

EINLAGENSICHERUNGS- UND ANLEGERSCHUTZ-STIFTUNG DES LIECHTENSTEINISCHEN BANKENVERBANDES

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FACT SHEET:

Deposit and investment protection of Liechtenstein banks

In line with the applicable EU directives, article 7 of the Liechtenstein Banking Law contains provisions on the guarantee of bank deposits and the protection of investors. Article 7 requires banks to ensure sufficient protection of deposits and investments at banks, either by creating their own institutions or participating in foreign guarantee schemes.

The Liechtenstein Bankers Association (LBA) decided to offer its own solution, establishing the Deposit Guarantee and Investor Protection Foundation of the Liechtenstein Bankers Association (*Einlagensicherungs- und Anlegerschutzstiftung des Liechtensteinischen Bankenverbands*, EAS). The EAS is an autonomous foundation under Liechtenstein law. The Foundation has assumed the obligation, in the event of the insolvency or bankruptcy of a bank, to pay compensation up to a specified maximum amount. All banks operating in Liechtenstein participate in the EAS. By offering these guarantees, the EAS contributes substantially to the protection of creditors and to the reputation and stability of the Liechtenstein financial center.

Deposits of private clients up to a maximum of CHF 100,000 or the equivalent in another currency are guaranteed. Deposits mean account balances of all kinds as well as call money and time deposits. If a client has several accounts at a bank or if the client additionally has a share of a joint account, then the upper threshold does not apply to each account separately, but rather to all the accounts added together.

In addition to deposits, investments at banks up to a maximum of CHF 30,000 are guaranteed as well. These investments include securities and similar investment instruments. However, this guarantee is unlikely to play a major role in practice, since in the event of bankruptcy of the bank, the entire custody account of a client will be separated out of the estate exclusively for the benefit of the client.

If, pursuant to bankruptcy or a moratorium on debt enforcement, a so-called "guarantee case" arises, the members of the EAS are required to make money available so that the EAS can pay out claims up to a maximum of CHF 400 million to entitled depositors and investors. In a guarantee case, the Foundation immediately notifies the potential claimants through publication in the daily press and on the website of the Foundation. Both the Foundation and the affected bank will have fact sheets available containing the necessary information, along with the registration forms. Duly submitted and reviewed claims of depositors and investors will be paid out by the Foundation within three months. In return for payment, the depositors and investors cede their claims vis-à-vis the bank to the Foundation. The Foundation may then assert the ceded claims during the bankruptcy of the affected bank.

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