



КЫРГЫЗ БАНКЫ

# ANNUAL REPORT

# 2022



Bishkek-2023

## ***Annual Report of the National Bank of the Kyrgyz Republic for 2022***

The report of the National Bank of the Kyrgyz Republic for the year of 2022 is prepared in accordance with Articles 50 and 64 of the Constitutional Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic” as of August 11, 2022 No.92.

The annual report of the National Bank for 2022 is approved with the Resolution of the Board of the National Bank of the Kyrgyz Republic No. 2023-*II-10/16-3-(BII)* as of March 15, 2023.

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## **Dear Readers!**

*In 2022, the economy of the Kyrgyz Republic developed under the influence of unprecedented external factors caused by the geopolitical situation in the world, the increase in world food and energy prices, and the changing nature of foreign trade conditions. The National Bank made adjustments in its monetary policy due to the difficult foreign economic conditions, along with the ongoing consequences of the COVID-19 pandemic.*

*The main priority of monetary policy of the National Bank in 2022 was to ensure price stability to maintain macroeconomic soundness in the Kyrgyz Republic. Monetary policy was focused on restraining high inflation rates and minimizing the impact of external economic shocks, on the one hand, and maintaining the economic recovery, on the other hand. Timely monetary policy measures made it possible to limit the monetary factors of inflation reducing the second-round effects of inflationary pressure.*

*In the context of external shocks, anti-crisis measures were taken to ensure the country's economic security, minimize the effects of crisis and maintain the stability of the financial sector.*

*The National Bank continued to adhere to the floating exchange rate regime. The National Bank's activities were focused on further strengthening the sustainability, efficiency, security and reliability of the financial and payment systems. Particular attention was paid to development of the digital transformation of banking services, including in terms of determining the safe methods of interaction between the clients and the financial-credit organizations in the digital environment.*

*During 2022, the financial sector continued to develop steadily, demonstrating positive growth dynamics of the key indicators and the potential to increase the level of financial intermediation.*

*The payment system of the Kyrgyz Republic functioned sustainably. In 2022, implementation of the third stage of the State Program on Increasing the Share of Non-cash Payments and Settlements was completed, within the framework thereof the activities were conducted being focused on expanding population's access to the banking and payment services, including in the regions of the republic, through introduction of innovative payment instruments.*

*In the reporting year, the National Bank continued to purchase gold, mined and produced in the Kyrgyz Republic, for the national currency to replenish international reserves and accumulate stocks in gold. At the end of 2022, the total volume of gold in the assets of the National Bank reached the highest values and amounted to 44.41 tons of refined gold.*

*The National Bank and the banking sector provided support to the clients of the financial-credit organizations affected by the armed conflict in Batken and Osh oblasts, and to development of Batken oblast due to the tragic events occurred in autumn 2022.*

*Entry into force of the Constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic" determining legal status, objectives, functions, powers, and independence of the National Bank of the Kyrgyz Republic, as well as the Law of the Kyrgyz Republic "On Banks and Banking Activity" regulating the banking activity, activities of the non-banking financial-credit organizations and other legal entities supervised by the National Bank was one of the important events of 2022. Therefore, large-scale work was conducted to bring the regulatory legal acts of the National Bank in line with the new banking legislation.*

*30<sup>th</sup> anniversary of the establishment of the National Bank of the Kyrgyz Republic was a remarkable event in 2022. On March 6, 1992, the Supreme Council of the Republic of Kyrgyzstan made a decision to reorganize the State Bank of the Republic of Kyrgyzstan into the National Bank of the Republic of Kyrgyzstan; it gave the basis for conducting an independent monetary policy, introducing the national currency, establishing and developing the national payment and banking systems.*

*The National Bank traditionally followed the principles of openness, reliability and completeness of information in preparing this report. The annual report reflects the activities of the central bank of the country in fulfillment of its functions and includes financial statements confirmed by an independent international audit.*

**Best regards,  
Chairman**



**K. Bokontaev**

ECONOMIC SITUATION  
IN THE KYRGYZ REPUBLIC  
IN 2022



## CHAPTER 1. ECONOMIC DEVELOPMENT OF THE KYRGYZ REPUBLIC IN 2022

In 2022, the economy of the Kyrgyz Republic suffered the influence of increased risks of external economic conditions related to geopolitical tension worldwide, acceleration of global inflation, volatility of the world prices in the commodity markets and changes in the nature of foreign trade operations.

Under these conditions, the economy of the Kyrgyz Republic demonstrated positive growth rates, maintaining the trend of economic activity recovery among the economic entities. Fiscal policy of the country remained socially oriented, measures were taken to improve tax administration and introduce new digital solutions in tax and customs procedures. Significant rise in prices for imported food and non-food products was the main factor for the inflation formation in the Kyrgyz Republic. The National Bank together with the Cabinet of Ministers of the Kyrgyz Republic took active measures to ensure price and macroeconomic stability.

The external sector of economy suffered significant changes amid the influence of external factors. At the end of 2022, the current account balance was negative in the amount of USD 5,426.8 million, to make 49.3 percent of GDP. The current account deficit was accompanied by net capital inflow on the capital and financial account in the amount of USD 793.5 million. The overall balance of payments was negative. At the end of 2022, gross international reserves were sufficient to cover 3.2 months of the future import of goods and services.

### 1.1. Real Sector of Economy<sup>1</sup>

Despite increased external factors conditioned by the global economic slowdown and geopolitical tensions worldwide, economic activity in the Kyrgyz Republic demonstrated stable recovery during 2022 amid weakening of the COVID-19 pandemic negative impact.

In the reporting year, the economic growth rate of the Kyrgyz Republic formed at 7.0 percent, excluding the enterprises involved in the Kumtor Gold Mine development, the GDP growth made 5.9 percent. At the end of 2022, the nominal GDP formed in the amount of KGS 919.4 billion.

Almost all main sectors of the economy (service, industrial and agricultural sectors) made positive contribution to economic growth, following the trend of 2021. The water and electricity supply sectors, the share of which remains insignificant in the total volume of GDP, demonstrated decline during the period of water shortage. There was an increase in domestic demand, as well as due to growth of real wages.

The GDP deflator was positive at 16.1 percent against 15.8 percent in 2021.

*GDP*

<sup>1</sup> According to the NSC (data are given according to the gross value added (GVA): data for 2022 are preliminary, for 2021 – updated).

**Table 1.1.1.**  
Structure of the Gross Domestic Product

	Share, percent		Growth rate, percent		Contribution to growth, percentage points	
	January-December		January-December		January-December	
	2021	2022	2021	2022	2021	2022
Agriculture, forestry and fishery	13.8	12.1	-4.6	7.3	-0.6	1.0
Industry	17.9	16.6	6.7	12.2	1.3	2.2
Mining	2.9	2.5	20.0	8.2	0.2	0.2
Manufacturing (processing)	12.9	12.4	6.5	16.4	0.9	2.1
Provision (supply) of electricity, gas, steam and conditioned air	1.7	1.5	1.1	-8.3	0.0	-0.1
Water supply, purification and treatment of waste and generation of secondary materials	0.4	0.2	22.7	-8.7	0.1	-0.0
Construction	7.8	7.4	-4.9	8.0	-0.5	0.6
Services	47.2	49.1	8.4	4.8	3.9	2.3
Wholesale and retail trade; repair of motor vehicles and motorcycles	17.4	17.5	16.4	7.7	2.7	1.3
Transportation and storage of goods	3.9	3.6	18.3	10.1	0.6	0.4
Information and communication	2.8	2.5	11.3	5.8	0.3	0.2
Other	23.1	25.5	1.4	1.7	0.3	0.4
Net (less subsidies) taxes on products	13.3	14.8	19.4	7.0	2.1	0.9
<b>GDP</b>	<b>100.0</b>	<b>100.0</b>	<b>6.2</b>	<b>7.0</b>	<b>6.2</b>	<b>7.0</b>

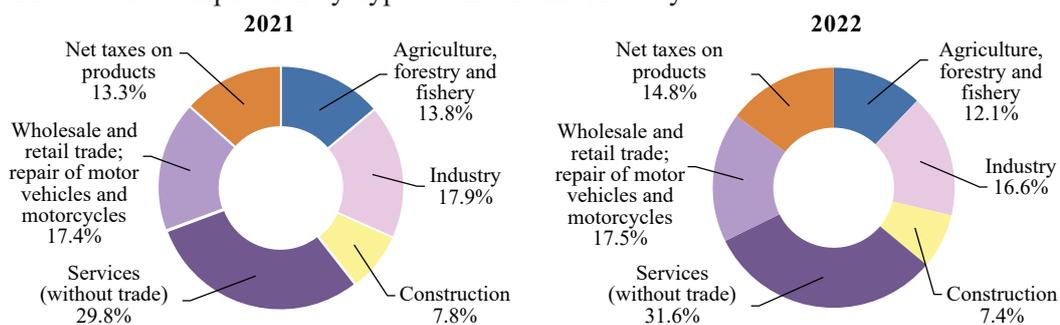
Source: NSC of KR, NBKR calculations

### Industry

At the end of 2022, the industrial sector demonstrated growth by 12.2 percent, its contribution to overall GDP growth made 2.2 percentage points. In 2022, the share of industry in the GDP structure decreased by 1.3 percentage points compared to 2021 and made 16.6 percent. The processing sector at the enterprises involved in the Kumtor Gold Mine development, being the main growth driver in the industry, demonstrated growth by 22.5 percent. The industrial production output excluding the enterprises involved in the Kumtor Gold Mine development increased by 9.5 percent.

### Chart 1.1.1.

GDP Sector Composition by Types of Economic Activity



### Agriculture

In the reporting year, the volume of production output in the agricultural sector increased by 7.3 percent compared to 2021 due to an increase in the production of crops by two times, meanwhile, in 2021, the agricultural production output decreased by 4.6 percent. In 2022, positive contribution of agriculture to GDP growth was 1.0 percentage point, while the share of industry in the GDP structure decreased by 1.7 percentage points compared to the previous year, to make 12.1 percent.

### Trade and service sector

In the reporting year, the service sector increased by 4.8 percent in real terms to make the greatest contribution to GDP growth at 2.3 percentage points among the sectors of economy. The service sector increased due to growth of transport services by 10.1 percent and trade turnover – by 7.7 percent. In the reporting year, the share of the service sector in the GDP structure remains significant, having increased by 1.9 percentage points, up to 49.1 percent.

There was an increase by 8.0 percent in the construction sector due to commissioning of the social and cultural facilities in 2022. The positive contribution of this sector to GDP formation was at 0.6 percentage points against the negative contribution of 0.5 percentage points in 2021.

*Construction*

In 2022, the volume capital investments increased by 3.0 percent due to growth of investments financed from the domestic and foreign sources by 1.9 percent and 6.4 percent, respectively. Investments financed from the domestic sources increased mainly at the expense of the republican budget by 1.6 times. The level of capital investments assimilation increased by 1.4 times due to construction of the manufacturing facilities and by 1.5 times due to construction of the transport activities and cargo storage facilities.

*Investment*

### 1.2. Public Finance Sector<sup>1</sup>

In 2022, the fiscal policy was conducted amid economic recovery and stable social orientation. The policy of public expenditures was focused on providing social assistance to vulnerable population, increasing pensions and wages of public sector employees. The Cabinet of Ministers of the Kyrgyz Republic took measures for improvement of the budget and tax legislation of the Kyrgyz Republic, including improvement of state budget planning, digitization and simplification of tax and customs procedures to increase budget revenues and reduce black market.

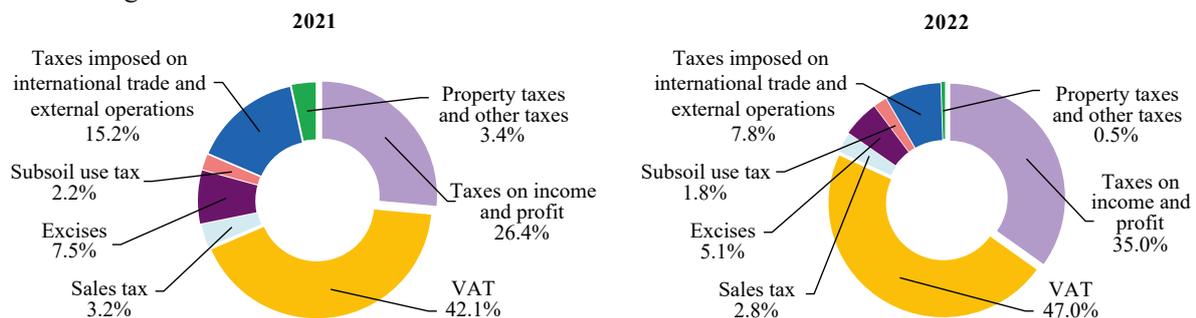
*Fiscal policy*

In 2022, the state budget deficit increased from 0.2 percent of GDP in 2021 up to 1.1 percent of GDP. The primary budget surplus<sup>2</sup> was KGS 0.5 billion or 0.1 percent of GDP.

In the reporting period, the state budget revenues from operating activities increased by 43.2 percent as compared to 2021 and amounted to KGS 300.5 billion. Revenues-to-GDP ratio increased from 28.4 to 32.7 percent. Tax revenues, comprising the main share (76.2 percent) in the revenue structure, increased by 51.4 percent and amounted to KGS 229.0 billion. Significant growth of tax revenues was mainly conditioned by VAT revenues (contribution to revenue growth made 21.0 percentage points) and taxes on income and profit (contribution to revenue growth made 19.0 percentage points), as well as by higher tax revenues from “Kumtor Gold Company” CJSC due to payment of annual amount to develop mineral reserve base of the Kyrgyz Republic taking into account additional charges for previous years.

#### ***Chart 1.2.1.***

State Budget Tax Revenue Structure



Non-tax revenues to the budget increased by 15.9 percent and amounted to KGS 52.1 billion, 11.1 percent thereof were formed through deductions from the National Bank’s profit. Official transfers increased by 41.9 percent and amounted to KGS 19.5 billion.

<sup>1</sup> Preliminary data of the Ministry of Finance of the Kyrgyz Republic.

<sup>2</sup> Primary deficit/surplus is the excess of state budget revenues over state budget expenditures excluding the amount of interest payments for public debt service.

In 2022, the state budget expenditures for operating activities increased by 35.8 percent compared to 2021 and amounted to KGS 224.6 billion. Expenditures to GDP increased from 22.3 percent in 2021 up to 24.4 percent in 2022. The structure of expenditures by functional classification did not suffer significant changes. There was an increase in expenditures on all items, except for the item “health care” (-10.1 percent). The items “general public services” (35.7 percent) and “education” (28.6 percent) had the largest share in the structure of current expenditures.

Public expenditures for employees remuneration increased significantly (by 47.4 percent, up to KGS 96.1 billion<sup>1</sup>) due to measures taken by the Cabinet of Ministers of the Kyrgyz Republic according to the Decree of the President of the Kyrgyz Republic “On Improvement of Conditions for Employees Remuneration in the Public Sector of the Kyrgyz Republic” dated March 28, 2022.

In 2022, net purchase of non-financial assets increased by 1.9 times, up to KGS 86.3 billion or 9.4 percent of GDP (in 2021 – 6.3 percent of GDP).

*Public debt servicing*

As of the end of 2022, the external public debt amounted to KGS 4.5 billion or 41.7 percent of GDP (in 2021 – 49.2 percent of GDP), the internal debt – 94.1 billion soms, or 10.2 percent of GDP (in 2021 – 9.8 percent of GDP). Expenditures to service the public debt from the republican budget amounted to KGS 33.6 billion, of which interest payments amounted to KGS 10.8 billion (1.2 percent of GDP).

*ST-Bills and ST-Bonds market*

Domestic borrowings were attracted through issuance and placement of the short-term and long-term government securities (the ST-Bills and the ST-Bonds) of the Ministry of Finance of the Kyrgyz Republic. The National Bank, being a financial agent of the Cabinet of Ministers of the Kyrgyz Republic, conducted auctions for primary placement of ST-Bills and ST-Bonds.

In the reporting period, the short-term segment of government securities market was characterized by low activity of the participants and was represented by 12-month ST-Bills. ST-Bills supply and demand at the auctions decreased by 41.9 and 81.0 percent respectively, while the sales of ST-Bills (taking into account additional placement) decreased by 78.0 percent. The weighted average yield in the ST-Bills market increased by 1.1 percentage point during the reporting year and amounted to 8.3 percent. The volume of ST-Bills in circulation decreased by 78.0 percent compared to 2021 and amounted to KGS 213.8 million at the end of 2022.

**Table 1.2.1.**

Parameters of ST-Bills and ST-Bonds primary placement

	unit of measurement	2021	2022
ST-bills			
Volume of supply	<i>billions of KGS</i>	2.8	1.7
Volume of demand	<i>billions of KGS</i>	1.1	0.2
Volume of sales (taking into account additional placements)	<i>billions of KGS</i>	1.0	0.2
Average weighted	<i>percent</i>	7.2	8.3
ST-bonds			
Volume of supply	<i>billions of KGS</i>	26.2	33.0
Volume of demand	<i>billions of KGS</i>	20.4	24.1
Volume of sales (taking into account additional placements)	<i>billions of KGS</i>	22.3	22.6
Average weighted	<i>percent</i>	11.1	15.0

In 2022, domestic borrowings expanded mainly through the ST-Bonds market. Supply of ST-Bonds at the auctions increased by 26.1 percent, the investors’ demand for ST-Bonds increased by 18.1 percent, sales of ST-Bonds (taking into account additional placements) demonstrated positive dynamics by 1.4 percent. In the reporting period, 10-year ST-Bonds were in the highest demand, the share thereof in the total volume of demand made 37.3 percent. As of the end of 2022, the volume of ST-Bonds in circulation increased

<sup>1</sup> Using budget funds.

by 25.6 percent in the reporting year and amounted to KGS 88.7 billion. In the reporting period, the total weighted average yield of ST-Bonds increased by 3.9 percentage points compared to 2021, to make 15.0 percent.

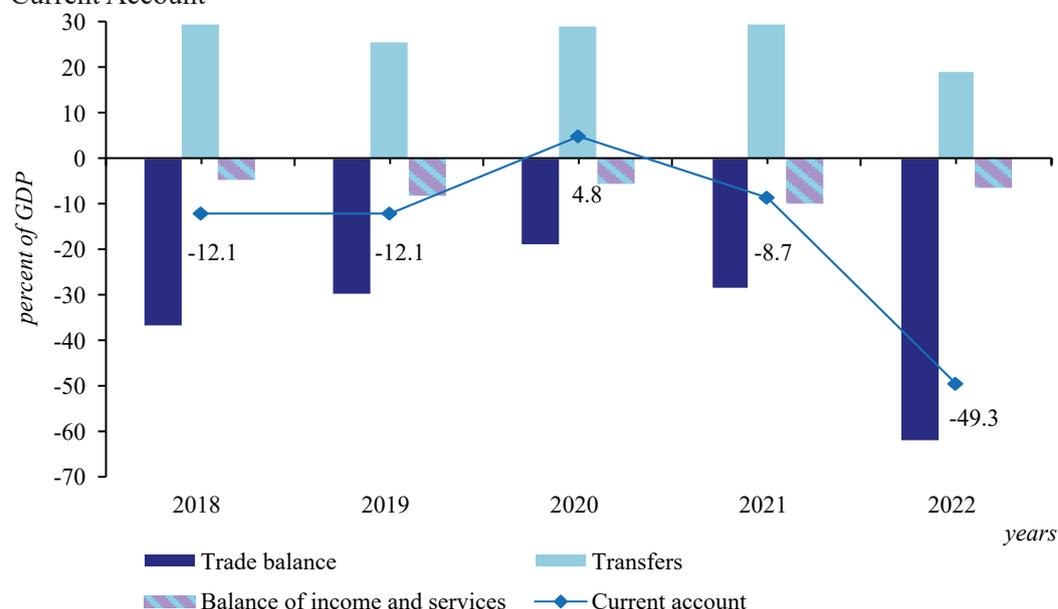
One auction for placement of foreign-currency-denominated 10-year ST-Bonds was held in the amount of USD 52.0 million at the weighted average yield of 1.0 percent. The volume of this asset in circulation amounted to USD 52.0 million.

### 1.3. Balance of Payments of the Kyrgyz Republic

According to the preliminary data, in 2022, the current account deficit amounted to USD 5,426.8 million, or 49.3 percent of GDP (in 2021, the current account deficit amounted to 8.7 percent of GDP). A significant increase in the trade deficit, as well as deterioration in the balance of current transfers had a decisive influence on the dynamics of the indicator.

**Chart 1.3.1.**

Current Account



The reporting year was characterised by a significant increase in import. The trade deficit increased by 2.8 times as compared to 2021 (up to USD 6,823.9 million).

*Foreign trade*

In the reporting year, export of goods (in FOB prices) decreased by 21.2 percent and amounted to USD 2,189.7 million<sup>1</sup>. Gold exports amounted to USD 13.1 million, a significant decrease compared to the previous year (USD 1,411.9 million). Exports excluding gold increased by 59.4 percent and amounted to USD 2,176.6 million. There was an increase in the supplies of clothes, textile yarn, live animals, fabrics, footwear, vegetables, fruits and a number of other goods. At the same time, a decrease was observed in export of rolled glass, ore and precious metals concentrates, metal scrap, cigarettes and other categories of goods.

In the reporting year, export supplies to the EAEU countries increased by 81.7 percent, mainly due to an increase in the supplies of clothes, textile yarn, vegetables, fruits, fabrics and footwear.

In 2022, import of goods (in FOB prices) amounted to USD 9,013.6 million, having increased by 73.4 percent. There was an increase in the value of imported petroleum products by 15.8 percent due to higher average prices of supplies. At the same time, in the

<sup>1</sup> Including the National Bank's additional estimates according to the methodology of the balance of payments.

reporting year, there was also an increase in supplies of fabrics, locksmiths' ware, safes and hardware, cars, footwear, clothes and other goods. Along with that, there was a decrease in import of live animals, motor vehicles for the transport of goods and special purpose motor vehicles, cigarettes and a number of other goods.

At the same time, in the reporting year, import supplies from the EAEU countries increased by 17.4 percent, mainly due to growth in import of petroleum products and consumer goods.

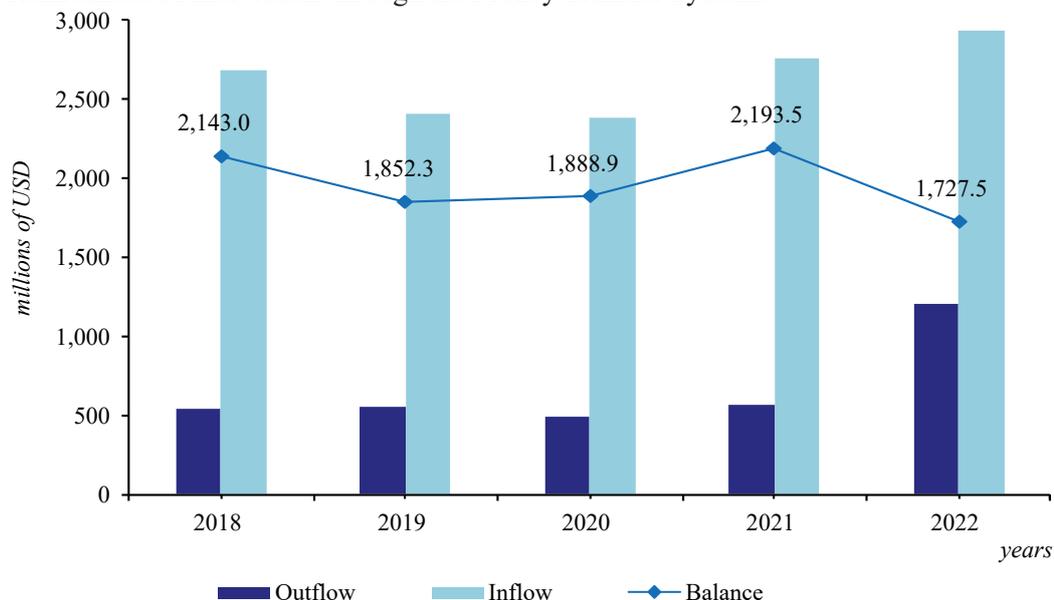
Following the preliminary results of 2022, there was an increase in export of services by 2.6 times and growth in import of services by 2.0 times. As a result, the balance of services deficit decreased and amounted to USD 112.3 million. Growth on the item "travels" was the main factor influencing this trend.

#### Remittances

Net inflow of current transfers amounted to USD 2,118.0 million, having decreased by 16.0 percent as compared to 2021. In the structure of current transfers, a significant volume of inflow was provided by remittances. Following the results of 2022, the net inflow of individuals' remittances through money transfer systems decreased by 21.2 percent and amounted to USD 1,727.5 million.

#### Chart 1.3.2.

Remittances of Individuals through the Money Transfer Systems



Following the results of the reporting year, the negative balance of income decreased by 2.1 percent and amounted to USD 608.6 million. It was formed under the influence of decreasing other investment income paid to non-residents.

#### Capital account

According to the preliminary results of 2022, the capital and financial account balance was positive in the amount of USD 793.5 million, having decreased by 0.9 percent as compared to 2021. The items "direct investments" and "other investments" primarily influenced the financial account formation. Net inflow of direct foreign investments amounted to USD 748.8 million, mainly due to a decrease in residents' investments abroad in the form of direct investments and an increase in direct investors' reinvested earnings.

The item "other investments" was formed with a negative balance in the amount of USD 135.7 million (at the end of 2021, positive balance amounted to USD 105.7 million). This trend was conditioned by an increase in the volume of foreign assets of the Kyrgyz Republic residents by USD 1,053.4 million, mainly due to the operations conducted by the commercial banks. The residents' liabilities increased by USD 917.6 million, mainly due to by the banking sector operations, as well as growth of the resident enterprises' accounts payable.

Following the results of 2022, the balance of the item “errors and omissions” was formed positive in the amount of USD 4,341.4 million, due to statistical discrepancies related to the moment of transactions registry, incomplete coverage or using data from various sources.

The overall balance of payments was negative and amounted to USD 291.9 million (in 2021, the positive balance amounted to USD 563.6 million).

*Overall balance*

At the end of the reporting year, gross international reserves amounted to USD 2,798.1 million, which corresponded to 3.2 months of coverage of the future import of goods and services.

ACTIVITY  
OF THE NATIONAL BANK  
OF THE KYRGYZ REPUBLIC  
IN 2022



## CHAPTER 2. MONETARY POLICY

In 2022, significant changes in the external environment influenced the economic development of the Kyrgyz Republic and, as a consequence, conducted monetary policy. During the reporting year, increased inflation environment in the Kyrgyz Republic reflected the impact of the external and the internal factors.

Under such conditions, the monetary policy measures taken by the National Bank were aimed at restraining the monetary component of inflation and minimizing the negative impact of external shocks on the domestic economic situation. Therefore, measures were taken using a wide range of monetary policy tools. These measures included an increase of the National Bank policy rate at the beginning of 2022 from 8.00 to 14.00 percent with a subsequent decrease to 13.00 percent at the end of 2022 amid relative stabilization of price dynamics.

Measures taken in time contributed to curbing the inflation acceleration. The average annual inflation for the period from 2018 until 2022 amounted to 7.0 percent and was within the National Bank's medium-term target.

The National Bank increased the volume of sterilization operations to withdraw excess liquidity as a measure to regulate the level of liquidity in the banking system.

The National Bank provided the commercial banks with credit resources to cover short-term liquidity gaps in order to maintain the stable functioning of the banking system.

In 2022, increased demand for cash and non-cash foreign currency was observed in the domestic foreign exchange market of the country, primarily due to the current situation in the countries – main trading partners of the Kyrgyz Republic, as well as disruption in supply chains of cash US dollars to the country. Therefore, in a certain period of time, the National Bank conducted foreign exchange interventions to smooth sharp exchange rate fluctuations and stabilize the situation in the foreign exchange market.

International reserves were managed taking into account the priorities of liquidity and security. In 2022, the volume of gross international reserves of the Kyrgyz Republic decreased by USD 179.5 million and amounted to USD 2,798.1 million as of the end of the year.

The National Bank purchased gold in the domestic market of the country for the national currency in order to replenish international reserves and build up the stocks of gold, using the priority right to buy refined precious metals, extracted and produced in the territory of the Kyrgyz Republic according to the Law of the Kyrgyz Republic “On Precious Metals and Precious Stones”. At the end of 2022, the total volume of gold in the National Bank's assets constituted 44,415.75 kg, including refined gold measuring bars and other types of non-monetary gold.

Information policy measures in the monetary policy were focused on forming rational inflation expectations of the public and economic entities and ensuring predictability of the National Bank's further actions.

### 2.1. Goal and Objectives of Monetary Policy

The activities of the National Bank were focused on achieving and maintaining price stability through appropriate monetary policy (MP). A wide range of available monetary policy tools was used in this direction.

*The National Bank's goal*

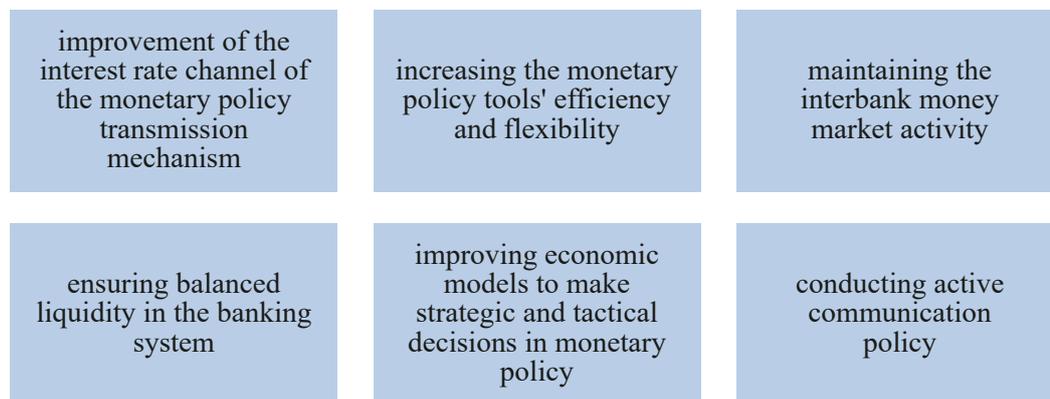
The monetary policy target was to keep the average inflation up to 12 percent, indicated in the Statement of the National Bank of the Kyrgyz Republic on Monetary Policy for 2022<sup>1</sup>.

<sup>1</sup> Approved by the Resolution of the Board of the National Bank of the Kyrgyz Republic No. 2021-II-07/74-1-(JKIT) dated December 27, 2021.

*Monetary policy  
main objectives*

In the reporting year, the main tasks of the National Bank in conducting monetary policy were to restrain inflationary processes in the country amid external shocks and to ensure balanced liquidity in the banking system.

The work was continued to improve the monetary policy transmission mechanism through strengthening operation of its interest rate channel, improving of the monetary tools' efficiency and flexibility, as well as maintaining conditions for active functioning of the interbank money market.

**Monetary Policy Main Objectives in 2022****2.2. Monetary Policy Implementation**

In 2022, monetary policy was conducted under the influence of many factors related to the consequences of the COVID-19 pandemic, continuing growth of the world food and energy prices, geopolitical situation and the global nature of inflation.

Tactical decisions of the monetary policy were made during the year taking into account the liquidity level in the banking system, the monetary and foreign exchange markets development trends, as well as dependence on assessments of the economic situation and its development prospects in the Kyrgyz Republic and in the countries-trading partners.

*Interest rate policy*

The policy rate of the National Bank (key rate) remained the main monetary policy tool and was as a target for the funds value in the money market. The decisions on the key rate were made in accordance with the schedule of meetings of the National Bank Board for 2022 based on the medium-term forecast of economic development, designed using economic modeling methods.

Since the beginning of 2022, the National Bank continued monetary policy tightening in order to minimize the negative effect of external shocks on the economy of the Kyrgyz Republic. Under these conditions, the National Bank gradually increased its policy rate from 8.00 up to 10.00 percent at the beginning of 2022 in response to pro-inflationary risks. In March 2022, the key rate was increased up to 14.00 percent and remained unchanged until November 2022. Subsequently, the policy rate was decreased to 13.00 percent, taking into account the external and internal economic environment.

The rates of the interest rate corridor were adjusted accordingly along with the key rate's changes: the interest rate on "overnight" deposits, being the lower limit, varied from 5.50 to 12.00 percent, the rate on "overnight" credits, determining the upper limit, ranged from 8.50 to 16.00 percent. At the end of 2022, the rates of the interest rate corridor were 10.00 percent and 15.00 percent, respectively.

The level of excess liquidity remained high in the banking sector, demonstrating stable upward dynamics during the year. The level of liquidity increased mainly due to the operations of the public and monetary sectors. The average daily volume of excess reserves prior to conducting the National Bank's sterilization operations increased by

KGS 14.1 billion as compared to 2021 and amounted to KGS 31.9 billion. Under these conditions, the National Bank expanded the volume of sterilization operations. Excess liquidity was absorbed from the banking system through the open market operations and placement of the commercial banks' available funds on "overnight" deposits at the National Bank. In the reporting year, the average daily volume of excess liquidity withdrawal from the banking system amounted to KGS 31.8 billion (in 2021 – KGS 18.0 billion).

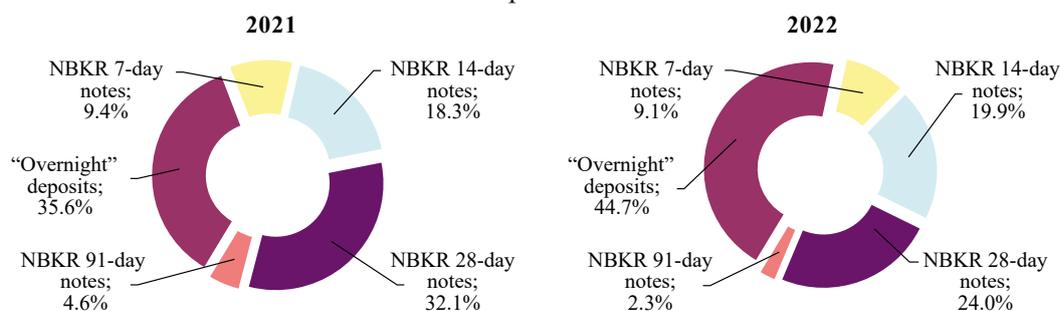
The notes of the National Bank remained the main instrument to withdraw excess liquidity from the banking system. Market participants preferred short-term (7- and 14-day) notes. The average daily volume of sterilization operations through the notes increased from KGS 11.6 billion in 2021 up to KGS 17.6 billion in 2022. At the same time, the share of notes in the structure of the National Bank sterilization operations by maturities decreased from 64.4 percent in 2021 to 55.3 percent in 2022.

The share of the banks' available funds placed on "overnight" deposits at the National Bank increased from 35.6 percent in 2021 to 44.7 percent in 2022. The average daily volume of "overnight" deposits at the National Bank increased by KGS 7.8 billion as compared to KGS 6.4 billion in 2021 and amounted KGS 14.2 billion.

*Liquidity regulation*

### **Chart 2.2.1.**

Structure of National Bank Sterilization Operations



In 2022, to cover temporary gaps in liquidity, the banking sector, along with interbank borrowings, attracted short-term credit resources of the National Bank within "overnight" credits, the gross volume thereof amounted to KGS 16.7 billion (in 2021 – KGS 20.8 billion) in the reporting year. At the same time, long-term resources in the national currency were not provided through refinancing instruments.

The pilot project on development of the government securities secondary market through rediscount operations (outright) conducted by the National Bank was resumed in June 2022.

The National Bank took measures aimed at strengthening the information channel with respect to the monetary decisions taken in order to improve the efficiency of anti-crisis measures taken to stabilize the economic situation. The strategic and target guidelines of the monetary policy for the near future were published in accordance with the transparency principles of conducted monetary policy, press releases were issued on a regular basis, and press conferences on the policy rate decisions were held. The monetary policy reports were posted on the official website of the National Bank on a quarterly basis.

*Lending policy*

*Communication policy*

#### **2.2.1. Open Market Operations**

The National Bank notes were the main instrument used by the National Bank in the open market. Notes are discount securities of the National Bank with various maturities placed at the auctions to regulate liquidity in the banking system. In the reporting period, the market of the National Bank notes was represented by 7-, 14-, 28- and 91-day notes.

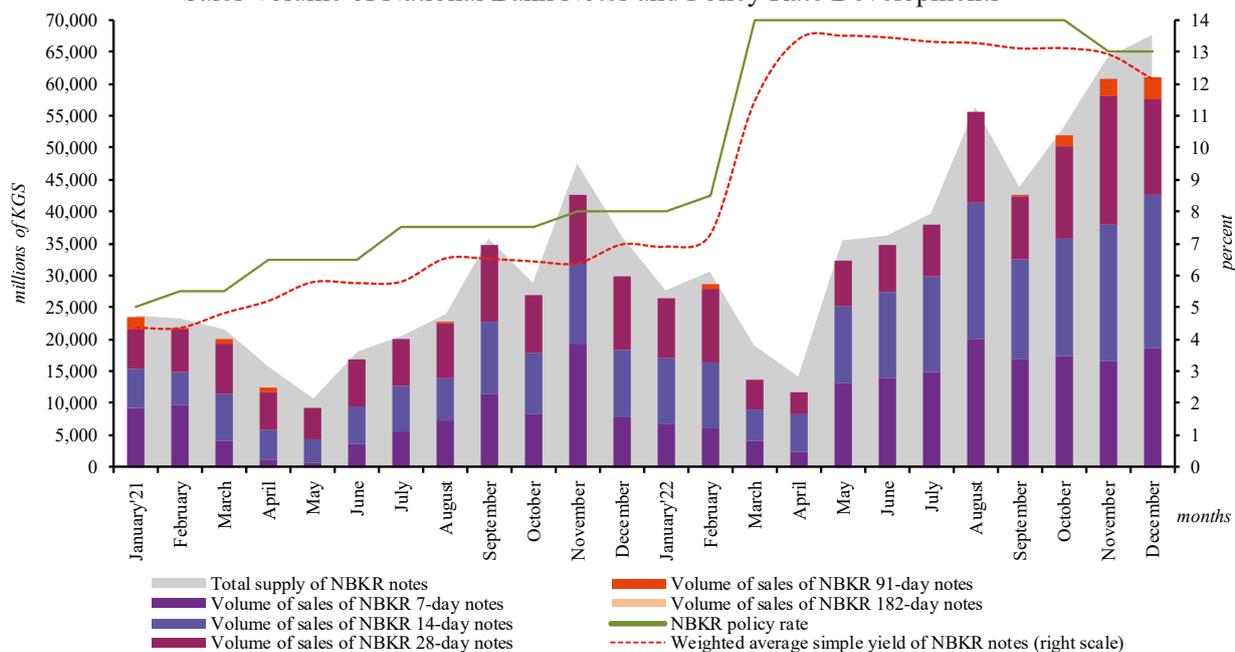
*The National Bank notes*

In 2022, the volume of notes supplied by the National Bank amounted to KGS 487.5 billion. At the same time, the volume of demand for notes amounted to KGS 533.7 billion, having increased by 71.6 percent (KGS 311.0 billion) as compared to 2021. The total sales of notes increased by 63.3 percent as compared to 2021 (KGS 280.2 billion) and amounted to KGS 457.5 billion.

The largest volume of sales was accounted for the National Bank notes with a maturity of 14 days (37.7 percent). The sales of notes with a maturity of 7 and 28 days amounted to 33.0 and 27.4 percent, respectively, 91 days – 1.9 percent.

### **Chart 2.2.1.1.**

Sales Volume of National Bank Notes and Policy Rate Developments



At the beginning of the year, the weighted average yield of the National Bank notes, following the National Bank policy rate, increased from 6.9 percent in January to 13.4 percent in April; there were no sharp fluctuations during the rest of the reporting year. Generally, the weighted average yield of notes increased by 6.2 percentage points to 12.1 percent as compared to 2021.

At the end of 2022, the volume of the National Bank notes in circulation significantly increased year-to-date (KGS 18.5 billion) and amounted to KGS 34.6 billion. The commercial banks (84.4 percent), institutional investors (8.3 percent), resident legal entities and individuals (7.3 percent) were the main holders of notes at the end of the reporting period.

In 2022, the National Bank conducted operations on purchase of ST-Bonds in the secondary market on outright terms without an obligation to resell in order to provide the banking sector with additional liquidity in the national currency. The National Bank purchased 3-, 5- and 7-year ST-Bonds, based on the result of this purchase the total volume of these operations at their actual value amounted to KGS 2.1 billion.

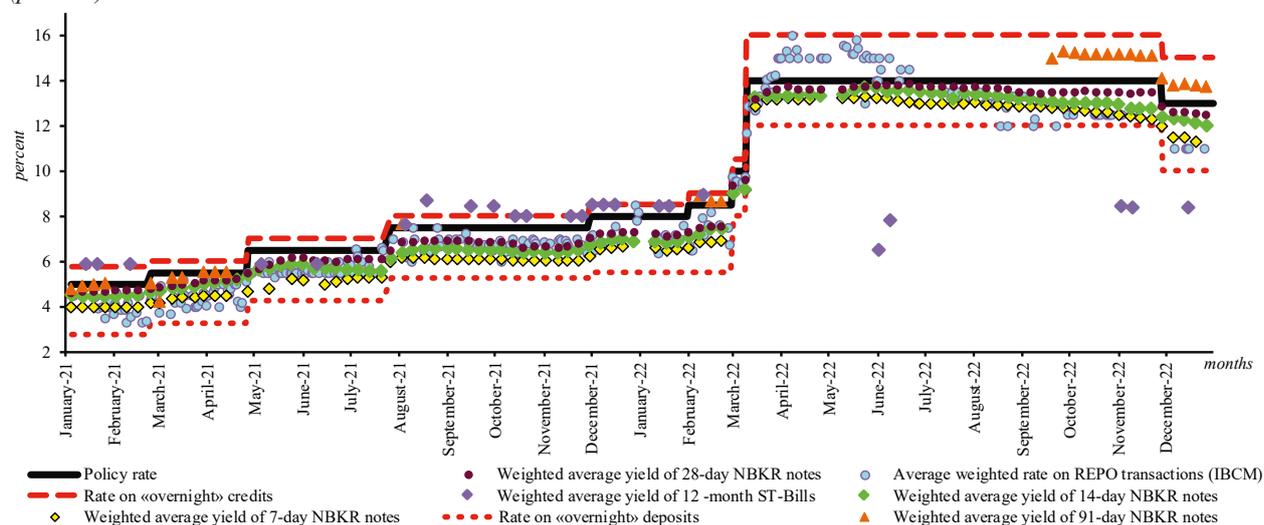
## **2.2.2. Operations in the Interbank Money Market**

The National Bank continued to take measures to strengthen the influence of the transmission mechanism on the money market interest rates. Implementation of successive steps in the interest rate policy conditioned a decrease in the volatility of short-term interest rates during the periods of high uncertainty.

During 2022, the short-term money market interest rates were formed near the key rate and were within the interest rate corridor, excluding the yields on 12-month ST-Bills. The short-term segment of the money market was in the highest demand among the market participants amid spread of short-term excess liquidity in the banking system.

**Chart 2.2.2.1.**

**Dynamics of the Interest Rates in the Money Market (percent)**

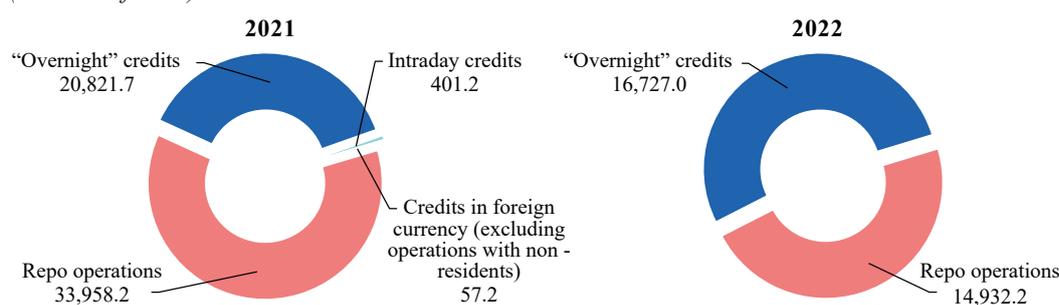


During 2022, activity in the interbank credit market decreased significantly due to growing volume of excess resources in the banking system. The total volume of operations in the interbank credit market (including credits issued by the National Bank) decreased by 42.7 percent compared to 2021 and amounted to KGS 31.7 billion. The volume of repo operations decreased by 56.0 percent compared to 2021, from KGS 34.0 down to KGS 14.9 billion.

*Interbank credit market*

**Chart 2.2.2.2.**

**Volume of Domestic Interbank Credit Market Transactions (millions of KGS)**



In the reporting year, the weighted average interest rate on repo operations increased by 6.4 percentage points amid monetary policy tightening up to 12.1 percent. The average maturity of repo operations decreased from 5 to 4 days. In 2022, standard credit auctions in the national and foreign currencies were not conducted in the interbank market.

**Table 2.2.2.1.**

Weighted Average Interbank Market Interest Rates and the National Bank Rates (average value for the period)  
(percent)

	2021	2022
<b>Interbank market rates</b>		
Rates of credits in national currency	-	-
Rates of credits in foreign currency	7.0	-
Rates of repo operations	5.7	12.1
<b>National Bank operations rates</b>		
“Overnight” credits rates	7.3	13.9
“Overnight” deposits rates	4.3	10.6
Credit auctions rates	-	-

### Government securities market

During 2022, the long-term government securities (GS) were more attractive for the market participants compared to the short-term ones. Under these conditions, the supply of securities with the maturities ranging from 5 to 10 years increased in the ST-Bonds market. ST-Bonds in foreign currency with a maturity of 10 years were issued in the second half of 2022, such securities were last issued in 2016.

In the reporting year, the short-term segment of the government securities was represented, as in previous years, only by ST-Bills with a maturity of 12 months.

### 2.2.3. Operations on Banks Refinancing

#### Refinancing instruments

Refinancing of banks is one of the instruments designed to maintain liquidity of the commercial banks and smooth its fluctuations.

