

Front Cover Page

***RAISING THE BAR
2005/06 ANNUAL REPORT***

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Conventions used in this report

US\$ means US dollars
CHF means Swiss francs
CAD means Canadian dollars

“Sharing Deposit Insurance Expertise with the World”

The objects of the International Association of Deposit Insurers (IADI) are to contribute to the stability of financial systems by promoting international cooperation and to encourage wide international contact among deposit insurers and other interested parties. In particular, IADI:

- Enhances the understanding of common interests and issues related to deposit insurance
- Sets out guidance to enhance the effectiveness of deposit insurance systems taking into account different circumstances, settings and structures
- Facilitates the sharing and exchange of expertise and information on deposit insurance issues through training, development and educational programs
- Provides advice on the establishment or enhancement of effective deposit insurance systems
- Undertakes research on issues relating to deposit insurance and
- Takes such other action as may be necessary or useful for its objects and activities

Message from the Chair

Jean Pierre Sabourin
Chair of the Executive Council & President
International Association of Deposit
Insurers
jpsabourin@pidm.gov.my



As we enter into our 5th year of growth, we can take pride in our accomplishments. We built IADI from level zero and we have certainly grown since then. We started with 25 members. We now have 44. There is greater awareness of IADI and its activities globally. This clearly shows that IADI has become the international face and voice of deposit insurers.

Our achievements

During the last four years, we focused on building IADI's institutional foundation and governance structure. We continued these efforts into the 2005/06 period. The Executive Council, the governing body of IADI, has been of one mind in adopting high governance standards for IADI. In this regard, the Council adopted a board governance policy which sets out clear roles and responsibilities for the Chair and President, Executive Council members and the Secretariat. We also approved job descriptions for those positions.

The work of our Standing Committees had also significantly added to our impact as a global organisation. They have contributed either in enhancing our organisational effectiveness or advancing our corporate vision globally. For instance, the approach of the Research and Guidance Committee (RGC) had been to build deposit insurance effectiveness through the promotion of guidance materials and international cooperation. This was achieved through various forums, dialogues and training opportunities. We have also undertaken extensive research on important areas affecting deposit insurers as part of IADI's ongoing efforts to improve deposit insurance arrangements globally. In this area, the RGC had issued guidance materials on a range of key issues, such as differential premiums, bank resolutions and interrelationships. These guidance materials provide reference for a number of our Members seeking to benchmark or remodel their systems.

Our Regional Committees have also continued to contribute greatly to advance IADI's objectives of transferring knowledge and building personal relationships among the safety net players in their region. The Chairs of those Committees continue to do outstanding work and have indeed advanced our work and enhanced IADI's reputation and credibility.

In implementing our vision of "sharing deposit insurance expertise with the world", IADI maintains an open access policy. This has encouraged members and others to seek views of seasoned deposit insurers in order to share experiences on operational or policy issues. As individual members, we are called upon to provide assistance and advice to any member or associate on various issues from time to time. And, IADI members have been actively consulting. In many instances, IADI's views have brought different perspectives to deposit insurance issues and these perspectives have been well received by our members and, in some cases, it has translated into regulatory and legislative actions. This has greatly helped many deposit insurers who search for best practices. All in all, it has been another successful year for our Association.

Next steps

Going forward, it is timely to review our strategic direction and to set the agenda for our future growth over the next three years.

IADI will continue to enhance efficiency and effectiveness of our members as part of our higher level vision of protecting the public interest. Much work still needs to be done to build the organisational effectiveness of our members. Therefore, our focus in the near to medium term, is to build the strength of our members by promoting good governance standards.

For deposit insurers, governance is important. Good governance builds institutional credibility. Credibility builds depositor confidence. Confidence builds stability in the financial system which in turn promotes economic growth. Governance distinguishes the excellent deposit insurers from amongst the good ones. Seen from this perspective, good governance is the corner stone that forms the base upon which our members can build institutional capacity and competency. On this matter, IADI will work towards introducing a package of high level principles as well as a package of governance initiatives that may be adopted by members.

Strategic planning and organisational readiness are aspects of good governance. Hence, we will also be holding an Enterprise Risk Management Workshop that will emphasise those aspects that are critical for Members.

Training will remain a key focus of IADI. I have a dream to put in place a comprehensive training program designed specially for deposit insurers. This would be a unique program. Apart from the deposit insurance modules which will form a core part of the program, the program would also include modules on central banking, commercial banking, supervision of banks, insolvency and leadership to provide the necessary broad perspective that I believe makes a

well-rounded deposit insurer. Leadership skills training are indeed required for senior officers with potential so as to ensure that appropriate CEO succession planning is in place at deposit insurance corporations. The overall objective would be to develop strong focused leaders who have the skills and expertise to adapt, innovate and build effective and efficient deposit insurance corporations, thereby promoting sounder financial systems. I have been told that this may be an impossible dream but there were many who voiced the same views when we began discussing the establishment of IADI. I am optimistic that this dream will also one day come true!

Note of thanks

IADI was able to function well over the year largely due to the support we receive from the Bank for International Settlements for hosting our head office in Basel, Canada Deposit Insurance Corporation, one of our strongest and dedicated supporters from day one, for providing ongoing support in many ways to our Secretary General, Ray LaBrosse, the Korea Deposit Insurance Corporation for providing a research staff to our Basel office, Malaysia Deposit Insurance Corporation (MDIC) and the officers at MDIC for their commitment and support for my work at IADI. I should also like to thank the members of the Executive Council for their effort and commitment in advancing our common vision and mission. Lastly, I wish to thank the Secretariat for their support.

I look forward to another fruitful year ahead.



Jean Pierre Sabourin
23 June 2006

Report of the Secretary General

John Raymond Labrosse
Secretary General
International Association of Deposit Insurers
ray.labrosse@iadi.org



Over the past four years we have been building the foundation for the Association. Earlier this year, we were treated to amazing displays of athleticism during the Winter Olympics, the World Cup and the World Track and Field Championships. In every single event or game there was a drive to set new heights, reach new goals or raise the bar. IADI does not engage in athletics but the spirits of what is achieved in those events do help to inspire our efforts.

The theme of this Report, fittingly, is "Raising the Bar" and it is our accountability statement to the Members on the progress that has been made following the adoption of the current

three-year Business Plan on 27 September 2005 in Taipei.

The report covers the period from 1 July 2005 to 31 March 2006, stemming from the change in the financial year adopted last year. That decision provides the basis for a more even workflow of the Association and allows for more time in the preparation of the necessary documentation for the Annual General Meeting.

As such, financial information concerning the activities of the Association for the 2005/06 financial year covers only a nine-month period.

It is important to underscore that Interest in IADI continues to grow. The Hong Kong Deposit Protection Board, Malaysia Deposit Insurance Corporation, Indonesia Deposit Insurance Corporation, all became Members through the transitioning arrangements available to Associates. The Executive Council also welcomed Fondo de Garantía de los Depósitos de las Instituciones Financieras (Nicaragua) as a Member, Bangladesh Bank as an Associate and KPMG International as an Observer. At the end of March 2006, IADI had 43 Members, 7 Associates, 4 Observers and 6 Partners. (The Singapore Deposit Insurance Corporation joined as a Member in May 2006)

For many of us, a highlight of the past year was the warm welcome and hospitality extended by the Central Deposit Insurance Corporation as the host of the Fourth Annual General Meeting and Conference in Taipei. The title of the Conference was "Challenges for Deposit Insurers in Resolving Bank Failures" and it was aptly supported by outstanding presentations to a large international audience. I am proud to say that a number of the papers presented at the conference were accepted for publication in a forthcoming special issue of the Journal of Banking Regulation.

The Executive Council, upon the recommendation of the Membership and Communications Committee, created a special award to recognize a Member organization in celebration of an important achievement and/or in recognition of the contribution that the Member has made to the furtherance of IADI's objects. Central Deposit Insurance Corporation was the first recipient of this prestigious award and it was presented at a special ceremony attended by Finance Minister Lin on 28 September 2005. It should be noted that Central Deposit Insurance Corporation, a founding Member of IADI, is a member of the Executive Council, its Chairman leads the Research and Guidance Committee, chaired the Fourth Annual Conference Task Force. Central Deposit Insurance Corporation is an active member of the Asia Regional Committee and successfully completed the transition from the blanket guarantee period.

During the past year the Research and Guidance Committee completed its work on Guidance on Differential Premiums, Guidance for Bank Resolutions, and Guidance on Interrelationships. Business Plans were prepared to assist in the development of guidance on four topics: Governance, Funding, Claims and Recoveries, and Mandates. These four topics will be featured at the Fifth Annual Conference that will be held in Rio de Janeiro from 15 – 17 November 2006. The host for the Conference, Fundo Garantidor de Créditos (Brazil), has the full support of the Association in developing an outstanding program.

We are pleased to note that the Korea Deposit Insurance Corporation has provided a Visiting Researcher to work at the Secretariat in Basel. Gye Hwang Cho will form part of the Secretariat for the next year and he will support the activities of the Association in a number of areas.

It is with deep regret that we record the passing of our good friend Hans Jacobson. Hans held many important positions throughout his career in Sweden and was a tremendous supporter of IADI where he developed many deep friendships all around the world. We shall all miss him.

In closing, I would like to thank Canada Deposit Insurance Corporation for their continued support of the Secretary General and the Bank for International Settlements for ongoing assistance that the staff of the Bank provides IADI through its External Services and Accounting Departments. Without their support the challenges of running such a young international association would be ever more difficult.



John Raymond LaBrosse

About the Association

Mission

To contribute to the enhancement of deposit insurance effectiveness by promoting guidance and international cooperation

Vision

To share deposit insurance expertise with the world

IADI is a non-profit organization constituted under Swiss Law. As stipulated in its Statutes, the supreme authority in all matters of the Association is the General Meeting of the Members. The Association is governed by an Executive Council composed of individuals elected by the Members.

The Executive Council is structured as a working body with broad participation encouraged by means of a committee structure that is largely self-reliant. The mission, the vision and consequently, the business model utilized by the Association encourages Participants to share expertise and information in cost-effective ways. IADI relies heavily on Web-based technology thereby allowing the Association to function effectively without the need of a large secretariat. Thus, those interested in deposit insurance issues may participate in IADI activities at the lowest possible fee structure.

The Executive Council

The Executive Council meets two or three times a year. To maximize benefits, and economize on time and travel costs, the meetings are organized to facilitate the exchange of knowledge and expertise on matters of interest to the Association. The Standing and Regional Committees have also developed their work plans, and quarterly reports are being produced by each of them to further the communication of the Association's activities.

Much of IADI's work is initially addressed through the Executive Council and, where appropriate, is carried out through the committees and the Secretariat. All members of the Executive Council serve on at least one of the Association's six standing committees to which other Members and Associates may join.

