



Treasury Activity in the Bank Deposit Guarantee Fund, Romania

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Investment Management for
Deposit Insurance Agencies



निक्षेप बीमा और प्रत्यय गारंटी निगम

DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION

(भारतीय रिज़र्व बैंक की संपूर्ण स्वामित्ववाली सहयोगी Wholly owned subsidiary of the Reserve Bank of India)

February 20-22, 2013
MUMBAI, INDIA



SUMMARY

- DGS' role in the financial stability in Romania
- The internal structure
- DGS' resources
- Investment strategy
- Outcomes



DGS' role in the financial stability in Romania

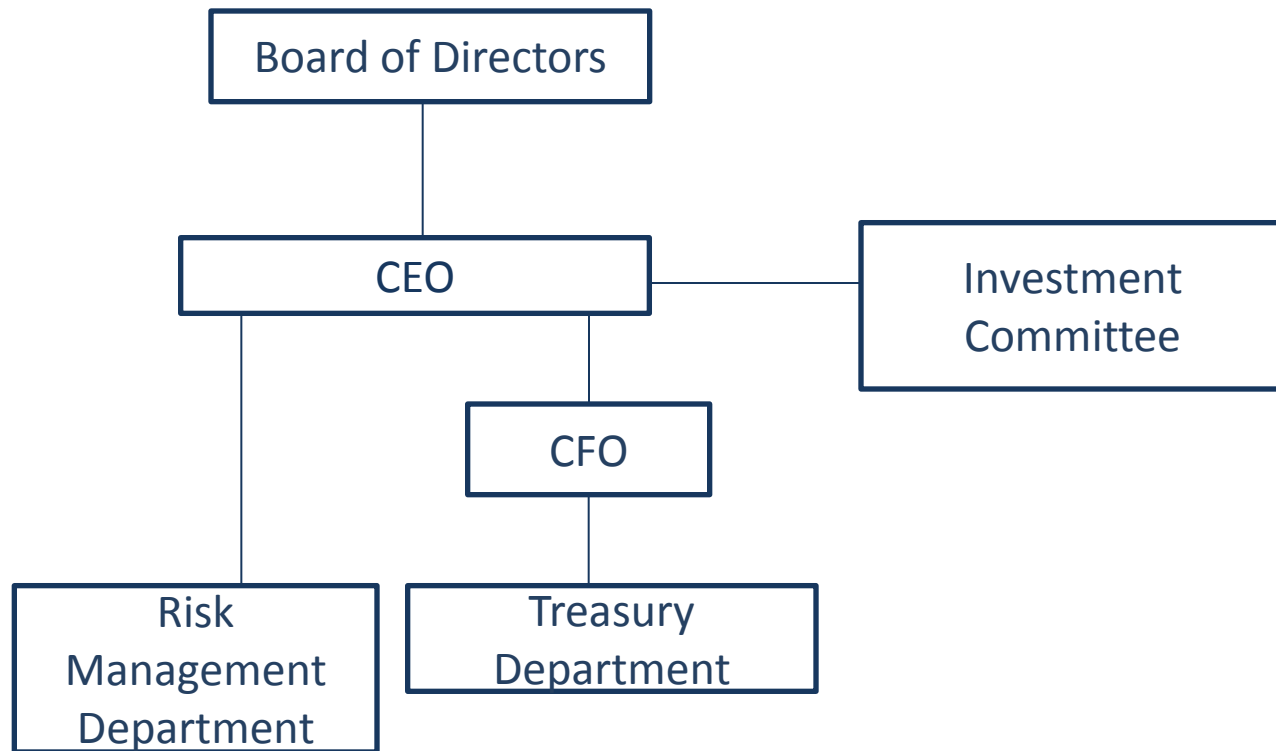
Bank Deposit Guarantee Fund:

- set up in 1996
- offers bank deposits' protection
- is the financing source for the implementation of the resolution measures
- member of the National Committee for Financial Stability since November 2011 alongside the National Bank of Romania, the Ministry of Finance, the National Securities Commission, the Insurance Supervisory Commission and the Private Pension Scheme Supervisory Commission.

