

# Monetary Policy Report for the first quarter of 2010

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## Basic Monetary Policy Trends

In the reporting period the main growth factor of inflationary pressure was the increase of tariffs for electricity, hot water and heating, as well as appreciation of some food products in early 2010. According to the National Statistics Committee, growth of a consumer price index characterizing a rate of inflation, made 4.8 percent from the beginning of 2010, whereas in the corresponding period of 2009 it was 0.4 percent. Annualization (March 2010 against March 2008) of inflation made 4.0 percent.

Due to preservation of inflation risks the National Bank maintained emission volumes of NBKR Notes at the optimal level. Sales volume of NBKR Notes increased by 18.8 percent as against the first quarter of 2009 and made Som 4.9 billion. In the reporting quarter the volume of NBKR Notes in circulation was at the level of about Som 1 billion and made Som 986.4 million as of the end of March.

Growth trend of the dollar exchange rate prevailed against the Som at the internal interbank foreign exchange sales due to the growth of internal demand for the foreign currency in the reporting period. As a whole for the first quarter of 2010 an official rate of US dollar in relation to Som increased by 2.6 percent to 45.2203 Som/US dollar (in the first quarter of 2009 – by 8.1 percent to 42.6295 Som/US dollar). The volume of net sales by the NBKR of US dollars at the interbank foreign exchange sales for the first quarter of 2010 totaled US\$ 52.4 million (in the first quarter of 2009 net sales made US\$ 145.1 million).

In the reporting quarter of 2010 the NBKR discount rate floated within the range from 0.7 to 1.2 percent and made 0.9 percent as of the end of March.

As a whole for the first quarter of the current year the monetary base decreased by 4.2 percent (in the first quarter of 2009 – 14.3 percent), that was stipulated by exchange market interventions of the National Bank, as well as by operations of the Development Fund. Broad money M2X decreased by 1.4 percent to Som 56.3 billion for the first quarter of 2010. Contribution of reduction of money outside the banks into decrease of broad money made Som 1.3 billion or by 3.9 percent. At the same time growth of deposits was noted<sup>1</sup> – by Som 0.5 billion or by 2.3 percent, mainly due to fixed deposits in the national currency.

The positive growth trend of the main banking system indicators was noted according to the results of the first quarter of 2010. Thus, assets of commercial banks increased by 4.7 percent, capital – by 1.1 percent, deposit base of the acting commercial banks – by 9.9 percent and credit portfolio – by 3.2 percent.

As a whole for the first quarter of 2010 the significant increase of economic growth rates was noted by 16.4 percent in comparison with the decrease of economy growth by 1.3 percent in the first quarter of 2009. However, the given high growth rate at the beginning of the year is mainly stipulated by the effect of “low base” of the last year. Increase of production of processing industry and construction influenced greatly GDP growth.

Based on the preliminary data, in the first quarter of 2010, the balance of payments formed positive at the rate of US\$ 26.0 million (in the first quarter of 2009 – US\$ 159.9 million), including the current account that developed as negative at the rate of US\$ 254.7 million. The flow of remittances of individuals was US\$ 191.7 million that exceeds by 19.2 percent the corresponding indicator of 2009.

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<sup>1</sup> Without considering deposits of the KR Government

The events, occurred in the Republic in early April, influenced significantly the conditions and nature of monetary policy. Unstable situation stipulated deposit outflow from the banking system. Thus, from the beginning of the second quarter of the current year (as of May 17) deposit base decrease rate constituted 33.4 percent, by that the outflow was noted mainly in one bank (OJSC “AsiaUniversalBank”). Thus, as of April 7, 2010 deposit outflow from the banking system made Som 9.5 billion and for the period from April 8 to May 14 – Som 2.5 billion. Provisional governance was introduced in 7 commercial banks; however, the restrictions were being lifted step-by-step. At the present time the client servicing of these banks is carried out almost fully.

General trends of the banking system development are divided in the periods before the events of April 7-8, 2010 and after the ones, and can be considered as trends of accumulation of a certain potential by the banking system and the results of overcoming of a problem situation in the specified periods.

