover pool. The results are then included in the cash flow risk analysis where the CobEL model is used to stress the cash flows. The model takes into account both scenarios where the issuer remains in a position to service the covered bonds and the theoretical cases, where investors have to take recourse to the cover pool. The individual components of the assessments as part of the application of the CobEL model extend to both credit risk relevant aspects of the cover pool and the analysis of the risks of cash flows (such as refinancing risks, liquidity premiums, exchange and interest rate risks or reinvestment risks).

Available OC
Scope also provides for the assessment of the available overcollateralisation and securing the liquidity of the cover pool following a default by the issuer. In addition, the CobEL model incorporates auxiliary risk considerations and a sensitivity analysis, as both can constrain the potential rating uplift. As part of the auxiliary risk considerations, attention is also focused on counterparty risks by analysing possible negative consequences for covered bonds potentially arising from the credit quality of counterparties.

Cover pool support analysis: Cover pool complexity (CPC) category
Scope applies a cover pool complexity (CPC) category to rate the individual cover pool based on transparent criteria such as the availability of information on key risk drivers as well as on the interplay of the covered bond programmes complexity and transparency. The CPC category, therefore, reflects those factors and limits the potential cover pool-based uplift. For example, the CPC category “Low” equals the maximum uplift of three notches and the CPC category “Highest” indicates that no additional cover pool uplift is possible. No additional rating uplift is possible, when the available information is insufficient to perform a cover pool analysis. In the absence of necessary data for their full rating process, the covered bond rating can also be withdrawn.

Cover pool analysis now also includes ESG risks
In the course of the auxiliary risk considerations for the cover pool support analysis, Scope explains how ESG aspects (ESG = environmental, social and governance) could impact the quantitative cover pool analysis. In the case that an issuer can sufficiently support the assumption that environmental or social cover assets exhibit lower credit risk, these can be taken into account in the analysis (lower default probability because of a borrower’s higher affordability of a mortgage, and or all things equal potential higher recovery proceeds as more energy efficient houses achieve higher sale proceeds). Similarly, if ESG assets can be robustly identified, they likely would receive lower haircuts upon a forced asset sale. However, empirical evidence of differences in credit risk or pricing differences between “traditional” and ESG assets or covered bonds is currently very scarce and often not sufficiently robust. For now, ESG aspects have therefore only limited relevance for the rating analysis for the time being.

Country risks: no general sovereign limit
In its consideration of country risks, Scope ranks as one of the rating agencies that does not, in principle, restrict the covered bond rating to the sovereign limit. Nevertheless, Scope’s methodology does provide for consideration of country-specific risk factors and in this context lists, among other things, the possible influence of transfer risks, convertibility risks and the risks of an institutional crisis on the covered bond rating.

SSA/Public Issuers
Classification of Supranationals and Agencies under Solvency II

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

No relevant regulatory changes for the SSA segment

As usual, we regularly evaluate the relevant frameworks for investors regarding any changes and update our assessment of the regulatory treatment of issuers from the SSA segment. The Solvency II requirements have remained unchanged since the last publication in August 2024. In this issue, we have expanded the group of issuers on which we provide our assessment to include additional names and added a note about the Solvency II review that will apply from January 2027.

Solvency capital requirements are based on various risk modules

On 10 October 2014, the European Commission published the Delegated Regulation 2015/35 implementing Solvency II. To calculate the solvency capital requirements for insurance companies, the regulation calls for a variety of risk modules to be taken into account, with the market risk module in particular harbouring significant implications. This can be broken down into the sub-modules of risk relating to interest rates, equity, property, exchange rates and market concentrations as well as spread risk. Especially when determining spread risk, there are exemptions, as with risk weights in the regulation governing banks, which substantially enhance the relative attractiveness of selected issuer groups.

Art. 180(2) gives preferred status to selected issuers

The criteria for the preferred regulatory treatment of exposure arise, in particular, from Art. 180(2) Solvency II. Exposures that meet certain criteria (see below) may be allocated a stress factor of 0%, whereby no capital backing is required for these items to support spread risk. Furthermore, according to Art. 199(8), a probability of default of 0% can be assumed for exposures to counterparties referred to in points (a) to (d) of Art. 180(2), while, in addition, according to Art. 187(3), a risk factor of 0% is assigned for market risk concentration.

Art. 180(2) regulates RGLA exposure for the first time

With Delegated Regulation (EU) 2019/981, Art. 180(2) is supplemented for the first time to include exposures in the form of bonds and loans that are guaranteed by RGLA (Regional Governments and Local Authorities). Exposure to RGLA has also now been defined. Fundamentally, guarantee recipients must be preferred in terms of the guarantees from RGLA and exposure to these. However, two restrictions must be taken into account: first, RGLA must be regarded as identical exposure to the respective central government ((EU) 2015/2011; Art. 115(2) CRR), and, second, the conditions laid down in Art. 215 of the Regulation (EU) 2015/35 must be satisfied. According to (EU) 2019/981 Art. 180, RGLA that are not equal to a central government as per Art. 115 CRR are automatically considered to have a *stress*$_i$ risk factor in line with CQS 2. This also applies to bonds/issuers guaranteed by these RGLA. In this context, we are of the understanding that international regions of Non-Member States, such as Canadian provinces or Sub-Sovereigns from Down Under, do not benefit from preferred status.

Criteria for preferred status within the scope of Solvency II

Art. 180(2): Specific exposures

Exposures in the form of bonds and loans to the following shall be assigned a risk factor *$stress_i$* of 0%:

a) the European Central Bank;

b) Member States' central government and central banks denominated and funded in the domestic currency of that central government and central bank;

c) multilateral development banks referred to in Art. 117 (2) CRR;

d) international organisations referred to in Art. 118 CRR.

Exposures in the form of bonds and loans that are fully, unconditionally and irrevocably guaranteed by one of the counterparties mentioned in points (a) to (d), where the guarantee meets the requirements set out in Article 215, shall also be assigned a risk factor *$stress_i$* of 0%. For the purposes of sub-paragraph 1 b, risk exposures in the form of bonds and loans that are fully, unconditionally and irrevocably guaranteed by one of the RGLAs mentioned in Article 1 of the European Commission Implementing Regulation (EU) 2015/2011 are to be regarded as risk exposures against the central government, provided that the guarantee satisfies the requirements laid down in Article 215.

Art. 215: Guarantees

In the calculation of the Basic Solvency Capital Requirement, guarantees shall only be recognised where explicitly referred to in this Chapter, and where in addition to the qualitative criteria in Articles 209 and 210, all of the following criteria are met:

a) the credit protection provided by the guarantee is direct;

b) the extent of the credit protection is clearly defined and incontrovertible;

c) the guarantee does not contain any clause, the fulfilment of which is outside the direct control of the lender, that

- i) would allow the protection provider to cancel the protection unilaterally;
- ii) would increase the effective cost of protection as a result of a deterioration in the credit quality of the protected exposure;
- iii) could prevent the protection provider from being obliged to pay out in a timely manner in the event that the original obligor fails to make any payments due;
- iv) could allow the maturity of the credit protection to be reduced by the protection provider;

d) on the default, insolvency or bankruptcy or other credit event of the counterparty, the insurance or reinsurance undertaking has the right to pursue, in a timely manner, the guarantor for any monies due under the claim in respect of which the protection is provided and the payment by the guarantor shall not be subject to the insurance or reinsurance undertaking first having to pursue the obligor;

e) the guarantee is an explicitly documented obligation assumed by the guarantor;

f) the guarantee fully covers all types of regular payments the obligor is expected to make in respect of the claim.

Source: Solvency II, NORD/LB Floor Research

Equal treatment of central government exposure and exposure with an explicit state guarantee

From a regulatory perspective, the effect of Art. 180(2) is therefore an equal treatment of central government exposure and exposures guaranteed by central governments or RGLA. Since then, promotional banks guaranteed by RGLA (e.g. promotional banks of German Laender) have benefited from preferred treatment under Solvency II. However, unlike the rules under CRD IV for banks, in conjunction with Art. 215, this Article defines minimum requirements for guarantees, which we understand are met by most explicit guarantees.

Preferential treatment of supranationals even under Solvency II

With the reference to Articles 117 and 118 CRR in Art. 180 of the Solvency II Regulation, supranationals listed in the CRR also stand to benefit from preferential treatment under Solvency II. Our table on the following pages summarises for which supranational issuers a stress factor of 0% can be applied. In our opinion, linking Solvency II with the CRR is to be welcomed in order to promote uniformity and develop a shared regulatory understanding. For unlisted supranationals, however, this linking produces a significant disadvantage: in addition to Europe's EUROFIMA, Latin America's CAF is not mentioned in either Art. 117(2) or Art. 118 CRR. For banks and insurance companies subject to CRR and Solvency II respectively, debt instruments from both of these supranationals are therefore investments that have to be backed by capital. We have already observed from the oversubscription rates that demand for EUROFIMA and CAF paper is lower than for those supranationals listed in the respective CRR sections.

German Laender benefit from 0% stress factor

The European Insurance and Occupational Pensions Authority (EIOPA) published a Final Report based on a consultation paper from the end of November 2014, at the start of July 2015. It defines a list of RGLA that meet the requirements of Art. 85 and can therefore be assigned a stress factor of 0%. The most important issuers to benefit from a 0% stress factor here are the German Laender. As with the risk weight under Basel III, under Solvency II, the Spanish regions are, for example, given preferential treatment as per the EIOPA list, while the absence of Italian regions, for instance, implies that no $stress_i$ risk factor of 0% can be assigned here. The table on the next page summarises the regional and local authorities that can be assigned a stress factor of 0%. In Directive (EU) 2015/2011 of 11 November 2015, this Final Report was approved with the result that the proposed classification became effective.

Regional and local authorities (0% stress factor possible)

Country	Regional and local governments
Austria	Bundeslaender & municipalities
Belgium	Municipalities (communautés/gemeenschappen), regions (régions/gewesten), towns (communes, gemeenten) & provinces (provinces, provincies)
Denmark	Regions (regioner) & municipalities (kommuner)
Finland	Municipalities (kunta/kommun), towns (kaupunki/stad), province of Åland
France	Regions (régions), municipalities (communes), "Départements"
Germany	Laender, municipalities & municipal associations
Liechtenstein	Municipalities
Luxembourg	Municipalities (communes)
Lithuania	Municipalities (savivaldybės)
The Netherlands	Provinces (provincies), municipalities (gemeenten) & water associations (waterschappen)
Poland	Districts (powiat), municipalities (gmina), regions (województwo), district and municipal associations (związki międzygminne i związki powiatów) & the capital Warsaw
Portugal	Autonomous regions the Azores and Madeira
Spain	Autonomous regions (comunidades autónomas) and local government (corporación local)
Sweden	Municipalities (kommuner), councils (landsting) & regions (regioner)

Source: (EU) 2015/2011, NORD/LB Floor Research

More issuers from our coverage with 0% stress factor

The amendment to Art. 180 and associated inclusion of RGLA (or RGLA guarantees) has seen some agencies from our coverage benefit from preferred status. These issuers can now be assigned a *stress*$_i$ risk factor of 0%. From our point of view, this dramatically increases the appeal of bonds issued by these issuers. In the following table, we have listed the agencies that we believe are now preferred under Solvency II.

