

## Information about Guarantees on Deposit Claims

Legal provisions on deposit claim guarantees can be found in Section 41a et seq. of Act No 21/1992 on banks, as amended (the “Banking Act”). Effective from 1 January 2016, certain changes have come into play where deposits in the Czech Republic will now be guaranteed under the Financial Market Guarantee Scheme set up in accordance with the Act on Financial Market Recovery and Resolution.

- Subject to depositor identification requirements, all claims associated with deposits, including interest, in Czech or foreign currency, registered as credit balances in accounts or passbooks or confirmed by a certificate of deposit, letter of deposit or other similar document, are guaranteed.
- The deposit claims of banks, financial institutions, health insurance companies, State funds, and central and local government authorities whose tax revenues, under the Act on the Budgetary Appropriation of Taxes (“tax revenue”), are more than an amount equivalent to EUR 500,000 are not guaranteed, aside from the exemptions stipulated in particular in Section 41c of the Banking Act.
- Deposit claim guarantees do not apply to bills of exchange or other securities or to deposits that, according to a final judgment, originate from the intentionally committed crime of money laundering, unless seized in favour of the victim.
- When maintaining an account for a depositor or otherwise accepting a deposit, a bank is required to identify the depositor and to keep information identifying the depositor and the amount and reason for the guaranteed deposit on record. Identifying information comprises:
  - (a) for natural persons – given name, surname, address, personal identification number or, if none has been assigned, date of birth, and, where applicable, registration number;
  - (b) for legal persons – company name or other business name, registered office and, for domestic legal persons, registration number.
- Deposits are guaranteed at 100% of the amount calculated in accordance with the Banking Act, up to a maximum equivalent to EUR 100,000 per beneficiary, unless otherwise provided by the Banking Act. The equivalent of the limit in Czech crowns is translated according to the Czech National Bank’s exchange rate fixing prevailing as at the date on which the Financial Market Guarantee Scheme (the “Fund”) is served in writing with the Czech National Bank’s notice of a bank’s inability to meet its liabilities to beneficiaries under legal and contractual conditions (the “Reference Date”).
- Compensation for a guaranteed deposit is awarded to a beneficiary from the Fund after the Fund receives the Czech National Bank’s written notice of a bank’s inability to meet its liabilities to beneficiaries under legal and contractual conditions.
- The Fund then sets a compensation commencement date, place and method, publishes this information in an appropriate manner and notifies this to the Ministry of Finance and the Czech National Bank.

- The bank, or former bank, must provide the Fund with beneficiaries' details, to the extent of the identifying information above, within ten working days of the Reference Date.
- To calculate compensation, all of a beneficiary's guaranteed deposit claims at the bank are added together, including shares in accounts held for two or more joint holders. The share of the joint holder of an account is equal to a fraction where the numerator is the total account balance and the denominator is the number of joint holders, unless beneficiaries document a different share when setting up or using the account. The bank indicates any different share in its records. Proof of different shares presented after the Reference Date is disregarded. The same person's due liabilities towards the bank are subtracted from the resultant amount.
- The calculation is performed in the Czech currency; for foreign-currency deposit claims, the translation into Czech currency is carried out in accordance with the Czech National Bank's exchange rate fixing prevailing on the Reference Date, when the Fund is notified in writing of a bank's inability to meet its liabilities. Guaranteed deposit claims are inclusive of interest calculated as at the date on which payments are started. Compensation is paid in Czech currency. A beneficiary's right to consideration from the Fund is a right attached to a deposit claim.
- The funds of more than one person registered in a single account are classified as a special deposit claim. When opening an account or when next using an already existing account, the account holder must notify the bank, in the manner designated by the bank, that funds are registered in the account representing a claim of more than one person, evidence the share of each such person, identify these persons in the manner designated by the bank, and prove the veracity of the information. The bank handles deposits in this account as it would any other guaranteed deposit claim and records the deposit information in its records. For the purposes of calculating compensation from the Fund for claims related to an account deposit in accordance with this paragraph, the bank must provide the Fund with a breakdown of deposit claims by person and the amount per person, and must prove the veracity of this information. This information is delivered to the Fund. Compensation for special deposit claims is awarded to beneficiaries at the same amount that would have been awarded if each of these persons' funds were recorded in a separate account.
- If the ultimate owner of monies is not the account holder, compensation is awarded to the ultimate owner. The account holder must notify this fact to the bank upon opening or next using an account, and must identify the ultimate owner of the funds. The bank registers this information in the account agreement or in another deposit receipt document, and in its records.
- Any depositor notification in line with the preceding two paragraphs that is made after the Reference Date is disregarded.

Details on conditions for the release of payment from the Fund can be found on the Fund's website ([www.fpv.cz](http://www.fpv.cz)).

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