Covered Bond & SSA View

NORD/LB Floor Research

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Marketing communication (see disclaimer on the last pages)

Agenda

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Market overview
Covered Bonds

Authors: Lukas Kühne // Dr Norman Rudschuck, CIIA

Primary market: quiet end to the year in prospect

After not being able to report on a single primary market deal in the previous edition of our weekly publication, Danske Kiinnitysluottopankki (Danske Mortgage Bank) from Finland emerged from cover at the start of the week to place a dual tranche, emphatically demonstrating that the issuance window on the covered bond market remains open. For its second and third EUR benchmark transaction in the current year, the credit institution opted for terms to maturity of slightly below three years (2.7y) and seven years. While Danske Mortgage Bank opted for an initial guidance at ms +19bp area for the bond with the shorter maturity, the seven-year primary market deal started the marketing phase at a guidance of ms +39bp area. From our point of view, the fairly considerable bid-to-cover ratios of 2.8x (2.7y) and 4.0x (7.0y) offer proof, among other aspects, that covered bond investors are also not quite ready to slip off into the winter break. However, the oversubscription ratios do reveal a slight preference on the part of investors for the slightly longer maturity. Over the course of the marketing phase, the spread tightened by seven and eight basis points respectively to ms +12bp for the bond with a term of nearly three years and to ms +31bp for the seven-year bond. In the end, the fresh bonds featured volumes of EUR 500m and EUR 750m respectively. Danske Mortgage Bank is a subsidiary of Danske Bank in Denmark and serves the purpose of refinancing the bank's Finnish mortgage loans through the issuance of covered bonds. Accordingly, as at 30 September 2025, Danske Mortgage Bank's cover pool exclusively comprises residential mortgage loans located in Finland. In addition to the primary market activities carried out via the Finnish subsidiary, Danske Bank also issues EUR benchmarks under Danish law denominated in the domestic currency (DKK). Owing to its established investor base for DKK-denominated covered bonds, Danske Bank's focus in terms of its Danish cover pool is primarily on the domestic currency. At present, the institution has just two outstanding EUR benchmark transactions (total volume: EUR 1.25bn) issued under Danish law, whereas Danske Mortgage Bank has placed EUR benchmarks in an aggregated volume of EUR 4.75bn.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
Danske Mortgage Bank	FI	10.11.	XS3230666128	2.7y	0.50bn	ms +12bp	- / Aaa / -	-
Danske Mortgage Bank	FI	10.11.	XS3230666474	7.0y	0.75bn	ms +31bp	- / Aaa / -	-

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

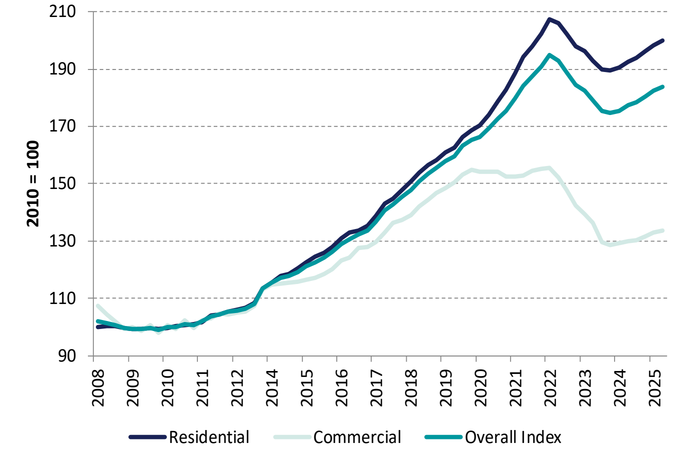
Secondary market: excess demand amid a dearth of new deals

The significant spread widening seen in relation to German monoliners on the secondary market at times last week has largely subsided. Overall, we observed a slight excess of demand in the past five trading days, which in the context of the lack of primary market transactions is not all that surprising. Here, the focus was primarily on deals in the medium maturity segment. Danske Mortgage Bank's dual tranche deal was well received by the market and continued to perform well on the secondary market as well.

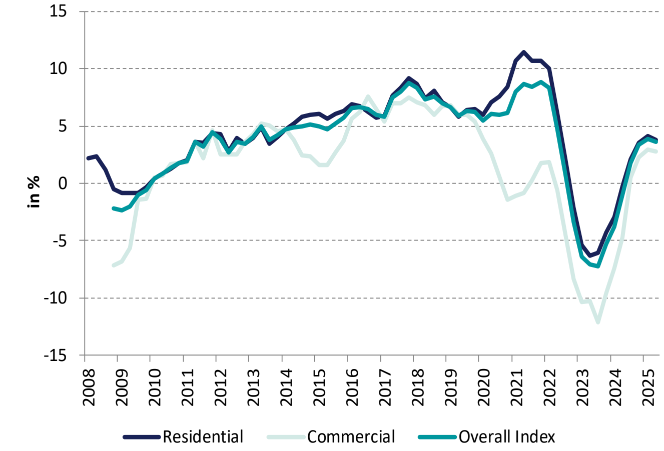
vdp Property Price Index: Property prices continue to rise

The Association of German Pfandbrief Banks (vdp) published a new edition of its quarterly Property Price Index on 10 November. According to this, property prices again continued their upward trajectory in the third quarter of 2025, with the index increasing by +0.7% to 183.7 points in comparison with the previous quarter. Compared with Q3/2024, this reflects even sharper growth in property prices of +3.6%. Residential property prices are the main driver of the increase, rising by +3.8% against the same quarter of the previous year and by +0.8% quarter on quarter. The price increases for multi-family houses were especially striking, rising by +5.2% versus Q3/2024 and +0.9% against the previous quarter overall. At +2.4% year on year and +0.6% quarter on quarter, the increase in prices for owner-occupied homes (single-family houses and condominiums) was less pronounced. Overall, following a sixth consecutive increase in the index, we are now seeing increased signs of a sustained dynamic on the German property market, in particular for residential properties. For further details and additional charts, please refer to the lead article in this present edition of our weekly publication.

Index: overall, residential and commercial



Index change Y/Y: overall, residential and commercial



Source: vdp, NORD/LB Floor Research

Pekao Bank Hipoteczny (PBH)

Fitch has upgraded the covered bond rating of Pekao Bank Hipoteczny (PBH) in Poland from A- to AAA and set the outlook as negative. Until 2019, the issuer also placed EUR covered bonds up to a maximum of EUR 50m. The last EUR covered bond deal placed under the ticker BPHHIP matured in 2024. At present, the issuer only has outstanding bonds denominated in the domestic currency, the Polish złoty (PLN). The rating of the mortgage-backed bonds is based on PBH's long-term issuer default rating (IDR) of BBB+ with a stable outlook, plus an eight-notch payment continuity uplift (PCU) and a two-notch recovery uplift. The rating also incorporates the overcollateralisation ratio (OC) as calculated by Fitch, which provides adequate protection for the break-even OC of 7.0% required to maintain the AAA rating. The negative outlook for the covered bond rating corresponds with that in relation to Poland's sovereign rating and reflects the potential impact of a downgrade of the sovereign rating on the AAA sovereign rating ceiling. The upgrade came about after the issuer sent over additional data to Fitch, allowing for a more comprehensive analysis of the PBH programme.

Market overview
SSA/Public Issuers

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

Senate adopts 2025 supplementary budget – Bremen utilises structural component

At the end of October, the Bremen Senate adopted the draft 2025 supplementary budgets for both the city and the federal state of Bremen (ticker: BREMEN), thereby reacting first and foremost to the challenging budgetary situation of the two municipalities of Bremen and Bremerhaven. A need for amendment had arisen from changes in tax law at the federal level on the one hand, as these resulted in lower-than-expected tax revenues and therefore (further) burdened the budget, and from increasing welfare benefit expenditures on the other. In addition, Bremen – like other Laender before it – is now also to make use of the additional leeway for structural borrowing of up to 0.35% of nominal GDP and utilise this in full (EUR 148.7m). Of this, around EUR 80m is to remain with the federal state, while the remainder will go to the municipalities. The amount of the allocations is based on respective population figures, meaning that Bremen receives EUR 57.1m and Bremerhaven EUR 11.6m. Irrespective of the utilisation of the structural component, the net loan repayment in the state budget ultimately comes to EUR 72.9m. This also includes repayments of emergency loans in the amount of EUR 291.8m, since these are no longer needed or the additional financial requirements subsequently proved to be less high than previously assumed. Including the supplementary budget, the federal state's adjusted revenues total around EUR 6bn (having previously been around EUR 5.8bn). This would be offset by adjusted expenditures of just under EUR 6bn as well (previously: EUR 5.9bn). The State Parliament of Bremen (*Bremische Bürgerschaft*) must still approve the supplementary budgets.

Mecklenburg-Western Pomerania revises draft budget for 2026/27

The state government of Mecklenburg-Western Pomerania (ticker: MECVOR) has amended its draft for the 2026/27 state budget and included the possibility of savings in the amount of EUR 250m through lower valuations and reduced global expenditures. Previously, the State Audit Office had expressed concerns regarding the future financial capacity of the federal state in view of the significant increase in expenditures in recent years coupled with only weak growth in revenues at the same time. "The continued stagnation of the German economy is also placing a heavy burden on the state budget in Mecklenburg-Western Pomerania [...]," said Minister of Finance Dr Heiko Geue, adding: "We must save now, use federal funds to strengthen investment and advance the digital modernisation of the state." Despite necessary consolidation measures, the state government is maintaining an investment ratio that is high compared with other Laender: the planned investments of EUR 1.7bn in 2026 and 1.6bn in 2027 will therefore not be affected by the cuts. In addition, the federal state would have more than EUR 150m per annum available for investments from the federal government's special infrastructure fund. However, a significant part of the budget burden is due to rising welfare spending. Although cost-cutting measures have already been identified and approved at the level of the federal state and its municipalities, a further increase is still to be expected in the next two years.

Rhineland-Palatinate also announces investment offensive

After the Bundestag passed the Laender and Municipalities Infrastructure Financing Act (*Gesetz zur Finanzierung von Infrastrukturinvestitionen von Ländern und Kommunen*) with approval of the Bundesrat, the Council of Ministers of the federal state of Rhineland-Palatinate (ticker: RHIPAL) has now also put in place the legal requirements for its investment offensive by approving the draft law on the establishment of a special fund. This special fund, worth around EUR 5.5bn, is called the "Rhineland-Palatinate Plan for Education, Climate and Infrastructure" (LGRP Plan), and is based on two pillars - the "Land" funding line and the "Municipalities" funding line. The main focus will be on the municipalities, which are to receive a total of more than EUR 3.5bn, of which EUR 2.9bn alone will come from federal funds. The remaining EUR 600m will be provided by the federal state itself. Funding will be largely allocated based on population size, while only 10% will be allocated depending on financial capacity. The investment funds for the municipalities are entirely their responsibility. Through the regional budgets, the districts are to decide together with their cities and municipalities which projects have priority. The part of the special fund (around EUR 2bn) attributable to the federal state is to be used for investment in eleven future fields, including universities, health, digitalisation and climate protection.

KfW presents funding figures for Q3/2025

Germany's leading promotional bank, Kreditanstalt für Wiederaufbau (KfW, ticker: KFW), has published its promotional figures for the third quarter of 2025 and the first nine months of the year. According to the press release, despite the challenging economic environment, KfW increased its commitment volume to EUR 61.4bn over the period from January to September 2025, representing an increase of EUR +7.5bn versus the same period of the previous year. Domestic promotional business developed particularly positively, growing by +31.9% year on year to EUR 40.9bn. In the SME segment, demand for financing for climate, environmental and innovation projects more than doubled in the period under review and amounted to EUR 11.1bn (EUR +7.0bn Y/Y). The new business volume in the export and project finance business segment decreased by EUR -3.2bn Y/Y to around EUR 16.0bn. New commitments in the DEG business unit also declined, falling to EUR 0.9bn (Q1-Q3/2024: EUR 1.2bn), while commitments at KfW Development Bank increased by EUR +0.9bn Y/Y to EUR 3.7bn. Overall, KfW was able to increase its operating profit by EUR +16.0m versus the first three quarters of last year to EUR 1.5bn, but adverse effects on the valuation result from the persistently challenging geopolitical situation led to a significant decline in consolidated profit. This amounted to EUR 647m in the first three quarters, which is considerably lower than the previous year's figure (Q1-Q3/2024: EUR 1.3bn). At EUR 546.6bn, total assets were roughly on par with the level at the end of 2024 (EUR 545.4bn). On the funding side, KfW raised EUR 67.1bn on the international capital markets in the nine-month period (Q3/2024: EUR 67.6bn). The majority (around EUR 41bn) of the EUR 70bn funding target for the full year 2025 was raised through the issuance of benchmark bonds denominated in EUR and USD, while net proceeds from green bonds amounted to roughly EUR 13bn, significantly exceeding the target for 2025 of EUR 10bn. In total, KfW issued bonds in eight different currencies, with the EUR accounting for the largest share of capital market funding with a value of 58%.

LfA presents figures for Q3/2025 – demand for promotional loans increases significantly

LfA Förderbank Bayern (ticker: BAYLAN) has presented data regarding its promotional business for the first nine months of the current year. According to the accompanying press release, the positive development continued in the third quarter: LfA reportedly supported the economy of the Free State of Bavaria with loans amounting to EUR 1.6bn in the period from January to September, up from just under EUR 1.2bn in the same period of the previous year. Of this, almost EUR 1.5bn was committed in the course of programme-linked promotional loans alone, which corresponded to an increase of about +50% year on year. Even though demand for promotional loans grew across all promotional areas, those for start-ups, growth and innovation were particularly in demand, with a total of EUR 670m in loan commitments granted in this segment. Meanwhile, the volume of promotional activities linked to innovation and digitalisation more than doubled compared with the first nine months of the previous year, reaching a value of EUR 365m. The funding supply in the area of energy and climate protection also saw an increase in demand. For example, the funding volume rose to over EUR 85m for the "Regenerative Energy Loan", which promotes investment in the generation of electricity and hydrogen based on renewable energies. Dr Bernhard Schwab, Chair of the LfA Management Board, said he was satisfied with the business performance so far: "The increase in our lending for innovation, digitalisation and renewable energies underpins the great commitment of companies to their investment in innovation and a sustainable future. The high demand for financing in the field of renewable energies is particularly pleasing, as it significantly supports the path to energy and cost-efficient business. LfA Förderbank Bayern has once again proven its relevance for the Bavarian economy."

