

Macroeconomic Overview **2025** Updated Forecast





Dear colleagues, friends, and partners!

We are pleased to present to you the updated Macroeconomic Overview by BCC Invest for 2025. The purpose of this review is to summarize the results of the first half of the year and to revise the key macro parameters in order to show the current state of Kazakhstan's economy and what to expect from the global market.

Traditionally, we publish two reports per year: in January – with a forecast for the whole year, and in September – with scenario adjustments. September is not chosen by chance: during this period, most macroeconomic data for the first half of the year is published, and companies disclose their financial results for the second quarter.

We sincerely hope that this review will serve as a practical guide for your decision-making. Thank you for your trust and partnership.

BCC Invest Team

CONTENT

02	Economy of Kazakhstan
24	Debt Market
34	Equity Market
48	Global Market
58	Abbreviations
59	Contacts



*Electronic version of
the Macroeconomic
Overview by BCC Invest for
2025.*



Sultan Zhumagali, Director of the Department of Analytics and Research

The very first skyscraper to exceed the half-kilometer mark was Taipei 101 in the capital of Taiwan. Its key feature was a 660-ton tuned mass damper suspended between the 87th and 91st floors. It absorbs wind and earthquake oscillations by swaying in counter-phase to the building, thereby reducing the sway of the upper floors.

If we imagine that the entire market is Taipei 101, then the damper has become lighter, provoking stronger swings. The high cost of raising capital dictates prices and risks. Long-term government bond yields are rising across most developed economies. The reasons differ in each region, ranging from political instability to defense spending. However, they all share one factor – large borrowing volumes and mounting fiscal risks against the backdrop of wide deficits and growing debt.

Over the past year, the sharpest increases in 30-year yields have been observed in Japan, the United Kingdom, and France. The long end in the U.S. has reached yield levels last seen in 2008 – the term premium is rising, and investors demand greater compensation for holding long-dated bonds. Therefore, in the tactical horizon, equities and corporate debt appear relatively more attractive.

Equity indices in developed countries have, on average, grown by more than 10% since the beginning of the year. The growth of stock

markets has been steady but uneven, with driving factors differing across regions.

In 2025, the Federal Reserve lowered interest rates for the first time, cutting by 25 basis points (0.25%) in response to signs of a slowdown in the U.S. labor market. This proactive step to support the economy, taken despite elevated inflation, was well received by financial markets, which now anticipate it may mark the start of a broader cycle of rate reductions.

More broadly, major central banks have nearly completed their easing cycles, in many cases acting more aggressively than the Fed. The European Central Bank, for instance, was able to reduce its key rate by 2 percentage points as inflation moved closer to the 2% target, with no evidence of renewed price pressures—industrial weakness and supply chain disruptions continue to restrain growth.

In contrast, the Bank of Japan stands out, tightening monetary policy and moving toward normalization after years of maintaining negative interest rates.

In emerging markets, the picture is cautiously positive. Real yields on EM local bonds are holding at decade highs. Central banks in developing countries raised rates more quickly and aggressively during the global price surge. Currently, many emerging market regulators have maintained their restrictive policies and have room to cut them if necessary as the economy weakens. For this reason, the most attractive section remains the short duration + high yield upper segment combination. This primarily concerns securities rated BB, whose fundamental indicators allow them to be upgraded to investment grade in the near future. Such countries include, for example, Paraguay,

Oman, Guatemala, and others. Whether sovereign or corporate, BB-rated issuers offer a favorable combination of yield enhancement compared to developed market bonds, while the short maturity of these securities provides protection from short-term market volatility.

In Kazakhstan, the situation with the debt market is logically identical to that of other EM countries. The rate remains high, and recently released inflation data for August showed it accelerated to 12.2%. As a result, according to our estimates, the likelihood of an increase in the base rate by the end of the year to 16.75–17.00% is increasing. Detailed growth, inflation, rate, and exchange rate guidance can be found further in the report.



Economy of Kazakhstan

03	Foreword	12	Crude Oil Dynamics
05	Summary	15	Housing Market Bubble Index Assessment
06	Gross Domestic Product	18	National Budget
08	Consumer Price Index	20	External Debt
09	Base Interest Rate	20	Foreign Trade
11	USD/KZT Exchange Rate	22	Wages

FOREHEAD



Bakbergen Toktasyn, macroeconomist

The current year has been a test for Kazakhstan's economy: the exchange rate has remained above the psychological threshold of 500 tenge for most of the time, the external environment remains uncertain, and after the reversal of the easing cycle at the end of 2024, the base rate was raised, reaching 16.5% by March. Fiscal policy continues to serve as a growth anchor, with the Government still having around half of the planned target transfer volume for the remainder of the year, creating room for targeted support and shock mitigation while maintaining budget sustainability.

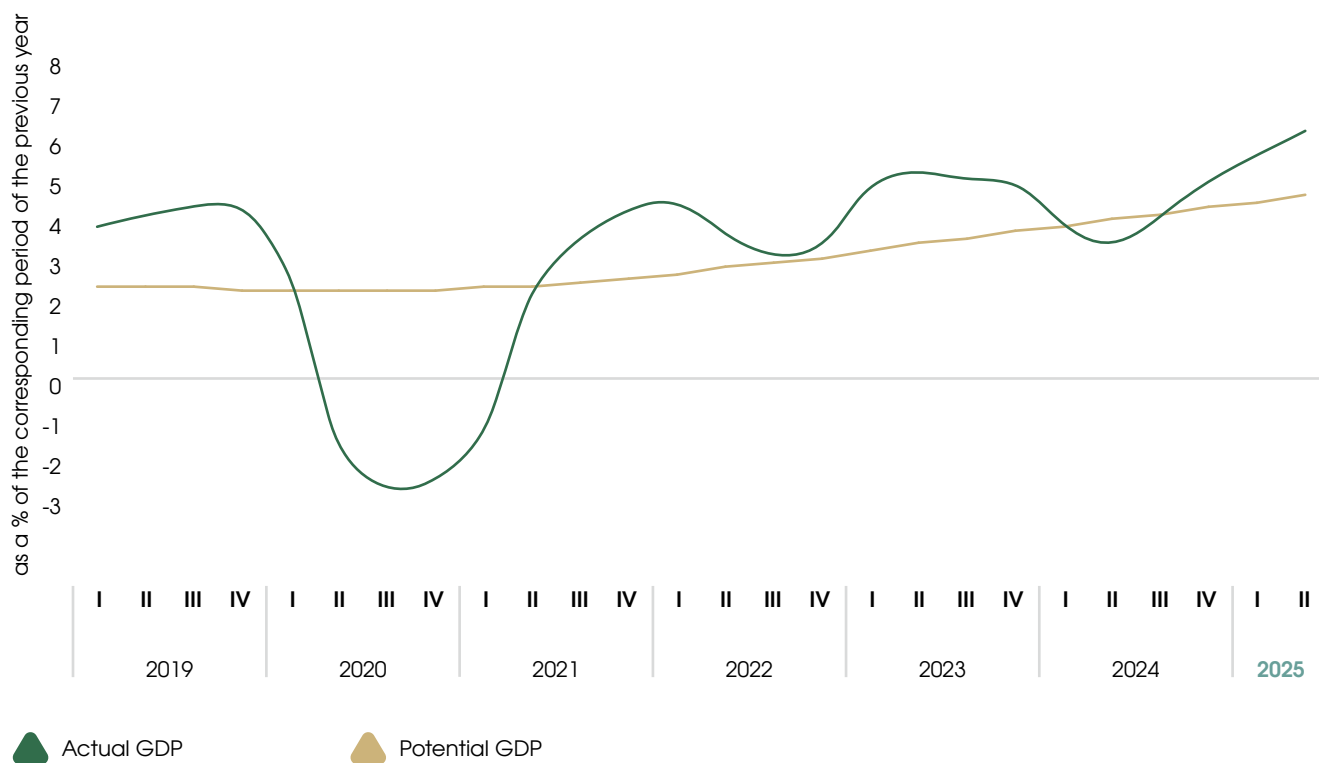
Real economic growth is currently above its potential level – that is, above the pace at which production capacity and employment are utilized close to their maximum without creating inflationary pressure. International organizations, including the IMF (IMF Staff Concludes Visit to Kazakhstan – 29.05.2025), the World Bank (Kazakhstan Economic Update – January 2025), and the Asian Development Bank (Asian Development Outlook – July 2025), estimate Kazakhstan's medium-term potential at about 4% per year. Analysts at BCC Invest share this assessment: given the current actual growth rates, it is important to calibrate the fiscal impulse and maintain predictable monetary policy, shifting the focus to supply-side



Aidos Taybekuly, macroeconomist

measures – logistics and infrastructure, competition and private investment, productivity growth, and deeper processing.

This section, dedicated to the macroeconomic situation in Kazakhstan, provides a comprehensive view of the country's economy through the lens of monetary and fiscal policy, the state of the external sector, and structural trends. The focus is placed on the quality of growth: resilience to shocks, the dynamics of private investment, and the economy's ability to increase added value. The goal is to explain where the economy is heading and which factors are driving it, in order to support well-balanced investment decisions.



The real economic growth is currently above its potential level.

SUMMARY

Gross Domestic Product

As of the first half of the year, the economy grew by 6.2%, driven by services, construction, logistics, and certain sectors of manufacturing. Growth is expected to remain around 6.1% until the end of the year, supported by logistics and trade momentum, as well as the implementation of infrastructure projects.

Inflation

Inflation has stabilized at double-digit levels, but the trajectory is closer to a plateau: the effects of past shocks are fading, and expectations are gradually stabilizing. By the end of the year, a moderate slowdown is forecast, assuming restrained fiscal dynamics and strong policy coordination.

Monetary Policy

The easing cycle (August 2023 – November 2024) has ended and reversed: in March, the base rate was raised to 16.5% and is maintained to «press down» inflation expectations. The baseline scenario for the rest of the year anticipates a further increase of 25–50 basis points (up to 17.0%), with readiness for a tighter reaction if pro-inflationary risks intensify.

Foreign Exchange Market (USD/KZT)

The easing cycle (August 2023 – November 2024) has ended and reversed: in March, the base rate was raised to 16.5% and is maintained to «press down» inflation expectations. The baseline scenario for the rest of the year anticipates a further increase of 25–50 basis points (up to 17.0%), with readiness for a tighter reaction if pro-inflationary risks intensify.

Oil & Gas Sector

Production has been recovering gradually, without significant unplanned stoppages, providing a fiscal and external trade buffer. By year-end, the contribution of oil will continue to play

a supportive role; however, the key to stability lies in the growth of non-oil value-added output.

Real Estate Market

After overheating, the market is undergoing a phase of normalization: activity and prices are leveling off, and investor preferences are shifting toward less risky financial instruments. By the end of year, stabilization at a more fundamental level is likely, while mortgage accessibility constraints remain.

Republican Budget

The budget deficit has narrowed due to higher corporate tax revenues amid moderate expenditure growth. Debt servicing costs have increased, while spending on education and healthcare has declined. Amendments to the tax and budget codes are aimed at transitioning to a countercyclical fiscal policy.

External Debt

External debt remains relatively stable, with reduced borrowing by government bodies and the National Bank offset by increased obligations of second-tier banks.

Trade Turnover (Foreign Trade)

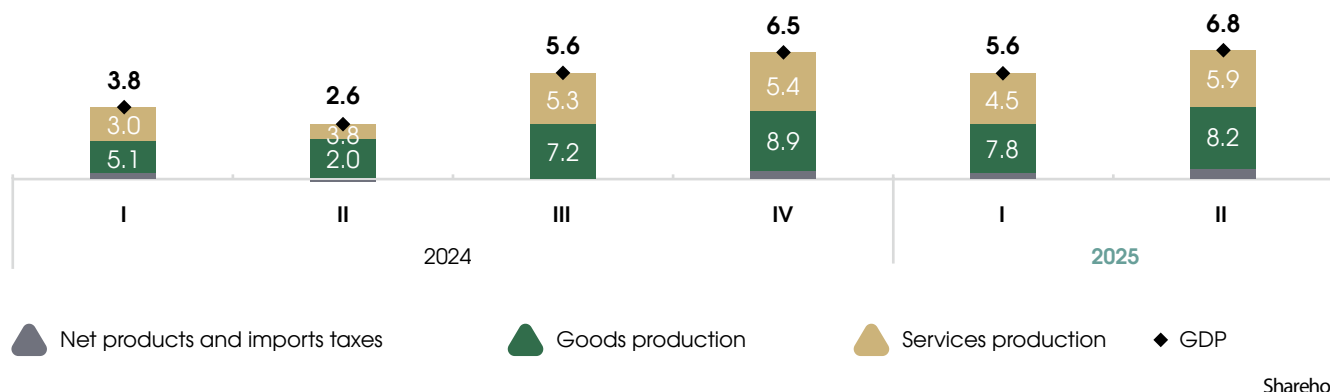
Exports in the first half of 2025 decreased by 7.1%, while imports grew by 2.6%. By year-end, exports are expected to contract by 4.1% and imports to rise by 4.4%, leading to a 27.7% reduction in the trade surplus compared to the first half of 2024.

Wages

Wage growth on average has not kept pace with inflation, with a widening gap between high-tech industries and social sectors. A positive signal is the increase in real incomes in agriculture. For the rest of the year, current trends are expected to continue.

Gross Domestic Product (GDP)

Figure 1. Decomposition of real economic growth dynamics by quarter. % relative to the same quarter of the previous year



Source: BNS data, BCC Invest analysis

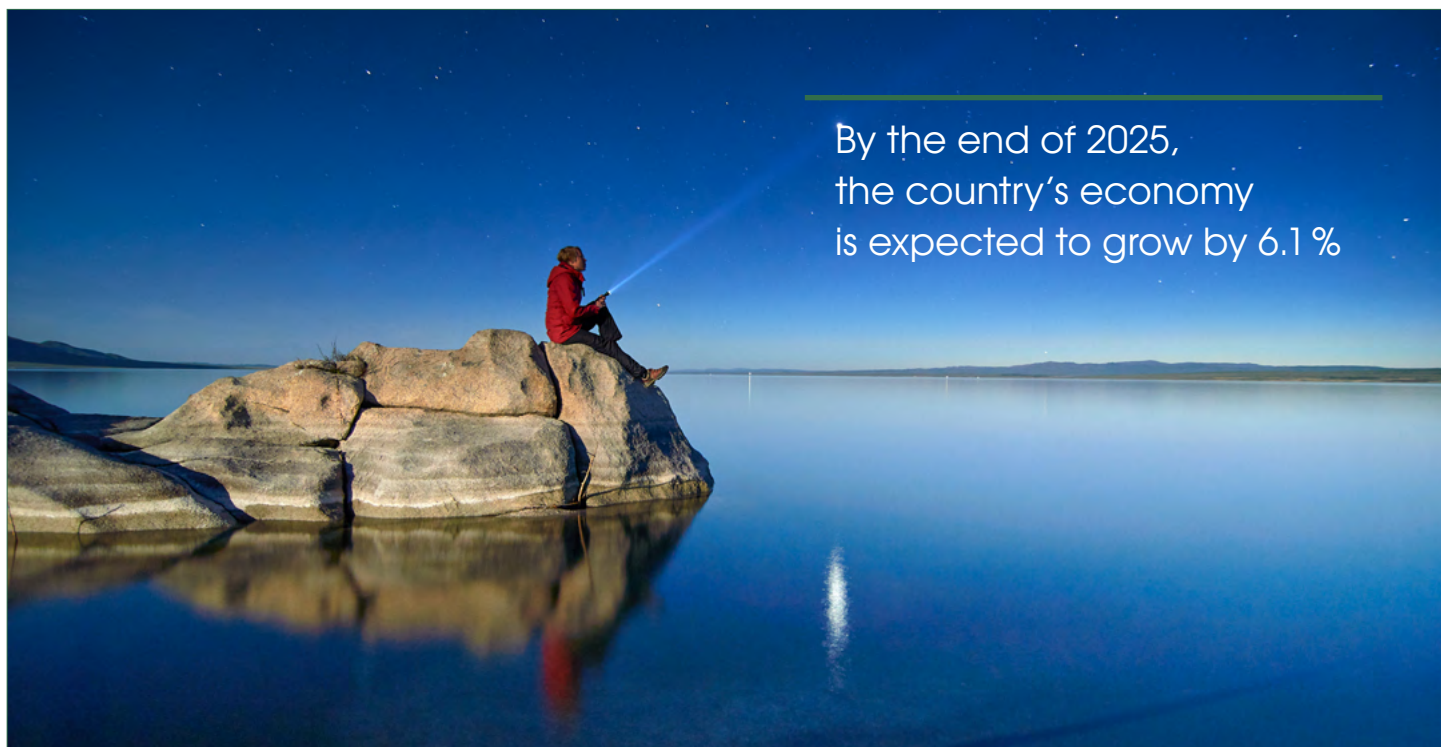
In the first half of 2025, Kazakhstan demonstrated a strong real GDP growth of 6.2%, despite relatively subdued external conditions¹. The average monthly Brent crude oil price fluctuated between \$64.21 and \$79.21 per barrel, while the persistent threat of new sanctions and high exchange rate volatility created noticeable uncertainty for exporters. Nevertheless, a combination of proactive economic policies and a revival of domestic stimuli not only offset external shocks but also accelerated growth compared to the first quarter.

The main drivers of economic growth in the first half of 2025 were the service sectors (*IPI: +5.2%, contribution 3.0 pp*) and goods-producing sectors (*IPI: +8.0%, contribution 2.9 pp*). A key factor accelerating economic growth was the expansion of a major field, which significantly increased raw material production and exports. Large-scale investments in the field's infrastructure, including modernization of production capacities and transport-logistics chains, led to productivity growth and the creation of new jobs.

Specifically, the drivers of the economy in the first half of the year included "Transportation and Warehousing" (*IPI: +22.7%, contribution 1.4 pp*), "Wholesale and Retail Trade" (*IPI: +8.4%, contribution 1.3 pp*), and "Mining" (*IPI: +8.4%, contribution 1.2 pp*), which together accounted for 3.9 pp, or 63.0% of the country's economic growth.

According to BCC Invest analysts, economic growth is expected to remain high in the second half of 2025. By September, the country's economic growth may reach 6.5%, and by December, around 6.1%. The service sector will continue to be the main driver, particularly "Wholesale and Retail Trade" (*IPI: +8.3%, contribution 1.6 pp*) and "Transportation and Warehousing" (*IPI: +22.2%, contribution 1.3 pp*), reflecting strong domestic demand and growth in re-exports. The mining sector will also make a significant contribution (*IPI: +9.0%, contribution 1.1 pp*) due to the expansion of Tengiz field capacities. Stable dynamics in manufacturing and construction will provide additional support, collectively enabling the year to end with GDP growth of approximately 6.2%, marking one of the best results in recent years.

¹ Meeting of the Government of the Republic of Kazakhstan on July 15, 2025.

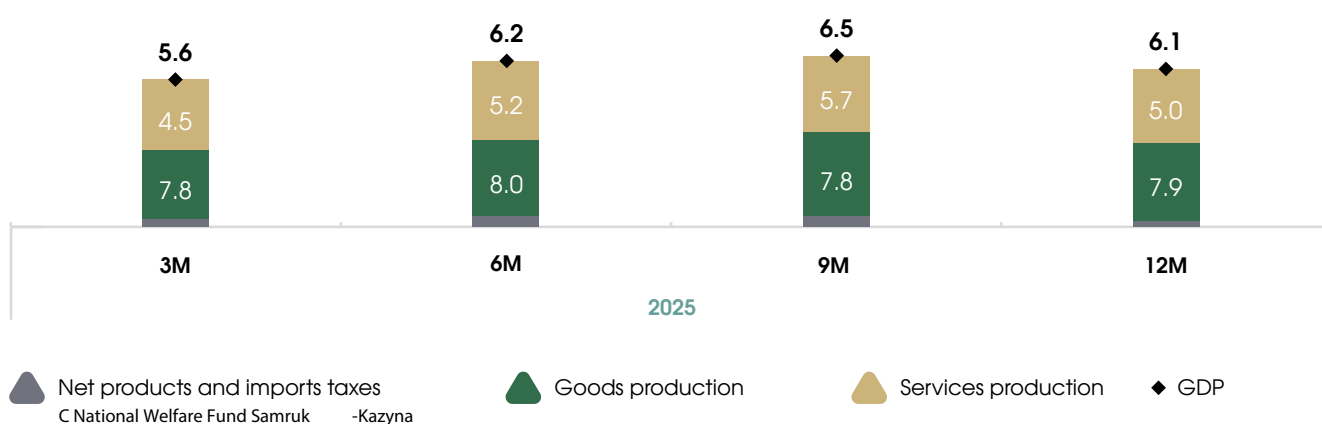


By the end of 2025,
the country's economy
is expected to grow by 6.1 %

The forecast is comparable with the assessments of international institutions: the IMF expects growth of 5.0%, the ADB – 5.1%, the World Bank – 4.5–5.0%, and the EBRD – 5.5%. Considering strong actual results for January–July, the consensus forecast can be estimated at 5.0–5.5%, reflecting cautious optimism within the analytical community. At the same time, the President has set the main goal of ensuring stable economic growth at 6–7% per year.

By the end of seven months, the republican budget had received 45.4% of the planned targeted transfers, while preliminary requests for August indicate a lower inflow compared to previous months. This preserves the possibility of increasing budgetary spending in Q4 to support business activity. Our calculations suggest that the effect of rising oil production and increased logistics sector activity will allow results to exceed average market expectations.

Figure 2. Decomposition of the dynamics of real economic growth until the end of 2025, in % of the corresponding period of the previous year



Source: BNS data, BCC Invest analysis

Consumer Price Index

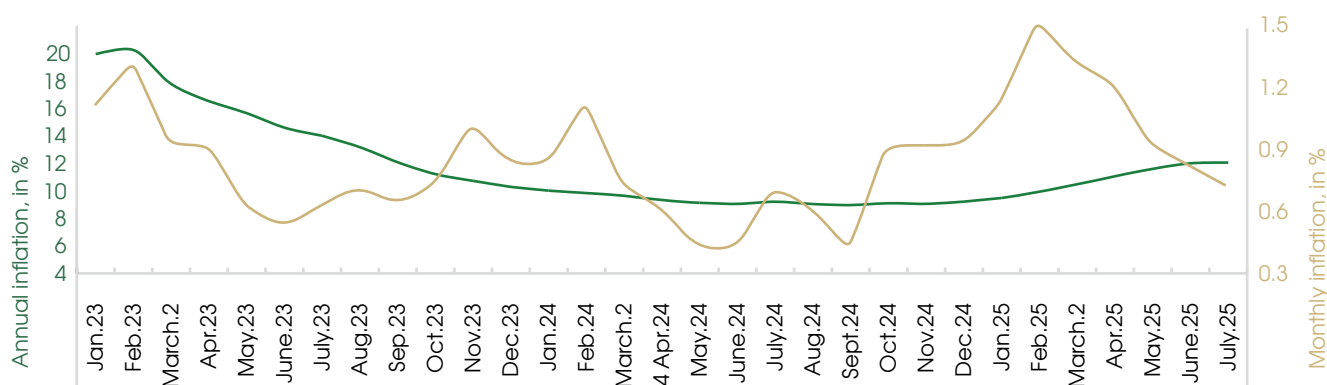
From January to August 2025, annual inflation in Kazakhstan accelerated from 8.9% in January to 12.2% in August, with monthly price growth rising from 0.7% in July to 1.0% in August. The monthly acceleration was largely driven by paid services, where prices increased by 15.3% year-on-year and 1.4% month-on-month, reflecting tariff adjustments and rising costs in the housing and utilities sector, transportation, and education. The food component maintained double-digit growth – 11.7% YoY (*0.5% MoM in August 2025*) – reflecting seasonality, higher costs of some imported items, and the impact of exchange rate fluctuations on goods with a high import content. The non-food segment showed more moderate annual growth – 9.7% YoY – but increased 1.0% MoM, indicating price adjustments in certain non-food categories due to cost pressures and currency fluctuations. Overall, this inflation structure confirms continued pro-inflationary pressure from regulated and quasi-regulated services, with moderate goods price growth, whereas mid-year saw a temporary easing of price pressures.

