

**Order N [●]**  
**Of the Head of the Legal Entity of Public Law - Deposit Insurance Agency**  
**28 December 2017, Tbilisi**

**On Approving the Instruction for Calculation of Base for Regular  
Insurance Premiums Payable by the Commercial Banks and Procedures for  
Payment of Regular Insurance Premiums**

In accordance with sub-paragraph “j.d” of Article 6.6 of the Law of Georgia on Deposit Insurance System, it is hereby ordered:

Article 1. To approve the Instruction for Calculation of Based for Regular Insurance Premiums Payable by the Commercial Banks and Procedure for Payment of Regular Insurance Premiums, as annexed hereto;

Article 2. This Order shall become effective upon its publication.

*Head of the Agency*

*Otar Dzidzikashvili*

# **Instruction for Calculation of Base for Regular Insurance Premiums Payable by the Commercial Banks and Procedures for Payment of Regular Insurance Premiums**

## **Article 1. Scope of Instruction**

This Instruction for Calculation of Base for Regular Insurance Premiums Payable by the Commercial Banks and Procedures for Payment of Regular Insurance Premiums (hereinafter – the “Instruction”) determines the rules for calculation of base for regular insurance premiums (hereinafter – “Premium”) and procedures for the payment thereof.

## **Article 3. General Provisions**

1. This Instruction applies to all commercial banks operating in Georgia (hereinafter – the “Bank”).
2. The Bank is obliged to pay monthly premiums in accordance with the Law of Georgia on Deposit Insurance System and this Instruction.
3. The bank is obliged to regularly report the information envisaged under this Instruction to the Legal Entity of Public Law – Deposit Insurance Agency (the “Agency”).

## **Article 3. Definitions.**

1. Unless otherwise determined herein, the terms used in this Instruction shall have the meaning, as determined under the Law of Georgia on Deposit Insurance System (hereinafter – the “Law”), as well as the Law of Georgia on the Activities of Commercial Banks and the Organic Law of Georgia on National Bank.
2. For the purposes of this Instruction, the term “deposit” shall mean any positive balance of funds accumulated on any bank account (including but not limited to the current account, card account, fixed-term deposit and savings deposit accounts), opened and maintained at the commercial bank by the depositor, which shall be repaid under the legal and contractual conditions applicable.

## **Article 4. Base Calculation and Submitting of Information**

1. The Bank shall pay regular premium monthly, with the rate determined under Paragraph 2 of Article 3 of the Law and as provided under this Instruction. The base for calculation of the Premium shall be the credit balance of amount of insured deposits, increased by accrued interests, as per last calendar date of the previous month. For the purposes of this

Instruction, term “accrued interest” shall mean the interest actually accrued and credited on the deposit accounts.

2. The monthly Premium for the GEL deposits shall amount to 0.067% of insurable portion of insured deposits as of the last day of the reporting month, while the Premium for deposits maintained in foreign currency – 0.1% of insurable portion of insured deposits as of the last day of the reporting month. The base is calculated at two decimal places.
3. The Bank shall calculate Premium for the GEL and foreign currency deposits separately, as well as jointly.
4. The Bank shall provide data on insured deposits in a monthly report, in accordance with the Annexes to this Instruction.
5. The Bank shall calculate the amount of Premium in accordance with the Law and this Instruction and calculate the respective payment to be made, as provided in Form 01.

#### **Article 5. Rules for Payment of the Premium**

1. The Bank shall pay the Premium in accordance with the exchange rate set by the National Bank of Georgia as at the date of payment. For the purposes of this Instruction, the Bank shall use full exchange rate published by the National Bank of Georgia, without rounding up.
2. The Bank shall pay the Premium to later than the 15<sup>th</sup> day the month succeeding the reporting month. The payment shall be made to the following bank account of the Agency:

Recipient Bank: State Treasury;

Name of the Recipient: Joint Treasury Account;

Bank Code: TRESGE22;

Bank Account of the Recipient/Treasury Code – 302008900 (LEPL Deposit Insurance Agency)

#### **Article 6. Reporting Obligation**

1. Not later than 15<sup>th</sup> of the month succeeding the reporting month, the Bank is obliged to submit following monthly reports:
  - a) Form 01 – Monthly report on insured deposits, annexed as Annex 1 hereof;
  - b) Form 02 – Monthly report on individuals’ deposits’ breakdown, annexed as Annex 2 hereof;
  - c) Form 03 - Monthly report on legal entities’ deposits breakdown, annexed as Annex 3 hereof.
2. The information included in item “c” of paragraph 1 of this Article shall be submitted to the Agency for information purposes only.