Investment Management for Deposit Insurance
Agencies

February 20-22, 2013, Mumbai, India

The internal structure





The internal structure

- FGDB's placements in line with an annual investment strategy agreed by the Board and approved by the National Bank of Romania
- FGDB's placements are decided by the Investment Committee (CARF)
- CARF includes DGS' management, representatives of the Treasury department and Risk Management department



DGS' resources

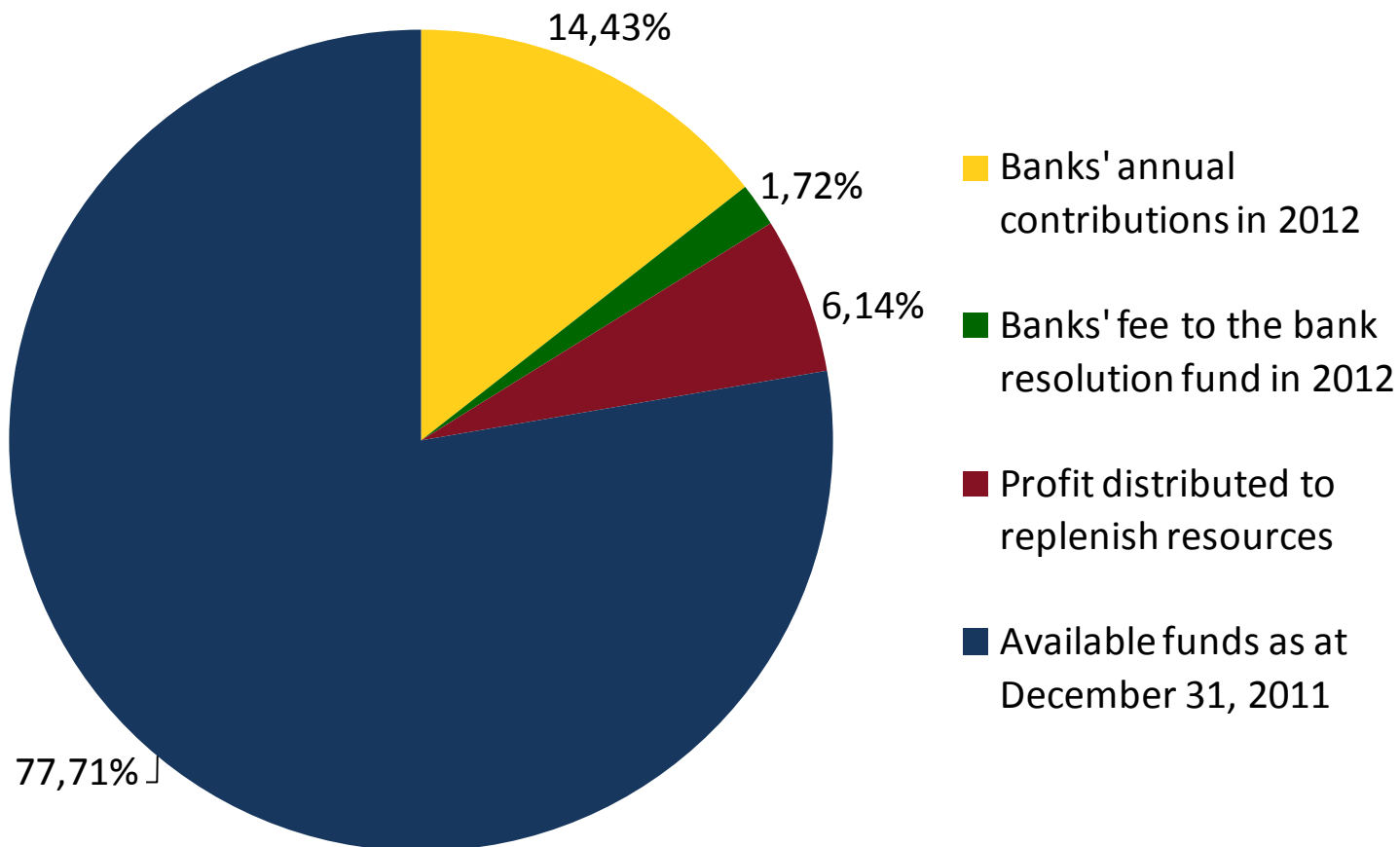
DGS holds and administrates:

