



КЫРГЫЗ БАНКЫ

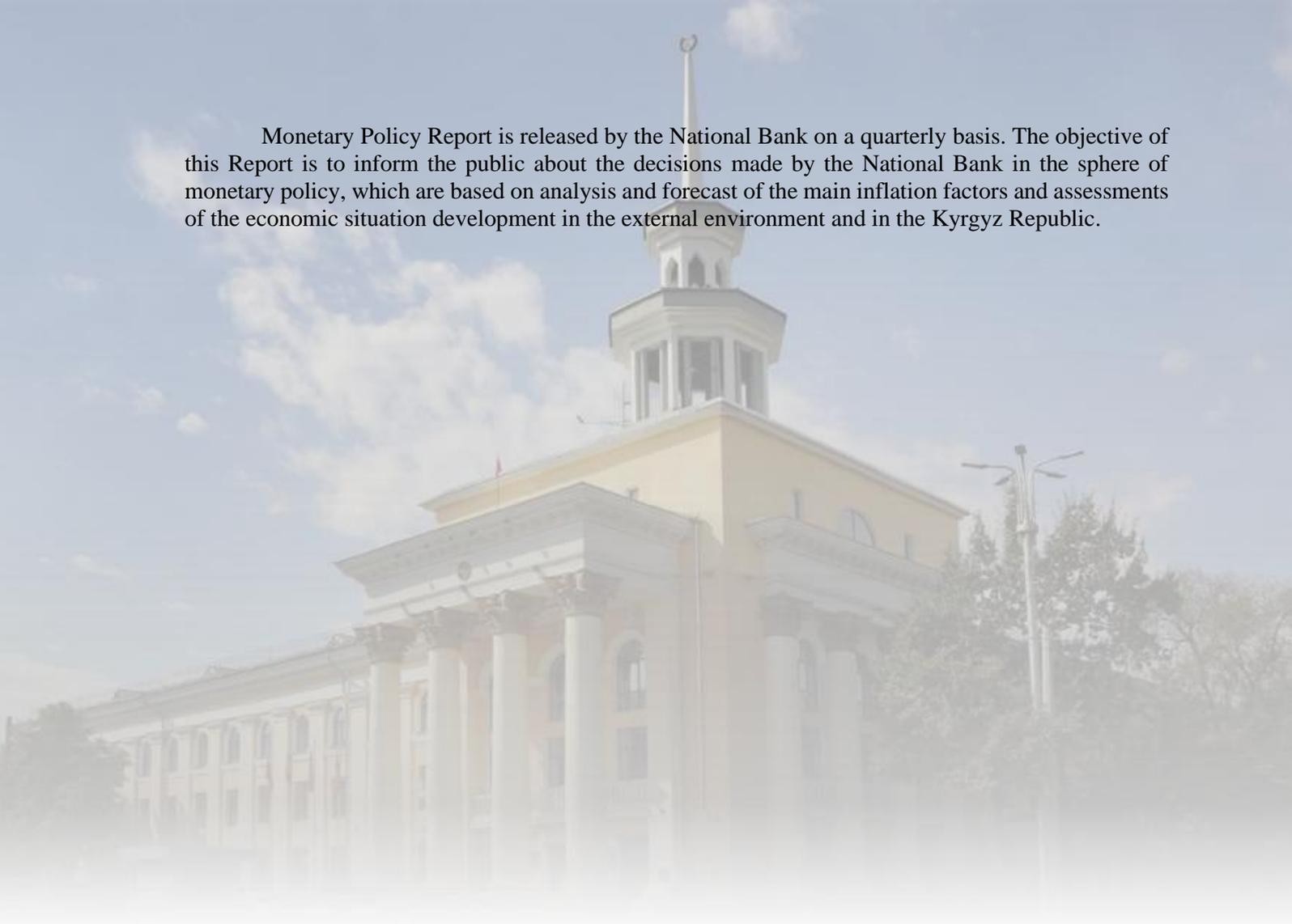


Monetary Policy

# REPORT

Q4 2025

Bishkek  
February 2026



Monetary Policy Report is released by the National Bank on a quarterly basis. The objective of this Report is to inform the public about the decisions made by the National Bank in the sphere of monetary policy, which are based on analysis and forecast of the main inflation factors and assessments of the economic situation development in the external environment and in the Kyrgyz Republic.

## *MONETARY POLICY IN THE KYRGYZ REPUBLIC*

Development and implementation of the monetary policy is carried out within the framework of the Main Directions of the Monetary Policy for the medium term<sup>1</sup>.

**The objective of the monetary policy is** to achieve and maintain price stability through appropriate monetary policy.

**5-7%**

**Quantitative benchmark of the monetary policy** is to keep inflation rate within 5-7 percent in the medium term.

---

<sup>1</sup> Approved by the Resolution of the Board of the National Bank of the Kyrgyz Republic No. 2017-II-07/51-1-(ДКП) on December 13, 2017 (published on the website of the National Bank in the section “Functions of the Bank”).

**The policy rate of the National Bank** is the main instrument of the monetary policy used to achieve price stability in the country.

Regulation of the policy rate influences the short-term rates of the interbank money market, acting as a benchmark for the cost of funds, and affects the volume of aggregate demand and supply in the economy. By changing the policy rate, the National Bank gives signal to the market about tightening or easing of monetary conditions. Decisions on the policy rate are made taking into account comprehensive analysis of economic conditions in the country, assessment of external economic conditions and inflation forecasts for the medium term.

The schedule of meetings held by the National Bank Board on the size of the policy rate is published on the official website of the National Bank of the Kyrgyz Republic.

**Monetary policy of the National Bank is focused on the future**, as the decisions made in the field of the monetary policy affect the key macroeconomic indicators of the country with a certain lag.

**Communication policy is among the main instruments of the monetary policy conducted by the National Bank.** Assessment of the current and expected macroeconomic situation in the country made by the National Bank is published in the Monetary Policy Report at the beginning of the third month of each quarter

## Contents

<b>Chapter 1. External Environment .....</b>	<b>6</b>
1.1. Economic Development of the EAEU Countries and the Main Trading Partner Countries.....	6
1.2. World Commodity Markets .....	8
<b>Chapter 2. Macroeconomic Development .....</b>	<b>12</b>
2.1. Demand and Supply in the Commodities and Services Market .....	12
2.2. External Sector .....	13
<b>Chapter 3. Monetary Policy.....</b>	<b>16</b>
3.1. Dynamics of Short-Term Money Market Interest Rates .....	17
3.2. Transactions in the Interbank Money Market.....	20
3.3. Dynamics of Monetary Base and M2X Aggregate.....	25
<b>Chapter 4. Inflation Dynamics .....</b>	<b>27</b>
4.1. Consumer Price Index .....	27
4.2. Inflation Expectations.....	28
<b>Chapter 5. Medium-Term Forecast .....</b>	<b>29</b>
5.1. Medium-Term Forecast .....	29
<b>Annex 1. Key Macroeconomic Indicators .....</b>	<b>32</b>
<b>Annex 2. Glossary .....</b>	<b>33</b>
<b>Annex 3. Abbreviations.....</b>	<b>35</b>

## SUMMARY

**In Q4 2025, as before, factors such as geo-economic fragmentation and rise of trade protectionism affected the global economy.**

The USA, China, the eurozone and the EAEU countries demonstrated stable positive economic growth supported primarily by domestic demand, active fiscal policy and investments. The USA and the eurozone maintained expansion in business activity and stability in the sphere of industry and services. China, despite weak domestic demand, relied on export diversification and government support. There was high economic growth in the EAEU countries amid expansion of domestic demand and sustainable positive fiscal momentum.

During the reporting period, prices in the global food markets remained highly volatile due to the geopolitical situation worldwide and climate change. However, prices demonstrated downward towards the end of the year. Gold prices grew steadily, remaining an attractive asset for investment. The global oil market showed stable downward trend in prices.

As before, inflationary risks remained high worldwide, including the main trading partner countries of the Kyrgyz Republic. A number of central banks implemented cautious monetary easing.

**The economy of the Kyrgyz Republic maintained high growth rates, facilitated by expansion of domestic demand and investment activity.** At the end of 2025, real GDP growth amounted to 11.1 percent. The main contribution to this growth was provided by the construction sector, industry and the services sector. Active fiscal support stimulated expansion of business activity and the inflow of capital investments. Growth in real incomes of the population resulted in significant increase of domestic consumer demand.

**In Q4 2025, decline in export operations influenced formation of the trade balance, meanwhile imports showed steady growth.** Gold was the main factor for reduction in export of goods by 70.7 percent. In Q4 2025, gold exports decreased compared to the same period of the previous year. Import of goods grew by 18.1 percent amid stable high demand for investment and intermediate goods. As a result, the trade deficit amounted to (-) USD 2,716.3 million compared to (-) USD 594.8 million in the same quarter of 2024. Trade turnover decreased by 21.2 percent and amounted to USD 4,048.0 million.

**During the reporting period, the effect of external factors determined inflation dynamics in the Kyrgyz Republic.** Generally, rise in prices of petroleum, oil and lubricants imported into the country, which, among other things, conditioned an increase in logistics costs, put pressure on domestic prices. In addition, there was an increase in external demand for certain types of domestically produced food products, including meat. Finally, this external price impulse, combined with increase in transport costs, facilitated inflationary processes in the republic as before. Revision of electricity and heating tariffs, as well as steady growth in domestic demand, were the internal factors of inflation. Meanwhile, these factors remained relatively moderate and manageable. At the end of 2025, the annual inflation rate stood at 9.4 percent.

**Monetary conditions were tightened due to growing inflationary risks in the economy.** Since July 2025, the National Bank has raised its policy rate three times, from 9.00 to 11.00 percent, and actively regulated the money supply in the economy. These measures contributed to further strengthening the population's savings behavior, maintaining stability in the money and foreign exchange markets, and ensuring the purchasing power of the national currency.

## Chapter 1. External Environment

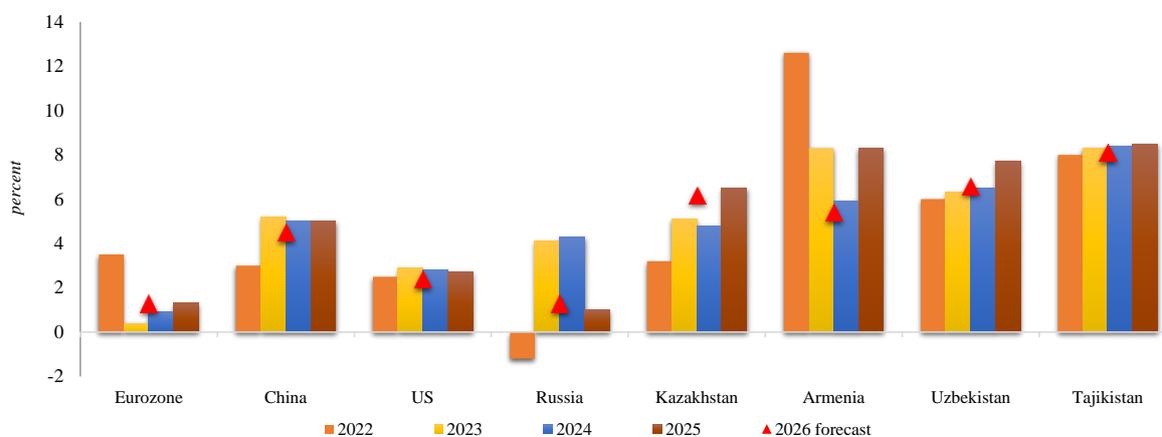
### 1.1. Economic Development of the EAEU Countries and the Main Trading Partner Countries

During the reporting period, global economic dynamics were characterized by gradual adaptation of countries to new structural conditions in the world economy, foreign trade restrictions and high price volatility.

Although growth rates were modest, the largest economies showed positive dynamics due to investment and fiscal stimuli. There was high economic growth amid expansion of domestic demand and sustainable positive fiscal momentum in a number of EAEU countries and main trading partners of the Kyrgyz Republic.

#### Chart 1.1.1. Dynamics of Real GDP by Countries

(annual growth rate)



The US economy maintained more stable growth amid an active investment cycle in the high-tech sector. Significant capital inflows into development of artificial intelligence and digital technology infrastructure ensured expansion of the production base and contributed to support of business activity. The investment momentum partially offset the negative effects of trade policy and external economic uncertainty. Stable household consumption and favorable situation in the labor market remained additional factors of stability. At the same time, in Q4 2025, the US foreign trade sector showed high volatility: after a sharp reduction in the trade deficit down to USD 59.1 billion in October amid decline in import of pharmaceuticals and consumer goods, the indicator increased up to USD 86.9 billion in November. In general, the overall dynamics of imports experienced pressure from increased tariffs by the end of 2025, while export of services showed growth compared to 2024 to result in slight reduction of the annual trade deficit down to USD 901.5 billion.

At the same time, economy of China achieved its GDP growth target of 5.0 percent. Economic activity was supported by industrial production and the services sector, as well as a package of fiscal stimulus measures.

Diversification of export flows and reorientation of some supplies to emerging markets were additional factors contributing to growth. At the same time, domestic demand remained weak, particularly in the residential real estate segment. Decline in capital investments by 3.8 percent in annual terms reflected current adjustments in the real estate market and stable caution in the private sector.

In contrast to China, investment activity and household consumption in the eurozone became the drivers of economic growth in the region by 1.5 percent at the end of 2025. An increase in new orders in industry and a reduction in inventories indicated stabilization of the production cycle. However, the foreign trade sector remained under pressure amid trade

restrictions. In December 2025, the trade balance slowed down by 9.5 percent in annual terms (while trade balance surplus remained unchanged) due to a decline of surplus in the chemical industry, mechanical engineering, the transport sector and raw materials.

In 2026, fiscal stimulus measures focused on addressing structural problems are expected to be among the main drivers of growth in the eurozone and China. At the same time, analysts estimate that advances in artificial intelligence will offset the negative effects of trade policy in the United States.

According to the IMF’s forecast made in January, the US economy will grow by 2.4 percent, the economy of China will increase by 4.5 percent, and the eurozone will develop by 1.3 percent.

