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ESG Strategist – EuGBs outperform regular green bonds

- **Bonds issued under the EU Green Bond Standard (EuGBs) outperform regular green bonds both in primary and secondary markets, with higher investor demand and stronger pricing performance**
- **On average, EuGBs attract larger orderbooks at issuance and price at lower new issue premia than regular green bonds and other investment-grade bonds issued during the same timeframe...**
- **...however, this trend is most prominently visible within corporate bond issuers**
- **After issuance, EuGBs experience more significant spread tightening than regular green bonds, especially in SSA and corporate bonds, with EuGBs from banks actually underperforming in secondary market**
- **EuGBs exhibit lower volatility in secondary markets compared to regular green bonds, as measured by the standard deviation of z-spreads**
- **Our findings are constrained by the small sample size of EuGBs issued year-to-date, limited comparability across ratings and sub-sectors, and the inability to conduct more robust statistical analyses**

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This note was written in collaboration with Flora Mile, from the Sustainable Capital Markets team of ABN AMRO.

We previously showed that there is a consistent greenium for euro investment grade non-financial corporate bonds. We reached this conclusion by analysing a sample of daily bond spreads over the last three years on a sample of 3,500 securities (see here). But the existence of a greenium should perhaps come as no surprise to market participants, as previous research has widely shown the presence of a pricing advantage for green bonds (see for example here and here). On the other hand, a topic that has been widely neglected so far is when it comes to the pricing additionality of EU green bonds (EuGBs). These are bonds that have been issued under the EU Green Bond Standard (EU GBS) Regulation, which came into force earlier this year. As such, in this note, we aim to investigate whether there is an additional greenium – beyond the 'regular' greenium that green bonds experience – for EuGBs. We aim to investigate such additionality in both primary and secondary market.

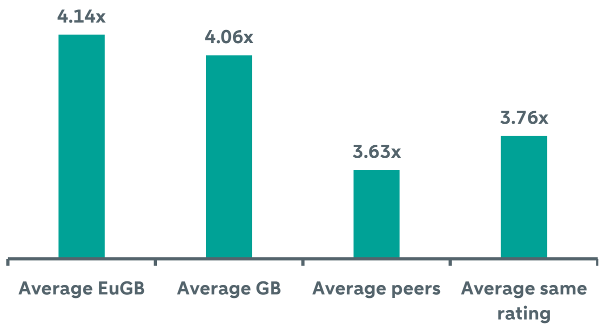
Since the regulation's entry of force, a total of 27 bonds have been issued in EuGB format (bonds that align with the EU GBS). From the 27 bonds, all but one were issued in Euro currency (the exception being the bond issued by the Danish government). Furthermore, all but one were in benchmark size (above EUR 300m) and all but one was issued by an issuer that holds a high-yield rating from one credit rating agency. This leaves us with a sample of 24 bonds in euro benchmark size that came from investment grade issuers. In the appendix you can find the complete list of EuGBs issuances YTD.

Primary market analysis: EuGBs attract larger orderbooks and exhibit lower NIPs

Our analysis in the primary market focuses on two dimensions: investor demand, captured by the bid-to-cover ratio (b/c), and pricing outcomes, reflected in the new issue premium (NIP). For this analysis we compare EuGB issuance with euro denominated investment grade bonds from the same sector and same debt/payment ranking issued one week after and one week before. We then further apply filters to analyze the bonds from this sample that also have the same rating and that are in green bond format. Following this approach, we were not able to find a sizeable sample of comparables for all EuGBs. As such, from our initial sample of 27 EuGBs issued YTD, 22 were included in this analysis. Within the EuGB sample we analyze the different cover ratios and NIPs. Cover ratios are sourced from Bloomberg, while NIP values are calculated by measuring the difference between the issue spread and the fair value as determined by ABN AMRO. The results are included on the next page.

EuGBs show higher cover ratios...

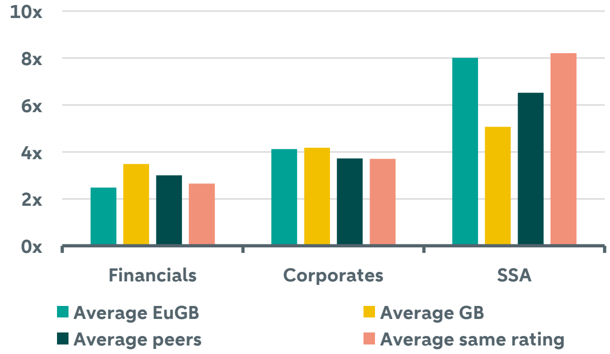
Average bid-to-cover (b/c) ratio



Source: Bloomberg, ABN AMRO Group Economics. Note: GB = Green bond (excluding EuGB).

