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Alliance Bank may be merger partner for Utama

ALLIANCE Bank Bhd may be a likely partner for Utama Banking Group Bhd, the country's smallest bank, now that the latter's negotiations to merge with RHB Bank Bhd are off, say analysts.

Speculation is mounting over prospects for a merger between RHB Bank and Bumiputra Commerce Bank Bhd, owned by Commerce Asset-Holdings Bhd, they said.

MIDF Sisma Securities Sdn Bhd said time was ticking for Utama as it has until June to find a new merger partner.

It identified Alliance Bank, which is owned by Multi-Purpose Holdings Bhd (MPHB), as a possible partner for Utama.

Local research firm Netresearch Sdn Bhd said speculation had surfaced that RHB has begun negotiations with Bumiputra Commerce Bank.

Other analysts agreed that Bumiputra Commerce Bank, the country's second largest bank, is a likely candidate among others to buy RHB Bank.

Utama was given a six-month deadline to do so earlier this week, or face losing its licence, following speculation that talks with banker Tan Sri Rashid Hussain had failed.

Bank Negara Malaysia had given Utama until last week to close its long-drawn negotiations with Rashid's Rashid Hussain Bhd (RHB) to merge with RHB Bank.

RHB controls 55 per cent of RHB Capital Bhd which in turn owns 70 per cent in RHB Bank. Cahya Mata Sarawak Bhd owns 51.8 per cent of Utama.

Yesterday, RHB ended one sen higher at RM2.24 while RHB Capital was one sen down at RM2.44. Utama fell two sen to RM1.62, extending a five-day losing streak.

RHB and Utama saw sharp movements in their share prices on Monday and Tuesday following comments from Prime Minister Datuk Seri Dr Mahathir Mohamad on the failed merger talks.

Utama officials have kept mum over the matter, and Cahya Mata Sarawak chief executive officer Sulaiman Abdul Rahman Taib could not be reached for comments.

Yesterday, Rashid said the negotiations for the sale of his banking group have taken far too long. He did not rule out merging with another bank, but only said that the merger talks with Utama had disallowed simultaneous discussions with other prospective suitors.

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