



КЫРГЫЗ БАНКЫ

# ANNUAL REPORT

# 2021



Bishkek-2022

## **Annual Report of the National Bank of the Kyrgyz Republic for 2021**

The report of the National Bank of the Kyrgyz Republic for the year of 2021 is prepared in accordance with Articles 54 and 55 of the Law “On the National Bank of the Kyrgyz Republic, Banks and Banking Activity” No.206 as of December 16, 2016.

The annual report of the National Bank for 2021 is approved with the Resolution of the Board of the National Bank of the Kyrgyz Republic No. *2022-II-10/17-1-(BII)* as of March 23, 2022.

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## **Dear Readers!**

*In 2021, the economic development of the Kyrgyz Republic still primarily suffered the influence of the ongoing COVID-19 pandemic. The country's economy was exposed to rise in world prices for food and energy carriers. Reduced domestic agricultural production output made an additional contribution to an increase in prices due to unfavorable climate and environmental conditions.*

*The National Bank managed to mitigate the negative effect of economic shocks, keep inflation within the declared single-digit values in the medium term, and maintain the stability of the country's financial and payment systems due to monetary policy tightening throughout 2021.*

*The National Bank continued to adhere to the adopted floating exchange rate regime. Maintaining the financial sector stability was among the main tasks of the National Bank, for this purpose work was continued to mitigate the crisis impact due to the spread of the COVID-19 pandemic. Measures were taken to provide the banks with relief related to restructuring the loans with deteriorated quality due to the spread of the COVID-19 pandemic. The National Bank's measures contributed to reducing the banking risks, financial inclusion for the population, as well as creating a legal environment for the traditional banks and the banks operating in accordance with the principles of Islamic finance.*

*In 2021, the results of the financial-credit organizations' activities demonstrated a sufficient margin of safety to contribute to maintaining the stability of the financial and banking system and supporting the economy of the country.*

*The activities of the National Bank were focused on further development of the banking services digital transformation, including determining safe methods of interaction between the clients and the financial-credit organizations in the digital environment. In 2021, the National Bank, together with the banking sector, developed and approved the program document "Main directions of the banking system development for 2022-2025", which reflects the priority goals and activities of the banking sector in the medium term.*

*The Main Directions of the Microfinance Sector Development for 2022-2025 were approved to ensure and maintain a favorable economic and effective regulatory environment for the institutional development of the microfinance sector. The requirements to publish the reports in the information resources available for the population were changed as part of the procedure to ensure the transparency of the activities conducted by the non-banking financial-credit organizations.*

*Adoption of the Law of the Kyrgyz Republic "On Amendments to the Law of the Kyrgyz Republic "On the Payment System of the Kyrgyz Republic", focused on ensuring the economic security of the country, reducing cross-country risks, and protecting consumer rights, was an important event in 2021. Particular attention was paid to development of the national payment system "Elcard", including measures taken to integrate it with the payment systems of other countries, implementation of the project on issue of the contactless bank payment cards "Elcard" and expanding the range of the services provided through the mobile application "Elcard Mobile".*

*Measures were taken to create favorable conditions for introduction of the innovative banking operations and services within the framework of special regulatory regimes, and a draft Digital Som Concept was developed to promote digital payment technologies.*

*The National Bank continued selling and re-purchasing refined gold measuring bars as part of implemented concept for creation and development of the precious metals market in the Kyrgyz Republic focused on creating the market of new savings and investment instruments. In order to popularize the spiritual and cultural values of the Kyrgyz people, work was continued to promote and issue collection commemorative coins reflecting the most significant historical events and made using modern coin production technologies.*

*The annual report of the National Bank for 2021 was prepared in accordance with the Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic, Banks and Banking Activity” in compliance with the principles of openness, reliability and completeness of information and includes the financial statements confirmed by an independent international audit.*

**Best regards,  
Chairman**



**K. Bokontaev**

ECONOMIC SITUATION  
IN THE KYRGYZ REPUBLIC  
IN 2021



## CHAPTER 1. ECONOMIC DEVELOPMENT OF THE KYRGYZ REPUBLIC IN 2021

In 2021, the economy of the Kyrgyz Republic demonstrated gradual recovery under the significant impact of global inflationary processes increased by the growth of demand and liquidity in the world commodity markets supported by new outbreaks of COVID-19 pandemic and disruptions in global supply chains. Negative external conditions and adverse climatic conditions had a significant impact on price dynamics in the Kyrgyz Republic amid slowdown in economic growth. The National Bank, together with the Cabinet of Ministers of the Kyrgyz Republic, took all necessary measures to ensure price and macroeconomic stability. There was an increase in revenues and expenditures of the public finance sector amid recovered economic activity to create conditions for more balanced fiscal policy. The current deficit was financed from external and internal sources.

Following the results of 2021, the current account balance was negative and amounted to USD 728.8 million (8.5 percent of GDP). The negative current account balance was accompanied by net capital inflow on the capital and financial account. The overall balance of payments was positive. At the end of 2021, gross international reserves were sufficient to cover 5.7 months of future import of goods and services.

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

In the reporting year, economic activity in the Kyrgyz Republic demonstrated modest recovery amid the impact of the COVID-19 pandemic consequences.

**Table 1.1.1.**

Structure of the Gross Domestic Product

	2020			2021		
	Share, percent	Growth rate, percent	Contribution to growth, percentage points	Share, percent	Growth rate, percent	Contribution to growth, percentage points
<b>GDP</b>	<b>100.0</b>	<b>-8.4</b>	<b>-8.4</b>	<b>100.0</b>	<b>3.6</b>	<b>3.6</b>
Agriculture, forestry and fishery	13.6	0.9	0.1	14.7	-5.0	-0.7
Industry	19.2	-7.0	-1.3	18.3	7.2	1.4
Mining	1.2	-18.5	-0.3	1.9	21.2	0.3
Manufacturing (processing)	14.5	-7.1	-1.0	13.5	7.0	1.0
Provision (supply) of electricity, gas, steam and conditioned air	3.3	2.6	0.1	2.7	1.2	0.0
Water supply, purification and treatment of waste and generation of secondary materials	0.3	-1.9	0.0	0.3	28.3	0.1
Construction	10.0	-15.6	-1.5	8.3	-4.8	-0.5
Services	46.4	-9.8	-4.6	45.2	6.5	3.0
Wholesale and retail trade; repair of motor vehicles and motorcycles	16.4	-14.8	-2.6	17.5	11.4	1.9
Transportation and storage of goods	3.1	-30.4	-1.2	3.5	18.0	0.6
Information and communication	2.7	-4.0	-0.1	2.6	12.9	0.4
Other	24.2	-2.9	-0.7	21.6	0.9	0.2
Net (less subsidies) taxes on products	10.8	-8.4	-1.1	13.5	3.6	0.4

Source: NSC of KR

According to the preliminary data of the National Statistical Committee of the Kyrgyz Republic (NSC KR), GDP at then-current prices increased by 3.6 percent in real terms (in 2020, the decrease was 8.4 percent) and amounted to KGS 723.1 billion. Excluding

<sup>1</sup> Data for 2021 are preliminary and given according to the gross value added (GVA), data for 2020 are updated.

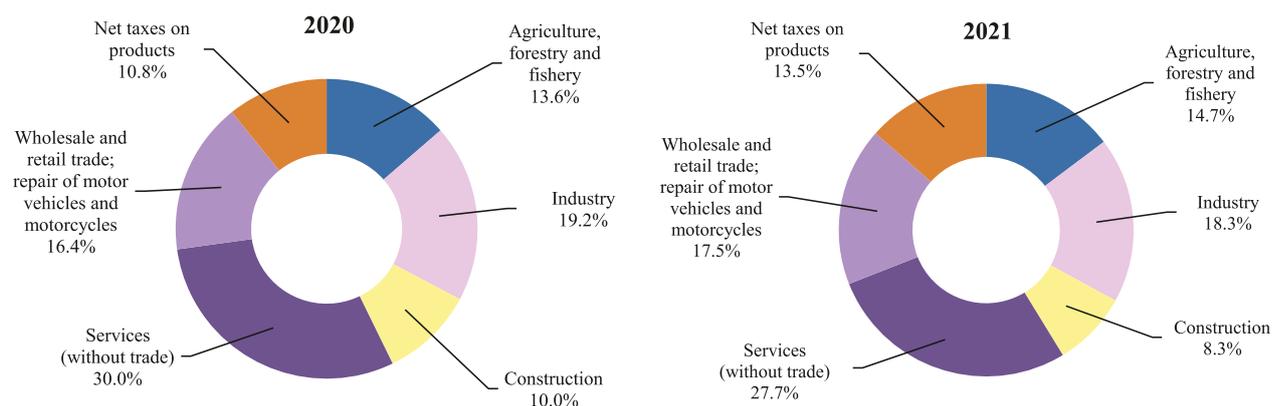
the enterprises involved in the Kumtor Gold Mine development, GDP growth reached 3.9 percent (in 2020, the decrease was 8.9 percent). The GDP deflator was positive at 16.0 percent against 6.1 percent in 2020. At the end of the year, the sectors of services and industry made the main positive contribution to the economic growth. The economic growth of the Kyrgyz Republic was restrained by decreased production output in the sectors of agriculture and construction.

At the end of 2021, the industrial sector demonstrated growth by 7.2 percent (in 2020, the decrease was 7.0 percent). Such growth was caused by an increase in the production output of refined petroleum products (by 67.0 percent), rubber and plastic products, other non-metallic mineral products (by 29.5 percent), wood and paper products, printing activities (by 26.2 percent) and other sectors. Production in the mining sector demonstrated recovery since mid-2021, having increased by 21.2 percent based on the results of the year. At the same time, in the processing sector, the growth was 7.0 percent in the reporting period. The industrial production output excluding the enterprises involved in the Kumtor Gold Mine development increased by 12.9 percent (in 2020, the decrease was 10.0 percent). Industry made positive contribution to economic growth of 1.4 percentage points against negative contribution of 1.3 percentage points in 2020. In 2021, the share of industry in the GDP structure was 18.3 percent, having decreased by 0.9 percentage points compared to 2020.

*Industry*

### **Chart 1.1.1.**

GDP Sector Composition by Types of Economic Activity



In the reporting year, the volume of production output in the agricultural sector decreased by 5.0 percent compared to 2020 (in 2020, the increase was 0.9 percent) due to a decrease in crop production (by 11.6 percent). Thus, the negative contribution of agriculture to GDP growth was 0.7 percentage points. In 2021, the share of agriculture in the GDP structure was 14.7 percent against 13.6 percent in 2020.

*Agriculture*

The production output in the service sector increased by 6.5 percent (in 2020, the decrease was 9.8 percent), which was mainly caused by growth of transport services by 18.0 percent, information and communication – by 12.9 percent and wholesale and retail trade – by 11.4 percent. At the same time, the service sector made the largest contribution to GDP at 3.0 percentage points among other sectors. In the reporting year, the share of the service sector in the GDP structure decreased by 1.2 percentage points compared to this indicator in 2020 and amounted to 45.2 percent.

*Trade and service sector*

In 2021, the volume of output in the construction sector decreased by 4.8 percent (in 2020, decrease in the construction sector was 15.6 percent), which was conditioned by the reduction of capital investments. The negative contribution of this sector to GDP formation was at 0.5 percentage points against the negative contribution of 1.5 percentage points in 2020.

*Construction*

**Investment**

The volume of capital investments spent in the reporting period decreased by 5.9 percent (in 2020, the decrease of the same indicator was 24.3 percent). In 2021, the volume of capital investments financed from the domestic sources decreased by 4.9 percent, the enterprises and organizations – by 10.3 percent, and the funds of the population – by 0.6 percent. Investments financed from the bank loans increased by 1.2 times, from the republican budget – by 6.2 percent and the local budget – by 4.5 percent. The volume of investments financed from the external sources decreased by 10.0 percent, among them from the foreign direct investments – by 1.6 times, the foreign grants and humanitarian aid – by 8.9 percent, the foreign loans – by 2.0 percent.

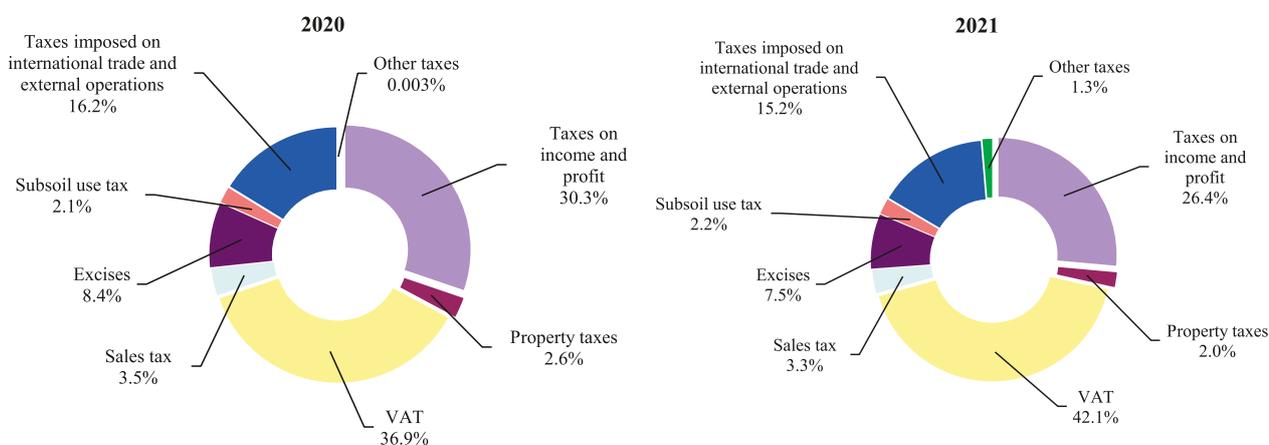
**1.2. Public Finance Sector<sup>1</sup>****Fiscal policy**

Amid current recovery of economic activity in 2021, revenues and expenditures of the country's state budget increased compared to 2020. Following the preliminary data, the state budget deficit decreased from 3.3 to 0.2 percent of GDP. The primary budget surplus<sup>2</sup> was KGS 6.7 billion, or 0.9 percent of GDP.

In the reporting period, the state budget revenues from operating activities increased by 38.0 percent compared to 2020 and amounted to KGS 209.8 billion (29.0 percent of GDP). The growth of tax revenues, the share of which in the revenue structure increased from 70.3 percent in 2020 up to 72.1 percent in 2021 made the main contribution to the increase of state budget revenues. Non-tax revenues to the budget increased by 34.8 percent and amounted to KGS 44.9 billion, more than 18.0 percent thereof were formed through deductions from the National Bank's profit. Official transfers increased by 16.2 percent and amounted to KGS 13.7 billion.

Social orientation of public expenditures was still observed in the fiscal policy. All socially significant expenditure items were fully satisfied in the reporting period. In 2021, the state budget expenditures for operating activities increased by 12.2 percent compared to the previous year and amounted to KGS 165.3 billion or 22.9 percent of GDP. Expenditures of budget funds increased on all items by functional classification, except for interest payment on government loans.

Net outflow of budget funds for acquisition of non-financial assets increased by 1.9 times or by KGS 21.8 billion compared to 2020 and amounted to KGS 46.2 billion or 6.4 percent of GDP.

**Chart 1.2.1.****State Budget Tax Revenue Structure**

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

In accordance with the parameters of the Public Debt Management Strategy of the Kyrgyz Republic for 2020-2023, approved by the resolution of the Government of the Kyrgyz Republic No. 409 dated August 4, 2020, the public debt of the Kyrgyz Republic in 2021 was still formed through attracting foreign and domestic borrowings. As of the end of 2021, the public debt amounted to KGS 436.3 billion or 60.3 percent of GDP against KGS 407.1 billion or 67.6 percent of GDP in 2020. The share of external debt remained significant in the structure of public debt (83.4 percent). Expenditures to service the public debt from the republican budget amounted to KGS 29.5 billion (4.1 percent of GDP), of which interest payments amounted to KGS 8.2 billion (1.1 percent of GDP).

Domestic borrowings were attracted through issuance and placement of the short-term government securities (the State Treasury Bills – ST-Bills) and the long-term government securities (the State Treasury Bonds – 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.

*ST-Bills and  
ST-Bonds  
market*

In the reporting period, the short-term segment of government securities was characterized by low activity of the participants and was represented only by 12-month ST-Bills. In the reporting period, supply of ST-Bills at the auctions increased by 26.2 percent (up to KGS 2.8 billion) compared to 2020. At the same time, the total demand for ST-Bills decreased by 45.8 percent, down to KGS 1.1 billion. According to the results of the auctions, as well as additional placements, the sales of ST-Bills amounted to KGS 973.2 million with the weighted average yield of 7.20 percent (in 2020, KGS 1.1 billion with the weighted average yield of 5.87 percent). Despite reduction in sales, the volume of ST-Bills in circulation increased year-to-date by 20.3 percent and amounted to KGS 973.2 million at the end of 2021.

In 2021, the Ministry of Finance continued to increase the share of long-term borrowings through ST-Bonds.

Moreover, at the end of 2021, the Ministry of Finance offered securities with a longer maturity: 15-year and 20-year ST-Bonds. As a result, supply of ST-Bonds at the auctions increased by 45.0 percent (up to KGS 26.2 billion) at the end of 2021. The investors' demand for ST-Bonds increased by 14.0 percent from KGS 17.9 billion in 2020 up to KGS 20.4 billion in 2021. 20-year ST-Bonds were in great demand; the share thereof in the overall demand was 24.5 percent. According to the results of the auctions, the total sales of ST-Bonds, taking into account additional placements, amounted to KGS 22.3 billion (in 2020 – KGS 16.2 billion). In the reporting period, the total weighted average yield of ST-Bonds increased by 0.1 percentage point compared to 2020, to make 11.1 percent.

Thus, as of the end of 2021, the volume of ST-Bonds in circulation increased by 33.5 percent since year-to-date and amounted to KGS 70.6 billion. In 2021, the auctions for placement of foreign-currency-denominated ST-Bonds were not held. As a result, the volume of this asset in circulation has not changed year-to-date and amounted to USD 49.4 million.

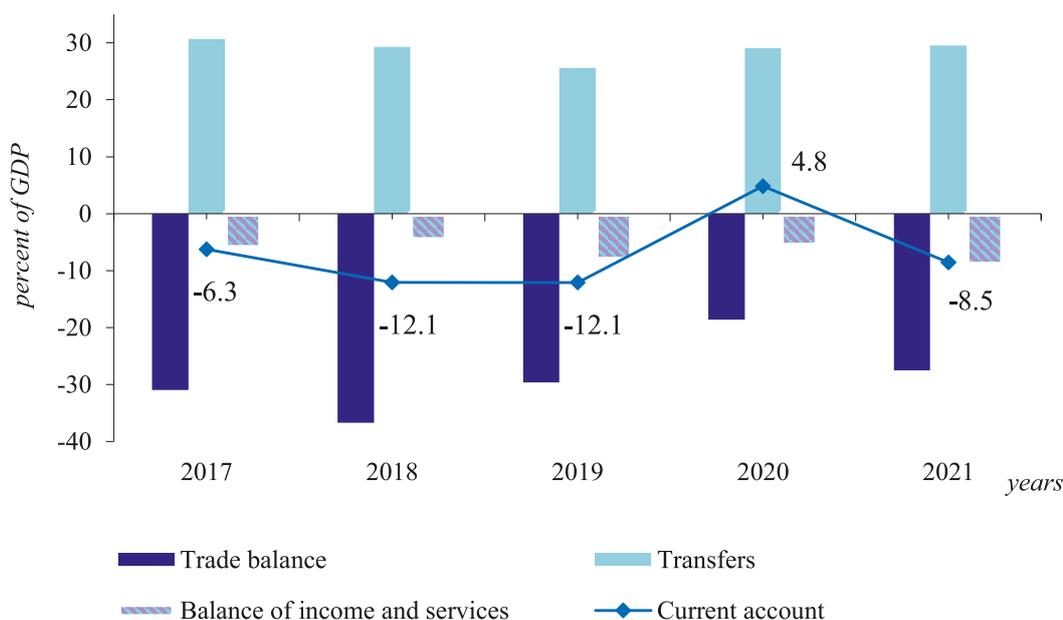
### **1.3. Balance of Payments of the Kyrgyz Republic**

The COVID-19 pandemic spread has significantly influenced the balance of payments indicators over the past two years. In 2020, the current account balance was positive being irregular for the country due to a significant reduction in the trade deficit. The financial account balance was negative due to a decrease in capital inflow.

According to the preliminary data, in 2021, the current account balance was negative and amounted to USD 728.8 million, or 8.5 percent of GDP (in 2020, the current account balance was positive and amounted to 4.8 percent of GDP). An increase in the goods, services and income balance deficit amid growth in the volume of receipts of current transfers had a decisive influence on the dynamics of the indicator.

**Chart 1.3.1.**

Current Account

**Foreign trade**

The reporting year was characterized by an outstripping growth in import of goods compared to export thereof. As a result, the trade balance deficit increased by 63.4 percent compared to 2020 and amounted to USD 2.4 billion.

In the reporting year, export of goods (in FOB prices) increased by 40.8 percent and amounted to USD 2.8 billion<sup>1</sup>. Export excluding gold increased by 33.9 percent and amounted to USD 1.4 billion mainly due to an increase in the supplies of rolled glass, fruits, clothes, fabrics, textile yarn, vegetables, and portland cement. At the same time, a decrease was observed in export of live animals, ore and concentrates of precious metals, butter, cheese and cottage cheese.

In the reporting year, export supplies to the EAEU countries increased by 44.9 percent, mainly due to an increase in the supply of rolled glass, fruits and clothes.

In 2021, import of goods (in FOB prices) and amounted to USD 5.2 billion, having increased by 50.2 percent. There was an increase in the value of imported petroleum products by 59.7 percent, mainly due to higher average contract prices of supplies. At the same time, in the reporting year, there was an increase in supplies of clothes, fabrics, footwear, cars, fruits, nuts, and meat. Along with this, there was a decrease in import of medicaments, flour, iron and steel, internal combustion engines and cigarettes.

Import supplies from the EAEU countries increased by 38.6 percent, mainly due to the growth in supplies of petroleum products and consumer goods.

Following the preliminary results of 2021, the balance of services was negative and amounted to USD 189.2 million, which was mainly due to deterioration in the balance of transport services. There was an increase in export of services by 21.8 percent and in import of services by 17.7 percent.

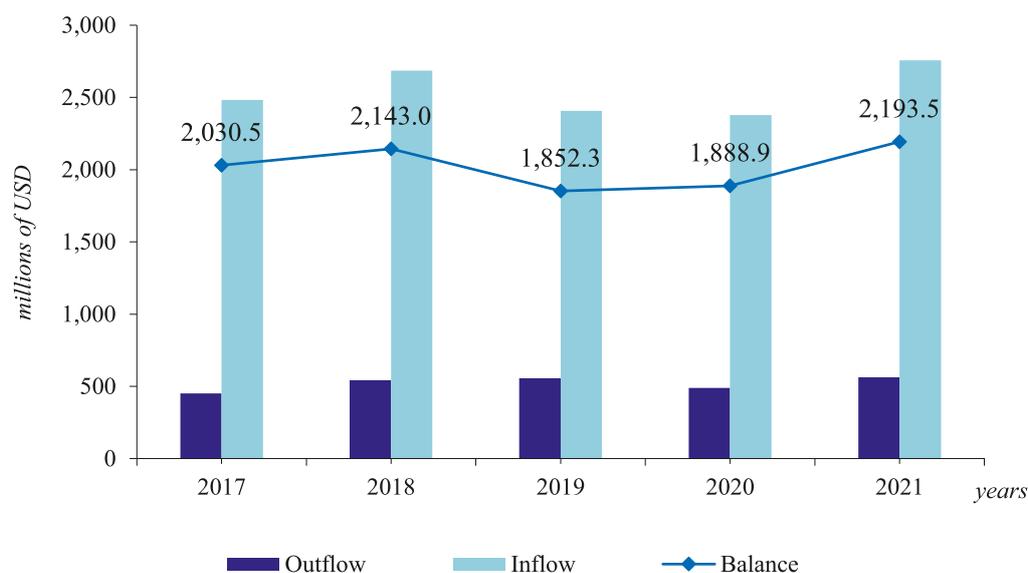
**Remittances**

Net inflow of current transfers amounted to USD 2.5 billion, having increased by 12.2 percent as compared to 2020. In the structure of current transfers, a significant volume of inflow was provided by remittances. Following the results of 2021, the net inflow of individuals' remittances through money transfer systems increased by 16.1 percent and amounted to USD 2.2 billion.

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

**Chart 1.3.2.**

## Remittances of Individuals through the Money Transfer Systems



Following the results of the reporting year, the negative balance of income increased by 2.8 times, from USD 256.4 million up to USD 708.2 million. It was formed under the influence of increasing direct investment income accrued to be paid to non-residents.

According to the preliminary results of 2021, the capital and financial account balance was positive in the amount of USD 739.6 million against a negative value in the amount of USD 393.3 million in 2020. The items “direct investments” and “other investments” primarily influenced the financial account formation. Net inflow of direct foreign investment amounted to USD 580.5 million, mainly due to a decrease in liabilities on debt instruments of the foreign co-owners to direct investment enterprises.

The item “other investments” decreased by 73.7 percent compared as 2020 and amounted to USD 24.8 million, mainly due to an increase in the assets of residents of the Kyrgyz Republic abroad.

Following the results of 2021, the balance of the item “errors and omissions” was formed positive in the amount of USD 553.2 million, which reflects statistical discrepancies related to the moment of transactions registry, incomplete coverage or using data from various sources.

The overall balance of payments was positive and amounted to USD 564.0 million (in 2020, the negative balance amounted to USD 122.7 million).

At the end of the reporting year, gross international reserves amounted to USD 2,977.6 million, which corresponded to 5.7 months of coverage of the future import of goods and services.

*Capital account**Overall balance*



ACTIVITY  
OF THE NATIONAL BANK  
OF THE KYRGYZ REPUBLIC  
IN 2021



## CHAPTER 2. MONETARY POLICY

In 2021, the National Bank continued tightening monetary conditions, which was caused by acceleration of inflation processes in the country amid negative impact of rise in prices in the world commodity markets and introduction of restrictions related to the COVID-19 pandemic.

Taking into account the existing inflation environment and prospects for the domestic economic development, the National Bank implemented four consecutive increases of the policy rate from 5.00 to 8.00 percent during 2021. Besides the interest rate policy measures, the National Bank conducted monetary operations to limit inflationary pressure by withdrawing excessive liquidity.

In order to maintain effective functioning of the banking system, the National Bank provided the commercial banks with credit resources to cover short-term liquidity gaps.

The average annual inflation rate for the period from 2019 until 2021 amounted to 6.5 percent and was within the medium-term target set by the National Bank.

In 2021, the National Bank conducted foreign exchange interventions on sale of foreign currency to prevent sharp exchange rate fluctuations within the framework of the floating exchange rate regime effective in the country.

Effective communication policy conducted by the National Bank was especially important in the reporting year amid the negative impact of non-monetary factors of inflation. Information transparency in taking monetary policy decisions was focused on forming rational inflation expectations of the public and economic entities and ensuring predictability of the National Bank's further actions.

International reserves were managed taking into account the priorities of liquidity and security. During 2021, the volume of gross international reserves of the Kyrgyz Republic increased by USD 169.5 million, up to USD 2,977.6 million at the end of the year.

### 2.1. Goal and Objectives of Monetary Policy

#### *The National Bank's goal*

The activities of the National Bank were focused on achieving and maintaining price stability through appropriate monetary policy (MP). Meanwhile, the National Bank used a wide range of monetary policy tools.

The monetary policy target was to keep inflation within single-digit rates in the medium term, indicated in the Statement of the National Bank of the Kyrgyz Republic on Monetary Policy for 2021<sup>1</sup>.

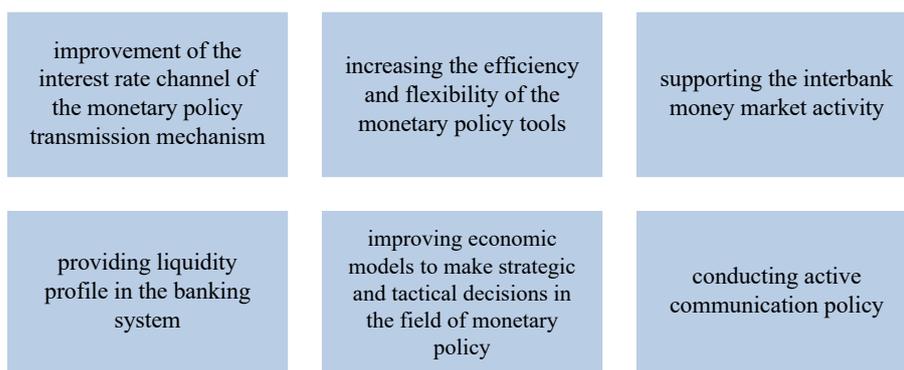
#### *Monetary policy main objectives*

In the reporting year, the main tasks of the National Bank in conducting monetary policy were to restrain inflationary processes in the country and ensure a liquidity profile in the banking system to strengthen monetary transmission.

The National Bank continued to work on improving the monetary policy transmission mechanism by improving the efficiency and flexibility of monetary tools and maintaining conditions for active functioning of the interbank money market.

<sup>1</sup> Approved by the Resolution of the Board of the National Bank of the Kyrgyz Republic No. 2020-II-07/72-2-(JKII) dated December 16, 2020.

## Monetary Policy Main Objectives in 2021



## 2.2. Monetary Policy Implementation

The implementation of monetary policy in 2021 was conducted taking into account current restrictions in the internal and external environment caused by the spread of the COVID-19 pandemic.

In the reporting year, tactical monetary policy decisions were made under conditions of a high level of excess liquidity in the banking system and taking into account the rate of economic recovery in the Kyrgyz Republic and in the countries-trading partners.

The policy rate of the National Bank was 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 2021 based on a medium-term forecast of economic development, designed using economic modeling methods.

*Interest rate policy*

Rise in prices in the world food markets and energy markets conditioned the acceleration of inflationary processes. Reduced supply of goods and services, as well as introduction of additional anti-COVID measures due to emergence of the COVID-19 new variants are the main reasons for significant increase in prices in the world commodity markets. The policy rate of the National Bank was gradually increased from 5.00 to 8.00 percent under these conditions. The policy rate was increased in February, April, July and November 2021.

The National Bank, besides changes in the policy rate, also adjusted the rates of the interest rate corridor: the rate on “overnight” deposits, being the lower limit, was increased from 2.75 to 5.50 percent, the rate on “overnight” credits, determining the upper limit, was increased from 5.75 to 8.50 percent.

In 2021, there was a high level of excess liquidity in the banking system. This was due to the measures taken by the government sector in 2020 and the operations conducted by the National Bank in the reporting year. The average daily volume of excess liquidity before the operations of the National Bank to withdraw excess liquidity increased by KGS 1.5 billion compared to 2020 and amounted to KGS 17.8 billion.

*Liquidity regulation*

The National Bank regulated the level of excess liquidity in the banking system by conducting operations in the open market and placing the commercial banks’ available funds on “overnight” deposits at the National Bank to limit the monetary component of inflation. The average daily volume of excess liquidity withdrawn from the banking system amounted to KGS 18.0 billion (in 2020 – KGS 16.1 billion).

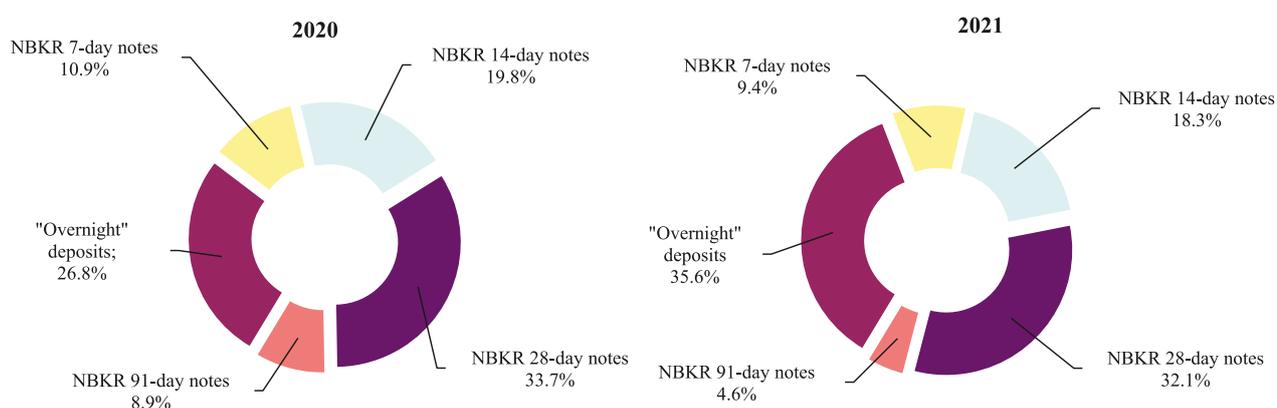
The notes of the National Bank remained the main instrument to withdraw excess liquidity. At the same time, the share of notes in the maturity structure of the National Bank’s sterilization operations decreased from 73.2 percent to 64.4 percent, the most significant change affected 91-day notes. In the reporting year, the average daily volume

of sterilization through the notes increased from KGS 11.4 billion in 2020 up to KGS 11.6 billion.

The share of the banks' available funds placed on "overnight" deposits at the National Bank increased from 26.8 to 35.6 percent over the year. In the reporting year, the average daily volume of "overnight" deposits at the National Bank increased by KGS 1.7 billion and amounted to KGS 6.4 billion (in 2020 – KGS 4.7 billion).

**Chart 2.2.1.**

Structure of National Bank Sterilization Operations



#### Lending policy

In 2021, the need of the commercial banks for the credit resources of the National Bank was observed in the short segment. In order to reduce temporary gaps in short-term KGS liquidity, "overnight" credits were provided to the commercial banks within the framework of the current standing facility, the gross volume thereof amounted to KGS 20.8 billion in the reporting year.

Amid growth of excess reserves in the banking system in 2021, the National Bank limited operations to provide long-term KGS liquidity through refinancing instruments to restrain inflationary pressure in the country.

#### Communication policy

The National Bank conducted more active communication policy under the conditions of growing inflationary expectations. Inflation factors and potential risks of economic development in the Kyrgyz Republic and in the countries-trading partners were particularly emphasized. Transparency in terms of monetary policy, as before, was focused on formation of the public and economic entities' rational expectations, including those on inflation and monetary measures taken by the National Bank in the medium term.

In order to increase transparency and public credibility of the monetary policy conducted by the National Bank, the strategic and target guidelines of monetary policy for the near future were published, press releases about the decisions on the policy rate were issued on a regular basis, and press conferences on monetary policy issues were held. The monetary policy reports were posted on the official website of the National Bank on a quarterly basis.

### 2.2.1. Open Market Operations

#### The National Bank notes

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.

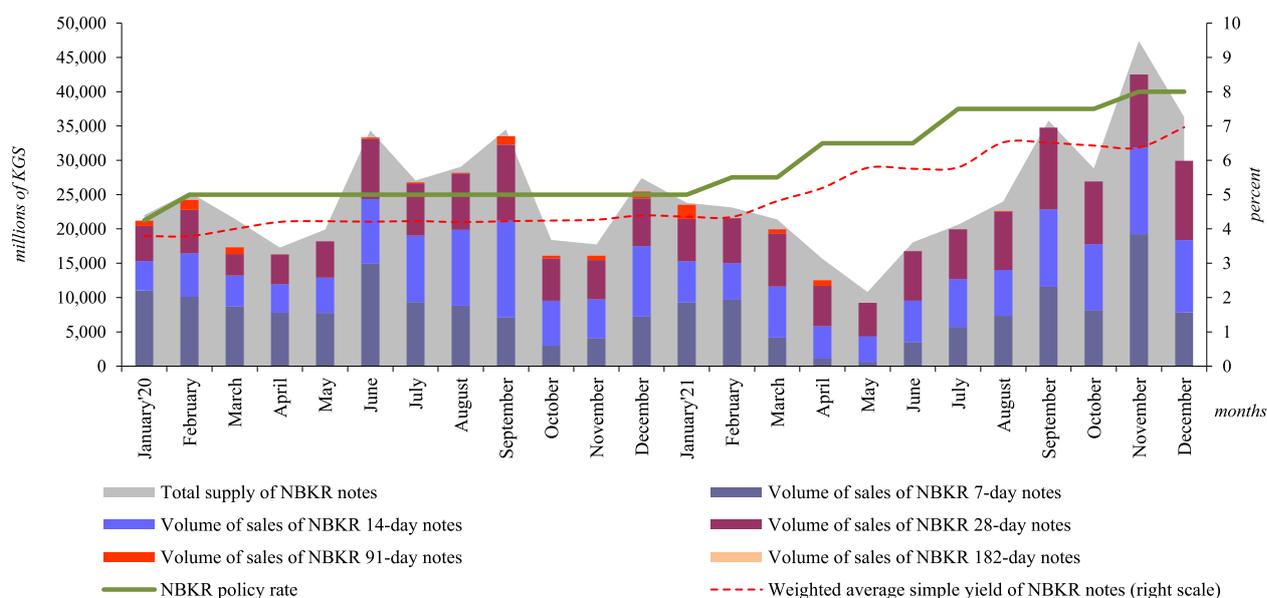
In 2021, the volume of notes supplied by the National Bank amounted to KGS 305.8 billion. At the same time, the volume of demand for notes slightly increased as

compared to 2020 (KGS 307.2 billion) and amounted to KGS 311.0 billion. The total sales of notes increased by 1.3 percent as compared to 2020 and amounted to KGS 280.2 billion.

The largest volume of sales was accounted for the National Bank notes with a maturity of 28 days (34.7 percent). Sales of notes with a maturity of 7 and 14 days amounted to 31.5 and 32.5 percent respectively, 91 days – 1.3 percent.

### **Chart 2.2.1.1.**

Sales Volume of National Bank Notes and Policy Rate Developments



During the reporting period, the weighted average yield of the National Bank notes was relatively stable, there were no significant fluctuations. The weighted average yield of notes increased by 1.5 percentage points as compared to 2020 and amounted to 5.7 percent.

