

# FAQ: Frequently asked questions about deposit guarantee and investor compensation schemes

(As of May 2022)

## 1. Up to what amount are my deposits guaranteed?

Deposits by both natural persons and legal entities are guaranteed up to a maximum amount of EUR 100,000 (per depositor per bank).

In exceptional cases, deposits up to an amount of EUR 500,000 are covered. The following conditions apply here:

- The credit balance stems from the sale of a privately used residential property. The deposit is bound to specific life events and fulfils legally specified social purposes, such as severance benefits, benefits from social plans, settlement payments and/or special payments in connection with the termination of an employment relationship or pension fund agreements, or benefits in connection with a marriage (endowment pursuant to Section 1220 ABGB), divorce, invalidity, or death.
- The credit balance stems from the payment of insurance benefits or compensation for personal injury resulting from crimes (e.g. insurance benefits, restitution, compensation for damages and pain and suffering in connection with physical and/or mental impairments that were suffered), or
- The deposit stems from compensation payments awarded by the court or as part of a settlement for a wrongful criminal conviction.
- The deposit may not have been credited to the account more than one year ago.

However, a separate application must be submitted by the depositor after the payout event occurs for the increased deposit guarantee coverage to be granted. This must be filed within 12 months of the occurrence of the payout event.

## 2. Does the deposit guarantee scheme apply per account/savings account or per person?

The deposit guarantee scheme always applies per depositor (natural persons and legal entities), regardless of how many accounts or savings accounts the depositor has at the given institution.

## 3. I have an account/savings account at bank X and one at bank Y. What happens in the event that both banks become insolvent?

The deposit guarantee scheme applies to both natural persons and legal entities for deposits up to a maximum amount of EUR 100,000 (per depositor and per bank). This also applies to banks that are part of the same banking group (e.g. Bank Austria and Schoellerbank).

## 4. Is there a deductible?

There is no deductible for the deposit guarantee scheme (neither for natural persons nor for legal entities). The investor compensation scheme still includes a deductible in the amount of 10% of the exposure for legal entities. Deposits on accounts of general partnerships, limited partnerships, and partnerships under civil code and of corresponding partnership forms in other countries are always treated as deposits of a single person, even if multiple persons in the partnership are authorised to access the deposits.

## 5. Which deposits are covered by the deposit guarantee scheme?

All credit balances on accounts and savings accounts such as salary and pension accounts, other current accounts, time deposits, fixed-term savings accounts, and demand savings accounts are covered by the deposit guarantee scheme. For information about the exceptions, see question 14.

## 6. What about deposits made by minors?

The deposits of minors are also subject to the statutory deposit guarantee scheme. In this case, the minor's legal representative can lodge a claim with the deposit guarantee facility on the minor's behalf. However, the deposit guarantee facility can insist that payment be made to a custodial account in such cases.

## 7. What about deposits on trust accounts/escrow accounts?

In the case of disclosed trust accounts or escrow accounts, the trustors are considered the depositor (see Section 11 [2] Deposit Guarantee Schemes and Investor Compensation Act [Einlagen- und Anlegerentschädigungsgesetz; ESAEG]).

## 8. What about deposits in savings accounts that have not yet been legitimised?

In principle, the deposit guarantee scheme only covers credit balances on legitimised accounts or legitimised savings accounts. In order to be able to receive deposit guarantee coverage for a savings account that has not yet been legitimised, the customer must identify him/herself as the holder of the savings account at the latest when lodging a claim with the deposit guarantee facility. The passbook for the account in question must be presented to the deposit guarantee facility before payment.

## 9. Can a bank withdraw from the deposit guarantee facility?

Withdrawal from the given deposit guarantee facility is only permitted when the institution in question simultaneously joins another deposit guarantee facility. At any rate, the legally stipulated deposit guarantee must be ensured without interruption, because otherwise the bank's licence shall lapse.

