QUARTERLY REPORT

KAZAKHSTAN MACRO & MARKET OVERVIEW

Q1 2026 // NATIONAL BANK OF KAZAKHSTAN

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NAVIGATING THE UPDATES

The NBK in coordination with the Ministry of Finance of the Republic of Kazakhstan, announces the introduction of primary dealers in the government securities market effective May 4, 2026.

Based on the previously conducted monitoring period, Bank Center Credit, Eurasian Bank, Kaspi Bank, Forte Bank, and Halyk Bank of Kazakhstan have been designated as primary dealers.
Under the new system, primary dealers will help ensure stable demand for government securities and provide two-way quotes for individual instruments on the secondary market, thereby enhancing price transparency and liquidity.

At the same time, other market participants will retain full and unrestricted access to trading in government securities on the secondary market. Moreover, the introduction of the primary dealer system will create more favorable conditions for investors by increasing liquidity, narrowing spreads, and providing constant quotations, simplifying government bond transactions and increasing pricing predictability.

Primary Dealers’ obligations include, among others, the following:

- Purchase ≥60% of MoF announced volume per 2-month period
- Submit bids in ≥75% of all primary auctions
- Provide two-way quotes for selected issues on KASE and Bloomberg E-Bond for at least 5 hours per day, with a minimum quote size of KZT 500 million per issue.
- Maintain secondary market activity with a trade volume of at least 5% of the average 12-month secondary market turnover per 2-month period.

Introduction of the PRIMARY DEALER FRAMEWORK

Kazakhstan and ADB release BOND MARKET GUIDE

NAVIGATING THE UPDATES

In collaboration with the Asian Development Bank (ADB), Kazakhstan has presented the Bond Market Guide — a well-structured and foundational document for the country's capital markets. The Guide was developed jointly by the National Bank of Kazakhstan (NBK), the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market, the Ministry of Finance of the Republic of Kazakhstan, and the Astana International Financial Centre (AIFC).

The Guide was prepared under the ASEAN+3 Bond Market Guide initiative - a series of publications by the ASEAN+3 Bond Market Forum (ABMF). Kazakhstan joined the Forum as an official observer in 2025.

The document covers all key aspects of Kazakhstan's bond market:

- the history and key milestones of market development;
- the legal and regulatory framework: securities legislation, listing and disclosure requirements, and non-resident access conditions;
- types of debt instruments: government and corporate bonds, money market instruments, and Islamic securities (sukuk);
- trading, clearing, and settlement infrastructure on KASE and AIX, including specifics of the AIFC jurisdiction;
- the tax regime, participation costs, and access conditions for foreign investors;
- current challenges, outlook, and priorities for further market development.

The Guide is intended for international investors, issuers, financial intermediaries, regulators, and researchers seeking a current and structured overview of Kazakhstan's capital market. The document is available on the ADB website.

SOVEREIGN CREDIT RATINGS

S&P Global Ratings affirmed Kazakhstan's sovereign rating at "BBB-" with outlook remaining positive on February 20. The positive outlook reflects S&P's expectation regarding continued fiscal consolidation in the near term, while preserving substantial government liquid assets. According to S&P, the new medium-term budget provides for a gradual reduction in the budget deficit and reverting to asset accumulation in the National Fund.

