



# **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 December 1999 completed debt restructuring has increased by 23,604 cases to 173,709 cases with a corresponding increase in credit outstanding of about 17.82% or 162,132 million baht to 1,072,095 million baht.

Cases in process of restructuring in December 1999, however, have decreased by 1,813 cases to 26,199 cases with a corresponding fall in credit outstanding of about 11.0% or 138,397 million baht to 1,120,513 million baht.

Completed debt restructuring cases and cases in process of debt restructuring as at end-December 1999 total 199,908 cases with credit outstanding of 2,192,608 million baht. Business sectors reporting the largest amounts of completed debt restructuring cases by credits outstanding include the manufacturing, the real estate sectors, services, and wholesale and retail where about 77% are from Bangkok, and the remaining 23% are provincial cases (Tables 1-4).

### **2. Progress in Debt Restructuring of Target Cases**

As at the end of January 2000, target debtors under the Corporate Debt Restructuring Advisory Committee total 6,210 cases with credit outstanding of 2.3 trillion baht of which 1,727 are large restructuring cases whose credit outstanding constitutes 92% of total target credit outstanding, and 4,483 are small- and medium-sized cases whose credit outstanding constitutes of 8% of total outstanding. (Table 5)

#### **2.1 Large Debt Restructuring Cases under the Debtor-Creditor and Inter-Creditor Agreements**

A total of 211 target cases have completed restructuring with credit outstanding of 544,340 million baht, of which 120 cases with credit outstanding of 262,970 million baht have

signed a restructuring contract, and 91 cases with credit outstanding of 281,370 million baht have agreed on a restructuring plan and are in process of documentation and signing. A breakdown by business sector shows that 58%, the largest proportion of completed cases, are under the manufacturing sector, followed by public services, construction, and services in that order.

A total of 357 cases with credit outstanding of 436,904 million baht are in process of restructuring whereby about 72% of credit outstanding are at the plan proposal stages in restructuring, while other cases are at the initial stages of restructuring such as calling the first meeting, and the provision of information by debtors to creditors concerning restructuring.

A total of 932 cases with credit outstanding of 705,377 million baht are cases where creditors are in process of approaching debtors to come under the restructuring process following the Debtor-Creditor and Inter-Creditor Agreements. These cases, however, include a number of performing loans which need not undertake restructuring.

Some debt restructuring cases may be unsuccessful, however, where the debtor's business is not viable, where debtors and creditors are unable to reach agreement, or where debtors refuse to come under the restructuring process and sign the Accession to the Debtor-Creditor Agreement resulting in legal action by creditors. As such, a total of 227 large target cases with credit outstanding of 461,833 million baht. Lawsuits filed under the Central Bankruptcy Court comprise of 416 liquidation suits, and 25 business reorganisation suits, of which 33 and 19 suits are CDRAC target cases respectively. Other CDRAC cases in process of legal proceedings were filed under the civil courts.

## **2.2 Small- and Medium-Sized Target Debtors under the Simplified Agreement**

Small- and medium-sized target debtors under the Simplified Debt Restructuring Agreement totaling 4,483 cases have made the following progress in restructuring.

A total of 1,261 cases with credit outstanding of 21,529 million baht have completed debt restructuring of which business sectors showing the greatest amount of completed restructuring cases include construction and real estate, followed by manufacturing, commerce, and services in that order.

A total of 1,102 cases with credit outstanding of 76,456 million baht have been filed in court where debtors have refused to accede to debt restructuring under the Simplified Agreement, or where debt restructuring was unfeasible or unsuccessful for signatory debtors.

**2.3** CDRAC's completed target restructuring cases total 1,472 cases with credit outstanding of 565,869 million baht, of which 375,000 million baht are domestic debts and compose of about 35% of completed debt restructuring in the financial system as reported by financial institutions.

**Bank of Thailand**

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