List of the relevant agencies in our coverage

Institution	Country	Owner(s)/members	Remit
NRW.BANK	DE	100% Land North Rhine-Westphalia	Promotional bank
Landeskreditbank Baden-Württemberg – Förderbank (L-Bank)	DE	100% Land Baden-Wuerttemberg	Promotional bank
LfA Förderbank Bayern	DE	100% Free State of Bavaria	Promotional bank
Investitionsbank Schleswig-Holstein (IB.SH)	DE	100% Land Schleswig-Holstein	Promotional bank
Investitionsbank Berlin (IBB)	DE	100% Land Berlin	Promotional bank
Investitionsbank des Landes Brandenburg (ILB)	DE	50% Land Brandenburg, 50% NRW.BANK	Promotional bank
Sächsische Aufbaubank (SAB)	DE	100% Free State of Saxony	Promotional bank
Investitions- und Strukturbank Rheinland-Pfalz (ISB)	DE	100% Land Rhineland-Palatinate	Promotional bank
Hamburgische Investitions- und Förderbank (IFBHH)	DE	100% Free and Hanseatic City of Hamburg	Promotional bank
Agence France Locale (AFL)	FR	100% Agence France Locale – Société Territoriale (AFL – ST)	Municipal bank
Kommuninvest i Sverige	SE	100% Kommuninvest Cooperative Society (KCS)	Municipal bank
Municipality Finance (MuniFin)	FI	53% municipalities, municipal associations and companies in municipality ownership; 31% municipal pension institutions; 16% Finland	Municipal bank
KommuneKredit	DK	100% all Danish municipalities and regions	Municipal bank

Source: Issuers, NORD/LB Floor Research

Solvency II classification of SSA

Issuer	Country/type	Classification	Rationale
Bundeslaender	AT	Preferred status	Criteria under Art. 85 fulfilled and confirmed by (EU) 2015/2011
Laender	DE	Preferred status	Criteria under Art. 85 fulfilled and confirmed by (EU) 2015/2011
Municipalities	DE	Preferred status	Criteria under Art. 85 fulfilled and confirmed by (EU) 2015/2011
Regions	BE	Preferred status	Criteria under Art. 85 fulfilled and confirmed by (EU) 2015/2011
Regions	ES	Preferred status	Criteria under Art. 85 fulfilled and confirmed by (EU) 2015/2011
Regions	FR	Preferred status	Criteria under Art. 85 fulfilled and confirmed by (EU) 2015/2011
Autonomous regions	PT	Preferred status	Criteria under Art. 85 fulfilled and confirmed by (EU) 2015/2011
Provinces & territories	CA	No preferred status	No RGLA of a Member State
EFSF	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (d)
ESM	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (d)
EU	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (d)
EIB	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (c)
EBRD	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (c)
NIB	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (c)
CEB	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (c)
EUROFIMA	SNAT	No preferred status	Not mentioned explicitly in Art. 180 (2) (c) or (d)
IBRD	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (c)
IDA	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (c)
IFC	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (c)
IADB	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (c)
CAF	SNAT	No preferred status	Not mentioned explicitly in Art. 180 (2) (c) or (d)
ADB	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (c)
AIIB	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (c)
IsDB	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (c)
AfDB	SNAT	Preferred status	Mentioned explicitly in Art. 180 (2) (c)
KfW	DE	Preferred status	Explicit guarantee from a central government that meets all the criteria
Rentenbank	DE	Preferred status	Explicit guarantee from a central government that meets all the criteria
FMS-WM	DE	Preferred status 1)	Clear classification not possible. However, as the guarantor (SoFFin) is a special fund under public law of a central government (Germany), we would assume preferred status.
EAA	DE	No preferred status	No explicit guarantee under Solvency II
NRW.BANK	DE	Preferred status	Explicit guarantee from a sub-sovereign (NRW) that itself has preferred status. Explicit guarantee fulfils all criteria.
L-Bank	DE	Preferred status	Explicit guarantee from a sub-sovereign (Baden-Wuerttemberg) that itself has preferred status. Explicit guarantee fulfils all criteria.
WIBank	DE	Preferred status	Explicit guarantee from a sub-sovereign (Hesse) that itself has preferred status. Explicit guarantee fulfils all criteria.
LfA	DE	Preferred status	Explicit guarantee from a sub-sovereign (Free State of Bavaria) that itself has preferred status. Explicit guarantee fulfils all criteria.
IB.SH	DE	Preferred status	Explicit guarantee from a sub-sovereign (Schleswig-Holstein) that itself has preferred status. Explicit guarantee fulfils all criteria.

1) No clear classification here, in our opinion. Consequently, the classification in this case represents our expectation.
NB: The listed sub-sovereigns are merely a selection of the sub-sovereigns that, in our view, may receive preferential treatment.
Source: NORD/LB Floor Research

Solvency II classification of SSA (continued)

Issuer	Country/type	Classification	Rationale
BayernLabo	DE	Preferred status	Explicit guarantee from a sub-sovereign (Free State of Bavaria) that itself has preferred status. Explicit guarantee fulfils all criteria.
IBB	DE	Preferred status	Explicit guarantee from a sub-sovereign (Berlin) that itself has preferred status. Explicit guarantee fulfils all criteria.
ILB	DE	Preferred status	Explicit guarantee from a sub-sovereign (Brandenburg) that itself has preferred status. Explicit guarantee fulfils all criteria.
SAB	DE	Preferred status	Explicit guarantee from a sub-sovereign (Free State of Saxony) that itself has preferred status. Explicit guarantee fulfils all criteria.
ISB	DE	Preferred status	Explicit guarantee from a sub-sovereign (Rhineland-Palatinate) that itself has preferred status. Explicit guarantee fulfils all criteria.
IFBHH	DE	Preferred status	Explicit guarantee from a sub-sovereign (Free and Hanseatic State of Hamburg) that itself has preferred status. Explicit guarantee fulfils all criteria.
CADES	FR	No preferred status	No explicit guarantee under Solvency II
AFD	FR	No preferred status	No explicit guarantee under Solvency II
Unédic	FR	Preferred status	For bonds issued as part of a guaranteed EMTN programme: Explicit guarantee from a central government that meets all the criteria
CDC	FR	No preferred status	No explicit guarantee under Solvency II
Bpifrance	FR	Preferred status	For bonds issued as part of a guaranteed EMTN programme: Explicit guarantee from a central government (via EPIC Bpifrance) that meets all the criteria
SAGESS	FR	No preferred status	No explicit guarantee under Solvency II
AFL	FR	Preferred status	Explicit guarantee from French sub-sovereigns that themselves have preferred status. Explicit guarantee fulfils all criteria.
SFIL	FR	No preferred status	No explicit guarantee under Solvency II
SGP	FR	No preferred status	No explicit guarantee under Solvency II
3CIF	FR	Preferred status	For bonds issued as part of a guaranteed EMTN programme: Explicit guarantee from a central government that meets all the criteria
ALS	FR	No preferred status	No explicit guarantee under Solvency II
BNG	NL	No preferred status	No explicit guarantee under Solvency II
NWB	NL	No preferred status	No explicit guarantee under Solvency II
FMO	NL	No preferred status	No explicit guarantee under Solvency II
OeKB	AT	Preferred status	For bonds covered by the rules of the AFFG: Explicit guarantee from a central government that meets all the criteria
ÖBB-Infrastruktur	AT	Preferred status	For bonds issued as part of a guaranteed EMTN programme: Explicit guarantee from a central government that meets all the criteria
ASFiNAG	AT	Preferred status	For bonds issued as part of a guaranteed EMTN programme: Explicit guarantee from a central government that meets all the criteria
KBN	NO	No preferred status	No explicit guarantee under Solvency II
SEK	SE	No preferred status	No explicit guarantee under Solvency II
Kommuninvest	SE	Preferred status	Explicit guarantee from sub-sovereigns (members of KCS), that themselves have preferred status. Explicit guarantee fulfils all criteria.
Finnvera	FI	Preferred status	Explicit guarantee from a central government that meets all the criteria
MuniFin	FI	Preferred status	Explicit guarantee from sub-sovereigns that themselves have preferred status. Explicit guarantee fulfils all criteria.
KommuneKredit	DK	Preferred status	Explicit guarantee from sub-sovereigns that themselves have preferred status. Explicit guarantee fulfils all criteria.

