



NATIONAL BANK OF KAZAKHSTAN

PUBLIC INFORMATION NOTICE

S&P Credit Rating Agency affirmed the sovereign rating of Kazakhstan

April 2, 2022

On April 1, 2022 S&P affirmed the sovereign credit rating of Kazakhstan at **“BBB-“ with a “Stable” outlook**. The maintaining of this forecast is substantiated by a short-term nature of the capacity reduction of the Caspian Pipeline Consortium (CPC). Consistent with the Agency’s expectations, a strong fiscal stance and a significant volume of external assets will offset the effects of the economic downturn in Russia in the next two years.

The **damage** caused by weather conditions **to the loading terminals of the CPC**, a pipeline that exports approximately 70% of the Kazakhstan’s oil to Europe, will negatively impact the country’s economic activity and macroeconomic indicators only for a **short period**. The government plans to swiftly restore the terminal’s operations in three weeks’ time, which will be conducive to the emerging economic situation.

S&P analytics highlighted that Kazakhstan’s **external assets** are substantial and gross external financing needs are relatively small. At the same time, S&P expects the **volume of reserve assets** to further decline as they are used to smooth volatility in the exchange market. Regardless, the agency expects that, along with elevated gold and oil prices, Kazakhstan will be able to mitigate potential external shocks.

Inflation reached 8.7% in February this year, which is above the inflation target of 4–6% set by the National Bank. S&P expects GDP growth in 2022 at 2%. The agency emphasized the National Bank’s prompt move to increase the base rate up to 13.5% with the aim of maintaining price stability in conditions of volatility. To sustain the attractiveness of tenge deposits, the National Bank jointly with the Government implemented a **tenge deposit protection mechanism** which is funded from the budget. In the view of S&P, the sanctions against Russia will only have a limited impact on the functioning of domestic second-tier banks.

Following S&P, short-term credit rating dynamics are conditional on the duration of CPC repairs and maintenance of foreign economic activity. In a long-term, the ratings are reliant on further development of state institutions’ policy effectiveness and strengthening of the business environment.

Media representatives may get more detailed information by request:

8 (7172) 77–52–10

e-mail: press@nationalbank.kz

www.nationalbank.kz