According to BCC Invest's forecast, annual inflation will continue to accelerate moderately into early autumn, reaching a local peak of 12.8% in September–October, then slightly declining to 12.7% by year-end. Structurally, the main source of pressure will remain paid services, with

annual growth holding in the 15.2–15.5% range in Q4 due to tariff adjustments and higher costs in housing, utilities, and transport. Food inflation is expected to reach 12.4–12.7% by autumn, then slow to 11.7% in December due to seasonal supply and normalization of certain import-dependent items. The non-food segment is expected to stabilize around 10.0–10.1% in October–November and decline to 9.9% in December. On a monthly basis, after 1.0% in August, growth is expected at 0.9% for September–November and 0.8% in December.

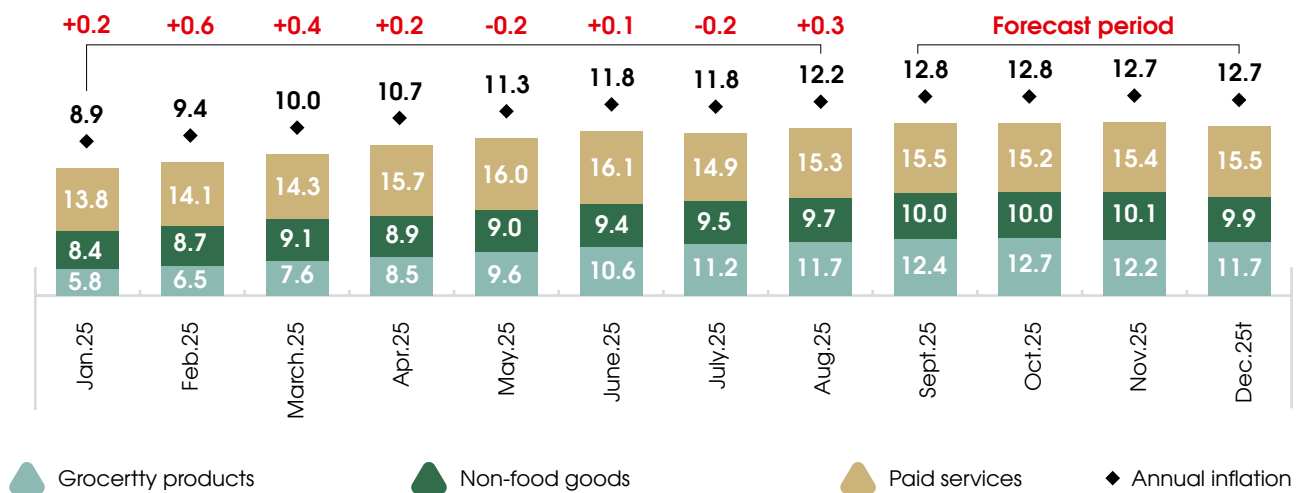
The year-end decline in inflation will be supported by the high base effect from 2024, gradual cooling of food prices, and stabilization of non-food price growth. Pressure from services will remain elevated but without further acceleration. Additional disinflation support will come from predictable monetary policy and targeted budgetary implementation of supply-enhancing projects. However, risks are tilted toward pro-inflationary factors: potential Tenge exchange rate volatility, rising global energy and certain food prices, and adjustments to regulated tariffs at the start of the heating season. Overall, our scenario aligns with regulator and international organization estimates, indicating continued double-digit inflation through the end of 2025 under stable macroeconomic policy.

Figure 3. Monthly and annual inflation dynamics from January 2023 to August 2025



Source: BNS data, BCC Invest analysis

Figure 4. Dynamics of the annual inflation forecast until the end of the year by components



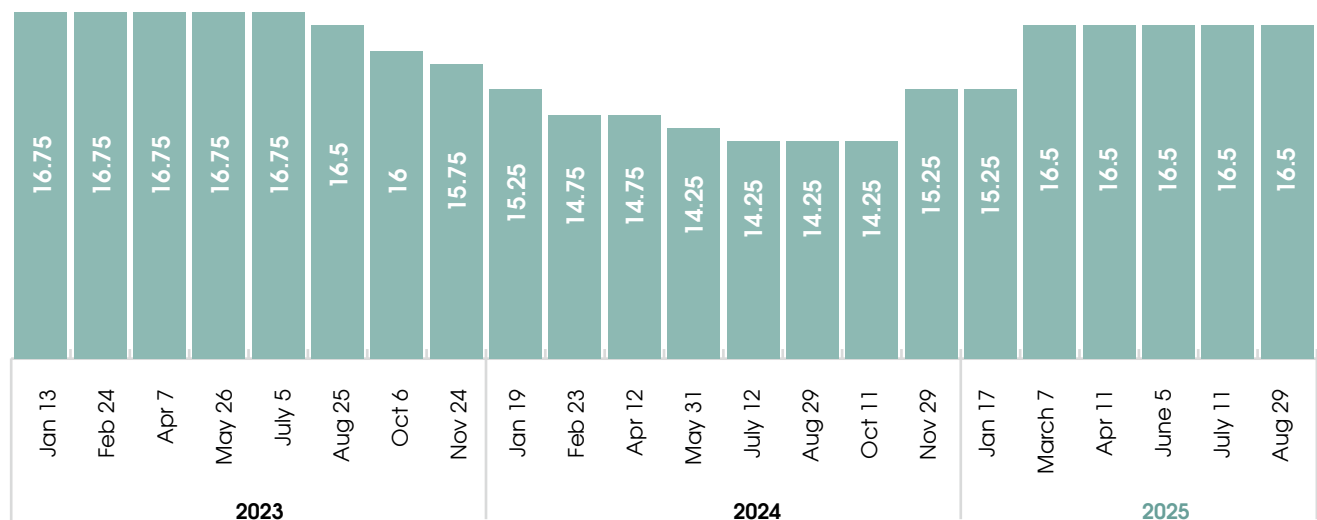
Source: BNS data, BCC Invest analysis

Base interest rate

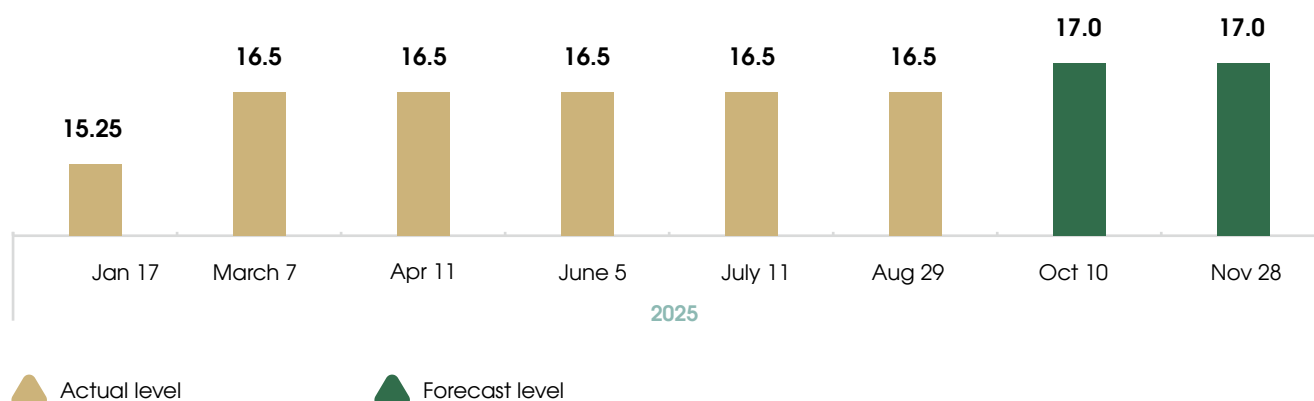
In the second half of 2024, monthly inflation remained around 0.9%; however, by the first quarter of 2025 it began to exceed 1%, signaling rising price pressures. A significant trigger was the weakening of the tenge amid external volatility and increased import demand. In response, the National Bank

raised the base interest rate to 15.25% at the end of 2024 and to 16.5% at the beginning of 2025, effectively reversing the easing cycle (from August 2023 to November 2024) toward tightening. Thus, monetary policy remained strict, reflecting the priority of combating inflation and containing secondary effects.

Figure 5. Dynamics of decision-making on the base rate from January 2023 to July 2025



Source: BNS data, BCC Invest analysis

Figure 6. Forecast of the base rate dynamics until the end of 2025 according to the baseline scenario

Source: data of NB, analysis of BCC Invest

This year, out of eight planned meetings of the Monetary Policy Committee, six have already taken place: at the second meeting, the rate was raised, and at the last four meetings it was consecutively held at 16.5%. This sequence demonstrates the regulator's strategy: first, respond firmly to the surge in inflation and exchange rate fluctuations, then maintain the rate at a high level to stabilize expectations. Despite a temporary slowdown in monthly inflation (0.7% in July versus 1.5% in February), it accelerated again to 1.0% in August, while the annual rate rose to 12.2%—this limits the scope for early easing and strengthens the case for maintaining tight monetary conditions.

According to BCC Invest, at the scheduled Monetary Policy Committee meeting on October 10, an increase in the base rate of 25–50 basis points is likely, with a baseline expectation of +50 bps—to 17.0%. The main drivers are the acceleration of inflation in August, increased price pressure in the services sector, and the continued pro-inflationary trend in food prices (FAO food price index in August – 130.1 points, +6.9 points y/y). This assessment aligns with the latest communication from the National Bank of Kazakhstan regarding readiness to tighten policy if there is no noticeable slowdown in inflation. The scenario range for the end of 2025 is as follows: optimistic – 16.5% (rate unchanged), baseline – 16.75–17.0% (increase by year-end), pessimistic – 17.25–17.5% (additional monetary tightening in response to new pro-inflationary trends).

At the same time, risks lie on the pessimistic side, primarily due to the potential acceleration of food prices in the second half of the year, exchange rate

volatility, and likely adjustments to regulated tariffs at the start of the heating season.

If price growth in the food segment exceeds expectations and begins to generate additional secondary effects, the Committee may consider a cumulative tightening of 75–100 basis points to keep inflation expectations under control. The persistence of a positive output gap and heightened price sensitivity to domestic demand further strengthen the case for maintaining a prolonged period of tight policy.

Policy transmission to the markets will occur through several channels. A rate increase will bolster yields on tenge-denominated instruments and support the attractiveness of deposits, while simultaneously cooling credit impulses in sensitive retail and SME segments. In the debt market, a steep yield curve and selective demand for short- and medium-term instruments are likely to persist, meaning higher term and quality premiums for issuers. In the foreign exchange market, tight monetary policy will contain secondary exchange rate effects, but external price conditions and real sector behavior will remain key factors.

Overall, a tight monetary policy stance is expected to be maintained through the end of the year. A realistic start to a rate-cutting cycle is not expected before the first half of 2026, contingent on a sustained slowdown in inflation and stabilization of expectations.

USD/KZT Exchange Rate

From January to July 2025, the tenge experienced two contrasting phases. In the first quarter, the currency steadily strengthened: average rates fell from 524.9 in January to 506.2 in February and 499.4 in March. This was supported by seasonal reductions in imports, stable export receipts, and a high real interest rate that maintained demand for tenge instruments. In spring, the trend reversed: in April–May, average rates rose to 514.5–512.3, and in June to 514.8. Key drivers included rising imports amid strengthening domestic demand, primary income payments, episodes of a stronger global dollar, and periodic reductions in currency sales by the quasi-public sector. In the second half of July, intraday volatility increased: with an overall monthly average of 528.7, daily quotations reached 546.36 due to a thin market and heightened corporate demand for foreign currency. This was accompanied by spikes in speculative activity and irregular export revenue flows. Preliminary data indicate that in August the average rate was around 540.4, fluctuating within a 537–543 corridor amid a mixed external backdrop (oil prices, strong dollar) and seasonally high import demand.

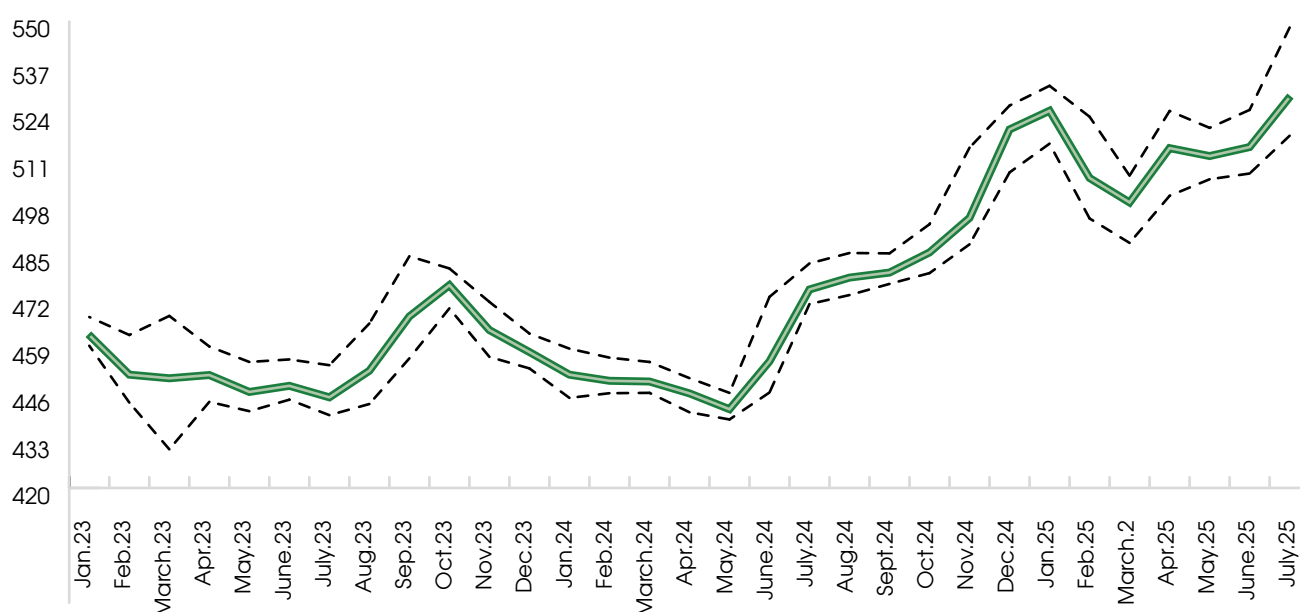
Going forward, the exchange rate trajectory will be determined by the balance of three groups of factors.

The first is the external environment: oil price dynamics, the global dollar, geopolitical risks, and external trade conditions. A neutral-to-positive profile of these factors can stabilize the rate, whereas a combination of a strong dollar and weaker oil increases the likelihood of the corridor widening upward.

The second factor is domestic flows: export revenue (including production increases from energy sector projects), the scale and regularity of quasi-public sector currency conversions, the schedule of budget expenditures and tax payments, as well as the seasonal wave of imports in Q4.

The third factor is government policy: a tight monetary policy supports the attractiveness of tenge instruments and restrains procyclical effects in the FX market. If necessary, targeted operations by the regulator and coordination with the quasi-public sector help smooth short-term liquidity imbalances.

Figure 7. Dynamics of the average monthly exchange rate USD/KZT



Примечание: пунктирная линия отражает максимум и минимум обменного курса.

Source: data of NB, analysis of BCC Invest

The BCC Invest forecast includes three scenarios. The baseline scenario includes average values: August 538.5; September 540.6; October 541.8; November 546.3; December 547.4; and an annual average of 526.8. This scenario reflects neutral oil prices, a moderately strong dollar, and regular foreign exchange sales by the quasi-public sector. The optimistic scenario assumes higher oil prices, an improved current account, and stable export revenue conversion: autumn in the range of 523–530 and an annual average of 512.4. Pessimistic – with a strengthening dollar, increased import demand and weakening foreign exchange sales by the public sector: autumn corridor of 556–565 and an average for the year of 541.1 tenge per dollar.

Over the third and fourth quarters, the baseline range is estimated at 530–555, with likely short-term spikes in the thin market (dividend/import payments, news shocks). A potential increase in budget expenditures at the end of the year could have a mixed effect: through the activity and export channel, supporting the tenge, and through the import channel, causing a local weakening. If the current combination of factors persists, the baseline profile implies a smooth shift to 540 ±5 by December, with high intra-month volatility and sensitivity to external shocks.

Table 1. Historical dynamics and forecast of the average monthly exchange rate of USD/KZT until the end of 2025

Date	USD/KZT	Optimistic	Base	Pessimistic	Absolute deviation	Relative deviation
Jan.25	524.9	517.8	521.4	525.1	–0.3	0.0%
Feb.25	506.2	516.8	522.4	528.1	–10.6	–2.0%
March 25	499.4	515.5	523.8	532.1	–16.1	–3.0%
Apr.25	514.5	480.4	497.4	514.4	0.1	0.0%
May 25	512.3	492.6	509.7	526.7	2.7	0.5%
June 25	514.8	495.7	512.8	529.9	2.0	0.4%
July 25	528.7	501.9	519.1	536.2	–7.4	–1.4%
Aug.25	539.3	521.3	538.5	555.7	0.8	0.1%
Sept.25		523.3	540.6	557.8		
Oct.25		524.4	541.8	559.1		
Nov.25		528.9	546.3	563.7		
Dec.25		530.0	547.4	564.9		
Average annual	517.5	512.4	526.8	541.1	5.1	1.0%

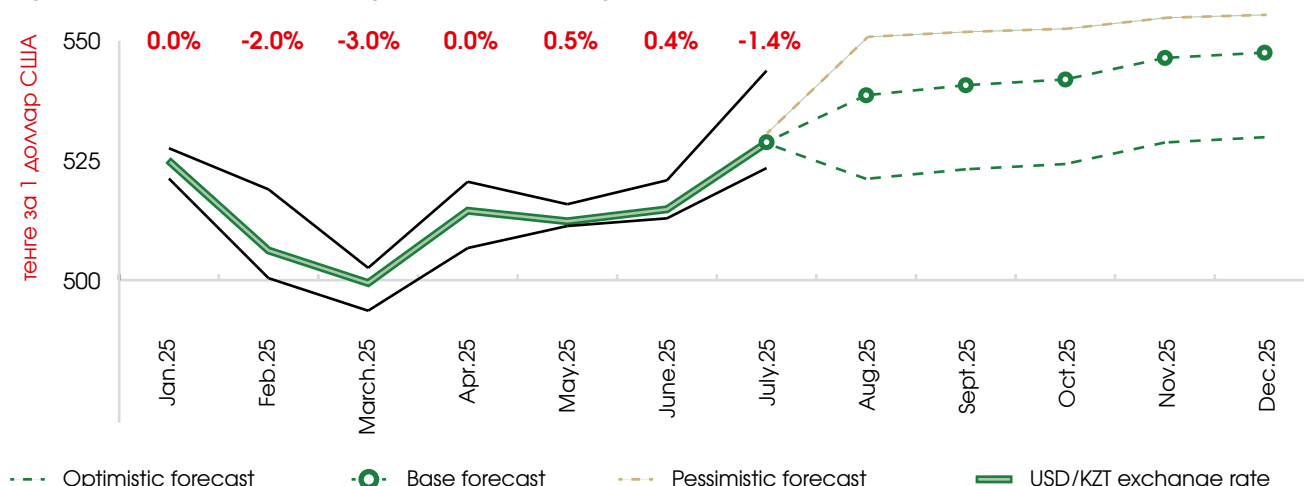
Source: data of NB, analysis of BCC Invest

Crude Oil Dynamics

According to the PSER, the average annual oil production volume for 2024–2029 is projected at 100.5 million tons, with a peak of 105.5 million tons expected in 2027. The average annual growth rate is 2.6%, with the highest acceleration of 7.6% projected in 2025. In its price assumptions, the PSER used Brent at around \$80 per barrel in 2024 and \$75 in the following years—representing a moderately optimistic scenario given the high volatility caused by fluctuations in global demand and geopolitical factors.

The current risk context remains mixed. Outcomes are influenced by maintenance schedules and start-ups at major fields, the capacity of export infrastructure, weather conditions, and adherence to OPEC+ agreements. Coordination parameters are periodically revised, making it important for Kazakhstan to flexibly balance production growth plans with compliance to existing quotas and the synchronization of export flows.

Figure 8. Forecast of the average monthly exchange rate of USD/KZT until the end of 2025

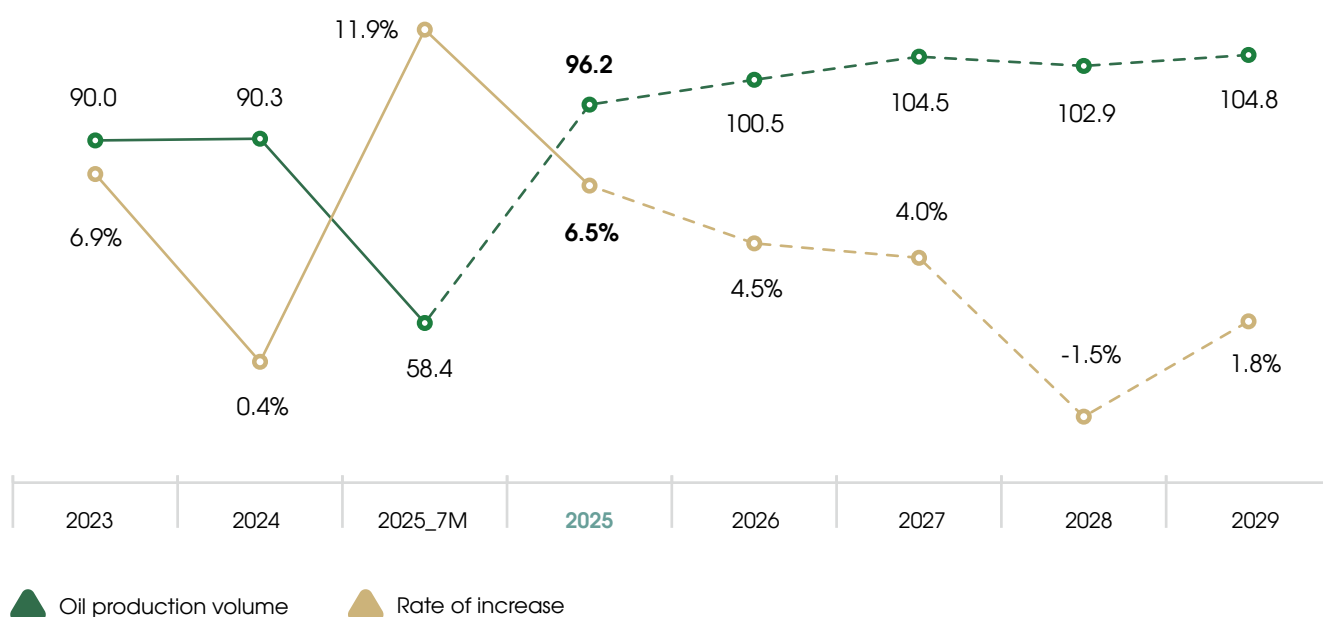


Source: data of NB, analysis of BCC Invest

The current situation looks better than last year. Over the first seven months, 58.4 million tons of oil have been produced—60.1% of the annual plan (benchmark ~97.2 million tons). With five months remaining, reaching the planned level requires an average of about 7.8 million tons per month. Production rates from January to July significantly outpace the same period last year, increasing the likelihood of meeting or even exceeding the annual target, provided no unplanned restrictions occur.

