

Unofficial Translation
by the courtesy of The Foreign Banks' Association

**This translation is for the convenience of those unfamiliar with the Thai language.
Please refer to the Thai text for the official version.**

T h e B a n k o f T h a i l a n d

27th February 2002

To Manager
All Commercial Banks Registered in the Country
Branches of All Foreign Banks*

No. ThorPorTor. SorNorSor. (22) Wor. 455/2545 Re: Modification to the Definition of Non-Performing Loan and Preparation of Report Required to Be Submitted by Commercial Banks

Whereas the BOT has issued the Letter No.: ThorPorTor. Ngor. (Wor) 2410/2542 dated July 7, 1999 Re: Adjustment of Report Form Required to Be Submitted by Commercial Banks and the Letter No. ThorPorTor. Ngor. (Wor) 2564/2542 dated July 26, 1999 re: Report Required to Be Submitted by Commercial Banks prescribing reports to be filed according to the Tables 32.1 and 32.2. Subsequently, the BOT has issued a letter No. ThorPorTor. Ngor. (Wor) 3161/2542 dated July 22, 1999 to clarify the definition of non-performing loan and the preparation of the reports in according with Tables 32.1 and 32.2;

Due to the amendment of the Notification of the Bank of Thailand re: Worthless or Irrecoverable Assets and Doubtful Assets that may be Worthless or Irrecoverable of Commercial Banks, consequently, to be in line with the amended Notification, the Bank of Thailand hereby revokes the letter ref. no.: ThorPorTor. Ngor. (Wor) 3161/2542 dated July 22, 1999 and replace with the followings:

1. Non-Performing Loan (NPL) means:

1.1 Any loan for which principal and/or interest payments have been overdue as from the payment date according to the schedule set forth in the contract with respect to loan payable on demand or notice, and demand or notice has been made in excess of 3 months. Such overdue payment shall be considered on per contract or account basis. **For overdraft debtors, overdue payment shall be considered according to Clause 1.2.**

1.2 Overdraft debtor without available credit limit or whose facility has been revoked, or the credit outstanding exceeds the contractual limit, or the contract is due and no funds have been credited into the account to repay overdue principal and interest in excess of 3 months from the date the credit limit is revoked, or the date the outstanding exceeds the limit, or the maturity date of the contract whichever arrives first.

2. Following loans shall not be included as NPLs.

2.1 Any overdue loan in excess of 3 months with any of the following incidents:

(1) Where the commercial bank granting the loan and the debtor have entered into a debt restructuring agreement. It shall be deemed that such debt restructuring process is completed as at the date of signing the debt restructuring agreement.

(2) The loan is restructured and meets the condition for immediate classification as a normal debt without having to wait for the monitoring result of compliance with the restructuring conditions for 3-month periods or 3-repayment periods, whichever is longer, according to the Notification of the Bank of Thailand Re: Worthless or Irrecoverable Assets and Doubtful Assets Which May Be Worthless or Irrecoverable of Commercial Banks **dated February 18, 2002 or as shall be amended.**

(3) There is evidence showing that the commercial bank and the debtor have additional agreement or arrangement for the debt restructuring by prescribing new repayment conditions.

(4) The debtor has commenced repaying debts under the terms appearing in the documents of the commercial bank, or under the new conditions of the debt restructuring.

2.2 Any overdraft debtor with overdue interest payment in excess of 3 months with one of the following characteristics:

(1) Any overdraft debtor who has not fully utilized the facility and whose facility has not been revoked.

(2) Any overdraft debtor who has not fully utilized the facility and whose contract has not reached maturity.

2.3 Any debtor classified as Doubtful of Loss in accordance with the Notification of the Bank of Thailand Re: Worthless or Irrecoverable Assets and Doubtful Assets Which may be Worthless or Irrecoverable of Commercial Banks dated February 18, 2002 or as shall be amended with the following characteristics:

(1) Debtor classified as Doubtful of Loss for which has been made 100% provisioned and written off and the commercial bank has recorded such debtor back on the accounting.

(2) Debtor classified as Doubtful of Loss for which the non-collateralised portion has been 100% provisioned.

The above rules will apply only for consideration of the meaning of NPL. For recognition of income, classification of assets including tax privileges for debt restructuring,

the notifications of the Bank of Thailand and relevant circulars shall remain applicable.

