



Covered Bond & SSA View

NORD/LB Markets Strategy & Floor Research

Agenda

Market overview	
Covered Bonds	3
SSA/Public Issuers	5
Newcomer to the benchmark segment: HSBC Bank Canada sets sights on EUR debut	8
OP Mortgage Bank: First green covered bond from Finland	12
Transparency requirements §28 PfandBG Q3/2020	15
ECB tracker	
Asset Purchase Programme (APP)	18
Pandemic Emergency Purchase Programme (PEPP)	23
Aggregated purchase activity under APP and PEPP	26
Charts & Figures	
Covered Bonds	27
SSA/Public Issuers	33
Overview of latest Covered Bond & SSA View editions	36
Publication overview	37
Contacts at NORD/LB	38

Floor analysts:

Dr Frederik Kunze

Covered Bonds

frederik.kunze@nordlb.de

Dr Norman Rudschuck, CIIA

SSA/Public Issuers

norman.rudschuck@nordlb.de

Henning Walten, CIIA

Covered Bonds

henning.walten@nordlb.de

NORD/LB:

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Market overview

Covered Bonds

Authors: Henning Walten, CIAA // Dr Frederik Kunze

Primary market practically dormant

Over the past five trading days, just a single issuer approached its investors on the primary market, with Aegon Bank from the Netherlands successfully placing a covered bond worth EUR 500m. The bond, which was issued with a conditional pass-through (CPT) structure, features a term to maturity of five years. This deal, which does not qualify for purchasing under either the CBPP3 or the PEPP due to the CPT structure, kicked off the marketing phase with guidance in the area of ms +15bp. The re-offer spread was ultimately fixed five basis points tighter at ms +10bp (issuing yield: -0.362%) The final order book was composed of 70 investors and totalled EUR 2.2bn, which certainly indicates a substantial level of demand. The last EUR benchmark from Aegon Bank dates back to November 2017 (AEGON 0 3/8 11/21/24), with the bank now having a total of five outstanding benchmarks. However, AEGON 0 1/4 12/01/20 with a volume of EUR 750m is set to fall due in the near future. In terms of geographic allocation, the largest share was attributable to accounts from the Benelux countries (37%), just ahead of Germany & Austria (33%). The breakdown by investor type reveals a share of 31% for Central Banks & OIs, with Banks/Private Banks (30%) and Fund Managers (28%) accounting for allocations in a similar size.

Issuer	Country	Timing	ISIN	Maturity	Volume	Spread	Rating
Aegon Bank	NL	09.11.	XS2257857834	5.0y	0.50bn	ms +10bp	AAA / - / AAA

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

Covered bond market in Switzerland: Swiss commercial banks pushing for changes

The covered bond market in Switzerland has special characteristics in that the issuance of Pfandbriefe under the Swiss Pfandbrief Act is not permitted at individual bank level. In fact, there are just two legally authorized Pfandbrief institutions (Pfandbriefbank and Pfandbriefzentrale) that are permitted to conduct covered bond transactions on a centralised basis. Looking at the three outstanding EUR benchmarks (all worth EUR 1.25bn; two from Credit Suisse and one from UBS), these are also all issued on a contractual basis. According to the latest market announcements, a number of Swiss commercial banks (including Credit Suisse and the Zürcher Kantonalbank) are pushing for adjustments to be made to the country's covered bond market. In particular, the aim here is to guarantee recognition for the covered bonds not issued by the two Pfandbrief institutions as collateral within the framework of the securities management processes of the Swiss National Bank (SNB). This adjustment would above all be of benefit to domestic investors, as they could then, where necessary, access central bank liquidity by depositing the securities with the SNB. In connection with these adjustments to the legal framework, the country's commercial banks are also seeking to obtain more equal opportunities with their European competitors. After all, under certain circumstances, covered bonds in the eurozone qualify as central bank-eligible securities and can, for example, be submitted as collateral for TLTRO tenders. For the Swiss Bankers Association, the independent issuance of covered bonds with central bank access represents an important refinancing option, particularly in times of crisis.

Prospect of vaccine boosts mood on the financial markets – ECB likely to play a waiting game, at least for the time being

The most recent announcements regarding the development status and potential distribution of a vaccine in the fight against the COVID-19 pandemic have led to a sustained improvement in the mood on the international financial markets. Against the backdrop of price developments on stock markets and movements on the global bond markets, questions are certainly arising as to what long-term impact a vaccine could have on the measures that are still necessary to combat the pandemic in the future and – in connection with this issue – on real economic activity within the common currency area. The monetary policy decision-makers at the ECB will without doubt be forced to confront such questions in the future. The next ECB meeting is scheduled for 10 December 2020, and it can be expected that monetary policy decision-makers will be closely following further news with regard to vaccine development and its prospective influence on financial markets and real economic activity. However, it is also important to note how market participants' expectations were shaped in terms of monetary policy. With regard to our expectations for the ECB meeting in December, we would be inclined, based on the information currently at our disposal, to stick with our fundamental assessment of the state of play for the time being (cf. [ECB article on 28 October](#)). In any case, it is likely that key interest rate cuts are now even less probable, with the PEPP volume also accordingly likely to be increased again given the most recent announcements. This assessment is based in particular on the fact that questions remain unanswered with regard to the actual use of the vaccine. In addition, there can be no assumption of nationwide availability of vaccination doses, even if production has already been initiated. For this reason alone, the silver bullet of herd immunity looks like being a matter of quarters away, if not years, rather than a case of some semblance of normality returning in just a few weeks or months. In addition, it should also not be forgotten that, when it comes to monetary policy instruments in particular such as TLTRO and tiering, these measures are by no means solely attributable to the coronavirus crisis. In this regard, the ECB will again continue to focus on fulfilling its mandate of ensuring price stability without losing sight of issues in connection with financial market stability. Looking at the covered bond market, we therefore continue to identify significant influence from the ECB both with regard to the supply side (via its TLTRO tenders) and the demand side (via the CBPP3, for example).

Market overview

SSA/Public Issuers

Author: Dr Norman Rudschuck, CIIA

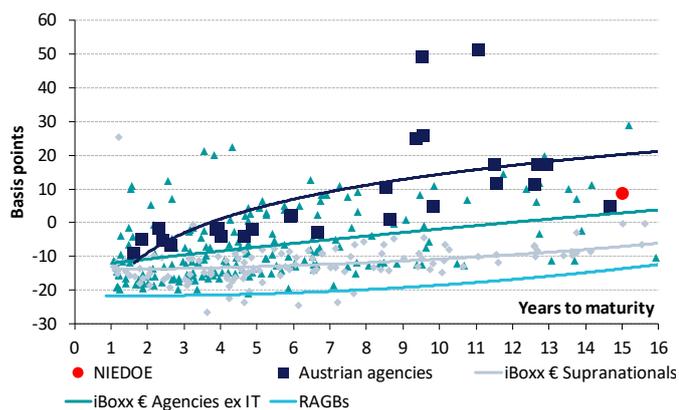
KfW Q3: Newsletter update

It should come as little surprise that the financial year for KfW has been dominated by the various programmes it launched to provide support during the coronavirus pandemic, which are being implemented on behalf of the German government and in close collaboration with the German banking industry. According to a press release, KfW received around 90,000 loan applications by the end of Q3. Promotional funding of EUR 45.4bn has been committed. Approximately 97% of the applications came from SMEs and 99% were for loans of up to EUR 3m, meaning that German SMEs have benefited most from KfW's coronavirus aid programmes. A total of 99% of the applications have already been conclusively processed. "KfW has doubled its promotional activity and will therefore achieve a record volume in this exceptional year. The current promotional figures reflect the enormous effort that we have already made, working jointly with policymakers and the German banking industry to help the economy counteract the consequences of the pandemic. This is a reason to be confident but only if our entire society adheres to the measures decided by the federal and state governments to contain the pandemic effectively", said Dr Günther Bräunig, CEO of the KfW banking group. To refinance its support programmes, KfW raised long-term funding equivalent to EUR 57.25bn in 14 different currencies on the international capital markets as of 30 September 2020. KfW has a new source of funding to refinance the German government's special programme via the German government's own Economic Stabilisation Fund (WSF), which can be utilised up to a maximum of EUR 100bn. The WSF was refinanced to the tune of EUR 28.18bn for the first time in different tranches over the whole of Q3. According to the press release, supportive framework conditions will allow KfW to raise refinancing on attractive terms in its domestic currency (EUR) in Q4 too. Depending on developments in the market, this will be supplemented by issues in foreign currencies. Overall, the earnings position of the KfW Group has clearly improved but the effects of the coronavirus pandemic continue to have a significant impact on profitability. As of 30 September 2020, there is still a considerable negative impact on the valuation result, although it has been possible to reverse some of the burdens from the first half of the year. This mainly related to the discounts recognised for equity investments. At EUR -784m, risk provisions remained at almost the same level compared with the previous quarter (30 June 2020: EUR -781m). This contrasts with a very good operating result, enabling the Group to become profitable again and report a profit of EUR 145m. However, due to the pandemic, this is significantly lower than the previous year's consolidated profit of EUR 1,245m. At EUR 1,426m, the operating result before valuation improved by 10% compared with the previous year, while the valuation result had a negative impact on the earnings position of around EUR 1.3bn. Of this amount of EUR 1.3bn, nearly EUR 1bn is attributable to the COVID-19 crisis. Total assets increased to EUR 554.7bn in the first three quarters due to disbursements under the KfW Special Programme 2020 and an increase in central bank balances (compared with EUR 506.0bn as of 31 December 2019).

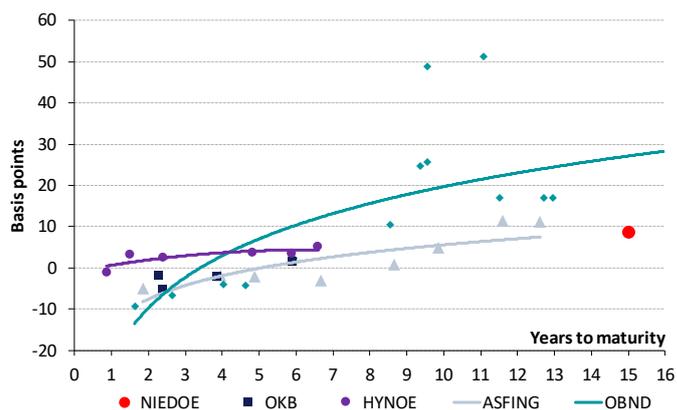
Lower Austria (NIEDOE) issues its first EUR benchmark

Last week, we saw a new benchmark issuer on the market, namely the Austrian federal state of Lower Austria, which we would like to briefly look at separately. In terms of price, the bond came to the market for 15 years at ms +11bp. Guidance had put it at ms +16bp area. HAMBURG came in at ms +2bp at the end of October and was trading at ms +3bp yesterday. NRW came in at ms +7bp for an identical maturity earlier in October and was trading at ms +2bp yesterday. Accordingly, the order book for Lower Austria, or NIEDOE to use its Bloomberg ticker, with its relative pickup stood at over EUR 2.5bn. Lower Austria is Austria's largest Bundesland with the second highest share of the population (1.7m, 19%). It surrounds the Austrian capital Vienna (border length of 134.9km), which accounts for 21% of the population. If we look at the region on a map, it would be roughly comparable to Brandenburg, which surrounds Berlin. Therefore, 40% of the Austrian population live and work here. In total, 41% of Austrian GDP is generated in Lower Austria (16%) and Vienna (25%). In terms of corporate start-ups, the issuer also ranks second behind the Austrian capital. Forecasts indicate that it is expected to experience the most rapid growth in population up to the year 2100. Besides its central location and modern educational, research and transport infrastructure (Danube), this may also be due to the fact that it enjoys the highest purchasing power. It is rated Aa1 (stable) and AAu (neg.) by Moody's and S&P respectively, which is slightly worse than the Republic of Austria (Aa1 and AA+ respectively, both stable). Its institutional framework guarantees privileged access, which is enshrined in law, to the Austrian Treasury (OeBFA). We see a medium to long-term financial equalisation mechanism has been implemented, which is combined with a national stability pact and curbs on expenditure and debt. The current raging pandemic is increasing net borrowing/lending in all federal states of Austria. According to the 2020 budget (approved before Covid-19), net borrowing/lending will be negative. The originally planned financing requirement will increase significantly due to effects such as lower revenues, anticyclical investment and countermeasures. Currently, negotiations regarding federal government aid to compensate the Austrian Bundeslaender for the additional burdens they are facing are ongoing and this could ease things in the medium term. Post-coronavirus, all Austrian Bundeslaender will have to start making their contributions to ensuring the overall balance in government finances under the stability pact once more. Lower Austria has committed to consolidating its finances in the 2020-2024 budget programme. In terms of spreads, NIEDOE offers an alternative to other Austrian SSA issuers, but primarily due to the maturity. We have also added HYNONE (covered bonds) for relative value reasons in the graph.

NIEDOE vs. Austr. agencies vs. iBoxx € Indices & RAGBs



NIEDOE vs. Austrian agencies & HYNONE (cov.)



Another Bochum municipal bond in the pipeline (EUR 150m, 10-12Y)

The city of Bochum issued its own municipal bond for the first time in 2016. At the time, investors could secure interest of 1% per year on a maturity of ten years. “Such an interest rate is an outstanding result, which will also ease the pressure on budgets in future years”, said Manfred Busch at the time. There is no telling how euphoric the city finance officers will be today. The city has again commissioned a consortium to come up with a deal. They aim to raise at least EUR 150m with a maturity of 10-12 years. The previous bond was supposed to comprise a volume of EUR 100m, but it was increased to EUR 115m in response to strong demand. In 2016, approximately 10% of the bond volume was purchased by international investors. At the end of 2018, Bochum also participated in the first joint municipal bond involving cities from different German states (EUR 50m of the EUR 200m raised under the ticker DEUSTD). Bochum also featured among the established NRW joint bonds (NRWGK). “For investors, the local authority sector is currently more attractive than ever. Local authorities’ creditworthiness is beyond doubt. Investors do not therefore need to worry about whether their money is safe. And, of course, investors also appreciate the comparatively good return on their bonds”, was one view expressed. “We could also have sought partners for Schuldscheindarlehen (SSD) ourselves, but we do not have the necessary range of contacts with potential lenders – and we had a good experience with the initial capital bonds. This is why it was right and proper to involve banks as brokers again”, stressed Busch at the time, who has since entered retirement. It is still true in our opinion. “Of course, the costs are far higher for a bond than for a local authority loan. But major cities, in particular, are well-advised to diversify their financing.”

Primary market

The announcement of a breakthrough for a coronavirus vaccine provided more grounds for optimism as far as spreads and yields are concerned. Stock markets reacted with euphoria and the yield is significantly higher on 10y Bunds too. However, we do not expect the ECB to suspend its work immediately, put aside its toolbox and start twiddling its thumbs in December. Rather, the ECB will use the time to determine the precise amount by which it will top up the PEPP. The EFSF sent its group of banks an RfP last week. Since only EUR 1bn had to be refinanced in 2020, it was assumed that a tap was highly likely – and this ultimately proved to be the case. A total of EUR 1bn was printed in the 2035 maturity. The deal was warmly welcomed, both tightening by 2bp compared with guidance and generating an order book of EUR 12.3bn. A bid-to-cover ratio of 12.3x would have been a tremendous success for the EU too. The EU opted for five (EUR 8bn) and 30 years (EUR 6bn). The pricing was ms -9bp and ms +21bp, respectively. The order books reached EUR 105bn and EUR 70bn, allowing the bonds to tighten by two and three basis points respectively compared with guidance. The Basque Country also raised EUR 600m at 9bp above the Spanish 10y reference bond. Pricing tightened by 5bp compared with the IPT, with an order book of EUR 1.9bn. The Bundesland of Lower Saxony opted not to issue a benchmark, but rather conducted a tap issue of EUR 100m to its 2028 maturity at ms -5bp. HESSEN is considering a tap of at least EUR 250m to its 2030 maturity in the near future.

Issuer	Country	Timing	ISIN	Maturity	Volume	Spread	Rating
EU	SNAT	10.11.	EU000A284469	30.0y	6.00bn	ms +21bp	AAA / Aaa / AA
EU	SNAT	10.11.	EU000A284451	5.0y	8.00bn	ms -9bp	AAA / Aaa / AA
BASQUE	ES	10.11.	ES0000106684	10.4y	0.60bn	ms +43bp	A- / A3 / -
NIEDOE	AT	06.11.	AT0000A2KVP9	15.0y	0.50bn	ms +11bp	- / Aa1 / AAu

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

Covered Bonds

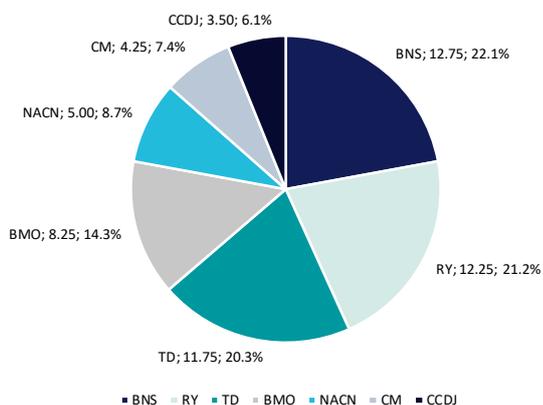
Newcomer to the benchmark segment: HSBC Bank Canada sets sights on EUR debut

Author: Dr Frederik Kunze

HSBC Bank Canada – potential for inaugural issuance in EUR benchmark segment in 2021

In the wake of the global escalation of the coronavirus crisis at the end of March this year, Canadian issuers increasingly relied on the issuance of covered bonds. In addition to the EUR benchmark bond segment, the banks also focused on other – from a Canadian perspective – foreign currency markets. However, they then increasingly switched to retained issues in their domestic currency following temporary regulatory adjustments regarding the eligibility of own-use CAD covered bonds for central bank borrowing. The Bank of Canada only recently clarified the expiry of its temporary acceptance of retained covered bonds as securities eligible as central bank collateral. In our view, this has accordingly elicited a response on the part of issuers and/or will result in such responses over the long term. In this context, Canadian banks are likely to focus more on the EUR benchmark segment again. At present, seven issuers have activities in this important sub-market, with a combined total issuance volume of EUR 58bn at present. In the current year, the primary market has still been comparatively lively overall and the issuing volume totals EUR 8bn (divided across six banks). As part of our outlook for 2021, we certainly expect a dynamic market. This is partly owing to the expectation of inaugural issuers joining the segment. Another potential newcomer in the form of HSBC Bank Canada recently raised the possibility of placing its inaugural bond in the EUR benchmark segment. According to the bank's information, it is planning such a debut issue in the next calendar year, with a view to expanding both its funding structure and the circle of investors for its debt instruments. This market announcement provides an opportunity to deliver a brief up-to-date assessment of the Canadian covered bond market and present the issuance programme of HSCB Bank Canada.

