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Covered Bond & SSA View

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Marketing communication (see disclaimer on the last pages)

Negative outlook for Germany on the cards?

Author: Dr Norman Rudschuck, CIIA

Potential downgrade to rating outlook and implications for the German Laender

The major rating agencies continue to assign a rating of AAA (or Aaa) with a stable outlook to Germany. In this sense, any potential adjustment to a "negative" outlook would primarily represent a forewarning that risks to the top rating have increased. However, we would at the same time stress that this would constitute neither a rating downgrade nor an indication of impaired short-term repayment capacity. The current discussion is being driven less by increased borrowing in and of itself than by questions in connection with the fiscal quality of the borrowing. Together, the special fund for infrastructure and climate neutrality and relaxed debt regulations are intended to facilitate additional investment and boost potential growth. However, if planned investments are shifted to the special fund while the resulting freed-up resources in the core budget are used for spending on consumption, deficits and debt levels would rise unless there is a corresponding improvement in growth prospects. A steadily rising debt-to-GDP ratio, persistently high general government deficits, increasing interest expenses and a reduction in transparency arising from the increased use of special funds constitute additional factors of relevance to rating assessments. In the view of Fitch and S&P, the rating profile would in particular come under pressure in the event that debt levels rise without a credible stabilisation path or should fiscal stimuli fail to sufficiently improve medium-term growth. Moreover, forecasts indicate that interest expenses are set to more than double in the space of just four years, rising from EUR 30.2bn (2026) and EUR 41.8bn (2027) to as much as EUR 81bn (2030). We are still a fair way off seeing any sudden spikes in spreads or similar developments, as can be seen from refinancing trends in France and the USA, where the figures involved are in a totally different universe – as high as EUR 40,000bn, in fact. To avoid this kind of situation, from a German perspective the time has certainly arrived to actually use the funds for investment while at the same time implementing consolidation measures elsewhere.

Connection to the NORD/LB Issuer Guide – German Laender 2026

A negative outlook for Germany would primarily have a signal effect for the Laender and could cause the rating agencies to re-examine the link between the sovereign credit rating, the federal financial equalisation system and the principle of federal loyalty. This would not automatically entail a rating downgrade for the Laender; rather, the decisive factor here would be whether the rating agencies decide to apply the negative trend at the level of the Bund to the rating outlooks of the individual federal states or to initially assess the Laender-specific credit profiles as sufficiently resilient. For the Laender, this institutional framework acts as both a protective mechanism and a transmission channel. The federal financial equalisation system, top-down support from the Bund, principle of federal loyalty and the Stability Council together serve to limit the idiosyncratic risks faced by individual federal states. At the same time, these mechanisms mean that their ratings are linked even more closely with that of the Bund. Agencies would pay particularly close attention to Laender with high debt levels, weak interest coverage and/or extensive dependency on financial equalisation payments. In contrast, fundamentally stronger Laender benefit from a more pronounced stand-alone buffer, although it should be stressed that rating methodologies can occasionally mask these differences. For more information on this, please refer to our recently published Issuer Guide – German Laender 2026. Many thanks to Lukas Frese, Tobias Cordes and Luc Depping for their valuable collaboration on this project!

NORD/LB

Agenda

Floor analysts:

Dr Norman Rudschuck, CIIA
Head of Desk
norman.rudschuck@nordlb.de

Lukas Kühne
Covered Bonds/Banks
lukas.kuehne@nordlb.de

Elias Degener
Covered Bonds/Banks
elias.degener@nordlb.de

Lukas-Finn Frese
SSA/Public Issuers
lukas-finn.frese@nordlb.de

Tobias Cordes, CIIA
SSA/Public Issuers
tobias.cordes@nordlb.de

Covered Bonds
Market overview

Authors: Lukas Kühne // Elias Degener // Dr Norman Rudschuck, CIIA

Primary market: strong issuance dynamic supported by high demand

Describing the restart of the covered bond market after the summer break as active would be doing it a great disservice: 15 new deals from nine separate jurisdictions has caused a real stir in the primary market over the past five trading days. Supported by high demand, the majority of issuers are presently able to price their new deals on or even within their curves. Accordingly, at 0.4bp, the average new issue premium for the 15 deals is at a very low level. In addition to a longer issuance break on the primary market, we would put the current high level of demand down to the attractive interest rate level. Especially for those investors less interested in spread considerations, but who tend rather to focus on the absolute yield, the current levels are certainly likely to be of interest. From our perspective, the flattening yield curve is causing market players to increasingly focus on short to medium-term maturities. In this context, just three bonds with maturities of six years or longer were issued over the past five trading days, while the remaining 12 deals featured maturities ranging from 3.0 to 5.1 years. Given the veritable deluge of transactions, in this section we will only be highlighting two specific deals, although a more detailed overview is available in the table below. Of particular note is the inaugural European Green Bond from the Norwegian issuer SpareBank 1 Boligkreditt, which was successfully placed last Wednesday (19 August). During the marketing phase, the spread narrowed by seven basis points to ms +23bp, with a volume of EUR 1.0bn ultimately issued. The deal placed by the Slovakian institution Všeobecná úverová banka (cf. Issuer View; ticker: VUBSK) recorded even stronger narrowing, with the spread on this new deal (5.1y) tightening by nine basis points to ms +33bp during the marketing phase. As was the case in April 2026, the bank opted for an issuance volume of EUR 750m for its second primary market appearance this year.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
ANZ New Zealand	NZ	25.08.	XS3486705224	3.0y	0.75bn	ms +15bp	AAA / Aaa / -	-
ING-DiBa	DE	25.08.	DE000A2YNWH6	5.0y	1.00bn	ms +16bp	- / Aaa / -	-
LF Hypotek	SE	24.08.	XS3486690285	5.1y	0.50bn	ms +16bp	- / Aaa / AAA	-
Korea Housing Finance	KR	24.08.	XS3465646365	3.0y	0.80bn	ms +17bp	- / Aaa / AAA	X
Commerzbank	DE	24.08.	DE000CZ46C35	5.0y	1.00bn	ms +17bp	- / Aaa / -	-
VUBSK	SK	24.08.	SK4000030201	5.1y	0.75bn	ms +33bp	- / Aa1 / -	-
Bayerische Landesbank	DE	24.08.	DE000BYL0RA8	4.0y	0.75bn	ms +10bp	- / Aaa / -	-
SEB	SE	20.08.	XS3482637496	3.0y	1.00bn	ms +8bp	- / Aaa / -	-
Arkea Public Sector SCF	FR	20.08.	FR001401AMG9	8.0y	0.50bn	ms +44bp	- / Aaa / -	-
RLB Steiermark	AT	20.08.	AT0000A3WQC0	5.0y	0.50bn	ms +19bp	- / Aaa / -	-
SpareBank 1	NO	19.08.	XS3482718734	7.0y	1.00bn	ms +23bp	- / Aaa / -	-
Jyske Realkredit	DK	19.08.	DK0009420655	5.1y	0.50bn	ms +17bp	- / - / AAA	-
Tatra Banka	SK	19.08.	SK4000030193	3.0y	0.60bn	ms +21bp	- / Aaa / -	-
CA Home Loan SFH	FR	19.08.	FR001401AM80	10.0y	1.00bn	ms +52bp	AAA / Aaa /AAA	X
CA Home Loan SFH	FR	19.08.	FR001401AM72	3.0y	1.00bn	ms +14bp	AAA / Aaa / AAA	-

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

Secondary market: new deals continue to perform fairly well

Despite a high volume of fresh supply on the primary market and pricing at or within the curve, the majority of EUR benchmark bonds placed across recent trading days have continued to perform well in the secondary market. This can likely be put down to strong demand, which resulted in a significant rise in bid-to-cover ratios, in particular for primary market deals last week. Secondary market players appear to be focusing increasingly on maturities around the 5y mark, whereas there is less of an emphasis on longer-dated covered bonds at present.

EUR sub-benchmark deals successfully placed on the market

In a trading week with more than its fair share of new issuances in the primary market, the EUR sub-benchmark was not left behind, with two additional deals recorded here. Raiffeisen Landesbank Vorarlberg mit Revisionsverband eGen (ticker: RFVORA) from Austria got the ball rolling on Monday (24 August) by issuing its sixth covered bond in the EUR sub-benchmark format. With an issuance volume of EUR 300m and a 5y maturity, the institution chose the medium-term maturity segment. The deal was the subject of strong investor interest, which resulted in the spread narrowing by six basis points versus the guidance (ms +27bp area) to ms +21bp during the marketing phase. One day later, another Austrian issuer, on this occasion Raiffeisenverband Salzburg eGen (cf. Issuer View; ticker: RFVBSA) followed suit, matching RFVORA by also opting for a term to maturity of 5.5y for its new deal. Upon securing the mandate the previous day, the bank limited the issuance volume for this deal to EUR 250m. The RFVBSA deal attracted a high level of investor interest, meaning that the spread tightened by four basis points to ms +25bp over the course of the marketing phase. In total, the issuance volume from Austria in the sub-benchmark segment this year now comes to EUR 1.1bn overall, which is slightly above the level recorded by the same point in 2025 (EUR 1.0bn).

Moody's: German banking sector retains strong macro profile

Moody's recently updated its assessment of the German banking sector and confirmed the "Strong+" macro profile for the market. This serves as a key input for determining the Baseline Credit Assessments of the rated banks. According to the rating experts, the key factors behind Moody's assessment of the macroeconomic environment in the German banking market include the unchanged excellent credit quality (Aaa) of Germany, high economic diversification, robust institutions and the stable funding base of the banking sector. Overall, this creates an environment for German banks that, by international comparison, is exceptionally strong. As part of its methodology, Moody's also assesses credit and refinancing conditions as well as the sector's structural characteristics. After the risks associated with private-sector debt and commercial real estate financing diminished somewhat, credit conditions are now rated as neutral. Refinancing conditions also do not lead to any changes, with Moody's highlighting, in particular, the importance of granular customer deposits and the access German institutions have to diverse capital market funding sources, including the Pfandbrief market. Despite rising interest rates and improved profitability, in the view of the risk experts, the earnings power of German banks remains inferior to that of many comparable European markets. In particular, this situation is the result of the low-margin, heavily mortgage-driven retail banking business, a traditionally high cost base and the ongoing need for an investment drive in relation to digitalisation and efficiency measures.

S&P: covered bonds gaining importance for South Korean banks

The rating experts from S&P attest to the growing importance of the South Korean covered bond market in a recently published report. According to the rating experts, the relevance of this asset class as part of the refinancing strategies of market players has been steadily climbing, particularly since the introduction of the Covered Bond Act in 2014. In addition to the domestic market for issues denominated in South Korean won (KRW), banks in the country are increasingly making use of covered bonds to diversify their funding mixes and to gain access to European investors. The volume attributable to the quartet of main issuers amounted to around KRW 20tn (equivalent to EUR 11.3bn) as at mid-2026, while the current record annual issuance volume was set in 2025, at KRW 4.9tn. Moreover, as S&P explains further, the introduction of a third-country equivalence regime as proposed by the European Banking Authority (EBA) could potentially enhance the appeal of South Korean covered bonds for European investors, which would result in lower funding costs for South Korean issuers. The rating agency also looked at the residential real estate market in South Korea, highlighting in particular that private sector debt as a percentage of GDP has fallen from 101% at year-end 2021 to approx. 91% by the end of 2025. Over the long term, the South Korean regulatory authority is working towards a ratio of 80%, which it hopes can be achieved by 2030. In this context, S&P states that the government must implement stricter requirements regarding loan-to-value (LTV) and debt service ratios, as well as additional measures aimed at curbing credit growth. Despite these challenges, S&P continues to view the quality of the South Korean mortgage loans underlying the cover pools of the nation's covered bond issuers as robust. With default rates remaining low, the rating agency anticipates that the credit metrics for South Korean covered bond programmes will remain stable. As such, all South Korean covered bonds in the S&P universe are rated at AAA with a stable outlook.

vdp: Pfandbrief banks register increase in new business of +8.5% in H1/2026

The member institutions of the Association of German Pfandbrief Banks (vdp) pledged real estate loans of EUR 80.4bn in the first half of 2026. According to a press release issued on Monday (24 August), this corresponds to growth of +8.5% year on year. Consequently, the recovery in new business has been sustained, even if the financing volume continues to languish significantly below the level seen prior to the interest rate turnaround. At EUR 50.1bn, around 62% of the new business was attributable to residential property loans, representing growth of +5.3% on the first half of 2025. Multi-family houses were subject to particularly high demand for financing, although the commercial property segment developed in even more dynamic fashion. New business in relation to commercial property loans rose by +14.3% to EUR 30.3bn. The key driver of this development was financing for business premises, which saw an increase of more than +40% year on year. A differentiated picture emerges, however, in terms of the property finance portfolio. While the volume of loans granted for residential properties grew by +1.3%, a decline of -3.5% was recorded in the area of commercial property loans. As such, new lending was once more insufficient to offset repayments in full. For the second half of this year, vdp expects only moderate growth in new property lending. Geopolitical uncertainties, weak economic activity and persistent challenges in the housing market are likely to stand in the way of a more robust upturn in property financing. From an investor perspective, this confirms the picture of a stable albeit still fragile recovery in the German property financing market.

SSA/Public Issuers
Market overview

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

Public debt in Germany continues to increase

The Federal Statistical Office (Destatis) published the final data on the 2025 total public budget at the end of July. This shows that public debt increased by EUR +151.4bn (+6.0% Y/Y) to EUR 2,662.2bn in total last year. Of this figure, EUR 1,804.4bn (+6.2% Y/Y) was attributable to the German federal government (Bund), EUR 624.9bn (+2.9% Y/Y) to the Laender and the remaining EUR 197bn (+15.4% Y/Y) to the municipalities and the municipal associations. In relative terms, the municipalities therefore recorded the largest rise in borrowing. However, in absolute terms, the growth in debt of EUR +26.2bn was far less than that of the Bund (EUR +107.7bn) and was therefore only just above the growth in Laender debt (EUR +17.5bn). In per capita terms, borrowing now comes to EUR 31,887 (+6.1%). The sharpest percentage increase in municipal per capita debt occurred in Baden-Wuerttemberg, at +28.6% Y/Y, followed by Lower Saxony (+20.9% Y/Y) and Saxony (+19.4% Y/Y), while only the municipalities in Thuringia reduced their per capita debt level (-3.0% Y/Y). A similar picture emerges at Laender level: while Saxony recorded the greatest increase in per capita debt, at +17.1% Y/Y, only three Laender cut their per capita debt levels, namely Rhineland-Palatinate (-2.1% Y/Y), Berlin and NRW (both -1.0% Y/Y).

Rentenbank records substantial growth in promotional business

Landwirtschaftliche Rentenbank (ticker: RENTEN) presented its financials for H1/2026 on 07 August. It is clear from the press release that demand for promotional loans has increased significantly compared with the same period in the previous year across almost every segment. Demand for programme loans, in particular, rose sharply. The agency’s promotional business grew by +51.4% to EUR 4.2bn (H1/2025: EUR 2.8bn). Moreover, new business involving “agriculture-related companies” increased by +32.5% to EUR 586.5m, while new business in the “primary production” customer group expanded by +11.3% to EUR 1.1bn (H1/2025: EUR 989.5m) as well. However, the strongest increase was reported in the “renewable energies” segment, where new business more than doubled, primarily through the provision of funding for wind turbines, and came to EUR 1.6bn (H1/2025: EUR 636m). Rentenbank’s new business therefore rose to EUR 5.8bn in total (H1/2025: EUR 5.3bn). Landwirtschaftliche Rentenbank also works with the Federal Ministry of Agriculture, Food and Regional Identity (BMLEH) to provide targeted support for agriculture-related start-ups. In addition to providing subordinated loans and innovation vouchers, Rentenbank has a budget of EUR 230m to invest in venture capital funds. The bank also works with the BMLEH and the Frankfurt-based innovation platform “TechQuartier” to assist start-ups in their development process, from finding ideas to developing and scaling their business models, through specialised programmes and other partnerships under the umbrella of the “Growth Alliance” start-up programme. As far as its funding is concerned, the agency has already raised EUR 8.0bn on international capital markets in H1/2026, which accounts for approx. 75% of the issuance volume of EUR 11.0bn planned for 2026 as a whole.

