



NATIONAL BANK OF KAZAKHSTAN

BANK LENDING SURVEY

**1st quarter
of 2025**

Bank lending survey

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Corporate lending

According to banks, the total demand for loans from business entities remained stable (Figure 1). In particular, a slight increase in demand from large and medium-sized businesses offset the decline observed among small businesses.

In the 1st quarter, several banks reported a moderate increase in loan demand from large businesses, primarily driven by the need to finance working capital and participation in government support programs. However, the rise in the cost of credit in the second half of the reporting quarter, along with ongoing geopolitical and macroeconomic developments, prompted enterprises to revise their investment plans or implement projects using their own funds. For example, according to one large bank, enterprises began adopting a more conservative approach to fund deployment amid expectations of further tightening of lending conditions (Figure 2). At the same time, some major banks noted the positive impact of approved national projects, which generated additional demand for debt financing of investment projects from large businesses. As a result, the total number of loan applications from large businesses increased by 10% quarter-on-quarter (q/q), reaching 235, while the average loan size rose by 30% (q/q) to KZT 11.5 billion.

Banks also reported a marginal increase in demand from medium-sized businesses (Figure 1). One medium-sized bank attributed this to the easing of lending terms, particularly the relaxation of collateral requirements (Figure 3). Some institutions also highlighted active involvement in the portfolio guarantee program in collaboration with “Baiterek” NMH” JSC. Moreover, certain banks revised their strategies to expand lending to the medium-sized business segment, increasing outreach and developing sales channels accordingly. However, most banks indicated that the suspension of financing under certain state programs restrained demand growth. The primary purpose of borrowing remains working capital replenishment, while financing for large projects has been deferred. Consequently, the total number of loan applications from medium-sized businesses declined slightly by 1% (q/q) to 4.6 thousand, while the average loan size decreased by 8% (q/q) to KZT 768 million.

The main reason for the decline in demand for loans from small businesses, according to banks, was the temporary suspension of financing under government support programs, due to changes in subsidy and guarantee mechanisms (Figure 1). In this context, most banks focused on optimizing internal operational processes and developing digital solutions, without planning major changes to their product offerings. At the same time, they maintained a conservative approach to credit risk assessment, paying close attention to the borrower’s ability to service the loan in the absence of subsidies and under market-based interest rates. In some medium-sized banks, demand

was supported by new product launches, active marketing efforts, and regional expansion. As a result, the total number of loan applications from small businesses fell by 5% (q/q) to 884 thousand, while the average loan size dropped by 26% (q/q) to KZT 35.4 million.

For the second quarter of 2025, banks expect loan demand from business entities to remain at the level of the previous quarter (Figure 1). This outlook is largely shaped by a wait-and-see attitude from both banks and market participants amid changes to the terms of government support programs and given the current cost of borrowing.

The loan approval rate for large businesses fell by 3 p.p. to 57%, reflecting the increased number of applications submitted toward the end of the 1st quarter, many of which were still under review. In the medium-sized business segment, the approval rate declined by 5 p.p. to 36%, as banks adopted a more cautious approach to risk assessment amid reduced state support. The approval rate for small business loan applications remained unchanged at 33%.

Banks did not implement any significant changes to lending terms in 1st quarter, aside from a slight increase in interest rates due to the National Bank's decision to raise the base rate (Figure 4). Additionally, banks noted that increased competition for customer deposits contributed to higher funding costs. No significant changes to lending conditions are planned for the 2nd quarter of 2025.

Retail lending

According to the results of the 1st quarter of 2025, the demand for retail credit products was mixed. Increased demand was observed in the segments of car loans and secured consumer loans, while demand for mortgage loans and unsecured consumer loans declined.

Mortgage loan demand slightly decreased compared to the previous quarter (Figure 5). This decline is attributed to expectations among clients of a large bank regarding the payment of state premiums on housing and savings deposits. Banks also note that the decline in demand was driven by rising real estate prices, which, in turn, were influenced by developers' expectations of changes in tax policy. At the same time, some medium-sized banks reported an increase in demand for mortgage products. For example, one bank eased lending terms by expanding the list of income sources considered when assessing a borrower's creditworthiness, while another bank linked the increased demand to developers' efforts to quickly sell housing due to anticipated changes in the Tax Code. As a result, the number of mortgage loan applications rose by 6% (q/q) to 241 thousand, while the average loan size decreased by 7% to KZT 16.6 million.

