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PM-MERGER

PM DOESN'T THINK UTAMA BANKING AND RHB BANK WILL MERGE

BANGI, Jan 22 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad says he does not think that Utama Banking Group will merge with RHB Bank Bhd.

"I understand that talks (between them) have stalled, collapsed," he said at Universiti Kebangsaan Malaysia's Career Day here.

Utama Banking Group has to find some other partner, Dr Mahathir said.

"We gave them (Utama Banking) six months. If they don't find one (by then), we cancel their licence," he said.

Dr Mahathir said if Utama Banking cannot find a partner, "we cannot allow it to function because we have decided on 10 banks and no more."

"We expected them (Utama banking and RHB Bank) to merge," he said.

Asked why the two banks got special treatment by having an extension, he said, "Maybe they have some special problems."

Meanwhile, RHB Banking Group executive chairman Tan Sri Rashid Hussain today said that RHB is officially still in negotiations with Utama Banking on the merger deal.

When asked by reporters if pricing was a stumbling block for both parties to come to an agreement, Rashid said:

"People are talking about price. I know for certain it was. I have hinted, in fact, and the UBG Board has agreed.

"But they have suggested that it was subjected to the Cahya Mata Sarawak Board (the parent company). I have done all my job and done what has to be done. I am just waiting."

Rashid said the RHB group has waited "long enough" to conclude the deal.

There was no need to wait another nine months to conclude the deal if there was a professional basis of valuation, he said.

"RHB is already an anchor bank, we don't need to do anything. Therefore I think if you want to control, there's a price," he said. -- BERNAMA

TM SHY