Helaba

# Focus on: Credit
## 6 October 2025

# EUR benchmark bank bonds: Primary market update Q3 2025

## Senior Unsecured issuance continues record run



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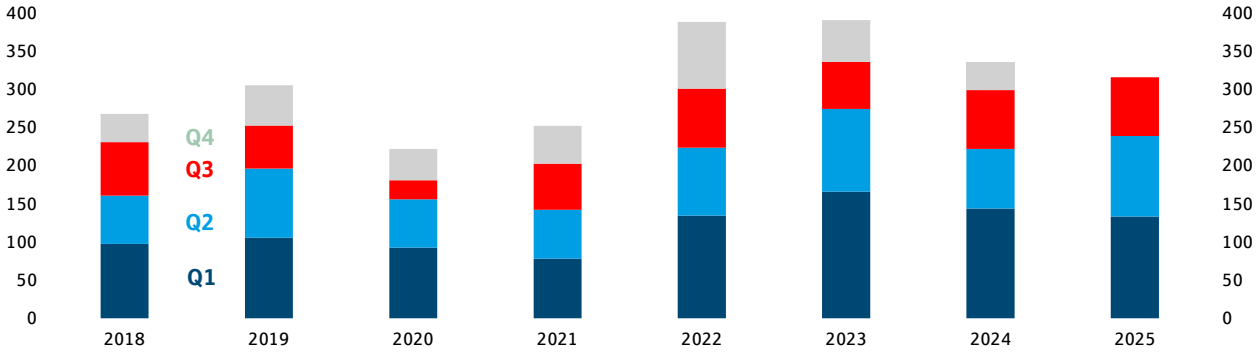
The primary market for senior unsecured bank bonds is on course to break records. Despite the traditionally quiet summer months, around EUR 41 billion of bonds were issued in the third quarter of 2025. While this represents a 15% decrease compared to the third quarter of last year, it is a 25% increase compared to the average over the past ten years. In the first nine months of 2025, the volume of new issues reached a new peak of €178 billion, representing a 13% increase on the already impressive previous year and a 30% increase on the average for the last ten years. The transaction volume of EUR 182 billion for the whole of 2024 has almost been reached already.

The main driver of this active issuance is the high volume of maturities, which will continue into 2026. TLTRO refinancing, on the other hand, does no longer play a significant role this year, as the final tranche of the programme was repaid to the ECB in December 2024. Banks from the US and the UK have been making intensive use of the favourable refinancing conditions on the euro market, particularly in the first half of the year. The major French banks are among the most active players on the capital market, a fact they have proven once again this year.

Non-preferred issues remain dominant. In the third quarter of 2025, their share of total issuance volume remained stable at around 60%. We attribute the brisk activity in this regulatory-driven segment to refinancing requirements that are now equally high. While issues in the first few years after the introduction of this bond class were dominated by the need to build up liable capital, SNP bonds have long since become established. This means that, in addition to liable capital, maturities are also a determining factor.

**EUR benchmark issues* Q3 2025: Another strong year**

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

Our expectation that 2025 will be another strong year for the issuance of senior unsecured bank bonds in the EUR benchmark format has been confirmed. Following the strong primary market year-to-date, we now expect the estimated issuance volume of around EUR 200 billion for 2025 as a whole to be exceeded (see our **Primary Market Update of 7 January 2025**). The main driver of this are strong maturities. Due to the further increase in maturities in 2026, pre-financing is also likely to play an important role. Added to this is the rising demand for credit amid lower interest rates. Regulatory requirements continue to be an important factor for SNP issues. Although the minimum requirements for total regulatory capital have been reached, high maturities are also now decisive and are leading to refinancing. However, getting the timing right remains a challenge in the volatile market environment.

## Covered bonds as an anchor of stability in a turbulent Q3



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From January to September 2025 inclusive, around EUR 138 bn in covered EUR benchmark bonds were issued. The issues were spread across a total of 170 transactions. Of these, EUR 36 bn in 44 transactions were accounted for in the third quarter.