Demand for secured consumer loans also increased (Figure 5). This was mainly due to lower interest rates, the elimination of loan issuance fees by a specific bank, and active promotion by a large bank (Figure 9). The number of applications rose by 25% (q/q) to 50.9 thousand, and the average application size increased by 9% (q/q) to KZT 12.8 million.

In contrast, demand for unsecured consumer loans continued to decline. Large banks reported stable demand compared to the previous quarter, while some medium-sized banks observed a decrease, which they attributed to the suspension of marketing campaigns and the cessation of commodity loan issuance. Consequently, the total number of applications in this segment decreased by 10% (q/q) to 18.1 thousand, although the average application size increased by 13% (q/q) to KZT 1 025 thousand.

Demand for car loans continued to grow (Figure 5). The main driver was the launch of a partner product by a medium-sized bank, supported by marketing campaigns from partner car dealerships and the offering of several promotional products partially subsidized by these partners. Additionally, another bank introduced a car loan program for the secondary market. As a result, the number of car loan applications increased by 13% (q/q) to 1.4 thousand, and the average application size rose by 11% (q/q) to KZT 7.9 million.

In the second quarter of 2025, banks expect a slight increase in demand for mortgage and car loans (Figure 5). At the same time, they anticipate a moderate decline in demand for consumer loans – both secured and unsecured.

Approval rates for mortgage and car loans fell by 7 and 2 percentage points (q/q), reaching 24% and 16%, respectively. Meanwhile, the approval rate for unsecured loans increased to 31%,

and the approval rate for secured loans remained unchanged from 4th quarter of 2024 at 36%. The decline in mortgage loan approval rates is attributed to the exclusion of certain transaction types from the list of unofficial income sources in one bank's borrower assessment methodology.

In 1st quarter, there were no significant changes in mortgage lending terms, except for a slight relaxation of income assessment criteria by one bank. For secured consumer loans, one bank slightly reduced interest rates and eliminated issuance fees. Car loan terms remained unchanged from the fourth quarter. In the unsecured consumer loan segment, one medium-sized bank slightly tightened internal processes.

For the upcoming quarter, banks do not plan significant changes to consumer loan terms—whether secured or unsecured. However, one bank plans to raise interest rates on mortgage loans, while another is considering easing car loan terms by lowering interest rates.

General information about the survey

The Bank lending survey is conducted by the National Bank on a quarterly basis to assess the changes in supply and demand for credit resources. The Survey is addressed to bank managers who are responsible for the formation of bank's general credit policy and risk management. During the research, all banks are surveyed out by filling questionnaires and subsequent interviews with representatives of individual banks.

The choice of answers to the most of questions assume one of the following:

-1 = will decrease/decreased significantly

-0,5 = will decrease/decreased slightly

0 = will remain/remained at the same level

0,5 = will increase/increased slightly

1 = will increase/increased significantly

Prior to Q1 2018 survey results were aggregated as a simple average by calculating the net percentage change (NPC)– difference between the proportion of respondents who have noted an increase (loosening) in parameter and the proportion of respondents who have noted its decrease (tightening).

