



## Fixed Income Special – ESG update 2026

NORD/LB Floor Research

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Marketing communication (see disclaimer on the last pages)

**NORD/LB**  
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**ESG update 2026**

**Authors**

Dr Norman Rudschuck, CIIA  
Floor analyst, SSA/Public Issuers  
Managing Director  
[norman.rudschuck@nordlb.de](mailto:norman.rudschuck@nordlb.de)

Lukas-Finn Frese  
Floor analyst, SSA/Public Issuers  
Associate Director  
[lukas-finn.frese@nordlb.de](mailto:lukas-finn.frese@nordlb.de)

Lukas Kühne  
Floor analyst, Covered Bonds/Banks  
Associate Director  
[lukas.kuehne@nordlb.de](mailto:lukas.kuehne@nordlb.de)

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### Floor analysts:

**Dr Norman Rudschuck, CIIA**  
Head of Desk  
[norman.rudschuck@nordlb.de](mailto:norman.rudschuck@nordlb.de)

**Lukas Kühne**  
Covered Bonds/Banks  
[lukas.kuehne@nordlb.de](mailto:lukas.kuehne@nordlb.de)

**Elias Degener**  
Covered Bonds/Banks  
[elias.degener@nordlb.de](mailto:elias.degener@nordlb.de)

**Lukas-Finn Frese**  
SSA/Public Issuers  
[lukas-finn.frese@nordlb.de](mailto:lukas-finn.frese@nordlb.de)

**Tobias Cordes, CIIA**  
SSA/Public Issuers  
[tobias.cordes@nordlb.de](mailto:tobias.cordes@nordlb.de)

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## ESG update 2026: An overview

Authors: Dr Norman Rudschuck, CIAA // Lukas-Finn Frese // Lukas Kühne

### **Sixth edition of our ESG update: markets and regulatory aspects in a state of flux**

As part of our annual ESG update, we summarise the most important developments within the ESG segment in addition to exploring the future opportunities and challenges presented by this part of the debt market. In addition to the global market activities seen over the course of the last year, regulatory developments are again at the forefront of our coverage, including the European Green Bond Standard and amendments to the EU Taxonomy, among other aspects. In what is now the sixth edition of this study, we shall also examine the forms and characteristics of a potential greenium for selected issuers in the Covered Bonds and SSA/Public Issuers segments that we cover. We will also highlight the most important revisions to the established ICMA Bond Principles. Below, we provide an overview of the key topics covered as part of our NORD/LB ESG update 2026.

### **ESG primary market in 2025: global new issuance volume declines again**

After growth was recorded in issuance activities in 2024, there was a direct reversal of this situation last year: in total, the global new issuance volume in 2025 came to EUR 957.3bn, which corresponded to a decline of -10.3% year on year. The development in our core segments varied considerably. While the new issuance volume on the SSA market was higher than in 2024, the covered bond segment was forced to contend with a slight reduction in issuance activities. In our study, we also once again take a look at the market for ESG senior bonds. In this context, we observed a real surge in issuance activities in the senior preferred category in 2025.

### **Greenium and socium+: Green and social bonds as core refinancing pillars**

In this year's ESG update, we again empirically examined the potential for a greenium and what we have coined a "socium+" in connection with certain issuers in our coverage. The results show that investors are occasionally forced to accept spread discounts for green bonds from selected issuers in our core segments. However, these discounts can vary considerably depending on the issuer and asset class in question. A similarly disparate picture emerges when looking at social bonds as well.

### **EU Green Bonds pick up speed; Omnibus package loosens the EU Taxonomy straitjacket**

After recording the first EuGB deals within our coverage back in 2025, the pace has picked up notably over the course of the current year. This can firstly be explained by public issuers expanding their activities in this segment and secondly by covered bond issuers now also entering the market with new issues of this kind. In addition, the European Commission continues to strive to simplify regulations in the area of sustainability reporting and has already enjoyed some initial success in this regard by implementing the Omnibus package in 2026.

### **ICMA Bond Principles left largely unchanged**

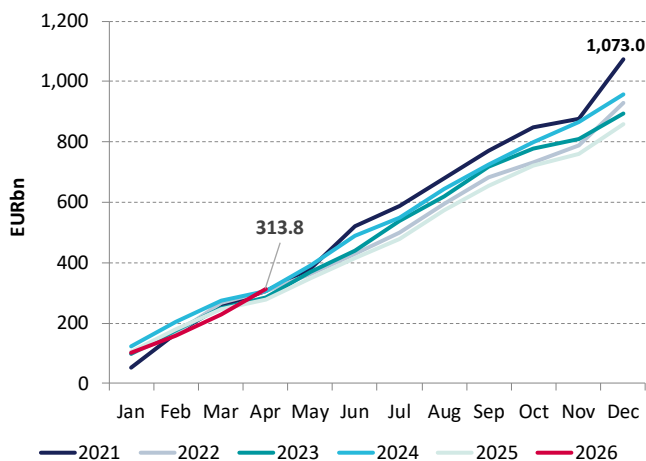
Only minor changes were made to the ICMA Bond Principles last year. For example, guidelines for "Nature Bonds" were defined for the first time and the guidelines for "Green Enabling Projects" were refined, among other measures.

## The market for ESG bonds

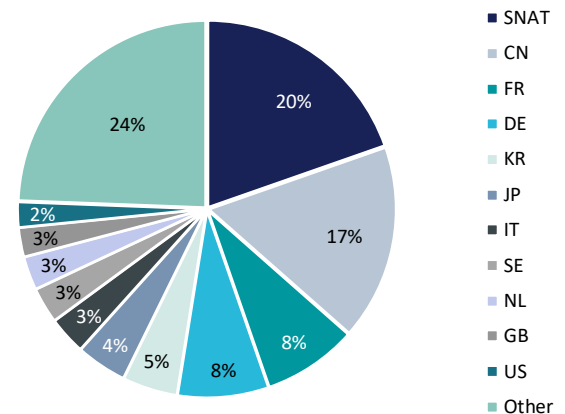
### Marginal decline in new ESG issues in 2025

At EUR 858.4bn, the global market for sustainable bonds – by our definition this includes bonds in the green, social, sustainability and sustainability-linked categories – reached another high level last year, although the impetus in this segment certainly dropped markedly in comparison with the previous year. In comparison with the volume recorded in 2024 (EUR 957.3bn), this value represents a decline of -10.3% year on year. As such, the record volume of just over EUR 1,000bn in 2021 has faded further into the background. Nevertheless, the fact remains that a cumulative ESG volume of around EUR 4.7tn has been issued over the past five years, which clearly underlines the relevance of green, social and sustainability investment formats. In terms of the breakdown by jurisdiction, issuers from the supranationals segment once again topped the charts. In absolute figures, the share of 20% reflected a new issue volume of EUR 168.5bn. China again occupies second place in the rankings, with a volume of EUR 145.0bn, which equates to a share of 17%. Chinese issuance activities require some additional context: it was not until Chinese regulations were revised in mid-2022 that green bonds were required to be 100% aligned with the globally established ICMA Bond Principles (previously it was 70%). Incidentally, the threshold remains at 50% for state-owned enterprises. In this way, large portions of new ESG issues from China cannot be equated with European issuances, for example, due to the fact that the proportion of “non-aligned” bonds (i.e. not aligned with established frameworks) placed by European issuers is barely of significance. Meanwhile, the EU has become a major player in the global market for ESG bonds. With the NGEU (NextGenerationEU) stimulus package for a sustainable recovery of the EU, which features a volume of more than EUR 800bn (of which at least EUR 250bn in green bonds), the EU is expected to become the largest green bond issuer worldwide by the end of 2026. Among the Member States themselves, the jurisdictions of France and Germany both stood out in 2025 with shares of around 8% each in the global ESG issue volume.

Cumulative global new issues of ESG bonds (EURbn)



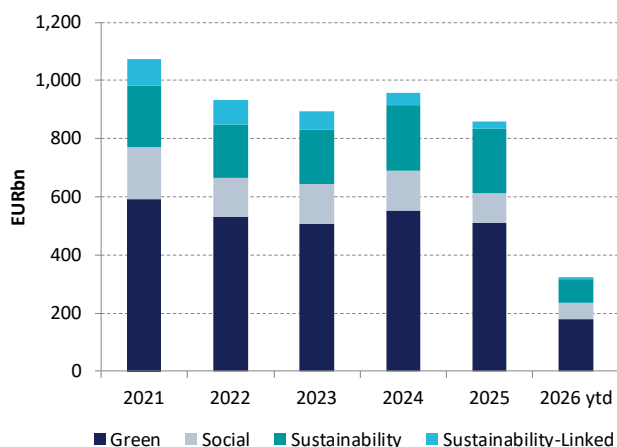
ESG issues in 2025: Breakdown by jurisdiction



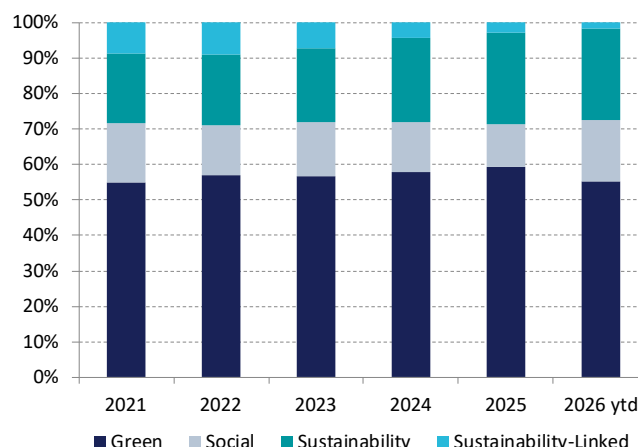
### New ESG issues in 2025: green and sustainability on the rise

Last year, the volume of newly placed ESG bonds declined for the first time since 2023. In fact, this development was consistent across all sub-segments in our definition of the ESG universe. The green bond sub-segment was again the strongest, with a new issue volume of EUR 509.3bn (-9% Y/Y). Sustainability bonds (EUR 220.1bn; -1% Y/Y) followed in second place, with social bonds (EUR 104.0bn; -23% Y/Y) and sustainability-linked bonds (EUR 25.1bn; -40% Y/Y) occupying third and fourth. Once again, the sharp decline in sustainability-linked bonds certainly catches the eye. These are instruments suitable for transitional financing that are not linked to the use of proceeds but rather relate to ESG performance indicators defined in advance and are therefore particularly suitable for small issuers. In our previous two ESG studies, we already reported on the declining momentum of new issue volumes on account of a challenging market environment. This trend was again confirmed in 2025, with sustainability-linked bond issuance once more contracting. In terms of relative market shares, there has been no real change in the picture compared with 2024: hence, green bonds once again accounted for the lion's share at 59%, while sustainability bonds were ranked second at 26%, followed by social bonds with a share of 12%. The market share of sustainability-linked bonds also fell as a result of the significant decline in issuance activity and accounted for a share of around only 3% in 2025.

