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Bank+InsuranceHybridCapital Briefing

Pause for thought after blistering FIG start as volatility rises on persistent inflation prints

With market conditions having cooled in the past fortnight on the back of surprisingly strong data out of the US but also Europe, issuers can expect to encounter more modest demand and pay higher new issue premiums than during a record-breaking start to the year for financial institutions issuance. Neil Day reports, with insights from Crédit Agricole CIB syndicate, trading and strategists.

European financial institutions issuance hit a low for the year in the past week as, with the exception of a few brave souls, banks avoided risking muted demand and elevated pricing in the face of increased volatility, which has given investors pause for thought after a resurgent start to the year for buy and sell-side alike.

The slowdown came after growing concerns about the strength of the US economy, on the back of surging non-farm payroll figures on 3 February, escalated into outright fears of higher than expected terminal rates as CPI and PPI prints surprised to the upside on February 14 and 15, respectively.

“In the US, we are gradually shifting from a soft/not-so-hard landing to a no landing/continued overheating narrative,” said Valentin Giust, global macro strategist at Crédit Agricole CIB, “as consumer spending reaccelerates, demand for labour remains outstandingly solid, growth forecasts are edging higher, and inflation pressures are not receding.

“In the Eurozone,” he added, “domestic consumption is much weaker than in the US and the slowdown is well underway. However, we are increasingly confident that there will be a soft landing in H123, instead of a harsher and more protracted recession.”

The implication, said Giust, is “a one-way ticket to higher-for-longer rates”.

Having rallied from a yield of 2.57% at the start of the year to touch 2% in mid-January, the 10 year Bund gave up almost all its gains in February to trade at around 2.53% on Friday (24 February), with rates volatility increasing in parallel and credit spreads softening as equity markets fell.



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Arbitrage helps euro AT1 outpace dollars — page 3

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“In hindsight, the rally in January was probably a bit too strong, a bit too fast,” said André Bonnal, FI syndicate at Crédit Agricole CIB. “People clearly got carried away about the macro backdrop, and as a result, investors are now being a bit more diligent and so a bit more on the back-foot in terms of engagement in primary, wanting to be compensated a little more for the risk and the volatility in rates we have been seeing.”

This has been reflected in a rise in both absolute spreads and the new issue premiums (NIPs) being paid by financial institutions, contributing to a slowdown from the record pace of issuance in January.

On 3 February, a €1bn three year non-call two senior non-preferred trade for Nordea marked an absolute tight for unsecured bank issuance, coming at

mid-swaps plus 48bp following initial price thoughts (IPTs) of the 75bp area, and achieved a new issue premium of around 3bp thanks to an order book of some €3bn. And even after the first rate rumblings began, conditions remained ripe for issuance. When UniCredit issued a €1bn six non-call five senior non-preferred (SNP) bond on 9 February, it could tighten pricing from IPTs of the 185bp area to 160bp and achieve a NIP of 5bp on the back of some €1.4bn of demand, while Banco Sabadell the same day priced a €500m 10 non-call five Tier 2 issue inside fair value, at 315bp, after tightening of 45bp from IPTs and on the back of a €1.9bn book.

However, the supply came just as the market was turning, and the following day the Italian and Spanish trades widened around 15bp and 25bp, respectively. Issuers approaching the market in the past two weeks have had to navigate changed dynamics as investors have repositioned themselves vis-à-vis the primary market.

Mizuho, for example, found capac-

Issuance volumes of major banks*

	2020		2021		2022		2023	
Amount (m)	EUR	USD	EUR	USD	EUR	USD	EUR	USD
Covered	38,050	4,000	14,500	-	39,550	2,500	67,725	3,500
SP/OpCo	11,750	19,360	11,050	9,960	14,950	12,700	34,050	20,600
SNP/HoldCo	30,750	58,550	26,000	52,000	25,100	90,450	29,850	69,350
Tier 2	5,770	4,300	2,500	8,100	2,300	5,250	7,550	6,750
AT1	5,590	12,200	775	9,810	150	5,750	5,450	3,000
Grand Total YTD	91,910	98,410	54,825	79,870	82,050	116,650	144,625	103,200

*European/North America/APAC banks; Source: Markit, Bloomberg, Crédit Agricole CIB

ity constrained when it launched a dual-tranche, five and 10 year HoldCo trade on 15 February. The Japanese issuer was able to tighten from IPTs and print near the tights for the year to achieve very competitive funding, but it paid new issue premiums of 17.5bp and 20bp for the shorter and longer tranches, respectively, while the shorter dated tranche was sized at €600m on the back of some €800m of orders, compared to a €750m size for the longer.

Intesa Sanpaolo two days earlier had shown that rarer offerings could still achieve attractive execution, selling a €1bn 11 non-call six Tier 2, rated Ba1/BB+/BB+, at plus 325bp, a NIP of around 10bp and a re-offer level inside some investment grade Tier 2s on the back of some €2.25bn of demand (Crédit Agricole CIB joint books). ING was also able to price a €750m (€850m) 10.25 non-call 5.25 debut sterling Tier 2 flat to fair value that day as part of a dual-tranche/dual-currency trade, but its more regular euro Tier 2, a 12 non-call seven, was priced with a NIP of some 15bp and even then suffered heavy drops from the book, leading to a size of €500m — although cannibalisation across the tranches was cited as a potential idi-

osyncratic factor in the latter's outcome.

