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Bank keen to expand operations here

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THE Bank of Nova Scotia, Canada is keen to play a role in the consolidation of the Malaysian financial sector.

Towards this end, it intends to acquire a local bank and to increase the amount of loans disbursed to businesses in the domestic market.

Chairman of The Bank of Nova Scotia, Canada, Mr Peter Godsoe, said the bank is prepared to import capital to Malaysia and expand the businesses of its Malaysian arm - The Bank of Nova Scotia Bhd, which is unscathed by the current bearish economic situation.

"There are economic setbacks in Asia but Malaysia is less affected. We like to play a part (in the consolidation of the financial sector) and we are prepared to bring capital into the country if we are permitted to do so," said Godsoe, who is also the chief executive officer of the bank.

He said this at a press conference yesterday in conjunction with The Bank of Nova Scotia board of directors' visit to Malaysia.

The Bank of Nova Scotia, he said, is interested in acquiring a majority stake in a local bank.

However, in view of the 30 per cent limit on foreign ownership in financial institutions, the bank is willing to settle for a minority stake so long as it has management control, Godsoe said.

He added that it is, however, much preferred if the limit is relaxed and the bank be permitted to expand its operations.

"We think the Malaysian Government will in the next few years partially liberalise some of those constraints, and we would like to take the opportunity to be one of those expanding here," Godsoe said.

Apart from acquiring a local bank, he said, having more branches and owning a stake in a stockbroking firm are options available to the bank in expanding its businesses, if permitted by the Malaysian authorities.

However, Godsoe ruled out any joint venture, and said discussions with Kumpulan Fima Bhd on a share swap exercise for stakes in Kumpulan Fima's Capitalcorp Securities Sdn Bhd and The Bank of Nova Scotia Bhd have been aborted.

Scheduled to meet Prime Minister Datuk Seri Dr Mahathir Mohamad later yesterday, Godsoe said the bank's expansion plan is one of the topics which he will discuss with the Prime Minister.

However, acknowledging that it may take some time before the expansion plan materialises, Godsoe said The Bank of Nova Scotia Bhd's immediate plan would be to increase its lending.

"There would be no limit on how much we will lend to businesses here. If we can find the right transactions we will do it," he added.

Meanwhile, managing director of The Bank of Nova Scotia Bhd, Mr Rasool Khan, said the bank's non-performing loans stand at 1.5 per cent, probably one of the lowest among banks in Malaysia.

As a one-branch bank, The Bank of Nova Scotia Bhd has been focusing on its niche market strategy and looking at deals which are profitable.

"Our strategy works. Even with the economic crisis we seem to be holding on very well," Rasool said.

With a capital base in excess of US\$10 billion (US\$1 = RM3.85) and having businesses in 12 countries in the Far East as well as 53 countries worldwide, Godsoe said the bank is in a position to help Malaysian exporters.

The Bank of Nova Scotia Bhd has been in Malaysia for 25 years, and was

locally incorporated in 1994 with a paid-up capital of RM100 million.

For the year ended December 31 1997, the bank's share capital was RM88 million and shareholders' fund was RM155.61 million. Its total assets were RM1.25 billion while it posted a pre-tax profit of RM29.39 million.

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