

**LOI Box A. Implementation of the October 14 Announcement Regarding
the 58 Suspended Finance Companies**

Measure	Date
1. The Chairman and the Board of the Financial Restructuring Agency (FRA) constituted, key staff appointed, and contracts concluded with international experts.	Implemented.
2. FRA operating rules and guidelines for evaluating rehabilitation plans finalized and approved by its Board.	Implemented.
3. Verification by FRA/BOT on recapitalization funds and their sources.	November 25, 1997.
4. Finalization by FRA of the assessment on each of the 58 suspended companies on whether they are to be reopened, merged, or closed. FRA Board to make a final decision.	November 25-30, 1997. December 5, 1997.
5. Public decision by FRA Board on the final status of each of the 58 companies, and press conference by Minister of Finance.	December 7, 1997.
6. FRA procedures finalized for liquidating companies and disposing of assets acquired by the FRA.	November 30, 1997.
7. Chairman, Board, and key staff of Asset Management Company (AMC) to be appointed. Capitalization and financing plan completed.	November 30, 1997.
8. AMC operating rules and guidelines finalized, including procedures and safeguards for determining the price of doubtful assets to be purchased by the AMC.	December 31, 1997.
9. Classification by FRA of assets of closed finance companies into different categories of marketability.	January 31, 1998.
10. Review the operating rules for PLMO.	January 31, 1998.
11. FRA to begin disposal of assets.	Early 1998.
12. Completion of disposal of all assets by FRA.	December 31, 1998.
13. Expectation that reopened finance companies would not use FIDF liquidity support at least during the first year.	Ongoing.

LOI Box B. Implementation of the October 14 Announcement Regarding the Banks and Remaining Finance Companies	
Measure	Date
1. Full tax deductibility on income for loan loss provisioning, effective 1997.	Implemented.
2. Criteria tightened further for access to FIDF liquidity support.	December 15, 1997.
3. Announce tightened loan classification rules as follows: <ul style="list-style-type: none"> • require provisioning for all loans more than six months overdue, effective December 31, 1997; and • prohibit accrual of interest on nonperforming loans for more than six months, effective January 1, 1998. 	November 30, 1997. November 30, 1997.
4. On the basis of the above, establish memoranda of understanding with all undercapitalized financial institutions on timetable for raising capital to required level.	December 31, 1997 (performance criterion).
5. Further strengthen loan classification and provisioning rules so as to bring these in line with international standards by the year 2000: <ul style="list-style-type: none"> • present proposals to market participants for comment; • comments to be received; and • issue guidelines, including a phased timetable for implementation. 	March 31, 1998 (performance criterion).
6. Issue guidelines or recommendations for fit and proper assessments of owners, board members, and managers of financial institutions.	December 31, 1997.
7. Issue stricter banking licensing requirements.	November 30, 1997.
8. Guarantee fee: <ul style="list-style-type: none"> • issue circular; and • implement guarantee fee. 1/ 	November 30, 1997. December 31, 1997.
9. Finalize plan for introduction of deposit insurance scheme that is to replace the current blanket guarantee in the medium term.	December 31, 1998.
10. Amend Bankruptcy Law and take necessary steps for expediting foreclosures and other procedures.	March 31, 1998.
11. Clarify and reaffirm disclosure and auditing requirements for all financial institutions.	December 31, 1998.

1/ 0.15 percent of protected liabilities payable at December 31, 1997; 0.2 percent of protected liabilities payable at June 30, 1998; 0.2 percent of protected liabilities payable at December 31, 1998.