
PRESS RELEASE

May 13, 2020

BOK to Provide Additional Financial Support of 5 Trillion Won to SMEs Affected by COVID-19 (total of 10 trillion won including first-round support)

The Monetary Policy Board of the Bank of Korea will decide to increase the ceiling on the Bank Intermediated Lending Support Facility by 5 trillion won (30 trillion won → 35 trillion won) at the meeting on May 14 to provide continued support to companies, considering the persistent difficulties facing small and medium-sized enterprises (SMEs, including individual business owners) due to COVID-19.

Following the initial increase of 5 trillion won on February 27 and the current increase of an additional 5 trillion won, the facility to support companies affected by COVID-19 will be operated at a ceiling of 10 trillion won in total.

This measure is expected to enhance financial accessibility and to improve financial conditions of SMEs (including individual business owners) struggling due to COVID-19.

Meanwhile, the previous increase in the ceiling of the Bank Intermediated Lending Support Facility (25 trillion won → 30 trillion won, February 27) and interest rate cut (0.75% → 0.25%, March 17) have contributed to expanding the availability of funds and alleviating the interest burden for companies affected by COVID-19.

Bank loans to affected companies targeted for support have increased sharply (approximately 6 trillion won from March to April) and the interest rates on the loans have also dropped significantly.

Attachment: Additional Measure to Extend Support to SMEs Affected by COVID-19
Through the Bank Intermediated Lending Support Facility

This press release is the English version of a Bank of Korea policy statement. In the case of any discrepancy, the original Korean version takes precedence.

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Additional Measure to Extend Support to SMEs Affected by COVID-19 Through the Bank Intermediated Lending Support Facility

1. Scale of Support: 5 trillion won (total of 10 trillion won including 5 trillion won in first-round support)

- 1 trillion won to SMEs in Seoul, 4 trillion won to regional SMEs
- Loans will be limited to 500 million won per business

2. Target for Support: Loans for working capital with 1-year maturities for SMEs (including individual business owners) suffering due to the spread of COVID-19

- All SMEs (including individual business owners) operating in the service industry
- For the manufacturing industry, the specific targets for support shall be selected by the heads of the Bank of Korea's regional branches in consideration of the damage to the small and medium-sized manufacturing businesses in the region
- Support for industries other than the service and manufacturing industries shall be decided by the head of each regional branch in consideration of the extent of the damage in the region

3. Terms of Support: From the effective date to the end of September 2020, the Bank of Korea will provide basic support amounting to 50% of the loans issued by banks, but for loans to individual business owners and low-credit corporations, preferential support will be given at a higher level (75 - 100%)

4. Interest Rate: 0.25% per annum

5. Effective Date: May 18, 2020 (based on the date of loan issuance by banks)