

## Peripheral eurozone issuers in vogue as market tone remains upbeat



The bond market continues pumping out deals. By the half-way session in Europe on 17 January, roughly USD 168bn-equivalent had emerged for the week. Investors actively bid for paper, again enabling issuers to print significantly through initial talk.

There was a distinct euro area periphery feel to the market this past week. Spain and Italy tapped the syndicated euro sovereign market with a EUR 10bn 10-year and EUR 7bn 30-year, respectively. Between them, they amassed a staggering EUR 100bn of demand (EUR 53bn for Spain); the positive spreads on offer a clear incentive for investors. Contrast that with Belgium's EUR 6bn 10-year OLO, which 'only' attracted EUR 27.5bn in investor orders.

On the bank side, euro area peripheral players were very active. UBI Banca and Banco BPM sold massively oversubscribed AT1s (12.25x for UBI; 13.25x for BPM). If that was notable, perhaps of greater note was BMPS building a 2x covered book with around 100 names for its 8%-yielding Tier 2. With its new T2 over the line, BMPS is now compliant with the capital commitments under its extended EC-approved restructuring programme. Market participants suggest the bank is also close to getting the all-clear for its much-vaunted EUR 10bn NPL portfolio transfer,

Ibercaja Banco and BBVA were also out with new T2 lines. The market was receptive to Tier 2s with an EM flavour, as Türkiye İs Bankası and Indonesia's PT Bank Tabungan Negara also got in on the act; the latter building rousing demand of USD 3.8bn from 198 investors. UniCredit and Mediobanca, meanwhile, sold senior non-preferreds, the latter book ending up 8x covered.

Capturing the benefits to issuers of tapping the market in current conditions, Ibercaja Banco's EUR 500m T2 came with a tender to repurchase outstanding EUR 500m sub debt originally sold in 2015. Management pointed to the 2.75% coupon on the new notes being materially below the 5% on the outstanding notes. The new issue attracted EUR 1.8bn of demand from 140 investors.

Leading US banks reported broadly solid Q4 earnings during the week, some posting record revenue or significant Q-on-Q increases across various business lines. Emerging from their earnings blackouts, they wasted no time, selling some USD 21bn of aggregate issuance at both ends of the capital structure – in senior unsecured as well as preferred stock format.

Citigroup, JP Morgan and Wells Fargo all hit the preferred market on 15 January, taking advantage of a solid bid to lock in cost-effective capital issuance. The opportunity to achieve massive reductions in interest-servicing costs drove an aggregate USD 6bn in deeply subordinated issuance. Expect more preferred supply as five-year calls approach.

At the senior end, US banks got good execution in good size; Goldman Sachs printing in euros (EUR 3bn); Morgan Stanley (USD 6bn), US Bancorp (USD 3.25bn) and PNC (USD 2bn) staying in their home currencies.

Covered bonds also got into gear as 13 European issuers pulled EUR 14bn out of the market and RBC hit the euro market for EUR 1.5bn.

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## Summary of FIG debt issuance 10 January to 17 January (14:00 CET)

### EUROPEAN BANKING GROUPS

**ABN AMRO** sold GBP 500m in five-year senior preferred notes on 14 January at G+80bp to demand above GBP 850m. Pricing came at the tight end of G+82bp +/-2bp WPIR guidance. IPTs had been G+90bp area. The Dutch bank was back in the market twice on 17 January, selling EUR 2bn in 15-year covered bonds and EUR 1.25bn in senior non-preferred notes. The seven-year SNP priced at MS+70bp (IPTs MS+90bp area) The covers priced at MS+5bp, attracting demand of EUR 2.75bn. The deal was upsized from the minimum EUR 1.5bn. Guidance emerged at MS+8bp area.

**AXA Bank Europe SCF** priced EUR 500m in seven-year covered bonds backed by Belgian residential mortgages on 14 January at MS+7bp. Demand went above EUR 1.9bn. Pricing was at the tight end of MS+8bp +/-1bp WPIR revised guidance; initial guidance had been MS+12bp.