NB: The listed sub-sovereigns are merely a selection of the sub-sovereigns that, in our view, may receive preferential treatment.
Source: NORD/LB Floor Research

Solvency II classification of SSA (continued)

Issuer	Country/type	Classification	Rationale
ICO	ES	Preferred status	Explicit guarantee from a central government that meets all the criteria
FADE	ES	Preferred status	Explicit guarantee from a central government that meets all the criteria
ADIF-AV	ES	No preferred status	No explicit guarantee under Solvency II
CORES	ES	No preferred status	No explicit guarantee under Solvency II
CDP	IT	No preferred status	No explicit guarantee under Solvency II
REFER	PT	Preferred status	For bonds issued as part of a guaranteed EMTN programme: Explicit guarantee from a central government that meets all the criteria
BGK	PL	Preferred status	For bonds issued as part of a guaranteed EMTN programme: Explicit guarantee from a central government that meets all the criteria
MAEXIM	HU	Preferred status	Explicit guarantee from a central government that meets all the criteria
DCL	BE	Preferred status	Explicit guarantee from a central government that meets all the criteria
DBJ	JP	No preferred status	No explicit guarantee under Solvency II (non-guaranteed bonds) / guarantor not an EEA Member State (guaranteed bonds)
JBIC	JP	No preferred status	No explicit guarantee under Solvency II (non-guaranteed bonds) / guarantor not an EEA Member State (guaranteed bonds)
JFM	JP	No preferred status	No explicit guarantee under Solvency II (non-guaranteed bonds) / guarantor not an EEA Member State (guaranteed bonds)
KEXIM	KO	No preferred status	No explicit guarantee under Solvency II
IBK	KO	No preferred status	No explicit guarantee under Solvency II
KDB	KO	No preferred status	No explicit guarantee under Solvency II
CDB	CN	No preferred status	(Implicit) guarantee from a Non-Member State
CEXIM	CN	No preferred status	(Implicit) guarantee from a Non-Member State
EDC	CA	No preferred status	Guarantee from a Non-Member State

NB: The listed sub-sovereigns are merely a selection of the sub-sovereigns that, in our view, may receive preferential treatment.
Source: NORD/LB Floor Research

Solvency II review

After the European Commission gave the green light for a review of the Solvency II Directive in February 2019 and tasked EIOPA with conducting a technical investigation in the form of stakeholder consultations and data collection, the trilogue agreement at the end of 2023 marked the end of the multi-year review process, at least at a political level. Following formal adoption by the European Council and the European Parliament, the revised Solvency II Directive was finally published on 8 January 2025 in the Official Journal of the European Union and entered into force on the twentieth day after its publication. The Member States now have until 29 January 2027 to implement the provisions of the Directive in national law. The Solvency II review enshrined in the framework directive will result in adjustments being made to selected aspects affecting both the quantitative requirements and the qualitative principles, as well as the scope of reporting. Despite the extensive changes, we believe that the current provisions regarding capital requirements for risk exposures to individual issuers in the SSA segment will remain unchanged even after the Solvency II review has been implemented in national law.

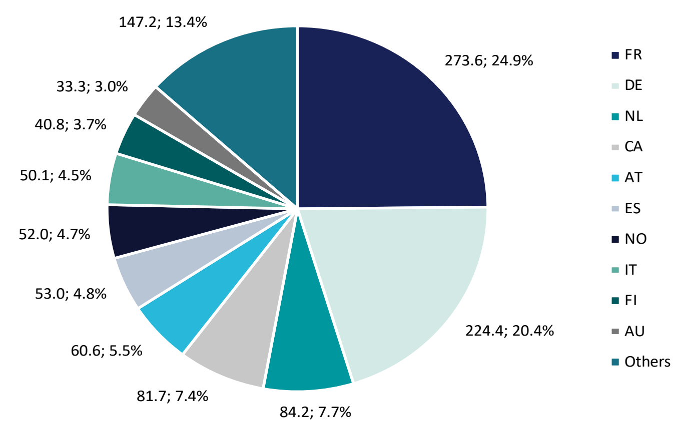
Conclusion

The Solvency II Directive highlights, in our opinion, the importance of the regulatory framework in the SSA segment, with the possibility of preferential regulatory treatment or being subject to the same regulatory treatment as central governments leading to a significant increase in the relative attractiveness of sub-sovereign issuers. Although we do not think there are any spread implications for issuers with preferred status, but the relative attractiveness of SSA without preferential treatment will be significantly reduced. In addition, preferred issuers under Solvency II also benefit from further regulatory advantages in other relevant regulations such as the ECB repo collateral rules, the Liquidity Coverage Ratio (LCR) and the CRR. With the publication of the revised Solvency II Directive, the provisions of which will apply for the first time from the end of January 2027, the legislator is making extensive adjustments affecting both the quantitative requirements and the qualitative principles, as well as the scope of reporting. Despite the extensive changes, we believe that the issuers in the SSA segment we have examined will continue to receive preferential treatment in terms of capital requirements.

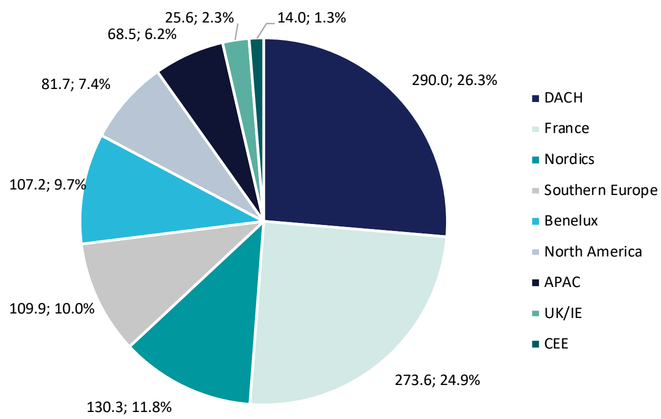
NORD/LB

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



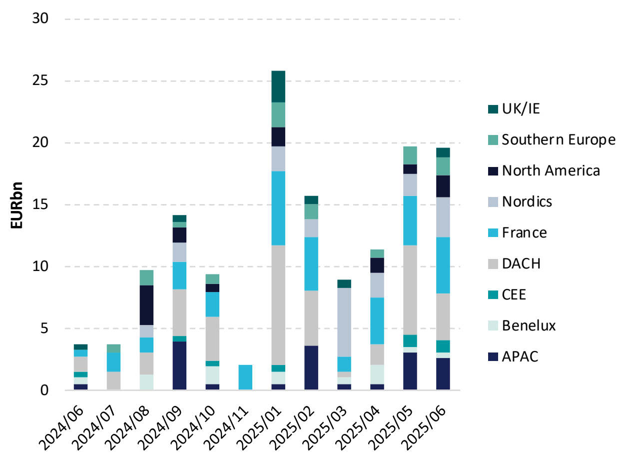
EUR benchmark volume by region (in EURbn)



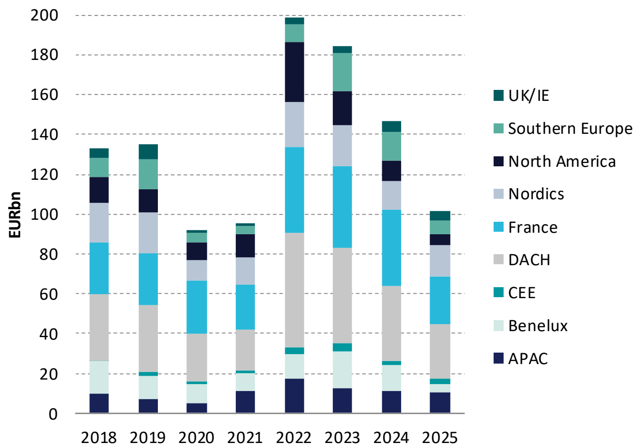
Top-10 jurisdictions

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	273.6	264	34	0.98	9.1	4.7	1.69
2	DE	224.4	314	49	0.66	7.7	3.7	1.70
3	NL	84.2	85	4	0.93	10.3	5.4	1.48
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	ES	53.0	45	5	1.07	10.5	3.3	2.25
7	NO	52.0	63	11	0.83	7.0	3.4	1.37
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

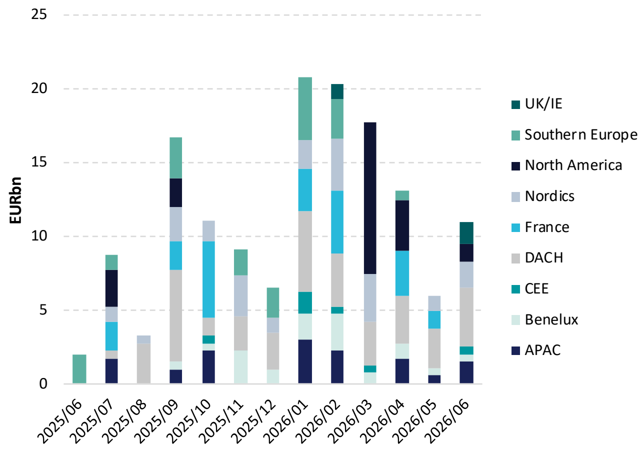


EUR benchmark issue volume by year

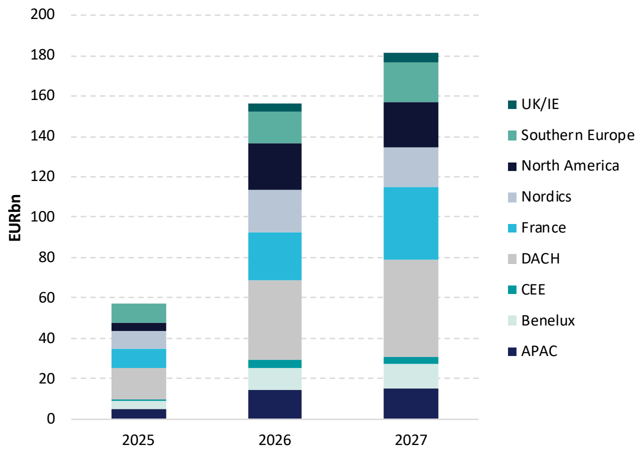


Source: Market data, Bloomberg, NORD/LB Floor Research

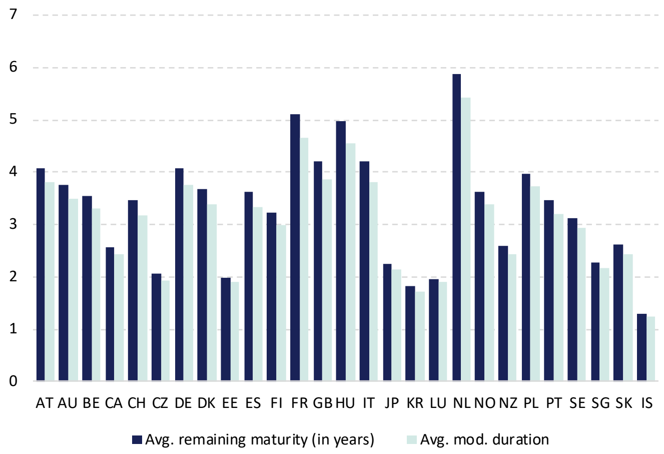
EUR benchmark maturities by month



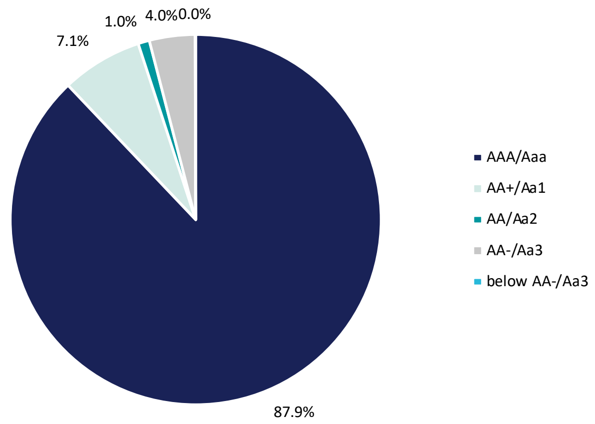
EUR benchmark maturities by year



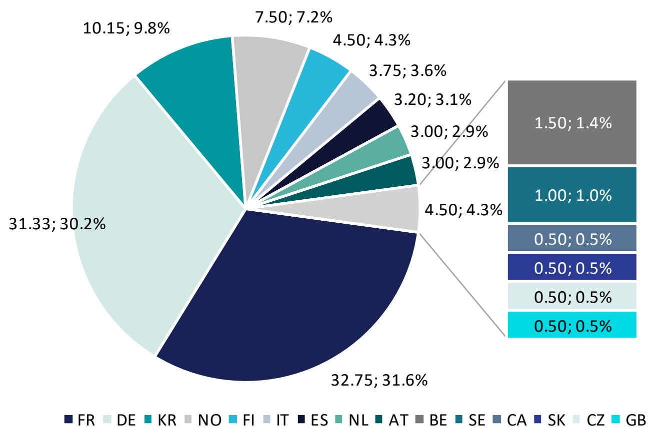
Modified duration and time to maturity by country