The key reason for the accelerated dynamics is the phased commissioning of capacities at the Tengiz field under the expansion project. The launch and operational ramp-up of wellhead pressure management systems and new processing facilities have removed technological bottlenecks, improved production stability, and increased daily output. With the Tengiz facilities coming online as scheduled and logistics remaining stable, Tengiz's contribution is expected to remain the main driver of the annual result.

Figure 9. Dynamics of the forecast volume of oil production, million tons



Source: data of NB, analysis of BCC Invest

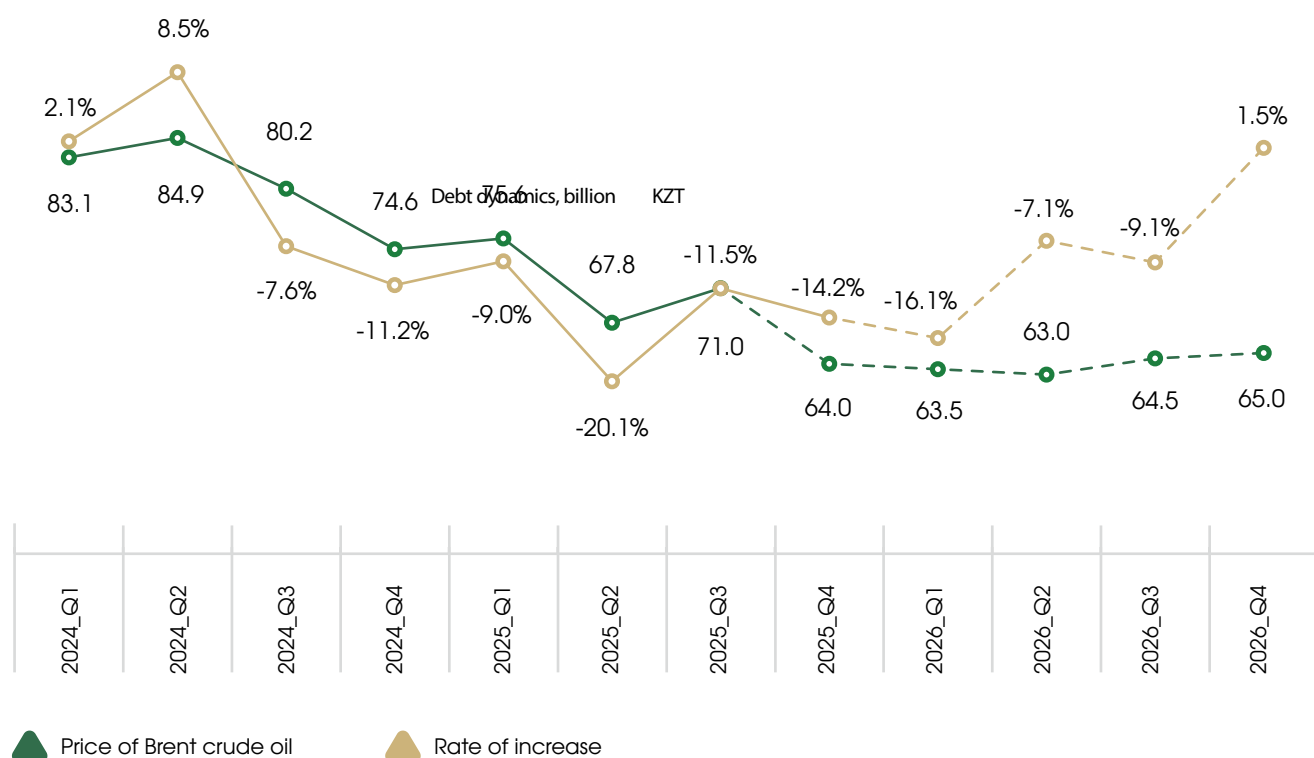
Bloomberg's consensus forecast paints a subdued picture: the average price of Brent in 2025 is expected to be around \$69.6 per barrel, and in 2026 – approximately \$64.0 per barrel, that is, another minus 8% year-on-year. In the fourth quarter of 2025, the market, according to respondents, will move lower due to the usual weakening of demand at the end of the year after the summer peak, increased supply outside OPEC+, a strong dollar, and a convergence of speculative positions. In the first quarter of 2026, prices will remain low amid a sluggish start to the industrial cycle, comfortable inventories, and inertial production growth in the US and Latin America, amid subdued Asian demand. The second quarter is dominated by sideways dynamics: the US auto season provides support, but this is offset by high commercial inventories and OPEC+'s cautious quota policy. A moderate recovery is likely in the summer of 2026, driven by seasonal consumption growth and increased risks of supply disruptions, including weather-related factors. By the end of 2026, consensus suggests a slight improvement amid inventory rebalancing and potential additional

OPEC+ action, but the overall trend remains flat and relatively low by historical standards.

The risk balance is skewed downwards: tight financial conditions and a strong dollar are weighing on commodity prices, while increased non-OPEC+ supply and high inventory levels limit any recovery.

Prices could be pushed upwards by sudden geopolitical supply disruptions or tighter OPEC+ production coordination. For Kazakhstan, this backdrop necessitates caution in budget planning and export revenue management: price factors will constrain dollar revenues, even as physical export volumes increase due to the phased expansion of Tengiz. This reinforces the importance of capital expenditure discipline, stress testing projects for low price assumptions, and synchronizing production schedules with logistics infrastructure. For the currency market, this adds sensitivity to changes in the terms of trade and news on production agreements.

Figure 10. Dynamics of the forecast price of Brent crude oil, in USD per barrel



Source: data of NB, analysis of BCC Invest

Assessment of the Real Estate Market Bubble Index

The real estate market in 2020–2025 experienced a sharp expansion phase followed by normalization. To assess the current situation without “noise,” we constructed a composite overheating indicator, the “*Real Estate Market Bubble Index*.”

The composite indicator is designed to aggregate several market ratios reflecting demand, supply, financial conditions, and relative housing prices. It shows how much the current housing market deviates from its historical “norm.” Zero indicates a normal state. A positive value signals overheating (housing prices rising faster than fundamental factors, demand outpacing supply, and increasing leverage). A negative value indicates cooling or normalization. The unit of measurement is “how many typical fluctuations” (standard deviations) are observed relative to the historical average.

All source indices are first normalized to a common base, “January 2015 = 100”. If a particular indicator is published in a different base, it is recalculated to avoid artificial discrepancies.

1. HOUSING AFFORDABILITY.

Measured as the ratio of the housing price index to the nominal income index.

- **Economic meaning:**
If housing prices rise faster than incomes, affordability decreases and the risk of overheating increases. Conversely, if incomes outpace prices, affordability improves, signaling normalization.

2. CONSTRUCTION COST RELATIVE TO SALES PRICES.

Measured as the ratio of the construction cost index (including labor, materials, and wages in the sector) to the housing price index.

- **Economic meaning:**
The higher the costs relative to sale prices, the less “pricing power” developers have, making it harder to push up the price per square meter. Therefore, an increase in this ratio is interpreted as a cooling factor (its sign is inverted in the overall assessment).

3. CREDIT FACTOR.

Measured as the share of mortgage loans in the total credit portfolio of the economy (or, alternatively, the share of mortgage lending in new loans).

- **Economic meaning:**
the larger the role of mortgages in the credit system, the more likely that demand is driven by leverage and sensitive to interest rates and preferential programs.

4. DEMAND VS. SUPPLY GROWTH.

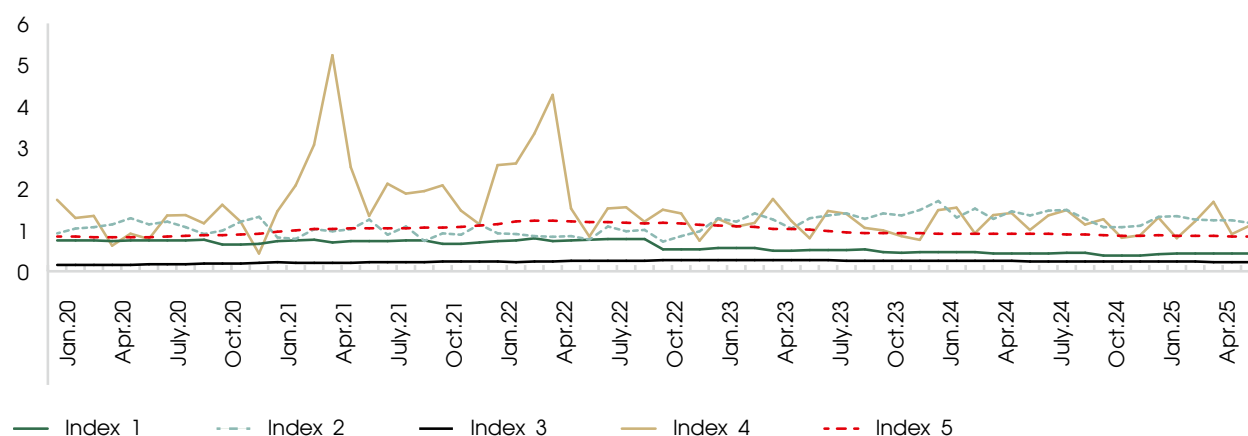
Measured as the number of registered housing sales transactions relative to the number of units commissioned.

- **Economic meaning:**
when transactions consistently exceed new supply, demand outpaces supply – a “hot” regime. Time lags are allowed in interpretation, as housing delivery often occurs with delay.

5. RELATIVE HOUSING PRICE TO OVERALL INFLATION.

Measured as the ratio of the housing price index to the consumer price index.

- **Economic meaning:**
Values above “100” indicate that housing prices are rising faster than the consumer basket (real growth), while values below “100” indicate a real decline in housing prices.

Figure 11. Dynamics of subindices for the period from January 2020 to June 2025, Jan. 2015 = 100

Source: data of BNS, analysis of BCC Invest

Methodological explanations for index construction

All series are converted to monthly frequency and aligned by date. If necessary, one-time extremes are gently smoothed out so that they do not “re-sew” the indicator. The indicators are harmonized to a single meaning: «the higher, the hotter.» For the second sub-index, the sign reverses because its growth cools the market.

In the first half of 2025, the housing bubble composite indicator shows a steady normalization, not overheating. Independent aggregation schemes yield similar results: with equal weights, the average index level for January–June is approximately -0.40 standard deviations; with stable weights inversely proportional to the component volatility, it is approximately -0.78 standard deviations; and with fixed weights obtained using principal component analysis on the entire sample, it is approximately -0.45 standard deviations. This range clearly corresponds to the cooling phase and is statistically separated from zero. The underlying components support the conclusion: the price-to-earnings ratio remains depressed, the cost-to-price ratio is suppressing developers’ pricing power, credit momentum is weak and not expanding, and the transaction-to-delivery balance does not indicate a sustained supply shortage. As a result, real housing prices are trending downward, implying a decline in the purchase price per square meter with possible stagnation in nominal prices. Over the next few quarters, the baseline scenario is a sideways price range and persistent negative real

yields until monetary conditions are eased or a new external demand shock emerges.

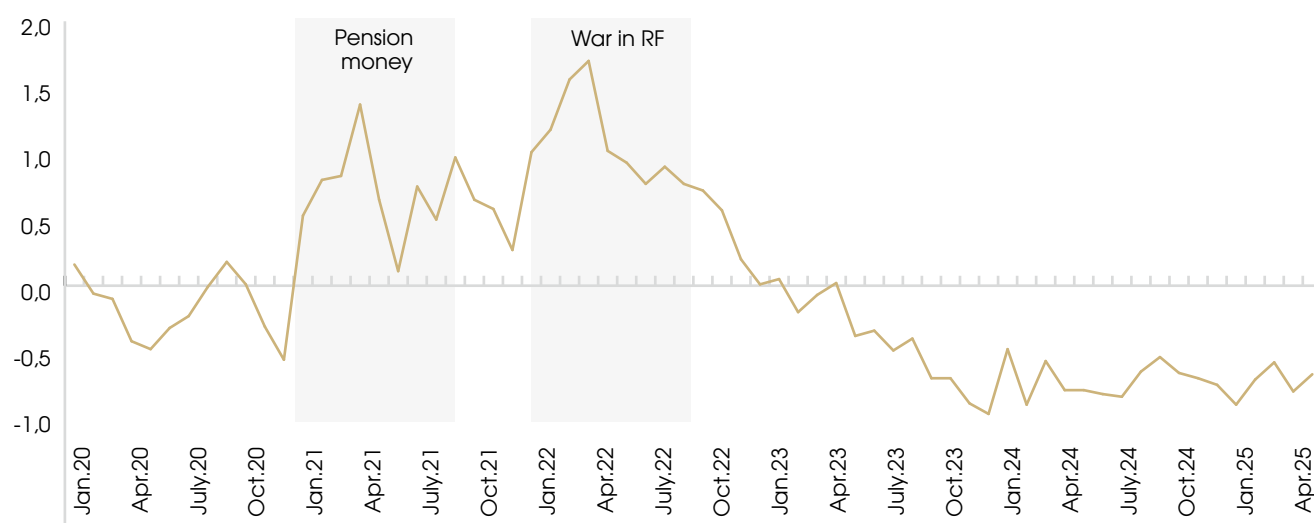
Given the current base rate and the elevated cost of capital, the expected risk-adjusted return on residential real estate investments appears less attractive than that of moderately conservative financial instruments.

In the current configuration, rational alternatives are deposits in second-tier banks, liquid securities on the public market, and diversified mutual funds, where the risk premium is better aligned with available returns and liquidity horizons. For an investor focused on capital preservation and predictable cash flow, it makes sense to prioritize these types of instruments, and increase real estate exposure only selectively and at a discount to fair value. BCC Invest can help you select a combination of deposits, bonds, market funds, and alternative strategies, as well as calibrate your portfolio to your risk profile and maturity, including support and rebalancing as macroeconomic conditions change.



The housing bubble composite indicator shows a steady normalization in the first half of 2025

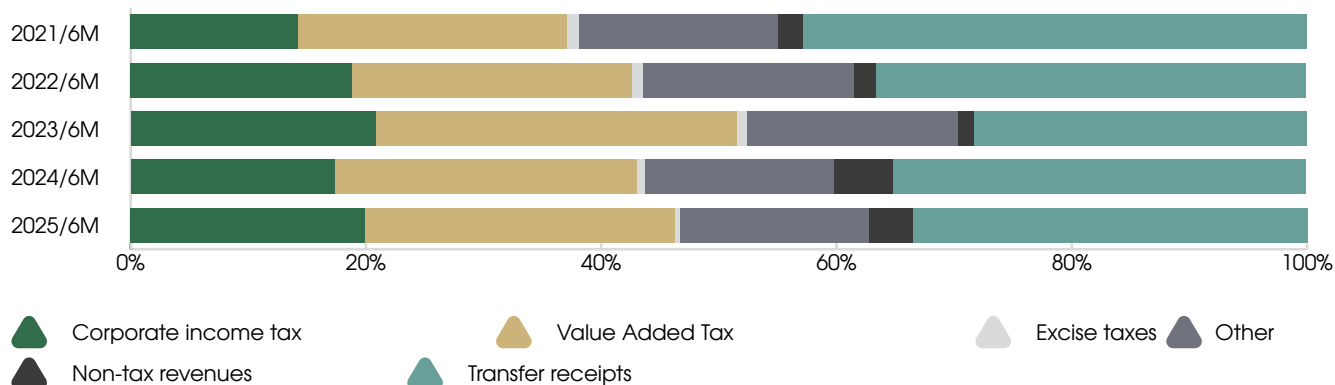
Figure 12. Dynamics of the composite housing bubble index from January 2020 to June 2025, Jan. 2015 = 100



Source: analysis of BCC Invest

National Budget

Figure 13. The structure of budget revenues in dynamics



Source: compiled based on data from the Ministry of Finance of the Republic of Kazakhstan, calculated by BCC Invest

In the first half of the year, the budget deficit decreased by 19.0% – to 1.5 trillion tenge, or 2.5% of GDP. This was made possible as revenues increased by 18.9%, while expenditures grew at a more moderate pace – by 12.3%. For the same period in 2024, the deficit was 3.6%, and in 2023 – 4.9%.

At the same time, the non-oil deficit continued a four-year upward trend, increasing by 2.4% compared to the first half of 2024, reaching 5.3 trillion tenge.

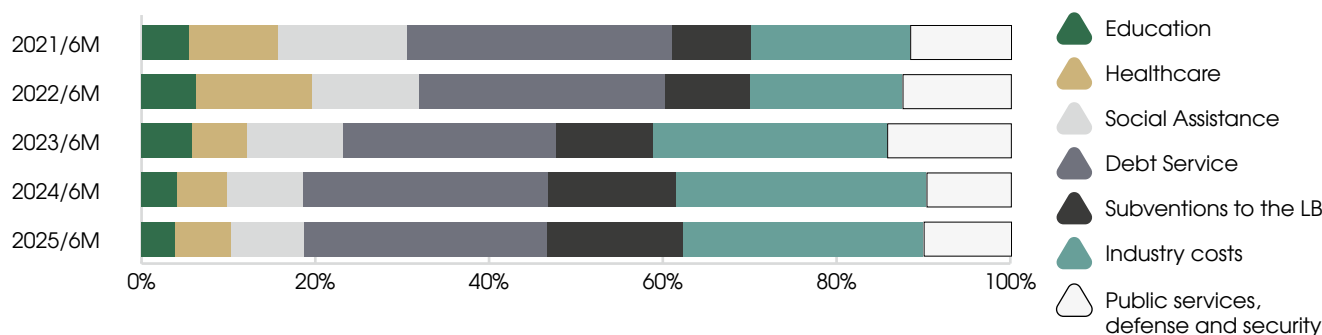
The main driver of the Republican Budget's revenue growth was the Corporate Income Tax (CIT), which rose by 36.3%; its share also increased – to 19.9% (from 17.3% a year earlier). Since the CIT from the oil and gas sector is directed to the National Fund,

the increase came from taxes in sectors that showed the highest growth rates in the first half of 2025: transport and warehousing (+22.7%), construction (+18.4%), trade (+8.4%), and industry (+6.5%).

VAT remained the largest revenue source (26.3%), staying above the 2024 level but below the record level of 2023 (30.7%). The share of excise taxes continued to decline, reaching 0.5% – the lowest value over the past five years.

Transfers from the National Fund accounted for 33.5% of revenues, compared to 35.1% a year earlier, remaining above the 2023 level (28.3%), which indicates the budget's continued dependence on oil and gas receipts.

Figure 14. Budget expenditure structure in dynamics



Note: Only major/significant cost items are reflected.

Source: compiled based on data from the Ministry of Finance of the Republic of Kazakhstan, calculated by BCC Invest

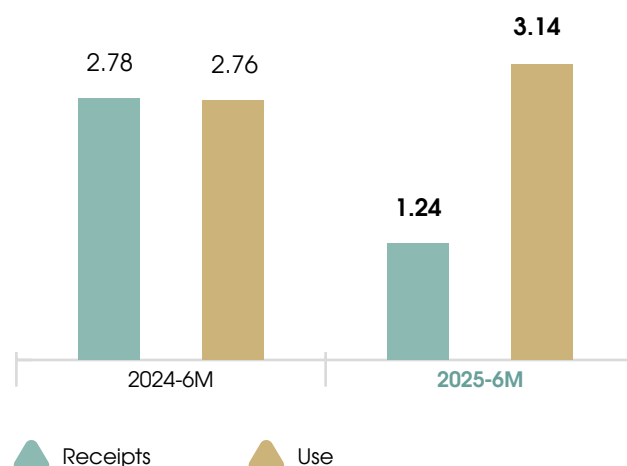
The structure of expenditures retains the budget's socially oriented character: the largest items are social assistance and social security (25% of expenditures), as well as subsidies to local budgets (25%). Debt servicing accounts for 14%, with its share continuing to rise over the long term (from 8% in 2021 to 14% in 2025).

This trend is concerning, as the debt burden on the treasury diverts funds from more productive expenditure items that affect long-term development, such as education, research, and infrastructure. For instance, the share of spending on education declines (from 9% in 2021 to 6% in 2025) and on healthcare (from 14% in 2021 to 8% in 2024–2025). Reductions in these areas often negatively impact human capital development and long-term economic growth.

Revenues to the National Fund slowed by 56% due to a decrease in taxes from the oil sector (–22%, down to 1.8 trillion KZT), including mineral extraction tax (–44%) and rent tax (–10%), amid falling prices and export revenues. Use of funds increased by 14% due to guaranteed (+8%) and targeted (+24%) transfers. If this trend continues, the risk of long-term depletion of National Fund reserves increases.

