Helaba

In focus: Credit
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EUR Benchmark Bank Bonds: Primary Market Q1 2026



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Senior unsecured issues hit the brakes at full speed

The volume issued in the first quarter of 2026 on the primary market for senior unsecured bank bonds in the EUR benchmark format **still** reached **around EUR 76 billion**. Despite the war with Iran that broke out at the end of February, this was thus only 8% below the record volume for the same period last year and a remarkable 26% above the average for opening quarters over the last ten years. The high oversubscription ratios of nearly 3x on average demonstrate the very strong investor appetite for these transactions. **By the end of the ninth calendar week, the primary market in**

on track to set a record in this segment before coming to an abrupt standstill.

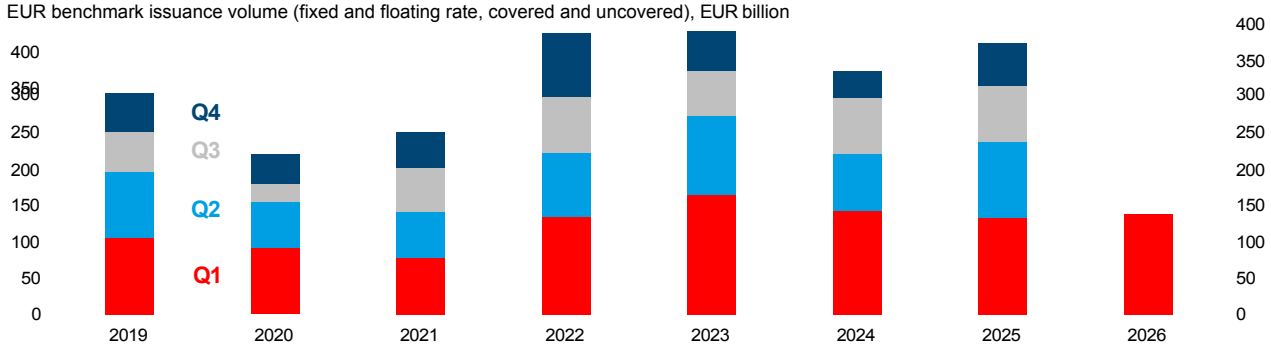
The strong primary market activity in the first few weeks was **driven** primarily by the **high maturities in 2026**. These are attributable, among other things, to the fact that the category of Senior Non-Preferred (SNP) bonds, introduced following the financial market crisis, is now fully established and has settled into a balanced rhythm between new issues and maturities. **The share of SNP bonds in the total issuance volume reached a high of 70% in the first quarter of 2026.** This more than met our expectation that the share of SNP issues would be well over half of total issues (see **Primary Market Update** of 5 January 2026).

Furthermore, **banks from the US and the UK** continue to make extensive use of the favourable refinancing conditions available to them on the EUR market. Their share of new issue volume stood at a high 31% in the first quarter. By contrast, the share of French banks – some of which are traditionally among the most active players due to their extensive capital market activities – fell to 11%.

We are lowering our estimate for the volume of new issues of senior unsecured bank bonds in the EUR benchmark format for the full year 2026 by EUR 20 billion to EUR 210 billion. This now represents a slight decline compared with the record volume of EUR 220 billion in 2025. We justify this

EUR benchmark issues* Q1 2026: Holding up well thanks to a strong start to the year

EUR benchmark issuance volume (fixed and floating rate, covered and uncovered), EUR billion



* Issue volume of at least EUR 500 million Sources: Bloomberg, Helaba DCM, Helaba Research

with the pause in the primary market for senior bonds due to the war in Iran, which has now been ongoing for almost five weeks. In our economic forecasts, however, we do not anticipate a protracted conflict. **The substantial maturities remain the primary factor pointing to another strong year for issuance.** These will increase slightly again in 2026 and remain at a high level in 2027.

For SNP issues, regulatory requirements remain a key factor. Whilst the minimum quotas have been met, high maturities are now also the main driver for issuance plans in this sector. We expect the share of **SNP issues** to remain **well over half** of total issuance.

