



ข่าวธนาคารแห่งประเทศไทย

สำนักผู้ว่าการ ธนาคารแห่งประเทศไทย โทร. ๒๘๒๖๖๘๘

No. 52/ 1998

**Re: Resolution of the Intervened Financial Institutions
on August 14, 1998**

The Bank of Thailand announced this morning (August 14, 1998) that the Bank has intervened in the following 2 commercial banks and 5 finance companies:

- 1 The Laem Thong Bank PLC.
- 2 The Union Bank of Bangkok PLC.
- 3 Dhana Siam Finance and Securities PLC.
- 4 First City Investment PLC.
- 5 IFCT Finance and Securities PLC.
- 6 Vajiradhanathun Finance Co., Ltd.
- 7 Thai Summit Finance and Securities Limited

through an order for the aforementioned financial institutions to write down losses from their capital and have the Financial Institutions Development Fund (FIDF) recapitalize these financial institutions in order to be sufficiently capitalized to resume their normal business operation under the management of newly appointed executives.

Following this morning's announcement, the Cabinet has now approved the resolution plans for the intervened financial institutions which will be subsequently elaborated. These measures form part of the Ministry of Finance's Financial Sector Restructuring Plan that was submitted this afternoon for approval of the Cabinet.

The Bank of Thailand wishes to inform that the ultimate objective of today's intervention is to strengthen the financial system as well as to restructure the management of the intervened banks and finance companies in order to enhance their capacity to recover the relatively large amount of non-performing loans and to continue their operation under good governance. The end result should be to minimize the cost to the government. The resolution measures are summarized as follows:

1. Leam Thong Bank (LTB) will soon be integrated with Radhanasin Bank which is in the process of negotiating with a foreign strategic investor.

(1) Depositors and creditors of LTB will become Radhanasin Bank's depositors and creditors under the same terms and conditions. After due date of such deposits and borrowings, new interest terms shall be subject to terms and conditions as announced by Radhanasin Bank.

(2) The management of Radhanasin Bank will take over the management of LTB which will be subsequently renamed Radhanasin Bank.

The Government has approved the enactment of the Emergency Decree amending the Commercial Banking Act to support the merger between LTB and Radhanasin Bank. Current LTB staff will continue to be employed and receive the same remuneration. Future employment will be subject to the consideration of the new investors.

2. Union Bank of Bangkok (UBB), 12 intervened finance companies, including the 7 previously intervened finance and securities companies and the 5 that have been intervened today, will be consolidated with Krung Thai Thanakit (KTT) in the same manner as the merger of LTB and Radhanasin Bank and will resume the status of a bank.

Staff of UBB and all intervened finance companies will continue to be employed and receive the same remuneration. Meanwhile, KTT has retained the advisory service of a foreign bank to advise on the integration of the managerial and computer system with the relevant institutions. This task also includes the restructuring and operational procedures of the newly established commercial bank.

The Bank of Thailand would like to confirm that all the intervened banks and finance companies will continue to operate and conduct businesses with their customers as normal. More importantly, depositors and creditors will receive payments at maturities in line with the regulation in general guarantee by the FIDF to all depositors and creditors.

Bank of Thailand

14 August 1998