



## Covered Bond & SSA View

NORD/LB Floor Research

# Agenda

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# Covered Bonds

## Market overview

Authors: Lukas Kühne // Dr Norman Rudschuck, CIIA

### Primary market: Pfandbrief issuers dominate new issuance activities

After the US President rowed back on his threats to impose tariffs against some European states following his speech in Davos, “normality” quickly returned to the market again. In this spirit, a total of six issuers from just two different jurisdictions took advantage of the calmer waters over the previous five trading days to place their new EUR benchmarks. With five deals, German Pfandbrief issuers were responsible for the majority of the fresh supply, supplemented by one EUR benchmark from “Down Under”. Last Thursday, Bayerische Landesbank (BayernLB) and Deutsche Pfandbriefbank (pbb) got the ball rolling in what we are dubbing the “Pfandbrief Week”. While BayernLB opted to service the longer end with a maturity of 8.3 years, pbb chose a medium maturity (4.0y) for its new Pfandbrief deal. Both deals were met with a high degree of investor interest (bid-to-cover ratios: 2.3x BayernLB; 5.7x pbb), with the result that the spreads narrowed by seven basis points in each case over the course of the marketing phase. In the end, BayernLB and pbb successfully placed their fresh Pfandbrief deals at reoffer spreads of ms +23bp and ms +40bp respectively. At the end of last week, Aareal Bank (DE) approached primary market investors on Friday to issue a new Pfandbrief deal (7.0y) with a volume of EUR 750m (reoffer spread: ms +39bp). On Monday, the primary market paused briefly for breath before three issuers came to market with fresh supply on Tuesday. Alongside Bendigo & Adelaide Bank, which successfully placed its second EUR benchmark, two established Pfandbrief issuers were active on the market in the form of Wüstenrot Bausparkasse and Deutsche Kreditbank (DKB; cf. [Issuer View](#)). In view of the term to maturity (15.0y), the DKB deal deserves to be highlighted in particular, as this is the longest maturity for a new deal seen since June 2025, when a 20y Pfandbrief was placed by the same issuer. The public Pfandbrief enjoyed substantial investor interest (bid-to-cover ratio: 4.4x), with the result that the spread tightened by eight basis points to ms +42bp and ultimately EUR 1.0bn could be raised for this fresh bond deal.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
Bendigo & Adelaide Bank	AU	27.01.	XS3278662732	5.0y	0.50bn	ms +33bp	AAA / Aaa / -	-
Deutsche Kreditbank	DE	27.01.	DE000DKB0747	15.0y	1.00bn	ms +42bp	- / Aaa / -	-
Wüstenrot Bausparkasse	DE	27.01.	DE000WBP0BS2	8.0y	0.50bn	ms +27bp	- / - / AAA	-
Aareal Bank	DE	23.01.	DE000AAR0488	7.0y	0.75bn	ms +39bp	- / Aaa / -	-
Deutsche Pfandbriefbank	DE	22.01.	DE000A382699	4.0y	0.50bn	ms +40bp	- / Aa1 / -	-
Bayerische Landesbank	DE	22.01.	DE000BYLOG78	8.3y	0.75bn	ms +23bp	- / Aaa / -	-

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

### Secondary market: excess demand dominates

The three Pfandbrief deals placed last week were all priced near to their respective fair value and continued to perform in secondary trading as well. In this context, significant excess demand can be identified. The focus of investors in this regard was on French covered bonds, with a primary emphasis on longer-dated Deals in the maturity segments of between eight and ten years.

**Sub-benchmark segment: HYPO Oberösterreich opens the market for 2026**

HYPO Oberösterreich (cf. [Issuer View](#)) successfully placed the first EUR sub-benchmark on the market in 2026 last Wednesday. The issuer, which is regularly active in this market segment, announced an initial guidance for its new deal of ms +35bp area at the start of the marketing phase. In the end, the fresh deal with a volume of EUR 250m was placed at a reoffer spread of ms +30bp. For further details regarding the established Austrian EUR sub-benchmark segment, please refer to the [focus article](#) in this present edition of our weekly publication.

**Moody's: regulation changes strengthen credit ratings of Canadian covered bonds**

The updated guidelines for Canadian covered bond programmes, which took effect at the start of January 2026, introduce significant changes that, according to the rating experts at Moody's, will both improve the credit quality of Canadian covered bonds and align the legal framework more closely with European standards. In the event that the European Commission decides to grant equivalent status to third countries such as Canada, this could help to enhance the attractiveness of such covered bonds for EU investors, potentially leading to narrower spreads and a lower refinancing risk. Moody's summarises the key points:

**1. Increased overcollateralisation:**

The minimum overcollateralisation (OC) ratio has been raised from 3% to 5%. Previously, only one covered bond programme had a contractual minimum OC ratio of below 5%, while the other programmes featured OC ratios of between 5% and 10%.

**2. More precise handling of reserves:**

The previous legal framework limited the amount of liquid assets the guarantor had to hold to the equivalent of six months' worth of future payment obligations. This ceiling did not differentiate between regular liquid assets in the cover pool and the liquidity of the reserve fund, which could potentially lead to conflicts in the event of increased demands on the reserve fund. The new regulations remove this limit for reserve funds, which in turn ensures improved liquidity assurance.

**3. Extra disclosure requirements:**

The updated guidelines introduce expanded monthly reporting requirements, which include the provision of information on market, interest rate, currency and liquidity-related risks as well as a summary of associated cash inflows and outflows. This level of transparency aims to enhance investor understanding of their exposures and brings reporting into line with the Covered Bond Directive (CBD) of the EU.

**4. Rules on maturity extensions**

Previously, conventional market practice in Canada prevented issuers from unilaterally implementing a maturity extension of a covered bond in the event of insolvency. This has now been codified. The legislator defines the payment default of the issuer and the guarantor as the objective trigger event for a shift in maturity. Furthermore, the new rules stipulate that interest payments and, where possible, principal repayments must continue, in addition to specifying the reporting requirements to the Canada Mortgage and Housing Corporation (CMHC) for maturity deferrals. In this regard, extensions to maturity are limited to 12 months post original maturity date. As such, the new rules are consistent with the CBD, which aims to strengthen investor confidence in repayment mechanisms under stress conditions, even though the maturity of a Canadian covered bond has never actually been extended.

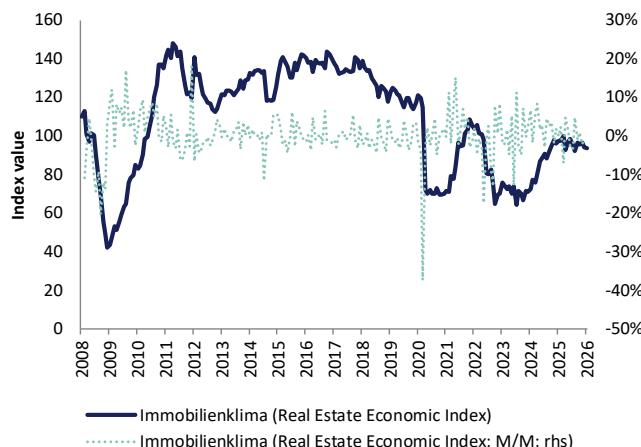
**5. Tightening of mortgage criteria**

The criteria for mortgage eligibility and extensions to loan terms have also been tightened with a view to improving the quality of the underlying assets.

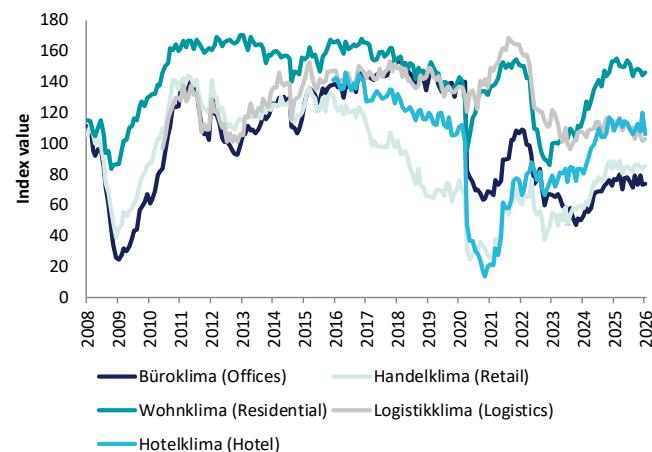
### Deutsche Hypo real estate climate index: restrained start to the year

For many years now, the Deutsche Hypo real estate climate index has ranked among the most widely observed barometers for assessing the situation on the German property market. After a challenging but at the same time stabilising year in 2025, the mood among the real estate experts was rather restrained at the start of the new year, as seen in the [217th monthly survey](#) (93.6 points versus 94.2 points in the previous month). Therefore, the Deutsche Hypo real estate climate index for January is trading only slightly higher than back in August, when the index came to 92.2 points at the end of the summer – the lowest value in 2025. If the January figure also proves to mark a low point for 2026, we can presumably look to the future with optimism! The primary cause of this renewed setback was the hotel climate, which experienced a marked decline amounting to -11.6% compared with the previous month. However, increases were recorded for all other asset classes. In addition, the hotel climate remains the second strongest segment after the residential climate, once again proving that it is all about the details! The sharpest increases versus the previous month were in the retail (+1.7% M/M) and logistics (+1.3% M/M) segments, while the office climate remained practically unchanged at 73.6 points (+0.1% M/M). The residential climate (146.1 points, +1.1% M/M) therefore retains its crown as the undisputed leader of the Deutsche Hypo real estate climate index. According to Sebastian Steigleder (Deutsche Hypo, Frankfurt), the following aspects will be crucial in 2026: “Operational management will become more important this year, for example, with regard to brown-to-green strategies or active tenant management. The shortage of modern office space will intensify, as the new construction pipeline is virtually empty. However, political initiatives such as the ‘construction turbo’ could provide some impetus here.” In Steigleder’s view, sustainability is no longer merely an option – rather, ESG considerations are a prerequisite for leasability, financing and long-term value appreciation. “Flight to Quality” will reportedly shape demand – only high-quality, ESG-compliant properties will prove to be competitive. Steigleder explains further: “The two-tiered structure of the office market clearly illustrates this. While future-proof properties in prime locations are holding their own, vacancy risks are increasing for non-ESG-compliant properties in less desirable locations.” Despite the multitude of challenges, Steigleder remains optimistic about the year 2026, as the “[...] conditions for a market recovery are in place: stabilised interest rates, functional pricing and rising demand for sustainable real estate provide solid foundations.”

Real estate climate – overall index and change (M/M)



Real estate climate index by segment



# SSA/Public Issuers

## Market overview

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

### **“Beyond Bundeslaender: Canadian Provinces” – updated publication now available**

Last week, we published an update on the Canadian provinces as part of our established Beyond Bundeslaender product series. It provides an analysis of the Canadian sub-sovereign market in all its facets – from fiscal and constitutional principles to capital market activities and the regulatory treatment of bonds from a European perspective. Overall, the volume of outstanding bonds comes to the equivalent of EUR 702.5bn. Ontario and Québec alone, the two biggest issuers among the Canadian provinces, account for almost 65% of this total. With regard to capital market activities in general, the EUR – which represents the second major foreign currency after the USD – is playing an increasingly important role in terms of funding. In addition to Ontario and Québec, other provinces to place EUR benchmark bond issues in 2025 included Alberta, British Columbia and Saskatchewan. As chance would have it, the section of this publication on the [primary market](#) gives information on Manitoba’s first EUR benchmark. Please refer to our [NORD/LB Public Issuers Special – Beyond Bundeslaender: Canadian Provinces](#) for all further details.

### **NRW.BANK presents its funding strategy and mandates Scope**

NRW.BANK (ticker: NRWBK), Germany’s biggest regional promotional bank, has provided a transparent update on its funding strategy for the current year. Based on this information, a funding target of between EUR 11bn and EUR 13bn is envisaged, which is approx. at the previous year’s level. At the same time, the bank is seeking a medium maturity of five to seven years. As part of planned new issues of benchmark bonds, the development bank announced that it intends to place at least one benchmark bond issue denominated in EUR and one in USD, with a total issuing volume of a minimum of EUR/USD 1bn and a maximum of EUR/USD 1.5bn. Furthermore, bond issues launched since 2025 may additionally be increased up to EUR/USD 1.5bn. NRW.BANK also plans to continue expanding its existing presence in the ESG segment, resulting in fresh supply. The financial institution intends to launch at least one [green bond](#) issue of EUR ≥500m as well as at least one [social bond](#) issue worth EUR ≥1bn. Last year, the agency’s ESG activities comprised two new bond issues that raised an aggregated EUR 1.75bn (social bond: EUR 1bn, 10y; green bond: EUR 750m, 7y). In addition to new bond issues denominated in Europe’s single currency, NRW.BANK plans to launch bond issues in foreign currency on the primary market in 2026. As part of the bank’s funding strategy, one GBP denominated benchmark bond issue is therefore planned. The total proceeds are aimed, in particular, at driving forward projects relating to sustainable digital transformation, at strengthening the social infrastructure and at promoting North Rhine-Westphalia’s economy. With a view to contributing to the development of a rating agency that is based in Europe, NRW.BANK has decided to obtain an additional rating from Scope on a mandated basis in future. The risk experts at Scope affirmed a AAA rating with stable outlook for the promotional bank. It matches the rating for the federal state of North Rhine-Westphalia (ticker: NRW), which mandated Scope back in 2024. Along with NRW.BANK, KfW (ticker: KFW) and Landwirtschaftliche Rentenbank (ticker: RENTEN) represent other issuers from the German agency segment to have officially instructed Scope with preparing ratings. This means that rating agency Scope is further expanding its coverage within the German SSA landscape.

**NGEU 2025 Green Bonds Allocation and Impact Report**

At the beginning of December 2025, the EU published its [Allocation and Impact Report](#) for 2025 on its own [NGEU green bonds](#), as has meanwhile become tradition. Just four years after placing the first green bond issue, the EU has become one of the biggest issuers in this segment worldwide. As at the reporting date in early August 2025, the total amount issued of NGEU green bonds amounted to EUR 75.1bn. It subsequently rose to EUR 78.5bn by the start of December 2025. These funds are used to finance spending across the whole of the EU, ranging from areas such as clean transport and renewable energy to energy efficiency and biodiversity. According to information from the EU, the relevant issuing proceeds have enabled a reduction in CO<sub>2</sub> of an estimated 14m tonnes per year. Full implementation of currently planned spending by the member states (approx. EUR 262.8bn as at August 2025) is likely to further boost the positive impact on the climate, reducing the EU's greenhouse gas emissions by 53.4m tonnes of CO<sub>2</sub> per year. This represents 1.5% of total greenhouse gas emissions in 2022. Compared with the previous year (August 2024), spending by the member states on projects which are eligible for assistance increased by around 50% to EUR 64.9bn in total. NGEU green bonds are also likely to remain a key element of the EU's funding strategy in 2026. However, this bond format is entering its final year because the NGEU programme is set to be discontinued at year-end. At present, it is uncertain whether and in precisely what form the EU will continue its activities as a green bond issuer in the future. To recap, the EU issued social bonds for the first time and exclusively during the pandemic under the SURE programme. No further social bonds have been placed since the SURE programme ended. Against the backdrop of the challenges arising from climate change, we think it unlikely that the EU would completely cease its issuing activities in the green bond segment, despite the fact that the NGEU programme is approaching the end of its lifespan. Nevertheless, the underlying framework would need to be adjusted, as it is currently tailored to the aims and projects of the NGEU programme. A fundamental revision may also smooth the way for the issuance of [European Green Bonds](#) (EuGB) in future.

