



THE NATIONAL BANK OF KAZAKHSTAN

КАЗАҚСТАН ҰЛТТЫҚ БАНКІ

НАЦИОНАЛЬНЫЙ БАНК РЕСПУБЛИКИ КАЗАХСТАН



Risk distribution in Kazakhstan's corporate sector



Bakhtiozina Rassima
Financial Stability Division
September, 2008



Outline

- 1. Structure of FSR (2007)**
- 2. Indicators of stability in corporate sector**
- 3. Risk distribution in corporate sector**



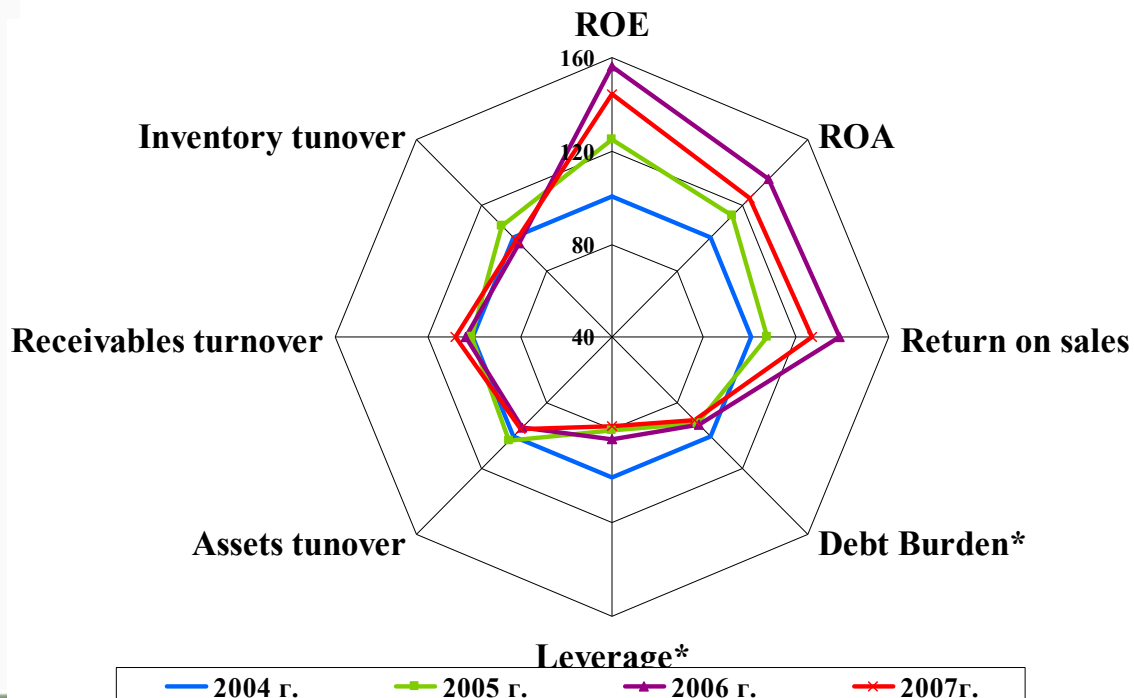
1 Structure of FSR

- **World markets situation**
- **Domestic macroeconomic risks**
- **Financial markets**
- **Financial institutions**
- **Payment systems**
- **Financial regulation**
- **Special topics**
 - **Risk assessment map (macro prudential analysis)**
 - **Early warning system (signal approach)**
 - **Risk distribution in corporate sector**
(http://www.nationalbank.kz/cont/publish576015_4160.pdf)
 - **Aggregated financial soundness index for banks**



2. Indicators of stability in corporate sector

Development tendency of corporate sector's financial indicators is one of the most important components of financial stability of the economy. Moreover, risks of banking system depend on them as non-financial organizations are large debtors of banks.