Amid mounting evidence of the market having come off the boil, some banks who were eyeing new issuance in the past week held off, while those who did brave the market paid yet higher NIPs: a €1bn seven non-call six SNP for BPCE on Tuesday paid some 30bp, while NatWest Group paid around 25bp on a £700m 11 non-call six Tier 2. The French bank's spread of 160bp for the seven non-call six was also 5bp wider than what it paid for a €1.25bn 10 year bullet SNP on the opening day of the year, 2 January.

However, syndicate bankers note that while conditions have deteriorated, the primary market has been anything but closed.

"The market has turned around and the mood is weaker, so issuers are tending to hold off," said Vincent Hoarau, head of FI syndicate at Crédit Agricole CIB. "But the market is reacting fairly decently to the spread widening.

"Why? Because you have juicy carry and this offers investors a significant buffer against potential further widening. Some asset managers are also happy to reload because they are buying at lower cash prices as we are now back where we

were in very early January after the back-up in rates. And nobody wants to be in the situation where they end up chasing the market if ultimately rates start to decrease sooner rather than later — the majority of real money accounts want to remain invested."

This is borne out by a lack of selling pressure during the widening phase, according to William Rabicano, director, credit trading at Crédit Agricole CIB.

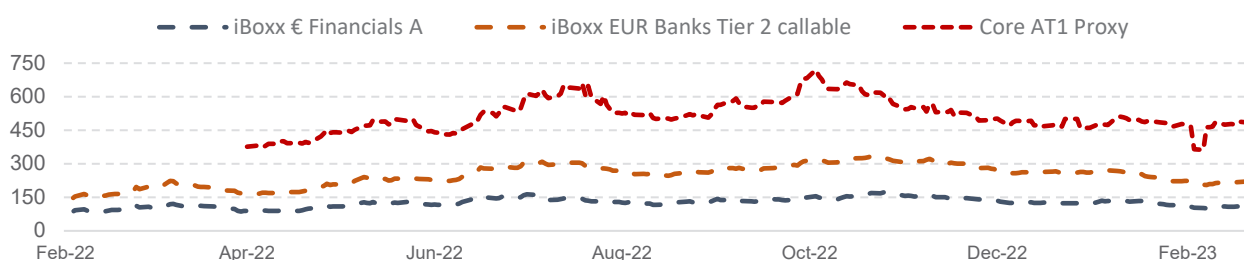
"We've actually gone wider on very little selling," he said. "It's purely sentiment-driven — we are sort of at the mercy of both equities and, even more so, rates.

"Flows are very thin in both directions," added Rabicano, "so it really doesn't take a lot to move the market one way or the other. And when we do move one way or the other, we overshoot in both directions."

Getting liquidity through the door

As well as the attractive carry available, the market proved resilient in the January deluge thanks to an anticipated tightening of swap spreads — the opposite of which had proven painful for investors in 2022 — and the anticipated pivot from central banks after tighten-

Bank spread evolution since January 2022



Source: Markit, Bloomberg, Crédit Agricole CIB

ing last year, according to Hoarau — something that also encouraged investors to scoop up relatively high coupons ahead of expected lower rates.

“So we were in a kind of win-win situation for both issuers and investors.”

While the exuberance of January may now appear overdone, the record-breaking issuance last month is seen as supportive of today’s spreads, given its implications for supply going forward. Banks have issued some €145bn year-to-date, €77bn of it unsecured/subordinated and €68bn of covered bonds. The €77bn compares with €42.5bn in the same period last year, when spreads soon buckled under the weight of what might now look like modest supply.

“Issuers have been keen to make sure they do not face a repeat of 2022,” said Hoarau, “i.e. at some point being stuck in a market that is not well functioning and hence getting behind in terms of progress in the funding plan. That’s why everyone had one priority on the first day of 2023, which was front-loading.”

Although slightly down on 2022, US dollar supply has added over \$100bn, while debuts in new markets and issuance in more exotic currencies — Australian and Singapore dollars, for example — has been en vogue, as issuers have sought to diversify away from their traditional investor bases in home currencies, often taking advantage of positive arbitrage and raising significant volumes. In the past week, BNP Paribas and Crédit Agricole tapped Singapore dollars, for example, the former issuing a SGD600m (€420m) AT1 and the latter selling a SGD500m Tier 2 at levels comfortably inside what could have been achieved in euros. ABN Amro meanwhile joined compatriot ING with a sterling first and

Arbitrage helps euro AT1 outpace dollars

The euro Additional Tier 1 (AT1) market not only joined in the January bumper supply, but for the first time in years euro AT1 volumes exceeded US dollar supply, with the tide only turning in favour of dollars this month as ING and then Swedbank tapped that market.

Year-to-date AT1 issuance in euros has totalled some €6bn. Issuers who have typically tapped the US dollar market for AT1, such as Crédit Agricole and BNP Paribas, instead tapped euros, the French duo doing so in the opening days of 2023, the former with a €1.25bn perpetual non-call 2029 on 3 January and the latter with a €1.25bn perp non-call 2030 the following day.

