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PRESS RELEASE

The National Bank of the Kyrgyz Republic increased its policy rate up to 14,0 percent

On March 10, 2022, the Board of the National Bank of the Kyrgyz Republic decided to increase the policy rate (key rate) by 400 basis points, up to 14.0 percent. The decision comes into force on March 10, 2022.

Currently, the domestic foreign exchange market is experiencing exchange rate volatility due to fundamental factors resulting from the sanctions imposed on the Russian Federation. The exchange rate of the Russian ruble has risen to 116-120 rubles per US dollar. Considering close economic ties of Kyrgyzstan with the main partner countries through mutual trade and remittances, as well as the still growing uncertainty in the external environment, pressures on the foreign exchange market of our country remain.

The National Bank, for its part, is closely monitoring the current situation in the external environment as well as the domestic foreign exchange market situation, and stands ready to take appropriate measures, if necessary. In order to smooth out sharp fluctuations in the exchange rate, the National Bank conducts foreign exchange interventions by selling foreign currency and uses all necessary regulatory instruments. The National Bank maintains the presence on the country's foreign exchange market and has sufficient resources. The volume of the National Bank's gold and foreign exchange reserves as of March 7, 2022 amounted to more than 2.7 billion US dollars (about 6 months of import).

Taking into account the prerequisites for the development of the external environment and internal economic conditions, the National Bank has decided to increase the policy rate up to 14.0 percent. This decision has been made in order to minimize the negative effect of external shocks on the current dynamics of inflation in the Kyrgyz Republic. If any risks materialize, the National Bank does not exclude the possibility of making additional monetary policy adjustments.

The National Bank constantly assesses internal and external factors influencing inflation and, depending on the economic situation, would take appropriate monetary measures.

Briefing Note:

The next regular meeting of the Board of the National Bank of the Kyrgyz Republic on the policy rate is scheduled for April 25, 2022

The National Bank of the Kyrgyz Republic would hold an unscheduled meeting on the key rate, as appropriate.