

# Frequently Asked Questions

Here you can find the **answers to the most frequent questions** on the subject of deposit guarantee – **listed by subject**.

## *Deposit guarantee*

### Frequently asked questions

## What is guaranteed?

### **Which deposits are covered by the deposit guarantee?**

Basically all bank balances, including all interest-bearing and non-interest-bearing accounts, such as payroll and pension accounts, other current accounts, time deposits, and (capital or overnight) savings books are covered by the deposit guarantee.

### **Is my deposit under a building savings contract guaranteed?**

Building societies are special (credit) institutions, too, and thus are legally obliged to be members of deposit guarantee schemes. You sign the building savings contract directly with the relevant building society. Thus this deposit is separately from your deposit with another credit institution, via which you have made the incoming account payments.

### **Is my deposit on a not yet identification-cleared savings book guaranteed?**

Only deposits on identification-cleared accounts or savings books are covered by deposit guarantee. In order for a deposit on a not yet identification-cleared passbook account to be eligible for repayment, identification must be accomplished within 12 months after the payout event occurs. Prior to payout, the passbook must mandatorily be presented to the deposit guarantee scheme.

### **Is my deposit in a foreign currency account guaranteed?**

Yes, deposits in foreign currency are guaranteed, too. In a payout event, however, payout is made in euro. The average exchange rate on the date when the payout event occurred is taken as conversion rate.

### **Up to what amount is my deposit covered?**

Your deposit (plus interest accrued up to the occurrence of the payout event) is guaranteed up to a maximum payout amount of EUR 100.000,00 per bank and per person. This protection exists regardless of the number of accounts or savings books a person has with the bank concerned. The deposit guarantee therefore applies per depositor and per bank.

Since the deposit guarantee is intended for every credit institution with an own banking concession it is of no relevance whether credit institutions belong to the same credit institution group (a parent credit institution with its domicile in Austria has a majority stake in another credit institution): deposits at each of those banks are guaranteed independently of each other per depositor up to a maximum payout amount of EUR 100.000,00.

### **Which guarantee exists for temporary high balances?**

In certain cases you can apply for a higher guarantee to the deposit guarantee scheme within 12 months after the payout event occurs: If your deposit in the respective bank exceeds EUR 100.000,00 you can apply that your deposit be reimbursed beyond the standard maximum amount of EUR 100.000,00 up to a total of EUR 500.000,00. To do so, you must prove to the deposit guarantee scheme that your deposit either

- originates from the sale of privately used residential properties, or
- fulfils statutorily provided social purposes and is related to specific life events such as marriage, divorce, onset of a pension, dismissal, resignation, invalidity or death, or
- is due to payout of insurance benefits or compensation payments for physical injuries stemming from criminal acts or false criminal conviction.

In all cases, the payout event must occur within twelve months after crediting of the amount on your accounts or after the date as of which that deposit may be transferred in a legally admissible way.

### **Is there a deductible?**

No. With the deposit guarantee there is no deductible, either for natural persons or for non-natural persons. Regarding the deductible in connection with investor compensation, cf. [FAQ](#).

### **Are my interest claims also guaranteed?**

Yes. Interests payable by the credit institution for your deposit up to the date when the payout event occurs are covered by the deposit guarantee and are included in the maximum payout amount.

### **May my deposit be compensated both as a covered deposit in connection with the deposit guarantee as well as a guarantee-entitled claim from investment security transactions in connection with investor compensation?**

No. There is no claim to double compensation. Claims against the respective bank that could be compensated as a covered deposit as well as a guarantee-entitled claim from investment security transactions are to be compensated within the deposit guarantee regime.

Where the relevant prerequisites for a claim exist, claims under deposit guarantee and investor compensation can be asserted independently of each other but there will be no combination.

More on claims under guarantee-entitled investment services is explained under the [FAQ on investor compensation](#).

# What is not guaranteed?

## **I have purchased debt securities from my credit institution and lodged them in a custody account. Are those debt securities covered by the deposit guarantee?**

All types of debt securities (e.g., home loan bonds, certificates, public bonds), as well as other securities, are not deposits within the meaning of the deposit guarantee and are thus not eligible for repayment.

