



International rating agency S&P Global Ratings upgraded the ratings of ForteBank from “B+” to “BB-”, outlook “Stable”

The ratings has been raised on the stronger capitalization.

08 July 2022 – International rating agency S&P Global Ratings raised long-term issuer credit rating of ForteBank from “B+” to “BB-”, outlook “Stable”. Additionally, Agency raised ForteBank’s rating on Kazakhstan national scale to 'kzA-' from 'kzBBB+'.

S&P Global Ratings says, that ForteBank capitalization strengthened, and they expect the bank will operate with a higher capital buffer and continue to be in top five banks in Kazakhstan in terms of assets.

«The Bank is leaning on its diversification between retail and corporate customers on both sides of the balance sheet and sustainable new business generation with an expected loan growth of 10%-15% to retain its market share. For 2021, ForteBank posted Kazakhstani tenge (KZT) 64 billion net consolidated profit (about \$160 million), corresponding to a return on average common equity (ROAE) of about 23.7%. For the first five months of 2022, ForteBank reported about KZT30 billion net profit under national GAAP. We expect the bank to continue generating solid earnings over 2022, with ROAE hovering around 20%», - as noted in S&P Global Rating release.

The agency believes that recent changes in management are unlikely to affect the bank's strategy implementation: «The acting CEO, Mr. Bekzhan Pirmatov, has been with the bank's management team for several years. The transition was smooth, suggesting that the leadership changes won't upset the business dynamics or operational approach. In our view, the bank's major shareholder, Mr. Bulat Utemuratov, supports the bank's current strategy implementation. »

According to S&P Global Ratings, ForteBank has significantly advanced the recovery of legacy problem loans over the past five years. The bank has experienced an increase in problem loans due to the economic fallout of the COVID-19 pandemic. Nevertheless, we expect the bank's asset quality will continue to improve gradually over 2022-2032. The stock of problem assets improved last year, with the share of Stage 3 loans at about 11% of the loan portfolio declining from 26% at year-end 2020. We anticipate the credit costs in 2022 will remain elevated but not higher than the system-wide average of about 2%, reflecting the challenging operating conditions and potential negative spillover effect on borrowers' creditworthiness. An inflationary spike, alongside the disruption of trade and logistic chains stemming from the Russia-Ukraine conflict, could weigh on borrowers' payment discipline and create additional provisioning needs for banks in the system. However, since economic fundamentals in the context of Kazakhstan's external buffers remaining supportive, we consider that any deterioration in asset quality would likely be moderate and temporary».

While commenting on the news, the acting Chairperson of the Management Board of ForteBank **Bekzhan Pirmatov** has noted:

«The rating upgrade by S&P Global Ratings confirms the effectiveness of strategy chosen by ForteBank, which is underpinned by balanced, conservative credit policy, digitalization of products and services and based on them developing of ecosystem for retail and business clients. Our business model has proved its sustainability, over the past 3-4 years all our performance indicators have been steadily growing. We adhere to continuity, remain a classic and reliable universal bank operating in all segments, including retail, SMEs and large businesses.»

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