



Analysis of the Indebtedness Level and Repayment Performance in Kyrgyz Republic

Bishkek, March 15th, 2012

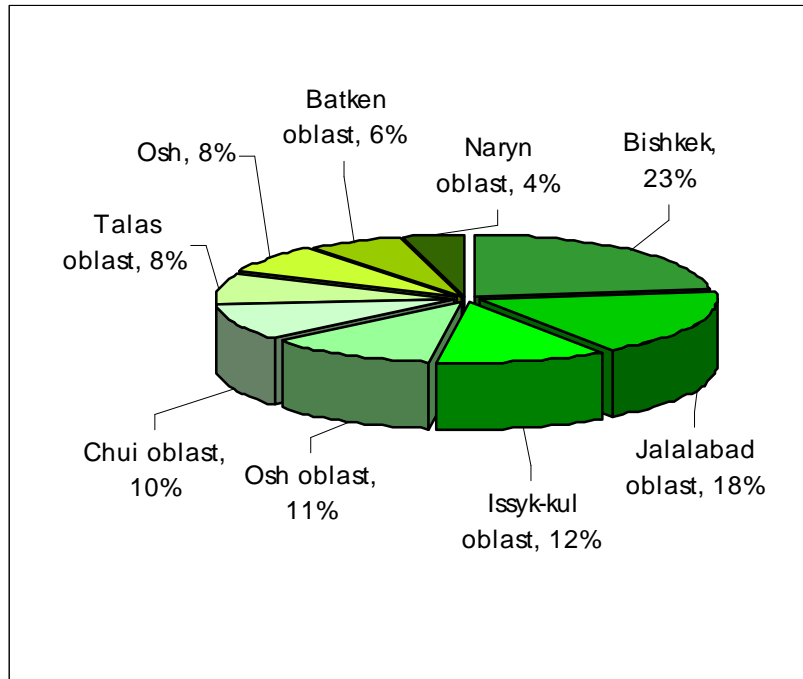
Research methodology

- Secondary data analysis
 - source: CIB „Ishenim” database
 - target group: **416,000** individual borrowers with active loans on Nov 24th,2011
 - sample: clients will loans repaid on time (1,300) and clients with at least one loan overdue >30 days (1,300)