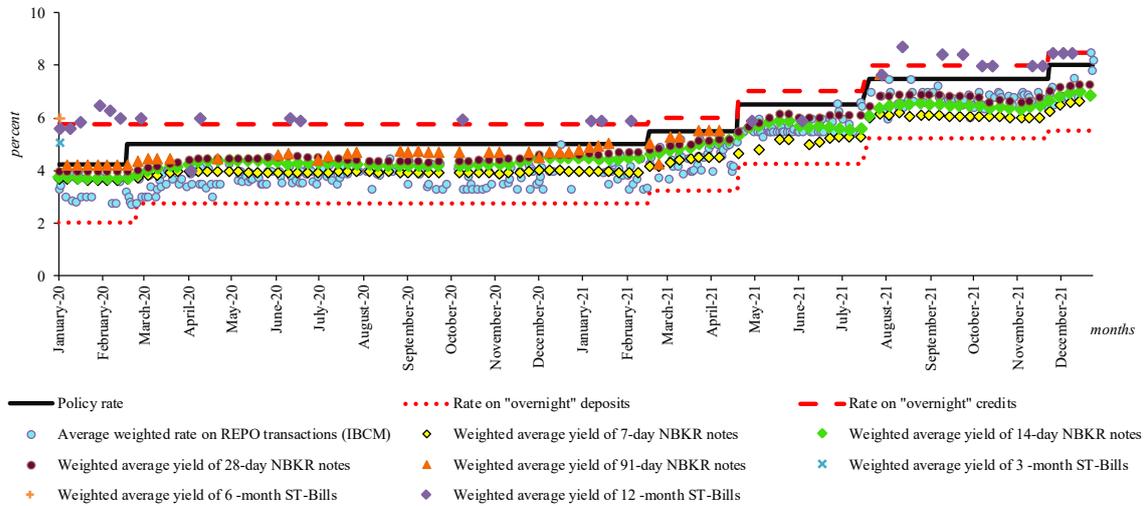
At the end of 2021, the volume of the National Bank notes in circulation significantly increased year-to-date (KGS 13.0 billion) and amounted to KGS 18.5 billion. Commercial banks (87.2 percent), institutional investors (11.6 percent), resident legal entities and individuals (1.2 percent) were the main holders of notes at the end of the reporting period.

## **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. As a result, short-term money market interest rates were more structured and shared common dynamics with the policy rate. During 2021, the rates were within the interest rate corridor set by the National Bank, excluding the yields on 12-month ST-Bills. The money market was characterized by the highest activity of its participants in the short segment 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)**

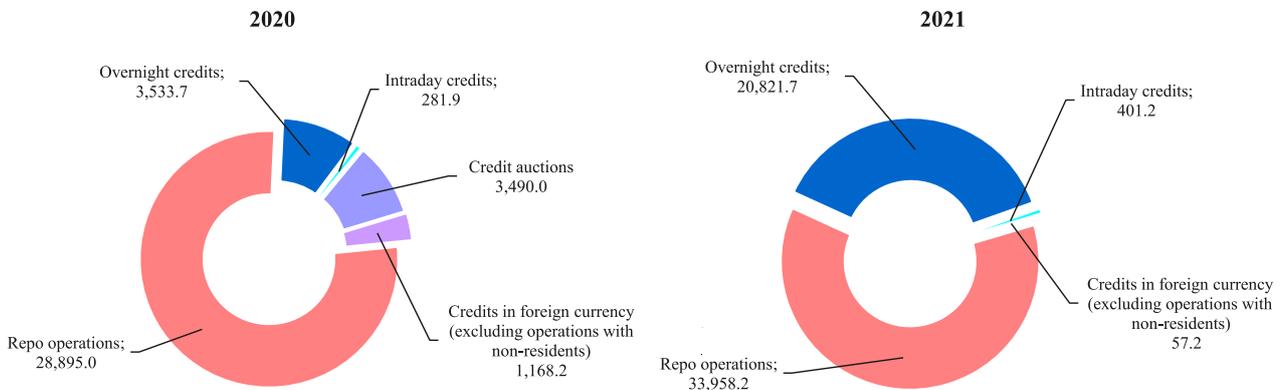


**Interbank credit market**

In 2021, activity in the interbank credit market remained at a high level. The total volume of operations in the interbank credit market (including credits issued by the National Bank) increased by 47.8 percent compared to 2020 and amounted to KGS 55.2 billion. The volume of repo operations increased by 17.5 percent compared to 2020, from KGS 28.9 up to KGS 34.0 billion.

**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 1.9 percentage points, up to 5.7 percent. In 2021, one credit in foreign currency was extended in the interbank market, the interest rate thereof increased by 4.5 percentage points compared to the average rates in 2020 and amounted to 7.0 percent. Similar operations in the national currency were not conducted.

The average maturity of repo operations decreased from 7 to 5 days, the maturity of credits in foreign currency increased from 2 to 5 days.

In 2021, no credit auctions were conducted to limit inflationary pressure in the country.

**Table 2.2.2.1.**

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

	2020	2021
<b>Interbank market rates</b>		
Rates of credits in national currency	-	-
Rates of credits in foreign currency	2.5	7.0
Rates of repo operations	3.8	5.7
<b>National Bank operations rates</b>		
"Overnight" credits rates	5.8	7.3
"Overnight" deposits rates	2.6	4.3
Credit auctions rates	4.9	-

In 2021, the Ministry of Finance of the Kyrgyz Republic did not conduct auctions to place 3- and 6-month ST-Bills. Thus, the short-term segment of the government securities was represented only by ST-Bills with a maturity of 12 months.

*Government securities market*

The Ministry of Finance of the Kyrgyz Republic issued 15- and 20-year ST-Bonds for the first time since November 2021. At the end of the reporting year, ST-Bonds with a maturity from 2 to 20 years were in circulation.

### 2.2.3. Operations on Banks Refinancing

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

*Refinancing instruments*

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 to the commercial banks to mitigate the negative impact of the COVID-19 pandemic;
- the credits provided on the repayment basis on collateral to the international organizations established by the Kyrgyz Republic jointly with other states within the EAEU;
- the credits of last resort provided in exceptional cases to the commercial banks 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 gross volume of extended intraday credits and “overnight” credits amounted to KGS 401.2 million, having increased by 42.3 percent as compared to 2020 (KGS 281.9 million), and KGS 20,821.7 million, having increased by 5.9 times as compared to 2020 (KGS 3,533.7 million), respectively.

***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>					
2020	111.4	170.5	-	-	<b>281.9</b>
2021	-	401.2	-	-	<b>401.2</b>
<b>"Overnight" credits</b>					
2020	1,624.2	1,909.5	-	-	<b>3,533.7</b>
2021	224.2	14,178.7	826.1	5,592.8	<b>20,821.7</b>
<b>Credit auctions**</b>					
2020	285.0	2,405.0	800.0	-	<b>3,490.0</b>
2021	-	-	-	-	<b>0.0</b>
<b>Credits provided to mitigate the negative impact of the COVID-19 pandemic</b>					
2020	80.2	320.0	-	-	400.2
2021	-	-	-	-	<b>0.0</b>
<b>Credits to international organizations</b>					
2020	150.0	-	-	50.0	<b>200.0</b>
2021	-	-	-	-	<b>0.0</b>

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

\*\* Volume of credits actually provided during specified period

## 2.2.4. Domestic Foreign Exchange Market Operations

In 2021, the situation in the foreign exchange market was developing amid further spread of the COVID-19 pandemic, monetary and fiscal support measures taken in the world’s leading economies, which affected the global financial and commodity markets. Participation of the National Bank in the foreign exchange auctions depended on the domestic foreign exchange market environment and was implemented amid current regime of the floating exchange rate.

### *Foreign exchange interventions*

In Q1, the situation in the foreign exchange market was characterized by an excess of demand for foreign currency over supply thereof. The National Bank conducted operations on sale of foreign currency in the amount of USD 158.0 million to smooth sharp fluctuations of the exchange rate.

Increased demand for foreign currency was also observed at the beginning of Q2. In Q2, the National Bank sold USD 112.5 million.

During Q3, the situation in the foreign exchange market remained relatively stable. There was a balance between supply and demand. There was an increase in pressure on the exchange rate at the end of September, and the National Bank conducted a one-time intervention on sale of foreign currency in the amount of USD 33.1 million.

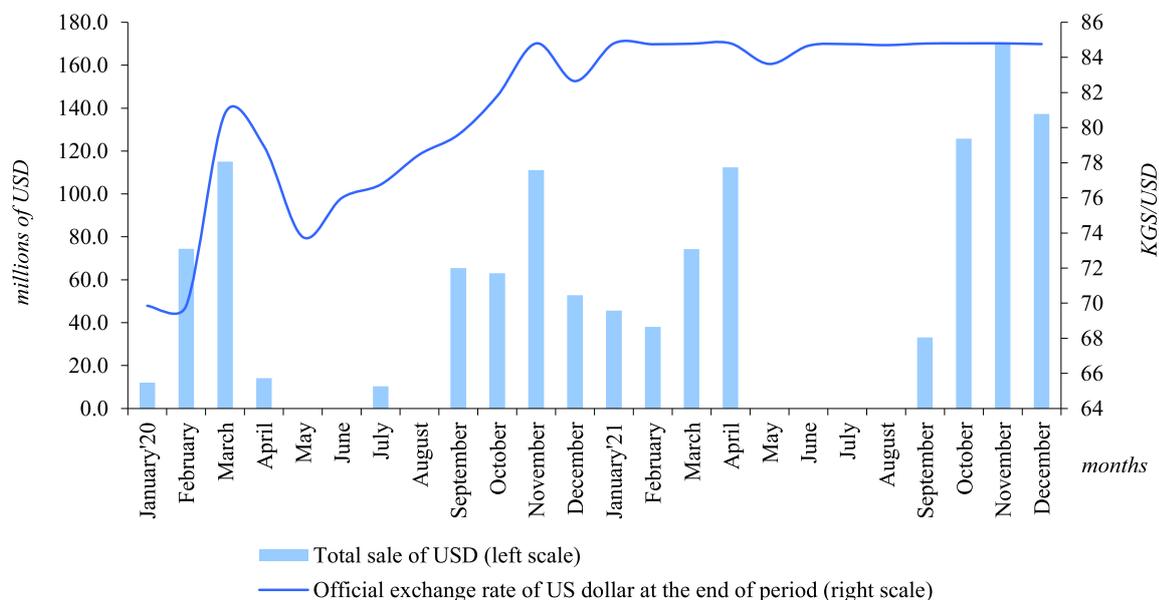
In Q4 of 2021, the situation in the foreign exchange market was affected by the external and the internal factors. The gradual recovery of economic activity conditioned formation of deferred demand for foreign currency in the domestic market to result in an increase in seasonal demand and the need to service import contracts. There was

a reduction in the supply of foreign currency and an excess of demand for non-cash and cash foreign currency in the domestic foreign exchange market.

Steady demand for foreign currency and pressure on the exchange rate determined active participation of the National Bank in the foreign exchange auctions in Q4. The National Bank sold USD 433.4 million, USD 38.0 million thereof was sold in cash.

**Chart 2.2.4.1.**

Foreign Exchange Operations of the National Bank in 2021



In 2021, totally, the National Bank sold USD 737.0 million, USD 38.0 million thereof was sold in cash. The National Bank did not conduct operations on purchase of foreign currency during the reporting period.

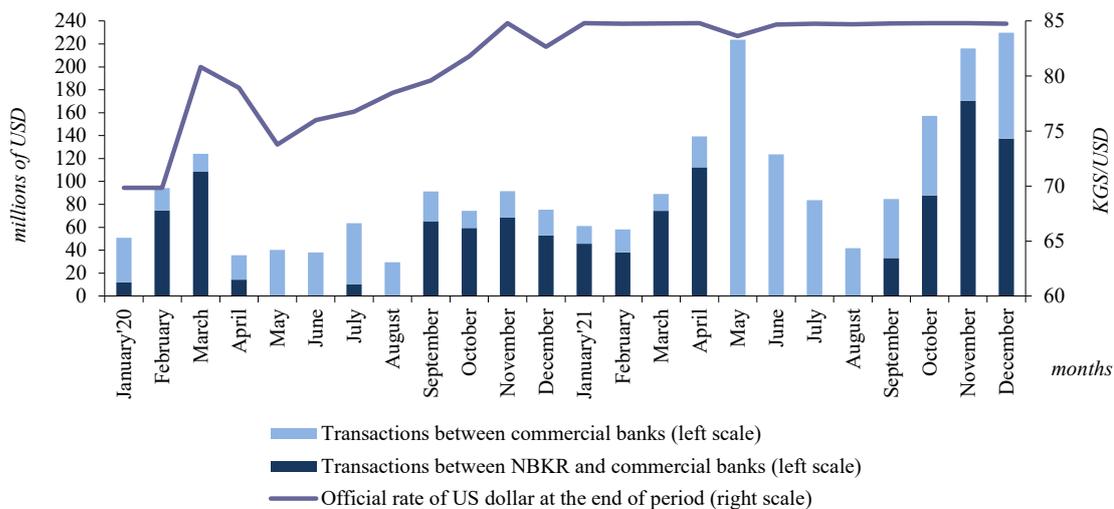
In 2021, the official US dollar-Kyrgyz som exchange rate increased by 1.5 percent and amounted to KGS 84.7586 per USD at the end of the reporting year.

In 2021, there was an increase in the volume of operations on purchase/sale of foreign currency by 53.1 percent, up to KGS 1,533.3 billion, in the foreign exchange market due to gradual recovery of the world economy and the economy of the Kyrgyz Republic from the COVID-19 pandemic. There was an increase in the volume of operations for all types of currencies.

*Total volume of operations in the foreign exchange market*

**Chart 2.2.4.2.**

Exchange Rate Movement and Volume of Interbank Foreign Exchange Auction Operations



### Swap-operations

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 5.3 percent as compared to 2020<sup>1</sup> and amounted to USD 1.4 billion. The National Bank did not conduct any swap-operations in the reporting period.

### Exchange rate movement at exchange offices

Following the results of 2021, the weighted average selling rate of Russian ruble in the exchange offices increased by 2.3 percent as compared to the end of 2020 and amounted to KGS 1.1406 per Russian ruble. The weighted average selling rate of US dollar increased by 2.0 percent and amounted to KGS 84.8808 per US dollar. The weighted average selling rates of euro and Kazakh tenge in the exchange offices on the contrary decreased by 5.6 percent (down to KGS 96.0580 per euro) and by 2.3 percent (down to KGS 0.1935 per Kazakh tenge), respectively.

## 2.2.5. Reserve Requirements

### RR standards

Reserve requirements (RR) being 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 under the conditions set by the National Bank.

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.

The effective reserve requirements standards for the liabilities included in the calculation base were not changed during 2021. 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 KGS and the liabilities in five currencies (the currencies of the EAEU member-states and Chinese yuan). The ratio of reserve requirements was kept unchanged at zero level for the banks' liabilities on depersonalized metal accounts of the clients.

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.

<sup>1</sup> The data of the periodic regulatory reports (PRBR) of the commercial banks were used taking into account adjustments made by the banks for 2020.

In 2021, non-payment of penalties for banks' failure to comply with RR when operation of the Bulk Clearing System (BCS), the Automated Trading System (ATS), and the Real Time Gross Settlement System (RTGS) is suspended due to circumstances of insuperable force (force majeure) was provided for to improve regulatory legal framework for reserve requirements.

In 2021, penalties were imposed on two 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, Banks and Banking Activity", 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 2021, 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 during international reserves management.

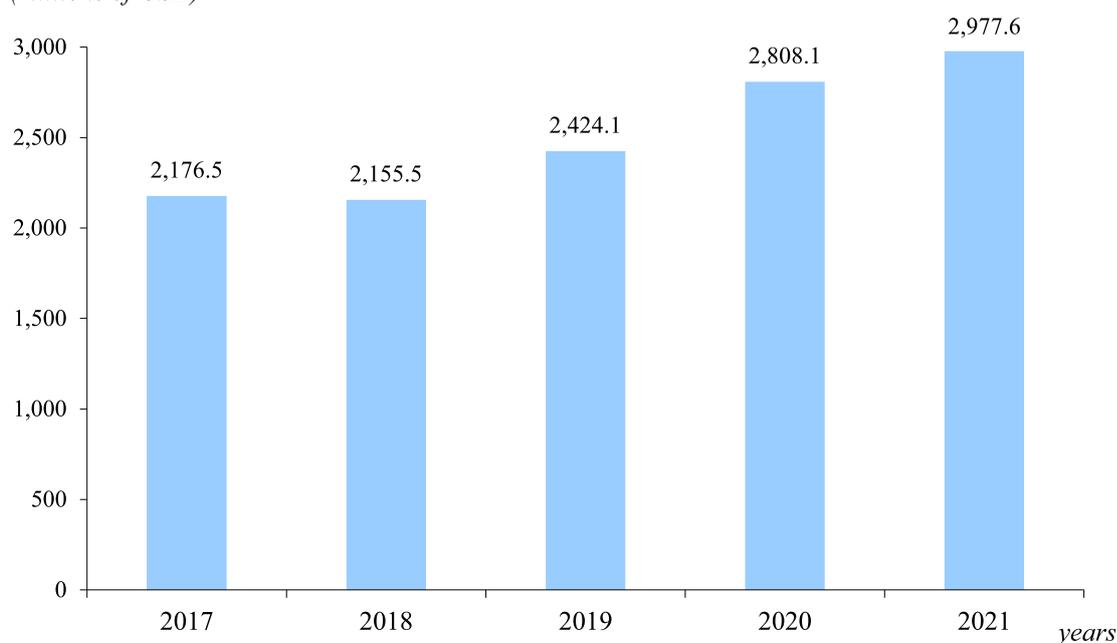
Management of international reserves was regulated by the Investment Policy and the Risk Management Policy.

At the end of 2021, gross international reserves amounted to USD 2,977.6 million, having increased by USD 169.5 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 and the National Bank of the Kyrgyz Republic influenced the volume of gross international reserves during 2021.

*Structure of international reserves*

**Table 2.3.1.**  
Structure of International Reserves (end-of-period)  
(percent)

	2020	2021
Currency portfolio	59.3	67.5
Gold	36.2	19.9
Special Drawing Rights	4.5	12.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

In 2020, 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 yens, as well as other currencies to service the operations conducted by 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.

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.

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.

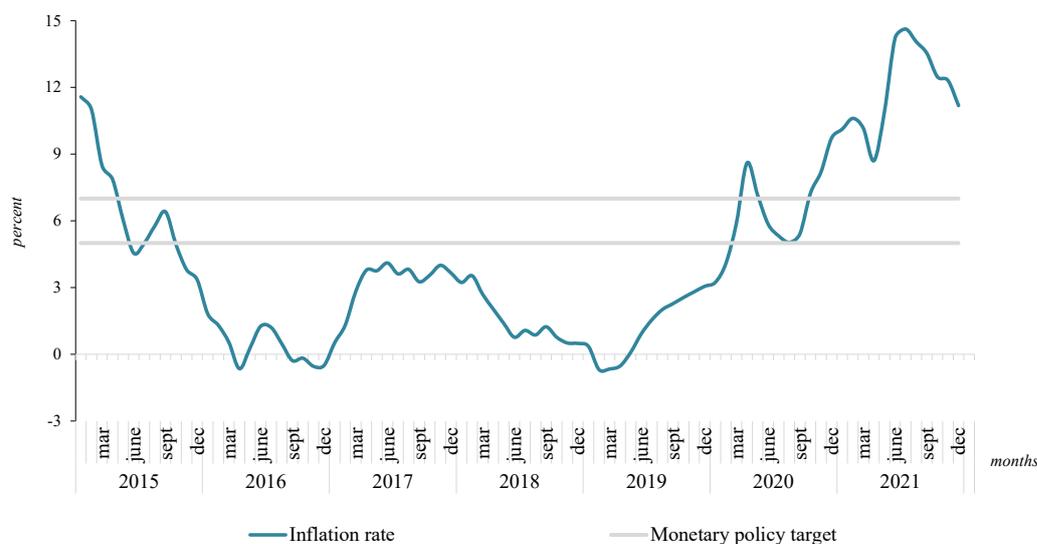
## 2.4. Monetary Policy Results

*Inflation*

The monetary policy conducted in 2021 contributed to restraining inflationary processes in the country under the negative influence of external imbalances.

Inflation was primarily caused by non-monetary factors, most significant of which was the rise the global food market prices. During 2021, there was a high volatility of prices for basic food products, the sharpest acceleration of food inflation was observed in the middle of the year.

According to the National Statistical Committee of the Kyrgyz Republic, in 2021, the overall level of consumer prices in annual terms (December 2021 to December 2020) increased by 11.2 percent. Meanwhile, the average annual inflation rate for the period from 2019 until 2021 amounted to 6.5 percent, not exceeding the medium-term target set by the National Bank.

**Chart 2.4.1.****Inflation Rate in the Kyrgyz Republic**

An increase in prices for food products was conditioned by the global inflationary trends, as well as domestic market factors related to the adverse weather conditions in the spring-summer period of 2021, which adversely affected the country's harvest and agricultural production output.

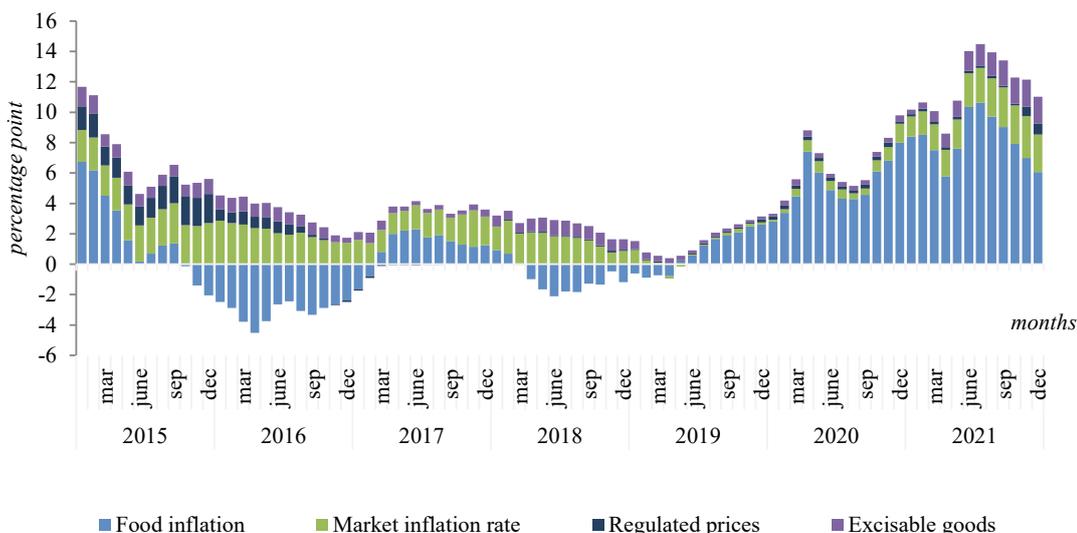
Prices for food products increased by 13.3 percent (December 2021 to December 2020). An increase in prices for fruits and vegetables, meat products, sunflower oil and sugar was the most significant in the food group.

Prices for the group of non-food products increased by 9.7 percent in annual terms. An increase in prices for petroleum, oil and lubricants due to rise in selling prices of the Russian refineries, an increase in prices for clothes and footwear, growth in tariffs for public transport services, a seasonal increase in prices for coal, as well as rise in electricity tariffs for certain groups of consumers made the main contribution to this category of goods in the reporting period. There was an increase in prices for paid services. In the reporting period, prices for alcoholic beverages and tobacco products increased by 11.4 percent amid an increase in excise rates for tobacco products in early 2021.

In 2021, market inflation rate<sup>1</sup> stood at 6.8 percent by the end of the year.

<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.

**Chart 2.4.2.**  
Contribution to CPI Growth

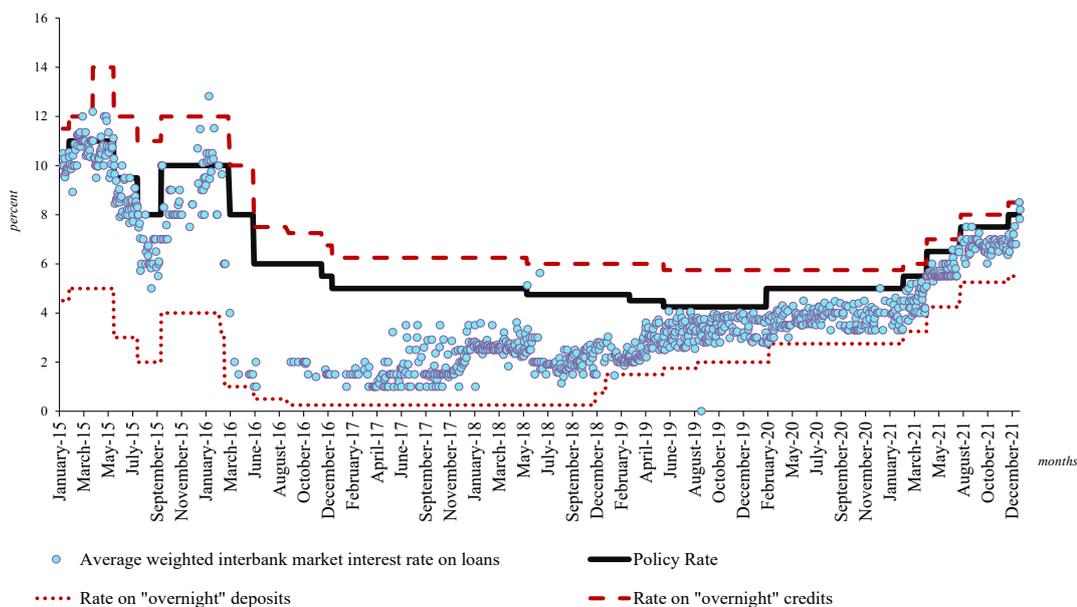


*Money market*

During the reporting period, the short-term rates of the interbank credit market in the national currency were within the interest rate corridor, the rates thereof were the rates on deposits and “overnight” credits. The behavior of the money market rates complied with the monetary policy of the National Bank.

In 2021, the upper and lower rates of the interest rate corridor were adjusted accordingly besides an increase of the policy rate: the rate on “overnight” deposits was increased from 2.75 percent to 5.50 percent, the rate on “overnight” credits - from 5.75 percent to 8.50 percent.

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



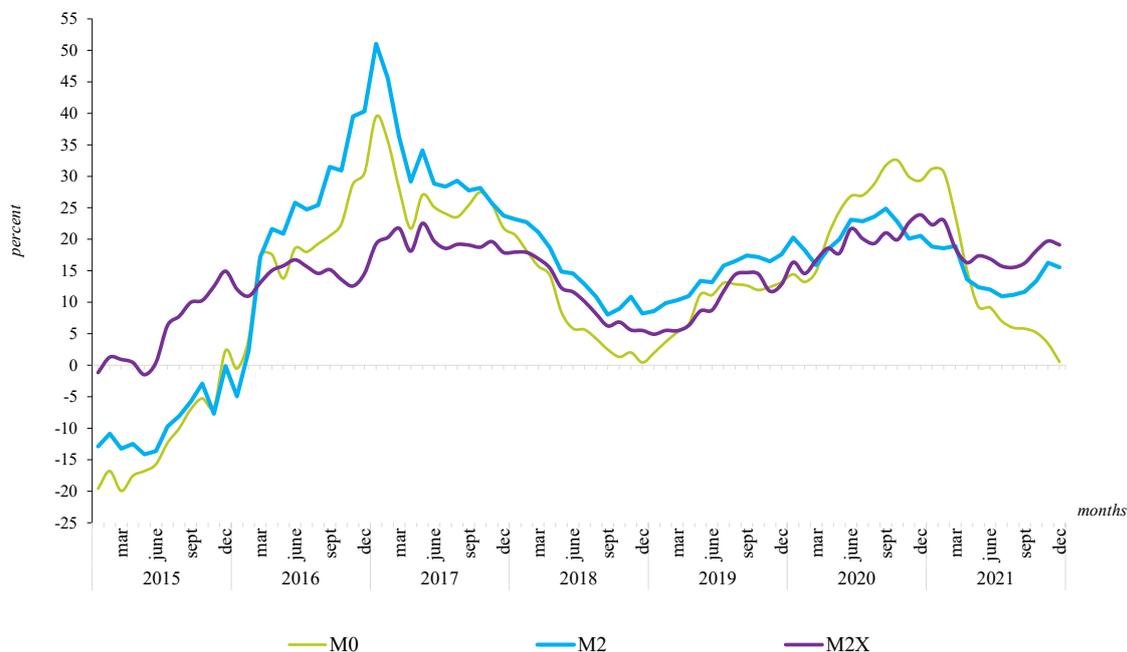
*Monetary base*

In 2021, the monetary base increased by 6.5 percent or KGS 9.6 billion and amounted to KGS 156.9 billion at the end of the year. The operations of the National Bank

contributed to the monetary base growth by KGS 13.2 billion, while the operations of the government sector decreased the monetary base by KGS 3.7 billion.

**Chart 2.4.4.**

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



At the end of 2021<sup>1</sup>, M2X monetary aggregate (broad money supply including deposits in foreign currency) increased by 19.1 percent, up to KGS 339.8 billion. The increase in this indicator was primarily due to growth of deposits by 33.4 percent, including an increase of deposits in the national currency by 35.2 percent and deposits in foreign currency – by 30.9 percent. The indicator of money outside banks remained practically unchanged during the reporting year, having increased by 0.5 percent. Broad money supply in the national currency (monetary aggregate M2) increased by 15.6 percent, up to KGS 253.2 billion at the end of 2021.

<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 2021, the main performance indicators of the financial-credit organizations demonstrated a sufficient safety margin to offer financial services to the population amid the spread of the COVID-19 pandemic.

High capital adequacy level of the banking sector indicates that there is potential to further improve the level of financial intermediation, the efficiency of functioning and to ensure the stability of the banking sector.

The National Bank implemented measures focused on 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 consequences of the COVID-19 crisis for the banking system, reducing banking risks, creating opportunities for rendering digital banking services, and expanding services provided in accordance with the principles of Islamic finance.

Measures taken by the National Bank, as well as the government programs focused on maintaining and resuming the activities of small and medium-sized businesses, contributed to growth in the amount of loans extended to the population by the financial-credit organizations.

In 2021, the aggregate credit portfolio of the banks increased by 11.8 percent and amounted to KGS 181.8 billion. The overall level of financial intermediation (assets to GDP ratio) increased and amounted to 49.9 percent (at the end of 2020 – 48.1 percent). In 2021, the total deposit base of the commercial banks increased by 34.3 percent and amounted to KGS 242.9 billion, deposits of the individuals increased by 16.7 percent, and deposits of the legal entities increased by 58.6 percent.

At the end of the year, the total NBFCOs assets increased by KGS 4.6 billion or 16.3 percent and amounted to KGS 33.1 billion. The NBFCOs credit portfolio increased by KGS 4.9 billion or 21.1 percent compared to 2020 and amounted to KGS 28.0 billion, as well as the credit portfolio formed in accordance with the principles of Islamic finance (PIF) amounted to KGS 1.0 billion or 3.7 percent of the NBFCOs credit portfolio. At the end of the year, attracted deposits increased by KGS 0.5 billion or 49.9 percent compared to 2020 and amounted to KGS 1.6 billion.

In 2021, the National Bank continued active work to improve the tools and mechanisms for conducting supervisory activities, including early risk management in the financial-credit organizations.

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

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

In 2021, the main indicators of the banking system continued to grow: assets, credit portfolio, deposits, and capital. Reduced interest rates on loans, together with other factors, increased the availability of borrowed funds for the individuals and organizations. It conditioned increase in the volume of financing by the banks. There was an increase in the volume of deposits that indicated enhancement of public confidence in the banks. In the reporting period, an increase in the size of banks' capital contributed to strengthening of the banking system reliability and stability.

23 commercial banks operated in 2021, 16 banks thereof had foreign capital. The authorized capital of banks increased from KGS 31.2 up to KGS 37.0 billion. The share of foreign capital in the authorized capital of the banking system remained practically unchanged at 29.2 percent.

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

The total assets of the banking system increased by 24.8 percent and amounted to KGS 361.1 billion by the end of the reporting year. The main share of banks' assets to comprise primarily loans amounted to 50.3 percent.

*Banking system assets*

**Table 3.1.1.1.**

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

Asset category	2020		2021	
	billions of KGS	Share, percent	billions of KGS	Share, percent
Loans and financial lease to clients	162.6	56.2	181.8	50.3
Correspondent accounts and deposits with other banks	39.8	13.7	62.6	17.3
Securities portfolio	21.9	7.6	33.4	9.3
Cash	24.2	8.4	30.1	8.4
Correspondent account with the NBKR	14.2	4.9	18.8	5.2
Fixed assets	15.6	5.4	17.1	4.7
Loans to financial and credit organizations	2.1	0.7	1.2	0.3
Securities purchased under repurchase (REPO) agreement	0.3	0.1	0.3	0.1
Investments and financial participation	0.5	0.2	1.0	0.3
Special LLP*	-15.6	-5.4	-18.1	-5.0
Other assets	23.7	8.2	32.9	9.1
<b>Total</b>	<b>289.3</b>	<b>100.0</b>	<b>361.1</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 42.5 percent and amounted to KGS 111.5 billion or 30.9 percent of the total assets at the end of 2021.

The volume of performing assets and off-balance sheet liabilities amounted to 90.9 percent of the total assets or KGS 294.1 billion, and the share of non-performing assets amounted to 9.1 percent or KGS 29.5 billion.

**Table 3.1.1.2.**

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

Category	Assets and off-balance liabilities	
	2020	2021
<b>Total performing</b>	<b>90.2</b>	<b>90.9</b>
<i>including:</i>		
Standard	61.0	67.4
Satisfactory	8.4	9.2
Under supervision	20.8	14.3
<b>Total non-performing</b>	<b>9.8</b>	<b>9.1</b>
<i>including:</i>		
Substandard	4.5	3.6
Doubtful	1.6	1.4
Losses	3.7	4.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

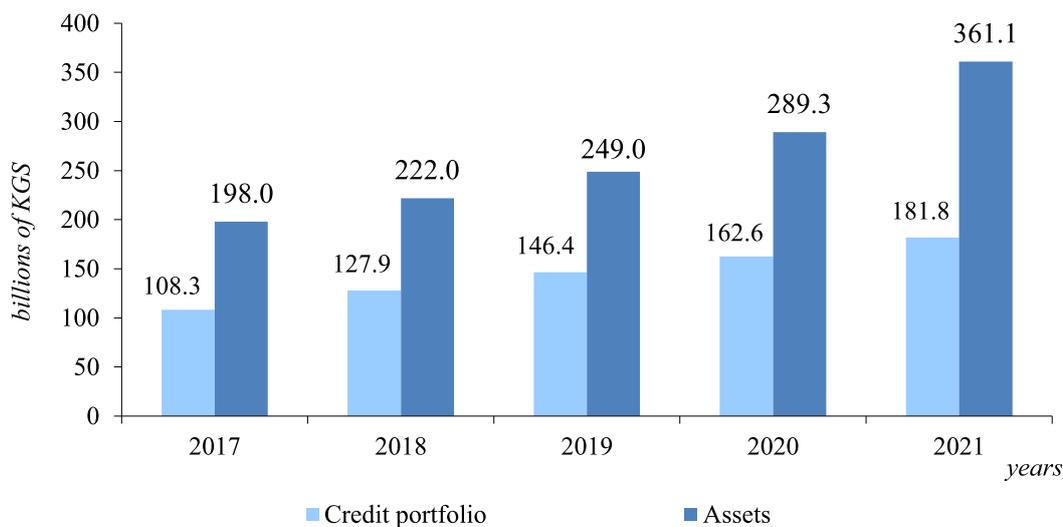
The aggregate credit portfolio of the banks<sup>1</sup> increased by 11.8 percent and amounted to KGS 181.8 billion.

*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.**

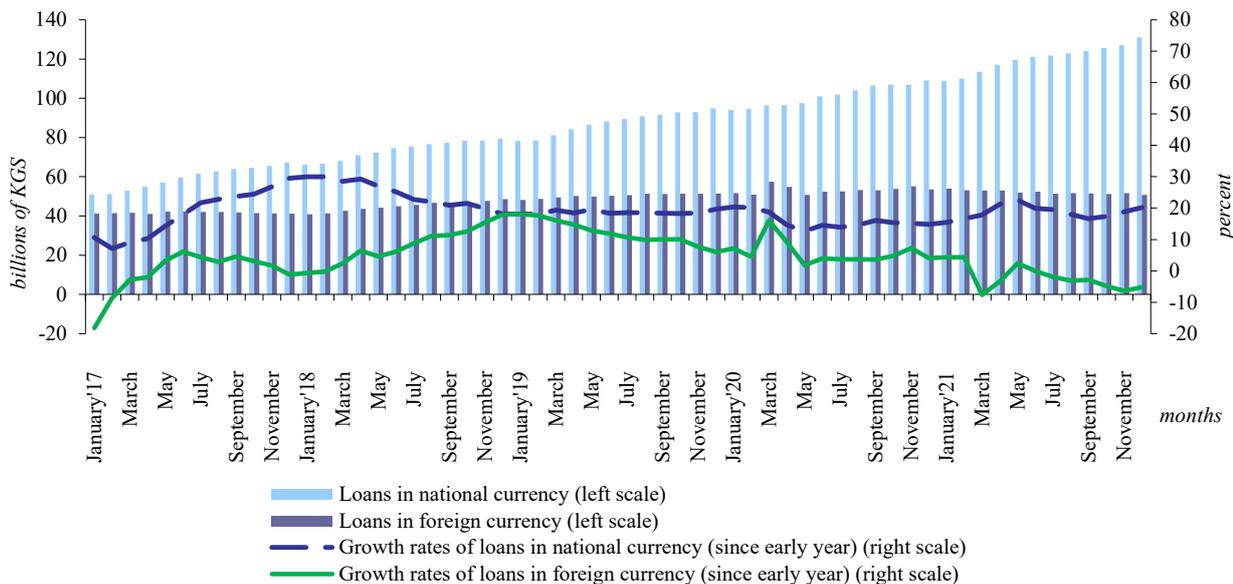
Dynamics of Assets and Credit Portfolio of Banks (end-of-period)



The credit portfolio increased due to the growth of lending in the national currency by 20.2 percent, up to KGS 131.0 billion. The volume of loans in foreign currency decreased by 5.0 percent and amounted to KGS 50.8 billion.

**Chart 3.1.1.2.**

Credit Portfolio of Banks (end-of-period)



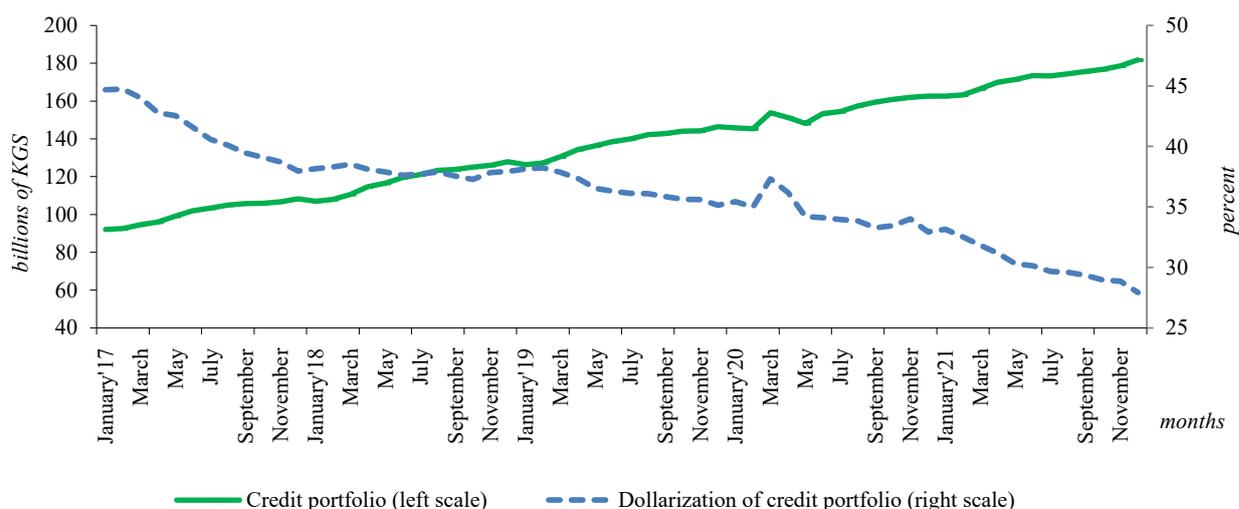
By the end of the reporting year, the total volume of short-term loans increased by 20.8 percent, and the volume of loans with maturity over one year increased by 10.3 percent, which conditioned reduction of the credit portfolio duration from 32.9 to 32.1 months. The number of borrowers increased by 12.9 percent and amounted to 477.3 thousand individuals and legal entities.

**Credit portfolio dollarization**

The level of dollarization of the credit portfolio continued its decline and at the end of 2021 decreased by 5.0 percentage points compared to 2020, down to 27.9 percent.

**Chart 3.1.1.3.**

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

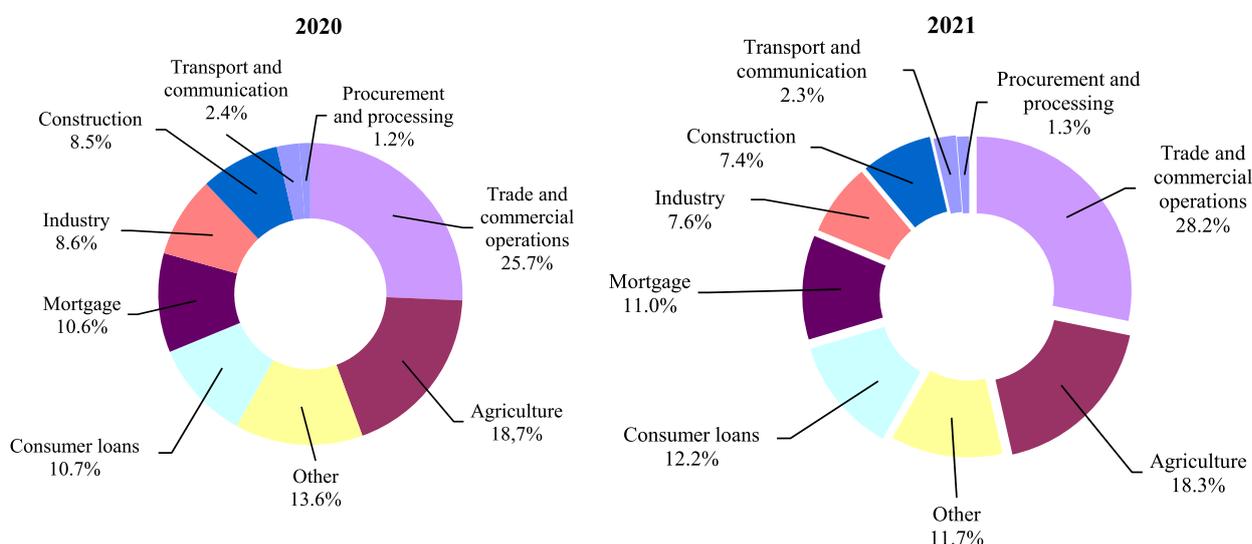


The volume of lending to the main sectors of economy continued increasing. The loans were mainly extended in such sectors as: trade and commercial operations (by KGS 9.5 billion), consumer lending (by KGS 4.8 billion), agriculture (by KGS 2.7 billion), mortgage (by KGS 2.7 billion). There was decrease in the volume of lending in the sectors of industry (by KGS 0.2 billion) and construction (by KGS 0.2 billion).

*Sectoral structure of the credit portfolio*

**Chart 3.1.1.4.**

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



The volume of credit portfolio increased in all regions of the Kyrgyz Republic. In Bishkek, the credit portfolio increased by KGS 9.4 billion, in Osh city and Osh oblast – by KGS 3.8 billion, in Jalal-Abad oblast – by KGS 2.1 billion, in Issyk-Kul oblast – by KGS 1.2 billion, in Talas oblast – by KGS 0.9 billion, in Naryn oblast – by KGS 0.7 billion, in Batken oblast – by KGS 0.7 billion and in Chui oblast – by KGS 0.6 billion.

*Regional structure of credit portfolio*

**Table 3.1.1.3.**

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

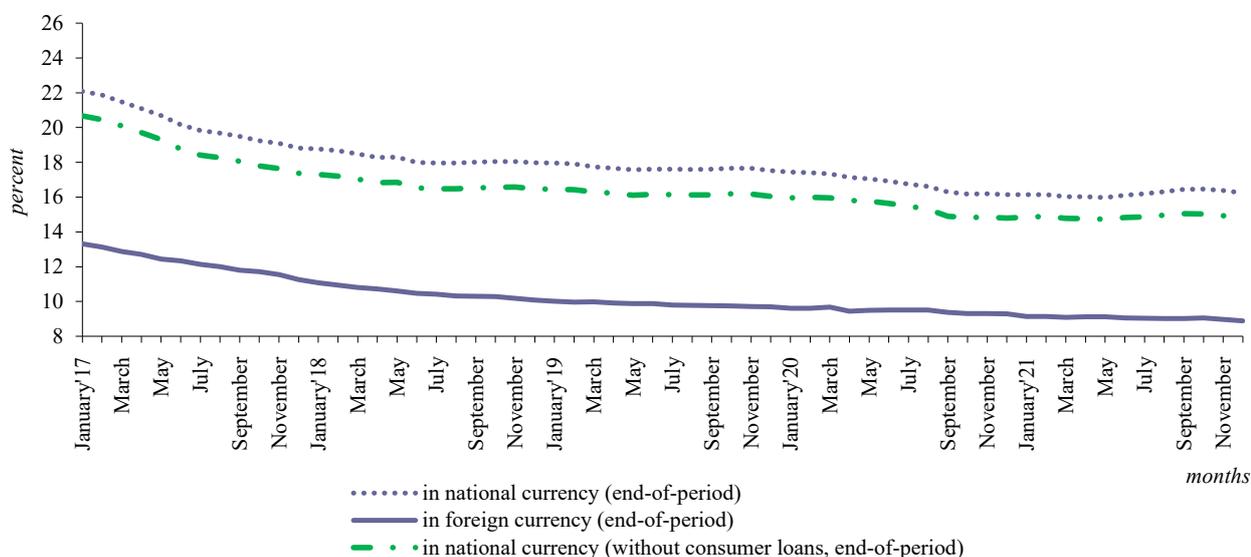
	2020		2021	
	billions of KGS	Share, percent	billions of KGS	Share, percent
Bishkek city	91.1	56.3	100.4	55.4
Osh city and Osh oblast	19.4	12.0	23.1	12.8
Jalal-Abad oblast	14.0	8.6	16.1	8.9
Chui oblast	11.9	7.3	12.5	6.9
Issyk-Kul oblast	8.3	5.2	9.6	5.3
Naryn oblast	6.7	4.1	7.4	4.0
Talas oblast	5.3	3.3	6.3	3.5
Batken oblast	5.1	3.2	5.8	3.2
<b>Total</b>	<b>161.8</b>	<b>100.0</b>	<b>181.2</b>	<b>100.0</b>

\*The credit portfolio is given including accrued discount

At the end of the reporting year, the weighted average interest rates on the credit portfolio of the commercial banks amounted to 16.2 percent in the national currency (an increase by 0.1 percentage point) and those in foreign currency – 8.9 percent (a decrease by 0.4 percentage points). The weighted average interest rate on the credit portfolio (excluding consumer loans) in the national currency was kept unchanged and amounted to 14.8 percent by the end of the year.

**Chart 3.1.1.5.**

Weighted Average Interest Rates of Credit Portfolio of Banks



### Performing assets and LLP

The share of non-performing loans in the credit portfolio increased by 0.6 percentage points as compared to 2020 and amounted to 11.1 percent or KGS 20.2 billion.

In the reporting period, the amount of allocations to LLP amounted to 1.4 percent of the credit portfolio (in 2020 – 2.1 percent) amid growth in the volume of the credit portfolio.

**Table 3.1.1.4.**Classification of Commercial Banks' Loans  
(percent)

Category	Loans	
	2020	2021
<b>Total performing</b>	<b>89.5</b>	<b>88.9</b>
<i>including:</i>		
Standard	45.8	51.1
Satisfactory	10.7	11.5
Under supervision	33.0	26.3
<b>Total non-performing</b>	<b>10.5</b>	<b>11.1</b>
<i>including:</i>		
Substandard	4.5	4.3
Doubtful	1.9	1.7
Losses	4.1	5.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The total volume of loans issued by the commercial banks during 2021 increased by 36.0 percent as compared to 2020 and amounted to KGS 158.2 billion. It was due to an increase by 35.2 percent in the volume of loans issued in the national currency, up to KGS 125.9 billion, the volume of loans in foreign currency increased by 39.3 percent, up to KGS 32.3 billion.

The weighted average interest rates on loans issued during the year demonstrated decline. The average interest rate in the national currency decreased by 0.4 percentage points and amounted to 16.6 percent. This indicator in foreign currency decreased by 0.9 percentage points and amounted to 7.8 percent.

At the end of 2021, the total volume of liabilities of the commercial banks increased by 27.1 percent, up to KGS 309.4 billion. The share of liabilities in foreign currency decreased by 1.5 percentage points compared to 2020 and amounted to 40.5 percent of total liabilities at the end of 2021.

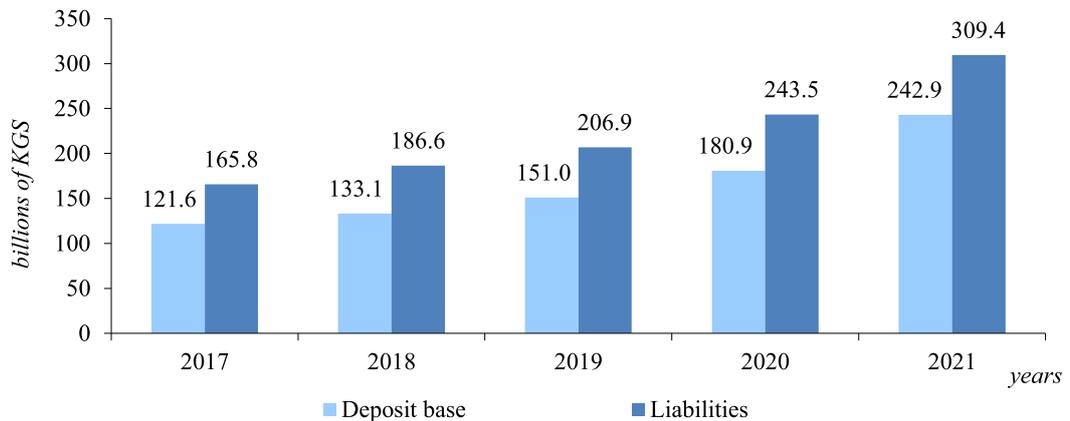
*Newly issued loans**Banking system liabilities***Table 3.1.1.5.**

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

Liability category	2020		2021	
	<i>billions of KGS</i>	<i>Share, percent</i>	<i>billions of KGS</i>	<i>Share, percent</i>
Term deposits	61.2	25.1	68.2	22.0
Settlement accounts	52.0	21.3	88.8	28.7
Demand deposits	46.9	19.3	56.9	18.4
Loans received	23.7	9.7	23.8	7.7
Government deposits	9.2	3.8	15.5	5.0
Deposits of non-residents	11.6	4.8	13.5	4.4
Liabilities to the NBKR	6.5	2.7	4.1	1.3
Government loans	7.6	3.1	4.5	1.5
Settlement accounts and deposits of banks	4.1	1.7	5.8	1.9
Securities sold under repurchase (repo) agreements	0.3	0.1	0.3	0.1
Other liabilities	20.4	8.4	28.0	9.0
<b>Total</b>	<b>243.5</b>	<b>100.0</b>	<b>309.4</b>	<b>100.0</b>

The share of the deposit base in the gross volume of liabilities increased by 4.2 percentage points compared to 2020 and amounted to 78.5 percent.

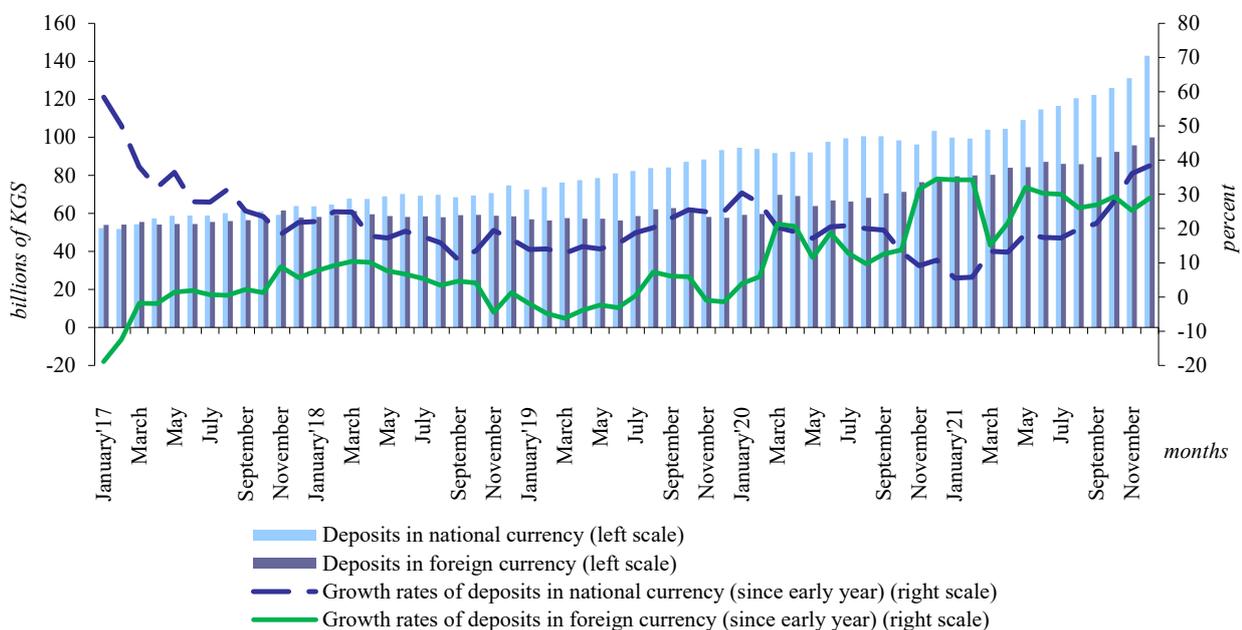
**Chart 3.1.1.6.**  
Dynamics of Liabilities and Deposit Base



*Deposit base*

At the end of 2021, the total volume of the deposit base of the commercial banks' clients increased by 34.3 percent year-to-date and amounted to KGS 242.9 billion. The volume of deposits in the national currency increased by 38.3 percent, up to KGS 143.0 billion, and those in foreign currency increased by 28.9 percent, up to KGS 100.0 billion. The number of depositors increased by 29.4 percent compared to 2020 and amounted to 3.9 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)

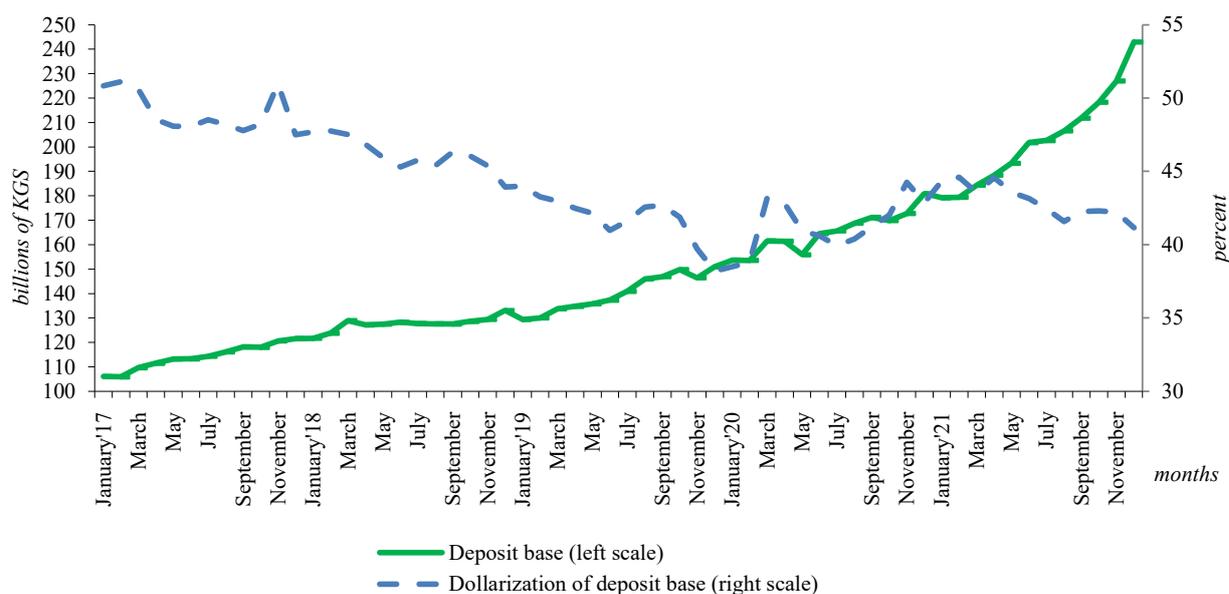


*Dollarization of the deposit base*

The level of dollarization of the deposit base decreased by 1.7 percentage points compared to 2020 and amounted to 41.2 percent.

**Chart 3.1.1.8.**

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



The structure of deposits demonstrated increase in long-term deposits (over a year), the share thereof amounted to 10.9 percent, and in short-term deposits (22.2 percent in the total volume of deposits). As a result, the duration of the deposit base decreased from 5.1 months in 2020 to 4.6 months in 2021. The duration of time deposits increased by 0.5 points, up to 14.0 months.

At the end of 2021, the weighted average interest rate on deposits in the national currency decreased by 0.1 percentage point over the year, down to 5.6 percent. The same indicator on deposits in foreign currency decreased down to 0.9 percent (by 0.3 percentage points).

During 2021, the volume of deposits<sup>1</sup> accepted by the banks amounted to KGS 909.0 billion, having increased by 40.7 percent compared to 2020. Deposits in the national currency increased by 39.8 percent, up to KGS 629.7 billion, those in foreign currency increased by 42.7 percent, up to KGS 279.3 billion. The main inflow of deposits was provided by the receipt of funds on the accounts of demand deposits.

During the year, the average interest rate on attracted deposits in the national currency decreased by 0.1 percentage point compared to 2020, down to 1.3 percent, and those in foreign currency remained at 0.3 percent. At the same time, the average interest rate on attracted term deposits in the national currency increased by 1.1 percentage points compared to 2020, up to 10.2 percent, and those in foreign currency decreased by 0.3 percentage points, down to 2.6 percent.

*General structure of the deposit base*

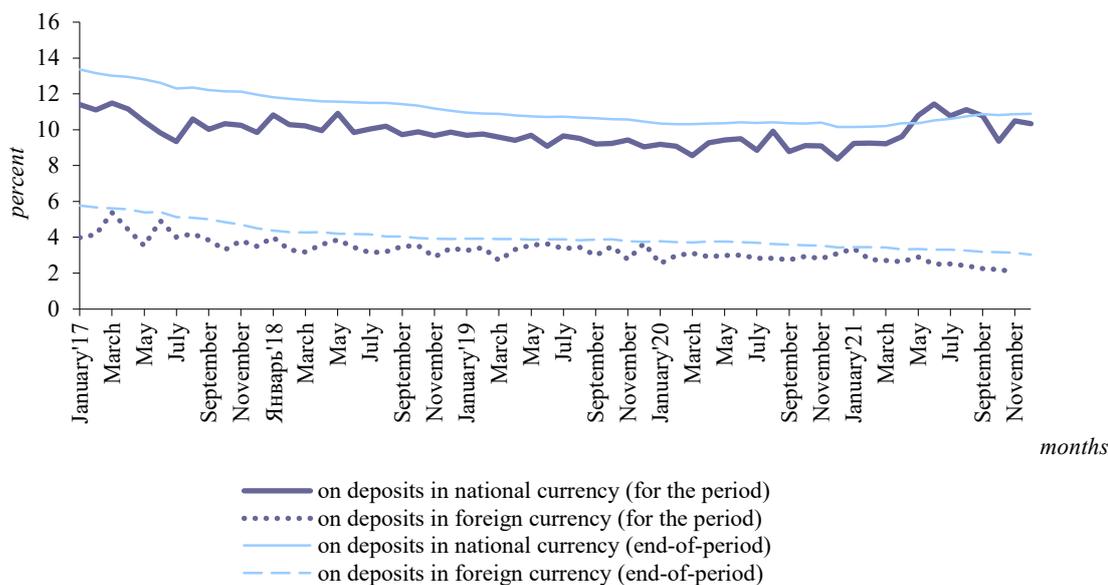
*Deposit interest rates*

*New deposits*

<sup>1</sup> The receipt of funds on the settlement accounts was not considered in the volume of newly attracted deposits.

**Chart 3.1.1.9**

## Weighted Average Interest Rates on Term Deposits of Banks

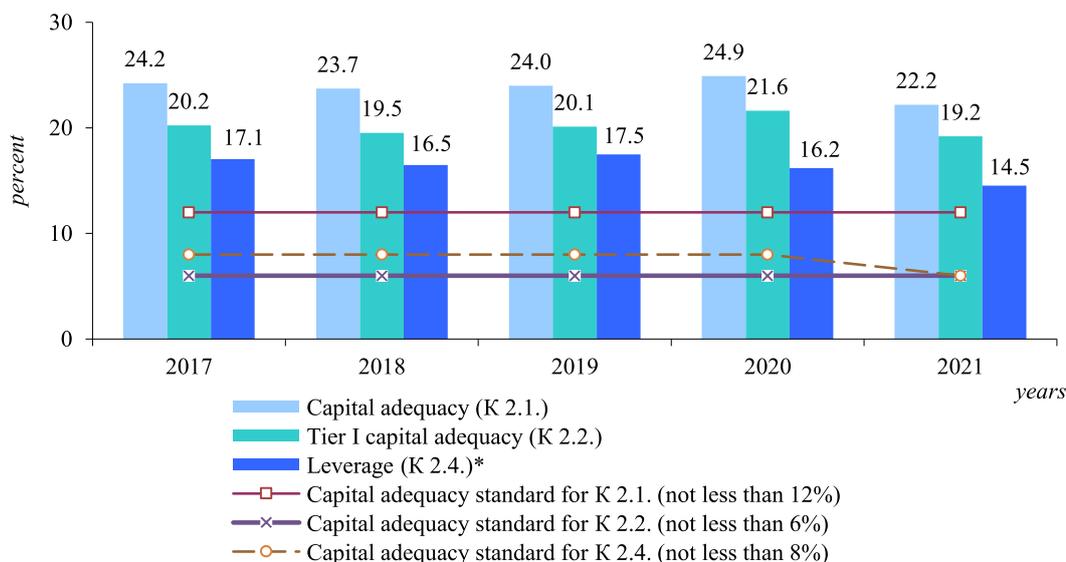
*Capital of commercial banks*

In 2021, the amount of net total capital<sup>1</sup> of the commercial banks increased by 11.5 percent and amounted to KGS 52.4 billion. The value of paid-in authorized capital<sup>2</sup> increased by 18.4 percent, up to KGS 37.0 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 22.2 percent at the end of 2021 and exceeded the established standard (at least 12 percent) by almost two times indicating that there is potential to further increase the level of financial intermediation.

**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 2021, net profit of the banking system increased by 56.2 percent compared to 2020 and totaled KGS 3.6 billion.

**Table 3.1.1.6.**

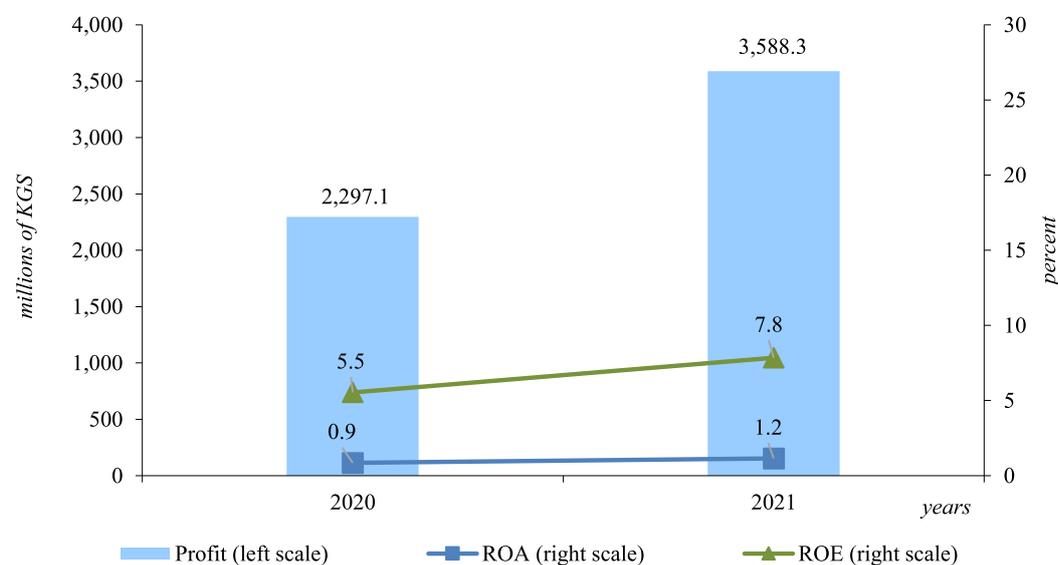
Volume of Income and Expenses of Banks  
(billions of KGS)

Category	2020	2021
Total interest income	24.7	27.2
Total interest expenses	9.1	9.8
<b>Net interest income</b>	<b>15.6</b>	<b>17.3</b>
Allocations to LLP (loans)	3.4	2.6
<b>Net interest income after allocations to LLP</b>	<b>12.2</b>	<b>14.8</b>
Total non-interest income	17.4	17.5
Total non-interest expenses	11.1	10.4
Total other operating and administrative expenses	14.9	16.7
<b>Net operating income (loss)</b>	<b>3.6</b>	<b>5.1</b>
Allocations to LLP (on other assets)	0.8	1.0
Net income (loss) before tax	2.7	4.1
Profit tax	0.4	0.5
<b>Net income (loss)</b>	<b>2.3</b>	<b>3.6</b>

In 2021, return on assets (ROA) increased from 0.9 percent to 1.2 percent, return on equity (ROE) increased from 5.5 percent to 7.8 percent.

**Chart 3.1.1.11.**

Indicators of Banks' Profitability



### 3.1.2. Licensing of the Commercial Bank

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

During 2021, one commercial bank was issued a license 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.

*Issue of license*

*Branches, savings offices and field cash offices*

**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	
	2020	2021	2020	2021	2020	2021
Bishkek city	74	76	243	250	41	31
Batken oblast	23	23	62	61	8	8
Jalal-Abad oblast	46	46	147	147	37	24
Issyk-Kul oblast	39	39	53	56	18	20
Naryn oblast	18	19	24	24	6	4
Osh oblast	58	57	171	174	45	41
Talas oblast	18	18	25	25	7	9
Chui oblast	36	34	65	65	37	34
<b>Total</b>	<b>312</b>	<b>312</b>	<b>790</b>	<b>802</b>	<b>199</b>	<b>171</b>

In 2021, the commercial banks opened five branches, 38 savings offices and 16 field cash offices in the republic. At the same time, five branches, 26 savings offices and 44 field cash offices of various commercial banks were closed.

### 3.1.3. Supervision of the Commercial Banks

In 2021, the National Bank supervised the banks through the remote analysis and on-site 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 the analysis of loans, the quality thereof deteriorated due to the situation and circumstances related to the spread of the COVID-19 pandemic.

*Capital indicators*

At the end of the year, the indicator of the total capital adequacy stood at 22.2 percent with the established standard of “not less than 12 percent”. Despite the decrease by 2.7 percentage points, compared to the previous period, this indicator exceeds the established standard level to 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.

**Table 3.1.3.1.**

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

	2020	2021
Net total capital, <i>billions of KGS</i>	47.0	52.4
Net risk assets, <i>billions of KGS</i>	188.6	235.9
Total capital adequacy ratio, <i>percent</i>	24.9	22.2
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>	10	7
Number of banks with capital adequacy ratio from 20 to 30 percent, <i>units</i>	8	8
Number of banks with capital adequacy ratio under 20 percent, <i>units</i>	5	8

*Credit risk*

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 7.0 percent, having increased by 0.8 percentage points year-to-date. In the

<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”.

reporting period, the temporary procedure adopted in 2020 for classification of the assets, deteriorated due to the consequences of the COVID-19 pandemic, remained in effect. This measure was taken to maintain the stability of the banking system and mobilize the banks' resources to support economic activity.

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 2021, the foreign exchange assets of the banking system amounted to KGS 132.8 billion, or 36.8 percent of total assets. The liabilities of the commercial banks in foreign currency amounted to KGS 121.2 billion, or 39.9 percent of total liabilities.

*Currency risk*

**Table 3.1.3.2.**

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

	2020	2021
Assets in foreign currency, <i>billions of KGS</i>	109.8	132.8
Share of foreign currency assets in total assets structure, <i>percent</i>	37.8	36.8
Liabilities in foreign currency, <i>billions of KGS</i>	99.6	121.2
Share of foreign currency liabilities in total liabilities structure, <i>percent</i>	41.6	39.9

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 2021, the negative gap by maturities of assets and liabilities remained unchanged, and the risk of liabilities prevailing over assets in the aforementioned maturities can be compensated by positive gaps in long-term maturities.

*Liquidity risk*

**Таблица 3.1.3.3.<sup>1</sup>**

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

2020	Maturity in days					Total
	0-30	31-90	91-180	181-365	more than 365	
Assets	113.4	12.2	14.0	26.1	139.5	305.3
Liabilities	131.9	11.6	21.4	32.5	42.0	239.4
Amount of excess assets over liabilities	-18.5	0.7	-7.4	-6.4	97.5	65.9
in percent of the total volume of assets	16.3	5.4	53.0	24.4	69.9	21.6

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

At the end of the year, the value of the liquidity ratio in the banking system increased by 6.4 percentage points, up to 71.3 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.

As a 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 2021, there was regular exchange of information on compliance with the laws of the Kyrgyz Republic on CTF/AML by the supervised organizations.

*CTF/AML*

<sup>1</sup> Data are given based on Section 12 PRBR.

*Inspections*

In the reporting year, the National Bank continued work to eliminate the weaknesses indicated in the Report of the Eurasian Group on anti-money laundering and counter-terrorism financing (EAG) based on the results of mutual evaluation.

In 2021, 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. The information security risks of commercial banks were assessed for compliance with established requirements of the National Bank. As part of ensuring the information security of the financial market and countering computer attacks in the financial sector, 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.

**3.1.4. Enforcement Measures**

In 2021, the enforcement measures in the form of prescriptive orders were applied to reduce credit, operational risks and risks of terrorism financing and money laundering (TF/ML), 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 form adequate LLP on loans, strengthen the banks' internal control systems for compliance with the prudential ratios, cash discipline, technical strength and arrangement of video surveillance.

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.

In 2021, the Supervision Committee of the National Bank held 43 meetings, discussed 86 issues, 81 issues thereof on the activities of the commercial banks. The Supervisory 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.

Enforcement measures were applied to specific commercial banks in accordance with the Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic, Banks and Banking Activity" 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.

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

During 2021, improvement of the regulatory framework governing the banks' activities, including those operating in accordance with the principles of Islamic banking and finance, was focused on reducing banking risks, creating opportunities for digital banking services and mitigating the effects of the crisis due to the spread of the COVID-19 pandemic.

Within the framework of extending opportunities for the banking sector development, as well as expanding the range of banking services, amendments were approved in the Regulation "On licensing the activities of banks" to realize reorganization of banks in the form of microfinance companies joining them.

In the reporting period, new sizes of capital sufficiency (adequacy) ratios were established to strengthen the capital base of the banking system and increase its stability, implement the international standards of the Basel Committee on Banking Supervision, and improve the banks competitiveness within the framework of building the EAEU

*Licensing of banks activities**Prudential regulations and requirements*

common financial market. Capital sufficiency (adequacy) ratios calculations were adjusted to encourage the banks to purchase technical and software products, increase the number of clients and expand services, as well as introduce new banking products.

In order to maintain the stability and reliability of the banking system, the National Bank continued to provide the commercial banks with reliefs related to restructuring the deteriorated loans or those with deteriorating quality due to the spread of the COVID-19 pandemic.

A number of regulatory legal acts were amended with respect to credit risk management, strengthening the requirements to the banks for client due diligence, corporate governance, and expanding the financial inclusion for the population.

The National Bank decided to classify the banks' share of assets secured by the guarantee fund without loan loss provisioning to expand the access of small- and medium-sized businesses to financing.

The Regulation "On the minimum requirements for pricing policy of banking, payment services and services rendered by the microfinance organizations, and for implementation of marketing activities" was approved to regulate the marketing rules for the commercial banks.

The Regulation "On requirements for information security in the commercial banks of the Kyrgyz Republic" was adopted in a new edition, which stipulates the requirements for risk management, outsourcing, business continuity, management of information security incidents.

Amendments were introduced in the regulatory legal acts on the use of electronic documents in lending and opening bank deposit accounts, as well as other services as part of the banking services digitalization. The thresholds for the amounts of lending through the remote service channel under the agreements with the use of an electronic signature were increased.

The National Bank excluded the requirements for paper delivery of the commercial banks' reports in order to provide full transition to electronic regulatory reporting. The list of entities subject to the Procedure to identify and verify the clients in the remote mode was supplemented by the individuals-private entrepreneurs, and the banks were provided with an opportunity to conduct remote identification and verification using artificial intelligence, computer-assisted learning or other forms of predictive algorithms to process clients' biometric data.

In order to further develop and promote the principles of Islamic finance, as well as to create an equal legal environment for the traditional banks and the banks conducting operations in accordance with the principles of Islamic finance, the National Bank approved amendments in some regulatory legal acts on the banks' capital adequacy, credit risk management, classification of assets and loan loss provisioning in operations conducted in accordance with the principles of Islamic finance.

In order to determine the accounting rules for valuation, recognition and information disclosure on murabaha operations, the accounting procedure for the murabaha operations was adopted, and amendments were introduced in certain regulatory legal acts governing the procedure of interest income nonaccrual and provision of a periodic regulatory banking report.

*Risk management*

*Banking services digitalization*

*Principles of Islamic finance*

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

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

#### Assets of NBFCOs

At the end of 2021, the total assets of NBFCOs<sup>1</sup> increased by KGS 4.6 billion or 16.3 percent and amounted to KGS 33.1 billion, including those in foreign currency increased by KGS 1.2 billion or 3.6 percent of total assets (KGS 1.5 billion or 5.1 percent by the end of 2020).

**Table 3.2.1.1.**

Structure of NBFCOs Assets (end-of-period)

Категория активов	2020		2021	
	millions of KGS	Share, percent	millions of KGS	Share, percent
Loans and financial lease to clients	22,367.5	78.6	27,206.4	82.2
Correspondent accounts and deposits in other banks	2,553.0	9.0	2,223.7	6.7
Other assets	1,925.1	6.8	1,995.8	6.0
Loans to financial and credit organizations	777.7	2.7	820.3	2.5
Investments and financial participation	492.8	1.7	619.3	1.9
Fixed assets	742.2	2.6	834.9	2.5
Cash	382.5	1.3	256.5	0.8
Securities portfolio	89.3	0.3	149.2	0.5
Special LLP*	-882.2	-3.1	-1,024.7	-3.1
<b>Total</b>	<b>28,448.0</b>	<b>100.0</b>	<b>33,081.3</b>	<b>100.0</b>

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

#### Credit portfolio

The NBFCOs<sup>2</sup> credit portfolio increased by KGS 4.9 billion or 21.1 percent as compared to 2020 and amounted to KGS 28.0 billion. The portfolio issued in accordance with the principles of Islamic finance (PIF) amounted to KGS 1.0 billion or 3.7 percent of the NBFCOs credit portfolio (KGS 1.0 billion or 4.5 percent at the end of 2020). At the end of 2021, the NBFCOs credit portfolio in foreign currency amounted to KGS 636.7 million or 2.3 percent (KGS 422.5 million or 1.8 percent at the end of 2020).

At the end of the reporting year, the number of borrowers increased by 5,708 persons or 1.3 percent compared to 2020 and amounted to 433,348 persons (97 thereof are legal entities). The share of women in the total number of borrowers-individuals is 56.7 percent, the share of men – 43.3 percent.

The share of the credit portfolio increased by 3.4 percentage points as compared to 2020 and amounted to 84.7 percent of total assets.

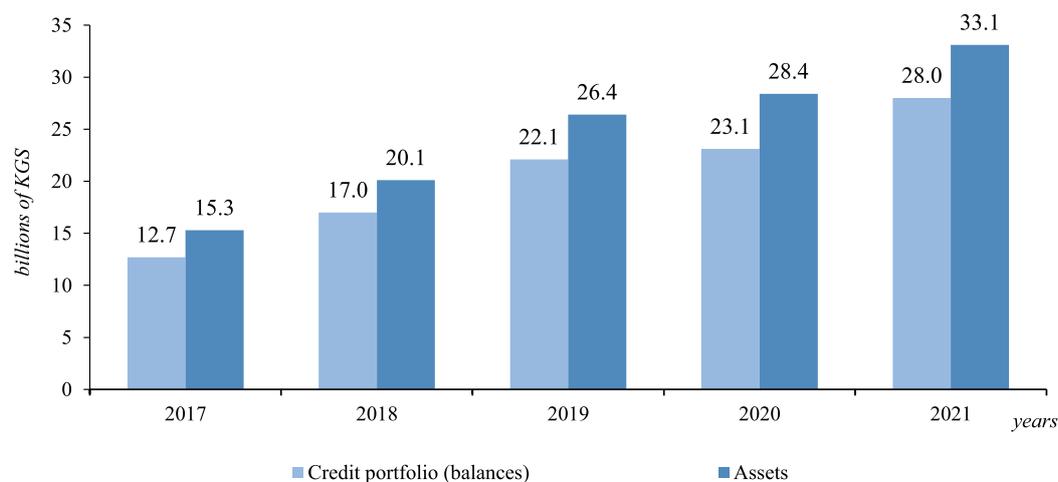
Following the results of the year, there was an increase in the volume of the credit portfolio in all regions of the Kyrgyz Republic. In particular, the credit portfolio in Osh oblast increased by KGS 1,620.1 million, Bishkek city – by KGS 1,057.4 million, Chui oblast – by KGS 889.2 million, Issyk-Kul oblast – by KGS 409.5 million and Batken oblast – by KGS 275.1 million.