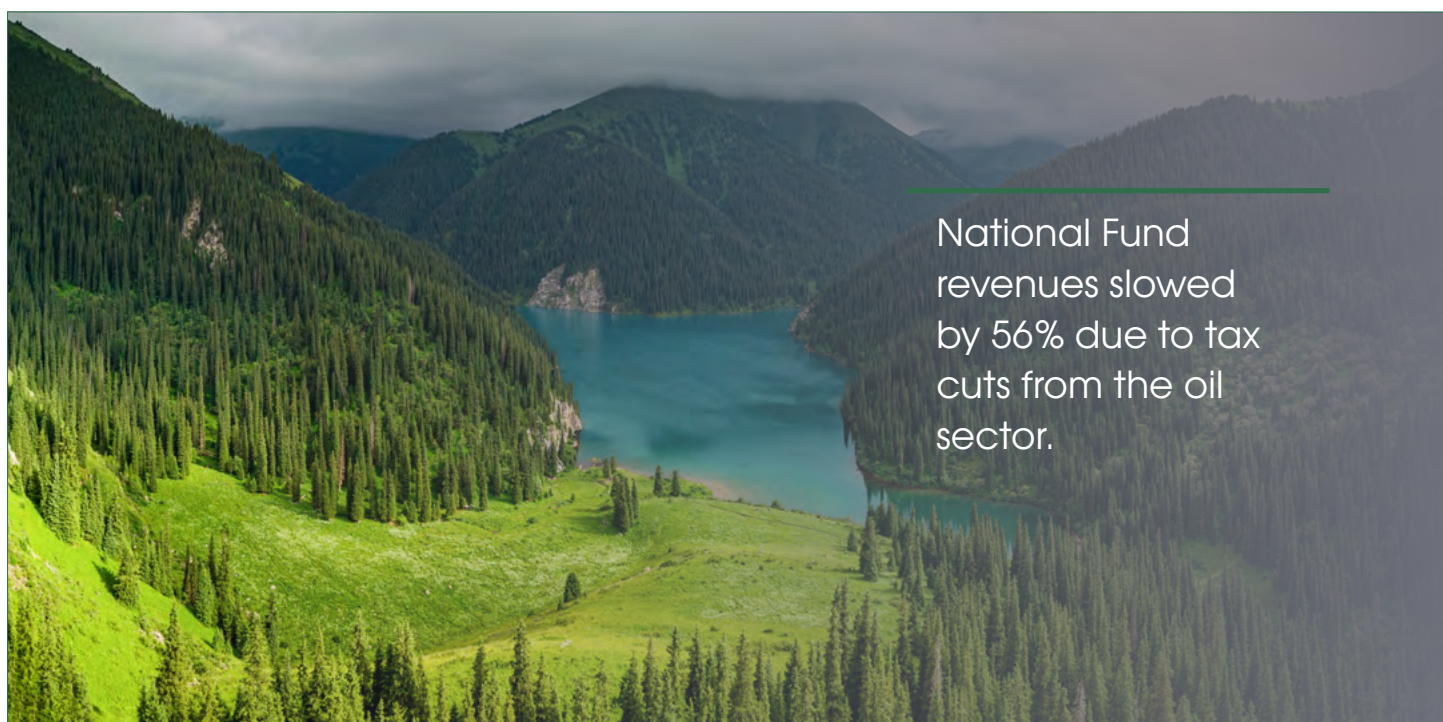
The three-year budget draft provides for a reduction of the deficit from 2.5% in 2026 to 0.9% in 2028

Figure 15. Receipts and use of funds of the National Fund, trillion KZT



Source: compiled based on data from the Ministry of Finance of the Republic of Kazakhstan, calculated by BCC Invest

through expenditure optimization, increased efficiency of programs, and limiting the use of transfers from the National Fund. To achieve the stated plans, it is important to maintain budget revenue growth at a higher pace than GDP growth. In the first six months, budget revenues grew 2.1 percentage points faster than GDP.



National Fund revenues slowed by 56% due to tax cuts from the oil sector.

External Debt

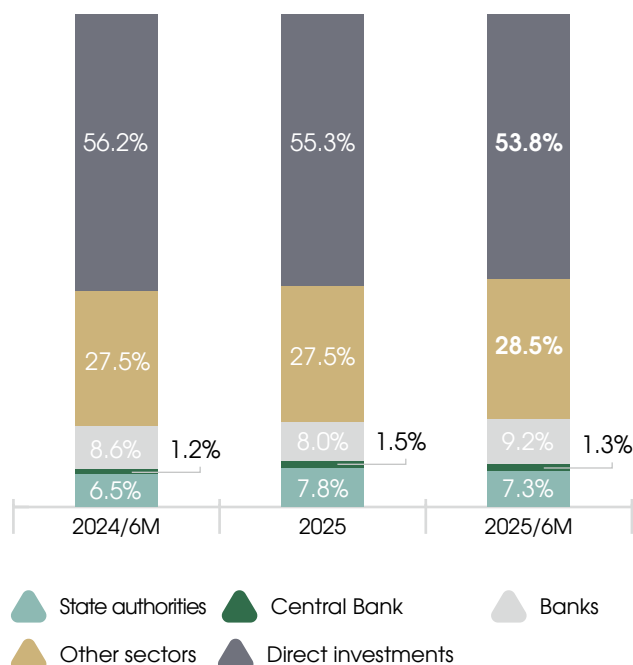
Kazakhstan's external debt amounted to USD 170.7 billion, an increase of 4% compared to the beginning of the year (USD 164.8 billion).

The banking sector was the main driver of this growth, increasing its external borrowing by 20%, from USD 13.1 billion to USD 15.7 billion. Debt from other sectors of the economy also increased by 7% (from USD 45.3 billion to USD 48.6 billion), likely due to the expansion of production and infrastructure programs.

At the same time, government liabilities decreased by 3% (from USD 12.8 billion to USD 12.4 billion), and those of the Central Bank by 11% (from USD 2.47 billion to USD 2.21 billion), likely due to the Ministry of Finance's previously announced plans to curb external borrowing.

The structure of external debt remains characterized by a high share of intercompany debt (54% of the total volume), which is formed primarily by foreign companies in the oil and gas sector in cooperation with their parent companies.

Figure 16. External debt structure for the first half of 2025



Source: compiled based on data from the Ministry of Finance of the Republic of Kazakhstan, calculated by BCC Invest

Foreign trade

In the first half of 2025, Kazakhstan's total trade turnover amounted to \$65.96 billion, which is 3.8% less than in the same period in 2024 (\$68.04 billion). The largest trade volumes are with China (\$14.91 billion, +6% compared to last year), Russia (\$11.99 billion, -9%) and Italy (\$8.78 billion, -11%).

The export basket consisted of 53% oil, slightly lower than the first half of last year (55%).

Goods exports decreased by 7%, from \$39.6 billion to \$36.8 billion, compared to the same period in 2024, indicating a slowdown in foreign economic activity. The oil sector was the main driver of the decline: the value of oil supplies fell by 11% (to \$19.4 billion), while physical volumes fell by 2%. In other words, the decline in oil exports was primarily due to the fall in global prices in the first months of this year.

It is noteworthy that oil production in Kazakhstan increased by 11.5% (to 49.8 million tons) in the first half of the year compared to the same period in 2024. This created a discrepancy between production figures and export statistics. The National

Bank of Kazakhstan attributes this to a lag between actual deliveries and their reflection in customs reporting.

Conversely, imports of goods increased by 3%, from \$28.4 billion to \$29.1 billion. As a result, the trade surplus fell by 32%, from \$11.2 billion to \$7.7 billion. If we conditionally exclude oil from exports, the balance becomes deficit – minus USD 11.8 billion, which is 10% lower than the figure for the first half of 2024.

After many years of growth, China's share of imports reached 28.6% and, for the first time, exceeded Russia's share (28.5%), despite the latter enjoying a number of tariff and non-tariff preferences within the EAEU. If this trend continues in the long term, we can expect an increase in demand for the yuan and an increase in its role in foreign exchange settlements.

In addition to oil, exports of other key Kazakh commodities also had a negative impact: refined copper (-12% by value and -16% by volume), uranium concentrate (-29% by value and -10% by volume), and copper ore (-11% by value and -21% by volume).

Unlike merchandise trade, services exports are showing a steadily narrowing deficit. Services exports increased by 2% (from \$5.70 billion to \$5.80 billion), while imports increased by 1% (from \$6.17 billion to \$6.25 billion), reducing the services balance deficit by 7%, from \$475 million to \$443 million. The main contributor to the improvement was an increase in revenues from transport and business services. The structure of services imports remained relatively stable, with spending on tourism and transport services predominating.

According to the baseline scenario of the FSED, Kazakhstan's exports in 2025 are expected to reach USD 82 billion. However, current trends indicate a high probability of more modest growth, although

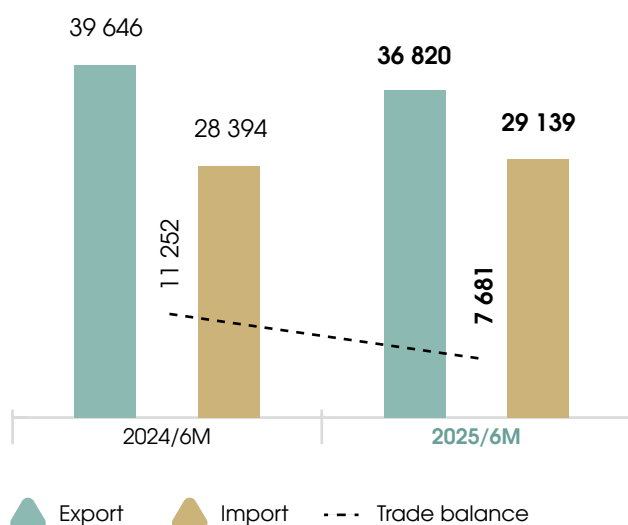
Exports of goods by the end of 2025 will amount to USD 78.2 billion

the figure will likely remain significantly higher than the pessimistic scenario. (\$71,9 billions).

According to our estimates, goods exports by the end of 2025 will amount to \$78.2 billion, a 4.1% decrease compared to 2024. Imports will grow by 4.4% to \$62.4 billion, continuing a steady upward trend. The trade balance could reach \$15.8 billion, or 27.7% below the 2024 level.

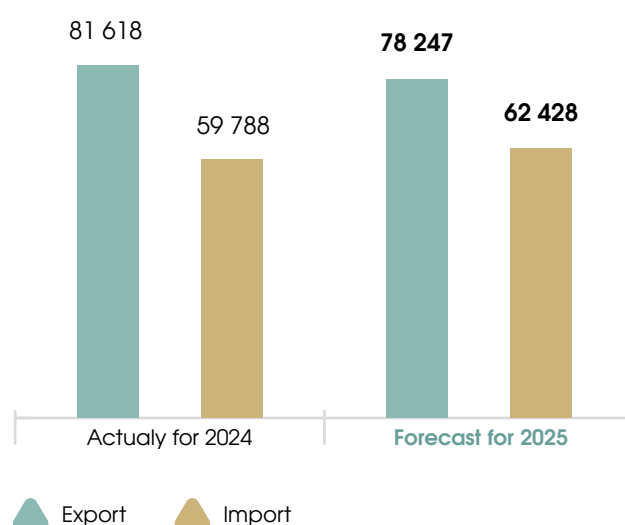
However, the inclusion of oil exports in customs statistics by the end of the year could improve the final trade balance surplus figures, but the likelihood of achieving target indicators remains moderate.

Figure 17. Foreign trade for the first half of 2025, billion dollars



Source: according to the BNS, calculations by BCC Invest

Figure 18. Forecast of foreign trade volumes at the end of 2025, billion US dollars



Source: according to the BNS, calculations by BCC Invest

Wages

The average nominal wage in Kazakhstan amounted to 434 thousand tenge, which is 10.7% higher than a year earlier. However, in real terms growth was almost absent, standing at just 0.3%, reflecting the impact of inflation on household incomes.

Wage dynamics across sectors were uneven. The strongest growth was recorded in information and communication (+15.1%, reaching 835 thousand tenge), particularly in programming (+21.9%). In agriculture, real wages rose by 9.1%, although wage levels remain low at 279 thousand tenge. In arts, entertainment, and recreation, growth reached +5.3%, driven by content production (+18.1%).

At the same time, declines were observed in education (–3.0%, averaging 337 thousand tenge) and healthcare (–3.2%), linked to reduced budget

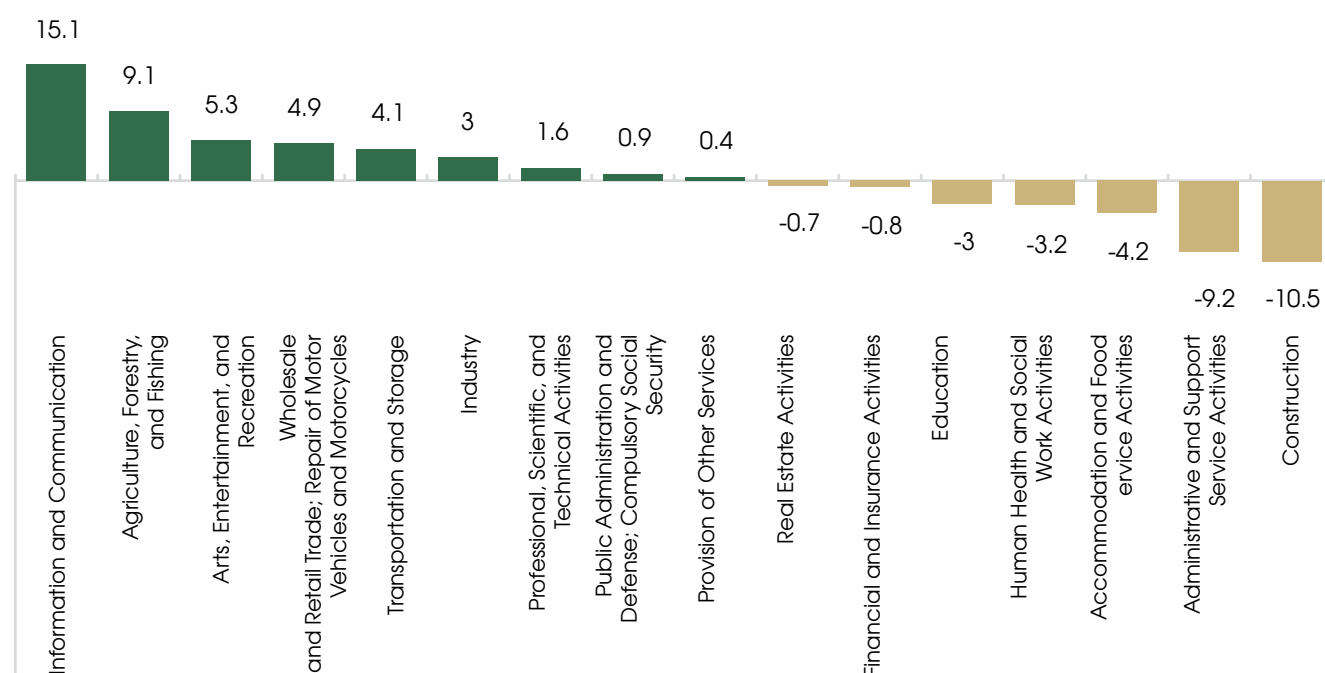
allocations to these sectors. The most negative trend was in construction, where wages fell both in real (–10.5%) and nominal (–1.2%) terms.

From 2022 through the first half of 2025, a trend emerged where GDP growth rates outpaced real wage growth. While GDP growth accelerated from 3.2% in 2022 to 6.2% in Q2 2025, real wages essentially stagnated. This highlights a widening gap between economic growth and living standards.



The average nominal wage in Kazakhstan amounted to 434 thousand KZT

Figure 19. Real wage index by industry



Source: according to the BNS, calculations by BCC Invest

Figure 20. Real wage index and GDP index compared



Source: according to the BNS, calculations by BCC Invest



Debt Market

- 25 Forehead
- 27 MFO Market
- 31 Scoring Matrix
- BCBCC Invest for MFOs and Pawnshops

FOREHEAD

In an interview, BCC Invest Managing Director Amanat Iskakov analyzes the situation

How do you assess bond market dynamics in the first half of 2025? Were there any unexpected trends?

In the first half of 2025, Kazakhstan's bond market showed mixed dynamics. The volume of corporate debt in circulation rose to KZT 13.7 trillion. On the primary market, nearly KZT 1.88 trillion was placed, which is 42% higher than a year earlier. The nominal volume of government debt increased to KZT 30 trillion. The main players in the primary placement market remain institutional investors (73%), followed by banks (21.8%).

One of the notable developments was the growth of ESG bonds. In the first half of 2025, six issues were admitted to trading, bringing the total volume of such bonds to KZT 981 billion, of which more than KZT 700 billion were placed. This reflects a continued focus on sustainable development and the goal of achieving carbon neutrality by 2060.

In June 2025, Kazakhstan also issued Eurobonds totaling USD 2.5 billion (*tranches with maturities of 7 and 12 years at yields of 5% and 5.5%*). The placement was twice oversubscribed and achieved record-low rates among issuers with an A/BBB rating. This became an unexpectedly positive signal against the backdrop of inflation (11.8% in July) and high NBK policy rates (16.5%). The proceeds were directed to refinancing 2025 obligations.

How do you assess the attractiveness of bonds in the context of the current base rate and inflation?

Kazakhstani bonds remain generally attractive for investors seeking high yields in Emerging Markets (EM), especially against the backdrop of declining interest rates in developed economies.



Аманат Искаков, управляющий директор

The real yield (as the difference between YTM and the inflation rate) for tenge-denominated government securities stands at around 5–7% (*18–19% minus 11.8–12.2%*), which is a positive indicator. This makes them suitable for conservative, income-oriented portfolios, with a low default risk supported by the country's investment-grade ratings. The attractiveness of Kazakhstani bonds was further enhanced by the successful Eurobond issuance (\$2.5 billion in June at 5–5.5%), which reflects investor confidence and an improvement in Kazakhstan's investment appeal.

At the same time, high inflation (*11.8% in June 2025*) and the base rate (*16.5%*) create pressure: if inflation does not ease, real yields may decline and new issuances could become less profitable. In addition, there remains a currency risk for tenge-denominated bonds, as the tenge is sensitive to changes in oil prices and geopolitical developments.

Do you expect an increase in the number of new issuers on the market by the end of the year? Which sectors, in your opinion, will be the most active in placing debt instruments in the coming months? What factors, in your view, may affect bond yields by the end of 2025?

We expect a moderate increase in the number of new bond issuers by the end of the year. This outlook is based on the continued development of the market, as – given the projected GDP growth of 4.5–5% in 2025 and the regulator’s goal to reduce inflation to 10.5–12.5% – we anticipate the emergence of new issuers, though in limited numbers.

New issuers are likely to come from the energy, construction, and microfinance sectors, with an emphasis on ESG and international placements. However, the pace of this growth will depend on the regulator’s monetary policy and global factors such as oil prices.

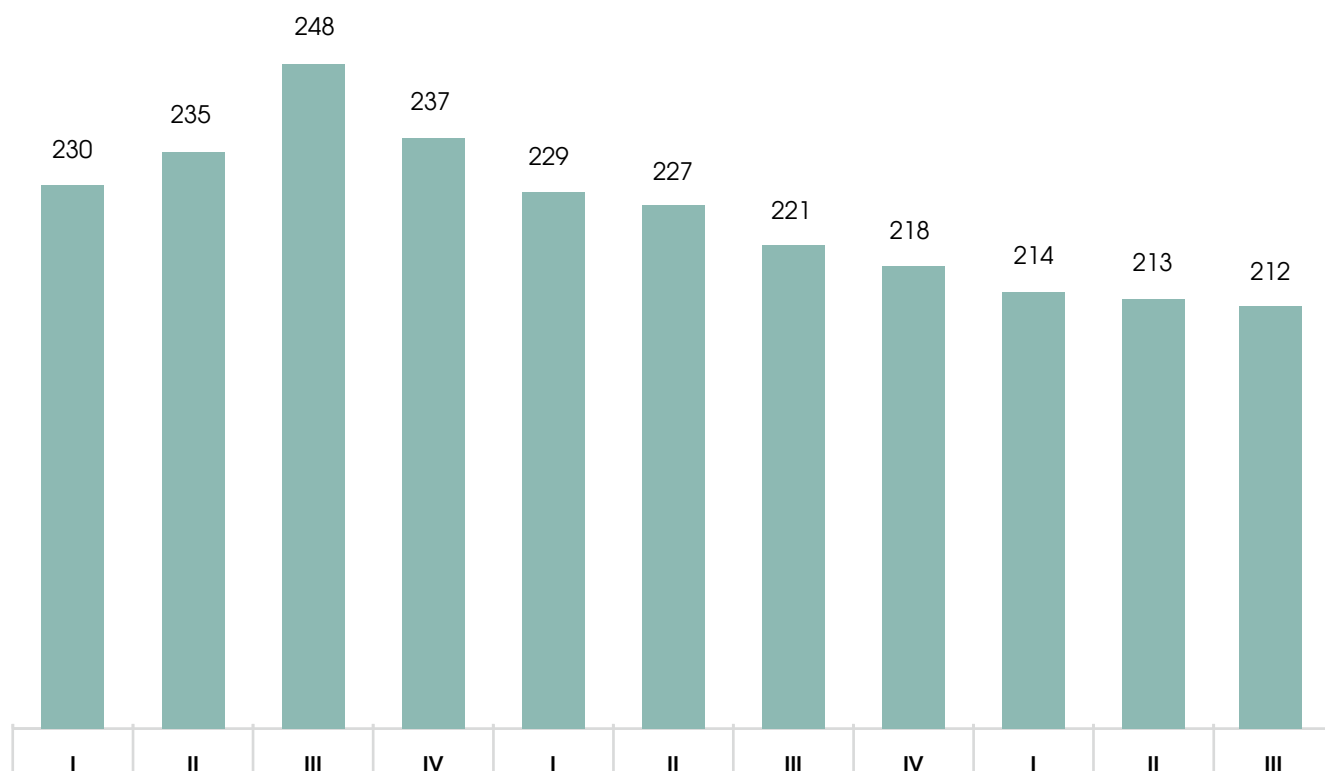
What is the main advice you would give to private investors who are considering bonds as an investment instrument for the second half of the year?

Our advice to private investors considering bonds in Kazakhstan is to diversify their portfolios in favor of short-term government securities in tenge (1–3 years, due to their high yield) and bonds in USD to balance returns and stability (considering currency risk).

Always choose issuers with strong credit ratings and act promptly while interest rates remain high. The share of corporate Eurobonds can be maintained at around 20–30% of the portfolio, with 40–50% allocated to short-term government securities, and the remaining portion directed toward equity instruments with higher risk and return potential.

This approach helps minimize risks while preserving profitability amid volatile inflation and high interest rates.

Figure 21. Dynamics of the number of MFOs



Source: National Bank of the Republic of Kazakhstan

MFO Market

The microfinance market (MFO) in Kazakhstan is undergoing transformation, with the number of players gradually declining while the largest participants are consolidating their positions.

According to the National Bank of Kazakhstan, as of the beginning of Q3 2025, there were 212 microfinance organizations operating in the country, compared to 221 a year earlier. This downward trend has been ongoing for several years: in Q3 2023 there were 248 organizations, meaning their number has decreased by 15% over two years. In addition to eliminating weak market players, in the summer of 2025, the largest microfinance organizations (MFIs) – KMF and BNK Finance Kazakhstan – completed their transformation into second-tier banks. OnlineKazFinance, under the Solva brand, also expressed its intention to transform into a bank. This trend of player reduction is driven by both stricter requirements for microfinance organizations and the desire of major players to expand their product lines and secure access to cheaper funding sources by transforming into second-tier banks.

Overall, the microfinance market remains heterogeneous. Three main categories of participants can be roughly identified:

- Large “traditional” MFOs;
- Specialized auto loan MFOs;
- Online companies issuing short-term unsecured loans.

This classification is conditional, as many “traditional” players are also actively developing different areas. While banks offer similar products, the differences lie more in the scale and business model.



