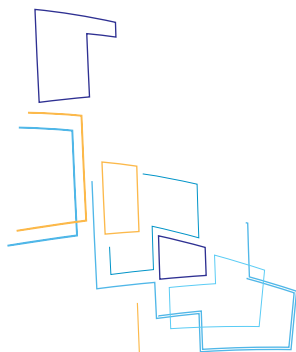




BULGARIAN DEPOSIT
INSURANCE FUND

**QUESTIONS AND ANSWERS
ABOUT DEPOSIT GUARANTEE**

2015



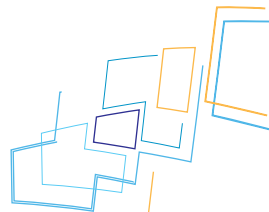
The Bulgarian Deposit Insurance Fund was established in 1999. By ensuring deposit protection and repaying reimbursable amounts thereof the BDIF contributes to the stability of and the trust in the financial system in Bulgaria.

In popular language this Brochure explains the deposit guarantee scheme in Bulgaria, rendering the novelties ensuing from the Law on Bank Deposit Guarantee applicable as of 14 August 2015.

We hope this Brochure will aid you in understanding how yours, as well as all depositors' interests are protected, which will help you make your informed choices.

Contents:

I. GENERAL QUESTIONS RELATED TO DEPOSIT GUARANTEE	
Questions 1 – 10	page 2
II. COVERAGE LEVEL AND PAYOUT DEADLINE	
Questions 11 – 12	page 6
III. A JOINT DEPOSIT. A DEPOSIT IN FAVOUR OF A THIRD PARTY	
Questions 13 – 14	page 8
IV. PAYOUT PROCEDURE	
Questions 15 – 25	page 9
V. PAYOUT OF COVERED DEPOSITS WITH BRANCHES OF OTHER EU MEMBER STATES BANKS	
Questions 26 – 27	page 11
VI. GENERAL INFORMATION ABOUT THE BDIIF	
Questions 28 – 30	page 12



I. GENERAL QUESTIONS RELATED TO DEPOSIT GUARANTEE

1. How are deposits guaranteed?

Deposits with banks are guaranteed on the *per depositor per bank* principle, i.e. deposits of each individual or entity are guaranteed separately in each bank, which is a member of the deposit guarantee scheme (DGS) in Bulgaria.

In the event where the Bulgarian National Bank (BNB) revokes a bank's license for banking activity or declares the deposits therewith unavailable, or because of an act of a judicial authority depositors do not have access to their funds with this bank the Bulgarian Deposit Insurance Fund (BDIF) repays within seven business days the guaranteed amounts on deposits in accordance with the statutory coverage level – BGN 196,000*.

2. Are deposits with all banks guaranteed?

The BDIF guarantees deposits with all banks, licensed by the BNB, including with these banks' branches in the other Member States of the EU.

Guaranteed by the BDIF are also deposits with branches in Bulgaria of banks headquartered outside the EU, licensed by the BNB to operate in Bulgaria, where either the country of the parent bank does not provide for deposit guarantee, or the deposits with branches abroad are not protected by their scheme, or the coverage and/or scope provided are lesser than that of the BDIF.

Deposits with banks' branches from the other EU Member States are protected by the home country DGS.

3. Whose deposits are guaranteed by the BDIF?

The BDIF guarantees the deposits of physical persons and legal entities – Bulgarian and foreign nationals.

4. Which deposits are guaranteed by the BDIF?

Deposits in levs and in foreign currency are protected by the BDIF. Deposits in foreign currency, however, are repaid in their lev equivalent according to the BNB exchange rates as of the date of the BNB or a judicial authority act. (cf. Section I, Q 1).

* Under the Currency Board Arrangements in Bulgaria the lev is pegged to the euro at the rate of EUR 1 = BGN 1.95583.

5. What deposits are guaranteed by the BDIF?

Guaranteed are all funds in a bank account of any type: a current account, a debit card account, a deposit, savings or accumulation accounts, an account in favour of a third party, or a joint account.

By virtue of the law, deposit guarantee is applicable to credit balances obtained as a result of funds deposited in an account, or from temporary situations resulting from regular banking transactions, which the bank is obliged to pay to its customers in accordance with applicable legal or contractual provisions.

Financial instruments of investment type are not considered a bank deposit and are not guaranteed by the BDIF, save for nominal deposit certificates issued before 2 July 2014.

6. Are structured deposit products of banks protected by the BDIF?

Yes, provided that their principal is fully repayable at par. Because of the diversity of such products, offered by banks, depositors shall enquire whether they are subject to BDIF guarantee.