Primary market

Looking at the past trading week, we have seen activity on the SSA primary market almost came to a standstill. Consequently, in today's issue, we can only report one new transaction in the EUR benchmark segment and one tap issue. We referred to the mandate of Investitionsbank Berlin (ticker: IBB) for a social bond (5y) in the amount of EUR 500m in our last edition, with the marketing phase getting underway shortly after publication. In the course of the bookbuilding process, the order book ultimately filled to EUR 860m, which saw the price tighten by a single basis point versus the guidance to ms +19bp. In addition, we noted a tap issue from Kommuninvest (ticker: KOMINS): the Swedish municipal financier decided to increase the volume of its green 2032 bond by EUR 250m at ms +25bp (order book: EUR 1.5bn; guidance: ms +27bp area). Turning to the week ahead, the EU has sent an RfP to the relevant banking group for its final syndicated transaction of the year (cf. funding plan H2/25). In addition, the federal state of North Rhine-Westphalia (ticker: NRW) intends to take a closer look at funding activities in the coming year as part of a Global Investor Call on 19 November. We anticipate that NRW will communicate a funding target of EUR 18bn.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
IBB	DE	05.11.	DE000A3828P6	5.0y	0.50bn	ms +19bp	AAA / Aa1 / -	X

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

NORD/LB

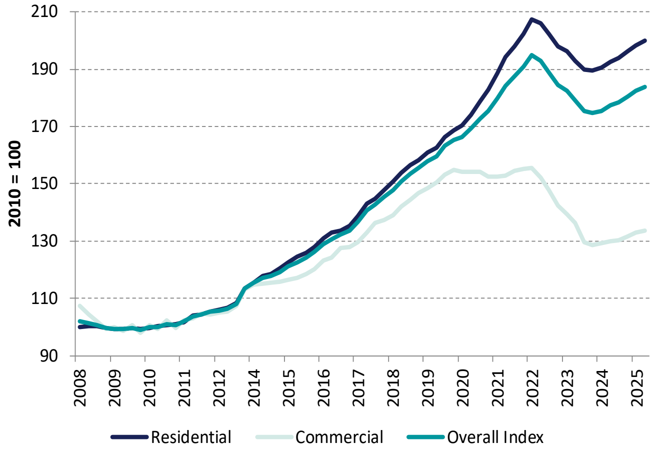
Covered Bonds
Development of the German property market (vdp index)

Authors: Lukas Kühne // Dr Norman Rudschuck, CIIA

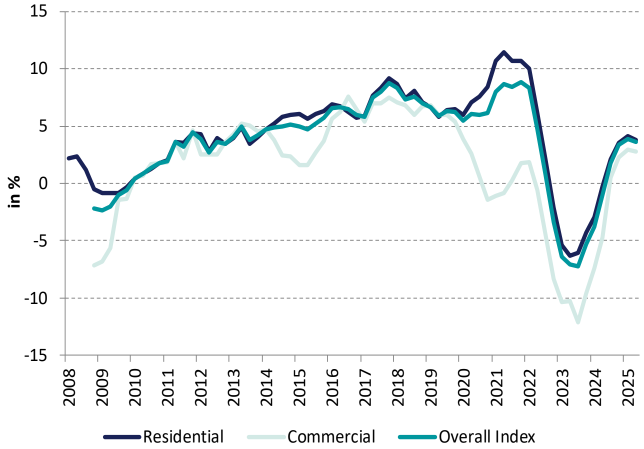
vdp: Property Price Index climbs to 183.7 points

At the beginning of this week, the Association of German Pfandbrief Banks (vdp) presented its current figures for price developments on the German property market. The latest data on the vdp Property Price Index refers to the third quarter of 2025. The vdp property price index is determined on the basis of transactions that have taken place and therefore reflects actual purchase prices and rents. This data is based on information from more than 700 banks in Germany. In the third quarter of 2025, the overall index recorded its sixth consecutive increase (+0.7% Q/Q) and now stands at 183.7 points (base year 2010 = 100 points). This means that the overall index is 6.4 points higher than at the end of the third quarter of 2024. The year-on-year increase was mainly driven by the positive development of residential property prices (+3.8%), while the rise in commercial property prices (+2.8%) was lower. On a quarterly basis, price growth for residential property (+0.8%) was also slightly stronger than for commercial property (+0.5%). In our view, the ongoing upward trend in property prices points to a sustained recovery in the German property market. These recovery trends are mainly driven by the development of residential property prices, while the picture for commercial property is more restrained.

Index: overall, residential and commercial



Index change Y/Y: overall, residential and commercial



Source: vdp, NORD/LB Floor Research

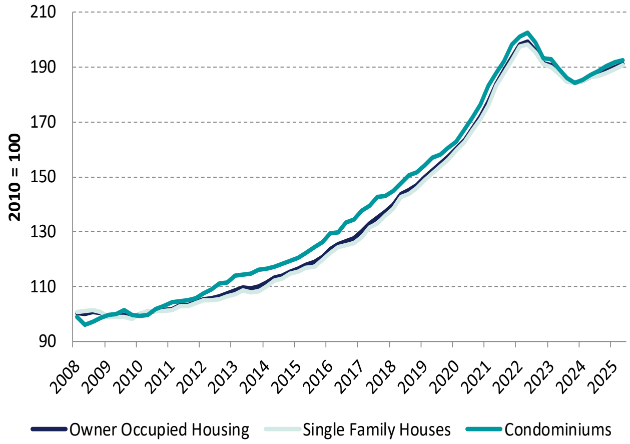
Residential properties: multi-family houses increase by 5.2% Y/Y

In the residential property segment, the strongest growth was recorded in the subcategory of multi-family houses (+5.2% year on year and +0.9% quarter on quarter), while an increase of +2.4% year on year (+0.6% quarter on quarter) was reported for owner-occupied residential property (single-family houses and condominiums). This means that the upward trend continues unabated in the new reporting year in all residential property classes that are under consideration.

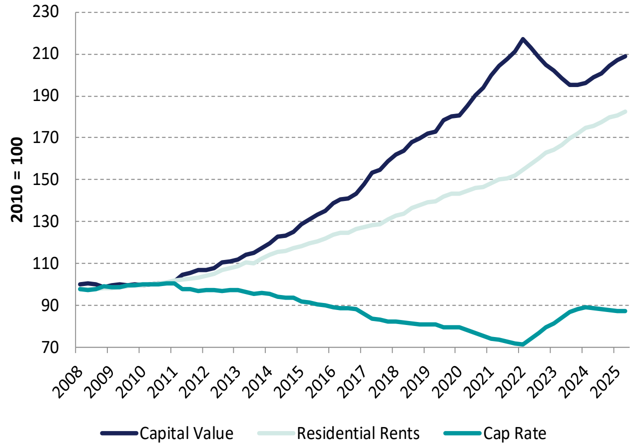
vdp: housing shortage in cities will continue to be an issue in the coming years

In its latest press release, vdp Chief Executive Jens Tolckmitt explains that the recovery phase on the property market is consolidating further – driven primarily by the growth in residential property prices. Regarding the commercial property market, Tolckmitt says the situation is more nuanced with the appeal of commercial properties depending on asset class, location and energy efficiency. In reference to the housing shortage in metropolitan areas, the vdp Chief Executive affirms that this can be expected to continue for a number of years to come. He deems the federal government's recently passed initiative to speed up housing construction (referred to in Germany as the "Bau-Turbo") "good and welcome", but that more will be needed: "proposals for many further effective measures are on the table". Specifically, among the measures, Tolckmitt mentions state guarantees of 80% for property loans to facilitate large-scale new housing construction.

Owner-occupied housing



Multi-family housing



Source: vdp, NORD/LB Floor Research

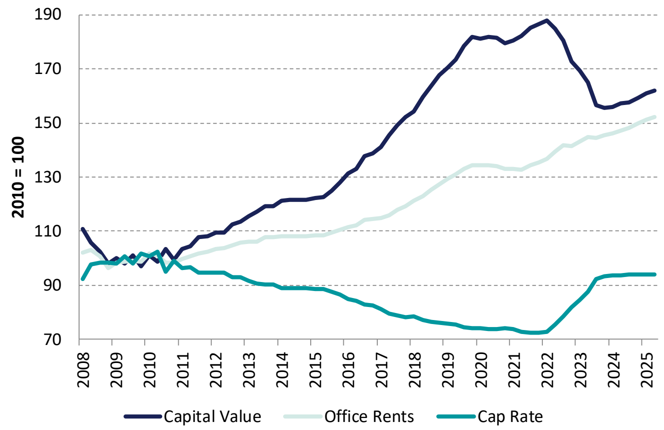
The top 7 housing markets: price trend sustained in all major cities

Prices for residential property in the top 7 cities (Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, Munich and Stuttgart) rose by +4.6% on average compared with the previous year. The price increases were strongest in Munich (+5.3% Y/Y) and Stuttgart (+2.4% Y/Y). With regard to rents under new contracts, the vdp figures show an average increase of +3.8% year on year in the top seven cities.

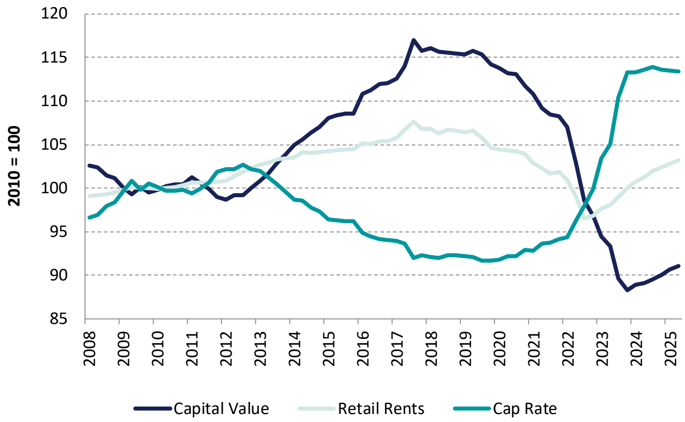
Commercial property prices rise further in the third quarter of 2025

Commercial property prices continued to recover in the period under review. They were up by +2.8% compared with the third quarter of 2024. It is worth highlighting that price increases were registered for both office buildings (+3.0% Y/Y and +0.6% Q/Q) and retail properties (+2.2% Y/Y and +0.5% Q/Q respectively). Rents under new contracts also continued their upward trend in the commercial property sub-segment. In the case of office rents, the increase of +3.2% year on year marks the second strongest rise since the third quarter of 2023. Only in the previous quarter did rents increase even more strongly year on year. On the retail property side, the momentum has weakened over recent quarters: in the third quarter of 2025, rents under new contracts rose by +1.9% year on year, after an increase of +2.1% versus the prior year was recorded in the previous quarter.

Office buildings



Retail buildings



Source: vdp, NORD/LB Floor Research

Conclusion

In its press release, the vdp refers to a consolidation of the recovery phase on the German property market. While this is mainly driven by the development of residential property prices, vdp Chief Executive Tolckmitt warns that the overall situation is more nuanced: “Transaction activity on the commercial property market remains focused on the top segment, that is, on energy-efficient, flexible properties in top locations,” he explains. Nevertheless, the trend in both asset classes is persistently upward. A similar picture emerges with regard to rents under new contracts. Here, too, the largest increases are attributable to rental apartments, while growth in rents for retail properties has slowed in recent quarters. Despite the positive price development, Tolckmitt asserts that not all problems have been resolved on the German property market. Although he is positive about the initiative to speed up housing construction recently passed by the German government, he states that the housing shortage in metropolitan areas can be expected to continue for a number of years.

SSA/Public Issuers
Funding strategies of Canadian provinces – an overview

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

Significant differences between the provinces

There are notable differences between Canadian sub-sovereigns in terms of their capital market activities. While none of the three territories had issued any kind of bond prior to 2020, the Northwest Territories (ticker: GNWT) approached the market with its first and so far only bond deal in September 2020, raising CAD 180m in the process. Moreover, there are notable differences between provinces in terms of the extent and structure of their respective primary market activities.

Ontario and Quebec remain the largest bond issuers by some distance

Ontario (ticker: ONT) and Quebec (ticker: Q) remain the two largest issuers, with ONT alone having accounted for more than half of all bond issues by Canadian provinces in the past. The state of play has now proved to be somewhat more balanced, although at 39.8% versus 25.0%, ONT continues to be busier on the capital market than Q. ONT and Q are no longer the only two Canadian sub-sovereigns to have placed EUR benchmarks: for example, British Columbia (ticker: BRCOL) has joined the ranks of EUR provinces in Canada, among others. In April 2018, Alberta also entered the scene with a bang, placing an inaugural EUR bond in the amount of EUR 1.5bn. Manitoba exceeded this threshold in 2022 through taps, with the total volume of its 18 outstanding EUR bonds amounting to EUR 2.1bn. Saskatchewan (ticker: SCDA) also made its debut in 2024, raising EUR 1.25bn. So far this year, the Canadian provinces have been active with a total of six EUR benchmarks and an aggregated volume of EUR 11bn.

Diversified refinancing – USD remains the most important foreign currency

There is a moderate level of diversification in terms of funding. Apart from Nova Scotia and Prince Edward Island, all other provinces now use foreign currencies as part of their funding strategies. The foreign currency shares in relation to the outstanding bonds volumes range from 1.1% (Newfoundland and Labrador) to 39.4% (British Columbia), with an average of 21.4% – and this trend is rising! The USD is the most important foreign currency among Canadian sub-sovereigns, accounting for the equivalent of EUR 80.8bn (11.7%) of total outstanding liabilities. EUR-denominated bonds, which we shall examine separately in the following paragraph, represent the second most important foreign currency (EUR 47.3bn). Other relevant foreign currencies include the AUD, GBP and CHF.

Five issuers of EUR benchmarks: ONT, Q, BRCOL, ALTA and SCDA

Up until October 2015, ONT and Q were the only issuers of EUR benchmarks. Since this time, British Columbia (BRCOL) has also sought to access new investor groups. In April 2018, Alberta (ALTA) followed suit and then Saskatchewan (SCDA) placed its debut issue in April 2024. At EUR 42.4bn overall, the contribution to the funding mix of the now five issuers plus Manitoba (no primary market EUR benchmark to date) is certainly growing in organic fashion, but there is still some room for improvement here. The volume had declined temporarily as a result of maturities in ONT in particular, but has increased again by more than EUR 10bn since 2020. We expect EUR-denominated funding to rise further over time, due among other aspects to the EMTN programme operated by Newfoundland and Labrador since 2023.

