



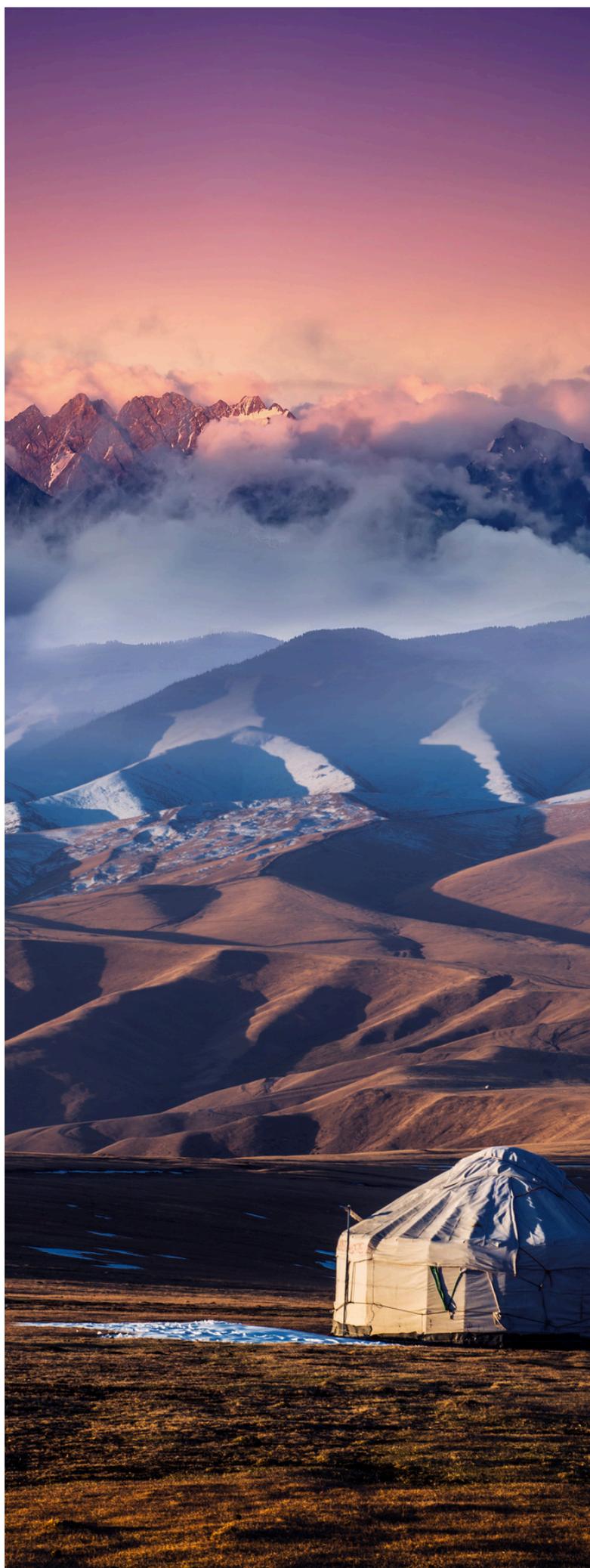
QUARTERLY REPORT

KAZAKHSTAN MACRO & MARKET OVERVIEW

Q4 2025 // NATIONAL BANK OF KAZAKHSTAN

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SOVEREIGN CREDIT RATINGS

Fitch Ratings, in its updated report released on 12 December 2025 highlighted Kazakhstan's strong external position, which significantly exceeds the «BBB» peer median and underpins country's flexibility and low government debt. Fitch analysts note robust GDP growth with broad-based expansion across transportation, construction, mining, trade, manufacturing and agriculture.

Moody's Ratings, in its regular update published on 6 October 2025, maintained Kazakhstan's sovereign rating at «Baa1» with a stable outlook. The agency underlined the government's strong fiscal position, sizable fiscal reserves, very high debt affordability, and proven economic resilience to shocks and strong growth prospects.

Overall, rating agencies' assessments during the 4Q2025 confirm Kazakhstan's stable sovereign credit standing, supported by robust fiscal and external buffers. While fiscal reforms like the new tax and budget codes are expected to enhance resilience, agencies continue to highlight the importance of sustained structural reforms.



