

PM: No disagreement over RHB buyover
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Prime Minister Abdullah Ahmad Badawi has agreed with the decision by the Employees Provident Fund's (EPF) decision to buy the debt-ridden Rashid Hussain Bhd banking group (RHB).

"I am fine with the decision and I decided not to interfere with what they (EPF) have done," he said in an interview with CNBC.

He said the decision to make a bid for RHB was EPF's alone and the government did not ask it to do so.

"It was EPF on its own. EPF is flushed with money. What do you do with all the money?" he quoted as saying by Bernama.

Earlier this month EPF won control of the Rashid Hussain group, beating out two other rivals with a bidding offer of RM2.25 billion.

The EPF has pledged that it would have 'minimal representation' in the bank.

Abdullah, in the interview, said although the EPF is under the government, the decision to invest was taken by EPF's investment committee.

"I don't have to sign the deal," he added.

Well invested

The decision by EPF did not mean that the government is changing its announced policy to slowly divest its shares in government-linked companies, he said.

He stressed that it is a good investment for EPF and its contributors; "It is going to be money well spent and well invested."

The debts of the RHB banking group have run in excess of RM3.4 billion as of August 2006, and it is presumed that these debts will be taken over by EPF.

This was due to the buy-over of United Malayan Banking Corporation (UMBC) from Sime Darby in 1995 which proved to be a failure.

The debts incurred by UMBC were then transferred to Sime Darby, a plantations company, and were thereafter assumed by the RHB banking group after the merger of the two banks in 1998.

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