Executive Council Attendance and Participation on Standing Committees

Executive Council*	Executive Council Meetings 2005/06	Standing Committees					
		Governance	Research and Guidance	Membership and Communications	Finance and Planning	Training and Conference	Audit
	Nr of Meetings Attended/ Held	Participation on Standing Committees					
Jean Pierre Sabourin	2/2	Chair	<i>Ex officio</i>	<i>Ex officio</i>	<i>Ex officio</i>	<i>Ex officio</i>	<i>Ex officio</i>
Charles Cornut	2/2	Member	Member	Member	Chair		Observer
Mohammed Al-Jafari	2/2	Member	Member	Vice-Chair			
Antonio Carlos Bueno de Camargo Silva**	0/2		Member				
Winston Carr	2/2	Member	Member			Chair	Member
Andrei Melnikov	1/1		Member		Member		
Normand Côté	2/2						Vice-Chair
András Fekete-Győr	2/2		Member		Member		
Junior Frederick	2/2	Member	Member		Observer		Chair
Carlos Isoard	2/2	Member	Member	Member			
Kakai Cheloti	1/1					Member	
Dong Il Kim***	1/2		Vice-Chair				
Silvana Sejko	1/1				Member	Member	
Bisser Manolov	2/2				Member		
Bakhyt Mazhenova	2/2		Member				Member
Valeriy I. Ogiyenko	2/2	Member	Member	Member		Member	
Ganiyu A. Ogunleye	2/2	Member		Member		Member	
Mutsuo Hatano	2/2	Member	Member	Member	Member		
Ricardo M. Tan	2/2		Member		Member		
Josef Tauber	2/2	Member		Member			
Chin-Tsair Tsay	2/2	Member	Chair				
Ferruh Tunç	1/1					Member	Member
Juan Ricardo Ortega****	0/1				Member	Member	
Arthur Murton *****	0/2		Member		Member	Member	

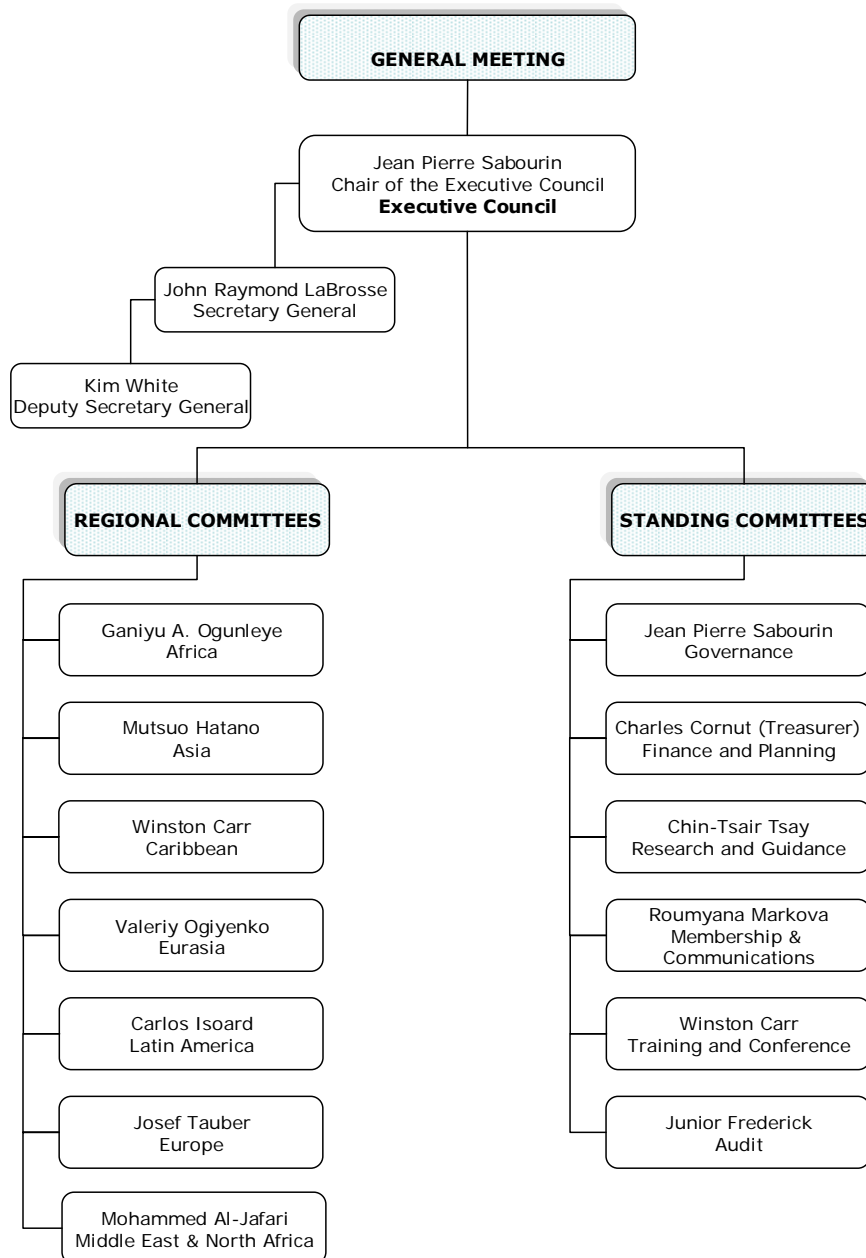
* Members of the Executive Council during the period 1 July 2005 to 31 March 2006. Meetings were held on 25 and 30 September 2005.

- ** Fatima Neusa Siliprandi attended as an Alternate on 25 and 30 September 2005
- *** Taewan Chung attended as an Alternate on 30 September 2005.
- **** Edgar Pinto attended the meeting as an Alternate on 25 September 2005
- ***** Fred Carns attended as an Alternate on 25 and 30 September 2005



Executive Council
Grand Hotel, Taipei - September 2005

Organization Chart



Deposit Insurance Organization of the Year Award

2005

Central Deposit Insurance Corporation

The Deposit Insurance Organization of the Year Award for 2005 was presented to Chin-Tsair Tsay, Chairman of the Board, Central Deposit Insurance Corporation. The ceremony took place at the Fourth Annual Conference at The Grand Hotel in Taipei.

The Deposit Insurance Organization of the Year Award is conferred on a Member institution in celebration of an important achievement and/or in recognition of the contribution that the Member has made to the furtherance of IADI's objects. This prestigious award collectively recognizes the contribution of all the staff and management of the Member and is not intended to single out the work of just one individual.

Finance Minister Lin attended the welcome dinner and he joined Premier Frank Hsieh who delivered a Welcome Address at the Fourth Annual IADI Conference at The Grand Hotel on 28 September 2005.

Central Deposit Insurance Corporation is the first recipient of the award, a founding Member of IADI, is a member of the Executive Council. CDIC's Chairman Chin-Tsair Tsay leads the Research and Guidance Committee, and chaired the 2005 IADI Conference Task Force. CDIC is an active member of the Asia Regional Committee. As well, Central Deposit Insurance Corporation successfully completed the transition from the blanket guarantee period.



Finance Minister Lin, CDIC Chairman Chin-Tsair Tsay, and J.P. Sabourin

International Deposit Insurance Week

26-30 September 2005

IADI held the first-ever International Week of Deposit Insurance. To celebrate this event there was a special exhibition at The Grand Hotel in Taipei from 27 to 29 September 2005. There were 34 exhibitors which provided information on the key characteristics of depositor protection arrangements in countries around the world.

In the media area, there was an interactive video presentation and many deposit insurers demonstrated key techniques to promote the benefits and limitations of deposit insurance. As well, there were copies of key studies on various topics like bank resolution and sources of liquidity for deposit insurers.

In addition, Central Deposit Insurance Corporation organized a retrospective illustrating its 20 years of history. The Exhibition was an outstanding success and will be repeated at the Annual Conference in Rio de Janeiro from 15 to 17 November 2006, hosted by the Fundo Garantidor de Créditos (Brazil).



Fred Carns, FDIC and Allen Chen, CDIC (Taiwan)

Standing Committees

Mandate

Pursuant to Article 17 of the Statutes of the International Association of Deposit Insurers, the Executive Council shall act in all matters to ensure the sound functioning of the business and affairs of the Association. As such, the Executive Council establishes committees as required and sets their mandates and responsibilities.

Audit Committee

Chairman:
Junior Frederick

General Manager

Deposit Insurance Corporation (Trinidad and Tobago)

jfrederick@dictt.org



Other Members:

Winston Carr

Chief Executive Officer

Jamaica Deposit Insurance Corporation

Charles Cornut (Observer)

Président du Directoire

Fonds de Garantie des Dépôts (France)

Normand Côté (Vice-Chair)

Directeur de l'encadrement de l'indemnisation

Autorité des marchés financiers (Québec)

Bakhyt Mazhenova

General Director

Kazakhstan Deposit Insurance Fund

Ferruh Tunç

Vice President

Savings Deposit Insurance Fund of Turkey

Objectives:

Ensures the integrity of published financial information of the Association and recommends.

Key Supporting Initiatives:

- o Recommends the appointment of the external auditor
- o Recommends the fees to be paid to the external auditor
- o Meets with the external auditor to discuss the scope of the audit
- o Reviews statements of the auditors

Governance Committee

Chairman:
J.P. Sabourin

Chief Executive Officer
Malaysia Deposit Insurance Corporation
jpsabourin@pidm.gov.my



Other Members:

Mohammed Al-Jafari
General Director
Jordan Deposit Insurance Corporation

Winston Carr
Chief Executive Officer
Jamaica Deposit Insurance Corporation

Charles Cornut
Président du Directoire
Fonds de Garantie des Dépôts (France)

Junior Frederick
General Manager
Deposit Insurance Corporation (Trinidad and Tobago)

Mutsuo Hatano
Deputy Governor
Deposit Insurance Corporation of Japan

Carlos Isoard
Member of the Board of Governors
Instituto para la Protección al Ahorro Bancario (Mexico)

Roumyana Markova
Chief Expert, International Cooperation and Public Relations
Bulgarian Deposit Insurance Fund

Valeriy Ogiyenko
Executive Director
The Deposit Guarantee Fund (Ukraine)

Ganiyu A. Ogunleye
Managing Director & Chief Executive Officer
Nigeria Deposit Insurance Corporation

Josef Tauber
Chairman of the Board of Administration
Deposit Insurance Fund Czech Republic

Chin-Tsair Tsay
Chairman of the Board
Central Deposit Insurance Corporation

Objectives:

- o Establishes by-laws and policies governing the business and affairs of IADI
- o Establishes and maintains codes such as the Code of Conduct and Ethical Behaviour
- o Develops and keeps current the terms of references of committees
- o Reviews and recommends amendments to the by-laws, policies and Statutes

Key Performance Indicators:

- o Established a Travel Policy
- o Established a Governance Policy
- o Established a set of by-laws for IADI
- o Established a Code of Conduct for members of the Executive Council

- Established a Code of Conduct for IADI staff
- Reviewed and keeps current the Statutes, the by-laws and all policies
- Prepared a memorandum of the Chair on Independence of Executive Council members
- Established the election procedures for the Annual General Meeting
- Established job descriptions and accountability profiles for the Chair, Treasurer and Secretary General

Finance and Planning Committee

Chairman:
Charles Cornut

Président du Directoire
Fonds de Garantie des Dépôts (France)
ccornut@garantiedesdepots.fr



Other Members:

András Fekete-Györ
Chief Economist
National Deposit Insurance Fund of Hungary

Junior Frederick (Observer)
General Manager
Deposit Insurance Corporation
(Trinidad and Tobago)

Mutsuo Hatano
Deputy Governor
Deposit Insurance Corporation of Japan

Bisser Manolov
Chairman of the Management Board
Bulgarian Deposit Insurance Fund

Andrei Melnikov
Deputy General Director
Deposit Insurance Agency (Russian Federation)

Arthur J. Murton
Director, Division of Insurance and Research
Federal Deposit Insurance Corporation

Oscar Armando Pérez Merino
Chairman
Instituto de Garantía de Depósitos (El Salvador)

Silvana Sejko
General Manager
Albanian Deposit Insurance Agency

Ricardo M. Tan
President
Philippine Deposit Insurance Corporation

Objectives:

Monitors the financial resources of the Association, prepares business plans, budgets and reports on the financial position of IADI.

