

KAZAKHSTAN DEPOSIT INSURANCE FUND

OVERVIEW OF THE RETAIL DEPOSITS MARKET

Over the 4th quarter of 2016

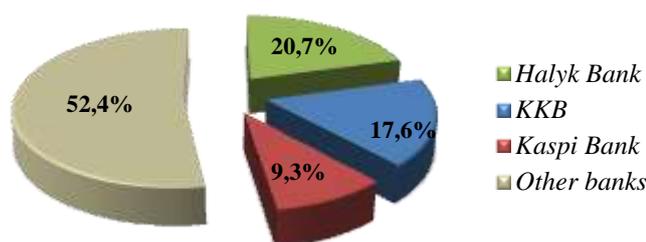
Overview of the individuals' deposit market trends

As of January 1, 2017, the deposit insurance system (DIS) consisted of 32 second tier banks with the exception of the Islamic bank “Al-Hilal” Islamic Bank” JSC. By the decision of the Board of the National Bank of the Republic of Kazakhstan dated December 26, 2016, “Kazinvestbank” JSC was deprived of a license to conduct banking and other transactions and activities on the securities market since December 27, 2016, in this regard the bank was excluded from the register of the DIS member-banks.

The retail deposits base in DIS member-banks as of January 1, 2017 amounted to T7.9 trillion, and the change in the deposit base in the fourth quarter of the current year amounted to +T631.6 billion or 8.7%.

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 20.7%, 17.6% and 9.3% respectively (*Figure 1*). At the same time, in the reporting quarter an inflow of deposit base from the mentioned banks was observed at **Halyk Bank** + T152.5 billion or 10.3% and at **Kaspi Bank** +T75.1 billion or 11.3%, while at **KKB** there was an outflow of retail deposits by T23.8 billion or (-1.6%).

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 +T577.8 billion or +24.0%, and in foreign currency +T53.8 billion or +1.1%. As of January 1, 2017 retail deposits in foreign currency amounted 62.2% (T4.9 trillion), in national currency 37.8% (T3.0 trillion) (*Figure 2 and Figure 3*).

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

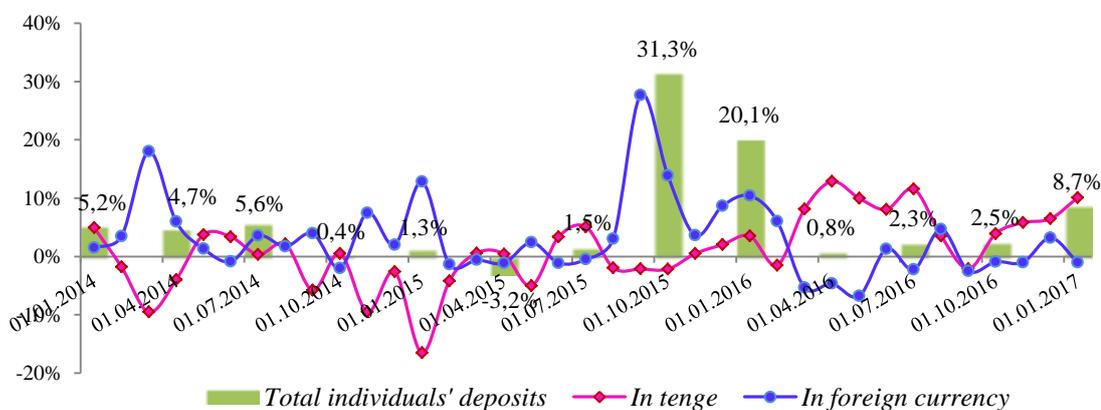
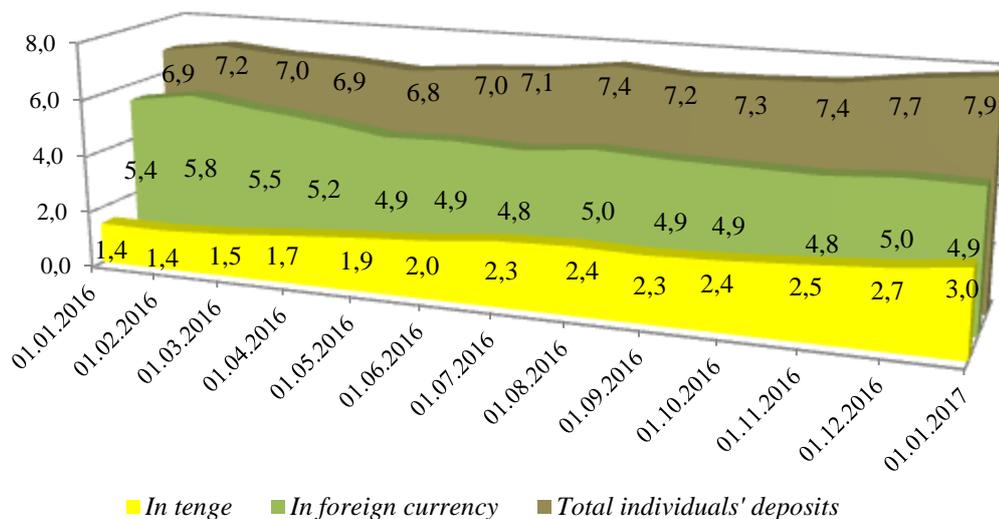


