EAS LIECHTENSTEIN

Annual Report 2022

Credits

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1. Foreword

Dear Readers

The year 2022 will go down in history. Russia's devastating war of aggression has brought great destruction and immeasurable suffering to Ukraine and its population. The impact of the war on society and the economy was also clearly felt outside the war zone. Driven by the armed conflict and the resulting energy shortages in Europe – along with the pandemic-related global supply shortages – the prices of goods, services, and energy have risen massively, creating enormous inflationary pressures. This has led to a significant deterioration of the global outlook for both the real economy and the financial markets. Combined with strongly rising interest rates, this raises expectations of a recessionary economic trend. The most recent banking crises in the United States and Switzerland have further aggravated the existing uncertainties among investors and the general public.

Despite these turbulent developments, the Liechtenstein Financial Stability Committee still considers the financial stability risks in Liechtenstein to be limited as of the end of March 2023. The picture presented by the earnings situation and risk indicators of Liechtenstein banks is positive and reassuring. As in previous years, EAS did not have to settle any payout or compensation events in the reporting year. Complementing this positive observation, experience has shown that smaller banks as well can exit the market in an orderly manner, using the commercial law instrument of voluntary liquidation (solvent wind-down) thanks in part to the support of forward-looking and consistent supervision.

At the end of 2022, the Liechtenstein Parliament considered a minor revision of the Deposit Guarantee and Investor Compensation Act (EAG). The existing set of instruments for financing a payout event is being expanded to include a new alternative funding instrument, namely the performance of credit operations. The goal of this expansion is to improve the flexibility of the EAS deposit guarantee fund when raising the necessary financial means in a payout event. EAS welcomes this clarification of the law and the resulting flexibility. The revision takes much greater account of the basic regulatory idea of a genuine funding alternative and strengthens financial stability. In the 2023 calendar year, EAS will apply system-wide credit financing as an additional financing option in its operations. More information is provided in Chapter 3.4.

The volume of covered deposits at the affiliated banks increased slightly by CHF 0.1 billion to about CHF 5.3 billion. Covered investor claims totalled CHF 1.5 billion at the end of 2022 and increased by CHF 0.1 billion. The accumulation phase of the deposit guarantee fund is progressing according to plan. With a target level of now CHF 26 million, the fund reached more than CHF 10.3 million by the end of the reporting year.

The number of institutions participating in the EAS guarantee schemes is stable. Mason Privatbank Liechtenstein AG (in Liquidation) exited the banking market. The net number of asset management companies continued to decline slightly. Further information can be found under Cells (Chapter 4) and Annual Financial Statement (Chapter 5).

With the arrival of Dr. Anneka Beccarelli on 1 January 2022, the Secretariat has been strengthened significantly. As Deputy Managing Director and Legal Officer, she supports EAS on a wide range of issues. We would like to take this opportunity to express our gratitude to the employees of the Secretariat as well as to our cooperation and consultation partners for the excellent collaboration.

We hope that when reading this Annual Report 2022, you will find interesting insights into our protection scheme for banking and investment clients of Liechtenstein financial service providers.

Ivo Klein, President
Rafik Yezza, Managing Director

2. Facts & Figures 2022

115 participants
- 13 banks
- 94 asset managers
- 8 management companies / AIFMs

Covered Deposits
- CHF 5.3 billion

Covered investor claims
- CHF 1.5 billion

No compensation cases

Maximum compensation
- Depositors CHF 100,000.00
- Investors CHF 30,000.00

3. Organisation

3.1 Legal form & purpose

The Deposit Guarantee and Investor Compensation Foundation PCC (EAS) is an autonomous foundation under Articles 552 et seq. of the Liechtenstein Persons and Companies Act (PGR), entered in the Commercial Register since 6 September 2001. It is set up in the form of a protected cell company (PCC) in accordance with Articles 243 et seq. PGR. The transformation into a protected cell company was completed on 1 April 2015. The founder is the Liechtenstein Bankers Association (LBA).

Together with the cell participants, the foundation constitutes a statutory protection organisation according to Article 4(1) of the Liechtenstein Deposit Guarantee and Investor Compensation Act (EAG) and in accordance with the statutory provisions and its articles of association, its purpose is to guarantee covered deposits and to compensate covered investor claims at the banks and other financial service providers participating in the protection scheme.

The foundation is established for an indefinite period of time and organised under private law. It does not operate a commercial business (Article 552(1) PGR) and is non-profit. The fees collected are used to cover operational and administrative costs. Because of its non-profit purpose, EAS is exempt from corporate income tax under Article 45(2) of the Tax Act.

The current legal framework such as EU directives, the Liechtenstein Act and Ordinance, and the EAS articles of association can be found on the EAS website at www.eas-liechtenstein.li/en.

3.2 Structure / set-up

The foundation is a protection institution for covered deposits and investor claims of clients against banks and other financial service providers domiciled in Liechtenstein. It has assumed the obligation to compensate the clients of a bank or other financial service provider up to a certain maximum amount (coverage amount) in the event of default or bankruptcy, if that bank or other financial service provider has a pre-existing contractual relationship with the foundation. With this purpose, EAS as the sole protection institution in Liechtenstein contributes substantially to the protection of creditors and makes a crucial contribution to the reputation and stability of the Liechtenstein financial centre. For this purpose, it operates a combined protection scheme for deposits and investor claims in accordance with the legal and European requirements.