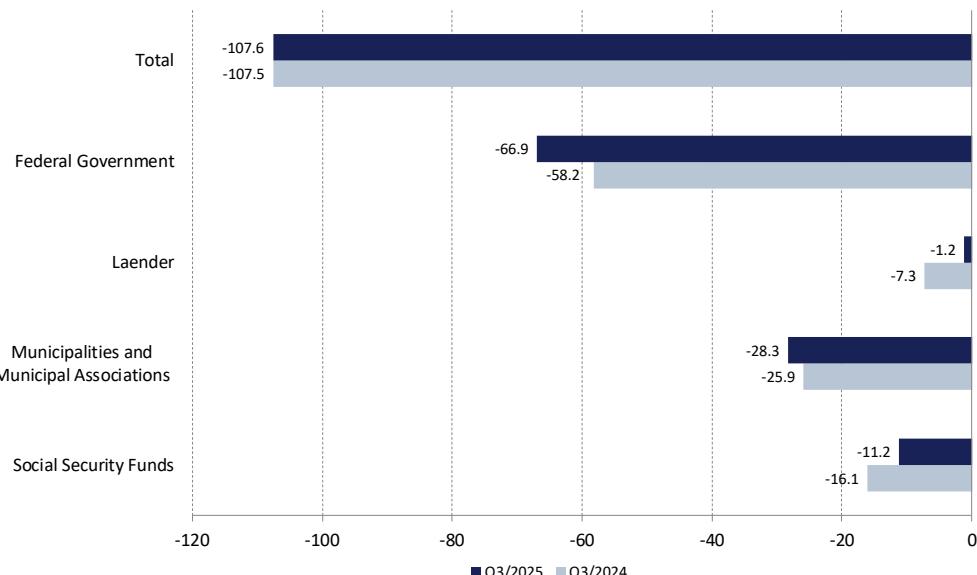
**CADES – increased funding requirement following take-up of new debt**

French deficit and debt repayment fund Caisse d'Amortissement de la Dette Sociale (ticker: CADES) presented its funding programme for 2026 at the start of January this year. Based on the relevant press release, the agency intends to take on medium and long-term debt totalling EUR 15bn in the capital market during the current year. By way of comparison, the amount of funding capital raised in 2025 only totalled EUR 7.6bn. This is primarily due to CADES assuming debt again. After no liabilities were transferred to the agency in 2025, the French parliament resolved the transfer of social security debt amounting to EUR 15bn for 2026. This sum equates to the deficit accumulated in the years from 2021 to 2024 relating to the pensions sector and to the health insurance sector in the 2024 financial year. The transfer is to take place no later than by year-end 2026. In the course of this year, the concrete timetable is to be specified. The repayment of both this new debt and the previous liabilities is scheduled to be completed by the end of 2033. Social format benchmark bonds denominated in EUR will continue to be a key element of the funding programme in 2026. In January 2026, CADES has already carried out activities in this segment with a social bond issue (7y) worth EUR 2.5bn at OAT +8bp (the equivalent of approx. ms +54bp as at the time of issue).

### German public financing deficit as at Q3/2025

At the beginning of January this year, the German Federal Statistical Office published public finance figures on the overall budget for the period from January to September 2025. Revenue amounted to EUR 1,490.5bn (+6.0% Y/Y) while spending totalled EUR 1,598.0bn (+6.0% Y/Y). This means that the core and additional budgets of Bund (federal government), Laender (federal state governments), local authorities and social security funds recorded a financing deficit of EUR -107.6bn in the first three quarters of last year – calculated separately from financial statistics. The deficit was at a similar level to the same period in the previous year. According to the results of quarterly cash statistics, the largest portion of the deficit by far was at the expense of the federal government (EUR -66.9bn) – as was also the case in Q3/2024. Although the financing deficit of the federal states decreased significantly by EUR 6.2bn, that of municipalities and municipal associations rose considerably. Accordingly, a deficit of EUR -28.3bn was recorded at local authority level, making it the biggest ever budget gap for municipalities. At EUR -11.2bn, social security funds were also in deficit, however to a lesser extent than at the end of Q3/2024. In the reporting period, spending (+4.3% Y/Y) at federal government level rose more than receipts (+2.7% Y/Y), whereas the trend at Laender level was the opposite. The German Laender recorded an increase in spending of +2.4% year on year while receipts rose by +4.0% year on year. With regard to municipalities and municipal associations, the spending side was up by +5.9% year on year. At the same time, revenue was only up by +5.5% year on year. In terms of social security, the gap in growth rates was somewhat more marked (receipts: +8.3% Y/Y, spending: +7.3% Y/Y). The individual breakdown of types of spending particularly highlighted an increase in interest expenses on the part of the Laender, which increased by a considerable +9.7% year on year compared with the same period in the previous year, to EUR 9.2bn. In addition, personnel expenses rose by +5.2% year on year. In combination with the historically strained budget situation for municipalities and municipal associations, it is likely that the challenges facing the public finances of the German Laender will continue to represent a burden on the budgets of these sub-sovereigns for the foreseeable future, a subject we discussed as part of our [Issuer Guide – German Laender](#).

### Financing balances of the public overall budget by level (EURbn)



**Primary market**

Following a busy issuing week last week, momentum in the SSA primary market also continued in the current trading week under review. Indeed, we report on six EUR benchmark bond issues worth an aggregated amount of EUR 9bn in the current edition of our weekly publication. It was striking that half of the relevant issuers focused their activities on the 10y maturity segment. Starting in chronological order to begin with, the federal state of Mecklenburg-Western Pomerania (ticker: MECVOR) got the ball rolling shortly after going to press with the last edition of our publication by issuing its first – and probably also last – EUR benchmark bond in the current year worth EUR 500m (8y) at ms +20bp in line with the guidance (order book: EUR 900m). As per the relevant mandate, Wirtschafts- und Infrastrukturbank Hessen (ticker: WIBANK) immediately afterwards approached investors with a bond issue worth EUR 500m, which featured a maturity of ten years. The order book for this transaction – a bond issue for which we published [accompanying research](#) – totalled EUR 1.3bn at the end of the marketing phase. Ultimately, the bond was printed two basis points tighter compared with the guidance at ms +29bp. Saxony-Anhalt (ticker: SACHAN) was another German sub-sovereign we welcomed to the SSA primary market yesterday for the first time during the current year. This federal state placed a bond worth EUR 1bn (10y) at ms +25bp (guidance: ms +27bp area, order book: EUR 4bn). On the same day, the Canadian Province of Manitoba (ticker: MP) was a sub-sovereign from across the Atlantic to also make a high-profile appearance by issuing a bond worth EUR 1bn at ms +46bp (10y, guidance: ms +50bp area). Meanwhile, the French agency Île-de-France Mobilités (ticker: IDFMOB) ensured fresh supply in the ESG segment with an issue of a [European green bond \(EuGB\)](#), opting for a maturity of 20 years. A total of EUR 1bn was placed at OAT +13bp, which equated to around ms +98bp as at the time of issue (guidance: OAT +17bp area, order book: EUR 7.6bn). Conversely, the European Investment Bank (ticker: EIB) yesterday decided to go with a shorter maturity (compared with the other bond issues seen during the trading week under review at any rate) of five years. It raised EUR 5bn under its EARN programme at ms +7bp. The order book amounted to EUR 55.5bn at the end of the marketing phase. Consequently, the bid-to-cover ratio was 11.1x. One day earlier, market participants had directed their gaze towards another European supranational when the European Union (ticker: EU) increased three of its bond issues as part of its first bond auction in H1/2026 (cf. [funding plan](#)). The amount of its 2030 bond (coupon: 2.5%) was increased by around EUR 2.3bn and that of its 2035 bond (coupon: 3.375%) by EUR 2.4bn. At the same time, the 2040 security (coupon: 3.625%) was increased by around EUR 1.7bn. The bid-to-cover ratios came to 1.28x and 1.56x respectively, as well as 1.34x for the tap issue of the 2040 bond. In view of a new mandate already having been issued, we also expect to see the following transaction relatively soon: the Spanish autonomous community of the Basque Country (ticker: BASQUE) intends to place a EUR benchmark in the form of a [sustainability bond](#) with a maturity of ten years.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
MP	CA	27.01.	XS3285529148	10.0y	1.00bn	ms +46bp	- / Aa2 / A+	-
IDFMOB	FR	27.01.	FR0014015X05	20.0y	1.00bn	ms +98bp	A+ / - / -	X
EIB	SNAT	27.01.	EU000A4EPCA0	5.3y	5.00bn	ms +7bp	AAA / Aaa / AAA	-
SACHAN	DE	27.01.	DE000A460Q80	10.0y	1.00bn	ms +25bp	AAA / Aa1 / -	-
WIBANK	DE	21.01.	DE000A3SJZ68	10.0y	0.50bn	ms +29bp	- / - / AA+	-
MECVOR	DE	21.01.	DE000A460F53	8.0y	0.50bn	ms +20bp	AAA / - / -	-

## Covered Bonds

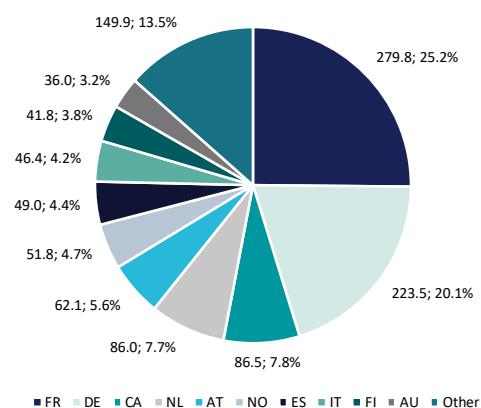
### CB jurisdiction in the spotlight – Austria

Authors: Lukas Kühne // Dr Norman Rudschuck, CIA

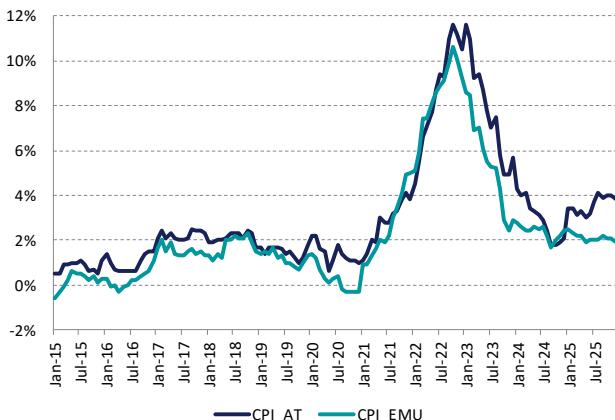
#### A look at the covered bond market in Austria

Austria is one of the most established covered bond markets throughout the world; in addition to EUR benchmark issuers, it also has one of the world's most active EUR sub-benchmark segments. This status was underlined last week by Oberösterreichische Landesbank's successful new issue in the amount of EUR 250m. With a view to the total outstanding volume of covered bonds, Austria ranks in 11th place at around EUR 113bn as at 31 December 2024 based on data provided by the ECBC. However, in comparison with the outstanding EUR benchmark volume, Austria ranks in 5th place, having placed bonds worth EUR 62.1bn. The difference in rankings is attributable, among other factors, to the substantial issuance of covered bonds from Denmark, Sweden and Norway in their domestic currencies. In this focus article in the present edition of our weekly publication, we would like to provide an overview of the covered bond market in Austria, but we will start by looking briefly at the country's economic situation, property market and banking market.

#### EUR BMK by jurisdiction (EURbn)



#### Inflation trend



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

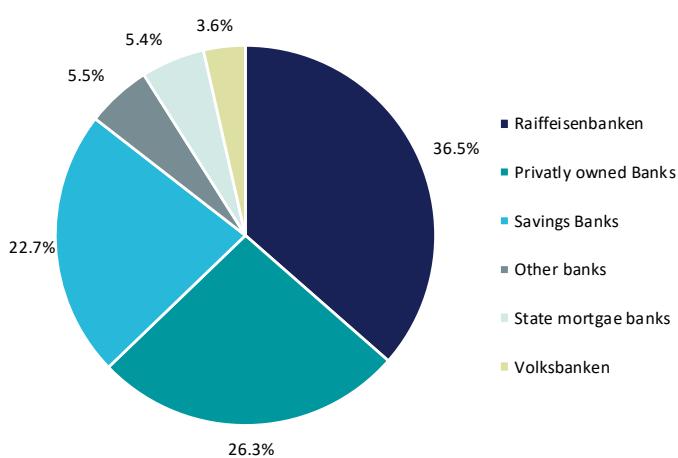
#### The macro picture: inflation higher than the EU average, GDP growth picking up slightly

While inflation in most Eurozone countries is approaching the ECB's 2% target, it is currently significantly higher in Austria, at 3.8% (December 2025). The Austrian National Bank (OeNB) identifies the inflation rates in the service and energy sectors as the key factor driving this divergence. According to the OeNB, the phasing out of government support measures, in particular, has led to an increase in energy inflation. The Austrian monetary authorities are forecasting that inflation will fall sharply to 2.4% in 2026. Following two years of recession, economic growth is slowly picking up once more but projections from the Austrian central bank indicate that, at 0.6% in 2025, it will remain well below the 1.4% GDP growth in the Eurozone that is anticipated by the ECB.

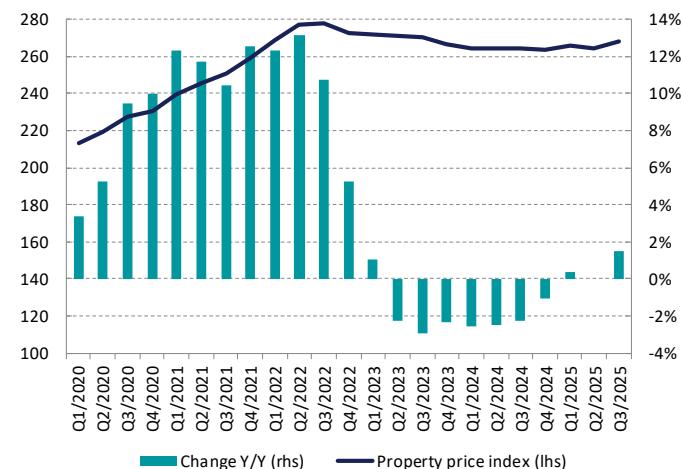
### The banking market in Austria: regional focus and high capital ratios

The Austrian banking sector is similar to that in Germany in that it can be divided into three major groups: Volksbanks and Raiffeisen banks, savings banks and private banks. These three groups account for almost 90% of all banking assets in Austria, of which around 40% alone are attributable to the Volksbanks and Raiffeisen banks. In its Financial Stability Report, the OeNB states that banks in Austria succeeded in significantly increasing their CET1 ratios in 2025. Accordingly, the average CET1 ratio stood at 17.5% at the end of Q3/2025, which is 1.2 percentage points above the EU average. At the same time, Austrian banks achieved their third highest half-year earnings ever in H1/2025. Moreover, the balance sheets of the banks continued expanding as well. On the liabilities side, this growth was predominantly driven by customer deposits (Q3/2025: around 51% of bank liabilities), which reached a new record high. In contrast, growth on the assets side resulted from increased lending as well as an increase in equity positions and bond holdings. In some cases, the banks focus heavily on specific Austrian regions. In addition to Austria, banking markets in CESEE states (Central, Eastern and Southeastern Europe) are also of major importance for some banks.

#### AT: breakdown of assets by bank category



#### AT: OeNB's property price index



Source: Austrian National Bank (OeNB), NORD/LB Floor Research

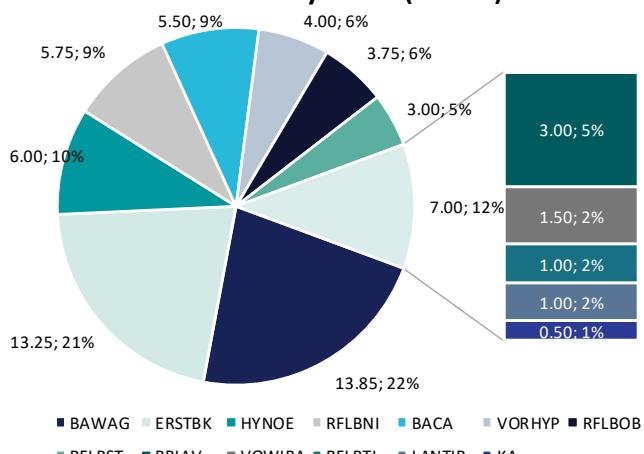
### Focus on the property market: demand for loans is picking up

As in many other European countries, prices on the Austrian residential property market trended downwards between the end of 2022 and the beginning of 2025. The OeNB's residential property price index only recorded a slight upturn again in 2025. However, this correction should not hide the fact that property prices still remain at a historically high level. The results of the [Bank Lending Survey](#) (BLS) reflect a prolonged increase in demand for loans in Austria, while the surveyed banks do not expect demand for loans to drop suddenly either. The situation on the CRE market is rather different. According to the results of the BLS, demand for loans from companies rose for the first time in three years in Q3/2025. According to the OeNB, this increase is primarily supported by long-term loans, with the focus on loans to finance investment. In contrast, there was no increase in demand from companies for short-term loans in Q3. The banks questioned for the BLS do not expect any reversal in this trend in the near future.

### EUR BMK: 13 active issuers with an outstanding volume of EUR 62.1bn

In terms of the EUR benchmark segment on which we focus, Austria is one of the largest markets with its outstanding volume of EUR 62.1bn. The volume is spread across 100 outstanding bonds issued by 13 entities. Since its acquisition of KNAB (Netherlands), BAWAG has been the largest Austrian issuer with an outstanding volume of EUR 13.9bn and 22 benchmarks. Of these, three (outstanding volume: EUR 1.5bn) were issued by KNAB as covered bonds under Dutch law. BAWAG currently has three covered bond programmes. The two programmes acquired from KNAB (formerly soft bullet and CPT) were previously merged into one soft bullet covered bond programme. Besides the “KNAB pool”, the bank has a mortgage-backed and public-sector backed cover pool, from which EUR benchmarks have already been issued. It is closely followed by Erste Group Bank in second place with 16 EUR benchmark issues worth EUR 13.3bn. Austria is one of the few markets, besides Germany, Belgium and France, in which mortgage-backed benchmarks and covered bonds backed by public sector assets have been issued. This sub-market is similar to that in Germany but is far smaller than that for mortgage-backed covered bonds. Accordingly, only four issuers currently have at least one outstanding public sector covered bond in the EUR benchmark segment (total volume: EUR 6.0bn). These are BAWAG, HYPO NOE as well as Kommunalkredit Austria and RLB Niederösterreich-Wien. In the current year, only BAWAG has approached the market so far with a dual tranche, placing both a public sector covered bond, and one backed by a mortgage cover pool. In total, we are expecting EUR benchmark issues in the amount of EUR 9.1bn from Austria in 2026. Given maturities of EUR 8.3bn, this would result in slight market growth of EUR 850m. We view macroeconomic developments and subdued growth in the property market in Austria as factors limiting the funding requirements of issuers covered by way of covered bond issues. Furthermore, banks in Austria currently have substantial deposits, which from our perspective is also likely to limit the demand for additional capital market funding.

