

Deposits (January-September 2012)

In January-September 2012, the tendency of growth of the deposit base of commercial banks was observed in the market of bank deposits. This was due to the persistence of relatively stable socio-political environment and increased business activity in the domestic market. Indicators of interest rates on newly accepted deposits in national and foreign currencies have not changed significantly, in general having remained at the same level as the values of the comparable period of the previous year. In the context of structure, the change in the deposit base was due to an increase in cash balances on current accounts of companies, as well as the growth of on-demand deposits and fixed-term deposits of the population.

At the end of the reporting period, the volume of the deposit base of commercial banks amounted to 50.8 billion KGS having increased since the beginning of the year by 31.4 percent. The increase was due to growth of foreign exchange component of the deposit base (34.2 percent) and deposits in KGS (28.7 percent).

During the reporting period, the dollarization of the deposit base increased by 1.0 percentage points to 51.1 percent due to higher growth rates of deposits in foreign currency.

In January-September 2012, there was a decrease of urgency of attracted resources in the time structure of the deposit base. Indicator of duration of total deposit base fell from 5.5 to 4.7 months; the duration of time deposits decreased from the beginning of the year from 15.3 to 14.1 months. The amount of funds on current accounts at the end of the reporting period constituted 21.4 billion KGS, the share of which increased from 40.0 to 42.2 percent. Fixed-term deposit funds constitute 17.1 billion KGS; this structure has changed in the direction of reducing the share of long-term deposits (over one year) by 2.2 percentage points to 8.7 percent in the total deposit base; the share of short-term deposits also decreased by 0.4 percentage points to 25.0 percent. The share of fixed-term deposits decreased from 35.6 to 33.7 percent. The volume of on-demand deposits constituted 12.3 billion KGS and balances of on-demand deposits of the banks' clients increased since the beginning of the year (30.0 percent), while their share in total amount of deposits declined slightly in January-September from 24.4 to 24.2 percent.

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

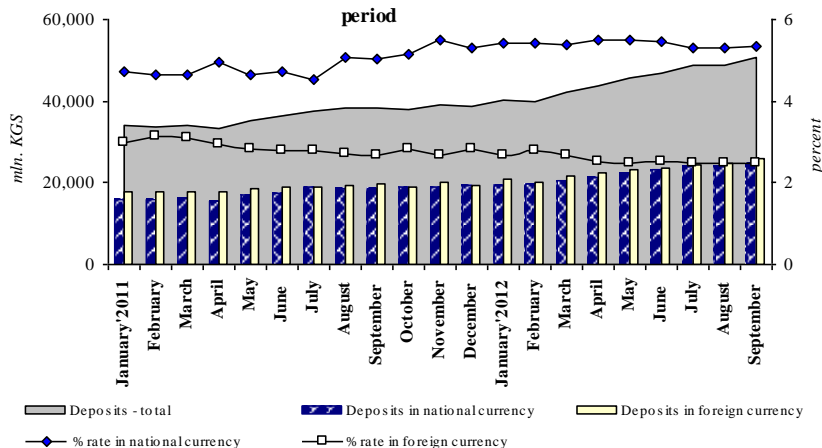
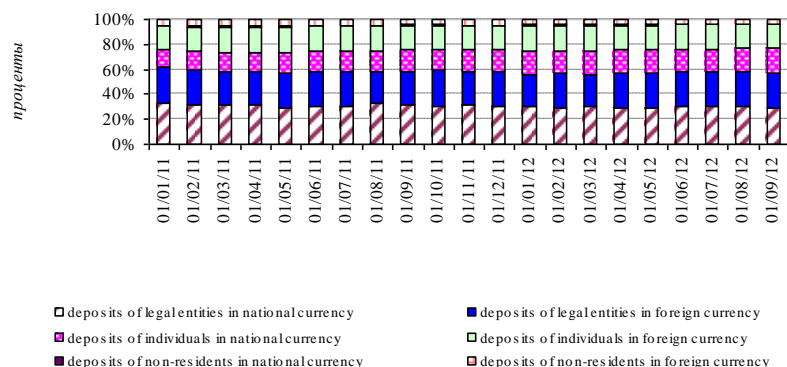


Chart 2. Deposit structure by depositors



The index of market concentration developed at a rate of 0.11, which corresponds to the average level of concentration and is equivalent to the presence of nine participants on the market with equal shares.

In the reporting period, there was an increase in the inflow of deposits in commercial banks. The volume of newly accepted deposits¹ for the first nine months of 2012 amounted to 170.1 billion KGS; an increase compared to the same period in 2011 by 21.5 percent. The volume of newly accepted deposits in national currency amounted to 86.5 billion KGS (+30.0 percent) in foreign currency 83.6 billion in KGS equivalent (+13.8 percent).

In the structural section, there was decline in the share of on-demand deposits from 89.7 to 89.2 percent and the decline in the share of fixed-term deposits due to the negative growth rates of deposits with a maturity of more than 3 years. As a result, the average duration of newly accepted deposits in comparison with the same period in 2011 decreased from 1.8 to 1.1 months, and the duration of fixed-term deposits decreased by 3.9 months to 10.3 months.

The weighted average interest rate on newly accepted deposits in national currency amounted to 2.3 percent having increased by 0.2 percentage points owing to the increase in the interest rates of on-demand deposits in KGS from 1.1 to 1.3 percent in annual terms.

The interest rate on newly accepted deposits in foreign currency decreased by 0.1 percentage points to 0.8 percent, mainly due to the decline in the share of fixed-term deposits and reduction in the interest rates of on-demand deposits. Thus, the weighted average interest rate of on-demand deposits in foreign currency decreased from 0.2 to 0.1 percent; the rate remained at the level of the previous year at 6.7 percent on fixed-term deposits in foreign currency.

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

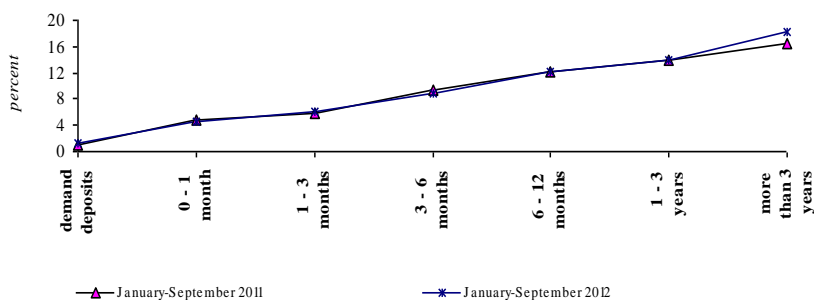
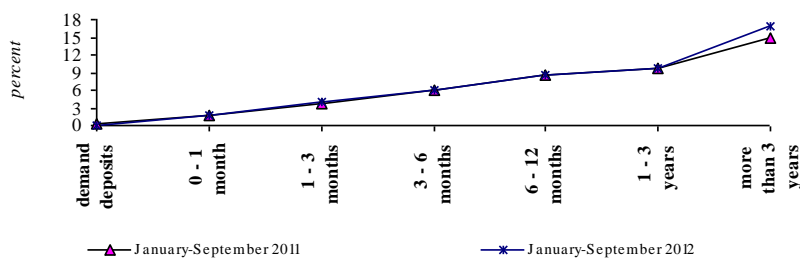


Chart 4. Average level of interest rates on new deposits in foreign currency by term categories



¹ The volume of newly accepted deposits does not take into account the accounts of the banks' clients.