



Financial Services Commission
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Financial Supervisory Service
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Press Release

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SME Loans & Credit Guarantees in April 2009

1) Bank Loans

Despite the economic slowdown, loans provided by 18 domestic banks to small and medium-sized enterprises (SMEs) increased to total KRW434.3 trillion as of end-April this year on the back of expanded guarantees and maturity extensions.

For the first four months of 2009, the net increase in SME loans was KRW12.0 trillion from the end of last year. When adding the actual support amount, including SME bank deposit-loan nettings, which is to be reflected in MOU evaluations, the net increase amounted to KRW13.7 trillion.

Analysis on Bank Lending to SMEs for 2004-2009*

	(In KRW, trillions)									
	2004	2005	2006	2007	2008	01-04/2009	01/2009	02/2009	03/2009	04/2009 ^p
Net Increase	6.2	12.4	45.3	68.2	52.4	12.0	3.1	3.0	3.7	2.2
					(54.7)	(13.7)	(3.6)	(3.2)	(4.7)	(2.2)
Monthly Average	0.5	1.0	3.8	5.7	4.4	3.0				

* Figures are based on won-denominated loans in banking and trust accounts, while those in parenthesis include actual support amounts, such as SME bank deposit-loan nettings.

In April alone, the preliminary net increase in SME loans was KRW2.2 trillion won, lower than a monthly average of KRW3.0 – 3.7 trillion during the first three months of the year. The drop was largely attributed to NACF's KRW900 billion policy fund coming due and sluggish overall demand for capital including slowed issuance of credit guarantees.

More recently, conditions have also turned in favor of small and medium-sized companies, as witnessed with the Business Survey Index going up from 56 in January 2009 to 83 in April.

2) Fast Track Program

Keeping up with the high pace set in January this year, a total of KRW2.6 trillion was extended to 1,231 companies through the Fast Track program in April.

	10/2008	11/2008	12/2008	01/2009	02/2009	03/2009	04/2009
No. of companies	58	457	1,157	1,755	1,724	1,812	1,231
Amount (In KRW, billions)	121.3	916.1	1,781.5	2,411.7	2,521.6	2,970.9	2,568.7



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Since the Fast Track program was initiated on October 13, 2008, a total of 8,194 companies have been extended KRW13.3 trillion in support, KRW3.8 trillion of which was provided to 583 companies that had incurred losses in KIKO and other currency option contracts.

Support through the Fast Track Program (Oct.13, 2008-Apr.30, 2009)

	Number of Companies			Amount (In KRW, billions)				
	Application for Support	Review Complete	Support Received	Loan Conversion	New loans	Maturity extensions	Others	Total
KIKO related	749	726	583	1,197.8	707.3	1,858.0	0.9	3,764.0
Other	13,662	11,355	7,611	10.2	2,607.0	6,896.0	14.6	9,527.8
Total	14,411	12,081	8,194	1,208.0	3,314.3	8,754.0	15.5	13,291.8

3) Guarantees & Bank Loan Maturity Extensions

In April, there was KRW4.9 trillion in new guarantees, 3.1 times more than the KRW1.6 trillion issued during the same period last year. But as the number of applications for guarantees has fallen on month by 14.8% to 66,307 cases in April, the pace of increase is slowing for both guarantee applications and their issues.

Also last month, there was KRW3.6 trillion in maturity extensions with a 95% rollover rate.

Issued Guarantees

	(In KRW, trillions)						
	2008	01-04/2008	01-04/2009	01/2009	02/2009	03/2009	04/2009
New issues	17.6	3.9	16.0 (13.4)	1.3	3.9	5.9	4.9
Maturity extensions	29.4	8.2	9.0 (7.4)	0.9	1.6	2.9	3.6
Total	47.0	12.1	25.0 (20.8)	2.2	5.5	8.8	8.5

Note: Figures in parenthesis denote guarantees extended after guarantee expansion from Feb.16-Apr. 30, 2008

From January to April, KRW9.5 trillion was extended in support of core businesses, including the KRW3.9 trillion provided in April alone. It accounted for 38% of KRW25.0 trillion in total provision, which should help to boost growth and parlay economic recovery.

Extended Support for Core Businesses

	(In KRW, trillions)				
	Exporters	Hi-Tech. cos.	Green Growth cos.	Start-Ups	Total
Korea Credit Guarantee Fund	2.1	-	0.9	3.8	5.3
Kibo Technology Fund	0.6	3.0	0.7	1.6	4.2
Total	2.7	3.0	1.6	5.4	9.5

Note: The totals exclude the amounts overlapped in categories



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In April, KRW46.2 trillion in matured bank loans was extended, including KRW3.6 trillion in guaranteed loans and KRW42.6 trillion in regular loans.

4) Future Support

Financial support will continue to be extended in the interests of rejuvenating the real economy. But by reflecting changing conditions in economic outlook, such as the fall in capital demand and improved conditions for SMEs recently, the FSC/FSS will review to exercise flexibility in adjusting the loan target for SMEs as agreed in the MOU between banks and the government.

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