

KAZAKHSTAN DEPOSIT INSURANCE FUND

OVERVIEW OF THE RETAIL DEPOSITS MARKET

Over the 3rd quarter of 2017

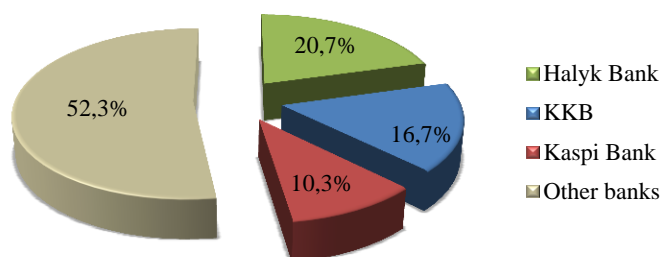
Overview of the individuals' deposit market trends

As of October 1, 2017, the deposit insurance system (DIS) consisted of 31 second tier banks with the exception of two Islamic banks “Al-Hilal” Islamic Bank” JSC and “Islamic bank “Zaman-Bank” JSC. On September 4, 2017 “Islamic Bank “Zaman-Bank” JSC carried out the return of the certificate of the member of the system of mandatory deposit insurance in connection with the voluntary reorganization of the Bank into an Islamic bank. In accordance with subparagraph 3) of paragraph 2 of Article 15 of the Law of the Republic of Kazakhstan “On compulsory insurance of deposits placed with second-tier banks in the Republic of Kazakhstan” “Islamic Bank Zaman Bank” JSC is subject to exclusion from the list of member banks of the deposit insurance system.

The retail deposits base in DIS member-banks as of October 1, 2017 amounted to T8.2 trillion, and the change in the deposit base in the third quarter of the current year amounted to +T333.3 billion or +4.2%.

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%, 16.7% and 10.3% 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 (-T30.3 billion) or (-0.9%), and in foreign currency +T363.7 billion or +8.4%. As of October 1, 2017 retail deposits in foreign currency amounted 57.2% (T4.7 trillion), in national currency 42.8% (T3.5 trillion) (*Figure 2 and Figure 3*).