Key Performance Indicators:

- o Oversees the preparation of periodic financial reports
- o Developed and recommended policies on:
 - Investment of IADI funds
 - Payment procedures
 - Pro-rating of Participants fees
- o Oversaw the preparation of the Annual Reports
- o Worked with the Secretariat on various business plans including the business plan for 2005/07 which included a budget for 2005/06 and a forecast budget for 2006/07; they were submitted for approval at the Annual General Meeting in September 2005

Membership and Communications Committee

Chairman:
Roumyana Markova

**Chief Expert, International Cooperation
and Public Relations**

Bulgarian Deposit Insurance Fund
r.markova@dif.bg



Other Members:

**Mohammed Al-Jafari (Vice-Chair)
General Director**
Jordan Deposit Insurance Corporation

**Charles Cornut
Président du Directoire**
Fonds de Garantie des Dépôts(France)

**Mutsuo Hatano¹
Deputy Governor**
Deposit Insurance Corporation of
Japan

**Carlos Isoard
Member of the Board of Governors**
Instituto para la Protección al Ahorro
Bancario (Mexico)

**Valeriy Ogiyenko
Executive Director**
The Deposit Guarantee Fund
(Ukraine)

**Ganiyu A. Ogunleye
Managing Director & Chief
Executive Officer**
Nigeria Deposit Insurance Corporation

**Oscar Armando Pérez Merino
Chairman**
Instituto de Garantiá de Depósitos (El
Salvador)

**Shinichi Sakai
Manager, International Affairs**
Deposit Insurance Corporation of
Japan

**Josef Tauber
Chairman of the Board of
Administration**
Deposit Insurance Fund Czech
Republic

¹ Hajime Shinohara served until 7 September 2005

Objectives:

To contribute to the furtherance of the objects of IADI by expanding and maintaining membership of participants and undertaking communication activities.

Key Performance Indicators:

- Increasing and maintaining participation in IADI
- Ongoing promotion activities and assistance in the preparation of Members and Committee profiles
- Provides summaries of the activities of the Regional Committees which have been published in Newsletters
- Updates and provides translations in several languages of the IADI Profile
- Participated in the organization of the first International Week of Deposit Insurance in September 2005
- Developed and recommended criteria for the selection of the Deposit Insurance of the Year Award
- Reviewed applications of Members and Associates
- Developed and updates a worldwide listing of deposit insurers
- Developed policies on:
 - Less Well-Funded Organizations Participation in IADI
 - Non-IADI Organizations Participation on Regional Committees

Research and Guidance Committee

Chairman:

Chin-Tsair Tsay

Chairman of the Board

Central Deposit Insurance Corporation
c485@cdic.gov.tw



Other Members:

Ade Afolabi

Assistant Director, Research Dept
Nigeria Deposit Insurance Corporation

Mohammed Al- Jafari

General Director
Jordan Deposit Insurance Corporation

Yassein Al-Jaghbeer

**Director of Insurance & Studies
Department**
Jordan Deposit Insurance Corporation

Antonio Carlos Bueno de Camargo Silva

Chief Executive Officer
Fundo Garantidor de Créditos (Brazil)

Fred S. Carns

**Director, Office of International
Affairs**
Federal Deposit Insurance Corporation

Winston Carr

Chief Executive Officer
Jamaica Deposit Insurance Corporation

Charles Cornut

Président du Directoire
Fonds de Garantie des Dépôts (France)

Daniel Janossy (up to 27/09/2005)

András Fekete-Györ
Chief Economist (as of 27/09/2005)
National Deposit Insurance Fund of
Hungary

Junior Frederick

General Manager
Deposit Insurance Corporation
(Trinidad and Tobago)

Mutsuo Hatano

Deputy Governor
Deposit Insurance Corporation of Japan

Dong Il Kim (Vice-Chair)

Executive Director
Korea Deposit Insurance Corporation

Carlos Isoard

Member of the Board of Governors
Instituto para la Protección al Ahorro
Bancario (Mexico)

Bakhyt Mazhenova

General Director
Kazakhstan Deposit Insurance Fund

Andrei G. Melnikov

Deputy General Director
Deposit Insurance Agency (Russian
Federation)

Arthur J. Murton

**Director, Division of Insurance and
Research**
Federal Deposit Insurance Corporation

Noel Nunes

Insurance & Liquidation Officer
Deposit Insurance Corporation
(Trinidad and Tobago)

Valeriy Ogiyenko

Executive Director
The Deposit Guarantee Fund (Ukraine)

Andrei Pekhterev

**Director of Planning & Strategic
Development**
Deposit Insurance Agency (Russian
Federation)

Ricardo M. Tan

President
Philippine Deposit Insurance Corporation

Objectives:

To develop guidance to enhance the effectiveness of deposit insurance systems.

Key Performance Indicators:

- Developed
 - A Research and Guidance work plan on a range of topics as resolved by the Annual General Meeting in September 2005
 - A Guidance Paper on the Establishment and Design of Deposit Insurance Systems
 - General Guidance for Developing Differential Premium Systems
 - A Guidance Paper on Inter-relationships
 - A Guidance Paper on Bank Resolutions
- Finalized and published research papers on:
 - Interrelationships among Safety Net Participants
 - Resolution of Bank Failures
- Submitted a research paper on Evaluating the Effectiveness of Deposit Insurance Systems for publication
- Developed outlines, scope of research and a timetable for the Mandate project
- Formed a Subcommittee on the Establishment of a database, which is to include an inventory of current information
- Finalized the terms of references for the Vice-Chair and the Advisory Group
- Prepared business plans for developing guidance on Funding, Claims and Recoveries, Governance and Mandates
- Participated in the APEC Policy Dialogue on Deposit Insurance, February 2004, Kuala Lumpur, Malaysia, chaired by the Canada Deposit Insurance Corporation and hosted by Bank Negara Malaysia
- Published proceedings from conferences held in October 2001, May 2002, October 2003, June 2004, October 2004, May 2005 and September 2005 on www.iasi.org

Training and Conference Committee

Chairman:
Winston Carr

Chief Executive Officer
Jamaica Deposit Insurance Corporation
wincarr@cwjamaica.com



Other Members:

Fred S. Carns
Director, Office of International Affairs
Federal Deposit Insurance Corporation

Renata Cechova
Managing Director
Deposit Insurance Fund Czech Republic

Kakai Cheloti
Director
Deposit Protection Fund Board (Kenya)

John M. Chikura
Chief Executive Officer
Deposit Protection Board (Zimbabwe)

András Fekete-Györ
Chief Economist
National Deposit Insurance Fund of Hungary

Arthur J. Murton*
Director, Division of Insurance and Research

Federal Deposit Insurance Corporation
*Chair, Leadership Training Task Force

Ganiyu A. Ogunleye
Managing Director & Chief Executive Officer

Nigeria Deposit Insurance Corporation

Silvana Sejko
General Manager

Albanian Deposit Insurance Agency

Ferruh Tunç
Vice President

Savings Deposit Insurance Fund of Turkey

Objectives:

The Committee's mandate is to assess the needs of the Members, leverage the resources of Participants, and work with Partners of the IADI and other interested parties on training and developments matters.

Key Performance Indicators:

- Provides regular updates of the Case Studies Catalogue, available on CD upon request from the Secretariat: info@iadi.org.
- Assisted in the development of the Training Catalogue which is updated quarterly
- Established a task force to develop a training program for deposit insurance executives

Annual Conferences and training achievements since the Constituent Meeting (not including regional events) undertaken by Task Forces, the Secretariat and the Training and Conference Committee

- First Annual IADI Conference "Transitioning Issues for Deposit Insurance Practitioners", Bank for International Settlements, Basel, Switzerland, May 2002
- Strategic Planning Session for Executive Council facilitated by Deloitte & Touche, Basel, Switzerland, June 2002
- Second Annual IADI Conference "Effective Depositor Protection: Enhancing Governance Arrangements", Seoul, Korea, October 2003, hosted by Korea Deposit Insurance Corporation
- Third Annual IADI Conference "Assembling the Tool Kit for Deposit Insurers", Brunnen, Switzerland, October 2004
- Fourth Annual Conference: Challenges for Deposit Insurers in Resolving Bank Failures, Taipei, September 2005
- Special presentation on the occasion of the 75th anniversary of the Bank for International Settlements, by Members of the Executive Council addressing the importance of interrelationships in promoting effective financial system safety nets
- IADI/European Bank for Reconstruction and Development Seminar on Deposit Insurance for Central Asia, Mongolia and Azerbaijan, January 2003, Bank for International Settlements, Basel, Switzerland.
- IADI/ European Bank for Reconstruction and Development Seminar on Deposit Insurance for The Western Balkans, December 2003, Bank for International Settlements, Basel, Switzerland
- IADI/Deloitte Seminar on Enterprise Risk Management, April 2004, Bank for International Settlements, Basel, Switzerland
- Strategic Planning Session for Executive Council facilitated by Deloitte Consulting Group GmbH, Basel, Switzerland, June 2005

2005 Conference Task Force

Chairman:
Chin-Tsair Tsay

Chairman of the Board
Central Deposit Insurance Corporation
c485@cdic.gov.tw



Other Members:

Mohammed Al -Jafari
General Director
Jordan Deposit Insurance Corporation

Winston Carr
Chief Executive Officer
Jamaica Deposit Insurance Corporation

Kakai Cheloti
Director
Deposit Protection Fund Board (Kenya)

András Fekete-Györ
Chief Economist
National Deposit Insurance Fund of Hungary

Dong Il Kim
Executive Director
Korea Deposit Insurance Corporation

Carlos Isoard
Member of the Board of Governors
Instituto para la Protección al Ahorro Bancario (Mexico)

Hajime Shinohara²
Deputy Governor
Deposit Insurance Corporation Japan

Objectives:

To undertake the preparations for Fourth Annual General Meeting and Conference hosted by the Central Deposit Insurance Corporation in Taipei in September 2005.