The introduction of **a general depositor preference** across Europe should have only a limited impact on the credit quality of preferred bonds. However, institutions could counter this by issuing further preferred securities. It will, however, take until mid-2028 for the new regulations to be implemented in the individual Member States (see our publication **'General Depositor Preference adopted** on 27 March 2026).

Geopolitical and macroeconomic uncertainties are likely to continue to create a volatile capital market environment. Given the high volume of maturities, issuers are keen to take advantage of open capital market windows for transactions. **Getting the timing right remains a challenge.**

Covered bonds: Flying by sight



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"Covered bonds are reliable", "Covered bonds are stable", "Covered bonds are bad-weather products" – frequently cited attributes that the covered bond market had to live up to in the first quarter.

The covered bond market got off to a strong start in the new year. The significantly negative net issuance volume in the fourth quarter of 2025 apparently created considerable investment pressure on the investor side. As is customary in the first quarter, deal flow was strong, reaching EUR 28 billion in January and just under EUR 24 billion in February. Unusual, however, were the oversubscription ratios in the primary market, which reached up to 10x for individual transactions. Equally unusual were the many negative signs ahead of the new issues and the nevertheless strong after-market performance.

The first storm clouds gathered **during the World Economic Forum in Davos** with US President Trump's speech. The final change in the weather then came on 28 February with the start of the war in Iran. For just under two weeks, the covered bond primary market ground to a halt before the Royal Bank of Canada reopened the market. Against this backdrop, the somewhat meagre EUR 11.5 billion placed in March should be seen as evidence of the attributes mentioned above. In fact, the market shift materialised only to a very limited extent through widening spreads. In such market phases, the latter rarely originates from the low-volume secondary market, but is usually triggered by repricing waves in the primary market. However, by accepting lower oversubscription ratios, widening trends have so far been largely cushioned.

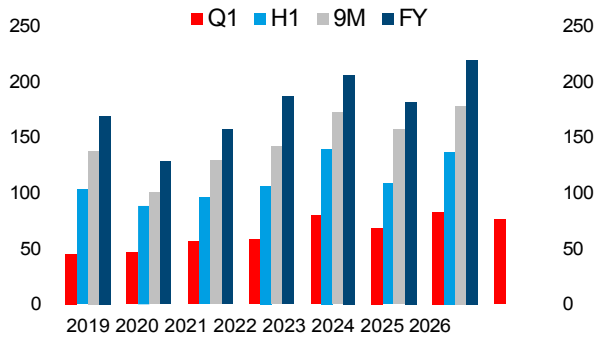
For the time being, the lower issuance volumes do not appear to pose a problem from a funding perspective either. The flexible applications of covered bonds, particularly as retained transactions, provide further evidence of the attributes mentioned above. We see the increased use of **retained covered bonds** as **a potential** 'safety valve' to relieve pressure on the primary market. This approach could – at the cost of a lower level of long-term financing – also help to keep spreads in the primary and secondary markets under control. From the start of the year until 28 February – the day the US military operation began – just under EUR 14.5 billion in retained covered bonds was issued across all currencies. In the four weeks that followed, the figure was a good EUR 36 billion.

Overall, it can be stated that, **given the €63 billion in new issues in the EUR benchmark covered bond market,** we **are still within the range of our expectations.** Given the increased intensity and duration of event risks, we still expect the figure to reach our originally forecast EUR 162.5 billion, but would no longer describe this as a rather conservative estimate, as we did in November. The emerging trend towards greater use of retained covered bonds could have a negative impact on issuance volumes but a positive one on spreads.

