

To: Mr Andrea Enria Chairperson of the European Banking Authority

From: The Malta Depositor Compensation Scheme

Subject: The Payout of Nemea Bank plc

Notice

This notice is being made in terms of the pay-out procedure by the Malta Depositor Compensation Scheme (“DCS”) with regards to the determination against Nemea Bank plc.

Summary of Events:

On 27 April 2016 the competent authority in Malta, issued a Public Notice concerning **Nemea Bank plc** (the “Bank”) whereby it informed the public that in order to ensure the proper protection of depositors and the Bank's clients, the competent authority was appointing a competent person in terms of Article 29 of the Banking Act Chapter 371 of the Laws of Malta and Article 15A of the Investment Services Act Chapter 370 of the Laws of Malta.

The competent person was instructed to: take charge of the assets of the Bank for the purposes of safeguarding the interests of depositors and its other clients, to assume control of the Bank's business and to carry on that business and such other functions as the competent authority may direct. The precautionary measures were taken in view of regulatory shortcomings that had been identified at the Bank and were to remain in place until such time as the competent authority may otherwise direct.

By a further Notice issued on the same date, the Authority advised that the limit for withdrawals was that of €250 per depositor per day.

On 18 July 2016 by means of another Public Notice the competent authority advised that it had decided to ease the deposit withdrawal limit from €250 to €2,500 per depositor per day. This easing was subject to the condition that the maturities of deposits were to be maintained and that no term deposits would be allowed to be withdrawn before their stated maturity dates.

The Authority also confirmed that discussions were being conducted with the Bank's shareholders with the aim of ensuring that the necessary action is taken to address the regulatory shortcomings.

However, despite repeated requests, until the 20th January 2017 no tangible progress has been registered to fulfil these regulatory requirements. Given that this situation could not be sustained indefinitely without undue detriment to depositors, the competent authority decided to propose the ECB with the withdrawal of the licence granted to the Bank under the Banking Act, Cap 371. This measure was taken by the competent authority in the interests of the depositors of the Bank.

Pending the ECB decision on the license withdrawal, a prohibition of the withdrawal of deposits was put in place with immediate effect to safeguard the assets of the Bank and to ensure the equal treatment of depositors. The competent person was to remain in place until further notice.

On the 23 March 2017 the ECB decided to withdraw the licence of the bank.
<http://www.mfsa.com.mt/pages/announcement.aspx?id=8150>

On the 30th March 2017, the competent authority made a determination in line with Regulation 8 of the DCS Regulations. <http://www.compensationschemes.org.mt/Home/ReadNews/28>

Dates of such measures:

The Scheme initiated the pay-out procedure following the determination on the 30 March 2017, and it has 20 working days until 2 May 2017, to pay all the depositors.

Pay- out arrangements:

Most payments are carried out electronically through internet banking, however in the circumstances where the Scheme is not in possession of the electronic details (IBAN) of the depositor, the Scheme is paying compensation by means of a cheque.