

Monetary Policy Report for the First Quarter of 2012

Basic Monetary Policy Trends

According to the main trends of monetary policy for 2012-2014, the main goal of monetary policy in 2012 is to maintain moderate inflation rates contributing to the implementation of Government's plans for sustainable economic growth.

According to the National Statistical Committee the growth of the consumer price index which characterizes the rate of inflation was 0.9 percent (in annual terms March 2012 against March 2011 inflation was 0.2 per cent) for the first quarter of 2012, while in the same period of 2011 inflation rate was 6.4 percent (in annual terms March 2011 against March 2010 inflation was 20.8 percent). The slowdown in inflation in the reporting period was due to a combination of tight monetary policy and reduction in the prices of basic foodstuffs such as bread and cereals, fruits and vegetables, meat, sugar, against the background of ongoing slowdown in world food prices under the influence of high harvest in 2011.

Despite the decline in inflation rate in the country, taking into account the preservation of inflationary risks, including the expected high budget deficit, the NBKR continued to maintain tight monetary policy in the first quarter of 2012. In order to limit the monetary component in the reporting period of the current year, the NBKR increased its operations to sterilize excess liquidity: the volume of the NBKR notes in circulation rose from 1.4 billion KGS at the end of 2011 to 2.1 billion KGS at the end of March 2012 (end March 2011 – 1.2 billion KGS), the volume of government securities in circulation sold under repo agreements increased from 206.8 million KGS at the end of 2011 to 818.9 million KGS at the end of March 2012 (end of March 2011 – 230.8 million KGS). The discount rate at the end of the first quarter of 2012 amounted to 9.56 percent (-4.05 p.p).

In order to prevent sharp fluctuations in the exchange rate the NBKR conducted currency interventions in the first quarter of 2012, mainly in January and February. Net sales of foreign currency amounted to 30.3 million USD (62.5 million USD in the first quarter of 2011). The exchange rate of the U.S. dollar against the Kyrgyz som increased by 0.74 percent, from 46.4847 to 46.8275 KGS per 1 U.S. dollar for the reporting period (by 0.31 per cent in the similar period of 2011).

For the first quarter of 2012 KGS depreciated against most currencies of major trading partners, which, along with lower levels of inflation in the country compared to the level of inflation in the partner countries, resulted in reduction of the index of real effective exchange rate (REER) of KGS by 4.1 percent, to 108.1.

At the end of the reporting period, the monetary base decreased by 1.9 percent since the beginning of the year, amounting to 53.8 billion KGS (for the first quarter of 2011 the reduction of the monetary base amounted to 7.2 percent). The broad money supply M2X increased by 1.8 percent during the first quarter of 2012, amounting to 81.0 billion KGS.

During January-March 2012, according to preliminary data, there was a decrease in economic growth by 6.8 percent compared to the same index for January-March 2011 (in January-March 2011 the economic growth was 0.6 percent). Excluding companies developing Kumtor gold deposit, the GDP volume in January-March 2012 increased by 4.5 percent (growth of the same index was 2.1 percent in the first quarter 2011).

According to preliminary data, the balance of payments for the first quarter of 2012 will be negative in the amount of 5.4 million USD. At the same time current account deficit in the

amount of 9.3 percent of GDP is expected during the reporting period and the trade deficit will increase by 2.9 times and will constitute 623.5 million KGS. As per results of the first quarter of 2011 it is expected a decrease of net inflows on current transfers to the 337.6 million USD from 351.6 million USD. The volume of gross international reserves at the end of the reporting period will constitute 1 862.2 million USD, which covers 3.7 months of future imports of goods and services.

According to preliminary data from the Central Treasury of the Ministry of Finance, the budget deficit in January-March 2012 totaled 946.7 million KGS or 1.9 percent of GDP (in January-March 2011 the budget was executed with a surplus of 3.2 percent of GDP).

