

KAZAKHSTAN DEPOSIT INSURANCE FUND

OVERVIEW OF THE RETAIL DEPOSITS MARKET

Over the 1st quarter of 2017

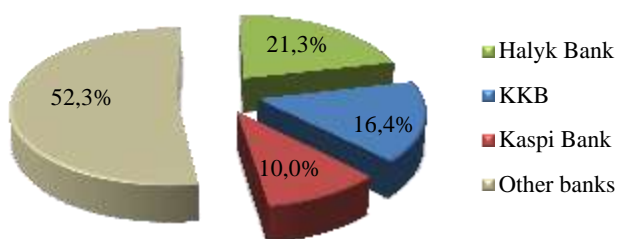
Overview of the individuals' deposit market trends

As of April 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 April 1, 2017 amounted to T7.6 trillion, and the change in the deposit base in the first quarter of the current year amounted to (-T330.0 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 21.3%, 16.4% and 10.0% respectively (*Figure 1*). At the same time, in the reporting quarter an inflow of deposit base from the mentioned banks was observed at *Kaspi Bank* +T15.0 billion or 2.0%, while at *Halyk Bank* and at *KKB* there was an outflow of retail deposits by T18.5 billion or (-1.1%) and (-T150.0 billion) or (-10.8%), respectively.

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 +T173.0 billion or +5.8%, and in foreign currency (-T503.0 billion) or (-10.2%). As of April 1, 2017 retail deposits in foreign currency amounted 58.3% (T4.4 trillion), in national currency 41.7% (T3.2 trillion) (*Figure 2 and Figure 3*).

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

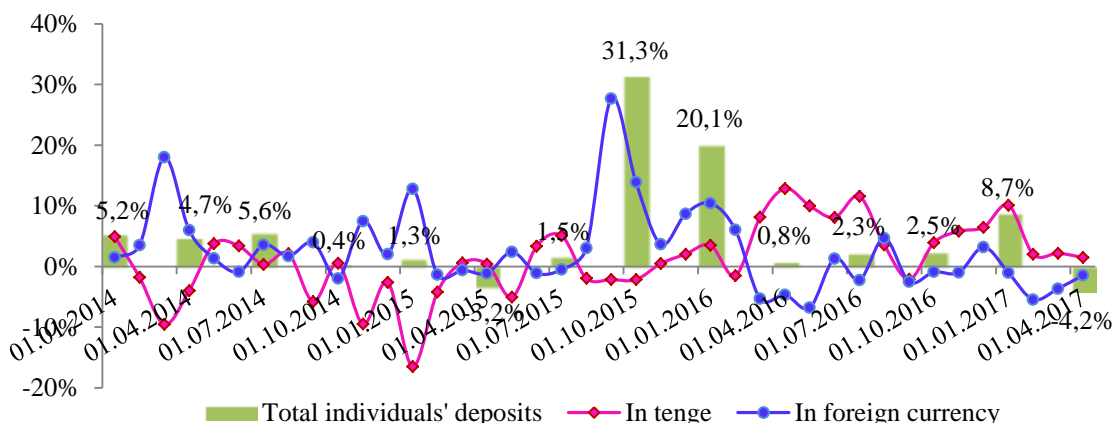
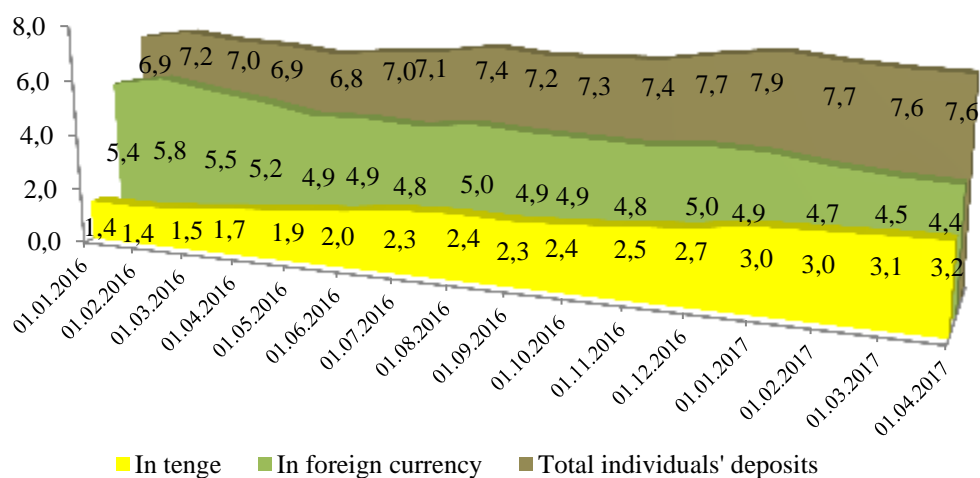


