

APPLICATION OF TEMPORARILY EASED FINANCIAL REGULATIONS TO BE AVAILABLE UNTIL JUNE 2023

The FSC held a meeting with the FSS and financial industry associations on March 27 to check financial market conditions and the liquidity and soundness conditions of financial institutions and discussed extending the availability of temporarily eased financial regulations put in place since October last year.

TEMPORARY MARKET STABILIZATION MEASURES & EXPIRATION SCHEDULE (OCT. 2022~)

- a) Banks: Postponement of normalization of liquidity coverage ratio (LCR) (92.5%, until end-June 2023), temporary easing of loan-to-deposit ratio (105%, until end-April 2023)
- b) Insurance companies: Temporary easing of cap on borrowing from retirement pension special accounts (until end-March 2023)
- c) Savings banks: Temporary easing of loan-to-deposit ratio (110%, until end-April 2023)
- d) Specialized credit finance businesses: Temporary easing of KRW-based currency liquidity ratio by 10%p (until end-March 2023), temporary easing of the creditable assets to real estate project finance exposure ratio by 10%p (until end-March 2023)
- e) Financial investment businesses: Postponement on downsizing (from 12% to 8%) the cap on the amount of bonds (issued by specialized credit finance businesses) that can be included when hedging risks associated with equity-linked securities (ELS) under management (until end-March 2023), easing of net capital ratio risk weight when purchasing project finance asset-backed commercial papers (PF-ABCPs) guaranteed by own company (until end-June 2023)
- f) Financial holding companies: Easing of cap on credit extension between their own subsidiaries (until end-June 2023)

EXTENDED AVAILABILITY OF EASED REGULATIONS

With regard to the temporary easing of financial regulations applied since October last year on banks, insurance companies, savings banks, specialized credit finance businesses and financial investment firms, considering that there are lingering uncertainties in financial markets at home and abroad, authorities decided to extend the availability of deregulatory measures for those expiring at the end of March or April until the end of June 2023.

Initially set to expire at the end of March or April	Initially set to expire at the end of June
Extended until the end of June	
(For banks) Loan-to-deposit ratio (For savings banks) Loan-to-deposit ratio (For insurance firms) Cap on borrowing from retirement pension special accounts (For specialized credit finance businesses) Currency liquidity in KRW, cap on handling real estate project finance (For financial investment businesses) Postponement on downsizing the cap on the amount of bonds (issued by specialized credit finance businesses) that can be incorporated	(For banks) Liquidity coverage ratio (LCR) regulation (For financial investment businesses) Net capital ratio risk weight for asset-backed commercial papers guaranteed by own company (For financial holding companies) Cap on credit extension between their own subsidiaries

FURTHER PLAN

Based on an assessment of financial market situations in June, authorities will decide whether to extend the availability of temporarily eased financial regulations beyond the end of June.

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