



Covered Bond & SSA View

NORD/LB Floor Research

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Covered Bonds

Market overview

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Primary market: subdued issuance activity

Over the past ten trading days, issuers on the primary market have been rather subdued when it comes to new issuance activities. This is without doubt down to the challenging market environment in which issuers have been selectively seeking a stable issuance window to successfully bring fresh supply to market. Issuers are focusing primarily on maturities of between two and four years, which in our view can be put down both to a desire to mitigate potential execution risks and the relative flatness of the swap curve. Investors are demanding higher compensation to account for the current market uncertainty, which can be seen, among other aspects, in higher new issue premiums for recent primary market transactions. Between 07 and 20 October, a total of six issuers from two jurisdictions approached investors, with their new bond deals featuring an average new issue premium of 4.7bp. These included two Canadian issuers in the shape of Equitable Bank and Fairstone Bank of Canada (Fairstone). While Equitable Bank has meanwhile become an established issuer of EUR benchmarks, this was Fairstone's inaugural covered bond in this sub-market. Ultimately, both new bonds, which each featured a volume of EUR 500m, were priced at reoffer spreads of ms +34bp (Equitable Bank) and ms +40bp (Fairstone). Fairstone's debut transaction brings the number of active Canadian issuers in the EUR benchmark segment to ten. In addition to the Canadian banks, four German Pfandbrief issuers also appeared on the market over the past ten trading days, placing covered bonds with an aggregated volume of EUR 2.25bn. While three of the four issuers opted for a maximum maturity of three years, the Pfandbrief placed by Wüstenrot Bausparkasse stood out on account of long eight years (cf. [Issuer View](#)). This started out in the marketing phase with a guidance of ms +39bp area and was met with more than adequate investor interest, which ultimately led to a deal worth EUR 500m being placed at a reoffer spread of ms +34bp.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
Wüstenrot Bausparkasse	DE	20.10.	DE000WBP0BT0	8.2y	0.50bn	ms +34bp	- / - / AAA	-
Deutsche Pfandbriefbank	DE	20.10.	DE000A3827F9	3.0y	0.50bn	ms +35bp	- / Aa1 / -	-
Bayerische Landesbank	DE	19.10.	DE000BYL0R59	3.5y	0.50bn	ms +12bp	- / Aaa / -	-
Fairstone	CA	13.10.	XS3531939968	3.0y	0.50bn	ms +40bp	- / Aa1 / -	-
LBBW	DE	12.10.	DE000LB2EQY7	2.0y	0.75bn	ms +7bp	- / Aaa / -	-
Equitable Bank	CA	07.10.	XS3529534748	3.2y	0.50bn	ms +34bp	AA+ / Aa1 / -	-

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

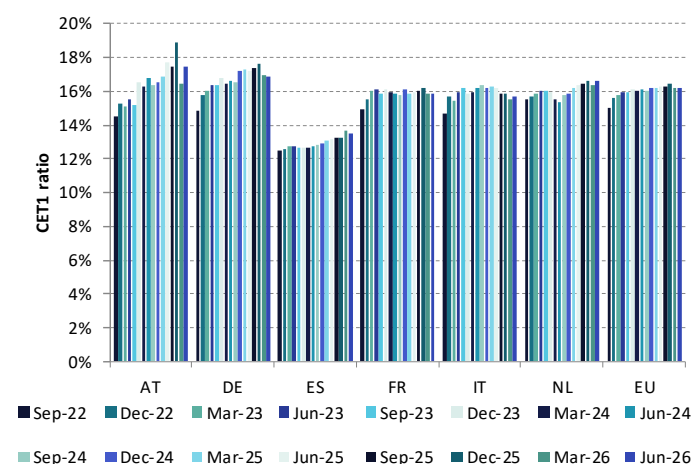
Secondary market: new issues continue to perform

Much like the fresh supply in the primary market, demand for secondary market securities remains rather subdued at present, which is ensuring that trading volumes are kept at a low level. Nevertheless, new issues continue to be well received by the market and are still performing well in the secondary market. Currently, there is increased activity on the part of real money investors, in particular, whereby demand is primarily focused on bonds with maturities of <10y.

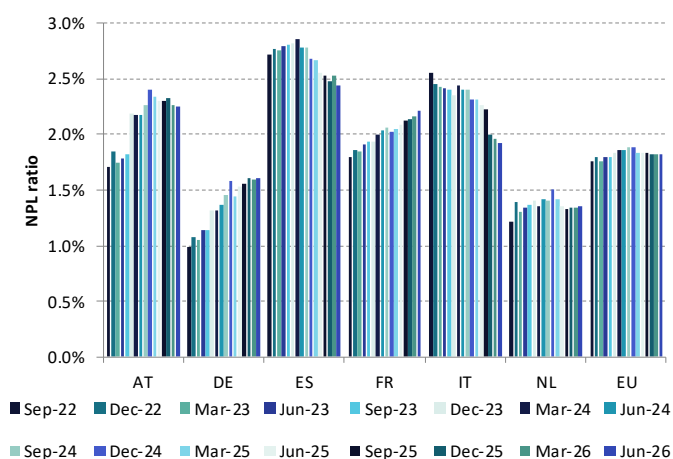
EBA Risk Dashboard: banking sector boasts robust capitalisation

In its Risk Dashboard (RDB), the EBA provides a regular overview of potential risks within the European banking sector. The database, which consists of regulatory reports from the largest EU/EEA commercial banks, comprises a wide range of indicators (including capitalisation and liquidity as well as asset quality and profitability). The current reporting period includes the data for Q2/2026. In its recently published RDB (cf. [press release](#)), the EBA sticks by its assessment that European banks are robustly positioned in the face and in spite of increased risks. Overall, the institutions appeared to be in very solid shape during the period under review. Despite a slight decline compared with the previous quarter, the capitalisation of European institutions continues to be strong. At the end of the second quarter, the CET1 ratio for the EU/EEA came to an average of 16.1%, which was marginally down on the figure for the previous quarter (16.2%). The quality of assets on bank balance sheets can also be described as robust, whereby the average non-performing loan (NPL) ratio in Q2/2026 remained at a comparatively low level of 1.82% (Q1/2026: 1.83%). Moreover, the EBA points to the fact that the share of Stage 2 loans on bank balance sheets (Q2/2026: 8.9%) has continued to decline, coming in 0.5 percentage points below the level recorded in the same quarter of the previous year. However, the EBA additionally notes that there are significant variations in Stage 2 loans across different jurisdictions, sectors and portfolios. In its latest Risk Dashboard (RDB), the EBA concludes that as at 30 June, the liquidity ratios of European banks remained, on average, well above the regulatory minimum requirements (LCR: 158.4%; NSFR: 125.7%). Nevertheless, it is worth highlighting that both the LCR and the NSFR ratios have decreased by 1.0 and 1.5 percentage points respectively in comparison with the same quarter of the previous year. In addition to the overall state of the European banking sector, the RDB provides deeper insights into the funding behaviour of European institutions, whereby secured refinancing activities – particularly in the context of covered bonds – are highly relevant. The average share of secured funding in the EU/EEA remained unchanged at 31.4% in Q2/2026 (Q1/2026: 31.4%). The EBA figures also cover the asset side. In this context, the supervisory authority reports that Extremely High Quality Covered Bonds account for 7.8% of the weighted composition of liquid assets.

Risk Dashboard: CET1 Ratio



Risk Dashboard: NPL ratio



SSA/Public Issuers

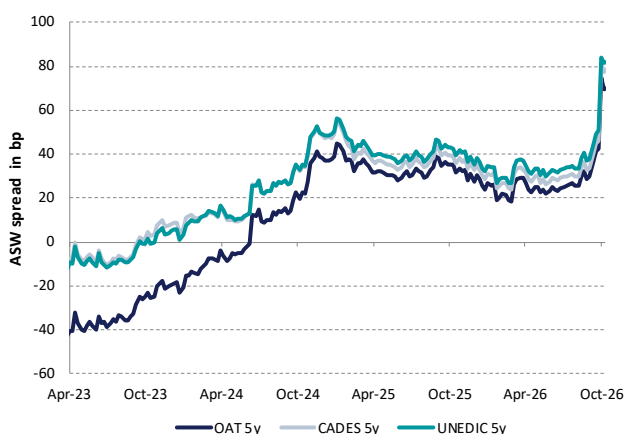
Market overview

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

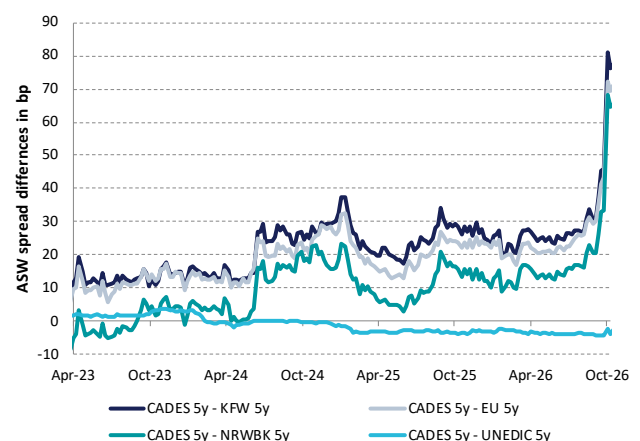
Scope: CADES and Unédic ratings revised to A+ with a stable outlook

As expected, the European rating agency Scope has downgraded the credit ratings of the French issuers Unédic (ticker: UNEDIC) and Caisse d'Amortissement de la Dette Sociale (ticker: CADES) from AA- to A+ with a stable outlook, thereby aligning them with the sovereign rating of France, which had already been lowered in [mid-September](#). To put this into context, both institutions play key roles in the French social security system and are therefore closely linked to central government. As the central body of the unemployment insurance scheme in France, Unédic benefits from an explicit guarantee, whereas CADES, which is responsible for the financing and repayment of the social security system's debts, enjoys an implicit state guarantee by virtue of its EP (Établissement public) status. Consequently, their credit ratings are directly linked to that of the sovereign. Despite the downgrade, both issuers continue to benefit from a 0% risk weight under the CRR and classification as Level 1 assets in line with the LCR Regulation. However, this preferential regulatory treatment has not enabled either agency to evade the recent reassessment of France's risk profile: For example, the spread development for CADES clearly shows that risk premiums have risen significantly in recent days. While the ASW spread (5 year) stood at around 33bp at the start of September, the risk premium climbed to around 79bp by mid-October. A marked widening of spreads is also evident in this maturity segment compared with German promotional banks such as KfW (ticker: KFW) and NRW.BANK (ticker: NRWK). In contrast, the spread differential between CADES and Unédic has remained relatively stable within the French agency market, which, in the current environment, tends to suggest that there is little evidence of an intra-sector shift towards higher-quality issuers. Instead, investors are likely reducing their exposure to French government-related issuers across the board rather than on a more selective basis.

Spread development of OATs, CADES & UNEDIC (5y)



CADES vs. KFW, EU, NRWK & UNEDIC (5y)



Source: Bloomberg, NORD/LB Floor Research

Creditworthiness of Hamburg and Schleswig-Holstein rated by Scope for the first time

The [German Laender](#) of Schleswig-Holstein (ticker: SCHHOL) and the Free and Hanseatic City of Hamburg (FHH, ticker: HAMBRG) recently officially mandated the European rating agency Scope to assess their creditworthiness and were each publicly awarded the top rating of AAA with a stable outlook on 09 October. Scope above all attributes the top rating to the strong federal institutional framework comprising the federal financial equalisation system and the principle of federal loyalty, while also emphasising the strong economic performance and prudent financial management of both Laender, among other elements. Dr Silke Schneider, the Minister of Finance of Schleswig-Holstein, was pleased: “The AAA rating is a strong confirmation of Schleswig-Holstein’s financial strength and stability. It demonstrates that we are pursuing the right course with our fiscal policy and that we are recognised as a reliable partner in the capital markets. In the international competition for investment, this reliability is an important factor in the attractiveness of our location. The AAA rating therefore not only strengthens our position in the capital markets, but also reinforces international investors’ confidence in Schleswig-Holstein as an attractive and reliable investment destination.” Hamburg’s Finance Senator, Dr Andreas Dressel, described it as “a strong signal, even in challenging times” and reaffirmed his intention to continue on the path of investing and consolidating. Previously, the creditworthiness of the two Laender had only been assessed by Fitch (both rated AAA, outlook: stable). Scope now has mandates to assess the credit quality of eight Laender. In addition to Hamburg and Schleswig-Holstein, these include Baden-Wuerttemberg, Bavaria, Berlin, Hesse, North Rhine-Westphalia and Saxony-Anhalt.

On the subject of Hamburg: Stability Report reveals anomalies in the financial planning

The Hamburg senate has approved the 2026 Stability Report of the FHH, which must now be submitted to the Stability Council, the national body responsible for budgetary oversight. The Stability Council reviews the budgetary situation for two different periods (current budgetary situation: 2024-2026; financial planning: 2027-2030) on the basis of four key indicators: the budget balance per capita, the credit financing ratio, the interest-tax ratio and the debt level per capita. This year’s Stability Report shows that the Hamburg does not meet all of the thresholds for the aforementioned key indicators in its financial planning. According to a statement issued by FHH, this anomaly in the financial planning is directly attributable to the FinanzServiceAgentur (FSA), established in 2025, which is a central financing body for the core budget and the city state’s shareholdings and must be included in ongoing budget monitoring since 2025. Whereas borrowing was previously carried out individually by public enterprises, the consolidation of financing activities has resulted in an increase in core budget debt, partly because it now includes a growing portion of the debt associated with its supplementary budgets and other funds, institutions and enterprises. In this respect, the “non-temporary effects on the results of budget monitoring” already anticipated by the Stability Council are now becoming apparent. In accordance with statutory requirements, the results of Hamburg’s budget monitoring must therefore be scrutinised in greater detail in the next step. It is to be assumed that the Evaluation Committee will take state-specific circumstances into account in its review. At the very least, there has been consensus on this matter since the 69th meeting of the Stability Council Working Group in November 2024: “[...] There is a consensus that, should a ‘impending budgetary emergency’ be identified in accordance with §4(2) of the Stability Council Act (StabiRatG), which, according to the adjusted data submitted, results from the effects of the FSA, the Stability Council would point out the special circumstances in Hamburg. This specific situation in Hamburg must therefore be taken into account accordingly during the review to be initiated in accordance with §4(3) of the Stability Council Act.”

Hesse presents draft budget 2027

The Minister of Finance for Hesse (ticker: HESSEN), Prof. Dr R. Alexander Lorz, recently presented the draft budget for 2027. Planned revenues of EUR 39.3bn (+5.1% Y/Y) are offset by expenditures of around EUR 41.6bn (+3.7% Y/Y). After taking reserves into account, this results in new borrowing of EUR 1.7bn, which is in line with the debt brake and is expected to be slightly reduced compared with 2026. At the same time, the Minister of Finance referred to the persistent economic underperformance, which the sub-sovereign asserts causes it to miss out on more than EUR 2bn in potential tax revenue annually. Furthermore, Hesse's payments to other Laender under the Financial Power Equalisation scheme (Finanzkraftausgleich; FKA) are rising to over EUR 4bn. Despite the strained fiscal environment, the draft budget continues to provide for high levels of expenditure on investment and support for local authorities. Through the municipal financial equalisation scheme, cities and municipalities are to be supported with a record sum of EUR 7.5bn, while total funding amounts to around EUR 12.5bn. Furthermore, funding for education has also reached a new high of EUR 6.5bn. A further EUR 3.7bn is earmarked for funding business, transport and housing, while EUR 1.9bn is allocated for security and EUR 420m for the federal state's digitalisation programme. In order to consolidate the Hesse's finances, the number of employees is set to fall for the first time in years. Initially, this will affect only a small number of posts in the civil service, although this course is to be consistently pursued over the coming years. Despite the difficult economic situation, Hesse's Minister of Finance expressed confidence and described the draft budget as "resilient and fit for the future", since the current level of service provision is to be maintained even under sustained economic pressure, while at the same time investment is to be made in key areas for the future. The draft budget is due to be formally adopted by the state parliament at the end of December.

Update: SSA issuance forecast 2026

As we slowly but surely head towards the end of 2026, momentum in the SSA primary market remains as strong as ever. The packed pipeline of deals has meant that we have now exceeded the lower end of our full-year forecast of EUR 310-320bn in new EUR benchmark bonds. At the time of going to press, the volume of new issues since the start of the year stood at EUR 314.9bn, just slightly below the aggregate volume in 2025 (EUR 316.7bn). In the 2021 calendar year, which was influenced by special effects related to the COVID-19 pandemic, the figure was as high as EUR 329.3bn. Against the backdrop of mandates already secured, such as that from HAMBRG, a further forthcoming EU syndication and potential pre-funding activities, we expect further issuers to venture onto the market in the coming days and weeks. Consequently, we have decided to raise our forecast for 2026 to **EUR 320–330bn**. At the beginning of December 2025, our 2026 outlook was entitled "More debt, less scope?". The developments this year have seen this hypothesis become a reality: in many jurisdictions, the overall picture is a cause for concern, particularly because demographically driven increases in social spending are colliding with politically enshrined priorities, such as higher defence spending and necessary infrastructure investment while interest costs are rising, thereby narrowing fiscal leeway. The implementation of credible and effective consolidation measures is in part also hampered by the lack of stable political majorities. In our view, there are currently few signs of a sustainable reversal of this trend and as such we expect refinancing conditions to remain under strain in 2027 as well.