Key Performance Indicator:

- The Task Force and the Secretariat promoted the 2005 IADI Conference via various ways such as announcements in domestic and international conferences, the IADI website and the Fourth Annual Conference Website, advertisement campaign, etc.
- Held the First International Week of Deposit Insurance and International Exhibition on Deposit Insurance
- Developed the theme for the Conference which was "Challenges for Deposit Insurers in Resolving Bank Failures". There were six sessions with 32 moderators, speakers and discussants at the conference
- 175 individuals from 51 countries participated in the conference

² Hajime Shinohara served until 7 September 2005

Fourth IADI Annual Conference

“Challenges for Deposit Insurers in Resolving Bank Failures”



A Review of the Fourth Annual Conference

The conference was opened by the Honorable Frank C. T. Hsieh, Premier of Taiwan. In his remarks, Mr. Hsieh developed two important aspects of the work of financial sector supervision; in particular, the “new development concept” and the “new safety concept”. Chin-Tsair Tsay, as the Chair of the 2005 Conference, welcomed the participants from 51 countries who were to benefit in so many ways from their visit to Taiwan.

The Keynote Address was delivered by Jean Pierre Sabourin, Chair of the Executive Council of the **International Association of Deposit Insurers**. Having identified the potential vulnerabilities, he presented an “OPTIMAL” approach that has been set out for dealing with bank resolution. He explained that OPTIMAL is the acronym for Objectives, Process, Timing, Intervention, Market Discipline, Assessment and Legislative Framework.

The first session, moderated by Shinichi Yoshikuni of the Bank for International Settlements, focused on initiatives by financial safety net players to help make banks “too good to fail”. George Kaufman introduced four principles of efficient bank insolvency resolution while David Mayes discussed the role of the financial safety net in bank resolution and focused his attention on a feasible solution to tackle cross-border bank insolvencies. Johnson Chen’s presentation covered all the salient points concerning the topic and stressed the importance of early intervention, prompt corrective action, quick resolution, and measures to improve effective interrelationships.

The topic of the second session, chaired by Daniel Jánossy, was how to design effective deposit insurance systems. Fred Carns reported on an **IADI** initiative to develop a tool for evaluating the effectiveness of deposit insurance programs which is to be issued in the form of **IADI** guidance during 2006. Features of the

Korean and newly established Malaysian systems were introduced by Jungrol Kim and Wai Keen Lai, respectively.

The first afternoon session dealt with cross border challenges in handling bank insolvencies that have been paid more attention to recently. Joseph Pasquariello, Tetsuo Yamashita and Kelly Naphtali all emphasized that legal mechanisms at various levels are required to address these matters, but noted that a worldwide uniform code is extremely ambitious and unlikely. Thus, efforts should be directed towards in more practical ways perhaps through enhanced principles of international committee.

The other focus of the afternoon was on the **IADI** Guidance for the Resolution of Failed Banks to be issued soon. The presentation was delivered by William Su and he explained that a deposit insurer can employ this guidance as a tool kit for improving bank failure mechanism in general. Mohammed Al-Jafari, as the discussant, brought up his view on the paper and suggested some questions for future research. Do Khac Hai then introduced the experience of Vietnam in handling 33 bank failures during the past several years.

The second day of the Conference began with two concurrent sessions on the topics of "Promoting International Cooperation" and "Contingency Planning for Dealing with a Failed Bank". In the first session, Allan Popoff and Gulen Atay Newton both addressed home and host country issues related to international cooperation. Mr. Popoff commented on the role of the EBRD in assisting target countries in preparing for the challenges of cross-border supervision, while Ms. Newton pointed out that the first step in harmonizing banking and insolvency regulation is to develop a regional financial framework. Mario Alberto Beauregard Alvarez focused on the roles, mandates and limits of deposit insurers in the financial safety net and said that international cooperation could help them to meet their foremost interest - minimization of costs. Peter Sinclair presented some features of the optimum deposit insurance based on his study.

The second session addressed the need for contingency planning to deal with a bank failure and it took the form of an interactive presentation delivered by J. P. Sabourin, David Walker, Michael Mackey and John Raymond LaBrosse. The importance of contingency planning and all major areas of deposit insurance was addressed by the panel. Examples from **Canada Deposit Insurance Corporation** were drawn to illustrate how related concepts can work, and an industry supplier perspective from a **Deloitte & Touche LLP** representative was also added.

Ricardo M. Tan turned the conference's attention to the work on Guidance for Promoting Effective Interrelationships soon to be issued by **IADI**. In this regard, Winston Carr delivered a sound presentation based on the guidance paper that was prepared by a group that he chaired. Mutsuo Hatano and Roumyana Markova illustrated the topic by referring to some interesting Japanese and Bulgarian cases. Louis Chen cited the examples of cooperation schemes in Korea, Japan and Taiwan, and proposed that **IADI** continue to develop guidance or best practices and he encouraged the Association to hold frequent discussions and forums to assist members to better deal with bank failures.

IADI's Secretary General updated the conference participants the Association's recent and planned activities and then Fatima Neusa Siliprandi of the **Fundo Garantidor de Créditos** invited everyone to next year's conference in Rio de Janeiro. After that the CDIC (Taiwan) team was invited and thanked by Jean Pierre Sabourin for their outstanding effort in the organization of the Conference and for their gracious hospitality. The conference came to a close under the beautiful melody of a famous Chinese song "Story of the Little Town".

Proceedings from the conference are available at the following location:
www.iadi.org/html/App/SiteContent/2005_IADI_Conference_Proceedings%202005-12-7_Master_.pdf

A number of the papers presented at the conference will be published in a future issue of The Journal of Banking Regulation. Information about the Journal can be found at the following link:

http://www.henrystewart.com/banking_regulation/index.html



"Raising the Bar"

2006 Conference Task Force

Chairman:

Antonio Carlos Bueno de Camargo Silva

Chief Executive Officer

Fundo Garantidor de Créditos (Brazil)

acb@fgc.org.br



Other Members:

Mario Beauregard
Executive Secretary

Instituto para la Protección al Ahorro Bancario (Mexico)

Carlos Carrion
Executive Secretary

Fondo de Seguro de Depósitos (Peru)

Yvonne Fan
Deputy Director, International Relations & Research Office
Central Deposit Insurance Corporation

Carlos Isoard
Member of the Board of Governors
Instituto para la Protección al Ahorro Bancario (Mexico)

John Raymond LaBrosse
Secretary General

International Association of Deposit Insurers

Fatima Neusa Siliprandi
Fundo Garantidor de Créditos

Edgar Pinto
Financial Manager
Fondo de Garantías de Entidades Financieras (Colombia)

The Fifth Annual IADI Conference and Annual General Meeting will be held from 15 to 17 November 2006 at the Copacabana Palace Hotel in Rio de Janeiro. The Conference will be hosted by Fundo Garantidor de Créditos. Information on the conference can be found at www.iadi.org and www.iadi2006.org.br



2006 Conference Task Force

Carlos Isoard, Ray LaBrosse, Yvonne Fan, Antonio Carlos Bueno de Camargo Silva and Fatima Neusa Siliprandi

Regional Committees

Mandate:

The Executive Council created seven Regional Committees for Africa, Asia, Caribbean, Europe, Eurasia, Latin America, and Middle East & North Africa to reflect regional interests. Chairs of the regional committees are appointed by the Executive Council upon recommendation of the Members from that region and shall report to the Executive Council on their activities. The Chairs of Regional committees, among other things, review the applications for participation in IADI.

Africa

Chairman:

Ganiyu A. Ogunleye

Managing Director & Chief Executive Officer

Nigeria Deposit Insurance Corporation
ogunleyega@ndic-ng.com



Other Members:

Kakai Cheloti
Director

Deposit Protection Fund Board (Kenya)

Nkosana Mashiya
Director

The National Treasury (South Africa)

John M. Chikura
Chief Executive Officer

Deposit Protection Board (Zimbabwe)

Simon C. Matafu
Director

Deposit Insurance Board of Tanzania

Objectives:

- To undertake a membership drive
- To undertake capacity building amongst members of the Regional Committee
- To create a networking forum for information sharing on matters of mutual interest of members

Performance Indicators:

- The ARC Chair contributed presentations to the MEFMI Retreat on "The Role of Deposit Insurance in Supervision of Banks" held in Angola, May 2006
- Undertook preparations for a Workshop on "Differential Premium and Bank Resolution" slated for September 2006 Abuja, Nigeria
- Nigeria Deposit Insurance Corporation organised the first Depositor Protection Awareness week from 12-16 September 2005 & celebrated the 16th Anniversary of the Nigeria Deposit Insurance Corporation with an international conference on "The Role of Deposit Insurance in Contributing to Financial Stability"
- Second ARC meeting was held in Kariba, Zimbabwe on 1-2 August 2005
- Risk Management Seminar, Kenya School of Monetary Studies, November 2004, Nairobi, Kenya, hosted by the Deposit Protection Fund Board (Kenya)
- "Deposit Insurance in Africa: Issues, Challenges and Prospects", an international conference, and first ARC Meeting, organized by the NDIC, June 2004, Abuja, Nigeria

Asia

Chairman:
Mutsuo Hatano

Deputy Governor
Deposit Insurance Corporation of Japan
mutsumo-hatano@dic.go.jp



Other Members:

Muhammed A.R. Ali
Deputy Governor

Bangladesh Bank

Alagiin Batsukh
First Deputy Governor

Bank of Mongolia

Raymond K.W. Chan
Deputy CEO

Hong Kong Deposit Protection Board

Chia Der Jiun
Director, Prudential Policy

Monetary Authority Singapore

Nestor A. Espenilla Jr.
Deputy Governor

Bangko Sentral ng Pilipinas

Dong Il Kim
Executive Director

Korea Deposit Insurance Corporation

Subarjo Joyosumarto
Executive Director

The SEACEN Centre

Bui Khac Son (Vice-Chair)
General Director

Deposit Insurance of Vietnam

M.P. Kothari
Chief General Manager

Deposit Insurance and Credit Guarantee Corporation of India

Bakhyt Mazhenova
General Director

Kazakhstan Deposit Insurance Fund

Andrei Melnikov
Deputy General Director

Deposit Insurance Agency, Russia

Jean Pierre Sabourin
Chief Executive Officer

Malaysia Deposit Insurance Corporation

Ruchukorn Siriyodhin
Director, Project Management Office

Bank of Thailand

Ricardo M. Tan
President

Philippine Deposit Insurance Corporation

Chin-Tsair Tsay
Chairman of the Board

Central Deposit Insurance Corporation

Krisna Wijaya
Chief Executive Officer

Indonesia Deposit Insurance Corporation

Asian Development Bank

Objectives:

- To further the IADI objects and act in IADI's best interests
- To reflect regional interests and common issues through the sharing and exchange of information and ideas
- To communicate plans and activities and reporting on its activities at each meeting of the Executive Council to ensure focus and transparency
- To promote IADI Membership and participation in the region
- To promote dialogue through meetings and other opportunities in the region
- To conduct studies from the perspective of the region
- To enhance regional cooperation
- To promote collaboration with international institutions