Syrym Kuttygul, Leading Analyst

Despite the decline in the number of participants, the sector is growing and consolidating. The total assets of all microfinance organizations increased from 1.1 trillion tenge in January 2023 to 1.9 trillion tenge in July 2025. However, high concentration remains: the 10 largest companies account for approximately 74% of all assets. The main driver of asset growth is the loan portfolio, which increased from 917 billion tenge *84% of assets* in January 2023 to 1.75 trillion tenge *91% of assets* as of July 2025.

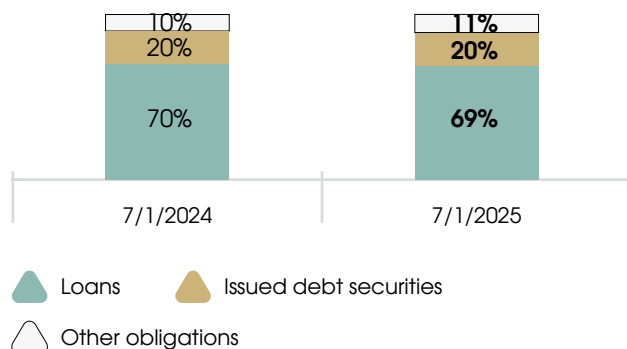
Year-on-year asset growth (*July 2025 vs. July 2024*) was 29%.

Total assets of all MFO increased from 1.1 trillion tenge in January 2023 to 1.9 trillion tenge in July 2025.

Table 2. Top microfinance organizations in Kazakhstan as of July 1, 2025 (billion KZT)

No.	Name	Assets	NPL	90+ /credit portfolio	ROA	ROE
1	"KMF"	384	6%	●	1.3%	7.4%
2	"Toyota Financial Services Kazakhstan"	283	2%	●	1.9%	13.3%
3	"MyCar Finance"	163	7%	●	0.9%	5.2%
4	"OnlineKazFinance"	158	8%	●	0.7%	4.0%
5	"Shinhan Finance"	119	3%	●	2.9%	14.5%
6	"TAS FINANCE GROUP"	80	5%	●	4.6%	10.6%
7	"FREEDOM FINANCE Credit"	74	8%	●	-0.3%	-0.9%
8	"Amur Credit"	69	3%	●	3.5%	15.9%
9	"R-Finance"	53	4%	●	3.2%	15.7%
10	"Lending and Finance technologies"	49	6%	●	7.8%	13.4%
11	"Asian Credit Fund"	45	4%	●	1.1%	9.3%
12	"FintechFinance"	41	8%	●	7.2%	17.4%
13	"Mogo Kazakhstan"	40	7%	●	5.8%	34.9%
14	"Robocash.kz"	36	4%	●	25.4%	30.0%
15	"Credit365 Kazakhstan"	22	18%	●	-9.2%	-30.7%
16	"Swiss Capital"	15	14%	●	2.1%	12.3%
17	"Yrys"	13	7%	●	0.8%	1.6%
18	"Bastau Agro Finance"	12	0%	●	-0.1%	-1.0%
19	"BI Finance"	10	0%	●	17.4%	133.0%
20	"Kredit Seven Kazakhstan"	10	15%	●	18.7%	27.4%

Source: National Bank of the Republic of Kazakhstan, BCC Invest calculations

Figure 22. Structure of MFO liabilities

Source: National Bank of the Republic of Kazakhstan, BCC

Despite asset growth, the overall balance sheet structure of microfinance organizations remains stable: liabilities account for around 72%, while equity represents about 28%. Within liabilities, the largest share comes from borrowed loans (approximately 70%), while issued debt securities continue to make up a significant portion (around 20%). This structure reflects the sector's orientation toward a mix of bank lending and fundraising via the capital market, which provides diversification of funding sources.

In July 2025, the total loan portfolio of microfinance organizations (MFOs) in Kazakhstan showed a 31% increase compared to July 2024. More than half of the portfolio (55%) was concentrated among the five largest market players: KMF, Toyota Financial Services Kazakhstan, MyCar Finance, OnlineKazFinance (under the Solva brand), and Shinhan Finance. Notably, three of these companies focus primarily on auto lending, while KMF completed its transformation into a bank in 2025.

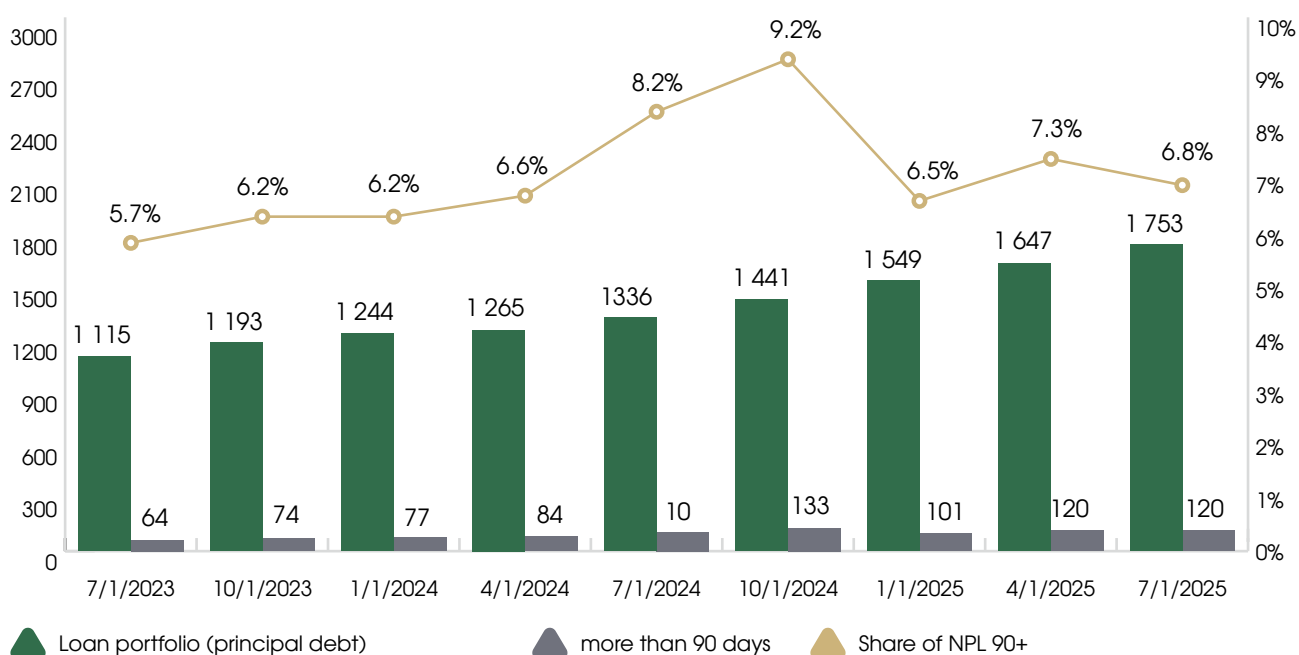
The quality of the loan portfolio showed mixed dynamics. The share of non-performing loans over 90 days declined from 9.2% in October 2024 to 6.8% in July 2025, a decrease of 2.4 percentage points. However, in the short term, the opposite trend was observed: compared to January 2025, the indicator rose by 0.3 percentage points.

In terms of issuance structure, microloans to individuals dominate, accounting for 82% of the total volume as of July 1, 2025. Legal entities and individual entrepreneurs account for only 17%, highlighting the consumer-oriented nature of the segment.

In July 2025, the total loan portfolio of microfinance organizations in Kazakhstan showed a 31% increase compared to July 2024

The dynamics of changes in the microfinance market in recent years are largely due to increased government regulation. The Association of Regional Financial Markets (ARFMR) is implementing a consistent policy of tightening requirements for market participants. The goal of these measures is to increase market transparency, reduce the debt burden on borrowers, and minimize systemic risks in the microcredit sector.

Figure 23. Dynamics of the MFO loan portfolio, billion KZT



Source: National Bank of the Republic of Kazakhstan, BCC Invest calculations

Tightening of the MFO market

June 23	August 24	February 25	June 25	August 25
MFO capital: from July 2023 – 150 million KZT, from January 2024 – 200 million KZT.	The annual interest rate has been reduced from 56 to 46 %, for loans up to 45 days – daily rate ≤0.3 %, annual interest rate ≤179 % (previously up to 339 %).	Until May 1, 2026, the transfer of individuals' debts is prohibited. Restrictions on the frequency of calls to debtors have also been introduced. From May 1, 2026, transfers are only possible after the debt has been outstanding for 24 months and a pre-trial settlement has been reached.	Mandatory disclosure of the annualized effective period and all commissions, debt restructuring up to 6.29 million KZT.	New rules for online lending are planned: anti-fraud measures, 24-hour delays for large loans, and a ban on multiple loans per day.

The introduction of regulatory requirements in the microfinance market is affecting overall profitability. Smaller MFOs are the most vulnerable, as stricter requirements exert greater pressure due to their limited scale of operations. As of January 2025, a decline in key profitability indicators was recorded across the entire MFO market: ROA fell by 2.9 percentage points to 6.4%, while ROE dropped by 9.7 percentage points year-on-year to 22.6%.

Overall, the MFO market is undergoing changes that will soon impact lending in Kazakhstan. Tighter capital requirements are pushing smaller companies to seek partners or mergers, while some

players with limited resources may exit the market. Interest rate caps are reducing margins, making the business less attractive for smaller MFOs. For organizations focused on traditional microcredit, the situation is further complicated by the alignment of the annual effective interest rate with the banking sector, where funding costs are 2–3 times lower due to deposits. Additional pressure comes from competition with large MFOs and banks. As a result, the market is moving toward consolidation and a reduction in the number of participants: stronger companies will either transform into banks or adjust their development strategies.



Rate caps reduce margins and make business less attractive for small MFOs

BCC Invest scoring matrix for microfinance organizations and pawnshops



Alua Esbol, Chief Analyst



Erbol Beibytov, Leading Analyst

The modern non-bank financial institutions (NBFI) market requires the creation of unified and transparent tools for credit risk assessment—especially in the context of the rapid development of Kazakhstan’s debt segment, where the bulk of corporate bond issuance is concentrated in microfinance organizations (MFOs). Not all MFOs have access to credit risk assessments from international rating agencies (S&P, Fitch, Moody’s), and in the absence of a national rating agency, the need for a standardized rating system becomes increasingly important for investors.

To address this challenge, we are continuously upgrading our proprietary scoring matrix for assigning credit ratings to microfinance organizations and pawnshops. This tool is based on a comprehensive evaluation of both quantitative and qualitative indicators, enabling the most objective assessment possible of the resilience of non-bank financial institutions.

We are constantly
upgrading our own
scoring matrix



Assessment methodology

The BCC Invest scoring model's assessment methodology is largely based on the financial metrics of the assessed companies (70% of the overall assessment). Primary attention is paid to solvency, which reflects the ability of an organization to meet debt obligations in a timely manner and maintain an acceptable level of debt burden. The key subfactors of an MFO's solvency are the quality of its loan portfolio and capital adequacy.

An equally important area of analysis is operational efficiency, including an assessment of return on assets, as well as the stability and quality of operating results.

Particular attention is paid to liquidity—the company's ability to quickly mobilize cash to cover short-term obligations, which is especially critical in volatile market conditions.

These indicators are taken into account not only on the basis of the latest relevant data, but also over the last three years, which allows us to assess their stability and identify positive or negative trends that also have an impact on the final assessment.

In addition to quantitative factors, qualitative characteristics are also taken into account (30% of the total assessment). They provide a deeper understanding of the specifics of the business model, the company's position among competitors, an evaluation of the structure of income sources, resilience to external shocks and regulatory changes, as well as the effectiveness of internal control systems and risk management. The combination of all these parameters forms a comprehensive picture of the company's current state and its prospects.

Rating scale

The scoring matrix covers ten levels – from BCC_A+ (the highest level of reliability) to BCC_D (default). The highest categories (A+/A/A-) are assigned to companies with stable cash flows and minimal risks. The mid-level categories (B+/B/B-) reflect moderate stability, under which cooperation is permissible but requires a certain level of control. The lowest categories (C+/C/C-/D) indicate significant financial problems, a high probability of default, or actual insolvency. Such gradation allows investors and creditors to develop a strategy for working with issuers of debt instruments. A detailed scoring matrix is presented in Table 3.

Table 3. BCC-Invest scoring matrix

	Risk characteristics	BCC-Invest Rating Levels	Numerical assessment
Investment grade	High reliability	BCC_A+	10
	Above average reliability	BCC_A	9
	Average reliability	BCC_A-	8
	Below average reliability	BCC_B+	7
	Speculative grade	BCC_B	6
Non-investment grade	High risk	BCC_B-	5
	Very high risk	BCC_C+	4
	High probability of default	BCC_C	3
	Default	BCC_C-	2
	Дефолт	BCC_D	1

Since most MFIs and pawnshops in Kazakhstan do not have international or domestic ratings, investors face difficulties in assessing risk when making decisions regarding these issuers. We have assigned credit ratings to the largest MFIs and pawnshops in order to facilitate investors' decision-making process when selecting issuers for investment (Table

4). The sample includes MFIs and pawnshops that hold leading positions in terms of asset size.

The assessment was carried out based on data from the companies' financial statements for the first half of 2025 and for the 12 months of 2022–2024, as well as from open sources. At the time of the assessment, most of the companies on the list had several

outstanding bond issues. We indicated the most recent bond issues for each company. This rating system clearly illustrates the relationship between

the offered yields and the levels of risk associated with each issuer.

Таблица 4: Рейтинг казахстанских МФО и ломбардов

Company			BCC rating Invest	Examples of recent placements			
				ISIN	Currency	Repayment	Coupon rate
Микрофинансовые организации							
MFO TAS FINANCE GROUP LLP			BCC_A	KZ2P00014400	KZT	15.07.2027	21.00%
MFO R-Finance LLP			BCC_A	KZ2P00014723	KZT	08.08.2027	22.00%
MFO Arnur Credit LLP			BCC_A	KZ2P00014434	KZT	30.07.2027	20.00%
MFO KMF* JSC			BCC_A	KZ2C00013779	KZT	30.05.2026	19.50%
MFO	Toyota	Financial Services Kazakhstan LLP	BCC_A-	KZ2P00014442	KZT	28.08.2029	18.40%
MFO Asian Credit Fund LLP			BCC_A-	KZ2P00014640	KZT	20.02.2027	22.50%
MFO MyCar Finance LLP			BCC_A-	KZ2P00011968	KZT	14.11.2026	17.50%
MFO OnlineKazFinance JSC			BCC_B+	KZ2C00013274	KZT	20.06.2028	21.65%
MFO Mogo Kazakhstan LLP			BCC_B+	KZ2P00014590	USD	20.08.2027	11.00%
MFO Freedom Finance Credit LLP			BCC_B+	KZ2P00010978**	KZT		
MFO «Robocash.kz LLP			BCC_B	KZ2P00010291	USD	15.05.2027	10.00%
MFO «Swiss Capital LLP			BCC_B-	KZ2P00011638	USD	25.04.2027	10.50%
Pawn office							
Safe-Lombard LLP			BCC_A	KZ2P00014491	KZT	14.02.2027	21.00%
Birinshi Lombard LLP			BCC_A-	KZ2P00010010	KZT	10.10.2025	24.00%

* Since August 2025, JSC “MFO KMF” obtained a banking license and changed its name to JSC “KMF Bank”. ** private placement.

Thus, the developed scoring matrix performs several functions at once. On the one hand, it serves as a tool for internal analysis and risk management for financial institutions. On the other hand, it provides investors and participants in Kazakhstan’s debt market with a clear benchmark for selecting reliable issuers in the MFO segment, where a significant share of corporate bonds is placed.

Due to its systematic nature and transparency, this methodology helps strengthen trust in the market, reduces the likelihood of inefficient investment decisions, and lays the foundation for the sustainable development of the microfinance sector in the country.



Stock market

- 35 NAC KazAtomProm JSC (KAP)
- 36 Kaspi.kz JSC (KSPI)
- 37 NC KazMunayGas JSC (KMG)
- 38 KEGOC JSC (KEGC)
- 39 Air Astana JSC (AIRA)
- 40 From credit dependence to a savings model: how Kazakhstan can turn on the engine of long-term investments

NAC KazAtomProm JSC (KAP)

Financial results for the first half of 2025

KASE Ticker: KZAP	Target price (12M): 28 083 KZT	Potential: +13%
AIX Ticker: KAP	* Current price: 24 886 KZT	Rating: BUY

September 2025

JSC NAC KazAtomProm (hereinafter referred to as the «Group») published its operating results for the first half of 2025.

Due to the Group's financial performance and the change in WACC, we have updated our price target per share to 28,083, with potential upside of 13% from the current market price, with a «Buy» recommendation.

Financial results based on the consolidated financial statements for the first half of 2025:

- A 6% decrease in revenue for 6M 2025 compared to the same period in 2024 was mainly due to the cessation of sales of uranium products and a decrease in uranium sales volumes.
- Uranium production increased by 13% due to an increase in the production plan. However, the reduction in the target for the Inkai joint venture is not expected to have a significant impact on the company's production plans for the entire 2025.
- Sales volume decreased by 2% year-on-year. Sales may vary significantly depending on order timing and delivery schedules.
- For 6M 2025, cost of sales decreased by 16% following a decrease in sales volumes of purchased uranium from joint ventures and associates. As such deliveries declined, the final cost was determined based on the prevailing spot price and applicable discounts, which also contributed to the reduction.
- The debt burden level amounted to 192 billion tenge as of June 30, 2025, which is 28% higher than the 2024 figure.

Valuation Model Parameter Changes and Updates

In the model, uranium spot price forecasts have been updated based on Capital IQ and Bloomberg analytical databases.

The WACC has been increased to 15.7% due to market changes. Uranium production and sales volumes have also been updated, and the net debt value has been adjusted for the results for 6M of 2025.

Financial parameters

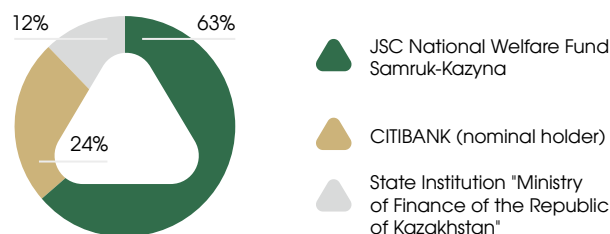
billions	6M 2025	6M 2024	Change (%)
Revenue	660	701	-6%
Cost of Sales	(374)	(443)	-16%
Gross Profit	287	258	+11%
Operating Profit	254	227	+12%
Net Profit	263	573	-54%
Cash and Cash Equivalents	584	152	+284%

Marginality

	6M 2025	6M 2024
ROA	20%	37%
ROE	29%	49%

Source: Company data, BCC Invest calculations

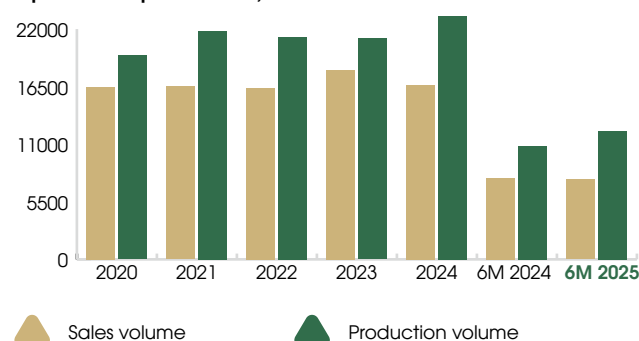
Shareholders



Market parameters

Number of issued shares (pcs.)	259 356 608
Market capitalization (billion KZT)	6 438
52 weeks min/max (KZT)	16 080 – 24 999

Operational parameters, tons:



*current price – the price at the time of writing the review.

Kaspi.kz JSC (KSPI)

Financial results for the first half of 2025

KASE Ticker: KSPI	Target price (12M): 57 922₸	Potential: +14%
NASDAQ Ticker: KSPI	*Current price: 50 651₸	Rating: BUY

August 2025

Kaspi.kz JSC (hereinafter referred to as the «Company») published its operating results for the first half of 2025. As a result, we updated our price target per share to 57,922, with potential upside of 14% from the current market price, with a «Buy» recommendation.

While sales in Turkey grew, Hepsiburada recorded a decline in EBITDA and a net loss due to additional loan provisions and one-time expenses. In the Kazakhstani market, the key factor slowing the company was the ongoing decline in smartphone demand, which limited GMV growth in the e-commerce segment. Nevertheless, thanks to the active development of e-Grocery, advertising, and delivery, Kaspi.kz continued to demonstrate steady revenue growth and maintained its net profit forecast of approximately +15% YoY in 2025.

Financial results based on the consolidated financial statements for the first half of 2025:

Compared to the previous year, revenue increased by 55%. This growth was mainly driven by higher income from the Marketplace segment.

Marketplace. Net profit and revenue from the Marketplace segment for 6M 2025 rose by 16% and 29%, respectively, compared to the same period last year. The total sales volume amounted to KZT 1.4 trillion (+23% y/y).

Payments. Revenue and net profit grew by 16% and 20%, respectively, compared to the previous year, driven by a 15% y/y increase in the number of transactions (TPV).

Fintech. The company increased its Fintech segment income by 19%. In the first half of 2025, 40% of TFV came from low-risk BNPL loans with small ticket sizes, which have become the key product of the fintech platform. Lending to merchants and microbusinesses accounted for 18% of TFV and continues to grow faster than consumer loans.

As of the first half of 2025, Hepsiburada experienced a mixed performance. Despite revenue growth, EBITDA declined by 10% y/y, and the company reported a net loss of approximately TRY 1.1 billion. The main reasons were an increase in credit reserves and one-off expenses. At the same time, the company is actively working to improve customer service, including optimizing delivery processes, expanding financial solutions, and enhancing the mobile application.

Financial parameters

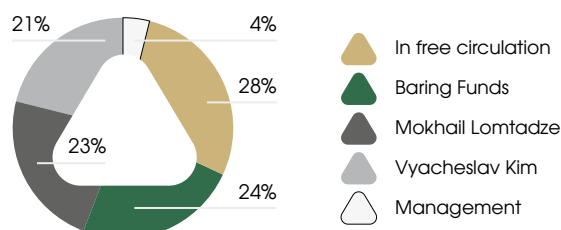
billions	6M 2025	6M 2024	Изменение (%)
Payments	309	265	+16%
Marketplace	412	319	+29%
Fintech	714	598	+19%
Operational expenses	(1 160)	(587)	+98%
Net Profit	513	466	+10%
Cash and Cash Equivalents	1 078	619	+74%

Marginality

	6M 2025	6M 2024
ROA	11%	13%
ROE	54%	77%

Source: Company data, BCC Invest calculations

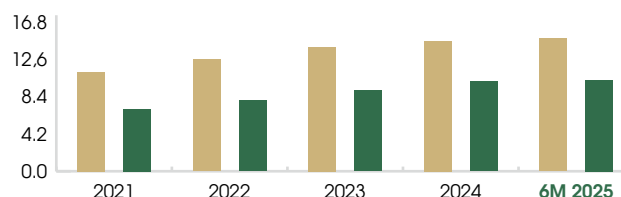
Shareholders



Market parameters

Number of issued shares (pcs.)	216 742 000
In free circulation (%)	34%
Market capitalization (billion KZT)	9 541
52 weeks min/max (KZT)	43 001– 63 619

Operational parameters of the Company, mln:



- Active users of the application, monthly
- Active users of the application, average per day

*current price – the price at the time of writing the review.

