

JSC “KAZAKHSTAN DEPOSIT INSURANCE FUND”

Methodology and calculation of differential premium rates department

OVERVIEW OF THE RETAIL DEPOSITS MARKET

Over the 2nd quarter of 2015



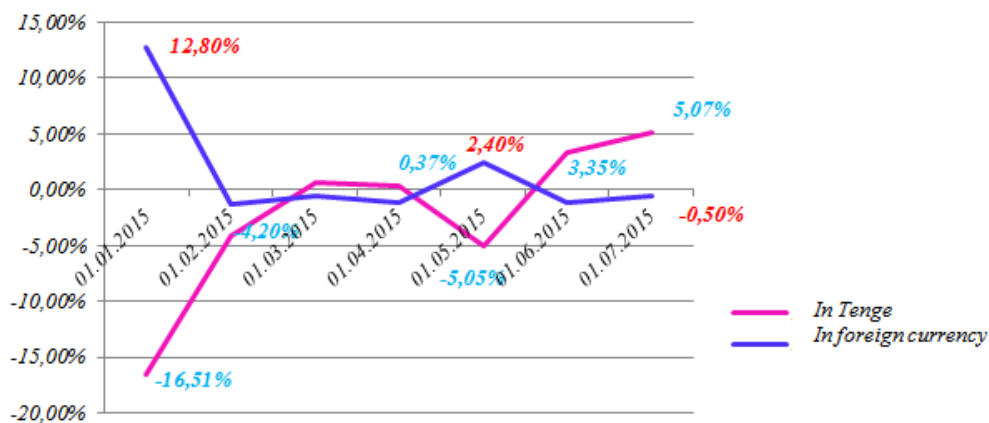
Overview of the individuals' deposit market trends

The retail deposits base in DIS member-banks increased by T65.2 billion or 1.5% over the 2nd quarter of the current year, and as of July 1, 2015 amounted to T4.4 trillion (*see Appendix*).

Top five leaders in attracting retail deposits, except **KKB** which took over the liabilities of **BTA Bank**, included: **Kaspi Bank** with the growth of deposits by T16.7 billion, **Tsesna Bank** + T15.9 billion, **Sberbank** + T14 billion, **BCC** + T9.5 billion, **Eurasian Bank** + T6.6 billion. During the reporting period compared to the previous quarter only in 11 banks was an outflow, but the most noticeable withdrawal of deposits, as in the 1st quarter, occurred in **Halyk Bank** by T11.4 billion, in **Bank of Astana** by T1.1 billion, and in **ATF Bank** by T0.9 billion. The total inflow of household deposits amounted to T343.3 billion, while the outflow was (- T14.3 billion).

The main event of the quarter for individuals with savings in banks was an increase of the coverage amount on deposits of individuals from T5 million to T10 million with the aim to support the program developed by the government together with the National Bank of Kazakhstan on the de-dollarization of the economy. The coverage amount on deposits of individuals in foreign currency remain unchanged. Regarding the impact of this fact on the deposit portfolio in terms of currencies, it should be noted that these changes were put in place at the end of May of the current year, so that in one month the situation couldn't change substantially. However, in this short period the positive changes could be observed. For example, if the share of individuals' deposits placed in the national currency as of June 1, 2015 amounted to 31.8% in a month as of July 1, 2015 it was 33%, respectively, the share of deposits in foreign currency decreased from 68.2% to 67%. The total change in the terms of the individuals' deposit portfolio amounted to + T69,4 billion in the national currency and T14,8 billion in foreign currency.

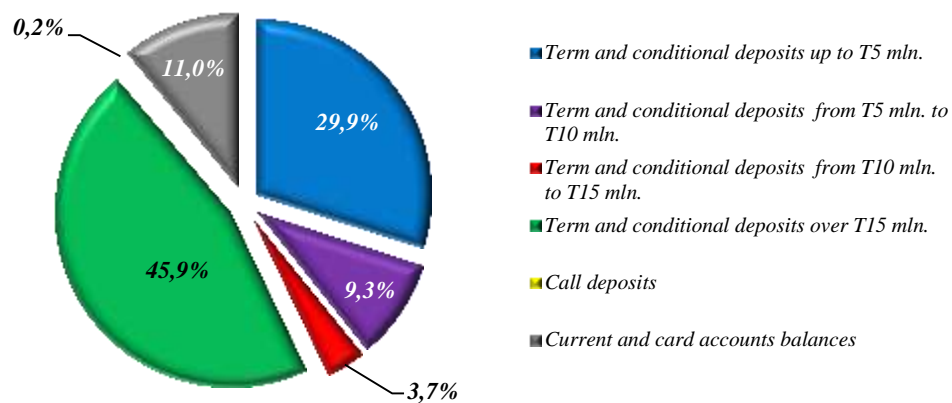
Figure 1. Dynamics of retail deposits amount in national and foreign currencies (in %)



The total retail deposits portfolio of member-banks consisted of the *term and conditional deposits* with the share of 88.8%, or T3.9 trillion which increased over the quarter by T28.8 billion or 0.7%, *current and card accounts balances* with a share of 11% (T478.7 billion), having raised by T40.4 billion or 9.2%, and *call deposits* with the share of 0.2% (T9.8 billion) decreased over the period by T4 billion or 28.9%.



