**The Investment Institute**
by UniCredit

# Coffee Break

*Coffee Break* is our daily publication, offering topical insights as an intellectual ingot to start the day.

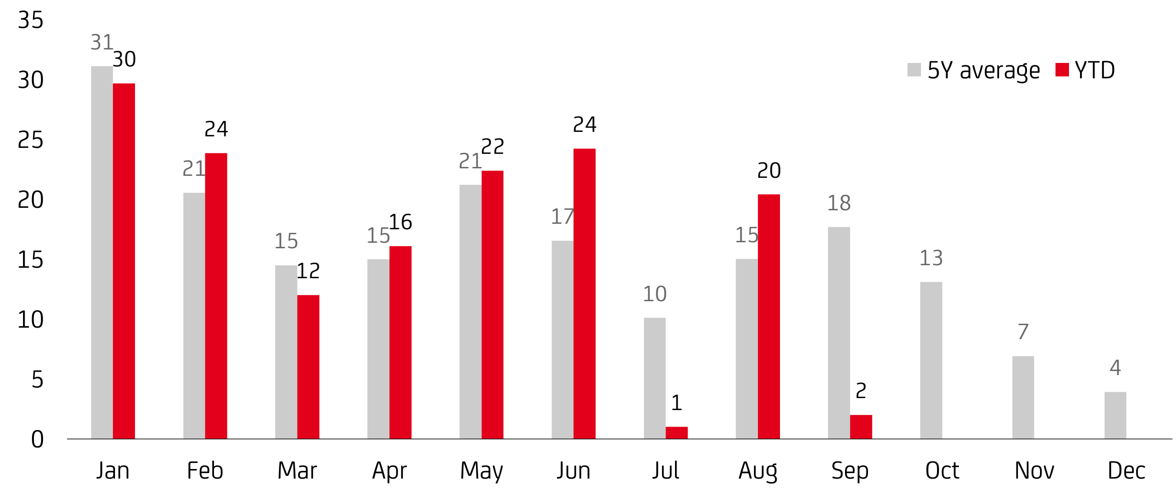
## Strong EUR covered bond supply in August

**7 September 2026**

Active issuance of covered bonds continues after a long summer break.

**ISSUANCE OF EUR-DENOMINATED COVERED BONDS BY MONTH**

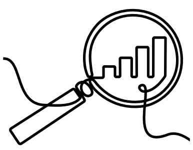
TOTAL VOLUME OF EUR COVERED BOND BENCHMARK DEALS BY MONTH (EUR BN)




Source: Bloomberg, The Investment Institute by UniCredit

**THE CONTEXT**

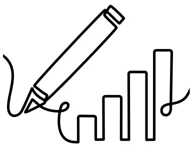
Issuance in the EUR primary covered bond market resumed strongly after the summer break. In August alone, a total of almost EUR 100bn in EUR-denominated bonds was issued. Financials were the largest issuer group, accounting for 45% of total issuance volume, according to Bloomberg.



**THE DATA**

Our chart shows the issuance of EUR-denominated benchmark covered bonds (i.e. those with an issuance volume of EUR 500mn or above) by pricing date. In August, EUR 20bn of covered bonds were priced, bringing cumulative issuance to EUR 150bn by the end of the month and EUR 157bn currently. The August issuance volume was higher than the EUR 15bn placed in August 2025 and reflects the strong resumption of activity. Only one EUR 1bn deal was priced In July, with low issuance in June contributing to an effective six-week summer break.

YTD, the highest covered bond supply has come from banks in Germany (EUR 29bn), followed by those in France (EUR 26bn), Canada (EUR 15bn), Italy (EUR 12bn) and Austria (EUR 7bn). CEE has also been active, with aggregate YTD covered bond issuance of EUR 9bn, already exceeding the full-year 2025 volume.



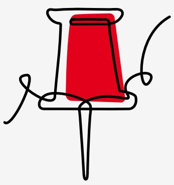
## OUR VIEW

Following the strong YTD supply, we are raising our covered bond funding forecast for 2026 to EUR 175-180bn from our original forecast of EUR 165-170bn. In historical terms, 2026 is shaping up to be a strong year for covered bond issuance.

In our view, issuers are acting opportunistically and taking advantage of the constructive market environment, while we expect covered bond issuance to slow in October to avoid potential volatility closer to the US midterm elections in early November. Moreover, some issuers may have accelerated their 2026 funding plans amid uncertainty surrounding political discussions over 2027 budgets and elections next year in several European countries.

