

Deposits (12 months of 2013)

In January-December 2013 acceleration of growth of deposit base of commercial banks was observed in the bank deposits market as compared to the similar period 2012 which is mainly due to the significant growth of funds in the currency account of the legal entities of the four market participants.

Interest rate indicators on the deposits accepted within a year in the national and foreign currencies were not changed significantly, having maintained at the level similar to the previous year. In the structural aspect, the increasing tendency of the deposit base change was due to the increase in the balance of funds in the accounts of the entities as well as the growth of on-demand deposits and fixed-term deposits of the population.

By the end of the reporting period, the volume of the depositary base of commercial banks constituted 67.3 billion KGS having increased by 32.9 percent. At the same time, the increase was due to the growth of currency component of the deposit base by 38.5 percent as well as due to the deposits in KGS by 28.1 percent.

According to the results of January-December 2013, dollarization of the deposit base increased by 1.9 percentage points up to 48.8 percent due to the higher growth rates of the deposit base volume.

In January-December 2013 the fixed-term deposit base observed rise in the maturity of attracted resources—the share of funds in the settlement accounts decreased from 40.6 to 35.7 percent, and the share of fixed-term deposits increased from 34.6 to 39.1 percent. Balance of on-demand deposits of the banks clients increased (by 35.3 percent), as a result, their share increased from the beginning of the year from 24.8 to 25.2 percent.

Market concentration index maintained at the level of 0.11, which corresponds to the average level of concentration and is equivalent to the presence of nine participants with equal share in the market.

Chart 1. Dynamics of deposits, accepted by the commercial banks over a period

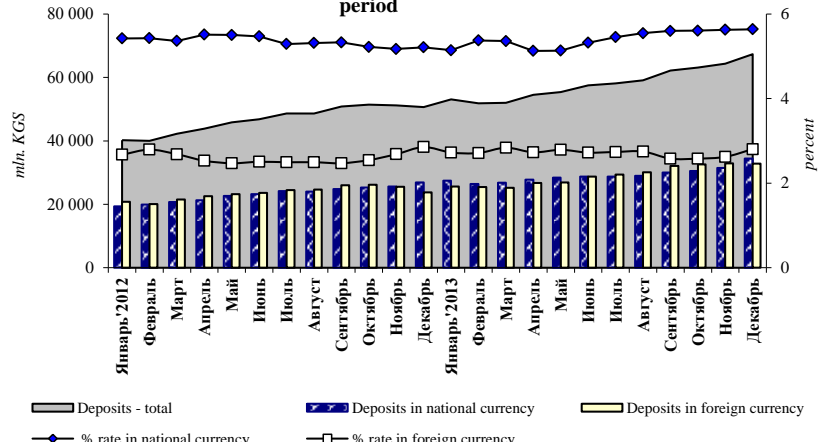
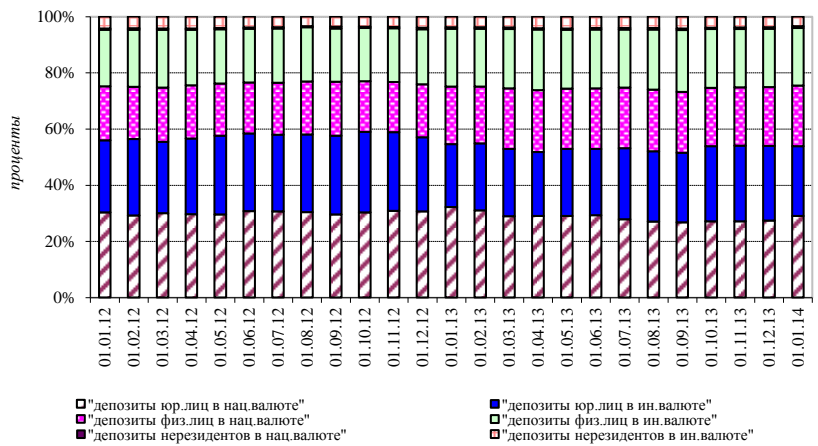


Chart 2. Deposit structure by depositors



In the reporting period increase in the inflow of deposits into commercial banks was noted. The volume of newly accepted deposits¹ in January-December 2013 constituted 287.8 billion KGS having increased by 22.5 percent as compared to the similar indicator of 2012. The volume of newly accepted deposits in the national currency constituted 146.2 billion KGS (+21.8 percent), in foreign currency – 141.5 billion KGS (+23.3 percent).

