

Zuger Kantonalbank government guarantee

Zuger Kantonalbank has a government guarantee: Canton Zug will assume responsibility for Zuger Kantonalbank's liabilities in the event that the bank's resources are insufficient. But what does this government guarantee mean for customers? And when does the deposit insurance scheme come into play?

According to Art. 37a of the Banking Act, in the event of a bank going into receivership, deposits up to a maximum of CHF 100,000 per depositor are subject to privileged treatment. If the bank that is in receivership has sufficient liquid funds, these privileged deposits will be paid out immediately.

If the liquid funds are insufficient, the deposit insurance scheme under Art. 37h et seq. of the Banking Act will also apply to the privileged deposits. This guarantees in principle that the privileged deposits can be paid out as quickly as possible as an advance. In the event of bankruptcy on the part of the bank, the funds held by the Pension Foundation and/or Vested Benefits Foundation are also subject to privileges under bankruptcy law up to a maximum of CHF 100,000 per depositor, in addition to the other bank deposits.

Customers' essential need for maximum protection of their assets is also ensured by a comprehensive government guarantee from Canton Zug in favour of Zuger Kantonalbank. According to § 3 of the law on Zuger Kantonalbank of 29 November 2018, in force since 1 January 2020, Canton Zug will assume responsibility for the liabilities of Zuger Kantonalbank should its funds be insufficient.

The government guarantee includes:

- All customer deposits including pension assets in the 2nd and 3rd pillars in accounts with Zuger Kantonalbank
- Medium-term bonds of Zuger Kantonalbank
- Bonds of Zuger Kantonalbank
- Fixed-term deposits of Zuger Kantonalbank
- Other non-subordinated liabilities of Zuger Kantonalbank

Government guarantee and special assets

In the event of bankruptcy, custody account assets such as equities or units in investment funds would be separated out (Art. 37d of the Banking Act). They do not form part of the bankruptcy assets and are issued to the depositors (customers).

Zuger Kantonalbank's strong capital base

Zuger Kantonalbank's strategy is to set aside provisions in times when the economy is doing well and form reserves for more difficult times. The bank's capital base easily exceeds the legal minimum. This strong foundation increases security and boosts shareholders' and customers' confidence.

Zuger Kantonalbank, October 2023