

GOVERNMENT UNVEILS ADDITIONAL FINANCIAL MEASURES TO SUPPORT BUSINESSES AMID COVID-19 SPREAD

The government unveiled additional financing support for SMEs and small merchants hit by the spread of COVID-19 on February 28, 2020, as a follow-up to the financing support announced on February 7.

FINANCIAL SUPPORT PROVIDED

Between February 7 and 26, a total of KRW379.6 billion in new loans and guarantees were provided by policy banks and KRW607.4 billion in loan and guarantee extensions to the SMEs, small merchants and self-employed business owners whose businesses have been hit by the spread of COVID-19.

Local banks provided about KRW81 billion in new loans and KRW135.8 billion in maturity extensions and deferred payments. For small businesses, credit card companies also provided about KRW9.1 billion in discounted interest rates and late fees.

ADDITIONAL MEASURES

I. STRENGTHEN FINANCING SUPPORT BY POLICY BANKS

- ▶ For Small merchants, financing options such as low-rate loans and guarantee support will be available through the Industrial Bank of Korea and regional credit guarantee funds.
 - a) Increase the funds available for super low or prime rate loans at the IBK from KRW1.7 trillion to KRW4.2 trillion¹
 - b) Increase the funds available for guarantee support at regional credit guarantee funds from KRW16.7 trillion to KRW17.2 trillion
- ▶ SMEs experiencing temporary liquidity problems are eligible to receive financial support through primary collateralized bond obligations (P-CBO) and other government-backed financing programs aimed at supporting SMEs' facility investments.

¹ Super low rate loans: KRW1.2 trillion → KRW3.2 trillion
Prime rate loans: KRW500 billion → KRW1 trillion

- a) Expand the issuance of P-CBOs from KRW1.7 trillion to KRW2.2 trillion
- b) Ensure seamless implementation of financing programs (KRW3 trillion for advancing the industrial structure & KRW4.5 trillion for bolstering facility investments) aimed at supporting SMEs
- c) Frontload the fund implementation in H1 2020

II. WORK TO RELIEVE FINANCIAL BURDENS OF SMEs AND SMALL MERCHANTS

- ▶ **(Maturity extension)** SMEs and small merchants having problems with financing their businesses due to the spread of COVID-19 will be eligible to receive maturity extensions of existing loans for at least six months and up until the situation subsides. Savings banks, insurance and credit card companies are also offering support through maturity extensions.
- ▶ **(Provision of KRW3.2 trillion in new funds)** SMEs and small merchants affected by COVID-19 will be eligible to apply for new loans for the maximum amount of KRW100 million to KRW500 million for each business at a discounted (1~1.5%p below average) interest rate.
- ▶ **(Postponement of payment)** Some banks and insurance companies are offering postponement of payment for interests and premiums.
- ▶ **(Other support)** Some insurance companies are working to ensure that insurance payment claims by SMEs and self-employed small merchants affected by COVID-19 are processed as soon as possible.

FURTHER PLANS

The government will continue to seek utmost support from the financial industry to help ease burdens facing SMEs and small merchants amid the COVID-19 spread.

The government will continue to review how the COVID-19 financing support measures are being provided to the businesses in need and ensure prompt delivery to the affected companies.

While maintaining close cooperation with other ministries, the FSC will regularly review and draw up additional measures if deemed necessary.

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