

## FINANCIAL AUTHORITIES WORK TO ENSURE STRONG SUPPORT FOR CORPORATE BOND ISSUANCE

FSC Vice Chairman Sohn Byungdoo held a meeting on April 9 via conference call to examine the implementation of the government's COVID-19 emergency support package and financial market stabilization measures. At the meeting, Vice Chairman Sohn talked about P-CBOs and a prompt corporate bond underwriting program for businesses.

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

- ▶ **SANCTIONS EXEMPTION RULES:** In mid-April, the government will revise the rules on exemption for sanctions on misconduct in financial services to make financial institutions' internal sanctions rules more compatible with the government's changed rules.
- ▶ **EMERGENCY FINANCE SUPPORT BUREAU:** A new taskforce body established at the FSC on April 6 is charged with monitoring and managing the implementation of the COVID-19 emergency support package and financial market stabilization measures. The Emergency Finance Support Bureau will work to resolve difficulties on the ground and improve the system.
- ▶ **P-CBOs & PROMPT UNDERWRITING OF CORPORATE BONDS:** The bond market stabilization fund has been put into operation and additional support for corporate bonds will be ready soon through primary collateralized bond obligations (P-CBOs) and a prompt corporate bond underwriting program.

For P-CBOs, about 20 middle market enterprises and large companies have requested support in the amount of approximately KRW700 billion so far. After reviewing applications received until April 14, corporate bond issuance in the amount of KRW500 billion will be supported at first through P-CBOs, which may be extended depending on market demand in the future.

A prompt corporate bond underwriting program will also begin in as early as May after deciding the specific terms of agreement with the relevant institutions.

- ▶ **GLOBAL RESPONSE:** The governments in other countries have demonstrated an unprecedented level of emergency responses in terms of the speed and the scope of policy implementation. The government will closely monitor the policy responses in other countries to find more effective ways to help businesses, jobs and the real economy.

## **FINANCIAL SUPPORT PROVIDED**

Between February 7 and April 6, a total of KRW28.3 trillion (319,000 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:** KRW13.7 trillion (216,000 cases) in new loans and guarantees, KRW13.5 trillion (92,000 cases) in maturity extensions and deferred payments, and KRW1.1 trillion (12,000 cases) in export-import credit finance, discounted interest rates and late fees and deferment of interest payment
- ▶ **FINANCING BY TARGET:** KRW13.6 trillion (271,000 cases) to small merchants, KRW13.1 trillion (47,000 cases) to SMEs and KRW1.6 trillion (277 cases) to middle market enterprises
- ▶ **FINANCING BY INDUSTRY:** KRW4.3 trillion (38,000 cases) to wholesale businesses, KRW2.7 trillion (75,000 cases) to restaurant businesses and KRW2.6 trillion (53,000 cases) to retail businesses
- ▶ **FINANCING BY PROVIDER:** KRW13.2 trillion (191,000 cases) by policy banks and KRW15.1 trillion (128,000 cases) by private financial institutions<sup>1</sup>

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<sup>1</sup> Loca banks, insurance companies, credit card companies, credit finance businesses and savings banks