Helaba

Focus on: Credit
6 January 2026

EUR benchmark bank bonds: Primary market update Q4 2025



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Senior unsecured issues are in the fast lane

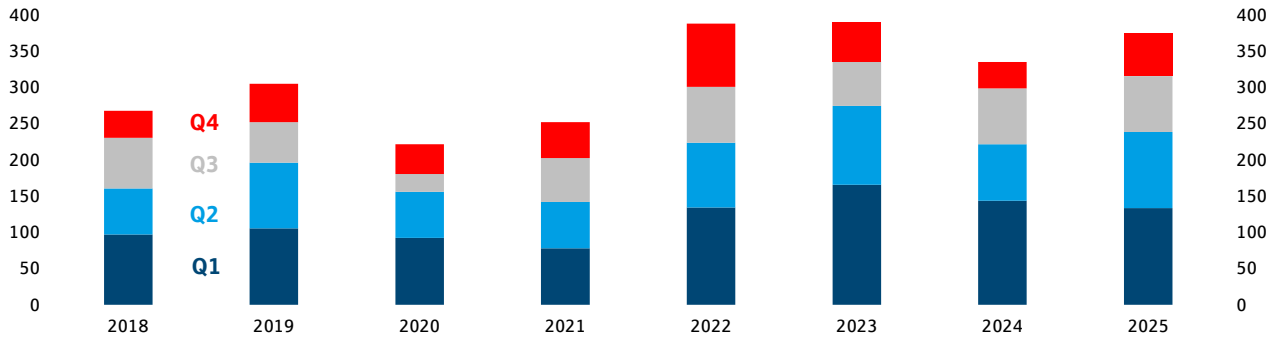
The year 2025 saw a successful close on the primary market for senior unsecured bank bonds in EUR benchmark format in the fourth quarter with a volume of around EUR 42 billion. This figure was 46% higher than the average for the previous 10 closing quarters. For 2025 as a whole, this resulted in an all-time high of around EUR 220 billion – 62% above the 10-year average.

The main driver of this extremely brisk activity was the high number of maturities. This is due, in part, to the fact that senior non-preferred (SNP) bonds, which were introduced after the financial market crisis, are now fully established, striking a balance between new issues and maturities. This is reflected in the fact that SNP bonds accounted for a consistent 61% of the total volume.

In addition, banks from the US, the UK and Sweden are taking full advantage of the favourable refinancing conditions on the euro market. US banks doubled their issuance of senior unsecured bank bonds in the euro benchmark format to around €33 billion compared with the previous year. This surpassed even French banks, which are traditionally among the most active players due to their extensive capital market activities. TLTRO refinancing, on the other hand, ceased to play a role in 2025 after the final instalment of the programme was repaid to the ECB in December 2024.

EUR benchmark issues* 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

Based on our estimates, the volume of new senior unsecured bank bond issues in EUR benchmark format could rise to around EUR 230 billion in 2026. The long maturities in particular suggest that 2026 will be another strong year for issuance. Maturities will rise slightly again in 2026 sequentially and remain high in 2027. Thus, refinancing of current maturities will be supplemented by pre-financing for the coming year. Furthermore, according to our interest rate forecasts, the favourable conditions for EUR issues by US banks are likely to continue. Our economic forecasts also indicate a stable, favourable business environment for European banks. In Germany, an economic upturn is expected, primarily due to fiscal packages (see **"Markets and Trends 2026: Global Economy – A**

new shuffle of the cards"). However, the expected increase in new lending business will be partially offset by higher deposit volumes if more attractive interest rates are offered.

Regulatory requirements continue to be an important factor for SNP issues. Although the minimum quotas have been reached, high maturities are now also driving issuance plans in this area. We expect SNP issues to account for more than half of the total volume in 2026.

The introduction of a general depositor preference across Europe should only have a limited impact on the creditworthiness of preferred bonds, but institutions could counteract this by issuing more preferred securities. However, it will take until mid-2028 for the new regulations to be implemented in the individual member states (see our publication "General depositor preference takes shape").

