

## CORPORATE RESTRUCTURING FUND WORTH KRW1 TRILLION TO BE CREATED THIS YEAR

The FSC announced its plan to set up a third round of corporate restructuring fund in the amount of about KRW1 trillion by the end of this year to continue to promote market-oriented corporate restructuring and be prepared for growing demand amid the pandemic.

Backed by fiscal expenditure of KRW67.5 billion, state-backed financial institutions will lead the creation of a master fund in the amount of KRW451 billion. Matching investments of KRW550 billion or more from the private sector will then help set up a fund worth KRW1 trillion in total.

The first two rounds of corporate restructuring funds were created in the amount of about KRW3.2 trillion and so far invested about KRW1.76 trillion on thirty-eight business entities in support of their business normalization efforts.

- a) 1<sup>st</sup> round of corporate restructuring fund initially set up in August 2018 made investments in the amount of KRW1.0485 trillion on twenty-nine businesses, focusing on SMEs and middle market enterprises in shipbuilding, construction and heavy equipment and steel sectors to help improve the competitiveness of key industries.
- b) 2<sup>nd</sup> round of corporate restructuring fund initially set up in May 2020 made investments in the amount of KRW708.9 billion on nine businesses of different sizes and diversified investment methods by introducing private debt funds.

Corporate restructuring funds have thus far contributed in (a) expanding the scope of participants traditionally reserved only for creditor institutions to include asset management companies, (b) encouraging private sector investments of some KRW2 trillion in the restructuring market and (c) diversifying investment methods through the introduction of private debt funds. Corporate restructuring funds will continue to set track records of promoting market-based restructuring efforts. Based on the market condition and investment performance, the authorities plan to expand the total size of operations up to KRW5 trillion.

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