

Deposits (First half of 2015)

In January-June 2015, there was growth of the commercial banks depositary base in the market of bank deposits as compared to the similar period of 2014, which was mainly due to the growth of deposits in foreign currency.

The indicators of the interest rates on the accepted deposits in the national and foreign currency did not experience significant changes for the first half.

By the end of the reporting period, the volume of the depositary base of commercial banks constituted KGS 85.1 billion, having increased from the beginning of the year by 3.1 percent. At the same time, the increase was due to the growth of the currency component in the depositary base by 11.1 percent, up to KGS 51.7 billion. Deposits in KGS were on the contrary decreased by 7.4 percent, down to KGS 33.4 billion.

According to the results of January-June 2015, the dollarization of the depositary base increased, taking into account changes in the exchange rate, by 7.6 percentage points, up to 59.5 percent.

In the reporting period, there was an increase in the share of funds on the deposits on demand of the bank's clients in the time structure of the depositary base from 21.9 to 23.7 percent. The share in the settlement accounts, on the contrary, decreased from 33.2 to 31.5 percent. The share of the fixed-term deposits of the depositary base constituted 44.9 percent, having not changed from the beginning of the year.

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

Chart 1. Dynamics of Depositary Base

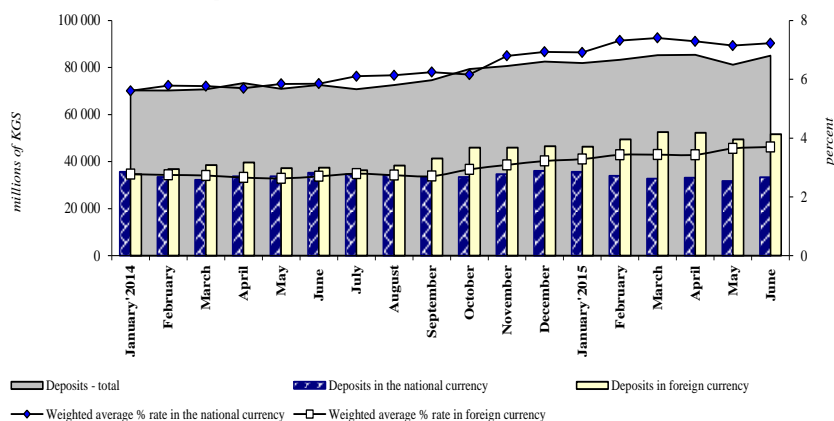
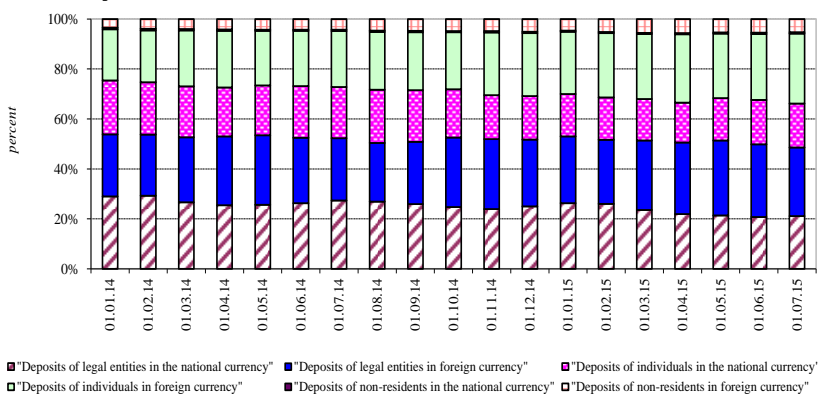


Chart 2. Deposit Structure



In the reporting period there was an increase in the inflow of deposits to the commercial banks. The volume of the newly accepted deposits in January-June 2015¹ constituted KGS 177.0 billion, having increased by 2.2 percent as compared to the similar indicator of 2014. The volume of the newly accepted deposits in the national currency constituted KGS 85.0 billion (+0.6 percent), in foreign currency – 92.0 billion in KGS equivalent (+3.7 percent).