While developed economies showed moderate growth, a number of EAEU<sup>1</sup> countries, as well as Uzbekistan and Tajikistan, experienced high growth rates. Armenia (+9.2 percent)<sup>2</sup>, Tajikistan (+8.4 percent) and Uzbekistan (+7.7 percent) demonstrated the most significant growth in real GDP. In these countries, the main contribution came from structural sectors of the economy, including industry, construction and services, with active implementation of the investment projects and expansion of the domestic market.

At the end of 2025, economy of Russian increased by 1.0 percent, following growth by 4.9 percent in 2024. The mining and manufacturing sectors contributed to GDP growth. In Kazakhstan, acceleration by 5.4 percent was conditioned by an increase in oil production, expansion of mining production and implementation of the infrastructure projects. Construction remained a significant driver of growth amid large-scale budget investments in the economies of both countries.

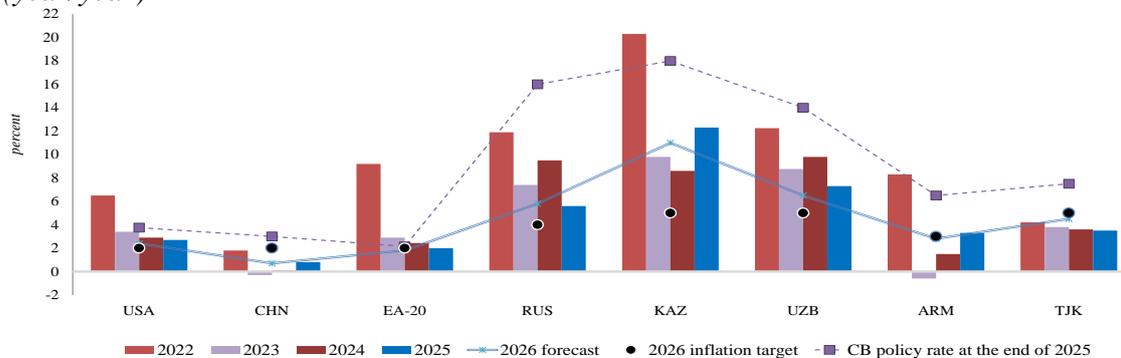
Looking ahead, dependence on external price conditions and government investment activity, with gradual strengthening of domestic demand remain the common factors for economic growth in the EAEU countries, Tajikistan and Uzbekistan.

### Inflationary Environment in the External Conditions

In Q4 2025, generally, gradual deceleration of inflation was stable in the world’s leading economies, while there were pro-inflationary risks in some countries. The inflation rate remained close to the central banks’ target ranges in most developed countries. In the reporting quarter, the central banks of the major powers conducted a policy of gradual easing the monetary conditions. Meanwhile, monetary conditions remained tight in the countries that are the main trading partners of the Kyrgyz Republic due to increased inflationary pressure.

**Chart 1.1.2. Inflation and Central Banks’ Key Rates in the Leading Economies and Trading Partner Countries of the Kyrgyz Republic**

(year/year)



Source: statistical committees of the countries, central banks, and international organizations

<sup>1</sup> Hereinafter, excluding the Republic of Belarus

<sup>2</sup> Economic activity indicator

In December, the annual inflation rate of the USA stood at 2.7 percent (in Q3 – 3.0 percent), approaching the US FRS target of 2 percent. Decrease in prices for energy carriers, moderate growth in housing costs and prices in the services sector influenced inflation dynamics. However, the inflation rate exceeding target is largely a consequence of the US tariff policy in respect of its trading partners.

At the end of 2025, the inflation rate of the Eurozone was at the inflation target (2 percent) due to slowdown in dynamics of prices for energy carriers and food products, while inflationary pressure came from the services sector.

In China, the inflation rate stood at 0.8 percent at the end of 2025 (with a target of 2 percent). Structural changes in China, which contributed to deflationary processes, along with a weak Chinese yuan (mainly in the first half of 2025), increased the purchasing power of importing countries to a certain extent, particularly in the EU countries. The international analysts expect that slowdown of price growth in these countries was partly due to the share of Chinese goods in imports (the EU's overall trade deficit in trade cooperation with China amounted to EUR 359.3 billion in 2025, + 18.0 percent).

As before, the Russian Federation demonstrated relatively tight monetary conditions, which, combined with slight strengthening of the Russian ruble, contributed to easing inflationary pressure. At the end of 2025, the inflation rate in Russia fell down to 5.6 percent, with a target of 4.0 percent. The Bank of Russia is expected to continue its restrictive monetary policy during 2026.

In Q4 2025, inflation in Kazakhstan remained high, exceeding the target level. High growth rates of prices were mainly conditioned by rise in prices for food products in the world markets. As before, fiscal stimulus measures and growth in lending contributed to inflation.

At the end of 2025, the annual inflation rate of Uzbekistan stood at 7.3 percent, which is above the target level of 5.0 percent. The effects of rise in tariffs for housing and public utility services and increase in prices for food products influenced the inflation dynamics. During the reporting period, the Central Bank of Uzbekistan conducted tight monetary policy focused on restraining inflationary pressure.

In Q4 2025, the inflation rate in Armenia was close to the target (the annual inflation rate was 3.3 percent with a target of 3.0 percent), while in Tajikistan, the inflation rate was within the target range (the annual inflation rate was 3.5 percent with a target of 5.0 percent with a permissible deviation of  $\pm 2$  p.p.). In Armenia and Tajikistan, there was relative currency stability amid inflation slowdown.

## 1.2. World Commodity Markets

High uncertainty and transformation of the world trade amid stable geopolitical factors have become standard practice, determining price dynamics in the world commodity markets during the last three years.

### Energy Market

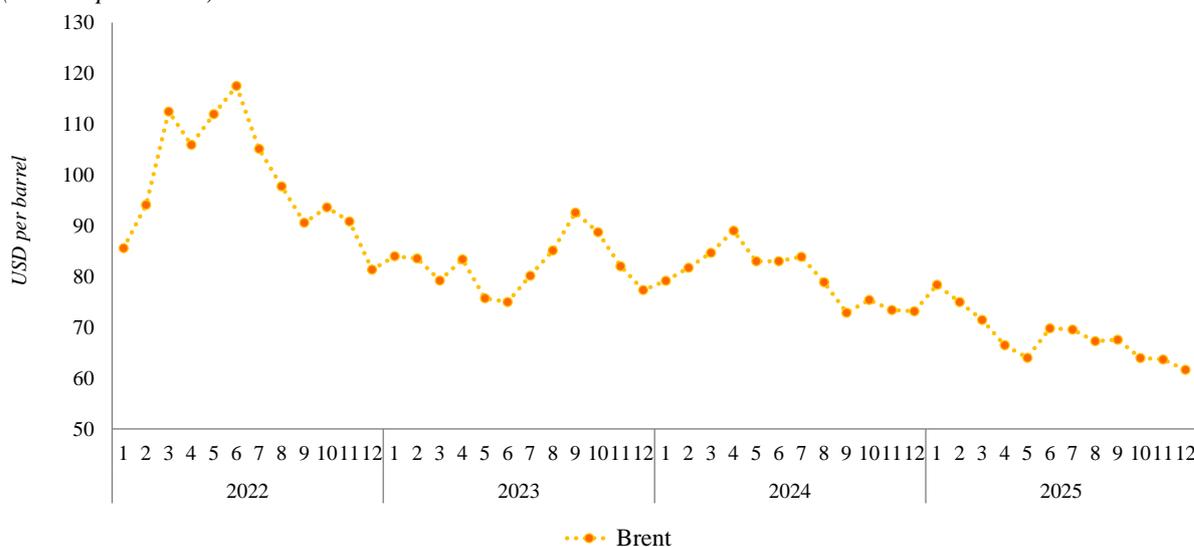
In Q4 2025, the global oil market was characterized by a steady decline in prices for benchmark crude oil grades due to oversupply in the world market. OPEC+ countries, as well as some countries in North and South America, actively increased oil production during the year. As a result, in Q4, the average price for Brent crude oil fell down to USD 63.1 per barrel. Generally, in 2025, the Brent price fell by approximately 2.1 percent each month. Thus, since the beginning of the year, the price for Brent crude oil fell by 19.9 percent (from USD 75.9 per barrel at the beginning of the year down to USD 60.9 per barrel at the end of 2025).

According to IA Bloomberg consensus forecast, in 2026, oil prices in the world market are expected to show stable decline down to USD 61.4. Analysts note that oil surplus in the

market and US policy focused on reducing the cost of energy carriers will be the main factors of decline in prices.

**Chart 1.2.1. Dynamics of Brent Price**

(in USD per barrel)



Source: IA Bloomberg

In Q4, there were multidirectional dynamics of prices for petroleum, oil and lubricants in the Russian Federation. Increased seasonal demand for petroleum, oil and lubricants completed in the reporting quarter, and the situation became stable in a number of regions. The situation in the Russian market of petroleum products resulted in increased price pressure in the market of petroleum oil and lubricants in Kyrgyzstan. In Q4 2025, the gasoline price index in Kyrgyzstan increased by 7.8 percent, and the diesel price index increased by 5.3 percent compared to the previous quarter of 2025.

**Food Market**

During Q4 2025, the FAO Food Price Index demonstrated decline and was formed at 124.3 points in December 2025. By the end of the reporting period, this trend in the FAO price index was driven by decline in prices for dairy products, meat and vegetable oils. The situation in the world crops and sugar markets remained stable due to favorable production forecasts.

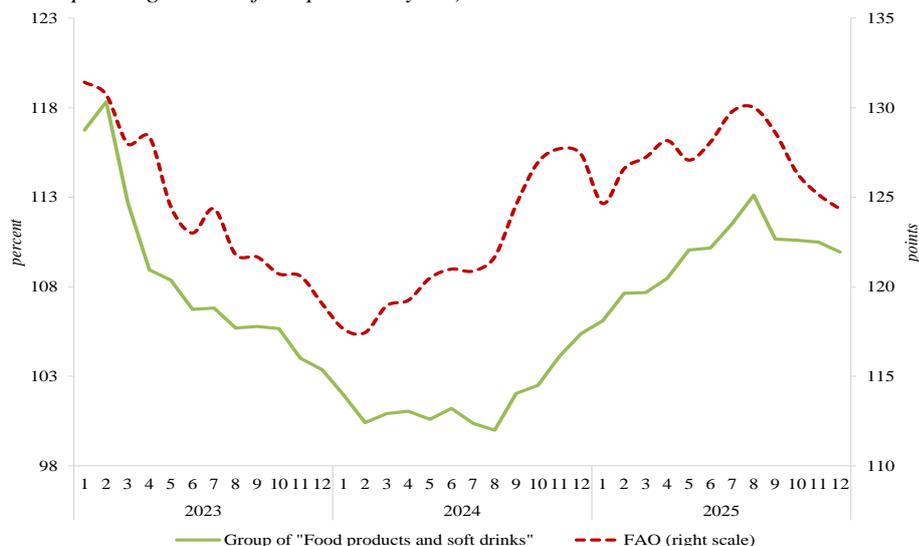
Generally, prices in the world food market remain high despite slowdown in price growth. Adverse climate change, high demand and geopolitical tensions, which result in supply chain disruptions and trade restrictions, play a key role in world price formation.

During 2025, the world markets of vegetable oils, meat and dairy products showed high rates of price growth. Prices for vegetable oils reached their highest level during last three years amid limited supply worldwide. Prices for meat depend on sustainable global import demand and increased market uncertainty due to outbreaks of animal diseases and geopolitical tensions. An increase in prices for dairy products is conditioned by high global import demand and limited export supply at the beginning of the reporting year.

External conditions have a significant impact for the Kyrgyz Republic, as a country with a large share of imported goods in the consumer basket. Significant price fluctuations in the world markets are transmitted to the domestic market.

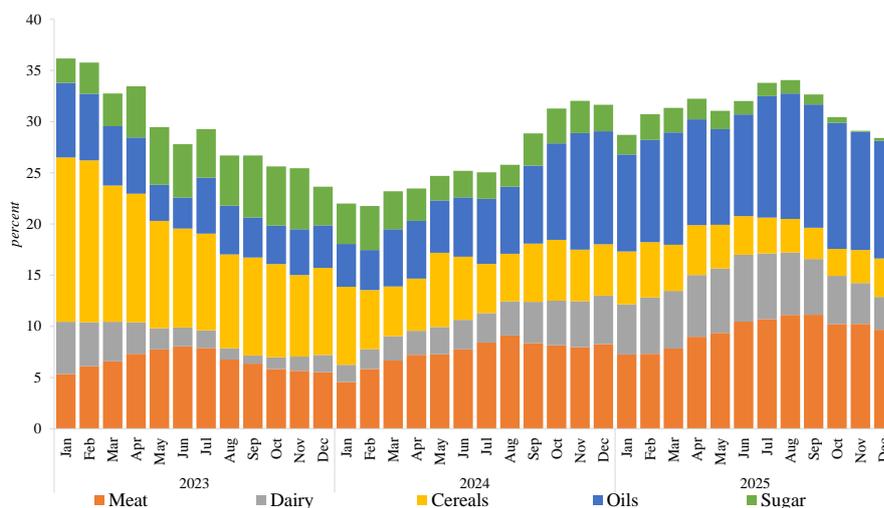
### Chart 1.2.2. Dynamics of FAO Food Price Index and Prices for Food Products in the Kyrgyz Republic

(month to the corresponding month of the previous year)



Source: NSC KR, FAO

### Chart 1.2.3. Structure of FAO Index



Source: FAO, National Bank's calculations

### Gold Market

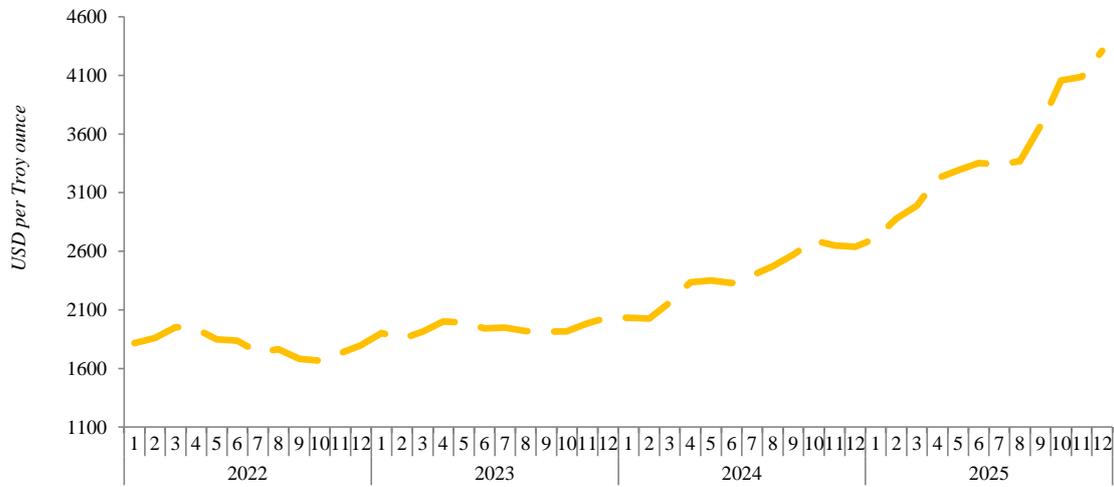
During the reporting period, highest ever gold prices were supported by high investment demand from the institutional investors and the central banks. Thus, the world price per Troy ounce increased by 64.5 percent since the beginning of 2025, meanwhile, in Q4, the price grew by 14.6 percent compared to the previous quarter.

