

## Deposits (9 months 2016)

In January-September 2016, there was increase of the depositary base in the market of commercial banks' deposits as compared to the similar period of 2015, which was mainly due to the growth of deposits in the national currency.

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

By structure, the upward tendency of changes in the depositary base was due to the increase in the balance of funds on the accounts of entities as well as the growth of the deposits on demand and fixed-term deposits of the population.

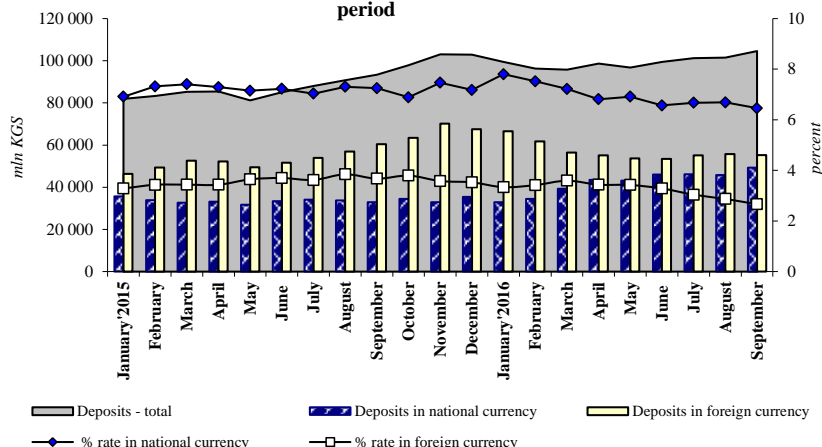
By the end of the reporting period, the volume of the depositary base of the commercial banks constituted KGS 104.6 billion, having increased from the beginning of the year by 1.7 percent. At the same time, the increase was due to the growth of the deposits in the national currency by 39.4 percent, up to KGS 49.3 billion. Deposits in foreign currency were on the contrary decreased by 18.1 percent, down to KGS 55.3 billion.

According to the results of January-September 2016, the dollarization of the depositary base decreased, taking into account changes in the exchange rate, by 12.8 percentage points, down to 52.8 percent.

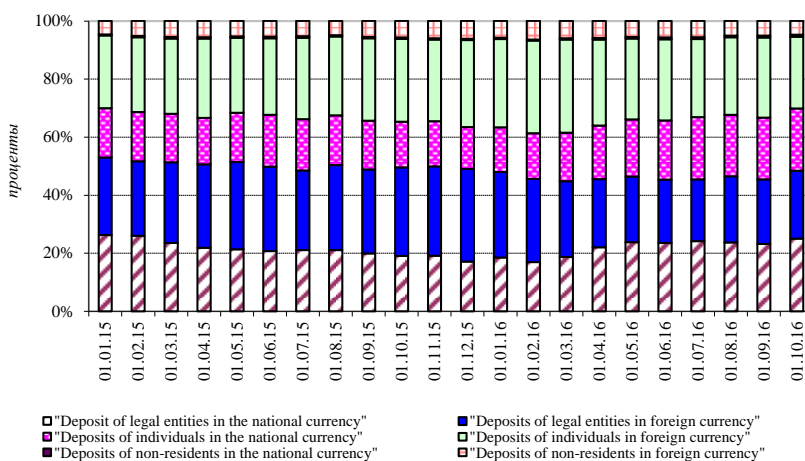
In the reporting period, there was an increase in the share of funds on the deposits on demand of the bank's clients in the time structure of the depositary base from 31.6 to 37.0 percent. The share in the settlement accounts increased from 31.6 to 37.0 percent. The share of the fixed-term deposits of the depositary base, on the contrary, decreased down to 36.5 (-7.5 percentage points).

The index of market concentration remained at the level of 0.10, which corresponds to the average level of concentration and is an equivalent to the presence of ten participants in the market with an equal share.

