

KAZAKHSTAN DEPOSIT INSURANCE FUND

OVERVIEW OF THE RETAIL DEPOSITS MARKET

Over the 2nd quarter of 2017

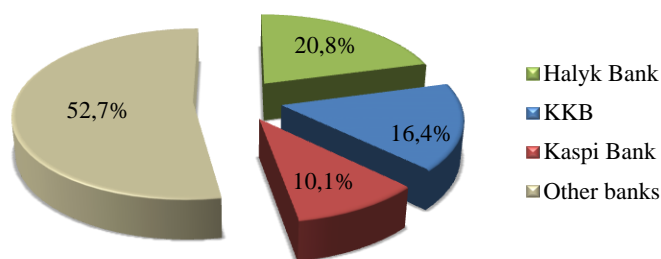
Overview of the individuals' deposit market trends

As of July 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.

The retail deposits base in DIS member-banks as of July 1, 2017 amounted to T7.9 trillion, and the change in the deposit base in the first quarter of the current year amounted to +T307.6 billion or +4.1%.

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 20.8%, 16.4% and 10.1% respectively (*Figure 1*).

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 +T390.3 billion or +12.4%, and in foreign currency (-T82.8 billion) or (-1.9%). As of July 1, 2017 retail deposits in foreign currency amounted 55.0% (T4.3 trillion), in national currency 45.0% (T3.5 trillion) (*Figure 2 and Figure 3*).

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

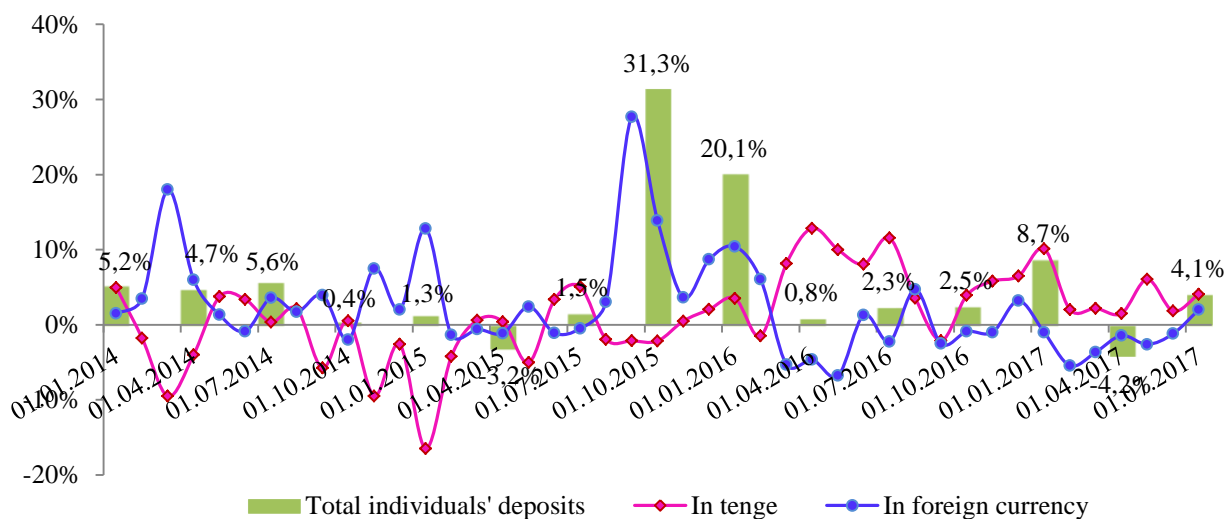
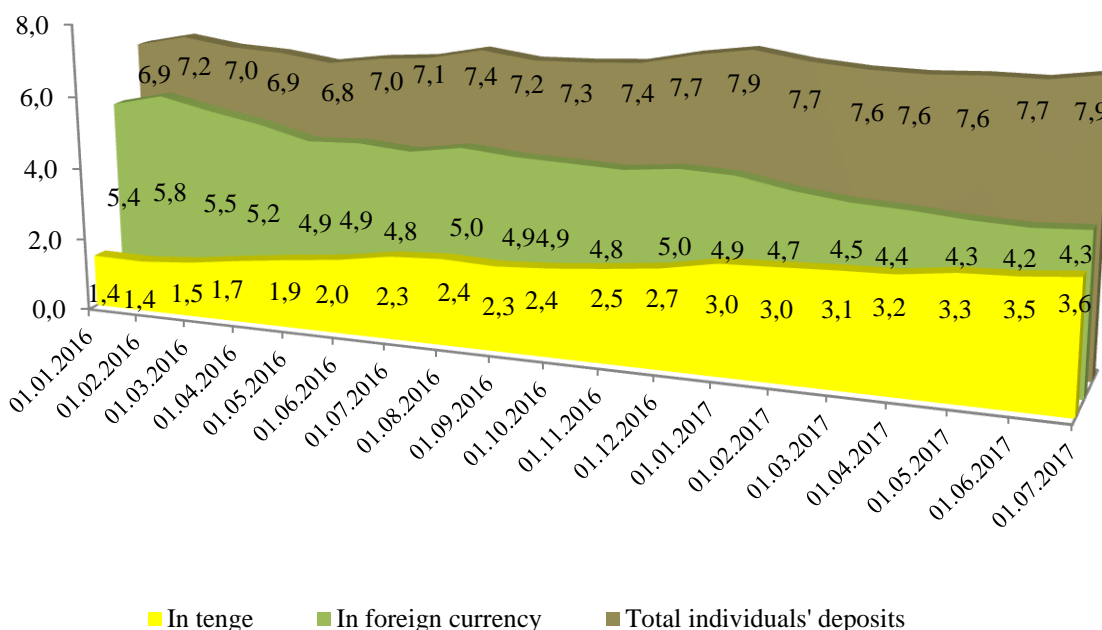


