

Erste Group successfully placed EUR1.75bn benchmark Eurobond for the Slovak Republic at record low yield

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10-year new issue priced at MS+ 122 bps and 3.13% yield is cheapest long-term bond in Slovakia's history

Well managed market timing and robust demand from high quality investors ensured orderbook in excess of EUR 2.2bn placed across 190 investors

Approximately 75% of the total demand came from international investors from 25 countries in Europe and Asia

Erste Group Bank AG ("Erste Group") through its subsidiary Slovenská sporiteľňa successfully managed a EUR 1.75bn 10-year new issue for the Slovak government as Joint Lead Manager. The Slovak Republic ("Slovakia"), rated A2 negative / A stable/ A+ stable (Moody's/S&P/Fitch), acted through the Ministry of Finance and was represented by the Debt and Liquidity Management Agency (ARDAL).

Execution highlights

On February 19th the issuer together with the Joint Lead Managers decided to announce the mandate for a new EUR denominated 10-year benchmark transaction. Following highly positive investor feedback the group proceeded with an Initial Pricing Thought (IPT) of MS+ mid-high 120s on the same day.

On the back of a solid market opening on February 20th, the orderbook closed at 11:45 CET with total orders in excess of EUR 2.2bn and more than 190 investors participating. The strong and well diversified demand allowed Slovakia to finally set the issue size at EUR 1.75bn and price the new issue at the very tight end of the official price guidance at MS+ 122 bps.

The transaction benefitted from a highly granular orderbook with more than 75% of the issue placed outside of Slovakia with European and Asian investors from over 25 countries. The distribution was dominated by real money accounts with fund managers accounting for 37% of the total orders, insurance companies and pension funds for 20% and central banks and official institutions taking 5%. Banks accounted for 34% of the bond issue.

"The issue is the first syndicated transaction for Slovakia this year and a landmark transaction for the country as, in terms of overall costs, it is the cheapest long-term bond in Slovakia's history. The yield of 3.13% is the lowest Slovakia has ever achieved for a long-dated Eurobond.

Slovakia's debt management highly values diversification in terms of currencies and investors. Due to the strength of the Slovak credit story and the country's economic fundamentals, we were able to execute the deal in line with this strategy", said Franz Hochstrasser, Deputy CEO of Erste Group.

In 2012, Erste Group acted as Bookrunner on multiple CEE sovereign benchmark transactions like the Republic of Poland's EUR 1.5bn, the Czech Republic's EUR 2bn as well as EUR 750mn, the Slovak Republic's EUR 1.5bn issue and Republic of Austria's EUR 5bn syndicated dual tranche issue, among others. Accordingly, Erste Group closed the year at the top of the underwriter league tables for sovereign and corporate issuers in Austria and the CEE region, with a market share of ca. 11% and a total transactional volume of EUR 5.1bn.¹

The issue's success is based on Slovakia's unique position as it offers a mix of Euro currency and strong credit fundamentals vs. peers, namely:



Growth upside: The highest real GDP growth in the EU for the last 10 years (2002-2011), averaging 4.8%¹. In 2012, the economy grew by 2.0%, while Eurozone economies contracted

Sound debt management: Public debt is approx. half the average of EMU countries (51.2% of GDP vs. 90.1% of GDP in the EMU in 3Q 2012)¹

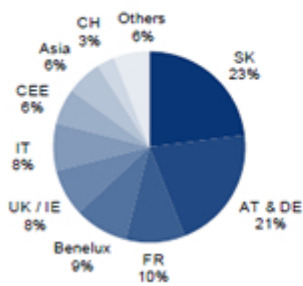
Fiscal discipline: Clear strong public commitment to cut deficit below 3.0% of GDP by 2013

Banking sector: Sound and highly liquid banking sector without government assistance

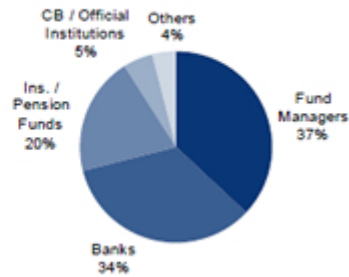
Ratings: Slovakia remains amongst the highest rated countries in the CEE region.

The investor distribution was as follows:

Distribution by Geography



Distribution by Investor Type



¹ According to Underwriter League Tables of Bloomberg.

² Eurostat