Canada – BMK issues outstanding by issuer (EUR bn)

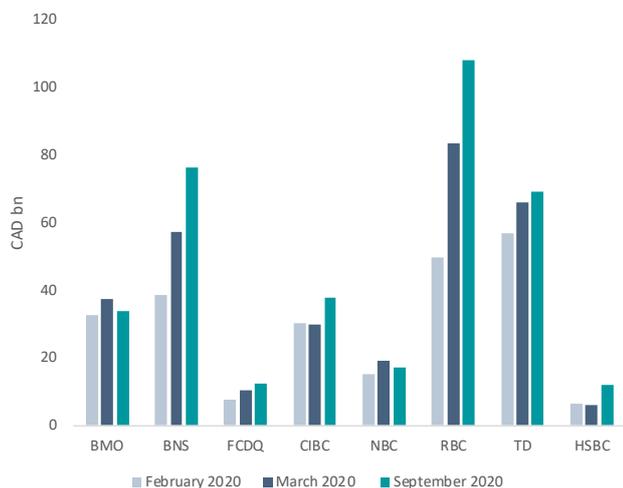


Canada – BMK issues by year (EUR bn)

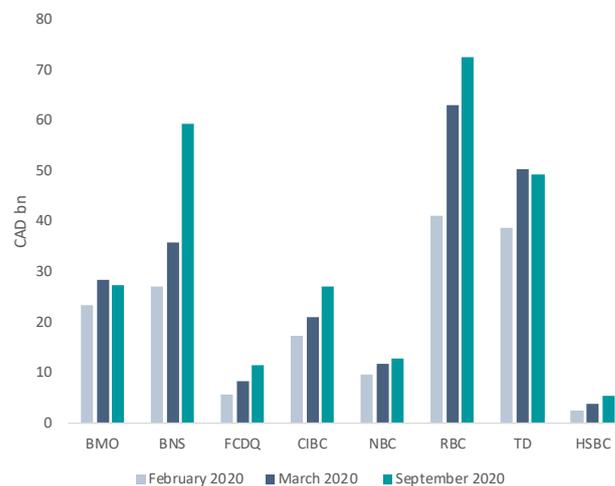


Source: Market data, NORD/LB Markets Strategy & Floor Research

Cover pool volume of Canadian issuers



Covered bond volume of Canadian issuers



Source: Issuers, NORD/LB Markets Strategy & Floor Research; BNS = most recent reporting from August 2020

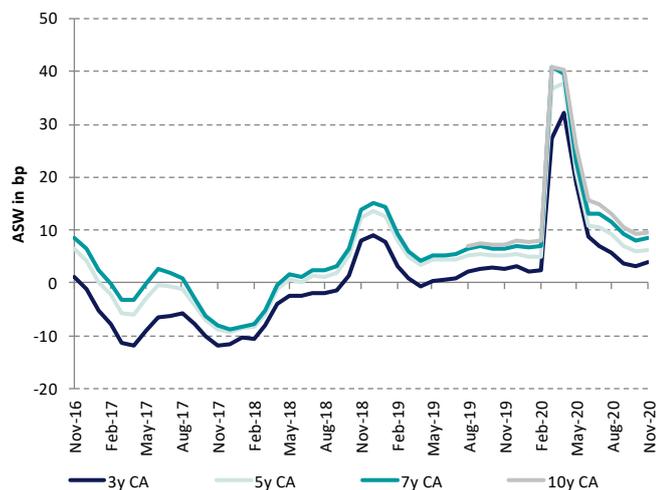
Canadian covered bond market (temporarily) impacted by COVID-19 pandemic

In the wake of the escalation of the COVID-19 pandemic and the harsh economic and financial market related consequences of the lockdown measures, both Canadian covered bond issuers and the country's financial market regulator responded comparatively quickly. Some issuers already resorted at an early stage to using covered bond issues as a funding tool in times of crisis, both in the EUR benchmark segment and other currency areas. Following the Bank of Canada's decision to permit, temporarily, retained covered bonds denominated in Canadian currency as collateral eligible for central bank borrowing, issuers in Canada for the first time focused mainly on CAD covered bonds. In direct connection with the retained issues, the volume of cover pools also rose sharply. The potential for placing the relevant own-use covered bonds was additionally enhanced by the – also temporary – decision to introduce a specific OSFI limit, which gave preferential status to retained issues in CAD. In view of the provisional nature of both central bank eligibility and the additional OSFI limit, it was already to be assumed at the time when this easing of rules was introduced that retained issues would only be a temporary phenomenon in the medium to long term. Nevertheless, the Canadian covered bond market continues to be on a sustained course for growth – now with regard to benchmark bond issues, particularly those denominated in EUR and USD – and this is also reflected in the expected first-time EUR benchmark bond deal from HSBC Bank Canada.

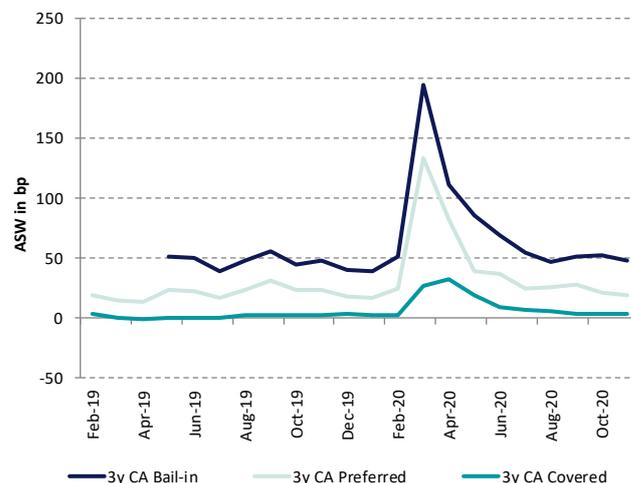
Canada – spread development

In terms of the spread development, it can be stated that widening in respect of Canadian covered bonds when the pandemic peaked was also of a rather temporary nature. Currently, ASW spreads along the maturity curve are quoted close to the pre-coronavirus level again. The relative advantage of EUR-denominated covered bonds versus unsecured bank bonds in the European single currency is evident in comparison with the ASW spreads for the corresponding senior bonds and also explains the strong Canadian presence in the EUR benchmark segment.

Canada – covered bond spread trend



Canada – covered bond vs seniors spread trend



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

HSBC Bank Canada registered as covered bond issuer since 2018

Based on the current quarterly reporting (Q3 2020), HSBC Bank Canada has assets totalling CAD 124.2bn (31 December 2019: CAD 106.6bn). With regard to capitalisation, a CET1 ratio of 13.1% was reported on the same reporting date (31 December 2019: 11.3%). The COVID-19 pandemic also left its mark on HSBC Bank Canada, particularly in the first two quarters of the current year. HSBC Bank Canada has had activities as a covered bond issuer since 2018 (cf. [CMHC Covered Bond Registry](#)) and initially placed relevant issues denominated in US dollar in benchmark format. In the wake of the coronavirus crisis, HSBC Bank Canada also relied on retained issues in the Canadian currency. The bank therefore currently has covered bonds outstanding denominated in both USD and CAD.

HSBC Bank Canada cover pool – high regulatory issuance potential

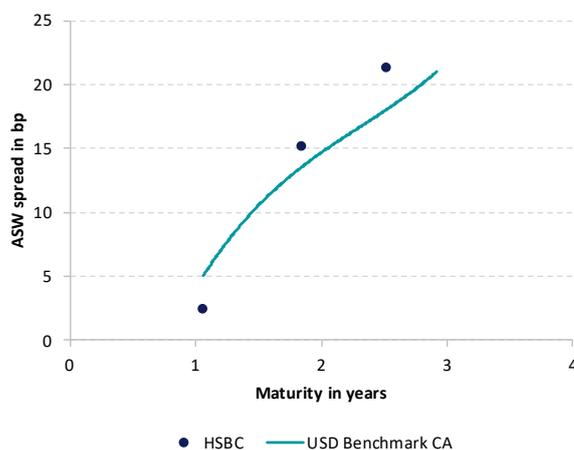
All assets in the cover pool originated in Canada and are assigned to the category of residential mortgages. The major share relates to the region of British Columbia (50.9%), followed by Ontario (43.1%). Comprising 25,730 financing transactions and a comparatively small share attributable to the ten biggest exposures, the cover pool is highly granular. As at the reporting date of 30 September 2020, the cover pool did not comprise any non-performing loans. Based on the current cover pool volume and the bond issues outstanding, the covered bond programme provides strong potential for new issues, certainly from a regulatory perspective. The OC of 125% as at the reporting date of 30 September 2020 significantly exceeded the regulatory minimum requirement. With regard to the aspects of asset encumbrance, the comparison of total assets and assets pledged for covered bonds produces an OSFI covered bond ratio of 3.28%, which is below the OSFI limit of 5.50%. Theoretically, considerable leeway remains for retained covered bonds denominated in Canadian dollars (OSFI temporary covered bond ratio: 4.60% vs temporary limit: 10.00%). However, in view of the latest regulatory announcement, according to which the temporarily permitted depositing of own-use covered bonds has expired, we do not expect extensive new issuing in this format.

HSBC Bank Canada: programme data

30 September 2019	Mortgage
Covered bonds outstanding	CAD 5.23bn (EUR 3.42bn)
Cover pool volume	CAD 11.77bn (EUR 7.69bn)
Current OC (nominal / regulatory)	125.1%/3.0%
Type	100% residential
Country	100% Canada
Main region	50.90% British Columbia
Number of mortgage loans	25,730
Share of ten largest exposures	0.248%
Average loan balance	CAD 457,545 (EUR 299,049)
ØLTV (indexed)	48.5%
Fixed interest (Cover pool/CBs)	61.1%/71.3%
WAL (Cover Pool/CBs)	2.8y / 2.4y
CB rating (Fitch/Moody's/S&P)	AAA / Aaa / -

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

Spread overview of USD Benchmarks (term ≥1y)



HSBC Bank Canada active in USD benchmark segment to date

As is common practice, particularly for USD denominated bond issues, the three soft bullet benchmark bond issues placed to date are bonds with relatively short maturities. This is also reflected in the weighted – on the basis of expected maturities – time to maturity of 2.4 years. The bond issues have top ratings from rating agencies Fitch (AAA) and Moody's (Aaa). In addition, the risk experts at Moody's derived a low collateral score of 5.0%. This is additionally a low value in an international comparison and indicates the high quality of cover assets. According to our assessment, bond issues in EUR benchmark format should have a risk weighting of 20% in terms of their regulatory treatment and, in our opinion, would qualify as Level 2 assets for the purposes of LCR management.

Conclusion

Covered bonds represent an important funding vehicle for Canadian banks as well. With regard to CAD bond issues, they are probably to be interpreted as a funding instrument which is closely linked to temporary regulatory adjustments during times of financial market stress. Yet, we would link the presence of Canadian issuers in the EUR benchmark segment to long-term funding strategies. In our opinion, the expected announcement of HSBC Bank Canada's debut issuance in this segment should be seen in this context and welcomed – also from the point of view of investors.

Covered Bonds

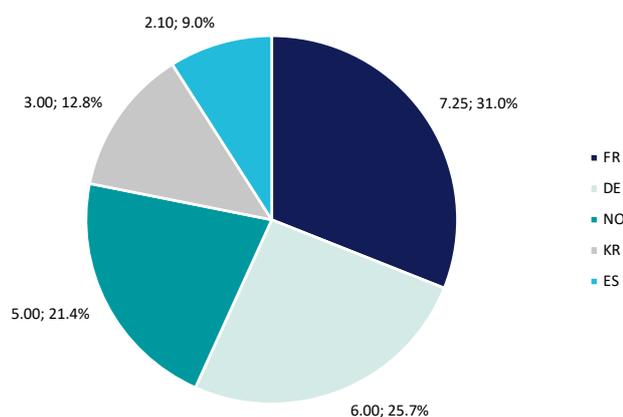
OP Mortgage Bank: First green covered bond from Finland

Author: Dr Frederik Kunze

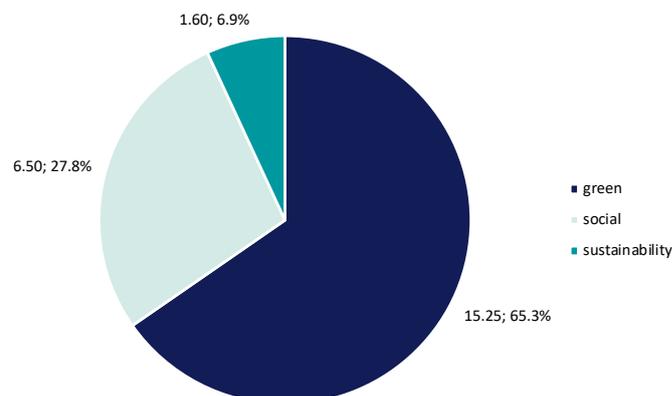
ESG market remains on course for growth

The sustainability of corporate strategies and financing is becoming increasingly important both for issuers and investors as well as borrowers. In this context, the market for covered bonds in EUR benchmark format – and here, mortgage-backed issues especially in the case of green financing – is increasingly significant. Accordingly, at around 65% of outstanding ESG covered bond benchmarks, green bonds account for the largest share. In terms of distribution by country, the largest share of ESG volume, which is currently spread across five jurisdictions in total, is attributable to France, on 31%, ahead of Germany (26%) and Norway (21%). This group will shortly be expanded by the addition of Finland. OP Mortgage Bank is preparing its first green covered bond and recently presented its framework for the issuance of green covered bonds. In the following section, we would like to start by providing an overview of both the issuer and the Finnish covered bond market, before subsequently presenting the specific details of the green covered bond framework devised by OP Mortgage Bank.

EUR benchmark volume (ESG) by country (EUR bn)



EUR benchmarks (ESG) by format (EUR bn)



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

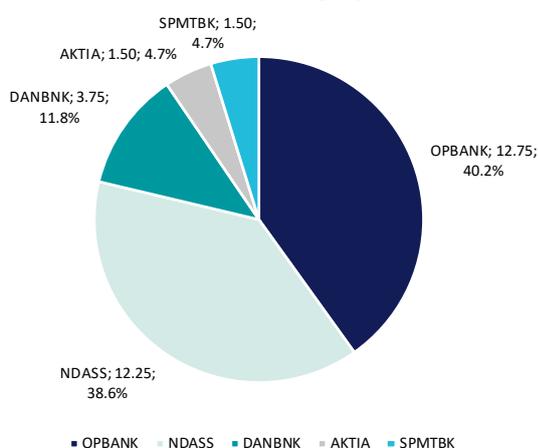
OP Financial Group has been active in the ESG market for some time

The OP Financial Group has been active in the sub-market for green bonds since the beginning of 2019. OP Corporate Bank placed its [first green bond](#) on the market at the end of February 2019. The issuance proceeds of the unsecured senior bond in benchmark format (EUR 500m) were used to finance or refinance projects in renewable energies, green buildings or sustainable land usage and were based on the green bond framework devised by OP Corporate Bank, which was published for the first time in 2018.

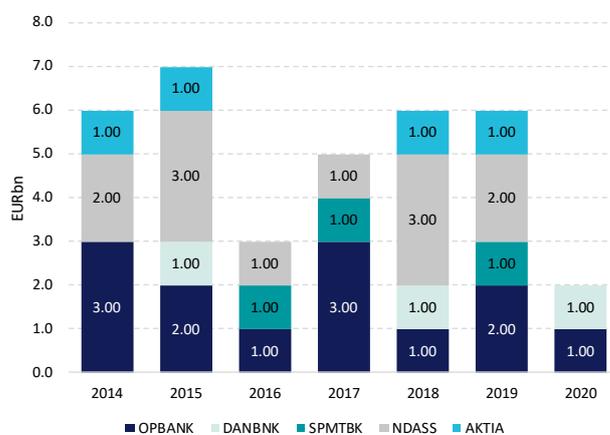
OP Mortgage Bank: top dog for covered bonds in Finland

OP Mortgage Bank, which is Finland's largest covered bond issuer (measured by outstanding EUR benchmark volume), is now preparing its first green covered bond. At EUR 12.75bn or 40.2%, OP Mortgage Bank accounts for the largest share of outstanding volume and ranks among the Finnish issuers to feature regularly in the primary market for EUR benchmarks.

Finland: benchmarks outstanding by issuer (EUR bn)



Finland: benchmark deals by year (EUR bn)



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

OP Mortgage Bank cover pool: solely Finnish residential assets

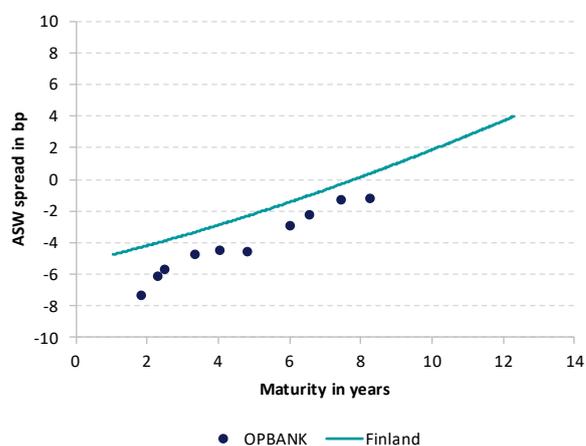
As of 30 September 2020, the cover pool of OP Mortgage Bank had a volume of EUR 15.391bn, which consisted solely of residential mortgage loans located in Finland. The pool is highly granular, consisting of 293,122 loans and a 0.078% share of the assets attributable to the ten largest exposures. The covered bonds benefit from the highest ratings from S&P (AAA) and Moody's (Aaa). The risk experts also report a very sound collateral score, at 5.0%, even compared with the bank's international peers, which underlines the fundamental intrinsic value of the cover assets.

