

An aerial night view of a city, likely Astana, Kazakhstan, featuring a prominent skyscraper in the center. The city is illuminated with warm lights, and a large river or canal is visible on the right side. The text "KAZAKHSTAN" is overlaid in the center in a large, white, sans-serif font.

KAZAKHSTAN

MARKET UPDATE

July 2025, Kyoto

Key Highlights

Solid Macroeconomic Balances



- GDP growth at **4.8%** in 2024 reaching **\$288 bln**
- Upper-middle income country: **GDP per capita \$12.9k** in 2024 (-3.01% YoY)

Resilient Credit Profile



- Investment-Grade ratings since 2002 despite global geopolitical tensions and oil price shocks
- Kazakhstan holds stable investment-grade credit ratings from major international agencies: BBB (Stable) by Fitch, BBB- (Stable) by S&P Global, and Baa1 (Stable) by Moody's

Robust External Accounts and Low Debt Level



- **\$460 bln** Gross FDI Inflows as of January 2025
- International reserves at **\$112.3 bln** as of May 2025
- Public debt at **22.7%** of GDP in 2024
- Government budget deficit at **2.7%** of GDP in 2024

Free movement of capital

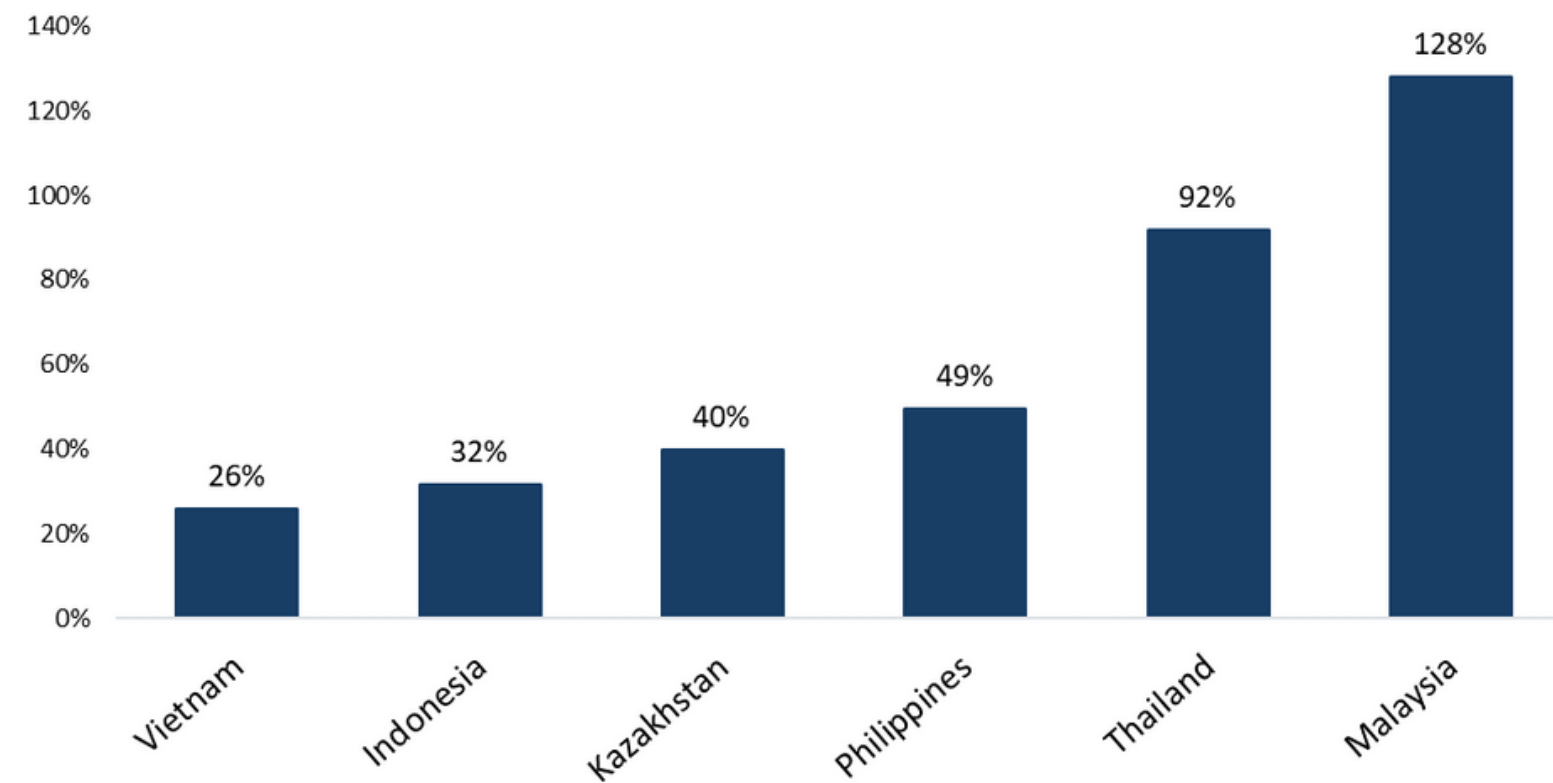


- Solid and stable legislation
- **No restrictions** on capital movement
- Strong commitment to favorable investment climate

Tenge bond market

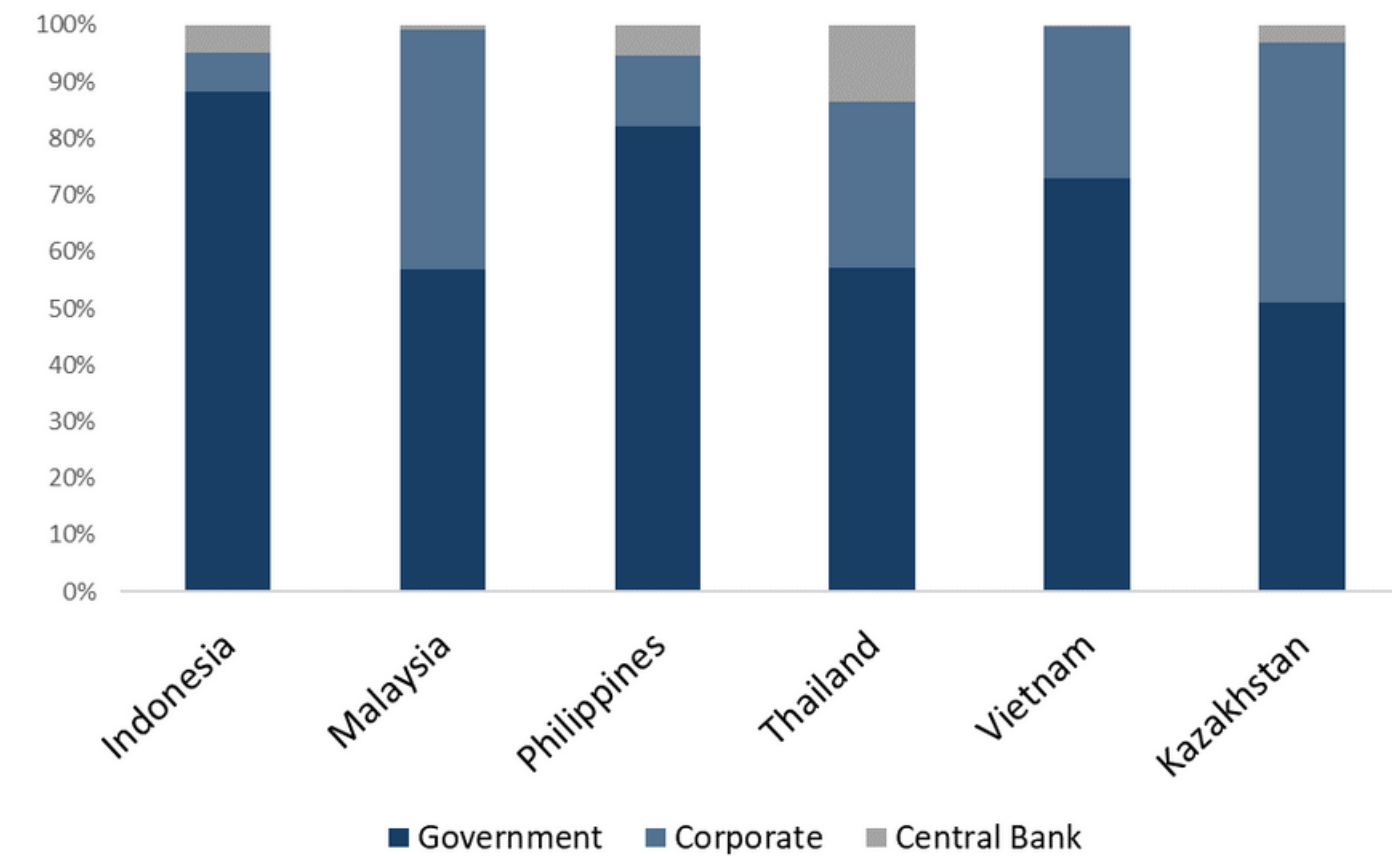
A comparative analysis

LCY Bonds as a % of GDP (as of 2023)



Source: asianbondsonline.adb.org, KCSD

Structure of LCY bond market - peer comparison (2023)