Overall, spreads on senior unsecured bank bonds offer attractive refinancing conditions for issuers. Spreads on these bonds have already narrowed considerably. Positive economic prospects and the steeper yield curve should continue to support bond valuations. However, these positive expectations have been partially priced in. Geopolitical and macroeconomic uncertainties remain. The low risk premiums mean there is potential for short-term setbacks in the event of negative news. Therefore, getting the timing right remains a challenge.

Covered bond issues in 2025 end exactly at our target



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For a long time last year, it seemed as though new covered bond issues would fall short of our expectations of EUR 160bn. Despite record issues in June, the slump in March and the dip in October left too big a gap. Ultimately, we believe that it was the harbingers of high redemptions in the coming year that led to a pronounced final spurt in issuance in November and a **precision landing at exactly EUR 160.3bn** based on 191 transactions.

The fourth quarter got off to a sobering start: the strong issuance activity in August and September in the run-up to the vote of confidence in France turned out to be a pull-forward effect. In addition, euro-denominated primary market activity from Canada fell short of expectations. With less than EUR 10bn, the result for October was very meager. This only changed from the second week of November onwards: in anticipation of rising new issues in the coming year, combined with consistently high "event risks" (US trade policy, Russia-Ukraine conflict, political and fiscal situations in core Europe), prefunding was the order of the day. We consider this strategy to be particularly appropriate for small and medium-sized issuers with a full issuance schedule, as these issuers are likely to be particularly affected by negative market phases.

Transactions in the fourth quarter were generally very well supported. Average oversubscription ratios rose again to 3.2x from 2.3x in the third quarter. While the high oversubscription ratios in the first quarter (4.5x at the time) were due to a defensive issuance policy with high new issue premiums, the reason in the fourth quarter was more on the demand side: maturities of EUR 29bn exceeded new issues by more than EUR 10bn. Since expectations regarding net new issues for the first quarter of 2026 are unlikely to be any more comfortable, given maturities of EUR 58bn, a "musical chairs" game developed on the demand side. In detail, oversubscription ratios of up to 6x (BAUSCH 3 Oct 35) were recorded with unremarkable new issue premiums of 0–2 bp.

A minor exception in terms of the new issue premium was CAFFIL 3 May 33, which we consider to be the most interesting issue in the fourth quarter. French government bonds (OATs), which trade relatively widely and volatilely, are a decisive factor influencing the issuance of French covered bonds. For some time now, the yield curve for OATs has been steeper than that for French covered bonds. The intersection point at which OATs tend to trade cheaper than French covered bonds oscillates around a duration of around five years. Consequently, French covered bond issues beyond this "sound barrier" are proving increasingly challenging – as is the case with the long 7Y CAFFIL. Based purely on the facts, the reoffer level of 61 bp meant a new issue premium of around +6 bp. In fact, however, the securities were successfully placed at OAT +0 bp. In this context, the oversubscription ratio of

over 3.2x can be interpreted as a distinction for French covered bonds – all the more so as CAFFIL's securities are ultimately secured by public cover.

With 25 countries, the largest market coverage to date was exceeded in 2022. This number could rise even further in the coming year. Bulgaria, Turkey, and Greece are potential candidate countries.

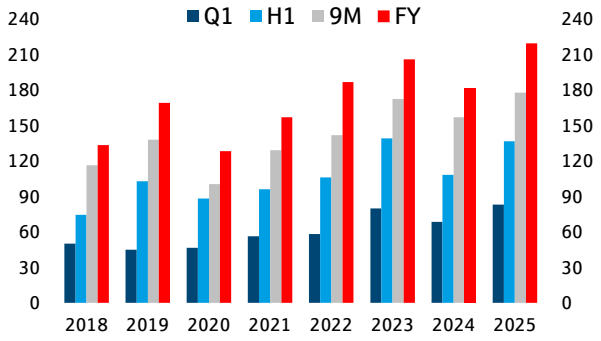
In terms of country distribution, French covered bonds took first place with EUR 33.8bn. German Pfandbriefe ranked second with EUR 32.9bn, ahead of Norwegian (EUR 10.25bn), Australian (EUR 9.9bn), and Dutch issuers with EUR 9.75bn. Australian, Canadian, and Singaporean issuers have established themselves as fully accepted covered bond countries in recent years. This is a sign of the global success story of secured bank refinancing and definitely reason enough for European supervisory and legislative bodies to increasingly focus on third-country equivalence.