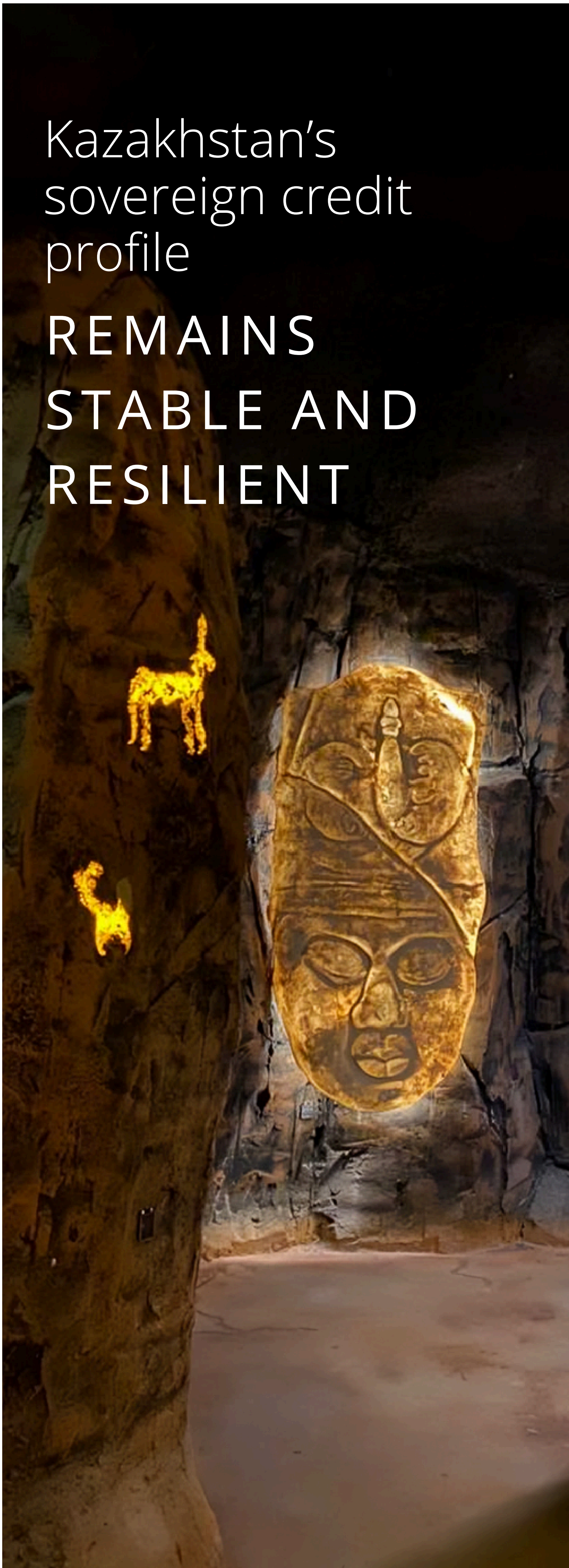
S&P notes the National Fund's strong investment results in 2025. In addition, tighter rules for the use of the National Fund will allow to preserve significant liquid assets.

In 2026-2028, S&P expects the economic growth rate will moderate but remain relatively stable at around 4% over the medium term. This is attributed to the tapering of fiscal stimulus and lower oil output in 2026.

According to S&P, the monetary policy framework is gradually strengthening. S&P analysts note a slowdown in inflation at the end of 2025 and expect it to decrease further by 2028-2029 as a result of the monetary policy of the National Bank and budget deficit reduction.

Moody's Ratings in its regular update report published on March 19 mentioned that Kazakhstan's current sovereign rating of Baa1 with stable outlook is underpinned by the government's strong fiscal position, low public debt and substantial fiscal reserves, which provide resilience to external shocks. Moody's Ratings also notes the economy's proven ability to adapt to external shocks and the favourable medium-term outlook for economic growth. The stable outlook reflects the balance of risks at the current rating level.

S&P Global	Fitch Ratings	Moody's Investors Service
BBB-	BBB	Baa1
Positive	Stable	Stable



DISINFLATION AMID PERSISTENT PRESSURES

monetary policy remains moderately tight

INFLATION

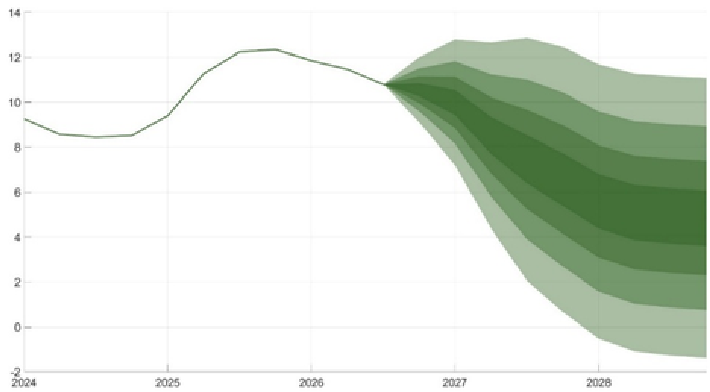
Inflation continued to moderate in 1Q2026, reaching 11% in March. The main factors behind the slowdown were the moderately tight monetary policy stance, the stronger tenge, stabilizing consumer demand, temporary decrease of utility tariffs, the fuel price moratorium, and the Government's anti-inflation measures. Nevertheless, inflationary pressures persist, driven by high global food prices, fiscal and quasi-fiscal stimulus, possible secondary effects from the VAT increase, the resumption of fuel price and utility tariff adjustments, and elevated inflation expectations.

Household inflation expectations remained elevated at 14.6% in March 2026. Among the main factors behind future price growth, respondents most frequently cited changes in prices for food products, fuel and the VAT increase.

