

24 JAN 2002

MAHATHIR-RHB

RHB CAN REMAIN AS ANCHOR BANK OR MERGE WITH OTHERS, SAYS DR MAHATHIR

KUALA LUMPUR, Jan 24 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad says that RHB Bank can remain as an anchor bank if it wanted to but the bank can also merge with others.

"They can remain as 10 anchor bank or they can merge because we also want to encourage mergers among anchor banks," he said.

"So, if they want to merge with some other banks, it is okay," he said at a press conference after chairing the UMNO Supreme Council meeting here today.

Asked whether he expects a further consolidation among banking groups this year, he said: "We are not asking them as such to reduce the number but we welcome (the consolidation)."

The government decided sometime ago to limit the number of anchor banks to 10, an exercise completed by the end of last year, except for Bank Utama which was the only bank in the country without an anchor bank status.

RHB Bank and Bank Utama were in discussions to merge but disagreements over pricing have prevented a deal.

Utama Banking Group, which owns Bank Utama, has been in talks for the last 12 months with RHB Group, which owns RHB Bank, the third largest anchor bank in the country after last year's consolidation within the banking sector, to give itself a controlling stake in RHB Bank.

RHB executive chairman Tan Sri Rashid Hussain, the largest single shareholder in RHB, has offered to sell his own entire stake of 23.9 percent at RM6 per share to UBG which is also interested to take over the 22.7 percent stake in RHB from Malaysian Resources Corporation Berhad.

The whole deal, if it proceeds, will cost UBG about RM1.8 billion, a price which some shareholders in CMSB say is much too high even for a controlling stake in RHB Bank, according to reports.

To another question whether Bank Utama would be given anchor bank status if it managed to raise its capital to RM2 billion within six months, Dr Mahathir said, "no more."

The Prime Minister had said yesterday that Utama Banking Group been given a further six-month extension to find a partner for Bank Utama among one of the existing 10 anchor banks in the country.

Banking analysts said that if the proposed RHB-Utama merger talk is off, this means that UBG could now only turn to Alliance Bank -- one of the country's anchor banks -- if it harbours hopes for a controlling stake. --

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