The second quarter ended with a veritable flurry of transactions, resulting in the highest market activity in June since the beginning of the jumbo covered bond era. However, after Santander's dual-tranche transaction on 7 July, the frenzy was over, and issuers took a six-week summer break. While these six weeks were uneventful on the covered bond market, they were extremely turbulent in French domestic politics. The cascade began with the presentation of the Bayou government's fiscal consolidation plan and escalated on 25 August with the announcement of a vote of confidence for 8 September. The feedback on the Pfandbrief market was not long in coming: The summer break was abruptly declared over, and August became the most active month since 2011 with EUR 13bn in new issues. Market uncertainty, funding pressure on some issuers – particularly from France – and, ultimately, the large number of transactions in a short period of time led to some suboptimal transaction processes. Although only five of the 170 new issues currently show negative after-market performance, all five originate from the weeks between the end of the summer break and 4 September, the last day before the vote of confidence on which transactions were still placed. Average oversubscription rates fell to just under 2x during this phase – the lowest for the whole year. Even with new issue premiums of up to 4bp, individual transactions could only be placed with effort. However, the primary market rebounded very quickly following the expected end of the Bayou government and the appointment of Sébastien Lecornu as the new prime minister. With oversubscription rates rising again (2.5x), new issue premiums fell to the 0-1bp range. Surprisingly, there were hardly any carry-over effects from September to August in the net view: with EUR 20bn in new issues, the September of 2025 was historically one of the more active ones.

The new issues in 2025 came from a total of 25 countries, representing the widest market coverage to date. Until the summer break, we had assumed that a new high would be reached with 24 countries. The fact that the number rose to 25 at the beginning of September with the Estonian Luminor Bank came as a positive surprise. In addition, on 25 September, Turkey's Vakifbank announced that its board had authorised the issue of up to EUR 500mn in mortgage covered bonds, making it the 26th covered bond country for 2025.

In terms of country distribution on the primary market, German Pfandbriefe (EUR 30bn) slightly extended their lead over French covered bonds (EUR 29bn). Norwegian (EUR 9bn) and Canadian covered bonds (EUR 8bn) follow at a considerable distance. Among the larger countries, covered bonds from France (72% of FY target; EUR -11bn), Austria (68%; EUR -2bn), Canada (63%; EUR -5bn), Italy (58%; EUR -4bn) and Spain (65%; EUR -2bn).

French banks appear to have chosen the safe option and covered their most urgent funding needs before the vote of confidence, which makes us somewhat pessimistic about issuance activity for the rest of the year. Canadian banks regularly show a high affinity for issuing in the third and fourth quarters due to their off-calendar fiscal year. The most recent primary market activities of Canadian issuers were denominated in GBP, raising the question of whether this is an addition to or a substitute for EUR issuance. However, Canadian banks have always issued a

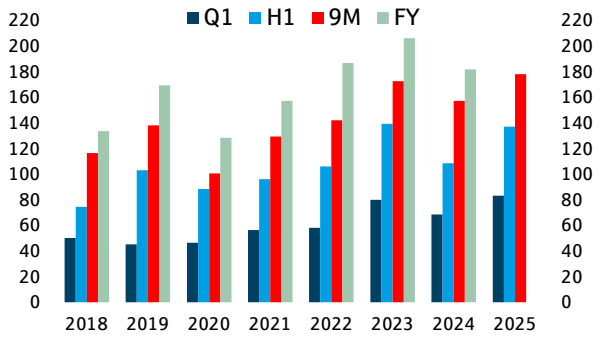
minimum of EUR 5bn in the latter half of the year, regardless of activity in other currencies. To date, only EUR 2.5bn has been issued. Overall, our full-year forecast of EUR 160bn is likely to be narrowly missed. We currently expect around EUR 155bn.