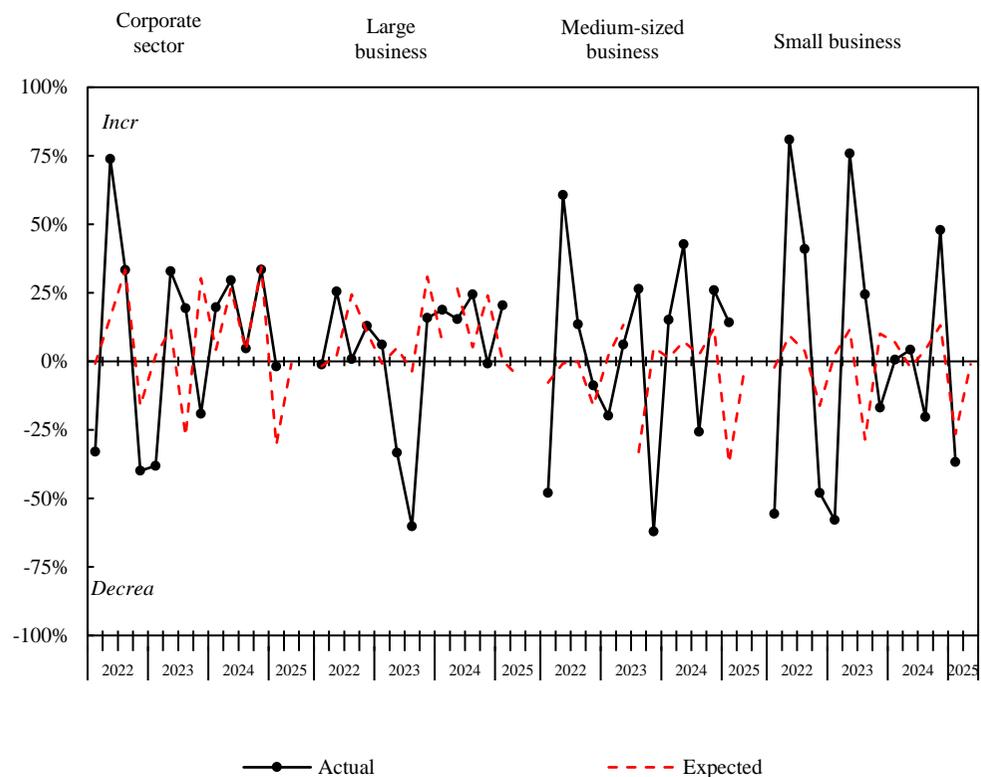
Starting from Q1 2018, the survey results are aggregated in the NPC, taking into account the bank's share in the corresponding segment of the lending market. The value of this indicator can vary from -100% - if all banks choose "decreased/tightened significantly" - to 100% - if all banks choose "increased/loosened significantly"

A positive value of this NPC indicator reflects a growth trend (loosening), a negative value indicates a decrease (tightening) of the parameter. At the same time, value of the net percentage change does not show the amount of change in the parameter, but only indicates the change itself.

Also, starting from Q1 2018, questions of received and approved loan applications were included to the questionnaire (Questions №21, 22, 23). The total number of received applications includes both, applications for which a credit decision was already made (approved/rejected), and applications that were on consideration during the time of conducting the survey.

Figure 1. The demand of corporate business entities for credit resources

Net percentage change

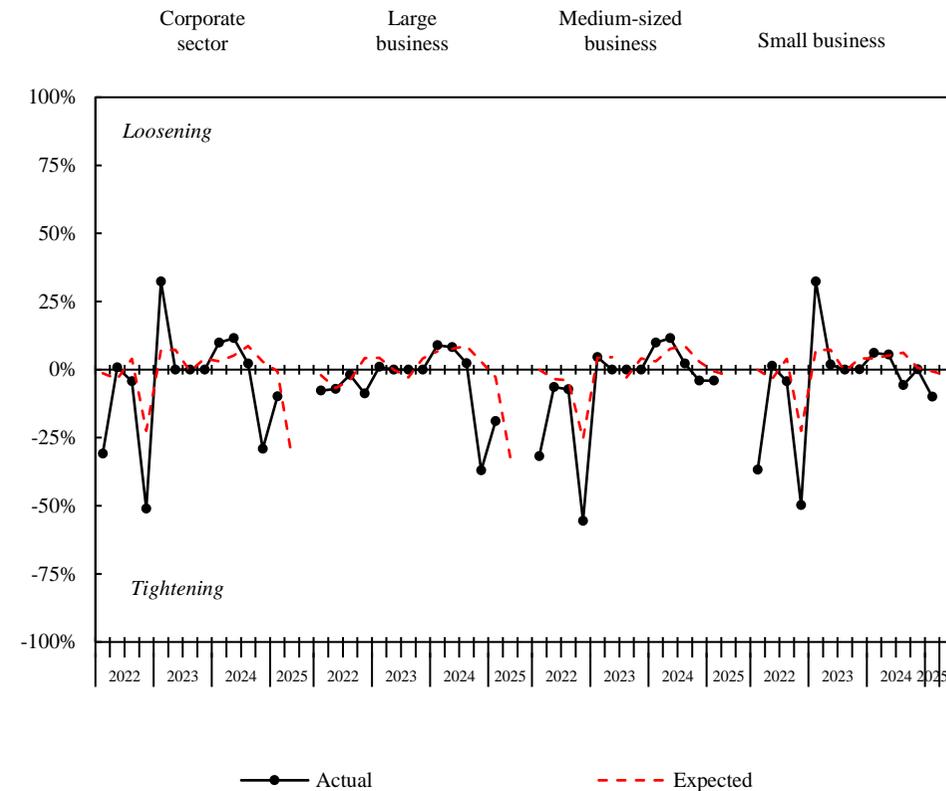


(a) Question №1: How has the demand of corporate business entities for loans changed over the past 3 months, excluding seasonal fluctuations? In your opinion, how will the demand of corporate business entities for loans change in the next 3 months?

