

# **KAZAKHSTAN DEPOSIT INSURANCE FUND**

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

*Over the 4<sup>th</sup> quarter of 2017*

## Overview of the individuals' deposit market trends

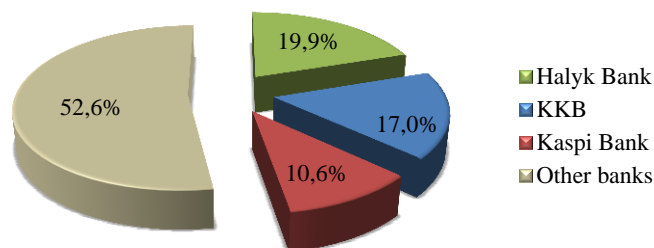
As of January 1, 2018, the deposit insurance system (DIS) consisted of 30 second tier banks with the exception of two Islamic banks “*Al-Hilal*” Islamic Bank” JSC and “*Islamic bank* “*Zaman-Bank*” JSC.

From November 3, 2017 *Delta Bank JSC* was deprived of a license to conduct banking and other transactions in accordance with the Resolution of the Board of the National Bank of the Republic of Kazakhstan No. 194 dated November 2, 2017. In accordance with 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”, upon depriving a member bank of a license for accepting deposits, opening and maintaining bank accounts of individuals by the authorized body – from the effective date of the decision of the authorized body the member bank is subject to the exclusion from the list of member banks of the deposit insurance system. Thus, from November 3, 2017, *Delta Bank JSC* was excluded from the mandatory deposit insurance system.

The retail deposits base in DIS member-banks as of January 1, 2018 amounted to T8.2 trillion, and the change in the deposit base in the 4<sup>th</sup> quarter of the current year amounted to +T8.5 billion or +0.1%.

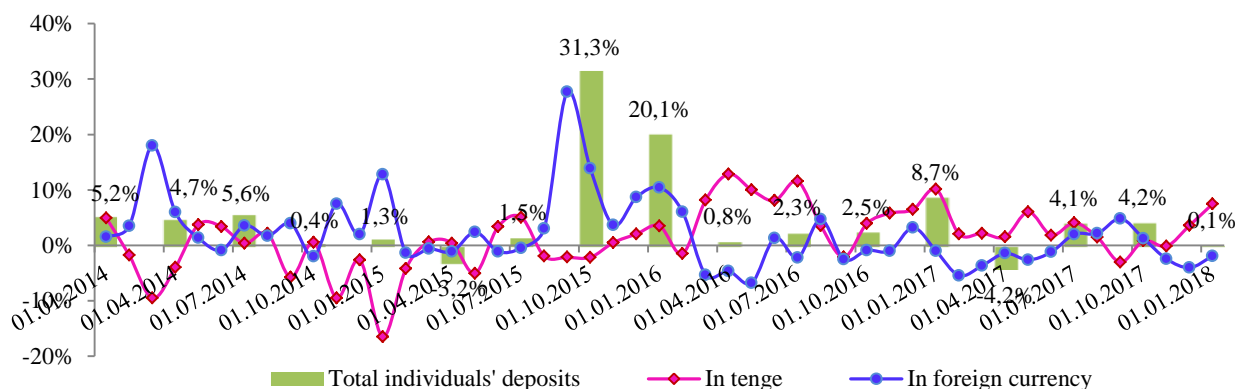
In the reporting quarter top three banks with the largest shares of the deposit base of individuals, as before, includes – *Halyk Bank*, *KKB* and *Kaspi Bank* with the shares of 19.9%, 17.0% and 10.6% respectively (*Figure 1*).