Dynamics of Monetary Indicators

At the end of the first quarter of 2012 the monetary base amounted to 53.8 billion KGS, having decreased from the beginning of the year by 1.9 percent or 1.0 billion KGS (for the first quarter of 2011 reduction of the monetary base amounted to 7.2 percent). Due to the operations of the Government the monetary base has grown to 1.3 billion KGS and it was reduced to 2.3 billion KGS due to the NBKR operations.

In the first quarter of 2012 in the structure of the monetary base the share of cash in circulation decreased from 91.0 percent at the end of 2011 to 89.9 percent at the end of March 2012. Accordingly, the share of funds on correspondent accounts of commercial banks in the National Bank increased from 9.0 to 10.1 percent.

Money outside banks M0 at the end of March 2012 amounted to 46.0 billion KGS, having decreased in the reporting period of 2012 by 2.5 percent (by 5.9 percent for the reporting period 2011).

Money supply M2, including money outside banks and deposits in national currency, at the end of first quarter of 2012 amounted to 62.6 billion KGS, having increased by 0.7 percent (in the first quarter of 2011 decrease in M2 was 4.8 percent).

The volume of broad money supply M2X, including deposits¹ in foreign currency, at the end of March 2012 amounted to 81.0 billion KGS, having increased from the beginning of the year by 1.8 percent (in the first quarter of 2011 reduction of M2X aggregate amounted to 3.7 percent). Meanwhile, the total volume of deposits included in the determination of broad money supply grew by 8.1 percent, including deposits in national currency which increased by 10.9 percent, while deposits in foreign currency increased by 5.7 percent, which generally indicates confidence in the banking system.

In the structure of the M2X broad money supply the share of deposits in national currency for the first quarter of 2012 increased by 1.7 percentage points to 20.4 percent, while the share of deposits in foreign currency increased by 0.8 percentage points to 22.7 percent. Meanwhile, the cash component of broad money supply decreased by 2.5 percentage points to 56.9 percent.

Expansion of lending to the real sector of the economy by commercial banks contributed to the growth of the broad money supply. Thus, the growth rate of loans² to the economy amounted to 5.0 percent: loans in foreign currency increased by 6.3 percent and by 3.7 percent in the national currency.

¹ Excluding government deposits and non-residents.

² According to the Monetary Survey of the banking system of the Kyrgyz Republic.

Velocity of broad money M2X in the first quarter of 2012 decreased from 3.8 at the beginning of the year to 3.6 at the end of March 2012 due to priority growth rates of broad money over nominal GDP. Accordingly, the monetization rate of the economy, calculated by the monetary aggregate M2X, amounted to 27.4 percent at the end of the reporting period, having increased from the beginning of the year by 0.9 percentage points.

Inflation: Outcomes and Trends

Prices of basic foodstuffs (bread and cereals, fruits and vegetables, meat, sugar) continued to decline in the country in the first quarter of 2012 against the background of ongoing slowdown in world food prices under the influence of high harvest in 2011.

The annual inflation rate in March 2012 (against March 2011) amounted to 0.2 percent, while the corresponding index in 2011 was 20.9 percent. The greatest contribution in the structure of the CPI basket was made by the rise in prices for nonfoods. In annual terms this group of goods increased by 10.4 per cent, food prices declined by 8.3 percent, prices on alcoholic beverages and tobacco increased by 9.8 percent, paid services – 10.1 percent.