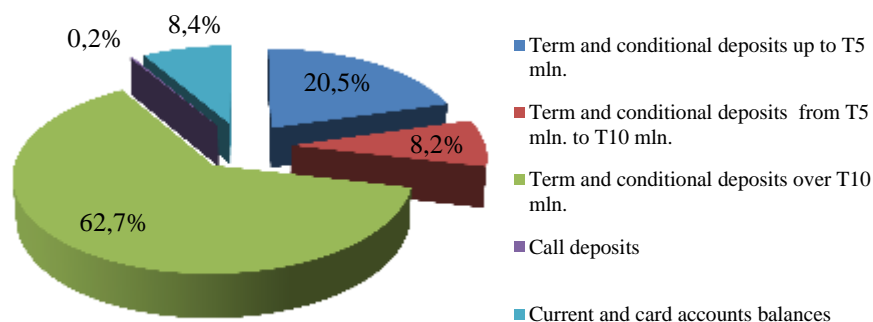
Figure 3. Dynamics of retail deposits structure (in trillion tenge)



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 91.4%, or T6.9 trillion which increased over the quarter by T193.6 billion or 2.7%, *current and card accounts balances* with the share of 8.4% (T636.3 billion), having increased by T136.2 billion or 17.6%, and *call deposits* with the share of 0.2%, the change in this category was (-T0.2 billion) or (-1.2%) (Figure 4).

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



The *term and conditional deposits up to T5 million*, composing 20.5% (or T1.5 trillion) of the aggregate individuals' deposits portfolio in member-banks, have negative change by T214.6 billion. *Term and conditional deposits from T5 to T10 million* during the period reduced by

T125.6 billion and amounted T617.7 billion (or 8.2% of the cumulative individuals' deposits amount).

The largest share of aggregate retail deposits represented by the *term and conditional deposits over T10 million*, composing 62.7%. Total increase over the reporting quarter in this category of deposits was 3.2% or T146.6 billion.

Call deposits of individuals composing 0.2% of the retail deposits portfolio have decreased by T0.2 billion. The outflow was observed in foreign currency call deposits (-T0.5 billion), while call deposits in national currency increased by T0.3 billion.

In the *current and card account balances* also was a negative change at T136.2 billion or 17.6%. This decrease was due to reduction in *current and card account balances* in national currency by T77.6 billion, and in the foreign currency by T58.6 billion.

As of April 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 T3.0 trillion. At the reporting date, KDIF's special reserve reached T403.4 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 T511.0 billion which is 17.0% of the cumulative KDIF's liabilities on payouts and 6.7% 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 April 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 T9.5 billion or 51.7% (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 April 1, 2017 4 386 depositors (out of 4 995 depositors) have already received additional reimbursement totaling T3.98 billion, which represents 93.5% of the total amount of liabilities.

