

**NORD / LB**

**Virtual Conference:  
Beyond Bundeslaender**

**Thursday, Mar 25 2021, 3-5pm**

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**Covered Bond & SSA View**

NORD/LB Markets Strategy & Floor Research

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## Market overview

### Covered Bonds

Authors: Dr Frederik Kunze // Henning Walten, CIIA

#### Primary market: after the ECB meeting

It appears that issuers in the EUR benchmark segment for covered bonds exercised restraint ahead of and around last week's interest rate decision at the regular meeting of the ECB Governing Council. Consequently, there were no new issues until trading opened yesterday. However, we would be more inclined to see an explanation for the temporary pause on the part of issuers in the context of general market conditions than look for a direct connection with the ECB's comments on the covered bond market. The ECB's decision makers left the most relevant factors for the sub-market which we analyse in this publication untouched. TLTRO III conditions, the purchase programmes (PEPP/APP) and even the tiering multiplier were therefore left unchanged. In any case, covered bonds play a fairly secondary role in the context of the PEPP. Under certain circumstances, however, in the forecast, the announcement of the TLTRO III.7 allocation tomorrow (Thursday) could still have some implications surrounding the ECB's monetary policy, since the allocation could give some idea of funding behaviour in the banking sector. On the covered bond primary market, Berlin Hyp yesterday (Tuesday) raised EUR 500m with its second EUR benchmark placed in 2021. The bond, which featured a term to maturity of long six years, went into the marketing phase having been issued on a "no grow" basis and tightened by four basis points to ms -3bp against initial guidance. The order book amounted to EUR 1.3bn, and as such, the deal was almost three times oversubscribed. The issue yield was well into negative territory at -0.252%. This is Berlin Hyp's seventh green Pfandbrief. The second benchmark placement this week also came from the DACH (Germany, Austria and Switzerland) region. BAWAG successfully placed its first issue this year, making it two deals in this segment from Austria in the year to date. The mortgage-backed covered bond started the marketing phase in the area of ms +8bp – likewise as a no-grow issue. The final reoffer spread was set four basis points lower at ms +4bp. This deal primarily went to investors based in Germany (53%) and Austria (25%), with additional shares heading in the direction of Scandinavia (7%), France (6%), the UK (5%) and the Benelux states (4%). In terms of investor type, banks dominated this transaction (59%), followed by central banks/OI (22%) and asset managers & pension funds (19%). The bond comes with a 20-year maturity, making it not only the longest ever EUR benchmark bond placed by BAWAG, but also the longest transaction from Austria in this segment. Until now, the total of nine bonds from Austria with 15y terms represented the deals with the longest initial maturity from this jurisdiction. Moreover, BAWAG was the third institution to bring a 20-year bond to the market in the recent past, following on the coattails of deals from NN Bank and BPCE. The final order book came to EUR 1bn, meaning that the deal has a bid-to-cover ratio of 2. The new issue yield stood at +0.416%, which is slightly below that of the latest 20-year BPCE deal (+0.433%) which also came to the market at +4bp.

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
Berlin Hyp	DE	16.03.	DE000BHY0GE9	6.8y	0.50bn	ms -3bp	- / Aaa / -	X
BAWAG	AT	16.03.	XS2320539765	20.0y	0.50bn	ms +4bp	- / Aaa / -	-

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

**Moody's: sector study on Slovak covered bond market**

The rating agency Moody's recently published an extensive sector profile for covered bonds issued under the Slovak legal framework in which it also comments on macroeconomic conditions in the eastern European country. The analysis not only discusses the solid conditions in relation to the sovereign rating (A2, stable), but also the robustness of the property market in the context of the COVID-19 crisis. In this respect, however, it is also worth noting that, as part of a differentiated analysis, Moody's also sees challenges for Slovakia's sovereign rating, arising among other things from certain institutional conditions, the country's demographic profile and weaknesses in relation to innovation capacity. This, however, is offset by strengths such as strong growth and the fact that incomes are currently catching up with those in other EU countries, a moderate sovereign debt (as a percentage of GDP), a stable financial market and low-risk profile for the domestic banking market (Banking System Macro Profile: Strong). With reference to the Slovak legal framework for placing covered bonds, moreover, Moody's underlines the fact that no major requirements for changes have come out of the covered bond directive on the harmonisation of the European covered bond market. The country's legal framework (ranked 10th out of the 20 covered bond frameworks evaluated and compared by Moody's) was already adjusted in 2018 and significantly improved according to the rating experts – through adjustments to the OC requirements (minimum nominal OC of 5%) and the introduction of maturity extensions, among other measures. Moody's analysts see the option to set off credit balances and loans, which under certain circumstances could deprive the cover pool from access to cover assets, as a risk factor for Slovak covered bonds, not least because the deposit insurance required at European level (EUR 100,000) is not explicitly derived in the form of a gross amount in Slovakia. Nevertheless, the concrete risk assessment for the country's mortgage-backed programmes is clear from a look at the ratings of Slovak covered bonds. Issuers Prima Banka, Slovenska Sporitelna (SLOSPO) and Tatra Banka are assigned the top rating of Aaa, while Vseobecna Uverova Banka (VUB) is rated Aa2. Moody's therefore concludes that Slovakia is a covered bond market of the highest credit quality. In addition, it seems that the country's covered bond market can also be regarded as a growth market, while in terms of EUR benchmark bonds, the Slovakian market is dynamic. The volume outstanding amounts to a total of EUR 2.5bn, which can, among other aspects, be attributed to the inaugural issuances in 2019 from VUB in March (EUR 500m; VUBSK 0 1/4 03/26/24), SLOSPO in June (EUR 500m; SLOSPO 0 1/8 06/12/26) and Prima Banka in September (EUR 500m; PKBSK 0.01 10/01/26). In contrast, only VUB was active in the market in 2020 with a EUR 500m deal (VUBSK 0.01 06/23/25) placed in the EUR benchmark segment. This year, we expect issues of around EUR 1.5bn, although no Slovak issuer has been active in the EUR benchmark segment so far. The first sign of life from Slovakia in 2021 will come once again from VUB. The issuer has recently mandated a syndicate of banks to place a EUR benchmark bond. The deal will be issued as a EUR 500m (no-grow) bond with a maturity of five years. We estimate that Slovak bonds are likely to continue to be fairly underrepresented in the CBPP3 and, bearing in mind a limited supply in 2020, a number of factors suggest that the bond is likely to be in demand from the Eurosystem.

**Fitch Ratings quarterly report for APAC covered bonds: AAA (stable) across the board**

The rating experts at Fitch have drawn attention to muted issuance activity in the jurisdictions of Singapore, South Korea, New Zealand and Australia in the agency's most recent issue of the APAC Covered Bond Quarterly. As regard ratings assigned by Fitch for covered bonds in the APAC region, in summary they are all still AAA with stable outlook. On the risk front, Fitch moreover highlights a low – and dwindling – proportion of loans in arrears or in default in Australia and New Zealand. Muted issuance activity on the part of the relevant institutions was also part of Fitch's assessment, although the report also outlined the likelihood of an increase in primary market activity. After all, the Australian central bank's Term Funding Facility comes to an end in June 2021. In our current forecast for the EUR benchmark segment in the APAC region, we expect placements amounting to EUR 2.0bn from Australia and South Korea in 2021, while we originally expected slightly less primary market activity for Singapore with a figure of EUR 1.5bn. New Zealand should once again announce a modest issue volume for 2021 (EUR 0.5bn). In our view, Japan can currently be seen as a growth market based on the current volume. We expect new issues amounting to EUR 1.50bn for the jurisdiction, which does not have a covered bond rating from Fitch at present.

**Association of German Pfandbrief Banks presents minimum standards for "social Pfandbriefe"**

In March, the Association of German Pfandbrief Banks (vdp) presented new [minimum standards for the issuance of social Pfandbriefe](#). According to these standards, Social Bond Principles (SBP) in force at the time of the issue and a Social Bond Framework (SBF) which is also based on the SBP are of major importance for "social Pfandbriefe". The "suitable assets" must provide a social added value, with the following categories listed as examples: affordable basic infrastructure, access to essential services, affordable housing, creation of jobs (incl. through SMEs and micro loans), food security and socioeconomic advancement and empowerment. Financing directed towards specific target groups is also cited. The SBF must also include both quantitative selection criteria and qualitative features. Similarly to "[green Pfandbriefe](#)" a sufficient (social) cover pool must be maintained by the issuer for "social Pfandbriefe", ruling out any multiple use of assets for funding purposes, which also calls for a corresponding labelling of the assets. As usual in the case of green frameworks, a Second Party Opinion (SPO) is also mandatory in the case of "social Pfandbriefe" along with reporting requirements and an obligation to publish key documentation (SBF, external review/verification/SPO, list of outstanding social Pfandbriefe, social bond reporting and, where applicable, investor presentations). The total volume outstanding of social covered bonds in the EUR benchmark segment in Germany amounts to EUR 1.0bn, split between two bonds which were both issued by Deutsche Kreditbank. Worldwide, moreover, there is an additional volume outstanding of EUR 6.5bn (9 deals), with issuers from South Korea (5 deals amounting to EUR 3bn), France (2; EUR 1bn), Spain (1; EUR 1bn) and Austria (1; EUR 0.5bn) represented here. In view of what we regard as fundamental growth potential, we would definitely expect the vdp minimum standards to act as a catalyst for the German market, since harmonised standards and guidelines make a welcome contribution to transparency for potential investors in social Pfandbrief issues.

**Moody's on the advantages of an ESG debut by Credit Agricole Italia**

After the covered bond debut issue in Italy's ESG segment, Moody's risk experts have commented on its impact on the issuer's (Credit Agricole Italia) credit quality. According to Moody's, the bond, which was issued as green covered bond, will improve the issuer's market-based funding and expand its investor base to include green investors and this should generally have an impact on the cost front. Moody's also draws attention to the supporting aspect of green bonds in relation to the Italian bank's own ESG strategy. The agency also sees green covered bonds as an important path towards energy efficiency renovations or for use in energy-efficient buildings in relation to the necessary transformation process in Italy focused on the country's real estate sector. As we already noted in last week's issue of our weekly publication, we also see the ESG debut from Italy as an important milestone and expect to see "copycats" both in Italy and in other jurisdictions. After all, in our view, it is almost fair to make the blanket assertion for all benchmark jurisdictions that high demand for ESG bonds coincides with heightened demand for energy efficiency renovations or replacement investments.

## Market overview

### SSA/Public Issuers

Author: Dr Norman Rudschuck, CIIA

#### **Further details of our take on the ECB meeting**

The European Central Bank's decisions came as a response to the yield increases seen over the last few weeks. Hardly surprisingly, the interest rate on the main refinancing operations (0.00%), the rate on the deposit facility (-0.50%) and the rate on the marginal lending facility (0.25%) were unchanged. There were no changes either in the total envelope or minimum term of the Pandemic Emergency Purchase Programme (PEPP), in the APP parameters or the forward guidance. However, the Council did decide to increase the pace of purchases under the PEPP significantly during the next quarter in relation to the first quarter of this year. According to President Lagarde, a further rise in yields could pose the threat of a premature tightening of financing conditions, which would have a negative impact on the medium-term projected path of inflation. The ECB is putting its words into action with a temporary increase in the pace of PEPP purchases. In the last few weeks, various high-ranking ECB representatives – President Lagarde and Chief Economist Lane, for example – have reacted to the increase in capital market yields with clearly dovish comments. Front loading and the use of the highly flexible PEPP are by no means an adjustment of the fundamental direction of travel, as the ECB is clearly operating within its legal guidelines. We have referred to this since 2015 as the programmes “breathing”. Accordingly, there is no rush to reinvest maturities. Sufficient material is still being issued because of the pandemic. Moreover, the ECB is still prepared to adjust all the instruments at its disposal, if necessary. This would even explicitly include a further extension of the PEPP. The ECB does not pursue explicit yield targets or any yield curve control. However, according to our chief economist, the decision should be seen as a clear stop sign, after which a further marked increase in yield would not be tolerated, at least at the moment. Through its crisis measures, the ECB continues to support a sustainable approach to resolving the crisis and through the tool kit at its disposal the ECB continues to push against any unintentional tightening of financing conditions. The ECB is looking beyond the largely temporary increase in inflation in 2021 which is being caused by distortions and one-off effects. The reaction in the markets is thought to indicate that the ECB's justification would still be regarded as credible and therefore that the impact on the yield curve should remain high for the time being. However, an adverse inflation trend would test the balance of power for a sustained period.

#### **Environmentally friendly and sustainable business practices**

In their business operations, German savings banks are supporting companies, individuals and municipalities with suitable financial services on their respective path towards greater sustainability and effective climate protection. To this end, dozens of savings banks have signed a [commitment](#), in which their understanding of sustainability focuses on responsible business practices, a public mandate and an entrepreneurial philosophy. Sustainability management therefore includes targets and measures in retail banking, human resources, business operations, financing, own investments and local sponsorships.

**EIB issues Climate Awareness Bond (CAB) aimed exclusively at the savings banks sector**

The CAB deal issued by the EIB included in the table below (EUR 500m, ms -12bp; CAB) was reserved for the savings banks sector. This was unusual, not least bearing in mind the fact that the group of 194 institutions cannot yet be described as complete; it is directly connected with the previous paragraph. The EIB already followed this approach at the end of 2018, and the proceeds from CABs will be used for the EIB's lending in relation to activities which make a major contribution to climate protection, in accordance with EU legislation on sustainable financing, currently being developed, including EU taxonomy for sustainable activities.

**Primary market**

In other news, it was a busy week for the SSA segment: we calculate that benchmarks and taps amounted to over EUR 11bn. The table shows the issues in chronological order, and we shall cover the highlights here. From the point of view of maturity, it is worth mentioning the dual tranche issued by region of Wallonia, involving a 16-year EUR 700m tranche and a 50-year EUR 500m tranche respectively. The books were significantly oversubscribed at EUR 2.25bn and EUR 800m each. The spreads stood 31 and 35 basis points above the corresponding Belgian reference bond (BGB). CADES concluded the biggest deal: an eight-year social bond 15 basis points above the French reference bond. Still in France, Agence Française de Développement issued a 15-year bond worth EUR 1.25bn, priced at 22 basis points above comparable OATs. Before we turn back towards Germany, let us take a quick look at Spain: MADRID issued a ten-year sustainability bond, raising EUR 1bn at around 12 basis points above the reference bond (SPGB). NIESA launched a five-year bond deal which attracted an order book totalling EUR 2.8bn overall. The bond ultimately raised EUR 1bn at ms -6bp, which was two basis points under the guidance (ms -4bp area). THRGN opted for a ten-year bond – EUR 800m changed hands at ms -5bp which was also in line with the guidance. We had already announced the BYLABO deal in view of the investor call: EUR 500m at ms flat in the form of a social bond. There was a good level of oversubscription; ultimately, order books of EUR 660m led to a three-basis point tightening against the guidance. Last week, we somehow managed to overlook one deal: a EUR 200m tap by RHIPAL. EURDEV has now also got its pricing: EUR 300m for five years came in with a yield of 1.2%. Apart from that, there are still four mandates outstanding: Flanders (FLEMSH, 25y), Saxony-Anhalt (SACHAN, 30y), the EU (RfP; SURE) and Mainz-based ISB (debut, 10y).

Issuer	Country	Timing	ISIN	Maturity	Size	Spread	Rating	ESG
THRGN	DE	16.03.	DE000A3H25B4	10.0y	0.80bn	ms -5bp	AAA / - / -	-
MADRID	ES	16.03.	ES00001010B7	10.1y	1.00bn	ms +40bp	- / - / A-	X
BYLABO	DE	15.03.	DE000A161RM9	15.0y	0.50bn	ms flat	- / Aaa / -	X
EIB	SNAT	11.03.	XS2314675997	9.7y	0.50bn	ms -12bp	AAA / Aaa / AAA	X
CADES	FR	10.03.	FR0014002GI0	8.2y	5.00bn	ms +2bp	AA / Aa2 / -	X
WALLOO	Other	10.03.	BE0002779602	50.3y	0.50bn	ms +93bp	- / A2 / -	-
WALLOO	Other	10.03.	BE0002778596	16.3y	0.70bn	ms +32bp	- / A2 / -	-
NIESA	DE	10.03.	DE000A3H2499	5.0y	1.00bn	ms -6bp	AAA / - / -	-
AGFRNC	FR	10.03.	FR0014002GB5	15.2y	1.25bn	ms +17bp	AA / - / AA	-

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

## Covered Bonds

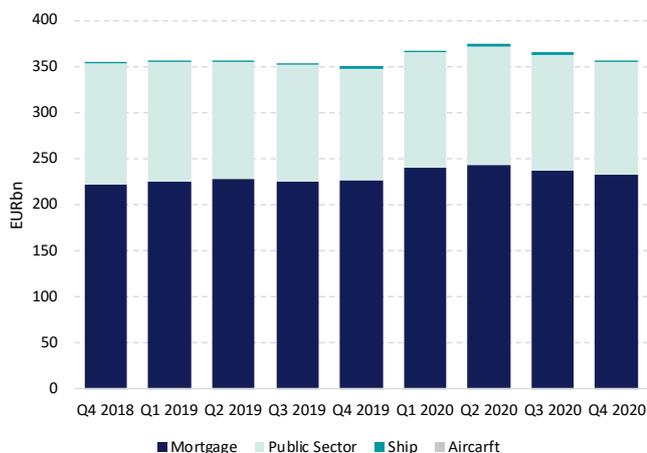
### Transparency requirements §28 PfandBG Q4/2020

Author: Henning Walten, CIAA

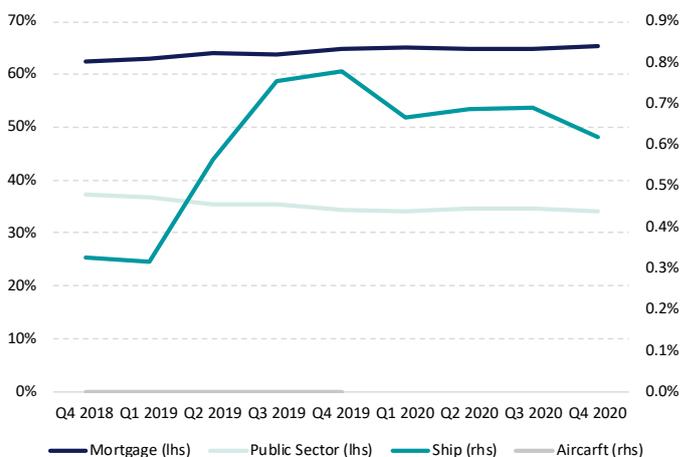
#### LIGA Bank joins group of issuers

The Pfandbrief issuers belonging to the Association of German Pfandbrief Banks (vdp) have just published the transparency reports on the composition of their cover pools in accordance with §28 of the German Pfandbrief Act (PfandBG) for Q4/2020. LIGA Bank has joined the group of issuers in the public sector Pfandbrief segment, although its contribution to the outstanding volume is only marginal at EUR 25m. Our report "[Transparency requirements §28 PfandBG Q4/2020](#)" therefore continues to encompass cover pool data for 34 mortgage Pfandbrief issuers and, with immediate effect, 25 public sector Pfandbrief issuers.