3. Reporting of loans in Table 32.1 and Table 32.2

The report form of overdue interest payment, classified assets by business groups (Table 32.1) in accordance with circular letter ref.: ThorPorTor. Ngor. (Wor) 2410/2542 dated July 7, 1999 and report form on the changes of outstanding credits overdue in excess of 3 months (Table 32.2) in accordance with letter ref.: ThorPorTor. Ngor. (Wor) 2564/2542 dated July 26, 1999 shall be repealed. The report format in accordance with Table 32.1 and Table 32.2, explanation to the preparation of the report and example of report preparation attached to this circular letter shall apply instead which the Ministry of Finance has given its approval in accordance with letter ref.: GorKhor. 0303/2473 dated February 11, 2002.

Moreover, the following practices shall apply in preparing the said report:

3.1 In the case where commercial bank has provisioned for debtor classified as Doubtful of Loss at 100% or where it has already written off such debtor and has record the debtor back on its accounting, which such debtor is not included as NPL under Clause 2.3, the commercial bank shall deduct the said amount of the debt from the total loans when calculating the ratio of NPLs to the total loans required to be published or submitted to the Bank of Thailand under ThorPor. 1.1 and ThorPor. 1.2.

3.2 The commercial banks shall report the amounts in column “Classified Loan” by considering the classification on an **account-by-account basis** according to the Notification of the Bank of Thailand Re: Worthless or Irrecoverable Assets and Doubtful Assets which may be Worthless or Irrecoverable of Commercial Banks **dated February 18,2002 or as shall be amended.**

Commercial banks shall such procedures for reporting information from the period ending **February 2002.**

Please be informed and observe accordingly.

Yours sincerely,
Signed
(Mrs. Tasna Rajatabhothi)
Assistant Governor, Financial Institutions Policy Group

- Enclosures:
1. Table 32.1, explanations and example for preparation of report on outstanding loans and classified loans divided by categories of businesses.
 2. Table 32.2, explanations and example of the preparation of report on change in outstanding balances of loans overdue in excess of 3 months.

Risk Supervision Policy and Analysis Department
Tel. 0-2283-5894 and 0-2283-5998

Note [] Bank of Thailand will arrange a clarification meeting
on.....at.....
[X]There will be no clarification meeting

**Explanation for Preparation of Report
on Overdue Loans and Classified Loans Categorized by Types of Businesses (Table
32.1)**

A. General Provisions

1. The commercial banks shall prepare a consolidated set of report for all offices on overdue loans and classified loans categorized by types of businesses (Table 32.1) on a monthly basis in the prescribed form. The report shall state the outstanding balances of the total loans, the outstanding loans as at the end of the reported month, and the outstanding balances of classified loans as at the last month of the reported quarter which shall be categorized by the types of businesses. The amounts shall be recorded in THB thousand unit by having a comma “,” inserted behind the thousand digit and million digit.

2. Such report shall be submitted in 2 sets to the **Coordination and Data Collection Department, Database Group, Bank of Thailand** by the 21st following the month for which the report is required.

3. The commercial banks shall prepare a report on outstanding loans and classified loans categorized by the types of businesses as mentioned above in a computer readable form on a diskette according to the format (Record Specification Format) and the explanation prescribed by the Bank of Thailand. It shall be submitted via **Electronic Report**

Submission – ERS) through communication network in File Transfer format or other types as prescribed by the Bank of Thailand.

4. Should there be any question concerning this report, please contact the **Risk Supervision Policy and Analysis Department, the Bank of Thailand, Tel. 0-2283-5894 and 0-2283-5998.**

B. Meanings of Particulars

1. **Type of Business** means the categories of businesses according to the definitions in Table 33 coupled with Form ThorPor. 3 (report on loans of all domestic offices divided by categories of businesses).

