

## Credits (12 months 2014)

In January-December 2014, there was an increase of the credit portfolio in the commercial banks on the background of the interest rate decrease on the borrowings in the national and foreign currency.

The volume of the credit portfolio of the operating commercial banks by the end of the reporting period constituted KGS 78.8 billion, having increased from the beginning of the year by 45.9

percent. Meanwhile, the credit portfolio in the national currency increased by 33.3 percent and constituted KGS 33.4 billion. The volume of the credits issued in foreign currency constituted 45.4 billion in KGS equivalent, having increased by 56.9 percent from the beginning of the year.

The weighted average interest rate on the credit portfolio constituted 17.58 percent (-1.31 percentage points), in the national currency – 19.60 percent (-1.71 percentage points), in foreign currency – 16.10 percent (-0.82 percentage points) at the end of the reporting period.

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 2.2 percent in the total volume of the credit portfolio, in quantitative terms the volume of such credits decreased by 3.9 percent from the beginning of the year. The share of the prolonged credits in the total volume of the credit portfolio constituted 3.0 percent (-0.2 percentage points).

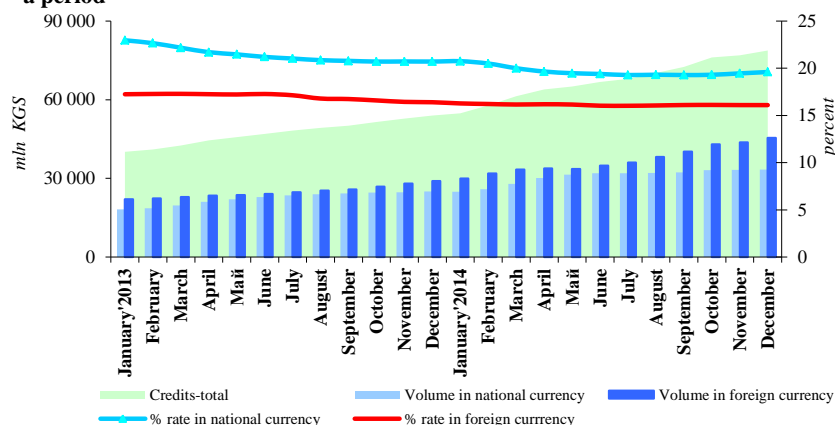
However, the portfolio of the majority of the banks remained highly concentrated in the separate sectors. Thus, the index indicating concentration of the banks' credit portfolio in the sectors constituted 0.18, which demonstrates the distribution of the credits of the majority of the banks predominantly among five sectors.

The indicator of the general concentration of the lending market constituted 0.10, which is equivalent to the distribution of the market among 10 banks.

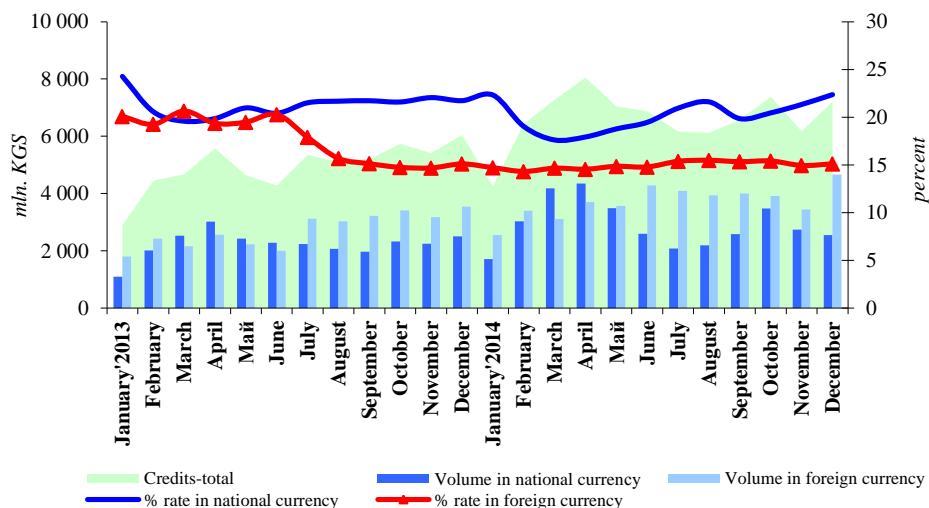
Since the beginning of the year, in the time structure of the banks' credit portfolio, the multidirectional trend was observed in the volume of the long- and short-term credits. However, the share of the short-term credits (up to 1 year) decreased from 17.0 to 15.5 percent, the share of the long-term credits increased from 79.8 to 82.3 percent. Meanwhile, this structural distribution of the credit portfolio resulted in the increase of the duration indicator up to 30.6 months (1.0 month).

