

Dear Aibek Arkabayuly!

Distinguished Deputies!

Currently, the global economy is evolving amid heightened uncertainty, geopolitical tensions and shifts in trade policy.

According to IMF forecasts, **global economic** growth is projected at **3.1%** this year and **3.4%** next year.

Global inflation is expected to reach **4.7%** in 2026 and **4.1%** in 2027.

Despite external challenges, the national economy undergoes dynamic development. GDP grew by **4.2%** over the first **nine** months of this year.

Annual inflation made **9.3%**, marking a slowdown for the **twelfth month in a row**. Prices rose by **8.5%** for **food** products, by **11%** for **non-food** goods, and by **8.9%** for **paid services**.

This deceleration is driven by the ongoing **monetary policy, improvement of the tenge exchange rate**, measures of the National Bank to reduce **excess liquidity**, and implementation of a complex of **anti-inflationary measures** in tandem with the Government.

In this connection, on 4 September we **cut the base rate down to 16.25%**.

Along with that, risks to price stability persist. Therefore, we will continue our comprehensive efforts toward sustainable reduction of the inflation and development of the financial market.

FIRST. Minimum reserve requirements. Starting this September, third phase of an increase in **minimum reserve requirement ratios** has taken effect. This measure allows to effectively absorb excess liquidity and enhances overall effectiveness of the implemented policy. Through the MRR mechanism, **4.3 trillion KZT** in liquidity has been absorbed.

SECOND. We will continue to **"mirror" our gold-purchasing operations**. Specifically, when gold is purchased from enterprises, an excess money supply enters circulation. To prevent this from fueling the inflation, the resulting excess liquidity is withdrawn through the sale of foreign currency. In the first nine months of this year alone, **3.2 trillion KZT** was withdrawn, and an additional 900 billion KZT is to be withdrawn by the end of the year.

THIRD. Regulation of consumer lending. As a result of the adopted **macro- and microprudential measures**, the **consumer credit** market is normalizing and moving toward a trajectory of balanced growth. The more consumer loans banks issue to individuals, the more capital they must hold. This mechanism is known as a countercyclical capital buffer. As of 1 September, capital buffer accumulated by banks exceeded **550 billion KZT**.

FOURTH. To shift the focus of second-tier banks away from consumer lending and toward business lending, a **differentiated tax regime** for bank income was introduced this year: corporate income tax rate is **25%** on earnings from retail lending, compared to **20%** on earnings from business lending.

This, coupled with other measures, encourages banks to increase lending to the real sector of the economy.

As a result of these measures, the **retail loan portfolio** grew by **11.6%** year-on-year, while the **business loan** portfolio expanded by **14.2%**.

FIFTH. The financial sector continues to demonstrate a high pace of digitalization. In July, a national **Interbank mobile payment system featuring a unified QR-code service** was launched. In this short period, about **45 million transactions** for **over 875 billion KZT** have been processed through the system.

Use of the digital KZT in public finance continues to expand, with more than **350 billion** digital KZT issued within various projects.

Through the National **Anti-Fraud Center**, over **215,000** instances of fraud and other illicit transactions exceeding **126 billion** KZT have been identified.

Comprehensive regulation for circulation of **digital assets** in Kazakhstan has recently been introduced, and the relevant law has been enacted. Furthermore, subject to a decree of the Head of State regarding development of the crypto-industry, the

National Bank and the Government have adopted a Joint Action Plan.

A **digital platform** for issue and servicing of digital financial assets has been launched at the facilities of the Kazakhstan Stock Exchange. There are **four** licensed crypto-service providers in operation.

The National Bank has established a **National Crypto-Reserve** with a volume of **USD 700 million**, where nearly **USD 200 million** have already been invested.

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Distinguished Deputies!

Key objective of the monetary policy is to **ensure price stability**.

The declining inflation is indicative of effectiveness of our collective measures. Nevertheless, certain risks remain. Therefore, it is essential to ensure effective implementation of the joint program developed by the Government, the National Bank, and the Agency for Regulation and Development of the Financial Market which is designed for macroeconomic stabilization and improvement of the well-being of the population, as well as a complex of anti-inflationary measures.

This creates necessary conditions for sustainable economic growth, recovery of the investment activity, and an improvement in the population's welfare.

Thank you for your attention!