



BANK OF THAILAND NEWS

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No. 92/2000

Notice of the Bank of Thailand to notify commercial banks

The Bank of Thailand has issued a Notice of the Bank of Thailand to notify commercial banks as follow:

In order to improve efficiency of commercial banks' credit extension, the Bank of Thailand requires all commercial banks to review their policies, practices and procedures related to the granting of credits, contingent liabilities, investment in securities and liquidating assets, to be in line with the following:

1. Credit Extension and Credit Underwriting

- Commercial banks should have policies for credit underwriting, which also includes the types of credit, credit limits, and risk management.
- Commercial banks should identify the credit officers responsible for credit consideration. Criteria for consideration should cover at least the provisions concerning the risk involved in the repayment schedule together with the loan collateral information.
- Commercial banks should have credit approval and credit underwriting approved by the persons authorized both by their positions and by the credit committee.
- Commercial banks should have credit administrators for reviewing loan agreement and documentation after the credit approval.
- Commercial banks should assign the persons responsible for reporting on new credits approved as well as underwriting.
- Commercial banks should appoint bank officers responsible for monitoring credit approved at various levels to ensure that established procedures, underwriting criteria and limits have been adhered to.

2. Investment in Securities

- Commercial banks should establish policies and procedures in buying and selling or investing in securities, similar to the ones relating to credit extension.

3. Liquidating Assets

- Commercial banks should establish policies and procedures for selling assets both movable and immovable.

The afore mentioned policies and procedures must be approved by the board of directors of the commercial banks and must be monitored to strictly comply with such provisions.

Bank of Thailand

21 August 2000