...but not across all issue types

Average bid-to-cover (b/c) ratio



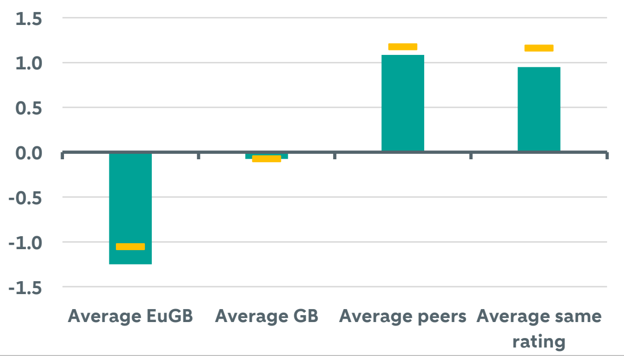
Source: Bloomberg, ABN AMRO Group Economics. Note: GB = Green bond (excluding EuGB).

The charts above illustrate that EuGBs generally attract higher investor demand at issuance, as reflected in higher bid-to-cover ratios. On average, EuGBs record a cover ratio of approximately 4.14x, compared with a slightly lower 4.06x for green bonds. The average for the broader investment-grade sample is 3.63x, while it is 3.76x when controlling for issuer rating. While this finding may suggest that the additional transparency and reporting requirements associated with EuGB issuances are positively valued by investors, the uplift in cover ratio relative to green bonds remains marginal.

When further analyzing this trend across different issuer classifications, we see that EuGBs issued by financials actually exhibit slightly lower cover ratios than both green bonds and when making comparisons within the sample group. This indicates that there is minimal additional increase in order books from the EuGB label in this segment. Potentially our results could be impacted by the fact that our sample for financial institutions is restricted to only four EuGB issuers, while also two of them (Banco PBM and ASN) having issued in the same week. The latter also limits the amount of comparables available for this analysis. Furthermore, one of the four banks is also a recurring issuer: ABN AMRO has issued three EuGBs so far in 2025. In contrast, for SSAs, our analysis shows notably higher cover ratios for EuGBs, which largely drive the aggregate results. Although also here, our SSA sample is limited to the issuances of the European Investment Bank (EIB) and the Autonomous Community of Madrid. For corporate issuers, EuGBs display cover ratios in line with green bonds. EuGBs and green bonds in this segment generally attract higher demand within our sample, underpinning robust investor appetite for labeled issuances, with EuGBs reinforcing existing demand.

EuGBs experience lower NIPs

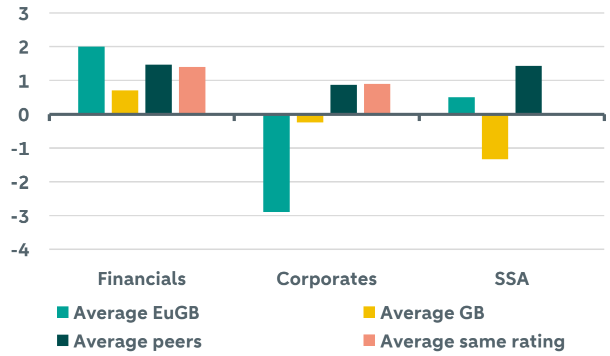
Average New Issue Premium (bps)



Source: Bloomberg, ABN AMRO Group Economics. Note: GB = Green bond (excluding EuGB). Yellow line indicates the trimmed average by excluding the top and bottom 10% of our sample in order to adjust for outliers.

Largest benefit is for corporates

Average New Issue Premium (bps)



Source: Bloomberg, ABN AMRO Group Economics. Note: GB = Green bond (excluding EuGB).