KBN: Positive earnings performance and a solid capital base in H1/2026

Buoyed by positive contributions from hedging transactions, in particular, and higher interest income, Kommunalbanken (ticker: KBN) reported a strong earnings performance in Q2/2026. Compared with the same quarter in the previous year, interest income rose to NOK 615m (equivalent: EUR 52.1m; Q2/2025: NOK 568m) and reached a cumulative figure of NOK 1,208m (+7.8% Y/Y) in H1/2026. The earnings for the period also improved in H1/2026 to NOK 867m (H1/2025: NOK 815m). In Q2/2026, in particular, net profit increased by +36.5% to NOK 516m in comparison with Q2/2025. In contrast, total earnings fell to NOK 552m in H1/2026 (H1/2025: NOK 919m). This was largely attributable to an unrealised loss from changes to its own credit risk amounting to NOK 420m, whereas an unrealised profit of NOK 139m had been reported in H1/2025. The loan portfolio came to NOK 377bn at the end of Q2/2026 (NOK +2bn Y/Y), while the aggregate financing business reached NOK 390bn (NOK +8bn Y/Y). Around 21% of the loan portfolio was attributable to green lending, which highlights the increasing significance of sustainable financing. As far as its funding is concerned, KBN has already raised around NOK 74bn in H1/2026 (H1/2025: NOK 103bn). The majority of this was attributable to USD (64%), followed by GBP (15%), while the remaining volume was spread across AUD, SEK and EUR among other currencies. However, no EUR benchmark bonds are included in the new issues.

Saarland presses ahead with reform of municipal financial equalisation scheme

The regional government of Saarland (ticker: SAARLD) is pressing ahead with its reform of the municipal financial equalisation scheme (KFA; kommunaler Finanzausgleich) and recently published its five-point agenda. By way of reminder: preparations for this reform process started back in 2022, when the regional government launched the new assessment procedure in collaboration with municipal umbrella organisations. Unlike previous attempted reforms, both the distribution of funds between the municipalities and the financial relationships between the Land and the municipalities are to be examined. Even though the assessment process is still ongoing and completion is planned by the end of the current parliamentary term, the results so far point to substantial investment being required at a municipal level. Since this circumstance not only affects municipalities in Saarland but also numerous other municipalities throughout Germany, the regional government will argue in favour of further reliefs at federal level in the future – especially in the case of social costs – and will participate in the “Municipal Finances Pact for the Future” with the aim of playing a part in drafting a solution to improve the municipal budget situation. With regard to the municipalities in Saarland, the agenda also envisages passing any savings that arise for the municipalities from the financial relief planned by the federal government directly to the municipalities by scaling back their responsibilities, among other aspects. At the same time, their responsibilities and the existing allocation of tasks are to be systematically reviewed to identify any potential savings with the aim of using any financial leeway that may result from this process to stabilise the KFA. In addition to the funds from the LuKIFG (Länder-und-Kommunal-Infrastrukturfinanzierungsgesetz; Laender and Local Authority Infrastructure Financing Act), which constitutes a crucial support but is not sufficient to make up for the investment backlog at municipal level, the Land wishes to make available additional lump-sum investment funding of EUR 27m per year from 2028 at the latest. It will take some time until the municipalities receive the funds or the planned measures take effect – ultimately, we have to wait for the final report, which will serve as the basis of the KFA reform. The comprehensive political assessment also needs to be finalised.

Rhineland-Palatinate: Council of Ministers approves a special fund for the Rhineland-Palatinate plan

The Council of Ministers in Rhineland-Palatinate (ticker: RHIPAL) has approved the draft for the Regulation on the Implementation of the Regional Act to Establish the "Rhineland-Palatinate Plan for Education, Climate and Infrastructure" (RLP-Plan) in principle and has therefore paved the way for implementing the federal government's Infrastructure and Climate Protection special fund at the level of the sub-sovereign. The RLP plan is expected to total around EUR 5.5bn and is to be used primarily to invest in education, climate, energy, digitalisation, transport, health and civil protection. Approx. EUR 3.5bn is to go directly to the municipalities, of which EUR 2.9bn will be provided from federal funds and an additional EUR 600m by the federal state itself. The regulation that has been approved aims, in particular, to flesh out the legal requirements that must be met to give the municipalities in Rhineland-Palatinate the planning certainty required to implement the municipal share of the special fund. The municipalities will be responsible for deciding how they will use the regional budget locally. The RLP Plan is intended to run for an investment period of 12 years.

ESM publishes a report on the stability of the Eurozone for the first time

The European Stability Mechanism (ticker: ESM) has classified and assessed the challenges and risks in the Eurozone in its first report on the stability of the Eurozone ("Euro Area Stability Watch 2026"). It focuses on geopolitical tensions, especially in the Near and Middle East, increased volatility on financial markets and rising public debt ratios resulting from increases in Member States' defence and investment spending. In its baseline scenario, the ESM expects average economic growth of +1.1% Y/Y with inflation of 2.7% Y/Y in 2026/27. However, in an adverse scenario involving sustained geopolitical tensions and an abrupt revaluation of US assets combined with spillover effects on European markets, the average growth would fall to only +0.1%, while inflation rises to 3.6% Y/Y. In this scenario, the Eurozone could slide into a recession, with investments and exports coming under significant pressure and real GDP remaining around 2% below the baseline scenario long term. The average public debt ratio in the Eurozone could also increase by around +20% points. The fiscal adjustment required would place a significant strain on Member States and require consistent implementation of the EU fiscal framework. At the same time, the ESM refers to the increase in defence spending in the Eurozone: the increase in the NATO target for defence spending to 3.5% of GDP will result in additional annual expenditure of around EUR 45bn for the Eurozone up to 2035. Although these expenses also increase fiscal pressures, they could also have a positive effect on growth and productivity. According to calculations by the ESM, up to 53 cents of each additional euro of investment and innovation-oriented defence spending can be funded via growth and higher government revenues. The return would fall to 25 cents without these effects. Overall, the report highlights the resilience of the Eurozone in the crises of recent years. At the same time, the ESM highlights that this resilience must not be taken for granted. Among other things, Member States' fiscal leeway and the financing buffer for future crises have decreased. In view of the aspects raised, Member States are therefore required to tackle existing challenges to protect the credibility of the EU fiscal framework.

Primary market

Having reported on three issues from Germany alone last week, issuers from other jurisdictions have now also ventured onto the SSA primary market in the trading week under review. Let's start by looking at the first deal placed in the past week: it was in fact another German issuer, this time North Rhine-Westphalia (ticker: NRW), that got the ball rolling shortly after the publication of our previous edition by raising EUR 1.5bn (7y) at ms +16bp. At the end of the marketing phase, the order book stood at EUR 6.5bn, meaning that the deal was priced two basis points below the guidance. Remaining in Germany for the time being, Berlin (ticker: BERGER) also satisfied its capital requirements with the issue of a new EUR benchmark in the amount of EUR 1.25bn with a maturity of ten years. It was finally priced at ms +24bp (guidance: ms +25bp area, order book: EUR 2.6bn). Two issuers from our neighbour France also broke cover in the week under review and, in doing so, boosted supplies in the ESG segment: for its transaction, the French infrastructure operator Île-de-France Mobilités (IDFM, ticker: IDFMOB) opted to issue a green bond in the form of a European Green Bond (EUR 1bn, 10y). The bid-to-cover ratio amounted to 3.3x, meaning that the deal was completed at OAT +12p (equivalent to circa ms +92bp; guidance: OAT +15bp area). In contrast, Agence France Locale (AFL, ticker: AFLBNK) covered its financing requirement last Friday by placing EUR 500m in the form of a sustainability bond with a maturity in excess of eight years. The final order book totalled EUR 3.5bn at the end of the marketing phase and ultimately allowed the spread to be reduced by four basis points, meaning that the deal went through at OAT +16bp (equivalent to around ms +85bp at the time). Yesterday, the International Bank for Reconstruction and Development (ticker: IBRD), which is part of the World Bank Group, also put its money where its mouth is by approaching investors with a sustainability bond (10y). It raised EUR 3bn at ms +23bp (guidance: ms +25bp area, order book: EUR 6.4bn). With regard to the coming week, we have the EU's second bond auction in H2/2026 to look forward to on Monday. Based on the new mandates issued, we also expect the following transactions in the near future: the Canadian pension fund Caisse de Dépôt et Placement du Québec (ticker: CADEPO) plans to issue a benchmark-size EUR bond with a seven-year maturity. Furthermore, UNEDIC (France) intends to place a social bond (2y) in EUR benchmark format, while Saarland (ticker: SAARLD) has set its sights on issuing a floater in the amount of EUR 500m (8y, WNG).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
IDFMOB	FR	25.08.	FR001401AO54	10.4y	1.00bn	ms +92bp	A+ / - / -	X
IBRD	SNAT	25.08.	XS3486811766	10.0y	3.00bn	ms +23bp	- / Aaa / AAA	X
BERGER	DE	25.08.	DE000A5H3DJ1	10.0y	1.25bn	ms +24bp	AAA / Aa1 / -	-
AFLBNK	FR	21.08.	FR001401AN14	8.6y	0.50bn	ms +85bp	A+ / - / A+	X
NRW	DE	19.08.	DE000NRW0QR6	7.0y	1.50bn	ms +16bp	AAA / Aa1 / AA	-

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

Covered Bonds
Solvency II and Covered Bonds

Authors: Lukas Kühne // Elias Degener // Dr Norman Rudschuck, CIIA

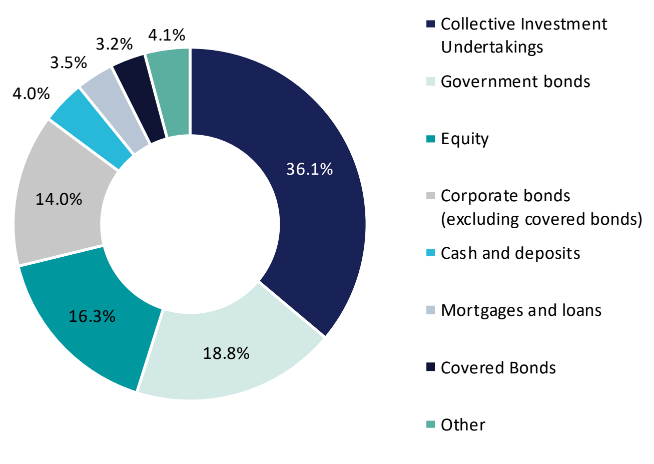
Relevance of insurance firms as covered bond investors

Insurance companies have traditionally been one of the most important investor groups for covered bonds. Accordingly, in this focus article of our weekly publication, we would firstly like to briefly assess the relevance of covered bonds for the European insurance industry before turning our attention to the regulatory treatment of covered bonds under Solvency II. To this end, we refer, among other things, to the database on the asset exposure of European insurance companies provided quarterly by the European Insurance and Occupational Pensions Authority (EIOPA).

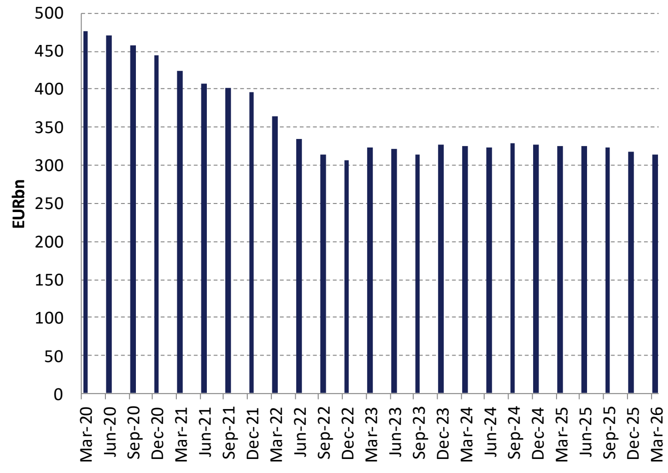
EIOPA statistics: covered bond volume stable among insurance firms

EIOPA's official database shows an asset exposure of EUR 314.6bn for covered bonds for H1/2026, according to statistical data based on the Solvency II reporting requirements (cf. EIOPA Insurance Statistics). This equates to a share of 3.2% of the total asset exposures of European insurers. Particularly in the period 2020-2022 there was a sharp decline in the covered bond volume, which in Q1/2020 had still amounted to EUR 476.3bn or 5.5% of asset exposure. In addition to the interest rate environment and the ECB's monetary policy, this decrease can also be attributed to changes in the Solvency II framework, among other factors. However, it seems that since Q2/2023 the worst is now behind us and all market participants appear to have adapted to the new conditions. Accordingly, the volume of covered bonds held has largely stabilised. Since its introduction, the Solvency II Directive has been subject to a regular adjustment process and was most recently amended in January 2025. However, in our view, these changes are not likely to have a significant impact on demand on the part of insurance companies for covered bonds.

EIOPA: asset exposures by category



EIOPA asset exposures: covered bond volume



Source: EIOPA, NORD/LB Floor Research

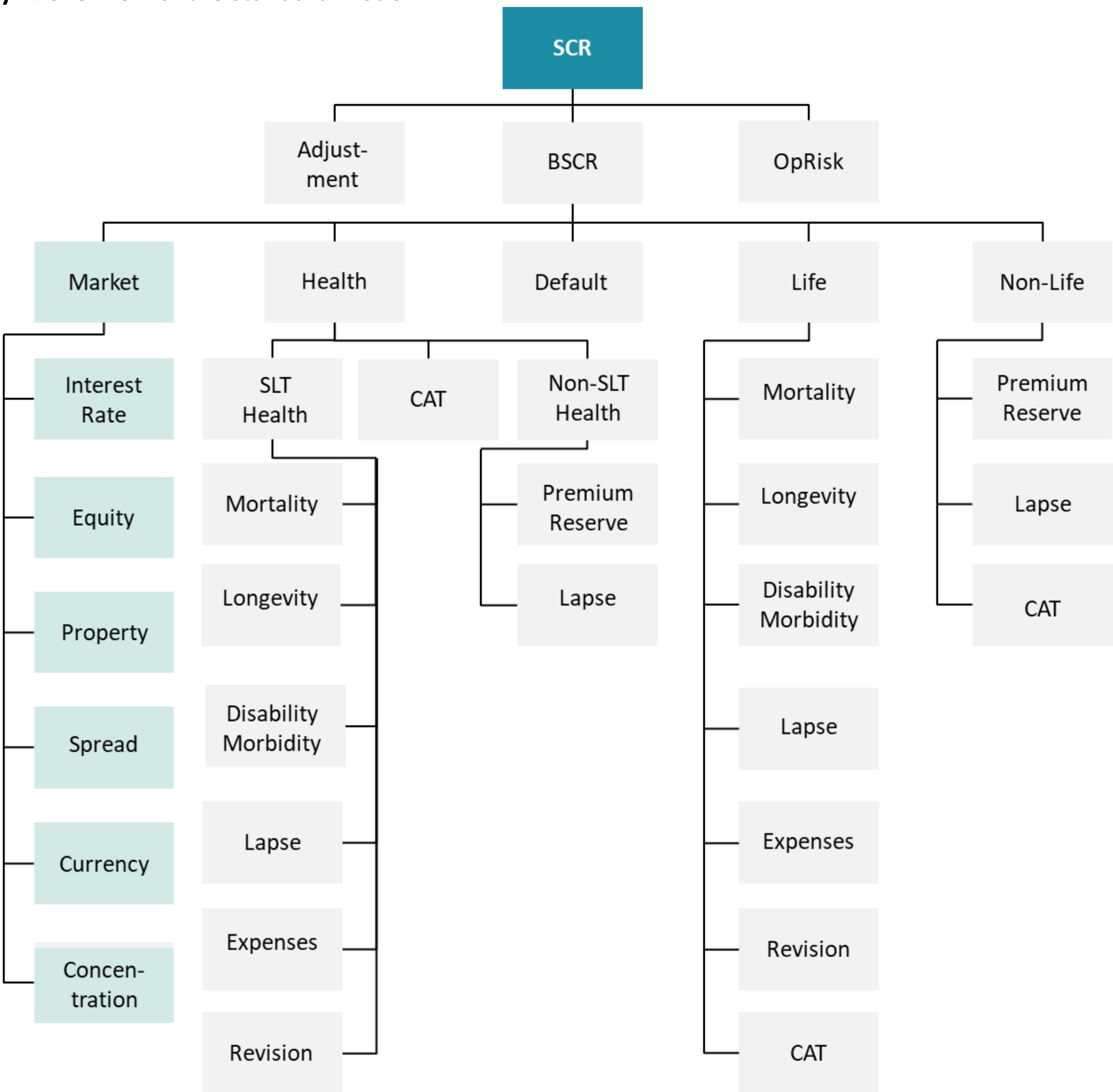
Solvency Capital Requirement (SCR) in Solvency II

The relevance of covered bonds as an asset class for insurance firms can also be deduced from their preferential regulatory treatment. Capital requirements for insurance companies are generally regulated by pillar 1 (quantitative requirements) of Solvency II, with a distinction made between two levels of capital requirements. The minimum capital requirement (MCR) marks the regulatory lower limit of solvency capital to be maintained and is calibrated with a confidence level of 85%. In contrast, the second level of capital requirements, the solvency capital requirement (SCR), represents the capital resources required with the aim of ensuring that the financial institution in each case will be able to meet its insurer obligations in the coming twelve months with a 99.5% probability. The provisions for determining the SCR, which are also relevant to covered bonds, are based on EU Directive 2009/138/EC of 25 November 2009 and the Commission Delegated Regulation (EU) 2015/35. The EU regulatory framework is being continuously developed as part of the Europe-wide Solvency II review. Following the publication of the amendments to the Solvency II Directive, which appeared in the Official Journal of the European Union on 08 January 2025, the Member States now have until 29 January 2027 to implement the provisions of the Directive in national law. In essence, the methodology for determining the spread risk for covered bonds remains unchanged. Only in the case of the eligibility criteria for a covered bond pursuant to Article 180 of the Commission Delegated Regulation (EU) 2015/35 does the new version refer to the requirements under the Covered Bond Directive [(EU) 2019/2162]. In our view, this is a purely a formal change rather than a qualitative one which will not lead to a change in the eligibility criteria for covered bonds. On the other hand, the adjustments to capital requirements are significantly more extensive, e.g. changes to the calculation of the Volatility Adjustment (VA) to more effectively dampen short-term spread volatility.