Overview of funding data

Province/territory	Outstanding volume of bonds (EURbn)	Proportion of foreign currencies	Of which in EUR (EURbn)	No. of EUR benchmarks	Issuance volume 2025 (EURbn equivalent)
Ontario (ONT)	274.4	15.6%	8.2	5	25.6
Quebec (Q)	172.4	25.3%	20.0	10	12.1
British Columbia (BRCOL)	82.8	39.4%	9.5	5	18.0
Alberta (ALTA)	56.7	26.0%	5.0	3	3.1
Manitoba (MP)	36.1	20.7%	2.1	1	2.0
Saskatchewan (SCDA)	22.4	20.7%	2.3	2	3.4
New Brunswick (NBRNS)	15.1	9.4%	-	-	1.0
Newfoundland and Labrador (NF)	14.4	1.1%	0.1	-	1.6
Nova Scotia (NS)	11.9	0.0%	-	-	0.8
Prince Edward Island (PRINCE)	2.1	0.0%	-	-	0.4
Northwest Territories (GNWT)	0.1	0.0%	-	-	-
Nunavut (-)	-	-	-	-	-
Yukon (-)	-	-	-	-	-
Total/average	**688.4**	**21.4%**	**47.3**	**26**	**68.0**

NB: Foreign currencies are converted into EUR at rates as at 11 November 2025.
Source: Bloomberg, NORD/LB Floor Research

Issuance volumes: a game of two halves – part stabilisation, part expansion

In previous budget years, the trend in issuance volumes has been characterised by a rising trajectory that reached a (provisional) peak in the 2014/15 budget year. While the issuance volume in the 2007/08 budget year came to CAD 34bn, for example, it more than doubled to nearly CAD 80bn before dropping to just under CAD 75bn prior to COVID-19. At the same time, the balanced budgets continued to decrease. Due to the pandemic, funding started to increase again. In such cases, issuance activities primarily rise in CAD in the first instance, although there were considerable fluctuations in the domestic currency as well. It was a similar story for foreign currencies, with the result that the EUR in particular lost relevance in the short term, but in other budget years has outperformed the Greenback. Of course, this is always opportunistically driven due to the cross-currency basis swap spreads (XCCY) in the respective market situation. The trend in issuance volumes also not only reflects the economic conditions or interest rate environment. Instead, regarding the refinancing operations of the provinces, it also reflects commodity prices on global markets (particularly crude oil) and consequently any loss of (budgeted) tax receipts that needed to be compensated for, and – depending on market prices – those that will need to be offset in future.

Funding volumes for Ontario and Quebec remain relatively stable

Recently, however, this trend in volumes has applied to the two largest issuers, namely Ontario and Quebec, to a limited extent only. Due to the sheer size of their budgets alone, ONT and Q always have high funding requirements (together they consistently account for between 50% and 80% of the total volume). With 39.8% of the total issuance volume outstanding, ONT is and will remain a heavyweight on the capital market, followed by Q (25.0%). In the meantime, however, Alberta, Manitoba and British Columbia, have also ventured onto the capital market with increasing frequency, at times also in EUR. Saskatchewan as well as Newfoundland and Labrador have been increasingly active as issuers too, but not all of them in the European single currency. As was the case globally, the pandemic led to increased funding requirements. This in turn resulted in both a deterioration in budgetary situations and, in some cases, rating and outlook downgrades.

EUR remains the second most important foreign currency

In terms of the pure numbers, the EUR is the second most important foreign currency for the Canadian provinces' refinancing activities. Only the USD is ahead of the EUR, although the AUD and other currencies such as the GBP and CHF lag significantly behind the EUR in some cases. In relative terms, the EUR is still of minor importance compared with the CAD: only in the 2009/10 and 2014/15 budget years did the EUR account for around 10% of the total issuance volumes. Aside from Ontario and Quebec, up until 2011, only British Columbia had issued a bond denominated in EUR. It is still in circulation with a volume of EUR 40m up to 2038. In 2024 and 2025, the Canadian sub-sovereign was (to date) active with two EUR benchmarks in each year, although the issuance volumes have increased substantially compared to the high-profile transaction in 2015 (EUR 500m), resulting in a total of EUR 6.5bn being raised in this way. Canada's westernmost province has also regularly been active with other smaller bonds in the past. Since 2011, BRCOL has issued a total of 20 EUR bonds with a total volume of around EUR 9.5bn. Up to the onset of the COVID-19 pandemic, the province had always been awarded the top rating AAA/Aaa. A couple of issuance windows also opened up for Alberta in 2015 and 2016. The EUR played an important role here, with the province able to tap into new investor groups by way of private placements. Manitoba has also been active in similar formats with a series of private placements. In April 2018, Alberta issued an inaugural EUR bond with a volume of EUR 1.5bn and 7y term – precisely matching that of Ontario in the same month. The deal was priced at ms +5bp (ONT: ms +2bp). By way of comparison: the 10y benchmark placed by Quebec in May 2025 (EUR 3bn) was priced at ms +72bp. It is also interesting to note that the only other EUR bond ever to have been issued before by a Canadian sub-sovereign other than Ontario and Quebec expired in 2007, with Nova Scotia having placed this bond back in 2001. As such, a sixth Canadian province has actually gained experience in the area of EUR issuances. In addition to the provinces, pension funds have also regularly issued bonds in the recent past.

General information

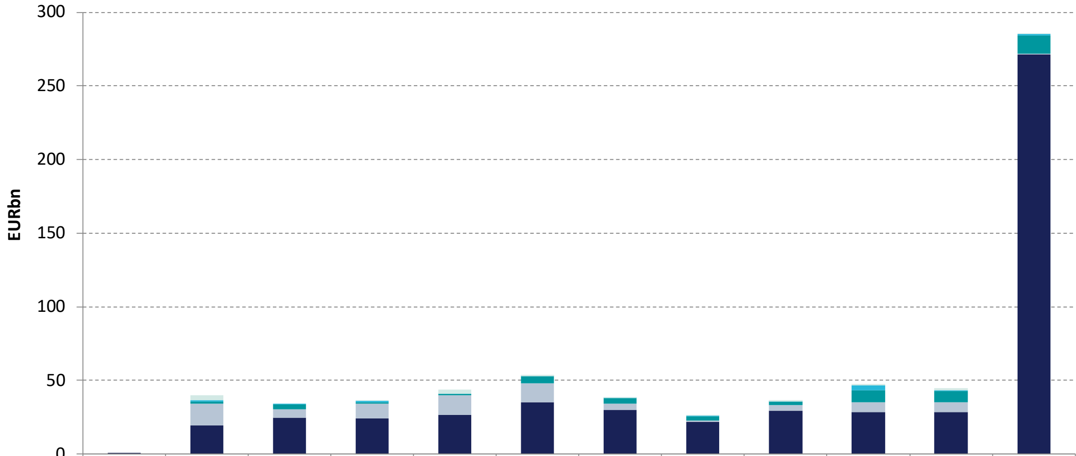
Outstanding bonds (EUR equivalent)

EUR 688.4bn

Of which in EUR

EUR 47.3bn

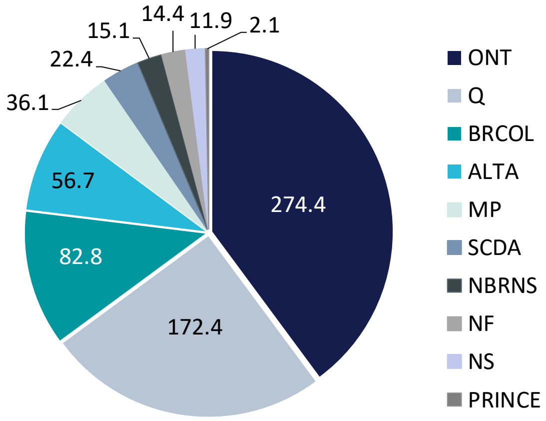
Outstanding bonds issued by Canadian provinces – an overview



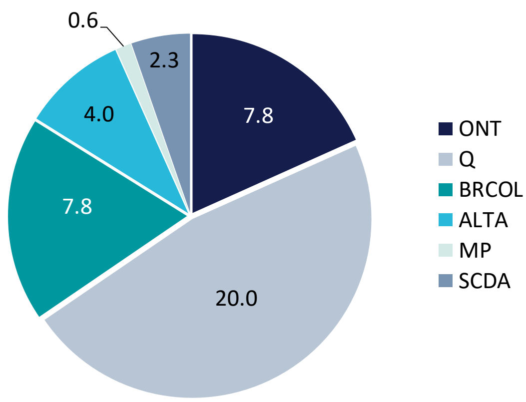
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	>2035
Other	0	3,514	0	478	2,507	959	700	215	797	606	1,459	619
AUD	0	764	443	541	79	96	40	779	54	3,329	507	874
EUR	0	1,250	3,250	1,000	1,000	4,750	3,500	2,500	2,250	8,200	7,342	12,242
USD	0	15,015	5,404	10,160	13,403	12,754	4,540	1,297	4,107	6,701	6,982	449
CAD	801	19,410	24,906	24,210	26,672	35,410	29,934	21,702	29,408	28,558	28,298	271,613

NB: Foreign currencies are converted into EUR at rates as at 11 November 2025.
Source: Bloomberg, NORD/LB Floor Research

Outstanding equivalent bond volumes (EURbn)



Outstanding EUR benchmarks (EURbn)

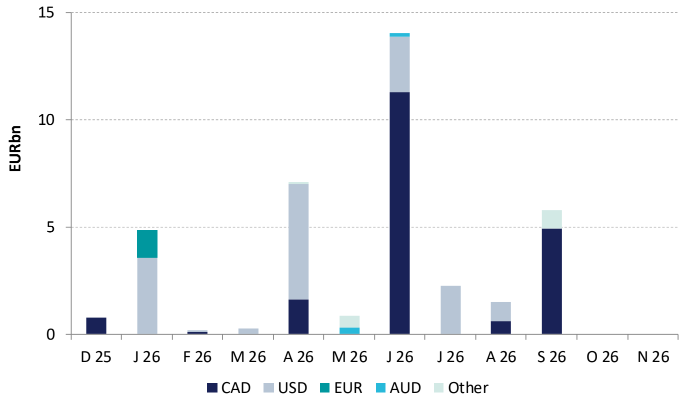


NB: Benchmarks are defined as bonds with a minimum volume of EUR 0.5bn.
Foreign currencies are converted into EUR at rates as at 11 November 2025.
Source: Bloomberg, NORD/LB Floor Research

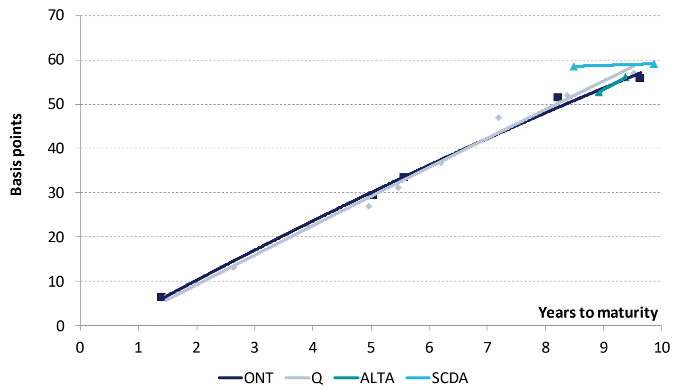
The Canadian capital market for bonds issued by the provinces and territories

The total volume of outstanding bonds issued by Canadian provinces amounts to the equivalent of EUR 688.4bn. Of this, 6.9% is denominated in EUR, meaning that the European single currency continues to play rather a minor role from the perspective of these issuers, even though the share of EUR bonds has grown compared with October 2023 (6.0%) and March 2024 (6.1%), for example. With an outstanding volume totalling EUR 47.3bn, the EUR is the second most important foreign currency after the USD (equivalent to EUR 80.8bn in total). However, if anything, this highlights the supreme importance of the CAD. The focus on ultra-long maturities is rather fascinating: the volume-weighted average produces a mean residual maturity of 12.7 years (as at: 11 November 2025), while well in excess of one third of the bonds outstanding will not mature until after 2033 (41.5%, trend rising). A preference for longer maturities can now also be seen for foreign currency maturities denominated in EUR. While foreign currency liabilities in previous years were primarily still concentrated at the shorter end of the maturity spectrum, EUR 12.2bn of the total EUR 47.3bn, and therefore around a quarter, will mature after 2035. However, this does not apply to the other foreign currency maturities, with those denominated in USD in particular still to be found in the shorter-term maturity segment.