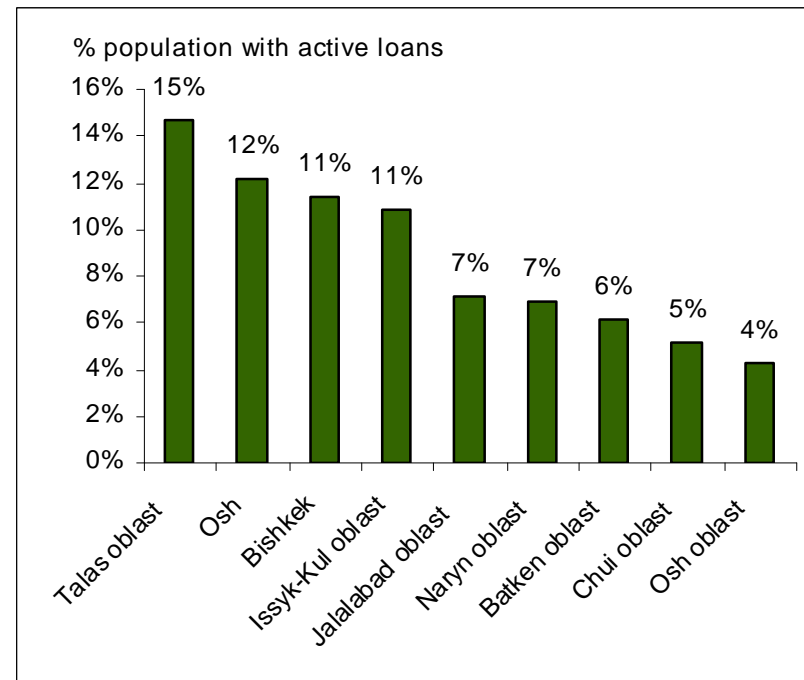
Indebtedness level

Distribution of active borrowers by regions



Penetration rate

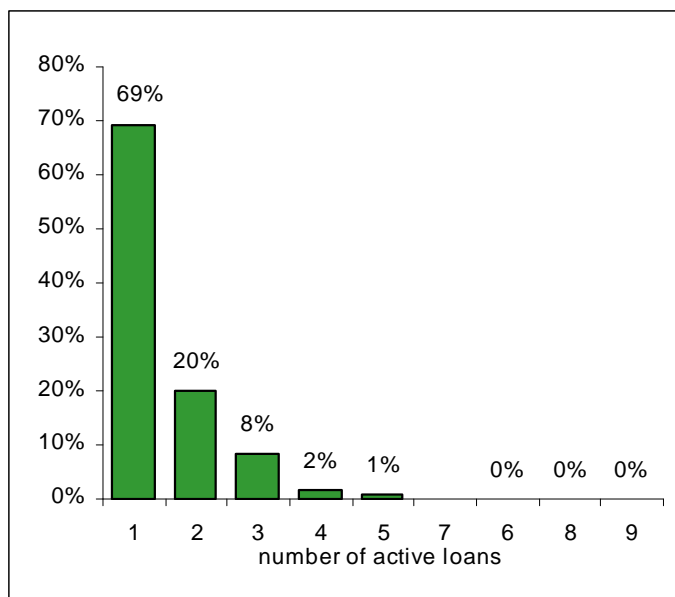
(whole country 8%)



Indebtedness level

- Number of loans per borrower

31% of borrowers have more than one active loan, more often in Talas and Issyk-kul oblasts



| Location | Percent clients with multiple loans | Avg. number of active loans |
|------------------|-------------------------------------|-----------------------------|
| Talas oblast | 41% | 1.59 |
| Issyk-kul oblast | 35% | 1.55 |
| Jalalabad oblast | 30% | 1.47 |
| Osh | 23% | 1.32 |
| Naryn oblast | 23% | 1.40 |
| Osh oblast | 22% | 1.34 |
| Bishkek | 20% | 1.28 |
| Batken oblast | 18% | 1.30 |
| Chui oblast | 17% | 1.25 |
| Total | 31% | 1.46 |

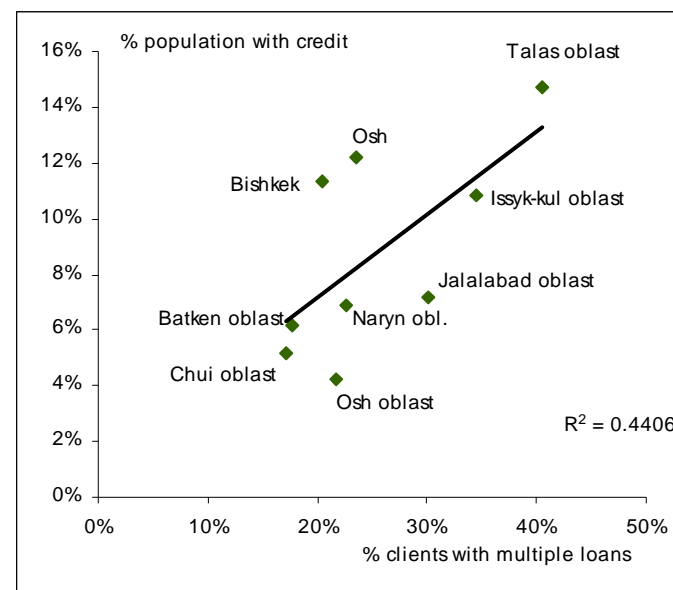
Indebtedness level

- Number of loans per borrower

multiple borrowing is more frequent in Kyrgyzstan than in Kosovo, although not as common as in BiH

multiple borrowing is correlated with credit penetration

| | % borrowers with multiple loans | Avg. number of loans per borrower |
|-------------------|---------------------------------|-----------------------------------|
| BiH | 58% | 2.30 |
| Kyrgyzstan | 31% | 1.46 |
| Kosovo | 25% | 1.37 |