Primary market

Over the past two trading weeks, we once again saw a good supply of new bonds come onto the market in the SSA segment, meaning that in today's edition we can report on ten transactions in the EUR benchmark segment totalling EUR 15bn. In addition, there were two new sub-benchmarks and a tap. Let's begin chronologically: in our last edition, we highlighted the Free State of Saxony's (ticker: SAXONY) mandate for a seven-year state treasury note (Landesschatzanweisung; LSA) and the books were subsequently opened shortly after our editorial deadline. In total, EUR 500m was ultimately printed in line with the guidance at ms +17bp. This was followed by our majority owner, Lower Saxony (ticker: NIESA), with a new LSA for EUR 1bn with an eight-year maturity. Final pricing was in line with the guidance at ms +22bp (order book: EUR 1.1bn). In contrast, Hesse (ticker: HESSEN) opted for a significantly shorter maturity (2.5y) and a smaller volume of EUR 500m. The deal was then completed at a reoffer spread of ms flat (bid-to-cover ratio: 7.4x). The quartet of Laender was rounded off by Saxony-Anhalt (ticker: SACHAN): the sub-sovereign issued its first [green bond](#), raising new funds of EUR 500m in the 5y maturity segment in line with guidance at ms +13bp (order book: EUR 1.2bn). Further supply in the ESG segment came from the International Development Association (ticker: IDAWBG), which is part of the World Bank Group, raising EUR 1bn via a [Sustainable Development Bond](#) with a long maturity of 30 years at a spread of ms +80bp (bid-to-cover ratio: 1.2x). The African Development Bank (ticker: AFDB) also took decisive action and issued EUR 1bn via a [social bond](#) (5 year) at ms +10bp (order book: EUR 1.8bn). ESG investors also found what they were looking for in Belgium: as part of a dual tranche, the region of Flanders (ticker: FLEMSH) opted for a [sustainable](#) EUR 2bn issue (short 5y), which was priced at OLO +24bp (equivalent to approx. ms +50bp). The second tranche comprised EUR 500m with a maturity of nearly 12y, which was placed on the market at OLO +26bp (equivalent to approx. ms +113bp). The EU (ticker: EU) was also active with a dual tranche comprising a new issue and a tap: the new 15y bond had a volume of EUR 5bn and was priced at EU +7bp (corresponding to approx. ms +73bp). In addition, EU 3.125% 10/12/2033 was topped up by EUR 5bn at EU +9bp (order book: EUR 73bn). Furthermore, the EIB (ticker: EIB) issued fresh EUR 3bn in the 7y maturity segment at ms +15bp as part of its EARN programme (bid-to-cover ratio: 12.5x). In the sub-benchmark segment, Dortmund (ticker: DRTMND) initially raised EUR 200m (7y) at ms +50bp via a municipal bond, before the Tokyo Metropolitan Government (ticker: TOKYO) subsequently issued a [Resilience Bond](#) (5y) worth EUR 400m at ms +39bp. New mandates include the ESM ([Digitally Native Note](#)), HAMBURG (EUR 500m, WNG, 10y, [Green](#)) and BERGER (Bmk, 5y).

Issuer	Jurisdiction	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
HESSEN	DE	20.10.	DE000A1RQFJ6	2.5y	0.50bn	ms flat	- / - / AA+	-
FLEMSH	BE	14.10.	BE0390383553	11.7y	0.50bn	ms +113bp	AA- / - / -	-
FLEMSH	BE	14.10.	BE0390382548	4.8y	2.00bn	ms +50bp	AA- / - / -	X
AFDB	SNAT	14.10.	XS3544706750	5.0y	1.00bn	ms +10bp	AAA / Aaa / AAA	X
EIB	SNAT	14.10.	EU000A4E2K37	7.1y	3.00bn	ms +15bp	AAA / Aaa / AAA	-
EU	SNAT	13.10.	EU000A4E2KT0	15.1y	5.00bn	ms +73bp	AAA / Aaa / AA+	-
SACHAN	DE	12.10.	DE000A5GS7Z4	5.0y	0.50bn	ms +13bp	AAA / Aa1 / -	X
NIESA	DE	08.10.	DE000A5GS7U5	8.0y	1.00bn	ms +22bp	AAA / - / -	-
IDAWBG	SNAT	08.10.	XS3538132773	30.0y	1.00bn	ms +80bp	- / Aaa / AAA	X
SAXONY	DE	07.10.	DE0001789436	7.0y	0.50bn	ms +17bp	- / - / AAA	-

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

Covered Bonds

Repayment structures on the covered bond market

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

Repayment structures for covered bonds

Deferring maturity, i.e. the option, subject to certain conditions, of postponing repayment of the amounts owed under a bond beyond the original maturity date, has been an integral part of a large number of covered bond programmes for several years now. The implementation of the Covered Bond Directive has also left its mark on the covered bond market with regard to the repayment structures coming into effect. The Directive has ultimately given national legislators in the EEA the option of including the deferment of maturity in the official framework for covered bonds. To the extent that the option to defer maturities was included in the context of the standardisation process, this was also associated with the requirement to define objective triggers for the deferment of maturity in the legal framework. Since no standard approach was chosen by the respective national legislators when implementing the relevant article in the Directive in national legislation, the European covered bond market remains distinctly heterogeneous in this regard. In our opinion, implementation of the Directive provides investors, who focus on the latest possible repayment date for their investment as a fundamental consideration, with the clear benefit that the statutory incorporation of triggers for deferring maturity delivers a greater degree of objectivity, although national implementation varies. In most cases, the option for deferring the maturity date in conjunction with specific triggers was previously included in the programme documentation of either the bonds or issuance programmes in question. Implementation of the requirements laid down in the Directive supports a continuation of the trend whereby the hard bullet structures that tended to be favoured by issuers in the past have become less popular to the benefit of soft bullet configurations, which have now become established as the most frequently chosen format for EUR benchmarks. Bonds with a conditional pass-through structure (CPT) are also still occasionally seen in the market.

Fundamental considerations on maturity deferrals

The aim of deferring maturity is to create opportunities aimed at counteracting risks that arise from maturity mismatches and potential liquidity bottlenecks. To create this option for mitigation in principle, the Covered Bond Directive also stipulates that the responsible national entities are free to allow the use extendable maturity structures, as mentioned at the beginning. If these are permitted, the event that triggers the extension or deferral of maturity is crucial for these structures. This trigger event was already of relevance before the Directive came into force, albeit not enshrined in law (please refer to the paragraph covering soft bullet structures on the next page). As a rule, bond investors are provided with detailed information regarding the trigger, the effects on the maturity structure if the debtor is unable to pay and the role of the supervisory authority and the trustee in the wake of a maturity deferral. Beginning with the “old market standard” of hard bullet bonds, we outline the various approaches below.

Hard bullet structures: no option for extending maturity

Until just a few years ago, hard bullet structures were regarded as standard market practice as far as repayment arrangements for covered bonds were concerned. If the issuer is unable to comply with their outstanding payment obligations, the dual recourse mechanism means that investors have access to the covered bond programme's cover pool via the trustee or administrator, irrespective of the repayment structure chosen. In the event that repayment of a bond issue is imminent and the available cash is not sufficient to service this obligation and liquidity cannot be generated by other means, the collateral in the cover pool will be sold under a hard bullet structure. As a result, investors can expect prompt repayments, although it should be noted at the same time that this structure is associated with the risk that discounts on the market values of the cover assets have to be accepted and in the worst case the complete amount to be repaid will not be covered by the proceeds of the sale.

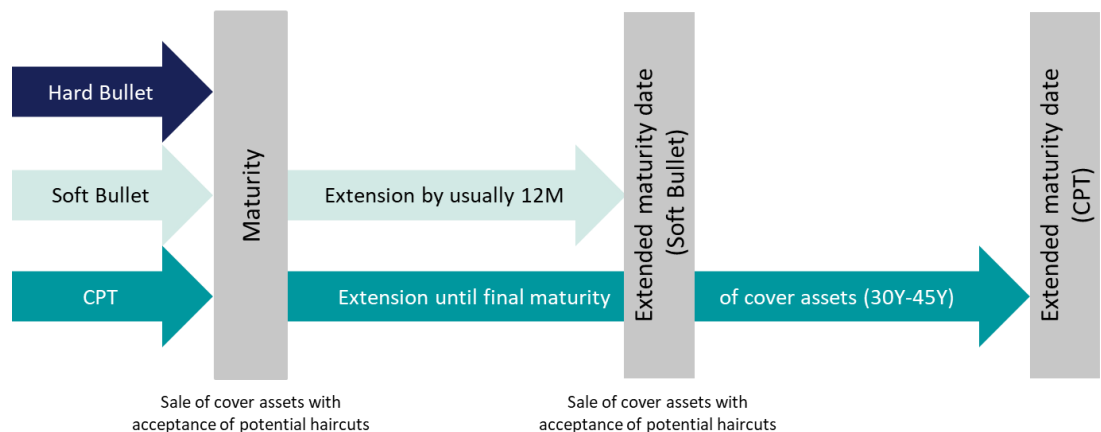
Soft bullet structures: maturity deferred through trigger events

Soft bullet bonds, and less frequently CPT structures, exist to counter this risk. If investors' claims can be met at the original maturity date, there are no differences between the three repayment structures for investors. Since, in the absence of the directive, no fundamental requirements regarding the trigger events that would initiate a deferral of maturity actually existed, issuers from jurisdictions that had not explicitly ruled out the possibility of making use of deferred maturities typically included specific provisions to this effect in their programme documentation and final terms. Various approaches for these triggers took shape on the market. Examples of different models within the soft bullet variant are (i) the issuer becoming insolvent, and redemption being deferred to a later repayment date by an independent trustee or (ii) deferral of the original repayment date by the issuer. With regard to the permitted extension period, a deferral of maturity of 12 months has become established in most cases among the soft bullet structures. Interest payments during the deferral period are largely based on the 1M or 3M Euribor plus a premium or discount, although in some cases they are also defined as a fixed coupon. It was only following transpositions into national law of the Covered Bond Directive that the trigger events were also formally enshrined in law across the various EU Member States. However, significant deviations can be identified in this instance as well. We list the trigger events in the table below.

Conditional pass-through structures: actual final maturity is uncertain

A significantly longer deferral of the original repayment date may occur with bonds that feature a CPT structure. At the same time, the refinancing risk is reduced to a minimum as a result. In contrast to the soft bullet structure, the repayments of outstanding covered bond issues will be made firstly depending on the inflows generated from the associated cover assets, but secondly also from the sale of cover assets provided that this can be effected at adequate market prices following the triggering of the pass-through structure (for which, similar to soft bullets, there are no unified trigger events). However, unlike the soft bullet structure, the date on which investors can expect the outstanding claims to be serviced cannot be determined ex ante – in the worst case not until the cover assets with the longest maturity fall due. Due to the lower refinancing risks association with such configurations, rating agencies view both soft bullet structures and, to an even greater extent, CPT structures as having a positive impact on credit assessments.

Comparison of the different maturity structures



Source: NORD/LB Floor Research

Poland – an exception: soft bullet with the option to convert to CPT

With regard to the maturity structure, Polish legislation can be considered an exception. Covered bonds which cannot be serviced when they reach maturity are initially extended for 12 months. During this extension period, tests are carried out at six-month intervals to determine whether there are sufficient assets to service investors' claims as well as to establish whether there is ample liquidity available to service these claims on time. If these tests are failed, the bond will be transferred to a CPT structure at the end of the 12-month period. The repayment date will therefore be postponed to the latest date on which the cover assets mature plus three years. However, such an extension can be prevented with a 2/3 majority of the investors. Polish covered bonds are therefore initially soft bullet bonds, for which the final maturity cannot be unequivocally determined in advance because of the possible conversion to a CPT structure, meaning that their repayment structure cannot be clearly assigned to one of the three repayment forms.

Slovakia – an exception: soft bullet with potential second maturity deferral

Slovakia also differs somewhat from standard market practice. For example, the legal framework introduced in 2018 as part of the implementation of the EU Covered Bond Directive, initially envisages deferring the maturity by 12 months in the event of insolvency. Should any servicing of investors' claims not be foreseeable at the end of the extension period, the programme can be transferred to one or more other Slovakian banks. If such a transfer is not possible within the first extension period, a further deferral of maturity by another 12 months may be approved by the regulator. Both those bonds that were extended because of the first deferral and those whose maturity dates occur in the second 12-month period are affected by this additional extension. As such, Slovakian EUR benchmark covered bonds included in the iBoxx EUR Covered are soft bullet issues, albeit the structure differs owing to the option to defer maturity twice. In our opinion, Slovakian issues can be clearly assigned to the soft bullet segment (in contrast to issues from Poland), although the extension period is capped at a maximum of 24 months.

Overview of possible triggers for maturity deferrals: global covered bond market

Country	Trigger event
Australia	Insolvency, inability to pay by the issuer
Austria	Bankruptcy, resolution of the issuer
Belgium	Bankruptcy, resolution, inability to pay by the issuer
Canada	Insolvency, payment default issuer, additional events
Czechia	-
Denmark	Lack of liquidity, market environment
Finland	Lack of liquidity, market environment
France	Bankruptcy, resolution, inability to pay by the issuer
Germany	Bankruptcy, resolution of the issuer
Hungary	-
Iceland	Resolution, prevention of forced sales, payment default issuer or administrator
Ireland	Payment default, instruction from the supervisory authority
Israel	-
Italy	Bankruptcy, inability to pay, resolution issuer, instruction from the supervisory authority
Luxembourg	Bankruptcy, resolution of the issuer
The Netherlands	Bankruptcy, resolution, inability to pay by the issuer
New Zealand	-
Norway	Bankruptcy, resolution of the issuer, inability to pay by the issuer
Poland	Bankruptcy
Portugal	Bankruptcy, resolution, inability to pay by the issuer
Singapore	Contractually regulated
Slovakia	Bankruptcy, resolution of the issuer
South Korea	South Korean Covered Bonds: payment default issuer KHFC Covered Bonds: -
Spain	Bankruptcy, resolution, lack of liquidity, market environment
Sweden	Inability to pay
United Kingdom	Bankruptcy, resolution, inability to pay by the issuer

Source: Respective national legislation, market data, NORD/LB Floor Research

Soft bullet and CPT bonds in the case of repo transactions

Covered bonds with extendable maturities may be subject to specific haircut treatment due to the potential for a longer capital commitment. This applies in particular to own-use covered bonds, which are mobilised by the issuer (or a closely linked counterparty) as collateral for Eurosystem monetary policy credit operations. For own-use covered bonds with a soft-bullet structure, the determination of the valuation haircut is not based solely on the originally scheduled maturity; instead, the maximum contractual extension period is taken into account when calculating the relevant residual maturity. In this way, the extension period applied is therefore specific to each individual deal and is not necessarily limited to 12 months. In contrast, own-use covered bonds with a conditional pass-through (CPT) structure are subject to a uniform maturity classification. For the purpose of determining haircuts, these instruments are assigned to the residual maturity bucket of between 10 and less than 15 years, regardless of their original maturity. In so doing, the Eurosystem accounts for the potentially long maturity of a CPT structure that cannot be accurately defined ex ante. Moreover, the European Central Bank has decided to revise its risk control framework in the future, whereby the intention is to alter the current approach for own-use covered bonds by implementing a separate haircut schedule.

iBoxx EUR Covered: influence of EU harmonisation on repayment structures

It is already clear from the comments above that the refinancing risk can be significantly reduced by means of a soft bullet or CPT structure compared with a hard bullet structure. In this respect, it does not come as a surprise that soft bullet structures are also especially common in what the Covered Bond Directive refers to as “third countries”. Here, in particular, investment in such a covered bond requires detailed analysis of the relevant bond conditions in advance, as the Covered Bond Directive does not apply to all jurisdictions and was not implemented uniformly either. Therefore, attention must continue to be paid to what happens with interest payments in the extension period when a trigger event occurs. With regard to the refinancing risk following insolvency on the part of the issuer, it must, however, be mentioned that issuers were already in some cases legally obligated to reduce this risk by maintaining a liquidity buffer for hard bullet structures. In the wake of harmonisation efforts, Art. 16 of the Covered Bond Directive also provides for the fact that the introduction of a liquidity buffer to cover the net liquidity outflows for 180 calendar days was mandatory for all jurisdictions subject to the regulation.

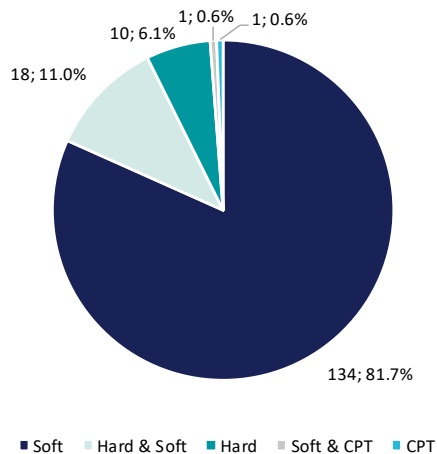
Composition of the iBoxx EUR Covered: maturity structures

While the shifts with regard to the weightings of maturity structures in the iBoxx EUR Covered initially tended to be generic in nature, the harmonisation of the European covered bond market added a significant driver. This is clearly recognisable from the example of the German Pfandbrief market. However, the adjustments to the legislation mean that more soft bullet issues are to be expected in other jurisdictions as well. Moreover, no national legislator has preferred a “big bang” solution along the lines of the adjustments to the Pfandbrief Act and pivoted hard to extendable structures. This is currently the case, in particular, for those countries that have active issuers of both hard bullets and extendable structures. We refer to the composition of the iBoxx as of September 2026 below.