#### BMK: issuance volume by issuer (EURbn)



#### AT: EUR benchmark issues

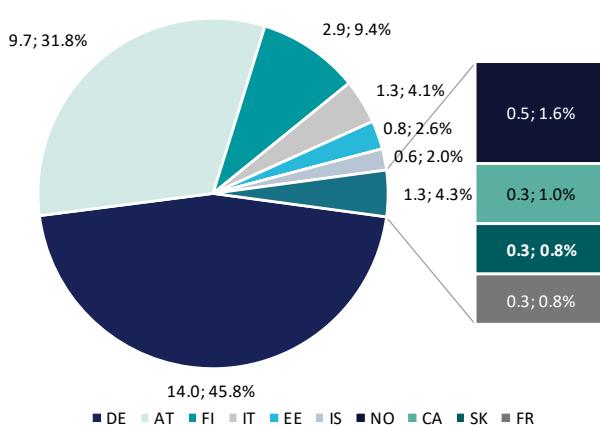


Source: Market data, Bloomberg, NORD/LB Floor Research

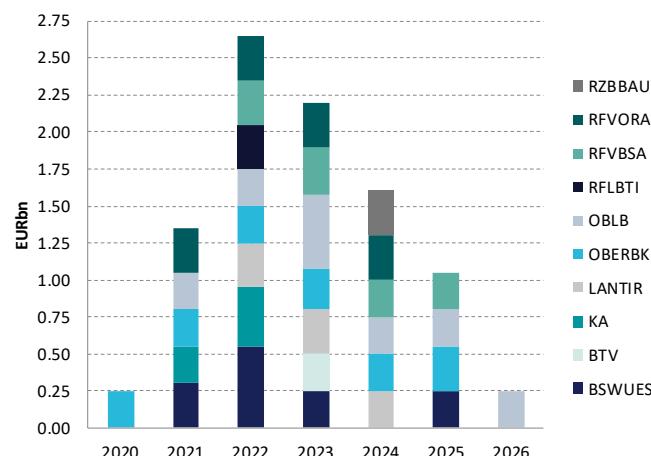
### Austria's established EUR sub-benchmark segment

After Germany (with an outstanding volume of EUR 14.0bn spread across 54 Bonds), Austria is the second largest market for EUR sub-benchmarks with a volume of EUR 9.7bn and 35 bonds. The issuance volume from Austria in this market segment for publicly placed bonds worth at least EUR 250m but less than EUR 500m totalled EUR 1.1bn in 2025 (four bonds). As a result, last year the issuance volume fell to the lowest level since 2020 according to our records. Nevertheless, taking into account the maturities of EUR 850m, the market for EUR sub-benchmarks still continued its growth trend. Accordingly, we also view developments in the Austrian EUR sub-benchmark segment positively and expect the market to continue expanding this year. In line with our expectations, HYPO Oberösterreich has already featured in this market segment with an issue of EUR 250m in the first few weeks of 2026.

#### EUR sub-benchmarks by country (EURbn)



#### AT: EUR sub-benchmark issues



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

#### Cover pools feature consistently high OC ratios

In a table below, we present the 13 EUR benchmark and six EUR sub-benchmark issuers from the covered bond segment with extracts from their official covered bond reporting. It is clear that the overcollateralisation (OC) ratios were – with one exception – consistently in double digits and often even in excess of 20%. For some issuers, this implied the potential to place a new issue. Unlike in Germany, where all Pfandbrief programmes were converted to a soft bullet structure following the implementation of the European Covered Bond Directive, Austrian banks have an option with regard to repayment structures. Increasingly, however, covered bonds with a soft bullet structure are prevailing here, as in many other jurisdictions. Accordingly, only one benchmark issuer and four sub-benchmark issuers currently still have solely hard bullet covered bonds. An overview can also be gathered from the uniform regulatory classification of benchmarks (risk weight: 10%; “LCR Level 1”) and sub-benchmarks (20%; “LCR Level 2A”). Covered bond issues in both segments are also eligible as collateral in transactions with the ECB and can be marketed under the “European Covered Bond (Premium)” label.

**EUR benchmark issuers in Austria**

Issuer	Type	Cover Pool (EURm)	Outst. Volume (EURm)	OC (%)	LCR level / Risk weight	Maturity Type	Covered Bond rating (Fitch / Moody's / S&P)	Anteil CRE (%)	EUR (S)BMK 2026ytd	EUR (S)BMK 2025	EUR (S)BMK 2024
<i>EURbn / Number of deals</i>											
BAWAG Group	M	11,176	10,361	7.9	1 / 10%	HB & SB	- / Aaa / -	3.0	1.25 / 2	- / -	0.75 / 1
	P	2,747	1,550	77.3	1 / 10%	HB & SB	- / Aaa / -	-			
	M (NL) <sup>3</sup>	5,732	4,750	20.7	1 / 10%	SB	- / - / AAA	0.0	- / -	- / -	- / -
Erste Group Bank AG <sup>1</sup>	M	30,913	25,978	19.0	1 / 10%	HB & SB	- / Aaa / -	29.4	- / -	2.00 / 2	2.00 / 2
HYPO NOE <sup>1</sup>	M	4,232	3,047	38.9	1 / 10%	SB	- / Aa1 / -	25.8	- / -	1.00 / 2	1.00 / 2
Hypo Tirol Bank <sup>2</sup>	P	5,185	4,157	24.7	1 / 10%	SB	- / Aa1 / -	-			
Hypo Vorarlberg Bank <sup>2</sup>	M	2,625	1,873	40.1	1 / 10%	SB	- / Aaa / -	30.1	- / -	- / -	- / -
Kommunalkredit Austria <sup>1</sup>	M	6,526	4,491	45.3	1 / 10%	HB & SB	- / Aaa / -	46.7	- / -	0.50 / 1	0.50 / 1
Raiffeisen Bank International <sup>1</sup>	P	1,862	1,407	34.3	1 / 10%	HB	- / - / AA-	-	- / -	- / -	0.50 / 1
RLB Niederösterreich-Wien <sup>1</sup>	M	5,321	3,825	39.1	1 / 10%	SB	- / Aa1 / -	66.7	- / -	- / -	- / -
RLB OÖ (Cover Pool A) <sup>1</sup>	M	10,417	7,077	47.2	1 / 10%	HB & SB	- / Aaa / -	39.1	- / -	- / -	0.50 / 1
RLB Tirol <sup>1</sup>	P	2,423	1,962	23.5	1 / 10%	SB	- / Aaa / -	-			
RLB Steiermark <sup>1</sup>	M	4,431	2,550	73.8	1 / 10%	SB	- / Aaa / -	42.5	- / -	- / -	0.50 / 1
UniCredit Bank Austria <sup>2</sup>	M	8,585	5,295	62.1	1 / 10%	HB & SB	- / Aaa / -	25.3	- / -	0.50 / 1	- / -
Volksbank Wien <sup>2</sup>	M	17,584	7,534	133.4	1 / 10%	HB & SB	- / Aaa / -	17.2	- / -	- / -	0.75 / 1
	M	4,955	3,221	53.8	1 / 10%	HB	- / Aaa / -	22.3	- / -	- / -	- / -

**EUR sub-benchmark issuers in Austria**

<i>EURbn / Number of deals</i>												
BTV Vier Länder Bank <sup>2</sup>	M	836	426	98.4	2A / 10%	HB	- / - / AAA	33.1	- / -	- / -	- / -	- / -
Bausparkasse Wüstenrot <sup>1</sup>	M	2,127	1,595	33.3	2A / 10%	HB	- / Aaa / -	0.0	- / -	0.25 / 1	- / -	- / -
HYPO Oberösterreich <sup>1</sup>	M	2,932	2,287	28.3	2A / 10%	HB	- / - / AA+	4.2	0.25 / 1	0.25 / 1	0.25 / 1	0.25 / 1
Oberbank <sup>1</sup>	M	4,174	2,877	45.1	2A / 10%	HB & SB	- / - / AAA	26.5	- / -	0.25 / 1	0.25 / 1	0.25 / 1
Raiffeisenverband Salzburg <sup>1</sup>	M	2,503	1,789	40.0	2A / 10%	HB & SB	- / Aaa / -	30.8	- / -	0.25 / 1	0.25 / 1	0.25 / 1
RLB Vorarlberg <sup>1</sup>	M	4,063	2,313	75.7	2A / 10%	HB & SB	- / Aaa / -	25.3	- / -	- / -	0.30 / 1	

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

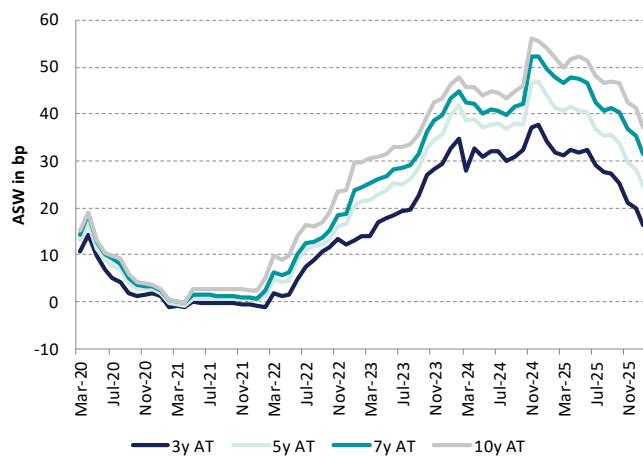
<sup>1</sup> Cover pool data as at 31 Dec. 2025; <sup>2</sup> Cover pool data as at 30 Sept. 2025; <sup>3</sup> Cover pool data as at 30 Nov. 2025 (formerly KNAB)**ESG issuers from Austria: growth potential apparent**

Three Austrian banks currently have at least one outstanding EUR benchmark issue in the green or social sustainability formats. Overall, the volume of outstanding ESG bonds totals EUR 3.0bn across five bonds, including four green benchmarks (volume: EUR 2.5bn) and one social covered bond (EUR 0.5bn). Three EUR sub-benchmark issuers are also represented on the market with green covered bonds (outstanding volume: EUR 1.1bn). This clearly demonstrates that sustainable covered bond issues are of great significance for Austrian issuers. This is true, in particular, against the backdrop of the efforts at EU level in recent years to simplify key aspects of the European framework and to create a new standard for green deals with the Omnibus Package and the EU Green Bond Standard. To be able to assess the potential of Austrian issuers' sustainable bonds more accurately, we also include EUR benchmark issues in senior format in our analysis. According to our database, the volume of outstanding senior bonds from Austria in a sustainability format (green or sustainable) totals around EUR 7.8bn. Without exception, these are senior preferred bonds, of which the majority of the issues (outstanding volume: EUR 7.3bn) were issued as green bonds. HYPO NOE ranks as one of the regular issuers of green senior bonds in this market segment. For example, the bank was most recently active in this segment in February 2025, when it successfully placed an EUR benchmark worth EUR 500m. We also deduce further growth potential for sustainable covered bond issues from Austria from the substantial issuance volume of unsecured green bonds.

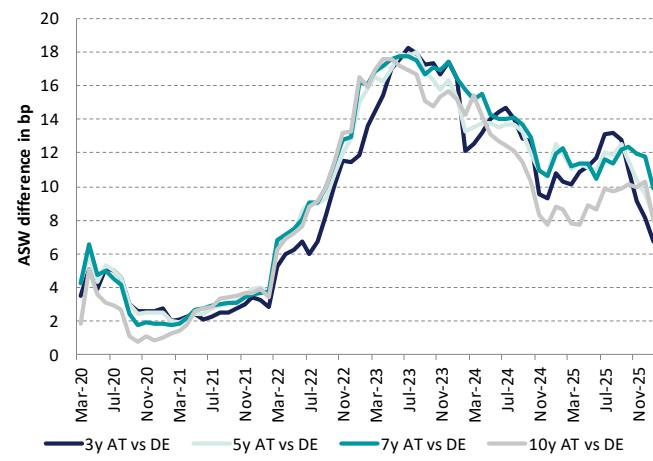
### Spread tightening trends are slowly running out of steam

Last year, Austrian covered bonds followed the general movement in spreads on the market, recording sharp falls across all maturity segments in our generic analysis. Having continued in the first few weeks of the new year, there are signs that this trend is slowly bottoming out in our opinion. Accordingly, we currently believe that there is very little chance that spreads will tighten further on the secondary market. In comparison with German Pfandbriefe, Austrian covered bonds offer a certain pick-up. Nevertheless, the spread difference between Austrian covered bonds and Pfandbriefe shrank over the last twelve months. We do not, however, attribute this phenomenon to a specific development in Austria, but rather to the general trend of spread compression between the different covered bond jurisdictions. Fundamentally speaking, differences between individual cover pools seem to be less important. The relatively high proportion of commercial cover pool assets in Austria compared with other jurisdictions (with the exception of Germany) is not currently reflected in spread concessions either in our opinion. Rather, such considerations are overshadowed by the generally positive sentiment. Furthermore, most cover pools have low LTV values, indicating high credit quality. From a relative value perspective, many Austrian investors focus on the spread between covered bonds and Austrian government bonds, which has been largely stable in recent months. This indicates that Austrian covered bonds still represent an attractive investment option for domestic investors. The home bias among covered bond investors observed in many covered bond jurisdictions is therefore likely to remain significant for Austria too. A possible reduction in the risk weight from 10% to 5%, which is currently under discussion as part of the revision of the framework for securitisations, could compress spreads further in future and also have significant repercussions for the spreads on Austrian covered bonds.

#### Spread trend AT (generic)



#### Spread cross-country: AT vs. DE (generic)



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

**Conclusion and outlook**

The Austrian covered bond market is without doubt one of the world's most important EUR benchmark markets. Many issuers are also actively engaged in placing EUR sub-benchmarks on the market. The combination of public sector cover pools and mortgage-backed cover pools is only comparable with the German Pfandbrief market in this form. The same also applies to the proportion of commercial assets in some issuers' cover pools. We expect only slight growth in Austria's EUR benchmark segment in 2026. With new issues projected to come in at EUR 9.1bn, set against maturities of EUR 8.3bn, this would result in net new issuance volume of EUR 850m. With regard to spreads, we currently expect them to bottom out, meaning that there will be little potential for further spread performance. The possible reduction in the risk weight for European covered bonds from 10% to 5% could get spreads moving out of their current fixed pattern. We also identify further growth potential for sustainable covered bonds from Austria. This is particularly apparent from looking at issues of green senior preferred bonds.

## SSA/Public Issuers

### 34th meeting of the Stability Council

Authors: Dr Norman Rudschuck, CIIA // Tobias Cordes, CIIA // with assistance from Hauke Redenius

#### **Foreword on the Stability Council and reform of the Stability and Growth Pact**

The Stability Council, a joint body operated by the federal government (Bund) and federal states (Laender), convened for its 34th meeting on 09 December 2025. The meeting was chaired by the Finance Minister of Rhineland-Palatinate, Dr Marcus Optendrenk, and by State Secretary Dr Rolf Bösinger representing the Federal Minister of Finance. The establishment of the Stability Council can be traced back to the Federalism Reform II (Föderalismusreform II), since which time its existence has been governed by Article 109a of the Basic Law (GG). The Stability Council fulfilled its vital monitoring function with its resolutions on compliance with the respective debt brake at the level of both Bund and Laender as well as on budgetary surveillance to prevent impending budgetary emergencies. In the press release covering the 34th meeting, the Stability Council subordinated budgetary surveillance of Bund and Laender to the borrowing opportunities created in March 2025 for the first time. It focused on the transparency surrounding the scope and utilisation of the additional financial leeway. New borrowing of over EUR 180bn was resolved for the 2026 federal budget, including for defence expenditure (EUR 58bn) and investments from the Special Fund for Infrastructure and Climate Neutrality (EUR 58bn). The newly introduced structural debt component was also used by several sub-sovereigns for the first time at Laender level. At the same time, the Stability Council stated that the validity of debt brake monitoring was significantly restricted by the repeated budgetary emergencies since 2020. During this period, the debt brake could only be complied with on numerous occasions by recourse to emergency-related borrowing. Given this, the Stability Council believes there is a need for further review and adjustments to the monitoring systems, especially with regard to the scope for new borrowing. Schleswig-Holstein, Brandenburg and Hamburg were classified as anomalous in terms of compliance with the debt brake in the current monitoring period. The metrics for Berlin – in addition to Bremen, which is still undergoing a debt restructuring programme – also point to an impending budgetary emergency, which is essentially associated with utilisation of the new structural borrowing opportunities.