Table 1. Consumer price index in the Kyrgyz Republic

	March 2012 against			January-March 2012 against January-March 2011
	February 2012	December 2012	March 2011	
Total goods and services	100.0	100.9	100.2	102.1
of which				
Food products and soft drinks	99.4	99.4	91.7	95.5
Alcoholic and tobacco products	100.2	101.2	109.8	110.0
Nonfoods	100.7	102.6	110.4	110.2
Services	100.2	101.6	110.1	110.1

Food prices for March 2012 in annual terms declined by 8.3 percent (prices rose by 35.3 per cent in annual terms for the corresponding period of 2011), including the “bread and cereals” commodity group declined in price by 15.8 percent, in which wheat flour price fell by 26.9 percent. In the first quarter of 2012 prices for bakery products and cereals decreased by 3.8 percent, while prices for bakery products in the first quarter of 2011 increased by 13.5 percent. The dynamics of prices established in 2012 is largely due to the continuing influence of the rich harvest of grain and other crops in 2011-2012 in the producing countries and the republic.

Prices on the world sugar market were stable, causing the stability of prices in the domestic market of Kyrgyzstan. In annual terms, the prices for this product decreased by 20.8 percent, while in March 2011 the prices for sugar increased by 19.3 percent in annual terms.

The continuing impact of high yield of oilseed crops in the country and in the producing countries led to a slowdown in growth of domestic prices of oils and fats. Thus, the annual growth rate of prices of goods on the “oils and fats” group for January-March 2012 was 1.2 percent against 40.4 percent growth for January-March 2011.

In annual terms, prices for dairy products rose by 6.4 percent while prices for fruits and vegetables declined by 29.4 percent. As per results of March 2012 the prices for meat products rose by 14.4 percent in annual terms.

According to the publication of the NSC of the KR the “Newsletter on Food Security and Poverty” in 2011 the dependency of the economy on import remained high. Thus, according to

preliminary data for January-December 2011 the import on a “bread products” group was 53.7 percent, having increased by 9.7 percentage points compared to the same index of 2010, on vegetable fats – 57.1 percent (-7.0 percentage points), sugar and confectionery products – 80.8 percent (20.1 p.p.).

In accordance with the Law “On Food Security in the Kyrgyz Republic” the goal of ensuring food security is to create conditions for the population's access to necessary number of foodstuff in accordance with the minimum standards of food consumption, which are based on their availability, accessibility and security.

In 2011, the food security situation in the country has not changed significantly and continues to require attention. Thus, for some types of food products there is still insufficient satisfaction of domestic needs.

Increase in the price index for non-food products in annual terms amounted to 10.4 percent, which is 1.6 percentage points lower than the index for 2011. Prices for clothing and footwear increased by 12.8 percent mainly due to appreciation of men's and women's clothing by 11.5 percent and 11.0 percent respectively. Rates for the group of “electricity, gas and other fuels” increased by 5.2 per cent in annual terms. There was an increase in prices for the “household goods and appliances” group which amounted to 12.7 percent. The main cause of this trend was the rise in prices of household textiles by 15.0 percent, as well as furniture and flooring by 12.4 percent. The cost of fuel and lubricants on an annualized basis rose by 11.1 percent, among them the prices for petrol increased by 11.4 percent and diesel prices increased by 16.2 percent. For the first quarter of 2012 the prices for fuels-and lubricants decreased by 2.4 percent, gasoline fell by 2.7 percent and diesel fuel has increased in price by 1.4 percent.

The price index for paid services for the considered period grew by 10.1 percent in annual terms (for the same period in 2010 – 11.6 percent). The index growth in this group occurred mainly due to increased cost of services of restaurants and hotels by 18.2 percent, education services (+14.8 percent) and transport services (+8.7 percent). Health services rose by 11.7 percent.

4. Real Sector

According to preliminary data for January-March 2012, the volume of GDP decreased by 6.8 percent compared with same index of 2011, while in January-March 2011, GDP grew by 0.6 percent. Excluding companies developing the Kumtor gold deposit, the GDP volume in January-March 2012 increased by 4.5 percent (for the first quarter of 2011 the growth of the same index was 2.1 percent). According to preliminary data GDP deflator for the first quarter of 2012 was formed at the level of 14.3 percent against 12.7 percent in January-March 2011.