(b) A positive net percentage change is a sign of an increase in the demand for credit resources by entrepreneurs.

Figure 2. Lending terms to corporate business entities

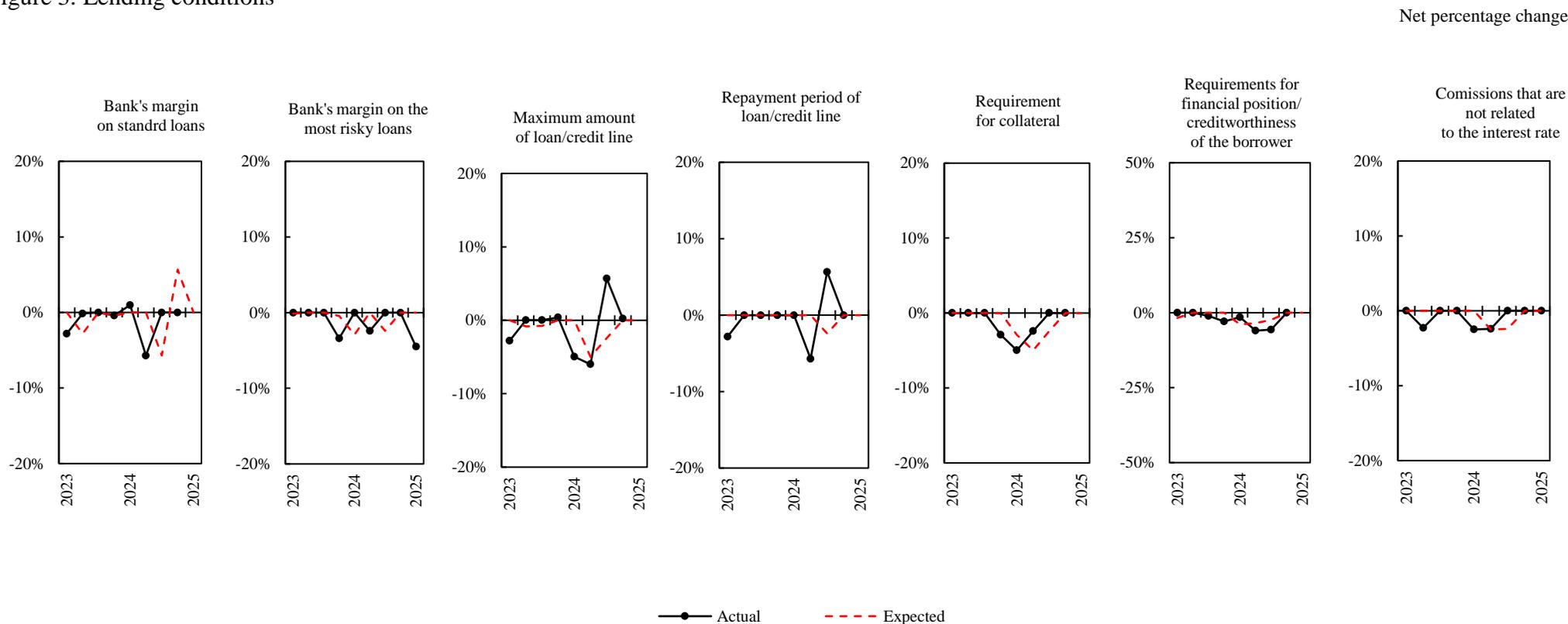
Net percentage change



(a) Question №5: How have the lending terms to corporate business entities changed over the past 3 months? In your opinion, how will the lending terms to corporate business entities change in the next 3 months?