The National Bank has the following types of refinancing instruments:

- the intraday credit provided in the national currency on the interest-free basis during the trading day on collateral to enhance efficiency of the payment system;
- the “overnight” credit provided in the national currency for one day on the repayment basis on collateral to maintain short-term liquidity of the banks;
- the 7-day credit provided in the national currency for seven days on the prepayment basis on collateral to maintain short-term liquidity;
- the credit auctions aimed at refinancing and maintaining liquidity held in the national currency to provide the commercial banks with credits in the national currency on the prepayment basis to maintain liquidity and lending to certain sectors of the economy and regions;
- the credits for liquidity support provided on the repayment basis on collateral to protect integrity of the banking system, maintaining the bank’s liquidity and protecting the interests of the depositors;
- the credits provided on the repayment basis on collateral to the international organizations established by the Kyrgyz Republic jointly with other states;
- the credits of last resort, provided in exceptional cases to the commercial banks and non-banking financial-credit organizations attracting deposits, experiencing serious financial problems;
- the credits provided to the Deposit Protection Agency of the Kyrgyz Republic to ensure the financial stability of the Deposit Protection System of the Kyrgyz Republic, protect the depositors’ interests, prevent the systemic risk and provide stability of the banking system.

The National Bank limited credit auctions conducted amid growing inflationary pressure in the Kyrgyz Republic. This measure is conditioned by persistence of a high level of excess liquidity in the banking system.

At the same time, the commercial banks were provided with permanent access monetary policy tools: intraday credits and “overnight” credits. During the reporting

period, the volume of extended “overnight” credits amounted to KGS 16,727.0 million, having decreased by 19.7 percent as compared to 2021 (KGS 20,821.7 million).

***Table 2.2.3.1.***

Credits Extended by the National Bank of the Kyrgyz Republic  
(millions of KGS)

	Q1	Q2	Q3	Q4	Total
<b>Intraday credits*</b>					
2021	-	401.2	-	-	<b>401.2</b>
2022	-	-	-	-	-
<b>“Overnight” credits</b>					
2021	224.2	14,178.7	826.1	5,592.8	<b>20,821.7</b>
2022	2,739.0	13,843.5	144.5	-	<b>16,727.0</b>
<b>Credit auctions</b>					
2021	-	-	-	-	-
2022	-	-	-	-	-
<b>Credits to international organizations</b>					
2021	-	-	-	-	-
2022	-	-	-	-	-

\* Including intraday credits transferred to the category of the “overnight” credits

## 2.2.4. Domestic Foreign Exchange Market Operations

In 2022, the situation in the domestic foreign exchange market was developing based on the geopolitical situation in the world, as well as uncertainty in the external financial markets. Participation of the National Bank in the foreign exchange auctions was determined by the market environment and was focused on smoothing sharp exchange rate fluctuations amid current regime of the floating exchange rate.

Since the beginning of January 2022, the situation in the foreign exchange market remained relatively stable, however, it changed since the end of February 2022 under the influence of external economic shocks, as well as in the financial markets of the countries-trading partners, which eventually resulted in high volatility of US dollar-Kyrgyz som exchange rate in the country.

Therefore, the National Bank conducted foreign exchange interventions on sale and purchase of foreign currency to smooth sharp fluctuations of the exchange rate. Thus, in Q1, the National Bank sold USD 284.30 million, USD 66.65 million thereof were sold in cash. At the beginning of March, upon introduction of restrictive measures by the countries-trading partners to conduct foreign exchange operations, there was an increase in the inflow on money transfers. The National Bank conducted operations on purchase of foreign currency, the volume of which amounted to USD 19.90 million due to increased supply of foreign currency in the domestic foreign exchange market.

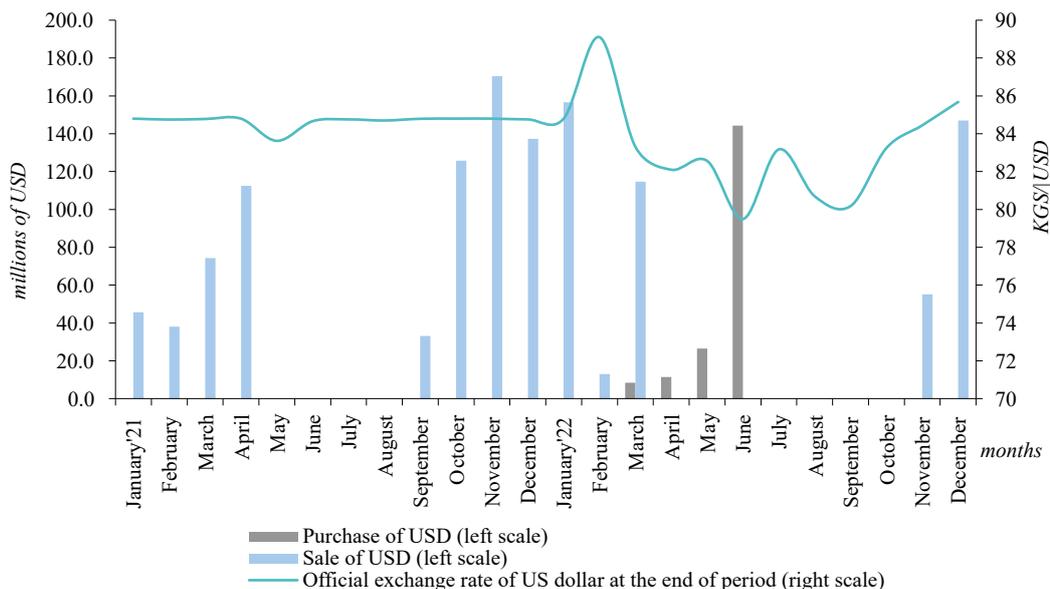
There was excess of foreign currency supply over demand in Q2 of the reporting year. The National Bank conducted foreign exchange interventions on purchase of foreign currency in the amount of USD 170.84 million amid existing floating exchange rate regime.

Q3 was characterised by stable balance between supply and demand and participation of the National Bank in the foreign exchange auctions was not necessary.

In Q4, there was an excess of demand for foreign exchange over supply thereof in the domestic foreign exchange market due to the global trend. Therefore, high uncertainty in the financial markets and increased consumer demand for imported goods in December conditioned growth of demand for foreign currency. In Q4 2022, the National Bank sold USD 202.20 million to smooth sharp fluctuations of the exchange rate.

**Chart 2.2.4.1.**

Foreign Exchange Operations of the National Bank in 2022



In 2022, totally, the National Bank sold USD 486.50 million, USD 66.65 million thereof was sold in cash. During the reporting period, the National Bank conducted operations on purchase of foreign currency to the amount of USD 190.74 million. The volume of net sales amounted to USD 295.76 million.

In 2022, in addition to the operations with US dollars, the National Bank conducted foreign exchange operations on purchase of Russian rubles to the total amount of RUB 2,981.50 million to ensure timely execution of the Kyrgyz Republic’s obligations.

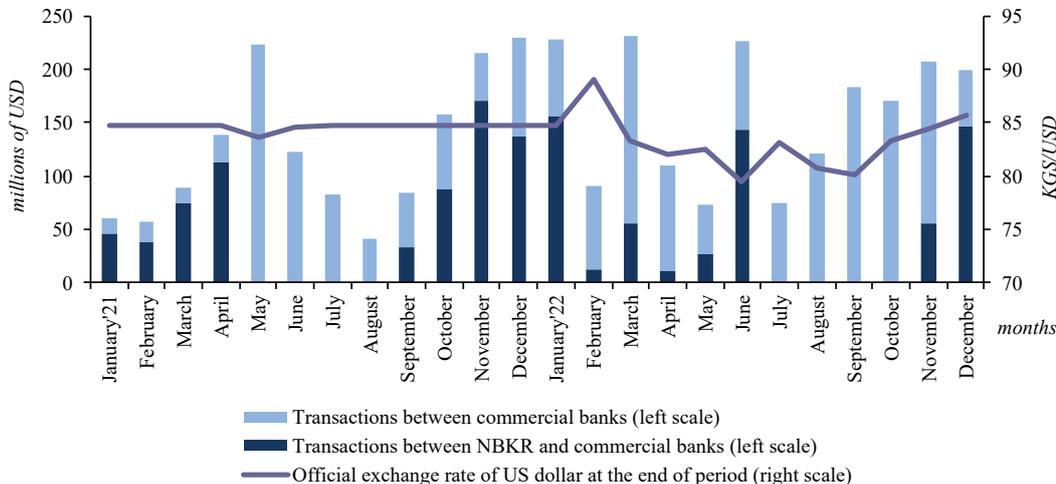
In 2022, the official US dollar-Kyrgyz som exchange rate increased by 1.04 percent, from KGS 84.8000 per USD at the beginning of the year up to KGS 85.6800 per USD at the end of the year.

There was an increase in the total volume of operations in the domestic foreign exchange market due to the economic growth in 2022. There was an increase in the volume of operations on purchase/sale of foreign currency by 38.0 percent, up to KGS 2,116.6 billion. The volumes of operations increased in all types of major currencies, except for the Kazakh tenge.

*Operations in the foreign exchange market*

**Chart 2.2.4.2.**

Exchange Rate Movement and Volume of Interbank Foreign Exchange Auction Operations



CONTENT

In the reporting period, the total volume of swap-operations conducted by the commercial banks in the domestic market and with non-resident banks increased by 42.9 percent as compared to 2021 and amounted to USD 2.0 billion. The National Bank did not conduct any swap-operations in the reporting period.

*Swap-operations*

### 2.2.5. Reserve Requirements

Reserve requirements (RR) are among the instruments of monetary regulation. RR is the amount of money that the commercial banks and microfinance companies attracting deposits are obliged to deposit in reserve assets during certain period of time under the conditions set by the National Bank.

*RR standards*

The Board of the National Bank determines the ratio of the required reserves and the procedure for their fulfillment depending on the monetary policy conditions.

Reserve requirements standards for the liabilities included in the calculation base were not changed during the reporting period. The ratio of reserve requirements for the liabilities in foreign currency remained unchanged at 14.0 percent under the conditions of maintained measures on economy de-dollarization. The ratio of reserve requirements was kept unchanged at 4.0 percent for the liabilities in the national currency and the liabilities in the currencies of the EAEU member-states and Chinese yuan. The ratio of reserve requirements for the banks' liabilities on depersonalized metal accounts of the clients remained the same – at zero level.

The minimum threshold level of funds on the correspondent account at the National Bank effective in respect of the commercial banks was kept unchanged at 70.0 percent of the bank's reserves requirements ratio, determined for the relevant period to implement reserve requirements on a daily basis.

In 2022, penalties were imposed on five commercial banks for non-compliance with the daily minimum threshold level of the reserve requirements ratio.

## 2.3. Management of International Reserves

According to the Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic”, the National Bank independently forms, owns and manages all international reserves, taking into account the priorities of liquidity and ensuring security thereof.

The Board and the Investment Committee of the National Bank made decisions for defining the bank's investment strategy, the portfolio structure of international reserves, the ratio of risk and the return on investment instruments, as well as for choosing the bank's counterparties. In 2022, the Investment Committee held 18 meetings on international reserves management. Criteria, requirements and restrictions were set for counterparties, types of instruments, the size and maturity of investment to minimize the risks emerging in the course of international reserves management.

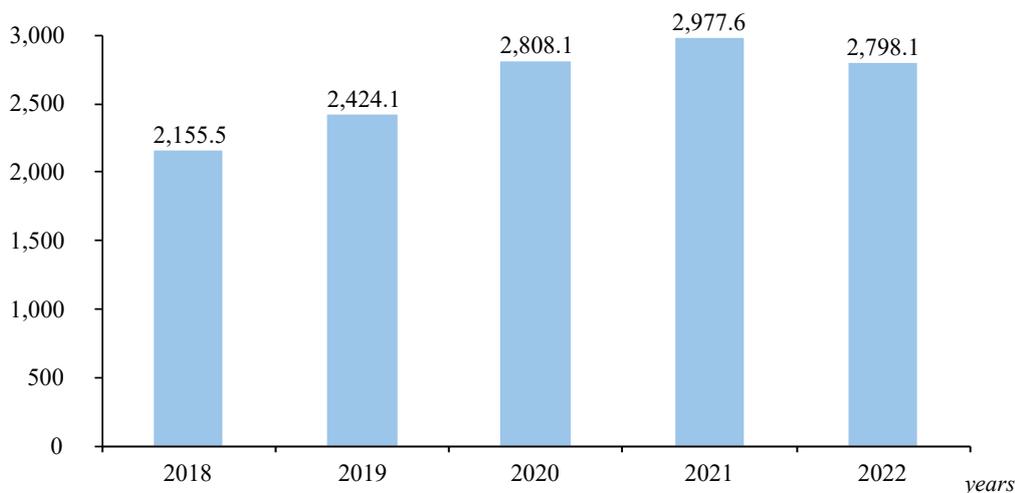
Management of international reserves was regulated by the Investment Policy and the Risk Management Policy in International Reserves Management.

At the end of 2022, gross international reserves amounted to USD 2,798.1 million, having decreased by USD 179.5 million or 6.0 percent over the year. The international reserves of the National Bank comprise the assets in gold, Special Drawing Rights (SDR) and the foreign currency portfolio.

*Volume of international reserves*

**Chart 2.3.1.**

Dynamics of Gross International Reserves  
(millions of USD)



The payments on the external liabilities of the Kyrgyz Republic; the changes in the exchange rates of currencies which are part of international reserves; the changes in the prices for precious metals; income from management of international reserves; the operations on purchase of gold in the domestic market; foreign exchange operations of the National Bank carried out in the domestic market of the country; and receipt of foreign currency in favor of the Cabinet of Ministers of the Kyrgyz Republic influenced the volume of gross international reserves during 2022.

*Structure of  
international reserves*

**Table 2.3.1.**

Structure of International Reserves (end-of-period)  
(percent)

	2021	2022
Currency portfolio	67.5	57.7
Gold	19.9	34.1
Special Drawing Right	12.6	8.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

In 2022, the international reserves currency portfolio consisted of the following currencies: Australian dollars, British pounds sterling, US dollars, Euros, Canadian dollars, Chinese yuans, Russian rubles, Singapore dollars, Swiss francs, South Korean won, Japanese yen, as well as other currencies to service the operations of the Cabinet of Ministers of the Kyrgyz Republic.

The central banks, international financial institutions and foreign commercial banks are the counterparties of the National Bank.

The work with the reserve assets was done on the portfolio basis to support the required level of liquidity as well as to increase efficiency in international reserves management. The division of currency portfolios into the working and investment ones ensured maintenance of the optimal yield level of reserves.

*Working portfolio  
placement*

The working portfolio assets were placed in the most liquid instruments and were used for the operations in the domestic interbank foreign exchange market and for the payments of the National Bank and the Cabinet of Ministers of the Kyrgyz Republic in foreign currency, including the state external debt service.

*Investment portfolio  
management*

The investment portfolio was managed in accordance with the approved benchmark portfolio of international reserves. The National Bank placed the international reserves in securities and time deposits. The securities portfolio included the government securities

of individual countries, the short-term and medium-term investment instruments of the international financial institutions. The time deposits were placed in the international financial institutions, foreign central and commercial banks with high international ratings.

## 2.4. Monetary Policy Results

The monetary policy measures contributed to restraining the inflation rate and maintaining macroeconomic stability in the Kyrgyz Republic amid prevailing inflation risks in the economy of the Kyrgyz Republic.

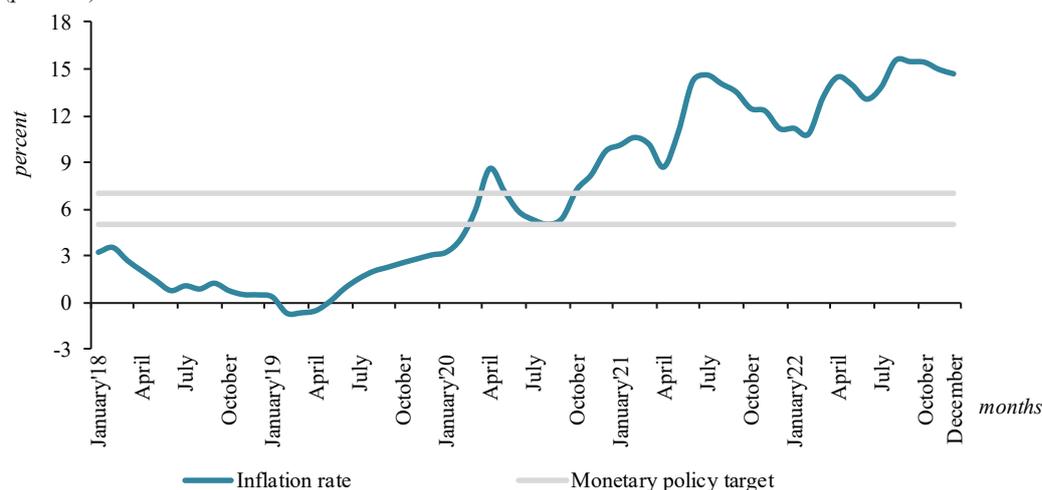
Significant increase in prices for imported food and non-food products was the main factor of inflation formation in 2022. Rise in prices was conditioned by the global trends and an increase in domestic demand, as well as by growth of wages in the public and private sectors.

According to the National Statistical Committee of the Kyrgyz Republic, in 2022, the overall level of consumer prices in annual terms (December 2022 to December 2021) increased by 14.7 percent.

*Inflation*

### **Chart 2.4.1.**

Inflation Rate in the Kyrgyz Republic  
(percent)



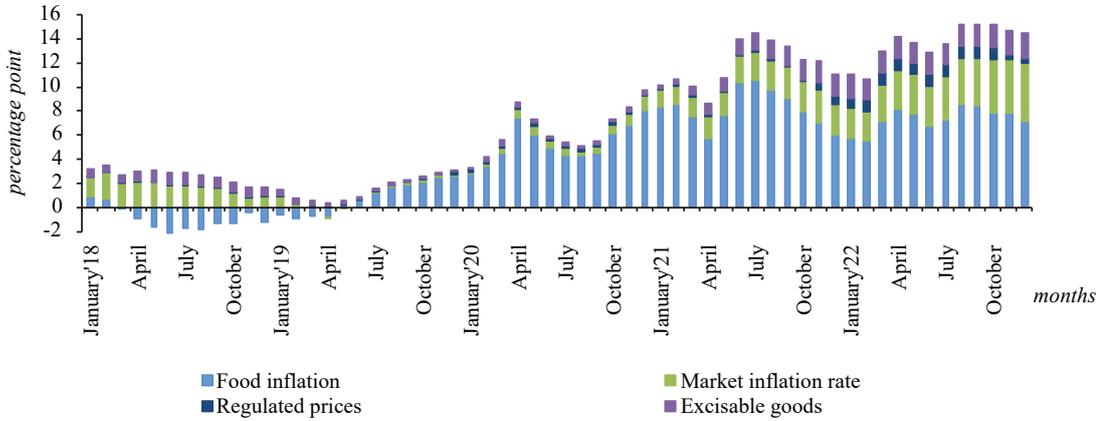
International food market environment and supply factors primarily determined price dynamics in the group of food products. Strong global demand, climate change, reduction in yields and problems in global supply chains conditioned rise in the world food prices up to historic highs in the first half of 2022. Prices for food products increased by 15.8 percent in annual terms (December 2022 to December 2021). Among the basic food products, there was increase in prices for flour, meat and sugar.

Prices for non-food products increased by 12.7 percent in annual terms. Contribution of non-food products to CPI increased slightly as compared to the previous year and constituted 3.7 percentage points. Prices for household appliances, coal, clothes and footwear demonstrated relatively high growth rates.

Prices for alcoholic beverages and tobacco products increased by 24.4 percent in annual terms due to planned increase in excise rates in early 2022. Prices for paid services increased by 9.1 percent, mainly due rise in prices for transport, hotels and catering services.

In 2022, the average annual market inflation rate<sup>1</sup> was 9.9 percent, not exceeding single-digit values.

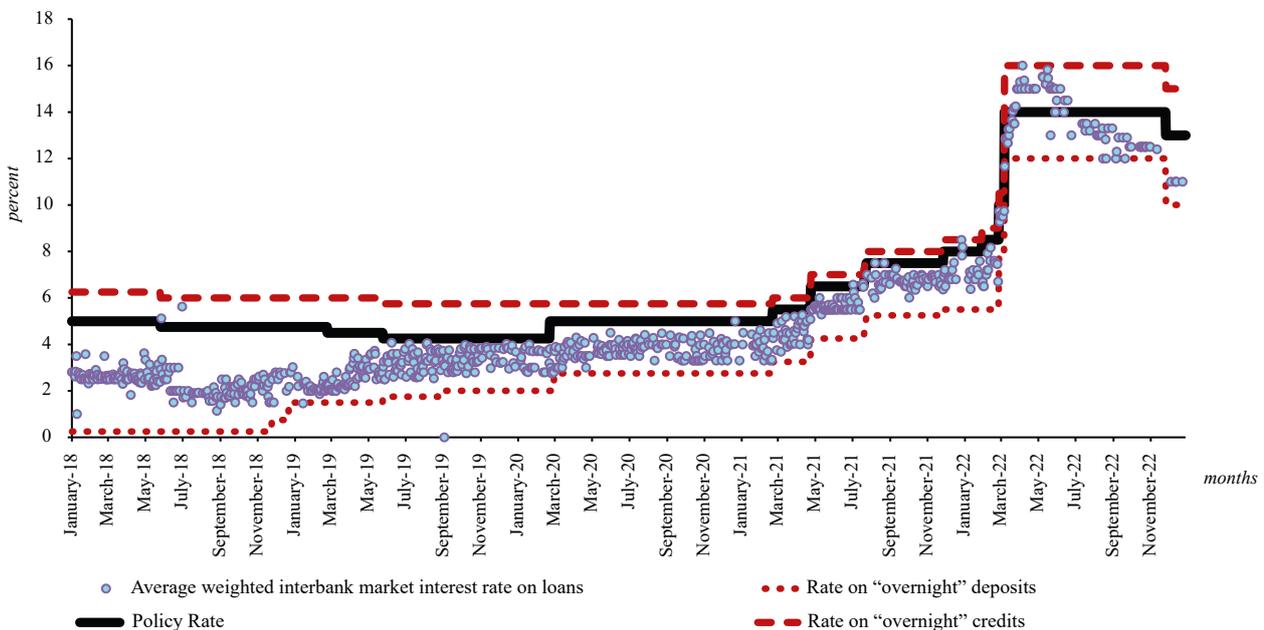
**Chart 2.4.2.**  
Contribution to CPI Growth



**Money market**

During the reporting year, the policy rate set the direction for the short-term rates in the interbank money market. The gap between the key rate and the short-term money market rates increased in some periods of 2022 due to the interest rate policy measures taken, as well as the significant growth of excess liquidity in the banking system. Generally, the rates developed within the interest rate corridor. The behavior of the money market rates complied with the monetary policy of the National Bank.

**Chart 2.4.3.**  
Dynamics of Rates in the Interbank Credit Market (percent)



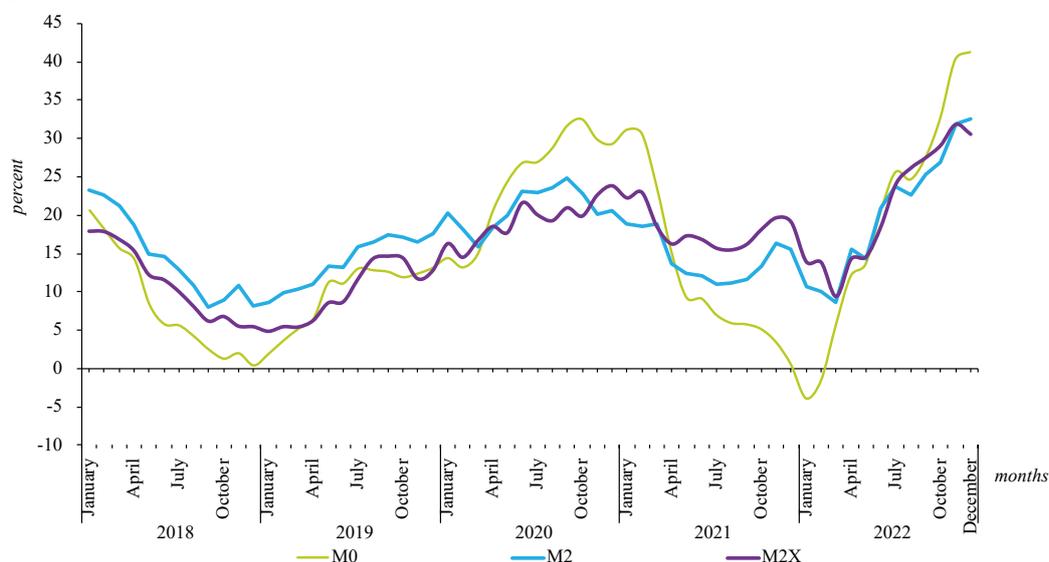
<sup>1</sup> The NSC calculations: goods and services are excluded from the general price index, prices for which are subject to significant seasonal/short-term fluctuations or determined by the administrative decisions of state bodies.

At the end of the reporting period, the monetary base increased by 44.9 percent or KGS 70.5 billion and amounted to KGS 227.4 billion. The operations of the National Bank (KGS 83.0 billion) conducted in the precious metals market contributed mainly to the monetary base growth.

*Monetary base*

**Chart 2.4.4.**

Annual Rates of Change in Monetary Aggregates (end-of-period)  
(percent)



At the end of 2022<sup>1</sup>, M2X monetary aggregate (broad money supply including deposits in foreign currency) increased by 30.6 percent, up to KGS 443.7 billion. The increase in this indicator was primarily due to growth of deposits by 24.4 percent, as well as deposits in the national currency increased by 23.9 percent and deposits in foreign currency – by 25.0 percent. The indicator of money outside banks increased by 41.3 percent during the reporting period. Broad money supply in the national currency (monetary aggregate M2) increased by 32.5 percent, up to KGS 335.5 billion at the end of 2022.

<sup>1</sup> The above data on monetary aggregates may be adjusted when the commercial banks close the fiscal year.

## CHAPTER 3. DEVELOPMENT AND REGULATION OF FINANCIAL-CREDIT ORGANIZATIONS

In 2022, the National Bank took measures aimed at maintaining stability in the banking and financial systems of the country and creating conditions to develop banking, payment, and microfinance services. Particular attention was paid to mitigating the impact of external factors related to the food and energy crises in the global markets and, in general, changes in the nature of foreign trade operations in several countries, as well as ongoing post-pandemic effects, on the banking sector.

The National Bank took measures to reduce banking risks, to create opportunities for rendering digital banking services, as well as to expand services rendered on the principles of Islamic finance.

Measures taken by the National Bank, as well as the government programs aimed at maintaining and recovering small and medium-sized businesses, contributed to growth of lending to the population by the financial-credit organizations.

In 2022, the aggregate credit portfolio of banks increased by 12.2 percent and amounted to KGS 204.0 billion. The overall level of financial intermediation (assets to GDP ratio) increased and amounted to 52.4 percent (at the end of 2021 – 48.8 percent). In 2022, the total deposit base of the commercial banks increased by 39.5 percent and amounted to KGS 339.0 billion, deposits of the individuals increased by 13.9 percent, and deposits of the legal entities increased by 38.1 percent.

At the end of 2022, the total NBFCOs assets increased by KGS 4.2 billion, or 12.6 percent and amounted to KGS 37.2 billion. The NBFCOs credit portfolio increased by KGS 3.1 billion or 11.2 percent and amounted to KGS 31.2 billion, as well as the credit portfolio formed in accordance with the principles of Islamic finance (PIF) amounted to KGS 1.5 billion or 4.9 percent of the NBFCOs credit portfolio. At the end of the reporting year, NBFCOs attracted deposits increased by KGS 1.8 billion or more than two times compared to 2021 and amounted to KGS 3.4 billion.

In the reporting period, amendments were introduced in the regulatory legal acts to maintain stability of the banking system due to the current geopolitical situation, to overcome the consequences of the armed conflict that occurred in Batken and Osh oblasts in September 2022, as well as to bring them in line with the new banking legislation.

### 3.1. Development and Regulation of the Commercial Banks Operation

#### 3.1.1. Overview of the Banking System Development<sup>1</sup>

In 2022, the main indicators of the banking system continued to grow: assets, credit portfolio, deposits, and capital. There was stable increase in the volume of deposits that indicated public confidence in the banks during growth of global crises. In the reporting period, an increase in the size of the banks' capital contributed to strengthening of the banking system reliability and stability.

23 commercial banks operated in 2022, 14 banks thereof had foreign capital. In the reporting period, the authorized capital of banks increased from KGS 37.0 up to KGS 44.2 billion. The share of foreign capital in the authorized capital of the banking system decreased by 4.8 percentage points and amounted to 24.5 percent.

The total assets of the banking system increased by 33.5 percent and amounted to KGS 482.2 billion by the end of the reporting year. The main share of the banks' assets to comprise loans, correspondent accounts and deposits in other banks amounted to 42.3 and 20.7 percent, respectively.

<sup>1</sup> According to the periodic regulatory bank reporting (PRBR).

**Table 3.1.1.1.**

Structure of Assets of Commercial Banks (end-of-period)

Asset category	2021		2022	
	billions of KGS	Share, percent	billions of KGS	Share, percent
Loans and financial lease to clients	181.8	50.3	204.0	42.3
Correspondent accounts and deposits with other banks	62.6	17.3	99.8	20.7
Securities portfolio	33.4	9.3	52.5	10.9
Cash	30.1	8.4	56.9	11.8
Correspondent account with the NBKR	18.8	5.2	30.6	6.4
Fixed assets	17.1	4.7	18.9	3.9
Loans to financial and credit organizations	1.2	0.3	2.0	0.4
Securities purchased under repurchase (REPO) agreement	0.3	0.1	0.0	0.0
Investments and financial participation	1.0	0.3	0.7	0.1
Special LLP*	-18.1	-5.0	-23.1	-4.8
Other assets	32.9	9.1	39.9	8.3
<b>Total</b>	<b>361.1</b>	<b>100.0</b>	<b>482.2</b>	<b>100.0</b>

\* *Special Loan Loss Provision (LLP) refers to reserves to cover potential losses on non-performing loans (substandard, doubtful, loss).*

In the reporting period, the volume of immediately available funds placed by the commercial banks in cash, short-term assets and on the correspondent accounts with the National Bank increased by 68.0 percent and amounted to KGS 187.3 billion or 38.8 percent of the total assets at the end of 2022.

The volume of performing assets and off-balance sheet liabilities amounted to 91.1 percent of the total assets or KGS 373.6 billion, and the share of non-performing assets and off-balance sheet liabilities amounted to 8.9 percent or KGS 36.3 billion.

**Table 3.1.1.2.**

Classification of Banks' Assets and Off-balance Sheet Liabilities (percent)

Category	Assets and off-balance liabilities	
	2021	2022
<b>Total performing</b>	<b>90.9</b>	<b>91.1</b>
<i>including:</i>		
Standard	67.4	71.0
Satisfactory	8.1	8.0
Under supervision	15.4	12.1
<b>Total non-performing</b>	<b>9.1</b>	<b>8.9</b>
<i>including:</i>		
Substandard	3.6	2.9
Doubtful	1.4	1.3
Losses	4.1	4.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

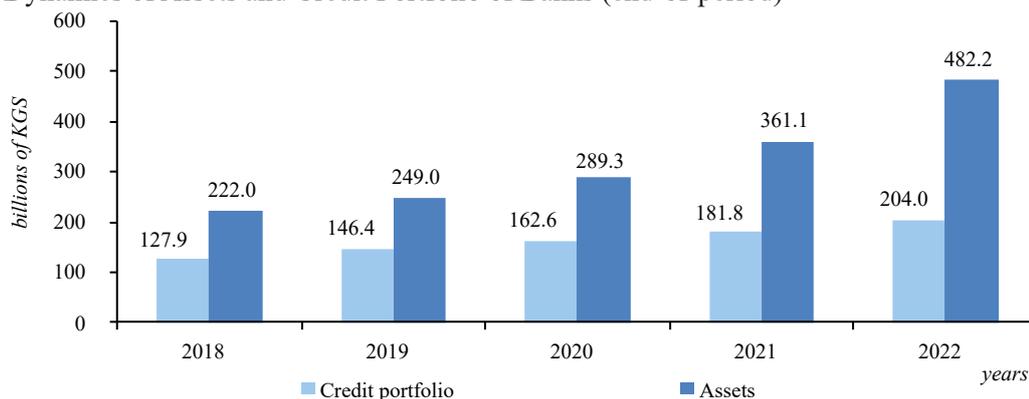
The aggregate credit portfolio of the banks<sup>1</sup> increased by 12.2 percent and amounted to KGS 204.0 billion.

*Credit portfolio*

<sup>1</sup> Hereinafter, data are given excluding loans extended to the banks and the financial-credit organizations.

**Chart 3.1.1.1.**

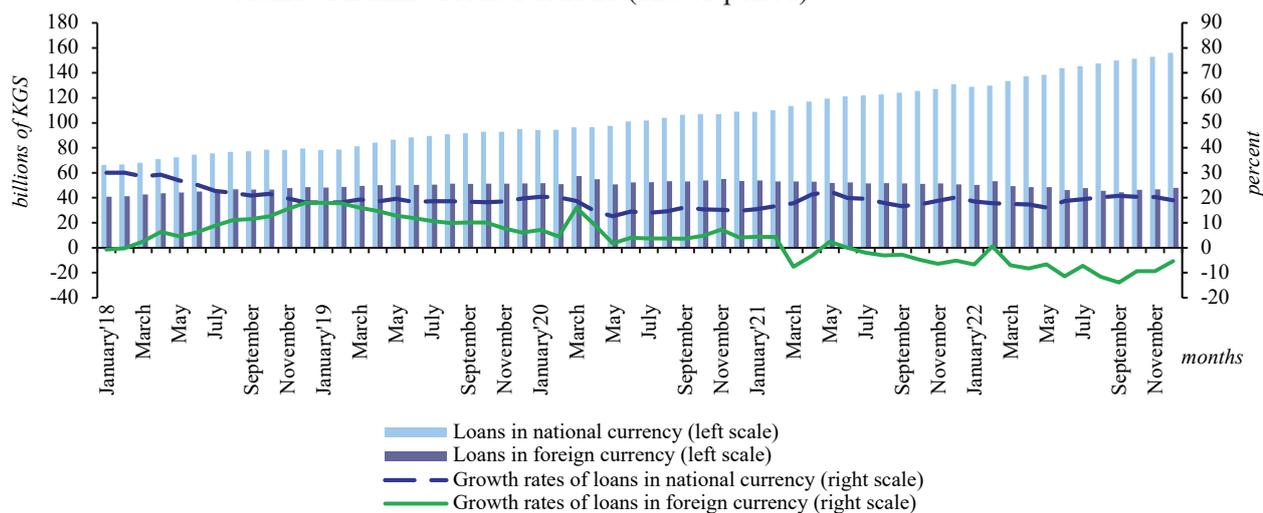
Dynamics of Assets and Credit Portfolio of Banks (end-of-period)



The credit portfolio increased due to the growth of lending in the national currency by 19.0 percent, up to KGS 156.0 billion. At the same time, the volume of loans in foreign currency decreased by 5.3 percent and amounted to KGS 48.0 billion.

**Chart 3.1.1.2.**

Volume of Banks' Credit Portfolio (end-of-period)



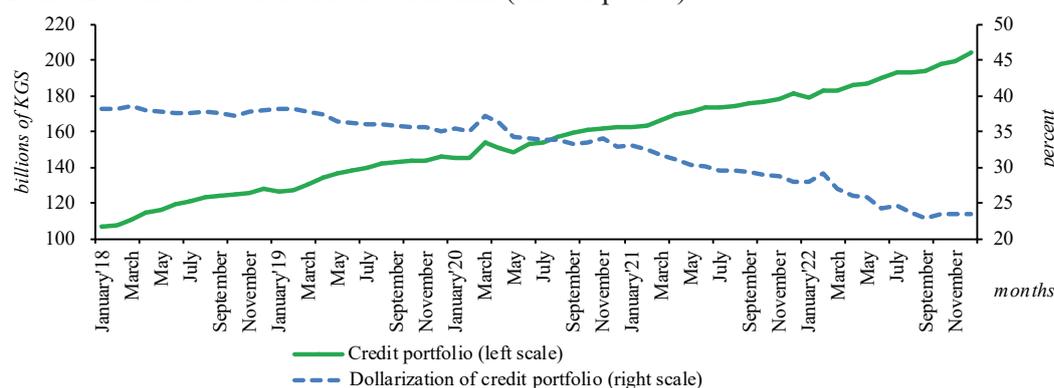
In the reporting year, the total volume of short-term loans of the commercial banks increased by 28.7 percent, and the volume of loans with maturity over one year increased by 9.3 percent, which conditioned reduction of the credit portfolio duration from 32.1 to 31.1 months. The number of borrowers increased by 20.8 percent and amounted to 576.4 thousand individuals and legal entities.

#### Credit portfolio dollarization

At the end of 2022, the level of dollarization of the credit portfolio decreased by 4.4 percentage points compared to 2021, down to 23.5 percent.

**Chart 3.1.1.3.**

Dollarization of Credit Portfolio of Banks (end-of-period)

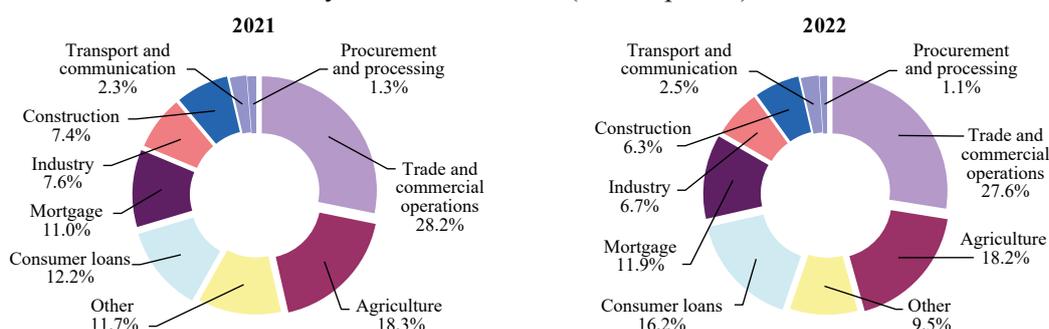


The loans were mainly extended in such sectors as: KGS 56.2 billion – trade and commercial operations (an increase by 9.6 percent), KGS 37.1 billion – agriculture (an increase by 11.7 percent), KGS 33.1 billion – consumer lending (an increase by 48.9 percent), KGS 24.4 billion – mortgages (an increase by 22.2 percent), KGS 13.7 billion – industry (a decrease by 1.1 percent) and KGS 12.9 billion – construction (a decrease by 4.5 percent).

*Sectoral structure of the credit portfolio*

**Chart 3.1.1.4.**

Credit Portfolio of Banks by Economic Sectors (end-of-period)



The volume of the banks' credit portfolio increased in almost all regions of the Kyrgyz Republic. In Bishkek, the credit portfolio increased by KGS 5.0 billion, in Osh city and Osh oblast – by KGS 5.2 billion, in Jalal-Abad oblast – by KGS 5.2 billion, in Issyk-Kul oblast – by KGS 3.3 billion, in Chui oblast – by KGS 2.8 billion, in Batken oblast – KGS 1.3 billion. The credit portfolio decreased by KGS 0.3 billion in Naryn oblast, in Talas oblast – by KGS 0.1 billion.

*Regional structure of credit portfolio*

**Table 3.1.1.3.**

Regional Structure of Commercial Banks' Credit Portfolio (end-of-period)\*

	2021		2022	
	billions of KGS	Share, percent	billions of KGS	Share, percent
Bishkek city	100.4	55.4	105.4	51.8
Osh city and Osh oblast	23.1	12.8	28.3	13.9
Jalal-Abad oblast	16.1	8.9	21.3	10.5
Chui oblast	12.5	6.9	15.3	7.5
Issyk-Kul oblast	9.6	5.3	12.9	6.3
Naryn oblast	7.4	4.0	7.1	3.5
Talas oblast	6.3	3.5	6.2	3.0
Batken oblast	5.8	3.2	7.1	3.5
<b>Total</b>	<b>181.2</b>	<b>100.0</b>	<b>203.6</b>	<b>100.0</b>

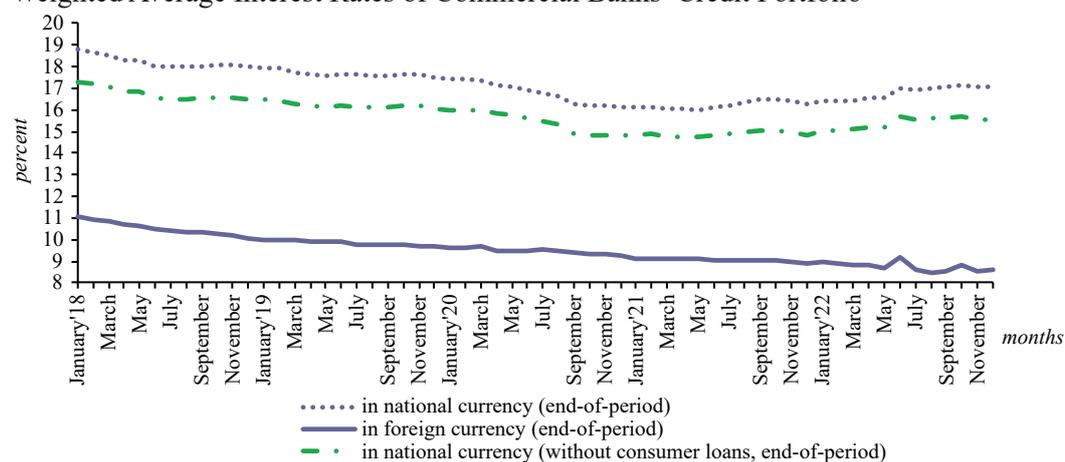
\* The credit portfolio is given including accrued discount

At the end of the reporting year, the weighted average interest rate on the credit portfolio of the commercial banks increased by 0.8 percentage points and amounted to 17.1 percent in the national currency, and those in foreign currency decreased by 0.3 percentage points and amounted to 8.6 percent.

The weighted average interest rate on the credit portfolio (excluding consumer loans) in the national currency increased by 0.7 percentage points and amounted to 15.5 percent by the end of the year.

**Chart 3.1.1.5.**

Weighted Average Interest Rates of Commercial Banks' Credit Portfolio



The share of non-performing loans in the credit portfolio increased by 1.7 percentage points as compared to 2021 and amounted to 12.8 percent or KGS 26.1 billion.

In the reporting period, the amount of allocations to LLP amounted to 2.5 percent of the credit portfolio (in 2021 – 1.4 percent) amid growth in the volume of the credit portfolio.

**Table 3.1.1.4.**

Classification of Commercial Banks' Loans  
(percent)

Category	Loans	
	2021	2022
<b>Total performing</b>	<b>88.9</b>	<b>87.2</b>
<i>including:</i>		
Standard	51.1	53.4
Satisfactory	11.5	11.3
Under supervision	26.3	22.5
<b>Total non-performing</b>	<b>11.1</b>	<b>12.8</b>
<i>including:</i>		
Substandard	4.3	4.2
Doubtful	1.7	2.1
Losses	5.1	6.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

*Newly issued loans*

The total volume of loans issued by the commercial banks during 2022 increased by 19.4 percent as compared to 2021 and amounted to KGS 188.8 billion due to an increase by 25.0 percent in the volume of loans issued in the national currency, up to KGS 157.3 billion.

The weighted average interest rates on loans issued during the year demonstrated growth. The average interest rate in the national currency increased by 2.0 percentage points constituted and amounted to 18.7 percent. This indicator in foreign currency increased by 0.4 percentage points and amounted to 8.2 percent.

At the end of 2022, the total volume of liabilities of the commercial banks increased by 29.9 percent, up to KGS 401.9 billion. The share of liabilities in foreign currency increased by 3.2 percentage points compared to 2021 and amounted to 43.7 percent of total liabilities at the end of 2022.

**Table 3.1.1.5.**

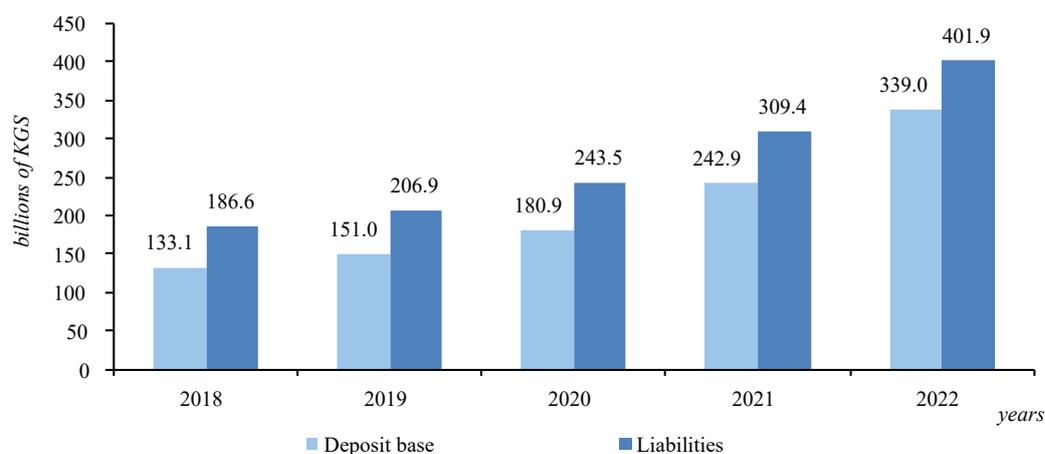
## Structure of Commercial Banks' Liabilities (end-of-period)

Liability category	2021		2022	
	billions of KGS	Share, percent	billions of KGS	Share, percent
Term deposits	68.2	22.0	77.5	19.3
Settlement accounts	88.8	28.7	120.2	29.9
Demand deposits	56.9	18.4	68.5	17.0
Loans received	23.8	7.7	23.7	5.9
Government deposits	15.5	5.0	23.2	5.8
Deposits of non-residents	13.5	4.4	49.6	12.3
Liabilities to the NBKR	4.1	1.3	0.0	0.0
Government loans	4.5	1.5	5.3	1.3
Settlement accounts and deposits of banks	5.8	1.9	5.8	1.5
Securities sold under repurchase (repo) agreements	0.3	0.1	0.0	0.0
Other liabilities	28.0	9.0	28.1	7.0
<b>Total</b>	<b>309.4</b>	<b>100.0</b>	<b>401.9</b>	<b>100.0</b>

The share of the deposit base in the gross volume of liabilities increased by 5.8 percentage points compared to 2021 and amounted to 84.3 percent.