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

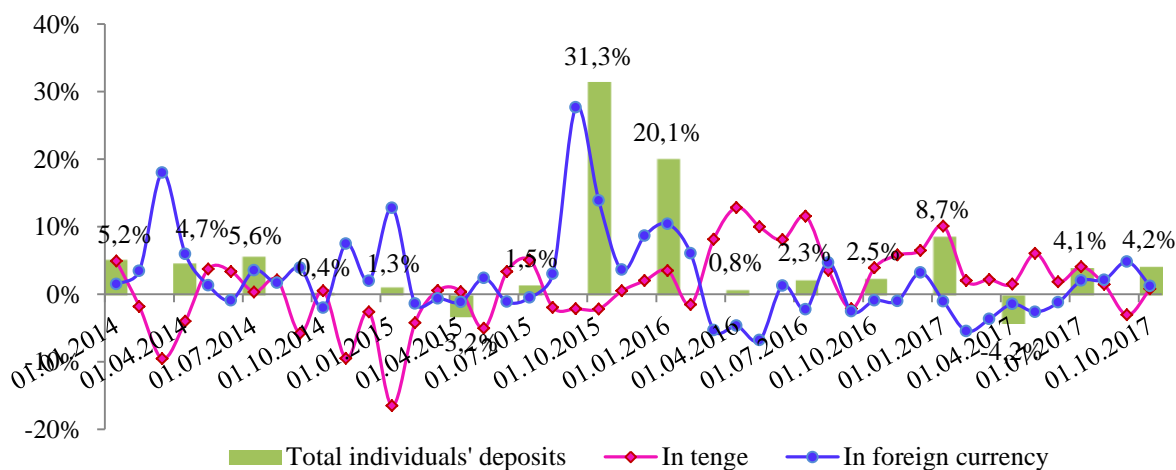
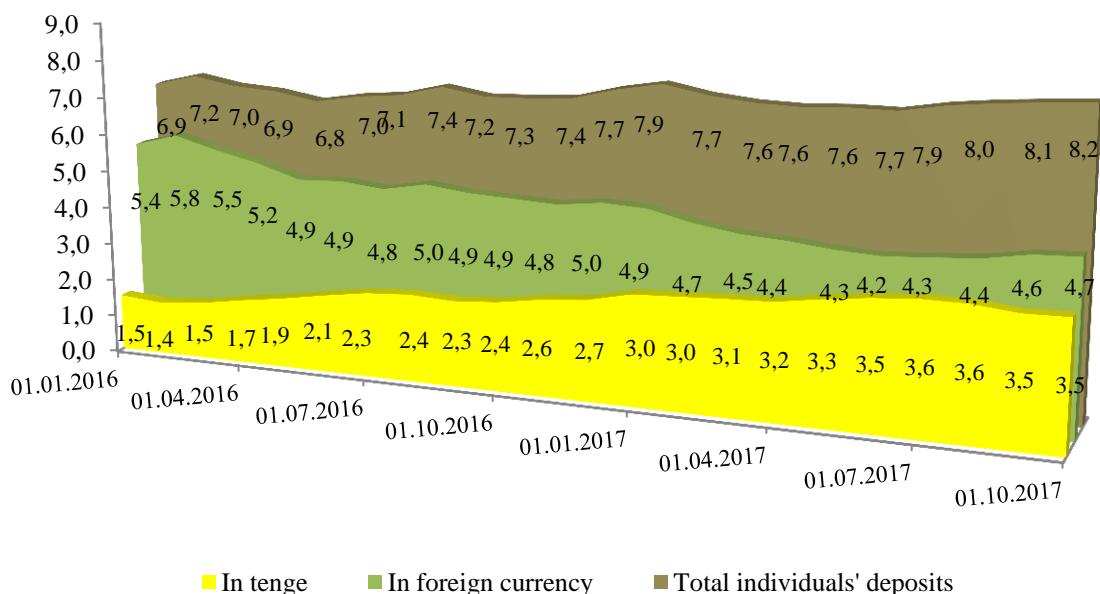


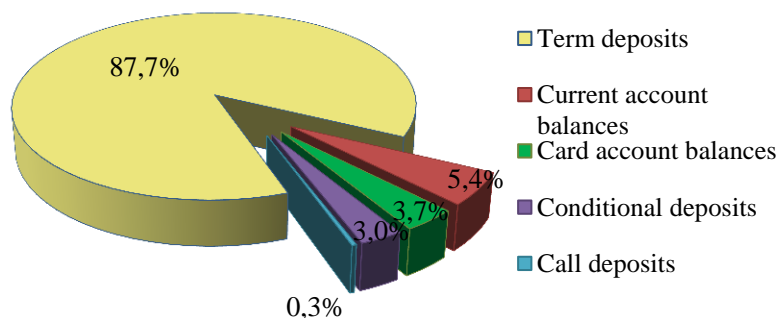
Figure 3. Dynamics of retail deposits structure (in trillion tenge)



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 87.7%, or T7.2 trillion, *current account balances* with the share of 5.4% (T443.2 billion), *card account balances* with the share of 3.7% (T301.0 billion), *conditional deposits* with the share of 3.0% (T242.4 billion), and *call deposits* with the share of 0.3%, (T26.8 billion) (Figure 4).

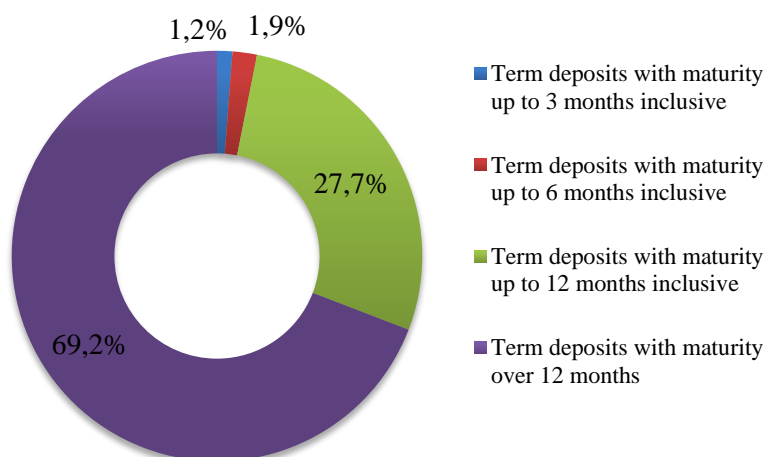
Figure 4. Structure of retail deposits portfolio by the main categories (in %)