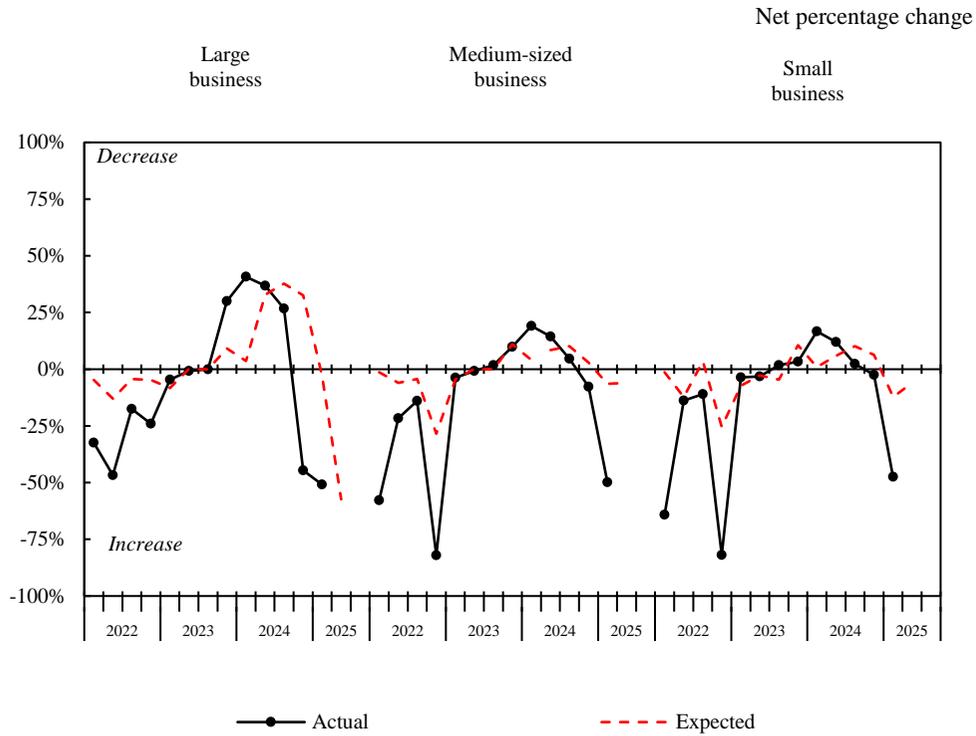
(b) A positive net percentage change is a sign of a loosening of lending terms.

Figure 3. Lending conditions



- (a) Question №7: How have the following lending terms to corporate business entities changed over the past 3 months? In your opinion, how will the following lending terms change in the next 3 months?
 (b) A positive net percentage change is a sign of a loosening of lending terms.

