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Bank Islam keen on Bangladesh market

Lender likely to make acquisition there, sources say

Adeline Paul Raj

BANK Islam Malaysia Bhd, the country's oldest Islamic lender, is likely to buy a stake in a bank in Bangladesh this year with a partner from the South Asian nation, sources said.

The lender, which may be the first from Malaysia to enter that market, is said to be keen to tap the Islamic banking potential in the Muslim-majority state.

Bangladesh is also the world's eighth most populous nation.

Managing director Datuk Zukri Samat, when asked about it in an interview last week, confirmed that the group is "exploring" opportunities in Bangladesh, but declined to elaborate.

"We are keen to go to that market (but) we have nothing firmed up yet. Though it's largely a poor country, even if we assume that 10 per cent of its 200 million-odd population is bankable ... it makes it quite an exciting area that we want to look at and explore," he told Business Times.

Sources said it is unclear if the bank would be able to go for a majority stake.

Zukri, however, has said that in the event of an acquisition in any market, it would be important for Bank Islam to have influence on the target's operations even if it does

not have a controlling stake.

Bank Islam is keen on expanding in the South Asian region.

It already has a 12 per cent stake in Sri Lanka's Amana Investments Ltd, an Islamic financial solutions provider that Zukri said has recently been awarded an Islamic banking licence. It is expected to lift its stake in Amana soon.

Bank Islam, which is controlled by BIMB Holdings Bhd, has long voiced intentions to expand abroad, particularly in Indonesia.

Indonesia "remains on our

■ TURN TO B8, COL. 1



Bank Islam eyes 120 branches by year-end

■ FROM B1

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radar", Zukri said, adding that the bank would want to go for majority control in any acquisition there.

Business Times reported last year that the group was pursuing a stake in Indonesia's PT Bank Muamalat.

It is understood that talks with certain shareholders of that bank had been going well until recently.

"We used to be quite advanced on that, we thought we were on the right track, and then somebody put a spanner there and then we couldn't go ahead," is all Zukri would say on the matter.

He could not say whether an

acquisition in that market could happen this year.

"Something will happen immediately by this year, but maybe not that country, some other country," he remarked.

Bank Islam also plans to expand its reach at home, with plans to

increase the number of its branches to at least 120 by the year-end from 113 now.

The group recently turned in a record profit before zakat and tax of RM503.4 million for the 18-month period to December 31 last year. (It changed its financial year-end to December to coincide with that of its ultimate parent,

Lembaga Tabung Haji.)

Zukri said the bank plans to undertake more investment banking activities, a relatively new area of focus for the group, in a bid to increase contribution from its non-fund based income to 20 per cent over the next three years from 11 per cent now.

On another matter, he said he did not know whether the bank's Middle Eastern shareholder, Dubai Group LLC, was still looking to sell its 30.5 per cent stake, as reported last year.

BIMB has a 51 per cent stake in Bank Islam, while Lembaga Tabung Haji holds 20.5 per cent.