



## **BANK OF THAILAND NEWS**

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### **Circular: Clarification on Recognizing Loan Loss Recovered as Income**

Whereas the Bank of Thailand (BOT) has issued the Circular: Clarification on Recognizing Loan Loss Recovered as Income dated January 12, 2001, there is a misinterpretation of the circular to the extent that the BOT intended to relax the rule over the accounting of loan loss.

The Bank of Thailand, therefore, would like to clarify that the purpose of the particular circular is to notify the financial institutions to recognize the loan loss in accordance with the accounting framework. The loan loss could be recovered later as income only for those items that their future economic benefits increase and can be reliably measured. The recognition of the loan loss must be approved by auditors of the financial institutions, and the recognized loans must be restructured and recovered as income as stipulated in the accounting framework.

Bank of Thailand

26 January 2001