



BANK OF THAILAND NEWS

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Re: Progress in Debt Restructuring

The Bank of Thailand (BOT) reports progress in debt restructuring by financial institutions and CDRAC target debtors as at February 2001.

Sub.Lt.Yodchai Choosri, Senior Director of the Corporate Debt Restructuring Group, discloses details of progress in debt restructuring for February 2001 as follows.

1. Progress of Debt Restructuring by Financial Institutions

As at the end of February 2001, financial institutions have completed debt restructuring of 370,658 cases with credits outstanding of 2,014,532 million baht. Since the end of January 2001, completed restructuring cases increased by 2.82% or by 10,169 while credits outstanding increased by 1.29% or by 25,601 million baht. Business sectors with the highest restructured debts in February are the manufacturing sector, followed by the wholesale and retail sector, and real estate-related businesses where the majority of debt restructuring was from Bangkok and the Central Region. Notably, most restructuring cases are small- and medium-sized debtors reflecting the trend for decreasing credits outstanding of restructured cases.

With regards to cases in process of restructuring, cases in process fell in February by 7,138 cases to 69,915 cases, and corresponding credits outstanding fell by 12,701 million baht to 380,709 million baht. (Tables 1-4)

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

As at end-March 2001, target debtors under the Corporate Debt Restructuring Advisory Committee totaled 13,852 cases with credit outstanding of 2,614,592 million baht. Of the total number of target cases, 9,202 cases or 66.43% of total target cases with credit outstanding of 1,644,494 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 end-March 2001 has been summarised as follows. (Table 5)

2.1 To date, about 81.79% of target cases under the DCA-ICA and SA processes or 7,526 cases involving credits outstanding of 1,227,247 million baht have been successfully restructured. Successful cases comprise of 7,376 cases with credits outstanding of 1,131,701 million baht with signed restructuring contracts, 138 cases with credits outstanding of 68,694 million baht in process of drafting a restructuring contract, and 12 cases with credits outstanding of 26,851 million baht in process of filing for court reorganisation. Notably, about 87.20% of successfully restructured cases are small- and medium-sized debtors, where business sector with largest proportion of cases is the trade and commerce sector with 1,881 cases (24.99%), followed by the personal consumption sector with 1,809 cases (24.04%), and the manufacturing sector with 1,212 cases (16.10%).

2.2 CDRAC target cases in process of debt restructuring total 533 cases with credits outstanding of 53,750 million baht, comprising of 144 large target cases (9.32% of total large DCA-ICA cases) with credits outstanding of 39,599 million baht (2.73% of total credits outstanding under the DCA-ICA process), 389 Simplified Agreement cases (5.08% of total SA cases) with credits outstanding of 14,151 million baht (7.29% of total SA credits outstanding), and 1,815 cases in process of signing the SA (16.47% of total target cases) with credits outstanding of 6,724 million baht (2.20% of target credit outstanding).

2.3 As at end-February 2001, financial institutions are to take legal action against unsuccessful target restructuring cases and non-signatory target cases not under the DCA-ICA/SA agreements totaling of 3,918 target cases with credits outstanding of 1,167,210. Of this total, unsuccessful restructuring cases comprise of 1,143 cases with credits outstanding of 363,498 million baht, 12.42% of total signatory target cases.

3. Progress regarding the Credit Guarantee Facility for NPL SMEs

To date, 12 NPL SME debtors have received approvals for new working capital loans totaling 70.50 million baht from financial institutions with credit guarantees from the Small Industry Credit Guarantee Corporation (SICGC). Further, the SICGC has relaxed a number of credit guarantee regulations as follows.

- Increase of the maximum limit for net fixed assets from 100 to 200 million baht;

- Increase of the maximum limit for credit guarantees from 20 to 40 million baht per debtor; and

- Allowance for debtors to follow regulations used by financial institutions providing the loan, with regards to obtaining guarantors for debt repayments to the SICGC.

In addition, the Federation of Thai Industries (FTI) has provided much cooperation in proposing its SME members for the project in phases, estimated to total 150 cases. To date, the FTI has proposed 114 SME cases, where the Corporate Debt Restructuring Group has currently reviewed and proposed 50 FTI member cases with complete documentation to creditor financial institutions and the SICGC for further consideration.

Bank of Thailand

2 April 2001

[Attachment](#)