ESG bonds: Global new issues (EURbn)



ESG bonds: Relative market shares of new issues

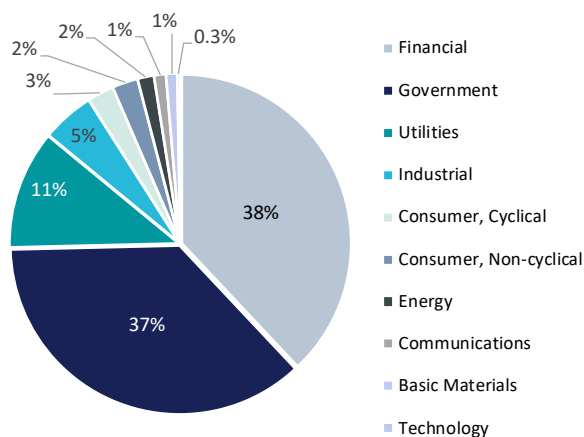


Source: Bloomberg, NORD/LB Floor Research

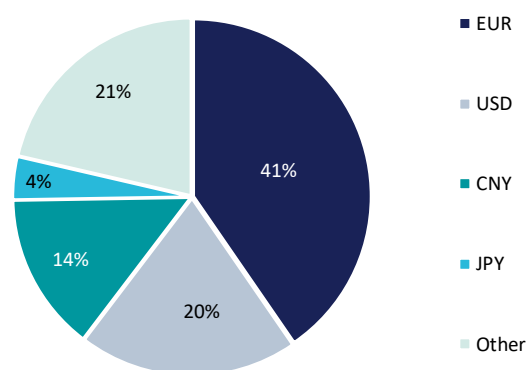
### Financials and Public Issuers account for the highest new issue volumes worldwide

Around 38% (EUR 326.3bn) of the green, social, sustainability and sustainability-linked bonds issued globally in 2025 were attributable to the “Financials” segment, while the “Government” category accounted for a share of 37% (EUR 314.3bn). Compared with the previous year, the top two have swapped places: in 2024, the shares came to 40% (Government) and 32% (Financials). A look at the industrial sectors shows that utilities continue to play an important role within the universe of ESG bonds, although their relevance is trending downwards. In 2025, utilities ranked in third place after accounting for a new issue volume of EUR 97.4bn, which corresponds to a share of 11%.

**ESG bonds: global outstanding volume by sector (year-end 2025)**



**ESG bonds: global outstanding volume by currency (year-end 2025)**



Source: Bloomberg, NORD/LB Floor Research

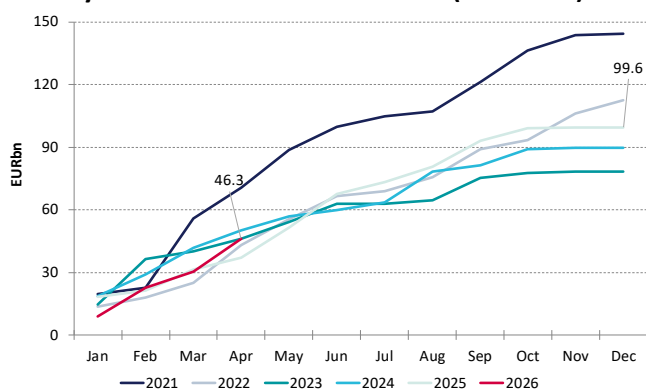
### **EUR remains the foremost currency – USD loses ground to the benefit of CNY**

EUR-denominated securities continued to account for the largest share of the outstanding bond volume at global level, as per our definition of the market (2025: 41%; 2024: 43%). As such, the EUR remains the undisputed number one. Around 20% of the volume was in USD, whereby the share attributable to the greenback has declined year on year (2024: 25%). In contrast, the CNY gained significant ground and claimed third place in our currency ranking with a share of 14% overall (2024: 9%). Other important currencies in Asia included the JPY (4%) and KRW (3%), whose combined market shares, together with the CNY, came to 21%. Looking at Europe, aside from the EUR, the most frequently issued currencies were the GBP (3%; previous year: 3%) and SEK (2%; previous year: 3%). In our opinion, the regulatory impetus on the part of the EU Commission in sustainability and accompanying special programmes such as the NGEU should ensure that the EUR maintains its position of supremacy in the future. In addition, while the USA had previously been making efforts to cut its greenhouse gas emissions by 50% by 2030 compared with the level in 2005, with a funding programme in the amount of USD 369bn having been put in place to this end, Donald Trump's second term in office is likely to drastically put the brakes on the speed of this green transformation. In fact, immediately after taking office his administration announced that it would once again be withdrawing from the Paris Climate Agreement. Furthermore, in line with his campaign slogan "Drill, baby, drill", President Trump intends to usher in a new era of oil extraction in the USA, which threatens negative consequences in relation to the country's climate footprint and CO<sub>2</sub> emissions. The new US Administration has also implemented a number of anti-ESG measures: for example, the US Securities and Exchange Commission (SEC) announced that publicly traded companies are no longer required to document and publish the climate risks of their operations. Regarding China, President Xi Jinping reiterated his nation's ambition to become climate neutral by 2060 at the United Nations General Assembly in September 2021. However, the world's largest emitter of CO<sub>2</sub> has since come under pressure to deliver initial results, after China's cumulative carbon emissions in absolute terms exceeded those of the EU for the first time at year-end 2023. However, the annual growth here does at least seem to be gradually slowing: in 2025, China recorded a decline of -1% in its CO<sub>2</sub> emissions, which are in particular linked to the combustion of coal.

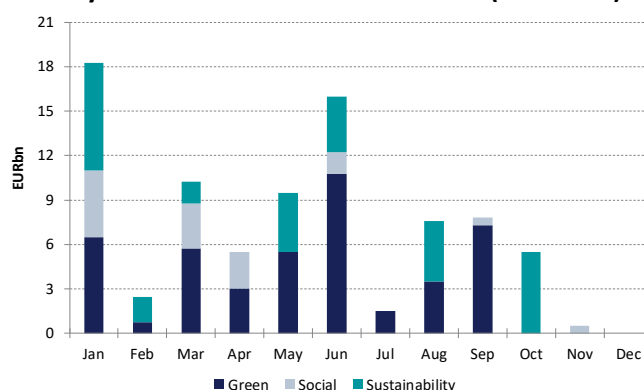
### The SSA ESG market in 2025: issuance volume up, but falls short of a new record

While the previous section focused on the global ESG market, we will now turn our attention to the [ESG market in 2025 for our definition of SSA issuers](#) (i.e. excluding sovereigns), where there was also a great deal of activity to report. As at the reference date of 31 December 2025, we recorded a new issue volume for EUR-denominated benchmarks of EUR 99.6bn across the green, social and sustainability formats. Compared with the issuance trends of recent years, this value is significantly lower than those seen between 2020 and 2022, but higher than in both of the previous two years. The decisive factor for the record year of 2021 was that the EU issued a total of EUR 46.1bn in social bonds as part of the SURE programme between February and May alone. With the help of SURE, EU Member States were afforded financial support to mitigate the social and societal consequences of the COVID-19 pandemic (e.g. in the form of government aid such as short-time work programmes). Looking at issuances throughout the year in 2025, January set a particularly high bar for issuance activity: at EUR 18.3bn, the ESG issue volume was EUR 2.3bn up on the second strongest month of August (EUR 16.0bn). Overall, a total of 70 new ESG issues from 51 different issuers were placed throughout the course of 2025. The EIB carried out the largest individual transactions in terms of volume (three bonds), each with a value of EUR 5.0bn. In terms of the distribution of the new issue volume across the ESG sub-segments, green bonds were well ahead at 45%, followed by sustainability bonds at 37% and social bonds at 18%. In addition, European Green Bonds were included in the green bond volume for the first time: a total of EUR 4.5bn was printed under the new label in 2025.

Primary market: SSA ESG issue trend (EUR BMK)



Primary market: SSA ESG issues in 2025 (EUR BMK)



Source: Bloomberg, NORD/LB Floor Research; data as at 30 April 2026

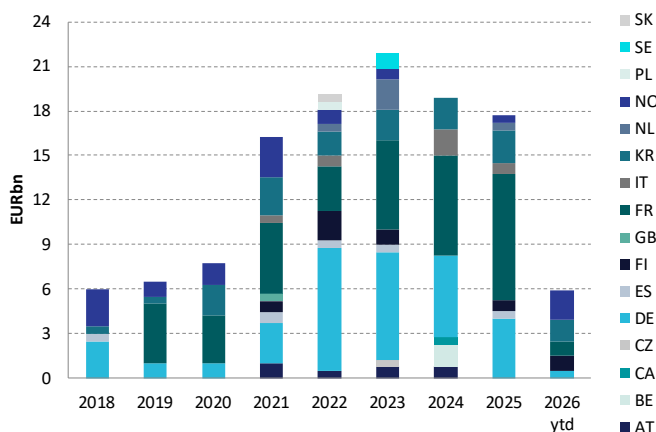
### The EU as a mega issuer in the green and social bond segments

We would like to focus on the EU separately as an ESG issuer. Under the SURE programme, which featured a maximum volume of EUR 100bn, social bonds amounting to EUR 98.4bn were issued up to the end of the programme in 2022. The picture is somewhat different for the NGEU programme: the bloc is planning for an average annual funding target of EUR 160bn through to the end of 2026, with the total programme volume being capped at more than EUR 800bn (at current prices). In this context, the intention is to raise up to 30% of the funding by way of [green bonds](#). If it follows through on these plans, the EU would consequently become the world's largest issuer of green bonds. For further information on the bloc's role as a mega issuer, please refer to our [weekly publication dated 09 July 2025](#) as well as our [Issuer Guide – E-Supras](#).

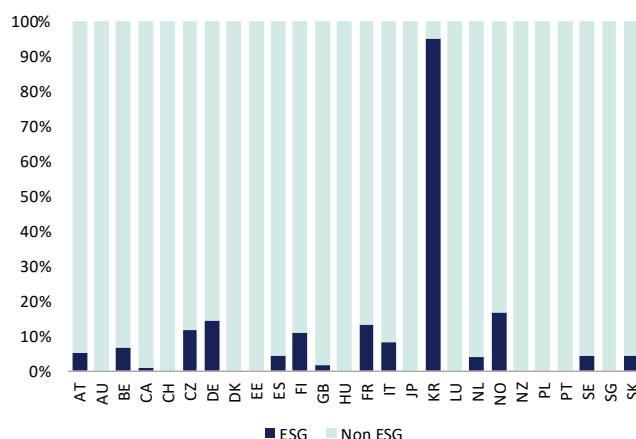
**Market for ESG covered bonds: litmus test passed**

The year 2025 represented a kind of litmus test for the ESG sub-market within the EUR benchmark segment for covered bonds, specifically in terms its sustainable growth. For example, significant maturities of EUR 11.2bn were recorded for the first time, after annual maturities had previously never exceeded EUR 3.0bn. In 2025, covered bonds amounting to EUR 17.7bn were placed in the green, social and sustainability formats, resulting in a positive net supply of EUR 6.5bn. As such, from our perspective this indicates slight but steady growth in the ESG covered bond market, although the gross issuance volume continued to decline. However, it is important to contextualise the lower issuance volume in the ESG formats by taking into consideration the general reduction in issuance activities in the EUR benchmark segment compared with the previous year. A total of EUR 11.3bn was attributable to the green segment (2024: EUR 10.8bn), while the social category accounted for EUR 4.9bn (2024: EUR 7.7bn) and the sustainability segment for a sum of EUR 1.6bn (2024: EUR 500m). Although there were no newcomers to the market approaching investors with fresh EUR benchmarks in 2025, two issuers have already placed inaugural green covered bonds in the EUR benchmark segment in 2026. In addition to Korea Housing Finance Corporation, which had previously issued only social covered bonds, Hamburger Sparkasse approached investors on the primary market with a first green Pfandbrief in February. Moreover, the first European Green Bond deal in the EUR benchmark segment, which was placed by Nordea Mortgage Bank, was without doubt a notable milestone. After issuers from the SSA/Public Issuers universe, among others, had already become active in this new format, the first covered bond issuer has now – somewhat belatedly – also approached investors. We expect that a limited number of other issuers will also place covered bonds under the European Green Bond Standard. Nevertheless, we expect that the DNSH (Do No Significant Harm) criteria will continue to represent a barrier for many issuers. As such, we anticipate that issuance activities in this format will lose momentum. Given the rather subdued level of new issuances so far in 2026 (EUR 5.9bn ytd), we are of the view that it would be unrealistic to forecast a volume of freshly placed covered bonds approaching the record levels seen in recent years. With maturities of around EUR 10bn, we are not ruling out modest market growth, although we are not expecting the net new issuance volume in the covered bond market to be excessively large.

