

INFORMATION ON INSURANCE OF DEPOSIT CLAIMS

Legislation on insurance of clients' claims on their deposits is contained in Part 13 of Act No 21/1992 on Banks, as amended (hereinafter "the Act on Banks")

- All claims arising from deposits, including interest accrued, held in the Czech currency or on a foreign currency, registered as credit balances on accounts or deposit books or evidenced by a certificate of deposit, deposit slip or other comparable document, are insured as of this day.
- Uninsured shall be the deposit claims of banks, financial institutions, health insurance companies and state funds, with exceptions specified in Article 41f of the Act on Banks. The deposit-claims insurance shall not apply to bills of exchange and other securities.
- The banks shall ensure identification of depositors when maintaining their account or when accepting their deposits in any other form and shall keep identification data on its depositors and information about the amount of and reason for the insured deposit claim in its files. Identification data shall mean:
 - **In the case of natural persons:** the first name, surname, address, birth certificate number, and if not allocated, date of birth or identification number;
 - **In the case of legal entities:** the commercial name or designation of the legal entity, its registered office and, for domestic legal entities, its identification number.
- Deposits amounting to 100% of the amount calculated under the Act on Banks, however, up to a maximum of EUR 100,000 per eligible person, unless stipulated otherwise in a directly applicable regulation of the European Union. The equivalent of the limit in Czech koruna shall be calculated using the foreign exchange market rate announced by the Czech National Bank as of the day on which the Deposit Insurance Fund (hereinafter referred to as the "Fund") receives notification in writing from the Czech National Bank that the bank is unable to meet its commitments to eligible persons under the legal and contractual conditions (hereinafter referred to as "Record Date").
- Compensation for an insured deposit claim shall be paid from the Fund to an eligible person after the Fund receives notification in writing from the Czech National Bank that the bank is unable to meet its commitments to eligible persons under the legal and contractual conditions. Such notification shall be issued at the latest five working days after the date on which the material fact was established, and the bank or former bank must be informed thereof in writing.
- No later than 12 working days from the Record Date, the Fund shall determine the date, place and manner of payment of compensation, make this information publicly known in an appropriate manner and notify the Ministry of Finance and the Czech National Bank. The Fund must be able to pay compensation to eligible persons within 20 days of the Record Date. In wholly exceptional circumstances and after receiving the consent of the Czech National Bank and the Ministry of Finance, the Fund may grant an extension of no more than ten working days.
- The bank or former bank shall, within eight working days of the Record Date, provide the Fund with information about eligible persons to the extent of the above identification data.

- To calculate the compensation, all the eligible person's insured deposit claims at the bank, including shares in accounts kept for two or more joint account holders, shall be summed.
- The share of a joint account holder shall be equal to a fraction with the total amount in the account as the numerator and the number of joint account holders as the denominator, unless the eligible persons when opening or disposing of the account provide evidence of a different share. The bank shall note the different share in its records.
Any different share specified after the Record Date shall not be taken into consideration. The same person's payable debts to the bank shall be subtracted from the resulting amount.

The calculation shall be made in the Czech currency, conversion into the Czech currency shall be carried out for claim arising from deposits held in a foreign currency using the foreign exchange market rate announced by the Czech National Bank as of the Record Date, on which the Fund was notified in writing of the inability of the bank to honour its obligations. Interest calculated as of the day of the beginning of payment shall form part of the insured deposit claim. The compensation shall be paid in the Czech currency. The right of an eligible person to payment of compensation from the Fund shall be a right associated with the deposit claim.

- The funds of two or more persons deposited on a single account shall constitute a deposit claim with special treatment. On opening the account or on the first occasion of disposing of such an existing account, the account holder shall notify the bank in writing of the fact that funds constituting a claim of two or more persons are deposited on the account, provide evidence of the share of each of them, identify those persons in the same way as the account holder, and demonstrate the truthfulness of this information. The bank shall treat deposits in such an account as any other insured deposit claim and shall keep information on them in its records. For the purposes of calculating compensation from the Fund for a claim arising from a deposit on the account referred to in this paragraph, the bank shall submit to the Fund a breakdown of the deposit claims by person and the amounts falling to each of them, and shall demonstrate the truthfulness of the information. It shall submit the information to the Fund. Compensation for a deposit claim with special treatment shall be paid to the eligible persons in an amount equal to that which would have been paid had each of the aforementioned persons had the funds registered on their own accounts.
- Where the real owner of funds differs from the account holder, the compensation shall be paid to the real owners. The account holder shall notify the bank of this fact on opening the account or on the first occasion of disposing of the account and shall identify the real owner of the funds and the bank shall record this information in the account contract or in another document the issuance of which is associated with the acceptance of the deposit, and in its records.
- Any notification pursuant to the preceding two paragraphs made by the account holder after the Record Date shall not be taken into consideration.
- The following persons shall not be eligible for the payment of compensation from the Fund:
 - a) persons having a special relation to the bank concerned, except for the persons referred to in the Act on Banks,
 - b) persons otherwise eligible if it has been proven by a final and conclusive judgment that the deposit originates from criminal activity.

The Fund shall suspend the payment of compensation for those deposit claims regarding which it becomes clear during the course of the criminal proceedings that they are deposit claims within the meaning of item b) of this paragraph.

- For the purposes of calculating the amount to be paid to an eligible person from the Fund, no account shall be taken of accruals of insured deposit claims which occur:
 - a) on the basis of in-bank transfers made between individual accounts maintained with the same bank after the Record Date,
 - b) as a result of the assignment of a deposit claim made after the Record Date.
- As of the date of commencement of payments, the claim of an eligible person on a bank shall be decreased by an amount equalling his right to payment of compensation from the Fund. As of the above date, the Fund shall become a creditor of the bank in the amount of the rights of eligible persons to payment of compensation from the Fund.
- The right of an eligible person to payment of compensation from the Fund shall be forfeited upon the lapse of three (3) years from the date determined as the date of commencement of payments.

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