**JSC “kazakhstan deposit insurance fund”**

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

**OVERVIEW OF THE RETAIL DEPOSITS MARKET**

***Over the 1st quarter of 2014***

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

Over the first quarter of 2014 deposits of individuals in DIS member-banks reached T4.1 trillion, and the deposit base growth was T186.1 billion, or 4.7%. The reduction in the value of the tenge against the US dollar contributed to a significant outflow of household savings in tenge to deposits in foreign currency in the first quarter of current year, i.e. reduction of deposits in national currency amounted to T324.5 billion., or (-14.7%) and an increase in foreign currency deposits amounted to T510.6 billion, or 29.4% *(see Figure 1).*

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

***Retail deposits***

***In Tenge***

***In foreign currency***

In addition in the reporting quarter SMS attack on the three DIS member-banks caused the outflow of deposits from Alliance Bank by 31.1%, Bank CenterCredit – 12.7%, Kaspi Bank – 11.7%.

The total retail deposits portfolio of member-banks consisted of *the term and conditional deposits* with the share of 89.3%, or 3.7 trillion tenge which increased over the quarter by 7.1%, *current and card accounts balances* with a share of 9.8%, or 403.6 billion tenge, having decreased during the quarter by 12.9%, and *call deposits* with the share of 0.9%, or 38.5 billion tenge, which for the quarter grew by 6.4%.

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

*Term and conditional deposits up to T5 mln.*

*Term and conditional deposits from T5 mln. to T10 mln.*

*Term and conditional deposits from T10 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 30.1% (or 1.2 trillion tenge) of the aggregate individuals’ deposits portfolio, have gained 18.6 billion tenge over the quarter, by the deposits in foreign currency. *Term deposits from 5 to 15 mln. tenge*, over the quarter decreased by 1.0 billion tenge and represent 12.2% of the cumulative individuals’ deposits amount. *The term and conditional deposits over 15 mln. tenge,* composing the largest share of the individuals’ deposit portfolio 47.0%, have gained 225.8 bln. tenge. *Call deposits* of individuals have increased by 2.3 bln. tenge over the quarter whose share remained at 0.9% of the total retail deposits amount. *Current and card account balances* totaled 403.6 bln. tenge, as a result of decline by 59.6 bln. tenge.

It should be noted that 6.4% of aggregate retail deposits, or 262.8 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 period the cumulative balance of those deposits has raised by 50.8 bln. tenge, or 24.0%.

As of April 1, 2014, the cumulative KDIF’s liabilities on payouts to the member-banks’ insured depositors in case of a bank failure amounted to 2.1 trillion tenge. At the reporting date, KDIF’s special reserve reached 184.8 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. Thus, as of the reporting date, the maximum possible size of the KDIF’s special reserve amounted to 287.5 bln. tenge.

As a result of the reporting quarter within the differential premium system “BATA” framework 2 member-banks deteriorated their indicators and assigned to the group with higher premium rate; 6 member-banks transferred to the classification group with higher ratings and correspondingly lower premium rates; 3 member-banks assigned to the classification group “S” with quarterly premium rate 0.5%. As a result, the shares of member-banks in classification groups allocated as follows: the share of group “A” is 2.9% (1 bank), share of group “B” is 5.7% (2 banks), share of group “C” – 48.6% (17 banks), share of group “D” – 28.6% (11 banks), share of group “E” – 5.7% (2 banks) and the share of group “S” – 8.6% (3 banks).

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

*group E*

*group S*

*group D*

*group B*

*group C*

*1st qr. 2013*

*2nd qr. 2013*

*3rd qr. 2013*

*4th qr. 2013*

*1st qr. 2014*

The cumulative mandatory calendar premiums paid by the member-banks over the first quarter of 2014 amounted to 7.6 bln. tenge.

As of April 1, 2014, the cumulative KDIF’s liabilities on payouts to the member-banks’ insured depositors in case of a bank failure amounted to 2.1 trillion tenge. At the reporting date, KDIF’s special reserve reached 184.8 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. Thus, as of the reporting date, the maximum possible size of the KDIF’s special reserve amounted to 287.5 bln. tenge or 13.5% of the cumulative KDIF’s liabilities on payouts or 7.0% of the total amount of retail deposits.

As of May 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 8.2 billion tenge (58% of the total amount to be recovered), respectively.

*Appendix 1*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Aggregate retail deposits placed with DIS member-banks** | | | | | | |
| **as of April 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:** | **4 131 590 798** | ***186 085 263*** | | **21 486 319** |
| 1. | | Call deposits, including: | 38 451 714 | *2 300 195* | | 1 619 542 |
| 1.1. | | *in Tenge* | 17 068 542 | *-3 573 171* | | 1 491 985 |
| 1.2. | | *in foreign currencies* | 21 383 172 | *5 873 366* | | 127 557 |
|  | | 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 | 7 709 643 | *2 834 210* | | 248 |
| 2. | | Term and conditional deposits, including: | 3 689 495 565 | *243 357 806* | | 2 336 832 |
| 2.1. | | *in Tenge, including:* | 1 526 558 594 | *-251 850 643* | | 1 751 264 |
|  | | up to T1 million | 276 639 845 | *-10 378 997* | | 1 439 728 |
|  | | from T1 million to T3 million | 363 199 414 | *-24 614 921* | | 223 109 |
|  | | from T3 million to T5 million | 195 442 156 | *-11 855 989* | | 50 716 |
|  | | from T5 million to T10 million | 164 887 111 | *-36 605 687* | | 25 808 |
|  | | from T10 million to T15 million | 55 855 314 | *-19 658 303* | | 4 681 |
|  | | over T15 million | 470 534 754 | *-148 736 746* | | 7 222 |
| 2.2. | | *in foreign currencies, including:* | 2 162 936 971 | *495 208 449* | | 585 568 |
|  | | up to T1 million | 82 030 815 | *4 210 446* | | 397 755 |
|  | | from T1 million to T3 million | 176 496 702 | *30 368 240* | | 99 467 |
|  | | from T3 million to T5 million | 148 652 697 | *30 877 011* | | 37 590 |
|  | | from T5 million to T10 million | 193 649 480 | *40 161 706* | | 28 341 |
|  | | from T10 million to T15 million | 91 386 902 | *15 093 340* | | 7 545 |
|  | | over T15 million | 1 470 720 374 | *374 497 705* | | 14 870 |
|  | | 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 | 251 893 284 | *47 824 431* | | 1 747 |
| 3. | | Current and card accounts’ balances, including: | 403 643 519 | *-59 572 738* | | 17 529 945 |
| 3.1. | | *in Tenge* | 339 988 364 | *-69 067 059* | | 16 675 912 |
| 3.2. | | *in foreign currencies* | 63 655 155 | *9 494 321* | | 854 033 |
|  | | 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 | 3 210 014 | *127 689* | | 7 151 |