In 2025, the overall demand for gold remained unchanged compared to the previous year, meanwhile the central banks' purchases of 863.3 tones remain historically high and geographically well diversified. At the same time, the purchase rates of the central banks slowed down by 21.0 percent compared to 2024.

The World Gold Council expects that the pace of gold reserve accumulation by the central banks will remain at levels comparable to those observed in 2025. At the same time, prices will be supported by expected decline in the interest rates, relatively weak US dollar index, as well as tense geopolitical situation, which will remain a key factor in growth of investment demand for gold.

In 2026, Bloomberg forecasts the average world price of gold at USD 4,383.0 per Troy ounce. The analysts at the international financial organization Goldman Sachs Group forecast an average price at USD 5,400 in 2026.

**Chart 1.2.4. Dynamics of Gold Prices**



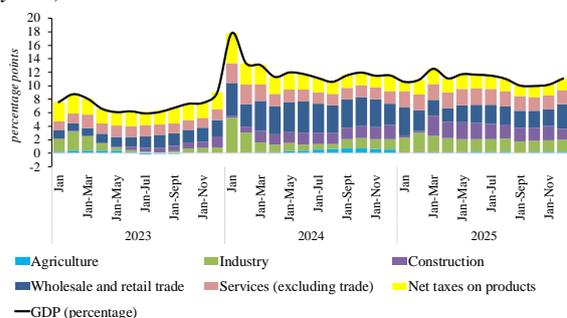
Source: IA Bloomberg

## Chapter 2. Macroeconomic Development

### 2.1. Demand and Supply in the Commodities and Services Market

**Chart 2.1.1. Input of Main Sectors to GDP Growth**

(period to the corresponding period of the previous year)



Sources: NSC KR

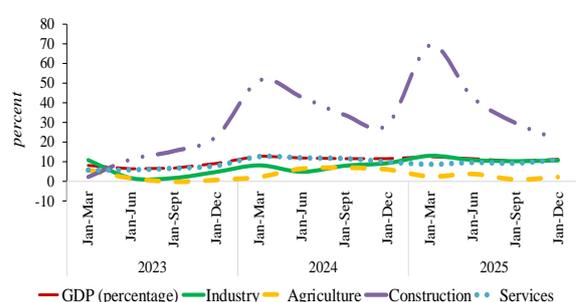
In 2025, the economy of the Kyrgyz Republic showed stable high activity: real GDP growth reached 11.1 percent.

The sectors of services (5.7 p.p.) and construction (1.6 p.p.) made the main contribution to GDP growth. In 2025, construction sector expanded by 21.1 percent due to increase in capital investments. The sector of services demonstrated sustainable activity and increased by 10.9 percent in 2025, meanwhile the share of the service sector in the country remained significant to form half of the country’s GDP (about 51.2 percent).

Other sectors of the economy also made a positive contribution to the real GDP growth of the country, however their growth rates remained moderate. Net taxes on products made an additional positive contribution of 1.7 p.p. amid increase in tax revenues.

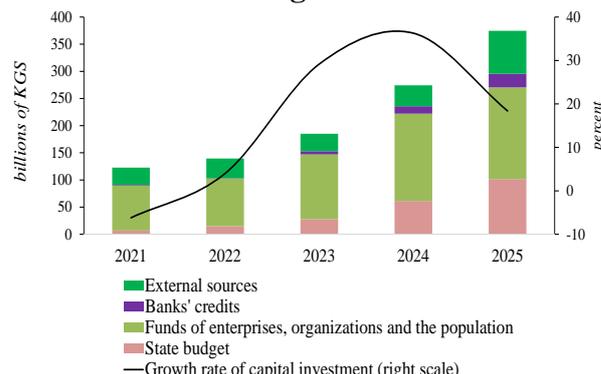
**Chart 2.1.2. Growth Rates of Economic Sectors**

(period to the corresponding period of the previous year)



Sources: NSC KR

**Chart 2.1.3. Capital Investments by Sources of Financing**

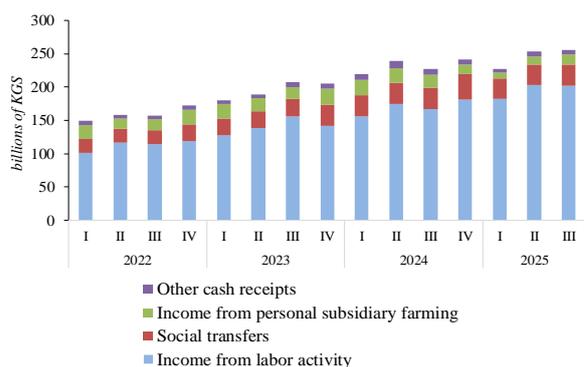


Sources: NSC KR

At the end of 2025, capital investments increased by 18.4 percent and conditioned high growth of the construction sector and overall economic activity in the country. During the last few years, there was an increase in financing of capital investments from the national budget, the share thereof grew up to 27.2 percent.

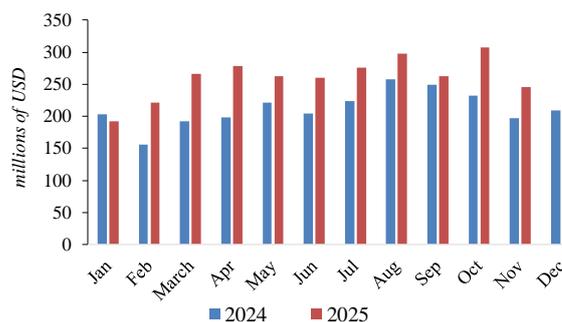
Domestic demand demonstrates stable growth due to rise in the real incomes of the population during the last few years. Growth of the population incomes was conditioned by increase of wages in the public and private sectors, as well as amid rise in the net inflow of individuals’ remittances into the country. In 2025, real wages grew by 9.9 per cent (in 2024 – 7.3 percent), and the remittances inflow into the country increased by 22.6 percent.

**Chart 2.1.4. Population Incomes**



Sources: NSC KR

**Chart 2.1.5. Net Inflow of Individuals' Remittances**

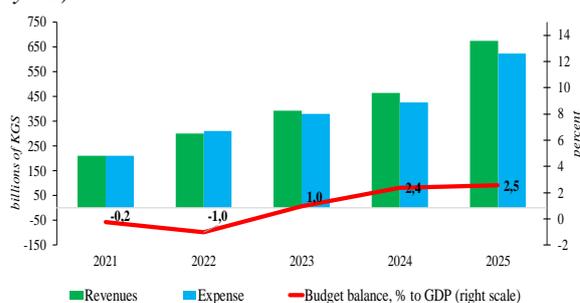


Source: National Bank

Unemployment rate in the country declined steadily due to creation of new jobs and attraction of labor resources primarily in order to implement infrastructure projects.

### Public Finances Sector

**Chart 2.1.6. Execution of the State Budget**  
(period to the corresponding period of the previous year)



Source: CT MFKR

At the end of 2025, the state budget was executed with a surplus of 2.5 percent<sup>1</sup> to GDP. This result was achieved amid high business activity among economic entities and implementation of tax reforms in the country, which ensured an increase in tax revenues by 44.1 percent (KGS 669.5 billion in absolute terms) compared to the same period of 2024.

Revenues from income tax, value added tax, and non-tax revenues were the main drivers of an increase in the resource base.

At the same time, during the year, operating activity showed significant growth by 38.0 percent, to make KGS 441.4 billion at the end of 2025.

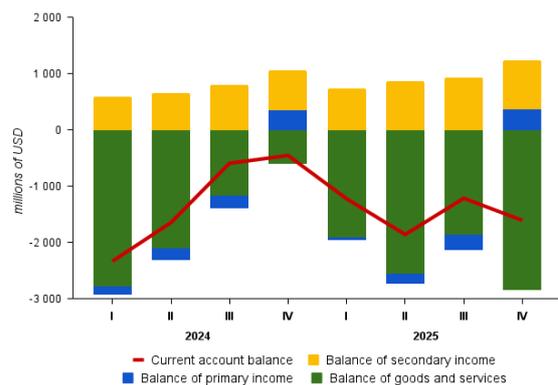
In the reporting year, there was an upward trend in domestic debt in the structure of public debt. The share of external debt in the overall structure of liabilities decreased slightly, while the share of domestic debt increased by 74.8 percent and amounted to KGS 312.4 billion at the end of 2025.

## 2.2. External Sector<sup>2</sup>

**In Q4 2025, the current account was formed with a deficit, compared to a surplus in the corresponding quarter of 2024, due to expansion of trade balance deficit and an increase in the negative balance of services.**

<sup>1</sup> Preliminary data of the CT MFKR

<sup>2</sup> According to the preliminary and forecasted data, including additional estimates of the National Bank of the Kyrgyz Republic. Period of comparison is the quarter to the corresponding quarter of the previous year.

**Chart 2.2.1. Current Account**

Note: According to the preliminary and forecast data.

moderate to form at USD 665.8 million, showing a decline by 70.7 percent compared to the base period. Exports excluding gold slumped by 3.2 percent and developed in the volume of USD 598.4 million.

Thus, a significant decline in gold exports compared to Q4 2024 was the determining factor in weakening of total export of goods.

In addition, the commodity structure of exports showed a negative trend in the supplies of coal, gasoline, vegetables, clothes and clothing accessories, fruit and nuts, as well as live animals. At the same time, in the reporting period, exports were largely supported by increased supplies of ores and concentrates of precious metals, articles of plastics for the conveyance or packing of goods, iron and steel, as well as silver.

Import of goods (in FOB prices) increased by 18.1 percent and amounted to USD 3,382.2 million. In terms of goods, there was a high growth in import of cereal products and products made from flour or starch, refrigeration or freezing equipment (except for household appliances), motor vehicles for the transport of goods and special-purpose vehicles, ferrous metal products and structures, road vehicles not included in other categories, machinery specifically designed for specific industries, and non-metallic mineral products. There was a decline in demand for such imported goods as passenger cars, parts for agricultural machinery, woven fabrics made of man-made textile materials, needles, furniture and parts for sewing machines, footwear and telephone sets.

During the reporting period, imports of energy products increased by 40.7 percent and amounted to USD 510.1 million. Import of electricity increased in value by USD 9.3 million or by 26.6 percent due to an increase in physical volume. Import of diesel oil also increased by 88.0 percent as a result of growth in physical volume. In terms of gasoline, there was an increase in value of import volume by 18.1 percent amid reduction in physical volume as a result of rise in prices.

**The structure of the secondary income balance was primarily formed by inflows on the item “workers’ remittances”, which indicated high concentration and significance of this component.**

Sustainable expansion of individuals’ cross-border remittances (an increase of 23.5 percent) was an important factor in maintaining the positive dynamics of net inflows on the item “workers’ remittances”, while the balance of the general government sector declined by 84.8 percent but remained in the positive zone.

At the same time, according to preliminary estimates of the National Bank, the balance deficit of foreign trade of services is expected to decrease significantly down to (-) USD 129.4 million from (-) USD 13.9 million in the same period of 2024 due to reduction in the

According to the preliminary and estimated data of the National Bank, in Q4 2025, the negative balance of the current account amounted to USD 1,605.5 million or 26.1 percent to GDP<sup>1</sup>.

In the observed period, the trade balance deficit expanded by 4.6 times, up to USD 2,716.3 million, primarily due to the high base on export of goods in the corresponding period of 2024.

In the reporting period, the dynamics of export of goods (in FOB prices) was more

<sup>1</sup> Ratios to GDP are calculated based on sliding annual data, including the last four quarters.

volume of services provided to non-residents amid significant growth in services received from non-residents.