2. **Total Loans** means the total outstanding balance (**including any debtor classified as Doubtful of Loss that the commercial bank has recorded it back on to its the accounting**) of loans granted to each category of businesses as at the end of the reported month. The aggregate amount of all categories of businesses must be equivalent to the amount of the total loan (inclusive of the principals of inter-bank loans and money-market loans) as reported in Form ThorPor. 3 **before deducting the income pending removal from accounting.**

3. **Loans not included as NPL** means **total outstanding loans of debtors classified as Doubtful of Loss which is recorded back onto the accounting with overdue in excess of 3 months, but not required to be reported as NPLs, including total outstanding loans of debtors classified as Doubtful of Loss not instigated from rebooking on to the accounting which has been 100% provisioned as at the end of the reporting month.**

Loans not included as NPL shall be deducted from the total loans in the calculation of ratio of NPL to the total loans and the ratio of NPL to each category of loans required for commercial banks to publish or report to the Bank of Thailand under ThorPor. 1.1 (for banks incorporated in Thailand) or ThorPor. 1.2 (for foreign bank branches), which is equivalent to Column D+ Column E+ Column F, divided by Column A - Column B.

4. **Outstanding Loans** means the loans of which principals and/or interests have not been settled on the due date under the instalment schedule set forth in contract, or upon demand or request for payment, provided that the outstanding balances reported shall include only the overdue principals under contract as at the end of the reported month and be exclusive of unpaid interests with the exception of loans in the category of overdraft for which interests have already been compounded with principals. The report shall be divided according to the overdue periods as follows:

– **More than 1 Month up to 3 Months** which means the loans have been overdue as from the due date for more than 1 month but not exceeding 3 months;

- **More than 3 Months up to 6 Months** which means the loans have been overdue as from the due date for more than 3 months but not exceeding 6 months;
- **More than 6 Months up to 12 Months** which means the loans have been overdue as from the due date for more than 6 months but not exceeding 12 months;
- **More than 12 Months** which means the loans have been overdue as from the due date for more than 12 months.

For example: Mr. A. has borrowed funds under 2 contracts.

The 1st contract covers a principal sum of THB 100 million and stipulates each install payment of the principal of THB 5 million and interest of THB 1 million. The 2nd contract covers a principal sum of THB 50 million and stipulates each install payment of the principal of THB 3 million and interest of THB 1 million. The due date of payment under both contracts is the 20th day of each month. The payments were made as follows:

- First instalment on January 20, payment is made in full under the 1st contract and only interest payment is made under the 2nd contract;
- Second instalment on February 20, no payment is made;
- Third instalment on March 20, no payment is made.

The report shall be made separately according to each contract as follows:

For the report as at the end of January, both contracts would not be included in outstanding balance report of this debtor.

For the report as at the end of February, the debt under the 2nd contract shall be reported as overdue debt in excess of 1 month for the principal of THB 50 million.

For the report as at the end of March, the debt under the 1st contract shall be reported as overdue in excess of 1 month for the outstanding balance of THB 95 million, and the debt under the 2nd contract shall be reported as overdue in excess of 2 months for the outstanding balance of THB 50 million.

The following loans shall not be included as NPLs.

(1) Loans with overdue payment for more than 3 months with the advent of the followings:

(1.1) Loans of which the commercial bank and the debtor have entered into a debt restructuring agreement, it shall be deemed that such debt restructuring process is completed as at the date of signing the debt restructuring agreement.

(1.2) The loan is restructured and meets the condition for immediate classification as normal debt without having to wait for the monitoring result of compliance with the restructuring conditions for 3-month period or 3-repayment period, whichever is

longer, according to the Notification of the Bank of Thailand Re: Worthless or Irrecoverable Assets and Doubtful Assets Which May Be Worthless or Irrecoverable of commercial banks **dated February 18, 2002 and as will be amended.**

(1.3) There is evidence showing that the commercial bank and the debtor have entered into additional agreement or arrangement for the debt restructuring by prescribing new repayment conditions.

(1.4) The debtor has commenced the repayment of debts according to the terms appearing in the documents of the financial institution, or according to the new conditions of the debt restructuring.

With the advent of circumstances as in clause (1), the commercial bank is not obliged to report the overdue payment of the loan from the particular month end. In the case where the debtor is not able to comply with the new payment conditions, the period of overdue payment shall be counted from the day the debtor is unable to comply with the new payment conditions.

(2) Debtors with overdraft facilities who are overdue on their interest payments in excess of 3 months with the following characteristics:

(2.1) Overdraft debtors who have not fully utilized their facilities or whose facilities have not been revoked;

(2.2) Overdraft debtors who have not fully utilized their facilities and whose contracts have not reached maturity.