<sup>1</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.

<sup>2</sup> Without considering the credit portfolio of the SFCOs.

**Chart 3.2.1.1.**

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

**Table 3.2.1.2.**

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

	2020		2021	
	millions of KGS	Share, percent	millions of KGS	Share, percent
Bishkek city	5,604.0	24.2	6,661.4	23.8
Osh oblast	5,117.7	22.1	6,737.9	24.0
Chui oblast	3,449.4	14.9	4,338.6	15.5
Jalal-Abad oblast	2,958.3	12.8	3,308.6	11.8
Issyk-Kul oblast	2,420.4	10.5	2,829.9	10.1
Naryn oblast	1,510.0	6.5	1,670.9	6.0
Batken oblast	1,439.4	6.2	1,714.6	6.1
Talas oblast	644.2	2.8	763.0	2.7
Outside Kyrgyzstan	1.8	0.0	1.8	0.0
<b>Total</b>	<b>23,145.3</b>	<b>100.0</b>	<b>28,026.6</b>	<b>100.0</b>

In the reporting period, there was growth of lending to the main sectors of economy. The sectors such as consumer loans (KGS 3,220.8 million), construction and mortgage (KGS 1,096.8 million), trade and commercial operations (KGS 650.7 million) and agriculture (KGS 620.8 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	2020		2021	
	millions of KGS	Share, percent	millions of KGS	Share, percent
Consumer loans	6,334.6	27.4	9,555.4	34.1
Agriculture	6,572.3	28.4	7,193.1	25.7
Trade and commercial operations	2,857.5	12.3	3,508.2	12.5
Construction and mortgage	2,327.0	10.1	3,423.8	12.2
Services	3,239.1	14.0	2,437.4	8.7
FCO loans	777.7	3.4	820.3	2.9
Other loans	453.2	2.0	415.3	1.5
Transport	354.6	1.5	442.1	1.6
Industry	210.7	0.9	220.5	0.8
Procurement and processing	18.2	0.1	10.7	0.0
Communication	0.2	0.0	-	-
<b>Total loans</b>	<b>23,145.3</b>	<b>100.0</b>	<b>28,026.6</b>	<b>100.0</b>

At the end of 2021, the weighted average interest rates on the credit portfolio were as follows:

- microfinance organizations – a decrease by 0.7 percentage points as compared to 2020, down to 29.1 percent;
- credit unions – a decrease by 1.1 percentage points as compared to 2020, down to 25.3 percent.

The share of non-performing loans in respect of the credit portfolio decreased from 6.6 percent to 5.9 percent due to the growth of the NBFcos credit portfolio.

**Table 3.2.1.4.**

NBFcos Credit Portfolio Quality (end-of-period)

Category	2020		2021	
	millions of KGS	percent	millions of KGS	percent
<b>Total performing</b>	<b>21,617.8</b>	<b>93.4</b>	<b>26,369.2</b>	<b>94.1</b>
<b>Total non-performing</b>	<b>1,527.4</b>	<b>6.6</b>	<b>1,657.4</b>	<b>5.9</b>
<i>including:</i>				
<i>Substandard</i>	695.5	3.0	703.4	2.5
<i>Doubtful</i>	279.3	1.2	241.9	0.9
<i>Losses</i>	552.7	2.4	712.1	2.5
<b>Total credit portfolio</b>	<b>23,145.3</b>	<b>100.0</b>	<b>28,026.6</b>	<b>100.0</b>

**NBFcos liabilities**

At the end of the year, the NBFcos<sup>1</sup> liabilities increased by KGS 2.2 billion or 17.6 percent and amounted to KGS 14.7 billion.

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

**Table 3.2.1.5.**

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

Liability category	2020		2021	
	millions of KGS	Share, percent	millions of KGS	Share, percent
Loans received, including:	8,880.9	71.2	10,349.7	70.6
<i>from international financial and credit organizations</i>	5,367.3	43.0	5,902.3	40.2
<i>from banks of Kyrgyz Republic</i>	1,342.2	10.8	1,146.9	7.8
<i>from other financial and credit organizations of Kyrgyz Republic</i>	1,086.0	8.7	1,068.8	7.3
<i>from international financial organizations and donors</i>	783.6	6.3	1,954.2	13.3
<i>from the Government of Kyrgyz Republic</i>	301.9	2.4	277.5	1.9
Other liabilities	2,449.1	19.6	2,660.1	18.1
Term deposits	1,036.6	8.3	1,553.6	10.6
Subordinated debts	101.6	0.8	105.3	0.7
<b>Total</b>	<b>12,468.2</b>	<b>100.0</b>	<b>14,668.7</b>	<b>100.0</b>

At the end of the year, attracted deposits increased by KGS 517.0 million or 49.9 percent compared to 2020 and amounted to KGS 1.6 billion.

Two microfinance organizations (MFOs), seven credit unions (CUs), and one housing and savings credit company (HSCC) were entitled to attract deposits from the public (for MFOs and HSCC) and participants (for CUs).

The NBFCOs<sup>1</sup> aggregate capital increased from KGS 16.3 up to KGS 18.7 billion as compared to the results of the previous year.

*NBFCOs capital*

**Table 3.2.1.6.**Structure of Incomes and Expenses  
(millions of KGS)

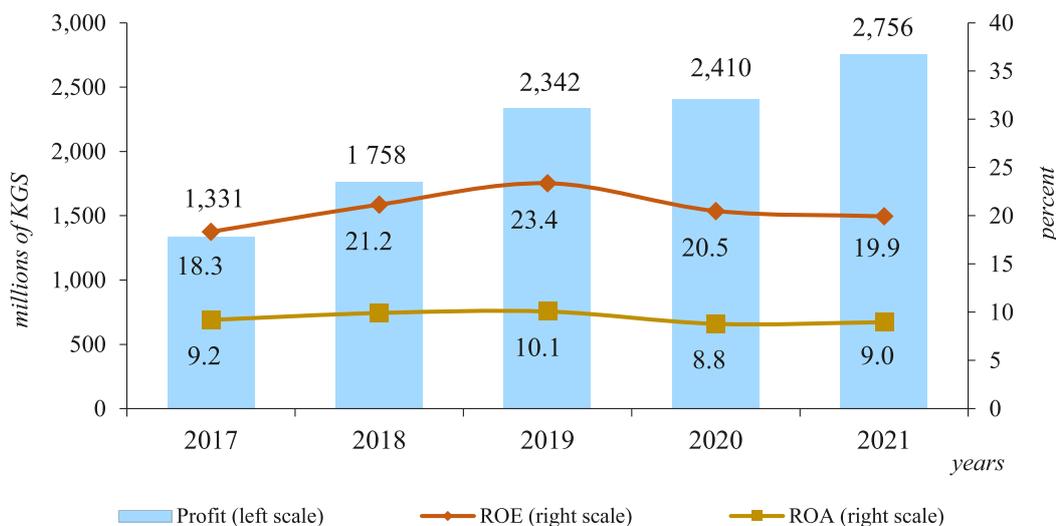
Category	2020	2021
Total income	6,658.9	7,830.7
Total expenses	1,481.2	1,790.1
Net income	5,177.7	6,040.6
Allocations to LLP	338.9	422.7
Net income after allocations to LLP	4,838.8	5,618.0
Total other income	769.9	723.3
Total other expenses	1,993.8	94.1
Total other operating and administrative expenses	923.6	3,144.5
Net operating income (loss)	2,691.3	3,102.6
Allocations to LLP (on other assets)	10.6	27.2
Net income (loss) before tax	2,680.7	3,075.4
Profit tax	270.8	319.4
<b>Net profit (loss)</b>	<b>2,410.0</b>	<b>2,755.9</b>

The NBFCOs net profit increased by KGS 346.0 million or 14.4 percent compared to the previous year and amounted to KGS 2.8 billion (KGS 338.6 million resulted from the PIF use).

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

**Chart 3.2.1.2.**

Dynamics of Net Profit and Profitability Indicators



In 2021, return on assets (ROA) increased from 8.8 percent to 9.0 percent and return on equity (ROE) decreased from 20.5 percent to 19.9 percent.

*Guarantee fund*

The assets of the guarantee fund amounted to KGS 7.0 billion being mainly represented by the securities and the deposits in other banks.

The liabilities of the guarantee fund decreased by KGS 254.3 million or 60.6 percent compared to 2020 and amounted to KGS 165.2 million.

The capital of the guarantee fund increased from KGS 4.2 to KGS 6.9 billion and was represented by the fully paid authorized capital.

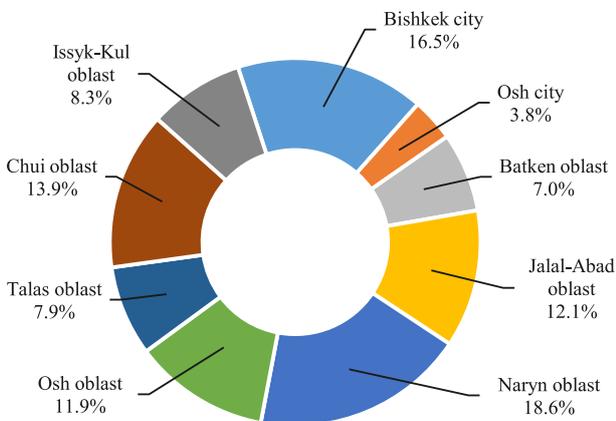
The net profit increased by KGS 190.4 million compared to the end of 2020 and amounted to KGS 247.4 million.

At the end of the reporting year, the total number of issued guarantees totaled 2,387 in the amount of KGS 3.4 billion. The guarantees were primarily issued for agriculture and trade in Naryn, Chui, and Jalal-Abad oblasts and Bishkek city.

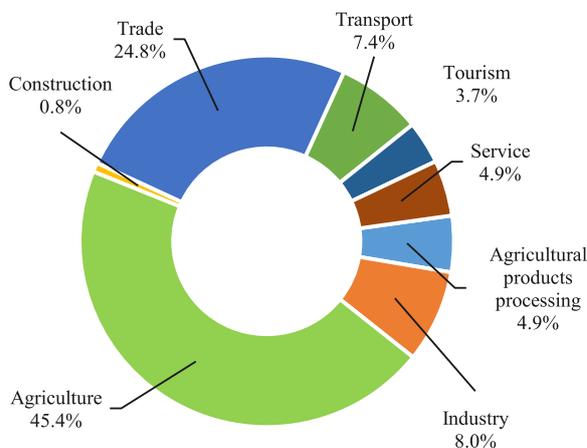
**Chart 3.2.1.3.**

Number of Issued Guarantees by Regions and Sectors of Economy (as of the end of 2021)

**Regions**



**Economic Sectors**



### 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 registration.

At the end of 2021 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, 88 CUs, 133 microfinance organizations (including 10 MFCs, 86 MCCs and 37 MCAs), 379 exchange bureaus, two credit bureaus, one guarantee fund and one HSCC.

In the reporting year, the National Bank issued one license to MFC (due to re-registration of one MCC as a MFC), one license to the CU, five certificates of registration to the MCCs, and one certificate of registration to MCA, 207 licenses to the exchange bureaus (including the exchange bureaus with expired previous license), and registered 20 additional exchange bureaus.

Six certificates of MCC accounting registration, two certificates of MCA accounting registration issued by the National Bank, one license of the CU and 213 licenses of the exchange bureaus (165 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, Exchange Bureaus and Credit Bureaus

Title	2017	2018	2019	2020	2021
SFCO	1	1	1	1	1
Microfinance organization (MFC, MCC and MCA)	150	142	137	134	133
Credit unions	110	106	95	92	88
Exchange bureaus	396	413	401	387	379
Credit bureaus	1	2	2	2	2
Guarantee fund	0	0	1	1	1
Housing and savings loan companies	0	0	0	0	1
<b>Total</b>	<b>658</b>	<b>664</b>	<b>637</b>	<b>617</b>	<b>605</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.

The following inspections were conducted to assess the credit risk management, arrangement of the system for protection of the financial services consumers' rights, and information security, as well as compliance of the supervised entity's activities with the prescribed legal requirements:

- 11 inspections of the microfinance organizations activities;
- 43 inspections of the credit unions' activities;
- one inspection of a credit bureau activity;
- one inspection of a specialized financial-credit organization activity;
- 35 inspections of the exchange bureaus' activities for compliance with the requirements of the legislation of the Kyrgyz Republic and the regulatory legal acts of the National Bank, including CTF/AML.

The National Bank continued monitoring and identifying unlicensed activities in the sphere of lending, raising funds and exchange of cash foreign currency with the subsequent

submission of information to the law enforcement bodies to take measures in accordance with the legislation of the Kyrgyz Republic.

#### 3.2.4. Enforcement Measures

In 2021, in order to bring the activities of the NBFCOs sector in compliance with the legislation of the Kyrgyz Republic and the regulatory legal acts of the National Bank, the enforcement measures were applied in the form of:

- 124 instructions to the MFOs;
- 350 instructions to the CUs;
- 8 instructions to the CBs;
- 16 instructions to a SFCO;
- one instruction to a HSCC;
- 201 instructions to the exchange bureaus.

In addition, fines were imposed on three MFOs and one exchange bureau, two licenses of the exchange bureaus were revoked and six licenses of the exchange bureaus were temporarily suspended.

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

In 2021, the activities of the National Bank to improve the regulatory legal framework governing the activities of the NBFCOs were focused on expanding the range of services provided by the NBFCOs and strengthening the system of protecting the financial services consumers' rights. The work to improve the risk-oriented supervision and to implement measures specified in the Main Directions of Microfinance Sector Development for 2018-2021 was continued.

The limit on funds placement in the commercial banks was revised for the guarantee funds. The requirement for guarantees for refinancing in the amount of 10 percent of the guarantee fund's equity capital was introduced.

Procedure for licensing the activities of the NBFCOs and the exchange bureaus was simplified. The validity of the license to conduct exchange operations with foreign currency in cash was extended from 3 (three) to 5 (five) years, and the procedure to receive certificates issued by the state authorities was simplified.

The Regulation "On the requirements to form, publish and submit the financial statements of non-banking financial-credit organizations to the National Bank of the Kyrgyz Republic" providing for the requirement for the NBFCOs to ensure financial statements transparency and availability for the users was approved. The Regulation applies to microfinance companies, housing and savings loan companies, guarantee funds, microcredit companies conducting an external audit of their activities on an annual basis, microcredit agencies with participation of state bodies or having subsidiary (affiliated) legal entities that conduct credit and financial activities, credit unions licensed to attract deposits from their members, specialized financial institutions and specialized financial-credit organizations.

The Main Directions of Microfinance Sector Development for 2022-2025 were approved, the purpose thereof is to ensure and maintain a favorable economic, legislative and regulatory environment for institutional development of the microfinance sector as a major tool to support entrepreneurial initiative of the population, increase their self-employment, finance the development of small-sized businesses and private entrepreneurship in order to improve the welfare of the population. This document provides for the expansion of microfinance services digitalization, development of "green" financing, institutional development of the microfinance sector to ensure its stability and efficiency, improving the price and geographic availability of services, and strengthening the NBFCOs financial stability.

*Regulatory  
legal acts  
improvement*  
*Licensing procedures  
improvement*

*Ensuring  
transparency and  
accessibility of  
NBFCOs financial  
reporting*

### 3.3. Protection of Consumers' Rights

Protection of the financial services consumers' rights is among the important objectives of the National Bank's activity.

In the reporting period, regular work was conducted to analyze and monitor the regulatory legal acts on consumers' rights protection, measures were taken to strengthen the requirements for the financial-credit organizations to comply with the consumers' rights, disclose information when loan arranging and issuing. The consequences of the COVID-19 negative impact on the economic status of business entities and the population were regularly monitored and measures were taken to mitigate them.

Work with written applications and advisory activity through meetings with the citizens are the main areas of activity to protect the rights of the consumers of banking and microfinance services. Besides consideration of written applications and arrangement of personal meetings, consulting and legal assistance was provided through remote channels, and interaction was conducted with the public organizations for consumers' rights protection to provide citizens with prompt and high-quality support during the COVID-19 pandemic.

In 2021, the National Bank considered 1,359 applications received from the consumers of financial services (in 2020 – 2,630). 811 applications were reviewed on the activities of the commercial banks (in 2020 – 1,490), 482 applications – on the activities of the non-banking financial-credit organizations (in 2020 – 1,080) and 66 applications – on other issues (in 2020 – 60).

Consulting and legal assistance was provided to more than 800 citizens.

In the reporting year as in previous years, the applications concerned the issues of providing preferences due to the impossibility to fulfill liabilities under the loan agreement, debt refinancing, as well as the issues of money transfers, credit histories, procedures for sale of collateral, clarifications on regulatory legal acts about measures to support business entities.

*Measures to enhance consumers' rights protection*

*Consideration of applications of the financial services consumers*

## CHAPTER 4. PAYMENT SYSTEM

In 2021, the National Bank continued working to ensure the efficiency, security and reliability of the payment systems operation 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.

Adoption of the Law of the Kyrgyz Republic “On Amendments to the Law of the Kyrgyz Republic “On the Payment System of the Kyrgyz Republic”, focused on ensuring the economic security of the country, reducing cross-country risks, and protecting consumer rights was an important event in the field of the payment system. Introduction of a new requirement for making domestic payments in the territory of the Kyrgyz Republic and clearing domestic payments by the national payment system operator is focused on ensuring the independence of the country’s payment system.

Particular attention was paid to development of the national payment system “Elcard”, including measures taken to integrate it with the payment systems of other countries, implementation of the project on issue of the contactless bank payment cards “Elcard” and expanding the range of the services provided through the mobile application “Elcard Mobile”.

In order to develop the digital payment technologies, work was conducted to create favorable conditions for introduction of the innovative banking operations and services within the framework of special regulatory regimes, and a draft Digital Som Concept was developed.

Coordination and control over implementation of the State Program on Increasing the Share of Non-cash Payments and Settlements in the Kyrgyz Republic for 2018-2022 (hereinafter – the State Program on Increasing Non-cash Payments) was continued. In the reporting year, the commercial banks imported 193 ATMs, 2,749 POS-terminals and 357 payment terminals. At the same time, at the end of 2021, the total number of banking equipment amounted to 1,910 ATMs, 13,067 POS-terminals and 2,073 payment terminals. 396 POS-terminals have been installed in the branches of the State Enterprise “Kyrgyz Pochtasy” to provide the population of 1,155 villages with the opportunity to withdraw funds from the bank payment cards. Thus, expansion of access to the banking and payment services and convenience of the remote service contributed to an increase in payments, the amount of taxes paid to the country’s budget in non-cash form, an increase in the number of pensioners and recipients of social benefits using 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.

In the reporting period, the National Bank continued working 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 payment 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 system 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, CJSC “Central Depository”

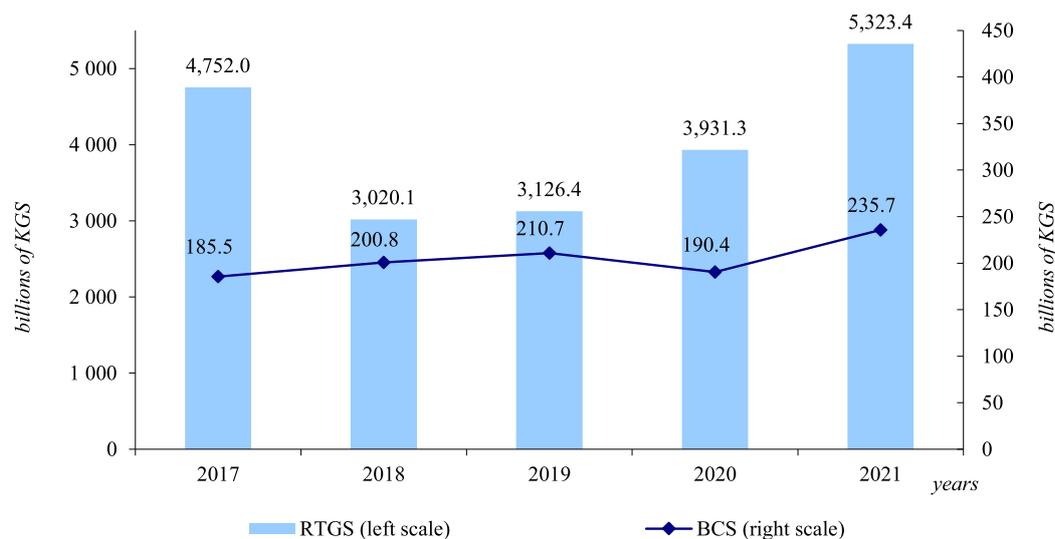
and CJSC “Interbank Processing Center” were the participants in the interbank payment systems (RTGS, BCS).

In the reporting period, 8.5 million payments were made via the interbank payment systems in the amount of KGS 5.6 trillion. The number and volume of payments increased by 4.3 and 34.9 percent, respectively, compared to 2020.

In the reporting period, the volume of payments via the RTGS and BCS increased by 35.4 and 23.8 percent, respectively.

#### **Chart 4.1.1.1.**

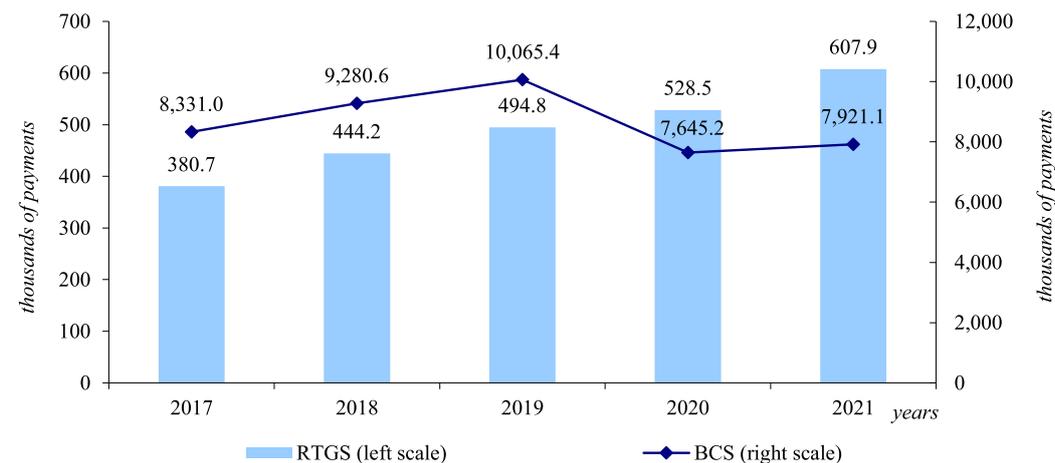
Volume of Payments via Interbank Payment Systems (RTGS and BCS)



The number of payments via the RTGS and SPC increased by 15.0 and 3.6 percent, respectively, compared to 2020.

#### **Chart 4.1.1.2.**

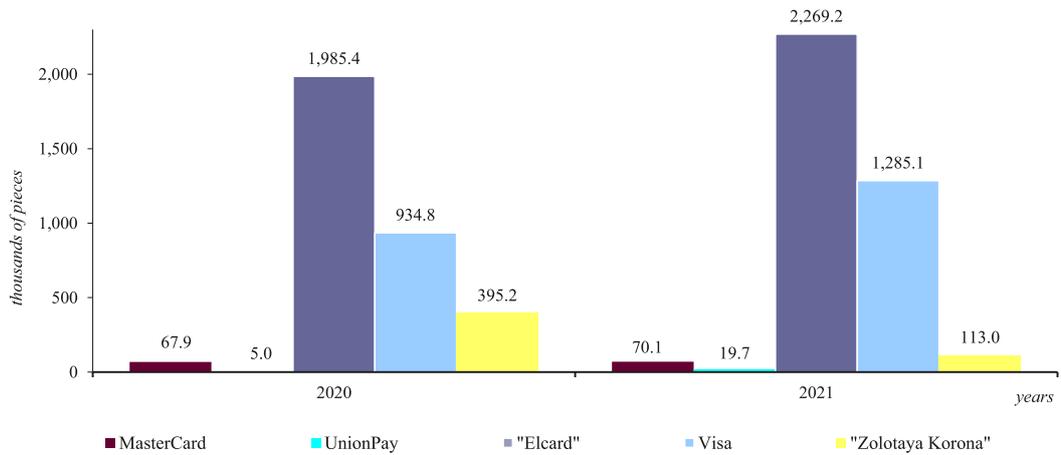
Number of Payments via Interbank Payment Systems (BCS and RTGS)



The total number of issued bank payment cards amounted to 3.8 million, having increased by 10.9 percent over the year, among them the number of cards of the national payment system “Elcard” amounted to 2.3 million. The issue of bank payment cards “Elcard” increased by 14.3 percent compared to 2020 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”*

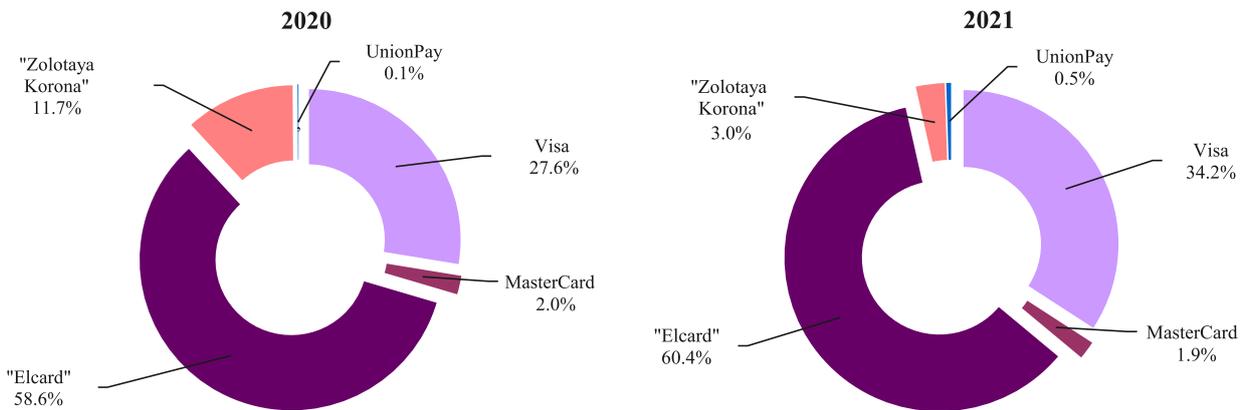
**Chart 4.1.1.3.**  
Number of Bank Payment Cards (end-of-period)



*Operations with the use of bank payment cards*

In the reporting year, more than 84.2 million operations to the amount of KGS 375.1 billion were conducted with the use of bank payment cards, the number of operations increased by 43.8 percent, and the volume of operations increased by 39.0 percent compared to 2020.

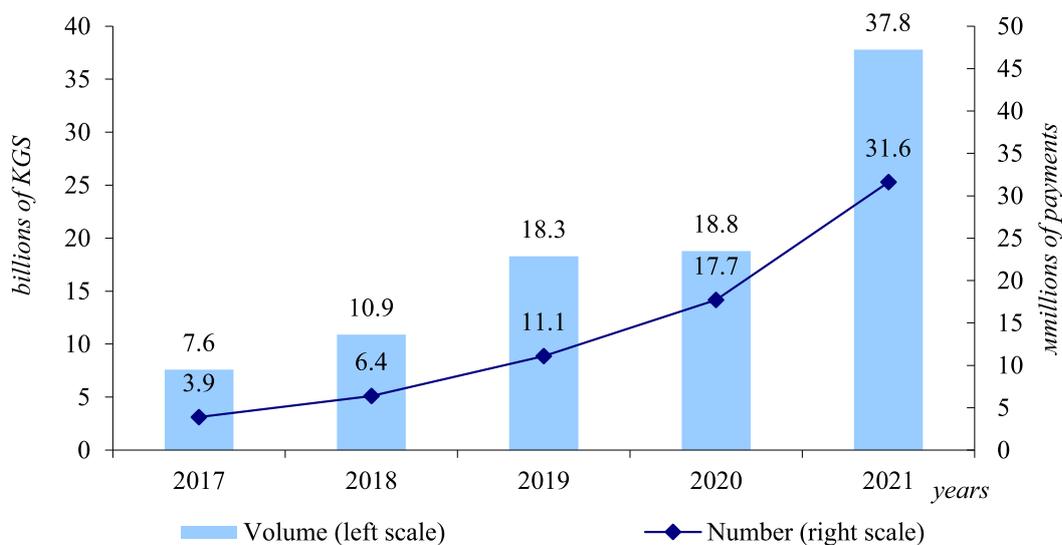
**Chart 4.1.1.4.**  
Ratio of Number of Bank Payment Cards



In 2021, the number of the merchants' operations with the use of the bank payment cards increased by 78.4 percent compared to 2020, and the volume of operations increased by two times.

**Chart 4.1.1.5.**

Dynamics of Growth in the Volume of Transactions of Merchants



As of the end of 2021, the bank payment cards were accepted for servicing by 1,910 ATMs and 13,067 POS-terminals (among them 10,784 POS-terminals were installed at merchants and 2,283 POS-terminals were installed in the branches and savings offices of the commercial banks) throughout the territory of the Kyrgyz Republic.

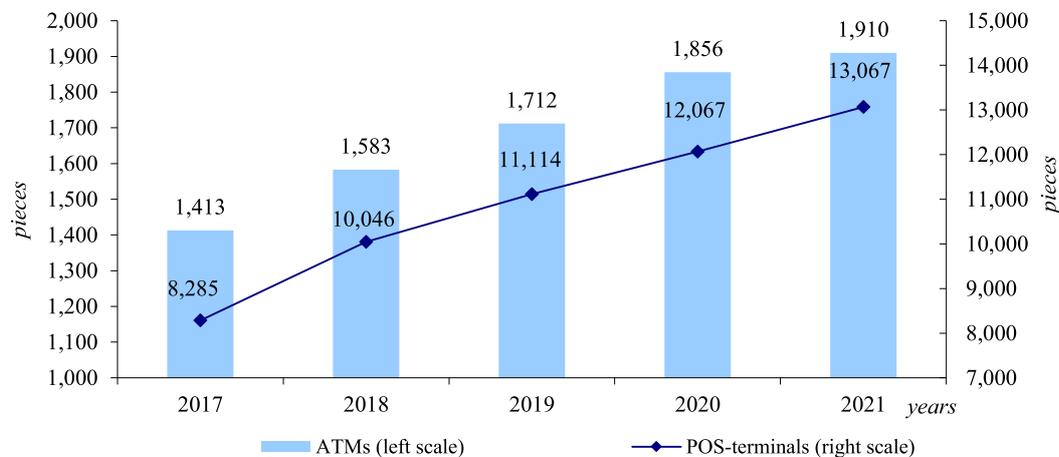
*Card acceptance and servicing infrastructure*

A breakdown by systems shows that:

- the cards of the national payment system “Elcard” were accepted for servicing by all 1,910 ATMs and 13,067 POS-terminals;
- the cards of the international system “Zolotaya Korona” were accepted in 224 ATMs and 1,248 POS-terminals;
- the cards of the international systems Visa and Mastercard were accepted in 783 ATMs and 6,454 POS-terminals;
- the cards of the international system UnionPay were accepted in 380 ATMs and 1,552 POS-terminals.

**Chart 4.1.1.6.**

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



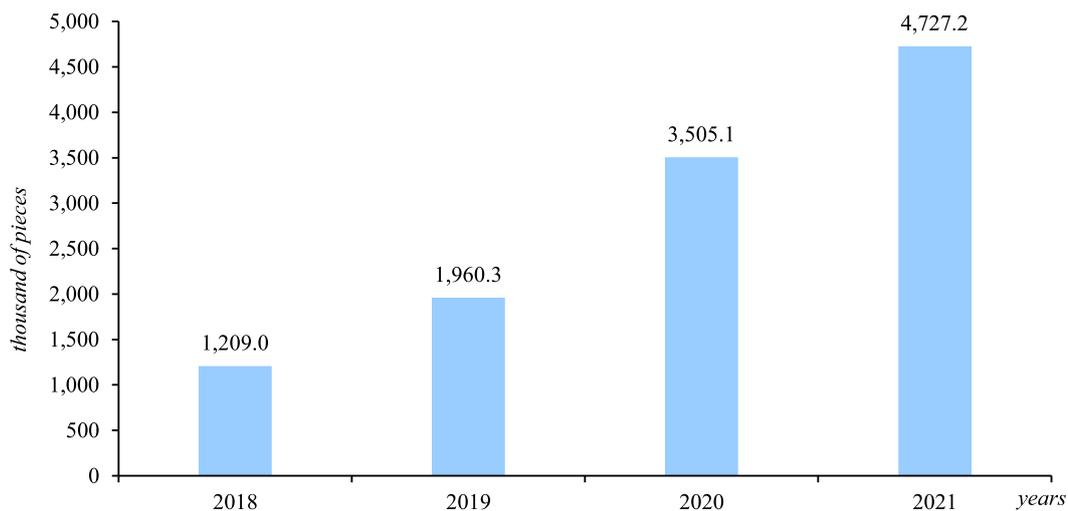
*E-money*

Remote payment methods and e-commerce have developed significantly during the COVID-19 pandemic. E-money remained among the most affordable and popular payment methods in the Kyrgyz Republic. Seven commercial banks were the issuers of e-money, nine commercial banks had a license to issue e-money. There were 10 operating local e-money settlement systems.

At the end of 2021, the number of e-wallets increased by 34.9 percent compared to 2020 and amounted to 4.7 million wallets.

**Chart 4.1.1.7.**

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

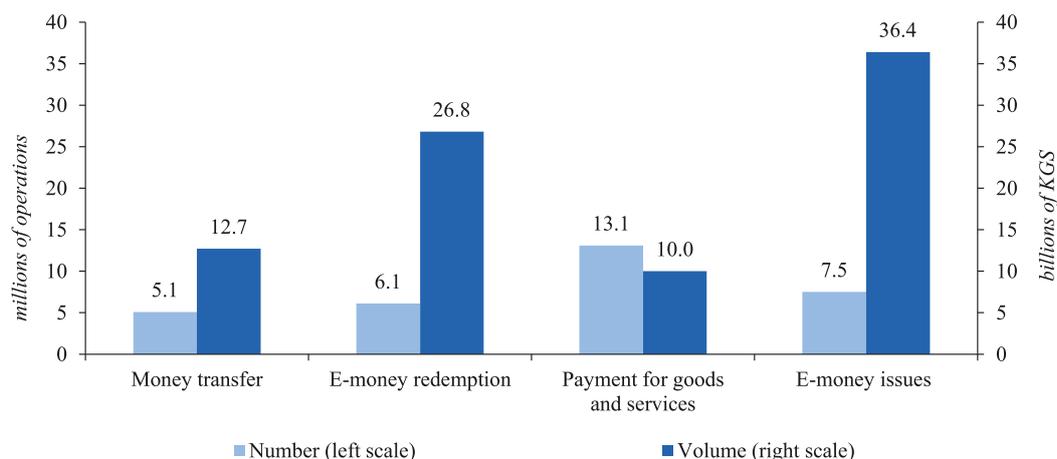


In 2021, the volume of money transfer operations between e-wallets increased by 83.3 percent compared to the previous year and amounted to KGS 12.7 billion. The number of money transfers increased by 2.6 times and totaled 5.1 million operations. The volume of operations for goods and services payment with e-money increased by 39.8 percent compared to 2020 and amounted to KGS 10.0 billion, meanwhile the number of operations decreased by 17.1 percent and totaled 13.1 million operations.

In the reporting year, the number of e-wallets replenishment decreased by 43.2 percent as compared to the previous year and amounted to 7.5 million operations, in turn, the volume of e-wallets replenishment operations increased by 32.2 percent and amounted to KGS 36.4 billion. The number and volume of e-money redemption operations increased by 2.1 times and 35.5 percent, respectively (6.1 million operations were conducted in the amount of KGS 26.8 billion).

**Chart 4.1.1.8**

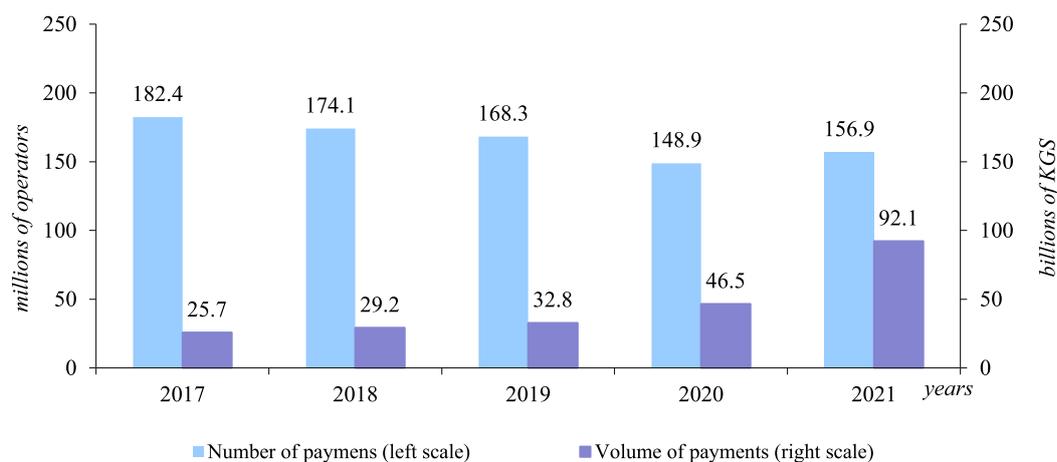
Number and Volume of Transactions via E-wallets



In 2021, 156.9 million payments in the amount of KGS 92.1 billion were made via the payment organizations, meanwhile the volume of payments increased by 98.3 percent compared to 2020.

**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, agent network (including via the agents' mobile applications) and e-money. At the end of 2021, the number of payment terminals and their agents was 9,753, the number of web-kassa and their agents – 94,856.

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

At the end of 2021, 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 491.7 thousand people through the accounts in the commercial banks (69.0 percent of the total number of pensioners), meanwhile, in 2020, 425.0 thousand people received pensions through the accounts in the commercial banks (61.8 percent of the total number of pensioners);

- social benefits were paid to 474.0 thousand people through the bank payment cards (97.3 percent of the total number of recipients), meanwhile, in 2020, the social benefits were paid to 420.1 thousand people (88.4 percent of the total number of recipients );
- POS-terminals were installed in 180 out of 259 healthcare organizations to pay for medical services, which totaled 69.5 percent;
- the commercial banks imported 193 ATMs, 2,749 POS-terminals and 357 payment terminals into the country;
- 1,414 cards of the “budget-holder” were used in the state-funded organizations to conduct 13,879 operations in the total amount of KGS 3,248.0 million;
- POS-terminals were installed in 396 post offices of the State Enterprise “Kyrgyz pochty” 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 82 merchants located in the regions.