7. Which deposits are excluded from BDIF protection?

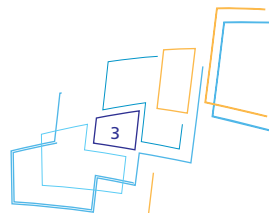
Excluded by virtue of the law from coverage are the deposits of banks and other financial institutions; insurers and reinsurers; pension insurance companies and funds for mandatory and voluntary pension insurance; investment intermediaries and other investment funds, schemes and companies; budget organisations; and guarantee funds, the BDIF inclusive.

Deposits connected to money laundering or terrorism financing, detected by an effective sentence are also excluded from guarantee. Neither repaid are deposits whose holder has not been identified in compliance with the Law on Measures against Money Laundering.

Not repayable are sums in accounts where the balance is under BGN 20 and those accounts were not subject to any dispositive actions along in the preceding 24 months.

8. What is unavailable deposit?

'Unavailable deposit' is a deposit that is claimed and due but has not been paid by the bank as per the legal or contractual provisions applicable.



9. What happens when my bank merges with another bank?

In case of transformation of two or more banks through a merger or incorporation, deposits with them are guaranteed separately for a period of six months as of the date of the transformation. Upon expiration of this period deposits are summed up for the calculation of the reimbursable amount.

10. How shall I be informed whether my deposit is guaranteed?

Banks are statutorily obliged to state in the deposit contract and in the respective account statements whether a given product is guaranteed or not, as well as to provide the customer with the following:

DEPOSITOR INFORMATION

Basic information about the protection of deposits

Deposits in (insert name of credit institution) are protected by:	Bulgarian Deposit Insurance Fund (BDIF)
Limit of protection:	BGN 196,000 per depositor per bank
If you have more deposits at the same credit institution:	All your deposits at the same credit institution are 'aggregated' and the total is subject to the limit of BGN 196,000 ¹ .
If you have a joint account with other person(s):	The limit of BGN 196,000 applies to each depositor separately ² .
Reimbursement period in case of credit institution's insolvency:	7 working days ³
Currency of reimbursement:	Bulgarian levs (BGN)

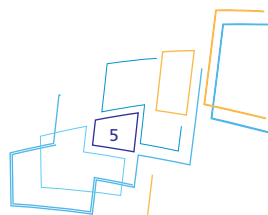
Contact:	Bulgarian Deposit Insurance Fund (BDIF) Address: 27 Vladayska Street 1606 Sofia Tel.: +359 2 953 1217 Fax: +359 2 952 1100 E-mail: contact@dif.bg URL: http://dif.bg
More information:	www.dif.bg
Acknowledgement of receipt by the depositor:	

¹ If a deposit is unavailable because a credit institution is unable to meet its financial obligations, depositors are repaid by the Bulgarian Deposit Insurance Fund. This repayment covers at maximum BGN 196,000 per bank. This means that all deposits at the same bank are added up in order to determine the reimbursable amount. If, for instance, a depositor holds a savings account with BGN 180,000 and a current account with BGN 40,000, he or she will only be repaid BGN 196,000.

² In case of joint accounts, the limit of BGN 196,000 applies to each depositor. More information can be obtained from BDIF website: www.dif.bg.

³ Reimbursement – The responsible deposit guarantee scheme is the Bulgarian Deposit Insurance Fund (BDIF).

In the event where a bank terminates its membership in the BDIF or the BDIF excludes a bank from the deposit guarantee scheme in Bulgaria, the bank shall notify its depositors of that circumstance. Deposits available at the date of exclusion shall continue to be guaranteed by the BDIF.



II. COVERAGE LEVEL AND PAYOUT DEADLINE

11. What is the level of coverage provided by the BDIF?

The BDIF guarantees full repayment of a depositor's funds with each bank, regardless of their number and amount, up to BGN 196,000. This sum includes the principal and interest accrued as of the date of the BNB or a judicial authority act (cf. Section I, Q 1).

Example:

- *You have three deposits with a bank – one of BGN 50,000, another – of EUR 30,000, and a third one of USD 10,000. For repayment purposes the three deposits will be summed (principal plus interest accrued) where the foreign currency deposits will be recalculated into their BGN equivalent. You will be repaid the total amount of your deposits as it is below the limit of protection of BGN 196,000.*
- *You have a deposit of BGN 196,000 as an individual, and the company you own, which is a legal entity, has a deposit of EUR 50,000 with the same bank. In that case both deposits are guaranteed separately up to the coverage level. You will receive a compensation of BGN 196,000 for your personal deposit, without the interest accrued, as the sum of the principal and interest exceeds the coverage level. The company, as a separate entity, will receive full reimbursement of its funds in the account (principal and interest) as they are below the guarantee limit of BGN 196,000.*
- *You have a personal deposit of BGN 30,000 and as a sole trader you have an account with EUR 10,000 with the same bank. For payout purposes both deposits will be added, as the sole trader has no legal personality, i.e. it is not a legal entity. In the above case you will receive the entire sum of principal and interest on both accounts since they are within the coverage level.*

An additional protection of up to BGN 250,000 for a timeframe of up to three months is provided for certain type of deposits, resulting from: real estate deals for residential purposes; payments related to conclusion or dissolution of marriage, termination of a labour contract or civil service contract, disability or death; insurance or social insurance payments or from payment of compensation for damages from crimes or reversed sentence.

