

NJORD Latvia: MONEY RECOVERY FROM BALTIC INTERNATIONAL BANK SE (BIB) (updated 16.03.2023)

On December 12, 2022, the Latvian financial services regulator - the Council of the Financial and Capital Market Commission (FCMC) - decided to suspend the provision of financial services by Baltic International Bank SE (BIB). BIB was recognized as a financial institution that failing or likely to fail. The regulator decided not to carry out measures to stabilize the bank's operation and imposed an obligation on the bank as from 12.12.2022 at 18.00 o'clock to completely stop the provision of financial services, including the execution of customer payments and the servicing of payment cards.

Also, on December 13, 2022, the FCMC Council ruled on the unavailability of deposits. The unavailability of deposits occurs if the regulator determines that the bank will not be able to pay out the funds or deposits in the bank account to its customers fully.

Pursuant to the Latvian Deposit Guarantee Law, the state guarantees payment of compensation for all types of deposits up to EUR 100,000. In particular exceptional cases, the amount can reach 200,000 euros.

As from 22.12.2022, the payment of the guaranteed compensation to the bank's customers has been commenced.

The payment of the guaranteed compensation is made by transfer to the account of the bank's client which is opened in another credit institution or financial institution operating in the SEPA zone. Customers of the bank who have access to the Internet banking system can apply for payment by using Internet banking. Other customers have 3 options how to apply for payment:

- by arriving in person at the bank's premises at Grečinieku street 6, Riga;
- by sending an application signed with a secure electronic signature to the bank's e-mail address: info@bib.eu;
- by sending a notarized application by post to the bank's address.

To receive funds exceeding the amount of the guaranteed compensation, a creditor's claim must be submitted after initiation of the bank's liquidation is announced.

On March 10, 2023, the European Central Bank cancelled the license of Baltic International Bank. The ECB's decision entered into force on March 11.

On March 15, 2023, based on the ECB's decision to cancel the license, the Bank of Latvia, as the legal successor of FCMC, prepared and submitted an application to the Court of Economic Cases with a request to launch the bank's liquidation process and to appoint attorney-at-law Olavs Cers as the bank's liquidator. The court hearing is scheduled for March 23, 2023.

Pursuant to Article 133 of the Latvian Law on Credit Institutions, the liquidator submits a notice of liquidation in the official gazette "Latvijas Vēstnesis" not later than 3 days after the adoption of the court decision on liquidation, in which, among other things, the term by which creditors' claims must be filed is indicated. This term is 3 months from the moment of publication.

If you have any questions or need additional advice related to the above information, please contact the partners of the NJORD law firm – attorney-at-law Dmitrijs Kolesnikovs (+37167313315, dk@njordlaw.lv) and attorney-at-law Dmitrijs Nikolajenko (+371 67 313 315, dn@njordlaw.lv).



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