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## Press Release

### **National Bank of the Kyrgyz Republic increased its policy rate up to 12.00 percent**

On February 23, 2026, the Board of the National Bank of the Kyrgyz Republic raised the policy rate (key rate) by 100 basis points, to 12.00 percent. The decision becomes effective as of February 24, 2026.

The external economic environment remains uneven and is characterized by elevated uncertainty. The global food markets show gradual slowdown in price growth for basic commodities; however, inflation in the major countries-trading partners of the Kyrgyz Republic remains high. Domestic prices remain sensitive to changes in the external environment amid significant share of imports in the consumer basket. The outlook for further price dynamics largely depends on the stability of global supply chains and trade flows, which remain at risk amid geopolitical tensions and fragmentation of the global economy. Such conditions require a balanced approach to the monetary policy to ensure price stability in the Kyrgyz Republic.

Since the beginning of 2026, the inflation rate in the Kyrgyz Republic stood at 1.8 percent as of February 13 (year-on-year – 9.6 percent). Generally, price dynamics are developing within the expected trajectory, while remaining even across the main components of the consumer basket. Food prices show moderate growth rates due to the stabilization of prices for certain products. At the same time, price dynamics in the services and non-food sectors remain elevated, driven by both the secondary effects of external conditions and the strengthening of domestic demand factors.

The economy of the Kyrgyz Republic maintains high growth rates. In January 2026, the country's real GDP expanded by 9.0 percent. Accelerated economic activity, as before, was observed in the services and construction sectors. Fixed capital investment remains high to support the expansion of infrastructure projects. At the same time, growth in the households' real incomes and expansion of consumer lending support domestic demand. Taken together, these factors create an additional pro-inflationary impulse.

Monetary conditions continue to support the purchasing power of the national currency and facilitate price stability within the medium-term target range of 5–7 percent. The interbank money market is operating stably, with the BIR<sup>1</sup> rate forming near the lower bound of the National Bank's interest rate corridor to reflect the balance of supply and demand for short-term money market funding amid excess liquidity in the banking system. The domestic foreign exchange market

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<sup>1</sup> Interbank benchmark interest rate (BIR – Bishkek Interbank Rate).

remains stable, with foreign exchange interventions conducted solely to smooth sharp fluctuations in the exchange rate.

The banking sector shows stability. In 2025, the banks' deposit base expanded by 46.2 percent to KGS 865.9 billion<sup>1</sup>, reflecting confidence in the banking system and stronger savings behavior among the population. In 2025, the commercial banks' loan portfolio increased by 48.8 percent, totaling KGS 507.0 billion<sup>2</sup>, driven by robust activity in the real sector of the economy.

The medium-term inflation trajectory will be determined by the balance of external and internal conditions. Amid pro-inflationary factors in the economy, as well as due to expansion of the positive fiscal impulse, widening of the GDP gap, and growth of consumer demand, it is necessary to tighten monetary conditions in order to create sustainable conditions for inflation slowdown. In this regard, the National Bank increased its policy rate up to 12.00 percent.

The National Bank maintains a balanced approach to conducting monetary policy and continuously assesses the emerging external and domestic inflationary factors. In the event of risks to price stability, the National Bank does not rule out the possibility of adjusting its monetary policy stance.

The next regular meeting of the Board of the National Bank of the Kyrgyz Republic on the policy rate is scheduled for April 27, 2026.

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<sup>1</sup> According to the preliminary data.