Example:

- *You own a personal deposit of BGN 20,000 and a current account, opened the previous month, where you have deposited BGN 300,000 received from a residential property sale. At payout the compensation you will receive is BGN 20,000 and the accrued interest thereon, as well as another BGN 250,000, as the latter, following a residential property transaction, is subject to a separate guarantee for three months of their receipt.*

Covered deposits are repaid regardless of whether the deposit holder also has liabilities (credit) to the same bank.

A deposit which is encumbered, or serves as collateral shall be included in the calculation of the covered amount and the share due of the reimbursable amount shall not be repaid until the encumbrance or security has been lifted.

12. When can I receive my reimbursable amount?

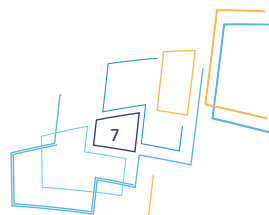
The BDIF ensures depositors' access to their covered deposits not later than seven business days as of the date of the BNB or a judicial authority act (cf. Section I, Q 1).

With the temporarily guaranteed deposits of up to BGN 250,000 the payout deadline may be extended for the requirements of documentary proof of the funds origin, but with not longer than three months as of the date of the BNB or a judicial authority act (cf. Section I, Q 1).

The payout deadline may also be extended in cases where:

- time is needed for the identification of the person who is entitled to receive payment, but with not longer than three months as of the date of the BNB or a judicial authority act;
- the deposit is subject to a legal dispute or restrictive measures imposed by the government or international organisations – in such instances deposits are repaid in seven business days of BDIF notification of the dispute resolution or the termination of restrictive measures.

When repaying the deposits with a branch of a Bulgarian bank in an EU Member State the BDIF may extend the payment deadline up to 20 business days as of the date of the BNB or a judicial authority act (cf. Section I, Q 1).



III. A JOINT DEPOSIT. A DEPOSIT IN FAVOUR OF A THIRD PARTY

13. What is a joint deposit and how is it guaranteed?

This is a deposit opened in the names of two or more persons – i.e. a joint deposit of spouses, business partners, and others.

The portion owned by each deposit holder in a joint account is summed with all other deposits the depositor owns in a bank in order to determine the overall reimbursable amount to which this depositor is entitled. It is assumed that the depositors' shares are equal if the joint deposit contract does not stipulate else.

Example:

- *A husband and wife have a joint deposit of BGN 300,000 and personal deposits of BGN 25,000 each. To determine the reimbursable amount of each depositor, the joint deposit is halved, i.e. each of the spouses is entitled to BGN 150,000. To so calculated portions depositors' personal amounts are added ($150\ 000 + 25\ 000 = 175\ 000$). Thus, for each of the spouses the reimbursable sum is BGN 175,000, which falls within the limit of the guarantee.*

14. What is a deposit in favour of a third party and how is it guaranteed?

A deposit in favour of a third party is a deposit account opened by a person in favour of one or more other persons, e.g. a deposit in favour of a child or a grandchild.

The person in whose favour the deposit is opened is entitled to its guarantee unless the contract provides for else. If in favour of a third party there is more than one deposit, the general provisions for determining the reimbursable amount shall apply.

If the titleholder of a deposit is a minor, his/her parents (custodians or guardians respectively) shall obtain a court's permission to dispose with the deposit at BDIF disbursement.

IV. PAYOUT PROCEDURE

15. For how long may I be denied access to my deposits?

If deposits with a bank are unavailable, i.e. the bank is unable to meet its financial obligations and pay the deposits according to the applicable legal or contractual provisions, the BNB shall, within five business days from advice, make a resolution for either revoking the bank's license, or declaring the deposits therewith unavailable.

Upon BNB resolution, the BDIF ensures access of depositors to their reimbursable amounts within seven business days.

As a supervisory measure the BNB may not order full restriction of depositors' access to their funds with a bank for more than five business days.

16. How shall I be advised that my deposits are subject to repayment?

The BNB informs the general public by posting on its website the act for revoking a bank's license, or declaring the deposits therewith unavailable, as well as by announcements in the media.

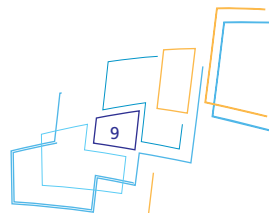
17. How is the payout of guaranteed deposits executed?