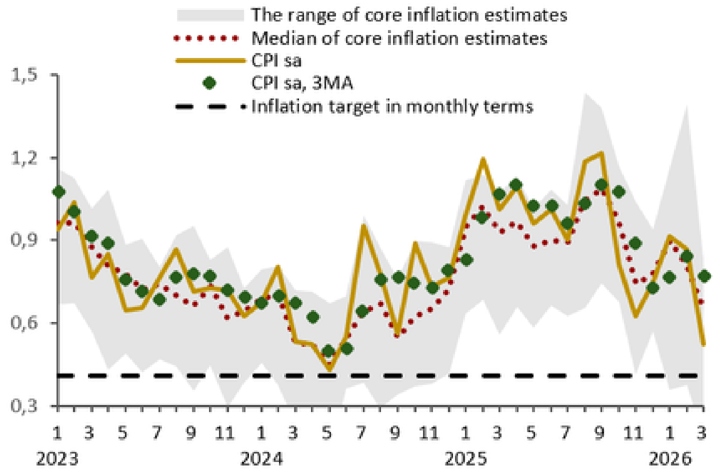
Seasonally adjusted inflation and median core inflation declined to 0.52% m/m and 0.65% m/m, respectively, in March 2026. However, both remain above the target, indicating persistent underlying pressures.

On March 6, 2026, the NBK kept the base rate at 18.00%. On its latest decision on April 24, 2026, the NBK kept the base rate unchanged at 18.00% as inflation remains elevated and pro-inflationary risks persist. If inflation continue to decline sustainably, the possibility of a gradual reduction in the base rate will be considered. The 2026 inflation forecast was revised downward and narrowed to 9.5-11.5%. Inflation is expected to move into single-digit territory in 2026. Inflation is projected to slow further to 5.5-7.5% in 2027 and approach the 5% target in 2028.

Inflation will reach the target by 2028



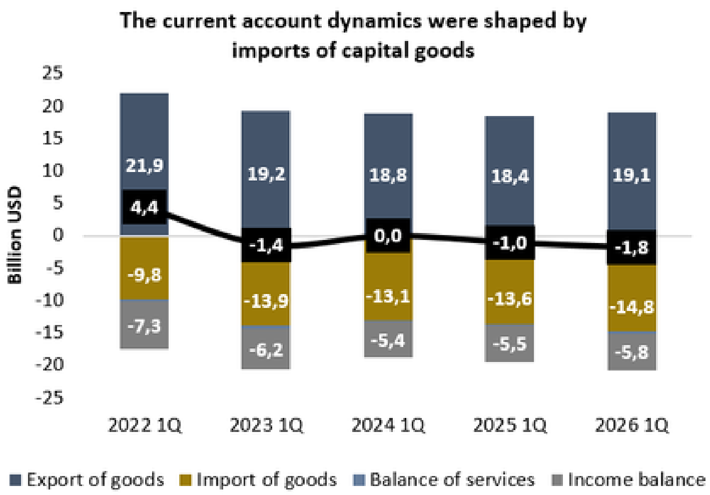
Seasonally adjusted and core inflation indicators are slowing, but remain above the target level



Current account deficit widens AMID STRONG INVESTMENT-DRIVEN IMPORT GROWTH

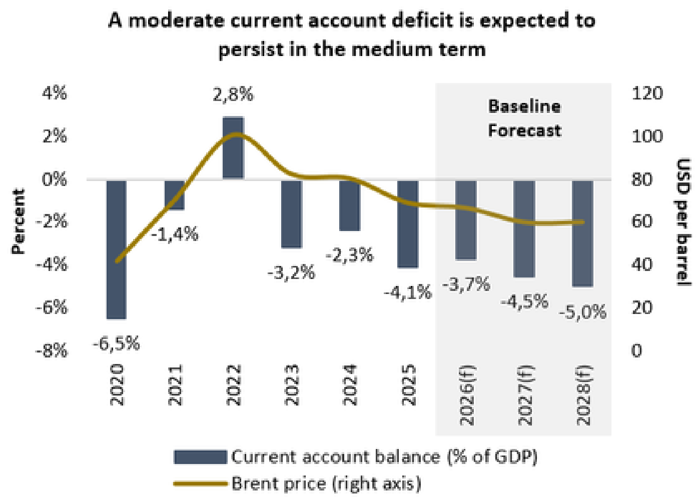
CURRENT ACCOUNT

According to the NBK's preliminary data, the current account deficit widened to (-)$1.8 billion in 1Q 2026, compared to (-)$1.0 billion in the same period of 2025. The widening of the deficit was driven by faster growth in imports of investment goods.



