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Amcorp moves to dispose stake

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ARAB-Malaysian Corporation Bhd has expressed its intention to Bank Negara to start negotiating with several institutional investors for the possible disposal of its entire 43.5 per cent stake in AMMB Holdings Bhd.

Amcorp is now awaiting the greenlight from the central bank to start negotiations.

Approval was also being sought from other authorities including the Foreign Investment Committee as the interested investors included parties from overseas, a source close to the group said yesterday.

The source also reaffirmed Amcorp's statement last month that the group had engaged in initial contacts with the interested institutional investors.

"Amcorp have yet to enter into any formal discussion with these institutional investors. New developments with regard to the possible disposal will be available within two weeks," the source said without elaborating.

It has been reported that Amcorp, which is controlled by Tan Sri Azman Hashim, one of the country's most prominent and well-regarded bankers, had been seeking out buyers for its 43.5 per cent stake in AMMB Holdings to trim its gearings.

Analysts have been quoted in past reports as saying that amid the prolonged economic and financial problems, Azman's holding company Amcorp was estimated to require up to RM2 billion for its recapitalisation.

Azman, Amcorp's executive chairman and chairman of AMMB Holdings, has effective control over both the financial services group and its parent through his 42 per cent private interest in Amcorp.

In late January, the Asian Wall Street Journal reported that the national investment fund Permodalan Nasional Bhd was preparing to buy a 20 per cent stake in AMMB Holdings.

That, however, appears to have fizzled out amid a public outcry over the bail-out of major shareholders at the expense of minority shareholders.

AMMB Holdings now owns 100 per cent of Arab-Malaysian Merchant Bank Bhd, 80 per cent of commercial bank Arab-Malaysian Bank Bhd, 63.2 per cent of Arab-Malaysian Finance Bhd, 100 per cent of Arab-Malaysian Credit Bhd and 100 per cent of Arab-Malaysian Securities Holdings Sdn Bhd.

Meanwhile, AMMB Holdings director Azlan Zainol declined to confirm whether the Government of Singapore Investment Corporation was among the institutional investors interested to buy the 43.5 per cent stake.

In the middle of last month, Business Times Singapore reported that GIC was discussing with Amcorp to buy up to 15 per cent stake in AMMB Holdings and that it was likely to pay between RM600 million and RM800 million for the stake.

GIC was also reported to have conducted discussion with Amcorp since early this year.

Speaking in Kuala Lumpur yesterday, Azlan said: "(Why should we) refute that report. They (the Singaporean Press) are just speculating. Anybody can speculate about that.

"Why should we deny it if it's not true?" he said when it was suggested that his confirmation could likely help refute the report by the Singaporean daily.

Azlan, who is Arab-Malaysian Bank managing director, said this after presenting a cheque worth RM62,000 to the Malaysian Institute of

Accountants.

The money was to finance a research project, "Survey and analysis of financial reporting of Islamic banks worldwide".

Asked to comment on Prime Minister Datuk Seri Dr Mahathir Mohamad's statement early this week that financial institutions were too strict in giving credit to businessmen, he said: "We (Arab-Malaysian Bank) will continue to lend at reasonable rate of interest which can benefit us and, at the same time, not burden our customers".

He also noted that the bank would not likely reduce its current base lending rate, now at 12.3 per cent, saying: "How can we lower it because that about covers our costs?"

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