ABSTRACT

ANALYSING BAD LOAN RESTRUCTURING OF PT XYZ BY ABC BANK

Indonesian economic crisis, which started in the midst 1997, begins with depreciation of rupiah currency and high interest rate caused banking sector faced a huge lost. These affected Bank’s financial performance as indicated by their CAR (Capital Adequacy Ratio) and provision. One company, PT XYZ affected by this condition was exporting plywood overseas. ABC Bank facilitated the investment by giving commercial loan, but when the crisis stroke, the company wasn’t able to pay its liabilities.

The main reason of this study is to analyze the cause of the bad debt and to analyze PT XYZ performance from past, current and future point of view and try to give best recommendation to solved the problem. The method of analysis being used is descriptive method by analyzing primarily data through interview and research observation. Secondary data which got from financial report of PT XYZ over period of 1998 until 2001, credit outstanding, company activity such as sales, production supported by cashflow projection and business plan until 2009 and others data being used to support this report.

The result of this study can be defined as follows: Decreasing of debtor repayment ability caused by the drop of their sales as per the smaller volume produced and the effect from falling selling price of plywood. Reduction of production volume due to lack of working capital, raw material. Selling price drop because of over supply from competitors country such as China Republic, Malay and Taiwan, on the other hand, low demand in plywood industry as the affect of: 1) Regional crisis had impact for importer's country where main buyer from Japan and North Korea by bounded the crisis too. 2) Construction sector has been slowing down as the result of regional crisis. 3) There already exits the substitution of wooden product called MDF (Medium Fiber Density) or softwood.

The conclusion from cashflow analysis showed that PT XYZ couldn’t fulfill their liabilities to the bank from their main activity unless the bank lowering interest rate, reducing installment and debt hair cuts. Alternative schemes can be offer such as: 1) Interest discount, 2) Interest Balloon Payment (IBP) scheme 3) Converting some portion of credit into equity (Equity Participation Program). From projected cashflow showed that the first alternative turnout to be the best result.