**Banca Monte dei Paschi di Siena** priced a EUR 400m 10NC5 Tier 2 note on 15 January at an 8% yield, equivalent to 850.8bp over the OBL to demand of EUR 825m. IPTs had been low 8s.

**Banco BPM** priced a EUR 400m PNC5 AT1 on 14 January at a yield of 6.125%, equivalent to a spread of MS+634.8bp. Demand exceeded EUR 4.9bn pre-rec. Pricing came at the tight end of 6.25% +/-0.125% WPIR guidance. IPTs had been high 6s for an expected EUR 350m size.

**Banco de Sabadell** priced a EUR 1bn long eight-year mortgage covered bond on 13 January at MS+18bp to demand of EUR 2.8bn. Guidance emerged at MS+24bp area, revised to MS+18bp-20bp WPIR.

**BAWAG** sold a no-grow EUR 500m eight-year mortgage covered bond on 15 January at MS+6bp to demand in excess of EUR 1.5bn. Guidance emerged at MS+10bp area.

**BBVA** sold a EUR 1bn 10NC5 Tier 2 on 10 January at MS+127bp, amassing demand in excess of EUR 4bn at the final spread. Pricing came at the bottom of MS+130bp +/-3bp WPIR guidance. IPTs had been MS+155bp area.

**BNP Paribas** priced its AUD senior non-preferred notes on 10 January. The AUD 200m seven-year fixed-rates notes priced at S/Q MS+135bp. The AUD 100m seven-year FRNs priced at the same spread over 3mBBSW. IPTs for both tranches had been 140bp-145bp over.

**BPCE SFH** sold a EUR 2.25bn mortgage covered bond on 14 January split into a EUR 1.25bn long eight-year that priced at MS+5bp (tight end of MS+6bp +/-1bp WPIR revised guidance), and a EUR 1bn 15-year that priced at MS+9bp (tight end of MS+10bp +/-1bp WPIR revised guidance). Final books were EUR 4bn (EUR 2.35bn for the 8s and EUR 1.65bn for the 15s). Initial guidance had been MS+9bp area and MS+13bp area.

**Commerzbank** priced a dual-currency senior non-preferred trade on 17 January. The EUR 750m seven-year tranche priced at MS+100bp (tight end of MS+100bp-105bp WPIR guidance; IPTs were MS+120bp area); the GBP 400m five-year looked a little more difficult, pricing at G+145bp (IPTs G+150bp area). Books closed at over EUR 1.7bn GBP 575m (both pre-rec).

**Caisse Centrale du Crédit Immobilier de France (3CIF)** priced its EUR 1bn four-year senior unsecured notes on 10 January at a negative yield of -0.221%, equivalent to MS+24bp. Books closed over EUR 4.7bn. IPTs had emerged at MS+29bp, tightened to MS+27bp area, revised to MS+25bp.

**Credit Bank of Moscow** mandated leads on 13 January to arrange roadshows in Europe, the US, Asia and the Middle East commencing on 15 January 2020 ahead of a potential benchmark five-year offering of Reg S/144a senior unsecured Loan Participation Notes.

**Credit Mutuel Home Loan SFH** priced its EUR 1.25bn 10-year mortgage covered bonds at MS+6bp to demand of more than EUR 2bn. Guidance had been MS+10bp area.

**Credit Suisse** priced a no-grow USD 1bn PNC10 AT1 on 16 January at a yield of 5.10%. IPTs has been 5.75% area.

**Deutsche Bank** sold EUR 500m in 10-year mortgage covered bonds on 13 January at MS+5bp. The final book was above EUR 2bn. Pricing came at the tight end of MS+6bp +/-1bp WPIR revised guidance; initial guidance had been MS+10bp area.

**Deutsche Pfandbriefbank** sold EUR 750m in eight-year mortgage covered bonds on 14 January at MS+5bp to demand above EUR 1.6bn. Pricing was at the tight end of MS+6bp +/-1bp revised guidance; initial guidance had been MS+9bp area.

