

## VICE CHAIRMAN EMPHASIZES IMPORTANCE OF EFFECTIVE IMPLEMENTATION OF COVID-19 FINANCIAL SUPPORT

FSC Vice Chairman Sohn Byungdoo held a meeting on March 27 via conference call to examine the implementation of the government's COVID-19 emergency support package and financial market stabilization measures.

The following is a summary of Vice Chairman Sohn's remarks:

- ▶ **FINANCING SUPPORT:** Low-rate loans (1.5%) at local banks as well as maturity extensions on existing loans and deferment of interest payments will be available through all financial institutions beginning on April 1.
- ▶ **ON-SITE COMMUNICATION:** Beginning on April 6, the FSC's emergency financial situation room along with other relevant institutions will operate a regular on-site communication and inspection channel through conference calls or on-site visits in order to help resolve difficulties on the ground.
- ▶ **MARKET STABILIZATION FUNDS:** On March 24, the size of the initial capital call has been decided at KRW3 trillion to launch a bond market stabilization fund, which will be expanded up to KRW20 trillion afterwards. The corporate bond purchase will start as early as April 2.

A stock market stabilization fund in the amount of KRW760 billion was launched on March 25 by the Korea Exchange, the Korea Financial Investment Association, the Korea Securities Depository and the Korea Securities Finance Corp. In addition, KRW10 trillion more will be made available by the financial institutions in the private sector in the second week of April.

- ▶ **SHORT-TERM MONEY MARKETS:** Between March 24 and 26, the Bank of Korea and the Korea Securities Finance Corp. made available approximately KRW3.5 trillion in short-term liquidity to the securities companies. On March 30, the policy banks will begin purchasing commercial paper, electronic short-term bonds and short-term credit bonds. A CP purchasing operation will be undertaken collectively by the Korea Development Bank and the Korea Credit Guarantee Fund.

### **FINANCIAL SUPPORT PROVIDED**

Between February 7 and March 24, a total of KRW13.4 trillion (152,000 individual cases) in loans and guarantees as well as loan and guarantee extensions were

provided to the SMEs, small merchants and self-employed business that have been hit by the spread of COVID-19.

- ▶ **FINANCING BY TYPE:** KRW 6.1 trillion (92,000 cases) in new loans, KRW 6.9 trillion (53,000 cases) in maturity extensions and deferred payments, and KRW 400 billion (7,000 cases) in export-import credit finance, discounted interest rates and late fees and deferment of interest payment
- ▶ **FINANCING BY INDUSTRY:** Financing by industry: KRW2.1 trillion (19,000 cases) to wholesale businesses, KRW1.4 trillion (36,000 cases) to restaurant businesses and KRW1.3 trillion to retail businesses
- ▶ **FINANCING BY PROVIDER:** KRW2.8 trillion (94,000 cases) by policy banks and KRW6.6 trillion (58,000 cases) by private financial institutions<sup>1</sup>

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<sup>1</sup> Local banks, insurance companies, credit card companies, savings banks