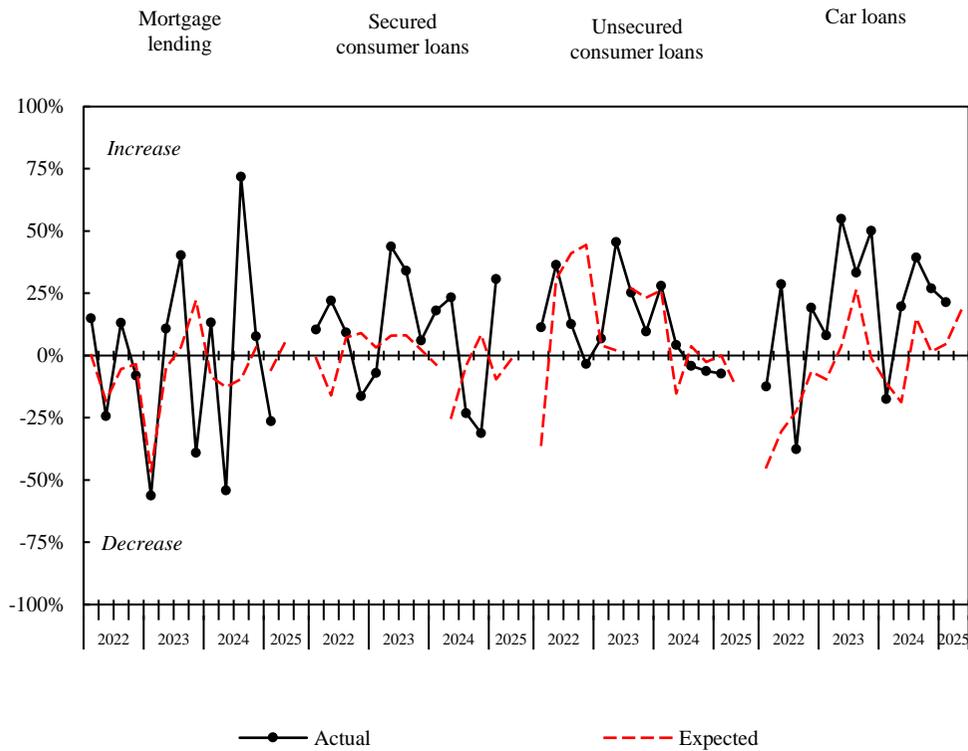
Figure 4. Interest rates on loans



- (a) Question №8: How have the interest rates on loans changed over the past 3 months? In your opinion, how will the interest rates on loans change in the next 3 months?
- (b) A positive net percentage change is a sign of a decrease in the interest rates on loans to the corporate sector.

Figure 5. The demand of individuals for credit resources

Net percentage change

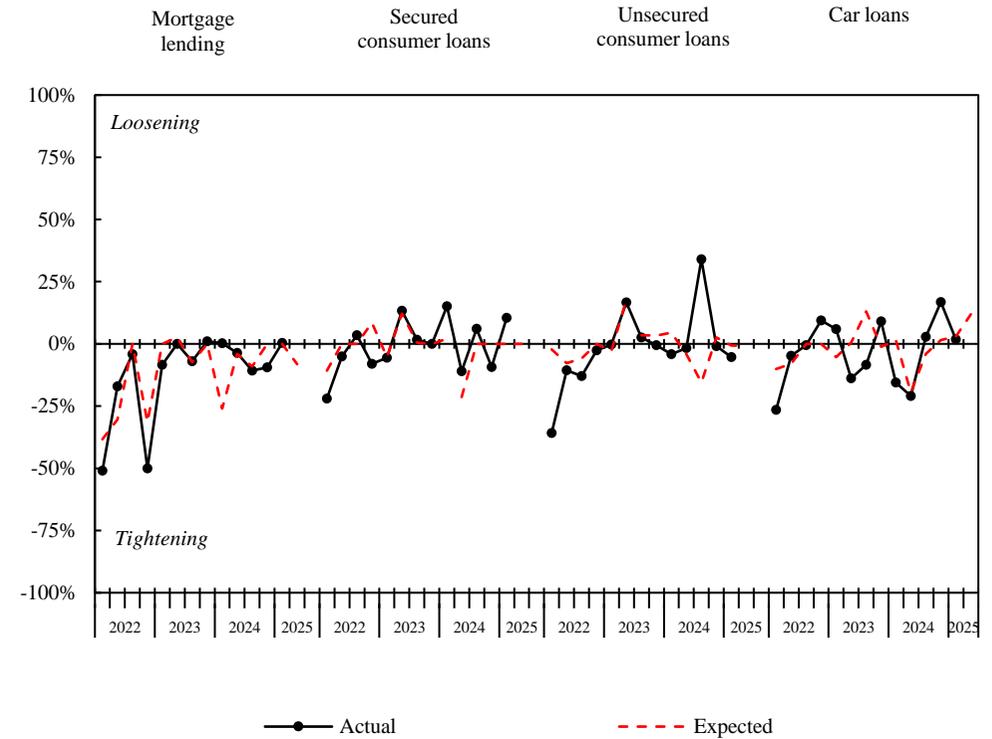


(a) Question №9: How has the demand of individuals for loans changed over the past 3 months, excluding seasonal fluctuations? In your opinion, how will the demand of individuals for loans change in the next 3 months?

(b) A positive net percentage change is a sign of an increase in the demand of individuals for credit resources.

