



NATIONAL BANK OF KAZAKHSTAN

PUBLIC INFORMATION NOTICE

**Credit rating agency Fitch Ratings
affirmed the sovereign rating of Kazakhstan**

June 18, 2022

On June 17, 2022 the credit rating agency Fitch Ratings affirmed the sovereign credit rating of the Republic of Kazakhstan at "**BBB**", **with a Stable Outlook**.

The key factor for maintaining the credit rating remains the **country's substantial external reserves**, which will be supported by a current account surplus in the medium term. Fitch Ratings estimates Kazakhstan's net foreign assets at 37% of GDP at the 2021 year-end, significantly above the peer median. In particular, the National Fund's assets reached 33.1% of GDP and the international reserves equaled 18% of GDP in 2021.

The Agency has noted that despite the January events in the country and the realization of geopolitical risks and imposed sanctions against Russia, their impact is balanced by higher prices for key export commodities and an increase in oil production from 2024 due to the expansion of the Tengiz oilfield.

At the same time, given the close trade ties with Russia, analysts indicate risks to Kazakhstan's non-oil exports amid a slowdown in the Russian economy. Also, due to sanctions, supply chain disruptions may lead to higher import costs.

At the end of May 2022, inflation was 14%. At the same time, Fitch Ratings forecast **a reversal to a single-digit inflation in 2023**. Analytics specifically note response measures including the National Bank's base rate increase and measures to control prices for certain goods. The Agency emphasizes commitment of authorities to further improve monetary and fiscal policies.

Agency notes that the foreign exchange interventions have not affected the tenge's ability to absorb external shocks. The introduction of the Tenge Deposit Protection Programme has also reinforced confidence in the national currency.

Fitch Ratings also highlighted the **adequate level of capitalization** in the banking sector, the NPL rate reached 3.6% in Q1, 2022.

More detailed information for media is available on request:

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