**JSC “kazakhstan deposit insurance fund”**

***Methodology and calculation of differential premium rates department***

**OVERVIEW OF THE RETAIL DEPOSITS MARKET**

***Over the 1st quarter of 2015***

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

The retail deposits base in DIS member-banks decreased by T140.1 billion or 3.2% over the 1st quarter of the current year, and as of April 1, 2015 amounted to T4.3 trillion.

Top five leaders in attracting retail deposits included: ***Forte Bank*** with the growth of deposits by T70.4 billion, which took over the liabilities of merged ***ABC Bank*** and ***Temirbank***, ***House Construction Savings Bank*** + T20.3 billion, ***ATFBank*** + T5.5 billion, ***Bank of Astana*** + T3.6 billion, ***BankRBK*** + T0.9 billion. During the reporting period in more than half of the banks was an outflow, but the most noticeable withdrawal of deposits occurred in ***Halyk Bank*** by T58.6 billion, in ***BTA*** by T18.1 billion, ***KKB*** by T33.1 billion, in ***Tsesna Bank*** by T14.8 billion, in ***BCC*** by T9.8 billion. The total inflow of household deposits amounted to T103.1 billion, while the outflow was (- T243.2 billion.).

For the deposit portfolio in terms of currencies, it should be noted that deposits in foreign currency are more preferable financial instruments for individuals, which account for 67.5% of the deposits portfolio, and the rest on deposits in the national currency. At the same time during the period the decrease of deposits in tenge was at T47.5 billion or 3.3%, in foreign currency - T92.6 billion or (-3.1%).

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

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| --- | --- |
|  |  |

The total retail deposits portfolio of member-banks consisted of the *term and conditional deposits* with the share of 89.5%, or T3.8 trillion which decreased over the quarter by Т113.3 billion or 2.9%, *current and card accounts balances* with a share of 10.2% (T438.3 billion), having dropped by T21.1 billion or 4.6%, and *call deposits* with the share of 0.3% (T13.8 billion) decreased by T5.7 billion or 29.2%.

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

The ***term and conditional deposits*** ***up to T5 mln.***, composing 30.3% (or T1.3 trillion) of the aggregate individuals’ deposits portfolio in member-banks, have declined by T3.6 billion over the quarter. Whereas, term and conditional deposits ***from T5 to T10 mln.*** over the quarter increased by T14.0 billion and represent T392.4 billion or 9.1% of the cumulative individuals’ deposits amount. In this category of deposits increase was mainly observed on deposits in foreign currency (+Т13.1 billion).

The term and conditional deposits ***from T10 to T15 mln.*** amounted Т152.4 billion or 3.5% of the cumulative individuals’ deposits portfolio. The growth of these deposits is negligible, which was only T0.6 billion due to an increase of deposits in the national currency.

46.5% of aggregate retail deposits represented by the term and conditional deposits ***over T15 mln.*** Total outflow in these amount of deposits was T124.3 trillion, which was due to withdraw of deposits in foreign currency by T129.3 billion and placement of deposits in national currency by T5.0 billion at the same time.

***Call deposits*** of individuals composing 0.3% of the retail deposits portfolio have decreased by T5.7 billion (-29.2%). This change was due to the decline of deposits in national currency by T4.9 billion and of deposits in foreign currency by T0.8 billion.

In the ***current and card account balances*** was also a negative change at Т21.1 billion (-4.6%). In addition, it should be noted that the account balances in foreign currency increased by T28.4 billion, while in the national currency reduced by T49.5 billion.

As of **April 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 T222.4 billion 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 T327.9 billion which is 14.7% of the cumulative KDIF’s liabilities on payouts or 7.6% of the total amount of member-banks’ retail deposits.

As a result of the 1st quarter of 2015 five member-banks changed their position within the differential premium system “BATA”[[1]](#footnote-1) (hereinafter referred to as DPS “BATA”[[2]](#footnote-2)) framework. Two member-banks improved their results and have been transferred to the less risky classification groups. The deterioration occurred in the results of the three member-banks, which have violated the maximum interest rates on deposits, therefore, have been transferred to the classification group «S».

