Helaba

Focus on: Credit
5 October 2026

EUR Benchmark Bank Bonds: Primary Market Q3 2026

Brisk issuance activity in senior unsecured issues



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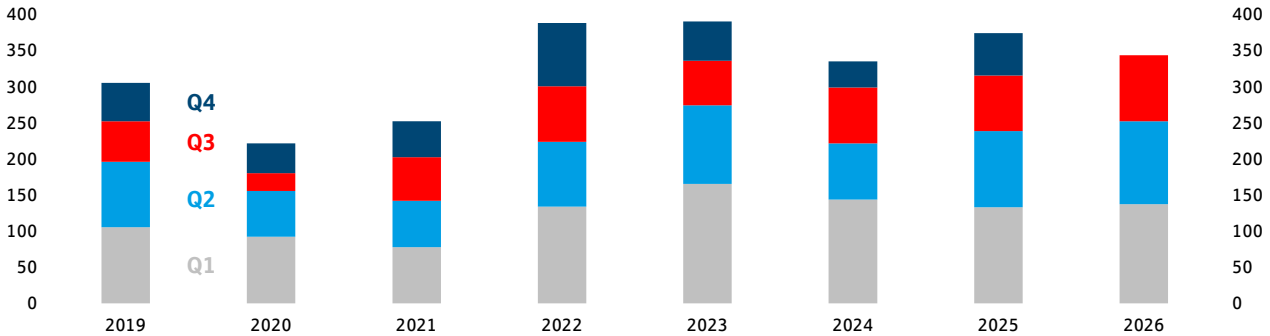
Despite the summer lull, the primary market for senior unsecured bank bonds in the EUR benchmark format proved extremely buoyant in the third quarter of 2026. The total volume issued was around EUR 47 billion, which was 15 per cent higher than in the third quarter of 2025, which was already strong. This figure even exceeded the average for third quarters over the past six years by 40 per cent. In the first nine months of this year, the volume of new issues amounted to around EUR 180 billion, setting a new record despite the war in Iran that broke out at the end of February. The subdued primary market activity in weeks 8 to 15 was more than offset by subsequent transactions and the year's strong start.

Activity in the senior non-preferred bonds (SNP bonds) segment was particularly strong in the most recent quarter. At around EUR 31 billion, issuance volume was 27 per cent higher than in the same quarter of the previous year, and 62 per cent above the six-year average. In contrast, the volume of preferred bond issues in Q3 2026 was around EUR 16 billion, 4 per cent below the previous year but 8 per cent above the six-year average.

In our view, the brisk issuance activity is primarily due to the high number of maturities, which will peak in 2026. Against a backdrop of news dominated by trade conflicts and military confrontations, issuers have taken advantage of favourable market conditions to implement their issuance plans at an early stage this year. The high level of maturities is due, among other things, to the fact that SNP bonds, introduced following the financial crisis, are now firmly established in the market, with a balanced rhythm between new issues and maturities in this segment. SNP bonds accounted for 66% of the total issuance volume in the third quarter of 2026. We regard the average oversubscription ratio of 2.9x in the first nine months of 2026 as an indication that regulatory-driven SNP transactions continue to meet robust investor demand. This has more than fulfilled our expectation that SNP issues would account for well over half of the total issuance volume for the year as a whole (see our **Primary Market Update of 6 January 2026**).

EUR Benchmark transactions* Q3 2026: Brisk issuance activity continues

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



*Issuance volume of at least 500 million euros
Sources: Bloomberg, Helaba DCM, Helaba Research

Banks from the United Kingdom, the United States and Canada, in particular, took full advantage of the favourable interest rate environment. Furthermore, French banks, which are traditionally very active in the capital markets, had a strong presence once again. By contrast, German issuers have shown a comparatively low need for refinancing so far this year. Overall, issuance ratings remained encouragingly stable, thereby underlining the high quality of the institutions' balance sheets. The green label was also used more extensively, rising from 19 per cent of issuance volume in 2025 to 26 per cent so far this year.