Solvency II: standard model and market risk relevant to covered bonds

As part of Solvency II and in the Commission Delegated Regulation (EU) 2015/35, theoretically, three approaches for calculating solvency capital requirements are specified: i) simplified calculation models, ii) the SCR standard model as well as iii) internal models. This article focuses on the SCR standard approach, or standard model, which is based on a modular approach (cf. chart below, Solvency II – overview of the standard model). Capital requirements are calculated at the level of risk models and risk sub-modules respectively, which comprise the SCR_{market}, SCR_{health}, $SCR_{default}$, SCR_{life} and $SCR_{non\text{-}life}$ modules and are aggregated for the purpose of determining the SCR. According to the European Insurance and Occupational Pensions Authority (EIOPA), the above-mentioned confidence level (99.5%) is applied at the level of risk model and risk sub-modules. To additionally take into account the relevant diversification effects, appropriate correlation matrices are applied in the standard model when calculating capital requirements. With regard to covered bonds, the SCR module on market risk (SCR_{market}) is particularly relevant. The market risk module comprises the following categories: equity, concentration, spread, interest rate change, property and currency risk. Covered bond positions are only indirectly linked to currency and interest rate change risks. However, spread and concentration risks are far more important. In terms of the methodology, a stress scenario is assumed for spread risk, as well as other types of risk, when calculating the SCR, which triggers a decline in prices. In the spread risk, this risk factor is a function of the rating from an external credit assessment institution (ECAI) and the modified duration of the bond.

Solvency II: overview of the standard model

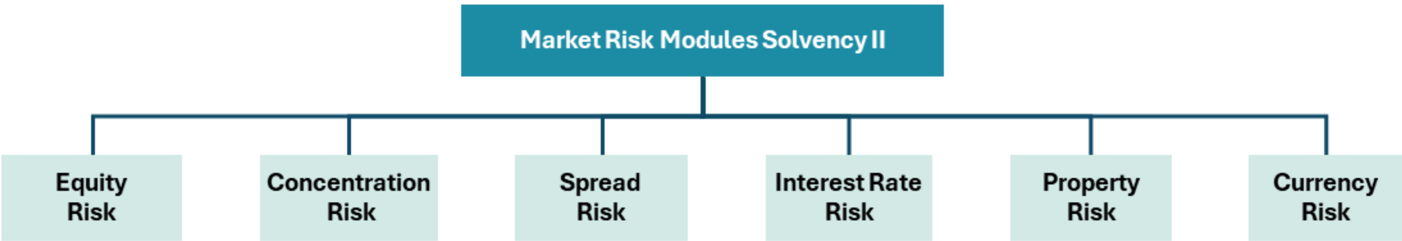


Source: EIOPA, NORD/LB Floor Research

Preferential treatment of covered bonds under Solvency II

In view of the high share attributable to bond positions as part of asset allocation at insurance companies, the spread risk is particularly important when calculating the SCR. The spread risk essentially depends on the rating and duration of an investment. Weaker ratings and a longer capital commitment duration result in higher capital requirements for the insurance firm. Nevertheless, with regard to a duration of more than five years, the increase in capital requirement is smaller. In part, this is aimed at taking into account the investment strategy of life assurance companies, which is based on matching maturities. For covered bonds (i.e. currently for bonds within the meaning of Article 52 (4) of Directive 2009/65/EC), specific requirements apply to capital backing pursuant to Solvency II and the VAG respectively, which result in preferential regulatory treatment compared with other interest rate instruments (e.g. corporate bonds and asset backed securities (ABS)).

Solvency II: market risk modules



Source: EIOPA, NORD/LB Floor Research

Spread risk as part of determining the SCR for covered bonds

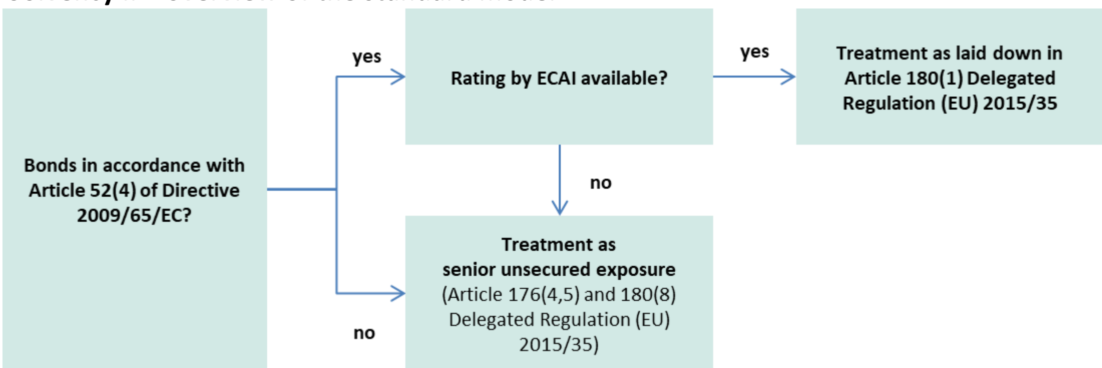
As part of the Solvency II framework, it is assumed that covered bonds with a high rating are covered by a diversified pool of assets and that this cover pool collateralises the major part of the value of the relevant bond in the event of default. Pursuant to Article 180 (1) of the Commission Delegated Regulation (EU) 2015/35, the following parameters apply in the standard model when determining the risk factor for quantifying the SCR for the spread risk relating to covered bonds within the meaning of Article 52 (4) of Directive 2009/65/EC with credit quality steps (CQS) of 0 or 1 (see mapping table). As is evident from the SCR calculation table, the strain on capital resulting from the SCR for spread risks is lower for covered bonds with the relevant ratings compared with corporate bonds, based on the formulae indicated. For covered bonds of CQS 2 or lower, the applicable risk factor as part of determining the SCR is not lower. This means that when calculating the strain on capital, the formulae for CQS 2 covered bonds match the formulae applicable to corporate bonds.

Mapping of ratings under Solvency II

	CQS 0	CQS 1	CQS 2	CQS 3	CQS 4	CQS 5	CQS 6
Fitch	AAA	AA	A	BBB	BB	B	CCC, CC, C, RD, D
Moody's	Aaa	Aa	A	Baa	Ba	B	Caa, Ca, C
S&P	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
DBRS	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
Scope	AAA	AA	A	BBB	BB	B	CCC, CC, C, D

Source: Regulation (EU) 2016/1800, NORD/LB Floor Research

Solvency II – overview of the standard model



Source: EIOPA, NORD/LB Floor Research

Sovereign bonds of EU Member States and CQS 0 and 1 bonds with a risk factor of zero
However, the preferential (in relative terms) treatment of covered bonds when calculating the SCR must be put into perspective in view of the treatment of sovereign bonds. Bonds from EU Member States (irrespective of the CQS and/or rating) as well as from states with credit quality steps 0 and 1 benefit from a risk factor of 0% in a stress scenario, making them more attractive. Although the process of asset allocation must not be reduced solely to the regulatory capital commitment, we would say that, in view of their regulatory capital commitment, these bonds are more attractive than covered bonds.

Solvency II: SCR calculation for covered bonds, sovereigns, corporate bonds and asset backed securities

Assets	CQS	≤5y	5y to ≤10y	10y to ≤15y	15y to ≤20y	>20y
Covered Bonds	CQS 0	0.7%*D	3.5%+0.5%*(D-5)	6.0%+0.5%*(D-10)	8.5%+0.5%*(D-15)	11.0%+0.5%*(D-20)
	CQS 1	0.9%*D	4.5%+0.5%*(D-5)	7.0%+0.5%*(D-10)	9.5%+0.5%*(D-15)	12.0%+0.5%*(D-20)
	CQS 2	1.4%*D	7.0%+0.7%*(D-5)	10.5%+0.5%*(D-10)	13.0%+0.5%*(D-15)	15.5%+0.5%*(D-20)
	CQS 3	2.5%*D	12.5%+1.5%*(D-5)	20.0%+1.0%*(D-10)	25.0%+1.0%*(D-15)	30.0%+0.5%*(D-20)
	CQS 4	4.5%*D	22.5%+2.5%*(D-5)	35.0%+1.8%*(D-10)	44.0%+0.5%*(D-15)	46.6%+0.5%*(D-20)
	Not rated	3.0%*D	15.0%+1.7%*(D-5)	23.5%+1.2%*(D-10)	29.5%+1.2%*(D-15)	35.5%+0.5%*(D-20)
Sovereign EU[1]	not relevant	0.0%	0.0%	0.0%	0.0%	0.0%
Sovereign third country	CQS 0	0.0%	0.0%	0.0%	0.0%	0.0%
	CQS 1	0.0%	0.0%	0.0%	0.0%	0.0%
	CQS 2	1.1%*D	5.5%+0.6%*(D-5)	8.4%+0.5%*(D-10)	10.9%+0.5%*(D-15)	13.4%+0.5%*(D-20)
	CQS 3	1.4%*D	7.0%+0.7%*(D-5)	10.5%+0.5%*(D-10)	13.0%+0.5%*(D-15)	15.5%+0.5%*(D-20)
	CQS 4	2.5%*D	12.5%+1.5%*(D-5)	20.0%+1.0%*(D-10)	25.0%+1.0%*(D-15)	30.0%+0.5%*(D-20)
Corporate Bonds	CQS 0	0.9%*D	4.5%+0.5%*(D-5)	7.0%+0.5%*(D-10)	9.5%+0.5%*(D-15)	12.0%+0.5%*(D-20)
	CQS 1	1.1%*D	5.5%+0.6%*(D-5)	8.5%+0.5%*(D-10)	11.0%+0.5%*(D-15)	13.5%+0.5%*(D-20)
	CQS 2	1.4%*D	7.0%+0.7%*(D-5)	10.5%+0.5%*(D-10)	13.0%+0.5%*(D-15)	15.5%+0.5%*(D-20)
	CQS 3	2.5%*D	12.5%+1.5%*(D-5)	20.0%+1.0%*(D-10)	25.0%+1.0%*(D-15)	30.0%+0.5%*(D-20)
	CQS 4	4.5%*D	22.5%+2.5%*(D-5)	35.0%+1.8%*(D-10)	44.0%+0.5%*(D-15)	46.6%+0.5%*(D-20)
Senior STS[2]	CQS 0	1.0%*D	5.0%+0.6%*(D-5)	8.0%+0.6%*(D-10)	11.0%+0.6%*(D -15)	14.0%+0.6%*(D-20)
	CQS 1	1.2%*D	6.0%+0.7%*(D-5)	9.5%+0.5%*(D-10)	12.0%+0.5%*(D -15)	14.5%+0.5%*(D-20)
	CQS 2	1.6%*D	8.0%+0.8%*(D-5)	12.0%+0.6%*(D-10)	15.0%+0.6%*(D -15)	18.0%+0.6%*(D-20)
	CQS 3	2.8%*D	14.0%+1.7%*(D-5)	22.5%+1.1%*(D-10)	28.0%+1.1%*(D -15)	33.5%+0.6%*(D-20)
	CQS 4	5.6%*D	28.0%+3.1%*(D-5)	43.5%+2.2%*(D-10)	54.5%+0.6%*(D-15)	57.5%+0.6%*(D-20)

Source: EIOPA, NORD/LB Floor Research

D = modified duration

[1] direct central government exposure / guaranteed by EU member central governments; [2] STS = Simple, Transparent and Standardised Securitisation Products

Solvency II: thresholds relevant to the SCR concentration risk

Bond type	ECAI rating	Concentration threshold
Corporate Bonds, sub + hybrid debt, ABS, CDO	AAA – AA	3.0%
	A	3.0%
	BBB	1.5%
	BB or lower	1.5%
Covered Bonds	AAA – AA	15.0%
Exposure to EEA state, European Central Bank (ECB), multilateral development banks (MDB), international organisations (IO)	Not relevant	none

Source: EIOPA, NORD/LB Floor Research

Concentration risk: separate treatment of covered bonds

An excessive concentration on a single exposure is also taken into account within the SCR market risk sub-module for market risk concentration. As soon as the amount of debt in the event of counterparty default exceeds a specified concentration threshold (or concentration risk threshold), it becomes necessary to calculate the relevant SCR for concentration risk. The concentration risk is regulated in sub-section 6 “Market risk concentrations sub-module”, Articles 182 to 187 of Commission Delegated Regulation (EU) 2015/35. The concentration threshold is to be interpreted as a percentage of the assets – that is essentially the value of all assets held by an insurance or reinsurance company. The general rule applies that the weighted average rating of the risk exposure to a single issuer is decisive for deriving the concentration threshold. For ratings of 0, 1 and 2, the applicable threshold is 3%. For ratings of 3 to 6, the threshold is 1.5%. Within the scope of the sub-module on market risk concentration, an increased concentration threshold of 15% must be applied to covered bonds with a rating of 0 or 1 (cf. Article 187 (1) of Commission Delegated Regulation (EU) 2015/35). This means that a significantly higher threshold applies to covered bonds with particularly high ratings than, for example, to corporate bonds and ABS. Overall, this results in the SCR to be applied being lower. Nevertheless, it should also be emphasised that exposures to EU Member States, as well as to multilateral development banks, benefit from a general exemption with regard to the SCR calculation for concentration risk in relation to covered bonds.

SSA/Public Issuers
The clock is ticking for the Recovery and Resilience Facility (RRF)

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

Introduction

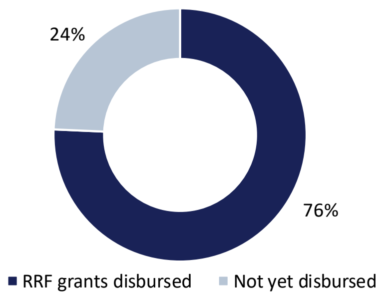
The Recovery and Resilience Facility (RRF) is the EU's key funding instrument for managing the economic and social impact of the COVID-19 pandemic. It came into force in 2021, is at the heart of the NGEU (NextGenerationEU) European recovery programme and provides Member States with substantial investment funding. The overall volume of the RRF is around EUR 575bn, consisting of grants (EUR 360bn) and loans (EUR 215bn). As readers will no doubt be aware, the programme is subject to a time limit and is due to end in late 2026; funds must be disbursed by then. For payments to be made, agreed milestones and targets must be reached by 31 August 2026.