Kazakhstan's
sovereign credit
profile

REMAINS
RESILIENT

S&P Global

FitchRatings

MOODY'S
INVESTORS SERVICE

BBB-

Positive

BBB

Stable

Baa1

Stable

BASE RATE EXPECTED TO REMAIN at 18% through 1H2026

After accelerating earlier, inflation moderated in 4Q2025 and ended the year at 12.3%. The main drivers of higher inflation were the “Tariff in Exchange for Investment” program, which increased utility tariffs, and fuel market liberalization. In 4Q2025, however, both programs were suspended through the end of 1Q2026, which became the key factor behind the slowdown. Nevertheless, inflationary pressures remain, driven by high global food prices, robust consumer demand, fiscal stimulus, secondary effects from fuel and utility reforms, and elevated, volatile inflation expectations.

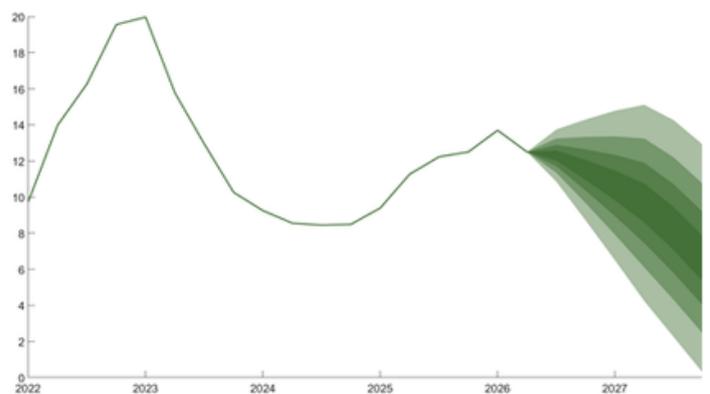
Household inflation expectations reached 14.7% in December 2025, reflecting food and gasoline prices growth with the latter not covered by the price moratorium. Expectations are also influenced by anticipated VAT increase from 12% to 16% in early 2026.

Seasonally adjusted inflation and median core inflation declined to 0.76% m/m and 0.77% m/m, respectively, in December 2025. Both remain above the target, indicating persistent underlying pressures.

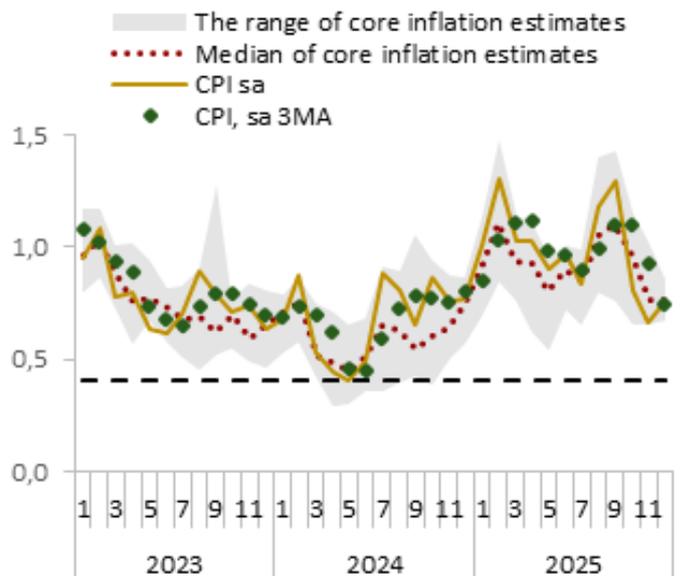
Monetary policy remains moderately tight. On November 28, 2025, the NBK kept the base rate at 18.00% amid persistent domestic pressures and elevated external risks. The rate was again left unchanged on January 23, 2026, reflecting current inflation dynamics, volatile expectations, strong domestic demand, and uncertainty around tax reform and the possible resumption of tariff adjustments after 1Q2026. The base rate is likely to remain at this level through 1H2026. Inflation in 2025 remained within the projected 12.0–13.0% range. The November 2025 forecast for 2026 was revised to 9.5–12.5%, with the upper bound raised by 1 pp, reflecting the planned VAT increase, potential demand effects, and expanded quasi-fiscal financing. Inflation is projected to slow to 5.5–7.5% by 2027, supported by gradual tariff adjustments and fiscal consolidation.

