



# **BANK OF THAILAND NEWS**

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## **Re: Progress in Debt Restructuring**

### **1. Progress of Debt Restructuring by Financial Institutions**

Financial institutions have reported that as at the end of August 2000 completed debt restructuring totaled 294,516 cases involving credits outstanding of 1,707,345 million baht, whereby the following progress was made in debt restructuring in August. (Tables 1-4)

A total of 13,294 debtors with credit outstanding of 50,577 million baht completed debt restructuring in August, representing increases of 4.73% and 3.05% from the number of completed cases and credits outstanding in July. Notably, business sectors with the largest amount of debt restructured in August were the personal consumption sector which comprised of 5,939 cases or about 45% of completed restructuring cases, followed by the wholesale and retail sector, and the agricultural, fishery, and forestry sectors.

Cases in process of restructuring rose by 7,576 cases in August to 79,053 cases, however, credits outstanding fell by 10,245 million baht to 762,705 million baht as the average credits outstanding per restructuring case decreases. This is due to increases in debt restructuring of small- and medium-sized cases relative to large restructuring cases.

### **2. Progress in Debt Restructuring of Target Cases under the Corporate Debt Restructuring Advisory Committee (CDRAC)**

As at 28<sup>th</sup> September 2000, target debtors under the Corporate Debt Restructuring Advisory Committee total 9,602 cases with credit outstanding of 2,584,903 million baht. Target cases comprise of 2,773 large cases with credit outstanding of 2,298,336 million baht, and 6,829 small- and medium-sized cases involving 286,567 million baht in credit outstanding. The progress of target restructuring cases has been summarised as follows. (Table 5)

1. The number of restructuring cases resolved total 8,903 cases with credits outstanding of 2,460,348 million baht or about 93% of CDRAC target cases.

1.1 Successfully restructured cases total 5,381 cases involving credits outstanding of 1,111,787 million baht, about 77% of target cases under the DCA-ICA restructuring process which total 6,976 cases with credits outstanding of 1,583,092 million baht. Notably, business sectors with the largest amount of restructured debt were debtors in the commercial trade sector, followed by personal consumption, and the industrial sectors. (Table 6)

1.2 Cases to be resolved in court include debtors which did not accede to restructure under the DCA-ICA or SA processes and signatory debtors which were unsuccessful in restructuring, total 3,462 cases or about 36% of CDRAC target cases. It may be noted that in most cases, legal action against target debtors is pursued under the civil court process.

2. Target cases in process of restructuring negotiations total 672 cases with credit outstanding of 123,947 million baht of which 336 are large cases with credits outstanding totaling 90,296 million baht, and 336 small- and medium-sized cases with credits outstanding totaling 33,651 million baht.

2.1 CDRAC has approved four groups of large target debtors to date. Target debtors in groups 1 and 2 total 702 cases with credits outstanding of 1,500,242 million baht, of which only 6 cases credit outstanding 5,730 million baht are left in process of restructuring. Target debtors in group 3 and 4 total 2,071 cases with credit outstanding totaling 798,094 million baht whereby 330 cases are currently in process of restructuring credits outstanding totaling 84,566 million baht.

The majority of target cases currently in process of restructuring are debtors from the industrial sector, followed by the wholesale and retail, and real estate sectors. Following the timeframe advocated by the DCA-ICA agreements, target cases shall be resolved by the first quarter of the year 2001 whereby about 70% of cases are expected to be resolved by the end of this year.

2.2 In addition, the latest group of SME cases totaling 27 debtors with credit outstanding of 608 million baht is considering accession to the Simplified Agreement restructuring process.

3. CDRAC resolved that in future, the committee shall consider approval of additional target debtors under the DCA-ICA process where target debtors are subsidiaries to existing signatory target debtors, walk-in cases, or non-signatory target debtors requesting to join the DCA-ICA process.

With regards to the small- and medium-sized cases under the Simplified Agreement expiring on the 31<sup>st</sup> December 2000, CDRAC resolved that signatory financial institutions may continue to propose NPL cases as additional target cases under the SA process.

**Bank of Thailand**

**2<sup>nd</sup> October 2000**

[Attachment](#)