

Q2 2026

Prudential Data Report

European GSIBs Prudential Capital and Liquidity

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afme / Report Scope

This publication aims to offer comparable, consistent, and timely information on banking prudential regulation. Many existing sources of prudential data and statistics provide information that is not directly comparable due to regulatory changes, or they publish this information with significant delays. This report is designed to address these shortcomings.

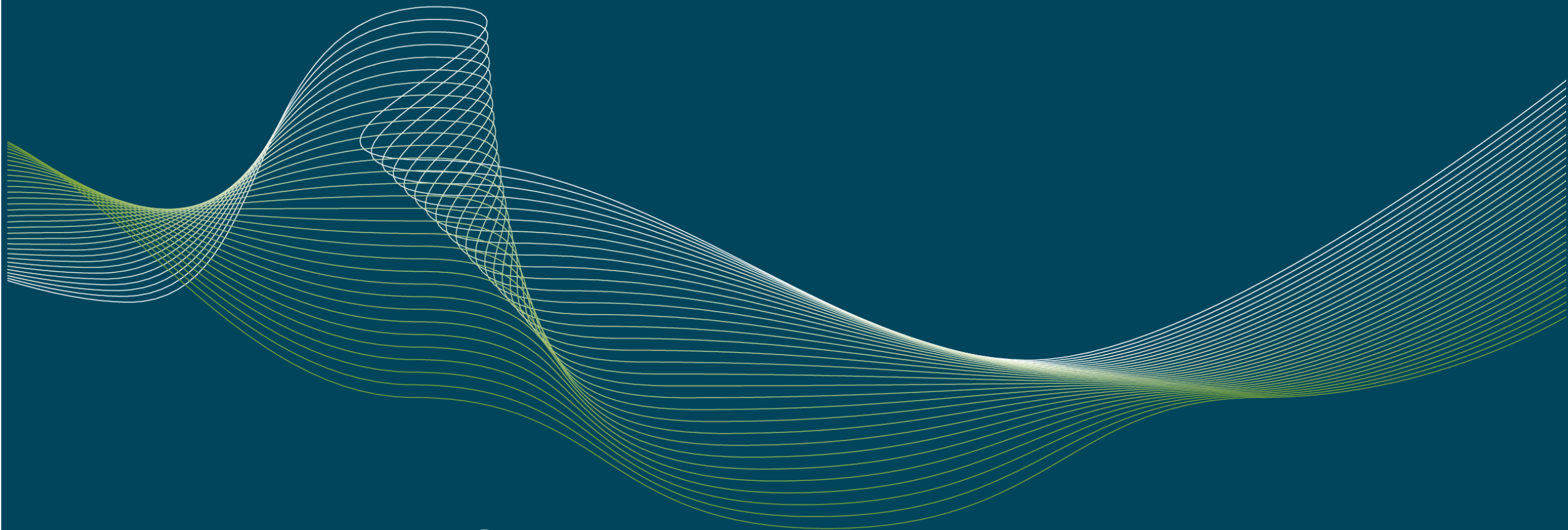
Other than gathering and analysing information on the prudential capital, leverage, loss-absorption capacity and liquidity ratios of European Global Systemically Important Banks (GSIBs), this report illustrates the performance of debt and contingent convertible (CoCo) securities issued by European banks.

Apart from the data on CoCo markets, all data is retrieved from public sources and updated as of September 2025. Moreover, all figures exclude any estimate of the impact of the final Basel III proposals.

In its series of reports on the matter, AFME emphasises the progress made by European GSIBs in enhancing their capital, leverage, loss-absorption and liquidity positions over the years, in line with CRDV.

CRDV rules establish minimum requirements on bank solvency and liquidity, in an effort to enhance the loss and shock absorption capabilities of the banking sector.

Notes: All banks analysed in the report are included in the 2024 FSB GSIB list. The banks analysed belong either to the euro area or to the UK.



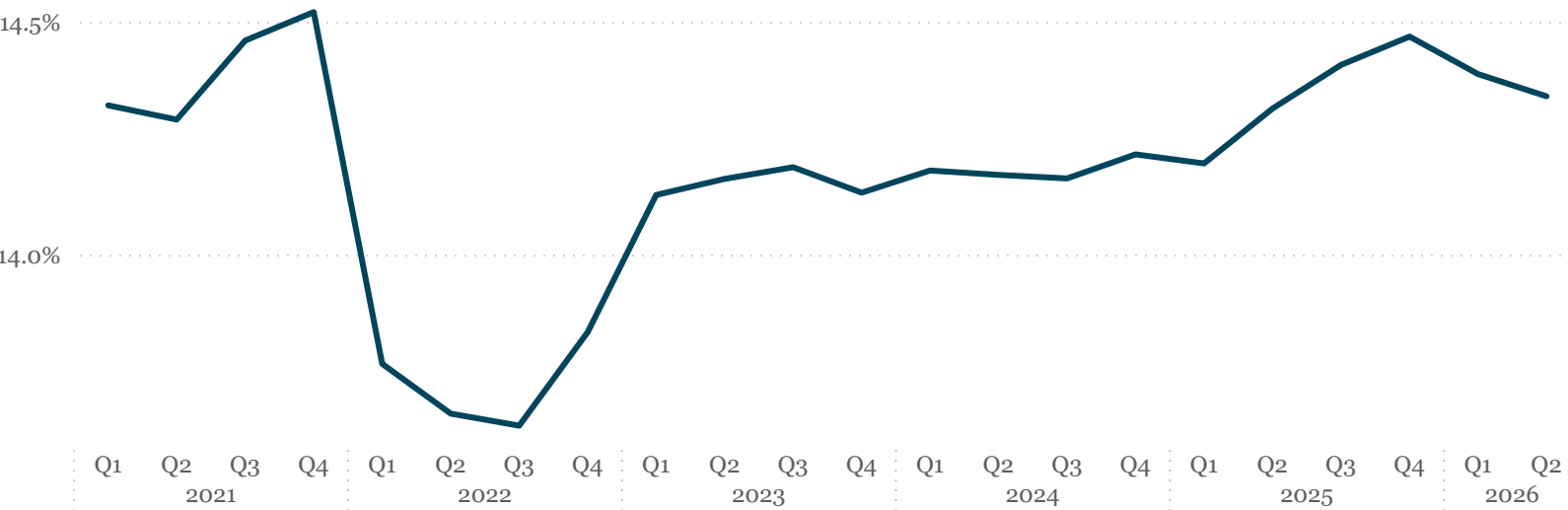
Management Summary

afme/ Key Highlights

Prudential capital ratios

	4Q20	4Q21	4Q22	4Q23	4Q24	4Q25	1Q26	2Q26
CET1 ratio (end-point)	14.3%	14.5%	13.8%	14.1%	14.2%	14.5%	14.4%	14.3%
T1 ratio (end-point)	16.2%	16.5%	15.9%	16.1%	16.4%	16.6%	16.7%	16.7%
Leverage ratio EU (end-point)	4.5%	4.7%	4.3%	4.2%	4.4%	4.4%	4.4%	4.3%
Leverage ratio UK (end-point)	4.9%	4.7%	4.5%	4.4%	4.5%	4.6%	4.4%	4.6%
Liquidity Coverage Ratio (LCR)	152.0%	150.7%	145.1%	153.9%	147.9%	145.6%	144.4%	146.5%
TLAC ratio % RWAs	28.5%	30.1%	30.0%	31.6%	32.5%	32.4%	32.5%	32.7%
TLAC ratio % exposure measure	9.1%	9.4%	9.4%	9.7%	9.9%	9.6%	9.4%	9.5%

Evolution of European GSIBs CET1 ratio



Robust solvency ratios sustained in Q2 2026

The end-point CET1 ratio of European G-SIBs stood at 14.34% at the end of Q2 2026, 5 bps below the level observed in Q1 2026 (14.39%) and 3 bps above the level observed in Q2 2025.

The variation in CET1 ratio was primarily driven by retained earnings, contributing to a 52bps increase. However, this was partly offset by shareholder returns, which reduced the ratio by 31bps. Changes in RWA had a smaller effect, decreasing the ratio by 8bps, while FX translation and other factors provided a net contribution of c. 17bps.

The end-point T1 ratio increased by 8bps QoQ to 16.75% during Q2 2026. Q2 2026 also saw a 28bps increase YoY since Q2 2025.

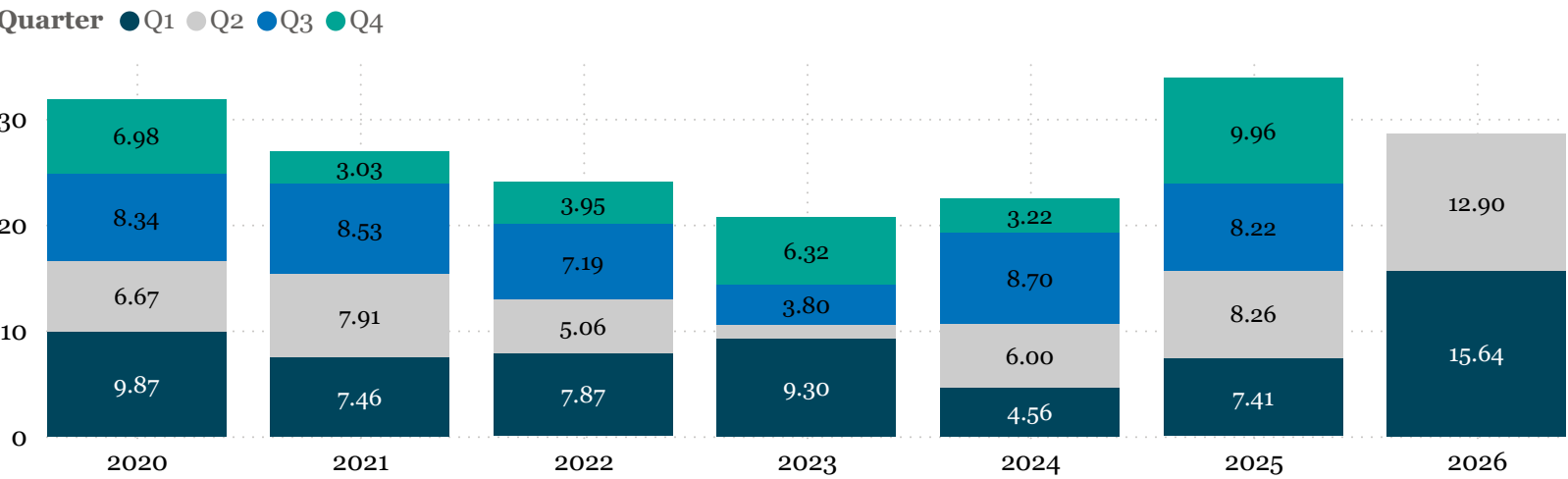
The Leverage Ratio reported by EU GSIBs in Q2 2026 was 4.28%, down slightly from Q1 2026. The average leverage ratio for UK GSIBs was 4.57% during Q2. This represents a 20bps increase QoQ, and remains unchanged YoY.

TLAC capital covered 32.7% of RWAs and 9.5% of exposure measure. This represented a 20bps QoQ increase from 32.5% of RWAs and a 10bps increase from 9.4% of the exposure measure.

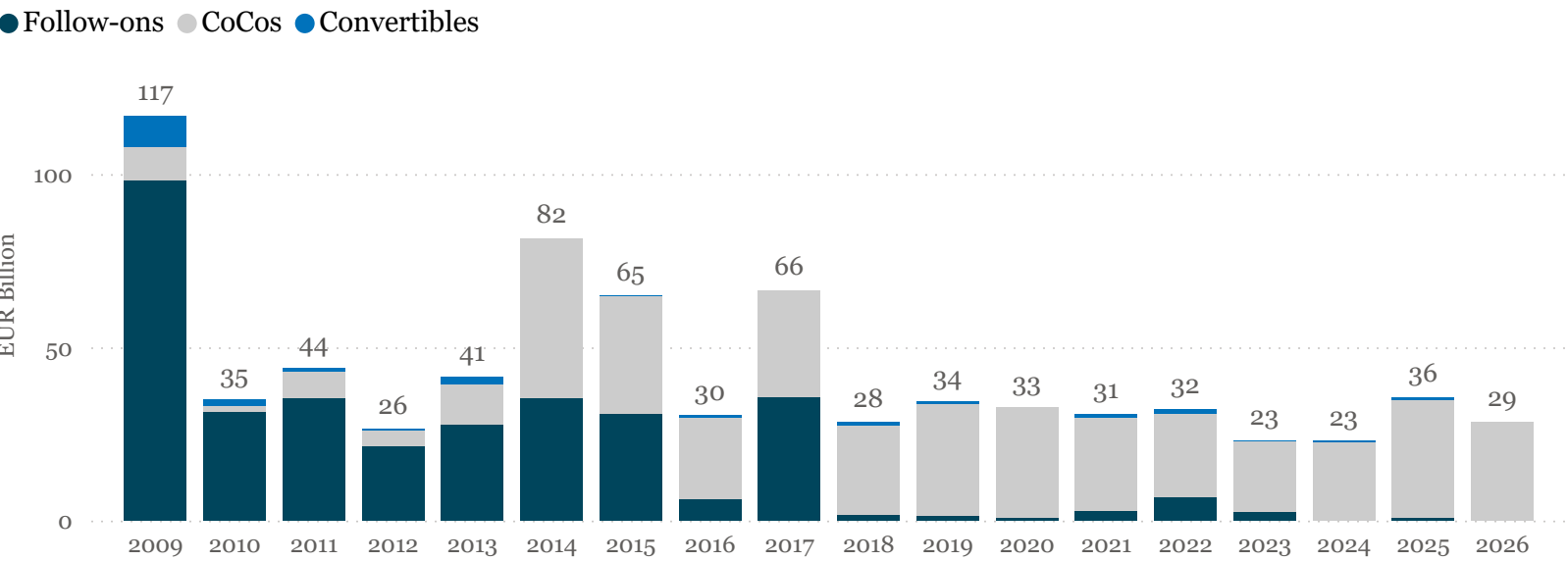
The Liquidity Coverage Ratio of European GSIBs stood at 146.5% at the end of Q2 2026, representing a 46.5% buffer above the minimum requirement.

afme/ Key Highlights

European AT1 issuance (€bn)



Fresh capital raised by European banks



Source: Dealogic

Largest AT1 bond issuance since 2014 amid tightening spreads

During H1 2026, European banks issued a total of €28.5bn in AT1 capital, a significant increase from the previous year (€15.7bn in H1 2025). This was also a record half year since 2014.

The increase was driven by a broader tightening in spreads from the peak observed in early 2025, declining materially over the course of 2025 and stabilising at lower levels in H1 2026. While some short-term volatility persisted, spreads remained well below earlier highs, supporting favourable issuance conditions.

AT1 risk premia remain near multi-year lows despite temporary volatility

European AT1 option-adjusted spreads (OAS) have continued to tighten from the elevated levels reached in early 2025, notwithstanding occasional periods of volatility.

During H1 2026, spreads broadly stabilised, with AT1 instruments showing a modest widening during February and March before easing again, ending the first half of the year at 2.6%. Further details are on page 37 of the report.

afme / Removing barriers to banking consolidation

The Box on page 22 discusses the relevance of banking consolidation in Europe, drawing on AFME's recent report, "*Lifting Barriers to Banking Consolidation in Europe*".

The report examines the economic rationale for consolidation, the barriers that continue to hinder it, and the policy reforms needed to support a more integrated and competitive EU banking sector.

The recent European Commission communication on banking competitiveness offers renewed momentum to this debate by highlighting the importance of integration and scale to facilitate the development of a more competitive European banking sector that can more effectively support the needs of the European economy.

We identify three key drivers that support the need for further consolidation:

- Realising the benefits of the Single Market. European banks remain predominantly domestic, limiting their ability to achieve scale across the EU.

- Reducing costs for clients by making use of larger scale. Greater scale can improve efficiency by allowing banks to spread rising technology, innovation and regulatory compliance costs across a larger customer base, while reducing structural branch overcapacity.
- Generating revenue synergies by broadening customer access and product choice. Scale is also critical for capital markets activities, which often require significant infrastructure, balance sheet capacity and specialised expertise to compete effectively.

This report also contributes by identifying a number of barriers that currently prevent the emergence of a more integrated and consolidated European banking market and offers a set of policy recommendations to remove these obstacles.

Among the identified barriers are: National Member State interference, unharmonised and onerous supervisory processes, uncertainty about capital management decisions, among others discussed in the box.

