

Canadian company invests €91 million in Malta through Bawag Bank acquisition

MFC is a Canadian company listed on the New York Stock Exchange

5 February 2016, 11:40am



MFC CEO Gerardo Cortina, MFC Merchant Bank Managing Director Otto Karasek and Finance Minister Edward Scicluna

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MFC Industrial Ltd., a Canadian company listed on the New York Stock Exchange, has successfully concluded an investment of €91 million in Malta through the acquisition of Bawag Malta Bank Ltd, a bank that has been fully-licensed in Malta since 2003 and was previously owned by BAWAG P.S.K. of Austria.

Bawag Malta Bank Ltd. has been renamed MFC Merchant Bank Ltd and will now begin operations as part of the MFC Group, after the transaction received the approvals of the European Central Bank (ECB) and Malta Financial Services Authority (MFSA). The bank will focus on trade and structured finance and merchant banking going forward.

“We are excited about the opportunities that Malta offers as a business hub. In Malta, there is a very positive business climate and its economic performance has been one of the best in the

European Union. Malta also offers an investor-friendly regulatory environment and certainty in doing business,” said Gerard Cortina, Chief Executive Officer of the MFC Group.

Otto Karasek, Chief Executive Officer of the Bank said: “I am very proud that we could get the MFC Group to Malta. MFC supports a sustainable, long-term growth approach and I am looking forward to being able to realise the potential of integrating their supply chain finance business with our banking operations.”

Finance Minister Edward Scicluna said: “We welcome MFC Merchant Bank Ltd as the latest development in the Maltese banking sector. Malta offers investors in the financial services sector not only a guarantee of good fiscal and economic governance as well as political and economic stability, but also the services of highly-qualified, experienced professionals in the financial, accountancy, IT and legal spheres.”

“Malta’s placing amongst the top 20 financial services jurisdictions has been confirmed by the World Economic Forum in its annual Global Competitiveness Report for 2015-2016, with the island maintaining its position amongst the best ranked countries in terms of the soundness of its banks and the strength of auditing and reporting standards. Furthermore, the most recent in-depth analysis of the Maltese banking sector, presented last month by the International Monetary Fund, described the Maltese banking sector in positive terms and defined it as ‘resilient’,” he added.

MFC is a finance and supply chain group, which provides supply chain services to industrial companies around the world. The group specializes in a wide range of industrial products such as metals, minerals, steel products and alloys, chemicals and wood products. In fact, the Group conducts business in multiple geographies, such as Europe (mainly Germany, Austria, France, Norway), the Americas (mainly Canada, U.S., Argentina, Mexico) and China. The group is a publicly listed entity on the New York Stock Exchange (NYSE: MIL).

With the acquisition of Bawag Malta Bank, the MFC group will be able to offer a range of regulated structured finance solutions, including factoring, forfeiting, inventory finance, trade finance, bank guarantees and other service to its international finance and supply chain customers and suppliers. These banking services strategically supplement the MFC Group’s core franchise in the international supply chain business, which includes structuring of cross-border transactions, logistics, risk management and strategic consulting. Moving forward, the goal for the bank is to become a premiere regulated specialty bank in Europe with a focus on trade finance and factoring.

While the bank will not be active in retail or commercial banking markets and does not intend to take deposits from local sources, the bank will provide its infrastructure and services in trade finance and factoring to Maltese customers and suppliers. To a lesser extent, the bank will also engage in merchant banking activities.

MFC Merchant Bank Ltd. retains its current staff of eight and will continue to operate from its domicile at the Plaza Center in Sliema. The bank is currently actively hiring local Maltese professionals with experience in trade and structured finance, and as its business expands, the bank will consider training and hiring additional bright and professional personnel within Malta.