

Deposits (12 months 2017)

Generally, since the beginning of 2017, the upward trend of the depositary base (+13.6 percent) was observed amid relatively stable growth of business activity remaining in the domestic market. Finally, at the end of the current period the commercial banks' depositary base made KGS 121.6 billion. Meanwhile, in the reporting period the weighted average interest rates on the newly accepted deposits did not experience significant changes and made 1.6 percent at the end of the period under review (+0.1 percentage point year-to-date).

By structure of the commercial banks' depositary base the most significant increase was observed in the demand deposits (+19.1 percent year-to-date), thereafter, in the funds balance on the enterprises' settlement accounts (+12.5 percent) and in the fixed-term deposits (+10.5 percent).

By currency, the depositary base increased mainly due to the growth of the household deposits in the national currency by 21.8 percent, up to KGS 63.8 billion. In foreign currency, the depositary base increased by 5.7 percent, up to KGS 57.8 billion.

Excluding changes in the exchange rate, the depositary base increased by 13.9 percent since the beginning of the year. Dollarization level at the end of the reporting period amounted to 47.5 percent (-3.5 percentage points).

During 2017, significant changes were not observed in the structure of the depositary base by maturity. Thus, at the end of the year, the share of funds on the fixed-term deposits of the banks' clients made 36.3 percent (-1.0 percentage point year-to-date), and the share of deposits on the settlement accounts – 35.4 percent (-0.3 percentage points) and the share of demand deposits, on the contrary, increased by 28.3 percent (+1.3 percentage points).

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

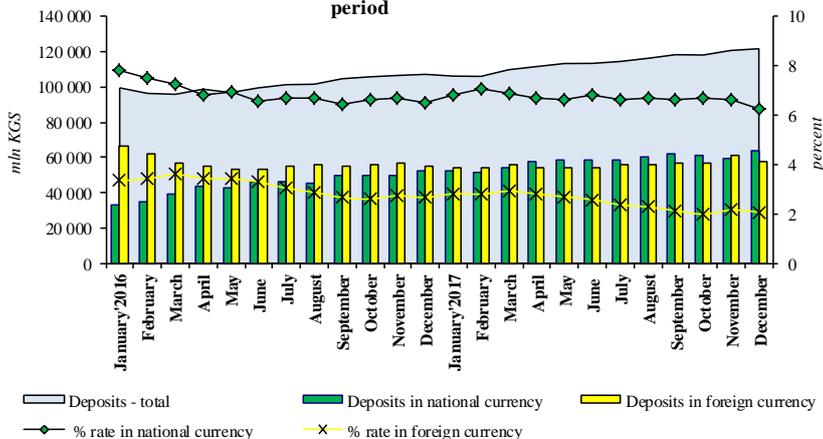


Chart 2. Deposit structure by depositors

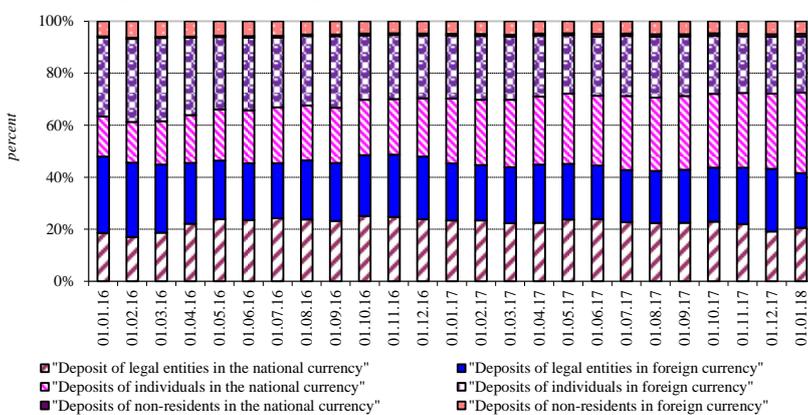
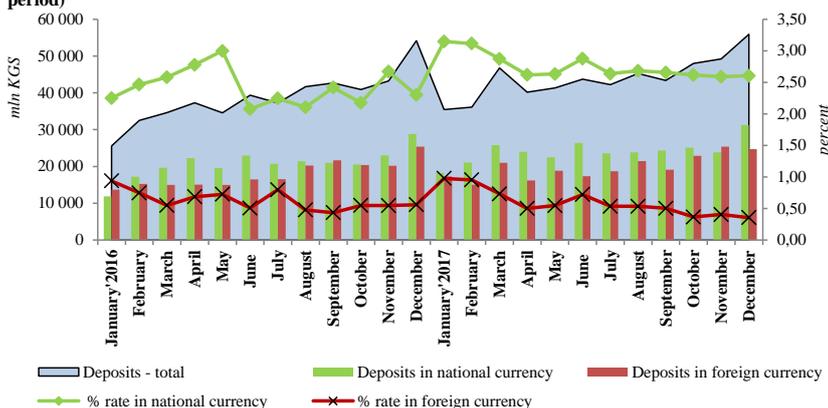