Indebtedness level

- Debt amount per borrower

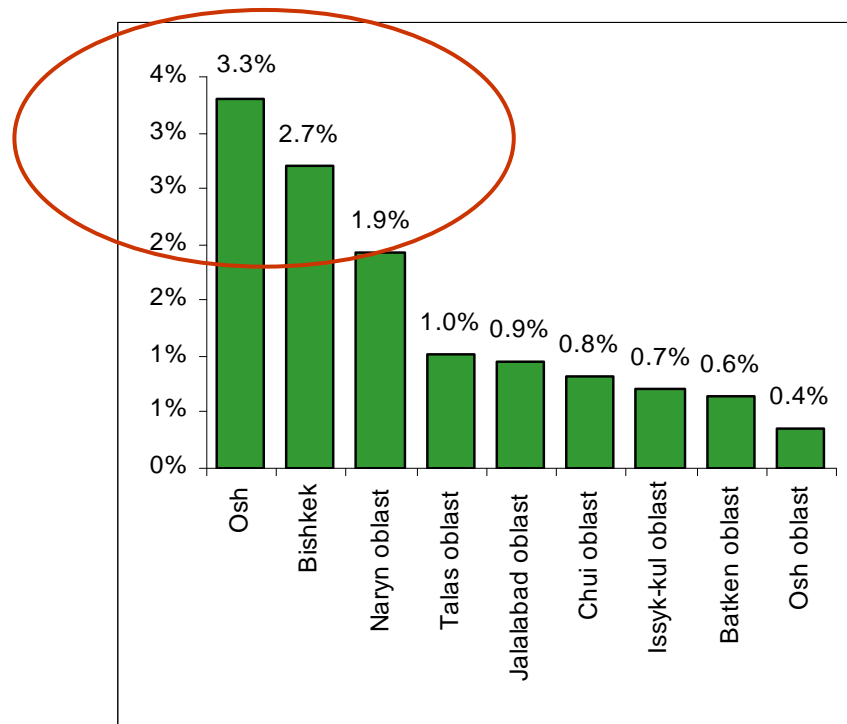
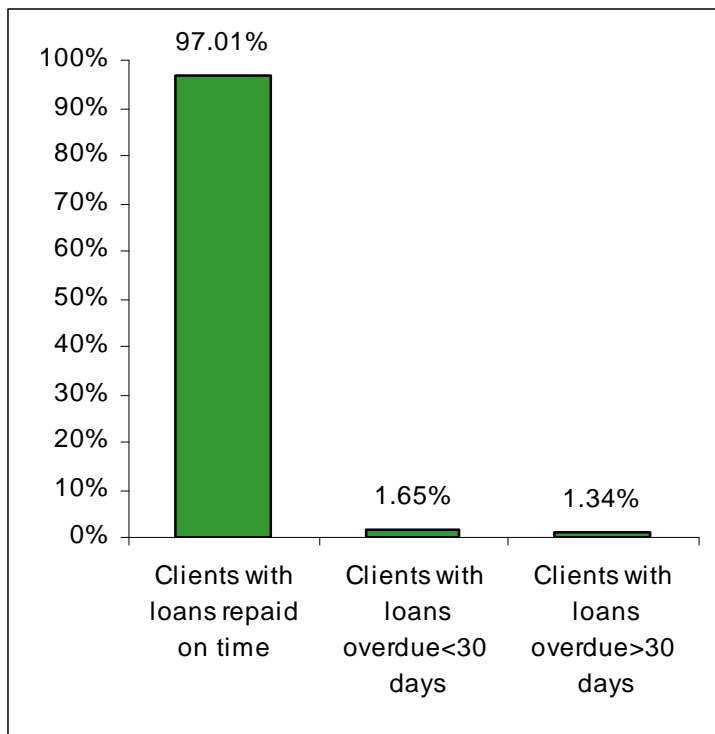
| | Avg. disbursement value of active loans per borrower (KGS) | Avg. disbursement value of active loans per borrower (USD) |
|------------------|--|--|
| Bishkek | 233,091 | 5,188 |
| Jalalabad oblast | 214,510 | 4,681 |
| Osh | 207,479 | 4,614 |
| Issyk-kul oblast | 188,225 | 4,121 |
| Talas oblast | 180,934 | 3,926 |
| Chui oblast | 176,209 | 3,866 |
| Naryn oblast | 158,898 | 3,486 |
| Osh oblast | 152,754 | 3,352 |
| Batken oblast | 134,229 | 2,944 |
| Total | 201,269 | 4,425 |