The RRF as a key instrument of the NGEU

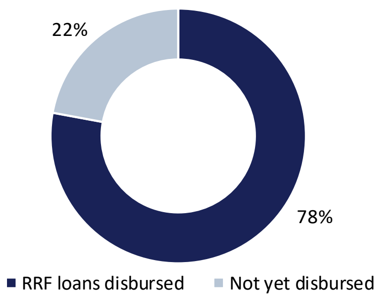
The RRF enables the European Commission to provide its Member States with funding to implement national reforms and investments that are in line with the EU's policy priorities. In particular, the focus is on two strategic objectives, i.e. achieving climate neutrality by 2050 and speeding up the digital transformation within the EU. The requirement for accessing RRF funds is the submission of national recovery and resilience plans, in which Member States define specific reform and investment measures to be implemented by the end of 2026. These plans must contribute to economic recovery, strengthen long-term resilience and align with the country-specific recommendations of the European Semester. There are binding minimum quotas for the use of funds: at least 37% of the planned expenditure must be used for climate protection and at least 20% for the digital transformation. The approved national plans significantly exceed these targets as a rule, which underlines the strong focus of the investments on these two transformation areas. The RRF is structured in such a way that it covers six key policy areas ("pillars"):

- Green transition
- Digital transformation
- Smart, sustainable and inclusive growth
- Social and territorial cohesion
- Health, and economic, social and institutional resilience
- Policies for next generation

Status of payments made (grants)



Status of payments made (loans)



Source: EU, NORD/LB Floor Research

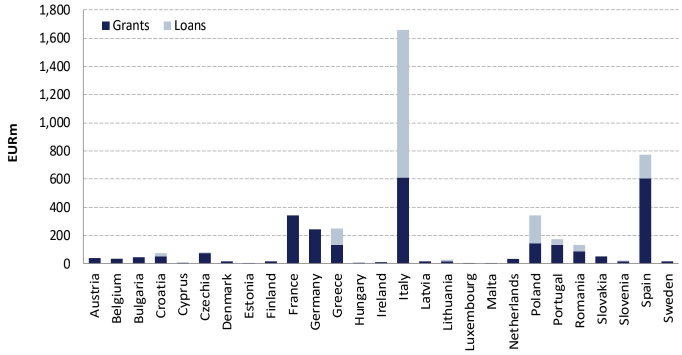
Current disbursement status of loans and grants

Disbursements under the RRF are performance-based and are linked to the achievement of milestones and targets defined in the national recovery and resilience plans. This is intended to ensure that funds are used in a targeted manner and in line with the EU's strategic priorities. At present, a total of around EUR 440bn and therefore roughly 77% of the total volume has been paid to the Member States, meaning that in terms of the remaining four months a considerable sum is still due to be paid – assuming that the final milestones have been satisfactorily met by 31 August. The majority of the funding drawn down to date, around EUR 272.5bn, consists of grants, while the amount of loans taken up currently stands at EUR 167.5bn. As far as the use of proceeds is concerned, a significant proportion is being put towards the green transition and the digital transformation. Once a national plan has been approved by the European Commission and the Council, the Member States can initially receive an advance payment of up to 13% of the allocated funds. Further payments are made – generally up to twice a year – at the request of the respective Member State, provided the agreed progress on reforms and investment is evaluated positively by the Commission. If milestones or targets are not satisfactorily met, the European Commission may suspend or reduce payments in whole or in part. In this case, the Member States are given the option of objectively amending or adapting their plans within a limited time frame and re-submitting them for approval.

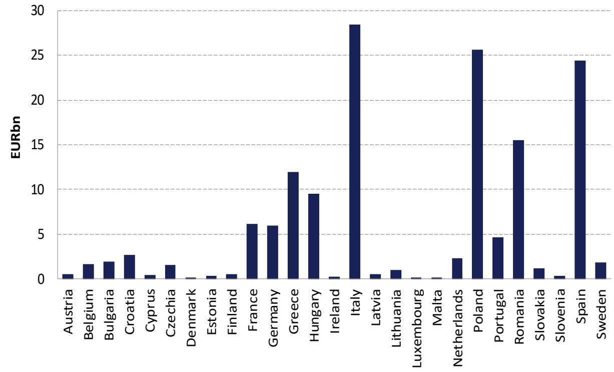
Status of payments made to Member States

In terms of the payments made, it becomes clear that Italy, with around EUR 166bn, has received by far the most funding in absolute terms, followed by Spain (EUR 77.6bn) and Poland (EUR 34.2bn) in second and third place respectively. To date, Luxembourg (EUR 90m), Malta (EUR 234m) and Cyprus (EUR 589m) have received the least amount of funding. Hungary is also at the lower end: owing to concerns about the rule of law raised at the time, only around EUR 920m and therefore just under 9% of the available funds has been disbursed so far. Following the Hungarian parliamentary election in April 2026, the prospects for the release of the withheld EU funding have, however, improved significantly. With the election victory of the pro-European Tisztelet és Szabadság Párt (TISZA) led by Péter Magyar and its two-thirds majority in parliament, there are now more favourable conditions for implementing the reforms required by the EU. In the case of Italy, around EUR 28.4bn (14.6%) of the planned volume) still remains to be paid out, in the case of Poland this amounts to EUR 25.7bn (42.9%) and EUR 24.4bn (23.9%) for Spain.

Payments to EU Member State by category



Outstanding volumes of EU Member States

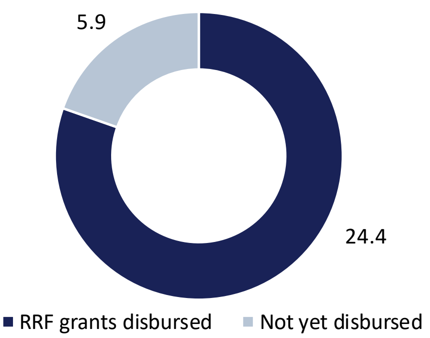


Source: EU, NORD/LB Floor Research

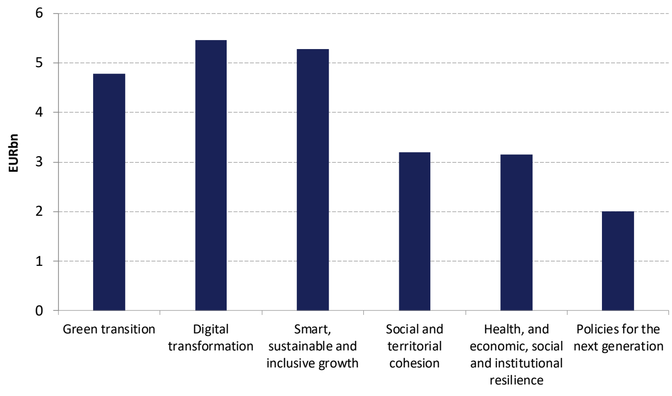
German recovery and resilience plan

The recovery and resilience plan submitted by Germany ("Deutscher Aufbau- und Resilienzplan"; DARP) was approved by the EU Council on 13 July 2021 and has been amended several times since then, most recently in January 2026. The total volume remains at around EUR 30.3bn in the form of non-repayable grants; no loans were applied for. The allocation of funds reflects a clear focus on future investment. Of this, at least 49.5% is earmarked for climate protection objectives, while 47.5% has been set aside for the digital transformation. This means that Germany has comfortably met the EU's targets (at least 37% on climate, 20% on digital). As far as implementation goes, approximately EUR 24.4bn (around 80%) has been disbursed to date, meaning that Germany is the sixth-largest recipient based on payments made to date. The remaining EUR 5.9bn is due to be paid by the end of 2026 subject to the implementation of the agreed milestones and targets. The impact of the programme continues to be regarded as positive: the macroeconomic impact for Germany is estimated to be around EUR 66bn and is therefore more than twice the volume of the DARP. In terms of content, there is an emphasis on the green transition and digitalisation. In the area of climate protection, the plan includes, amongst other things, extensive investment in the climate-friendly transformation of industry, the expansion of the hydrogen economy, the transition to electric vehicles and energy-efficient building renovations. Parallel to this, key measures relating to digitalisation, the promotion of micro-electronics and communications technologies, as well as the development of European cloud infrastructures are addressed. In the context of funding via NGEU green bonds, a significant proportion of the measures are classified as climate-related and are therefore, in principle, eligible for funding via green EU bonds.

Status of payments made (grants)



Disbursements according to policy area



Source: EU, NORD/LB Floor Research

What will happen after 31 August 2026?

The regulatory requirements stipulate that the milestones and targets set out in the national recovery and resilience plans must be achieved by 31 August 2026 and that applications for payment must be submitted by 30 September so that the funds can be disbursed by the end of the year. Consequently, funds which have not been paid out by the end of the year will be "decommitted" by the EU, i.e. their commitment will be lifted and grants can no longer be drawn down by the Member States and loans can no longer be taken out. If payments have been suspended in the meantime, the necessary corrective measures had to be implemented within six months of the decision to suspend them, but also no later than by 31 August. Also with regard to the general possibility of amending the plans in accordance with Art. 21 of the EU Regulation 2021/241, the time limit has expired since 31 May 2026.

Impact on EU funding

With the expiry of the RRF as a key component of the NGEU programme, the EU's funding requirements are likely to decrease in the coming years, although we do not expect the volumes to decline abruptly, as new funding programmes, such as the SAFE programme ("Security Action For Europe"; total volume of around EUR 150bn) or the financial support for Ukraine, will take its place: the EU has announced a cumulative funding requirement of EUR 700bn for the period up to the end of 2030, from which an average annual new issuance volume of EUR 130bn can be derived for the years 2027-2030. We assume that activity on the primary market will continue to be high even after the NGEU has been phased out, although the annual volumes will be substantially lower. Given the financial aid to Ukraine, the amount could be slightly higher next year and gradually reduced over time. For H2/2026 the EU has announced a funding requirement of EUR 80bn, meaning that the EU's issuance volume will be around EUR 180bn for the year as a whole. The high funding target for this year is likely in part to be due to the high level of outstanding RRF payments.

Critical analysis

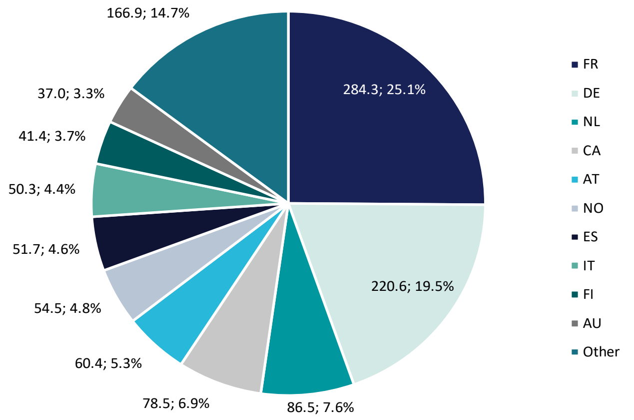
The implementation of the RRF has so far been slower than originally planned, which is mainly due to red tape, delays in submitting the payment applications, limited implementation capacity in the Member States and complex reform requirements, which in some cases need to be renegotiated. At the same time, payments linked to milestones and targets delay the release of funds if reforms are not implemented as planned or are delayed. Bearing in mind that only around 77% of the funds have been disbursed so far, the Member States are under considerable time pressure to achieve the milestones and targets set out in the plan by 31 August to secure full payment of the funds by the end of the year. We doubt whether this will be completely successful. Moreover, various auditing bodies are already warning that not all the funds may be paid on time. The limited transparency of the instrument is also a bone of contention: The European Court of Auditors is, for example, critical of the fact that results and actual costs are not traceable in many cases, as payments are not linked to verified project costs, but rather to the achievement of predefined milestones and targets. As a result, at the end of the day it reportedly remains unclear whether the disbursed amounts correspond to the actually incurred costs and whether the funds are generally being used efficiently. Furthermore, the milestones are sometimes said to be varyingly ambitious and defined too imprecisely and can therefore only be measured to a limited extent. In addition, the European Court of Auditors points out that substantial amounts of funding can already be disbursed even though the underlying projects have not been fully completed. As the allocation of funds is linked to the achievement of interim targets, the European Court of Auditors also thinks there is a risk that funds may permanently remain in the hands of the Member States even if individual measures are not fully implemented at a later stage.

Conclusion and outlook

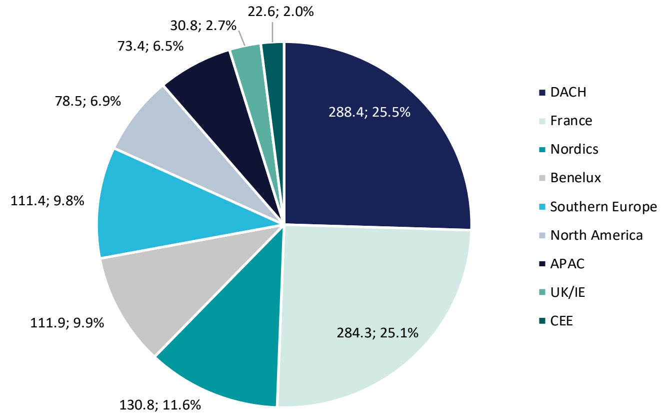
There is no doubt that the Recovery and Resilience Facility programme with a total volume of around EUR 575bn is one of the most important measures in the history of the EU. As in previous times of crisis, the focus here is on stabilising and then advancing economic development – albeit under circumstances that are totally different to historical precedents. The COVID-19 pandemic and the energy (price) crisis have placed European economies under structural strains and highlighted the need to act. In light of this, the EU is logically combining short-term economic stimuli with long-term transformation targets. In particular, the clear focus on climate protection and digitalisation can be seen as strategically sound and is in principle supported by the Member States. At the same time, the funds that have not yet been paid out show that implementation remains complex and dependent upon national conditions. With just four months remaining until the programme is phased out, a crucial aspect relates to whether the Member States are able to succeed in achieving the agreed milestones and targets on time in order to receive at least the majority of the outstanding volumes. However, the increasing time pressure and the payment system linked to milestones suggest that it is unlikely that the full amount will be utilised.