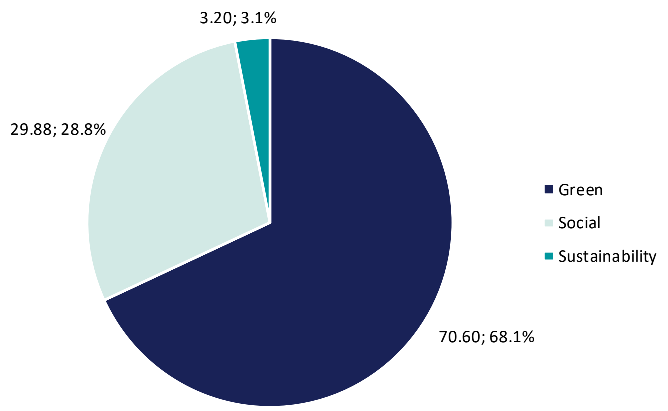
Rating distribution (volume weighted)



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

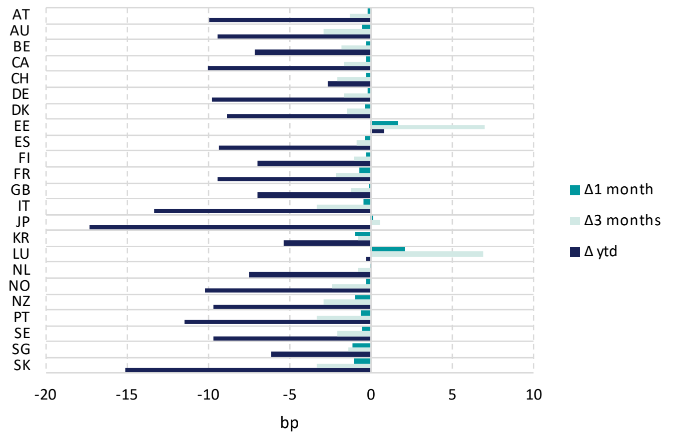


EUR benchmark volume (ESG) by type (in EURbn)

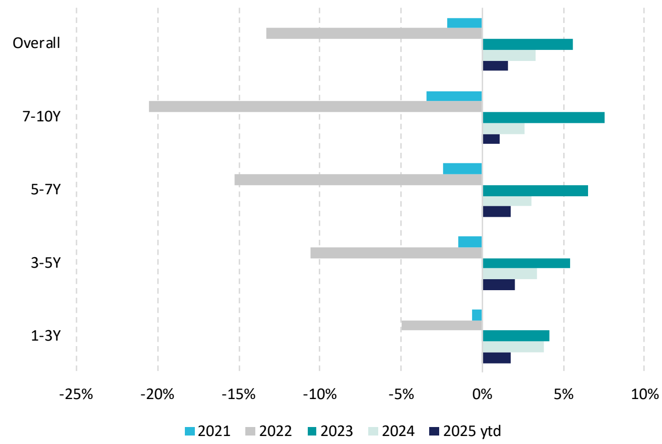


Source: Market data, Bloomberg, NORD/LB Floor Research

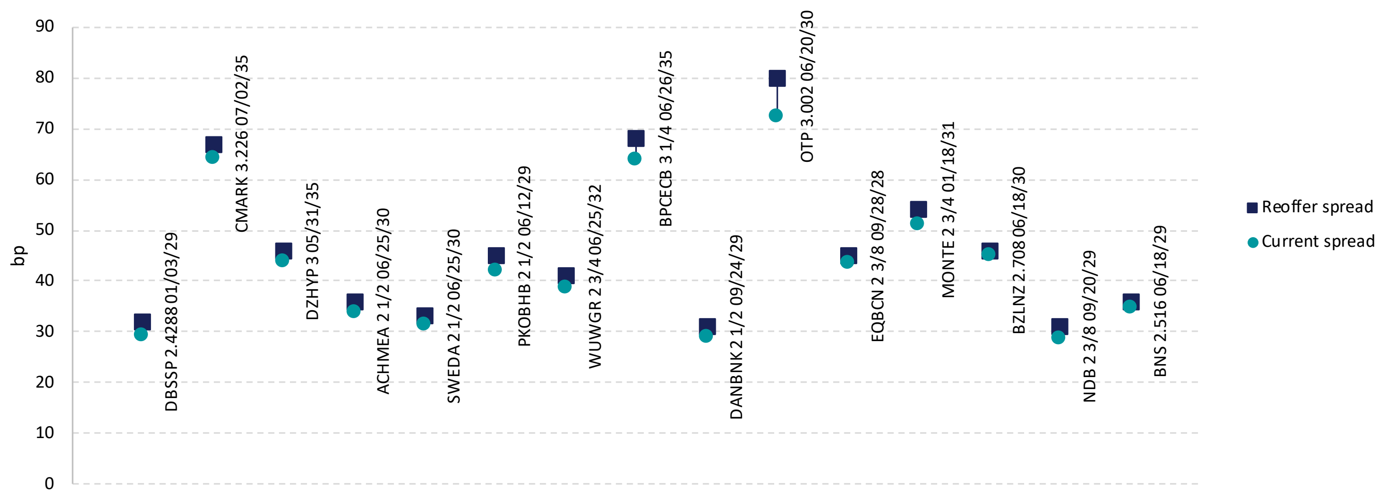
EUR benchmark emission pattern



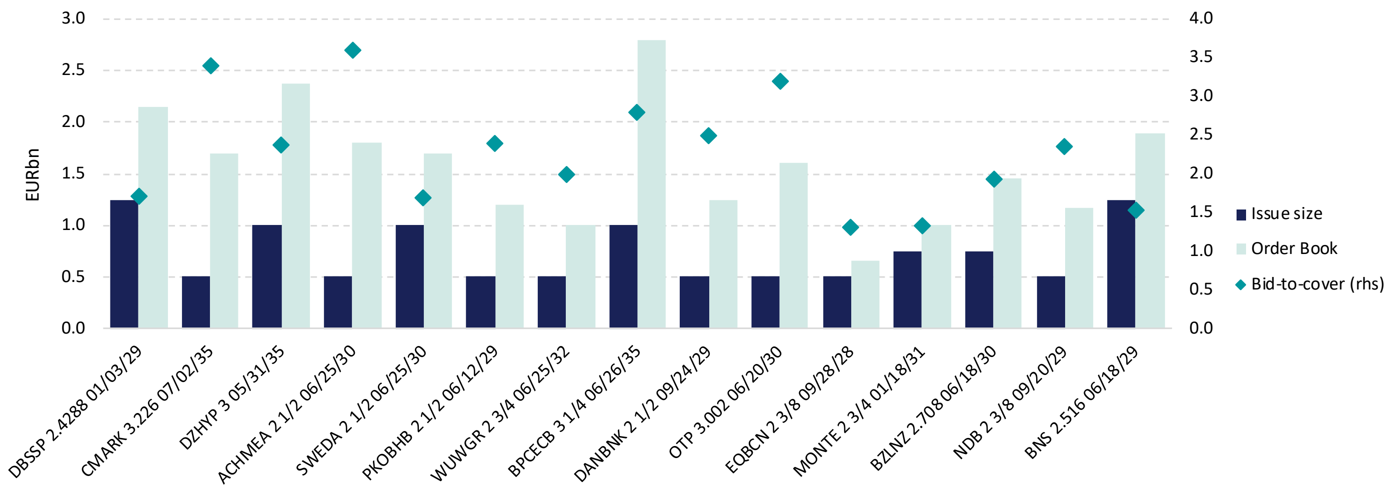
Covered bond performance (Total return)



Spread development (last 15 issues)



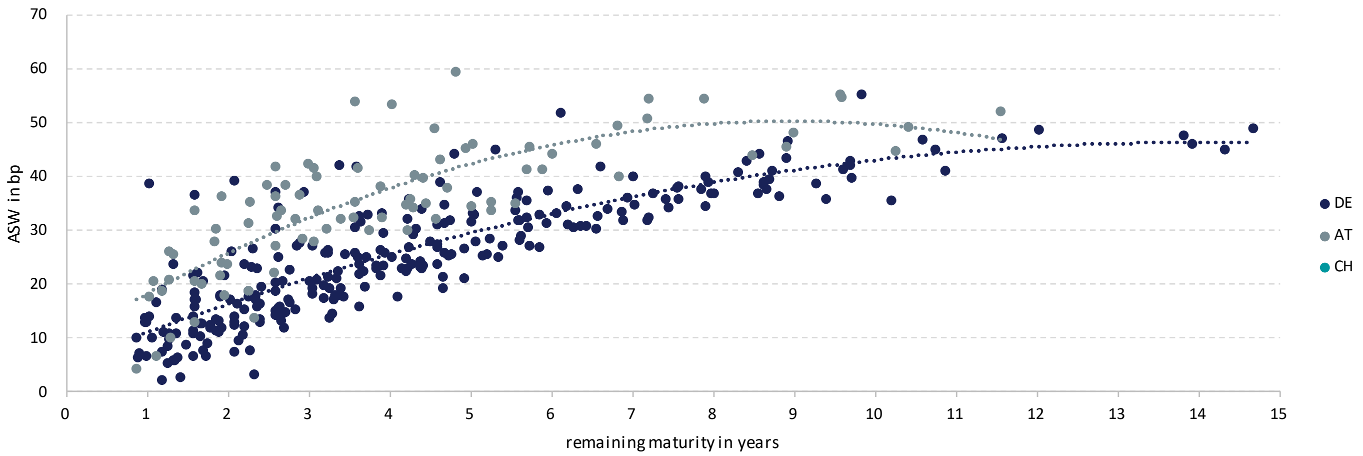
Order books (last 15 issues)



