Daiwa Capital Markets

European Banks – Credit Update

- European banks enter 2025 with strong credit fundamentals and excess capital
- Euro-denominated issuance was off to a slow start, as sterling and U.S. dollar take centre stage
- Broad range of SSAs place variety of currencies, while French FIGs in particular take advantage of relatively benign conditions to tackle potentially challenging sub-debt issuance
- Primary market volumes have strong start to January but lag record levels seen in 2024
- Secondary market spreads are tighter across the board in EUR and USD, particularly for Tier 2 debt

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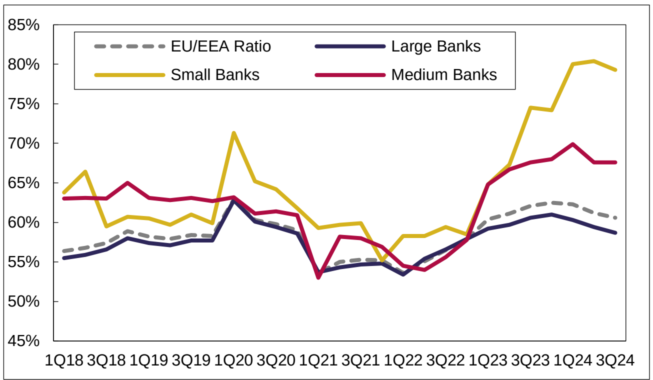
European banks enter busy funding period from strong credit background

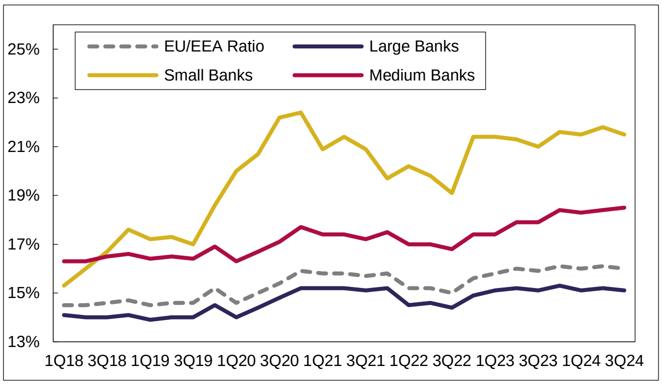
European financial institutions have entered 2025 from a position of strength, having generated strong earnings over the past couple of years, resulting in excess deployable capital. Net interest income (NII) was the main driver of this development as banks took advantage of the higher rates environment, significantly improving their net interest margins (NIM). As per EBA data, it is evident that smaller lenders are disproportionally more dependent on NII income compared to their more diversified, larger bank peers. However, with the advent of cuts to policy rates, banks are now expected to address likely margin pressure by trying to increase lending volumes, as well as expanding alternative revenue streams. In this context, muted borrowing demand will likely manifest itself as a near-term headwind. Therefore, many banks are looking to build out their fee and commission-based income capabilities by growing wealth and asset management offerings. Mostly stable if subdued economic growth environments, and historically low unemployment, meant that asset quality, particularly in retail lending, has remained robust with very little non-performing loan (NPL) growth. Areas where conditions have been most favourable are the European peripherals Greece, Portugal, Spain and to a lesser extent Italy. In Europe, we anticipate loan growth to be the strongest in these geographies, given the more favourable GDP prospects and structural improvements observed in local bank balance sheets over recent years.

NII to total net operating income for European banks



Source: EBA Risk Dashboard

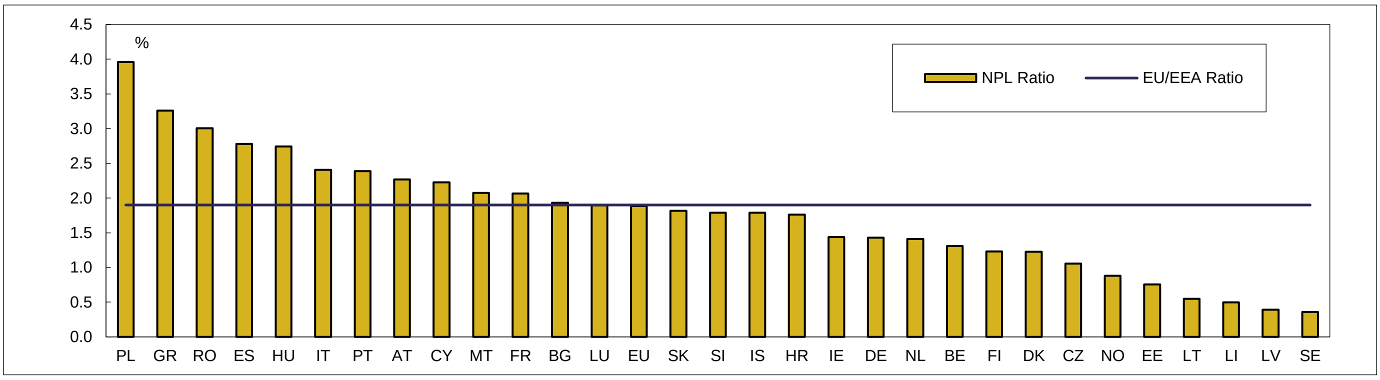
European banks' CET1 (fully loaded)



