

FSC TO BOLSTER FINANCIAL SUPPORT PROGRAMS TO ACTIVELY ASSIST REVITALIZATION OF ECONOMY

The 11th emergency meeting to stabilize people's livelihoods was held on October 27 chaired by President Yoon Suk Yeol. At this meeting, relevant ministers and vice ministers discussed the government's programs to revitalize the economy. The FSC announced plans to bolster various financial support measures. The plans aim to (a) ease regulations in housing finance to sustain the soundness of the construction sector, (b) provide liquidity to stabilize operating conditions of SMEs and (c) relieve interest rate burden for households.

KEY DETAILS OF FINANCIAL SUPPORT MEASURES ANNOUNCED

- a) **(EASING REGULATIONS IN HOUSING FINANCE)** Authorities will ease excessive LTV (loan-to-value) regulations by raising LTV ratio ceiling in regulated areas for no-home or one-home owners from 20-50 percent to 50 percent and allowing no-home or one-home owners to be eligible for home mortgage loans on apartments worth more than KRW1.5 billion.
- b) **(SUPPORTING LIQUIDITY PROVISION FOR SMEs)** Authorities will prepare KRW50 trillion worth of financial support package to alleviate interest rate burden on SMEs and startups and to provide sufficient financing for their future growth.
- c) **(REDUCING INTEREST BURDEN FOR HOUSEHOLDS)** Authorities will relax the eligibility requirement for Relief Conversion Loan and encourage banks to voluntarily expand the scope of debtors eligible for their own debt adjustment programs. One-home owners whose house price is KRW600 million or less and annual income is KRW100 million or less can apply for Relief Conversion Loan from November 7. Maximum loan amount available will be increased from KRW250 million to KRW360 million. For banks' debt adjustment programs, banks have offered these programs only to mortgage holders who lost jobs, closed businesses or got sick. Now, banks will additionally make mortgage holders undergoing difficulties in making payments—which became burdensome amid interest rate hikes—eligible for these programs.

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