**Chart 3.1.1.6.**

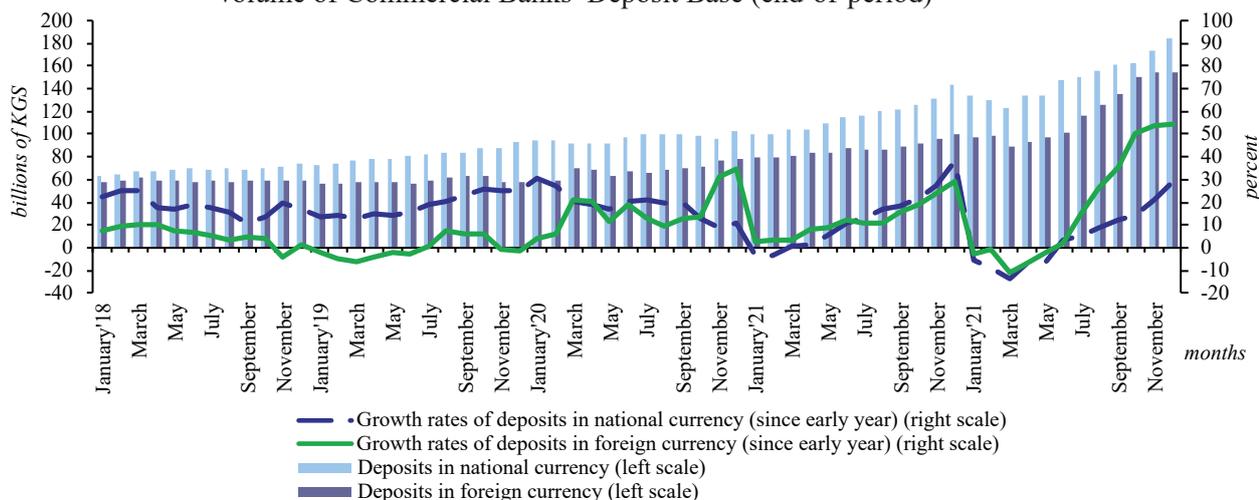
## Dynamics of Liabilities and Deposit Base



At the end of 2022, the total volume of the deposit base of the commercial banks' clients increased by 39.5 percent, up to KGS 339.0 billion. There was growth of deposits in the national (by 29.0 percent) and foreign currencies (by 54.6 percent). The number of depositors increased by 42.3 percent compared to the end of 2021 and amounted to 5.5 million individuals and legal entities by the end of the year.

**Chart 3.1.1.7.**

Volume of Commercial Banks' Deposit Base (end-of-period)

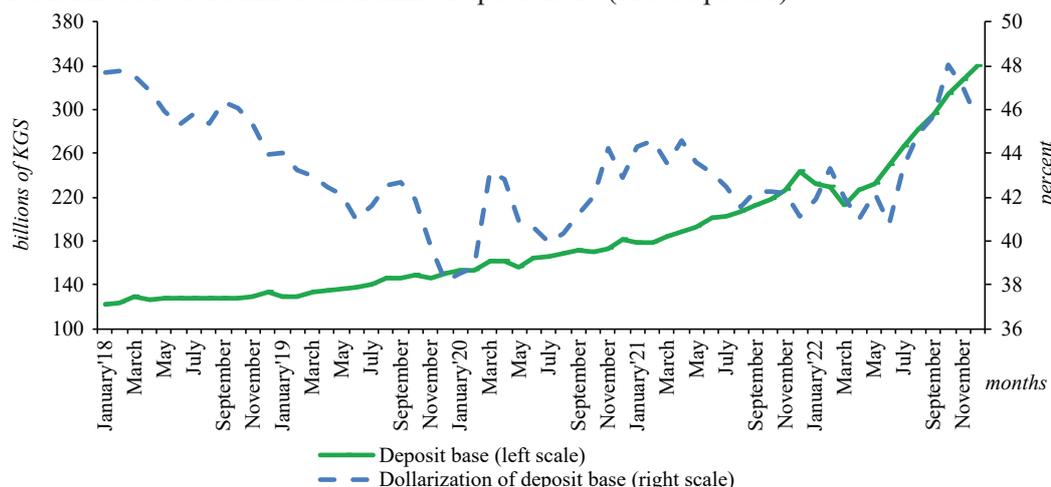


*Dollarization of the deposit base*

The level of dollarization of the deposit base increased by 4.4 percentage points compared to 2021 and amounted to 45.6 percent due to growth of deposits in foreign currency.

**Chart 3.1.1.8.**

Dollarization of Commercial Banks' Deposit Base (end-of-period)



*General structure of the deposit base*

The structure of deposits demonstrated increase in short-term deposits and decrease in long-term deposits (over a year). As a result, the duration of the deposit base decreased from 4.6 months in 2021 to 3.3 months in 2022. The duration of time deposits decreased by 2.0 points, down to 12.0 months.

*Deposit interest rates*

At the end of 2022, the weighted average interest rate on deposits in the national currency remained unchanged and amounted to 5.6 percent. The weighted average interest rate on deposits in foreign currency decreased down to 0.6 percent (by 0.3 percentage points).

*New deposits*

During 2022, the volume of deposits<sup>1</sup> accepted by the banks amounted to KGS 1,513.7 billion, having increased by 66.5 percent compared to 2021. Deposits in the national currency increased by 62.7 percent, up to KGS 1,024.4 billion. Deposits in foreign currency increased by 75.2 percent, up to KGS 489.2 billion. The main inflow of deposits was provided by the receipt of funds on the accounts of demand deposits.

<sup>1</sup> Hereinafter, funds on the settlement accounts were not considered in the volume of attracted deposits.

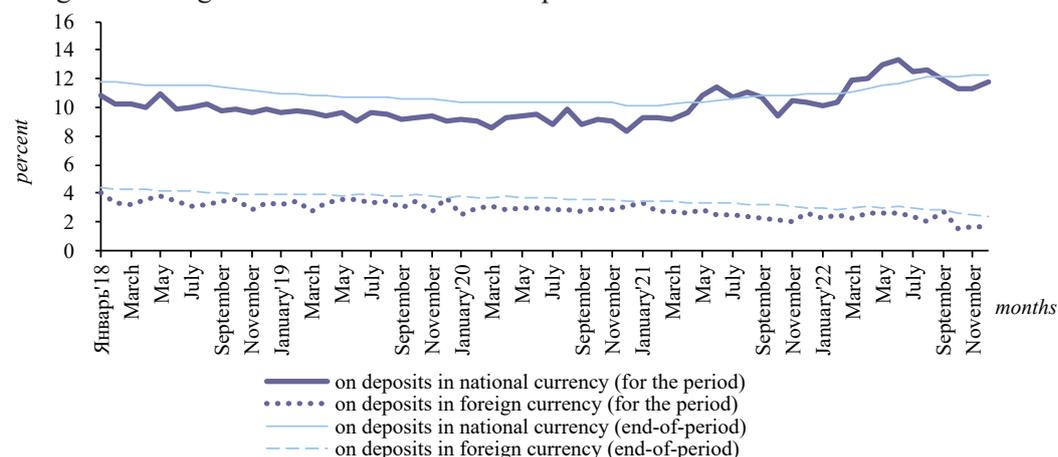
CONTENT

The average interest rate on attracted deposits in the national currency increased by 0.1 percentage point compared to the previous year, up to 1.4 percent, and those in foreign currency decreased by 0.1 percentage point, down to 0.2 percent.

The average interest rate on attracted term deposits in the national currency increased by 1.6 percentage points compared to 2021, up to 11.8 percent, and those in foreign currency decreased by 0.3 percentage points, down to 2.3 percent.

**Chart 3.1.1.9**

Weighted Average Interest Rates on Term Deposits of Banks



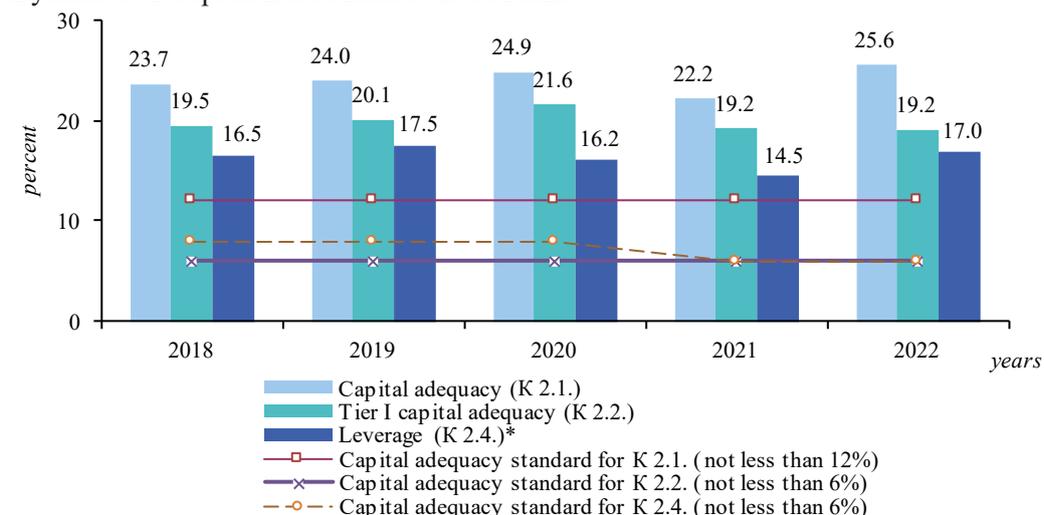
During 2022, the amount of net total capital<sup>1</sup> of the commercial banks increased by 55.9 percent and amounted to KGS 81.7 billion. The amount of paid-up authorized capital<sup>2</sup> increased by 19.7 percent, up to KGS 44.2 billion.

Capital adequacy indicators of the banking sector reflect its stability. The level of capital adequacy in the banking sector (K 2.1.) amounted to 25.6 percent at the end of 2022 and exceeded the established standard (at least 12 percent) by more than two times indicating that there is potential to further increase the level of financial intermediation.

*Capital of commercial banks*

**Chart 3.1.1.10.**

Dynamics of Capital-Based Indicators of Banks



\* until January 1, 2020, this indicator was called "Leverage (K 2.3.)"

<sup>1</sup> Estimate indicator, including authorized capital of the bank, the financial result of the activity implemented in the reporting and previous years, created reserves, except for investments in the subsidiaries and the capital of other financial-credit organizations. This indicator is applied when calculating the values of economic standards established by the National Bank of the Kyrgyz Republic.

<sup>2</sup> Ordinary and preference shares are included into this category.

At the end of 2022, net profit of the banking system increased by 6.5 times compared to 2021 and totaled KGS 23.2 billion.

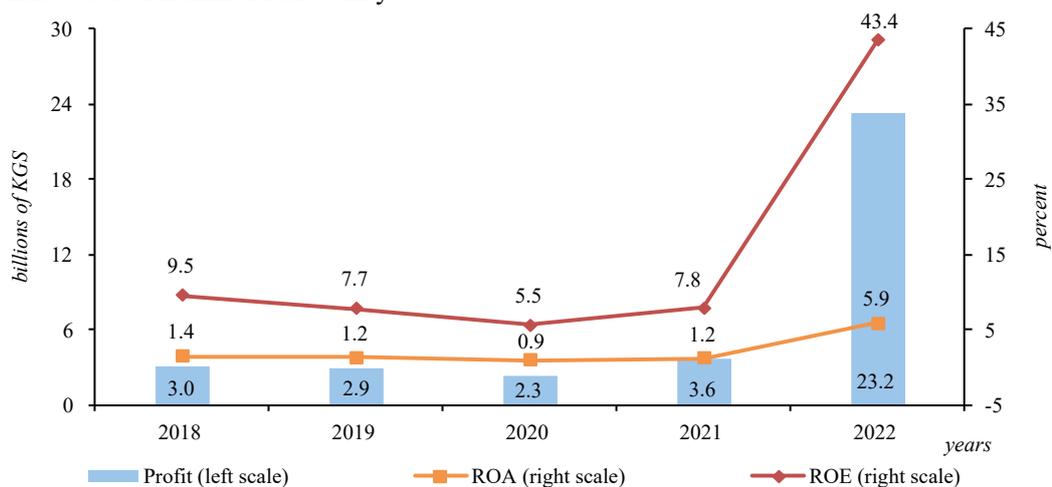
**Table 3.1.1.6.**

Volume of Income and Expenses of Banks  
(billions of KGS)

Category	2021	2022
Total interest income	27.2	35.2
Total interest expenses	9.8	12.2
<b>Net interest income</b>	<b>17.3</b>	<b>23.0</b>
Allocations to LLP (loans)	2.6	5.1
<b>Net interest income after allocations to LLP</b>	<b>14.8</b>	<b>17.9</b>
Total non-interest income	17.5	80.3
Total non-interest expenses	10.4	47.5
Total other operating and administrative expenses	16.7	22.9
<b>Net operating income (loss)</b>	<b>5.1</b>	<b>27.8</b>
Allocations to LLP (on other assets)	1.0	2.0
Net income (loss) before tax	4.1	25.8
Profit tax	0.5	2.7
<b>Net income (loss)</b>	<b>3.6</b>	<b>23.2</b>

**Chart 3.1.1.11.**

Indicators of Banks' Profitability



In 2022, return on assets (ROA) increased from 1.2 percent to 5.9 percent, return on equity (ROE) increased from 7.8 percent to 43.4 percent.

### 3.1.2. Licensing of the Commercial Banks

Licensing of the commercial banks is part of banking supervision implemented by the National Bank within its authority stipulated by the legislation of the Kyrgyz Republic and the regulatory legal acts of the National Bank.

During 2022, one commercial bank was provided with a permit to issue e-money, one commercial bank was issued a permit to conduct anonymized operations with precious metals in the form of refined standard and measuring bars of other issuers (in non-cash form), a commercial bank and a microfinance company was issued a consent to conduct re-organization by merging a microfinance company with a commercial bank, and two commercial banks were issued the licenses to conduct banking operations in accordance with the principles of Islamic banking and finance through the “Islamic window” in the national and/or foreign currency.

**Table 3.1.2.1.**

## Number of Branches, Savings Offices and Field Cash Offices

	Number of Branches		Number of Savings Offices		Number of Field Cash Offices	
	2021	2022	2021	2022	2021	2022
Bishkek city	76	78	250	253	31	34
Batken oblast	23	23	61	65	8	7
Jalal-Abad oblast	46	46	147	150	24	23
Issyk-Kul oblast	39	40	56	57	20	19
Naryn oblast	19	20	24	25	4	5
Osh oblast	57	59	174	184	41	39
Talas oblast	18	18	25	25	9	8
Chui oblast	34	34	65	71	34	32
<b>Total</b>	<b>312</b>	<b>318</b>	<b>802</b>	<b>830</b>	<b>171</b>	<b>167</b>

*Branches, savings offices and field cash offices*

In 2022, the commercial banks opened seven branches, 33 savings offices and 45 field cash offices in the republic. At the same time, one branch, five savings offices and 49 field cash offices of the commercial banks were closed.

### 3.1.3. Supervision of the Commercial Banks

In 2022, the National Bank supervised the banks through the remote analysis and onsite inspections in compliance with the principles of risk-oriented supervision and taking into account the financial status, quality of management, compliance with prudential standards, and other requirements established by law. Particular attention was paid to stabilization of the situation in the domestic foreign exchange market due to geopolitical situation worldwide and uncertainty in the external markets. Monitoring of the commercial banks' activities was implemented on a regular basis, as well as the analysis of loans and operations of the commercial banks due to high volatility of the exchange rate.

At the end of the year, the indicator of the total capital adequacy stood at 25.6 percent, with the established standard of "not less than 12 percent", which reflect a stable functioning of the banking sector, as well as availability of the potential to expand the range of financial services provided by the banking system.

*Capital indicators*

**Table 3.1.3.1.**

## Indicators of Commercial Banks' Capital (end-of-period)

	2021	2022
Net total capital, <i>billions of KGS</i>	52.4	81.6
Net risk assets, <i>billions of KGS</i>	235.9	287.6
Total capital adequacy ratio, <i>percent</i>	22.2	25.6
Total capital adequacy ratio standards (not less), <i>percent</i>	12.0	12.0
Number of banks with capital adequacy ratio more than 30 percent, <i>units</i>	7	12
Number of banks with capital adequacy ratio from 20 to 30 percent, <i>units</i>	8	7
Number of banks with capital adequacy ratio under 20 percent, <i>units</i>	8	4

Credit risk is among the main risks accompanying banking activities and is assessed based on the classification of assets and off-balance sheet liabilities<sup>1</sup>. The ratio of special reserves for non-performing loans bearing the risk of defaulting to the credit portfolio made up 8.6 percent, having increased by 1.6 percentage points year-to-date. The consequences of the armed conflict occurred in Batken and Osh oblasts in September affected significantly the quality of the credit portfolio. Such situation conditioned

*Credit risk*

<sup>1</sup> Data are given in Section 3.1.1. "Overview of the Banking System Development", Table 3.1.1.2. "Classification of Banks' Assets and Off-Balance-Sheet Liabilities" and Table 3.1.1.4. "Classification of Commercial Banks' Loans".

deterioration of the borrowers' financial status and damage or total loss of collateral for loans.

Therefore, the National Bank adopted a resolution aimed at providing support to the clients of the commercial banks, non-banking and specialized financial-credit organizations that suffered from armed conflict in Batken and Osh oblasts.

#### Currency risk

Currency risk is assessed as the ratio of assets and liabilities in foreign currency, as well as their share in the total assets or liabilities of the commercial banks. At the end of 2022, the foreign exchange assets of the banking system amounted to KGS 185.9 billion, or 38.5 percent of total assets. The liabilities of the commercial banks in foreign currency amounted to KGS 174.0 billion, or 43.7 percent of total liabilities.

**Table 3.1.3.2.**

**Assets and Liabilities of Commercial Banks in Foreign Currency (end-of-period)**

	2021	2022
Assets in foreign currency, <i>billions of KGS</i>	132.8	185.9
Share of foreign currency assets in total assets structure, <i>percent</i>	36.8	38.5
Liabilities in foreign currency, <i>billions of KGS</i>	121.2	174.0
Share of foreign currency liabilities in total liabilities structure, <i>percent</i>	39.9	43.7

#### Liquidity risk

Liquidity risk is considered in terms of liabilities coverage by the assets in each maturity to provide the possibility to assess the need for funds according to the existing gap by maturities and liabilities. In 2022, the negative gap by maturities of the commercial banks' assets and liabilities was not changed significantly, and the risk of liabilities prevailing over assets in the aforementioned maturities can be compensated by positive gaps in long-term maturities.

**Table 3.1.3.3.**

**Assets and Liabilities by Maturity (end-of-period)**  
(*billions of KGS*)

2021	Maturity in days					Total
	0-30	31-90	91-180	181-365	more than 365	
Assets	161.2	15.9	15.8	31.5	154.8	379.1
Liabilities	189.9	12.0	21.4	32.6	48.3	304.1
Amount of excess assets over liabilities	-28.7	3.9	-5.6	-1.1	106.5	75.0
in percent of the total volume of assets	17.8	24.6	35.5	3.5	68.8	19.8

2022	Maturity in days					Total
	0-30	31-90	91-180	181-365	more than 365	
Assets	246.6	21.8	17.8	30.8	190.9	508.0
Liabilities	273.5	15.0	24.9	38.6	45.9	397.9
Amount of excess assets over liabilities	-26.9	6.7	-7.0	-7.8	145.0	110.1
in percent of the total volume of assets	10.9	30.9	39.3	25.3	76.0	21.7

At the end of the year, the actual value of the liquidity ratio in the banking system increased by 11.5 percentage points, up to 82.8 percent, with the standard established for the commercial banks "not less than 45.0 percent". Additional "quick" liquidity ratio (K3.3) for certain banks is valid in order to prevent the risks.

#### CTF/AML

As part of interaction with the authorized body on execution of the laws of the Kyrgyz Republic on counter-terrorism financing and anti-money laundering (CTF/AML), in 2022, there was regular exchange of information on compliance with the laws of the Kyrgyz Republic on CTF/AML by the supervised organizations.

In 2022, the National Bank conducted inspections of the commercial banks using risk-oriented supervision approaches. The inspections included an assessment of the

risk management system, corporate governance and internal control in the bank, taking into account capital adequacy, the quality of assets and contingent liabilities, liquidity, profitability, the bank's exposure to operational and market risks and the banks' compliance with established requirements of the legislation of the Kyrgyz Republic, including CTF/AML.

Information security risks of commercial banks were assessed for compliance with established requirements of the National Bank. The commercial banks were regularly informed about emerging threats and vulnerabilities based on the analysis of cyber threats and information from other cyber threat response centers to ensure the information security of the financial market and to counteract computer attacks in the financial sector.

Moreover, the National Bank conducted regular monitoring and analysis of the situation in the foreign exchange market, as well as on-site inspections for compliance with the requirements of the regulatory legal acts on the foreign exchange operations in cash to prevent speculative operations in the foreign exchange market. Enforcement measures were taken in respect of the commercial banks that committed violations based on the inspections results.

In addition, purposeful use of credit funds on the government programs was audited jointly with other government agencies.

*Inspections*

### 3.1.4. Enforcement Measures

In 2022, the enforcement measures in the form of prescriptive orders were applied to reduce credit, operational, currency risks and risks of terrorism financing and money laundering (TF/ML), as well as to eliminate the identified deficiencies and violations in the processes of managing the abovementioned risks. The enforcement measures within the framework of external supervision were mainly applied to strengthen the banks' internal control systems for compliance with economic regulations, cash discipline, technical strength and arrangement of video surveillance.

In 2022, the Supervision Committee of the National Bank held 43 meetings, discussed 101 issues on the activities of the commercial banks. The Supervision Committee took supervisory response measures and measures to limit the activities of specific commercial banks, as well as to implement fit and proper testing of the commercial banks' officials.

Individual banks were subjected to sanctions in the form of penalties due to weaknesses in the internal control system and violations of the banking legislation of the Kyrgyz Republic, including CTF/AML.

Enforcement measures were applied/extended in respect of two commercial banks in accordance with the laws of the Kyrgyz Republic due to non-compliance with the legislation of the Kyrgyz Republic and the regulatory legal acts of the National Bank regarding the minimum amount of the authorized and equity (regulatory) capital.

At the beginning of 2022, the direct banking supervision regime was introduced in two banks, which was subsequently terminated as the situation stabilized and the external country risks decreased.

*Supervision Committee*

### 3.1.5. Supervision and Regulation Methodology of the Commercial Banks Activity

During 2022, improvement of the regulatory legal framework governing the banks' activities, including those operating in accordance with the principles of Islamic banking and finance, was mainly focused on taking measures to maintain the banking system stability due to the current geopolitical situation, supporting the development of Batken oblast, as well as bringing it in line with the new banking legislation.

The National Bank took a number of temporary decisions for increasing the degree of credit risk on the newly issued loans in foreign currency up to 300 percent instead of the existing 150 percent in order to maintain financial stability of the banking system and stabilize the situation in the financial market. Conditions were created to establish

*Limiting the impact of external economic shocks on the banking system*

correspondent relations on the foreign exchange accounts between the resident banks in order to provide the commercial banks with an opportunity to keep their funds.

The conditions of restructuring the loans with deteriorated or deteriorating quality due to the negative effects of the external economic shock were changed. The requirements for classification of newly issued loans, including those in foreign currency, which classification depends on the share of borrowers' income in foreign currency, were revised.

Separate decisions on setting the requirements for classification of loans secured by guarantees of the fund established under the interstate (intergovernmental) agreement.

In order to smooth the effects of the foreign economic shock on the banking services consumers, temporary restrictions were introduced on imposing and collecting penalties, including forfeits (fines/surcargues), by the commercial banks and non-banking financial-credit organizations from the borrowers for non-fulfillment/improper fulfillment of obligations under the loan agreements.

The procedures to open the bank accounts by the individuals and the individual entrepreneurs was simplified by reducing the list of documents required to open an account.

In order to create the necessary conditions for life-activity of citizens and operation of organizations affected by the armed conflict, which occurred in Batken and Osh oblasts in September 2022, the National Bank established requirements for the financial-credit organizations to write off loans to those killed, injured, who lost their business and/or residential real estate, as well as to restructure loans, not to charge and not to impose penalties.

Other measures to assist the affected clients – citizens and organizations –related to the issues of extending loans to the borrowers of Batken oblast and providing financial inclusion. Banks and non-banking financial-credit organizations were recommended to consider applications for loans to the borrowers residing and/or conducting economic activities in Batken oblast as a priority. In addition, the requirements for the documents submitted by the clients to obtain a loan in the FCO were simplified.

Amendments were approved in the Regulation “On Banks Licensing” in order to eliminate conflicts and fill gaps in the banking legislation within the framework of bringing the regulatory legal acts of the National Bank in line with adopted Constitutional Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic” and the Law of the Kyrgyz Republic “On Banks and Banking Activity”. Amendments were introduced in a number of the regulatory legal acts on formation of authorized capital, acquisition of bank shares and threshold participation in the bank capital, seizure of accounts and items kept in the safe deposit box, expansion of grounds to prohibit or establish restrictions on dividends payment by the National Bank.

The requirements for drafting a consolidated financial report by the banking groups were clarified, as well as the rules related to independence of an external auditor and attracting an audit organization to conduct an audit in the bank were completed.

A possibility to re-register a bank into a microfinance company by the decision of the general meeting of shareholders was provided within the framework of the implementation of the temporary administration regime.

The requirements for the procedure of banks voluntary liquidation were detailed and the principles of antimonopoly regulation, development of competition, and consumer rights protection in the banking services market were clarified.

An opportunity to repay loans (leasing) in full or in part ahead of schedule at any time without charging commissions, penalties, and other payments were given to the banks' clients in order to expand the rights of banking services consumers.

In accordance with the international practice and the legislative requirements, the National Bank updated the list of states and territories providing preferential tax treatment and/or not providing for full disclosure and presentation of information to the banking supervisory bodies (offshore zones).

*Bringing in line with  
the new banking  
legislation*

The requirements for opening bank accounts, risk management, the procedure to conduct the banks exchange operations, corporate governance and arrangement of internal control for the purposes of CTF/AML were revised.

*Risk management*

The Instruction to maintain the database on liabilities of the banks, the housing and savings credit companies, the microfinance companies attracting deposits was adopted due to the need to improve the regulatory legal acts in the field of deposit protection system aimed at creating a depositors unified database and bringing to a correct calculation of the aggregate amount to be compensated for all deposits of the clients.

Amendments were introduced in some regulatory legal acts on the issues of compiling financial statements of the banks and the procedure for its submission to the Public Depository.

New forms of the periodic regulatory bank report containing information on overdue and restructured assets were approved.

Amendments were introduced in the Regulation “On Special Regulatory Regime” in order to specify the conditions and criteria to participate in the special regulatory regime, to reduce barriers for introduction of innovative services/technologies in the market of banking and payment systems by existing and new players.

*Banking services digitalization*

Amendments were adopted in some regulatory legal acts aimed at establishing the rules of conducting Ijarah Service operation and standardization of the Ijarah Muntahiya Bittamlik<sup>1</sup> standard agreement in order to further promote the principles of Islamic finance through expanding the list of banking transactions provided to the banks’ clients in accordance with the principles of Islamic finance.

*Principles of Islamic finance*

The National Bank approved amendments in some regulatory legal acts in terms of transactions and agreements concluded in accordance with the principles of Islamic finance as the amendments were introduced in the Civil Code of the Kyrgyz Republic.

In addition, the requirement was set to establish the Shariah Council in the subsidiary or affiliated company of the bank conducting operations in accordance with the principles of Islamic banking and finance.

## 3.2. Development and Regulation of Non-Banking Financial-Credit Organizations

### 3.2.1. Overview of Non-Banking Financial-Credit Organizations Development

At the end of 2022, the total assets of NBFcos<sup>2</sup> increased by KGS 4.2 billion or 12.6 percent and amounted to KGS 37.2 billion, including those in foreign currency amounted to KGS 2.5 billion or 6.6 percent of total assets (KGS 1.2 billion or 3.6 percent by the end of 2021).

*Assets of NBFcos*

<sup>1</sup> Ijarah agreement is an agreement according to which the bank grants a lease of the property acquired by the bank to the client for an agreed term and for a certain fee at the client’s request or the property owned by the bank by the time of the client’s request.

Ijarah Service is a transaction on granting the right to the client to use a service for an agreed term and for a certain fee.

Ijarah Muntahiya Bittamlik agreement is an agreement according to which the client undertakes to repurchase the leased property.

<sup>2</sup> According to periodic regulatory reporting (PRR) without considering the credit portfolio of the SFCOs and the assets of the credit bureau, guarantee fund, as well as the exchange bureaus.

**Table 3.2.1.1.**

Structure of NBFCOs Assets (end-of-period)

Asset category	2021		2022	
	millions of KGS	Share, percent	millions of KGS	Share, percent
Loans and financial lease to clients	27,206.4	82.2	30,234.7	81.2
Correspondent accounts and deposits in other banks	2,223.7	6.7	2,878.8	7.7
Other assets	1,995.8	6.0	1,976.5	5.3
Loans to financial and credit organizations	820.3	2.5	936.8	2.5
Investments and financial participation	619.3	1.9	695.2	1.9
Fixed assets	834.9	2.5	1,039.0	2.8
Cash	256.5	0.8	256.2	0.7
Securities portfolio	149.2	0.5	160.8	0.4
Special LLP*	-1,024.7	-3.1	-943.3	-2.5
<b>Total</b>	<b>33,081.3</b>	<b>100.0</b>	<b>37,234.7</b>	<b>100.0</b>

\* Special Loan Loss Provision (LLP) refers to reserves to cover potential losses on non-performing loans (substandard, doubtful, losses)

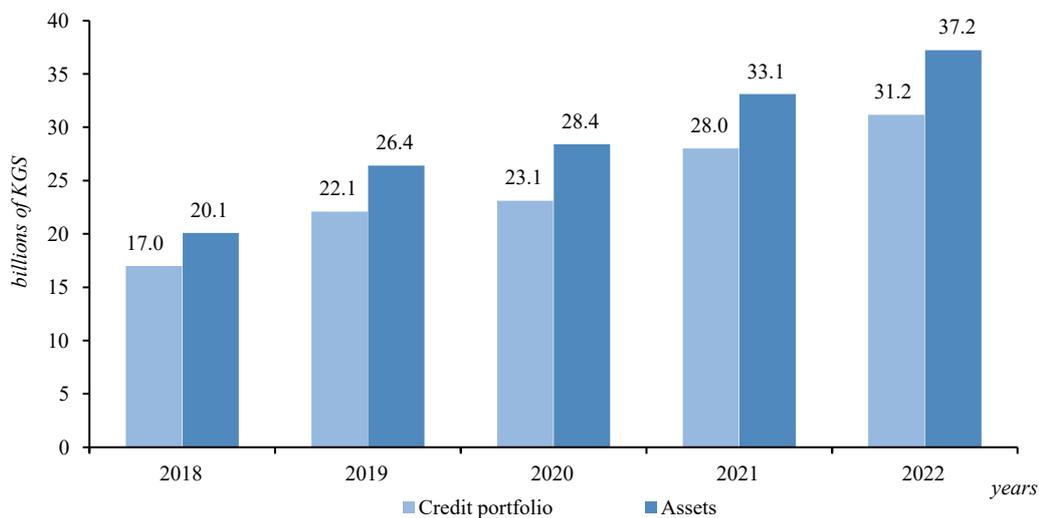
### NBFCOs credit portfolio

The NBFCO's<sup>1</sup> credit portfolio increased by KGS 3.1 billion or 11.2 percent as compared to 2021 and amounted to KGS 31.2 billion. The portfolio issued in accordance with the principles of Islamic finance (PIF) amounted to KGS 1.5 billion or 4.9 percent of the NBFCOs credit portfolio (KGS 1.0 billion or 3.7 percent at the end of 2021). The NBFCOs credit portfolio in foreign currency amounted to KGS 840.8 million or 2.7 percent of the NBFCOs credit portfolio (KGS 636.7 million or 2.3 percent at the end of 2021).

At the end of 2022, the share of the NBFCOs credit portfolio in respect to NBFCOs total assets amounted to 83.7 percent against 84.6 percent as compared to the previous year.

**Chart 3.2.1.1.**

Dynamics of Assets and NBFCOs Credit Portfolio (end-of-period)



In 2022, there was an increase in the volume of the NBFCOs credit portfolio mainly in Bishkek city by KGS 1,139.8 million, in Chui oblast by KGS 952.9 million, in Jalal-Abad oblast by KGS 628.4 million and in Issyk-Kul oblast by KGS 314.5 million.

<sup>1</sup> Without considering the credit portfolio of the SFCOs.

**Table 3.2.1.2.**

Structure of NBFCOs Credit Portfolio by Regions (end-of-period)

Regions	2021		2022	
	<i>millions of KGS</i>	<i>Share, percent</i>	<i>millions of KGS</i>	<i>Share, percent</i>
Bishkek city	6,661.4	23.8	7,801.3	25.0
Osh oblast	6,737.9	24.0	6,512.7	20.9
Chui oblast	4,338.6	15.5	5,291.5	17.0
Jalal-Abad oblast	3,308.6	11.8	3,937.1	12.6
Issyk-Kul oblast	2,829.9	10.1	3,144.4	10.1
Batken oblast	1,714.6	6.1	1,755.0	5.6
Naryn oblast	1,670.9	6.0	1,707.4	5.5
Talas oblast	763.0	2.7	1,020.4	3.3
Outside Kyrgyzstan	1.8	0.0	1.8	0.0
<b>Total</b>	<b>28,026.6</b>	<b>100.0</b>	<b>31,171.5</b>	<b>100.0</b>

In the reporting year, there was growth of lending to the main sectors of economy by the NBFCOs. The sectors such as consumer loans (by KGS 2,892.6 million), trade and commercial operations (by KGS 326.4 million) and services (by KGS 191.8 million) demonstrated the largest increase in the volume of loans.

**Table 3.2.1.3.**

Credit Portfolio of NBFCOs by Economic Sectors (end-of-period)

Branch category	2021		2022	
	<i>millions of KGS</i>	<i>Share, percent</i>	<i>millions of KGS</i>	<i>Share, percent</i>
Consumer loans	9,555.4	34.1	12,448.0	39.9
Agriculture	7,193.1	25.7	6,754.1	21.7
Trade and commercial operations	3,508.2	12.5	3,834.5	12.3
Construction and mortgage	3,423.8	12.2	3,521.0	11.3
Services	2,437.4	8.7	2,629.2	8.4
FCO loans	820.3	2.9	936.8	3.0
Transport	442.1	1.6	430.7	1.4
Other loans	415.3	1.5	358.3	1.1
Industry	220.5	0.8	254.6	0.8
Procurement and processing	10.7	0.0	4.1	0.0
<b>Total loans</b>	<b>28,026.6</b>	<b>100.0</b>	<b>31,171.5</b>	<b>100.0</b>

At the end of 2022, the weighted average interest rates on the credit portfolio were as follows:

- for the loans of the microfinance organizations – 30.0 percent, an increase by 0.87 percentage points as compared to 2021;
- for the loans of credit unions – 25.1 percent, a decrease by 0.23 percentage points as compared to 2021.

In the reporting year, the share of NBFCOs non-performing loans in the NBFCOs credit portfolio decreased from 5.9 percent to 4.5 percent due to improvement in the quality of the NBFCOs loan portfolio.

**Table 3.2.1.4.**

## NBFCOs Credit Portfolio Quality (end-of-period)

Category	2021		2022	
	millions of KGS	Share, percent	millions of KGS	Share, percent
<b>Total performing</b>	<b>26,369.2</b>	<b>94.1</b>	<b>29,756.0</b>	<b>95.5</b>
<b>Total non-performing</b>	<b>1,657.4</b>	<b>5.9</b>	<b>1,415.5</b>	<b>4.5</b>
<i>including:</i>				
<i>Substandard</i>	703.4	2.5	518.7	1.7
<i>Doubtful</i>	241.9	0.9	201.7	0.6
<i>Losses</i>	712.1	2.5	695.1	2.2
<b>Total credit portfolio</b>	<b>28,026.6</b>	<b>100.0</b>	<b>31,171.5</b>	<b>100.0</b>

At the end of the reporting year, the number of NBFCOs borrowers increased by 10,853 borrowers or 2.5 percent as compared to the previous year and amounted to 444,201 persons (91 of them are legal entities). The share of women in the total number of borrowers-individuals was 56.7 percent, the share of men – 43.2 percent.

*NBFCOs liabilities*

At the end of the reporting year, the NBFCOs<sup>1</sup> liabilities increased by KGS 2.0 billion or 13.4 percent and amounted to KGS 16.6 billion.

**Table 3.2.1.5.**

## Structure of NBFCOs Liabilities (end-of-period)

Liability category	2021		2022	
	millions of KGS	Share, percent	millions of KGS	Share, percent
Loans received, including:	10,349.7	70.6	9,989.2	60.0
<i>from international financial and credit organizations</i>	5,902.3	40.2	6,214.7	37.4
<i>from banks of Kyrgyz Republic</i>	1,146.9	7.8	2,205.9	13.3
<i>from other financial and credit organizations of Kyrgyz Republic</i>	1,068.8	7.3	1,168.1	7.0
<i>from international financial organizations and donors</i>	1,954.2	13.3	203.7	1.2
<i>from the Government of Kyrgyz Republic</i>	277.5	1.9	196.8	1.2
Other liabilities	2,660.1	18.1	3,150.0	18.9
Term deposits	1,553.6	10.6	3,393.9	20.4
Subordinated debts	105.3	0.7	102.1	0.6
<b>Total</b>	<b>14,668.7</b>	<b>100.0</b>	<b>16,635.3</b>	<b>100.0</b>

At the end of 2022, attracted deposits of the NBFCOs increased by KGS 1.8 billion or more than two times compared to 2021 and amounted to KGS 3.4 billion.

In the reporting year, two microfinance organizations (MFOs), five credit unions (CUs), and one housing and savings credit company (HSCC) were licensed to attract deposits from the public (for MFOs and HSCCs) and participants (for CUs).

*NBFCOs capital*

In 2022, the NBFCOs<sup>2</sup> aggregate capital increased from KGS 18.7 up to 20.9 billion.

<sup>1</sup> Excluding the liabilities of credit bureaus, guarantee fund and exchange bureaus.

<sup>2</sup> Excluding the capital of credit bureaus, guarantee fund and exchange bureaus.

**Table 3.2.1.6.**

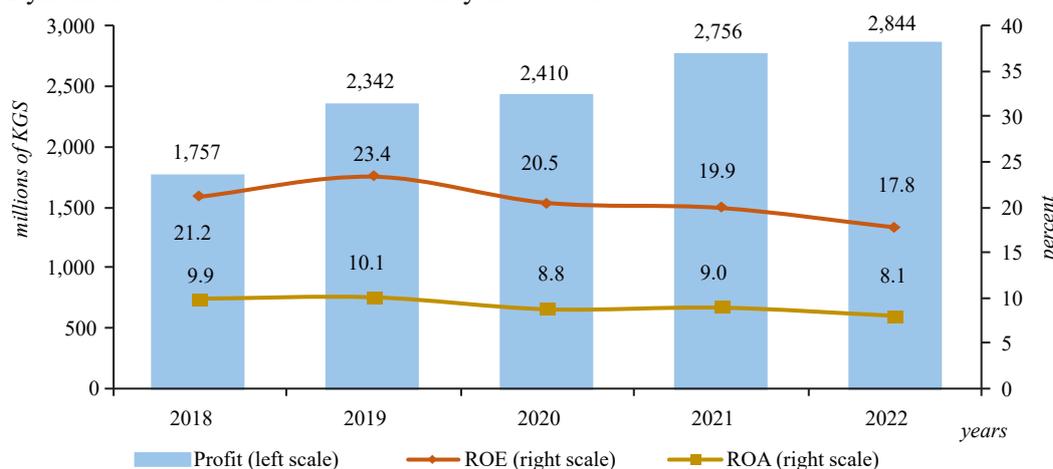
Structure of Incomes and Expenses  
(millions of KGS)

Category	2021	2022
Total income	7,830.7	8,450.9
Total expenses	1,790.1	2,171.9
Net income	6,040.6	6,279.1
Allocations to LLP	422.7	355.4
Net income after allocations to LLP	5,618.0	5,923.7
Total other income	723.3	948.3
Total other expenses	94.1	216.9
Total other operating and administrative expenses	3,144.5	3,474.1
Net operating income (loss)	3,102.6	3,181.0
Allocations to LLP (on other assets)	27.2	11.9
Net income (loss) before tax	3,075.4	3,169.0
Profit tax	319.4	324.7
<b>Net profit (loss)</b>	<b>2,755.9</b>	<b>2,844.4</b>

At the end of 2022, the NBFCOs net profit increased by KGS 88.0 million or 3.2 percent compared to 2021 and amounted to KGS 2.8 billion (KGS 394.7 million resulted from the PIF use).

**Chart 3.2.1.2.**

Dynamics of Net Profit and Profitability Indicators



In 2022, the NBFCOs return on assets (ROA) decreased from 9.0 percent to 8.1 percent and the NBFCOs return on equity (ROE) decreased from 19.9 percent to 17.8 percent.

In 2022, one guarantee fund continued to operate in the Kyrgyz Republic, at the end of the reporting year, its assets increased by KGS 200.9 million or 2.8 percent and amounted to KGS 7.3 billion.

*Guarantee fund*

The liabilities of the guarantee fund increased by KGS 74.9 million or 46.6 percent compared to 2021 and amounted to KGS 235.9 million.

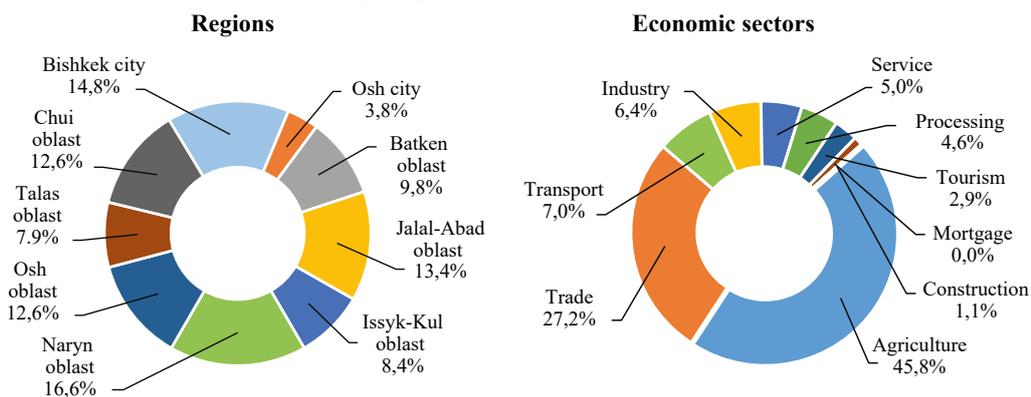
The capital of the guarantee fund increased from KGS 6.9 to KGS 7.0 billion and was represented by fully paid-up authorized capital.

At the end of 2022, the net profit increased by KGS 133.0 million or 52.6 percent compared to the end of 2021 and amounted to KGS 386.0 million.

At the end of 2022, 3,430 guarantees were issued in the total amount of KGS 5.3 billion mainly for agriculture and trade, and by regions – in Naryn, Jalal-Abad, Chui, Osh oblasts and Bishkek city.

**Chart 3.2.1.3.**

Number of Issued Guarantees by Regions and Sectors of Economy (as of the end of 2022)

**3.2.2. Licensing of Non-Banking Financial-Credit Organizations**

The activities of specialized financial-credit organizations (SFCOs), microfinance companies (MFCs), credit unions (CCs), exchange bureaus, credit bureaus and housing and savings credit companies (HSCCs) are conducted on the basis of the license issued by the National Bank. The microcredit companies (MCC), microcredit agencies (MCA) and guarantee funds operate on the basis of a certificate of accounting registration.

At the end of 2022, the system of non-banking financial-credit organizations and other legal entities subject to licensing and regulation by the National Bank (NBFCOs) included one SFCO, 84 CUs, 130 microfinance organizations (including 9 MFCs, 87 MCCs and 34 MCAs), 467 exchange bureaus, two credit bureaus, one guarantee fund and one HSCC.

In the reporting year, the National Bank issued six certificates of accounting registration of the MCCs and 192 licenses to the exchange bureaus (including the exchange bureaus with expired previous license).

Five National Bank's certificates of MCC accounting registration, three National Bank's certificates of MCA accounting registration, four licenses of the CUs, and 98 licenses of the exchange bureaus (85 licenses thereof due to expiration of the validity thereof) were cancelled due to termination of activities.

**Table 3.2.2.1.**

Dynamics in the Number of NBFCOs

Title	2018	2019	2020	2021	2022
SFCO	1	1	1	1	1
Microfinance organization (MFC, MCC and MCA)	142	137	134	133	130
Credit unions	106	95	92	88	84
Exchange bureaus	413	401	387	379	467
Credit bureaus	2	2	2	2	2
Guarantee fund	0	1	1	1	1
Housing and savings loan companies	0	0	0	1	1
<b>Total</b>	<b>664</b>	<b>637</b>	<b>617</b>	<b>605</b>	<b>686</b>

**3.2.3. Supervision over Non-Banking Financial-Credit Organizations**

In the reporting year, the National Bank took measures to ensure uninterrupted supervision and regulation of the NBFCOs and other legal entities licensed and regulated by the National Bank due to the current geopolitical situation and the events occurred in Batken and Osh oblasts.

