



## Press Release

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### DEBTS HELD BY JOINT SURETIES DURING THE ASIAN FINANCIAL CRISIS TO BE WRITTEN-OFF

#### BACKGROUND

Joint sureties heavily indebted as a result of business bankruptcy during the Asian financial crisis are still facing difficulty in returning to normal economic activities. Some of them are limited in access to financial services as their delinquent credit record still remains undeleted and shared among financial institutions. It is imperative for the government to bail out those individuals and give them a second chance.

#### RECIPIENTS OF SUPPORT

Debtors involved in joint sureties for bankrupt SMEs from 1997 to 2001 are the subject of the government's debt write-off program.

- ① 1,104 debtors whose delinquent credit record has not been removed;
  - 528 debtors whose delinquent credit record remains on the court's list of defaulter.
  - 576 debtors who are registered as a person responsible for bankruptcy on dishonored bill.
- ② 113,830 debtors who have not yet repaid debts<sup>1</sup> from joint sureties.

#### SUPPORTIVE MEASURES

- ① All delinquent credit records registered on the Korean Federation of Banks (KFB) will be deleted.
- ② Outstanding debts from joint sureties will be rescheduled.
  - Subject to debtors with combined debt of less than KRW 1bn.
  - 40~70% of the principal<sup>2</sup> will be written-off.
  - Repayment period of 10 years in maximum.
- ③ Korea Asset Management Corporation (KAMCO) will purchase debts from financial institutions for debt restructuring.

#### FUTURE PLAN

Candidates may apply for the program through KAMCO main office and branches from July 1 to December 31, 2013.

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For any inquiry, please contact Foreign Press & Relations Team at aykim@korea.kr

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<sup>1</sup> Total debt amount: KRW 13.2trillionn

<sup>2</sup> Principal = (total amount of debt) / (number of debtors from joint sureties)