INFLATION

The inflation forecast for 2026 has been revised



Seasonally adjusted and core inflation remain at elevated levels



CURRENT ACCOUNT DEVELOPMENTS SHAPED BY DOMESTIC DEMAND

for investment goods

The NBK's preliminary estimates indicate that the current account deficit expanded to (-)\$11.8 billion in 2025 from (-)\$7.9 billion in 2024. This widening was largely driven by an increase in imports of goods. Imports grew by 6.7% to \$65.9 billion, reflecting sustained demand for intermediate and capital goods. At the same time, exports of goods declined by 1.9% to \$77.5 billion, mainly due to lower exports of ferrous and non-ferrous metals, their ores, and uranium.

The latest current account forecast, revised in November 2025, was adjusted downward compared with the August 2025 projections. The medium-term current account deficit is now projected at (-)4.4% of GDP in 2026-2027. The revision primarily reflects updated estimates of imports of goods.

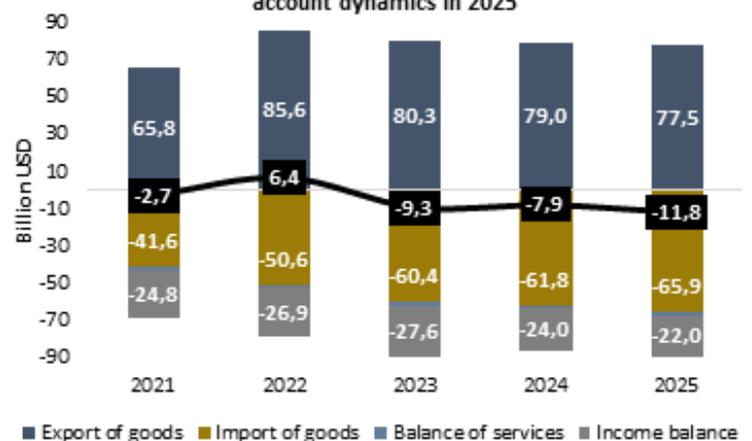
Import of goods is forecasted to grow steadily, driven by ongoing investment and infrastructure activity that raises demand for intermediate and capital goods. In addition to private and borrowed funds, this demand will be supported by fiscal and quasi-fiscal spending.

Exports of goods are projected to increase at a moderate pace. Although lower oil prices relative to 2025 are expected to constrain export revenues, higher production at the Tengiz oil field is anticipated to mitigate the negative impact of price dynamics. Additionally, non-oil exports are also expected to benefit from elevated global prices for metals and uranium, as well as stable external demand for metals and agricultural products.

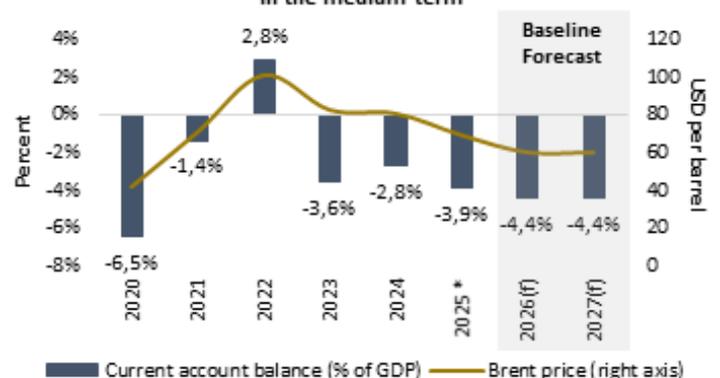
The income balance is expected to remain close to its current levels, as high oil production and stronger metal prices will support income payments to foreign direct investors.

CURRENT ACCOUNT

Higher investment-led import growth drove current account dynamics in 2025



A moderate current account deficit is expected in the medium term



*Figures on NGDP for 2025 are not yet available; therefore, the "Current account/NGDP" ratio represents an estimate by the NBK

TENGE STRENGTHENS

on non-resident inflows and policy confidence

FX MARKET & FX RESERVES

<i>mIn USD</i>	2022	2023	2024	2025
FX Reserves	35 076	35 944	45 823	65 414
Assets in hard currencies	14 585	16 434	21 980	18 178
Gold	20 491	19 510	23 844	47 236
Share of gold,%	58%	54%	52%	72%
USD/KZT total volume on KASE	29 704	37 047	54 963	63 030
USD/KZT rate	463	455	525	506
Interventions (net)	(-) 1 394	0	(-) 1 355	(-) 125,6
Sales from National fund	(-) 4 285	(-) 9 483	(-) 10 180*	(-) 8 234
Sales under monetary neutrality principle	0	0	0	(-) 7 045 (3 675 bln. KZT)