Source: EBA Risk Dashboard

While European banking sector fundamentals have strengthened and improved on a broad basis, the overall credit backdrop appears more challenging. Election outcomes have created uncertainty for credit markets, with core European jurisdictions (i.e. Germany and France) facing a unique set of challenges. Despite these macro-political concerns, the strong starting position from which financial institutions enter the year is likely to dampen expected spread widening. Investment grade cash spread widening may reach high single or low double-digit figures, while the lower end of the credit spectrum is expected to see widening around 20-30bps. The manageable impact will be supported by solid technicals, such as continued demand for high-yield products and cash moving from equities into fixed income. Additionally, lower expected net debt supply as a function of lower business and investment activity should be an additional factor in keeping spread migration in check.

European banks' share of non-performing loans and advances (NPLs)



Source: EBA Risk Dashboard

Euro market - Shifting strategies amid elevated spreads
The euro-denominated bond market started the year slower than usual, a development partly explained by calendar effects and issuer caution against the backdrop of rising global yields. According to Bloomberg data, the first two weeks in 2024 culminated in EUR197bn of FIG and SSA euro supply compared to EUR158bn during the same period in 2025. Elevated spreads in covered bonds deterred issuance in this category, prompting many banks, notably French, to pivot towards senior unsecured funding. French institutions were particularly active across multiple currencies, leveraging favourable relative pricing to maintain funding momentum. Subordinated debt issuance, predominantly Tier 2 instruments, saw renewed interest, reflecting strong appetite from asset managers and hedge funds drawn to higher yields. Meanwhile, the AT1 market also drew interest earlier in the week, but concerns around higher for longer rates ultimately weighed on pricing and limited supply. Investor demand to lock in healthy yields for investment grade credit appeared unabated but rate volatility may prove to be an obstacle for issuers going forward.

Dollar market off to a robust start, led by FIGs
There was a deluge of issuance in the dollar market with borrowers raising USD48bn, with issuance being mostly front-loaded in the first two weeks. Primarily banks and Supras led the charge, taking advantage of attractive cross-currency arbitrage. The sell-off in major sovereign bond markets and the resignation of Canada's prime minister provided the backdrop but left borrowers and investors equally undeterred. French, UK, and Canadian issuers were notably active in the U.S. dollar space, highlighting its appeal as a stability anchor amid the above-mentioned uncertainties. Investor demand supported tight pricing and generally elevated deal subscription levels, even as broader concerns about policy rates and inflation lingered.

Sterling arbitrage supports record start into the year
Finally, the sterling market witnessed an unprecedented start to the year, with issuers pushing GBP15.5bn in just two weeks, setting a record for the largest volume issued this early in the year. Despite rising Gilt yields, market participants remained optimistic, with demand supported by high December redemptions and coupon payments in sterling. These amounted to some GBP17bn, approximately twice the usual amount, facilitating volumes. More broadly, sterling's surge of issuance was also influenced by its relative competitiveness against euros and dollars. Higher relative yields on Gilts, have provided issuers with an appealing funding window, further supported by demand from a wide investor group, including central banks and treasuries. The sell-off in Gilts followed the broader global trend, but was arguably slightly more pronounced than elsewhere. Unsurprisingly, this has allowed larger issuers such as ADB, KfW or EIB to take advantage of these favourable conditions in sterling, placing the largest trades of the week, for a combined GBP4.25bn.

Broader market themes and implications
Across markets, the interplay of political uncertainties, global monetary policy recalibration, and shifting investor sentiment continues to shape issuance dynamics. The solid start to the year in primary markets highlights issuers' ability to adapt to evolving conditions, leveraging technical factors and strategic timing to optimise funding outcomes. Looking ahead, the recalibration of spreads and yields, coupled with ongoing structural improvements within the banking sector, will play an important role in sustaining market momentum. European FIGs and SSA issuers are well-positioned to navigate these dynamics, particularly as investors seek to balance yield considerations with credit quality and broader ESG objectives.