Charts & Figures
Covered Bonds

EUR benchmark volume by country (in EURbn)



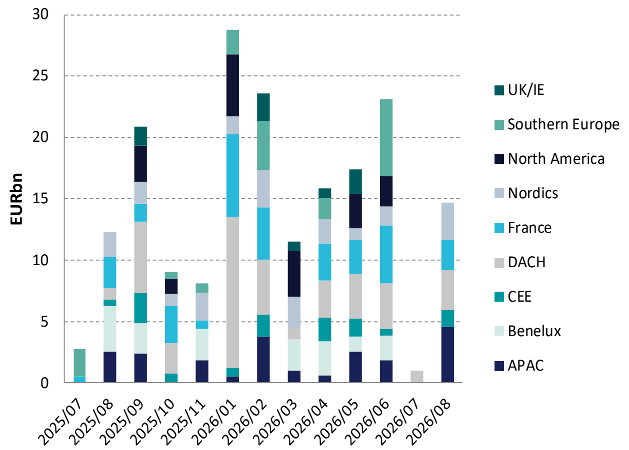
EUR benchmark volume by region (in EURbn)



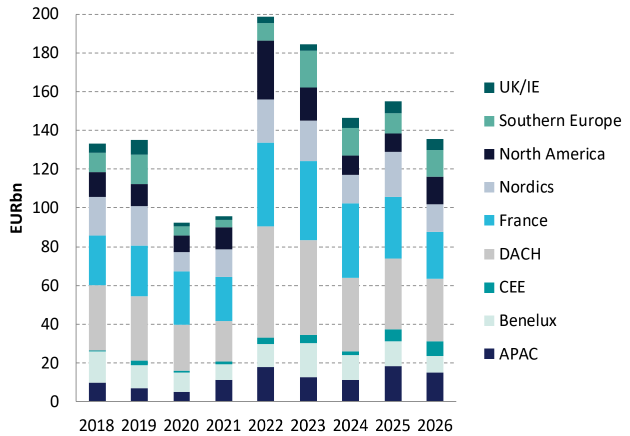
Top 10 jurisdictions

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	284.3	280	42	0.97	9.0	4.1	1.88
2	DE	220.6	304	51	0.68	7.8	3.5	1.92
3	NL	86.5	85	5	0.96	10.1	5.0	1.71
4	CA	78.5	63	1	1.23	5.6	2.3	1.97
5	AT	60.4	100	5	0.60	8.2	3.4	1.73
6	NO	54.5	64	14	0.85	7.0	3.0	1.66
7	ES	51.7	47	4	1.00	9.5	3.1	2.33
8	IT	50.3	63	6	0.75	7.8	3.6	2.35
9	FI	41.4	51	5	0.80	6.5	2.8	2.13
10	AU	37.0	38	0	0.97	7.1	3.4	2.25

EUR benchmark issue volume by month

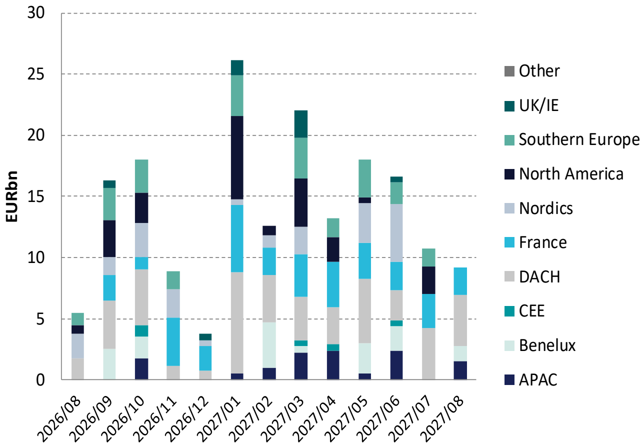


EUR benchmark issue volume by year

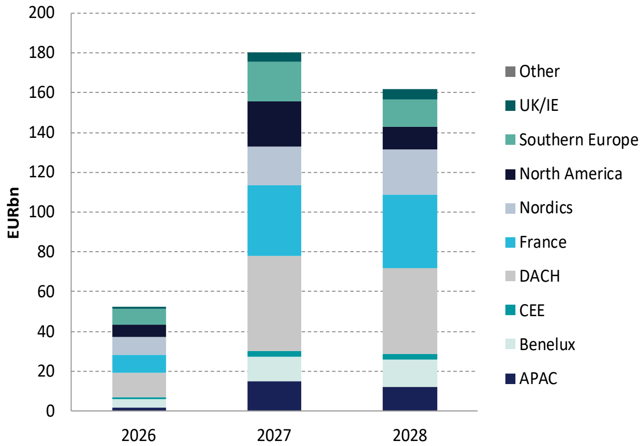


Source: Market data, Bloomberg, NORD/LB Floor Research

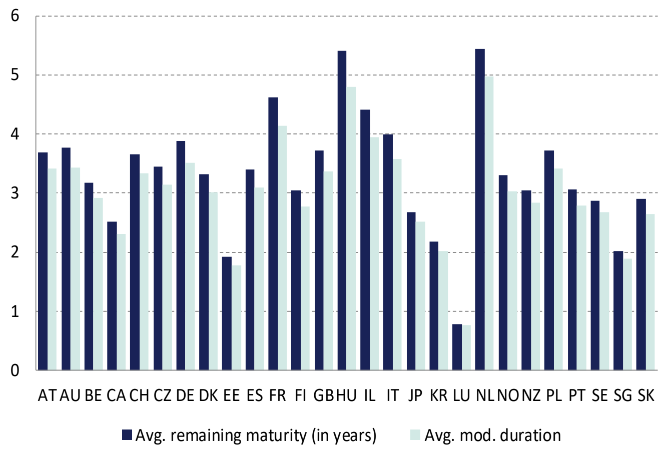
EUR benchmark maturities by month



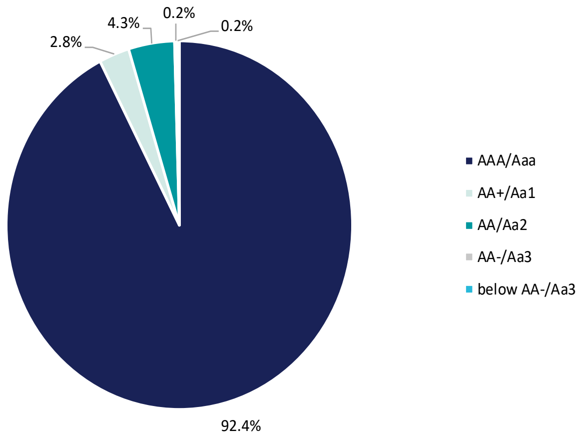
EUR benchmark maturities by year



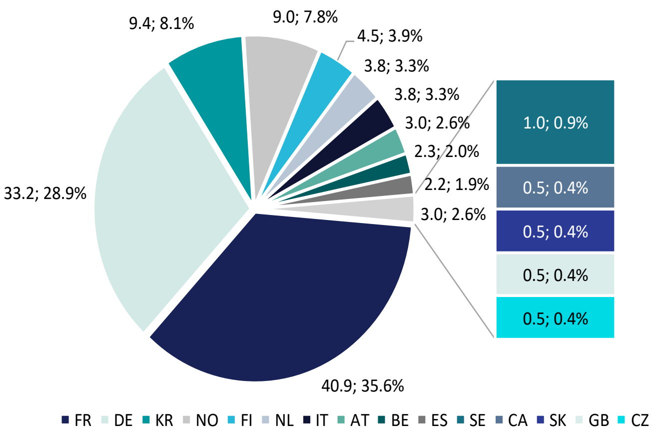
Modified duration and time to maturity by country



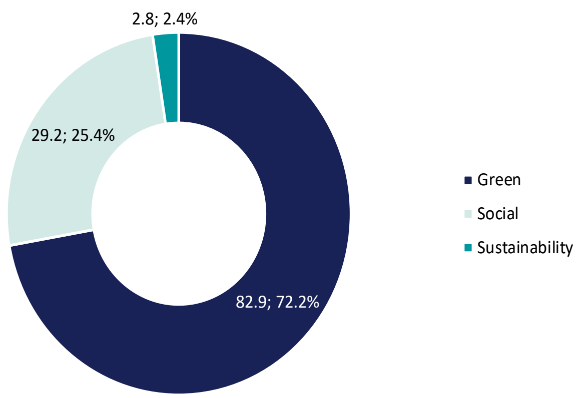
Rating distribution (volume weighted)



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



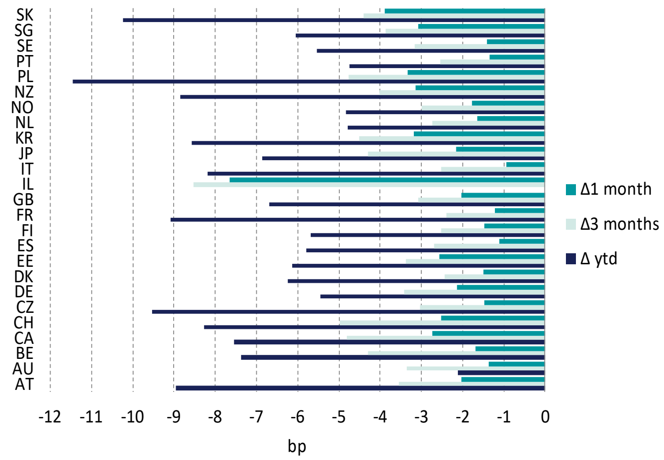
EUR benchmark volume (ESG) by type (in EURbn)



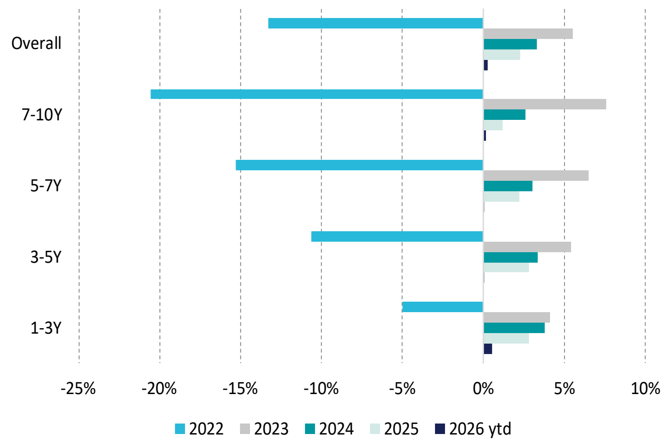
Source: Market data, Bloomberg, NORD/LB Floor Research

NORD/LB

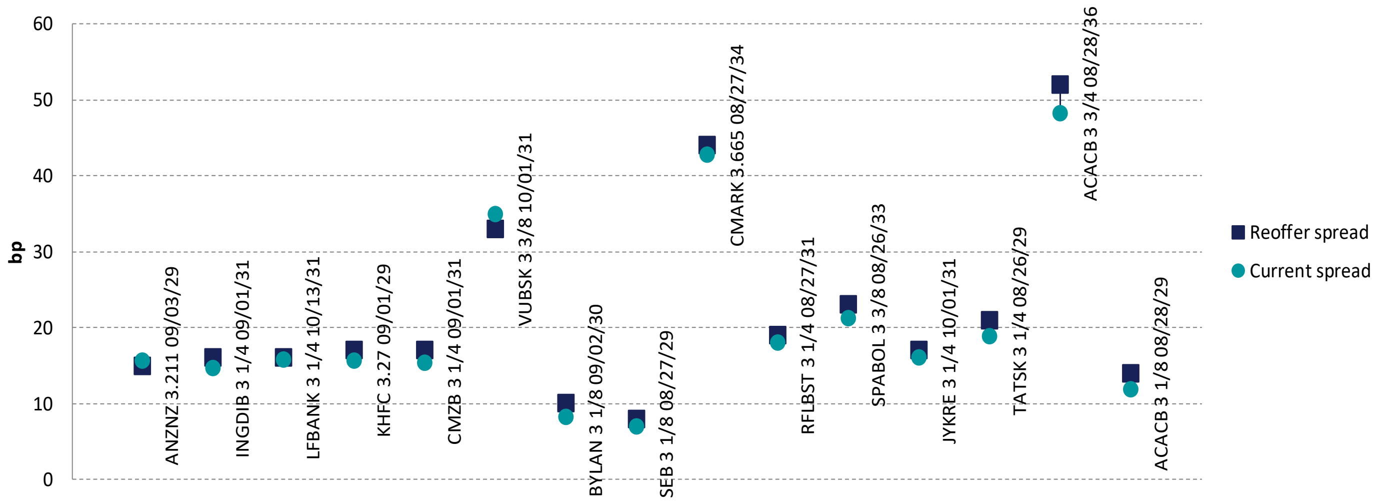
Spread development by country



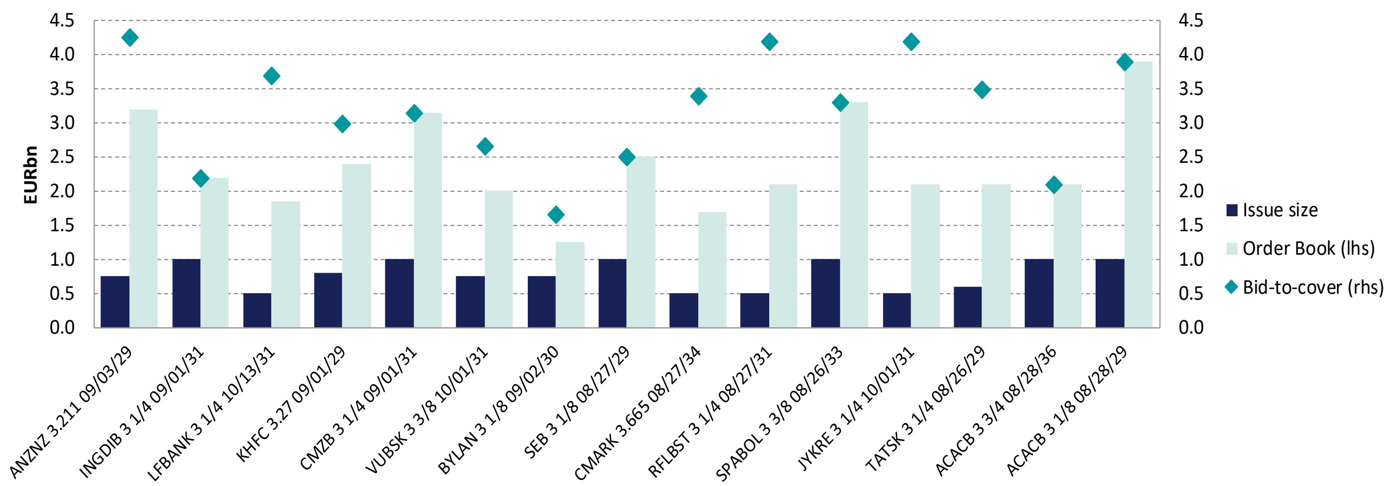
Covered bond performance (Total return)



Spread development (last 15 issues)



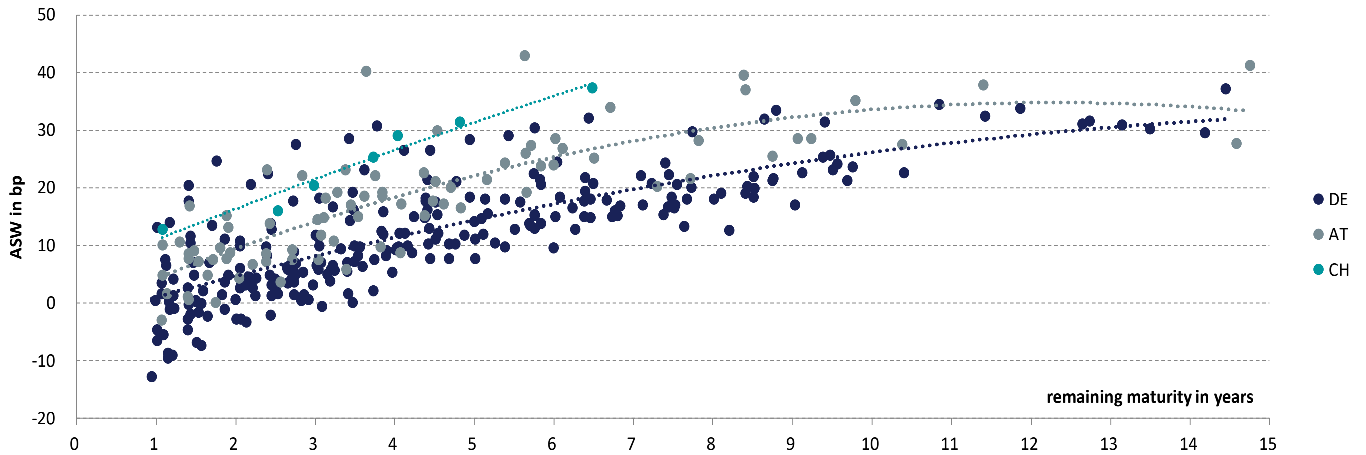
Order books (last 15 issues)



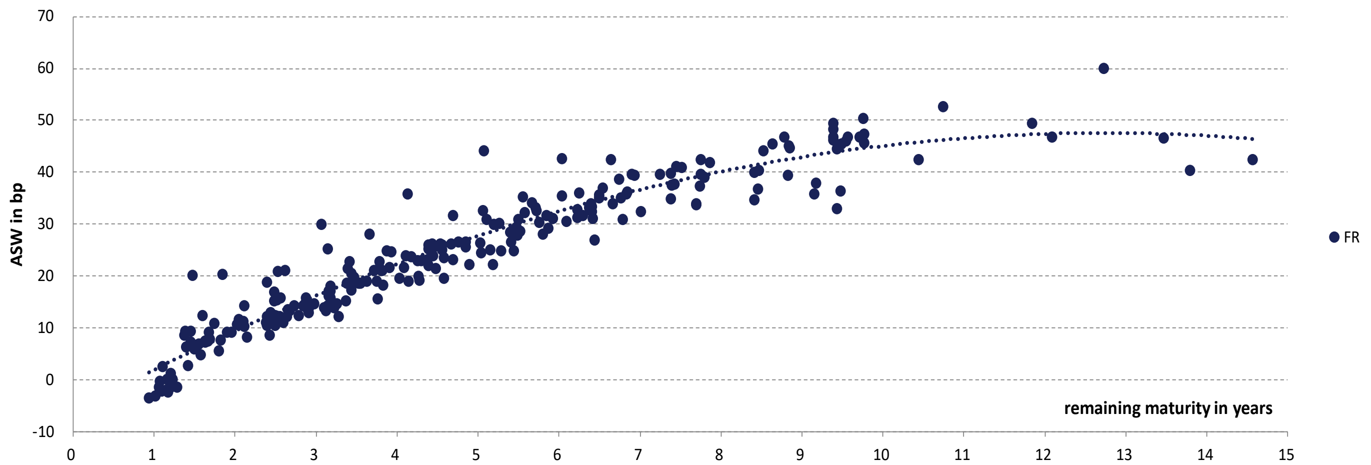
Source: Market data, Bloomberg, NORD/LB Floor Research