*Excluding sale of foreign exchange assets of the National Fund to the gold and foreign exchange reserves of the National Bank as part of the purchases of shares of NAC Kazatomprom JSC amounting to 984.8 million

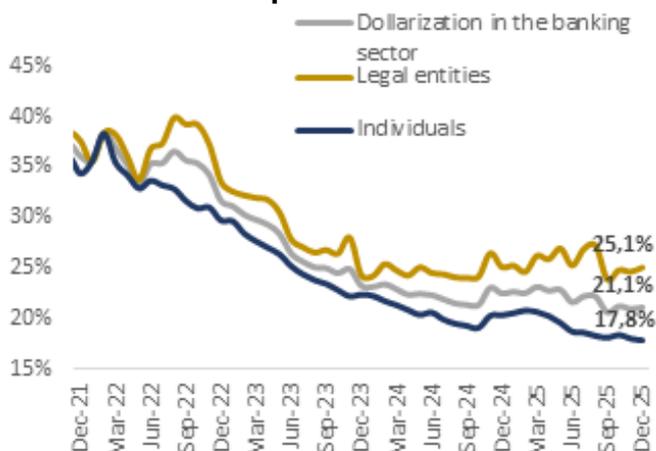
Since October 2025, the tenge has shown sustained appreciation, supported by a combination of favorable external conditions, consistent macroeconomic policy, and improved sentiment among foreign portfolio investors. Over 4Q2025, the tenge strengthened by 7.9%, ending the year at 505.73 per US dollar. For 2025 as a whole, the currency appreciated by 3.7%.

During the 4Q2025, FX sales from the National Fund to support fiscal transfers to the republican budget amounted to USD 1.7 billion. As part of the mirroring mechanism, the NBK sold USD 2.7 billion during the same period. No FX interventions were conducted in 4Q2025.

In 2026, transfers from the National Fund to the budget are projected at KZT 2.77 trillion. Part of these transfers will be financed by tenge-denominated inflows to the National Fund, implying that not all funds will require conversion into foreign currency.

In 1Q2026, FX sales equivalent to around KZT 1.1 trillion are planned under the mirroring mechanism. These operations aim to neutralize the expected monetary impact of gold purchases of the 1Q2026 and to absorb residual excess liquidity from 2025 amid significantly higher gold prices.

Dollarization of deposits hits new historical low



As of the end of 4Q2025, the country's international reserves reached \$129 billion, including \$65.4 billion in NBK FX reserves and \$63.9 billion in National Fund assets. Over the quarter, reserves increased by \$7.7 billion, largely supported by higher gold prices.

Deposit dollarization remains near historically low levels due to sustained appeal of tenge-denominated holdings. By the end of 2025, overall deposit dollarization stood at 21.1%, with corporate deposits at 25.1% and retail deposits declining further to 17.8%. The latter represents a new record low, underscoring the strengthening confidence of individuals in national currency savings.

In 4Q2025, the Ministry of Finance (MoF) of Kazakhstan issued KZT 1.42 trillion in fixed-coupon government securities. Yields peaked earlier in the quarter, ahead of the October 2025 base rate hike, at 16.90–17.25%, but declined toward year-end. As a result, average yields fell by 115 bps q/q compared to 3Q2025, with the largest declines in five-year and longer maturities.

The decline reflected stronger investor demand, lower issuance volumes in December and continued moderately tight monetary policy. Market participation (excluding funds under NBK management) rose further to 78.1% in 4Q2025, from 64.6% in 3Q2025 and 27.9% in 2Q2025.

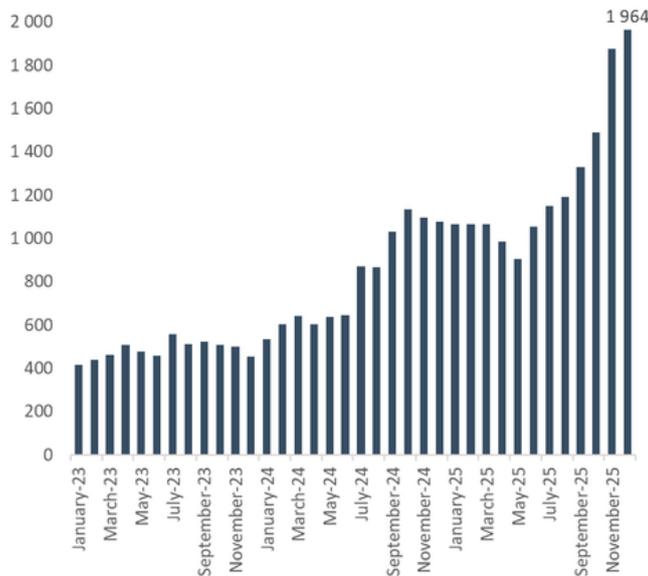
This improved demand environment was also evident in higher non-resident participation. In 2025, non-resident holdings of MoF securities increased by USD 1.8 billion to a historical high of USD 3.9 billion (KZT 1.964 trillion).

