Helaba

Focus on: Credit
3 July 2025

EUR benchmark bank bonds: Primary market update Q2 2025



Dr. Susanne Knips
Senior Credit Analyst
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Senior unsecured issues on record course

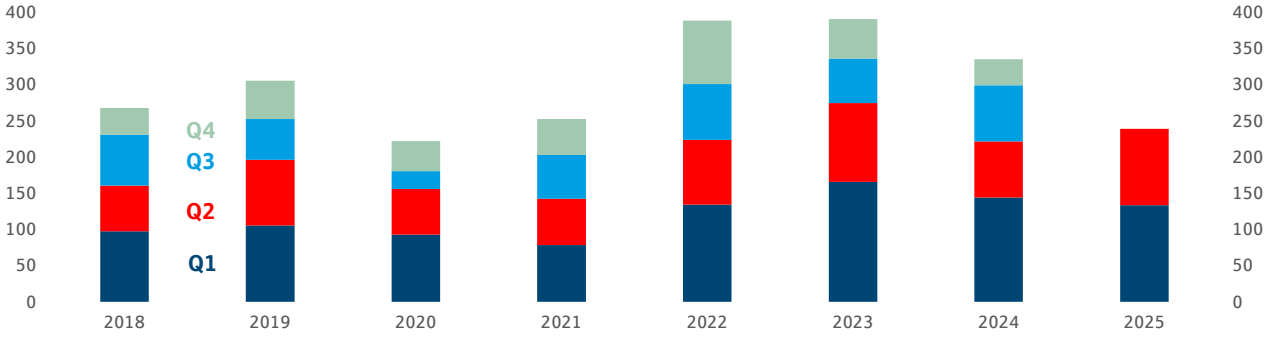
The primary market for senior unsecured bank bonds remains highly active. Despite some episodes of fewer transactions in a volatile market environment, around EUR 54 billion was issued in Q2 2025, representing a 34% increase compared to the previous year and 18% above the average of the last eight years. International trade tensions and a weak economic outlook caused repeated periods of weakness, particularly after 2 April, when the US administration announced its planned increase in tariffs globally. However, as the markets calmed down and spreads narrowed, primary market activity quickly picked up again. In the first half of 2025, the volume of new issues amounted to around €137 billion, thus 26% up year-on-year and 18% above the eight-year average.

Activity in senior non-preferred bonds (SNP bonds) was particularly strong, with the volume issued reaching a new record level of just over €32 billion in Q2 2025 and €84 billion in H1 2025. The more regulatory-driven SNP issues remained easy to implement.

Main driver of the lively issuance activity is a high level of maturities. TLTRO refinancing on the other hand side no longer plays a significant role this year after the final instalment of the programme was repaid to the ECB in December 2024. However, banks from the US and UK have taken advantage of favourable refinancing conditions on the euro market so far this year. They accounted for over a quarter of the EUR benchmark issue volume in the first half of 2025. Due to the interest rate environment, the proportion of floating-rate securities increased further, rising from 19% in 2024 to 22% in the first half of 2025; in 2022, this proportion was just 3%.

EUR benchmark issues* Q2 2025: high activity level

EUR billions (fixed and variable rate, covered and senior unsecured issuance volume)



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

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.

Covered bonds are being issued at full speed



Florian Hillenbrand
Senior Covered Bond Strategist
Helaba Capital Markets
t 069/91 32-40 779

From January to June, around €104 billion worth of covered euro benchmark bonds were issued. These were spread across 125 transactions in total. The second quarter accounted for €51.7 billion of this total across 65 transactions.

At the beginning of the year, issuers and syndicate leaders were cautiously optimistic. 'Optimistic' because the number of issues in January was already extremely high — not record-breaking, but historically significant. 'Cautious' because some successes on the primary market were secured with very attractive reoffer levels (avg. oversubscription ratios 4.5x). Overall, however, the volumes placed in the first quarter fell short of expectations. In contrast, the issuance machinery has been running at full speed since the beginning of May at the latest. June 2025 saw the highest level of activity in 15 years – back then boosted by catch-up effects following support for Greece. Unlike at the start of the year, however, the record-breaking activity in May and June was not caused by excessive caution on the part of lead managers and issuers. The oversubscription ratios for May and June transactions averaged 2.3x, with only a few upward and downward outliers. Despite the high level of activity in May and June, we currently estimate that our ex ante new issue forecast of €159 billion will be narrowly missed.