#### Trend in outstanding volume



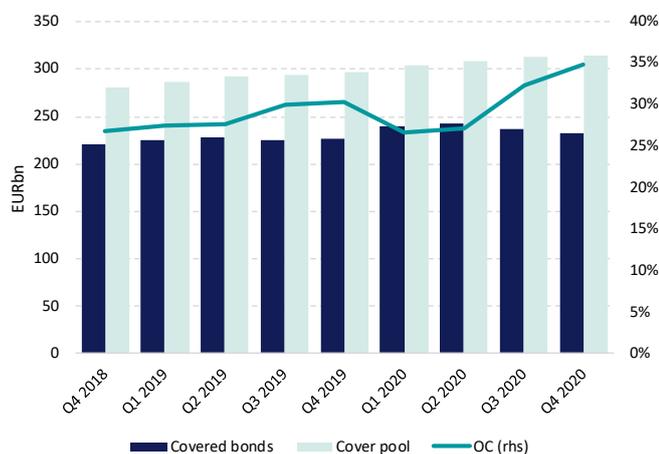
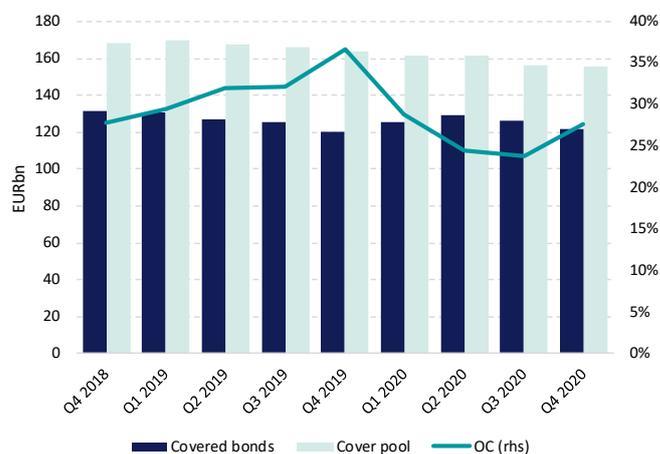
#### Trend in market share



Source: Issuers, vdp, NORD/LB Markets Strategy & Floor Research

#### Total volume drops again by EUR 9.0bn

With outstanding Pfandbriefe amounting to EUR 357.1bn, the total volume has dropped quarter-on-quarter for the second time in a row by EUR 9.0bn, after rising by around EUR 25bn between Q4 2019 and Q2 2020. Volumes were down in all three sub-segments (mortgage Pfandbriefe, public sector Pfandbriefe and ship Pfandbriefe). While the two most important sub-markets declined by 1.7% (mortgage Pfandbriefe) and 3.8% (public sector Pfandbriefe) respectively, the fall in the niche segment for ship Pfandbriefe was as high as 12.5%. In absolute terms, the market for mortgage Pfandbriefe fell by EUR 4.0bn, for public sector Pfandbriefe by EUR 4.8bn and for ship Pfandbriefe by EUR 317m. The respective market shares remain virtually unchanged following the downturn. Most of the market is still attributable to mortgage Pfandbriefe, which make up 65.3% of the outstanding bonds, while public sector Pfandbriefe account for 34.1%. With a share of 0.6%, ship Pfandbriefe remain a niche segment.

**Trend – mortgage Pfandbriefe****Trend – public sector Pfandbriefe**

Source: Issuers, vdp, NORD/LB Markets Strategy & Floor Research

**Mortgage Pfandbriefe down by EUR 4.0bn**

The volume of outstanding Pfandbriefe in the mortgage Pfandbrief segment was down by EUR 4.0bn in Q4 2020. At EUR 1.5bn, the biggest decrease was recorded by Helaba, followed by LBBW (EUR -1.2bn), Commerzbank (EUR -685m) and UniCredit Bank (EUR -562m). A decline of over EUR 500m was also posted in the mortgage Pfandbrief volume of Berlin Hyp. Only DZ HYP (EUR +580m) and Bausparkasse Schwäbisch Hall (EUR +500m) recorded significant increases. Just under the EUR 500m mark was Wüstenrot Bausparkasse with growth of EUR 465m. As at the end of the quarter, the overall volume of outstanding mortgage Pfandbriefe stood at EUR 233.1bn, which is offset by cover assets amounting to EUR 314.4bn (increase of +0.3%), producing an average overcollateralisation ratio of 34.9% (previous quarter: 32.2%).

**Volume also declines in public sector Pfandbrief segment**

Just like the volume of mortgage Pfandbriefe, the volume of public sector Pfandbriefe also declined in the past quarter. The drop in outstanding public sector Pfandbriefe of EUR 4.8bn equates to a decrease of 3.8%. It is notable here that after SaarLB became the only issuer to post an increase in Q3 2020, no public sector Pfandbrief issuer recorded a rise in its outstanding volume in Q4 2020. Several issuers, however, reported a decrease of over EUR 500m; LBBW (EUR 870m), Helaba (EUR 698m), pbb (EUR 677m) and DZ HYP (EUR 503m). The outstanding volume of public sector Pfandbriefe at Hamburg Commercial Bank (EUR 461m), UniCredit Bank (EUR 344m) and BayernLB (EUR 312m) also declined significantly. Overall, the outstanding volume of public sector Pfandbriefe amounted to EUR 121.7bn as of the end of Q4 2020. This volume was countered by cover assets of EUR 155.5bn, pushing up the average overcollateralisation ratio up to 27.7% (previous quarter: 23.9%).

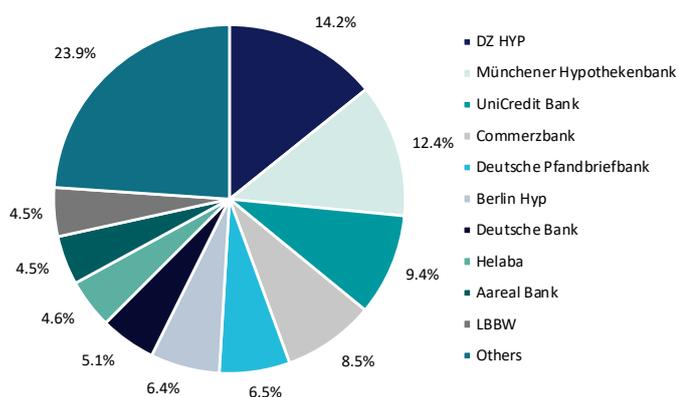
**Ship Pfandbriefe remain a niche product**

With a volume of EUR 2.2bn, the ship Pfandbrief segment remains a niche market within the covered bond market in Germany. Currently there are only three banks with outstanding ship Pfandbriefe and these are Commerzbank, Hamburg Commercial Bank and NORD/LB.

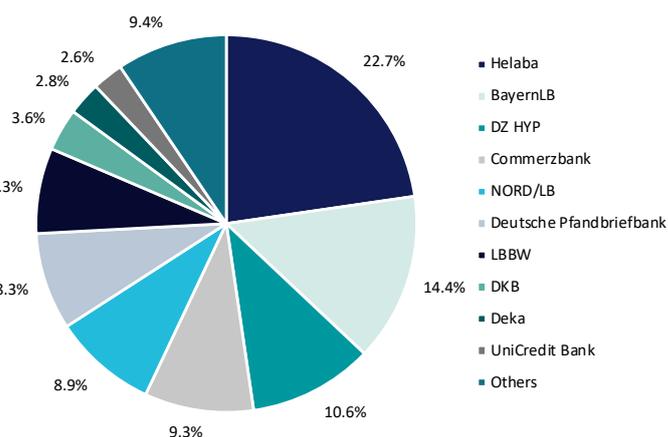
### Little change in the top-10

There are a few changes in the rankings for the ten largest mortgage Pfandbrief issuers versus the third quarter. While the top four issuers remain unchanged, Deutsche Pfandbriefbank and Berlin Hyp have swapped places 5 and 6. The same is also true of Helaba and Deutsche Bank as well as Aareal Bank and LBBW in the remaining spots. At 23.9%, a larger share of the volume is attributable to the remaining issuers than in Q3 (23.5%). In contrast, there was far less movement in the public sector Pfandbrief segment, with only UniCredit Bank and Deka swapping round in places 9 and 10. This switch had already taken place in the opposite direction at the end of the previous quarter. The market shares attributable to the 15 public sector Pfandbrief issuers not included in the top-10 dropped marginally from 9.8% to 9.4%, which means a slightly higher market concentration for the biggest issuers. On the whole, market share volatility has been low in both segments in recent quarters.

### Market share – mortgage Pfandbriefe



### Market share – public sector Pfandbriefe



Source: Issuers, vdp, NORD/LB Markets Strategy & Floor Research

### Conclusion

The total volume of outstanding Pfandbriefe dropped by EUR 9.0bn for the second time in a row in Q4 2020. While a handful of issuers increased the outstanding volume of mortgage Pfandbriefe, the volume of public sector Pfandbriefe did not rise at any of the issuers in our analysis. However, the overall volume of Pfandbriefe increased in 2020 by around EUR 7bn. In our opinion, this was partly and in particular as a result of increased issuance of retained covered bonds, since these can be used as collateral in the context of ECB liquidity operations. Further information on the German Pfandbrief market can be found in our current report "[Transparency requirements §28 PfandBG Q4/2020](#)".

## SSA/Public Issuers

# Credit authorisations for German Bundeslaender in 2021

Author: Dr Norman Rudschuck, CIIA

### (Gross) Credit authorisations remain high at around EUR 118.5bn

As a result of the coronavirus crisis, the German Bundeslaender concluded their credit planning for the current year unexpectedly late in mid-March. Figures for the credit authorisations of all the Bundeslaender are therefore now available for 2021. The figures, the gross numbers for which can be viewed in the broadest sense as funding targets, provide a comparatively good indicator of how active these Bundeslaender are likely to be in the capital markets this year. The planning also includes SSD deals and private placements. The gross figure aggregated across all Bundeslaender stands at just over EUR 118.5bn, which corresponds to a decline versus the previous year's figure, which was distorted by coronavirus (2020: EUR 154.4bn). In the years before the pandemic, credit authorisations were even lower at EUR 70.3bn (2020; pre-coronavirus and as a result of the debt brake) and EUR 66.8bn (2019). Until March 2020, the movement in these figures clearly reflected the growing focus on budget consolidation at Bundeslaender level. Now, none of the Bundeslaender finance ministries are forecasting a balanced, let alone positive, Laender budget until 2022 at the earliest, as this is when the debt brake comes into force again. Most of the Bundeslaender want to slightly reduce the debt mountain in absolute terms. The year 2020 was dominated by several supplementary budgets, sometimes two per Bundesland, although the hope is that 2021 should be quieter on this front since the planning basis at the end of Q1 differs from that at the end of 2020 in anticipation of the current year.

### German Bundeslaender credit authorisations 2021 (in EURbn)\*

	Net	Gross
Baden-Wuerttemberg	2.50	21.39
Bavaria	10.60	11.96
Berlin	0.00	6.61
Brandenburg	1.91	3.72
Bremen	1.18	2.79
Hamburg	2.39	4.57
Hesse	2.85	8.04
Mecklenburg-Western Pomerania	2.15	3.20
Lower Saxony	1.12	7.64
North Rhine-Westphalia	13.80	29.20
Rhineland-Palatinate	1.27	7.88
Saarland	0.50	2.20
Saxony	2.00	2.80
Saxony-Anhalt	-0.10	1.75
Schleswig-Holstein	0.55	3.78
Thuringia	-0.07	1.00
<b>Total</b>	<b>42.65</b>	<b>118.53</b>

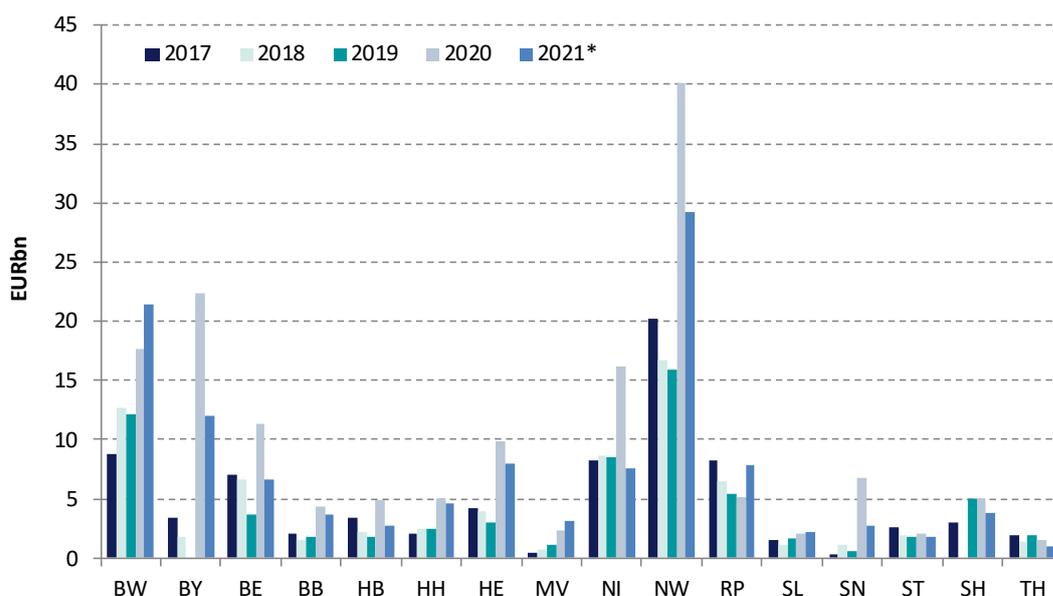
Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

\*Some figures may be rounded or preliminary figures

### Budget consolidation not back in focus until 2022

Developments up to and since 2020 are diametrically opposed. On the one hand, it has taken huge efforts on the part of the Bundeslaender to maintain economic conditions as much as possible in the face of the pandemic. On the other, the debt brake in force at Bundeslaender level since 2020 calls for (even) greater budgetary discipline. Some Bundeslaender had been managing without any new borrowing on a sustained basis before the debt brake officially started, and their development has now been set back. This has led to downgrades for Baden-Württemberg and Saxony-Anhalt, among others, as well as to changes in the rating outlook to “negative” for others. At the moment, net borrowing is only in negative territory for two Bundeslaender, which has positive implications, namely a reduction in debt, for Saxony-Anhalt and Thuringia. According to the table above, only Berlin is forecasting a balanced Laender budget, and therefore a net borrowing authorisation of zero, for the current year.

### Credit authorisations of German Bundeslaender over time



Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

BW = BADWUR, BY = BAYERN, BE = BERGER, BB = BRABUR, HB = BREMEN, HH = HAMBURG, HE = HESSEN, MV = MECVOR, NI = NIESA, NW = NRW, RP = RHIPAL, SL = SAARLD, SN = SAXONY, ST = SACHAN, SH = SCHHOL, TH = THRGN.

\*Some figures may be rounded or preliminary figures

### Shifts in funding requirements

The highest gross figure by far is reported once again by NRW at EUR 29.2bn. We can therefore expect NRW to make a frequent appearance in the primary market, as various deals have already shown. However, the volume of bonds maturing here is quite a bit lower than in previous years, which means an additional volume of up to EUR 13.8bn is likely in net terms. BADWUR also has a high funding requirement and has published a gross borrowing authorisation of around EUR 21.4bn, which is also due to bonds maturing. Third place in this category usually goes to Lower Saxony (NIESA), but in 2021 is set to go to Bavaria (EUR 12.0bn) instead. According to the table, with a volume of EUR 7.6bn, NIESA comes just after HESSEN (EUR 8.0bn) and RHIPAL (EUR 7.9bn). In net terms, the very low volume of bonds maturing puts Bavaria in second place with a figure of EUR 10.6bn. Together with NRW, these two economic heavyweights account for over 50% (EUR 24.4bn) of the net credit authorisations amounting to EUR 42.7bn.

