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MAHATHIR-MERGER

MAHATHIR HOPES FOR DECISION ON RHB-UTAMA MERGER THIS WEEK

KUALA LUMPUR, Jan 15 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad says he hopes that there would be a decision this week on the proposed merger between Rashid Hussain Bhd and Utama Banking Bhd as it was getting late.

"I hope they (RHB) will merge with Bank Utama," Dr Mahathir, who is also finance minister, said when responding to questions at a Tabung Haji function here today.

He said the merger is voluntary.

"We have said that there would be no more licenses for banks which have capital of less than RM2 billion."

"So, we will see what happens to Bank Utama," he said.

When asked whether 10 anchor banks were enough for Malaysia, he said: "We we don't expect any more mergers at the moment, except that we expect them to keep on merging (among themselves) and become bigger."

A weekly business magazine reported this week that both parties have been given until the end of the week to sign a firm agreement to merge.

Bank Negara Malaysia has reportedly directed the two sides to iron out their differences and move ahead with the merger plan.

Merger talks between RHB and Utama Banking Group started in February last year, but were said to have been protracted over differences over pricing.

Utama Banking group aims to control 55 percent of RHB Capital, which in turn owns 70 percent of RHB Bank, one of the top three banks in the country.

Utama had earlier proposed to buy Malaysian Resources Corporation Bhd's 22.7 percent stake in RHB for RM3.80 per share.

RHB Bank founder Tan Sri Rashid Hussain is said to be asking for at least RM6 for his 23.9 percent stake in RHB, which holds a 55.4 percent stake in RHB Capital Bhd.

Rashid Hussain Bhd rose one sen to RM2.30 while RHB Capital dropped six sen to RM2.64.

With 11 banking groups in the country, the merger of RHB and Utama Banking Group would complete the consolidation of the banking sector, bringing the number down to 10. -- BERNAMA

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