In the previous quarterly review, we mentioned the strong focus on the five-year maturity band, which accounted for 36.5% of the traded volume — the highest share since the beginning of the jumbo era. The choice of maturities in the third quarter reduced the share slightly to 34.2%, but due to the steepness of the yield curve and fiscal, geopolitical and trade policy uncertainties, this maturity segment remains in focus. Conversely, the fact that the market for 5-year covered bonds is still not saturated can be interpreted as an encouraging sign for the last quarter of 2025 and preparations for 2026.

## 1. Senior Unsecured Bonds

**Q3 2025: Record level in 9M 2025**

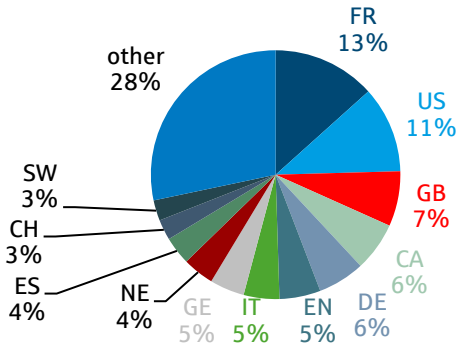
EUR billions (cumulative benchmark issuance volume)




Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

**French banks in a leading position**

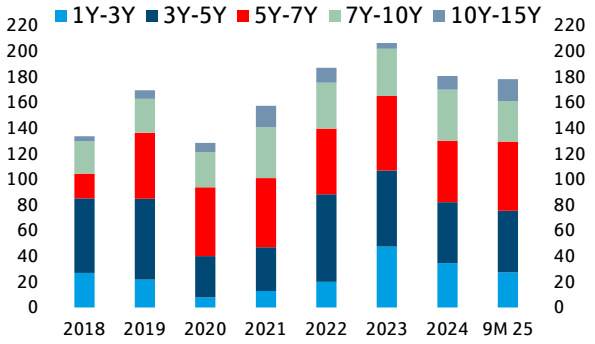
EUR billions (benchmark issuance volume by country, 9M 2025)




Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

**Medium-term durations dominate maturities**

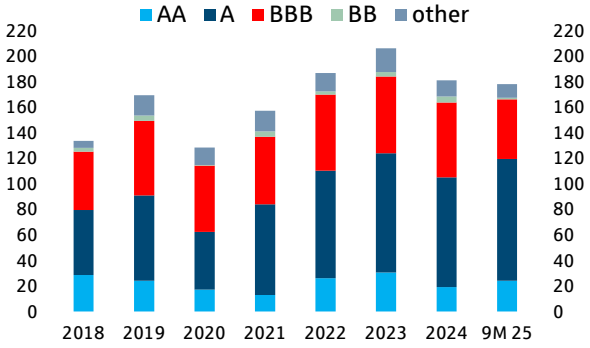
EUR billions (benchmark issuance volume by maturity)




Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

**Rating mix with positive trend**

EUR billions (benchmark issuance volume by rating*)

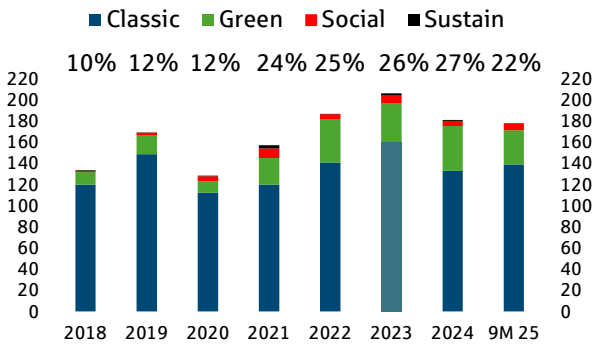



* Moody's rating at time of issuance

Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

## Share of green issuance declining

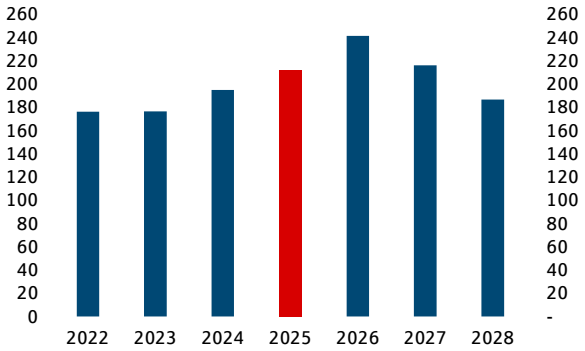
EUR billions (benchmark issuance volume by ESG instrument indicator)




Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

## High level of maturities* in 2025

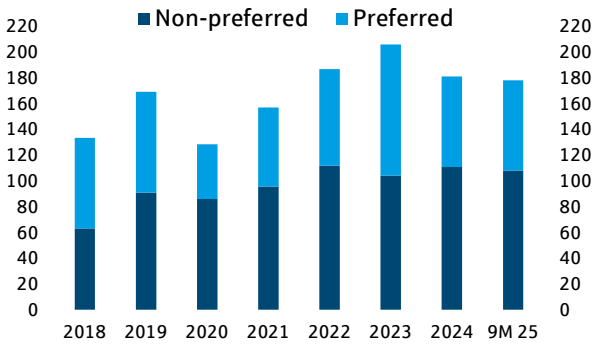
EUR billions (benchmark maturity volumes)




* Leicht abweichende Abgrenzung gegenüber den Neuemissionen
Sources: Bloomberg, Helaba Research & Advisory

## Share of Non-preferred stable at 61%

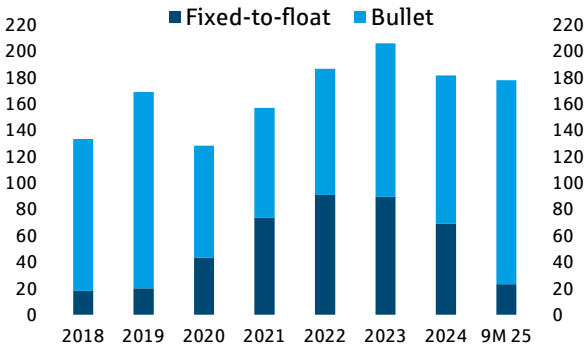
EUR billions (benchmark issuance volume by payment rank)




Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

## Share of regulatory call option declining

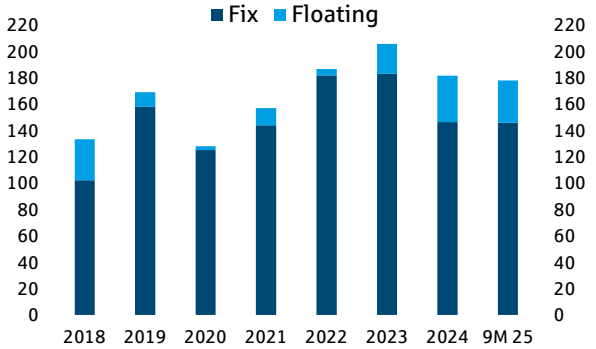
EUR billions (benchmark issuance volume by maturity type)




Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

## Floating-rate issues remain less attractive

EUR billions (benchmark issuance volume by coupon type)