- The Bank Deposit Guarantee Fund- to guarantee deposits and make payouts for covered depositors (96,33%)
- The Bank Resolution Fund – to finance stabilization measures (3,66%), established since 2011



DGS' resources

Origin of FGDB's resources in 2012



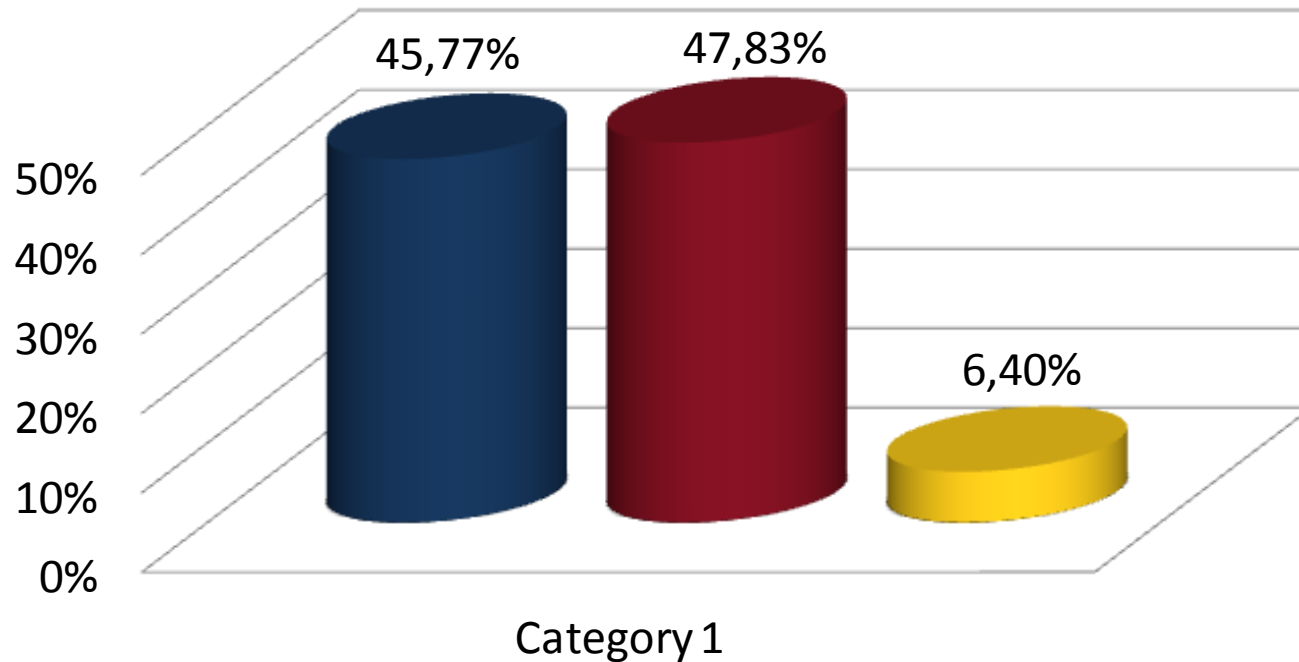
DGS' resources

According to the law, DGS can invest in:

- romanian T-Bills and other sovereign securities;
- term deposit, certificates of deposit and other financial instruments of the credit institutions;
- government securities issued by the EU Governments and U.S. T-Bills.