Primary and secondary markets

European primary market issuance volumes for SSAs stood at EUR76bn over the course of last week, well above market expectations of EUR27.5-32.5bn. FIG supply of EUR30.5bn was also above the weekly forecast amount of EUR18.5-23.5bn. The total 2025 year-to-date FIG volume of EUR31.2bn is 53% behind last year's issuance volume. SSA volumes are also behind last year's level, down 22% at EUR82.5bn. For the current week, survey data suggest SSA issuance volumes will range between EUR36.5-41.5bn and FIGs are expected to issue EUR17.5-22.5bn.

(Table 1) Key Transactions

Bank	Rank	Amount	Maturity	Final Spread (bps)	IPT (bps)	Book Orders
SSA						
ADB	Sr. Unsecured	GBP1bn	5Y	SONIA MS + 43	SONIA MS + 43	GBP1.6bn
ADB	Sr. Unsecured	USD5bn	3Y	SOFR MS + 31	SOFR MS + 34	USD16.2bn
ADB	Sr. Unsecured	GBP1bn	5Y	SONIA MS + 43	SONIA MS + 43	GBP1.6bn
ADB	Sr. Unsecured	EUR1.75bn	7Y	MS + 38	MS + 40	EUR3bn
AFD	Sr. Unsecured (Sustainable)	USD1bn	5Y	SOFR MS + 79	SOFR MS + 80	USD2bn
Belgium	Sr. Unsecured	EUR7bn	10Y	MS + 66	MS + 66	EUR89bn
Berlin	Sr. Unsecured	EUR1.5bn	7Y	MS + 33	MS + 35	EUR3.6bn
BNG Bank	Sr. Unsecured	GBP500m	3Y	SOFR MS + 42	SOFR MS + 42	GBP590m
CAFFIL	Sr. Unsecured	EUR1.25bn				
Council of Europe Bank	Sr. Unsecured	USD1.5bn	5Y	SOFR MS + 42	SOFR MS + 45	n.a.