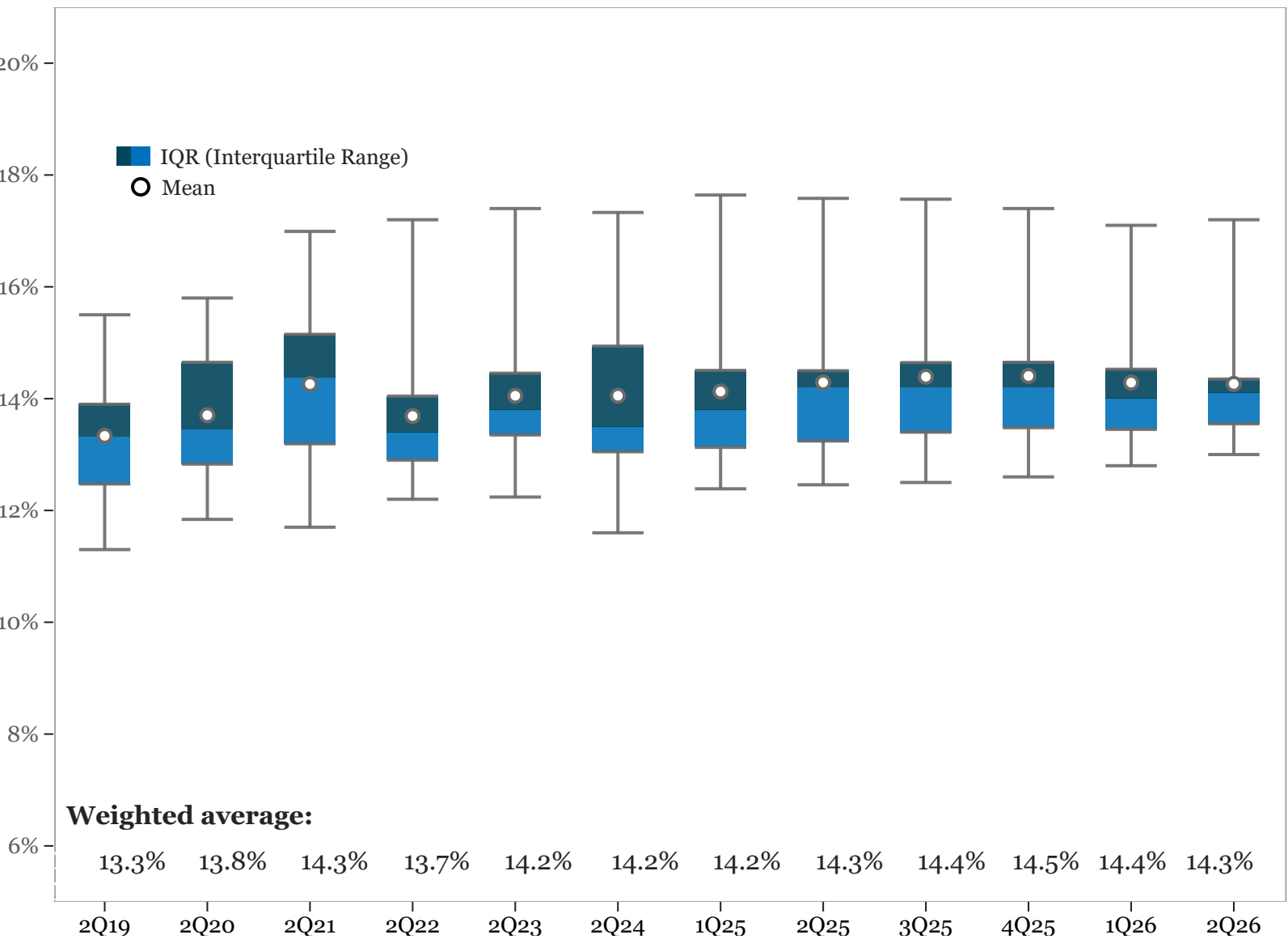
For further information, please refer to AFME's report "*Lifting Barriers to Banking Consolidation in Europe*" ([here](#)).



Capital and Liquidity Ratios

afme/ CET1 ratio analysis

CET1 end-point ratio



Source: European GSIBs earning report

CET1 capital ratios remain stable during H1 2026

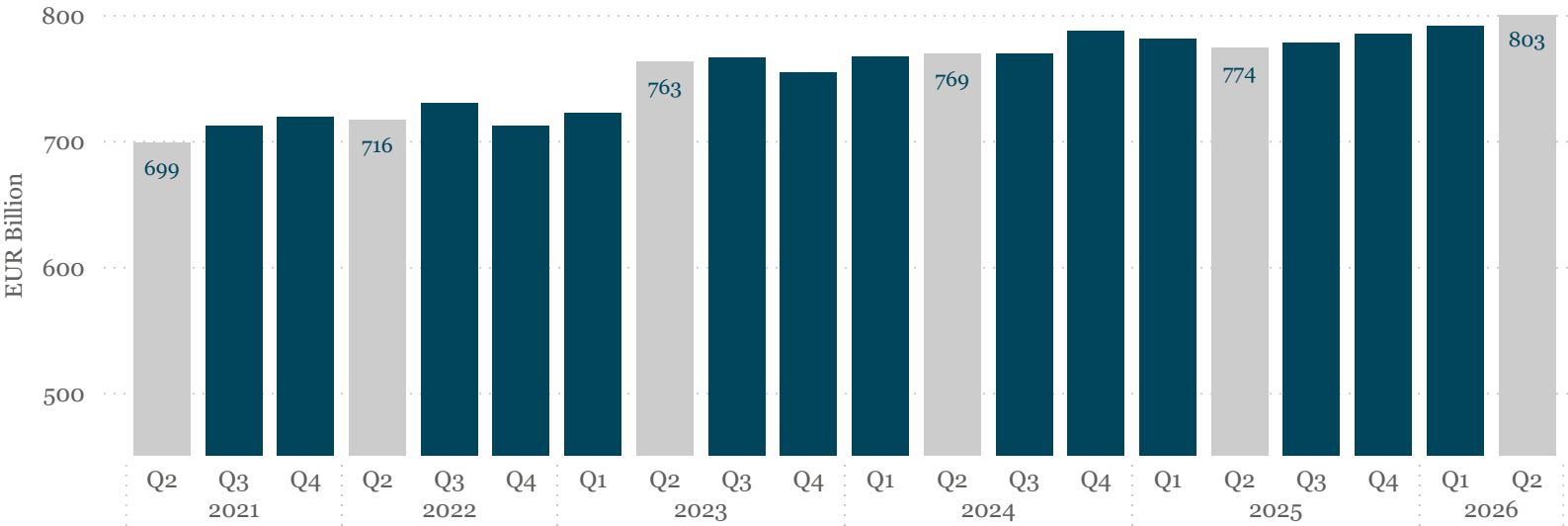
Seven of the eleven banks covered in this report reported a quarterly increase in their CET1 ratio, while four banks reported a decrease.

Since early 2023, CET1 ratios have remained stable, with only a limited variation in both the weighted average and the distribution across banks.

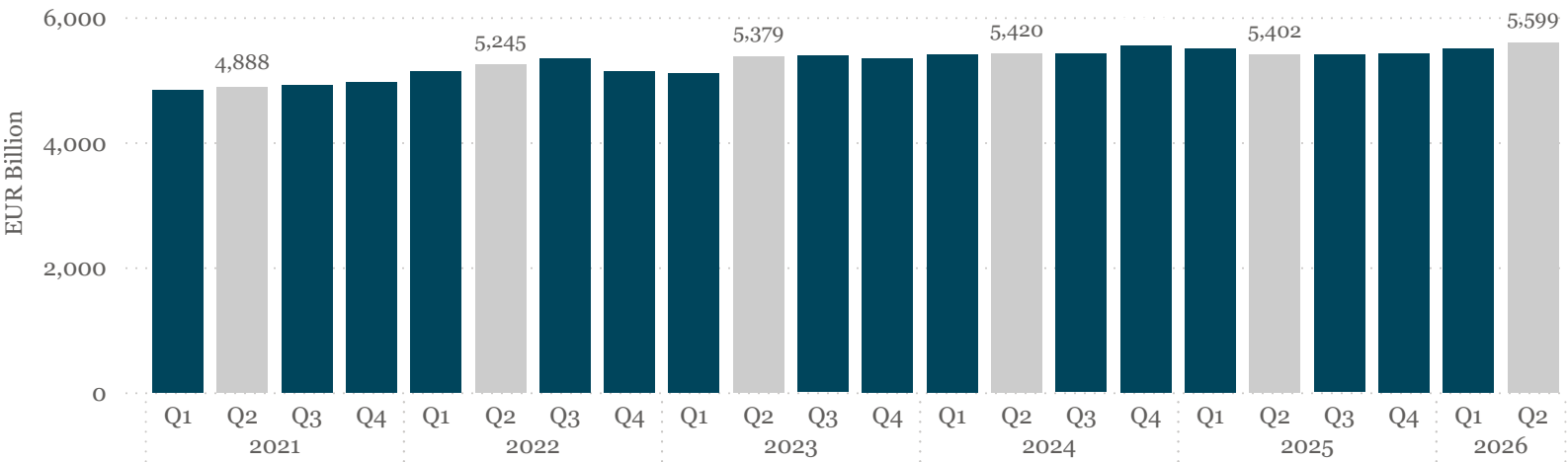
During H1 2026, the average CET1 ratio remained resilient, moving from 14.4% in Q1 2026 to 14.3% in Q2 2026. The average ratio has remained within a narrow range of 14.2% to 14.5% since early 2024, pointing to a consistently strong and resilient capital position among the institutions covered.

afme/ CET1 and RWA levels

CET1 capital



RWA (€bn)



Source: European GSIBs earning report

CET1 capital continues to increase

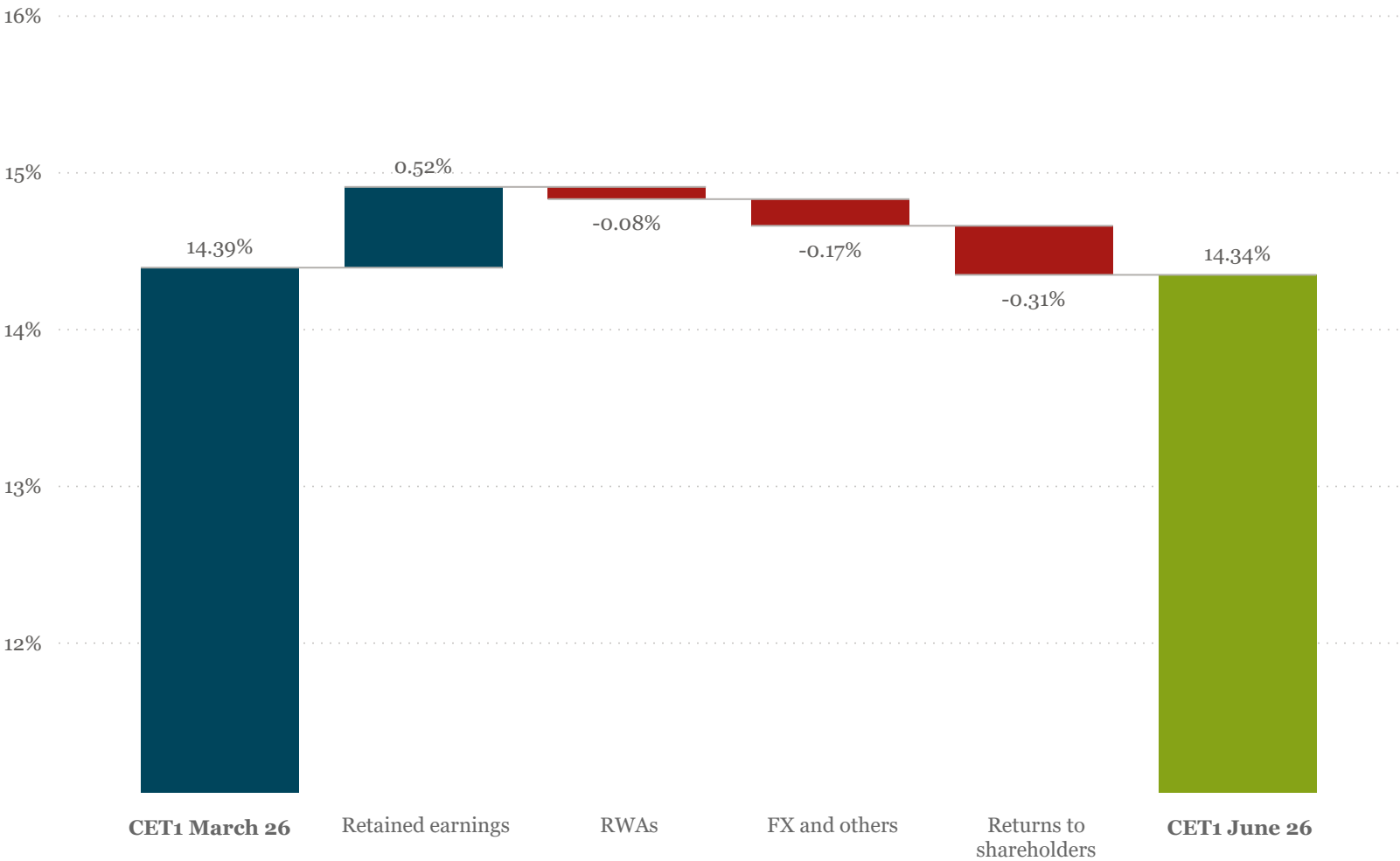
European GSIBs finalised the second quarter of 2026 with €803bn in CET1 capital, representing a moderate increase compared to the €791bn reported in the previous quarter. Similarly, CET1 levels were higher YoY, increasing by 3.75% compared to €774bn in Q2 2025.

7 of the 11 banks included in this report saw an increase in CET1 capital over the quarter.

During Q2 2026, the aggregate RWAs of European GSIBs stood at €5,599bn. This represents a slight QoQ increase of 1.78% compared to the €5,501bn in Q1 2026. RWAs also increased YoY by 3.65% from the €5,402bn reported in Q2 2025.

afme/ CET1 ratio drivers

Change in CET1 ratio by components in Q2 2026 (%)



Source: estimates based on European GSIBs earnings reports

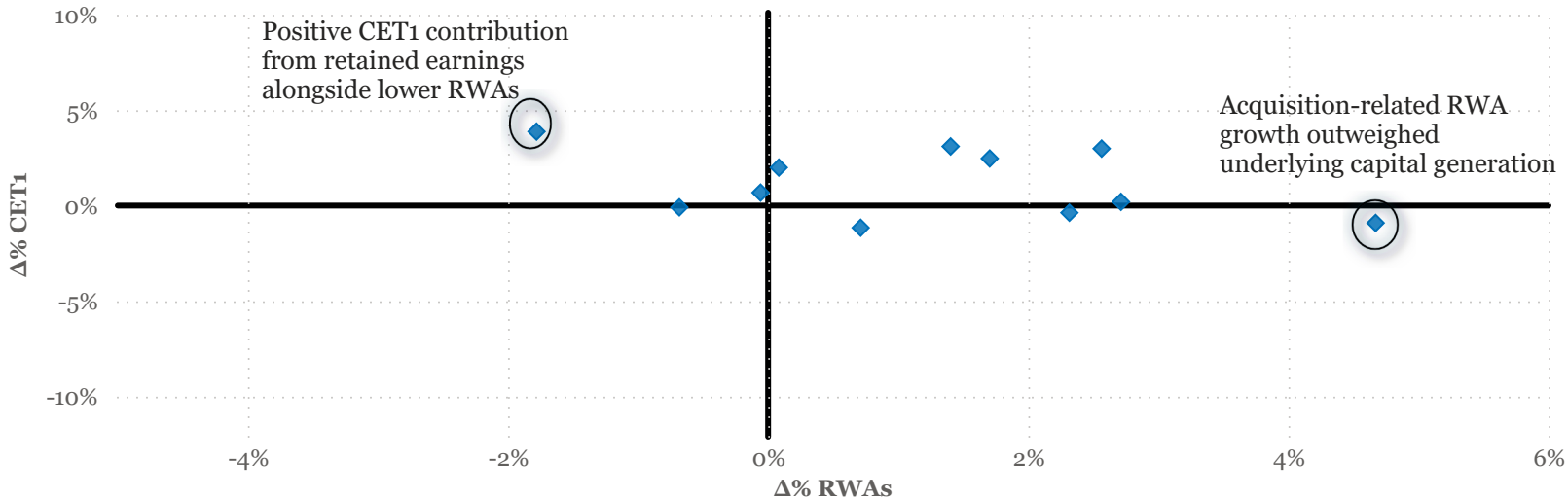
CET1 ratio variation by component:

The average CET1 ratio of European GSIBs increased by 5bps from 14.39% in Q1 2026 to 14.34% in Q2 2026.