Thus, the increase of total assets of the banking system for the first quarter of 2010 made 4.7 percent, in April 2010 decrease of assets made 20.8 percent; and from the beginning of the year the assets decreased by 17.1 percent and made Som 56,356 million. It is expected that the assets increase of the banking system will be connected to some degree with the growth of credit portfolio of the commercial banks.

Growth of outstanding balances by the credits of the clients is noted at the level of 3.2 percent in the first quarter of 2010, in April 2010 the decrease was 1.6 percent, and as a whole for 4 months of 2010 growth of credit portfolio of the banking system was noted by 1.5 percent. In absolute terms a credit portfolio of the banking system was Som 25,596.7 million as of 30.04.2010.

Decrease of credit portfolio is noted, a share of classified credits for four months of 2010 increased from 8.2 percent to 9.4 percent, growth of extended credits made 25.8 percent during this period.

At the present time with the purpose of conditions’ creation for expansion of crediting, the National Bank has suggested measures to the project of the “Priority Plan Measures by compensation for damage as a result of robbery, loots and disorders occurred during April events of 2010” relatively decrease of credit resources cost and increase of financing volumes through activization of “Special Fund for Banks Refinancing” Ltd.

The increase of total deposit base of the banking system was noted by 9.9 percent according to the results of the first quarter of 2010. The given growth was stipulated by the increase of funds by 31.2 percent at the accounts of non-residents whereas deposits of legal entities decreased by 31.8 percent and individuals – by 0.1 percent. For 4 months of 2010 the deposit base decreased by 24.7 percent, out of them deposits of non-residents decreased by 72.0 percent, deposits of legal entities by 39.9 percent and household deposits – by 7.2 percent. It is expected that the measures taken by the NBKR by stabilization of the situation in the banking system, including in the banks with provisional governance , as well as creation and functioning of deposit insurance system, will persist the population trust to the banking system as a whole and provide a certain inflow of deposits and the resource base growth of the banking system.

Earnings growth trend was noted in the first quarter of 2010; earnings growth against the similar period of the last year made 11.7 percent. For four months of 2010 earnings made Som 456 million, that is lower than the volume of earnings for the corresponding period of the last year by 13.0 percent. Accordingly, efficiency indicators of the usage of assets and capital (ROA, ROE) of the banking system also decreased.

By the results of four months of 2010 the level of liquidity of the banking system remained as a whole rather high and made 86.8 percent (against the rated level 30%).

The NBKR carries out a certain work concerning discussion with the commercial banks and summing of the corrected plans and forecast of their activity for the period till the end of 2010. The forecast of the banking system development will be corrected as receiving this information from the commercial banks.

Average daily excess reserves of the commercial banks decreased by Som 1.9 billion in April and by Som 1.2 billion in May (as of May 17). By that in the current base period of the execution of the required reserves, the liquidity deficit was fixed in 5 commercial banks in the amount of about Som 240 million as of May 17. In April one of the commercial bank broke the normative of the required reserves.

Deterioration of the main macroeconomic indicators is expected due to political instability. Thus, according to our estimate, GDP growth in 2010 can make about 2.0 percent in comparison with the estimate in 5.0 percent in late 2009. Significant risks of unbalance in fiscal sphere are obvious. At the present time a state budget is reconsidered and according to preliminary data as of the end of the second quarter the budget deficit will make Som 1.3 billion.

Due to unbalance of the state budget and the increased uncertainty regarding possibilities of the state debt service by the KR Government, significant changes in the functional structure of the banking sector, the demand for the government securities decreased and profitability increased almost twice. Considering the current situation with the liquidity in the banking system and potential risks, the Monetary Policy Committee has taken decision to decrease weekly volume of the NBKR Notes emission from Som 420 to 100 million, as well as established indicative volume of the NBKR Notes in circulation as of the end of May in the amount of Som 124 million. Thus the volume of Notes in circulation decreased from Som 986.4 million as of the end of March to Som 170.6 million as of May 18.