The foundation is composed of a core and the following four cells:

1. Banks
2. Investment firms
3. Asset managers
4. UCITS management companies and AIFMs

The **core** of the foundation is responsible for ongoing operations, namely management of the foundation and administrative processing of compensation cases on behalf of the cells. The core of the foundation has the core assets at its disposal.

Within an individual, separated, and independent **cell**, assets are accumulated through the contributions of the participating financial service providers. These assets serve to finance compensation cases. They are explicitly and exclusively allocated to each cell. The individual cells do not have their own legal personality, but are managed and accounted separately.

Each cell are liable only for themselves, i.e., liability does not extend between cells. The core assets assume liability for the core. For an individual cell the specifically allocated cell assets are liable.

3.3 Bodies

3.3.1 Foundation Board

The Foundation Board is the governing body of the foundation, comprised of three to seven natural persons as members, who are appointed by the founder for an indefinite term and may be dismissed by the founder. It is the Foundation Board's responsibility to manage the foundation and to represent it externally.

At most two seats on the Foundation Board are allocated to the Association of Independent Asset Managers in Liechtenstein (VuVL) and the Liechtenstein Investment Fund Association (LAFV), which represent the participants in the pure investor compensation scheme of EAS in particular. The remaining members of the Foundation Board are representatives of the LBA member banks.

The Foundation Board holds four ordinary business meetings each year. Minutes are kept of its deliberations and decisions, along with a task list. No extraordinary meetings were held in the reporting year.

Ivo Klein
President, LGT Bank Ltd., member since March 2017

Fredy Wolfinger
Vice President, Association of Independent Asset Managers in Liechtenstein (VuVL), member since October 2015

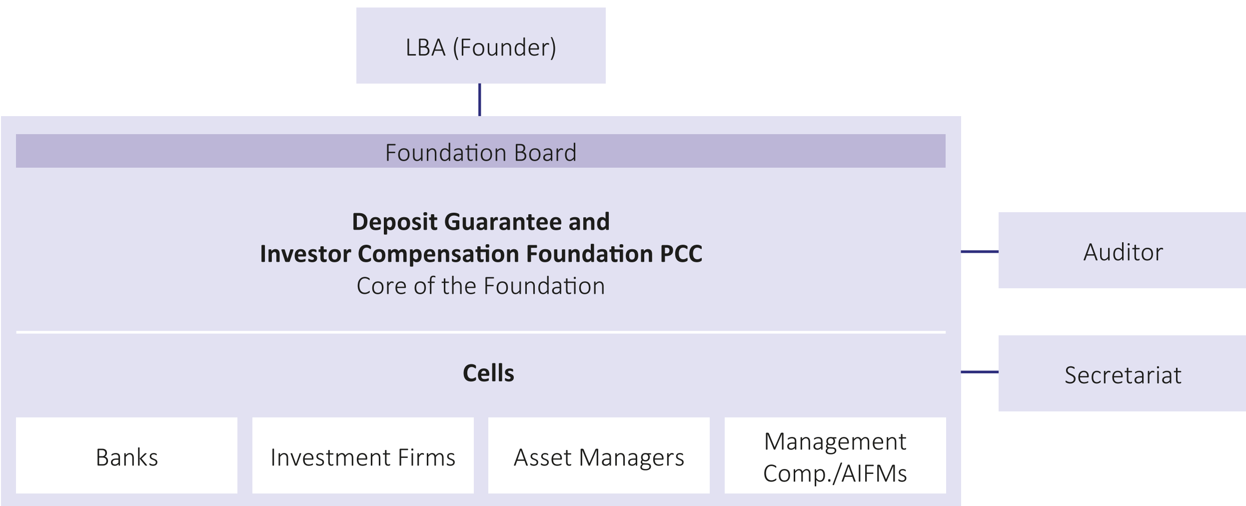
Christoph Reich
Liechtensteinische Landesbank AG (LLB), member since March 2012

Roland Frick
Bank Frick & Co. AG, member since October 2015

David Gamper
Liechtenstein Investment Fund Association (LAFV), member since June 2020

Claudia Jehle-Ospelt
NEUE BANK AG, member since October 2016

Roger Barmettler
VP Bank Ltd., member since March 2021



3.3.2 Auditor

Based on Article 25(7) EAG the foundation appoints an auditor licensed under Liechtenstein banking law (Article 37 Banking Act), which performs an annual legality and regularity audit of the protection scheme and prepares a detailed audit report.

PricewaterhouseCoopers AG
since 2001 fiscal year

3.3.3 Secretariat

To perform its responsibilities and pursuant to its powers under the articles of association, the Foundation Board established a dedicated Secretariat that reports to it. The Secretariat conducts all day-to-day business and is responsible for international cooperation and other administrative matters of EAS. As part of a shared office solution, EAS uses the office and business facilities of the Liechtenstein Bankers Associations Secretariat.