Therefore, we maintain our forecast of a new issue volume of EUR 210 billion for senior unsecured bank bonds in the EUR benchmark format for the whole of 2026 (see our **Primary Market Update of 2 April 2026**). This strong year for issuance continues to be underpinned by substantial maturities. These are expected to remain at a high level in 2027 as well. For SNP issues, regulatory requirements remain a key influencing factor. While the minimum quotas have been met, the high level of maturities is now also the main driver of issuance activity in this segment. We expect the share of SNP issues to remain well over half of total issuance. However, the ongoing geopolitical and macroeconomic uncertainties mean that the timing of new issues remains a key challenge for issuers.

Covered bonds: Taking a breather for now – but then!



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Traditionally, the third quarter begins with a few final transactions before the market goes into summer recess. Although this year's break was the third-longest on record at 47 days, what happened afterwards was remarkable in many respects:

The list of issuers that typically return to the market after an extended absence is mainly drawn from established European core covered bond markets. DBS's participation on 17 August can certainly be interpreted as a positive sign of the ongoing internationalisation of the covered bond market.

However, the subsequent trading volume has eclipsed every previous Q3 issuance launch. In the 27 trading days leading up to the Covered Bond Congress in Seville, 53 tranches totalling EUR 41 billion were placed across 19 countries. This propelled the year-to-date volume to levels last seen in 2022 and 2023, years characterised by various one-off effects. At the end of those years, the figures stood at EUR 206 billion and EUR 193 billion respectively.

In our publication **The Spread Paradox in the Covered Bond Market**, we noted that the capacity for absorption on the investor side is gradually waning. While the most recent transactions were completed without any major issues, oversubscription ratios were often lower than usual, and/or the difference between the initial price and the final price was smaller, or the new issue premiums were set higher from the outset.

Generally speaking, we interpret the high level of issuance activity as a collective 'better safe than sorry' approach, so we expect Q4 2026 to be rather quiet. Although there was general talk of continued willingness to issue at the annual Covered Bond Congress, we would be surprised if the Q4 2025 volume (EUR 17.35 billion) were to be matched, particularly given the increasingly challenging broader economic outlook: While yields on French government bonds continue to reach new heights, the outcome of the regional elections in Germany has significantly dampened the appetite for reform. Combined with persistent inflationary pressure via commodity prices and well-known geopolitical crises, it is probably only a matter of time before secondary market spreads for covered bonds, which remained stable until recently, begin to widen. We mentioned the initial signs of softening in the aforementioned publication on 17 September. Since then, this impression has strengthened. While the scale of the move lags behind the 'wave' seen at the end of Q1, the difference lies in the breadth of the market. At the end of Q1, it was mainly more expensive covered bonds that fell in price; French and Italian issues, by contrast, outperformed. Currently, however, no sub-market is immune to this trend.

That is the broad picture. However, we do not want to overlook some notable details from the third quarter:

- Welcome back to the covered bond market, Luxembourg! The country now has a new issuer and a new covered bond class: Lettres de Gage Hypothecaire. Banque et Caisse d'Epargne de l'Etat Luxembourg (Spuerkeess) has issued a benchmark covered bond backed by mortgages for the first time. Until now, the Luxembourg covered bond market consisted of securities backed by public assets. This can genuinely be described as a Luxembourg covered bond, as a bank originally established in Luxembourg is conducting domestic mortgage business and refinancing it via Lettres de Gage in Luxembourg. Previous issuers were either subsidiaries of German banks or purely financial vehicles – our older readers may remember Dr Wolfgang Schuppli.

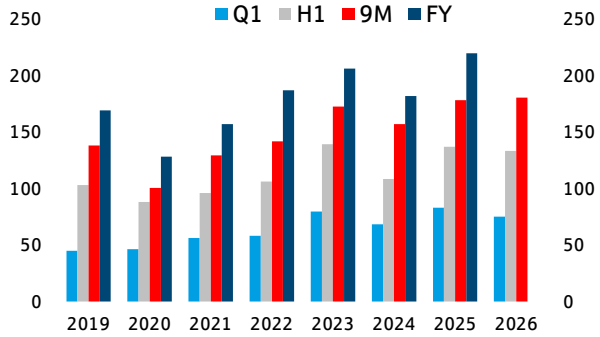
- The trend towards multi-tranche transactions continues: The third quarter saw a further six such transactions. In August, Crédit Agricole even placed three tranches – a combination of three fixed- and floating-rate tranches, as well as a 10-year tranche. In the booklet accompanying the 39th ECBC Plenary Meeting in Seville, we published a longer article setting out our support for multi-tranche transactions.