**Dexia Credit Local** priced EUR 1.5bn seven-year senior unsecured offering on 16 January (guaranteed by the Belgian, French and Luxembourg governments) at MS+8bp. Books closed over EUR 5bn. Guidance had been MS+10bp area.

**Ibercaja Banco** sold a EUR 500m 10.5NC5.5 Tier 2 on 16 January at a yield of 2.75%. Demand was around EUR1.5bn. IPTs had been 3.125% area.

**Landesbank Hessen-Thüringen Girozentrale** (Helaba) priced a dual-tranche covered bond on 15 January split into a EUR 1.25bn five-year mortgage tranche that priced at MS-1bp (tight end of MS flat +/-1bp WPIR revised guidance) and a EUR 1bn 10-year public-sector tranche priced at MS+1bp (tight end of MS+ 2bp +/-1bp WPIR revised guidance). Aggregate books went above EUR 2.8bn. Initial guidance had been MS+2bp area and MS+5bp area.

**Mediobanca** sold EUR 500m in five-year senior non-preferred notes on 16 January at MS+130bp to a final book of over EUR 4bn. Guidance had been MS+140bp area and IPTs were MS+160bp area.

**Nationwide Building Society** pushed out IPTs of G+75bp-80bp on the morning of 17 January for a benchmark three-year senior preferred offering. The spread was fixed at G+75bp within a couple of hours and the size at GBP 500m. Demand reached GBP 1.2bn.

**NordLB Luxembourg** mandated leads for its EUR 300m five-year inaugural green covered bond.

**OP Mortgage Bank** sold a EUR 1bn eight-year mortgage covered bond backed by prime residential Finnish mortgages on 16 January at MS+3bp to demand of EUR 2.4bn. Guidance had emerged at MS+8bp area.

**Raiffeisen Bank International** priced a EUR 750m five-year senior preferred offering on 15 January at MS+52bp to a final book of over EUR 970m (demand had reached EUR 1.15bn during marketing). Pricing came at the tight end of MS+55bp +/-3bp WPIR guidance; IPTs had been M+65bp area.

**Raiffeisen Landesbank Oberösterreich** (RFLBOB) priced a no-grow EUR 500m 15-year mortgage covered bond at MS+7bp on 13 January. The final book was over EUR 1.15bn. Pricing came at the tight end of MS+8bp +/-1bp revised guidance; initial guidance had been MS+11bp area.

**Societe Generale** sold a dual-tranche offering of senior non-preferred notes on 16 January split into a USD1.75bn five-year that priced at T+105bp (initial guidance was T+125bp area) and a USD 1.25bn 10-year that priced at T+125bp (initial guidance +145bp area).

**Turkiye Is Bankasi** sold a USD 750m 10NC5 Tier 2 on 16 January at 7.75% yield to a books in excess of USD 3.2bn at the final yield. Guidance had been 7.875% area; IPTs were 8.25% area.

**Turkiye Sinai Kalkinma Bankasi** (TKSB) priced its USD 400m five-year senior unsecured note at a yield of 6.125%, equivalent to T+451bp to demand in excess of USD2.2bn. Guidance for the trade had been 6.375% area; IPTs had been 6.625%-6.75%.

**UBI Banca** priced a no-grow EUR 400m PNC6.5 5.125%-trigger AT1 on 13 January at a yield of 5.875%, equivalent to MS+606.6bp. Demand reached over EUR 5.5bn at pricing, which came at the tight end of 6%+/- 0.125% guidance. IPTs were 6.50% area.

**UniCredit** was back in the market on 13 January, selling EUR 2bn in senior non-preferred notes split into a EUR 1.25bn 6NC5 tranche priced at MS+135bp (guidance MS+140bp area; IPTs +155bp area), and a EUR 750m 10-year tranche at MS+165bp (guidance MS+175bp area; IPTs +185bp area). Books reached above EUR 2.6bn for the 7s and above EUR 1.6bn for the 10s.