## 10. What deposit guarantee facilities are there in Austria?

Based on legal requirements defined in the ESAEG, there is only one uniform, cross-sector deposit guarantee facility from 1 January 2019, which is part of the Austrian Federal Economic Chamber: Einlagensicherung AUSTRIA Ges.m.b.H (ESA). However, it is possible for institutional protection schemes (IPS) to be recognised as a separate deposit guarantee facility, so there may also be IPS deposit guarantee facilities in addition to the uniform deposit guarantee facility.

In line with the sector-based structure of the Austrian banking industry, the Sparkasse, banking, Raiffeisen, Volksbank, and Landeshypothekenbank sectors all had separate deposit guarantee facilities (Sparkassen-Haftungs AG, Einlagensicherung der Banken & Bankiers GmbH, Österreichische Raiffeisen-Einlagensicherung reg. GenmbH, Schultze-Delitzsch-Haftungsgen. reg. GenmbH, and HYPO-Haftungs GmbH) until 31 December 2018.

## 11. Which deposit guarantee facilities does Bank Austria belong to?

Bank Austria (UniCredit Bank Austria AG) is a member of Einlagensicherung AUSTRIA Ges.m.b.H. ([www.einlagensicherung.at](http://www.einlagensicherung.at)).

## 12. Why isn't Bank Austria a member of the Italian deposit guarantee scheme?

As an Austrian bank, Bank Austria is required by law to be a member of an Austrian deposit guarantee facility.

## 13. Which deposit guarantee facility does Schoellerbank (an Austrian subsidiary bank of Bank Austria) belong to?

Schoellerbank is a member of Einlagensicherung AUSTRIA Ges.m.b.H.

## 14. What exceptions are there from the deposit guarantee scheme and investor compensation scheme?

The exceptions from the deposit guarantee scheme can be found in Section 10 of the ESAEG.

For example, the following are exempted from the deposit guarantee scheme:

- Deposits of national governments and regional and municipal authorities;
- Deposits of insurance companies.

The exceptions from the investor compensation scheme can be found in Section 47 of the ESAEG. The following are excluded, for example:

- Exposures not denominated in euros or a currency of a member state.
- Exposures of a party related to the bank (such as members of the executive and supervisory board, auditors, officers in material associated companies).
- Exposures of close relatives (a very broad term) and third parties, only when these act for the account of parties related to the bank.
- Exposures of companies that qualify as large corporations pursuant to Section 221 (3) UGB.
- Exposures of national governments and of regional and local authorities (such as provinces and municipalities).

## 15. What protection is provided for debt instruments?

Debt instruments issued by a bank (e.g. bonds, housing construction bonds, medium-term notes, etc.) are not covered by the deposit guarantee scheme. In the case of the issuing bank's insolvency, they are serviced in accordance with their issue terms (e.g. preferentially from a separate cover-assets pool such as covered bonds or with the dividend in bankruptcy, or subordinately after other creditors have been serviced). More detailed information about bank recovery and resolution can be found in the form "Information on Bank Resolution under the Bank Recovery and Resolution Act" as well as on our website under "Legal References/Deposit Guarantee and Investor Compensation".

## 16. What happens to the securities in a securities account in the event of the insolvency of the bank managing the securities account?

As the owner of the securities (equities, bonds, investment fund units, etc.) contained in his/her securities account, the customer can assert a segregation claim for these securities (in the full amount) in the event of the insolvency of the bank managing the securities account. This means that the securities belonging to the customer are not included in the bankruptcy estate of the bank managing the securities account.

However, the securities contained in a securities account themselves are not guaranteed (they are subject to the default risk of the issuer of the securities [issuer risk] – see previous question). If the bank managing the securities account is not able to surrender the securities to its customers or transfer them to a securities account specified by the customer in the case of a payout event, it is a case for the investor compensation scheme.

## 17. What credit balances fall under the deposit guarantee scheme?

In principle, the deposit guarantee scheme applies to all types of deposits on interest-bearing and non-interest-bearing accounts (e.g. credit balances on salary accounts, savings accounts, term deposits, etc.), even if they are connected to securities, such as credit entries from dividends, interest payments, sales proceeds, or redemptions.