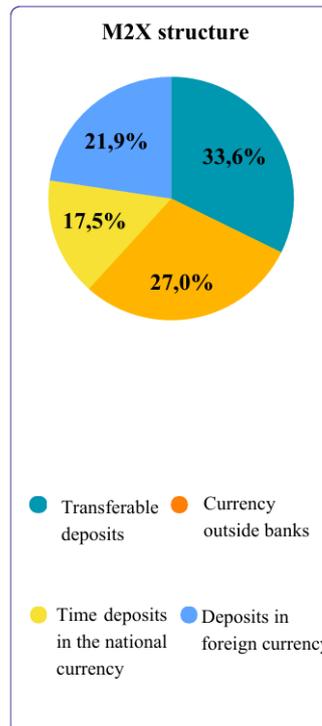
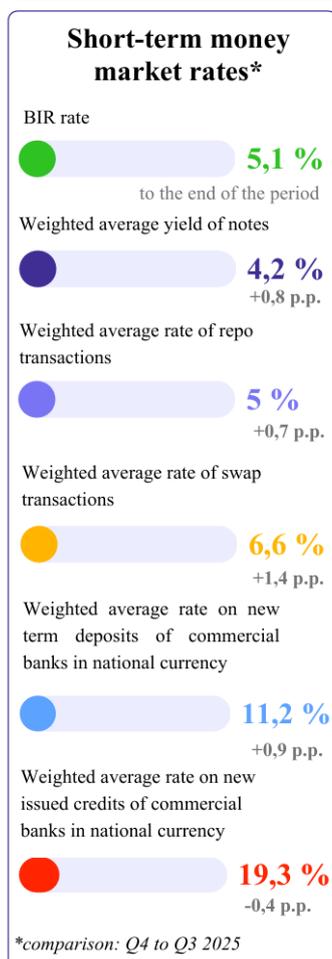
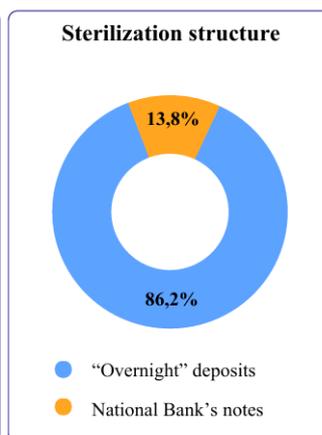
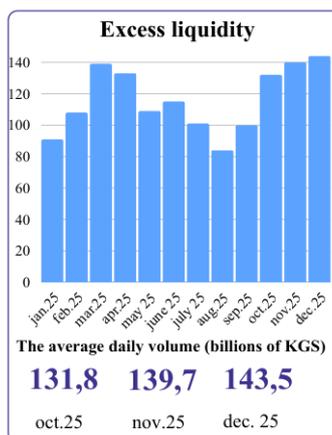
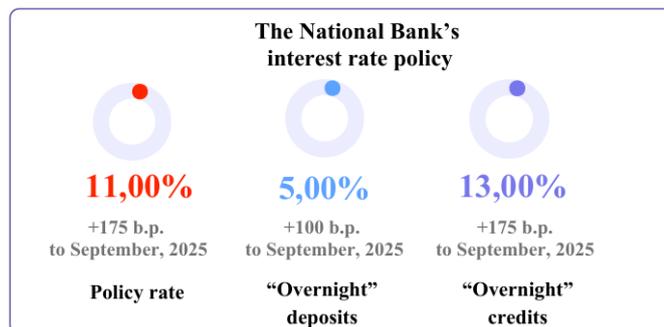
According to the regulator's estimates, primary income will amount to (+) USD 373.5 million (an increase by 8.1 percent).

Financing on the capital account will increase by 81.4 percent compared to Q4 2024 and will amount to USD 92.5 million.

**In Q4 2025, according to preliminary forecasted data of the National Bank, the financial account will be formed generally by increasing private sector liabilities to non-residents in the form of other investments and inflows of foreign direct investments.**

## Chapter 3. Monetary Policy

### Key Trends



During the reporting quarter, as well as during 2025, inflationary processes in the country were mainly determined by the influence of the external factors.

Persistently high inflation in the main trading partner countries, volatility in the world food markets and the situation in the external fuel and energy markets put pressure on the domestic prices. An additional impact came from domestic demand, which was supported by growth in the real household income, steady inflow of remittances into the country, and expansion of consumer lending.

Under these circumstances, in the reporting quarter, the National Bank's monetary policy was focused on minimizing the impact of external inflationary factors and containing excessive price growth in the country. The current monetary policy was aimed at achieving inflation targets within the range of 5-7 percent in the medium term.

During Q4 2025, monetary conditions were tightened amid intensifying external inflationary factors.

The National Bank's Board considered the issue of the policy rate twice, on October 27 and November 24. Following the October meeting, the policy rate was increased by 75 basis points, from 9.25 to 10.00 percent. In November, amid prevailing inflationary factors, the key rate was raised by 100 basis points, up to 11.00 percent, and remained at this level until the end of the year.

The parameters of the interest rate corridor were adjusted simultaneously with policy rate changes. The upper bound – the rate on “overnight” credits – was raised in two stages (in October and November 2025) from 11.00 to 13.00 percent, while the lower bound – the rate on “overnight” deposits – was increased from 4.00 to 5.00 percent in November 2025. These decisions influenced the interbank money market and established the conditions for stabilizing inflationary processes in the periods ahead.

The monetary decisions taken made it possible to limit the secondary effects of external inflationary factors and maintain control over price dynamics. Timely actions by the National Bank and the Cabinet of Ministers of the Kyrgyz Republic mitigated the impact of external factors. At the end of 2025, the actual annual inflation rate was 9.4 percent.

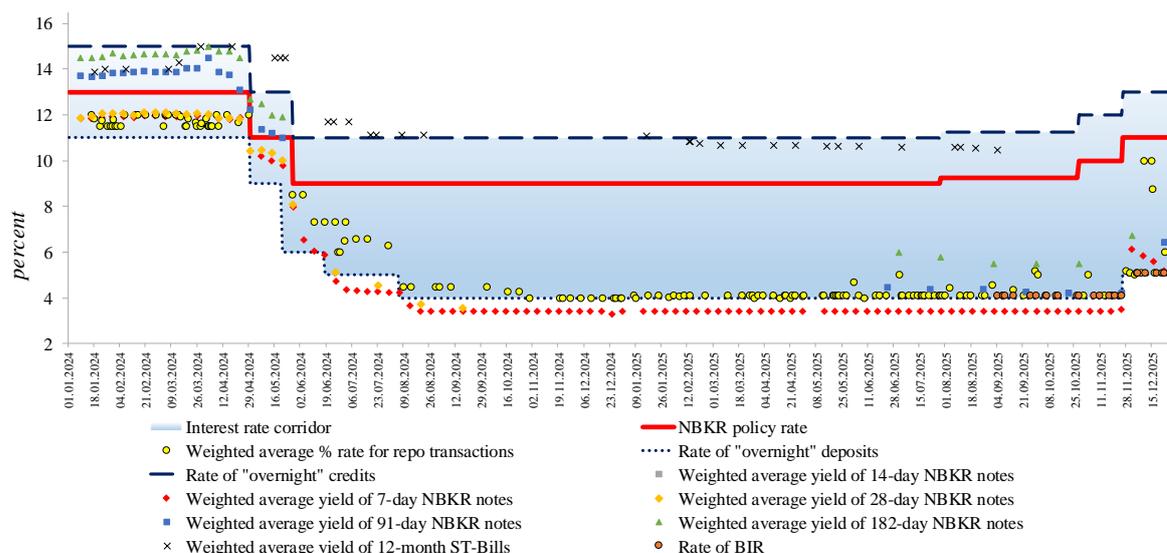
### **3.1. Dynamics of Short-Term Money Market Interest Rates**

**In Q4 2025, short-term interest rates in the interbank money market increased following the tightening of monetary policy. Rate dynamics reflected market participants' adaptation to the changed cost of liquidity.**

In Q4 2025, combination of factors, the key ones being tightening of the National Bank's interest rate policy, adaptation of the financial market participants to changed conditions of liquidity cost, as well as seasonal features typical for the end of the calendar year influenced dynamics of the short-term money market interest rates. The interest rate conditions in the money market reflected the price signals of the monetary policy and changes in the market participants' behavior amid elevated inflationary pressure and increased pro-inflationary risks.

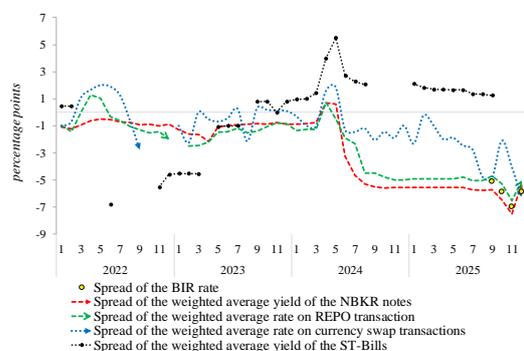
There was a steady increase of the interest rates in the main segments of the interbank money market to reflect stronger response of the market rates to the National Bank's decisions.

**Chart 3.1.1 Interest Rates of the Money Market**



In Q4 2025, growth of the rates in the interbank lending market on REPO terms contributed to an increase of the BIR reference interbank interest rate (Bishkek Interbank Rate, BIR<sup>1</sup>): during October-November 2025, the BIR rate remained at 4.1 percent, while in December, it rose up to 5.1 percent. Overall, these dynamics indicated formation of tighter short-term funding conditions and increased sensitivity of the interbank market to the National Bank’s decisions.

**Chart 3.1.2. Spread between the Short-Term Rates of the Money Market and the Key Rate of the National Bank**



During the quarter, the interest rate dynamics in the market of REPO transactions were multidirectional. In early October and in the second half of December, there was an increase in transaction maturities, which, combined with the National Bank’s decisions to raise the policy rate, had an upward effect on the interest rates.

As a result, in October and December, the average yield on REPO transactions increased compared to the previous months, reflecting market participants’ adaptation to changed cost of liquidity and expectations of further tight monetary conditions.

In this context, the overall spread between the National Bank’s policy rate and the interest rate on REPO transactions widened from (-)4.94 p.p. to (-)5.30 p.p.

In the reporting quarter, the spread between the weighted average yield of the National Bank’s notes and the policy rate remained negative and widened following an increase of the key rate by 175 basis points in the October and November. At the same time, the average spread between the weighted average yield on notes and the policy rate widened from (-)5.76 p.p. in Q3 to (-)6.09 p.p. in Q4.

<sup>1</sup> According to the calculation methodology, BIR is determined based on the interest rates of the actual interbank REPO transactions with a maturity of 7 days in the national currency (Som). Calculation is made daily for the transactions conducted on date T until the end of the business day. In the reporting period, an increase in BIR reflected growth in the cost of short-term liquidity in the national currency and closer link between the market interest rates and the National Bank’s decisions on the policy rate and the monetary policy parameters.

Tightening of the monetary conditions and increase in the cost of KGS liquidity, as well as expectations that monetary conditions would remain tight in the short term, conditioned rise of the interest rates in the currency SWAP segment. Amid limited demand for these operations, the banks generally conducted transactions at higher rates and for longer terms, which further supported growth of the weighted average yield. The overall spread between the National Bank’s policy rate and the rate on foreign exchange SWAP transactions narrowed from (-)4.10 p.p. to (-)3.77 p.p. amid rise in the rates indicating stronger response of the rates in this segment of the money market to the National Bank’s decisions.

Transmission of the monetary policy signals to the deposit segment was accompanied by an increase in the interest rates on newly accepted KGS time deposits across all key maturities. Growth of the yield on deposits in the national currency contributed to strengthening the households’ savings behavior and supported attractiveness of bank deposits. Concurrently, economic agents showed growing interest in the alternative saving instruments, including gold investments, reflecting a desire to diversify savings amid sustained favorable global price dynamics for this asset.

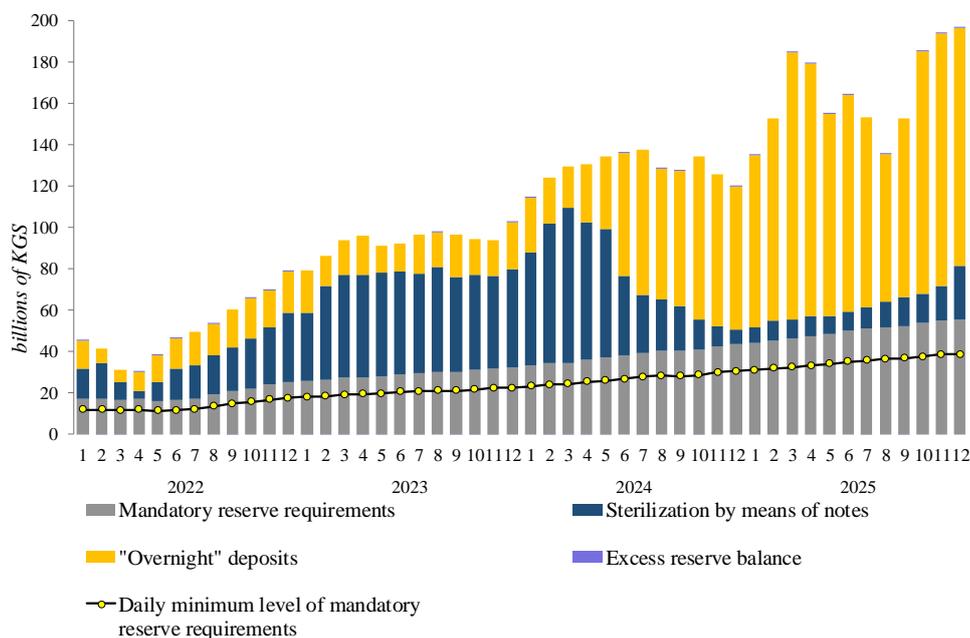
In the reporting period, transmission of the monetary policy impulses to the segment of newly extended commercial banks credits occurred with a time lag. Generally, the interest rates on new credits in the national currency remained generally stable with a slight downward trend amid sustainable growth in lending. This trend was driven by banks utilizing a previously established funding base, the cost of which has not yet fully reflected an increase in the market rates, as well as a shift in credit activity toward lower-risk segments. Generally, bank lending still played a supporting role in the economy under the conditions for more pronounced transmission of the interest rate signals in the subsequent periods.

### Liquidity in the Banking Sector

**During the reporting quarter, excess liquidity in the banking system demonstrated steady growth, peaking in December 2025.**

Excess liquidity was driven by fiscal and monetary operations. The average daily excess liquidity of the banking system increased by 45.7 percent compared to the previous quarter and amounted to KGS 138.4 billion. The annual growth rate was 64.8 percent.

**Chart 3.1.3. Dynamics of Excess Liquidity, Structure of Excess Reserves Sterilization**



In Q4 2025, excess reserves demonstrated sustained positive trend. The average daily volume of liquidity grew steadily: from KGS 131.8 billion in October up to KGS 143.5 billion in December (in November – KGS 139.7 billion). One factor behind this trend was a reduction in cash withdrawals by commercial banks compared to the previous period, which contributed to preservation of a larger volume of funds on accounts in the banking system.

