

# **KAZAKHSTAN DEPOSIT INSURANCE FUND**

## **OVERVIEW OF THE RETAIL DEPOSITS MARKET**

*Over the 3<sup>rd</sup> quarter of 2016*

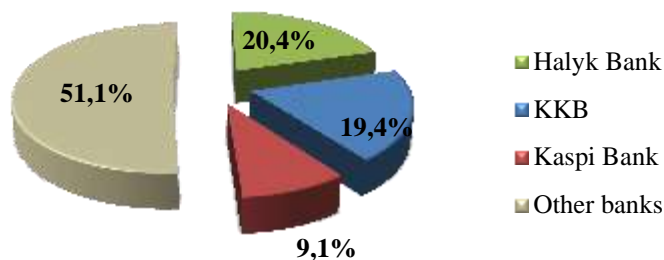
### Overview of the individuals' deposit market trends

As of October 1, 2016 the deposit insurance system (DIS) consisted of 33 second tier banks with the exception of the Islamic bank “Al-Hilal” Islamic Bank” JSC. In the third quarter of 2016 “EU Bank” SB JSC as a result of the voluntary return of the license issued to bank to conduct banking and other operations was excluded from DIS.

The retail deposits base in DIS member-banks as of October 1, 2016 amounted to T7.3 trillion, and the change in the deposit base in the third quarter of the current year amounted to +T174.9 billion or 2.5%.

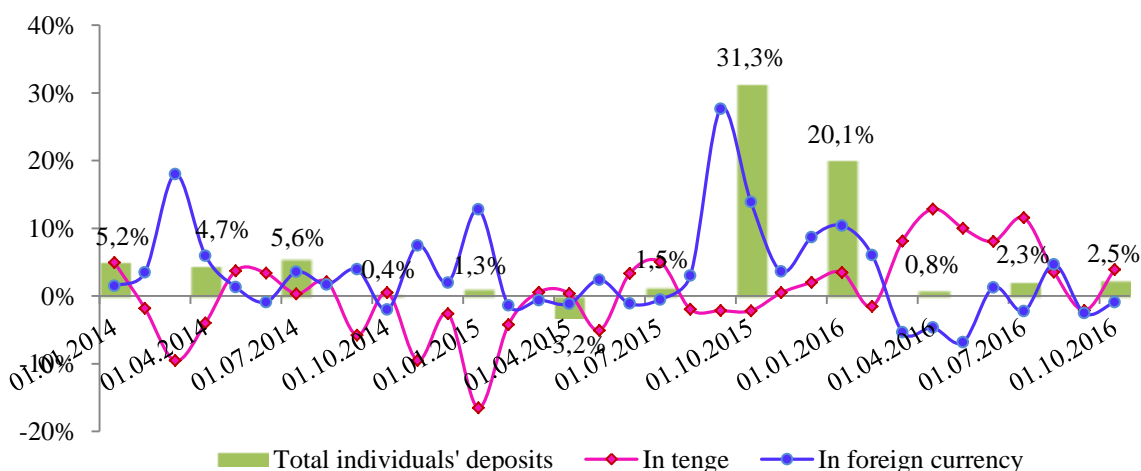
In the reporting quarter top three banks with the largest shares of the deposit base of individuals, as before, includes – **Halyk Bank**, **KKB** and **Kaspi Bank** with the shares of 20.4%, 19.4% and 9.1% respectively (*Figure 1*). At the same time, in the reporting quarter an inflow of deposit base from the mentioned banks was observed at all of them: **Kaspi Bank** +T25.2 billion or 3.9%, at **Halyk Bank** + T10.8 billion or 0.7%, and **KKB** + T23.8 billion or 1.7%.