| | Avg. value of loans per borrower at disbursement (USD) | Avg. value of loans per borrower / GNI per capita | Avg. value of loans per borrower / avg. annual salary |
|-------------------|--|---|---|
| BiH | 7,716 | 1.64 | 0.78 |
| Kosovo | 8,105 | 2.61 | 2.05 |
| Kyrgyzstan | 4,425 | 3.41 | 1.61 |



Repayment performance

1.34% of borrower are overdue > 30 days, more often in Osh, Bishkek and Naryn oblast

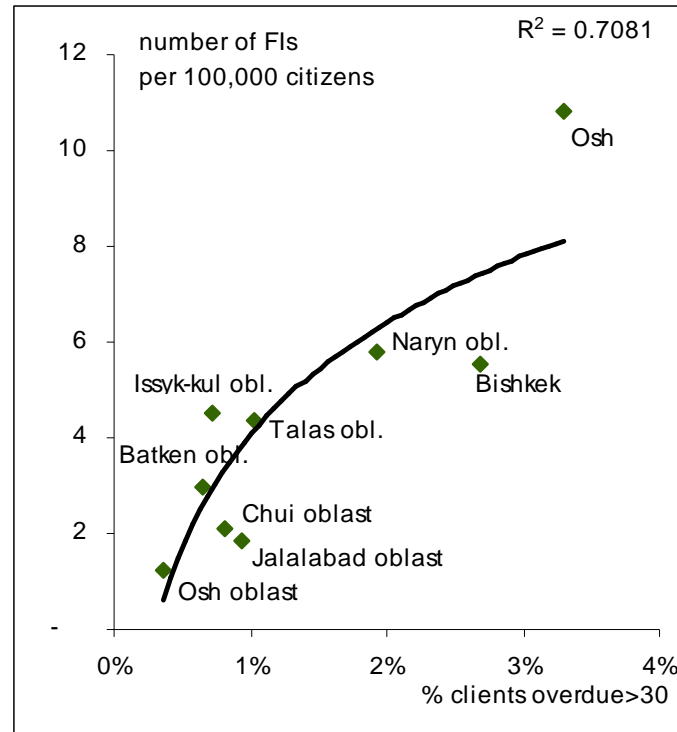


| | Share of clients with loans on time or overdue < 30 days | Share of clients with loans overdue > 30 days |
|--------------------|--|---|
| Bosnia-Herzegovina | 84.00% | 16.00% |
| Kosovo | 91.60% | 8.40% |
| Kyrgyzstan | 98.66% | 1.34% |

Repayment performance

Correlation between concentration financial institutions and repayment performance :

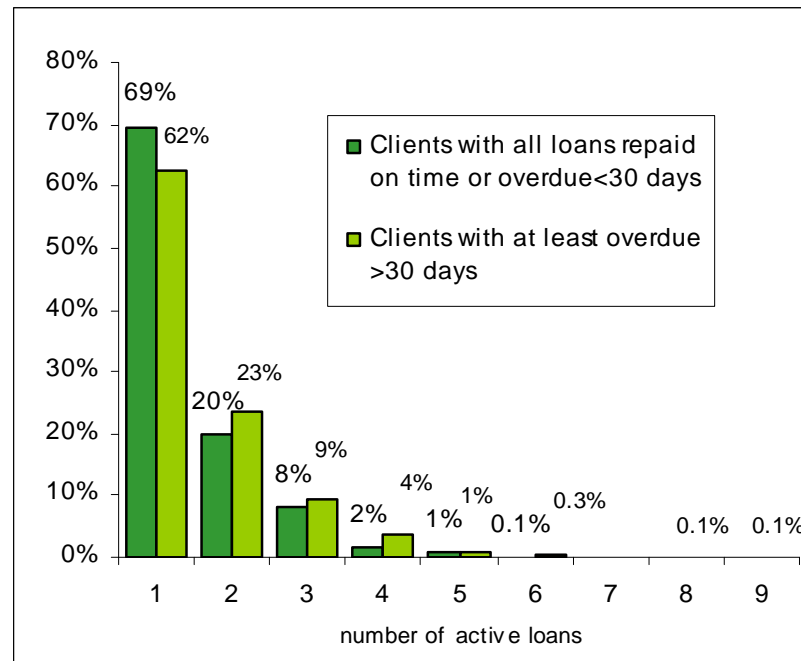
- regions with low repayment performance have high number of financial institutions