Figure 2. Structure of retail deposits portfolio by the main categories (in %)



The **term and conditional deposits up to T5 mln.**, composing 29.9% (or T1.3 trillion) of the aggregate individuals' deposits portfolio in member-banks, have increased by T2.2 billion over the quarter. Term and conditional deposits **from T5 to T10 mln.** over the quarter shows a growth by T12.5 billion and represent T405 billion (or 9.3% of the cumulative individuals' deposits amount).

The term and conditional deposits **from T10 to T15 mln.** amounted T159.8 billion or 3.7% of the cumulative individuals' deposits portfolio. The growth of these deposits is negligible, which was only T7.4 billion due to an increase of deposits in the national (+T3.65 billion) and foreign (+T3.79 billion) currencies.

The largest share of aggregate retail deposits (45.9%) represented by the term and conditional deposits **over T15 mln.** Total inflow in these amount of deposits was T6.7 billion.

Call deposits of individuals composing 0.2% of the retail deposits portfolio have decreased by T4 billion (-28.9%). This change was due to the decline of deposits in foreign currency by T3.8 billion and of deposits in national currency by T168 million.

In the **current and card account balances** was a slight positive change at T40.4 billion (+9.2%). In addition, it should be noted that the account balances in foreign currency reduced by T8.4 billion, while in the national currency increased by T48.7 billion.

As of **July 1, 2015** the cumulative KDIF's liabilities on payouts to the member-banks' insured depositors in case of a bank failure amounted to T2.3 trillion. At the reporting date, KDIF's special reserve reached T229.5 billion net of the KDIF's authorized capital. 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 T347.4 billion which is 14.8% of the cumulative KDIF's liabilities on payouts or 8.0% of the total amount of member-banks' retail deposits.

As of August 1, 2015 the cumulative KDIF's payouts to depositors of **JSC "Nauryz Bank Kazakhstan"** amounted to T679.6 million and to depositors of **JSC "Valut-Tranzit Bank"** totaled T13.9 billion. Reimbursement of the KDIF's claims to the liquidation commissions of **JSC "Nauryz Bank Kazakhstan"**, **JSC "Valut-Tranzit Bank"** reached T679.4 million or 88.0% of the total amount to be recovered from this bank and T8.7 billion or 62.03% 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 the current year, the KDIF will make additional reimbursement to the depositors of JSC "Valut-Tranzit Bank". Each depositor who had held a deposit in Valut-Tranzit bank in the amount exceeding T700 000 (deposit insurance coverage amount as of the date of the bank's failure) is entitled to receive additional



reimbursement in the amount of the deposit balance, with no interest accrued. The total coverage amount to one depositor is limited to T5 million. Thus, the bank depositors, who have previously reimbursed in the amount of T700 000 have the opportunity to receive additional coverage in the amount of T4.3 million.



**Aggregate retail deposits placed with DIS member-banks
as of July 1, 2015**

№	Name	Total amount of retail deposits (in thousand Tenge)	Difference in deposits amount compared to the last quarter	Total number of deposit accounts
1	Total amount of retail deposits placed both in Tenge and in foreign currencies, including:	4 362 831 574	65 193 735	22 592 309
1.	Call deposits, including:	9 837 668	-3 999 581	1 007 620
1.1.	<i>in Tenge</i>	4 641 313	-167 928	959 703
1.2.	<i>in foreign currencies</i>	5 196 355	-3 831 653	47 917
	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	1 725 747	-3 388 549	105
2.	Term and conditional deposits, including:	3 874 281 262	28 822 324	2 670 145
2.1.	<i>in Tenge, including:</i>	1 069 324 654	-5 167 098	1 997 392
	up to T1 million	262 108 111	-3 978 177	1 743 259
	from T1 million to T3 million	307 795 426	-5 999 943	189 142
	from T3 million to T5 million	147 896 266	-2 507 111	38 660
	from T5 million to T10 million	126 902 051	4 326 179	19 759
	from T10 million to T15 million	37 250 914	3 650 153	3 159
	over T15 million	187 371 886	-658 199	3 413
2.2.	<i>in foreign currencies, including:</i>	2 804 956 608	33 989 422	672 753
	up to T1 million	115 687 603	3 417 055	402 967
	from T1 million to T3 million	255 330 465	6 567 855	143 892
	from T3 million to T5 million	217 592 973	4 684 002	54 954
	from T5 million to T10 million	278 078 098	8 208 547	41 090
	from T10 million to T15 million	122 572 246	3 799 802	10 151
	over T15 million	1 815 695 223	7 312 161	19 699
	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	205 817 056	2 873 820	1 805
3.	Current and card accounts' balances, including:	478 712 644	40 370 992	18 914 544
3.1.	<i>in Tenge</i>	364 798 577	48 721 995	18 169 176
3.2.	<i>in foreign currencies</i>	113 914 067	-8 351 003	745 368
	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	7 281 867	4 506 466	57 527