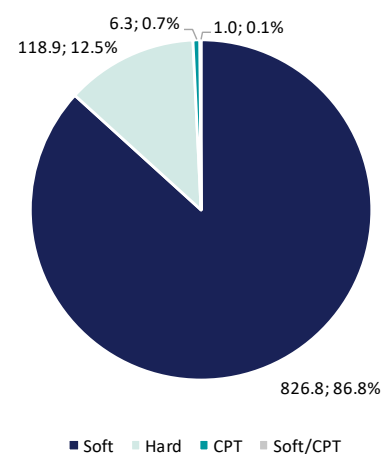
Pure soft bullet issuers dominate the iBoxx EUR Covered

With 134 of 165 issuers (81.7%), the majority of the issuers listed in the iBoxx EUR Covered (excl. Spanish multi-cedulas) are those that currently only have outstanding benchmarks with a soft bullet structure. At present, a share of just 6.1% (ten issuers) is attributable to institutions that have exclusively hard bullets. Only one issuer, Banca Monte dei Paschi di Siena, remains a pure CPT institution. As a result, a clear model can be assigned to 88.4% of the institutions with outstanding EUR benchmarks. In contrast, the remaining 11.6% is attributable to issuers that have outstanding benchmarks with two different maturity structures. In this context, the combination of hard and soft bullets is the most frequent scenario, at 11.0% (18 issuers). The Dutch institution NIBC Bank has EUR benchmarks with soft bullet and CPT configurations. The EUR benchmarks of Poland’s PKO Bank Hipoteczny, which is characterised by a hybrid maturity structure, illustrates the special case in Poland described above. These bonds are initially soft bullet deals for which the final maturity cannot be unequivocally determined in advance because of the possible conversion to a CPT structure.

iBoxx EUR Covered: issuers by structure



iBoxx EUR Covered: volume by structure

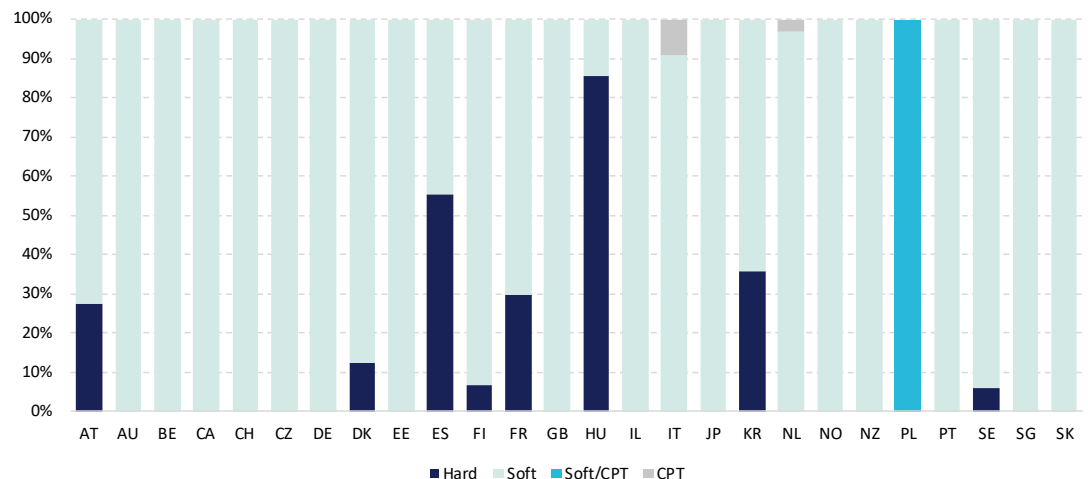


Source: Market data, NORD/LB Floor Research

Largest outstanding volume attributable to soft bullet EUR benchmarks

At EUR 826.8bn (86.8%), by far the largest share of the volume contained in the iBoxx (excl. Spanish multi-cedulas) is attributable to soft bullet covered bonds. EUR benchmarks with a CPT structure still constitute a niche within the primary market, since only 0.7% (EUR 6.3bn) of the iBoxx volume is attributable to bonds with this structure. Traditional hard bullets account for EUR 118.9bn or a share of 12.5%. Hard bullet issues with a volume of EUR 73.9bn originated in France, while Spain (EUR 21.0bn), Austria (EUR 13.8bn), Hungary (EUR 3.0bn), South Korea (EUR 2.8bn) and Finland (EUR 2.3bn) accounted for the next highest volumes. It is worth noting in this context that, as at Q3/2026, Caisse Française de Financement Local (CAFFIL) was the only French issuer to opt for a hard bullet structure. This applied to a total of four benchmark deals and accounts for a share of just 14.3% of the issuances by French institutions in the current year, which further underlines the diminishing relevance of fixed repayment dates.

Repayment structures by jurisdiction (iBoxx EUR Covered)



Source: Market data, NORD/LB Floor Research

Numerous jurisdictions with different repayment structures

With regard to the distribution of the three repayment structures at jurisdiction level, it is also apparent that for the first time no single jurisdiction is exclusively represented in the iBoxx with hard bullet EUR benchmarks. Conversely, there are numerous jurisdictions, namely Australia, Belgium, Canada, Czechia, Germany, Estonia, the UK, Japan, Norway, New Zealand, Portugal, Singapore, Slovakia, Israel and Switzerland, from which only soft bullet benchmarks are included. CPT bonds were also issued from Italy and the Netherlands. Below, for each active jurisdiction in the iBoxx, we provide an overview in table form of the individual issuers of covered bonds in EUR benchmark format and their chosen maturity models. Here, the fact that, under certain circumstances, repayment structures are also used in the respective jurisdictions – and even by the listed issuers – that may differ from those of EUR benchmarks or are no longer listed in the iBoxx because of their residual term to maturity, must be taken into account.

Repayment structures Austria

	Hard	Soft
BAWAG PSK	X	X
Erste Group Bank	X	X
HYPOT NOE		X
Hypo Tirol Bank		X
Hypo Vorarlberg Bank	X	X
Kommunalkredit Austria		X
Raiffeisen Bank International		X
Raiffeisenlandesbank Niederoesterreich-Wien	X	X
Raiffeisenlandesbank Oberoesterreich	X	X
Raiffeisen-Landesbank Steiermark	X	X
Raiffeisen-Landesbank Tirol		X
UniCredit Bank Austria	X	X
Volksbank Wien	X	

Repayment structures Italy

	Soft	CPT
Banca Monte dei Paschi di Siena		X
Banco BPM SpA	X	
Banco di Desio e della Brianza SpA	X	
BPER Banca SpA	X	
Credit Agricole Italia SpA	X	
Credito Emiliano SpA	X	
Iccrea Banca SpA	X	
Intesa Sanpaolo SpA	X	
Mediobanca Banca di Credito Finanziario SpA	X	
UniCredit SpA	X	

Source: Market data, NORD/LB Floor Research

Repayment structures in Austria

In Austria, EUR benchmarks with a soft bullet structure (EUR 36.4bn) are now dominant. In total, 12 of the 13 Austrian issuers now have outstanding EUR benchmarks with an option to extend the maturity. At present, it is only Volksbank Wien that exclusively issues deals with a hard bullet structure. The volume of hard bullets in Austria still amounts to EUR 13.8bn.

Repayment structures in Italy

Italy is one of the jurisdictions that has outstanding covered bonds with CPT structures (EUR 3.8bn), although bonds of this kind play only a minor role in the Italian market for publicly placed EUR benchmarks when compared against soft bullet bonds (EUR 37.1bn).

Repayment structures in Denmark

With regard to the Danish market, we would like to highlight the issues by Danish Ship Finance (Danmarks Skibskredit), since they deviate from the status quo on account of both the cover assets of choice (ship mortgages) and the repayment structure (hard bullet). In contrast, Danske Bank and Jyske Realkredit have each placed their EUR benchmarks on the market with soft bullet structures (extension of up to 12 months).

Repayment structures Denmark

	Hard	Soft
Danmarks Skibskredit	X	
Danske Bank		X
Jyske Realkredit		X

Repayment structures Finland

	Hard	Soft
Aktia Bank		X
Danske Mortgage Bank		X
Nordea Kiinnitysluottopankki	X	X
OP Mortgage Bank		X
Oma Saastopankki		X
SP-Kiinnitysluottopankki		X
S-Pankki		X

Source: Market data, NORD/LB Floor Research

Repayment structures in Finland

Of the currently outstanding EUR benchmarks placed on the market by Finnish issuers, only four issues placed by Nordea Mortgage Bank are bonds with a hard bullet structure. However, since September 2022, Nordea Mortgage Bank has exclusively opted for a soft bullet structure for its subsequent bonds (12 deals). In contrast, the seven other issuers only have EUR benchmarks with a soft bullet structure, which provide for the option of extending the maturity by 12 months in each case. Consequently, all seven Finnish covered bond issuers in the EUR benchmark segment now issue bonds on the basis of a soft bullet structure. As a result, a definitive move away from securities without an option to defer maturity is also on the cards in this jurisdiction.

Repayment structures in France

There are 16 issuers in total in France, of which 13 have chosen a uniform maturity structure for their bond deals (i.e. exclusive issuance of either hard or soft bullet bonds). The majority, namely 12 institutions, are issuers that have the option of extending the maturity of their bonds. Since November 2025, Cie de Financement Foncier has exclusively opted for a soft bullet structure in relation to its new covered bond issues. As such, Caisse Française de Financement Local (CAFFIL) is presently the sole issuer in France to exclusively issue hard bullet bonds. Following this shift by Cie de Financement Foncier, there are now three institutions in France represented in the index with both hard bullet and soft bullet configurations. As previously noted, however, France continues to maintain a healthy lead as far as outstanding hard bullet bonds are concerned. With a total volume of around EUR 45.0bn in outstanding EUR benchmark bonds with a hard bullet structure as at Q3/2026, CAFFIL is by far the most significant force in this segment.

Repayment structures in Germany

The adjustment to the legal basis for issuing Pfandbriefe in Germany led to the implementation of maturity extensions for all Pfandbriefe that we consider to be soft bullets. Currently, Germany is therefore one of the jurisdictions represented in the benchmark index exclusively with soft bullet maturity structures.

Repayment structures in Portugal

Since Caixa Económica Montepio Geral, whose covered bonds featured a CPT structure, no longer has any outstanding covered bonds in EUR benchmark format, Portugal now ranks among those jurisdictions represented in the benchmark index solely by soft bullet maturity structures.

Repayment structures in Sweden

In Sweden, all five issuers now make use of covered bonds with an option for maturity extensions. While Swedbank, SBAB Bank and Svenska Handelsbanken are solely represented in the iBoxx EUR Covered with soft bullet bonds, LF Hypothek and SEB have outstanding EUR benchmarks featuring both repayment structures. In terms of volume, it is apparent that hard bullet bonds (EUR 1.3bn) have fallen further behind Swedish soft bullet bonds at a volume of EUR 20.2bn in the iBoxx. In this context, no Swedish issuers have employed a hard bullet structure since 2022.

Repayment structures France

	Hard	Soft
Arkea Home Loans SFH		X
Arkea Public Sector SCF		X
AXA Home Loan SFH		X
BNP Paribas Home Loan SFH		X
BPCE SFH	X	X
Caisse de Refinancement de l'Habitat	X	X
Caisse Francaise de Financement Local	X	
Cie de Financement Foncier	X	X
Credit Agricole Home Loan SFH		X
Credit Agricole Public Sector SCF		X
Credit Mutuel Home Loan SFH		X
CCF SFH		X
Crelan Home Loan SCF		X
La Banque Postale Home Loan SFH		X
MMB SCF		X
Societe Generale SFH		X

Repayment structures Germany

	Soft	CPT
Aareal Bank	X	
Bausparkasse Schwaebisch Hall	X	
Bayerische Landesbank	X	
Commerzbank	X	
Deutsche Apotheker-und Aerztebank	X	
Deutsche Bank	X	
Deutsche Kreditbank	X	
Deutsche Pfandbriefbank	X	
DZ HYP	X	
Hamburg Commercial Bank	X	
Hamburger Sparkasse	X	
ING-DiBa	X	
Landesbank Baden-Wuerttemberg	X	
Landesbank Hessen-Thueringen Girozentrale	X	
Muenchener Hypothekenbank	X	
Landesbank Saar	X	
Lloyds Bank	X	
Norddeutsche Landesbank-Girozentrale	X	
Oldenburgische Landesbank	X	
Openbank Deutschland	X	
Sparkasse Hannover	X	
Sparkasse Pforzheim Calw	X	
UniCredit Bank	X	
Wuestenrot Bausparkasse	X	

Source: Market data, NORD/LB Floor Research

Repayment structures Sweden

	Hard	Soft
Lansforsakringar Hypotek	X	X
Skandinaviska Enskilda Banken	X	X
Svenska Handelsbanken		X
SBAB Bank		X
Swedbank Hypotek		X

Source: Market data, NORD/LB Floor Research

Repayment structures Portugal

	Soft	CPT
Banco BPI	X	
Banco Santander Totta	X	
Novo Banco	X	

Repayment structures in the Netherlands

Following the introduction of the CPT repayment structure by NIBC Bank in 2013, it was followed by three further issuers with bonds in CPT format, namely Achmea Bank, Van Lanschot, and NN Bank. In recent years, Dutch issuers have increasingly preferred soft bullet structures and many issuers have adapted their programmes or changed the maturity structure of existing CPT bonds to soft bullets. For example, in April 2022, NN Bank convened a meeting of bondholders, at which it was decided to convert outstanding CPT bonds into soft bullet structures. Achmea Bank then followed suit. This leaves NIBC Bank as the sole Dutch institution in the index to issue CPT bonds. It currently has five bonds with this type of repayment structure outstanding (to the tune of EUR 2.5bn), the last of which is set to mature in 2031. However, it is now five years since the bank last issued a bond of this kind, whereby its three subsequent primary market appearances have seen NIBC Bank exclusively issue EUR-denominated benchmark bonds with a soft bullet structure. This sends a clear signal that the CPT format will, in the not-so-distant future, be a thing of the past in the Dutch market. At EUR 79.5bn, the volume of soft bullet bonds is many times higher than that of CPT bonds.

Repayment structures Netherlands

	Soft	CPT
ABN AMRO Bank	X	
Achmea Bank	X	
ASN Bank	X	
Cooperatieve Rabobank	X	
ING Bank	X	
Nationale-Nederlanden Bank	X	
NIBC Bank	X	X
Van Lanschot Kempen	X	

Repayment structures Australia

	Soft	CPT
Australia & New Zealand Banking Group	X	
Bank of Queensland	X	X
Bendigo & Adelaide Bank	X	
Commonwealth Bank of Australia	X	
Macquarie Bank	X	
National Australia Bank	X	
Westpac Banking Corp	X	

Source: Market data, NORD/LB Floor Research

Repayment structures in Australia

While Australia was, for some time, the only jurisdiction in the index to feature three different maturity structures, all covered bonds currently incorporate a mechanism for extending the maturity. Only a single issuer, namely the Bank of Queensland, still has an outstanding bond in CPT format. This is set to fall due in 2027 and is therefore no longer contained in the index.

Repayment structures in Spain

Since the first soft bullet (dual tranche) issued by Banco Santander in September 2022, Spain has also ranked among those jurisdictions in which covered bonds have various maturity structures. Across the country, there are ten covered bond issuers in the index that have hard bullet bonds outstanding – in total 19 bonds (EUR 21.0bn) – including Banco Santander. In this context, it is also worth noting that BBVA opted for a hard bullet format for its dual tranche in June 2026 – for the first time since 2016. Likewise, Kutxabank opted for a covered bond with a fixed repayment date when making its comeback to the EUR benchmark segment. That said, however, soft bullet structures are clearly on the rise in the wake of the new legislative framework. The 19 hard bullet deals in the iBoxx EUR Covered compare with 20 soft bullet covered bonds (EUR 16.9bn), signifying that for the first time there are more covered bonds featuring a maturity extension mechanism contained in the index.

Repayment structures Spain

	Hard	Soft
Abanca Corp Bancaria	X	
BBVA	X	
Banco de Sabadell	X	X
Banco Santander	X	X
Bankinter	X	X
CaixaBank	X	
Caja Rural de Navarra	X	X
Cajamar Caja Rural		X
Eurocaja Rural	X	
Kutxabank	X	
Unicaja Banco	X	

Repayment structures South Korea

	Hard	Soft
KEB Hana Bank		X
Kookmin Bank		X
Korea Housing Finance Corp	X	X
Shinhan Bank Co Ltd		X

Repayment structures Hungary

	Hard	Soft
OTP Mortgage Bank	X	
MBH Mortgage Bank		X

Source: Market data, NORD/LB Floor Research

Repayment structures in South Korea

In South Korea, too, hard bullet structures would appear to be on the verge of extinction. While Korea Housing Finance Corporation (KHFC) was previously the only issuer of covered bonds in a hard bullet format, it also made the move to soft bullet structures in February 2026. At present, KHFC has five hard bullet bonds that are still contained in the index, with the final one set to fall due in 2030. The total volume of soft bullet bonds originating from South Korea stands at EUR 5.1bn, which is nearly twice as high as that of hard bullet bonds (EUR 2.8bn).

Repayment structures in Hungary

Following the jurisdiction's comeback to the EUR benchmark segment last year, another Hungarian newcomer has now made a foray into the market in the shape of MBH Mortgage Bank. In contrast to OTP Mortgage Bank, which has relied exclusively on hard bullet structures for its issuances to date, the Hungarian debutante opted for a soft bullet format for its inaugural deal. It remains to be seen whether Hungary, which is one of the few remaining jurisdictions to employ both maturity structures, will continue to perform this dual role, or whether the pendulum will eventually swing towards the more common market practice of soft bullet structures.

Conclusion and outlook

A glance at the iBoxx EUR Covered index reveals that bonds with soft bullet structures have now clearly overtaken the former dominant form of hard bullet bonds. For the first time, there is no longer any jurisdiction in which issuers exclusively make use of bonds without maturity extensions. With the debut of MBH Mortgage Bank, which issued a covered bond in a soft bullet format, Hungary, which was the final frontier in terms of the total dominance of hard bullet bonds, has now been conquered. The sustained trend in the direction of soft bullets can also be put down to the fact that many issuers in France and Austria in particular have already switched to this form of maturity structure for their covered bonds. The implementation of the European Covered Bond Directive has also facilitated the change from conditions based on programme descriptions to a legal framework. From a supervisory perspective, extendable maturities remain firmly in the spotlight. In the context of its advice published in 2025 in connection with a review of the European covered bond framework, the EBA has also examined in detail the opportunities and risks associated with covered bonds featuring extendable maturities. In so doing, it advocates in particular for greater harmonisation and a more precise specification of the trigger events regulating maturity extensions.

SSA/Public Issuers

Update on German municipal bonds: DEUSTD and NRWGK

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

Introduction

In February 2014, six cities in North Rhine-Westphalia placed what was at the time the largest municipal communal bond in Germany to date. It was the first time in the history of the Federal Republic of Germany that half a dozen cities in one of the German Laender raised funds jointly in the capital market. Since then, German cities and municipalities have looked for new forms of financing, alongside established methods, as more and more banks have given up traditional credit-based municipal financing in response to ever diminishing yields. So far, seven joint NRW municipal bonds have been issued under the ticker NRWGK, of which three are still outstanding. The composition of the local authorities involved has varied from one issue to another. As things stand at present, the bonds are set to mature between April 2027 and August 2032, in an amount of EUR 125-250m. The last bond in benchmark format matured last February. Municipal bonds offer a series of attractive advantages for cities and municipalities: as mentioned above, this opens a new funding channel, the use of which spares existing lines of credit from the authorities' main banks. Moreover, the joint municipal bond approach makes it possible to take advantage of economies of scale. However, such issues also pose challenges: fixed costs, arranger fees, legal advice and similar costs. In some cases, issuers also have to factor in requirements relating to sustainability-related reporting, in cases where the bond to be placed is an ESG bond. Furthermore, local authorities' refinancing costs have also increased significantly in light of the ECB's most recent interest hikes in June and September 2026 as well as the sharp rise in yields on Bunds and Laender bonds, which is likely to worsen the already tight budgetary situation in some places.

