Corporate Bond Market Developments

Recent Trends

Emerging East Asia's LCY corporate bond market continued to act as an important driver of overall bond market growth in the region in the first half of 2010.

The emerging East Asian[4] local currency (LCY) corporate bond market grew 24.4% year-on-year (y-o-y) in 2Q10, compared with 16.7% for the government bond market. On a quarter-on-quarter (q-o-q) basis, however, the growth rates for the government and corporate bond sectors were almost identical: 5.1% and 5.0%, respectively. Emerging East Asia's most rapidly growing LCY corporate bond markets in 2Q10 were those of Viet Nam, the People's Republic of China (PRC), the Philippines, and Indonesia **(Table 9)**. These markets recorded y-o-y growth rates of 170.9%, 52.7%, 26.8%, and 16.5%, respectively. The PRC's corporate bond market is the second largest in emerging East Asia, comprising 38.7% of the region's total corporate bonds, and is exceeded only by that of the Republic of Korea (Korea) at 40.5%. The high growth rates of corporate bond markets in Viet Nam, the Philippines, and Indonesia reflected the fact that these markets were growing rapidly in 2Q10 from a relatively small base. The y-o-y growth rates of the more developed and mature corporate bond markets of Singapore, Korea, Thailand, and Malaysia were lower at 15.1%, 12.7%, 9.0%, and 8.6%, respectively. Growth in the corporate bond market of Hong Kong, China was essentially flat in 2Q10 on a y-o-y basis.

Table 9: Corporate Bonds Outstanding

	Amount (USD billion)			**Growth Rate** (y-o-y %)		
	2Q09	**1Q10**	**2Q10**	**2Q09**	**1Q10**	**2Q10**
China, People's Republic of	355	492	546	90.93	67.45	52.71
Hong Kong, China	74	75	73	(0.64)	2.35	(0.88)
Indonesia	8	10	10	(3.21)	25.77	16.46
Korea, Republic of	486	605	571	15.19	15.83	12.73
Malaysia	77	88	91	6.75	8.99	8.62
Philippines	6	8	8	62.39	50.97	26.82
Singapore	59	68	70	5.23	18.95	15.14
Thailand	33	38	38	17.13	19.05	8.96
Viet Nam	1	1	2	10.33	138.50	170.94
Emerging East Asia	1,100	1,384	1,410	28.63	29.66	24.35

y-o-y = year-on-year.
Notes:
1. For Singapore, corporate bonds outstanding quarterly figues are based on *AsianBondsOnline* estimates.
2. Corporate bonds include issues by financial institutions.
3. Bloomberg LP end-of-period LCY—USD rates are used.
4. Total emerging East Asia growth figures are based on end-June 2010 currency exchange rates and do not include currency effects.
5. Emerging East Asia comprises the People's Republic of China; Hong Kong, China; Indonesia; Republic of Korea; Malaysia; Philippines; Singapore; Thailand; and Viet Nam.
Source: People's Republic of China (*ChinaBond*); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Indonesia Stock Exchange and Bank Indonesia); Republic of Korea (Bank of Korea and *KoreaBondWeb*); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury and Bloomberg LP); Singapore (Singapore Government Securities, Monetary Authority of Singapore and Bloomberg LP); Thailand (Bank of Thailand); Viet Nam (Bloomberg LP); and Japan (Japan Securities Dealers Association).

[4]Emerging East Asia comprises China, People's Republic of; Hong Kong, China; Indonesia; Korea, Republic of; Malaysia; Philippines; Singapore; Thailand; and Viet Nam.

Korea's corporate bond market growth rate is explained by the fact that y-o-y growth in Korea's commercial bank sector was negative (–1.4%), while growth rates for bonds outstanding of public sector companies and private sector corporates (excluding bank debentures) were 36.7% and 12.7%, respectively.

In the case of Malaysia, Islamic corporate bonds expanded by 4.6% y-o-y in 2Q10, while conventional corporate bonds grew at a faster rate of 14.6% y-o-y. The most rapidly growing part of the Malaysian corporate bond market was the medium-term note (MTN) sector. In 2Q10, conventional MTNs grew 44.7% y-o-y, while Islamic MTNs grew 13.0%. The growth of both the Islamic and non-Islamic MTN sector in 2Q10 was driven primarily by the large amount of MTN issuance by financial institutions, including Danga Capital (a subsidiary of Khazanah), Cagamas (the national mortgage corporation), and major commercial banks.