1. Senior unsecured bonds

Q1 2026: Braked at full speed

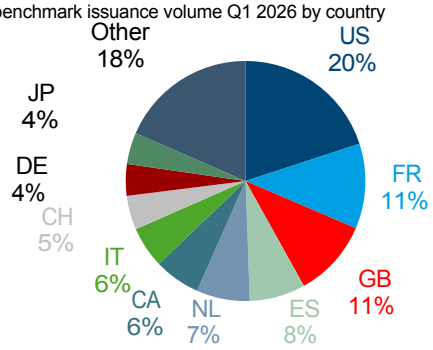
Cumulative EUR benchmark issuance volume, EUR billion



Sources: Bloomberg, Helaba DCM, Helaba Research

US banks are taking advantage of the favourable interest rate environment

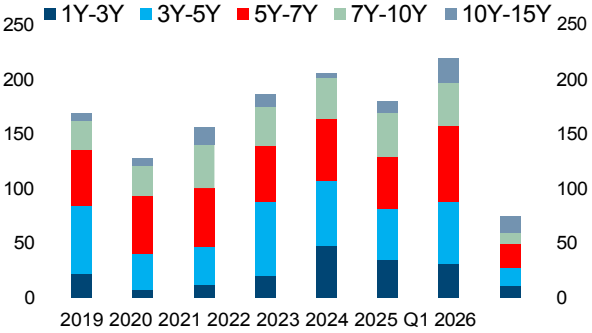
EUR benchmark issuance volume Q1 2026 by country



Sources: Bloomberg, Helaba DCM, Helaba Research

Maturities of 3 to 7 years dominate

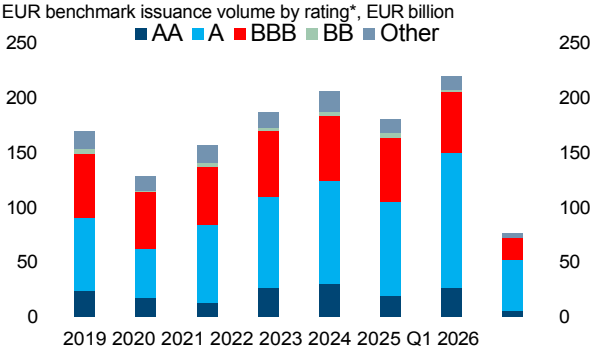
EUR benchmark issuance volume by maturity, EUR billion



Sources: Bloomberg, Helaba DCM, Helaba Research

Rating mix continues to show a positive trend

EUR benchmark issuance volume by rating*, EUR billion

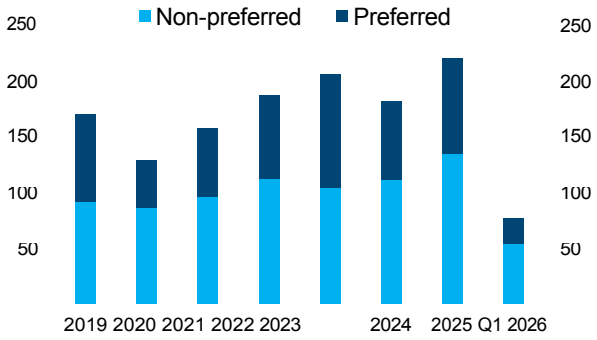


* Moody's rating at issuance

Sources: Bloomberg, Helaba DCM, Helaba Research

Share of non-preferred rises to 70%

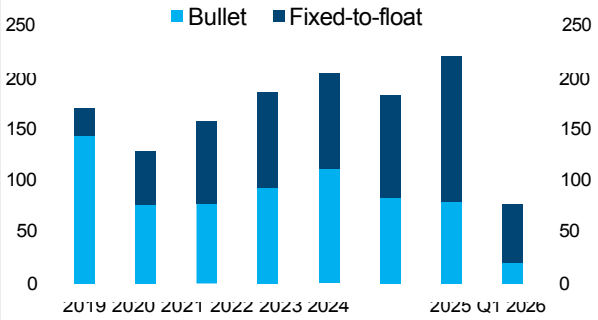
EUR benchmark issuance volume by seniority, EUR billion



