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# Kazakhstan Looks to Buy Bank Shares

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Three Kazakh banks agreed to partial nationalization under a government plan to buy about \$5 billion of newly issued shares in the country's biggest lenders.

Prime Minister Karim Massimov disclosed on Tuesday the plan to buy into Alliance Bank, BTA Bank, Halyk Bank and Kazkommertsbank, saying supporting the lenders was in line with recommendations from the financial-markets regulator. Three of the four banks welcomed the plan, while BTA hasn't announced its decision.

Kazakhstan, the largest economy in Central Asia, has seen inflows of foreign capital dry up over the past year. A previous lending boom has fizzled as banks have scrambled to cover payments on overseas loans.

London-listed Alliance said it welcomed the government offer, under which the Samruk-Kazyna national welfare fund will acquire a 25% stake consisting of ordinary and preferred stock.

Meanwhile, Halyk and Kazkommertsbank said they planned to raise \$500 million and \$300 million from Samruk-Kazyna under the same plan, Interfax reported.

In addition to the capital injections, the government will put \$5 billion on deposit at banks to ensure lending continues. "The combined \$10 billion injection is substantial in terms of banking assets of \$104 billion and [foreign debt] repayments next year of around \$10 billion," said analysts at Credit Suisse in a report. Credit Suisse warned that the rescue package may not be enough to offset the uptick in bad loans.

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