Key Performance Indicators:

- Fourth ARC Meeting and International Seminar on "Integrating Financial Supervision and Role of Deposit Insurers" held in Manila on 16-17 February, 2006. The Meeting was the first co-hosted and collaborative event between a deposit insurer (PDIC) and an international financial institution (ADB) in the region
- Preparations for the Fifth ARC Meeting in March 2007, to be hosted by the Deposit Insurance Viet Nam in Hanoi
- ARC Research Subcommittee: KDIC assumed Chair position of the ARC Research Subcommittee; Members of the Subcommittee are being selected
- Third ARC Meeting held in Taipei September 2005 to promote membership, to enhance co-operation within the region, and to finalize the research projects of sub-committees
- Research results on "Transitioning from Blanket Guarantee to Limited Coverage System" and "Sources of Liquidity for Deposit Insurance Fund" presented at the ARC Meeting in September 2005
- Second ARC Meeting and Symposium, held in Kyoto, Japan, March 2004, hosted by Deposit Insurance Corporation of Japan
- "Symposium on Risk Management in Post Financial Restructuring Era" for ARC Members, September 2004, hosted by Central Deposit insurance Corporation
- International Co-Workshop Program with DICJ, CDIC and KDIC on "Investigation Methods on the Insured Financial Institutions and Employee of Defaulted Companies", Seoul, November 2004, hosted by KDIC
- Numerous work visits between ARC Members took place from 2002 to 2006

Caribbean

Chairman:
Winston Carr

Chief Executive Officer
Jamaica Deposit Insurance Corporation
wincarr@cwjamaica.com



Other Members:

Junior Frederick (Vice-Chair)
General Manager

Deposit Insurance Corporation (Trinidad
and Tobago)

Ralph W. Forskin
Senior Assistant Manager

Deposit Insurance Corporation, Central
Bank of the Bahamas

Objectives:

To encourage more countries in the region to implement deposit insurance systems

- Promoting membership
- Strengthen the level of co-operation in the region

Key Performance Indicators:

- Undertaking preparations for a joint seminar with the University of the West Indies on benefits of deposit insurance for the Caribbean Region
- Undertaking preparations for staging of a Leadership Training Program
- Second CRC meeting held in Trinidad and Tobago December 2004
- Undertook various work visits and business meetings among CRC members
- First CRC Meeting held in Kingston, Jamaica April 2003

Eurasia

Chairman:
Valeriy I. Ogiyenko

Executive Director

The Deposit Guarantee Fund (Ukraine)
fgvfo@fg.org.ua



Other Members:

Murotali Alimardonov (Invitee)
Chairman of the Board

Deposit Guarantee Fund of Tajikistan (as an Affiliated Member)

Nikolay Evstratenko
Deputy Director, Planning and Strategic Development

Deposit Insurance Agency (Russian Federation)

Artak Kurumyan (Invitee)
Director

Deposit Guarantee Fund of Armenia (as an Affiliated Member)

Bakhyt Mazhenova (Vice-Chair)
General Director

Kazakhstan Deposit Insurance Fund

Andrei Melnikov
Deputy General Director

Deposit Insurance Agency (Russian Federation)

Objectives:

- To reflect regional interests and common issues through the sharing of information and exchange of ideas
- To promote collaboration with international financial institutions to facilitate activities of the EARC
- To promote IADI Membership in the CIS region through establishing multilateral relations and cooperation with countries in the region wishing to create or improve their deposit insurance arrangements
- To promote dialogue, through holding meetings and conferences in the region as well as establishing a regional network of liaisons, to share knowledge and build the community of interests of deposit insurers and other institutions in the financial safety net
- To conduct relevant studies concerning deposit insurance issues from the regional perspective

Key Performance Indicators:

- In January 2006, the Chairman participated in a meeting with representatives of the Bank Association of Belarus. The meeting was held for the purpose of discussing the prospects of implementing a deposit insurance system in Belarus
- "Early Warning System as a Key Issue to Bank Solvency and Financial Stability", Almaty, Kazakhstan, May 2005; an international conference hosted by the Kazakhstan Deposit Insurance Fund
- "Deposit Insurance as an Element of Banking Sector Stability", May 2004, Kiev, an international conference on organized by The Deposit Guarantee Fund (Ukraine)
- Several bilateral meetings held between the Bulgarian Deposit Insurance Fund and the Deposit Guarantee Fund (Ukraine). The visits provided an opportunity to share experiences in deposit guarantee arrangements and bank liquidation procedures

- Undertook regional exchanges of experience through numerous work visits among EARC members

Europe

Chairman:
Josef Tauber

Chairman of the Board of Administration
Deposit Insurance Fund Czech Republic
tauber@ceb.cz



Other Members:

Charles Cornut (Vice-Chair)
Président du Directoire
Fonds de Garantie des Dépôts (France)

András Fekete-Györ
Chief Economist
National Deposit Insurance Fund of Hungary

Bisser Manolov
Chairman of the Management Board
Bulgarian Deposit Insurance Fund

Alexandru Matei
General Director
Deposit Guarantee Fund in the Banking System (Romania)

Andrei Melnikov
Deputy General Director
Deposit Insurance Agency (Russian Federation)

Josip Nevjestic
Director
Deposit Insurance Agency of Bosnia and Herzegovina

Silvana Sejko
General Manager
Albanian Deposit Insurance Agency

Valeriy Ogiyenko
Executive Director
Deposit Guarantee Fund (Ukraine)

Ferruh Tunç
Vice President
Savings Deposit Insurance Fund of Turkey

Objectives:

- To promote discussions, expertise sharing and enhance communication between the ERC Members
- To promote bilateral and multi-lateral co-operation between ERC Members and other European DIS and other IADI members

Key performance Indicators:

- Held first ERC Meeting in September 2005 in Taipei
- Held second ERC Meeting in Prague on 19 January 2006
- Received approval by the Executive Council of ERC's Terms of Reference, Business Plan 2005/06 and 2006/07
- Undertaking preparations for a joint conference with the Middle East and North Africa region
- Undertook regional exchanges of experience through multiple work visits among committee and IADI members
- Established contacts with the EFDI
- The Vice-Chair of the ERC, representing the Fonds de Garantie des Dépôts (FGD) undertook a mission on risk-adjusted premiums to the Bulgarian Deposit Insurance Fund (BDIF) in November 2005. The visit was supported by the EC Institution Building Unit

Latin America

Chairman:
Carlos Isoard

Member of the Board of Governors

Instituto para la Protección al Ahorro Bancario (Mexico)
cisoard@ipab.org.mx



Other members:

Antonio Carlos Bueno de Camargo Silva
Chief Executive Officer
Fundo Garantidor de Créditos (Brazil)

Andrés Florez Villegas
General Director
Fondo de Garantías de Instituciones Financieras (Colombia)

María Epifanía González de Rodríguez (Invitee)
Director
Unidad Administradora del Fondo de Garantía de Depósitos, Banco Central del (Paraguay)

Juan Klingenberger
President
Fondo de Seguro de Depósitos (Peru)

Vilma Rosa León-York
President
Fondo de Garantía de los Depósitos de las Instituciones Financieras (Nicaragua)

Irene L. Ulnik
Chairwoman
Seguro de Depósitos Sociedad Anónima (Argentina)

Humberto Ortega Díaz
President
Fondo de Garantía de Depósitos y Protección Bancaria (Venezuela)

Oscar Armando Pérez Merino
Chairman
Instituto de Garantía de Depósitos (El Salvador)

Luis Salinas Álvarez (Invitee)
Director General
Sociedad Gestora de Fondos de Garantía de Depósito (Spain)

José Antonio Lisandro (Invitee)
President
Comisión de la Protección del Ahorro Bancario (Uruguay)

Objectives:

To reflect regional interests and common issues through the sharing and exchange of information and ideas in a manner to further the objects of IADI.

Key Performance Indicators:

- o Promoted cooperation between LARC and the Fundo Garantidor de Créditos from Brazil on the organization of the IADI Fifth Annual Conference, the Third Annual LARC meeting and seminar of the LARC to be held in November 2006 in Rio de Janeiro
- o Continually promotes the participation in this Committee and in the IADI among institutions of the region
- o Preparations for practical work on research projects chosen from a list of topics suggested in Cartagena, Colombia

- Undertook an analytical course-workshop on Deposit Insurance held Mexico City in November, 2005, by the Centre for Latin American Monetary Studies (CEMLA) in collaboration with the LARC, the Bank Savings Protection Institute of Mexico (IPAB) and the Banking Supervisors Association of the Americas (ASBA)
- Prepared a comparative study on deposit insurance in Latin America, in process since June 2005, under the direction of Oscar Armando Pérez, Chairman of the Instituto de Garantía de Depósitos from El Salvador
- FOGAFIN held a seminar, 'Minimizing the Cost of Financial Crisis', Cartagena, Colombia, in June 2005
- Undertook multiple work visits and representation in regional seminars and workshops by LARC Members
- Held a regional meeting and conference in Acapulco and in Mexico City, August 2004, "Deposit Insurance in Latin America, Challenges and Perspectives"

Middle East and North Africa

Chairman:
Mohammed Al-Jafari

Managing Director
Jordan Deposit Insurance Corporation
mjafari@dic.gov.jo



Other members:

Ezeldin Abdelkarim Mirghani Yasein
Deputy General Manager
Bank Deposit Security Fund of Sudan

Khater Abi Habib
Chairman & General Manager
National Institute for Guarantee of
Deposits (Lebanon)

Abdelkader Belgherbi
General Manager (Invitee)
Deposit Insurance Corporation of Algeria

Abderrahim Bouazza
Head of Banking Supervision
Department
Bank Al-Maghrib, Fonds Collectif de
Garantie des Dépôts (Morocco)

Ferruh Tunç
Vice President
Savings Deposit Insurance Fund of
Turkey

Objectives

- To reflect regional interests and tackle common issues through sharing and exchanging information, ideas, and experiences, in a manner to further the objects of IADI and to act in the best interests of the Association
- To encourage countries in the region to develop deposit insurance schemes and adopt best practices
- To address the peculiar regional needs and conditions in its endeavour to enhance deposit insurance systems in the region
- To organize conferences and hold meetings in order to encourage research and promote regional coordination
- To facilitate the exchange of technical assistance, training and experience to foster relations with international institutions, and
- To undertake any other activity to achieve the Committee's main purpose within the framework of IADI's objects

Key Performance Indicators:

- Approved Terms of Reference
- Strengthened the relations of MENA members with the rest of IADI member countries
- Further improved its members' participation in standing committees, particularly subcommittees working on standards developments.
- Profiled the MENA regional committee in the IADI newsletter of May 2006
- Held the first MENA meeting in September 2005, Taipei
- Held working meetings in Amman and Beirut in 2006
- Second Regional Meeting of the IADI Middle East and North Africa Committee held in Casablanca in February 2006. Discussion topics identified during meeting, on which work will continue:
 - Independence of deposit insurance systems

- Responsibilities of deposits insurance systems for various aspects of the bank failures framework
- Manners in which failed banks in each member country are resolved
- Mechanisms for dealing with Islamic banks.
- Promotes cooperation with the European Committee on a joint conference
- Undertaking preparations for Third MENA meeting in November 2006 in Rio de Janeiro
- Contacting other countries in the region with existing deposit insurance systems and those considering the establishment of these systems to offer any technical support and to invite them to join IADI and the MENA Committee
- Preparing for a special high level outreach seminar on "Deposit insurance from an Islamic perspective", to MENA regional safety net players to be held in 2006/07

Financial Review

Management Discussion and Analysis

The Association receives annual fees from its Participants. There are no fees assessed on organizations with which IADI has entered into partnership arrangements. Invoices were issued in July 2005 covering annual fees and initial capital contributions of Members for the billing period which began on 1 July 2005 and ended on 30 June 2006.

On 27 September 2005, the Members agreed to change the financial year of the Association. As a result the financial year of the Association now begins on 1 April and ends on 31 March. Accordingly, the audited statements for 2005/06 cover a nine-month period and revenue items were *pro rated* accordingly.

The 2005/07 Business Plan included an operating budget for 2005/06 and a forecast budget for 2006/07, based on the new financial year end. As of 31 March 2006, Member's equity was US\$360,318 compared to US\$298,825 at the end of the previous reporting period; available funds are invested in accordance with an Investment Policy approved by the Executive Council and the funds are used mainly as working capital.

Planning Assumptions

The following planning assumptions were embodied in the Business Plan adopted on 27 September 2005 and they underline the business strategies and related initiatives:

1. IADI's statutory objects were not expected to change during the planning period
2. No change in annual fees or increases in capital contributions was anticipated
3. The US\$/CHF exchange rate was expected to remain at 1.2550 and the US\$/CAD exchange rate was expected to remain at 1.21 (Expenses in currencies other than US\$ are covered as soon as possible to avoid non-expected expenses due to exchange rate movements)
4. The total number of IADI members would remain at 41
5. Investment revenue would continue to be held in a highly liquid form pursuant to an investment policy to be approved by the Executive Council; and
6. The yield on investments was not expected to be above 2 per cent

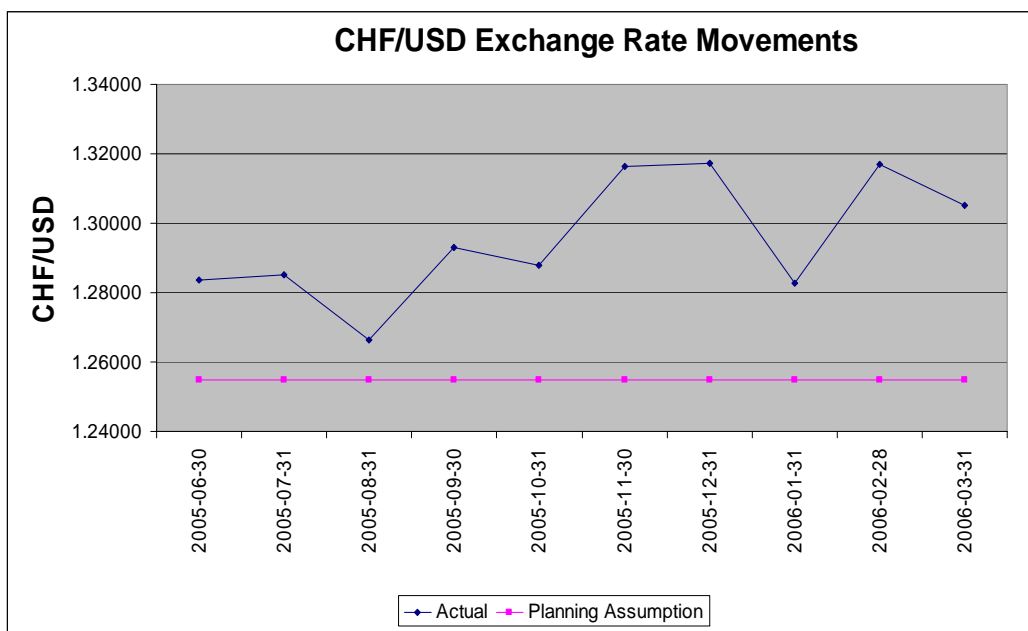
Performance against Objectives

As noted in the Report of the Auditors to the Members, the U.S. dollar-denominated results in the financial statements are materially affected by fluctuations in the US\$/CAD/CHF exchange rates. As such, movements of foreign exchange rates over the course of a financial year can have a significant impact on the finances of the Association.

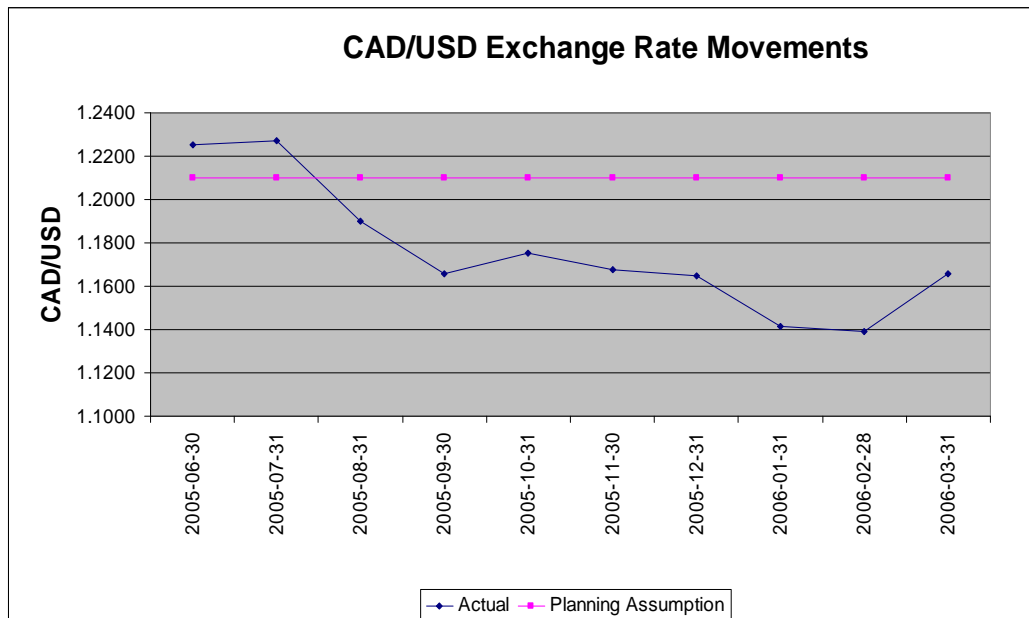
From the creation of IADI on 6 May 2002 to the end of the 31 March 2006, the current reporting period, the US dollar has declined by 26 per cent against the CHF and 34 per cent against the CDN; the two most important currencies relevant to the expenditures of IADI.

In the period from 1 July 2005 to 31 March 2006, the value of the US\$ rose by 1.7 per cent against the CHF (see Graph 1) and declined by 5 per cent against the CAD (see Graph 2). It is important to note, however, that movements during the year of the respective currencies can impact significantly on the cost of running the Association as payments take place at various times throughout the financial year and given the size of the transactions it is very difficult to fully hedge against such movements, or benefit from them. The graphs overleaf track the movement of the US\$ against the two key currencies over 2005/06 and the previous planning assumptions.

Taking the fluctuations of the US\$ into account, the financial statements show that the overall impact of the exchange difference (i.e. the calculation derived from translating these changes on an ongoing basis into US\$) over the 2005/06 financial year was US\$14,353, over three times higher than the amount forecasted. Given that exchange rates are matters outside the control of the Association, the exchange difference is now shown below the line and therefore not included as part of operating expenses.



Graph 1:
US\$ against CHF
1.2835 to 1.3052
High 1.3172
Low 1.2664
Average 1.2954



Graph 2:
US\$ against CAD
 1.2252 to 1.1657
 High 1.2272
 Low 1.1390
 Average 1.1761

Revenues

The annual fees of all the Participants were received and pro-rated revenue of US\$364,375 was slightly higher (US\$8,125) than expected due to an increase in the number of Participants.

Expenditures

The table on page 46 tracks the expenditure items in the functional categories relative to the Budget that was approved on 27 September 2005. It includes revenues and expenditures for 2005/06, the two budgets that were included in the 2005/07 Business Plan and a forecast budget for 2007/08.

Budget Overview - Update for 2006/07 and Projections for 2007/08

As is typical for any international association, the largest expenditure category for IADI is salaries. A total of US\$214,032 was expended in 2005/06, US\$6,032 higher than what was planned. Office administration expenses were US\$6,144 higher than anticipated. However, after taking exchange rate effects into consideration the "exchange-rate adjusted" salary and office expense items were below forecasted amounts.

Furthermore, a change in the accounting treatment for certain expenses related to audit, salaries and Annual Report production, resulted in provisions for these expenses in the year reported on now. In the future, the budget will cover a provision for the Annual Report, rather than accounting for it in the next year.

Expenditures in the area of travel were lower than expected as fewer meetings were held in the nine-month period, and some related expenses were absorbed by Fourth Annual Conference host – Central Deposit Insurance Corporation.

The difference between operating revenues and expenditures in 2005/06 resulted in a surplus of US\$22,783, much higher than the US\$8,050 that was forecasted, and a significant improvement from the deficit of US\$98,473 that was recorded in 2004/05.

After taking into account the exchange difference, interest income and a donation, the change in unrestricted net assets (i.e. surplus) was US\$11,493 compared to the previously forecasted surplus of US\$6,300.