In 2022, the National Bank conducted the following inspections to assess the NBFCOs' activities for compliance with the legislation of the Kyrgyz Republic and the regulatory legal acts of the National Bank, including the issues on protection of the financial services consumers' rights:

- 20 inspections of the MFOs' activities;
- 32 inspections of the CUs' activities;
- one inspection of a SFCO's activity;
- one inspection of a HSCC's activity;
- 135 inspections of the exchange bureaus' activities.

The National Bank strengthened the work on identifying and suppressing unlicensed activities in the field of foreign currency exchange in cash. 48 individuals were prosecuted and a fine in the total amount of KGS 840 thousand was imposed in favor of the republican budget based on the results of joint activities with the Ministry of Internal Affairs of the Kyrgyz Republic and the State Tax Service under the Ministry of Finance of the Kyrgyz Republic.

### 3.2.4. Enforcement Measures

In 2022, based on the results of inspections and external oversight over the activities of the NBFCOs and other legal entities supervised by the National Bank, the enforcement measures were applied in the following forms due to revealed violations of the legislation of the Kyrgyz Republic and the regulatory legal acts of the National Bank:

- 184 instructions to the MFOs;
- 215 instructions to the CUs;
- 13 instructions to the HSCCs;
- two instructions to the CBs;
- one instruction to a SFCO;
- 270 instructions to the exchange bureaus.

In addition, fines were imposed on 23 exchange bureaus, four microfinance organizations and one credit union, 48 licenses of the exchange bureaus were temporarily suspended and six licenses of the exchange bureaus were revoked.

### 3.2.5. Supervision Methodology and Regulation of Non-Banking Financial-Credit Organizations

In 2022, amendments were introduced in certain regulatory legal acts on issuing the permits by the National Bank in the area of licensing the NBFCOs' activities. In particular, there is a possibility to refuse from implementing fit and proper testing of the officials who hold positions in other NBFCOs if this procedure condition conflict of interest; limitations were established for the period of validity of the ban on holding positions in the NBFCOs; requirements for approval by the National Bank of the officials re-elected for a new term in the same NBFCO were eliminated.

*NBFCOs licensing*

Amendments were made to bring the names of operations conducted in accordance with the principles of Islamic finance in line with the Civil Code, a procedure was established to contribute money to the MCC's supplementary capital, and it was allowed to decide on MCCs voluntary liquidation with the creditors' consent.

In order to strengthen the sustainability, security and reliability of the NBFCOs' system, and to increase public confidence the National Bank Board decided to increase the minimum amount of authorized capital and the maximum amount of microloans due to increase in the NBFCOs' authorized and capital equity.

*NBFCOs' capital*

In the area of credit unions' activity regulation, the National Bank's regulatory legal acts were amended to establish a uniform approach to calculate prudential standards for newly organized and existing credit unions; to ease the requirements for credit unions' liquidity and capital adequacy ratios; to provide conditions for the operations on accepting

*Regulatory legal acts improvement*

*Bringing regulatory  
legal acts in line  
with the laws*

savings shares and extending loans in the absence of a cash office if all credit union operations are conducted on a cashless basis.

The Instruction “On conducting inspections of the activities of non-banking financial-credit organizations and other legal entities supervised by the National Bank of the Kyrgyz Republic” was approved as part of improving the regulatory legal acts establishing the requirements for conducting inspections in the NBFCOs.

Amendments were introduced in some National Bank’s regulatory legal acts on regulation of the guarantee funds due to changes in legislation, according to which the guarantee funds can issue portfolio guarantees under the agreements with FCOs and guarantees to the participants of the state housing programmes; the requirements for guarantee policies were established; and the requirements for obtaining permission to acquire shares in a guarantee fund were tightened.

Amendments were adopted in the regulatory legal acts of the National Bank on regulation of the NBFCOs activities in order to bring the regulatory legal acts of the National Bank in line with the Constitutional Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic” and the Law of the Kyrgyz Republic “On the Banks and Banking Activity”. In particular, there is a requirement according to which the consequences of non-performance or improper performance of the accepted obligations under the relevant agreements must be explained against signature to the borrower, guarantor, pledger in order to protect the consumers’ rights. The rules related to involvement of an audit organization to conduct inspection in the NBFCOs were changed. In addition, the National Bank was given the right to take enforcement measures against the shareholders/participants/founders and officials of the NBFCOs whose actions (inaction) are recognized as unhealthy and unsafe banking practices.

### **3.3. Protection of Consumers’ Rights**

Protection of the banking services consumers’ rights, analysis and improvement of the regulatory legal framework in this area is an important direction of the National Bank’s activity.

*Measures to  
enhance consumers’  
rights protection*

Additions and amendments were introduced into some regulatory legal acts aimed at strengthening the requirements for the FCOs to respect the banking services consumers’ rights on information disclosure during applying for loans and issue thereof in order to implement the requirements of the Constitutional Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic” and the Law of the Kyrgyz Republic “On Banks and Banking Activity”. Requirements were established to provide the consumers of banking services with the possibility of loan early repayment at any time without any fees and penalties. The amendments will also allow customers to enter into an agreement with the FCO in the language they choose.

In order to reduce the negative economic impact on the borrowers affected by the armed conflict that occurred in Batken and Osh oblasts in September 2022, the National Bank, during meetings with the FCO representatives, indicated the need to develop measures to restructure the debt of each borrower who applied individually and to strengthen explanatory work with the clients. As of the end of 2022, 514 borrowers applied to the FCOs, 366 loans to the amount of KGS 31.5 million were written off and 224 loans to the amount of KGS 63.7 million were restructured.

*Consideration of  
applications of the  
financial services  
consumers*

Consideration of the citizens’ applications is among the main instruments to protect the banking services consumers’ rights. In 2022, the National Bank considered 948 applications of the banking services consumers (in 2021 – 1,359). 670 applications were reviewed on the activities of the commercial banks (in 2021 – 811), 226 applications – on the activities of the NBFCOs (in 2021 – 482) and 52 applications – on other issues (in 2021 – 66).

Consulting and legal assistance, with arrangement of personal appointments was provided to more than 1,300 citizens-the consumers of financial services.

The applications of the banking services consumers mainly concerned the issues of servicing bank accounts, deposits, money transfers, clarifying the National Bank's regulatory legal acts, problems in fulfillment of obligations under the loan agreements, refinancing of debts, checking the terms of the agreement for compliance with the legal requirements, procedures for selling collateral, executing the court decisions, and other issues.

## CHAPTER 4. PAYMENT SYSTEM

In 2022, the work to ensure efficiency, security and reliability of the payment systems was continued by improving the regulatory legal framework, strengthening oversight of the payment system, monitoring uninterrupted payments, as well as developing new digital payment and financial technologies.

Implementation of the third phase of the State Program on Increasing the Share of Non-cash Payments and Settlements in the Kyrgyz Republic for 2018-2022 (the State Program on Increasing Non-cash Payments) was completed in the reporting year. Measures were taken to expand population's access to the banking and payment services, as well as in the remote regions of the country. Provision of the possibility to make payments by means of digital payment technologies was expanded, which contributed to an increase in the non-cash payments of taxes and growth in the number of users of bank payment cards among pensioners and recipients of social benefits. The commercial banks imported 276 ATMs, 3,420 POS-terminals and 359 payment terminals. At the same time, at the end of 2022, the total number of banking equipment amounted to 2,041 ATMs, 16,252 POS-terminals and 2,356 payment terminals. 387 POS-terminals have been installed in the branches of the State Enterprise "Kyrgyz Pochtasy" (SE "Kyrgyz Pochtasy") to provide the population of 1,139 villages with the opportunity to withdraw funds from the bank payment cards.

Cash is still the main instrument for retail payments amid an increase in the share of non-cash payments and development of the national payment system. Work was continued to constantly satisfy the needs of the country's economy in required denominations of banknotes and coins of the national currency, and to regulate the structure of cash in circulation.

### 4.1. Payment System Development

#### 4.1.1. Non-cash Payments

##### *Payment system*

In the Kyrgyz Republic, non-cash payments were made via the Real Time Gross Settlement System (RTGS), the Bulk Clearing System (BCS), the system of payments with the use of bank payment cards, e-money payment system, the remittance system, and the instant payment systems of non-bank payment systems operators.

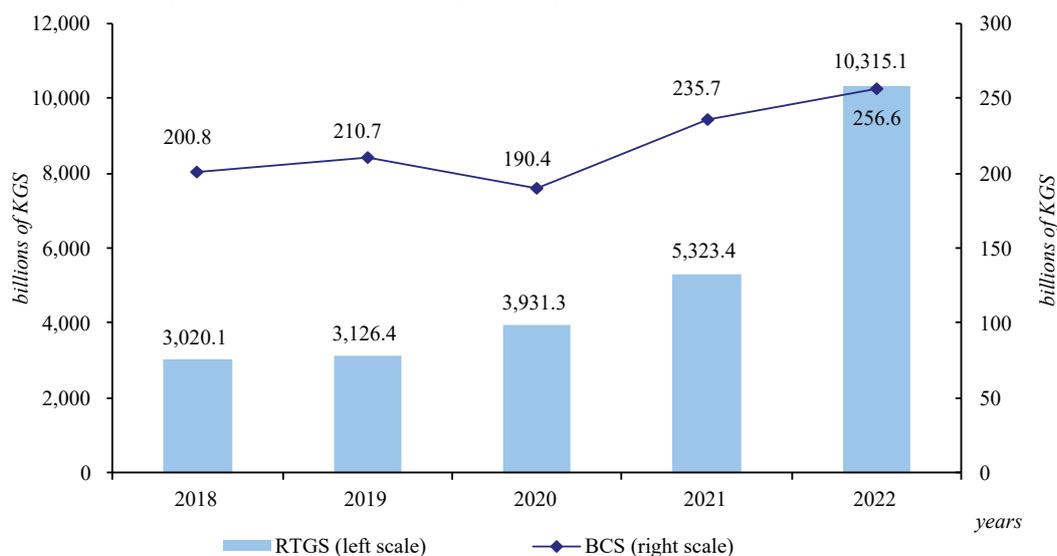
The National Bank, the commercial banks, the Interstate Bank, the Eurasian Development Bank, the Central Treasury of the Ministry of Finance of the Kyrgyz Republic, the Deposit Protection Agency of the Kyrgyz Republic, the Social Fund of the Kyrgyz Republic, the State Accumulative Pension Fund, "Central Depository" CJSC and "Interbank Processing Center" CJSC were the participants in the interbank payment systems (RTGS, BCS).

In the reporting period, 8.8 million payments were made via the interbank payment systems in the amount of KGS 10.6 trillion. The number and volume of payments increased by 2.7 and 90.2 percent, respectively, compared to 2021.

In the reporting period, the volume of payments via the RTGS and SPC increased by 93.8 and 8.9 percent, respectively.

**Chart 4.1.1.1.**

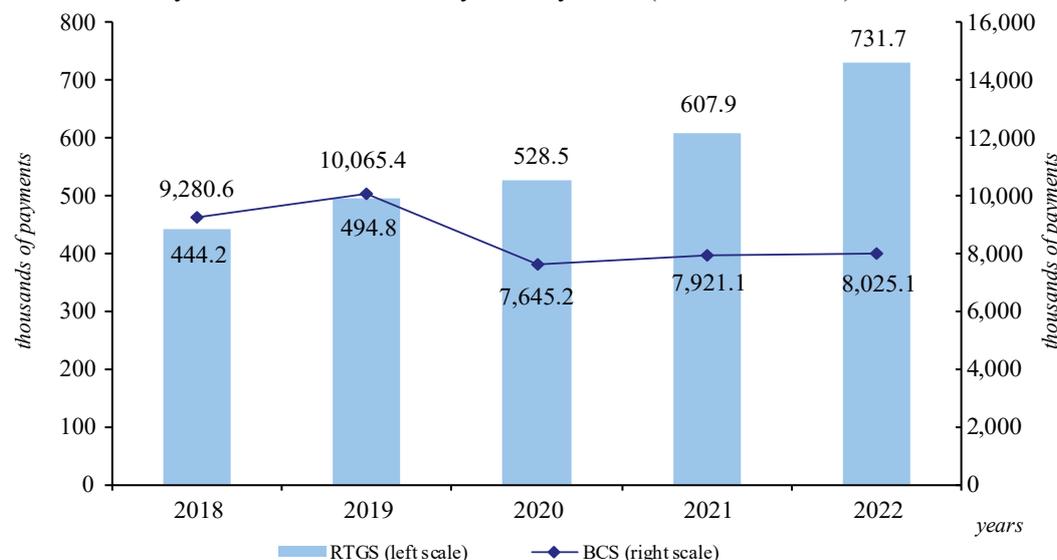
Volume of Payments via Interbank Payment Systems (RTGS and BCS)



The number of payments in the RTGS and SPC increased by 20.4 percent and 1.3 percent, respectively, compared to 2021.

**Chart 4.1.1.2.**

Number of Payments via Interbank Payment Systems (BCS and RTGS)

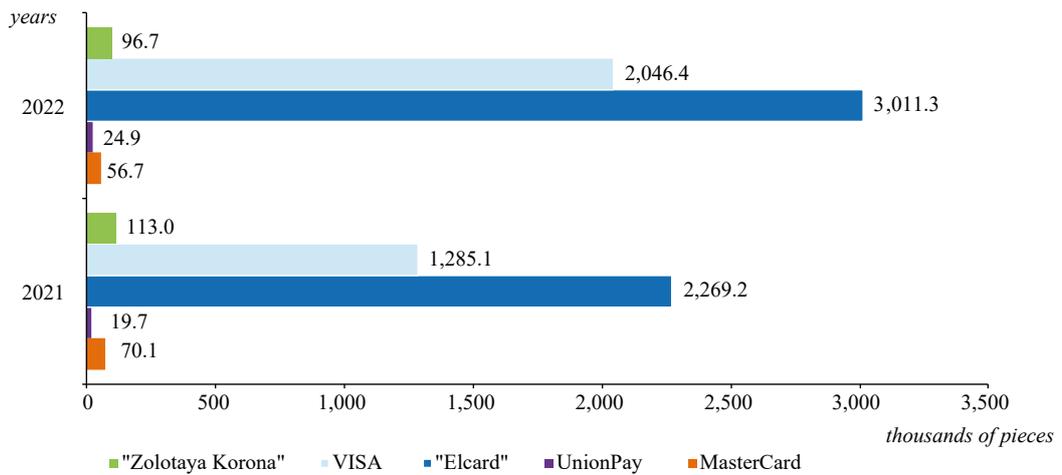


The total number of issued bank payment cards amounted to 5.2 million, having increased by 39.4 percent over the year, among them the number of cards of the national system “Elcard” amounted to 3.0 million. The issue of bank payment cards “Elcard” increased by 32.7 percent compared to 2021 due to measures implemented within the framework of the State Program on Increasing the Share of Non-cash Payments and Settlements.

*National payment system “Elcard”*

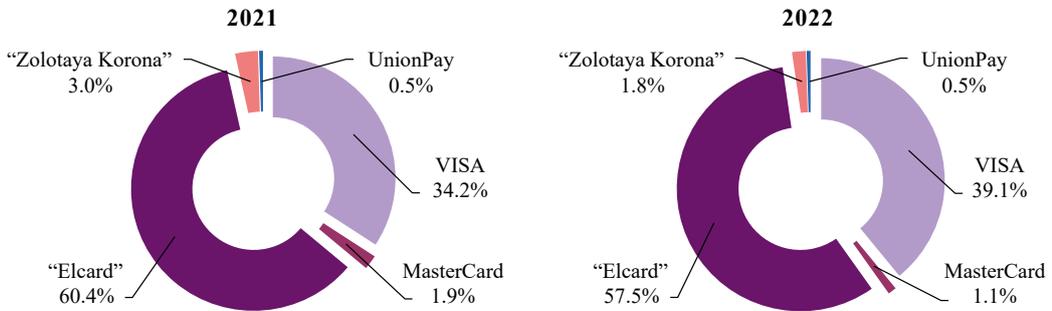
**Chart 4.1.1.3.**

Number of Bank Payment Cards (end-of-period)



**Chart 4.1.1.4.**

Ratio of Number of Bank Payment Cards



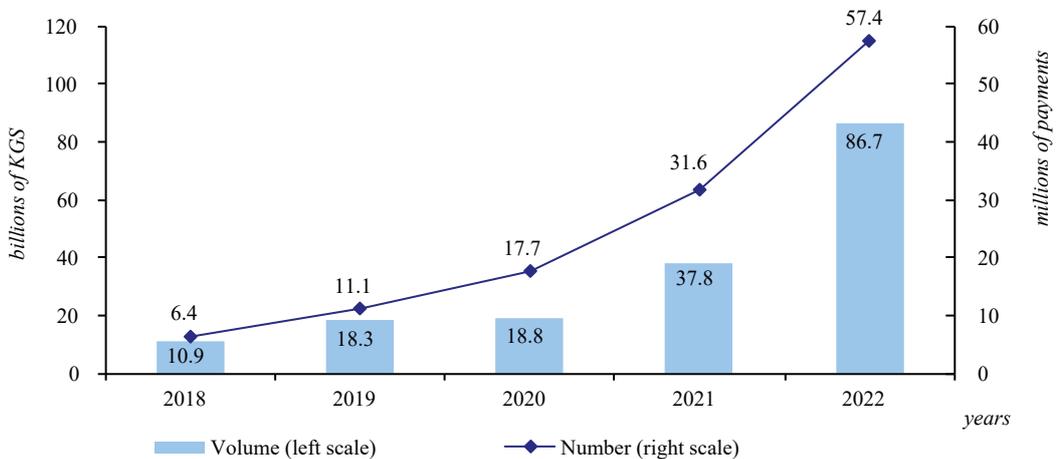
*Operations with the use of bank payment cards*

In the reporting year, more than 128.3 million operations to the amount of KGS 524.7 billion were conducted with the use of bank payment cards. The number of operations increased by 52.4 percent, and the volume of operations increased by 39.9 percent compared to 2021.

In 2022, the number of the merchants' operations with the use of the bank payment cards increased by 81.9 percent compared to 2021, and the volume of operations increased by 2.3 times.

**Chart 4.1.1.5.**

Dynamics of Growth in the Volume of Transactions of Merchants



At the end of 2022, the bank payment cards were accepted for servicing in 2,041 ATMs and 16,252 POS-terminals (among them 13,744 POS-terminals were installed at merchants and 2,508 POS-terminals were installed in the branches and savings offices of the commercial banks) throughout the territory of the Kyrgyz Republic.

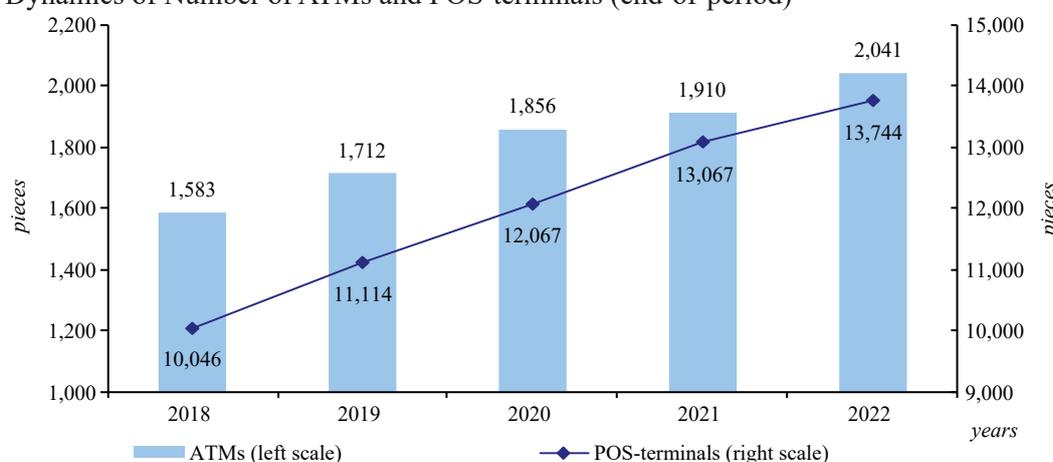
A breakdown by systems shows that:

- the cards of the national payment system “Elcard” were accepted for servicing by 2,041 ATMs and 16,252 POS-terminals;
- the cards of the international system “Zolotaya Korona” were accepted in 257 ATMs and 1,847 POS-terminals;
- the cards of the international systems Visa and Mastercard were accepted in 795 ATMs and 7,753 POS-terminals;
- the cards of the international system UnionPay were accepted in 433 ATMs and 3,652 POS-terminals.

*Card acceptance and servicing infrastructure*

**Chart 4.1.1.6.**

Dynamics of Number of ATMs and POS-terminals (end-of-period)



At the end of 2022, six commercial banks were the issuers of e-money, ten commercial banks had a license to issue e-money. There were eight operating local e-money settlement systems.

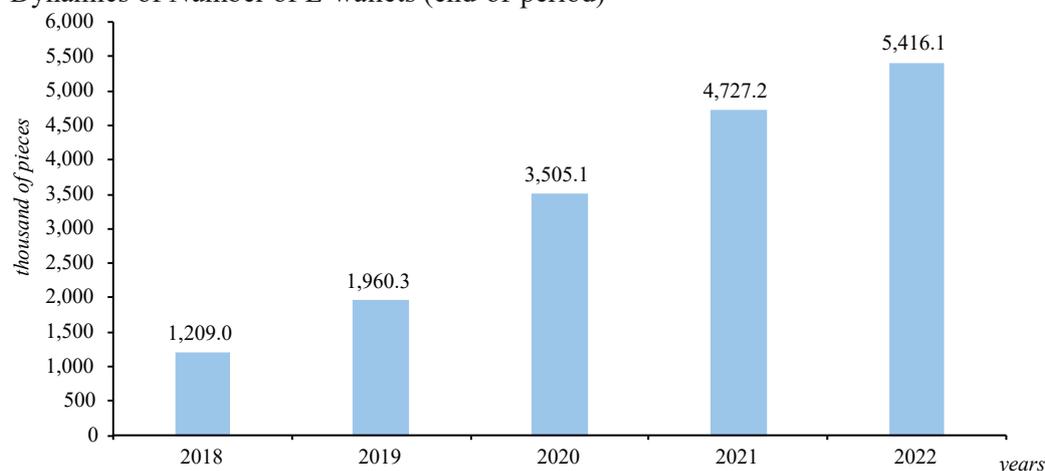
*E-money*

The availability and convenience of e-money settlements condition stable growth of indicators in the number of e-wallets and in the number and volume of operations.

At the end of 2022, the number of e-wallets increased by 14.6 percent compared to 2021 and amounted to 5.4 million wallets.

**Chart 4.1.1.7.**

Dynamics of Number of E-wallets (end-of-period)

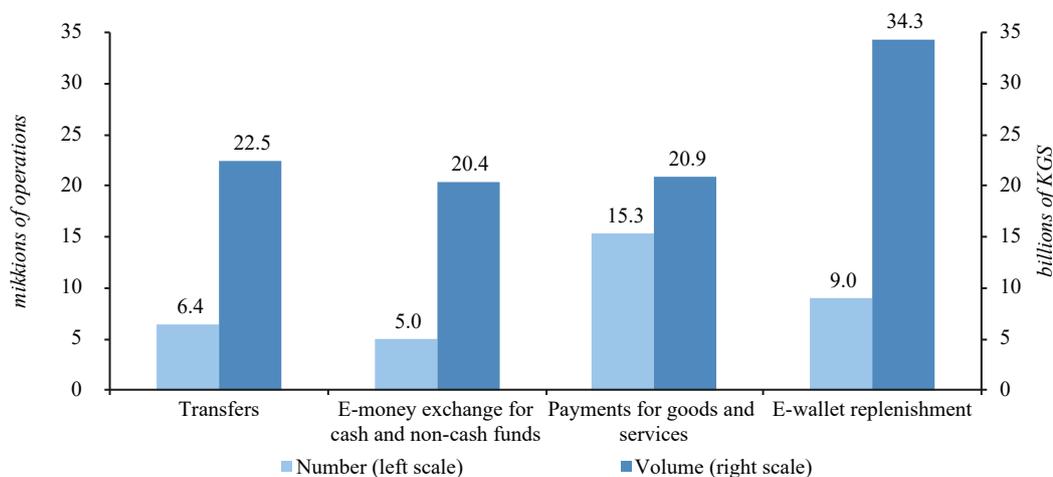


Indicators of e-money turnover for 2022 compared to 2021 were as follows:

- The volume of money transfer operations between e-wallets increased by 77.0 percent and amounted to KGS 22.5 billion. The number of money transfers increased by 26.2 percent and totaled 6.4 million operations;
- The volume and number of operations on e-money exchange for cash and non-cash funds decreased by 24.0 and 17.9 percent, respectively (5.0 million operations were conducted to the amount of KGS 20.4 billion);
- The volume of operations for goods and services payment with e-money increased by two times and amounted to KGS 20.9 billion, meanwhile the number of operations increased by 17.2 percent and totaled 15.3 million operations;
- The number of e-wallet replenishment operations increased by 19.4 percent and amounted to 9.0 million operations. The volume of e-wallet replenishment operations decreased by 5.8 percent and amounted to KGS 34.3 billion.

**Chart 4.1.1.8**

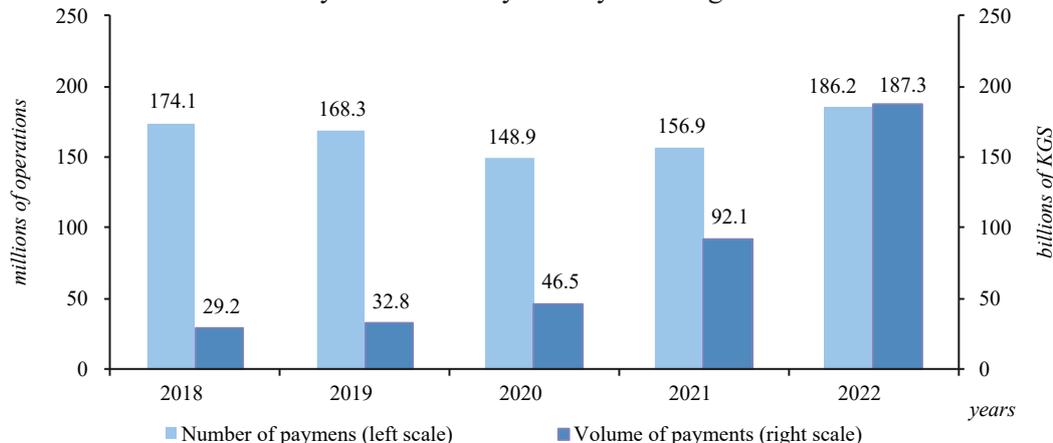
Number and Volume of Transactions via E-wallets



In 2022, 186.2 million payments in the amount of KGS 187.3 billion were made via the payment organizations of the Kyrgyz Republic, meanwhile, the volume of payments increased by 103.4 percent compared to 2021.

**Chart 4.1.1.9**

Number and Volume of Payments Made by the Payment Organizations



Payment organizations accepted payments in favor of the third parties using payment terminals, mobile applications, agent network (including via the agents' mobile applications) and e-money. At the end of 2022, the total number of payment terminals of the payment organizations (including agents' terminals) was 11,053.

## 4.1.2. Measures on Increasing the Share of Non-cash Payments

In the reporting year, the National Bank, as the secretariat of the interagency commission to increase the share of non-cash payments and settlements, continued to coordinate and monitor the implementation of the Action Plan of the State Program on Increasing the Share of Non-cash Payments and Settlements.

At the end of 2022, as part of implementation of the Action Plan within the framework of the State Program on Increasing the Share of Non-cash Payments, the following results have been achieved:

- pensions were paid to 548.5 thousand people through the accounts in the commercial banks (74.0 percent of the total number of pensioners); meanwhile, in 2021, 491.7 thousand people received pensions through the accounts in the commercial banks (69.0 percent of the total number of pensioners);
- social benefits were paid to 360.7 thousand people through the bank payment cards (97.4 percent of the total number of recipients), in 2021, the social benefits were paid to 474.0 thousand people (97.3 percent of the total number of recipients). In 2022, the total number of social benefits recipients decreased by 116.8 thousand people compared to 2021, meanwhile, the number of citizens receiving social benefits through the bank payment cards increased by 0.1 percent;
- POS-terminals were installed in 65 out of 107 healthcare organizations to pay for medical services;
- the commercial banks imported 276 ATMs, 3,420 POS-terminals and 359 payment terminals into the country;
- 1,145 cards of the “budget-holder” were used in the state-funded organizations to conduct 9,935 operations in the total amount of KGS 3,282.3 million;
- POS-terminals were installed in 387 out of 916 post offices of the State Enterprise “Kyrgyz Pochtasy” to pay pensions, social benefits and wages to the cardholders, as well as to make payments for utilities, pay taxes and make other payments;
- four commercial banks implemented the project on cash withdrawal from the bank payment cards at the cash offices of 89 merchants located mainly in the regions.

The Resolution of the Cabinet of Ministers of the Kyrgyz Republic and the National Bank of the Kyrgyz Republic “On Acceptance of Payments for State and Municipal Services in Non-cash Form” was adopted on December 16, 2022 in order to switch to non-cash payments and settlements, provide transparency of money circulation and reduce the share of shadow economy.

## 4.1.3. Development and Regulation of Payment Systems Operators and Payment Organizations Activity

### 4.1.3.1. Licensing and Registration of Payment Systems Operators and Payment Organizations

In 2022, the National Bank issued five licenses to conduct activities of a payment system operator<sup>1</sup> and five licenses to conduct activities of a payment organization<sup>2</sup>. At the end of the reporting period, 24 legal entities had licenses of the National Bank: 24 licenses to conduct activities of a payment organization and 23 licenses to conduct activities of a payment system operator. Among them, 20 legal entities were registered in Bishkek city, one – in Chui oblast, three – in Osh city and Osh oblast.

<sup>1</sup> Providing services for receiving, processing and issuing financial information (processing, clearing) on payments and settlements made by the third parties to the payment system participants (i.e. processing of financial information).

<sup>2</sup> Providing services for receiving and effecting payments and settlements in favor of the third parties (financial flows).

Two operators of the international remittance systems, one operator/issuer of the e-money international systems and one interaction operator<sup>1</sup> were registered in the National Bank. Thus, 33 operators of the remittance systems (14 international, 19 local (interbranch)), nine operators/issuers of the e-money international systems, seven international settlement systems using bank payment cards and two interaction operators were registered at the end of 2022.

#### **4.1.3.2. Supervision over Payment Systems Operators and Payment Organizations**

The National Bank regularly supervises the activities of the payment system operators and payment organizations in accordance with the annual inspection plan. Particular attention was paid to ensuring protection of the payment services consumers' rights, CTF/AML, security of the information systems, the hardware and software complexes.

In total, 16 inspections were conducted in 2022, including four comprehensive inspections, seven targeted inspections, as well as two inspections under a special regulatory regime, and five preliminary (pre-licensing) inspections.

#### **4.1.3.3. Enforcement Measures**

During 2022, enforcement measures were applied to the payment system operators and the payment organizations within the framework of external supervision and inspections: a penalty was imposed on four payment system operators and payment organizations, 11 instructions were sent to ten payment system operators and payment organizations to eliminate detected violations.

#### **4.1.3.4. Supervision and Regulation Methodology of Payment Systems Operators and Payment Organizations Activity**

The regulatory legal acts that establish the basic requirements for the accounting policy of the payment system operators and the payment organizations, and the chart of accounts were adopted, and the chart of accounts was developed and recommended for use taking into account the need for the payment system operators and the payment organizations to comply with the requirements of the Law of the Kyrgyz Republic "On Accounting" and the International Financial Reporting Standards.

New version of the Regulation "On E-money in the Kyrgyz Republic" was approved in order to detail the requirements to the issuing banks, operators of e-money systems, including the international systems, as well as to regulate the issues of closing the e-money systems and e-wallets.

Amendments were introduced in the Regulation "On Enforcement Measures Applied to the Payment System Operators/Payment Organizations" in terms of the grounds and procedures for the enforcement measures applied by the National Bank as part of bringing the regulatory legal acts of the National Bank in line with the Code of the Kyrgyz Republic on Administrative Offences.

The Board of the National Bank approved new version of the Instruction on inspections of the payment system operators and payment organizations to improve the inspections of the payment system operators' and the payment organizations' activity, as well as to apply enforcement measures in case of violation of the Kyrgyz Republic laws by the supervised organization.

Amendments were adopted in the Rules for money transfers through the money transfer systems in the Kyrgyz Republic to ensure economic security of the country

<sup>1</sup> A payment system operator that provides technical interaction with the payment system participants and generation of the clearing files for the final settlement of payments using two-dimensional barcode symbols and payment references (QR-code).

and stabilize the situation in the domestic foreign exchange market. Such amendments provided for as follows:

- issuance of remittances through the international money transfer system in the territory of the Kyrgyz Republic in the currency of the originating country or in the national currency of KGS;
- conversion (exchange operation) of remittance at the exchange rate specified in the information stand for purchase and sale exchange rates of foreign currencies.

#### 4.1.4. Payment System Oversight

Oversight of the payment system of the Kyrgyz Republic, in accordance with the international practice, includes measures such as monitoring, evaluation and adoption of measures aimed at payment system improvement. Payment systems, which are of high importance for the financial system of the country and can be a potential driver for the spread of systemic risk, were identified as part of oversight procedure. Thus, in 2022, RTGS and the BCS remained systemically important payment systems, and the RTGS, the BCS and the system of settlements with bank payment cards “Elcard” remained the national payment systems.

*Payment systems importance*

According to the monitoring results, systemically important payment systems operated under normal conditions and the system accessibility ratio<sup>1</sup> remained high and was 99.9 percent.

*Functioning of national payment systems*

In turn, the accessibility ratio of the national system of settlements with bank payment cards “Elcard” also remained high and was 99.8 percent (98.0 percent is usually taken as a planned accessibility ratio in the national systems). In the reporting period, an insurance (reserve) fund on the national system of settlements with bank payment cards “Elcard” was established for timely and guaranteed final settlement in accordance with the Regulation “On insurance (reserve) fund for interbank systems of retail payments”.

The level of financial risks in the national payment systems was minimal due to the liquidity management mechanisms provided for in the systems and sufficient liquid funds on the participants’ correspondent accounts in the National Bank.

The market of retail payment systems is still characterized by a large number of transactions, which include the systems of settlements with the bank payment cards, money transfers without opening a bank account, e-money settlements, the systems of payments acceptance in favor of the third parties and others. During the reporting period, generally, these systems operated in a stable manner.

#### 4.1.5. Development of Digital Payment Technologies

In 2022, the National Bank implemented a number of measures within the framework of the National Development Program of the Kyrgyz Republic until 2026, the Concept for development of digital payment technologies in the Kyrgyz Republic for 2020-2022, as well as the medium-term strategic documents of the National Bank.

The Digital Som Concept was approved, according to which the National Bank will additionally issue a digital form of the national currency. The document also defines the terms and stages for implementation of the Digital Som project.

The Regulation “On regulation of access to financial services through financial platforms (marketplace) using open program interfaces in the Kyrgyz Republic” was adopted to create and implement a unified online digital financial platform in the Kyrgyz Republic, which defines the range of participants that can become the operators of the financial platform (marketplace) services, and the list of offered services, provides for the exchange of information through open API interfaces.

<sup>1</sup> Accessibility ratio is an ability of the system users to have access to the services and information. System downtime, due to technical failures, preventive maintenance, reduces system accessibility.

The national payment system “Elcard”, operated by “IPC” CJSC, was enriched with a new feature “Elcard Pay” to make contactless payments using smartphones via NFC technology. The project on issuing contactless cards “Elcard Bezkontakt” is actively implemented, distribution of the mobile applications “Elcard Mobile”, “Elcard Trade”, as well as the service “Merchant Platform” among the population and businesses is in progress.

There was an increase in money transfers using cards of the national system “Elcard” as part of promoting the integration projects with the EAEU countries. As of the end of 2022, 1.9 million P2P-transfers were made to the amount of KGS 16.2 billion.

Activities were conducted with the banks to create innovative contactless products, update tariff plans, complete Internet banking, mobile applications, as well as to unify two-dimensional barcode symbols (QR-code) and increase the level of security for the clients in remote management of bank accounts and e-money in 24/7/365 mode.

Work was continued to implement the Faster Payments System, which enables to make real-time payments between the commercial banks’ clients. Functional and technical requirements for the system were developed in cooperation with the international experts for further implementation thereof.

In order to develop the banking and payment infrastructure for accepting payments and settlements for goods and services with the use of two-dimensional barcode symbols (QR-code):

- amendments were introduced in the Rules for making payments and transfers with the use of two-dimensional barcode symbols (QR-code), with establish mandatory requirements for the payment system participants to bring their QR-codes in line with the national standard, to connect them to the interaction operator and to provide the clients with the banking product/service for payments acceptance/making using QR-code. Since May 2022, 7,800 payments were made through the interaction operator to the amount of KGS 12.1 million;
- a road map for development of methods to make state and other payments and transfers by means of QR-codes was signed with the state authorities, a commercial bank and “IPC” CJSC, within the framework thereof the procedures for acceptance of payments for the state services, in particular for the services of passportization, registration/re-registration of the motor vehicles, receipt of services for registration of the civil status certificates and receipt of driving licenses were launched;
- monitoring of the merchants for availability of installed POS-terminals and QR-codes to accept non-cash payments for goods and services in accordance with the Decree of the Government of the Kyrgyz Republic “On Measures to Protect Consumers’ Rights” was conducted together with the Antimonopoly Regulation Service under the Ministry of Economy and Commerce;
- in December 2022, “IPC” CJSC and the payment system operators/payment organizations, in cooperation with the banks, completed activities on cross-system integration of payment systems (bank cards, e-wallets and mobile applications), moreover a single payment space for payments and transfers using QR-codes was created and over 3,400 unified QR-codes were installed at merchants.

Video materials, articles and interviews on the possibility to pay for goods and services using QR-codes, as well as on remote and contactless payments were developed and placed on the internet resources of the National Bank to inform the population about the advantages and convenience of using QR-codes.

The Law of the Kyrgyz Republic “On Virtual Assets” and “On Amendments to Certain Legislative Acts in the Field of Virtual Assets” were adopted in 2022.

The Law of the Kyrgyz Republic “On Virtual Assets” determines that the activities of the banks, non-banking financial-credit organizations and other legal entities

*Development of two-dimensional barcode symbols (QR-code)*

*Virtual assets regulation*

supervised by the National Bank, providing services related to virtual assets as a virtual asset service provider, will be regulated by the National Bank.

As part of the “regulatory sandbox”<sup>1</sup>, three organizations conducted the following banking operations under temporary licenses of the National Bank: issue of pre-issued restricted-function credit cards “Elcard” to provide loans in non-cash form, bank cards acquiring, accepting and servicing payments using a QR-code, as well as issue and redemption own e-money and issue of the payment cards with e-wallet access. Testing conducted in one organization was acknowledged successful.

*Special regulatory regimes*

## 4.2. Cash Circulation

### 4.2.1. Operations in Cash

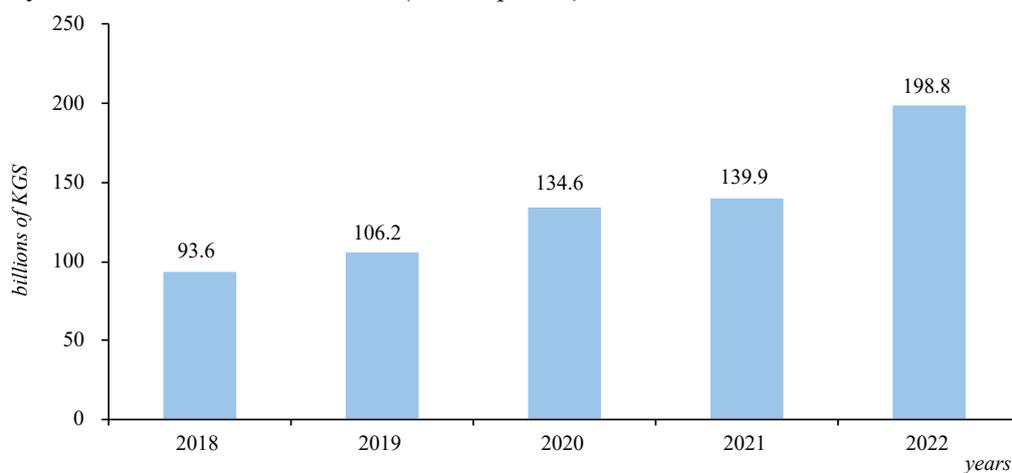
Meeting the needs of the economy in cash in a timely manner is among the main functions of the National Bank. The National Bank implements regular monitoring of cash in circulation through the commercial banks to fulfil this function.

In 2022, work was continued to put the banknotes and coins into circulation, to maintain their optimal reserves of the required denominations, withdraw and destruct unfit banknotes.

In 2022, the total amount of cash in circulation increased by 42.1 percent and amounted to KGS 198.8 billion.

#### ***Chart 4.2.1.***

Dynamics of Cash in Circulation (end-of-period)



The cash turnover was represented by 463.8 million sheets of banknotes and 545.3 million pieces of coins. The share of banknotes accounted for 99.1 percent, and the share of coins – 0.9 percent of the total amount of cash in circulation in 2022. The structure of banknotes and coins by denomination in circulation is presented in Table 4.2.1.

<sup>1</sup> “Regulatory sandbox” is a special legal regime that allows legal entities involved in development of the new financial products and services to conduct experiments for implementation thereof in a limited environment without the risk of violating applicable laws.

**Table 4.2.1.**

Shares of Banknotes and Coins in Total Cash in Circulation  
(in percent of total cash in circulation)

Denomination in kyrgyz soms	below 5 soms	10	20	50	100	200	500	1,000	2,000	5,000	Total
2021	0.6	0.6	0.5	0.7	1.4	3.5	9.1	35.6	10.4	37.6	100.0
2022	0.4	0.5	0.4	0.5	1.3	3.0	8.2	33.8	8.0	43.9	100.0

*Receipt, payment  
of cash from cash  
departments of the  
commercial banks*

In 2022, receipt of cash in cash departments of the commercial banks increased by 29.5 percent compared to 2021 and totaled KGS 3,748.2 billion. Payment of cash from the cash departments of the commercial banks increased by 31.1 percent and amounted to KGS 3,811.3 billion.

**Table 4.2.2.**

Movement of Cash via Cash Departments of Commercial Banks by Regions

	Receipt, billions of KGS		Disbursement, billions of KGS		Recoverability, percent	
	2021	2022	2021	2022	2021	2022
<b>Total</b>	<b>2,893.9</b>	<b>3,748.2</b>	<b>2,907.0</b>	<b>3,811.3</b>	<b>99.5</b>	<b>98.3</b>
Bishkek city	1,573.4	2,122.1	1,552.3	2,136.1	101.4	99.3
Osh city	342.4	405.8	346.4	415.2	98.8	97.7
Batken oblast	123.8	147.2	123.7	147.0	100.1	100.1
Jalal-Abad oblast	300.3	346.1	318.1	369.7	94.4	93.6
Issyk-Kul oblast	139.1	174.8	144.0	181.9	96.6	96.1
Naryn oblast	63.1	78.9	65.8	83.2	95.9	94.8
Osh oblast	111.3	132.7	111.3	132.6	100.0	100.1
Talas oblast	68.3	75.7	73.4	81.2	93.1	93.2
Chui oblast	172.2	264.9	172.0	264.4	100.1	100.2

The National Bank, in prompt cooperation with the law enforcement agencies, continued to work on preventing the occurrence and spread of counterfeiting to ensure the reliability and security of cash circulation.

In 2022, the number of detected counterfeit banknotes totaled 31 pieces to the amount of KGS 9.5 thousand (in 2021, 76 counterfeit banknotes to the total amount of KGS 100.5 thousand were detected).

The level of counterfeiting amounted to 0.1 counterfeits per one million of genuine banknotes being classified as a minimum 1<sup>st</sup> level<sup>1</sup>. Law enforcement agencies initiated criminal cases and conducted criminal-intelligence operations for each fact of counterfeiting.

The public and the banking system were informed about the security features, the procedure for exchange of unfit and damaged banknotes and coins of the national currency, the employees of the cash departments from the financial-credit organizations were trained to determine the security features of banknotes and coins within the framework of the informational and educational campaign “Som is the face of Kyrgyzstan”.

#### 4.2.2. Commemorative Collection Coins

The National Bank continued issuing commemorative collection coins. Silver collection coins “Asian Games” of the series “Sports” and “Berberis Kaschgarica” of the series “Red book of Kyrgyzstan” were put into circulation in 2022 to commemorate important events and achievements in the field of sports and spread of physical training

<sup>1</sup> The level of counterfeiting is determined by the ratio of the number of detected fake banknotes per one million of genuine banknotes in circulation. There are six levels of counterfeiting in the world practice.

values, as well as to promote and preserve rare species of flora of the republic listed in the Red Book of Kyrgyzstan.

The copper-nickel collection coin “Thank You for Life!”, being put into circulation in 2021 as a gesture of thanks to all those who stood against the spread of the COVID-19 pandemic, won third place in the “Coin Constellation – 2022” International Contest, in the category “Coin of the Year”.

**Figure 4.2.2.1.**

Silver collection coin “Asian Games”



**Figure 4.2.2.2.**

Silver collection coin “Berberis Kaschgarica”



**Figure 4.2.2.3.**

Copper-nickel collection coin “Thank You for Life!”



### 4.3. Refined Gold Measuring Bars

#### *Selling of refined gold measuring bars*

The National Bank continued selling the refined gold measuring bars with the fineness of 999.9 and the weight of 1, 2, 5, 10, 31.1035 grams (1 troy ounce) and 100 grams to implement the Concept on creation and development of the precious metals market in the Kyrgyz Republic focused on forming the market of new savings and investment tools, as well as in the banking sector, and on industrial capacity building of the gold mining industry in the country.