**Figure 1. Retail deposits of TOP-3 banks and other banks (in %)**

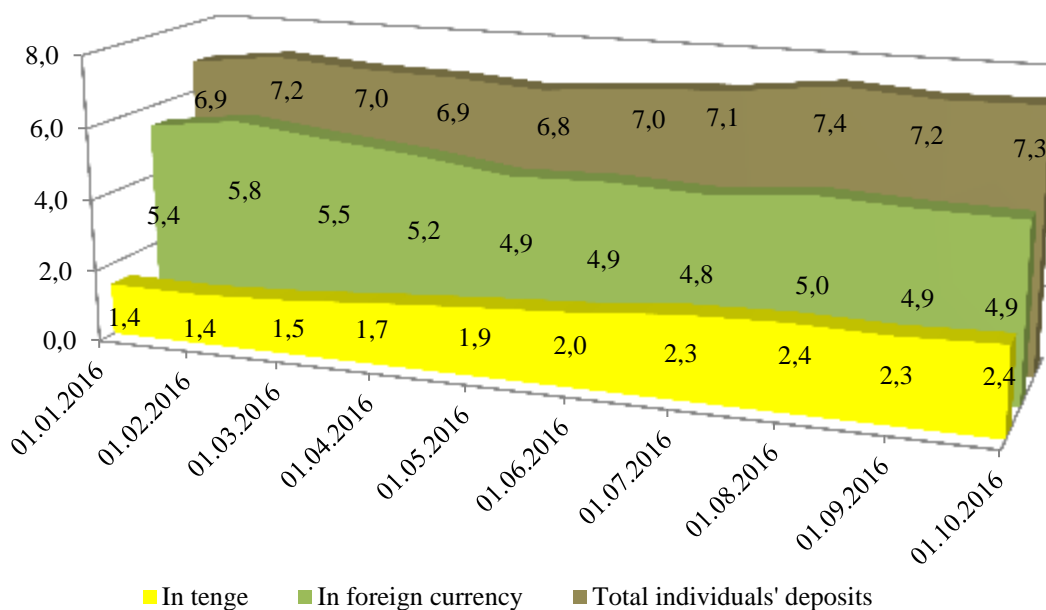


As for the currency structure of retail deposits portfolio, the change in the reporting quarter of deposits in national currency is +T121.3 billion or +5.3%, and in foreign currency +T53.6 billion or +1.1%. Retail deposits in foreign currency amounted 66.9% (T4.9 trillion), in national currency 33.1% (T2.4 trillion) (*Figure 1 and Figure 2*).

**Figure 2. Dynamics of retail deposits amount (in %)**



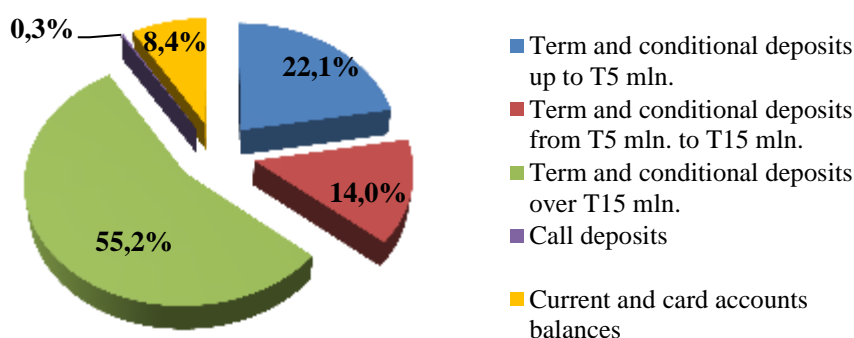
**Figure 3. Dynamics of retail deposits structure (in trillion tenge)**



Generally it can be noted that the measures developed as part of the National Bank and the Government of the Republic of Kazakhstan policy to de-dollarization of the economy in terms of reduction of the maximum interest rates on deposits in foreign currency, the increase of the interest rates on deposits in national currency as well as an increase in the coverage amount on deposits in national currency up to T10 million gradually continue find their reflection

The total retail deposits portfolio of member-banks consisted of the **term and conditional deposits** with the share of 91.3%, or T6.6 trillion which increased over the quarter by T185.7 billion or 2.9%, **current and card accounts balances** with the share of 8.4% (T612.6 billion), having decreased by (-T20.6 billion) or (-3.3%), and **call deposits** with the share of 0.3%, the change in this category was +T9.8 billion or 98.1%) (Figure 4).

**Figure 4. Structure of retail deposits portfolio by the main categories (in %)**



The **term and conditional deposits up to T5 million**, composing 22.1% (or T1.6 trillion) of the aggregate individuals' deposits portfolio in member-banks, have positive change by T52.2 billion. Term and conditional deposits **from T5 to T10 million** during the period raised by T23.0 billion and amounted T688.1 billion (or 9.5% of the cumulative individuals' deposits amount).

The term and conditional deposits **from T10 to T15 million** amounted T330.2 billion or 4.5% of the cumulative individuals' deposits portfolio. The change in this section was +T13.9 billion due to the outflow of deposits in foreign currency by T3.4 billion. While the deposits in national currency increased by T17.3 billion or 17.9%.

The largest share of aggregate retail deposits as before represented by the term and conditional deposits **over T15 million**, composing 55.2%. With this total increase over the reporting quarter in this category of deposits was 2.5% or T96.6 billion.

**Call deposits** of individuals composing 0.3% of the retail deposits portfolio have increased by T9.8 billion. The outflow was observed in national currency call deposits (-T0.08 billion), while call deposits in foreign currency increased by T9.9 billion.

In the **current and card account balances** was a negative change at (-T20.6 billion) or (-3.3%). This outflow was due to the decline of **current and card account balances** in national currency by T14.2 billion, and in the foreign currency by T6.4 billion.

