

State won't interfere in merger talks

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THE Sarawak Government will not interfere in the merger negotiation between Utama Banking Group (UBG) and RHB Bhd but remains optimistic that the former would become an anchor bank.

"We should not get involved (in the negotiation) but we are still hopeful that Bank Utama would become an anchor bank," said State Deputy Chief Minister Tan Sri Dr George Chan, who is also State Finance Minister.

Dr Chan had also said last week that "it would be good" for the Sarawak-based Bank Utama to be made an anchor bank as it had a

greater understanding of the needs of the State, particularly the needs of its business community.

When asked about the progress of the merger, he said: "I don't want to comment on the merger itself, it is a private deal ... I don't think politicians should get involved."

He also denied that the State Government was lobbying for UBG to become the country's 11th anchor bank.

UBG and RHB are reported to have made a breakthrough in the negotiation to merge after Cahya Mata Sarawak Bhd (CMS) — which is the UBG controlling shareholder — agreed to the proposed takeover of RHB Bhd.

According to a newspaper report,

CMS will authorise the UBG board to proceed with the purchase of stakes in RHB which are held by Malaysian Resources Corp Bhd (MRCB) and Tan Sri Rashid Hus-sain.

MRCB has 22.7 per cent holding in RHB while Rashid has a personal stake of 23.9 per cent.

The report also said that the merger negotiation is entering its final phase. The Utama-RHB merger talks have been going on for nearly a year.

At one point, the merger talks almost collapsed, prompting Prime Minister and Finance Minister, Datuk Seri Dr Mahathir Mohamad to give Bank Utama an extension until June to find a merger partner or have its licence cancelled.