

Kazakh banking - repackaged and refocused

by Alastair Marsh, FT Tilt • [More from this author](#)

Kazakhstan will set up a new entity to manage the government's stakes in three of the four Kazakh lenders that defaulted in 2009 amidst a wider reorganisation of its banking sector.

Central bank chairman **Grigory Marchenko** said on Wednesday that the state's holdings in BTA Bank, Temirbank and Alliance Bank will be consolidated into a new company under the management of Kazakhstan's sovereign wealth fund (SWF) Samruk-Kazyna.

The government currently owns close to 82 per cent of BTA's ordinary shares, a 67 per cent stake in Alliance and almost 80 per cent of Temirbank, having come to their rescue (via Samruk) in 2008 and 2009 as Kazakhstan's banking system buckled under the weight of a glut of bad loans.

Two other banks to receive state help during the financial crisis, Halyk Bank and Kazkommertsbank, will not be represented in the new entity. For the former, this is because it has gone a long way to start **repaying its debt** to the government, for the latter the reason is less clear, especially since it is **unlikely** to make any repayments of its own any time soon.

The new entity for managing the stakes will be headed by Yelena Bakhmutova, who until earlier this week headed Kazakhstan's markets regulator, the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organisations (AFN) as well as the Agency for the Regional Financial Centre of the City of Almaty (RFCA).

Samruk is expected to manage the entity much like how it manages other companies in which it has a holding, such as miner Tau-Ken Samruk or oil and gas giant KazMunayGas. However, in establishing a new company under separate management to oversee the government's holding, the SWF is carving out a new role for itself, Almaty-based head of research at Kazakh investment bank Visor Capital Jean-Christophe Lermusiaux said in an interview.

*Samruk-Kazyna has been **the main player of the 'anti-crisis plan'** and has rescued the banking system. We understand that its role is gradually evolving towards the development of new and high value-added industries.*

It is not only Samruk that has a new focus, however. Only last week the central bank received **new powers** to oversee financial markets after Kazakhstan's president, Nursultan Nazarbayev, **ordered the abolition** of the AFN and the RFCA.

Against this background it is clear that the authorities in Astana are serious about tackling the problems of the banking sector, which although improving, still faces a non-performing loan figure of at least 20 per cent. Lermusiaux said.

"The conditions to continue to clean the banking system are aligned. On one hand, the National Bank is absorbing the AFN (and RFCA). On the other hand, Samruk's stakes in those three banks will be managed by an entity, which is specialised and clearly focused on speeding up the process. So **it is likely to be more than symbolic.**"

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