(For our detailed outlook regarding covered bond issuance volumes in 2026 see our publication **„Outlook 2026: 丙午年 – The Year of the Fire Horse“**).

1. Senior Unsecured Bonds

2025: New records set

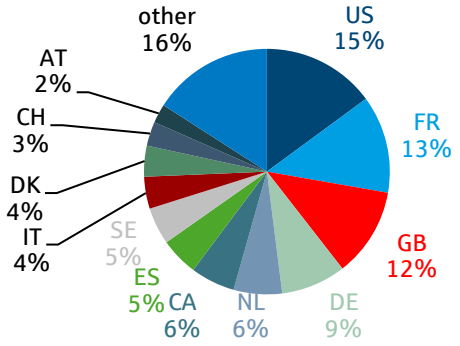
EUR bn (cumulative benchmark issuance volume)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

US banks take advantage of favorable interest rate environment

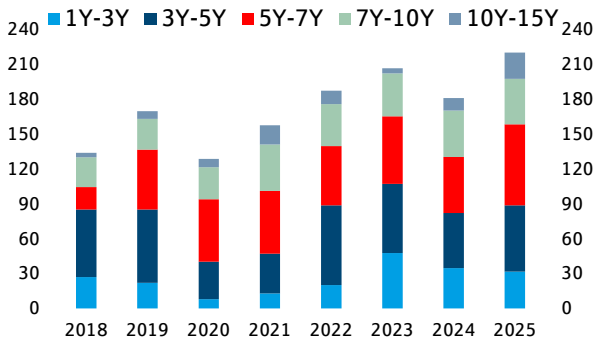
EUR bn (benchmark issuance volume by country, 2025)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Terms of 3 to 7 years dominate

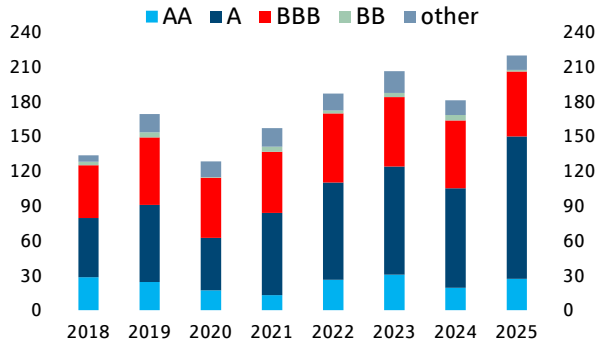
EUR bn (benchmark issuance volume by maturity)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Rating mix continues to show positive trend

EUR bn (benchmark issuance volume by rating*)

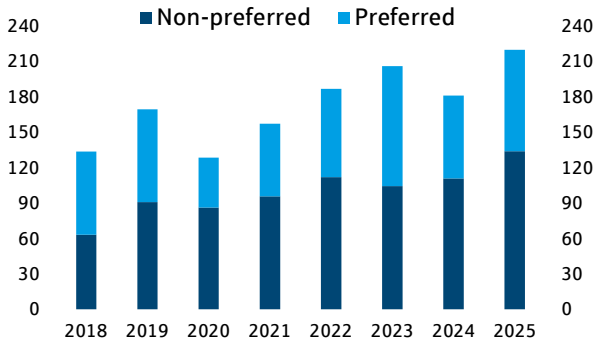


*Moody's rating at time of issuance

Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Non-preferred share stable at 61%