**Figure 1. Retail deposits of TOP-3 banks and other banks (in %) as of Jan 1, 2018.**

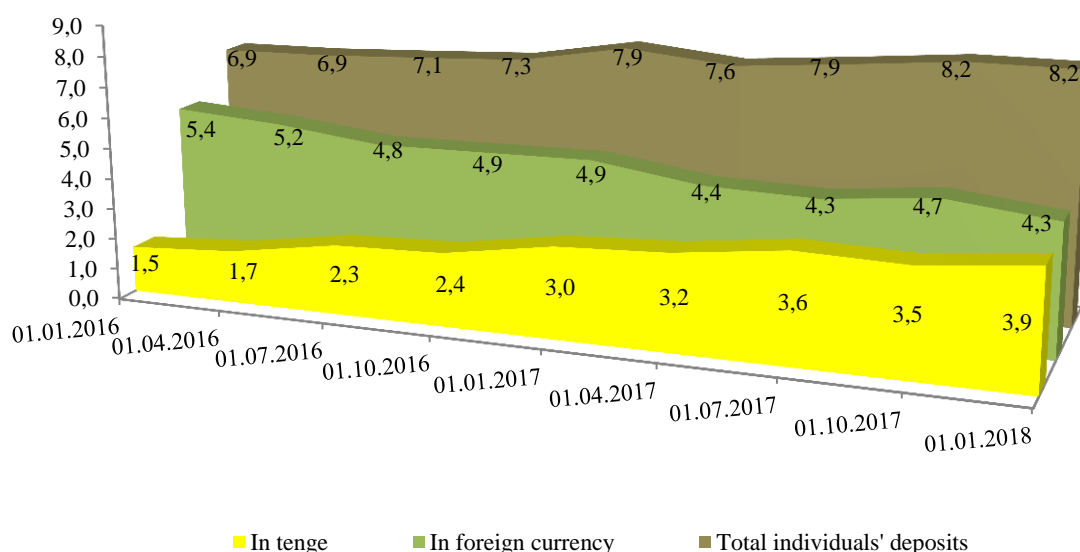


As for the currency structure of retail deposits portfolio, the change in the reporting quarter of deposits in national currency is +T393.3 billion or 11.2%, and in foreign currency –T384.8 billion or (-8.2%). As of January 1, 2018 retail deposits in foreign currency amounted 52.4% (T4.3 trillion), in national currency 47.6% (T3.9 trillion) (*Figure 2 and Figure 3*).

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



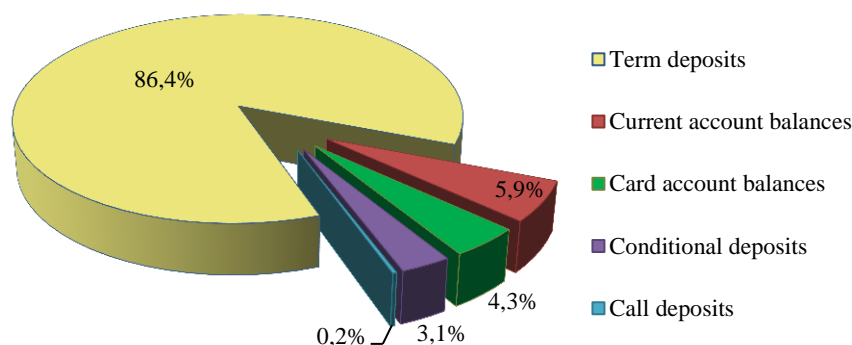
**Figure 3. Dynamics of retail deposits structure (in trillion tenge)**



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 86.4%, or T7.1 trillion, *current account balances* with the share of 5.9% (T0.5 trillion), *card account balances* with the share of 3.1% (T0.3 trillion), *conditional deposits* with the share of 3.1% (T0.3 billion), and *call deposits* with the share of 0.2%, (T0.02 trillion) (Figure 4).

**Figure 4. Structure of retail deposits portfolio by the main categories (in %) as of Jan 1, 2018.**



In the reporting period, *term deposits* were decreased by T96.2 billion, or (-1.3%), as compared to the previous period. This decrease was due to the outflow of deposits in foreign currency. In the reporting quarter, the share of term deposits in tenge was 43.3% (or T3.1 trillion), the share of term deposits in foreign currency was 56.7% (or T4.0 trillion).

As of January 1, 2018, deposits with maturity over 12 months – 72.0% or T5 114.1 billion, prevail in the time structure of term deposits. Deposits with maturity up to 12 months account for 27.1% or T1,925.6 billion. In turn, deposits with maturity up to 6 months and up to 3 months make up the smallest share in the time structure of term deposits – 0.5% and 0.4%, or T38.3 billion and T25.0 billion, respectively (*Table 1*).

**Таблица 1. Time structure of term deposits as of Jan 1, 2018.**

Term deposits with maturity	Amount, billion tenge	Share, %
up to 3 months inclusive	25,0	0,4%
up to 6 months inclusive	38,3	0,5%
up to 12 months inclusive	1 925,6	27,1%
over 12 months	5 114,1	72,0%
Total	7 103,1	100,0%

**Conditional deposits** for the 4<sup>th</sup> quarter increased by 5.3% (or T12.7 billion). This increase was due to the inflow of deposits in tenge. In the reporting quarter, the share of conditional deposits in the tenge was 71.7% (or T182.9 billion), the share of conditional deposits in foreign currency was 28.3% (or T72.2 billion).

The change in **call deposits** amounted to (-6.8 billion) or (-25.2%), which is caused by significant outflows of call deposits in foreign currency by 7.6 billion or (-36.5%). Despite this outflows for the 4<sup>th</sup> quarter, the share of call deposits in foreign currency remained quite high – 66.3% (or T13.3 billion), the share of call deposits in tenge, respectively, was 33.7% (or T6.8 billion).