In the event of insolvency of the credit institution issuing the debt (or any other security) you will be serviced in accordance with the issue conditions (e.g., preferentially from segregated cover assets, or with an insolvency quota, or non-preferentially after other creditors have been serviced).

In case of insolvency of your credit institution keeping the custody account, the debt securities of other issuers must be surrendered to you or transferred to a custody account at another credit institution named by you. If the securities cannot be surrendered or transferred then this would be a case for investor compensation.

# Whose deposits are guaranteed?

## **Are only deposits of Austrian citizens guaranteed?**

No. The citizenship of the customer makes no difference. Therefore, deposits of customers, who are not Austrian citizens, are covered, too.

## **Which depositor is guaranteed?**

Basically the deposits of each natural person and each non-natural person (e.g., legal entities, partnerships) are guaranteed unless the party is explicitly excluded from the guarantee by law (for details, cf. art 10 ESAEG). For instance, not guaranteed are

- deposits of credit institutions, financial institutions and investment firms
- deposits of pension and annuity funds
- deposits of States and central governments
- deposits of regional or local authorities (e.g., Austrian provinces and municipalities)

## **Are deposits in trust accounts guaranteed?**

A trust account is registered for a trustee who controls a deposit on the account for the account of one or more third party/parties. Commercial owner of the deposit in the trust account is therefore the trustor who is also guaranteed in the framework of the maximum payout amount for that deposit. Payout of the covered amount occurs to the trustor upon identification and proof of the claim.

The same applies to fiduciary accounts, in other words trust accounts that may only be opened by certain occupational groups (attorneys, notaries, trustees, estate agents and property managers as well as chartered engineers).

For natural persons who, for instance, have entrusted money to a property manager in trust, the deposits on the client account of the property manager attributable to them are guaranteed in the framework of the maximum payout amount per person (i.e., up to EUR 100.000,00).

### **Are deposits of an owners' association guaranteed?**

If an owners' association (in the sense of the Condominium Act) is the account holder or the trustee then the natural person condominium owners are not each guaranteed up to a maximum payout amount of EUR 100.000,00 but only the owners' association as a legal entity by up to EUR 100.000,00.

### **Are deposits of minors guaranteed?**

The deposits of underage persons are also subject to the deposit guarantee.

### **Are deposits in an inheritance guaranteed?**

Accounts and savings books that are part of a probate proceeding are subject to deposit guarantee. The inheritance is, in that case, to be considered a non-natural person. After settlement, the inheritance ceases to exist; the claims to which the heirs were previously entitled then pass to them in the ratio of their inheritance fractions.

### **Are deposits in a joint account guaranteed?**

A joint account is not registered for one customer but for several. The principle that per credit institution and per person up to EUR 100.000,00 is guaranteed, regardless of the number of accounts or savings passbooks, also applies here. Therefore, to the extent that all account holders are identifiable, the maximum payout amount of EUR 100.000,00 applies to each of them (multiple payout). The deposit on the joint account is to be distributed in equal portions to the account holders.

If, for instance, on a joint account with two account holders there is a deposit of EUR 200.000,00, then both account holders may claim an amount of EUR 100.000,00 in the payout event.

However, the account holders can prior to the payout event provide the credit institution with a written arrangement about division of the deposits on the joint account in case of a payout event and in that case deviate from the principle of division into equal portions. That scheme of division is then exclusively applicable in a payout event and has no effect on the control authorisation terms agreed with the bank outside of the payout event.

The same applies analogously to joint savings books. In that case it must additionally be taken into account that savings books must also be presented prior to payout of the guaranteed amount and any eventually agreed password must be provided.

### **Are deposits on the account of a partnership guaranteed?**

Deposits on the accounts of general partnerships (OG) and limited partnerships (KG) or civil-law partnerships (GesbR) as well as of foreign companies equivalent to them are always treated as the deposit of one party even if several parties may control it as partners.