Table 2. The contribution of individual types of activity in the growth/decline of GDP (percent)

	Ration		Growth rate		Contribution in growth	
	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012
Agriculture, hunting and forestry	8.5	11.4	0.4	1.0	0.0	0.1
Mining Industry	0.7	0.9	26.6	-3.7	0.1	0.0
Processing Industry	23.1	13.2	-4.3	-42.7	-1.0	-9.8
Electricity, gas and water generation and distribution	5.4	5.6	27.7	24.0	1.6	1.3
Construction	3.1	3.4	-20.7	12.0	-0.7	0.4
Trade; repair of motor vehicles	16.2	16.7	-4.1	6.8	-0.6	1.1
Transportation and communication	10.0	10.7	12.9	8.2	1.2	0.8
Other	21.2	23.1	-0.2	1.0	0.0	0.2
Net taxes on products	11.8	15.0	0.6	-6.8	0.1	-0.8
GDP	100.0	100.0	0.6	-6.8	0.6	-6.8
GDP excluding Kumtor	82.1	91.7	2.1	4.5	1.8	3.7

Sources: NSC data, NBKR adjustments

The physical volume of industrial production fell by 27.7 percent in the first quarter of 2012. Excluding companies developing the Kumtor gold deposit the growth of industrial production amounted to 17.2 percent (in January-March 2011 industrial production growth reached 1.4 percent, and excluding the Kumtor – 11.9 percent).

The volume of production in the processing production decreased by 42.7 percent compared to the same index of 2011 against the background of decline in production at enterprises of the Kumtor deposit.

The sector of production and distribution of electricity, gas and water made a positive contribution (1.3 p.p.) to the change in GDP volume. Production in this sector grew by 24.0 percent due to growth in electricity generation by 19.5 percent and electricity distribution services by 47.8 percent.

The gross output of agricultural products amounted to 17.5 billion KGS, having increased in real terms by 1.0 percent against the growth of 0.4 percent in the first quarter of 2011.

The turnover of trade in January-March 2012 amounted to 46.8 billion KGS, having increased¹ in real terms by 7.3 percent compared to the similar index in 2011 (the volume of trade fell by 3.6 percent in January-March 2011). Contribution to the increase in trading in the first quarter was made by the retail and wholesale trade.

According to preliminary data for the first quarter of 2012 investment in fixed capital increased in real terms by 8.7 percent compared to the similar index in 2011 and in nominal terms amounted to 6.1 billion KGS, while in January-March 2011 the same index decreased by 26.5 percent. The increase in investment in fixed capital was due to increased disbursements for the objects of the mining and manufacturing industries, commerce, and education.

External Economic Sector²

According to the forecast data in the first quarter of 2012, despite the decrease of the negative balance under the “income” item, a significant increase in the trade balance deficit and

¹ Calculated on the basis of value added

² Data on gross international reserves are actual as of 31/03/2012, data on foreign trade and current transfers are based on preliminary data for the first quarter of 2012, all other data are forecast.

the deterioration of the balance of services and transfers will lead to the increase of the current account deficit by 9.3 percent of GDP (in the first quarter of 2011 – 8.9 percent).

As per results of the first quarter of 2012 the trade balance deficit of the KR will increase by 2.9 times and reach 623.5 million USD.

Exports of goods (in FOB prices) as compared with the same index in 2011 will decline by 10.7 percent and form in the volume of 439.5 million USD. Imports of goods (in FOB prices) for the first quarter of 2012 will increase by 50.7 percent and amount to 1 062.9 million USD.

A decrease of net inflows on current transfers is expected in the considered period from the 351.6 million USD in the same period of 2011 to 337.6 million USD in the reporting period.

As per results of the first quarter of 2012 the capital and financial transactions account will have a positive balance of 382.3 million USD, which will exceed the corresponding index of 2011 (251.9 million USD) by 52.8 percent.