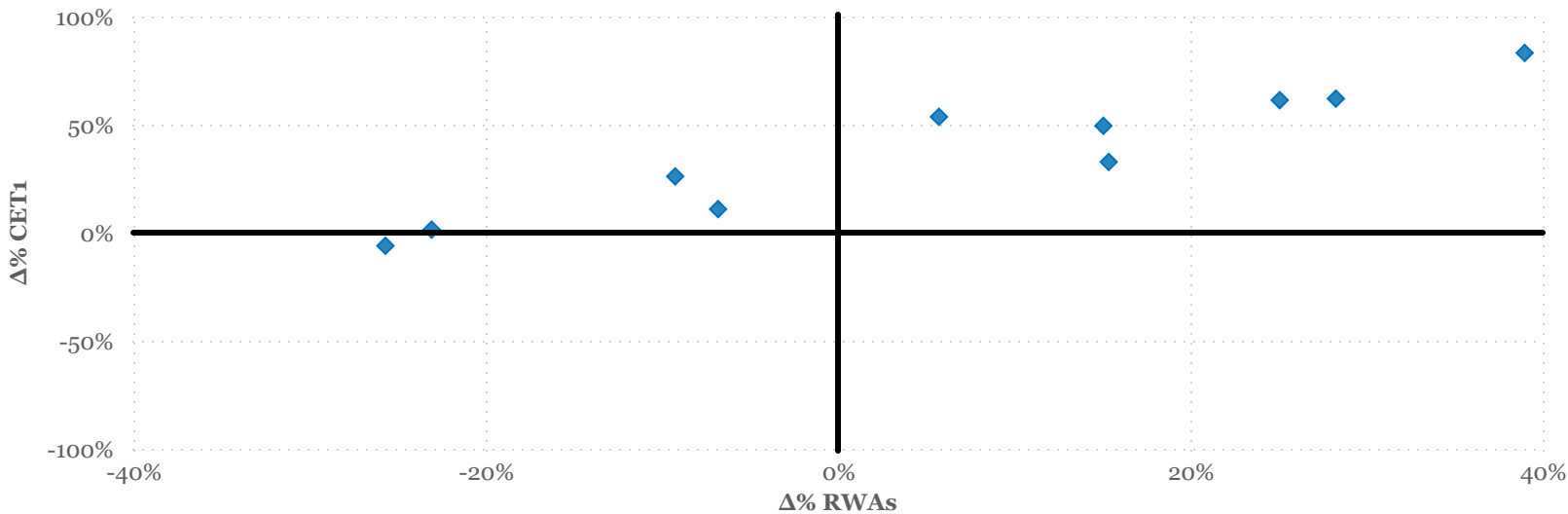
The variation in the ratio was primarily driven by retained earnings, contributing to a 52bps increase in CET1 ratio. However, this was partly offset by shareholder returns, which reduced the ratio by 31bps. Changes in RWA had a smaller effect, decreasing the ratio by 8bps, while FX translation and other factors provided a net contribution of c. 17bps.

afme / CET1 ratio and RWA delta by bank

Percentage change: QoQ



Percentage change since Dec-2014



Source: European GSIBs earning report

CET1 and RWA variations by bank:

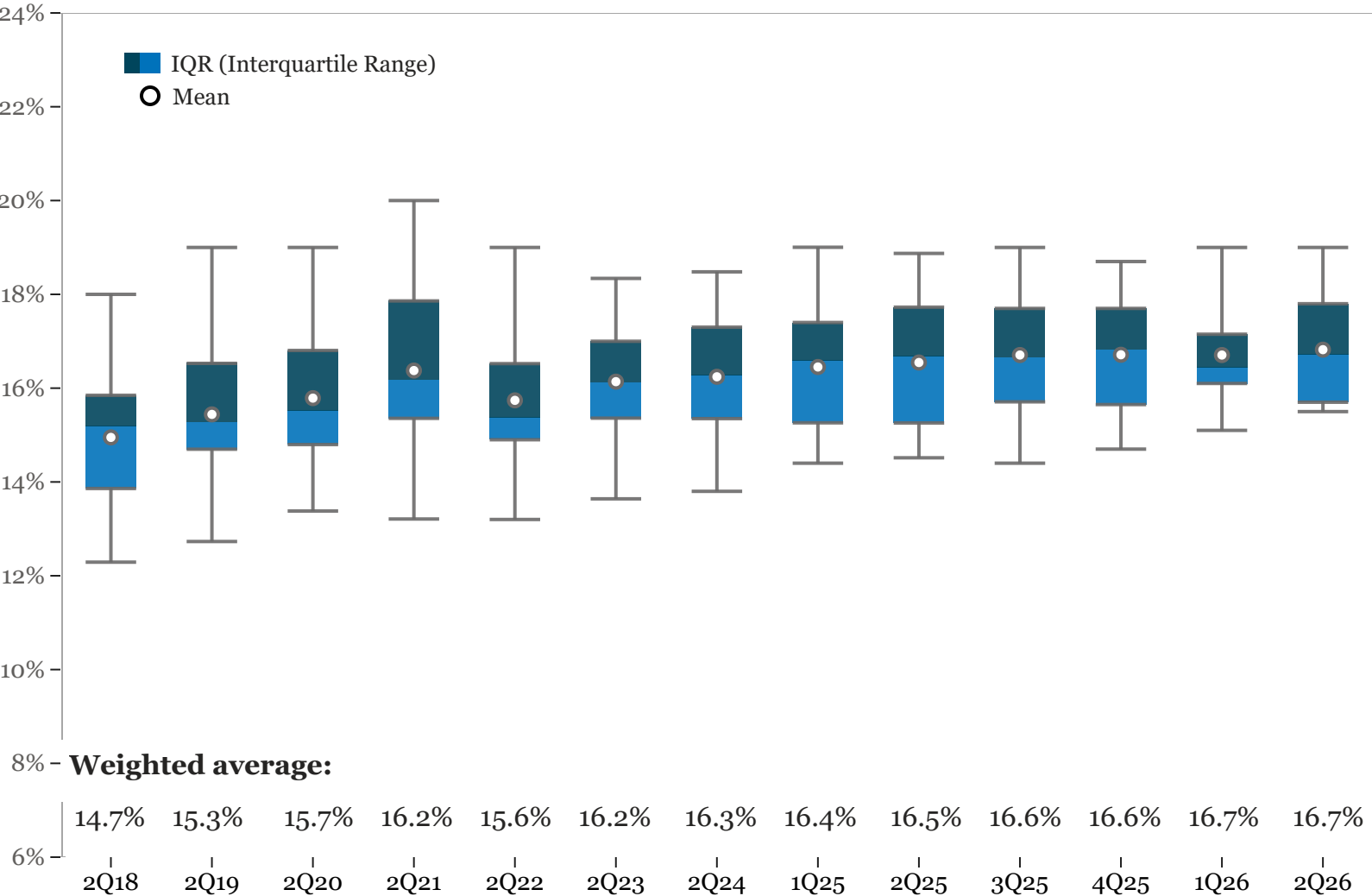
During Q2 2026, seven of the eleven banks included in this report recorded an increase in their CET1 capital, while the remaining two experienced lower levels.

RWAs increased for eight of the GSIBs analysed.

Bank-specific factors contributing to these changes, such as including retained earnings generation, balance sheet optimisation, and acquisition-related RWA growth are illustrated in the top chart.

Following the changes in CET1 and RWA since December 2014, two distinct strategic approaches to comply with the Capital Requirements Directive have emerged: reducing RWAs, or increasing both CET1 and RWAs.

T1 end-point ratio



Source: European GSIBs earning report

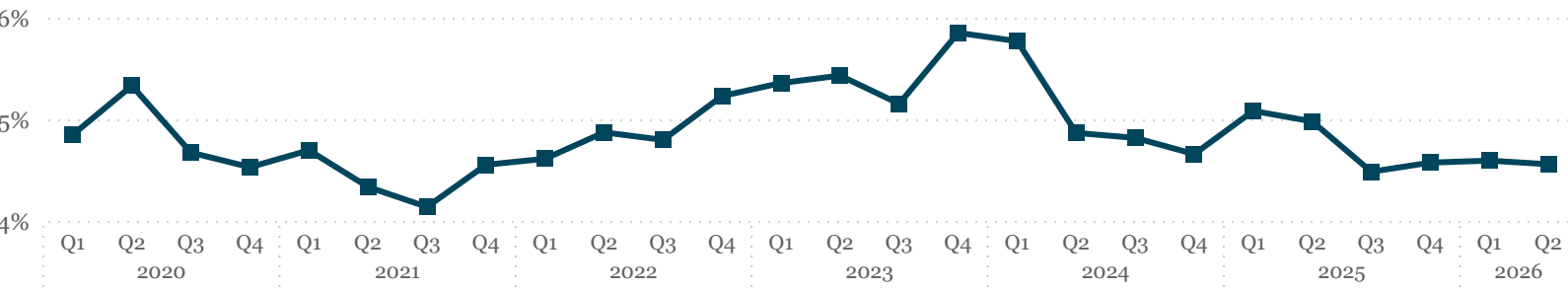
Continued T1 capital resilience

In Q2 2026, the weighted average T1 ratio of European GSIBs remained at 16.7%, unchanged from Q1 2026.

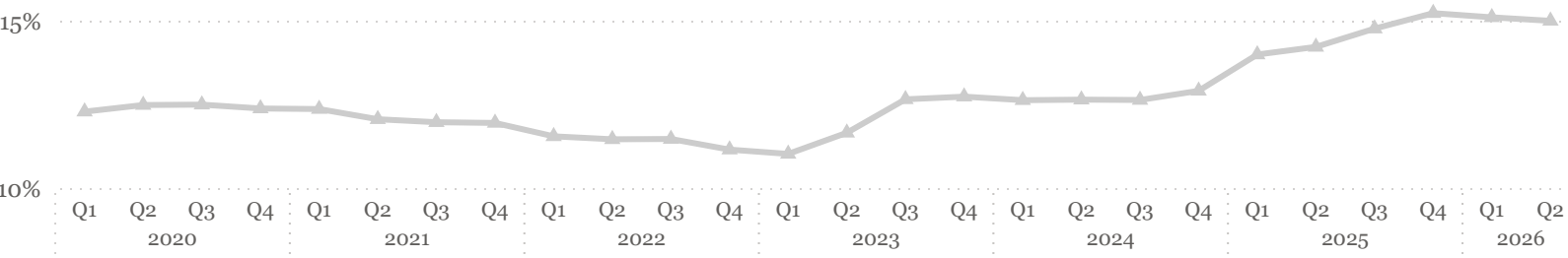
Since 2022, European GSIBs have maintained T1 ratios comfortably above pre-pandemic levels. The weighted average ratio has remained within a narrow range of 16.4% to 16.7% over the past six quarters, highlighting the sector's ability to generate capital while continuing to support business growth and shareholder distributions.

afme/ Development of RWA risk composition

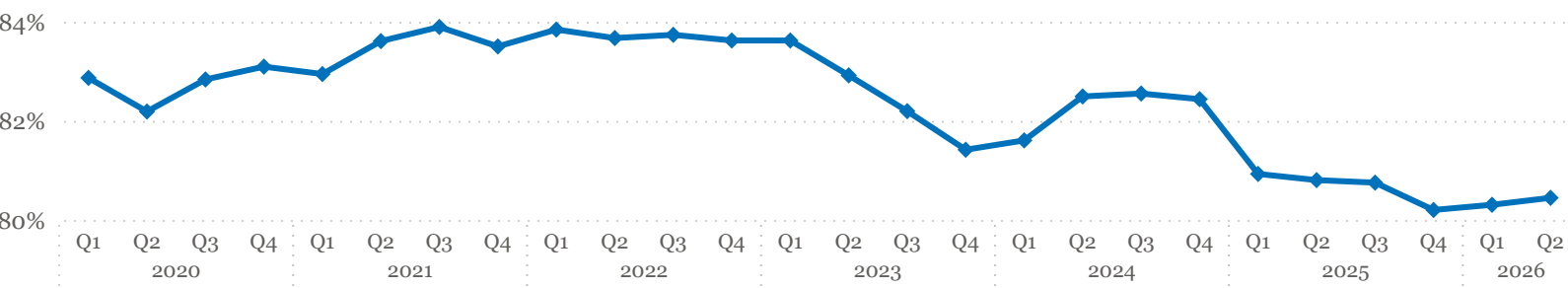
Market



Operational



Credit



Credit risks continue to represent the largest share of RWAs

All forms of RWAs stabilised in Q2 with no major changes in Q2 compared to the previous quarter.

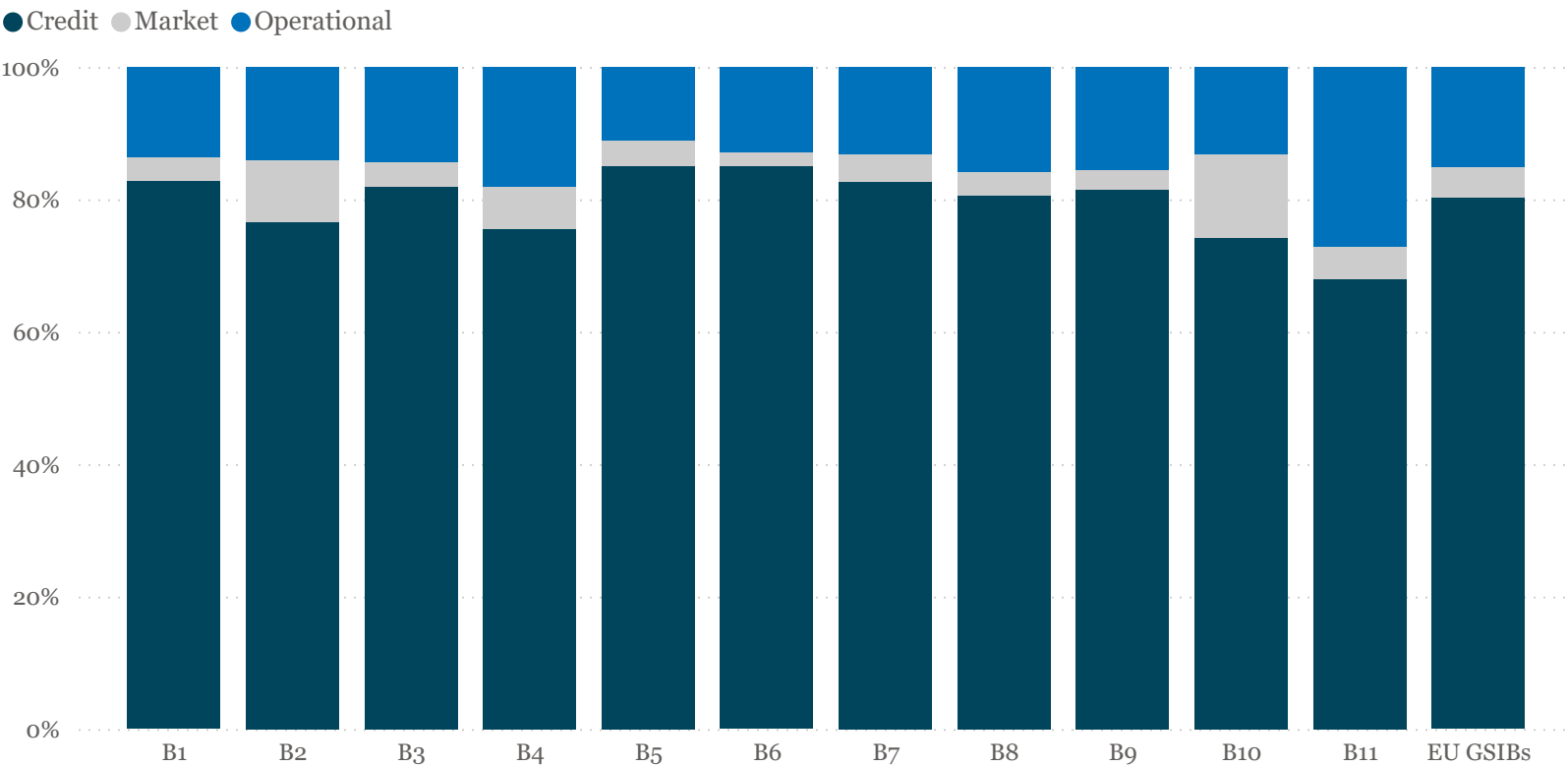
Credit risk RWAs represented 80% of banks' RWAs, the largest portion of risks, followed by operational RWAs (15%) and market risks (5%).

Operational risks have gradually increased their proportion in banks' risks in recent years, from 11% in 2022 to 15% in 2026.

Credit risks have reduced in the same period from 84% to 80%.

