



**NATIONAL BANK OF THE  
REPUBLIC OF KAZAKHSTAN**

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



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# **KAZAKHSTAN FINANCIAL STABILITY REPORT**

**December 2008**

## Foreword

The National Bank of the Republic of Kazakhstan jointly with the Agency of the Republic of Kazakhstan on Regulation and Supervision over the Financial Market and Financial Organizations (Financial Supervision Agency) publishes annually Financial Stability Report since 2006.

According to legislation of the Republic of Kazakhstan, the Financial Supervision Agency ensures financial stability of the financial market and financial organizations and the National Bank promotes stability of the financial system.

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

*“Financial stability is defined as the absence of the disproportions in the economy, which may cause the consequent negative correction of the financial markets, emergence of the systemic crisis and inability of the financial institutions to maintain the smooth financial system operations and business activity of the real sector.”*

The following financial stability aspects are evaluated in this Financial Stability Report:

- (1) efficient and timely distribution of financial resources between savors and investors;
- (2) adequate risk assessment and management;
- (3) ability of the financial system to absorb financial shocks without substantial consequences.

This Financial Stability Report is focused on financial market participants and also on audience interested in a problematic of financial stability. The National Bank and the Financial Supervision Agency have set a task to publish the results of researches and analysis of risks, as well as special financial stability researches.

*This Kazakhstan Financial Stability Report has been prepared by the National Bank of the Republic of Kazakhstan, jointly with the Agency of the Republic of Kazakhstan for Regulation and Supervision of Financial Market and Financial Organizations.*

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## Abbreviations:

<b>CIS</b>	Commonwealth of Independent States
<b>RF</b>	Russian Federation
<b>USA</b>	United States of America
<b>IMF</b>	International Monetary Fund
<b>ECB</b>	European Central Bank
<b>OECD</b>	Organization of Economic Cooperation and Development
<b>NBRK</b>	National Bank of the Republic of Kazakhstan
<b>MF</b>	Ministry of Finance of the Republic of Kazakhstan
<b>MEB</b>	Ministry of Economy and Budgeting of the Republic of Kazakhstan
<b>FSA</b>	Agency of the Republic of Kazakhstan for Regulation and Supervision of Financial Market and Financial Organizations
<b>SARK</b>	Agency of the Republic of Kazakhstan for Statistics
<b>NFRK</b>	National Fund of the Republic Kazakhstan
<b>SCPP</b>	State Center for Pension Payments
<b>ISMT</b>	Interbank System of Money Transfers
<b>KASE</b>	JSC “Kazakhstan Stock Exchange”
<b>KDIF</b>	JSC “Kazakhstan Deposit Insurance Fund”
<b>ARFC</b>	JSC “Almaty Regional Financial Center”
<b>KMC</b>	JSC “Kazakhstan Mortgage Guarantee Fund”
<b>CSD</b>	JSC “Central Security Depositary”
<b>JSC</b>	joint-stock company
<b>STB</b>	second-tier bank(s)
<b>APF</b>	accumulation pension funds
<b>SM</b>	securities market
<b>GDP</b>	Gross Domestic Product of the Republic of Kazakhstan
<b>CPI</b>	consumer price index
<b>PPI</b>	producer price index
<b>FDI</b>	foreign direct investments
<b>M3</b>	monetary supply
<b>GED</b>	gross external debt
<b>LIBOR</b>	London Interbank Offered Rate
<b>OIS</b>	overnight interest rates swap
<b>GS</b>	government securities
<b>MRR</b>	minimum reserves requirements
<b>DI</b>	Diffusion Index
<b>NPC</b>	net percentage change
<b>KZT</b>	tenge
<b>ths.</b>	thousand
<b>mln.</b>	million
<b>bln.</b>	billion