Bond amounts maturing in the next 12 months

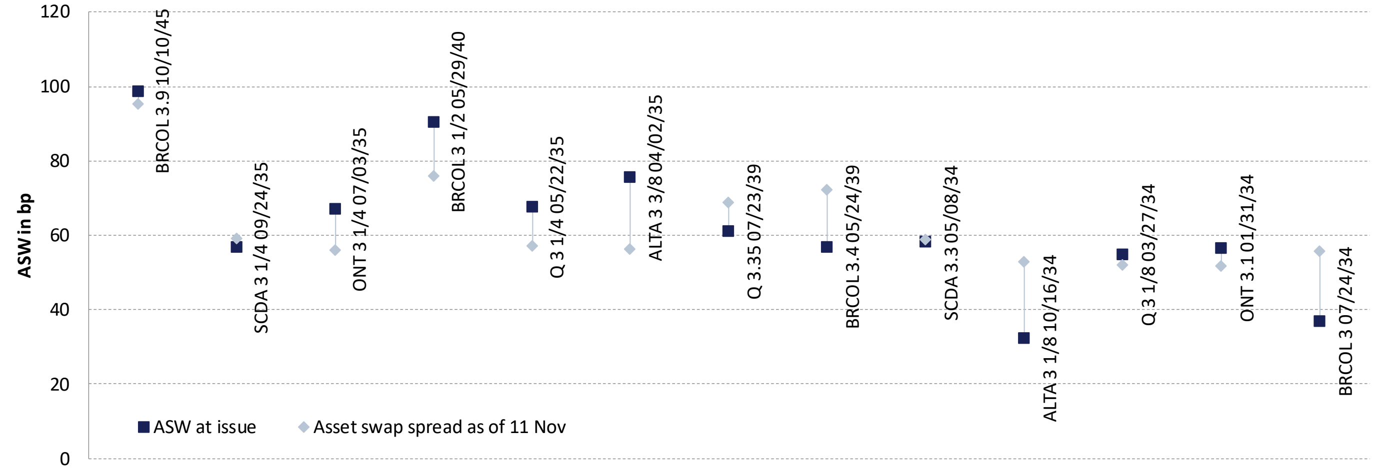


Canadian provinces – a comparison



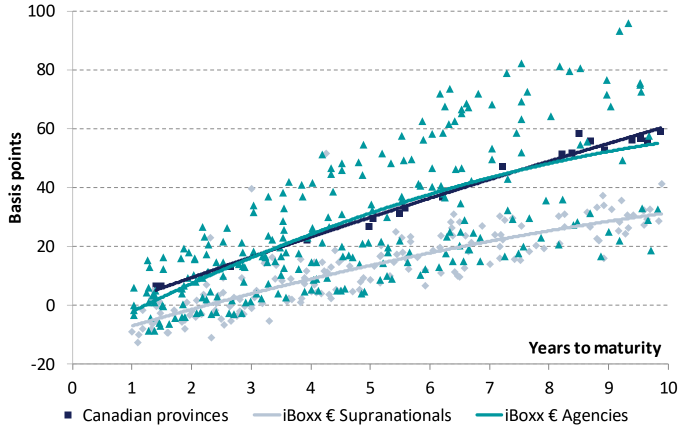
NB: Foreign currencies are converted into EUR at rates as at 11 November 2025.
Source: Bloomberg, NORD/LB Floor Research

Performance of fixed-income benchmark issues 2024-25

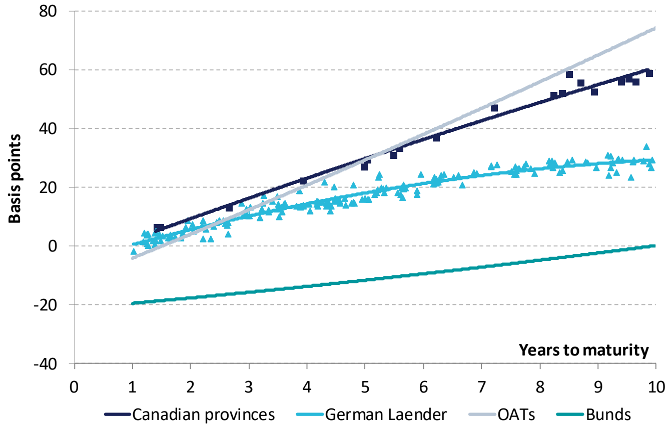


NB: Benchmarks are defined as bonds with a minimum volume of EUR 0.5bn.
Source: Bloomberg, NORD/LB Floor Research

ASW spreads vs. iBoxx € Indices



ASW spreads vs. Bunds, OATs & Laender



NB: Residual term to maturity ≥1 year and ≤10 years; outstanding volume at least EUR 0.5bn. As at: 11 November 2025
Source: Bloomberg, Markit, NORD/LB Floor Research

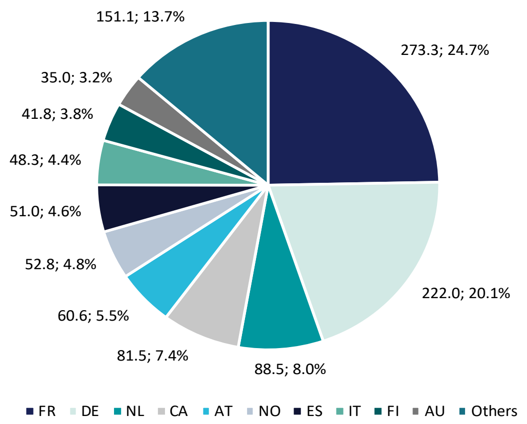
Conclusion and outlook

After we saw just the one EUR benchmark deal from a Canadian province and a few small EUR transactions in 2023, there was a significant increase in EUR issuance activities again in 2024 and especially in the current year 2025. In particular, the "heavyweights" of Quebec (Q) and Ontario (ONT) returned to the scene with (several) EUR benchmarks – in fact, following a break of more than two years, ONT was active again with a deal placed in EUR in January 2024 for the first time since November 2021. While neither Q not ONT has any EUR maturities set to fall due until 2027, ALTA does have some next year. Overall, this segment remains highly attractive to European investors. Of course, the prevailing interest rate environment at the time of the transaction and the cross-currency basis swap spread also play an important role in the funding of the provinces. Ultimately, new issues are opportunistically driven by the conditions in play at the time of the relevant issuance window. In Canada, the second half of the tax year began on 01 October 2025. As readers may well be aware, the fiscal and therefore budget year ends on 31 March 2026, meaning that there is still room for speculation as to when, rather than if, the EUR market will be tapped again.

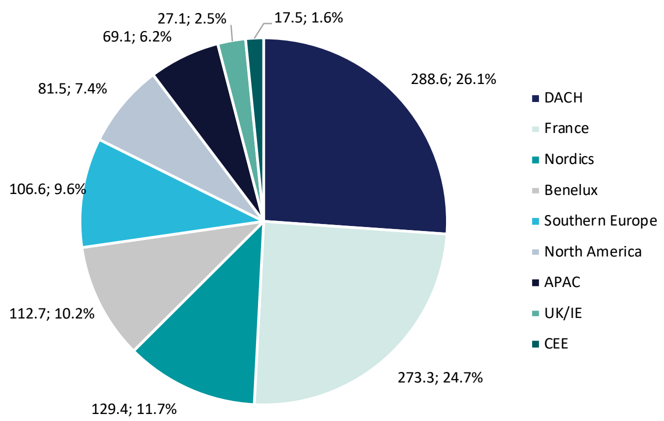
NORD/LB

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



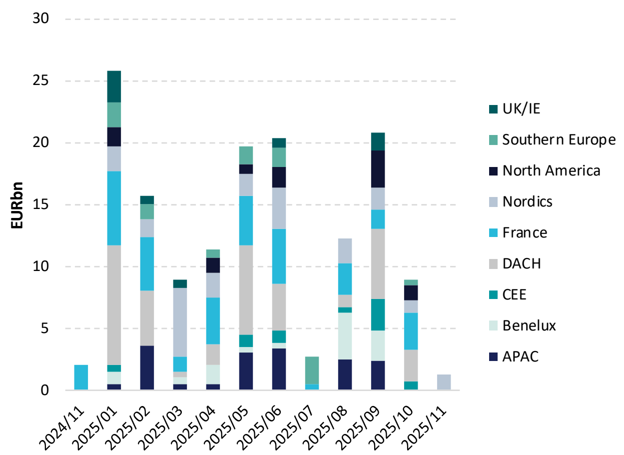
EUR benchmark volume by region (in EURbn)



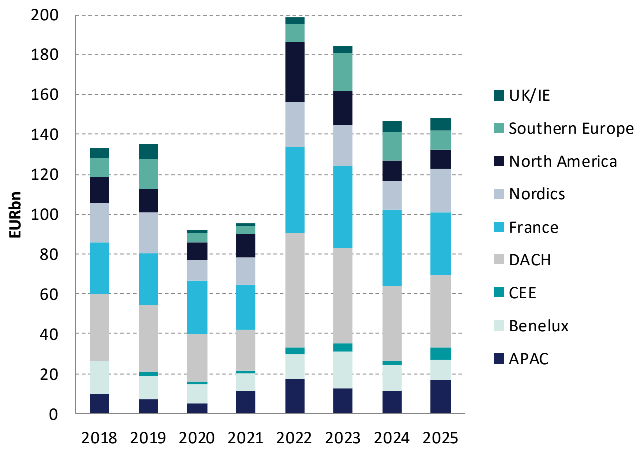
Top 10 jurisdictions

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	273.3	266	37	0.97	9.0	4.4	1.72
2	DE	222.0	312	49	0.66	7.7	3.6	1.76
3	NL	88.5	88	4	0.94	10.1	5.1	1.54
4	CA	81.5	60	1	1.34	5.5	2.3	1.70
5	AT	60.6	100	5	0.60	7.9	3.6	1.69
6	NO	52.8	63	11	0.84	7.0	3.2	1.43
7	ES	51.0	44	4	1.05	10.1	3.3	2.29
8	IT	48.3	62	6	0.75	8.2	3.6	2.16
9	FI	41.8	50	5	0.82	6.6	3.0	1.94
10	AU	35.0	34	0	1.03	7.2	3.3	1.94

EUR benchmark issue volume by month

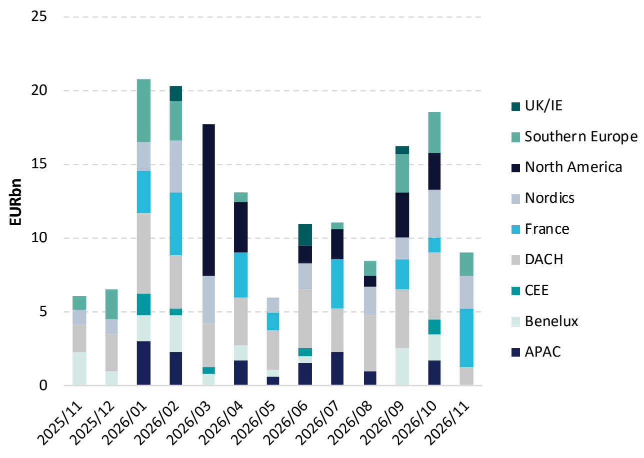


EUR benchmark issue volume by year

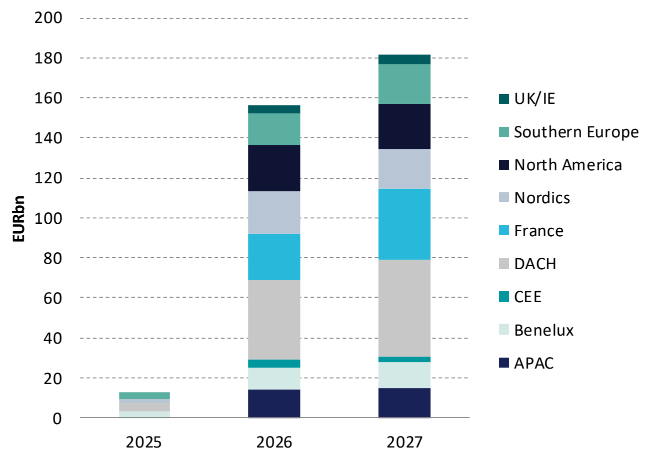


Source: Market data, Bloomberg, NORD/LB Floor Research

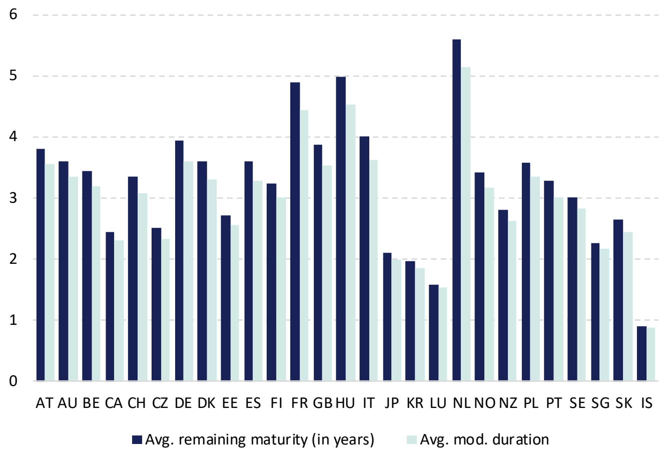
EUR benchmark maturities by month



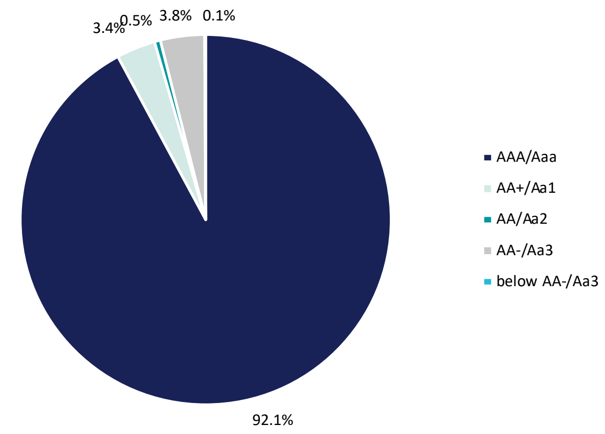
EUR benchmark maturities by year



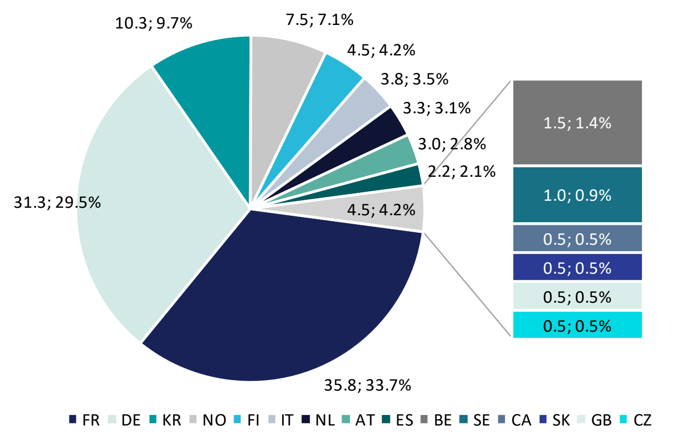
Modified duration and time to maturity by country



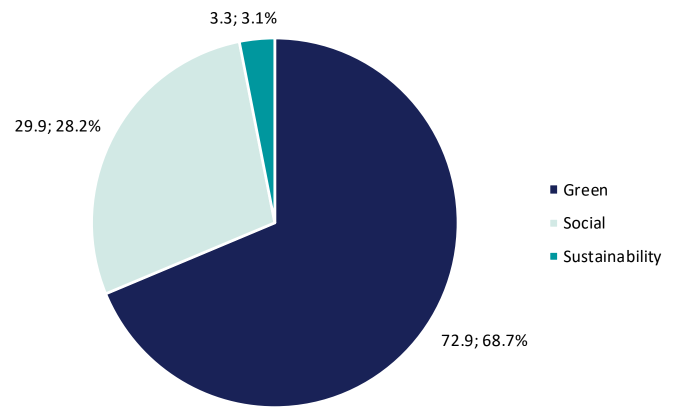
Rating distribution (volume weighted)



