

FINANCIAL ASSISTANCE TO BE PROVIDED FOR HANJIN SHIPPING'S SUBCONTRACTORS

The Financial Services Commission (FSC) and Financial Supervisory Service (FSS) came up with measures to support Hanjin Shipping's local contractors in a bid to minimize spill-over effects of Hanjin's filing into small local contractors.

Current Situation of Hanjin Shippings's contractors

Total 457 subcontractors have receivables from Hanjin Shipping, which account to approximately KRW 64 billion as of end-June 2016.

(as of end-June, 2016)

	Total	Large company	SME	SMEs with receivables of...		
				more than KRW 500 mil	KRW 100 to 500 mil	less than KRW 100 mil
Number of subcontractors	457	55	402	6	27	369
Volume of receivables (unit: 100 mil)	637	359	278	169	55	54

Supportive Measures

1. Government will provide financial assistance for subcontractors

The government will swiftly provide emergency financial assistance for subcontractors and small-to-mid sized shippers.

The Korea Development Bank (KDB), Industrial Bank of Korea (IBK), Korea Credit Guarantee Fund (KODIT), and Korea Technology Finance Corporation (KOTEC) will extend maturity for principal repayment of outstanding loans and guarantees by one year. The FSS will encourage commercial banks to grant grace period and extend maturity as well.

The KODIT and KOTEC will provide special guarantees for subcontractors and small-to-mid sized shippers suffering from cargo delay. Up to 90% guarantee will be provided for debts of such companies and guarantee fee will be reduced by 0.2%. The guarantee will be provided by using the KRW 800 billion restructuring fund allocated in the supplementary budget.

The KDB and IBK will offer emergency financial assistance to the subcontractors with temporary liquidity shortage. The KDB will grant loans worth KRW 5 billion to small-sized firms and KRW 7 billion to medium-sized ones. The IBK will provide KRW 300 million to SMEs at a rate discounted by 0.5%p.

The KODIT and KOTEC will provide special guarantee with higher guarantee ratio (90%) and lower fee (↓ 0.2%) for SMEs whose corporate restructuring plan has been approved by the government under the Special Act on the Corporate Revitalization. The KDB will provide special loans worth total KRW 2 trillion to SMEs willing to restructure their business through M&As.

2. FSC, FSS and policy banks will closely monitor subcontractors' conditions

The FSC and FSS will form a task force to monitor subcontractors' conditions on a daily basis. The FSS will conduct a thorough inspection to check whether there are additional subcontractors and shippers that have receivables from Hanjin Shipping.

Special teams will be established within the headquarters of the four financial corporations¹ and regional offices in the hardest hit cities² to more closely examine local contractors' financial conditions.

Future Plan

Financial assistances will be provided in the nearest possible future. Loan maturity will be extended and grace period will be granted immediately. Special guarantee will be provided starting from this week. Special loans for corporate restructuring will be provided immediately after the Choseok holiday.

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

¹ KDB, IBK, KODIT, KOTEC

² Busan, Ulsan, Changwon, Geoje, Mokpo