Source: European GSIBs earning report

RWA risk composition in Q2 2026

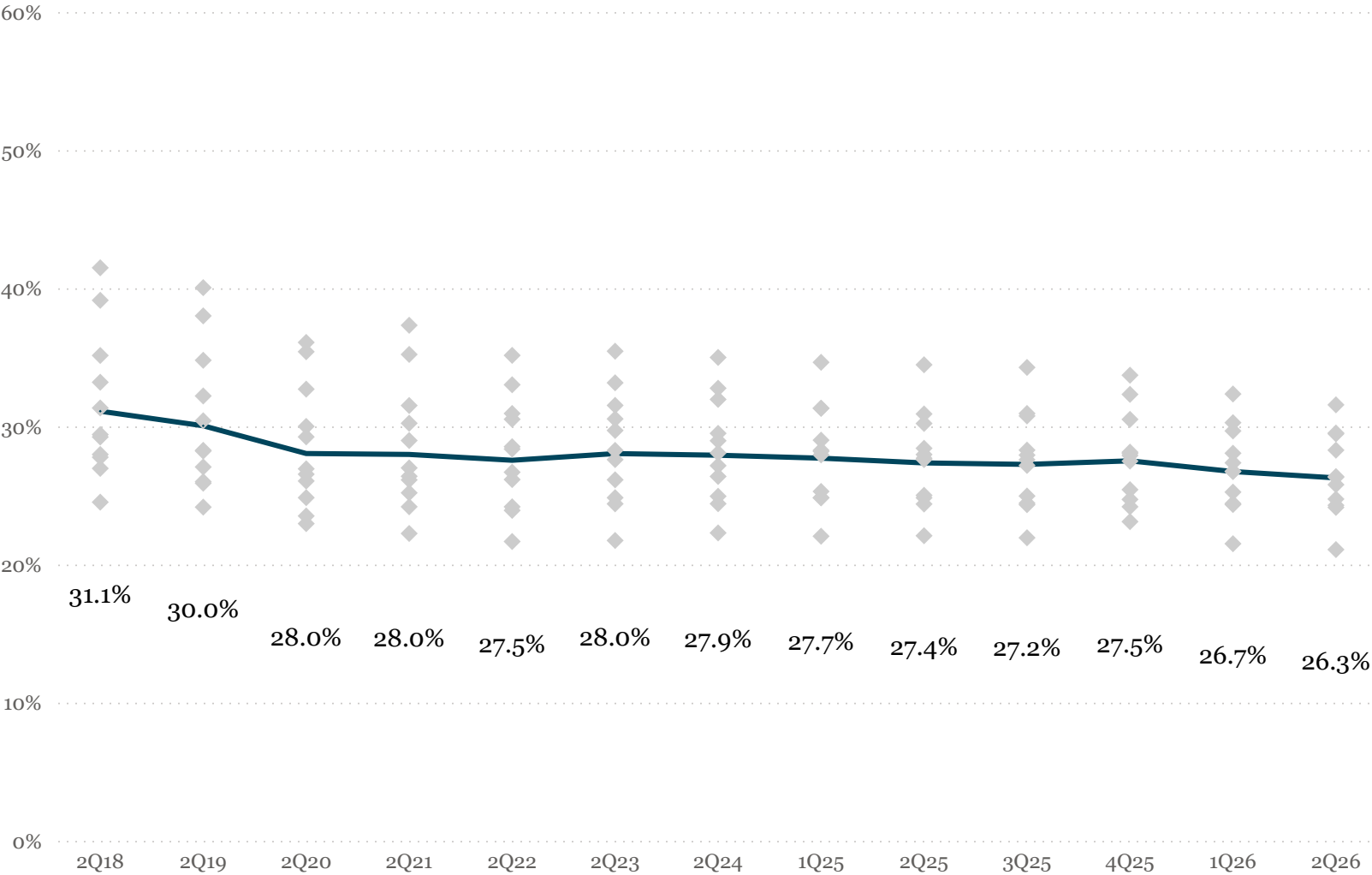


Asset risk composition:

The primary balance sheet risk of European GSIBs is credit risk (80.31%), with operational and market risks following in significance (15.10% and 4.59% respectively).

This varies by bank, where the range of market risks spans 2% to 13%, operational risks from 11% to 27%, and credit risks from 68% to 85%.

RWA densities: RWA/total assets



Source: European GSIBs earning report

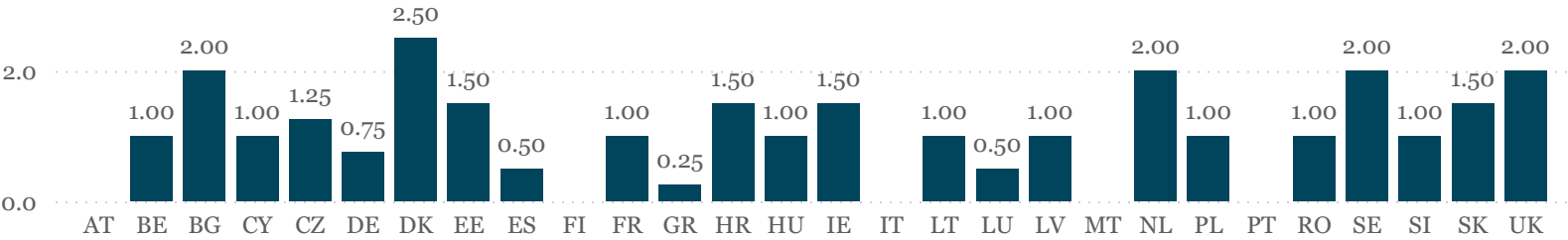
GSIBs continue to operate with lower RWA densities

Since 2015, RWA densities have steadily declined, indicating a strategic shift among European GSIBs toward balance sheet activities with lower risk weights. During the first half of 2026, aggregate RWA density decreased from 27.7% in Q1 2026 to 26.3% in Q2 2026, reaching its lowest level in the period shown.

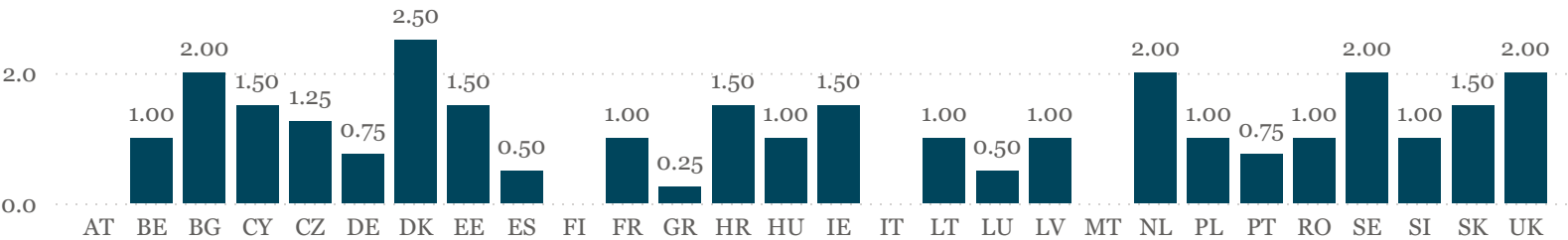
Moreover, the variation in RWA densities across banks has narrowed over time. While the gap between banks with the highest and lowest density ratios was 17pp in 2018, this difference has declined to 10pp in 2026.

afme/ Countercyclical capital buffers

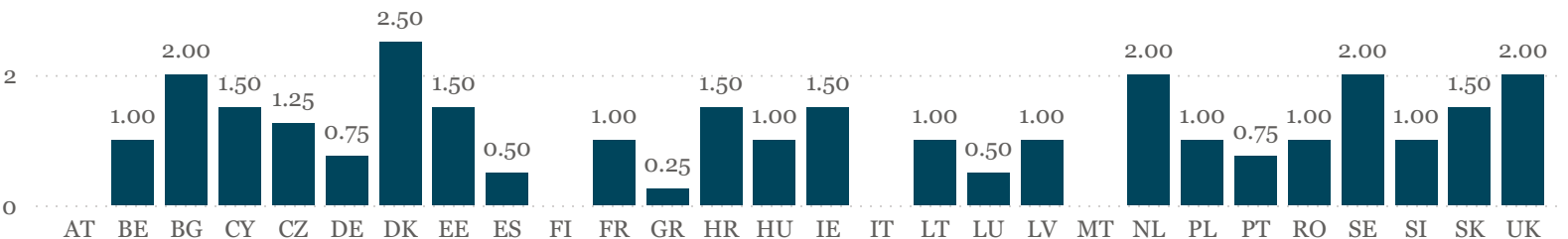
Current CCyB rates by country (%): 2025-Q4



2026-Q1



2026-Q2



Notes: Exemptions are provided for certain small and medium-sized investment firms from holding a CCyB in the following countries: Croatia, Cyprus, Luxembourg, Malta, Poland, Slovakia, Sweden and the United Kingdom.

Source: ESRB

CCyB Developments Across Europe

During Q2 2026, there was no CCyB adjustments across Europe. However, Belgium's previously announced increase from 1.0% to 1.25% became effective on 1 July 2026, while Poland CCyB to 2% (from 1%) became effective on late September.

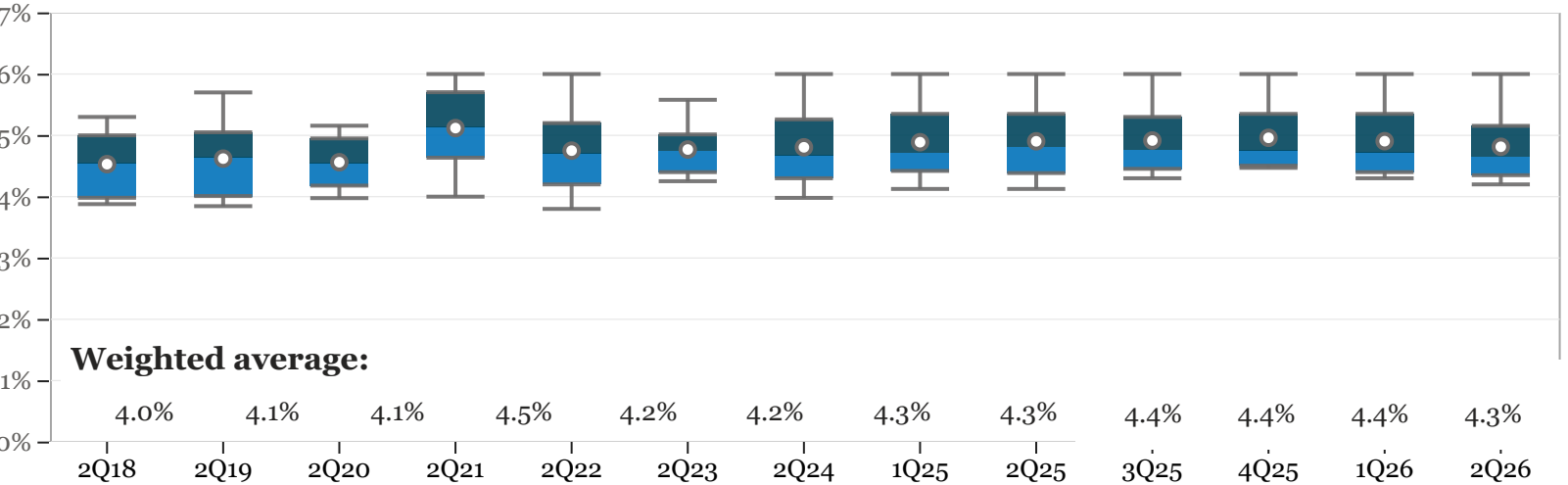
Additionally, seven countries are expected to modify their national CCyB rates in the future. These include:

- Greece: exp. 0.5% in Oct 2026
- Spain: exp. 1% in Oct 2026
- Croatia: exp. 2% in Jan 2027
- Bulgaria: exp. 2.25% in April 2027
- Czech Republic: exp. 1.5% in Jul 2027
- Lithuania: exp. 1.25% in Aug 2027

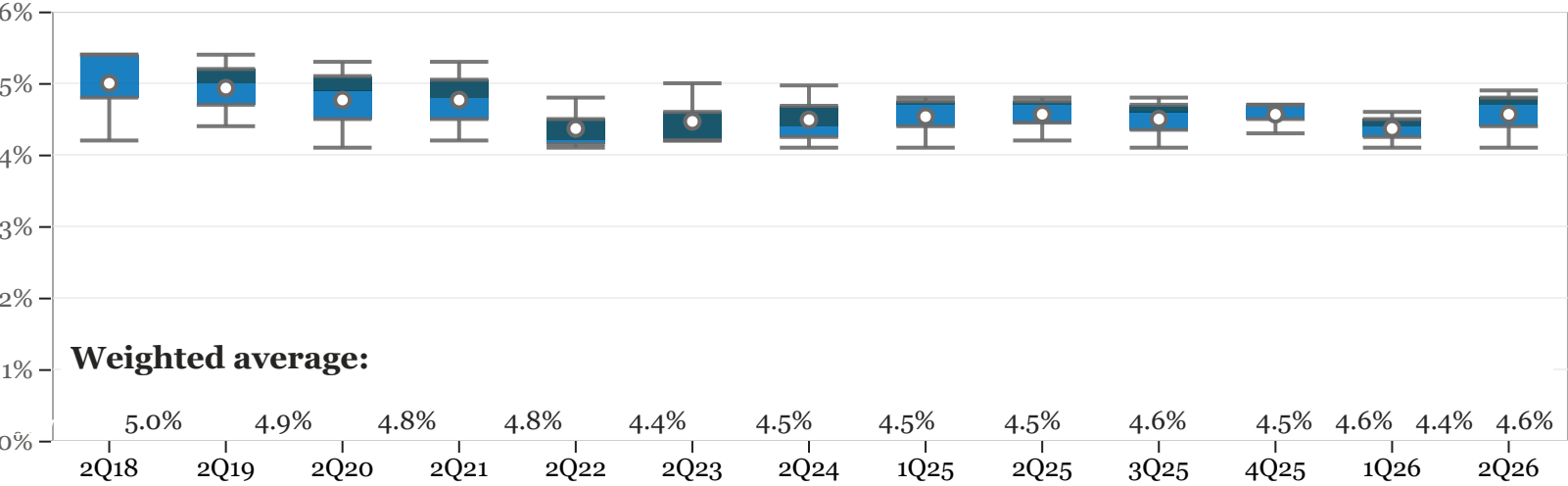
As of Q2 2026, Austria, Finland, Italy and Malta remain the only countries neither using nor planning to use a countercyclical buffer.

afme/ Leverage Ratio (LR)

Leverage ratio: End-point (EU)



Leverage ratio: End-point (UK)



Stability in leverage ratio

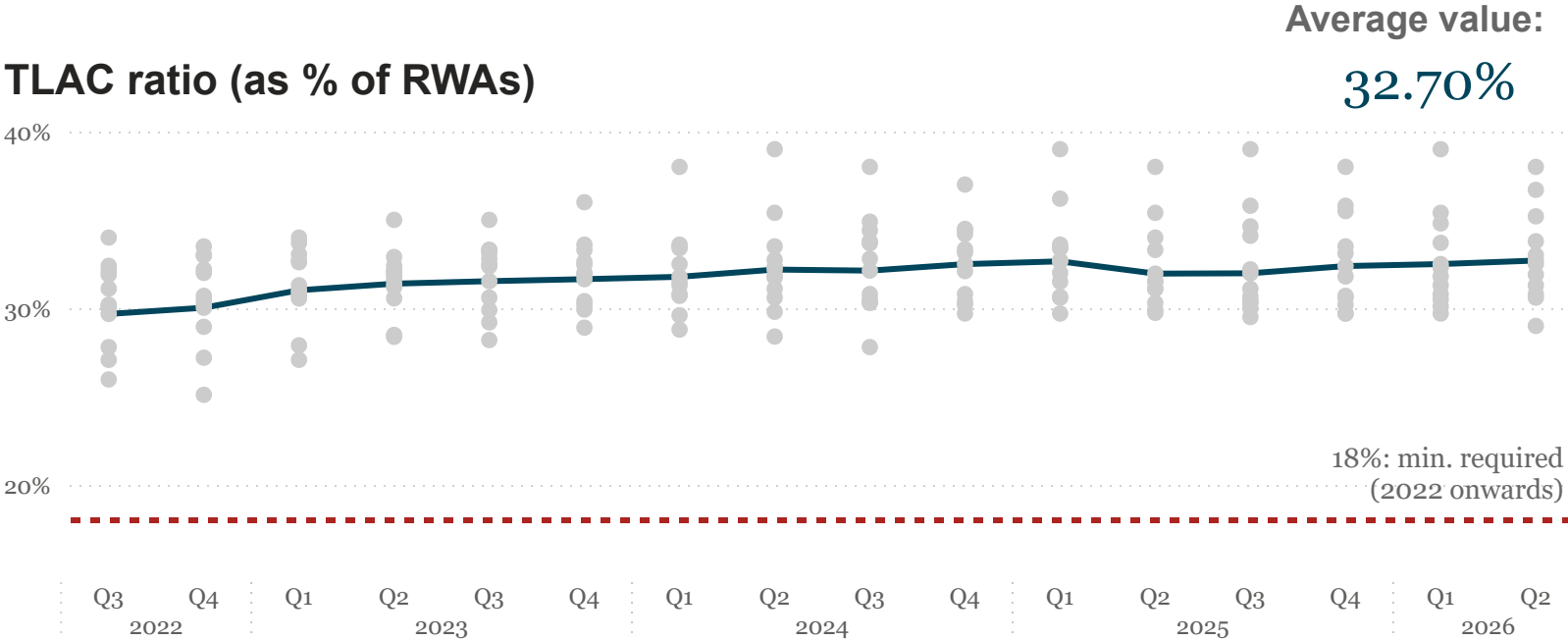
The leverage ratio of EU GSIBs has remained relatively stable over the past two years, with the average fluctuating within a range of 4.3% to 4.4%.