3. For the purpose of the insured deposit pay-out, in case of insurance event occurrence, the Agency shall prescribe the scope and content of the report to be prepared by the Bank, in compliance with the Agency's pay-out procedures and mechanisms.

#### **Article 7. Monthly Reports**

1. The Bank shall submit the Forms 01, 02 and 03 in excel format, stating the name and identification details of the Bank, last date of the month for which the report is given and signature of an authorized person. The information/ report included in this item shall be submitted to the Agency electronically to the following e-mail address: [info@diagency.ge](mailto:info@diagency.ge).
2. All data included in the information/report under this Article are in GEL with two decimal places.
3. The Bank shall fill out the reporting Forms 01, 02 and 03 in compliance with this Instruction and in a format given in Annex 1, 2 and 3 hereof.
4. If the deadline for submitting the report coincides with a holiday, then the term shall be extending to the business day immediately following the holiday.

#### **Article 8. Transitional Provisions**

1. The first reporting month for a newly licensed Bank is the month when the Bank obtained banking license from the National Bank of Georgia.
2. Bank is obliged to submit the first monthly reports provided under Article 6 hereof to the Agency no later than 15 January 2018, for the deposits as of 31 December 2017.
3. The Bank shall pay the first regular premium by 15 February 2018, for insured deposits as of January 2018.
4. If the banking license is revoked by the National bank of Georgia, the Bank is obliged to pay the premium for insured deposits for the last month preceding the month in which its license had been revoked. For the purposes of this Article, the reporting month is a whole month of its operation and the obligation of prorated payment shall not apply to the month when the license is revoked by the National Bank of Georgia.

**Annex 1.**

**TEMPLATE FORM 01: MONTHLY REPORT ON INSURED DEPOSITS**

No	Description	Amount, in GEL	No of deposit accounts	Number of depositors
<b>A</b>	<b>Section</b>	<b>A</b>	<b>B</b>	<b>C</b>
<b>1</b>	<b>Total deposits (1.1. + 1.2.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>1.1.</b>	<b>Total individuals' deposits (1.1.1. + 1.1.2.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.1.1.	in GEL, out of which:			
	With remaining maturity of up to 1 year			
	With remaining maturity of more than 1 year			
1.1.2.	in FX, out of which:			
	With remaining maturity of up to 1 year			
	With remaining maturity of more than 1 year			
<b>1.2.</b>	<b>Total legal entities deposits (1.2.1. + 1.2.2.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.2.1.	in GEL, out of which:			
	With remaining maturity of up to 1 year			
	With remaining maturity of more than 1 year			
1.2.2.	in FX, out of which:			
	With remaining maturity of up to 1 year			
	With remaining maturity of more than 1 year			
<b>B</b>	<b>Section</b>			
<b>1.3.</b>	<b>Total excluded deposits</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.3.1.	Deposits of Administrators or third parties acting on their behalf			
1.3.2.	Deposits of Shareholders or third parties acting on their behalf			
1.3.3.	Deposits of family members or third parties acting on their behalf			
1.3.4.	Deposits of external auditors			
1.3.5.	Deposits on nominal ownership accounts			

1.3.6.	Deposits with security measures			
<b>C</b>	<b>Section</b>			
<b>1.4.</b>	<b>Total eligible deposits (1.1. - 1.3.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>1.4.1.</b>	<b>Total insured (covered) deposits up to 5,000 GEL</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.4.1.1.	in GEL			
1.4.1.2.	in FX, out of which:			
	in USD			
	in €			
	in other currencies			
<b>1.4.2.</b>	<b>Total uninsured portion, above 5,000 GEL (1.4. - 1.4.1.)</b>			
1.4.2.1.	in GEL			
1.4.2.2.	in FX, out of which:			
	in USD			
	in €			
	in other currencies			
<b>D</b>	<b>Section</b>			
1.5.	Amount of Premium for GEL denominated deposits – 0.067% of the insured amount			
1.6.	Amount of Premium for FX denominated deposits – 0.1% of the insured amount			
1.7.	Total Sum of Premium payable until 15 <sup>th</sup>			

### Instructions for completion of the monthly reporting form 01

Monthly report 01 consists of four (4) sections:

- A Section – on total deposits
- B Section – on excluded deposits
- C Section – on insured deposits
- D Section – Premium amount.