The Regulation “On Non-cash Payments in the Kyrgyz Republic” was approved to improve the procedure for making non-cash payments in the territory of the Kyrgyz Republic, as well as to determine the forms and requirements for processing payment documents used in non-cash payments by the banks and other participants of the payment system as part of ongoing digitalization activities in the banking and payment systems.

#### 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

###### *Licensing*

In 2021, the National Bank did not issue a license to conduct activities of a payment system operator<sup>1</sup> and a license to conduct activities of a payment organization<sup>2</sup>.

The validity of one license of the payment system operator and one license of the payment organization was canceled due to the voluntary activities termination.

At the end of the reporting year, 20 legal entities had the following licenses from the National Bank: 20 licenses to conduct activities of a payment organization and 18 licenses to conduct activities of a payment system operator. Among them, 15 payment system operators and payment organizations are located in Bishkek, one – in Chui oblast, three – in Osh oblast, and one – in Jalal-Abad oblast.

###### *Registration*

The National Bank registered one international settlement system using bank payment cards and one operator/issuer of the e-money international systems. Registration of two organizations as an operator/issuer of e-money international systems was canceled by the National Bank due to non-compliance with the requirements of the regulatory legal acts of the National Bank and cancellation of registration in the country of origin.

Thus, 31 operators of the remittance systems (12 international and 19 local/interbranch), eight operators/issuers of the e-money international systems, seven international settlement systems using bank payment cards and one interaction operator for payments using QR codes were registered at the end of 2021.

<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).

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

The National Bank continued to supervise the activities of the payment system operators and the payment organizations through inspections to maintain the stability, reliability and uninterrupted functioning of payment systems, to increase the availability of payment services, as well as to provide counter-terrorism financing and anti-money laundering (CTF/AML).

In total, 12 inspections were conducted in the reporting period, including three comprehensive inspections, eight targeted inspections, as well as those under a special regulatory regime, and one pre-licensing inspection.

#### 4.1.3.3. Enforcement Measures

The National Bank applied appropriate enforcement measures based on the results of the identified violations and deficiencies in the activities of the payment organizations and the payment system operators. In 2021, 25 instructions were sent to payment system operators and payment organizations, a penalty was imposed on two payment system operators and payment organizations and one official, two licenses of a payment system operator and two licenses of a payment organization were revoked.

Measures taken are focused on bringing the activities of payment organizations and payment system operators in line with the legislation of the Kyrgyz Republic and ensuring the efficiency, security and reliability of payment systems, protecting the payment services consumers' rights, as well as CFT/AML.

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

The National Bank introduced amendments to the Regulations “On Licensing Activities of the Payment Organizations and the Payment System Operators” and “On Regulating Activities of the Payment Organizations and the Payment System Operators” as part of improving the regulatory legal framework, as well as in order to bring it in line with the Law of the Kyrgyz Republic “On Amendments to the Law of the Kyrgyz Republic “On Payment System of the Kyrgyz Republic” No. 57 dated April 24, 2021.

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

Amendments were introduced in the Regulation “On Bank Payment Cards in the Kyrgyz Republic” due to the new technological opportunities, including introduction of the innovative financial products by the commercial banks, as well as in order to bring them in line with the Law of the Kyrgyz Republic “On Payment System of the Kyrgyz Republic” in terms of domestic payments.

#### 4.1.4. Payment System Oversight

The payment systems which are of high importance and priority for the country's financial system were identified in accordance with the Policy on the payment system oversight in the Kyrgyz Republic and established importance criteria. Thus, in 2021, RTGS and BCS were recognized as systemically important payment systems, and the RTGS, BCS and the system of settlements with bank payment cards “Elcard” were recognized as the national payment systems.

*Payment systems importance*

*Functioning of national payment systems*

According to the monitoring results, systemically important payment systems (RTGS and BCS) operated under normal conditions (the system accessibility ratio<sup>1</sup> was 99.9 percent). The level of financial risks in the national payment systems was minimal due to the mechanisms for liquidity management and sufficient liquid funds on the participants' correspondent accounts in the National Bank. The accessibility ratio of the national system "Elcard" was 99.8 percent, which is a high indicator for the payment systems (98.0 percent is usually taken as a planned accessibility ratio in the national systems).

*Compliance of payment systems with international standards*

Self-assessment of the National Bank for compliance with the international standards<sup>2</sup> ("Responsibilities of the central banks, market regulators and other relevant authorities for financial market infrastructures") and analysis of the performance self-assessment of one of the important payment systems for compliance with the Principles for financial market infrastructures were conducted as part of the oversight of the payment system in the Kyrgyz Republic. The assessment results confirmed general compliance with the international standards.

The National Bank has established the Insurance (reserve) fund, in accordance with the Regulation "On insurance (reserve) fund for interbank systems of retail payments" which will mitigate the risks of retail systems to make timely and guaranteed final settlements on the interbank systems of retail payments based on clearing and the settlement systems with the bank payment cards, if one or more participants of the payment systems has insufficient liquidity.

#### 4.1.5. Development of Digital Payment Technologies

In 2021, the National Bank continued to implement measures within the framework of the Concept for development of digital payment technologies in the Kyrgyz Republic for 2020-2022 and other medium-term documents and action plans:

- in order to develop the Application Programming Interface (hereinafter – API), a cross-border pilot project was implemented for API testing to ensure digital interaction of the financial institutions in the EAEU space. Three commercial banks from the Kyrgyz Republic were involved in the pilot project. The participants of the pilot project developed a unified standard for information API, defined the approaches to provide information security at the cross-border level, and shared information in test mode on the location and operating hours of the clients offices, the ATMs, and the national currency exchange rates;
- integration of the national payment system "Elcard" (the Kyrgyz Republic) with the national payment systems of the EAEU countries: "Mir" (the Russian Federation), "Arca" (Armenia), "Belkard" (Belarus) was completed. Nineteen Russian banks and financial organizations have been connected to the service of money transfers (P2P-transfers) from cards "Mir" to cards "Elcard". 233,920 P2P-transfers to the total amount exceeding KGS 1.3 billion were made as of the end of 2021;
- the project on issuing contactless bank payment cards "Elcard NFC" ("Elcard Bezkontakt"), which, in addition to making contactless payments in the country, can be used outside the Kyrgyz Republic: in the network of the national payment system "Mir" and partner payment systems, was implemented. At the end of 2021, the number of payment cards "Elcard NFC" in circulation totaled 123,130 pieces;
- the range of services provided through the mobile application "Elcard Mobile" of the national payment system "Elcard" was expanded to include services of 13 commercial banks, as well as the mobile application "Elcard Trade" to enable the merchants to receive non-cash payments for goods or services, including the use of QR code;

<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.

<sup>2</sup> Principles for Financial Market Infrastructures were developed and adopted in April 2012 by the Committee on Payment and Market Infrastructures under the Bank for International Settlements.

- to implement the universal digital online financial platform in the Kyrgyz Republic, the National Bank of the Kyrgyz Republic, in partnership with the ALE “Union of Banks of Kyrgyzstan”, signed the roadmap for the financial marketplace formation;
- public discussion, completion and further promotion of the draft laws of the Kyrgyz Republic “On activities in the field of virtual assets” and “On amendments to certain legislative acts in the field of virtual assets”, developed to create a legal framework for regulation the virtual assets circulation and the activities in the field of virtual assets, was conducted.

A “regulatory sandbox”<sup>1</sup> was launched to create favorable conditions for the population, as well as to reduce the time and costs for introducing innovative banking and payment services and new products. In the reporting year, two organizations, under temporary licenses, began to conduct banking operations: issue of pre-issued 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 of own e-money.

*Special regulatory regimes (“regulatory sandboxes”)*

The National Bank developed and posted on the Internet resources of the National Bank video materials on making contactless payments with “Elcard NFC”, on payments using a QR code, on e-wallets, on using mobile and Internet banking, mobile application “Elcard Mobile” to inform the public about the benefits and convenience of using digital payment services and innovation technologies.

*Promotion of digital payment technologies*

## 4.2. Cash Circulation

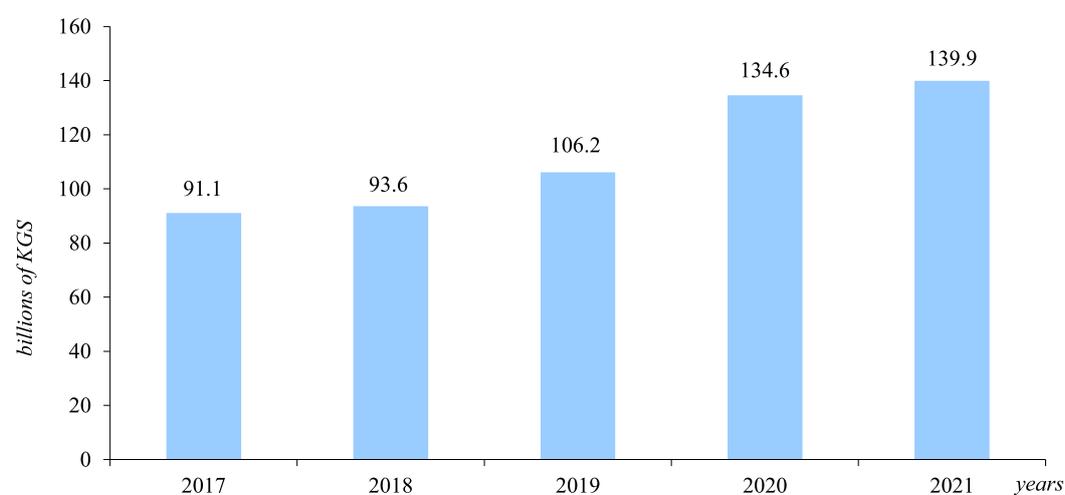
Meeting the needs of the economy in cash in a timely manner is among the main functions of the National Bank. The National Bank implements regular monitoring of cash in circulation through the commercial banks to fulfil this function.

In 2021, 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 2021, the total amount of cash in circulation increased by 3.9 percent and amounted to KGS 139.9 billion.

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

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



<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.

The cash turnover was represented by 412.6 million sheets of banknotes and 488.4 million pieces of coins. The share of banknotes accounted for 98.9 percent, and the share of coins – 1.1 percent of the total amount of cash in circulation in 2021. The structure of banknotes and coins by denomination in circulation is presented in Table 4.2.1.

**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
2020	0.8	0.4	0.5	0.7	1.4	3.5	10.0	37.1	13.1	32.5	<b>100.0</b>
2021	0.6	0.6	0.5	0.7	1.4	3.5	9.1	35.6	10.4	37.6	<b>100.0</b>

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

In 2021, receipt of cash in cash departments of the commercial banks totaled KGS 2,893.9 billion and increased by 36.7 percent compared to 2020. Payment of cash from the cash departments of the commercial banks increased by 35.1 percent and amounted to KGS 2,907.0 billion.

**Table 4.2.2.**

Movement of Cash via Cash Departments of Commercial Banks by Regions

	Receipt, <i>billions of KGS</i>		Disbursement, <i>billions of KGS</i>		Recoverability, <i>percent</i>	
	2020	2021	2020	2021	2020	2021
<b>Total</b>	<b>2,116.3</b>	<b>2,893.9</b>	<b>2,151.0</b>	<b>2,907.0</b>	<b>98.4</b>	<b>99.5</b>
Bishkek city	1,075.9	1,573.4	1,071.4	1,552.3	100.4	101.4
Batken oblast	95.2	123.8	95.1	123.7	100.1	100.1
Jalal-Abad oblast	230.4	300.3	246.0	318.1	93.7	94.4
Issyk-Kul oblast	112.1	139.1	116.5	144.0	96.2	96.6
Naryn oblast	52.9	63.1	55.3	65.8	95.7	95.9
Osh city	260.8	342.4	272.4	346.4	95.7	98.8
Osh oblast	95.0	111.3	95.2	111.3	99.8	100.0
Talas oblast	60.9	68.3	65.8	73.4	92.6	93.1
Chui oblast	133.1	172.2	133.3	172.0	99.8	100.1

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

In 2021, the number of detected counterfeit banknotes totaled 76 pieces amounting of KGS 100.500 (in 2020 – 55 pieces amounting to KGS 117.5 thousand). The level of counterfeiting amounted to 0.2 counterfeits per one million of genuine banknotes being classified as a minimum 1<sup>st</sup> level<sup>1</sup> (0-10 forgeries/million). Law enforcement agencies initiated criminal cases and conducted criminal-intelligence operations for each fact of counterfeiting.

*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 within the framework of implementing the Concept on creation and development of the precious

<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.

metals market in the Kyrgyz Republic focused on forming the market for 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 2021, 37.3 kg of refined gold measuring bars were sold to the amount of KGS 192.9 million (in 2020, 44.4 kg – to the amount of KGS 204.8 million). In the reporting period, 20.9 kg of refined gold measuring bars were re-purchased to the amount of KGS 107.8 million (in 2020, 11.0 kg – to the amount of KGS 51.8 million).

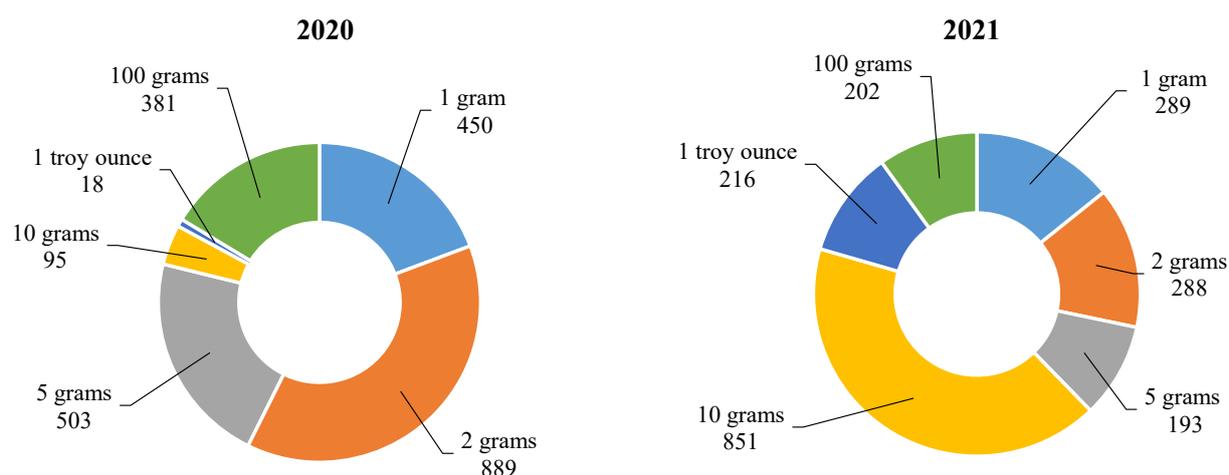
**Table 4.2.3.**

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

Weight	Sale		Re-purchase	
	2020	2021	2020	2021
1 gram	2,655.4	1,651.9	825.9	1,511.6
2 grams	9,783.7	3,383.8	5,388.9	3,484.6
5 grams	13,142.7	5,435.9	10,013.7	5,780.5
10 grams	4,792.9	44,542.9	1,133.6	33,097.2
1 troy ounce	2,668.3	34,718.1	995.2	8,786.5
100 grams	171,793.0	103,186.4	33,415.2	55,184.9

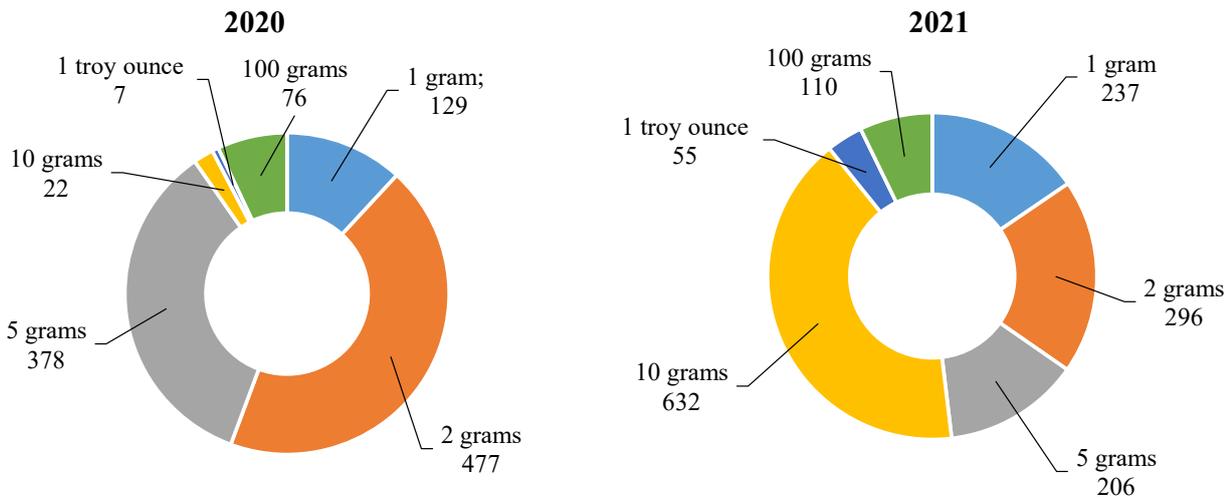
**Chart 4.2.2.**

Number of Sold Refined Gold Measuring Bars  
(pieces)



**Chart 4.2.3.**

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



The National Bank provided the services for storage of refined gold measuring bars weighing 31.1035 (1 troy ounce) and 100 grams for the individuals and the legal entities to develop the market of bank precious metals.

Work was continued to replenish the stocks of refined gold measuring bars made from domestic raw materials. According to the Law of the Kyrgyz Republic “On Precious Metals and Precious Stones”, during the reporting year, refined non-monetary gold was purchased from the local gold producing companies for the national currency.

*Commemorative coins*

Work was continued on release of the collection commemorative coins that reflect the most significant historical events of the country to popularize the spiritual and cultural values of the Kyrgyz people.

In 2021, in honor of the celebration of the 30<sup>th</sup> anniversary of the independence of the Kyrgyz Republic and the 30<sup>th</sup> anniversary of the CIS formation, collection commemorative coins of the series “Historical events” were put into circulation:

- gold coin “30 Years Anniversary of the Independence of the Kyrgyz Republic”;
- silver coin “30 Years Anniversary of the Independence of the Kyrgyz Republic”;
- silver coin “30 Years of the Commonwealth of Independent States”.

In addition, a copper-nickel coin “Thank you for life!” was put into circulation as a gesture of thanks to the representatives of various professions for their selfless work during the COVID-19 pandemic.

**Figure 4.2.1.**

Gold coin “30 Years Anniversary of the Independence of the Kyrgyz Republic”



**Figure 4.2.2.**

Silver coin “30 Years Anniversary of the Independence of the Kyrgyz Republic”

**Figure 4.2.3.**

Silver coin “30 Years of the Commonwealth of Independent States”

**Figure 4.2.4.**

Copper-nickel coin “Thank you for life!”



## CHAPTER 5. INTERNATIONAL COOPERATION AND PUBLIC RELATIONS

### 5.1. International Cooperation

In 2021, the National Bank continued cooperation with the central (national) and integration banks, international organizations, financial institutions and associations. International events were mainly held in the virtual format due to the spread of the COVID-19 pandemic.

*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.

According to Article IV of the IMF Agreements, in the reporting year, consultations were held with the IMF to result in a corresponding report published on the official website of the IMF. In 2021, the Kyrgyz Republic received 170.2 million SDR as part of the IMF's global SDR allocation initiative. The National Bank assisted the Cabinet of Ministers of the Kyrgyz Republic in obtaining the IMF grant support in the amount of approximately 8.6 million SDR to provide debt relief for the Kyrgyz Republic to the IMF. These grant funds were provided to repay part of the principal amount of loans received by the country earlier under the IMF Trust Fund to ensure poverty reduction and economic growth.

In April and October 2021, the National Bank administration participated in the Spring and Annual Meetings of the IMF Governors and the World Bank Group.

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

In 2021, the National Bank continued cooperation with the Islamic Development Bank (IsDB) on development of the principles of Islamic finance in the territory of the Kyrgyz Republic. Measures were taken to implement technical assistance focused on improving the regulatory legal framework for banking supervision, creating a centralized Sharia Board, as well as building the specialists' capacity on the principles of Islamic finance and Sharia scholars in accordance with the agreement signed between the National Bank and the IsDB.

Activities were held to promote the principles of Islamic finance in the country within the framework of the Access to Finance subcomponent of the IsDB project for irrigated agriculture development in the Issyk-Kul and Naryn regions.

The standards of the Islamic Financial Services Board (IFSB) have been translated from English into Russian and published on the official website of the National Bank.

The National Bank's representatives participated in the 46<sup>th</sup> Annual Meeting of the Governors of the IsDB Group, where the issues of developing cooperation between the Kyrgyz Republic and the organizations of the IsDB Group were discussed.

*Cooperation with integration associations*

The National Bank's representatives participated in the 45<sup>th</sup> meeting of the Central Banks Governors' Club of the Black Sea Region, the Central Asia and the Balkan Countries, where the issues of economic and financial stability amid the COVID-19 pandemic, as well as the "green" economy were considered.

The National Bank carried out further the 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 (ACFEP), the Interstate Bank (ISB), the Commonwealth of Independent States (CIS), the Shanghai Cooperation Organization (SCO) to implement financial and banking activities.

In September 2021, the Kyrgyz Republic held the 22<sup>nd</sup> meeting of the Advisory Council on Foreign Exchange Policy of the Central (National) Banks of the EAEU Member States, in the course of which the following issues were considered: the current economic situation and implementation of the monetary policy in the EAEU member states, as well

as work on the draft Standardized License Agreements and on the Supranational Financial Market Regulatory Body of the Eurasian Economic Union.

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 members of the Advisory Committee on Macroeconomic Policy conducted activities to monitor macroeconomic indicators that determine the stability of economic development, and analyze the budgetary and debt sustainability of the EAEU member states. The main guidelines for the macroeconomic policy of the EAEU member states for 2021-2022 were approved.

The list of statistical indicators of the official statistical information provided to the Eurasian Economic Commission (EEC) by the authorized bodies of the EAEU member states, as well as the methodology for gathering statistics on mutual trade in goods of the EAEU member states were updated due to the activities conducted by the Advisory Committee on Statistics. The Subcommittee on Financial Statistics discussed the activities to enhance data collection on government finance statistics and to reduce the time frames for certain formats provision.

The National Bank continued its work in the Advisory Committee on Financial Markets to harmonize the legislations of the EAEU member states in the financial sector. An Agreement on exchange of information included in the credit histories within the framework of the EAEU was signed. Work was continued on preparation of the draft agreements on a standardized license and on a supranational body for regulating the EAEU financial market.

The working group to coordinate development of the national payment systems of the EAEU countries implemented the project on intersystem integration of the national payment system “Elcard” with the Russian national payment system “Mir”. Work was continued on the study and implementation of the financial message formats based on the international standard ISO 20022 in the national payment systems.

In 2021, the representatives of the National Bank participated in the 44<sup>th</sup> and 45<sup>th</sup> meetings of the Eurasian Council of Central (National) Banks (ECB), which were held in the virtual format. The issues on participation of the Agency of the Republic of Kazakhstan for regulation and development of the financial market in the ECB, on the results of work and prospects for the banking sector development, on the main directions of monetary policy, on development of the foreign exchange markets and indicators of economic development, on the national systems for CTF/AML in the states of the central (national) banks – the ECB participants were discussed during the meetings.

The representatives of the National Bank participated in the 62<sup>nd</sup> and 63<sup>rd</sup> meetings of the ISB Council, where the issues related to the results of work and further activities of the ISB were discussed. In addition, the National Bank’s employees participated in the meeting of the ministers of finance and the chairmen of the central (national) banks of the SCO member states, where the issue of the post-COVID situation was discussed to mitigate and eliminate the financial consequences in the SCO countries.

The National Bank of the Kyrgyz Republic cooperated with the Swiss National Bank, the National Bank of Poland, the Bank of Korea, as well as with the Asian Development Bank, the World Bank, the European Bank for Reconstruction and Development, the International Monetary Fund, 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 Economic Cooperation and Development (OECD) to exchange experience, implement advanced training programs and obtain technical assistance.

*Technical  
cooperation*

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

In 2021, the National Bank continued to carry out the policy of public information based on the principles of openness, transparency and availability.

The information policy was primarily focused on informing the public about the monetary policy of the National Bank, development of the banking and the payment systems, introduction of the digital technologies, consumer right protection, improving the financial literacy of the population, cyber threats to the financial services users, the risks of financial fraud and the signs of financial pyramids.

Information was provided to the public in different formats: posting information messages on the official website of the National Bank, in the mass media, broadcasting TV and radio programs, posting explanatory videos, booklets, brochures and other information on the financial literacy website [www.finsabat.kg](http://www.finsabat.kg) and the official pages of the National Bank in social media.

### Official website



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.

### Cooperation with media

More than 100 publications on the banking issues were prepared and placed in various media in accordance with the media plan for 2021. More than 180 applications from media representatives related to various areas of the National Bank's activities were considered.

More than 120 public statements of the National Bank's representatives were organized in media. The statements were devoted to the topical issues related to implementation of the Decree of the President of the Kyrgyz Republic "On measures for further development of the financial market", the monetary policy of the National Bank, the situation in the foreign exchange market, digital transformation of the banking services, protection of the financial services consumers' rights and measures to support the entrepreneurs and the population.

Over eight thousand publications in the mass media 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, on the risks of financial fraud and a series of TV shows on financial literacy "Finsabat" were also broadcasted on these TV channels.

The National Bank released a series of videos "The Main Wealth of the Country is its People" about outstanding personalities depicted on the banknotes of the national currency: the thinker-philosopher Zhusup Balasagyn, the great manaschi Sayakbay Karalayev, the poet Alykul Osmonov, the artist and actor Suimenkul Chokmorov on the occasion of the 30<sup>th</sup> anniversary of the independence of the Kyrgyz Republic. The purpose of this project was to popularize spiritual values, increase the level of public confidence in the national currency and increase the culture of respect for it. Video materials were broadcasted on the republican and regional TV channels, as well as were posted on the official pages of the National Bank in the social media.

### Public Information Service activity

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.

In 2021, 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 thousand oral and more than 1.5 thousand written applications on different issues related to the National Bank's activities.

During 2021, visits to the National Bank's numismatic museums were limited due to the epidemiological situation. The numismatic museums' expositions are devoted to the history of the country's cash circulation, including samples of banknotes and coins issued in different periods and reflecting the stages of the national currency development and formation, banknotes found in the territory of ancient Kyrgyzstan, a collection of commemorative numismatic coins and other numismatic products issued by the National Bank.

*Numismatic museums*

Given that due to growing number of users, 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.

*National Bank  
in the social networks*

The National Bank continued working to improve the financial literacy of the population. Information on 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 page.

*Improvement of the  
financial literacy*

Videos were published on the "Finsabat" social media pages to increase the financial literacy of the population in terms of savings and investments, remote banking services, including online payment for public services through mobile banking, as well as risks and financial security when using online banking, methods of identifying and detecting fraudulent transactions and financial pyramids. According to the analytical data, these materials were viewed by more than 600 thousand users of social networks.

"Finsabat" TV programs on financial literacy, devoted to family budget planning, proper use of loans, interest calculation rules, features of collateral relations and protection of the financial services consumers' rights were broadcasted on the republican and regional TV channels and posted on the official social media pages of the National Bank.

Online and digital financial education tools were introduced to further expand financial education and user convenience. The National Bank, together with the German Sparkassenstiftung, created the information and educational portal "My Finances" (<https://moifinansy.finsabat.kg>) to post training materials on financial literacy for the teachers of dual education, the teachers of educational institutions and everyone who is interested in learning financial literacy.

The "Finsabat" mobile application was developed together with the German Corporation for International Cooperation (GIZ), within the framework of the project "Promoting Sustainable Economic Development" to ensure public access to financial literacy information. This application is available for mobile device users in the Play Market and App Store.

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. Due to the epidemiological situation in the country, in 2021, some of the events, such as interactive games, contests, quizzes, olympiads, were held online on the Internet resources and via

social media. Approximately 350 events were held during the Global Money Week-2021 with involvement of over 200 secondary schools, about 70 institutes of higher education and secondary specialized colleges. Direct coverage of the population amounted to about 38 thousand people, and indirect coverage – over three million people. About 130 events were organized as part of the World Savings Day, including 13 contests, 29 open lessons in schools, over 30 seminars, about 40 excursions and over 25 business games. Direct coverage of the population amounted to about four thousand people, and indirect coverage – more than two million people.

In 2021, implementation of a joint project with German Sparkassenstiftung “Promotion of rural development and strengthening the potential of small and medium-sized enterprises in Kyrgyzstan, Tajikistan and Turkmenistan” was launched, the purpose thereof is 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 700 residents of Osh city and 24 village areas of Osh oblast.

Cooperation was continued with the Organization for Economic Cooperation and Development (OECD) within the II phase of the project on technical assistance in the field of financial education in the CIS countries.

## 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 organizational structure was determined to conduct the activities of the National Bank. This structure conditioned the appropriate functions and powers given to the structural units. In the reporting year, the following changes were made to the organizational structure of the National Bank to increase the efficiency of its activities:

- the Banks Supervision Methodology and Licensing Department was reorganized by transforming the New Financial Products Development Group into the Digital Banking Operations Development Division;
- the Administration and Logistics Department was reorganized by abolishing the health center as part of the Logistics Division;
- the Medical Care Service was established as an independent division.

At the end of the reporting year, the organizational structure of the National Bank included 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; carries out research work on macroeconomic issues, banking sector and payment systems
<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 Departments 1 and 2</i></b>	implements oversight over the banks' activities to ensure the stability of the banking system, to protect the interests of the depositors and other creditors, as well as to ensure fair competition among the commercial banks
<b><i>Financial Statistics and Review Department</i></b>	maintains statistics on monetary indicators, financial market performance indicators, statistics on the banking sector and non-banking financial-credit organizations; compiles the balance of payments of the Kyrgyz Republic; provides expert support in matters of external debt; analyzes and assesses stability of the financial system in the Kyrgyz Republic; and releases official publications of the National Bank
<b><i>Banks Supervision Methodology and Licensing Department</i></b>	develops methods for supervision over the banks' activities and conducts licensing of the banks' activities to ensure the stability of the banking system

<b><i>Non-banking Financial-Credit Organizations Oversight Department</i></b>	implements oversight over the activities of non-banking financial-credit organizations and other legal entities licensed and regulated by the National Bank; develops the methodology for oversight and issues licenses for the NBFCOs 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, as well as implements licensing, regulation and supervision over the activities of the payment system operators and payment organizations
<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, development and improvement of the banking legislation
<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 National Bank's buildings and structures and their power supply, resolves logistics issues, transport support

<b><i>Systemic Risk Analysis Division</i></b>	reveals systemically important risks in the banking and non-banking sectors; prepares proposals for taking measures to ensure the banking system stability, as well as carries out systematic supervision over the activity of the financial-credit organizations licensed by the National Bank for compliance with the laws of the Kyrgyz Republic in the sphere of counter-terrorism financing and anti-money laundering; conducts risk-oriented supervision in the field of information security in the financial-credit organizations
<b><i>Consumers' Rights Protection Division</i></b>	protects the rights of the consumers of the banking and payment services
<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, as well as performs the function of the Management Board's secretariat in the National Bank
<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 training and professional development of the National Bank's employees
<b><i>Finance and Monitoring Division</i></b>	organizes financial activities of the National Bank, focused on ensuring the financial resources for its development strategy; organizes the process of activities budgeting and planning; monitors implementation of the action plans and the strategic areas of the National Bank's activity
<b><i>International Cooperation Division</i></b>	provides for the establishment, strengthening, and development of the National Bank international cooperation with the central banks, financial and integration institutions and other relevant organizations of the partner countries
<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>Public Relations Division</i></b>	raises public awareness about the National Bank's activities and policies through the media outlets in accordance with the Bank's communications policy and contributes to improvement of the financial literacy in the Kyrgyz Republic
<b><i>Construction and Repair Division</i></b>	organizes construction and assembly operations, repair, design and survey works at the National Bank's facilities

<b><i>Internal Audit Service</i></b>	conducts audits in structural subdivisions of the National Bank; monitors implementation of the internal audit recommendations, interacts with the external auditor of the National Bank and ensures interaction with the Audit Committee
<b><i>Medical Care Service</i></b>	provides primary and pre-medical health care, emergency medical care, promotes a healthy lifestyle
<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 analysis and optimizes the business processes of the National Bank
<b><i>Educational and Recreation Center (Recreation Center “Tolkun”)</i></b>	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
<b><i>Regional Departments and Batken Representative Office</i></b>	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

*Payroll number of employees of the National Bank*

At the end of 2021, the payroll number of employees of the National Bank amounted to 753 people, of which 668 people – were 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.

In 2020, the payroll number of employees of the National Bank amounted 705 people, of which 625 people – in the central office and 80 people – in the regional departments and the Batken Representative Office. The number of women percentagewise was 50.0 percent, men – 50.0 percent.

*Personnel training*

The National Bank of the Kyrgyz Republic provides trainings for its specialists on a regular basis. In 2021, 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, training events organized in the CIS and far abroad countries, as well as in the Kyrgyz Republic.

In the reporting year, 31 young specialists completed training as part of implemented educational project “Banking. Dual vocational training of bank officers”.

Implementation of the program “Young professionals” was continued, 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. In the reporting year, the program “Young professionals” was implemented twice. The competitive selection of young specialists was conducted in three

stages, finally, 55 out of 129 candidates were accepted for internship at the National Bank following the results of two programs.

The National Bank applies the system of a competitive selection of employees to implement an open, equal and fair approach to all participants of the competition; 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.

*Competitive selection*

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

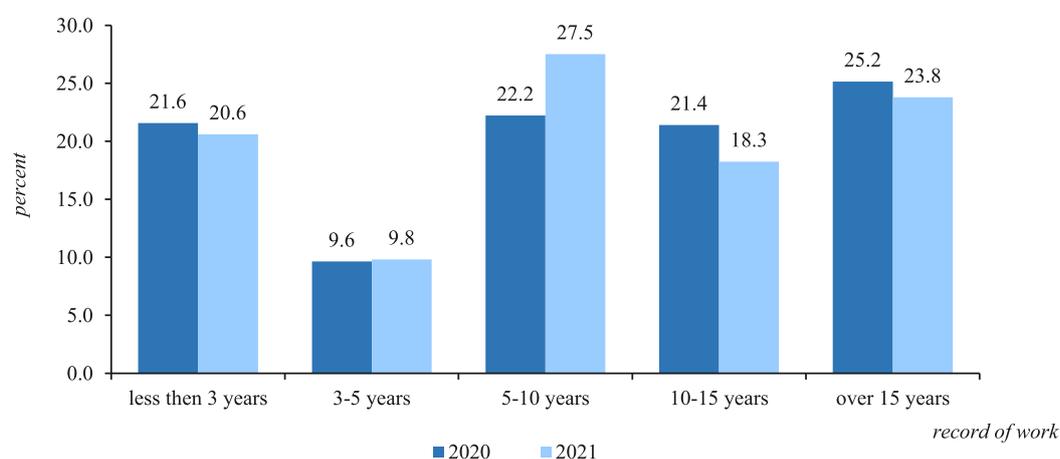
In 2021, 36 competitions were held, including 9 competitions in the regional offices. In total, 434 people took part in the competitions. As a result of these competitions, 76 people were recruited in the National Bank.

In 2021, the staff turnover remained unchanged and amounted to 6.0 percent.

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

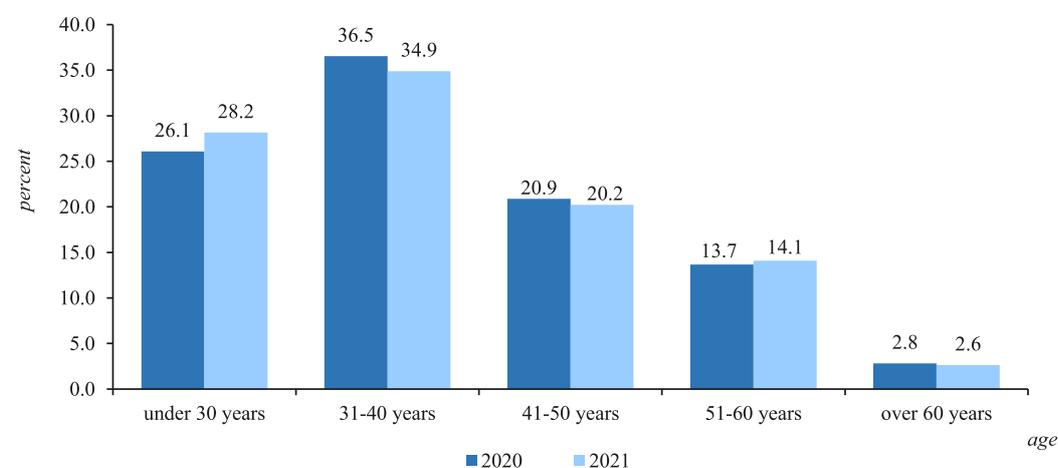
**Chart 6.1.1.**

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



**Chart 6.1.2.**

Structure of Specialists by Age



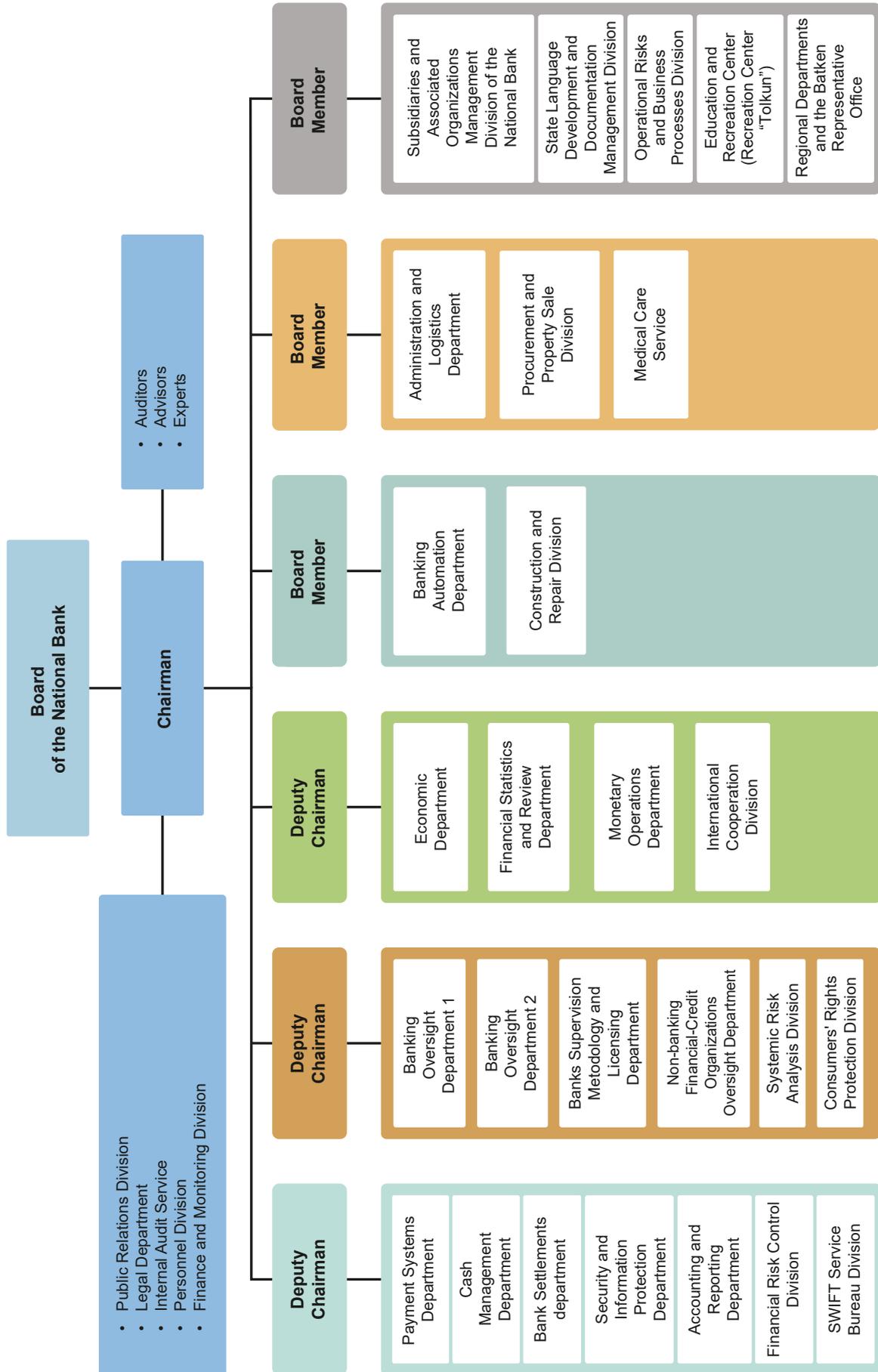
The committees and commissions operate in the National Bank on a regular basis to provide effective fulfillment of its functions and objectives. At the end of 2021, eight committees, eleven commissions, a scientific expert council, six editorial boards for publications of the National Bank with their activity being regulated by the relevant provisions.