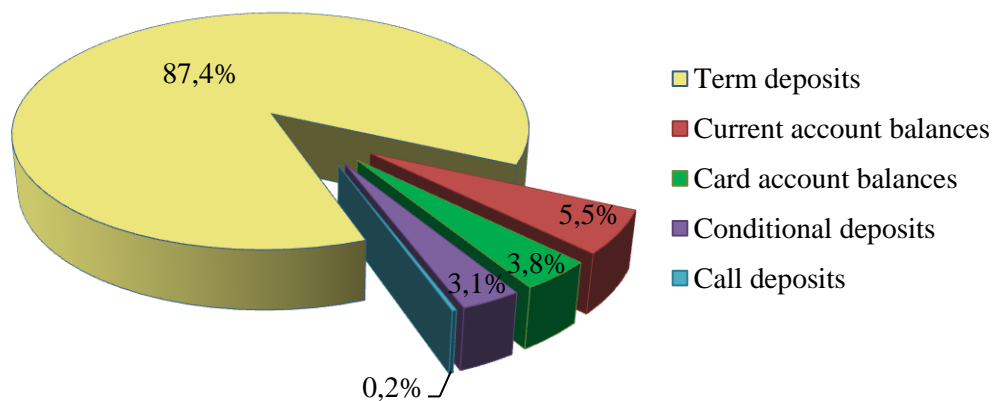
Figure 3. Dynamics of retail deposits structure (in trillion tenge)



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 deposits* with the share of 87.4%, or T6.9 trillion, *current account balances* with the share of 5.5% (T431.7 billion), *card account balances* with the share of 3.8% (T297.3 billion), *conditional deposits* with the share of 3.1% (T246.1 billion), and *call deposits* with the share of 0.2%, (T18.1 billion) (Figure 4).

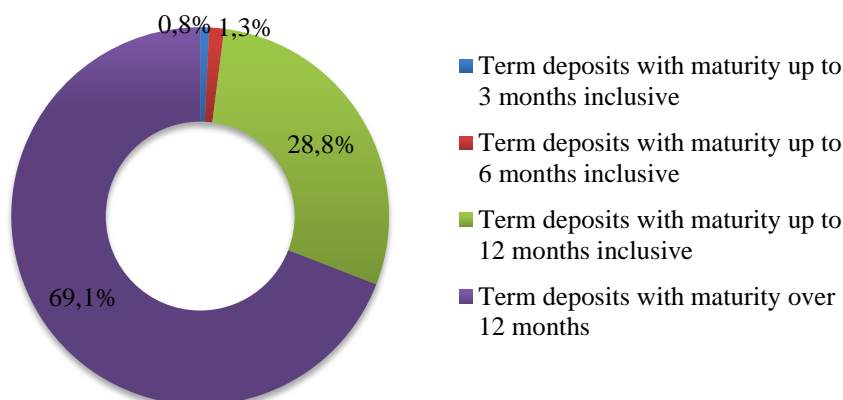
Figure 4. Structure of retail deposits portfolio by the main categories (in %)