**Covered bonds: ESG issue volume (EUR BMK)**



**Covered bonds: ESG shares in the overall market**

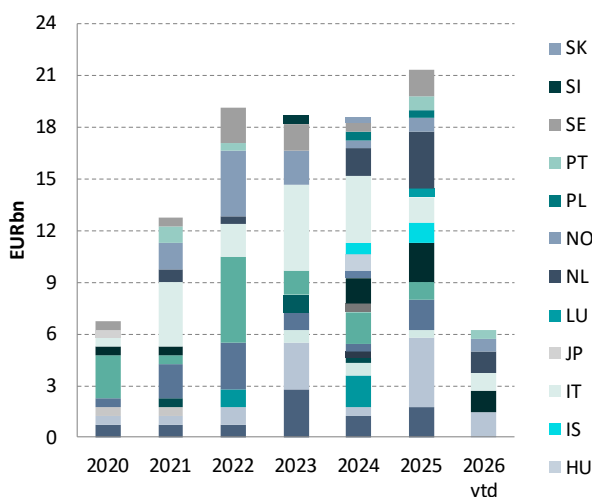


Source: Bloomberg, NORD/LB Floor Research; data as at 30 April 2026

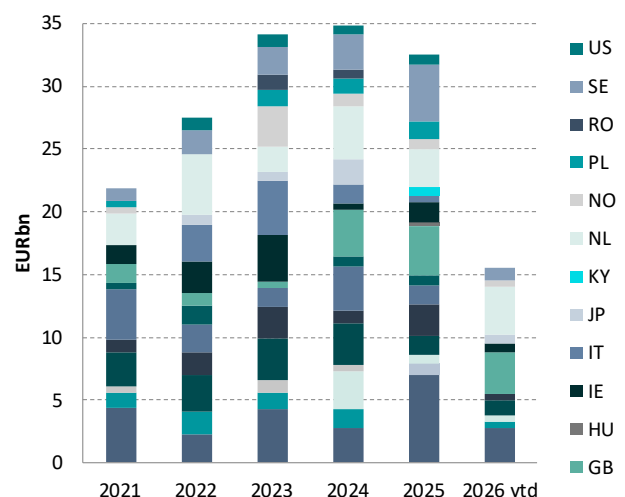
**ESG deals: Senior preferred and senior non-preferred**

There has also been increasing momentum in relation to ESG deals on the market for publicly placed deals in the senior segment over recent years. In 2025, new ESG issues in both senior preferred (SP) and senior non-preferred (SNP) format amounted to EUR 53.8bn. In this context, the majority of this fresh supply last year was attributable to SNP bonds, at EUR 32.5bn, while SP bonds accounted for a share of EUR 21.3bn. However, this should be seen in the context of the overall size of the SNP market, which is far larger than the SP market in terms of outstanding volume. The slightly divergent development of the new ESG issuance volume in the two sub-markets is noteworthy. For example, the volume of newly issued SNP bonds declined slightly on the prior year, while the issuance volume for ESG SP bonds reached a new record high. In our view, however, it is still too early to conclude from this observation that issuers are increasingly focusing on SP bonds in any of the ESG formats. In geographical terms, the largest volumes of SP securities in 2025 were attributable to Austria (EUR 4.0bn), the Netherlands (EUR 3.3bn) and Greece (EUR 2.3bn). In terms of issuance type, at EUR 20.0bn, the green format dominated proceedings in this instance as well, while the social category accounted for EUR 1.3bn. Issuers from the Netherlands (EUR 4.3bn), Germany (EUR 3.4bn) and Canada (EUR 3.0bn) were the primary drivers of developments in the sub-segment of SNP deals. Once again, SNP deals attributable to the green category were dominant (2025: EUR 26.0bn). This year, issuers from the Financials sector are once again making frequent use of green senior bonds, with a volume of EUR 10.3bn placed with investors in the SP segment and EUR 15.5bn brought to market in the SNP segment. This means that the volume of ESG bonds issued by the end of April in both sub-markets had already exceeded the respective figures recorded in previous years. For example, the issuance volume for SP and SNP bonds came to EUR 8.6bn and EUR 7.8bn respectively across the same period of the previous year. Similar to the covered bond market, the gradually increasing maturities are likely to become one of the main drivers of issuance activities in the senior market as well. Nevertheless, banks have been significantly more active in the area of ESG deals in the senior segment this year than in the covered bond segment, which we believe is due to the far less stringent regulatory requirements on senior bonds (keyword: DNSH criteria).

**Senior preferred: ESG issue volume (EUR BMK)**



**Senior NP: ESG issue volume (EUR BMK)**



Source: Bloomberg, NORD/LB Floor Research; data as at 30 April 2026

## Update: Greenium and socium+ for SSA and Covered Bonds

### Introduction

With both issuers and investors increasingly focused on sustainability criteria over recent years and the associated strong growth in the issuance volume of ESG bonds, there has naturally been greater interest in the yield aspects of this bond category. In the context of green securities in particular, numerous empirical studies have been published exploring whether green bonds are associated with a systemic yield disadvantage for investors or with more favourable refinancing conditions on the issuer side – this situation forms the basis of the term “greenium”. In this study – as is the case for the majority of the literature published on this topic – positive greenium values are defined by the yield on green bonds being lower than that for conventional securities. From an issuer perspective, the greenium can be interpreted as compensation for accepting the extra effort required by additional reporting obligations in relation to the use of proceeds, as well as the supplementary costs incurred for added reporting or certification obligations. However, for investors it represents an acceptable yield discount or premium that they are willing to accept to acquire a green bond rather than a more conventional alternative security. This is associated, for example, with sustainable investment guidelines that require investors to include a certain proportion of ESG bonds in their portfolios, which in turn generates higher demand for these bonds. It is crucial that, when directly comparing the two bond types, securities that are as similar as possible in terms of key bond characteristics are considered. As was the case in our study from last year, this chapter again seeks to place individual issuers from our respective core markets under the microscope regarding the existence of such greeniums, in addition to extending our analysis to investigate potential premiums for social bonds.

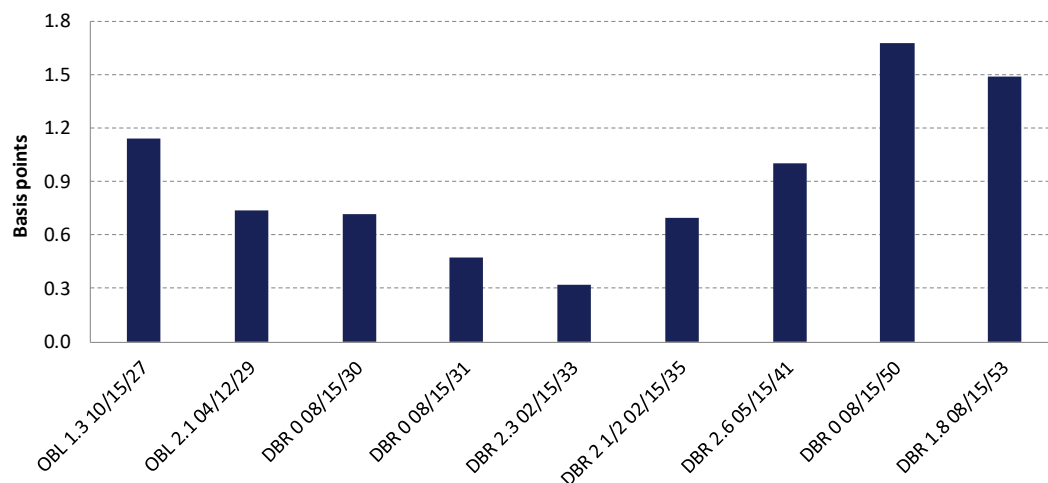
### Methodology

Scientific studies have settled on two methodologies to determine greeniums: the first is a matching process, in which green bonds are compared against their most similar conventional counterparts. The second approach looks at all of the conventional bonds placed by an issuer within a defined framework and calculates a corresponding spread curve on the basis of this data. Thereafter, the distances to the maturity-congruent curve value of the issuer are determined for each of the spreads of the green bonds and the greenium is calculated from this. This is the approach we have settled on for our study. Our analysis only includes benchmark bonds (outstanding volume: EUR ≥500m) with maturities of between 12 months and 30 years from selected issuers that we consider to be suitable on account of their size and issuance activities in both conventional (vanilla) and green formats. In the broadest sense, the sample is identical to that of the previous year: the only change occurred in the covered bond segment, which we will discuss in more detail below. The construction of the issuer curve is based on the Z-spreads of the corresponding bonds. After calculating the green bond distances to the maturity-congruent curve point, we determine the issuer-specific premiums using the median value in order to minimise the influence of statistical outliers.

### Sidebar: ideal comparative calculation based on German twin bonds

The [twin bonds](#) issued by the Federal Republic of Germany since 2020 offer an ideal example for a comparative calculation. In this context, the German federal government places a [green bond](#) that is identical to an existing conventional bond in respect of aspects such as term to maturity and coupon. At the same time, the volume of the vanilla bond is increased. In this way, it is not actually the case that two new securities are issued. The bonds also feature different volumes: conventional “Bunds”, as securities issued by the German government are known, are generally far larger in volume than their green twins. With this concept, the aim is to offer investors more profound insights into the structures and conditions of the market. Furthermore, it facilitates a direct yield comparison between the two bond variants. The chart below depicts the spread differences between the German twin bonds outstanding as at 29 May 2026 with a residual term to maturity of at least one year. As can be seen from the chart, all green bonds have lower Z-spreads than their conventional twins and therefore offer lower yields. The median calculated greenium for the green Bunds stands at 0.74bp, with the values varying between 0.32bp for the 2033 bond and 1.68bp for the green bond maturing in 2050. As the concept of twin bonds is not used in this way by any issuer in our coverage, in the following we have decided to apply the spread curve calculation method outlined on the previous page.

### Respective greenium of outstanding German government twin bonds



Source: Bloomberg, NORD/LB Floor Research

### Additional limitations: the problem with calculating greeniums for sub-sovereigns

When compiling our data, we discovered that the guidelines we established and the criteria derived from academic texts are, in our opinion, only insufficiently applicable to the sub-sovereign segment. For example, the Spanish region of Madrid (ticker: MADRID) has a high volume of green EUR benchmarks outstanding, but hardly any conventional bonds to form a corresponding comparative spread curve. In contrast, North Rhine-Westphalia exclusively issues sustainability bonds. For these and other similar reasons, we have opted not to include sub-sovereigns in our analysis that follows. Nevertheless, we assume that the data basis will facilitate both qualitative and quantitative analysis in this segment in the future.