OP Mortgage Bank: programme data

30 September 2019	Mortgage
Covered bonds outstanding	EUR 13.665bn
Cover pool volume	EUR 15.391bn
Current OC (nominal / regulatory)	12.6% / 2.0%
Type	100% Residential
Country	100% Finland
Main region	35.6% Uusimaa
Number of mortgage loans	293,122
Share of ten largest exposures	0,078%
Average loan balance	EUR 52,507
ØLTV (unindexed / indexed)	47.6% / 46.9%
Fixed interest (Cover Pool / CBs)	1.7% / 94.1%
WAL (Cover Pool / CBs)	6.2y / 4.0y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / AAA

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

Benchmark spread overview (Term ≥1y)



OP Mortgage Bank's green framework in detail

The [green covered bond framework](#) of OP Mortgage Bank stipulates the framework conditions for the issuance of green bonds and refers, in line with normal market practice, to the ICMA Green Bond Principles. The “use of proceeds” refer to the green buildings category, where the issuer explicitly establishes a link to the UN Sustainable Development Goals (SDG) 7 (Affordable & Clean Energy) and 11 (Sustainable Cities and Communities). The framework targets the financing or refinancing of houses or apartments which are classified as green in the issuer's cover pool. In listing the criteria, OP Mortgage Bank refers, in particular, to the EU Taxonomy and the [technical annex to the final report](#) of the Technical Expert Group (TEG) on the EU Taxonomy. A Green Bond Committee – in line with normal practice – is used as part of the process for the selection of green projects, with reference being made to the established process from the green bond framework used by OP Corporate Bank mentioned initially, which had been in use since 2018. The management of proceeds takes place – as is the case at other banks – within a portfolio process, which makes sure that the criteria for green assets are complied with continuously and, if necessary, suitable cover assets are added. As part of regular reporting, information is provided on both the allocation of the issuance proceeds and the contribution to green financing. The latter is assessed on the basis of Indicative Impact Metrics (ICMA) and refers to the energy savings achieved (in megawatt or gigawatt-hours) or the reductions in emissions (tonnes of CO₂ equivalent avoided).

Second party opinion from Sustainalytics

The external review and verification of the framework was provided by Sustainalytics. In the context of the [second party opinion \(SPO\) from November 2020](#), it is established, among other things, that the green covered bond framework is consistent with both the Group's general sustainability strategy and with the ICMA Green Bond Principles from 2018, and that the green use of the proceeds contributes to UN SDG 7 and 11. In addition, Sustainalytics states that the issuer has appropriate measures to identify, manage and mitigate environmental and social risks that are usually associated with eligible projects.

Conclusion

Finland's largest issuer, OP Mortgage Bank, is preparing the first issuance of a Finnish EUR benchmark covered bond in ESG format. An appropriate basis was created as part of the green bond framework, which is consistent with sector standards or the ICMA Green Bond Principles. As a result, the number of jurisdictions offering EUR benchmarks in ESG format would increase to six. We welcome this development enthusiastically since it would expand the investment opportunities in EUR benchmark format.

Covered Bonds

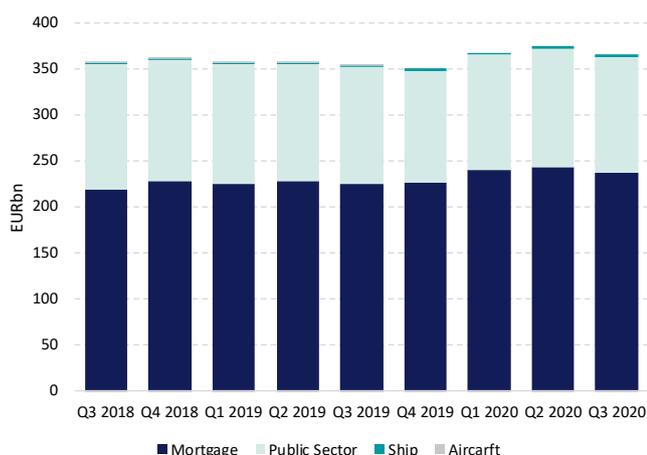
Transparency requirements §28 PfandBG Q3/2020

Author: Henning Walten, CIAA

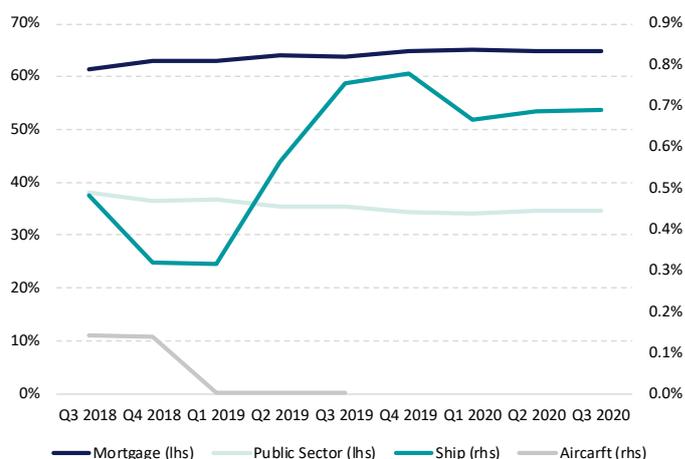
Group of issuers remains unchanged

The Pfandbrief issuers which are members of the Association of German Pfandbrief Banks (vdp) recently published their transparency reports on the composition of cover pools under Section 28 PfandBG (German Pfandbrief Act) for the third quarter of 2020. No changes occurred compared with the previous quarter, both in terms of the group of issuers and the type of Pfandbriefe issued. Our report on the [Transparency requirements §28 PfandBG Q3/2020](#) therefore includes, unchanged, cover pool data for 34 mortgage Pfandbrief issuers and 24 public sector Pfandbrief issuers.

Trend in volume outstanding



Trend in market shares



Source: Issuers, vdp, NORD/LB Fixed Income Research

Total volume down by EUR 9.0bn

At EUR 366.1bn worth of Pfandbriefe outstanding, the total volume was down by EUR 9.0bn, or 2.4%, on the previous quarter, following substantial consecutive increases in the two previous quarters (increase from Q4/19 to Q2/2020 of around EUR 25bn). The volume was down in each of the three sub-segments (mortgage Pfandbriefe, public sector Pfandbriefe and ship Pfandbriefe). While the decrease in each of the two major sub-markets was 2.4%, the niche segment of ship Pfandbriefe only declined by 1.7%. In absolute terms, the market for mortgage Pfandbriefe was down by EUR 5.8bn, with that for public sector Pfandbriefe decreasing by EUR 3.2bn and the market for ship Pfandbriefe down by EUR 45m. The market shares remain almost unchanged following the decrease. At 64.8% of bonds outstanding, mortgage Pfandbriefe continue to account for the lion's share of the market, while public sector Pfandbriefe account for 34.6%. At a share of 0.7%, ship Pfandbriefe continue to remain a niche segment.

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

Source: Issuers, vdp, NORD/LB Fixed Income Research

Decline of EUR 5.8bn in mortgage Pfandbriefe

In the segment of mortgage Pfandbriefe, the volume of Pfandbriefe outstanding decreased by EUR -5.8bn during the third quarter of 2020. At EUR -2.6bn, BayernLB recorded the sharpest decline, followed by LBBW (EUR -868m), pbb (EUR -837m) and Deutsche Bank (EUR -785m). A decline in excess of EUR 500m worth of mortgage Pfandbriefe was also recorded by Commerzbank and Helaba. Conversely, significant growth was only observed at Berlin Hyp (EUR +611m) and DZ HYP (EUR +514m). The change at Münchener Hypothekenbank was just under the EUR 500m mark, with an increase of EUR +495m recorded here. Overall, there were mortgage Pfandbriefe outstanding worth EUR 237.1bn and cover assets of a volume of EUR 313.6bn (increase of +1.5%) at the end of the quarter. This consequently produced an average overcollateralisation ratio of 32.2% (previous quarter: 27.2%).

Volume in the segment of public sector Pfandbriefe also decreases

Similar to the volume of mortgage Pfandbriefe, the volume of public sector Pfandbriefe was also down at the end of Q3. At -2.4%, the decline was the same in relative terms, however in absolute terms, the decrease in public sector Pfandbriefe of EUR -3.2bn was considerably smaller. It is striking that the volume of Pfandbriefe outstanding only increased at SaarLB in the last three months. In contrast, all other issuers in this segment recorded either a decrease in the volume outstanding or an unchanged volume outstanding. The most marked reductions occurred at Helaba (EUR -596m), Commerzbank (EUR -406m) and Hamburg Commercial Bank (EUR -370m), although the latter actively repurchased bonds in the market. Overall, the volume of public sector Pfandbriefe outstanding amounted to EUR 126.5bn at the end of the third quarter of 2020. At the same time, cover assets totalled EUR 156.7bn, which reduced average overcollateralisation to 23.9% (previous quarter: 24.4%).

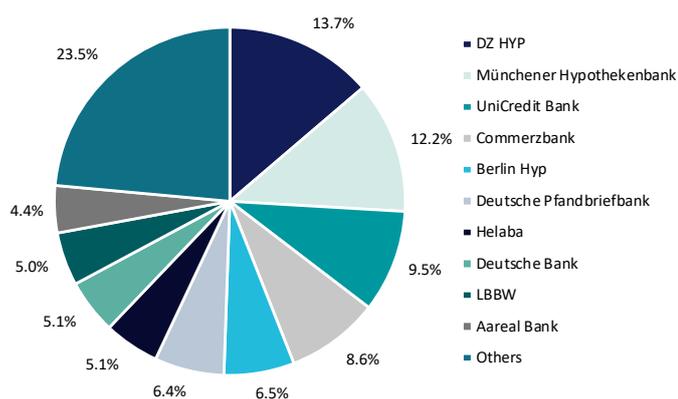
Ship Pfandbriefe remain a niche product

At a total volume of EUR 2.5bn, the segment of ship Pfandbriefe remains a niche market within the German covered bond market as a whole and also at global level. Four issuers currently have bonds outstanding, with only the volume of Commerzbank bonds decreasing (EUR -45m).

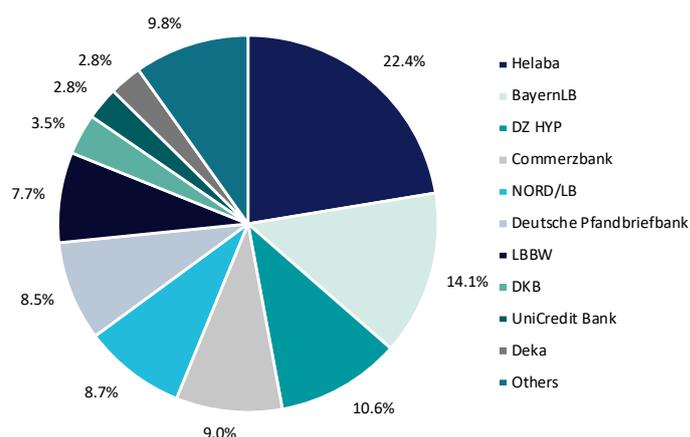
Few changes among the top 10 issuers

Compared with the second quarter of 2020, there was little change in terms of the ranking of the ten biggest mortgage Pfandbrief issuers. Only Berlin Hyp and Deutsche Pfandbriefbank swapped places as well as Deutsche Bank and Helaba. At 23.5%, the volume attributable to all other issuers in the segment was slightly lower than in the second quarter of the year (24.2%). This means that the share of the top 10 issuers rose once again. In the segment of public sector Pfandbrief issuers, there was also little movement. Only UniCredit Bank and Deka swapped 9th and 10th places. The market share of the 14 issuers who are not in the group of the top 10 public sector Pfandbrief issuers was marginally down from 10.0% to 9.8%, which means that market concentration has intensified slightly on the ten largest issuers. With regard to market shares in both segments, overall volatility has been low in recent quarters.

Mortgage Pfandbriefe – market shares



Public sector Pfandbriefe – market shares



Source: Issuers, vdp, NORD/LB Fixed Income Research

Conclusion

The total volume of Pfandbriefe outstanding decreased by EUR 9.0bn in the third quarter of 2020, which represents the sharpest decline by far in the past two years. Although German issuers were present with activities in the EUR benchmark bond segment after the end of the summer break, the coronavirus-driven lower issuance activities have been an influencing factor. For the first time in a long while, there were no additions or departures in terms of issuers over the past three months. Furthermore, there was little movement among the top 10 issuers in terms of their ranking. For further information about the German Pfandbrief market, please refer to our current study on the [Transparency requirements §28 PfandBG Q3/2020](#).

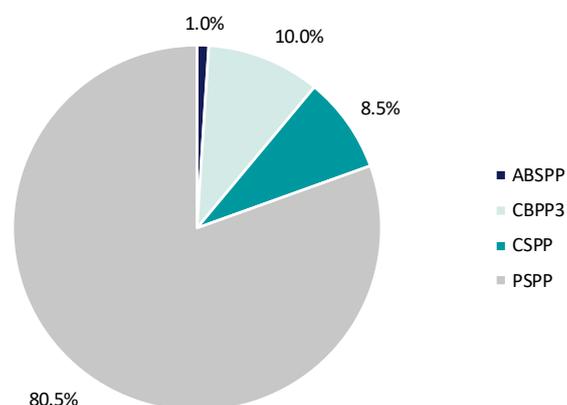
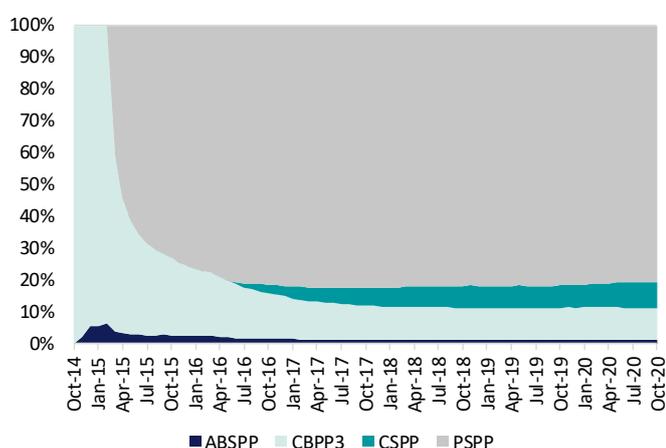
ECB tracker

Asset Purchase Programme (APP)

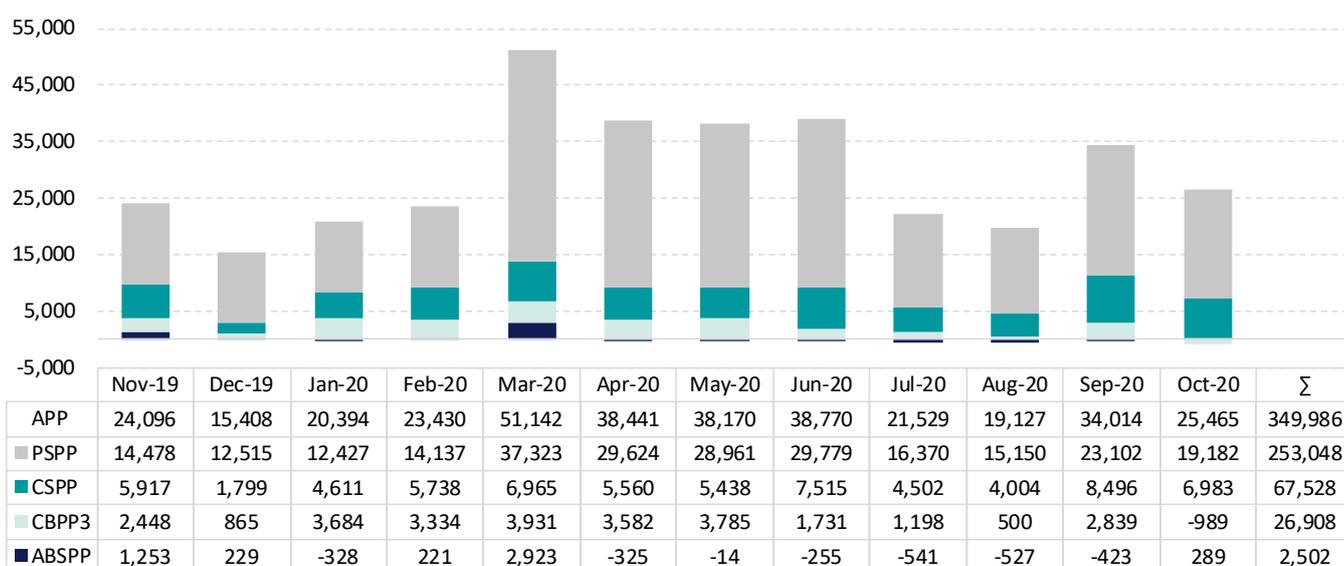
Holdings (in EURm)

	ABSPP	CBPP3	CSPP	PSPP	APP
Sep-20	29,112	286,852	236,349	2,290,140	2,842,453
Oct-20	29,401	285,864	243,331	2,309,322	2,867,918
Δ	+289	-989	+6,983	+19,182	+25,465

Portfolio structure

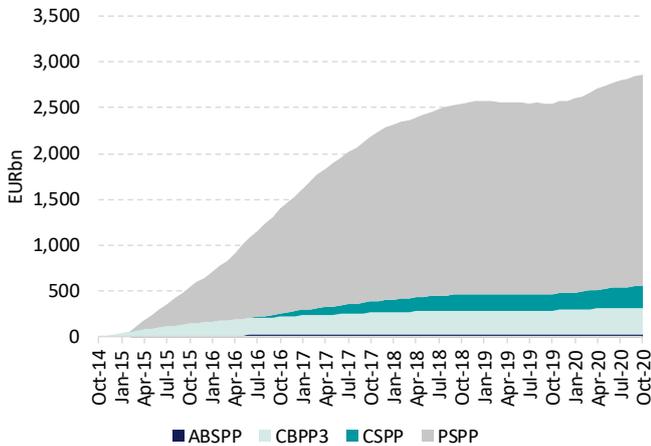


Monthly net purchases (in EURm)