Inaugural German cities bond – ticker: DEUSTD

An innovative new bond was launched for the first time on the German bond market at the end of November 2018: the security issued was innovative in that cities from various German Laender were active in the market jointly for the first time under the ticker DEUSTD. The issuers were Bochum, Celle, Emden, Essen and Saarbrücken and the level of their respective participation varied: Essen (EUR 55m), Saarbrücken (EUR 55m) and Bochum (EUR 50m) had the largest stake in the bond, which totalled EUR 200m overall, while Emden (EUR 25m) and Celle (EUR 15m) had a much smaller share. Such differences are not unusual in this segment and were also a feature of the joint municipal bonds from NRW. Although the order book was strongly oversubscribed at just over EUR 336m, the issue size was not increased. Strong demand nevertheless speaks for the appeal of joint municipal bonds as an asset class. The coupon was set at 1% and, at ms +20bp, pricing of the 10y bond was a few basis points more expensive for investors than expected. Most recently (20 October 2026), the bond was trading at around 95% of its nominal value and the yield would have been just under 3.7% for current buyers. At one time, banks and savings banks were the main buyers, with 14% of the bond being sold to investors outside Germany. This form of bond transfers the principle behind the [Joint Laender issuance vehicle](#) (Gemeinschaft deutscher Laender; ticker: LANDER) to smaller administrative levels.

Municipal downward spiral: budget deficits reach record levels once again in 2025

Following funding surpluses between 2011 and 2022, German local authorities and associations of local authorities posted a funding deficit again for the first time in 2023, which has continued to grow since then: in 2025, local authorities recorded a funding deficit of EUR -31.9bn according to the Federal Statistical Office, which therefore exceeded the previous year's record (2024: EUR -24.8bn). Adjusted expenditure under the core and supplementary budgets rose significantly once again in 2025 by +5.6% Y/Y to EUR 423.3bn. The main driver on the expenditure side was staff costs, which increased by an above-average +6.8% Y/Y to EUR 113.4bn. Social spending, which was higher than in the previous year (+5.9% Y/Y) and amounted to EUR 90bn in 2024, also placed an additional strain on local authority finances. Although adjusted revenue, at EUR 391.4bn, was up by +4.1% on 2024, this was not enough to offset the rise in expenditure.

ESG continues to gain traction with municipalities

To talk of sustainability bonds as a trend does not do justice to either their volume or significance. It is a fact that sustainability is a growing topic for municipalities as well and we welcome this development. Hanover, the capital of Lower Saxony (ticker: HANNOV), led the way in 2018 with the issue of a [Green & Social Schultscheindarlehen \(SSD\)](#) from which it raised EUR 100m for 30 years on the capital market, subsequently investing the proceeds exclusively in the municipal housing stock. Last May, Hanover issued its [second ESG SSD](#) worth EUR 250m, with terms ranging from 12 to 30 years agreed with investors. Sustainable municipal securities are now also well established in Bavaria: In 2020, the city of Munich (ticker: MUENCH) placed its first [social city bond](#). The volume was EUR 120m (12y) and was used to secure affordable housing. In June 2024, the city of Munich decided to expand its presence in the ESG segment with a 7y [green bond](#) in the amount of EUR 300m. In September 2022, the city of Münster (ticker: MUENST) in NRW was the first to successfully place a [green SSD](#) for environmental and social investment purposes on the market. In light of lively interest, the city opted to increase the size of the bond from an initially planned EUR 100m to EUR 140m. The second green bond (EUR 170m) followed in May 2024. The [city of Cologne](#) (ticker: KOELNC) is now also ranked among the issuers of green municipal bonds. After issuing its first [green bond](#) in February 2024 (volume: EUR 150m), Cologne issued Germany's first sustainability SSD in February 2026 with a volume of EUR 500m, although EUR 300m had originally been planned. In April 2025, the [city of Offenbach](#) joined the small group of municipal ESG bond issuers, becoming the first municipality in Hesse to issue a green SSD in the amount of EUR 136.5m.

Database of DEUSTD participants

In the following table, we look at transactions that have taken place to date along with the municipal and regional authorities involved in the first cross-Laender city bonds, focusing on economic figures, budget and borrowing data from the vdpKommunalScore statistics provided by vdpExpertise GmbH. In order to avoid inaccuracies caused by different accounting policies (single and double-entry), the ongoing income and expenses of entities using single-entry accounting are adjusted. Imputed variables, transfers from the administrative to the capital budget and target shortfalls in the administrative budget are not taken into account.

Economic and structural key metrics

Population	2020	2021	2022	2023	2024
Bochum (independent city)	364,454	363,441	356,209	357,024	358,676
Celle (independent municipality)	69,399	69,279	66,760	66,926	66,834
Emden (independent city)	49,874	49,523	49,563	49,701	49,202
Essen (independent city)	582,415	579,432	572,237	574,082	576,570
Saarbrücken (independent municipality)	179,349	179,634	180,261	181,982	182,971

Population growth rate in %	2020	2021	2022	2023	2024
Bochum (independent city)	-0.31%	-0.28%	-1.99%	0.23%	0.46%
Celle (independent municipality)	-0.20%	-0.17%	-3.64%	0.25%	-0.14%
Emden (independent city)	-0.08%	-0.70%	0.08%	0.28%	-1.00%
Essen (independent city)	-0.06%	-0.51%	-1.24%	0.32%	0.43%
Saarbrücken (independent municipality)	-0.57%	0.16%	0.35%	0.95%	0.54%

Nominal GDP per capita in EUR	2020	2021	2022	2023	2024e
Bochum (independent city)	36,432	39,539	43,489	43,377	43,377*
Celle (independent municipality)	30,682	33,824	36,763	37,637	37,637*
Emden (independent city)	65,172	67,391	70,970	80,493	80,493*
Essen (independent city)	41,481	44,190	47,183	49,525	49,525*
Saarbrücken (independent municipality)	43,943	45,795	48,079	51,326	51,326*
Germany	41,481	44,190	47,183	49,525	49,525*

Nominal GDP per capita in % in relation to Germany	2020	2021	2022	2023	2024e
Bochum (independent city)	87.83%	89.47%	92.17%	87.95%	87.95%*
Celle (independent municipality)	73.97%	76.54%	77.92%	76.00%	76.00%*
Emden (independent city)	157.11%	152.50%	150.41%	162.53%	162.53%*
Essen (independent city)	108.12%	104.36%	107.59%	109.21%	109.21%
Saarbrücken (independent municipality)	105.94%	103.63%	101.90%	103.64%	103.64%*

Unemployment	2020	2021	2022	2023	2024
Bochum (independent city)	9.4%	9.1%	8.6%	8.6%	9.0%
Celle (independent municipality)	6.4%	6.0%	5.5%	5.7%	5.8%
Emden (independent city)	9.0%	8.5%	8.2%	8.1%	9.4%
Essen (independent city)	11.0%	10.8%	10.0%	10.5%	10.6%
Saarbrücken (independent municipality)	10.3%	9.6%	8.8%	9.5%	9.7%
Germany	5.9%	6.3%	5.3%	5.7%	6.0%

Source: vdpKommunalScore, Federal Statistical Office, NORD/LB Floor Research

* taken from the previous year

Participating cities differ considerably in terms of their economic and social structures

If we look at the economic and structural figures of the cities involved, there are considerable differences. These vary significantly firstly in terms of the number of inhabitants and secondly in their economic performance. For example, in terms of population, Essen is almost twelve times bigger than Emden, but nominal per capita GDP in the East Frisian city, whose economy is dominated by the motor manufacturer VW and various suppliers, the industrial port, tourism and the growing renewable energy market, is by far the highest of the five municipalities. All the cities have recorded largely stable population figures in recent years, apart from some significant statistical adjustments following the 2022 census. However, the generally strained economic situation was reflected in the labour markets in 2024: the participating cities reported a rise in the unemployment rate, with Emden posting the largest increase of +1.3 percentage points, while the rate in Celle and Essen remained virtually unchanged at +0.1 percentage points. Moreover, the unemployment rate in 2024 was also higher than the German average in almost all the municipalities under consideration. Only the unemployment rate in Celle, at 5.8%, was on a par with the national average (6.0%). In a direct city comparison, unemployment was lowest in Celle, while Essen had the highest rate of 10.6%.

Key budget metrics

Current revenues (EURm)	2020	2021	2022	2023	2024
Bochum (independent city)	1,446.06	1,568.75	1,634.00	1,740.76	1,755.09
Celle (independent municipality)	181.71	176.90	167.13	178.88	184.40
Emden (independent city)	166.48	186.99	182.45	218.76	205.41
Essen (independent city)	3,176.61	3,203.03	3,296.80	3,626.14	3,772.48
Saarbrücken (independent municipality)	552.18	498.23	526.45	572.88	572.49

Current expenses (EURm)	2020	2021	2022	2023	2024
Bochum (independent city)	1,339.16	1,447.81	1,474.84	1,566.09	1,772.66
Celle (independent municipality)	148.05	152.49	164.24	173.52	178.78
Emden (independent city)	165.64	175.66	187.73	214.53	227.80
Essen (independent city)	2,973.15	3,134.32	3,153.48	3,436.95	3,682.05
Saarbrücken (independent municipality)	451.69	444.90	492.62	555.06	547.44

Of which interest payments (TEUR)	2020	2021	2022	2023	2024
Bochum (independent city)	19,831.58	15,793.44	17,097.08	26,826.56	33,303.34
Celle (independent municipality)	3,308.48	3,098.92	2,604.91	2,052.32	3,067.45
Emden (independent city)	-1,401.49	-1,678.00	-1,569.75	-609.22	-170.48
Essen (independent city)	25,627.55	24,170.25	20,682.98	38,290.32	45,728.86
Saarbrücken (independent municipality)	10,089.74	9,974.02	9,345.63	7,835.40	6,754.27

Interest payments as % of current revenues	2020	2021	2022	2023	2024
Bochum (independent city)	1.37%	1.01%	1.05%	1.54%	1.90%
Celle (independent municipality)	1.82%	1.75%	1.56%	1.15%	1.66%
Emden (independent city)	-0.84%	-0.90%	-0.86%	-0.28%	-0.08%
Essen (independent city)	0.81%	0.75%	0.63%	1.06%	1.21%
Saarbrücken (independent municipality)	1.83%	2.00%	1.78%	1.37%	1.18%

Source: vdpKommunalScore, NORD/LB Floor Research

Key budget metrics

There are also major differences in the size of the cities' budgets due to the differences in population. As expected, Essen, where both revenues and expenses in 2024 were higher than in the four other municipalities put together, stands out in this regard. It is noticeable that interest payments have risen considerably year on year, particularly in Bochum (+24.1% Y/Y) and Essen (+19.4% Y/Y). Celle posted an even sharper increase (+49.5% Y/Y), although interest payments there grew from a lower base. In relation to current revenue, the interest burden in Bochum therefore remains the highest amongst the cities under review. The reverse is (still) true in Emden, where interest income was once again recorded during the period under review, albeit at a noticeably lower level.

Key debt figures

Total debt (EURm)	2020	2021	2022	2023	2024
Bochum (independent city)	1,777.88	1,756.51	1,709.33	1,779.76	1,990.87
Celle (independent municipality)	269.22	252.32	250.94	264.00	326.67
Emden (independent city)	198.90	219.00	254.80	276.76	291.41
Essen (independent city)	3,034.72	3,050.64	3,065.72	3,086.06	3,183.18
Saarbrücken (independent municipality)	1,293.66	1,250.96	1,620.69	1,074.70	1,017.90

Debt per capita (EUR)	2020	2021	2022	2023	2024
Bochum (independent city)	4,878.19	4,833.00	4,798.66	4,984.98	5,550.61
Celle (independent municipality)	3,879.37	3,642.03	3,758.83	3,944.72	4,887.79
Emden (independent city)	3,988.04	4,422.10	5,140.86	5,568.56	5,922.81
Essen (independent city)	5,210.57	5,264.87	5,357.43	5,375.64	5,539.03
Saarbrücken (independent municipality)	7,213.10	6,963.96	8,990.78	5,905.54	5,563.17

Debt as % of total revenues	2020	2021	2022	2023	2024
Bochum (independent city)	118.70%	108.13%	100.78%	97.58%	106.46%
Celle (independent municipality)	136.56%	131.59%	140.57%	133.25%	160.16%
Emden (independent city)	114.19%	113.65%	133.84%	122.28%	137.34%
Essen (independent city)	92.36%	91.88%	89.50%	82.63%	80.30%
Saarbrücken (independent municipality)	226.29%	246.59%	303.09%	184.93%	174.83%

Share of Kassenkredite as % of debt of original administration

	2020	2021	2022	2023	2024
Bochum (independent city)	25.38%	22.58%	17.40%	16.67%	18.62%
Celle (independent municipality)	22.35%	21.09%	21.03%	26.04%	19.08%
Emden (independent city)	0.00%	0.00%	0.00%	6.63%	4.39%
Essen (independent city)	42.09%	40.07%	36.83%	33.26%	33.00%
Saarbrücken (independent municipality)	55.53%	52.83%	48.10%	44.92%	30.76%

Source: vdpKommunalScore, NORD/LB Floor Research

Essen and Saarbrücken reduce debt in relation to revenue

In the five cities, debt levels in Bochum, Celle, Emden and Essen ranged from around 80% to 160% of revenue during the period 2020-2024. By contrast, this figure was significantly higher in Saarbrücken, averaging 227%. In 2023, however, Saarland managed to significantly reduce its overall debt and increase its revenue. Saarland was also able to further reduce its overall debt in 2024 despite revenue remaining almost unchanged, bringing it to 175% of total revenue, the lowest level since 2020. Nevertheless, this is significantly higher than that of other local authorities, although the gap between it and Celle, the second-most indebted city (160%), has narrowed considerably. It is also worth taking a look at short-term liabilities in the form of Kassenkredite (short-term municipal loans): the proportion of Kassenkredite only increased in Bochum, while the other cities made less use of this option compared with 2023. An important factor in the context of debt and debt sustainability is that **municipalities can legally never go bankrupt**. Insolvency is not possible for a municipality under §128(2) GO NRW (municipal code of North Rhine-Westphalia) and §12(1) InsO (German Insolvency Act). Ultimately, the federal state is the guarantor for the municipalities and, in accordance with the principle of federal loyalty, the Bund provides an implicit guarantee for the German Laender.

NRW took on EUR 9bn of municipal debt in 2026

North Rhine-Westphalia (ticker: NRW) took on historical debts totalling EUR 8.9bn at the beginning of 2026 in order to ease the financial burden on cities and municipalities. Each of the 167 cities and municipalities were relieved of at least 41.1% of their excess liquidity loans. Municipalities with particularly high levels of debt also benefited from the complete assumption of additional liabilities in excess of per capita debt totalling EUR 1,500. The beneficiaries included DEUSTD participants Bochum and Essen, amongst others: the federal state of NRW assumed 41.1% of each municipality's excess liabilities incurred to secure liquidity, thereby relieving the two municipalities in question of EUR 136.5m and EUR 610.7m respectively. The outstanding debts of most of the participants in the joint NRW municipal bond scheme were also reduced, in some cases significantly, as part of this measure. However, we think it is important to emphasise that the Legacy Debt Relief Act (Altschuldenentlastungsgesetz) only takes into account the level of municipal liabilities as at the end of 2023. Local authority debts have continued to rise considerably since then, so that, in our opinion, the effect of the measure is likely to be transitory rather than provide a long-term structural solution to the problem. In this respect, we do not expect any tangible improvement in the key debt figures.

A selection of the municipalities in NRW that have had their financial burdens eased

Municipalities	Excess liabilities incurred to secure liquidity as at 31 Dec. 2023 (EURm)	Proportional debt relief (in EURm or %)	
Bochum	332.5	136.5	41.1%
Dortmund	1,142.6	469.1	41.1%
Essen	1,487.5	610.7	41.1%
Gelsenkirchen	427.3	175.4	41.1%
Hagen	828.8	543.0	65.5%
Herne	421.4	184.6	43.8%
Remscheid	575.0	405.6	70.5%
Solingen	560.9	318.6	56.8%
Wuppertal	815.6	334.9	41.1%

Source: Ministry of Finance of North Rhine-Westphalia, NORD/LB Floor Research

Explanatory notes on the table showing the issuance history of German municipal bonds

In the table below, we list the transactions that have taken place to date in the municipal sub-segment. The table does not include SSD deals (both conventional and ESG labelled) of the kind issued by the cities of Hanover or Cologne for example, among other deal formats. With the exception of the relevant NRW cities bonds, we no longer list bonds which have matured in this table. In our view, the existing data nevertheless ensures adequate comparability of pricing despite the variety of issuers and market phases and particularly highlights the increase in funding costs over the past few years. Following the spread widening seen at the end of 2024 and the beginning of 2025, a countermovement subsequently set in, which enabled cities such as Munich and Dortmund to issue their bonds on the market at lower risk premiums than for their transactions in 2024 and 2025. At the same time, the growing number of individual transactions in recent years emphasises the increasing visibility of German municipalities on the capital market. One particular highlight in this respect was the transaction by the city of Munich last year, when the Bavarian capital became the first German municipality ever to issue a bond in benchmark format, which we dubbed the “Oktoberfest bond” due to the timing of the issue. In March 2026, the city of Munich successfully issued another bond and currently remains the only municipality with a presence in the EUR benchmark segment.

German municipal bonds (outstanding): issuance history

Issuer	Coupon	Timing	ISIN	Initial maturity	Initial spread	Volume
NRW Cities #1	Fix	06.02.14	DE000A11QCH9	4.0y	ms +35bp	500m*
NRW Cities #2	Fix	19.02.15	DE000A14KP45	10.0y	ms +50bp	500m
NRW Cities #3	Fix	10.06.15	DE000A161UQ4	7.0y	ms +40bp	250m
NRW Cities #4	Fix	31.05.16	DE000A2AAWM3	10.0y	ms +49bp	125m
Dortmund	Fix	22.03.17	DE000A2E4YF9	10.0y	ms +35bp	140m
NRW Cities #5	Fix	04.04.17	DE000A2DALY5	10.0y	ms +38bp	250m
Ludwigshafen	Fix	28.11.17	DE000A2GSSS7	10.0y	ms +22bp	150m
NRW Cities #6	Fix	20.02.18	DE000A2G8VA5	10.0y	ms +24bp	250m
DEU Cities	Fix	28.11.18	DE000A2LQRG8	10.0y	ms +20bp	200m
Dortmund	Fix	14.10.19	DE000A2YN264	10.0y	ms +17bp	130m
Munich	Fix	11.02.20	DE000A254SP3	12.8y	ms +15bp	120m
Bochum	Fix	11.11.20	DE000A289FM3	10.0y	ms +23bp	250m
NRW Cities #7	Fix	24.08.22	DE000A30VKN0	10.0y	ms +25bp	125m
Dortmund	Fix	23.05.23	DE000A351TQ3	7.0y	ms +38bp	110m
Munich	Fix	18.09.24	DE000A383VA6	7.0y	ms +47bp	300m
Dortmund	Fix	20.03.25	DE000A4DFC81	7.0y	ms +65bp	150m
Bochum	Fix	01.04.25	DE000A4DFSW9	8.0y	ms +68bp	200m
Munich	Fix	18.09.25	DE000A460N04	9.0y	ms +50bp	500m
Munich	Fix	25.03.26	DE000A460HM6	10.0y	ms +39bp	500m
Dortmund	Fix	04.05.26	DE000A460J67	9.0y	ms +49bp	200m
Dortmund	Fix	12.10.26	DE000A5GS545	7.0y	ms +50bp	200m

* subsequently increased by EUR 100m

NB: The crossed-out bonds have now reached maturity.

