

24 JAN 2002
MERGER-UBG
UBG AWAITING EXTENSION-OF-TIME NOTE FROM BNM

KUCHING, Jan 24 (Bernama) -- Sarawak-based Utama Banking Group, owner of Bank Utama, is waiting for Bank Negara Malaysia (BNM) to notify it of the fact that a final extension of time had been given for the company to find an anchor bank willing and able to serve as an operating partner for Bank Utama.

"We expect an official notification from BNM within the next one or two days," Cahya Mata Sarawak Bhd (CMSB) group general manager (corporate affairs) Isaac Lugun told Bernama today. (CMSB has a controlling stake in UBG.)

Lugun was commenting on the Prime Minister Datuk Seri Dr Mahathir Mohamad's statement that UBG had been given a further six-month extension to find a partner for Bank Utama among the existing 10 anchor banks in the country.

All the CMSB official was prepared to say was that "there is a proposal (for a merger) and we awaiting an official notification".

Dr Mahathir, who is also Finance Minister, indicated in an interview with the media in Kuala Lumpur on Tuesday that Bank Utama risked losing its licence should it fail to do so.

UBG 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.

The government has decided to limit the number of anchor banks to 10, an exercise completed by the end of last year, leaving Bank Utama as the only bank in the country without anchor bank status.

RHB executive chairman Tan Sri Rashid Hussain, the largest single shareholder in RHB, had 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 (MRCB).

According to recent news reports, the whole deal (if it proceeded) would cost UBG about RM1.8 billion, a price which some shareholders in CMSB say was too high even for a controlling stake in RHB Bank.

If the proposed RHB-Utama merger talks failed to materialise, UBG can only turn next to Alliance Bank to meet the government's ultimatum.

But the big question is whether the present shareholders of Alliance Bank would allow UBG to take over the bank's operations.

Last year, Sarawak Deputy Chief Minister and Minister of Finance and Public Utilities Tan Sri Datuk Amar Dr George Chan said Sarawak would like to operate Bank Utama as an anchor bank. -- BERNAMA

SCC MKO SEL