### **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 system of internal control, control over the accounting procedures and preparation of financial statements of the National Bank, as well as supervises the internal audit service
<b><i>Payment System Committee</i></b>	coordinates operation of the payment system in the Kyrgyz Republic to ensure its efficiency, reliability and security, as well as defines the development trends of the payment system, the goals and the objectives for development, regulation and supervision (oversight) over the payment system, licensing and prudential 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
<b><i>Committee for National Bank Subsidiaries and Associated Organizations Management</i></b>	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
<b><i>Ethics and Prevention of Corruption Commission</i></b>	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
<b><i>Methodological Commission</i></b>	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
<b><i>Commission for Organizational Development of the National Bank</i></b>	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
<b><i>Labor Disputes Commission</i></b>	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, 2021



## 6.2. Activity of the Board of the National Bank of the Kyrgyz Republic in 2021

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

The Management Board defines the monetary policy, the policy in the area of the commercial banks, non-banking financial-credit organizations, the payment systems operators and the payment organization supervision, establishes the procedure for issue of new samples and denominations of banknotes and the procedure for redeeming the banknotes and coins; approves the regulatory legal acts, the annual report, as well as determines the main directions for development of the banking sector, the NBFCS sector and the payment system.

The Board of the National Bank activity was carried out in accordance with the approved annual and quarterly action plans. In 2021, the Management Board held 90 meetings (including 14 information exchange meetings) with 362 considered issues and 213 adopted resolutions.

During 2021, the Board of the National Bank eight times considered the issue of the size of the National Bank policy rate – the main monetary policy instrument. The decisions on the policy rate were made on the basis of analysis and forecast of the main inflation factors, the situation in the external environment and in the Kyrgyz Republic.

The Monetary Policy Reports, containing information on measures and results of the monetary policy being conducted, on the macroeconomic situation in the country and in the countries-trading partners, the medium-term forecast of inflation and key macroeconomic indicators, were reviewed and approved on a quarterly basis.

In December 2021, the Board approved the Statement of the National Bank of the Kyrgyz Republic on the monetary policy for 2022 and the schedule of the Board meetings for 2022 on the policy rate of the National Bank, which were posted on the official website.

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.

The Board regularly considered the Financial Sector Stability Report of the Kyrgyz Republic containing the results of analysis of risks in the financial system and their impact on the stability of the financial sector as a whole. The results of monitoring and analysis were taken into account in decision-making on the monetary and macroprudential policies.

In total, 21 issues were considered and 19 resolutions were adopted on the monetary policy issues and the international reserves management in 2021.

The Board of the National Bank adopted a number of resolutions focused on mitigating the consequences of the crisis conditioned by the spread of the COVID-19 pandemic, maintaining the stability and reliability of the banking system as a whole.

In the reporting year, the Board of the National Bank adopted a resolution to eliminate the requirements to forward the commercial banks' reports in a paper format.

The Board of the National Bank adopted the resolutions on risk management, capital adequacy, asset classification and application of enforcement measures within the framework of developing the regulatory legal framework for supervision and regulation of the banks' activities, as well as bringing it in line with the law and the international standards.

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

*Consideration of monetary policy issues*

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

*Consideration  
of issues on the  
principles of  
Islamic finance*

The National Bank introduced amendments to the regulatory legal acts on the banks' capital adequacy, credit risk management, asset classification and loan loss provision for the banks' operations conducted in accordance with the principles of Islamic finance to further develop and promote the principles of Islamic finance, as well as to create equal legal environment. The procedure for murabaha transactions accounting was adopted to define the accounting rules for evaluating, recognizing and disclosing information about murabaha transactions. Amendments were introduced to certain regulatory acts governing the procedure for granting the status of interest income non-accrual and provision of a periodic regulatory banking report.

Amendments were adopted to some regulatory legal acts of the National Bank in terms of licensing on the issues related to the banks reorganization and coordination of the officials, issue of a license to conduct banking operations in accordance with the principles of Islamic banking and finance through the "Islamic window".

A resolution of the National Bank Board regarding revision of limits imposed on the guarantee fund finances deposited in the commercial banks was adopted to improve the requirements of the regulatory legal framework of the National Bank.

The Regulation "On the requirements for formation, publication and submission of the non-banking financial-credit organizations' financial statements to the National Bank of the Kyrgyz Republic", which establishes a requirement for non-banking financial-credit organizations to ensure transparency and accessibility of financial statements for the users was approved by the Resolution of the National Bank Board.

The Board of the National Bank regularly reviewed reports on implementation of the action plan of the Main Directions for Development of the Banking Sector and the Microfinance Sector in the Kyrgyz Republic for 2018-2021. The Main Directions of the Microfinance Sector Development for 2022-2025 were approved, the purpose thereof is to ensure and maintain a favorable economic, legislative and regulatory environment for the institutional development of the microfinance sector, as the most important tool to support the entrepreneurial initiative of the population, increase its self-employment, and finance the development of small-sized business and private entrepreneurship.

108 issues on the activities of the individual commercial banks and other FCOs licensed and regulated by the National Bank were considered, 62 resolutions were adopted, among them 32 resolutions referred to the regulatory framework governing their activities.

*Consideration  
of payment  
system issues*

In 2021, the Board of the National Bank approved a number of the regulatory legal acts on licensing and regulating the activities of the payment system operators and the payment organizations, on supervision (oversight) of the payment system of the Kyrgyz Republic, on payment processing in the batch clearing system to improve the legal and regulatory framework for the payment system operators and payment organizations activities.

Amendments were introduced into the Regulation "On bank payment cards in the Kyrgyz Republic", and the Regulation "On non-cash payments in the Kyrgyz Republic" defining the procedure for making non-cash payments in the territory of the Kyrgyz Republic, the forms and requirements for processing payment documents used in non-cash payments by the banks and other participants of the payment system within the framework of ongoing digitalization activities in the banking and payment systems, was approved as part of bringing the Law of the Kyrgyz Republic "On Payment System of the Kyrgyz Republic" in line with the adopted amendments in terms of domestic payments.

The Regulation "On insurance (reserve) fund for interbank systems of retail payments" was approved to provide an additional mechanism for timely and guaranteed final settlement on net positions of the interbank retail payment systems based on clearing and the settlements with the bank payment cards in the system of large payments of the National Bank if one or more participants have insufficient liquidity.

Corresponding amendments were introduced into the State Classifier of Payment Turnover to marshal information on the payment turnover. The Board of the National

Bank approved regulatory legal acts regarding the State Program on Increasing the Share of Non-cash Payments and Settlements in the Kyrgyz Republic for 2018-2022 and the interagency commission on increasing the share of non-cash payments and settlements in the Kyrgyz Republic due to structural reforms in the Government of the Kyrgyz Republic and its transformation into the Cabinet of Ministers of the Kyrgyz Republic.

In the reporting period, the Board of the National Bank reviewed 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”.

The Board considered 36 issues and adopted 19 resolutions on the payment system functioning and regulation.

The issues on arrangement of the activities conducted by the National Bank of the Kyrgyz Republic and other issues were considered, 113 resolutions were adopted thereon.

### 6.3. Improvement of Banking Legislation

In the reporting year, the National Bank worked on improvement and development of the legislative framework governing banking activities in the Kyrgyz Republic.

The Law of the Kyrgyz Republic “On Amendments to the Law of the Kyrgyz Republic “On Payment System of the Kyrgyz Republic” focused on ensuring the economic security of the country, reducing cross-country risks and protecting consumer rights was adopted in 2021. The law establishes a requirement for collection, processing, storage of financial information on payments made in the national currency using bank payment cards of various payment systems (domestic payments) in the territory of the Kyrgyz Republic, clearing for domestic payments by the operator of the national payment system.

In addition, the Law provides for establishment of the restrictions on combining the activities of payment system operators and payment organizations related to provision of the processing services and making payments to third parties with another type of activity.

The Law of the Kyrgyz Republic “On Amendments to the Civil Code of the Kyrgyz Republic” was adopted in the reporting year. This Law was focused on improving the legal norms of the Civil Code in terms of the principles of Islamic banking and finance, as well as regulating legal relations between the legal entities on extending loans to the individuals by the legal entities on a regular basis (in the form of the main activity for the purposes of profit). The amendments provide for updating the provisions of the Civil Code governing civil law relations of the transactions concluded in accordance with the principles of Islamic finance, according to the Sharia standards developed and approved by the international organizations that establish standards for Islamic banking (Accounting and Auditing Organization for Islamic Financial Institutions, Islamic Financial Services Board).

Amendments were introduced to the Civil Code to regulate the activities on extending loans due to the need to protect the financial services consumers’ rights, further ensure the financial system stability, prevent destabilization of the financial system, create equal market conditions and establish supervision and regulation of the legal entities involved in extending loans on a regular basis.

In addition, the Law of the Kyrgyz Republic “On Amendments to the Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic, Banks and Banking Activity”, concerning power and authority of the board of directors members in the commercial banks, was adopted. The purpose of these changes is to eliminate contradictions regarding the terms of power and authority of the board of directors members and the requirements for independent members of the board of directors.

The Law of the Kyrgyz Republic “On Amendments to Certain Legislative Acts in the Field of Audit Activities” was adopted in 2021. This Law provides for amendments to the Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic, Banks and

*Effective laws*

*Draft laws*

Banking Activity”. Licensing requirements for audit organizations when conducting an external audit of the National Bank and the commercial banks have been canceled due to general de-licensing of audit activities and introduction of the state registration for the auditors and the audit organizations.

The Law of the Kyrgyz Republic “On Virtual Assets”, with involvement of the National Bank in development thereof, was adopted by the Decree of the Jogorku Kenesh of the Kyrgyz Republic. This Law provides for regulation by the National Bank of the activities of banks, non-banking financial-credit organizations and other legal entities supervised by the National Bank as the virtual asset service providers.

The National Bank has developed a draft Law “On Amendments to Certain Legislative Acts on Virtual Assets”, namely:

- the concept of “virtual asset” is introduced into the Civil Code as an object of civil rights;
- virtual asset service providers are included in the category of reporting entities in accordance with the FATF Recommendation in the Law of the Kyrgyz Republic “On Counter-terrorism Financing and Anti-money Laundering”;
- licensing the activity of a virtual assets service provider is introduced in the Law of the Kyrgyz Republic “On Licensing and Authorization System in the Kyrgyz Republic”.

The National Bank developed the draft Constitutional Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic”, which determines the legal status, objectives of activities, functions and powers, operating procedure, as well as guarantees of the National Bank independence, and the draft Law of the Kyrgyz Republic “On Banks and Banking Activity”, which regulates the issues of banking activities, the procedure for establishment and liquidation of banks, the procedure for handling information constituting banking secrecy due to the need to bring the legislative acts regulating the activities of the National Bank, banks and banking activities in line with the Constitution of the Kyrgyz Republic.

Pursuant to the Decree of the President “On Measures for Further Development of the Financial Market”, the National Bank, together with the Cabinet of Ministers of the Kyrgyz Republic, developed the draft Law of the Kyrgyz Republic “On Amendments to Certain Legislative Acts of the Kyrgyz Republic on Non-cash Payments” to increase the share of non-cash turnover by reducing cash circulation, increasing the tax base, growing budget revenues, and reducing the level of the shadow economy. The draft Law provides for limits on the amounts when making payments in cash.

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

To perform the duty of a financial adviser to the President, the Jogorku Kenesh and the Cabinet of Ministers of the Kyrgyz Republic, the National Bank implemented the following activities in 2021:

- regularly provided information, analytical materials and recommendations on implementation of the monetary policy, on the state of the banking and payment systems to the President, the Jogorku Kenesh and the Cabinet of Ministers of the Kyrgyz Republic;
- examined the draft laws and other regulatory legal acts and decisions affecting the issues of the financial, banking and payment systems and the area of the National Bank authority;
- provided advice to the Jogorku Kenesh and the Cabinet of Ministers of the Kyrgyz Republic in considering the issues related to the republican budget.

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

macroeconomic indicators, the situation in the external sector of the economy, the state of the banking and payment systems, the system of non-banking financial-credit organizations, the situation in the foreign exchange market of the country.

As part of the financial advisor duty, the National Bank sent more than 700 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, programs and plans, including:

- The Strategies for Financial Inclusion for 2022-2026;
- The National Development Program of the Kyrgyz Republic until 2026;
- The State Program on Increasing the Share of Non-cash Payments and Settlements in the Kyrgyz Republic for 2018-2022;
- The Programs for E-commerce Development in the Kyrgyz Republic for 2022-2025;
- The Medium-term Action Plan for 2020-2022 to Implement the Strategy for Development of Public Financial Management;
- The Action Plan of the Cabinet of Ministers of the Kyrgyz Republic to Implement the Decree of the President of the Kyrgyz Republic “On Measures for Further Development of the Financial Market”;
- The Short-Term Action Plan of the Government of the Kyrgyz Republic on Economic Stabilization;
- The Matrices of Economic Policy Measures, Structural and Institutional Reforms of the Cabinet of Ministers of the Kyrgyz Republic and the National Bank;
- The Roadmap for Implementation of the Digital Transformation Concept “Digital Kyrgyzstan 2019-2023” and other documents.

*Development and implementation of state programs*

In the reporting year, the National Bank examined and prepared proposals for more than 30 draft laws, including:

- “On the Republican Budget of the Kyrgyz Republic for 2022 and the Forecast for 2023-2024”;
- “On Amendments to the Law of the Kyrgyz Republic “On the Republican Budget of the Kyrgyz Republic for 2021 and the Forecast for 2022-2023”;
- “About Clusters”;
- “On Amendments to the Budget Code of the Kyrgyz Republic”;
- “On Amendments to Certain Legislative Acts in the Sphere of the Economic Emergency Situation”;
- New Version of the Tax Code of the Kyrgyz Republic;
- “On Amendments to Some Legislative Acts of the Kyrgyz Republic on E-commerce”;
- “On the E-commerce Park of the Kyrgyz Republic”;
- “On Venture Capital Funding”;
- “On Amendments to the Law of the Kyrgyz Republic “On Guarantee Funds in the Kyrgyz Republic”;
- “On Amendments to the Law of the Kyrgyz Republic “On State Mortgage Housing Lending”;
- “On cryptoassets circulation”;
- “On Valuation activities” and others.

*Examination of draft laws*

In 2021, the National Bank also examined and prepared proposals for more than 40 draft resolutions and orders of the Cabinet of Ministers and acts of the President of the Kyrgyz Republic, including those on:

- Increasing the republican budget revenues for 2021;
- Medium-term forecast of social and economic development of the Kyrgyz Republic for 2022-2024;
- Main directions of the fiscal policy in the Kyrgyz Republic for 2022-2024;

- Approval of the housing program of the Kyrgyz Republic “My Home 2021-2026”;
- Approval of the Procedure and requirements for the information transmitted by the banks and the payment organizations/payment system operators to the tax authorities;
- Approval of the project “Inventory loan on agricultural products development for the producers in Osh region and Osh city” within the framework of the World Bank project “Economic Development of Regions”;
- Approval of the Concept of rights of claim to movable property for the period up to 2025;
- Approval of the Procedure for placing idle public funds of the budget system of the Kyrgyz Republic in the commercial banks;
- Approval of the mechanism for repayment of state bodies’ accounts payable by issuing treasury obligations;
- Approval of the project “Agriculture Financing-10” and others.

*Examination of international agreements*

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 implementation of audit activities within the Eurasian Economic Union;
- The draft Agreement on exchange of information included in the credit histories within the Eurasian Economic Union;
- The draft Agreement on the Supranational Authority to Regulate the Common Financial Market of the Eurasian Economic Union;
- The draft Agreement on standardized license;
- The draft Agreement on coordinated approaches to regulation of the foreign exchange legal relations and adoption of the liberalization measures;
- The draft Agreement on admission of the brokers and dealers of one member state of the Eurasian Economic Union to participate in organized trading of the stock exchanges (trade organizers) of other member states;
- The draft Agreement on mutual recognition of the bank guarantees in implementation of the state (municipal) procurement;
- The draft Agreement on the rules for issue, circulation and redemption of the warehouse certificates for agricultural products within the Eurasian Economic Union;
- The draft Agreement on cooperation between the member states of the Commonwealth of Independent States in anti-corruption management.

*Work in interagency commissions*

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:

- Development of the draft Strategy for financial inclusion;
- Introduction of the sustainable financing principles in the Kyrgyz Republic;
- Determination of medium-term priorities of the Kyrgyz Republic for the period up to 2025;
- Development of a draft new version of the Tax Code of the Kyrgyz Republic;
- Development of a draft digital code of the Kyrgyz Republic;
- Regulatory impact analysis of the draft Law of the Kyrgyz Republic “On Amendments to Certain Legislative Acts of the Kyrgyz Republic on Non-Cash Payments”;
- Regulatory impact analysis of the draft Laws “On Activities Related to Virtual Assets” and “On Amendments to Certain Legislative Acts on Virtual Assets”;
- Introduction of the Financial Ombudsman Institution in the Kyrgyz Republic;
- Implementation of the action plan, in accordance with the Decree of the President “On urgent measures to enhance the digital technologies introduction in the public administration of the Kyrgyz Republic”;

- Creation of an electronic mechanism to track the financial operations;
- Development of proposals to improve the procedures for servicing the commercial banks' clients;
- Interaction of business with law enforcement and judicial authorities and others.

## 6.5. Internal Audit and Internal Control System

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

The main goals and objectives of the Internal Audit Service 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 financial statements and the Audit Committee of the National Bank.

The Internal Audit Service operates under the supervision of the Audit Committee and is independent of the auditee's activity. Internal audit is based on a risk-oriented approach, audits are conducted based of 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 monitoring and assessment of the current economic situation, arrangement and conducting of the foreign exchange settlements, licensing of the payment system operators and the payment organizations, licensing of the non-banking financial-credit organizations, processing of the statistical information on financial sector of the Kyrgyz Republic, management of the international reserves, oversight over the exchange offices activities.

The Audit Committee operates in the National Bank to ensure an appropriate system of internal control, as well as control over the accounting and financial reporting procedures. The Audit Committee includes two independent experts who are not the employees of the National Bank and a member of the Board 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, as well as to supervise the Internal Audit Service, ensure adequate application of the accounting principles, monitor the quality of the financial statements and assess the compliance of the external auditor's work with the standards established by the legislation of the Kyrgyz Republic.

In 2021, the Audit Committee held 30 meetings, where the materials on the financial statements of the National Bank, on changes in the accounting policy, overview of the internal control system, monitoring of the implementation internal and external audits recommendations, materials on the activities of the Internal Audit Service were considered.

The Audit Committee on a semi-annual basis provided information about its activity for consideration by the Board of the National Bank. 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 2020 was conducted by the audit organization – LLC “KPMG Bishkek” approved by the Jogorku Kenesh of the Kyrgyz Republic in accordance with the legislation of the Kyrgyz Republic. The audit organization – LLC “KPMG Bishkek” was approved as the external auditor of the National Bank for 2021.

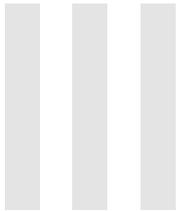
*Activities of the  
Internal Audit Service*

*Activities of the  
Audit Committee*

*Interaction with  
external auditors*



APPENDICES



### Major Events in the Monetary Sphere in 2021

Date	Contents
January 6	A license was issued to OJSC Housing and Savings Credit Company “Ak-Bosogo” to conduct certain banking operations.
January 13	The Board of the National Bank agreed to extend the liquidation period for OJSC “Ak Bank” until March 13, 2022.
January 25	The Board of the National Bank decided to keep unchanged the policy rate of the National Bank at 5.00 percent.
January 27	The Board of the National Bank canceled certain temporary requirements adopted as part of the commercial banks’ activities regulation in circumstances developed due to the spread of the COVID-19 pandemic, regarding the conditions for loans monitoring, the degree of weighting the credit risk on loans in foreign currency, liquidity ratios, and as well as the deadlines for reporting to the National Bank.
January 29	A certificate of accounting registration was issued to LLC MCC “A.G.A Invest”.
January 29	The licenses of LLC “Terem PAY” to conduct activities of a payment system operator and a payment organization were revoked.
February 1	The licenses of LLC “KYRTELSAT” as a payment system operator and a payment organization were cancelled.
February 22	The Board of the National Bank decided to increase the key rate of the National Bank by 50 basis points, up to 5.50 percent.
March 13	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 17	Participation in the meeting of the Advisory Committee on the Financial Markets of the Eurasian Economic Union (EAEU) member states.
March 22-28	The annual information and educational campaign on financial literacy – “Global Money Week-2021” was held.
March 31	The Board of the National Bank adopted amendments to some regulatory legal acts regarding the provision of banking services through the use of e-documents.
March 31	Participation in the 16 <sup>th</sup> meeting of the EAEU Advisory Committee on the Macroeconomic Policy.
April 2	Participation in the 9 <sup>th</sup> meeting of the Working Group to Coordinate Development of the EAEU National Payment Systems.
April 5-11	Participation in the Spring meeting of the World Bank Group and the IMF.

Date	Contents
April 9	A certificate of accounting registration was issued to LLC MCC “Doolot finance”.
April 14	Participation in the 18 <sup>th</sup> meeting of the EAEU Advisory Committee on Statistics.
April 15	Participation in the meeting of the Advisory Council on the Monetary Policy of the Central (National) Banks of the EAEU member states.
April 26	The Board of the National Bank decided to increase the policy rate of the National Bank by 100 basis points, up to 6.50 percent.
April 27	Participation in the 62 <sup>nd</sup> meeting of the Interstate Bank (ISB) Council.
May 7	A certificate of accounting registration was issued to LLC MCC “Asia Invest Finance”.
May 19	<p>The Board of the National Bank adopted following amendments:</p> <ul style="list-style-type: none"> <li>– to some regulatory legal acts on classification of a part of the assets secured by the guarantee fund;</li> <li>– to the Provisional rules for assets classification and appropriate deductions for loan loss provisions by the commercial banks and individual non-banking financial-credit organizations in assets restructuring.</li> </ul>
May 19	The Board of the National Bank agreed to extend the liquidation period for OJSC IB “Issyk-Kul” until July 26, 2022.
May 20	A registration of LLP “ASIAPAY” as an operator of international e-money systems / issuers of international e-money was cancelled.
May 21	The National Bank held a banking round-table meeting jointly with ALE “Union of Banks of Kyrgyzstan”.
May 31	<p>The Board of the National Bank:</p> <ul style="list-style-type: none"> <li>– decided to keep unchanged the key rate of the National Bank at 6.50 percent;</li> <li>– approved the Regulation “On basic requirements for the accounting policy of the payment system operators/payment organizations”.</li> </ul>
June 4	LLP “PayDala” was registered as an operator of international e-money systems/issuers of international e-money – Cashello.kz.
June 24	A special regime of the Provisional Administration was terminated in OJSC “Eurasian Savings Bank”. A special regime of the Provisional Administration was introduced in OJSC “Eurasian Savings Bank” for a period of six months.
June 25	A certificate of accounting registration was issued to PF MCA “Agrolead Finance”.
June 30	The Board of the National Bank adopted amendments to certain regulatory legal acts on credit risk management, assets classification and creation of appropriate deductions to loan loss provisions to conduct operations in accordance with the principles of Islamic finance.
June 30	Participation in the 44 <sup>th</sup> meeting of the Eurasian Council of Central (National) Banks (ECB).

Date	Contents
July 14	The Board of the National Bank introduced amendments to some regulatory legal acts governing the order for applying enforcement measures, including implementation of direct banking supervision regime.
July 26	The Board of the National Bank decided to increase the policy rate of the National Bank by 100 basis points, up to 7.50 percent.
August 6	A certificate of accounting registration was issued: <ul style="list-style-type: none"> <li data-bbox="384 546 692 575">– LLC MCC “Kelechek”</li> <li data-bbox="384 580 831 611">– LLC MCC “Amin Sadeq Finance”.</li> </ul>
August 16	Gold and silver collection coins “30 Years Anniversary of the Independence of the Kyrgyz Republic” of the series “Historical events” were put into circulation.
August 18	A license was issued to FC Credit Union “Emgek”.
August 24	As part of a special regulatory regime, a license was issued to LLC “Regional Payment Systems” for a period from September 1, 2021 till August 30, 2022 to test the issue of e-money and conduct operations using them, as well as to implement acquiring of the bank cards through POS-terminals, including virtual and mobile POS-terminals, and using QR codes.
August 25	The Board of the National Bank adopted amendments to some regulatory legal acts in terms of licensing on issues related to the reorganization of the banks and the approval of officials, the licensing with the right to conduct banking operations in accordance with the principles of Islamic banking and finance through the “Islamic window”.
September 1	The Board of the National Bank decided to keep unchanged the key rate of the National Bank at 7.50 percent.
September 3	Participation in the meeting of the ministers of finance and the chairmen of the central (national) banks of the Shanghai Cooperation Organization (SCO) member states.
September 3-4	Participation in the 46 <sup>th</sup> Annual Meeting of the Governors of the Islamic Development Bank (IDB).
September 9	As part of a special regulatory regime, a license was issued to OJSC “BAKAI BANK” to conduct a limited list of banking operations for the period of 12 months.
September 15	The Board of the National Bank adopted following amendments: <ul style="list-style-type: none"> <li data-bbox="384 1637 1230 1666">– to some regulatory legal acts on risk management and banks’ capital;</li> <li data-bbox="384 1671 1398 1771">– to some regulatory legal acts to create an equal legal environment for the financial-credit organizations = conducting operations in accordance with the principles of Islamic finance.</li> </ul>
September 20	The licenses of LLC “Karman” to conduct the activities of a payment system operator and a payment organization were revoked.
September 23	The 22 <sup>nd</sup> meeting of the Advisory Council on the Monetary Policy of the Central (National) Banks of the EAEU member states was held in the Kyrgyz Republic.

Date	Contents
September 30	<p>The Board of the National Bank introduced the following amendments:</p> <ul style="list-style-type: none"> <li>– to the Regulation “On licensing the activities of the payment organizations and the payment system operators”;</li> <li>– to the Regulation “On regulating activities of the payment organizations and the payment system operators”.</li> </ul>
October 11-21	Participation in the Annual Meeting of the World Bank Group and the IMF.
October 13	The Board of the National Bank approved the Rules for implementation of oversight of the payment system in the Kyrgyz Republic”.
October 13	A license was issued to OJSC “Commercial Bank KYRGYZSTAN” 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 14	<p>The Board of the National Bank:</p> <ul style="list-style-type: none"> <li>– approved the Regulation “On the requirements for the formation, publication and submission of the financial statements by the non-banking financial-credit organizations to the National Bank of the Kyrgyz Republic”;</li> <li>– adopted amendments to some regulatory legal acts of the National Bank, including an increase in the validity period of the license to conduct exchange operations with foreign currency in cash from 3 (three) to 5 (five) years, exclusion of the state agencies certificates from the list of requested documents in obtaining a license to conduct foreign currency exchange operations in cash, setting a limit for the guarantee funds on guarantees for refinancing.</li> </ul>
October 20	Participation in the 19 <sup>th</sup> meeting of the EAEU Advisory Committee on Statistics.
October 21	Participation in the 17 <sup>th</sup> meeting of the EAEU Advisory Committee on Macroeconomic Policy.
October 21	JCB International Co. Ltd. was registered as an operator of the international payment system for JCB cards.
October 25	The Board of the National Bank decided to keep unchanged the policy rate of the National Bank at 7.50 percent.
October 25	The National Bank, together with IFC, held a round-table meeting on digital transformation of the financial sector in the Kyrgyz Republic.
October 25-31	The annual information and educational campaign on financial literacy “World Savings Day-2021” was held.
October 27	The Board of the National Bank approved the Regulation “On the insurance (reserve) fund for the interbank systems of retail payments”, which determine the procedure for establishment and operation of the insurance (reserve) fund in the territory of the Kyrgyz Republic.

Date	Contents
October 27	The Board of the National Bank adopted amendments to the Provisional rules to classify assets and make corresponding deductions for loan loss provisions by the commercial banks and certain non-banking financial-credit organizations in assets restructuring, as well as to create conditions for gradual transition from the Provisional rules to classify assets and make corresponding deductions for loan loss provisions by the commercial banks and certain non-banking financial-credit organizations to the requirements of the Regulation “On assets classification and corresponding deductions for loan loss provision”, which was in force before the COVID-19 pandemic.
October 29	As part of a special regulatory regime, a license of LLC MCC “M Bulak” was extended until April 30, 2022.
November 3	Participation in the 45 <sup>th</sup> meeting of the ECB.
November 22	A license was issued to OAO MFC “InvestCor SA”.
November 24	The Board of the National Bank approved amendments to certain regulatory legal acts on the Bulk Clearing System.
November 29	The Board of the National Bank decided to increase the key rate of the National Bank by 50 basis points, up to 8.00 percent.
December 1	<p>The Board of the National Bank approved:</p> <ul style="list-style-type: none"> <li>– the Regulation “On the requirements for the chart of accounts for accounting the payment system operators/payment organizations”;</li> <li>– the Chart of accounts for accounting the payment system operators/payment organizations.</li> </ul>
December 1	A silver collection coin “30 years of the Commonwealth of Independent States” and a copper-nickel collection coin “Thank you for life!” of the series “Historical events” were put into circulation.
December 2	Participation in the 63 <sup>rd</sup> meeting of the ISB Council.
December 8	The Board of the National Bank approved the Regulation “On non-cash payments in the Kyrgyz Republic”.
December 8	Participation in the 45 <sup>th</sup> meeting of the Central Banks Governors’ Club of the Central Asia, the Black Sea Region and the Balkan Countries.
December 9	A meeting of the Interdepartmental Coordinating Council of the Ministry of Finance and the National Bank was held to coordinate measures on fiscal and monetary policies.

Date	Contents
December 15	<p>The Board of the National Bank adopted following amendments:</p> <ul style="list-style-type: none"> <li>– to some regulatory legal acts regarding capital sufficiency (adequacy) of the banks conducting operations in accordance with the principles of Islamic banking and finance;</li> <li>– to the Procedure for clients’ remote identification and verification in terms of expanding the minimum requirements for clients’ remote identification and verification;</li> <li>– to some regulatory legal acts on excluding the requirements to forward hard copies of the commercial banks’ reports that provide documents in electronic format signed with an electronic signature.</li> </ul>
December 22	<p>The Board of the National Bank adopted the Main Directions of Microfinance Sector Development for 2022-2025.</p>
December 22	<p>The Board of the National Bank extended the special regime of the Provisional Administration in OJSC “Eurasian Savings Bank” for a period of six months.</p>
December 29	<p>A registration of LLC “FINTENO” as an operator of the international e-money system was cancelled.</p>
December 29	<p>The Board of the National Bank:</p> <ul style="list-style-type: none"> <li>– approved the Procedure for murabaha operations accounting to determine the accounting rules for assessment, recognition and disclosure of information on murabaha operations;</li> <li>– adopted amendments to some regulatory legal acts on accounting of markup/income accrual on murabaha and ijarah muntahia bittamlik operations, additions to reflect the markup, loan loss provision for markup and deferred profit on murabaha operations;</li> <li>– approved the Regulation “On the minimum requirements for pricing policy of banking, payment services and services rendered by the microfinance organizations, and for implementation of marketing activities”;</li> <li>– adopted amendments to the Resolution of the Board of the National Bank of the Kyrgyz Republic “On approval of the Regulation “On bank payment cards in the Kyrgyz Republic” No. 76/8 dated December 9, 2015” developed to bring them into line with the Law of the Kyrgyz Republic “On Payment System of the Kyrgyz Republic”.</li> </ul>

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**Table 1.****Macroeconomic Indicators**

	unit of measurement	2017	2018	2019	2020	2021*
<b>Real sector</b>						
Nominal GDP <sup>1</sup>	millions of KGS	530,475.7	569,385.6	619,102.7	601,820.3	723,122.2
Real GDP growth rate <sup>1</sup>	percent	4.7	3.8	4.6	-8.4	3.6
Rate of growth of industrial output <sup>1</sup>	percent	8.9	5.1	6.6	-7.0	7.2
Rate of growth of gross agricultural output <sup>1</sup>	percent	2.2	2.6	2.5	0.9	-5.0
Rate of growth of wholesale and retail trade; repair of motor vehicles and motorcycles <sup>1</sup>	percent	7.1	5.7	5.9	-14.8	11.4
Growth of CPI (in % December to December)		3.7	0.5	3.1	9.7	11.2
- food products		2.7	-2.6	5.7	17.6	13.3
- alcoholic beverages and tobacco		4.0	6.4	3.4	6.7	11.4
- non-food products		3.2	1.4	0.6	2.4	9.7
- services		6.9	4.1	0.4	3.0	7.1
Growth of PPI <sup>2</sup> (in % to the corresponding period of the previous year)		1.7	1.5	4.3	21.3	12.0
Unemployment level	percent	2.3	2.8	3.0	3.0	2.9
Average nominal wage	KGS	15,391.0	16,218.0	17,166.0	18,493.0	20,249.0
Estimated subsistence level	KGS	4,900.8	4,792.5	4,806.3	5,358.5	6,268.3
<b>Financial sector</b>						
NBKR discount rate (end of period)	percent	5.00	4.75	4.25	5.00	8.00
Yield of NBKR notes (average for the period)	percent	2.0	3.0	3.8	4.1	5.7
Yield of ST-Bills (average for the period)	percent	5.0	5.6	5.1	5.9	7.2
Yield of ST-Bonds (average for the period)	percent	13.0	11.8	10.3	11.0	11.1
<b>Interbank Domestic Market</b>						
Credits in National Currency:						
- volume (for the period)	millions of KGS	748.0	65.7	91.2	-	-
- interest rate (average for the period)	percent	3.4	0.0	2.3	-	-
Credits in Foreign Currency:						
- volume (for the period)	millions of KGS	116.9	-	467.1	1,168.2	57.2
- interest rate (average for the period)	percent	2.6	-	3.2	2.5	7.0
Repo Operations						
- volume (for the period)	millions of KGS	10,291.7	31,305.5	38,686.8	28,895.0	33,958.2
- interest rate (average for the period)	percent	1.8	2.4	3.0	3.8	5.7
<b>Foreign Exchange Market</b>						
Non-cash Transactions at Interbank Foreign Exchange Auctions	millions of USD	518.5	588.4	680.4	808.8	1,508.3
<b>Deposit and Credit Market</b>						
Credits in National Currency:						
- volume (for the period)	millions of KGS	69,989.2	76,612.3	93,520.7	93,066.9	125,860.3
- interest rate (average for the period)	percent	19.8	19.5	19.0	17.0	16.6
- interest rate (end of period)	percent	18.8	18.0	17.5	16.1	16.2
Credits in Foreign Currency:						
- volume (for the period)	millions of KGS	35,991.1	37,103.8	36,581.2	23,192.7	32,303.4
- interest rate (average for the period)	percent	10.5	9.7	9.6	8.7	7.8
- interest rate (end of period)	percent	11.3	10.1	9.7	9.3	8.9
Deposits in National Currency:						
- volume (for the period)	millions of KGS	289,676.4	328,293.9	387,578.7	450,397.1	629,748.0
- interest rate (average for the period)	percent	2.8	2.4	1.5	1.4	1.3
- interest rate (end of period)	percent	6.2	6.2	6.0	5.7	5.6
Deposits in Foreign Currency:						
- volume (for the period)	millions of KGS	237,864.0	272,873.4	278,461.8	195,700.1	279,250.1
- interest rate (average for the period)	percent	0.6	0.4	0.3	0.3	0.3
- interest rate (end of period)	percent	2.1	1.5	1.4	1.2	0.9
<b>State Budget</b>						
Revenue	millions of KGS	149,502.0	151,540.4	167,328.6	152,148.8	209,826.6
including the share of tax revenue	percent	69.1	77.0	72.6	70.3	72.1
Expenditure	millions of KGS	124,910.3	129,098.1	136,117.9	147,408.7	165,335.0
Net purchase of non-financial assets	millions of KGS	41,067.9	28,631.2	31,642.4	24,446.6	46,200.1
Deficit (-) / Surplus (+)	millions of KGS	-16,476.2	-6,188.9	-431.7	-19,706.6	-1,708.5
in percent of GDP	percent of GDP	-3.1	-1.1	-0.1	-3.3	-0.2
<b>External Economic Sector</b>						
Export of goods and services	percent of GDP	34.3	33.2	35.2	31.6	39.6
Import of goods and services	percent of GDP	66.4	71.6	64.1	52.5	69.3
Current account balance <sup>2</sup> (including transfers)	percent of GDP	-6.3	-12.1	-12.1	4.8	-8.5
Gross international reserve assets	months of import of next year's goods and services	4.4	4.5	7.2	5.7	5.7

