Helaba

Focus on: Credit
4 October 2024

Senior unsecured bank bonds
Primary market update 3rd quarter 2024



Dr. Susanne Knips
Senior Credit Analyst
T 069/91 32-32 11

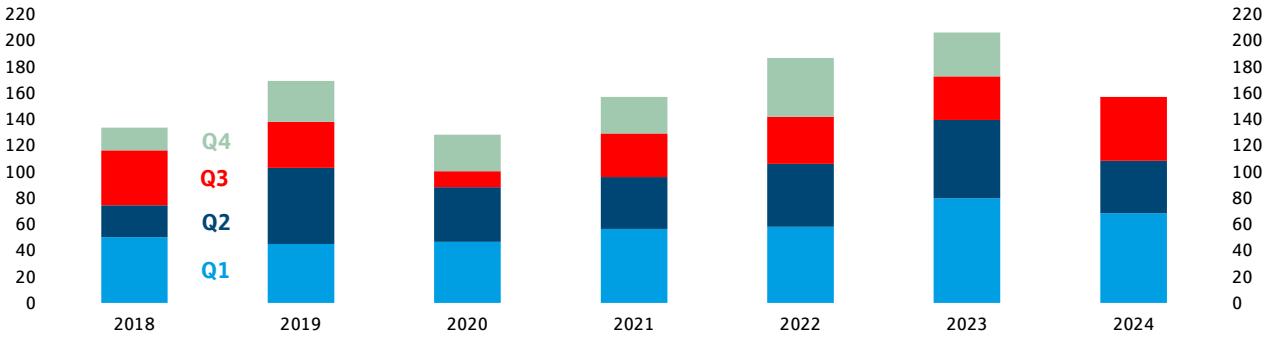
The primary market for senior unsecured bank bonds in EUR benchmark format was very strong in **Q3 2024** despite the summer break. Total new issuance reached **almost EUR 50 billion**, an increase of 21% sequentially and 46% compared to Q3 2023. Compared to the average of the last six years, it was more than half as high. **In the first nine months of 2024, the volume of new issuance totalled EUR 157 billion** and was therefore only 10% below the previous year's record figure, but 18% above the average of the last six years.

The primary market for non-preferred senior bonds was particularly active in Q3 2024. At around EUR 32 billion, new issuance volumes in this segment doubled compared to the same quarter last year. At around EUR 17 billion, preferred transactions in Q3 2024 were roughly in line with the same quarter last year. We see this as evidence that regulatory-driven non-preferred transactions continue to be well received by investors. At the same time, TLTRO funding no longer plays a significant role as the programme has been largely repaid to the ECB.

By country, **banks from the UK, Spain and the Netherlands were particularly active** during the quarter. There was also a relatively high volume of activity from Germany. The French banks, which are very active on the capital markets and are subject to high capital requirements due to their size, issued comparatively little, probably because they had already extensively executed their issuance plans in the first quarter. We have also noticed an increase in the proportion of floating-rate issues (20% most recently) and a lengthening of maturities, both of which we believe reflect the changed interest rate environment.

EUR benchmark issuance* Q3 2024: Ready for take off

EUR billions (senior unsecured issuance volume, fix and floating)



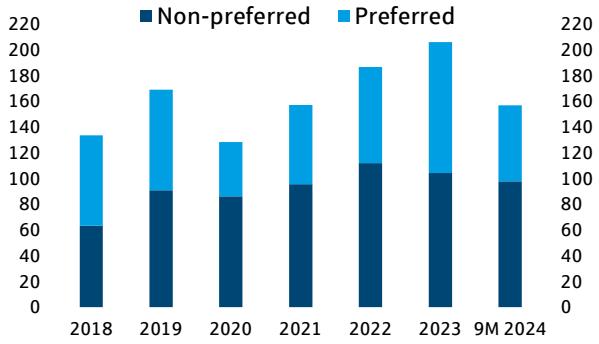
* issuance volume of at least EUR 500 million
Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Our issuance forecast of EUR 180 billion for the full year 2024 could be exceeded following the strong third quarter. Long maturities remain the main driver for another strong year of senior unsecured bank issuance. In addition, customer deposits continue to decline as more attractive investment alternatives become available. Regulatory requirements remain a major driver of drive non-preferred issuance. In the case of fixed-to-float bonds, maturities

in 2025 are also likely to become relevant, as the bonds can be called before they lose their MREL eligibility one year before maturity (see "Regulatory call option for non-preferred bonds becomes standard").

Non-preferred share rising to 62 %

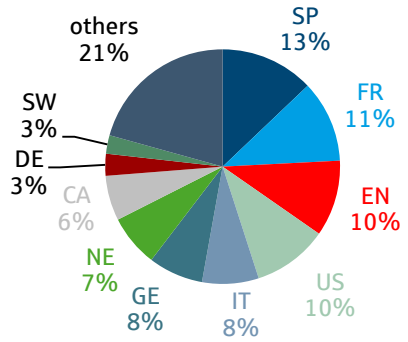
EUR billions (benchmark issuance volume by payment rank)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