A total of 23 countries issued new bonds in 2025, which matches the high water mark achieved in 2022. There is also a good chance of a 24th country, as there has been no benchmark activity from the Czech Republic to date. However, this has been the case regularly since 2021. A #25, on the other hand, would be a major surprise. The Hungarian covered bond market has achieved exactly this after an absence of 16 years.

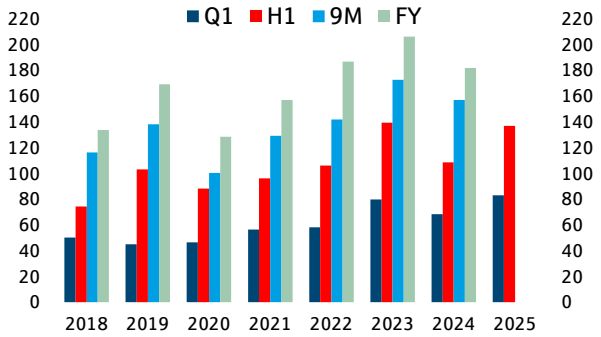
For the first time in six years, the pole position in the country breakdown has changed: with EUR 24.6 billion, German Pfandbriefe are currently just ahead of French covered bonds (EUR 23.9 billion). There have also been changes in subsequent positions. Norwegian issuers placed €8.3 billion in the first half of the year, followed by Australian issuers with €6.1 billion and Canadian issuers with €5.25 billion. Based on the previous years' activities and forecasts, covered bonds from France, Canada, Italy, Austria, the Netherlands and Finland in particular have catch-up potential. Canadian issuers have previously demonstrated a strong propensity for issuance in the third and early fourth quarters. Covered bonds from Norway and Australia have already exceeded the expected volumes for the full year 2025.

However, 2025 was record-breaking not only in terms of market activity and breadth in June, but also in other areas: at 36.5%, the volume-weighted share of five-year paper was higher than at any time since the beginning of the 'jumbo era'. The former 'flagship' 10-year term accounted for just 8.9% of the volume placed - one of the lowest figures ever recorded. In this context, the 20-year Pfandbrief issued by Deutsche Kreditbank is even more noteworthy. It is the first 20-year benchmark covered bond since 2022 and ranks in the top 10 of the longest ever issued. Thanks to a clever choice of maturity date, it is also the longest ever EUR benchmark Pfandbrief issued.

Chartbook: Senior unsecured bonds

Q2 2025: On a record course once again

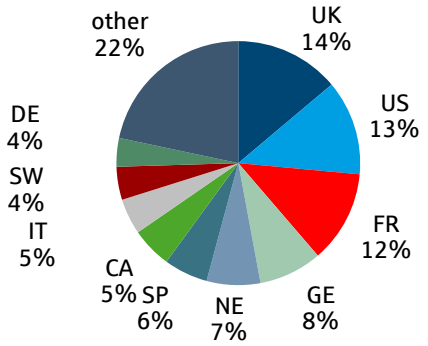
EUR billions (cumulative benchmark issuance volume)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

UK and US banks are extremely active

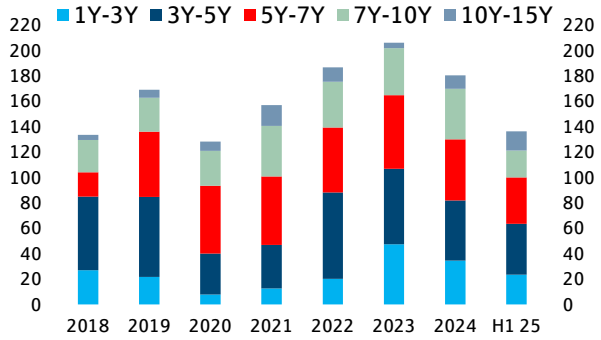
EUR billions (benchmark issuance volume by country, H1 2025)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Medium-term durations dominate maturities

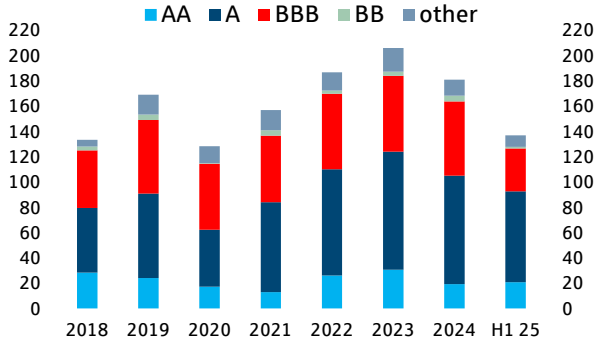
EUR billions (benchmark issuance volume by maturity)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Ratings reflect strong balance sheet quality