On **current account balances** in the reporting quarter was a positive change in the amount of T42.3 billion or 9.5%, while the increase in the current accounts balances in tenge was T50.4 billion, whereas for current accounts balances in foreign currency there was a decrease by T8.1 billion.

At the same time, there was also a positive change in the **card account balances** by T56.5 billion or 18.8%, which was caused due to the growth of money on card accounts in the national currency by T56.6 billion, while the decrease of money on card accounts in foreign currency was T0.7 billion.

As of January 1, 2018 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 T3.4 trillion. At the reporting date, KDIF's special reserve reached T459,1 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 T568.6 billion which is 16.9% of the cumulative KDIF's liabilities on payouts and 6.9% 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 January 1, 2018.

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 January 1, 2018 4 409 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 January 1, 2018

№	Name	Total number of deposit accounts	Total amount of retail deposits (in thousand Tenge)
<b>1</b>	Total amount of retail deposits placed both in Tenge and in foreign currencies, including:	46 440 608	8 221 219 035
1.	Call deposits, including:	4 689 774	20 035 126
1.1.	<i>in Tenge</i>	4 612 741	6 752 558
	up to T1 million	4 612 042	5 394 096
	from T1 million to T3 million	645	1 037 540
	from T3 million to T5 million	36	138 853
	from T5 million to T10 million	12	79 629
	from T10 million to T20 million	4	57 986
	from T20 million to T50 million	2	44 454
	from T50 million to T500 million	0	0
	over T500 million	0	0
1.2.	<i>in foreign currencies</i>	77 033	13 282 568
	up to T1 million	75 904	818 644
	from T1 million to T3 million	488	858 061
	from T3 million to T5 million	262	1 008 218
	from T5 million to T10 million	234	1 658 255
	from T10 million to T20 million	80	1 093 506
	from T20 million to T50 million	44	1 336 637
	from T50 million to T500 million	18	1 486 001
	over T500 million	3	5 023 246
	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	168	4 778 585
2.	Term deposits, including:	4 155 096	7 103 116 705
2.1.	<i>in Tenge</i>	3 414 856	3 075 079 372
2.1.1.	deposits with maturity up to 3 months, including:	55 773	13 739 282
	up to T1 million	52 977	2 870 408
	from T1 million to T3 million	1 779	2 919 949
	from T3 million to T5 million	446	1 687 754
	from T5 million to T10 million	414	2 855 166
	from T10 million to T20 million	122	1 527 133
	from T20 million to T50 million	27	759 370
	from T50 million to T500 million	8	1 119 502
	over T500 million	0	0
2.1.2.	deposits with maturity up to 6 months, including:	32 726	18 403 377
	up to T1 million	28 849	3 051 659
	from T1 million to T3 million	2 475	4 031 518
	from T3 million to T5 million	634	2 393 796
	from T5 million to T10 million	558	3 814 370
	from T10 million to T20 million	156	1 994 369
	from T20 million to T50 million	32	885 882
	from T50 million to T500 million	22	2 231 783
	over T500 million	0	0
2.1.3.	deposits with maturity up to 12 months, including:	1 139 749	1 068 404 372
	up to T1 million	917 563	143 008 063
	from T1 million to T3 million	149 271	245 519 821
	from T3 million to T5 million	34 120	129 703 654
	from T5 million to T10 million	26 672	184 038 796
	from T10 million to T20 million	8 699	110 326 262
	from T20 million to T50 million	2 449	70 796 451
	from T50 million to T500 million	922	107 407 881
	over T500 million	53	77 603 444
2.1.4.	deposits with maturity over 12 months, including:	2 186 608	1 974 532 341
	up to T1 million	1 837 169	235 095 955
	from T1 million to T3 million	225 217	379 450 962
	from T3 million to T5 million	54 926	209 733 210
	from T5 million to T10 million	45 315	316 442 678
	from T10 million to T20 million	16 046	205 435 664
	from T20 million to T50 million	5 328	157 791 458
	from T50 million to T500 million	2 461	289 000 644
	over T500 million	146	181 581 770