Figure 6. Lending terms to individuals

Net percentage change

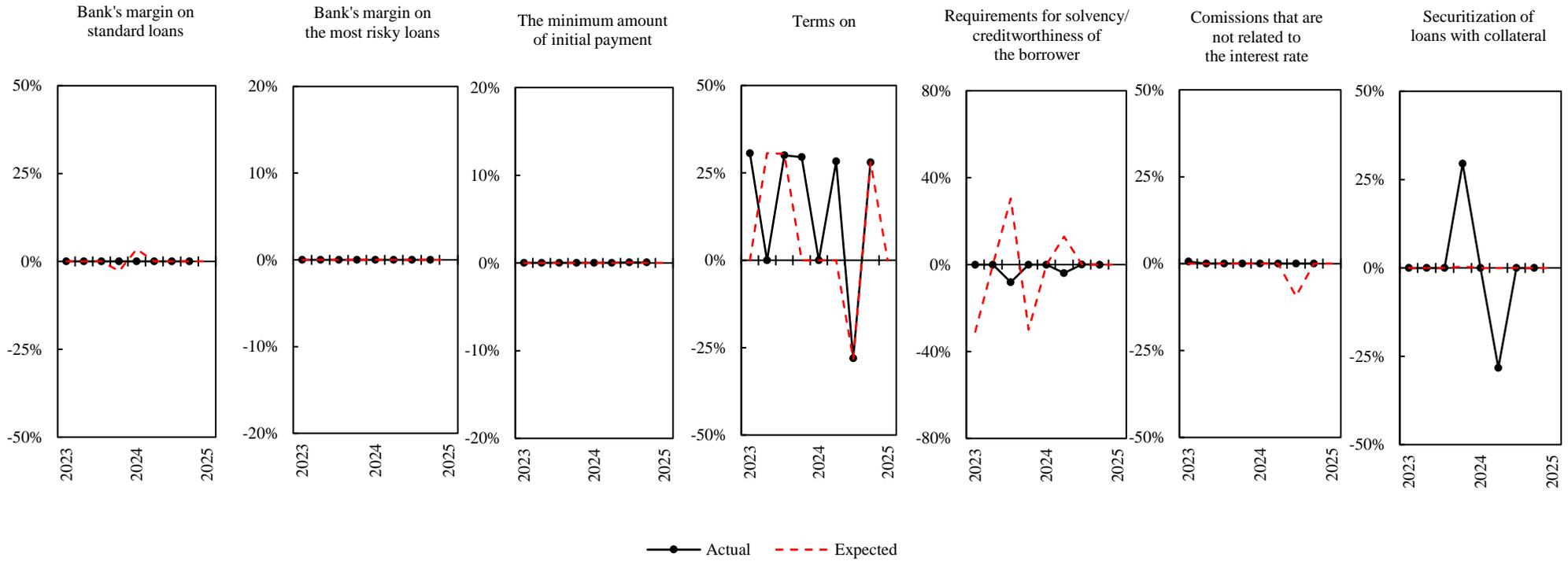


(a) Question №13: How have the lending terms to individuals changed over the past 3 months? In your opinion, will the lending terms to individuals change in the next 3 months?

(b) A positive net percentage change is a sign of a loosening of lending terms.