All amounts are in GEL, in two decimal places, as of last calendar day in a month for which the report is prepared, such as for e.g. as of 31<sup>st</sup> of December, 31<sup>st</sup> of January, 28<sup>th</sup> of February, etc.

For deposits in foreign currencies, the Bank shall calculate the base in GEL denominated sums, according to the official exchange rate for each foreign currency set by the National Bank of Georgia as of the last date of the reporting month. The exchange rate is used on 4 decimal places.

A Section – Total deposits:

Bank shall compile the balances of deposits in A according to the data reflected in its books and records.

The balance of deposits shall mean the sum of deposits increased by the accrued interest that constitutes the liability of the bank payable to a depositor in accordance with agreed contractual terms.

Under 1:

- column A, the Bank inserts aggregate balances on total deposits (both individuals' and legal entities deposits), which is also the sum of figures given under 1.1. and 1.2.
- column B, the Bank inserts total number of all accounts of all depositors (both individuals and legal entities).
- column C, the Bank inserts total number of depositors (both individuals and legal entities). The figure under the column C may be equal or less than the figure under the column B.

Under 1.1.:

- column A, the Bank inserts aggregate balances on total individuals' deposits, which is also the sum of figures given under 1.1.1. and 1.1.2.
- column B, the Bank inserts total number of all accounts of all individuals depositors.
- column C, the Bank inserts total number of individual depositors. The figure under the column C may be equal or less than the figure under the column B.

Under 1.1.1.:

- column A, the Bank inserts aggregate balances on total individual deposits deposited in GEL, with additional breakdown on amounts deposited with remaining maturity of up to 1 year (current accounts and time deposits with remaining maturity of maximum 1 year) and longer than 1 year.
- Column B, the Bank inserts total number of all accounts of all individual depositors deposited in GEL.
- Column C, the Bank inserts total number of all individual depositors with deposits deposited in GEL. The figure under the column C may be equal or less than the figure under the column B.

Under 1.1.2.:

- column A, the Bank inserts aggregate balances on total individual deposits deposited in foreign currency, with additional breakdown on amounts deposited with remaining maturity of up to 1 year (current accounts and time deposits with maturity of maximum 1 year) and longer than 1 year.
- Column B, the Bank inserts total number of all accounts of all individual depositors deposited in foreign currency.
- Column C, the Bank inserts total number of all individual depositors with deposits deposited in foreign currency. The figure under the column C may be equal or less than the figure under the column B.

Under 1.2.:

- column A, the Bank inserts aggregate balances on total legal entities' deposits, which is also the sum of figures given under 1.2.1. and 1.2.2.
- column B, the Bank inserts total number of all accounts of all legal entities.
- column C, the Bank inserts total number of legal entities with accounts and deposits with the Bank. The figure under the column C may be equal or less than the figure under the column B.

Under 1.2.1.:

- column A, the Bank inserts aggregate balances on total legal entities' deposits deposited in GEL, with additional breakdown on amounts deposited with remaining maturity of up to 1 year (current accounts and time deposits with the remaining maturity of maximum 1 year) and longer than 1 year.
- Column B, the Bank inserts total number of all accounts of all legal entities deposited in GEL.
- Column C, the Bank inserts total number of all legal entities with deposits deposited in GEL. The figure under the column C may be equal or less than the figure under the column B.

Under 1.2.2.:

- column A, the Bank inserts aggregate balances on total legal entities' deposits deposited in foreign currency, with additional breakdown on amounts deposited with remaining maturity of up to 1 year (current accounts and time deposits with the remaining maturity of maximum 1 year) and longer than 1 year.
- Column B, the Bank inserts total number of all accounts of all legal entities deposited in foreign currency.
- Column C, the Bank inserts total number of all legal entities with deposits deposited in foreign currency. The figure under the column C may be equal or less than the figure under the column B.