French banks still in the lead

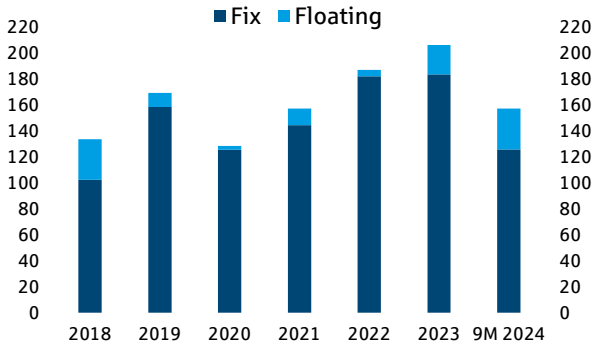
EUR billions (benchmark issuance volume by country, 9M 2024)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Floaters regain in attractiveness

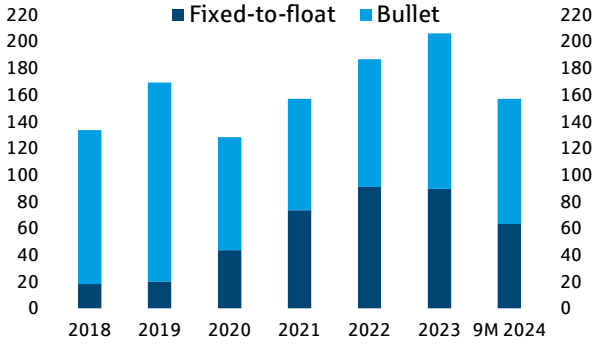
EUR billions (benchmark issuance volume by coupon type)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Regulatory call option on the decline

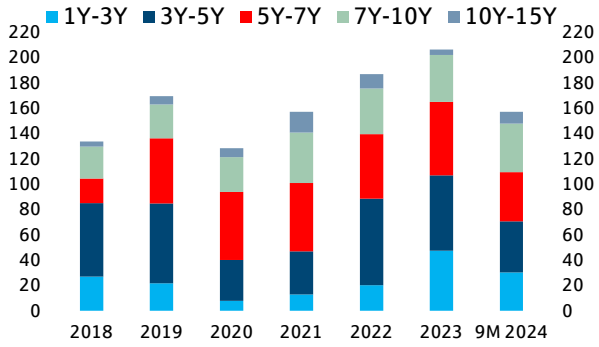
EUR billions (benchmark issuance volume by maturity type)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Longer maturities gain in importance

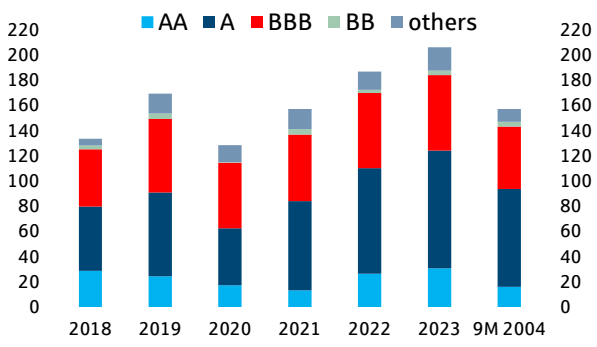
EUR billions (benchmark issuance volume by maturity)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Stable rating mix

EUR billions (benchmark issuance volume by rating*)

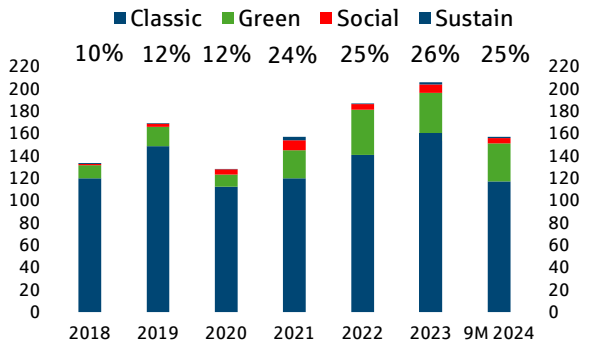


*Moody's rating at time of issuance

Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Share of green issuance stable

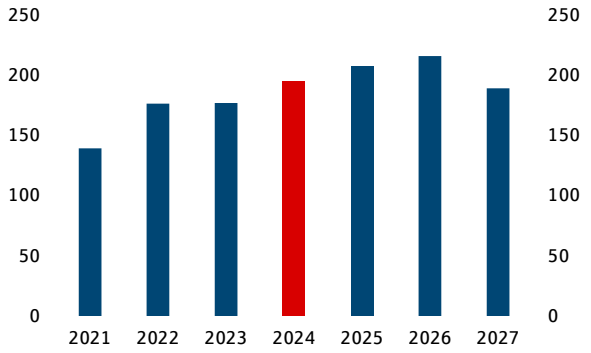
EUR billions (benchmark issuance volume by ESG instrument indicator)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

High level of maturities in 2024*

EUR billions (benchmark maturity volumes)



*slight deviation from new issues

Sources: Bloomberg, Helaba Research & Advisory

Sign up for our newsletter here:

https://news.helaba.de/research/

Publisher and editor

Helaba Research & Advisory
Editor
Stefan Rausch
Corporate Research & Advisory

Publisher
Dr. Gertrud R. Traud
Chief Economist /
Head of Research & Advisory

Neue Mainzer Str. 52-58
60311 Frankfurt am Main
Germany
Tel. +49 69/91 32-20 24
Internet: https://www.helaba.com/int/

Disclaimer

This publication was very carefully researched and prepared. However, it contains analyses and forecasts regarding current and future market conditions that are for informational purposes only. The data are based on sources that we consider reliable, though we cannot assume any responsibility for the sources being accurate, complete, and up to date. All statements in this publication are for informational purposes. They must not be taken as an offer or recommendation for investment decisions.