“Historically, for those willing and able to do a dollar AT1, dollars nearly always proved to be a better trade from a cost and arbitrage perspective when theoretically swapping back to euros,” said André Bonnal, FI syndicate at Crédit Agricole CIB, “usually at least 50bp in favour of dollars and at times as much as 100bp. But in the first few weeks of the year — actually since the back-end of last year — the reason we saw CASA, BNP and SG doing euros was because the arbitrage was at the time in favour of euros.

“And as it’s a currency that they would not usually access in AT1, it made sense for them to do so when arbitrage is in euros’ favour, because there is a natural scarcity element for these name in euro AT1s and issuers should be able to leverage off that to get extra demand, as well as reaching accounts that are only active in euros.”

The majority of euro supply, he noted, has traditionally been from more domes-

tically-focused names — the likes of Banco Sabadell and Ibercaja, who also tapped the euro AT1 market in January with €500m and €300m issues, respectively.

The combination of scarcity and a 7.25% coupon for Crédit Agricole’s BBB-/BBB AT1, for example, enabled it to attract some €4.4bn of demand.

“Coupons are now exceptionally high for what are in some cases IG instruments,” said Bonnal, “so it is almost a no-brainer for investors, given the tremendous progress the banking sector has demonstrated from a capital metric perspective in recent years. Coupon skips are deemed virtually theoretical — you just have to bear in mind the mark to market risk amid the rates uncertainty.”

However, the cost advantage of euros proved short-lived on the back of spread and rate moves — rather than basis swaps — and European banks active internationally turned their attention to dollars.

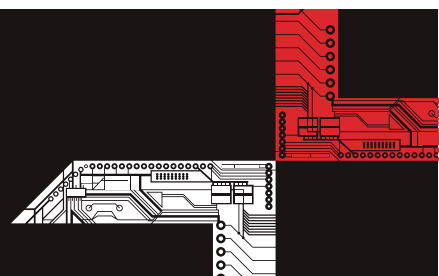
ING sold a \$1bn (€950m) perp non-call 2028 on 7 February, and on 16 February Swedbank issued a \$500m (SEK5.25bn) perp non-call 2028 — both in Reg S-only format. Whereas Crédit Agricole, for example, had saved around a quarter of a percentage point by issuing in euros, ING and Swedbank saved around three-eighths in dollars, estimated Bonnal, with as much as half a point of savings now potentially on the table there.

“It’s probably good for both markets that we have seen a little more AT1 in euros,” he added, “because the lack of dollar supply meant that market was quite resilient and strong when they approached it.” ●



MAN CANNOT DISCOVER NEW OCEANS UNLESS
HE HAS THE COURAGE TO LOSE SIGHT OF THE SHORE

Bloomberg: € = BGCS2 Global Directory = BGCP



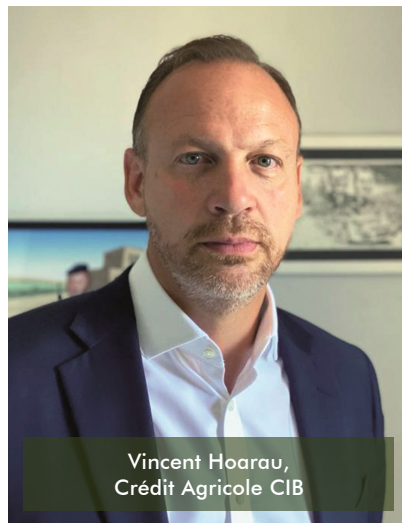
also debuted in Swiss francs, with green trades of £500m and CHF350m (€353m).

At the start of the year, higher beta issuance such as AT1 took precedence for many European banks keen to get their riskier trades out the way, but the boom in volumes has largely reflected a focus on liquidity funding, in the form of covered bonds and senior preferred. The latter constituted €34bn, the largest part of the €77bn of unsecured/sub supply, after having played second fiddle to senior non-preferred issuance in each of the last three years.

Among the factors cited as driving this are the lower remaining MREL build-up needs of banks and the winding down of TLTRO funding. While French banks have been among the busiest across asset classes — with one understood to have already completed as much as 60% of its 2023 funding programme in January — they have been particularly prominent in liquidity funding: BNP Paribas, for example, in January issued its first benchmark covered bond since 2017 and on 16 February sold its first senior preferred benchmark after a similar-lengthed hiatus.

The €68bn of covered bond supply has been smoothly absorbed, contrary to fears that the withdrawal of CBPP3 support from the primary market would make life difficult.

“And the covered bond market has been immune from the resurgence of volatility,” said Hoarau. “With rates well established in the context of 3%, we have



Vincent Hoarau,
Crédit Agricole CIB

buyers returning to the asset class — many credit investors are happy to put cash to work in the three to five year part of the curve, getting juicy coupons for a very low level of volatility on a triple-A instrument.

“The presence of the Eurosystem in the secondary market remains a strong technical support, and even if it were to diminish, the impact on spreads would be fairly limited — whereas if spreads widen in senior non-preferred, for instance, we’re talking 20bp to 50bp, or sky high if the geopolitical context gets tougher.”