Budget overview update for 2006/07 and Budget for 2007/08

(in US dollars)

	Approved Budget FY 05/06 Pro Rated Year 9 Mo	Audited statements FY 05/06 Pro Rated 9 Mo	Variance FY 05/06 9 Months	Approved Budget FY 06/07 12 Months	Updated Budget FY 06/07 12 Months	Variance FY 06/07 12 Months	Projections FY07/08 12 Months
Operating revenue and gains							
Members Fees	307,500	310,000	2,500	410,000	440,000	30,000	440,000
Associates Fees	33,750	39,375	5,625	45,000	52,500	7,500	52,500
Observers Fees	15,000	15,000		20,000	20,000		20,000
Total operating revenue and gains	356,250	364,375	8,125	475,000	512,500	37,500	512,500
Operating Expenses							
Salaries	(208,000)	(214,032)	(6,032)	(306,000)	(317,500)	(11,500)	(322,000)
Conferences, Seminars and Meetings	(48,750)	(42,924)	5,826	(48,500)	(55,000)	(6,500)	(52,500)
Training Initiatives	(5,000)		5,000	(10,000)	(10,000)		(5,000)
Travel	(40,000)	(30,951)	9,049	(50,000)	(55,000)	(5,000)	(57,500)
Administration	(21,900)	(28,044)	(6,144)	(24,500)	(30,500)	(6,000)	(30,500)
Audit	(3,200)	(3,207)	(7)	(3,500)	(3,500)		(3,500)
IT and Communications	(21,100)	(22,186)	(1,086)	(20,250)	(26,400)	(6,150)	(25,100)
Depreciation	(250)	(248)	2	(250)	(250)		(250)
Total operating expenses	(348,200)	(341,592)	6,608	(463,000)	(498,150)	(35,150)	(496,350)
CHANGES IN OPERATING UNRESTRICTED NET ASSETS	8,050	22,783	14,733	12,000	14,350	2,350	16,150
Interest Income	2,250	3,563	1,313	3,200	3,200		3,200
Exchange Difference	(4,000)	(14,353)	(10,353)	(5,000)	(5,000)		(5,000)
Donations		(500)	(500)				
CHANGES IN UNRESTRICTED NET ASSETS	6,300	11,493	5,193	10,200	12,550	2,350	14,350

Planning Assumptions for 2006/07 and 2007/08

Forward Looking Statements

Given the importance of exchange rate movements on the finances of the Association and the re-alignment of currencies that has taken place, the Executive Council believes that it is prudent to re-visit the assumptions used in developing the budget for IADI. As such, the following assumptions are incorporated in the revised Budget for 2006/07 and the forecast Budget for 2007/08:

1. IADI's statutory objects are not expected to change during the planning period
2. No change in annual fees or increases in capital contributions is anticipated
3. The US\$/CHF exchange rate is expected to remain at 1.26 and the US\$/CAD exchange rate is expected to remain at 1.13
4. The total number of IADI members will be 44
5. Investment revenue will continue to be held pursuant to the investment policy approved by the Executive Council; and
6. The yield on investments is not to be expected to be above 2 per cent

Based on those assumptions, revenues have been revised upwards and are expected to be US\$ 512,500 for 2006/07 (compared to US\$475,000 previously) and US\$512,500 for 2007/08. Expenditures have been adjusted accordingly with total operating expenditures now expected to be US\$498,150 for 2006/07 (compared to US\$463,000 previously) and US\$496,350 for 2007/08.

Taking these matters into account, a surplus of US\$12,550 is expected in 2006/07 (compared to US\$10,200 anticipated previously) and a surplus of US\$14,350 is forecasted for 2007/08. Clearly, these results will depend on a number of factors beyond exchange rate movements (for which a prudent loss has been budgeted) and include such matters as any new initiatives a determined by the Executive Council.



International Association of Deposit Insurers (IADI), Basel

Report of the Auditors to the Members

Financial Statements 31 March 2006

Report of the Auditors
to the Members
International Association of Deposit Insurers
Basel

We have audited the accounting records and the financial statements (statement of financial position as at 31 March 2006, the statements of activities and of cash flows for the nine month period ending 31 March 2006 and the notes to the financial statements) of the International Association of Deposit Insurers (the "IADI").

These financial statements are the responsibility of IADI's management. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the Swiss legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and the financial statements comply with Swiss law and the Association's Statutes.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Ralph R Reinertsen



Garrett C Thompson

Basel, 15 May 2006

Enclosures:

- Financial statements (Statement of Financial Position, Statement of Activities, Statement of cash flows and Notes)

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")

Statement of Financial Position As at 31 March 2006 (in US dollars)

	Notes	31 March 2006	30 June 2005
ASSETS			
Cash and Investments	6	527,571	301,695
Accounts receivable	7		52,081
		<u>527,571</u>	<u>353,776</u>
Total fixed assets	8	743	991
		<u>528,314</u>	<u>354,767</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	9	47,371	55,942
Deferred revenue	10	120,625	
		<u>167,996</u>	<u>55,942</u>
Unrestricted Net Assets			
Capital - members contribution	11	405,000	355,000
Retained unrestricted assets		(56,175)	42,298
Unrestricted assets for the current year		11,493	(98,473)
		<u>360,318</u>	<u>298,825</u>
		<u>528,314</u>	<u>354,767</u>

(See accompanying notes)

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")

Statement of cash flows For the period ending 31 March 2006 (in US dollars)

	Notes	For the nine month period ended 31 March 2006	For the twelve month period ended 30 June 2005
Cash flow from / (used in) operating activities			
Operating unrestricted net assets		22,783	(83,387)
Non-cash flow items included in operating unrestricted net assets			
Depreciation		248	164
Net change in operating assets and liabilities			
Deferred revenue	10	120,625	
Accounts receivable		51,965	12,651
Accounts payable		(8,867)	28,898
Net Cash flow from / (used in) operating activities		186,754	(41,674)
Cash flow from / (used in) investing and other activities			
Treasury bills		(97,809)	299,622
Interest Income		2,786	3,022
Fixed assets purchased			(888)
Donations		(500)	(4,860)
Net Cash flow from / (used in) investing and other activities		(95,523)	296,896
Cash flow from / (used in) financing activities			
Capital contributions from new members	11	50,000	40,000
Net Cash flow from / (used in) financing activities		50,000	40,000
Net effect of exchange rate changes on cash	3	(13,941)	(9,745)
Net Increase / (decrease) in cash		127,290	285,477
Cash at beginning of accounting period		301,695	16,218
Cash at end of accounting period	6	428,985	301,695

(See accompanying notes)

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS ("IADI")

Statement of Activities For the period ending 31 March 2006 (in US dollars)

	Notes	For the nine month period ended 31 March 2006	For the twelve month period ended 30 June 2005
CHANGES IN UNRESTRICTED NET ASSETS			
<u>Operating revenue and gains</u>			
Members Fees	1	310,000	352,500
Associates Fees	1	39,375	56,235
Observers Fees	1	15,000	15,000
Conference and Seminar Income			93,339
Total operating revenue and gains		364,375	517,074
<u>Operating Expenses</u>			
Salaries		(214,032)	(305,347)
Conferences, Seminars and Meetings		(42,924)	(147,159)
Training Initiatives			(15,834)
Travel		(30,951)	(60,491)
Administration		(28,044)	(26,204)
Audit		(3,207)	(3,116)
IT and Communications		(22,186)	(42,146)
Depreciation	8	(248)	(164)
Total operating expenses		(341,592)	(600,461)
CHANGES IN OPERATING UNRESTRICTED NET ASSETS		22,783	(83,387)
Interest Income	12	3,563	3,022
Exchange Difference	3	(14,353)	(13,248)
Donations		(500)	(4,860)
CHANGES IN UNRESTRICTED NET ASSETS		11,493	(98,473)

(See accompanying notes)

International Association of Deposit Insurers

Notes to the Financial Statements

Ended 31 March 2006

1. NATURE OF ORGANIZATION

The International Association of Deposit Insurers (IADI, "the Association") is a non-profit organization organized under Swiss Law, domiciled in Basel, at the Bank for International Settlements.

Its Objects are to contribute to the stability of financial systems by promoting international cooperation in the field of deposit insurance and to encourage wide international contact among deposit insurers and other interested parties.

The Association receives annual Member, Associate and Observer fees from its participants:

Members: Entities that, under law or agreements, provide deposit insurance, depositor protection or deposit guarantee arrangements as set out in Article 5 of the Statutes.

Associates: Entities that do not fulfill all the criteria of Members, but who are considering the establishment of a deposit insurance system or other entities that are part of a financial safety net and have a direct interest in the effectiveness of a deposit insurance system.

Observers: Other interested parties such as international organizations, financial institutions or professional firms.

Partners: Entities who enter into cooperative arrangements with the Association in the pursuit and furtherance of the Objects of the Association. They may be involved in the activities of the Association in a manner determined by the Executive Council.

Fees:

Members: USD10,000 annual fee with an initial fund contribution of USD 10,000 payable over two years, have a right to vote at meetings and hold office.

Associates: USD7,500 annual fee, no vote but may participate in the activities of IADI.

Observers: USD5,000 annual fee, no vote but may participate in the activities of IADI.

Partners: No fees due

The governing bodies of the Association are the General Meeting of Members and the Executive Council. The Executive Council has established Standing Committees covering Audit, Training and Conferences, Research and Guidance, Membership and Communications, Finance and Planning, and Governance. Seven regional committees have been established (Africa, Asia, the Caribbean, Eurasia, Europe, Latin America, and the Middle East & North Africa). The Secretary General acts as the Secretary to the Executive Council supported by the Deputy Secretary General.

The Executive Council is composed of individuals who govern the business and affairs of the IADI. Jean Pierre Sabourin, Chief Executive Officer of the Malaysia Deposit Insurance Corporation, is the Chair of the Executive Council and acts as President of the Association. The Treasurer is Charles Cornut, Président du Directoire des Fonds de Garantie de Dépôts (France).

2. SIGNIFICANT ACCOUNTING POLICIES

The accounts of IADI are drawn up on the historical cost basis and income and expense items are recorded on the accrual basis.

At the Annual General Meeting held on 27 September 2005 in Taipei, the Members agreed to change the financial reporting year end from 30 June to 31 March. This change was implemented on 1 July 2005 and this has resulted in a 9-month accounting period for the financial statements this year.

A. Scope of the financial statements

These financial statements contain all assets and liabilities that are controlled by the Association and in respect of which the economic benefits as well as the rights and obligations lie predominantly with the Association.

B. Functional and presentation currency

The presentation currency of the financial statements is U.S. dollars.

Being an international organisation the Association is exposed to various currencies when conducting its activities. The main currencies the Association is exposed to are U.S. dollars, Canadian dollars and Swiss francs.

All transactions are recorded in U.S. dollars at the exchange rates ruling at the date of the transaction.

Exchange differences arising from the retranslation of monetary assets and liabilities are included as net foreign exchange gains or losses in the statement of activities.

C. Cash and investments

The Association considers cash and investments to be investments, which are highly liquid, readily convertible into cash in accordance with the investment policy approved by the Executive Council on 30 September 2005.

Treasury bills are accounted for by using an effective interest rate basis. All returns from cash and investments are accounted for in Interest Income.

D. Accounts Receivable and Accounts Payable

Accounts receivable and accounts payable are principally short-term amounts relating to the settlement of transactions as a result of activities of the organisation. They are included in the balance sheet at cost.

E. Fixed Assets

The fixed assets are capitalized and depreciated on a straight line basis over the estimated useful lives of the assets concerned, as follows:

Information Technology Equipment – 4 years

F. Provisions for bad debts

Provisions are recognized, as a charge to the statement of activities, if the Association has a concern over the recovery of outstanding accounts receivable.

3. SENSITIVITY TO FOREIGN EXCHANGE MOVEMENTS

The U.S. dollar denominated results in the financial statements are affected by fluctuations in the U.S. dollar/Canadian dollar/Swiss franc exchange rates. Accordingly, movements of foreign exchange rates over the course of a financial year can have a significant impact on the finances of the Association.

4. BENEFITS RECEIVED

The Association is hosted by the Bank for International Settlements, Basel and benefits from administration, accounting and other advisory services provided by the Bank for International Settlements. The total amount of these benefits has not been determined.