(3) Debtors classified as Doubtful of Loss according to the Notification of the Bank of Thailand Re: Worthless or Irrecoverable Assets and Doubtful Assets which may be Worthless or Irrecoverable of Commercial Banks dated February 18, 2002 and as shall be amended with the following characteristics:

(3.1) Debtors classified as Doubtful of Loss which has been 100% provisioned and which the commercial banks have already written off and have rebooked such debtors on their accounting.

(3.2) Debtors classified as Doubtful of Loss that has been 100% provisioned for the non-collateralized portion.

5. **Classified Loans** means the loans classified according to the notification of the Bank of Thailand governing worthless or irrecoverable assets and doubtful assets which may be worthless or Irrecoverable, which are divided into 6 levels, namely Pass, Special Mention, Substandard, Doubtful, Doubtful of Loss and Loss. The outstanding balances as of the last month of quarter shall be reported by categorized according to the types of businesses as prescribed.

Commercial banks shall report the amount in the Column “Classified Loans” by considering the classification on **account by account** basis according to the Notification of the Bank of Thailand Re: Worthless or Irrecoverable Assets and Doubtful Assets Which

May Be Worthless or Irrecoverable of Commercial Banks **dated February 18, 2002 and as shall be amended. The total of the classified loans (G) shall also be equivalent to the total loans (A).**

6. **Accrued Interest Receivables** means the accrued and unpaid interests recognised as income of all categories of loans, which shall be shown as a total amount at the end of the report and categorized by the outstanding periods under contracts or according to the classification, as the case may be.

7. **Note 1** means the outstanding balance of loans formerly overdue for more than 3 months owed by debtors whose debts have been restructured and are immediately reclassified as Pass without having to wait for the monitoring result of compliance with the restructuring conditions. If subsequently there is a default, the total amount of such loan shall be deducted and re-entered in the outstanding item.

8. **Note 2** means the outstanding balance of loans formerly overdue for more than 3 months owed by debtors whose debts have been restructured and are classified as Pass after the debtors have complied with the restructuring conditions for 3 months or 3 repayment instalments. If subsequently there is a default, the total amount of such loan shall be deducted and re-entered in the outstanding item.

9. **Note 3** means **the outstanding balance of loans to debtors who are classified as Doubtful of Loss, which has been 100% provisioned and written off before the Notification of the Bank of Thailand Re: Worthless or Irrecoverable Assets and Doubtful Assets Which May Be Worthless or Irrecoverable of Commercial Banks dated February 18, 2002 is enforced and commercial banks may rebook them on their accounting.**

Debtors classified as Doubtful of Loss, which have been rebooked on the accounting with a remaining overdue of more than 3 months, shall be deducted from Note 3. Moreover, the debtors classified as Doubtful of Loss, that have been rebooked on the accounting, shall be reported in the Column of Loans Granted which are not included in NPL's (B).

Examples of the Preparation of Report Table 32.1

Example 1. Outstanding loan which has not been restructured

A loan of THB 100 million with interest payable on a monthly basis. The debtor has failed to pay the principal and interest for a period of 8 months. The aggregate of accrued interest receivable is THB 10 million.

Column of total loans (A) = Principal of THB 100 million, accrued interest receivable of THB10 million

Column of overdue loans (E) = Principal of THB 100 million, accrued interest receivable of THB 10 million

Column of loans classified as Doubtful (K) = Principal sum of THB 100 million, accrued interest receivable of THB 10 million

* Example 2. Outstanding loans under several contracts which have not been restructured

A debtor has 2 loan agreements. The first agreement is THB 100 million with interest thereon payable on a monthly basis. The debtor has failed to pay the principal for a period of 7 months but the interest thereon is paid on a regular basis. The sum under the second agreement is THB 150 million. The debtor has failed to pay the principal and interest for a period of 4 months. The accrued interest receivable is THB 5 million.