- Record number of issuing countries: 2026 is also on course to set a new record in terms of the number of countries issuing covered bonds. With the addition of the new issues from Luxembourg, the total now stands at 26 countries, surpassing last year's record.

1. Senior unsecured bonds

Q3 2026: Market conditions remain favourable

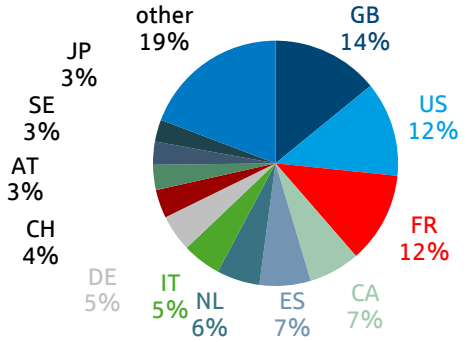
Cumulative EUR benchmark issuance volume, EUR billion



Sources: Bloomberg, Helaba DCM, Helaba Research

UK and US banks capitalise on favourable interest rate environment

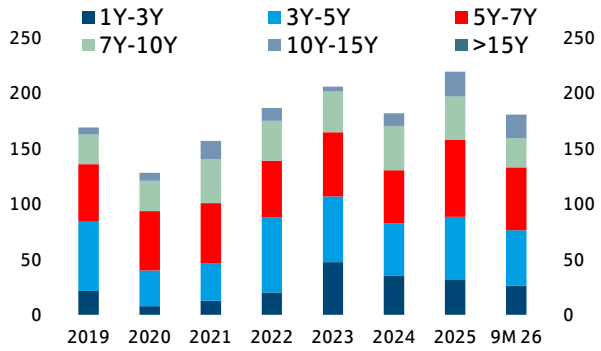
EUR benchmark issuance volume 9M 2026 by country



Sources: Bloomberg, Helaba DCM, Helaba Research

Maturities of 3 to 7 years dominate

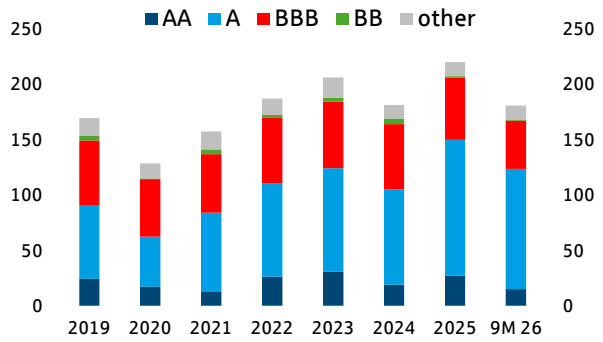
EUR benchmark issue volume by maturity, billion EUR



Sources: Bloomberg, Helaba DCM, Helaba Research

Stable rating mix

EUR benchmark issue volume by rating*, billion EUR

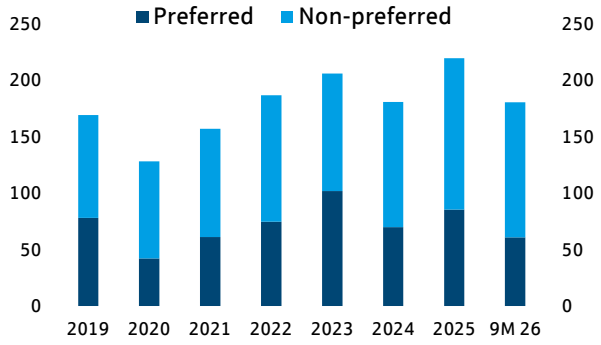


*Moody's rating at the time of issue

Sources: Bloomberg, Helaba DCM, Helaba Research

Non-preferred shares account for a high 66%

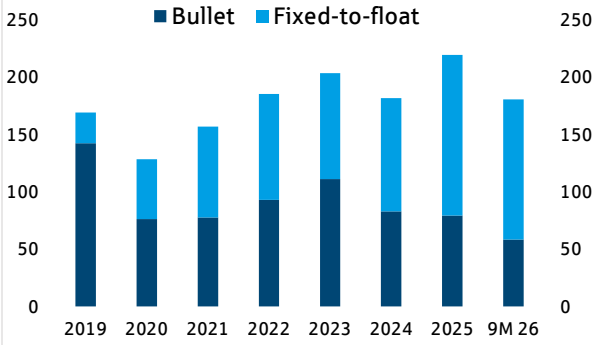
EUR benchmark issue volume by seniority, billion EUR