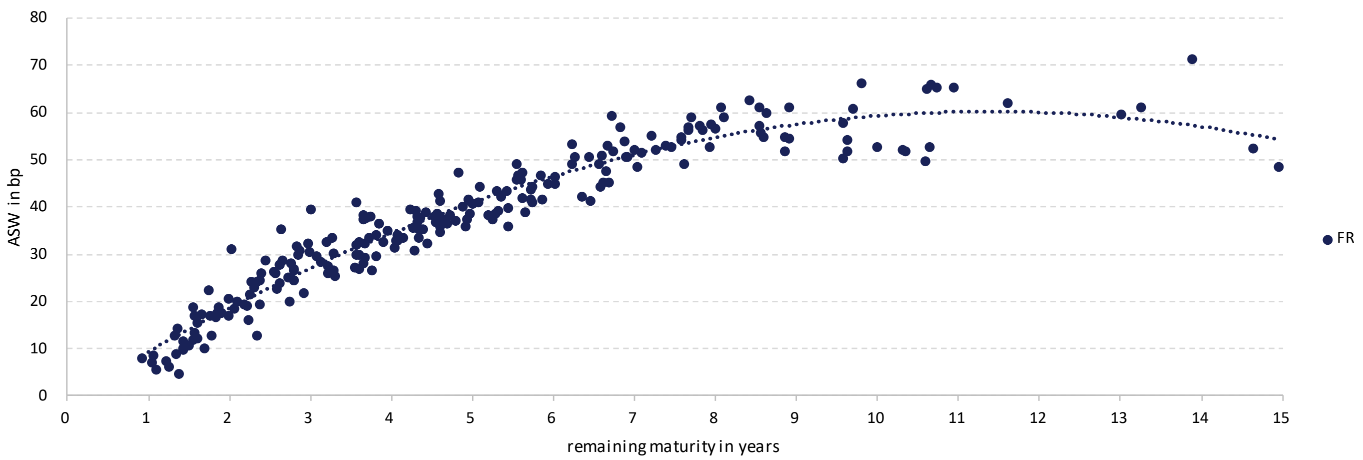
Source: Market data, Bloomberg, NORD/LB Floor Research

Spread overview[1]

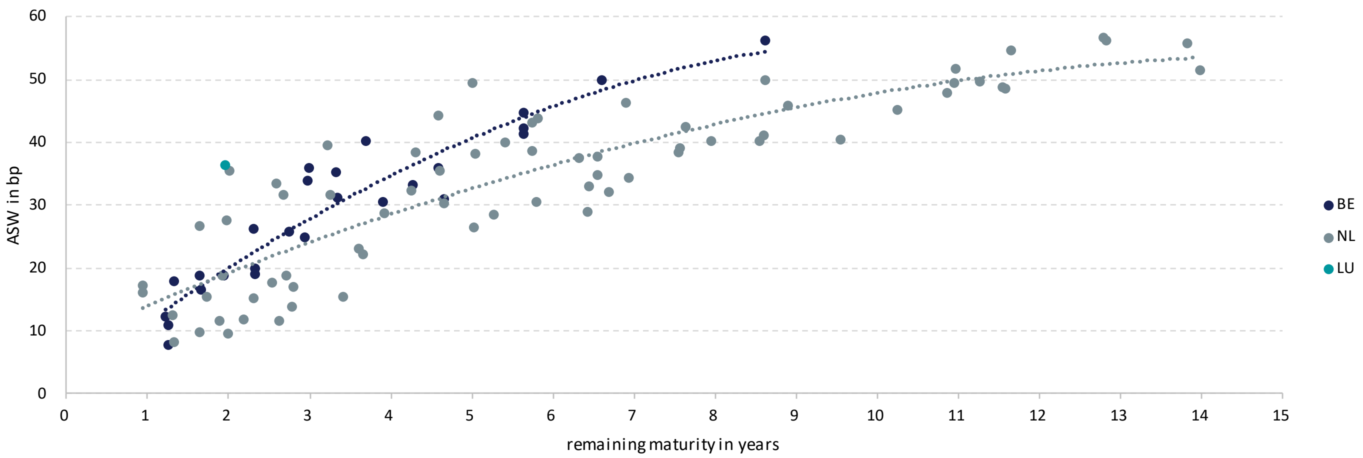
DACH



France

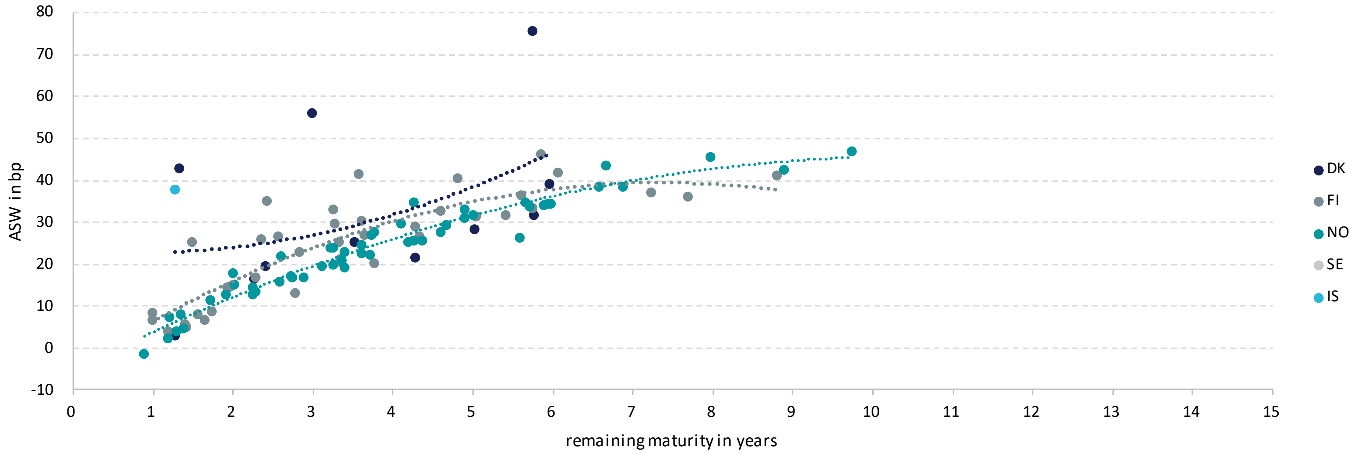


Benelux

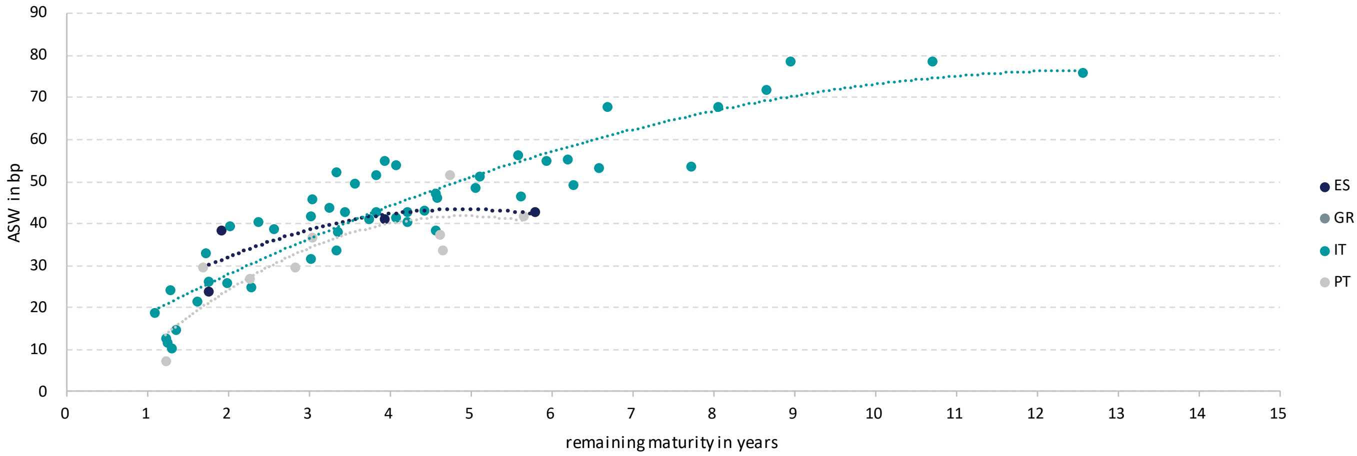


Source: Market data, Bloomberg, NORD/LB Floor Research [1]Time to maturity 1 ≤ y ≤ 15