Term deposits, composing the largest share in the total portfolio of retail deposits (87.4%), for the reporting quarter increased by T202.1 billion or by 3.0%. Term deposits with

maturity up to 3 months inclusive make up T52.6 billion or 0.8% of term deposits, the quarterly change on these deposits was +T10.2 billion or 24.2%, term deposits with maturity up to 6 months inclusive hold 1.3% of term deposits (T88.1 billion), the increase in deposits of this category amounted to T36.5 billion or 70.9%, the largest share in the structure of term deposits have the deposits with maturity up to 12 months inclusive (T2.0 trillion or 28.8% of term deposits, with a positive change for the quarter of T254.6 billion or 14.7%) and term deposits with maturity over 12 months (T4.8 trillion or 69.1% of term deposits with a negative change for the quarter by T99.2 billion or 2.0%) (Figure 4.1).

Figure 4.1 Structure of the term deposits (in %)



The **term deposits up to T5 million**, composing 19.3% (or T1.5 trillion) of the aggregate individuals' deposits portfolio in member-banks, have positive change by T31.8 billion. Term deposits **from T5 to T10 million** during the period increased by T38.3 billion and amounted T616.9 billion (or 7.8% of the cumulative individuals' deposits amount). Term deposits **from T10 to T20 million** during the quarter increased by T31.4 billion and amounted to T447.3 billion or 5.7% of total deposits. At the same time, term deposits **from T20 to T50 million** (composing 5.6% of the total amount of retail deposits) there was also a positive change of T26.6 billion or 6.5%.

The largest share of aggregate retail deposits represented by the term deposits **from T50 to T500 million** and **over T500 million**, composing 13.7% and 35.3% of the total portfolio of retail deposits, respectively. The quarterly change in these categories for the reporting quarter was + 5.1% or + T52.2 billion and + 0.8% or + T21.8 billion, respectively.

Conditional deposits have a small share in the structure of retail deposits (3.1%). In comparison with the previous quarter, the increase in deposits of the individuals in this category amounted to T13.2 billion or 5.7%, while the growth of conditional deposits in national currency for the quarter was T13.1 billion and in foreign currency T0.02 billion.

Call deposits of individuals composing 0.2% of the retail deposits portfolio have decreased by T0.5 billion or 2.5%. The outflow was observed in foreign currency call deposits (-T1.8 billion), while call deposits in national currency increased by T1.3 billion.

Current account balances with a share of 5.5% of the deposit portfolio of individuals, had a positive change in the amount of T35.0 billion or 8.8%, mainly due to the growth of current accounts in national currency by T30.7 billion.

At the same time, there was also a positive change in the **card account balances** by T57.7 billion or 24.1%, which was caused due to the growth of money on card accounts both in the national currency by T52.7 billion and in foreign currency by T5.0 billion.

As of July 1, 2017 the cumulative KDIF's liabilities on payouts to the DIS member-banks' insured depositors (taking into account counter-claims of member-banks to depositors) amounted

to T3.2 trillion. At the reporting date, KDIF's special reserve reached T427.8 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 T535.5 billion which is 16.8% 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 T17.9 billion (including additional reimbursement T18.4 billion) as of July 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 T9.6 billion or 52.07% (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.

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.

As of July 1, 2017 4 393 depositors (out of 4 995 depositors) have already received additional reimbursement totaling T3.99 billion, which represents 93.6% of the total amount of liabilities.