Sources: Bloomberg, Helaba DCM, Helaba Research

Extensive use of regulatory call options

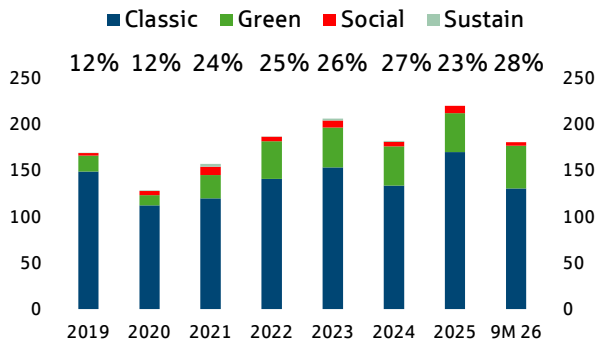
EUR benchmark issuance volume by repayment type, billion EUR



Sources: Bloomberg, Helaba DCM, Helaba Research

Proportion of green issues on the rise

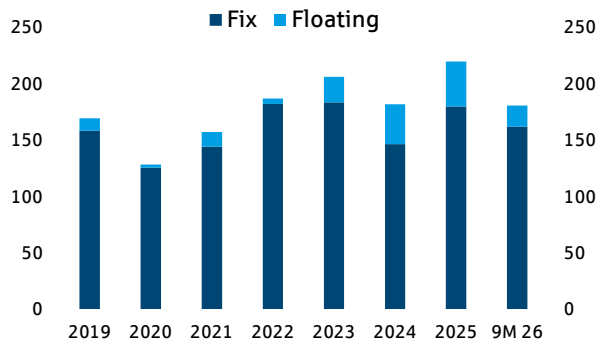
EUR benchmark issuance volume by ESG criteria, billion EUR



Sources: Bloomberg, Helaba DCM, Helaba Research

Proportion of floating-rate issues on the decline again

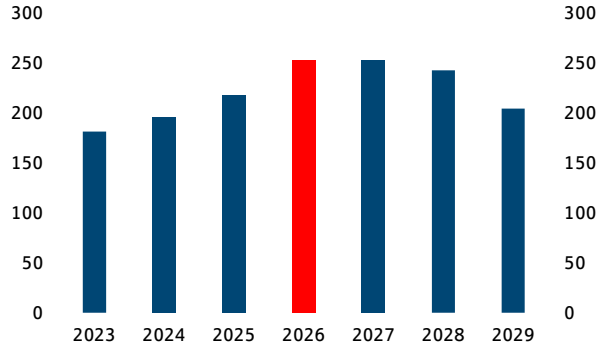
EUR benchmark issuance volume by coupon type, billion EUR



Sources: Bloomberg, Helaba DCM, Helaba Research

Maturities* will peak in 2026

EUR benchmark maturity volume, billion EUR



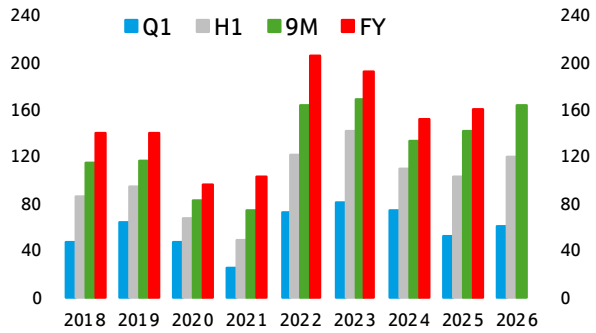
*Slightly different definition compared with new issues

