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## Press Release

### **National Bank of the Kyrgyz Republic keeps its policy rate unchanged at 9.00 percent**

On May 26, 2025, the Board of the National Bank of the Kyrgyz Republic decided to keep the policy rate (key rate) unchanged at 9.00 percent. The decision becomes effective as of May 27, 2025.

The external environment is characterized by continued uncertainty in the global financial and commodity markets driven by shifts in trade policy of the world's leading countries and by geopolitical factors posing certain risks to the countries with emerging markets and open economies. Due to peculiar structure of the economy in the Kyrgyz Republic, these external factors remain uncertain regarding economic growth prospects in the country.

Despite external challenges, the Kyrgyz Republic continues to demonstrate high economic activity – in January-April 2025, real GDP increased by 11.7 percent (compared to the same period of 2024). Generally, such sectors as services, construction and manufacturing made positive contribution in the structure of GDP growth. Consumer demand remains high due to growth of population's real incomes amid an increase in investment activity.

Price dynamics in the Kyrgyz Republic remains moderate. Since the beginning of 2025<sup>2</sup>, consumer prices increased by 2.9 percent, while the annual inflation rate<sup>2</sup> stood at 7.7 percent. Current inflation is primarily driven by adjustments to certain administrative prices (electricity tariffs), as well as seasonal price growth for fruits and vegetables. Overall, the current inflation dynamics is within the National Bank's expectations.

The interbank money market remains active mainly in the swap market segment amid the short-term money market rates fluctuating within the interest rate corridor set by the National Bank. The situation remains relatively stable in the domestic foreign exchange market with the exchange rate flexibility maintained as a result of market formation of demand and supply for foreign currency.

The banking sector of the country remains resilient and highly liquid. In January-April 2025, lending to the economy increased by 15.6 percent<sup>3</sup>, credits are primarily issued for consumer purposes, financing of the trade and agriculture sectors. Banks continue to increase their resource base – the deposit base of the banking system grew by 16.1 percent<sup>4</sup> during four months of the current year.

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<sup>2,2</sup> As of May 16

<sup>3, 4</sup> According to the preliminary data.

Assessment of the external and internal inflation factors indicates that the annual inflation rate will form within the medium-term target of 5-7 percent by the end of the current year. The National Bank kept the size of the policy rate unchanged at 9.00 percent taking into account the volatility of prices in the global food and commodity markets, as well as the impact of changes in electricity tariffs and increased domestic demand on the inflation rate. The adopted decision corresponds to the National Bank's monetary policy focused on maintaining price stability in the country and creating conditions for ensuring macroeconomic sustainability.

The National Bank adheres to a balanced approach to conducting monetary policy and will continue to assess the emerging external and internal factors of inflation. In case of any risks to price stability, the National Bank does not exclude the possibility of making adjustments to the current monetary policy.

The next regular meeting of the Board of the National Bank of the Kyrgyz Republic on the policy rate is scheduled for July 28, 2025.