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Egorov Puginsky Afanasiev & Partners facilitates mortgage asset securitization transaction for Absolut Bank

The Banking & Finance, Capital Markets practice at Egorov Puginsky Afanasiev & Partners advised on the fourth mortgage asset securitization transaction for Absolut Bank.

The transaction is one of the first 'single-tranche' securitizations on Russia's securities market, in which Mortgage Agent Absolut 4 purchased a mortgage loan portfolio from Absolut Bank, issuing a single tranche of mortgage-backed bonds with a coupon rate of 9.85% per annum and an aggregate principal amount of RUB 4.9 billion. This amounts to 81% of the company's mortgage loan portfolio.

The remainder of the mortgage loan portfolio purchase price was financed via credit from Absolut Bank, with the obligations under the loan to be performed only subject to the performance of the issuer's obligations under the bonds. With assistance from the Firm's associates, the transaction was structured in a way that is unique for the Russian financial market, with provisions for the simultaneous and proportional repayment (amortization) of the issuer's subordinated debt (loan from Absolut Bank) and the senior debt (the bonds), subject to certain conditions set out in the resolution to issue the bonds.

Furthermore, this marks the first time a bondholder representative has been appointed for a mortgage securitization transaction in Russia.

The international rating agency Moody's assigned a Baa3 (sf) credit rating to the bonds. The bonds were floated on the Moscow Exchange with the significant oversubscription. The bonds were issued by Raiffeisen Bank.

The project was led by partner Dmitriy Glazounov, supported by associates from the Firm's Banking & Finance, Capital Markets practice. Senior associate Ilya Bareysha, associates Nadezhda Morgunova and Vladimir Goglachev, and junior associate Dmitry Kabanov were all part of the team. The Firm's Tax Practice, led by head of practice Sergey Kalinin, provided advice on taxation issues.

About the Firm

Egorov Puginsky Afanasiev & Partners is the leading national law firm in the CIS with offices in Moscow, St Petersburg, Kyiv, Minsk and associated offices in London and Washington, D.C. Founded in 1993, the firm combines extensive emerging markets experience with international professional standards. It provides the full spectrum of legal services to national and international businesses, government agencies, international organisations and financial institutions all over the CIS.

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