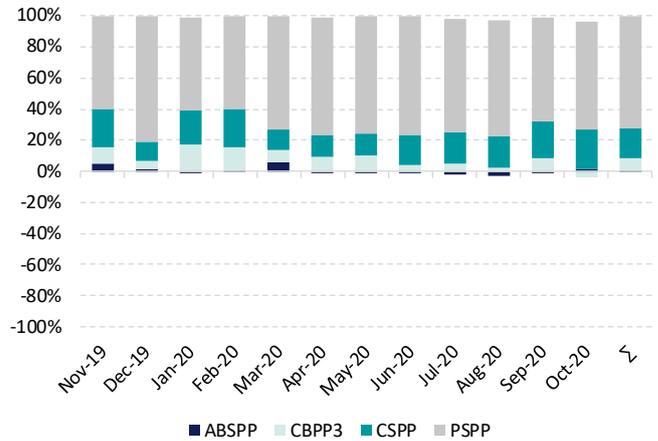


Source: ECB, NORD/LB Markets Strategy & Floor Research

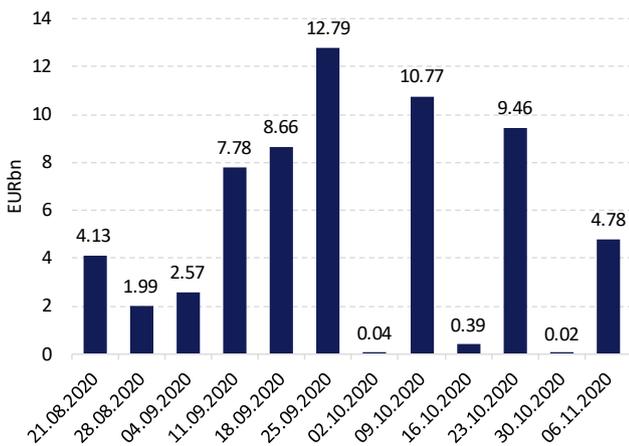
Portfolio development



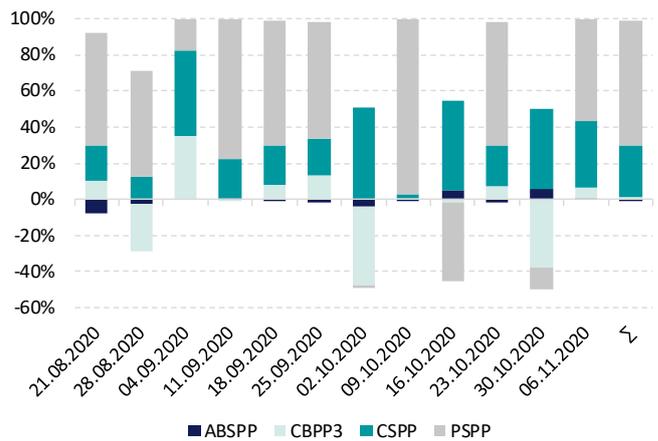
Distribution of monthly purchases



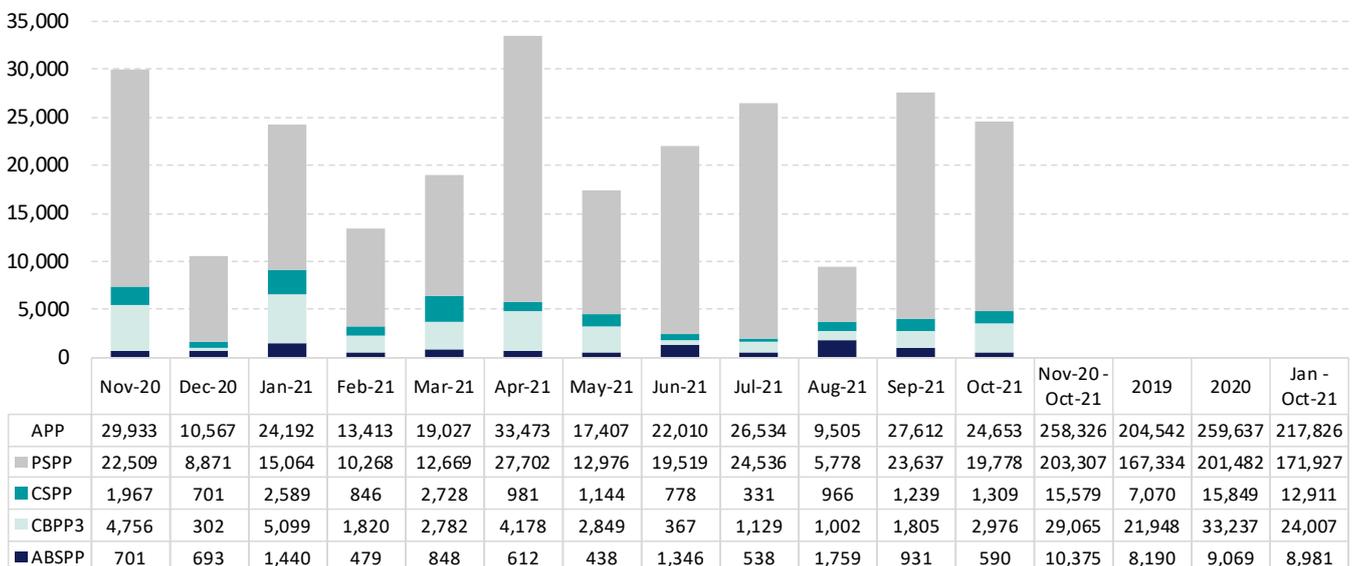
Weekly purchases



Distribution of weekly purchases



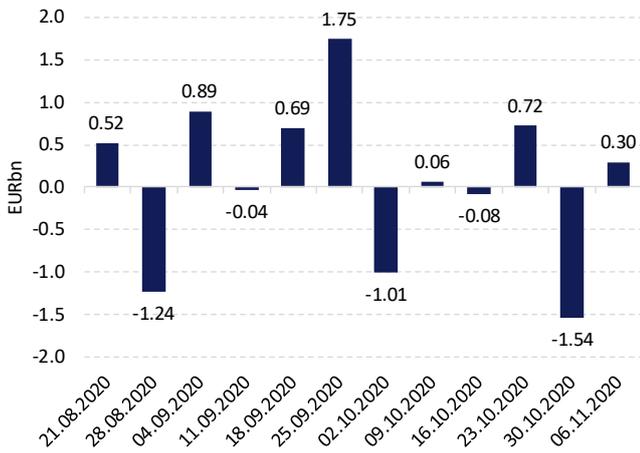
Expected monthly redemptions (in EURm)



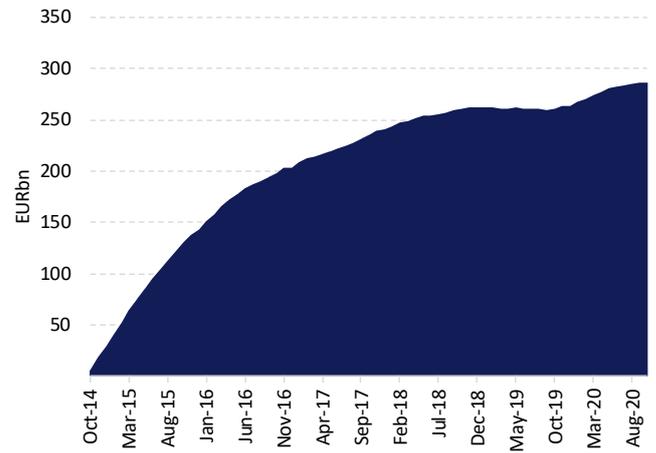
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Covered Bond Purchase Programme 3 (CBPP3)

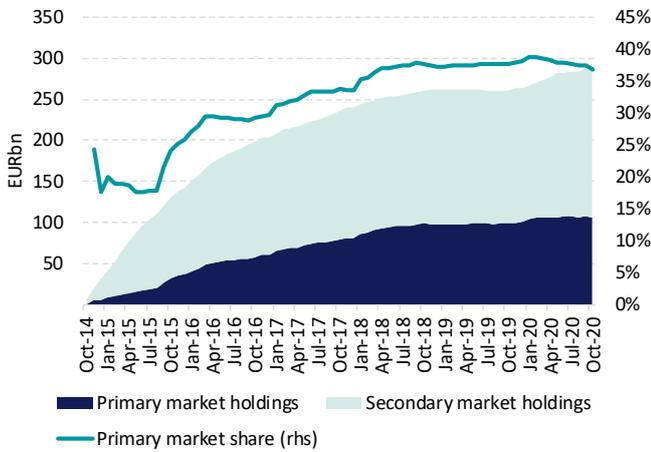
Weekly purchases



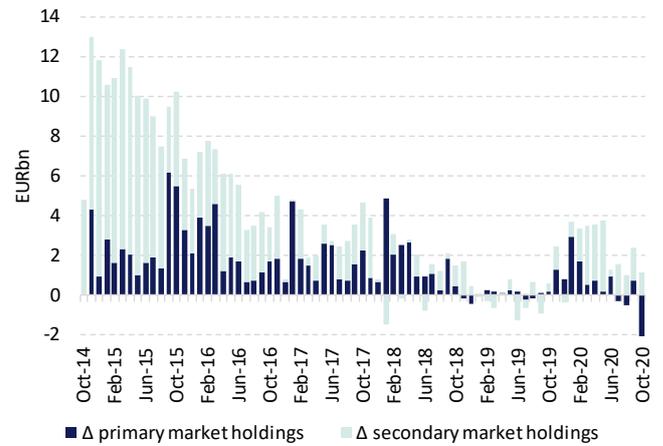
Development of CBPP3 volume



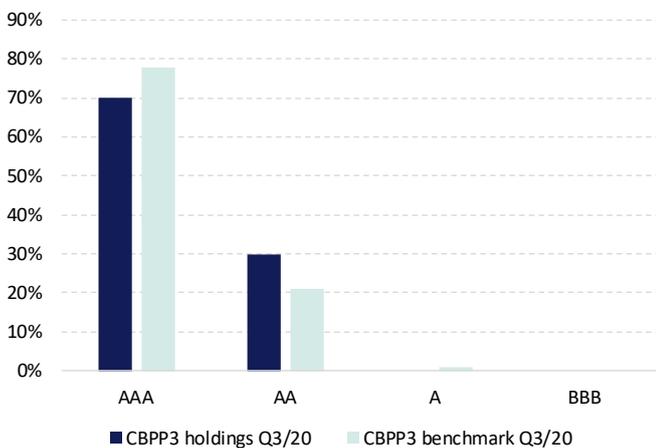
Primary and secondary market holdings



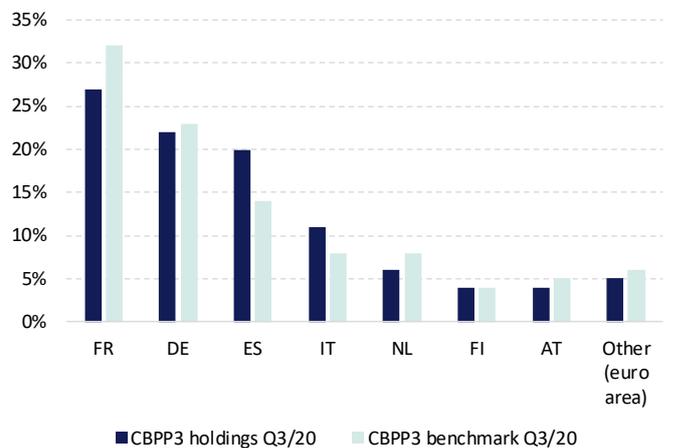
Change of primary and secondary market holdings



Distribution of CBPP3 by credit rating

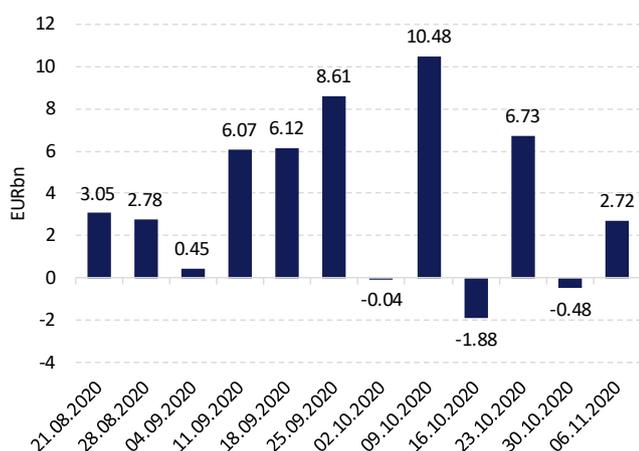


Distribution of CBPP3 by country of risk

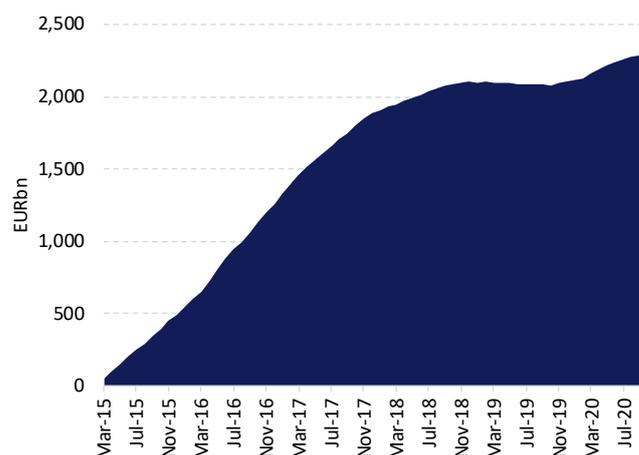


Public Sector Purchase Programme (PSPP)

Weekly purchases



Development of PSPP volume



Overall distribution of PSPP buying at month-end

Country	Adjusted distribution key ¹	Purchases (EURm)	Expected purchases (EURm) ²	Difference (EURm)	Average time to maturity in years	Market average in years ³	Difference in years
AT	2.701%	66,722	65,474	1,248	7.80	8.12	-0.3
BE	3.362%	84,991	81,499	3,492	8.35	10.31	-2.0
CY	0.199%	3,021	4,813	-1,792	10.00	9.16	0.8
DE	24.327%	562,019	589,701	-27,682	6.55	7.60	-1.0
EE	0.260%	225	6,302	-6,077	9.61	9.58	0.0
ES	11.004%	288,271	266,751	21,520	8.10	8.33	-0.2
FI	1.695%	34,826	41,090	-6,264	7.15	7.95	-0.8
FR	18.848%	485,477	456,888	28,589	7.15	8.13	-1.0
IE	1.563%	36,261	37,881	-1,620	8.77	9.86	-1.1
IT	15.677%	413,443	380,029	33,414	7.11	7.72	-0.6
LT	0.360%	4,365	8,716	-4,351	9.61	11.14	-1.5
LU	0.304%	2,773	7,369	-4,596	5.21	6.43	-1.2
LV	0.534%	2,851	12,947	-10,096	9.89	10.38	-0.5
MT	0.097%	1,203	2,346	-1,143	9.96	9.57	0.4
NL	5.408%	115,902	131,097	-15,195	7.57	8.49	-0.9
PT	2.160%	44,950	52,357	-7,407	7.20	7.43	-0.2
SI	0.444%	8,785	10,771	-1,986	9.29	9.97	-0.7
SK	1.057%	13,885	25,619	-11,734	8.29	8.60	-0.3
GR	0.00%	0	0	0	0.00	16.01	0.0
SNAT	10.00%	254,084	242,406	11,679	7.34	8.52	-1.2
Total / Avg.	100.0%	2,424,055	-	-	7.26	8.22	-1.0

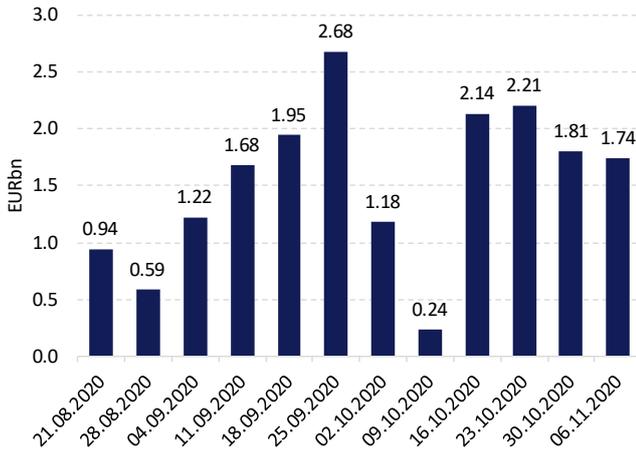
¹ Based on the ECB capital key, adjusted to include supras and the disqualification of Greece

² Based on the adjusted distribution key ³ Weighted average time to maturity of the bonds eligible for purchasing under the PSPP

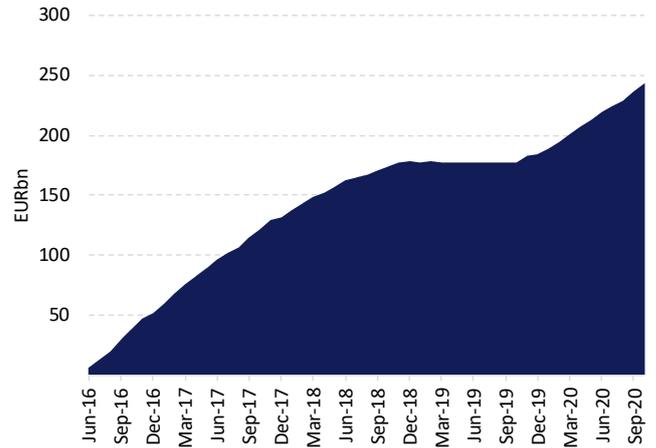
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Corporate Sector Purchase Programme (CSPP)

Weekly purchases

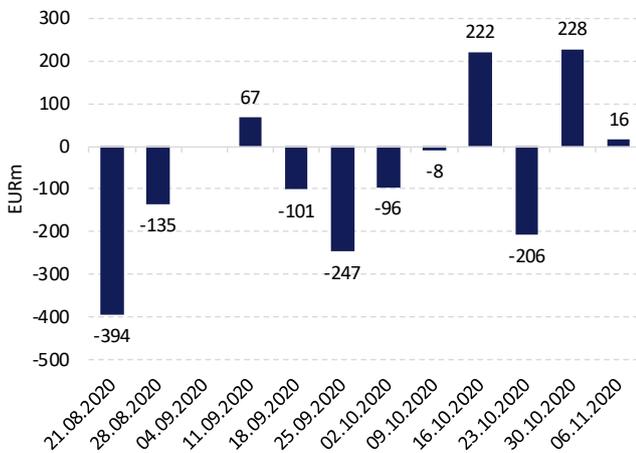


Development of CSPP volume

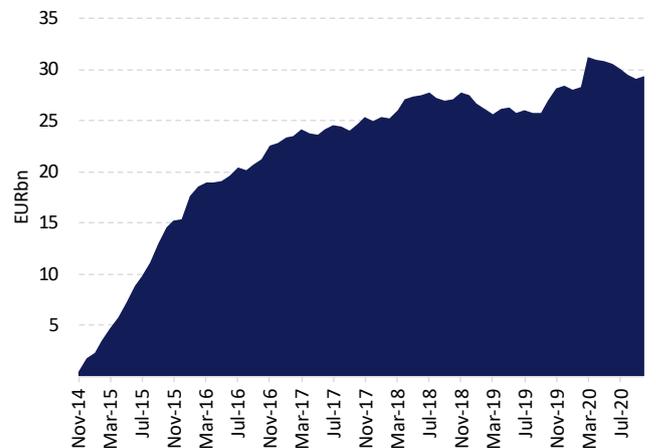


Asset-Backed Securities Purchase Programme (ABSPP)