Despite the high supply, new covered bond issues are being well absorbed by investors. Bid-to-cover ratios in the primary market averaged 3.1x in August, also reflecting the currently attractive 3.4% yield on EUR covered bonds for a very safe asset with dual recourse and predominantly AAA and AA credit ratings. Covered bonds are carry trade instruments and become more attractive as interest rates rise. We also expect covered bond spreads to remain more stable if government bond volatility increases.

On the other hand, housing loan demand, one of the main drivers of covered bond net supply, is weakening. According to the latest ECB bank lending survey, banks reported a marked net decline in demand for housing loans in the second quarter of 2026. A net decrease in demand was reported in Germany, Spain and France, while demand remained unchanged in Italy. We expect higher interest rates to dampen new loan production in 2H26. Nevertheless, a total of EUR 198bn in benchmark EUR covered bonds will mature in 2027. Together with positive net supply, this is likely to make next year another strong one for covered bond issuance.



## OTHER THINGS TO NOTE

### Saxony-Anhalt election: a landslide without a majority

In yesterday's Saxony-Anhalt state election, the AfD won nearly 44% of the vote, more than doubling its 2021 result. The CDU collapsed from 37% to just 17% – its worst-ever result in the state. The SPD, the Greens and the Left, with about 8-9% each, made into parliament, as did the BSW, which narrowly cleared the 5% threshold. The election outcome combines a historic AfD victory with an exceptionally difficult coalition puzzle for the parties that want to keep the AfD out of government. The BSW could be the decisive swing factor. Its leadership has ruled out a formal coalition with the AfD, but senior BSW policymakers have left the door open to issue-by-issue cooperation. (A. Rees)