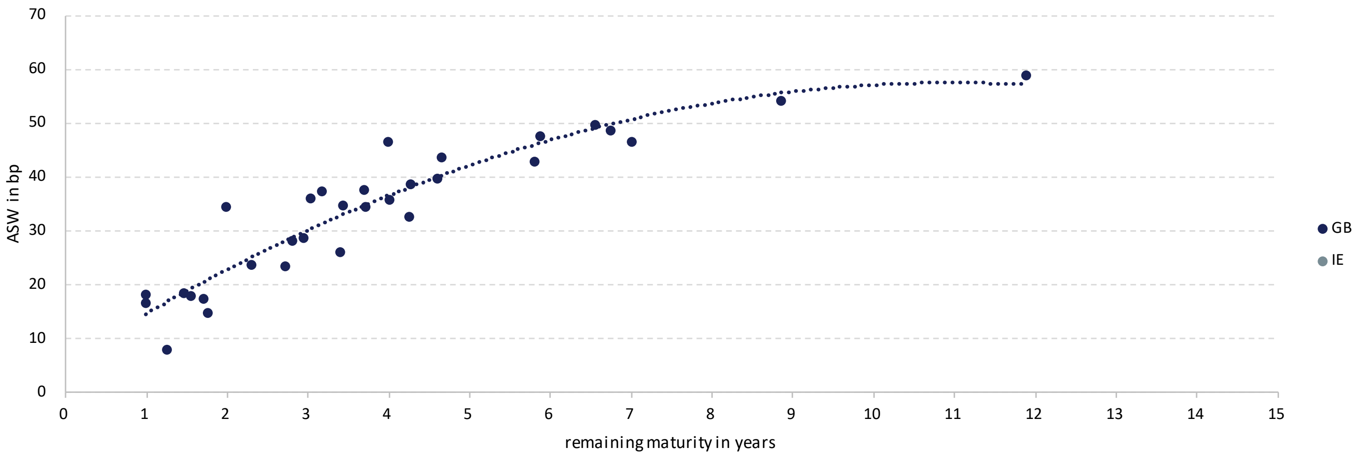
Nordics



Southern Europe

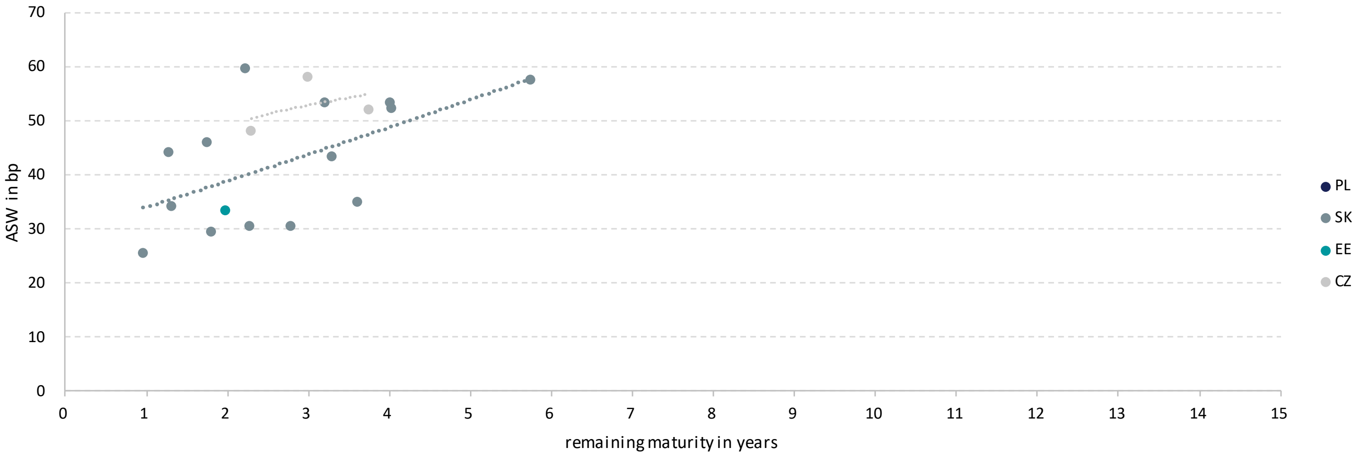


UK/IE

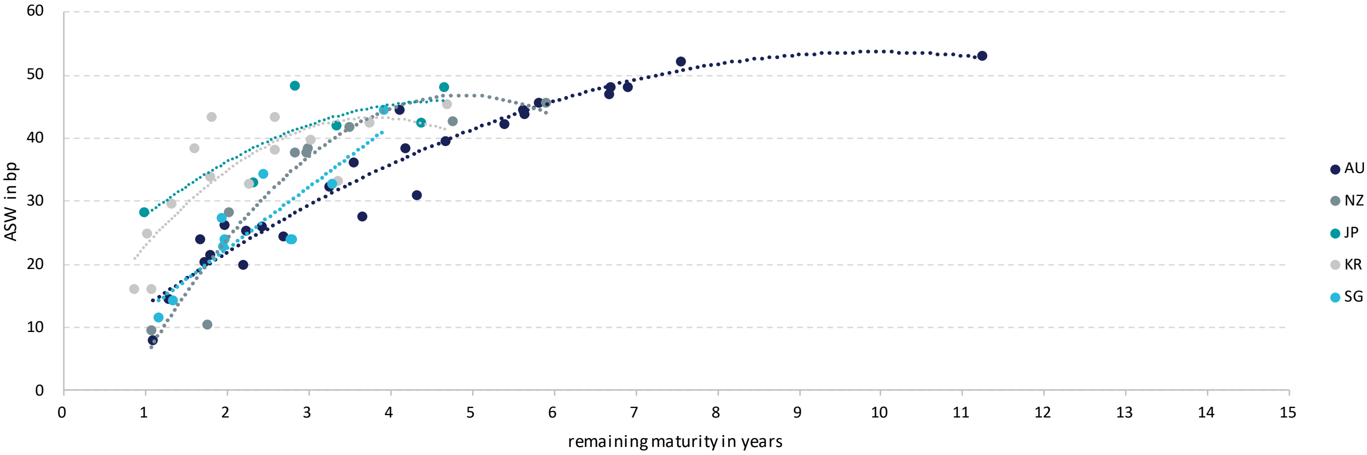


Source: Market data, Bloomberg, NORD/LB Floor Research

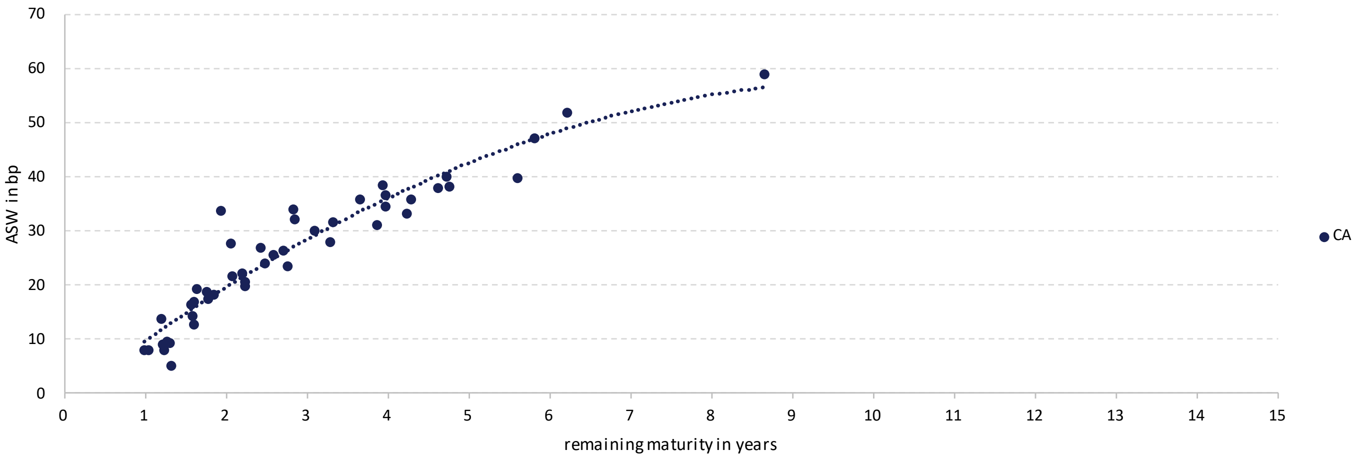
CEE



APAC



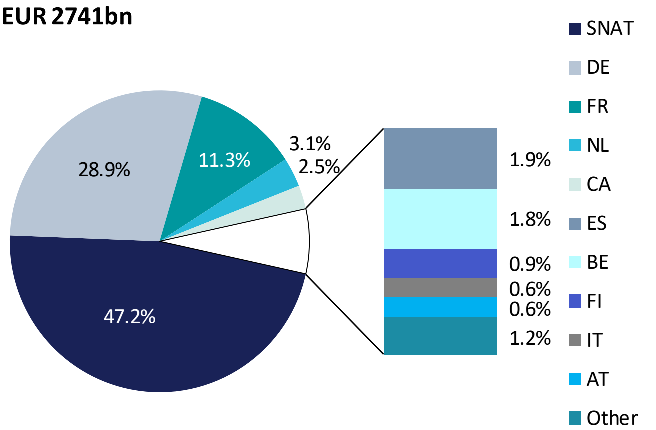
North America



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

Charts & Figures
SSA/Public Issuers

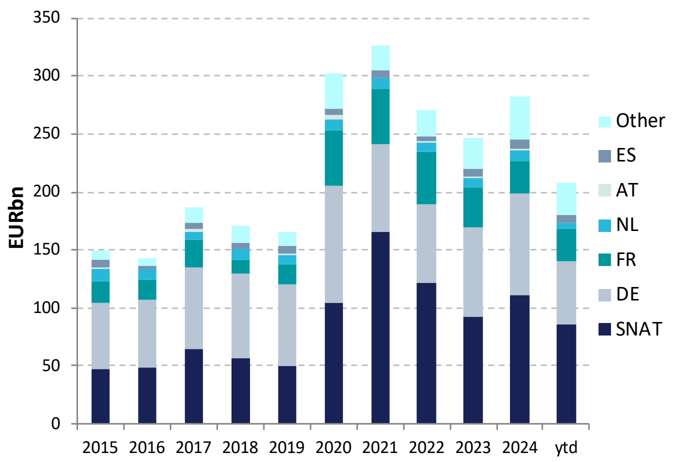
Outstanding volume (bmk)



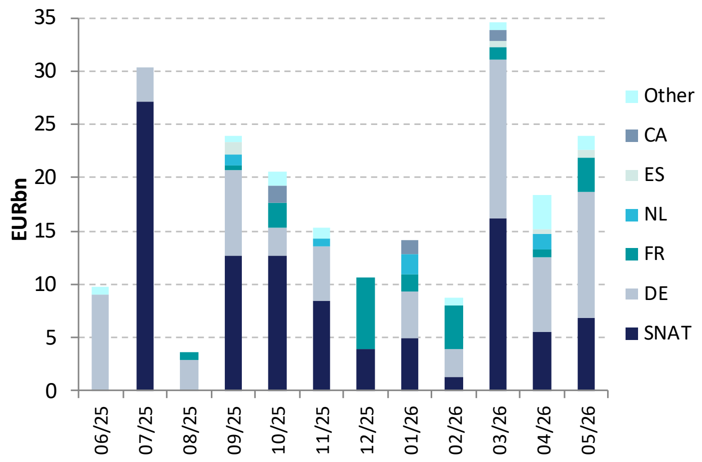
Top 10 countries (bmk)

Country	Vol. (EURbn)	No. of bonds	ØVol. (EURbn)	Vol. weight. ØMod. Dur.
SNAT	1,292.5	260	5.0	7.5
DE	793.1	597	1.3	6.0
FR	310.0	208	1.5	5.6
NL	85.8	68	1.3	6.2
CA	69.5	62	1.1	6.1
ES	51.6	74	0.7	5.0
BE	49.2	48	1.0	10.0
FI	25.0	26	1.0	4.3
IT	16.6	21	0.8	4.3
AT	16.0	21	0.8	4.4