Aggregate retail deposits placed with DIS member-banks as of July 1, 2017

№	Name	Total number of deposit accounts	Total amount of retail deposits (in thousand Tenge)
1	Total amount of retail deposits placed both in Tenge and in foreign currencies, including:	41 976 529	7 879 411 584
1.	Call deposits, including:	4 386 343	18 073 953
1.1.	<i>in Tenge</i>	4 309 549	5 492 917
	up to T1 million	4 292 866	3 756 005
	from T1 million to T3 million	5 401	434 379
	from T3 million to T5 million	2 753	127 267
	from T5 million to T10 million	3 385	119 783
	from T10 million to T20 million	2 195	117 478
	from T20 million to T50 million	1 637	93 898
	from T50 million to T500 million	900	156 928
	over T500 million	412	687 179
1.2.	<i>in foreign currencies</i>	76 794	12 581 036
	up to T1 million	71 690	785 479
	from T1 million to T3 million	1 584	1 116 208
	from T3 million to T5 million	819	1 307 428
	from T5 million to T10 million	874	1 757 998
	from T10 million to T20 million	707	1 345 145
	from T20 million to T50 million	565	1 423 584
	from T50 million to T500 million	512	1 908 301
	over T500 million	43	2 936 893
	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	174	2 991 044
2.	Term deposits, including:	3 806 316	6 886 227 992
2.1.	<i>in Tenge</i>	3 101 423	2 823 195 883
2.1.1.	deposits with maturity up to 3 months, including:	44 036	21 459 487
	up to T1 million	39 067	3 443 075
	from T1 million to T3 million	3 037	4 970 020
	from T3 million to T5 million	744	2 809 588
	from T5 million to T10 million	635	4 373 273
	from T10 million to T20 million	256	2 605 075
	from T20 million to T50 million	87	1 628 203
	from T50 million to T500 million	129	1 032 137
	over T500 million	81	598 116
2.1.2.	deposits with maturity up to 6 months, including:	46 213	27 292 523
	up to T1 million	38 841	4 793 963
	from T1 million to T3 million	4 199	6 793 227
	from T3 million to T5 million	987	3 498 819
	from T5 million to T10 million	826	5 125 269
	from T10 million to T20 million	425	3 250 916
	from T20 million to T50 million	391	1 650 580
	from T50 million to T500 million	397	1 832 530
	over T500 million	147	347 219
2.1.3.	deposits with maturity up to 12 months, including:	1 019 623	1 081 445 004
	up to T1 million	807 318	138 350 680
	from T1 million to T3 million	142 144	233 194 017
	from T3 million to T5 million	31 645	120 346 001
	from T5 million to T10 million	24 285	166 872 431
	from T10 million to T20 million	8 272	99 612 385
	from T20 million to T50 million	2 857	70 559 074
	from T50 million to T500 million	2 026	122 265 835
	over T500 million	1 076	130 244 581
2.1.4.	deposits with maturity over 12 months, including:	1 991 551	1 692 998 869
	up to T1 million	1 487 469	176 830 490
	from T1 million to T3 million	169 645	276 824 976
	from T3 million to T5 million	41 210	146 758 439
	from T5 million to T10 million	35 443	194 886 569
	from T10 million to T20 million	37 200	114 885 169