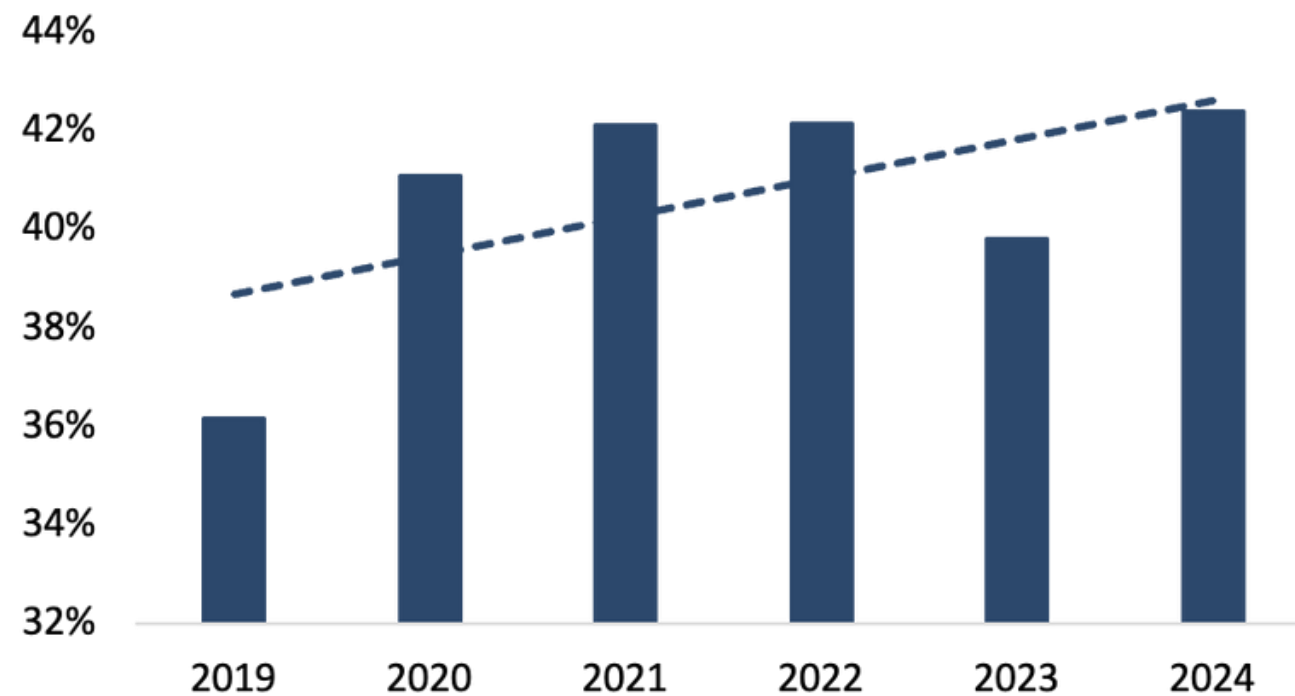


Source: asianbondsonline.adb.org, KCSD

- Tenge bond market is about **40% of GDP** (2023) which is comparable with Indonesia and Philippines, but three times less than Malaysian
- Kazakhstan's market is as well balanced as Malaysian holding almost parity between government and corporate sectors

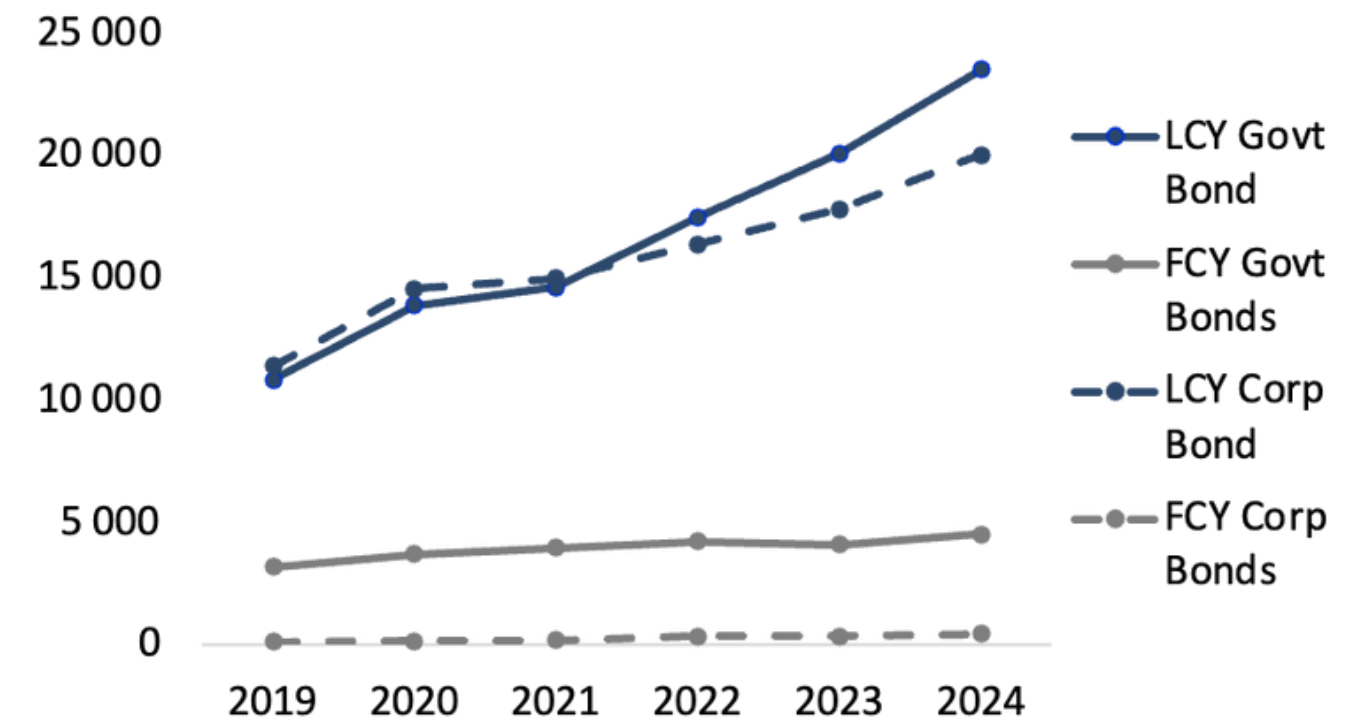
Steady growth & balanced FX risk

LCY Government and Corporate Bonds as % of GDP



Source: KCSD

Public vs Private Debt (bln KZT)



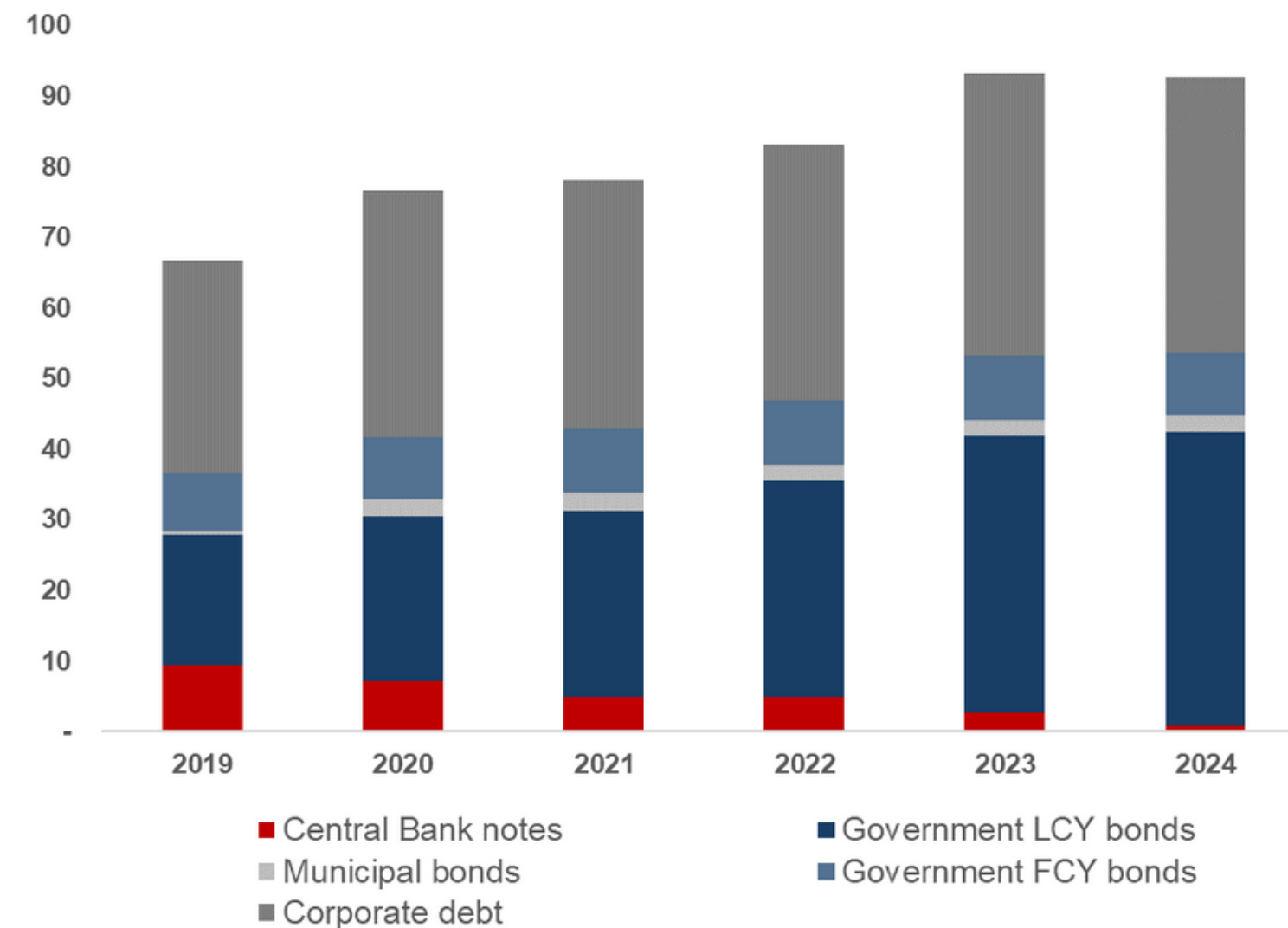
Source: KCSD

- The bond market has expanded significantly in both absolute and relative terms, reaching **42% of GDP** as of the end of 2024
- The market significantly increased in size in 2020 due to the policy measures implemented during the pandemic
- In 2024, FCY government bonds accounted for **9% of the total bond market and 19% of LCY government bonds**, which is a comfortable level
- High FX (USD) inflows from commodity exports and a low level of FCY bonds mean a tolerable level of currency mismatch in the bond market

Bond market almost doubled

Since 2019 in tenge terms

Bonds Outstanding in the Republic of Kazakhstan
(LCY and FCY), 2019-2024, USD bln eq.