DBJ	Sr. Unsecured	USD500m	10Y	SOFR MS + 73	SOFR MS + 78	USD3.9bn
EIB	Sr. Unsecured	USD6bn	5Y	SOFR MS + 42	SOFR MS + 45	USD31bn
EIB	Sr. Unsecured (CAB)	EUR5bn	10Y	MS + 45	MS + 47	EUR47.3bn
EIB	Sr. Unsecured (CAB)	GBP1.5bn	3Y	SONIA MS + 32	SONIA + 33	GBP2.8bn
IBRD	Sr. Unsecured (SDB)	USD6bn	7Y	SOFR MS + 54	SOFR MS + 57	USD12.6bn
IBRD	Sr. Unsecured	GBP1bn	5Y	SONIA MS + 45	SONIA MS + 45	GBP1.25bn
IBRD	Sr. Unsecured (SDB)	EUR3bn	10Y	MS + 47	MS + 49	EUR6bn
IFC	Sr. Unsecured (Social)	AUD1bn	5Y	ASW + 47	ASW + 48	AUD1.65bn
IFC	Sr. Unsecured	GBP750m	5Y	SONIA MS + 32	SONIA MS + 33	GBP1.25bn
Italy	Sr. Unsecured	EUR13bn	10Y	BTP + 7	BTP + 9	EUR125bn
Italy	Sr. Unsecured (Green)	EUR5bn	20Y	BTP + 5	BTP + 8	EUR110bn
JFM	Sr. Unsecured (Green)	EUR500m	5Y	MS + 45	MS + 49	EUR1.3bn
KBN	Sr. Unsecured	USD1.5bn	5Y	SOFR MS + 48	SOFR MS + 51	USD5.5bn
KfW	Sr. Unsecured	GBP1.75bn	3Y	SONIA MS + 32	SONIA MS + 33	GBP2.6bn
KfW	Sr. Unsecured	EUR6bn	3Y	MS + 12	MS + 14	EUR39.5bn
KfW	Sr. Unsecured	EUR3bn	10Y	MS + 37	MS + 39	EUR45.5bn
KfW	Sr. Unsecured (Green)	AUD1.25bn	5Y	ASW + 47	ASW + 47	AUD2.51bn
Land NRW	Sr. Unsecured	EUR2bn	5Y	MS + 29	MS + 31	EUR9.6bn
Land NRW	Sr. Unsecured (Tap)	EUR1bn	Mar-54	MS + 106	MS + 108	EUR7bn
NIB	Sr. Unsecured	GBP500m	3Y	SONIA MS + 32	SONIA MS + 33	GBP800m
NWB Bank	Sr. Unsecured (Social)	USD1.5bn	5Y	SOFR MS + 48	SOFR MS + 50	USD2.4bn
OKB	Sr. Unsecured	EUR500m	5Y	SONIA MS + 46	SONIA MS + 46	EUR445m
Poland	Sr. Unsecured	EUR1.5bn	5Y	MS + 65	MS + 85	EUR3.7bn
Poland	Sr. Unsecured	EUR1.5bn	10Y	MS + 120	MS + 140	EUR3bn
Portugal	Sr. Unsecured	EUR4bn	10Y	MS + 55	MS + 57	EUR25bn
Rentenbank	Sr. Unsecured	EUR750m	8Y	MS + 32	MS + 34	EUR2bn
FIG (Senior)						
Banco Santander	SNP	USD1bn	5Y	T + 110	T + 135	n.a.
Banco Santander	SNP	USD1bn	10Y	T + 135	T + 160	n.a.
Bank of Nova Scotia	Sr. Unsecured	GBP350m	4NC3	G + 90	G + 100/105	>GBP495m
Barclays	Sr. HoldCo	GBP750m	7.5NC6.5	G + 127	G + 145	>GBP1.25bn
BayernLB	SP	EUR750m	5Y	MS + 70	MS + 95	EUR1.9bn
BNP Paribas	SNP	USD2.25bn	8NC7	T + 127	T + 155	n.a.
BPCE	SNP	USD1.25bn	6NC5	T + 142	T + 165	>USD5bn
BPCE	SNP	USD1.5bn	11NC10	T + 162	T + 185	>USD4.9bn
BPER Banca	SNP	EUR500m	6NC5	MS + 130	MS + 165	>EUR1.55bn
CCDJ	Sr. Unsecured	EUR750m	2Y FRN	3mE + 45	3mE + 65	>EUR1.21bn
Commerzbank	SNP (Green)	EUR750m	7NC6	MS + 138	MS + 170	>EUR5.2bn
Crédit Agricole	SNP	GBP800m	7NC6	G + 120	G + 135/140	>GBP2bn
Crédit Agricole	SP	JPY30.3bn	3Y	TMS + 47	TMS + 45/50	n.a.
Crédit Agricole	SP	JPY16.8bn	5Y	TMS + 60	TMS + 57/62	n.a.
Crédit Agricole	SP	JPY3.1bn	10Y	TMS + 65	TMS + 65/70	n.a.
Crédit Agricole	SNP	JPY25.7bn	4NC3	TMS + 83	TMS + 80/85	n.a.
Crédit Agricole	SNP	JPY4.6bn	6NC5	TMS + 90	TMS + 90/95	n.a.
Crédit Agricole	SNP	JPY8.5bn	11NC10	TMS + 100	TMS + 100/102	n.a.
Danske Bank	SP	EUR750m	8NC7	MS + 90	MS + 120	>EUR2.3bn
DNB Bank	SP (Green)	EUR750m	6NC5	MS + 70	MS + 95	>EUR1.1bn
Erste Bank Group	SP (Green)	EUR750m	8NC7	MS + 98	MS + 125/130	>EUR1.95bn
NatWest Markets	Sr. OpCo	EUR1bn	5Y	MS + 83	MS + 110/115	>EUR3bn
Resona Bank	Sr. Unsecured	USD300m	3Y	T + 67	T + 100	USD1bn
SocGen	SNP (Social)	EUR1bn	6.5NC5.5	MS + 145	MS + 180	>EUR5bn
SocGen	SNP	USD500m	4.25NC3.25	SOFR MS + 141	SOFR MS + 141	n.a.
SocGen	SNP	USD1bn	4.25NC3.25	SOFR MS + 120	SOFR MS + 150	n.a.
SocGen	SNP	USD1bn	8.25NC7.25	SOFR MS + 160	SOFR MS + 190	n.a.
UniCredit	SNP	EUR1bn	4.5NC3.5	MS + 98	MS + 130	EUR2.1bn
UniCredit	SNP	EUR1bn	8NC7	MS + 140	MS + 170	EUR1.95bn
FIG (Subordinated)						
BBVA	AT1	USD1bn	PNC7	7.75%	8.25%	USD5.5bn
BFCM	Tier 2	USD1.25bn	10NC5	MS + 175	MS + 215	USD6.45bn
BNP Paribas	Tier 2	GBP400m	10.8NC5.8	G + 180	G + 200	GBP850m
BNP Paribas	Tier 2	EUR1bn	10.5NC5.5	MS + 180	MS + 205	EUR2.6bn
BPCE	Tier 2	EUR750m	10.5NC5.5	MS + 195	MS + 235	EUR6.2bn
BPCE	Tier 2	USD800m	21NC20	T + 195	T + 235	USD6.7bn
Crédit Agricole	Tier 2	JPY5.3bn	10NC5	TMS + 137	TMS + 135/140	n.a.
Danske Bank	Tier 2	NOK1.6bn	10.25NC5	N + 150	N + 150	NOK1.5bn
SCB	AT1	USD500m	PNC7	7.63%	7.88%	n.a.