Source: Bloomberg, NORD/LB Floor Research

Overview – municipal bonds from NRW

A look back provides the most important key figures for the seven joint municipal bonds issued so far by North Rhine-Westphalia under the ticker NRWGK, of which only three are currently outstanding after the joint municipal bond #4 matured in May 2026. The eighth bond in this format was in the starting blocks in autumn 2024, but ultimately never appeared on our screens. A record seven cities would have come together for joint funding purposes and the bond was set to have a nine-year maturity. However, as the transaction came to nothing, two of the cities involved – Dortmund and Bochum – decided to raise fresh capital individually on the SSA primary market in spring 2025. The city of Dortmund approached investors of its own accord this year too, placing EUR 200m (9y) in May. The follow-up to this was in October, when Dortmund raised EUR 200m (7y) at ms +50bp.

Joint NRW municipal bonds (ticker: NRWGK)

Joint municipal bond #1 (already matured)

City	Share	Size
Dortmund	20%	EUR 400m
Essen	28%	Coupon
Herne	8%	1.125%
Remscheid	18%	Maturity
Solingen	6%	4 years
Wuppertal	20%	Increase
Total	100%	Yes
Issued: February 2014		EUR +100m

Joint municipal bond #2 (already matured)

City	Share	Size
Bochum	25%	EUR 500m
Essen	40%	Coupon
Herne	10%	1.125%
Remscheid	5%	Maturity
Solingen	10%	10 years
Wuppertal	10%	Increase
Total	100%	No
Issued: February 2015		

Joint municipal bond #3 (already matured)

City	Share	Size
Bielefeld	20%	EUR 250m
Essen	20%	Coupon
Gelsenkirchen	24%	1.25%
Hagen	16%	Maturity
Remscheid	20%	7 years
Total	100%	Increase
Issued: June 2015		No

Joint municipal bond #4 (already matured)

City	Share	Size
Hagen	30%	EUR 125m
Remscheid	30%	Coupon
Solingen	40%	1.00%
Total	100%	Maturity
Issued: May 2016		10 years
		Increase
		No

Joint municipal bond #5

City	Share	Size
Essen	42%	EUR 250m
Gelsenkirchen	30%	Coupon
Remscheid	16%	1.00%
Solingen	12%	Maturity
Total		10 years
Issued: April 2017		Increase
		No

Joint municipal bond #6

City	Share	Size
Essen	44%	EUR 250m
Hagen	16%	Coupon
Herne	16%	1.375%
Remscheid	8%	Maturity
Solingen	16%	10 years
Total	100%	Increase
Issued: February 2018		No

Joint municipal bond #7

City	Share	Size
Essen	44%	EUR 125m
Hagen	32%	Coupon
Remscheid	24%	1.95%
Total		Maturity
Issued: August 2022		10 years
		Increase
		No

Sources: Issuers, NORD/LB Floor Research

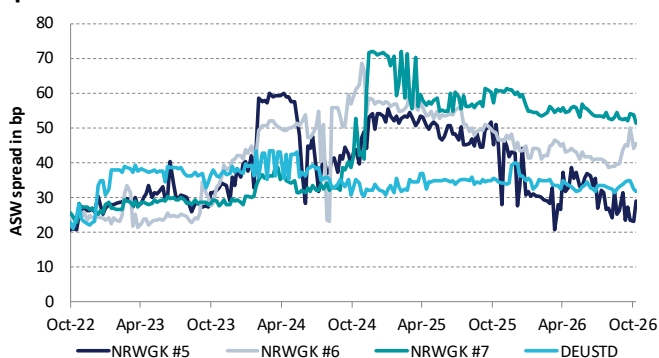
Each city is liable in accordance with its share

Things become more interesting if a debtor gets into arrears in repayment of the bond or defaults. In such a case, the rules governing liability within the group of issuing cities are as follows: the joint debtors of the bond are the respective participating cities, which are only liable in line with their share of the bond. Interest payments must also be made in proportion to these shares. The creditworthiness of a city will not be affected if one of the issuing cities gets into financial difficulties during the term of the bond or at the repayment date. For the reasons mentioned above, they are not subject to “financial problems” (in the narrower sense). Furthermore, municipalities are not rated, nor are any joint cities bonds. These factors are also key for some investors, since each participant in the issuer group often requires a separate check and/or due diligence, and the participating municipalities frequently change from bond to bond. A quick word on the subject of regulatory treatment: all German municipal bonds benefit from a 0% risk weight under [CRR](#)/Basel III, classification as a Level 1 asset in the context of the [LCR](#) and preferred status in line with [Solvency II](#). They therefore benefit from the same regulatory advantages as German Laender bonds or Bunds. In our opinion, the ECB will also accept such securities to [collateralise central bank liquidity](#). We also assume that municipal Schuldscheindarlehen (SSD) will be treated identically to municipal bonds from a regulatory perspective.

Spread analysis of municipal joint bonds

In terms of the spread levels of the outstanding NRW city bonds, bond #7 is currently trading at +51bp, well above bonds #5 (+29bp) and #6 (+45bp), which is primarily due to the longer residual maturity and the associated maturity premium. Moreover, the number, weighting and composition of the participating cities are also likely to play an important role, as the cities involved are only liable in proportion to their share of the bond. The fewer the number of participating cities, the more the spread is influenced by the budgetary and debt situations of the individual cities involved. While only three cities from NRW joined forces for municipal bond #7, there were four in the case of bond #5 and five in the case of bond #6. By contrast, the DEUSTD bond, which matures in 2028, is trading at +31bp, a tighter spread than the NRW city bonds #6 and #7, which is probably not only due to its shorter residual maturity but also its cross-Laender composition and the resulting greater regional diversification. Then again, the comparatively low spread on the NRWGK bond #5 is, for the most part, likely due to its short residual maturity.

Spread trend NRWGK & DEUSTD



Relative value: NRW (6y)* vs. NRWGK #7



* The reference value for NRW (6y) was calculated using linear interpolation of Bloomberg indices EIC5PPG BVLI Index (5Y) and EIC7PPG BVLI Index (7Y).
Source: Bloomberg, NORD/LB Floor Research

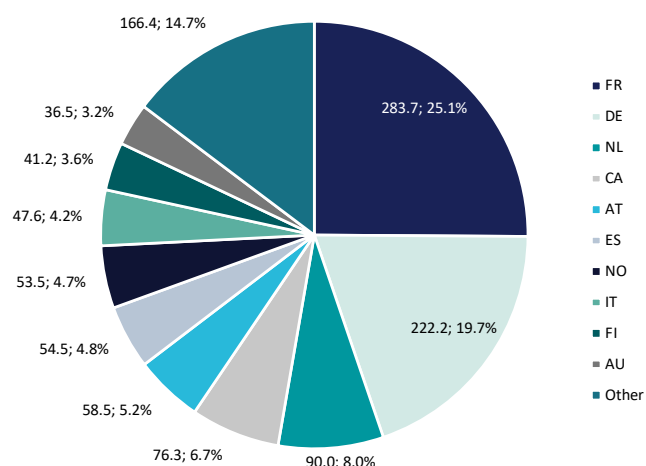
Conclusion and outlook

In future too, cities or municipalities are likely to join forces (from time to time) and issue joint bonds, although there is a growing tendency particularly for larger and/or financially stronger cities to increasingly go it alone on the capital market. However, one of the crucial arguments in favour of a joint issue, particularly for smaller municipalities, is likely to remain unchanged, namely that they can appeal to a wider range of investors by issuing larger amounts, which in turn is likely to have a favourable impact on refinancing costs. On top of this, the regulatory burden associated with a municipal bond and the resulting costs are often too much for the cities involved on their own. SSDs, which have advantages compared with bearer bonds due to their less extensive documentation and the fact that they are both familiar to and popular with investors, therefore provide a sensible alternative. Although international investors have also become far more aware of SSDs in recent years, they are still unlikely to be as familiar as traditional bonds. In addition, jointly issued bonds frequently involve a lot of paperwork for institutional investors since, depending on their internal guidelines, they require a separate credit line for each municipality. Even though the size of the first German cross-Laender cities bond was not especially large at EUR 200m, it is nevertheless fair to say that joint bond issuances by cities and municipalities across Laender borders should continue to function in future. As far as ESG topics are concerned, many municipalities without a suitable framework hitherto face similar challenges. In addition, there are strict and costly reporting standards involved in the issuance of securities in this format even after placement. However, on balance, ESG topics should enjoy an ongoing boost since many municipalities are likely to face similar dilemmas in order to ensure that they are better equipped to meet future challenges. Cities such as Hanover and Munich have already completed a lot of the groundwork, which municipalities can use to guide their own plans. Therefore, we not only expect further new joint issues by cities, but also fresh supply in the ESG segment.

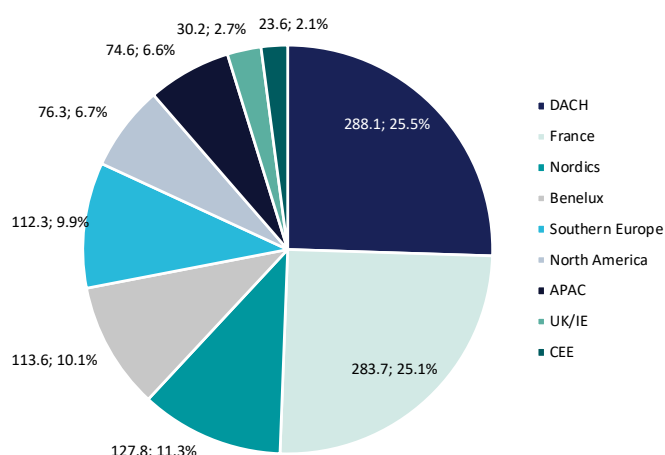
Charts & Figures

Covered Bonds

EUR benchmark volume by country (in EURbn)



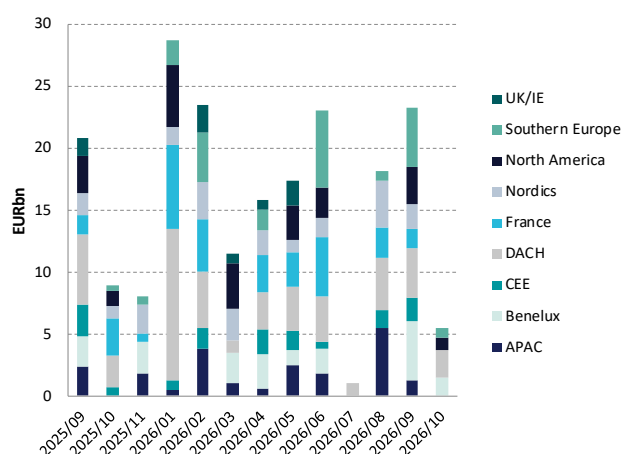
EUR benchmark volume by region (in EURbn)



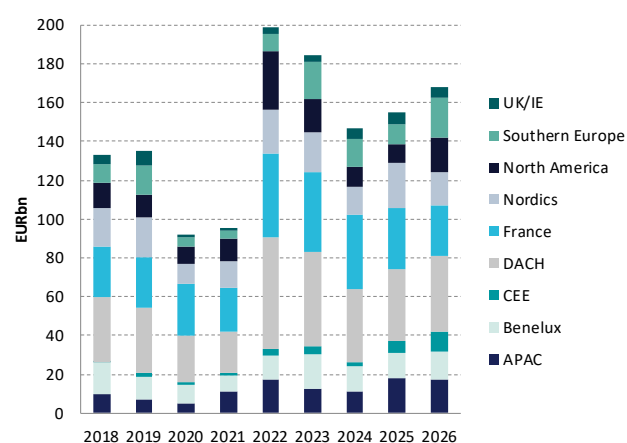
Top 10 jurisdictions

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	283.7	280	42	0.96	9.0	4.0	1.89
2	DE	222.2	306	49	0.68	7.8	3.5	1.98
3	NL	90.0	89	5	0.95	10.0	4.9	1.79
4	CA	76.3	61	1	1.24	5.7	2.5	2.13
5	AT	58.5	96	5	0.60	8.2	3.5	1.80
6	ES	54.5	50	4	0.99	9.3	3.2	2.40
7	NO	53.5	64	14	0.84	6.9	3.2	1.81
8	IT	47.6	60	6	0.75	7.8	3.6	2.43
9	FI	41.2	51	4	0.80	6.6	2.8	2.13
10	AU	36.5	37	0	0.99	7.2	2.8	2.20

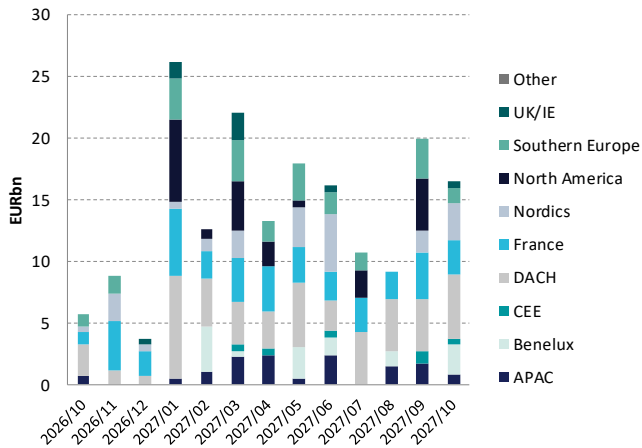
EUR benchmark issue volume by month



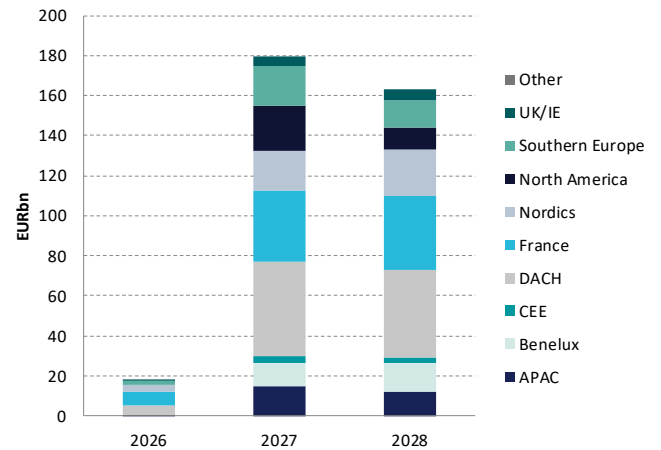
EUR benchmark issue volume by year



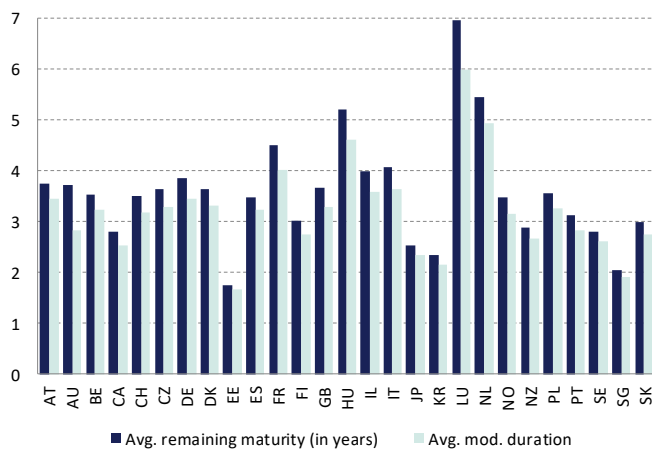
EUR benchmark maturities by month



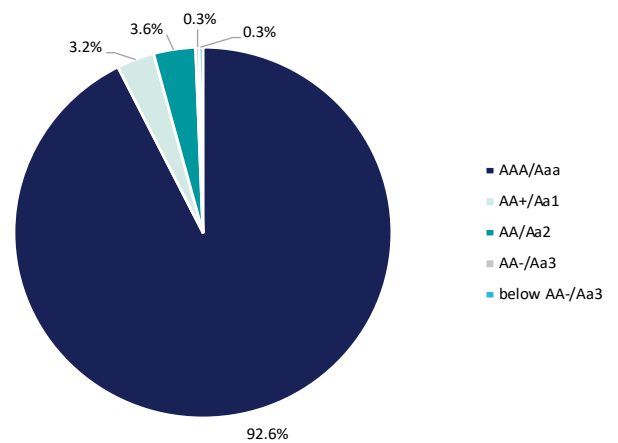
EUR benchmark maturities by year



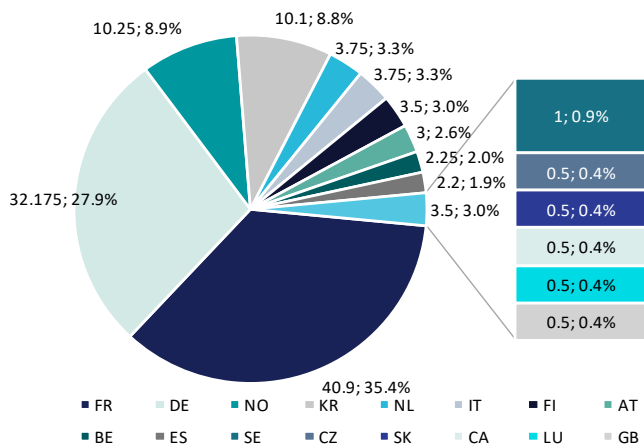
Modified duration and time to maturity by country



