

Summary of the most relevant information concerning the liquidation proceedings of Versobank AS

14 June 2018

On 26 March 2018, the European Central Bank revoked the licence of Versobank AS at the request of the Estonian Financial Supervision Authority. Under the law, Versobank AS (in liquidation) may no longer provide financial services. Harju County Court appointed Eero Kaup, Viljar Alnek and Ksenia Kravtšenko as liquidators of the bank. The liquidators are required to perform their duties impartially and fulfil the obligations set out in the Credit Institutions Act.

At the initial stage of bank's liquidation proceedings, the liquidators' first priority was to work closely with the Guarantee Fund and agent banks to make sure that all depositors would receive compensation for their current accounts and deposits of up to 100,000 euros as quickly and conveniently as possible. The Guarantee Fund has paid compensation to all depositors whose application has been without errors and has not required additional checking within two weeks. As of 23 May 2,442 depositors had received compensation of 87.5 million euros in aggregate.

All claims not settled by the Guarantee Fund (including all deposits exceeding 100,000 euros) will be handled during the bank's liquidation proceedings. **The deadline for submitting a claim is 24 June 2018** and for claims not related to deposits **30 July 2018**. The liquidators started making payments based on claims submitted from 5 June 2018.

Liquidators keep the bank's customers informed about the development of the liquidation proceedings as well as the customers' rights and obligations by sending relevant information to the customer's contact address registered in the Bank's information system (the e-mail address, if available) and by publishing it on Versobank's website. In the event of a contradiction between an earlier and later communication, the later communication and the most recent information on the website should be regarded as correct.

If you wish to request information from the liquidators, please contact us by e-mail at versobank@kpmg.ee or call us on (+372) 5679 8500. We will do our best to answer your questions as quickly as possible and apologise in advance for any delays due to the number of inquiries received or the complexity of the questions raised. We hope that the information provided here contains answers to many of your questions. Further information is available on the websites of the Financial Supervision Authority and the Guarantee Fund on www.fi.ee and www.tf.ee respectively.

Compensation of deposits and settlement of claims during the liquidation proceedings

Versobank's customers who did not submit a compensation application to, or whose claim was not settled by, the Guarantee Fund (incl. deposits exceeding 100,000 euros) may apply for a refund of cash held in their current accounts and deposits during the bank's liquidation proceedings. The procedure for collecting, processing and satisfying claims is published on Versobank's website and the application form is available in the Internet Bank. **The deadline for submitting a claim is 24 June 2018** and for claims not related to deposits **30 July 2018**. The liquidators started making payments based on claims submitted from 5 June 2018.

Closing of current accounts and termination of the customer relationship

Being in liquidation and not allowed to provide financial services, Versobank will unilaterally terminate all customer agreements (including current account, deposit, electronic communication and bank card agreements) with all customers whose accounts are empty or to whom V has fulfilled its obligations (i.e. all the money in the current accounts and deposits has been repaid). A respective notification will be sent separately to each customer's contact address (the e-mail address, if available).

Regardless of the termination of the customer relationship, all Versobank's Internet Bank users will be able to log in to their Internet Bank account and view their customer information and transaction history at least until 31 July 2018.

What will happen to loans taken from Versobank?

The loan agreements will remain in force and need not be amended. The only change concerns the bank account to which loan repayments must be made. In the future, both principal and interest payments must be made according to the loan agreement and payment schedule to Versobank AS's (in liquidation) account no. EE97101000000269019 with SEB Pank.

If there are any problems with the performance of obligations under a loan agreement and a customer who has taken a loan from Versobank AS is unable to make a loan repayment, the customer should inform the liquidators by sending an e-mail to versobank@kpmg.ee.

The Law of Obligations Act stipulates that a debtor is not liable for a breach of obligations if the breach is excusable. If a loan or related payment cannot be made due to significant circumstances emerging during liquidation which are beyond the

borrower's control, the breach is considered excusable. However, the loan repayment must still be made as soon as the impediment disappears.

When deposits are compensated for by the Guarantee Fund, any collectible liabilities to the bank are subtracted from the amount that is compensated, i.e. if a depositor has an outstanding loan principal or interest liability to Versobank AS at the time the compensation payment is confirmed, the amount of compensation payable is reduced by the outstanding liability.

For holders of securities accounts with Versobank

The account operator status of Versobank AS (in liquidation) has been revoked based on the decision of Nasdaq CSD EE (<https://nasdaqcsd.com/the-news/announcement-regarding-revoking-as-versobanks-license/>). In order to transfer the right to manage the ECSD securities accounts opened via Versobank, the securities account holder must open an account with another account operator: <https://nasdaqcsd.com/services/services-to-account-operators/list-of-account-operators/> and give the new account manager an order to transfer the securities (Portfolio Transfer). Please send any queries you may have about the transfer of the right of management to csd.estonia@nasdaq.com.

