

Unofficial Translation
by the courtesy of The Foreign Banks' Association

This translation is for the convenience of those unfamiliar with the Thai language.

Please refer to the Thai text for the official version.

27th December 2001

To the Manager
All commercial banks*

Ref. Tor.Por.Tor.Sor.Nor.Sor. (21) Wor.2847/2544 regarding despatch of Bank of Thailand Notification on the subject of permission to commercial banks to conduct business of hire purchase and leasing originating from debt restructuring

Bank of Thailand hereby dispatches Bank of Thailand Notification on the subject of permission to commercial banks to conduct business of hire purchase and leasing originating from debt restructuring which would come into effect on 1st January 2002 onwards and which has been announced in the Royal Gazette (General Notifications) No. 118 special edition 130 Ngor dated 27th December 2001.

The gist of this Notification is to extend the time of permission to commercial banks to conduct business of hire purchase and leasing on properties transferred in accordance with debt restructuring contracts which was originally set at 31st December 2001 up to 1 more year. The last date would then be 31st December 2002. This is to be in line with the Cabinet resolution that approved the extension in granting tax and fee benefit in debt restructuring in accordance with the regulations of Bank of Thailand.

The aforementioned is for acknowledgement and compliance.

Yours sincerely,
[signed]
(Mr. Thirachai Phuvanatnaranubala)
Assistant Governor, Financial Institutions Policy Group
For
Governor

Enclosures Bank of Thailand Notification on the subject of permission to commercial banks to conduct business of hire purchase and leasing originating from debt restructuring

Risk Policy and Analysis Department
Tel. 0-2283-5304, 0-2283-5303

Note * Excluding BIBFs

[] Bank of Thailand will arrange a clarification meeting on.....at.....
[X] There will be no clarification meeting

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Notification of the Bank of Thailand
Re : permission to commercial banks to conduct business of hire purchase and leasing
originating from debt restructuring

For good continuation of debt restructuring of commercial banks in the way that commercial banks could continue to conduct business of hire purchase and leasing originating from debt restructuring,

By virtue of Article 9 Bis of the Commercial Banking Act, B.E. 2505 as amended by the Commercial Banking Act (No. 2), B.E. 2522, Bank of Thailand hereby stipulates the following regulations for compliance of commercial banks as follows :

Article 1. Notification of the Bank of Thailand on the subject of permission to commercial banks to conduct business of hire purchase and leasing originating from debt restructuring dated ***9th December 1999*** shall be cancelled.

Article 2. In this Notification:

“Lessee” means hire purchaser or person who hires by way of leasing.

“Instalment” means the money that the hire purchaser must periodically pay to the commercial bank which is composed of interest on the hire purchase and the periodic cash payment in accordance with the terms in the hire purchase contract.

“Lease payment” means the rent in accordance with the Lease contract.

“Debt restructuring” means debt restructuring which is in accordance with the regulations of Bank of Thailand.

“Hire purchase” means hire purchase in accordance with the Civil and Commercial Code.

“Leasing system” means leasing of property so that the lessee would benefit from the industrial, agricultural, commercial and other service activities as in normal activities. The lessee would have to maintain and repair the leased property. The lessee cannot revoke the contract independently but he can purchase or lease the property at the rate agreed upon.

Article 3. The commercial bank can give out the property transferred for hire purchase or leasing for repayment of debt from debtors or guarantors in accordance with the debt restructuring contract.

Article 4. Revocation of hire purchase contract or leasing contract. When the lessee fails to pay the instalment payment or lease payment for two consecutive periods or

when the lessee has breached the contract in the essential part; the commercial must notify the revocation of the contract in writing, giving reason for doing it, to the lessee in advance of not less than 30 days counting from the day the lessee receives the notification. It must be mentioned in the notification that if the lessee pays the unpaid instalment payment or if the breach in the contract in its essential part is rectified, which ever the case may be, the revocation of the contract shall be cancelled.

In the case where the lessee fails to pay the instalment payment or lease payment for two consecutive periods or when the lessee has breached the contract in the essential part; if the lessee pays the unpaid instalment payment or if the breach in the contract in its essential part is rectified, the revocation of the contract shall be cancelled.

Article 5. As at end of ***31st December 2002***, commercial banks can no longer conduct more business of hire purchase and leasing.

Article 6. This Notification comes into effect as from ***1st January 2002*** onwards.

Given on 26th December 2001

(M.R. Pridiyathorn Devakula)
Governor
Bank of Thailand