By structure, increase of the newly accepted deposits was mainly due to the growth in the fixed-term deposits, the volume of the latter increased by 22.3 percent within the reporting period. At the same time, the share of the fixed-term deposits increased from 11.8 to 14.2 percent primarily due to the increase of the long-term deposits with the proportional reduction in the share of the deposits on demand (from 88.2 to 85.8 percent).

The average weighted interest rate on the newly accepted deposits in the national currency constituted 2.36 percent, having increased by 0.18 percentage points as compared with the similar indicator of 2014. At the same time, the average weighted interest rate on the fixed-term deposits in the national currency constituted 12.23 percent (+2.83 percentage points), and on the deposits on demand – 1.21 percent, having decreased by 0.01 percentage point as compared with the similar period of 2014.

The weighted average interest rate on the newly accepted deposits in foreign currency was 1.16 percent (+0.37 percentage points). At the same time, the average weighted interest rate on the fixed-term deposits in foreign currency increased to 6.15 percent (+0.54 percentage points), on the deposits on demand in foreign currency the rate decreased by 0.04 percentage points and constituted 0.09 percent.

Chart 3. Average Level of Interest Rates on New Deposits in the National Currency by Term Categories

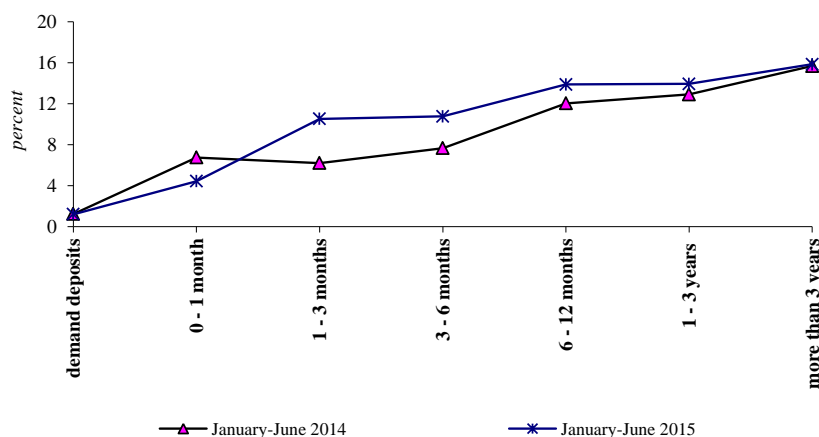
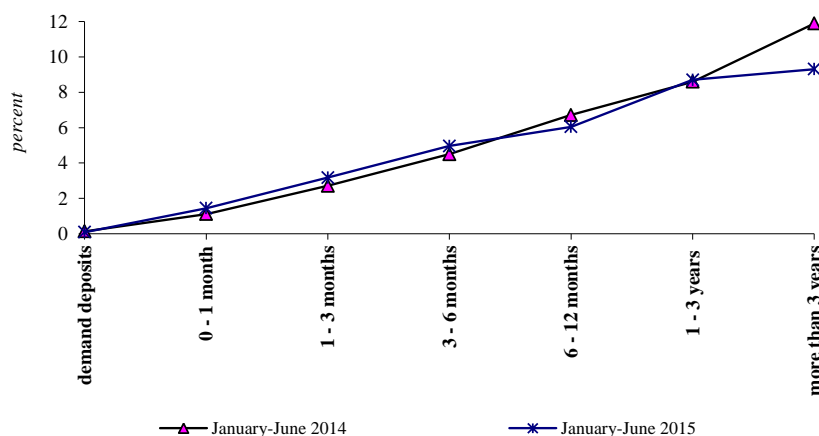


Chart 4. Average Level of Interest Rates on New Deposits in Foreign Currency by Term Categories



¹ In the volume of the newly accepted deposits the settlement accounts of the bank's clients are not taken into account.