



BANK OF THAILAND NEWS

Communications and Relations Office, Management Assistance Department
Tel. 0-2283-5016-7 FAX 0-2281-5648 www.bot.or.th

No.38/2000

Re: Progress in Debt Restructuring

Progress of Debt Restructuring by Financial Institutions

Financial institutions have reported that as at the end of January 2000 completed debt restructuring has increased by 11,107 cases to 184,816 cases with a corresponding increase in credit outstanding of about 5.05% or 54,124 million baht to 1,126,219 million baht.

The disparity of increases in completed restructuring cases in January of 54,124 million baht, and the increase in completed cases in December of 162,132 million baht reflects financial institutions' efforts to resolve loan accounts in order to minimise required reserve provisions for doubtful loans for the accounting period.

Cases in process of restructuring in January 2000 have increased by 74 cases to 26,273 cases with a corresponding increase in credit outstanding of about 1.55% or 17,349 million baht to 1,137,862 million baht.

Completed debt restructuring cases and cases in process of debt restructuring as at end-January 2000 total 211,089 cases with credit outstanding of 2,264,081 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).

Progress in Debt Restructuring of Target Cases

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

Debtors in target groups 1 and 2 selected from cases with credits outstanding of over 1 billion baht proposed by creditor and debtor Associations total 702 target debtors with credit outstanding of 1,500,242 million baht. Target debtors have been joining the debt restructuring

process under the Debtor-Creditor and Inter-Creditor Agreements since June 1999 and to date, 621 cases with credit outstanding of 1,339,624 million baht, 89% of cases in target groups 1 and 2 by credit outstanding, have been resolved.

Of the 621 target cases resolved, 259 cases with credit outstanding of 667,214 million baht or 44% of total credit outstanding have successfully completed debt restructuring; 362 cases with credit outstanding of 672,410 million baht or 45% of total credit outstanding are to be filed in court. Remaining cases include current loans which need not be restructured, and cases to be filed in court composed of unsuccessful restructuring cases and cases refusing to sign the debtor accession to the DCA/ ICA process.

The remaining 81 target cases with credit outstanding of 160,618 million baht or 11% of total credit outstanding of target groups 1 and 2 are in process of debt restructuring, whereby the majority are expected to be resolved in March 2000.

Debtors in target group 3 selected from cases with credit outstanding of over 100 million baht, and walk-in cases which joined the DCA/ICA restructuring process from October 1999 total 1,057 cases with credit outstanding of 656,273 million baht. Of these, 10 cases with credit outstanding of 3,224 million baht have completed restructuring, 318 cases with credit outstanding of 153,856 million baht are in process of debt restructuring, and cases to be filed in court. Cases filed in court include unsuccessful restructuring cases and cases which did not sign the debtor accession to the DCA/ICA process where CDRAC has advised creditors to take legal action to resolve the case.

In total, target groups 1,2, and 3 comprise of 1,759 large target cases with credit outstanding of 2,156,515 million baht (Table 5).

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

Small- and medium-sized target debtors under the Simplified Debt Restructuring Agreement (SA) have been proposed monthly by financial institutions since June 1999 currently totaling 5,010 cases with credit outstanding of 190,119 million baht. Of these, 1,760 cases with credit outstanding of 28,295 million baht have completed restructuring within the 60-day SA timeframe, 805 cases with credit outstanding of 72,598 million baht are in process of

restructuring, and 1,557 cases with credit outstanding of 12,729 million baht are in process of signing the SA for which the timeframe is 45 days.

The remaining 888 target debtors under the SA with credit outstanding of 76,497 million baht are to be filed in court where debtors have not signed the SA or where debtors and creditors were unsuccessful in debt restructuring.

2.3 Debt Restructuring Methods of Target Cases

Under the DCA/ICA restructuring process, 310 target cases with credit outstanding of 602,862 million baht have completed plan votes whereby Sufficient Plan Approval was obtained for 201 cases. Of the 201 cases, 69 cases or 34% of successfully resolved cases with credit outstanding of 75,837 million baht principally involved debt rescheduling where creditors extended the maturity of the loans and/or granted grace periods for loan repayments. The remaining 131 cases or 66% of the successfully resolved cases with credit outstanding of 399,038 million baht restructured debts using one or a combination of methods to amend loan repayment terms. Notably, the majority of cases where creditors achieve Sufficient Plan Approval on the first plan vote undertake debt restructuring and do not rely on rescheduling of debts (Table 6).

Bank of Thailand

13 March 2000

[Attachment](#)