The total volume of the newly issued credits in January-December 2014 constituted KGS 79.5 billion, which is by 34.1 percent higher as compared to the similar indicator in 2013. The credits issued in the national currency increased by 31.0 percent and the credits issued in foreign currency increased by 36.7 percent.

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

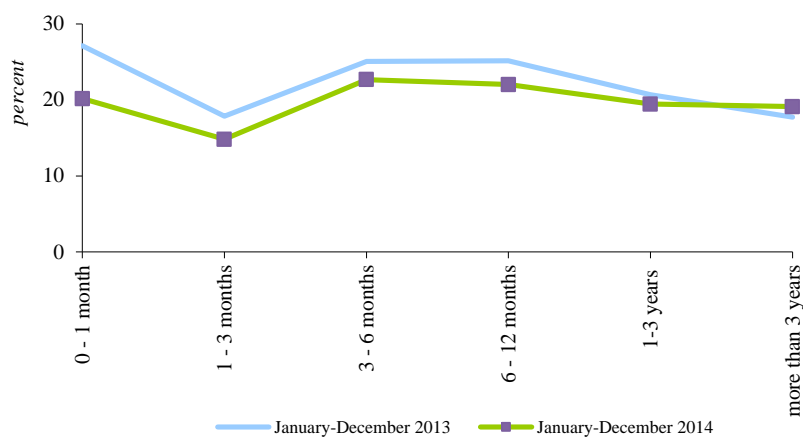


**Chart 2. Dynamics of credits, issued by the commercial banks over a period**

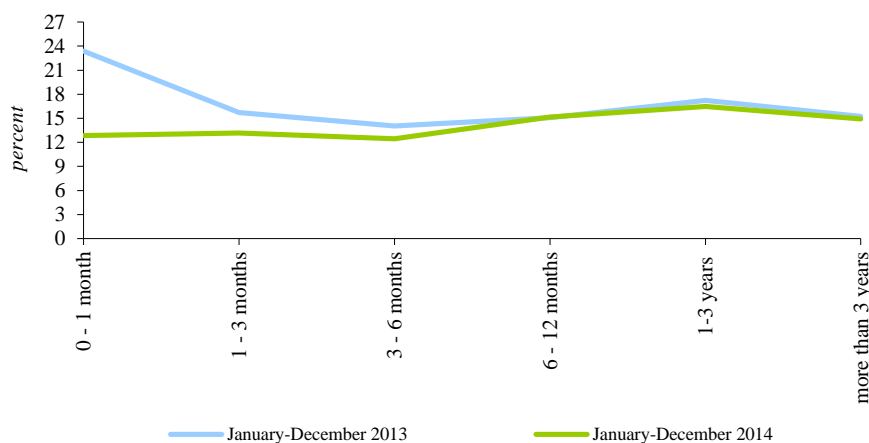


In the reporting period, the weighted average interest rate on the newly issued credits in the national currency decreased as compared to the similar indicator of 2013 by 1.35 percentage points and constituted 19.78 percent and the new credits in foreign currency decreased by 2.25 percentage points, down to 14.98 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 change of the interest rates on the newly issued credits in the national and foreign currency was multidirectional in the reporting period. Meanwhile, the credits in the national currency were issued for industry at the lowest rates (the weighted average interest rate for the period - 14.27 percent), the consumer credits - at the highest rates (26.65 percent).

The consumer credits in foreign currency were issued at the highest rates (the weighted average interest rate - 19.07 percent), and at the lowest rates – for industry (the weighted average interest rate - 13.36 percent).