Spread overview[1]

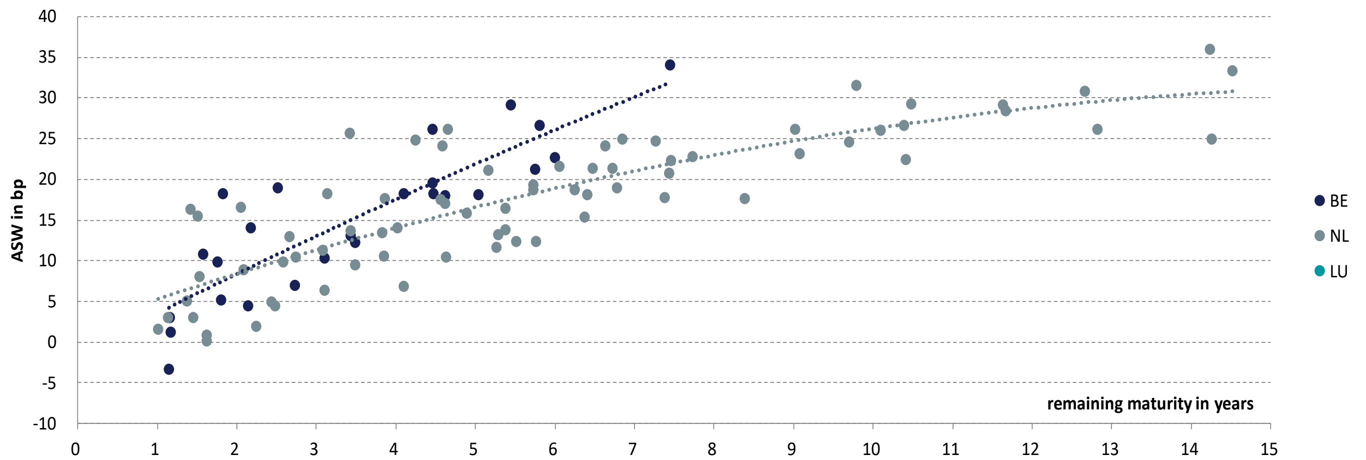
DACH



France



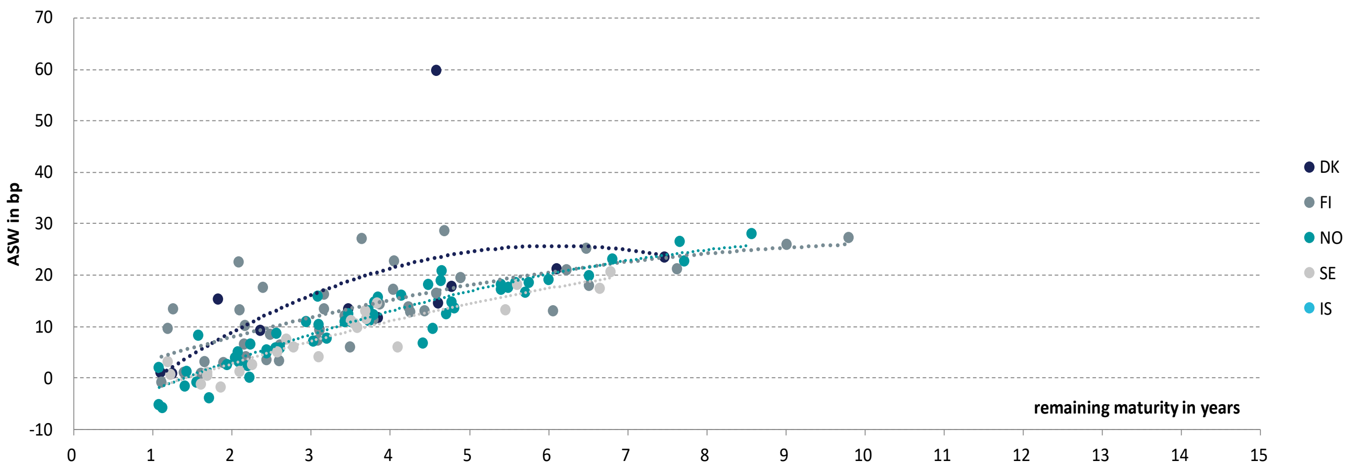
Benelux



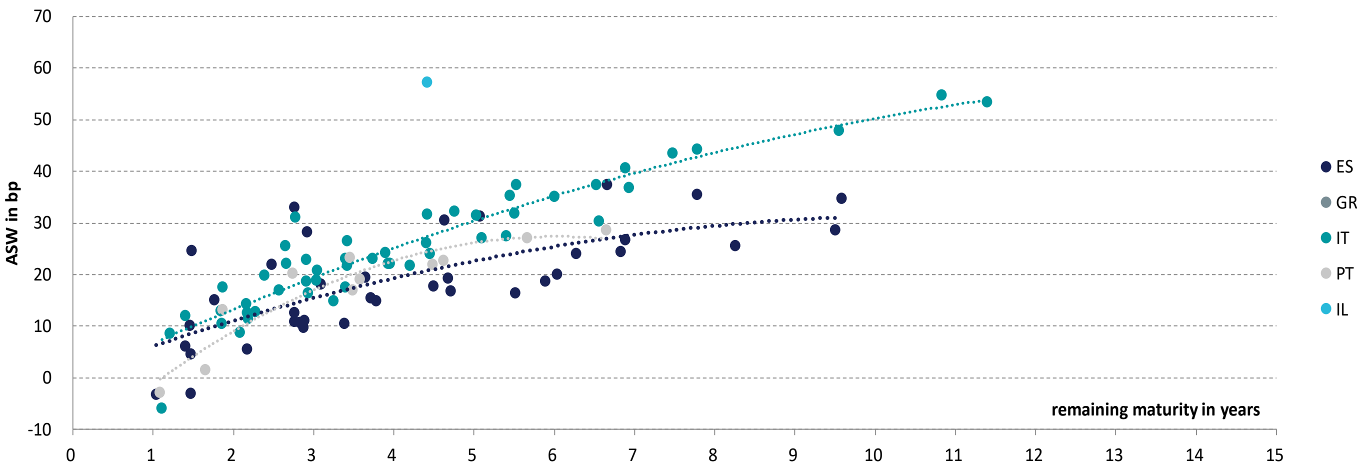
Source: Market data, Bloomberg, NORD/LB Floor Research [1] Time to maturity 1 ≤ y ≤ 15

NORD/LB

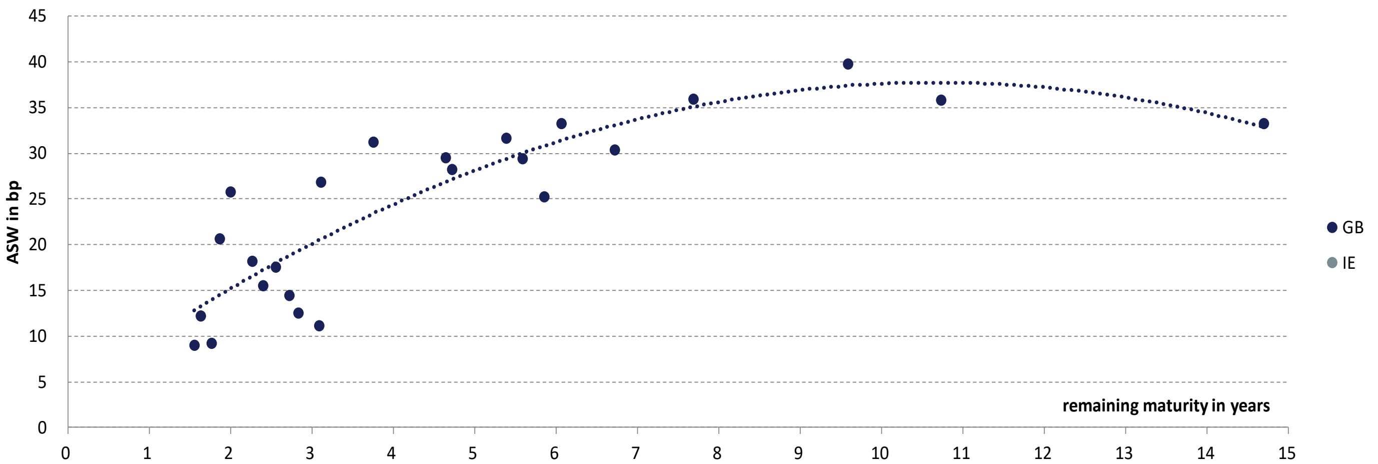
Nordics



Southern Europe

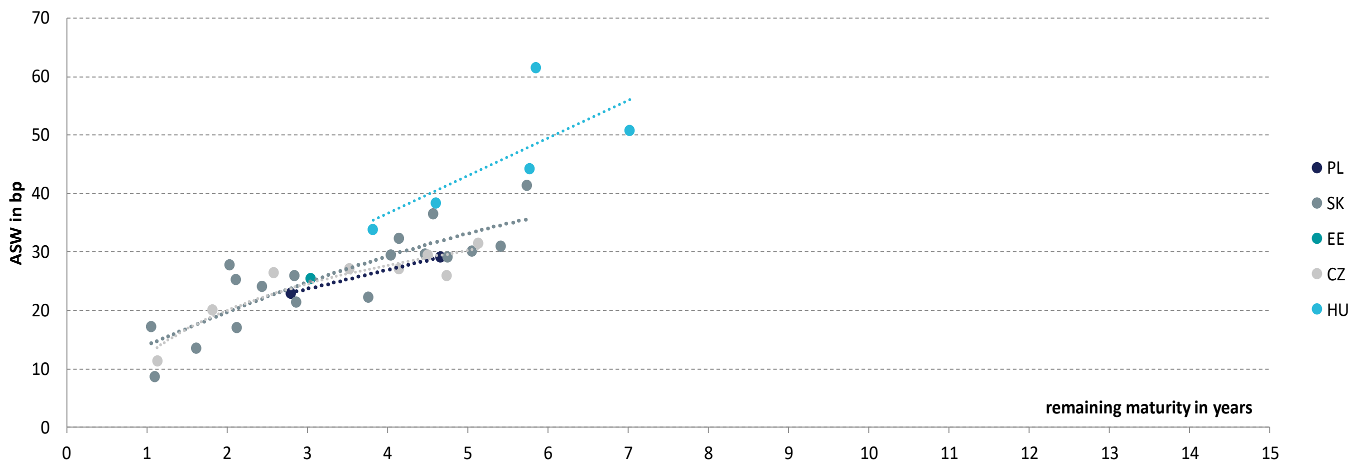


UK/IE

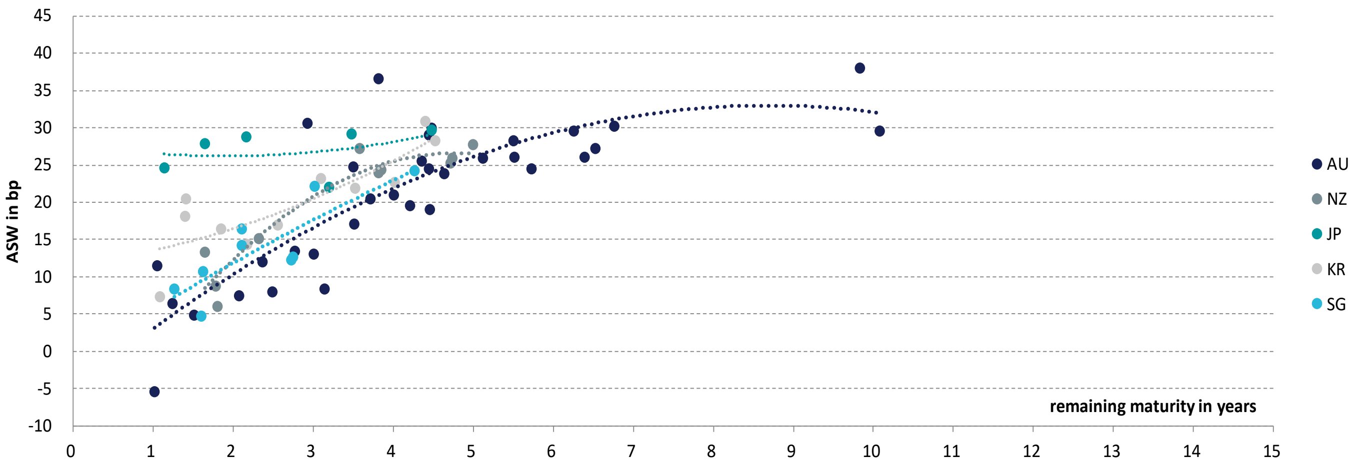


Source: Market data, Bloomberg, NORD/LB Floor Research

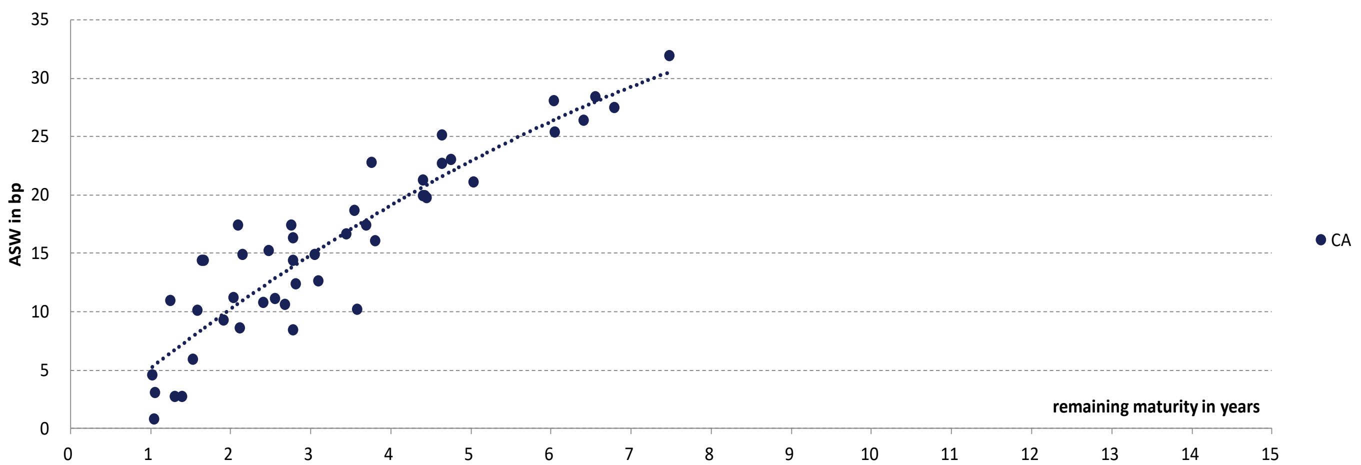
CEE



APAC



North America

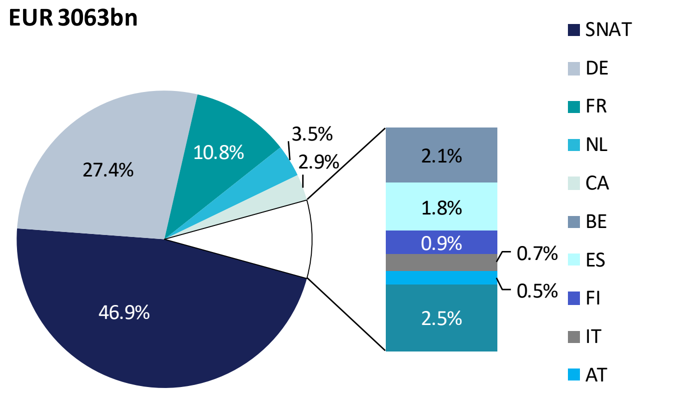


Source: Market data, Bloomberg, NORD/LB Floor Research

NORD/LB

Charts & Figures
SSA/Public Issuers

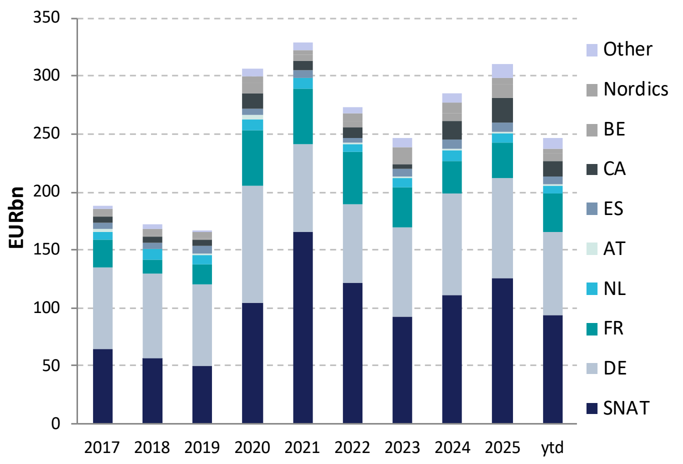
Outstanding volume (bmk)