Chart 3. Acting commercial banks' newly accepted deposits dynamics (for the period)



In the structure by maturity, the share of short-term deposits (up to 1 year) decreased year-to-date down to 69.0 percent (-5.4 percentage points) with proportionate increase in the share of the long-term resources up to 31.0 percent.

Chart 4. Structure of deposits accepted in national currency

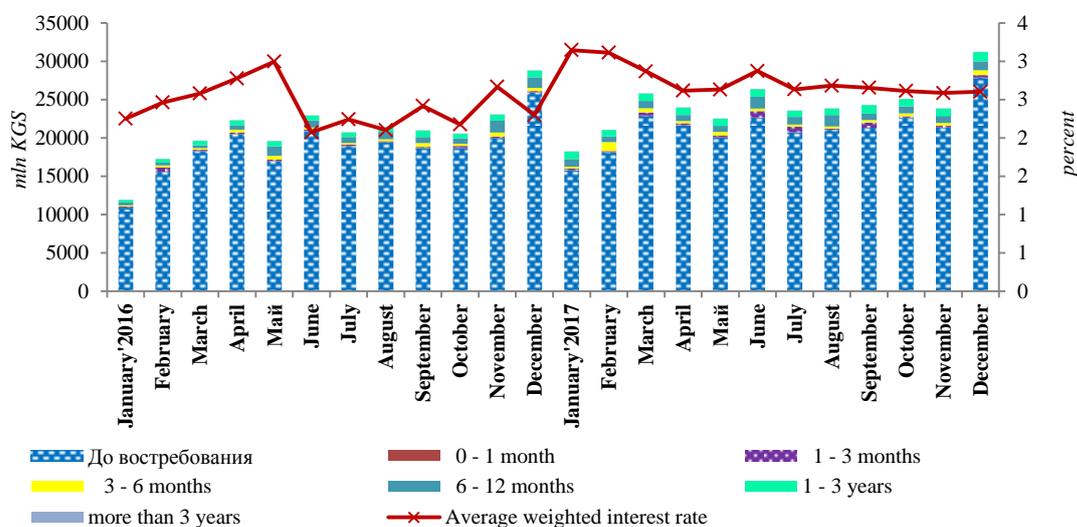
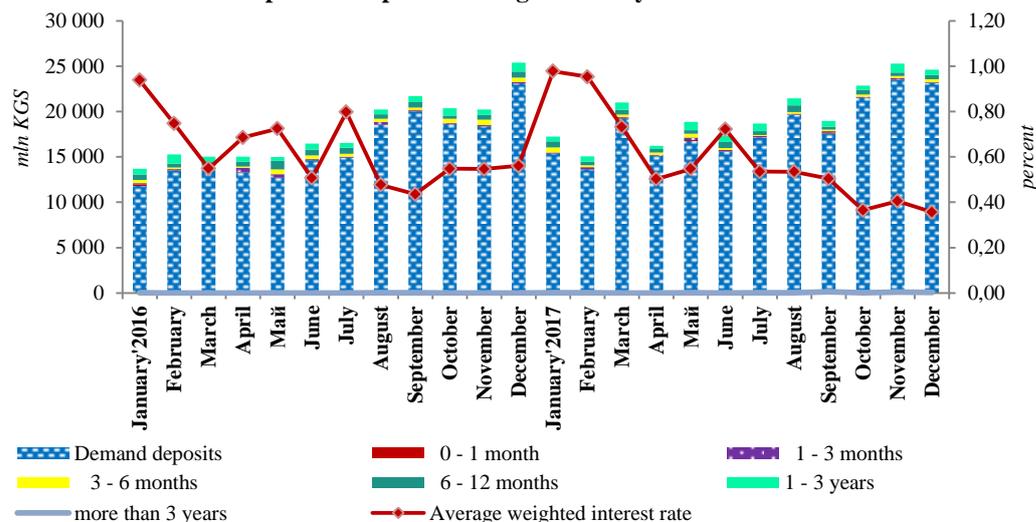


Chart 5. Structure of deposits accepted in foreign currency



At the end of the current period, the market concentration index was 0.10 that corresponds to the average level of concentration and is an equivalent to the presence of ten participants in the market with equal shares.