Source: KCSD

\$90 bln

The total volume of bond market as of 2024

11.3%

compound annual growth rate of the bond market in KZT

+90%

The growth of LCY bond market since 2019; in USD terms, the growth is +38%

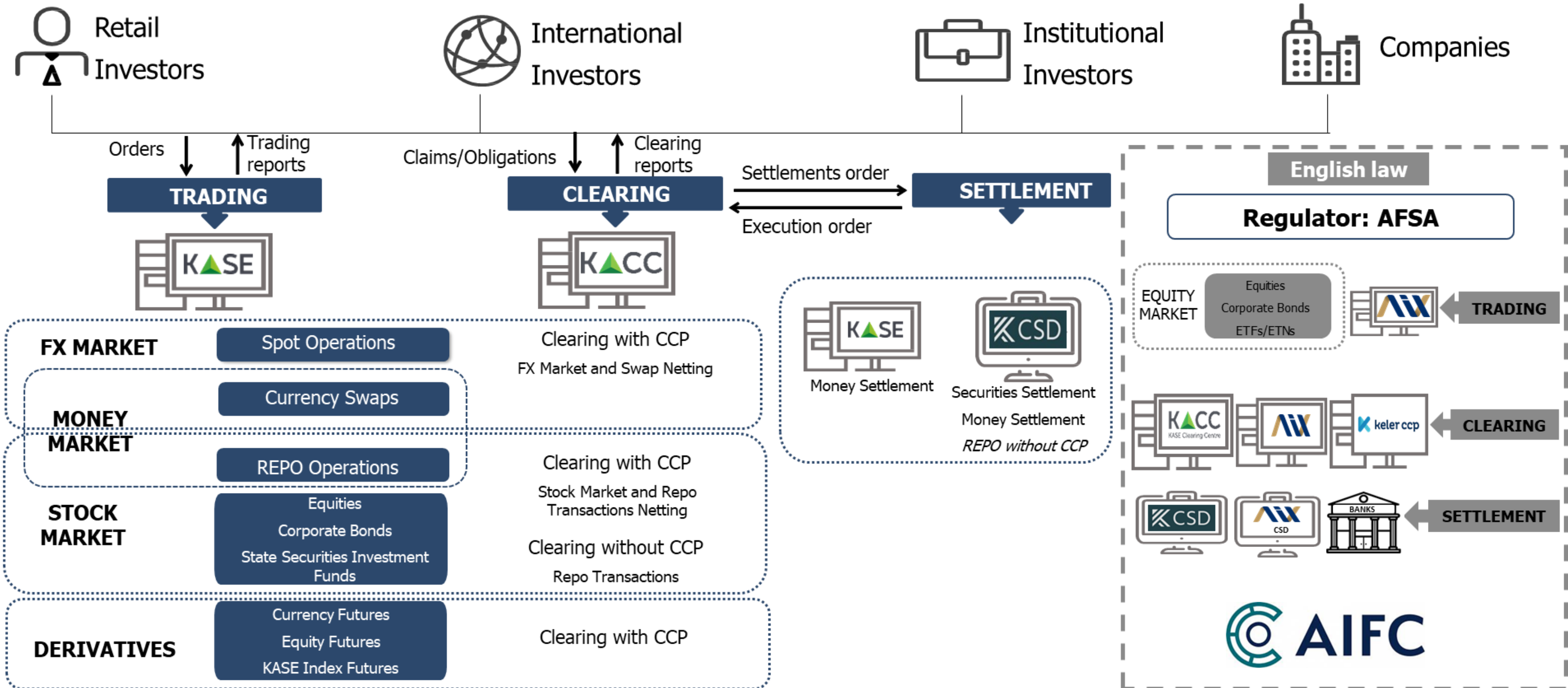
+117%

The increase in LCY government bond market in 2024 compared to 2019

Kazakhstan market infrastructure

Regulator: Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market

Ownership: National Bank of Kazakhstan
47% KASE 64% KCSD





Government bond market at a glance

Eq \$45.6 bln

Total outstanding government
bonds in LCY

Eq \$5.9 bln

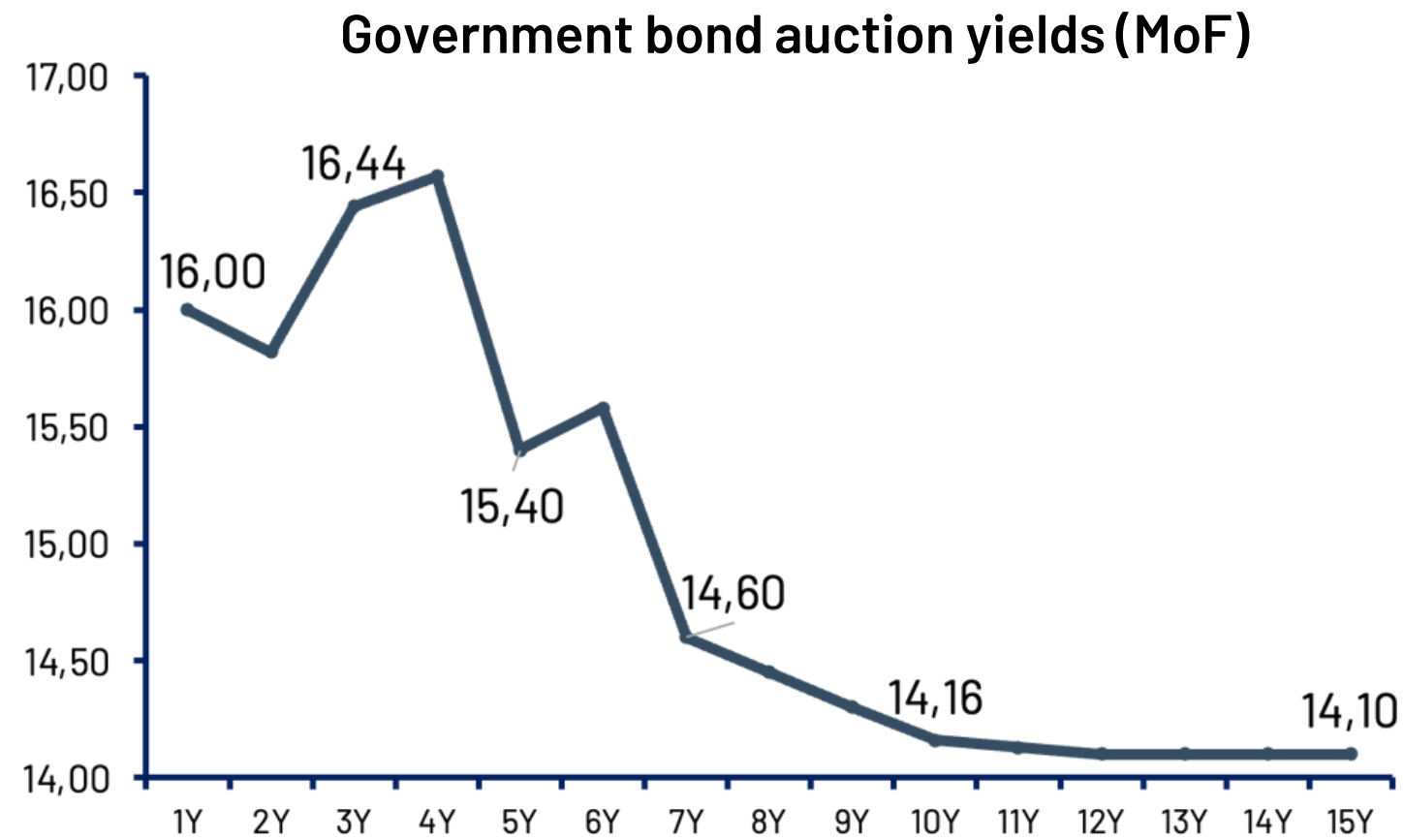
Total government bonds LCY
issuance, 2025

Eq \$1.8 bln

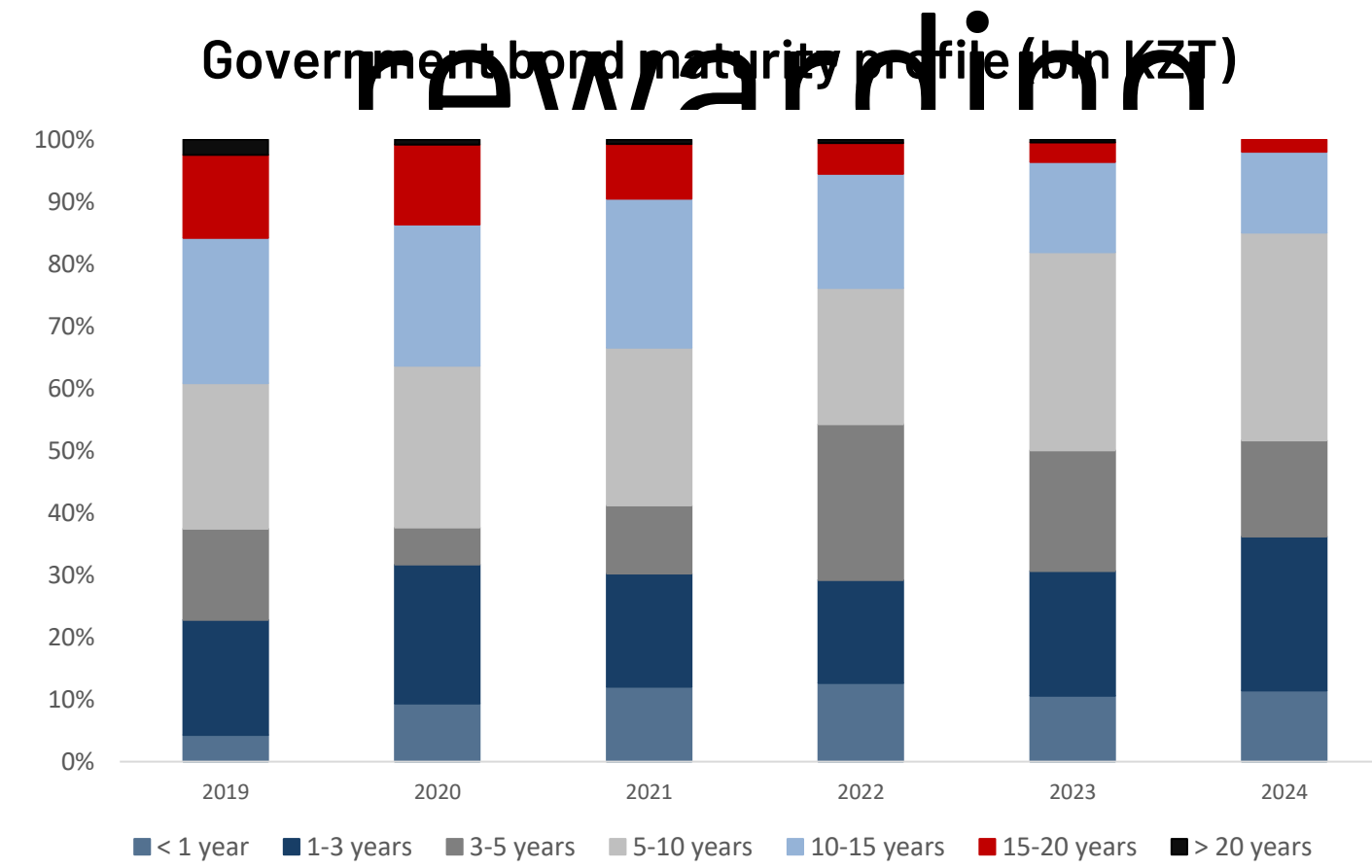
Non-Resident holdings in
government bonds

