

## **Austria:**

Schoenherr advises banking syndicate on Erste Group's inaugural issue of EUR 500 million Additional Tier 1 notes

---

08.06.2016

Schoenherr advised an international banking syndicate comprising Morgan Stanley (technical lead), UBS, J.P. Morgan and HSBC, as Joint Lead Managers on the successful issuance of a EUR 500 million undated and subordinated fixed to fixed resettable bond by Vienna-based Erste Group Bank AG (Closing Date 2 June 2016). The bond was structured to comply with the eligibility criteria for Additional Tier 1 (AT1) capital under the CRR. It was issued as a drawdown under Erste Group's EUR 2,000,000,000 Additional Tier 1 Notes Programme dated 20 April 2016, and is listed on the Vienna Stock Exchange. The bond was rated BB by Standard & Poor's.

This is the first international benchmark transaction of Additional Tier 1 capital seen in Austria. The deeply subordinated Additional Tier 1 Notes (senior only to share capital) do not have a scheduled maturity and will have a first regular call date after 5 years. The distribution rate is 8.875 % p.a. and is resettable in 2021 to another fixed rate. The transaction carries restrictions on distribution based on the profit and capital situation of the Issuer, temporary write-down loss absorption (5.125 % Common Equity Tier 1 at the level of the Issuer and/or its consolidated group), as well as regulatory and tax call features. The bond is governed by German law except its status clause.

The Joint Lead Managers were advised on German law matters by Linklaters Frankfurt (partner Peter Waltz and attorney Konrad Uhinke), the Issuer was advised by Wolf Theiss.

As with previous regulatory capital transactions, the Schoenherr team was led by partner Walter Gapp (financial services regulatory), with tax advice from partner Michaela Petritz-Klar, and additional support from attorney Stefan Paulmayer.

### **Contact:**

Walter Gapp, Partner  
T: +431 534 37 50174, E: w.gapp@schoenherr.eu

Gina-Maria Tondolo, PR & Marketing  
T: + 43 1 534 37 50293, E: g.tondolo@schoenherr.eu

*Schoenherr is a leading full-service law firm in Central and Eastern Europe. With 14 offices located in Belgrade, Bratislava, Brussels, Budapest, Bucharest, Chisinau, Istanbul, Ljubljana, Podgorica, Prague, Sofia, Vienna, Warsaw and Zagreb, as well as country desks for Albania, Bosnia-Herzegovina and Macedonia. Schoenherr provides its clients with comprehensive coverage of the CEE/SEE region.\* More than 300 legal professionals work across borders according to the individual needs and requirements of local and international companies. Quality, flexibility, innovation and practice-*

# schönherr

*oriented solutions for complex assignments in the field of business law are at the core of Schönherr's philosophy.*

*\*Schönherr is in compliance with the respective local legal standards and conduct rules in all countries; therefore, the local firm name may vary from jurisdiction to jurisdiction.*

press release