When analyzing new issue premiums to assess pricing outcomes, our analysis suggests that EuGBs exhibit a lower average NIP than green bonds, with positive concessions identified for the comparator group and when controlling for issuer rating. As expected, green bonds price, on average, with a negative new issuance concession. However, what is new, we find that EuGBs' advantage is significantly superior than for regular green bonds (of -1.3bps vs -0.1bps for regular green bonds). This trend varies significantly across issuer sectors, with the highest benefits identified for corporate issuers. For bank bonds specifically, similar to cover ratios, we see the benefit of EuGBs to be less clear. In fact, EuGBs exhibiting an average NIP of +2 bps, which is significantly above the concession for green bonds (+0.7bps) and around 0.5bps higher than the comparable group and when controlling for issuer rating (+1.5bps and +1.4bps, respectively). Similarly to bank bonds, the additionality of EuGBs is less visible in the SSA sector. In this case, EuGBs exhibited an average NIP of +0.5 bps, which is noticeably higher than the NIP observed for green SSA bonds (-1.3bps), although still lower than the NIP recorded for the comparable group (+1.4 bps). On the other hand, there is a noticeable pricing advantage for EuGBs within the corporate sector. For corporate issuers, EuGBs priced on average with a negative NIP of -2.9bps, which is significantly lower than the average NIP of -0.2 bps for green bonds and +0.9bps for the comparable group. This conclusions still holds when we exclude for the top and bottom 10% outliers.

Hence, consistent with our analysis for bid-to-cover ratios, we are able to see that, for corporate bond issuers, EuGBs display an additional pricing advantage when compared to regular green bonds. However, this trend is not visible for SSAs and financial issuers. On the other hand, within both sectors, we still observe that regular green bonds receive larger order books and price with lower NIPs in comparison to non-green bonds issued within the same timeframe.

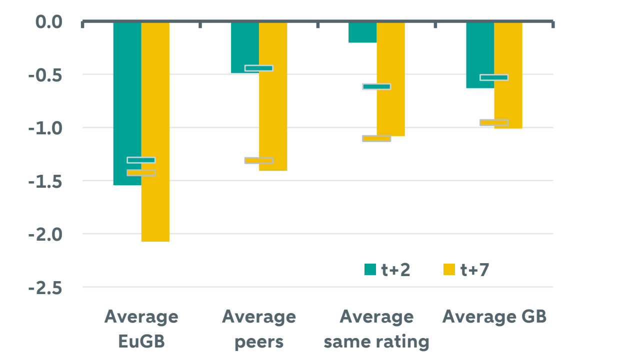
Secondary market analysis: EuGBs deliver larger spread tightening

The limited sample and time horizon makes a regression analysis difficult to conduct in this case, although this is the most accurate way of analyzing secondary market greeniums given the ability to control for other factors that can influence bond spreads. As such, our approach deviates from that. Once again here, from our initial sample of 27 EuGBs issued YTD, we are left with a final sample of 21 bonds, after also excluding bonds that have experienced abnormal tightening or widening on secondary markets.

Within this sample of 21 EuGBs, we compare how the EuGB issuance performed two days and seven days after issuance (t+2 and t+7, respectively). The results are presented below.

EuGBs experience larger spread tightening...

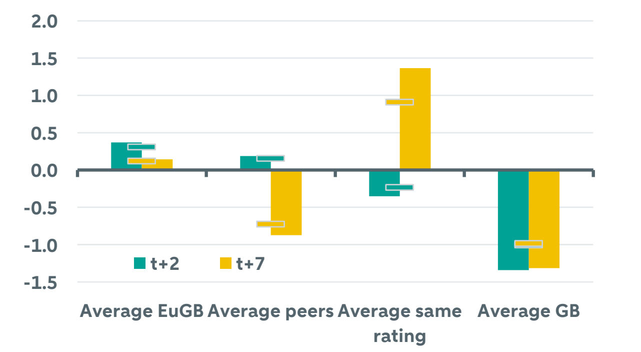
Spread change after issuance (bps)



Source: Bloomberg, ABN AMRO Group Economics. Note: lines indicate the trimmed average by excluding the top and bottom 10% of our sample in order to adjust for outliers. GB = Green bond (excluding EuGB).

...but not in the financials space

Spread change after issuance (bps)



Source: Bloomberg, ABN AMRO Group Economics. Note: bars indicate the trimmed average by excluding the top and bottom 10% of our sample in order to adjust for outliers. GB = Green bond (excluding EuGB).

The chart above on the left shows that indeed, as expected, green bonds outperform in the secondary market. Their spread tightening is, on average, 0.6 bps two days after issuance, compared to 0.5 bps for all bonds in our sample. However, what's new is that EuGBs experience a much larger spread tightening than regular green bonds. This tends to be 1.6 bps on average two days after issuance and 2.1 bps seven days after issuance. The outperformance of EuGB vis-à-vis other bonds and other green bonds are present when looking at SSA and corporate issuers. However, such trend is less visible when looking at financials (bank bonds). In this case, the EuGB has actually, on average, a slight underperformance in secondary markets, while green bonds have experienced spread tightening (see right chart above). This is in line with findings for the primary market.

