

Komerční banka announces successful placement of its debut EUR covered bond issue

Release of this announcement constitutes a public disclosure of inside information within the meaning of Articles 7 and 17 of Regulation No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as amended.

Prague, 13 January 2021 – Komerční banka, a.s., with its registered office at Na Příkopě 33/969, 114 07 Prague 1, registration No. 45317054, entered in the register of companies maintained with the Metropolitan Court of Prague, section B, file No.1360 (hereinafter also Komerční banka), announces that

it has successfully placed its debut EUR 500,000,000 mortgage covered bond, issued under the newly established EUR 5,000,000,000 mortgage covered bonds programme. The bonds are expected to be rated AAA (Fitch), with a 5-year tenor and a soft bullet maturity (1-year extension), and were priced at MS + 12bp and with a coupon of 0.01% (corresponding to the re-offer yield of -0.315%).

Komerční banka announced the telephonic investor marketing for the inaugural bond issue on 5 January, during which it engaged with a vast number of debt investors to present its credit story and the newly established programme.

Following strong feedback from the investors, initial guidance for this debut issue was released today at MS+18bp area with the maximum placement size confirmed at EUR 500,000,000 at the same time. The orderbook momentum was positive and it allowed KB to release pricing range guidance at MS + 14bp (+/- 2bp). With the investor demand sustained through price revision, the new 5-year transaction priced at MS + 12bp, -6bp below the initial guidance level.

The transaction was ca. 2.5x oversubscribed at final pricing, with the demand peaking at around EUR 2bn during bookbuilding and illustrating a strong, high-quality and well-diversified investor interest for this inaugural placement. In terms of geographical breakdown, German and Austrian investors comprised the majority of final allocations (53%), followed by investors from Benelux (17%), UK (9%), France (3%) and investors from the rest of Europe (18%). Banks and Private Banks took up just over the half of the bond (52%), with Asset Managers and Pension Funds at 31% and 10% of final allocations respectively, and 7% taken up by Central Banks

Through this bond issuance, Komerční banka was able to benefit from the currently favourable conditions in the international debt capital markets in order to diversify funding sources, establish EUR funding curve, and optimize the cost of its borrowings. A highly successful inaugural bond placement from the newly established covered bond programme lays a strong foundation for potential further issuances on the international debt markets.

Société Générale acted as a Global Coordinator and Joint Bookrunner, Barclays and J.P.Morgan acted as Joint Bookrunners, and Helaba and NORD/LB acted as Co-managers on the bond issue.