Ms Silvia Heron, a highly valued employee who had worked with us for many years, left the Secretariat at the end of 2022. She not only had a significant impact on the establishment and further development of the Secretariat, but also made valuable contributions as a supplemental specialist with a wide range of responsibilities. A very promising new assistant, Ms Marina Altenöder, was hired as her replacement effective mid-February 2023.

Rafik Yezza
Director

Dr. Anneka Beccarelli
Depoty Director and Legal Officer

Marina Altenöder (since 13 February 2023)
Administration

Katharina Zogg
Accounting / Annual Financial Statement

3.4 Regulation

At the end of 2022, the Liechtenstein Parliament considered a clarifying revision of the Deposit Guarantee and Investor Compensation Act (EAG). In line with Article 10 of the Deposit Guarantee Schemes Directive (DGSD)[1], the existing set of instruments for financing a payout event is being expanded to include a new ex post alternative funding instrument, namely the performance of credit operations. The goal of this expansion is to improve the flexibility of the EAS deposit guarantee fund when raising the necessary financial means in a payout event. It is also intendeds to prevent increasing the probability of a subsequent payout event in the sector or jeopardising financial market stability.

If a payout event occurs and the resources of the deposit guarantee fund financed in advance are not sufficient to satisfy all depositors' claims, the amendments to the EAG will now open up two options for EAS to raise the necessary financial means. In such cases, EAS will be able to choose either to carry out credit operations immediately to cover further funding needs or – as has been possible in the past – to collect special contributions from member institutions. In principle, EAS will be free when deciding which instrument of ex post financing to apply. It will also be possible to combine these two instruments. The legislative amendment was required to enshrine this flexible application of ex post financing instruments – i.e. the possibility of choosing between borrowing and levying special contributions.

EAS welcomes this clarification of the law and the resulting flexibility. The revision takes much greater account of the basic regulatory idea of a genuine funding alternative as set out in Article 10(9) DGSD, and it strengthens financial stability. The provisions entered into force on 1 May 2023.

[1] Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes

3.5 International integration

3.5.1 European Forum of Deposit Insurers (EFDI)

Since 2010, EAS has been a member of the European Forum of Deposit Insurers (EFDI), headquartered in Brussels. The organisation contributes to the stability of financial systems by strengthening the role of deposit insurance and investor compensation schemes and promoting European cooperation in these areas.

As a full member, EAS actively participates in various committees and working groups that deal in particular with specific issues involving the implementation of European deposit insurance and investor compensation rules. Several non-binding research and position papers were developed during the reporting year. These papers are made available to the public on the EFDI website.

The Forum also serves as a platform for the exchange of experience in payout cases and for mutual support and cooperation on all practical issues.

3.5.2 European Banking Authority (EBA)

On behalf of the European Commission, the EBA set up a task force at the end of 2018 consisting of representatives of European supervisory authorities and deposit guarantee schemes. Its aim is to further develop and harmonise the regulation relevant for deposit guarantee schemes.

Based on a review provision in the Deposit Guarantee Schemes Directive, a priority in the reporting year was to analyse and revise the existing guidelines on methods for calculating contributions to deposit guarantee schemes (EBA/GL/2015/10).

The EBA reviewed whether the approach to determining the individual risk of institutions was appropriate (collection of risk-based contributions). In particular, the EBA examined whether institutions that required intervention from deposit guarantee schemes were among the most risky according to the methodology set out in the guidelines. The results showed that institutions receiving support from a deposit guarantee scheme since 2015 were generally among the most risky members of their deposit guarantee scheme. The EBA therefore concluded that the methodology set out in the guidelines remained appropriate overall.

Nevertheless, the EBA identified several elements of the calculation method that should be improved. The most substantial amendments are to:

- readjust elements of the formulas to calculate the contributions to address technical issues identified,
- specify how to account for specific types of deposits where the coverage by deposit guarantee systems is subject to uncertainty, and
- require deposit guarantee schemes to regularly review the calibration of the calculation method against prudential benchmarks.

In addition, the new guidelines will allow the application of a "stock-based approach". This new approach, in contrast to the "flow-based approach" applied so far, takes into account past contributions of member institutions.

The final revised guidelines (EBA/GL/2023/02) were published on 21 February 2023 and will apply 3 July 2024. Earlier application is possible. EAS will examine the changes and analyse the effects together with the banks concerned and, if necessary, adjust the currently applied contribution calculation method in coordination with the Liechtenstein Financial Market Authority (FMA) for the collection of contributions in the calendar year 2024.

As part of this task force, EAS is able to contribute its practical experience and, in coordination with the FMA, represent Liechtenstein's position and actively shape the future regulatory framework.

4. Cells

(Activity Report under Article 25(2) EAG)

4.1 Overview

Each cell constitutes its own protection scheme for covered deposits (only banks) and investor claims (all participants), with the purpose of financing and processing compensation cases. Operational activities are delegated to the core of the foundation. During the reporting year, EAS administered four cells for the following categories of financial service providers:

- Banks (authorised under the Banking Act)
- Investment firms (authorised under the Banking Act)
- Asset managers (authorised under the Asset Management Act)
- Management companies and AIFMs (authorised under the UCITS Act and the AIFM Act), with a supplementary licence for individual portfolio management

As in the previous years, no compensation cases arose during the reporting year.

