



NATIONAL BANK OF KAZAKHSTAN

PUBLIC INFORMATION NOTICE

**International rating agency S&P Global Ratings
updated its country overview for Kazakhstan**

5 September 2023

On September 4, S&P Rating Agency published a country update under the analysis of the sovereign credit rating of the Republic of Kazakhstan. The credit rating at **“BBB-” with stable outlook** has not changed.

S&P notes that the stability of the outlook reflects external country reserves remaining strong and low public debt level. These factors provide sufficient resilience to absorb the consequences of potentially emerging external risks.

According to S&P forecasts, the economy will expand by about 5% in 2023, supported by growth in the construction, trade, information and communications, transport and mining sectors. In the longer term, GDP growth between 2023 and 2026 will be averaging close to 4% supported by both the oil and non-oil sectors.

S&P analysts forecast that inflation will average 14% in 2023, **slowing to 5% by 2026, which corresponds to the National Bank’s target**. According to S&P, the free float exchange rate has facilitated adaptation of economy to adapt to external volatility factors.

S&P indicates material improvement in asset quality in Kazakhstan’s financial sector. The impact of geopolitical factors has been moderate for the country’s economic growth and banking sector, the financial stability risks have been manageable.

At the same time, a significant decline in Kazakhstan’s oil exports for an extended period, an increase in the budget deficit, rising government’s debt-servicing burden and other unfavorable factors could lead to a downgrade of the credit rating.

In the meantime, the sovereign rating may be upgraded if the fiscal policy enhances, reducing the pace of debt accumulation and debt-servicing requirements, and the monetary policy effectiveness improves, as evidenced by low inflation.

More detailed information is available for media upon request:

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