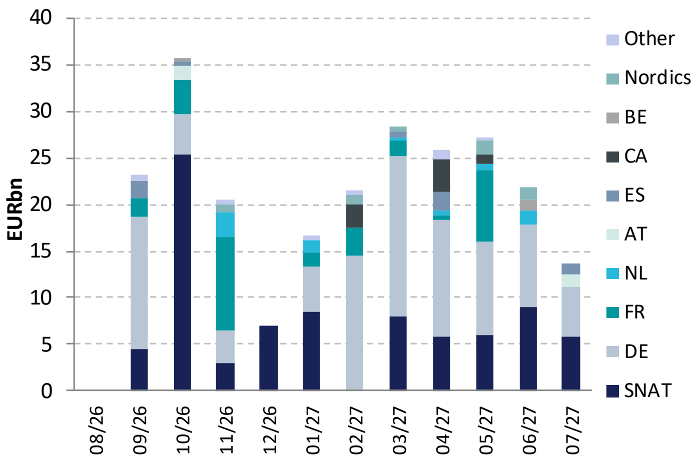
Top 10 countries (bmk)

Country	Vol. (EURbn)	No. of bonds	ØVol. (EURbn)	Vol. weight. ØMod. Dur.
SNAT	1,437.0	285	5.0	7.3
DE	840.5	632	1.3	5.6
FR	330.3	216	1.5	5.0
NL	107.4	93	1.2	5.7
CA	87.5	73	1.2	6.1
BE	64.5	57	1.1	8.9
ES	56.2	82	0.7	4.6
FI	26.2	27	1.0	3.5
IT	19.9	27	0.7	4.1
AT	16.0	23	0.7	4.6

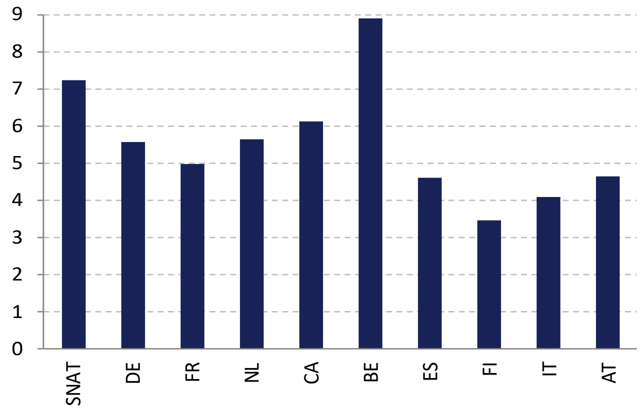
Issue volume by year (bmk)



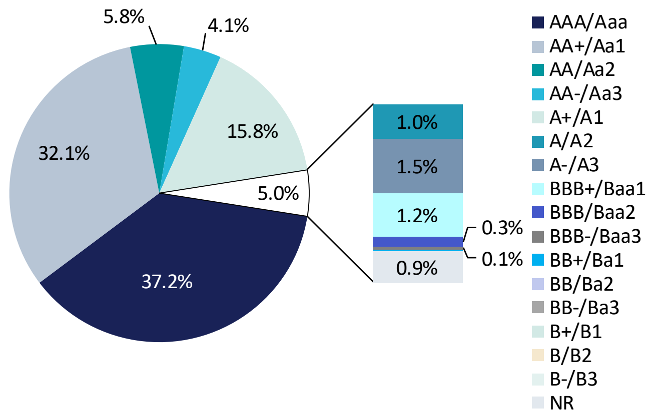
Maturities next 12 months (bmk)



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



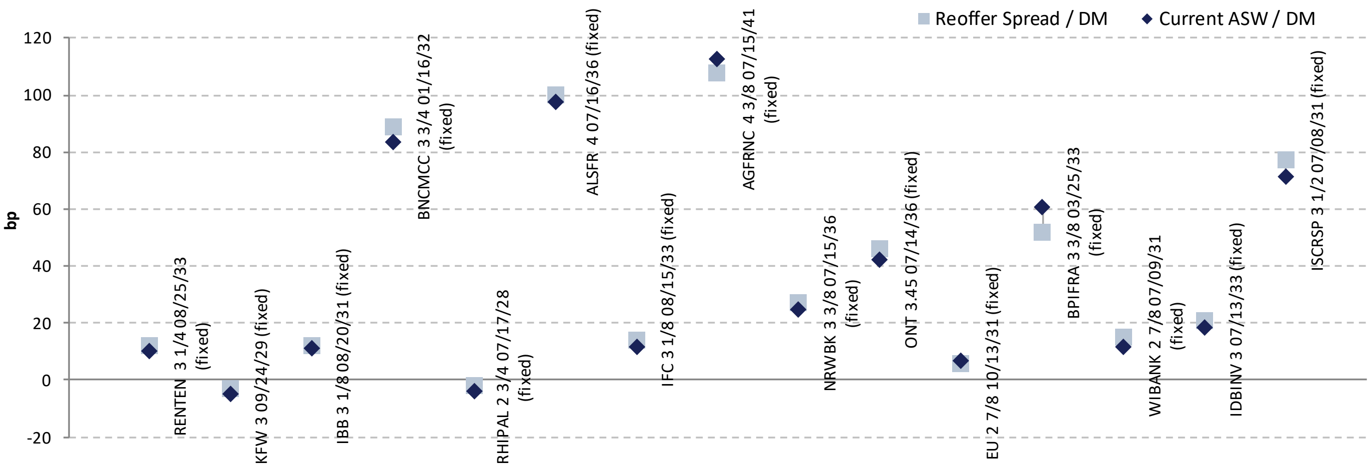
Rating distribution (vol. weighted)



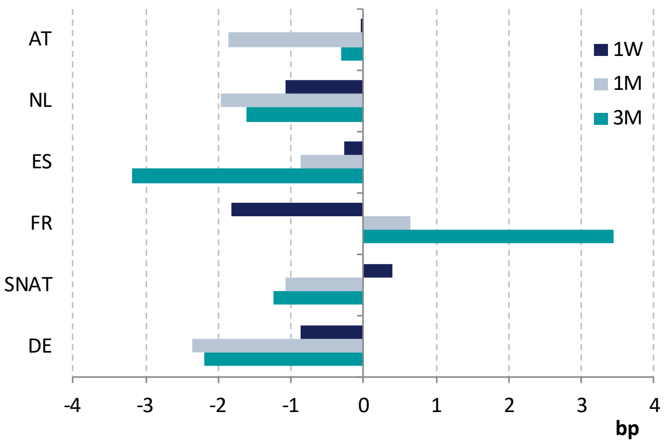
Source: Bloomberg, NORD/LB Floor Research

NORD/LB

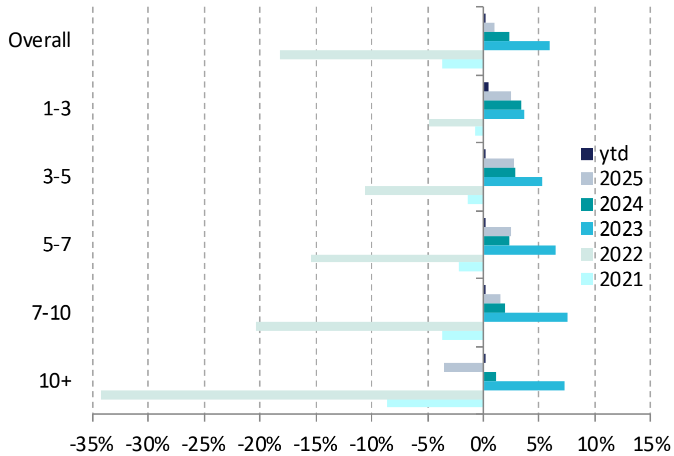
Spread development (last 15 issues)



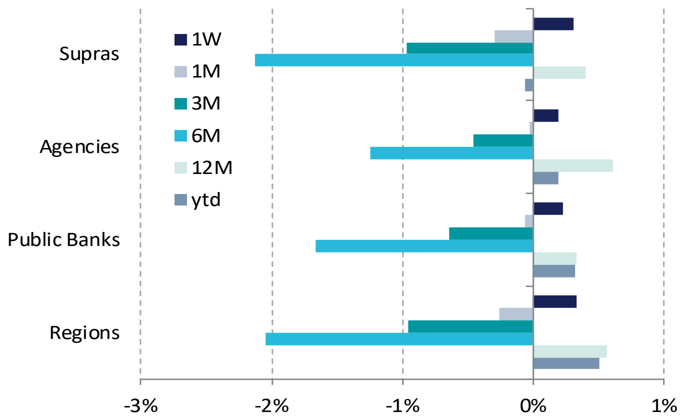
Spread development by country



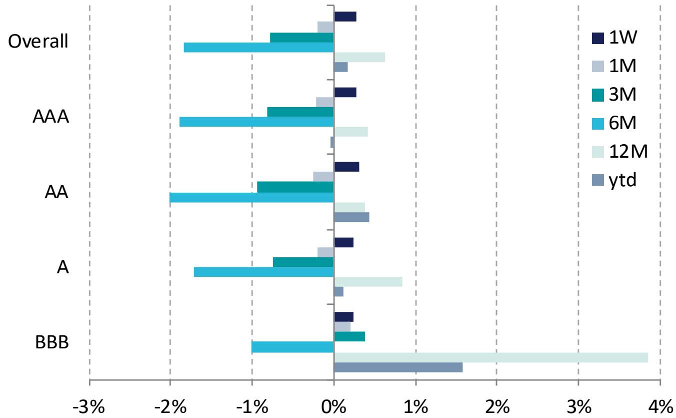
Performance (total return)



Performance (total return) by segments



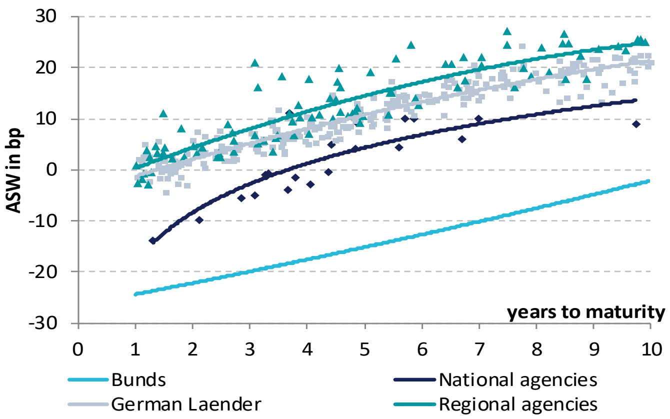
Performance (total return) by rating



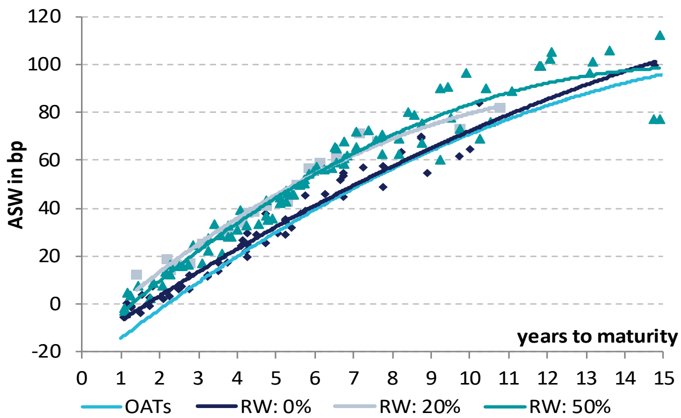
Source: Bloomberg, NORD/LB Floor Research

NORD/LB

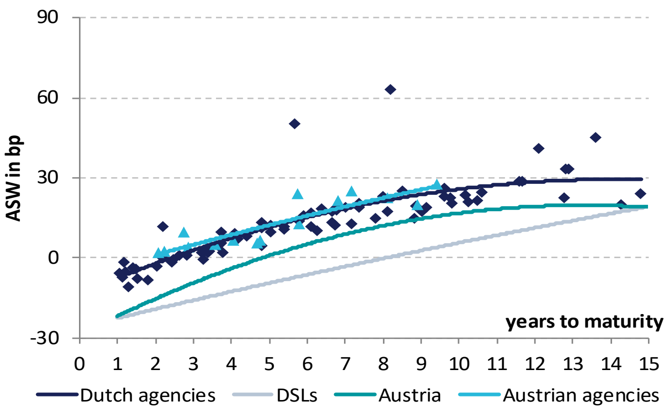
Germany (by segments)



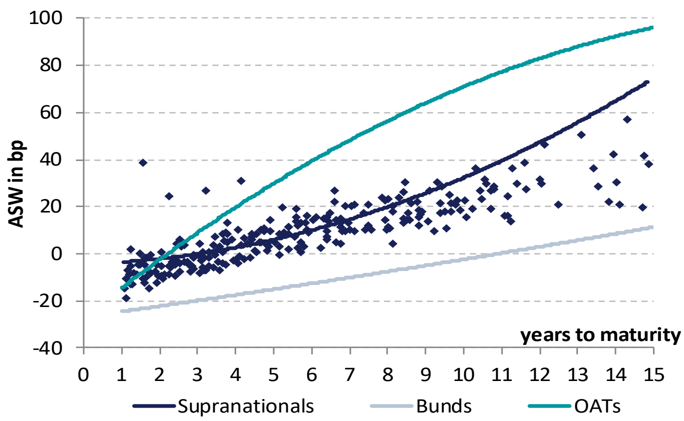
France (by risk weight)



