



บริษัทบริหารสินทรัพย์ไทย
THAI ASSET MANAGEMENT CORPORATION
ช่วยเหลือ แก้วิกฤต เพิ่มโอกาส เพื่อชาติ และประชาชน

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Risk Management Principles and Reports

TAMC has put more emphasis on risk management following successful completion of debt restructuring for the majority of debtors. In early 2004, TAMC Board of Directors has established the Risk Management Subcommittee comprising of highly qualified individuals from financial institutions to be responsible for the stipulation of overall TAMC risk management policies and guidelines; and, to encourage development of a risk management system that is able to efficiently identify, measure, control and monitor risks in accordance with corporate governance principles.

TAMC has subsequently had an organizational restructuring in mid 2004 and established the Risk Management and Operational System Development Department to directly handle the preparation of TAMC risk management plans as well as the assessment of risks, trends and impacts on TAMC. Manifest criteria are stipulated for the assessment of each type of risks so that risk management reports can be regularly prepared and submitted to the Risk Management Subcommittee.



1. Strategic Risks

TAMC has prepared proactive business plans to ensure timely achievement of objectives in accordance with governmental policies. Strategies are changed as necessary and efforts are made to ensure that each department works towards the goals set. Deloitte Touche Tomatsu Chaiyot Co., Ltd. is hired to conduct an internal audit of TAMC. The hiring of a third party to perform such task is an evidence of operational transparency. Findings are reported directly by the third party to the Audit Committee comprising of independent, highly qualified individuals from external organizations. As well, there exists the Compliance Department which ensures that the operations are in compliance with orders and regulations of TAMC; and, provides debtors with clarifications in the case of a complaint regarding TAMC operation.

2. Credit Risks

TAMC conducts debt restructuring for each debtors with the purpose of helping honest debtors to quickly resume business and return to the financial institution system, on the basis of the actual debt repayment ability of the debtors and their guarantors. Debt restructuring is conducted in accordance with the announcements of relevant committees and written operational guidelines in order to ensure standardized and fair treatment of all debtors. Approval of debt restructuring plans is handled by the Executive Committee or Impaired Asset Management Subcommittee comprising of highly qualified and experienced individuals from different fields. In the case of major debtors with debt of 500 Million Baht or greater, the debt restructuring plan or the measure to be taken against the debtors will be reviewed by a working group prior to the submission to the Executive Committee for their approval.

Additionally, TAMC has established a working group to monitor the progress of debt restructuring following the conclusion in order to resolve issues where debtors refuse to sign the debt restructuring agreement or where it is necessary to urge debtors to proceed in accordance with the debt restructuring plan or the business rehabilitation plan.

3. Legal Risks

TAMC operates on the basis of the Emergency Decree on Thai Asset Management Corporation B.E. 2544 and announcements of relevant committees in order to achieve the goals and founding objectives. The Legal Subcommittee comprising of highly qualified individuals from different legal fields is established to provide consultation, advice and opinion regarding relevant legal issues.

Nevertheless, TAMC remains unable to perform certain actions as interpretations must be made with regard to scope and enforcement of certain laws. The issue is being addressed with relevant governmental agencies.

4. Market Risks

TAMC owns a great number of NPA's acquired through receipt of transfer and foreclosure on collaterals under Section 74 of the Emergency Decree on Thai Asset Management Corporation B.E. 2544. These assets may depreciate in value as a result of the declining real property market in general. Certain groups of assets with tendency to fluctuate are closely monitored in order that their sale may be appropriately considered. Additionally, TAMC has developed an NPA database containing surveyed and appraised market prices. This has allowed for quick and efficient analyses of numerous assets involved.

TAMC plans to act more quickly with regard to the receipt of transfer and foreclosure of collaterals; and, to prepare long-term, mid-term and short-term NPA's sale and management plans. Manifest operational plans are in place to ensure quick disposal of NPA's. This helps resolve the issue where the countries' assets depreciate in value.

Fluctuation of interest rates does not significantly affect TAMC as both receiving interest and paying interest are tied to the free floating interest rates of five major commercial banks which change in the same direction.

5. Liquidity Risks

TAMC's liquidity management policies involve bi-weekly preparation of cash flow reports and monitoring of due date of investment from repaid cash. Financial Management Committee considers the appropriation of funds: one part is secured as reserves for operation over the coming six months and the other part is secured for redemption of promissory notes, promissory note interests and repayment to financial institution transferors at the time of profit and loss appropriation in Year 5 and Year 10.

Further, TAMC wants to gradually redeem promissory notes in proportion with actual repayment in order to reduce interest payable and to repay

TAMC is concerned about operational regulations and criteria. Therefore, manuals describing work flow and document flow covering all TAMC transactions are prepared so that staffs will know how to appropriately proceed with the operation as well as to ensure good internal control and verifiability.

7. Event Risks

TAMC is prepared for incidents which may cause disruption to the computer systems in that a backup network is implemented for recovery use. This backup network is capable of recovering the systems within 24 hours. Trial recovery of databases and backup tapes are conducted on a monthly basis. Databases of TAMC departments are backed up and verified for completeness before being removed for outside storage. A third party is hired to store important documents such as title deeds, mortgage agreements and debt restructuring agreements. All documents are scanned before being removed to the storage site.

