



Summary

to the decision No. H-SZN-I-6/2015. 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. The sale process has been in progress. 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 and negotiations have been carried out with investors as well. Furthermore, sale discussions were introduced and carried out with syndicated loan partners with the aim of selling the stake of the Bank in certain deals as part of the sale of business endeavor.

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.

As first step 7 loan claims were sold to OTP Bank Nyrt. (seat: 1051 Budapest, Nádor u. 16.) (biggest domestic bank in terms of total assets; hereinafter 'Recipient'). These credit portfolios – where the Bank was creditor – contain 2 domestic transactions, 3 European Union transactions, 1 purely third country transaction and 1 transaction among debtors from the European Union and from third country as well.

The Recipient was chosen as buyer in line with the achievement of the resolution objectives and in favour of maximizing the transfer price, since

- 6 of the 7 credit portfolios were syndicated credits where the Recipient has already been a counterparty and there have already been negotiations referring to the refinancing of the parts of the portfolios prior to resolution since 2011 or rather 2013,
- the absence of transferring the portfolio would have significantly undermined the effectiveness of the application of the sale of business tool, since its certain elements would have testified lower value for other recipients who were not involved in the transactions previously and could buy only minority share in those deals,
- considering the fact that the Recipient has already been involved in 6 of the 7 transactions and the transactions are to be qualified as coherent group of assets therefore testify a higher value for the Recipient as for other market participants,
- when MNB would have offer the portfolios for sale to more potential buyers, it had been contrary not only to the requirement for carrying out swift action, but would have undermine the envisaged resolution objectives.

The Decision No. H-SZN-I-6/2015. does 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.

Therefore, having in mind the need of the fulfillment of the resolution objectives and the need of enhancing the effectiveness of the sale of business tool, especially the need of maximizing the transfer price and take adequate actions as soon as possible, MNB awarded the package to this definite receiver by making the following resolution which is effective from 29 June 2015.

The sale process for divesting certain assets from the Bank is in progress, MNB is hoping to sell further assets in the frame of the sale of business tool.

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