

THE BAD PART OF MKB BANK HAS BEEN SEPARATED

23 December 2015, 3:39 pm

The Resolution Fund, established in 2014, contributed to the reorganization aimed at increasing the market value of MKB Bank with two operations: with the establishment of Magyar Szanálási Vagyonkezelő Zrt., which purchases the bad portfolio of MKB Bank and currently exercises ownership over the bank, and with the organization of a large, syndicated loan to help buy the bad portfolio.

Pursuant to Act XXXVII of 2014 on the Further Development of the Institutional System Strengthening the Security of certain Actors of the financial intermediary System (the so-called Resolution Act), the Resolution Fund established Magyar Szanálási Vagyonkezelő Zrt. (MSZVK), the ownership rights of which are exercised by the Central Bank of Hungary acting in its capacity as resolution authority. The function of MSZVK during the resolution is to purchase the (bad) portfolio of MKB Bank, which portfolio is owned by the bank's two subsidiaries, MKB Pénzügyi Zrt. owning the receivables, and Resideal Zrt. owning commercial real estate.

On December 12, in order to purchase the portfolio, the Resolution Fund took out a loan of HUF 45.5 billion and EUR 166.9 million for a 10-year period, collateralized by a statutory state suretyship, from a banking consortium consisting of K&H Bank, ERSTE Bank, OTP Bank and UniCredit Bank. The amount of syndicated loan was further lent by the Resolution Fund to MSZVK on 22 December this year. The bad portfolio of MKB Bank to be purchased by MSZVK, at real economic value being slightly above the market value, was approved by the European Commission in a decision published on 16 December. As a result of the decision, MSZVK will own not only the bad but also the cleaned good part of MKB Bank, and the bank's 100% stake will be sold by the end of 2016.

The contribution of the Resolution Fund to the successful resolution of MKB Bank is aimed at building a stable, competitive, profitable bank, which will already have the ability to generate profits in the first half of 2016.

Dated: Budapest, 23 December 2015

Resolution Fund

Contact

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