2.2.	<i>in foreign currencies</i>	740 240	4 028 037 333
2.2.1.	deposits with maturity up to 3 months, including:	4 814	11 302 098
	up to T1 million	3 246	585 895
	from T1 million to T3 million	718	1 290 910
	from T3 million to T5 million	355	1 371 057
	from T5 million to T10 million	262	1 787 421
	from T10 million to T20 million	136	1 870 350
	from T20 million to T50 million	76	2 394 241
	from T50 million to T500 million	21	2 002 224
	over T500 million	0	0
2.2.2.	deposits with maturity up to 6 months, including:	9 684	19 910 501
	up to T1 million	6 391	1 308 199
	from T1 million to T3 million	1 665	2 967 052
	from T3 million to T5 million	717	2 780 503
	from T5 million to T10 million	559	3 903 489
	from T10 million to T20 million	243	3 418 055
	from T20 million to T50 million	81	2 306 347
	from T50 million to T500 million	28	3 226 856
	over T500 million	0	0
2.2.3.	deposits with maturity up to 12 months, including:	261 629	857 226 757
	up to T1 million	152 415	34 423 066
	from T1 million to T3 million	52 242	92 958 618
	from T3 million to T5 million	25 323	97 909 311
	from T5 million to T10 million	18 585	127 121 139
	from T10 million to T20 million	7 980	109 018 717
	from T20 million to T50 million	3 418	103 178 047
	from T50 million to T500 million	1 585	188 914 917
	over T500 million	81	103 702 942
2.2.4.	deposits with maturity over 12 months, including:	464 113	3 139 597 977
	up to T1 million	299 328	45 688 965
	from T1 million to T3 million	66 549	119 903 706
	from T3 million to T5 million	38 770	152 247 206
	from T5 million to T10 million	29 597	202 566 822
	from T10 million to T20 million	14 751	204 935 606
	from T20 million to T50 million	8 610	263 637 233
	from T50 million to T500 million	5 898	784 562 191
	over T500 million	610	1 366 056 248
	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	2 776	402 105 068
3.	Conditional deposits, including:	152 310	255 124 320
3.1.	<i>in Tenge</i>	61 295	182 927 364
	up to T1 million	25 821	3 616 145
	from T1 million to T3 million	14 218	28 666 569
	from T3 million to T5 million	10 317	39 508 070
	from T5 million to T10 million	8 591	58 138 643
	from T10 million to T20 million	2 015	25 401 026
	from T20 million to T50 million	215	6 039 264
	from T50 million to T500 million	112	15 943 877
	over T500 million	6	5 613 770
3.2.	<i>in foreign currencies</i>	91 015	72 196 956
	up to T1 million	90 414	164 450
	from T1 million to T3 million	118	205 191
	from T3 million to T5 million	89	344 196
	from T5 million to T10 million	99	723 411
	from T10 million to T20 million	72	1 035 932
	from T20 million to T50 million	82	2 763 085
	from T50 million to T500 million	116	20 535 548
	over T500 million	25	46 425 143
	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	44	10 294 654
4.	Current account balances, including:	19 913 239	485 503 852
4.1.	<i>in Tenge</i>	18 709 092	332 938 672
	up to T1 million	18 656 166	156 257 726
	from T1 million to T3 million	39 828	64 871 574
	from T3 million to T5 million	6 419	24 422 366
	from T5 million to T10 million	4 162	28 191 660
	from T10 million to T20 million	1 696	22 981 211
	from T20 million to T50 million	653	19 012 024
	from T50 million to T500 million	165	16 101 604

	over T500 million	3	1 100 507
4.2.	<i>in foreign currencies</i>	1 204 147	152 565 180
	up to T1 million	1 187 218	14 852 649
	from T1 million to T3 million	9 470	16 367 204
	from T3 million to T5 million	3 073	11 727 829
	from T5 million to T10 million	2 365	16 492 087
	from T10 million to T20 million	1 197	16 687 249
	from T20 million to T50 million	599	18 035 120
	from T50 million to T500 million	209	23 144 776
	over T500 million	16	35 258 266
	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	4 264	22 977 177
5.	Card account balances, including:	17 530 189	357 439 032
5.1.	<i>in Tenge</i>	17 278 043	312 257 485
	up to T1 million	17 236 498	211 507 215
	from T1 million to T3 million	34 270	53 123 008
	from T3 million to T5 million	3 965	14 933 503
	from T5 million to T10 million	2 429	16 550 119
	from T10 million to T20 million	659	8 688 212
	from T20 million to T50 million	197	5 555 448
	from T50 million to T500 million	25	1 899 980
	over T500 million	0	0
5.2.	<i>in foreign currencies</i>	252 146	45 181 547
	up to T1 million	243 973	8 428 564
	from T1 million to T3 million	5 034	8 552 923
	from T3 million to T5 million	1 474	5 615 716
	from T5 million to T10 million	1 026	7 107 033
	from T10 million to T20 million	431	5 843 797
	from T20 million to T50 million	162	4 795 887
	from T50 million to T500 million	46	4 837 627
	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	3 156	1 966 019