The following overview presents the current endowment and funding as well as the financial situation of the cells, especially the amount and investment of available financial resources[1] as of 31 December 2022:

Cells				
	Banks	**Investment firms**	**Asset managers**	**Management comp./AIMFs**
Number of participants	13	0	94	8
Target level (in %)	0.5	0.3		
Basis of calculation	Total of covered deposits	Total of covered investor claims		
Target level (in CHF) at beginning of reporting year	26,000,000.00	0.00	660,000.00	20,000.00
Accumulation phase	Until 2028	Until 2024		
Financing through	Risk-based contributions	Contributions		
Use of funds	No funds under Article 24 EAG or Article 40 EAG were used during the reporting year.			
Available financial resources				
– at the beginning of the reporting year	7,670,200.07	1,033.48	438,515.54	14,775.18
– at the end of the reporting year	10,280,248.11	1,036.58	514,913.49	16,779.73
of which bank balances	*7,588,248.11*	*1,036.58*	*514,913.49*	*16,779.73*
of which low-risk assets[2]	*0.00*	*0.00*	*0.00*	*0.00*
of which payment commitments[3]	*2,692,000.00*	*0.00*	*0.00*	*0.00*
Return on investments	-48.10	3.10	4.95	4.55

The costs of operating the protection scheme are borne by the participants through annual fees. Further detailed information on the financial situation of the protection scheme can be found in Chapter 5, 2022 Annual Financial Statement, starting on page 13.

[1] Under Article 2(1)(19) EAG
[2] Under Article 2(1)(18) EAG
[3] Under Article 2(1)(22) EAG

4.2 Cell Banks

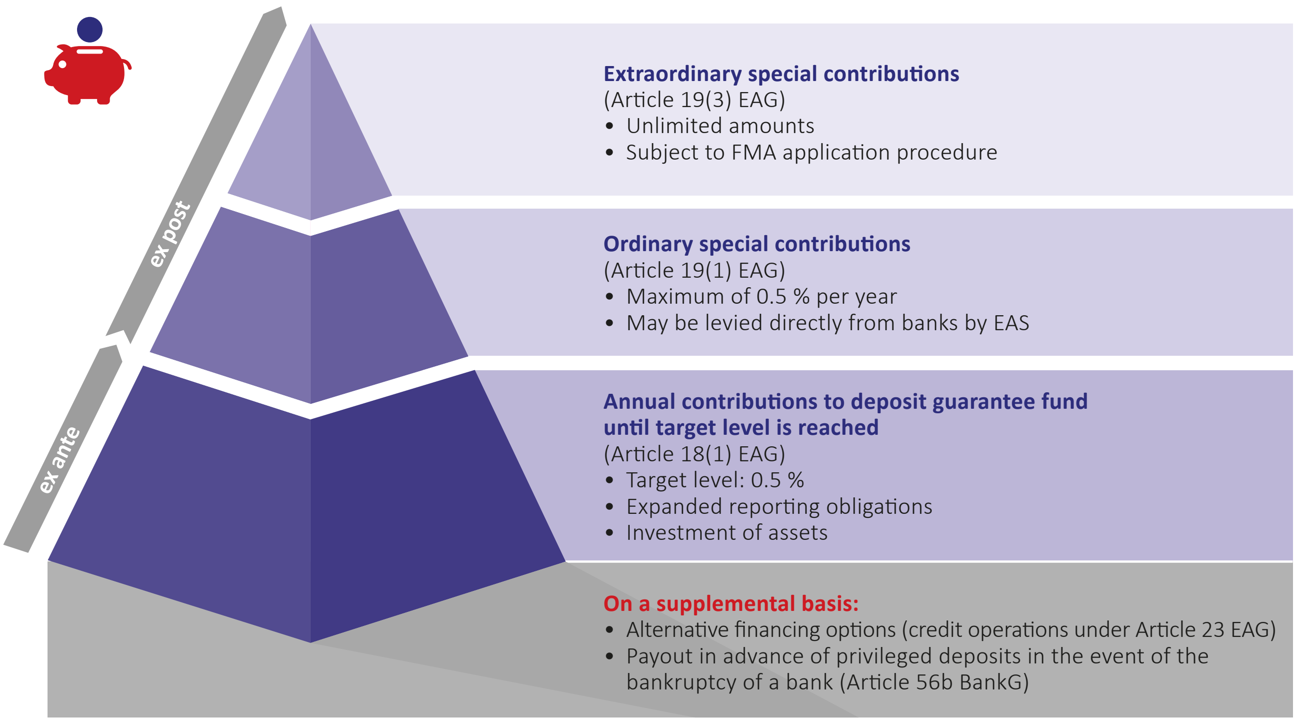
During the entie reporting year, all banks authorised in Liechtenstein participated in the banking cell of the payouts on behalf of EAS. Union Bank AG in Liquidation completely wound up its banking operations as of July 2022. Since that date, the public limited company no longer holds any deposits or other repayable funds and has accordingly withdrawn from the EAS deposit guarantee scheme.