In Q2 2026, EU GSIBs reported an average leverage ratio of 4.28%, a slight decrease of 8 bps QoQ (4.36%) and YoY since Q2 2025 (4.36%).

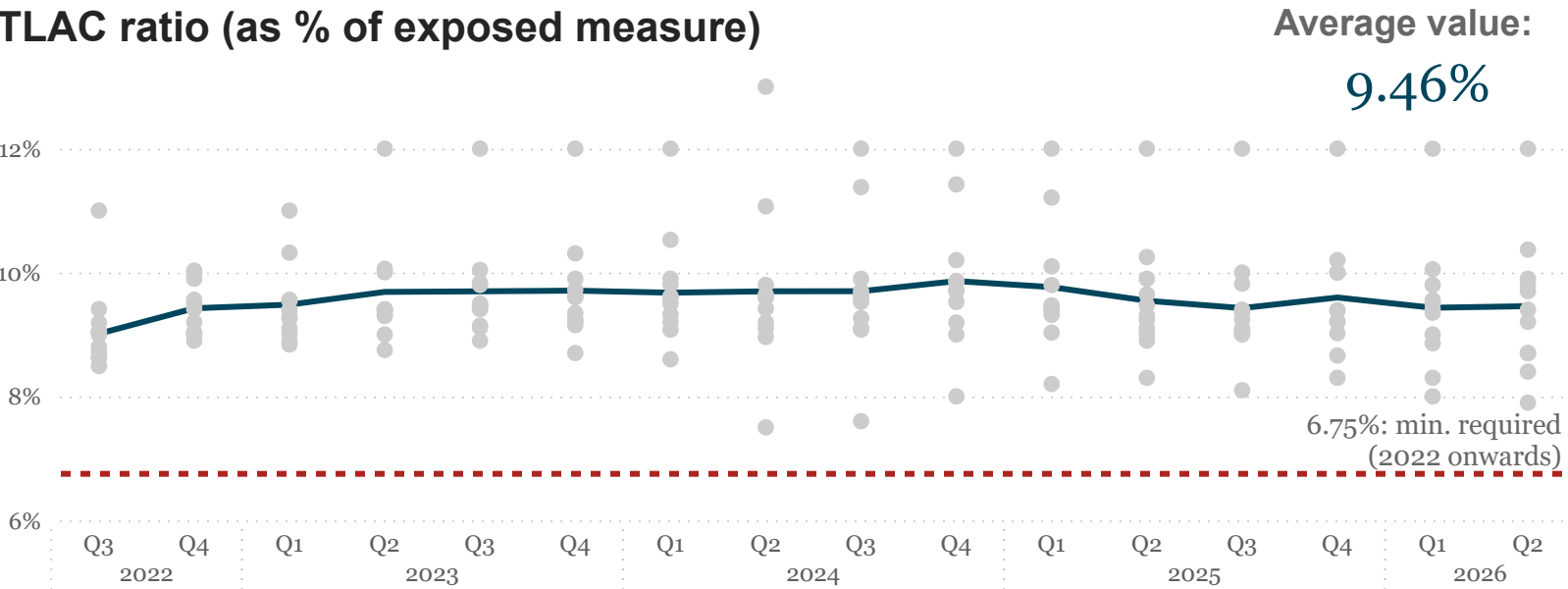
Meanwhile, in Q2 2026, UK GSIBs reported a leverage ratio of 4.57%, increasing by 20bps QoQ (4.37%) and remaining the same YoY.

afme/ TLAC ratio development

TLAC ratio (as % of RWAs)



TLAC ratio (as % of exposed measure)



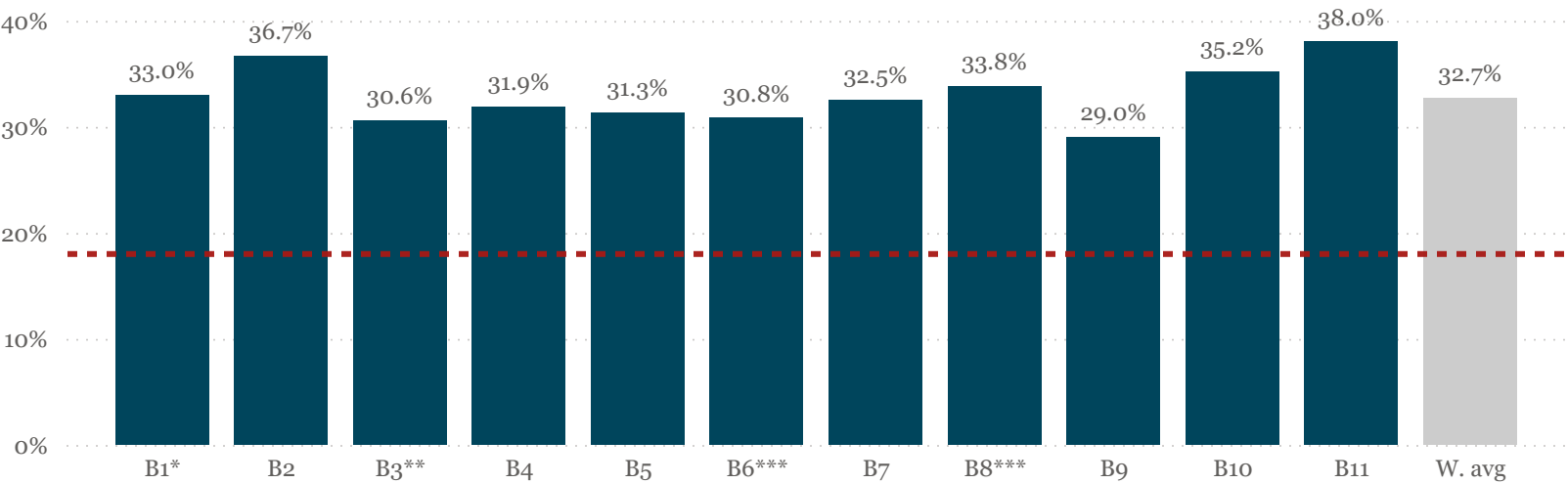
TLAC ratio

The average TLAC ratio of European GSIBs relative to RWAs reached 32.7% in Q2 2026, an increase of 0.2% compared to the previous quarter.

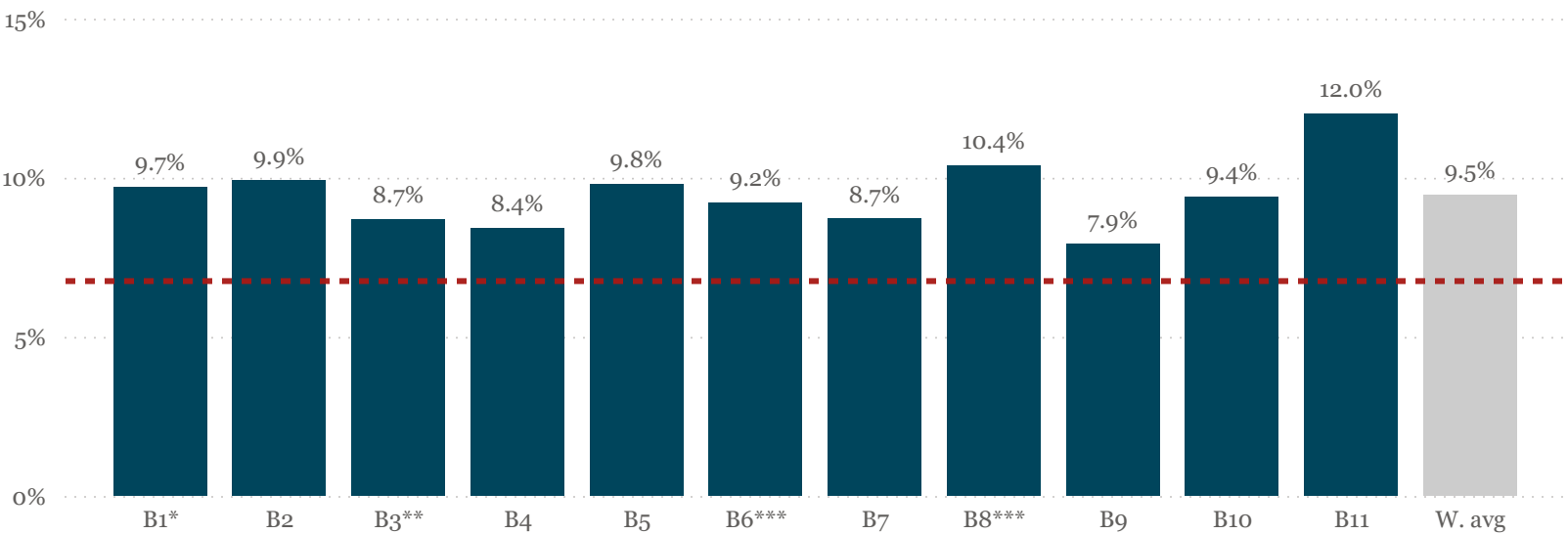
Similarly, the TLAC capital relative to the exposure measure saw a slight increase in Q2 2026, averaging 9.46% (up from 9.43% in Q1 2026).

afme/ TLAC ratio by GSIB

TLAC ratio (as % of RWAs)



TLAC ratio (as % of exposed measure)



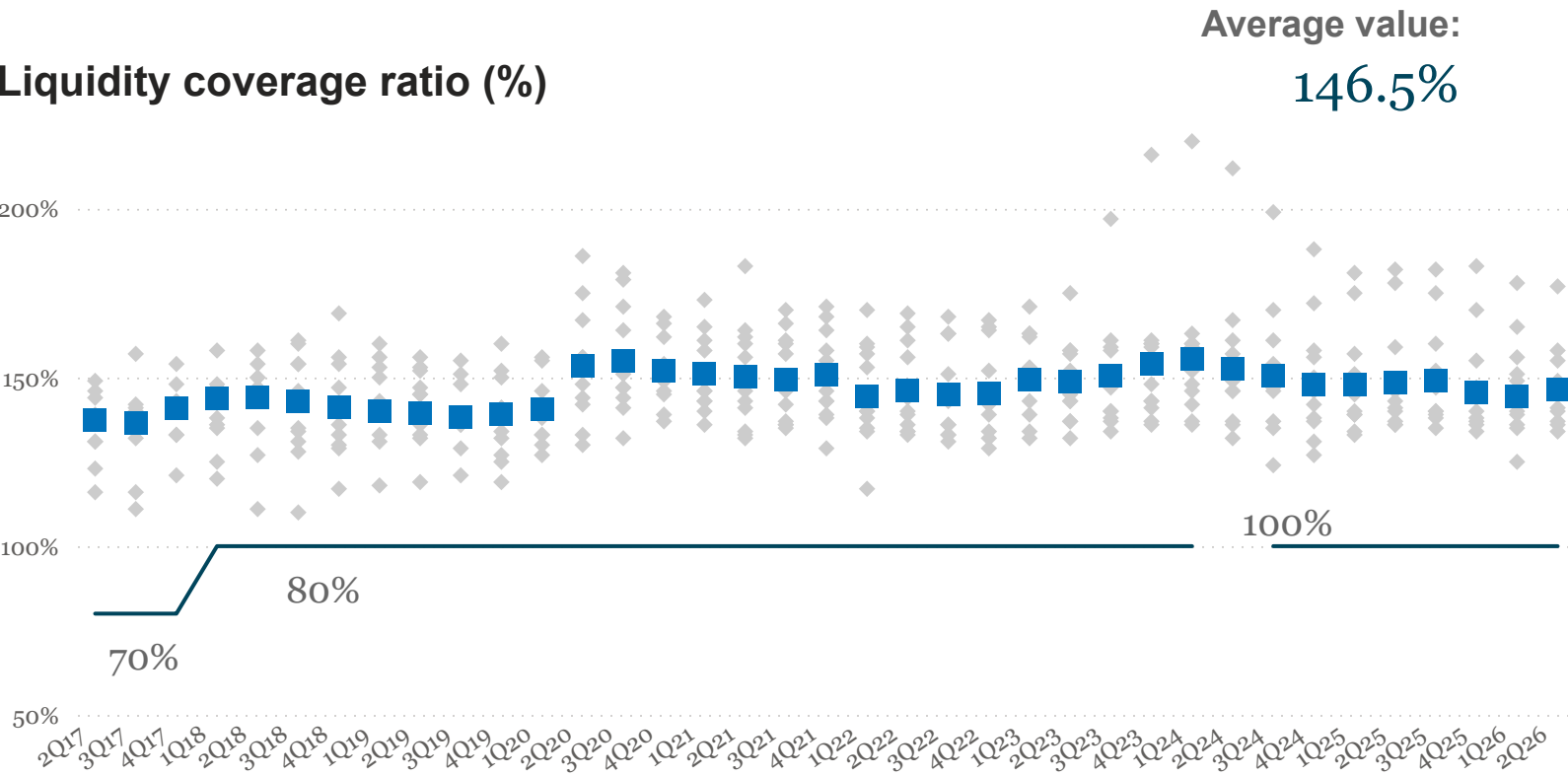
GSIBs TLAC ratios well above requirement

AFME estimates suggest that European GSIBs hold c. €1.8tn TLAC-eligible liabilities at the end of Q1 2026.

During the quarter, the TLAC ratio relative to both RWAs and exposure measure stood significantly above the minimum requirement of 18% and 6.75% respectively.

afme/ Liquidity Coverage Ratio

Liquidity coverage ratio (%)



Strong liquidity buffers

The aggregate liquidity coverage ratio remains well above the 100% requirement (46.5% above the minimum requirement).

Since the COVID pandemic, banks have structurally increased their liquidity buffers from c40% to c50% above requirement. Notably, one of the GSIBs stood out as an outlier at the start of 2024, maintaining liquidity at twice the required amount, but this level has steadily declined, reaching a significantly lower level by Q2 2026.



Box: Removing barriers to banking consolidation

afme / Banking consolidation

Banks are the cornerstone of the European economy, providing the vast majority of credit (c.80%) to households and business. Yet, European banking remains fragmented despite the Single Market, where cross-border mergers remain rare as banks continue to operate primarily within their domestic markets.

As a result, banks are unable to fully leverage their capacity to support investment, innovation and long-term economic growth, to the detriment of households and businesses.

Recent policy discussions have renewed focus on banking consolidation, with the European Commission's competitiveness consultation highlighting the importance of integration and scale for a more competitive Europe's banking sector.

In its recent paper, "*Lifting barriers to banking consolidation in Europe*", AFME identifies three principal economic drivers supporting further banking consolidation in Europe and examines the barriers that remain, while putting forward a series of ambitious policy proposals to support a more integrated and competitive EU banking sector.

The consequences of a cumbersome M&A are visible. Cross-border transactions often face lengthy approval processes, overlapping reviews and considerable execution uncertainty. Completing a banking merger in the Banking Union currently takes around 285 days on average, compared with 173 in the UK, and 144 days in the US.

afme / The need to realise the benefits of the Single Market

European banking remains fragmented with limited cross-border servicing.

European banks largely grow in line with the size of their home markets, achieving scale domestically but failing to grow across borders within the EU.

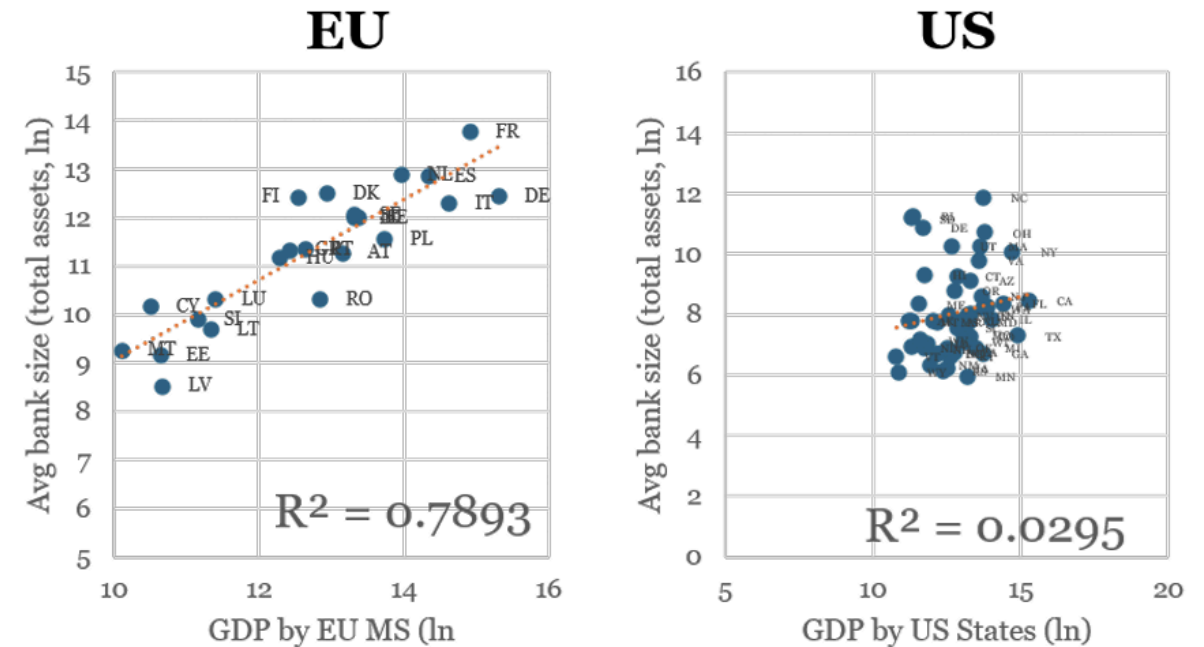
This contrasts with the US, where bank size is unrelated to the economic size of the bank's home State (see chart right panel).