NC KazMunayGas JSC (KMG)

Financial results for the first 6M of 2025

KASE Ticker: KMGZ	Target price (12M): 19 397₸	Potential: -2.8%
AIX Ticker: KMG	*Current price: 19 946₸	Rating: HOLD

September 2025

On August 21, the financial statements of KazMunayGas (hereinafter referred to as the "Company") for the 6M 2025 were published, which demonstrated an improvement in operational and financial indicators, with a deterioration in net profit compared to the 6M 2024.

Financial and operating results for 6M 2025:

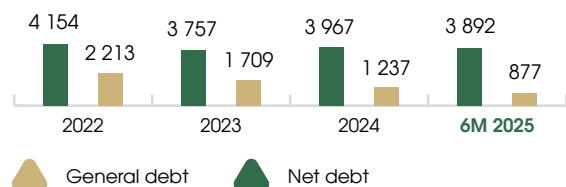
Parameter	6M 2025	6M 2024	Change (%)
Brent crude oil	70.2\$/ Barrel.	83.5\$/ Barrel.	-15.9%
Average rate	512.08₸/ \$	449.00₸/ \$	+14.0%

- Compared to the 6M 2024, revenue from contracts with customers increased by 6.2% due to an increase in oil and gas production volumes and refining volumes, while oil transportation volumes decreased.
- Net profit fell 2.9% due to higher production costs and negative exchange rate differences. The volume of oil and gas condensate production by KMG for the first half of 2025 amounted to 13,043 thousand tons, which is 8.8% higher than in the same period last year. Gas production reached 5,726 million m³ (+18.3%). The growth was driven by increased output at the Tengiz field following the launch of the Third Generation Plant under the Future Growth Project, as well as stable production at Karachaganak. The decline in Kashagan production was due to an increase in the gas factor in the extracted oil.
- The total volume of oil transportation (via trunk pipelines and maritime routes) amounted to 41,616 thousand tons, which is 0.3% lower than in the first half of 2024. The decline was mainly due to a reduction in maritime transportation caused by the modernization of the "Taraz" and "Liva" tankers and a decrease in Aframax shipments in open waters. At the same time, pipeline transportation increased owing to higher oil deliveries from Tengiz to the CPC system and increased supplies to refineries.
- Sales of oil and condensate totaled 13,021 thousand tons (+7.4%), of which 66.2% were exported, while 4,404 thousand tons were supplied to the domestic market, including 2,742 thousand tons delivered to ANPZ, PNHZ, and PKOP refineries.
- Hydrocarbon processing at refineries increased by 16.5%, reaching 10,375 thousand tons. Kazakh refineries accounted for 7,405 thousand tons (+5.0%), while the Romanian refineries (Petromidia and Vega) processed 2,969 thousand tons (+60.7%).
- Production of petroleum products increased by 16.9%, reaching 9,685 thousand tons, including 3,023 thousand tons of gasoline (+22.4%) and 3,690 thousand tons of diesel fuel (+22.6%).
- Sales of petroleum products in Kazakhstan totaled 2,671 thousand tons (+14.8%). Exports declined by 26.9% to 269 thousand tons, mainly due to a reduction in sales of other petroleum products. The KPI plant produced 106.8 thousand tons of polypropylene (+62.9%), with sales reaching 100.4 thousand tons (+63.2%). Domestic sales more than doubled to 9.5 thousand tons, while exports rose to 91 thousand tons, with Turkey and European countries serving as the main destinations.

Financial parameters

billions	6M 2025	6M 2024	Изменение (%)
Revenue from contracts with customers	4 500	4 239	+6.2%
Net profit	534	550	-2.9%
EBITDA	796	727	+9.5%
Capital expenditures	259	282	-8.2%

Debt dynamics, billion KZT ₸



Marginality

	6M 2025	6M 2024
ROA (LTM)	5.9%	5.9%
ROE (LTM)	9.5%	9.7%

Source: Company data, BCC Invest calculations

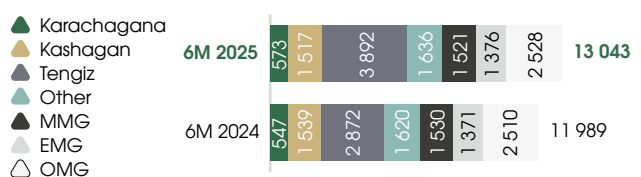
Shareholders

JSC National Welfare Fund Samruk-Kazyna	67.83%
State Institution "Ministry of Finance of the Republic of Kazakhstan"	20.00%
National Bank of the RK	9.58%
In free circulation	2.59%

Market parameters

Number of issued shares (pcs.)	610 119 493
In free float (%)	2.59%
Market capitalization (billion KZT)	12 229.8
52 weeks min/max (KZT)	11 490 – 21 000

Oil and gas condensate production (KMG share), thousand tons



*current price – the price at the time of writing the review.

KEGOC JSC (KEGOC)

Increase in dividend payments as a result of significant profits: Financial results for the first half of 2025

KASE Ticker: KEGC	Target price (12M):: 1 778₸	Potential: +22,9%
AIX Ticker: KEGC	*Current price: 1 447₸	Rating: BUY

September 2025

KEGOC JSC (hereinafter referred to as the "Company") published its operating results for the first half of 2025. The Company's operating performance for the reporting period is characterized by moderate revenue growth in certain areas. As a result, we maintain the share price at 1,778, with potential upside of 22.9% from the current market price, with a "Buy" rating.

Financial statements for the first half of 2025:

- Revenue reached 183 billion KZT, an increase of 25 billion tenge year-on-year. The 16% growth was mainly driven by an 89% increase in income from electricity sales (to offset interstate flow imbalances), an 18% rise in transmission service revenue, and a 14% increase in income from national grid usage fees.
- Cost of goods sold rose 24% compared to the previous year, primarily due to a 99% increase in expenses for balancing electricity purchases on the Kazakhstan Electricity and Capacity Market (БПЭ ПК) and a 43% increase in technological electricity losses. Meanwhile, expenses for purchasing electricity to offset interstate flow imbalances declined by 8%.
- Net profit declined because expenses grew faster than revenue, mainly due to higher balancing electricity purchases, technological losses, depreciation, and wage costs. As a result, the additional revenue was entirely offset by increased expenses.
- Debt load amounted to 163 billion tenge in the first half of 2025, up 1% since the beginning of the year.
- The company is notable for its substantial dividend payouts, which enhance its appeal to investors.

Estimation of the value of one share of JSC KEGOC

Taking into account the above results and historically stable dividend payments, we **maintained** the price per common share at 1,778 KZT, with a "Buy" rating.

Financial parameters

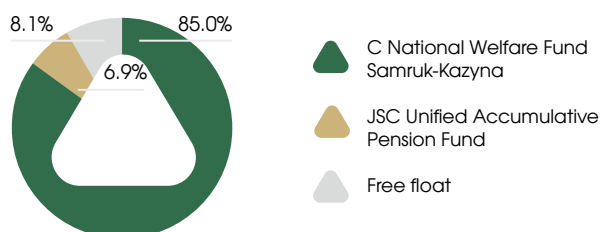
billions	6M 2025	6M 2024	Изменение (%)
Revenue	183	158	+16%
Cost of Sales	(132)	(106)	+24%
Gross Profit	51	52	-1%
Operating Profit	45	46	-1%
Net Profit	34	35	-2%
Cash and Cash Equivalents	42	62	-0,3%

Marginality

	6M 2025	6M 2024
ROA	5%	6%
ROE	8%	8%

Source: Company data, BCC Invest calculations

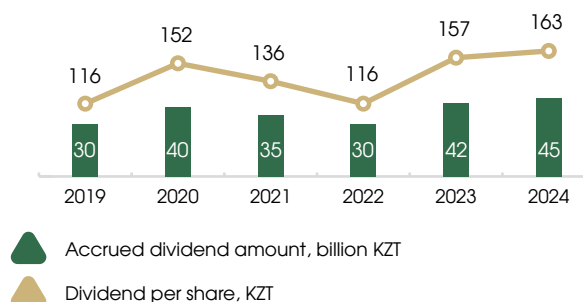
Shareholders



Market parameters

Number of shares issued (units)	275 294 118
Free float (%)	15
Market capitalization (billion KZT)	399
52-week min/max (KZT)	1 415 – 1 534

Company Dividends



*price at the time of writing the review.

Air Astana JSC (AIRA)

Financial results for the first half of 2025

KASE Ticker: AIRA	Target price (12M): 853₸	Potential: +13.9%
AIX Ticker: AIRA.Y	*Current price: 749₸	Rating: BUY

August 2025

Air Astana JSC (hereinafter – the “Company”) published its financial and operational results for the six months ended June 30, 2025, on August 5.

In our view, the report was positive. The seasonally strong second quarter for Air Astana was confirmed by a 28% increase in quarterly revenue. Revenue for both brands — Air Astana and Fly Arystan — rose by 29% and 32%, respectively, compared to the same period last year.

We have valued one share at 853 KZT and issued a “Buy” recommendation.

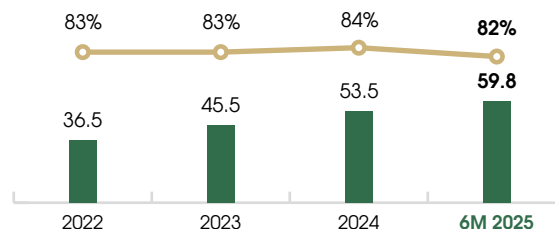
Financial parameters

billions	6M 2025	6M 2024	Change (%)
Revenue	337	264	+28%
Operating expenses	(314)	(249)	+26%
Operating Profit	23	15	+54%
Net Profit	5	2	+146%
Cash and Cash Equivalents	276	197	+40%

Financial statements for the first half of 2025:

- Revenue for the Air Astana and Fly Arystan brands increased by 29% and 32%, respectively, compared to the same period last year. The main revenue increase was driven by a 27% increase in passenger revenue compared to the same period in 2024. The Group's passenger numbers grew by 11.6% to 4.5 million, accompanied by the addition of five new destinations, bringing the total number of routes to 20.
- As of the end of June 2025, Air Astana operated 61 aircraft, 4 more than in the same period last year. The company plans to have 63 aircraft in its fleet by the end of 2025. It also plans to increase the fleet to 84 aircraft by 2029.
- The Group's Available Seat Kilometers (ASK) for the first half of 2025 increased by 17.8% year-on-year — up 9.3% on domestic routes and 25.2% on international routes. Notably, 76% of the total capacity growth came from the international network, with the strongest increase observed on routes to China and the Far East (+115%).
- Operating profit for the first 6 months of 2025 amounted to 23.2 billion KZT, up 54% from the same period in 2024, operating margin increased by 21% and amounted to 7%. The company continues to work on optimizing costs by simplifying its fleet, optimizing fuel consumption, and creating a subsidiary, Air Astana Terminal Services, which focuses on ground handling and related services.
- Net profit for the first six months of 2025 increased by 146% and amounted to 5.39 billion KZT compared to the same period in 2024. The company also saw an increase in cash flow to 276 billion tenge, which is a record figure. The year's net debt increased to 244 billion KZT, or by 39% year-on-year, due to an increase in lease obligations due to the expansion of the fleet.

Indicators



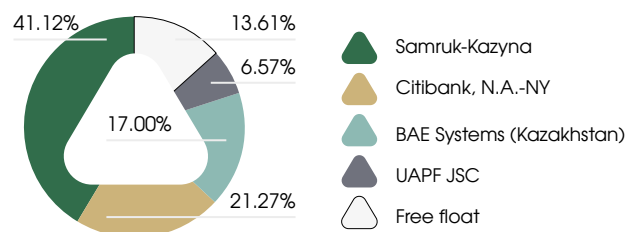
- ▲ Average number of aircraft
- Aircraft load factor

Marginality

	6M 2025	6M 2024
ROA (LTM)	3.12%	3.22%
ROE (LTM)	16.26%	19.06%

Источник: данные Компании, расчеты BCC Invest

Shareholders

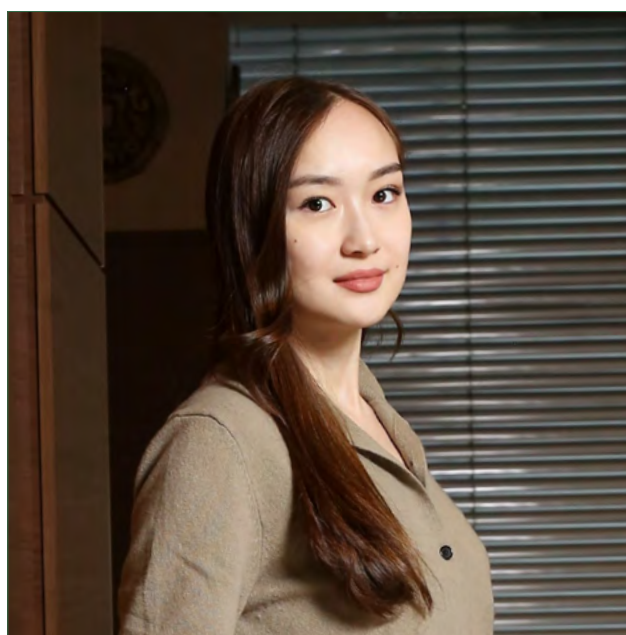


Market parameters

Number of shares issued (units)	355 517 473
Free float (%)	13.6
Market capitalization (billion KZT)	270.2
52-week min/max (KZT)	695 – 860.05

*price at the time of writing the review.

From credit dependence to a savings model: how Kazakhstan can turn on the engine of long-term investments



Алуа Есбол, главный аналитик

Abstract

Problem: High debt levels and a low share of investing households in Kazakhstan. Trust in investments and investment banks is low.

Idea: Shift household focus from «consuming on credit» to «saving and investing,» primarily through mutual funds (mutual funds) – a clear and regulated instrument that can be used with a small budget.

Global experience: The US has achieved mass investment through a combination of tax incentives, 401(k)/IRA retirement plans, and transparent regulation. Today, about half of American households own mutual funds, and mutual funds are one of the main channels for family participation in the stock market.

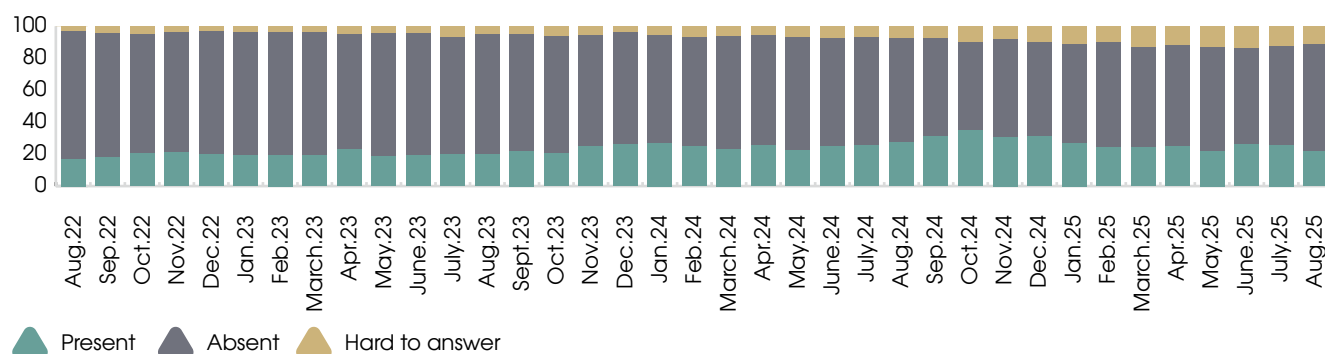
Why «savings model» is the macro-sustainability and not just «savings advice»?

An economy where households live from loan to loan is vulnerable to any shocks—from interest rate hikes to exchange rate fluctuations. The alternative is a savings model, where a portion of income is regularly saved and converted into financial assets, rather than remaining unused. This transition affects not only the well-being of individual families but also GDP growth: when savings become investments, the economy gains a stable source of demand and capital.

This logic at the macro level is described by a study by the Vienna Institute for International Economic Studies. It shows that output depends on a combination of non-consumption expenditures—private investment, the budget balance, and net exports—as well as the private savings rate.

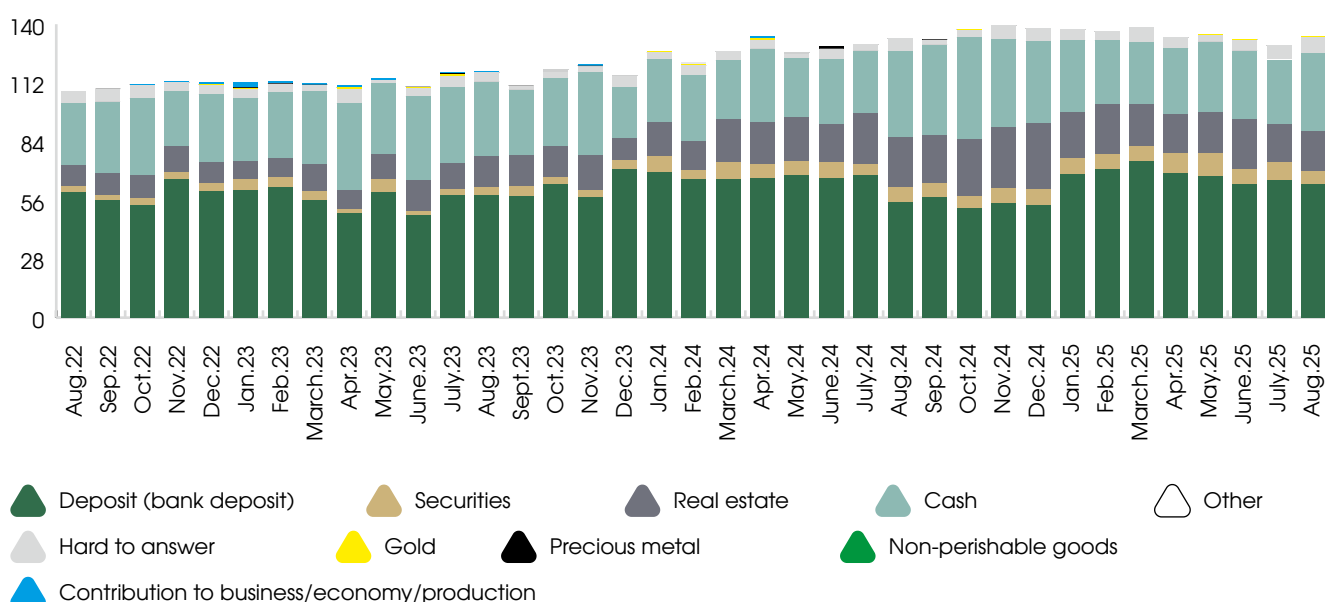
What do the data from the National Bank of the Republic of Kazakhstan show?

Figure 24. Personal savings and cash accumulation



Source: NB RK

Figure 25. Distribution of methods for storing personal savings



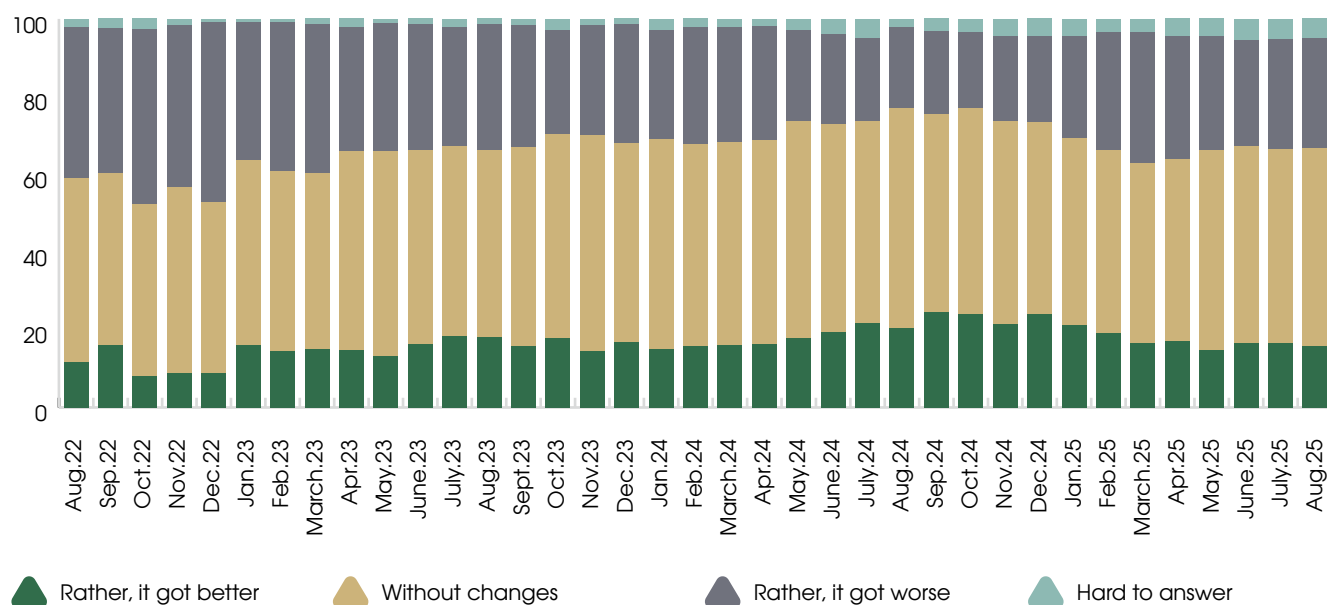
Source: NB RK

If the propensity to save increases, then, all else being equal, the rate of output slows; if it decreases, it accelerates. The authors specifically note the so-called savings paradox: savings that are not converted into investments can simultaneously slow down the economy. Therefore, the key factor is the channel for transforming savings into investments, and not the reduction in consumption itself.