Government bonds:

resilient &



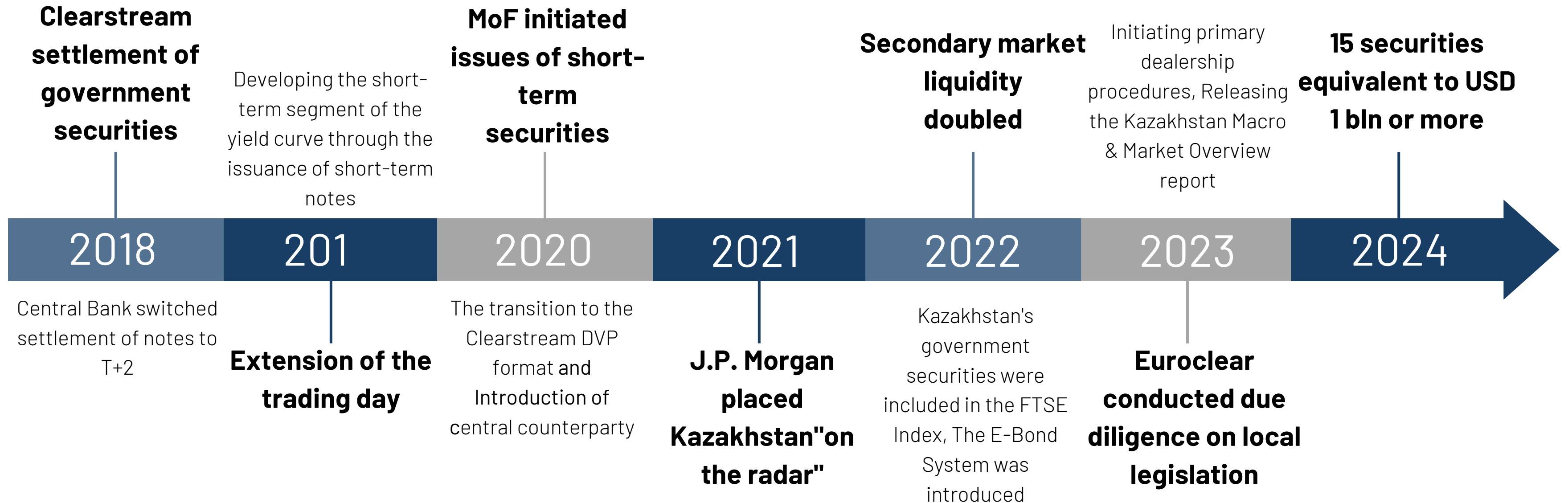
Source: National Bank Of Kazakhstan



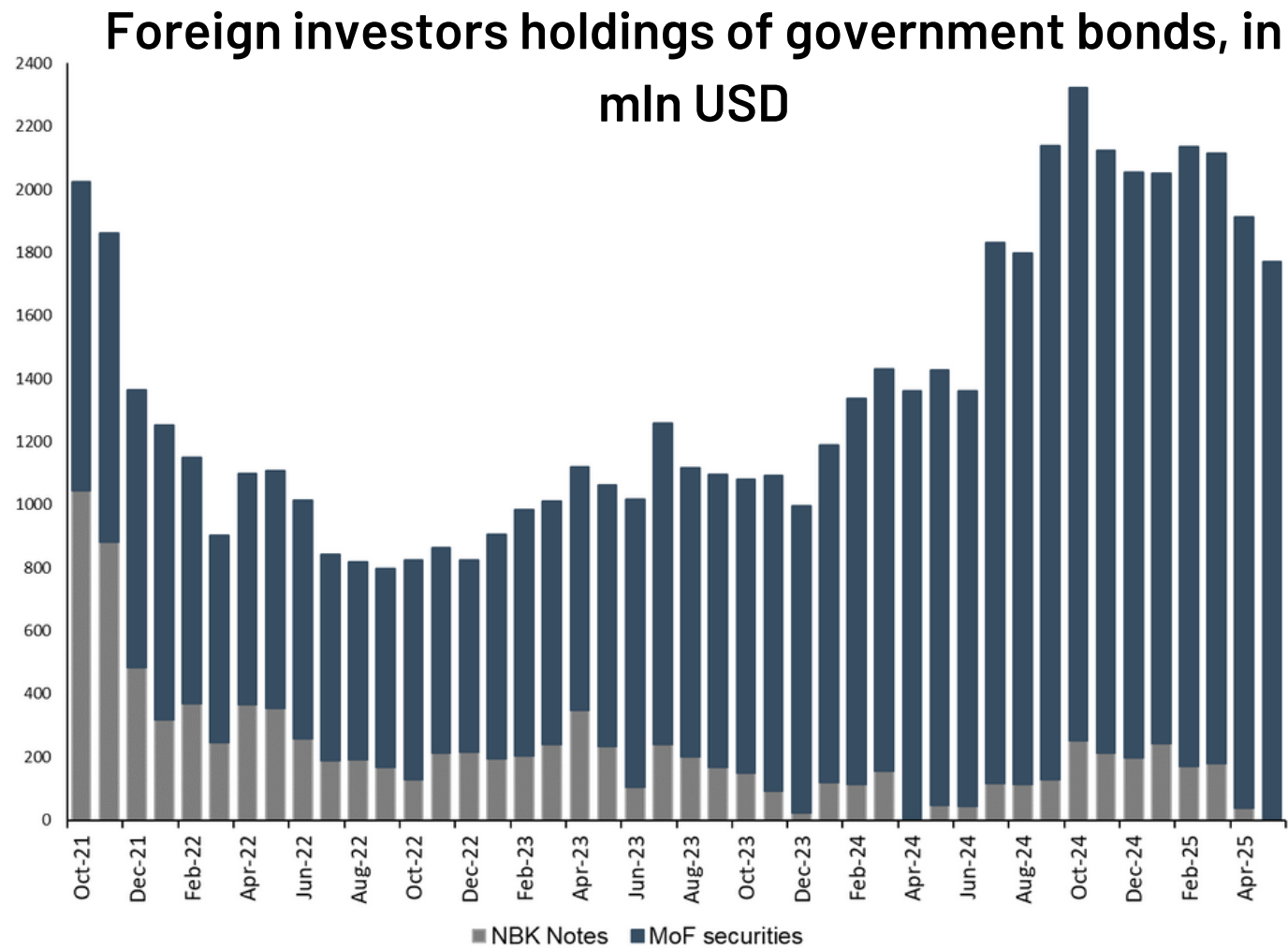
Source: KCSD

- Given the current central bank rate, auction yields range between **14.1% and 16.87%**, with the yield curve currently **inverted**
- Around 50% of issued securities in 2025 have maturities of **less than 5 years**, reflecting investor demand for shorter tenors.