In the current period, an increase in the volume of deposits to the commercial banks was still observed. Thus, the volume of the newly accepted deposits¹ in the reporting period constituted KGS 527.5 billion, having increased by 13.7 percent as compared to the previous period. Meanwhile, the largest increase was observed in the newly accepted deposits in the national currency, which amounted to 16.3 percent, up to KGS 289.7 billion. The newly accepted deposits in foreign currency increased by 10.7 percent, up to KGS 237.9 billion

By structure, increase of the newly accepted deposits was mainly due to the growth in the demand deposits by KGS 56.3 billion (+13.5 percent). At the same time, the share of these deposits decreased from 90.0 to 89.8 percent with the proportional increase in the share of the

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

fixed-term deposits (from 10.0 to 10.2 percent). At the same time, the volume of accepted fixed-term deposits increased by KGS 7.4 billion (+ 15.9 percent).

In 2017, the weighted average interest rates did not experience significant changes compared to the previous period. Thus, the weighted average interest rate on the newly accepted deposits in the national currency constituted 2.8 percent, having increased by 0.3 percentage points compared to the same period of 2016. At the same time, the weighted average interest rate on the fixed-term deposits in the national currency constituted 10.5 percent (-2.1 percentage points), on the demand deposits – 1.7 percent (+0.4 percentage points).

Chart 6. Average level of interest rates on new deposits in national currency by term categories

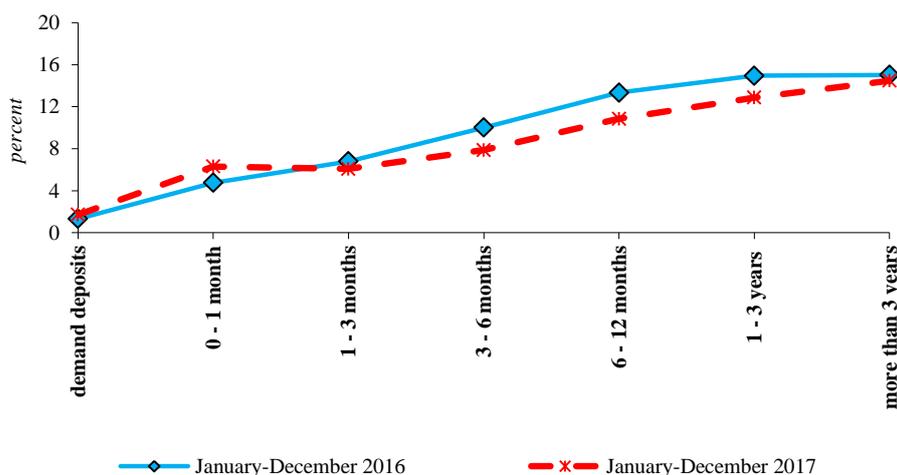
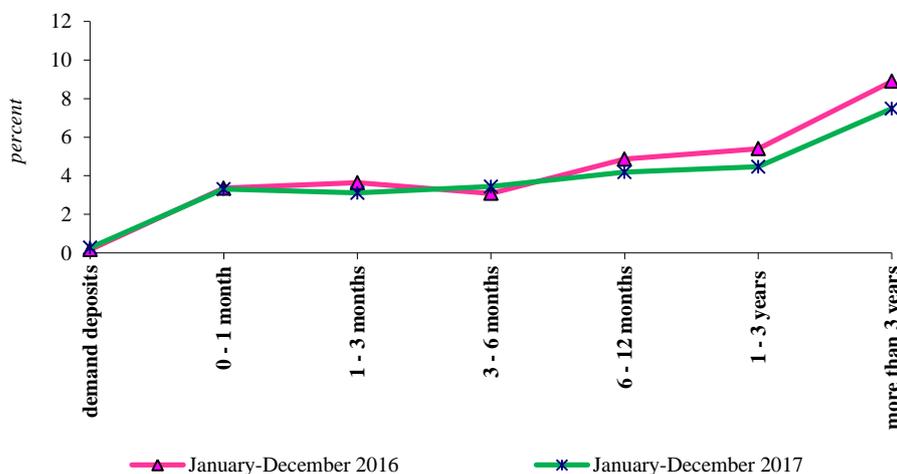


Chart 7. Average level of interest rates on new deposits in foreign currency by term categories



The weighted average interest rate on the newly accepted deposits in foreign currency was 0.6 percent (-0.03 percentage points). At the same time, the weighted average interest rate on the fixed-term deposits in foreign currency decreased down to 4.1 percent (-0.5 percentage points), the weighted average interest rate on the demand deposits increased by 0.1 percentage point and constituted 0.3 percent.