Monetary base as of May 18 made Som 39.4 billion having decreased from the beginning of the year by 4.1 percent, mainly due to currency interventions of NBKR. The net NBKR sales of US Dollars through the interbank foreign exchange sales totaled US\$ 111.1 million from the beginning of the year (US\$ 152.6 million in the corresponding period of 2009). Official rate of US Dollar from the beginning of the year increased by 3.9 percent (9.6 percent in the similar period of 2009).

### **Inflation: Outcomes and Trends**

According to the results of the first quarter of 2010, there was an increase of total price level in the republic against the similar indicator of 2009. According to the data of the National Statistics Committee, the increase of total price level from the beginning of 2010 made 4.8 percent against the increase by 0.4 percent of the similar indicator of the last year.

The factors of the current price dynamics were the increase from the beginning of 2010 of tariffs for electrical and heating energy, as well as appreciation of some foodstuffs both due to seasonal factors (for example, fruit and vegetable) and under the influence of price increase at the world markets (sugar).

**Table 1. Consumer Price Index in the Kyrgyz Republic**

	March 2010 against			January-March 2010 against January-March 2009
	February 2010	March 2009	December 2009	
<b>Total goods and services</b>	<b>101,0</b>	<b>104,3</b>	<b>104,8</b>	<b>102,6</b>
of which				
Foodstuffs and soft drinks	101,5	100,0	105,5	97,2
Alcoholic and tobacco products	100,4	105,0	100,7	105,1
Nonfoods	100,6	112,4	106,3	111,7
Services	100,8	103,6	102,0	103,1

In the reporting period there was the decrease of prices for bread and flour products and cereals (-9.8 percent). One of the main factors, determined price dynamics for bread and flour products was high vested remainders of wheat as well as high evaluation of wheat crop in the current year (about 1.0 million tons). According to the results of the first quarter of 2010 meat

products increased by 3.2 percent. One of the factors of price growth was the increase of prices for imported production.

In January and in the first half of February 2010 the world price for sugar kept increasing. Beginning from the second half of September and in March 2010 a sharp decrease of sugar price took place and as a whole from the beginning of 2010 sugar in the world market decreased by 30.1 percent. As a whole for the first quarter of 2010 incremental price for sugar per annum made 55.8 percent throughout the Republic. According to preliminary data of NSC KR, average price for imported sugar in the first quarter of the current year made US\$797 per ton (+27.5 percent to the fourth quarter of 2009).

Prices for alcoholic and tobacco products per annum increased by 7.0 percent and 1.0 percent, accordingly.

12-month growth of the consumer price index of nonfoods was 12.4 percent, among which price growth was observed for housing services as well, that increased for a year by 24.1 percent. Determining influence of price dynamics by this group of goods had the increase of tariffs for electricity (+111.8 percent), hot water (+178.9 percent) and centralized heat supply (+98.2 percent). Also price growth was observed for household goods and household appliances that made 7.5 percent. The main reason of such dynamics was appreciation of domestic textile goods by 25.1 percent, the prices for which are under the pressure of import prices. However, in the first quarter of 2010 the prices for imported production kept decreasing that stipulated to the stabilization of prices at the internal market as well.

Descending trend of the world price for oil changed for ascending one influences the cost of fuels and lubricants imported in the Republic. According to the results of the first quarter of 2010 acceleration of price growth for fuels and lubricants continued. Thus, prices for gasoline per annum increased by 43.9 percent, and for diesel fuel – by 9.5 percent. However, as a whole for the reporting quarter cost of fuels and lubricants at the internal market decreased by 1.8 percent, including gasoline that decreased by 2.9 percent and diesel fuel increased by 4.6 percent.

Price index for paid services in the first quarter of 2010 increased per annum by 3.6 percent (in the first quarter of 2009 – by 29.8 percent). Index growth in the given group occurred mainly due to appreciation of public health services (+27.5 percent). Increase of price level for public health services is connected with the increase of tariffs for electrical energy and appreciation of imported medicinal preparations.

### **Dynamics of Monetary Indicators**

The monetary base from the beginning of 2010 decreased by 4.2 percent, having made as of the end of March 2010 Som 39,355.2 million (in the similar period of 2009 decrease made 14.3 percent), whereas it increased by 32.9 percent per annum.

Money supply M2 was Som 42,767.4 million at the end of March 2010 and decreased in comparison with the beginning of 2010 by 1.7 percent (in the similar period of 2009 decrease was 17.5 percent), due to decrease of money outside banks by 3.9 percent when increasing deposits in the national currency by 6.2 percent. Money supply M2 per year (March 2010 to March 2009) increased by 35.7 percent.

Broad money M2X, including the deposits<sup>2</sup> in the foreign currency for the end of the reporting period was Som 56,333.4 million, having decreased from the beginning of the year by 1.4 percent (in the similar period of 2009 decrease made 15.1 percent). Decrease of the volume of broad money M2X in the reporting period occurred under the influence of decrease of money outside banks by 3.9 percent under increase of total volume of deposits, which are part of broad money, by 2.3 percent, including increase of deposits in the national currency by 6.2 percent

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<sup>2</sup> According to the data of analytical balance of the banking system the deposits include only deposits of individuals and legal entities, as well as deposits of other financial institutions, while excluding the Government deposits and the deposits of non-residents.

under decrease of deposits in the foreign currency by 0.5 percent. Per annum (March 2010 to March 2009) broad money M2X increased by 37.0 percent.

A velocity of broad money M2X, including the deposits in foreign currency, remained unchanged from the beginning of the year and by the end of the reporting period made also 4.2.

### Real Sector

In the first quarter of 2010, the GDP volume constituted Som 38,803.2 million, having increased in real terms by 16.4 percent in comparison with the volume January-March 2009 (in the first quarter of 2009 decrease made 1.3 percent). These growth rates of economy are stipulated mainly by active exploration of gold mining in the first quarter of the current year (significant share of GDP increase, about 45 percent, was provided by planned increase of gold mining at “Kumtor” deposit), as well as by low growth rates of the economy in the previous year, caused by decrease in the industry and total slowdown in the sphere of services (effect of “low base”). Exclusively of the enterprises on exploration of gold mining “Kumtor”, the increase in real GDP constituted 9.2 percent against -0.5 percent in January-March 2009.

**Table 2. Contribution of individual types of activity into increase/decrease of GDP in the first quarter of 2010**  
(percents)

	Share in the I quarter, 2009	Share in the I quarter, 2010	Growth rate in the I quarter, 2009	Growth rate in the I quarter, 2010	Contribution of growth in the I quarter, 2010	Changing of deflator in the I quarter, 2010
Agriculture	12,5	10,5	1,8	2,4	0,3	-1,4
Mining industry	0,6	0,5	10,6	-5,1	0,0	5,1
Processing industry	11,1	20,7	-18,8	104,7	11,6	10,3
Electricity, gas&water generation and Construction	3,0	4,3	-22,3	16,5	0,5	49,5
Trade and repair of vehicles	2,9	3,4	-15,6	35,1	1,0	5,7
Hotels and restaurants	19,2	16,5	4,2	0,9	0,2	2,7
Transportation and communication	1,6	1,3	4,5	2,4	0,0	0,4
Other	13,0	12,3	12,9	4,9	0,6	8,4
Net taxes on products	22,7	18,2	2,7	-0,3	-0,1	-3,5
<b>GDP</b>	<b>100,0</b>	<b>100,0</b>	<b>-1,3</b>	<b>16,4</b>	<b>16,4</b>	<b>3,5</b>

Source: NSC data, NBKR adjustments

The main growth of production is accounted for the processing industry. By that a significant production growth is observed also in industries not connected with gold mining such as production of food products, textile and clothing industry, as well as production of other non-metal mineral products (corrugated asbestos board, sand blocks, cement, pavestone).

The significant increase of production is also observed in the industry of generation and distribution of electricity, gas and water. According to the results of the first quarter of 2010 production of this sector increased by 16.5 percent against decrease by 23.3 percent in January-March 2009.

