



BANK OF THAILAND NEWS

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Regulations on Asset Classification and Provisioning

Mr. Samart Buranawatanachoke, Senior Director of Risk Supervisor Policy and Analysis Department, Financial Institutions Policy Group, Bank of Thailand (BOT), announced that "the BOT has revised regulations on asset classification and provisioning. The revisions are in line with Thai Accounting Standard No. 34, Accounting for Troubled Debt Restructurings, and therevised regulation Non-Performing Loan (NPLs)."

The revised regulations are summarized as follows:

1. In recognizing losses in debt restructuring, the financial institution can calculate the present value of expected cash flows of the restructured loans using 3 discount rates; namely, the cost of fund, the market interest rate, and the original contract rate, instead of using only the market interest rate as specified in the prior regulation.

2. The financial institution must record debts with underlying collateral, which have been classified as doubtful of loss and have been fully provisioned and written-off, back on its book. However, for the debts classified as doubtful of loss without underlying collateral, the financial institution may record the debt back, if it wishes to do so.

Bank of Thailand

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