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

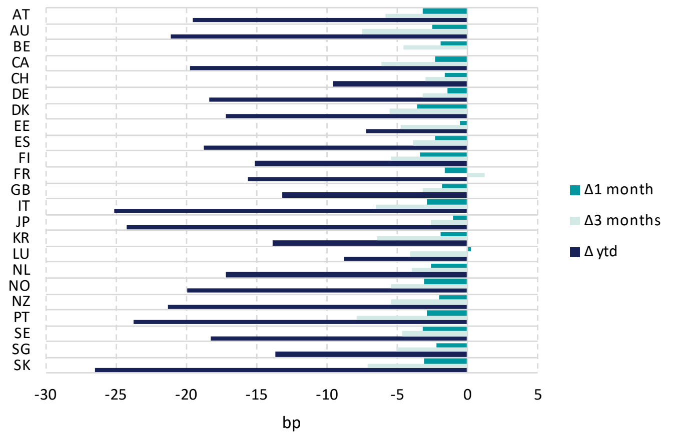


EUR benchmark volume (ESG) by type (in EURbn)

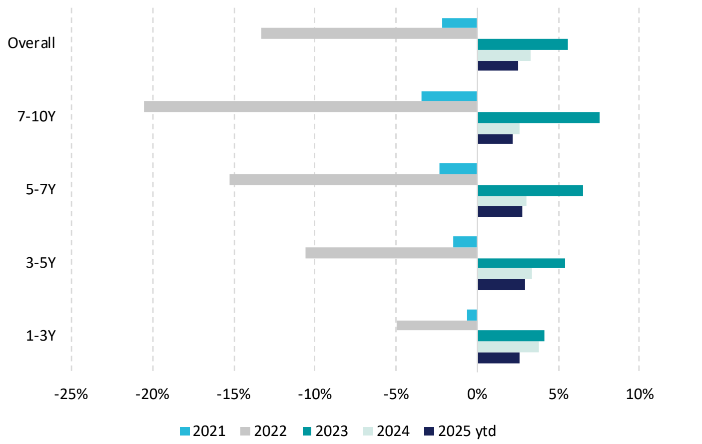


Source: Market data, Bloomberg, NORD/LB Floor Research

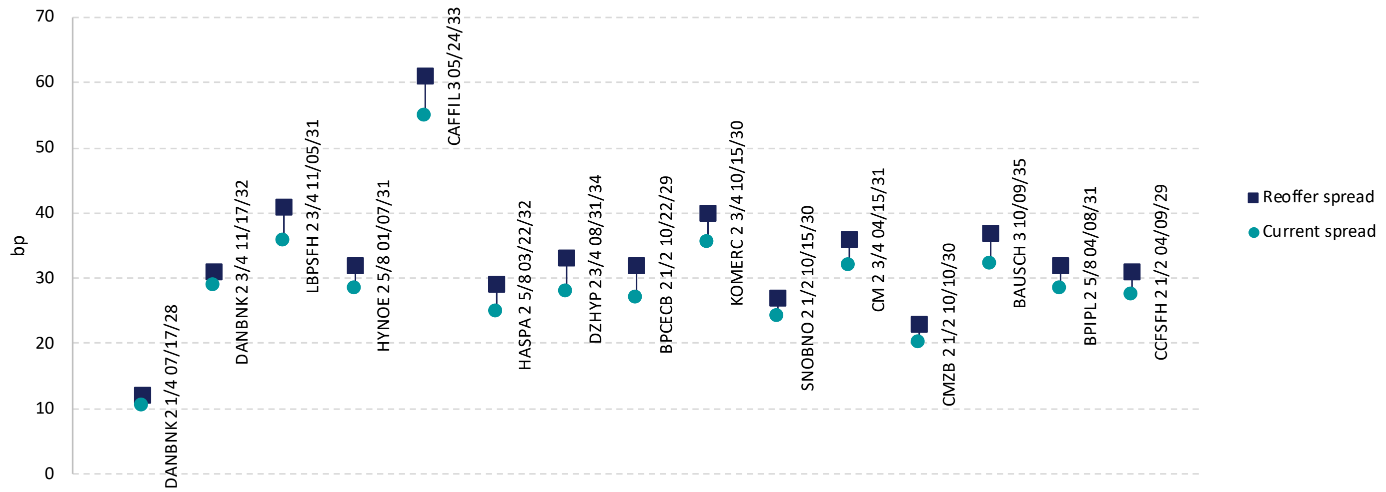
EUR benchmark emission pattern



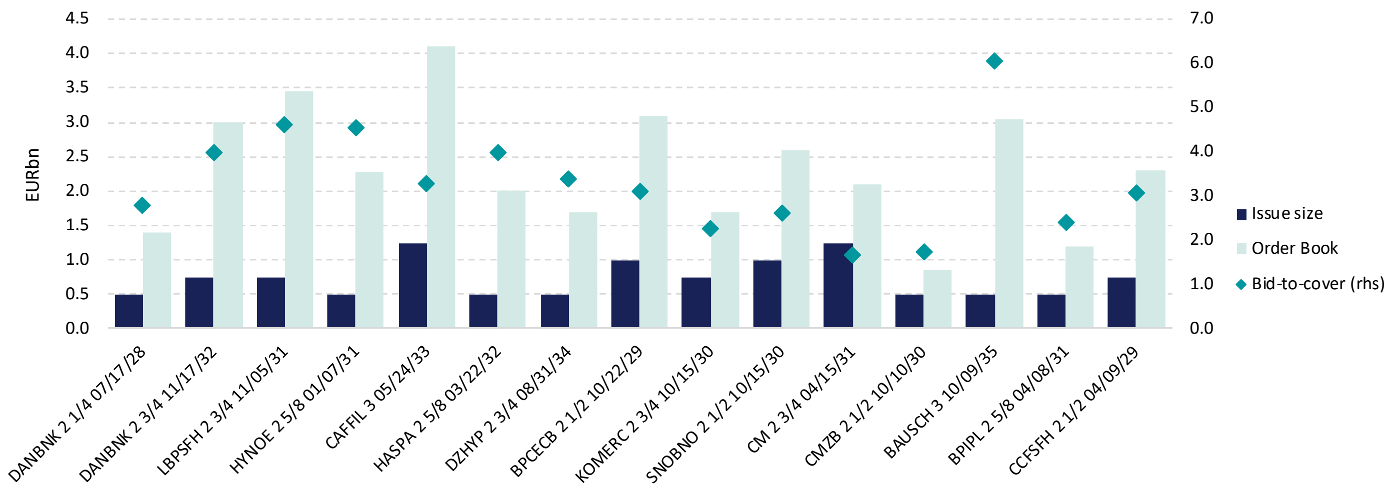
Covered bond performance (Total return)



Spread development (last 15 issues)



Order books (last 15 issues)

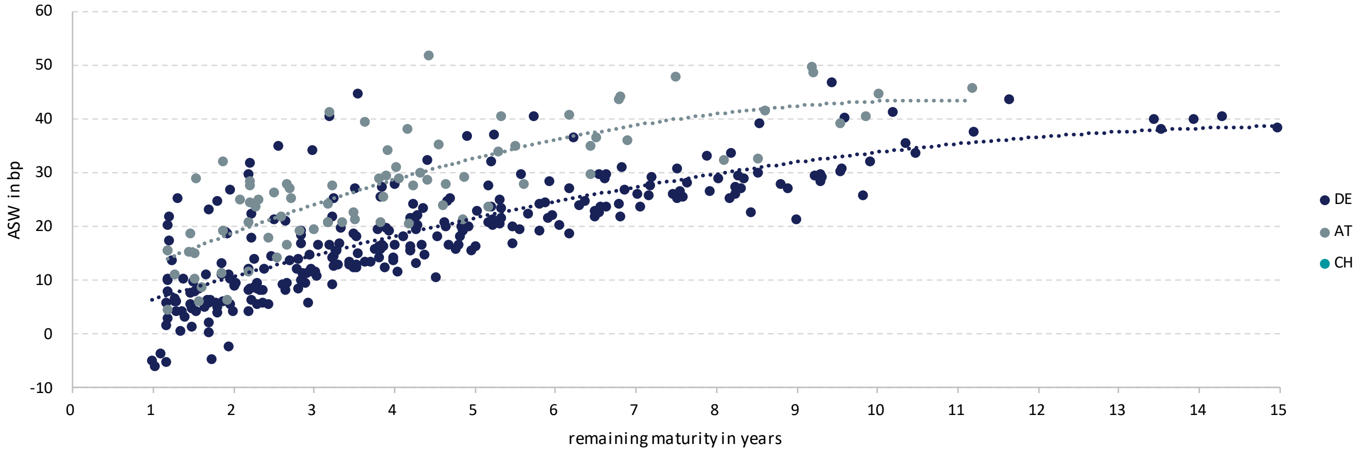


Source: Market data, Bloomberg, NORD/LB Floor Research

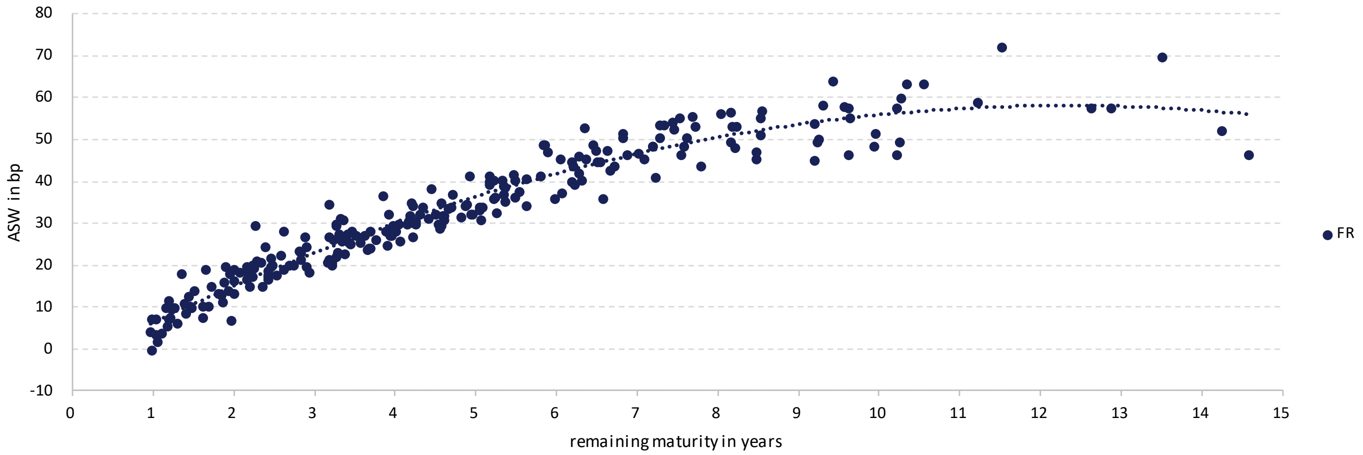
NORD/LB

Spread overview[1]