In 2022, 125.2 kg of refined gold measuring bars were sold to the amount of KGS 746.3 million (in 2021, 37.3 kg – to the amount of KGS 192.9 million). In the reporting period, 44.6 kg of refined gold measuring bars were re-purchased to the amount of KGS 245.7 million (in 2021, 20.9 kg – to the amount of KGS 107.8 million).

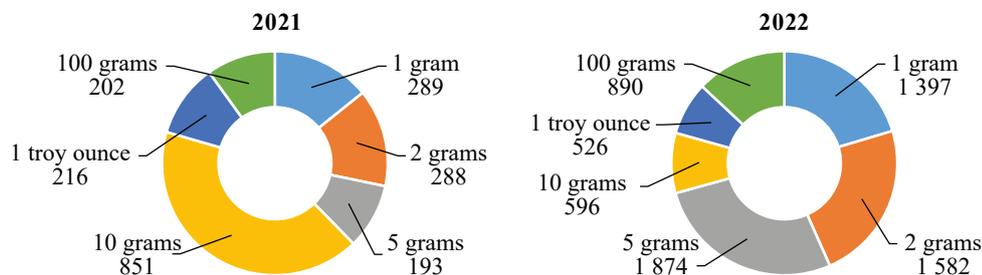
**Table 4.3.1.**

Information about Sold and Re-purchased Gold Measuring Bars  
(thousands of KGS)

Weight	Sale		Re-purchase	
	2021	2022	2021	2022
1 gram	1,651.9	10,988.0	1,511.6	4,822.4
2 grams	3,383.8	22,959.0	3,484.6	11,541.5
5 grams	5,435.9	61,277.5	5,780.5	26,026.5
10 grams	44,542.9	35,786.6	33,097.2	22,261.4
1 troy ounce	34,718.1	100,116.7	8,786.5	34,062.1
100 grams	103,186.4	515,160.9	55,184.9	147,013.0

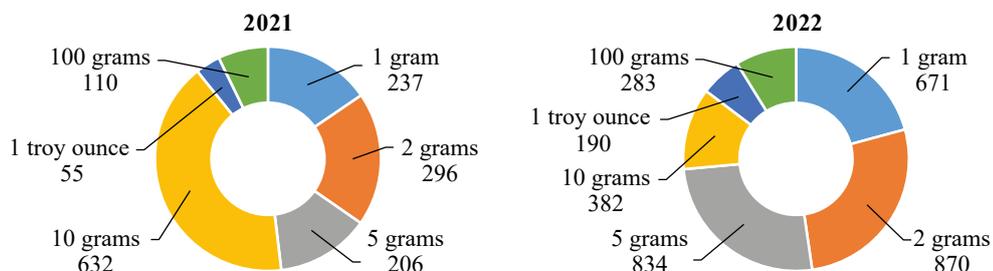
**Chart 4.3.1.**

Number of Sold Refined Gold Measuring Bars  
(pieces)



**Chart 4.3.2.**

Number of Re-purchased Refined Gold Measuring Bars  
(pieces)



The National Bank continued the work on replenishing the stock of refined gold measuring bars produced from domestic raw materials. According to the Law of the Kyrgyz Republic “On Precious Metals and Precious Stones”, during the reporting year, refined gold was purchased from the local gold producing companies for the national currency.

The National Bank started to sell refined gold standard bars manufactured by “Kyrgyzaltyn” JSC with the weight from 10,900 to 13,400 grams and containing chemically pure base metal of at least 99.95 percent of the bar’s ligature mass in the domestic market of the Kyrgyz Republic in order to develop the domestic market of precious metals, as well as to provide the jewelry industry with raw materials and expand operations with precious metals.

Moreover, the National Bank in cooperation with “Kyrgyz Stock Exchange” CJSC started selling the gold measuring bars with the weight of 1, 2, 5, 10, 31.1035 grams (1 troy ounce) and 100 grams issued by the National Bank at the trading facility of “Kyrgyz Stock Exchange” CJSC.

## CHAPTER 5. INTERNATIONAL COOPERATION AND PUBLIC RELATIONS

### 5.1. International Cooperation

In the reporting year, the National Bank continued cooperation with the central (national) banks, integration institutions and international organizations.

*Cooperation with international financial organizations*

The National Bank, as the office of the Governor from the Kyrgyz Republic in the International Monetary Fund (IMF), continued coordination and close cooperation of the Kyrgyz Republic with the IMF in priority areas.

During 2022, the National Bank participated in the Spring and Annual Meetings of the IMF Governors and the World Bank Group, as well as in the meeting of the Swiss group of countries in the Bretton Woods Institutions.

In November 2022, the IMF Mission visited the Kyrgyz Republic as part of the authorities' consultations with the IMF staff according to Article IV of the IMF Articles of Agreement.

The National Bank cooperated with the IMF within the framework of various areas of technical assistance, including the issues of monetary policy improvement and risk-based supervision.

A number of meetings and events on development of the Islamic banking in the Kyrgyz Republic were held in 2022 in order to implement the cooperation agreement between the National Bank and the Islamic Development Bank. The National Bank's delegation made a working visit to Dubai, United Arab Emirates (UAE) in July of the reporting year. The UAE experience in the field of the Islamic banking and finance, the Islamic capital market, the Islamic securities (sukuk) was studied during this visit, as well as the issues of establishing Islamic bank in Kyrgyzstan and the possibility of opening correspondent accounts for the banks of the Kyrgyz Republic were discussed with the representatives of Dubai Islamic Bank and Abu Dhabi Islamic Bank.

In addition, in 2022, a Memorandum of Understanding on cooperation in the field of central banking was signed between the National Bank and the UAE Central Bank to exchange experience and information in the field of banking supervision, financial innovation and payment systems.

*Cooperation with integration associations*

The National Bank carried out further work within the framework of the Eurasian Economic Union (EAEU), the Advisory Council on Foreign Exchange Policy of the Central (National) Banks of the EAEU Member States, the Interstate Bank (ISB), the Commonwealth of Independent States (CIS), and the Shanghai Cooperation Organization (SCO) to implement financial and banking activities.

Several documents were signed at the 21<sup>st</sup> meeting of the Council of the Heads of the SCO Member States held in Samarkand in September 2022, Uzbekistan, as well as the decision of the Council of the Heads of the SCO Member States on a road map to gradually increase the share of the national currencies in mutual settlements among the SCO member states.

The National Bank participated in the 23<sup>rd</sup> meeting of the Advisory Council on Foreign Exchange Policy of the Central (National) Banks of the EAEU Member States, which was held in September 2022. The issues of the monetary policy implementation in the EAEU member states, as well as the development trends in the national financial markets and the issues of the financial technologies development were considered during this meeting.

The representatives of the National Bank participated in the activities of the advisory and working bodies (committees, subcommittees, working groups and subgroups) established by the governments and national (central) banks of the EAEU member states

to implement the Treaty on the EAEU dated May 29, 2014. The activities were conducted as part of the action plan to implement the Strategic Directions for Developing Eurasian Economic Integration until 2025.

During the year, the Advisory Committee on Macroeconomic Policy considered the draft basic guidelines for the macroeconomic policy of the EAEU member states until 2035 and the draft Concept for Implementation of “Green” Economy Principles in the EAEU, as well as monitored macroeconomic indicators that determine the sustainability of economic development in the EAEU member states.

The Advisory Committee on Statistics held work on updating the process for collecting the official statistical data and considered the issues of using new sources of information to form official statistical data of the Eurasian Economic Union.

The Advisory Committee on Financial Markets continued its work on harmonization of the legislation of the EAEU member states. Draft Agreements on a standardized license and a supranational body to regulate the financial market of the Eurasian Economic Union were prepared.

The National Bank participated in the 10<sup>th</sup> and 11<sup>th</sup> meetings of the Advisory Council on Protection of the Financial Services Consumers’ Rights and Financial Availability of the EAEU member states, which were held online.

The work within the working group, which considered the issues of the national payment systems development in the EAEU member states, continued.

The Coordination Council on Issue of Currency, Development of Numismatic Market, and Combating Counterfeiting continued work on information exchange among the EAEU member states about the national banknotes put into circulation, including commemorative and collection banknotes and coins, as well as on refined measuring bars of precious metals being sold.

The participants of the 64<sup>th</sup> and 65<sup>th</sup> meetings of the ISB Council were involved in consideration of the results of the ISB activity and measures on its development, the issues of the project implementation on arrangement of transborder money transfers, etc.

The work on cooperation of the Eurasian Council of the Central (National) Banks (ECB) continued. The issues of development of the banking sector, the foreign exchange markets, and the financial market of the states of the central (national) banks – the ECB members, and a number of other issues were considered at the 46<sup>th</sup> and 47<sup>th</sup> meetings held by the ECB. Information on the activities of the coordination and advisory councils was presented to the ECB members.

In 2022, the composition of the ECB was expanded due to joining the Agreement on the Eurasian Council of the Central (National) Banks dated November 18, 2015 by the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan.

In the reporting year, the National Bank was actively involved in the work of the bilateral intergovernmental commissions as part of interaction with the central (national) banks of the Kingdom of Saudi Arabia, the Republic of Kazakhstan, the People’s Republic of China, the State of Kuwait, the United Arab Emirates, the Republic of Poland, the Republic of Turkey and the Swiss Confederation.

*Bilateral and technical cooperation*

The National Bank of the Kyrgyz Republic cooperated with the National Bank of Poland, the Swiss National Bank, the Bank of Korea, the People’s Bank of China, the Central Bank of Turkey as well as the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the IMF, the Joint Vienna Institute (JVI), German Corporation for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit, GIZ), Savings Banks Foundation for International Cooperation (Sparkassenstiftung für internationale Kooperation), Organization for Security and Cooperation in Europe (OSCE) and the World Bank to exchange experiences, implement the professional development programs and receive technical assistance.

In 2022, the representatives of the Swiss National Bank visited the National Bank several times to discuss the issues of further development of cooperation between the central (national) banks and to organize the exchange of experience in the field of banking activities.

The National Bank and the Bank of Korea continued cooperation on implementation of the bilateral agreement in accordance with the Bank of Korea's Information Partnership Program. The research work on extension of the basic DSGE model (Dynamic Stochastic General Equilibrium Model) used to analyze the monetary policy and forecast the key macroeconomic indicators of the Kyrgyz Republic was conducted with the advisory assistance of the Bank of Korea's experts.

Cooperation with the World Bank was conducted on the projects "Financial Sector Development of the Kyrgyz Republic (FSDP)", "Faster Payments System", "Digital Currency of the Central Bank", "API (Open-banking) Open Software Interface" to exchange experience and obtain technical assistance.

As part of the technical assistance of the ADB, Islamic Finance Advisory & Assurance Services (IFAAS), the international consulting company, held a seminar for the representatives of the National Bank on development and implementation of the monetary policy instruments consistent with the principles of Islamic finance. During the year, the representatives of the National Bank participated in a series of online seminars organized by the Islamic Financial Services Board.

During 2022, the National Bank was an active participant in implementation of the professional development program for the personnel of the central (national) banks of the EAEU member states in the following areas:

- Internship entitled "Financial literacy" was organized by the National Bank in June. The representatives of the National Bank of the Republic of Belarus, the Central Bank of Mongolia, and the Mongolian Banks Association were the participants of the internship, where the participants exchanged opinions and experience on the topical issues of improving the financial literacy of the population.
- In June, the National Bank also organized an internship entitled "Communication channels with clients", which was attended by the representatives of the central banks from the Republic of Belarus and the Russian Federation, where the issues of the national (central) banks' communication policy on public relations, with involvement of the mass media, were discussed.
- In July, the National Bank organized an international seminar entitled "Practice of IFRS implementation. Peculiarities of application of IFRS 9 Financial Instruments in banks". The representatives of the National Bank of the Republic of Belarus, the Central Bank of the Russian Federation, and the National Bank of Tajikistan attended the seminar. The participants made presentations and shared their best practices in the field of IFRS 9 Financial Instruments and accounting.
- In August, the National Bank held a seminar entitled "Protocol service of the National Bank of the Kyrgyz Republic", being attended by the representatives of the Central Bank of the Republic of Armenia and the National Bank of the Republic of Kazakhstan.
- The seminar in the format of the round-table meeting entitled "Corporate governance in the banks, bank holding and/or banking group" was held in September. The representatives of the central banks of the Republic of Armenia, the Republic of Belarus, the Russian Federation and the ISB attended the seminar. The participants discussed topical issues of corporate governance in the national (central) banks, legal aspects to form corporate governance structure and monitoring activities in the subsidiaries (affiliates) and the approach of a central (national) bank to arrangement of corporate governance in the subsidiaries (affiliates).

*Professional development program of the EAEU central (national) banks*

## 5.2. Public Relations and Improvement of the Population Financial Literacy

The work on informing the public about the National Bank's activities based on the principles of openness, transparency and accessibility was continued in 2022.

Provision of information on conducted monetary policy, on the situation in the banking sector and the foreign exchange market, on the operations with gold, on implementation of digital technologies and financial security, measures to support the borrowers who suffered during the armed conflict in Batken and Osh oblasts, consumers' rights protection and improvement of the financial literacy among the population were the main directions of the communication policy of the National Bank.

Information was provided to the public by posting information messages on the National Bank's official website and social media pages, by publishing articles, and broadcasting audio and video materials in the mass media, holding press conferences and briefings of the National Bank's representatives, as well as holding a number of outreach and awareness-raising events.

128 letters were sent on the issues related to the activities of the National Bank within the framework of interaction with the legislative body – the Jogorku Kenesh of the Kyrgyz Republic. The round-table meeting to discuss the draft Law of the Kyrgyz Republic “On Banks and Banking Activity” was held with involvement of the deputies of the Jogorku Kenesh of the Kyrgyz Republic – the members of the Committee on Budget, Economic and Fiscal Policy, the commercial banks, the representatives of associations of legal entities “Union of Banks of Kyrgyzstan”, “Association of Payment System Operators KG” and “Association of Microfinance Organizations”. The participants of round-table meeting discussed the draft law and exchanged views on the issues to improve banking activity and ensure its stability and reliability.

The public information activities were focused on the issue of the National Bank's 30<sup>th</sup> anniversary.

Special informational and educational events, training seminars, as well as a competition among mass media for the best coverage of the topic “National Bank of the Kyrgyz Republic – 30 years” were organized in the reporting year. A number of articles were published, audio and video materials were produced, and live broadcasts were organized on radio and TV channels. Detailed information about the National Bank's activities was presented during a special seminar organized for the journalists entitled “Role and functions of the National Bank of the Kyrgyz Republic”.

The conference entitled “Development of the financial sector of the Kyrgyz Republic in Present-Day Conditions” was held in Bishkek in April 2022 as part of the events dedicated to the 30<sup>th</sup> anniversary of the National Bank. The conference was attended by the representatives of the Jogorku Kenesh of the Kyrgyz Republic, government agencies, commercial banks, non-banking financial-credit organizations, payment institutions, international organizations, academic and expert communities. The conference covered a wide range of issues, including development trends of the state digital platforms, digital transformation of the financial market, the Digital Som Concept, and others.

The official website of the National Bank [www.nbkr.kg](http://www.nbkr.kg) served as an important tool to inform the public and provide prompt access to information on the National Bank's activities. Information on the National Bank's decisions was posted on the official website, statistical data on banking and monetary statistics were regularly updated, and analytical materials of the National Bank were published in the form of reports on the monetary policy, on the financial sector stability, a review of the payment system status and other periodic publications of the National Bank.

In accordance with the media plan for 2022, over 180 publications on the banking issues were prepared and more than 350 applications of media representatives related to the National Bank's activities were considered.

*Interaction with the Jogorku Kenesh*

*30<sup>th</sup> anniversary of the National Bank*

*Official website*

*Cooperation with media*

More than 190 public statements of the National Bank's representatives were organized in media. The statements were devoted to the current issues of financial literacy improvement, implementation of the National Bank's monetary policy, the situation in the foreign exchange market, digital transformation of the banking services, protection of the financial services consumers' rights, as well as measures to support the citizens affected by the armed conflict in Batken and Osh oblasts by the banking sector and other issues.

The National Bank conducted press conferences and briefings on the National Bank's policy rate, monetary policy, measures taken to assist victims of the armed conflict in Batken and Osh oblasts, as well as on the "World Savings Day".

According to the monitoring of the media space, more than 14,000 media publications were devoted to the National Bank's activities.

*Media products of  
the National Bank*

"The National Bank Reports" rubric was daily aired on the republican and regional TV channels with infographics on the exchange rates and the cost of gold measuring bars, as well as the videos on electronic digital financial services and on the risks of financial fraud, and a series of TV shows on financial literacy "Finsabat" were also broadcasted on these TV channels.

Information was provided to the public in the remote regions through the regional offices and the Batken Representative Office of the National Bank. 72 informational and analytical materials related to the National Bank's activities were published in the regional mass media. Videomaterials "Finsabat" aimed at improving financial literacy of the population were broadcasted on the regional TV channels.

*Public  
Information  
Service activity*

In 2022, the public information services activity was continued in the central office, the regional departments and the Batken Representative Office of the National Bank. The public information services gave consultations and provided information on the issues related to the competence of the National Bank, arrangement of the meetings for the citizens with the management and specialists of the bank, as well as consideration of the written and oral requests. In total, the public information services received about 4,500 oral and more than 1,400 written applications on different issues related to the National Bank's activities.

In July of the reporting year, the National Bank's WhatsApp channel, with about 1,000 requests received during the six-month period, was opened to promptly address public requests and to provide convenience for the financial services consumers. The users of the WhatsApp channel addressed various issues related to the FCOs' activities.

*Numismatic  
museums in Bishkek  
and Osh cities*

In addition, in 2022, more than 100 requests were received from the citizens through the official pages of the National Bank in the social networks Facebook, Instagram and Telegram-channel.

In 2022, the numismatic museums of the National Bank resumed their normal activities. During the reporting year, excursions were organized for schoolchildren and students, representatives of foreign and neighboring countries, government agencies and the mass media. During the excursions the visitors were presented the designs and samples of banknotes and coins issued in different periods and reflecting the stages of the national currency development and formation, the banknotes found in the territory of Kyrgyzstan, a collection of commemorative gold, silver and copper-nickel coins made using different manufacturing technologies and interesting design, the gold measuring bars, as well as other numismatic products issued by the National Bank. During the reporting year, 92 excursions were conducted, the total number of visitors amounted to about 1,400 people.

*National Bank  
in the social networks*

Given that social media are becoming the main sources and channels for disseminating information, the National Bank remained active user in the social networks and instant messengers. Information messages related to the National Bank's activities were adapted and posted on its official pages, taking into account the users' requests and expectations. Video content, infographics, information cards and other visual products being distributed via social media using special tools were created in the state and official languages. Pages in the social networks were also a platform where prompt feedback with the public was

provided and explanatory work was conducted, including live broadcasts on topical issues with the National Bank's representatives.

The National Bank continued working to improve the financial literacy of the population within the framework of implementation of the Strategy for Financial Inclusion for 2022-2026, approved by the order of the Cabinet of Ministers of the Kyrgyz Republic.

*Improvement of the financial literacy*

Information on the measures focused on improving financial literacy, educational and other materials were posted on the financial literacy website of the National Bank – [www.finsabat.kg](http://www.finsabat.kg) and the social media pages.

The main focus of the publications was aimed at explaining the current topics related to savings, loans, investments, financial security, protection of financial services consumers, electronic financial services, including e-wallets, mobile banking, online purchases and online payments for public services through mobile banking applications, as well as through “Elcard Mobile” application.

“Finsabat” TV programs on financial literacy on the topics such as “What is financial literacy?”, “Savings and deposits”, “Investing”, “Risk and financial security”, “Electronic digital financial services”, “QR-code-based payment”, “Financial behaviour”, “Counterfeiting” and “Financial pyramids” were broadcasted on the national and regional TV channels and posted on the National Bank's social media pages.

The state and international organizations, commercial banks and microfinance organizations participated in the annual information and educational campaigns “Global Money Week” and “World Savings Day”. Lectures on financial literacy, excursions to the financial institutions, competitions, trainings and other events designed and adapted for children of all ages, youth and adults were held as part of these campaigns. Approximately 800 events were held in the country as part of the “Global Money Week”: seven national competitions, open days in the financial-credit organizations, excursions, lectures and lessons on financial literacy. Direct coverage amounted to 78,000 people, and indirect coverage – approximately 3 million people. Approximately 200 events were held across the country as a result of the large-scale “World Savings Day-2022” campaign, including eight contests, 39 seminars and training sessions for adults, 17 excursions and open days, and 78 financial literacy lessons in schools, 31 lectures in higher education institutions, five financial fairs and other events aimed at developing the savings culture. Direct coverage of the population amounted to more than 16,000 people, indirect coverage – more than 2 million people.

In 2022, implementation of a joint project with German Sparkassenstiftung for International Cooperation “Promotion of rural development and strengthening the potential of small and medium-sized enterprises in Kyrgyzstan, Tajikistan and Turkmenistan” was continued, the purpose thereof was to provide financial inclusion for the rural population, improve their financial and entrepreneurial literacy. Two-day seminars on the basics of financial literacy were organized within the framework of this project with involvement of about 410 people, including 260 women.

In addition, a two-day seminar for the teachers and the heads of regional financial literacy circles was held in August 2022 with the support of the German Sparkassenstiftung and the Ministry of Education and Science of the Kyrgyz Republic. The seminar covered such topics as financial goals and planning, loans and working with credit institutions, savings and deposits.

Within the framework of the Memorandum of Cooperation signed in June 2022 with the OSCE Programme Office in Bishkek, 42 trainers were trained in financial literacy, who conducted 42 two-day seminars on financial literacy in all regions of the country. The total number of participants was more than 900 people, including 638 women.

In August 2022, the National Bank organised a financial literacy training seminar for the FCOs' borrowers with repayment problems. During this event, the participants were provided with interactive information on setting financial goals and financial planning, family budgeting, working with loans and relations with the credit organisations, and the

rights and obligations of the financial services consumers. As part of the work on financial literacy improvement, activities in this area will be continued.

## CHAPTER 6. INFORMATION ON ACTIVITIES OF THE NATIONAL BANK OF THE KYRGYZ REPUBLIC

### 6.1. Structure of the National Bank of the Kyrgyz Republic

The National Bank regularly takes measures to improve its organizational efficiency, as well as through formation of the optimal structure, staffing list and creation of conditions to develop the professional level and competence of its employees. In connection with the adoption of the new Constitutional Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic” in the reporting year, the following measures were taken to improve the organizational structure through reorganization of the Banking Oversight Department 1, the Banking Oversight Department 2 and the Systemic Risk Analysis Division by creating the Banking Oversight Department on their basis; the Banks Supervision Methodology and Licensing Department by creating the Supervision Methodology Department and Licensing Department on its basis; the Non-banking Financial-Credit Organizations Oversight Department by reorganization into the Non-banking Organizations Oversight Department; the Public relations Division and the International Cooperation Division by creating the Communications and International Cooperation Department on their basis.

As at the end of the reporting year, 30 structural units of the central office, five regional departments, and one representative office of the National Bank in Batken oblast operated in the National Bank.

In 2021, the organizational structure of the National Bank was represented by 31 structural units of the central office, five regional departments, and one representative office of the National Bank in Batken oblast.

#### Basic Goals and Objectives of Structural Units of the National Bank of the Kyrgyz Republic

<b><i>Economic Department</i></b>	develops the proposals on the monetary policy; analyzes monetary, real, financial, and fiscal sectors of the economy; and implements macroeconomic modeling and forecasting; promotes public policy within the EAEU and the Bretton Woods Institutions (WB and IMF); ensures the process of economic research at the National Bank
<b><i>Monetary Operations Department</i></b>	implements the monetary policy and manages the international reserves; carries out the operations in the financial markets, assesses and analyzes them; identifies the trends and reasons for the changes in the financial markets to effectively coordinate the open market operations
<b><i>Banking Oversight Department</i></b>	implements the objectives of the National Bank on ensuring stability of the banking system, protection of the depositors’ and other creditors’ interests, as well as on ensuring fair competition among the banks by implementing risk-based oversight of their activities in accordance with the requirements, stipulated by the legislation of the Kyrgyz Republic and the regulatory legal acts of the National Bank

<b><i>Financial Statistics and Review Department</i></b>	collects, processes and disseminates statistical monetary information, financial market, real sector and public finance indicators; compiles the balance of payments and the international investment position of the Kyrgyz Republic; provides expert support to the Cabinet of Ministers of the Kyrgyz Republic in matters of external debt; improves the structure of statistical database and technology for collection and processing of statistical information; analyzes and assesses the financial stability of the Kyrgyz Republic; implements timely release of regular official publications of the National Bank
<b><i>Supervision Methodology Department</i></b>	implements the National Bank's objectives focused on ensuring stability of the banking system by developing methodologies for regulation and supervision over the banks', non-banking and specialized financial-credit organizations', and the Islamic financial institutions' activities, as well as for anti-monopoly regulation
<b><i>Licensing Department</i></b>	implements the National Bank's objectives focused on ensuring stability of the banking system by licensing the banks, non-banking financial-credit organizations, and other legal entities supervised by the National Bank
<b><i>Non-banking Financial-Credit Organizations Oversight Department</i></b>	implements the National Bank's objectives on ensuring stability of the non-banking and specialized financial-credit organizations licensed and regulated by the National Bank, protection of the depositors' and other creditors' interests, fair competition through conducting the external (remote) monitoring, arrangement and implementation of high-quality periodic inspections of their activities
<b><i>Cash Management Department</i></b>	Meets the national economy's demands for banknotes and coins, refined gold and silver measuring bars, numismatic valuables, maintains their optimal stock; provides the storage and transportation of banknotes, coins and valuables, and takes measures to ensure the disposal of old banknotes and coins
<b><i>Bank Settlements Department</i></b>	ensures the functioning of interbank settlement systems; makes settlements on the financial market operations and transactions; maintains the accounts of the Cabinet of Ministers of the Kyrgyz Republic, and the financial organizations' accounts opened in the National Bank; conducts operations within the framework of implementing the Treaty on the EAEU
<b><i>Banking Automation Department</i></b>	provides the National Bank with the high-quality and up-to-date IT services

<b><i>Payment Systems Department</i></b>	elaborates new promising directions for development of the payment systems and the legal framework to regulate the payment system, conducts analysis of the development trends in the payment services market, supervision (oversight) over operation of the payment system, study and regulation of the digital payment and financial technologies, implements licensing, regulation and supervision over the activities of the payment system operators and payment organizations; as well as regulation and supervision over the legal entities' activities supervised by the National Bank, which render services related to the virtual assets, as the providers of virtual asset services
<b><i>Accounting and Reporting Department</i></b>	keeps regular accounts and records of the National Bank's operations in accordance with the international accounting practice to provide the customers with financial statements reflecting the National Bank's financial position, custodian accounting of the Government Securities, as well as monitors the collateral on loans issued by the National Bank
<b><i>Legal Department</i></b>	provides comprehensive legal support of the National Bank, its structural units, regional departments and the Batken Representative Office on the basis of a combination of the universal approach and specialization by areas in accordance with the range of objectives within their competence, develops and improves the banking legislation
<b><i>Planning, Budgeting and Control Department</i></b>	organizes the National Bank's financial activities focused on providing the National Bank's development strategy with financial resources; organizes activities budgeting and planning; monitors implementation of the action plans and strategic directions in the National Bank's activities
<b><i>Communications and International Cooperation Department</i></b>	provides an effective system of communication with the public and the external organizations, informs about the National Bank's activities and policy, implements measures to improve the financial literacy of the population; coordinates interaction of the National Bank with the international organizations and institutions
<b><i>Security and Information Protection Department</i></b>	ensures safe activity of the National Bank; provides effective countering the cybercrimes in the activities of the financial-credit organizations, payment system operators and payment organizations of the Kyrgyz Republic
<b><i>Administration and Logistics Department</i></b>	maintains uninterrupted functioning of the buildings and structures of the National Bank and their power supply, resolves the issues of logistics, transport support, and medical care
<b><i>Consumers' Rights Protection Division</i></b>	supervises the persons supervised by the National Bank to comply with the laws of the Kyrgyz Republic in the area of protecting the rights of the banking and payment services consumers
<b><i>SWIFT Service Bureau Division</i></b>	provides the National Bank of the Kyrgyz Republic and the commercial banks of the Kyrgyz Republic with high-quality and continuous SWIFT services according to the requirements of the SWIFT Customer Security Program

<b><i>Subsidiaries and Associated Organizations Management Division</i></b>	interacts with the subsidiaries and the associated organizations of the National Bank on their activities and development strategy
<b><i>State Language Development and Documentation Management Division</i></b>	promotes the implementation and development of paperwork and record keeping in the state language, carries out the centralized document management and control of the National Bank's documents execution
<b><i>Board's Secretariat Division</i></b>	ensures the activities of the National Bank's Management Board, controls execution of the resolutions and the protocol orders of the National Bank's Management Board; implements organizational and documentary support of the administration's work in the National Bank; ensures the activities of the Supervision Committee, the Coordinating Council and the Law Violation Review Commission
<b><i>Personnel Division</i></b>	provides the workforce required to fulfill the functions and objectives of the National Bank, and implements the process of occupational training and professional development of the National Bank's employees
<b><i>Financial Risk Control Division</i></b>	manages the financial risks in conducting the operations of the National Bank in the foreign markets
<b><i>Construction and Repair Division</i></b>	organizes construction and assembly operations, repair, design and survey work at the National Bank's facilities
<b><i>Internal Audit Division</i></b>	conducts audits in structural units of the National Bank, interacts with the external auditor of the National Bank and ensures interaction with the Audit Committee
<b><i>Division of Revisions</i></b>	implements measures on inspection of financial and economic activities in the structural units of the National Bank, including its regional departments and the Batken Representative Office of the National Bank, as well as subsidiaries/associated organizations of the National Bank to ensure appropriate and efficient use of the National Bank's resources and safety of its assets
<b><i>Procurement and Property Sale Division</i></b>	organizes and pursues procurement, and sells property in accordance with the legal acts of the National Bank; runs the projects implemented in the National Bank with involvement of the international financial organizations and donor countries in terms of procurements made at the expense of the international financial organizations and donor countries
<b><i>Operational Risks and Business Processes Division</i></b>	implements a set of measures to reduce impact of the operational risks on the National Bank's activities; organizes uninterrupted implementation of the National Bank's activities; implements analysis and optimizes the business processes of the National Bank

**Educational and Recreation Center (Recreation Center “Tolkun”)**

arranges recreation for the National Bank’s employees and the members of their families; ensures holding of the training events with the involvement of the National Bank’s employees

**Regional Departments and Batken Representative Office**

provides the branches of the commercial banks with cash; licenses and supervises the non-banking financial-credit organizations, including exchange bureaus, the operators of payment systems, payment organizations; implements measures within the framework of the payment system development, increasing the level of financial inclusion and improvement of the population financial literacy

At the end of 2022, the payroll number of employees of the National Bank amounted to 702 people, of which 615 people – were in the central office and 87 people – in the regional departments and the Batken Representative Office. The number of women amounted to 319 people in the central office and 34 people – in the regional departments and the Batken Representative Office. The number of women percentagewise was 50.3 percent and men – 49.7 percent.

*Payroll number of employees of the National Bank*

In 2021, the payroll number of employees of the National Bank amounted to 753 people, of which 668 people – in the central office and 85 people – in the regional departments and the Batken Representative Office. The number of women amounted to 340 people in the central office and 33 people – in the regional departments and the Batken Representative Office. The number of women percentagewise was 49.5 percent and men – 50.5 percent.

*Personnel vocational training*

The National Bank of the Kyrgyz Republic provides vocational trainings for its specialists on a regular basis. In 2022, training of the bank officers was carried out remotely and in person within the framework of the Program of vocational training for the personnel of the central (national) banks, as well as technical cooperation with central (national) banks, training events organized in the CIS and far abroad countries, and in the Kyrgyz Republic, and corporate training on topical subjects.

*Program “Young professionals”*

Another program “Young professionals”, launched in 2021, was completed, the purpose thereof is to create opportunities for the university graduates and the young professionals to acquire skills in the banking profession through involvement in the activities of the country’s central bank. Upon completion of the program, 11 participants were hired under the fixed-term employment agreement to various structural units of the National Bank.

*Competitive selection*

The system of a competitive selection of employees is applied to implement an open, equal and fair approach to all participants of the competition during employment; this system allows selecting qualified specialists in view of their professional training and ensuring fulfillment of an adequate level of objectives and functions entrusted to the National Bank.

Announcement of competitions for vacancies are published in the media, on the official website of the National Bank, and in the social media platforms.

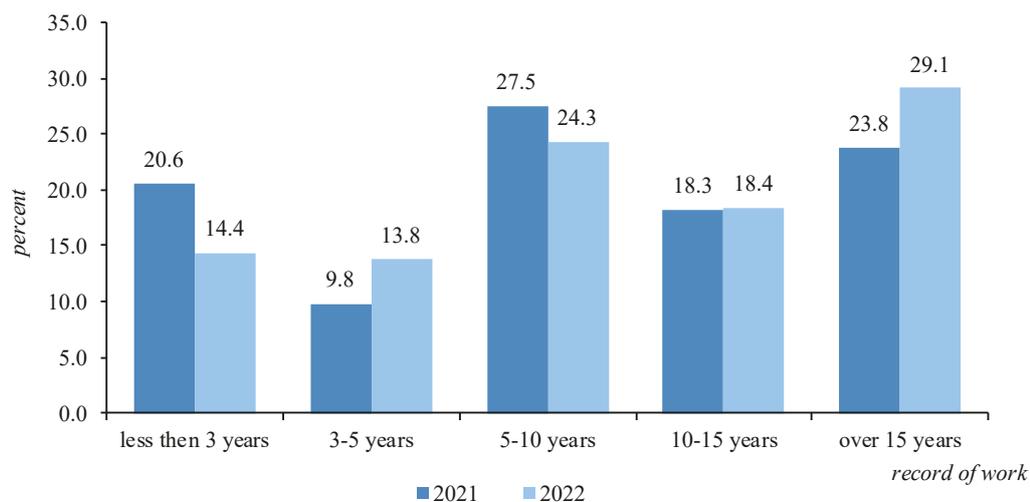
In 2022, 32 competitions were held, including seven competitions in the regional departments and the Batken Representative Office of the National Bank. As a result of these competitions, 26 people were recruited in the National Bank.

In the reporting year, the staff turnover amounted to 11.7 percent.

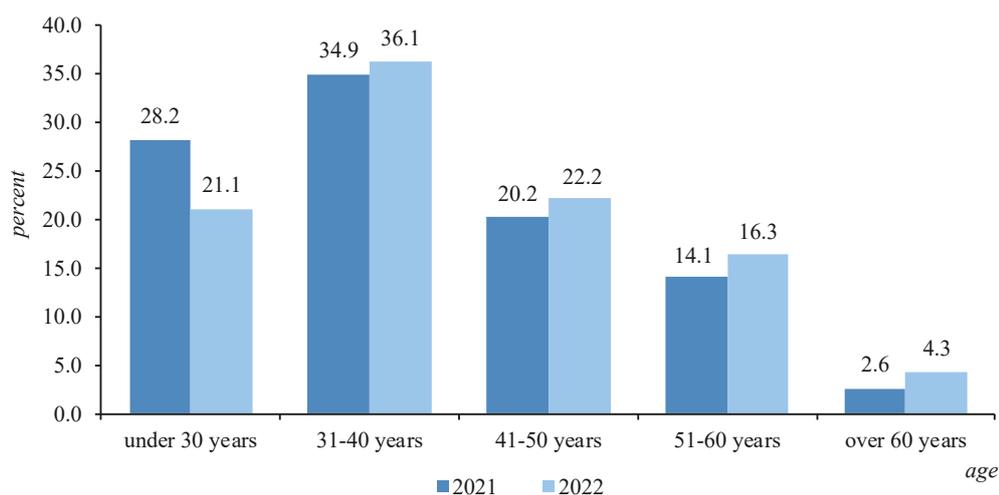
The personnel structure by record of work and age is shown in charts 6.1.1. and 6.1.2., respectively.

**Chart 6.1.1.**

Structure of Specialists by Record of Work in the National Bank of the Kyrgyz Republic

**Chart 6.1.2.**

Structure of Specialists by Age



The committees and commissions operate in the National Bank on a regular basis to provide effective fulfillment of its functions and objectives. Nine committees, 13 commissions, a scientific expert council, and six editorial boards for publications of the National Bank with their activity being regulated by the relevant provisions operated as of the end of 2022.

## Goals and Objectives of Main Committees and Commissions of the National Bank of the Kyrgyz Republic

<b><i>Monetary Regulation Committee</i></b>	develops and implements the operational decision-making on liquidity management. The main objectives are to evaluate the current situation, develop and make decisions on the operations in the open and foreign exchange markets, consider recommendations and make decisions on application of the monetary policy instruments according to the regulatory legal acts of the National Bank, develop recommendations to the National Bank Board, the National Bank Chairman and the Cabinet of Ministers of the Kyrgyz Republic on the monetary policy issues
<b><i>Investment Committee</i></b>	considers and makes tactical decisions on management of the international reserves within the framework of the investment policy and established powers of the National Bank. The main objectives are to review, approve and monitor implementation of the investment strategy, analyze and evaluate the effectiveness of investment, taking into account the development of events in the international financial markets, as well as to develop recommendations and proposals for the National Bank Board on investment activities
<b><i>Supervision Committee</i></b>	decides on the regulation and supervision of the commercial banks and other financial-credit organizations licensed by the National Bank within the established competence
<b><i>Audit Committee</i></b>	assists the Board of the National Bank in ensuring an adequate internal control system, control over the accounting procedures and preparation of financial statements of the National Bank, as well as supervises the internal audit division
<b><i>Payment System Committee</i></b>	defines the development trends of the payment system of the Kyrgyz Republic, the goals and the objectives for development, regulation and supervision (oversight) over the payment system of the Kyrgyz Republic, licensing, regulation and supervision over the payment system operators and the payment organizations
<b><i>Risk Committee</i></b>	takes measures on minimization of risks in the activities of the National Bank by coordinating operations of the structural units in the area of identification, evaluation, and constraints of risks inherent in activities of the National Bank
<b><i>Coordination Committee on Information Technologies</i></b>	determines the main directions for development of the information technologies and controls fulfillment of the activities for implementation of information technologies development in the National Bank; coordinates planned information technologies (IT) projects, coordinates changes and approval of technical solutions and business processes relevant to these projects or IT; defines prioritizes for implementation of technical solutions and IT projects

***Committee for  
National Bank  
Subsidiaries  
and Associated  
Organizations  
Management***

makes decisions on management of the subsidiaries and the associated organizations of the National Bank within the framework of the envisaged powers and develops recommendations to the National Bank Board on involvement of the National Bank in the legal entities' activities

***Ethics and  
Prevention of  
Corruption  
Commission***

ensures the activity of the National Bank in accordance with the laws on conflict of interests, as well as on preventing and combating corruption through implementation and monitoring of activities against corruption

***Methodological  
Commission***

considers drafts of individual regulatory acts with a view to their methodological elaboration; approves terms and their explanations to be used in the regulatory acts and practical work of the National Bank

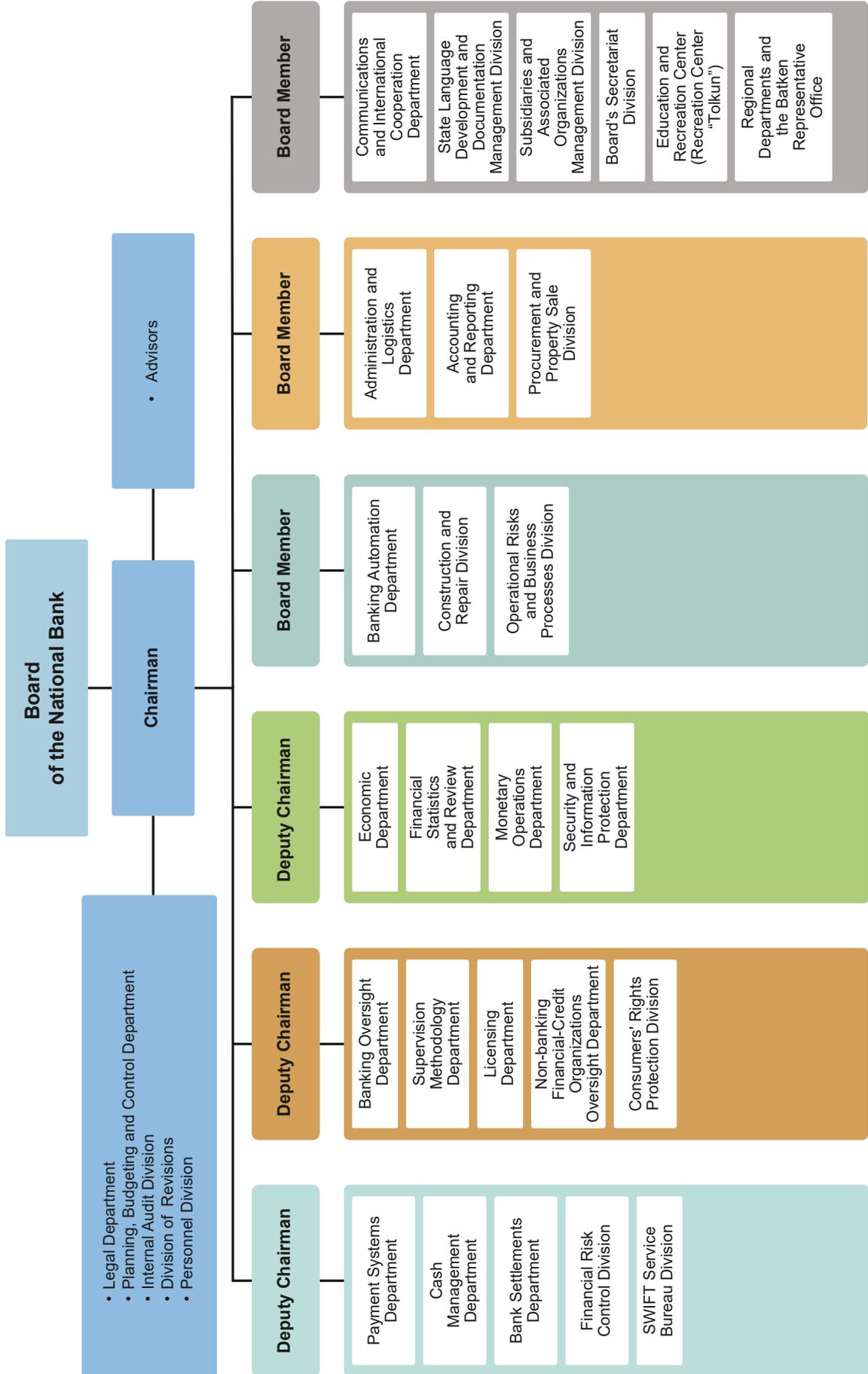
***Commission for  
Organizational  
Development of the  
National Bank***

examines the issues and prepares proposals on organizational development of the National Bank. The main objectives are to consider the proposals and elaborate recommendations for optimization of the business processes, and for changing the organizational structure of the National Bank; to coordinate and supervise the activities related to optimization of business processes carried out in the National Bank

***Labor Disputes  
Commission***

considers individual labor disputes in the National Bank in accordance with the Labor Code of the Kyrgyz Republic

**Organizational Chart of the National Bank of the Kyrgyz Republic as of December 31, 2022**



## 6.2. Activity of the Board of the National Bank of the Kyrgyz Republic in 2022

The Board of the National Bank of the Kyrgyz Republic is the supreme governing body, which approves the main directions in the National Bank's activity. Powers of the Board are defined by the Constitutional Law "On the National Bank of the Kyrgyz Republic".

The Management Board defines the monetary policy, the policy in the area of the banks, NBFCOs, the payment system operators, and the payment organizations supervision, the main directions of development in the banking sector, the NBFCOs sector, and the payment system, as well as establishes the procedure for issue of new samples and denominations of banknotes and coins and the procedure for redeeming the banknotes and coins, approves the regulatory legal acts, the annual report, and takes decisions on the issues placed by the laws under the National Bank's jurisdiction.

The Board of the National Bank activity was carried out in accordance with the approved annual and quarterly action plans. In 2022, the Management Board held 135 meetings (including 51 information exchange meetings) with 562 considered issues and 257 adopted resolutions.

Due to entry into force of the Constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic" and the Law of the Kyrgyz Republic "On Banks and Banking Activity" in the reporting year, the Board adopted the regulatory legal acts and the internal regulatory documents of the National Bank, aimed at bringing the regulatory framework of the National Bank in line with these laws, as well as approved the developed draft Law of the Kyrgyz Republic "On Amendments to Certain Legislative Acts Due to Bringing in Line with the Constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic" and the Law of the Kyrgyz Republic "On Banks and Banking Activity".

During 2022, the Board of the National Bank considered the issue of the National Bank policy rate at eight scheduled meetings and one unscheduled meeting. The decisions on the policy rate were made on the basis of a comprehensive analysis and forecast of the significant inflation factors, the macroeconomic situation in the external environment and in the Kyrgyz Republic. The monetary policy decisions, including those on the size of the policy rate, were explained by publishing press releases, review and analytical materials, and holding briefings.

In December 2022, the Board approved the Statement of the National Bank of the Kyrgyz Republic on the monetary policy for 2023 and the schedule of the Board meetings for 2023 on the policy rate, which were posted on the official website of the National Bank.

The Board of the National Bank annually reviews and approves the investment policy and the report on the international reserves management in the area of international reserves management and ensuring the safety of reserve assets.

Information on measures and results of the monetary policy, on the macroeconomic situation in the Kyrgyz Republic and in the countries-trading partners was heard on a regular basis within the reviews of the Monetary Policy Reports, as well as the Financial Sector Stability Report containing the results of risks analysis in the financial system and their impact on the stability of the financial sector as a whole was considered. The results of monitoring and analysis are taken into account in decision-making on the monetary and macroprudential policies.

In 2022, the Board of the National Bank adopted a number of resolutions on capital adequacy; bank accounts and safe boxes; accounting, audit and reporting; credit risk, asset classification and real estate work; enforcement measures taken against the commercial banks; antitrust regulation, price formation, subsidiaries and associated companies within the framework of the regulatory legal acts improvement.