DGS' resources

Chart Title



- MoF securities
- Term deposits and bonds
- Other financial instruments

Investment strategy

- The main objectives of the FGDB's strategy are lower risk, liquid placement and, as a complementary target, their return;
- To reach the annual coverage ratio of deposits and budget target;
- FGDB's investment strategy is implemented by the CARF and followed-up by Treasury Department;
- FGDB works with banks selected from the 33 member of DGS and 2 non-member, based on market ratio and index of Capital Asset Management, Profitability and Liquidity

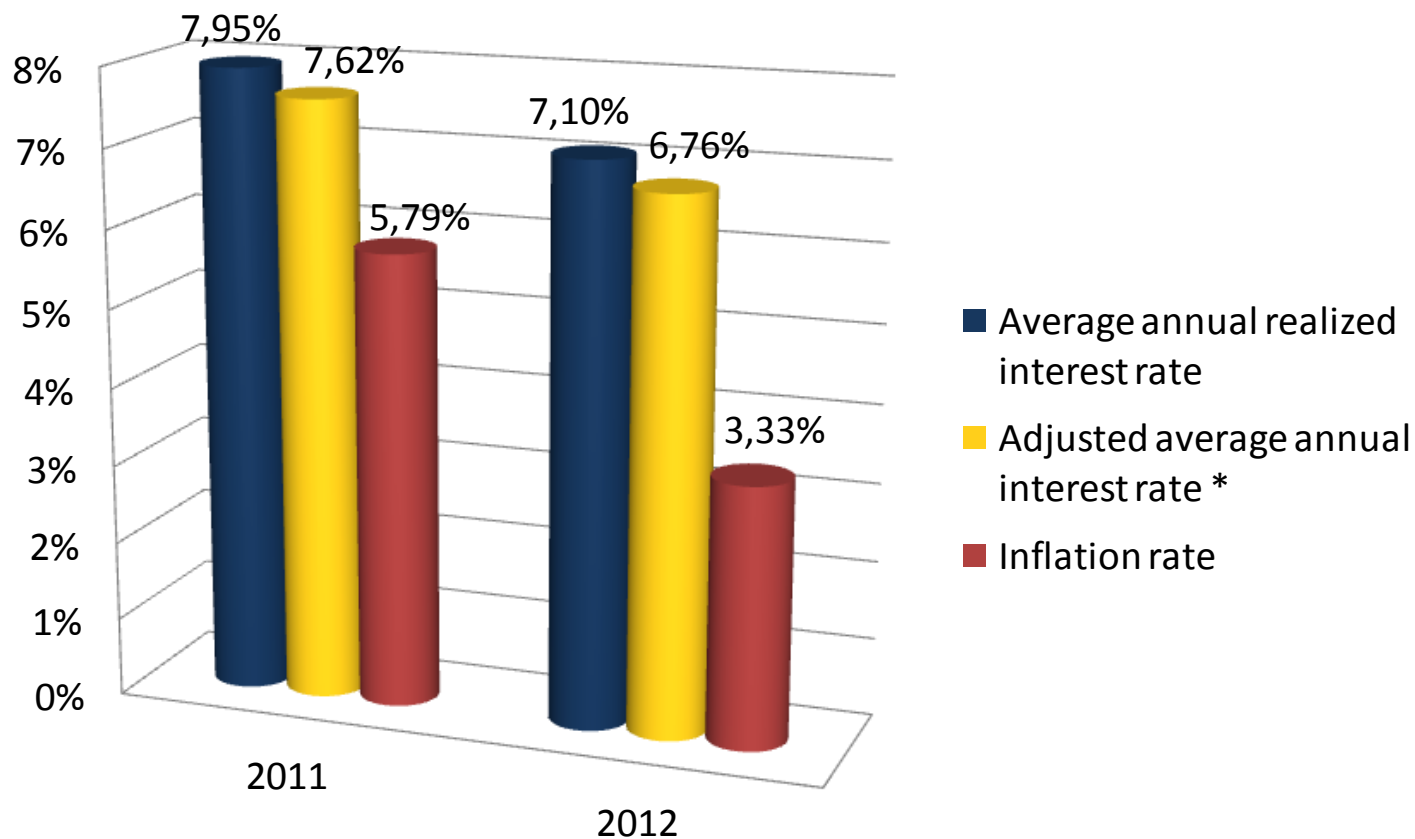


Investment strategy

Mandatory guidelines:

- monthly liquidity not less than 10%, based on prevailing conditions in the market
- balanced exposure between short and long term maturities
- max. exposure quota per bank set by investment strategy

Outcomes



* Adjusted Interest rate calculated in terms of ROBID (Romanian Interbank Bid Rate) and fixing for government securities

Thank you!

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