The tendency of the investment activity growth in the economy was preserved. In the reporting period the volume of investments in fixed capital increased by 19.8 percent and made Som 4,699.5 million. One of the principal causes of such growth was that of significant growth of the volume of investments at hydropower objects, whose share in a composition of total investments in fixed capital is 18.8 percent. Investments in transportation and communication sector have increased, and their share in the total volume increased by 20.5 percent. The volumes of investments in fixed capital increased due to internal sources of financing mainly due to the funds of the population the ratio of which was 41.2 percent and credit of the banks (including the means of the Development Fund) – 19.3 percent.

## External Economic Sector

According to the preliminary data, the trade balance deficit of the Kyrgyz Republic by the results of the first quarter of 2010 constituted US\$ 156.4 million, having decreased by 46.5 percent in comparison with the indicator of net export for the first quarter of 2009.

Foreign trade turnover<sup>1</sup> in the first quarter of 2010 made US\$ 1,124.8 million, having exceeded by 26.2 percent the trade turnover for the first quarter of 2009. The main contribution in trade turnover growth was provided by export operation the volume of which in the reporting period increased by US\$ 184.8 million (by 61.7 percent), whereas the import in prices FOB increased by US\$ 49.1 million (by 8.3 percent). Trade turnover with CIS countries increased by 11.3 percent having made US\$ 526.2 million, and with non-CIS countries it increased by 43.2 percent, having made US\$ 598.6 million.

Export of goods (in FOB prices)<sup>3</sup> in the first quarter of 2010 made US\$ 484.2 million against US\$ 299.4 million in the first quarter of 2009. Increase of export operations occurred due to growth of goods supply to non-CIS countries by more than twice or by US\$ 182.4 million, alongside with this the export volume to CIS countries increased insignificantly – by 1.7 percent or by US\$ 2.4 million.

Import of goods (in FOB prices) in the first quarter of 2010 made US\$ 640.6 million against 591.5 million in the first quarter of 2009. Increment of import cost occurred due to increased receipt of goods from CIS countries by 15.3 percent or by US\$ 50.9 million, whereas import from non-CIS countries decreased by 0.7 percent or by US\$1.9 million.

Remittance of individuals are the main components of the article “current transfers”. Thus, according to the preliminary data, for the first quarter of 2010 the inflow by remittance of individuals made US\$ 191.7 million that by 19.2 percent exceeds the corresponding indicator of 2009. By that, as before, the overwhelming volume of money inflow was accounted for CIS countries (more than 90%), where the main number of labor migrants is concentrated.

According to the preliminary data, the index of nominal effective exchange rate (NEER) of Som from the beginning of the year decreased by 1.8 percent and at the end of March 2010 made 122.1. Decrease was stipulated by strengthening of the currencies of the main trade partners to Som. Thus, the average rate of the Russian Rouble in March 2010 in comparison with the average rate for December 2009 increased against Som by 2.2 percent, the Kazakhstan tenge – by 3.1 percent, Chinese Yuan– by 2.0 percent, US Dollar – by 1.9 percent. In this regard, depreciation of Euro to Som was observed by 6.1 percent.

The index of real effective exchange rate (REER) of the Som at the end of March 2010 made 104.1. The growth of REER was mainly stipulated by lower level of inflation in the countries – main trade partners. Thus, inflation level in the Kyrgyz Republic for January-March 2010 made 4.8 percent, whereas the corresponding indicator of the countries – main trade partners, according to preliminary calculations, made 1.9 percent.

