



BANK OF THAILAND NEWS

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NPLs as of September 2000

1. NPL Outstanding of Thai Financial System Excluding IBF of Foreign Banks and Credit Foncier Companies

1. As of September 2000, the non-performing loans (NPLs) of Thai financial system (excluding IBF of foreign banks and credit foncier companies) stood at 1,115.4 billion baht or 22.78% of 4,897.6 billion baht total loans.
2. NPL outstanding categorized by types of financial institutions (excluding IBF of foreign banks and credit foncier companies) as of September 2000 were as follow:
 1. NPLs of private banks stood at 526.3 billion baht or 20.11% of total loans which was 2,617.2 billion baht.
 2. NPLs of state-owned banks stood at 492.6 billion baht or 33.09% of total loans which was 1,488.7 billion baht.
 3. NPLs of foreign banks (full branch) stood at 39.3 billion baht or 6.23% of total loans which was 631.4 billion baht.
 4. NPLs of finance companies stood at 57.2 billion baht or 35.69% of total loans which was 160.3 billion baht.
3. Major outstanding of NPLs categorized by business types were as follow :
 1. NPLs in manufacturing sector stood at 273.3 billion baht or 24.5% of total NPLs.
 2. NPLs in real estate business stood at 188.2 billion baht or 16.88% of total NPLs.
 3. NPLs in wholesale & retail trade business stood at 174.4 billion baht or 15.63% of total NPLs.

2. The Change of NPLs in Thai Financial System Excluding IBF of Foreign Banks and Credit Foncier Companies

2.1 The change of NPLs in Thai Financial System (excluding IBF of foreign banks and credit foncier companies) in September 2000 could be illustrated in details below :

Billion Baht

2.1.1 NPLs as of August 2000		1,593.4
2.1.2 Increase in NPLs during September 2000		
- New NPLs	18.8	
- Re-entry	<u>13.8</u>	32.6
2.1.3 Decrease in NPLs during September 2000		
- Debt-Restructuring	(40.2)	
- Other reasons (Remarks shown below)	<u>(470.4)</u>	<u>(510.6)</u>
2.1.4 Net decrease in NPLs during September 2000		<u>(478.0)</u>
2.1.5 NPLs as of September 2000		<u>1,115.4</u>

Remarks : other reasons consist of

1. 7.8 billion baht in loan reclassification to less than 3 months overdue status as a result of loan repayments.
2. 438.5 billion baht in transferring to AMC.
3. 4.3 billion baht in write-off loans classified as loss and doubtful of loss with 100% provision.
4. 19.8 billion baht in other cases, for example, repayment amount, write-off from losing right of claim and selling of debt, etc.

2.2 The change of NPLs in September 2000 could be categorized by types of financial institutions (excluding IBF of foreign banks and credit foncier companies) as follow :

1. NPLs in private banks had a net decrease of 47.7 billion baht or 8.31% of NPLs as of the previous month which was 574.0 billion baht. The main reason of a decrease was the selling of debt by DBS Thai Danu Bank.
2. NPLs in state-owned banks had a net decrease of 421.8 billion baht or 46.13% of NPLs as of the previous month which was 914.4 billion baht. The main reason of a decrease was the transferring of NPLs to AMC by Krung Thai Bank.
3. NPLs in foreign banks (full branch) had a net decrease of 7.4 billion baht or 15.83% of NPLs as of the previous month which was 46.7 billion baht.
4. NPLs in finance companies had a net decrease of 1.1 billion baht or 1.84% of NPLs as of the previous month which was 58.3 billion baht.

2.3 The change of NPLs in September 2000 could be categorized by business types as follow:

2.3.1 Of total 18.8 billion baht of new NPLs, 6.3 billion baht were in manufacturing,

2.3.2 billion baht in wholesale & retail trade business, and 2.5 billion baht in service sector.

2.3.3 Of total 13.8 billion baht of re-entry NPLs, 4.0 billion baht were in manufacturing, 2.5 billion baht in wholesale & retail trade business and 1.8 billion baht in service sector

3.NPLs of IBF of Foreign Banks and Credit Foncier Companies

1. NPLs of IBF of foreign banks as of September 2000 stood at 4.6 billion baht or 6.54% of total loans which was 71.0 billion baht. A net increase from the previous month was 0.3 billion baht.
2. NPLs of credit foncier companies as of September 2000 stood at 1.6 billion baht or 49.65% of total loans which was 3.2 billion baht.

4.NPL Outstanding of Thai Financial System Including IBF of Foreign Banks and Credit Foncier Companies

As of September 2000, NPLs of Thai financial system including IBF of foreign banks and credit foncier companies stood at 1,121.7 billion baht or 22.56% of total loans which was 4,971.8 billion baht, compared to 30.89% of total loans at the end of last month.

5.Debt Restructuring

In September 2000, completed debt restructuring increased by 61.4 billion baht. Of these, 40.2 billion baht were restructuring of NPLs whereas the rest were restructuring of loans not exceeding 3 months overdue.

6. NPL Outstanding After Provisions

1. Financial institution system (excluding IBF of foreign banks and credit foncier companies) has set aside provisions for no collateral NPLs amounted to 394.2 billion baht, resulting in NPLs and total loans after provisions amounted to 721.2 billion baht and 4,503.4 billion baht, respectively. NPLs / total loans after provisions stood at 16.02%.

2. Financial institution system (including IBF of foreign banks and credit foncier companies) has set aside provisions for no collateral NPLs amounted to 397.2 billion baht, resulting in NPLs and total loans after provisions amounted to 724.5 billion baht and 4,574.6 billion baht, respectively. NPLs / total loans after provisions stood at 15.84%.

7. PLs and NPLs Trend

7.1 Performing loans in Financial institution system (excluding IBF of foreign banks and creditfoncier companies) have shown a steady increase in amount and percent of total loans.

Unit : Billion Baht

Loans	Jun. 99	Dec. 99	Jun. 2000	Sep.2000
Less than 3 month overdue	158.5	113.2	99.1	92.7
Not overdue	2,781.9	3,176.1	3,338.6	3,689.5
Total PL	2,940.4	3,289.3	3,437.7	3,782.2
PL / Total Loans (%)	52.49	61.12	68.03	77.22

As of September 2000, performing loans stood at 3,782.2 billion baht or 77.22% of total loans. Of the total, 92.7 billion baht were loans less than 3 month overdue which continue to decline over time. The rest of 3,689.5 billion baht were past-due loans, which showed a steady growth thanks to debt restructuring and new loans granted.

7.2 Private banks and state-owned banks have adopted different approaches to solve NPLs problem.

7.2.1 Private banks adopt a self-solving method through debt restructuring, transferring to AMC, and writing-off loans classified as loss and doubtful of loss with 100% provision. As of September 2000 , private banks successfully solved NPLs problem, as the amount stood only 20.11% of total loans.

7.2.2 State-owned banks record higher ratio of NPLs to total loans than those of private

banks. As of September 2000, NPLs went down to 33.09% of total loans due largely to the transfer of NPLs to AMC. Moreover, NPLs would decrease further after the agreements on yield maintenance and gain/loss sharing for BankThai and Bangkok Metropolitan Bank, which were approved by the ministry, are complete.

The Bank of Thailand

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[Attachment](#)