Maintaining the capacity to identify and pay out covered deposits is a core process of deposit insurance. To safeguard this capacity on a permanent basis, regular stress tests are carried out on existing processes and systems as well as on the preparation and quality of depositor data.

The routine review and analysis of depositor data from all banks, which must be prepared according to uniform specifications and made available to EAS on short notice, still revealed potential for optimisation at a few banks. Taking a risk-based approach, additional on-site audits were ordered at two banks. These audits confirmed the results of the stress tests. EAS accordingly requested the two banks to immediately initiate concrete improvement measures agreed with EAS to ensure that the quality and automation requirements for the preparation of depositor data are met. EAS will monitor the concrete implementation of measures on an individual basis.

Irrespective of these developments, EAS will, together with the banks, continuously assess the effectiveness of the implemented measures as part of its annual data analysis and on-site inspections.

Funding instruments of the deposit guarantee scheme



Guarantee cases are funded through a combination of ex ante and ex post contributions. The figure on page 9 illustrates the instruments at the disposal of EAS by law for funding of the deposit guarantee scheme.

The deposit guarantee fund is to reach the legally required target level of 0.5% of the covered deposits of all participants by the end of 2028.

This target level was set for the first time on the basis of the notifications of covered deposits submitted by the participants as of 31 December 2018. The adequacy of the initial determination of the target level is reviewed each year and adjusted if necessary. At the end of the reporting year, the target level of the deposit guarantee fund is CHF 26 million.

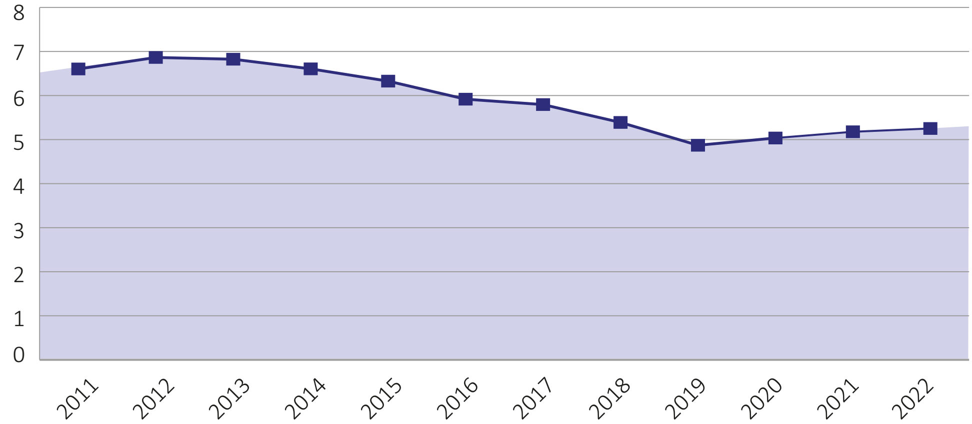
The fund is augmented annually by all banks affiliated with the cell through risk-based contributions. Every cell participant must make a minimum contribution of CHF 5,000.00 each year, regardless of whether the participant has covered deposits or not.

The contribution calculation method used follows the EBA Guidelines on methods for calculating contributions to deposit guarantee schemes[4] taking into account the individual risk positions of banks on the basis of eight risk indicators, which are assigned different weights and consolidated into an aggregate risk score. On the basis of the sum of covered deposits, the target amount to be collected each year is then divided among the banks, adjusted by the individual overall risk position using a method based on a linear sliding scale.

Supplementing this, the existing practice of ex post special contributions in the event of a guarantee case is being retained. The special contributions are also calculated using the risk-based procedure described above. The payment capacity of the banks is ensured by the obligation to maintain liquid assets on a permanent basis in the amount of the greatest possible guarantee case.

Development of covered deposits

(in billion CHF)



[4] EBA/GL/2015/10

4.3 Cells for other service providers

All investment firms and asset management companies as well as UCITS management companies or AIFMs with a supplementary licence for individual portfolio management were active participants in the investor compensation system in their respective cells during the reporting year. Turnover occurred mainly among the more than 100 asset management companies, where many existing authorisations were returned and new companies entered the market. The individual additions to and exits from the cells can be found in the participant statistics in Chapter 4.4.

