



# BANK OF THAILAND NEWS

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## **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 January 2001, financial institutions have completed debt restructuring of 360,489 cases involving credits outstanding of 1,988,931 million baht in efforts to expedite debt restructuring to resolve non-performing loans (NPLs), reflecting an increase from the previous month of 8,293 cases or 2.35%, involving credits outstanding of 35,411 million baht or 1.81%. The majority of restructured debtors represent the personal consumption sector, followed by wholesale and retail sector, agriculture sector, fishery and forestry sector respectively.

This reflects the lowest increase in successfully restructured cases since the program to expedite debt restructuring by establishing a target of 16,000 successfully restructured cases per month by financial institutions since March 2000. The January 2001 result is also lower than the year 2000 average of 14,870 cases per month as financial institutions have transferred debtors to asset management companies and effectively reducing the number of cases to be restructured. During the month of January, restructuring negotiations have been interrupted by the new-year holidays. Additionally, financial institutions have especially expedited debt restructuring during the month of December 2000 in order to reduce the level of reserve requirements for doubtful debts. As the majority of debtors entering the debt restructuring process are small and medium sized enterprises, the total credits outstanding restructured is lower than previous months. Cases in process of restructuring increased by 802 cases involving credits outstanding of 6,556 million baht from December 2000 to 77,053 cases with credits outstanding of 393,410 million baht as at the end of December 2000. (Tables 1-4)

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

As at end-February 2001, target debtors under the Corporate Debt Restructuring Advisory Committee totaled 13,208 cases with credit outstanding of 2,609,601 million baht. Of the total number of target cases, 9,028 cases with credit outstanding of 1,612,477 million baht (about 61.79% of total target cases) have cooperated in joining CDRAC's restructuring process under the DCA-ICA and SA agreements. The progress of target restructuring cases as at February 2001 has been summarized as follows. (Table 5)

1. To date, about 80.41% of signatory cases under the DCA-ICA and SA processes or 7,259 cases involving credits outstanding of 1,185,581 million baht have been successfully restructured. Of these, 7,105 cases involving credits outstanding of 1,050,185 million baht have signed the restructuring contract, and 154 cases involving credits outstanding of 135,396 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 1,800 cases or 24.80% followed by the personal consumption sector with 1,739 cases or 23.96% and the manufacturing sector with 1,172 cases or 16.15%.

2. Target cases in process of restructuring negotiations under the DCA-ICA and SA processes and timeframe total 741 cases with credit outstanding of 57,467 million baht, of which 182 are large cases (12.13% of signatory debtors) with credits outstanding totaling 42,037 million baht (2.96% of signatory debtors). Cases in process comprise of target debtors from the last two groups with lower credits outstanding than debtors from Groups 1 and 2 which have completed the DCA-ICA debt restructuring process. Small- and medium-sized cases in process of restructuring total 559 cases with credits outstanding totaling 15,430 million baht or 5% of signatory debtors. In addition, 1,177 small- and medium-sized cases (11.34% of all debtors) involving credits outstanding of 4,307 million baht (1.42% of all debtors) 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 by end of February 2001 against which financial institutions are to take legal action totaled 3,971 cases involving credits outstanding of 1,202,584 million baht. Of these, 1,028 debtors with credits outstanding of 369,429 million baht or 11.39% of signatory debtors have been unable to successfully restructure their debts under the CDRAC process.

Bank of Thailand

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[Attachment](#)