

Credits (12 months of 2015)

In 2015, the commercial banks continued to increase the credit portfolio on the background of a decrease in the interest rates of the foreign currency borrowings.

The volume of the credit portfolio of the operating commercial banks by the end of the reporting period constituted KGS 94.0 billion, having increased from the beginning of the year by 19.3 percent. Meanwhile, the credit portfolio share in KGS

increased by 26.5 percent and constituted KGS 42.2 billion. The volume of issued credits in foreign currency constituted 51.7 billion in KGS equivalent, having exceeded the corresponding indicator as of the beginning of the year by 14.0 percent.

The average weighted interest rate on the credit portfolio constituted 18.89 percent (+1.3 percentage points), in the national currency – 22.80 percent (+3.2 percentage points), in foreign currency – 15.69 percent (-0.4 percentage points).

Moreover, in the reporting period, there was a slight deterioration in the quality of the credit portfolio of the banking system. Thus, the share of the outstanding debt constituted 2.5 percent in the total volume of the credit portfolio, in quantitative terms the volume of such credits increased by 6.7 percent from the beginning of the year. At the same time, the share of prolonged credits in the total volume of the credit portfolio increased by 1.8 percentage points and constituted 5.4 percent.

However, the portfolio of the majority of the banks remained highly concentrated in separate sectors. Thus, the index indicating concentration of the banks' credit portfolio in the sectors constituted 0.32, which demonstrates the distribution of the credits of the majority of the banks predominantly among three sectors.

The indicator of the general concentration of the lending market constituted 0.09, which is equivalent to the distribution of the market among 12 banks.

Since the beginning of the year, the increase in the volume of long- and short-term credits was observed in the time structure of the banks' credit portfolio. However, the share of the short-term credits (up to 1 year) increased from 15.5 to 20.5 percent, the share of long-term credits decreased from 82.3 to 77.6 percent. This structural distribution of the credit portfolio resulted however in the decrease of the duration indicator from 30.6 to 28.3 months.

The total volume of newly issued credits in 2015 constituted KGS 78.4 billion, which is by 1.4 percent higher than the amount issued in the similar period of 2014. Credits issued in the national currency increased by 11.6 percent and in foreign currency decreased by 11.6 percent.

Chart 1. Dynamics of Credit Debt of the Commercial Banks as of the End of Period

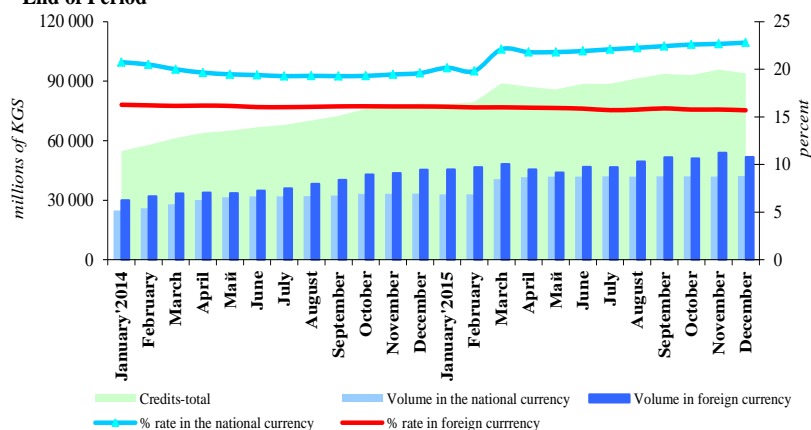
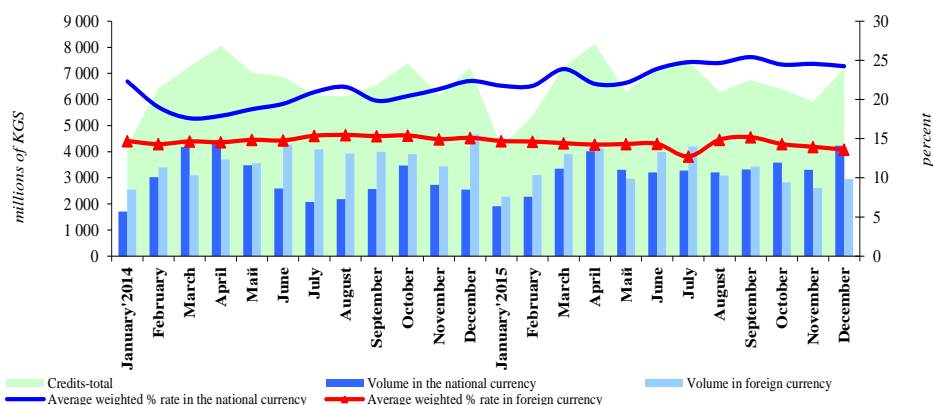