In the structural aspect, increase in the newly accepted deposits was mainly provided by the growth of fixed-term deposits, the volume of which increased by 21.2 percent. The share of fixed-term deposits decreased from 89.4 to 88.4 percent with the proportional increase of the share of fixed-term deposits mainly due to the growth of their short-term (except for deposits with the maturity period from 0 to 1 months).

Average weighted interest rate on newly accepted deposits in the national currency constituted 2.3 percent, having not changed as compared with the similar indicator of 2012. Average weighted interest rate on fixed-term deposits in the national currency constituted 9.8 percent (-0.3 percentage points).

The rate on newly accepted deposits in foreign currency maintained at the level of 0.8 percent similar to 2012. At the same time the average weighted interest rate on on-demand deposits in foreign currency also retained at the level of the previous year indicator at 0.1 percent; the rate on fixed-term deposits in foreign currency decreased by 0.8 percentage points up to 5.8 percent.

Chart 3. Average level of interest rates on new deposits in national currency by term categories

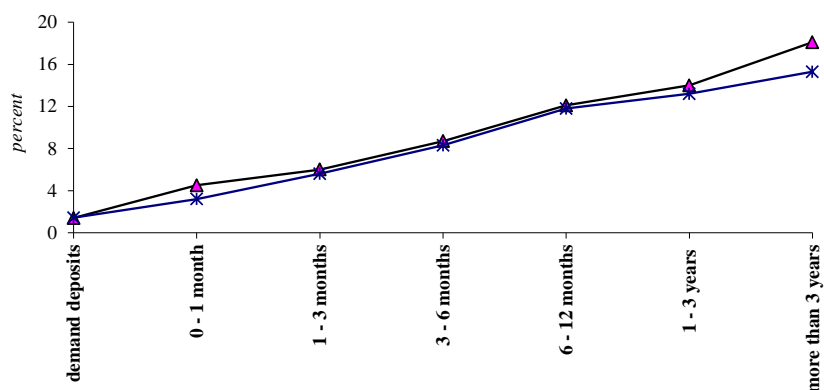
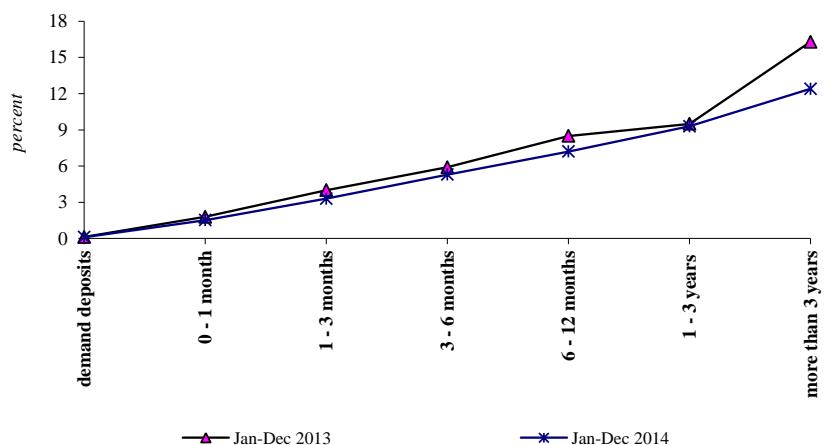


Chart 4. Average level of interest rates on new deposits in foreign currency by term categories



¹ The settlement accounts of the banks clients are not taken into account in the volume of newly accepted deposits.