



“Write-offs/ Write-backs”

According to the letter issued by the Bank of Thailand (BOT) dated 22nd July 1999¹, The BOT allowed commercial banks to write off the loans classified as Doubtful Loss for which the non-collateralised portion has been 100% provisioned. As a result, the bank had written off the portion since 4Q/1999 until 4Q/2001, totaling Bt 86,307 bn.

However, in 2002, the BOT issued a notification² dated 27th February 2002, which revoked the letter issued dated 22nd July 1999 by the Bank of Thailand mentioned above. The notification revoked the allowance of write-off of the loans classified as Doubtful Loss for which the non-collateralised portion has been 100% provisioned. The revocation took effect on February 2002.

During the period between 4Q/1999 to 4Q/2001, the bank has also restructured some portions of the written-off bad loans. These loans including the Allowance for bad debts, once restructured, had been recovered and written back to the bank’s loan book.

However, there are some portions, which the bank has not yet written back for two reasons: (1) these restructuring cases are still in process pending negotiation and/ or legal procedures; (2) there has not been any requirement by the BOT to write back these portions to the bank’s loan book. The outstanding amounts were recorded as of each quarter as follows:

| As of | Outstanding write-back (loan principal only) (Bt bn) |
|--------------|---|
| Dec 01 | 35.01 |
| Mar 02 | 32.49 |
| Jun 02 | 30.61 |
| Sep 02 | 29.24 |

To derive at outstanding (post write-back) gross loan for each quarter from Dec 01 to Sep 02, simply add back the outstanding write-back amount as of each period accordingly.

¹ (ThorPorTor. Ngor (Wor) 3161/2542)

² Re: Worthless or Irrecoverable Assets and Doubtful Assets that may be Worthless or Irrevocable of Commercial Banks

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