## TABLE OF RECENT COVERED BOND DEALS:

| Pricing Date | Issuer | Country | Volume (mn) | Coupon | Original Maturity | Guidance | Final Spread | Current I Spread | Final Book size | Books coverage ratio |
|---|---|---|---|---|---|---|---|---|---|---|
| 17.08.2026 | DBS Bank | SG | 2.000 | 3,239% | 4y | 26 | 19 | 17 | 3.600 | 1,8 |
| 17.08.2026 | DEKABank | DE | 250 | 3,125% | 4y | 18 | 12 | 9 | 675 | 2,7 |
| 18.08.2026 | Bank of New Zealand | NZ | 1.000 | 3,385% | 5y | 35 | 28 | 26 | 3.700 | 3,7 |
| 19.08.2026 | Credit Agricole Home Loan | FR | 1.000 | 3,125% | 3y | 23 | 14 | 10 | 3.900 | 3,9 |
| 19.08.2026 | Credit Agricole Home Loan | FR | 500 | 2,794% | 3y FRN | 3mE+33 | 3mE+24 | 24 | 2.000 | 4,0 |
| 19.08.2026 | Credit Agricole Home Loan | FR | 1.000 | 3,750% | 10y | 58 | 52 | 48 | 2.100 | 2,1 |
| 19.08.2026 | SpareBank 1 Boligkreditt | NO | 1.000 | 3,375% | 7y | 30 | 23 | 20 | 3.300 | 3,3 |
| 19.08.2026 | Tatra Banka | SK | 600 | 3,250% | 3y | 28 | 21 | 15 | 2.100 | 3,5 |
| 19.08.2026 | Jyske Realkredit | DK | 500 | 3,250% | 5y | 25 | 17 | 15 | 2.100 | 4,2 |
| 20.08.2026 | Raiffeisen LB Steiermark | AT | 500 | 3,250% | 5y | 27 | 19 | 17 | 2.100 | 4,2 |
| 20.08.2026 | ARKEA Public Sector | FR | 500 | 3,665% | 8y | 50 | 44 | 42 | 1.700 | 3,4 |
| 20.08.2026 | Skandinaviska Enskilda Banken | SE | 1.000 | 3,125% | 3y | 14 | 8 | 5 | 2.500 | 2,5 |
| 20.08.2026 | Skandinaviska Enskilda Banken | SE | 500 | 2,725% | 3y FRN | 3mE+24 | 3mE+18 | 17 | 1.300 | 2,6 |
| 24.08.2026 | Länsförsäkringar Hypotek | SE | 500 | 3,250% | 5y | 24 | 16 | 13 | 1.850 | 3,7 |
| 24.08.2026 | Bayerische Landesbank | DE | 750 | 3,125% | 4y | 15 | 10 | 7 | 1.250 | 1,7 |
| 24.08.2026 | Raiffeisen LB Vorarlberg | AT | 300 | 3,250% | 5y | 27 | 21 | 19 | 650 | 2,2 |
| 24.08.2026 | Korea Housing Finance | KR | 800 | 3,270% | 3y | 24 | 17 | 15 | 2.400 | 3,0 |
| 24.08.2026 | Commerzbank | DE | 1.000 | 3,250% | 5y | 23 | 17 | 14 | 3.150 | 3,2 |
| 24.08.2026 | Vseobecna Uverova Banka | SK | 750 | 3,375% | 5y | 42 | 33 | 30 | 2.000 | 2,7 |
| **25.08.2026** | **ING-DIBA** | **DE** | **1.000** | **3,250%** | **5y** | **22** | **16** | **14** | **2.200** | **2,2** |
| 25.08.2026 | Raiffeisenverband Salzburg | AT | 250 | 3,250% | 5y | 29 | 25 | 23 | 400 | 1,6 |
| 25.08.2026 | ANZ New Zealand | NZ | 750 | 3,211% | 3y | 22 | 15 | 11 | 3.200 | 4,3 |
| 26.08.2026 | Bank of Montreal | CA | 750 | 2,866% | 3y | 3mE+28 | 3mE+22 | 23 | 2.150 | 2,9 |
| 26.08.2026 | UniCredit Bank | DE | 1.000 | 3,250% | 6y | 28 | 23 | 21 | 1.675 | 1,7 |
| 26.08.2026 | Sparebanken Norge Boligkreditt | NO | 750 | 3,250% | 7y | 29 | 23 | 21 | 1.550 | 2,1 |
| 26.08.2026 | United Overseas Bank | SG | 500 | 3,118% | 2y | 15 | 7 | 4 | 2.000 | 4,0 |
| 26.08.2026 | United Overseas Bank | SG | 500 | 3,342% | 5y | 30 | 24 | 22 | 1.900 | 3,8 |
| 26.08.2026 | Bank Leumi le-Israel | IL | 750 | 3,609% | 3y | 60 | 55 | 40 | 2.000 | 2,7 |
| 01.09.2026 | Cassa di Risparmio di Bolzano | IT | 250 | 3,500% | 5y | 48 | 38 | 27 | 2.200 | 8,8 |
| 01.09.2026 | Hypo Vorarlberg Bank | AT | 500 | 3,500% | 7y | 33 | 27 | 25 | 1.100 | 2,2 |
| 01.09.2026 | Cie Financement Foncier | FR | 1.000 | 3,875% | 10y | 60 | 54 | 52 | 1.500 | 1,5 |
| 01.09.2026 | NN Bank Netherlands | NL | 500 | 3,375% | 5y | 25 | 18 | 15 | 2.500 | 5,0 |
| 02.09.2026 | Norddeutsche Landesbank | DE | 750 | 3,500% | 7y | 30 | 24 | 22 | 1.100 | 1,5 |
| 02.09.2026 | Hamburg Commercial Bank | DE | 500 | 3,375% | 3y | 33 | 25 | 20 | 2.500 | 5,0 |
| 02.09.2026 | Eika Boligkreditt | NO | 500 | 3,625% | 10y | 38 | 32 | 30 | 1.200 | 2,4 |
| 02.09.2026 | Ceska sporitelna | CZ | 500 | 3,573% | 5.25y | 37 | 30 | 26 | 1.400 | 2,8 |
| 02.09.2026 | Banco Santander Totta | PT | 500 | 3,375% | 3y | 21 | 14 | 10 | 2.450 | 4,9 |
| 02.09.2026 | Oberbank | AT | 300 | 3,625% | 8y | 36 | 33 | 32 | 375 | 1,3 |
| 02.09.2026 | Israel Discount Bank | IL | 500 | 3,875% | 5y | 73 | 67 | 62 | 1.300 | 2,6 |
| 03.09.2026 | Banco Sabadell | ES | 750 | 3,375% | 5y | 28 | 22 | 20 | 2.100 | 2,8 |
| 03.09.2026 | UniCredit Bank Czech Rep. Slovakia | CZ | 750 |  | 5y | 40 | 32 | 30 | 2.100 | 2,8 |
| 03.09.2026 | Credit Agricole Public Sector SCF | FR | 500 | 3,500% | 6y | 40 | 35 | 33 | 1.100 | 2,2 |
| 03.09.2026 | DZ HYP | DE | 500 | 3,250% | 5y | 20 | 13 | 10 | 1.920 | 3,8 |

Source: Bloomberg, The Investment Institute by UniCredit

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