As of October 1, 2016 the cumulative KDIF's liabilities on payouts to the DIS member-banks' insured depositors amounted to T3.3 trillion. At the reporting date, KDIF's special reserve reached T373.1 billion net of the KDIF's authorized capital. If necessary, KDIF is authorized to use up to 70% of its authorized capital in case of its special reserve's shortage upon the Shareholder's approval, and in this case the maximum possible size of the KDIF's special reserve will be amounted to T494.1 billion which is 15.1% of the cumulative KDIF's liabilities on payouts and 6.8% of the total amount of member-banks' retail deposits.

The cumulative KDIF's payouts to depositors of *Nauryz Bank* amounted to T679.6 million (total to pay T772 million) and to depositors of *Valut-Tranzit Bank* totaled T17.8 billion (including additional reimbursement T18.355 billion) as of October 1, 2016. Reimbursement of the KDIF's claims to the liquidation commissions of *Nauryz Bank* reached T772 million or 100% of the total amount to be recovered from this bank and of *Valut-Tranzit Bank* reached T9.3 billion or 50.9% (including additional reimbursement) of the total amount to be recovered.

According to the Law "On amendments and additions to some legislative acts of the Republic of Kazakhstan on strengthening the protection of property rights, guarantee the protection of contractual obligations and stricter liability for their violation", which was signed in July of 2015, the KDIF starts to make additional reimbursement to the depositors of *Valut-Tranzit Bank*, bankrupted in 2007. For each of depositors whose deposit in *Valut-Tranzit Bank* exceeded 700 thousand tenge (the maximum amount of reimbursement at the time of the bankruptcy of the *Valut-Tranzit Bank*), the KDIF make additional reimbursement in the amount of the balance of the deposit, without accrued interest, in the amount of not more than 5 million tenge.

From August 10, 2015 till August 10, 2016 the KDIF made an additional reimbursement to the depositors of *Valut-Tranzit Bank* through the branches of *Bank CenterCredit*. Total liabilities amounted to T4.25 billion. As of October 1, 2016 4 367 depositors (out of 4 995 depositors) have already received additional reimbursement totaling T3.97 billion, which represents 93.1% of the total amount of liabilities.

After August 10, 2016 the additional reimbursement to depositors of *Valut-Tranzit Bank* will be made by the KDIF independently through transferring money owed to depositors to the bank accounts indicated by them in the application for reimbursement.

### Aggregate retail deposits placed with DIS member-banks as of October 1, 2016

№	Name	Total amount of retail deposits (in thousand Tenge)	Difference in deposits amount compared to the last quarter (in thousand Tenge)	Total number of deposit accounts
1	Total amount of retail deposits placed both in Tenge and in foreign currencies, including:	7 270 210 341	174 904 410	42 369 850
1.	Call deposits, including:	19 744 779	9 779 821	4 192 144
1.1.	<i>in Tenge</i>	3 768 848	-80 770	4 106 007
1.2.	<i>in foreign currencies</i>	15 975 931	9 860 591	86 137
	Call deposits of the member-banks' top-management, as well as their shareholders holding in total five or more per cent of the banks' voting shares, and their close relatives	10 176 716	8 856 164	188
2.	Term and conditional deposits, including:	6 637 906 434	185 728 293	3 571 100
2.1.	<i>in Tenge, including:</i>	1 954 674 955	135 589 105	2 690 208
	up to T1 million	345 459 971	14 109 378	2 295 726
	from T1 million to T3 million	445 202 270	25 717 096	266 941
	from T3 million to T5 million	242 970 513	20 712 465	63 740
	from T5 million to T10 million	302 136 637	37 758 685	44 759
	from T10 million to T15 million	114 006 060	17 296 589	9 818
	over T15 million	504 899 504	19 994 892	9 224
2.2.	<i>in foreign currencies, including:</i>	4 683 231 479	50 139 188	880 892
	up to T1 million	87 956 323	-1 187 897	577 448
	from T1 million to T3 million	235 865 879	-4 899 014	131 971
	from T3 million to T5 million	251 417 460	-2 231 704	65 210
	from T5 million to T10 million	385 928 749	-14 710 331	55 750
	from T10 million to T15 million	216 222 959	-3 420 027	18 079
	over T15 million	3 505 840 109	76 588 161	32 434
	Term and conditional deposits of the member-banks' top-management, as well as their shareholders holding in total five or more per cent of the banks' voting shares, and their close relatives	512 823 483	-43 839 687	2 367
3.	Current and card accounts' balances, including:	612 559 128	-20 603 704	34 606 606
3.1.	<i>in Tenge</i>	447 420 731	-14 235 970	33 142 663
3.2.	<i>in foreign currencies</i>	165 138 397	-6 367 734	1 463 943
	Current and card accounts' balances of the member-banks' top-management, as well as their shareholders holding in total five or more per cent of the banks' voting shares, and their close relatives	9 399 890	-4 501 639	9 933