

26/04/1998

National interest utmost in bank deal

A. Kadir Jasin

THE Government, people and the business sector must be congratulated for their part, direct or otherwise, in solving the many difficult problems and issues relating to the rescue of Sime Bank Berhad.

Special mention has to be made of Prime Minister Datuk Seri Dr Mahathir Mohamad, his deputy Datuk Seri Anwar Ibrahim, Rashid Hussain Berhad's executive chairman Tan Sri Rashid Hussain and PhileoAllied Berhad's chief executive officer and controlling shareholder Tong Kooi Ong.

Since the announcement by Bank Negara on March 3 that Sime Bank was in need of RM1.2 billion in fresh capital, followed soon after by a Sime Darby Berhad admission that the bank had suffered a loss of RM676.2 million for the half year ended Dec 31, many things had happened.

The bank's pre-tax loss had increased to RM1.81 billion and a recapitalisation of RM1.2 billion had become necessary.

Dr Mahathir is understood to have stepped in to settle problems relating to KUB Berhad's 30-per cent ownership of the troubled bank.

His concern for KUB's interest is understandable as the majority of the company's minority shareholders are Umno members.

Both he and Anwar had also promised a thorough investigation into the affairs of the collapsed bank by the central bank.

Now that the rescue arrangement of Sime Bank is completed, attention will naturally be focused on the Bank Negara investigation.

Anwar, in his capacity as Finance Minister, played a key role in providing guidance and direction to the parties involved in rescuing the bank and in the recapitalisation exercise of the RHB Group.

The people too played an important role by paying close attention to the deal and expressing their views on matters affecting their interest and the interest of the country.

There is no question that their calls for accountability and transparency had a considerable influence on the outcome of the difficult and complex deal.

When it became apparent that the Employees' Provident Fund might be coerced into funding the rescue, they spoke openly against it, prompting Anwar to pledge that public funds would not be used in the operation.

Commenting on the deal, which will see the merged RHB Bank Bhd and Sime Bank being recapitalised at RM1.98 billion, Anwar said he was happy with the financial arrangements.

He said they were in line with the Government's policy of not allowing public trust funds to be used, and pointed to his earlier statement that a clear explanation and transparency were needed.

Opposition leader Lim Kit Siang also welcomed the arrangement, saying he was glad the EPF had scaled down its involvement in the deal.

EPF will inject RM30 million to maintain its 11.1 per cent shareholding in RHB. It was earlier said that it might spend as much as RM1.5 billion to bankroll the deal.