As a result, cross-border lending, deposit-taking and customer servicing remain limited.

For example, cross-border deposits account for only 3.4% of Euro Area deposit, and cross-border lending stands at 5.4% of Euro Area lending.

US banks are also able to leverage their large national market to grow cross-border and compete more effectively abroad.

Average bank size and GDP by Member State (EU) and by State (US)



Source: EBA and US FED

afme / Market concentration remains low

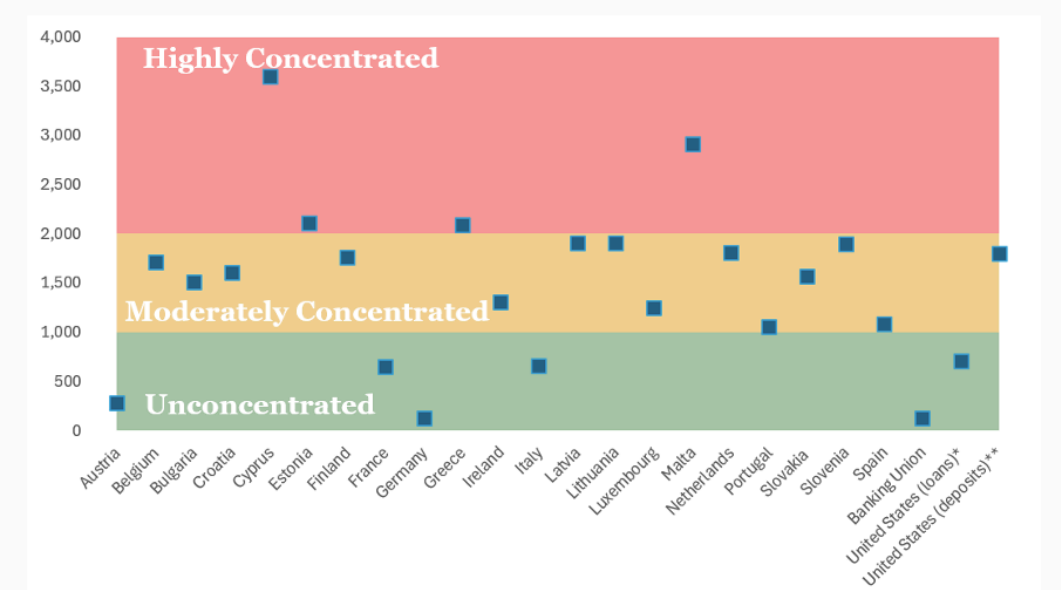
It is inevitable to address competition concerns in a report on banking consolidation. The report identifies that there remains significant scope for consolidation without creating material competition concerns at the European level.

Market concentration across the vast majority of EU member states banking systems remains low to moderate, while concentration at Banking Union level is extremely low when measured using the traditional Herfindahl-Hirschman Index, as cross-border activity remains low to negligible in many Member States. See right chart.

Another commonly cited concern regarding greater scale is the potential increase in systemic risk of institutions that are perceived as too big to fail (TBTF).

However, it must be recognised that the European regulatory framework now includes extensive safeguards and tools to address the risks associated with larger banks, including strengthened prudential, supervisory, and resolution requirements. Furthermore, smaller institutions are not inherently more resilient, as evidenced by the failure of a number of regional banks in the United States in 2023 (v.gr. Silicon Valley Bank) and as smaller institutions tend to have greater earnings volatility.

HH concentration index for total credit, euro area and USA (2025)



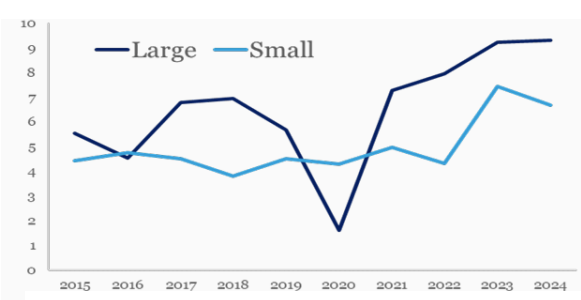
Source: ECB. The concentration levels are based on the HHI thresholds referenced in the [European Commission's Guidelines on the assessment of horizontal mergers](#). These are more stringent than the [traditional US thresholds](#), which use HHI cut-offs of 1,500 and 2,500. Banking Union estimated by AFME based on market shares of the largest 79 banks operating in the BU.

afme/ Reducing costs for clients by making use of larger scale

There are growing costs for technology, innovation and regulatory compliance faced by banks. However, scale enables banks to spread fixed costs more efficiently.

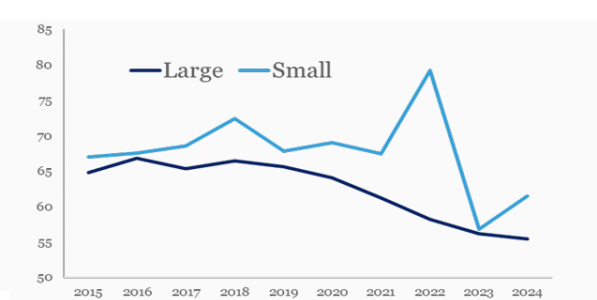
ECB supervisory data show a size effect in bank performance: larger banks tend to generate higher return on equity (ROE) and lower cost-to-income ratios than smaller institutions.

Return on equity by bank size (% , EU)



Source: ECB

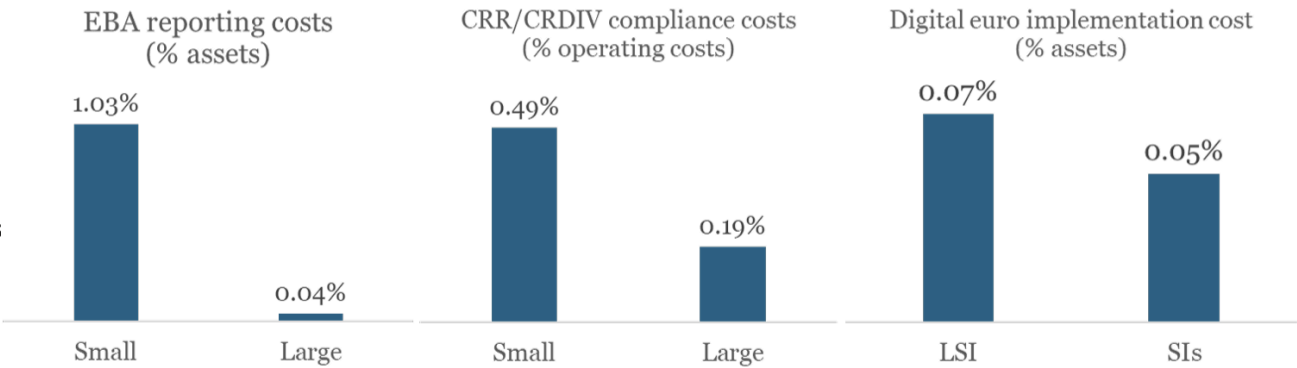
Cost-to-income by bank size (% , euro area)



Scale can also enhance banks' capacity to invest in emerging technologies, such as AI, by improving their negotiation position with large technology vendors.

In addition, banking infrastructures in the EU remain dense, reflecting persistent structural overcapacity. While euro area banks have undertaken significant branch rationalisation since the global financial crisis, the reduction of the number of bank offices has not resulted in a contraction in aggregate credit supply.

Fixed costs by size of banking institution: larger banks can spread costs more efficiently



Source: EBA, PwC, European Commission

Nonetheless, the EU continues to have more banks and branches per capita than other large economies, while branch productivity remains lower. For example, the number of debit cards per bank branch in the euro area is below that of the US, UK, Australia, and Japan. Further consolidation could improve efficiency and align the euro area banking sector more closely with global peers.

Larger institutions also typically benefit from more diversified funding sources, broader market access and lower funding costs. This strengthens their financial resilience and reduces their exposure to shocks that affect any single funding source.

afme / Revenue synergies through broader customer access and product choice

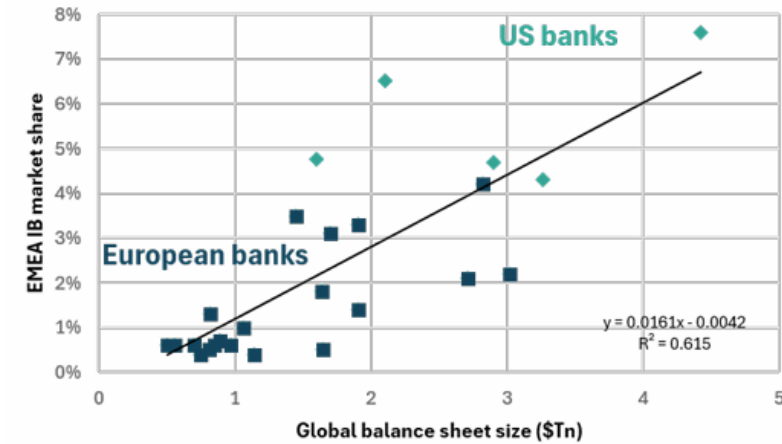
Larger scale allows banks to offer their customers a wider range of products, services and distribution channels, enhancing consumer choice and expanding access to specialised financial services.

Revenue synergies arise when the merged bank is able to generate higher revenues than the two institutions could achieve separately.

Scale is particularly important in investment banking. There is a strong relationship between global balance sheet size and EMEA investment banking market share, as larger balance sheets enable banks to warehouse risk, commit capital to clients and support cross-border transactions across a broad client base.

Larger banks benefit from more diversified income streams, including capital markets, wealth management and other fee-based activities, which help stabilise earnings and reduce dependence on traditional lending income.

EMEA investment banking market share and balance sheet size by bank (2025)



Source: Dealogic and P3 disclosures

Barriers to banking consolidation and policy proposals

The report also identifies barriers that prevent a more integrated and consolidated banking market and offers policy recommendations to remove these obstacles. **We highlight, however, that completing the Banking Union remains essential, while policymakers must simultaneously address the broader challenges of the banking ecosystem as this is ultimately the factor that drives market appetite for consolidation.**

BARRIER IDENTIFIED	CORRESPONDING POLICY PROPOSAL
National political interference and slow, weak European Commission enforcement.	Apply the European Commission’s enforcement powers proactively and on a timely basis. Establish a harmonised EU-level merger control process to ensure consistent assessments and limit national interference.
National FDI regimes overlap with EU merger control and ECB supervision.	Strengthen EU-level oversight of national FDI decisions. Better align merger control, prudential assessments and FDI screening
Competition assessments focus on national market concentration and fail to consider broader Single Market benefits.	Promote greater cooperation among national antitrust authorities and ensure that competition assessments reflect wider Single Market benefits
Unharmonised and onerous supervisory processes.	Develop a coordinated prudential assessment framework based on a single lead authority to reduce duplication and execution complexity.
Unclear and open-ended procedures can de facto block M&A.	Establish harmonised approval procedures, including fixed timelines, sunset clauses and mechanisms such as <i>lex silencio positivo</i> .
Uncertainty about capital management during and after acquisition, particularly MREL eligibility, IRB model integration and O-SII buffers.	Provide greater certainty on MREL eligibility and requirements, IRB model integration and O-SII buffer expectations.
Persistence of regulatory ring-fencing.	Reduce regulatory ring-fencing by enabling cross-border capital and liquidity waivers.
Uncertain transferability of DGS contributions in M&A.	Facilitate post-merger the transferability of ex-ante DGS contributions.

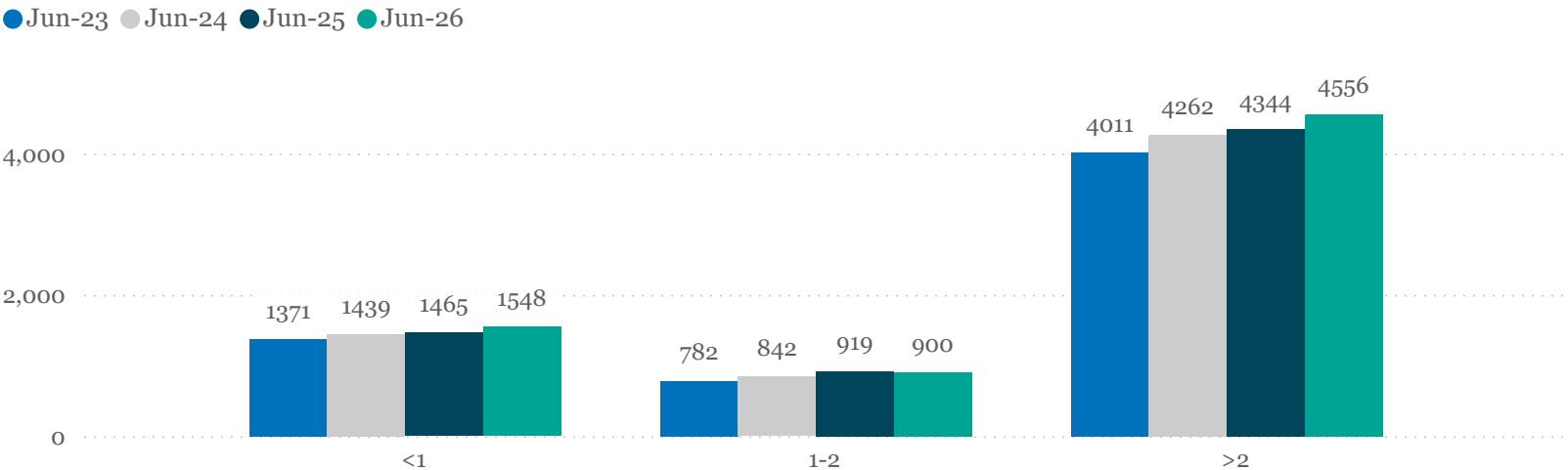
For further information see: ["Lifting barriers to bank consolidation in Europe"](#)



Funding Structure

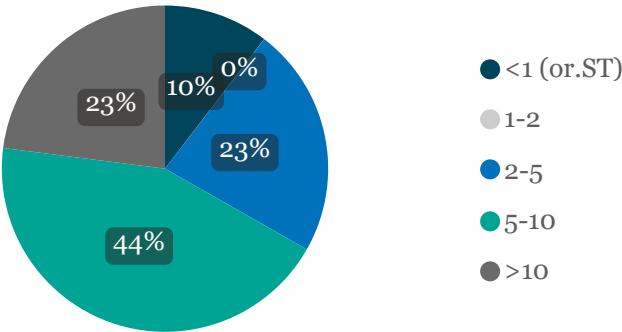
afme/ EU banks: debt maturity wall

Maturity profile of EA banks' outstanding debt securities (€bn, maturity in years)

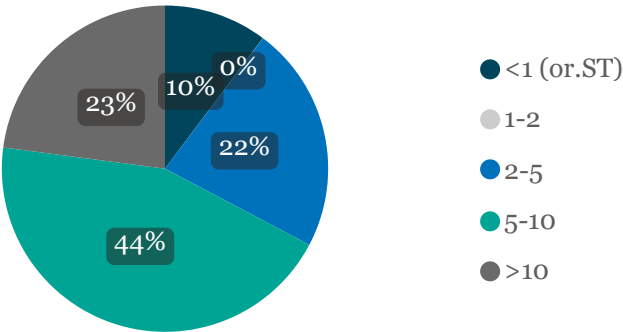


Original debt maturity

Jun-25:



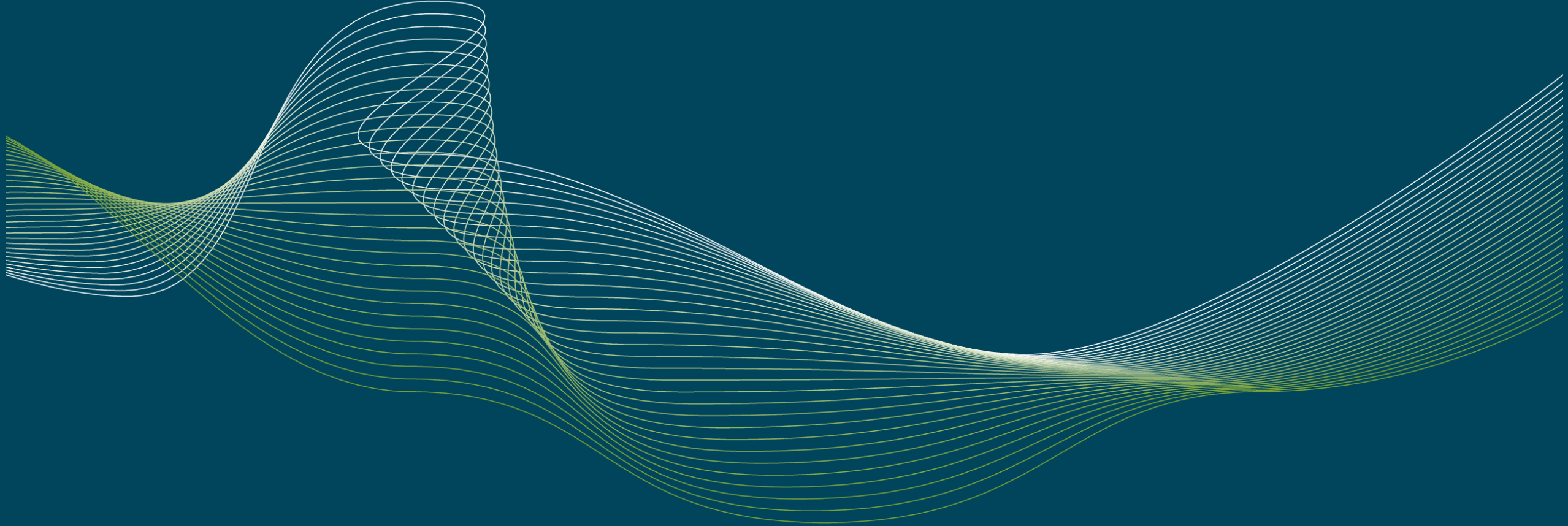
Jun-26:



Stable magnitude of long and medium-term debt securities of European banks

Since June 2023, European banks have steadily expanded their debt liabilities, growing at a CAGR of 4.37%, from €6,164bn to €7,004bn as of June 2026.