\*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)

	2017	2018	2019	2020	2021*
<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	12.5	11.7	11.7	13.6	14.7
Mining	1.0	1.0	1.9	1.2	1.9
Manufacturing (Manufacturing)	15.0	14.3	14.7	14.5	13.5
Providing (supply) electricity, gas, steam and air conditioning	2.5	2.8	2.2	3.3	2.7
Water supply, waste treatment and cleaning getting recycled	0.3	0.4	0.2	0.3	0.3
Construction	8.6	9.0	9.5	10.0	8.3
Wholesale and retail trade; repair of motor vehicles and motorcycles	17.8	17.9	17.6	16.4	17.5
Transport activities and storage of goods	3.9	3.8	4.0	3.1	3.5
Hotels and restaurants	1.7	1.7	1.6	1.1	1.2
Information and communication	3.1	2.6	2.7	2.7	2.6
Financial intermediation and insurance	0.5	0.7	0.6	0.9	0.8
Operations with the real estate	2.6	2.5	2.9	2.6	2.3
Professional, scientific and technical activities	1.6	1.9	1.4	1.3	1.1
Administrative and support service activities	0.5	0.4	0.5	0.3	0.3
Public administration and defense, compulsory social security	5.7	5.8	5.9	7.1	6.2
Education	5.7	5.5	5.6	6.8	6.1
Health and social services for the population	2.6	2.5	2.4	2.8	2.5
Arts, entertainment and recreation	0.4	0.5	0.5	0.4	0.4
Other service activities	1.1	1.1	1.0	0.8	0.7
Net (less subsidies) taxes on products	13.1	14.1	13.3	10.8	13.4

\*preliminary data

Source: NSC KR

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

	2017	2018	2019	2020	2021*
<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>57.5</b>	<b>72.0</b>	<b>69.5</b>	<b>76.3</b>	<b>80.2</b>
including those financed through:					
Republican budget	5.6	4.1	2.7	2.4	3.6
local budget	1.1	0.8	1.1	1.1	1.4
funds of enterprises and organizations	25.5	33.3	32.9	36.9	37.5
bank loans	2.0	4.3	2.1	1.3	1.2
public funds, including charitable aid to residents of the Kyrgyz Republic	23.4	29.5	30.7	34.6	36.4
<b>Foreign investment</b>	<b>42.5</b>	<b>28.0</b>	<b>30.5</b>	<b>23.7</b>	<b>19.8</b>
including those financed through:					
foreign loan	29.1	13.1	15.9	14.2	13.1
foreign direct investments	9.0	8.7	7.9	5.7	2.3
foreign grants and humanitarian aid	4.3	6.2	6.7	3.7	4.5

\*preliminary data

Source: NSC KR

**Table 4.**
**Monetary Base and Monetary Aggregates (end of period)**  
*(millions of KGS)*

	2017	2018	2019	2020	2021*
Monetary base	100,019.0	106,347.3	118,065.4	147,337.5	156,908.3
Currency in circulation	91,104.3	93,566.1	106,244.8	134,629.2	139,922.2
Currency outside banks (M0)	84,450.9	84,826.7	96,009.9	124,171.9	124,837.8
Monetary aggregate (M1)	118,144.1	121,631.9	139,682.1	174,213.9	201,580.9
Money supply (M2)	142,859.1	154,576.3	181,768.1	219,103.6	253,188.3
Monetary aggregate (M2X)	193,390.6	204,071.1	230,260.6	285,248.2	339,778.3
M1 Multiplier	1.18	1.14	1.18	1.18	1.28
M2 Multiplier	1.43	1.45	1.54	1.49	1.61
M2X Multiplier	1.93	1.92	1.95	1.94	2.17
Velocity M1	4.49	4.68	4.43	3.45	3.59
Velocity M2	3.71	3.68	3.41	2.75	2.86
Velocity M2X	2.74	2.79	2.69	2.11	2.13
Currency outside banks/total deposits	0.78	0.71	0.72	0.77	0.58
Deposits/Monetary Aggregate (M2X)	0.56	0.58	0.58	0.56	0.63

\*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 5.**

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

	2017	2018	2019	2020	2021
<b>Net foreign assets</b>	<b>140,716.9</b>	<b>142,089.2</b>	<b>160,750.0</b>	<b>222,109.5</b>	<b>222,085.7</b>
Net international reserves	134,613.7	134,078.3	151,837.5	216,676.9	232,796.2
Gold	19,937.3	32,153.3	48,834.0	84,129.8	50,159.1
Foreign currency (assets)	115,591.8	102,087.4	103,004.1	132,549.2	182,640.1
Foreign currency (liabilities)	-915.4	-162.4	-0.6	-2.0	-3.0
Other external assets	14,414.4	16,233.0	17,059.2	15,427.4	19,548.3
SDR allocation	-8,311.2	-8,222.2	-8,146.7	-9,994.9	-30,258.8
Long-term external liabilities	0.0	0.0	0.0	0.0	0.0
<b>Net domestic assets</b>	<b>-40,697.9</b>	<b>-35,741.9</b>	<b>-42,684.6</b>	<b>-74,772.0</b>	<b>-65,177.4</b>
<i>Net domestic credit</i>	-18,244.2	-15,819.4	-27,358.5	-33,505.7	-53,514.3
Net claims on General Government	-8,994.4	-12,289.7	-16,906.1	-13,727.3	-19,720.1
Net claims on Government	-8,994.4	-12,289.7	-16,906.1	-13,727.3	-19,720.1
Government securities	251.3	189.5	127.0	3,021.3	3,010.6
Government deposits	-9,235.2	-12,468.6	-17,033.2	-16,748.5	-22,730.7
Budget accounts	-7,014.4	-9,596.9	-2,361.4	-4,587.1	-19,039.2
Other Government accounts	-1,106.1	-1,699.3	-2,604.6	-1,974.4	-2,217.4
Government deposits in foreign currency	-1,114.7	-1,172.3	-12,067.2	-10,187.0	-1,474.1
Government Credit	-10.5	-10.7	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	-8,818.2	-3,277.4	-10,020.0	-18,627.9	-30,846.2
Credits	5,569.2	7,794.1	5,031.3	6,483.7	4,289.7
Securities, excluding shares	-5,212.3	-7,992.3	-8,048.5	-12,990.7	-18,494.3
including: notes issued by the NBKR	-5,212.3	-7,992.3	-8,048.5	-12,990.7	-18,494.3
securities under repo agreements	0.0	0.0	0.0	0.0	0.0
Deposits	-9,175.1	-3,079.3	-7,002.9	-12,120.9	-16,641.6
including: deposits in foreign currency	-3,811.3	-2,174.3	-1,380.9	-3,080.2	-2,993.5
Financial derivatives	0.0	0.0	0.0	0.0	0.0
Net claims on other financial institutions	-431.6	-252.2	-432.3	-1,150.5	-2,948.0
<i>Capital account</i>	-25,614.9	-23,213.3	-29,206.8	-66,959.9	-61,250.1
<i>Other items</i>	3,161.2	3,290.7	13,880.7	25,693.5	49,587.0
<b>Monetary base</b>	<b>100,019.0</b>	<b>106,347.3</b>	<b>118,065.4</b>	<b>147,337.5</b>	<b>156,908.3</b>
<i>Currency in circulation</i>	91,104.3	93,566.1	106,244.8	134,629.2	139,922.2
Reserves of other depository corporations in national currency	8,914.7	12,781.1	11,820.7	12,708.4	16,986.0
<i>Note:</i>					
<b>Monetary base-broad definition</b>	<b>109,194.1</b>	<b>109,426.6</b>	<b>125,068.3</b>	<b>159,458.5</b>	<b>173,549.9</b>
Currency in circulation	91,104.3	93,566.1	106,244.8	134,629.2	139,922.2
Reserves of other depository corporations	11,530.6	13,982.6	12,983.0	14,172.5	18,785.0
Reserves of other depository corporations in national currency	8,914.7	12,781.1	11,820.7	12,708.4	16,986.0
Reserves of other depository corporations in foreign currency	2,615.9	1,201.4	1,162.4	1,464.1	1,799.0
Deposits of other depository corporations in NBKR	6,559.2	1,877.9	5,840.5	10,656.8	14,842.6

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 6.**

## External Economic Indicators

	unit of measurement	2017	2018	2019	2020	2021*
<b>Balance of payments indicators</b>						
Total balance	<i>millions of USD</i>	15.3	-163.6	46.7	-122.7	564.0
	<i>percent of GDP<sup>2</sup></i>	0.2	-2.0	0.5	-1.6	6.6
Current account balance <sup>1</sup>	<i>millions of USD</i>	-481.8	-997.0	-1,073.2	374.1	-728.8
	<i>percent of GDP<sup>2</sup></i>	-6.3	-12.1	-12.1	4.8	-8.5
Export of goods (FOB)	<i>millions of USD</i>	1,813.9	1,916.0	2,042.9	2,015.8	2,837.5
	<i>percent of GDP<sup>2</sup></i>	23.6	23.2	23.0	26.1	33.2
Import of goods (FOB)	<i>millions of USD</i>	4,197.2	4,949.9	4,669.0	3,455.6	5,189.5
	<i>percent of GDP<sup>2</sup></i>	54.5	59.9	52.6	44.7	60.8
Gross international reserve assets	<i>months of next year's import of goods and services</i>	4.4	4.5	7.2	5.7	5.7
<b>Public external debt</b>						
Public external debt <sup>3</sup>	<i>millions of USD</i>	4,089.8	3,825.7	3,850.7	4,217.4	4,294.6
	<i>percent of GDP<sup>4</sup></i>	53.1	46.9	43.3	57.9	50.3
	<i>percent of export of goods and services</i>	155.1	139.3	123.2	172.6	127.8
Public external debt servicing (actual)	<i>millions of USD</i>	157.4	184.0	203.1	205.3	192.2
	<i>percent of GDP<sup>2</sup></i>	2.0	2.2	2.3	2.7	2.2
	<i>percent of export of goods and services</i>	6.0	6.7	6.5	8.4	5.7

\*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<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

**Table 7.**  
Monetary Policy Instruments

	unit of measurement	2017	2018	2019	2020	2021
<b>NBKR Credits</b>						
intraday loan	millions of KGS	-	-	406.4	281.9	401.2
"overnight" credits	millions of KGS	13,816.5	18,102.3	286.4	3,533.7	20,821.7
7-day credits	millions of KGS	-	-	-	-	-
credit auctions*	millions of KGS	4,810.0	3,000.0	2,020.0	3,490.0	-
maintaining liquidity	millions of KGS	538.3	571.7	-	-	-
credits provided to mitigate the negative impact of the COVID-19 pandemic	millions of KGS	-	-	-	400.2	-
credits to international organizations created within the framework of the EAEU	millions of KGS	72.5	300.0	300.0	200.0	-
<b>"Overnight" Deposits</b>	billions of KGS	1,903.0	956.3	976.7	1,175.6	1,591.2
<b>NBKR Policy Rate (end of period)</b>	percent	5.00	4.75	4.25	5.00	8.00
<b>NBKR Notes</b>						
maturity:						
7 days						
volume of sales	millions of KGS	54,718.0	64,888.8	87,911.9	99,873.9	88,225.2
average yield	percent	1.3	2.3	3.7	3.9	5.3
14 days						
volume of sales	millions of KGS	3,638.0	312.0	5,100.0	91,228.3	90,989.2
average yield	percent	2.5	3.4	3.7	4.2	5.8
28 days						
volume of sales	millions of KGS	20,969.8	18,363.5	27,788.6	78,450.4	97,375.6
average yield	percent	3.1	3.3	4.0	4.4	6.0
91 days						
volume of sales	millions of KGS	5,614.5	23,938.4	12,681.2	7,151.8	3,606.5
average yield	percent	4.9	4.6	4.4	4.6	5.5
182 days						
volume of sales	millions of KGS	-	1,580.3	200.0	-	-
average yield	percent	-	4.7	4.6	-	-
<b>Open Market Transactions</b>						
Direct repo transactions	millions of KGS	49.6	-	-	-	-
Reverse repo transactions	millions of KGS	-	-	-	-	-
Purchase-to-maturity (at par value)	millions of KGS	-	-	-	3,649.8	-
<b>NBKR Foreign Exchange Interventions</b>						
Purchase	millions of USD	34.5	20.6	-	-	-
Sale	millions of USD	107.2	168.3	143.5	518.5	737.0
<b>Reserve Requirements</b>						
Reserve requirement ratio (end of period)						
in national currency	percent	4.0	4.0	4.0	4.0	4.0
in foreign currencies of the EAEU countries and the PRC	percent	4.0	4.0	4.0	4.0	4.0
in foreign currencies except for the EAEU countries and the PRC	percent	12.0	12.0	14.0	14.0	14.0
Required reserves (annual average)	millions of KGS	7,519.6	8,194.3	9,524.4	11,500.5	14,193.5
Excess reserves (annual average)	millions of KGS	1,321.7	663.1	366.9	193.4	-182.4

Source: NBKR

\*Volume of credits actually provided during specified period

**Table 8.**

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

	2017	2018	2019	2020	2021
January	5.00	5.00	4.75	4.25	5.00
February	5.00	5.00	4.50	5.00	5.50
March	5.00	5.00	4.50	5.00	5.50
April	5.00	5.00	4.50	5.00	6.50
May	5.00	4.75	4.25	5.00	6.50
June	5.00	4.75	4.25	5.00	6.50
July	5.00	4.75	4.25	5.00	7.50
August	5.00	4.75	4.25	5.00	7.50
September	5.00	4.75	4.25	5.00	7.50
October	5.00	4.75	4.25	5.00	7.50
November	5.00	4.75	4.25	5.00	8.00
December	5.00	4.75	4.25	5.00	8.00

Source: NBKR

**Table 9.**

State Treasury Bills and Bonds Market

	unit of measurement	2017	2018	2019	2020	2021
<b>State Treasury Bills (ST-Bills)</b>						
maturity:						
3 months						
volume of sales	millions of KGS	420.0	-	2,352.2	200.0	-
average yield	percent	2.1	-	5.1	5.1	-
6 months						
volume of sales	millions of KGS	1,032.7	-	2,300.6	25.0	-
average yield	percent	4.1	-	5.8	6.0	-
12 months						
volume of sales	millions of KGS	2,698.3	2,628.4	793.9	815.7	973.2
average yield	percent	5.7	5.6	4.9	5.9	7.2
<b>State Treasury Bonds (ST-Bonds)</b>						
maturity:						
2 years						
volume of sales	millions of KGS	3,665.7	2,382.8	1,309.0	834.8	2,386.6
average yield	percent	10.1	7.8	6.8	7.5	8.2
3 years						
volume of sales	millions of KGS	2,464.9	2,200.0	1,177.1	471.4	3,356.8
average yield	percent	11.4	9.3	8.8	9.0	11.2
5 years						
volume of sales	millions of KGS	2,540.0	2,650.0	2,706.7	3,960.3	3,112.0
average yield	percent	15.0	11.0	10.4	10.9	11.5
7 years						
volume of sales	millions of KGS	2,638.9	4,971.5	5,937.7	6,738.5	2,282.4
average yield	percent	16.6	12.9	11.4	11.5	11.6
10 years						
volume of sales	millions of KGS	1,800.0	7,270.0	364.0	4,219.1	3,694.8
average yield	percent	18.5	15.3	13.5	11.8	11.5
15 years						
volume of sales	millions of KGS	-	-	-	-	2,528.4
average yield	percent	-	-	-	-	14.0
20 years						
volume of sales	millions of KGS	-	-	-	-	4,956.1
average yield	percent	-	-	-	-	14.6

Source: NBKR

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

**Table 10.**Interest Rates of Deposits in National Currency (for the period)  
(percent)

	2017	2018	2019	2020	2021
<b>Deposits of Legal Entities</b>	<b>2.3</b>	<b>1.7</b>	<b>2.3</b>	<b>2.4</b>	<b>2.3</b>
<i>demand deposits</i>	<i>0.6</i>	<i>0.6</i>	<i>0.5</i>	<i>0.7</i>	<i>0.4</i>
<i>time deposits:</i>	<i>9.2</i>	<i>9.3</i>	<i>9.5</i>	<i>8.3</i>	<i>10.9</i>
<i>of which:</i>					
up to 1 month	8.0	5.8	4.9	3.4	3.2
1-3 months	5.6	4.1	5.4	4.0	3.6
3-6 months	7.5	5.3	6.5	6.2	6.5
6-12 months	9.8	10.0	9.5	10.2	11.9
over 1 year	12.5	10.5	11.2	7.9	10.8
<b>Deposits of Individuals</b>	<b>2.8</b>	<b>2.5</b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>
<i>demand deposits</i>	<i>1.9</i>	<i>1.5</i>	<i>0.4</i>	<i>0.4</i>	<i>0.4</i>
<i>time deposits:</i>	<i>11.0</i>	<i>10.2</i>	<i>9.4</i>	<i>9.3</i>	<i>9.9</i>
<i>of which:</i>					
up to 1 month	6.4	7.2	6.0	6.1	5.8
1-3 months	5.7	5.7	5.4	5.0	4.7
3-6 months	7.8	7.5	6.6	6.5	6.6
6-12 months	11.1	10.4	9.5	9.6	10.4
over 1 year	13.0	11.7	10.8	10.8	11.4
<b>Deposits on Non-residents</b>	<b>2.1</b>	<b>2.5</b>	<b>2.4</b>	<b>1.5</b>	<b>2.0</b>
<i>demand deposits</i>	<i>0.2</i>	<i>0.1</i>	<i>0.3</i>	<i>0.0</i>	<i>0.2</i>
<i>time deposits:</i>	<i>11.3</i>	<i>10.9</i>	<i>10.0</i>	<i>9.6</i>	<i>10.7</i>
<i>of which:</i>					
up to 1 month	6.9	6.9	5.1	5.3	6.4
1-3 months	7.2	6.6	6.0	5.0	5.5
3-6 months	6.9	8.5	6.6	7.0	7.0
6-12 months	11.2	11.3	10.0	10.1	11.0
over 1 year	13.2	11.6	11.0	10.9	11.7
<b>Average Weighted Rate</b>	<b>2.8</b>	<b>2.4</b>	<b>1.5</b>	<b>1.4</b>	<b>1.3</b>

Source: Commercial banks of KR

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

	2017	2018	2019	2020	2021
<b>Deposits of Legal Entities</b>	<b>0.2</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>
<i>demand deposits</i>	<i>0.1</i>	<i>0.1</i>	<i>0.0</i>	<i>0.1</i>	<i>0.2</i>
<i>time deposits:</i>	<i>2.6</i>	<i>2.6</i>	<i>3.5</i>	<i>3.2</i>	<i>2.4</i>
<i>of which:</i>					
up to 1 month	4.2	0.5	3.5	2.2	0.9
1-3 months	3.6	2.5	2.5	2.6	2.1
3-6 months	2.9	1.9	2.5	1.5	2.9
6-12 months	3.2	2.8	4.0	3.3	3.0
over 1 year	3.4	3.4	4.0	3.1	3.5
<b>Deposits of Individuals</b>	<b>1.0</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>	<b>0.2</b>
<i>demand deposits</i>	<i>0.5</i>	<i>0.2</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>time deposits:</i>	<i>4.2</i>	<i>3.5</i>	<i>3.2</i>	<i>2.8</i>	<i>2.5</i>
<i>of which:</i>					
up to 1 month	3.5	2.4	2.1	1.9	2.1
1-3 months	3.6	2.5	1.9	2.2	2.0
3-6 months	3.8	2.5	2.4	2.2	1.7
6-12 months	4.4	3.6	3.4	2.9	2.5
over 1 year	4.3	4.2	3.8	3.4	2.9
<b>Deposits on Non-residents</b>	<b>0.9</b>	<b>0.6</b>	<b>0.5</b>	<b>0.3</b>	<b>0.3</b>
<i>demand deposits</i>	<i>0.1</i>	<i>0.1</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>time deposits:</i>	<i>5.2</i>	<i>4.2</i>	<i>3.7</i>	<i>2.7</i>	<i>2.5</i>
<i>of which:</i>					
up to 1 month	4.0	3.3	2.6	1.2	2.3
1-3 months	4.1	3.7	2.3	2.5	2.6
3-6 months	3.8	3.5	2.3	2.2	1.8
6-12 months	4.5	4.7	4.3	2.7	2.6
over 1 year	5.5	4.1	3.9	3.3	2.9
<b>Average Weighted Rate</b>	<b>0.6</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>

Source: Commercial banks of KR

**Table 12.**Interest Rates of Loans of Commercial Banks in National Currency (for the period)  
(percent)

	2017	2018	2019	2020	2021
<b>Average Weighted Rate</b>	<b>19.8</b>	<b>19.5</b>	<b>19.0</b>	<b>17.0</b>	<b>16.6</b>
Industry	13.6	13.7	13.9	12.8	15.0
Agriculture	20.3	20.4	19.3	17.1	19.1
Transportation	20.8	20.9	20.6	17.4	20.0
Communication	17.8	27.9	22.0	21.2	19.7
Trade	17.7	16.5	15.8	14.8	11.3
Procurement and processing	9.7	9.2	8.0	10.5	8.2
Construction	18.8	18.2	19.0	17.1	20.3
Mortgage	14.3	14.5	13.6	13.9	14.4
Consumer loans	27.4	26.7	25.5	22.5	21.3
Social services	19.2	17.5	16.7	14.8	15.7
Other	19.5	18.7	19.1	16.6	18.3
<i>including:</i>					
<b>up to 1 month</b>	<b>18.6</b>	<b>17.2</b>	<b>16.3</b>	<b>14.9</b>	<b>8.5</b>
Industry	16.6	17.3	17.4	22.1	12.9
Agriculture	34.0	22.0	10.0	24.5	1.7
Transportation	24.0	-	0.0	0.0	1.2
Communication	0.0	-	17.3	26.0	20.8
Trade	15.2	13.2	13.0	13.7	3.8
Procurement and processing	-	-	-	-	-
Construction	20.4	-	-	0.0	0.0
Mortgage	-	-	13.1	10.8	13.1
Consumer loans	27.2	27.3	24.8	17.0	14.4
Social services	14.0	14.0	22.9	0.0	-
Other	28.9	24.5	26.4	17.3	4.6
<b>1-3 months</b>	<b>24.6</b>	<b>20.7</b>	<b>24.5</b>	<b>16.5</b>	<b>19.6</b>
Industry	23.5	19.7	16.2	24.6	16.7
Agriculture	31.0	29.5	27.9	25.6	21.1
Transportation	-	24.6	31.0	30.7	29.0
Communication	-	-	-	-	-
Trade	26.9	21.7	21.1	13.1	16.2
Procurement and processing	-	-	-	-	-
Construction	20.4	26.6	26.8	22.9	24.4
Mortgage	0.0	-	-	24.3	7.8
Consumer loans	30.1	27.5	29.5	27.9	23.9
Social services	30.0	24.5	29.5	26.7	8.3
Other	23.6	22.2	26.1	23.2	26.8
<b>3-6 months</b>	<b>29.7</b>	<b>24.5</b>	<b>24.7</b>	<b>24.4</b>	<b>19.4</b>
Industry	29.2	19.2	19.6	24.7	21.4
Agriculture	31.3	28.8	25.2	26.4	26.7
Transportation	28.5	20.7	25.7	28.1	28.1
Communication	-	-	-	31.0	-
Trade	26.6	23.3	18.2	16.4	12.5
Procurement and processing	-	32.0	28.0	-	26.7
Construction	26.5	25.8	25.5	25.8	28.6
Mortgage	20.7	17.1	23.2	21.8	17.1
Consumer loans	31.5	26.3	27.2	27.1	25.0
Social services	30.5	30.3	24.1	26.5	27.3
Other	25.7	25.1	22.3	23.6	23.3

**Table 12. (continued)**Interest Rates of Loans of Commercial Banks in National Currency (for the period)  
(percent)

	2017	2018	2019	2020	2021
<b>6-12 months</b>	<b>26.0</b>	<b>25.2</b>	<b>24.2</b>	<b>22.4</b>	<b>24.2</b>
Industry	20.1	16.3	18.5	16.2	21.0
Agriculture	22.8	22.5	21.2	19.9	21.8
Transportation	24.8	23.7	26.6	26.4	25.6
Communication	33.0	29.7	27.6	30.3	20.4
Trade	23.6	21.7	20.7	19.1	18.8
Procurement and processing	29.1	26.6	29.1	22.8	28.6
Construction	26.9	25.5	26.4	25.7	26.8
Mortgage	20.0	19.9	19.3	23.9	19.3
Consumer loans	31.1	28.9	27.3	26.6	26.6
Social services	26.1	21.0	22.2	22.2	23.9
Other	27.2	26.0	25.5	24.4	25.1
<b>1-3 years</b>	<b>20.6</b>	<b>20.5</b>	<b>20.4</b>	<b>18.2</b>	<b>19.9</b>
Industry	13.0	14.1	14.4	14.2	15.8
Agriculture	20.9	21.1	20.2	17.4	19.7
Transportation	21.5	20.9	21.5	18.9	20.8
Communication	22.0	25.3	14.3	13.6	16.2
Trade	19.3	18.7	17.9	16.1	17.3
Procurement and processing	8.9	7.7	9.0	9.6	8.0
Construction	21.9	22.2	23.3	20.3	23.0
Mortgage	17.6	18.1	17.9	18.2	18.2
Consumer loans	27.5	26.5	25.9	24.6	24.9
Social services	20.0	18.3	17.8	15.7	16.3
Other	19.7	18.7	20.0	17.1	18.8
<b>over 3 years</b>	<b>15.8</b>	<b>15.6</b>	<b>15.5</b>	<b>14.6</b>	<b>16.1</b>
Industry	14.0	13.6	13.3	11.9	13.9
Agriculture	15.0	15.1	15.1	14.8	16.7
Transportation	20.6	21.4	19.4	16.3	19.2
Communication	12.0	-	21.0	19.0	-
Trade	16.9	17.0	16.5	15.1	16.5
Procurement and processing	13.7	11.6	8.7	10.1	7.5
Construction	16.8	15.6	15.8	15.4	18.4
Mortgage	14.0	14.2	13.2	13.5	14.1
Consumer loans	19.9	19.5	20.0	19.4	20.4
Social services	17.7	17.0	15.9	14.2	16.0
Other	16.7	16.0	16.4	14.7	15.7

Source: Commercial banks of KR

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

	2017	2018	2019	2020	2021
<b>Average Weighted Rate</b>	<b>10.5</b>	<b>9.7</b>	<b>9.6</b>	<b>8.7</b>	<b>7.8</b>
Industry	10.3	8.7	9.2	8.6	8.6
Agriculture	11.4	8.2	8.4	11.0	10.6
Transportation	12.6	11.2	11.5	11.6	11.1
Communication	8.3	9.4	8.7	12.5	9.0
Trade	11.0	10.0	9.7	8.6	7.6
Procurement and processing	10.6	11.5	10.3	10.9	9.5
Construction	9.5	9.2	8.9	8.5	8.3
Mortgage	12.3	13.0	11.9	11.0	10.6
Consumer loans	12.4	10.3	10.6	7.7	4.1
Social services	10.6	10.2	10.6	10.1	9.2
Other	9.7	9.6	9.7	8.6	9.1
<i>including:</i>					
<b>up to 1 month</b>	<b>11.2</b>	<b>8.9</b>	<b>7.5</b>	<b>6.0</b>	<b>0.9</b>
Industry	14.8	17.0	15.0	11.3	4.9
Agriculture	-	8.0	7.9	8.0	-
Transportation	-	-	-	-	-
Communication	0.0	-	0.0	-	-
Trade	11.2	9.3	7.4	6.2	0.9
Procurement and processing	-	-	-	-	-
Construction	8.0	12.0	-	-	-
Mortgage	11.0	22.0	2.4	-	-
Consumer loans	7.9	3.8	4.6	0.5	0.7
Social services	-	-	0.0	-	-
Other	5.9	14.2	20.3	15.2	0.0
<b>1-3 months</b>	<b>13.0</b>	<b>12.7</b>	<b>11.8</b>	<b>8.6</b>	<b>6.7</b>
Industry	15.4	-	12.7	-	-
Agriculture	-	-	-	-	-
Transportation	20.0	-	-	-	-
Communication	-	-	-	-	-
Trade	13.2	14.6	12.1	8.5	7.6
Procurement and processing	-	-	-	-	-
Construction	-	16.0	13.0	-	11.0
Mortgage	-	-	-	-	-
Consumer loans	17.4	30.0	-	13.3	0.0
Social services	11.0	10.5	10.0	13.0	7.0
Other	16.3	6.7	15.8	15.8	5.0
<b>3-6 months</b>	<b>10.7</b>	<b>11.7</b>	<b>9.9</b>	<b>8.3</b>	<b>7.4</b>
Industry	14.2	8.3	11.7	11.0	2.5
Agriculture	19.8	-	-	-	-
Transportation	-	11.5	-	-	-
Communication	-	-	-	-	-
Trade	11.6	12.8	11.3	9.7	11.7
Procurement and processing	-	-	-	-	-
Construction	-	-	10.3	-	-
Mortgage	13.0	-	-	13.0	6.0
Consumer loans	17.6	18.0	7.3	10.5	11.8
Social services	-	10.0	10.0	-	7.0
Other	18.2	19.3	22.0	11.3	2.1

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

	2017	2018	2019	2020	2021
<b>6-12 months</b>	<b>11.8</b>	<b>12.0</b>	<b>10.0</b>	<b>9.5</b>	<b>8.8</b>
Industry	10.7	10.1	9.0	12.3	10.6
Agriculture	27.7	23.7	17.4	21.5	14.2
Transportation	17.3	16.3	13.3	11.8	12.7
Communication	-	-	-	-	-
Trade	11.3	12.6	11.7	9.6	9.4
Procurement and processing	-	-	9.0	10.0	-
Construction	15.5	15.9	13.8	10.3	19.7
Mortgage	6.7	19.5	16.0	-	1.0
Consumer loans	24.8	24.9	23.6	26.9	21.7
Social services	16.3	18.1	15.4	7.0	-
Other	21.7	18.3	18.1	7.7	4.8
<b>1-3 years</b>	<b>11.4</b>	<b>10.6</b>	<b>10.3</b>	<b>9.4</b>	<b>9.3</b>
Industry	10.7	10.9	10.8	8.9	8.8
Agriculture	16.3	15.4	12.1	14.0	11.2
Transportation	15.0	13.2	12.1	12.8	13.1
Communication	-	-	10.2	15.0	9.0
Trade	11.6	10.4	10.3	9.5	9.5
Procurement and processing	12.5	12.0	11.4	11.3	9.6
Construction	12.2	11.9	11.9	10.1	9.5
Mortgage	15.6	15.5	14.3	13.7	10.8
Consumer loans	16.3	15.9	14.8	12.5	12.7
Social services	12.0	11.2	11.7	11.0	10.0
Other	11.5	11.1	9.7	6.7	8.6
<b>over 3 years</b>	<b>10.2</b>	<b>9.5</b>	<b>9.8</b>	<b>9.1</b>	<b>9.0</b>
Industry	9.6	8.2	8.7	8.7	8.7
Agriculture	9.6	7.9	8.5	9.6	10.1
Transportation	11.8	10.8	12.0	12.6	10.4
Communication	9.4	9.4	9.3	9.0	-
Trade	10.5	10.0	10.7	9.5	9.2
Procurement and processing	9.6	12.3	9.1	-	9.0
Construction	9.4	9.1	8.8	8.2	8.0
Mortgage	12.4	12.8	12.1	11.0	11.0
Consumer loans	13.9	13.9	13.8	12.5	13.1
Social services	10.5	10.2	10.4	9.7	8.7
Other	10.1	9.4	9.8	8.9	9.4

Source: Commercial banks of KR

**Table 14.**

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

	2017	2018	2019	2020	2021
<b>Microfinance organizations</b>	<b>31.1</b>	<b>30.4</b>	<b>30.0</b>	<b>29.8</b>	<b>29.1</b>
<i>of which, allocated to:</i>					
Industry	27.9	28.3	28.2	28.1	28.3
Agriculture	30.9	31.0	30.3	29.9	29.7
Transportation	29.8	29.5	27.8	28.2	27.6
Communication	36.1	34.4	32.6	31.0	-
Trade and commerce	29.2	28.7	29.0	29.9	27.4
Procurement and processing	15.0	14.2	17.4	16.5	14.4
Construction and mortgage	31.8	31.1	30.3	29.3	28.3
Services	33.1	32.5	31.1	30.1	29.4
Consumer loans	33.6	31.5	31.8	31.7	30.7
Loans to financial and credit organizations	17.4	16.2	15.8	16.2	16.2
Other	31.1	30.0	27.8	29.4	29.7
<b>Credit Unions</b>	<b>25.9</b>	<b>27.4</b>	<b>26.6</b>	<b>26.4</b>	<b>25.3</b>
<i>of which, allocated to:</i>					
Industry	31.3	31.9	30.3	26.1	25.7
Agriculture	27.2	28.3	27.5	26.9	26.1
Transport and communication	26.9	27.2	26.3	26.8	25.4
Trade and commerce	24.1	27.6	27.2	27.1	26.4
Procurement and processing	28.4	29.1	28.9	29.6	26.1
Construction and mortgage	22.5	21.7	21.4	21.9	19.7
Services	30.0	30.4	30.8	27.6	29.3
Other	27.6	30.1	29.0	28.7	27.8
<b>SFCO</b>	<b>16.5</b>	<b>15.7</b>	<b>15.2</b>	<b>15.0</b>	<b>14.8</b>

Source: Non-banking Financial and Credit Organizations of KR

**Table 15.**

Annual Average Interest Rate of Interbank Credits  
(percent)

	2017	2018	2019	2020	2021
<b>Interbank Repo Operations</b>	<b>1.8</b>	<b>2.4</b>	<b>3.0</b>	<b>3.8</b>	<b>5.7</b>
up to 1 day	1.9	2.0	2.6	3.3	5.4
2 - 7 days	1.5	2.3	3.1	3.7	5.7
8 - 14 days	1.9	2.9	3.3	4.2	6.3
15 - 30 days	2.8	4.6	3.9	4.4	5.7
31 - 60 days	2.9	4.1	4.1	4.6	-
61 - 90 days	-	-	-	-	-
91 - 180 days	-	-	-	-	-
181 - 360 days	-	-	-	-	-
over 360 days	-	-	-	-	-
<b>Interbank Credits in National Currency</b>	<b>3.4</b>	<b>0.0</b>	<b>2.3</b>	-	-
up to 1 day	-	-	2.3	-	-
2 - 7 days	4.1	0.0	2.3	-	-
8 - 14 days	3.4	0.0	-	-	-
15 - 30 days	1.7	-	-	-	-
31 - 60 days	4.1	-	-	-	-
61 - 90 days	-	-	-	-	-
91 - 180 days	-	-	-	-	-
181 - 360 days	3.5	-	-	-	-
over 360 days	6.7	-	-	-	-
<b>Interbank Credits in Foreign Currency</b>	<b>2.6</b>	-	<b>3.2</b>	<b>2.5</b>	<b>7.0</b>
up to 1 day	-	-	-	2.5	-
2 - 7 days	1.3	-	2.7	2.5	7.0
8 - 14 days	1.3	-	3.3	-	-
15 - 30 days	-	-	4.0	-	-
31 - 60 days	-	-	-	-	-
61 - 90 days	-	-	-	-	-
91 - 180 days	-	-	-	-	-
181 - 360 days	4.0	-	-	-	-
over 360 days	-	-	-	-	-

Source: Commercial banks of KR

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

**Table 16.****Balance of Payments of the Kyrgyz Republic**  
(millions of USD)

	2017	2018	2019	2020	2021*
<b>Current Account</b>	<b>-481.8</b>	<b>-997.0</b>	<b>-1,073.2</b>	<b>374.1</b>	<b>-728.8</b>
Goods and services	-2,475.3	-3,166.9	-2,564.2	-1,615.6	-2,541.2
Trade balance	-2,383.3	-3,033.8	-2,626.0	-1,439.7	-2,352.1
Export (FOB) <sup>1</sup>	1,813.9	1,916.0	2,042.9	2,015.8	2,837.5
EAEU countries	541.5	640.6	641.7	554.5	803.2
Non-EAEU countries	1,272.4	1,275.4	1,401.2	1,461.3	2,034.2
Import (FOB)	4,197.2	4,949.9	4,669.0	3,455.6	5,189.5
EAEU countries	1,733.4	2,011.0	1,961.5	1,761.0	2,440.9
Non-EAEU countries	2,463.8	2,938.9	2,707.5	1,694.5	2,748.7
Balance of services	-92.0	-133.0	61.8	-175.9	-189.2
Transportation services	-225.9	-280.0	-183.6	-200.1	-295.5
Travels	136.2	145.3	252.4	62.5	134.1
Other services	17.6	21.7	13.0	-18.3	-7.7
Technical assistance	-20.0	-20.0	-20.0	-20.0	-20.0
Income <sup>1</sup>	-371.6	-251.0	-779.3	-256.4	-708.2
Direct investment income	-295.9	-191.8	-706.7	-146.7	-587.0
Portfolio investment income	0.0	0.0	0.0	0.0	0.0
Other investment income	-56.9	-45.6	-57.6	-98.6	-112.9
Interest on loans	-76.2	-77.2	-81.5	-103.8	-104.3
Other income on other investment	19.3	31.6	23.9	5.2	-8.6
Compensation of employees	-18.8	-13.6	-15.0	-11.1	-8.3
Current transfers	2,365.1	2,420.9	2,270.3	2,246.1	2,520.6
Official transfers	106.3	45.6	111.8	80.4	56.0
Private transfers	2,258.8	2,375.4	2,158.5	2,165.8	2,464.6
<b>Capital and Financial Account</b>	<b>609.3</b>	<b>536.3</b>	<b>554.2</b>	<b>-393.3</b>	<b>739.6</b>
Capital account	131.3	335.0	88.5	79.8	134.2
Capital transfers	131.3	335.0	88.5	79.8	134.2
Financial account	478.0	201.3	465.7	-473.1	605.4
Direct investment <sup>1</sup>	-78.1	44.3	336.7	-582.4	580.5
Portfolio investment	-24.9	-9.2	25.0	15.1	0.4
Financial derivatives	2.8	-0.4	0.0	-0.3	-0.3
Other investment	578.2	166.6	104.1	94.5	24.8
Assets ("-" increase)	424.4	22.8	-107.1	-79.9	-302.9
Commercial banks	-5.5	-3.7	-20.1	-175.4	-272.7
Accounts receivable	283.0	-14.9	-72.3	35.6	-53.3
Accounts of enterprises abroad	143.4	77.9	-1.3	-2.1	15.1
Other assets	3.5	-36.4	-13.4	61.9	8.0
Liabilities ("+" increase)	153.8	143.8	211.2	174.5	327.7
Commercial banks	-13.2	47.7	19.4	-3.5	37.3
Loans	176.2	-61.3	135.1	132.6	107.1
Loans to public sector	214.8	-191.2	66.2	41.2	117.2
Loans to private sector	-38.6	130.0	69.0	91.5	-10.0
Accounts payable	-9.2	157.4	56.6	45.3	-58.2
Other liabilities	0.0	0.0	0.0	0.0	241.5
<b>Errors and Omissions</b>	<b>-112.1</b>	<b>297.1</b>	<b>565.7</b>	<b>-103.5</b>	<b>553.2</b>
<b>Total Balance</b>	<b>15.3</b>	<b>-163.6</b>	<b>46.7</b>	<b>-122.7</b>	<b>564.0</b>
<b>Financing</b>	<b>-15.3</b>	<b>163.6</b>	<b>-46.7</b>	<b>122.7</b>	<b>-564.0</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 17.**