The payout of reimbursable amounts is carried out via a bank or banks determined by the BDIF. There is no statutory or other requirement for depositors to submit a claim to the BDIF or the servicing bank in order to receive their reimbursable amount.

18. How does BDIF inform depositors about the payout of deposits?

The BDIF posts an announcement in at least two major dailies and on its website about the date from which depositors may receive payments by the BDIF, as well as the bank/s executing the payments.

Upon BDIF designation of the servicing bank/s, they accordingly post information related to reimbursement.



19. Whom does the BDIF receive data from for the reimbursable sums?

The conservator, the temporary administrator or special manager, the liquidator, the interim trustee or the trustee of the bank provides the BDIF, on the basis of the information available in the bank, with information on the reimbursable sums.

20. How can I dispose with my reimbursable amount?

In the servicing bank you may dispose in any of the following ways: transfer the money in an account in your name with another bank, open an account with the servicing bank and leave your money therein, or make cash withdrawal. In any of the options chosen you shall bear in mind the standard banking practices, as well as those of your servicing bank when making your preference on how to dispose with your funds.

21. What document shall I present to the servicing bank?

An identity document (an ID card or passport) for physical persons and representation documents for legal entities.

22. What is the deadline for disposing with my reimbursable sum?

You may receive your reimbursable sum within the general prescriptive period of five years following the initial day of payout.

23. May I dispose with my money via a proxy?

Yes, you can, complying with the requisites for issuing a power of attorney in Bulgaria or abroad.

24. What shall I do if I have been refused repayment or I disagree with the determined reimbursable sum?

Within three months from the initial day of payout you may file an objection to the conservator, the temporary administrator or special manager, the liquidator, the interim trustee or the trustee of the bank providing documents in support of your claim. These officials shall rule on your objection within seven days of receipt. If your objection is not honoured, you may seek your rights in court.

25. What if the sum of my deposits exceeds the coverage level?

For receivables over the reimbursed by the BDIF depositors are satisfied from the bank's property in accordance with the applicable legislation.

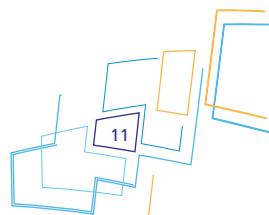
V. PAYOUT OF COVERED DEPOSITS WITH BRANCHES OF OTHER EU MEMBER STATES BANKS

26. How are covered deposits with branches of other EU Member States banks in Bulgaria paid?

The payout is executed by the BDIF on behalf and at the expense of the home Member State deposit guarantee scheme. The scheme responsible for the deposit guarantee determines the reimbursable amounts and provides the BDIF with the necessary financial means for repayment, which the BDIF executes pursuant to the instructions of the home country scheme. On behalf of the respective scheme the BDIF informs the concerned depositors in Bulgaria and may receive correspondence by them.

27. How are covered deposits with branches of Bulgarian banks in other EU Member States paid?

The BDIF is responsible for the payment via the deposit guarantee scheme in the EU Member State where the branch of the Bulgarian bank operates. In this scenario the host country DGS acts on behalf and at the expense of the BDIF.



VI. GENERAL INFORMATION ABOUT THE BDIF

28. Who governs BDIF activities?

By virtue of the law the BDIF is governed by a five-member Management Board composed by a Chairman, designated by the Council of Ministers, a Vice Chairman, designated by the Bulgarian National Bank, one member representing the Association of Banks in Bulgaria, and two members, jointly appointed by the Chairman and the Vice Chairman of BDIF Management Board.

29. How are BDIF operations financed?

The main sources for raising funds in the BDIF are the annual premiums from banks, income from investment of BDIF resources, as well as receivables from the failed bank's estate at subrogation.

BDIF administrative expenses are defrayed by an annual fee collected from member banks.

30. How is BDIF shortfall of funds covered?

Should the available financial means at the BDIF be insufficient for repayment of covered deposits, BDIF shall collect extraordinary premium contributions from banks. For the completion of the remaining shortage the BDIF may borrow funds, incl. by issuance of debt securities of from the state budget.

Note:

This brochure presents in popular language information about deposit guarantee to banks' customers in Bulgaria. The language does not intend to replace the legal interpretation of the Law on Bank Deposit Guarantee, published in Darjaven vestnik (State Gazette), issue 62 of 14 August 2015, enforced immediately. For more details regarding deposit guarantee, depositors may refer to the abovementioned legislative act.

Our contacts

27 Vladayska Street

1606 Sofia, Bulgaria

T: +359 2 953 1217, 2 953 1318

F: +359 2 952 1100

E: contact@dif.bg

www.dif.bg

Universal national number:

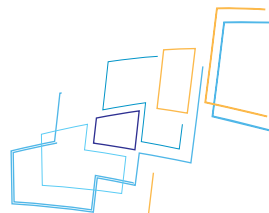
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