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## **NEW REPORT: KAZAKHSTAN'S NON-RESOURCE SECTOR RECOVERS**

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Annual credit portfolio growth rates in the non-resource economy of Kazakhstan increased from 9 to 19 percent and amounted to 1.9 trillion tenge (US\$5.73 billion) as of August, according to analytical service finprom.kz. The economy shows positive signs of recovery as the change has resulted in more loans issued by countrys banks.

This year, banks continued to finance the non-resource economy. For the past eight months, banks have issued loans amounting to 1.2 trillion tenge (US\$3.6 billion). It is 22 percent more than during the same period last year.

The sharp increase in lending to the real sector began last year when anti-crisis measures were implemented. For the entire 2015, enterprises in the sector of logistics, telecommunications and manufacturing received 27 percent more loans more than in 2014. During the previous two years, the annual growth rate of the credit sector has averaged 5 percent, according to the report.

The bulk of new loans were issued for a period less than one year, but long-term loans prevail in the loan portfolio of the sector, taking about 78 percent.

The profitability of large and medium-sized enterprises in the sector in the current year has doubled. From January to June 2016, the level of profitability was 18 percent compared to 9 percent in the same period of last year, said the source.

The main source of funding are the state development programmes implemented through the Development Bank of Kazakhstan (DBK) mechanisms. About 73 percent of all loans received by non-resource companies for a period longer than one year are received within DBK.

The amount of state support of the economy increases. For the entire 2015, DBK has issued new loans to the non-resource sector in the amount of 262 billion tenge (US\$790.4 million), which was 13 percent more than in 2014.

The whole mission of the DBK is to provide investments to the non-resource sector of national economy.

At the moment, the largest project of the bank is the construction of facilities for deep processing of oil at the Atyrau refinery. Its cost is estimated at 537.5 billion tenge (US\$1.6 billion). The project has been under construction since 2012 and should be completed next year.

The second big project is the modernisation and construction of new facilities at the Pavlodar petrochemical plant for the amount of 258.6 billion tenge (US\$780 million).

Also, DBK provides financing to Altel Company for the introduction of LTE/GSM/UMTS networks in Kazakhstan. The project costs 104 billion tenge (US\$313.8 million) and the implementation period will last until 2022. Planned coverage is 5.7 million subscribers. It is expected that the data speed will increase up to 300 Megabytes per second.

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Kaynak/Source: