



**NATIONAL BANK OF THE
REPUBLIC OF KAZAKHSTAN**

**AGENCY OF THE REPUBLIC OF
KAZAKHSTAN ON REGULATION AND
SUPERVISION OF THE FINANCIAL
MARKET AND FINANCIAL
ORGANIZATIONS**



FINANCIAL STABILITY REPORT OF KAZAKHSTAN

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Foreword

Since 2006, the National Bank of the Republic of Kazakhstan involving the Agency of the Republic of Kazakhstan on Regulation and Supervision of the Financial Market and Financial Organizations (Financial Supervision Agency) prepares the Kazakhstan's Financial Stability Report on an annual basis.

In line with the Concept for the Financial Sector Development in the Republic of Kazakhstan approved in November 2009, the government policy in the post-crisis period will aim to implement the system of macro-prudential regulation and, hence, to enhance the role of the National Bank of the Republic of Kazakhstan as a central authority responsible for ensuring financial stability and implementing macro-prudential regulation.

According to the Memorandum of Financial Stability made between the Government of the Republic of Kazakhstan, National Bank and the Financial Supervision Agency on November 10, 2007:

«financial stability shall be defined as the absence of disproportions in the economy that may result in the subsequent negative correction of financial markets, systemic crisis and inability of financial institutions to ensure an ongoing functioning of the financial system as well as to maintain business activity in the real sector of the economy»

As part of the Kazakhstan's Financial Stability Report representing one of the tools of the comprehensive systemic risk analysis, the following aspects determining financial stability are assessed:

- (1) How efficiently and timely financial resources are reallocated among those who save and invest money;
- (2) Whether risks are adequately assessed and managed;
- (3) Whether financial shocks can be absorbed by the financial system without significant upsets.

The Kazakhstan's Financial Stability Report is focused on the financial market participants as well as the audience interested in the financial stability topics. The National Bank aims to disseminate the outcomes of the research and risk analysis as well as specialized studies in the area of financial stability.

The Kazakhstan's Financial Stability Report has been prepared by the National Bank of the Republic of Kazakhstan involving the Agency of the Republic of Kazakhstan on Regulation and Supervision of the Financial Market and Financial Organizations.

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List of Abbreviations:

CIS	Countries of the Commonwealth of Independent States
RF	Russian Federation
USA	United States of America
IMF	International Monetary Fund
NBRK	National Bank of the Republic of Kazakhstan
CB	Central banks
OPEC	Organization of the Petroleum Exporting Countries
MoF	Ministry of Finance of the Republic of Kazakhstan
MEBP	Ministry of Economy and Budget Planning of the Republic of Kazakhstan
FSA	Agency of the Republic of Kazakhstan on Regulation and Supervision of the Financial Market and Financial Organizations
SARK	Statistics Agency of the Republic of Kazakhstan
NFRK	National Fund of the Republic of Kazakhstan
NWF	JSC “National Wealth Fund “Samruk-Kazyna”
ISMT	Kazakhstan Interbank System of Money Transfer
SM	Securities market
KASE	Kazakhstan Stock Exchange
KDIF	Kazakhstan Deposit Insurance Fund
RFCFA	Regional Financial Center of Almaty
KMC	JSC “Kazakhstan Mortgage Company”
CSD	JSC “Central Securities Depository”
JSC	Joint-stock company
APF	Accumulation pension funds
HU	Housing and utilities
FEC	Fuel and energy complex
GDP	Gross domestic product of the Republic of Kazakhstan
M3	Money supply
GED	Gross external debt
LIBOR	London interbank offered rate
OIS	overnight interest rate swap
CDS	credit default swap
GES	Government equity securities
NES	Non-government equity securities
MRR	Minimal reserve requirements
REER	Real effective exchange rate
VAT	Value added tax
Un.	unit
KZT	Tenge
USD	United States Dollar
RUR	Russian ruble
ths.	thousand
mln.	million
bln.	billion