**Overview: sample and respective calculated greenium**

Segment	Issuer	Bloomberg ticker	Number of bonds (vanilla)	Number of green bonds	Greenium (median; in bp)
<b>Covered Bonds</b> (mortgage-backed)	Landesbank Baden-Württemberg	LBBW	14	9	-1.13
	BPCE SFH	BPCECB	30	7	0.78
	DZ HYP	DZHYP	29	7	0.21
	Norddeutsche Landesbank	NDB	6	5	-0.68
<b>SSA/Public Issuers</b>	European Union	EU	48	5	3.09
	European Investment Bank	EIB	47	19	0.58
	Kreditanstalt für Wiederaufbau	KfW	40	14	-0.40
	NRW.BANK	NRWBK	23	13	-1.01
	Bpifrance	BPIFRA	15	5	2.61
	ADIF Alta Velocidad	ADIFAL	5	6	1.25

Source: Bloomberg, NORD/LB Floor Research

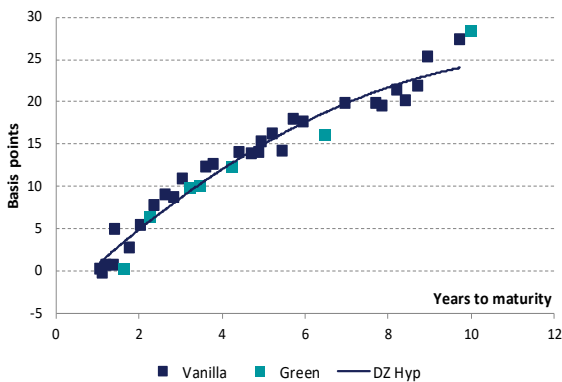
**Differing results between – and within – our segments**

The table above summarises our study's key findings for the respective segments and issuers. At this juncture, we should also emphasise that our analysis did not take into account market-specific factors such as liquidity and maturity differences, or the general interest rate environment at the time that the new issue was placed. Our analysis of covered bonds encompasses a total of 79 conventional covered bonds and 28 green covered bonds (including one *European Green Bond*) placed by four issuers that have the highest number of green covered bonds. Of these, three come from Germany and one is French. These two jurisdictions combined feature both the highest issuance volume in the EUR benchmark segment and the highest volume of green covered bonds. In our view, the varying spread levels between Pfandbriefe and French covered bonds renders a combined analysis of the green bond market across both jurisdictions obsolete, with the potential for incorrect conclusions to be drawn. A separate analysis of the covered bonds in the sample according to their respective jurisdiction produces a median greenium for Germany of 0.25bp. This suggests that investors are not currently willing to accept a spread discount to hold Pfandbriefe. However, the green SSA segment is again represented by six of the most active issuers in this market, which we already covered in last year's study. In total, the sample for public issuers comprises 62 green bonds. In this respect, it should always be noted that the EU, EIB and KfW are weighted heavily in our study, with almost three-quarters of the green securities evaluated being attributable to this trio of issuers. Across the entire SSA sample, the overall greenium amounts to 1.02bp. As a result, the current (secondary) market data suggests that investors are willing to accept a yield discount of around 1bp to acquire a green bond rather than a conventional bond of the same maturity. This is of course an aggregated view, with the respective greenium varying considerably between the individual issuers. Naturally, there is a wide range of issuer-specific factors that should always be taken into consideration. For example, while the greenium for the German agencies KfW and NRWBK is again in negative territory, the five analysed green bonds placed by the EU offer a comparatively high green premium of just under 3bp. In the case of both BPIFRA from France and the Spanish issuer ADIFAL, the market data again points to the existence of a greenium.

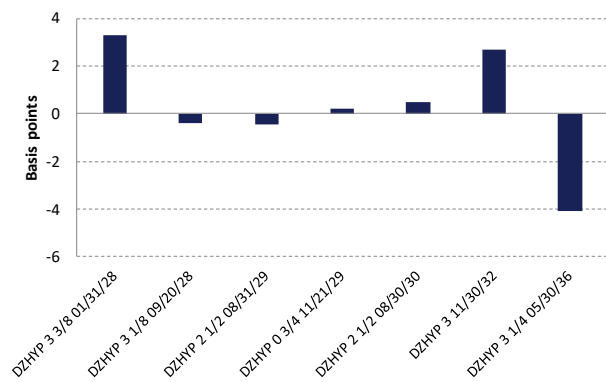
### Disparate picture for greeniums on covered bonds

In our analysis, we looked at four of the most prominent issuers of green covered bonds in the EUR benchmark segment: Landesbank Baden-Württemberg (LBBW), BPCE SFH, DZ HYP and Norddeutsche Landesbank (NORD/LB). Based on secondary market prices at the observation date, the median greenium for these four issuers ranges from -1.13bp to 0.78bp. However, this median analysis should not obscure the fact that the respective greeniums of individual bonds can vary to a significant extent. Taking the green bonds of BPCE SFH (ticker: BPCECB) as an example, we can clearly see the divergent forms of greenium for a single issuer. At the time of our analysis, three of the issuer’s seven green covered bonds are above the maturity-congruent curve points and therefore feature a negative greenium, with three green covered bonds and the EuGB placed by BPCECB trading below these. The EuGB placed by BPCECB in June exhibits the highest greenium (2.86bp). Overall, the median greenium for the issuer stands at 0.77bp, suggesting a slight preference for BPCECB’s green covered bonds compared with bonds that do not feature a sustainability aspect. The greenium values for DZ HYP are similarly diverse. For example, the range across all of the issuer’s green Pfandbriefe (covered bonds) extends from -4.07bp to 3.30bp, which allows only limited insights into the overall attractiveness of the issuer’s green bonds to be gained. Regarding the green Pfandbrief deal (10y) issued in June 2026 with a negative greenium of -4.07bp, it should be noted that there are hardly any comparable data points within this maturity range to establish a meaningful curve.

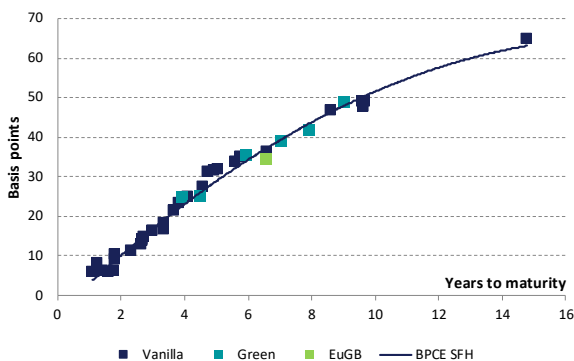
DZ HYP spread curve (Z-spreads)



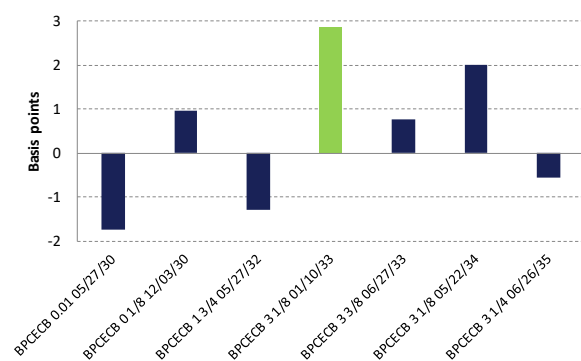
Greenium: DZ Hyp



BPCE SFH spread curve (Z-spreads)



Greenium: BPCE SFH<sup>1</sup>

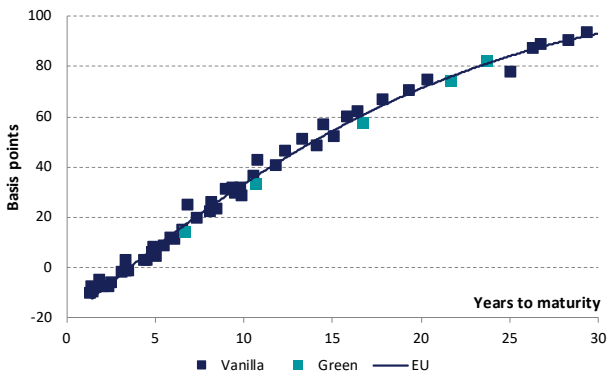


<sup>1</sup> Distinction between green bonds (ICMA-based) and EuGBs (green)  
Source: Bloomberg, NORD/LB Floor Research

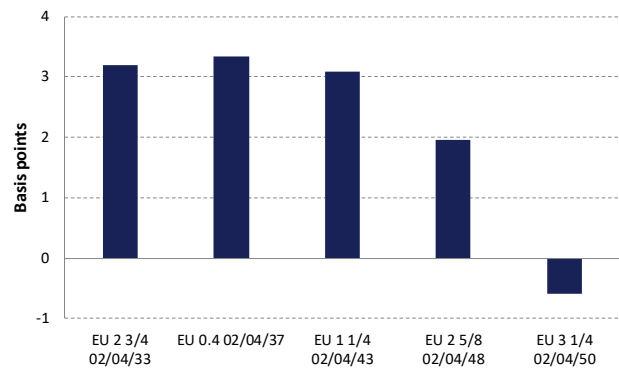
**Greeniums in the SSA segment**

For our SSA sample of six issuers, we have included a series of charts below, two each for the EU and KfW. The left-hand charts show the issuer curve and the corresponding green bonds, while the right-hand charts depict the bond-specific greenium. Across the five [NGEU green bonds](#) analysed, we determine a significantly positive median greenium of 3.09bp. Once again, the highest calculated greenium of 3.34bp is for the 2037 bond. Moreover, the 2050 bond stands out, which is trading with a slightly higher spread level (0.58bp wider) compared with both the maturity-congruent curve point and the nearest conventional bond. With regard to the 14 [Green Bonds – Made by KfW](#) that we have analysed, we determined greenium values of between -2.05bp to 0.84bp. As at the reporting date, the median value came to -0.40bp. Once again, this essentially correlates with our calculations for NRWK: for the regional agency, we again determine another negative greenium of -1.01bp at present. However, the picture for the French issuer [BPIFRA](#) and [ADIFAL](#) from Spain is diametrically opposed: looking at all of the green bonds placed by both issuers, we calculated a greenium of 2.61bp and 1.25bp respectively. In this context, however, it should be noted that both agencies have a significantly lower number of “active” green bonds and the outstanding volume is also lower. Nevertheless, these results clearly demonstrate the extent to which greeniums are – or can be – different from one SSA issuer to another.

