

About the deposit insurance system

The deposit insurance system (the DIS) exists in almost every country in the world, and, as a rule, is aimed at protecting the rights and legitimate interests of individuals and individual entrepreneurs. Thus, the DIS contributes to maintaining the stability of the country's financial system and supports citizens' confidence in the banking sector.

In Kazakhstan, the system of mandatory deposit insurance has been in operation since 1999. Its operator is the Kazakhstan Deposit Insurance Fund (the KDIF). The founder and sole shareholder of the KDIF is the National Bank of Kazakhstan.

The mandatory deposit insurance system is based on the following basic principles. First, all banks (including branches of non-resident banks of the Republic of Kazakhstan) that received a license to conduct all banking operations (accepting deposits, opening and maintenance of individual bank accounts) are required to participate in the deposit insurance system. The only exceptions are two Islamic banks - Al Hilal Islamic Bank JSC and Zaman - Bank Islamic Bank JSC (branches of non-resident Islamic banks of the Republic of Kazakhstan). An up-to-date list of the DIS member banks is available on the KDIF website www.kdif.kz/depozity-i-garantiya/banks/.

Secondly, the special reserve of the KDIF for settlements with depositors of banks deprived of a license is formed on a cumulative basis, mainly due to quarterly contributions from participating banks. In addition, according to the current legislation, up to 70% of the authorized capital of the KDIF can be used for payments. Therefore, the total amount of payments does not depend on the number of deposits in the bank deprived of the license.

Today, the special reserve of the KDIF is sufficient, since the insurance of the KDIF fully covers 99.8% of all deposits (accounts, cards, deposits) placed in the DIF member banks. In some cases, a number of mechanisms may also be provided for dealing with insolvent banks, including transfer of their assets and liabilities to another bank or banks participating in the DIF.

To participate in the deposit insurance system, depositors (individuals and individual entrepreneurs) do not need to issue a separate document confirming the right to receive payment of guaranteed compensation from the KDIF. The KDIF insurance automatically arises from the moment of entering into a bank deposit or account agreement with the participating bank. From the moment of opening, the deposit is protected by the KDIF.

About deposit insurance

The objects of mandatory deposit insurance are deposits of individuals and individual entrepreneurs in national and foreign currency held on bank accounts, and

interest on such deposits accrued as of the date of withdrawal of the license of the participating bank to conduct all banking operations.

The KDIF compensation shall apply to:

- deposits, including demand and conventional deposits;
- money on the current account;
- money on the payment card;
- interest on deposits (capitalized and accrued).

If the participating bank is deprived of the license to conduct all banking operations, the owner of the bank account, card and / or deposit shall be entitled to receive the guaranteed compensation for it (them).

The insurance shall not apply to individual metal accounts, money and valuables placed in bank cells, certificates of deposit and corporate deposits, and deposits in Islamic banks

About the compensation amount

The maximum guaranteed amount depends on the currency and type of deposit:

- 20 million tenge - on savings deposits in the national currency;
- 10 million tenge - on all other deposits in the national currency, except for savings deposits;
- 5 million tenge - on all deposits in foreign currency*.

**The amount of the guaranteed compensation for the deposit in foreign currency shall be paid in the equivalent at the exchange rate established as of the date of withdrawal of the license of the participating bank to conduct all banking operations.*

If several deposits of different types and currencies are placed with one participating bank, the balance of all deposits shall be insured, and the total amount of guaranteed compensation shall be paid – not more than 20 million tenge, taking into account the limits by each deposit type.

Deposits placed with several banks shall be insured for each bank separately. Therefore, in order to protect your savings, it is recommended to place deposits with different banks.

About payment of the guaranteed compensation

Payment of the guaranteed compensation to depositors shall begin not later than 35 working days from the date of withdrawal of the participating bank's license to

conduct all banking operations. The license is withdrawn by the Agency for Regulation and Development of Financial Market. This information will appear on the websites of the Agency, the National Bank and the KDIF, in the media and social networks on the same day.

KDIF announcement on the beginning and procedure of payment of the guarantee indemnity, as well as on the agent banks making the payment of the guarantee indemnity, the period and places of payment or its postponement in case stipulated by the Law, is published in periodical printed publications distributed throughout the territory of the Republic of Kazakhstan (EgemenQazaqstan , Kazakhstanskaya Pravda), as well as in other mass media and on the KDIF website (www.kdif.kz).

The starting date of the guarantee indemnity payment shall not exceed 5 working days from the date of publication of the said KDIF announcement.

The term of the guarantee indemnity payment is 1 year from its starting date. You are entitled to submit an application to the agent bank selected from the list of agent banks on paper to receive the guarantee indemnity.

Payment of the guarantee indemnity is made not later than 5 working days from your application for payment submission date with supporting documents attached. The forms of applications for payment of the guarantee indemnity and the list of supporting documents are available on the KDIF's website (www.kdif.kz).

Unclaimed amounts of the guaranteed refund

The unclaimed amounts of the depositors' guaranteed compensation within one year from the date of the beginning of payment will be transferred to their pension accounts with the Unified Saving Pension Fund JSC (USPF) as voluntary pension contributions. 30 working days before the end of the guaranteed refund period, the KDIF shall notify depositors about this through the media and its own website.

The guaranteed compensation amount transferred to the USPF is recognized as the depositor's voluntary pension contributions and is exempt from taxation (with the exception of accrued investment income). Pension accounts for accounting of voluntary pension contributions will be opened automatically without the need to visit the USPF.

Depositors who, for good reasons, were unable to apply for compensation within a year from the start of the payment, shall retain the right to receive guaranteed compensation by submitting a written application with supporting documents to the KDIF. The list of valid reasons is provided directly in the Law "On mandatory guarantee of deposits placed in second-tier banks of the Republic of Kazakhstan".

The application can be submitted before the date of entering information into the National Register of Business Identification Numbers on the forced liquidation of

the bank or before the depositor's right to pension payments at the expense of voluntary pension contributions occurs, if the amount of the guaranteed compensation has been transferred to the KDIF.

In excess of the maximum guaranteed amount

For deposit amounts exceeding the maximum guaranteed amount, the KDIF shall reimburse only the required maximum, and for the non-reimbursed deposit balance in excess of the maximum guaranteed amount, the bank's liquidation commission shall assume the obligations.

The tasks of the liquidation commission shall include preparing the bank for closure, selling assets and property, and settling with creditors, including depositors who had deposits in excess of the maximum guaranteed amount.

You can submit an application for payment of the extra-maximum guaranteed amount to the liquidation commission in person or by mail. According to the rules, the minimum period for accepting applications shall be 2 months from the date of publication of the announcement about the start of accepting applications. Depositors can find the contacts of the liquidation commission and information about the status of its activities on the websites of the Agency, the KDIF and the bank that has been deprived of its license.

Deposits in branches of foreign banks

Branches of foreign banks that are opened on the territory of Kazakhstan shall become participants of the mandatory deposit insurance system from the moment they receive a license from the authorized body to accept deposits, open and maintain individual bank accounts. Thus, the citizens' deposits opened in branches of foreign banks shall also be guaranteed by the KDIF, with the exception of branches of non-resident Islamic banks of the Republic of Kazakhstan.