### Substantial new supply volume meets increased Eurosystem demand

The new supply volume is therefore substantial, especially as we do not assume there will be a notable shift in the funding instruments used (away from cash facilities, SSD or private placements in favour of Bundeslaender bonds). At the moment, this increased supply is also meeting considerable demand, due primarily to the monthly securities purchasing carried out by the Eurosystem (EUR 20bn per month for QE under the APP (until shortly before a rise in key interest rates) and PEPP with a total of EUR 1,850bn until the end of March 2022). The Eurosystem will therefore also have considerable demand for regional bonds for an undetermined period of time. Reinvestments have been flowing into regional bonds for a long time already, and the increased central bank demand, coupled with the above supply, should mean that notable spread widening will not be an issue. Spread tightening will not really be on the radar either and we are therefore forecasting a sideways movement for 2021.

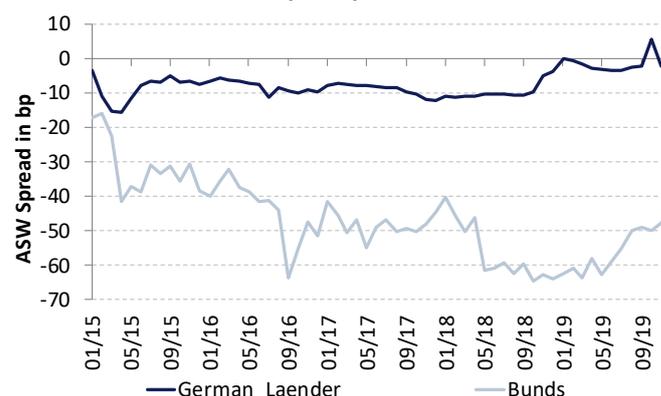
#### Spread trend for selected

##### Bundeslaender bonds (ASW) – 5Y



#### Spread trend for selected

##### Bundeslaender bonds (ASW) – 10Y



Source: Bloomberg, Eurostat, NORD/LB Markets Strategy & Floor Research

### Commentary and conclusion

There has been a downwards trend in net and gross credit authorisations in recent years and this had stabilised, or would have stabilised, at around EUR 70bn in 2020 before the coronavirus crisis. According to initial estimates and aggregated across all Bundeslaender, net credit authorisations were negative for the third time in succession, which would have equated to a reduction in total debt. As we all know, this was not to be. The data for the current year is finally out: EUR 118.5bn in gross credit authorisations for the 16 German Bundeslaender in 2021, compared with EUR 154.4bn last year, a figure that was revised several times. From a capital market perspective, this means that a high level of supply will meet a very high level of demand. First and foremost here is the Eurosystem, which may only operate in the secondary market. But many deals in the primary market are also significantly oversubscribed. Overall, the impact on spreads in this segment should be (very) modest for the time being. We therefore expect sideways movement for 2021.

### Beyond Bundeslaender

On 25 March (15.00h-17.00h) we will be holding our next digital capital market conference “Beyond Bundeslaender – sub-sovereigns outside Germany”. Please contact us at [markets@nordlb.de](mailto:markets@nordlb.de) for login details.

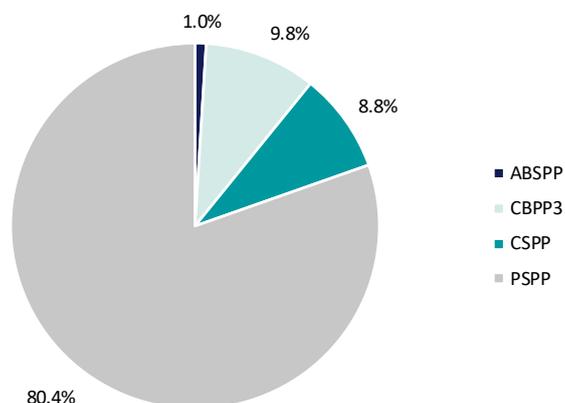
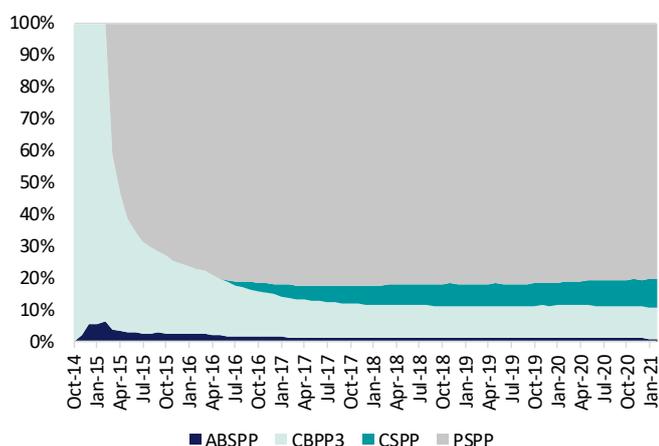
## ECB tracker

### Asset Purchase Programme (APP)

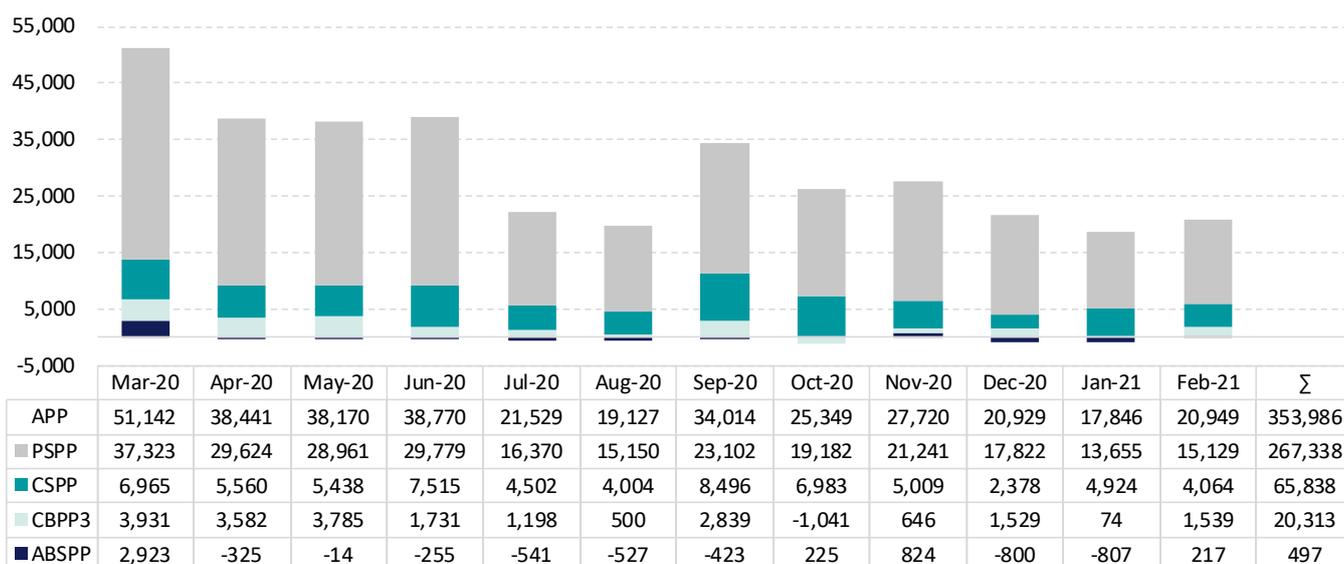
#### Holdings (in EURm)

	ABSPP	CBPP3	CSPP	PSPP	APP
Jan-21	28,545	287,619	255,327	2,355,262	2,926,754
Feb-21	28,762	289,158	259,391	2,370,392	2,947,703
<b>Δ</b>	<b>+217</b>	<b>+1,539</b>	<b>+4,064</b>	<b>+15,129</b>	<b>+20,949</b>

#### Portfolio structure

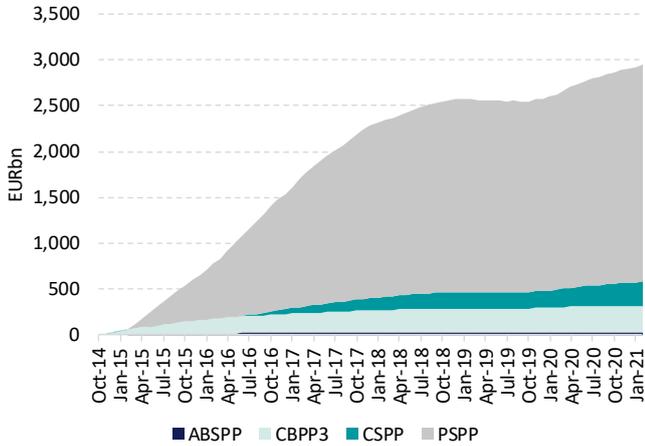


#### Monthly net purchases (in EURm)

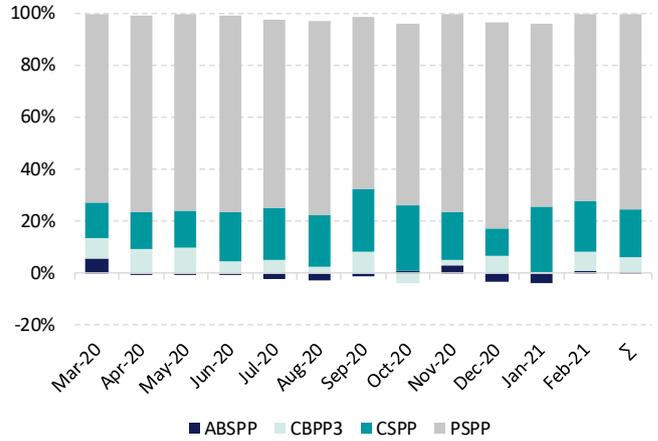


Source: ECB, NORD/LB Markets Strategy & Floor Research

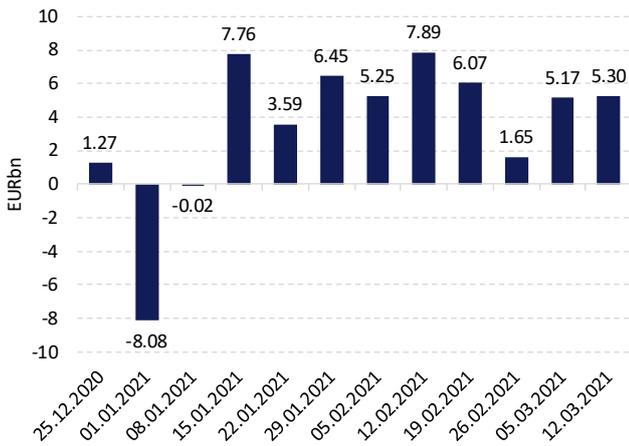
### Portfolio development



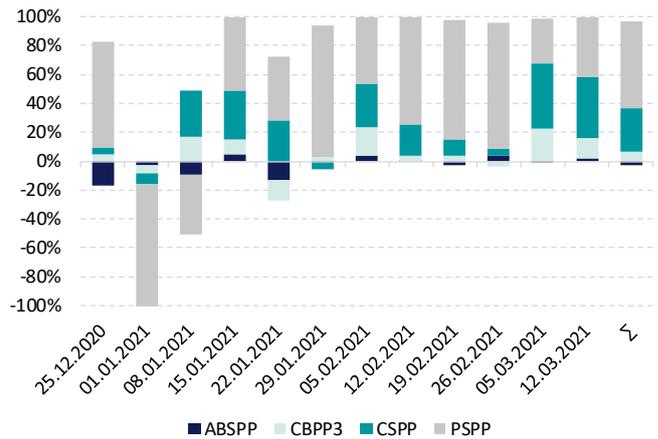
### Distribution of monthly purchases



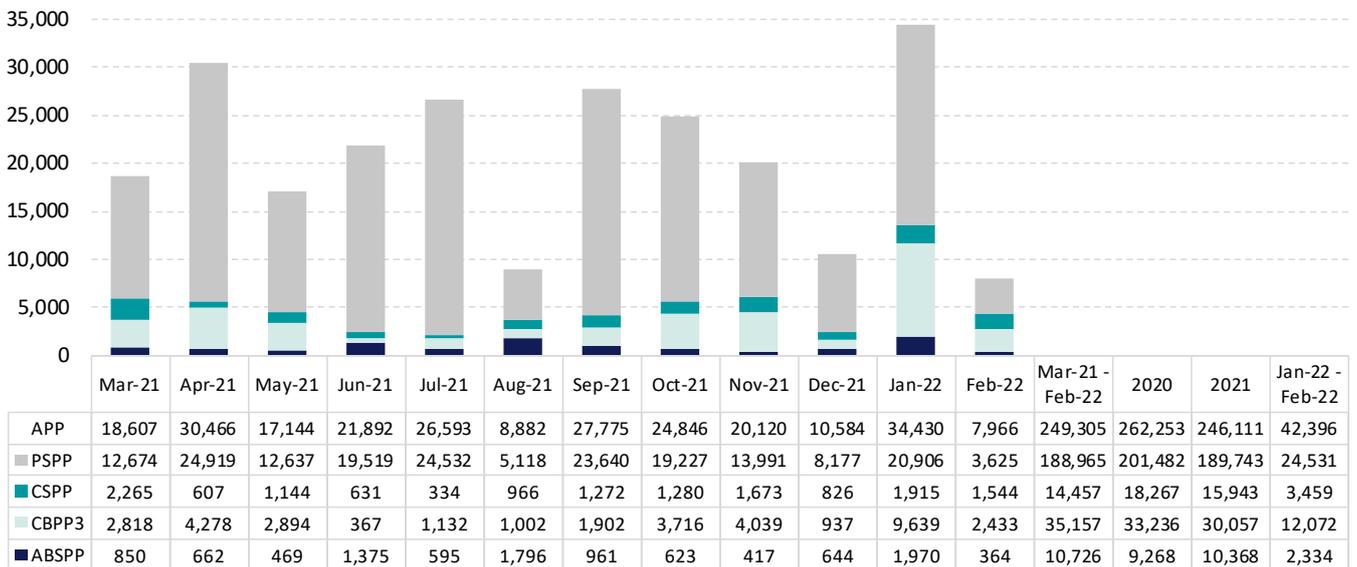
### Weekly purchases



### Distribution of weekly purchases



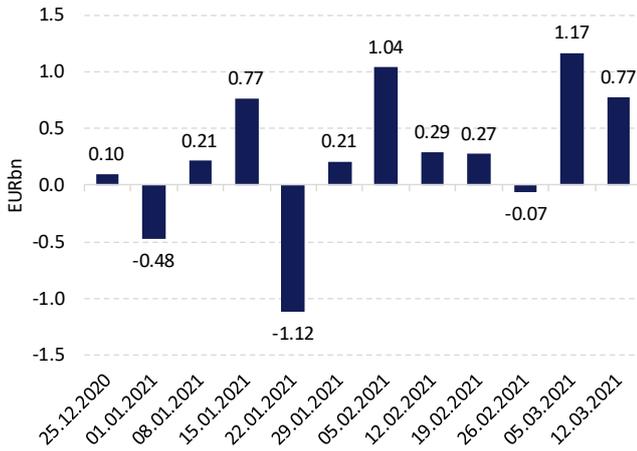
### Expected monthly redemptions (in EURm)



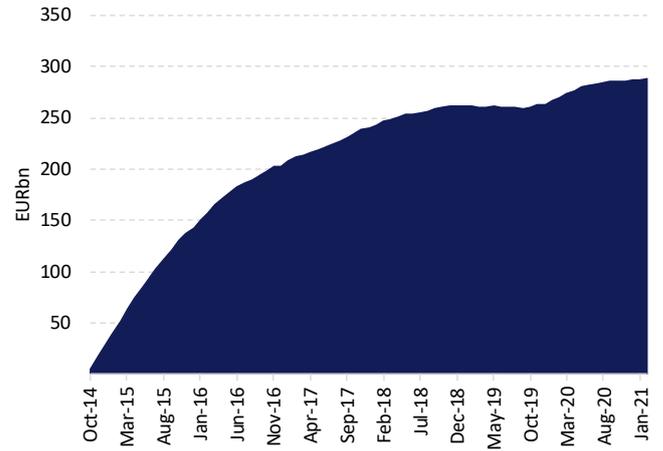
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

### Covered Bond Purchase Programme 3 (CBPP3)

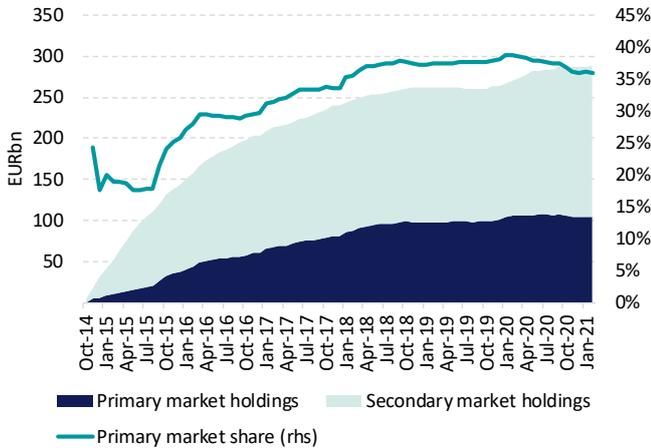
#### Weekly purchases



#### Development of CBPP3 volume



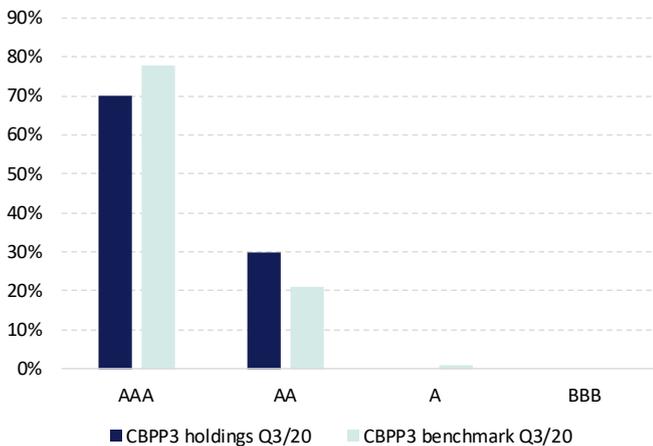
#### Primary and secondary market holdings