Financial account balance will also be positive in the amount of 356.0 million USD, which is more than the index of the same period of 2011 by 35.2 percent. This trend is primarily stipulated by an increase in net inflows under the “other investments” by 6 times, mainly due to foreign borrowing.

Thus, in the first quarter of 2012 the balance of payments will be negative in the amount of 5.4 million USD. The volume of gross international reserves at the end of the reporting period will constitute 1 862.2 million USD, which covers 3.7 months of future imports of goods and services.

According to preliminary data, the index of nominal effective exchange rate (NEER) of the KGS from the beginning of 2012 decreased by 3.5 percent and amounted to 112.1 at the end of March. The decrease was stipulated by the depreciation of the KGS against most currencies of major trading partners. Depreciation¹ of the KGS is observed in March 2012 compared with the average rate for December 2011 against the Russian ruble – by 6.9 percent, against the Chinese yuan – by 0.9 percent, against the euro – by 0.8 percent.

In addition to the depreciation of the KGS NEER index, the lower rate of inflation² in Kyrgyzstan led to decrease in the index of real effective exchange rate (REER), which from December 2011 decreased by 4.1 per cent and was 108.1 at the end of March 2012.

Public Finance Sector

According to preliminary data from the Central Treasury of the Ministry of Finance, the state budget deficit in January-March 2012 totaled 946.7 million KGS or 1.9 percent of GDP (in January-March 2011 the budget was executed with a surplus of 3.2 percent to GDP). At the same time, excluding received official transfers the state budget deficit amounted to 1.8 billion KGS or 3.6 percent of GDP. The total funding of the state budget for the considered period amounted to 5.4 billion KGS of which internal financing was 5.1 billion KGS and external funding was 0.3 billion KGS.

According to preliminary data of the Social Fund of the Kyrgyz Republic, budget deficit of the Social Fund in January-March 2012 amounted to 0.3 billion KGS or 0.6 percent of GDP,

¹ The data on nominal bilateral exchange rate of the KGD are listed; 2000 as the base period is used to calculate the index.

² Inflation in the KR for January-March 2012 amounted to 0.8 percent, while the average inflation rate of major trade partner countries amounted to 1.5 percent according to preliminary estimates.

revenues – 6.8 billion KGS or 13.5 percent of GDP, expenditures – 7.2 billion KGS or 14.1 percent of GDP.

Consolidated budget deficit (state budget + budget of the Social Fund) for the period under review amounted to 1.3 billion KGS or 2.5 percent of GDP.

In January-March 2012, the state budget revenues from operating activities amounted to 17.3 billion KGS or 34.1 percent of GDP. Compared to the same index in 2011 the growth rate increased, reaching 14.3 percent¹ against 9.1 percent, which is generally below the established average level over the last five years.

State budget expenditures for operational activities in the first quarter of 2012 amounted to 17.7 billion KGS, having increased by 35.8 percent² or 4.7 billion KGS.

In accordance with the functional classification of budget expenditures the reporting period was marked by an increase in expenditures with respect to GDP on education (by 2.6 p.p.), healthcare (by 2.1 p.p.), social protection (by 1,8 p.p.), general public services (by 0.7 p.p.), recreation, culture and religion (by 0.3 p.p.), defense, public order and safety (by 0,2 p.p.) and economic issues (by 0.1 p.p.). Expenditures relative to GDP decreased on housing and communal services (by 0.3 p.p.), while the expenditures of environmental protection have not changed.

State budget expenditures on labor in January-March 2012 increased by 42.3 percent (in the first quarter of 2011, the increase in labor expenditures amounted to 18.7 percent) and amounted to 5.9 billion KGS or 33.2 percent of total of state budget expenditures on operational activities. The growth of expenditures on this item is associated with the increase in salary expenditures (40.5 percent or 1.5 billion KGS), in particular in connection with the introduction of a new salary payment system for employees of educational institutions, based on an hourly wage, as well as increase in wages of technical and junior staff employed in healthcare, education, social protection, culture, art, media, science, physical education and sports. The expenditures of the use of goods and services amounted to 3.7 billion KGS, having increased by 63.7 percent or 1.4 billion KGS, mainly due to the growth of expenditures represented by a single item in the healthcare system. Expenditure on social benefits and subsidies amounted to 4.9 billion KGS (9.6 percent of GDP), having increased by 28.7 percent or 1.1 billion KGS.

