

Credits

(January-March of 2017)

Along with the growth of deposits in the banking system, there was an increase in the credit portfolio with a significant increase in issuance of credits in national currency, both in balances and in flows.

The volume of the credit portfolio of the operating commercial banks by the end of the reporting period constituted KGS 94.5 billion, having increased from the beginning of the year by 1.1 percent. Meanwhile, the credit

portfolio in national currency increased by 2.0 percent amounting to KGS 52.9 billion. The volume of credits issued in foreign currency constituted 41.6 billion in KGS equivalent, having unchanged as compared to the indicator by the beginning of the year.

By the end of the reporting period, the average weighted interest rate on the credit portfolio constituted 17.7 percent (-0.6 percentage points), in national currency – 21.5 percent (-0.7 percentage points), in foreign currency – 12.9 percent (-0.6 percentage points).

In the reporting period, there was a slight improvement in the quality of the credit portfolio of the banking system. Thus, the share of the outstanding debt constituted 2.8 percent in the total volume of the credit portfolio, in quantitative terms the volume of such credits decreased by 3.2 percent from the beginning of the year. At the same time, the share of prolonged credits in the total volume of the credit portfolio decreased by 0.2 percentage points and constituted 4.7 percent year to date.

Since the beginning of the year, decrease in the volumes of short-term credits and increase in the volumes of long-term credits were observed in the time structure of the banks' credit portfolio. Wherefore, the share of the long-term credits (from 1 year) increased from 78.3 to 80.2 percent, the share of short-term credits decreased from 18.7 to 17.0 percent. This time structure correction of the credit portfolio did not impact significantly on the duration indicator, which made 30.1 months (+0.8 months year to date).

The total volume of newly issued credits during the first quarter of 2017 constituted KGS 23.5 billion, which is by 19.3 percent higher than the amount issued in the similar period of 2016. Credits issued in national currency increased by 21.3 percent and in foreign currency - by 16.4 percent.

Chart 1. Dynamics of credits, issued by the commercial banks over a period

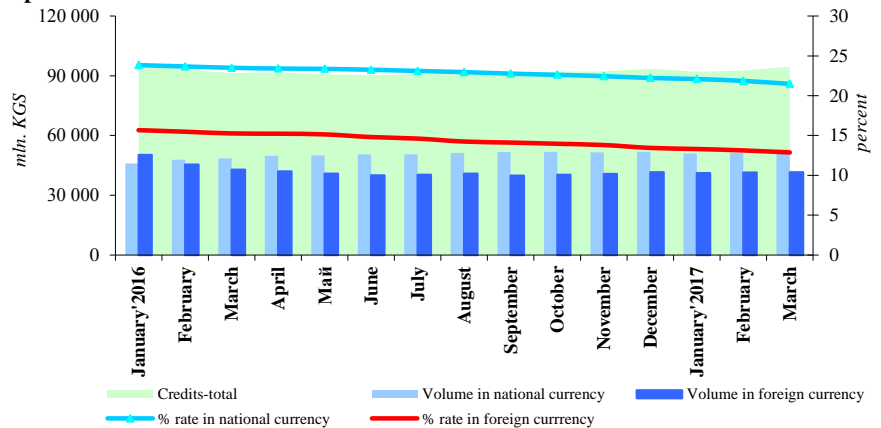
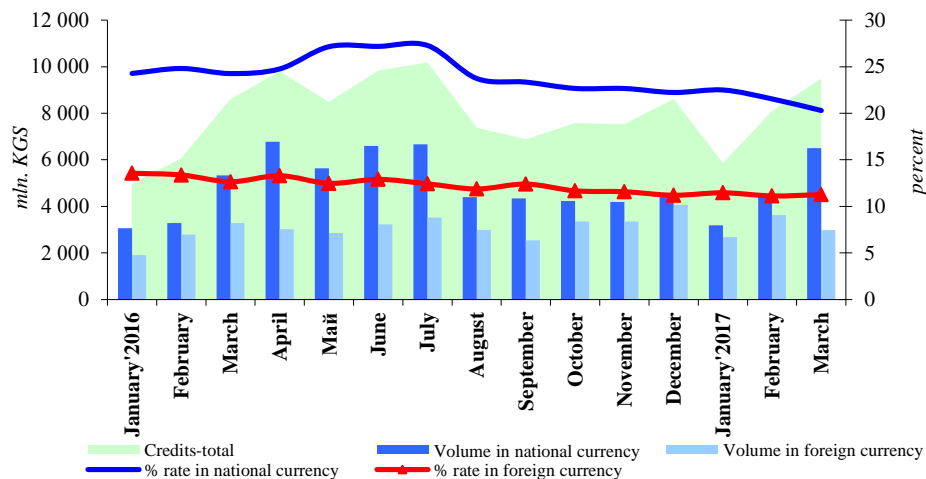