Accordingly, the shares of member-banks in classification groups allocated as follows: the share of group “A” is 5.4% (2 banks), share of group “B” is 18.9% (7 banks), share of group “C” – 40.5% (15 banks), share of group “D” – 21.6% (8 banks), share of group “E” – 5.4% (2 banks) and the share of group “S” – 8.1% (3 banks).

The cumulative mandatory calendar premiums paid by the member-banks over the 1st quarter of 2015 compared to the last quarter decreased by T1.9 million and amounted to T7.0 billion. This reduction was due to the decrease in the deposits portfolio of DIS member-banks.

As of May 1, 2015 the cumulative KDIF’s payouts to depositors of ***JSC “Nauryz Bank Kazakhstan”*** amounted toT679.6 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 (88.0% of the total amount to be recovered from this bank) and T8.7 billion (61.7% of the total amount to be recovered), respectively.

*Appendix*

**Aggregate retail deposits placed with DIS member-banks**

**as of April 1, 2015**

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| --- | --- | --- | --- | --- |
| **№** | **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: | 4 297 637 839 | *-140 127 397* | 22 730 055 |
| 1. | Call deposits, including: | 13 837 249 | *-5 713 512* | 1 009 006 |
| 1.1. | *in Tenge* | 4 809 241 | *-4 948 243* | 956 613 |
| 1.2. | *in foreign currencies* | 9 028 008 | *-765 269* | 52 393 |
|   | 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 | 5 114 296 | *-707 109* | 122 |
| 2. | Term and conditional deposits, including: | 3 845 458 938 | *-113 358 105* | 2 817 382 |
| 2.1. | *in Tenge, including:* | 1 074 491 752 | *6 928 802* | 1 996 959 |
|   | up to T1 million | 266 086 288 | *569 754* | 1 739 139 |
|   | from T1 million to T3 million | 313 795 369 | *691 041* | 193 203 |
|   | from T3 million to T5 million | 150 403 377 | *-869 885* | 39 284 |
|   | from T5 million to T10 million | 122 575 872 | *905 416* | 19 220 |
|   | from T10 million to T15 million | 33 600 761 | *628 508* | 2 842 |
|   | over T15 million  | 188 030 085 | *5 003 969* | 3 271 |
| 2.2. | *in foreign currencies, including:* | 2 770 967 186 | *-120 286 907* | 820 423 |
|   | up to T1 million | 112 270 548 | *668 584* | 556 856 |
|   | from T1 million to T3 million | 248 762 610 | *861 485* | 140 244 |
|   | from T3 million to T5 million | 212 908 971 | *-5 561 257* | 53 982 |
|   | from T5 million to T10 million | 269 869 551 | *13 068 415* | 39 976 |
|   | from T10 million to T15 million | 118 772 444 | *-42 870* | 9 821 |
|   | over T15 million | 1 808 383 062 | *-129 281 265* | 19 544 |
|   | 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 | 202 943 236 | *-65 891 316* | 1 906 |
| 3. | Current and card accounts’ balances, including: | 438 341 652 | *-21 055 780* | 18 903 667 |
| 3.1. | *in Tenge* | 316 076 582 | *-49 466 702* | 18 162 112 |
| 3.2. | *in foreign currencies* | 122 265 070 | *28 410 922* | 741 555 |
|   | 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 | 2 775 401 | *-1 219 113* | 37 790 |

1. *in Kazakh language - banks' analysis.* [↑](#footnote-ref-1)
2. *DPS “BATA” was introduced by KDIF in 2007* *to adequately assess the financial position and risk profile of the member-banks. DPS "BATA" has 6 classification groups, each of which has its own premium rate. The higher the level of financial instability and risk of the member-bank, the higher its premium rate. One of the main characteristics of this system is its transparency for the member-banks and confidentiality of assigned ratings.* [↑](#footnote-ref-2)