According to the economic classification the greatest contribution to the growth of the state budget was made by the labor payment expenditures (13.4 p.p.), the use of goods and services (10.9 p.p.) and expenditures of on social benefits and subsidies (8.3 p.p.).

At the end of March 2012 the public debt amounted to 146.0 million KGS (3.1 billion USD³), of which domestic debt was 13.1 billion KGS and the external debt – 132.8 million KGS⁴. In January-March 2012 public debt increased by 2.0 percent or 2.8 billion KGS compared with that of the end of 2011. Interest payments on public debt in the first quarter of 2012 totaled 707.3 million KGS (in January-March 2011 – 481.6 million KGS), of which the share of payments on domestic and external debt amounted to 28.7 and 71.3 percent of total interest payments respectively. Compared with the same index of the first quarter of 2011 the interest payments on the external debt increased by 39.8 percent or 143.7 million KGS, and on domestic debt – by 67.9 percent or 82.1 million KGS .

¹ In real terms (adjusted for CPI), government revenues from operating activities increased by 11.9 percent

² In real terms (adjusted for CPI) increased by 14.8 percent.

³ Data calculated by the NBKR (as of 31/03/2012, where 1 USD = 46.8275 KGS).

⁴ Data calculated by the NBKR (as of 31/03/2012, where 1 USD = 46.8275 KGS).

In the reporting period, the net outflows of budgetary funds for the acquisition of nonfinancial assets (including transactions for the following groups: fixed assets, stocks, land) totaled 523.1 million KGS or 1.0 percent of GDP (in 2011 – 582.6 million KGS or 1.2 percent of GDP).

Financial sector

The banking system

At the end of March 2012¹ there were 22 commercial banks² operating on the territory of the Kyrgyz Republic, including the Bishkek branch of the National Bank of Pakistan, and 260 branches of commercial banks (in the same period of 2011 22 commercial banks have also been operating).

At the end of March 2012 the banking system as a whole received net profit of 485.0 million KGS (368.3 million KGS in the same period of 2011). Total assets of the banking system increased from the beginning of the year by 6.9 percent and at the end of the first quarter amounted to 71.3 billion KGS.

In general, the first quarter of 2012 was characterized by the continuing growth of deposits in the banking system while maintaining the overall level of interest rates both in national and foreign currencies.

At the end of the reporting period, the volume of the deposit base of commercial banks amounted to 42.2 billion KGS, having increased from the beginning of the year by 9.2 percent. The increase in growth was achieved by the growth of both foreign exchange component of the deposit base by 11.1 percent and contributions in KGS by 7.3 per cent.

In the reporting period, there was an increase in inflow of deposits in commercial banks. The volume of deposits³ newly accepted in the first quarter of 2012 amounted to 49.9 billion KGS, having increased in comparison with the corresponding index for 2011 by 28.0 percent. The weighted average interest rate on newly accepted deposits in national currency amounted to 2.1 percent, having increased in annual terms by 0.1 percentage points. The interest rate on newly accepted deposits in foreign currency decreased by 0.3 percentage points to 0.8 percent.

The loan portfolio of the commercial banks at the end of the first quarter of 2012 amounted to 32.7 billion KGS, having increased from the beginning of the year by 4.7 percent. At the same time, the KGS part of the loan portfolio increased by 3.0 percent constituting the amount of 14.4 billion KGS. The volume of issued loans in foreign currency at the end of March was 18.3 billion KGS, exceeding the corresponding index at the beginning of the year by 6.1 percent (the increase was 5.3 percent except the changes in exchange rates).

