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FSS Governor Kim Jong Chang's December 23 Press Briefing on Corporate Restructuring

In a follow-up to the December 9 press release that announced the principle of corporate restructuring at the individual company and business group levels, FSS Governor Kim Jong Chang announced in a press briefing today that distressed construction and shipbuilding companies—many hit particularly hard by the ongoing economic slowdown—would be the priority for restructuring. He noted that swift action on these companies was needed to preempt market uncertainty and boost investor confidence.

Under the plan Governor Kim announced today, the creditor banks are to form industry-specific task forces that will be charged with establishing detailed guidelines and criteria to be used by the main creditor banks for the credit risk assessment of distressed companies. Each task force is to be made up of approximately seven members from the main creditor banks' credit examiners and outside experts from accounting firms and credit rating companies.

The main creditor banks are to conduct company-specific credit risk assessment in accordance with the guidelines and criteria set by the task forces and with due consideration given to the financial soundness and business outlook for the distressed debtor companies.

Initially, the main creditor banks are expected to select companies facing severe funding difficulties and deteriorating business prospects for credit risk assessment and decide on the future course of action. Governor Kim stressed that creditor bank-led credit risk assessment aimed at restructuring of distressed companies will continue going forward.

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