## B Section – Excluded Deposits

### 1.3.1. Deposits of Administrators and Third Parties Acting on Their Behalf

- Column A, the Bank inserts the total balance amount of all deposits, calculated in GEL, held by the Administrators or third parties acting on their behalf.
- Column B, the Bank inserts the numbers of accounts maintained by the Administrators or third parties acting on their behalf.
- Column C, the Bank inserts the number of depositors (Administrators and third parties acting on their behalf) that maintain deposits at the Bank.

### 1.3.2. Deposits of Shareholders and Third Parties Acting on Their Behalf

- Column A, the Bank inserts the total balance amount of all deposits held by the shareholders holding 5% or more in the issued capital of the Bank or third parties acting on their behalf.
- Column B, the Bank inserts the numbers of accounts maintained by the shareholders holding 5% or more in the issued capital of the Bank or third parties acting on their behalf.
- Column C, the Bank inserts the number of depositors (shareholders holding 5% or more in the issued capital of the Bank or third parties acting on their behalf) that maintain deposits at the Bank.

### 1.3.3. Deposits of Family Members and Third Parties Acting on Their Behalf

- Column A, the Bank shall insert the total balance of all deposits held by the family members of Administrators and Shareholders holding more than 5% in the issued capital of the Bank or third parties acting on their behalf.
- Column B, the Bank shall insert the total number of accounts maintained by the family members of Administrators and Shareholders holding more than 5% in the issued capital of the Bank or third parties acting on their behalf;
- Column C, the Bank inserts the number of depositors (family members of Administrators and Shareholders holding more than 5% in the issued capital of the Bank or third parties acting on their behalf) that maintain deposits at the Bank.

### 1.3.4. Deposits of External Auditors

- Column A, the Bank inserts the total balance of all deposits held by the External Auditors. For the purposes of this paragraph, the “External Auditor” shall mean individuals who act as managing partner(s) and/or have managerial and/or representative authority of the Audit Company conducting the bank’s audit over the course of the recent three years.

- Column B, the Bank inserts the total number of accounts maintained by the External Auditors.
- Column C, the Bank inserts the number of depositors (External Auditors) that maintain deposits at the Bank.

#### 1.3.5. Deposits of Nominal Ownership

- Column A, the Bank inserts the total balance of all deposits held by nominal holders (an/or depositors, identification of which is impossible prior to occurrence of an insured event, as provided under the Georgian legislation).
- Column B, the Bank inserts the total number of accounts maintained by the nominal holders and/or holders, identification of which is impossible prior to occurrence of an insured event, as provided under the Georgian legislation.
- Column C, the Bank inserts the number of depositors that are nominal holders and/or holders, identification of which is impossible prior to occurrence of an insured event, as provided under the Georgian legislation.

#### 1.3.6. Deposits with security measures

- Column A, the Bank inserts the total balance of all deposits subject to preliminary or interim measures imposed through any criminal, civil or administrative proceedings, as well as means of mandatory foreclosure, which are insurable by the deposit insurance. For avoidance of any doubt, in order for a deposit to qualify as “included deposit” and not to be excluded, the following cumulative conditions shall be met: (a) the funds shall be accumulated on the bank account opened and maintained in the name of the depositor; and (b) the depositor shall not be limited in disposing of the accumulated funds or shall be able to receive the value deposited at least at par from the Bank or through otherwise disposing of the instrument.
- Column B, the Bank insert the total number of accounts mentioned in Column A of item 1.3.6.
- Column C, the Bank inserts the number of depositors holding the deposits mentioned in Column A of item 1.3.6.

### C Section –Insured deposits

#### Under 1.4.:

- Column A, the Bank inserts total balance amount of all eligible deposits which are insurable by the deposit insurance. Eligible deposits equal total individual depositors’ deposits decreased by total excluded deposits i.e. 1.1. – 1.3.
- Column B, the Bank inserts total number of all eligible deposit accounts.

- Column C, the Bank inserts total number of all eligible depositors i.e. individuals, deposits of which do not qualify as excluded deposits.