Source BondRadar, Bloomberg; SDB=Sustainable Development Bond; CAB = Climate Awareness Bond;

SSAs had a very strong start, with sizeable book orders and in some cases unprecedented issuance volumes. We registered 56 trades since the beginning of the year, mainly across core currencies (EUR, USD, GBP). Although this represents a -7% decrease year-on-year in terms of volumes raised it still marks one of the strongest starts to a year. One driving factor for this was widening spreads against swaps, which made new issues more appealing and perhaps incentivised the likes of treasuries and central banks to deploy their cash more readily. With no fundamental changes on the horizon evident and the new issuance pipeline filling up, we expect the week ahead to maintain this positive momentum.

FIGs saw market activity peak early in the second week of the year as the hectic Tuesday session wasn't repeated subsequently. The slowdown in issuance was a sign of increasing price sensitivity and book attrition. Persistently tight spreads have allowed investors to be more selective, although overall demand remains robust, maintaining a favourable issuance window. Policy uncertainty will likely remain a theme over the near term (i.e. Germany, France, Canada), especially with the U.S. Presidential inauguration still to take place. We expect modest upward pressure on spreads, especially for subordinated trades as these have priced very tightly over the past trading sessions.

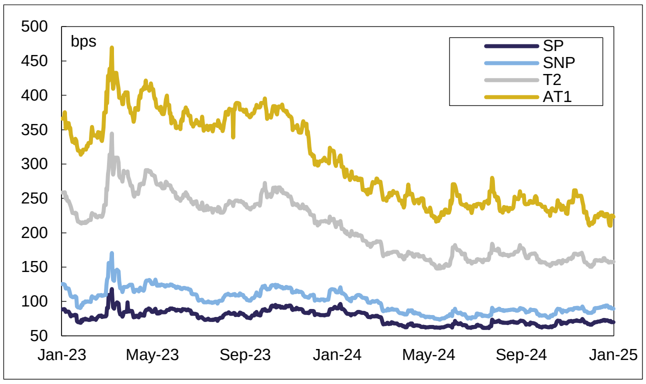
Secondary market spreads were tighter for EUR and USD, while CDS indices on European senior (65bps) and subordinated financials (115bps) as measured by iTraxx benchmarks priced +2bps and +3bps against the previous week's levels.

Spreads in secondary markets improved for EUR and USD. By jurisdiction, euro-denominated SP bonds tightened most in France (-4.6bps) followed by German banks (-2.8bps), while SNP also saw strong tightening for French (-7.5bps) and German entities (-3.6bps) respectively. However, Tier 2 secondary spreads outperformed and tightened most in Finland (-7.2bps) and France once more (-5bps).

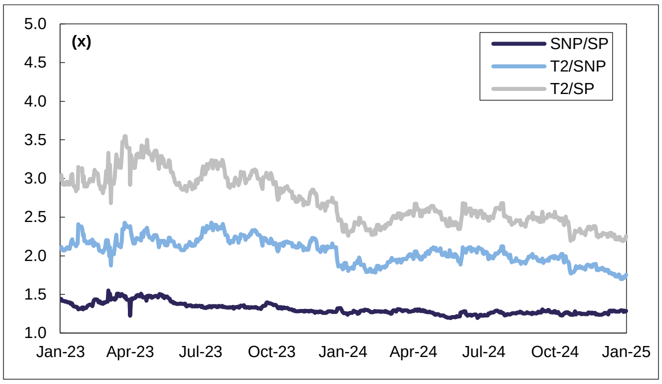
Weekly average EUR spreads were generally tighter with SP (-1.7bps), SNP (-1.9bps) and Tier 2 (-3.6bps) all performing well. USD denominated average spreads by European issuers followed this trend and were tighter for SP (-0.7bps), SNP (-0.8bps) while Tier 2 traded tighter (-1.3bps). Based on Bloomberg data, 78% of FIG tranches and 57% of SSA tranches issued in January quoted tighter than launch.