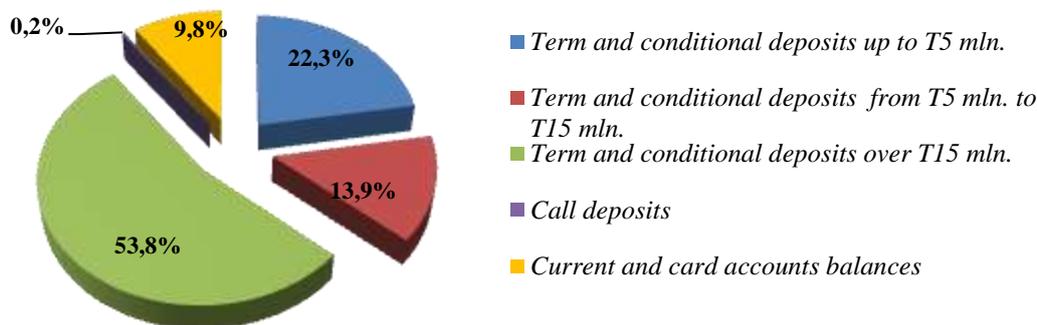
Figure 3. Dynamics of retail deposits structure (in trillion tenge)



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 90.0%, or T7.1 trillion which increased over the quarter by T472.7 billion or 7.1%, *current and card accounts balances* with the share of 9.8% (T772.5 billion), having increased by T160.0 billion or 26.1%, and *call deposits* with the share of 0.2%, the change in this category was (-T1.0 billion) or (-5.0%) (Figure 4).

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



The *term and conditional deposits up to T5 million*, composing 22.3% (or T1.8 trillion) of the aggregate individuals' deposits portfolio in member-banks, have positive change by T155.3 billion. Term and conditional deposits *from T5 to T10 million* during the period raised by T55.2 billion and amounted T743.3 billion (or 9.4% of the cumulative individuals' deposits amount).

The term and conditional deposits **from T10 to T15 million** amounted T354.3 billion or 4.5% of the cumulative individuals' deposits portfolio. The change in this section was +T24.0 billion due to the outflow of deposits in foreign currency by T11.4 billion. While the deposits in national currency increased by T35.4 billion or 31.1%.

The largest share of aggregate retail deposits as before represented by the term and conditional deposits **over T15 million**, composing 53.8%. With this total increase over the reporting quarter in this category of deposits was 5.9% or T238.1 billion.

Call deposits of individuals composing 0.2% of the retail deposits portfolio have decreased by T1.0 billion. The outflow was observed in foreign currency call deposits (-T1.1 billion), while call deposits in national currency increased by T0.1 billion.

In the **current and card account balances** was a positive change at +T160.0 billion or +26.1%. This increase was due to the positive change in **current and card account balances** in national currency by T109.7 billion, and in the foreign currency by T50.3 billion.

As of January 1, 2017 the cumulative KDIF's liabilities on payouts to the DIS member-banks' insured depositors amounted to T3.7 trillion. At the reporting date, KDIF's special reserve reached T395.2 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 T502.9 billion which is 13.6% of the cumulative KDIF's liabilities on payouts and 6.4% 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 January 1, 2017. 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 T9.4 billion or 51.3% (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 January 1, 2017 4 379 depositors (out of 4 995 depositors) have already received additional reimbursement totaling T3.98 billion, which represents 93.6% 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 January 1, 2017**

№	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:	7 901 836 962	631 626 620	43 252 054
1.	Call deposits, including:	18 752 091	-992 688	4 298 561
1.1.	<i>in Tenge</i>	3 904 290	135 442	4 211 697
1.2.	<i>in foreign currencies</i>	14 847 801	-1 128 130	86 864
	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	2 551 283	-7 625 433	179
2.	Term and conditional deposits, including:	7 110 587 727	472 681 293	3 752 982
2.1.	<i>in Tenge, including:</i>	2 422 673 721	467 998 766	2 866 072
	up to T1 million	351 873 400	6 413 429	2 370 324
	from T1 million to T3 million	561 355 024	116 152 754	340 012
	from T3 million to T5 million	286 656 140	43 685 627	75 213
	from T5 million to T10 million	377 795 139	75 658 502	55 382
	from T10 million to T15 million	149 430 483	35 424 423	12 875
	over T15 million	695 563 535	190 664 031	12 266
2.2.	<i>in foreign currencies, including:</i>	4 687 914 006	4 682 527	886 910
	up to T1 million	87 069 661	-886 662	592 891
	from T1 million to T3 million	229 461 949	-6 403 930	128 569
	from T3 million to T5 million	247 788 441	-3 629 019	64 185
	from T5 million to T10 million	365 517 412	-20 411 337	52 887
	from T10 million to T15 million	204 839 975	-11 382 984	17 091
	over T15 million	3 553 236 568	47 396 459	31 287
	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	466 121 663	-46 701 820	2 409
3.	Current and card accounts' balances, including:	772 497 144	159 938 016	35 200 511
3.1.	<i>in Tenge</i>	557 075 815	109 655 084	33 719 474
3.2.	<i>in foreign currencies</i>	215 421 329	50 282 932	1 481 037
	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	24 563 252	15 163 362	10 900