Amid rise in inflationary development in the Kyrgyz Republic during the reporting quarter, the National Bank actively implemented measures to limit the monetary factor of inflation through ensuring a balanced level of money supply in the economy.

In general, excess liquidity in the banking system was constantly regulated through open market operations conducted by the National Bank (issue of the National Bank’s notes) and placement of the commercial banks’ available funds in «overnight» deposits with the National Bank. The structure of the National Bank’s sterilization operations was determined depending on the current situation in the domestic foreign exchange market and the monetary sphere.

The National Bank continued to implement tactical measures to regulate structural excess liquidity by issuing 90- and 182-day notes. Starting from the end of November 2025, the next step consisted in increasing the volume of issue for all offered maturities (from 7 to 182 days) was doubled in accordance with the current schedule.

In Q4, the average daily volume of excess liquidity withdrawn from the banking system amounted to KGS 137.5 billion (in the same period of 2024 – KGS 88.4 billion), having increased from KGS 95.5 billion in Q3 2025. At the same time, in the reporting quarter, the structure of sterilization operations did not undergo significant changes: the share of sterilization conducted through notes constituted 13.8 percent (in Q3 – 12.7 percent), the share of “overnight” deposits – 86.2 percent (in Q3 – 87.3 percent).

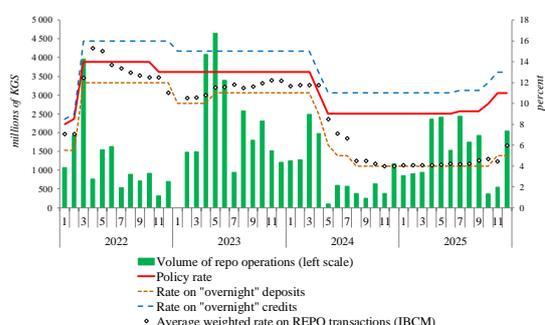
A significant portion of the excess liquidity in the banking system was also withdrawn through foreign exchange interventions conducted by the National Bank. In Q4, the volume of such interventions amounted to USD 474.4 million, or equivalent to approximately KGS 41.5 billion (in Q3 2025 – USD 81.5 million, or KGS 7.1 billion, for the full year 2025 – USD 853.0 million, or KGS 74.5 billion).

### 3.2. Transactions in the Interbank Money Market

#### Interbank Credit Market

**In Q4 2025, the market participants’ activity in the REPO transactions segment of the interbank credit market declined, however, there was an increase in the terms and interest rates of concluded transactions.**

**Chart 3.2.1. Dynamics of Rates and Volume of Repo Transactions in the Interbank Credit Market**



In Q4 2025, there was an increase in the weighted average interest rate by 0.7 p.p. compared to the previous quarter, up to 5.0 percent in the interbank credit market on REPO terms amid significant reduction in the volume of transactions by 51.8 percent, down to KGS 2.9 billion. The decline in market activity was accompanied by a decrease in the weighted average term of transactions by eight days, reflecting the desire of the money market participants to restrict the interest rate risks amid further tightening of monetary policy and seasonal factors at the end of the year. The

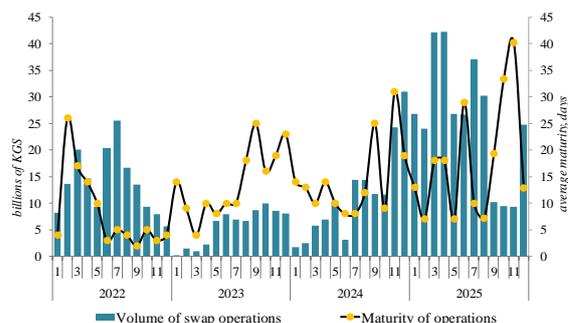
largest volume of transactions was recorded in December 2025 primarily due to traditional increase in banks’ demand for short-term liquidity management at the end of the reporting year.

The weighted average yield on REPO transactions increased from 4.31 percent in Q3 up to 5.04 percent in Q4 2025.

### Interbank Swap Market

Overall, activity in the interbank foreign exchange swap transactions market decreased by 43.8 percent compared to the previous quarter. Commercial banks concluded transactions with an average term of 25 days (+14 days) to attract liquidity in the currency to conduct their operating activity.

**Chart 3.2.2. Dynamics of Swap Transactions**



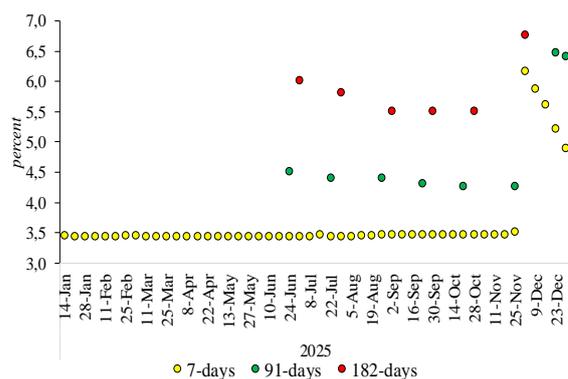
Under the conditions of high level of the banks' available excess liquidity in the national currency, the volume of transactions to attract KGS liquidity increased by 2.3 times compared to Q3 (by 7.3 percent in annual terms).

In the interbank foreign exchange swap transactions market, the weighted average interest rate increased from 5.15 percent in the previous quarter up to 6.56 percent in Q4 2025. At the same time, the volume of transactions decreased by 43.8 percent, reflecting a decline

in the banks' need to use currency swaps for short-term liquidity management amid sufficient levels of KGS resources in the banking system. Relative stability of the national currency exchange rate, which reduced the need to use currency swaps for hedging purposes, was an additional factor. The weighted average maturity of transactions increased by four days, with the highest concentration of transactions recorded in December 2025, which was conditioned by traditional increase in currency position balancing transactions.

### Market of the National Bank's Notes

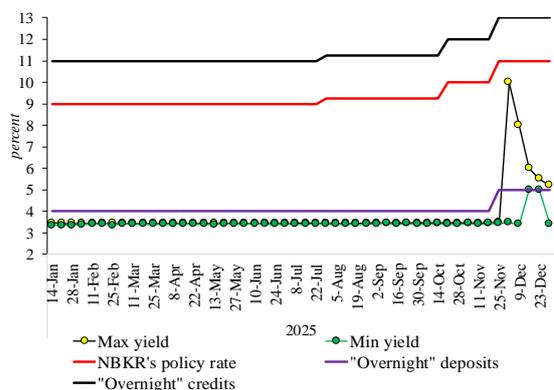
**Chart 3.2.3. Weighted Average Interest Rates of the National Bank's Notes**



During the reporting quarter, an increase in note yields reflected both a response to the policy rate hike and increased demand from the market participants for short-term instruments to absorb excess liquidity. Amid the fiscal year-end, this market segment demonstrated an increase in demand by 24.1 percent compared to the previous quarter, contributing to the consolidation of new interest rate benchmarks in the money market.

The National Bank expanded its supply of 7-day notes by 24.5 percent and 91-day notes – by 83.3 percent to meet increased demand.

**Chart 3.2.4. Maximum and Minimum Yield on Satisfied Requests for 7-day Notes**

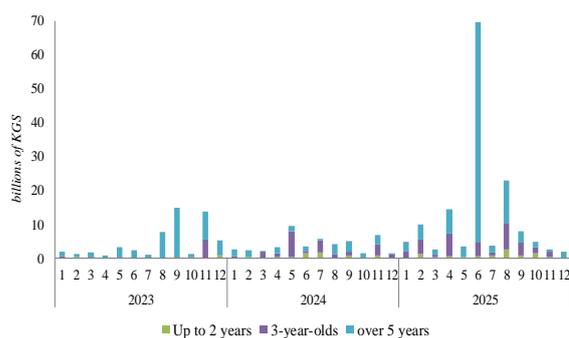


The overall weighted average yield of notes rose by 0.8 p.p. compared to the previous quarter, up to 4.25 percent. There was an increase in the interest rates for all maturities of the announced notes auctions, which contributed to bringing back the market participants who previously refrained from participating in this segment of the money market. At the same time, the maximum yield on satisfied requests for 7-day notes grew by 1.35 p.p., for 91-day notes – by 0.97 p.p., and for 182-day notes – by 1.13 p.p. The minimum yield also increased: by 0.25 p.p. – for 7-day notes, by 0.38 p.p. – for 91-day notes, and by 0.97 p.p. – for 182-day notes.

**Government Securities Market**

In Q4 2025, the government securities (GS) market was represented by the securities of all maturities, excluding 15- and 20-year securities. ST-Bonds with 3-year maturity were in the greatest demand among the market participants. Transactions with short-term GS in the form of 12-month ST-Bills were not conducted.

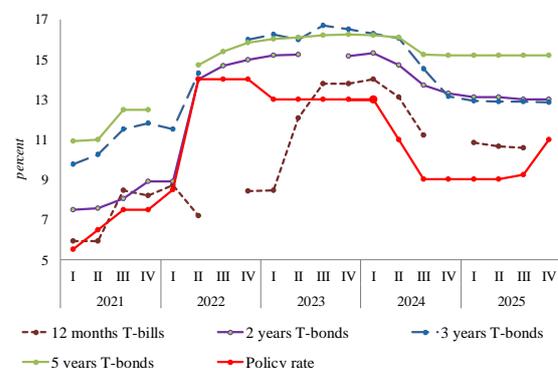
**Chart 3.2.5. Volume of Issued GSs**



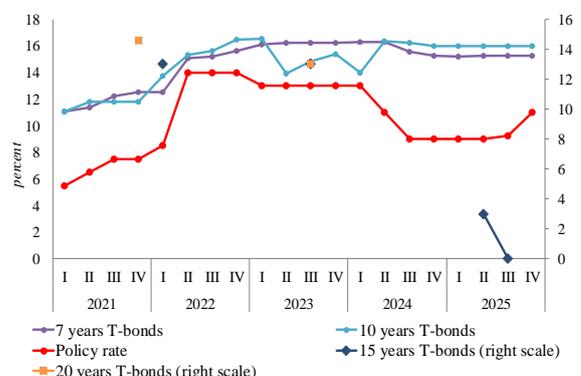
In Q4, the volume of ST-Bonds sales at the platform of the National Bank decreased by four times for all maturities compared to Q3 and amounted to KGS 7.5 billion. The weighted average yield increased up to 14.38 percent (+3.38 p.p.). The volume of sales at the platform of KSE amounted to KGS 1.6 billion (a decrease by 38.0 percent) with the weighted average yield of 13.0 percent (-0.01 p.p.).

Thus, in Q4 2025, the share of long-term bonds still prevailed in the structure of demand, and there was an increase in the overall yield of the GS market.

**Chart 3.2.6. Weighted Average Yield of GSs with 1-5-year Maturity**



**Chart 3.2.7. Weighted Average Yield of GSs with 7-20-year Maturity**



### Deposit Market

**The commercial banks' deposit base showed growth in the national and foreign currencies.**

At the end of Q4, the banks' total deposit base amounted to KGS 865.9 billion, having increased by KGS 61.8 billion (+7.7 percent) during the quarter. The growth of the deposit base was due to an increase in deposits in the national and foreign currency up to KGS 565.1 billion (+8.2 percent) and KGS 300.8 billion (+6.8 percent), respectively.

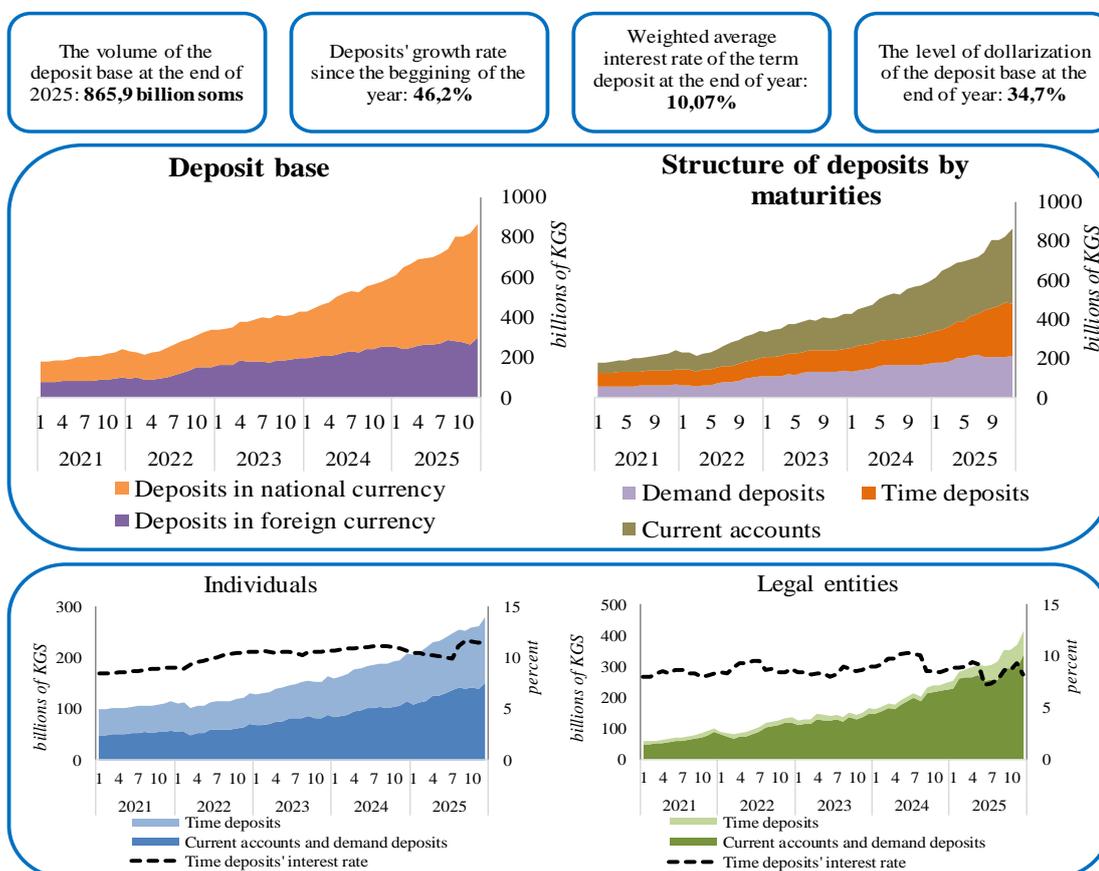
Positive dynamics of the deposit base compared to the results of Q3 2025 was primarily conditioned by expansion of funds on settlement accounts by 10.4 percent (up to KGS 384.1 billion), while demand deposits increased by 4.0 percent, up to KGS 215.8 billion. Time deposits increased by 6.9 percent (up to KGS 266.0 billion).