EUR billions (benchmark issuance volume by rating*)

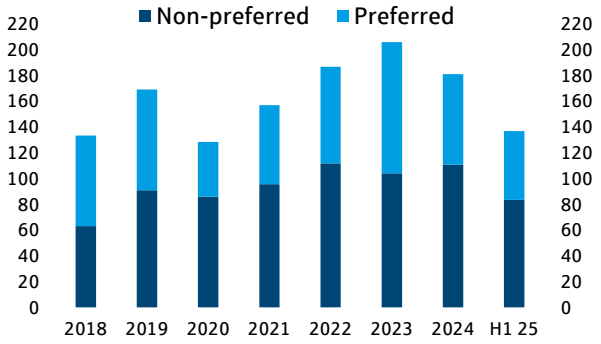


* Moody's rating at time of issuance

Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Non-preferred issues maintain stable 62% share

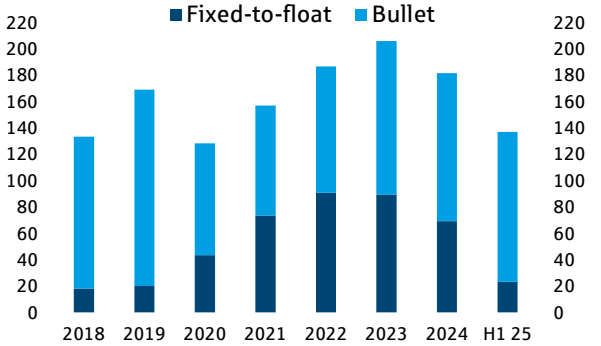
EUR billions (benchmark issuance volume by payment rank)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Popularity of regulatory call option falls

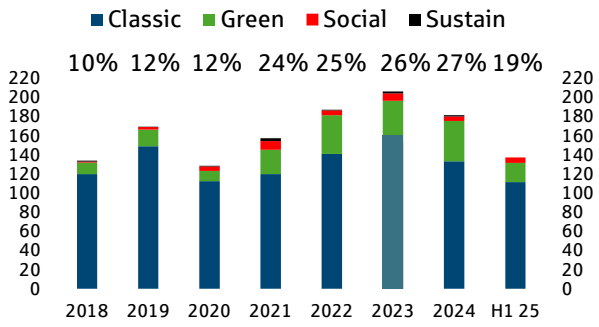
EUR billions (benchmark issuance volume by maturity type)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Noticeable decline in share of green issuance

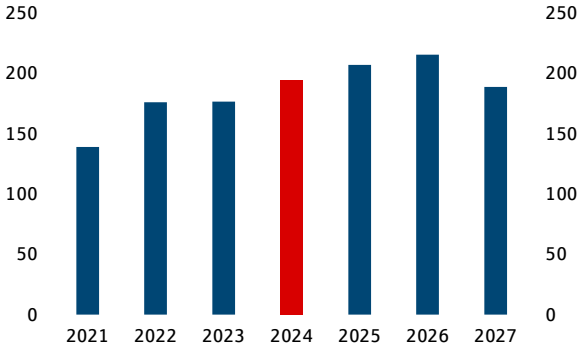
EUR billions (benchmark issuance volume by ESG instrument indicator)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

High level of maturities as a key driver*

EUR billions (benchmark maturity volumes)

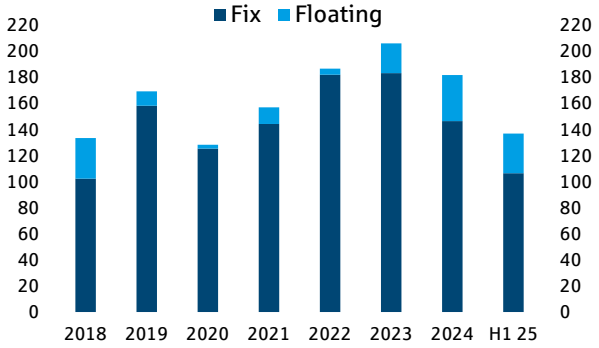


* slight deviation in database from new issues

Sources: Bloomberg, Helaba Research & Advisory

Floating-rate issues remain less attractive

EUR billions (benchmark issuance volume by coupon type)

