

# Daim winds down interest in ICB Financial Group

*By Jose Barrock of theedgemalaysia.com / Business / The Edge Malaysia – Thu, Mar 6, 2014 11:50 PM SGT*



ICB Financial Group Holdings has in recent times been paring down its stakes in several banks in its stable. This has sparked market talk that former finance minister Tun Daim Zainuddin, who owns a majority stake in ICB, may be getting out of the financial services industry.

According to industry observers, ICB, which at one time owned banking institutions in at least 14 countries, has been selling down its stakes on a piecemeal basis. “It has actually reached a stage where it is unclear what assets are left in ICB now. There have been a large number of disposals over the years, and no acquisitions,” an official of a private equity firm tells The Edge.

Details are scarce as Switzerland-based ICB was privatised and delisted from London’s Alternative Investment Market or AIM back in November 2013, but foreign news reports say the former finance minister seems to be paring down the assets held by his banking outfit.

Back in 2012, ICB had banks in Albania, Gambia, Ghana, Malawi, Senegal, Sierra Leone, Tanzania, Zambia, Bangladesh, Laos and Indonesia, among others.

The latest to go on the block is believed to be the group’s banks in Laos, under the International Commercial Bank banner, as well as Albania-based International Commercial Bank, both of which are wholly owned.

It is not clear if negotiations for a sale are ongoing, but people familiar with the company say there have been overtures made by parties looking to buy the assets.

Officials of ICB were hard to pin down, and businessmen and politicians who know of Daim’s movements are, as always, reluctant to say anything.

“With Daim, it is hard to say ... on the one hand, he is very active. At 76, he still goes out to inspect assets and spends long hours travelling. But he has been paring down his banking assets, and banks are said to be his love ... so he may be winding down,” says a source familiar with the former finance minister’s movements.

Others say when he listed ICB on AIM in May 2007, the intention was to eventually dispose of his banking assets lock, stock and barrel via the sale of his stake in the holding company, but this did not work out. When it was a listed entity, ICB was about 75% controlled by Daim and his associates.

Late last month, ICB sold 24% of its 67% shareholding in PT Bank ICB Bumiputera Tbk to businessman and politician Hary Tanoesoedibjo’s PT MNC Kapital Indonesia Tbk. Bank ICB Bumiputera is a small-sized commercial lender listed on the Jakarta Stock Exchange.

Talks on the sale were initiated with MNC Kapital buying a 30% stake, and had been ongoing since early 2013. But due to issues raised by the Financial Service Authority of Indonesia, Tanoesoedibjo’s outfit only acquired 24% equity interest. It still has plans to pick up another 6%.

Tanoesoedibjo is an Indonesian billionaire whose mainstay is in the media business under his flagship MNC Kapital — part of the MNC Media Group, which controls such stations as RCTI, MNC TV, Sun TV and Indovision. MNC is Media Nusantara Citra.

Details of the sale, such as pricing, were not made known. It is not clear if Daim is looking to sell the remaining 40% in Bank ICB Bumiputera, but judging by the recent divestments, that could be the case, industry observers say.

In September last year, ICB sold its stakes in International Commercial Bank in Ghana, Gambia, Guinea and Sierra Leone to First Bank of Nigeria’s parent company, FBN Holdings plc.

Despite FBN Holdings being a listed entity in Nigeria, the details of the sale, such as the pricing, were not available.

FBN Holdings is said to be a likely buyer of ICB’s assets in Senegal this year.

While the price tag paid by FBN Holdings was not disclosed, the acquisition of banking assets in Ghana, Gambia, Guinea and Sierra Leone was reportedly expected to increase First Bank’s total assets by US\$258 million (RM852.45 million) and shareholders’ funds by US\$65 million.

In addition, it is expected that the West African acquisition would contribute some 3% in net revenue to the FBN Group by 2016, with significant upside based on the favourable market dynamics of the home countries.

In June last year, ICB sold its assets in Malawi, Mozambique and Zambia to Blantyre-based First Merchant Bank Malawi for US\$11.5 million.

It is not clear if ICB has indeed sold its Bangladesh-listed ICB Islamic Bank Ltd, as news reports state that a sale was concluded while Bloomberg still lists the former finance minister's company as the controlling shareholder.

In 2010, ICB was said to be in talks with a consortium made up of Summit Industrial & Mercantile Corp (Pvt) Ltd, Cosmopolitan Traders (Pvt) Ltd, Alliance Holdings Ltd, Summit Alliance Port Ltd and Shore Cap Holdings Ltd, and the price being bandied about was US\$55 million or RM172.7 million.

ICB started its operations in 1994 when it secured a licence to operate a bank in Hungary, after which the group expanded and operated banks in 13 countries on three continents.

The group began its operations in Africa in 1996, starting in Ghana. It then increased its footprint to nine countries on the African continent.

Interestingly, when Daim was finance minister from 1984 to 1991, many of the banking assets were held by Tan Sri Robert Tan Hua Choon, a businessman who also seems to be divesting his assets now.

Given the disposal of his banking assets abroad, the focus has turned to Alliance Financial Group Bhd, which wholly owns Alliance Bank Malaysia Bhd.

Although time and again Daim has denied any involvement in Alliance Financial Group, the perception has been that he has an interest in Langkah Bahagia Sdn Bhd, which has a 51% stake in Vertical Theme Sdn Bhd, which in turn has 29.06% of Alliance Financial Group.

The remaining 49% is controlled by Singapore state-controlled investment arm Temasek Holdings. Alliance Financial Group is among the smaller banking groups, making it a target for mergers and acquisitions in the country.

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