Term deposits, composing the largest share in the total portfolio of retail deposits (87.7%), for the reporting quarter increased by T313.1 billion or by 4.5%. Term deposits with maturity up to 3 months inclusive make up T86.7 billion or 1.2% of term deposits, the quarterly change on these deposits was +T34.1 billion or 64.8%, term deposits with maturity up to 6

months inclusive hold 1.9% of term deposits (T138.5 billion), the increase in deposits of this category amounted to T50.4 billion or 57.2%, the largest share in the structure of term deposits have the deposits with maturity up to 12 months inclusive (T2.0 trillion or 27.7% of term deposits, with a positive change for the quarter of T9.2 billion or 0.5%) and term deposits with maturity over 12 months (T5.0 trillion or 69.2% of term deposits with a negative change for the quarter by T219.5 billion or 4.6%) (Figure 4.1).

Figure 4.1 Structure of the term deposits (in %)



The **term deposits up to T5 million**, composing 22.2% (or T1.8 trillion) of the aggregate individuals' deposits portfolio in member-banks, have positive change by T298.6 billion or by 19.6%. Term deposits **from T5 to T10 million** during the period increased by T195.2 billion (or by 31.6%) and amounted T812.1 billion (or 9.9% of the cumulative individuals' deposits amount). Term deposits **from T10 to T20 million** during the quarter increased by T179.9 billion or by 40.2% and amounted to T627.2 billion or 7.6% of total deposits. At the same time, term deposits **from T20 to T50 million** (composing 7.4% of the total amount of retail deposits) there was also a positive change of T170.5 billion or 38.9%. Term deposits **from T50 to T500 million** during the quarter increased by T322.9 billion (or by 29.9%) and amounted T1.4 billion or 17.1% of the cumulative individuals' deposits amount.

The largest share of aggregate retail deposits represented by the term deposits **over T500 million**, composing 23.5% of the total portfolio of retail deposits. The quarterly change in this category for the reporting quarter was (-30.7%) or (-T854.1 billion).

Conditional deposits have a small share in the structure of retail deposits (3.0%). In comparison with the previous quarter, the decrease in deposits of the individuals in this category amounted to T3.7 billion or 1.5%, the growth of conditional deposits in national currency for the quarter was T13.0 billion, while the decline in foreign currency was T16.7 billion.

The change in **call deposits** of individuals composing 0.3% of the retail deposits portfolio was +T8.7 billion or +48.2%. The inflow was observed in both – foreign currency call deposits +T8.3 billion and national currency call deposits +T0.4 billion.

Current account balances with a share of 5.4% of the deposit portfolio of individuals, had a positive change in the amount of T11.5 billion or 2.7%, the growth of current accounts in foreign currency was by T32.2 billion, while current accounts in national currency decreased by T20.7 billion.

At the same time, there was also a positive change in the **card account balances** by T3.6 billion or 1.2%, which was caused due to the growth of money on card accounts in the foreign

currency by T7.7 billion, while the decrease of money on card accounts in national currency was T4.0 billion.

As of October 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 T436,5 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 T544.1 billion which is 16.9% of the cumulative KDIF's liabilities on payouts and 6.6% 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 October 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 T9.618 billion or 52.4% (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 October 1, 2017 4 405 depositors (out of 4 995 depositors) have already received additional reimbursement totaling T4.01 billion, which represents 94.0% of the total amount of liabilities.