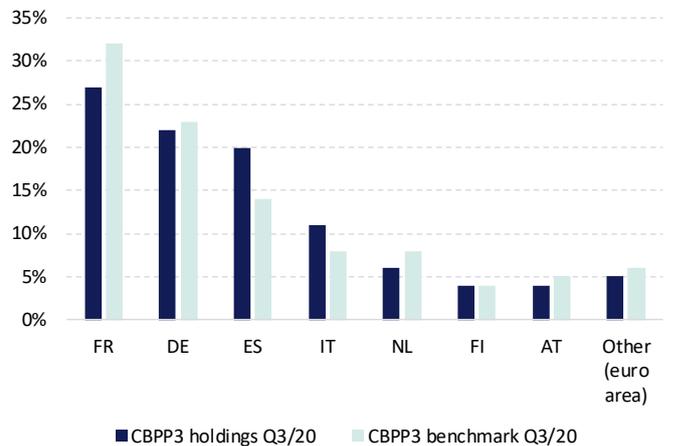
#### Change of primary and secondary market holdings



#### Distribution of CBPP3 by credit rating

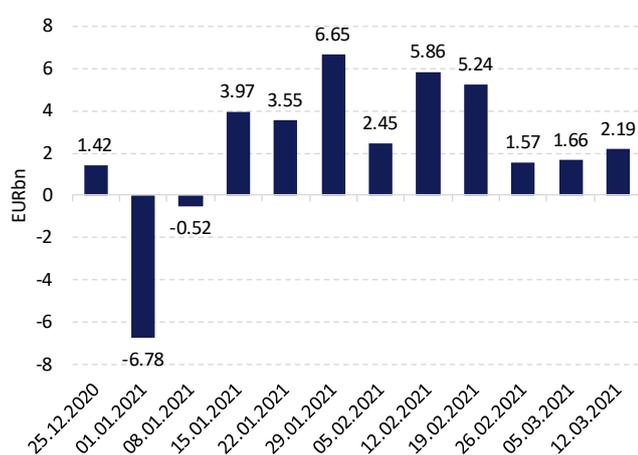


#### Distribution of CBPP3 by country of risk

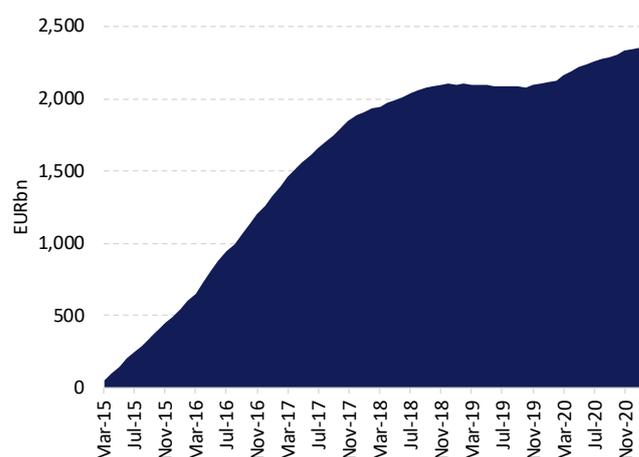


## Public Sector Purchase Programme (PSPP)

### Weekly purchases



### Development of PSPP volume



### Overall distribution of PSPP buying at month-end

Jurisdiction	Adjusted distribution key <sup>1</sup>	Purchases (EURm)	Expected purchases (EURm) <sup>2</sup>	Difference (EURm)	Avg. time to maturity <sup>3</sup> (in years)	Market average <sup>3</sup> (in years) <sup>3</sup>	Difference (in years)
AT	2.7%	69,357	67,307	2,050	7.8	7.8	0.0
BE	3.4%	87,627	83,780	3,847	8.4	10.2	-1.8
CY	0.2%	3,427	4,948	-1,521	10.0	9.3	0.7
DE	24.3%	588,192	606,206	-18,014	6.5	7.6	-1.1
EE	0.3%	324	6,478	-6,154	9.7	9.7	0.0
ES	11.0%	292,369	274,217	18,152	8.2	8.5	-0.3
FI	1.7%	36,772	42,241	-5,469	7.2	7.9	-0.7
FR	18.8%	492,681	469,676	23,005	7.0	8.1	-1.1
GR	0.0%	0	0	0	0.0	0.0	0.0
IE	1.6%	38,171	38,941	-770	8.6	9.9	-1.3
IT	15.7%	418,790	390,666	28,124	7.1	7.8	-0.7
LT	0.5%	4,683	13,309	-8,626	9.5	11.3	-1.8
LU	0.3%	3,164	7,575	-4,411	5.0	6.5	-1.5
LV	0.4%	2,599	8,960	-6,361	10.1	10.5	-0.4
MT	0.1%	1,222	2,412	-1,190	10.1	9.2	0.9
NL	5.4%	119,658	134,766	-15,108	7.5	8.4	-0.9
PT	2.2%	46,884	53,822	-6,938	7.2	7.6	-0.4
SI	0.4%	9,041	11,073	-2,032	9.4	9.3	0.1
SK	1.1%	15,130	26,336	-11,206	8.4	8.6	-0.2
SNAT	10.0%	261,812	249,190	12,622	7.2	8.3	-1.1
<b>Total / Avg.</b>	<b>100.0%</b>	<b>2,491,902</b>	<b>2,491,902</b>	<b>0</b>	<b>7.2</b>	<b>8.1</b>	<b>-0.9</b>

<sup>1</sup> Based on the ECB capital key, adjusted to include supras and the disqualification of Greece

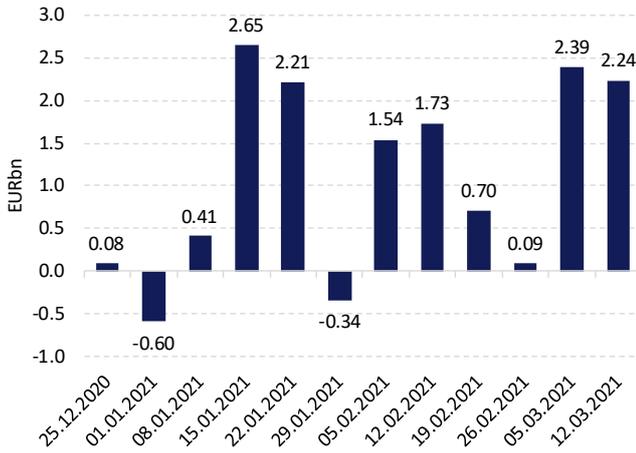
<sup>2</sup> Based on the adjusted distribution key

<sup>3</sup> Weighted average time to maturity of the bonds eligible for purchasing under the PSPP (semi-annual data, Q3/2020)

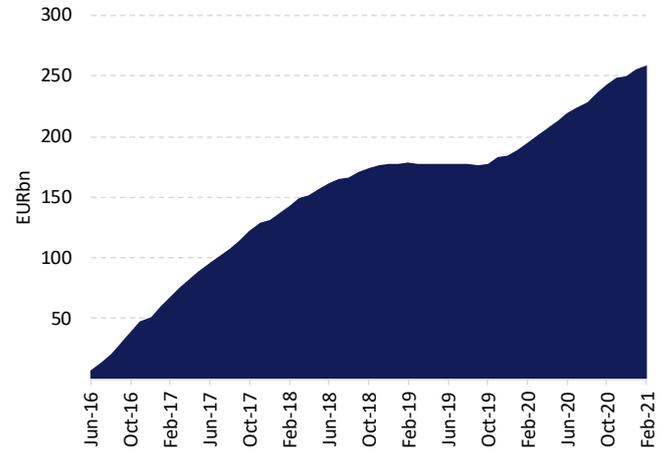
Source: ECB, NORD/LB Markets Strategy & Floor Research

### Corporate Sector Purchase Programme (CSPP)

#### Weekly purchases

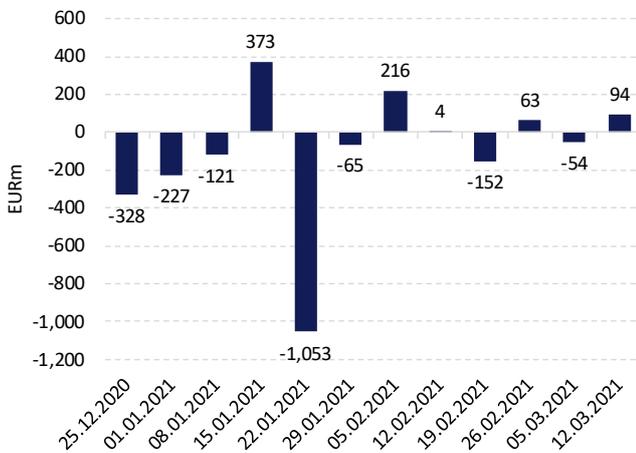


#### Development of CSPP volume

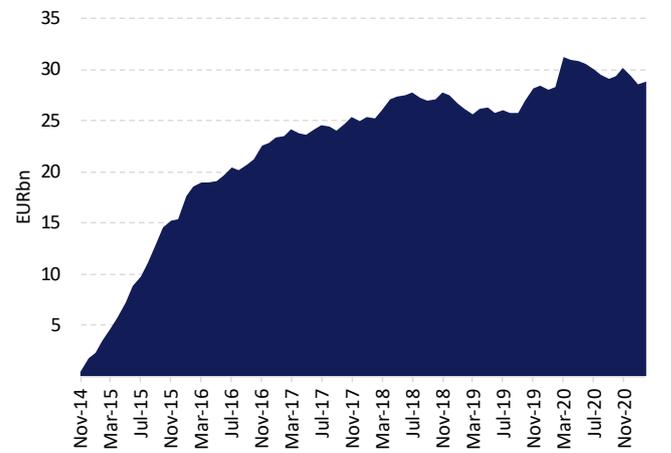


### Asset-Backed Securities Purchase Programme (ABSPP)

#### Weekly purchases



#### Development of ABSPP volume



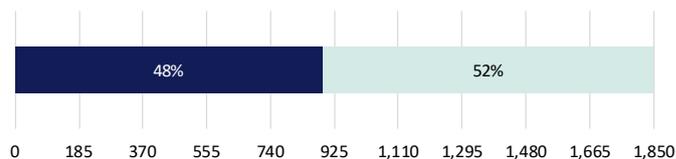
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

### Pandemic Emergency Purchase Programme (PEPP)

#### Holdings (in EURm)

	PEPP
Jan-21	810,212
Feb-21	870,126
Δ	+59,914

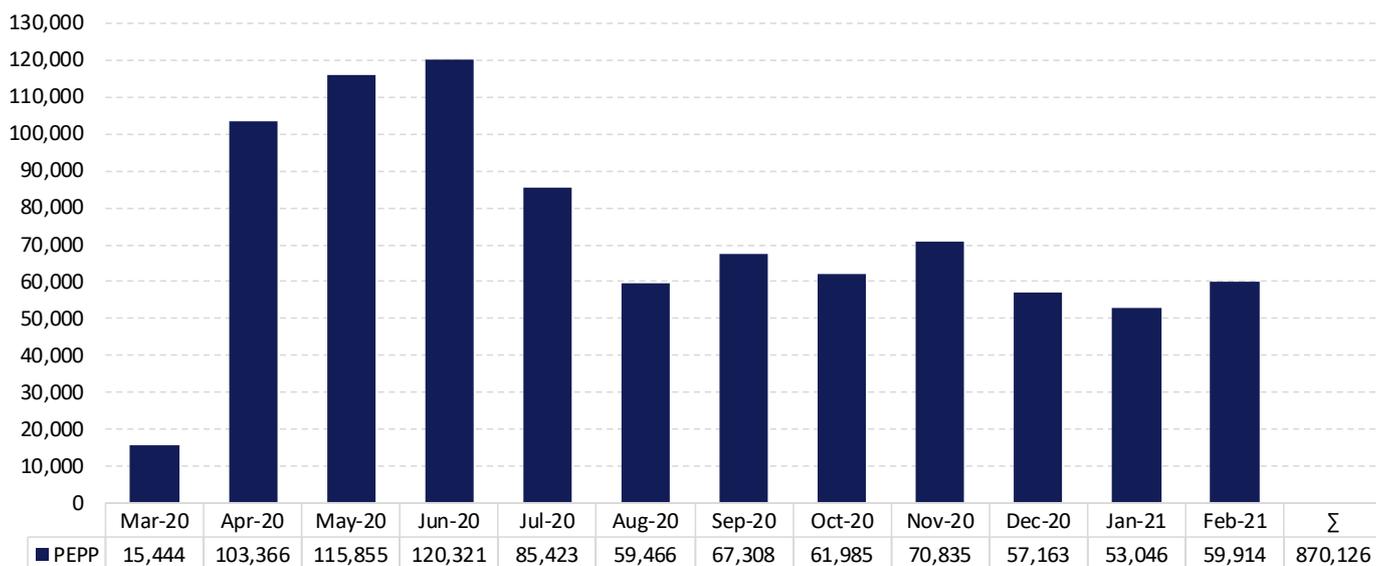
#### Volume already invested (in EURbn)



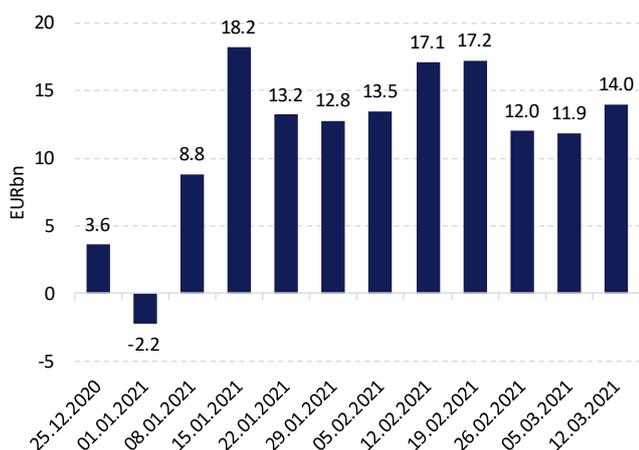
#### Estimated portfolio development

Assumed pace of purchases	Weekly net purchase volume	PEPP limit hit in ...
Average weekly net purchase volume so far	EUR 17.9bn	54 weeks (25.03.2022)

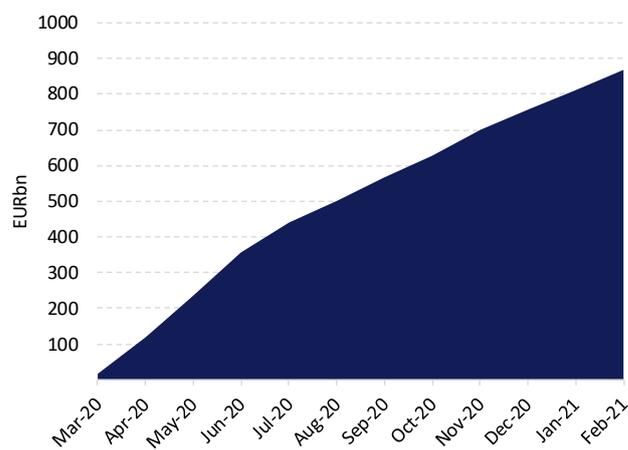
#### Monthly net purchases (in EURm)



#### Weekly purchases



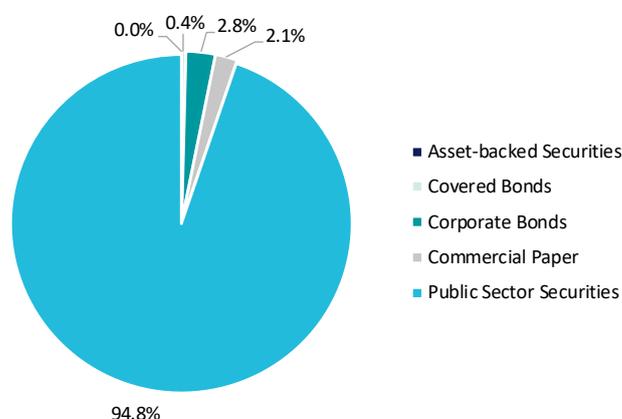
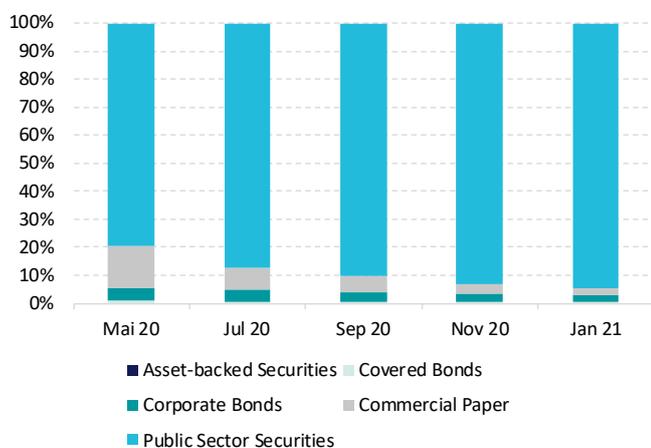
#### Development of PEPP volume