Under 1.4.1.:

- Column A, the Banks inserts total balance amount of all eligible individual depositors' deposits up to 5,000 GEL, which is the sum of total amount of GEL portion of insured deposits (1.4.1.1.) and FX portion of insured deposits (1.4.1.2.). Banks will have to calculate the amount of insured deposit for each individual depositor separately in the following way:
  - o Summing up (aggregating) all balances (GEL deposits and converted foreign currency deposits in GEL);
  - o Calculation of the currency structure coefficient of each currency included in the final GEL amount by dividing the GEL amount of each currency (in case of foreign currency deposits, though converting the relevant amounts in GEL) with total GEL amount;
  - o Applying the currency structure quotient to different currencies up to 5,000 GEL by multiplying the each currency quote by 5,000 GEL;
  - o Calculating, if any, remaining uninsured portion of total GEL sum of eligible depositors' deposits by deducting insured portion of each currency balance from total amount of GEL balance.

For joint deposits of two or more individuals, when calculating the total amount of insured deposits, for each individual depositor, the bank shall include appropriate portion of deposit from joint deposit account (i.e. 50% of total balance at the joint deposit account to each depositor).

Example:

Depositor A has 3 deposits at the end of calendar month:

currency	Amount	Exchange rate	in GEL	currency quotation	Insured deposits	Uninsured deposits
GEL	1.000	1	1.000,00	0,1595	797,30	202,70
USD	2.000	2,4894	4.978,80	0,7939	3.969,58	1.009,22
€	100	2,924	292,40	0,0466	233,13	59,27
			6.271,20	1,0000	<b>5.000,00</b>	<b>1.271,20</b>

The Bank will insert – under 1.4.1. amount 5,000.00 GEL, out of which, under 1.4.1.1. amount 797.30 GEL, under 1.4.1.2. sum of 3,969.58 GEL (which is USD portion of insured deposit

amount) and 233.13 GEL (which is € portion of insured deposit amount), with individual currencies in individual appropriate currency section.

Similarly, remaining uninsured portion of total GEL balance of eligible individuals' deposits will be inserted under 1.4.2. following the same rule as above.

- Column B, the Bank will insert total number of insured accounts (in our example 3 accounts for depositor A).
- Column C, The Bank will insert total number of depositors whose deposits are insured (in our example for depositor A – 1 depositor).

#### Subparagraph 1.4.2. - Total Uninsured Deposits

The Bank inserts data only for those depositors whose GEL sum of all eligible deposits is above 5,000 GEL:

- Column A, The Bank inserts the total uninsured amount of total GEL sum of all eligible deposits, as difference between total amount and total insured amount, for each currency separately, as given in the example above;
- Column B, the Bank inserts the number of uninsured accounts balances;
- Column C, the Bank insert the total number of all eligible depositors who have remaining uninsured balances (total GEL deposits above 5,000).

The Agency will use the figure presented under the 1.4.1.1. as the basis for the calculation of the Bank's GEL portion of monthly insurance premium i.e. applying on it 0.067%.

The Agency will use the figure presented under the 1.4.1.2. as the basis for the calculation of the Bank's foreign currency portion of monthly insurance premium i.e. applying on it 0.1%.

The Bank will have to pay the monthly regular premium as sum of amounts of their liability for insured deposits in GEL and in foreign currencies.

#### D Section – Premium Amount

1.5. The Bank shall calculate the Premium for GEL denominated portion of insured deposits by multiplying GEL deposits included in 1.4.1.1. with 0.067%;

1.6. The Bank shall calculate the Premium for foreign currency denominated portion of insured deposits by multiplying the number included in 1.4.1.2 with 0.1%;

1.7. In this item the Bank shall calculate the aggregate amount of Premium through adding up the portion of Premium payable for GEL denominated currencies included in subparagraph 1.5 and the portion of Premium payable for foreign currency denominated deposits included in subparagraph 1.6.

Columns B, C and D of Section D shall remain blank.

