



# **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 April 2000 completed debt restructuring has increased to 225,745 cases with a corresponding increase in credit outstanding of about 6.49% or 83,482 million baht to 1,369,016 million baht. Reports of debt restructuring over the January-April 2000 period indicates that an average of 74,000 million baht or about 13,000 cases have completed debt restructuring monthly.

Cases in process of restructuring in April 2000 have shown an overall increase of 2,558 cases to 34,030 cases, however, credit outstanding has fallen by 4.70% or 43,733 million baht from 931,344 million baht to 887,611 million baht.

Completed debt restructuring cases and cases in process of debt restructuring as at end-April 2000 total 259,775 cases with credit outstanding of 2,256,627 million baht. Business sectors reporting the largest amounts of completed debt restructuring cases by credits outstanding include the manufacturing, the real estate sectors, wholesale and retail and services 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 May 2000, target debtors under the Corporate Debt Restructuring Advisory Committee total 9,323 cases with credit outstanding of 2,566,482 million baht. Target cases are comprised of 2,704 large cases with credit outstanding of 2,278,776 million baht, and 6,619 small- and medium-sized cases with credit outstanding of 287,706 million baht.

Successfully completed large restructuring cases comprise primarily of industrial companies in businesses such as steel, chemical, plastic, food, electrical and electronic goods, and to a lesser extent, companies in the construction and real estate sectors. Debt restructuring

methods comprise mainly of rescheduling and interest rate reduction, and to a lesser extent, debt forgiveness and debt-to-equity conversions.

Large target debtors under Groups 1 and 2 total 702 target companies with credit outstanding of 1,500,242 million baht. The majority of cases in these groups have been resolved with only 35 cases remaining in process of restructuring with credit outstanding of 56,986 million baht. Of the 35 cases in process of restructuring, 19 cases with credit outstanding of 23,106 million baht are under the executive decision panel process. The remaining 35 cases under Groups 1 and 2 are expected to be resolved by August 2000.

Additional large target debtors approved by CDRAC from the beginning of the year total 2,002 cases with credit outstanding of 778,534 million baht to date.

Combining all the large target debtors under CDRAC to date, a total of 462 cases have successfully completed restructuring with credit outstanding of 843,682 million baht, and 407 cases with credit outstanding of 227,510 million baht are in process of restructuring. The majority of cases in process of restructuring are expected to conclude negotiations around the fourth quarter of this year. In addition, a number of target debtors are currently in process of deciding whether to execute the Debtor Accession to the DCA-ICA process, and cases which join the DCA-ICA process from this group shall conclude negotiations later in the first quarter of 2001.

Small- and medium-sized target restructuring cases under the Simplified Agreement process total 6,619 cases with credit outstanding of 287,706 million baht. Of this number, a total of 3,392 cases with credit outstanding of 52,336 million baht have successfully completed restructuring, and 516 cases with credit outstanding of 6,567 million baht are in process of restructuring.

### **3. Target Cases Resolved in Court**

Target restructuring cases which should be resolved in court include NPL cases which do not wish to enter the debt restructuring process and cases unsuccessful in restructuring. Such target cases now total 1,054 cases with credit outstanding of 689,595 million baht of which 616 are large target cases with credit outstanding of 658,357 million baht or about 95% of total outstanding to be filed in court, and 438 are small- and medium-sized cases with credit

outstanding of 31,238 million baht. Financial institutions have been taking legal action against these cases since the end of 1999.

Legal actions against target cases comprise of foreclosure suits in the civil courts which make up about 88% of total legal actions taken, court reorganisation (9%), and liquidation suits (3%). Notably, all legal suits against the small- and medium-sized cases to date have been for foreclosure under the civil courts.

**Bank of Thailand**

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[Attachment](#)