**Table 3. The main indicators on the effective exchange rate**

	year (average)			period (average)			month to the beginning of year (end of month)			
	2008 (av.)	2009 (av.)	%	Jan.-March.2009	Jan.-March.2010 *	%	December 2009	March 2010	* %	%
REER	104,5	109,6	4,9	119,0	104,1	-12,5	103,0	104,1	1,1	
NEER	127,4	130,2	2,2	138,6	123,3	-11,1	124,2	122,1	-1,8	
RBER to Chinese Yuan Renminbi	162,6	146,8	-9,7	154,7	142,0	-8,2	141,0	142,2	0,8	
NBER to Chinese Yuan Renminbi	109,7	91,8	-16,3	96,3	88,3	-8,3	89,4	87,7	-1,9	
RBER to EURO	125,8	119,8	-4,8	135,0	120,9	-10,4	109,4	123,6	13,0	
NBER to EURO	82,0	73,9	-9,9	82,4	71,5	-13,2	67,9	72,4	6,5	
RBER to Kazakhstan Tenge	104,5	109,6	4,9	119,0	104,1	-12,5	103,0	104,1	1,1	
NBER to Kazakhstan Tenge	110,6	115,3	4,3	113,5	111,3	-1,9	113,6	110,2	-3,0	
RBER to Russian Ruble	74,9	78,4	4,8	90,8	70,3	-22,6	70,1	69,7	-0,6	
NBER to Russian Ruble	115,0	125,7	9,3	140,9	113,8	-19,2	114,5	112,0	-2,2	
RBER to US Dollar	184,4	167,6	-9,1	179,0	164,9	-7,9	162,4	165,7	2,0	
NBER to US Dollar	130,6	111,3	-14,8	116,6	107,1	-8,2	108,4	106,4	-1,9	

\* preliminary data

▼ - depreciation of Som, improvement of competitiveness

▲ - strengthening of Som, deterioration of competitiveness

<sup>3</sup> According to data of KR NSC and KR SCS in view of NBKR adjustments

## **Public Finance Sector**

According to the Central Treasury of the Ministry of Finance, the state surplus in the first quarter of 2010 was Som 1.1 billion or 2.8 percent to GDP (in the first quarter of 2009 the budget was executed with a budget deficit at the rate of 1.1 percent to GDP).

In the first quarter of 2010 total revenues of the state budget from operational activity were Som 13.9 billion or 35.8 percent to GDP. Growth rates in the first quarter of 2010 increased, having made 41.9 percent against 8.4 percent in the first quarter of 2009, that as a whole is higher than average annual level for the last five years.

Total state budget expenditures for operational activity in the first quarter of 2010 were Som 12.0 billion, having increased by 29.7 percent or by Som 2.8 billion.

In accordance with the functional classification of budget expenditures in the reporting period growth of expenditures by the following groups was observed: for social protection (by 2.3 times), for economic issues (by 71.7 percent), for housing and communal services (by 62.3 percent). Sharp increase of expenditures for social protection is connected with compensation payments to poorer groups of the population due to increase of tariffs for communal services and for electricity from the beginning of 2010. Expenditures of the state budget decreased by the following groups: for public health (by 4.2 percent), for rest, culture and religion (by 3.1 percent) and for the state services of common purposes (by 7.6 percent).

In the reporting period net flow of budget funds by the operations on acquisition of non-financial assets (including operations by the following groups: fixed assets, reserves, lands) made Som 792.8 million or 2.0 percent to GDP (in the first quarter of 2009 – Som 885.1 million or 2.7 percent to GDP).

## **Financial Sector**

### ***Banking System***

As of December 31, 2010, 22 commercial banks operated in the territory of the Kyrgyz Republic (including Bishkek Branch of the National Bank of Pakistan) and 241 branches of the commercial banks.

For the reporting period of 2010 the banks earned a net profit in the amount of Som 416.2 million, in this regard 21 bank establishments had a positive financial result in the amount of Som 419.1 million and 1 commercial bank had a negative profit in the amount of Som 2.9 million for the reporting period. 22 commercial banks operated in the similar period of 2009 and profit based on their activity was Som 372.5 million. The assets of commercial banks in the reporting period increased by 4.7 percent while their capital increased by 1.1 percent.

