Press Release

Hong Kong Deposit Protection Board Annual Report 2007-2008

The Hong Kong Deposit Protection Board (the "Board") today (Thursday) published its Annual Report for 2007-2008. The Report reviews the operating environment of the Deposit Protection Scheme (DPS) and reports on the achievements of the Board during the year. It also highlights the plans for 2008-2009.

Professor Andrew Chan Chi-fai, Chairman of the Board, said in the Annual Report that good progress had been made by the Board in improving public confidence in the DPS. Substantial effort had also been invested during the year in enhancing the efficiency and effectiveness of the DPS.

Mr Raymond Li, Chief Executive Officer of the Board, reported in the Annual Report that, after the successful launch of the DPS in 2006, maintenance and enhancement of the DPS had become the focus of the operation of the Board. The key achievements made by the Board in 2007-2008 include:

- collected HK$328 million in contributions for 2008 on schedule and achieved an investment return of 3.8% for the DPS Fund;

- collected and analysed statistics from simulation tests and a survey on notable market developments to monitor the coverage of the DPS;

- improved the readiness of the DPS to payout through simulation tests and a payout rehearsal;

- developed a number of surveillance mechanisms for monitoring Scheme members' compliance with DPS rules and guidelines;

- maintained public awareness of the DPS at a high level through on-going publicity activities; and

- completed a review of the Board's corporate governance structure.

In 2008-2009, priorities will be given to implementing the surveillance mechanisms developed last year for monitoring Scheme members' compliance with DPS rules and guidelines, refining payout systems and processes to further enhance the readiness of the DPS to payout and improving public understanding of the key features of the DPS, especially those crucial to fostering banking stability.

With reference to the proposal to review the protection limit of HK$100,000, a recommendation has been included in the Report on the Review of Hong Kong Monetary Authority's (HKMA) work on Banking Stability (the Review Report) which is subject to public comments until end October 2008. "Meanwhile the Board has started collecting information from scheme members and updating its own funding model," Mr Li said. "Taking into account comments received from the HKMA's public consultation exercise on the Review Report, the Board intends to formulate concrete recommendations on the coverage of the DPS in the first quarter of 2009."

The Hong Kong Deposit Protection Board Annual Report 2007-2008 is available on the Board's website (www.dps.org.hk).

The key features of the DPS can be found in the attached fact sheet and information leaflet.

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Hong Kong Deposit Protection Board
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