

Deposits (First half of 2016)

In January-June 2016, there was growth of the commercial banks depositary base in the market of bank 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 foreign currency did not experience significant changes for the first half, the rates on the deposits in the national currency slightly increased.

By the end of the reporting period, the volume of the depositary base of commercial banks constituted KGS 99.4 billion, having decreased from the beginning of the year by 3.3 percent. At the same time, the decrease was due to the reduction of the currency component in the depositary base by 20.8 percent, down to KGS 53.4 billion. Deposits in KGS were on the contrary increased by 30.0 percent, up to KGS 46.0 billion.

According to the results of January-June 2015, the dollarization of the depositary base decreased, taking into account changes in the exchange rate, by 3.0 percentage points, down to 56.6 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 24.4 to 26.5 percent. The share in the settlement accounts also increased from 31.6 to 33.8 percent. The share of the fixed-term deposits of the depositary base, on the contrary, decreased down to 39.8 percent (-4.3 percentage points).

The index of market concentration remained at the level of 0.09, which corresponds to the average level of concentration and is an equivalent to the presence of eleven participants in the market with an equal share.

Chart 1. Dynamics of Depositary Base

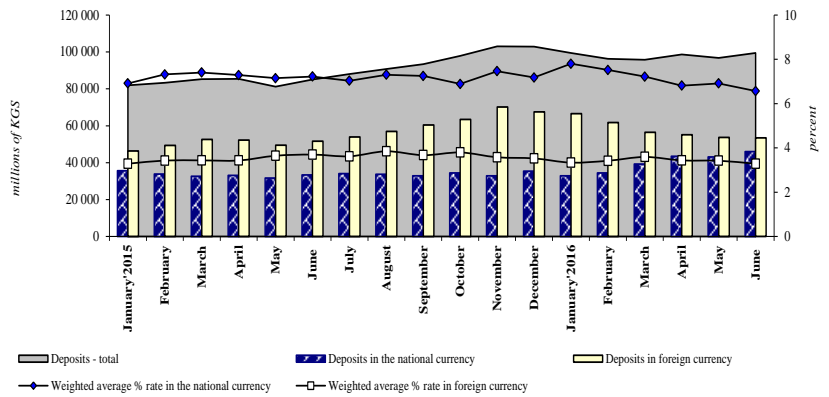
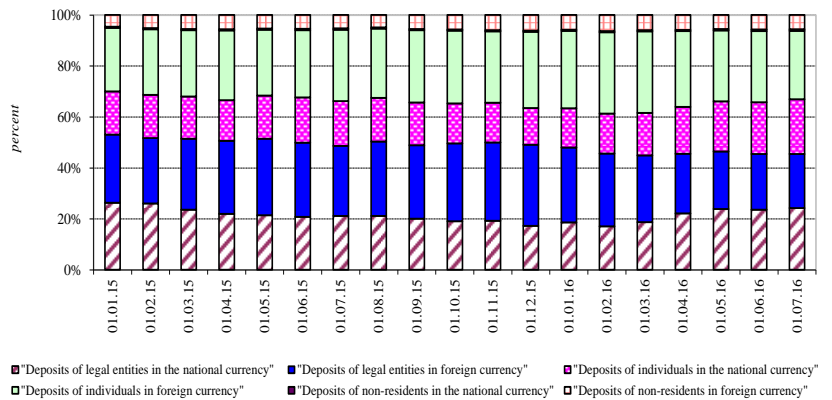


Chart 2. Deposit Structure



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 2016¹ constituted KGS 203.9 billion, having increased by 15.2 percent as compared to the similar indicator of 2015. The volume of the newly accepted deposits in the national currency constituted KGS 113.5 billion (+33.6 percent), in foreign currency – 90.4 billion in KGS equivalent (-1.7 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 20.2 percent within the reporting period. At the same time, the share of the deposits on demand increased from 85.8 to 89.5 percent with the proportional reduction in the share of fixed-term deposits (from 14.2 to 10.5 percent).

The average weighted interest rate on the newly accepted deposits in the national currency constituted 2.54 percent, having increased by 0.18 percentage points as compared with the similar indicator of 2015. At the same time, the average weighted interest rate on the fixed-term deposits in the national currency constituted 13.1 percent (+0.86 percentage points), and on the deposits on demand – 1.46 percent (+0.25 percentage points).

The average weighted interest rate on the newly accepted deposits in foreign currency was 0.69 percent (-0.48 percentage points). At the same time, the average weighted interest rate on the fixed-term deposits in foreign currency decreased to 4.46 percent (-1.68 percentage points), on the deposits on demand in foreign currency the rate increased by 0.08 percentage points and constituted 0.17 percent.

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

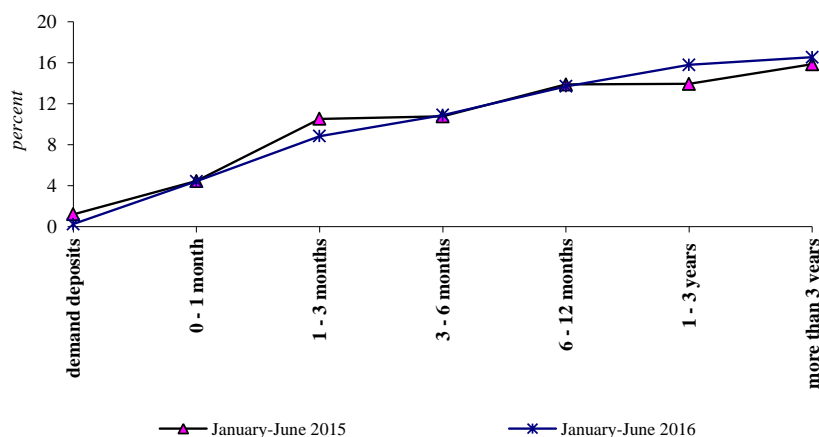
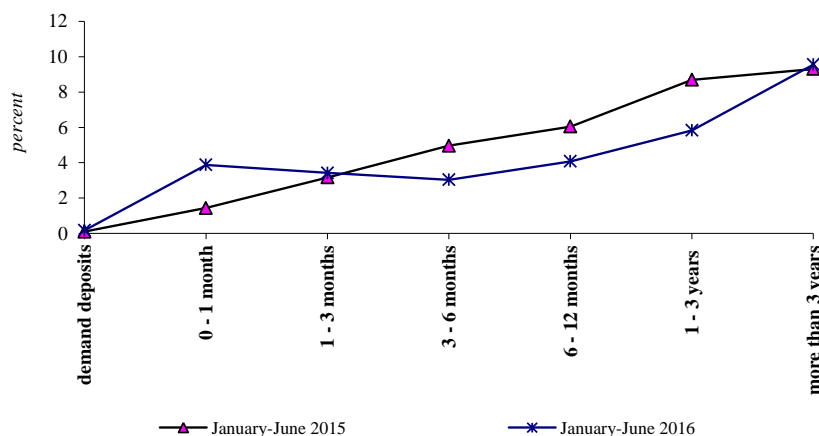


Chart 4. Average Level of Interest Rates on New Deposits in Foreign Currency by Term Categories



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