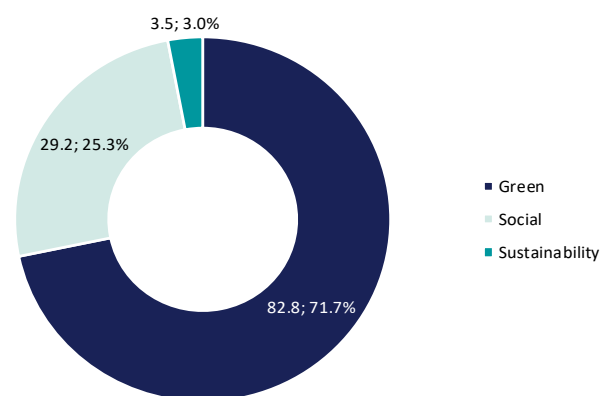
Rating distribution (volume weighted)



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

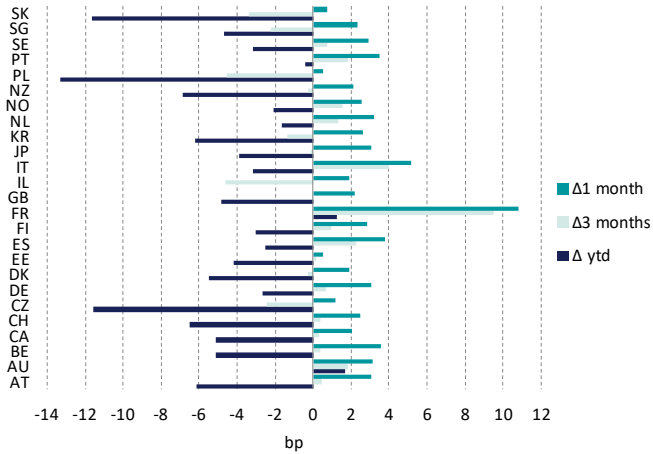


EUR benchmark volume (ESG) by type (in EURbn)

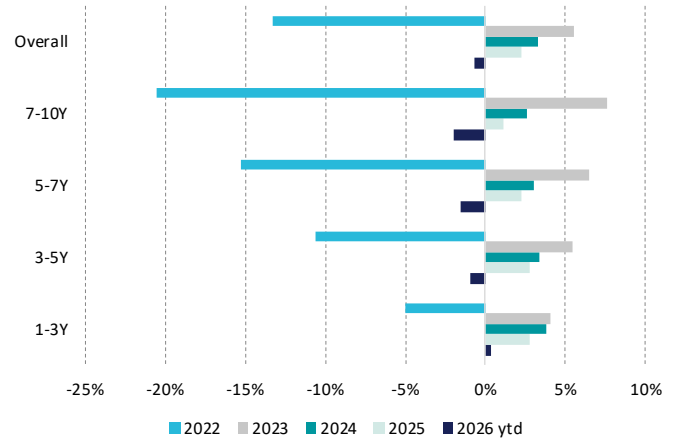


Source: Market data, Bloomberg, NORD/LB Floor Research

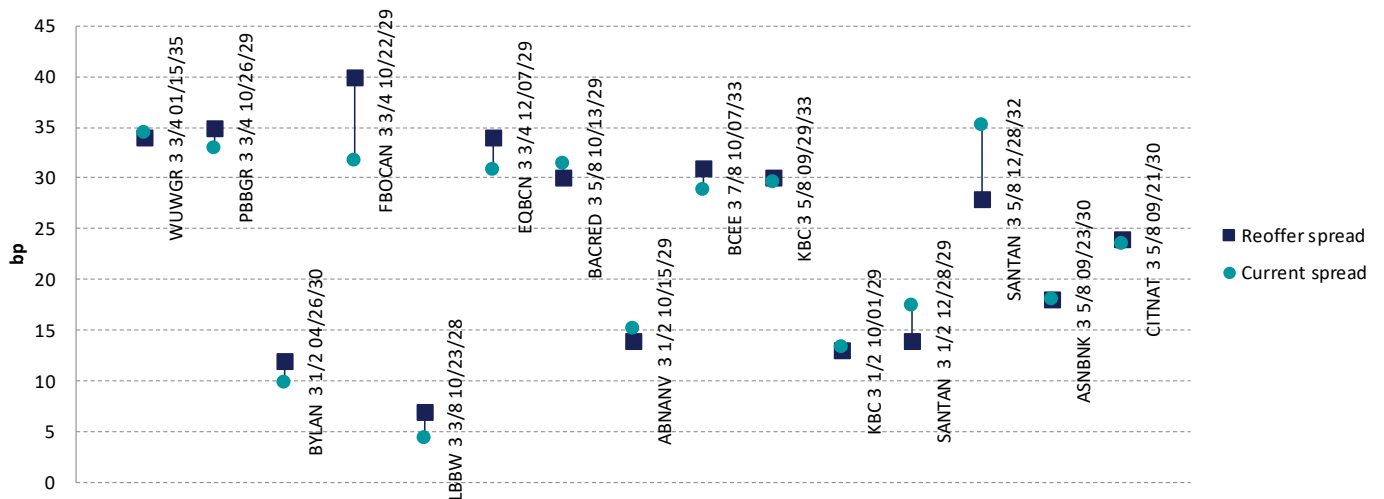
Spread development by country



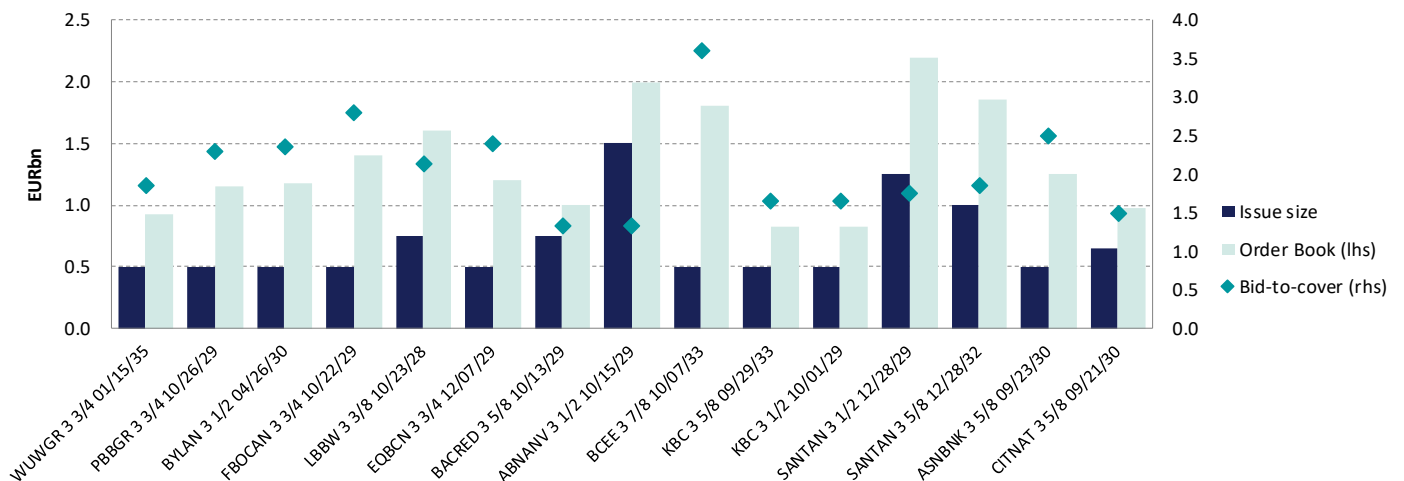
Covered bond performance (Total return)

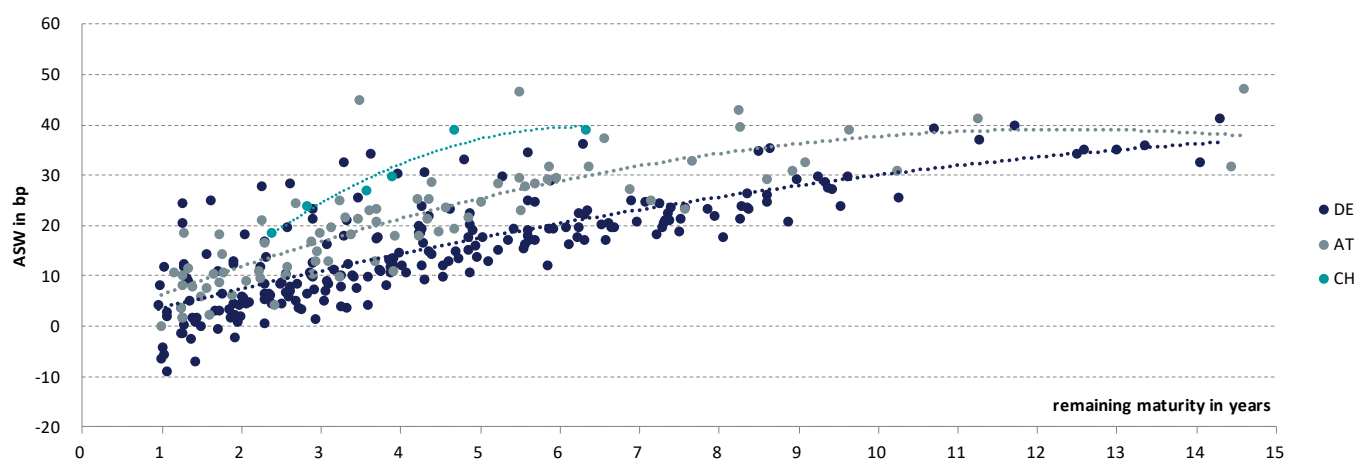
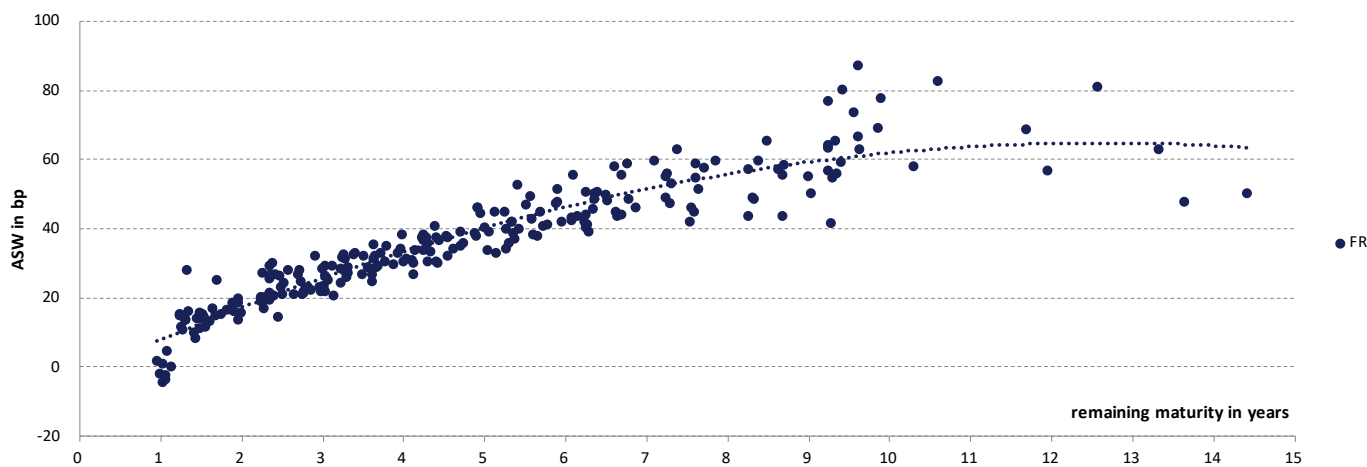
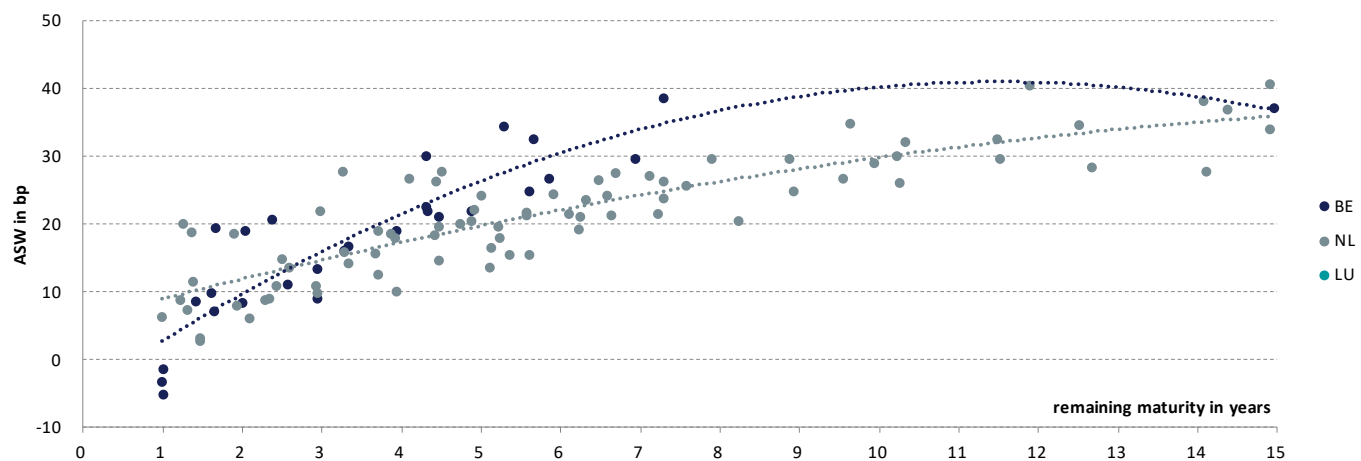


Spread development (last 15 issues)

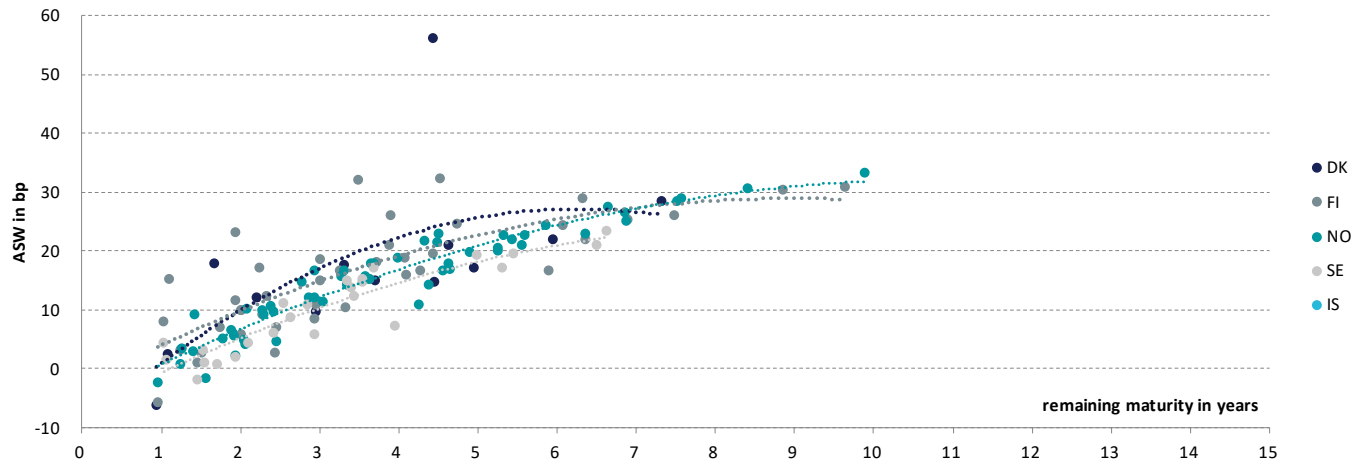


Order books (last 15 issues)

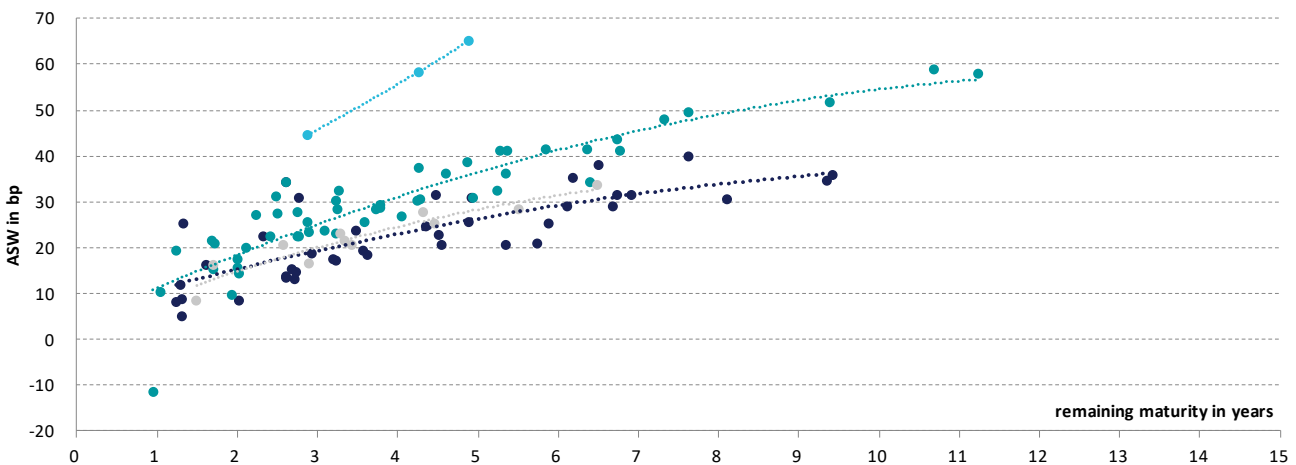


Spread overview¹DACH   France Benelux   Source: Market data, Bloomberg, NORD/LB Floor Research ¹Time to maturity $1 \leq y \leq 15$