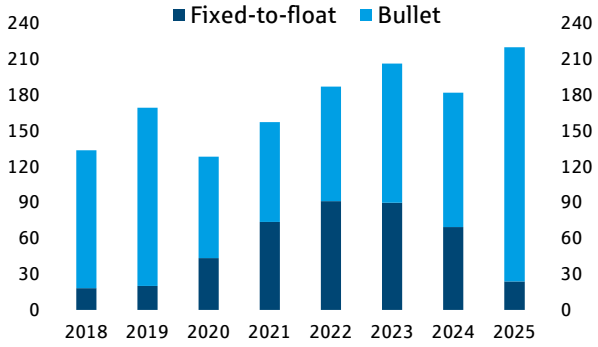
EUR bn (benchmark issuance volume by payment rank)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Regulatory call option declining

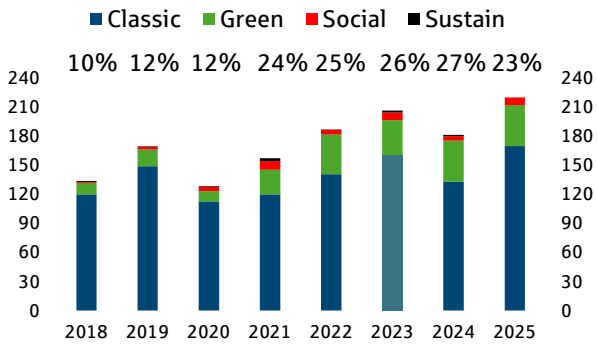
EUR bn (benchmark issuance volume by maturity type)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Share of green issues declining

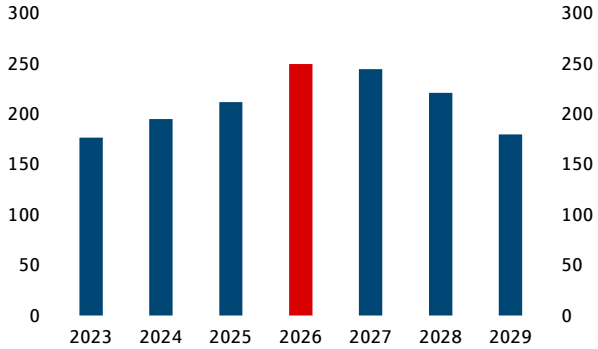
EUR bn (benchmark issuance volume by ESG instrument indicator)



Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

Maturities* will peak in 2026

EUR bn (benchmark maturity volumes)

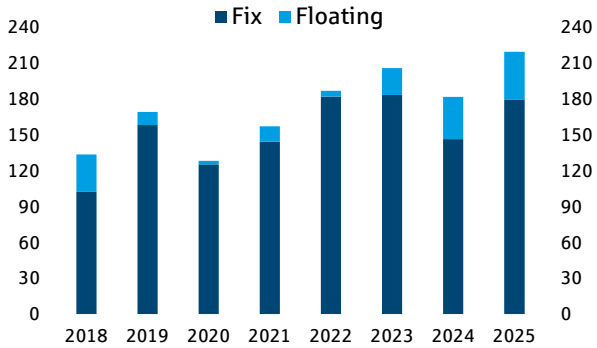


* Slightly different classification compared to new issues

Sources: Bloomberg, Helaba Research & Advisory

Variable interest rates more attractive again

EUR bn (benchmark issuance volume by coupon type)

