

FSC TO ENSURE CONTINUING FINANCIAL SUPPORT FOR SMALL MERCHANTS AND SMEs

Vice Chairman Doh Kyu-sang held the 32nd financial risk assessment meeting via teleconference on January 12 to review the progress of the COVID-19 financial support programs for small merchants and SMEs.

The following is a summary of Vice Chairman Doh's remarks.

(PROVISION OF COVID-19 FINANCIAL SUPPORT) Since February last year, a total of KRW67.5 trillion in financial assistance has been provided to small merchants, SMEs and middle market enterprises. KRW18.3 trillion in lending support has been provided to some 790,000 small business owners. State-backed financial institutions offered preferential lending support to some 43,000 SMEs and middle market enterprises. In this regard, the government's prompt response to the pandemic helped to lay foundations for an economic recovery this year.

(IMPORTANCE OF PREVENTIVE MEASURES) Strict adherence to social distancing and other virus preventive measures needs to take place for a successful economic rebound. Financial institutions should strictly adhere to the social distancing measures. The authorities have been regularly conducting site inspections in this regard. Financial institutions should also ensure that their contingency plans are in place for an effective response to emergency situations.

(COVID-19 FINANCIAL RESPONSE PLAN) The government will continue to ensure that financial assistance is available for small merchants and SMEs. In response to the third wave COVID-19 spread, the government unveiled additional assistance measures to ensure the availability of support for small merchants hit by recent social gathering restrictions.¹ Local banks also announced their plans to lower interest rates by about one percentage point. As such, the government will work to ensure that the newly available small merchant support program is ready for operation starting from January 18.

(UNSECURED LOANS) Credit-based loans issued by five major banks at the beginning of this year rose KRW217.9 billion. Compared to the early-month trends from last year's peak, it appears to stay at a stable level. However, there are concerns about excessive leverage moving into real estate investment. As such, the authorities will closely monitor concentration of capital toward certain assets while urging prudent management from lending institutions.

¹ Please click [here](#) to see press release dated December 29, 2020.

COVID-19 FINANCIAL SUPPORT PROGRAMS²

(In trillion won)

▶ EMERGENCY LOANS FOR SMALL MERCHANTS	TARGET	PROVIDED
- 1 st round of financial support (Feb 7~)	16.4	14.8
- 2 nd round of financial support (May 25~)	10.0	3.5

(In trillion won)

▶ FINANCIAL SUPPORT FOR SMEs & MIDDLE MARKET ENTERPRISES	TARGET	PROVIDED
- Loans (Mar 16~)	21.2	26.4
- Guarantees (Apr 1~)	7.9	6.9

(In trillion won)

▶ LIQUIDITY SUPPORT FOR CORPORATE BOND & SHORT-TERM MONEY MARKETS	TARGET	PROVIDED
- Liquidity support for securities firms (Mar 24~)	5.0	10.5
- Corporate bond and CP underwriting and refinancing programs (Mar 30~)	6.1	2.2
- Low-rated corporate bond & CP purchase program (Jul 24~)	20.0	2.5
- P-CBO issuance (Apr 1~)	11.7	3.6

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For press inquiry, please contact Foreign Media Relations Team at fsc_media@korea.kr.

² From February 7, 2020 to January 8, 2021