Column of total loans (A) = Principal of THB 250 million, accrued interest receivable of THB 5 million

Column of overdue loans
More than 3 months to 6 months (D) = Principal of THB 150 million, accrued interest receivable of THB 5 million

More than 6 months to 12 months (E) = Principal of THB 100 million, no accrued interest receivable

* means example has been amended

Column of loans classified as Substandard (J) = Principal of THB 150 million, accrued interest receivable of THB 5 million

Column of loans classified as Doubtful (K) = Principal of THB 100 million, no accrued interest receivable

Example 3. Outstanding loan which has been completed restructuring

The loan of which the principal and interest have been overdue for 5 months. The principal of THB 400 million and accrued interest receivable of THB 10 million are classified Substandard and have been restructured for the second time resulting in THB 50 million reduction from principal and all the recognised accrued interest receivable forgiven. The remaining principal of THB 350 million will be repaid in THB 1 million per month together with interest. After the debt restructuring, the loan remains classified as Substandard and will be reclassified as Pass when the debtor has complied with the new repayment conditions for a 3-month period.

Column of total loans (A) = Principal of THB 350 million, no accrued interest receivable

Column of overdue loans Report of overdue loan not required

Column of loans classified as Substandard (J) = Principal of THB 350 million, no accrued interest receivable

Example 4. Outstanding and classified loan the restructuring of which has been completed pursuant to the Notification of the Bank of Thailand Re: Worthless or Irrecoverable Assets and Doubtful Assets Which May Be Worthless or Irrecoverable of commercial banks dated February 18, 2002 and as shall be amended.

The loan of THB 400 million is outstanding for a period of 6 months. No interest is outstanding. The debt is restructured for the first time by way of a transfer of land for the debt settlement of THB 200 million A reduction of the principal is THB 50 million. The remaining loan of THB 150 million has been granted relaxation. The debt restructuring meets the condition for immediate re-classification of the loan as normal.

Column of total loans (A) = Principal of THB 150 million, no accrued interest receivable

Column of loans overdue for more than 12 months (F) = Principal of THB 120 million, no accrued interest receivable

Column of loans classified Doubtful (K) = Principal of THB -200 million, no accrued interest receivable

Column of loans classified Doubtful of Loss (L) = Principal of THB 200 million, no accrued interest receivable

***Example 7. Rebooking of debtors classified as Doubtful of Loss on the accounting**

The loan classified as Doubtful of Loss of THB 200 million with collateral of THB 120 million, which can be deducted of the total debt. It has been 100% provisioned and written off from the account but is rebooked on the accounting for the amount of THB 80 million in this month.

Reporting for the month before the rebooking

Column of total loans (A) = Principal of THB 120 million, no accrued interest receivable

Column of loans overdue for more than 12 months (F) = Principal of THB 120 million, no accrued interest receivable

Column of loans classified Doubtful of Loss (L) = Principal of THB 120 million, no accrued interest receivable

Note 3 = THB 80 million

(1) In the case where the account is rebooked when the debtor is still overdue in excess of 3 months

Column of total loans (A) = Principal of THB 200 million, no accrued interest receivable

Column of loans not included as NPL (B) = THB 80 million

Column of loans overdue for more than 12 months (F) = Principal of THB 120 million, no accrued interest receivable

Column of loans classified Doubtful of Loss (L) = Principal of THB 200 million, no accrued interest receivable

Note 3 = THB -80 million

- **In the case where the account is rebooked as normal debt due to debt restructuring in full for both portions- with or without collateral**

=		
Column of total loans (A)	=	Principal of THB 200 million, no accrued interest receivable
Column of loan classified as normal (H)	=	THB 200 million, no accrued interest receivable
Note 3	=	THB -80 million

Risk Supervision Policy and Analysis Department
The Bank of Thailand
February 2002

Explanation for the Report of the **Changes of Outstanding Balance on Overdue Loans in Excess of 3 Months (Table 32.2)**

A. General Provisions

1. Commercial banks shall prepare a consolidate set of report for all offices on change of outstanding balance on overdue loans in excess of 3 months (Table 32.2) on a monthly basis in the prescribed form. The report shall include the outstanding balance at start of period, the increase, the reduction and the balance at end of period of the overdue loans in excess of 3 months. It shall be evaluated on contract by contract basis and categorized by types of businesses as prescribed with the same meaning as in the report on overdue loans and classified loans categorized by types of businesses (Table 32.1)

2. Such report shall be submitted in 2 sets to the **Coordination and Data Collection Department, Database Group, Bank of Thailand** by the **21st** following the month for which the report is required.

