

**Comment of Acting Director of NBK Financial Stability and Research  
Department Olzhas Kubenbayev Related to Findings of a Bank Survey  
Covering Q 2 2021 Lending**

Bank survey covering main trends in supply of and demand for credit resources for the second quarter of 2021 has revealed an ongoing growth of the demand for loans from small enterprises. Loan requests, predominantly from individual entrepreneurs, were received mainly by banks not included in government programs. Total number of loan requests from small enterprises in the second quarter of 2021 soared by 29% compared to the first quarter and made 155 thousand applications.

Large banks<sup>1</sup> reported a shrinking loan demand from large businesses, meanwhile most banks indicated a growing demand from medium-sized enterprises. Number of loan requests from large and medium-sized enterprises for the quarter as a whole rose by 9% to 1.3 thousand applications.

Banks are not more ready to provide loans to business. Approval rates in a segment of large and medium-sized enterprises rose to 62% and 76% respectively, up from 55% and 57% in the previous quarter. However, in a segment of small enterprises, share of approved loan requests from among those received by banks participating in government programs made 24%, falling from 31% in the previous quarter and plunging from 76% in the fourth quarter of 2020.

In the third quarter, banks expect a rising demand from all business segments, while banks do not plan to change terms and conditions of lending.

Growing demand for mortgage lending in the second quarter of 2021 is connected with an announced end of disbursement of allocated limits within Baspana Hit program and a continuing interest of the population in the program for withdrawal of pension savings to buy or repair their accommodation. Number of requests for mortgage loans soared by 30% amounting to 97 thousand, and share of related approvals rose from 74% to 78% in the second quarter.

Respondents say that marketing campaigns and changes in interest rates positively influenced the growth in demand for unsecured consumer loans and car loans. During the current quarter, number of applications for such loans increased by 31% and 11%, and a share of approval was 47% and 14%, respectively. Along with that, high requirements for solvency of customers fixed by individual banks somewhat cut demand for secured consumer loans.

Willingness of banks to provide retail loans stayed put. At the same time, in conditions of consumer lending, interest rates fell, maximum loan maturity rose and fees not related to interest rates shrank.

During the next quarter, some banks plan to cut interest rates on their own products and, accordingly, expect an increasing demand for mortgage lending.

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<sup>1</sup> Evaluation of the demand is based on an aggregated NPC (net per cent change) given shares of the bank in the business lending segment. Value of this indicator can vary between -100% - if all the banks tick 'fell/ significantly got tougher' – and 100% - if all the banks tick 'rose/ significantly softened'. Along with that, change in a total number of incoming loan requests can differ from a demand indicator.

21 second-tier banks participated in the bank survey of lending for the second quarter of 2021. The National Bank carries out the survey on a quarterly basis to evaluate changes in supply and demand of credit resources.