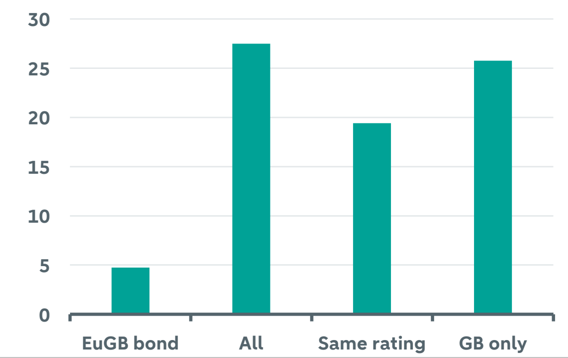
As highlighted previously, a caveat to this analysis is that in the financials space, our sample is restricted to a limited number of issuers. Specifically, only three EuGB issuers: ABN AMRO (which has 3 EuGBs outstanding), ASN and DKB. Furthermore, the lack of a tight NIP in primary markets, as well as the underperformance in secondary, could be driven by the tight spreads delivered by bank bonds this year, and particularly to the issuers in question. With baseline spreads already at very low levels, there is less room for additional tightening due to the green / EuGB label. Another potential reason for the lack of additional pricing advantage for banks' EuGBs is the fact that ABN AMRO is the only bank with recurring EuGB issuance. With ABN AMRO having been on the market several times this year with an EuGB, our findings for EuGB's secondary market tightening might be largely skewed towards idiosyncratic factors.

Secondary market analysis: EuGBs exhibit lower volatility than regular green bonds

Additionally, consistent with a prior study we conducted (here), we aim to examine whether EuGBs exhibit different (that is, lower) volatility characteristics compared to regular green bonds in secondary markets. In this case, volatility is proxied by the standard deviation of z-spreads. And indeed, consistent with the previous study, we do see that green bonds experienced lower volatility in comparison to the wider sample (see charts below). Specifically for EuGBs, our analysis indicates that they exhibit lower volatility compared to standard green bonds, as demonstrated across all sectors (see right chart below). However, for SSA issuers, EuGBs do not show lower volatility when measured against similarly rated bonds issued within one week before or after. Once again, a caveat here is that there are only two SSA bonds in our sample (EIB and Autonomous Community of Madrid Spain). As such, there could be case-specific issues that are driving their relatively higher volatility.

EuGBs experience significantly lower volatility...

Average standard deviation*



Source: Bloomberg, ABN AMRO Group Economics. Note: GB = Green bond (excluding EuGB). *From issuance day until 19th Nov 2025.

...visible across all sectors when compared to GBs

Average standard deviation*

Source: Bloomberg, ABN AMRO Group Economics. Note: GB = Green bond (excluding EuGB). *From issuance day until 19th Nov 2025. Each number on the x-axis represents a different EuGB.

Conclusion and limitations

Our analysis indicates that EuGBs have an additional pricing advantage compared to regular green bonds, both in primary and secondary markets. In primary markets, EuGBs have received larger orderbooks (proxied via bid-to-cover ratios) and lower NIPs compared with relevant peer group. Both these results, and especially when analyzing NIPs, seem to indicate that EuGBs transactions tend to receive the strongest investor support. That is particularly true for corporate bond issuers. Overall, when comparing bonds that were issued within a similar timeframe, corporate issuers achieve tighter pricing compared to both regular green bonds and the broader investment-grade market. In the secondary market, EuGBs achieve more price tightening after issuance and exhibit lower volatility compared to regular green bonds.

The results suggest that the additional value provided to investors through enhanced transparency, reporting, and alignment with EU Taxonomy may result in some potential advantages in the primary market, though these benefits may vary across different issuer types.

However, it is important to note that our analysis also contains several limitations. As we discussed at the start of this piece, the small sample size of EuGBs issued YTD prevents us from making a more in-depth and accurate analysis, such as via regression models. Our approach aims to control for market conditions by focusing on issuances within a limited timeframe (within one week before and one week after the EuGB issuance date). However, that also implies that we are comparing EuGBs with bonds from different ratings and sub-sectors. Regarding the latter, while we control for whether the issuer is a corporate, a financial (bank) or a SSA, we do not delve into specific sub-sectors analysis. For example, we do not only look at issuances by utility corporate issuers, but rather at all bonds issued by entities from the corporate (non-financial) sector. An analysis at sub-sector level would imply that the sample becomes too small for any meaningful conclusions. Nevertheless, these differences in sub-sectors could be influencing our final results. Furthermore, when selecting green bonds to compare against EuGBs, we do not control for rating. Factoring in ratings (on top of the green label) would once again further reduce the sample size to a level that is impractical for meaningful analysis. As such, we suggest that this analysis should be repeated once more data becomes available and the EuGB market becomes larger.

