Helaba

Focus on: Credit
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Senior unsecured bank bonds: Primary market update Q1 2025



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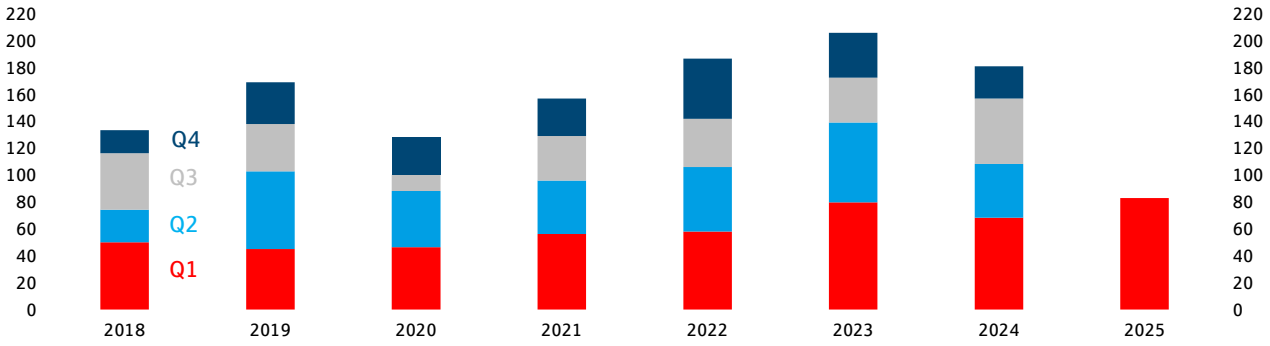
Euro-denominated senior unsecured bank bonds in benchmark format **closed out the first quarter of 2025 with a record issuance volume** of **around € 83 billion** - topping even the previous peak in Q1 2023 and representing a 21 % increase over the same period of the previous year. It exceeded the average figure of the last seven opening quarters by almost 50 %. The key drivers for the particularly brisk primary market activity were, in our view, a high level of maturities and a favourable market environment amid considerable uncertainty over broader prospects going forward.

Regulatory requirements also remained a decisive factor, with the volume of senior non-preferred (SNP) bonds rising by 19 % year-on-year to € 51.4 billion in Q1 2025, maintaining their stable share of just over 60 %. It is likely that SNP maturities, which have meanwhile grown significantly, contributed to this. Another factor that arguably had a supportive effect on primary market activity was muted growth in deposits within an environment of higher interest rates. However, TLTROs no longer play a role in banks' refinancing activities, with the last tranche having been repaid to the ECB on 18 December 2024.

In a country breakdown, **US banks accounted for the largest share** of new issuance volume in the first quarter of 2025, closely followed by banks from the UK, France, Germany and the Netherlands. The principal drivers here were banks that are particularly active on capital markets and subject to tougher capital requirements due to their

EUR benchmark issues* Q1 2025: A record-breaking quarter

EUR benchmark issuance volume (unsecured, fixed and floating) in EUR (billions)



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

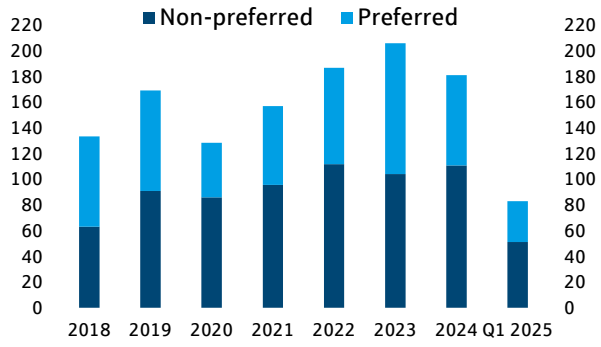
size. Another notable trend is the **increasing proportion of floating-rate notes** (26 % in Q1 2025 vs. 19 % in 2024 as a whole). As a result of the current yield curve, issues were concentrated on medium-term durations.

We are confident in our expectation that 2025 will be another strong year for senior unsecured bank bond issuance in euro benchmark format and adhere to our forecast of a total volume of around € 200 billion for the year as a whole (see our **Primary Market Update of 7 January 2025**). This is likely to be fuelled, in particular, by a **significant uptick in maturities**. Additional impetus will be provided by slower growth in customer deposits given

the re-emergence of alternative investment opportunities offering more attractive returns. Furthermore, having already bottomed out, we anticipate that demand for loans will rise as interest rates decline. At the same time, **regulatory requirements** remain an important factor for SNP issues. While minimum ratios for total regulatory capital have been met, a high level of maturities - and their corresponding refinancing - have meanwhile become a key determinant here, as well. Due to a more rapid increase in maturities in 2026, it is conceivable that banks will again seek to pre-fund maturities from the second half of 2025 at the latest. In a volatile, crisis-hit market environment, **getting the timing right remains a challenge** and any open windows in the market will be actively exploited, even at higher spread levels.