#### **Compliance with debt brake at federal level**

Having made use of the exception clause for unusual emergency situations in the years 2020-2023, the Bund is set to comply with the requirements of the debt brake under federal law once again in 2024-2026. This is based on the amendment to Art. 109(3) GG, which came into effect in March 2025 and which allows the Bund structural net borrowing of up to 0.35% of GDP and an exemption for defence expenditure. The Stability Council's monitoring rulebook was adjusted accordingly in October 2025. While the structural financing balance breaches the upper limit in 2023, it otherwise remains below the thresholds both in the current budget situation and in the financial planning period. Accordingly, the financial analysis does not reveal any anomaly for the purposes of the Stability Council. Regardless of formal compliance with the debt brake, the Stability Report produced by the Bund refers to an increasing need for budgetary action from 2027 that will limit the scope for fiscal action.

**Stability Council reviews based on individual stability reports**

As part of its regular budgetary monitoring procedures, the Stability Council reviewed the budgetary situation at both Bund and Laender level on the basis of their respective stability reports. In Bremen, the metrics continue to point to an impending budgetary emergency. In its resolution of [16 December 2022](#), the Stability Council had already noted that the Hanseatic city was facing the threat of a budgetary emergency. In the latest meeting it again stated that the current data indicate that it will fail to achieve the agreed restructuring by the end of the programme, especially as a consequence of the planned utilisation of the newly introduced structural borrowing mechanism. At the same time, it referred to the limited validity of the restructuring report that had been presented, as key budgetary policy and financial policy resolutions were not adopted until after it had been presented. Assuming that the objective remains to ensure a sustained lack of anomalies in the metrics system, the Evaluation Committee will be asked, together with Bremen, to review possible adjustments to the restructuring programme without prejudice in 2026.

**Number of anomalies up again slightly**

The persistent weakness of the German economy is also affecting the finances and financial planning of the German Laender. The number of anomalies identified has risen from 22 to 25 compared with the meeting in December 2024. The peak value of 29 anomalies was registered in 2011, while the lowest number, 16 anomalies, was first determined in 2019. The Stability Council identifies an anomaly as soon as one of the key metrics (budget balance, credit financing ratio, interest/tax ratio, debt level) breaches the permitted level several times in one of the analysis periods (1. Current situation = last two financial years and current financial year; 2. Planning = financial planning of the coming years). Since 2020, an updated system to assess the budgetary situation has been used. The new version can be accessed [here](#). For information on the role of the Stability Council, please refer to our [Issuer Guide – German Laender 2025](#).

**Anomalies identified by the Stability Council**

	Budget balance		Credit financing ratio		Interest-tax ratio		Debt level	
	Current situation	Planning	Current situation	Planning	Current situation	Planning	Current situation	Planning
<b>Baden-Wuerttemberg</b>	No	No	No	No	No	No	No	No
<b>Bavaria</b>	No	No	No	No	No	No	No	No
<b>Brandenburg</b>	Yes	No	Yes	No	No	No	No	No
<b>Hesse</b>	No	No	No	No	No	No	No	No
<b>Mecklenburg-Western P.</b>	No	No	No	No	No	No	No	No
<b>Lower Saxony</b>	No	No	No	No	No	No	No	No
<b>North Rhine-Westphalia</b>	No	No	No	No	Yes	No	No	No
<b>Rhineland-Palatinate</b>	No	No	No	No	No	No	No	No
<b>Saarland</b>	No	No	No	No	Yes	Yes	Yes	Yes
<b>Saxony</b>	No	No	No	No	No	No	No	No
<b>Saxony-Anhalt</b>	No	No	No	No	Yes	No	Yes	Yes
<b>Schleswig-Holstein</b>	No	No	No	No	Yes	No	Yes	Yes
<b>Thuringia</b>	No	No	No	No	No	No	No	No
<b>Berlin</b>	Yes	Yes	No	Yes	No	No	Yes	Yes
<b>Bremen</b>	Yes	No	No	No	Yes	Yes	Yes	Yes
<b>Hamburg</b>	No	Yes	No	Yes	No	No	No	No

**Structural budget balance in EUR per capita**

	Current		Target 2025	Limit violations	2026	Financial planning		2029	Limit violations
	2023	2024				2027	2028		
<b>Baden-Wuerttemberg</b>	113	-81	-223	no	-228	203	224	-	no
Bavaria	69	-29	-259	no	58	61	49	-	no
<b>Brandenburg</b>	<b>-217</b>	<b>-506</b>	<b>-593</b>	<b>yes</b>	<b>-582</b>	-375	-372	-	no
Hesse	15	<b>-196</b>	-312	no	-257	-232	-191	-174	no
<b>Mecklenburg-Western P.</b>	210	388	-218	no	-37	-45	281	283	no
Lower Saxony	398	206	-334	no	<b>-504</b>	-278	-251	-224	no
<b>North Rhine-Westphalia</b>	-121	98	-91	no	-282	-72	26	25	no
Rhineland-Palatinate	150	233	-221	no	-95	-35	28	28	no
<b>Saarland</b>	<b>-225</b>	648	78	no	-24	-70	-38	-62	no
Saxony	118	242	-27	no	98	380	387	390	no
Saxony-Anhalt	-1	418	-325	no	-262	71	122	-	no
Schleswig-Holstein	-86	-95	-359	no	-331	-250	-168	-139	no
Thuringia	-111	76	<b>-433</b>	no	-360	-420	94	-	no
Berlin	<b>-178</b>	<b>-350</b>	<b>-620</b>	<b>yes</b>	<b>-786</b>	<b>-632</b>	-159	-98	<b>yes</b>
Bremen	<b>-485</b>	<b>-892</b>	<b>-566</b>	<b>yes</b>	<b>-581</b>	-319	17	42	no
Hamburg	773	-64	-180	no	<b>-511</b>	<b>-823</b>	<b>-1,224</b>	-	<b>yes</b>
<b>Laender average*</b>	45	19	-229		-293	-177	-73	7	
<b>Threshold (universal)</b>	-155	-181	-429		-479	-479	-479	-479	

\* The Laender average from 2026 was determined on the basis of estimates. **Red** = Violation of permitted threshold values; several times = value exceeded  
Source: Stability Council, NORD/LB Floor Research

**Credit financing ratio in %**

	Current		Target 2025	Limit violations	2026	Financial planning		2029	Limit violations
	2023	2024				2027	2028		
<b>Baden-Wuerttemberg</b>	0.1	-1.5	1.2	no	0.1	-1.7	-2.0	-	no
Bavaria	-1.1	-0.1	-0.3	no	-1.0	-1.0	-0.9	-	no
<b>Brandenburg</b>	<b>6.7</b>	1.2	<b>5.8</b>	<b>yes</b>	<b>7.2</b>	5.6	5.5	-	no
Hesse	-1.9	<b>6.5</b>	3.9	no	3.9	3.5	3.3	3.0	no
<b>Mecklenburg-Western P.</b>	-2.2	-9.1	-1.1	no	0.8	0.7	-2.9	-2.8	no
Lower Saxony	-3.8	-0.5	4.6	no	4.5	3.8	3.3	2.8	no
<b>North Rhine-Westphalia</b>	1.0	-2.1	1.7	no	4.5	1.2	-0.2	-0.1	no
Rhineland-Palatinate	<b>1.5</b>	-3.0	-1.0	no	1.4	0.4	-0.6	-0.5	no
<b>Saarland</b>	<b>4.4</b>	-9.9	-6.5	no	1.6	1.5	1.6	1.7	no
Saxony	-6.8	-7.7	-4.2	no	-4.4	<b>-6.3</b>	<b>-6.4</b>	<b>-6.3</b>	no
Saxony-Anhalt	0.8	-3.1	<b>5.4</b>	no	4.4	1.1	0.5	-	no
Schleswig-Holstein	-5.1	0.6	4.0	no	4.5	4.1	2.8	2.2	no
Thuringia	-0.4	-0.9	2.2	no	5.9	3.7	-1.4	-	no
Berlin	1.3	<b>2.6</b>	2.2	no	<b>8.8</b>	<b>8.5</b>	<b>6.8</b>	6.2	<b>yes</b>
Bremen	-1.7	<b>13.0</b>	4.2	no	3.0	1.8	-0.4	-0.1	no
Hamburg	-14.2	-2.7	<b>10.1</b>	no	<b>11.7</b>	<b>15.9</b>	<b>17.9</b>	-	<b>yes</b>
<b>Laender average*</b>	-1.5	-0.7	1.7		3.6	2.7	1.7	0.6	
<b>Threshold (universal)</b>	1.5	2.3	4.7		6.7	6.7	6.7	6.7	

\* The Laender average from 2026 was determined on the basis of estimates. **Red** = Violation of permitted threshold values; several times = value exceeded  
Source: Stability Council, NORD/LB Floor Research

**Interest/tax ratio in %**

	Current		Target 2025	Limit violations	2026	Financial planning			Limit violations
	2023	2024				2027	2028	2029	
<b>Baden-Wuerttemberg</b>	2.3	1.3	2.3	no	2.6	2.5	2.7	-	no
<b>Bavaria</b>	0.6	0.6	1.5	no	1.6	1.9	2.1	-	no
<b>Brandenburg</b>	1.6	1.8	2.7	no	3.1	3.3	3.5	-	no
<b>Hesse</b>	2.9	3.2	3.9	no	4.3	5.1	5.4	<b>5.6</b>	no
<b>Mecklenburg-Western P.</b>	3.3	2.1	2.1	no	2.2	2.6	2.9	3.0	no
<b>Lower Saxony</b>	1.6	2.0	3.4	no	3.4	3.8	4.1	4.2	no
<b>North Rhine-Westphalia</b>	<b>3.8</b>	<b>4.5</b>	<b>4.5</b>	<b>yes</b>	4.9	5.2	5.3	5.2	no
<b>Rhineland-Palatinate</b>	2.0	2.0	2.8	no	3.1	3.1	3.3	3.3	no
<b>Saarland</b>	<b>5.2</b>	<b>4.9</b>	<b>5.7</b>	<b>yes</b>	<b>5.8</b>	<b>6.2</b>	<b>6.5</b>	<b>6.4</b>	<b>yes</b>
<b>Saxony</b>	0.2	0.4	0.5	no	0.8	1.1	1.3	1.4	no
<b>Saxony-Anhalt</b>	<b>3.8</b>	<b>4.0</b>	3.4	<b>yes</b>	3.8	4.5	4.9	-	no
<b>Schleswig-Holstein</b>	<b>3.6</b>	<b>4.3</b>	4.0	<b>yes</b>	4.0	4.0	4.4	4.6	no
<b>Thuringia</b>	2.3	2.1	2.4	no	2.7	3.1	2.9	-	no
<b>Berlin</b>	2.6	2.5	4.3	no	4.4	5.0	5.7	<b>6.1</b>	no
<b>Bremen</b>	<b>9.7</b>	<b>8.8</b>	<b>8.2</b>	<b>yes</b>	<b>6.8</b>	<b>6.3</b>	<b>6.5</b>	<b>6.4</b>	<b>yes</b>
<b>Hamburg</b>	2.7	2.3	2.6	no	3.5	4.4	5.5	-	no
<b>Laender average*</b>	2.7	2.6	2.7		3.6	3.9	4.2	4.6	
<b>Threshold (non-city states)</b>	3.5	3.5	4.4		5.4	5.4	5.4	5.4	
<b>Threshold (city states)</b>	3.7	3.8	4.7		5.7	5.7	5.7	5.7	

\* The Laender average from 2026 was determined on the basis of estimates. **Red** = Violation of permitted threshold values; several times = value exceeded  
Source: Stability Council, NORD/LB Floor Research

**Debt level in EUR per capita**

	Current		Target 2025	Limit violations	2026	Financial planning			Limit violations
	2023	2024				2027	2028	2029	
<b>Baden-Wuerttemberg</b>	5,301	5,317	5,408	no	5,434	5,441	5,433	-	no
<b>Bavaria</b>	2,735	2,760	2,756	no	2,716	2,676	2,636	-	no
<b>Brandenburg</b>	7,136	7,858	8,241	no	8,731	9,088	9,456	-	no
<b>Hesse</b>	6,399	7,063	7,347	no	7,611	7,856	8,088	8,306	no
<b>Mecklenburg-Western P.</b>	7,513	7,195	7,195	no	7,371	7,547	7,474	7,401	no
<b>Lower Saxony</b>	7,940	8,031	8,292	no	8,566	8,793	8,992	9,166	no
<b>North Rhine-Westphalia</b>	9,070	8,967	9,057	no	9,303	9,303	9,280	9,256	no
<b>Rhineland-Palatinate</b>	7,247	8,018	7,958	no	8,042	8,071	8,036	8,002	no
<b>Saarland</b>	<b>16,757</b>	<b>16,823</b>	<b>16,386</b>	<b>yes</b>	<b>16,460</b>	<b>16,533</b>	<b>16,607</b>	<b>16,680</b>	<b>yes</b>
<b>Saxony</b>	3,259	3,193	3,165	no	3,137	3,016	2,896	2,775	no
<b>Saxony-Anhalt</b>	<b>10,173</b>	<b>10,065</b>	<b>10,593</b>	<b>yes</b>	<b>11,074</b>	<b>11,337</b>	<b>11,569</b>	-	<b>yes</b>
<b>Schleswig-Holstein</b>	<b>10,441</b>	<b>10,675</b>	<b>10,902</b>	<b>yes</b>	<b>11,158</b>	<b>11,384</b>	<b>11,583</b>	<b>11,755</b>	<b>yes</b>
<b>Thuringia</b>	7,132	7,060	7,209	no	7,620	7,881	7,794	-	no
<b>Berlin</b>	15,649	<b>16,789</b>	<b>17,055</b>	<b>yes</b>	<b>18,114</b>	<b>19,156</b>	<b>19,985</b>	<b>20,759</b>	<b>yes</b>
<b>Bremen</b>	<b>32,854</b>	<b>33,111</b>	<b>33,484</b>	<b>yes</b>	<b>33,735</b>	<b>33,851</b>	<b>33,711</b>	<b>33,717</b>	<b>yes</b>
<b>Hamburg</b>	11,930	11,859	13,095	no	14,587	16,744	<b>19,291</b>	-	no
<b>Laender average*</b>	7,460	7,614	7,744		10,854	11,167	11,427	12,782	
<b>Threshold (non-city states)</b>	9,698	9,899	10,068		10,168	10,268	10,368	10,468	
<b>Threshold (city states)</b>	16,411	16,752	17,038		17,138	17,238	17,338	17,438	

\* The Laender average from 2026 was determined on the basis of estimates. **Red** = Violation of permitted threshold values; several times = value exceeded  
Source: Stability Council, NORD/LB Floor Research

**No impending budgetary emergency in Saarland – Stability Council concludes review process**

As part of its regular monitoring of budgets, the Stability Council had set up an evaluation committee in line with Section 4(2) of the Stability Council Act (StabiRatG) on the basis of the stability report, as the metrics in the period 2022-2024 indicated an impending budgetary emergency. The anomalies were largely attributable to a [special effect](#) in the context of payments within the framework of the VAT one-stop shop (OSS) process in 2023 that had no permanent budgetary impact in the assessment of the Stability Council. This assessment was confirmed by the stability report submitted in 2025: there are no longer any anomalies in the metrics in the reporting year. On the basis of the evaluation report and the current stability report, the Stability Council concludes that there is no impending budgetary emergency in Saarland at present. At the same time, it refers to ongoing structural risks, in particular, substantial per capita indebtedness and warns that strict budget discipline is required.

**Lower Saxony: sound budget and stable debt**

And how is our principal shareholder faring? Lower Saxony will exceed the threshold value for the budget balance on one occasion in 2026, although this does not constitute a breach for the purposes of the Stability Council's rules. Accordingly, no anomalies will be recorded either with respect to the current budget situation or financial planning as a whole, which is an indicator of Lower Saxony's fiscal stability. Its sound budgetary management in recent years means that Lower Saxony is in a position to cope with the financial challenges arising from the COVID-19 pandemic, the flooding seen over the Christmas period in 2023 and geopolitical crises. While Lower Saxony is still reporting a positive structural budget balance in 2023 and 2024 – thanks to the repayment of emergency loans – it slides into negative territory in 2025 and will fall below the Stability Council's threshold values in 2026 according to current planning. Regardless of this, both the [2026 budget](#) recently adopted by Lower Saxony's state parliament and its medium-term financial planning are consistent with the requirements of the debt brake.

