

Further information follows regarding the disbursement of guaranteed funds

Disbursement of guaranteed compensation

What amount will be disbursed to each customer?

The State guarantees EUR 100 000 to each customer per each Latvian bank, ensuring disbursement from the Deposit Guarantee Fund in case of unavailability of deposits. The funds have been accumulated, managed and paid out by the FCMC.

What types of customer deposits are covered by guaranteed compensation?

Compensations are paid for all types of deposits in all currencies in the amount not exceeding EUR 100 000 for all of accounts together, including accounts opened with branches of bank. The amount guaranteed by the State is applicable to deposits, current account balances, salary accounts, savings accounts, etc. The full amount of is disbursed for the deposits that do not exceed EUR 100 000.

Does the calculated compensation include also interest?

Yes, interest profit is part of the compensation amount including the interest calculated until 04.03.2016 (date of unavailability of deposits).

What will be the currency of payable compensation?

According to law guaranteed compensation is payable in euros. In case deposits were in other currencies, they will be converted to euro.

Will currency exchange losses be compensated?

Laws and regulations do not provide for such compensation.

Who is eligible for guaranteed compensation up to EUR 100 000?

Guaranteed compensation up to EUR 100 000 applies to all customers of the bank, both natural and legal persons, either residents or non-residents. Guaranteed compensation applies also to bank accounts of Latvian central and local governments (if the budget of relevant institutions does not exceed EUR 500 000).

What is going to happen in case of a joint deposit of several persons that exceed guaranteed limit?

If the bank has timely identified each of depositors, in case of bank's insolvency each depositor will be eligible to guaranteed compensation of EUR 100 000 in full.

Is guaranteed compensation applicable also to EUR 1?

If a deposit is less than EUR 10 and in two years before 04.03.2016 (date on which unavailability of deposits occurred) no transactions have been carried out, a customer is not eligible to compensation. Exemptions regarding deposits that do not

qualify for the disbursement of guaranteed compensation are laid down in Section 23 of the Deposit Guarantee Law.

Does guaranteed compensation apply to a subordinated debt to the bank?

No, subordinated debt is one of exemptions not qualifying for guaranteed compensation. Further details (Latvian): <http://www.klientuskola.lv/lv/finansu-pakalpojumi/7-subordinetie-ieguldijumi.html>; (Russian): <http://www.klientuskola.lv/ru/finansovye-uslugi/7-subordinirovannyje-vklady.html>.

How will be determined the payable amount?

The Bank's accounting records maintain information about all the customers eligible for guaranteed compensation and the amount of their deposits. This information base has been monitored and verified also by the FCMC.

Is it possible to receive larger guaranteed compensation and who is eligible for this?

Yes, there are certain types of transactions where the natural persons involved are eligible to apply for additional compensation (up to EUR 200 000), i.e. together with standard compensation up to EUR 300 000. For example, in case the funds transferred in the account over last three months were derived from transactions with residential immovable property, state social security benefits, compensations for damages of a criminal nature or for wrongful conviction.

What should a customer do to receive additional compensation?

To receive additional compensation, a customer has to submit an application to the bank and supporting documents that the deposit meets above criteria.

Will a customer receive guaranteed compensation if the bank account is seized?

No, guaranteed compensation applies only to the amount that was available to the customer (not seized) on the date of occurrence of unavailability of deposits. If a sworn bailiff or tax (duty) administration has started the enforcement procedure against the depositor on cash recovery, the recoverable amounts up to the guaranteed limit of EUR 100 000 will be disbursed to the sworn bailiff or the tax (duty) administration, respectively. If after settlement with bailiff or tax administration, part of the seized amount is waived, a customer will be able to receive remaining guaranteed compensation later. In this case a five-year limitation period (during which guaranteed compensations may be received) starts from the day when guaranteed compensation or part of it has become freely available to the customer.

How will be guaranteed compensations disbursed?

The Board of FCMC will decide on the procedure, venue and time of disbursement of guaranteed compensations (both natural and legal persons) and notify of it. Information will be available both on the FCMC and bank's website as well as mass media.

By what date will compensations be paid?

Depositors will have a right to receive guaranteed compensation for five years of the date of occurrence of unavailability of deposits, i.e. until 03.03.2021.

How many bank customers will receive compensation guaranteed by the State?

Current estimates show that about 6 000 persons (both natural and legal persons).

Will the customers who have deposited above EUR 100 000 with the bank and who had already received their deposits in the amount of EUR 100 000 during the restriction period, be eligible for disbursement from the Deposit Guarantee Fund after suspending the bank operating licence?

Yes, all the depositors that meet the criteria for customers eligible for guaranteed compensation, after the statement by FCMC on the occurrence of deposit unavailability in the bank, will be eligible for full guaranteed compensation up to EUR 100 000 even if a customer has already withdrawn EUR 100 000 in the period of restrictions imposed on the bank.

What will happen with the funds transferred into the customer account on the next day after the 22.01.2016 decision by FCMC on imposing restrictions on the bank?

After withdrawal of banking licence all the customers that meet the criteria for customers eligible for guaranteed compensation, regardless of when the funds were transferred into the account, are eligible for guaranteed compensation up to EUR 100 000.

How much funds are accumulated in the Deposit Guarantee Fund?

Currently, there are more than 100 million euro.

How much funds will be required from the Deposit Guarantee Fund for payments of guaranteed compensations to depositors of the bank?

According to our estimates about 67 million euro are required for payment of guaranteed compensations. Besides, the bank has enough liquid assets to ensure repayment of the amount to the Deposit Guarantee Fund in full.

What should other customers, whose deposits with the bank exceed EUR 100 000, do?

Those persons will be able to submit their creditor claims within the bank's winding-up process, as soon as the liquidator starts accepting such claims.

How can a customer submit an application/complaint to FCMC, if a customer is not satisfied with the bank's action in paying guaranteed compensation?

Application form is available on the FCMC's website at: <http://www.fktk.lv/lv/klientu-aizsardziba/garantiju-fondu-darbiba/noguldijumu-garantiju-fonds.html>.

Application may be sent by e-mail at fktk@fktk.lv, by mail or submitted to FCMC in person, address: Kungu iela 1, Rīgā, LV-1050, or online portal Latvija.lv:

<https://www.latvija.lv/lv/PPK/tiesibu-aizsardziba/iesniegums-iestadei/p3395/DokumentiUnVeidlapas>