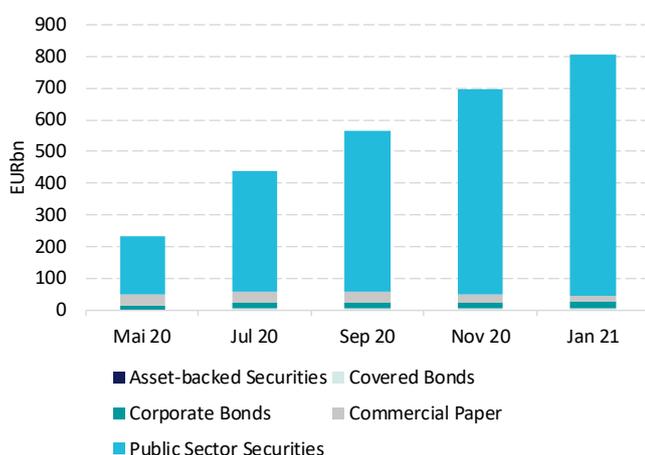
### Holdings under the PEPP (in EURm)

	Asset-backed Securities	Covered Bonds	Corporate Bonds	Commercial Paper	Public Sector Securities	PEPP
Nov-20	0	3,123	20,760	24,306	650,272	698,461
Jan-21	0	3,120	22,315	16,611	764,710	806,756
Δ	0	-3	+1,555	-7,695	+114,438	+108,295

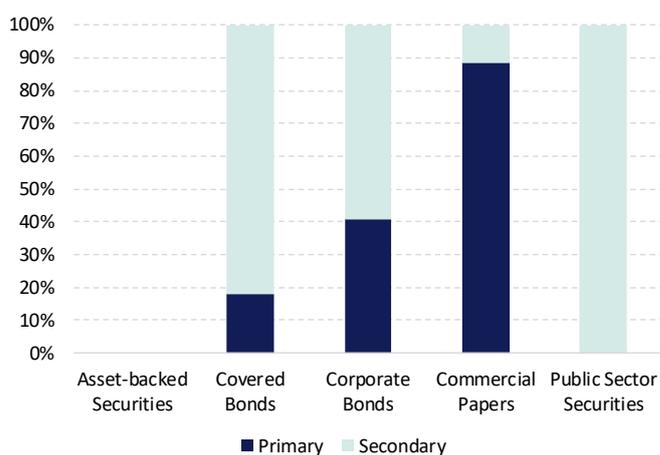
### Portfolio structure



### Portfolio development



### Share of primary and secondary market holdings



### Breakdown of private sector securities under the PEPP as of January 2021

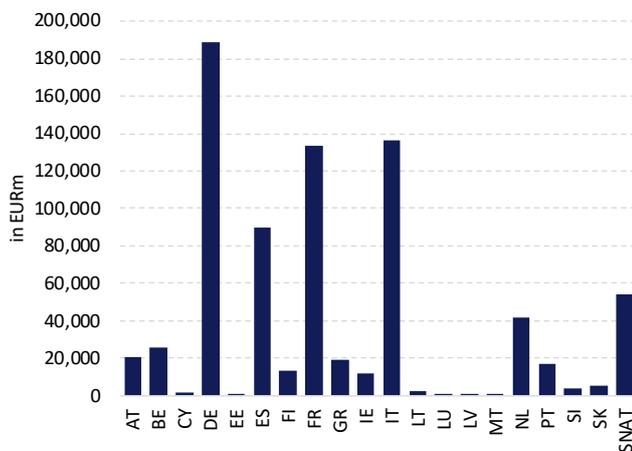
	Asset-backed securities		Covered bonds		Corporate bonds		Commercial papers	
	Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
Holdings in EURm	0	0	557	2,563	9,092	13,223	14,663	1,948
Share	0.0%	0.0%	17.9%	82.2%	40.7%	59.3%	88.3%	11.7%

Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

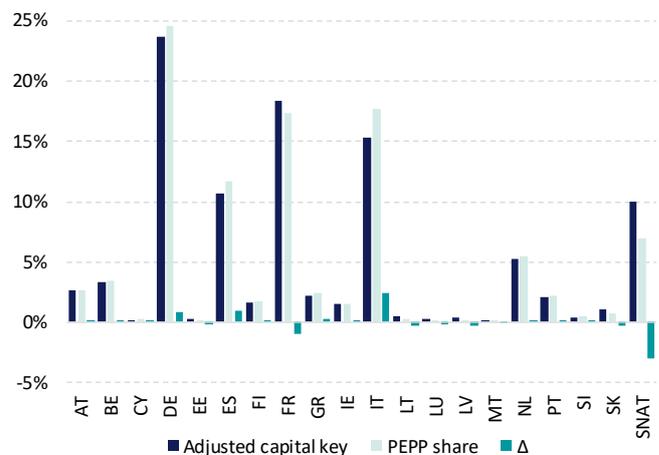
## Breakdown of public sector securities under the PEPP

Jurisdiction	Holdings (in EURm)	Adj. distribution key <sup>1</sup>	PEPP share	Deviations from the adj. distribution key <sup>2</sup>	Ø time to maturity (in years)	Market average <sup>3</sup> (in years)	Difference (in years)
AT	20,692	2.6%	2.7%	0.1%	10.0	7.1	3.0
BE	26,084	3.3%	3.4%	0.1%	6.5	9.3	-2.8
CY	1,712	0.2%	0.2%	0.0%	10.4	8.2	2.3
DE	188,751	23.7%	24.6%	0.8%	5.1	6.7	-1.6
EE	211	0.3%	0.0%	-0.2%	8.9	8.2	0.8
ES	89,846	10.7%	11.7%	1.0%	8.5	7.4	1.0
FI	13,103	1.7%	1.7%	0.1%	7.1	6.9	0.2
FR	133,594	18.4%	17.4%	-1.0%	8.4	7.3	1.1
GR	18,950	2.2%	2.5%	0.2%	8.6	9.5	-0.8
IE	12,123	1.5%	1.6%	0.1%	9.0	9.4	-0.5
IT	136,310	15.3%	17.7%	2.5%	6.8	6.9	-0.1
LT	2,183	0.5%	0.3%	-0.2%	11.5	10.3	1.2
LU	1,301	0.3%	0.2%	-0.1%	6.9	6.2	0.6
LV	888	0.4%	0.1%	-0.2%	9.7	10.1	-0.4
MT	266	0.1%	0.0%	-0.1%	7.2	8.0	-0.8
NL	41,956	5.3%	5.5%	0.2%	4.4	7.8	-3.3
PT	17,304	2.1%	2.3%	0.1%	6.6	6.6	0.0
SI	3,644	0.4%	0.5%	0.0%	9.3	9.8	-0.5
SK	5,381	1.0%	0.7%	-0.3%	8.6	8.2	0.4
SNAT	53,849	10.0%	7.0%	-3.0%	9.8	7.9	1.9
<b>Total / Avg.</b>	<b>768,148</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>7.1</b>	<b>7.3</b>	<b>-0.2</b>

## Distribution of public sector assets by jurisdiction



## Deviations from the adjusted distribution key

<sup>1</sup> Based on the ECB capital key, adjusted to include supras <sup>2</sup> Based on the adjusted distribution key<sup>3</sup> Weighted average time to maturity of the bonds eligible for purchasing under the PEPP

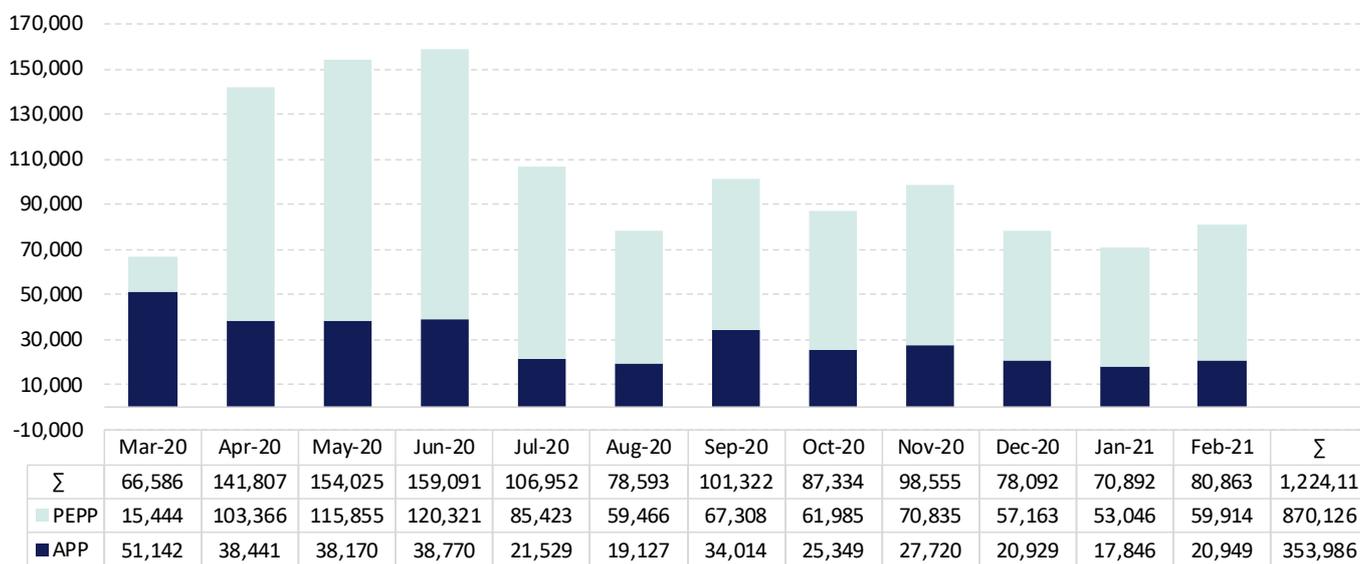
Source: ECB, Bloomberg, NORD/LB Markets Strategy &amp; Floor Research

## Aggregated purchase activity under APP and PEPP

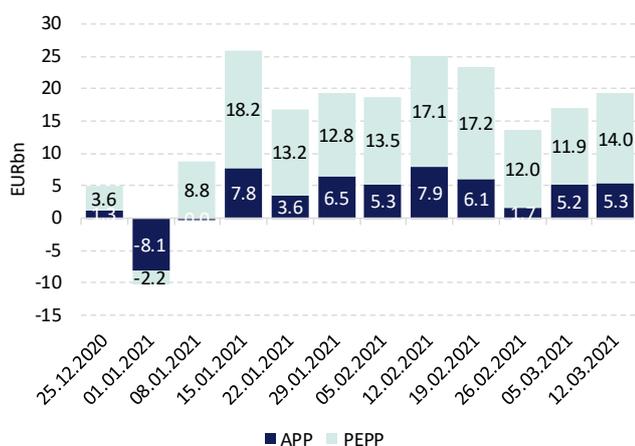
## Holdings (in EURm)

	APP	PEPP	APP & PEPP
Jan-21	2,926,754	810,212	3,736,966
Feb-21	2,947,703	870,126	3,817,829
$\Delta$	+20,949	+59,914	80,863

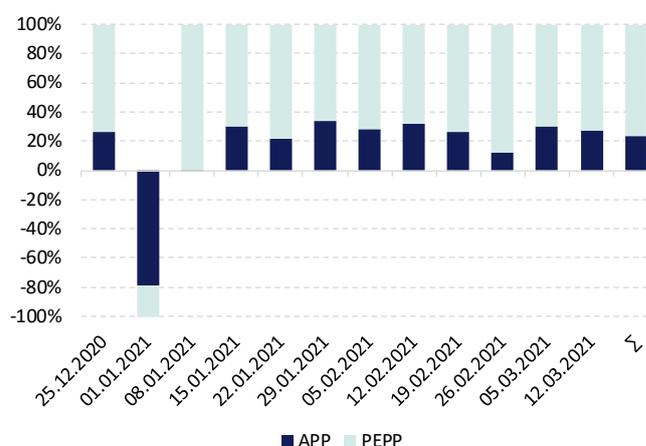
## Monthly net purchases (in EURm)



## Weekly purchases



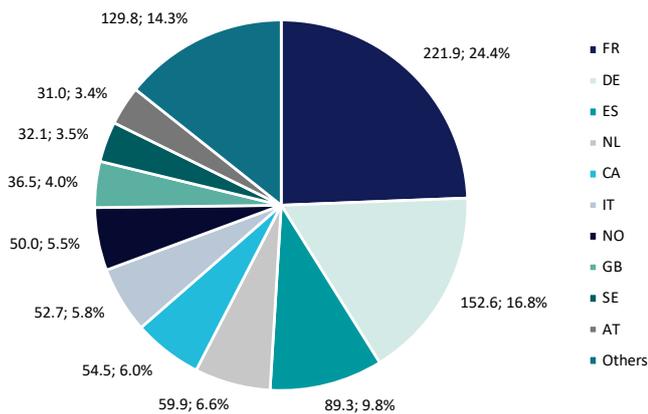
## Distribution of weekly purchases



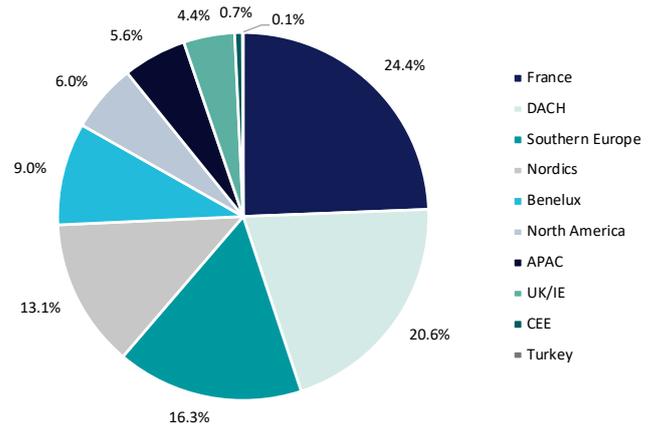
Source: ECB, Bloomberg, NORD/LB Markets Strategy &amp; Floor Research

# Charts & Figures Covered Bonds

EUR benchmark volume by country (in EURbn)



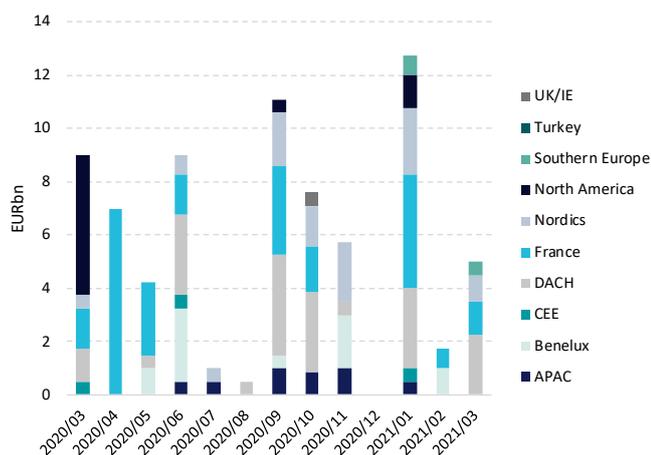
EUR benchmark volume by region (in EURbn)



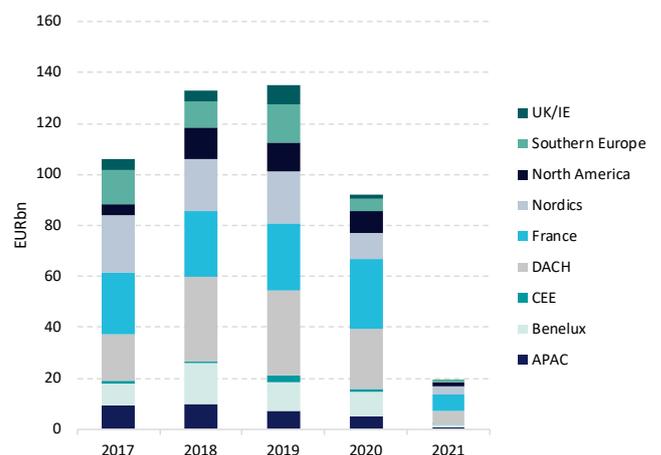
Top-10 jurisdictions

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	221.9	205	7	0.95	10.2	5.6	1.15
2	DE	152.6	228	13	0.60	8.3	4.7	0.47
3	ES	89.3	72	3	1.13	11.4	3.8	1.86
4	NL	59.9	59	0	0.96	11.2	7.3	0.97
5	CA	54.5	46	0	1.15	6.0	3.0	0.31
6	IT	52.7	61	1	0.83	9.1	4.4	1.43
7	NO	50.0	56	7	0.89	7.3	3.9	0.53
8	GB	36.5	41	0	0.90	8.4	3.2	1.12
9	SE	32.1	38	0	0.84	7.5	3.4	0.60
10	AT	31.0	57	1	0.54	9.6	6.2	0.66