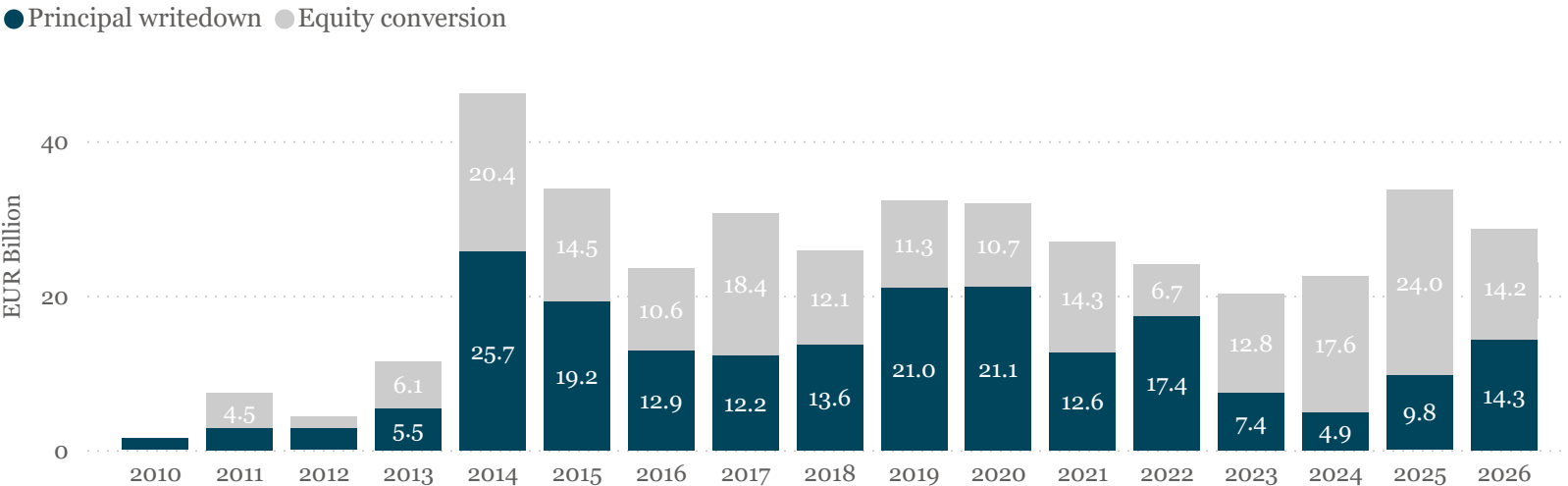
Compared to the previous year, the composition of securities has remained broadly stable, with the majority of instruments having maturities from 5 to 10 years.



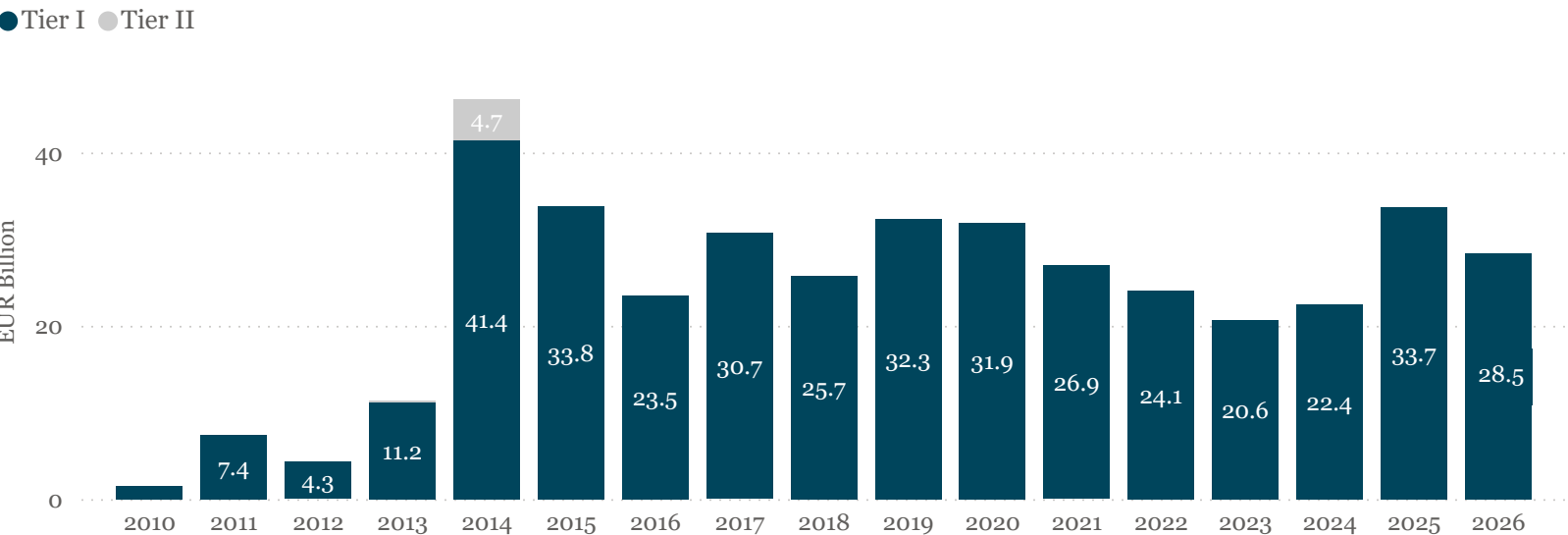
Contingent Convertibles (CoCo)

afme/ European CoCo issuance

Tier 1 CoCo issuance by loss absorbing mechanism



CoCo issuance by capital tiering



Coco Issuance split evenly across loss-absorption mechanisms

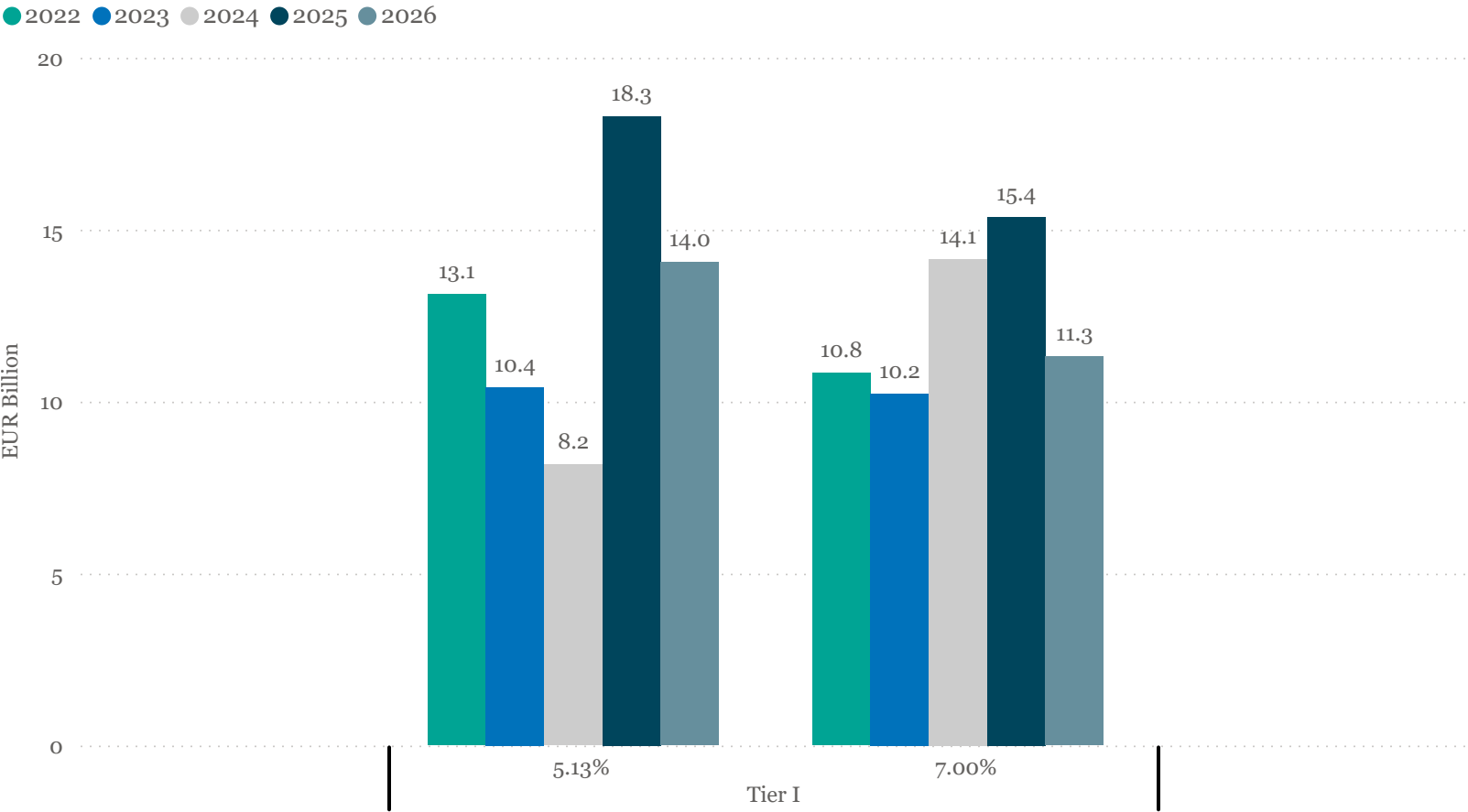
During Q2 2026, European GSIBs issued a total of €12.9bn in Contingent Convertible instruments. This represents an 88.3% increase YoY (compared to €6.85bn issued in Q2 2025). Total issuance YtD reached €28.5bn in H1 2026, almost double the €14.3bn issued in H1 2025.

In 2026 H1, CoCo instruments carrying an equity conversion loss absorbing mechanism represented 50% (€14.2bn) of issuance, while the remaining €14.3bn contains a principal writedown loss absorption mechanism.

All of the CoCo instruments issued in 2026 YtD were classified as Tier 1 capital.

The average deal value in Q2 was €445m.

CoCo Issuance by Trigger

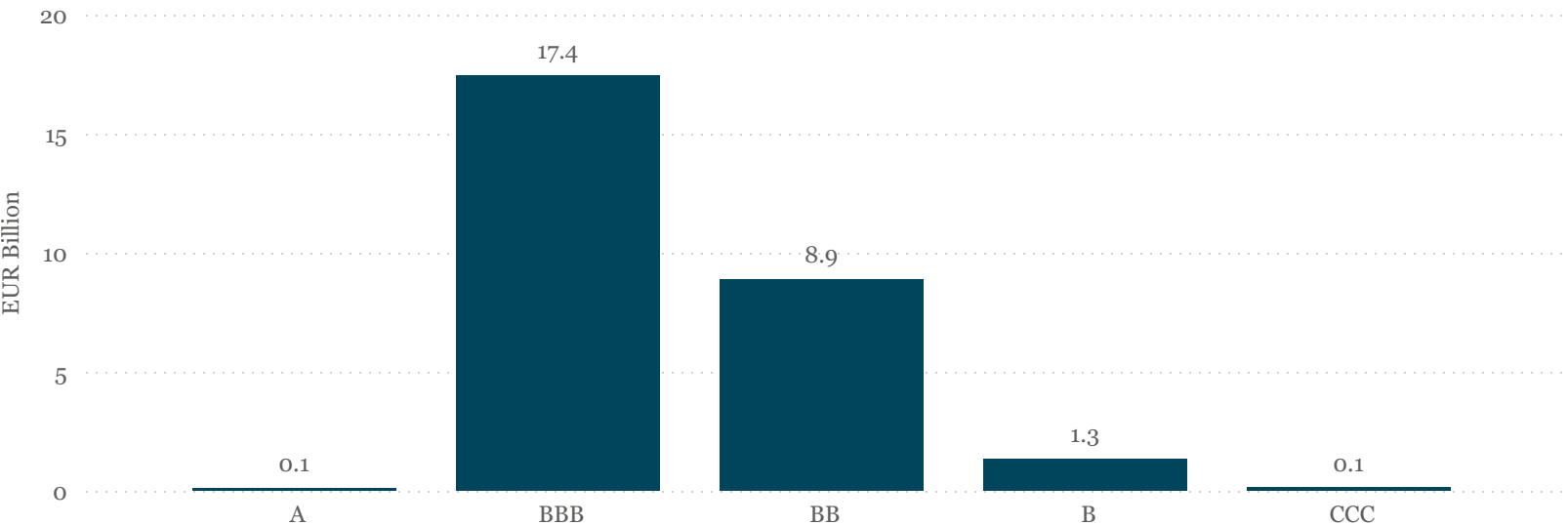


CoCo capital triggers

55.3% of the Tier 1 CoCo instruments issued by European GSIBs during H1 2026 were originated on the basis of a 5.125% capital trigger. The remaining 44.7% carried a capital trigger of 7%.

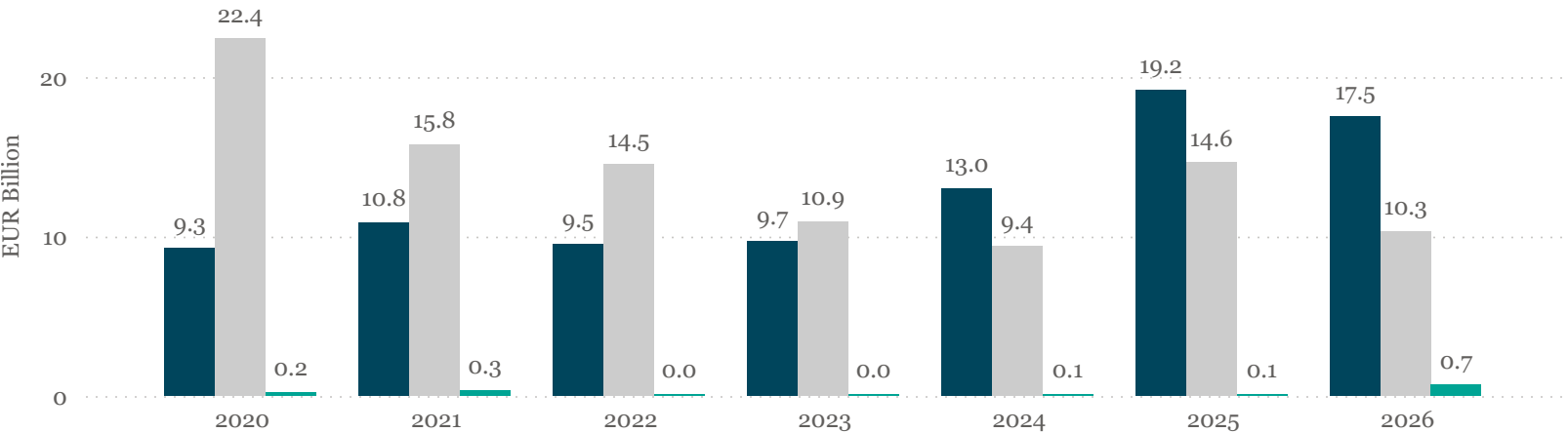
The distribution of capital triggers remains relatively balanced during H1 2026, with a moderate skew towards the 5.125% threshold. This contrasts with 2024, where issuance was more heavily concentrated in instruments featuring a 7% trigger, and indicates a partial shift back towards lower trigger levels observed in earlier years.