**UniCredit Bank Austria** priced a no-grow EUR 500m long 10-year mortgage covered bond on 14 January at MS+6bp to demand in excess of EUR 1.05bn. Guidance was MS+10bp area.

### NON-EUROPEAN GROUPS

**ANZ Banking Group** priced USD 1.25bn in 10.5NC5.5 Tier 2 on 14 January at T+133bp, the tight end of T+135bp +/-2bp guidance. Initial IPTs had been T+160bp area, revised to T+150bp area.

**Bank Leumi le-Israel** mandated leads on 13 January to arrange roadshows in the US and London ahead of a potential debut 144a/RegS US dollar-denominated 11NC6 Tier 2.

**Bank of Communications** sold a triple-tranche, three-currency senior unsecured note on 15 January. A USD 1.3bn FRN priced at 3mL+58bp (tight end of 3mL+60bp +/-2bp final guidance; initial guidance had been 3mL+85bp area) to books above USD 4.7bn; a CNH 2bn three-year fixed-rate piece priced at the launch yield of 2.25% (final guidance).

**Blackrock** sold a USD 1bn senior unsecured on 16 January at the guidance spread of T+60bp (IPTs T+80bp).

**China Merchants Securities** sold a USD 300m offering of three-year senior unsecured offering at final guidance of T+105bp to demand of more than USD 5.7bn. Initial guidance had been T+140bp area.

**Citigroup** sold USD 1.25bn in PNC5 preferred stock on 15 January at a yield of 4.70%; IPTs were 5.00% area.

**First Abu Dhabi Bank** priced a no-grow USD 500m five-year Sukuk on 14 January at a profit rate of 2.526% (MS+90bp, the tight end of 90bp+95bp final guidance).

Bahrain-based **GFH Financial Group** mandated leads on 13 January to arrange roadshows in HK/Singapore, UAE and London (kicked off 15 January) ahead of a potential debut US dollar five-year Sukuk.

**Goldman Sachs** tapped euros on 16 January for EUR 3bn in senior unsecured notes. The bank sold a EUR 1.75bn three-year FRN at 3mE+55bp (IPTs +70bp area) and a EUR 1.25bn 10-year fixed-rate tranche at MS+85bp (IPTs MS+100bp area). Aggregate demand was EUR 7.5bn (EUR 4.5bn for the FRN; EUR 3bn for the 10s).

**Guardian Life Insurance Corp of America** sold USD 300m in 50-year surplus notes at T+147bp. Pricing came at the tight end of T+150bp +/-3bp guidance. IPTs were T+165bp-170bp.

**Itau Unibanco** sold a dual-tranche senior unsecured offering split into a USD 1bn three-year that priced with a 2.90% yield and a USD 500m five-year that went with a yield of 3.25%. Pricing for both tranches was at the launch yields. IPTs had been 3.20% area and 3.50% area respectively.

**JP Morgan** priced USD 3bn in non-cumulative PNC5 fixed-to-floating preferred stock on 15 January at the guidance yield of 4.60%. IPTs had been 4.875% area.

**Macquarie Group** mandated leads on 13 January to arrange roadshows in Europe commencing on 20 January ahead of a potential euro-denominated RegS senior unsecured bond with an intermediate to long-dated maturity. On 14 January Macquarie priced USD 1.25bn in senior unsecured notes at the T+70bp guidance point. IPTs were T+85bp area.

**Morgan Stanley** sold a jumbo USD 6bn senior unsecured offering on 16 January split into a USD 2.5bn 3NC2 FRN that priced at SOFR+70bp, the middle of SOFR+70bp +/-2bp guidance, and a USD 3.5bn 11NC10 fixed-rate tranche that priced at T+90bp, the tight end of T+92bp +/- 2bp guidance. IPTs were SOFR+85bp area and T+105bp area.