Factors correlated with repayment performance

- Number of loans per borrower

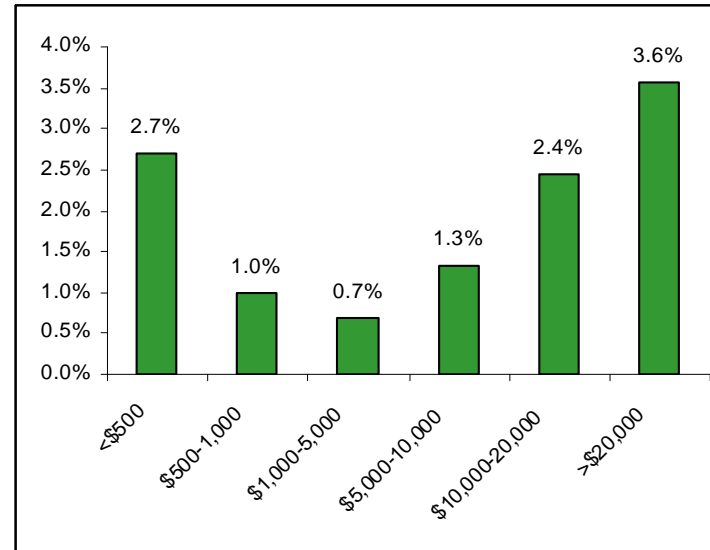
Clients with a higher number of loans are more often overdue



Factors correlated with repayment performance

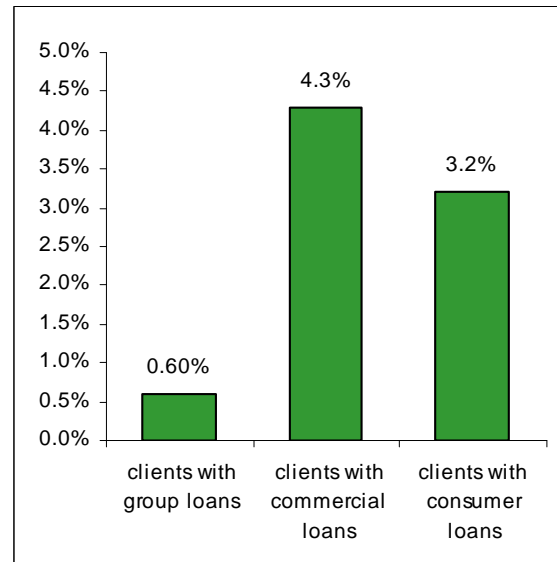
- Loan size

The smallest and the largest loans are repaid less timely



- Loan type

Commercial and consumer loans are repaid less timely



MICROFINANCE CENTRE

Conclusions

- Multiple borrowing is not overly frequent, but higher in regions more penetrated with credit
- Repayment performance still very good
- The smallest and the largest loans are more risky
- Individual loans – commercial and consumer – are more risky
- Repayment performance correlates with the number of credit providers in the region
- Competition – potential driver of repayment defaults



Conclusions

- Market monitoring needed – a role for CIB „Ishenim” to periodically inform the public about main developments
- Reporting to CIB „Ishenim” – all institutions, all borrowers
- Preventive measures – responsible lending, client protection
- Research among borrowers on the scale over-indebtedness, debt burden



MICROFINANCE CENTRE



Microfinance Centre
Noakowskiego 10/38
00-666 Warsaw, Poland

Tel/fax.: +48 22 622 34 65
e-mail: justyna@mfc.org.pl
www.mfc.org.pl

Thank you!