

# Utama-RHB

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# merger stalls again

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**KUALA LUMPUR:** Cahya Mata Sarawak Bhd (CMSB), which controls Utama Banking Group Rhd (LJRG), failed to come to a decision on the RHB Bank Bhd-UBG merger at its board meeting on Wednesday.

Sources said the board is believed to have decided to seek more time from the authorities for the merger and a change in the terms of the proposed exercise.

Speculation has been rife that the proposed RHB Bank-UBG merger had fallen through and both would seek new partners.

*theedgedaily.com* reported on Jan 2 that a merger between Bumiputra-Commerce Bank Bhd (BCB) and RHB Bank to form the country's second-largest banking group was in the pipeline, given these talks.

On Jan 7, *The Edge* weekly reported that Rashid Hussain Bhd (RHB) and the Sarawak-based UBG have been given a week to sign a deal.

On Tuesday, Prime Minister Datuk Seri Dr Mahathir Mohamad told reporters that he hoped a decision on the merger between RHB Bank and LJBG would be reached this week.

With the latest development on Wednesday, sources said the authorities are unlikely to give CMSB more time for UBG's merger exercise, as the scheme has failed to materialise despite being given a long time to work things out.

As a result, the discussions of the BCB-RHB Bank merger now look more likely to happen.

Parties familiar with the financial sector said UBG, which failed to meet Bank Negara Malaysia's Dec 31, 2001 deadline for banks to have a minimum shareholders' fund of RM2 billion, may be told to merge with another bank.

UBG has a shareholders' fund of RM995 million while its net non-performing loans as at Sept 30, 2001 was at 19.66%.

Another possible alternative is for Bank Negara to take over the Sarawak-based bank and initiate a merger with another banking group.

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