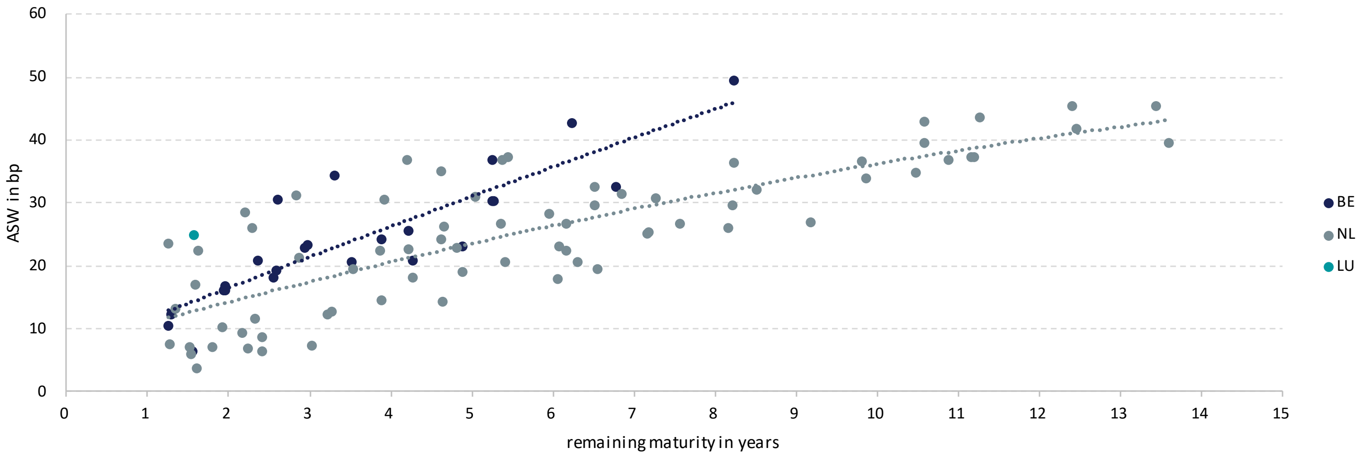
DACH



France

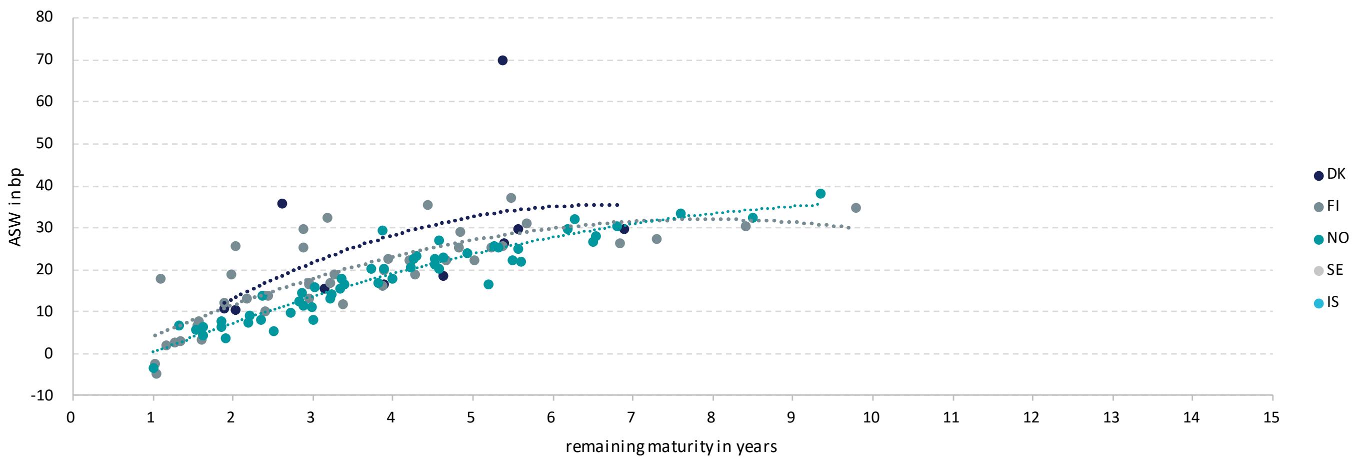


Benelux

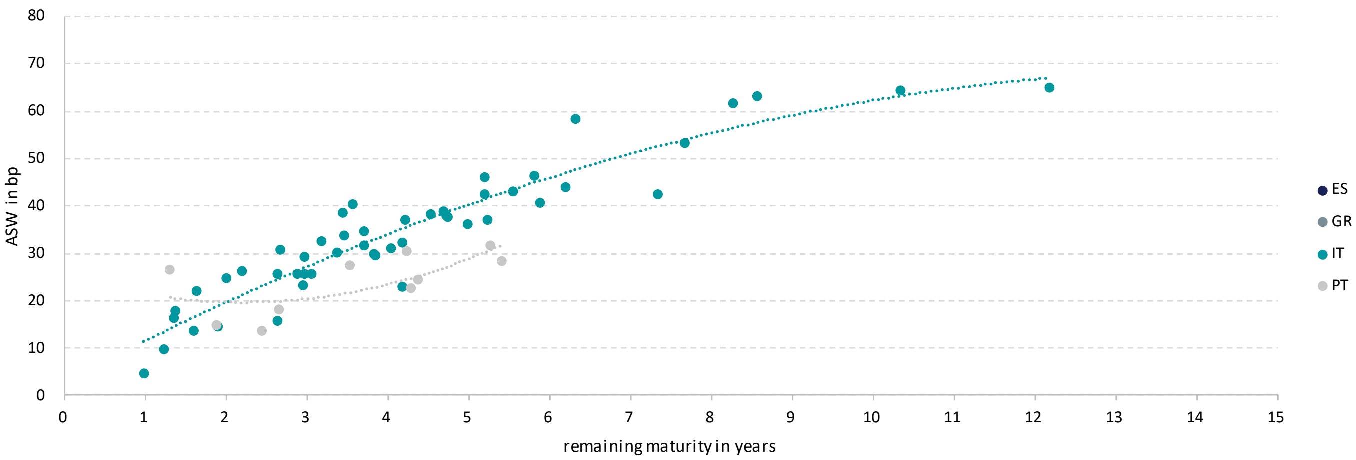


Source: Market data, Bloomberg, NORD/LB Floor Research [1] Time to maturity 1 ≤ y ≤ 15

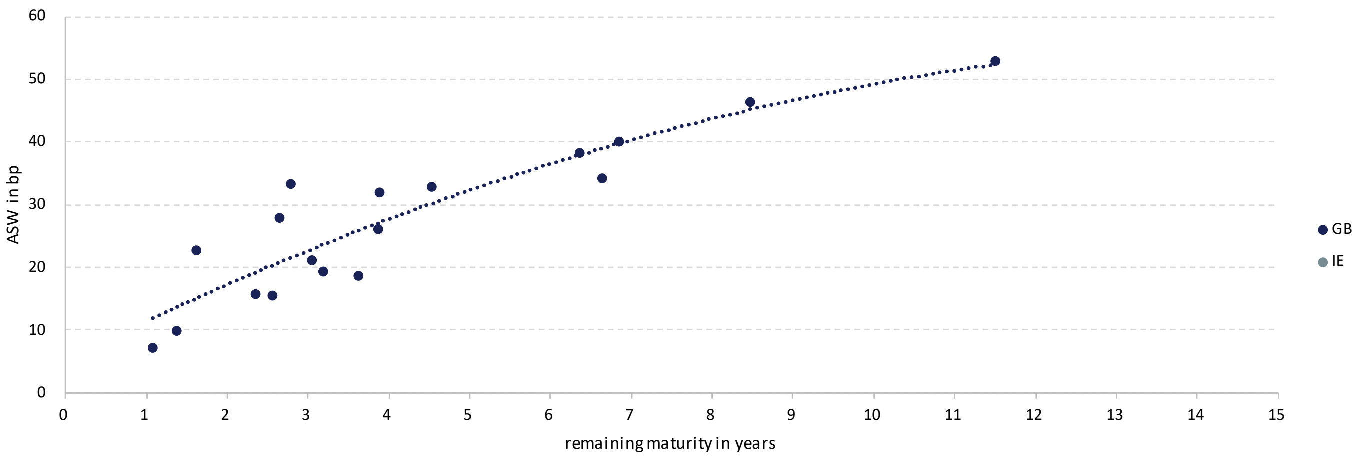
Nordics



Southern Europe

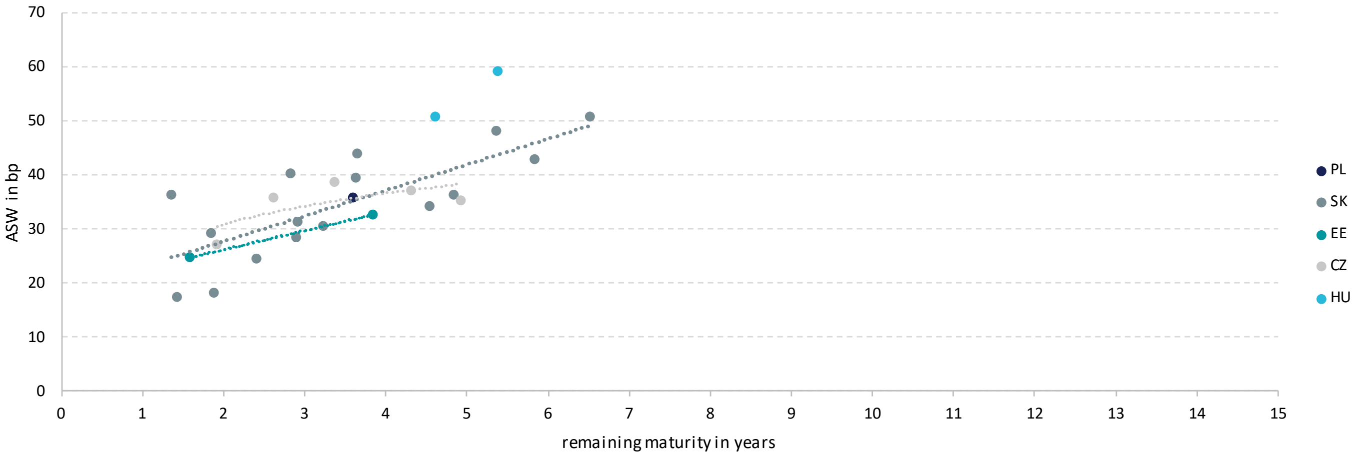


UK/IE

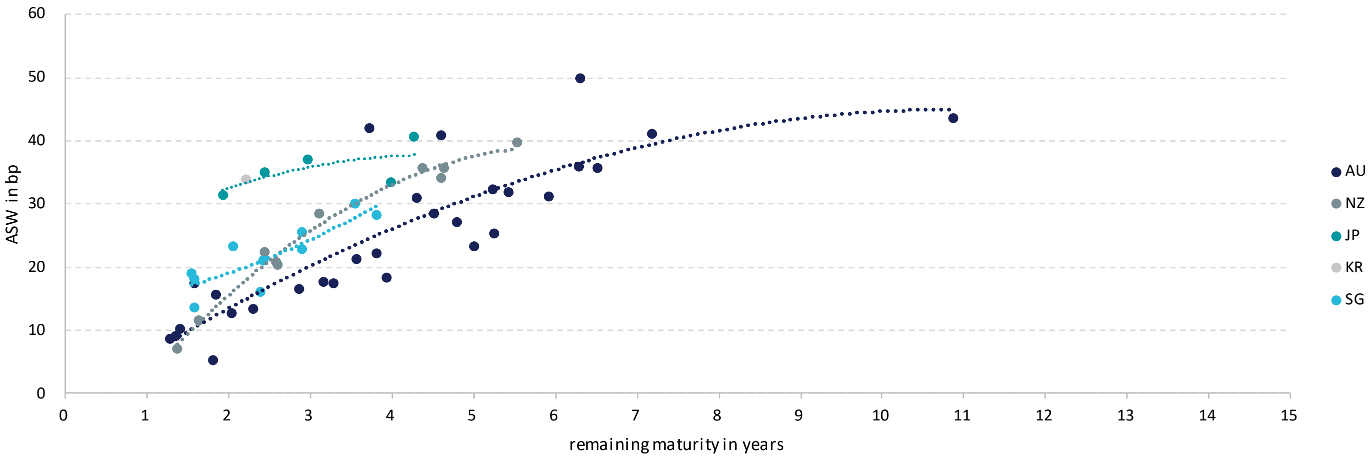


Source: Market data, Bloomberg, NORD/LB Floor Research

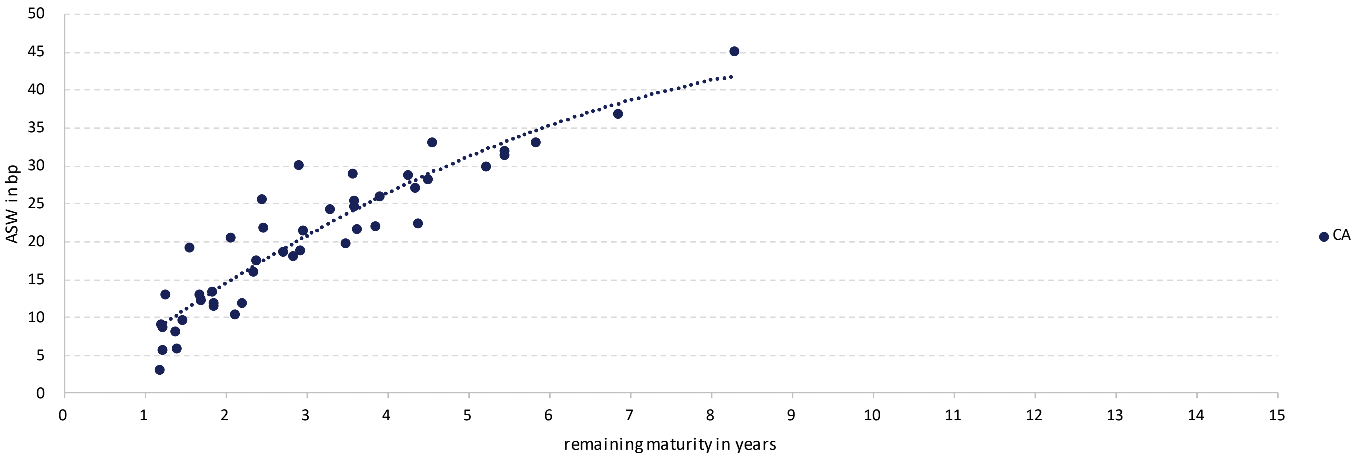
CEE



APAC



North America

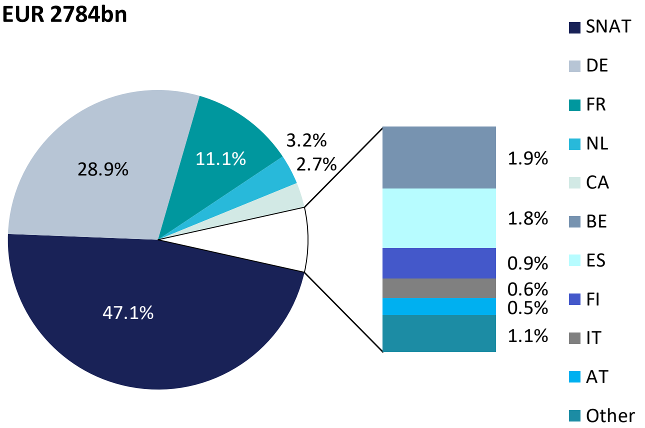


Source: Market data, Bloomberg, NORD/LB Floor Research

Charts & Figures
SSA/Public Issuers

Outstanding volume (bmk)

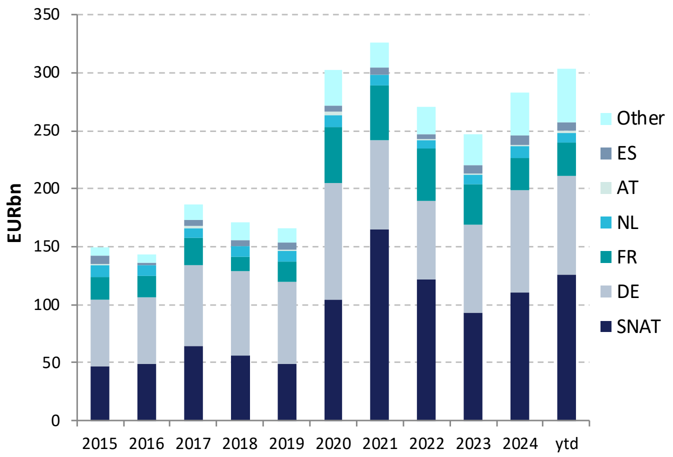
EUR 2784bn



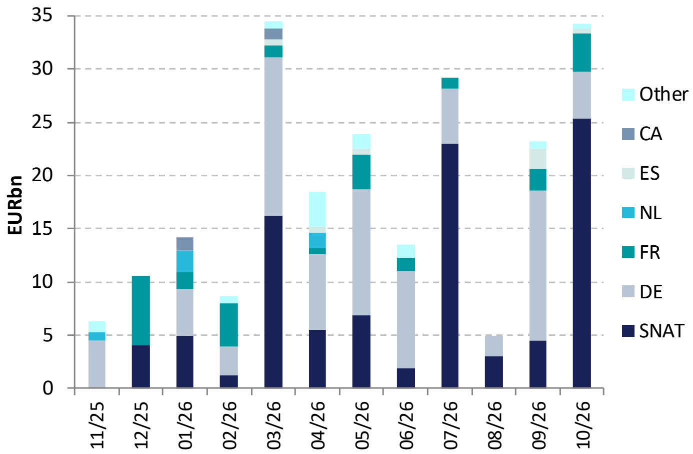
Top 10 countries (bmk)