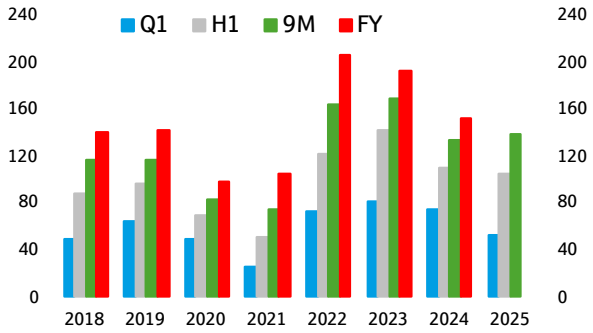



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

## 2. Covered Bonds

### Issue volume slightly below expectations

EUR Benchmark Cumulative issuance volume in EUR billion

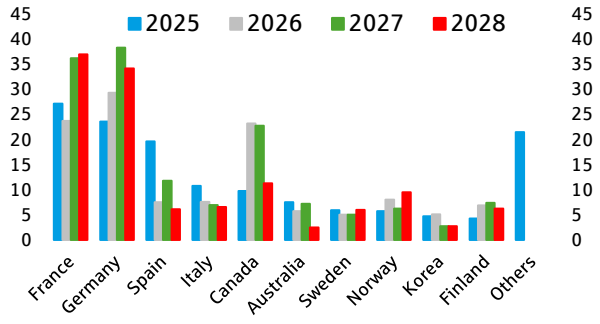



Sources: Bloomberg, Helaba Research & Advisory

### Maturity volume with upward trend

**(2025 EUR 140 bn; '26 EUR 156 bn; '27 EUR 183 bn)**

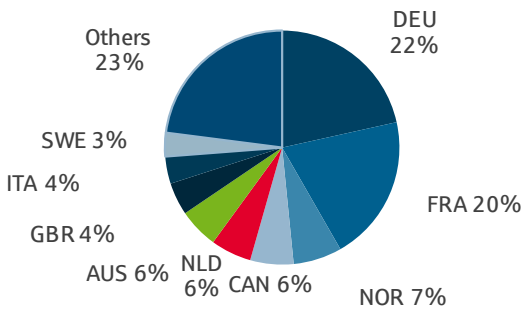
EUR benchmark maturity volume by country in EUR billion




Sources: Bloomberg, Helaba Research & Advisory

### Pfandbriefe currently account for the largest share of new issues

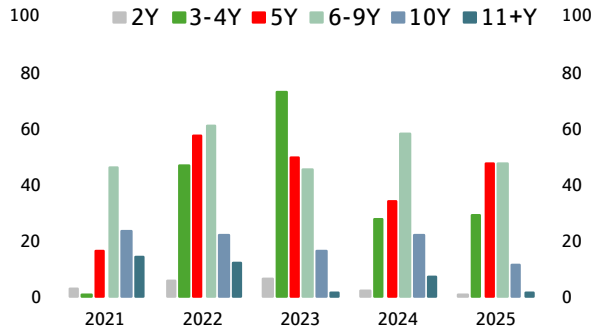
EUR benchmark issuance volume by country




Sources: Bloomberg, Helaba Research & Advisory

### 5-year term – more popular than ever

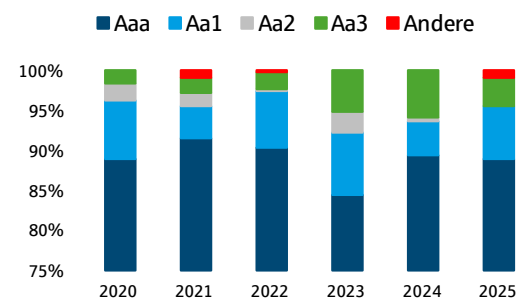
EUR benchmark issuance volume by maturity in %




Sources: Bloomberg, Helaba Research & Advisory

### Aaa ratings still the standard

EUR benchmark issue volume by rating* in %

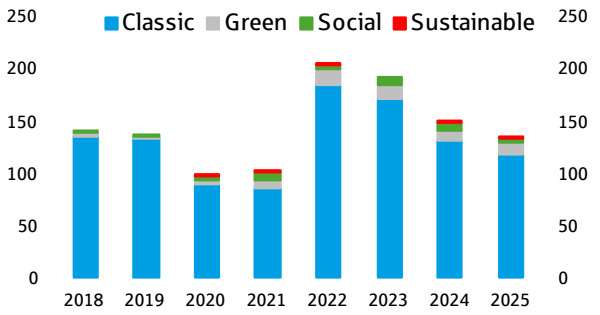



* Moody's rating at issue

Sources: Bloomberg, Helaba Research & Advisory

### Sustainable covered bonds: slight increase

Issue volume according to ESG criteria and other criteria in EUR billion




Sources: Bloomberg, Helaba Research & Advisory



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