Indeed, a further factor in banks’ thirst for liquidity funding — particularly given the end of TLTROs — has been concern that the good times may not last.

“The message we get from some funding officials is, can you please provide liquidity,” said Hoarau. “They are worried about the geopolitical situation and would

rather be conservative and overdo it than risk being stuck in a liquidity crunch.

“The war in Ukraine and its duration is the sword of Damocles for the markets. At some point, everything related to that and the energy crisis will come back on the table — unless for some unanticipated reason the war ends.”

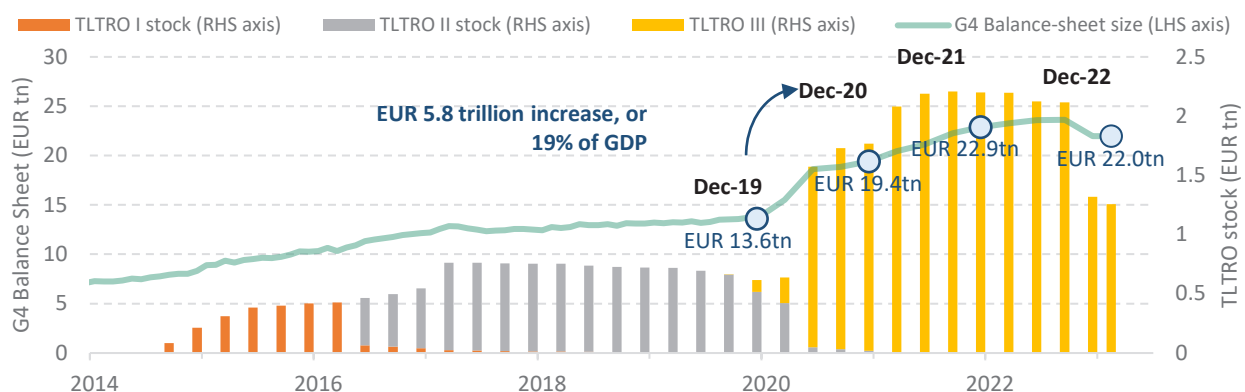
Nearer term, the next US CPI release is on 14 March with the Fed meeting outcome on 22 March, and in the interim, ECB governing council decisions on 16 March.

The latest evidence — an increase in the US personal consumption expenditures (PCE) index on Friday to 0.6% month-on-month — pointed to continued hawkishness, potentially undermining signs of market stability that had been emerging later in the week.

“The acceleration shown by the PCE index adds to a string of inflation and sales data that bolster the case for the Fed to hold rates above 5% for some time,” said Hoarau. “Signs of disinflation have been observed, but how sticky inflation really is remains to be seen. 475bp of hikes is all well and good, but there is a lag effect in terms of its impact on the ground, and getting closer to 6% terminal rates because of persistent inflation is not out of the question.

“On top of the geopolitical situation, a prolonged period of higher rates could trigger the return of volatility for global markets. We therefore expect activity in primary to remain dense when the market is actionable.” ●

G4 Central Bank Balance Sheet and Bank TLTRO Evolution



Source: Bloomberg, Crédit Agricole CIB

Nordic Bank Day: Safe haven picks for 2023

Nordic banks are among the best positioned in Europe to ride out the uncertainties facing the banking sector in 2023, according to Crédit Agricole CIB bank analysts Gwenaëlle Lereste and Pascal Decque, highlighting the banks' positioning vis-à-vis rate rises, while flagging real estate as an area to monitor.

Crédit Agricole CIB gathered major Nordic borrowers and French real money accounts in Paris on 14 February for its Nordic Bank Day, and Decque set the scene by noting that the overall European banking sector had entered the year facing three key areas of uncertainty: the extent of any recession; geopolitical tensions; and the development and impact of monetary policy.

Amid this new paradigm — also including the withdrawal of European Central Bank support — the way to play the banking sector in 2023 is via a stock-picking strategy, said Lereste.

“Combining the macro picture and higher rates with business model specificities,” she added, “we’ll see that the safe haven is the Nordics.”

Key factors cited by Crédit Agricole CIB’s analysts are very high MDA buffers combined with strong earnings generation — as highlighted by their banking radar (see chart) where Nordic players are clearly among the best positioned of European banks.

Under a stressed MDA buffer scenario run by the analysts — including flat revenues, costs up 5%, LLPs back to Covid stress levels, and RWAs up 6% — MDA levels are still “very comfortable” for Nordic banks, according to Decque: ranging from 1.24% for DNB to 2.27% for Danske, for example, and 3.52% and 4.05% for Svenska Handelsbanken and Nordea, respectively.

“High rates means higher revenues that can partially absorb higher LLPs going forward,” he added. “The absolute level of NPLs has been extremely low, so even a doubling of NPLs remains largely manageable by banks. And there are still unused Covid provisions available, the so-called management buffer.

“Nordea has close to €600m available, for example, and Swedbank SEK2.2bn in overlays.”

At the same time, the exit from negative rates is good news for banks, and particularly Nordic banks who have all enjoyed increases in net interest income (NII) of more than 30%.