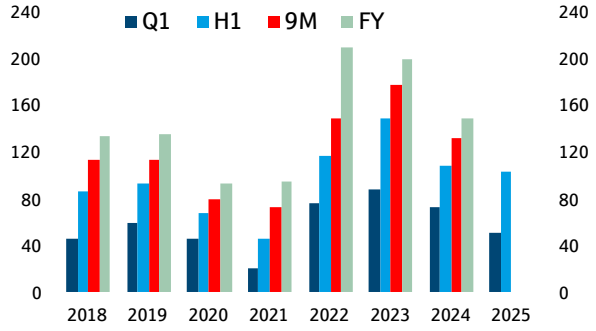


Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Chartbook: Covered Bonds

Issue volume in H1 only just below expectations

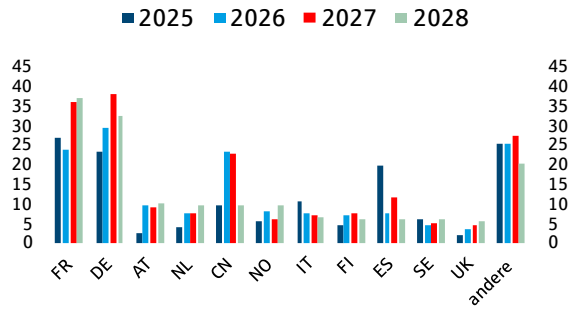
EUR billions (cumulative benchmark issuance volume)



Sources: Bloomberg, Helaba Capital Markets

Maturity volume is on the rise
('25 140 bn EUR; '26 156 bn EUR; '27 183 bn EUR)

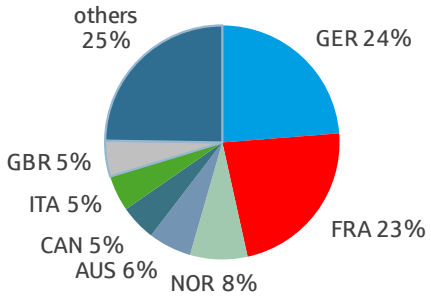
EUR billions (benchmark maturity volumes by country)



Sources: Bloomberg, Helaba Capital Markets

Pfandbriefe currently account for the largest proportion of new issues

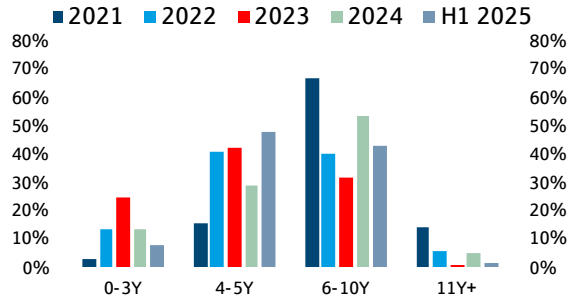
% (of benchmark issuance volume by country, H1 2025)



Sources: Bloomberg, Helaba Capital Markets

5-year term - more popular than ever

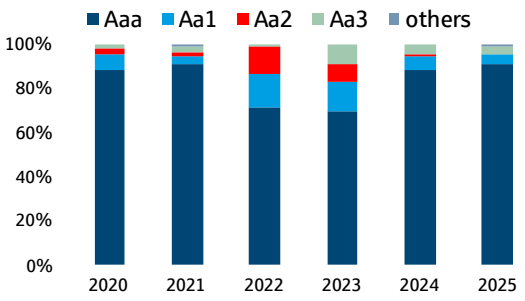
% (of benchmark issuance volume by maturity)



Sources: Bloomberg, Helaba Capital Markets

Aaa raitings remain standard

EUR billions (benchmark issuance volume by rating*)

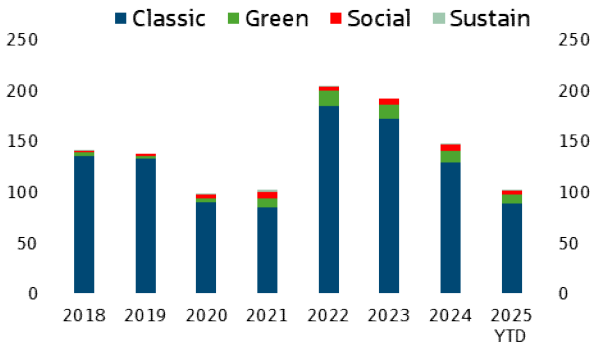


*Moody's Rating at issuance

Sources: Bloomberg, Helaba Capital Markets

ESG Covered Bonds: slight increase

EUR billions (benchmark issuance volume by ESG instrument indicator)



Sources: Bloomberg, Helaba Capital Markets



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

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