3. Commercial banks shall prepare a report under Clause 1 in a computer readable form on a diskette according to the format (Record Specification Format) and the explanation prescribed by the Bank of Thailand. It shall be submitted via **Electronic Report Submission – ERS) through communication network in File Transfer format or other types as prescribed by Bank of Thailand.**

4. Should there be any question concerning this report, please contact the **Risk Supervision Policy and analysis Department, Bank of Thailand, Tel. 0-2283-5894 and 0-2283-5998.**

B. Meanings of Particulars

1. **Type of Business** means the category of business according to the definition in Table 32.1.

2. **Outstanding balance at start of period** mean the total outstanding balance of overdue loans in excess of 3 months as at the previous month which is equivalent to the sum of D + E + F as in Table 32.1 of the previous month.

3. **Addition** means the additional amount of overdue loans in excess of 3 months during the month due to:

3.1 New amount means loans which overdue period begin to exceed 3 months. They shall include loans under new contracts and additional loans under existing overdue contracts in excess of 3 months, or those originating from the effect of increased foreign exchange rates under existing overdue contracts in excess of 3 months.

3.2 Contract that has been restructured means contract that has been restructured but subsequently the debtor is unable to make repayment under the new

contract and is overdue in excess of 3 months. It shall include the increased portion from these contracts, e.g. additional loans or effects of increased foreign exchange rate, etc.

4. Reduction means the reduction of loans overdue in excess of 3 months during the month. It shall be classified as cases that have been restructured and cases without debt restructuring.

4.1 Case that has been restructured means the reduction due to completion of debt restructuring in accordance with the prescriptions of Bank of Thailand. It shall be classified as first debt restructuring and second debt restructuring onwards.

4.1.1 First time means the first debt restructuring contract. It shall be expressed in 2 portions, portion transferred to normal debt and others.

- **Transferred to normal debt** means the reduction that due to the transfer of overdue loans in excess of 3 month to normal debt.

- **Other** means reduction of the overdue loan in excess if 3 months which is due to other reasons, e.g. repayment from client, reduction of principal, receipt of asset transferred as debt repayment, or effect of decreased foreign exchange rate, etc.

4.1.2 Second time onwards means the contracts that have undergone debt restructuring twice or more. It shall be expressed in separate portions as Point 4.1.1.

4.2 Without debt restructuring means reduction of loans without debt restructuring. It shall be expressed in 2 portions, portion transferred to normal debt and others.

- **Transferred to debt overdue not exceeding 3 months** means reduction of loans overdue in excess of 3 months due to partial payment causing the remaining overdue portion to not exceed 3 months or eliminating the overdue amount.

- **Other** means reduction of the overdue loan in excess if 3 months which is due to other reasons, **e.g. transferred to asset management companies or the Thailand Asset management Corporation, has been 100% provisioned for debtors classified as Doubtful of Loss for the portion without collateral**, repayment, receipt of asset transferred as debt repayment, has been written off or effect of decreased exchange rate, etc. **Credits overdue for over 3 months which are transferred to the asset management companies or the Thailand Asset Management Corporation and 100% provisioned for debtors classified as Doubtful of Loss for the portion without collateral shall be expressed in Note 2 and Note 3 at the ending of the Table.**

5. Outstanding amount at end of period means outstanding balance of the loans which is overdue for 3 months as at end of reporting month which is equivalent to balance at start of period plus increased balance less reduction. It shall equal to the sum of D + E + F in Table 32.1 as at the end of the reporting month.

6. Note 1 Loans under court procedures means the outstanding balance of loans overdue for more than 3 months at the end of the reporting month which is under court procedures commencing upon the acceptance of the court.

7. Note 2 Loans transferred to the asset management companies or the Thailand Asset Management Corporation means outstanding balance overdue for over 3 months transferred to the asset management companies or the Thailand Asset management Corporation in the reporting month.

8. Note 3 Loans of debtors classified as Doubtful of Loss that have been 100% provisioned for the portion without collateral means loan of debtors classified as Doubtful of Loss that have been 100% provisioned for the portion without collateral in the reporting month.

Examples of the Preparation of Report

Example 1. Additional loan overdue for more than 3 months

In the previous month, the loan was overdue for more than 2 months but not exceeding 3 months. The balance of the outstanding loan is THB 100 million. No payment is made this month. The loan is therefore overdue for more than 3 months.