Imports increased by 9% to $14.8 billion, driven by stronger demand for intermediate and capital goods related to the implementation of investment projects. At the same time, imports of consumer goods declined. Meanwhile, exports of goods rose by 3.6% to $19.1 billion, mainly due to higher shipments of non-ferrous metals and their ores, uranium, and grain.

The February 2026 update to the current account forecast indicates an improved outlook for 2026 compared to the November 2025 estimates. According to the updated projections, the current account deficit is expected to narrow from (-)4.1% of GDP in 2025 to (-)3.7% of GDP in 2026. The current account deficit is projected at (-)4.5% of GDP in 2027 and (-)5.0% of GDP in 2028. The revision reflects updated assumptions regarding global oil prices, goods imports, and the income balance.



Export volumes are expected to exceed 2025 levels, mainly driven by growth in non-oil shipments. The increase in non-oil exports will be supported by higher global prices for metals and uranium, as well as sustained external demand for Kazakhstan's high value-added products, including agricultural goods.

The increase in domestic demand for imported goods is expected to continue. Import growth will be driven mainly by higher imports of industrial goods used for the implementation of investment and infrastructure projects, as well as for the modernization of production capacities.

The income balance is projected to remain in a moderately deep deficit over the forecast horizon, driven by continued income payments to foreign direct investors, amid higher oil production volumes and relatively strong metal prices.

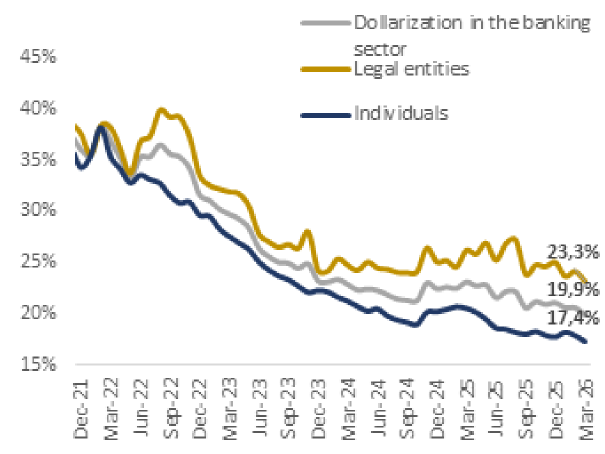
TENGE CONTINUES TO STRENGTHEN
on tight monetary policy and favorable external factors

FX MARKET & FX RESERVES

mln USD	2023	2024	2025	2026 1Q
FX Reserves	35 944	45 823	65 414	66 786
Assets in hard currencies	16 434	21 980	18 178	15 015
Gold	19 510	23 844	47 236	51 771
Share of gold,%	54%	52%	72%	78%
USD/KZT total volume on KASE	37 047	54 963	63 030	19 195
USD/KZT rate	455	525	506	482
Interventions (net)	0	(-) 1 355	(-) 125,6	0
Sales from National fund	(-) 9 483	(-) 10 180*	(-) 8 234	(-) 1 150
Sales under monetary neutrality principle	0	0	(-) 7 045 (3 675 bln. KZT)	(-) 2 112 (1 048 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*

Dollarization of deposits remains low



Since the beginning of the 2026, the tenge's appreciation has been driven by a well-balanced FX market and a sustained supply of foreign currency, supported by higher oil prices and continued inflow of non-resident investments. Over 1Q2026, the tenge strengthened by 4.8%, ending the March at 481.54 per US dollar.

During the 1Q2026, FX sales from the National Fund to support fiscal transfers to the republican budget amounted to USD 1.15 billion. As part of the mirroring mechanism, the NBK sold USD 2.1 billion during the same period. No FX interventions were conducted in 1Q2026.

In 2Q2026, FX sales equivalent to around KZT 1.1 trillion are planned under the mirroring mechanism.

Due to the decline in the foreign currency share of the UAPF pension assets below 40%, driven by incoming pension contributions and the appreciation of the tenge, the NBK resumed foreign currency purchases starting from 2Q2026. In April, foreign currency purchases on the exchange amounted to USD 502 million, representing approximately 5.8% of total trading volume. Further decisions will be made taking into account market conditions within the framework of the investment management of pension assets.

As of the end of 1Q2026, the country's international reserves reached $129.2 billion, including $66.8 billion in NBK FX reserves and $62.4 billion in National Fund assets.

By the end of the 1Q2026, deposit dollarization had declined to a historic low of 19.9%. The decrease was broad-based, with the share of foreign currency deposits falling to 17.4% among individuals and 23.3% among legal entities - both at multi-year lows. This shift toward holding in the national currency reflects strengthening confidence in the tenge and underscores its growing influence on saving behavior across the economy.