*Bringing the regulatory framework in line with new laws*

*Consideration of monetary policy issues*

*Consideration of issues of banking and non-banking organizations supervision*

The Board adopted resolutions on corporate governance, bank accounts, exchange operations, and financial reporting to bring the requirements of the National Bank's certain regulatory legal acts in line with the law and the international standards.

In the reporting year, certain temporary requirements regarding the conditions for loans monitoring, the degree of weighting the credit risk for loans in foreign currency, liquidity ratios, the time frames for the financial-credit organizations' reports to be submitted to the National Bank, as well as the temporary asset classification rules were cancelled, being previously adopted due to the spread of the COVID-19 pandemic.

The Board adopted a number of resolutions aimed at providing support to the citizens, the business entities residing and conducting economic activities in Batken oblast, expanding access to finance, creating the necessary conditions for reconstruction and development of the administrative and territorial units, including those affected by the armed conflict occurred in Batken and Osh oblasts in September 2022.

Amendments were adopted to some regulatory legal acts of the National Bank aimed at further promotion of the principles of Islamic finance through expanding the list of Islamic banking transactions in order to bring the regulatory legal acts of the National Bank in line with the amendments introduced in the Civil Code of the Kyrgyz Republic in terms of Islamic banking development.

The Board of the National Bank adopted a resolution aimed at creating a unified database for the depositors and conducting the correct calculation of the aggregate amount to be compensated for all clients' accounts (deposits) opened for the individuals and for settlements on the individual entrepreneurs' activities within the framework of improving the regulatory legal acts on the deposit protection system.

In order to implement the Decree of the President of the Kyrgyz Republic dated August 10, 2022 "On Reorganization of the Deposit Protection Agency of the Kyrgyz Republic with Assignment of Functions for Liquidation of Banks and Other Financial-Credit Organizations and Consideration of Troubled Borrowers' Applications", the Board considered the draft Law "On Amendments to the Law of the Kyrgyz Republic "On Protection of Bank Deposits" prepared by the Deposit Protection Agency together with the representatives of the Bank Liquidation Agency and the National Bank, as well as the representatives of the banking sector to improve the effectiveness of the deposit protection system.

The Board of the National Bank adopted a resolution aimed at detailing the conditions and criteria for participation in the special regulatory regime, reducing the barriers to introduction of the innovative services/technologies in the market of the banking and payment services to improve their accessibility, as well as the Board adopted amendments to some regulatory legal acts of the National Bank on regulation of the credit unions and guarantee funds and issuance of the National Bank's authorization documents to the NBFCOs.

The Instruction "On conducting inspections of activities conducted by the non-banking financial-credit organizations and other legal entities supervised by the National Bank of the Kyrgyz Republic" was approved within the framework of improving the regulatory legal framework to implement supervision procedure.

The Board of the National Bank adopted the Resolution "On temporary decisions in the area of foreign exchange operations" to ensure economic security of the Kyrgyz Republic and minimize adverse effects associated with the outflow of cash US dollars from the Kyrgyz Republic, as well as to mitigate the risks due to the geopolitical situation worldwide and their impact on the domestic financial market.

The Board adopted the Resolutions "On the minimum amount of the authorized capital in the non-banking financial-credit organizations" and "On amendments to some regulatory legal acts of the National Bank of the Kyrgyz Republic on the authorized capital of non-banking financial-credit organizations" and considered the report on fulfillment of the action plan of the National Bank of the Kyrgyz Republic to implement the Main

Directions of Microfinance Sector Development in the Kyrgyz Republic for 2022-2025 in order to strengthen the stability, security and reliability of the system, as well as to increase public confidence in the NBFcos.

The Board of the National Bank approved a number of the regulatory legal acts concerning e-money regulation, expansion of the bank agents' functions, regulation and licensing of the payment system operators and the payment organizations, as well as issues concerning provision of the remote banking and payment services by the commercial banks and the payment organizations within the framework of improving the regulatory legal acts on the payment system.

*Consideration  
of payment  
system issues*

Amendments providing for the requirements to include the possible schemes of currency conversion in the bank account agreement when conducting transactions by means of the bank payment cards were approved to the Regulation "On bank payment cards in the Kyrgyz Republic" to protect the consumers' rights.

The Board of the National Bank adopted amendments to the Rules on money transfers through the money transfer systems in the Kyrgyz Republic due to the need to:

- ensure economic security of the Kyrgyz Republic, prevent destabilization of the domestic foreign exchange market and protect the consumers' rights, according to which conversion of money transfers is made by the banks of the Kyrgyz Republic only at the exchange rate specified in the information board of foreign currency purchase and sale exchange rates (as for cash currency exchange), according to the Regulation "On the procedure of conducting exchange operations with foreign currency in cash in the Kyrgyz Republic".
- harmonize the requirements for the commercial banks to conduct customer due diligence for money transfers within the framework of counter-terrorism financing and anti-money laundering.

The Resolution of the Cabinet of Ministers of the Kyrgyz Republic and the National Bank of the Kyrgyz Republic "On accepting payments for state and municipal services in non-cash form" was adopted to switch to non-cash payments and settlements throughout the Kyrgyz Republic, introduce digital payments, develop other instruments to accept payments, achieve transparency of money circulation and reduce the share of shadow economy in the Kyrgyz Republic, as well as protect the consumers' rights.

In the reporting period, the Board of the National Bank considered the reports on implementation of the action plan of the strategic document "Main Directions for Development of the Payment System of the Kyrgyz Republic for 2018-2022", as well as the relevant amendments were introduced in the State Classifier of Payment Turnover to marshal information on the payment turnover.

In 2022, the Board of the National Bank approved the Digital Som Concept, the Regulation "On regulation of access to financial services through financial platforms (marketplace) using open software interfaces in the Kyrgyz Republic", as well as adopted amendments to the Resolution of the Board of the National Bank "On approval of the Rules for payments and transfers using two-dimensional barcode symbols (QR-code)" in order to develop digital payment technologies and ensure inter-system integration of various payment systems.

### **6.3. Improvement of Banking Legislation**

In the reporting year, the National Bank of the Kyrgyz Republic conducted work to bring the legislative acts regulating its activity in line with Section 3 of the Constitution of the Kyrgyz Republic.

*Effective laws*

Therefore, the National Bank of the Kyrgyz Republic developed the draft Constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic", which defines the legal status, objectives, functions and powers, operating procedures and independence guarantees of the National Bank of the Kyrgyz Republic,

and the Law of the Kyrgyz Republic “On Banks and Banking Activity”, which regulates the issues of banking activities, activities of the non-banking financial-credit organizations and other legal entities supervised by the National Bank, the procedure for banks establishment and liquidation, the procedure for circulation of information constituting bank secrecy. The laws were adopted by the Jogorku Kenesh of the Kyrgyz Republic on June 30, 2022, signed by the President of the Kyrgyz Republic on August 11, 2022, and have been in effect since August 17, 2022.

On June 30, 2022, the Jogorku Kenesh of the Kyrgyz Republic adopted the Law of the Kyrgyz Republic “On Amendments to Certain Legislative Acts on Virtual Assets”, which provides for regulation by the National Bank of the legal entities’ activities, as virtual asset service providers, being supervised by the National Bank. This law was signed by the President of the Kyrgyz Republic on August 5, 2022 and became effective on August 24, 2022.

The National Bank developed the draft Law of the Kyrgyz Republic “On Amendments to Some Legislative Acts due to Bringing in Line with the Constitutional Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic” and the Law of the Kyrgyz Republic “On Banks and Banking Activity”.

#### 6.4. Performance of Financial Adviser’s Duty

In 2022, in performing the duties of a financial adviser to the President of the Kyrgyz Republic, the Jogorku Kenesh of the Kyrgyz Republic and the Cabinet of Ministers of the Kyrgyz Republic, in accordance with Article 38 of the Constitutional Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic” the National Bank implemented the following activities:

- regularly provided information, analytical materials and recommendations on implementation of the monetary policy, on the state of the banking and payment systems;
- examined the draft laws and other regulatory legal acts and decisions affecting the financial, banking issues and the issues of payment systems development and the area of the National Bank authority;
- provided advice on the republican budget issues.

Analytical information regularly provided to the President, the Jogorku Kenesh and the Cabinet of Ministers of the Kyrgyz Republic included data on the main directions of the monetary policy conducted by the National Bank, on the forecast of the key macro-economic indicators, the situation in the external sector of the economy, the situation in the foreign exchange market of the country, the state of the banking and payment systems, the system of non-banking financial-credit organizations.

As part of the financial advisor duty, the National Bank sent more than 600 letters to the public authorities during the reporting period.

During 2021, the National Bank participated in development and implementation of a number of state strategies, concepts, programs and plans, including:

- The National Development Program of the Kyrgyz Republic until 2026;
- The Strategies for Financial Inclusion for 2022-2026;
- The National Strategy of the Kyrgyz Republic to Achieve Gender Equality until 2030 and the National Action Plan to Achieve Gender Equality in the Kyrgyz Republic for 2022-2024;
- The Digital Som Concept;
- The Action Plan to Implement the National Security Concept of the Kyrgyz Republic;
- The Action Plan to Implement the First Stage of the Migration Policy Concept in the Kyrgyz Republic for 2021-2030;

*Development and implementation of state programs*

- The Action Plan for 2021-2025 to Implement the First Stage of the Youth Policy Concept for 2020-2030;
- The Action Plan of the Cabinet of Ministers of the Kyrgyz Republic to Implement the National Development Program of the Kyrgyz Republic until 2026;
- The Action Plan to Implement the “Green” Economy Development Program in the Kyrgyz Republic for 2019-2023;
- The Action Plan of the Cabinet of Ministers of the Kyrgyz Republic for 2022;
- The Program to Attract Investments to the Kyrgyz Republic for 2022-2026;
- The Housing Program of the Kyrgyz Republic “My Home – 2021-2026” and others.

*Examination of  
draft laws*

In the reporting year, the National Bank examined and prepared proposals for more than 20 draft laws, including:

- “On the Republican Budget of the Kyrgyz Republic for 2023 and the Forecast for 2024-2025”;
- “On Amendments to the Budget Code of the Kyrgyz Republic”;
- “On Precious Metals and Precious Stones”;
- “On Amendments to the Law of the Kyrgyz Republic “On E-commerce”;
- “On Virtual Assets”;
- “Tax Code of the Kyrgyz Republic”;
- “On the Accounts Chamber of the Kyrgyz Republic”;
- “On Voluntary Legalization and Amnesty of Individuals’ Assets”;
- “On Amendments to Some Legislative Acts of the Kyrgyz Republic (to the Laws of the Kyrgyz Republic “On Sustainable Development of Issyk-Kul Ecological and Economic System”, “On Pledge”)”;
- “On Amendments to Some Legislative Acts of the Kyrgyz Republic on Postal Communication (to the Laws of the Kyrgyz Republic “On Postal Communication”, “On E-Government” and to the Code of the Kyrgyz Republic on Law Violations)”;
- “On Amendments to Certain Legislative Acts of the Kyrgyz Republic (to the Laws of the Kyrgyz Republic “On Status of Enforcement Agents and on Enforcement Proceedings”, “On Bankruptcy”, “On State Registration of Rights to Movable Property and Transactions with it”, the Civil Procedural Code of the Kyrgyz Republic);
- “On Amendments to Certain Legislative Acts of the Kyrgyz Republic (the Civil Code of the Kyrgyz Republic, the Law of the Kyrgyz Republic “On Financial Leasing”)”;
- “On Amendments to Certain Legislative Acts of the Kyrgyz Republic on Taxation”;
- “On State Procurement”;
- “On Ratification of the Memorandum on Suspension of Debt Service between the Cabinet of Ministers of the Kyrgyz Republic and the Saudi Fund for Development”;
- “On Ratification of Agreements between the Kyrgyz Republic and the Members of the Paris Club within the framework of the Memorandum of Understanding” and others.

In 2022, the National Bank also examined and prepared proposals for more than 60 draft resolutions and orders of the Cabinet of Ministers and acts of the President of the Kyrgyz Republic, including:

- “On approval of the Procedure for placing idle public funds of the budget system of the Kyrgyz Republic in the commercial banks”;
- “On measures to introduce cash registers”;
- “On procedure for accounting of debts on public budget loans in foreign currency”;
- “On tender announcement to select and finance economic development projects”;

- “On approval of the procedure to grant guarantees to the national economy entities”;
- “On measures to improve the position of the Kyrgyz Republic in international ratings”;
- “On approval of the Cluster policy concept in the agro-industrial complex of the Kyrgyz Republic”;
- “On transfer of repayable financial assets in the amount of KGS 271.7 million to “Aiy Bank” OJSC”;
- “On implementation of the Memorandum on cooperation in the sphere of banking support”;
- “On approval of the Rules on management of pension savings formed in favor of the insured persons, who did not use the right to choose a management company, by the Social Fund of the Kyrgyz Republic”;
- “On development of Batken oblast”;
- “On establishment of “KyrgyzAgroholding” Open Joint-Stock Company;
- “Concessional agricultural lending”;
- “On approval of the project “Concessional financing of Batken oblast”;
- “Additional financing for the project of emergency support for micro-, small- and medium-sized enterprises”;
- “On ensuring banking support for contracts”;
- “On support for business entities”;
- “On amendments to the order of the Cabinet of Ministers of the Kyrgyz Republic “On implementation of the project of emergency support for the private and financial sector” No. 132-p dated August 9, 2021”;
- “On approval of the Procedure of compensation to the business entities of Batken oblast affected by the conflict occurred on Kyrgyzstan-Tajikistan border on September 14-17, 2022”;
- “On amendments to the Resolution of the Government of the Kyrgyz Republic “On measures to implement the Law of the Kyrgyz Republic “On Counter-Terrorism Financing and Anti-Money Laundering”;
- “On the Supervision Council of the Stabilization Fund of the Kyrgyz Republic”;
- Resolution of the Cabinet of Ministers of the Kyrgyz Republic and the National Bank of the Kyrgyz Republic “On acceptance of payments for state and municipal services in non-cash form”;
- “On approval of the agreement on establishment of the Kyrgyz-Azerbaijani Development Fund between the Cabinet of Ministers of the Kyrgyz Republic and the Government of the Republic of Azerbaijan”;
- “On approval of the draft Debt conversion agreement between the Cabinet of Ministers of the Kyrgyz Republic and German Development Bank KfW;
- “On approval of the draft Agreement on economic and technical cooperation between the Kyrgyz Republic and the USA”;
- “On approval of the draft Memorandum on debt service suspension between the Cabinet of Ministers of the Kyrgyz Republic and the Saudi Fund for Development”;
- “On debt service suspension between the Cabinet of Ministers of the Kyrgyz Republic and the Government of the Kingdom of Denmark” and others.

Within the framework of participation of the Kyrgyz Republic in international and interstate organizations, the National Bank examined the international treaties and agreements affecting the financial and banking system of the Kyrgyz Republic, including:

- The draft Agreement on standardized license within the EAEU;
- The draft Agreement on coordinated approaches to regulation of the foreign exchange legal relations and taking liberalization measures within the EAEU;

*Examination of international agreements*

*Work in interagency  
commissions*

- The draft Agreement on mutual recognition of the bank guarantees for public (municipal) procurement within the EAEU;
- The draft Agreement on the procedure for exchange of information constituting credit histories within the EAEU;
- The draft Agreement on the Supranational Authority to Regulate the EAEU Common Financial Market;
- The draft Agreement on cooperation among the CIS member states in anti-corruption management;
- The draft Agreement on banking supervision between the Central Bank of the Republic of Uzbekistan and the National Bank of the Kyrgyz Republic;
- The draft Agreement on cooperation on anti-money laundering and counter-terrorism financing between the Central Bank of the Republic of Uzbekistan and the National Bank of the Kyrgyz Republic;
- The draft Agreement on extending financial credit by the Eurasian Fund for Stabilization and Development between the Kyrgyz Republic and the EDB;
- The draft Agreement on establishment of the Turkic Investment Fund, and others.

In the reporting year, the representatives of the National Bank participated in the activities of the interagency working groups and commissions on the following issues:

- Modelling “green” economy to implement the Program for development of the Kyrgyz Republic for 2019-2023;
- Development of the National program on transition from the informal to the formal economy of the Kyrgyz Republic for 2023-2026;
- Development and implementation of the Temporary procedure for transferring the import customs, special, anti-dumping and countervailing duties;
- Developing regulatory impact analysis for the draft Law of the Kyrgyz Republic “On Amendments to Certain Legislative Acts of the Kyrgyz Republic (to the Civil Code of the Kyrgyz Republic, the Law of the Kyrgyz Republic “On Financial Leasing”);
- Drafting amendments to the Law of the Kyrgyz Republic “On Bankruptcy (Insolvency)”;
- Drafting amendments to the Law of the Kyrgyz Republic “On Bank Deposits Protection” to implement the Decree of the President of the Kyrgyz Republic No. 281 dated August 10, 2022;
- Establishment of the Kyrgyz-Turkmen Fund on development of the draft Strategy for financial inclusion and others.

Based on the results of participation in the activities of the interagency working groups and commissions, the National Bank provided information and made proposals on the issues falling within the competence of the National Bank.

## 6.5. Internal Audit and Internal Control System

The internal control system of the National Bank is organized and operates in accordance with the Constitutional Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic”, as well as it takes into account best practices in the field of internal control. The internal audit of the National Bank is conducted by the Internal Audit Division reporting to the Board of the National Bank.

*Activities of the  
Internal Audit  
Division*

The main goals and objectives of the Internal Audit Division are independent assessment of adequacy and effectiveness of the internal control system, risk management and corporate governance in the National Bank, interaction with the external auditor on the annual audit of the National Bank’s consolidated and separate financial statements and the Audit Committee of the National Bank.

The Internal Audit Division operates under the supervision of the Audit Committee and is independent of the auditee's activity. Internal audit is based on a risk-based approach, audits are conducted based on the risk assessment level.

In the reporting period, audits were conducted on the main areas of the National Bank's activities, as well as on conducting operations in the domestic financial market of the Kyrgyz Republic, providing regulatory and methodological basis for supervision and regulation of banks activity, as well as on compiling, analyzing and forecasting the external economic indicators of the Kyrgyz Republic, supervising over the activities of the payment system operators and the payment organizations.

The Audit Committee operates in the National Bank. The main goal of the Audit Committee's activity is to assist the Board of the National Bank in ensuring an adequate internal control system, as well as control over the accounting procedures and preparation financial statements of the National Bank.

The Audit Committee's activity is to assist in improving the effectiveness of the internal control system, risk management and corporate governance; to supervise the Internal Audit Division; to ensure adequate application of the accounting standards; to monitor the quality of the financial statements; to provide recommendations to the Board of the National Bank on the regulation of relations with the external auditor and assessing compliance of the external auditor's work with the standards established by the legislation of the Kyrgyz Republic.

In 2022, the Audit Committee held 30 meetings, where the consolidated and separate financial statements of the National Bank, review of the internal control system, monitoring of the implementation of internal and external audits recommendations, and materials on the activities of the Internal Audit Division were considered.

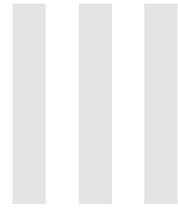
The Audit Committee provided information about its activity to the Board of the National Bank for consideration on a semi-annual basis. A member of the Audit Committee – an independent expert – participated in selection of the external auditor for the National Bank. The Audit Committee held meetings on the audit of the National Bank's consolidated and separate financial statements with the representatives of the audit organization to guarantee the external auditors' independence in accordance with the international standards on auditing.

The external audit of the consolidated and separate financial statements of the National Bank for 2021 was conducted by the audit organization – “KPMG Bishkek” LLC approved by the Jogorku Kenesh of the Kyrgyz Republic in accordance with the legislation of the Kyrgyz Republic. The audit organization – “Ernst & Young Audit” LLC was approved by the Jogorku Kenesh of the Kyrgyz Republic as the external auditor of the National Bank for 2022.

*Activities of the Audit Committee*

*Interaction with external auditors*

# APPENDICES



**Appendix 1**  
to the Report of the National Bank  
of the Kyrgyz Republic for 2022

**Major Events in the Activities  
of the National Bank of the Kyrgyz Republic in 2022**

Date	Contents
January 12	The Board of the National Bank agreed to extend the liquidation period for OJSC “Ak Bank” until March 13, 2023.
January 31	The Board of the National Bank decided to increase the key rate of the National Bank by 50 basis points, up to 8.50 percent.
February 15	The licenses were issued to LLC “PayDala” to conduct activities as a payment system operator and a payment organization.
February 18	A meeting of the Interdepartmental Coordination Council of the Ministry of Finance and the National Bank was held to coordinate measures on fiscal and monetary policies.
February 24	The Board of the National Bank introduced the following amendments: - to the Regulation “On operations conducted in accordance with the principles of Islamic banking and finance”; - to the Regulation “On requirements to standard agreements concluded in accordance with the principles of Islamic banking and finance”.
February 24	The Board of the National Bank issued a consent to CJSC “First MicroFinance Company” for reorganization by joining with CJSC “Kyrgyz Investment and Credit Bank”.
February 28	The Board of the National Bank decided to increase the key rate of the National Bank by 150 basis points, up to 10.00 percent.
March 3	The licenses of LLC “Green Line GSM” to conduct activities as a payment system operator and a payment organization were revoked.
March 9	The Board of the National Bank agreed to extend the liquidation period for OJSC “AsiaUniversalBank” until April 11, 2023.
March 9	The Board of the National Bank adopted amendments to the Regulation “On licensing the banks’ activities” stipulating the procedure for submission of documents, requirements to the length of service (experience) of the Shariah Council members in the banks and the board members in the subsidiary banks of the National Bank invited to perform special tasks.
March 9	The Board of the National Bank issued a permit to OJSC “RSK Bank” to issue e-money.
March 10	The Board of the National Bank decided to increase the key rate of the National Bank by 400 basis points, up to 14.00 percent.
March 10	In order to limit the impact of external economic shocks on the banking system, the Board of the National Bank took temporary decisions to increase the degree of credit risk on newly issued loans in foreign currency and to establish correspondent relationships for foreign currency accounts between resident banks.

- March 11 The Board of the National Bank adopted amendments to certain regulatory legal acts regarding:
- imposing a ban on export of cash US dollars for the commercial banks, exchange bureaus, microfinance and microcredit companies of the Kyrgyz Republic;
  - temporarily changed calculation of RUB/KGS official exchange rate starting from March 14, 2022.
- March 17 A meeting of the Interdepartmental Coordination Council of the Ministry of Finance and the National Bank was held to coordinate measures on fiscal and monetary policies.
- March 18 The Board of the National Bank adopted amendments to certain regulatory legal acts on:
- temporary setting of an open currency position limit for Kazakh tenge at 1 percent of net total/equity capital for the commercial banks and the microfinance companies since March 18, 2022;
  - establishing a risk-weighting coefficient of “no more than 70 percent for KZT purchasing rate of exchange” since March 19, 2022.
- March 23 The Board of the National Bank:
- adopted the Resolution “On additional temporary decisions of the National Bank of the Kyrgyz Republic on regulation of the commercial banks’ activities in the Kyrgyz Republic”;
  - introduced amendments to the Instruction on operations with the bank accounts, the bank deposit accounts and the Instruction on operations with the bank accounts, the bank deposit accounts opened in accordance with the principles of Islamic banking and finance.
- March 29 The Board of the National Bank approved amendments to the Regulation “On bank payment cards in the Kyrgyz Republic” stipulating the requirements for possible currency conversion schemes to be included in the bank account agreement when conducting transactions through the bank payment cards.
- March 31 The Board of the National Bank took temporary decisions on establishment of certain requirements for loans classification.
- March 31 – April 7 The annual information and educational campaign on financial literacy – “Global Money Week – 2022” was held.
- April 4 The Action Plan of the National Bank of the Kyrgyz Republic to implement the Main Directions of Microfinance Sector Development in the Kyrgyz Republic for 2022-2025 was approved.
- April 6 The Board of the National Bank adopted the amendments to certain regulatory legal acts of the National Bank on the periodic regulatory banking reporting.
- April 11 The Board of the National Bank adopted amendments to certain regulatory legal acts regarding non-distribution since April 12, 2022 of the requirements for establishment of KZT purchasing rate of exchange on the commercial banks’ operations for buying non-cash Kazakh tenge from the persons involved in the export of goods, works and services to the territory of the Republic of Kazakhstan on the basis of export contracts.

April 18	The Board of the National Bank adopted amendments to the Rules for money transfers through the money transfer systems in the Kyrgyz Republic, according to which money transfer through the international money transfer system in the Kyrgyz Republic is issued to the recipient in the currency of the sending country, other than the national currency of the Kyrgyz Republic – KGS.
April 18-24	Participation in the Spring meeting of the IMF and the WB Governors.
April 20	The Board of the National Bank: - approved a new version of the Regulation “On e-money in the Kyrgyz Republic”; - adopted the Resolution “On additional temporary decisions of the National Bank of the Kyrgyz Republic on the issues of asset classification”.
April 21	Participation in the 64 <sup>th</sup> meeting of the ISB Council.
April 25	The Board of the National Bank decided to keep unchanged the key rate of the National Bank at 14.00 percent.
April 25	Participation in the 20 <sup>th</sup> meeting of the EAEU Advisory Committee on Statistics.
April 26	The Cabinet of Ministers of the Kyrgyz Republic and the Board of the National Bank of the Kyrgyz Republic approved the Joint Statement of the Cabinet of Ministers of the Kyrgyz Republic and the National Bank of the Kyrgyz Republic on the Main Directions of Economic Policy for 2022.
April 27	The Board of the National Bank adopted the Resolution “On additional temporary decisions of the National Bank of the Kyrgyz Republic on the issues of penalty application”.
April 27	The licenses were issued to LLC “Pocket KG” to conduct activities as a payment system operator and a payment organization.
April 28	Participated in the 18 <sup>th</sup> meeting of the EAEU Advisory Committee on the Macroeconomic Policy.
April 30	Undistributed net profit of previous years of CJSC “IPC” in the amount of KGS 263,520,000 (two hundred and sixty-three million five hundred and twenty thousand) was allocated to increase authorized capital of CJSC “IPC” by the decision of the annual general meeting of shareholders dated April 30, 2022 to strengthen the sustainability, safety, reliability and stability of the activities conducted by CJSC “IPC”.
May 18	The Board of the National Bank approved the Regulation “On the procedure for syndicated lending in the Kyrgyz Republic”.
May 25	The Board of the National Bank approved the Digital Som Concept as part of implementation of the National Development Program of the Kyrgyz Republic until 2026.
May 25	The Board of the National Bank agreed to extend the liquidation period for OJSC IB “Issyk-Kul” until July 26, 2023.
May 30	The Board of the National Bank decided to keep unchanged the key rate of the National Bank at 14.00 percent.

- June 2 The Board of the National Bank approved:
- the Regulation “On control of access to financial services through financial platforms (marketplace) using open software interface in the Kyrgyz Republic”;
  - the Instruction on keeping a database on liabilities of the banks, housing and savings credit companies, microfinance companies attracting deposits to the depositors;
  - amendments to the Rules to make payments and transfers with the use of two-dimensional barcode symbols (QR-code) for compliance of QR-codes of the payment system participants with the national standard and their attachment to the interaction operator until September 30, 2022.
- June 2 The licenses were issued to LLC “Payment Organization and Payment System Operator “Sanarip Systems”” to conduct activities as a payment system operator and a payment organization.
- June 9 The Board of the National Bank issued a permit to OJSC “Commercial bank KYRGYZSTAN” to conduct anonymized operations with precious metals in the form of refined standard and measuring bars of other issuers (in non-cash form).
- June 15 The Board of the National Bank adopted amendments to certain regulatory legal acts of the National Bank on regulation of the credit unions’ activities.
- June 22-23 An internship entitled “Communication channels with clients” was held for the representatives of the Central Bank of the Russian Federation and the National Bank of the Republic of Belarus pursuant to the Program of vocational training for the personnel of the central (national) banks of the EAEU member states for 2022.
- June 22 A certificate of accounting registration was issued to LLC MCC “Akcha Bulak”.
- June 24 The Board of the National Bank:
- terminated the special regime of Provisional Administration in OJSC “Eurasian Savings Bank” due to expiry of extended term for the special regime;
  - introduced special regime of Provisional Administration in OJSC “Eurasian Savings Bank” for a period of six months.
- June 28 A certificate of accounting registration was issued to LLC MCC “Positive Facilities”.
- June 28-30 Internship entitled “Financial literacy” was organized for the representatives of the National Bank of the Republic of Belarus, the Central Bank of Mongolia, and the Mongolian Banks Association.
- June 29-30 Participation in the 46<sup>th</sup> meeting of the Eurasian Council of Central (National) Banks (ECB).
- July 3-6 Participated in the meeting of the Swiss group of countries in the Bretton Woods Institutions.
- July 5-7 A round-table meeting entitled “Practice of IFRS implementation. Peculiarities of application of IFRS 9 Financial Instruments in banks” was held for the representatives of the Central Bank of the Russian Federation, the National Bank of the Republic of Belarus and the National Bank of Tajikistan under the Program of vocational training for the personnel of the central (national) banks of the EAEU member states for 2022.
- July 13-14 Participation in the 10<sup>th</sup> meeting of the the Advisory Council on Protection of the Financial Services Consumers’ Rights and Financial Availability of the EAEU member states via videoconference.

- July 15 The Board of the National Bank:  
 - cancelled a special regime of direct banking supervision in OJSC Russian-Kyrgyz “AMANBANK”;  
 - introduced a special regime of Provisional Administration in OJSC Russian-Kyrgyz “AMANBANK” for a period of six months.
- July 20 KOLO Financial Services LTD was registered as an operator of international e-money systems/issuers of international e-money “KOLO”.
- July 22 The Board of the National Bank adopted temporary decisions on the issues of the commercial banks’ operations with the exchange bureaus.
- July 22 A meeting of the Interdepartmental Coordination Council of the Ministry of Finance and the National Bank was held to coordinate measures on fiscal and monetary policies.
- July 25 The Board of the National Bank decided to keep unchanged the policy rate of the National Bank at 14.00 percent.
- July 25 A certificate of accounting registration was issued to LLC Microcredit Company “IslaMiCo Finance” to conduct activities in accordance with the principles of Islamic banking and finance.
- July 27 The Board of the National Bank adopted amendments:  
 - to the Regulation “On special regulatory regime” on the issues of specifying conditions and criteria to participate in the special regulatory regime aimed at reducing barriers in the process of introduction of innovative services/technologies in the market of banking and payment systems by existing and new players;  
 - to the Rules for money transfers through money transfer systems in the Kyrgyz Republic, according to which conversion of money transfer is made by the banks of the Kyrgyz Republic only at the exchange rate specified in the information stand of foreign currency purchase and sale exchange rates (as for cash currency exchange), according to the Regulation “On the procedure of conducting exchange operations with foreign currency in cash in the Kyrgyz Republic”.
- August 10 The Board of the National Bank issued a license to OJSC “RSK Bank” to conduct banking operations in accordance with the principles of Islamic banking and finance through the “Islamic window” in the national and/or foreign currency.
- August 11 The President of the Kyrgyz Republic signed the Constitutional Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic” and the Law of the Kyrgyz Republic “On Banks and Banking Activity” due to the need to bring the legislative acts regulating the activities of the National Bank of the Kyrgyz Republic, the banks, non-banking financial-credit organizations and other legal entities supervised by the National Bank in line with the Constitution of the Kyrgyz Republic. The laws entered into force on August 17, 2022.
- August 16 As part of the special regulatory regime, the test period for a limited list of banking operations in LLC “Regional Payment Systems” was extended until February 28, 2023 to issue e-money, implement cards acquiring for the national and international payment systems.

- August 17 The Board of the National Bank approved:
- the Instruction “On conducting inspections of the activities of non-banking financial-credit organizations and other legal entities supervised by the National Bank of the Kyrgyz Republic”;
  - amendments to certain regulatory legal acts of the National Bank of the Kyrgyz Republic on issue of permits by the National Bank of the Kyrgyz Republic to the non-banking financial-credit organizations.
- August 17-18 Internship entitled “Protocol service of the National Bank of the Kyrgyz Republic” was conducted for the employees of the Central Bank of the Republic of Armenia and the National Bank of the Republic of Kazakhstan, according to the Program of vocational training for the personnel of the central (national) banks – participants of the EAEU for 2022.
- August 22 Participation in the 21<sup>st</sup> meeting of the EAEU Advisory Committee on Statistics.
- August 24 The Board of the National Bank approved amendments to the Rules for making payments and transfers with the use of two-dimensional barcode symbols (QR-code) on compulsory provision of the banking product/service for making payments using the QR-code to the clients until December 31, 2022.
- August 29 The Board of the National Bank decided to keep unchanged the key rate of the National Bank at 14.00 percent.
- August 29 The Board of the National Bank adopted amendments to the Rules for money transfers through money transfer systems in the Kyrgyz Republic, which establish application of simplified or enhanced verification measures for the money transfer sender when conducting due diligence using a risk-based approach.
- August 29 The Board of the National Bank agreed to extend the liquidation period for CJSC “Manas Bank” until March 1, 2023.
- September 5 The Board of the National Bank suspended validity of the resolution of the Board of the National Bank on temporary decisions in the sphere of foreign currency exchange operations until December 1, 2022.
- September 5 A certificate of accounting registration was issued to LLC MCC “DOSTUKCHA”.
- September 6-8 Seminar entitled “Corporate governance in banks, bank holding and/or bank group” was held for the representatives of the Central Bank of the Russian Federation, the National Bank of the Republic of Belarus, the Central Bank of the Republic of Armenia and the Interstate Bank under the Program of vocational training for the personnel of the central (national) banks of the EAEU member states for 2022.
- September 15 Selling of gold measuring bars with the weight of 1, 2, 5, 10, 31.1035 (1 troy ounce) and 100 grams issued by the National Bank was initiated at the trading platform of CJSC “Kyrgyz Stock Exchange”.
- September 23 The National Bank organized a banking round-table meeting with involvement of ALE “Union of Banks of Kyrgyzstan”, commercial banks, government agencies, OJSC “Guarantee Fund”, the Deposit Protection Agency of the Kyrgyz Republic, and CJSC “IPC”.
- September 26 The Board of the National Bank adopted amendments to certain regulatory legal acts of the National Bank of the Kyrgyz Republic on guarantee funds.

- September 28 The Board of the National Bank adopted the decision on recognition of some temporary decisions of the National Bank on the issues of assets classification as null and void.
- September 29 Participation in the meeting of the Advisory Council on Foreign Exchange Policy of the Central (National) Banks of the EAEU Member States.
- September 29 A certificate of accounting registration was issued to LLC “MCC “BNK Finance”.
- October 5 The Board of the National Bank adopted the Resolutions:  
 - “On the minimum amount of the authorized capital in non-banking financial-credit organizations” providing for increase in the authorized capital of non-banking financial-credit organizations;  
 - “On amendments to certain regulatory legal acts of the National Bank of the Kyrgyz Republic” on the issues of the authorized capital of non-banking financial-credit organizations.
- October 5 Participation in the 22<sup>nd</sup> meeting of the EAEU Advisory Committee on Statistics.
- October 6 The Board of the National Bank adopted the Resolution “On some decisions of the National Bank of the Kyrgyz Republic on the issues of supporting the clients of the commercial banks, the non-banking and specialized financial-credit organizations affected by the armed conflict in Batken and Osh oblasts”.
- October 7 Participation in the 10<sup>th</sup> meeting of the working group to coordinate development of the national payment systems of the EAEU countries.
- October 10-16 Participation in the Annual Meeting of the IMF and the WB Governors.
- October 12 The Board of the National Bank approved the new version of the Instruction on determining the capital sufficiency (adequacy) standards of the commercial banks of the Kyrgyz Republic.
- October 20 A license was given to LLC “Green Telecom Service” to issue e-wallet access payment cards in the form of virtual cards and/or cards on physical media for the period since October 20, 2022 till October 20, 2023 as part of the special regulatory regime.
- October 24-31 The annual information and educational campaign on financial literacy “World Savings Day – 2022” was held.
- October 26 The Board of the National Bank issued a license to OJSC “Aiy Bank” to conduct banking operations in accordance with the principles of Islamic banking and finance through the “Islamic window” in the national and/or foreign currency.
- October 27 The copper-nickel collector coin “Thank You for Life!” of the series “Historical Events” won third place in the category “Coin of the Year” in the “Coin Constellation – 2022” International Contest.
- October 27 The terms of special regulatory regime and validity of the license to issue pre-issued credit cards with limited functionality of the national payment system “Elcard” for non-cash loans and for acquiring cards of the national payment system and the international payment systems were extended for LLC Microcredit Company “M Bulak” until May 1, 2023 under the special regulatory regime.
- October 31 The Board of the National Bank decided to keep unchanged the policy rate of the National Bank at 14.00 percent.

October 31	CJSC “Demir Kyrgyz International Bank” is registered as an interaction operator in the Kyrgyz Republic.
November 9	Participation in the 19 <sup>th</sup> meeting of the EAEU Advisory Committee on the Macroeconomic Policy.
November 10	The licenses were issued to LLC “Finipay” to conduct activities as a payment system operator and a payment organization.
November 10	Participation in the 11 <sup>th</sup> meeting of the Working Group to Coordinate Development of the EAEU National Payment Systems.
November 9-22	The IMF mission visited the Kyrgyz Republic as part of the authorities’ consultations with the IMF staff according to Article IV of the IMF Articles of Agreement.
November 16	The Board of the National Bank approved amendments to certain regulatory legal acts of the National Bank of the Kyrgyz Republic on the principles of Islamic finance.
November 18	The Board of the National Bank took temporary decisions on the issues of supporting the citizens and the business entities residing and conducting economic activities in Batken oblast of the Kyrgyz Republic to create the necessary conditions for living abilities of the citizens and the organizations affected by the armed conflict that occurred in Batken and Osh oblasts.
November 23	Non-banking Credit Organization “INKAHRAN” (JSC) was registered as an operator of the international money transfer system “Astrasend”.
November 23-24	Participation in the 47 <sup>th</sup> meeting of the ECB.
November 24	A meeting of the Interdepartmental Coordination Council of the Ministry of Finance and the National Bank was held to coordinate measures on fiscal and monetary policies.
November 28	The Board of the National Bank decided to decrease the key rate of the National Bank by 100 basis points, to 13.00 percent.
November 30	Validity of the resolution of the National Bank Board on temporary decisions in the sphere of foreign currency exchange operations was suspended until March 1, 2023.
November 30	HIZLIPARA ÖDEME HİZMETLERİ VE ELEKTRONİK PARA A.Ş. (JSC) was registered as an operator of the international money transfer system “PayPorter”.
December 7	Participation in the 65 <sup>th</sup> meeting of the ISB Council.
December 7	A certificate of accounting registration was issued to LLC “MCC “Zamat Finance”.
December 7-8	Participation in the 11 <sup>th</sup> meeting of the the Advisory Council on Protection of the Financial Services Consumers’ Rights and Financial Availability of the EAEU member states via videoconference.
December 12	Silver collection coins “Asian Games” of the series “Sports” and “Berberis Kaschgarica” of the series “Red book of Kyrgyzstan” were put into circulation.

- December 14 The Board of the National Bank adopted:
- new version of the Regulation “On prudential standards and compulsory requirements for the commercial banks of the Kyrgyz Republic”;
  - amendments to certain regulatory legal acts on the issues of capital adequacy, bank accounts and safe boxes;
  - amendments to certain regulatory legal acts on the issues of accounting, audit and reporting.
- December 16 The Cabinet of Ministers of the Kyrgyz Republic and the National Bank of the Kyrgyz Republic adopted the Joint Resolution “On acceptance of payments for state and municipal services in non-cash form”.
- December 21 The Board of the National Bank adopted amendments to certain regulatory legal acts on:
- regulation of activities conducted by the non-banking financial-credit organizations;
  - credit risk, assets classification and work with immovable property.
- December 22 A meeting of the Interdepartmental Coordination Council of the Ministry of Finance and the National Bank was held to coordinate measures on fiscal and monetary policies.
- December 22 The licenses were issued to LLC “Payline” to conduct activities as a payment system operator and a payment organization.
- December 23 The Board of the National Bank approved the Statement of the National Bank of the Kyrgyz Republic on the monetary policy for 2023.
- December 23 The Board of the National Bank decided to extend the special regime of Provisional Administration in OJSC “Eurasian Savings Bank” for a period of six months.
- December 28 The Board of the National Bank adopted amendments to certain regulatory legal acts on:
- enforcement measures applied to the commercial banks;
  - corporate governance, bank accounts, and exchange operations;
  - antimonopoly regulation, price formation, subsidiaries and affiliates.