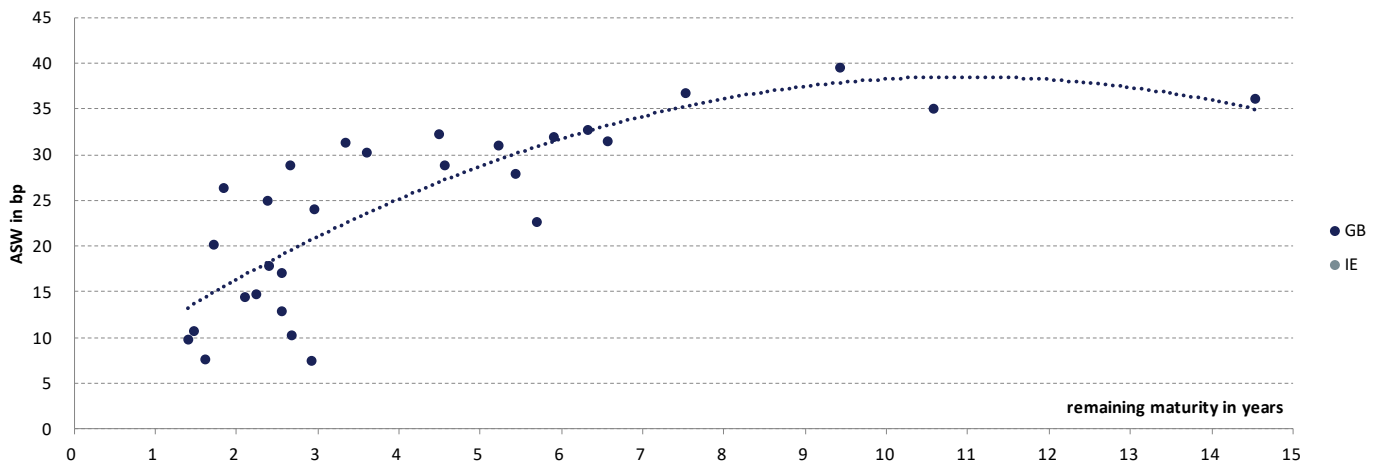
Nordics 🇩🇰 🇫🇮 🇳🇴 🇸🇪 🇮🇸

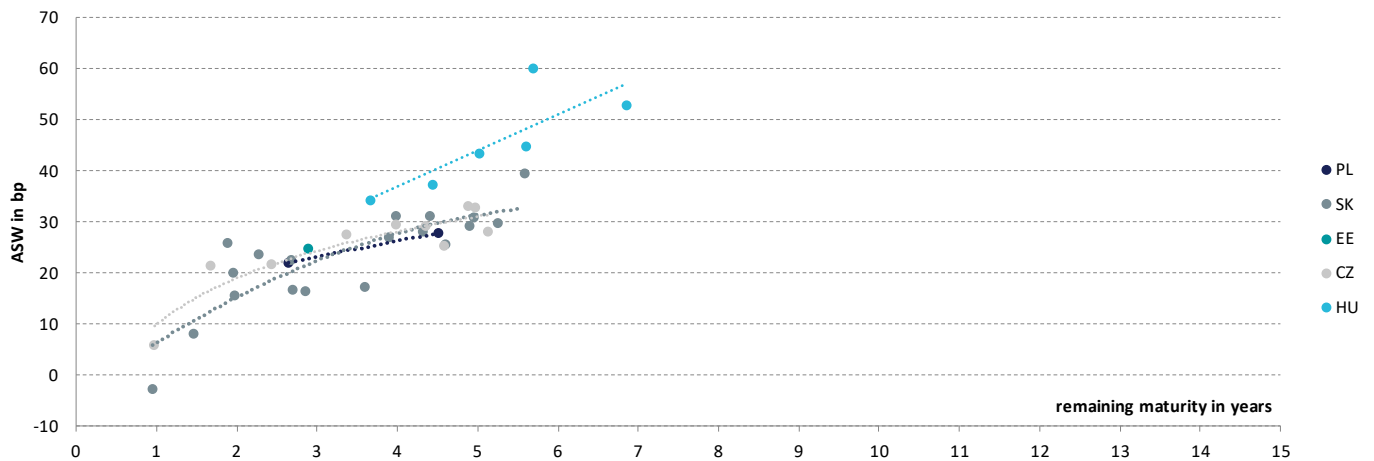
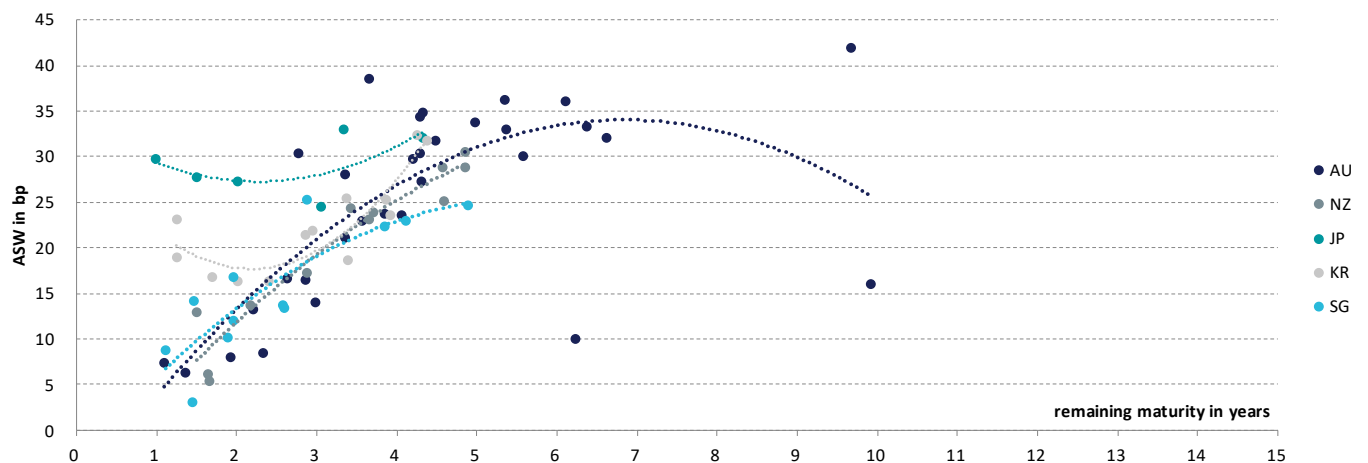
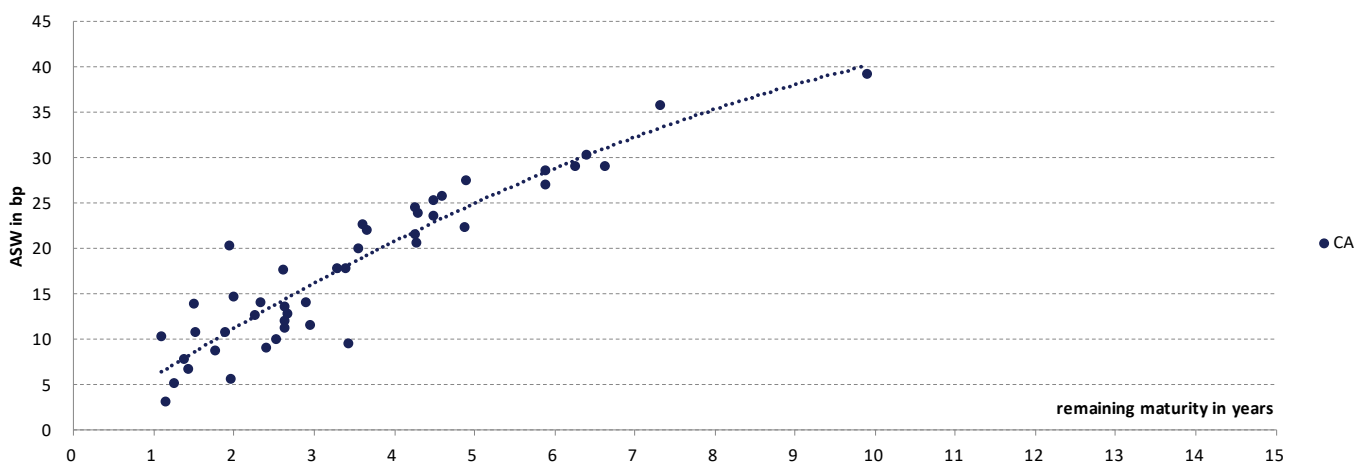


Southern Europe 🇪🇸 🇬🇷 🇮🇹 🇵🇹 🇮🇱



UK/IE 🇬🇧 🇮🇪



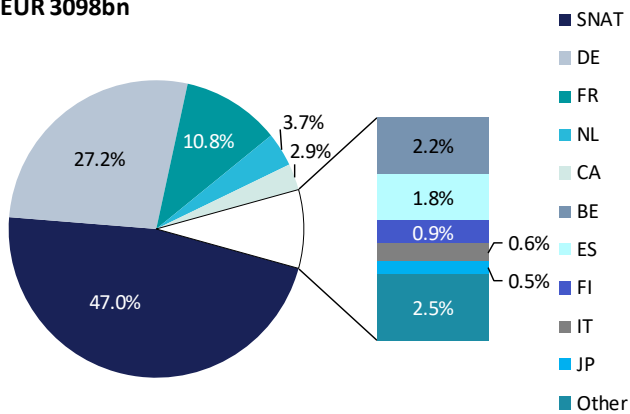
CEE APAC North America 

Charts & Figures

SSA/Public Issuers

Outstanding volume (EUR bmk)

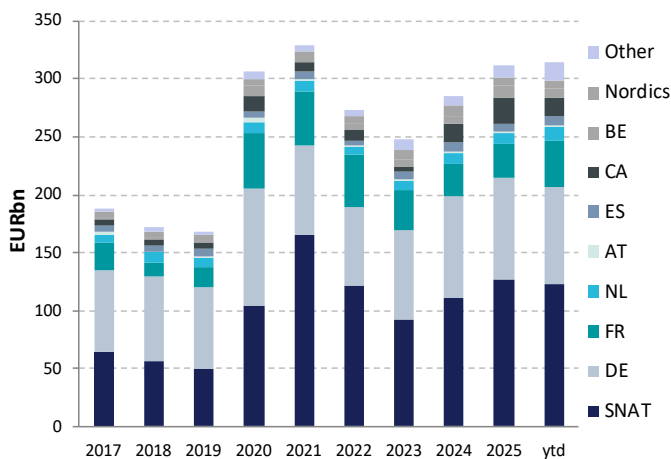
EUR 3098bn



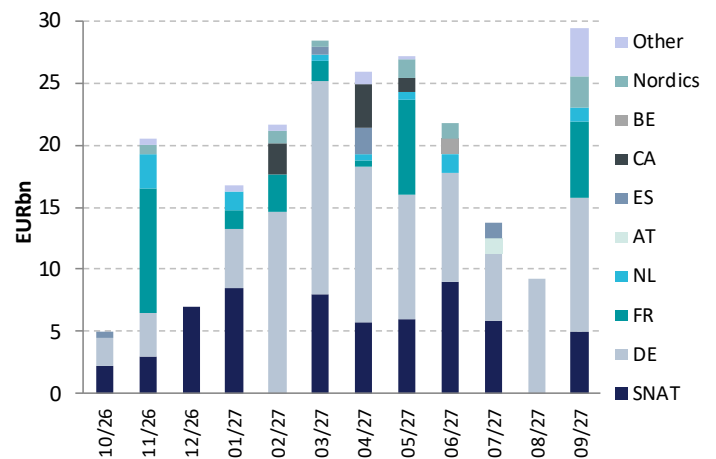
Top 10 overview (EUR bmk)

Jurisdiction	Vol. (EURbn)	No. of bonds	ØVol. (EURbn)	Vol. weight. ØMod. Dur.
SNAT	1,456.0	288	5.1	7.3
DE	841.3	640	1.3	5.5
FR	333.3	219	1.5	4.8
NL	114.2	98	1.2	5.5
CA	88.8	75	1.2	6.0
BE	67.3	59	1.1	8.6
ES	54.7	82	0.7	4.6
FI	28.5	29	1.0	3.4
IT	19.9	27	0.7	3.9
JP	16.0	19	0.8	2.8

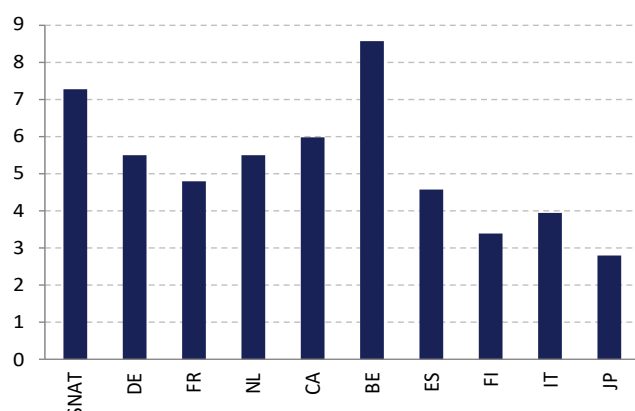
Issue volume by year (EUR bmk)



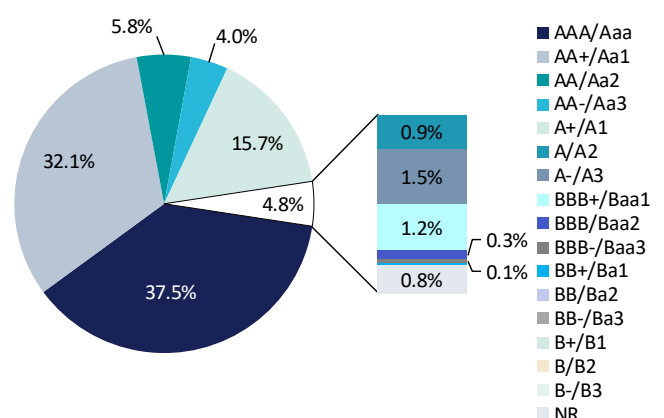
Maturities next 12 months (EUR bmk)



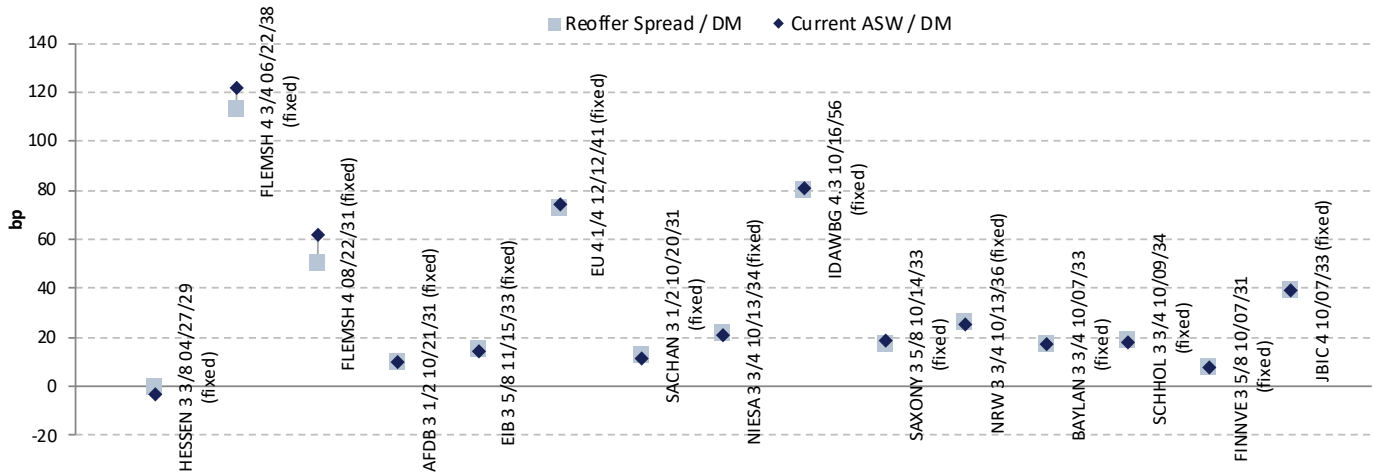
Avg. mod. duration by jurisdiction (vol. weighted)



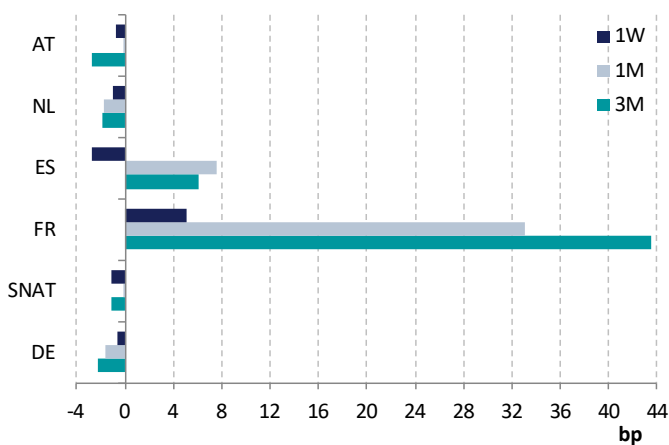
Rating distribution (vol. weighted)



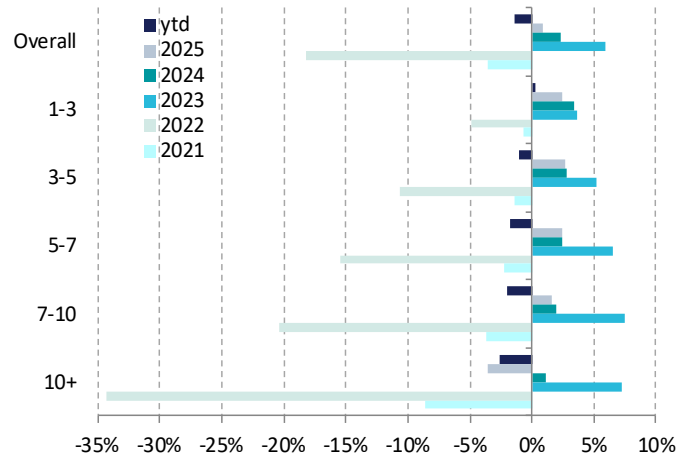
Spread development (last 15 issues)



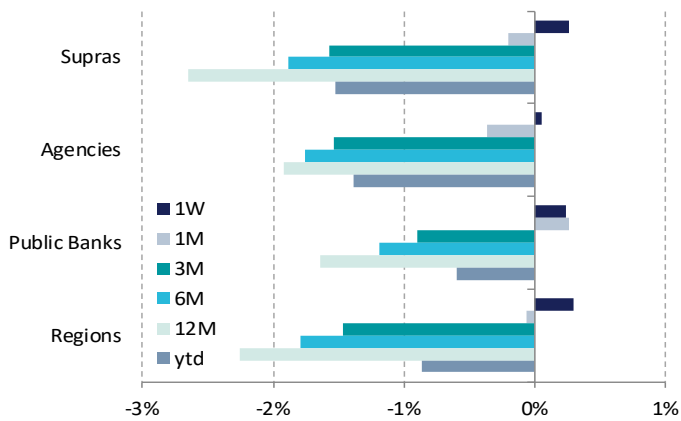
Spread development by jurisdiction



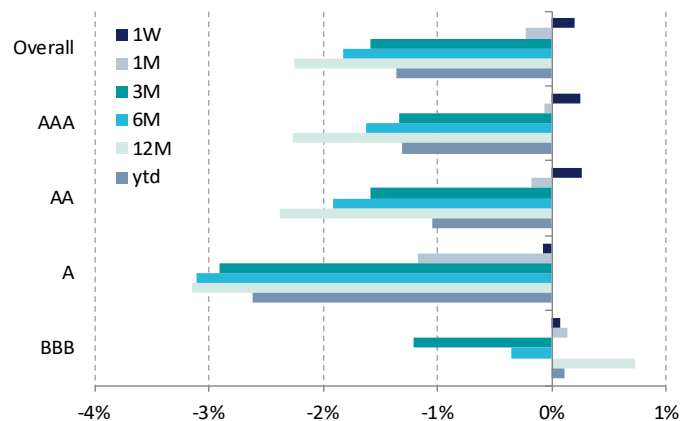
Performance (total return)



