



NATIONAL BANK OF KAZAKHSTAN

PUBLIC INFORMATION NOTICE

On Certain Issues of Exercising the Priority Right to Purchase Refined Gold

Astana

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The introduction of the mandatory sale of refined gold to the National Bank in 2011 has had a significant positive impact, becoming an important step in replenishing foreign exchange reserves and fostering the development of Kazakhstan's gold mining industry.

The initial objectives of the program have now been achieved. By the end of 2024, foreign exchange reserves reached a historic high of \$45.8 billion. The production of refined gold bars in the country has significantly increased, enabling new companies to gain international recognition. For instance, the refining plant of Tau-Ken Altyn LLP received accreditation for the international quality standard of gold bars from the London Bullion Market Association (LBMA).

At the same time, due to the significant increase in gold prices and production volumes, the scale of tenge issuance has grown substantially, resulting in a negative impact on inflation.

To reduce inflation to the target level of 5%, the National Bank has decided to sell US dollars on the domestic foreign exchange market, which were obtained from the sale of gold previously purchased from domestic gold mining enterprises. The amount of foreign currency sold will be equivalent to the volume of tenge issuance undertaken by the National Bank for gold purchases.

The implementation of the new mirroring mechanism allows monetary policy to adapt to contemporary challenges while maintaining macroeconomic stability.

Foreign currency sales will be conducted in adherence to the principle of market neutrality. The quarterly volume of issuance in foreign currency terms will be evenly sold on the domestic foreign exchange market over the following quarter.

According to forecasts, the planned volume of gold purchases under the priority right in 2025 is estimated at 70 tons, or approximately \$6 billion at current gold prices.

To mirror the purchase of refined gold in the fourth quarter of 2024, the National Bank will sell foreign currency equivalent to approximately 750 billion tenge during the first quarter of 2025. It should be noted that mirroring operations will not affect the overall volume of foreign exchange reserves, as gold purchases will be offset by foreign currency sales on the stock exchange.

The National Bank will continue to adhere to the principles of transparency and information disclosure. The volumes of foreign currency sales will be published on the official website on a monthly basis.

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