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**Table 1.**  
Macroeconomic Indicators

	unit of measurement	2018	2019	2020	2021	2022*
<b>Real sector</b>						
Nominal GDP <sup>1</sup>	millions of KGS	569,385.6	619,102.7	601,820.3	739,818.5	919,444.6
Real GDP growth rate <sup>1</sup>	percent	3.8	4.6	-8.4	6.2	7.0
Rate of growth of industrial output <sup>1</sup>	percent	5.1	6.6	-7.0	6.7	12.2
Rate of growth of gross agricultural output <sup>1</sup>	percent	2.6	2.5	0.9	-4.6	7.3
Rate of growth of wholesale and retail trade; repair of motor vehicles and motorcycles <sup>1</sup>	percent	5.7	5.9	-14.8	16.4	7.7
Growth of CPI (in % December to December)		0.5	3.1	9.7	11.2	14.7
- food products		-2.6	5.7	17.6	13.3	15.8
- alcoholic beverages and tobacco		6.4	3.4	6.7	11.4	24.4
- non-food products		1.4	0.6	2.4	9.7	12.7
- services		4.1	0.4	3.0	7.1	9.1
Growth of PPI <sup>2</sup> (in % to the corresponding period of the previous year)		1.5	4.3	21.3	11.5	5.1
Unemployment level	percent	2.8	3.0	3.0	2.9	2.8
Average nominal wage	KGS	16,218.0	17,166.0	18,493.0	20,249.0	26,620.0
Estimated subsistence level	KGS	4,792.5	4,806.3	5,358.5	6,268.3	7,178.3
<b>Financial sector</b>						
NBKR discount rate (end of period)	percent	4.75	4.25	5.00	8.00	13.00
Yield of NBKR notes (average for the period)	percent	3.0	3.8	4.1	5.7	12.0
Yield of ST-Bills (average for the period)	percent	5.6	5.1	5.9	7.2	8.3
Yield of ST-Bonds (average for the period)	percent	11.8	10.3	11.0	11.1	15.0
<b>Interbank Domestic Market</b>						
Credits in National Currency:						
- volume (for the period)	millions of KGS	65.7	91.2	-	-	-
- interest rate (average for the period)	percent	0.0	2.3	-	-	-
Credits in Foreign Currency:						
- volume (for the period)	millions of KGS	-	467.1	1,168.2	57.2	-
- interest rate (average for the period)	percent	-	3.2	2.5	7.0	-
Repo Operations						
- volume (for the period)	millions of KGS	31,305.5	38,686.8	28,895.0	33,958.2	14,932.2
- interest rate (average for the period)	percent	2.4	3.0	3.8	5.7	12.1
<b>Foreign Exchange Market</b>						
Non-cash Transactions at Interbank Foreign Exchange Auctions	millions of USD	588.4	680.4	808.8	1,508.3	1,915.7
<b>Deposit and Credit Market</b>						
Credits in National Currency:						
- volume (for the period)	millions of KGS	76,612.3	93,520.7	93,066.9	125,860.3	157,336.7
- interest rate (average for the period)	percent	19.5	19.0	17.0	16.6	18.7
- interest rate (end of period)	percent	18.0	17.5	16.1	16.2	17.1
Credits in Foreign Currency:						
- volume (for the period)	millions of KGS	37,103.8	36,581.2	23,192.7	32,303.4	31,509.1
- interest rate (average for the period)	percent	9.7	9.6	8.7	7.8	8.2
- interest rate (end of period)	percent	10.1	9.7	9.3	8.9	8.6
Deposits in National Currency:						
- volume (for the period)	millions of KGS	328,293.9	387,578.7	450,397.1	629,748.0	1,024,437.2
- interest rate (average for the period)	percent	2.4	1.5	1.4	1.3	1.4
- interest rate (end of period)	percent	6.2	6.0	5.7	5.6	5.6
Deposits in Foreign Currency:						
- volume (for the period)	millions of KGS	272,873.4	278,461.8	195,700.1	279,250.1	489,233.0
- interest rate (average for the period)	percent	0.4	0.3	0.3	0.3	0.2
- interest rate (end of period)	percent	1.5	1.4	1.2	0.9	0.6
<b>State Budget</b>						
Revenue	millions of KGS	151,540.4	167,328.6	152,148.8	209,826.6	300,509.4
including the share of tax revenue	percent	77.0	72.6	70.3	72.1	76.2
Expenditure	millions of KGS	129,098.1	136,117.9	147,408.7	165,335.0	224,597.4
Net purchase of non-financial assets	millions of KGS	28,631.2	31,642.4	24,446.6	46,200.1	86,314.3
Deficit (-) / Surplus (+)	millions of KGS	-6,188.9	-431.7	-19,706.6	-1,708.5	-10,402.3
in percent of GDP	percent of GDP	-1.1	-0.1	-3.3	-0.2	-1.1
<b>External Economic Sector</b>						
Export of goods and services	percent of GDP	33.2	35.2	31.6	38.6	32.4
Import of goods and services	percent of GDP	71.6	64.1	52.5	69.5	95.3
Current account balance <sup>2</sup> (including transfers)	percent of GDP	-12.1	-12.1	4.8	-8.7	-49.3
Gross international reserve assets	months of the future import of goods and services	4.5	7.2	5.7	5.7	3.2

\* preliminary data

Source: NBKR, NSC KR, CT MF KR, commercial banks of KR

<sup>1</sup> Indicators given by Gross Value Added

<sup>2</sup> Positive balance – “+”; Negative balance – “-”

**Table 2.**  
GDP Composition  
(percent)

	2018	2019	2020	2021	2022*
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Agriculture, forestry and fishing	11.7	11.7	13.6	13.8	12.1
Mining	1.0	1.9	1.2	2.9	2.5
Manufacturing (Manufacturing)	14.3	14.7	14.5	12.9	12.4
Providing (supply) electricity, gas, steam and air conditioning	2.8	2.2	3.3	1.7	1.5
Water supply, waste treatment and cleaning getting recycled	0.4	0.2	0.3	0.4	0.2
Construction	9.0	9.5	10.0	7.8	7.4
Wholesale and retail trade; repair of motor vehicles and motorcycles	17.9	17.6	16.4	17.5	17.5
Transport activities and storage of goods	3.8	4.0	3.1	3.9	3.6
Hotels and restaurants	1.7	1.6	1.1	1.3	1.5
Information and communication	2.6	2.7	2.7	2.8	2.5
Financial intermediation and insurance	0.7	0.6	0.9	0.8	3.2
Operations with the real estate	2.5	2.9	2.6	2.6	2.2
Professional, scientific and technical activities	1.9	1.4	1.3	1.3	1.3
Administrative and support service activities	0.4	0.5	0.3	0.4	0.3
Public administration and defense, compulsory social security	5.8	5.9	7.1	6.7	6.4
Education	5.5	5.6	6.8	6.0	6.9
Health and social services for the population	2.5	2.4	2.8	2.8	2.5
Arts, entertainment and recreation	0.5	0.5	0.4	0.4	0.5
Other service activities	1.1	1.0	0.8	0.9	0.7
Net (less subsidies) taxes on products	14.1	13.3	10.8	13.3	14.7

\* preliminary data  
Source: NSC KR

**Table 3.**  
Composition of Capital Investment by Sources of Financing  
(percent)

	2018	2019	2020	2021	2022*
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Domestic investment</b>	<b>72.0</b>	<b>69.5</b>	<b>76.3</b>	<b>80.2</b>	<b>73.2</b>
including those financed through:					
Republican budget	4.1	2.7	2.4	3.6	6.0
local budget	0.8	1.1	1.1	1.4	2.0
funds of enterprises and organizations	33.3	32.9	36.9	37.5	32.0
bank loans	4.3	2.1	1.3	1.2	0.4
public funds, including charitable aid to residents of the Kyrgyz Republic	29.5	30.7	34.6	36.4	32.8
<b>Foreign investment</b>	<b>28.0</b>	<b>30.5</b>	<b>23.7</b>	<b>19.8</b>	<b>26.8</b>
including those financed through:					
foreign loan	13.1	15.9	14.2	13.1	14.3
foreign direct investments	8.7	7.9	5.7	2.3	6.9
foreign grants and humanitarian aid	6.2	6.7	3.7	4.5	5.6

Source: NSC KR  
\* preliminary data

**Table 4.**

Consumer Price Index by regions of the Republic (in percent December to December)

	2018	2019	2020	2021	2022
<b>Kyrgyz Republic</b>	<b>100.5</b>	<b>103.1</b>	<b>109.7</b>	<b>111.2</b>	<b>114.7</b>
Bishkek city	100.2	103.0	110.4	111.0	115.3
Osh city	101.0	102.3	106.9	110.0	115.7
Batken oblast	98.2	106.3	108.4	113.7	113.9
Jalal-Abad oblast	101.0	103.3	109.9	114.9	116.0
Issyk-Kul oblast	101.8	104.1	108.4	110.9	111.8
Naryn oblast	103.7	102.5	109.4	113.0	118.4
Osh oblast	102.2	102.6	107.7	110.7	108.7
Talas oblast	100.4	102.6	111.8	111.4	112.8
Chui oblast	99.7	102.6	111.4	109.5	113.3

Source: NSC KR

**Table 5.**

External Economic Indicators

	unit of measurement	2018	2019	2020	2021	2022*
<b>Balance of payments indicators</b>						
Total balance	<i>millions of USD</i>	-163.6	46.7	-122.7	563.6	-291.9
	<i>percent of GDP<sup>2</sup></i>	-2.0	0.5	-1.6	6.6	-2.7
Current account balance <sup>1</sup>	<i>millions of USD</i>	-997.0	-1,073.2	374.1	-739.0	-5,426.8
	<i>percent of GDP<sup>2</sup></i>	-12.1	-12.1	4.8	-8.7	-49.3
Export of goods (FOB)	<i>millions of USD</i>	1,916.0	2,042.9	2,015.8	2,778.9	2,189.7
	<i>percent of GDP<sup>2</sup></i>	23.2	23.0	26.1	32.5	19.9
Import of goods (FOB)	<i>millions of USD</i>	4,949.9	4,669.0	3,455.6	5,198.6	9,013.6
	<i>percent of GDP<sup>2</sup></i>	59.9	52.6	44.7	60.9	81.9
Gross international reserve assets	<i>months of next year's import of goods and services</i>	4.5	7.2	5.7	5.7	3.2
<b>Public external debt</b>						
Public external debt <sup>3</sup>	<i>millions of USD</i>	3,825.7	3,850.7	4,217.4	4,298.3	4,479.9
	<i>percent of GDP<sup>4</sup></i>	46.9	43.3	57.9	50.4	41.7
	<i>percent of export of goods and services</i>	139.3	123.2	172.6	130.2	125.8
Public external debt servicing (actual) <sup>5</sup>	<i>millions of USD</i>	184.0	203.1	205.3	192.2	260.9
	<i>percent of GDP<sup>2</sup></i>	2.2	2.3	2.7	2.2	2.4
	<i>percent of export of goods and services</i>	6.7	6.5	8.4	5.8	7.3

\* preliminary data

Source: NBKR, NSC KR, MF KR

<sup>1</sup> Positive balance - "+", negative balance - "-"<sup>2</sup> In the calculation of indicators USD equivalent of GDP calculated at the average rate for the year was used<sup>3</sup> Including IMF loans and SDR transferred as part of SDR allocation<sup>4</sup> According to NBKR estimates; in the calculation of indicators USD equivalent of GDP calculated at the rate to the end of the year was used<sup>5</sup> Including servicing of IMF loans (as well as from the IMF CCRT grant in the amount of USD 12.5 million in 2021 and USD 0.4 million in 2022) and payment of interest on allocated SDR transferred to the Ministry of Finance of the Kyrgyz Republic

**Table 6.**

Policy rate of the National Bank of the Kyrgyz Republic (end of period)  
(percent)

	2018	2019	2020	2021	2022
January	5.00	4.75	4.25	5.00	8.00
February	5.00	4.50	5.00	5.50	8.50
March	5.00	4.50	5.00	5.50	14.00
April	5.00	4.50	5.00	6.50	14.00
May	4.75	4.25	5.00	6.50	14.00
June	4.75	4.25	5.00	6.50	14.00
July	4.75	4.25	5.00	7.50	14.00
August	4.75	4.25	5.00	7.50	14.00
September	4.75	4.25	5.00	7.50	14.00
October	4.75	4.25	5.00	7.50	14.00
November	4.75	4.25	5.00	8.00	13.00
December	4.75	4.25	5.00	8.00	13.00

Source: NBKR

**Table 7.**

Monetary Base and Monetary Aggregates (end of period)  
(millions of KGS)

	2018	2019	2020	2021	2022*
Monetary base	106,347	118,065	147,338	156,908	227,381
Currency in circulation	93,566	106,245	134,629	139,922	198,810
Currency outside banks (M0)	84,827	96,010	124,172	124,838	176,430
Monetary aggregate (M1)	121,632	139,682	174,214	201,581	274,291
Money supply (M2)	154,576	181,768	219,104	253,188	335,509
Monetary aggregate (M2X)	204,071	230,261	285,248	339,778	443,722
M1 Multiplier	1.14	1.18	1.18	1.28	1.21
M2 Multiplier	1.45	1.54	1.49	1.61	1.48
M2X Multiplier	1.92	1.95	1.94	2.17	1.95
Velocity M1	4.68	4.43	3.45	3.59	3.35
Velocity M2	3.68	3.41	2.75	2.86	2.74
Velocity M2X	2.79	2.69	2.11	2.13	2.07
Currency outside banks/total deposits	0.71	0.72	0.77	0.58	0.66
Deposits/Monetary Aggregate (M2X)	0.58	0.58	0.56	0.63	0.60

\* preliminary data

Source: NBKR, NSC KR, Commercial banks of KR

Currency in circulation= banknotes and coins issued by the NBKR minus banknotes and coins in circulating cash in vaults of the National Bank

Money outside banks (M0) = currency in circulation less notes and coins in national currency in vaults of commercial banks

Monetary aggregate (M1) = M0 + settlement (current) accounts and residents' demand deposits in national currency

Money supply (M2) = M1 + residents' time deposits in national currency

Monetary Aggregate (M2X) = M2 + settlement (current) accounts and deposits in foreign currency

Multiplier = the ratio of monetary aggregate to the monetary base

Velocity of money = the ratio of nominal GDP to the volume of the monetary aggregate

**Table 8.**

Analytic Balance Sheet of the National Bank of the Kyrgyz Republic (end of period)  
(millions of KGS)

	2018	2019	2020	2021	2022*
<b>Net foreign assets</b>	<b>142,089.2</b>	<b>160,750.0</b>	<b>222,109.5</b>	<b>222,085.7</b>	<b>223,687.0</b>
Net international reserves	134,078.3	151,837.5	216,676.9	232,796.2	223,317.3
Gold	32,153.3	48,834.0	84,129.8	50,159.1	81,833.8
Foreign currency (assets)	102,087.4	103,004.1	132,549.2	182,640.1	141,484.5
Foreign currency (liabilities)	-162.4	-0.6	-2.0	-3.0	-1.0
Other external assets	16,233.0	17,059.2	15,427.4	19,548.3	16,540.8
SDR allocation	-8,222.2	-8,146.7	-9,994.9	-30,258.8	-16,171.1
Long-term external liabilities	0.0	0.0	0.0	0.0	0.0
<b>Net domestic assets</b>	<b>-35,741.9</b>	<b>-42,684.6</b>	<b>-74,772.0</b>	<b>-65,177.4</b>	<b>3,694.5</b>
<i>Net domestic credit</i>	-15,819.4	-27,358.5	-33,505.7	-53,514.3	-86,686.0
Net claims on General Government	-12,289.7	-16,906.1	-13,727.3	-19,720.1	-26,245.2
Net claims on Government	-12,289.7	-16,906.1	-13,727.3	-19,720.1	-26,245.2
Government securities	189.5	127.0	3,021.3	3,010.6	5,104.0
Government deposits	-12,468.6	-17,033.2	-16,748.5	-22,730.7	-31,349.2
Budget accounts	-9,596.9	-2,361.4	-4,587.1	-19,039.2	-27,942.1
Other Government accounts	-1,699.3	-2,604.6	-1,974.4	-2,217.4	-2,328.3
Government deposits in foreign currency	-1,172.3	-12,067.2	-10,187.0	-1,474.1	-1,078.9
Government Credit	-10.7	0.0	0.0	0.0	0.0
Net claims on special funds	-0.0	-0.0	-0.0	-0.0	-0.0
Net claims on other depository corporations	-3,277.4	-10,020.0	-18,627.9	-30,846.2	-57,445.4
Credits	7,794.1	5,031.3	6,483.7	4,289.7	0.0
Securities, excluding shares	-7,992.3	-8,048.5	-12,990.7	-18,494.3	-34,350.6
including: notes issued by the NBKR	-7,992.3	-8,048.5	-12,990.7	-18,494.3	-34,350.6
securities under repo agreements	0.0	0.0	0.0	0.0	0.0
Deposits	-3,079.3	-7,002.9	-12,120.9	-16,641.6	-23,094.8
including: deposits in foreign currency	-2,174.3	-1,380.9	-3,080.2	-2,993.5	-1,994.2
Financial derivatives	0.0	0.0	0.0	0.0	0.0
Net claims on other financial institutions	-252.2	-432.3	-1,150.5	-2,948.0	-2,995.3
<i>Capital account</i>	-23,213.3	-29,206.8	-66,959.9	-61,250.1	-56,297.1
<i>Other items</i>	3,290.7	13,880.7	25,693.5	49,587.0	146,677.5
<b>Monetary base</b>	<b>106,347.3</b>	<b>118,065.4</b>	<b>147,337.5</b>	<b>156,908.3</b>	<b>227,381.5</b>
Currency in circulation	93,566.1	106,244.8	134,629.2	139,922.2	198,810.1
Reserves of other depository corporations in national currency	12,781.1	11,820.7	12,708.4	16,986.0	28,571.3
<i>Note:</i>					
<b>Monetary base-broad definition</b>	<b>109,426.6</b>	<b>125,068.3</b>	<b>159,458.5</b>	<b>173,549.9</b>	<b>250,476.3</b>
Currency in circulation	93,566.1	106,244.8	134,629.2	139,922.2	198,810.1
Reserves of other depository corporations	13,982.6	12,983.0	14,172.5	18,785.0	30,565.5
Reserves of other depository corporations in national currency	12,781.1	11,820.7	12,708.4	16,986.0	28,571.3
Reserves of other depository corporations in foreign currency	1,201.4	1,162.4	1,464.1	1,799.0	1,994.2
Deposits of other depository corporations in NBKR	1,877.9	5,840.5	10,656.8	14,842.6	21,100.6

\* preliminary data

Source: NBKR

Note: Methodology of the analytical balance sheet preparation complies with the concept and principles of the IMF Monetary and Financial Statistics Manual 2000

The data of the daily balance sheet as of the end of the year without amendments introduced in the audited financial statements were used in indicators calculation.

**Table 9.**  
**Monetary Policy Instruments**

	unit of measurement	2018	2019	2020	2021	2022
<b>NBKR Credits</b>						
“intraday” loan	<i>millions of KGS</i>	-	406.4	281.9	401.2	-
“overnight” credits	<i>millions of KGS</i>	18,102.3	286.4	3,533.7	20,821.7	16,727.0
7-day credits	<i>millions of KGS</i>	-	-	-	-	-
credit auctions*	<i>millions of KGS</i>	3,000.0	2,020.0	3,490.0	-	-
maintaining liquidity	<i>millions of KGS</i>	571.7	-	-	-	-
credits provided to mitigate the negative impact of the COVID-19 pandemic	<i>millions of KGS</i>	-	-	400.2	-	-
credits to international organizations created within the framework of the EAEU	<i>millions of KGS</i>	300.0	300.0	200.0	-	-
<b>“Overnight” Deposits</b>	<i>billions of KGS</i>	956.3	976.7	1,175.6	1,591.2	3,539.0
<b>NBKR Policy Rate (end of period)</b>	<i>percent</i>	4.75	4.25	5.00	8.00	13.00
<b>NBKR Notes</b>						
maturity:						
7 days						
volume of sales	<i>millions of KGS</i>	64,888.8	87,911.9	99,873.9	88,225.2	151,087.9
average yield	<i>percent</i>	2.3	3.7	3.9	5.3	11.7
14 days						
volume of sales	<i>millions of KGS</i>	312.0	5,100.0	91,228.3	90,989.2	172,458.0
average yield	<i>percent</i>	3.4	3.7	4.2	5.8	12.0
28 days						
volume of sales	<i>millions of KGS</i>	18,363.5	27,788.6	78,450.4	97,375.6	125,125.1
average yield	<i>percent</i>	3.3	4.0	4.4	6.0	12.3
91 days						
volume of sales	<i>millions of KGS</i>	23,938.4	12,681.2	7,151.8	3,606.5	8,845.8
average yield	<i>percent</i>	4.6	4.4	4.6	5.5	13.6
182 days						
volume of sales	<i>millions of KGS</i>	1,580.3	200.0	-	-	-
average yield	<i>percent</i>	4.7	4.6	-	-	-
<b>Open Market Transactions</b>						
Direct repo transactions	<i>millions of KGS</i>	-	-	-	-	-
Reverse repo transactions	<i>millions of KGS</i>	-	-	-	-	-
Purchase-to-maturity (at par value)	<i>millions of KGS</i>	-	-	3,649.8	-	2,947.3
<b>NBKR Foreign Exchange Interventions</b>						
Purchase	<i>millions of USD</i>	20.6	-	-	-	190.7
Sale	<i>millions of USD</i>	168.3	143.5	518.5	737.0	486.5
<b>Reserve Requirements</b>						
Reserve requirement ratio (end of period)						
in national currency	<i>percent</i>	4.0	4.0	4.0	4.0	4.0
in foreign currencies of the EAEU countries and the PRC	<i>percent</i>	4.0	4.0	4.0	4.0	4.0
in foreign currencies except for the EAEU countries and the PRC	<i>percent</i>	12.0	14.0	14.0	14.0	14.0
Required reserves (annual average)	<i>millions of KGS</i>	8,194.3	9,524.4	11,500.5	14,193.5	19,040.7
Excess reserves (annual average)	<i>millions of KGS</i>	663.1	366.9	193.4	-182.4	148.3

Source: NBKR

\* Volume of credits actually provided during specified period

**Table 10.****State Treasury Bills and Bonds Market**

	unit of measurement	2018	2019	2020	2021	2022
<b>State Treasury Bills (ST-Bills)</b>						
maturity:						
3 months						
volume of sales	<i>millions of KGS</i>	-	2,352.2	200.0	-	-
average yield	<i>percent</i>	-	5.1	5.1	-	-
6 months						
volume of sales	<i>millions of KGS</i>	-	2,300.6	25.0	-	-
average yield	<i>percent</i>	-	5.8	6.0	-	-
12 months						
volume of sales	<i>millions of KGS</i>	2,628.4	793.9	815.7	973.2	213.8
average yield	<i>percent</i>	5.6	4.9	5.9	7.2	8.3
<b>State Treasury Bonds (ST-Bonds)</b>						
maturity:						
2 years						
volume of sales	<i>millions of KGS</i>	2,382.8	1,309.0	834.8	2,386.6	1,639.6
average yield	<i>percent</i>	7.8	6.8	7.5	8.2	13.6
3 years						
volume of sales	<i>millions of KGS</i>	2,200.0	1,177.1	471.4	3,356.8	1,792.8
average yield	<i>percent</i>	9.3	8.8	9.0	11.2	14.4
5 years						
volume of sales	<i>millions of KGS</i>	2,650.0	2,706.7	3,960.3	3,112.0	3,446.4
average yield	<i>percent</i>	11.0	10.4	10.9	11.5	15.3
7 years						
volume of sales	<i>millions of KGS</i>	4,971.5	5,937.7	6,738.5	2,282.4	6,993.1
average yield	<i>percent</i>	12.9	11.4	11.5	11.6	15.0
10 years						
volume of sales	<i>millions of KGS</i>	7,270.0	364.0	4,219.1	3,694.8	8,444.2
average yield	<i>percent</i>	15.3	13.5	11.8	11.5	15.4
15 years						
volume of sales	<i>millions of KGS</i>	-	-	-	2,528.4	315.3
average yield	<i>percent</i>	-	-	-	14.0	13.0
20 years						
volume of sales	<i>millions of KGS</i>	-	-	-	4,956.1	-
average yield	<i>percent</i>	-	-	-	14.6	-
<b>State Treasury Bonds-Bills (ST-Bonds-Bills)</b>						
maturity:						
10 years						
volume of sales	<i>millions of KGS</i>	-	-	-	-	52.0
average yield	<i>percent</i>	-	-	-	-	1.0

Source: NBKR

Note: Sales volume includes the volume of additional placement of ST-Bills and ST-Bonds

**Table 11.**  
Interest Rates of Deposits in National Currency (for the period)  
(percent)

	2018	2019	2020	2021	2022
Deposits of Legal Entities	1.7	2.3	2.4	2.3	3.3
demand deposits	0.6	0.5	0.7	0.4	1.4
time deposits:	9.3	9.5	8.3	10.9	12.6
of which:					
up to 1 month	5.8	4.9	3.4	3.2	6.4
1-3 months	4.1	5.4	4.0	3.6	5.6
3-6 months	5.3	6.5	6.2	6.5	9.0
6-12 months	10.0	9.5	10.2	11.9	14.0
over 1 year	10.5	11.2	7.9	10.8	12.8
Deposits of Individuals	2.5	1.4	1.2	1.1	1.2
demand deposits	1.5	0.4	0.4	0.4	0.5
time deposits:	10.2	9.4	9.3	9.9	11.5
of which:					
up to 1 month	7.2	6.0	6.1	5.8	6.1
1-3 months	5.7	5.4	5.0	4.7	5.6
3-6 months	7.5	6.6	6.5	6.6	8.2
6-12 months	10.4	9.5	9.6	10.4	12.4
over 1 year	11.7	10.8	10.8	11.4	12.8
Deposits of Non-residents	2.5	2.4	1.5	2.0	1.0
demand deposits	0.1	0.3	0.0	0.2	0.1
time deposits:	10.9	10.0	9.6	10.7	12.0
of which:					
up to 1 month	6.9	5.1	5.3	6.4	7.7
1-3 months	6.6	6.0	5.0	5.5	6.9
3-6 months	8.5	6.6	7.0	7.0	8.1
6-12 months	11.3	10.0	10.1	11.0	12.5
over 1 year	11.6	11.0	10.9	11.7	13.3
Average Weighted Rate	2.4	1.5	1.4	1.3	1.4

Source: Commercial banks of KR

**Table 12.**

Interest Rates of Deposits in Foreign Currency (for the period)  
(percent)

	2018	2019	2020	2021	2022
Deposits of Legal Entities	0.1	0.2	0.3	0.4	0.4
demand deposits	0.1	0.0	0.1	0.2	0.3
time deposits:	2.6	3.5	3.2	2.4	1.9
of which:					
up to 1 month	0.5	3.5	2.2	0.9	0.5
1-3 months	2.5	2.5	2.6	2.1	2.0
3-6 months	1.9	2.5	1.5	2.9	3.9
6-12 months	2.8	4.0	3.3	3.0	2.0
over 1 year	3.4	4.0	3.1	3.5	2.4
Deposits of Individuals	0.6	0.4	0.4	0.2	0.2
demand deposits	0.2	0.0	0.0	0.0	0.0
time deposits:	3.5	3.2	2.8	2.5	2.7
of which:					
up to 1 month	2.4	2.1	1.9	2.1	2.5
1-3 months	2.5	1.9	2.2	2.0	2.8
3-6 months	2.5	2.4	2.2	1.7	2.5
6-12 months	3.6	3.4	2.9	2.5	2.7
over 1 year	4.2	3.8	3.4	2.9	2.8
Deposits of Non-residents	0.6	0.5	0.3	0.3	0.1
demand deposits	0.1	0.0	0.0	0.0	0.0
time deposits:	4.2	3.7	2.7	2.5	1.9
of which:					
up to 1 month	3.3	2.6	1.2	2.3	1.2
1-3 months	3.7	2.3	2.5	2.6	2.1
3-6 months	3.5	2.3	2.2	1.8	2.1
6-12 months	4.7	4.3	2.7	2.6	2.5
over 1 year	4.1	3.9	3.3	2.9	2.8
Average Weighted Rate	0.4	0.3	0.3	0.3	0.2

Source: Commercial banks of KR

**Table 13.**Interest Rates of Loans of Commercial Banks in National Currency (for the period)  
(percent)

	2018	2019	2020	2021	2022
<b>Average Weighted Rate</b>	<b>19.5</b>	<b>19.0</b>	<b>17.0</b>	<b>16.6</b>	<b>18.7</b>
Industry	13.7	13.9	12.8	15.0	15.1
Agriculture	20.4	19.3	17.1	19.1	18.8
Transportation	20.9	20.6	17.4	20.0	20.3
Communication	27.9	22.0	21.2	19.7	12.7
Trade	16.5	15.8	14.8	11.3	18.2
Procurement and processing	9.2	8.0	10.5	8.2	13.2
Construction	18.2	19.0	17.1	20.3	22.4
Mortgage	14.5	13.6	13.9	14.4	12.2
Consumer loans	26.7	25.5	22.5	21.3	20.6
Social services	17.5	16.7	14.8	15.7	18.5
Other	18.7	19.1	16.6	18.3	19.4
<i>of which:</i>					
<b>up to 1 month</b>	<b>17.2</b>	<b>16.3</b>	<b>14.9</b>	<b>8.5</b>	<b>16.4</b>
Industry	17.3	17.4	22.1	12.9	4.7
Agriculture	22.0	10.0	24.5	1.7	6.1
Transportation	-	0.0	0.0	1.2	0.0
Communication	-	17.3	26.0	20.8	-
Trade	13.2	13.0	13.7	3.8	18.0
Procurement and processing	-	-	-	-	-
Construction	-	-	0.0	0.0	0.0
Mortgage	-	13.1	10.8	13.1	20.4
Consumer loans	27.3	24.8	17.0	14.4	14.0
Social services	14.0	22.9	0.0	-	-
Other	24.5	26.4	17.3	4.6	0.2
<b>1-3 months</b>	<b>20.7</b>	<b>24.5</b>	<b>16.5</b>	<b>19.6</b>	<b>20.2</b>
Industry	19.7	16.2	24.6	16.7	25.8
Agriculture	29.5	27.9	25.6	21.1	25.4
Transportation	24.6	31.0	30.7	29.0	31.0
Communication	-	-	-	-	-
Trade	21.7	21.1	13.1	16.2	20.1
Procurement and processing	-	-	-	-	29.0
Construction	26.6	26.8	22.9	24.4	27.5
Mortgage	-	-	24.3	7.8	20.0
Consumer loans	27.5	29.5	27.9	23.9	21.4
Social services	24.5	29.5	26.7	8.3	24.0
Other	22.2	26.1	23.2	26.8	27.3
<b>3-6 months</b>	<b>24.5</b>	<b>24.7</b>	<b>24.4</b>	<b>19.4</b>	<b>19.0</b>
Industry	19.2	19.6	24.7	21.4	23.2
Agriculture	28.8	25.2	26.4	26.7	27.3
Transportation	20.7	25.7	28.1	28.1	27.9
Communication	-	-	31.0	-	18.8
Trade	23.3	18.2	16.4	12.5	19.4
Procurement and processing	32.0	28.0	-	26.7	28.1
Construction	25.8	25.5	25.8	28.6	27.2
Mortgage	17.1	23.2	21.8	17.1	11.5
Consumer loans	26.3	27.2	27.1	25.0	20.4
Social services	30.3	24.1	26.5	27.3	27.1
Other	25.1	22.3	23.6	23.3	22.3

**Table 13. (continued)**Interest Rates of Loans of Commercial Banks in National Currency (for the period)  
(percent)

	2018	2019	2020	2021	2022
<b>6-12 months</b>	<b>25.2</b>	<b>24.2</b>	<b>22.4</b>	<b>24.2</b>	<b>23.9</b>
Industry	16.3	18.5	16.2	21.0	24.3
Agriculture	22.5	21.2	19.9	21.8	23.5
Transportation	23.7	26.6	26.4	25.6	23.7
Communication	29.7	27.6	30.3	20.4	29.3
Trade	21.7	20.7	19.1	18.8	21.4
Procurement and processing	26.6	29.1	22.8	28.6	25.9
Construction	25.5	26.4	25.7	26.8	26.1
Mortgage	19.9	19.3	23.9	19.3	19.3
Consumer loans	28.9	27.3	26.6	26.6	24.8
Social services	21.0	22.2	22.2	23.9	22.4
Other	26.0	25.5	24.4	25.1	25.0
<b>1-3 years</b>	<b>20.5</b>	<b>20.4</b>	<b>18.2</b>	<b>19.9</b>	<b>20.3</b>
Industry	14.1	14.4	14.2	15.8	17.5
Agriculture	21.1	20.2	17.4	19.7	19.8
Transportation	20.9	21.5	18.9	20.8	20.9
Communication	25.3	14.3	13.6	16.2	8.6
Trade	18.7	17.9	16.1	17.3	17.8
Procurement and processing	7.7	9.0	9.6	8.0	12.7
Construction	22.2	23.3	20.3	23.0	24.0
Mortgage	18.1	17.9	18.2	18.2	18.7
Consumer loans	26.5	25.9	24.6	24.9	23.7
Social services	18.3	17.8	15.7	16.3	16.8
Other	18.7	20.0	17.1	18.8	20.5
<b>over 3 years</b>	<b>15.6</b>	<b>15.5</b>	<b>14.6</b>	<b>16.1</b>	<b>16.4</b>
Industry	13.6	13.3	11.9	13.9	13.2
Agriculture	15.1	15.1	14.8	16.7	15.4
Transportation	21.4	19.4	16.3	19.2	19.8
Communication	-	21.0	19.0	-	19.2
Trade	17.0	16.5	15.1	16.5	18.9
Procurement and processing	11.6	8.7	10.1	7.5	13.9
Construction	15.6	15.8	15.4	18.4	21.3
Mortgage	14.2	13.2	13.5	14.1	11.8
Consumer loans	19.5	20.0	19.4	20.4	21.2
Social services	17.0	15.9	14.2	16.0	19.4
Other	16.0	16.4	14.7	15.7	19.1

Source: Commercial banks of KR

**Table 14.**Interest Rates on Loans of Commercial Banks in Foreign Currency (for the period)  
(percent)

	2018	2019	2020	2021	2022
<b>Average Weighted Rate</b>	<b>9.7</b>	<b>9.6</b>	<b>8.7</b>	<b>7.8</b>	<b>8.2</b>
Industry	8.7	9.2	8.6	8.6	7.7
Agriculture	8.2	8.4	11.0	10.6	8.4
Transportation	11.2	11.5	11.6	11.1	8.6
Communication	9.4	8.7	12.5	9.0	6.0
Trade	10.0	9.7	8.6	7.6	8.5
Procurement and processing	11.5	10.3	10.9	9.5	6.5
Construction	9.2	8.9	8.5	8.3	8.3
Mortgage	13.0	11.9	11.0	10.6	9.6
Consumer loans	10.3	10.6	7.7	4.1	3.9
Social services	10.2	10.6	10.1	9.2	8.4
Other	9.6	9.7	8.6	9.1	8.3
<i>of which:</i>					
<b>up to 1 month</b>	<b>8.9</b>	<b>7.5</b>	<b>6.0</b>	<b>0.9</b>	<b>6.5</b>
Industry	17.0	15.0	11.3	4.9	4.0
Agriculture	8.0	7.9	8.0	-	8.0
Transportation	-	-	-	-	-
Communication	-	0.0	-	-	-
Trade	9.3	7.4	6.2	0.9	10.1
Procurement and processing	-	-	-	-	-
Construction	12.0	-	-	-	-
Mortgage	22.0	2.4	-	-	-
Consumer loans	3.8	4.6	0.5	0.7	1.3
Social services	-	0.0	-	-	-
Other	14.2	20.3	15.2	0.0	0.7
<b>1-3 months</b>	<b>12.7</b>	<b>11.8</b>	<b>8.6</b>	<b>6.7</b>	<b>9.9</b>
Industry	-	12.7	-	-	8.0
Agriculture	-	-	-	-	-
Transportation	-	-	-	-	-
Communication	-	-	-	-	-
Trade	14.6	12.1	8.5	7.6	10.6
Procurement and processing	-	-	-	-	-
Construction	16.0	13.0	-	11.0	7.5
Mortgage	-	-	-	-	-
Consumer loans	30.0	-	13.3	0.0	-
Social services	10.5	10.0	13.0	7.0	-
Other	6.7	15.8	15.8	5.0	-
<b>3-6 months</b>	<b>11.7</b>	<b>9.9</b>	<b>8.3</b>	<b>7.4</b>	<b>10.3</b>
Industry	8.3	11.7	11.0	2.5	-
Agriculture	-	-	-	-	10.0
Transportation	11.5	-	-	-	-
Communication	-	-	-	-	-
Trade	12.8	11.3	9.7	11.7	10.3
Procurement and processing	-	-	-	-	-
Construction	-	10.3	-	-	7.5
Mortgage	-	-	13.0	6.0	9.5
Consumer loans	18.0	7.3	10.5	11.8	-
Social services	10.0	10.0	-	7.0	-
Other	19.3	22.0	11.3	2.1	-

**Table 14. (continued)**Interest Rates on Loans of Commercial Banks in Foreign Currency (for the period)  
(percent)

	2018	2019	2020	2021	2022
<b>6-12 months</b>	<b>12.0</b>	<b>10.0</b>	<b>9.5</b>	<b>8.8</b>	<b>8.0</b>
Industry	10.1	9.0	12.3	10.6	9.5
Agriculture	23.7	17.4	21.5	14.2	-
Transportation	16.3	13.3	11.8	12.7	0.0
Communication	-	-	-	-	-
Trade	12.6	11.7	9.6	9.4	7.9
Procurement and processing	-	9.0	10.0	-	-
Construction	15.9	13.8	10.3	19.7	10.0
Mortgage	19.5	16.0	-	1.0	-
Consumer loans	24.9	23.6	26.9	21.7	29.8
Social services	18.1	15.4	7.0	-	14.0
Other	18.3	18.1	7.7	4.8	3.3
<b>1-3 years</b>	<b>10.6</b>	<b>10.3</b>	<b>9.4</b>	<b>9.3</b>	<b>8.7</b>
Industry	10.9	10.8	8.9	8.8	8.4
Agriculture	15.4	12.1	14.0	11.2	8.3
Transportation	13.2	12.1	12.8	13.1	11.6
Communication	-	10.2	15.0	9.0	-
Trade	10.4	10.3	9.5	9.5	8.9
Procurement and processing	12.0	11.4	11.3	9.6	6.5
Construction	11.9	11.9	10.1	9.5	9.0
Mortgage	15.5	14.3	13.7	10.8	10.0
Consumer loans	15.9	14.8	12.5	12.7	14.8
Social services	11.2	11.7	11.0	10.0	9.4
Other	11.1	9.7	6.7	8.6	8.7
<b>over 3 years</b>	<b>9.5</b>	<b>9.8</b>	<b>9.1</b>	<b>9.0</b>	<b>8.2</b>
Industry	8.2	8.7	8.7	8.7	7.3
Agriculture	7.9	8.5	9.6	10.1	8.1
Transportation	10.8	12.0	12.6	10.4	8.3
Communication	9.4	9.3	9.0	-	6.0
Trade	10.0	10.7	9.5	9.2	8.5
Procurement and processing	12.3	9.1	-	9.0	5.0
Construction	9.1	8.8	8.2	8.0	8.3
Mortgage	12.8	12.1	11.0	11.0	9.8
Consumer loans	13.9	13.8	12.5	13.1	10.9
Social services	10.2	10.4	9.7	8.7	8.1
Other	9.4	9.8	8.9	9.4	8.5

Source: Commercial banks of KR

**Table 15.**

Interest Rates on Loans of Non-banking Financial and Credit Organizations (end of period)  
(percent)

	2018	2019	2020	2021	2022
<b>Microfinance organizations</b>	<b>30.4</b>	<b>30.0</b>	<b>29.8</b>	<b>29.1</b>	<b>30.0</b>
<i>of which, allocated to:</i>					
Industry	28.3	28.2	28.1	28.3	28.7
Agriculture	31.0	30.3	29.9	29.7	31.4
Transportation	29.5	27.8	28.2	27.6	28.0
Communication	34.4	32.6	31.0	-	-
Trade and commerce	28.7	29.0	29.9	27.4	27.7
Procurement and processing	14.2	17.4	16.5	14.4	27.2
Construction and mortgage	31.1	30.3	29.3	28.3	28.7
Services	32.5	31.1	30.1	29.4	31.2
Consumer loans	31.5	31.8	31.7	30.7	30.9
Loans to financial and credit organizations	16.2	15.8	16.2	16.2	18.2
Other	30.0	27.8	29.4	29.7	32.5
<b>Credit Unions</b>	<b>27.4</b>	<b>26.6</b>	<b>26.4</b>	<b>25.3</b>	<b>25.1</b>
<i>of which, allocated to:</i>					
Industry	31.9	30.3	26.1	25.7	25.2
Agriculture	28.3	27.5	26.9	26.1	24.9
Transport and communication	27.2	26.3	26.8	25.4	25.4
Trade and commerce	27.6	27.2	27.1	26.4	26.5
Procurement and processing	29.1	28.9	29.6	26.1	25.3
Construction and mortgage	21.7	21.4	21.9	19.7	20.0
Services	30.4	30.8	27.6	29.3	24.9
Other	30.1	29.0	28.7	27.8	27.2
<b>SFCO</b>	<b>15.7</b>	<b>15.2</b>	<b>15.0</b>	<b>14.8</b>	<b>14.8</b>

Source: Non-banking Financial and Credit Organizations of KR

**Table 16.**Annual Average Interest Rate of Interbank Credits  
(percent)

	2018	2019	2020	2021	2022
<b>Interbank Repo Operations</b>	<b>2.4</b>	<b>3.0</b>	<b>3.8</b>	<b>5.7</b>	<b>12.1</b>
up to 1 day	2.0	2.6	3.3	5.4	11.7
2 - 7 days	2.3	3.1	3.7	5.7	12.2
8 - 14 days	2.9	3.3	4.2	6.3	12.7
15 - 30 days	4.6	3.9	4.4	5.7	8.5
31 - 60 days	4.1	4.1	4.6	-	10.0
61 - 90 days	-	-	-	-	-
91 - 180 days	-	-	-	-	-
181 - 360 days	-	-	-	-	-
over 360 days	-	-	-	-	-
<b>Interbank Credits in National Currency</b>	<b>0.0</b>	<b>2.3</b>	-	-	-
up to 1 day	-	2.3	-	-	-
2 - 7 days	0.0	2.3	-	-	-
8 - 14 days	0.0	-	-	-	-
15 - 30 days	-	-	-	-	-
31 - 60 days	-	-	-	-	-
61 - 90 days	-	-	-	-	-
91 - 180 days	-	-	-	-	-
181 - 360 days	-	-	-	-	-
over 360 days	-	-	-	-	-
<b>Interbank Credits in Foreign Currency</b>	-	<b>3.2</b>	<b>2.5</b>	<b>7.0</b>	-
up to 1 day	-	-	2.5	-	-
2 - 7 days	-	2.7	2.5	7.0	-
8 - 14 days	-	3.3	-	-	-
15 - 30 days	-	4.0	-	-	-
31 - 60 days	-	-	-	-	-
61 - 90 days	-	-	-	-	-
91 - 180 days	-	-	-	-	-
181 - 360 days	-	-	-	-	-
over 360 days	-	-	-	-	-

Source: Commercial banks of KR

Note: interest rates are specified without taking account the transactions with non-residents

**Table 17.**
**Balance of Payments of the Kyrgyz Republic**  
*(millions of USD)*

	2018	2019	2020	2021	2022*
<b>Current Account</b>	<b>-997.0</b>	<b>-1,073.2</b>	<b>374.1</b>	<b>-739.0</b>	<b>-5,426.8</b>
Goods and services	-3,166.9	-2,564.2	-1,615.6	-2,637.7	-6,936.2
Trade balance	-3,033.8	-2,626.0	-1,439.7	-2,419.7	-6,823.9
Export (FOB) <sup>1</sup>	1,916.0	2,042.9	2,015.8	2,778.9	2,189.7
EAEU countries	640.6	641.7	554.5	791.5	1,437.8
Non-EAEU countries	1,275.4	1,401.2	1,461.3	1,987.4	751.9
Import (FOB)	4,949.9	4,669.0	3,455.6	5,198.6	9,013.6
EAEU countries	2,011.0	1,961.5	1,761.0	2,449.9	2,875.5
Non-EAEU countries	2,938.9	2,707.5	1,694.5	2,748.7	6,138.1
Balance of services	-133.0	61.8	-175.9	-218.0	-112.3
Transportation services	-280.0	-183.6	-200.1	-295.5	-550.0
Travels	145.3	252.4	62.5	134.1	537.7
Other services	21.7	13.0	-18.3	-36.5	-80.0
Technical assistance	-20.0	-20.0	-20.0	-20.0	-20.0
Income <sup>1</sup>	-251.0	-779.3	-256.4	-621.9	-608.6
Direct investment income	-191.8	-706.7	-146.7	-501.8	-505.1
Portfolio investment income	0.0	0.0	0.0	0.0	0.0
Other investment income	-45.6	-57.6	-98.6	-113.9	-94.3
Interest on loans	-77.2	-81.5	-103.8	-105.3	-111.4
Other income on other investment	31.6	23.9	5.2	-8.6	17.2
Compensation of employees	-13.6	-15.0	-11.1	-6.2	-9.3
Current transfers	2,420.9	2,270.3	2,246.1	2,520.6	2,118.0
Official transfers	45.6	111.8	80.4	56.0	81.8
Private transfers	2,375.4	2,158.5	2,165.8	2,464.6	2,036.3
<b>Capital and Financial Account</b>	<b>536.3</b>	<b>554.2</b>	<b>-393.3</b>	<b>800.4</b>	<b>793.5</b>
Capital account	335.0	88.5	79.8	133.9	180.8
Capital transfers	335.0	88.5	79.8	133.9	180.8
Financial account	201.3	465.7	-473.1	666.5	612.7
Direct investment <sup>1</sup>	44.3	336.7	-582.4	560.7	748.8
Portfolio investment	-9.2	25.0	15.1	0.4	0.4
Financial derivatives	-0.4	0.0	-0.3	-0.3	-0.7
Other investment	166.6	104.1	94.5	105.7	-135.7
Assets (“-” increase)	22.8	-107.1	-79.9	-340.6	-1,053.4
Commercial banks	-3.7	-20.1	-175.4	-272.7	-677.0
Accounts receivable	-14.9	-72.3	35.6	-93.6	-235.4
Accounts of enterprises abroad	77.9	-1.3	-2.1	18.1	-206.1
Other assets	-36.4	-13.4	61.9	7.6	65.0
Liabilities (“+” increase)	143.8	211.2	174.5	446.3	917.6
Commercial banks	47.7	19.4	-3.5	37.3	424.3
Loans	-61.3	135.1	132.6	232.9	197.9
Loans to public sector	-191.2	66.2	41.2	157.5	188.7
Loans to private sector	130.0	69.0	91.5	75.4	9.2
Accounts payable	157.4	56.6	45.3	-65.4	295.4
Other liabilities	0.0	0.0	0.0	241.5	0.0
<b>Errors and Omissions</b>	<b>297.1</b>	<b>565.7</b>	<b>-103.5</b>	<b>502.2</b>	<b>4,341.4</b>
<b>Total Balance</b>	<b>-163.6</b>	<b>46.7</b>	<b>-122.7</b>	<b>563.6</b>	<b>-291.9</b>
<b>Financing</b>	<b>163.6</b>	<b>-46.7</b>	<b>122.7</b>	<b>-563.6</b>	<b>291.9</b>

\* preliminary data

Source: NBKR, NSC KR, MF KR, other organizations

<sup>1</sup> Including the NBKR estimates according to the methodology of the Balance of Payments.