**Aggregate retail deposits placed with DIS member-banks
as of October 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:	44 804 463	8 212 720 550
1.	Call deposits, including:	4 523 511	26 791 206
1.1.	<i>in Tenge</i>	4 445 973	5 881 245
	up to T1 million	4 445 286	4 234 899
	from T1 million to T3 million	627	1 030 336
	from T3 million to T5 million	38	140 673
	from T5 million to T10 million	15	98 000
	from T10 million to T20 million	2	24 749
	from T20 million to T50 million	4	86 588
	from T50 million to T500 million	1	266 000
	over T500 million	0	0
1.2.	<i>in foreign currencies</i>	77 538	20 909 961
	up to T1 million	76 206	866 577
	from T1 million to T3 million	595	1 049 771
	from T3 million to T5 million	314	1 199 841
	from T5 million to T10 million	258	1 798 215
	from T10 million to T20 million	91	1 249 657
	from T20 million to T50 million	50	1 517 793
	from T50 million to T500 million	20	1 494 956
	over T500 million	4	11 733 151
	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	173	11 207 702
2.	Term deposits, including:	3 949 541	7 199 359 188
2.1.	<i>in Tenge</i>	3 218 369	2 804 170 793
2.1.1.	deposits with maturity up to 3 months, including:	59 401	26 180 133
	up to T1 million	53 878	4 365 314
	from T1 million to T3 million	3 625	5 941 493
	from T3 million to T5 million	844	3 192 102
	from T5 million to T10 million	717	4 941 175
	from T10 million to T20 million	247	3 075 611
	from T20 million to T50 million	67	1 942 950
	from T50 million to T500 million	22	2 041 488
	over T500 million	1	680 000
2.1.2.	deposits with maturity up to 6 months, including:	59 249	65 262 146
	up to T1 million	48 006	6 007 514
	from T1 million to T3 million	6 535	11 061 493
	from T3 million to T5 million	1 945	7 429 062
	from T5 million to T10 million	1 899	13 308 004
	from T10 million to T20 million	621	7 953 508
	from T20 million to T50 million	170	5 120 567
	from T50 million to T500 million	71	9 162 863
	over T500 million	2	5 219 135
2.1.3.	deposits with maturity up to 12 months, including:	1 070 733	1 011 233 368
	up to T1 million	868 237	135 452 883
	from T1 million to T3 million	138 288	226 922 961
	from T3 million to T5 million	30 587	116 384 539
	from T5 million to T10 million	23 056	158 586 115
	from T10 million to T20 million	7 392	93 789 359
	from T20 million to T50 million	2 159	63 451 428
	from T50 million to T500 million	955	108 838 473
	over T500 million	59	107 807 610
2.1.4.	deposits with maturity over 12 months, including:	2 028 986	1 701 495 146
	up to T1 million	1 713 479	213 679 970
	from T1 million to T3 million	207 283	349 006 521
	from T3 million to T5 million	49 751	190 013 283
	from T5 million to T10 million	38 601	266 954 056
	from T10 million to T20 million	13 270	169 823 869
	from T20 million to T50 million	4 430	130 594 534
	from T50 million to T500 million	2 061	241 928 994
	over T500 million	111	139 493 919

2.2.	<i>in foreign currencies</i>	731 172	4 395 188 395
2.2.1.	deposits with maturity up to 3 months, including:	15 829	60 531 611
	up to T1 million	9 853	1 816 935
	from T1 million to T3 million	2 539	4 552 760
	from T3 million to T5 million	1 293	5 021 492
	from T5 million to T10 million	1 173	7 944 351
	from T10 million to T20 million	576	7 815 540
	from T20 million to T50 million	266	8 096 032
	from T50 million to T500 million	119	15 672 393
	over T500 million	10	9 612 108
2.2.2.	deposits with maturity up to 6 months, including:	20 154	73 204 974
	up to T1 million	12 362	2 366 833
	from T1 million to T3 million	3 400	6 070 154
	from T3 million to T5 million	1 765	6 886 195
	from T5 million to T10 million	1 454	9 794 761
	from T10 million to T20 million	673	9 215 399
	from T20 million to T50 million	334	10 049 081
	from T50 million to T500 million	158	19 778 557
	over T500 million	8	9 043 994
2.2.3.	deposits with maturity up to 12 months, including:	254 987	984 105 294
	up to T1 million	140 780	34 388 663
	from T1 million to T3 million	54 157	96 011 073
	from T3 million to T5 million	25 015	96 444 534
	from T5 million to T10 million	20 493	138 937 067
	from T10 million to T20 million	8 770	119 091 992
	from T20 million to T50 million	3 806	114 802 705
	from T50 million to T500 million	1 847	225 036 912
	over T500 million	119	159 392 348
2.2.4.	deposits with maturity over 12 months, including:	440 202	3 277 346 516
	up to T1 million	277 155	43 943 469
	from T1 million to T3 million	65 358	117 661 629
	from T3 million to T5 million	35 369	137 828 537
	from T5 million to T10 million	31 111	211 657 391
	from T10 million to T20 million	15 661	216 437 903
	from T20 million to T50 million	8 974	274 958 998
	from T50 million to T500 million	5 950	778 787 018
	over T500 million	624	1 496 071 571
	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	2 764	471 065 060
3.	Conditional deposits, including:	49 378	242 384 535
3.1.	<i>in Tenge</i>	45 638	168 385 132
	up to T1 million	12 986	3 893 345
	from T1 million to T3 million	14 074	27 892 812
	from T3 million to T5 million	8 889	34 185 314
	from T5 million to T10 million	7 695	52 043 267
	from T10 million to T20 million	1 686	21 276 100
	from T20 million to T50 million	194	5 559 013
	from T50 million to T500 million	106	13 929 758
	over T500 million	8	9 605 523
3.2.	<i>in foreign currencies</i>	3 740	73 999 403
	up to T1 million	3 102	201 567
	from T1 million to T3 million	127	220 775
	from T3 million to T5 million	88	342 786
	from T5 million to T10 million	105	752 473
	from T10 million to T20 million	88	1 198 186
	from T20 million to T50 million	83	2 705 705
	from T50 million to T500 million	123	22 079 655
	over T500 million	24	46 498 256
	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	51	15 725 876
4.	Current account balances, including:	19 391 992	443 232 404
4.1.	<i>in Tenge</i>	18 223 859	282 539 306
	up to T1 million	18 178 722	132 933 696
	from T1 million to T3 million	34 123	55 597 049
	from T3 million to T5 million	5 546	20 901 156
	from T5 million to T10 million	3 419	23 092 918
	from T10 million to T20 million	1 398	18 751 729
	from T20 million to T50 million	508	14 561 010
	from T50 million to T500 million	140	14 305 946

	over T500 million	3	2 395 802
4.2.	<i>in foreign currencies</i>	1 168 133	160 693 098
	up to T1 million	1 150 873	14 791 945
	from T1 million to T3 million	9 721	16 649 855
	from T3 million to T5 million	3 093	11 755 034
	from T5 million to T10 million	2 395	16 482 171
	from T10 million to T20 million	1 210	16 565 304
	from T20 million to T50 million	593	17 364 226
	from T50 million to T500 million	232	24 150 658
	over T500 million	16	42 933 905
	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	4 313	28 576 991
5.	Card account balances, including:	16 890 041	300 953 217
5.1.	<i>in Tenge</i>	16 662 964	255 699 178
	up to T1 million	16 631 030	179 323 006
	from T1 million to T3 million	26 438	40 909 015
	from T3 million to T5 million	3 184	11 980 913
	from T5 million to T10 million	1 709	11 576 936
	from T10 million to T20 million	429	5 678 735
	from T20 million to T50 million	153	4 415 969
	from T50 million to T500 million	21	1 814 604
	over T500 million	0	0
5.2.	<i>in foreign currencies</i>	227 077	45 254 039
	up to T1 million	218 803	8 559 099
	from T1 million to T3 million	5 183	8 675 487
	from T3 million to T5 million	1 425	5 399 731
	from T5 million to T10 million	994	6 869 848
	from T10 million to T20 million	453	6 206 455
	from T20 million to T50 million	177	5 092 846
	from T50 million to T500 million	41	3 949 817
	over T500 million	1	500 756
	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	3 258	2 247 825