Country	Vol. (EURbn)	No. of bonds	ØVol. (EURbn)	Vol. weight. ØMod. Dur.
SNAT	1,312.2	263	5.0	7.7
DE	803.6	609	1.3	5.8
FR	310.2	204	1.5	5.3
NL	89.0	70	1.3	5.9
CA	75.0	67	1.1	6.2
BE	52.8	50	1.1	9.8
ES	51.4	75	0.7	4.8
FI	26.2	27	1.0	4.0
IT	17.3	22	0.8	4.2
AT	14.5	21	0.7	5.2

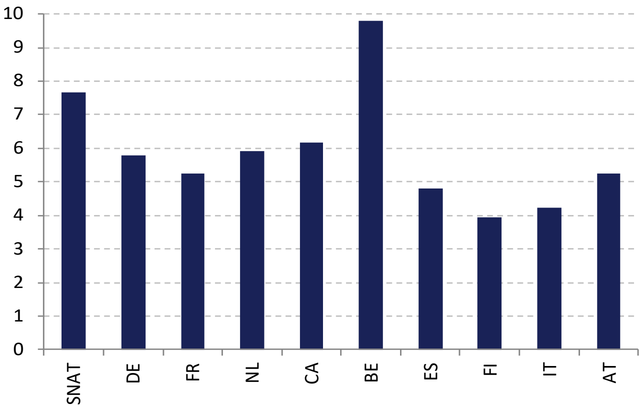
Issue volume by year (bmk)



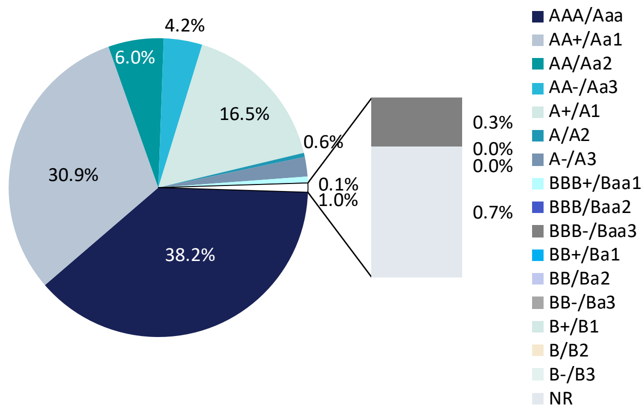
Maturities next 12 months (bmk)



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

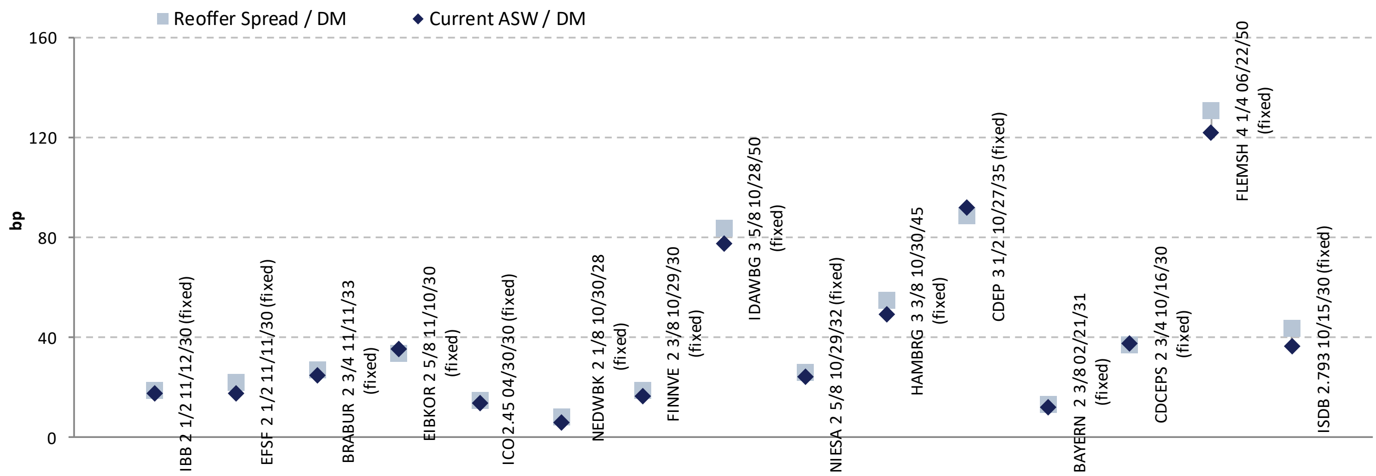


Rating distribution (vol. weighted)

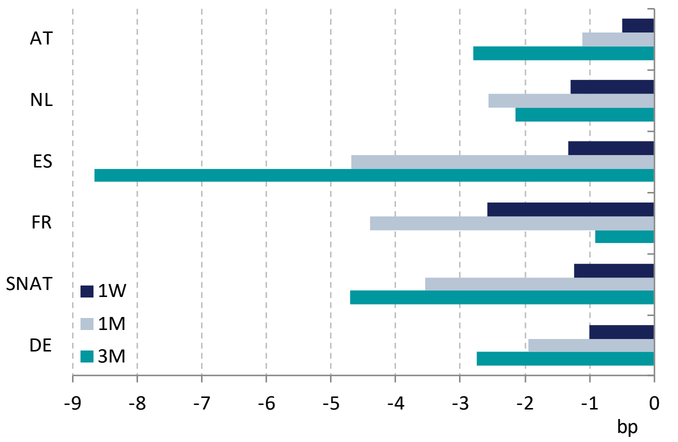


Source: Bloomberg, NORD/LB Floor Research

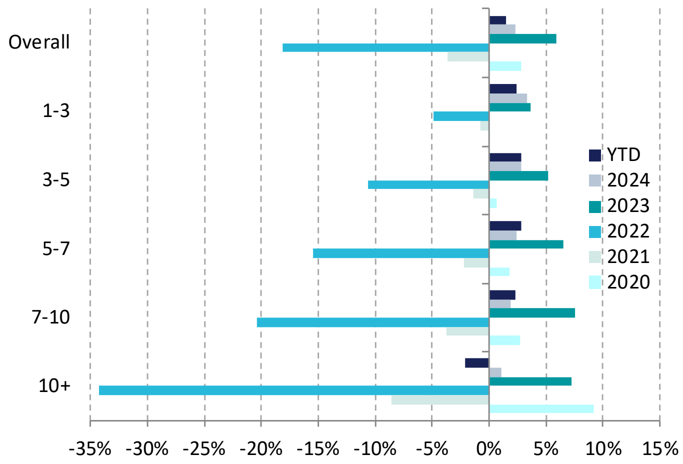
Spread development (last 15 issues)



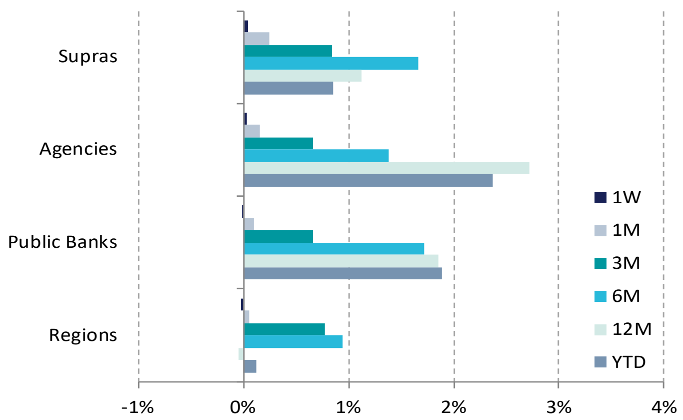
Spread development by country



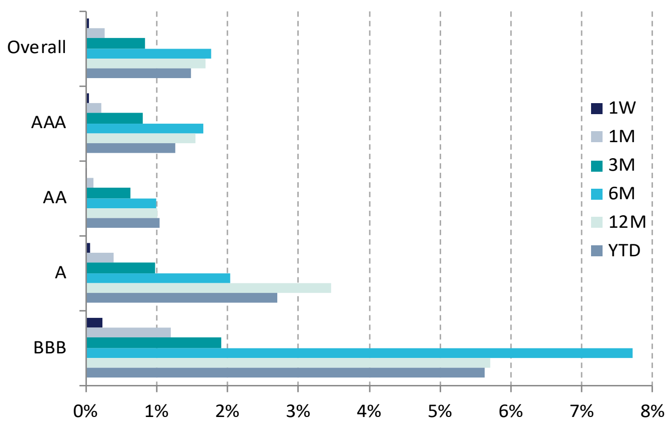
Performance (total return)



Performance (total return) by segments

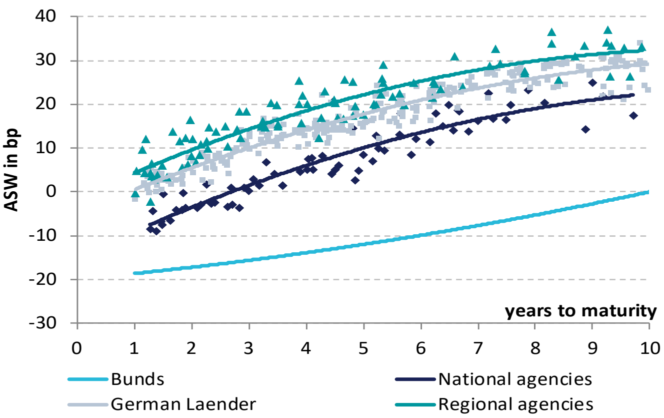


Performance (total return) by rating

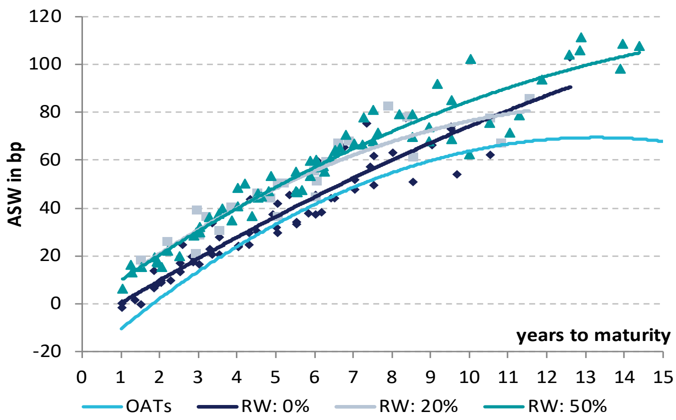


Source: Bloomberg, NORD/LB Floor Research

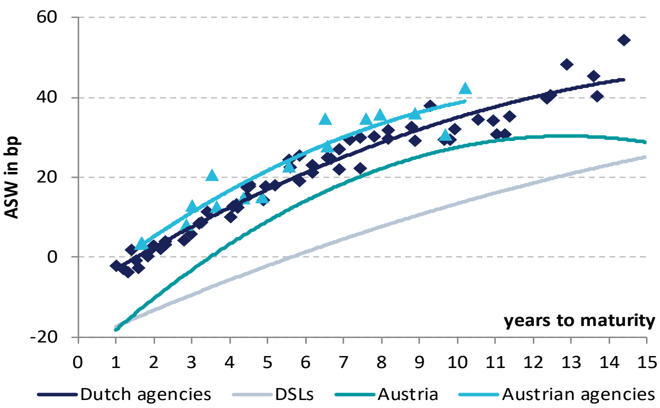
Germany (by segments)



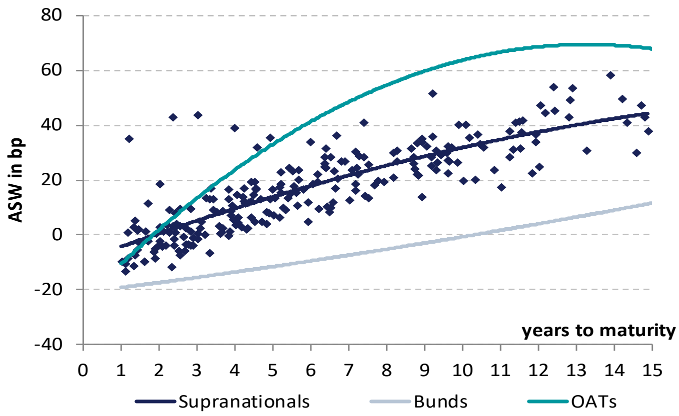
France (by risk weight)



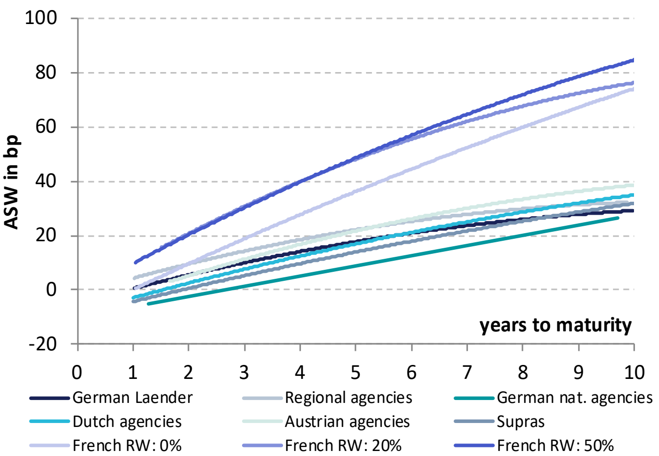
Netherlands & Austria



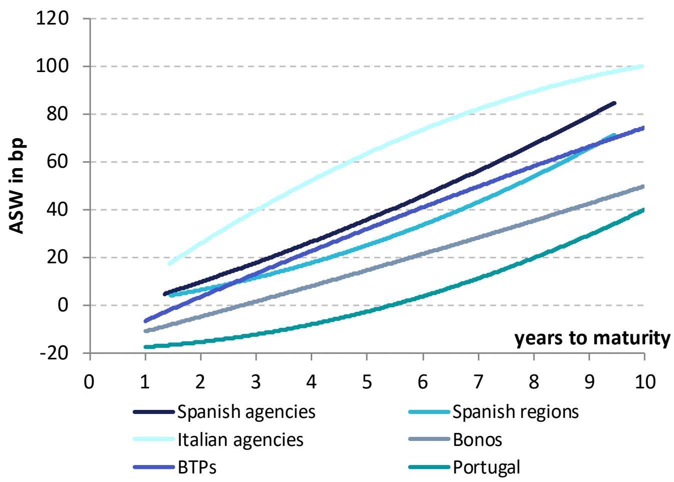
Supranationals



Core



Periphery

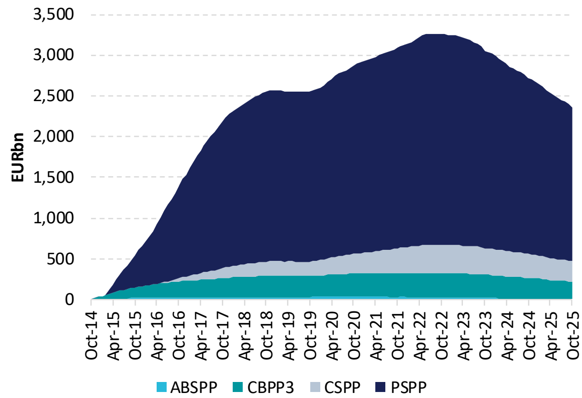


Source: Bloomberg, NORD/LB Floor Research

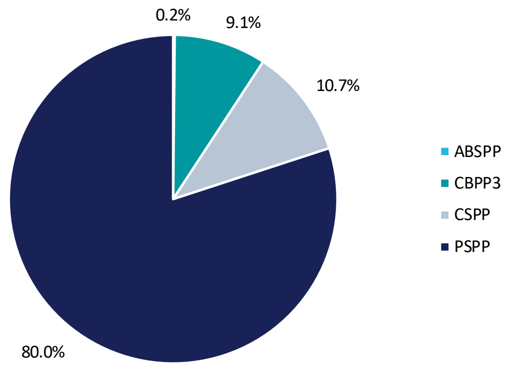
Charts & Figures
ECB tracker

Asset Purchase Programme (APP)

