

Financial Times (London, England)  
February 6, 2004 Friday  
Japan Edition 1

**SECTION:** COMPANIES ASIA-PACIFIC; Pg. 20

**LENGTH:** 314 words

**HEADLINE:** United Overseas Bank courts 'some Thai girls' CONSOLIDATION:

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**DATELINE:** BANGKOK

**BODY:**

Suchart Jaovisidha, Thai-land's finance minister, yesterday said Singapore's United Overseas Bank was keen to merge its Thai unit with a local bank, as part of a Thai push for consolidation in the financial sector.

While Mr Suchart declined to name the prospective partner for UOB Radanasin - of which Singapore's UOB owns 79 per cent - he said the deal would be the "second merger of Thai banks" in the year ahead.

"What I can tell you is that a Singaporean bank is in the process of courting some Thai girls," Mr Suchart said.

Singapore's DBS Bank, south-east Asia's largest, has signed a preliminary agreement to merge its Thai unit, DBS Thai Danu, with state- owned Thai Military Bank to create the country's sixth biggest lender.

That deal prompted speculation that UOB Radanasin could be prodded into a merger.

Local media has reported that the Singaporean bank is in talks about a tie-up with Bank of Asia, which is majority owned by ABN-Amro Holdings of the Netherlands. BOA executives declined to comment.

Mr Suchart made waves last month when he unexpectedly announced the DBS/Thai Military Bank merger before the banks had made an announcement.

DBS will have a stake of about 10 per cent in the new venture as a result of a share swap.

The merger push follows plans by the Thai government to consolidate the country's 83

financial institutions ahead of allowing increased foreign competition.

Though Thailand's six leading commercial banks control about 75 per cent of the assets in the financial system, the bottom of the market is heavily fragmented. Numerous smaller players, including several nationalised banks and finance companies, compete for business.

Under the government-backed plan, smaller banks would be pressed to merge, while finance companies would have to re-capitalise and upgrade into retail banks, or else be eliminated. State banks are expected to take the lead.