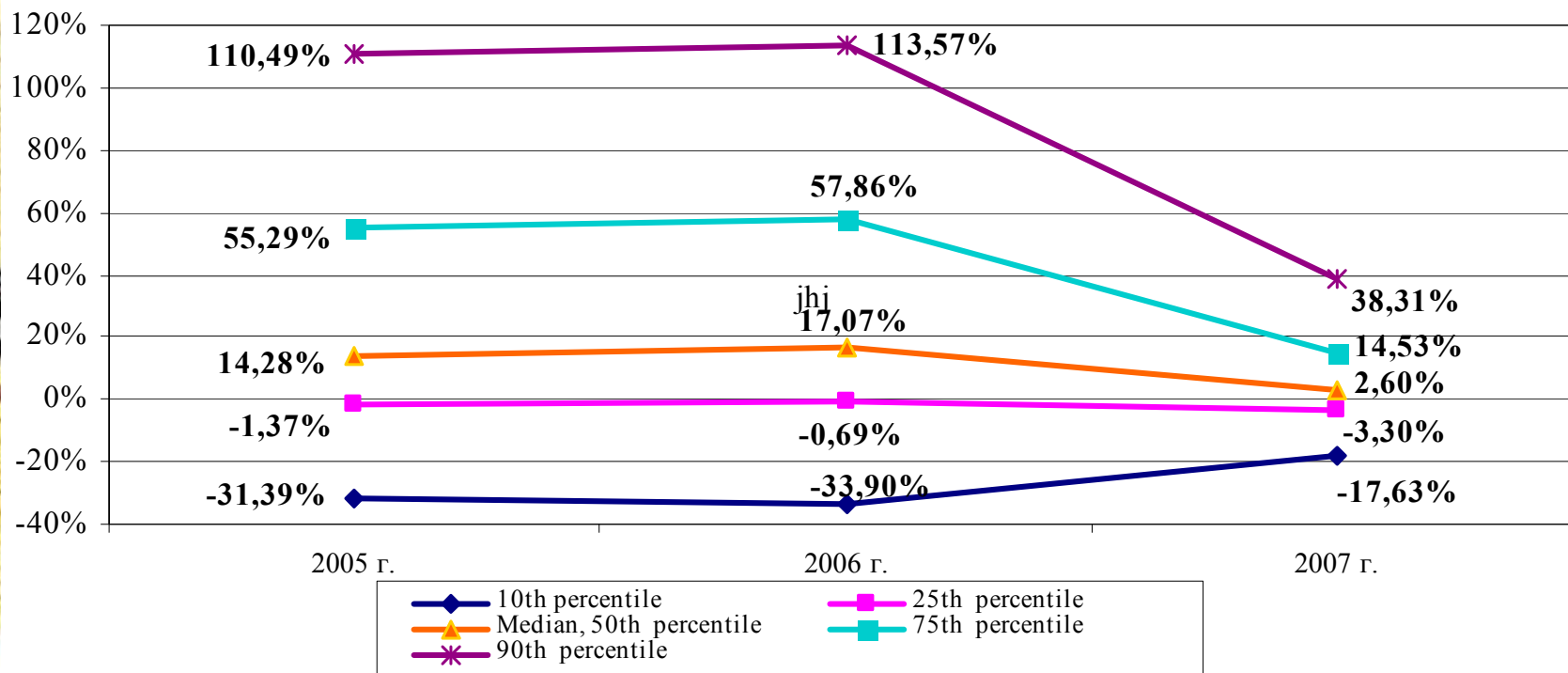
3. Risk distribution in corporate sector

- *Our research was conducted on the base of distribution of financial stability indices of enterprises in term of profitability, debt burden and liquidity; through analysis of financial indicators constancy; and identification of business exposed to default risk.*



3.1 *Distribution by percentiles*

ROA distributions by percentiles





3.2 Transition matrix

ROE (%)		2006			
	2005	Quartile 1	Quartile 2	Quartile 3	Quartile 4
Quartile 1		49%	18%	12%	20%
Quartile 2		21%	54%	19%	6%
Quartile 3		15%	21%	45%	20%
Quartile 4		15%	7%	24%	54%

Leverage (%)		2006			
	2005	Quartile 1	Quartile 2	Quartile 3	Quartile 4
Quartile 1		76%	9%	3%	11%
Quartile 2		1%	77%	19%	3%
Quartile 3		3%	16%	62%	19%
Quartile 4		16%	2%	15%	67%