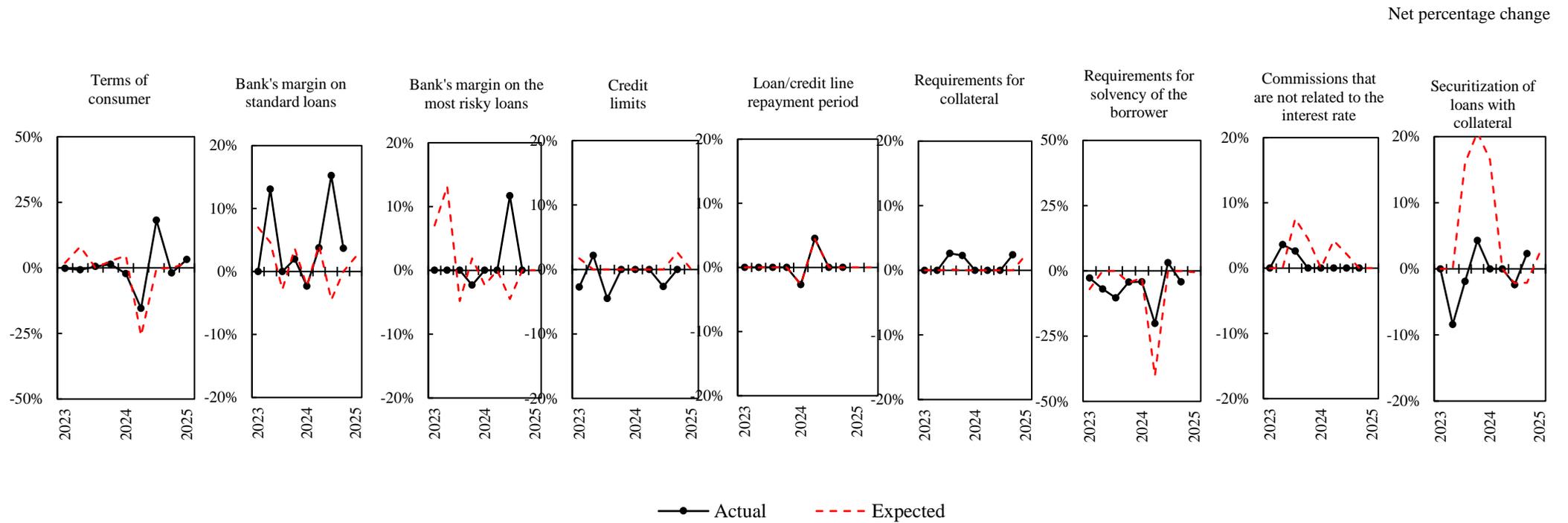
Figure 7. Mortgage lending terms

Net percentage change



- (a) Question №16: How have the following mortgage lending terms changed over the past 3 months? In your opinion, how will the following mortgage lending terms change in the next 3 months?
 (b) A positive net percentage change is a sign of a loosening of mortgage lending terms.

Figure 8. Consumer lending terms

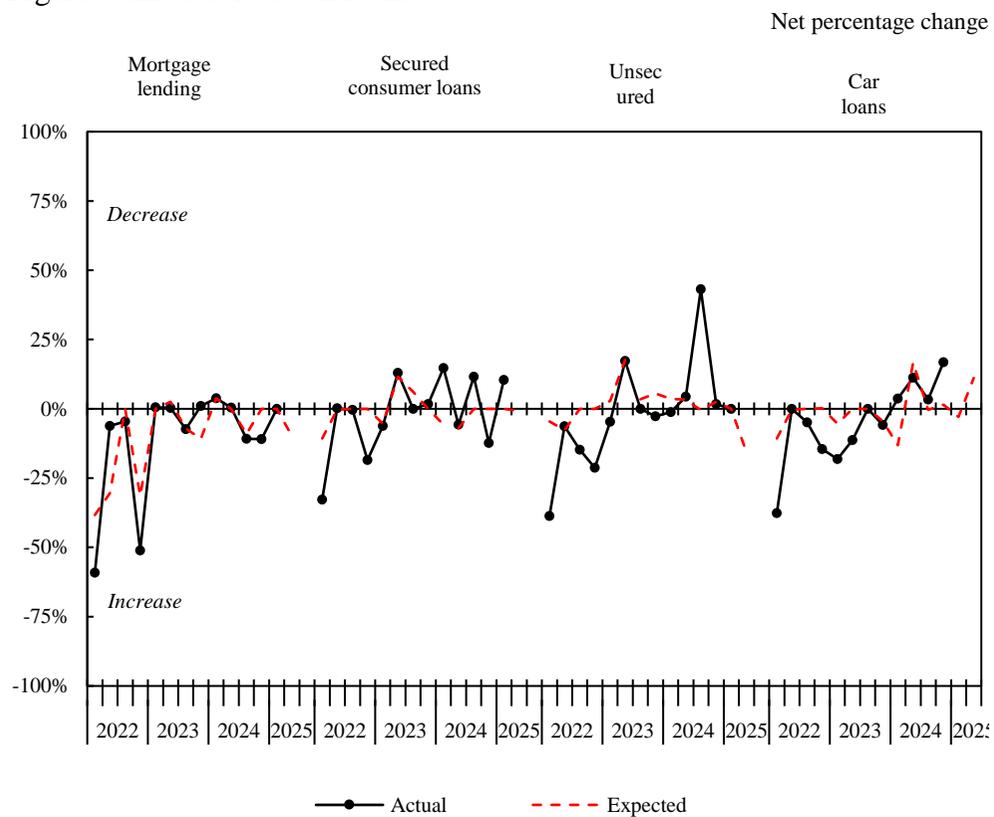


(a) Question №13: How have the lending terms to individuals changed over the past 3 months? In your opinion, will the lending terms to individuals change in the next 3 months?

(b) Question №17: How have the following consumer lending terms changed over the past 3 months? In your opinion, how will the following consumer lending terms change in the next 3 months?

(c) A positive net percentage change is a sign of a loosening of consumer lending terms.

Figure 9. Interest rates on loans



(a) Question №18: How have the interest rates on loans changed over the past 3 months? In your opinion, how will the interest rates on loans change in the next 3 months?

(b) A positive net percentage change is a sign of a decrease in the interest rate on loans to individuals.