In 2026, the MoF plans gross borrowing of around KZT 8.7 trillion, including about KZT 6.4 trillion in the domestic market, while continuing benchmark consolidation. The number of issues with an outstanding size above USD 1 billion has reached 30.

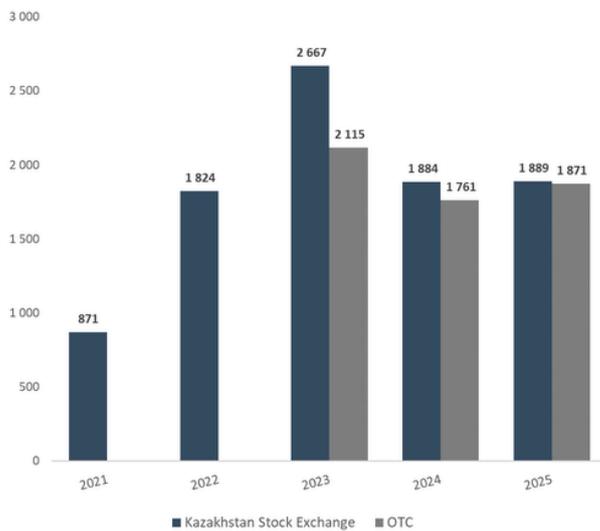
To further support market development, a Government Debt Management Council was established in December 2025 to strengthen coordination in debt management and improve government securities market liquidity, efficiency, and benchmark yield curve formation. Under this framework, the NBK and MoF will continue work on establishing the primary dealer system (targeted by the end of the 1Q2026), advancing infrastructure cooperation with Euroclear and Clearstream, and enhancing secondary market liquidity in support of potential GBI-EM inclusion. In parallel, Kazakhstani securities are expected to be included in the JPMorgan Frontier Markets Index in 1H2026, where they are anticipated to receive the maximum weight of 8%.

GOVERNMENT SECURITIES MARKET OVERVIEW

Foreign investors holdings of government securities, in bln KZT



Secondary market liquidity, in mln KZT



OTC data is available since 2023

Nonresident holdings of Kazakhstan government securities
REACHED \$3.9 BLN
 in 2025

INVESTOR RELATIONS

The National Bank of Kazakhstan maintained active engagement with international investors and financial institutions as part of its investor relations activities.

Discussions focused on macroeconomic landscape, including economic growth dynamics, inflation trends, and the medium-term outlook. The National Bank provided updates on monetary policy priorities, developments in the foreign exchange market, and measures aimed at ensuring price stability. Investors were also briefed on fiscal policy coordination, use of the National Fund, and the impact of higher oil production and infrastructure investment on economic growth.

The National Bank has also conducted separate investor sessions organized by Barclays, J.P. Morgan, and Bank of America on the sidelines of the Annual meetings of the IMF and World Bank Group to brief participants on the financial market situation in Kazakhstan, ongoing initiatives in economic policy and the financial sector, and the investment potential of Kazakhstan's capital market.

On November 5, the Kazakhstan Stock Exchange held its "Capital Market Day" in London, bringing together policymakers, international investors, and representatives of leading global and Kazakh financial institutions. The event featured the participation of Mr. Timur Suleimenov, Governor of the NBK, alongside speakers from Bloomberg, EBRD, J.P. Morgan, Amundi, Clearstream, and major Kazakh companies. Discussions centered on macroeconomic prospects, financial sector development, and initiatives to enhance liquidity and depth in Kazakhstan's capital markets, reflecting growing global investor interest in the country's financial landscape.



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Additional sources:

- [Press releases](#)
- [Monetary Policy Report](#)
- [Summary of Deliberations](#)