Non-preferred issues maintain stable 62 % share

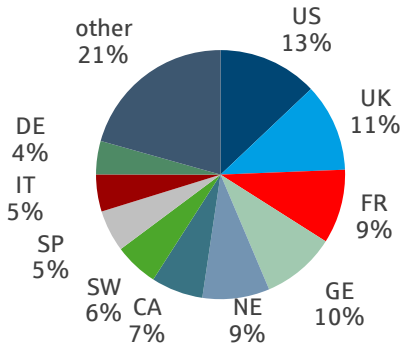
EUR benchmark issuance volume by payment rank in EUR (billions)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

US banks the largest issuers

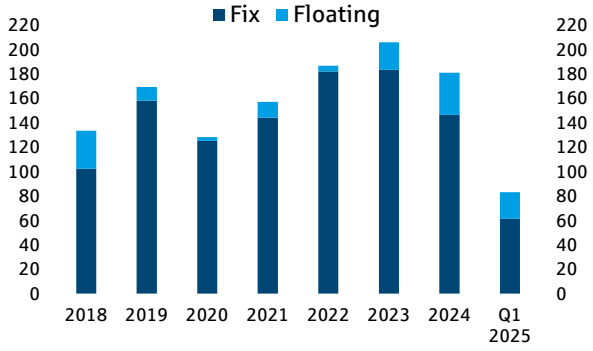
EUR benchmark issuance volume in Q1 2025 by country



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Floating-rate issues more interesting again

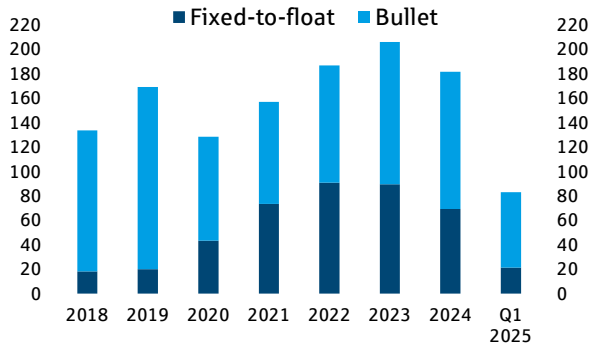
EUR benchmark issuance volume by coupon type in EUR (billions)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Popularity of regulatory call option falls

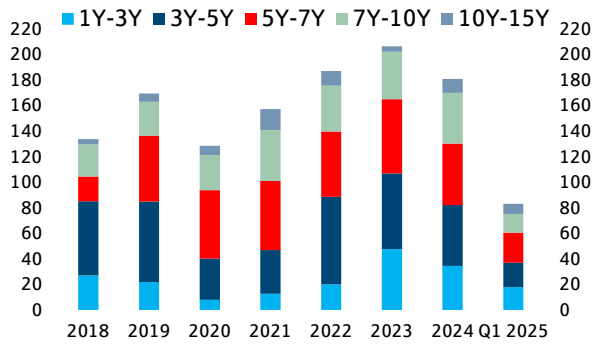
EUR benchmark issuance volume by maturity type in EUR (billions)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Medium-term durations dominate maturities

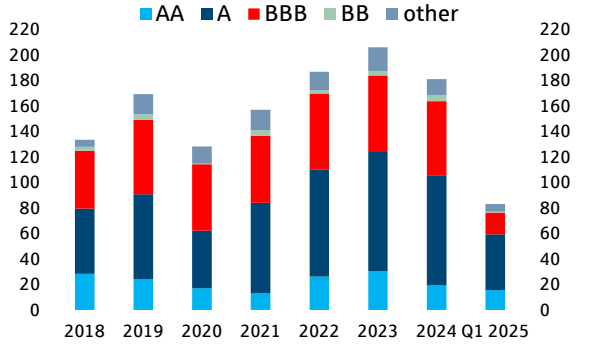
EUR benchmark issuance volume by maturity in EUR (billions)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Ratings reflect strong asset quality

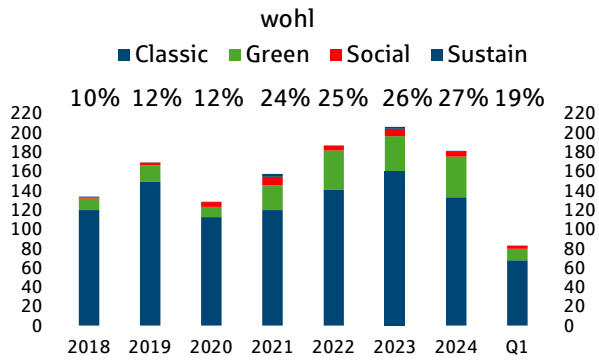
EUR benchmark issuance volume by rating* in EUR (billions)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Noticeable decline in share of green issuance

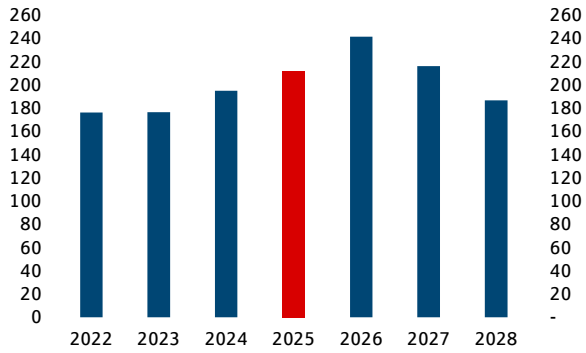
EUR benchmark issuance volume by ESG criterion in EUR (billions)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

High level of maturities in 2025*

EUR benchmark maturity volumes in EUR (billions)



* slight deviation in database from new issues

Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory



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