



ธนาคารแห่งประเทศไทย

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Strategy for the privatization of the four intervened banks

Recent widespread reports on the four commercial banks which had been intervened and is now majority-owned by the Financial Institution Development Fund (FIDF) have created public confusion as to the future of the banks. In order to eliminate such confusion, the Bank of Thailand wished to clarify our policies for the four intervened banks as follows:

1. The Ministry of Finance and the Bank of Thailand have already announced our firm intention to sell the four banks to the private sector. The Bank of Thailand has recently appointed JP Morgan Securities Asia Ltd. as an advisor to map out the privatization strategy, i.e. to recommend selling alternatives to the authorities. It is expected that the MOF/BOT will be able to adopt a clear strategy by the end of July 1998. The selection criteria will be based on maximum benefits to the financial system as a whole. The selling or restructuring process, according to the strategy adopted, will be subsequently implemented. In addition, the BOT would like to emphasize that no action will be taken before the strategies have been determined. For example the news that some of the 4 banks will be closed in June should be dismissed.

2. The FIDF has requested each of the four intervened banks to engage in a contract with international audit firm to conduct overall due diligence. The real value of the bank will be used in evaluating and selecting the desired option.

3. Notwithstanding the outcome of the strategy in paragraph 1, the Bank of Thailand wishes to confirm that the general guarantee of repayment of principal and interest to depositors and creditors of the four intervened banks is still in effect in line with the conditions stated in the FIDF's Regulation Concerning Insurance for Depositors and Creditors of Financial Institutions B.E. 2540 dated 8 August 1997. Therefore, the selling or restructuring of the four banks will not have any impact on their depositors and creditors.

Bank of Thailand

26 May 1998