Sources: Bloomberg, Helaba DCM, Helaba Research

Extensive use of regulatory call options

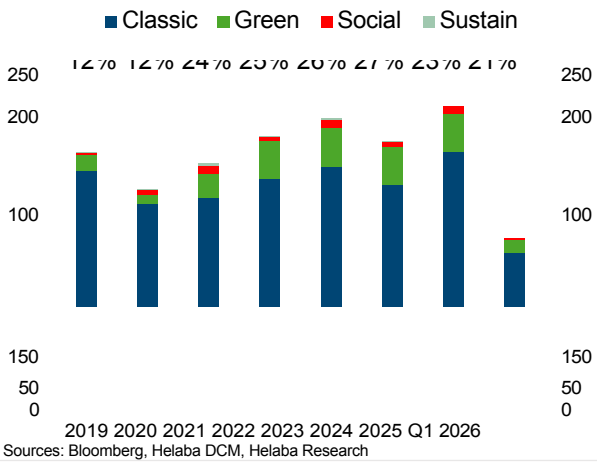
EUR benchmark issuance volume by repayment type, EUR billion



Sources: Bloomberg, Helaba DCM, Helaba Research

Proportion of green issues remains virtually stable

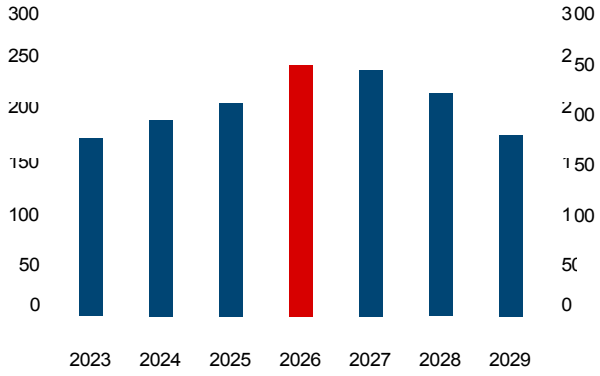
EUR benchmark issuance volume by ESG criteria, EUR billion



Sources: Bloomberg, Helaba DCM, Helaba Research

Maturities* will peak in 2026

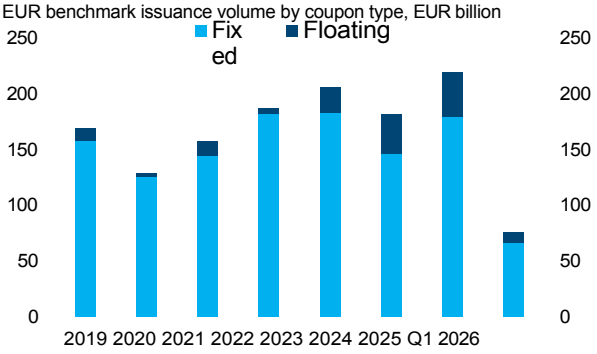
EUR benchmark maturity volume, billion EUR



* Slightly different classification compared to new issues
Sources: Bloomberg, Helaba Research