	from T20 million to T50 million	35 528	90 453 652
	from T50 million to T500 million	74 001	187 062 967
	over T500 million	111 055	505 296 607
2.2.	<i>in foreign currencies</i>	704 893	4 063 032 109
2.2.1.	deposits with maturity up to 3 months, including:	13 214	31 167 421
	up to T1 million	8 898	1 428 635
	from T1 million to T3 million	1 786	3 236 642
	from T3 million to T5 million	990	3 876 881
	from T5 million to T10 million	730	5 055 168
	from T10 million to T20 million	338	4 729 737
	from T20 million to T50 million	195	5 297 080
	from T50 million to T500 million	182	7 266 168
	over T500 million	95	277 110
2.2.2.	deposits with maturity up to 6 months, including:	18 393	60 780 853
	up to T1 million	11 242	2 147 501
	from T1 million to T3 million	2 820	5 002 816
	from T3 million to T5 million	1 485	5 776 193
	from T5 million to T10 million	1 153	7 993 594
	from T10 million to T20 million	532	7 054 339
	from T20 million to T50 million	376	6 735 489
	from T50 million to T500 million	483	14 197 818
	over T500 million	302	11 873 103
2.2.3.	deposits with maturity up to 12 months, including:	242 280	904 692 947
	up to T1 million	137 494	34 247 457
	from T1 million to T3 million	48 709	87 451 293
	from T3 million to T5 million	24 779	96 243 260
	from T5 million to T10 million	17 208	119 893 512
	from T10 million to T20 million	7 318	100 841 717
	from T20 million to T50 million	3 646	103 950 441
	from T50 million to T500 million	2 319	222 961 189
	over T500 million	807	139 104 078
2.2.4.	deposits with maturity over 12 months, including:	431 006	3 066 390 888
	up to T1 million	187 619	24 119 855
	from T1 million to T3 million	36 340	60 296 990
	from T3 million to T5 million	22 146	81 373 986
	from T5 million to T10 million	18 230	112 694 904
	from T10 million to T20 million	12 172	114 316 106
	from T20 million to T50 million	26 743	158 211 305
	from T50 million to T500 million	43 338	521 701 136
	over T500 million	84 418	1 993 676 606
	Term 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	2 879	442 790 959
3.	Conditional deposits, including:	47 814	246 084 617
3.1.	<i>in Tenge</i>	44 027	155 390 205
	up to T1 million	10 619	3 505 580
	from T1 million to T3 million	13 736	26 703 120
	from T3 million to T5 million	7 725	29 459 511
	from T5 million to T10 million	6 894	44 951 480
	from T10 million to T20 million	1 654	18 236 406
	from T20 million to T50 million	584	4 464 620
	from T50 million to T500 million	1 591	11 872 429
	over T500 million	1 224	16 197 059
3.2.	<i>in foreign currencies</i>	3 787	90 694 412
	up to T1 million	2 128	121 636
	from T1 million to T3 million	471	89 402
	from T3 million to T5 million	125	107 469
	from T5 million to T10 million	131	222 714
	from T10 million to T20 million	98	374 179
	from T20 million to T50 million	110	1 565 908
	from T50 million to T500 million	282	12 495 359
	over T500 million	442	75 717 745
	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	59	21 677 398
4.	Current account balances, including:	22 976 207	431 713 862
4.1.	<i>in Tenge</i>	21 922 752	303 206 179
	up to T1 million	20 879 638	87 116 643
	from T1 million to T3 million	250 516	35 154 190
	from T3 million to T5 million	106 256	13 697 623
	from T5 million to T10 million	126 438	15 828 765

	from T10 million to T20 million	122 625	13 424 243
	from T20 million to T50 million	155 719	15 687 549
	from T50 million to T500 million	236 578	45 481 762
	over T500 million	44 982	76 815 404
4.2.	<i>in foreign currencies</i>	1 053 455	128 507 683
	up to T1 million	942 524	7 195 561
	from T1 million to T3 million	31 130	7 881 064
	from T3 million to T5 million	12 218	6 001 637
	from T5 million to T10 million	13 689	8 917 054
	from T10 million to T20 million	11 343	9 979 368
	from T20 million to T50 million	11 741	10 380 016
	from T50 million to T500 million	19 497	17 995 411
	over T500 million	11 313	60 157 572
	Current account 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	4 018	8 534 146
5.	Card account balances, including:	10 759 849	297 311 160
5.1.	<i>in Tenge</i>	10 573 990	259 735 244
	up to T1 million	10 542 055	184 592 783
	from T1 million to T3 million	26 737	41 018 015
	from T3 million to T5 million	3 116	11 655 121
	from T5 million to T10 million	1 461	9 702 811
	from T10 million to T20 million	449	5 981 796
	from T20 million to T50 million	141	3 850 803
	from T50 million to T500 million	30	2 289 110
	over T500 million	1	644 805
5.2.	<i>in foreign currencies</i>	185 859	37 575 916
	up to T1 million	179 277	7 955 395
	from T1 million to T3 million	4 035	6 798 483
	from T3 million to T5 million	1 116	4 209 966
	from T5 million to T10 million	907	6 275 998
	from T10 million to T20 million	354	4 908 561
	from T20 million to T50 million	135	3 939 663
	from T50 million to T500 million	34	3 227 454
	over T500 million	1	260 396
	Card account 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	3 363	2 207 079