Sources: Bloomberg, Helaba Research

2. Covered bonds

Q3 26: EUR 164 billion, well above expectations

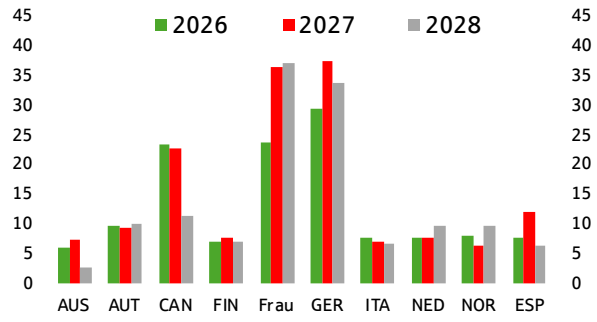
Cumulative EUR benchmark issue volume, billion EUR



Sources: Bloomberg, Helaba Research

Maturity volume showing an upward trend

EUR benchmark maturity volume by country, in billions of EUR

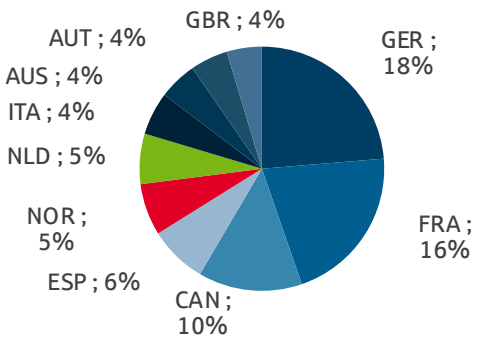


*Volume: '26 EUR 156 billion, '27 EUR 183 billion, '28 EUR 164 billion

Sources: Bloomberg, Helaba Research

German Pfandbriefe account for the largest share

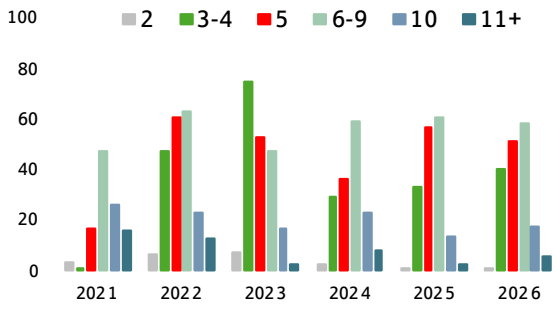
EUR benchmark issuance volume Q1 2026 by country



Sources: Bloomberg, Helaba Research

Maturity profiles slightly longer again

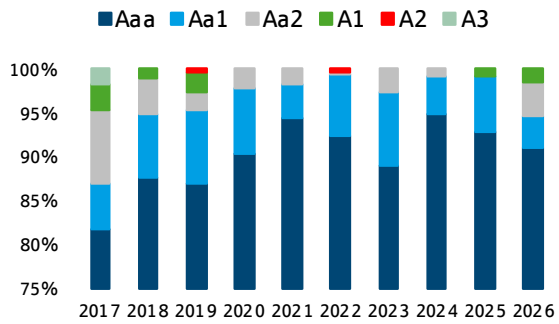
EUR benchmark issuance volume by maturity, %



Sources: Bloomberg, Helaba Research

Aaa ratings still the norm

EUR benchmark issuance volume by rating*, %

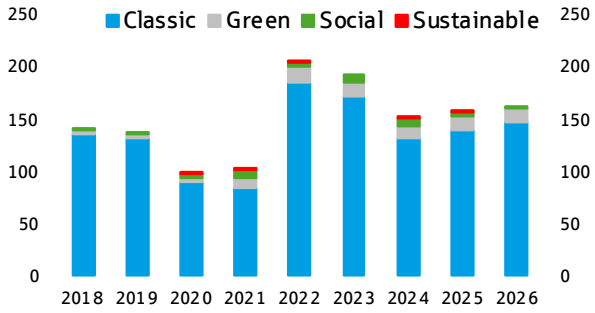


*Moody's rating at the time of issue

Sources: Bloomberg, Helaba Research

Sustainable covered bonds: somewhat out of the spotlight

Issuance volume by ESG criteria and other, billion EUR



Sources: Bloomberg, Helaba Research

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