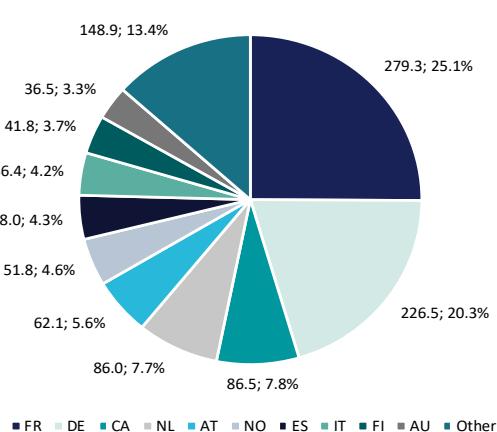
**Conclusion**

The 34th meeting of the Stability Council was dominated by changes to the fiscal framework resulting from multiple crises and the latest reforms to debt rules. Despite the newly permissible scope for borrowing, the financial situation in German Laender remains comparatively robust overall, although an increase in anomalies has been apparent since 2023 which points to increasing structural problems. Following the record low of 16 anomalies in 2022, this number rose to 20 in 2023, 22 in 2024 and 25 in 2025. It peaked in 2011 at 29 anomalies. For the Free Hanseatic City of Bremen, the metrics continue to point towards an imminent budgetary emergency. Although the restructuring programme created an institutional framework, the current metrics show deviations from the agreed restructuring measures meaning that the objectives of the programme have not been achieved at present. In Saarland, however, the anomaly detected in the previous year has not been confirmed in the current reporting cycle. At present, the Stability Council sees no impending budgetary emergency, but warns that increased budgetary discipline is required in response to ongoing structural risks, especially those posed by substantial per capita indebtedness.

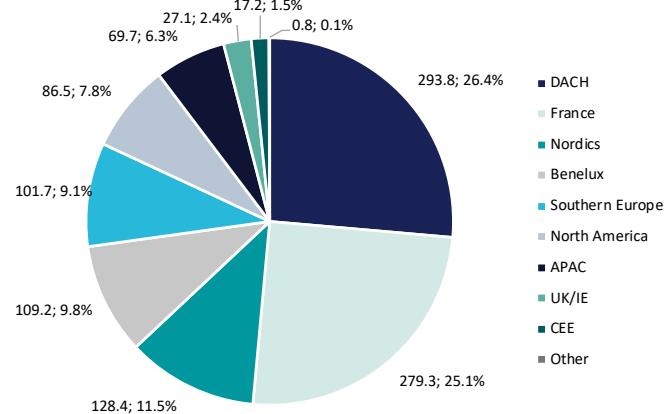
## Charts & Figures

### Covered Bonds

EUR benchmark volume by country (in EURbn)



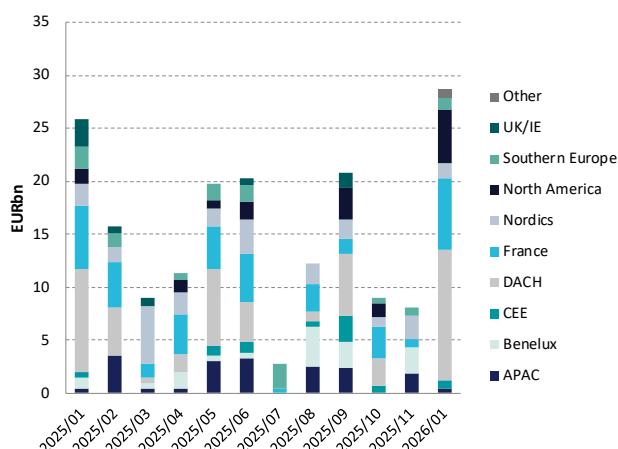
EUR benchmark volume by region (in EURbn)



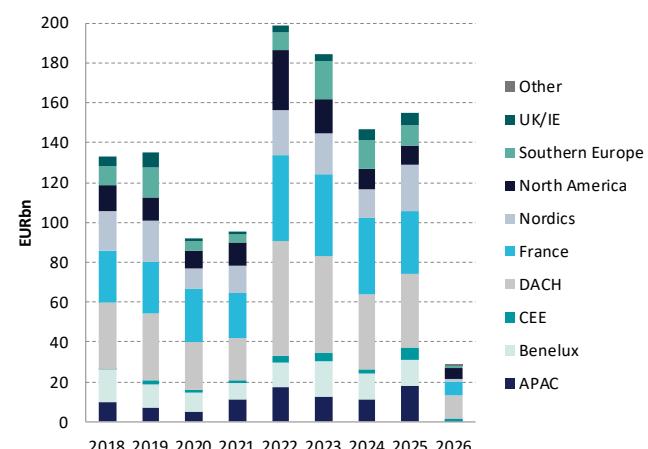
Top 10 jurisdictions

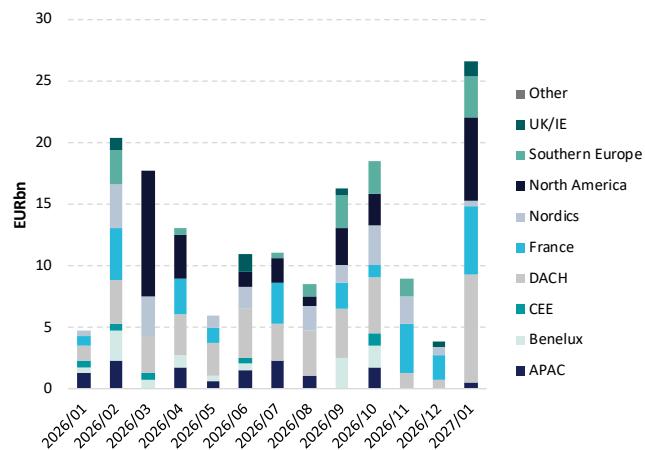
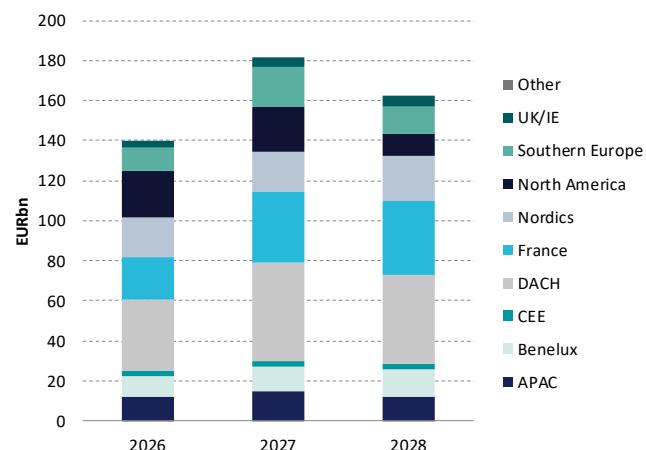
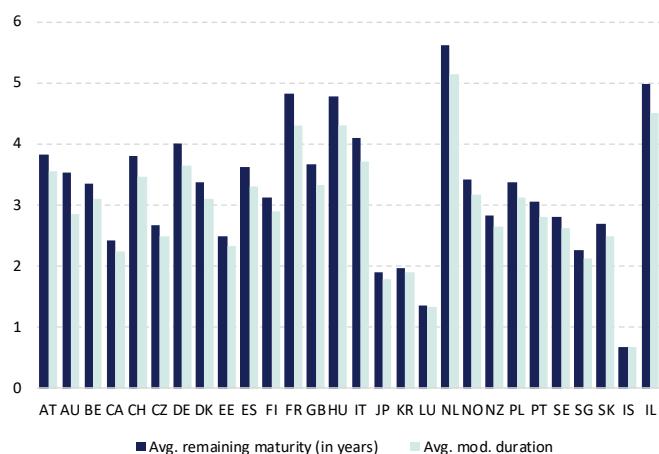
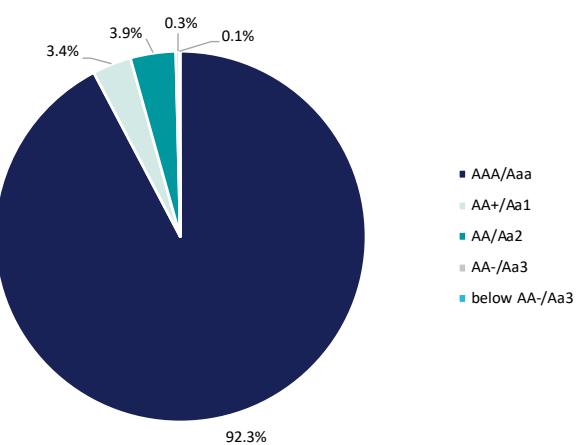
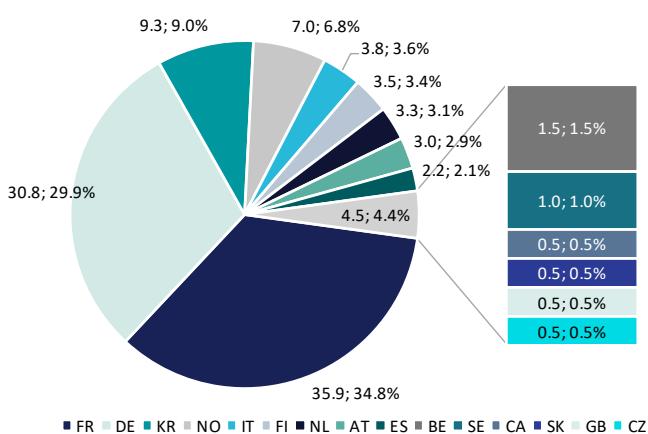
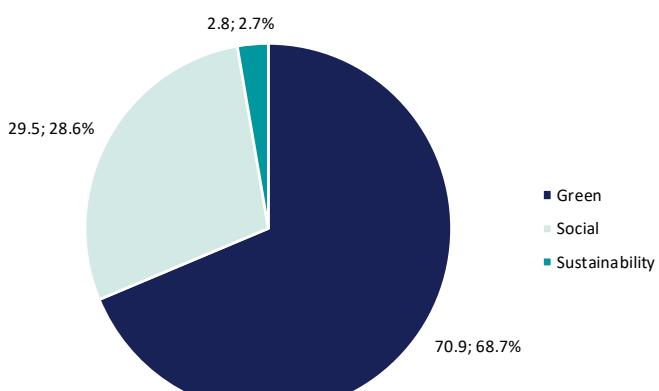
Rank	Country	Amount outst. (EURbn)	No. of BMKs	There of ESG BMKs	Avg. issue size (EURbn)	Avg. initial maturity (in years)	Avg. mod. Duration (in years)	Avg. coupon (in %)
1	FR	279.3	272	37	0.97	9.0	4.3	1.77
2	DE	226.5	316	48	0.67	7.8	3.7	1.82
3	CA	86.5	64	1	1.33	5.5	2.2	1.77
4	NL	86.0	84	4	0.96	10.3	5.2	1.59
5	AT	62.1	103	5	0.60	8.0	3.6	1.72
6	NO	51.8	61	10	0.85	7.1	3.2	1.46
7	ES	48.0	43	4	1.01	10.2	3.3	2.29
8	IT	46.4	60	6	0.74	8.0	3.7	2.23
9	FI	41.8	50	4	0.82	6.6	2.9	1.94
10	AU	36.5	36	0	1.01	7.2	2.9	1.99

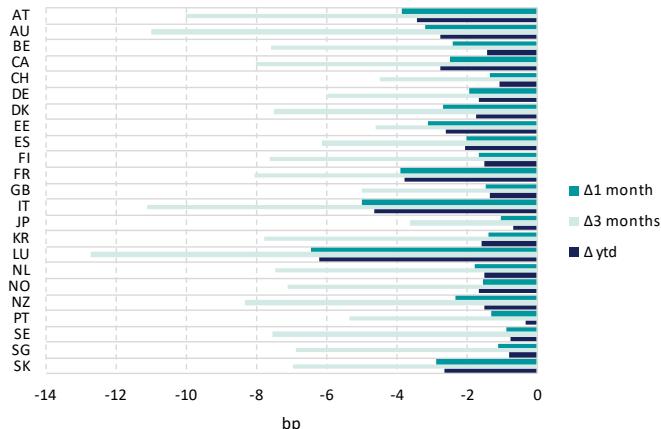
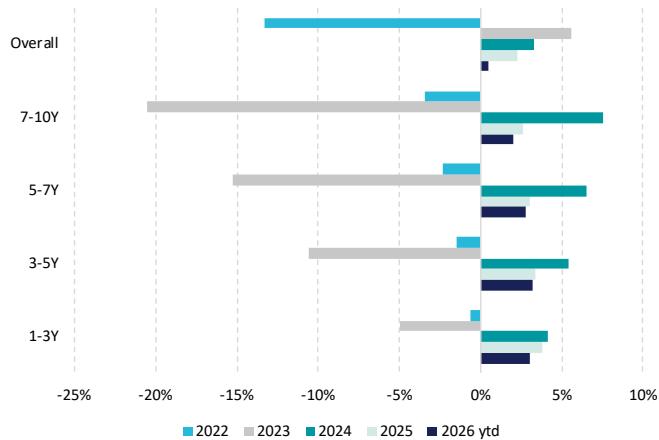
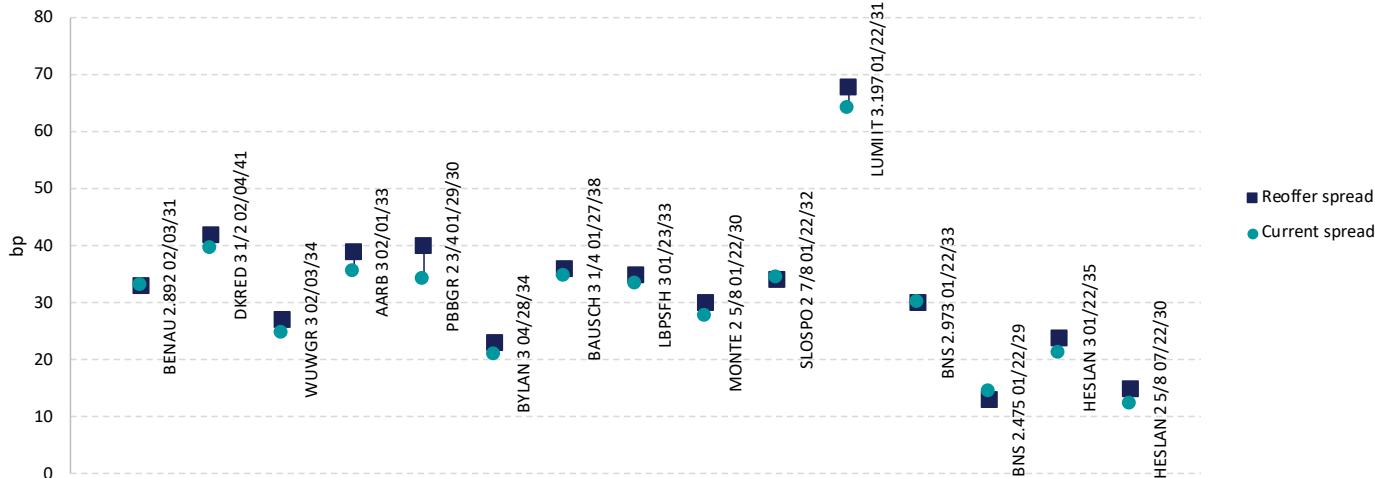
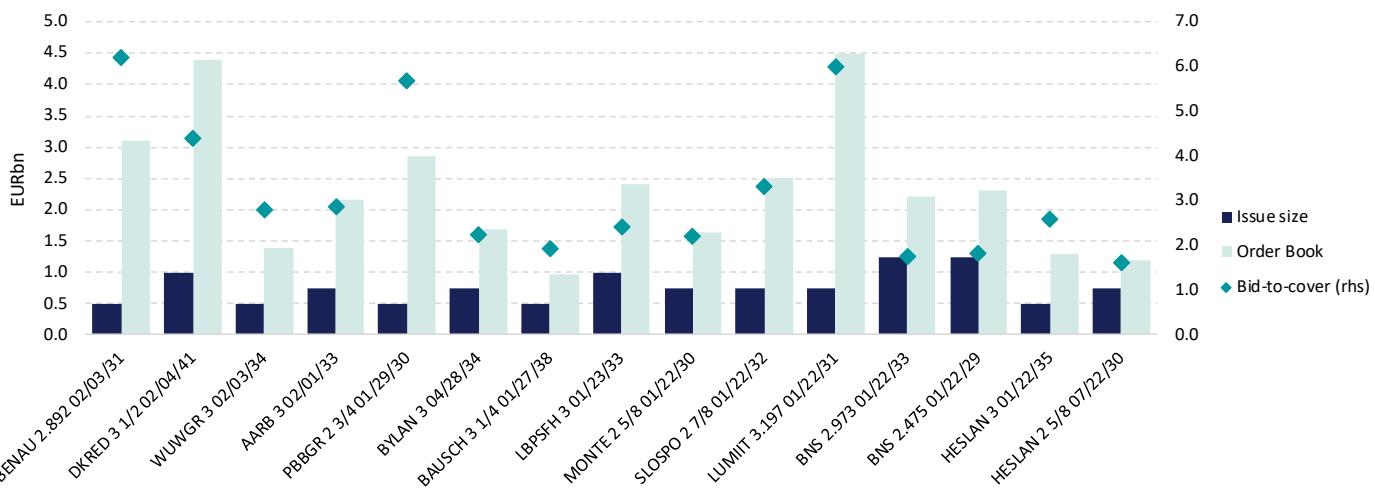
EUR benchmark issue volume by month