Weekly purchases



Development of ABSPP volume



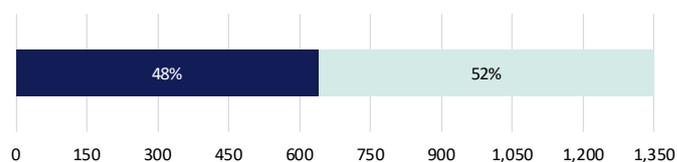
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Pandemic Emergency Purchase Programme (PEPP)

Holdings (in EURm)

	PEPP
Sep-20	567,183
Oct-20	629,169
Δ	+61,985

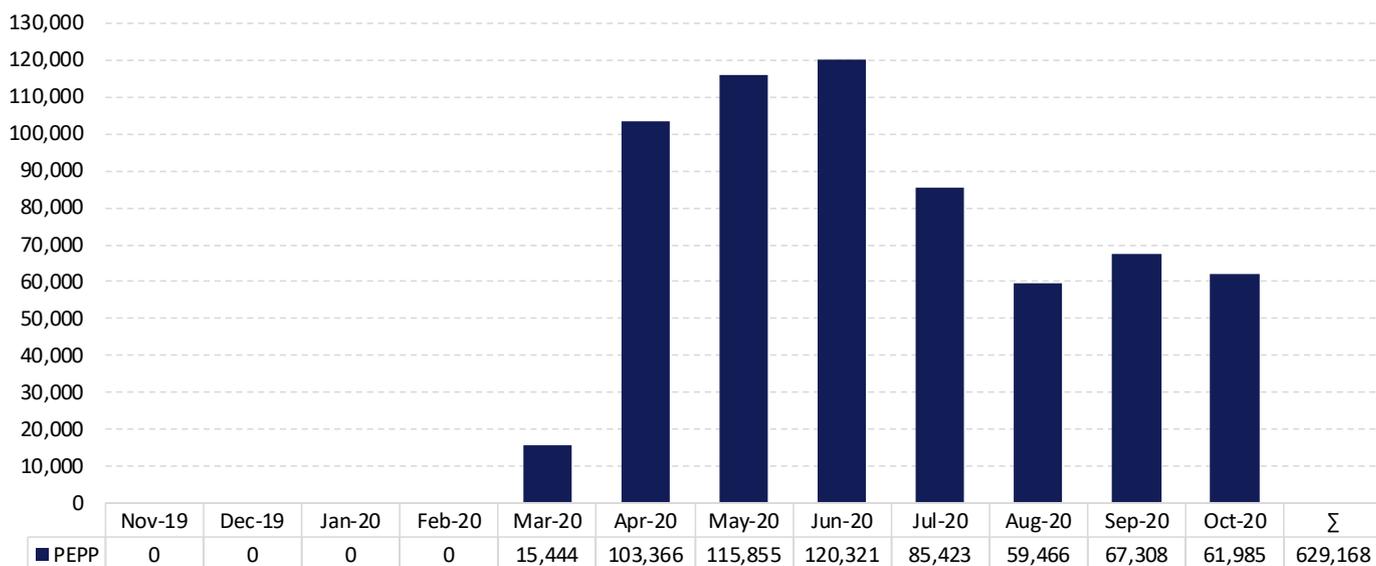
Volume already invested (in EURbn)



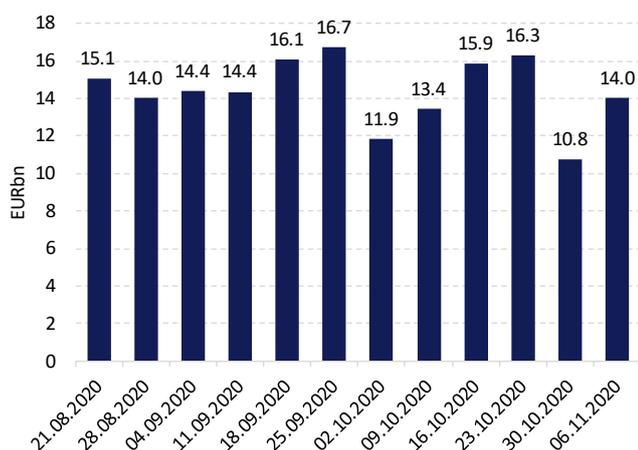
Estimated portfolio development

Assumed pace of purchases	Weekly net purchase volume	PEPP limit hit in ...
Average weekly net purchase volume so far	EUR 20.1bn	35 weeks (09.07.2021)

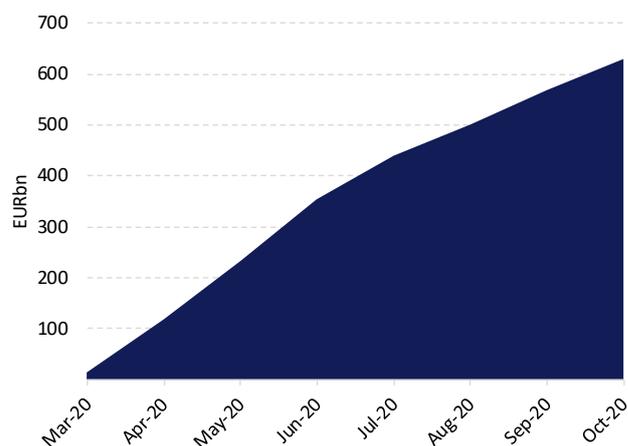
Monthly net purchases (in EURm)



Weekly purchases



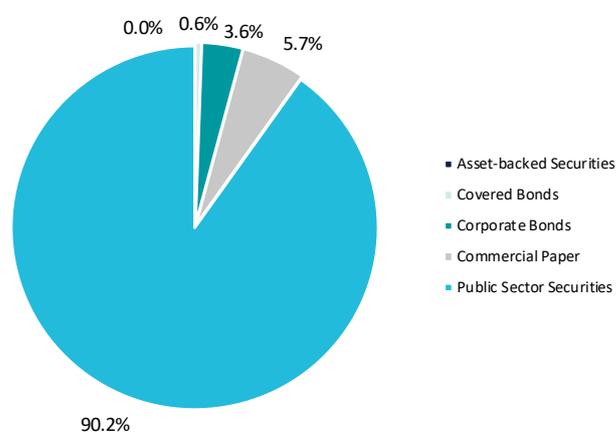
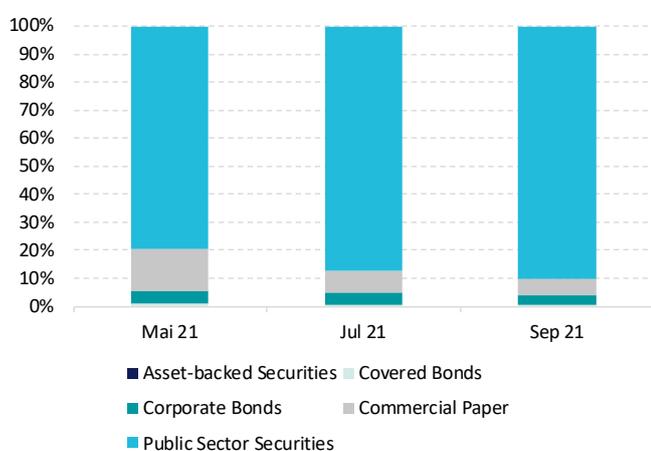
Development of PEPP volume



Holdings under the PEPP (in EURm)

	Asset-backed securities	Covered bonds	Corporate bonds	Commercial paper	Public sector securities	PEPP
Jul-20	0	3,128	17,620	34,845	384,464	440,057
Sep-20	0	3,123	20,418	31,988	510,112	565,641
Δ	0	-5	+2,798	-2,857	+125,648	+125,584

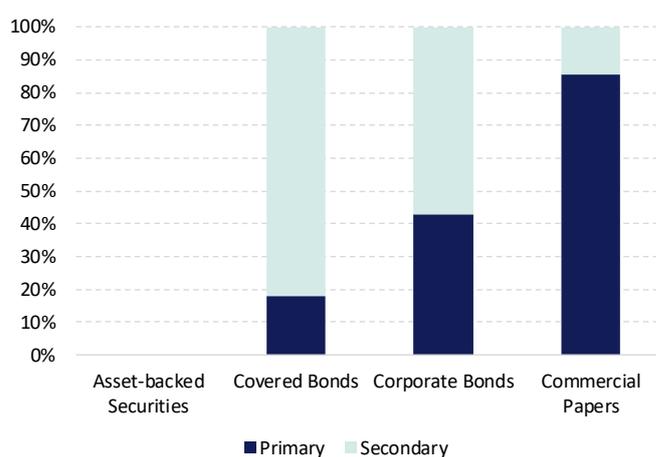
Portfolio structure



Portfolio development



Share of primary and secondary market holdings



Breakdown of private sector securities under the PEPP as of July 2020

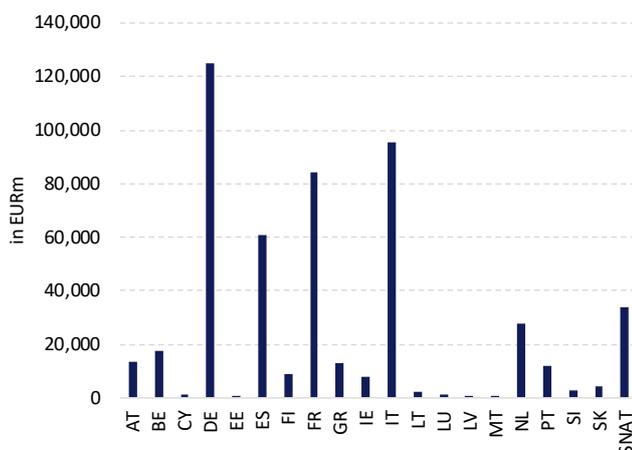
	Asset-backed securities		Covered bonds		Corporate bonds		Commercial papers	
	Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
Holdings in EURm	0	0	557	2,566	8,735	11,683	27,281	4,707
Share	0.0%	0.0%	17.8%	82.2%	42.8%	57.2%	85.3%	14.7%

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

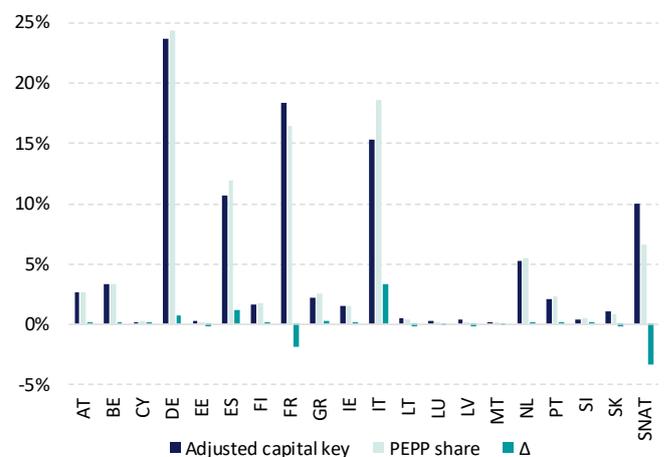
Breakdown of public sector securities under the PEPP

Jurisdiction	Holdings (in EURm)	Adj. distribution key ¹	PEPP share	Deviations from the adj. distribution key ²	Ø time to maturity (in years)	Market average ³ (in years)	Difference (in years)
AT	13,614	2.6%	2.7%	0.0%	10.9	7.2	3.8
BE	17,279	3.3%	3.4%	0.1%	5.9	9.4	-3.5
CY	1,194	0.2%	0.2%	0.0%	11.7	8.1	3.6
DE	125,048	23.7%	24.4%	0.7%	4.5	6.6	-2.1
EE	192	0.3%	0.0%	-0.2%	9.2	7.7	1.6
ES	61,030	10.7%	11.9%	1.2%	8.4	7.4	0.9
FI	8,688	1.7%	1.7%	0.0%	7.3	7.0	0.3
FR	84,237	18.4%	16.5%	-1.9%	9.0	7.4	1.7
GR	12,966	2.2%	2.5%	0.3%	8.3	9.1	-0.8
IE	8,028	1.5%	1.6%	0.0%	8.3	9.6	-1.3
IT	95,243	15.3%	18.6%	3.3%	7.0	6.8	0.2
LT	1,988	0.5%	0.4%	-0.1%	12.0	10.6	1.4
LU	994	0.3%	0.2%	-0.1%	6.4	6.4	0.0
LV	837	0.4%	0.2%	-0.2%	9.7	8.9	0.8
MT	238	0.1%	0.0%	0.0%	7.6	7.9	-0.4
NL	27,795	5.3%	5.4%	0.2%	3.9	7.2	-3.3
PT	11,649	2.1%	2.3%	0.2%	7.0	6.6	0.4
SI	2,481	0.4%	0.5%	0.1%	7.0	8.6	-1.5
SK	4,338	1.0%	0.8%	-0.2%	6.8	8.1	-1.3
SNAT	33,811	10.0%	6.6%	-3.4%	8.1	7.2	0.8
Total / Avg.	511,650	100.0%	100.0%	-	6.9	7.2	-0.3

Distribution of public sector assets by jurisdiction



Deviations from the adjusted distribution key



¹ Based on the ECB capital key, adjusted to include supras ² Based on the adjusted distribution key

³ Weighted average time to maturity of the bonds eligible for purchasing under the PEPP

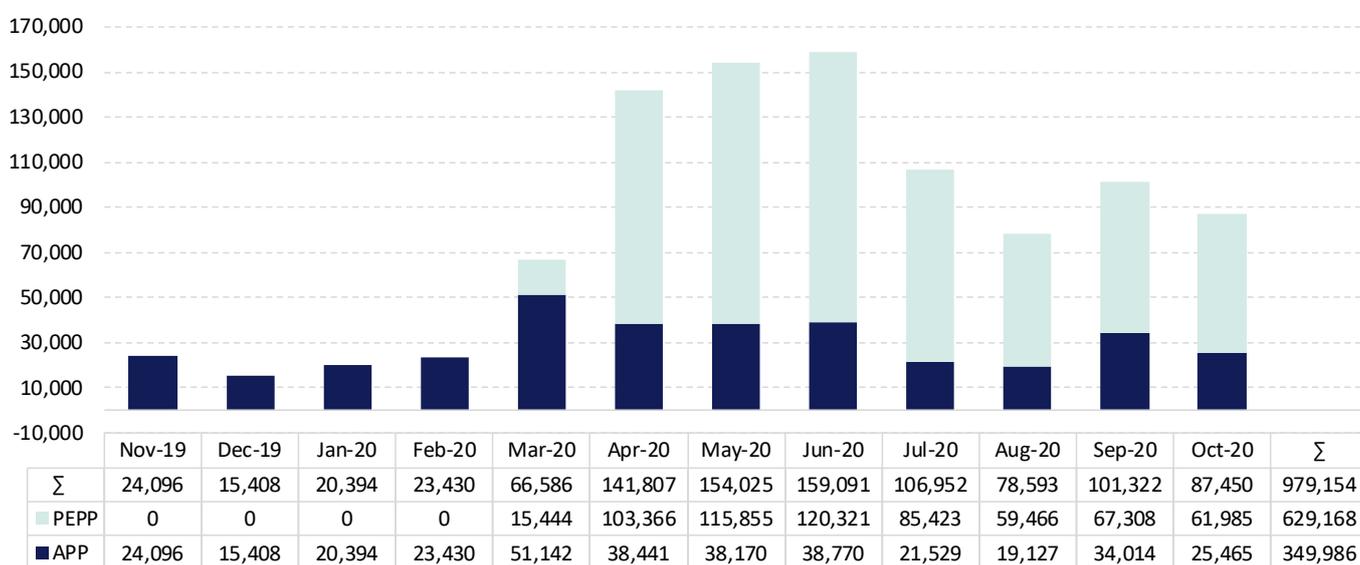
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Aggregated purchase activity under APP and PEPP

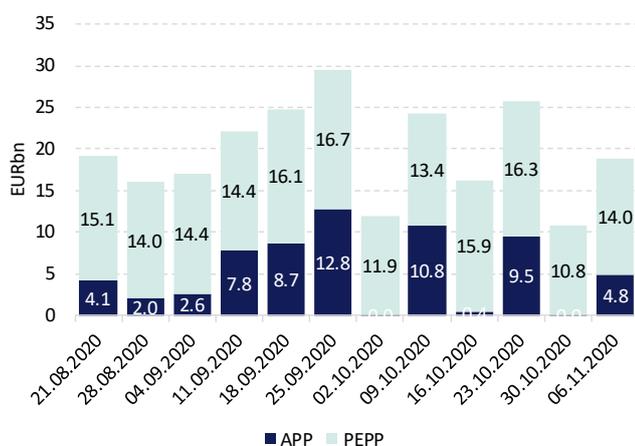
Holdings (in EURm)

	APP	PEPP	APP & PEPP
Sep-20	2,842,453	567,183	3,409,636
Oct-20	2,867,918	629,169	3,497,087
Δ	+25,465	+61,985	+87,450

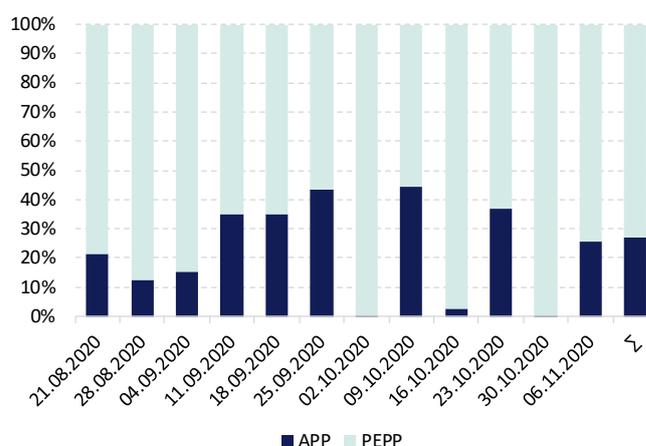
Monthly net purchases (in EURm)