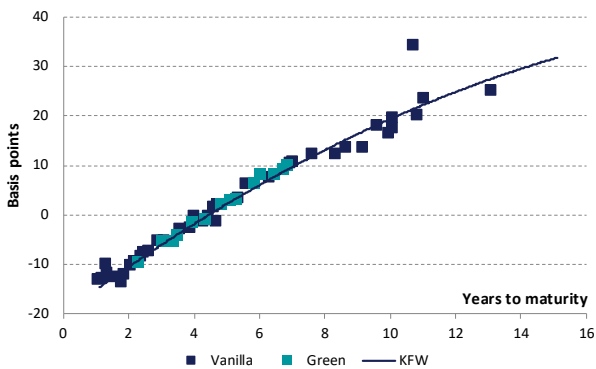
**EU spread curve (Z-spreads)**



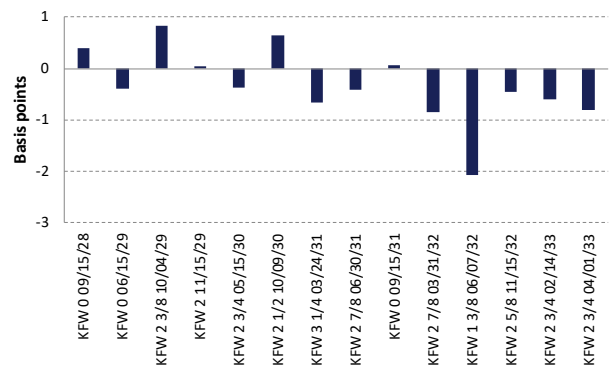
**Greenium: EU**



**KfW spread curve (Z-spreads)**



**Greenium: KfW**



Source: Bloomberg, NORD/LB Floor Research

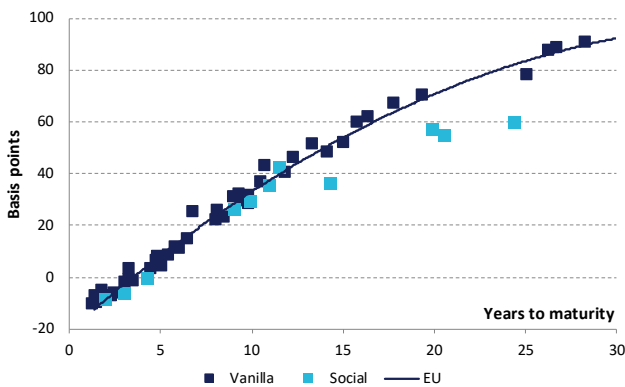
**“Socium+” – a portmanteau for social bond premium**

In addition to bonds issued in green format, social bonds represent a commonly used re-financing tool for ESG issuers in both our SSA and covered bond universe. There is no obvious portmanteau to be made from the words “social” and “premium”. For this reason, we came up with the term “socium+”. Derived from “socius”, a Latin term for companion or comrade, among other meanings, this seemed an obvious starting point.

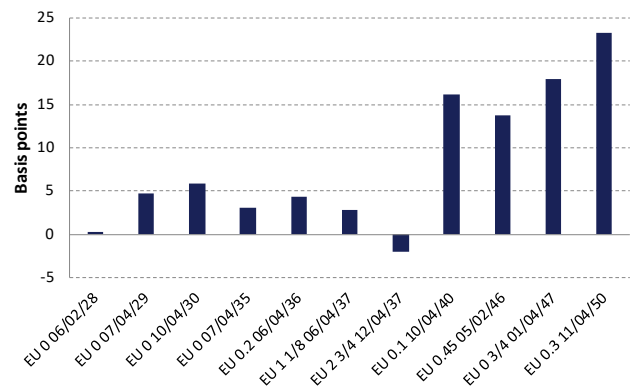
**Socium+ for selected issuers in our SSA/Public Issuers coverage...**

Given that some of the issuers mentioned on previous pages, such as the EU for example, have both outstanding green and social bonds, we have expanded our analysis for these market players to include the segment of social securities and slightly widened the spectrum of issuers. In terms of the SSA universe, the EU is again a significant player in the social bond segment, despite not issuing any bonds with this label since 2022. The outstanding social volume is entirely attributable to issuances under the SURE programme. We have calculated a median socium+ of 4.66bp for the 11 [SURE Social Bonds](#). Just one of the outstanding bonds is above the interpolated spread curve. A very high yield discount for EU social bonds is in evidence, especially in the ultra-long maturity segment (>20y). It is also worth mentioning that [NRW.BANK.Social Bonds](#) are currently trading with a premium of 2.54bp, while those placed by [BPIFRA](#) are trading at a median premium of 0.31bp. As such, the pricing of social bonds can occasionally deviate quite significantly from that of green bonds.

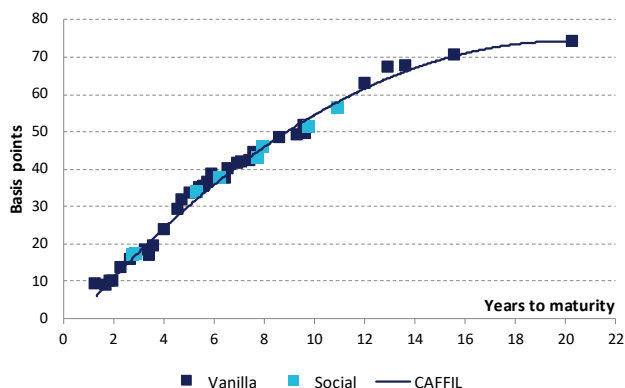
**EU spread curve (Z-spreads)**



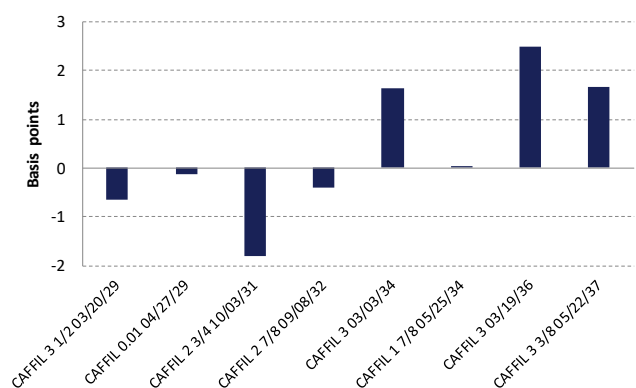
**Socium+: EU**



**CAFFIL spread curve (Z-spreads)**



**Socium+: CAFFIL**



**...and for covered bonds**

For the covered bond segment, we expanded the spectrum of issuers studied to include Caisse Française de Financement Local (CAFFIL) and Deutsche Kreditbank (DKB), which are among the most active issuers of covered bonds in social format. Similar to green bond issuances, no clear investor preference for sustainable covered bonds in social format can be observed. For example, three social covered bonds from CAFFIL offer a higher socium+, while four other bonds trade below the issuer's interpolated spread curve. The median socium+ for the French covered bond issuer stands at -0.39bp. Our database also depicts a negative socium+ of -0.25bp for DKB. It should be noted that the number of vanilla EUR benchmark bonds (i.e. those without a sustainability aspect) placed by DKB is severely limited, at just three Pfandbriefe, while the issuer has seven outstanding social covered bonds in this submarket. Accordingly, the constructed curve provides only limited analytical value. Overall, our analysis reveals no significant preference for social covered bonds over covered bonds without such characteristics.

**Conclusion**

The results of our empirical analysis show that investors on the secondary market are occasionally forced to accept spread discounts that vary significantly in size on green bonds from selected issuers in our core segments of SSA/Public Issuers and covered bonds. We looked at four issuers in the covered bond segment and calculated a median greenium of between -1.13bp and 0.78bp as at 29 May 2026. However, the median analysis should not obscure the fact that the greenium characteristics of individual bonds can occasionally vary to a significant extent, with aspects such as jurisdiction, number of outstanding green bonds and distribution of bonds across the maturity spectrum all playing a significant role in this regard. Overall, the distribution of the calculated greenium for individual green covered bonds of an issuer is quite diverse. We have seen similar results for our SSA segment: for example, the green bonds issued by the two promotional banks KfW and NRW.BANK currently come with negative premiums of -0.40bp and -1.01bp respectively, while in contrast we calculated a greenium of 2.61bp for the French agency Bpifrance and 3.09bp for the EU. Across all the public issuers evaluated, the greenium amounted to 1.02bp. With social bonds also representing a widespread refinancing tool for the issuers in our coverage in addition to green bonds, we have expanded our analysis to include this sub-segment. We were unable to identify a median socium+ for the covered bond issuers examined as part of this study. In contrast, the yield discount for social bonds from selected public issuers is markedly higher. For example, current (secondary) market prices would appear to suggest that investors are willing to accept a lower spread for corresponding social securities issued by the EU and NRW.BANK. Irrespective of a potential premium for green and social bonds, we remain steadfast in our view that both bond types are essential components in the refinancing strategies of the issuers included in our coverage.

## Update: EU Taxonomy

### **The EU Taxonomy – an overview**

Within the framework of the [European Green Deal](#) and the [Paris Agreement](#) on climate protection goals, the European Commission introduced a uniform market standard for the financing of sustainable economic activities in the form of the EU Taxonomy. This is a central component of the [Action Plan](#) published by the European Commission in March 2018 for financing sustainable growth. In essence, the EU Taxonomy is a classification system designed to channel capital flows into environmentally sustainable activities. The creation of a uniform market standard for sustainable financing and investment should also serve to counteract the fragmentation of the investment landscape in the ESG space in addition to curbing “greenwashing”. Alongside the EU Taxonomy, which in its current configuration focuses more on ecological aspects, a working group set up by the European Commission presented its first recommendations for an [extension of the Taxonomy to include social aspects](#) in February 2022. Accordingly, in its current form, the EU Taxonomy can be seen as a framework to which adjustments and revisions are regularly made. A relatively intuitive [EU Taxonomy Navigator](#), which is designed to help users better understand the EU Taxonomy in a simple and practical manner, has been provided by the European Commission since the entry into force of the first delegated act in June 2021 and is updated on an ad hoc basis. Following on from our most recent publication in this series ([Fixed Income Special – ESG update 2025](#)), we now propose to take another look at the current status quo of the framework and to shed light on the potential implications for sustainable bonds on the European market.

### **Requirement profile for sustainable activities under the EU Taxonomy**

In its current configuration, the EU Taxonomy comprises the framework codified in [Regulation \(EU\) 2020/852](#) as well as supplementary Delegated Acts. While the regulation forms the basis for classifying sustainable activities, the Delegated Acts define technical screening criteria (TSC) used to assess economic activities in terms of their contribution to achieving one of six environmental objectives. The six objectives defined in Art. 9 are as follows: i) Climate change mitigation, ii) Climate change adaptation, iii) Sustainable use and protection of water and marine resources, iv) Transition to a circular economy, v) Pollution prevention and control, and vi) Protection and restoration of biodiversity and ecosystems. For an economic activity to be considered “Taxonomy-eligible”, it must satisfy all four of the following conditions. First, the activity must make a substantial contribution to at least one of the six environmental objectives, and second, it must not significantly violate any of the other objectives. Third, both conditions must also be in line with the technical screening criteria defined in the Delegated Acts. Fourth, the economic activity must not violate the “minimum safeguard” requirements. The minimum safeguard provisions cover international human rights standards in particular, although other regulations such as workers’ rights, protection against corruption and fair competition are also included. An economic activity that meets all conditions is considered to be sustainable within the meaning of the EU Taxonomy.