The maximum payout amount for such an account therefore comes to EUR 100,000.00.

## The procedure

### **In case of a pay-out event, when do I get my money?**

1. My covered deposits amount at most to EUR 100.000,00.

The deposit guarantee scheme pays the covered deposits basically within the statutory timeframe of 7 working days. An application for the pay-out is not required. However, the deposit guarantee scheme has to be informed to which account the amount should be transferred.

This deadline may be exceeded, for instance, if

- your claim for reimbursement is in dispute;
- the deposit is the subject of a legal dispute;
- the deposit is connected to a trusteeship.

For details on these exceptions, please see art 14, para 2 ESAEG.

2. My covered deposits exceed EUR 100.000,00

If your deposit is a temporary high balance deposit within the meaning of art 12 ESAEG (cf. above, "Which guarantee exists for temporary high balance deposits?"), you must

- submit an application for reimbursement to the deposit guarantee scheme within 12 months from occurrence of the pay-out event;
- prove to the deposit guarantee scheme that all prerequisites in art 12 ESAEG are met.

Pay-out will occur after review of your claim by the deposit guarantee scheme. For purposes of application in case of a pay-out event, a corresponding form can be retrieved from the deposit guarantee scheme's homepage.

### **In what form do I receive my money in case of a payout event?**

The deposit guarantee scheme pays out the covered deposits to the full extent (up to a maximum of EUR 100.000,00) by bank transfer to a bank account identified by the depositor.

### **In what currency do I receive my money in case of a payout event?**

The deposit guarantee scheme pays out the covered deposits exclusively in euro, regardless of the fact that the covered accounts were kept in another currency; the average exchange rate on the date when the payout event occurred is taken as the conversion rate.

### **What happens with my remaining balance that exceeds the covered amount paid out to me?**

The amount paid out to you by the deposit guarantee scheme will be deducted from your total deposit with the credit institution. You can register the remaining balance as a creditor claim in the insolvency proceedings. According to art 131 of the Federal Act on Restructuring and

Liquidation of Banks (Restructuring and Liquidation Act, BaSAG) such claims are privileged in relation to other creditors in insolvency proceedings.

### **What happens to my deposits and loans in case of insolvency of my credit institution?**

In case of insolvency of your credit institution the deposit guarantee scheme may deduct liabilities due which you have in relation to the credit institution (e.g., a due but unpaid loan instalment) from your deposit and only pay out the differential amount.

In addition, you may set off covered deposits (such as savings deposits) against liabilities owed to the credit institution (such as a loan). You may register the non-covered deposits as insolvency claims in insolvency proceedings in order, in that way, to maintain your claim to maintaining any eventual insolvency quota.

As an example: A deposit in the amount of EUR 200.000,00 is balanced against a loan in the amount of EUR 200.000,00 you have with the same credit institution. Deposits may be set off to the full extent against liabilities. The set-off must be claimed in insolvency proceedings in relation to the insolvency administrator.

The insolvency administrator may also in certain circumstances claim set-off of the credit institution's claims on the customer with liabilities of the credit institution in relation to that customer.

Liabilities under loan agreements with the credit institution must continue to be serviced in accordance with the agreement after initiation of insolvency relating to the credit institution's assets.

### **What can I do if I do not agree with the compensation amount calculated?**

In that case you must provide the deposit guarantee scheme with documents proving your claim. The deposit guarantee scheme will once again review your claim on the basis of the documents and subsequently contact you. If no consensus is reached then suit must be brought before the Austrian court with jurisdiction which will rule on the amount of any eventual payout amount.

### **Who may claim the covered amount for a password savings book?**

The person who can present the savings book protected by a password to the guarantee institution and can quote the correct password is considered to be entitled to claim the covered amount. Prior to payout he/she must also identify himself/herself so that exceeding the maximum payout amount per person can be prevented.

### **Who can claim the covered amount for a registered savings book?**

With a registered savings book only the person who was identified by the credit institution when it was opened and in whose name the savings book is registered is entitled to claim the covered amount upon presentation of the savings book. Any eventually agreed password must be quoted. Any other applicant must prove his right of ownership to the savings book.