Weekly purchases



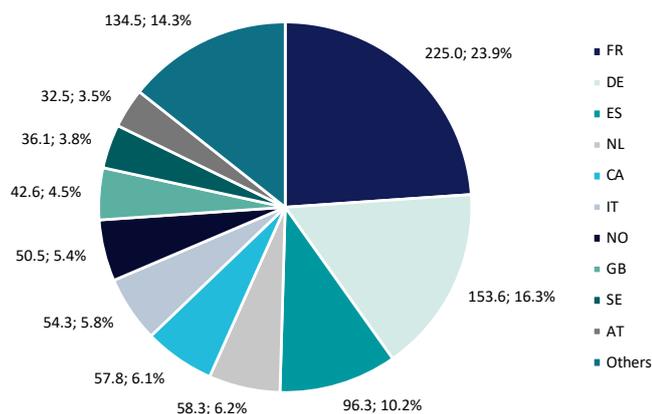
Distribution of weekly purchases



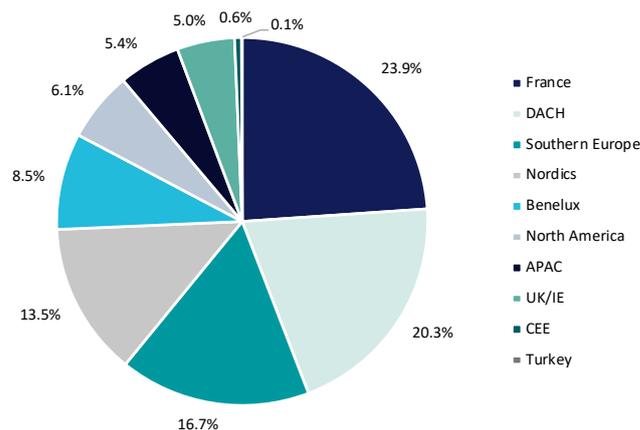
Source: ECB, Bloomberg, NORD/LB Markets Strategy & Floor Research

Charts & Figures Covered Bonds

EUR benchmark volume by country (in EURbn)



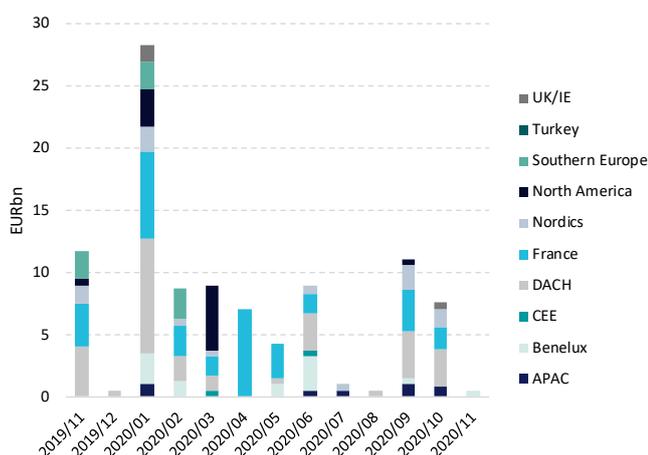
EUR benchmark volume by region (in EURbn)



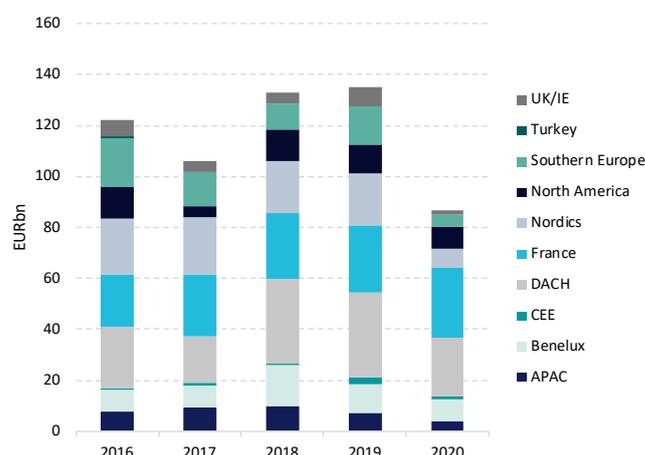
Top-10 jurisdictions

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	225.0	204	7	0.97	10.1	5.5	1.26
2	DE	153.6	228	12	0.61	8.1	4.7	0.50
3	ES	96.3	77	3	1.15	11.2	3.9	1.86
4	NL	58.3	57	0	0.97	10.7	6.9	1.00
5	CA	57.8	49	0	1.15	5.9	2.9	0.32
6	IT	54.3	62	0	0.85	8.9	4.2	1.59
7	NO	50.5	57	6	0.89	7.1	3.7	0.62
8	GB	42.6	46	0	0.94	8.2	3.1	1.24
9	SE	36.1	41	0	0.88	7.3	3.3	0.58
10	AT	32.5	58	0	0.56	9.3	5.7	0.82

EUR benchmark issue volume by month

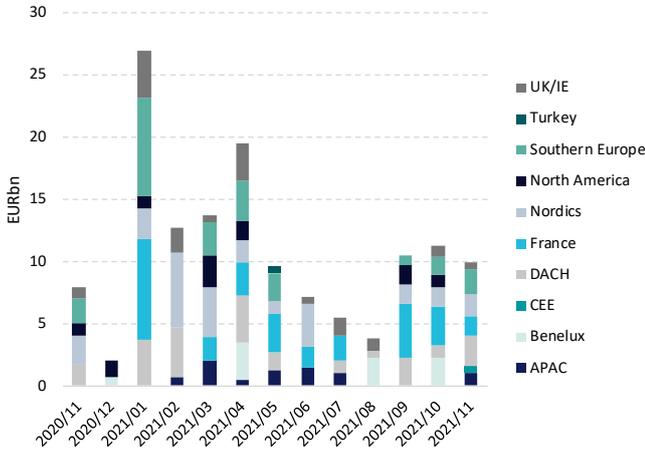


EUR benchmark issue volume by year

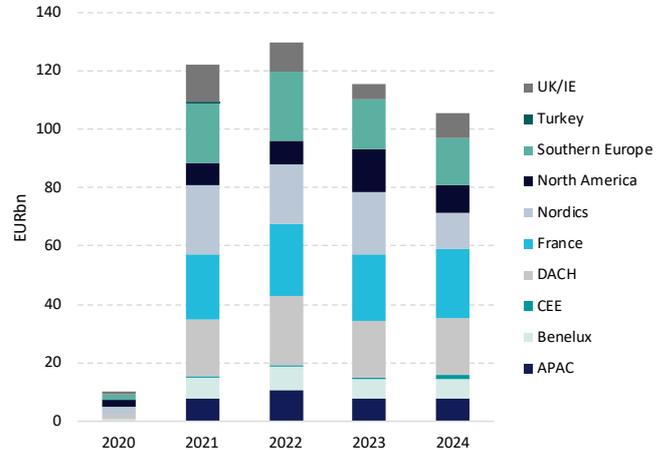


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research

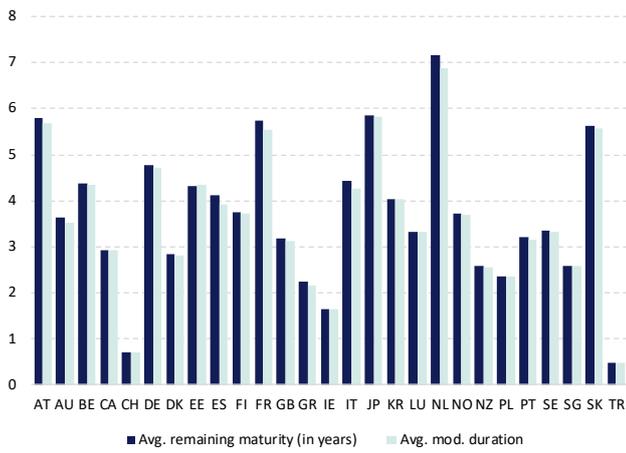
EUR benchmark maturities by month



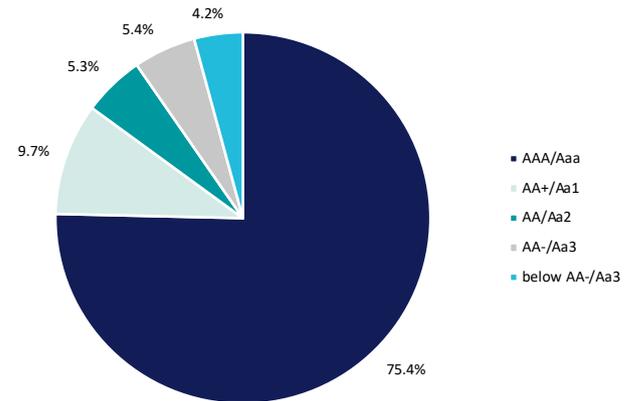
EUR benchmark maturities by year



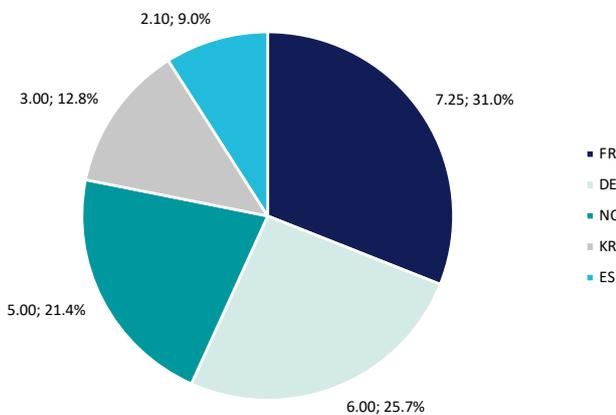
Modified duration and time to maturity by country



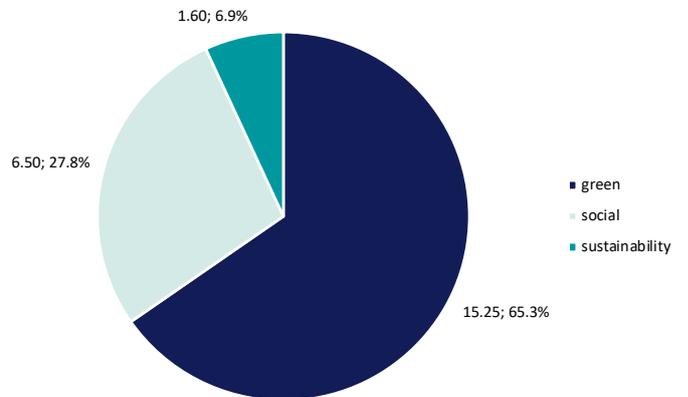
Rating distribution (volume weighted)



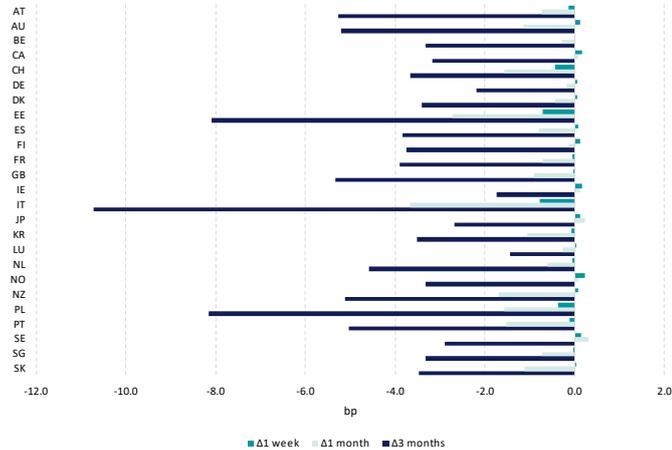
EUR benchmark volume (ESG) by country (in EURbn)



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



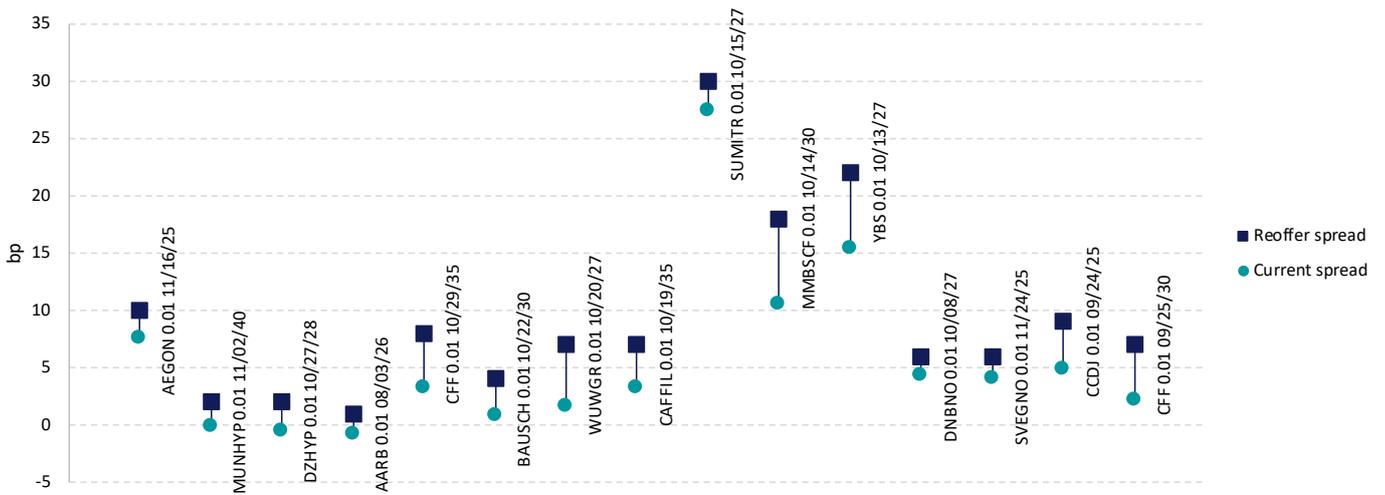
Spread development by country



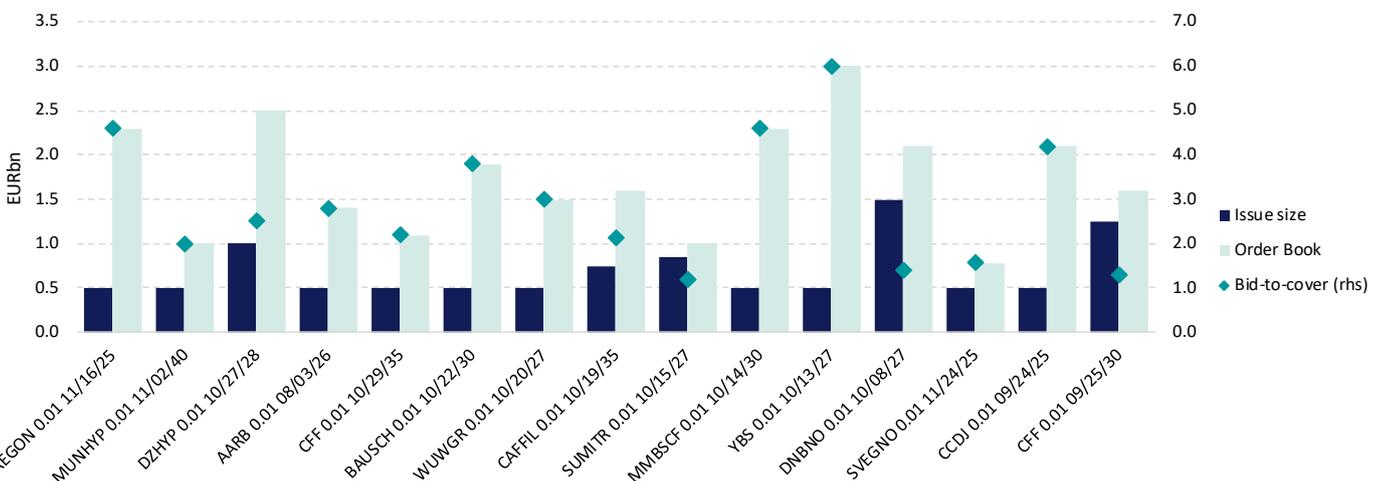
Covered bond performance (Total return)



Spread development (last 15 issues)

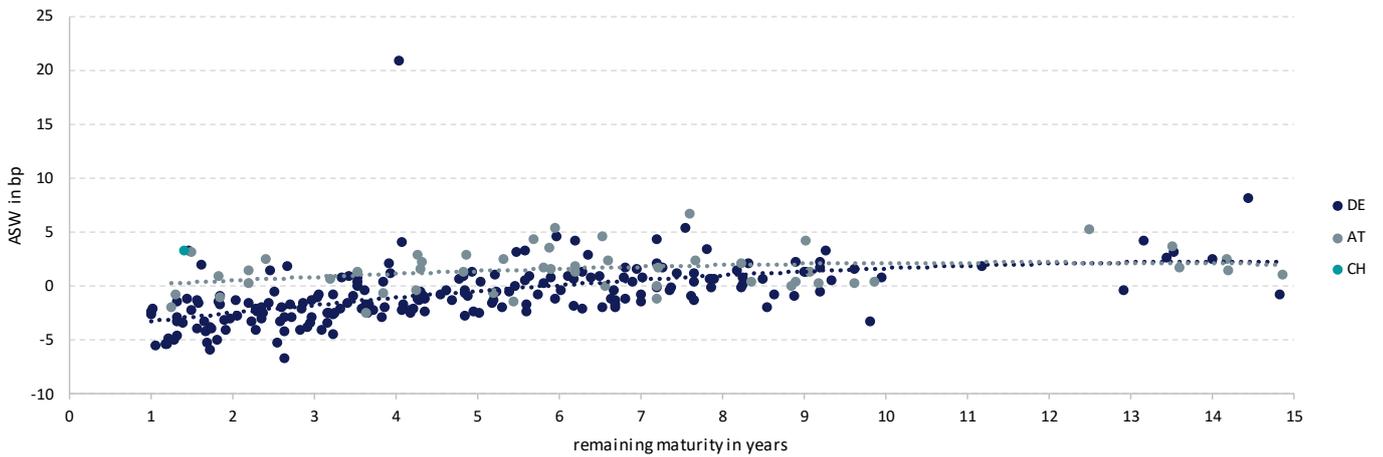


Order books (last 15 issues)