**Omnibus package agreed: European Commission presents plan to simplify the CSRD...**

In December 2025, the European Commission presented a reform package to simplify requirements in the area of sustainability reporting as part of a broad strategy aimed at reducing red tape. The changes relevant to the financial sector are grouped together within [Omnibus 1](#) and [Omnibus 2](#) in particular. In order to streamline sustainability reporting and increase the efficiency of the process, the European Commission adopted amendments to the Corporate Sustainability Reporting Directive ([CSRD](#)), the Corporate Sustainability Due Diligence Directive ([CSDDD](#)) and the EU Taxonomy under Omnibus 1. The amendments to the CSRD and the CSDDD codified in [Directive \(EU\) 2026/470](#) entered into force on 18 March 2026 and must be transposed into national law by the Member States within one year. Essentially, the reform package reduces the circle of companies obliged to comply with sustainability reporting requirements, so that from now on, only companies that employ an average of more than 1,000 people and net turnover of more than EUR 450m will be obligated to fulfil the specific reporting requirements of the CSRD from financial year 2027. Furthermore, financial industry holding companies are exempt from sustainability-related reporting obligations under the CSRD, whereas their subsidiaries may still be subject to the reporting requirements. According to data from the European Commission, these changes could see the number of companies required to comply with reporting obligations fall by around 80%. Following the reform, companies subject to CSRD reporting obligations may only request sustainability information from smaller companies ( $\leq 1,000$  employees) within their supply chains to a limited extent. In this context, smaller companies have the right to reject requests that extend beyond the limits of the voluntary reporting standard. Moreover, CSRD documentation requirements are being adjusted so that assurance standards (limited assurance) will not be expanded over time and will only apply from 01 July 2027 (original date: 01 October 2026). Additionally, the introduction of sector-specific standards alongside the general European Sustainability Reporting Standards (ESRS) is being abandoned to avoid further increasing the reporting burden.

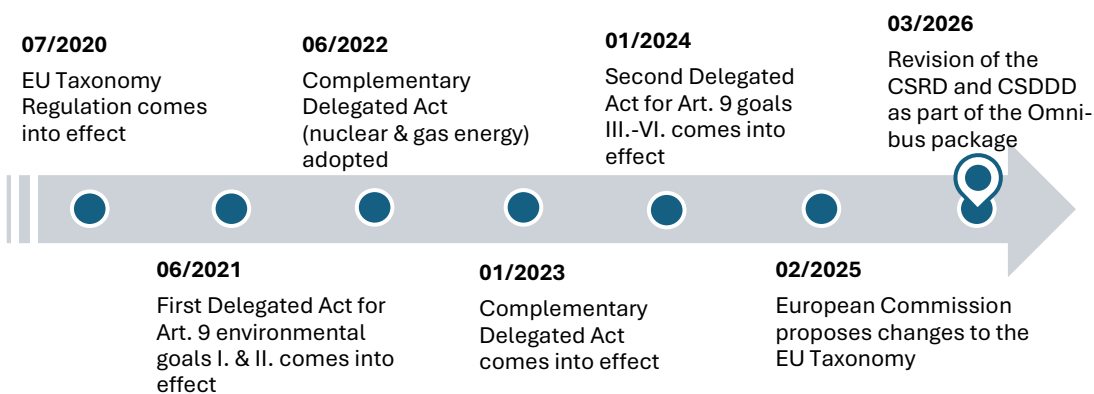
**...and also implements changes to the CSDDD**

In addition to the CSRD, the Omnibus packages also brought about changes to the CSDDD, where the size thresholds at which companies become subject to the requirements of the directive are adjusted, as well as the implementation timeline. Accordingly, companies with more than 5,000 employees (previously: 1,000) and net turnover of at least EUR 1.5bn (previously: EUR 450m) must comply with CSDDD requirements starting in 2029. In terms of the content of the Directive, the required depth of analysis along the value chain in relation to human rights and environmental risks has been scaled back. From 2029 onwards, it will no longer be necessary to conduct detailed checks on all suppliers and business relationships; instead, a “scoping” exercise will initially be carried out to identify areas where risks are more likely to occur or where impacts would be particularly severe. Moreover, companies subject to the CSDDD are no longer required to prepare climate transition plans designed to align their business models and strategies with the Paris Agreement (1.5°C goal). The EU has also opted against introducing a unified European liability mechanism for claims arising from CSDDD violations, whereby this matter is being left to the individual Member States to adjudicate.

### Omnibus package: changes to disclosure requirements

As part of the Omnibus packages, [Directive \(EU\) 2021/2178](#), which defines corporate disclosure obligations under the CSRD, was also amended. These changes entered into force on 01 January 2026. Among other aspects, the amendments involved adjusting the reporting templates and introducing a materiality threshold for economic activities. The new reporting templates require less granular data, which notably reduces the number of necessary data points and in turn eases the disclosure burden on companies. Moreover, the EU introduced a materiality threshold for the disclosure of economic activities under the EU Taxonomy. For companies operating in the financial sector, economic activities may now be classified as immaterial if the use of proceeds is known and their share of total exposure is less than 10%. For non-financial corporates, a 10% materiality threshold also applies, although here it relates to the Taxonomy KPIs of turnover, CapEx (capital expenditure) and OpEx (operating expenditure).

### Development of the EU Taxonomy over time



Source: European Commission, NORD/LB Floor Research

### Delegated Acts adjusted with a view to increased practicality

In March, the European Commission presented its draft proposals to adapt the Delegated Acts on [climate protection](#) and [environmental protection](#). These define the technical assessment criteria under which an economic activity can be considered environmentally sustainable within the meaning of the EU Taxonomy. The proposed changes are designed to ease the reporting burden on companies and to support sustainable finance through proportionate regulations. In this way, the aim is to consider the criticism of the parties involved (including auditors, companies, financial institutions and authorities), who have complained about the high administrative effort and legal uncertainty that occasionally exists in relation to certain individual requirements. Criticism was directed at the excessive complexity of the technical assessment criteria, lack of adaptation to changed EU legislation, difficulties in applying the DNSH criteria and uncertainties in proving Taxonomy conformity. The European Commission is seeking to address these difficulties with its proposed changes to the Delegated Acts to neither make sustainable investments in the EU more difficult nor scare off potential investors with additional bureaucracy, higher costs and compliance risks. Between 17 March and 14 April, various stakeholder groups had the opportunity to comment on the changes proposed by the European Commission.

**Market players criticise adjustments as “impractical” and in some cases call for a general overhaul of the EU Taxonomy**

The Association of German Pfandbrief Banks (vdp), among other organisations, took advantage of this opportunity to level unequivocal criticism at the proposals – particularly the lack of practical applicability – and called for a general overhaul of the EU Taxonomy (cf. [press release](#)). The vdp focuses specifically on the impact on real estate financing within the banking sector. It criticises, among other aspects, the fact that excluding efficiency gains resulting from energy-efficiency measures is not practicable and the excessive nature of the planned DNSH (Do No Significant Harm) assessment requirements with regard to the protection of water and marine resources, the circular economy and environmental pollution. In terms of renovation work, the vdp backs doing away with the DNSH assessment requirement entirely, proposing instead that these factors be treated as observation criteria. Overall, Sascha Kullig (member of the vdp’s Management Board) expressed disappointment with the European Commission’s drafts: “They are impractical and are still far too complex”. The German Banking Industry Committee (GBIC) shares the vdp’s view of the European Commission’s proposals (cf. [press release](#)). The umbrella organisation notes that the current draft fails to provide a framework that is operationally feasible or scalable for financial institutions. The GBIC is also of the view that the DNSH criteria play a pivotal role in the building sector. However, the requirements are considered to be overly complex and unworkable in practice, particularly in relation to retail banking. Instead, a significant simplification of the DNSH criteria and the introduction of a centralised, standardised data infrastructure are needed to achieve climate neutrality in the building sector. Moreover, the GBIC calls for greater consistency in the alignment of existing EU regulations. For example, compliance with current rules should generally be deemed sufficient, and a more risk-based differentiation between individual exposures should be applied. According to the GBIC, even with the proposed adjustments, the EU Taxonomy remains largely unworkable in practice without significant simplifications, improved data availability and a stronger alignment with market practice. It remains to be seen whether the proposals presented by the vdp, GBIC and other stakeholders will be incorporated into the final draft of the European Commission, which is scheduled for publication in Q3/2026.

## Update: EU Green Bond Standard (EUGBS)

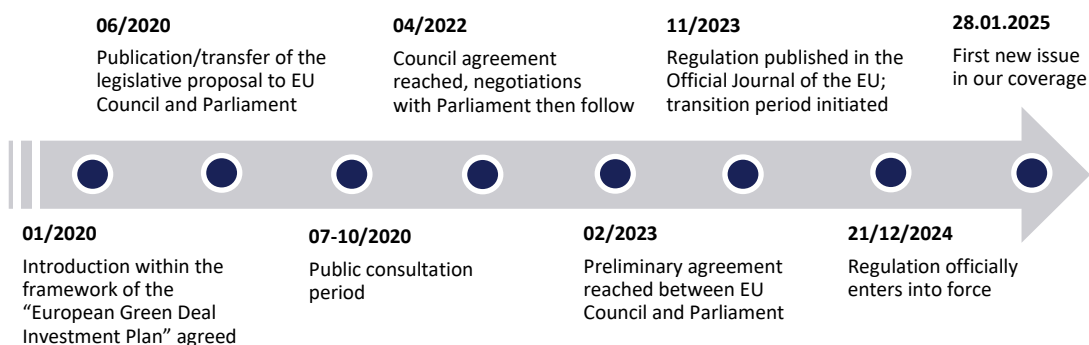
### Introduction

It is some time now since the European Commission published a legislative proposal for a voluntary European Green Bond Standard (EUGBS) on 06 July 2021 as part of what was at that time its new [Sustainable Finance Strategy](#). This proposal followed the “gold standard” for European green bonds that has been included in the [Action Plan: Financing Sustainable Growth](#) since 2018 and which was recommended by a high-level group of experts. The EUGBS was specifically created with the aim of establishing a global label for the green bond market. After a [provisional agreement](#) on the creation of European Green Bonds (EU Green Bonds, EuGBs) was reached between the European Parliament and the Council at the end of February 2023, the EUGBS was published in the Official Journal of the European Union as [Regulation \(EU\) 2023/2631](#) at the end of November of the same year, before entering into force 20 days later. The 12-month transitional period began at this point, ending on 21 December 2024. Since then, issuers have been able to align their bond issuances with stringent environmental sustainability standards. Comprehensive reporting requirements and checks by a credible external reviewer ensure a high degree of integrity for EuGBs and seek to effectively reduce the risk of greenwashing.

### First European Green Bonds get the go-ahead

In the end, it did not take long for the first issuer from our coverage in the Covered Bonds and SSA/Public Issuers asset classes to approach investors with a EuGB deal – in fact, it came just over a month after the Regulation officially entered into force. It was actually an issuer from the SSA segment, namely [Île-de-France Mobilités](#) (ticker: IDFMOB), that appeared on our screens, raising EUR 1.0bn in a deal with a term to maturity of 20 years placed at OAT +19bp (equated to around ms +128bp) on 28 January 2025. Then, at the start of April, a familiar name from the supras segment, the EIB, approached investors with an EuGB in the form of its in-house [CAB](#) with a volume of EUR 3.0bn and a term to maturity of 12 years. Pricing was set at a reoffer spread of ms +53bp. All that remained now was for a sub-sovereign to complete the missing “S” of our SSA universe. This opportunity was ultimately seized by the Spanish autonomous community of [Madrid](#) (ticker: MADRID), which raised EUR 500m at the start of June in the 5y maturity segment at SPGB +7bp (corresponded to approx. ms +28bp). This brought the total volume of new EuGB issuances in the SSA segment to EUR 4.5bn in 2025. In the current year, IDFMOB (EUR 1bn, 20y), EIB (EUR 4bn, 8y) and MADRID (EUR 500m, 5y) have all further expanded their market presence with follow-up EuGB transactions in EUR benchmark format. In addition, we recorded two newcomers to this segment in the shape of the promotional banks [Bpifrance](#) (ticker: BPIFRA) and [NRW.BANK](#) (ticker: NRWBK). For its inaugural [EuGB](#), the French issuer opted for a new issuance volume of EUR 1bn with a term of ten years in a deal that was eventually priced at OAT +15bp (equated to circa ms +62bp). For its part, [NRW.BANK](#) was on the hunt for fresh funding in the order of EUR 1.5bn, which it successfully raised as part of a seven-year transaction placed at ms +19bp. This therefore also marked the first foray of a German SSA issuer into the EuGB market. Overall, the total volume of new EuGB issuances for 2026 amounted to EUR 8.0bn as at the start of July.