At the end of the reporting period the loan portfolio of commercial banks was divided as follows by sectors. For January-March 2012, the share of loans in the trade, occupying most of the loan portfolio, decreased to 41.7 percent (by 1.1 p.p). Shares of mortgage loans also

¹ Data are presented according to the regulatory reporting of commercial banks.

² The AsiaUniversalBank” OJSC was excluded from the banking system since December 1, 2010: in connection with a judicial decision to initiate bankruptcy proceedings and termination of conservation regime (according to the decision of the NBKR Board No. 83/1 as of 01/11/2010). The “Zalkar Bank” which has received a license in accordance with the Resolution of the NBKR Board No. 91/1 as of 16/12/2010 has entered the banking system since 24/12/2010.

³ Accounts of bank customers are not included in the volume of newly accepted deposits.

decreased from 9.6 to 9.3 percent as well as construction – from 5.6 to 5.4 percent. However, there was an increase in the proportion of agricultural loans by 13.5 percent (by 0.8 p.p). Also, the share of consumer loans increased from 8.8 to 8.9 percent, while the share of loans to industry in the total volume rose to 5.5 percent (by 0.2 p.p). The share of “other” loans for the reporting quarter increased from 12.9 to 13.1 percent. Loans in the sphere of transport, communications, on the procurement and processing and social services, as before, constituted a small fraction – a total of about 2.5 percent.

The volume of loans newly issued in the first quarter of 2012 was 8.5 billion KGS, which is 41.6 percent higher than the amount issued in the same period in 2011. Loans in national currency increased by 17.7 percent and in foreign currency – by 71.8 percent. The weighted average interest rate on new loans in national currency decreased by 1.0 percentage points, reaching 22.1 percent, as compared with 2011. The rate in the foreign currency, in contrast, rose by 0.3 percentage points to 20.5 percent.

The average value of real interest rate on loans in national currency in the first quarter of 2012 was 21.0 percent against 15.7 percent during the same period last year.

Non-bank financial institutions licensed by the National Bank of the Kyrgyz Republic

At the end of the first quarter of 2012 the number of non-bank financial institutions (NBFI) of the Kyrgyz Republic was 925, including: Financial Company for Support the Credit Union (FCCU) – 1, Credit Unions (CU) – 191, Microcredit Companies (MCC) – 346, Microcredit Agencies (MCA) – 104, Microfinance Companies (MFC) – 4 and Exchange Offices – 279 (in the same period in 2011 the number of NBFIs was 866).

NBFI’s loan portfolio¹ for 2011 increased by 41.9 percent and totaled 15 730.4 million KGS.

Table 3. NBFI’s loan portfolio¹ (mln. KGS)

NBFI Name	31/12/2011	31/03/2011
FCCU	434.8	430.2
MFO (MFC, MCC/MCA) ²	14 498.7	14 498.7 ³
<i>including MFC</i>	5 358.9	5 474.4
Credit unions	1 231.7	1 223.1
TOTAL	15 730.4	15 721.8

¹ The data are presented excluding FCCUs (since FCCUs’ loans are granted to Credit Unions).

² MCC/MCA provide reports on a semiannual basis

³ Data at the end of 2011.

At the end of March 2012 the average interest rate on FCCU loans was 15.9 percent, MFC loans – 37.4 percent and credit unions – 28.4 percent.

The total amount of the deposit base in Credit Unions at the end of the reporting period amounted to 39.7 million KGS (35.5 million KGS as of 31/12/2011), having increased from the beginning of the year by 12.1 percent. The total amount of the deposit base in the MFC at the end of March 2012 amounted to 17.6 million KGS (5.1 million KGS as of 31/12/2011), having increased from the beginning of the year by 246.7 percent.

¹ The data are presented excluding FCCUs (since FCCUs’ loans are granted to Credit Unions).