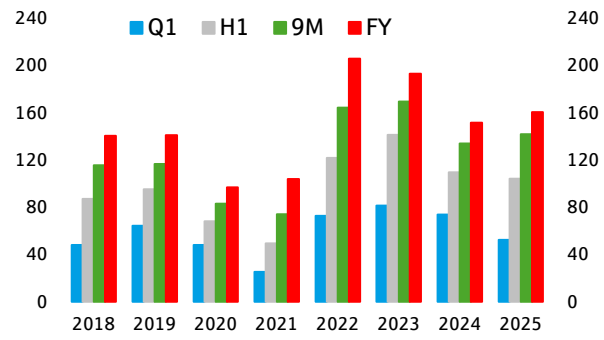


Sources: Bloomberg, Helaba DCM, Helaba Research & Advisory

2. Covered Bonds

Issuance volume in 2025: spot on target at expected EUR 160bn

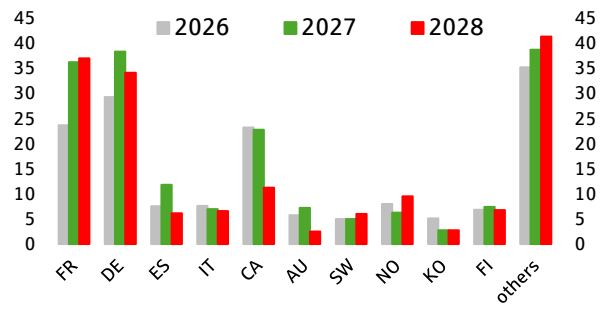
EUR benchmark cumulative issuance volume in EUR bn



Sources: Bloomberg, Helaba Research & Advisory

Maturity volume with an upward trend ('26 EUR 156 bn, '27 EUR 183 bn, '28 EUR 164 bn)

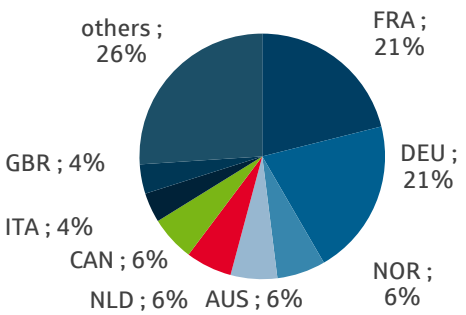
EUR benchmark maturity volume by country in EUR bn



Sources: Bloomberg, Helaba Research & Advisory

French covered bonds account for the largest share of new issues

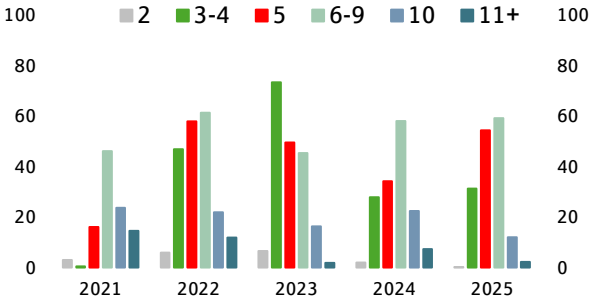
EUR benchmark issuance volume 2025 by country



Sources: Bloomberg, Helaba Research & Advisory

5-year term – more popular than ever

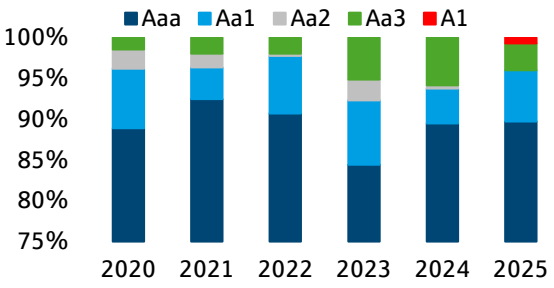
EUR benchmark issuance volume by maturity in %



Sources: Bloomberg, Helaba Research & Advisory

Aaa ratings still the standard

EUR benchmark issuance volume by rating* in %

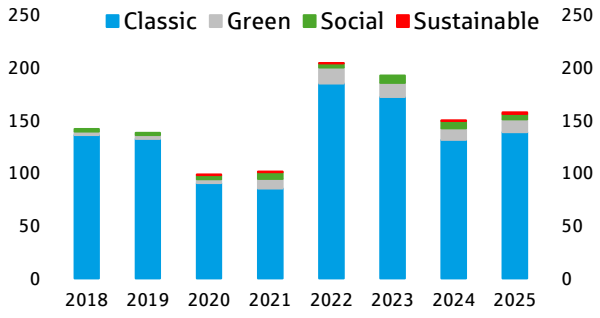


*Moody's rating at time of issuance

Sources: Bloomberg, Helaba Research & Advisory

Sustainable covered bonds: slight increase

Issuance volume according to ESG criteria and other criteria in EUR bn



Sources: Bloomberg, Helaba Research & Advisory



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