## **Is there a deadline for application?**

For covered deposits up to EUR 100.000,00 no application is required.

For covered deposits over EUR 100.000,00 (temporary high balance deposits, art 12 ESAEG) an application must be made within 12 months of occurrence of the payout event.

## **What can I do if I missed this deadline?**

If you were not in a position to file your application on time for excusable reasons (e.g., illness, business travel) and you can prove this to the deposit guarantee scheme then you can do so after the expiry of the deadline in question.

## **I have deposits in a foreign branch of an Austrian credit institution. How do I get my money in case of a payout event?**

The Austrian deposit guarantee scheme assesses on the basis of Austrian legal conditions the covered amount. As with a payout in Austria, the disclosure of an account is required to which the covered deposits are to be transferred.

In order to contain your costs as much as possible, the processing of your claim is done by the deposit guarantee scheme in the country in which the foreign branch of the Austrian credit institution is located. The Austrian deposit guarantee scheme will enter into cooperation agreements for this purpose.

Via the foreign deposit guarantee scheme you can also forward enquiries and correspondence to the Austrian deposit guarantee scheme with jurisdiction.

# Provision of funds

## **Where does the money for payout of covered deposits come from?**

In art 18ff ESAEG provides that every deposit guarantee scheme must set up a deposit guarantee fund and manage it in the interests of the depositors. The deposit guarantee fund is endowed with regular contributions from its member institutions and serves to compensate depositors in the payout event. If the financial means of this fund are not sufficient in the event of a claim the deposit guarantee scheme must call in additional contributions from its member institutions.

ESAEG provides several instruments that are meant to make it possible for the deposit guarantee scheme to comply in timely fashion with its payout obligations. If in a payout event, despite exhaustion of the deposit guarantee fund and call-in of additional contributions from its member institutions, sufficient resources are not available then the deposit guarantee scheme is authorised to take action to procure funds in the following order:

1. The other Austrian deposit guarantee schemes make the missing amount available pro rata their own covered deposits.
2. If the pro rata contribution obligation of the other Austrian deposit guarantee schemes is exceeded (financial means of the fund and special contributions) the first-affected deposit guarantee scheme must borrow the missing amount on money and capital markets. For such credit transactions, in principle all Austrian

deposit guarantee schemes must make pro rata contributions, and additionally the Federal Minister of Finance may assume federal sovereign liability under the provisions of special statutory authorisations.

## Organisation

### **Can my credit institution leave the deposit guarantee scheme or switch to another one?**

A credit institution may only leave the deposit guarantee scheme having jurisdiction over it if the relevant credit institution simultaneously joins another Austrian deposit guarantee scheme.

If a credit institution leaves its deposit guarantee scheme without joining another Austrian deposit guarantee scheme its concession to take in new deposits lapses.

### **Where can I inform myself about the deposit guarantee?**

On the one hand, you can read **the act directly**: In Austria, deposit guarantee is regulated in the Federal Act on Deposit Guarantee and Investor Compensation with Credit Institutions (Deposit Guarantee and Investor Compensation Act, ESAEG) and in Art. 37a, 93 and 93a as well as in the annex to art 37a of the Austrian Banking Act (BWG). You can find the current wording of the act in the Federal Legal Information System (RIS) at [Rechtsinformationssystem des Bundes \(only in german language\)](#).

You can, on the other hand, also contact **your credit institution**: Credit institutions that accept deposits in Austria must, under art 38 ESAEG, inform the public seeking investments about regulations applicable to the guarantee of deposits by exhibiting them in their banking premises or on their homepage.

You may also contact the **deposit guarantee scheme with jurisdiction** for your credit institution. You can learn which deposit guarantee scheme has jurisdiction over your credit institution on the joint homepage of the Austrian deposit guarantee schemes at [www.WKO.at/einlagensicherung](http://www.WKO.at/einlagensicherung).

