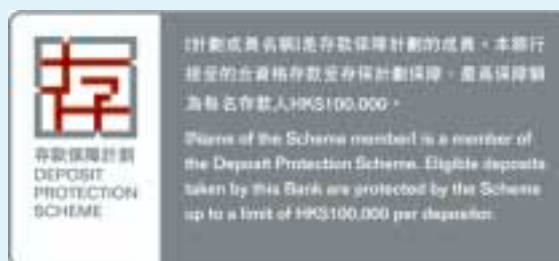


## MAIN FEATURES OF THE DEPOSIT PROTECTION SCHEME

All licensed banks, unless otherwise exempted by the Board, are required to participate in the Deposit Protection Scheme (DPS) as a Scheme member. They are required to display a membership sign prominently at their places of business.



The compensation limit of the DPS is set at HK\$100,000 per depositor per Scheme member. The limit will be increased to HK\$500,000 in 2011.

Depositors are not required to apply for protection or compensation, eligible deposits held with Scheme members are automatically protected by the DPS.

Both Hong Kong dollar and foreign currency deposits are protected.

The DPS protects eligible deposits held with Scheme members. It does not protect term deposits with a maturity longer than five years, structured deposits, secured deposits, bearer instruments, off-shore deposits and non-deposit products, such as bonds, stocks, warrants, mutual funds, unit trusts and insurance policies. Secured deposits will come under the protection of the DPS in 2011.

A depositor's entitlement to compensation will be calculated on a net basis, that is, the liability of the depositor to a Scheme member will be deducted from the protected deposits he maintains with the Scheme member in determining compensation.

A Deposit Protection Scheme Fund (DPS Fund) with a target fund size of 0.3% of the total amount of protected deposits held with all Scheme members (translating into a fund size of approximately HK\$1.5 billion) is being built up through collecting contributions from members. The target fund size will be changed to 0.25% of the total amount of protected deposits in 2011, which is estimated to be about HK\$2.8 billion.

Differential contributions are assessed based on the supervisory ratings of Scheme members for building up the DPS Fund.