**Table 18.**

Structure of External Public and Government Guaranteed Debt of the Kyrgyz Republic by Creditors  
(millions of USD)

	2018	2019	2020	2021	2022*
<b>External public and government guaranteed debt (1+2+3+4):</b>	<b>3,825.7</b>	<b>3,850.7</b>	<b>4,217.4</b>	<b>4,298.3</b>	<b>4,479.9</b>
<b>1. Multilateral debt:</b>	<b>1,615.1</b>	<b>1,600.9</b>	<b>1,963.3</b>	<b>2,043.9</b>	<b>2,136.5</b>
World Bank	660.2	657.7	677.4	652.4	636.2
Asian Development Bank	582.2	565.6	605.4	668.5	705.1
European Investment Bank	-	11.2	36.5	56.6	54.2
International Monetary Fund	166.8	140.3	376.4	340.4	302.2
Islamic Development Bank	79.9	92.9	118.3	156.8	166.5
European Bank for Reconstruction and Development	51.8	50.8	50.3	44.4	48.3
Asian Infrastructure Investment Bank	-	-	-	3.1	7.2
International Fund for Agricultural Development	20.1	24.3	28.6	28.3	28.4
Nordic Development Fund	4.3	4.0	4.1	3.5	3.1
OPEC	5.4	5.1	4.5	4.1	3.7
Eurasian Development Bank	27.4	32.2	43.6	68.7	165.7
European Union	17.2	16.8	18.2	17.0	15.9
<b>2. Bilateral debt:</b>	<b>2,210.6</b>	<b>2,249.8</b>	<b>2,254.1</b>	<b>2,254.4</b>	<b>2,191.9</b>
<b>2.1. EAEU countries:</b>	-	-	-	-	-
Russia	-	-	-	-	-
<b>2.2. other:</b>	<b>2,210.6</b>	<b>2,249.8</b>	<b>2,254.1</b>	<b>2,254.4</b>	<b>2,191.9</b>
China	1,719.4	1,778.5	1,766.0	1,797.8	1,782.2
Japan	244.4	239.2	242.0	217.2	179.5
Germany	86.7	82.0	88.8	78.8	70.8
The Republic of Korea	16.0	14.8	14.9	13.3	11.8
Kuwait Fund	11.1	6.9	8.0	8.1	8.1
Turkey	97.0	93.3	89.5	82.1	74.7
France	5.0	4.7	4.9	4.5	4.0
Denmark	2.9	2.8	2.6	2.5	2.3
Saudi Development Fund	17.7	19.6	28.9	42.0	49.7
UAE	10.6	8.2	8.5	8.2	8.8
<b>3. Government guaranteed external debt</b>	-	-	-	-	-
<b>4. Other liabilities of the government sector<sup>1</sup></b>	-	-	-	-	<b>151.5</b>

\* preliminary data

Source: MF KR

<sup>1</sup> Includes SDR liabilities received from the IMF under allocation

**Table 19.**  
Information of Authorized (Joint-stock) Capital of Commercial Banks (end of period)  
(millions of KGS)

Bank	2018			2019			2020			2021			2022		
	a	b	c	a	b	c	a	b	c	a	b	c	a	b	c
<b>Total</b>	<b>24,103.6</b>	<b>23,500.8</b>	<b>11,120.1</b>	<b>28,799.4</b>	<b>28,649.4</b>	<b>9,145.8</b>	<b>31,367.1</b>	<b>31,217.1</b>	<b>9,371.5</b>	<b>37,210.0</b>	<b>36,955.0</b>	<b>10,802.2</b>	<b>44,372.2</b>	<b>44,222.2</b>	<b>10,821.3</b>
1 OJSC "AiyI Bank"	2,268.8	2,268.8	-	3,379.2	3,379.2	-	3,476.3	3,476.3	-	3,524.6	3,524.6	-	6,624.6	6,624.6	-
2 OJSC RK "AMANBANK"	1,002.5	799.6	0.1	949.6	799.6	0.1	949.6	799.6	0.1	1,054.6	799.6	0.1	949.6	799.6	0.1
3 CJSC "Bank of Asia"	620.0	620.0	543.1	620.0	620.0	543.1	670.0	670.0	593.1	670.0	670.0	593.1	809.0	809.0	732.1
4 OJSC Bank "Bai-Tushum" <sup>1</sup>	790.0	790.0	404.9	790.0	790.0	404.9	790.0	790.0	404.9	790.0	790.0	401.8	790.0	790.0	401.8
5 OJSC "BAKAI BANK"	627.9	627.9	-	697.7	697.7	-	2,697.7	2,697.7	-	2,771.7	2,771.7	-	2,771.7	2,771.7	-
6 CJSC "BTA Bank"	2,000.0	2,000.0	1,864.2	2,000.0	2,000.0	-	-	-	-	-	-	-	-	-	-
7 CJSC "Demir Kyrgyz International Bank"	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0
8 OJSC "DOS-KREDOBANK"	623.0	623.0	-	623.0	623.0	-	623.0	623.0	-	817.0	817.0	-	817.0	817.0	-
9 OJSC "Eurasian Savings Bank"	300.0	300.0	156.9	300.0	300.0	67.0	300.0	300.0	37.0	300.0	300.0	37.0	300.0	300.0	0.1
10 OJSC "Capital Bank"	616.4	616.4	-	616.4	616.4	-	616.4	616.4	-	616.4	616.4	-	616.4	616.4	-
11 CJSC "Bank Companion"	1,000.6	1,000.6	1,000.6	1,000.6	1,000.6	1,000.6	1,000.6	1,000.6	1,000.6	1,000.6	1,000.6	1,000.6	1,000.6	1,000.6	1,000.6
12 CJSC "Kyrgyz-Swiss Bank"	670.0	670.0	502.5	670.0	670.0	502.5	670.0	670.0	502.5	670.0	670.0	502.5	670.0	670.0	502.5
13 CJSC "Kyrgyz Investment Credit Bank"	1,222.4	1,222.4	1,100.1	1,218.8	1,218.8	1,096.9	1,446.4	1,446.4	1,301.7	1,483.3	1,483.3	1,334.9	1,499.4	1,499.4	1,349.5
14 OJSC "Kyrgyzkommentsbank"	1,000.0	1,000.0	529.2	1,000.0	1,000.0	529.2	1,000.0	1,000.0	529.2	1,000.0	1,000.0	529.2	1,000.0	1,000.0	529.2
15 OJSC "Commercial Bank KYRGYZSTAN"	1,301.7	1,301.7	-	1,301.7	1,301.7	-	1,734.2	1,734.2	-	1,936.7	1,936.7	-	2,212.9	2,212.9	-
16 OJSC "Optima Bank"	1,050.0	1,050.0	1,020.0	1,050.0	1,050.0	1,020.0	1,050.0	1,050.0	1,020.0	1,050.0	1,050.0	1,020.0	1,050.0	1,050.0	1,020.0
17 OJSC "Keremet Bank" <sup>2</sup>	1,082.2	782.2	78.1	4,498.7	4,498.7	78.1	5,998.7	5,998.7	78.0	8,698.7	8,698.7	78.1	8,698.7	8,698.7	-
18 OJSC "RSK Bank"	2,011.2	2,011.2	-	2,136.7	2,136.7	-	2,333.3	2,333.3	-	3,379.2	3,379.2	-	7,079.2	7,079.2	-
19 CJSC JSCB "Tolubay"	600.0	500.0	7.4	600.0	600.0	8.9	664.0	664.0	9.8	700.0	700.0	10.3	736.0	736.0	10.8
20 OJSC "FinanceCreditBank KAB"	710.0	710.0	-	710.0	710.0	-	710.0	710.0	-	710.0	710.0	-	710.0	710.0	-
21 CJSC "FINCA Bank"	1,474.8	1,474.8	1,474.8	1,474.8	1,474.8	1,474.8	1,474.8	1,474.8	1,474.8	1,474.8	1,474.8	1,474.8	1,474.8	1,474.8	1,474.8
22 OJSC "Halyk Bank Kyrgyzstan"	600.0	600.0	600.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0
23 OJSC "Chang An Bank" <sup>3</sup>	600.0	600.0	600.0	-	-	-	-	-	-	-	-	-	-	-	-
24 CJSC "EcoIslamicBank"	732.3	732.3	38.3	762.3	762.3	19.8	762.3	762.3	19.8	762.3	762.3	19.8	762.3	762.3	-
Bishkek Branch of the National Bank of Pakistan <sup>4</sup>	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0

Source: Commercial banks of KR

Note: a - announced authorized capital, b - paid-in authorized capital, c - including the share of foreign investors

<sup>1</sup> Since June 11, 2019 CJSC Bank "Bai-Tushum" was renamed as OJSC Bank "Bai-Tushum".

<sup>2</sup> Since September 27, 2019 OJSC "Rosinbank" was renamed as OJSC "Keremet Bank".

<sup>3</sup> Since September 4, 2019 OJSC "Chang An Bank" was re-registered as CJSC MFC "Chang An Bank".

<sup>4</sup> On March 29, 2021, closure of 5 branches of the National Bank of Pakistan in the republics of Central Asia was approved by the resolution of its shareholders.

**Table 20.**
**Consolidated Regulatory Report of Commercial Banks of the Kyrgyz Republic**  
*(millions of KGS)*

	2017	2018	2019	2020	2021	2022*
<b>ASSETS</b>						
Cash resources	13,092.9	15,457.7	18,135.7	24,233.8	30,138.6	56,873.3
Correspondent account with NBKR	11,464.4	13,895.5	12,983.0	14,172.5	18,785.0	30,565.5
Correspondent accounts with other banks	15,464.1	14,026.4	12,759.8	22,635.7	37,624.4	71,143.4
Deposits with other banks	10,136.0	10,500.3	12,527.6	17,168.8	24,925.1	28,628.9
Securities portfolio	17,690.6	21,666.5	23,107.1	21,939.3	33,421.3	52,565.3
Securities purchased under repo agreements	400.0	404.2	469.8	260.0	322.4	0.0
“Net” loans and financial leasing	101,352.3	119,633.7	137,403.6	149,080.2	164,839.1	182,999.1
Loans and financial leasing to settlement credit organizations <sup>1</sup>	1,128.0	1,148.6	1,862.2	2,127.2	1,162.4	2,033.6
Loans and financial leasing to clients <sup>2</sup>	108,325.0	127,882.1	146,438.6	162,550.2	181,783.3	204,031.3
(less) Special Loss Provisions for loans and financial leasing	-8,100.7	-9,397.0	-10,897.2	-15,597.2	-18,106.5	-23,065.8
Fixed assets	10,603.2	12,001.9	14,215.2	15,577.3	17,135.5	18,936.2
Investments and Equities	342.8	357.8	403.8	502.6	1,023.5	652.3
Other assets	17,464.8	14,010.0	16,982.2	23,724.6	32,904.7	39,882.8
<b>TOTAL: ASSETS</b>	<b>198,011.0</b>	<b>221,954.0</b>	<b>248,987.9</b>	<b>289,294.8</b>	<b>361,119.5</b>	<b>482,246.8</b>
<b>LIABILITIES</b>						
Liabilities to NBKR	5,549.4	7,764.2	5,012.4	6,457.7	4,128.0	0.0
Settlement accounts and deposits of banks	1,301.0	1,896.0	3,361.2	4,083.2	5,819.6	5,823.6
Resident banks	317.4	311.1	409.3	118.4	243.2	1,338.1
Non-resident banks	983.6	1,584.9	2,951.9	3,964.8	5,576.4	4,485.5
Settlement accounts	39,003.2	40,745.3	39,287.9	51,962.7	88,844.8	120,157.2
Settlement accounts of finance and credit organizations	521.7	667.7	867.9	1,108.8	782.3	629.1
Settlement accounts of clients <sup>3</sup>	38,481.5	40,077.6	38,420.0	50,853.9	88,062.5	119,528.1
Demand deposits	30,205.8	32,234.5	37,662.8	46,946.5	56,886.1	68,475.4
Demand deposits of finance and credit organizations	199.2	178.9	548.1	920.3	351.0	601.9
Demand deposits of clients <sup>3</sup>	30,006.5	32,055.6	37,114.7	46,026.1	56,535.1	67,873.6
Time deposits	39,084.3	45,567.8	56,445.3	61,243.4	68,236.1	77,493.9
Time deposits of finance and credit organizations	556.8	636.3	731.4	808.5	663.1	807.9
Time deposits of clients <sup>3</sup>	38,527.5	44,931.5	55,713.9	60,435.0	67,573.0	76,686.0
Deposits of non-residents <sup>4</sup>	7,079.7	9,746.3	10,624.9	11,575.5	13,472.2	49,595.5
Deposits of Government	6,224.0	4,824.1	6,932.6	9,199.5	15,507.7	23,235.8
Loans of Government	3,445.8	3,858.0	4,723.8	7,615.0	4,503.0	5,318.8
Securities sold under repo agreements	400.0	404.2	469.8	260.0	322.4	0.0
Loans received	19,905.5	22,819.9	25,467.5	23,724.3	23,766.7	23,708.6
Other liabilities	13,582.9	16,733.5	16,922.8	20,405.6	27,921.2	28,148.3
<b>TOTAL: LIABILITIES</b>	<b>165,781.6</b>	<b>186,593.8</b>	<b>206,911.1</b>	<b>243,473.3</b>	<b>309,407.9</b>	<b>401,957.0</b>
<b>CAPITAL</b>						
Capital stock	21,760.5	23,748.0	28,345.5	30,920.7	36,661.3	43,930.9
Provisions for prospective needs of bank	631.2	811.4	844.1	965.1	984.9	993.6
Retained earnings of past years	7,083.6	6,865.6	9,244.6	10,966.4	9,978.5	11,809.2
Profits/losses of the current year	2,138.4	3,005.6	2,952.3	2,297.1	3,615.0	23,166.2
Revaluation accounts	615.8	929.6	690.2	672.2	472.0	390.0
<b>TOTAL: CAPITAL</b>	<b>32,229.4</b>	<b>35,360.3</b>	<b>42,076.8</b>	<b>45,821.5</b>	<b>51,711.6</b>	<b>80,289.8</b>
<b>TOTAL: LIABILITIES AND CAPITAL</b>	<b>198,011.0</b>	<b>221,954.0</b>	<b>248,987.9</b>	<b>289,294.8</b>	<b>361,119.5</b>	<b>482,246.8</b>

\*preliminary data

Source: Commercial banks of KR

<sup>1</sup> Includes the value of loans and financial lease less special LLP thereon<sup>2</sup> Includes loans to banks and other finance and credit organizations residents and non-residents<sup>3</sup> Includes loans to legal entities and individuals residents and non-residents<sup>4</sup> Includes accounts of legal entities and individuals<sup>5</sup> Includes accounts of finance and credit organizations, legal entities and individuals

**Table 21.**  
Information on Head Offices and Branches of Commercial Banks as at the end of 2022

Bank	Head Office Location	Total Branches	Bishkek	Batken oblast	Jalal-Abad oblast	Issyk-Kul oblast	Naryn oblast	Osh oblast	Talas oblast	Chui oblast
<b>Total branches</b>		<b>318</b>	<b>78</b>	<b>23</b>	<b>46</b>	<b>40</b>	<b>20</b>	<b>59</b>	<b>18</b>	<b>34</b>
<b>Branches of resident banks</b>										
1 OJSC "Aiyi Bank"	Bishkek	37	4	4	6	5	2	9	2	5
2 OJSC RK "AMANBANK"	Bishkek	13	2	-	1	2	-	5	1	2
3 CJSC "Bank of Asia"	Bishkek	8	4	-	1	2	-	1	-	-
4 OJSC Bank "Bai-Tushum"	Bishkek	7	1	1	1	1	1	1	1	-
5 OJSC "BAKAI BANK"	Bishkek	23	9	1	2	3	1	4	1	2
6 CJSC "Demir Kyrgyz International Bank"	Bishkek	14	7	1	1	1	1	2	1	-
7 OJSC "DOS-KREDOBANK"	Bishkek	8	2	-	1	2	1	1	-	1
8 OJSC "Eurasian Savings Bank"	Bishkek	3	1	-	1	-	-	1	-	-
9 OJSC "Capital Bank"	Bishkek	7	1	1	1	1	-	2	1	-
10 CJSC "Bank Compantion"	Bishkek	18	3	2	4	2	2	3	1	1
11 CJSC "Kyrgyz-Swiss Bank"	Bishkek	2	-	-	-	1	-	1	-	-
12 CJSC "Kyrgyz Investment Credit Bank"	Bishkek	23	8	1	2	1	3	5	1	2
13 OJSC "Kyrgyzkommertsbank"	Bishkek	3	2	-	-	-	-	1	-	-
14 OJSC "Commercial Bank KYRGYZSTAN"	Bishkek	19	7	1	4	1	1	1	1	3
15 OJSC "Optima Bank"	Bishkek	20	9	1	1	3	-	2	1	3
16 OJSC "Keremet Bank"	Bishkek	10	3	1	1	2	-	1	1	1
17 OJSC "RSK Bank"	Bishkek	53	4	5	11	7	5	9	4	8
18 CJSC JSCB "Tolubay"	Bishkek	2	2	-	-	-	-	-	-	-
19 OJSC "FinanceCreditBank KAB"	Bishkek	6	-	-	1	1	1	2	-	1
20 CJSC "FINCA Bank"	Bishkek	24	3	3	5	2	2	4	2	3
21 OJSC "Halyk Bank Kyrgyzstan"	Bishkek	10	4	-	1	2	-	2	-	1
22 CJSC "EcolslamicBank"	Bishkek	8	2	1	1	1	-	2	-	1
<b>Branches of non-resident banks</b>										
23 Bishkek Branch of the National Bank of Pakistan <sup>1</sup>	Karachi	-	-	-	-	-	-	-	-	-

Source: "Register of Issued Banking Licenses and Register of Branches of Banks, maintained in NBKR"

<sup>1</sup> The branch of the non-resident bank was entered into the «Register of Issued Banking Licenses» on April 24, 2000, with the right to conduct banking operations. On March 29, 2021, closure of 5 branches of the National Bank of Pakistan in the republics of Central Asia was approved by the resolution of its shareholders

**Table 22.**  
Composition of Circulating Cash of Commercial Banks and Its Rate of Collection in 2022  
(billions of KGS)

	Receipt			Issue					Deviation (+/-) (9-4)	Collection Rate (%) (4/9)	
	Taxes, customs duties and fees	From sales of foreign exchange	Other	Total	For salary payments	For payments of pensions and allowances	Purchases of foreign exchange	Other expenses			Total
	1	2	3	4	5	6	7	8	9	10	11
<b>Total for the Kyrgyz Republic</b>	<b>92.0</b>	<b>337.6</b>	<b>3,318.6</b>	<b>3,748.2</b>	<b>4.4</b>	<b>4.9</b>	<b>466.0</b>	<b>3,336.1</b>	<b>3,811.3</b>	<b>63.1</b>	<b>98.3</b>
Bishkek city	27.1	300.7	1,794.3	2,122.1	2.3	0.2	310.3	1,823.3	2,136.1	14.0	99.3
Osh city	7.9	15.5	382.4	405.8	0.3	0.1	53.1	361.7	415.2	9.4	97.7
Batken oblast	1.2	2.0	144.0	147.2	0.1	1.5	17.9	127.5	147.0	-0.2	100.1
Jalal-Abad oblast	3.8	5.1	337.2	346.1	0.5	0.9	39.7	328.6	369.7	23.6	93.6
Issyk-Kul oblast	1.8	3.1	169.9	174.8	0.1	0.1	9.0	172.7	181.9	7.1	96.1
Naryn oblast	0.5	0.5	77.9	78.9	0.1	0.7	1.3	81.1	83.2	4.3	94.8
Osh oblast	5.5	2.4	124.8	132.7	0.1	0.8	12.9	118.8	132.6	-0.1	100.1
Talas oblast	0.8	1.0	73.9	75.7	0.3	0.1	3.2	77.6	81.2	5.5	93.2
Chui oblast	43.4	7.3	214.2	264.9	0.6	0.5	18.6	244.7	264.4	-0.5	100.2

Source: Commercial banks of KR

**Table 23.**  
Pattern of Payments in the Gross System of Settlements

	2018		2019		2020		2021		2022	
	Volume, millions of KGS	Number of payments	Volume, millions of KGS	Number of payments	Volume, millions of KGS	Number of payments	Volume, millions of KGS	Number of payments	Volume, millions of KGS	Number of payments
payments up to 1 thousand KGS	14	28,315	20	38,626	20	39,960	25	44,123	21	42,424
from 1 thousand to 100 thousand of KGS	5,416	204,405	6,008	231,686	6,473	259,867	7,054	269,722	8,555	318,259
from 100 thousand to 1 million of KGS	41,058	100,964	43,713	108,174	43,726	110,712	55,249	134,324	65,305	163,008
from 1 million to 10 million of KGS	252,220	89,762	263,909	93,013	271,689	94,765	378,242	130,018	494,170	167,797
from 10 million to 100 million of KGS	534,896	15,753	619,324	18,121	568,461	17,004	765,068	23,082	953,734	29,741
payments of over 100 million of KGS	2,186,516	5,041	2,193,404	5,159	3,040,927	6,173	4,117,732	6,582	8,793,353	10,514
<b>Total</b>	<b>3,020,120</b>	<b>444,240</b>	<b>3,126,378</b>	<b>494,779</b>	<b>3,931,296</b>	<b>528,481</b>	<b>5,323,370</b>	<b>607,851</b>	<b>10,315,139</b>	<b>731,743</b>

Source: Gross Settlement System in Real Time Regime

**Table 24.**  
Volume and Number of Clearing Payments by Regions

	2018		2019		2020		2021		2022	
	Volume, millions of KGS	Number of payments	Volume, millions of KGS	Number of payments	Volume, millions of KGS	Number of payments	Volume, millions of KGS	Number of payments	Volume, millions of KGS	Number of payments
Bishkek city and Chui oblast	171,797	5,804,659	181,385	6,389,687	164,856	4,943,656	204,809	5,168,982	219,869	5,466,159
Batken oblast	3,390	540,457	3,246	546,414	2,560	402,235	3,097	398,279	3,484	378,701
Jalal-Abad oblast	5,234	750,457	5,587	797,323	5,552	589,539	6,500	594,079	7,192	545,190
Issyk-Kul oblast	4,070	488,102	4,001	552,069	3,321	405,835	3,606	415,034	4,204	404,082
Naryn oblast	1,305	230,028	1,385	231,869	1,279	163,737	1,494	188,747	1,666	174,749
Osh city and Osh oblast	13,684	1,259,739	13,676	1,338,472	11,554	979,719	14,787	977,943	18,801	897,521
Talas oblast	1,298	207,111	1,421	209,548	1,293	160,475	1,431	177,993	1,413	158,704
<b>Total for the Kyrgyz Republic</b>	<b>200,778</b>	<b>9,280,553</b>	<b>210,701</b>	<b>10,065,382</b>	<b>190,414</b>	<b>7,645,196</b>	<b>235,723</b>	<b>7,921,057</b>	<b>256,629</b>	<b>8,025,106</b>

Source: Bulk Clearing System

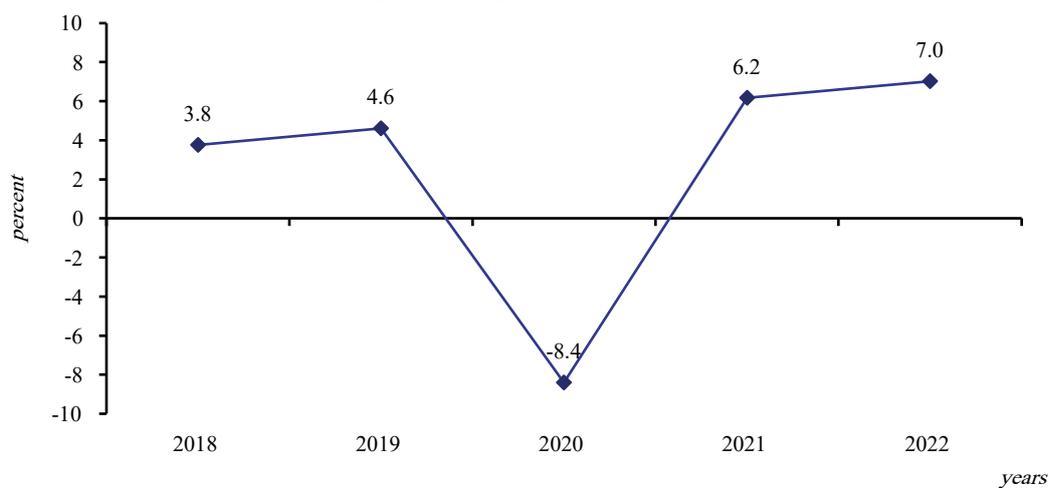
**Table 25.**  
Information on Transactions with Payment Cards at Trade Outlets

Card	2018		2019		2020		2021		2022	
	Number of transactions	Volume, thousands of KGS	Number of transactions	Volume, thousands of KGS	Number of transactions	Volume, thousands of KGS	Number of transactions	Volume, thousands of KGS	Number of transactions	Volume, thousands of KGS
“Elcard”	1,496,388	1,666,556	3,555,947	3,932,230	9,128,232	5,226,368	15,165,133	12,957,884	27,832,631	38,438,990
“Elcard-UPI”	18,743	28,994	21,096	35,048	18,009	21,538	13,815	18,150	12,814	29,870
“Zolotaya Korona” (“Alai Card”)	214,657	107,845	90,692	50,885	41,367	25,702	17,314	10,024	5,041	3,137
Visa	4,392,914	8,238,457	6,924,512	13,035,048	7,964,910	12,433,739	15,594,485	23,138,702	28,364,914	45,037,814
Master Card	274,313	797,780	474,685	1,196,816	527,544	1,044,367	738,313	1,612,869	775,760	2,330,723
American Express	3,367	65,530	3,395	60,541	578	12,984	453	17,411	1,497	49,833
Union Pay	5,408	102,016	3,538	7,016	1,456	2,304	2,771	4,114	6,243	9,287
“Mir”	-	-	2,127	740	5,420	3,007	20,364	16,847	379,959	843,384

Source: Commercial banks of KR

**Chart 1.**

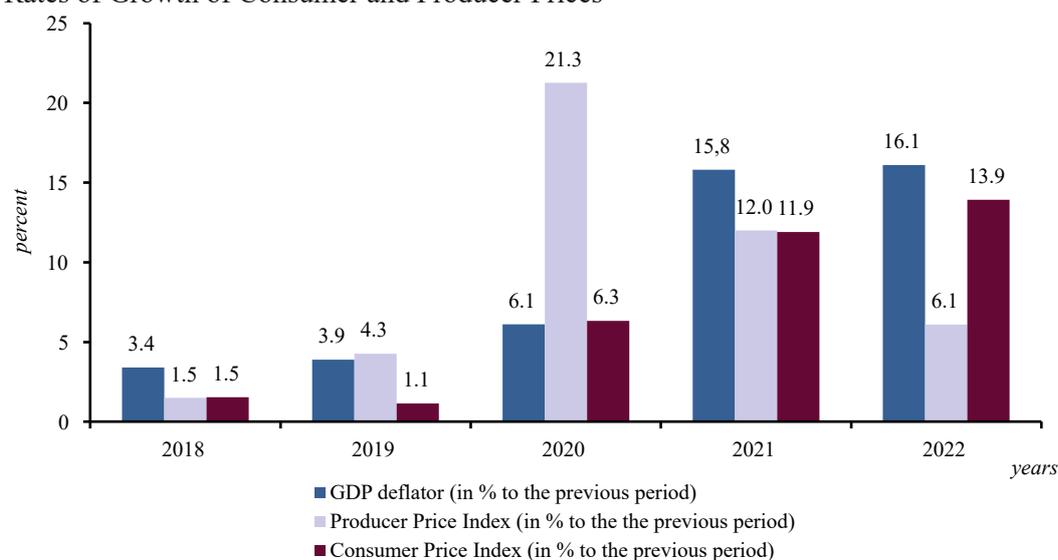
## Rates of Growth of Real Gross Domestic Product



Source: NBKR

**Chart 2.**

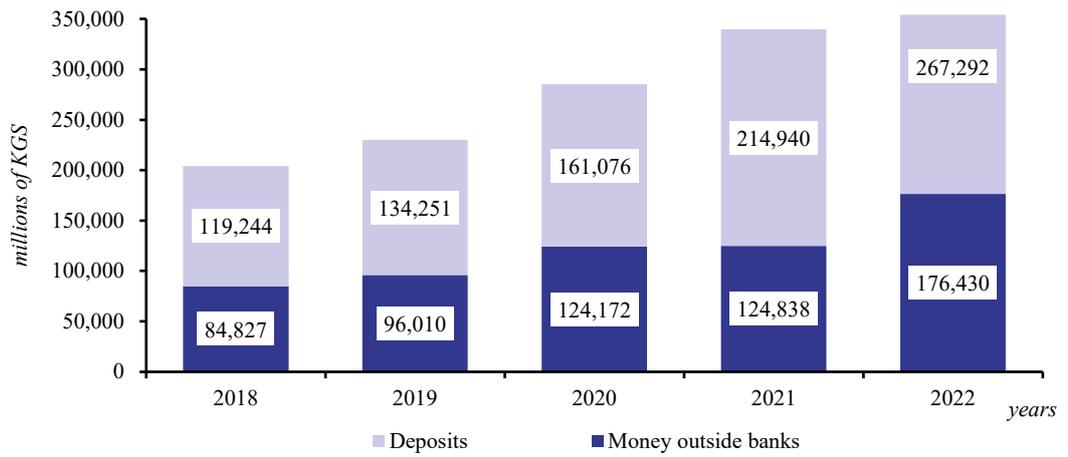
## Rates of Growth of Consumer and Producer Prices



Source: NBKR

**Chart 3.**

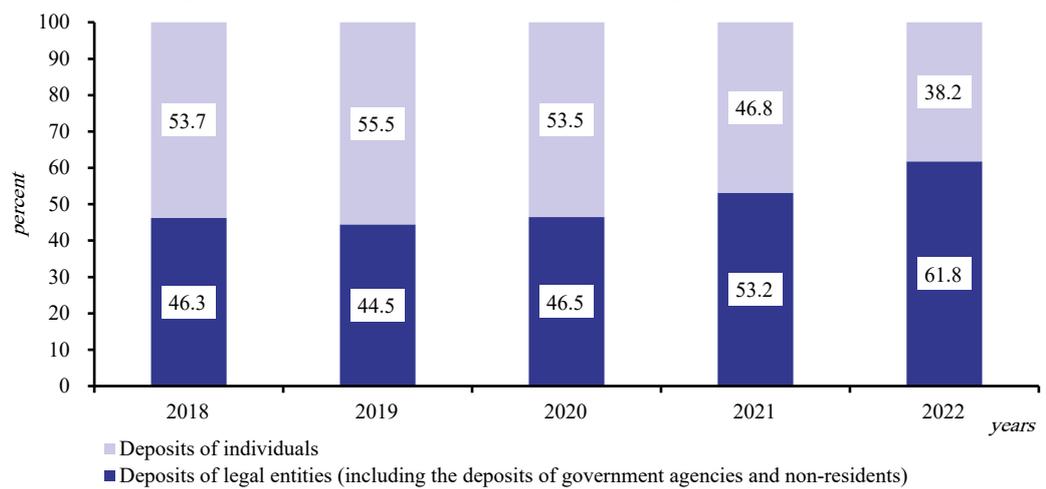
Monetary Aggregates M2X Structure



Source: NBKR

**Chart 4.**

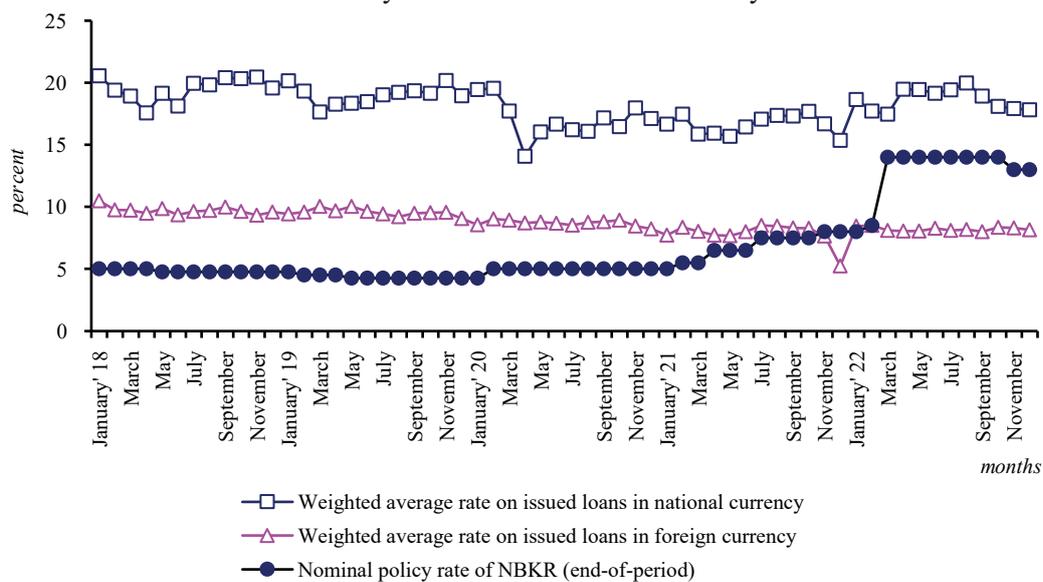
Structure of Deposit Base of Commercial Banks (end of period)



Source: Commercial banks of KR

**Chart 5.**

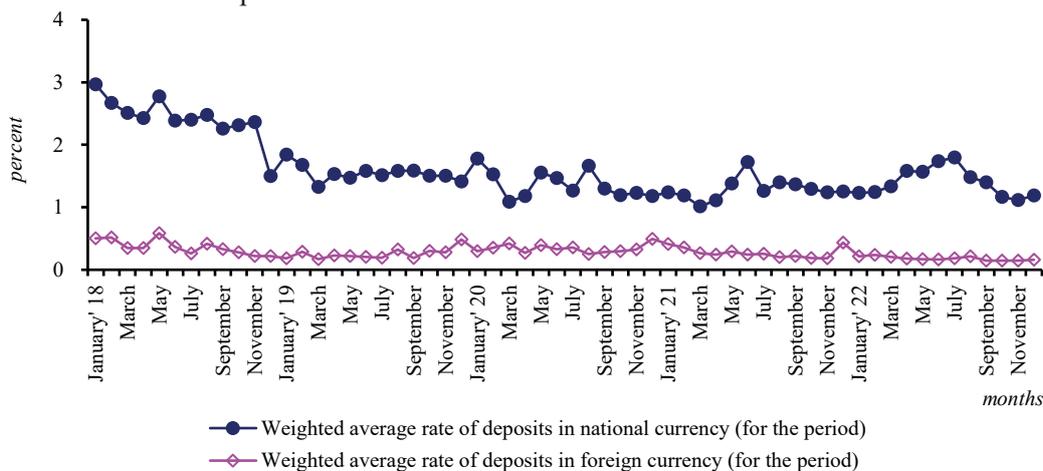
Interest Rates of Loans Issued by Commercial Banks and Policy Rate of the NBKR



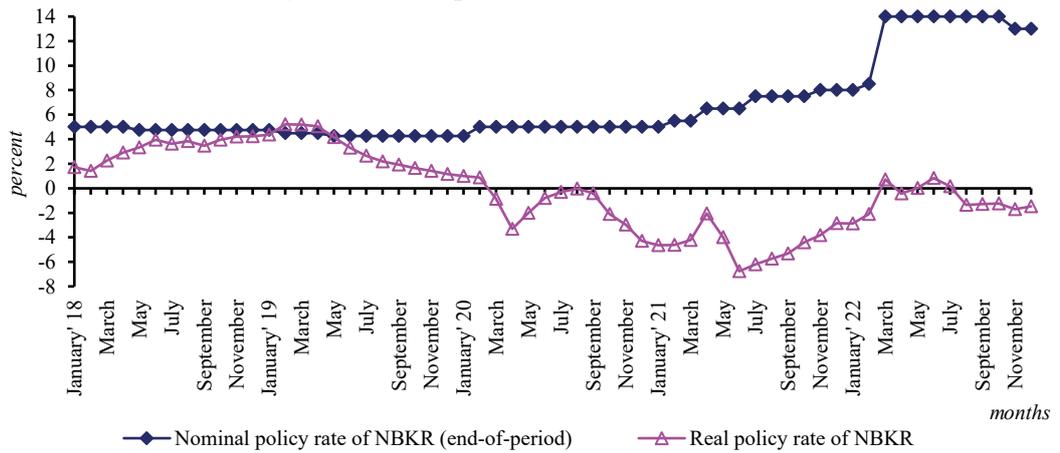
Source: NBKR

**Chart 6.**

Interest Rates of Deposits of Commercial Banks

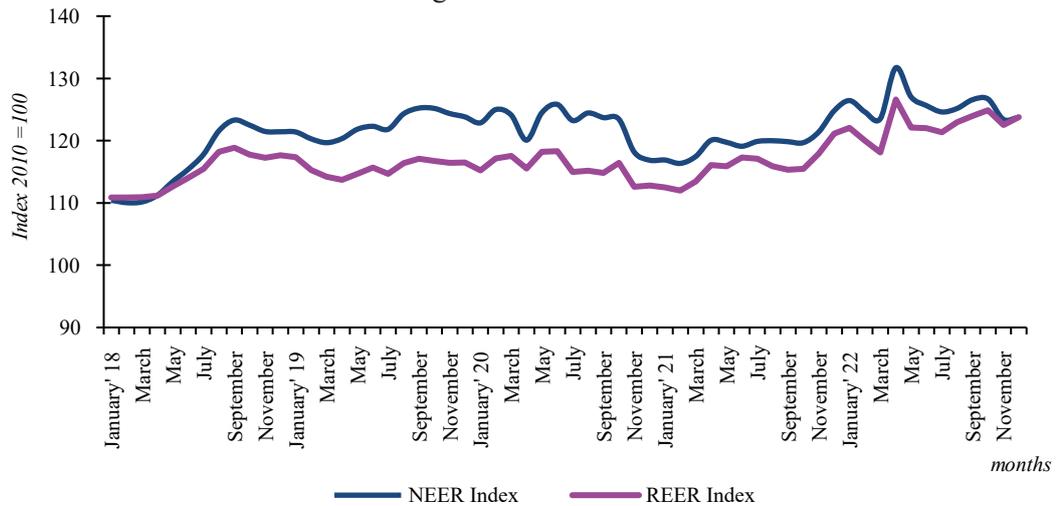


**Chart 7.**  
Nominal and Real Policy Rate Developments



Source: NBKR  
 Note: the following formula was used to calculate the real interest rate  $r = (i - p)/(p+100)*100$ , where  
*i* - the nominal interest rate,  
*r* - the real interest rate,  
*p* - the annual inflation

**Chart 8.**  
Nominal and Real Effective Exchange Rate Indices



Source: NBKR

**Periodical Publications and Other Information Tools of the National Bank of the Kyrgyz Republic**

<b>No.</b>	<b>Title</b>	<b>Language of publication</b>	<b>Periodicity</b>	<b>Contents</b>	<b>Distribution</b>
1.	Bulletin of the National Bank of the Kyrgyz Republic	In the state, official, English languages	Monthly	The publication provides the statistical data on basic macroeconomic and financial indicators. It contains the data of the National Bank of the Kyrgyz Republic, the National Statistical Committee of the Kyrgyz Republic, the Ministry of Finance of the Kyrgyz Republic, commercial banks, non-banking financial-credit organizations, payment operators and payment organizations, the Service on Financial Market Regulation and Supervision of the Ministry of Economy and Finance of the Kyrgyz Republic.	Electronic version is published on the official website of the National Bank.
2.	Annual Report of the National Bank of the Kyrgyz Republic	In the state, official, English languages	Annually	The publication contains the activity results for the reporting year, assessment of changes in the real, financial and external sectors of economy, the description of decisions and actions of the National Bank in the monetary sphere, in the banking and payment systems, in the non-banking financial-credit organizations; it includes financial statements and general information on the National Bank, as well as the statistical appendices.	The Jogorku Kenesh of the Kyrgyz Republic, the Administration of the President of the Kyrgyz Republic, the Cabinet of Ministers of Kyrgyz Republic, the Supreme Court of the Kyrgyz Republic, ministries and departments, commercial banks, libraries of the Kyrgyz Republic, CIS central banks, integration institutions, representative offices of international organizations and embassies of countries accredited in the Kyrgyz Republic. Electronic version is published on the official website of the National Bank.

3.	Monetary Policy Report	In the state, official, English languages	Quarterly	The objective of the Report is to inform the public of the decisions made by the National Bank in the monetary policy area based on the analysis and forecast of the key inflation factors and assessment of the economic development in the external and internal environment of the Kyrgyz Republic.	Electronic version is published on the official website of the National Bank.
4.	Financial Sector Stability Report of the Kyrgyz Republic	In the state, official, English languages	Biannually	The objective of the Report is to inform the public of the general assessment of financial system stability and sustainability in the Kyrgyz Republic.	The Jogorku Kenesh of the Kyrgyz Republic, the Administration of the President of the Kyrgyz Republic, the Cabinet of Ministers of Kyrgyz Republic, ministries and departments. Electronic version is published on the official website of the National Bank.
5.	Balance of Payments of the Kyrgyz Republic	In the state, official, English languages	Quarterly	The publication describes the recent development trends in the external economic sector and contains the statistical data on the balance of payments, external trade, international reserves, external debt, and the international investment position, as well as the metadata and the information base of the balance of payments.	The Jogorku Kenesh of the Kyrgyz Republic, the Administration of the President of the Kyrgyz Republic, the Cabinet of Ministers of Kyrgyz Republic, ministries and departments. Electronic version is published on the official website of the National Bank.
6.	Regulatory Acts of the National Bank of the Kyrgyz Republic	In the state, official languages	Monthly	These are the regulations, instructions and other regulatory acts adopted by the National Bank.	The Jogorku Kenesh of the Kyrgyz Republic, the Administration of the President of the Kyrgyz Republic, the Cabinet of Ministers of Kyrgyz Republic, commercial banks, financial-credit organizations, courts of the Kyrgyz Republic, ministries and departments, libraries of the Kyrgyz Republic. Electronic version is published on the official website of the National Bank.

7.	Official website of the National Bank www.nbkr.kg	In the state, official, English languages	It is updated in the real time mode	<p>Information on activity of the National Bank, including:</p> <ul style="list-style-type: none"> <li>- information on the banking legislation;</li> <li>- information on the regulatory legal acts of the National Bank;</li> <li>- draft laws, draft regulatory legal documents submitted for public discussion;</li> <li>- regularly updated list of organizations licensed/regulated by the National Bank;</li> <li>- information on the official rates of exchange and the monetary policy instruments;</li> <li>- news block.</li> </ul> <p>The following information is also posted on the official website: reviews on the banking and non-banking financial sector, the payment system, the statistical data on monetary surveys, foreign economic indicators, balance of payments, international reserves, external debt, and on the international investment position of the country.</p> <p>The special sections are devoted to the materials and information on the history of the national currency and the numismatic museum, the releases of periodical publications and other information and analytical materials of the National Bank.</p> <p>Moreover, leaflets and information for the consumers of the financial services, including excerpts from the regulatory legal acts on the requirements set for the financial-credit organizations and focused on protecting the rights of the consumers of the financial and payment services, are placed in the special section “Information for the Consumers of the Financial Services”. Information on combating corruption, with the phone number of the “hot line” indicated therein, vacancies, purchases, sales and other contents of the National Bank is available in separate sections.</p>	Free access to information.
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8.	Website of the National Bank on financial literacy <a href="http://www.finsabat.kg">www.finsabat.kg</a>	In the state, official languages	It is updated in the real time mode	Information on the programs and events focused on improving the financial literacy of the population, and public information about news in the field of financial literacy, educational and other materials on financial literacy in the form of articles, audio and video clips, as well as the tools in the form of a solvency calculator, a loan and deposit calculator, and tests on various topics related to financial literacy, comparison of tariffs for banking services.	Free access to information.
9.	Radio Program “The National Bank Reports”	In the state, official languages	Weekly	The basic aspects of the National Bank activity are highlighted therein in the form of the interviews of the Bank’s specialists on the current issues of monetary policy, banking and payment systems, banking legislation, protection of the banking services consumers’ rights and other issues.	Broadcast on the radio “Birinchi Radio”, Public Broadcasting Corporation (FM 104.1).
10.	TV column “The National Bank Reports”	In the state, official languages	Daily (except for weekends)	Public TV channels broadcast a daily column with interactive infographics on the official exchange rates and prices for gold measuring bars.	Broadcast on the TV channels of the Public Broadcasting Corporation and “Ala-Too 24”
11.	Official pages in the social networks Youtube, Facebook, Twitter, Instagram and Telegram	In the state, official languages	It is updated in the real time mode	Information on the decision-making, graphic materials, videos, and information in the form of infographics using the data presented on the official website of the National Bank, as well as information on improving the financial literacy of the population.	<a href="https://www.youtube.com/user/NationalBankKR/">https://www.youtube.com/user/NationalBankKR/</a> <a href="https://www.facebook.com/kyrgyzbank1992/">https://www.facebook.com/kyrgyzbank1992/</a> <a href="https://twitter.com/NBKR_press">https://twitter.com/NBKR_press</a> <a href="https://www.instagram.com/nbkr_kg/">https://www.instagram.com/nbkr_kg/</a> telegram – @news_nbkr_kg <a href="https://www.youtube.com/@Finsabat/">https://www.youtube.com/@Finsabat/</a> <a href="https://www.facebook.com/finsabat.kg/">https://www.facebook.com/finsabat.kg/</a> <a href="https://www.instagram.com/finsabat/">https://www.instagram.com/finsabat/</a>

**Appendix 4**  
to the Report of the National Bank  
of the Kyrgyz Republic for 2022

**List of Abbreviations**

ACFEP	Advisory Council on Foreign Exchange Policy
ADB	Asian Development Bank
ALE	Association of Legal Entities
API	Application Programming Interface
CTF/AML	Counter-terrorism financing and anti-money laundering
BCS	Bulk Clearing System
CIF	Price at the border of the importing country (cost, insurance, freight)
CIS	Commonwealth of Independent States
CJSC	Close Joint-Stock Company
CU	Credit Union
DSGE Model	Dynamic Stochastic General Equilibrium Model
EAEU	Eurasian Economic Union
EAG	Eurasian Group on Combating Money Laundering and Financing of Terrorism
EBRD	European Bank for Reconstruction and Development
ECB	Eurasian Council of Central (National) Banks
EDB	Eurasian Development Bank
EEC	Eurasian Economic Commission
EU	European Union
FATF	Financial Action Task Force on Money Laundering
FCCU	Financial Company of Credit Unions
FCO	Financial-Credit Organization
FOB	Price at the frontier of country-exporter (free on board)
FSDP	Financial Sector Development Project (World Bank)
GDP	Gross Domestic Product
GIZ	German Corporation for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit)
GS	Government Securities
GVA	Gross Value Added
HSLC	Housing and Savings Loan Companies
IDB	Islamic Development Bank
IFAAS	Islamic Finance Advisory & Assurance Services
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IFSB	Islamic Financial Services Board
IMF	International Monetary Fund
IPC	CJSC “Interbank Processing Center”
ISB	Interstate Bank
ISO 20022	International Organization for Standardization standard for electronic data interchange between financial institutions
IT	Information Technologies
ITFC	International Islamic Trade Finance Corporation

JSC	Joint-Stock Company
JVI	Joint Vienna Institute
KR	Kyrgyz Republic
LLC	Limited Liability Company
LLP	Loan Loss Provision
MCA	Microcredit Agency
MCC	Microcredit Company
MFC	Microfinance Company
MF KR	Ministry of Finance of the Kyrgyz Republic
MFO	Microfinance Organization
MM	Mass Media
MP	Monetary Policy
Ms	Merchants
NBFCO	Non-Banking Financial-Credit Organizations
NBKR	National Bank of the Kyrgyz Republic
NBSFCO	Non-Banking and Specialized Financial-Credit Organizations
NEER	Nominal Effective Exchange Rate
NFC	Near Field Communication
NSC KR	National Statistical Committee of the Kyrgyz Republic
OECD	Organization for Economic Cooperation and Development
OJSC	Open Joint-Stock Company
OSCE	Organization for Security and Co-operation in Europe
PBC	Public Broadcasting Corporation
PIF	Principles of Islamic Finance
POS-terminal	equipment to make card payments for goods/services in the points of sale
p.p.	percentage point
P2P	Person-to-Person transfer
PRBR	Periodic Regulatory Bank Reporting
PRC	People's Republic of China
PRR	Periodic Regulatory Report
QR-code	Quick response code, bar code
RCF	Rapid Credit Facility
REER	Real Effective Exchange Rate
RFI	Rapid Financing Instrument
RLA	Regulatory Legal Acts
ROA	Return on Assets
ROE	Return on Equity
RR	Reserve Requirement
RTGSS	Real Time Gross Settlement System
SCEA	State Classifier "Economic activities"
ST-Bills	State Treasury Bills
ST-Bonds	State Treasury Bonds
SCO	Shanghai Cooperation Organization
SDR	Special Drawing Rights
SE	State Enterprise
SFCO	Specialized Financial-Credit Organization

SWIFT	Society for Worldwide Interbank Financial Telecommunications
TF/ML	Terrorism Financing and Money Laundering
T-Obligations	Treasury Obligations
UAE	United Arabian Emirates
USA	United States of America
VAT	Value Added Tax
WB	World Bank