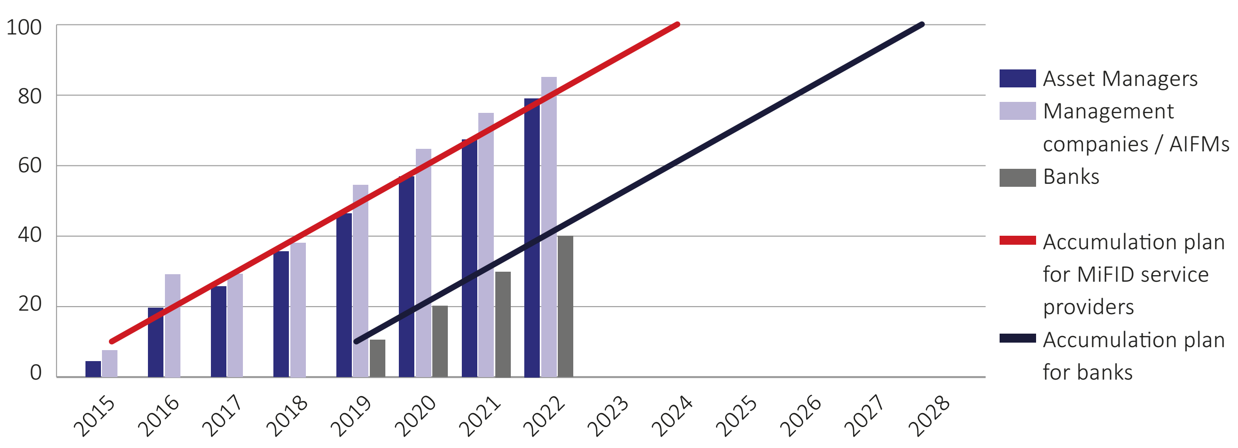
Based on the articles of association as well as the applicable cell regulations and participation contracts, the cell assets necessary for an average compensation case are financed in advance by collecting contributions (ex ante financing). The target level for each cell amounts to 0.3 % of the sum of the covered investor claims of all participants of a cell. That target level was determined for the first time on the basis of the audited sum of the covered investor claims of all cell participants as of the cut-off date of 30 June 2015.

The adequacy of the initial determination of the target level is reviewed each year on the basis of the reports. If the sum of the covered investor claims of all cell participants changes significantly (+20% /-30%), the adequacy of the target amount is re-evaluated and, where necessary, a new target level is defined. Contributions are levied until the cell assets reach or exceed the target level. After that, no contributions are levied until the actual cell assets fall below the target amount by 10%.

The target level for the cell assets is being built up over the next ten years by collecting annual contributions from all cell participants. Every cell participant must make a basic contribution of at least CHF 250.00 each year, regardless of whether the participant has covered investor claims or not. In the year of joining a cell scheme, new participants have to provide the basic contribution at least.

Accumulation of cell assets

(in percent of target level)



4.4 Participant statistics

The following table shows the development of cell participants in the reporting year:

2022 reporting year					
		Number of participants per cell			
	Banks	Investment firms	Asset managers	UCITS MCs / AIFMs	TOTAL
01.01.	14	0	98	8	120
New members	0	0	3	0	3
Returns of licences	0	0	7	0	7
Exits	1	0	0	0	1
Change of cell	0	0	0	0	0
31.12.	**13**	**0**	**94**	**8**	**115**
Increase / decrease	**-1**	**0**	**-4**	**0**	**-5**

The list of current cell participants is published on the EAS website at www.eas-liechtenstein.li/en.

5. 2022 Annual Financial Statement

According to the requirements of the Law on Persons and Companies Act, the annual financial statement of the foundation contains the financial information for both the core (operation of the scheme) and the cells, which serve solely to finance any compensation cases. Separate accounts are maintained for all units. This separation permits unique identification of the individual assets at any time in accordance with Article 243e(4) PGR.

5.1 Information on the annual financial statement

Accounting is carried out in accordance with the general provisions of the PGR. The annual accounts have been prepared in accordance with the legislative provisions and the principles of proper accounting. The valuation assumes the foundation's continued existence. The accounts are kept in Swiss francs. The rate for tax purposes is used to convert foreign currencies into Swiss francs as of the balance sheet date. There are no deviations from the general valuation principles, accounting methods, and accounting rules as set out in the PGR.

The 2022 fiscal year closed with a revenue surplus of CHF 300.07. The net profit, taking account of the profit brought forward of CHF 40,458.70 from the previous year, thus amounts to CHF 40,758.77. The balance sheet total for 31 December 2022 amounts to CHF 11,565,359.74. Of that amount, approximately 95% or CHF 10,933,515.14 is attributable to the liability substrate in the four cells. The income from participation fees amounts to CHF 629,000.00, of which CHF 74,000.00 results from non-budgeted admission fees. Due to the increase in Secretariat staffing at the beginning of 2022, personnel expenses in the fiscal year rose by about 25% to CHF 311,212.75. Other provisions increased by CHF 55,000.00 to CHF 406,000.00 at the end of 2022; these provisions can be used by the Foundation Board for future project expenses and for relieving the financial burden on participants.

As there are no compensation cases, the cell report (Chapter 5.3) only includes items for ordinary ex ante financing in accordance with the plan for asset accumulation.

There were no significant events after the balance sheet date that would require additional disclosures or a correction to the 2022 annual financial statement.

5.2 Foundation: Balance sheet, income statement and notes

Balance sheet (in CHF)			
	Notes	**31.12.2022**	**31.12.2021**
Assets		**CHF**	**CHF**
Accounts receivable		2,692,537.23	2,006,617.76
of which secured payment commitments	*1, CR*	*2,692,000.00*	*1,998,000.00*
of which other receivables		*537.23*	*8,617.76*
Accrued income		0.00	14,249.40
Cash and cash equivalents	*2*	8,872,822.51	6,820,850.13
TOTAL ASSETS		**11,565,359.74**	**8,841,717.29**
Liabilities and equity			
Foundation capital		30,000.00	30,000.00
Reserves	*3*	190,000.00	190,000.00
Retained earnings		40,458.70	40,097.92
Annual profit		300.07	393.21
Total equity		**260,758.77**	**260,491.13**
Provisions	*4*	11,219,357.49	8,475,964.55
Accounts payable		38,492.28	55,158.06
Accrued expenses		46,751.20	50,103.55
Total liabilities		**11,304,600.97**	**8,581,226.16**
TOTAL OF LIABILITIES AND EQUITY		**11,565,359.74**	**8,841,717.29**