“We have, intuitively, the notion that positive rates support the whole financial sector,” he said, “but the impact will be quite different from one bank to the other depending on the profile of their loan book — the more long term fixed rate you have, the longer it takes to reprice your lending book, while the more short term fixed or variable rate you have, the quicker it goes.”

Interest rate risk in the banking book (IRRBB) and related supervisory tests bear out the view that Nordic banks perform favourably in this regard. For example, in the quarterly ECB “parallel up” test whereby rates rise 200bp along the curve, Nordic banks experience a positive NII impact and relatively mild changes in economic value of equity (EVE).

“The ones in the best position are clearly the Nordic banks,” said Decque.

The strong fundamentals of the Nordic banking sector are meanwhile well known, he noted.

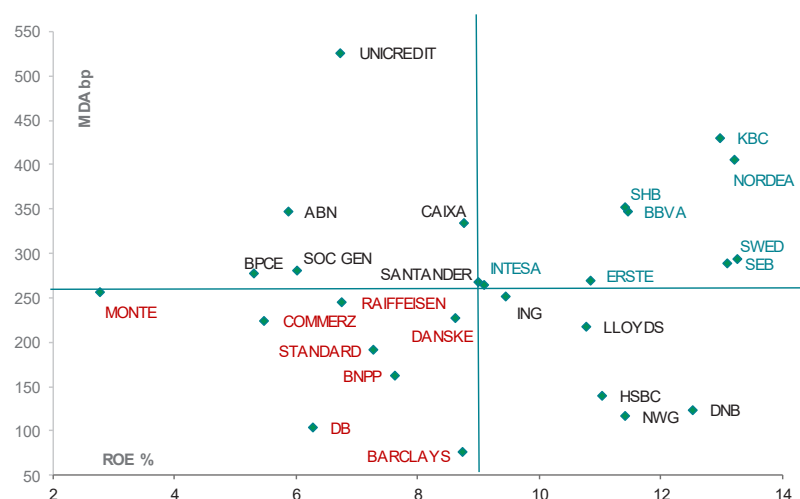
“Very strong asset quality, better profitability than the European average, very strong efficiency, extremely low cost-to-income ratios — in the area of the low 40s, and clearly a good cost of risk. The same for the capital base compared to the European average.”

Where they are not scoring so well, added Decque, is in terms of liquidity and leverage.

“This is largely due to the historical habit of Nordic households investing much more in mutual funds and pension funds than depositing funds long term with banks. As a result, Nordic banks remain highly reliant on market funding, notably covered bonds and short term funding — that’s the only, let’s say, small weakness compared to the rest of Europe.”

Regarding capital, Decque highlighted how Swedish banks face elevated requirements from their local regulator, citing the 2% level of the countercyclical buffer and aggregate 4% for the systemic risk buffer and other systemically important institution (O-SII) buffer. As a result, SEB, Svenska Handelsbanken and Swedbank face capital requirements above

Crédit Agricole CIB Banking Radar Issuers



Source: Bloomberg, Crédit Agricole CIB

14%, compared to some 9%-11% for the rest of Europe.

“So there is a massive difference in terms of requirement,” he said, “and they have to run with a very high level of capital.”

According to Lereste, in today’s environment, high credit ratings offer an increasing competitive advantage, and in this regard, the Nordics come out favourably — not just in terms of senior ratings, but also with their Additional Tier 1 (AT1) being largely investment grade, a status few other European banks enjoy.

Danske Bank, rated lower than its regional peers at A+/A3/A, is meanwhile seen as a potential recovery story. After clarification on the anti-money laundering front last year, a return to business as usual could see potential upgrades in the medium term, according to Lereste, offering the potential for outperformance — particularly given that the Nordics’ safe haven status is generally already priced in elsewhere.

While FIG supply pressures may this year prove less intense than initially feared, and supply year-to-date has met with strong investor demand, the high ratings should also stand Nordic issuers in good stead in a busy and competitive bond market. Nordic banks are expected to be active in fulfilling their MREL needs ahead of 2024, while Norwegian issuers specifically could opportunistically enter the market for Tier 2 and AT1 for P2R optimisation.

Real estate a pocket of vulnerability
With the exception of Norway, the Nordics are facing a mild recession somewhat worse than in the rest of Europe, highlighted Decque.

“The main reason is the fall in private consumption clearly linked to the fall in house prices, which has a wealth effect on households,” he said. “They are much more impacted by higher interest rates due to the variable rate mortgages they have to pay.”

This is borne out by the correlation between house prices and the evolution of domestic consumption, he noted, flag-



Crédit Agricole CIB bank analysts Gwenaëlle Lereste and Pascal Decque

ging a Riksbank study that showed Swedish households to be twice as sensitive to interest rate rises as they were 15 years ago, with debt-to-income levels having increased.

A key theme to explore in the challenging economic environment and in particular higher interest rates is the real estate market, according to Lereste, especially given that residential mortgages and commercial real estate lending represent more than 60% of some Nordic banks’ loan books.

“That’s why it’s one of the main concerns from investors,” she said, “that has also been highlighted by central banks as a potential pocket of vulnerability.”