CoCo issuance by credit rating: 2026 YTD



CoCo issuance by credit risk

Investment Grade High Yield NA/Not rated



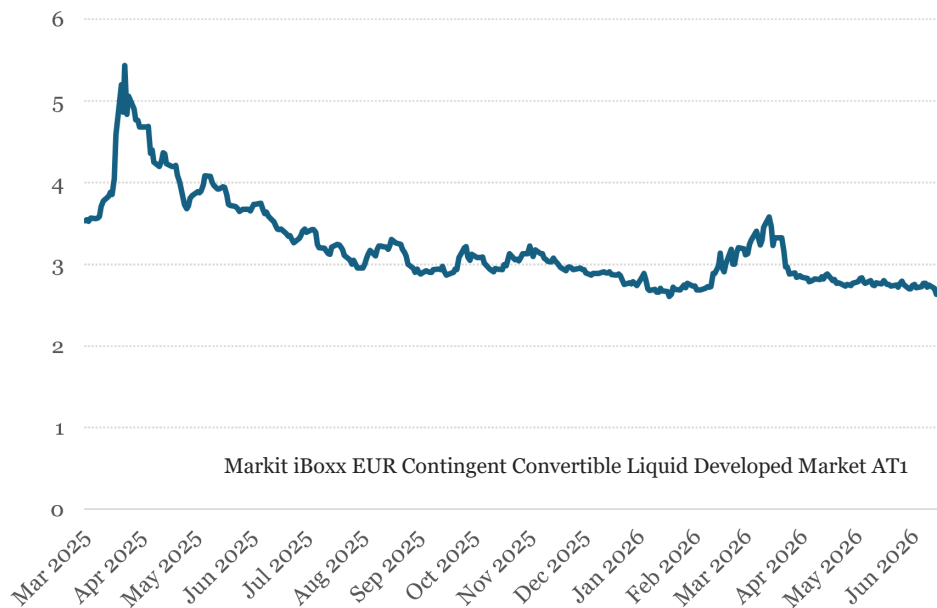
Shift towards higher credit quality continues in CoCo issuance

In H1 2026, Investment-grade CoCo instruments represented the majority of total issuance (61.4%), while the remaining share consisted of high yield instruments (36.1%) and not rated securities (2.5%). This continues the shift initiated in 2024, which was the first year dominated by investment-grade CoCo issuance.

CoCo securities with a BBB rating accounted for 62.6% of the total 2026 issued amount to date. Those rated BB represented 32%, while the remaining 5.4% consisted of A, B, and CCC.

afme / CoCo risk premia

AT1 CoCo option-adjusted spread (OAS) (%)



Tier 2 CoCo option-adjusted spread (OAS) (%)



AT1 and Tier 2 risk premia remain near multi-year lows in H1 2026

The Option-Adjusted Spread (OAS) of European Additional Tier 1 and Tier 2 CoCo instruments experienced two significant increases in the last five years. The initial surge occurred in Q1 2020 following the onset of the COVID-19 pandemic. The subsequent major shock took place in March 2023, albeit of marginally lower magnitude, following the write-down of a major Swiss bank’s AT1 securities.

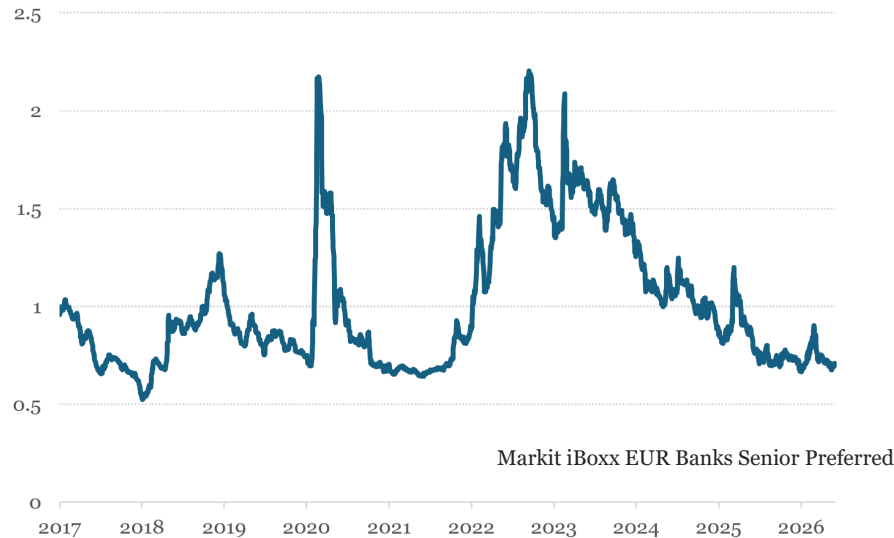
Option-Adjusted Spreads for AT1 and T2 temporarily increased by 100bps in early April 2025 following the US tariff announcement, before entering a sustained downward trend through the remainder of 2025.

This tightening trend largely continued into 2026. AT1 spreads widened briefly during February and March, before retracing during Q2. Tier 2 spreads also experienced temporary volatility but remained on a broadly downward trajectory.

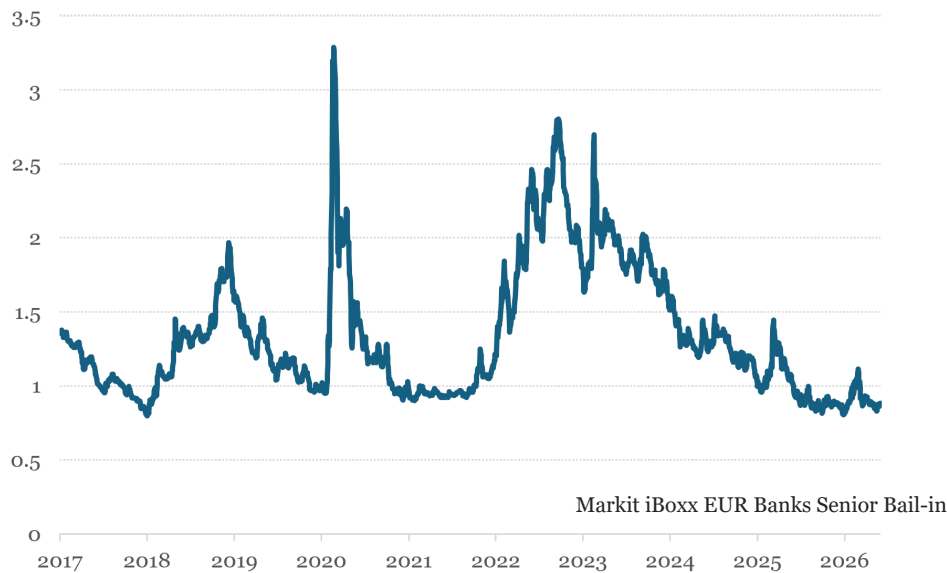
AT1 and T2 OAS stood at c. 2.6% and 1.2%, respectively, at the end of H1 2026.

afme/ Other capital instruments

Senior Preferred (SP) option-adjusted spread (OAS) (%)



Senior Non-Preferred (SNP) Bail-in option-adjusted spread (OAS) (%)



Senior Preferred and Bail-in Spreads remain near multi-year lows during H1 2026

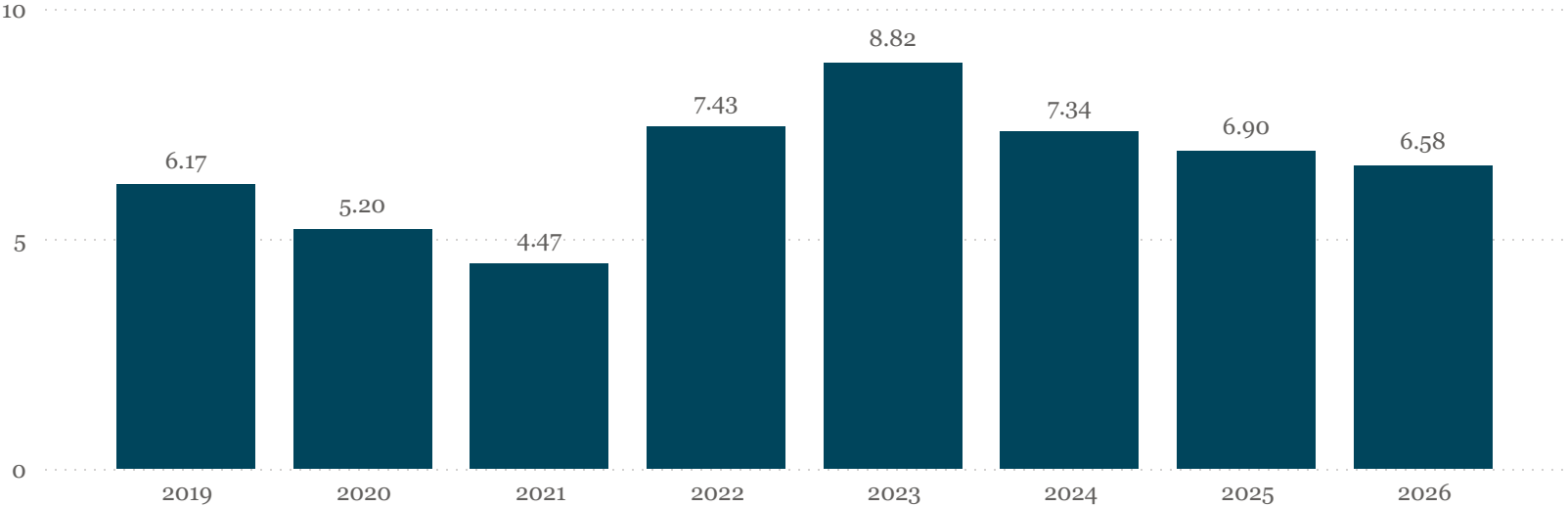
The Option-Adjusted Spread (OAS) of Senior Preferred (SP) and Senior Non Preferred (SNP) Bail-in instruments has undergone several periods of volatility over the last ten years. The most notable increases occurred in early 2020 at the onset of the COVID-19 pandemic.

Spreads saw a brief upward pressure in early April 2025, consistent with reactions across the broader CoCo market, before resuming their downward trajectory in the second half of the year.

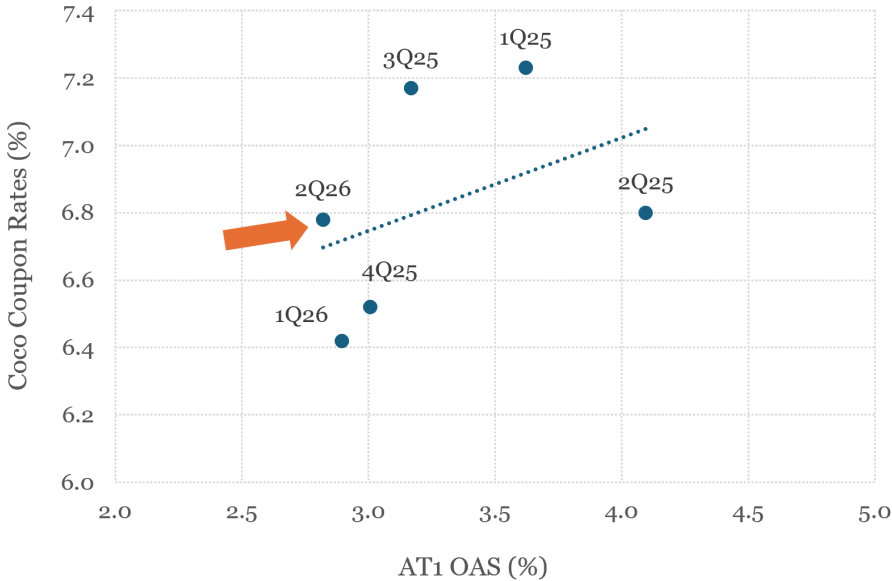
By the end of 2025, risk premia in both segments had compressed to multi-year lows. This trend largely persisted through H1 2026, with spreads remaining well below long-term averages with some modest short-term fluctuations.

afme/ CoCo coupon rates

Weighted average coupons of fixed-rate CoCos (%)



Weighted average coupons of fixed-rate CoCos (%)



Coupon rates continue to decline from 2023 highs

The weighted average coupon of fixed-rate CoCo instruments issued in 2026 Q1 stood at 6.58%, continuing the decline from the 2023 peak of 8.82%.

While coupon rates increased from 6.42% in Q1 2026 to 6.78% in Q2 2026, the broader trend since 2023 has been downward. Lower inflation expectations, declining benchmark yields and tighter AT1 risk premia (OAS) have contributed to more favourable funding conditions compared with those observed in 2023.

afme / Recently issued CoCo

Pricing Date	Issuer	Tier Capital	Deal Total Value (Euro)	Trigger	Conversion Mechanism	Issue Rate	Effective Rating (Launch)	Maturity	Coupon
14-Apr-26	Rabobank	Tier I	750,000,000	7.00%	equity conversion	Fixed rate conv. to floating rate note	BBB	Perpetual	5.5
14-Apr-26	BNP Paribas	Tier I	1,280,847,067		equity conversion	Fixed rate	BBB-	Perpetual	7.2
22-Apr-26	Kvika banki hf	Tier I	27,860,456	5.125%	equity conversion	Floating rate note	BBB	Perpetual	
23-Apr-26	Northmill Group AB	Tier I	25,523,463	7.00%	writedown	Floating rate note		Perpetual	
28-Apr-26	Shawbrook Group plc	Tier I	288,616,948	7.00%	writedown	Fixed rate		Perpetual	8.375
30-Apr-26	BBVA	Tier I	855,066,268	5.125%	writedown	Fixed rate	BB+	Perpetual	7.125
05-May-26	Helaba	Tier I	250,000,000	5.125%	writedown	Fixed rate conv. to floating rate note	BBB-	Perpetual	6.125
06-May-26	Unicaja Banco SA	Tier I	500,000,000		writedown	Fixed rate adjustable	BB	Perpetual	5.95
07-May-26	Deutsche Bank	Tier I	1,250,000,000	5.125%	writedown	Fixed rate adjustable	BB+	Perpetual	6.75
08-May-26	Societe Generale	Tier I	750,000,000	5.125%	writedown	Fixed rate conv. to floating rate note	BB+	Perpetual	6
11-May-26	HSBC Holdings plc	Tier I	1,273,128,501	7.00%	equity conversion	Fixed rate	BBB	Perpetual	6.75
12-May-26	Hoist Finance AB	Tier I	27,600,293	5.125%	equity conversion	Floating rate note		Perpetual	
12-May-26	Sparebanken Norge	Tier I	46,183,617	5.125%	writedown	Floating rate note	A+	Perpetual	
13-May-26	First Investment Bank	Tier I	60,000,000	5.125%	writedown	Fixed rate conv. to floating rate note	B	Perpetual	11
19-May-26	Norion Bank AB	Tier I	27,367,019	5.125%	equity conversion	Floating rate note		Perpetual	
19-May-26	BPER Banca SpA	Tier I	500,000,000	5.125%	writedown	Fixed rate adjustable	BB	Perpetual	6.2
20-May-26	Barclays plc	Tier I	612,632,482		writedown	Fixed rate	BBB-	Perpetual	8
20-May-26	Yapi ve Kredi Bankasi AS	Tier I	430,255,572	5.125%	writedown	Fixed rate conv. to floating rate note	B-	Perpetual	7.55
26-May-26	SEB	Tier I	515,375,365		writedown	Fixed rate conv. to floating rate note	BBB+	Perpetual	6.75
27-May-26	Santander	Tier I	1,289,490,651	5.125%		Fixed rate	BBB-	Perpetual	7.25
27-May-26	ProCredit Holding AG	Tier I	150,000,000	5.125%	equity conversion	Fixed rate	B-	Perpetual	8
28-May-26	Standard Chartered plc	Tier I	859,364,929	7.00%	equity conversion	Fixed rate	BBB-	Perpetual	7
01-Jun-26	Bankaktiebolaget Nordiska	Tier I	18,562,432	5.125%	equity conversion	Floating rate note		Perpetual	
05-Jun-26	Morrow Bank AB	Tier I	27,693,288	5.125%	writedown	Floating rate note		Perpetual	
10-Jun-26	MONETA Money Bank as	Tier I	150,000,000	5.125%	equity conversion	Fixed rate	BB+	Perpetual	6.875
17-Jun-26	NOBA Bank Group AB (publ)	Tier I	68,883,174	5.125%	writedown	Floating rate note		Perpetual	
22-Jun-26	Erste Group Bank AG	Tier I	750,000,000	5.125%	writedown	Fixed rate conv. to floating rate note	BBB-	Perpetual	5.875
24-Jun-26	Sparebanken Sogn og Fjordane	Tier I	26,960,718	5.125%	equity conversion	Floating rate note		Perpetual	
24-Jun-26	Dunya Katilim Sukuk Ltd	Tier I	87,715,451		equity conversion	Fixed rate conv. to floating rate note		Perpetual	10.125

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