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RM25bil for AMC to take up NPLs (HL)

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KUALA LUMPUR, Thurs. - Pengurusan Danaharta Nasional Bhd, the national asset management company, may need about RM25 billion to take up the non-performing loans of the banking system.

Deputy Prime Minister Datuk Seri Anwar Ibrahim revealed this estimate when he announced the guidelines for the AMC at the Treasury today.

Anwar, who is also the Finance Minister, said the AMC would initially raise RM10 billion via the issue of bonds locally and abroad.

He said the equivalent of US\$1 billion to US\$2 billion (RM3.94 billion to RM7.88 billion) would be raised in the international bond market by the AMC in the form of Government-guaranteed bonds.

The rest of the initial quantum will be raised in the domestic market when liquidity improves.

Seed capital for the establishment of the AMC will be in the form of a RM50 million grant from the Government, which will initially hold the entire stake in the statutory company.

Eventually, local and foreign investors will be invited to take up equity in the AMC - leaving the Government with only a minority stake.

When asked about Prime Minister Datuk Seri Dr Mahathir Mohamad's statement in Tokyo that the Government will provide 60 per cent of the funds required, Anwar said funding would be raised from all sources.

"The Government's equity may be substantially less than 60 or 40 per cent, but this will have to be looked into at a later stage," he said.

On the AMC's operations, Anwar said two international firms - Arthur Andersen and JP Morgan - had been appointed financial advisers.

Anwar added a consortium of local banks had expressed interest in taking up equity in the AMC.

But, they will be allowed to do so only later to prevent any possibility of a conflict of interest during the AMC negotiations to take over the NPLs.

Anwar also said the AMC's assistance to the banks would be only in the form of taking over the NPLs. Any recapitalisation would have to be done by the shareholders.

Asked if government institutions like the Employees' Provident Fund and Khazanah Nasional Bhd would take up equity in the AMC, Anwar said it was possible but no decision has yet been made.

The AMC chief executive officer and managing director, Azman Yahya, said the appointment of another eight independent non-executive directors to the board would be announced later.

It will be for the posts of chairman, three Malaysian directors, two directors representing the international community and two directors to represent the Government.

To facilitate the operations of the AMC, Anwar said legislation pertaining to bankruptcy, foreclosure and taxation would be amended and the amendements tabled in Parliament next month.

The AMC is expected to start operations by the end of July.

Further information will be posted on the Internet at <http://www.bnm.gov.my>.

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