After sharp increases, house prices have been falling since last summer, especially in Sweden, and are expected to fall further. Meanwhile, household debt, primarily in the form of mortgages, is high in the Nordics compared to the European average, at more than 150%, while mortgages — with the exception of Denmark — are generally floating rate.

However, Lereste noted that Q4 results have shown Nordic banks’ asset quality to be remaining “solid”, with Stage 3 loans remaining very low and among the best in Europe, while impairments have not increased.

“So, for the time being, what we are seeing is that they benefit from a double-digit increase in NII,” she said, “and at the same time, at least for the residential mortgages, asset quality is very sound.

As for unemployment, it’s very low, while there is a robust social safety net and incomes are relatively high, so we are quite comfortable regarding exposure on residential mortgages in the Nordics.

“Don’t forget that they learned from their housing crises of the 90s,” added Lereste. “And, compared to the last crisis, the Nordics have more conservative policies, and in terms of loan-to-values, for example, we are talking about 50%-60% maximum on average.”

Concerns about commercial real estate are particularly high among investors and something to monitor in 2023, according to Lereste, with exposure to CRE greater than 10% of total lending, and more than 40% of corporate lending for Swedish and Norwegian banks.

“What is important for commercial real estate is cashflow,” she said, “and this can be impacted by the combination of high rates and economic slowdown, through rental income and also bearing in mind higher vacancies, while the sector potentially faces tighter credit conditions.”

Again, asset quality thus far has remained strong in spite of the tougher conditions, noted Lereste, while banks have adopted a conservative approach by increasing overlays for 2023.

“Considering all the metrics, Nordic banks should be able to handle this issue, although CRE vulnerabilities could pose headline risk for Swedish banks’ spreads,” she concluded. ●

Euro bank spread performance monitoring (as at 24/2/23)