EUR benchmark issue volume by month

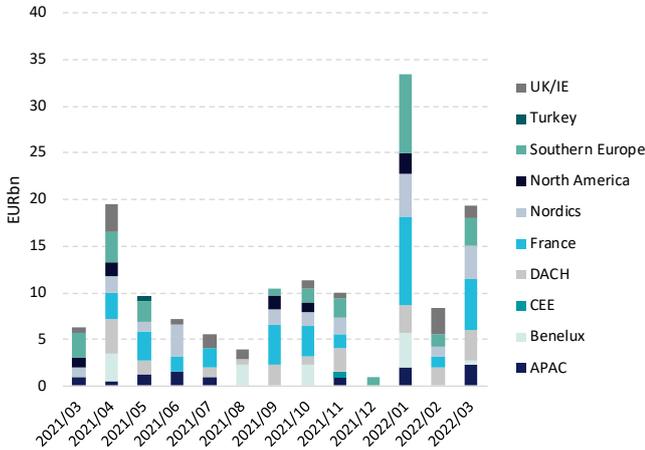


EUR benchmark issue volume by year

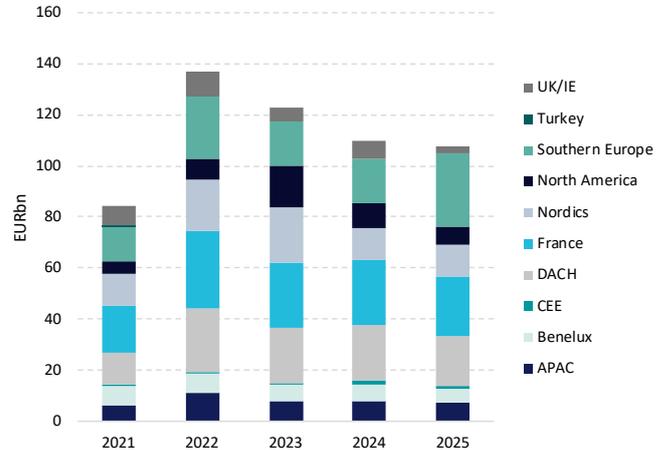


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

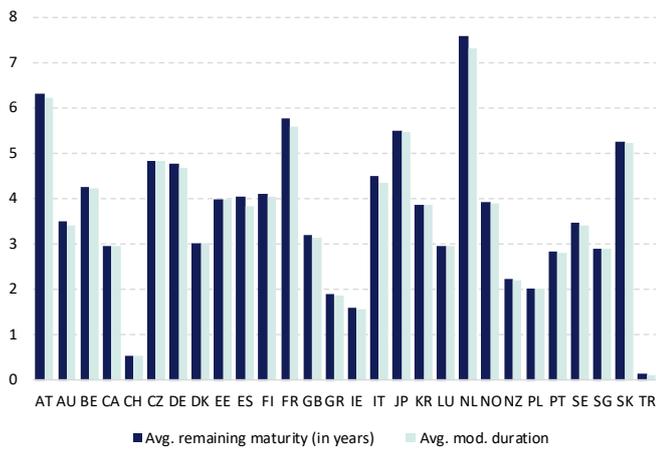
### EUR benchmark maturities by month



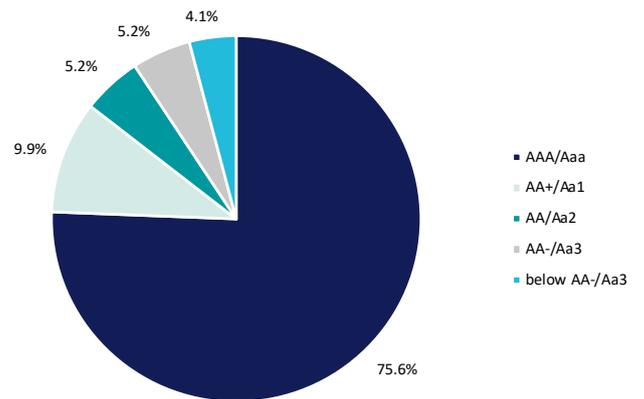
### EUR benchmark maturities by year



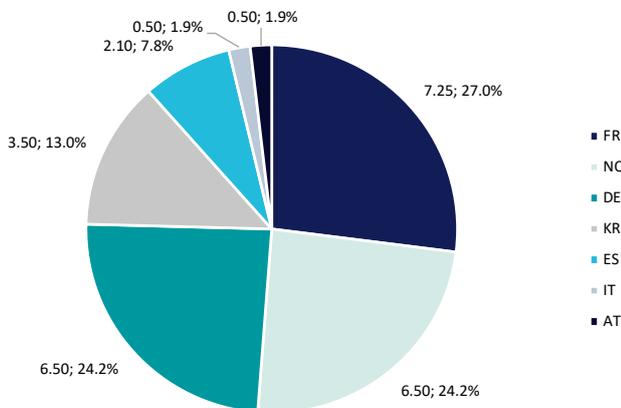
### Modified duration and time to maturity by country



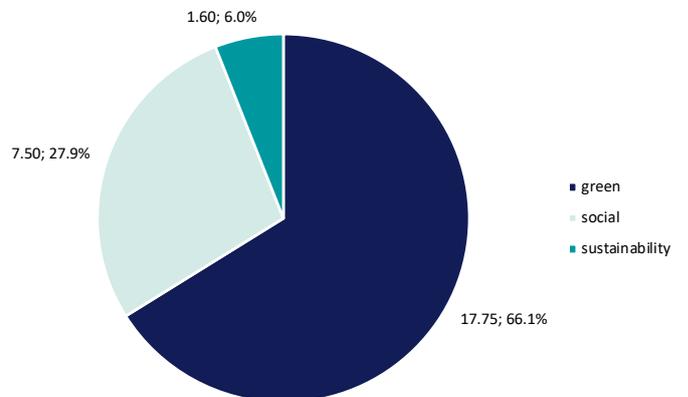
### Rating distribution (volume weighted)



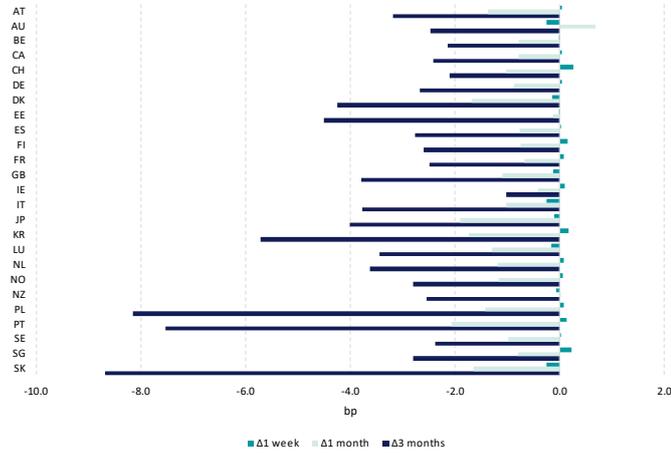
### EUR benchmark volume (ESG) by country (in EURbn)



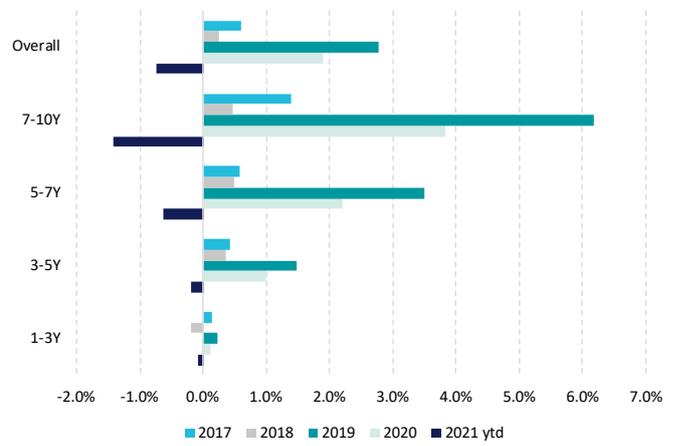
### EUR benchmark volume (ESG) by type (in EURbn)



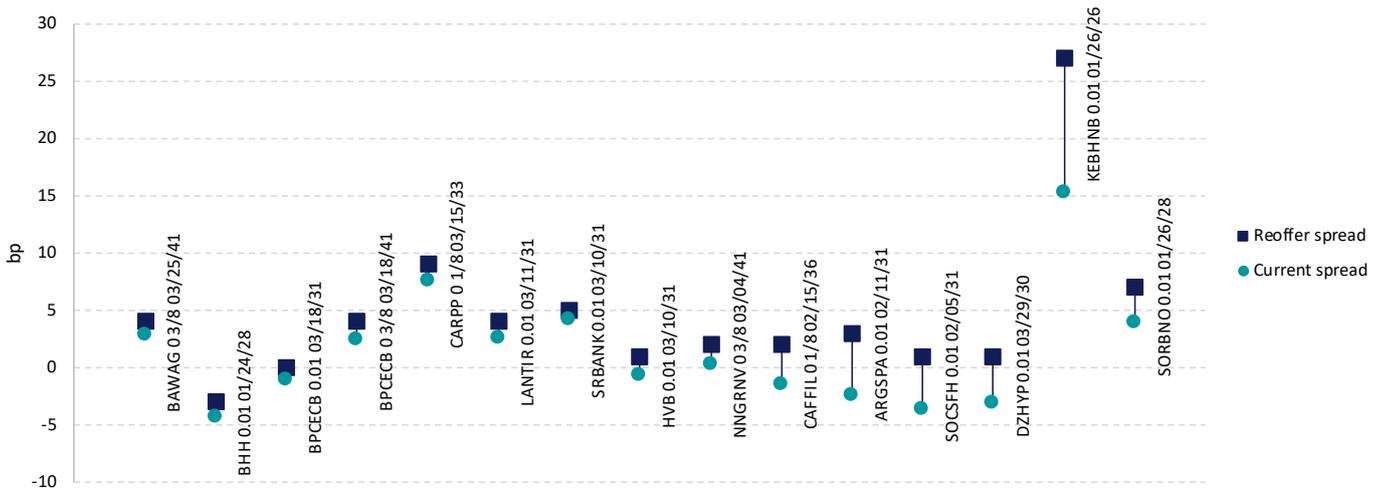
### Spread development by country



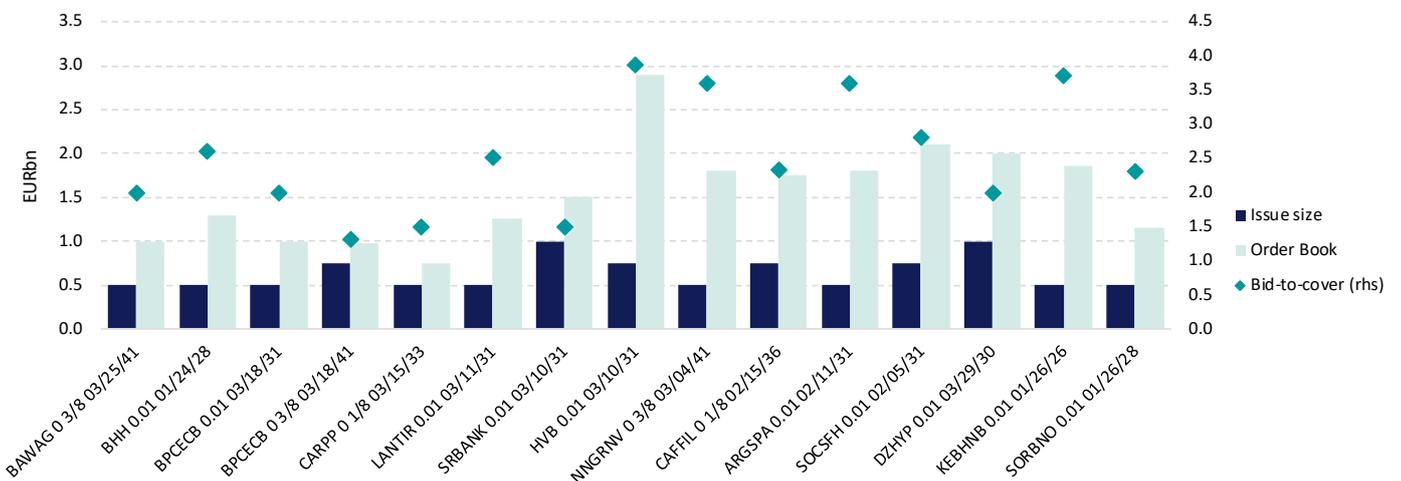
### Covered bond performance (Total return)