## *Investor compensation*

Frequently asked questions

### **What is guaranteed?**

#### **Which claims are covered by investor compensation?**

In principle, all claims on the credit institution under

- custody and management of securities for others (custodial banking),
- the credit institution's trading in money market instruments, financial futures contracts, interest rate futures contracts, forward rate agreements, interest rate and currency swaps as well as equity swaps, investment securities and instruments derived therefrom,
- participation of the credit institutions in third-party issuing (loro issuing business),



- acceptance and placement of retirement settlement contributions and self-employed pension contributions (corporate retirement fund business),
- portfolio management by management of portfolios on an natural person customer basis with a margin of discretion given by the customer , provided the customer portfolio includes one or more financial instruments (investment services under art 3, para 2, no 2 of the 2007 Securities Supervision Act).

### **When does investor compensation apply?**

Investment securities deposited in a customer custodial account in accordance with a contract are only kept by the bank. They are the property of the customer and must be surrendered to him upon request at any time or transferred to another custodial account identified by him. They are therefore in principle neither a case for deposit guarantee or for investor compensation.

Investment securities deposited for a customer in accordance with a contract which cannot be transferred by the bank to another custodial account as per instructions upon request or surrendered in a payout event are guaranteed in the framework of investor compensation up to a maximum amount of EUR 20.000,00.

Claims from deposits on those accounts that could be compensated either as guaranteed deposits (deposit guarantee) or as guarantee-entitled claims from investment security transactions (investor compensation) are to be compensated as guaranteed deposits in the framework of deposit guarantee (art 51, para 1 ESAEG).

Amounts derived from redemption of customer investment securities (e.g., dividends, coupon payments, amortisations or proceeds of sale) are guaranteed as deposits on an account of the customer in the framework of deposit guarantee up to a maximum payout amount of EUR 100.000,00.

Income incurred between the occurrence of the payout event and payout of the guaranteed amount are taken into account in the framework of investor compensation (art 50, para 2 ESAEG).

Please note that ESAEG in its art 47, para 2 excludes certain claims under investment security transactions from the guarantee in the framework of investor compensation.

Where the relevant prerequisites are met for doing so, claims under deposit guarantee and investor compensation may be asserted independently of each other but they are not combined.

### **How is the amount of the claim calculated?**

The amount of the claim is determined by the market value of the instrument (e.g., of the security) at the time when the payout event occurred.

### **Is there a deductible?**

For investors that are not natural persons the payment obligation of the investor compensation scheme is limited to 90% of the claim from investment security transactions per investor (art 47, para 1 ESAEG). In this case, and contrary to deposit guarantee, a deductible in the amount of 10% is applied.

# The procedure

## **When do I receive my money in a payout event?**

Claims under investor compensation must be paid out within three months of the determination of their amount and entitlement by the investor compensation scheme. In certain cases (e.g., cases of suspected money laundering) payout may be suspended.

## **Do I have to file an application for compensation?**

Yes. To assert claims under investor compensation an application to the investor compensation scheme is required. The investor must in addition provide identification. In a payout event, a corresponding form can be retrieved from the investor compensation scheme's homepage. Claims that are not recognised in the framework of investor compensation can be registered as claims in insolvency proceedings.

## **Is there a deadline for filing applications?**

Yes. Claims under investor compensation must be registered with the investor compensation scheme within a year of announcement that the payout event has occurred.

## **What can I do if I have missed this deadline?**

If you were not in a position to file your application on time for excusable reasons (e.g., illness, business travel) and can prove this to the investor compensation scheme then you can do so after the expiry of the deadline in question.

# Provision of funds

## **Where does the money for the payout come from?**

The member institutions of the investor compensation scheme have an obligation to immediately provide pro rata contributions on the basis of a specific allocation key when a payout event with a member institution occurs. In case of need, the other Austrian investor compensation schemes must join in and likewise make contributions. If the funds collected in this way are not sufficient, the first-affected investor compensation scheme must raise the missing amount on the money and capital market. For such credit operations, the Federal Minister for Finance may assume federal sovereign guarantee under the provisions of special statutory authorisation.