ISIN	Type	Security Description	Pricing Date	Re-offer	Bid	Perf.	IPTs	NIP	Size	ESG
XS2593107258	SP/Opco	MONTE 6.75 03/26NC03/25	23/02/2023	321	318	-3	7/7.125%	0	1500	-
FR001400G6Y4	SNP/HoldCo	BPCEGP 4.625 03/30NC03/29	21/02/2023	160	144	-16	m/s+175-180a	30	1000	-
XS2592628791	T2	NWG 5.763 02/34NC02/29	21/02/2023	260	240	-20	m/s+280-285	25	700	-
XS2583644146	SP/Opco	ORIX 4.477 06/28	21/02/2023	130	105	-25	m/s+150a	15	500	-
FR001400G3A1	SP/Opco	BNP 3.875 02/29NC02/28	16/02/2023	78	78	0	m/s+90a	12/13	1000	-
XS2590759986	SP/Opco	FINBAN 4.625 02/29NC02/28	16/02/2023	150	145	-5	m/s+175a	10	300	-
XS2589907653	SP/Opco	CS 5.5 08/26	15/02/2023	235	250	15	m/s+260a	20	500	-
XS2589712996	SNP/HoldCo	MIZUHO 4.157 05/28	15/02/2023	105	102	-3	m/s+120-125	17/18	600	-
XS2589713614	SNP/HoldCo	MIZUHO 4.416 05/33	15/02/2023	140	134	-6	m/s+155-160	20	750	-
XS2588986997	T2	INTNED 5 02/35NC02/30	13/02/2023	220	225	5	m/s+240a	15	500	-
XS2589361240	T2	ISPIM 6.184 02/34NC02/29	13/02/2023	325	312	-13	m/s+350a	10	1000	-
ES0280907033	SP/Opco	UCAJLN 5.125 02/29NC02/28	13/02/2023	215	230	15	m/s+215-220	30/35	500	-
XS2588099981	SP/Opco	SHBASS 3.375 02/28	10/02/2023	55	51	-4	m/s+75a	6	1000	-
XS2588884481	T2	SABSM 6 08/33NC08/28	09/02/2023	315	348	33	m/s+360a	-10	500	-
XS2588099478	SNP/HoldCo	DNBNO 3.625 02/27NC02/26	09/02/2023	63	65	2	m/s+90a	3	1000	Y
DK0030045703	SNP/HoldCo	NYKRE 4 07/28	09/02/2023	115	128	13	m/s+140a	7/8	750	-
SK4000022505	SP/Opco	TATSK 5.952 02/26NC02/25	09/02/2023	265	247	-18	m/s+310a	-10	300	Y
XS2588885025	SNP/HoldCo	UCGIM 4.45 02/29NC02/28	09/02/2023	160	182	22	m/s+185a	5	1000	-
XS2585964476	SP/Opco	CASSAC 5.885 02/27NC02/26	08/02/2023	275	234	-41	m/s+300a	-	500	-
XS2585239200	SNP/HoldCo	VMUKLN 4.625 10/28NC10/27	07/02/2023	175	172	-3	m/s+200a	15	500	-
AT0000A32RP0	SP/Opco	VORHYP 4.125 02/26	07/02/2023	105	96	-9	m/s+120-125	15	500	Y
XS2584643113	SNP/HoldCo	NDASS 3.625 02/26NC02/25	03/02/2023	48	43	-5	m/s+75a	3	1000	-
DE000BL6JU7	SNP/HoldCo	BYLAN 3.75 02/29	31/01/2023	95	112	17	m/s+120a	12/13	500	Y
XS2577127967	T2	ANZ 5.101 02/33NC02/28	30/01/2023	215	214	-1	m/s+255a	0	1000	Y
XS2583600791	SNP/HoldCo	SEB 3.75 02/28	30/01/2023	85	88	3	m/s+110a	15	1000	-
DE000A30WF84	SP/Opco	PBBGR 5 02/27	30/01/2023	215	129	-86	m/s+240a	12/13	500	Y
XS2583203950	SNP/HoldCo	SABSM 5.25 02/29NC02/28	27/01/2023	240	245	5	m/s+280a	2/3	750	-
XS2582195207	SNP/HoldCo	HESLAN 4 02/30	26/01/2023	125	126	1	m/s+145a	10	750	Y
XS2582360330	T2	BANQUE 6 05/33NC05/28	25/01/2023	325	345	20	m/s+325a	-	100	-
XS2582358789	SP/Opco	PKOBP 5.625 02/26NC02/25	25/01/2023	250	197	-53	m/s+300a	-	750	-
DE000A11QJP7	SP/Opco	LBOLD 5.625 02/26	24/01/2023	270	251	-19	m/s+280a	-	350	-
AT0000A32HA3	SP/Opco	HYNOE 4 02/27	23/01/2023	115	120	5	m/s+125-130	20	500	Y
ES0343307023	SP/Opco	KUTXAB 4 02/28NC02/27	23/01/2023	110	99	-11	m/s+130a	10	500	-
BE0002913946	SNP/HoldCo	CRELAN 5.75 01/28	19/01/2023	315	226	-89	m/s+325a	30	500	-
XS2579324869	SNP/HoldCo	NACN 3.75 01/28	18/01/2023	125	110	-15	m/s+145a	17/18	500	-
XS2579606927	SP/Opco	RBIAY 4.75 01/27NC01/26	18/01/2023	195	198	3	m/s+230a	5	1000	-
FR001400FBN9	SNP/HoldCo	BFCM 3.875 01/28	17/01/2023	130	110	-20	m/s+150a	17/18	1000	-
FR001400FBR0	SNP/HoldCo	BFCM 4 01/33	17/01/2023	150	132	-18	m/s+170a	17/18	500	-
BE0002914951	T2	KBCBB 4.875 04/33NC04/28	17/01/2023	225	200	-25	m/s+250a	7/8	500	-
XS2579319513	SP/Opco	SRBANK 3.75 11/27	17/01/2023	110	91	-19	m/s+130-135a	10	1000	Y
XS2578472339	SNP/HoldCo	AIB 4.625 07/29NC07/28	16/01/2023	195	180	-15	m/s+225a	2/3	750	Y
FR001400FB06	SP/Opco	BPCEGP 3.5 01/28	16/01/2023	90	79	-11	m/s+110-115	17/18	1250	-
FR001400FB22	T2	BPCEGP 5.125 01/35NC01/30	16/01/2023	250	242	-8	m/s+280a	17/18	1500	-
XS2577127884	SP/Opco	ANZ 3.652 01/26	11/01/2023	60	46	-14	m/s+75-80	12/13	1000	-
XS2577572188	SP/Opco	BAMIIM 4.875 01/27	11/01/2023	205	203	-2	m/s+230a	15	750	Y

Euro bank spread performance monitoring (as at 24/2/23) (continued)

