



Summary

to the decision No. H-SZN-I-36/2015 and the complementary decision No. H-SZN-I-38/2015 of the Central Bank of Hungary on the application of the sale of business tool in the ongoing resolution process in respect of MKB Bank Zrt.

MKB Bank Zrt. (seat: 1056 Budapest, Váci street 38.; Company Register: Budapest-Capital Regional Court of Appeal, as Registry Court; Company Register No.: 01-10-040952; hereinafter 'Bank') was placed under resolution on 18 December 2014. According to the resolution strategy determined by Magyar Nemzeti Bank (The Central Bank of Hungary, hereinafter: 'MNB') as the designated national resolution authority, the preferred resolution tool is the sale of business tool for divesting certain portfolio elements from the Bank.

During the whole process removing the problem assets from the balance sheet is a priority, as they are a source of significant expenses and ongoing write-downs, while generating little interest revenues. The obligation to sell the loan claim was prescribed by the paragraph (69) of the resolution of the European Commission dd. 16 December 2015 (SA.40441 (2015/N) by 31 March 2016.

Data rooms were set up and managed by an internationally well-known advisory firm for the purpose of introducing the portfolios to be divested for potential receivers - following the signature of a confidentiality agreement on bank and business secrets – and the Bank received one binding offer. Taking into account that during the resolution the calculated maximum purchase price of this loan claim as part of the portfolio handed over to resolution asset management vehicle in the course of the asset separation was less than in case of this the sale, so it resulted significantly higher return on investment that achieved better the objectives of the resolution. MNB has been applying the sale of business tool complying with all requirements laid down in Article 42 paragraph 2 of the Hungarian Resolution Act¹ transposing paragraph 1 of Article 39 of BRRD² (criteria of applying the sale of business tool) into the Hungarian law.

By the Decision the Central Bank has established an obligation to transfer rights, claims and receivables in connection with one Loan Agreement, in which the Buyer is MHB-Bank Aktiengesellschaft (seat: Hamburger Allee 14 Frankfurt am Main, 60486 Germany; company number: HRB 13305). The closing of the sale of business was completed certified in January 2016.

The decision No. H-SZN-36/2015 is effective from 23 December 2015 and the decision No. H-SZN-38/2015 is effective from 04 January 2016. The Decisions do not have any effect on the retail customers of the Bank in turn it is a necessary provision in the line of the planned actions.

¹ Act XXXVII of 2014 on the further development of the system of institutions strengthening the security of the individual players of the financial intermediary system

² Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms