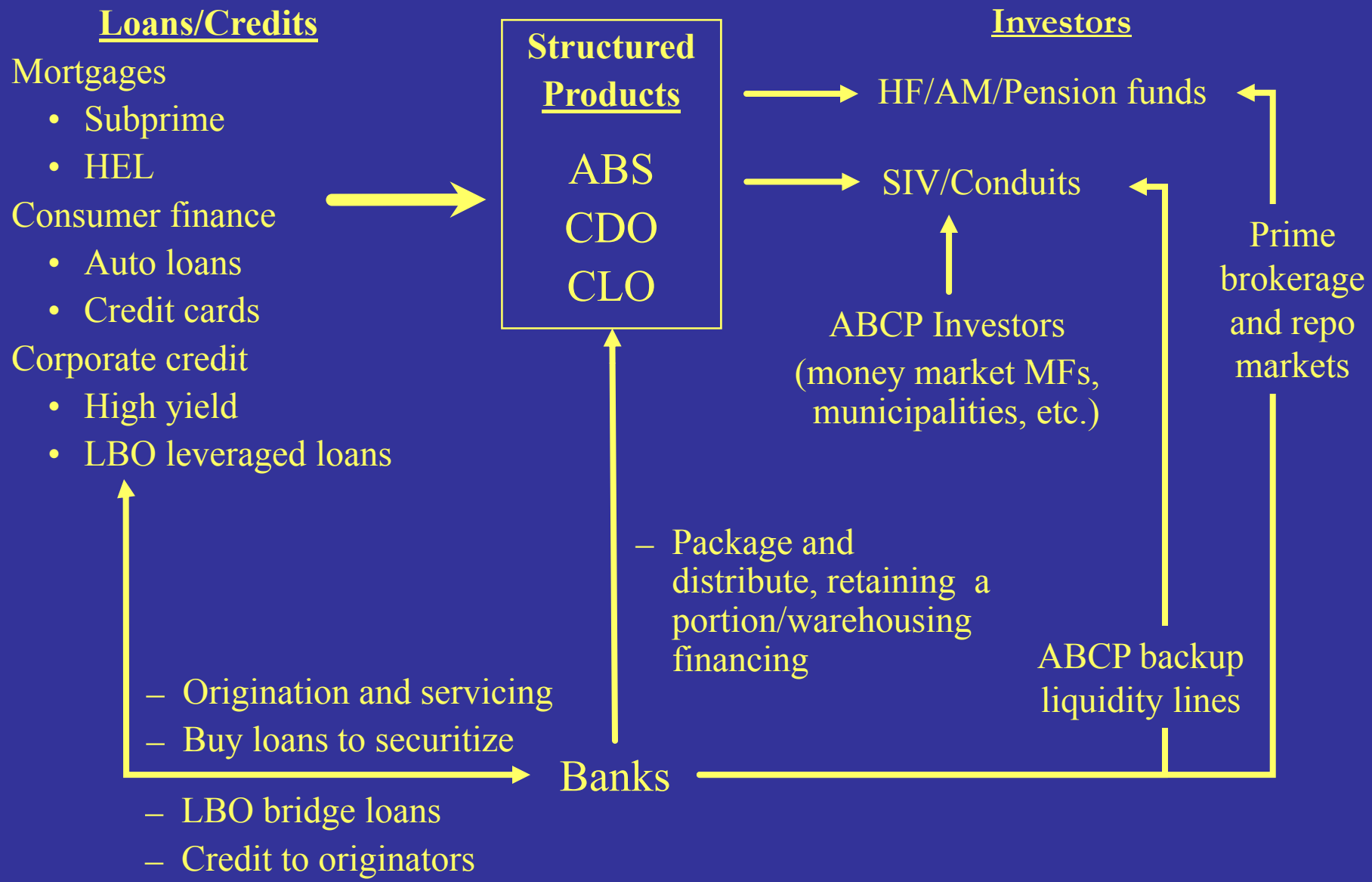




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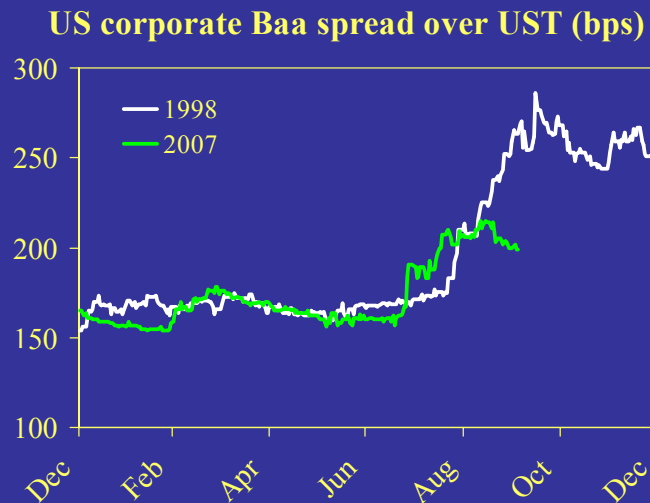
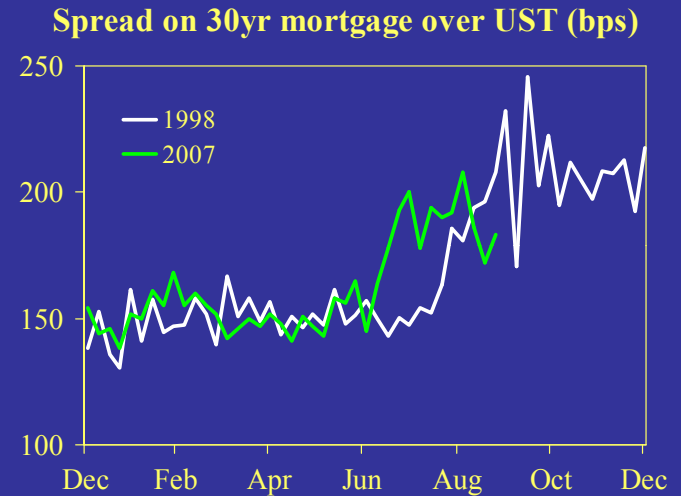
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Washington, DC
October 12, 2007



Revealed Weaknesses

- Credit quality: relaxation of underwriting standards
 - Structured products: complex, illiquid, difficult to value
 - Rating of structured products: faulty
 - Weak players: leveraged and dependent on money markets for funding
 - Exposure of banks: to LBO bridge loans, CDO/CLO warehousing loans, backup liquidity lines to SIV/conduit, own HFs
- Uncertainty about valuation and where risk/losses reside

1998 and Now: Similarities and Differences



1998 and Now: Similarities and Differences, cont'd

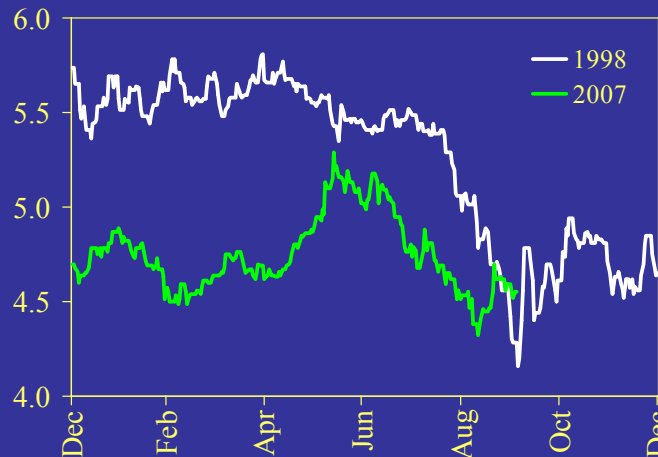
MSCI-EM (US\$ Returns)



EMBIG Spreads (bps)



10yr U.S. Treasury Yields (bps)



Principles for Emerging Markets

Key pillars

- Transparency and investor relations as best practices for crisis prevention
- Early dialogue and policy action to contain financial difficulties
- Guidance for debt restructuring where needed

Principles Consultative Group (PCG)

- Collaboration between senior market participants and issuers
- Facilitate continued efforts of issuers and investors to keep each other abreast of developments in EMs while encouraging sound policies and investor support
- Offer guidance for the restructuring process in appropriate cases

Group of Trustees

- Blue ribbon group of top officials and senior executives
- Review the evolution of the international financial system as it relates to EMs
- Review development and implementation of the Principles; proposing modifications, if needed

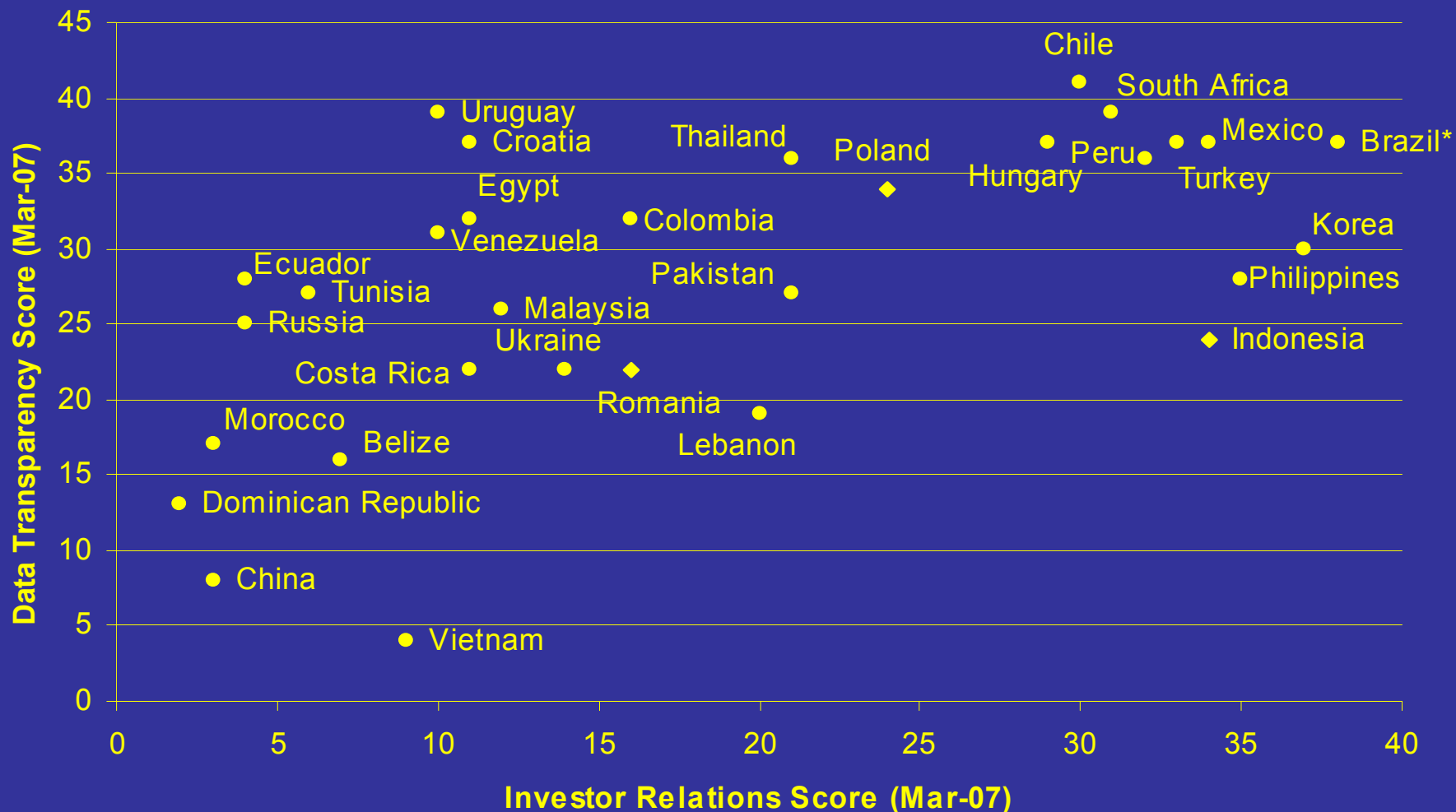
Transparency in EMs

- The dissemination of data and policy information is a key component of investor relations
- Investors want:
 - Timely data (i.e., released with standard lag)
 - Data to be well organized, reliable and easy to locate and use
 - Policy information to be forward-looking and easily understood

Transparency in EMs (cont'd)

- 10 EMs have institutionalized investor relations programs
 - 3 additional EMs are planning to launch investor relations programs
- 64 countries (43 EMs) subscribe to the IMF's Special Data Dissemination Standard (*SDDS*)
- Adopting IMF Data Standards is a welcome step; however, investors need more (*SDDS plus*):
 - Forward looking information:
 - Debt management programs
 - Amortization schedule for external debt

Investor Relations and Data Transparency



* Reflects a combined score of the Gerin office at the Banco Central do Brasil and the IRU office at the National Treasury.



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