Chart 2. Dynamics of credits, issued by the commercial banks over a period



The average weighted interest rate on newly issued credits in national currency in the reporting period decreased as compared to the similar indicator of 2016 by 3.0 percentage points and constituted 21.4 percent and in foreign currency decreased by 1.9 percentage points, down to 11.3 percent.

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

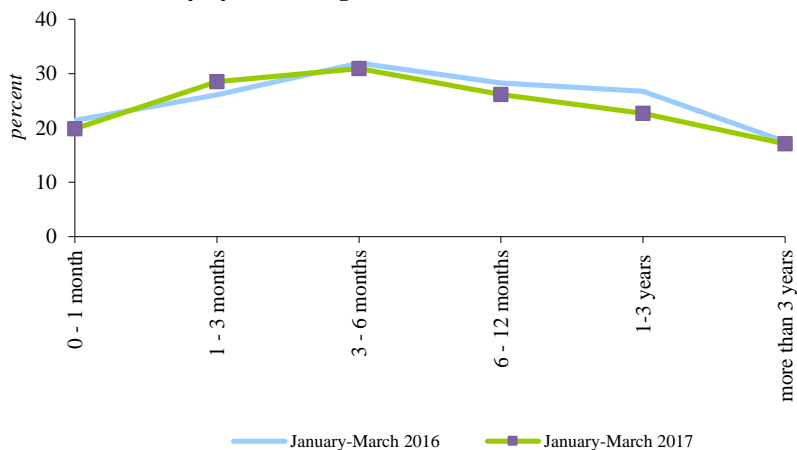
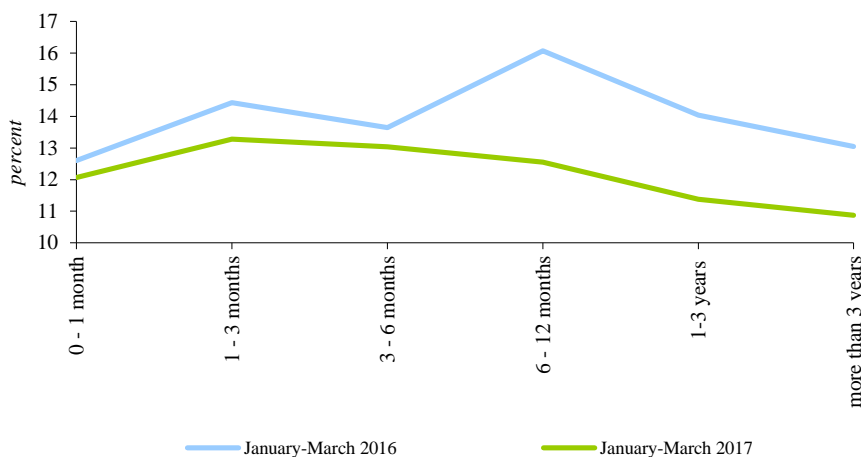


Chart 4. Average level of interest rates on new credits in foreign currency by term categories



By sectors, the interest rates on newly issued credits in national and foreign currency was multidirectional in the reporting period. Meanwhile, the credits in national currency were

issued for mortgage at the lowest rates (the average weighted interest rate for the period - 14.9 percent), for consumer needs - at the highest rates (28.5 percent).

The rates in foreign currency decreased in all sectors of the economy. The credits in foreign currency were issued at the highest rates for mortgage (the average weighted interest rate - 15.1 percent), and at the lowest rates – for agriculture (the average weighted interest rate - 9.8 percent).