Income statement (in CHF)			
	Notes	**2022**	**2021**
Income from participation fees	*5*	629,000.00	561,500.00
Personnel expenses	*6*	-311,212.75	-249,865.30
Operating expenses	*7*	-261,942.40	-244,733.35
Allocation (-) / releases (+) of other provisions	*4*	-55,000.00	-66,000.00
Financial income from foundation operation		-557.38	-520.54
Income of ordinary operation		**287.47**	**380.81**
Income from cell contributions	*CR*	2,688,344.84	2,559,403.77
Allocation (-) / release (+) of provisions pay out claims	*4, CR*	-2,688,392.94	-2,558,786.01
Financial income from cell assets	*CR*	60.70	-605.36
Cell income	*CR*	**12.60**	**12.40**
Annual profit		**300.07**	**393.21**

CR = Cell Reporting

General remarks

The Deposit Guarantee and Investor Compensation Foundation PCC (EAS) is an autonomous foundation under Articles 552 et seq. of the Liechtenstein Persons and Companies Act (PGR), entered in the Commercial Register since 6 September 2001. It is set up in the form of a protected cell company (PCC) in accordance with Articles 243 et seq. PGR and it does not operate a commercial business (Article 107 PGR). Because of its non-profit purpose, the EAS is exempt from corporate income tax.

Accounting and valuation methods

Accounting is carried out in accordance with the general provisions of the PGR. The annual accounts have been prepared in accordance with statutory regulations and the principles of proper accounting. The valuation assumes the foundation's continued existence.

The accounts are kept in Swiss francs. The rate for tax purposes is used to convert foreign currencies into Swiss francs as of the balance sheet date. There are no deviations from the general valuation principles, accounting methods, and accounting rules as set out in the PGR.

Receivables and other assets are stated at their nominal value. All risky items are taken into account by carrying out appropriate value adjustments.

Provisions include **possible entitlements arising from potential payout claims** by depositors and investors and are established from the annual contributions collected for each cell until they reach the target level. Further information on the target level and funding can be found in Chapter 4 on Cells in the Annual Report (page 8).
The balance sheet item also includes **other provision**s which can be used by the Foundation Board for future project expenses and for the financial relief of participants. As a non-profit foundation, EAS aims to cover the regular annual budget with stable administrative fees. If additional income arises as a result of new admissions or lower expenses, reserves are accrued.
Detailed information on the development of provisions can be found below in the balance sheet notes.

Accounts payable are stated at the repayment amount.

Balance sheet notes

1. Receivables from payment commitments (CHF)

Receivables from payment commitments are based on the regulatory provision of Article 18 para. 3 of the Deposit Guarantee and Investor Compensation Act (EAG). Banks may optionally settle the annual contributions to a limited extent by establishing fully secured payment obligations. The collateral explicitly assigned to the EAS is held in separate custody by a third party.

	31.12.2022	31.12.2021
Gross market value of the deposited collateral	2,764,735.00	2,050,835.00

2. Cash and cash equivalents (CHF)

Cell amount	8,240,977.91	6,246,524.27
Core	631,844.60	574,325.86
TOTAL CASH AND CASH EQUIVALENTS	**8,872,822.51**	**6,820,850.13**

3. Reserves (CHF)

Cell reserves	120,000.00	120,000.00
Capital reserves	70,000.00	70,000.00
TOTAL RESERVES	**190,000.00**	**190,000.00**

4. Provisions (CHF)

Provisions for pay out claims	10,813,357.49	8,124,964.55
Other provisions	406,000.00	351,000.00
TOTAL PROVISIONS	**11,219,357.49**	**8,475,964.55**
Status as of January 1	8,475,964.55	5,851,178.54
Application	0.00	0.00
New allocation out of income statement	2,743,392.94	2,624,786.01
Releases to income statement	0.00	0.00
STATUS AS OF DECEMBER 31	**11,219,357.49**	**8,475,964.55**

Income statement notes		
	2022	**2021**
5. Income from participation fees (CHF)		
Income form entry fees	74,000.00	7,000.00
Income from administration fees	555,000.00	554,500.00
TOTAL PARTICIPANT FEES	**629,000.00**	**561,500.00**
6. Personnel expenses (CHF)		
Wages and salaries	251,955.00	199,750.00
Social security contributions, pensions and social assistance	52,520.80	41,722.90
of which for retirement provision	*27,753.80*	*22,154.00*
Other personnel expenses	6,736.95	8,392.40
TOTAL PERSONNEL EXPENSES	**311,212.75**	**249,865.30**
7. Operating expenses (CHF)		
Administration expenses	231,583.31	221,186.52
Public relation expenses	30,359.09	23,546.83
TOTAL OPERATING EXPENSES	**261,942.40**	**244,733.35**

Additional notes

Neither as at 31 December 2022 nor as at 31 December 2021 are there any sureties, guarantees, pledges, or other contingent liabilities.