Performance (total return) by segments

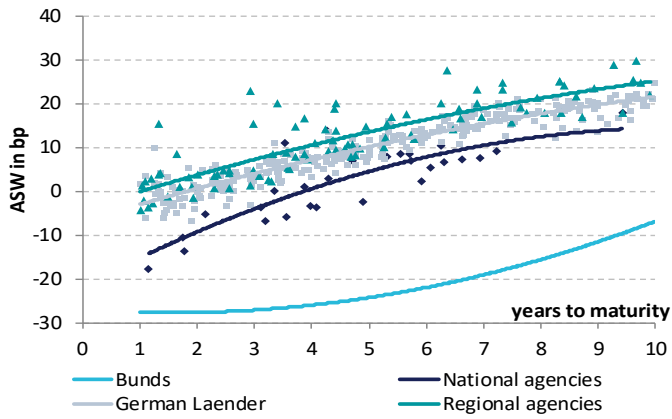


Performance (total return) by rating

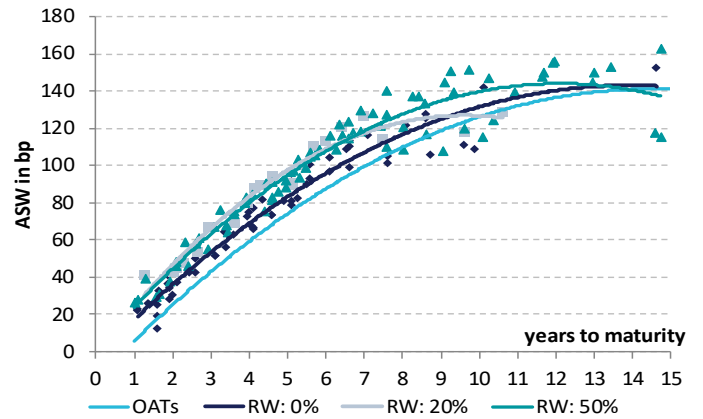


Source: Bloomberg, NORD/LB Floor Research

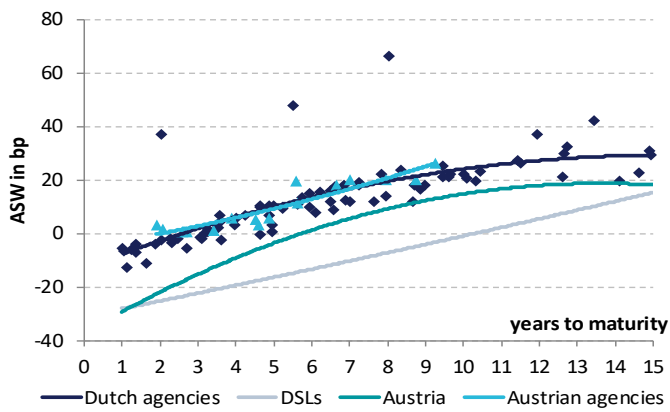
Germany (by segments)



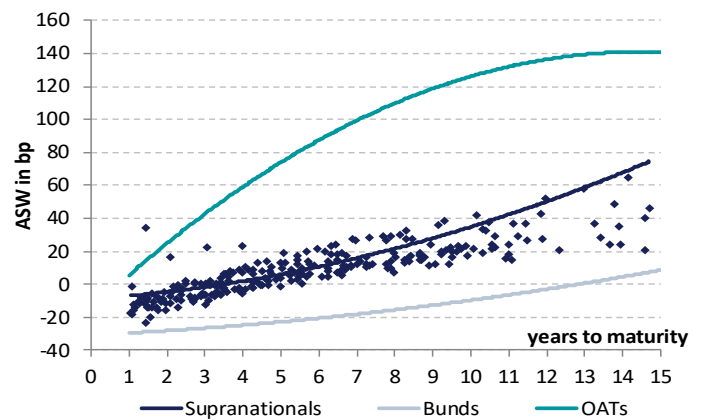
France (by risk weight)



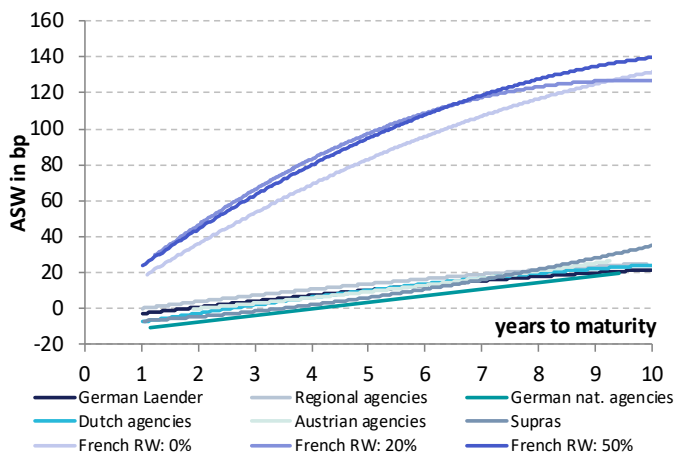
Netherlands & Austria



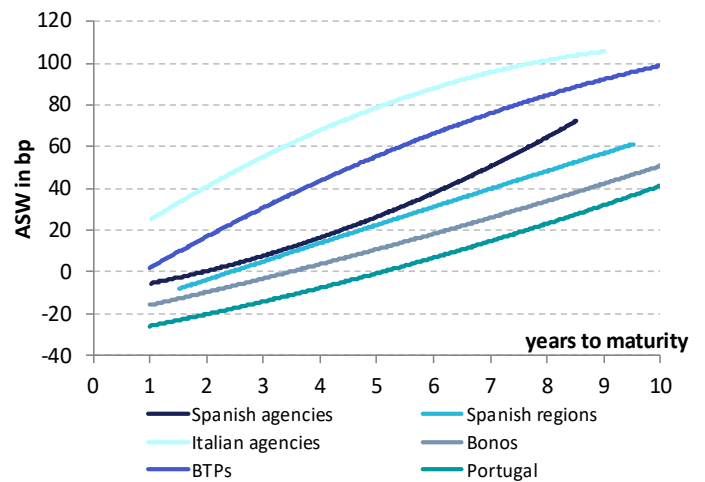
Supranationals



Core



Periphery



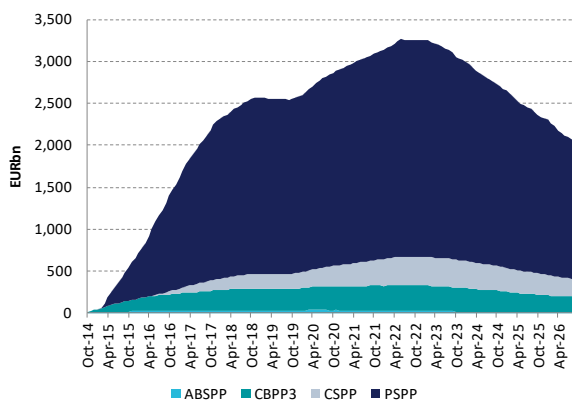
Source: Bloomberg, NORD/LB Floor Research

Charts & Figures

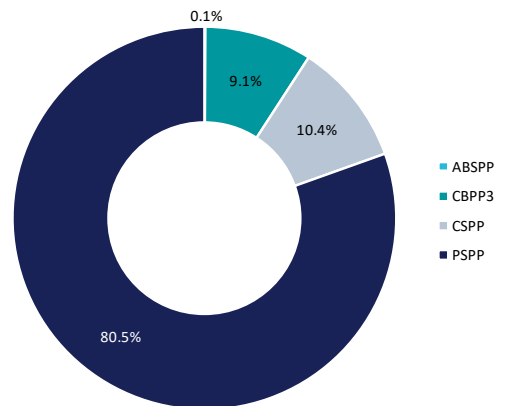
ECB tracker

Asset Purchase Programme (APP)

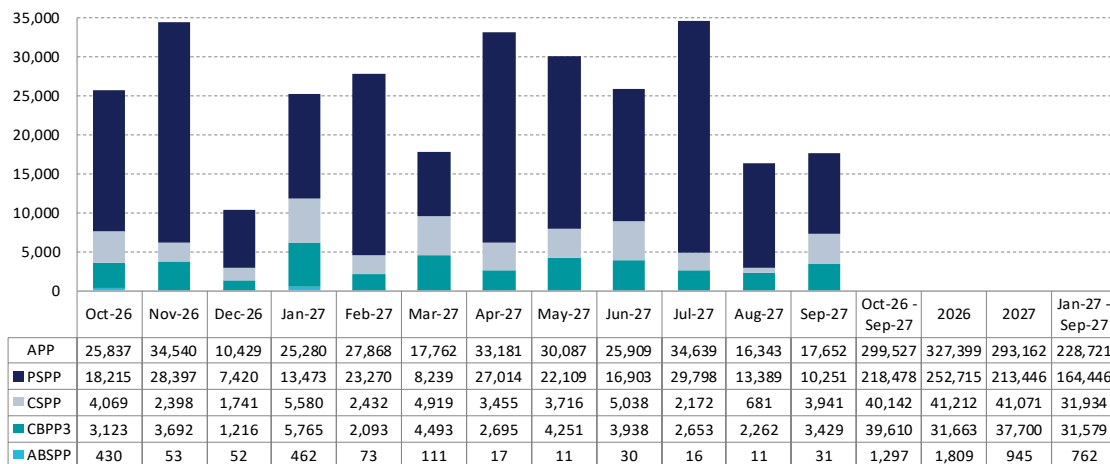
APP: Portfolio development



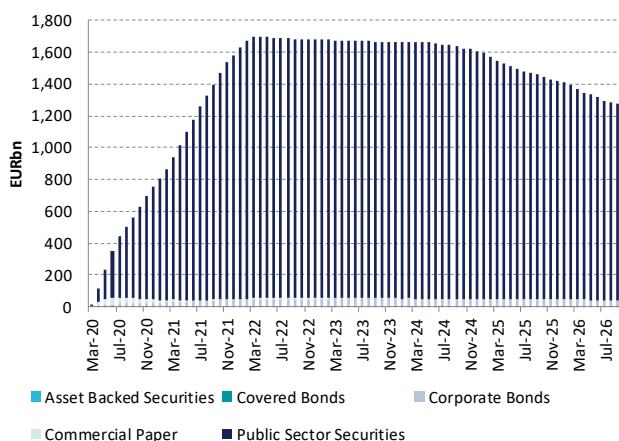
APP: Portfolio structure



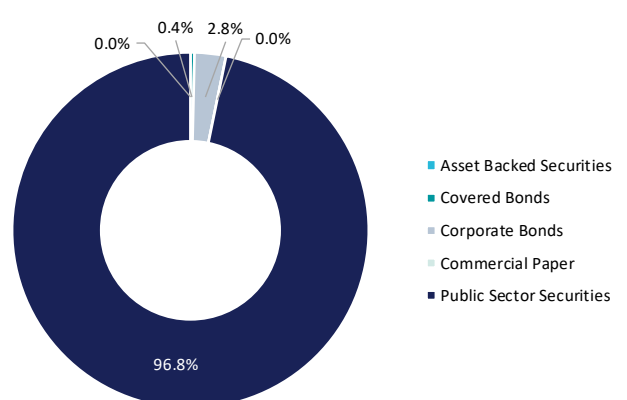
Expected monthly redemptions (in EURm)



PEPP: Portfolio development



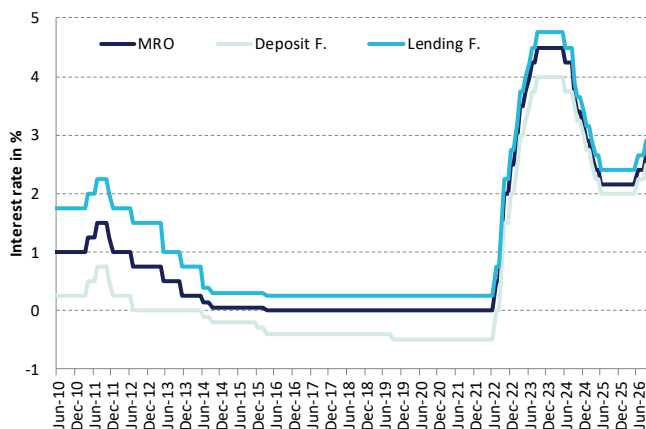
PEPP: Portfolio structure



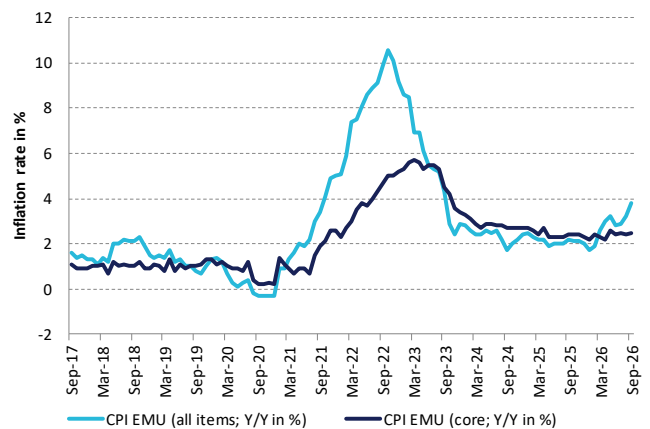
Charts & Figures

Cross Asset

ECB key interest rates



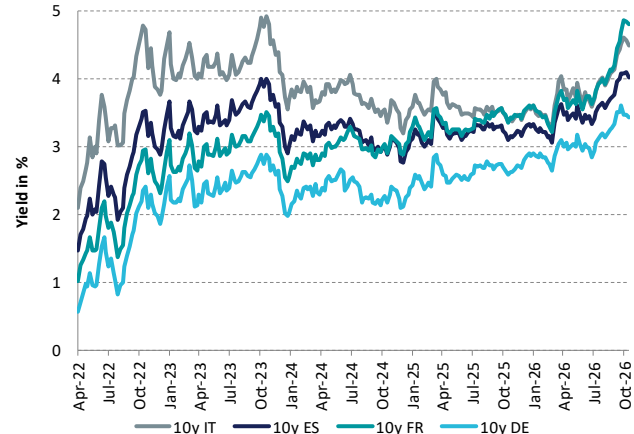
Inflation development in the euro area



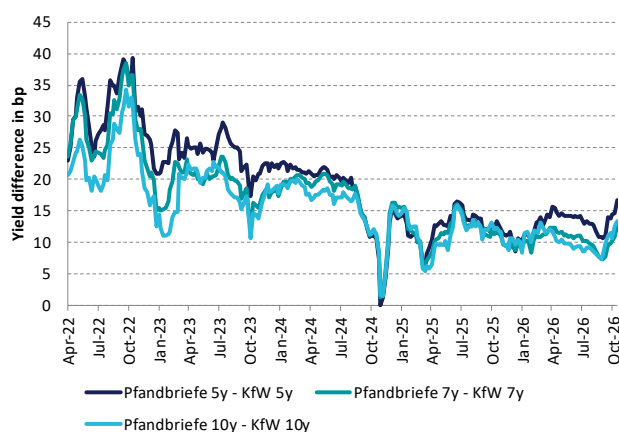
Bund-swap-spread



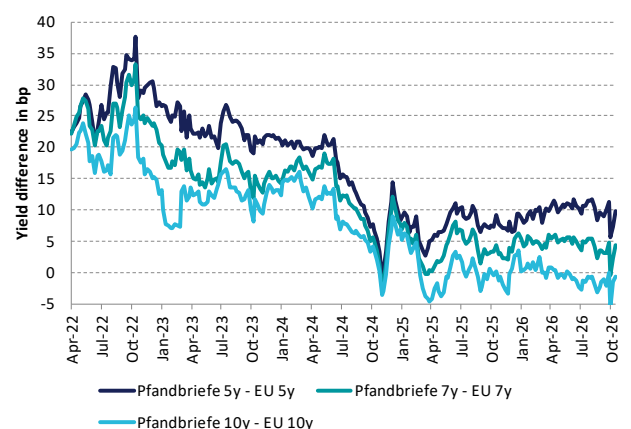
Selected yield developments (sovereigns)



Pfandbriefe vs. KfW



Pfandbriefe vs. EU



Appendix

Overview of latest Covered Bond & SSA View editions

Publication	Topics
29/2026 // 07 October	- The rating approach of Morningstar DBRS - The Spanish agency market – an overview
28/2026 // 30 September	- Fitch: covered bond rating approach - Teaser: Issuer Guide – German Agencies 2026
27/2026 // 16 September	- Transparency requirements §28 PfandBG - A closer look at Italian agencies
26/2026 // 09 September	- ECBC publishes annual statistics for 2025 - ECB repo collateral rules and their implications for Supras & Agencies
25/2026 // 26 August	- Solvency II and Covered Bonds - The clock is ticking for the Recovery and Resilience Facility (RRF)
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 – AUCCN 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?

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 Q2/2026](#) (quarterly update)

[Transparency requirements §28 PfandBG Q2/2026 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 2026](#)

[Issuer Guide – French Agencies 2026](#)

[Issuer Guide – Nordic Agencies 2026](#)

[Issuer Guide – Dutch Agencies 2026](#)

[Issuer Guide – Austrian Agencies 2025](#)

Fixed Income Specials:

[ESG-Update 2026](#)

[ECB preview: A little extra, perhaps?](#)

Appendix

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

Origination & Syndicate

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

Treasury

Liquidity Management/Repos	+49 511 9818-9620 +49 511 9818-9650
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Covereds/SSA	+49 511 9818-8040
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