Aggregate retail deposits placed with DIS member-banks as of April 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:	42 709 833	7 571 828 537
1.	Call deposits, including:	4 406 840	18 528 269
1.1.	<i>in Tenge</i>	4 321 986	4 162 862
	up to T1 million	4 304 592	2 372 282
	from T1 million to T3 million	5 787	572 507
	from T3 million to T5 million	2 882	117 538
	from T5 million to T10 million	3 486	133 606
	from T10 million to T20 million	2 243	72 869
	from T20 million to T50 million	1 669	123 293
	from T50 million to T500 million	915	108 712
	over T500 million	412	662 055
1.2.	<i>in foreign currencies</i>	84 854	14 365 407
	up to T1 million	79 196	930 000
	from T1 million to T3 million	1 840	1 440 392
	from T3 million to T5 million	925	1 668 415
	from T5 million to T10 million	991	2 384 827
	from T10 million to T20 million	757	1 782 374
	from T20 million to T50 million	585	2 090 316
	from T50 million to T500 million	518	2 855 008
	over T500 million	42	1 214 075
	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	143	1 351 783
2.	Term deposits, including:	3 868 207	6 684 085 139
2.1.	<i>in Tenge</i>	2 958 866	2 530 814 643
2.1.1.	deposits with a term of up to 3 months, including:	41 919	20 441 201
	up to T1 million	36 464	3 461 039
	from T1 million to T3 million	3 143	5 020 859
	from T3 million to T5 million	721	2 597 008
	from T5 million to T10 million	560	3 536 693
	from T10 million to T20 million	301	2 277 457
	from T20 million to T50 million	249	1 410 292
	from T50 million to T500 million	352	1 832 857
	over T500 million	129	304 996
2.1.2.	deposits with a term of up to 6 months, including:	35 438	19 755 340
	up to T1 million	30 352	3 598 633
	from T1 million to T3 million	3 081	4 996 725
	from T3 million to T5 million	756	2 741 231
	from T5 million to T10 million	580	3 841 943
	from T10 million to T20 million	251	2 298 004
	from T20 million to T50 million	193	1 020 261
	from T50 million to T500 million	172	1 171 849
	over T500 million	53	86 694
2.1.3.	deposits with a term of up to 12 months, including:	811 069	874 048 891
	up to T1 million	627 708	119 953 225
	from T1 million to T3 million	123 933	202 358 034
	from T3 million to T5 million	26 590	100 896 475
	from T5 million to T10 million	20 478	140 262 341
	from T10 million to T20 million	6 832	82 011 960
	from T20 million to T50 million	2 414	58 063 883
	from T50 million to T500 million	2 034	103 426 385
	over T500 million	1 080	67 076 588
2.1.4.	deposits with a term of over 12 months, including:	2 070 440	1 616 569 211
	up to T1 million	1 564 204	193 210 832
	from T1 million to T3 million	180 429	291 604 315
	from T3 million to T5 million	41 249	146 389 110
	from T5 million to T10 million	34 720	187 058 377
	from T10 million to T20 million	34 196	105 086 796
	from T20 million to T50 million	33 707	82 135 686
	from T50 million to T500 million	74 883	164 927 566