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



**Chart 2. Deposit structure by depositors**



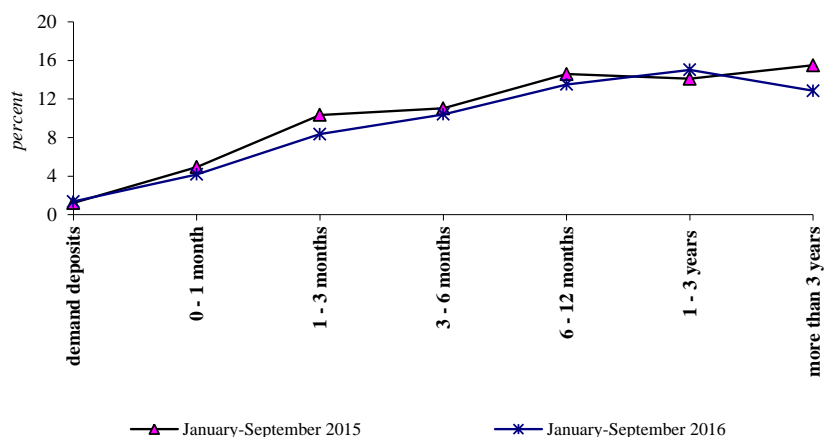
In the reporting period, there was an increase in the inflow of deposits to the commercial banks. The volume of the newly accepted deposits in January-September 2016<sup>1</sup> constituted KGS 325.5 billion, having increased by 16.2 percent as compared to the similar indicator of 2015. The volume of the newly accepted deposits in the national currency constituted KGS 176.6 billion (+33.4 percent), in foreign currency – 148.9 billion in KGS equivalent (+0.7 percent).

By structure, increase of the newly accepted deposits was mainly due to the growth in the deposits on demand, the volume of the latter increased by 21.3 percent within the reporting period. At the same time, the share of the deposits on demand increased from 86.2 to 90.0 percent with the proportional reduction in the share of fixed-term deposits (from 13.8 to 10.0 percent).

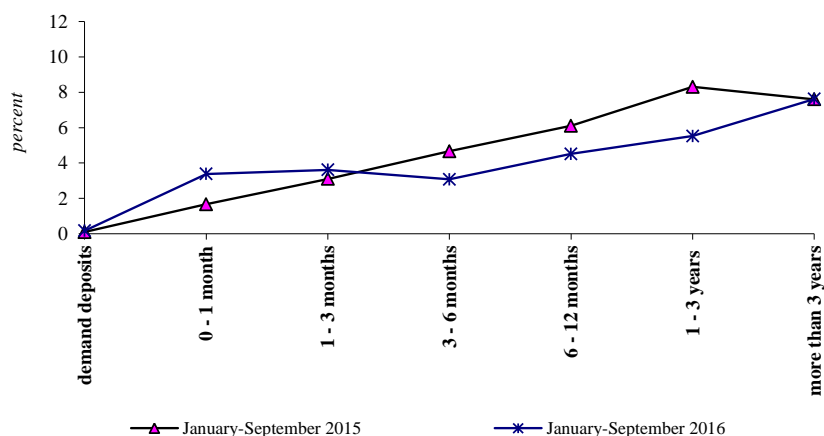
The weighted average interest rate on the newly accepted deposits in the national currency constituted 2.44 percent, having increased by 0.07 percentage points as compared with the similar indicator of 2015. At the same time, the weighted average interest rate on the fixed-term deposits in the national currency constituted 12.75 percent (+0.15 percentage points), and on the deposits on demand – 1.36 percent (+0.15 percentage points).

The weighted average interest rate on the newly accepted deposits in foreign currency was 0.63 percent (-0.49 percentage points). At the same time, the weighted average interest rate on the fixed-term deposits in foreign currency increased up to 4.51 percent (-1.56 percentage points), on the deposits on demand in foreign currency the rate increased by 0.07 percentage points and constituted 0.17 percent.

**Chart 2. 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**



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