(A = THB 0 million, B = THB 100 million, and J = THB 100 million)

Example 2. Loan which has been restructured but there is a non-compliance with the new repayment conditions

The debt restructuring agreement is completed. Later, payment is not made under the debt restructuring agreement. The balance of outstanding debt is THB 200 million and is overdue for more than 3 months.

(A = THB 0 million, C = THB 200 million, and J = THB 200 million)

Example 3. The loan for which the first debt restructuring is completed

The loan of 400 million THB is overdue for more than 3 months. The debt restructuring is carried out for the first time by way of transfer of land for the settlement of outstanding debt of THB 200 million. The principal is also reduced by THB 50 million. The remaining THB 150 million is to be repaid under restructured conditions.

(A = THB 400 million, D = THB 150 million, E = THB 200 + 50 million, and J = THB 0 million)

Example 4. The loan for which the second debt restructuring is completed by means of immediate reduction of the principal

The loan of THB 400 million is overdue for more than 3 months. The debt restructuring is carried out for the second time by way of reduction of principal in THB 100 million immediately upon the debt restructuring. The remaining principal of THB 300 million must be repaid at 1 million THB per month together with interest.

(A = THB 400 million, F = THB 300 million, G = THB 100 million and J = THB 0 million)

Example 5. The loan for which the second debt restructuring is completed by reduction of the principal upon compliance with the debt restructuring conditions for 3 months

The loan of THB 400 million is outstanding for more than 3 months. The debt restructuring is carried out for the second time by way of reduction of the principal of THB 100 million upon compliance with the new repayment conditions for 3 months. The remaining principal of THB 300 million must be repaid at THB 1 million per month together with interest.

(A = THB 400 million, F = THB 400 million, and J = THB 0 million)

Example 6. Acceptance of repayment of debt in case there is no debt restructuring

The loan of THB 120 million is outstanding for more than 3 months. No debt restructuring agreement has been made. This month, the debtor repaid the principal of THB 1 million. This contract remains overdue for more than 3 months.

(A = THB 120 million, I = THB 1 million, and J = THB 119 million)

Example 7. Acceptance of repayment of debt which causes the overdue period to be less than 3 months

The loan of THB 100 million is outstanding for 4 months. The term of repayment is fixed at THB 2 million per month consisting of the principal of THB 1 million and interest of THB 1 million. This month, the debtor has made payment in a total sum of THB 4 million or equivalent to 2 instalments, resulting in the loan being outstanding for 2 months only.

(A = THB 100 million, H = THB 98 million, I = THB 2 million, and J = THB 0 million)

Example 8. Receipt of debt repayment and the effects of changes of foreign exchange rate

The loan of USD 100 million is overdue for more than 3 months. This month, the debtor has repaid principal and interest in a total sum of USD 1 million. The exchange rate as of previous month is 1 USD to THB 37.0. The exchange rate as of this month is 1 USD to THB 36.9

(A = THB 3,700 million, I* = THB 37 + 9.9 million, and J = THB 3,653.10 million)

* Calculated from

(1) Receipt of principal repayment : USD 1 million x 37 = THB 37 million

(2) Effect of exchange rate USD 99 million x (37-36.9) = THB 9.9 million

***Example 9 Provisions for debtor classified as Doubtful of Loss**

Loan of THB 200 million overdue for more than 6 to 12 months in the previous month is reclassified from Doubtful to Doubtful of Loss in this month. There is collateral that could be used to reduce the total debt of THB 120 million and the provision of 100% has been made in this month.

(A = THB 200 million I = THB 80 million J = THB 120 million and Note 3 = THB 80 million)

***Example 10 Integration of doubtful debtor back into the account**

Debt classified as Doubtful of Loss of THB 200 million with collateral that can be deducted from the total debt of THB 120 million and for which reserve for provision has been made at 100%. It has been written off and has been rebooked on the accounting in this month for THB 80 million.

- In the case where rebooking on the accounting is made when the debtor still has an overdue position in excess of 3 months

(A = THB 120 million B = THB 0 million J = THB 120 million and Note 3 = THB 0 million)

- In the case where rebooking on the accounting is made and reclassified as Pass due to debt restructuring of the entire debt amount, with and without collateral.

**(A = THB 120 million D = THB 120 million J = THB 0 million and
Note 3 = THB 0 million)**

* means example has been amended

Risk Supervision Policy and Analysis Department,
The Bank of Thailand,
February 2002