Key Milestones

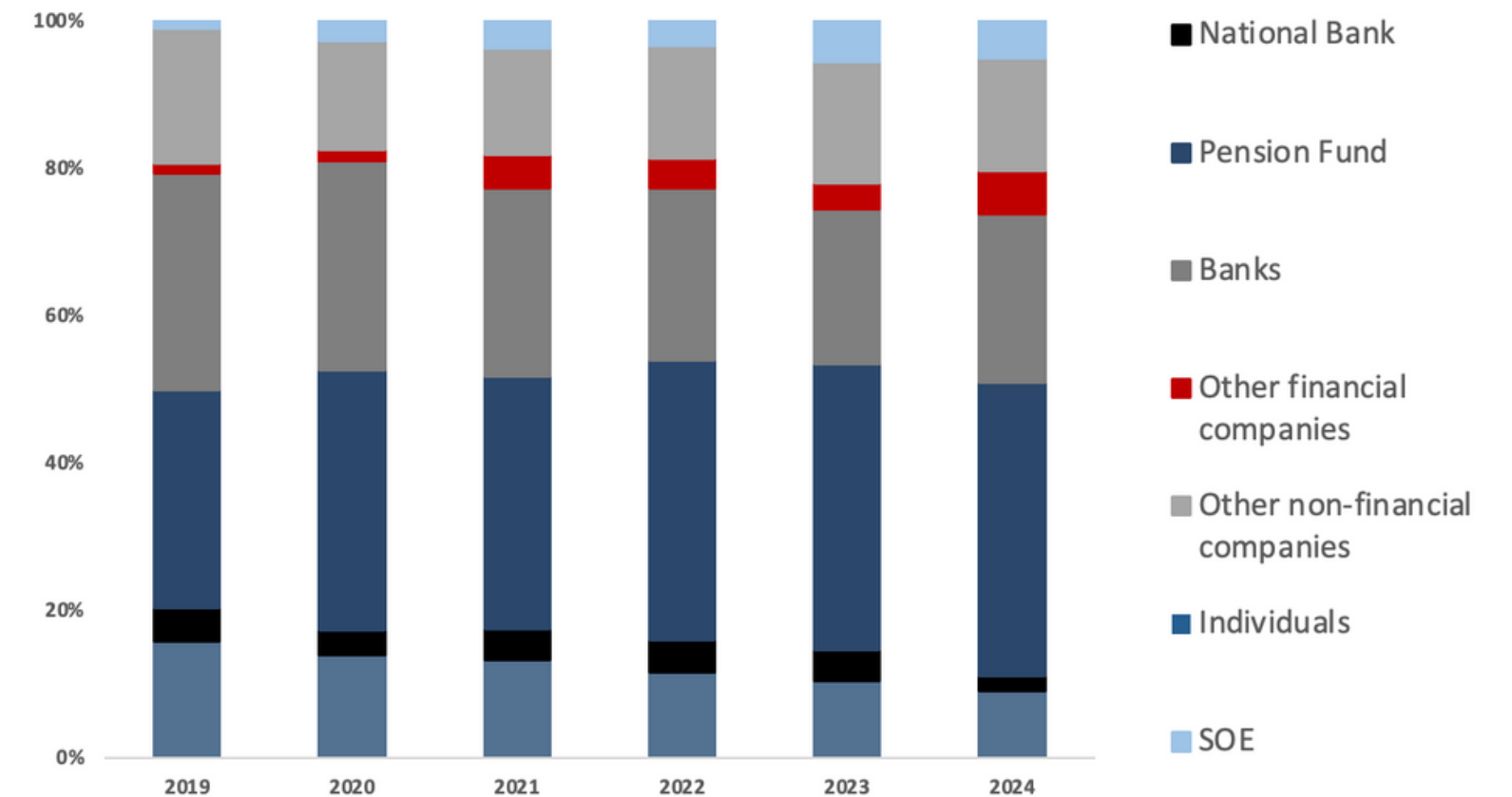


Government bonds: investors



Source: KCSD

Government bonds by type of investors, %

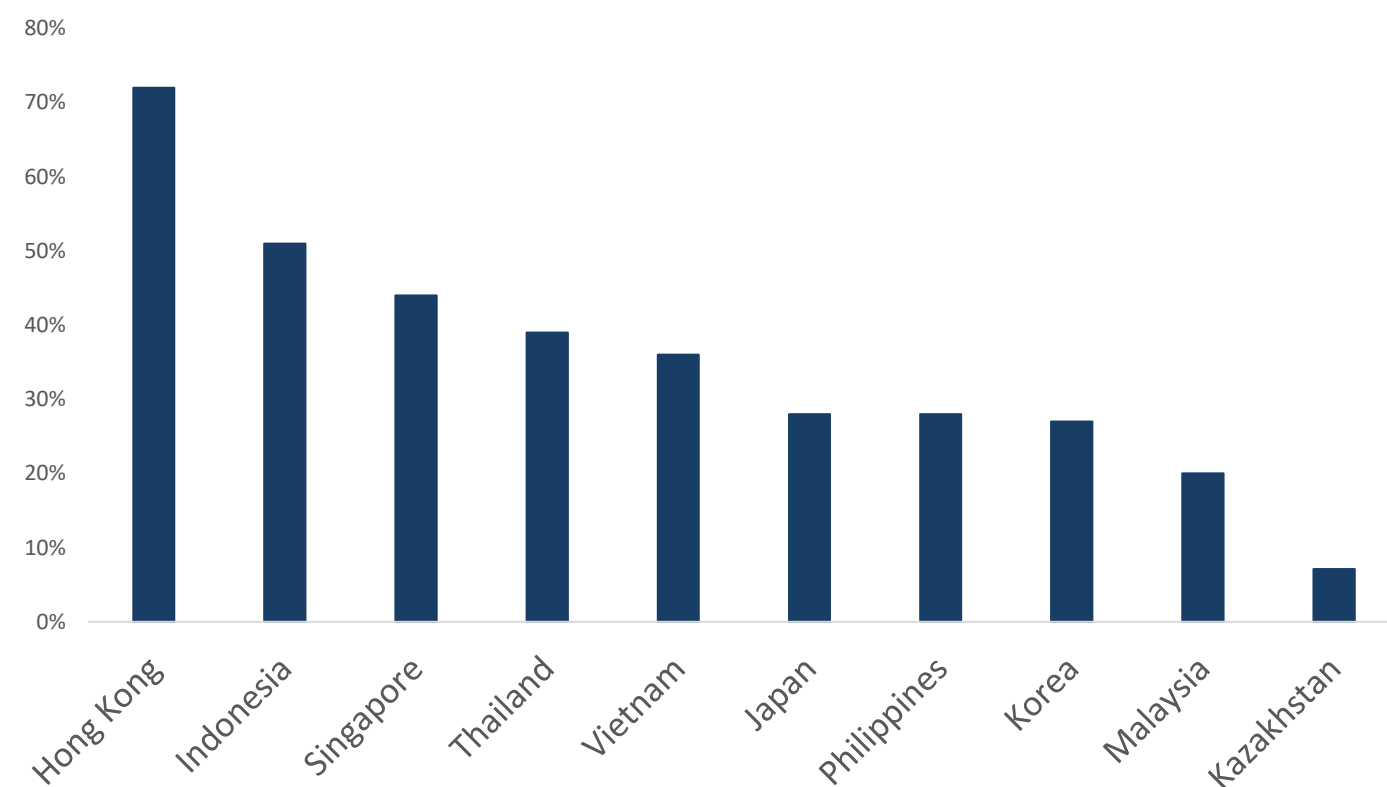


Source: KCSD

- Holdings of foreign investors peaked in 2021, but subsequently declined due to global geopolitical risks
- Despite this, foreign holdings reached a historical high of USD 2.3 billion in October 2024
- Kazakhstan has strong potential to further increase non-resident participation, as yields are favourable compared to other BBB- rated peers
- The largest investor in government securities is the Unified Accumulative Pension Fund, followed by banks

Government bonds: challenges

Secondary market liquidity in government bonds as a share of bonds outstanding



Source: asianbondsonline.adb.org, KASE

Secondary Market Liquidity for Kazakhstan's Government Securities Remains Significantly Lower than in ASEAN+ Peers

Solution: The Ministry of Finance and the National Bank are actively working to introduce a primary dealership system, which is expected to substantially increase secondary market trading volumes

Benchmark-sized KZT denominated bonds

ISIN	Ticker	Currency	Offering, mln KZT	Yield, %	Maturity
KZKD00000840	MUM180_0012	KZT	640 286,9	15,9	1671 (5)
KZKD00001103	MUM156_0007	KZT	611 032,5	14,3	3124 (9)
KZKD00001202	MUM096_0013	KZT	580 213,3	15,3	1671 (5)
KZKD00001210	MUM072_0014	KZT	577 161,2	16,4	1340 (4)
KZKD00001087	MUM108_0013	KZT	575 154,5	15,4	1368 (4)
KZKD00000832	MUM240_0004	KZT	570 958,9	12,0	3466 (10)
KZKD00001160	MUM096_0012	KZT	561 141,1	16,9	1485 (4)
KZKD00000741	MUM240_0002	KZT	552 048,3	14,2	3209 (9)
KZKD00001129	MUM120_0019	KZT	546 197,6	15,5	2074 (6)
KZKD00000899	MUM120_0017	KZT	528 795,6	17,5	623 (2)