Chart 2. Dynamics of Credits Issued by the Commercial Banks over the Period



The average weighted interest rate on the newly issued credits in the national currency in 2015 increased as compared to the similar indicator of 2014 by 3.95 percentage points and constituted 23.73 percent and the new credits in foreign currency decreased by 0.74 percentage points, down to 14.24 percent.

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

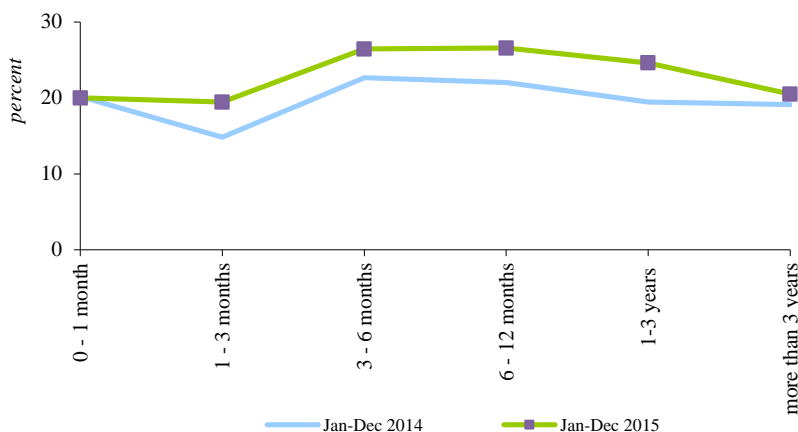
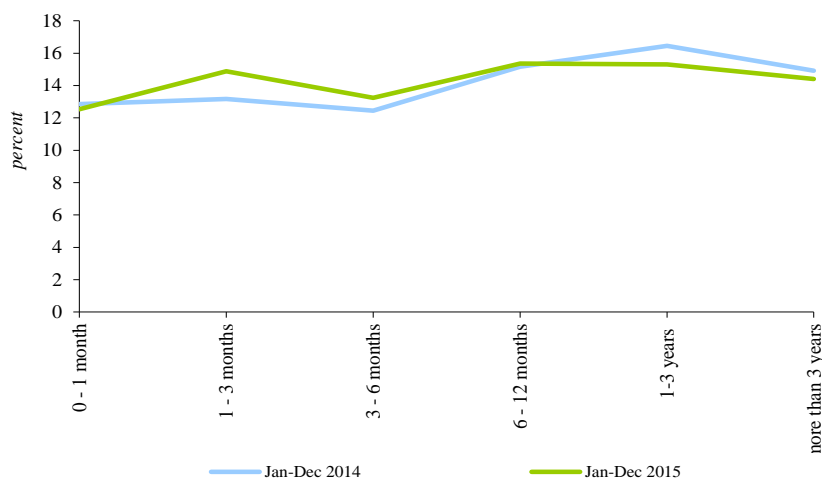


Chart 4. Average Level of Interest Rates on New Credits in Foreign Currency by Term Categories



By sectors the change of the interest rates on the newly issued credits in the national currency was upward, and in the foreign currency the rates were mainly decreased in the reporting period. The increase of the rates on the credits issued in the national currency was observed in all sectors. Meanwhile, the credits in the national currency were issued for the

industry at the lowest rates (in average for the period - 16.42 percent), for communication - at the highest rates (34.00 percent).

The rates in foreign currency decreased in all sectors except for the industry. The credits in foreign currency were issued at the highest rates for the consumer needs (in average for the period - 18.85 percent), and at the lowest rates – for communication (in average for the period - 13.52 percent).