Spread overview¹

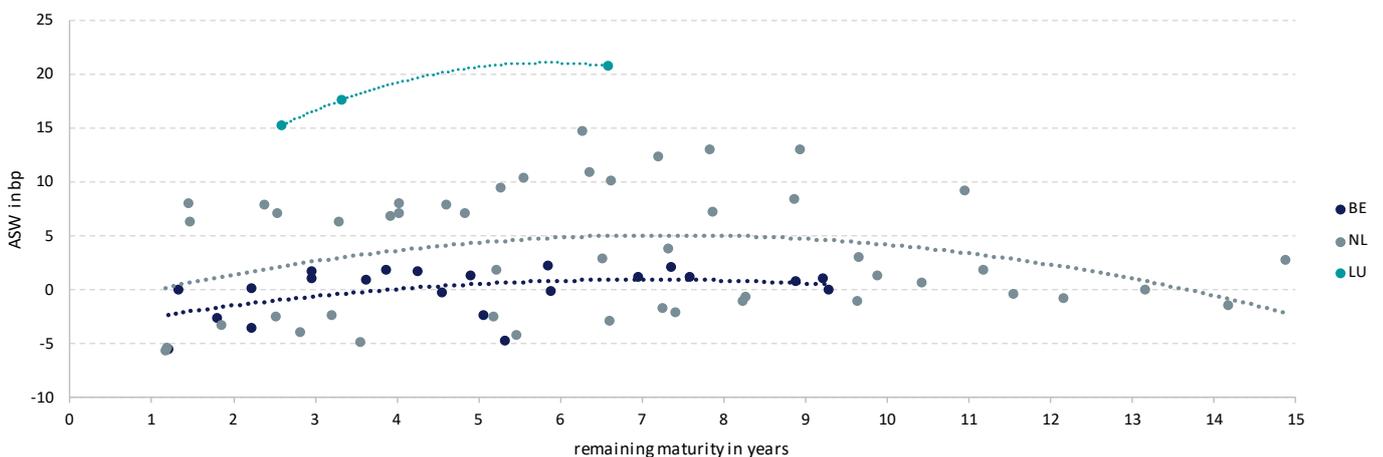
DACH 



France 

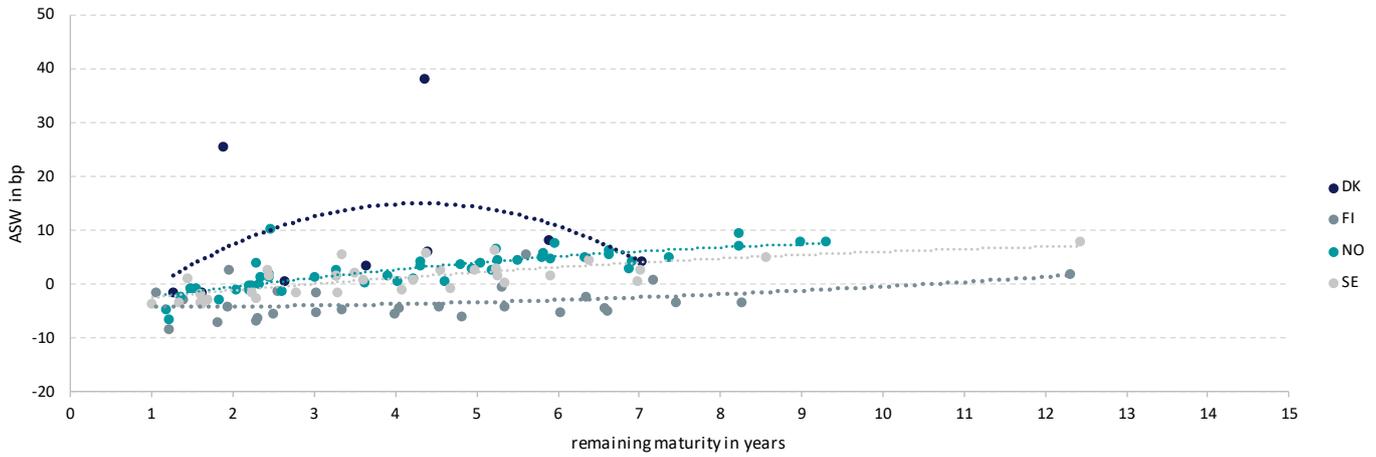


Benelux 

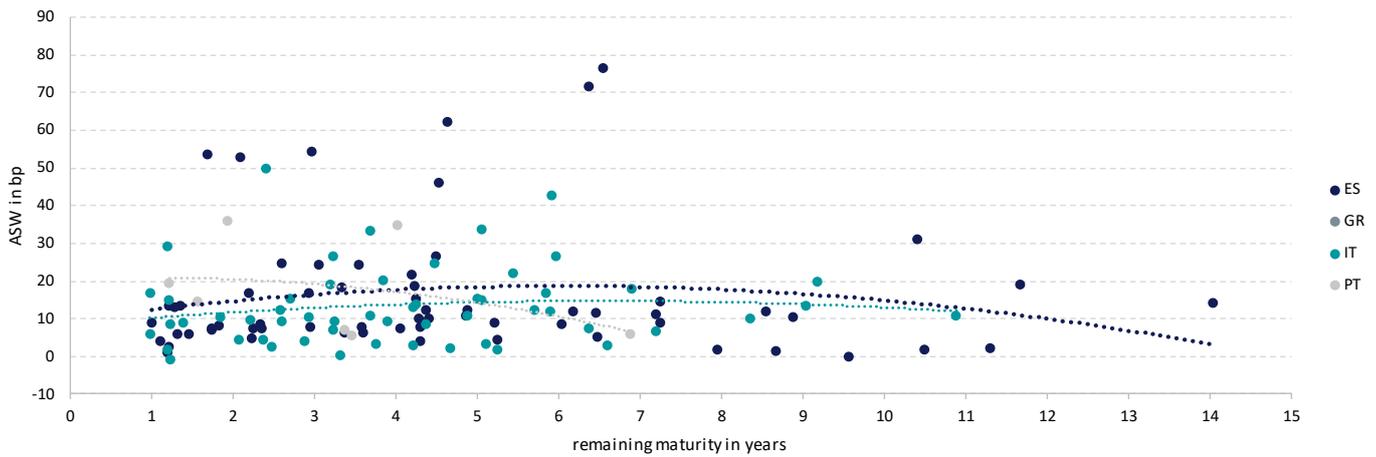


Source: Market data, Bloomberg, NORD/LB Markets Strategy & Floor Research ¹Time to maturity 1 ≤ y ≤ 15

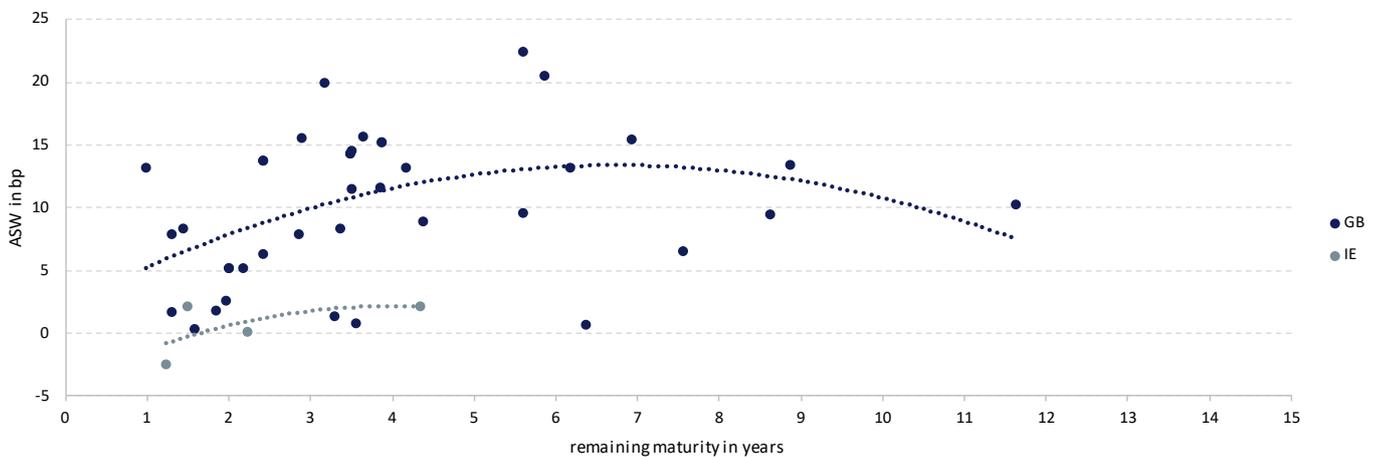
Nordics



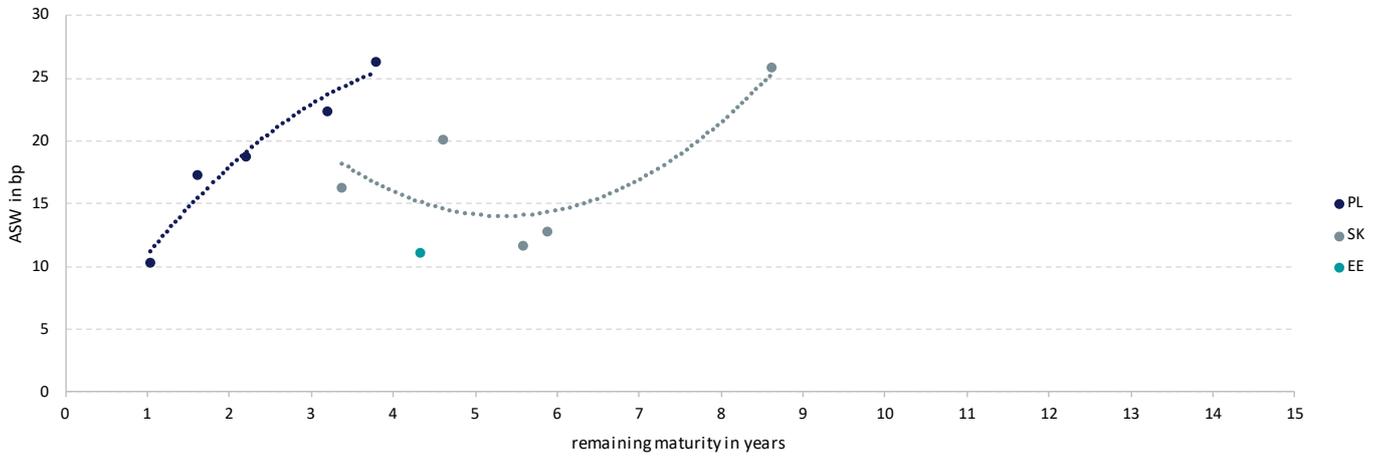
Southern Europe



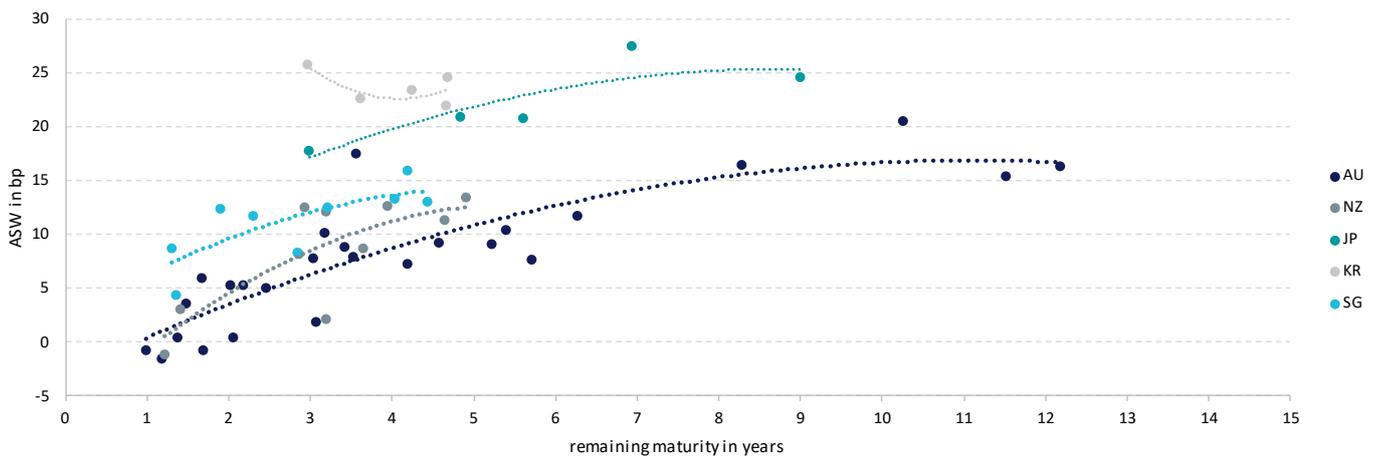
UK/IE



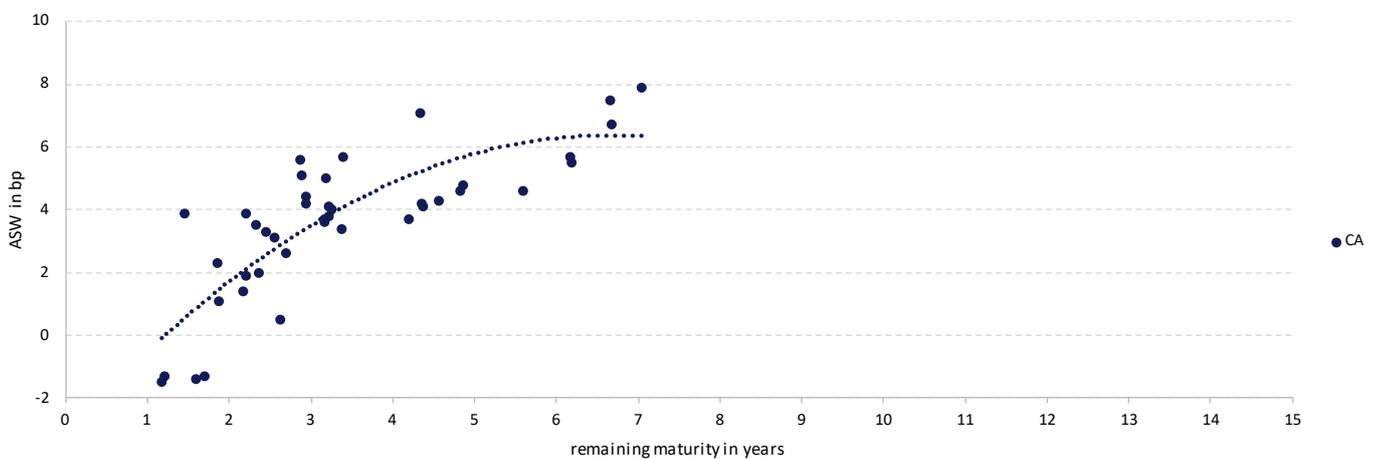
CEE 



APAC 



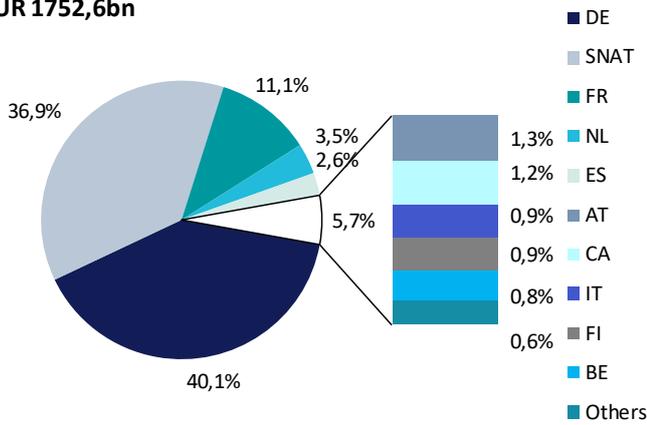
North America 



Charts & Figures SSA/Public Issuers

Outstanding volume (bmk)

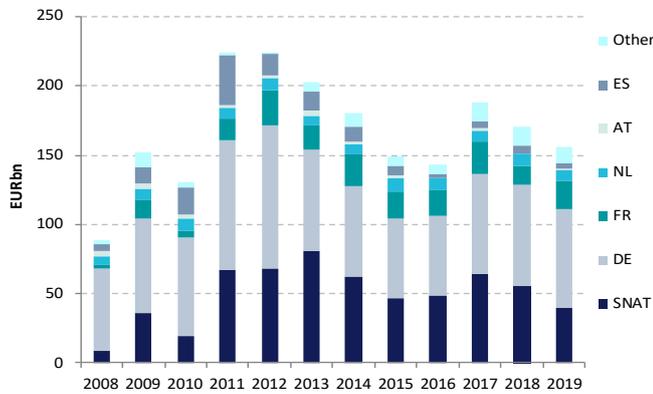
EUR 1752,6bn



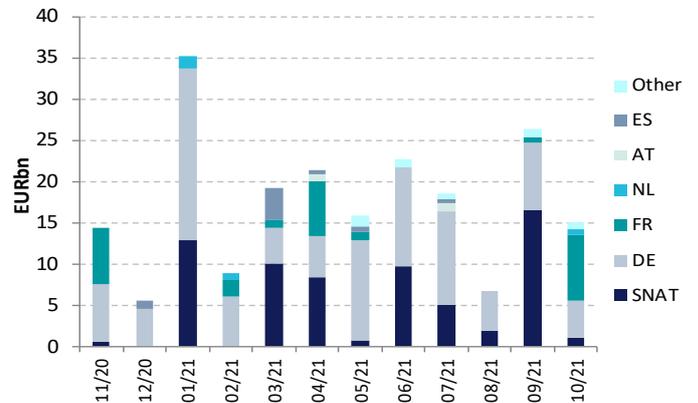
Top 10 countries (bmk)

Country	Vol. (€bn)	No. of bonds	ØVol. (€bn)	Vol. weight. ØMod. Dur.
DE	702,8	547	1,3	6,2
SNAT	646,9	172	3,8	7,4
FR	195,2	135	1,4	5,1
NL	62,2	64	1,0	6,4
ES	46,1	54	0,9	4,5
AT	22,0	23	1,0	5,3
CA	20,5	15	1,4	5,4
IT	15,8	20	0,8	6,2
FI	15,5	20	0,8	6,1
BE	14,4	17	0,8	13,8