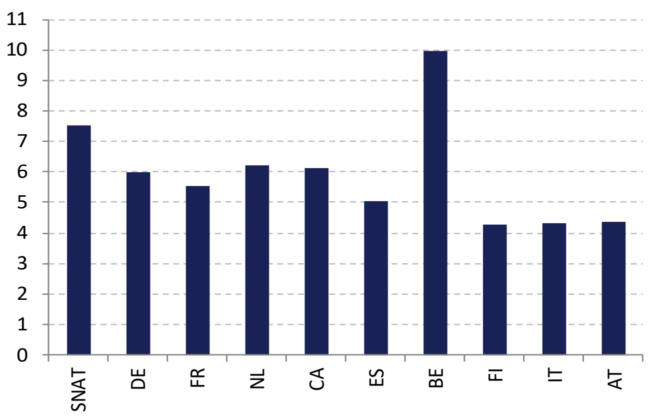
Issue volume by year (bmk)



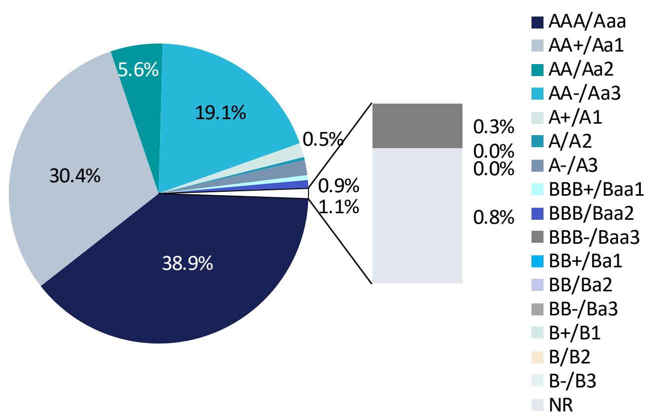
Maturities next 12 months (bmk)



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



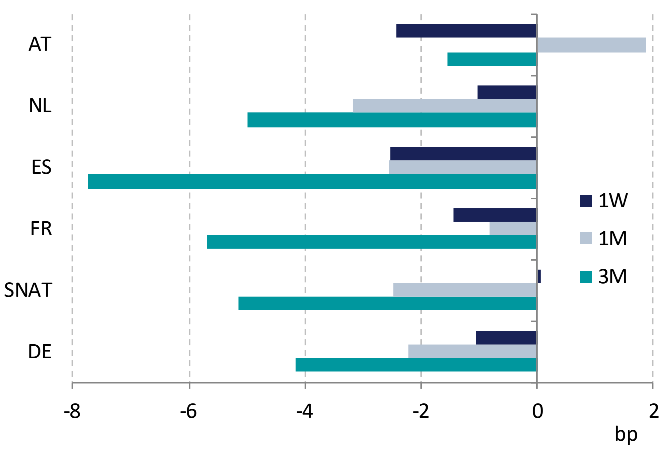
Rating distribution (vol. weighted)



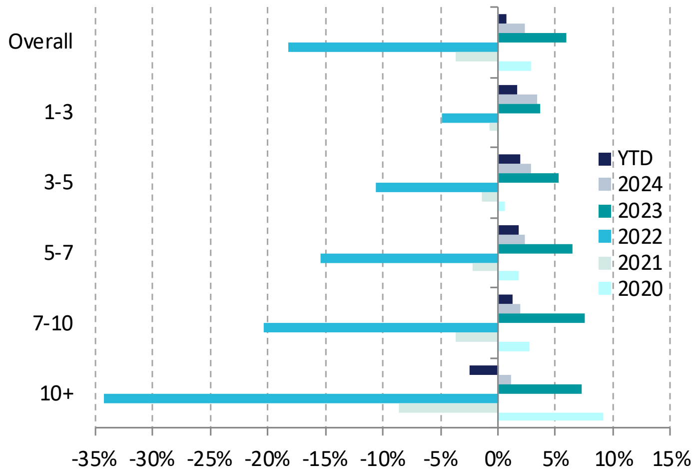
Source: Bloomberg, NORD/LB Floor Research

Spread development (last 15 issues)

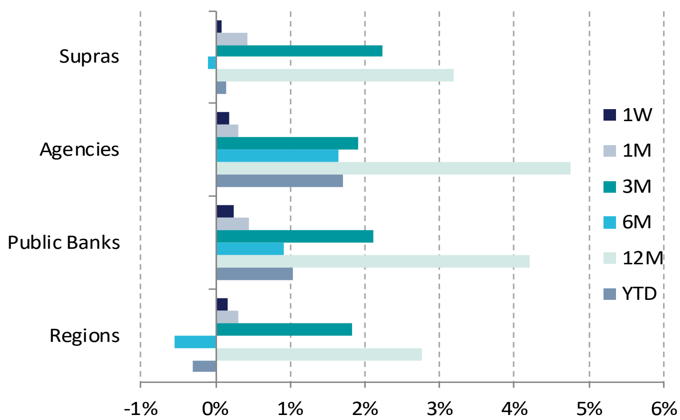
Spread development by country



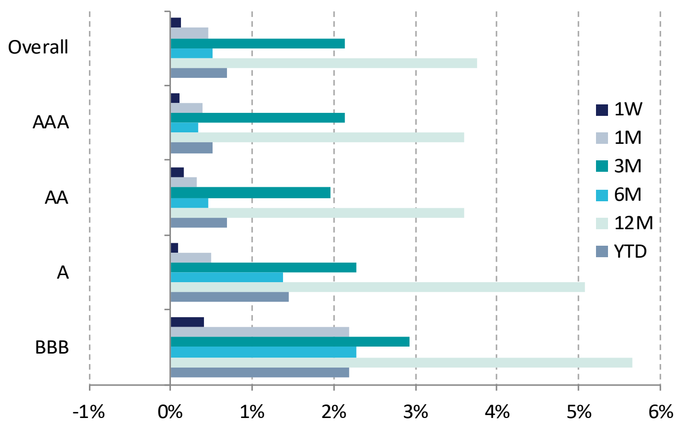
Performance (total return)



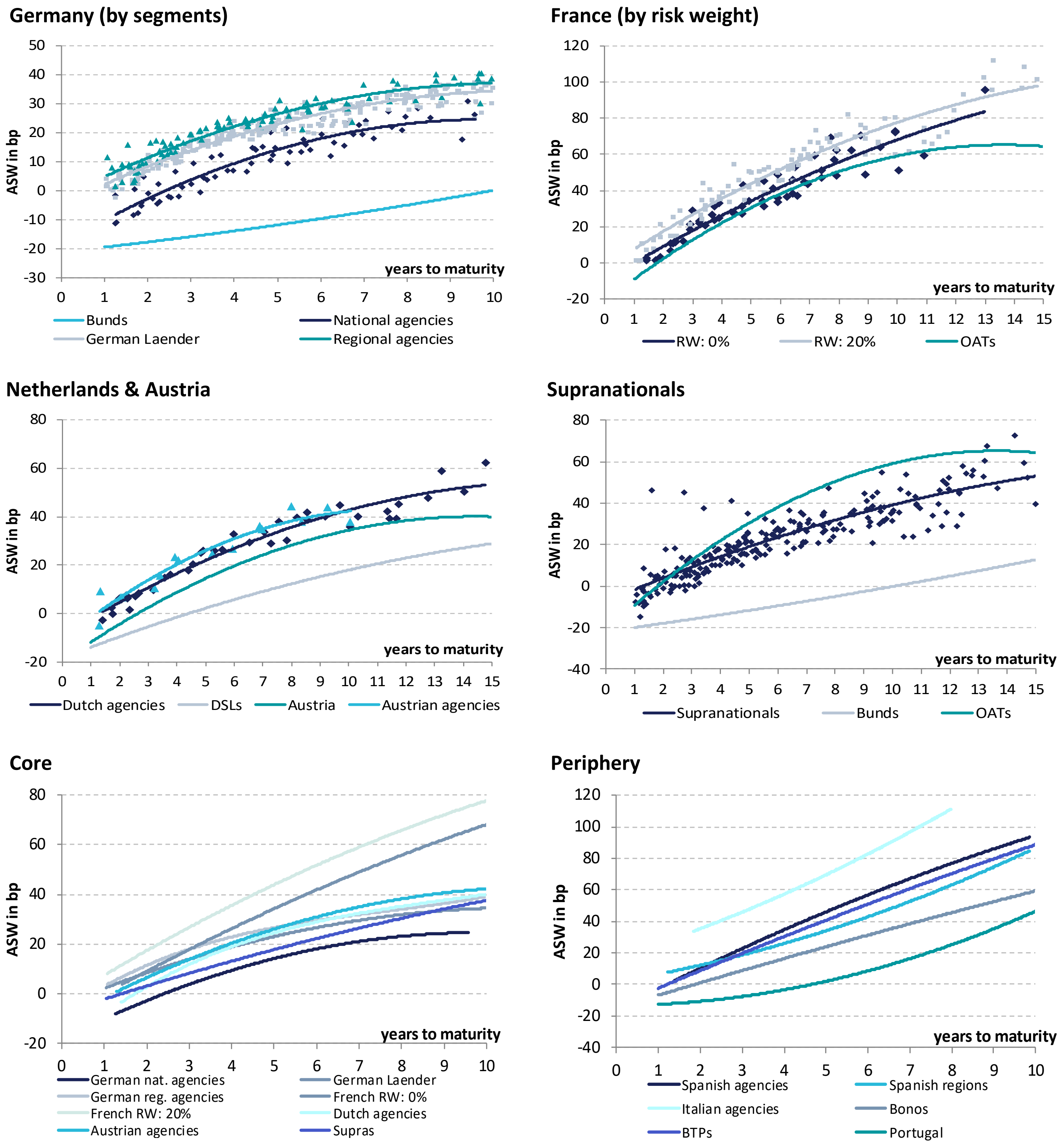
Performance (total return) by segments



Performance (total return) by rating



Source: Bloomberg, NORD/LB Floor Research

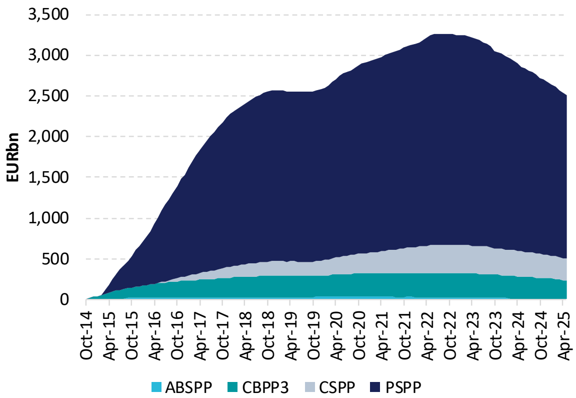


Source: Bloomberg, NORD/LB Floor Research

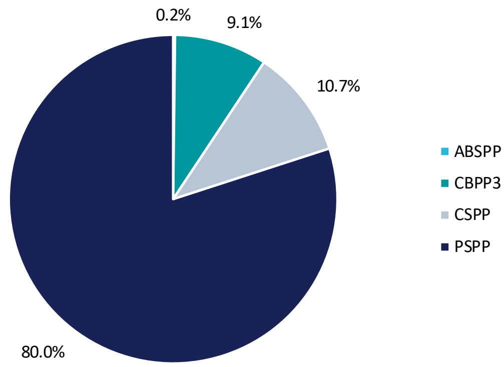
Charts & Figures
ECB tracker

Asset Purchase Programme (APP)