### Spread development (last 15 issues)

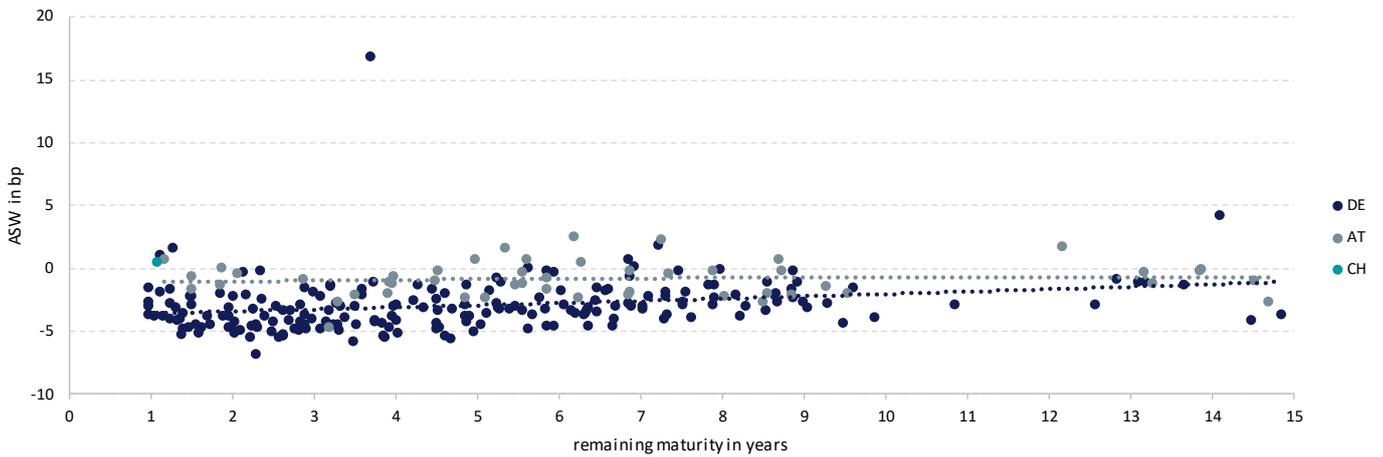


### Order books (last 15 issues)

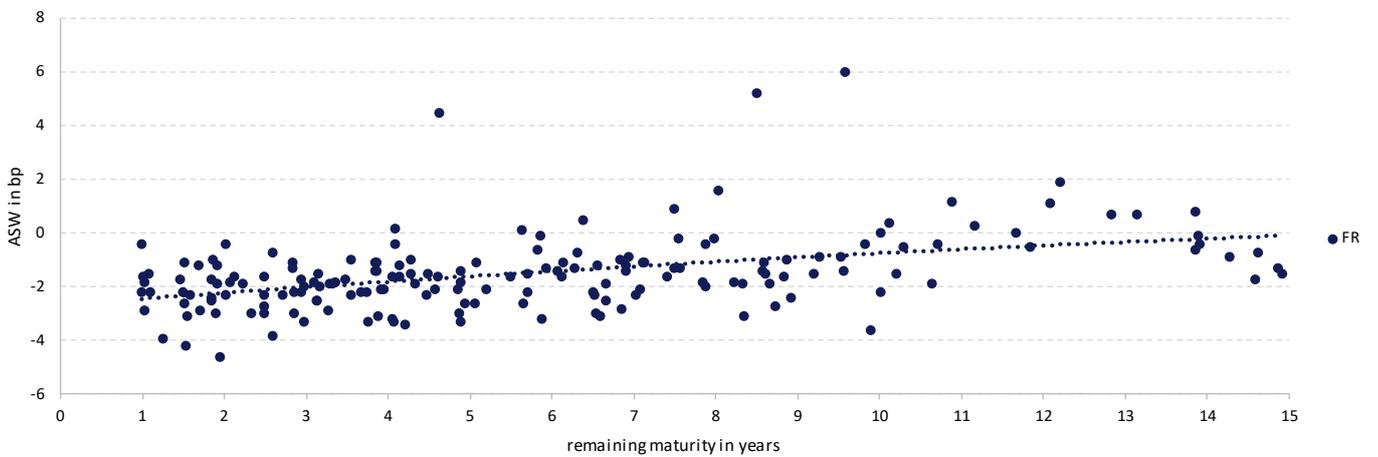


### Spread overview<sup>1</sup>

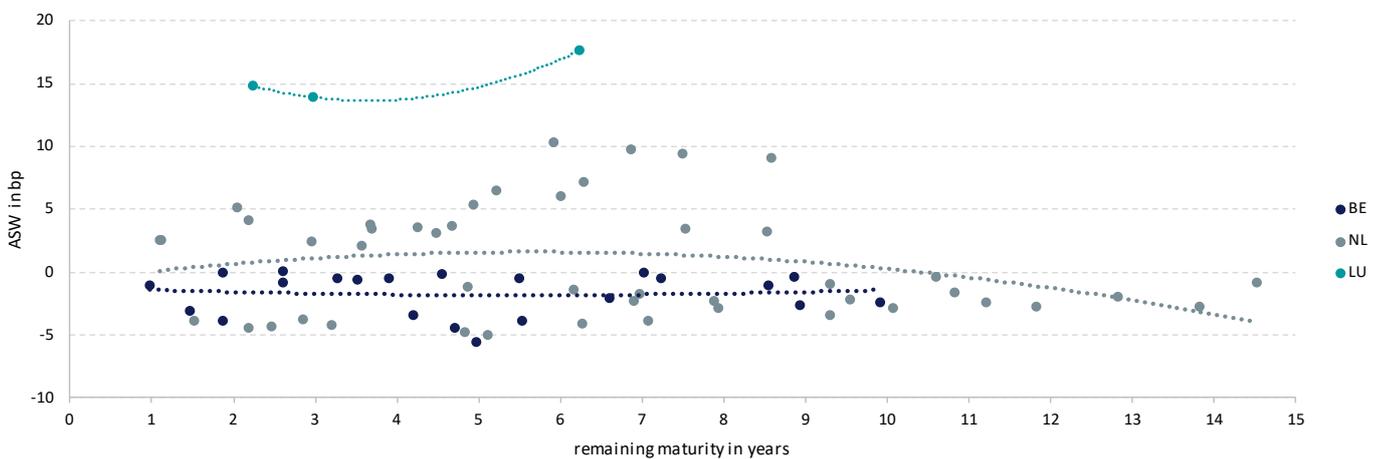
#### DACH



#### France

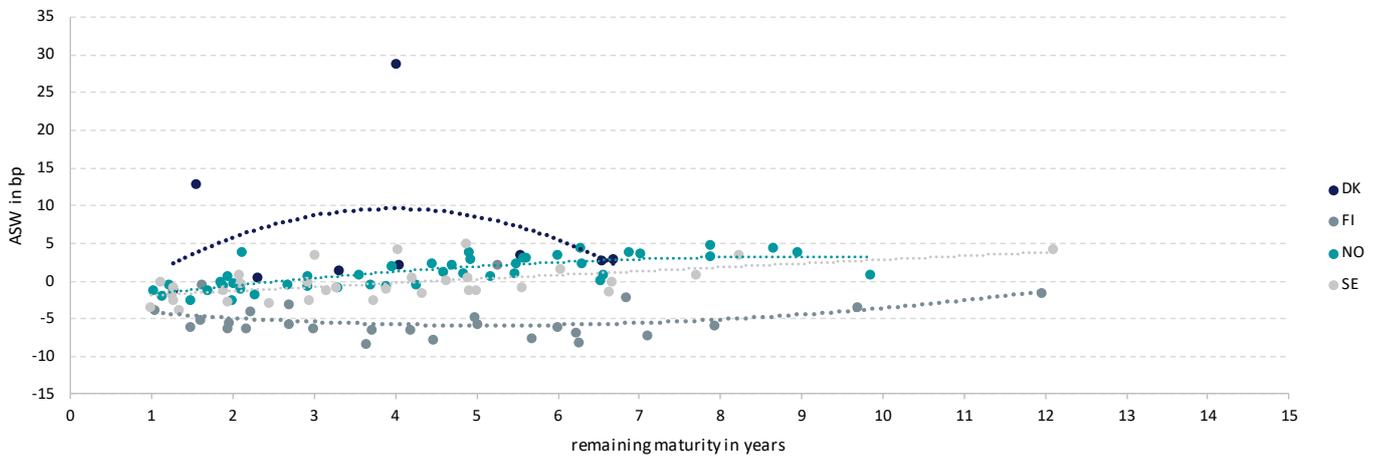


#### Benelux

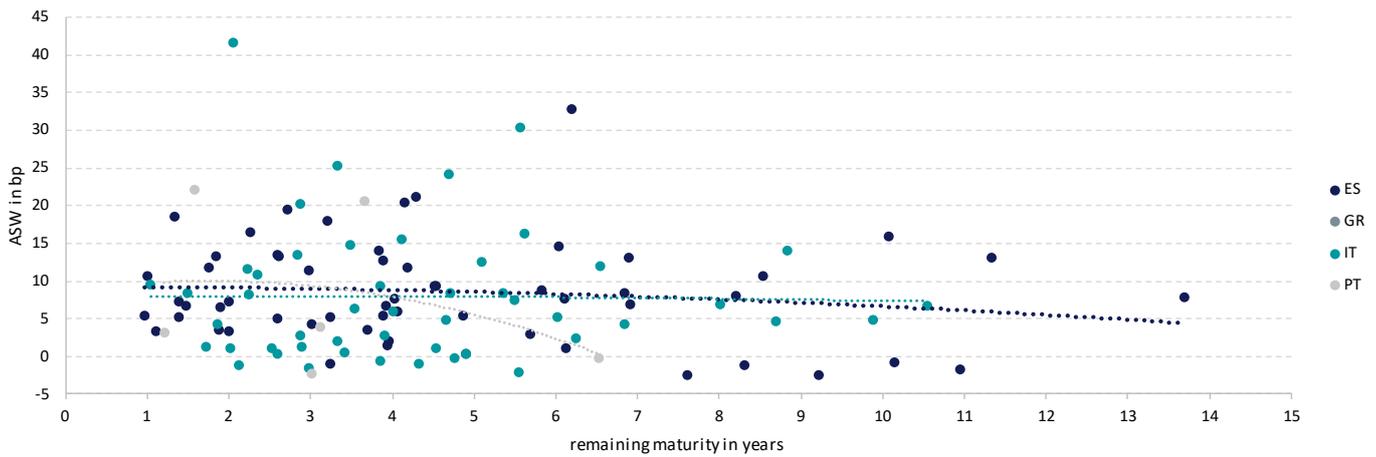


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research <sup>1</sup>Time to maturity 1 ≤ y ≤ 15

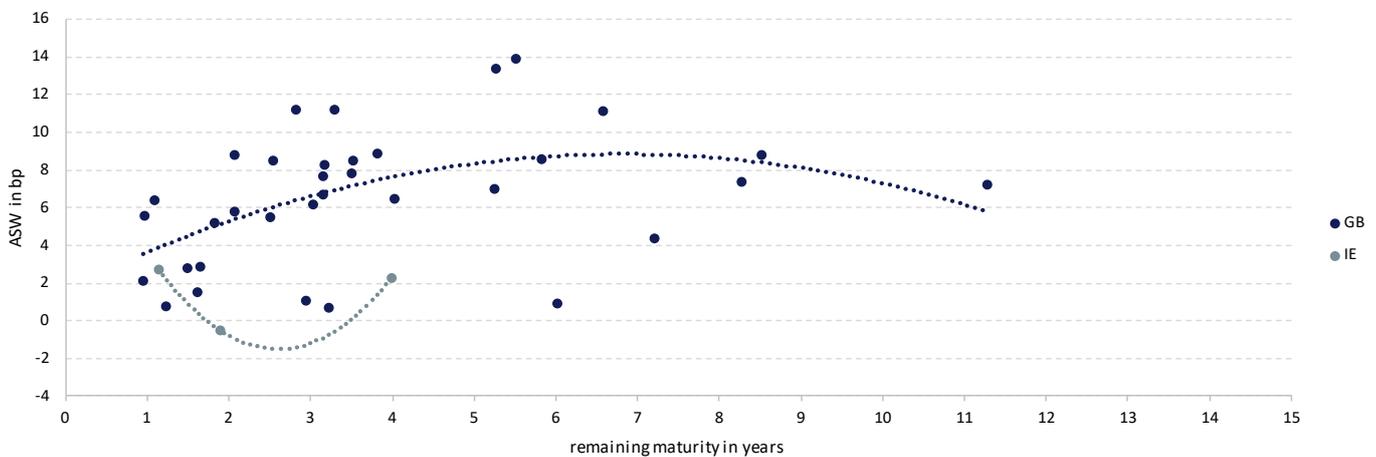
**Nordics**



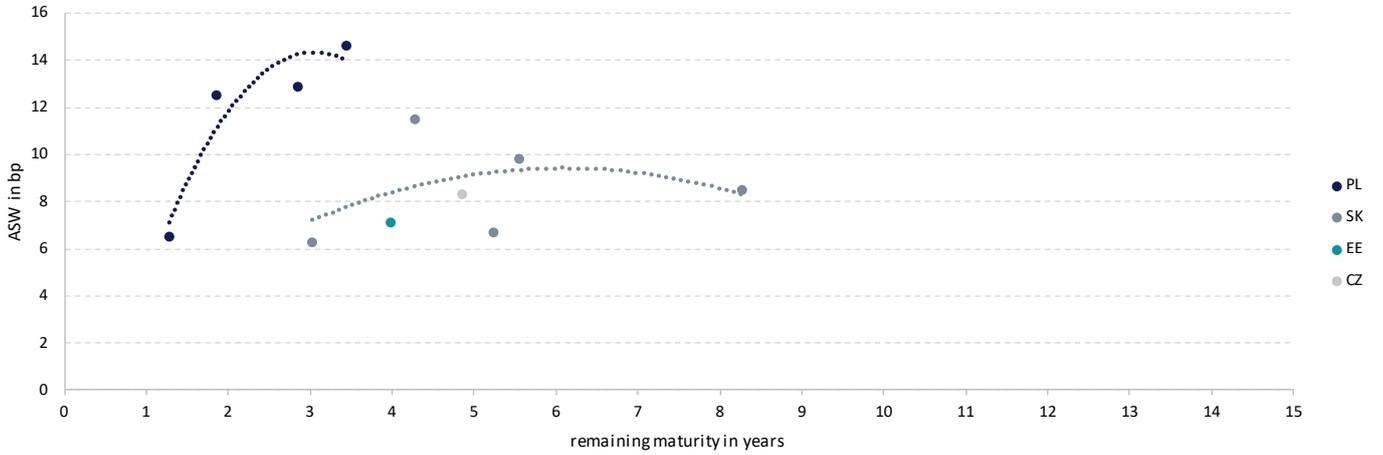
**Southern Europe**



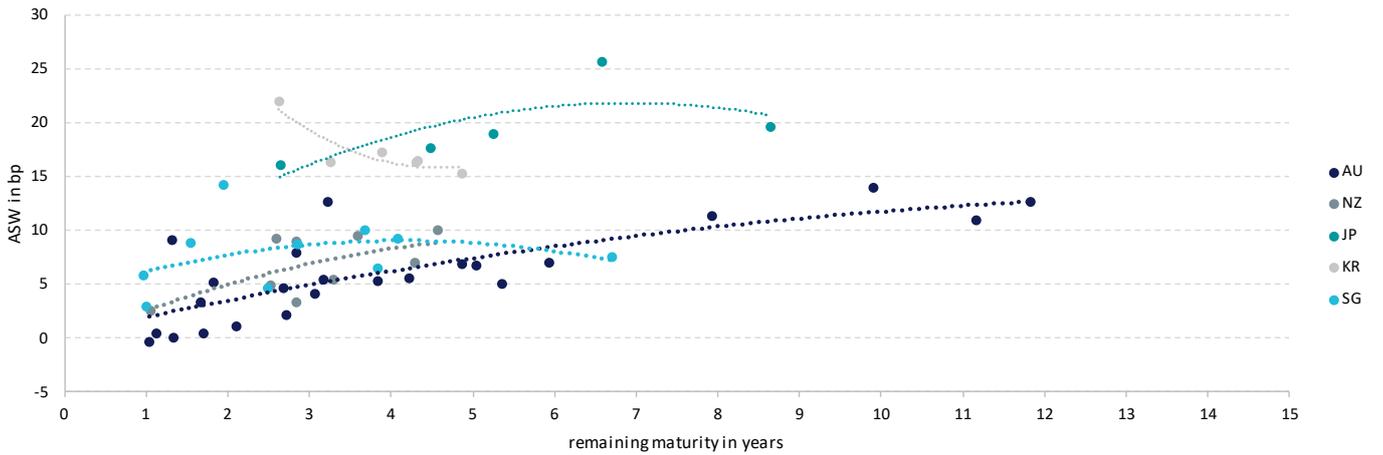
**UK/IE**



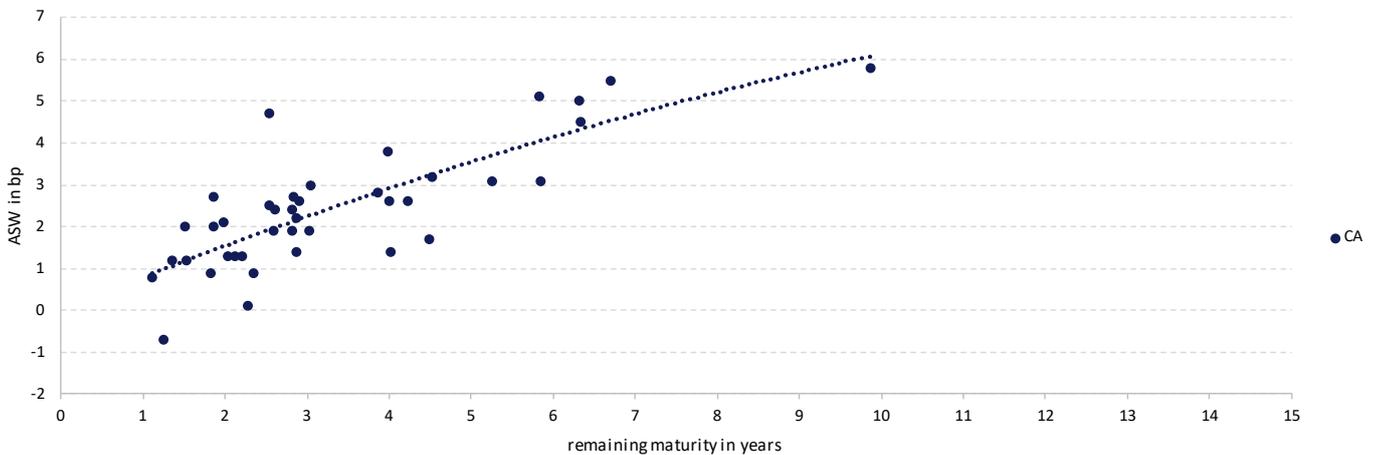
**CEE** 



**APAC** 



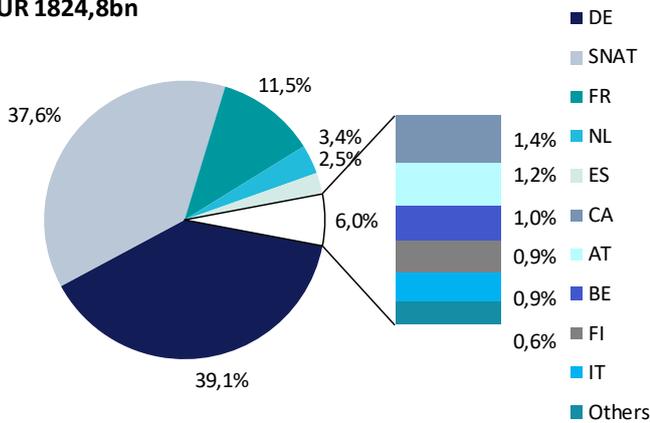
**North America** 



# Charts & Figures SSA/Public Issuers

## Outstanding volume (bmk)

EUR 1824,8bn



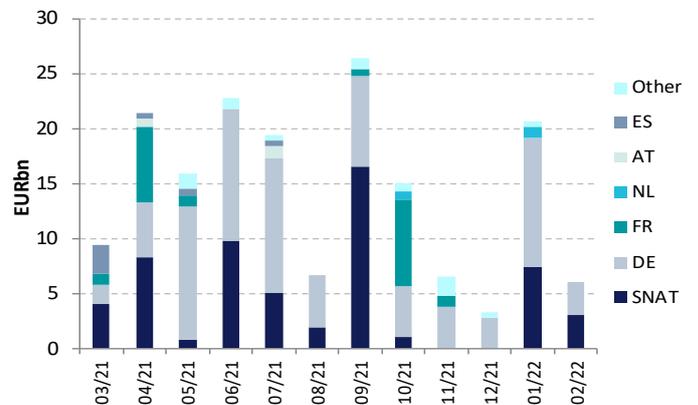
## Top 10 countries (bmk)

Country	Vol. (€bn)	No. of bonds	ØVol. (€bn)	Vol. weight. ØMod. Dur.
DE	714,0	558	1,3	6,7
SNAT	685,6	181	3,8	8,0
FR	209,1	142	1,5	5,4
NL	61,7	63	1,0	6,5
ES	45,4	54	0,8	4,9
CA	25,0	18	1,4	5,5
AT	22,5	24	0,9	5,2
BE	17,5	21	0,8	14,6
FI	16,5	21	0,8	6,0
IT	15,8	20	0,8	5,9

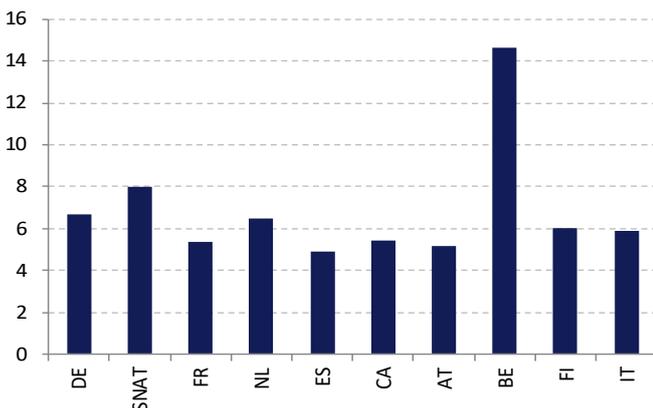
## Issue volume by year (bmk)



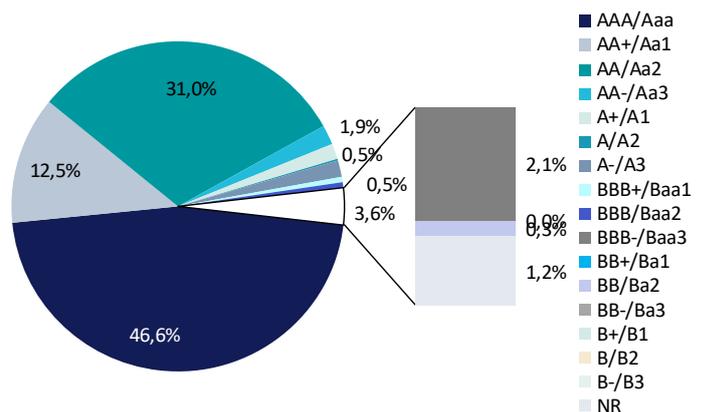
## Maturities next 12 months (bmk)



