



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. 28 / 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 Institution

As at the end of December 2000, financial institutions have completed debt restructuring of 352,196 cases involving credits outstanding of 1,953,520 million baht in efforts to expedite debt restructuring to resolve non-performing loans (NPLs), reflecting an increase from the previous month of 16,233 cases or 4.83%, involving credits outstanding of 98,297 million baht or 5.30%. The majority of restructured debtors represent the personal consumption sector, followed by wholesale and retail sector, agriculture sector, fishery and forestry sector respectively. Furthermore, restructured debtors are primarily debtors of Thai commercial banks. Cases in process of restructuring decreased by 3,566 cases involving credits outstanding of 67,815 million baht from November to 76,251 cases with credits outstanding of 386,854 million baht as at the end of December 2000. (Tables 1-4)

Over the first six months of 2000, financial institutions restructured more debts than in the second half. An average of 86,210 million baht per month was successfully restructured in the entire financial system over the first half of 2000 while an average of 60,690 million baht per month was restructured over the second half. A factor for the increase during the first half was that CDRAC's target cases under Group 1 and Group 2 that entered the process in mid-1999 had successfully completed restructuring during that period. Over the second half of the year, the decrease may be explained by the fact that the Group 3 target cases that were successfully restructured during this period consisted primarily of debtors with relatively smaller credits outstanding per case, and the fact that Group 4 target cases have not yet completed restructuring. Furthermore, some creditors transferred their debts to Asset Management Companies. Nonetheless, a relatively constant monthly average of 14,870 cases have been

successfully restructured as a result of the program to expedite restructuring by targeting the completion of 16,000 cases per month for the entire financial system since March 2000.

Compared to 1999, the year 2000 showed an increase of 178,487 cases involving credits outstanding of 881,425. An average increase of 14,870 successfully restructured cases involving credits outstanding of 73,450 million baht per month in 2000, compared to an average increase of 13,724 successfully restructured cases involving credits outstanding of 76,270 million baht per month in 1999. This illustrates that the majority of debtors restructured in 2000 are small and medium debtors with less credits outstanding than those restructured in 1999.

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

As at end-January 2001, target debtors under the Corporate Debt Restructuring Advisory Committee totaled 12,027 cases with credit outstanding of 2,604,712 million baht. Of the total number of target cases, 8,066 cases (about 67% of total target cases) with credit outstanding of 1,597,560 million baht have cooperated in joining CDRAC's restructuring process under the DCA-ICA and SA agreements. The progress of target restructuring cases as at January 2001 has been summarized as follows. (Table 5)

1. To date, about 73% of signatory cases under the DCA-ICA and SA processes or 6,488 cases involving credits outstanding of 1,159,560 million baht have been successfully restructured. Of these, 6,296 cases involving credits outstanding of 966,447 million baht have signed the restructuring contract, and 192 cases involving credits outstanding of 193,103 million baht are in process of drafting a restructuring contract or filing for court reorganization. The majority of restructured debtors come from the commerce sector with 1,649 cases or 25.42% followed by the personal consumption sector with 1,521 cases or 23.44% and the manufacturing sector with 1,088 cases or 16.77%

2. Target cases in process of restructuring negotiations under the DCA-ICA and SA processes and timeframe total 548 cases with credit outstanding of 67,237 million baht, of which 223 are large cases with credits outstanding totaling 50,342 million baht, most of which will be able to conclude negotiations within the first quarter of 2001. Small- and medium-sized cases in process of restructuring total 325 cases with credits outstanding totaling 16,985 million baht. In

addition, 1,216 small- and medium-sized cases involving credits outstanding of 4,817 million baht are in process of signing the Simplified Agreement to join CDRAC's restructuring process.

3. As at the end of January 2001 target cases unsuccessful in debt restructuring and cases that did not join the CDRAC process against which financial institutions are to take legal action totaled 3,715 cases involving credits outstanding of 1,213,446 million baht.

In 2001, CDRAC shall continue to accept remaining restructuring cases as target debtors under the DCA/ICA process. Part of these debtors is likely to be submitted by financial institutions while other debtors may request to enter the CDRAC process themselves. Currently, the three creditor associations are reviewing guidelines for bringing in additional debtors. Apart from the large cases, the list of small and medium debtors will continue to be submitted by financial institutions according to the guideline, which stipulates that three out of four debtors must be SME debtors. CDRAC is continuously monitoring financial institutions to speed up the completion of the restructuring cases following minimum targets set out by CDRAC. The targeted number will differ according to the size and capability of the institution and correlate with the number of remaining cases in each institution.

Further, the CDRG's scope of work in 2001 will expand to encompass the restructuring of debts under AMCs as well as commercial banks and finance and securities companies.

Furthermore, the CDRG has continuously implemented measures to expedite the restructuring of SME debtors that have become NPL through the working capital and long-term capital investment credit guarantee programs and its coordination efforts with the courts to establish mediation centers, for which the courts of justice are responsible and expediting the establishment. It is expected that the mediation of financial disputes through the court mediation centers will expedite the restructuring process.

Bank of Thailand

5 February 2001

[Attachment](#)