



NATIONAL BANK OF KAZAKHSTAN

PUBLIC INFORMATION NOTICE

**Credit rating agency S&P upgraded the rating outlook from “Negative” to “Stable”
affirming the sovereign rating of Kazakhstan**

March, 4 2023

On March 3, 2023 the credit rating agency S&P affirmed the rating of Kazakhstan at “BBB-”, having revised the rating outlook from “Negative” to “Stable”. This decision was primarily underpinned by the significant amount of accumulated reserves and fiscal stability, which offset the risks arising in the event of disruptions at the Caspian Pipeline Consortium (CPC).

S&P assessed positively the collaborative efforts of the National Bank and the Ministry of Finance to build a yield curve in tenge in order to increase liquidity in the local secondary bond market. S&P also highlighted the increased transparency in the FX market as a result of the National Bank publishing the amount of foreign currency sold from the National Fund.

The rating agency noted that the growth of the economy of Kazakhstan in 2022 by 3.2% in annual terms was due to the growth in sectors such as construction, information and communications, trade, transport, and manufacturing. According to S&P analysts, annual economic growth may reach 4% over the next three years.

In the medium term, the country’s sovereign rating may be revised upwards as with an improvement in fiscal policy, which shall slow down the dynamics of the debt burden and debt service.

Improved monetary policy effectiveness, moderate inflation, continued commitment to exchange rate flexibility, and a less dollarized economy could serve as a factor to rating improvement.

At the same time, S&P believes that a long-term decline in Kazakh oil exports, a deterioration in the economy’s external position, and an increase in the budget deficit may result in a downgrade of Kazakhstan’s credit rating.

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