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

	2017	2018	2019	2020	2021
<b>External public and government guaranteed debt (1+2+3):</b>	<b>4,089.8</b>	<b>3,825.7</b>	<b>3,850.7</b>	<b>4,217.4</b>	<b>4,294.6</b>
<b>1. Multilateral debt:</b>	<b>1,650.3</b>	<b>1,615.1</b>	<b>1,600.9</b>	<b>1,963.3</b>	<b>2,042.3</b>
World Bank	666.8	660.2	657.7	677.4	652.4
Asian Development Bank	600.8	582.2	565.6	605.4	668.5
European Investment Bank	-	-	11.2	36.5	56.6
International Monetary Fund	200.3	166.8	140.3	376.4	340.4
Islamic Development Bank	77.0	79.9	92.9	118.3	158.2
European Bank for Reconstruction and Development	50.9	51.8	50.8	50.3	44.4
Asian Infrastructure Investment Bank	-	-	-	-	0.1
International Fund for Agricultural Development	15.6	20.1	24.3	28.6	28.3
Nordic Development Fund	4.7	4.3	4.0	4.1	3.5
OPEC	4.7	5.4	5.1	4.5	4.1
Eurasian Development Bank	11.5	27.4	32.2	43.6	68.7
European Union	18.0	17.2	16.8	18.2	17.0
<b>2. Bilateral debt:</b>	<b>2,439.6</b>	<b>2,210.6</b>	<b>2,249.8</b>	<b>2,254.1</b>	<b>2,252.3</b>
<b>2.1. EAEU countries:</b>	<b>240.0</b>	-	-	-	-
Russia	240.0	-	-	-	-
<b>2.2. other:</b>	<b>2,199.6</b>	<b>2,210.6</b>	<b>2,249.8</b>	<b>2,254.1</b>	<b>2,252.3</b>
China	1,708.1	1,719.4	1,778.5	1,766.0	1,797.8
Japan	243.6	244.4	239.2	242.0	215.8
Germany	93.3	86.7	82.0	88.8	78.5
The Republic of Korea	17.0	16.0	14.8	14.9	13.3
Kuwait Fund	7.6	11.1	6.9	8.0	8.1
Turkey	97.0	97.0	93.3	89.5	82.1
France	5.3	5.0	4.7	4.9	4.4
Denmark	3.0	2.9	2.8	2.6	2.4
Saudi Development Fund	15.5	17.7	19.6	28.9	41.9
UAE	9.1	10.6	8.2	8.5	8.2
<b>3. Government guaranteed external debt</b>	-	-	-	-	-

Source: MF KR

**Table 18.**  
Information of Authorized (Joint-stock) Capital of Commercial Banks (end of period)  
(millions of KGS)

Bank	2017			2018			2019			2020			2021		
	a	b	c	a	b	c	a	b	c	a	b	c	a	b	c
<b>Bcero</b>	<b>22,621.8</b>	<b>21,893.8</b>	<b>10,906.0</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>
OJSC "Aiyi Bank"	2,083.7	2,083.7	-	2,268.8	2,268.8	-	3,379.2	3,379.2	-	3,476.3	3,476.3	-	3,524.6	3,524.6	-
OJSC RK "AMANBANK"	853.4	725.4	0.1	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
CJSC "Bank of Asia"	500.0	400.0	310.8	620.0	620.0	543.1	620.0	620.0	543.1	670.0	670.0	593.1	670.0	670.0	593.1
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	404.9	790.0	790.0	401.8
OJSC "BAKAI BANK"	501.2	501.2	-	627.9	627.9	-	697.7	697.7	-	2,697.7	2,697.7	-	2,771.7	2,771.7	-
CJSC "BTA Bank"	2,000.0	2,000.0	1,710.0	2,000.0	2,000.0	1,864.2	2,000.0	2,000.0	-	-	-	-	-	-	-
CJSC "Demir Kyrgyz International Bank"	500.0	500.0	500.0	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
OJSC "DOS-KREDOBANK"	522.5	522.5	-	623.0	623.0	-	623.0	623.0	-	623.0	623.0	-	817.0	817.0	-
OJSC "Eurasian Savings Bank"	300.0	300.0	156.9	300.0	300.0	156.9	300.0	300.0	67.0	300.0	300.0	37.0	300.0	300.0	37.0
OJSC "Capital Bank"	522.9	522.9	-	616.4	616.4	-	616.4	616.4	-	616.4	616.4	-	616.4	616.4	-
CJSC "Bank Companion" <sup>2</sup>	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
CJSC "Kyrgyz-Swiss Bank"	566.4	566.4	566.4	670.0	670.0	502.5	670.0	670.0	502.5	670.0	670.0	502.5	670.0	670.0	502.5
CJSC "Kyrgyz Investment Credit Bank"	1,204.7	1,204.7	1,084.2	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
OJSC "Kyrgyzkommertsbank"	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
OJSC "Commercial Bank KYRGYZSTAN"	1,126.4	1,126.4	-	1,301.7	1,301.7	-	1,301.7	1,301.7	-	1,734.2	1,734.2	-	1,936.7	1,936.7	-
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
OJSC "Keremet Bank" <sup>2</sup>	1,082.2	782.2	402.6	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
OJSC "RSK Bank"	1,926.3	1,926.3	-	2,011.2	2,011.2	-	2,136.7	2,136.7	-	2,333.3	2,333.3	-	3,379.2	3,379.2	-
CJSC JSCB "Tolubay"	500.0	500.0	7.4	600.0	500.0	7.4	600.0	600.0	8.9	664.0	664.0	9.8	700.0	700.0	10.3
OJSC "FinanceCreditBank KAB"	750.0	550.0	-	710.0	710.0	-	710.0	710.0	-	710.0	710.0	-	710.0	710.0	-
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
OJSC "Halyk Bank Kyrgyzstan"	600.0	600.0	600.0	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
OJSC "Chang An Bank" <sup>3</sup>	600.0	600.0	600.0	600.0	600.0	600.0	-	-	-	-	-	-	-	-	-
CJSC "EcoIslamicBank"	666.8	666.8	38.3	732.3	732.3	38.3	762.3	762.3	19.8	762.3	762.3	19.8	762.3	762.3	19.8
Bishkek Branch of the National Bank of Pakistan	500.0	500.0	500.0	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».

**Table 19.**

Consolidated Regulatory Report of Commercial Banks of the Kyrgyz Republic  
(millions of KGS)

	2017	2018	2019	2020	2021*
<b>ASSETS</b>					
Cash resources	13,092.9	15,457.7	18,135.7	24,233.8	30,138.6
Correspondent account with NBKR	11,464.4	13,895.5	12,983.0	14,172.5	18,785.0
Correspondent accounts with other banks	15,464.1	14,026.4	12,759.8	22,635.7	37,624.4
Deposits with other banks	10,136.0	10,500.3	12,527.6	17,168.8	24,925.1
Securities portfolio	17,690.6	21,666.5	23,107.1	21,939.3	33,421.3
Securities purchased under repo agreements	400.0	404.2	469.8	260.0	322.4
"Net" loans and financial leasing	101,352.3	119,633.7	137,403.6	149,080.2	164,839.1
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
Loans and financial leasing to clients <sup>2</sup>	108,325.0	127,882.1	146,438.6	162,550.2	181,783.3
(less) Special Loss Provisions for loans and financial leasing	-8,100.7	-9,397.0	-10,897.2	-15,597.2	-18,106.5
Fixed assets	10,603.2	12,001.9	14,215.2	15,577.3	17,135.1
Investments and Equities	342.8	357.8	403.8	502.6	1,023.5
Other assets	17,464.8	14,010.0	16,982.2	23,724.6	32,903.4
<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>361,117.8</b>
<b>LIABILITIES</b>					
Liabilities to NBKR	5,549.4	7,764.2	5,012.4	6,457.7	4,128.0
Settlement accounts and deposits of banks	1,301.0	1,896.0	3,361.2	4,083.2	5,819.6
Resident banks	317.4	311.1	409.3	118.4	243.2
Non-resident banks	983.6	1,584.9	2,951.9	3,964.8	5,576.4
Settlement accounts	39,003.2	40,745.3	39,287.9	51,962.7	88,844.8
Settlement accounts of finance and credit organizations	521.7	667.7	867.9	1,108.8	782.3
Settlement accounts of clients <sup>3</sup>	38,481.5	40,077.6	38,420.0	50,853.9	88,062.5
Demand deposits	30,205.8	32,234.5	37,662.8	46,946.5	56,886.1
Demand deposits of finance and credit organizations	199.2	178.9	548.1	920.3	351.0
Demand deposits of clients <sup>3</sup>	30,006.5	32,055.6	37,114.7	46,026.1	56,535.1
Time deposits	39,084.3	45,567.8	56,445.3	61,243.4	68,236.1
Time deposits of finance and credit organizations	556.8	636.3	731.4	808.5	663.1
Time deposits of clients <sup>3</sup>	38,527.5	44,931.5	55,713.9	60,435.0	67,573.0
Deposits of non-residents <sup>4</sup>	7,079.7	9,746.3	10,624.9	11,575.5	13,472.2
Deposits of Government	6,224.0	4,824.1	6,932.6	9,199.5	15,507.7
Loans of Government	3,445.8	3,858.0	4,723.8	7,615.0	4,503.0
Securities sold under repo agreements	400.0	404.2	469.8	260.0	322.4
Loans received	19,905.5	22,819.9	25,467.5	23,724.3	23,766.7
Other liabilities	13,582.9	16,733.5	16,922.8	20,405.6	27,915.7
<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>309,402.4</b>
<b>CAPITAL</b>					
Capital stock	21,760.5	23,748.0	28,345.5	30,920.7	36,661.3
Provisions for prospective needs of bank	631.2	811.4	844.1	965.1	984.9
Retained earnings of past years	7,083.6	6,865.6	9,244.6	10,966.4	9,978.5
Profits/losses of the current year	2,138.4	3,005.6	2,952.3	2,297.1	3,618.8
Revaluation accounts	615.8	929.6	690.2	672.2	472.0
<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>51,715.4</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>361,117.8</b>

\*preliminary data

Source: Commercial banks of KR

<sup>1</sup> Includes loans to banks and other finance and credit organizations residents and non-residents.

<sup>2</sup> Includes loans to legal entities and individuals residents and non-residents.

<sup>3</sup> Includes accounts of legal entities and individuals.

<sup>4</sup> Includes accounts of finance and credit organizations, legal entities and individuals.

Table 20.

Information on Head Offices and Branches of Commercial Banks as at the end of 2021

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>312</b>	<b>76</b>	<b>23</b>	<b>46</b>	<b>39</b>	<b>19</b>	<b>57</b>	<b>18</b>	<b>34</b>
<b>Branches of resident banks</b>										
1	OJSC "Aiyyl Bank"	37	4	4	6	5	2	9	2	5
2	OJSC RK "AMANBANK"	13	2	-	1	2	-	5	1	2
3	CJSC "Bank of Asia"	8	4	-	1	2	-	1	-	-
4	OJSC Bank "Bai-Tushum"	7	1	1	1	1	1	1	1	-
5	OJSC "BAKAI BANK"	23	9	1	2	3	1	4	1	2
6	CJSC "Demir Kyrgyz International Bank"	14	7	1	1	1	1	2	1	-
7	OJSC "DOS-KREDOBANK"	8	2	-	1	2	1	1	-	1
8	OJSC "Eurasian Savings Bank"	3	1	-	1	-	-	1	-	-
9	OJSC "Capital Bank"	7	1	1	1	1	-	2	1	-
10	CJSC "Bank Companion"	18	3	2	4	2	2	3	1	1
11	CJSC "Kyrgyz-Swiss Bank"	1	-	-	-	-	-	1	-	-
12	CJSC "Kyrgyz Investment Credit Bank"	20	8	1	2	1	2	3	1	2
13	OJSC "Kyrgyzkommertsbank"	3	2	-	-	-	-	1	-	-
14	OJSC "Commercial Bank KYRGYZSTAN"	19	6	1	5	1	1	1	1	3
15	OJSC "Optima Bank"	19	8	1	1	3	-	2	1	3
16	OJSC "Keremet Bank"	10	3	1	1	2	-	1	1	1
17	OJSC "RSK Bank"	52	4	5	10	7	5	9	4	8
18	CJSC JSCB "Tolubay"	2	2	-	-	-	-	-	-	-
19	OJSC "FinanceCreditBank KAB"	6	-	-	1	1	1	2	-	1
20	CJSC "FINCA Bank"	24	3	3	5	2	2	4	2	3
21	OJSC "Halyk Bank Kyrgyzstan"	10	4	-	1	2	-	2	-	1
22	CJSC "EcolslamicBank"	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>	-	-	-	-	-	-	-	-	-

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

**Table 21.**  
Composition of Circulating Cash of Commercial Banks and Its Rate of Collection in 2021  
(billions of KGS)

	Receipt				Issue				Deviation (+/-) (9-4)	Collection Rate (%) (4/9)	
	1	2	3	4	5	6	7	8			9
	Taxes, customs duties and fees	From sales of foreign exchange	Other	Total	To Treasury for salary payments	For payments of pensions and allowances	Purchases of foreign exchange	Other expenses	Total		
<b>Total for the Kyrgyz Republic</b>	<b>53.7</b>	<b>179.4</b>	<b>2,660.8</b>	<b>2,893.9</b>	<b>3.7</b>	<b>2.4</b>	<b>255.2</b>	<b>2,645.7</b>	<b>2,907.0</b>	<b>13.1</b>	<b>99.5</b>
Bishkek city	19.7	135.3	1,418.4	1,573.4	1.9	0.1	101.7	1,448.6	1,552.3	-21.1	101.4
Batken oblast	1.2	3.2	119.4	123.8	0.1	0.6	21.0	102.0	123.7	-0.1	100.1
Jalal-Abad oblast	2.3	7.3	290.7	300.3	0.5	0.4	41.0	276.2	318.1	17.8	94.4
Issyk-Kul oblast	1.4	3.6	134.1	139.1	0.2	0.1	9.5	134.2	144.0	4.9	96.6
Naryn oblast	0.4	0.6	62.1	63.1	0.1	0.3	1.5	63.9	65.8	2.7	95.9
Osh city	5.8	18.1	318.5	342.4	0.2	0.1	51.7	294.4	346.4	4.0	98.8
Osh oblast	4.6	2.7	104.0	111.3	0.1	0.6	12.6	98.0	111.3	-	100.0
Talas oblast	0.5	1.4	66.4	68.3	0.2	-	3.6	69.6	73.4	5.1	93.1
Chui oblast	17.8	7.2	147.2	172.2	0.4	0.2	12.6	158.8	172.0	-0.2	100.1

Source: Commercial banks of KR

**Table 22.**  
Pattern of Payments in the Gross System of Settlements

	2017		2018		2019		2020		2021	
	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	11	22,708	14	28,315	20	38,626	20	39,960	25	44,123
from 1 thousand to 100 thousand of KGS	4,479	167,625	5,416	204,405	6,008	231,686	6,473	259,867	7,054	269,722
from 100 thousand to 1 million of KGS	39,660	90,980	41,058	100,964	43,713	108,174	43,726	110,712	55,249	134,324
from 1 million to 10 million of KGS	231,140	79,715	252,220	89,762	263,909	93,013	271,689	94,765	378,242	130,018
from 10 million to 100 million of KGS	460,744	13,828	534,896	15,753	619,324	18,121	568,461	17,004	765,068	23,082
payments of over 100 million of KGS	4,015,959	5,850	2,186,516	5,041	2,193,404	5,159	3,040,927	6,173	4,117,732	6,582
<b>Total</b>	<b>4,751,993</b>	<b>380,706</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>

Source: Gross Settlement System in Real Time Regime

**Table 23.**  
Volume and Number of Clearing Payments by Regions

	2017		2018		2019		2020		2021	
	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	158,177	5,228,672	171,797	5,804,659	181,385	6,389,687	164,856	4,943,656	204,809	5,168,982
Batken oblast	2,920	467,413	3,390	540,457	3,246	546,414	2,560	402,235	3,097	398,279
Jalal-Abad oblast	4,806	672,091	5,234	750,457	5,587	797,323	5,552	589,539	6,500	594,079
Issyk-Kul oblast	4,080	413,574	4,070	488,102	4,001	552,069	3,321	405,835	3,606	415,034
Naryn oblast	1,252	205,052	1,305	230,028	1,385	231,869	1,279	163,737	1,494	188,747
Osh city and Osh oblast	13,180	1,139,616	13,684	1,259,739	13,676	1,338,472	11,554	979,719	14,787	977,943
Talas oblast	1,111	204,600	1,298	207,111	1,421	209,548	1,293	160,475	1,431	177,993
<b>Total</b>	<b>185,526</b>	<b>8,331,018</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>235,724</b>	<b>7,921,057</b>

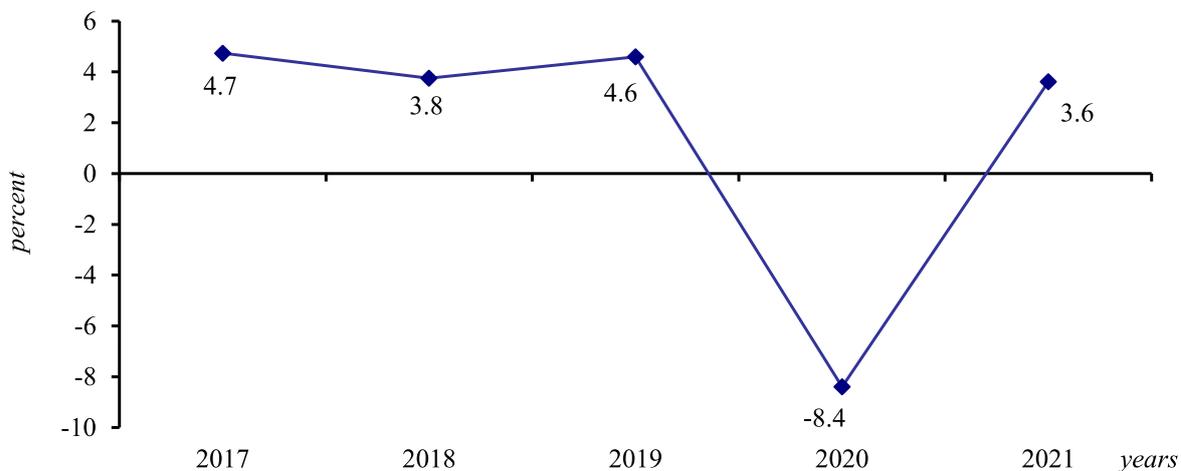
Source: Bulk Clearing System

**Table 24.**  
Information on Transactions with Payment Cards at Trade Outlets

Card	2017		2018		2019		2020		2021	
	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"	773,582	942,533	1,496,388	1,666,556	3,555,947	3,932,230	9,128,232	5,226,368	15,165,133	12,957,884
"Elcard-UPI"	8,711	14,587	18,743	28,994	21,096	35,048	18,009	21,538	13,815	18,150
"Zolotaya Korona" ("Alai Card")	311,177	127,262	214,657	107,845	90,692	50,885	41,367	25,702	17,314	10,024
Visa	2,668,500	5,928,123	4,392,914	8,238,457	6,924,512	13,035,048	7,964,910	12,433,739	15,594,485	23,138,702
Master Card	133,885	508,276	274,313	797,780	474,685	1,196,816	527,544	1,044,367	738,313	1,612,869
American Express	2,607	58,375	3,367	65,530	3,395	60,541	578	12,984	453	17,411
Union Pay	7,650	9,371	5,408	102,016	3,538	7,016	1,456	2,304	2,771	4,114
"Mir"	-	-	-	-	2,127	740	5,420	3,007	20,364	16,847

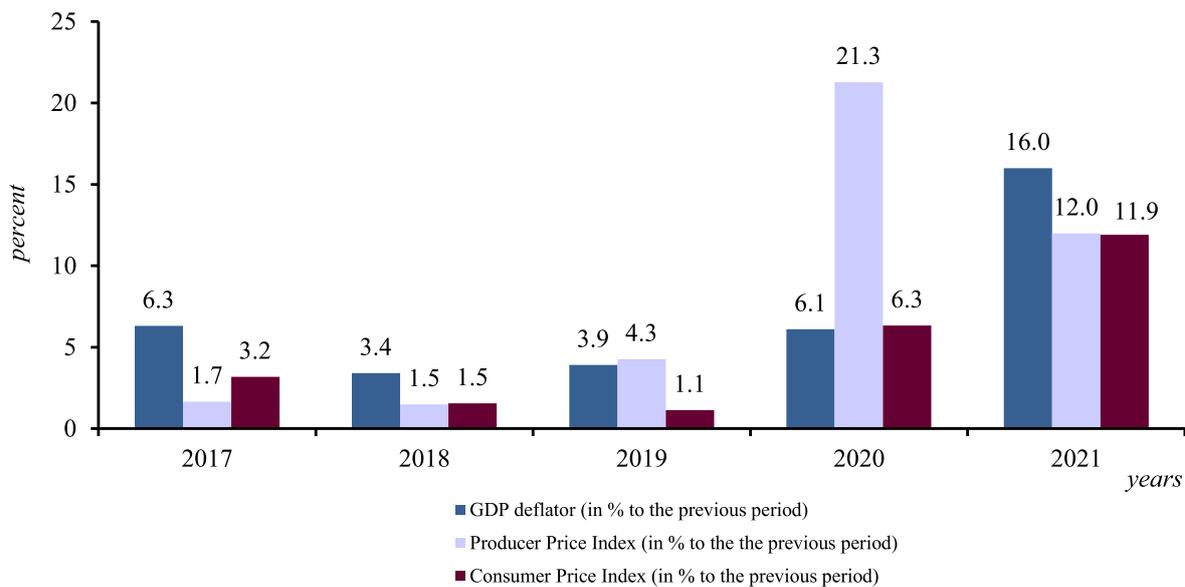
Source: Commercial banks of KR

**Chart 1.**  
Rates of Growth of Real Gross Domestic Product



Source: NSC KR

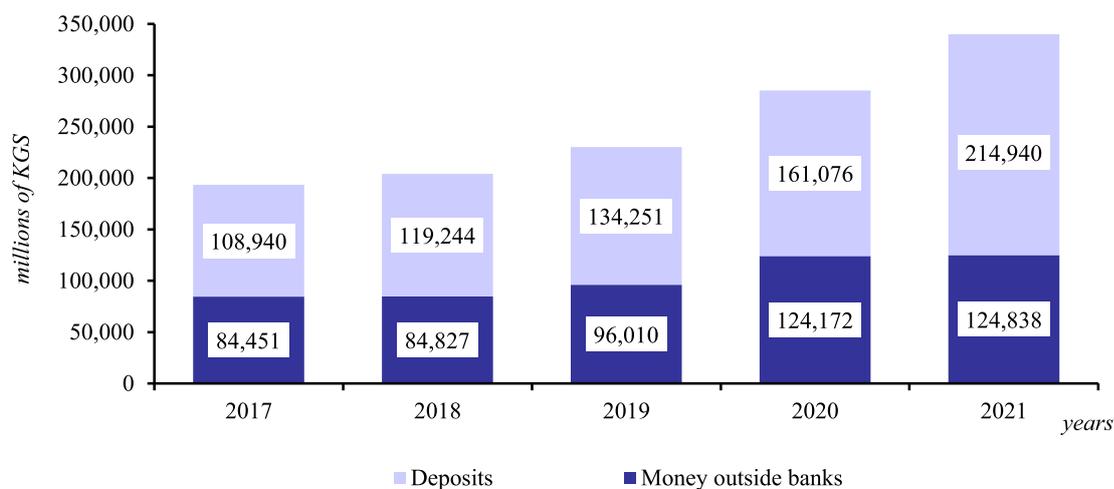
**Chart 2.**  
Rates of Growth of Consumer and Producer Prices



Source: NSC KR

**Chart 3.**

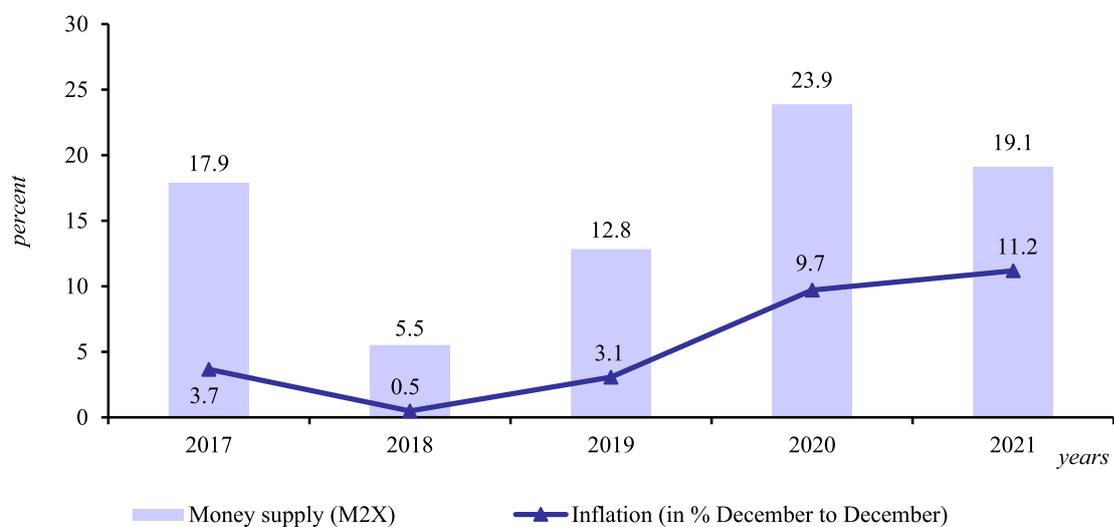
## Monetary Aggregates M2X Structure



Source: NBKR

**Chart 4.**

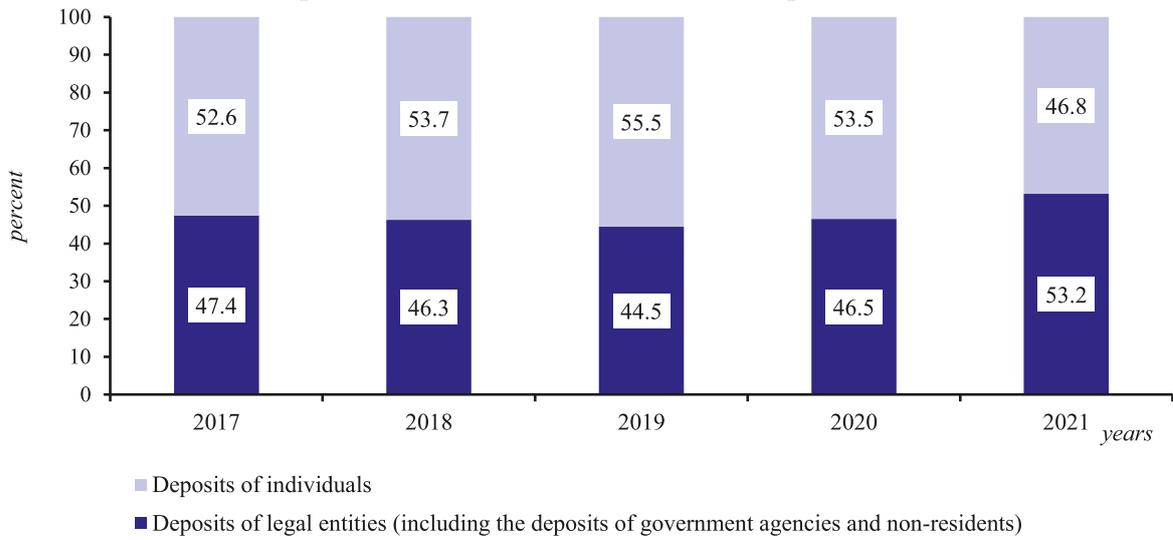
## Rates of Growth of Money Supply and Inflation



Source: NBKR, NSC KR

**Chart 5.**

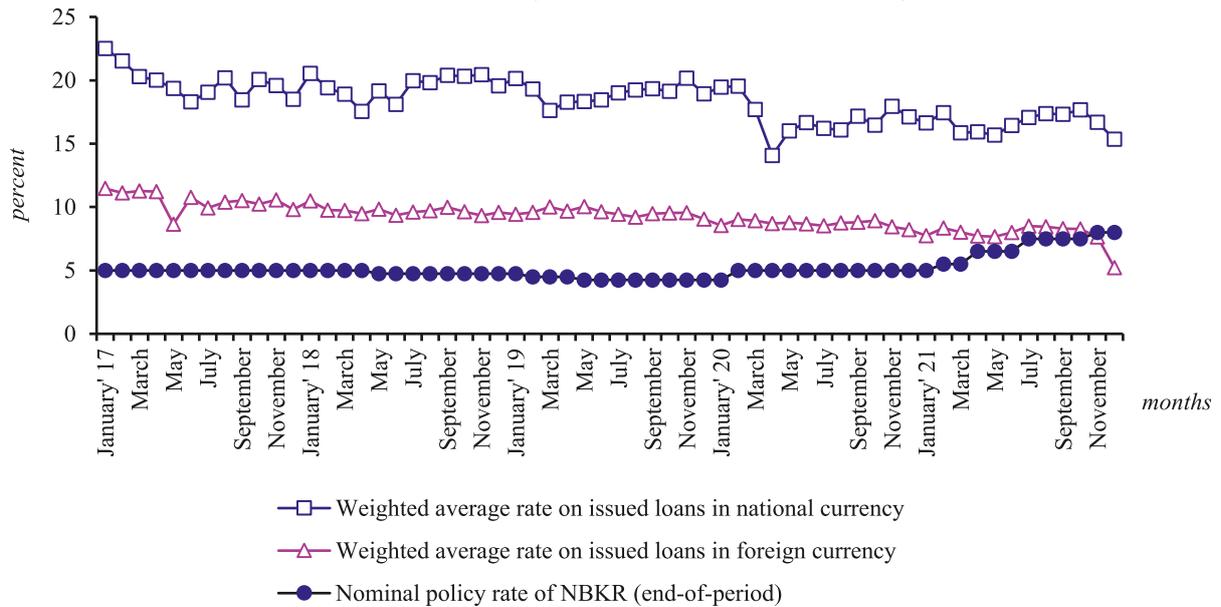
Structure of Deposit Base of Commercial Banks (end of period)



Source: Commercial banks of KR

**Chart 6.**

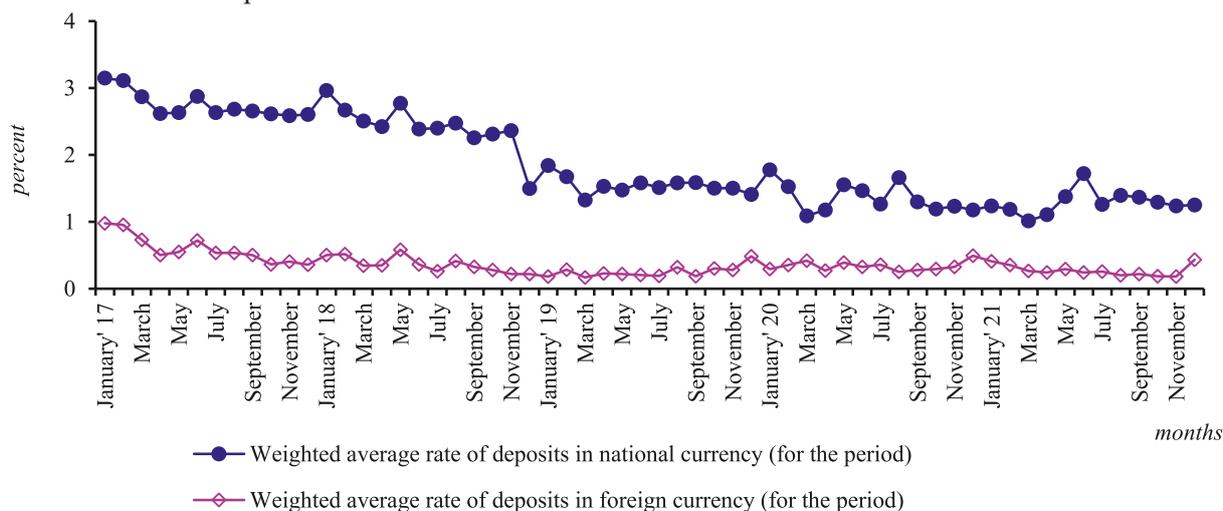
Interest Rates of Loans Issued by Commercial Banks and Policy Rate of the NBKR



Source: NBKR and commercial banks of KR

**Chart 7.**

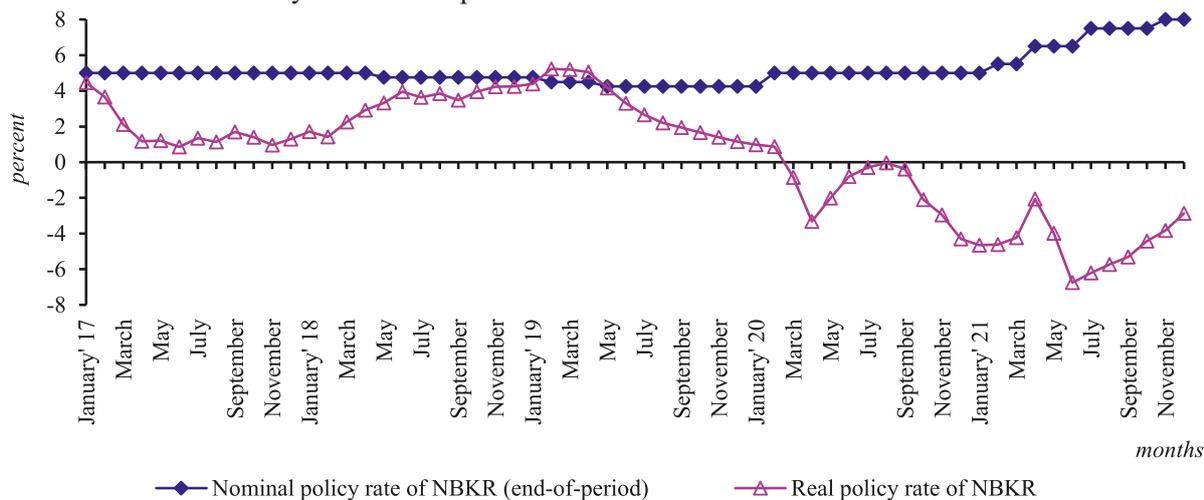
**Interest Rates of Deposits of Commercial Banks**



Source: Commercial banks of KR

**Chart 8.**

**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

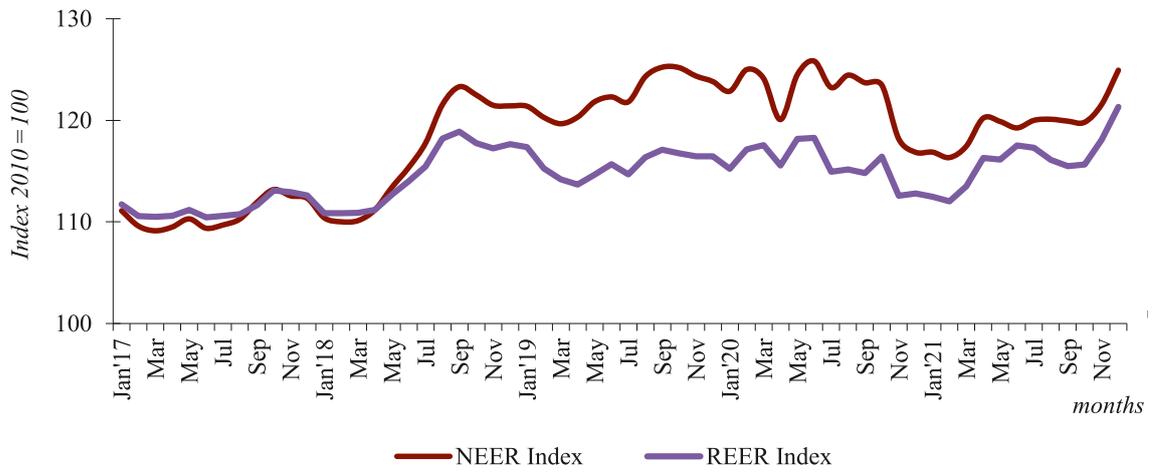
$i$  - the nominal interest rate,

$r$  - the real interest rate,

$p$  - annual rate of inflation

**Chart 9.**

Nominal and Real Effective Exchange Rate Indices



Source: NBKR

**Appendix 3**  
to the Report of the National Bank  
of the Kyrgyz Republic for 2021

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

No.	Title	Language of publication	Periodicity	Contents	Distribution
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.

No.	Title	Language of publication	Periodicity	Contents	Distribution
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	Information on activity of the National Bank, including: <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>	Free access to information.

No.	Title	Language of publication	Periodicity	Contents	Distribution
				<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>	
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	<p>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.</p>	Free access to information.

No.	Title	Language of publication	Periodicity	Contents	Distribution
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 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.	<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

**Appendix 4**  
to the Report of the National Bank  
of the Kyrgyz Republic for 2021

**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
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
EEC	Eurasian Economic Commission
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)
GDP	Gross Domestic Product
GIZ	German Corporation for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit)
GS	Government Securities
GVA	Gross Value Added
HSCC	Housing and Savings Credit Companies
IsDB	Islamic Development Bank
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
MHIF	Mandatory Health Insurance Fund under the Government of the Kyrgyz Republic
MM	Mass Media
MP	Monetary Policy
NBFCO	Non-Banking Financial-Credit Organizations
NBKR	National Bank of the Kyrgyz Republic
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
PBC	Public Broadcasting Corporation
PFMI	Principles for Financial Market Infrastructures
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 Arab Emirates
USA	United States of America
VAT	Value Added Tax
WB	World Bank