EUR benchmark issue volume by year

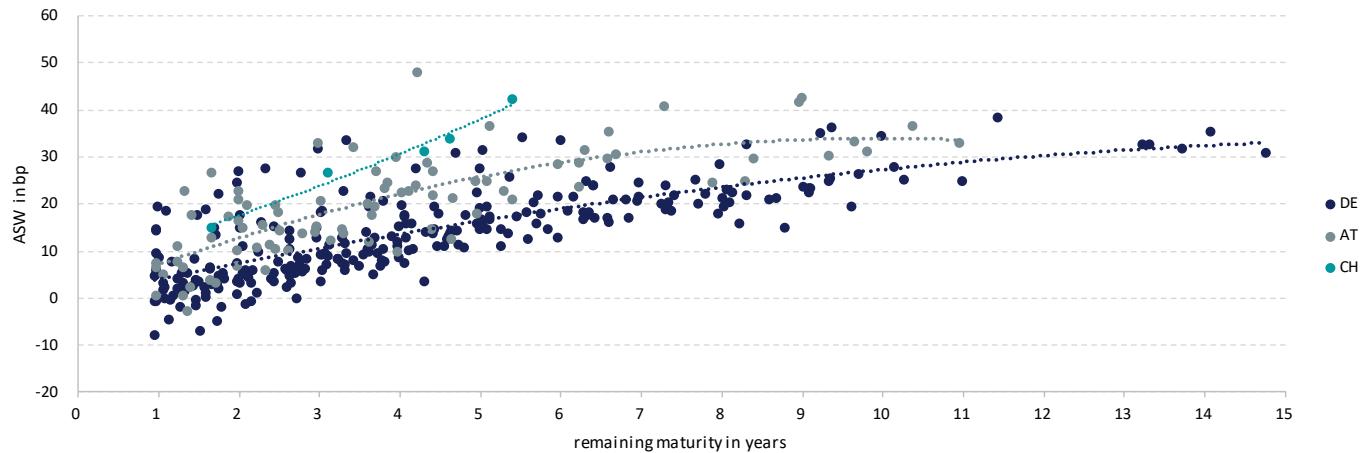


**EUR benchmark maturities by month****EUR benchmark maturities by year****Modified duration and time to maturity by country****Rating distribution (volume weighted)****EUR benchmark volume (ESG) by country (in EURbn)****EUR benchmark volume (ESG) by type (in EURbn)**

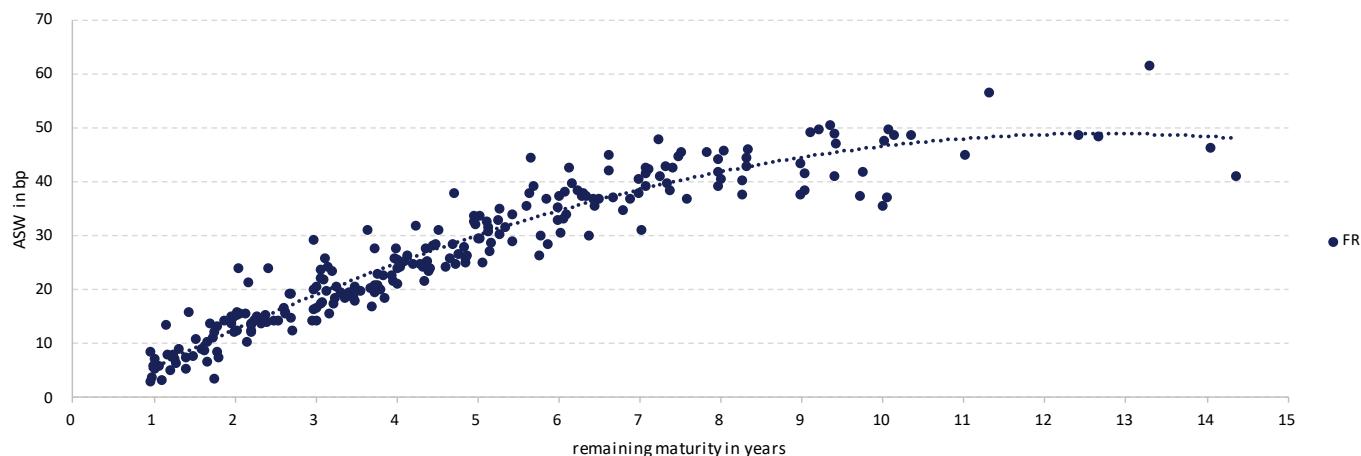
**Spread development by country****Covered bond performance (Total return)****Spread development (last 15 issues)****Order books (last 15 issues)**

## Spread overview<sup>1</sup>

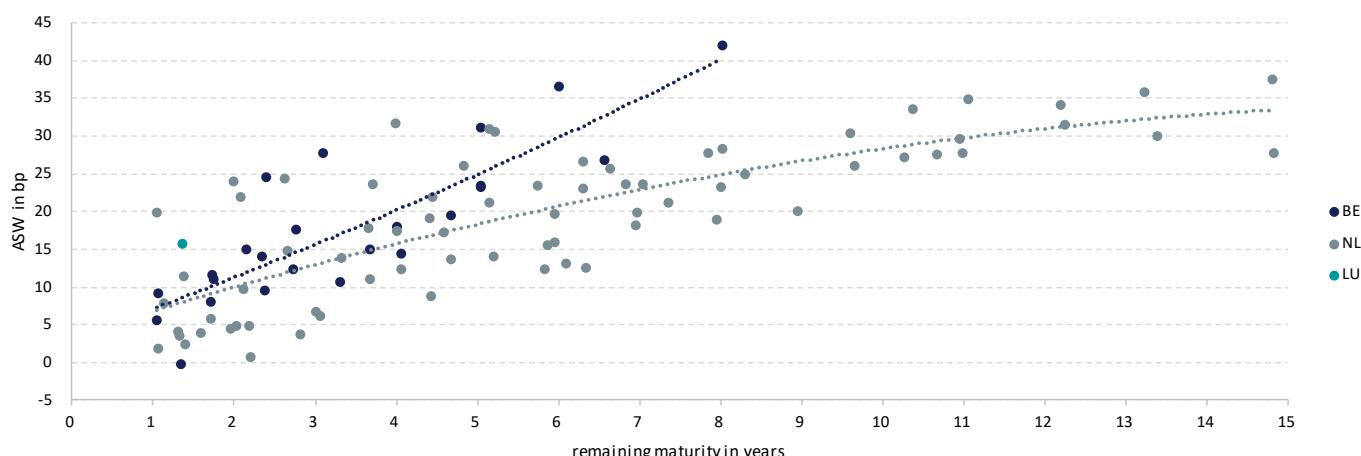
DACH   

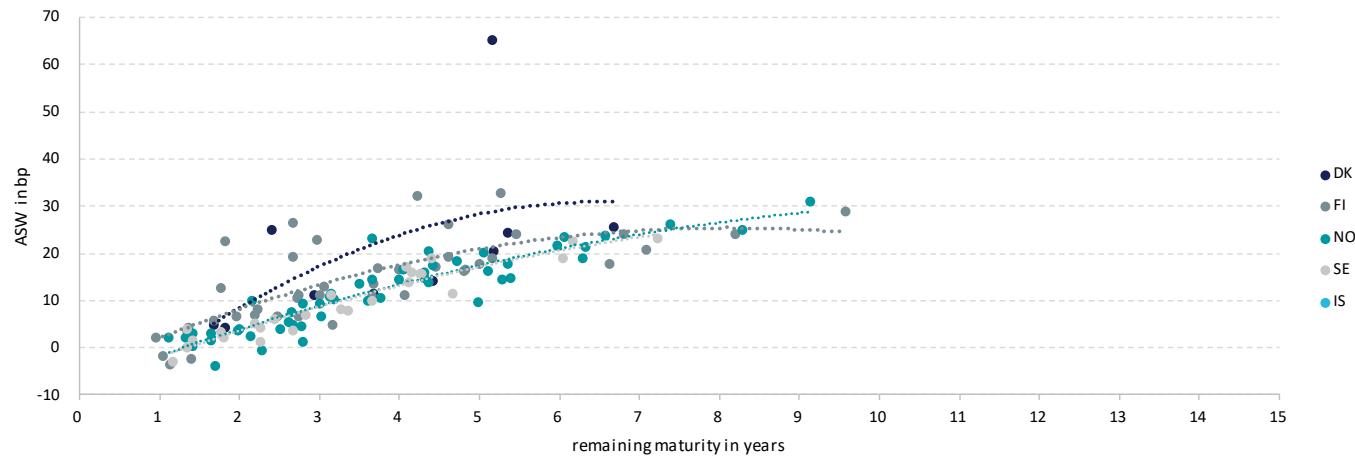
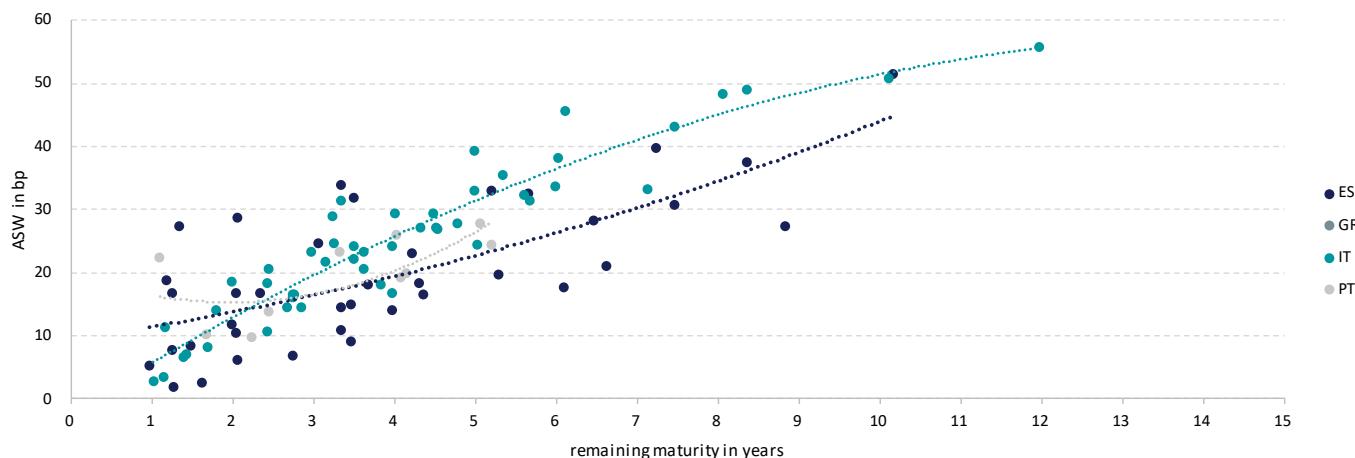
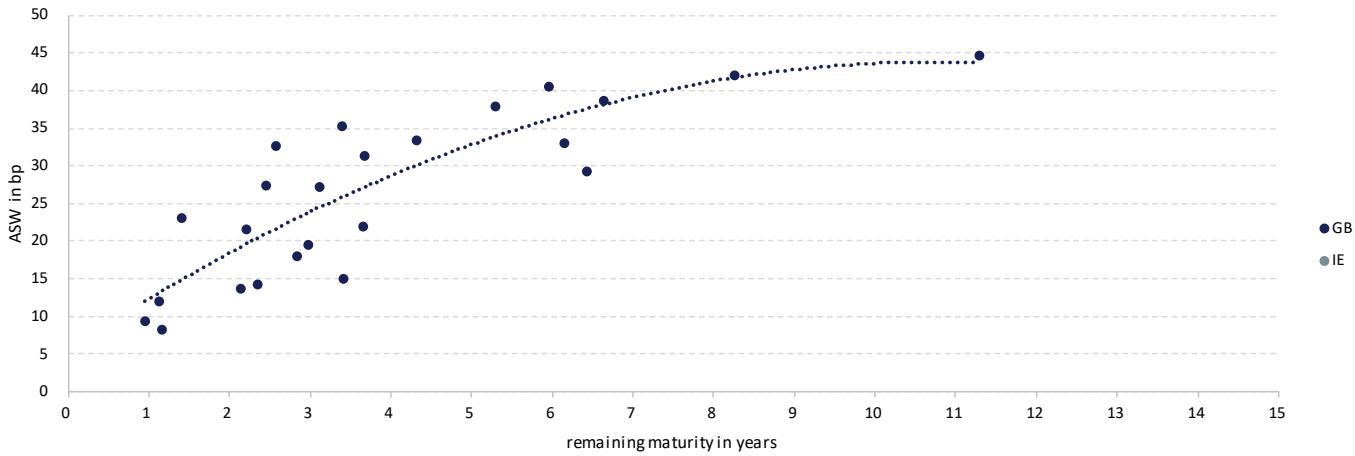


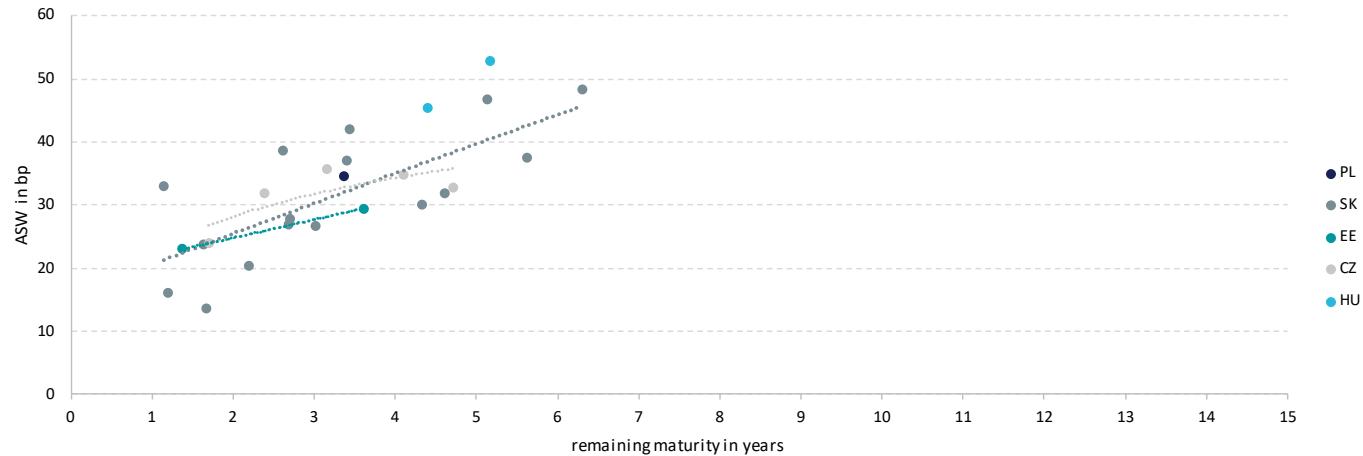
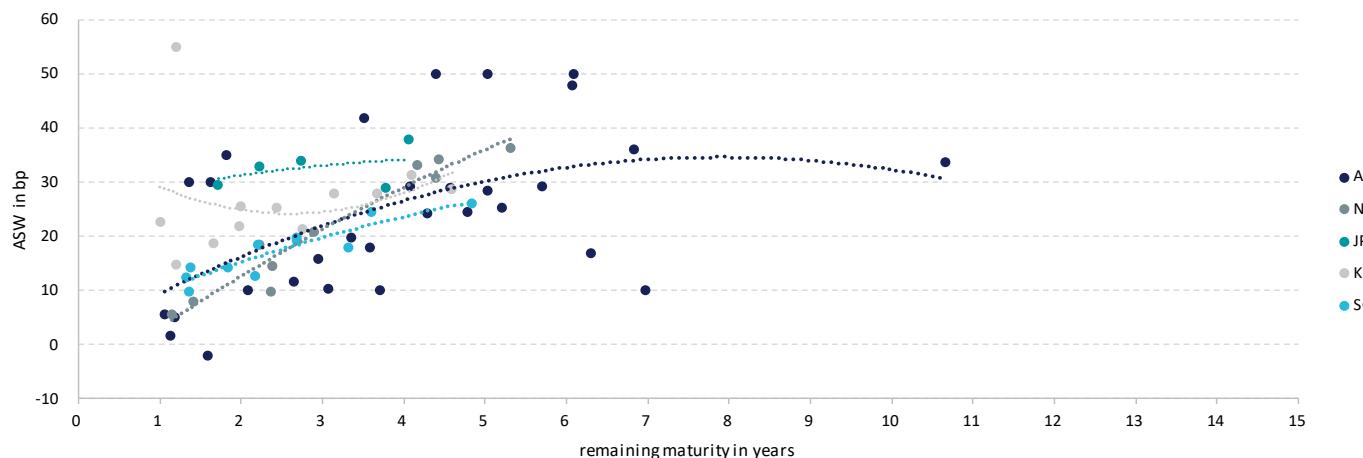
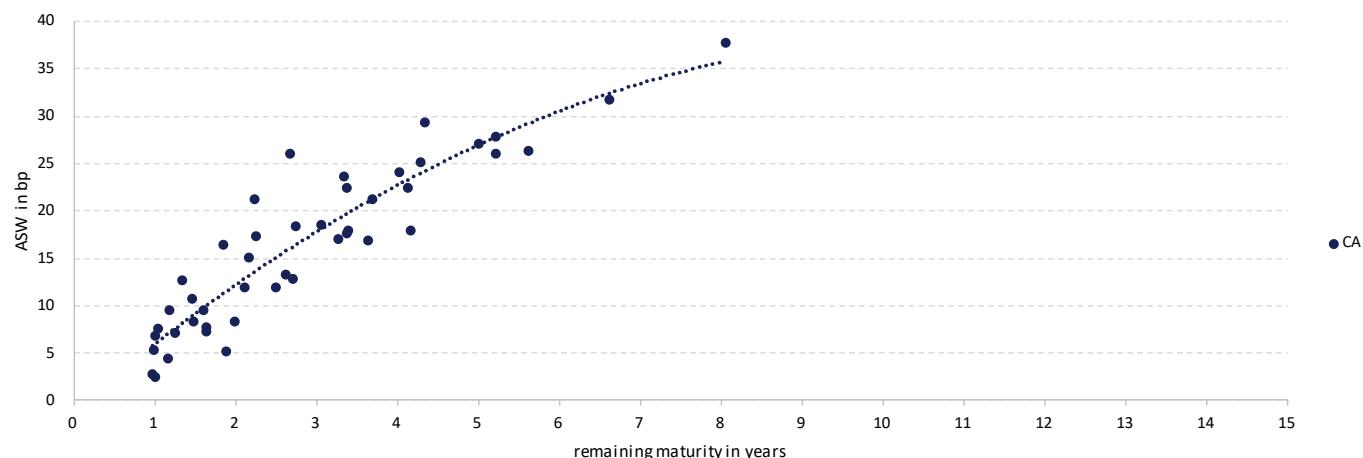
France  



