



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 March 2001.

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

1. Progress of Debt Restructuring by Financial Institutions (Tables 1-4)

As at the end of March 2001, financial institutions have completed debt restructuring of 382,749 cases involving credits outstanding of 2,093,155 million baht in efforts to expedite debt restructuring to resolve non-performing loans (NPLs), reflecting an increase from February by 12,091 cases or 3.26%, involving credits outstanding of 78,623 million baht or 3.90%. This reflects the highest number of cases and amount of credits outstanding restructured in the first quarter of the year. The end of the quarter usually generates a high level of restructured cases by financial institutions as it is the end of the accounting period. The majority of restructured debtors represent the industrial sector, followed by wholesale and retail sector, and the real estate sector respectively. Most debtors are based in Bangkok and the Central Region.

Cases in process of restructuring totaled 71,276 cases involving credits outstanding of 324,103 million baht, representing an increase by 1,361 cases but a decrease in level of credits outstanding by 55,606 million baht. This indicates that most debtors that have recently entered the debt restructuring process are small- and medium-sized debtors.

2. Progress in Debt Restructuring of Target Cases under the Corporate Debt Restructuring Advisory Committee (CDRAC) (Tables 5-6)

As at the end of April 2001, target debtors under the Corporate Debt Restructuring Advisory Committee totaled 14,386 cases with credit outstanding of 2,620,563 million baht. Of

the total number of target cases, 9,780 cases with credit outstanding of 1,654,214 million baht (about 67.98% 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 April 2001 has been summarized as follows.

1. To date, about 81.33% of signatory cases under the DCA-ICA and SA processes or 7,954 cases involving credits outstanding of 1,236,182 million baht have been successfully restructured. Of the restructured cases, 87.67% are small and medium enterprises.

2. Target cases in process of restructuring negotiations under the DCA-ICA and SA processes and timeframe total 621 cases with credit outstanding of 46,487 million baht, of which 124 are large cases (7.88% of signatory DCA/ICA debtors) with credits outstanding totaling 32,076 million baht (2.2% of signatory DCA/ICA debtors). Since the fourth group of large target cases, CDRAC has not asked financial institutions to propose additional DCA/ICA debtors. Small - and medium-sized cases in process of restructuring total 497 cases (6.06% of signatory SA debtors) with credits outstanding totaling 14,411 million baht (7.34% of signatory SA debtors). In addition, 1,699 small- and medium-sized cases (14.72% of all SA debtors) involving credits outstanding of 5,570 million baht (1.82% of all SA debtors) are in process of signing the Simplified Agreement to join CDRAC's restructuring process. Financial institutions continue to propose names of small and medium sized debtors to the restructuring process on a monthly basis.

3. 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 4,052 cases involving credits outstanding of 1,172,662 million baht. Of these, 1,205 debtors with credits outstanding of 371,545 million baht or 12.32% of signatory debtors have been unable to successfully restructure their debts under the CDRAC process.

4. Almost half of the debtors under the CDRAC's four DCA/ICA groups represent the industrial sector (representing more than 60% of the first group), followed by the real-estate sector and the commercial sector respectively. Likewise, more than 60% of credits outstanding of DCA/ICA signatory cases that have been successfully restructured are from the industrial sector. This is especially evident among debtors in DCA/ICA groups 1 and 2, which include large cases with high levels of credits outstanding. The real-estate sector has the second highest number of successfully restructured signatory cases.

Most debtors that did not enter into the restructuring process are proportionately represented by the industrial and real-estate sectors. Approximately one-third of the non-signatory debtors completed their debt restructuring prior to entering the process. Financial creditors have taken legal action against the remaining non-signatory debtors as instructed by the CDRAC.

Bank of Thailand

4 May 2001

[Attachment](#)