

Rashid may cash out RHB Bank, eyes Utama

Banker prepared to sell his 7.6% stake in group he helped found sources say

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By **Jalil Hamid**

KUALA LUMPUR Embattled banker Tan Sri Abdul Rashid Hussain may finally throw in the towel and quit a banking group he helped found banking sources said yesterday

The banker denied by the government of greater control of his RHB Bank is prepared to sell his 7.6% stake in the nation's number three bank sources added

The preferred buyer for the block could be Utama Banking Group the only local bank without a merger partner following the country's biggest ever banking shake up

He is willing to sell out his stake if Utama really wants it a banking source close to Rashid told Reuters

This will allow him to focus on his stockbroking business

His departure and the sale of his stake could open the way for a merger between RHB Bank and Utama

Renewed speculation of Rashid's possible exit came a day after the urbane banker said RHB group was interested in merging its banking arm with Utama

RHB Group has three listed arms - RHB Capital which owns 70% of RHB Bank stockbroker Rashid Hussain Bhd and RHB Sakura Merchant Bank

Rashid said on Thursday a merger with Utama which is based in

Sarawak would mean a stronger presence for RHB Bank in Sabah and Sarawak and give Utama a national banking presence

A merger with Utama Banking group is interesting because they have yet to find a partner and it would resolve the (core) bank issue and enable a successful outcome in Bank Negara's consolidation programme Rashid said in a statement issued by RHB

However in another statement yesterday RHB said no proposals or submissions have been made to the

central bank and Rashid's comments were merely examples in response to questions posed by the media at a summit in Singapore on Thursday

Financial analysts said the Utama merger also offered a timely escape route for Rashid facing a testing time after the government last month ruled against RHB Capital's restructuring plans

The Utama merger may be an attempt by Rashid to get to the right side politically said a banking analyst at a foreign brokerage

The ruling and Rashid's apparent fall from favour have put a cloud over RHB Capital shares which have fallen 30% since early last month and which analysts still rate as a sell

The shares stood three sen down at RM2.22 yesterday off from this week's low of RM2.12

The government directed the nation's 54 financial institutions to merge into 10 core or anchor groups by the end of last year

With the politically well connected Utama yet to comply speculation has risen it might be left to go it alone after two failed attempts to strike deals with core groups involving Arab Malaysian group and EON Bank

In a separate statement to the **KTSE** yesterday Utama Banking Group said Rashid's comments and suggestion of a possible merger between Utama Banking Group and

RHB Group seem interesting and worth looking into

The board of directors of Utama Banking Group are reviewing the situation it said

It added On a preliminary basis Rashid's suggestion has its merits and if deemed appropriate Utama Banking Group will take the necessary steps to consult Bank Negara Malaysia including seeking permission from the central bank to begin discussions with the RHB Group

Utama Banking will keep shareholders informed in due course on any developments

RHB Bank is one of the 10 core banks Prime Minister Datuk Seri Dr Mahathir Mohamad said last month that Utama must first meet criteria set by the central bank if it wanted to become a core bank

To qualify for core bank status a group must have total assets of at least RM25 billion and shareholders fund of RM2 billion

Analysts were uncertain how much Rashid would ask for his stake in RHB Bank

But RHB Capital in a deal stonewalled by the government had offered to pay RM1.38 billion for 13% of RHB Bank to bank recapitalisation agency Danamodal Nasional

Utama with assets of RM7.4 billion and shareholders fund of RM.61 million is a small but profitable bank It is controlled by Cahya Mata Sarawak Bhd - Reuters