In Q4, individuals' and legal entities' time deposits showed sustainability in accelerated growth rates. The amount of households' savings on time deposits in the national currency amounted to KGS 110.3 billion (+13.1 percent for the quarter). Legal entities showed active growth: deposits increased one and a half times during the quarter, up to KGS 56.2 billion. Meanwhile, there was multidirectional dynamics on time deposit accounts in foreign currency, only the households' accounts demonstrated positive dynamics on time deposits (+6.7 percent, up to KGS 18.1 billion).

As in the previous quarter, deposits on households' and corporate accounts continued to grow rapidly. According to the results of Q4, growth was more significant compared to the previous quarter (52.5 percent against 44.5 percent in annual terms). In Q4, the National Bank raised the policy rate twice, in total by 1.75 percentage points, thereby increasing funds attracted in the banking system. The weighted average interest rates on deposits remained high.

In Q4, dollarization continued to decline down to 34.7 percent (at the end of Q3, 35.0 percent), reflecting savings preferences of the population and businesses.

**Chart 3.2.8. Trends in the Deposit Market**



### Credit Market

#### In Q4 2025, active lending to the economy continued.

In the reporting quarter, the lending market continued to show active growth. During the quarter, the banks' credit portfolio increased by 10.1 percent and amounted to KGS 507.0 billion (an increase by 48.8 percent year-to-date). Increase of credits in the national currency by 9.4 percent, up to KGS 414.2 billion, was the main driver of growth in the period considered.

High lending rates in the key sectors, primarily due to consumer credits (+6.8 percent), provided stable support in demand for credits in the national currency. Moreover, there were positive trends in trade and commercial operations (+8.7 percent), mortgage lending (+28.1 percent) and agricultural lending (+0.7 percent).

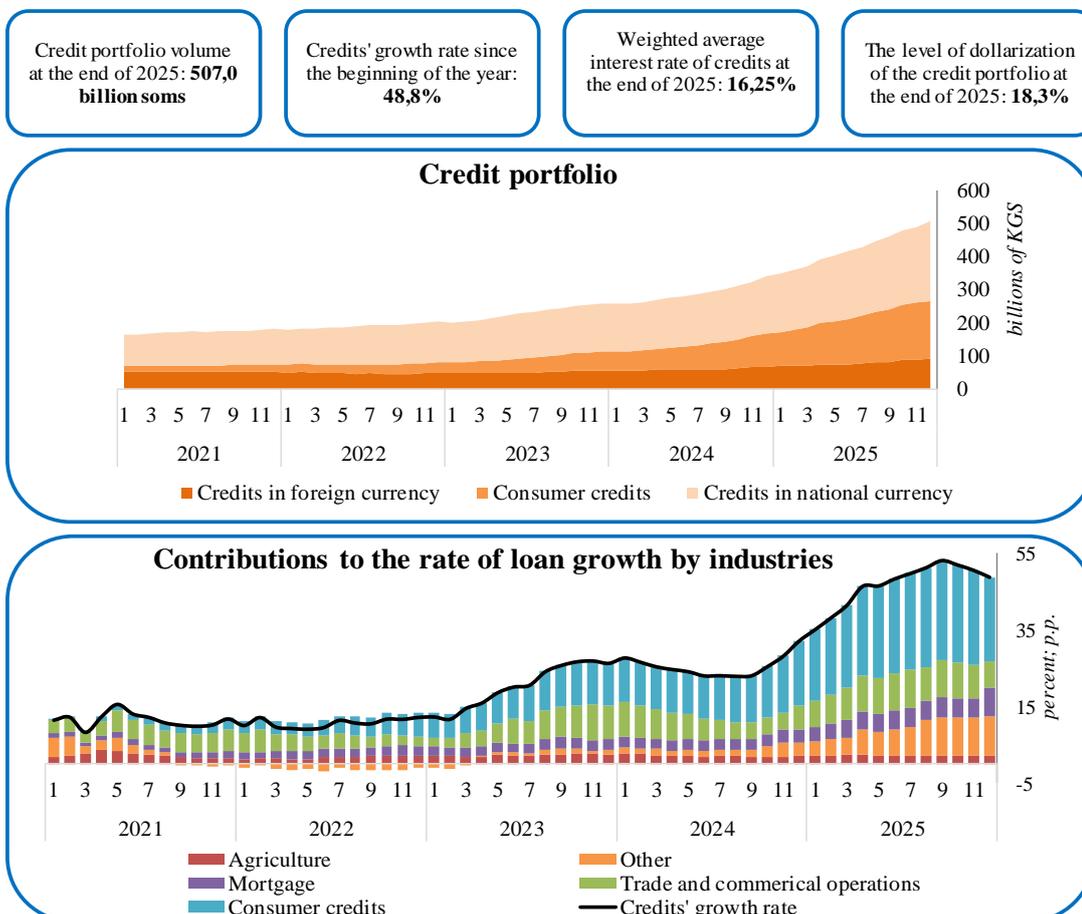
Lending in foreign currency also showed positive dynamics (+13.2 percent). An increase in credits for trade and commercial operations and credits for industry by 8.0 and 63.8 percent, respectively, made the most significant contribution to growth of credits in foreign currency.

Additionally, construction (+12.8 percent), consumer credits (+2.2 percent) and mortgage lending (+19.1 percent) demonstrated positive dynamics.

The expansion in the national currency lending market continued, as evidenced by the annual growth by 52.1 percent. Consumer credits, credits to the real sector and mortgage remain the leading segments. High activity among the population and businesses contributed to growth of the credit portfolio in the national currency during the quarter and 2025 as a whole.

In the reporting quarter, dollarization of the economy demonstrated stable decline. Thus, the dollarization of the credit portfolio amounted to 18.3 percent (at the beginning of 2025, 20.1 percent).

**Chart 3.2.9. Trends in the Credit Market**



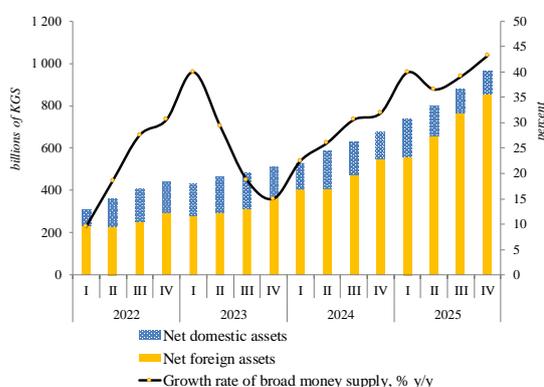
### 3.3. Dynamics of Monetary Base and M2X Aggregate

The ongoing growth in reserve money was driven by operations of the National Bank and the government agencies. During the reporting quarter, increase of money supply was supported by growth of all components. At the same time, growth of non-cash money is still the main factor for money supply expansion.

At the end of December 2025, the monetary base increased by 29.7 percent in annual terms (growth by 11.3 percent during the reporting quarter) and amounted to KGS 380.8 billion. This dynamic was primarily driven by a significant increase in the National Bank’s liabilities to the commercial banks (the commercial banks’ funds in correspondent accounts at the National Bank) by 54.5 percent. Growth rate of the monetary base cash component showed sustainable slowdown to 3.6 percent compared to the previous period. This was due to reduction by 28.9 percent in the commercial banks’ cash withdrawal transactions to reflect a decline in seasonal demand for cash, as well as a shift towards non-cash forms and savings instruments amid tightening monetary policy conditions.

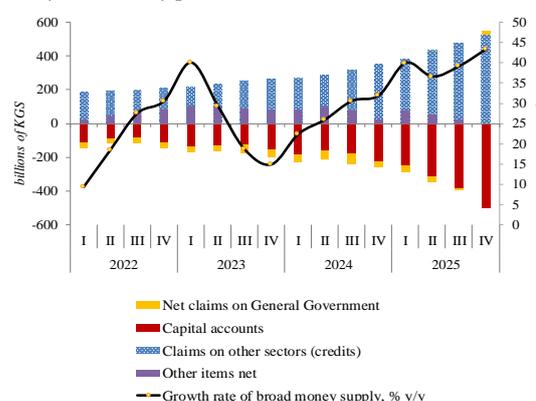
**Chats 3.3.1. Structure of Broad Money**

(as of the end of period)



**Chart 3.3.2. Dynamics of Net Domestic Assets Structure**

(as of the end of period)



At the end of the reporting period, broad money (M2X) stood at KGS 964.6 billion, representing a 43.3 percent increase year-on-year (an increase by 9.9 percent compared to Q3 2025).

Traditionally, growth of net foreign assets (NFA), in particular due to an increase of the international gold reserves by 28.6 percent, as well as amid favorable gold prices in the world market, made the main contribution to growth of money supply. Thus, net foreign assets increased by 12.2 percent on a quarterly basis, slowing down slightly compared to the previous quarter (growth by 56.0 percent in annual terms). The positive trend was driven by outstripping growth of foreign currency claims on non-residents (+11.3 percent) compared to growth of liabilities to them (+5.8 percent).

During the reporting period, the domestic sector acted as a factor partially offsetting the expansion of the money supply in the economy. Net domestic assets (NDA) decreased by 5.4 percent. At the same time, the restraining effect of the domestic sector was less pronounced primarily due to a reduction in general government deposits. This contributed to formation of a positive value of net claims on them, which limited the absorbing effect of the fiscal sector transactions on money supply and mitigated the overall decline in NFA.

In the reporting period, lending to the economy continued to expand (+10.0 percent for the quarter). This indicates stable demand from the real sector and the population, as well as availability of the sufficient resources in the banks to maintain lending activity. Growth in lending was among the factors contributing to expansion of money supply and had a supporting effect on economic activity, despite the tightening of monetary conditions.

### **Box 1. Measures Taken by the National Bank to Develop the Interbank Money Market**

#### *In terms of developing market instruments:*

➤ In April 2025, a **yield curve model** was developed for the government securities of the Kyrgyz Republic and made available to all market participants on the National Bank's official website. The model is a visual representation of the interest rates term structure demonstrating the relationship between prices and maturities of the securities denominated in the national currency;

➤ In September 2025, the National Bank took an important historical step by developing and implementing "**the interbank reference interest rate of the Kyrgyz Republic**" (**BIR – Bishkek Interbank Rate**). It provides the basis for pricing a broad range of financial instruments in the Kyrgyz Republic and serves as a reliable indicator enabling financial market participants to manage risks, form expectations about future economic conditions, and make informed investment decisions;

➤ During 2025, comprehensive work was conducted in conjunction with the international organizations to diagnose the interbank money market.

These measures enabled market participants to form rational expectations regarding the National Bank's actions, contributed to deepening the country's financial sector, strengthened the monetary policy transmission mechanism, and formed the basis for further development of the capital market in the Kyrgyz Republic.

#### *In terms of improving the legal framework:*

➤ A legal framework has been created to accept highly reliable securities (bonds) of the international financial institutions (IFIs) as collateral when providing liquidity to the commercial banks through monetary policy instruments;

➤ The list of targeted use of the National Bank's credit resources provided to the commercial banks through credit auctions for refinancing and liquidity support purposes has been expanded to include areas such as financing green projects and women's entrepreneurship.

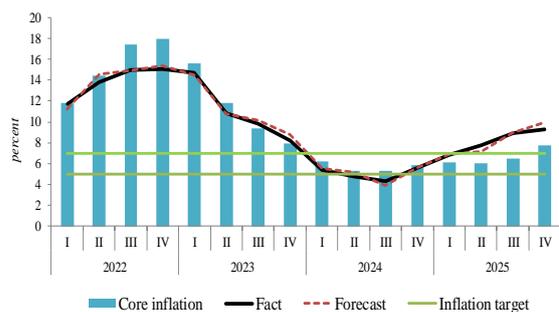
## Chapter 4. Inflation Dynamics

### 4.1. Consumer Price Index

In Q4 2025, the inflation rate in the Kyrgyz Republic constituted 9.3 percent compared to 8.9 percent in Q3 (quarter-on-quarter). In December 2025, the annual inflation rate was 9.4 percent.

**Chart 4.1.1. Actual and Forecasted CPI Values**

(quarter to the corresponding quarter of the previous year)

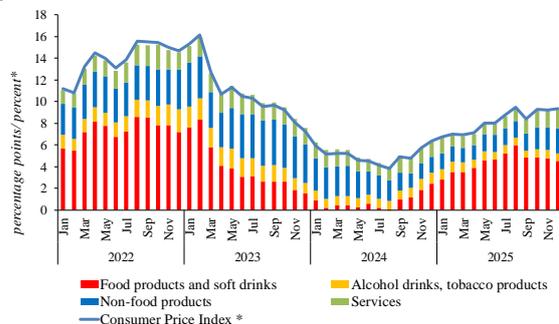


During 2025, generally, the external factors formed inflation environment in the Kyrgyz Republic. Instability in the world commodity and food prices, geopolitical tension, and changes in logistics chains, which resulted in an increase of the transport costs, were the key factors. Relatively high inflation rate in the main trading partner country put additional pressure. Among the domestic factors were as follows: revision of utility tariffs, expansion of consumer demand due to growth of the households’ incomes and increase in government expenditures, as well as atypical summer-season increase in prices

for certain food products.

**Chart 4.1.2. Dynamics of Inflation, Core Inflation and CPI Structure**

(month to the corresponding month of the previous year)



At the end of 2025, the structure of inflation was as follows: prices for food products and soft drinks rose by 9.9 percent, for alcohol drinks and tobacco products – by 8.0 percent, for non-food products – by 7.8 percent, and for services – by 11.2 percent.

