

Bankruptcy of FlowBank SA

Answers to clients' questions

questions@finma.ch, 13 June 2024

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1 Questions about client deposits at FlowBank SA

1.1 Bankruptcy proceedings have been opened against the bank, what happens now?

Transactions can no longer be carried out from now on. The liquidator will identify all of the bank's creditors to determine the bank's debts. The liquidator is required to draw up a list of claims on the bank and express an opinion on the eligibility of each individual claim. This process results in the schedule of claims. In parallel with this, the liquidator will realise the bank's assets to enable them to be paid out to creditors.

Creditors must register their claims, i.e. contact the liquidator and notify them in writing of the level and reason for their claims.

Bank **clients** who hold deposits at the bank are also considered to be **creditors**. If their claims are recorded in the bank's books, they are known to the liquidator and are deemed by law to be registered.

The liquidator will contact these clients by email and inform them of the exact procedure to gain access to their deposits (in the first instance protected deposits of up to CHF 100,000).

Clients should contact the liquidator if they have any questions.

1.2 Will I get all of my money back?

Deposit balances held in Switzerland are treated preferentially up to a limit of CHF 100,000 (privileged deposits). After bankruptcy proceedings are opened, the liquidator will initially pay out the privileged deposits as quickly as possible. If they hold deposits at the bank, clients will be contacted by the liquidator and asked to provide payment instructions. Based on current information, these privileged deposits can be repaid out of FlowBank SA's available assets and recourse to the esisuisse deposit protection scheme should not be needed.

Deposits over CHF 100,000 will be included in the schedule of claims in the bankruptcy proceedings and paid out in whole or in part depending on the available assets.

1.3 What are privileged deposits?

Deposits at Swiss and foreign branches of Swiss banks and securities firms up to a maximum of CHF 100,000 are classed as privileged deposits. These privileged deposits are repaid out of the bankrupt institution's available liquid funds and outside of the schedule of claims under bankruptcy law. Further

information on deposit protection is available on the esisuisse website at www.esisuisse.ch.

1.4 When will I receive my money?

Deposits up to a limit of CHF 100,000, known as privileged deposits, will be repaid to the client out of the bank's available assets within seven working days of receipt of the payment instructions. This means that the money is paid out within a few days, i.e. as soon as the liquidator has a client's payment instructions.

1.5 What happens to deposits over CHF 100,000?

Deposits on client accounts in excess of CHF 100,000 (non-privileged deposits) are allocated to the third class of bankruptcy claims. After the schedule of claims has been drawn up, they are paid out in proportion to the bankruptcy dividend. Drawing up the schedule of claims can take some time.

1.6 Will there have to be recourse to the deposit protection scheme (esisuisse)?

All banks are required to hold assets in Switzerland equivalent to 125% of the protected and preferential client deposits as collateral. Based on what we know today, recourse to the deposit protection scheme should not be needed.

2 Questions about other assets at FlowBank SA

2.1 What will happen to securities held at FlowBank SA?

Client account balances at a bank are mixed up with those of the bank itself. Unlike these account balances, however, securities can be allocated to the relevant owner, although this only applies if the client is really the owner of the securities. The bank holds the securities in safekeeping for clients in individual custody accounts. In the event of bankruptcy, clients' securities are not included in the bankrupt assets. They are segregated from the bankrupt estate and transferred back to the custody account holder by the liquidator in accordance with the account holder's instructions, provided the bank does not have a right of offset against the client. However, this only applies to securities where the client is really the owner.

Whether a particular custody asset is classed as a security that will be segregated and transferred back by the liquidator or treated as a claim on the bank is determined by the liquidator in the individual case.

As soon as the liquidator has established the owner of the securities and received the required instructions from the client, they will transfer the securities over, provided the bank does not have a right of offset against the client. Identifying custody accounts and transferring the securities can take a number of weeks.

2.2 What will happen to my crypto investments?

That depends on the product. Whether the products in question are classified as custody assets that will be segregated and transferred back by the liquidator in the same way as other securities, or treated as claims on the bank, is reviewed and determined by the liquidator in the individual case.

3 Questions on the proceedings

3.1 Bankruptcy proceedings have been opened, what happens now?

The liquidator will identify all of the bank's creditors to determine the bank's debts. The liquidator is required to draw up a list of claims on the bank and express an opinion on the eligibility of each individual claim. This process results in the schedule of claims. In parallel with this, the liquidator will realise the bank's assets to enable them to be paid out to creditors.

Creditors must register their claims, i.e. contact the liquidator and notify them in writing of the level and reason for their claims.

Clients of the bank are also considered to be creditors. Their claims recorded in the bank's books are known to the liquidator and deemed by law to be registered. The liquidator will contact the depositors by email and inform them of the exact procedure to gain access to their money (in the first instance protected deposits of up to CHF 100,000). Clients should contact the liquidator if they have any questions.

3.2 What do I have to do to get my deposits back?

The claims of clients recorded in the bank's books are deemed by law to be registered. The liquidator will contact the clients by email and inform them of the exact procedure to gain access to their money (in the first instance protected deposits of up to CHF 100,000).

With regard to registering their claims, clients are requested to check the notice to creditors that will be published in the coming days on FINMA's website and in the Swiss Official Gazette of Commerce.

3.3 Who can I contact if I have any questions?

The liquidator, the law firm Walder Wyss AG, is available to answer your questions in connection with the bankruptcy proceedings. You can contact them by telephone on the hotline number +41 22 888 66 00 (the bank's telephone no.) or via email at: project-liquidateurfb@walderwyss.com

3.4 Where will official notices be published?

Official notices will be published in the Swiss Official Gazette of Commerce and on FINMA's website (www.finma.ch).

3.5 What languages can I contact the liquidator in?

Clients and creditors are welcome to contact the liquidator in German, English or French.