GOVERNMENT SECURITIES MARKET OVERVIEW

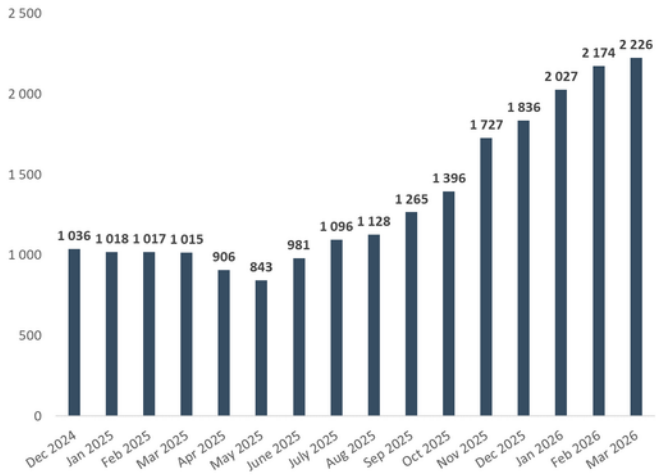
In 1Q 2026, the Ministry of Finance of Kazakhstan issued fixed-coupon government securities totaling 1,638 billion tenge. Yields had decreased by 42 bps on average along the curve in the quarter and stood at levels ranging from 14.97% to 16.25% The decline in yields was driven by several factors, including sustained investor demand amid expectations of inflation stabilization, a relatively balanced issuance schedule during the quarter that limited pressure on yields, the continuation of tight monetary policy, which supported disinflation trends. Market participation (excluding funds under NBK management) amounted to 62.8%.

At the same time, inflows of non-resident investors into Kazakhstan government securities continued. As of the end of 1Q 2026, non-resident holdings of tenge-denominated government securities reached KZT 2.2 trillion (USD 4.7 billion), increasing by KZT 390 billion since the beginning of the year.

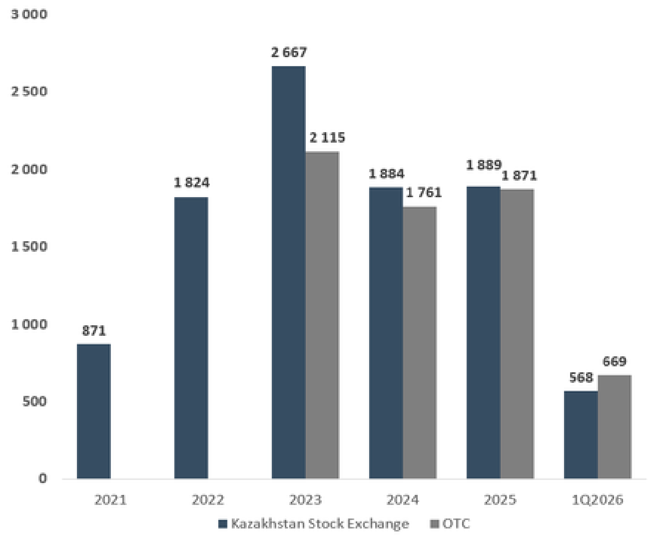
In 2026, a comprehensive regulatory transformation is planned, including the adoption of a new Law on the Securities Market, which is expected to further improve market transparency and accessibility for international investors.

In parallel, Euroclear is commencing the initial phase of a project aimed at including government securities of the Republic of Kazakhstan in the list of instruments eligible for settlement through the Euroclear international settlement system. The establishment of a direct link between Euroclear and the local market infrastructure will mark an important milestone in the development of Kazakhstan's financial market and is expected to further support foreign investor participation in the domestic government securities market.

Foreign investors holdings of KZT-denominated government securities, in bln KZT



Secondary market liquidity, in mln KZT



OTC data is available since 2023

INVESTOR RELATIONS

The NBK continues to foster transparent and proactive engagement with the global investment community. In the 1Q2026, the National Bank held a series of high-level strategic meetings aimed at strengthening bilateral cooperation and discussing Kazakhstan's macroeconomic stability.

On 13 March 2026, NBK held an in-person meeting with international funds and portfolio managers, organized by Barclays. Discussions focused on Kazakhstan's macroeconomic outlook and growth prospects, recent monetary policy developments and inflation dynamics. Participants also reviewed external sector developments, including the current account and external sector statistics. In addition, NBK held technical and strategic consultations with Clearstream on further enhancing Kazakhstan's financial market infrastructure.

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- Aliya Ryskeldiyeva - general queries (aliya.ryskeldiyeva@nationalbank.kz)

Additional sources:

- Press releases
- Monetary Policy Report
- Summary of Deliberations