Benelux   



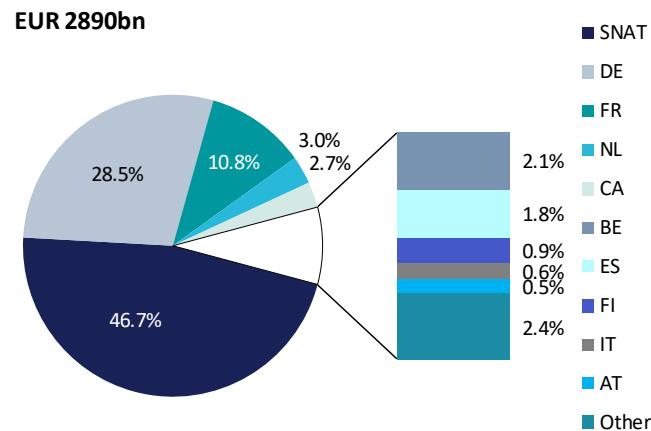
Nordics Southern Europe UK/IE 

CEE APAC North America 

## Charts & Figures

### SSA/Public Issuers

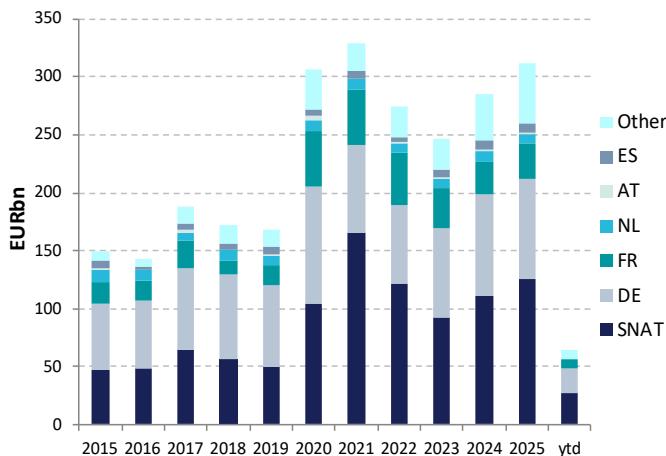
#### Outstanding volume (bmk)



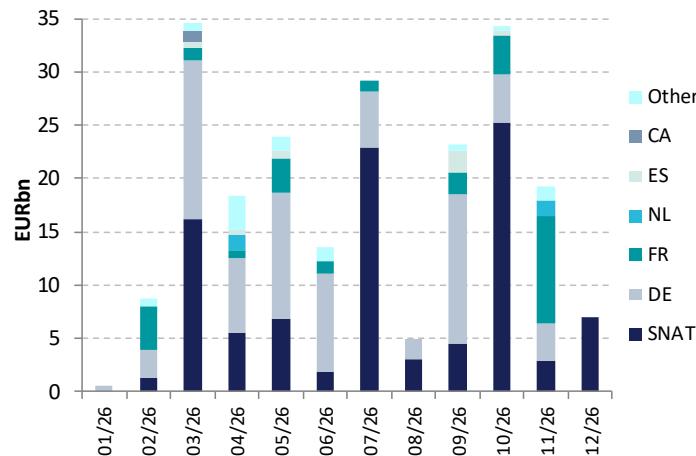
#### Top 10 countries (bmk)

Country	Vol. (EURbn)	No. of bonds	ØVol. (EURbn)	Vol. weight. ØMod. Dur.
SNAT	1,350.7	267	5.1	7.5
DE	823.8	624	1.3	5.7
FR	311.1	207	1.5	5.3
NL	86.5	68	1.3	5.9
CA	79.2	69	1.1	6.2
BE	59.8	55	1.1	9.4
ES	51.4	75	0.7	4.6
FI	26.2	27	1.0	3.8
IT	17.3	22	0.8	4.0
AT	14.5	21	0.7	5.0

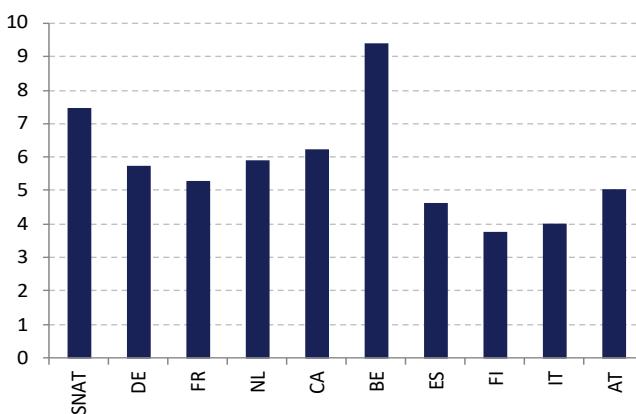
#### Issue volume by year (bmk)



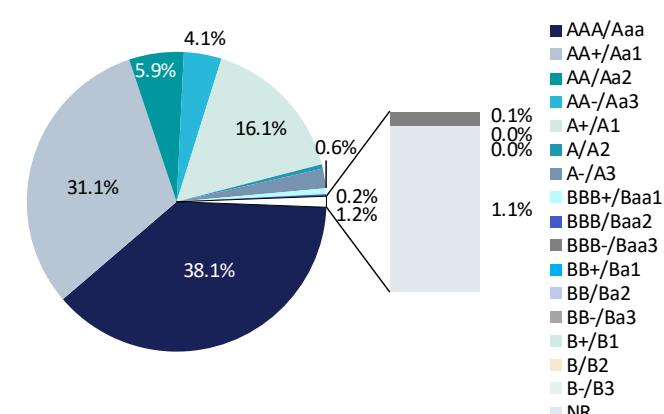
#### Maturities next 12 months (bmk)

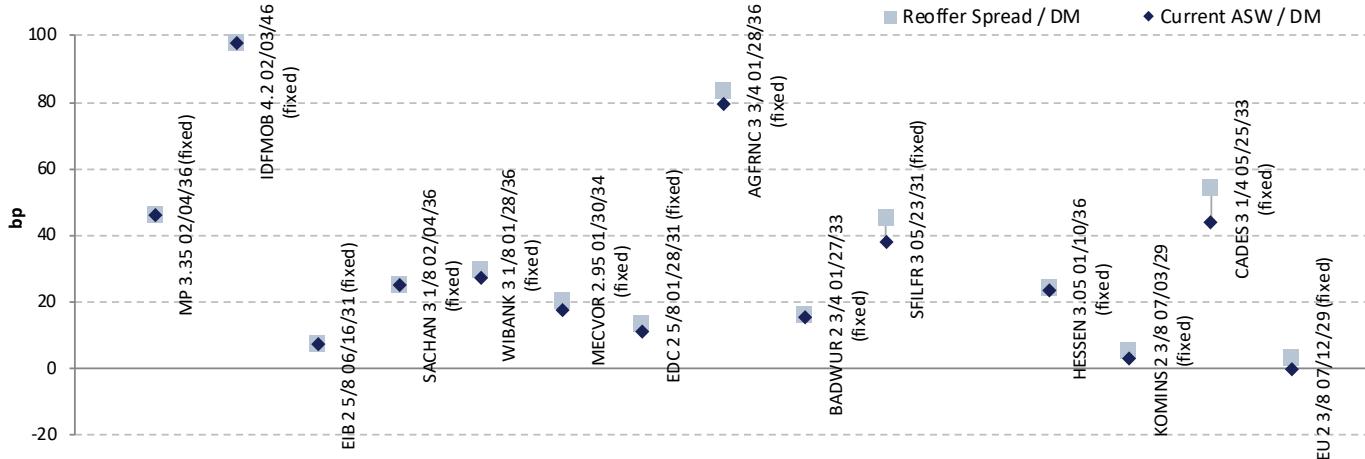
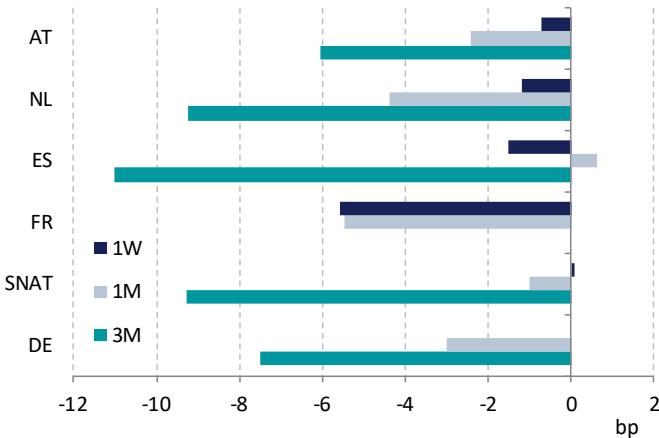
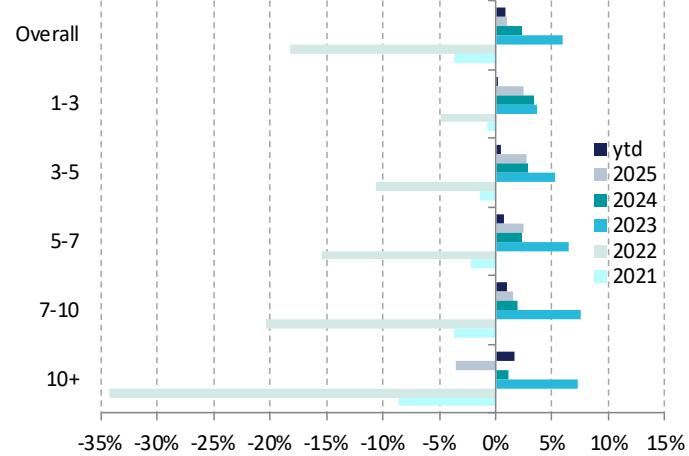
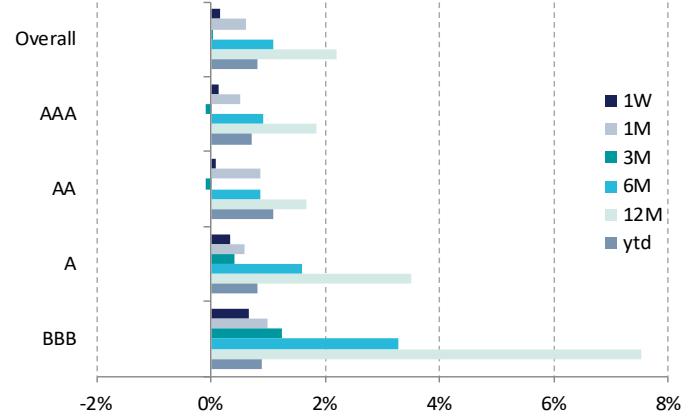


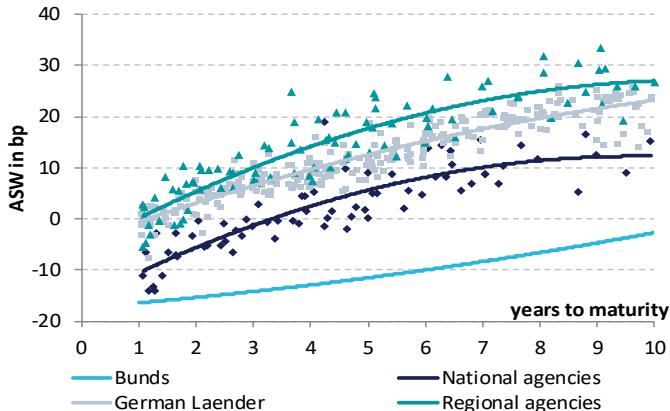
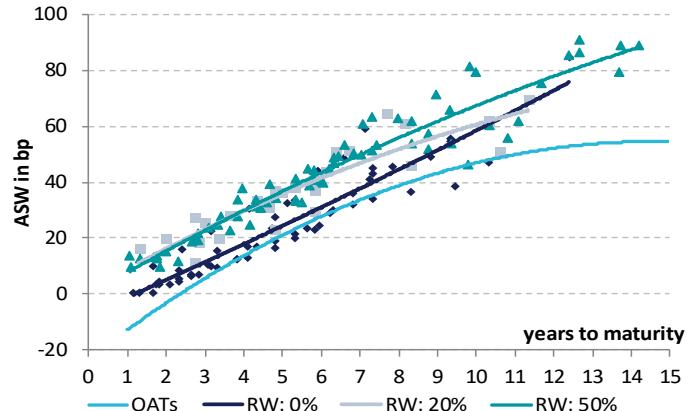
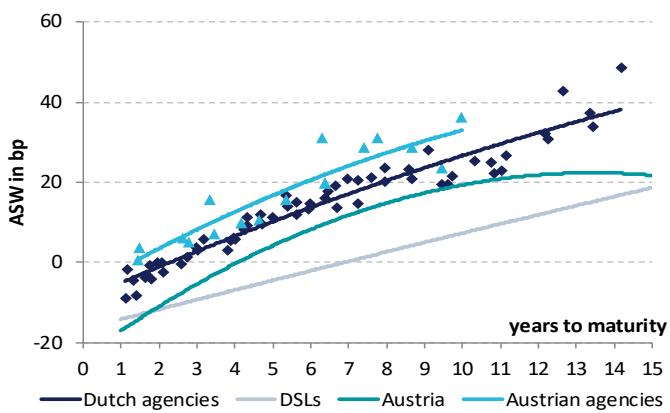
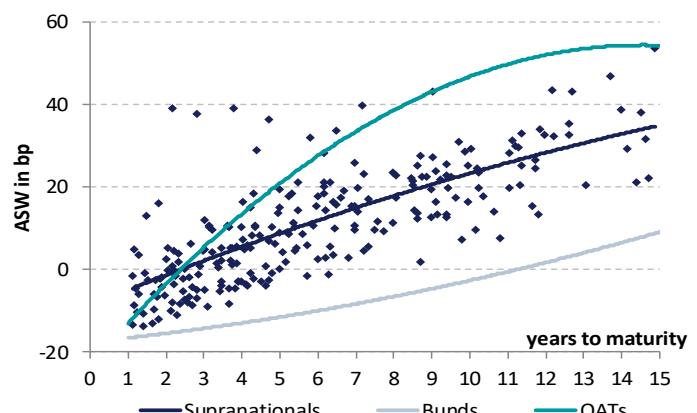
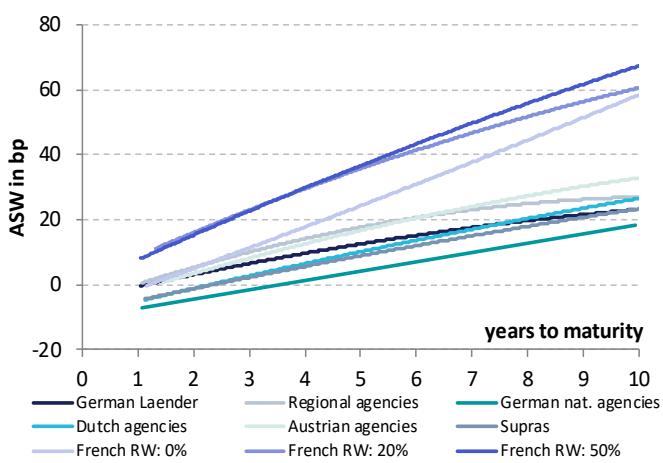
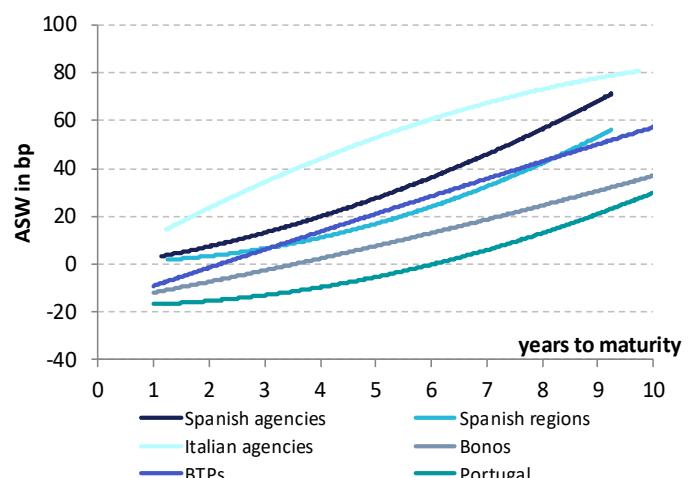
#### Avg. mod. duration by country (vol. weighted)