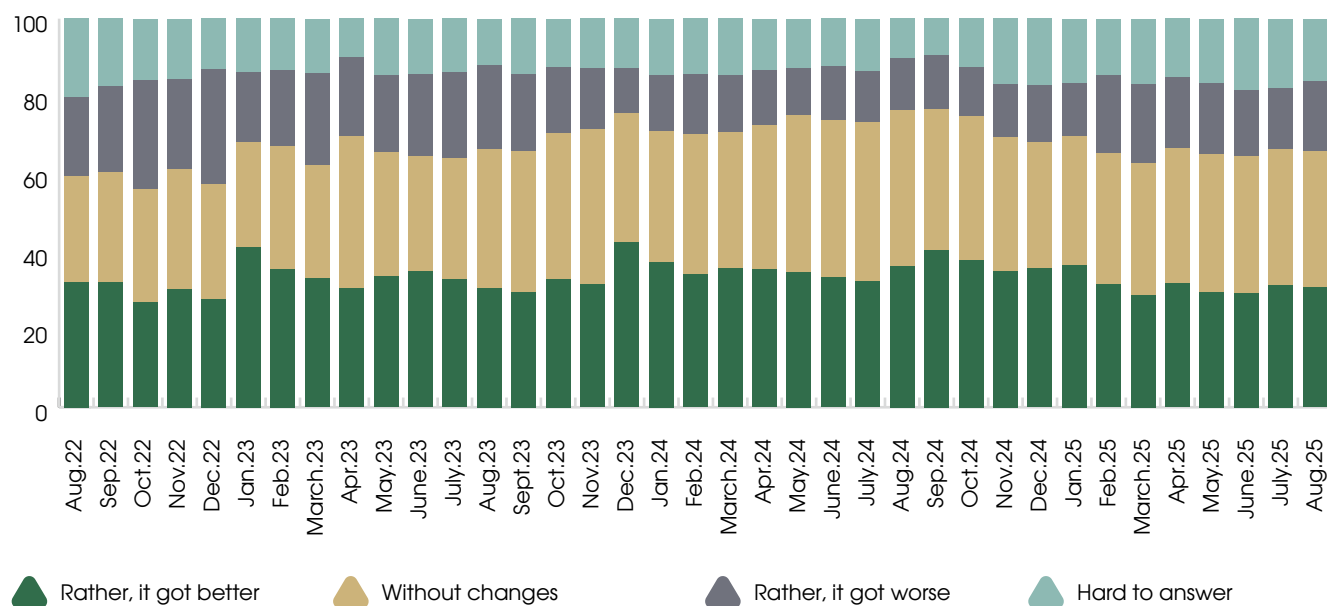
For us, this is an important bridge: savings must become investments to drive growth—and this is where the mutual fund infrastructure is appropriate.

According to the National Bank, the situation in Kazakhstan is still far from the «investment norm.» From January to August 2025, 27% of respondents had personal savings at the beginning of the period to 21.8% in August; those without savings ranged from 59.8% to 69.4%, and in August, 67.2% (Figure 24).

Among those with savings, bank deposits and cash dominate: the share of deposits fluctuated from 63.5 to 74.5%, the share of storage “in cash” – from 29.6 to 37.2%. Investments in securities remain niche – from 6.4 to 11.2% among those with savings (Figure 25).

Figure 26. Dynamics of the family's financial situation over the past 12 months

Source: NB RK

Figure 27. Expected changes in the family's financial situation in the next 12 months

Source: NB RK

In response to the question about changes in their material well-being over the past 12 months, as of August 2025, 15.7% said it had "somewhat improved," 51.2% reported "no change," and 28.2% said it had "somewhat worsened." Expectations for the coming year are cautiously optimistic: 30.8% anticipate improvement, 35.3% expect stability, and 17.9% foresee deterioration.

These figures reveal two key points: a significant share of families lack a financial safety cushion, and those who do save mostly "freeze" their money in deposits and cash. Such assets exist, but they hardly work against inflation and fail to build a "bridge" toward the capital market.

How the United States Made Investing the “Norm”

To understand how to get the masses of households on the path to regular investing, it's helpful to look at the United States, a country where collective investment funds have become an everyday financial instrument.

Mutual funds have become an important intermediary between households and financial markets, particularly the equity market.

The massive American participation in investment is not explained by a love of risk, but by the way incentives and institutions are structured.

First, 401(k) and IRA pension and savings plans, which have been channeling a portion of salary into mutual funds automatically since the 1980s:

- contributions are deducted from payroll, often with employer matching;
- taxes on investment income and capital gains are deferred until withdrawal.

This design eliminates the main behavioral problem – the need to make an investment decision every month.

Secondly, regulation has created a foundation of trust and removed transaction barriers. The industry operates under the Investment Company Act of 1940, which minimizes conflicts

of interest and regulates fund operations, while the National Securities Markets Improvement Act of 1996 (NSMIA) harmonized federal and state oversight, expanding the status of covered securities and thereby simplifying the distribution of mutual funds through banks and brokerage networks across the country.

Thirdly, ratings, comparable reports, visual fund cards, and the endless micro-educational agenda from the industry and media market played a role. Empirical work on fund flows shows that investors respond to recent performance, reputation, ease of purchase, and the quality of the sales channel.

As a result, household participation has become the norm, not the exception. According to the Investment Company Institute's annual Fact Book, in 2023, 116 million people in 68.7 million American households (just over half of all households in the country) owned funds. Funds are used primarily for long-term goals: pensions, education, large purchases.

A separate chapter in the Fact Book highlights that approximately 54% of households own shares in mutual funds or other registered investment companies (including ETFs and closed-end funds).



The massive American participation in investment is not explained by a love of risk, but by the way incentives and institutions are structured.

What funds definitely don't promise – and what they actually deliver

Debt levels are simultaneously influenced by income, interest rates, credit availability, demographics, regional housing prices, and dozens of behavioral factors. However, there are two consistent and empirically proven patterns:

- Funds, particularly through pension and savings plans, have increased the share of financial assets in household balance sheets, thereby expanding opportunities for active saving rather than holding cash.
- It is precisely through funds that millions of households have gained low-threshold access to the capital market. They do not turn people into speculators but convert regular contributions into diversified long-term portfolios, reducing the need to cover temporary cash shortages through consumer loans.

A comparison with Kazakhstani figures highlights the gap. While for American households participation in investment funds has become a common way of saving, in Kazakhstan the main instruments remain bank deposits and cash, and a significant share of households have no savings at all.

This is not a matter of moral judgment but rather a consequence of how incentives and channels

are structured. When people lack an automatic mechanism for transferring part of their salary into simple and transparent funds, when there is no unified disclosure standard, and when public discussions about investing are mostly associated either with quick profits or with distrust toward financial institutions, the rational choice turns out exactly as surveys show: a bank deposit, cash, or postponing the investment decision.

The world on autopilot

Singapore achieved financial discipline through mandatory contributions to the CPF system and later allowed part of these funds to be invested via the CPF Investment Scheme.

These compulsory savings evolved into long-term portfolios, encouraging the population to build wealth through financial assets rather than cash holdings.

The United Kingdom revitalized private savings by introducing automatic enrollment of employees into corporate pension plans. Participation rates rose to very high levels, as the "default" mechanism proved more effective than any promotional campaign, and contributions are directed into mutual fund strategies with simple target portfolios.

It is precisely through investment funds that millions of households have gained low-threshold access to the capital market



Turkey added a direct incentive to automatic enrollment in the form of a government surcharge on contributions to the BES system, which quickly expanded the participant base and the volume of long-term savings.

Poland followed the same path through the PPK – automatic connection, co-financing by the employer and the state, and investments in target funds with a maturity date.

India has popularized the SIP format – small but regular contributions to mutual funds through banks and fintech platforms.

This proved effective in a country where cash holdings are traditionally strong, as the SIP eliminates the need for monthly decisions and makes the savings process routine.


What should Kazakhstan do now?

In Kazakhstan, there are already significant preconditions for the development of a savings model. Firstly, mutual investment funds (open-end and interval) are tax-exempt. Secondly, there is an automatic contribution system, such as that offered by BCC Invest. Employers can, upon employee request, transfer a portion of their salary to a selected mutual fund. This mechanism lowers the barrier to entry and makes savings a regular process without additional effort on the part of the investor. The next step is to expand large-scale financial literacy programs and raise awareness of existing opportunities. It is important for the public to understand that mutual funds are a low-threshold, diversified, and regulated instrument that allows for long-term goals.

What BCC Invest has to offer?

Mutual investment funds (MIFs) are both a convenient first step for the average investor and a reliable tool in the professional's portfolio.

- Low entry threshold – you can start with a small amount,
- A ready-made diversified portfolio that reduces risks,
- Professional management and analyst expertise,
- Regular and transparent reporting,
- Time savings on asset selection and analysis,
- The ability to flexibly allocate capital across different strategies.

 You can learn more about each BCC Invest fund on the website: bcc-invest.kz/lpif or via the QR code.



Mutual investment funds (MIFs) are a convenient “first step” for the mass investor



Ruslan Zerilov, Managing Director of BCC Invest

In a situation where data shows that the share of those investing in securities among those with savings remains at single digits, these funds can provide the perfect bridge from deposits and cash to investing. We spoke with Ruslan Zerilov, Managing Director of BCC Invest, about how he manages his assets.

What performance did your funds achieve in the first half of 2025 and what helped them achieve these results?

In the first half of 2025, funds managed by BCC Invest JSC demonstrated very positive dynamics. As of September 1, 2025, the returns over the past 12 months for our mutual investment funds were:

- IUIF "CenterCredit – Currency": +19.08%
- IUIF "CenterCredit – Smart": +25.44%
- IUIF "BCC Elite": +16.08%

The results achieved were made possible by previously adopted strategic decisions regarding the formation of an investment portfolio and the timely recording of profitability. The management was based on fixed-income instruments, which allowed us to reduce the level of risk and ensure stability of indicators. The use of an active management style enabled the company to quickly respond to changing market conditions and exploit tactical opportunities to improve investment efficiency. Thus, success was

achieved through a combination of a conservative base and an active management approach aimed at achieving an optimal balance between profitability and risk.

Have portfolio management strategies changed in response to market fluctuations and rate changes?

We adhered to the previously outlined strategy and principles of each fund, but the active asset management process requires ongoing adjustments based on market volatility. We increased our focus on dynamic asset reallocation and, in anticipation of monetary policy easing, increased the share of longer-duration bonds, while also taking into account interest rate sensitivity.

Which assets have been the key drivers of returns over the past period?

The key portion of the income was provided by a strategy based on a gradual reduction in interest rates on international markets, as well as by the implementation of individual investment ideas in the equity financial instruments segment. Additionally, positions in assets denominated in national currency demonstrated attractive returns at a relatively low level of risk.

Your forecast for the second half of the year: do you plan to revise your strategy given the current macroeconomic situation?

Regarding the forecast for the second half of the year, we remain cautiously optimistic. We expect the downward trend in interest rates to continue. At the same time, we are assuming a more conservative risk management scenario, increasing portfolio diversification. At the same time, we maintain a positive outlook on the local market. Considering the cyclical nature of the economy, the current period of restraint will eventually give way to a phase of stimulation; therefore, we view the current phase of high interest rates as temporary and are locking in attractive yield levels.

Do you feel that client interest in mutual funds is growing? If so, which fund categories are in the highest demand?

Demand for mutual funds is indeed on the rise. Our retail fund, the Interval Unit Investment Fund CenterCredit – Smart Balance, remains the most popular — the number of unitholders has increased significantly and, as of September 1, 2025, exceeds 11,000 unique investors.

Interest in our U.S. dollar-denominated mutual funds is also growing steadily. For instance, our largest fund, CenterCredit – Currency, offers a distinctive opportunity to invest in the Eurobond market, delivering returns that far surpass those of foreign currency deposits while maintaining a lower level of risk. In 2024, the fund achieved a yield of 15.76%, and as of September 1, 2025, over 60% of its portfolio consists of bonds rated BBB- or higher.

In addition, there is increasing interest in our new and distinctive fund, Wardat al hayat, whose investment policy fully complies with the principles of Islamic finance.

How have global factors (the Fed, oil, exchange rates) affected fund performance, and how are you preparing for potential changes in the second half of the year?

The main factors influencing performance are the actions of the U.S. Federal Reserve and its rate-related rhetoric, which is based on inflation, GDP growth, and unemployment data — all of which set the tone for bond markets, as well as the broader economic policies of the U.S. administration. The National Bank of Kazakhstan's base rate policy also has a significant impact. Additionally, oil prices traditionally exert a strong influence on Kazakhstan's market.

Global geopolitical developments also play a major role. Currency fluctuations are increasing investor interest in hedging and diversification into foreign-currency instruments. For the second half of the year, we maintain scenario models for each of these key factors.

What advice would you give to private investors looking to enter mutual funds in the second half of the year? What should they focus on?

Private investors should pay close attention to diversification and avoid focusing on a single financial instrument or asset class. It is important to define investment goals and time horizons in advance, assess one's risk tolerance, and carefully select financial instruments. For those pursuing a passive investment strategy or taking their first steps in the securities market, it is better to entrust capital to professionals by purchasing fund units. Preference should be given to funds with a clear strategy and a proven record of effective management.

Have any lessons from the first half of 2025 changed your approach to fund management?

The main lesson has been the need for rapid adaptation of strategies to changing interest rates and global market conditions. Investors have learned that it is essential to be prepared for sharp drawdowns, maintain liquidity, and regularly rebalance portfolios — while remaining patient and composed.

When investing passively or taking your first steps in the securities market, it is better to entrust your capital to professionals by purchasing fund shares





Global market

- 49 Introduction
- 50 Results of our forecasts
- 51 Markets

Introduction

We enter the second half of 2025 with a sober view of the balance of forces: politics adds volatility, but the economy moves by its own rules—through the cost of money, labor market conditions, and access to capital. In the near term, this means one simple thing: clear drivers matter more than long scenarios. We remain constructive toward risk, but act selectively.

In the U.S., the foundation still rests on earnings and investment in productivity. The AI and semiconductor theme has become the infrastructure of a new cycle: big tech's capital expenditures are rising, cloud solutions and data centers are expanding, and the P&L effect for developers will unfold with a noticeable lag in the coming quarters. Against this backdrop, our baseline target for the S&P 500 in 2025 remains ambitious yet achievable: the key lies in sustained earnings growth, steady macro data, and the absence of new shocks.

Europe looks more uneven. Trade headwinds weigh on industry and exports, but there are clear winners within the indices: automakers are undergoing a revaluation amid industry transformation, pharma is gaining structural support from obesity treatments, and defense and aerospace have established themselves as independent demand drivers against the geopolitical backdrop. Monetary policy is easing, but growth here remains "low and selective."

China is a market of quality. Targeted easing measures and special borrowings are stabilizing demand, yet the overall growth pace is more modest than official goals. Risks from trade restrictions and weak housing sustain caution, even as valuations in some segments appear more attractive than global peers.

In commodities, the picture corresponds to a late-cycle phase. Oil fluctuates within a corridor with a lower average: supply surplus and producer discipline matter more than news flow. Gold reaffirms its role as a strategic hedge.

«The combination of central bank purchases and geopolitics is adding a "safety" premium. Bitcoin remains an indicator of financial conditions: after the spring correction, momentum is being driven by institutional flows, but its volatility is an inherent part of the risk profile.



Aldiyar Anuarbekov, Analyst

In the emerging world, the window of opportunity is shifting toward Latin America and parts of Asia: valuation, yield, and looser central bank policy converge there. Together with the normalization of global liquidity, this supports demand for their local bonds and selected equities.

Our approach remains pragmatic: we focus on facts rather than narratives, verify initial theses against outcomes, and translate conclusions into allocation decisions—where to take risk, where to hedge, and how to scale positions given volatility and liquidity.

This review is designed to show how to act in conditions of uncertainty, not to avoid it. To act through provable assumptions, clear horizons, and controlled risk concentration.

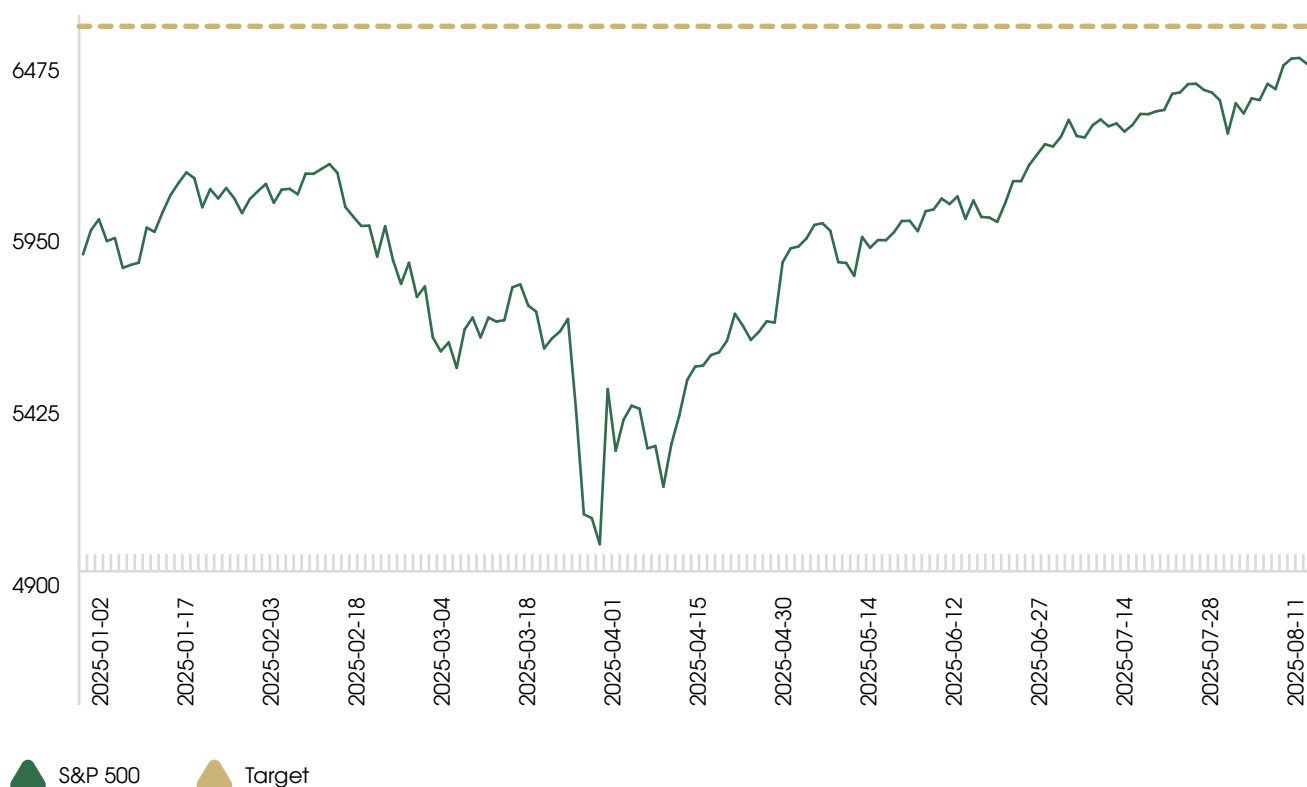
Results of our forecasts

Table 5.

Subject	Our thesis/forecast (as of early 2025)	As of August 19, 2025	Result
S&P 500	Rise to 6,700 in 2025	New records, closing high of 6,468.54 (August 14), target close	In process
Buybacks (USA)	Continued/record buybacks will support shares	Q1'25 record \$293.5 billion; high volume trend continues	Happened
Oil (Brent)	Average price in 2025: \$70 (below 2024)	Spot price on August 25 \$69	Happened
Gold	Rise to \$3,000–3,200/oz on central bank/investor demand	Gold holds well above \$3,000, trading around \$3,300; investment demand/ETFs and central banks are key drivers	Happened
Uranus	Structural bullish view (decarbonization/NGS)	Demand factors have strengthened, but spot \$73/GBP	Partially
Eurozone/ECB	DFR to 1.75% by mid-2025; growth 1.2%; inflation to 2% by end of 2025	DFR 2.00% since June 11; 2025 growth 0.9-1.1%; inflation 2%	Partially
Bitcoin	Correction to \$70,000–75,000 in early 2025; then rise to \$200,000 by end of 2025	During the correction, the price rebounded from \$75K (April 7); it is currently trading around \$115K.	Partially
			In process



Figure 28. S&P 500 performance year-to-date and our target price



USA Market

The U.S. stock market in 2025 has been developing more dynamically and confidently than expected.

At the beginning of the year, we projected that inflation would continue to slow, thanks to the Fed's tight monetary policy—largely through maintaining high interest rates and lower energy prices. The Fed managed to curb price growth without “choking” the economy: the U.S. avoided recession despite widespread concerns, and GDP even exceeded forecasts. By mid-year, monetary policy began signaling readiness to ease, as analysts had anticipated, incorporating the first Fed rate cuts of 2025 into their scenarios amid slowing inflation.

The regulator acted cautiously, trying not to jeopardize the progress achieved, but the very fact of a shift toward rate cuts supported market sentiment.

At the start of 2025, the baseline scenario for equities was fairly optimistic: it was expected that *Big Tech growth*, record share buybacks, and *tax relief* from the new administration would push indices higher. **That is exactly what happened.**

In 2023–2024, most of the investor gains came from the “Magnificent Seven” companies led by artificial intelligence technologies, and the assumption was that in 2025 these giants would remain the main driver of the S&P 500, while the rest of the market would begin to catch up as policy eased and inflation declined.

In the first months of 2025, both the Nasdaq and S&P 500 were indeed driven upward primarily by IT megacorporations monetizing the **AI boom**.

Silicon Valley companies reported impressive revenue growth—artificial intelligence already acted as a “booster” for search traffic, online advertising, and cloud services. To keep pace with explosive demand, industry leaders expanded capital expenditures on data centers, chips, and R&D at record levels. Big Tech's total spending on AI infrastructure in 2025 is estimated to exceed **\$330 billion**—an unprecedented figure. Initially, investors worried about such massive outlays, but the outstanding results of Microsoft, Alphabet, Meta, and others convinced the market that multibillion-dollar investments were justified—demand for new AI-driven services is indeed enormous.

Moreover, the powerful technological trend helped offset factors that at the beginning of the year were considered the main threats. For example, the trade tariffs introduced in 2025 somewhat cooled certain sectors of the economy, but the rapid AI-driven growth effectively shielded high-tech companies from these shocks.

Moreover, the powerful technological trend helped offset factors that were considered the main threats at the beginning of the year: for example, trade tariffs introduced in 2025 somewhat cooled certain sectors of the economy, but the rapid growth of AI actually protected high-tech companies from these shocks. As a result, by the summer, the mood on Wall Street had become more than positive. Stocks not only rose, but companies generously shared profits with shareholders. The total volume of announced buyback programs surpassed \$1 trillion by August, faster than ever before. In the first quarter alone, S&P 500 companies repurchased nearly \$293.5 billion of their own shares, setting a new all-time record. This gave the market an additional boost, coinciding with expectations of corporate tax breaks and deregulations.

