

FSC STATEMENT ON MEASURES FOR FINANCIAL MARKET STABILITY IN RESPONSE TO 'BREXIT'

FSC Chairman Yim Jong-yong convened an emergency meeting immediately after the U.K.'s decision to leave the EU in order to review its impact on the Korean economy and measures to stabilize financial markets.

As it seems inevitable that the 'Brexit' decision would have short-term impact on financial market, financial authorities will respond in a swift and decisive manner to developments in financial markets. The government will monitor international and domestic financial market conditions around the clock while strengthening communication with global IBs and foreign media.

The FSC/FSS will immediately form and operate a contingency response team led by the FSC Secretary General to strengthen monitoring and respond preemptively to possible volatility in financial markets. The government will also review its contingency plan to ensure that the detailed action plans are executed without any delay in case of abrupt financial market turmoil.

In particular, the government will closely monitor domestic banks' foreign currency liquidity conditions and make sure that they are well prepared to respond to market developments.

The government views that the Korean economy is resilient enough to withstand possible impact of the Brexit decision on global financial market, given its strong economic fundamentals and financial soundness.

- * **short-term external debt / total external debt:**
43.1% (2009), 34.9% (2011), 26.4% (2013), 27.4%(2015)
- * **short-term external debt / total foreign reserve:**
52.0% (2009), 45.6% (2011), 32.3% (2013), 29.1% (2015)
- * **current account surplus/ GDP:**
3.7% (2009), 1.6% (2011), 6.2% (2013), 7.7% (2015)

We ask investors not to overreact to temporary increase in financial market volatility and remain calm to future market developments from a mid-to long-term perspective with confidence in the Korean economy's fundamentals.

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