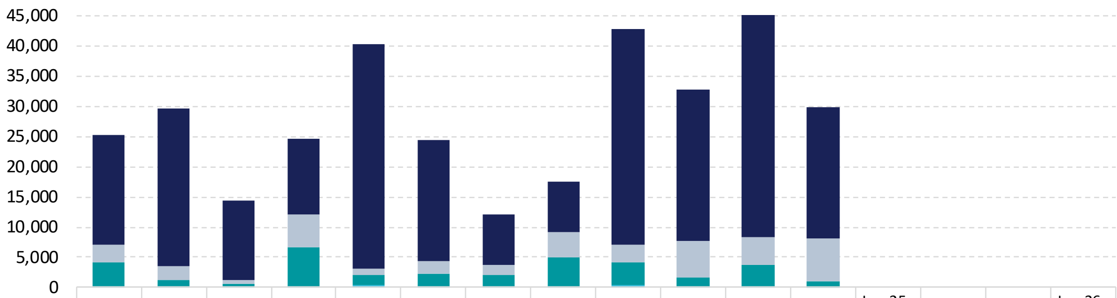
APP: Portfolio development



APP: Portfolio structure

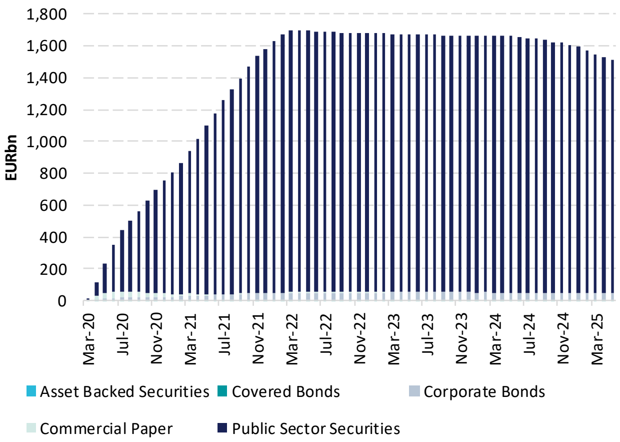


Expected monthly redemptions (in EURm)

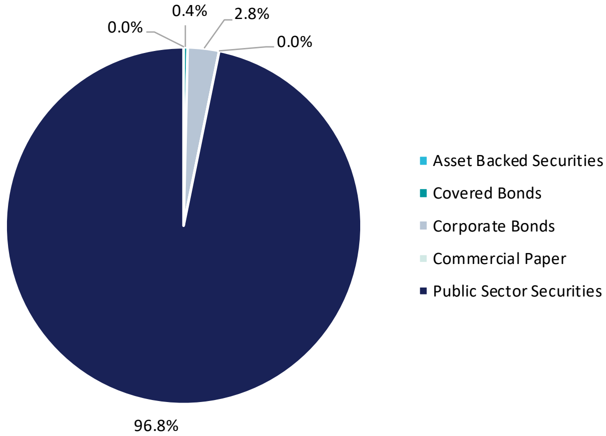


	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-25 - May-26	2024	2025	Jan-26 - May-26
APP	25,290	29,618	14,310	24,596	40,249	24,445	12,017	17,538	42,791	32,768	50,965	29,919	344,506	334,302	334,255	29,919
PSPP	18,261	26,161	13,114	12,568	37,073	20,060	8,274	8,318	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



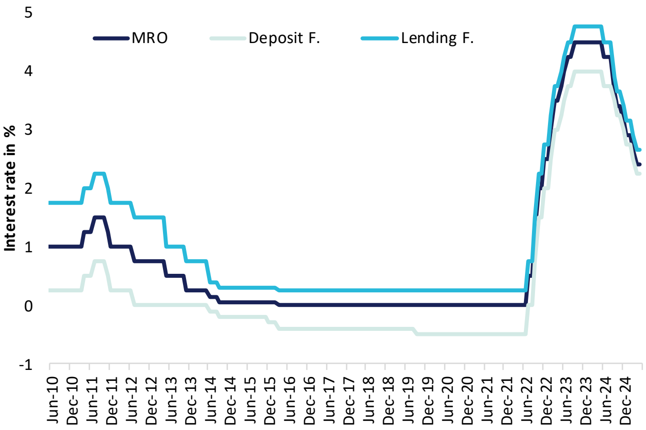
PEPP: Portfolio structure



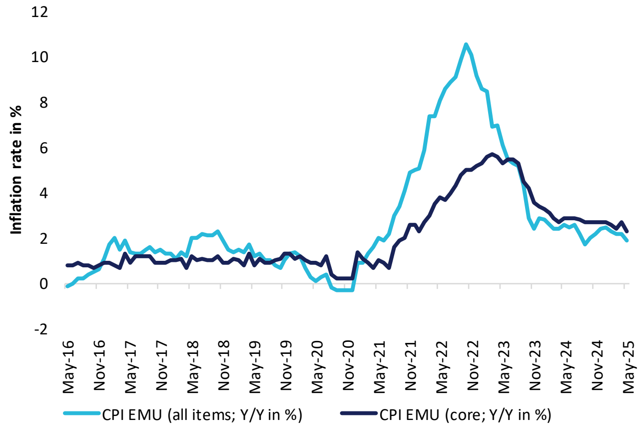
Source: ECB, NORD/LB Floor Research

Charts & Figures
Cross Asset

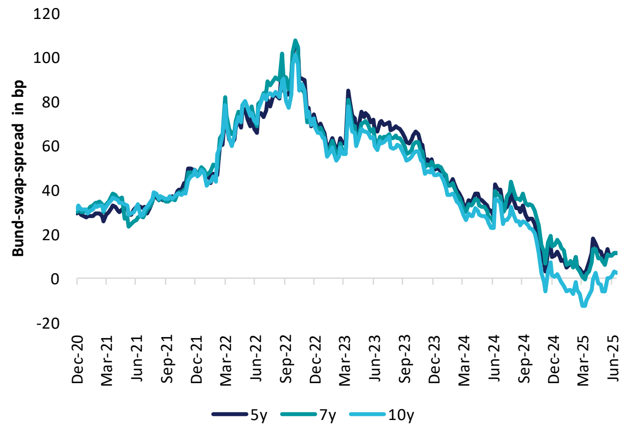
ECB key interest rates



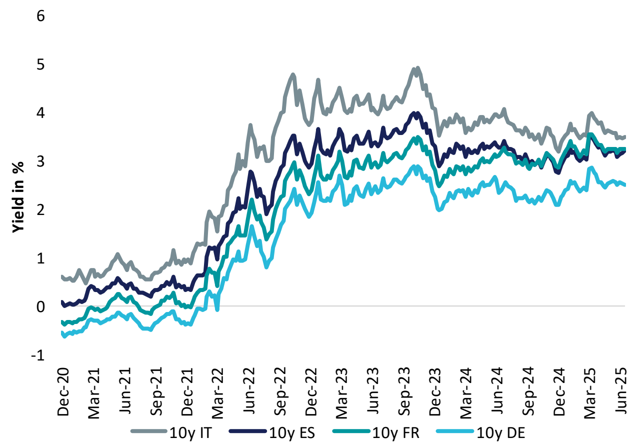
Inflation development in the euro area



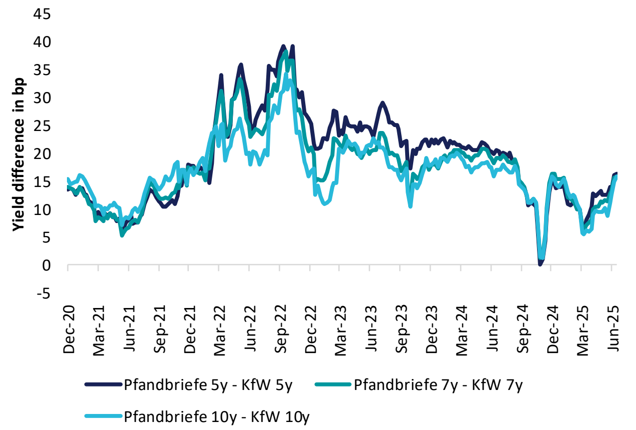
Bund-swap-spread



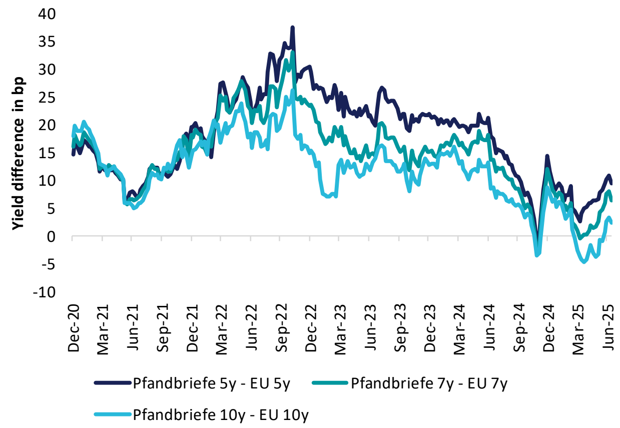
Selected yield developments (sovereigns)



Pfandbriefe vs. KfW



Pfandbriefe vs. EU



Source: ECB, Bloomberg, NORD/LB Floor Research

Appendix
Overview of latest Covered Bond & SSA View editions

Publication	Topics
22/2025 ♦ 18 June	▪ The UK covered bond market ▪ Stability Council convenes for 31st meeting
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

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:
Floor Research

NORD/LB:
Covered Bond Research

NORD/LB:
SSA/Public Issuers Research

Bloomberg:
RESP NRDR <GO>

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

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Origination Corporates	+49 511 361-2911

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