

ELDERS TRYING TO BUY INTO PHILIPPINE BANK.By **Chaitanya Kalbag**, Reuters

473 words

21 August 1987

Reuters News

English

(c) 1987 Reuters Limited

MANILA, Aug 21 - Elders Finance, a division of (Elders IXL Ltd), is interested in buying a minority stake in either Union Bank of the Philippines or the Philippine Commercial International (PCI) Bank as part of a major thrust into the country, banking sources said.

They said Elders PICA (Private Investment Corp of Asia) Ltd, a subsidiary of Elders Finance, had offered to buy 40 pct of the outstanding stock of either of the two banks, the maximum holding allowed to foreign investors under Philippine law.

Earlier this month Elders Chairman John Elliot said after meeting President Corazon Aquino that the Melbourne-based group planned to invest up to 200 million dollars in the Philippines.

"We told the President that we are basically interested in expanding our investments in agriculture, brewing, gold mining and oil," he told reporters.

Angel Ong, Elders PICA Vice-President in charge of Philippine operations, told Reuters there had been no specific progress in the group's Philippine investment plans.

"We are looking at a number of possibilities, including financial institutions like Union Bank of the Philippines and PCI Bank," Ong said. "But there are other interested parties."

Ong said the only formal proposal the group had made was earlier this year, when Elders PICA failed in a bid to buy a stake in the Philippines' food and beverage conglomerate San Miguel Corp.

PCI Bank, in which the state-owned Development Bank of the Philippines holds a 22.64 pct stake, earned net income of 120.4 million pesos in 1985 on gross revenues of 1.5 billion.

Union Bank, which reported net income of 29.9 million pesos in 1985 on gross revenue of 689.4 million pesos and total assets of 3.97 billion pesos, is one of the state-owned firms approved for sale under the government's privatisation programme.

Union Bank is owned 60 pct by the government Social Security System (SSS) and 40 pct by the Land Bank of the Philippines.

Deogracias Vistan, President of Land Bank, told Reuters he wanted to sell his stake because Union Bank's operations, mainly real estate lending, did not fit with the Land Bank's major role in the country's agrarian reform program.

Vistan said SSS Administrator Jose Cuisia had held several rounds of talks with Central Bank officials on the proposed privatisation of Union Bank.

"Cuisia knows we are interested in selling our shares," Vistan said. "The SSS in fact wanted to buy the stake itself and put in more capital, but the privatisation program does not allow that."

Vistan said Cuisia, who was not available for comment, was negotiating with prospective buyers of Land Bank's stock.

Officials of PCI Bank were not available for comment on Elders' bid to buy into the institution.

Document lba0000020011204dj8l015fq