ISIN	Type	Security Description	Pricing Date	Re-offer	Bid	Perf.	IPTs	NIP	Size	ESG
FR001400F620	T2	CNFPF 5.25 07/53NC07/33	11/01/2023	245	235	-10	m/s+270a	5	500	Y
DE000CZ43ZN8	SNP/HoldCo	CMZB 5.125 01/30NC01/29	11/01/2023	240	184	-56	m/s+270a	12/13	750	-
FR001400F7K2	SP/Opco	ACAFF 4 01/33	11/01/2023	120	94	-26	m/s+140-145a	10	1000	-
XS2577054716	SP/Opco	LANSBK 4 01/27	11/01/2023	115	88	-27	m/s+140-145	5	500	Y
XS2531479462	SP/Opco	BAWAG 4.125 01/27	10/01/2023	115	80	-35	m/s+140-145	15	500	Y
FR001400DCZ6	SNP/HoldCo	BNP 4.375 01/29NC01/28	10/01/2023	145	110	-35	m/s+175a	1.5	1000	Y
XS2576255249	SP/Opco	NWG 4.25 01/28	10/01/2023	130	106	-24	m/s+155a	15	750	-
XS2577053825	SP/Opco	UCGIM 4.8 01/29NC01/28	10/01/2023	190	148	-42	m/s+220a	10	1000	-
XS2575952853	SP/Opco	WSTP 3.703 01/26	10/01/2023	60	50	-10	m/s+75-80a	15	1000	-
XS2575952937	SP/Opco	WSTP 3.799 01/30	10/01/2023	90	88	-2	m/s+105-110	17/18	500	-
XS2575971994	SNP/HoldCo	ABNANV 4 01/28	09/01/2023	115	103	-12	m/s+140-145a	10	1000	Y
XS2575952424	SP/Opco	SANTAN 3.75 01/26	09/01/2023	80	58	-22	m/s+100-105	20	1750	-
XS2575952697	SP/Opco	SANTAN 3.875 01/28	09/01/2023	110	93	-17	m/s+130-135	15	1250	-
XS2576362839	SNP/HoldCo	BKIR 4.875 07/28NC07/27	09/01/2023	205	149	-56	m/s+245a	0	750	Y
BE6340794013	T2	CCBGBB 5.25 04/33NC04/28	09/01/2023	245	237	-8	m/s+270a	15	500	-
AT0000A32562	SP/Opco	ERSTBK 4 01/31NC01/30	09/01/2023	125	118	-7	m/s+150a	7/8	750	Y
FR001400F5F6	SNP/HoldCo	FRLBP 4.375 01/30	09/01/2023	155	151	-4	m/s+170-175	22/23	750	-
FR001400F323	T2	BFCM 5.125 01/33	05/01/2023	220	214	-6	m/s+255-260a	2/3	1250	-
FR001400F1U4	SNP/HoldCo	ACAFF 4.25 07/29NC07/28	04/01/2023	145	117	-28	m/s+165-170	17/18	1000	-
DE000A30V5C3	SNP/HoldCo	DB 5.375 01/29NC01/28	04/01/2023	250	203	-47	m/s+255a	30	500	-
XS2569069375	SNP/HoldCo	LLOYDS 4.5 01/29NC01/28	04/01/2023	160	125	-35	m/s+175a	20	750	-
XS2572496623	SNP/HoldCo	SWEDA 4.25 07/28	04/01/2023	135	115	-20	m/s+150a	17/18	750	Y
CH1236363391	SNP/HoldCo	UBS 4.375 01/31NC01/30	04/01/2023	155	122	-33	m/s+175a	20	1000	-
XS2573331324	SP/Opco	ABNANV 3.625 01/26	03/01/2023	55	32	-23	m/s+80-85	5	750	-
XS2573807778	SP/Opco	AXASA 3.625 01/33	03/01/2023	75	61	-14	m/s+100-105	10	750	-
FR001400F0V4	SP/Opco	BNP 3.875 01/31NC01/30	03/01/2023	92	91	-1	m/s+110-115	7	1250	-
FR001400F075	SNP/HoldCo	BPCEGP 4.375 07/28	03/01/2023	140	129	-11	m/s+155-160	25	1000	-
FR001400F083	SNP/HoldCo	BPCEGP 4.5 01/33	03/01/2023	155	153	-2	m/s+175a	25	1250	-
XS2573712044	SNP/HoldCo	BBVASM 4.625 01/31NC01/30	03/01/2023	170	160	-10	m/s+190-195a	10	1000	-
XS2572996606	SNP/HoldCo	RABOBK 4 01/30	03/01/2023	110	110	0	m/s+130a	15	1250	-
XS2573569220	SP/Opco	DANBNK 4 01/27NC01/26	03/01/2023	95	68	-27	m/s+115a	20	1000	-
XS2573569576	SP/Opco	DANBNK 4.125 01/31NC01/30	03/01/2023	125	105	-20	m/s+145a	25	1000	Y

AT1 performance monitoring (as at 24/2/23)

ISIN	Currency	Security Description	Pricing Date	Coupon	Bid Price	I-spread	Perf. (pt)	IPTs	NIP	Size	Reset
XS2580715147	USD	SWEDA 7.625 PNC03/28	16/02/2023	7.625	99.9	379	-0.1	8%-8.125%	12.5/25	500	359
XS2585240984	USD	INTNED 7.5 PNC05/28	07/02/2023	7.500	99.0	388	-1.0	8%a	12.5/25	1000	371
XS2586873379	EUR	BAERVX 6.625 PNC08/29	07/02/2023	6.625	99.9	366	-0.1	7.125%a	-12.5	400	385
XS2585553097	EUR	BKTSM 7.375 PNC08/28	06/02/2023	7.375	99.1	465	-0.9	8%a	7.5	300	471
XS2583633966	EUR	ALPHA 11.875 PNC02/28	01/02/2023	11.875	100.6	889	0.6	12.25-12.5%	-12.5	400	931
ES0844251019	EUR	CAZAR 9.125 PNC01/28	18/01/2023	9.125	100.6	614	0.6	9.625%a	-25	350	683
FR001400F877	EUR	SOCGEN 7.875 PNC01/29	11/01/2023	7.875	101.5	462	1.5	8.375%a	12.5/25	1000	523
FR001400F2H9	EUR	BNP 7.375 PNC06/30	04/01/2023	7.375	101.0	426	1.0	7.75%a	25	1250	463
XS2471862040	EUR	SABSM 9.375 PNC07/28	04/01/2023	9.375	103.4	572	3.4	10%a	-12.5	500	683
FR001400F067	EUR	ACAFF 7.25 PNC09/28	03/01/2023	7.250	101.7	393	1.7	7.625%a	25	1250	444

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