## 18. How do the deposit guarantee scheme and investor compensation scheme differ?

- Different maximum guarantee amounts: The deposit guarantee generally amounts to up to EUR 100,000 per depositor per bank (see question 1), while the investor compensation remains unchanged at up to EUR 20,000.
- The deductible: There is only a deductible for legal entities under the investor compensation scheme; it remains unchanged at 10% of the exposure.
- Different payout periods: The payout period for the investor compensation scheme remains three months. For the deposit guarantee scheme, it is ten business days from 1 January 2021 to 31 December 2023 and seven business days starting on 1 January 2024 at the latest. Einlagensicherung AUSTRIA Ges.m.b.H. is already capable of effecting payment within seven business days now. These periods do not apply to deposits eligible for higher guarantee coverage within the defined time limit – see question 1 for more information.

## 19. What happens if the deposit guarantee scheme does not have sufficient financial means?

Every deposit guarantee facility has a deposit guarantee fund amounting to at least 0.8% of the total covered deposits of the member institutions. In order to reach this target level, the deposit guarantee facility prescribes an annual contribution for the member institutions. If a payout event occurs, the deposit guarantee facility can collect additional contributions from its member institutions. If the financial means of the deposit guarantee fund together with the additional contributions are not sufficient to compensate all depositors, the other deposit guarantee facilities are obligated to contribute financial means on a proportionate basis. For information about the deposit guarantee facilities, see question 10.

## 20. How quickly will I receive my money?

The deposit guarantee facilities must generally pay out deposits within the following legally stipulated time period:

- Until 31 December 2023 10 business days,
- From 1 January 2024 7 business days.

Einlagensicherung AUSTRIA Ges.m.b.H. is already capable of effecting payment within seven business days now. Payment is effected in euros. Because an application by the depositor is required for deposits eligible for higher guarantee coverage within the defined time limit, the listed payout periods do not apply to these deposits. The payout period for the investor compensation scheme remains three months from the time the amount and eligibility of the exposure are determined.

## 21. Are credit balances from building savings association agreements guaranteed?

The building savings associations are also (special) credit institutions and are therefore members of the legal deposit guarantee facilities. Because customers conclude the building savings association agreement directly with the given building savings association, these deposits are to be considered separately from the deposits at Schoellerbank. This means that the maximum guarantee amount applies for the customer for each bank – Schoellerbank and the building savings association.

## 22. What happens to my deposits and loans in the event of the insolvency of a bank?

Liabilities from credit agreements with the bank must continue to be serviced in accordance with the agreement after insolvency proceedings have been initiated in relation to the bank's assets. With regard to deposits, a payout event is considered to have occurred when insolvency proceedings are initiated. After the occurrence of a payout event at one of its member institutions, the deposit guarantee facility must compensate every depositor at this member institution in the amount of their covered deposits within the period listed in question 20. Depositors can lodge a claim for the non-covered deposits in the insolvency proceedings in order to ensure their entitlement to receive a potential dividend in bankruptcy.

In the event of the insolvency of a bank, the customer has the right pursuant to item 60 of the General Terms and Conditions to net his/her deposits against his/her own other liabilities to the bank (e.g. from loans).

For example: A customer has a loan liability of EUR 50,000 as well as a deposit of EUR 50,000. The customer can net these amounts in the insolvency proceedings of the bank and thus does not suffer a loss because the receivable and the liability offset through compensation. The netting must be asserted vis-à-vis the liquidator in the insolvency proceedings.

Under certain conditions, the bank can also net its own receivables from the customer against its own liabilities to this customer.

## 23. Are deposits of a deceased person's estate guaranteed?

Accounts and savings accounts that are part of a deceased person's estate and are thus frozen are protected by the deposit guarantee scheme. For this purpose, the estate is considered to be a legal entity. Upon devolution, the estate is terminated and thus ceases to be a legal entity; the entitlements formerly assigned to the estate transfer to the heirs proportionately in accordance with their inheritance.

## 24. Are deposits of a homeowners association guaranteed?

If a homeowners association (as defined in the law on apartment ownership) is an account holder or trustor, the individual apartment owners are not each individually protected up to a maximum reimbursement amount of EUR 100,000, but only the homeowners association as a legal entity up to an amount of EUR 100,000.