The summer months brought a significant qualitative shift: the rally, previously focused on a narrow group of favorites, became much broader. The US economy delivered a surprise – key indicators (*such as PMI and order growth*) came in better than expected, and, sensing the ground, investors began

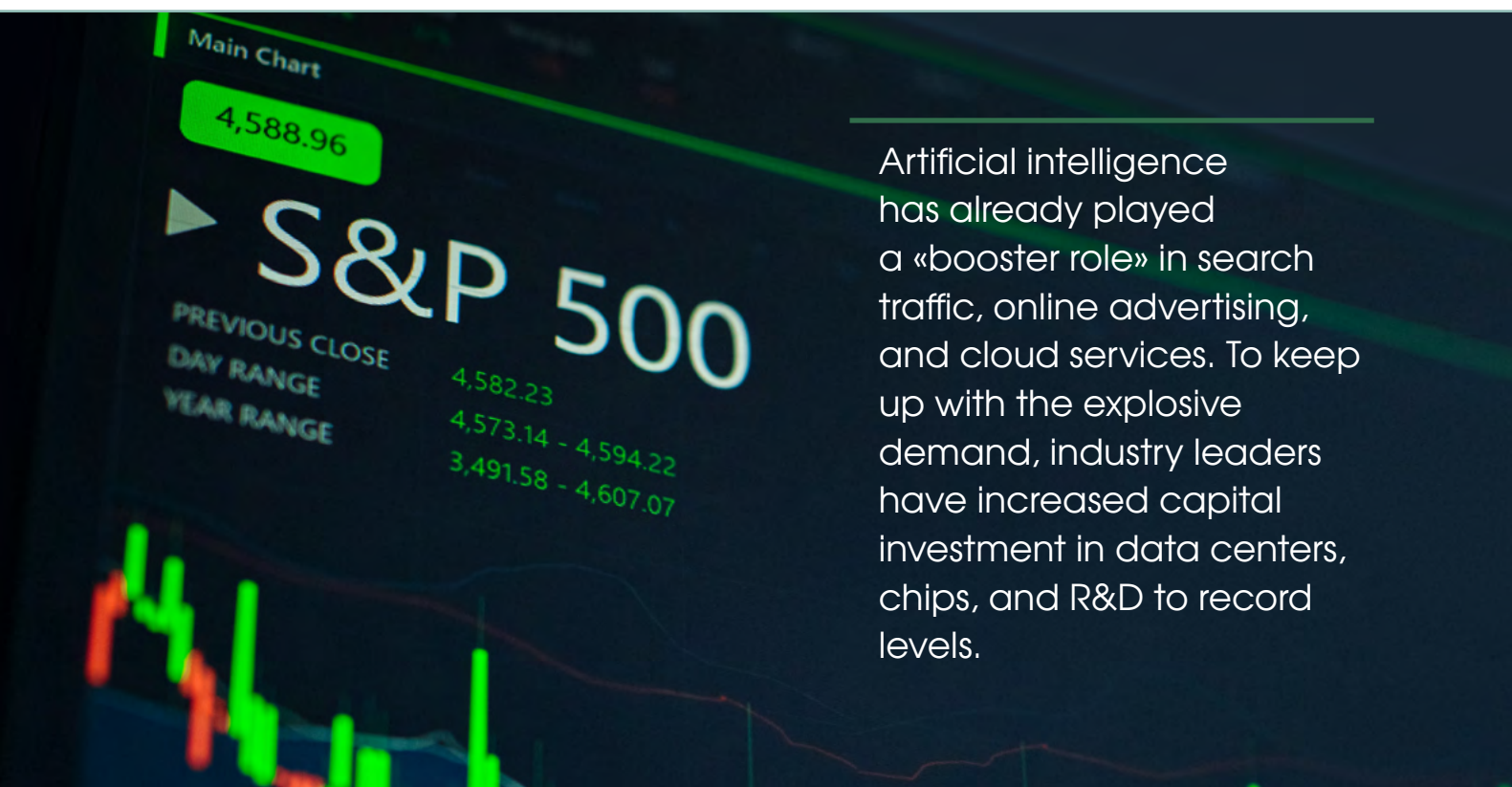
to shift from overheated tech stocks to cheaper sectors.

In August, a sharp rotation occurred: unexpectedly strong economic data, combined with confidence in an imminent Federal Reserve rate cut, triggered a capital inflow into small-cap and cyclical companies. By the end of summer, the S&P 500 index had **climbed to new highs** — on August 28, it surpassed the **6,500 mark** for the first time.

Notably, by this point the rally had gained resilience: according to technical indicators, about 67% of the stocks included in the index were trading above their medium-term moving averages (50- and 200-day), compared with roughly half of them back in July. In other words, more and more companies were joining the rally rather than staying on the sidelines.

The shift in market leadership became a defining feature of the summer: in August, the best performance came not from IT favorites, but from traditionally defensive or cyclical sectors — materials **(+5.6% per month)**, healthcare **(+5.3%)**, and communication services **(+3.6%)**, while the technology sector added only a symbolic +0.3%. Financials and energy also advanced, whereas utilities and industrials saw some pullback.

This rotation cooled excessive enthusiasm in overheated segments and made the market's growth **more balanced**.



Artificial intelligence has already played a «booster role» in search traffic, online advertising, and cloud services. To keep up with the explosive demand, industry leaders have increased capital investment in data centers, chips, and R&D to record levels.



The current market is distinguished by the fact that investors are betting on companies with real sustainable indicators.

Geopolitical factors in 2025 remained within the scope of attention, but their influence was rather background in nature.

The ongoing conflict in Eastern Europe and U.S.–China trade frictions were capable of generating informational noise and localized spikes in volatility, yet they did not alter the overall positive trend of the U.S. market. The energy market, which many feared, behaved relatively calmly.

At the beginning of the year, analysts predicted that after the removal of production limits by OPEC+ countries, oil supply would exceed demand and prices would decline. Indeed, by autumn oil quotations had slightly rolled back from their highs — as the summer driving season ended, demand weakened, and global production increased. However, no collapse occurred: OPEC+ demonstrated discipline, carefully managing output, and the market remained balanced. In short, oil prices became “*stuck*” — operators were in no hurry to ramp up production, while geopolitical tensions prevented a sharp fall in crude prices.

We believe that the bull trend still has potential to continue into the final months of 2025. Several factors support this momentum. First, stock market growth is now based on a broader range of companies — not only IT giants, but also representatives of many sectors that delivered

strong results, making the market less vulnerable to isolated drawdowns. Second, U.S. **economic policy has become notably more business-friendly**: after a period of tariff battles, the administration has shifted toward stimulating the private sector through deregulation and tax incentives. Third, the technological driver has not disappeared — investor interest in artificial intelligence remains immense, with new products and services continuing to attract capital. Finally, the current market stands out by investors’ preference for companies with **real, sustainable fundamentals**.

So-called *quality stocks* — businesses with solid balance sheets and stable earnings — have confidently led in performance this year, reflecting a sound appetite for quality. All of this creates a favorable backdrop under which the U.S. market can extend its rally. **It is not unlikely that by year-end the S&P 500 index could reach the impressive range of 6,700–7,000 points**, supported by broad-based economic and policy factors. *Such an outcome would be a fitting conclusion to a year when Wall Street repeatedly exceeded the expectations of skeptics.*

Gold

In the second quarter of 2025, the price of gold reached **new all-time highs** amid heightened demand and geopolitical tensions

By early September, quotations had for the first time reached \$3,600 per ounce, nearly doubling compared to levels of around \$1,800 three years earlier. By the end of June, gold was trading at about \$3,275 per ounce, roughly 7% higher than at the beginning of the quarter and a quarter more expensive than a year earlier. Thus, gold emerged as one of the growth leaders: since the start of the year it had gained around 25%, repeatedly setting new records. The main drivers of the rally were unstable geopolitical conditions and shifts in monetary policy.

In particular, the **escalation of geopolitical risks** stimulated demand for safe-haven assets: in June, reports of conflict in the Middle East triggered a price spike to \$3,435 per ounce. Conversely, easing tensions and a moderately hawkish Fed stance temporarily cooled the market: after the Fed kept rates unchanged and a truce was announced in the Middle Eastern conflict, gold retreated to \$3,310–3,275 per ounce by the end of the quarter. Price dynamics were also influenced by the **weakening of the U.S. dollar** – the DXY index fell by nearly 10% in the first half of the year, traditionally supporting the value of gold as an alternative asset.

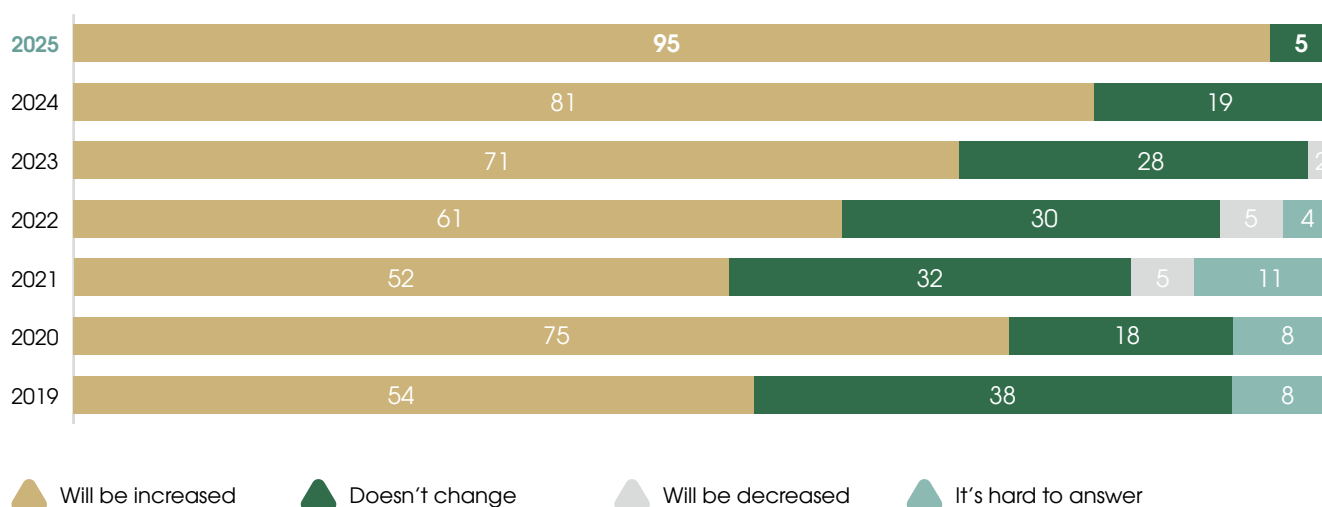
One of the key factors behind the **price surge** was **record-breaking central bank buying**

behavior. According to the World Gold Council (WGC), in 2022–2024 central banks collectively purchased over 1,000 tons of gold annually. This is twice the average annual level (400–500 tons) of the previous decade. Such unprecedented demand from the official sector coincided with the sharp rally in metal prices, reinforcing the upward trend. The desire of central banks to increase the share of gold in reserves is explained by several reasons

First, **geopolitical and economic uncertainty continues**, beginning with the crises of recent years (from the pandemic to conflicts, including the war in Ukraine), prompting the need to hold more safe assets.

Secondly, **macroeconomic factors** play a critical role: in an environment of rising inflation and shifting interest rate cycles, gold is seen as insurance against currency and interest rate risks. According to the WGC 2025 survey, the vast majority of central banks cite gold's **effectiveness during crises and its role as a store of value** as the main reasons for expanding their gold reserves. Gold is also valued for its ability to diversify portfolios and hedge inflation.

Figure 29. Expectations of changes in gold reserves of world central banks over a 12-month horizon



Source: World Gold Council, Central Bank Gold Reserves Survey 2025, June 17, 2025

It is no surprise that **95% of central banks** in the survey expect further growth in global gold reserves over the next 12 months (*compared to 81% a year earlier*).

Notably, a record **43%** of respondents plan to increase **their own** gold and foreign exchange reserves within the year – and not a single participant indicated an intention to reduce them.

The long-term strategy of regulators is also shifting in favor of gold. Around **76%** of central banks forecast an increase in the share of gold in their reserves over a five-year horizon (*compared to 69% in 2024*). The flip side of this trend is the gradual **de-dollarization of reserves**: about 73% of respondents believe that in five years the share of the US dollar

in global reserves will be moderately or significantly lower than it is today.

This confirms the ongoing reallocation of reserves away from dollar assets in favor of gold and alternative currencies (*euro, yuan, etc.*). Another noteworthy point is the growing professionalism in gold management: **44%** of central banks now actively manage their gold reserves, compared to 37% a year ago. All these factors point to the continued strong demand for gold from the official sector. As noted by the WGC, **central banks continue to recognize the benefits of holding gold in reserves**, which means their demand is “likely to remain robust in the foreseeable future.”.

Table 6.

Region	Total AUM (billions)	Fund inflows (US\$ million)	Volume in assets (tons)	Demand (tons)	Demand (% from assets)
North America	196.3	7,826.0	1,857.2	72.9	4.09%
Europe	144.4	1,420.5	1,366.5	24.1	1.79%
Asia	34.5	7,403.2	320.7	69.9	27.87%
Others	7.6	334.1	71.5	3.6	5.23%
Total	382.8	16,983.9	3,615.9	170.5	4.95%
Global Outflows / Positive demand		38,410.7		408.6	11.86%
Global Outflows / Negative demand		-21,426.8		-238.2	-6.91%

Source: World Gold Council (June 30, 2025) for Q2 2025

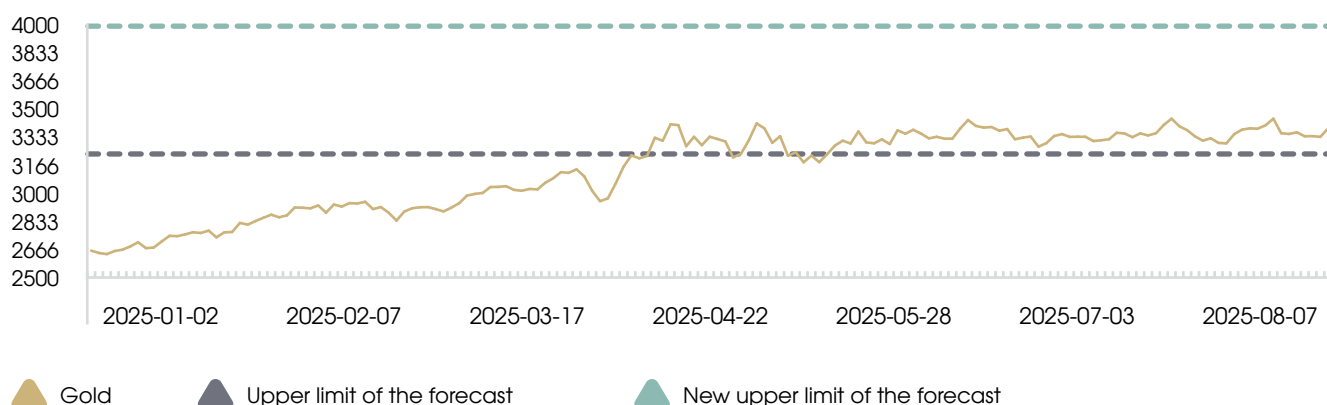
Based on current trends, the outlook for gold appears favorable, although corrections cannot be ruled out. Fundamentals are supporting the market: central banks remain **stable large buyers**, continuing to diversify reserves in favor of gold. Geopolitical risks are far from being resolved – ranging from regional conflicts to trade disputes between major powers – therefore demand for gold as a “safe haven” is unlikely to weaken. Moreover, as global central banks shift toward monetary easing (*rate cuts, halting tightening*), **the cost of holding gold decreases**, which has historically led to rising precious metal prices. At the same time, current levels **are near record highs**, so volatility may persist.

In the event of temporary improvements in the geopolitical environment or a strengthening of the dollar, price pullbacks are possible, as was observed at the end of June.

Gold has already reached the previously outlined trajectory. At the beginning of the year, growth toward \$3,000–\$3,200 was projected, and by mid-year prices were expected to return to **\$3,500** per ounce after a small correction – the market is now already at **\$3,600**. By the end of the year, we expect **around \$4,000 per ounce**, provided the combination of inflows from government institutions and investors, dovish central bank rhetoric, and elevated geopolitical uncertainty persists.

Overall, the trend remains upward – aggregate demand provides solid support for the market, and by the end of Q2 2025, gold has only reinforced its status as a reliable safe-haven asset.

Figure 30. Gold dynamics



Bitcoin

We maintain the previously outlined scenario for BTC, with a bullish outlook until **the end of the year**. Our logic remains the same: the cyclical post-halving effect combined with institutional demand via spot ETFs supports the market structure. An important update – the spring correction has already taken place and aligned with our scenario, “clearing” positioning and reducing overheated expectations without breaking the upward trend.

The segment has received a steady inflow of capital through spot funds. The “simplified access” effect is working, and the share of institutional investors is increasing. **The iShares Bitcoin Trust (IBIT)**

by BlackRock is currently the largest spot Bitcoin ETF by assets under management. In the summer of 2025, it surpassed **\$70 billion AUM** and continued to grow (*around \$75–80 billion by industry estimates in July*), strengthening Bitcoin’s status on traditional markets. Liquidity in spot and derivatives has improved, and volatility has become more “cyclical” rather than structural.

In July, the first federal stablecoin law (**GENIUS Act**) was passed – setting requirements for reserves, audits, and oversight, which reduces infrastructure risks and legitimizes on-chain payments in the U.S. At the same time, a package of initiatives on the market structure of digital assets is moving forward in Congress.

The White House’s rhetoric remains pro-crypto, as the administration publicly supports the development of the industry and a friendly regulatory framework; increasing business activity and initiatives from major companies are noticeable around the topic.

The balance is shifting in favor of a “quality bullish” scenario: structural demand via ETFs, the post-halving effect, and regulatory clarity are creating conditions for further upside.

However, in our view, **\$122–125K for BTC** remains a key resistance – the base forecast is still valid, but we **lower our year-end expectations** to **\$160–180K**. If a breakout and consolidation above the **\$122–125K** zone occurs, the scenario of a continued bullish trend toward a new target is activated, while below this zone the risk of range-bound consolidation remains.

China

In the second half of 2025, consumption is rising thanks to trade-in programs for old appliances and cars, preferential loans, and targeted payments to families. These measures stimulate big-ticket purchases and pull demand forward, after which growth naturally cools down. Online retail and q-commerce (quick commerce) are performing best: “here-and-now” delivery combined with social platforms is keeping traffic and turnover high, although constant discounts and logistics are squeezing sellers’ margins. Tourism and services are recovering, with part of spending remaining domestic, which supports restaurants, hotels, and the premium mass segment of local brands. The auto sector is holding up on the back of incentives, including EVs: volumes remain stable, but profitability is under pressure due to price wars.

The rally is also fueled by liquidity and the hype around AI, including the successes of players such as DeepSeek and Alibaba, which have demonstrated strong growth rates in AI services.

At the same time, the Chinese government has launched its anti-involution policy, aimed at combating excessive and destructive competition. In sectors such as EVs, solar energy, and food delivery, measures are being introduced to curb dumping and overheating of the market in order to improve business margins and stability.

The weak spots are also clear. The real estate market is recovering slowly, making households more cautious in spending savings. Trade frictions force part of exports into the domestic market, increasing competition and price pressure. And the longer the support continues, the more visible the “subsidy fatigue” becomes: each new package delivers a smaller boost.

Overall, the trajectory is positive and policy-driven, but without sharp acceleration. A sustainable upgrade in 2026 will require job and private-sector income growth, housing stabilization, and more predictable external demand.

Europe

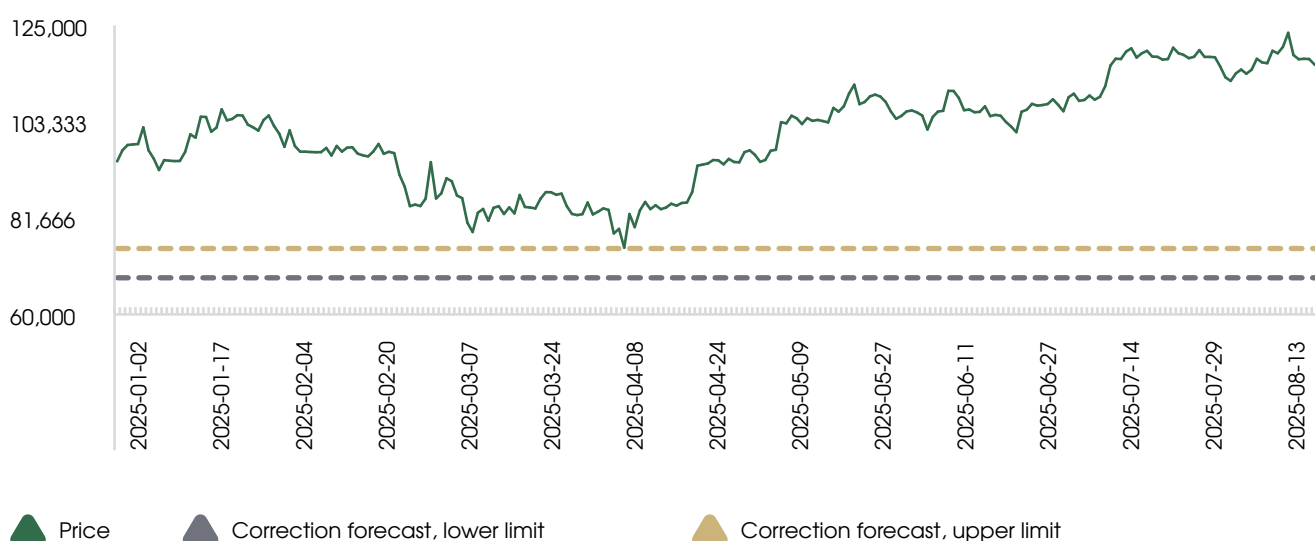
The European market is holding “at altitude,” though the picture is uneven. The Euro Stoxx 50 index remains

close to recent highs, even though EPS dynamics are still trending downward, and the recovery

in revenues has been pushed out to 2026–2027. It is precisely this “long horizon” that underpins the current bullish narrative. At the same time, long-term yields in the eurozone have risen, putting pressure on multiples, but Europe is more sensitive to the short end of the yield curve: 2-year rates have slightly declined since the beginning of the year, while 30-year rates have climbed significantly. Another macro note: the composite PMI has returned to 51, and new orders showed growth for the first time since spring 2024, pointing to a gradual “awakening” of the economy.

The Q2 earnings season turned out better than expected: overall profit fell only 1% versus the forecast –6%, with the bulk of the upside delivered by banks, where results beat analyst consensus by a wide margin, while autos and parts of consumer staples dragged downward. The summer months brought a cooling in expectations: consensus for profit growth in the second half of the year was cut by around 40% — mainly due to downgrades in consumer cyclicals, materials, and energy. Against this backdrop, the financial sector remains a bright exception, while valuations on the index look stretched, with no obvious new “locomotives” in healthcare, technology, or consumer sectors. Pressure is also mounting from 15% U.S. tariffs and a stronger euro, both of which may erode margins in sensitive industries.

Figure 31. Bitcoin/USD dynamics with our correction forecast



Abbreviations

Acronym	Description
ADB	Asian Development Bank
ARKADHM	Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market
STB	Second-tier banks of the Republic of Kazakhstan
BNS	Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan
b.p.	Basis point
WB	World Bank
GDP	Gross domestic product
EDB	Eurasian Development Bank
HCS	Housing and communal services
CPI	Consumer Price Index
PVI	Physical volume index
CIT	Corporate income tax
IMF	International Monetary Fund
MFO	Microfinance organization
NB	National Bank of the Republic of Kazakhstan
OPEC+	Organization of Petroleum Exporting Countries
p.p.	Percentage point
FSED	Forecast of socio-economic development of the Republic of Kazakhstan
NB	National Budget
RK	Republic of Kazakhstan
USA	United States of America
FEC	Fuel and energy complex
NPL 90+	Overdue debt over 90 days
ROA (Return on Assets)	Return on Assets
ROE (Return on Equity)	Return on Equity

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