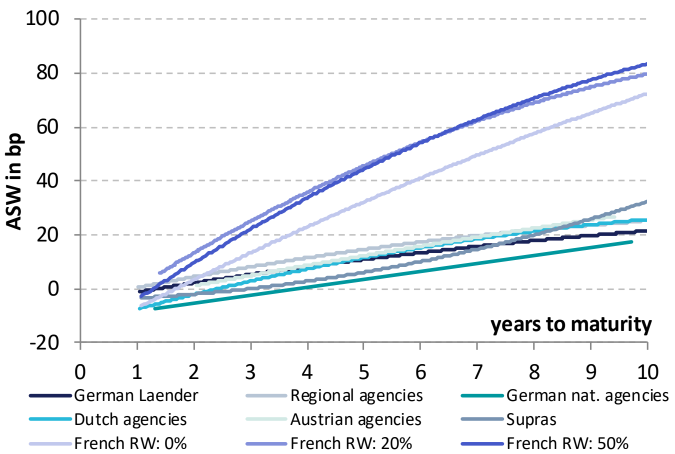
Netherlands & Austria



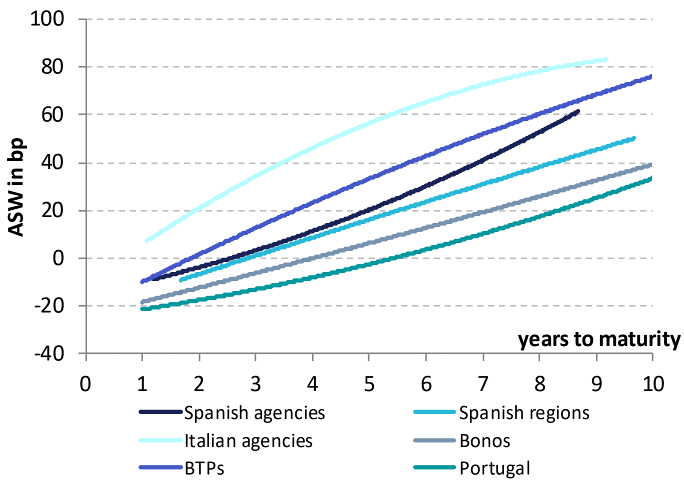
Supranationals



Core



Periphery

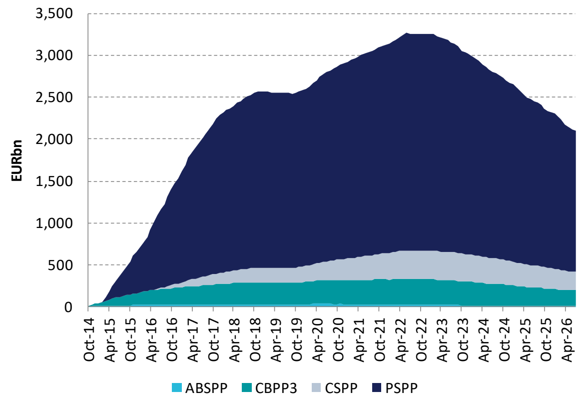


Source: Bloomberg, NORD/LB Floor Research

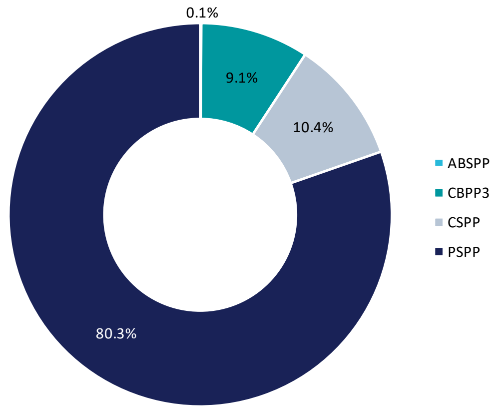
Charts & Figures
ECB tracker

Asset Purchase Programme (APP)

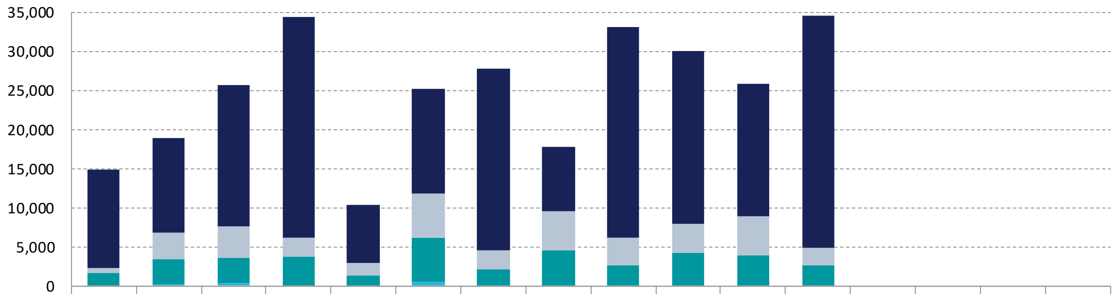
APP: Portfolio development



APP: Portfolio structure

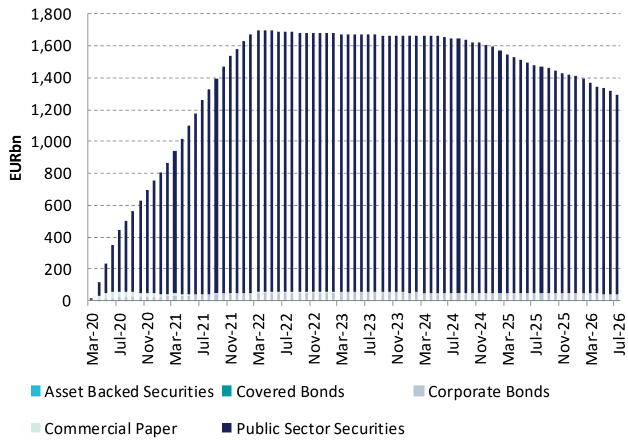


Expected monthly redemptions (in EURm)

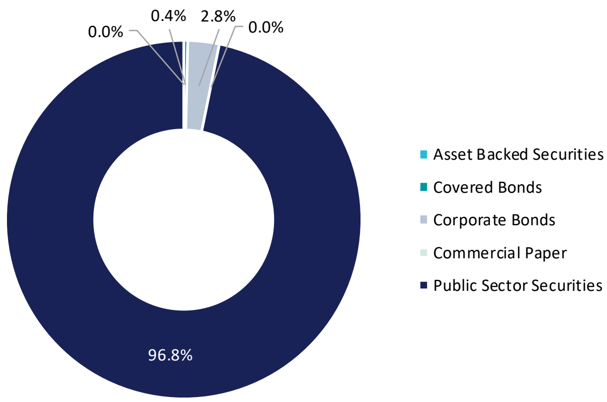


	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-26 - Jul-27	2026	2027	Jan-27 - Jul-27
APP	14,888	19,036	25,837	34,540	10,429	25,280	27,868	17,762	33,181	30,087	25,909	34,639	299,456	327,399	293,162	194,726
PSPP	12,570	12,118	18,215	28,397	7,420	13,473	23,270	8,239	27,014	22,109	16,903	29,798	219,526	252,715	213,446	140,806
CSPP	684	3,496	4,069	2,398	1,741	5,580	2,432	4,919	3,455	3,716	5,038	2,172	39,700	41,212	41,071	27,312
CBPP3	1,566	3,281	3,123	3,692	1,216	5,765	2,093	4,493	2,695	4,251	3,938	2,653	38,766	31,663	37,700	25,888
ABSPP	68	141	430	53	52	462	73	111	17	11	30	16	1,464	1,809	945	720

PEPP: Portfolio development



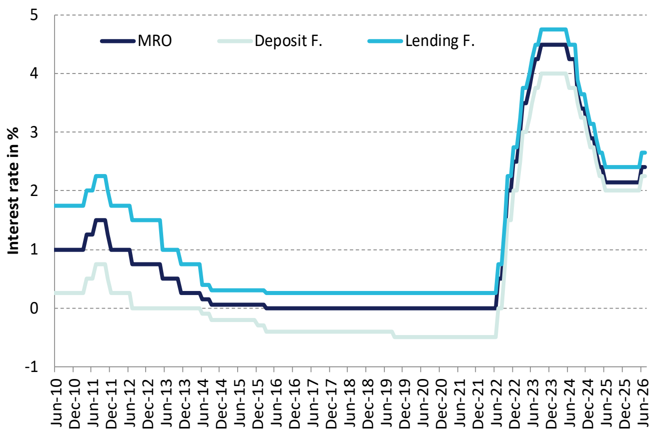
PEPP: Portfolio structure



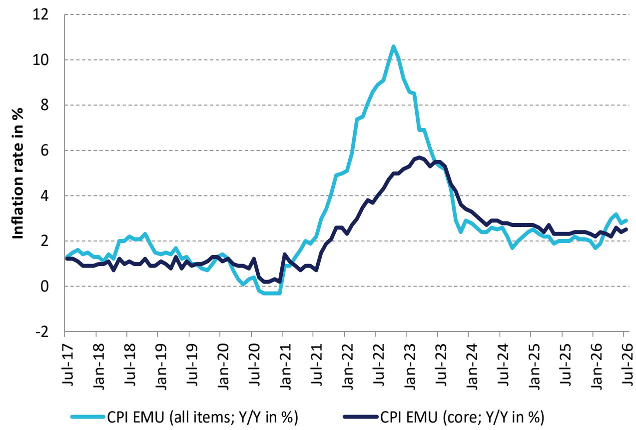
Source: ECB, NORD/LB Floor Research

Charts & Figures
Cross Asset

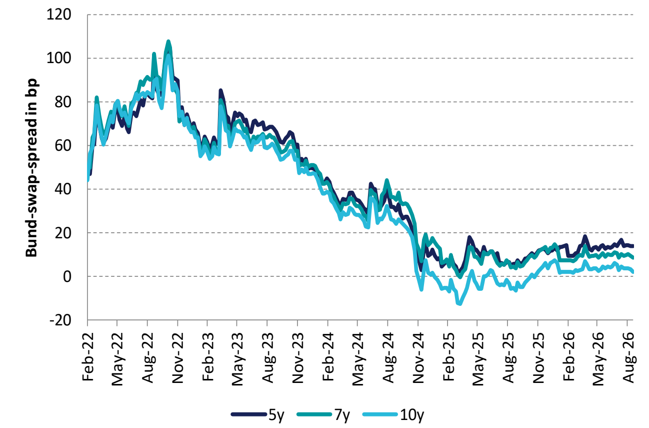
ECB key interest rates



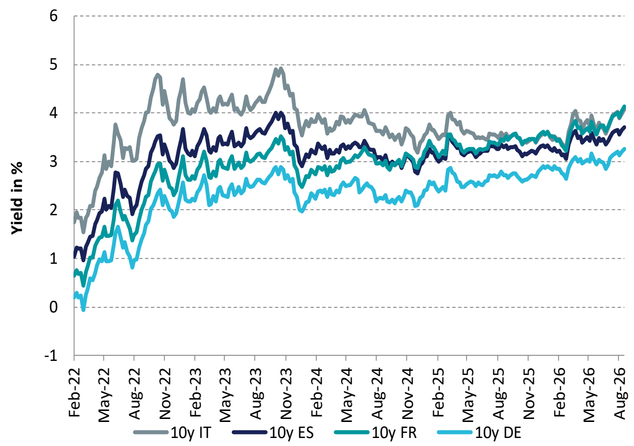
Inflation development in the euro area



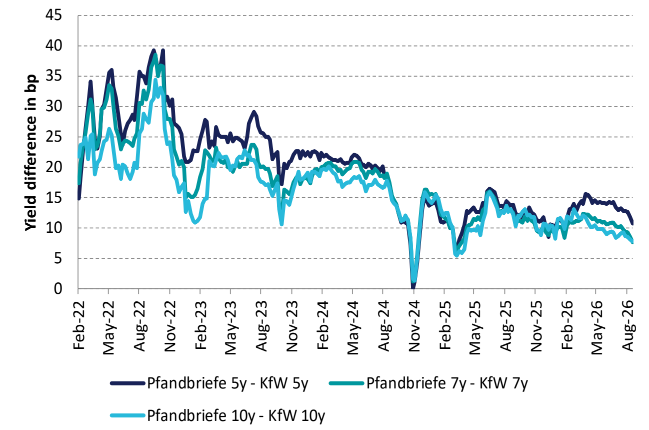
Bund-swap-spread



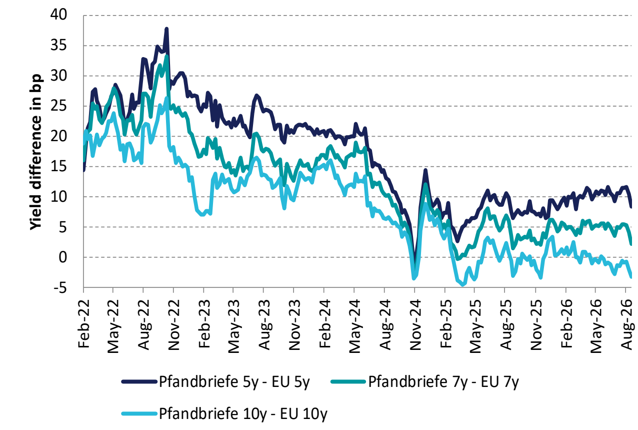
Selected yield developments (sovereigns)



Pfandbriefe vs. KfW



Pfandbriefe vs. EU



Source: ECB, Bloomberg, NORD/LB Floor Research

Appendix
Overview of latest Covered Bond & SSA View editions

Publication	Topics
24/2026 // 19 August	▪ Covereds: A look beyond the EUR benchmark segment ▪ Teaser: Issuer Guide – French Agencies 2026
23/2026 // 15 July	▪ Moody's: rating approach ▪ Pension obligations as a strain on German Laender finances
22/2026 // 08 July	▪ The covered bond universe of Moody's: an overview ▪ Spotlight on the EU as a mega issuer
21/2026 // 01 July	▪ Outlook for the covered bond market in H2/2026 ▪ SSA Hydration break – how large will the thirst be in H2/2026?
20/2026 // 24 June	▪ Focus on the banking sector: EBA Risk Dashboard in Q1/2026 ▪ NGEU: Green Bond Dashboard
19/2026 // 17 June	▪ Central bank eligibility of covered bonds ▪ Classification of Supranationals and Agencies under Solvency II
18/2026 // 10 June	▪ Triodos Bank – new issuer from the Netherlands ▪ Auckland Council – AUCKCN in the spotlight
17/2026 // 03 June	▪ Focus on the relative value of covered vs government bonds ▪ Teaser: Issuer Guide – Nordic Agencies 2026
16/2026 // 27 May	▪ Focus on covered bond jurisdictions: Canada in the spotlight ▪ Stability Council convenes for 35th meeting
15/2026 // 20 May	▪ Covereds: Transparency requirements §28 PfandBG – Q1/2026 ▪ Teaser: Issuer Guide – Dutch Agencies 2026
14/2026 // 13 May	▪ Covereds – ESG benchmark segment: limited market growth expected ▪ Current LCR classification for our SSA coverage
13/2026 // 29 April	▪ Cross Asset: Benchmark indices for Covered Bonds and SSA/Public issuers
12/2026 // 22 April	▪ Italy: Covered bond jurisdiction on the rise ▪ New Zealand Local Government Funding Agency in the spotlights
11/2026 // 15 April	▪ Covereds: Which way will the market move in the months ahead? ▪ The SSA segment in 2026 – status quo and outlook
10/2026 // 01 April	▪ Cross Asset: Relative value – in the eye of the storm?
09/2026 // 25 March	▪ Covereds: Issuers under pressure – attractive issuance windows limited ▪ Update: Joint Laender jumbos (ticker: LANDER)
08/2026 // 18 March	▪ Covereds: Transparency requirements §28 PfandBG ▪ Teaser: Issuer Guide – Non-European Supras (MDBs) 2026
07/2026 // 04 March	▪ Public sector covered bonds: comeback on the cards? ▪ Export Development Canada – spotlight on EDC
06/2026 // 25 February	▪ CEE region: growing covered bond markets ▪ Current risk weight of supranationals & agencies
05/2026 // 18 February	▪ Development of the German property market (vdp index) ▪ Credit authorisations of the German Laender for 2026

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 Q1/2026 (quarterly update)
- Transparency requirements §28 PfandBG Q1/2026 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 2026
- Beyond Bundeslaender: Canadian Provinces
- Beyond Bundeslaender: Belgium
- Beyond Bundeslaender: Greater Paris (IDF/VDP)
- Beyond Bundeslaender: Spanish regions
- Issuer Guide – European Supranationals 2026
- Issuer Guide – Non-European Supranationals (MDBs) 2026
- Issuer Guide – German Agencies 2025
- Issuer Guide – French Agencies 2026
- Issuer Guide – Nordic Agencies 2026
- Issuer Guide – Dutch Agencies 2026
- Issuer Guide – Austrian Agencies 2025
- Issuer Guide – Spanish Agencies 2025

Fixed Income Specials:

- ESG-Update 2026
- ECB preview: Geopolitical escalation, monetary vigilance

Appendix
Contacts at NORD/LB

Floor Research

Dr Norman Rudschuck, CIIA
Head of Desk

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

Lukas Kühne
Covered Bonds/Banks

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

Lukas-Finn Frese
SSA/Public Issuers

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

Elias Degener
Covered Bonds/Banks

+49 157 851 65214
elias.degener@nordlb.de

Tobias Cordes, CIIA
SSA/Public Issuers

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

Sales

Institutional Sales	+49 511 9818-9440
Sales Sparkassen & Regionalbanken	+49 511 9818-9400
Institutional Sales MM/FX	+49 511 361-9460
Fixed Income Relationship Management Europe	+352 452211-515
Retail & Structured Products	+49 511 361-9420

Trading

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

Origination & Syndicate

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

Sales Wholesale Customers

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

Treasury

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

Relationship Management

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

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