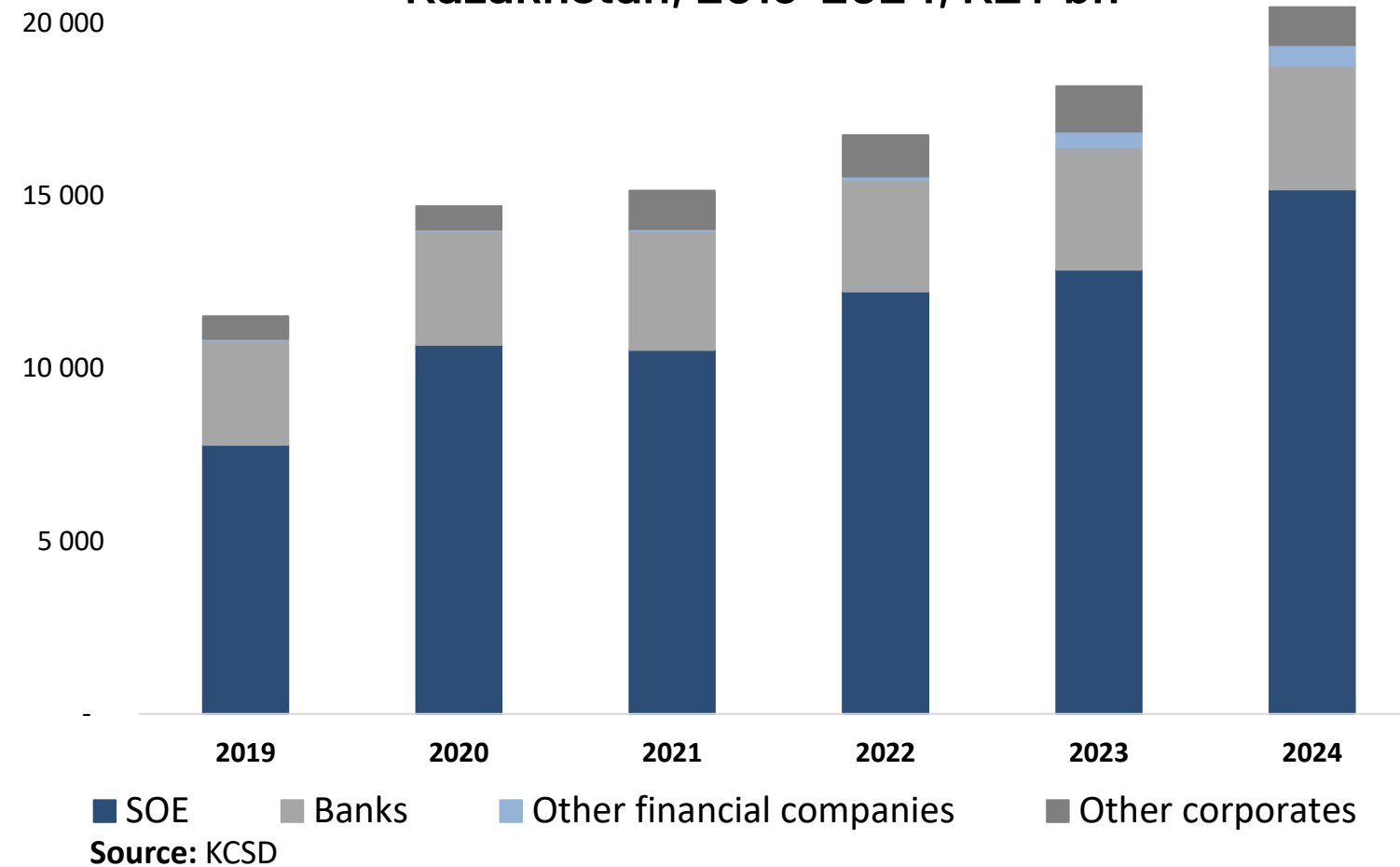
Source: KASE

Market Fragmentation Limits Liquidity Concentration

A large number of small bond issues with similar maturities spreads liquidity across issues. Consolidation and scaling key issuances are critical for inclusion in global indices and attracting foreign investors. **However,** The Ministry of Finance has begun addressing this by issuing benchmark-sized bonds—about 15 now exceed USD 1 billion in size

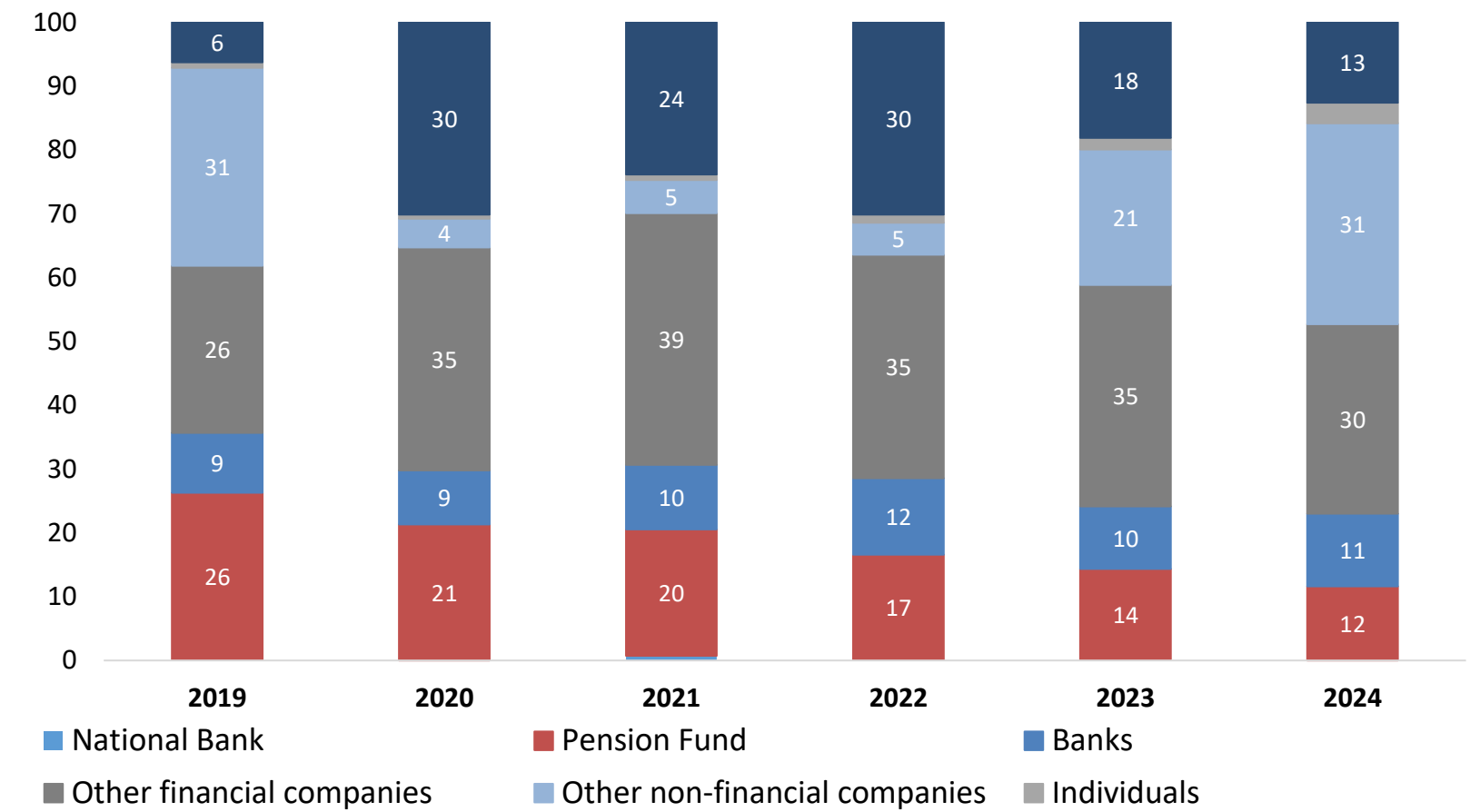
Corporate bonds at a glance

LCY corporate bonds Outstanding in the Republic of Kazakhstan, 2019-2024, KZT bn



- The capital raised by SOEs via bonds increased in absolute and relative terms, reaching 74.2%
- The share of banks has dropped, as short-term deposits (around 80% of liabilities) are the main source of funds for local banks
- Microfinance institutions have been actively raising capital since 2020, when they became regulated and received the right to issue bonds

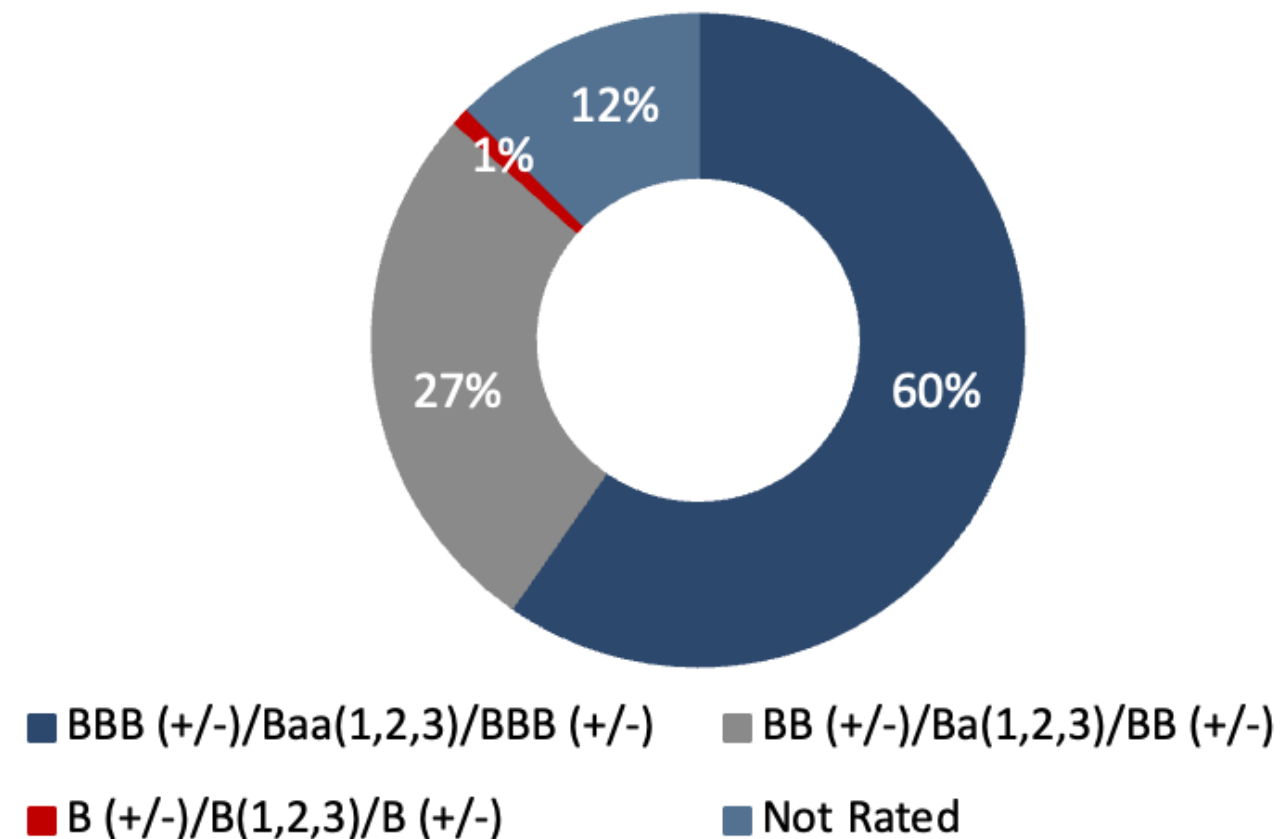
Corporate Bond by Type of Investors as Share of Total, %



- The pension fund is steadily reducing its role in the local corporate bond market
- The participation of individuals is increased almost 10x since 2019 (826 bln tenge in 2024 vs 86 bln in 2019)
- The share of banks and financial companies (brokers and insurers) is also increasing