### Development of the EU Green Bond Standard over time



Source: European Commission, NORD/LB Floor Research

### Will further SSA issuers opt for EuGB deals?

In our view, the new issuances since January 2025 have shown that the new green label is equally of relevance to supnationals, sub-sovereigns and agencies alike. The fact that three issuers – EIB, IDFMOB and MADRID – have already been active on the market in this format on several occasions is certainly a positive sign, we believe. In addition, the inaugural BPIFRA deal made another real impact. Nevertheless, in our baseline scenario we continue to work on the assumption that only a very modest number of issuers from the SSA segment will decide to place EuGBs. In our ESG update last year, we set out our belief that it would be specifically those players already dominating the green bond segment at present that would be most likely to opt for the new label. The follow-up debut issuances by BPIFRA and NRWKB, both of which are established green issuers, essentially confirm our suspicions in this regard. Looking ahead, we expect that the "flagship" issuers in the green bond segment, such as the EU (ticker: EU), KfW (ticker: KFW) and Société des Grands Projets (ticker: SOGRPR) are likely to opt for a transaction in this segment in the future. SOGRPR, in particular, represents a suitable candidate in our view due to its similarity to IDFMOB in terms of business activities and its focus on green refinancing. It is also regarded as more or less a fait accompli that the Dutch issuer [TenneT NL](#) (ticker: TENNNL) will issue a European Green Bond in the near future. Indeed, the agency already published a corresponding factsheet back in December 2025. Nevertheless, at this point we are forced somewhat to also pour a little bit of cold water on this matter: in all likelihood, the vast majority of SSA issuers will continue to issue green bonds in accordance with the ICMA Principles for the time being, without applying the new EUGBS. It is important to bear in mind that EuGBs are also ICMA-compliant. Moving forward, much will depend on how existing EuGBs perform in the market. If issuers of EuGBs can demonstrably and consistently achieve more favourable refinancing terms than is the case with "conventional" green securities, other issuers will undoubtedly be enticed to follow suit. Over the long term, however, the more favourable interest rate terms would have to justify the high costs of meeting the required reporting obligations. In our view, the latter in particular represents the most significant barrier to entry for the vast majority of SSA issuers. Nevertheless, daring for a moment to gaze into our crystal ball, we are forecasting a total volume of new benchmark-size EuGB deals in our SSA coverage in the range of EUR 9-12bn for the current year. For the following year, once the EUGBS is increasingly established, we expect renewed growth in this volume.

**EU Taxonomy continues to put the brakes on covered bond deals in EuGB format**

With a volume of EUR 75.9bn (30 April 2026), green covered bonds represent by far the largest share of all outstanding covered bonds placed in one of the ESG formats (green, social, sustainability). While the first bonds in the EuGB format were successfully placed by SSA issuers as far back as the beginning of 2025, the inaugural deal in covered bond benchmark format was not seen until the end of March 2026. In this context, Nordea Kiinnitysluottopankki (Nordea Mortgage Bank) from Finland became the first issuer in this segment to approach investors, successfully placing a EuGB with a volume of EUR 1.0bn on the market. Despite this first EuGB issuance, the requirement defined by the EUGBS, which stipulates that at least 85% of the issuance proceeds must be attributable to activities aligned with the requirements of the EU Taxonomy, continues to pose a challenge that should not be underestimated in the context of covered bonds. In particular, the “do no significant harm” (DNSH) principle is perceived as an obstacle by issuers. For covered bonds collateralised by real estate assets, the challenge is the (non-) existence of real estate-specific data that meets all the verification requirements of the criterion. Even in the case of new loan agreements, it can prove difficult to maintain all the necessary data at the required level of detail to substantiate non-violation of the DNSH criterion. In our view, the challenge is even greater when it comes to existing contracts. While data availability is certainly likely to improve over time, it is presumably also safe to assume that this process will be more of a marathon than a sprint. In our view, the EU Taxonomy is likely to have only a minor impact on new covered bond deals in EuGB format. Overall, we anticipate that the number of EuGB issuers will continue to remain very limited in the near future, unless significant adjustments to the DNSH criteria are implemented.

**EuGBs are not in a position to replace established market standards in the near future**

Given the hurdles outlined above concerning the application of the new EuGB format, we expect that the majority of issuers will continue to rely solely on the ICMA Principles for their green covered bond issuances, whereby transactions in line with the new EUGBS will be considered only to a very limited extent. As a rule, covered bonds newly issued under the ICMA Principles already make a significant contribution to one of the six climate protection targets defined by the EU and therefore meet the first requirement of the EU Taxonomy, but do not satisfy the DNSH principle. With this in mind, simplifying this criterion would potentially be a way of significantly enhancing the appeal of covered bond deals in EuGB format. In June 2026, two other issuers, BPCE SFH and Argenta Spaarbank, successfully placed their first covered bonds in EuGB format. Nevertheless, we take the view that EuGBs will continue to be more of an exception than the rule when it comes to new deals in the green segment. In addition to EuGBs, there are other market initiatives allowing for “classic” green covered bonds to be brought more in line with the requirements of the EU Taxonomy. The [Minimum Standards for Green Pfandbriefe](#) developed by the Association of German Pfandbrief Banks (vdp) are one such example. Since 01 January 2025, these have stipulated, among other aspects, that new construction financing is only permissible if the property will have a primary energy requirement of at least 10% below the national standard for nearly zero-energy buildings (nZEB). This achieves broad alignment with the criteria of the EU Taxonomy without limiting emissions to levels significantly below the standard, as is the case with the DNSH criteria.

**First senior bond in EuGB format**

Since the EUGBS came into force, we have also already recorded a few transactions in the senior segment. ABN Amro (ticker: ABNANV) undoubtedly stands out in this respect: with a total of four EuGBs issued in EUR benchmark format so far (total volume: EUR 3.75bn), the Dutch issuer plays an important and pioneering role here. In the meantime, German banks have also been gaining experience in placing European green bonds. To begin with, Deutsche Kreditbank (DKB, ticker: DKRED) opted to issue a EuGB deal worth EUR 500m with a five-year maturity. This was ultimately priced at ms +60bp (IPT: ms +85bp area; order book: EUR 820m). We also published [accompanying research](#) for this “inaugural” senior deal from DKB. Deutsche Bank AG (ticker: DB) has likewise moved to expand its presence in the green segment by placing its first EuGB in February. This transaction featured a volume of EUR 500m and was placed at ms +65bp (IPT: ms +95bp area; bid-to-cover ratio: 4.6x). The bond has a term of four years but can be called after three years. In addition, the current offering of EuGBs in senior format is rounded off by Italy’s Banco BPM (ticker: BAMIIIM), ASN Bank (ticker: ASNBNK) from the Netherlands and the Swedish issuer Länsförsäkringar Bank (ticker: LFBANK).

**Conclusion**

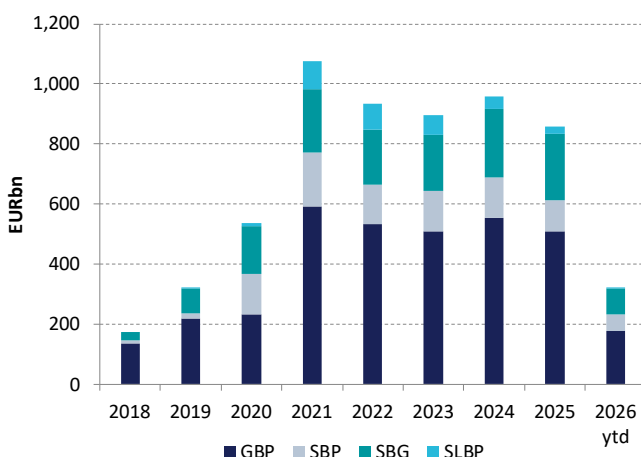
With the EuGB issuances already recorded in our coverage, it is above all SSA issuers that have laid down important markers in the segments we cover. In this context, they have demonstrated that the new format is capable of generating substantial investor interest. The transactions were consequently characterised by high demand in the form of large order books. Since we assume, as far as the SSA segment is concerned, that the label will primarily be used by established issuers (typified by high oversubscription ratios for both conventional fresh supply and ESG-focused new deals), we are of the view that this trend will continue. At present, it is still too early to predict whether and when an inability to issue EuGBs might turn into a disadvantage for some issuers. In our view, the issuance of green bonds based on the less restrictive ICMA Principles will remain the market standard for the time being. Especially in the case of covered bonds, no significant movement towards the new standard is in evidence at the moment; in actual fact, the exacting requirement profile of the EU Taxonomy would, from our point of view, appear to still be more of an obstacle to covered bond deals in EuGB format. While we have already welcomed the first EUR covered bond benchmark issuers to the market with EuGB deals, we expect only a limited number of additional issuers to follow suit in the near future. On the whole, there are therefore a variety of assessments on the prospective use of EuGBs in both the SSA and covered bond segments. Nevertheless, we welcome the ongoing initiatives of the European Commission to make the underlying guidelines increasingly practical and more application-oriented. We consider improvements and simplifications to the applicable legislation by the European Commission to be a necessary requirement in order to create a more receptive environment for future transactions, particularly in the covered bond segment. However, the draft legislation recently presented by the European Commission offers, from our perspective, only limited potential to address this situation.

## Update: ICMA Bond Principles

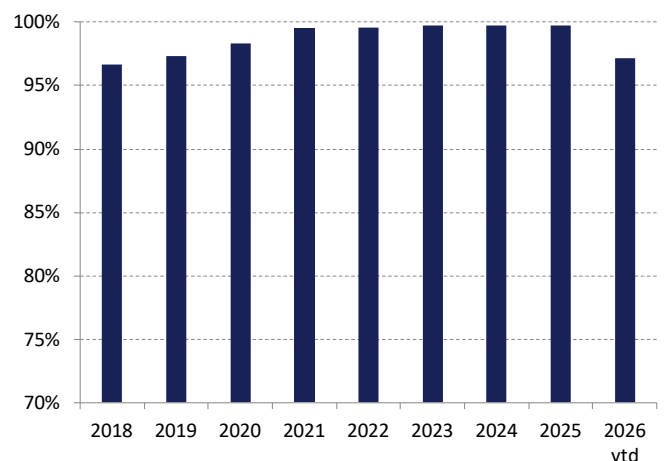
### ICMA Bond Principles and Guidelines: continuity over evolution

Having reported only minor changes to the relevant frameworks of the International Capital Markets Association (ICMA) over the course of 2024 in this section of [last year's study](#), developments in this area were similarly low key across 2025. The industry association evidently continues to see little need to tinker with the established Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG) as well as the Sustainability-Linked Bond Principles (SLBP). In 2025, the ICMA was actually increasingly focused on the design and configuration of “Nature Bonds”, the proceeds of which are directed exclusively towards financing projects with a link to the natural world. The GBP are an internationally established voluntary standard for green bonds. The issuance proceeds may only be used for the purpose of (re)financing projects with (green) environmental benefits pursuant to the GBP. The core structure is divided into four areas: I. Use of proceeds, II. Process for project evaluation and selection, III. Management of proceeds, and IV. Reporting. Generally speaking, the basic structure of the SBP is identical to the GBP, not least because in their formative stage the SBP were merely included as recommendations within the GBP to begin with. Since 2017, they have been listed as an independent member of the ICMA Principles family. The SBG, which allow for mixed forms of green and social benefits in terms of project selection, were also launched for the first time in the same year. In contrast, the SLBP can be used for general corporate purposes aligned with individual sustainability KPIs and corporate goals. This sub-category is therefore particularly popular in the field of transformation finance and is geared towards issuers unable to place green or social bonds due to their size or business activities. Taking the GBP as an example, the ICMA Principles and Guidelines have become far more relevant in recent years. In 2015, more than 70% of the new green bonds issued on a global basis were already aligned with the GBP. Since then, however, the market has made substantial progress, with the equivalent share now standing at more than 90% overall.