5. INCOME TAXES

The Association is exempt from income tax.

6. CASH AND INVESTMENTS

	31 March 2006	30 June 2005
	USD value	USD value
USD Current Accounts	202,137	234,374
CHF Current Account	207,981	67,321
CAD Current Account	18,867	-
	<hr/>	<hr/>
	428,985	301,695
US Treasury Bills	98,586	-
	<hr/>	<hr/>
	527,571	301,695

The U.S. dollar denominated Treasury bill has a nominal value of USD100,000 and matures on the 27 July 2006. The fair market value as of 31 March 2006 was USD 98,586.

7. ACCOUNTS RECEIVABLE

All fees have been received year to date 31 March 2006. No provision for bad debts is required.

8. FIXED ASSETS

Information Technology Equipment

Fixed assets are:

	31 March 2006	30 June 2005
	USD value	USD value
Opening net book value	991	267
Additions	0	888
Disposals	0	0
Depreciation	248	164
	<hr/>	<hr/>
Closing net book value	743	991

initially recorded at their cost of purchase and are depreciated on a straight-line basis using the estimated useful life of the asset (see note 2).

9. ACCOUNTS PAYABLE

Accounts payable mainly consists of year-end accruals for transactions incurred as a result of the Associations activities during March 2006. These amounts are payable to the Bank for International Settlements, the Auditors and other parties who have performed services to the benefit of the Association.

	31 March 2006	30 June 2005
	USD value	USD value
Audit	3,064	3,116
Salaries	28,569	32,446
Conferences, Seminars and Meetings	829	13,029
Travel	8,483	5,139
Administration, IT and Communications	6,426	2,212
	<hr/>	<hr/>
	47,371	55,942

10. DEFERRED REVENUE

Fees were invoiced to the period end 30 June 2006. As a result of the change in accounting period to 31 March 2006 (see note 2), a quarter of the fees (April to June 2006) relates to revenue that will be reflected in the statement of activities in the next financial year.

These amounts have been recorded as Deferred Revenue and are broken down as follows:

	31 March 2006	30 June 2005
	USD value	USD value
Members	102,500	
Associates	13,125	
Observers	5,000	
	<hr/>	<hr/>
	120,625	nil

11. CAPITAL

	31 March 2006	30 June 2005
	USD value	USD value
Members Contributions	430,000	390,000
less unpaid Contributions :	(25,000)	(35,000)
Paid up Capital Contributions	<hr/>	<hr/>
	405,000	355,000
Number of Members	43	39

The unpaid Contributions relate to payments due in future accounting periods.

12. INTEREST INCOME

	31 March 2006	30 June 2005
	USD value	USD value
Bank accounts	108	64
Money market deposits	93	-
Treasury bills	3,362	2,958
	<hr/>	<hr/>
	3,563	3,022

Annex A: Participants

Members (Designated Representatives as of 31 March 2006)

Albanian Deposit Insurance Agency

Silvana Sejko
General Manager

Autorité des marchés financiers (Québec)

Normand M. Côté
Directeur de l'encadrement de
l'indemnisation

Bank Al-Maghrib Fonds Collectif de Garantie de Dépôts (Morocco)

Abderrahim Bouazza
Head of Banking Supervision

Bank Deposit Security Fund (Sudan)

Ezeldin Mirghani Yasein Abdelkarim
General Manager

Bulgarian Deposit Insurance Fund

Bisser Manolov
Chairman of the Management Board

Canada Deposit Insurance Corporation

Guy Saint-Pierre
President and Chief Executive Officer

Central Deposit Insurance Corporation

Chin-Tsair Tsay
Chairman of the Board

Deposit Guarantee Fund in the Banking System (Romania)

Alexandru Matei
General Director

Deposit Insurance Agency (Russian Federation)

Andrei G. Melnikov
Deputy General Director

Deposit Insurance Agency of Bosnia and Herzegovina

Josip Nevjestic
Director

Deposit Insurance and Credit Guarantee Corporation (Wholly owned subsidiary of the Reserve Bank of India)

M.P.Khotari
Chief General Manager

Deposit Insurance Board of Tanzania

Simon C. Matafu
Director

Deposit Insurance Corporation (Trinidad and Tobago)

Junior Frederick
General Manager

Deposit Insurance Corporation of Japan

Mutsuo Hatano
Deputy Governor

Deposit Insurance Corporation, Central Bank of The Bahamas

Ralph Forskin
Senior Assistant Manager

Deposit Insurance Fund Czech Republic

Josef Tauber
Chairman of the Board of Administration

Deposit Insurance of Vietnam

Do Khac Hai
Chairman

Deposit Protection Board (Zimbabwe)

John M.Chikura
Chief Executive Officer

Deposit Protection Fund Board (Kenya)

Kakai Cheloti
Director

Federal Deposit Insurance Corporation

Arthur J. Murton
Director, Division of Insurance and
Research

Fondo de Garantía de los Depósitos de las Instituciones Financieras (Nicaragua)

Vilma Rosa León-York
President

Fondo de Garantía de Depósitos y Protección Bancaria (Venezuela)

Humberto R.Ortega Diaz
President

Members (Designated Representatives as of 31 March 2006)

Fondo de Garantías de Instituciones Financieras (Colombia)

Andrés Florez Villegas
General Director

Fondo de Seguro de Depósitos (Perú)

Juan Klingenberger
President

Fonds de Garantie des Dépôts (France)

Charles Cornut
Président du Directoire

Fundo Garantidor de Créditos (Brazil)

Antonio Carlos Bueno de Camargo Silva
Chief Executive Officer

Hong Kong Deposit Protection Board

Raymond Chan King-wang
Deputy Chief Executive Officer

Indonesia Deposit Insurance Corporation

Krisna Wijaya
Chief Executive Officer

Institut National de Garantie des Dépôts (Lebanon)

Khater Abi Habib
Chairman and General Manager

Instituto de Garantía de Depósitos (El Salvador)

Oscar Armando Pérez Merino,
Chairman

Instituto para la Protección al Ahorro Bancario (Mexico)

Carlos Isoard
Member of the Board of Governors

Jamaica Deposit Insurance Corporation

Winston Carr
Chief Executive Officer

Jordan Deposit Insurance Corporation

Mohammed Al-Jafari
General Director

Kazakhstan Deposit Insurance Fund

Bakhyt Mazhenova
General Director

Korea Deposit Insurance Corporation

Dong Il Kim
Executive Director

Malaysia Deposit Insurance Corporation

Jean Pierre Sabourin
Chief Executive Officer

National Deposit Insurance Fund of Hungary

András Fekete-Györ
Chief Economist

Nigeria Deposit Insurance Corporation

Ganiyu A. Ogunleye
Managing Director & Chief Executive

Philippine Deposit Insurance Corporation

Ricardo M. Tan
President

Savings Deposit Insurance Fund of Turkey

Ferruh Tunç
Vice President

Seguro de Depósitos Sociedad Anónima (Argentina)

Irene L. Ulnik
Chairwoman

Singapore Deposit Insurance Corporation *

Ooi Sin Tek
Chief Executive Officer

*Admitted in May 2006

Swedish Deposit Guarantee Board

Per Swahn
Director

The Deposit Guarantee Fund (Ukraine)

Valeriy I. Ogiyenko
Managing Director

Associates

Bangko Sentral ng Pilipinas

Nestor A. Espenilla
Deputy Governor

Bangladesh Bank

Muhammad A. R. (Rumeel) Ali
Deputy Governor

Bank of Algeria

Choaïb El-Hassar
Deputy Governor

Bank of Mongolia

Alagiin Batsukh
First Deputy Governor

Bank of Thailand

Ruchukorn Siriyodhin
Director, Project Management Office

Monetary Authority of Singapore

Chia Der Jiun
Director, Prudential Policy

The National Treasury (South Africa)

Nkosana Mashiyi
Director of Bank Regulation Department
Chief Director, Financial Regulation Macro
Economic Policy

Observers

BearingPoint LLC

John "Jack" Carter Biggs
Senior Manager, Emerging Markets
Group

Deloitte & Touch LLP.

Leon J. Bloom
Deputy Managing Partner, Global
Financial Services Industry Practice

Goodmans LLP

Gale Rubenstein
Partner

KPMG International

Andrew Lee
Director, KPMG Impaired Loan Advisory
Services

Partners

Asian Development Bank

European Bank for Reconstruction and Development

Kurt Geiger
Business Group Director

European Forum of Deposit Insurers

Roberto Moretti
Chairman

International Monetary Fund

David Hoelscher
Division Chief, Systemic Banking Issues
Division

The SEACEN Centre

Subarjo Joyosumarto
Executive Director

The Toronto International Leadership Centre for Financial Sector Supervision

David J.S. Winfield
Executive Director

Annex B: Investment Policy

SCOPE AND OBJECTIVES

The following principles underlie IADI investment activity:

1. Maintaining high liquidity
2. Investing only in G7 government bonds , banks (OECD) or similar with investment grade not lower than A by Standard & Poor s, or equivalent grade by Moody s and Fitch IBCA
3. Preserving capital; and
4. Suited to the financial size and needs of IADI

The IADI shall ensure liquidity for meeting its liabilities in relation to its operational costs, conferences and seminars related costs, etc.

The IADI shall aim at optimising the return, net of fees, on investment and keeping an adequate currency portfolio structure based on its cash flow projections (liabilities and assets currency structure).

The IADI should endeavour to constantly improve its investment management methods, beginning from the premises that its assets shall be managed in a professional way and its investment policy shall remain simple, clear and efficient.

The IADI shall take steps to reduce the budgetary impact of exchange losses.

Investment strategy

1. Net capital of IADI should be invested in US treasuries
2. The investment portfolio should comprise bonds issued by G7; Governments, bonds or short term deposits of banks (OECD) or similar with ratings not lower than an A investment grade by Standard & Pooers, or equivalent grade by Moody s and Fitch IBCA
3. In order to control foreign exchange risk, and in view of currency operational expenses of the Association (i.e. CHF) , the forecasted amounts in the budget, the sums received as membership fees should be exchanged into CHF or in other expenses currencies, as soon as possible, with an appreciation of the cost; and
4. In case of liquidity shortage, repurchasing agreements are allowed to cover the shortage

Requirements related to the portfolio management

The investment strategy is applied by the Secretary General and each year, when preparing the budget, the Secretary General together with the Finance and Planning Committee should make a report with proposals for the new financial year, in particular on the duration.

Quarterly each member of the Executive Council should be provided with current information on the portfolio status either on paper or through electronic device means.

The Executive Council may introduce changes to this policy at any time when it is deemed appropriate upon proposals of the Finance and Planning Committee.

Head Office Information

Head Office

International Association of Deposit Insurers

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CH-4002 Basel, Switzerland

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GyeHwang Cho, Ray LaBrosse and Kim White

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To contribute to the enhancement of deposit insurance effectiveness BY PROMOTING GUIDANCE and international cooperation