Proportion of variable-rate bonds on the decline again

EUR benchmark issuance volume by coupon type, EUR billion

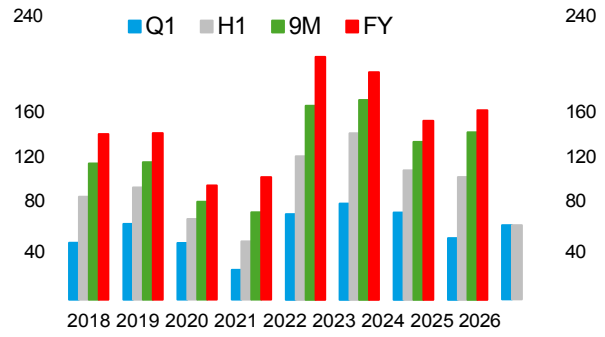


Sources: Bloomberg, Helaba DCM, Helaba Research

2. Covered bonds

Q1/26: EUR 63 billion in line with expectations

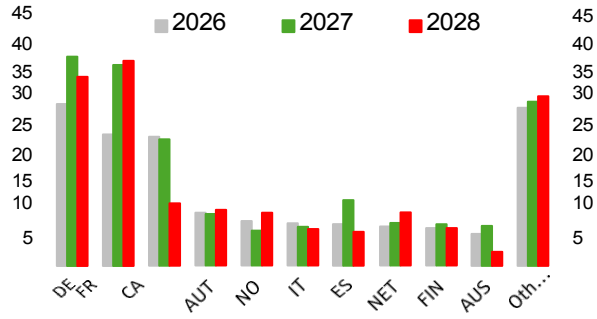
Cumulative EUR benchmark issuance volume, EUR billion



Sources: Bloomberg, Helaba Research

Maturity volumes on an upward trend

EUR benchmark maturity volume by country, EUR billion

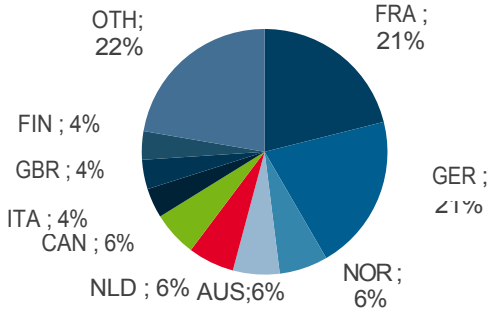


* **'26 €156 billion, '27 €183 billion, '28 €164 billion**

Sources: Bloomberg, Helaba Research

French covered bonds account for the largest share

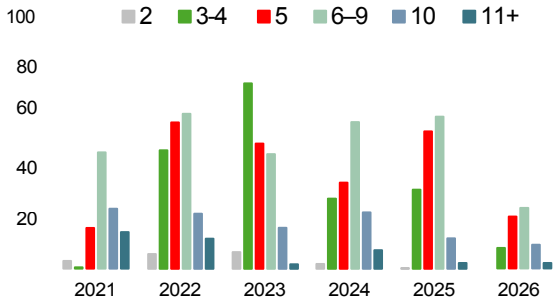
EUR benchmark issuance volume Q1 2026 by country



Sources: Bloomberg, Helaba Research

Maturity selection slightly longer again

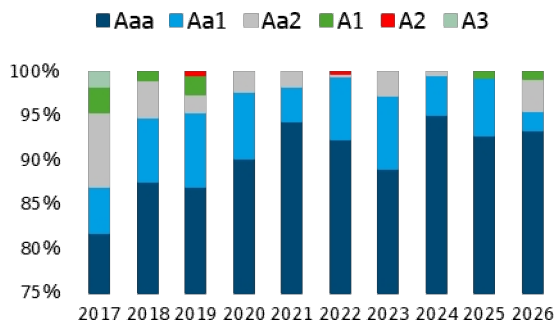
EUR benchmark issuance volume by maturity, %



Sources: Bloomberg, Helaba Research

Aaa ratings still the norm

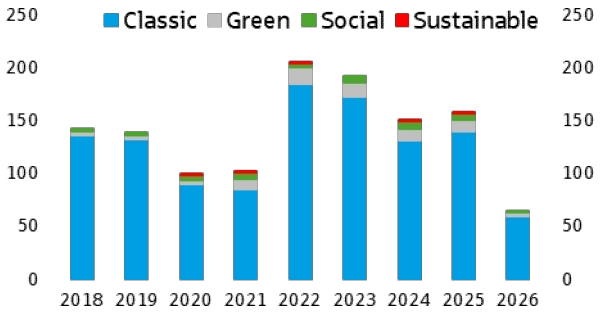
EUR benchmark issuance volume by rating*, %



*Moody's rating at issuance Sources: Bloomberg, Helaba Research

Sustainable covered bonds: somewhat out of focus

Issuance volume by ESG criteria and other, EUR billion



Sources: Bloomberg, Helaba Research



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