Example for calculating the Premium for depositor “A”:

<b>D</b>	<b>Section</b>			
1.5.	Amount of Premium for GEL denominated deposits – 0.067% of the insured amount	0,53	x	x
1.6.	Amount of Premium for FX denominated deposits – 0.1% of the insured amount	4,20	x	x
1.7.	Total Sum of Premium payable until 15 <sup>th</sup>	4,73	X	X

**Annex 2.**

**TEMPLATE FORM 02 – MONTHLY REPORTING FORM ON INDIVIDUALS'**

**DEPOSITS BREAKDOWN**

No	Deposits' value ranges, GEL	GEL Deposits	Deposits in FX, in GEL	Total value of deposits, in GEL	Number of depositors with total sum in each value range
1	<b>Up to 1,000</b>			0	
2	<b>From 1,000.01 - 2,000</b>			0	
3	<b>From 2,000.01-3,000</b>			0	
4	<b>From 3,000.01-4,000</b>			0	
5	<b>From 4,000.01-5,000</b>			0	
6	<b>From 5,000.01-6,000</b>			0	
7	<b>From 6,000.01-7,000</b>			0	
8	<b>From 7,001.01-8,000</b>			0	
9	<b>From 8,000.01-9,000</b>			0	
10	<b>From 9,000.01-10,000</b>			0	
11	<b>From 10,000.01-20,000</b>			0	
12	<b>From 20,000.01-30,000</b>			0	
13	<b>From 30,000.01 - 100,000</b>			0	
14	<b>More than 100,000</b>			0	
15	<b>Total</b>	0	0	0	0

All amounts are in GEL, in two decimal places, as of last calendar day in a month for which the report is prepared, such as for e.g. as of 31<sup>st</sup> of December, 31<sup>st</sup> of January, 28<sup>th</sup> of February, etc.

For deposits in foreign currencies banks use official exchange rate for each foreign currency on 4 decimal places, valid as of the last date of the reporting month (i.e. 31<sup>st</sup> of December, 31<sup>st</sup> of January, etc.).

Banks shall sum all deposits of each individual depositor.

As a next step, banks shall classify all summed deposits of all individual depositors in one of 15 given categories (deposits value ranges) based on the total GEL value.

If depositor has deposits in GEL and in foreign currencies (converted in GEL), these deposits should be presented separately, within the appropriate deposit value range based on the total value of deposits.

In the first row (total deposit value up to 1,000 GEL) banks shall report sum value of all deposits of all individual depositors whose total deposits (deposits in GEL and deposits in foreign currencies) don't exceed the value of 1,000 GEL and total number of depositors whose total deposits fall under the category up to 1,000 GEL.

Banks shall, in the same manner, classify all other deposits, within the appropriate deposit value ranges, as it is given in an example below.

**Example:**

Depositor A has three deposits, as presented in the table below, with total value of 6,271.20 GEL. Depositor A's deposits will be classified within the deposit range 6,000.01 – 7,000 GEL whereas his GEL deposits will be presented as 1,000 GEL and his foreign exchange deposits will be presented as 5,271.20 GEL, 1 depositor.

currency	Amount	Exchange rate	in GEL
GEL	1.000	1	1.000,00
USD	2.000	2,4894	4.978,80
€	100	2,924	292,40
			6.271,20

**Annex 3.**

**TEMPLATE FORM 03 – MONTHLY REPORTING FORM ON LEGAL ENTITIES’**

**DEPOSITS BREAKDOWN**

No	Deposits' value ranges, in GEL	GEL Deposits	Deposits in FX, in GEL	Total value of deposits, in GEL	Number of depositors with total sum in each value range
1	<b>Up to 1,000</b>			0	
2	<b>From 1,000.01 - 2,000</b>			0	
3	<b>From 2,000.01-3,000</b>			0	
4	<b>From 3,000.01-4,000</b>			0	
5	<b>From 4,000.01-5,000</b>			0	
6	<b>From 5,000.01-6,000</b>			0	
7	<b>From 6,000.01-7,000</b>			0	
8	<b>From 7,001.01-8,000</b>			0	
9	<b>From 8,000.01-9,000</b>			0	
10	<b>From 9,000.01-10,000</b>			0	
11	<b>From 10,000.01-20,000</b>			0	
12	<b>From 20,000.01-30,000</b>			0	
13	<b>From 30,000.01 - 100,000</b>			0	
14	<b>More than 100,000</b>			0	
15	<b>Total</b>	0	0	0	0

Banks shall prepare monthly report 03 in the same manner as monthly report 02, classifying total amount of deposits of legal entities in accordance with deposit breakdown ranges.