Western European Banks EUR Spreads and Yields

Aggregate EUR Z-spread LTM (bps)



Multiples (x)



Source: Bloomberg, Daiwa Capital Markets Europe. SP = Senior Preferred/Senior OpCo; SB = Senior Non- Preferred/ Senior HoldCo; T2= Tier 2; AT1 = Additional Tier 1. All figures based on Z to worst spread of public benchmark issuances.

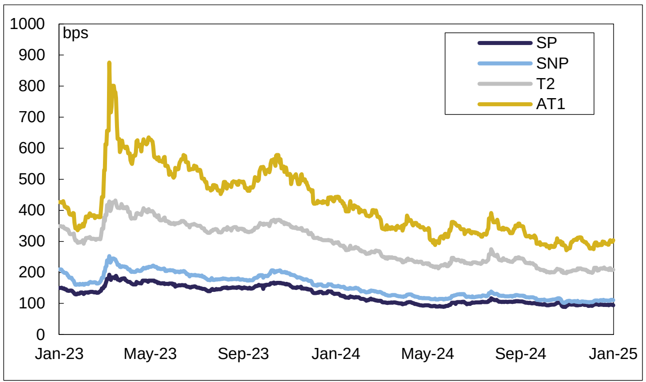
Selected Names

	Sr Preferred/Sr OpCo					Sr Non-Preferred/Sr HoldCo					Tier 2				
	Dur.	Yield	Z	Z 5DΔ	Z YTD	Dur.	Yield	Z	Z 5DΔ	Z YTD	Dur.	Yield	Z	Z 5DΔ	Z YTD
ABN Amro	1.5	2.9	42.8	-1.8	-1.6	4.6	3.4	97.7	-0.1	0.2	3.2	3.8	138.7	-3.6	-2.8
Sabadell	2.9	3.2	79.9	-2.8	-1.4	2.7	3.4	100.6	-0.9	0.6	2.1	3.8	129.9	-7.0	-9.3
Banco Santander	2.7	3.0	61.6	-1.9	-2.4	3.9	3.4	95.5	-0.9	-0.6	3.0	3.5	106.7	-3.8	-2.3
Barclays PLC						5.0	3.7	120.2	4.7	7.7	3.3	3.9	143.5	-6.2	-3.5
Banco BPM	1.8	3.1	64.0	-0.3	-1.2	2.2	3.4	100.8	-0.6	0.0	3.8	4.3	184.2	-3.1	-4.0
BAWAG Group	2.7	3.2	75.7	-2.5	-3.5	2.6	3.4	96.3	2.0	4.8					
BFCM	4.1	3.3	80.9	-6.7	-7.1	4.6	3.5	107.5	-7.4	-6.9	4.2	3.8	140.6	-8.8	-10.9
BNP Paribas	4.1	3.2	76.3	-6.0	-6.9	3.2	3.3	89.9	-6.9	-7.3	2.0	3.8	134.6	-9.5	-9.7
BPCE	3.2	3.1	65.9	-6.0	-6.1	3.7	3.4	101.5	-9.3	-7.9	4.0	4.0	158.7	-10.4	-9.6
BBVA	3.4	3.1	55.4	-1.9	-1.7	2.6	3.1	67.7	-1.7	-1.6	3.1	4.2	164.0	-2.3	-1.4
Bankinter	4.9	3.4	93.1	-3.3	-1.9	2.7	3.0	62.9	-0.7	0.2	2.8	3.8	140.6	-4.0	-4.9
CaixaBank	2.4	3.1	55.9	-1.7	-0.4	2.8	3.2	75.1	-1.5	-0.4	2.5	3.9	150.5	-6.1	-6.2
Commzerbank	2.6	2.9	44.6	-2.2	-2.1	2.9	3.3	87.1	-5.2	-4.7	2.3	3.8	140.7	-7.1	-7.3
Crédit Agricole	4.0	3.6	105.6	-2.1	-2.1	3.8	3.3	92.2	-6.7	-6.4	2.8	3.8	141.2	-1.1	-0.8
Danske Bank	4.6	3.2	74.1	-0.6	-1.4	3.7	3.2	80.1	-0.5	-0.3	1.3	3.6	108.5	-2.5	-3.1
Deutsche Bank	2.7	3.1	47.5	-1.5	-1.6	2.8	3.4	96.8	-3.5	-3.1	1.3	3.9	136.4	-3.2	-0.1
DNB Bank	2.9	3.0	55.8	-3.0	-1.6	3.5	3.2	78.9	-1.0	-2.0	2.9	3.6	116.7	-3.3	-4.8
Erste Group Bank	4.2	3.2	74.8	0.8	1.5	1.3	3.0	53.7	-2.1	1.4	3.0	3.9	146.0	-3.1	-3.6
HSBC Holdings	3.1	2.9	50.6	-1.8	-2.7	4.3	3.4	100.0	2.6	3.4	3.2	3.7	126.7	-3.4	-0.8
ING Group	1.7	2.8	40.3	-1.2	-0.9	4.1	3.3	89.6	-2.2	-0.8	3.2	3.7	124.6	-4.0	-5.9
Intesa Sanpaolo	2.4	3.2	70.7	-2.5	-1.6	4.1	3.4	95.1	-1.1	0.2	2.3	3.7	104.1	-2.1	-1.7
Jyske Bank	3.4	3.1	70.4	0.8	-0.1	2.2	3.3	84.4	-2.2	-3.0	4.4	4.1	164.4	-2.3	-2.0
KBC Group						3.6	3.2	69.1	-1.3	-1.1	2.9	3.8	133.6	-3.8	-2.8
Lloyds	1.7	2.9	51.0	-2.2	-1.4	4.2	3.5	100.8	3.6	3.5	1.9	3.9	121.8	-11.7	-24.8
Mediobanca	2.7	3.2	73.3	-1.6	-0.9	2.7	3.2	78.1	-0.7	-0.5					
NatWest Group	2.8	3.0	62.3	-0.4	0.5	3.5	3.3	91.5	3.6	3.0	3.3	3.8	140.3	-1.5	-2.3
Nordea	2.5	2.9	48.4	-1.5	-2.3	3.9	3.2	76.2	-1.6	-0.9	3.5	3.6	121.2	-4.5	-5.7
Rabobank	1.7	2.8	34.3	0.2	-3.1	3.8	3.2	79.9	-1.4	-1.3	2.6	3.4	101.9	-3.1	-3.3
RBI	2.6	3.2	74.7	-2.1	-2.8	2.9	3.6	118.6	-3.7	-2.1	2.5	4.5	200.5	-8.3	-11.2
SEB	2.3	2.9	48.7	-2.0	-1.8	3.1	3.1	72.9	-1.7	-2.9	4.4	3.7	132.1	-1.0	-1.6
Santander UK						3.5	3.5	104.3	4.4	3.7					
Société Générale	2.9	3.1	73.8	-5.3	-5.7	3.5	3.5	109.2	-9.5	-9.8	1.9	3.9	144.2	-5.3	-6.3
Svenska HB	2.7	2.9	47.7	-1.0	-1.9	4.4	3.2	79.3	-1.5	-0.6	4.1	3.7	121.4	-3.2	-2.2
Swedbank	2.9	2.9	48.6	-0.2	-0.5	2.9	3.1	72.7	-1.1	-0.4	2.5	3.4	101.4	-4.5	-6.1
Stan. Chart.						3.4	3.3	93.0	1.2	1.4	1.1	3.7	117.3	-10.4	-12.1
UBS Group	1.5	3.0	53.5	-1.8	-1.5	3.0	3.2	81.9	-1.1	-1.0					
UniCredit	2.4	3.3	79.8	-2.3	-1.5	3.5	3.3	89.2	-0.7	-1.0	2.7	3.9	147.2	-3.2	-3.2