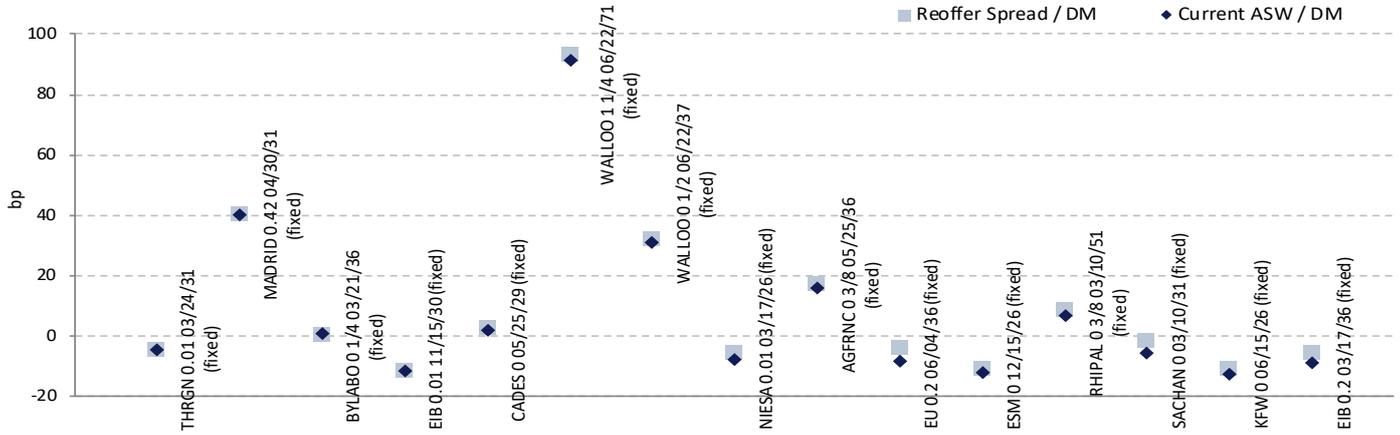
## Avg. mod. duration by country (vol. weighted)



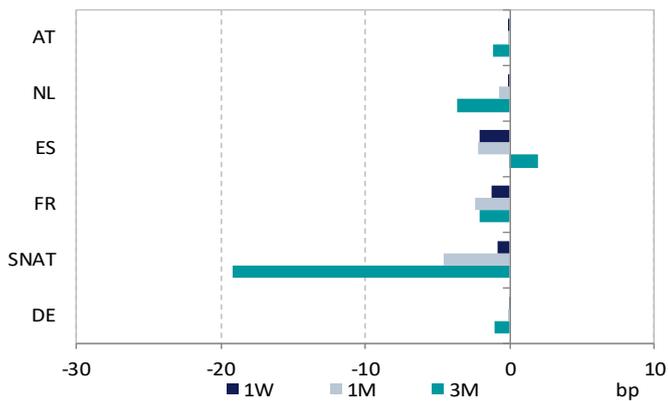
## Rating distribution (vol. weighted)



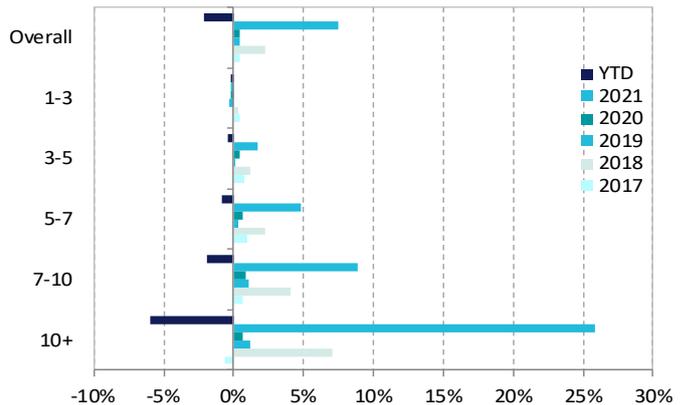
### Spread development (last 15 issues)



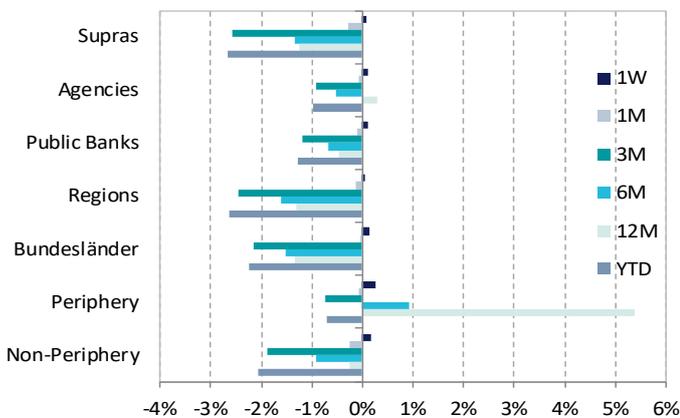
### Spread development by country



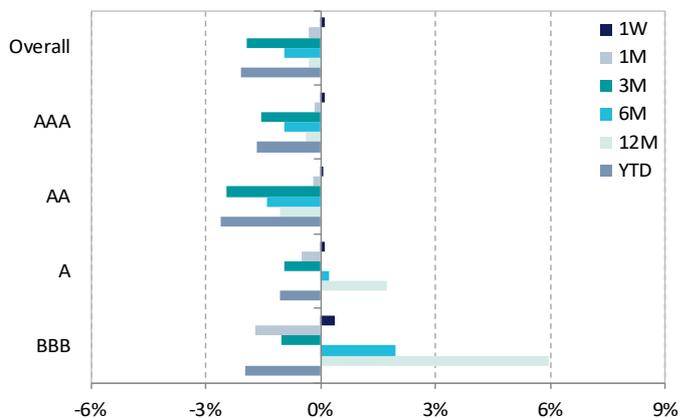
### Performance (total return)



### Performance (total return) by regions

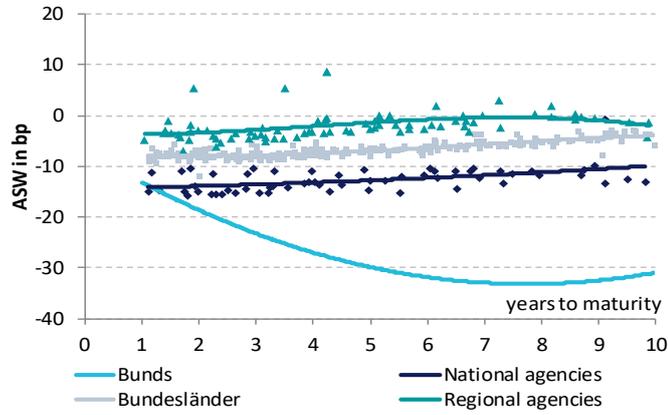


### Performance (total return) by rating

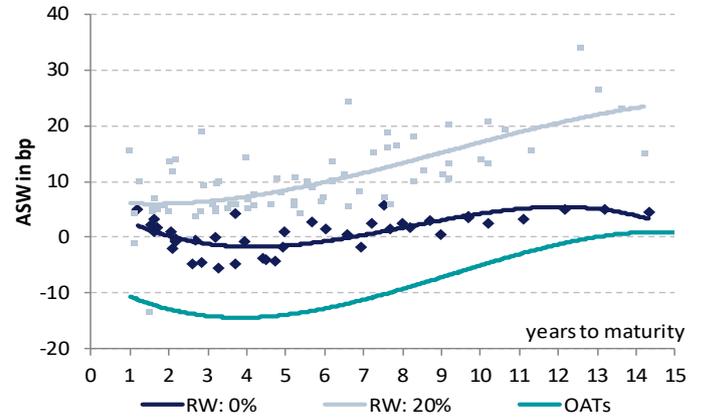


Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

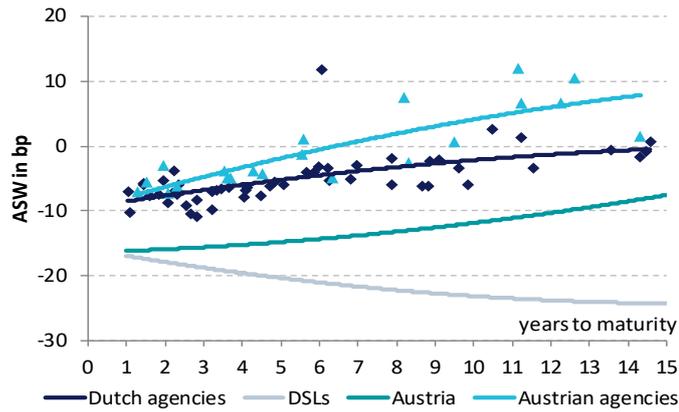
### Germany (by segments)



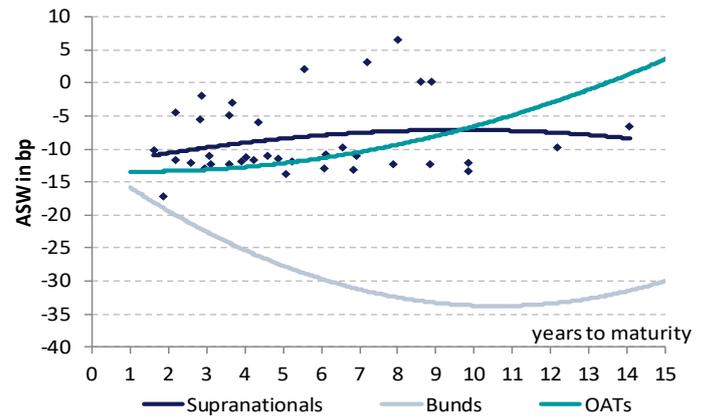
### France (by risk weight)



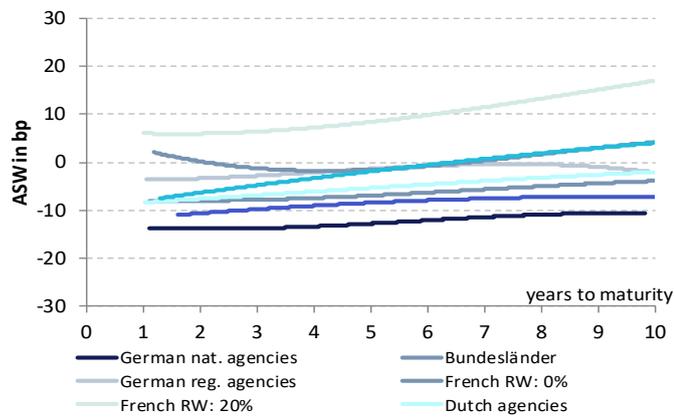
### Netherlands & Austria



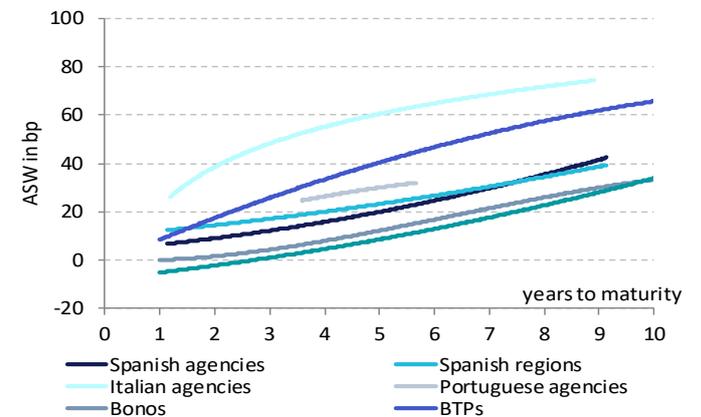
### Supranationals



### Core



### Periphery



Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

## Appendix

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

Publication	Topics
<a href="#">09/2021 ♦ 10 March</a>	<ul style="list-style-type: none"> <li>Moody's covered bond universe – an overview</li> <li>Oldenburgische Landesbank expands sub-benchmark segment</li> </ul>
<a href="#">08/2021 ♦ 03 March</a>	<ul style="list-style-type: none"> <li>Repayment structures on the covered bond market</li> <li>ECB in a tight spot: litmus test for PEPP flexibility and preview of the second interest rate meeting of the year</li> </ul>
<a href="#">07/2021 ♦ 24 February</a>	<ul style="list-style-type: none"> <li>An overview of the EUR sub-benchmark segment</li> <li>ECB: crowding-out effects take hold</li> <li>PEPP vs. PSPP: Similarities and differences</li> </ul>
<a href="#">06/2021 ♦ 17 February</a>	<ul style="list-style-type: none"> <li>Insights into the iBoxx EUR Covered</li> <li>Development of the German property market</li> </ul>
<a href="#">05/2021 ♦ 10 February</a>	<ul style="list-style-type: none"> <li>PEPP reporting: upswing in public sector assets continues; covered bonds inconsequential</li> </ul>
<a href="#">04/2021 ♦ 03 February</a>	<ul style="list-style-type: none"> <li>Argenta Spaarbank expands Belgian market for EUR benchmarks</li> <li>An overview of the Fitch covered bond universe</li> <li>January 2021 packs a punch to kick off the new year</li> </ul>
<a href="#">03/2021 ♦ 27 January</a>	<ul style="list-style-type: none"> <li>An unusual – albeit expected – start to the year?</li> <li>A look at USD benchmarks</li> <li>ESM reform – restructuring continues</li> </ul>
<a href="#">02/2021 ♦ 20 January</a>	<ul style="list-style-type: none"> <li>Spread considerations – APAC covered bonds riding the wave of ECB purchase programmes?</li> <li>Return of the Danish market for EUR benchmark bond issues</li> <li>22nd meeting of the Stability Council (Dec. 2020)</li> </ul>
<a href="#">01/2021 ♦ 13 January</a>	<ul style="list-style-type: none"> <li>EUR benchmark from the Czech Republic: Komerční Banka launches a new covered bond programme</li> <li>New covered bond programme from South Korea: Hana Bank</li> <li>Annual review of 2020 – covered bonds</li> <li>Annual review of 2020 – SSA</li> </ul>
<a href="#">48/2020 ♦ 16 December</a>	<ul style="list-style-type: none"> <li>TLTRO III: ECB extends tender and also raises the threshold</li> </ul>
<a href="#">47/2020 ♦ 09 December</a>	<ul style="list-style-type: none"> <li>Fourth and final round of PEPP reporting in 2020</li> <li>Investment alternative: Paris metropolitan area (IDF and VDP)</li> </ul>
<a href="#">46/2020 ♦ 02 December</a>	<ul style="list-style-type: none"> <li>The ECB ahead of its course-setting meeting for 2021</li> <li>Covered Bonds – Outlook 2021: Waiting for the game changer?</li> <li>SSA – Outlook 2021: Coronavirus and ECB dominate public-sector segment</li> </ul>
<a href="#">45/2020 ♦ 25 November</a>	<ul style="list-style-type: none"> <li>UOB ends the state of hibernation on Singapore's primary market</li> <li>The covered bond universe of Moody's: an overview</li> <li>Update: Belgium regions as investment alternatives</li> </ul>
<a href="#">44/2020 ♦ 18 November</a>	<ul style="list-style-type: none"> <li>Primary market 2021: real prospect of Hungarian EUR benchmarks?</li> <li>German Pfandbrief savings banks in Q3 2020</li> <li>Development of the German property market</li> </ul>

## Appendix

### Publication overview

#### Covered Bonds:

[Issuer Guide Covered Bonds 2020](#)

[Risk weights and LCR levels of covered bonds](#)

[Transparency requirements §28 PfandBG](#)

[Transparenzvorschrift §28 PfandBG Sparkassen \(German only\)](#)

#### SSA/Public Issuers:

[Issuer Guide – Supranationals & Agencies 2019](#)

[Issuer Guide – Canadian Provinces & Territories 2020](#)

[Issuer Guide – German Bundeslaender 2020](#)

[Issuer Guide – Down Under 2019](#)

#### Fixed Income:

[ESG update](#)

[Analysis of ESG reporting](#)

[ECB holds course, but ups the ante – PEPP running until 2022](#)

[ECB launches corona pandemic emergency](#)

[ECB responds to corona risks](#)

## Appendix

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Origination Corporates	+49 511 361-2911

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

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Governments	+49 511 9818-9660
Laender/Regionen	+49 511 9818-9550
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**Additional information**

**Time of going to press:** 17 March 2021 08:56h (CET)

**Disclosure of possible conflicts of interest at NORD/LB in accordance with Section 85 (1) of the German Securities Trading Act (WpHG) in conjunction with Article 20 of the Market Abuse Regulation (EU) No. 596/2014 and Articles 5 and 6 of Regulation (EU) 2016/958.**

None

**Sources and price details**

For the preparation of investment recommendations, we use issuer-specific financial data providers, our own estimates, company information and publicly available media. Unless otherwise stated in the information, price information refers to the closing price of the previous day. Fees and commissions are incurred in connection with securities (purchase, sale, custody), which reduce the return on the investment.

**Basis of valuation and frequency of updates**

For the preparation of investment recommendations, we use company-specific methods from fundamental securities' analysis, quantitative / statistical methods and models as well as from technical information processes. It should be noted that the results of the information are snapshots and past performance is not a reliable indicator of future returns. The basis of valuation may change at any time and in an unforeseeable manner, which may lead to divergent assessments. The recommendation horizon is 6 to 12 months. The above information is prepared on a weekly basis. Recipients have no right to publish updated information. For more detailed information on our assessment bases, check under: [www.nordlb-pib.de/Bewertungsverfahren](http://www.nordlb-pib.de/Bewertungsverfahren).

**Recommendation system**

**Positive:** Positive expectations for the issuer, a bond type or a bond placed by the issuer.

**Neutral:** Neutral expectations for the issuer, a bond type or a bond of the issuer.

**Negative:** Negative expectations for the issuer, a type of bond or a bond placed by the issuer.

**Relative Value (RV):** Relative recommendation to a market segment, an individual issuer or a range of maturities.

**Breakdown of recommendations (12 months)**

**Positive:** 36%

**Neutral:** 50%

**Negative:** 14%

**Recommendation record (12 months)**

For an overview of our overall pension recommendations for the past 12 months, please visit [www.nordlb-pib.de/empfehlungsuebersicht\\_renten](http://www.nordlb-pib.de/empfehlungsuebersicht_renten). The password is "renten/Liste3".

Issuer / security	Date	Recommendation	Bond type	Cause
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