Liquidity (%)		2006			
	2005	Quartile 1	Quartile 2	Quartile 3	Quartile 4
Quartile 1		67%	19%	8%	6%
Quartile 2		21%	54%	18%	7%
Quartile 3		8%	20%	52%	20%
Quartile 4		4%	7%	22%	67%

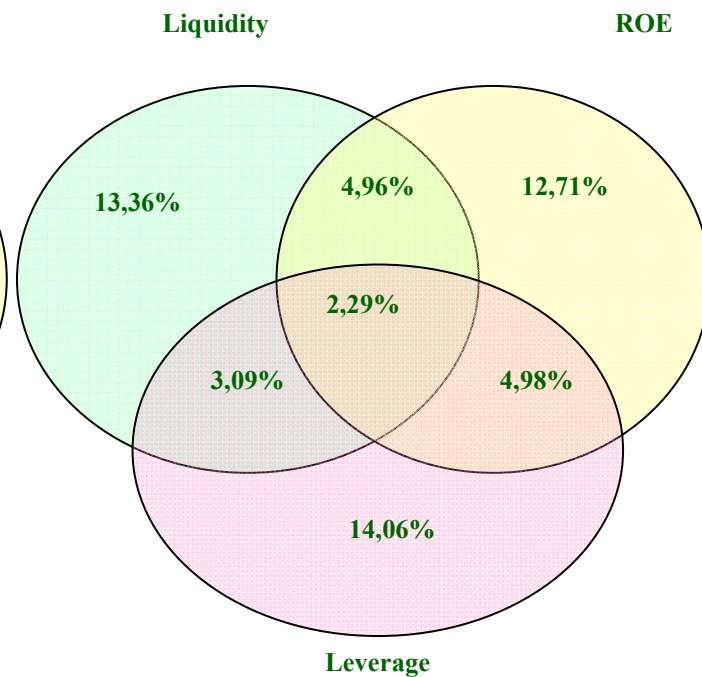
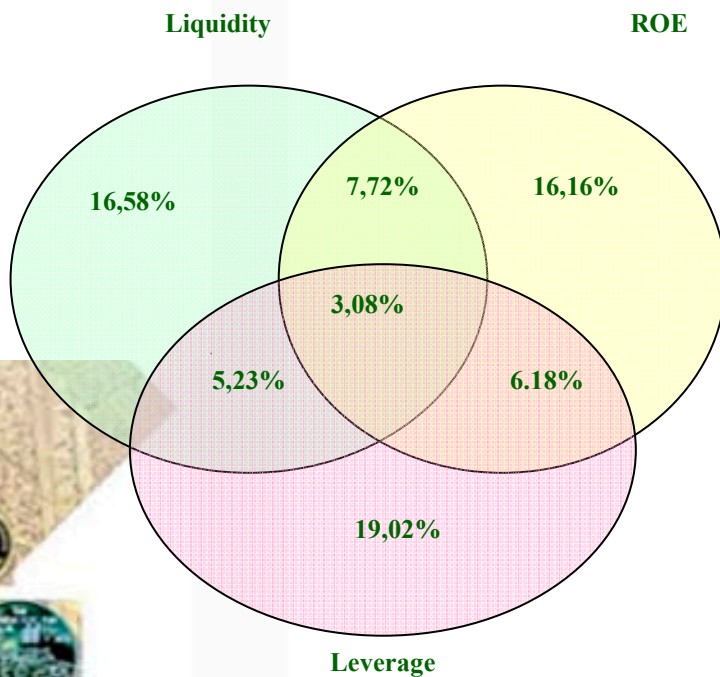




3.1 Venn diagram

2007

2006





- Venn diagram provides a stylized example of the overlaps among indicators for companies (that is, **10.80** percent) with the highest gearing also had the lowest profitability. In addition, **8.31** percent of all companies - with the highest gearing had the lowest liquidity. A small group comprising **3.08** percent of the sector had all three of these characteristics.



THE NATIONAL BANK OF KAZAKHSTAN

КАЗАҚСТАН ҰЛТТЫҚ БАНКІ

НАЦИОНАЛЬНЫЙ БАНК РЕСПУБЛИКИ КАЗАХСТАН



Thanks for your attention!
For details please refer to web-page
