



Scandal-hit private bank insists it's not for sale

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Falcon Bank, the Swiss private banking group which has been deeply embroiled in the long-running Malaysia IMDB sovereign wealth scandal, has declared that it is not for sale.

It was commenting after growing speculation surrounding the future of the bank, which is owned by the Abu Dhabi state investor Mubadala. Falcon is under investigation in Switzerland for allegedly failing to prevent suspected money laundering linked to 1MDB.

The bank is cooperating with the Office of the Attorney General of Switzerland which investigated criminal proceedings against Falcon in 2016. A previous investigation by Singapore authorities over Falcon's involvement in the 1MDB scandal in 2016 resulted in the removal of its local banking licence.

Reports circulating in Zurich suggest that talks have been taking place with various parties, including Luxembourg's Banque Havilland, owned by Britain's Rowland family.

The Rowlands broke into the Swiss market in 2016, acquiring Banque Pasche and renaming it Banque Havilland Suisse.

But there are doubts that Falcon would fetch a reasonable price if buyers decided they would demand a deep discount on a acquisition, reflecting the regulatory threats overhanging it.

Ray Soudah, founder and chief executive of Zurich specialist adviser Millenium Associates said: "It's not the right time for a sale of Falcon Bank as it will certainly achieve a much more attractive valuation in a few years time as it is repositioning itself and (it) finishes dealing with its former challenges. It may well be worth hanging on to this business."

Other bankers feel that the best chance of sale may come if Abu Dhabi commits to hold a significant part of its state wealth in Falcon, with a promise to indemnify any buyer against financial penalties linked to 1MDB.

The bank has some \$18 billion in assets under management.

Meanwhile, outgoing Malaysia Prime Minister Najib Razak, who has been accused of diverting \$700 million from the IMDB fund, has been banned by immigration officials from leaving the country.

He was replaced last week by the veteran politician Mahathir Mohamad, 92, who has said there will be a thorough investigation into cases of alleged corruption including the one involving IMDB.

The 1MDB scheme, set up by Mr Najib in 2009, was meant to turn Kuala

Lumpur into a financial hub and boost the economy through strategic investments. But it started to attract attention in early 2015 after it missed payments for some of the \$11 billion it owed to banks and bondholders.

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