



# 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 April 2001. Mr. Pisit Samahito, Director of the Corporate Debt Restructuring Office 1, discloses details of the progress in debt restructuring of target cases under CDRAC for May 2001 as follows.

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

As at the end of April 2001, financial institutions have brought in 462,931 cases involving credits outstanding of 2,444,072 million baht into the debt restructuring process in order to prevent and resolve NPLs. Details of the developments are as follows:

1. A total of 391,361 cases involving credits outstanding of 2,133,282 million baht have been successfully restructured. Of these, 8,612 cases involving credits outstanding of 40,127 million baht were restructured during the month of April, reflecting an increase from the previous month by 2.25% of the number of cases and 1.92% of credits outstanding.

Approximately 70% of the cases (5,921 cases) are debtors of private commercial banks. The majority of restructured debtors represent the personal consumption sector (3,633 cases), followed by wholesale and retail sector (1,751 cases), and the agriculture and fishery sector (1,339 cases), respectively. Most debtors are based in Bangkok and the Central Region.

Over the first four months of 2001, an average increase of 9,791 cases and credits outstanding of 44,941 million baht were successfully restructured each month. This average increase is less than that of the same period last year (13,009 cases with credits outstanding of 74,230 million baht per month) because remaining cases have been more difficult to resolve. Furthermore, the total number of debtors under the restructuring process has decreased as many debtors have been transferred to AMCs and creditors have taken legal action.

2. A total of 71,570 cases with credits outstanding of 310,790 million baht are currently in the restructuring process. This reflects an increase of 294 cases from March 2001, but a decrease in credits outstanding by 13,313 million baht as 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 May 2001, target debtors under the Corporate Debt Restructuring Advisory Committee totaled 14,916 cases with credit outstanding of 2,625,783 million baht. Of these, 2,858 are large debtors with combined credits outstanding of 2,317,263 million baht and 12,058 are small- and medium-sized debtors with combined credits outstanding of 308,520 million baht. Details of the developments are as follows:

1. A total of 8,478 target debtors with credits outstanding of 1,251,655 million baht (83% of the total number of CDRAC's target debtors -- 10,266 cases with credits outstanding of 1,659,042 million baht) have successfully restructured their debt. The sectors most highly represented by these debtors are the commerce sector (2,128 cases) followed by the personal consumption sector (2,060 cases), respectively.

During May 2001, a total of 521 debtors with credits outstanding of 15,473 million baht have successfully completed debt restructuring, compared with 428 debtors with credits outstanding of 8,936 million baht in April 2001. Of the successfully restructured cases in May 2001, 13 debtors with credits outstanding of 14,093 million baht are large debtors while 508 debtors with credits outstanding of 1,380 million baht are SMEs. The number of successfully restructured large cases was low because only a few large debtors remain under the CDRAC process and the prospects of a successful restructuring for these debtors is not high.

As of the end of May 2001, approximately 65% of all large debtors that have entered into the CDRAC process have been successfully restructured and approximately 85% of all SME debtors that have entered into the CDRAC process has been successfully restructured.

2. As of 31 May 2001, a total of 456 debtors (4% of all debtors that have entered the CDRAC process) with credits outstanding of 33,940 million baht remain in the process and can be divided into the following categories:

2.1 *Large debtors.* A total of only 103 large debtors with credits outstanding of 30,104 million baht remain in the CDRAC process. It is expected that most if not all of these debtors will be able to resolve their debt negotiations by the end of June 2001. The remaining debtors are likely to be those that have received extensions for various reasons as well as those that have entered into the restructuring process over the past couple of months.

2.2 *Small- and medium-sized debtors.* CDRAC continues to encourage financial institutions to focus on bringing SMEs into the restructuring process under the Simplified Agreement. There are 353 debtors with outstanding credits of 3,836 million baht in the process.

Furthermore, there are additional 1,640 debtors with credits outstanding of 5,409 million baht that are preparing to sign the Simplified Agreement to enter into the process.

3. A total of 4,282 target debtors with credits outstanding of 1,175,117 million baht are either in the process of being filed in court or have already been filed in court by their creditors. Of these, 1,332 debtors (13% of the total number of target debtors that have entered into the process) with credits outstanding of 373,447 million baht have been unable to successfully restructure their debts under the process. An additional 2,950 debtors with credits outstanding of 801,760 million baht refused to enter into the process in the first place and have been filed in court.

Of the 4,282 debtors that creditors have taken legal action, 98% have been filed in the Civil Court and 2% have been filed in the Central Bankruptcy Court.

Bank of Thailand

4 June 2001

[Attachment](#)