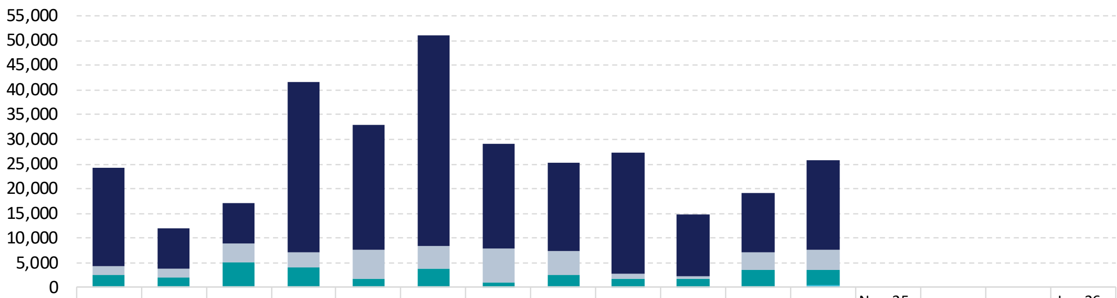
APP: Portfolio development



APP: Portfolio structure

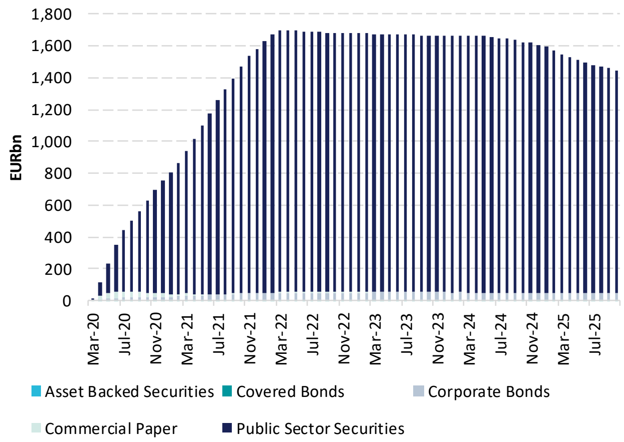


Expected monthly redemptions (in EURm)

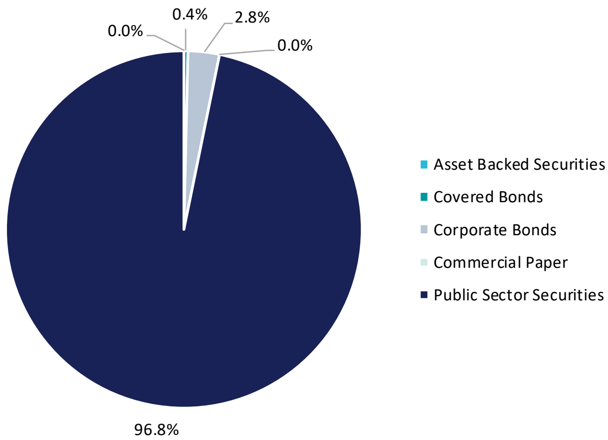


	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-25 - Oct-26	2024	2025	Jan-26 - Oct-26
APP	24,375	12,078	17,119	41,523	32,837	51,023	29,020	25,281	27,197	14,893	19,219	25,849	320,414	335,094	332,840	283,961
PSPP	20,060	8,274	8,318	34,465	25,111	42,657	21,135	17,964	24,306	12,570	12,097	18,215	245,172	264,479	252,566	216,838
CSPP	1,905	1,693	3,815	2,926	5,886	4,562	6,820	4,857	1,245	684	3,610	4,069	42,072	32,191	33,961	38,474
CBPP3	2,106	1,903	4,740	3,911	1,575	3,685	1,003	2,317	1,554	1,566	3,281	3,123	30,764	32,173	42,332	26,755
ABSPP	304	208	246	221	265	119	62	143	92	73	231	442	2,406	6,251	3,981	1,648

PEPP: Portfolio development



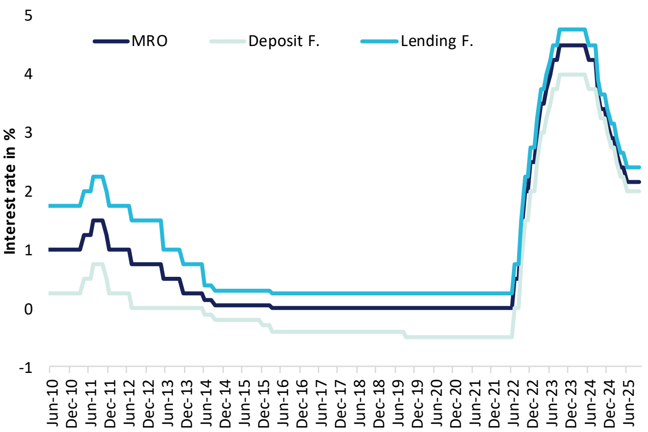
PEPP: Portfolio structure



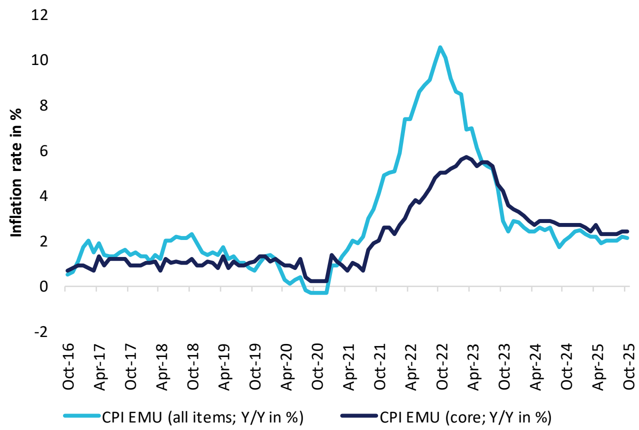
Source: ECB, NORD/LB Floor Research

Charts & Figures
Cross Asset

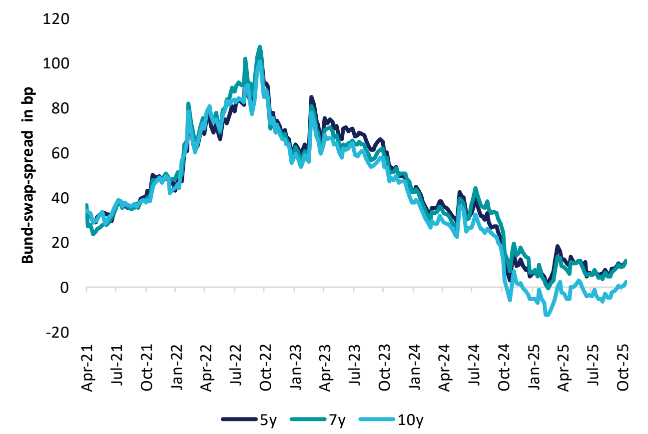
ECB key interest rates



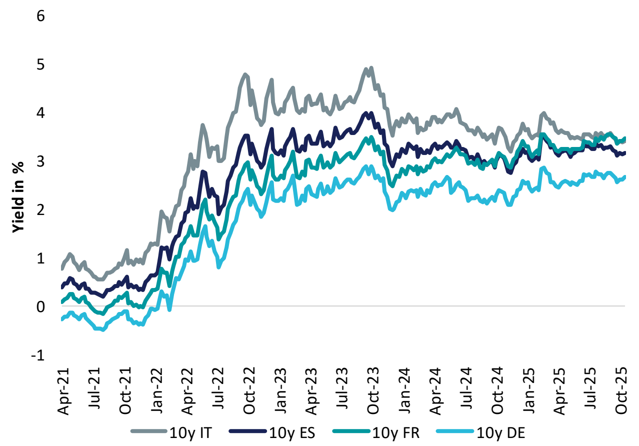
Inflation development in the euro area



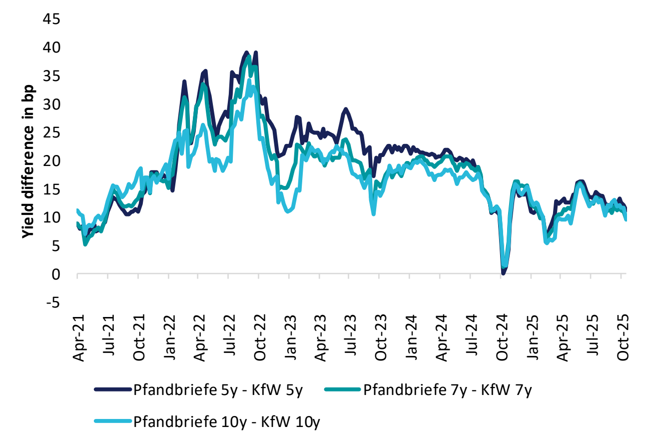
Bund-swap-spread



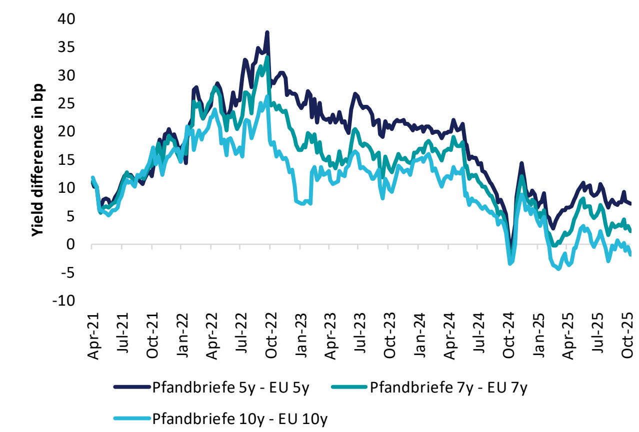
Selected yield developments (sovereigns)



Pfandbriefe vs. KfW



Pfandbriefe vs. EU



Source: ECB, Bloomberg, NORD/LB Floor Research

Appendix
Overview of latest Covered Bond & SSA View editions

Publication	Topics
37/2025 ♦ 05 November	▪ Covereds: Savings banks as primary market issuers ▪ Auvergne-Rhône-Alpes Region – spotlight on REGRHO
36/2025 ♦ 29 October	▪ Covereds: A look at the EUR sub-benchmark segment ▪ SSA: Canadian pension funds in the spotlight
35/2025 ♦ 22 October	▪ ESG benchmark segment at a crossroads? ▪ Teaser: Issuer Guide – European Supranationals 2025
34/2025 ♦ 15 October	▪ Greece: covered bond jurisdiction on the rise? ▪ Agencies and resolution instruments of the BRRD
33/2025 ♦ 08 October	▪ Solvency II and covered bonds ▪ NGEU: Green Bond Dashboard
32/2025 ♦ 01 October	▪ Teaser: EBA report on the review of the EU covered bond framework ▪ Update on German municipality bonds: DEUSTD and NRWGK
31/2025 ♦ 24 September	▪ The rating approach of Morningstar DBRS ▪ Teaser: Beyond Bundeslaender – Greater Paris (IDF/VDP)
30/2025 ♦ 03 September	▪ A look at the German banking market ▪ ECB repo collateral rules and their implications for Supras & Agencies
29/2025 ♦ 27 August	▪ The rating approach of Standard & Poor's ▪ Pension avalanche and municipal debt: Laender under pressure
28/2025 ♦ 20 August	▪ Transparency requirements §28 PfandBG Q2/2025 ▪ Teaser: Issuer Guide – Spanish Agencies 2025
27/2025 ♦ 13 August	▪ Covereds – Relative value analysis: a stocktake of the situation ▪ SSA review: EUR-ESG benchmarks in H1/2025
26/2025 ♦ 06 August	▪ Repayment structures on the covered bond market: an update ▪ Teaser: Issuer Guide – German Agencies 2025
25/2025 ♦ 09 July	▪ The covered bond universe of Moody's: an overview ▪ Spotlight on the EU as a mega issuer
24/2025 ♦ 02 July	▪ Covereds: Half-year review and outlook for second half of 2025 ▪ SSA half-year review 2025 and outlook
23/2025 ♦ 25 June	▪ The ratings approach of Scope ▪ Classification of Supranationals and Agencies under Solvency II
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

NORD/LB: Floor Research	**NORD/LB:** Covered Bond Research	**NORD/LB:** SSA/Public Issuers Research	**Bloomberg:** Weekly: DS NDB <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 Q2/2025 (quarterly update)
- Transparency requirements §28 PfandBG Q2/2025 Sparkassen (quarterly update)
- Covered bonds as eligible collateral for central banks
- EBA report on the review of the EU covered bond framework

SSA/Public Issuers:

- Issuer Guide – German Laender 2025
- Issuer Guide – Canadian Provinces & Territories 2024
- Issuer Guide – Down Under 2024
- Issuer Guide – European Supranationals 2025
- Issuer Guide – Non-European Supranationals (MDBs) 2025
- Issuer Guide – German Agencies 2025
- 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: The silence of autumn

Appendix
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Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9660
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