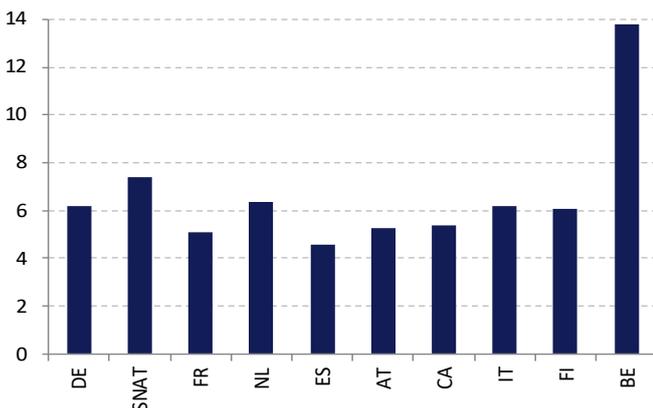
Issue volume by year (bmk)



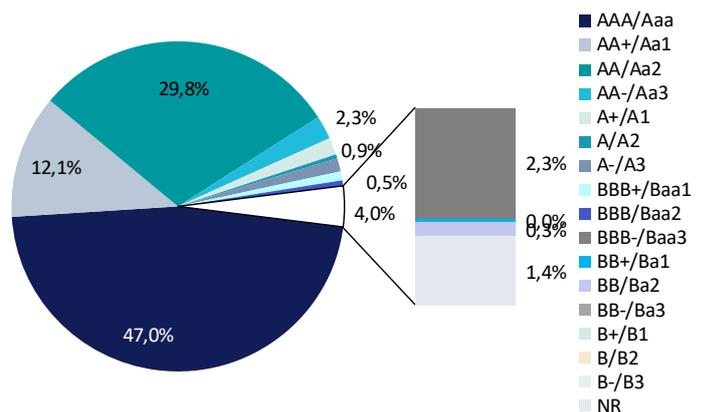
Maturities next 12 months (bmk)



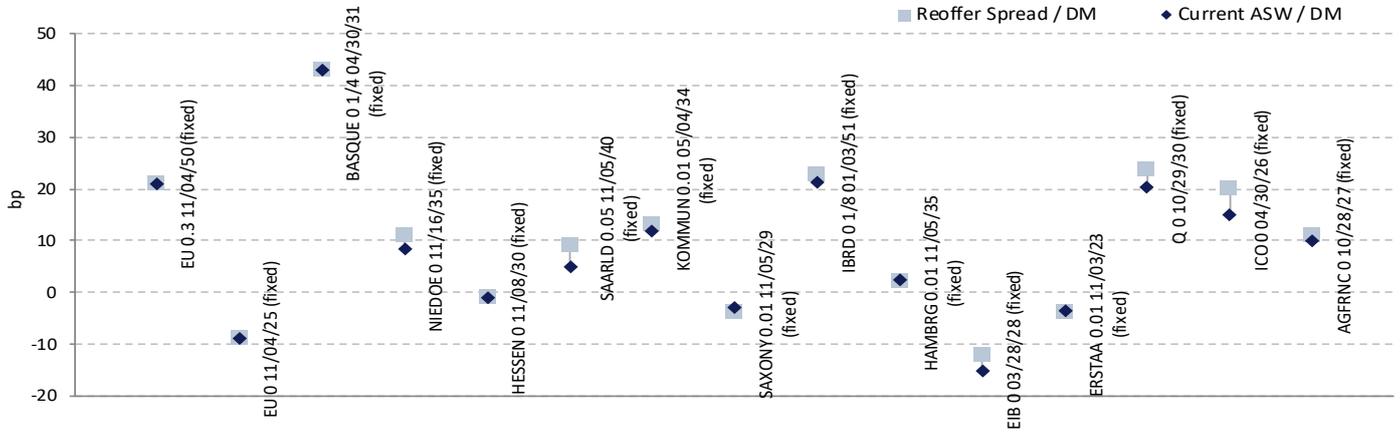
Avg. mod. duration by country (vol. weighted)



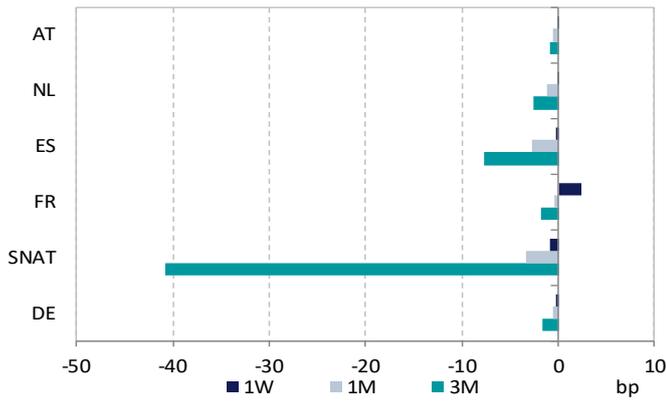
Rating distribution (vol. weighted)



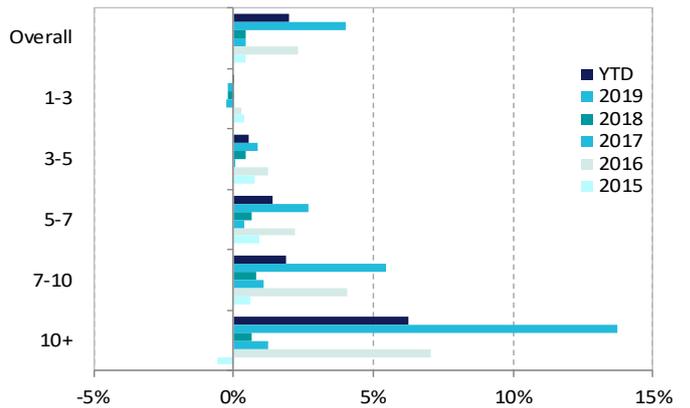
Spread development (last 15 issues)



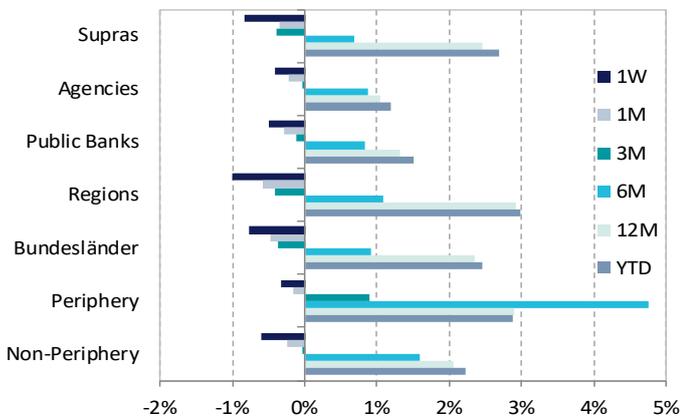
Spread development by country



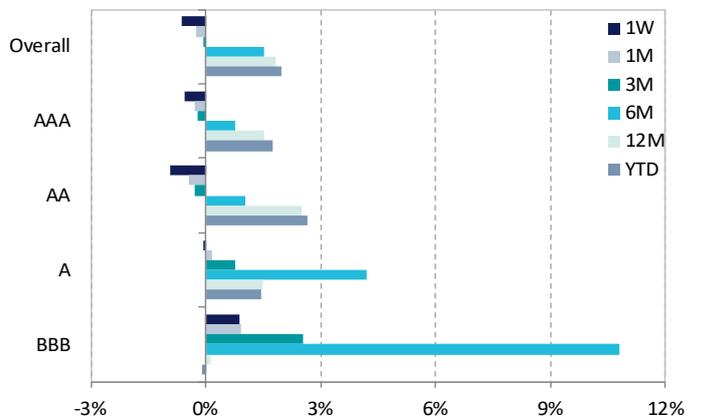
Performance (total return)



Performance (total return) by regions

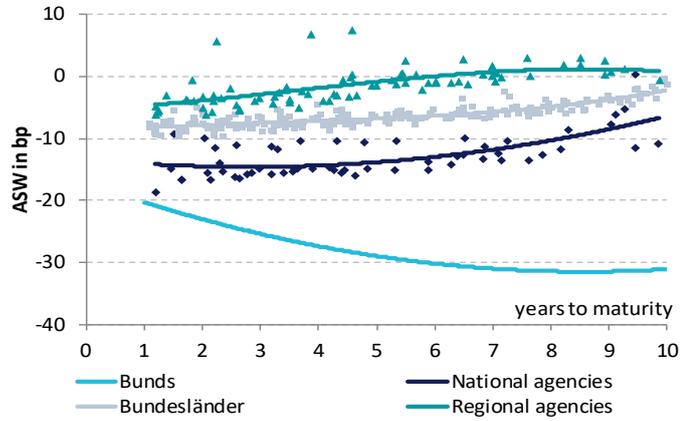


Performance (total return) by rating

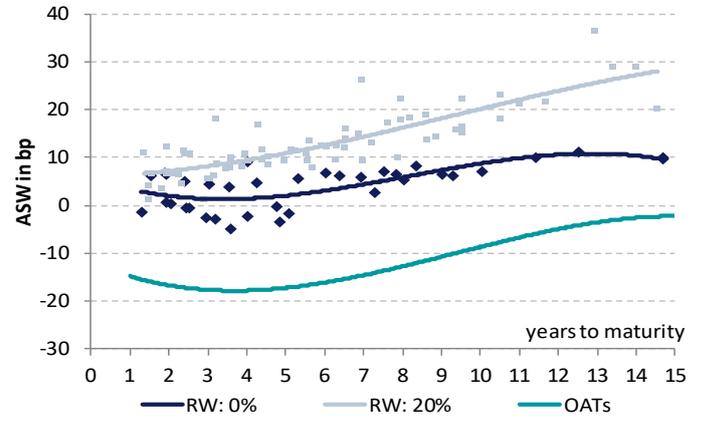


Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

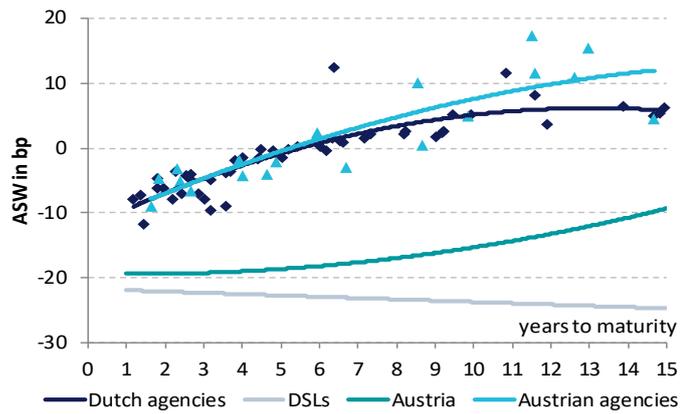
Germany (by segments)



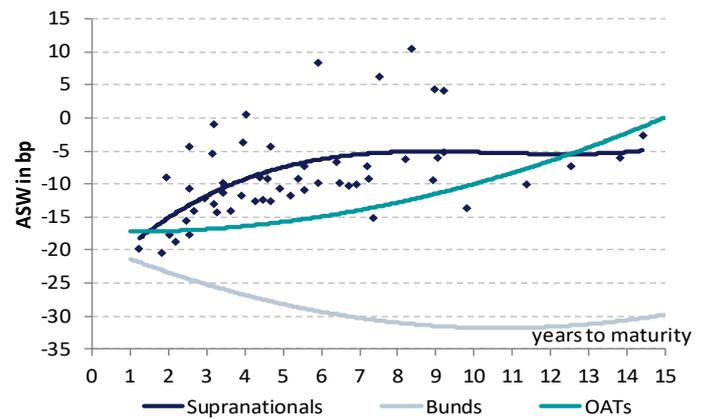
France (by risk weight)



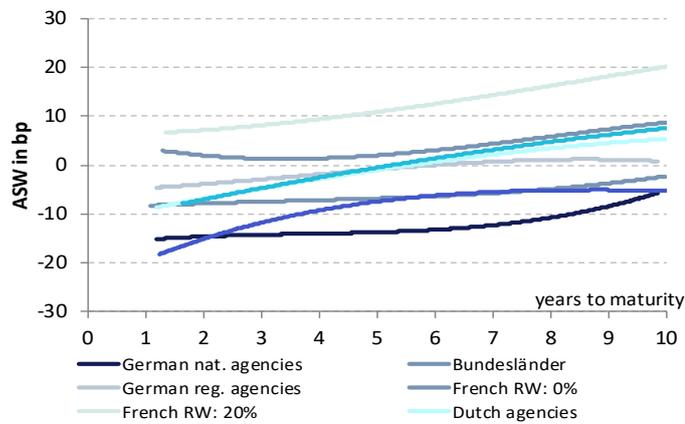
Netherlands & Austria



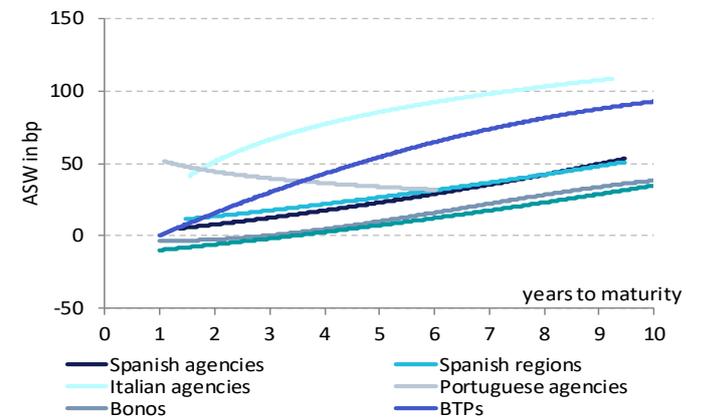
Suprationals



Core



Periphery



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

Appendix

Overview of latest Covered Bond & SSA View editions

Publication	Topics
42/2020 ♦ 04 November	<ul style="list-style-type: none"> Covered Bond Framework and Liquidity Coverage Ratio: European Commission presents draft version of amendments to LCR regulation An overview of the Fitch covered bond universe
41/2020 ♦ 28 October	<ul style="list-style-type: none"> ECB: The year of the owl – review and outlook Yield developments on the covered bond market
40/2020 ♦ 21 October	<ul style="list-style-type: none"> German building societies: EUR benchmark debuts and requirements for investing in soft bullet bonds NPLs in cover pools – lack of unified approach at national level
39/2020 ♦ 14 October	<ul style="list-style-type: none"> Spain: Issuer consolidation ahead? PfandBG to include extendable maturity structures The EU has big plans – “SURE” and “Next Generation EU”
38/2020 ♦ 07 October	<ul style="list-style-type: none"> New issuer from Japan – Sumitomo Mitsui Trust Bank places inaugural EUR benchmark bond PEPP – taking stock six months on
37/2020 ♦ 30 September	<ul style="list-style-type: none"> Cover pool characteristics – international comparison
36/2020 ♦ 23 September	<ul style="list-style-type: none"> Bausparkasse Schwäbisch Hall plans inaugural EUR benchmark Update: Auckland Council – Investment alternative in Down Under
35/2020 ♦ 16 September	<ul style="list-style-type: none"> Moody’s covered bond universe: an overview Update Down Under: Victoria (TCV)
34/2020 ♦ 26 August	<ul style="list-style-type: none"> Covered bonds as central bank-eligible collateral – European Central Bank presents Q2 2020 figures Update: New South Wales (NSWTC)
33/2020 ♦ 19 August	<ul style="list-style-type: none"> German Pfandbrief savings banks in Q2 2020 ECBC publishes annual statistics for 2019
32/2020 ♦ 12 August	<ul style="list-style-type: none"> Transparency requirements §28 PfandBG in Q2 2020 Development of the German property market European Atomic Energy Community (Euratom)
31/2020 ♦ 05 August	<ul style="list-style-type: none"> PEPP: Second round of reporting again provides valuable insights
30/2020 ♦ 29 July	<ul style="list-style-type: none"> LCR levels and risk weights of EUR benchmarks Update: Funding of German Bundesländer (ytd)
29/2020 ♦ 22 July	<ul style="list-style-type: none"> iBoxx Covered indices: current status and criteria Update: Joint Länder jumbos (LANDER)
28/2020 ♦ 15 July	<ul style="list-style-type: none"> Repayment structures on the covered bond market 21st meeting of the Stability Council
27/2020 ♦ 08 July	<ul style="list-style-type: none"> Sparebanken Vest issues first EUR benchmark in ESG format Second issuer from South Korea: Kookmin Bank to shortly make its debut in the EUR benchmark segment KfW reduces 2020 funding target to EUR 65bn
26/2020 ♦ 01 July	<ul style="list-style-type: none"> Half-year review and outlook for the second half of 2020 The German debt brake in 2020

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 launches corona pandemic emergency](#)

[ECB responds to corona risks](#)

Appendix

Contacts at NORD/LB

Markets Strategy & Floor Research



Michael Schulz

Head
+49 511 361-5309
+49 172 740 4123
michael.schulz@nordlb.de



Dr Norman Rudschuck

SSA/Public Issuers
+49 511 361-6627
+49 152 090 24094
norman.rudschuck@nordlb.de



Melanie Kiene

Banks
+49 511 361-4108
+49 172 169 2633
melanie.kiene@nordlb.de



Henning Walten

Covered Bonds
+49 511 361-6379
+49 152 545 67178
henning.walten@nordlb.de



Dr Frederik Kunze

Covered Bonds
+49 511 361-5380
+49 172 354 8977
frederik.kunze@nordlb.de

Sales

Institutional Sales	+49 511 9818-9440
Sales Sparkassen & Regionalbanken	+49 511 9818-9400
Sales MM/FX	+49 511 9818-9460
Sales Europe	+352 452211-515

Origination & Syndicate

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

Treasury

Collat. Management/Repos	+49 511 9818-9200
Liquidity Management	+49 511 9818-9620 +49 511 9818-9650

Trading

Covereds/SSA	+49 511 9818-8040
Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9550
Frequent Issuers	+49 511 9818-9640

Corporate Sales

Schiffe/Flugzeuge	+49 511 9818-9440
Immobilien/Strukturierte Finanzierung	+49 511 9818-8150
Firmenkunden 1	+49 511 9818-4006
Firmenkunden 2	+49 511 9818-4003

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Additional information

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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.

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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. The password is "renten/Liste3".

Issuer / security	Date	Recommendation	Bond type	Cause
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