

CIMB chief Nazir throws weight behind brother Najib
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Nazir Razak, head of Malaysia's second largest bank, is speaking out for his brother to be returned as prime minister amid concern the ruling alliance could lose more seats in polls that must be held within weeks.

"The present prime minister has a very clear path forwards in terms of the transformation of the economy," CIMB Group Holdings Bhd chief executive officer Nazir (right) said in a Bloomberg Television interview.

"If there's a change there, it would disappoint investors and they would have to re-look at their view of Malaysia."

Elder brother Najib Abdul Razak is facing the most competitive general election in Malaysia's history after BN won the last poll in 2008 by its narrowest margin in more than five decades.

The opposition, campaigning on an anti- corruption platform, is heading for victory, its leader Anwar Ibrahim, said this month.

The benchmark FTSE Bursa Malaysia KLCI Index has fallen 3.7 percent after closing at a record on Jan 7, the worst performing major gauge in Southeast Asia this year, according to data compiled by Bloomberg. The ringgit has slumped two percent this year.

CIMB has been Malaysia's biggest debt arranger and most prolific underwriter of initial public offerings for the past four years since Nazir's brother became prime minister, according to data compiled by Bloomberg.

The stock more than doubled in value between Najib's inauguration in April 2009 and the end of 2012. It has since slumped six percent as polls approach, the worst performing lender on the KLCI, Bloomberg data show.

CIMB as 'election proxy'

"CIMB is seen as a direct election proxy because of the relationship of the CEO to the prime minister," Alan Richardson, a Hong Kong-based fund manager who helps oversee about US\$110 billion for Samsung Asset Management Co, said by phone.

"If the election result is seen as comfortable for Najib and Barisan Nasional, that stock will go up."

The Kuala Lumpur-based lender helped arrange the country's three biggest share-sales last year. Palm oil producer Felda Global Ventures Holdings Bhd (FGV) raised US\$3.3 billion, IHH Healthcare Bhd sold \$2.1 billion of stock and Astro Malaysia Holdings Bhd issued US\$1.5 billion of shares.

Malaysia's IPO market grew to become the world's fifth largest last year, up from 14th in 2011, according to data compiled by Bloomberg. It overtook more established financial hubs, raising US\$6.8 billion, the data show.

Najib, 59, has streamlined bureaucracy and opened up more industries to foreign investors. Private sector spending has tripled since 2009, with government revenue at a record last year and the budget deficit shrinking, according to a government report released this week.

Najib's National Front coalition is seeking re-election after holding power for more than five decades in the face of a resurgent opposition led by Anwar. The prime minister took over mid-term after Abdullah Ahmad Badawi stood aside to take responsibility for the 2008 election result. The premier must dissolve parliament by April 28 for vote to be held within 60 days.

Anwar's Pakatan Rakyat has promised to clamp down on corruption, abolish monopolies and bring down living costs if it comes to power, according to its manifesto.

"If there's a change in government, it's actually an opportunity for investors to gain more in the long term," Ong Kian Ming, an opposition election strategist, said by phone.

"In the short term, yes, there would be some jitters. Significant structural reform would lead to better economic policies that would make the country more competitive in the long run."

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