	over T500 million	107 052	446 156 529
2.2.	<i>in foreign currencies</i>	909 341	4 153 270 496
2.2.1.	deposits with a term of up to 3 months, including:	10 603	21 936 923
	up to T1 million	7 220	1 095 570
	from T1 million to T3 million	1 214	2 178 439
	from T3 million to T5 million	636	2 446 466
	from T5 million to T10 million	431	3 069 960
	from T10 million to T20 million	217	2 877 357
	from T20 million to T50 million	198	2 485 261
	from T50 million to T500 million	402	5 543 305
	over T500 million	285	2 240 565
2.2.2.	deposits with a term of up to 6 months, including:	12 531	31 792 394
	up to T1 million	7 843	1 551 355
	from T1 million to T3 million	1 938	3 491 189
	from T3 million to T5 million	1 063	4 106 814
	from T5 million to T10 million	782	5 419 529
	from T10 million to T20 million	337	4 549 087
	from T20 million to T50 million	230	5 266 900
	from T50 million to T500 million	210	7 008 915
	over T500 million	128	398 605
2.2.3.	deposits with a term of up to 12 months, including:	195 489	857 492 672
	up to T1 million	104 994	29 104 158
	from T1 million to T3 million	40 696	73 045 236
	from T3 million to T5 million	21 793	84 098 376
	from T5 million to T10 million	14 693	102 906 361
	from T10 million to T20 million	6 388	87 963 657
	from T20 million to T50 million	3 503	98 314 500
	from T50 million to T500 million	2 410	221 337 798
	over T500 million	1 012	160 722 586
2.2.4.	deposits with a term of over 12 months, including:	690 718	3 242 048 507
	up to T1 million	425 360	33 093 608
	from T1 million to T3 million	47 258	79 895 786
	from T3 million to T5 million	27 389	101 068 277
	from T5 million to T10 million	20 965	132 533 271
	from T10 million to T20 million	12 874	128 807 370
	from T20 million to T50 million	26 829	163 139 913
	from T50 million to T500 million	44 268	520 895 602
	over T500 million	85 775	2 082 614 680
	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	2 145	422 492 949
3.	Conditional deposits, including:	47 103	232 881 695
3.1.	<i>in Tenge</i>	43 216	142 209 169
	up to T1 million	11 401	3 669 356
	from T1 million to T3 million	14 242	27 365 327
	from T3 million to T5 million	6 883	26 247 240
	from T5 million to T10 million	5 982	38 885 486
	from T10 million to T20 million	1 439	15 589 965
	from T20 million to T50 million	573	4 113 332
	from T50 million to T500 million	1 489	10 933 261
	over T500 million	1 207	15 405 202
3.2.	<i>in foreign currencies</i>	3 887	90 672 526
	up to T1 million	2 207	81 655
	from T1 million to T3 million	478	103 533
	from T3 million to T5 million	131	100 704
	from T5 million to T10 million	132	222 751
	from T10 million to T20 million	98	454 350
	from T20 million to T50 million	111	1 631 981
	from T50 million to T500 million	282	11 041 985
	over T500 million	448	77 035 567
	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	46	14 533 766
4.	Current account balances, including:	24 160 653	396 742 390
4.1.	<i>in Tenge</i>	22 861 881	272 487 234
	up to T1 million	21 855 441	87 480 988
	from T1 million to T3 million	249 157	31 861 973
	from T3 million to T5 million	107 282	11 752 865
	from T5 million to T10 million	125 595	13 198 280
	from T10 million to T20 million	121 957	11 577 476
	from T20 million to T50 million	150 780	13 015 032

	from T50 million to T500 million	211 696	40 523 979
	over T500 million	39 973	63 076 641
4.2.	<i>in foreign currencies</i>	1 298 772	124 255 156
	up to T1 million	1 188 932	7 299 861
	from T1 million to T3 million	30 750	7 342 186
	from T3 million to T5 million	12 043	5 393 602
	from T5 million to T10 million	13 676	8 103 625
	from T10 million to T20 million	11 354	8 460 893
	from T20 million to T50 million	11 652	10 207 283
	from T50 million to T500 million	19 575	20 072 813
	over T500 million	10 790	57 374 893
	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	5 370	5 532 886
5.	Card account balances, including:	10 227 030	239 591 044
5.1.	<i>in Tenge</i>	10 062 841	207 006 057
	up to T1 million	10 035 619	144 230 413
	from T1 million to T3 million	22 931	35 264 340
	from T3 million to T5 million	2 617	9 839 248
	from T5 million to T10 million	1 189	7 822 708
	from T10 million to T20 million	351	4 600 117
	from T20 million to T50 million	114	3 206 006
	from T50 million to T500 million	20	2 043 225
	over T500 million	0	0
5.2.	<i>in foreign currencies</i>	164 189	32 584 987
	up to T1 million	158 183	6 299 280
	from T1 million to T3 million	3 770	6 383 178
	from T3 million to T5 million	1 019	3 844 570
	from T5 million to T10 million	755	5 153 390
	from T10 million to T20 million	318	4 391 230
	from T20 million to T50 million	114	3 367 284
	from T50 million to T500 million	30	3 146 055
	over T500 million	0	0
	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	1 730	1 513 614