Where securities are not deposited with the local depository (Nasdaq CSD), we will inform the holders of securities accounts as soon as the securities can be transferred to another account operator.

The Guarantee Fund has paid compensation for deposits of up to 100 000 euros

During the liquidation proceedings, the Guarantee Fund will compensate the funds held in current accounts, term deposits and investments to all of the bank's depositors and investors who have submitted a relevant application within the limit established by law, i.e. in an amount of **up to 100,000 euros per depositor** (up to 20,000 euros per investor).

All deposits of a depositor, incl. cash in a current account, demand deposit, term deposit, overnight deposit, operating deposit, growth deposit, savings deposit and children's deposit, are added up when the compensation is paid out, irrespective of whether the deposit is in euros or any other currency. Compensation is paid to the extent of the deposit(s) and interest accrued as of the date when the deposit(s) became unavailable (26 March 2018), but not in excess of 100,000 euros per depositor. **Compensation paid is reduced by the service charges of the banks making the payments and/or transfers, income tax on deposit interest and liabilities to Versobank** (e.g. loan payments and service fees).

Compensation for accounts and deposits in foreign currencies is paid out in euros at the exchange rate of the European Central Bank as of the date when the deposits became unavailable (26 March 2018). The costs arising from the change in the exchange rate from the day the deposit was opened to the day the deposit became unavailable are not compensated.

Every depositor of the bank is entitled to compensation irrespective of whether they are a natural or legal person and irrespective of their citizenship, residency or location, subject to the exceptions relating to deposits and investments not to be compensated under sections 30 and 48 of the Estonian Guarantee Fund Act (GFA).

In addition to 100,000 euros, a depositor is compensated for funds received from the transfer of immovable property used as a personal residence to the extent of up to 70,000 euros under subsection 25 (2¹) of the GFA.

The Guarantee Fund started making compensation payments on 5 April 2018. Pursuant to law, **compensation was paid out by 19 April 2018** to all customers who had submitted their applications by 4 April and whose applications did not contain errors and did not require additional review. Customers who submitted their applications after 4 April, received their compensation within two weeks. Depositors' claims expire after three years, i.e. claims may be submitted until **19 April 2021**,

What happens if the compensation I received was smaller/larger than required by law?

If the Guarantee Fund has compensated for a deposit in an amount exceeding or falling short of the amount to be compensated, the Guarantee Fund will compensate the missing portion within 7 working days (or within a longer term if the term has been extended) or demand repayment of the overpaid amount (subsection 38 (4) of the GFA).

How can I check whether the payment made to me was correct?

The users of Versobank's Internet Bank are able to check the details of their bank transactions for the last two years. Customers without access to the Internet Bank can request a statement of their account at Versobank's office in Tallinn at Hallivanamehe 4. All customers who have concerns about their account balance and/or the validity of any transactions recorded in their account statement or wish to contest it may submit a respective application to the liquidators until **30 July 2018**. The application can be submitted by the customer or authorised representative in Versobank's Internet Bank, by e-mail to versobank@kpmg.ee (only if the application is signed digitally) or in Versobank's office (the person must present documents verifying their authorisation).

The application must include a detailed description of the amount contested (incl. a reference to the transaction in the statement of account) and the e-mail address where the response should be sent. We will send the response by e-mail in an

encrypted format. Customers who cannot decrypt digital documents can receive the information in an unencrypted format, if they express this wish clearly in their written communication.

If your account balance and compensation received differ by a few euros, the likely reason is the service charge of the agent bank which is not recorded in your account statement (see also the section *The compensation received is a few euros short of the actual account balance* below).

Why were the amounts in my account converted into euros?

The amounts of all customers covered by the Guarantee Fund's deposit compensation scheme have been converted into euros because the payments of the Guarantee Fund are made in euros. All deposits have been converted into euros at the exchange rate of the European Central Bank as of 26 March 2018.

Amounts deposited in other currencies that exceed the amount compensated for by the Guarantee Fund, i.e. 100,000 euros, will be converted back to the original currency using the same, i.e. the 26 March 2018, exchange rate of the European Central Bank. The depositor will not incur any losses from such a conversion.

The compensation received is a few euros short of the actual account balance

In accordance with the Guarantee Fund Act, the fee for the transfer or in-cash payment of compensation is to be paid by the depositor. Thus, agent banks (Swedbank and SEB Bank) may charge for their services in accordance with their price lists and their agreement with the Guarantee Fund. Versobank is not a party to the above agreements and cannot influence their conditions. If you have any further questions regarding this, please contact the relevant agent bank.