**JSC “kazakhstan deposit insurance fund”**

***Methodology and Calculation of Differential Premium Rates Department***

**OVERVIEW OF THE RETAIL DEPOSITS MARKET**

***Over the 2nd quarter of 2014***

**Overview of the individuals’ deposit market trends**

As of July 1, 2014 deposits of individuals in DIS member-banks reached T4.4 trillion, and the deposit base growth over the 2nd quarter was T233.1 billion, or 5.6%. The deposit base in tenge increased by 7.1% and in foreign currency by 3.8%, thus the share of deposits in national currency represented 46.4%, in foreign currency – 53.6% *(see Figure 1)*.

***Figure 1. Quarterly dynamics of retail deposits amount in national and foreign currencies (in %)***

In foreign currency

In Tenge

Total retail deposits

The total retail deposit portfolio of member-banks consisted of the term and conditional deposits with the share of 88.4%, or 3.9 trillion tenge which increased over the quarter by 4.6%, current and card accounts balances with a share of 10.6%, or 463.3 billion tenge, having increased during the quarter by 14.8%, and call deposits with the share of 1.0%, or 43.5 billion tenge.

***Figure 2. Structure of retail deposits portfolio by the main categories (in billion tenge)***

*Term and conditional deposits up to T5 mln.*

*Term and conditional deposits from T5 mln. to T15 mln.*

*Term and conditional deposits over T15 mln.*

*Call deposits*

*Current and card accounts balances*

The term and conditional deposits up to 5 mln. tenge, composing 29.5% (or 1.3 trillion tenge) of the aggregate individuals’ deposits portfolio, have gained 45.3 billion tenge over the quarter. Term deposits from 5 to 15 mln. tenge, over the quarter increased by 23.8 billion tenge and represent 529.6 billion tenge or 12.1% of the cumulative individuals’ deposits amount. The term and conditional deposits over 15 mln. tenge, composing the largest share of the individuals’ deposit portfolio 46.8%, have gained 99.35 billion tenge. Call deposits of individuals have increased by 13.1% or 5.0 billion tenge over the quarter whose share was 1.0% of the total retail deposits amount. Current and card account balances totaled 463.3 billion tenge, as a result of increase by 59.6 billion tenge.

Additionally, it should be noted that 6.3% of aggregate retail deposits, or 273.5 bln. tenge, including current and card account balances, belong to the member-banks’ top-management, as well as their shareholders holding in total 5% or more of the banks’ voting shares, and their close relatives. Over the reporting quarter the cumulative balance of those deposits has raised by 10.6 bln. tenge or 4.1%.

As of July 1, 2014 the cumulative KDIF’s liabilities on payouts to the member-banks’ insured depositors in case of a bank failure amounted to 2.3 trillion tenge. At the reporting date, KDIF’s special reserve reached 189.2 bln. tenge, net of the KDIF’s authorized capital. Under the current legislation 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 291.9 bln. tenge which is 12.9% of the cumulative KDIF’s liabilities on payouts or 6.7% of the total amount of member-banks’ retail deposits.

As a result of the reporting quarter within the differential premium system “BATA” framework the largest number of member-banks is allocated to the classification groups “C” with the premium rate – 0.11 (15 banks) and “D” with the premium rate – 0.19% (10 banks). During the quarter 7 member-banks transferred to the classification group with higher ratings and correspondingly lower premium rates, 3 member-banks assigned to the group “S” with the 0.5% quarterly premium rate.

***Figure 3. Quarterly dynamics of the member-banks’ classification within the “BATA” system***

2qr. 14

1qr. 14

4qr. 13

3qr. 13

2qr. 13

1qr. 13

Group S

Group E

Group D

Group C

Group A

The cumulative mandatory calendar premiums paid by the member-banks over the 2nd quarter of 2014 amounted to 8.7 bln. tenge, and increased by 1.1 billion tenge as compared with the previous period, mainly because of the deposit base growth and decline of the rating of one of the largest DIS member-bank and corresponding increase of its premium rate.

As of August 1, the cumulative KDIF’s payouts to depositors of JSC “Nauryz Bank Kazakhstan” amounted to 679.5 million tenge and to depositors of JSC “Valut-Tranzit Bank” totaled 13.9 billion tenge. Reimbursement of the KDIF’s claims to the liquidation commissions of JSC “Nauryz Bank Kazakhstan”, JSC “Valut-Tranzit Bank” reached 679.4 million tenge (88.01% of the total amount to be recovered from this bank) and 8.5 billion tenge (60.6% of the total amount to be recovered), respectively.

*Appendix 1*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Aggregate retail deposits placed with DIS member-banks** | | | | | |
| **as of July 1, 2014** | | | |  | |
| **№** | | **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:** | **4 364 680 565** | **233 089 767** | | **22 257 582** | |
| 1. | | Call deposits, including: | 43 472 745 | 5 021 031 | | 1 634 092 | |
| 1.1. | | *in Tenge* | 17 267 785 | 199 243 | | 1 508 796 | |
| 1.2. | | *in foreign currencies* | 26 204 960 | 4 821 788 | | 125 296 | |
|  | | 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 | 11 302 598 | 3 592 955 | | 258 | |
| 2. | | Term and conditional deposits, including: | 3 857 937 587 | 168 442 022 | | 2 473 774 | |
| 2.1. | | *in Tenge, including:* | 1 614 306 426 | 87 747 832 | | 1 870 297 | |
|  | | up to T1 million | 283 498 917 | 6 859 072 | | 1 545 385 | |
|  | | from T1 million to T3 million | 376 839 280 | 13 639 866 | | 230 853 | |
|  | | from T3 million to T5 million | 206 113 477 | 10 671 321 | | 53 475 | |
|  | | from T5 million to T10 million | 177 042 995 | 12 155 884 | | 27 707 | |
|  | | from T10 million to T15 million | 58 657 948 | 2 802 634 | | 4 927 | |
|  | | over T15 million | 512 153 809 | 41 619 055 | | 7 950 | |
| 2.2. | | *in foreign currencies, including:* | 2 243 631 161 | 80 694 190 | | 603 477 | |
|  | | up to T1 million | 84 932 611 | 2 901 796 | | 409 426 | |
|  | | from T1 million to T3 million | 183 903 948 | 7 407 246 | | 103 554 | |
|  | | from T3 million to T5 million | 152 453 101 | 3 800 404 | | 38 603 | |
|  | | from T5 million to T10 million | 200 347 747 | 6 698 267 | | 29 367 | |
|  | | from T10 million to T15 million | 93 542 940 | 2 156 038 | | 7 708 | |
|  | | over T15 million | 1 528 450 814 | 57 730 440 | | 14 819 | |
|  | | 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 | 258 286 673 | 6 393 389 | | 1 857 | |
| 3. | | Current and card accounts’ balances, including: | 463 270 233 | 59 626 714 | | 18 149 716 | |
| 3.1. | | *in Tenge* | 395 236 190 | 55 247 826 | | 17 274 377 | |
| 3.2. | | *in foreign currencies* | 68 034 043 | 4 378 888 | | 875 339 | |
|  | | 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 | 3 870 900 | 660 886 | | 11 648 | |