**New York Life** priced USD 650m in FA-backed notes on 14 January at T+45bp guidance. IPTs had been T+60bp area.

In the euro market, the insurer sold a EUR 3bn dual-tranche senior unsecured trade on 16 January split into a 3.25NC2.25 FRN priced at 3mE+55bp (IPTs +70bp area) and a EUR 1.25bn 10-year fixed-rate tranche at MS+85bp (IPTs MS+100bp). Overall demand was a stunning EUR 7.5bn (EUR 4.5bn for the FRN and EUR 3bn for the fixed). The company also sold an EUR 800m seven-year offering of FA-backed notes at MS+37bp to demand of above EUR2.2bn pre-rec. Guidance had been MS+40bp +/-3bp WPIR and IPTs MS+55bp area.

**Nippon Life** sold a USD 1.15bn 30NC10 fixed-to-floating offering of subordinated notes at a 3.40% yield, the tight end of 3.45% +/-5bp revised guidance; initial guidance had been 3.50%-3.625% and IPTs 3.75%-3.85%.

Insurer **Ohio National Financial Services** priced a USD 425m 10-year offering (upsized from USD 300m) of senior unsecured notes on 16 January at T+375bp (the same level as IPTs).

**PNC Financial Services** sold USD 2bn in 10-year senior unsecured notes on 16 January at T+78bp, the tight end of T+80bp +/-2bp guidance. IPTs were T+95bp area.

Indonesia's **PT Bank Tabungan Negara** (Persero) sold a USD 300m five-year Tier 2 at the final guidance yield of 4.20% to rousing demand of USD 3.8bn from 198 investors. Initial guidance had been 4.70% area.

**Reliance Standard Life Global Funding II** sold USD 700m in FA-backed notes split into a USD 350m three-year tranche that priced at T+58bp, and a USD 350m seven-year tranche that priced at T+103bp. Both tranches priced at the tight ends of respective guidance (T+60bp +/-2bp; T+105bp +/-2bp). IPTs had been T+80bp area and T+115bp-120bp area.

**Royal Bank of Canada** priced USD 1.85bn in bail-in-able notes on 13 January, split into a USD 1bn three-year fixed-rate tranche that priced at the launch spread of T+38bp, and a USD 850m three-year FRN that priced at the launch spread of 3mL+36bp. Aggregate books reached over USD 2.1bn. Pricing for the fixed tranche came at the bottom of T+40bp +/-2bp guidance; the floater priced 2bp through the bottom of the equivalent guidance spread. IPTs for both tranches had been low 50s.

The bank was also in the market on 16 January, selling a dual-currency senior non-preferred trade split into a EUR 750m seven-year tranche that priced at MS+100bp and a GBP 400m tranche that priced at G+145bp. Books closed over EUR 1.7bn and over GBP 575m (pre-rec in both cases). Guidance for the euro tranche had been MS+100bp-105bp WPIR (IPTs were MS+120bp area); G+150bp area for the sterling tranche (same as IPTs). Also on 16 January, RBC priced a EUR 1.5bn seven-year covered bond backed by Canadian residential mortgages at MS+7bp (the level of revised guidance) to demand of EUR 2.1bn from 82 accounts. Initial guidance had been MS+12bp area.

**Saigon - Hanoi Commercial Joint Stock Bank** mandated leads on 10 January to arrange a roadshow in Singapore, Hong Kong and London commencing on January 13 ahead of a potential offering of US dollar senior unsecured debt.

**US Bancorp** sold a USD 3.25bn three-tranche senior unsecured trade on 16 January split into a USD 900m two-year fixed tranche that priced at the guidance spread of T+25bp; a USD 1.35bn three-year FRN that priced at 3mL+18bp (also guidance) and a USD 1bn five-year fixed tranche at T+47bp, the bottom of T+50bp area +/-3bp guidance. IPTs had been T+high 30s for the 2s, Libor equivalent for the floater and T+60bp area for the 5s.

**Wells Fargo** sold USD 1.75bn in PNC5 preferreds on 15 January at the guidance yield of 4.75%; IPTs had been 4.875% area.

(Source for raw bond data: Bond Radar ([www.bondradar.com](http://www.bondradar.com)); bank and media sources)





## Primary bond market white-hot as credit tests new lows

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