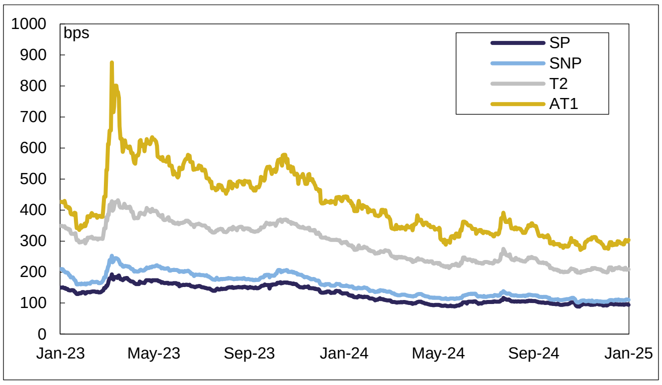
Source: Bloomberg, Daiwa Capital Markets Europe. Dur.= Duration. Yield= Yield to worst (%). Z = Z-Spread to Worst (bps). Z 5DΔ = last 5 days Z-spread net change (bps). Z YTD = year to date Z-Spread net change (bps). Blank cells represent lack of statistically significant data. Figures may not be representative of the whole market.

Western European Banks USD Spreads and Yields

Aggregate USD Z-spread LTM (bps)



Multiples (x)



Source: Bloomberg, Daiwa Capital Markets Europe. SP = Senior Preferred/Senior OpCo; SB = Senior Non- Preferred/ Senior HoldCo; T2= Tier 2; AT1 = Additional Tier 1. All figures based on Z to worst spread of public benchmark issuances.