**Annual global new issues based on ICMA Principles and Guidelines (EURbn)**



**Shares of ICMA-oriented global new issues of green bonds**



**Nature Bonds**

Among the new publications last year was, for the first time, a guide to a construct known as “Nature Bonds”. The corresponding publication entitled “[Sustainable Bonds for Nature: A Practitioner’s Guide](#)” is designed to be used in conjunction with established principles and can be used by issuers from both the public and private sectors. These guidelines serve as additional thematic orientation for the use of proceeds from green or sustainable bonds that are exclusively earmarked for financing nature projects. Issuers of green bonds also have the option to accordingly market their securities under the “Nature Bond” label. In this way, the aim is to ensure the transparent use of financial resources for investors. For Sustainability-Linked Bonds (SLB), the ICMA also defines nature-related KPIs, of which issuers of such bonds can make use. These include, among other aspects: the size of a protected, restored or renovated area or habitat in square kilometres (km<sup>2</sup>) or as a proportion of the total area; the volume of water withdrawals in cubic metres (m<sup>3</sup>) or their percentage reduction; and the percentage increase in the proportion of solar panels whose cooling systems are based entirely on nature-based solutions.

**Expanded guidelines for “Green Enabling Projects”**

Last year, we reported that the ICMA had defined guidelines for the financing of “Green Enabling Projects” (GEP) for the first time. These are projects that are of central importance to the value chain of what will ultimately be a green project but are not in and of themselves classified as green. In relation to GEP, the wording of the 2025 version of the Green Bond Principles now states: “The GBP recognise that Green Enabling Projects may be a necessary component for an eligible green project to be developed and/or implemented. All Green Enabling Projects should provide clear environmental benefits and ensure protection against any potential adverse environmental and social impacts.” To provide market participants with concrete examples of GEP, the ICMA has published an “[Example Checklist](#)” of projects and sectors that the association classifies as GEP. For example, the mining and processing of lithium is essential for the production of batteries used in electric vehicles and energy storage systems. These products offer clear environmental benefits, with the result that such activities may consequently be classified as a GEP. In contrast, lithium mining for the production of glass and ceramics or for batteries used in consumer electronics is explicitly not classified as a GEP, as it does not generate any clearly identifiable environmental benefits.

**Are defence projects compatible with the ICMA principles?**

In the updated version of its [Guidance Handbook](#), the ICMA deals for the first time with the eligibility of defence projects for funding via ESG bonds. While such projects are reportedly not fundamentally incompatible with the sustainability characteristics defined by the association, activities such as the manufacturing of weapons and ammunition, for example, raise questions regarding traceability and final use. This is likely to mean that investors with internal ESG guidelines based on the ICMA Principles will probably rule out financing projects of this kind. Against this backdrop, we take the view that the [European Defence Bonds](#) – launched by Euronext last year – are explicitly not to be regarded as part of the ESG investment universe.

**Interim conclusion: ICMA Bond Principles and Guidelines**

In our view, the further development of the global market for sustainability-related bonds is also reflected in the fact that the ICMA Principles and Guidelines are regularly updated and expanded. We also take a positive view of the long, proven track record of the ICMA frameworks, which have been making a significant contribution to the harmonisation of the market for sustainable bonds for several years on the back of their global success. While around 75% of global issuance activities in this ESG sub-segment was already ICMA-oriented in 2015 (one year after the initial launch of the GBP), this figure had risen to just under 100% last year. Moreover, according to our definition, the figure has not fallen below the 90% mark since 2017. High levels of conformity can also be seen in the other sub-segments: for example, 98% of all newly issued social bonds and 86% of all sustainability bonds were based on the corresponding ICMA Bond Principles in 2025. As far as sustainability-linked bonds are concerned, we recorded proportionate alignment with the relevant framework amounting to 96% last year. In this context, it should be noted that, as outlined in the previous chapter, the new issuance volume of sustainability-linked bonds fell sharply (again) in 2025.

## Outlook: Europe as the epicentre of ESG innovation

### **Omnibus package: loosening of the Taxonomy straitjacket in the works**

This year, several regulators have once again played a prominent part in setting the tone for the ESG bond market or laid the groundwork to do so. In particular, the EU Taxonomy and the associated adjustments to sustainability reporting remain the focus of the legislator. For example, extensive simplifications to the EU Taxonomy and reporting requirements were implemented after the Omnibus package took effect in the first few months of 2026. This forms part of the European Commission's wide-ranging strategy to reduce red tape. As part of the Omnibus package, a minimum financial threshold for sustainability reporting was introduced, which led to immaterial economic activities being declared exempt from reporting obligations under the EU Taxonomy. Moreover, the European Commission presented its first draft amendment to the Delegated Acts on climate and environmental protection in March 2026. The aim here is to ease the reporting burden on companies and support the development of a sustainable finance system. With these amendments, the European Commission is seeking, among other aspects, to address criticism directed at the excessive complexity of the technical assessment criteria and the difficulties in applying the DNSH criteria. Following a consultation phase that ended in April, the European Commission is planning to publish its final draft in the third quarter of 2026.

### **EUGBS likely to provide additional growth impetus for the green segment**

In our view, the introduction of European Green Bonds (EuGBs) under the EUGBS can certainly be described as a success story. We observed numerous new issues under the new label back in 2025 – primarily from public issuers and financials. To begin with, covered bond issuers erred on the side of caution, opting to watch from the sidelines. However, since April 2026, EuGBs have now become established in this asset class as well. From our perspective, the transactions recorded to date indicate that the label offers added value for both issuers and investors. As such, we expect increased supply over the years to come. For the SSA segment, we are projecting new issues in the amount of EUR 9-12bn this year (ytd: EUR 8.0bn). As the EUGBS becomes more established, we also expect this volume to rise consistently. Now that the first trial runs have been undertaken in the covered bond segment, we are forecasting a similar expansion of primary market activities here also, albeit on a smaller scale in terms of volume than in the SSA universe. As far as we are concerned, this can still be put down to the fact that compliance with the strict DNSH criterion remains something of a proverbial Achilles' heel for the vast majority of covered bond issuers. Even in the case of new loan agreements, it can prove difficult to maintain all the necessary data at the required level of detail to substantiate non-violation of the DNSH criterion. In our view, the challenge is even greater when it comes to existing contracts. Against this backdrop, we expect that the majority of issuers will continue to rely solely on the ICMA Bond Principles for their green covered bond issuances, whereby transactions in line with the new EUGBS will be considered only to a very limited extent. Nevertheless, looking ahead, we are fundamentally optimistic with regard to the future development of this market, as the European Commission will continue its efforts to bring the stringent requirements more strongly in line with established market practices. In any case, we will continue to keep you in the loop regarding developments across the ESG segment!

## Appendix

### Publication overview

#### Covered Bonds:

[Issuer Guide – Covered Bonds 2025](#)

[Risk weights and LCR levels of covered bonds](#) (updated semi-annually)

[Transparency requirements §28 PfandBG Q1/2026](#) (quarterly update)

[Transparency requirements §28 PfandBG Q1/2026 Sparkassen](#) (quarterly update)

[Covered bonds as eligible collateral for central banks](#)

[EBA report on the review of the EU covered bond framework](#)

#### SSA/Public Issuers:

[Issuer Guide – German Laender 2025](#)

[Beyond Bundeslaender: Canadian Provinces](#)

[Beyond Bundeslaender: Belgium](#)

[Beyond Bundeslaender: Greater Paris \(IDF/VDP\)](#)

[Beyond Bundeslaender: Spanish regions](#)

[Issuer Guide – European Supranationals 2025](#)

[Issuer Guide – Non-European Supranationals \(MDBs\) 2026](#)

[Issuer Guide – German Agencies 2025](#)

[Issuer Guide – French Agencies 2025](#)

[Issuer Guide – Nordic Agencies 2026](#)

[Issuer Guide – Dutch Agencies 2026](#)

[Issuer Guide – Austrian Agencies 2025](#)

[Issuer Guide – Spanish Agencies 2025](#)

#### Fixed Income Specials:

[ESG-Update 2025](#)

[ECB preview: To hike or not to hike?](#)

## Appendix

### Contacts at NORD/LB

#### Floor Research



**Dr Norman Rudschuck, CIIA**

Head of Desk

+49 152 090 24094

[norman.rudschuck@nordlb.de](mailto:norman.rudschuck@nordlb.de)



**Lukas Kühne**

Covered Bonds/Banks

+49 176 152 90932

[lukas.kuehne@nordlb.de](mailto:lukas.kuehne@nordlb.de)



**Elias Degener**

Covered Bonds/Banks

+49 157 851 65214

[elias.degener@nordlb.de](mailto:elias.degener@nordlb.de)



**Lukas-Finn Frese**

SSA/Public Issuers

+49 176 152 89759

[lukas-finn.frese@nordlb.de](mailto:lukas-finn.frese@nordlb.de)



**Tobias Cordes, CIIA**

SSA/Public Issuers

+49 162 760 6673

[tobias.cordes@nordlb.de](mailto:tobias.cordes@nordlb.de)

#### Sales

Institutional Sales	+49 511 9818-9440
Sales Sparkassen & Regionalbanken	+49 511 9818-9400
Institutional Sales MM/FX	+49 511 361-9460
Fixed Income Relationship Management Europe	+352 452211-515
Retail & Structured Products	+49 511 361-9420

#### Origination & Syndicate

Origination FI	+49 511 9818-6600
Origination Corporates	+49 511 361-2911

#### Treasury

Liquidity Management/Repos	+49 511 9818-9620 +49 511 9818-9650
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#### Trading

Covereds/SSA	+49 511 9818-8040
Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9660
Frequent Issuers	+49 511 9818-9640

#### Sales Wholesale Customers

Firmenkunden	+49 511 361-4003
Asset Finance	+49 511 361-8150

#### Relationship Management

Institutionelle Kunden	<a href="mailto:rm-vs@nordlb.de">rm-vs@nordlb.de</a>
Öffentliche Kunden	<a href="mailto:rm-oek@nordlb.de">rm-oek@nordlb.de</a>

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