#### Rating distribution (vol. weighted)



**Spread development (last 15 issues)****Spread development by country****Performance (total return)****Performance (total return) by segments****Performance (total return) by rating**

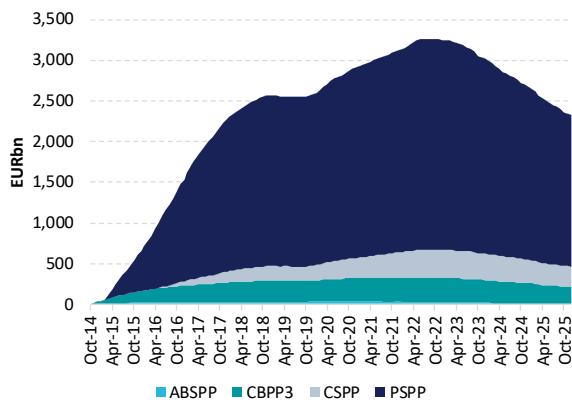
**Germany (by segments)****France (by risk weight)****Netherlands & Austria****Supranationals****Core****Periphery**

## Charts & Figures

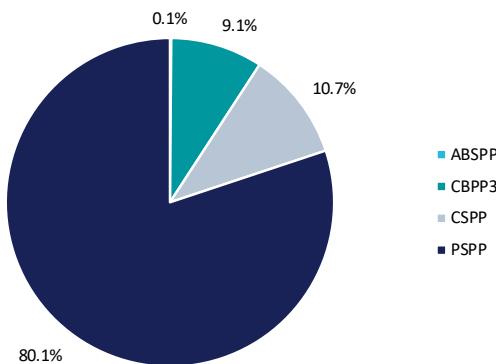
### ECB tracker

#### Asset Purchase Programme (APP)

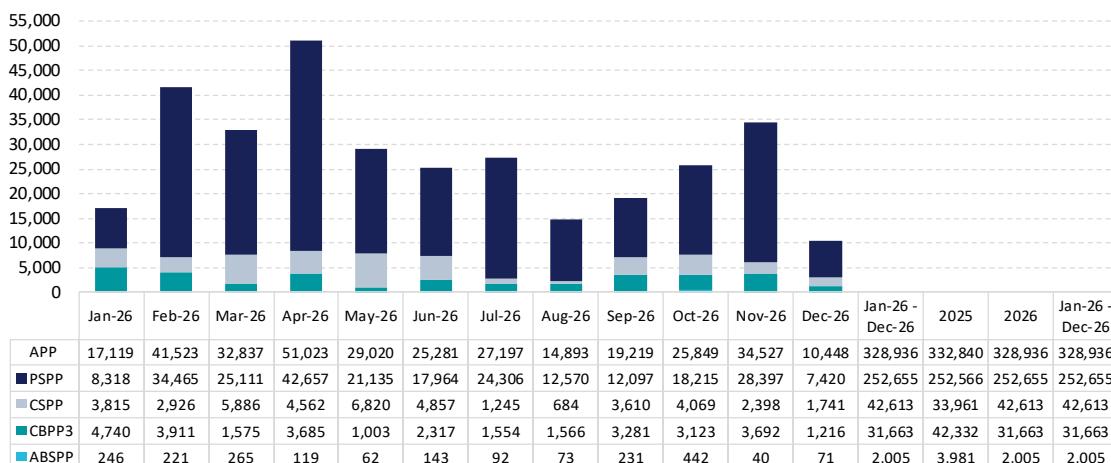
##### APP: Portfolio development



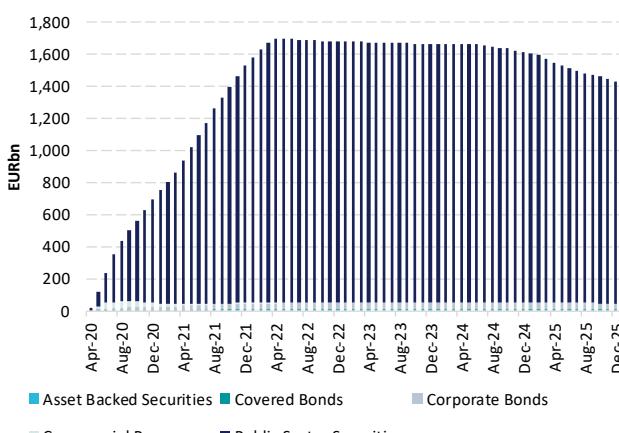
##### APP: Portfolio structure



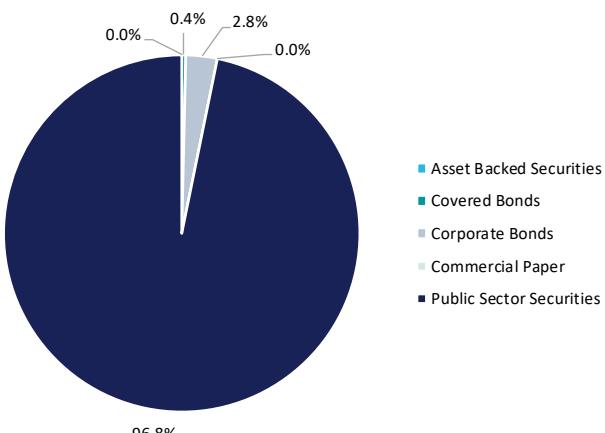
##### Expected monthly redemptions (in EURm)



##### PEPP: Portfolio development



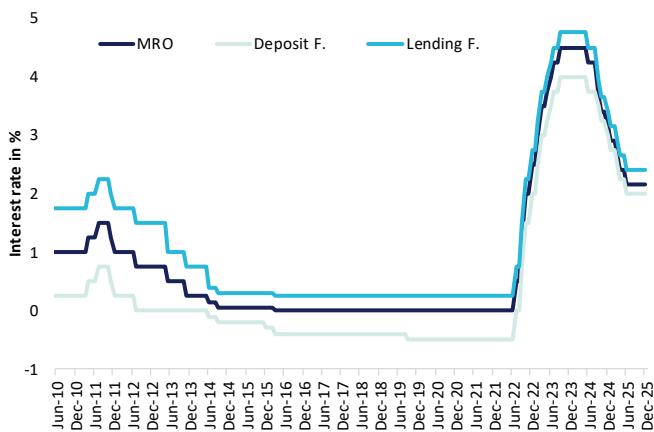
##### PEPP: Portfolio structure



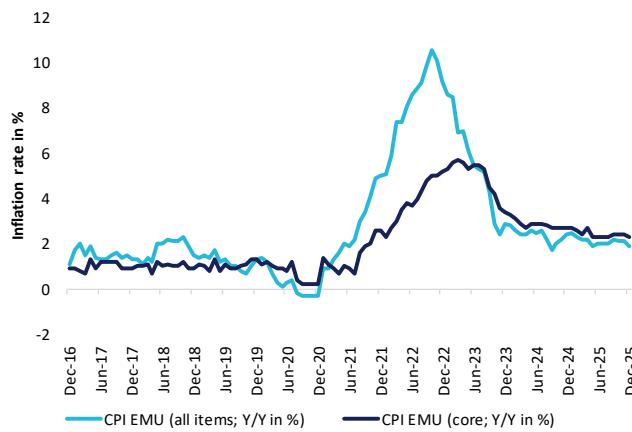
## Charts & Figures

### Cross Asset

#### ECB key interest rates



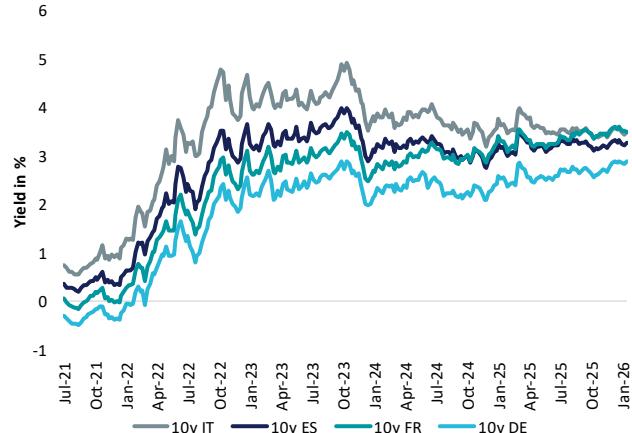
#### Inflation development in the euro area



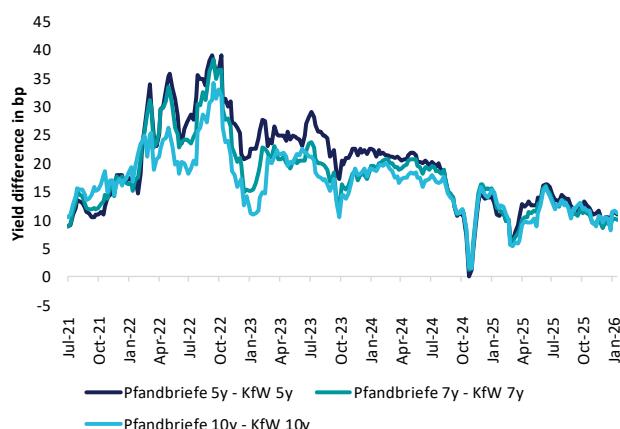
#### Bund-swap-spread



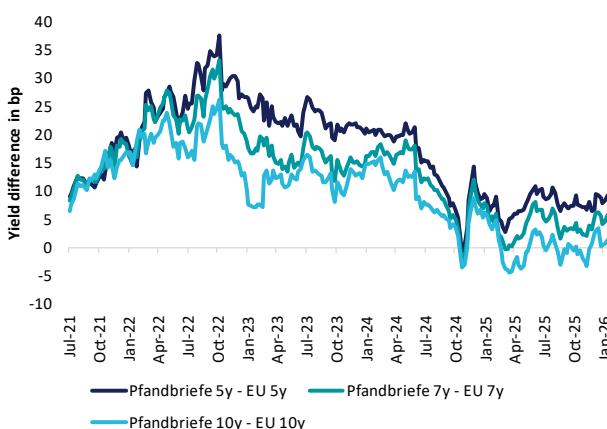
#### Selected yield developments (sovereigns)



#### Pfandbriefe vs. KfW



#### Pfandbriefe vs. EU



## Appendix

### Overview of latest Covered Bond & SSA View editions

Publication	Topics
<a href="#">02/2026 // 21 January</a>	<ul style="list-style-type: none"> <li>▪ The covered bond universe of Moody's: an overview</li> <li>▪ Review: EUR ESG benchmarks 2025 in the SSA segment</li> </ul>
<a href="#">01/2026 // 14 January</a>	<ul style="list-style-type: none"> <li>▪ Annual review of 2025 – Covered Bonds</li> <li>▪ SSA: Annual review of 2025</li> </ul>
<a href="#">43/2025 // 17 December</a>	<ul style="list-style-type: none"> <li>▪ Cross Asset: Dutch pension funds in the spotlight</li> </ul>
<a href="#">42/2025 // 10 December</a>	<ul style="list-style-type: none"> <li>▪ Focus on spread relationships: Covereds vs. Seniors</li> <li>▪ Teaser: Beyond Bundeslaender – Belgium</li> </ul>
<a href="#">41/2025 // 03 December</a>	<ul style="list-style-type: none"> <li>▪ The bigger picture – ECB and four daring suppositions</li> <li>▪ Our view of the covered bond market heading into 2026</li> <li>▪ SSA outlook 2026: More debt, less scope?</li> </ul>
<a href="#">40/2025 // 26 November</a>	<ul style="list-style-type: none"> <li>▪ Cross Asset // Call for evidence: EU Taxonomy under review</li> </ul>
<a href="#">39/2025 // 19 November</a>	<ul style="list-style-type: none"> <li>▪ A covered bond view of the Nordics</li> <li>▪ Teaser: Issuer Guide – French Agencies 2025</li> </ul>
<a href="#">38/2025 // 12 November</a>	<ul style="list-style-type: none"> <li>▪ Covereds: Development of the German property market (vdp index)</li> <li>▪ Funding strategies of Canadian provinces – an overview</li> </ul>
<a href="#">37/2025 // 05 November</a>	<ul style="list-style-type: none"> <li>▪ Covereds: Savings banks as primary market issuers</li> <li>▪ Auvergne-Rhône-Alpes Region – spotlight on REGRHO</li> </ul>
<a href="#">36/2025 // 29 October</a>	<ul style="list-style-type: none"> <li>▪ Covereds: A look at the EUR sub-benchmark segment</li> <li>▪ SSA: Canadian pension funds in the spotlight</li> </ul>
<a href="#">35/2025 // 22 October</a>	<ul style="list-style-type: none"> <li>▪ ESG benchmark segment at a crossroads?</li> <li>▪ Teaser: Issuer Guide – European Supranationals 2025</li> </ul>
<a href="#">34/2025 // 15 October</a>	<ul style="list-style-type: none"> <li>▪ Greece: covered bond jurisdiction on the rise?</li> <li>▪ Agencies and resolution instruments of the BRRD</li> </ul>
<a href="#">33/2025 // 08 October</a>	<ul style="list-style-type: none"> <li>▪ Solvency II and covered bonds</li> <li>▪ NGEU: Green Bond Dashboard</li> </ul>
<a href="#">32/2025 // 01 October</a>	<ul style="list-style-type: none"> <li>▪ Teaser: EBA report on the review of the EU covered bond framework</li> <li>▪ Update on German municipality bonds: DEUSTD and NRWGK</li> </ul>
<a href="#">31/2025 // 24 September</a>	<ul style="list-style-type: none"> <li>▪ The rating approach of Morningstar DBRS</li> <li>▪ Teaser: Beyond Bundeslaender – Greater Paris (IDF/VDP)</li> </ul>
<a href="#">30/2025 // 03 September</a>	<ul style="list-style-type: none"> <li>▪ A look at the German banking market</li> <li>▪ ECB repo collateral rules and their implications for Supras &amp; Agencies</li> </ul>
<a href="#">29/2025 // 27 August</a>	<ul style="list-style-type: none"> <li>▪ The rating approach of Standard &amp; Poor's</li> <li>▪ Pension avalanche and municipal debt: Laender under pressure</li> </ul>
<a href="#">28/2025 // 20 August</a>	<ul style="list-style-type: none"> <li>▪ Transparency requirements §28 PfandBG Q2/2025</li> <li>▪ Teaser: Issuer Guide – Spanish Agencies 2025</li> </ul>
<a href="#">27/2025 // 13 August</a>	<ul style="list-style-type: none"> <li>▪ Covereds – Relative value analysis: a stocktake of the situation</li> <li>▪ SSA review: EUR-ESG benchmarks in H1/2025</li> </ul>

# Appendix

## Publication overview

### Covered Bonds:

[Issuer Guide – Covered Bonds 2025](#)

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

[Transparency requirements §28 PfandBG Q3/2025](#) (quarterly update)

[Transparency requirements §28 PfandBG Q3/2025 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](#)

[Beyond Bundeslaender: Canadian Provinces](#)

[Beyond Bundeslaender: Belgium](#)

[Beyond Bundeslaender: Greater Paris \(IDF/VDP\)](#)

[Beyond Bundeslaender: Spanish regions](#)

[Issuer Guide – European Supranationals 2025](#)

[Issuer Guide – Non-European Supranationals \(MDBs\) 2025](#)

[Issuer Guide – German Agencies 2025](#)

[Issuer Guide – French Agencies 2025](#)

[Issuer Guide – Nordic Agencies 2025](#)

[Issuer Guide – Dutch Agencies 2025](#)

[Issuer Guide – Austrian Agencies 2025](#)

[Issuer Guide – Spanish Agencies 2025](#)

### Fixed Income Specials:

[ESG-Update 2025](#)

[NO! You joyful... pause! – ECB keeps key rates unchanged](#)

# Appendix

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