

Historical transaction from VakıfBank: VakıfBank issued a new Eurobond with an amount of USD 750 million

VakıfBank, pioneer bank of Turkey in the international debt capital markets, completed successfully the largest ever amount of the Eurobond transaction so far, amounting USD 750 million with a maturity of 5 years under the Global Medium Term Notes (GMTN) program. Investors from all over the world showed great interest to this issuance which is the largest Eurobond in the Bank's history. The coupon rate of issuance with a maturity of 5 years tightened by 75 bps to 5.25% from the initial price target.

Reflecting his pleasure regarding the successful issuance, VakıfBank's CEO Mr. Abdi Serdar Üstünsalih underlined that total order book was reached 6 times the issue size. Mr. Üstünsalih said: "We achieved a successful Eurobond issuance with a right strategy at the right time. Order book was reached USD 2 billion in a short while after the Global Investor call held on the beginning of the issuance.

Pointing out the increasing investor demand despite downward price revisions, Mr. Üstünsalih stated that, with opening US markets, order book increased to the peak level of USD 4.3 billion. Mr. Üstünsalih remarked "As always, the process of high and qualified demand order is achieved through investors from notably the UK and the USA, Continental Europe, Middle East and Asia. He continued his words as follows:

"Thanks to this very strong demand, coupon rate of the issuance realized at 5.25% which is 75 bps below the initial price target and yield of the issuance was set at 5.375%. As you may know, we used call option for subordinated notes (Tier II) which was the first ever Basel III-compliant Tier II subordinated notes of Turkey due 2025 and decided to call the bonds in February 2020, call date. The success of our new USD 750 million Eurobond transaction and investor demand have confirmed once again how important the call decision of Tier II bonds was not only for VakıfBank, but also for Turkey. All these transactions has contributed positively to the image, credibility and reputation of VakıfBank in the eyes of international fixed income investors.

“The cost of the issuance was further decreased thanks to swap transaction on the same day”

Stating that the issuance amounting USD 750 million was swapped into Euro on the same day and thus the cost of the issuance further decreased, Mr. Üstünsalih completed his words as follows:

“We will continue to be “the strength” on the side of our country through long term and cost effective international funding sources with our diversified funding structure and to enhance VakifBank’s weight in the banking sector by constantly increasing market share.”