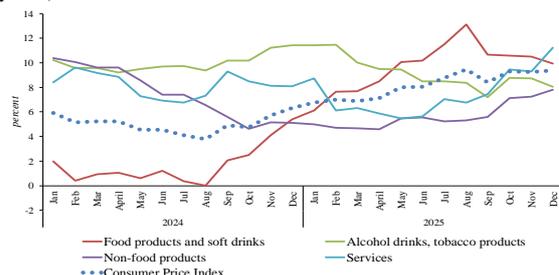
Despite slowdown in price growth during the last four months of the reporting year, food inflation made a significant contribution at 4.5 p.p. to the overall consumer price index (CPI). During the year, food inflation was mainly conditioned by prices in the commodity group “meat” and “fruit and

vegetables” (the contribution to the annual CPI growth was 1.4 and 1.3 p.p., respectively, an increase by 13.6 and 19.1 percent, respectively, in annual terms) due to growth in external demand and absence of seasonal decline in prices.

In addition, food inflation demonstrated accelerated growth of prices in the group “oils and fats” amid rise of the world prices for vegetable oil.

**Chart 4.1.3. Dynamics of the Main Groups of Consumer Price Index**

(month to the corresponding month of the previous year)



There was stable acceleration of price growth in the group of non-food products (the contribution to the annual CPI growth was 2.3 p.p.). The impact of the state tariff policy’s measures and rise in prices for petroleum, oil and lubricants increased during the heating season. Indirect impact of these factors contributed to completion of steady slowdown in price growth in other groups of non-food product and facilitated to acceleration thereof since September-October 2025.

Service inflation increased at the end of the year (the contribution to the annual CPI growth was 1.9 p.p.). Indirect effect of the state tariff policy’s measures and rise in prices for petroleum, oil and lubricants had a pro-inflationary impact on all components of the services sector, mainly transport services. Moreover, increase in prices in the group “restaurants and hotels” put pressure on service inflation.

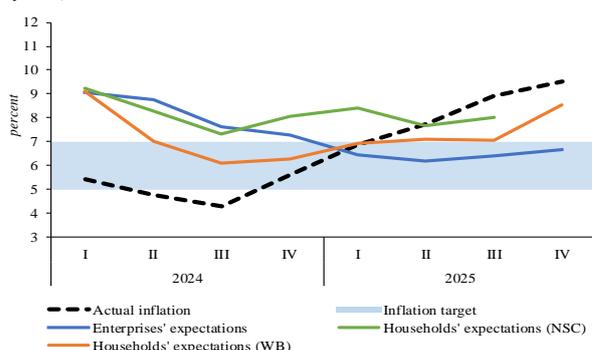
The resolution<sup>1</sup> prohibiting the service charge (service fee) in the public catering establishments, including cafes and restaurants, came into force in Kyrgyzstan on January 1, 2026. This measure resulted in early reaction from the participants of this sphere and contributed to price growth in December 2025.

## 4.2. Inflation Expectations

**In Q4 2025, price expectations of the enterprises remained unchanged compared to the level of the previous quarter and were formed below the actual inflation rate. At the same time, there was an increase in the households’ expectations according to the data of the National Statistical Committee and the World Bank (Chart 4.2.1).**

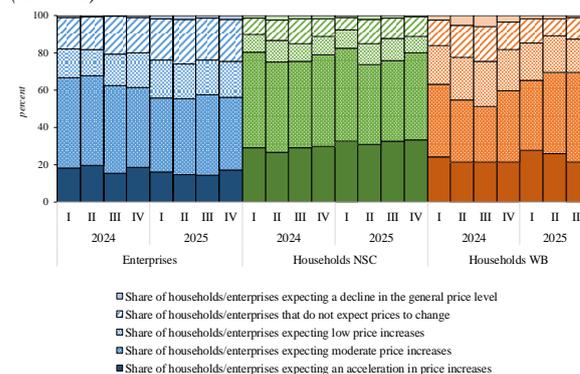
**Chart 4.2.1. Actual Inflation Value, Target, Enterprises’ and Households’ Expectations (According to the Surveys of the NSC KR and the WB)**

*(month to the corresponding month of the previous year)*



**Chart 4.2.2. Distribution of Enterprises’ and Households’ Answers (According to the Surveys of the NSC KR and the WB)**

*(shares)*



According to the NSC KR survey, the population’s expectations of inflation over the next 12 months increased slightly, remaining close to the previous quarter’s values. Households’ inflation expectations for the coming year were lower than the current actual values (Chart 4.2.1).

At the end of Q4 2025, the study of the World Bank data conducted among 1,500 households in the Kyrgyz Republic revealed significant increase in households’ expectations regarding price upsurge. However, their level still does not reach the actual inflation rate. The share of respondents expecting acceleration in price growth increased significantly compared to the previous quarter.

Inflation expectations of the enterprises were formed below the population’s expectations. At the end of the reporting quarter, inflation expectations of the enterprises were also formed below the actual inflation rate, remaining at the level of the previous quarter, with some acceleration in growth of the actual inflation rate.

Despite multidirectional dynamics, inflation expectations among the key economic agents remain moderate. Some acceleration in population’s and households’ expectations amid growth of the actual inflation rate is offset by more cautious forecasts of the enterprises, which remain within the target range.

<sup>1</sup> Resolution of the Cabinet of Ministers of the Kyrgyz Republic No. 663 dated October 14, 2025 (<https://cbd.minjust.gov.kg/7-45261/edition/38554/ru>)

## Chapter 5. Medium-Term Forecast

### 5.1. Medium-Term Forecast

When developing monetary policy, the National Bank of the Kyrgyz Republic relies on modeling results and analyses of various economic growth scenarios in the medium term. Forecasting is made taking into account as many shocks and preconditions of the current period as possible, as well as based on expert assessments and forecasts of the world research agencies and institutions.

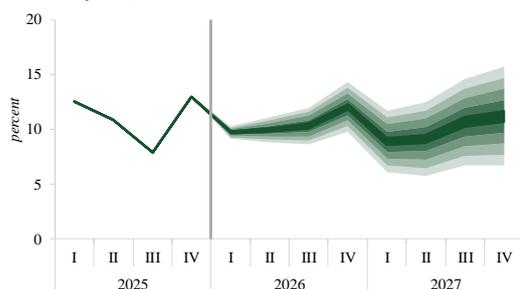
**The baseline scenario** of the medium-term forecast takes into account the following external economic development conditions: moderate economic growth in the main trading partner countries and multidirectional dynamics in the commodity markets. Domestic factors of economic development assume that inflation expectations among the population will accelerate slightly and expectations among the enterprises will remain moderate.

The following forecast of the key macroeconomic indicators of the Kyrgyz Republic for 2026-2027 was developed considering the emerging trends in the economic development of the trading partner countries, as well as price movement in the world commodity markets in the medium term.

**The analysis shows that the real sector of the economy of Kyrgyzstan will demonstrate relatively high growth in 2026, taking into account the significant indicators of the last three years.**

**Chart 5.1.1. Forecast of Real GDP**

*(quarter to the corresponding quarter of the previous year)*



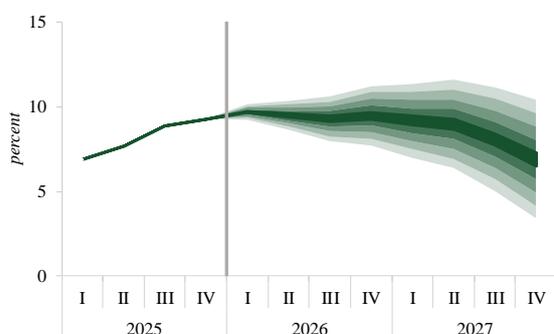
In 2026, real GDP is forecast to increase approximately by 10.0 percent, which takes into account positive dynamics of population’s real incomes and consumer lending in 2025. This growth is expected to be supported by the industrial sector through increased production output by existing enterprises and opening of new ones, as well as by wholesale and retail trade amid development of the e-commerce market, and the construction sector, which demonstrates steady growth due to current construction of

residential buildings by the State Mortgage Company and various infrastructure facilities in the Kyrgyz Republic.

Real GDP growth is expected to be formed at 9.0 percent in 2027.

**Chart 5.1.2. Inflation Forecast**

*(quarter to the corresponding quarter of the previous year)*



In 2025, the main inflationary factors were as follows: rise in the world food prices, increase in tariffs for electricity and public utility services, and increase in prices for imported petroleum, oil and lubricants, which resulted in growth of transport and logistics costs and put pressure on the prices of a wide range of goods and services. Increased domestic demand made additional contribution.

In 2026, inflationary dynamics will be supported by the inertia of factors of the end of 2025, further implementation of the tariff policy in the housing and public utility sector, growth in domestic expenditures, and increase of wages in the budget sector. The fiscal impulse, associated with major international events held in August-September 2026 (the World Nomad

Games and events within the framework of the SCO meetings), will condition temporary increase in demand in the services, transport and trade sectors.

Under such conditions, the monetary policy conducted by the National Bank will be focused on restraining inflationary risks, limiting secondary effects and creating conditions for inflation to return to the target range in the medium term.

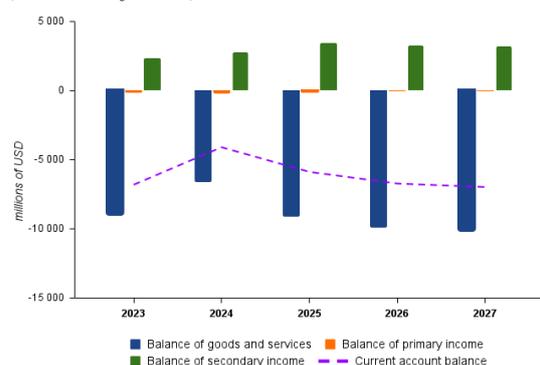
### 2026-2027 Balance of Payments Forecast <sup>1</sup>

**Forecast horizon for 2026 has been formed taking into account retrospective data and updated macroeconomic parameters for the countries – main trading partners of the Kyrgyz Republic. At the same time, the external environment still demonstrates heightened uncertainty, which poses potential risks for the robustness of the balance of payments of the country.**

In 2026, the current account deficit is expected to remain negative at 25.3 percent to GDP. The main burden of the deficit will fall on the goods balance due to remaining high demand for imported goods to implement the large-scale state programs and social and infrastructure development projects amid insignificant increase in export of goods.

#### Chart 5.1.3. Forecast Data on Current Account

(millions of USD)



Calculations of forecasted exports and imports values are based on a combination of external and internal determinants. Generally, price fluctuations in the world markets, GDP dynamics in the main trading partner countries, and the physical volume of gold supplies from the Republic of Kyrgyzstan will influence the final values. At the same time, structural shifts in regional trade that may limit current trade potential, as well as geographical diversification coupled with spatial transformation that may expand it, were taken into account.

In consonance with the forecast trajectory for 2026, export of goods is expected by 6.6 percent above the level of 2025.

Strengthening of measures to administer commodity flows within the EAEU will be a restraining factor for further expansion of exports. Introduction of a supplies confirmation system and traceability mechanisms by the key partners will create barriers with the effect being the most acute in the first half of 2026, with regulatory pressure remaining until the end of the forecast period. However, the negative effect will be partially offset by expanding the geography of export deliveries.

Volumes of import deliveries will remain high, exceeding the indicators of 2025. Investment group and energy products will have the largest share in the commodity structure of imports, supported by steady demand for intermediate and consumer goods.

**Taking into account the actual data within the framework of the baseline scenario,** the forecast of the secondary income balance was revised downward.

According to the revised forecast, the growth rate of the secondary income balance will move into the negative zone and constitute 4.1 percent <sup>1</sup> due to reduction of inflows on the item “workers’ remittances” compared to the same indicator in 2025 due to tightening of migration regulations and administrative control measures in the Russian Federation.

<sup>1</sup> The forecast was based on actual period data including supplementary estimates of the National Bank of the Kyrgyz Republic.

At the same time, the services balance will develop positive, having decreased by 44.1 percent mainly due to a decrease in the volume of provided transport services. As before, “other services” and “travels” will be the main drivers of growth.

**Revenues on the financial account will partially offset the expected current account deficit.**

Traditionally, other investment and direct foreign investment will mainly provide the financial capital inflows.

**In 2026, the trajectory of external sector’s development establishes the foundation for further dynamics of indicators in 2027.**

In 2027, the current account deficit will be formed at 22.2 percent to GDP. Growth of the passive balance of foreign trade and slight reduction in the secondary income balance will be the key factors.

According to the National Bank’s estimates, outstripping growth of exports by 11.9 percent and rise in imports by 4.4 percent will nevertheless result in expansion of the trade deficit (by 2.1 percent compared to 2026). This dynamic is conditioned by a significant gap in value terms: due to high import base, its moderate growth in monetary terms offsets an increase in export revenues.

Export estimates for 2027 have been revised upwards amid optimistic expectations for economic growth in the partner countries and stabilization of trade procedures within the EAEU. At the same time, the current export forecast is based on the following assumptions: measures taken by the government agencies to increase the number of export-oriented enterprises, focused on accelerating export volumes and gradual expanding of the geography of export supplies, as well as upgrading the transport and logistics system of the country.

Forecasts for imports have been revised towards worsening due to intensified implementation of the state programs and the social and infrastructure development projects, including growth in consumption of petroleum, oil and lubricants by the industrial and construction sectors during the specified period.

The volume of inflows on the secondary income balance is expected to go down by 2.9 percent compared to 2026. This trend is conditioned by stable strict control in migration legislation of the Russian Federation, as well as the plans to implement «Mekenim 1+1» state program, which promotes partial repatriation of labor resources and their integration into the national economy.

At the same time, it should be noted that in 2027 the risk of scanty inflow of foreign capital on the financial account, to cover the current account deficit, still remains, which may require additional financing by the National Bank’s international reserves. A significant part of capital inflows is expected to be provided through other investments in private sector and foreign direct investment.

