



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. 5 / 2001

Re: Progress in Debt Restructuring

The Bank of Thailand presents the following progress reports in debt restructuring by financial institutions and CDRAC target debtors.

1. Progress of Debt Restructuring by Financial Institutions

As at the end of November 2000, financial institutions have completed debt restructuring of 335,963 cases involving credits outstanding of 1,855,223 million baht in efforts to expedite debt restructuring to resolve non-performing loans (NPLs) in addition to taking the offensive in debt restructuring of potential NPL accounts. Financial institutions' progress in debt restructuring in November have been summarised as follows. (Tables 1-4)

1. A total of 13,289 debtors with credit outstanding of 46,176 million baht completed debt restructuring in November, representing increases of 4.12% and 2.55% from the number of completed cases and credits outstanding at end-October. Business sectors with the highest restructured debts in November were the personal consumption sector (5,934 cases), followed by the wholesale and retail sector (2,628 cases), and the agricultural, fishery, and forestry sectors (1,840 cases). Further, the majority of debt restructuring was from Bangkok and the Central Region.

Between January-November 2000, a total of 162,254 cases have completed debt restructuring of 783,128 million baht in outstanding debts, an average of about 14,750 completed cases per month involving credits outstanding of about 71,000 million baht. In comparison, completed debt restructuring in January-November 1999 averaged at about 12,800 cases per month involving credits outstanding of about 68,000 million baht.

2. In November, cases in process of restructuring increased by 2,749 cases to 79,817 cases, however, total credits outstanding fell by 20,759 million baht to 454,669 million baht. Notably, financial institutions are continuing to focus on debt restructuring of small- and medium-sized cases which have lower average credits outstanding.

Summing completed debt restructuring cases and cases in process of restructuring, financial institutions have undertaken debt restructuring of 415,780 cases involving credits outstanding of 2,309,892 million baht to date. As such, debt restructuring cases largely comprise of debtors from the personal consumption sector (183,420 cases), followed by the wholesale and retail sector (83,297 cases), and the agricultural, fishery, and forestry sectors (56,372 cases).

2. Progress in Debt Restructuring of Target Cases under the Corporate Debt Restructuring Advisory Committee (CDRAC)

As at end-December 2000, target debtors under the Corporate Debt Restructuring Advisory Committee totaled 11,446 cases with credit outstanding of 2,598,029 million baht. Of the total number of target cases, 7,866 cases (about 70% of total target cases) with credit outstanding of 1,580,151 million baht have cooperated in joining CDRAC's restructuring process under the DCA-ICA and SA agreements. The progress of target restructuring cases over the year 2000 has been summarised as follows. (Table 5)

1. To date, about 79% of target cases under the DCA-ICA and SA processes or 6,239 cases involving credits outstanding of 1,155,363 million baht have been successfully restructured including cases where the restructuring contract has been signed, and cases where creditors have accepted the plan and are in process of drafting a restructuring contract or filing for court reorganisation. From the year-end 1999, completed debt restructuring has increased by 5,151 cases involving credits outstanding of 643,520 million baht.

2. Target cases in process of restructuring negotiations under the DCA-ICA and SA processes and timeframe total 581 cases with credit outstanding of 59,008 million baht, of which 240 are large cases with credits outstanding totaling 56,498 million baht (3 cases under Groups 1 and 2, and 237 cases under the Group 3 and 4).

Small- and medium-sized cases in process of restructuring total 341 cases with credits outstanding totaling 2,510 million baht. In addition, 754 small- and medium-sized cases involving credits outstanding of 32,088 million baht are in process of signing the Simplified Agreement to join CDRAC's restructuring process. As such, in the year 2001, CDRAC shall continue to focus on small- and medium-sized debtors.

3. Target cases unsuccessful in debt restructuring to be filed in court totaled 1,046 cases involving credits outstanding of 365,780 million baht (13% of target debtors signatory to the CDRAC process). Including 2,766 uncooperative target debtors with credits outstanding of 826,128 million baht which did not join the CDRAC process against which financial institutions are to take legal action, therefore the total number target debtors to be filed in court total 3,812 cases with credits outstanding of 1,191,908 million baht (33% of total target cases).

3. New Credit Guarantee Facility for NPL SMEs

Regarding amendments to the Small Industry Credit Guarantee Corporation (SICGC)'s regulations requiring debtors to have guarantors for loans to be guaranteed by the SICGC, the SICGC has granted a relaxation on its regulations allowing debtors to follow regulations used by commercial banks. That is, if financial institution creditors do not require that debtors have guarantors for their 25% portion of the new loan, debtors need not find guarantors for the 75% portion of loan guarantee by the SICGC. As such the SICGC shall consider each debtor on a case-by-case basis.

Bank of Thailand

8 January 2001