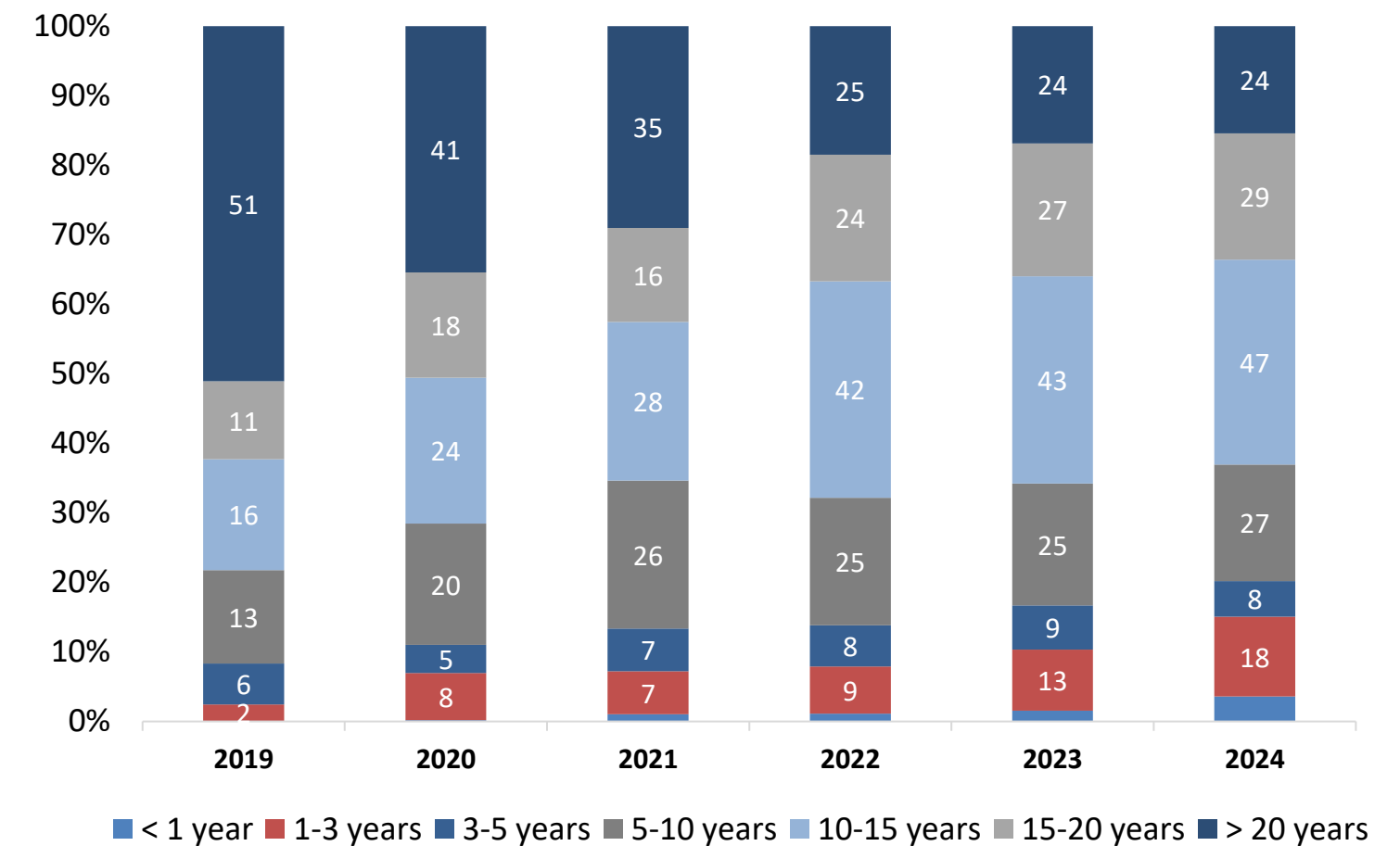
Corporates: ratings & maturities

Corporate Bonds Outstanding Across Credit Ratings, Nov. 2024



Source: KCSD, Moody's, Fitch, S&P

Corporate Bond Maturity Profile

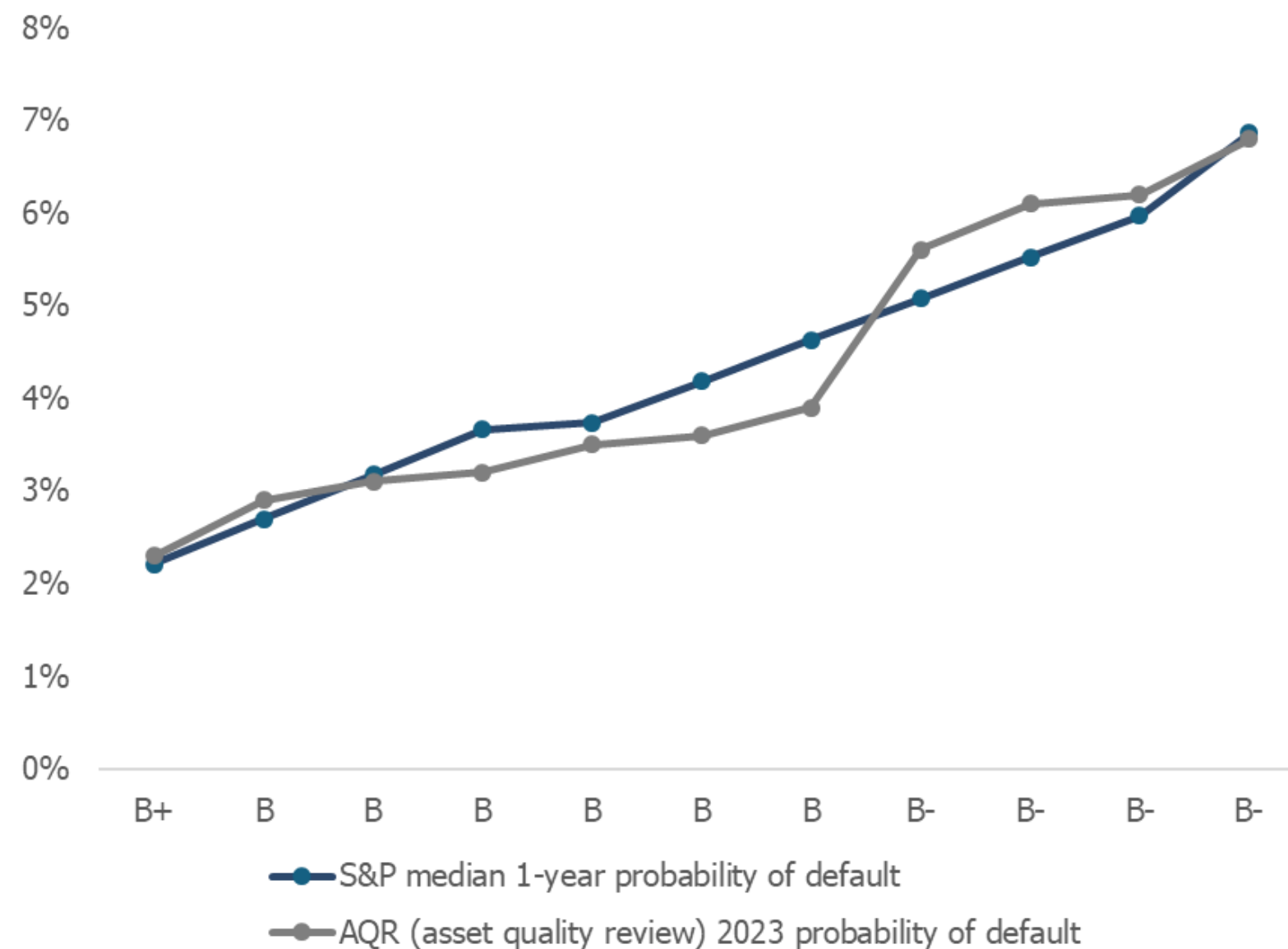


Source: KCSD

- Unified Accumulation Pension Fund is a **main source of long-term capital** on local market – maturities from 5 years and higher takes the most placement through the years...
- ...but most of this capital is addressed to SOE and financial institutions due to their attractive credit quality
- **Share of <5 year bonds** increased from 8% in 2019 to 32% 2024
- **Commercial bonds** were introduced in 2021 and expanded rapidly reaching share of 6% at the end of 2024

Corporate bonds: challenges

The average PD of Kazakhstan businesses corresponds to category B/B- on the S&P international scale



Source: ARDFM, S&P

Challenges:

- Low level of capital rising by private non-financials
- Relatively low credit quality of local private corporates vs conservatism of institutional investors (anchored on high sovereign credit rating)
- Excessive govt business support measures and subsidized financing negatively affect attractiveness of raising capital on the market
- High costs of international credit rating services
- Lack of securitization regulation and infrastructure

Solutions:

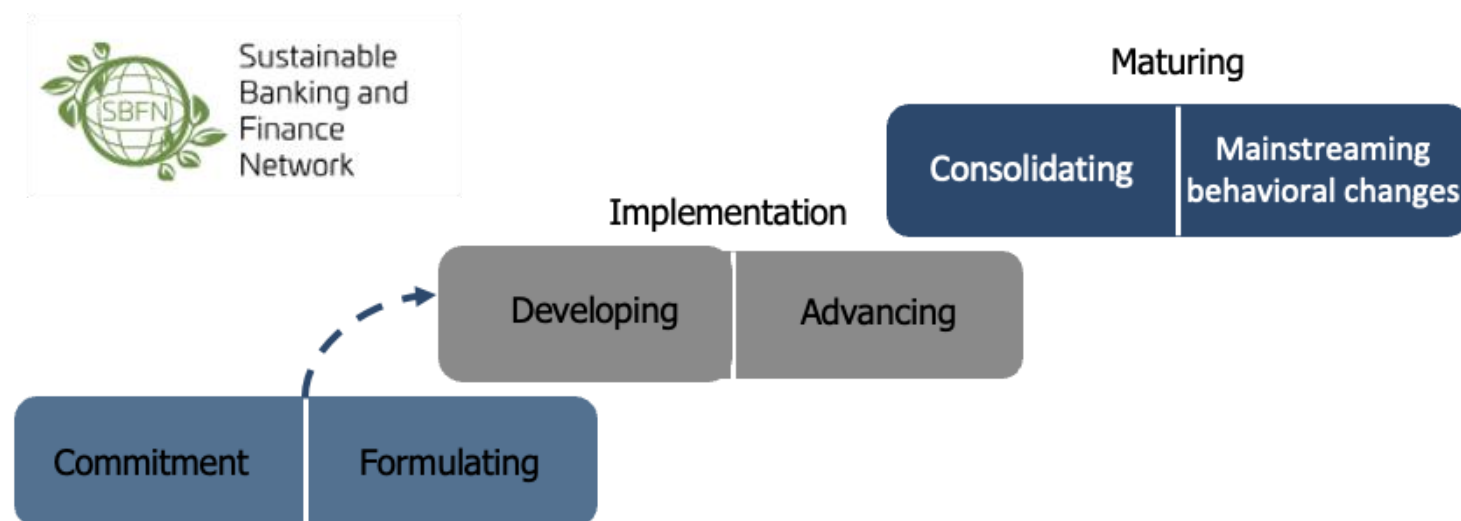
- Two credit guarantee funds established in 2025
- Local credit rating agency to be established
- Improvement of securitization legislation

ESG framework development

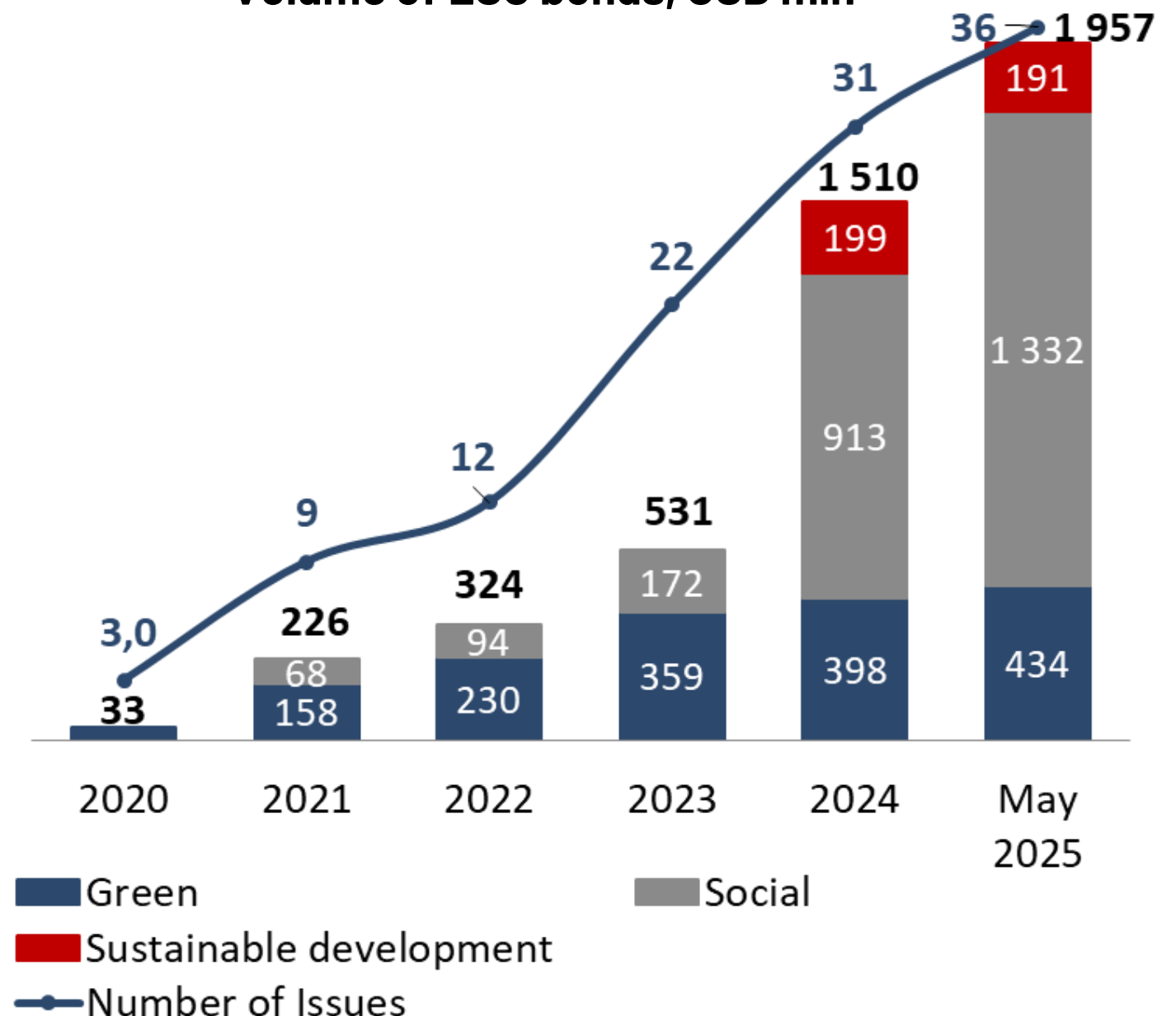
Kazakhstan announced its intention to reach “**carbon neutrality**” by 2060 during the Climate Ambition Summit in December 2020. In 2023 the strategy for achieving carbon neutrality by 2060 was approved, thereby enshrining the net zero target in law.

Increasing the role of ESG financing

- Growth in the volume of issued ESG bonds in 2024 by 2.2 times to USD 1.6 bln (for 5M2025 - USD 418.0 mln);
- Increase in the number of issues by 1.4 times up to 31 issues (for 5M2025 - 5 issues).
- KASE has been a partner of the UN Sustainable Stock Exchanges Initiative since 2016



Volume of ESG bonds, USD mln

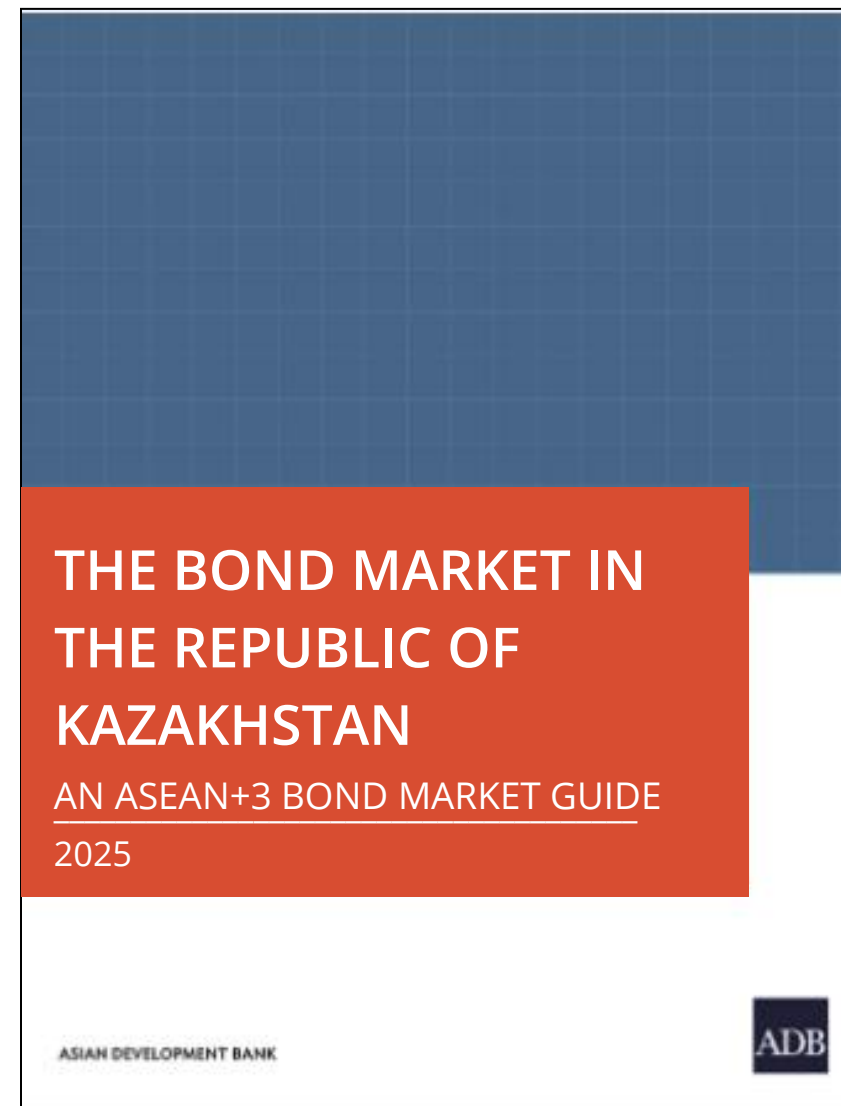


Source: ARDFM, AIFC, KASE

Key BMG Challenges and Lessons

Structured Self-Assessment

The BMG process served as a valuable form of self-assessment, helping us identify structural gaps in data availability, institutional communication, and market infrastructure.



An Iterative, Reflective Process

Preparing a Bond Market Guide is not a linear task – it involves repeated cycles of drafting, review, and refinement, both within the core team and with external stakeholders.

New Strategic

Priorities

One key outcome was the decision to develop a website dedicated to bond market information, planned by end-2025 to improve transparency and investor access. The BMG process also prompted internal discussions on establishing a bond pricing agency and enhancing price discovery mechanisms.

Stakeholder

Alignment

Reaching consensus within the drafting committee required extensive discussion, especially on technical sections. Balancing the perspectives of public and private sector participants demanded flexibility and coordination.

An aerial night view of a modern city, likely Astana, Kazakhstan. The central focus is a large, illuminated sphere with a grid pattern, surrounded by curved, multi-story buildings with glass facades. The city lights are visible in the background, creating a vibrant urban scene.

Thank you!

You are always welcome in Kazakhstan