Appendix: Complete list of EuGB issuances YTD

Issuer	Country	Sector	Issue size (EURm)	Payment ranking	Announce date	Issue currency	S&P / Moody's rating
A2A SPA	Italy	Corporates (Utilities)	500	Sr Unsecured	23-1-2025	EUR	BBB / Baa2
ILE DE FRANCE MOBILITES	France	SSA	1,000	Unsecured	28-1-2025	EUR	NR / NR
ABN AMRO BANK NV	Netherlands	Financials	750	Sr Preferred	18-2-2025	EUR	A / Aa3
EUROPEAN INVESTMENT BANK	Luxembourg	SSA	3,000	Sr Unsecured	1-4-2025	EUR	AAA / Aaa
IBERDROLA FINANZAS SAU	Spain	Corporates (Utilities)	750	Sr Unsecured	7-5-2025	EUR	BBB+ / Baa1
RIGAS UDENS SIA	Latvia	Corporates (Utilities)	20	Sr Unsecured	23-5-2025	EUR	NR / NR
ABN AMRO BANK NV	Netherlands	Financials	1,000	Sr Preferred	28-5-2025	EUR	A / Aa3
COMMUNITY OF MADRID SPAI	Spain	SSA	500	Sr Unsecured	2-6-2025	EUR	A / A3
NORSK HYDRO ASA	Norway	Corporates (Materials)	500	Sr Unsecured	10-6-2025	EUR	BBB / NR
COVIVIO	France	Corporates (Real estate)	500	Sr Unsecured	10-6-2025	EUR	BBB+ / NR
SNAM SPA	Italy	Corporates (Utilities)	1,000	Sr Unsecured	24-6-2025	EUR	A- / Baa2
TERNA RETE ELETTRICA	Italy	Corporates (Utilities)	750	Sr Unsecured	15-7-2025	EUR	A- / Baa2
EDP SERVICIOS FIN ESP SA	Portugal	Corporates (Utilities)	500	Sr Unsecured	27-8-2025	EUR	BBB / Baa2
TEOLLISUUDEN VOIMA OYJ	Finland	Corporates (Utilities)	500	Sr Unsecured	8-9-2025	EUR	NR / Baa3
ABN AMRO BANK NV	Netherlands	Financials	750	Sr Preferred	15-9-2025	EUR	A / Aa3
DENMARK GOVT BOND	Denmark	SSA	938	Sr Unsecured	23-9-2025	DKK	NR / NR
ELENIA VERKKO OYJ	Finland	Corporates (Utilities)	500	Secured	29-9-2025	EUR	BBB / NR
ELIA TRANSMISSION BE	Belgium	Corporates (Utilities)	500	Sr Unsecured	1-10-2025	EUR	BBB+ / NR
EUROGRID GMBH	Germany	Corporates (Utilities)	500	Sr Unsecured	6-10-2025	EUR	BBB / NR
EUROGRID GMBH	Germany	Corporates (Utilities)	600	Sr Unsecured	7-10-2025	EUR	BBB / NR
BANCO BPM SPA	Italy	Financials	500	Sr Non Preferred	16-10-2025	EUR	BB+ / Baa3
ASN BANK NV	Netherlands	Financials	500	Sr Non Preferred	20-10-2025	EUR	NR / Baa1
IBERDROLA FINANZAS SAU	Spain	Corporates (Utilities)	1,000	Subordinated	29-10-2025	EUR	BBB- / Baa3
DEUTSCHE KREDITBANK AG	Germany	Financials	500	Sr Preferred	3-11-2025	EUR	NR / Aa3
LATVENERGO AS	Latvia	Corporates (Utilities)	400	Sr Unsecured	3-11-2025	EUR	NR / Baa2
A2A SPA	Italy	Corporates (Utilities)	500	Sr Unsecured	17-11-2025	EUR	BBB / Baa2
EDP SA	Portugal	Corporates (Utilities)	1,000	Subordinated	24-11-2025	EUR	BB+ / Baa3

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