The following risks persist in the elaborated forecast of the balance of payments of the Kyrgyz Republic for 2026-2027:

- high degree of geopolitical uncertainty;
- slowdown of economic growth in the key trading partner countries;
- growing of the private sector’s debt burden.

**Annex 1. Key Macroeconomic Indicators**

(quarter to the corresponding quarter of the previous year, if otherwise is not indicated)

Indicator	Unit of measure	2022				2023				2024				2025			
		Q1	Q2	Q3	Q4												
<b>1. Demand and supply<sup>1</sup></b>																	
<i>(real growth rates, if otherwise is not indicated)</i>																	
Nominal GDP, per quarter	mn. KGS	168 137.2	227 481.2	292 245.0	332 881.2	231 249.5	292 877.7	375 903.3	433 699.5	278 599.5	335 485.5	446 484.1	522 222.7	348 775.3	409 495.5	542 038.7	676 079.9
GDP	%	3.4	8.3	8.2	13.2	8.1	4.9	7.4	13.7	13.1	10.7	11.3	11.5	12.6	10.2	7.9	13.6
Domestic consumption	%	17.5	7.8	13.3	19.3	17.6	38.3	5.0	9.5	4.8	1.4	13.0	21.7	11.1	16.0	17.8	
Investment	%	-9.9	249.0	68.4	10.9	60.0	-22.5	31.2	45.4	98.9	27.2	-78.8	-74.0	4.8	14.1	33.6	
Net export	%	39.3	384.7	84.2	28.5	130.6	95.8	71.0	59.2	50.4	-9.2	-48.3	-73.8	-33.0	24.7	147.2	
<i>GDP production:</i>																	
Agriculture	%	1.5	4.2	8.3	10.4	5.9	-1.2	-1.2	3.4	2.2	9.1	7.3	3.5	1.8	2.0	2.3	2.2
Industry	%	1.8	23.0	22.9	4.0	10.7	-5.4	2.4	10.7	8.2	2.0	13.2	12.3	15.0	10.1	6.9	11.6
Construction	%	-1.4	5.4	-1.1	19.5	2.2	16.4	19.2	30.5	51.1	38.3	25.8	24.2	60.4	18.3	16.3	17.7
Services	%	2.5	4.4	3.7	8.7	3.0	3.5	4.0	7.1	5.7	3.0	5.6	7.4	5.4	7.1	6.2	5.5
including trade	%	3.1	5.2	7.3	10.2	4.5	6.1	7.9	11.4	12.5	11.3	11.0	6.4	9.1	10.4	9.4	13.5
<b>2. Prices<sup>2</sup></b>																	
CPI	%	111.7	113.8	115.0	115.0	114.7	110.8	109.8	108.2	105.4	104.8	104.3	105.6	106.9	107.7	108.9	109.3
CPI, in annual terms as of the end of period	%	113.2	113.1	115.5	114.7	112.7	110.5	109.6	107.3	105.2	104.5	104.9	106.3	106.9	108.0	108.4	109.4
Core inflation	%	111.8	114.4	117.4	118.0	115.6	111.8	109.3	108.0	106.2	105.3	105.3	105.9	106.1	106.0	106.5	107.7
<i>CPI by main groups of goods and services:</i>																	
Food products	%	113.5	116.6	117.9	116.7	115.9	108.0	106.1	104.3	101.1	101.0	100.8	104.0	107.1	109.6	111.8	110.3
Non-food products	%	110.3	111.2	110.9	111.8	121.9	120.5	117.9	113.1	109.8	109.5	109.8	111.0	111.0	109.2	105.4	107.4
Alcohol drinks and tobacco products	%	113.6	114.9	117.8	122.5	112.9	112.7	114.4	113.1	110.0	108.5	106.5	105.0	104.8	105.2	108.0	108.5
Services	%	107.9	109.0	111.1	111.0	109.9	111.2	109.6	109.3	109.1	107.7	107.8	108.2	107.0	105.7	107.1	110.0
<i>CPI, classified by character:</i>																	
Excisable goods	%	118.8	117.5	117.9	120.3	117.9	116.0	114.9	111.9	109.8	110.3	109.9	110.0	109.8	108.1	107.5	108.9
Regulated prices	%	110.9	111.9	112.2	107.0	103.1	108.1	112.1	113.8	116.9	114.8	113.3	112.7	109.1	109.7	111.9	112.3
Market inflation rate (the rest of CPI)	%	107.4	109.1	110.4	112.6	114.5	114.1	113.4	111.6	108.2	106.5	105.5	104.9	105.1	104.6	104.8	107.4
<b>3. External sector<sup>3</sup></b>																	
<i>(in percent to GDP)</i>																	
Trade balance	% to GDP	-34.4	-45.9	-56.5	-56.6	-56.9	-58.2	-55.1	-54.7	-58.5	-57.6	-48.1	-37.2	-33.4	-34.5	-35.8	-41.0
Current transaction account	% to GDP	-18.2	-32.1	-43.1	-42.1	-42.3	-44.6	-44.7	-45.0	-49.6	-47.4	-35.7	-23.4	-16.4	-16.9	-19.3	-26.1
Export of goods and services	% to GDP	34.7	28.2	26.6	29.7	31.1	32.4	34.5	36.4	37.4	39.9	44.6	48.2	46.4	43.0	38.7	26.8
Import of goods and services	% to GDP	71.5	76.1	84.8	87.2	88.5	92.6	92.6	95.4	101.1	101.1	94.5	86.0	77.9	75.8	73.4	67.4
<b>4. USD exchange rate, as of the end of period</b>																	
	KGS	83,3090	79,5000	80,1829	85,6800	87,4200	87,2267	88,7100	89,0853	89,4708	86,4454	84,2000	87,0000	86,4000	87,3940	87,4019	87,4177
<b>5. Monetary sector</b>																	
<i>(real growth rates, if otherwise is not indicated)</i>																	
NBKR policy rate, as of the end of period	%	14.00	14.00	14.00	13.00	13.00	13.00	13.00	13.00	13.00	9.00	9.00	9.00	9.00	9.00	9.25	11.00
Rate of "overnight" deposit, as of the end of period	%	12.00	12.00	12.00	10.00	10.00	11.00	11.00	11.00	11.00	5.00	4.00	4.00	4.00	4.00	4.00	5.00
Rate of "overnight" credit, as of the end of period	%	16.00	16.00	16.00	15.00	15.00	15.00	15.00	15.00	15.00	11.00	11.00	11.00	11.00	11.00	11.25	13.00
Average interest rates of operations in the interbank credit market, per quarter																	
<i>of which:</i>																	
of REPO transactions	%	8.85	14.66	13.00	11.99	10.52	11.29	11.64	12.11	11.71	9.12	5.22	4.07	4.08	4.13	4.31	5.04
of credits in national currency	%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of credits in foreign currency	%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Weighted average yield of 7-day notes, as of the end of period	%	11.86	13.11	12.82	11.41	10.35	11.57	11.86	11.95	11.95	5.91	3.44	3.43	3.43	3.43	3.44	4.21
Weighted average yield of 14-day notes, as of the end of period	%	11.45	13.57	13.11	12.17	11.27	11.82	12.01	12.01	-	-	-	-	-	-	-	-
Weighted average yield of 28-day notes, as of the end of period	%	11.09	13.82	13.46	12.57	12.37	12.16	12.11	12.08	12.09	5.14	3.59	-	-	-	-	-
Weighted average yield of 91-day notes, as of the end of period	%	8.79	-	15.19	13.81	13.52	13.98	13.88	13.78	13.96	11.22	-	-	-	4.50	4.36	4.98
Weighted average yield of 182-day notes, as of the end of period	%	-	-	-	-	-	14.67	14.79	14.90	14.74	12.13	-	-	-	-	5.70	6.75
Monetary base	%	8.8	19.8	31.7	44.9	38.8	22.5	10.8	9.9	13.7	19.1	19.2	17.5	17.7	19.6	24.7	29.7
Money outside banks (M0)	%	5.7	20.5	27.5	41.3	32.5	16.0	4.0	1.3	7.8	12.7	19.1	15.2	20.7	25.8	24.7	26.6
Monetary aggregate (M1)	%	7.4	23.1	27.3	36.1	41.2	22.7	16.4	10.2	19.0	27.8	28.2	30.9	30.9	38.1	47.6	47.8
Narrow money supply (M2)	%	8.6	20.8	25.3	32.5	36.5	21.6	16.2	11.4	20.3	27.7	28.6	31.0	47.8	43.9	50.5	54.0
Money supply (M2X)	%	9.5	18.6	27.5	30.6	40.0	29.4	18.7	15.0	22.4	26.0	30.6	31.9	39.9	36.6	39.1	43.3

<sup>1</sup> Estimates of the National Bank of the Kyrgyz Republic on the basis of the data provided by the National Statistics Committee of the Kyrgyz Republic

<sup>2</sup> Source: National Statistics Committee of the Kyrgyz Republic

<sup>3</sup> Coefficients were calculated on the basis of the sliding annual data for the last 4 quarters. Data for Q4 2025 are preliminary

## Annex 2. Glossary

**Balance of payments** is a report, which reflects aggregate economic transactions between the residents and non-residents within a certain period of time.

**BIR (Bishkek Interbank Rate)** is a market interest rate that serves as an indicator of the cost of money in the short-term segment of the interbank market in the country.

**Consumer price index** reflects changes in the prices for goods and services purchased by the standard consumers for non-production purposes. This index is among inflation rate measures, which is based on comparing the value of basic goods basket consumed by the population and weighted in accordance with the share of these goods in the aggregate consumption.

**Core inflation** is inflation, which excludes short-term, structural and seasonal changes of prices: the growth in prices of goods due to the seasonal, the external factors and the administratively established tariffs is excluded from the calculation of the inflation rate.

**Core CPI index** is a price excluding the cost of food products, electric energy, gas, and other fuels.

**Deposits included in M2X** are the deposits of the individuals and legal entities, as well as the deposits of other financial-credit institutions, however, the deposits of the state administration bodies and non-residents are excluded.

**Dollarization** is extensive use of the US dollars in the domestic currency circulation of the country, which possess own national currency.

**Inflation** is the upward trend in the general level of prices within the certain period, which is determined based on the value calculation for the basket of goods and services weighted by the structure of consumer expenses of the standard household. The consumer price index is an indicator, which characterizes the inflation rate in the Kyrgyz Republic.

**Monetary aggregate** is the money supply classified according to degrees of liquidity: M0; M1; M2; M2X.

**M0** – cash in hands.

**M1** – M0 + residents' transferable deposits in the national currency.

**M2** – M1 + residents' time deposits in the national currency.

**M2X** – M2 + settlement (current) accounts and residents' deposits in foreign currency.

**Monetary base** is the obligations of the National Bank on cash in circulation, and the obligations of the National Bank to other depository corporations in the national currency.

**Monetary policy transmission mechanism** is a transmission mechanism that characterizes the process of impact of monetary policy decisions on price dynamics through channels of influence: interest rate, exchange rate, credit and communication channels.

**Net balance of payments** is a difference between receipts from the foreign countries and payments transferred to the foreign countries.

**Net balance of trade** is a difference between the cost of export and import.

**Notes** are the discount securities, issued in circulation by the National Bank of the Kyrgyz Republic. By decision of the Monetary Regulation Committee of the National Bank, the notes can be issued for the period from 7 to 364 days. The notes maximum profitability is set to be equal to the policy rate as of the auction day.

**Other depositary corporations** are all resident financial corporations, except for the central bank, which main activities are aimed at financial intermediation and which issue obligations included into the national definition of the broad money stock (M2X).

**Policy rate** is a monetary policy tool, which represents an interest rate set by the central bank and is used as the basic reference point when determining the value of monetary resources in the economy.

**REPO transactions** are the operations on purchase/sale of the government securities in the secondary market with an obligation of their resale/repurchase on a certain date in the future at the pre-agreed price.

**State Treasury Bills** are the short-term (3-, 6-, 12-month) discount government securities issued by the Ministry of Finance of the Kyrgyz Republic. Placing issues of the ST-Bills is made through weekly auctions conducted by the National Bank of the Kyrgyz Republic. Direct participants enjoy the right to participate in the auctions. The owners of the ST-Bills of the Kyrgyz Republic can be both the legal entities and the individuals. The admission of the foreign investors to the market of the ST-Bills is not limited. The transactions in the secondary market of the ST-Bills are conducted through the electronic trading system of the National Bank of the Kyrgyz Republic, which allows the participants to conduct transactions on purchase/sale of the ST-Bills from their workplaces.

**State Treasury Bonds** are the long-term government securities with the interest income (coupon) and maturity over one year issued by the Ministry of Finance of the Kyrgyz Republic. The National Bank of the Kyrgyz Republic is the general agent servicing the issues of the ST- Bonds.

**Annex 3. Abbreviations**

BIR	Interbank Reference Interest Rate of the Kyrgyz Republic (Bishkek Interbank Rate)
CB	Commercial Banks
CBRA	Central Bank of the Republic of Armenia
CBRU	Central Bank of the Republic of Uzbekistan
CJSC	Closed Joint Stock Company
CPI	Consumer Price Index
CT MF KR	Central Treasury of the Ministry of Finance of the Kyrgyz Republic
EAEU	Eurasian Economic Union
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FOB	Cost at the Exporter's Border (Free on Board)
FRS	US Federal Reserve System
GDP	Gross Domestic Product
GS	Government Securities
HPUI	Housing and Public Utility Infrastructure
IA	Information Agency
IBCM	Interbank Credit Market
IFI	International Financial Institutions
KR	Kyrgyz Republic
KSE	CJSC Kyrgyz Stock Exchange CJSC
MP	Monetary Policy
National Bank	National Bank of the Kyrgyz Republic
NDA	Net Domestic Assets
NFA	Net Foreign Assets
NSC KR	National Statistical Committee of the Kyrgyz Republic
OPEC +	Organization for Petroleum Exporting Countries
POL	Petroleum, oil, lubricants
RF	Russian Federation
SCO	Shanghai Cooperation Organization
ST-Bills	State Treasury Bills
ST-Bonds	State Treasury Bonds
USA	United States of America
WB	World Bank