In the reporting period the tendency of deposit base growth of the acting commercial banks was persisted. In January-March 2010 deposit volume increased by 9.9 percent, having made Som 43.5 billion. The deposit increase in national currency was 8.0 percent to Som 16.0 billion, deposits in foreign currency – 11.0 percent to Som 27.5 billion. The level of dollarization of deposit base in comparison with the beginning of the year increased by 0.6 percentage point and made 63.2 percent.

In the first quarter of 2010 there was an increase of the real sector crediting by the part of the banking sector, as well as decrease of credits' cost. For January-March 2010 a credit portfolio of the acting commercial banks increased by 3.2 percent to Som 26.0 billion (a credit portfolio increased by 1.7 percent without influencing the changing of Som exchange rate<sup>4</sup>). Growth of credits in national currency was 12.0 percent, having reached the value in Som 10.7 billion at the end of March. At the same time, the credits in foreign currency decreased insignificantly (by 0.1 percent) and made Som 15.3 billion.

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<sup>4</sup> Official rate of US Dollar for the beginning of the year

The weighted average interest rate on credits in the national currency at the end of March made 24.6 percent, having decreased from the beginning of the year by 0.8 percentage point, in foreign currency – 20.3 percent, having decreased by 0.3 percentage point.

### ***Non-banking financial and credit institutions, licensed by NBKR***

The system of non-banking financial and credit institutions of the Kyrgyz Republic by the end of March 2010 included 954 non-banking institutions (at the end of March of 2009 the number of non-banking institutions was 1,104):

- FCSDCU – 1;
- CJSC “Development Fund of the Kyrgyz Republic” - 1
- LLC “Special Fund of Banking Refinancing” – 1
- microfinance companies – 366;
- credit agencies – 230;
- exchange beuraus – 355.

Credit portfolio<sup>5</sup> of non-banking financial and credit institutions<sup>6</sup> at the end of the reporting period was Som 8,783.1 million, whereas in the similar period of the last year – Som 7,392.7 million.

### ***Other financial institutions<sup>7</sup>***

The total volume of tenders on trading platforms of three stock exchanges at the end of March 2010 was Som 439.1 million, having decreased by 72.4 percent in comparison with the given indicator of the similar period of 2009. Decrease in the volume of tenders was observed on all trading platforms. The volume of transactions on the trading platform of the Joint Stock Company “Kyrgyz Stock Exchange” decreased by 93.1 percent to Som 73.4 million, at the Joint Stock Company “Central Asian Stock Exchange” – by 17.8 percent to Som 362.6 million and the volume of exchange tenders on the trading platform of the Joint Stock Company “Stock Exchange of Kyrgyzstan – BTS” decreased by 96.1 percent to Som 3.1 million. The basic volume of transactions in the structure of the volume of tenders fell, as before, on the Joint Stock Company “KSE” (45.2 percent).

As of the end of 2009 five joint-stock investment funds operated in the securities market, as well as two share investment funds, the share of which in the financial services remains insignificant.

19 insurance companies, two of them – reinsurance companies, as well as 7 companies with the participation of non-residents were engaged in the insurance activity in the market of the republic as of late January 2010. Total assets of insurance organizations as of late January 2010 were Som 875.6 million, having increased by 44.9 percent in comparison with the given indicator of the similar period of 2009, own capital also increased by 35.6 percent and made Som 722.6 million.

As of the end 2009 there were two non-public pension funds in the Kyrgyz Republic: NPF “Kyrgyzstan” and NPF “Jany Asia” (that received license as of May 26, 2009 and yet not engaged in its activity). The size of assets of the NPF “Kyrgyzstan” as of the end of 2009 was Som 17.3 million, having increased by 10.4 percent, and the number of its participants, who concluded contracts on a voluntary pension fund scheme, was 2,344 people (493 people of whom are receiving pensions), that is by 2.5 percent more than as of the end of 2008.

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<sup>5</sup> The data is presented without the FCSCU, SFBR (as the credits of FCSCU are given to credit agencies and SFBR – to commercial banks).

<sup>6</sup> Reporting of MFC and pawnshops are given on the half-year basis

<sup>7</sup> Reference for the earlier periods is stipulated by absence of data for the first quarter of 2010