

Credits (9 months 2014)

In January-September 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 foreign currency.

The volume of the credit portfolio of the operating commercial banks by the end of the reporting period constituted KGS 72.5 billion, having increased from the beginning of the year by 34.3 percent. Meanwhile, the credit

portfolio in the national currency increased by 29.0 percent and constituted KGS 32.3 billion. The volume of the credits issued in foreign currency constituted 40.2 billion in KGS equivalent, having increased by 38.9 percent from the beginning of the year.

The weighted average interest rate on the credit portfolio constituted 17.52 percent (-0.02 percentage points), in the national currency – 19.28 percent (-0.03 percentage points), in foreign currency – 16.10 percent (+0.05 percentage points) at the end of the reporting period.

Moreover, 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 2.3 percent in the total volume of the credit portfolio, in quantitative terms the volume of such credits decreased by 5.7 percent from the beginning of the year. At the same time, the share of the prolonged credits in the total volume of the credit portfolio increased by 0.2 percentage points and constituted 3.4 percent.

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 0.17, which demonstrates the distribution of the credits of the majority of the banks predominantly among six sectors.

The indicator of the general concentration of the lending market constituted 0.09, which is equivalent to the distribution of the market among 11 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 16.2 percent, the share of the long-term credits increased from 79.8 to 81.5 percent. Meanwhile, this structural distribution of the credit portfolio resulted in the increase of the duration indicator up to 30.4 months (0.8 month).

The total volume of the newly issued credits in January-September 2014 constituted KGS 58.8 billion, which is by 39.6 percent higher than the amount issued in the similar period of 2013. The credits issued in the national currency increased by 33.5 percent and the credits issued in foreign currency increased by 44.9 percent.

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

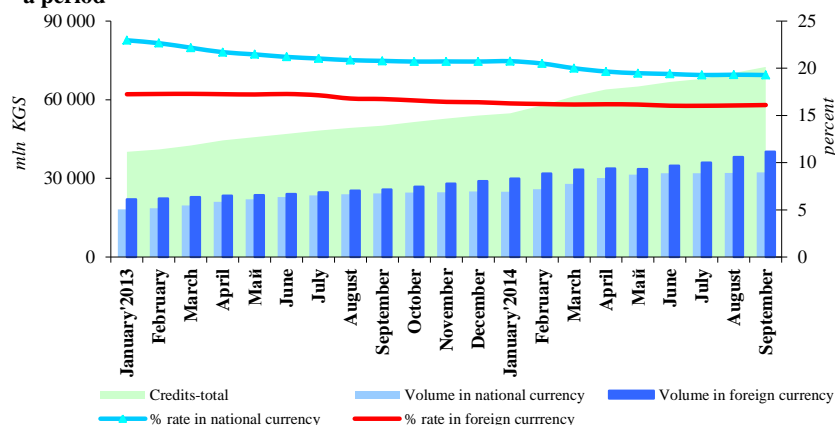
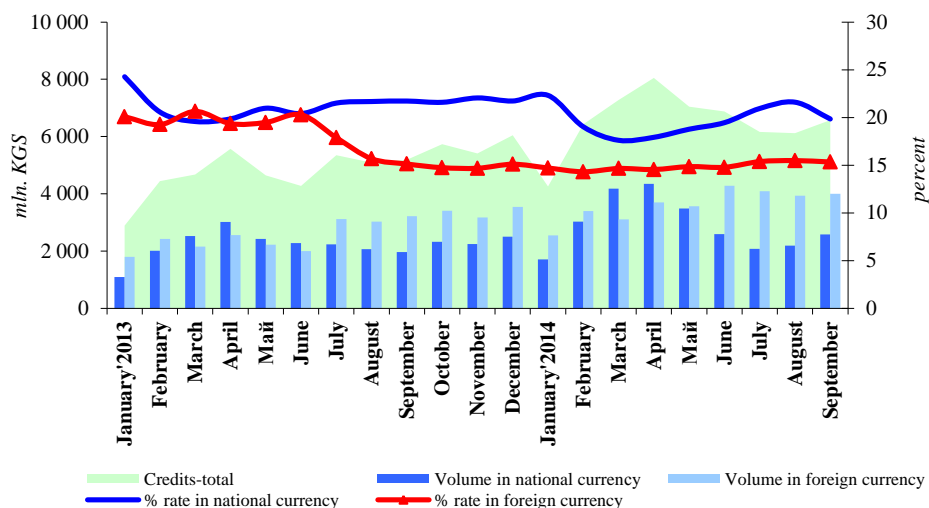


Chart 2. Dynamics of credits, issued by the commercial banks over a period



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 1.62 percentage points and constituted 19.29 percent and the new credits in foreign currency decreased by 3.39 percentage points, down to 14.92 percent.

Chart 3. Average level of interest rates on new credits in national currency by term categories

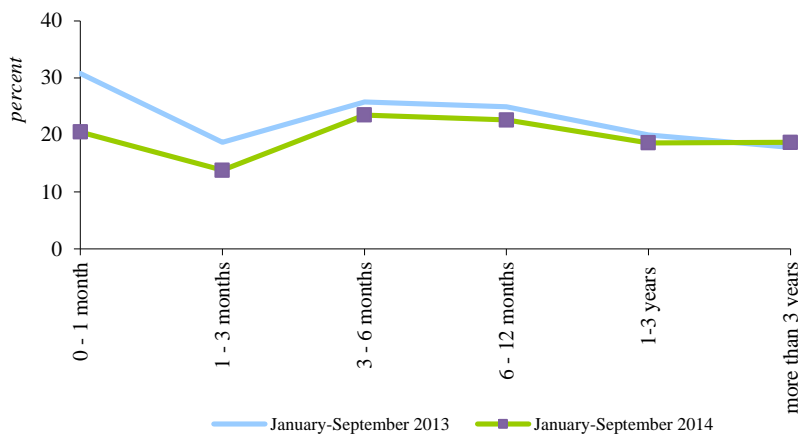
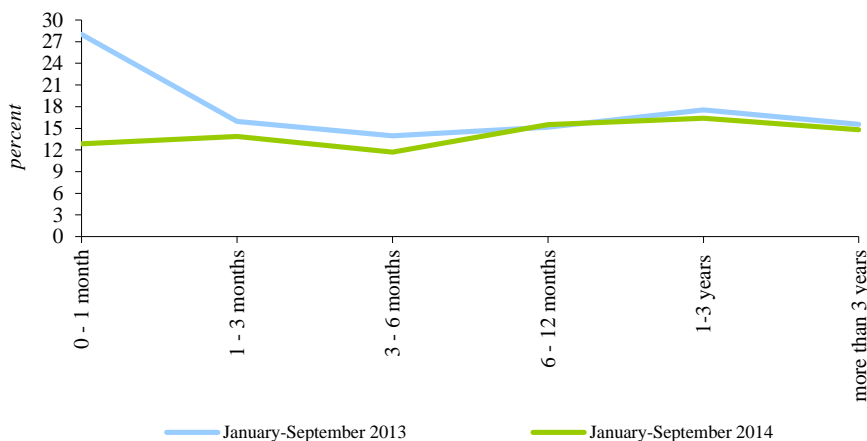


Chart 4. Average level of interest rates on new credits in foreign currency by term categories



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 procurement and processing at the lowest rates (the weighted average interest rate for the period - 13.50 percent), the consumer credits - at the highest rates (26.43 percent).

The consumer credits in foreign currency were issued at the highest rates (the weighted average interest rate - 18.85 percent), and at the lowest rates – for industry (the weighted average interest rate - 13.51 percent).