5.3 Cell Reporting

Cell balance sheets as of 31 December 2022 (in CHF)					
Cells	**Banks**	**Investment firms**	**Asset Managers**	**MCs/AIFMs**	**TOTAL**
Assets					
Receivables from payment commitments	2,692,000.00	0.00	0.00	0.00	2,692,000.00
Other receivables	537.23	0.00	0.00	0.00	537.23
Cash and cash equivalents	7,618,248.11	31,036.58	544,913.49	46,779.73	8,240,977.91
TOTAL ASSETS	**10,310,785.34**	**31,036.58**	**544,913.49**	**46,779.73**	**10,933,515.14**
Liabilities and Equity					
Provisions for pay out claims	10,280,785.34	1,000.00	514,835.15	16,737.00	10,813,357.49
Cell reserves	30,000.00	30,000.00	30,000.00	30,000.00	120,000.00
Retained earnings	0.00	33.48	73.39	38.18	145.05
Cell income	0.00	3.10	4.95	4.55	12.60
TOTAL LIABILITIES AND EQUITY	**10,310,785.34**	**31,036.58**	**544,913.49**	**46,779.73**	**10,933,515.14**

Cell balance sheets as of 31 December 2021 (in CHF)					
Cells	**Banks**	**Investment firms**	**Asset Managers**	**MCs/AIFMs**	**TOTAL**
Assets					
Receivables from payment commitments	1,998,000.00	0.00	0.00	0.00	1,998,000.00
Other receivables	617.76	0.00	0.00	0.00	617.76
Cash and cash equivalents	5,702,200.07	31,033.48	468,515.54	44,775.18	6,246,524.27
TOTAL ASSETS	**7,700,817.83**	**31,033.48**	**468,515.54**	**44,775.18**	**8,245,142.03**
Liabilities and Equity					
Provisions for pay out claims	7,670,785.40	1,000.00	438,442.15	14,737.00	8,124,964.55
Cell reserves	30,000.00	30,000.00	30,000.00	30,000.00	120,000.00
Retained earnings	32.43	30.37	68.46	33.82	165.08
Cell income	0.00	3.11	4.93	4.36	12.40
TOTAL LIABILITIES AND EQUITY	**7,700,817.83**	**31,033.48**	**468,515.54**	**44,775.18**	**8,245,142.03**

Cell income statements 2022 (in CHF)					
Cells	**Banks**	**Investment firms**	**Asset Managers**	**MCs/AIFMs**	**TOTAL**
Income from contributions	2,609,951.84	0.00	76,393.00	2,000.00	2,688.344.84
Allocation (-) / releases (+) of provisions pay out claims	-2,609,999.94	0.00	-76,393.00	-2,000.00	-2,688,392.94
Result before financial income	**-48.10**	**0.00**	**0.00**	**0.00**	**-48.10**
Financial income	-48.10	3.10	4.95	4.55	60.70
Cell income	**0.00**	**3.10**	**4.95**	**4.55**	**12.60**

Cell income statements 2021 (in CHF)					
Cells	**Banks**	**Investment firms**	**Asset Managers**	**MCs/AIFMs**	**TOTAL**
Income from contributions	2,489,077.26	0.00	68,315.51	2,011.00	2,559,403.77
Allocation (-) / releases (+) of provisions pay out claims	-2,488,459.50	0.00	-68,315.51	-2,011.00	-2,558,786.01
Result before financial income	**617.76**	**0.00**	**0.00**	**0.00**	**617.76**
Financial income	-617.76	3.11	4.93	4.36	-605.36
Cell income	**0.00**	**3.11**	**4.93**	**4.36**	**12.40**

Report of the statutory auditor

to the Foundation Board of the

Deposit Guarantee and Investor Compensation Foundation PCC

Vaduz

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Deposit Guarantee and Investor Compensation Foundation PCC (Company), which comprise the balance sheet as at 31 December 2022, the income statement for the year then ended, and the notes to the financial statements including the cell reporting.

In our opinion, the accompanying financial statements (pages 13 to 20) give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance for the year then ended in accordance with Liechtenstein law.

Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report.

We are independent of the Company in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Foundation Board is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the financial statements, the activity report and our auditor report thereon.

Our opinion on the financial statements does not cover the other information in the annual report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Foundation Board for the Financial Statements

The Foundation Board is responsible for the preparation of the financial statements in accordance with Liechtenstein law, and for such internal control as the Foundation Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the Foundation Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Foundation Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Foundation Board use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Foundation Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The accompanying activity report (pages 8 to 12) has been prepared in accordance with the applicable legal requirements, is consistent with the financial statements and, in our opinion, based on the knowledge obtained in the audit of the financial statements and our understanding of the Company and its environment does not contain any material misstatements.

We further confirm that the financial statements and the proposed appropriation of retained earnings comply with Liechtenstein law and the articles of incorporation. We recommend that the accompanying financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Beat Rütsche	Ilario Monti
Liechtenstein Certified Public Accountant Auditor in charge	Liechtenstein Certified Public Accountant

St. Gallen, 6 July 2023

Enclosure:

- Annual Report 2022