Selected Names

	Sr Preferred/Sr OpCo					Sr Non-Preferred/Sr HoldCo					Tier 2				
	Dur.	Yield	Z	Z 5DΔ	Z YTD	Dur.	Yield	Z	Z 5DΔ	Z YTD	Dur.	Yield	Z	Z 5DΔ	Z YTD
ABN Amro						2.1	5.2	94.4	-0.2	-0.7	3.6	5.8	150.8	-0.2	2.2
Santander	3.3	5.3	103.1	-1.9	-1.8	2.8	5.3	109.1	0.8	0.2	6.1	6.2	193.4	-1.7	-2.5
Barclays PLC		1.4	-287.0	20.7	10.3	3.4	5.5	127.3	0.2	1.2	4.4	6.1	180.0	0.5	2.2
BFCM	1.9	5.1	83.4	-0.9	-3.1										
BNP Paribas	3.3	5.4	115.8	-0.2	-1.8	3.7	5.5	124.8	-1.8	-1.9	5.7	6.2	186.0	-3.4	-1.4
BPCE	2.7	5.3	106.0	-1.3	-2.0	3.4	5.7	145.7	-0.5	-2.3	6.6	6.6	230.1	-0.3	-0.5
BBVA	3.6	5.3	107.2	-0.3	0.9	2.4	5.3	107.2	0.0	0.5	6.4	6.6	231.7	-2.0	-2.6
CaixaBank						3.6	5.6	133.1	-1.4	-1.4					
Crédit Agricole	2.5	5.1	88.7	-0.4	0.5	2.9	5.3	105.4	-1.8	-2.4	6.6	6.1	183.7	-2.7	-2.6
Danske Bank	1.6	5.1	82.9	-1.0	-2.9	3.1	5.3	102.0	-1.0	-0.5					
Deutsche Bank	2.6	5.3	99.4	3.1	1.5	1.9	5.3	105.0	-1.5	-1.6	5.1	6.5	228.5	-2.1	-3.1
DNB Bank	4.6	5.3	103.1	-1.0	-1.8	1.0	5.1	80.9	-0.1	0.2					
HSBC Holdings						3.1	5.3	102.8	-0.7	-0.7	7.9	6.3	197.9	-0.8	-1.2
ING Group						3.3	5.2	96.4	0.0	-0.4					
Intesa Sanpaolo	5.3	6.0	170.0	-2.9	-3.2	8.8	6.9	261.9	-4.7	-1.3	5.7	6.6	233.3	-7.3	-12.8
KBC Group						4.9	5.5	125.2	-1.4	-1.8					
Lloyds						2.6	5.2	97.6	-0.1	0.6	11.6	6.3	197.9	2.0	2.5
NatWest Group	2.2	4.9	66.3	-2.0	-6.3	2.7	5.3	103.3	-0.2	-0.1	4.4	6.0	174.4	0.9	-0.4
Nordea															
Rabobank	2.8	4.8	61.1	-1.3	-1.3	2.1	5.2	93.9	0.8	-0.6	11.3	5.9	160.5	-0.7	0.2
SEB	1.8	4.7	51.1	0.4	-1.7	3.6	5.3	103.0	1.8	-2.4					
Santander UK						2.6	5.4	115.2	1.8	2.3	7.4	7.6	323.3	-1.7	4.0
Société Générale	2.3	5.0	74.8	-2.5	-4.6	2.8	5.6	133.0	-1.1	-2.7	10.7	7.2	287.0	-3.9	-4.1
Svenska Handels.	2.2	4.7	45.1	0.6	-0.9	2.2	5.1	86.9	-1.0	-4.5					
Swedbank	1.8	4.7	49.5	1.3	0.4	2.4	5.1	84.8	0.8	-2.1					
Stan. Chart.						2.5	5.6	132.0	0.3	-0.7	5.1	6.0	168.4	-0.5	-1.8
UBS Group	2.4	5.0	69.9	0.0	1.0	3.0	5.3	106.7	-1.2	-1.0					
UniCredit	2.1	5.4	115.8	-1.5	-3.1	1.1	4.6	24.0	-1.8	15.1	2.2	6.3	205.9	4.2	0.1

Source: Bloomberg, Daiwa Capital Markets Europe. Dur.= Duration. Yield= Yield to worst (%). Z = Z-Spread to Worst (bps). Z 5DΔ = last 5 days Z-spread net change (bps). Z YTD = year to date Z-Spread net change (bps). Blank cells represent lack of statistically significant data. Figures may not be representative of the whole market.

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