

First Slovak corporate benchmark-sized Eurobond, issued by eustream, meets strong investor demand

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Erste Group Joint Lead Manager for inaugural 7-year EUR 500 million bond issue of eustream

Order book more than 3x oversubscribed; allocation mainly to UK (25%) and German & Austrian (24%) investors

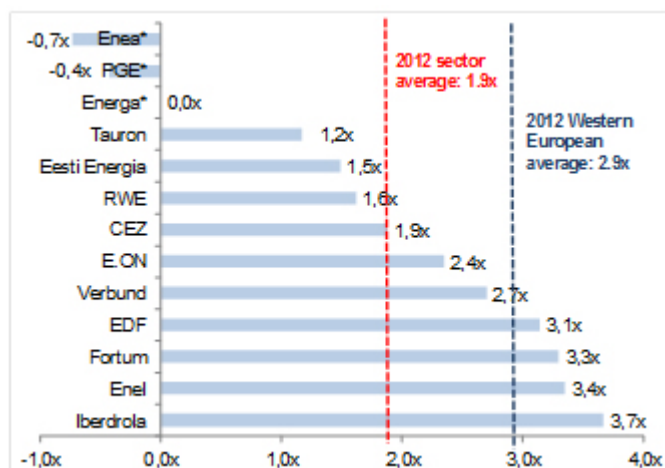
CEE utilities benefit from strong credit metrics – Erste Group expects intense pipeline for bond issuance in the future

Erste Group Bank AG („Erste Group“) through its subsidiary Slovenská sporiteľna, as Joint Lead Manager and Bookrunner successfully arranged the debut EUR 500mn 7-year bond issue for eustream, the operator of Slovakia's gas transmission network and a key gas transit route in Europe. The issue was priced at a spread of mid-swaps +235 bps, maturing in July 2020 with a coupon of 3.75%. Due to strong investors' demand with allocations predominantly to UK (25%), German and Austrian (24%) investors, the offering was well over-subscribed, with a final order book of EUR 1.75bn. By investor type, Asset Managers purchased 57% of the deal, followed by insurance & pension funds 34% and banks/private banks 7%.

„The 3x oversubscribed order book and successful placement of this issue clearly demonstrates investors' confidence in eustream as a strategic European gas corridor with a solid cash flow profile as well as the Slovak Republic's macroeconomic fundamentals. It is a vivid proof that CEE corporates with a solid credit profile have a strong following with European investors that goes far beyond liquidity-driven Emerging Market players“, comments Manfred Burdis, Head of DCM Group Origination at Erste Group.

eustream operates a high-pressure gas transmission system in the Slovak Republic which is the main gateway and biggest corridor for the transmission of Russian gas to Europe. It has an annual capacity of over 90 billion cubic metres (bcm), owns 2,270 km of pipelines and has a 40-year track record of shipping Russian gas to Europe. eustream is 51% owned by the Slovak Republic, with the rest of 49% being held by the Czech investment company EPH.

Leverage of utilities 2012 (net debt / EBITDA)



Sursa: Bloomberg, Cercetare Erste Group

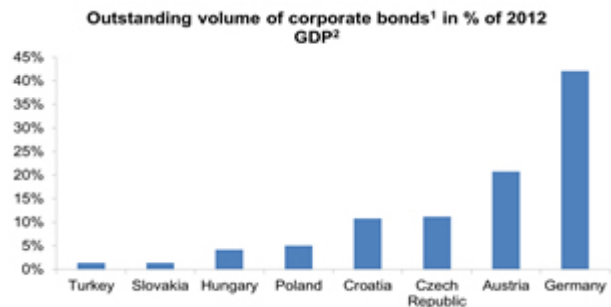
„Financing through the bond market is becoming increasingly important for companies in Central and Eastern Europe. In

particular, large corporates in the utility sector benefit from strong credit metrics, as they are significantly less leveraged than their western European peers. All 2013 issues have been oversubscribed, and there is demand for further issuance in the second half of the year”, Burdis added.

Brisk activity after the summer break is expected provided that the markets are open. After all, a high volume of bonds and bank loans is falling due in 2014 on the European corporate sector, which could partially be refinanced in the second half of 2013. The financing costs have increased on the back of the rise in yields (e.g. the 7Y swap rate in June exceeded the beginning-of- May figure of 1.0% by up to 75bps). However, compared to their historical average, financing costs are still low.

Erste Group achieved a top position as bookrunner for corporate and sovereign bonds in Austria and CEE, with a market share of 8.6% as of Q1 2013*.

* According to Underwriter League Tables of Bloomberg.



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*) la data de 12 iulie, 2013 (inclusiv agențiile în EUR) - **) în EUR - Sursa: Bloomberg, Cercetare Erste Group

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