The rapid growth of the emerging East Asian corporate bond market in 1Q10 resulted in an increase of its share of the global corporate bond market from 4.4% to 4.9%.

East Asia's corporate bond market increased its share of the global bond market to 4.9% at end-March 2010 from 4.4% at end-December 2009 **(Table 10)**. The 0.5-percentage-point increase in global corporate bond market share compares well

Table 10: Breakdown of Bonds Outstanding in Major Markets

	All		Government		Corporates	
	Mar-10	Mar-10	Mar-10	Dec-09	Mar-10	Dec-09
	LCY Bonds Outstanding (USD billion)	% of World Total	% of World Total	% of World Total	% of World Total	% of World Total
United States	24,978	39.8	29.0	28.0	52.9	52.7
Japan	9,754	15.5	25.5	25.5	3.4	3.3
France	3,094	4.9	4.7	5.0	5.2	5.0
Germany	2,632	4.2	4.3	4.6	4.1	4.3
United Kingdom	1,525	2.4	3.5	3.5	1.2	1.2
Emerging East Asia	**4,633**	**7.4**	**9.4**	**9.2**	**4.9**	**4.4**
of which: PRC	2,648	4.2	6.3	6.2	1.7	1.5
Emerging East Asia excl. PRC	1,985	3.2	3.2	3.0	3.1	2.9
of which: Korea, Rep. of	1,095	1.7	1.4	1.3	2.1	2.0
of which: ASEAN-6	735	1.2	1.5	1.4	0.7	0.7
Indonesia	108	0.2	0.3	0.3	0.0	0.0
Malaysia	199	0.3	0.3	0.3	0.3	0.3
Philippines	66	0.1	0.2	0.2	0.0	0.0
Singapore	159	0.3	0.3	0.3	0.2	0.2
Thailand	191	0.3	0.4	0.4	0.1	0.1
Viet Nam	12	0.0	0.0	0.0	0.0	0.0
Memo Items:						
Brazil	1,218	1.9	2.3	2.4	1.5	1.5
PRC (excl. policy bank bonds)	1,971	3.1	4.3	4.3	1.7	1.5
India	652	1.0	1.6	1.6	0.3	0.2
Russia	51	0.1	0.1	0.1	—	—

— = data not available, ASEAN = Association of Southeast Asian Nations, LCY = local currency, PRC = People's Republic of China.
Note:
Emerging East Asia comprises the People's Republic of China; Hong Kong, China; Indonesia: Republic of Korea; Malaysia; Philippines; Singapore; Thailand; and Viet Nam.
Source: Bank for International Settlements and *AsianBondsOnline*.

with the larger emerging East Asian government bond market, which increased its share of the global government bond market to 9.4% in 1Q10 from 9.2% in 4Q09. These trends resulted in the emerging East Asian bond market as a whole increasing its share of the global bond market to 7.4% at the end of 1Q10 from 7.0% at the end of 4Q09.

Structure of the Emerging East Asian Corporate Bond Market

The emerging East Asian bond market is still a relatively small component of the region's domestic financing structure.

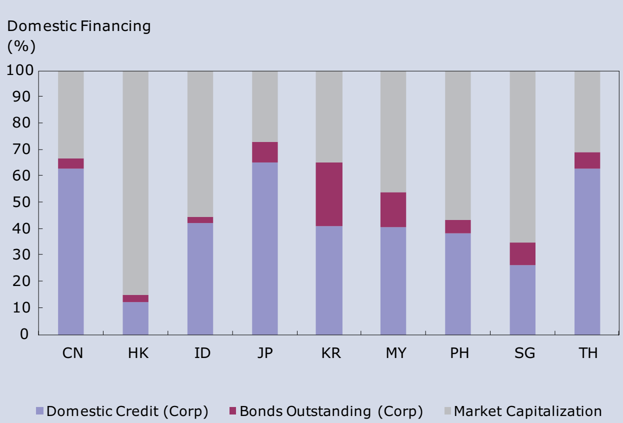
The composition of domestic finance in emerging East Asia can be seen in **Figure 11**, which compares the levels of bank lending, corporate bonds outstanding, and market capitalization of individual equity markets to demonstrate that corporate bonds outstanding comprise the smallest element of domestic financing in almost every market. **Figure 12** provides a ratio of equity market capitalization to corporate bonds outstanding in each market. These ratios fell during the 2008/09 economic and financial crisis, but have generally been recovering since then. These ratios remain very high, even after the decline of equity market capitalization in 2008/09. The only instances where equity market capitalization and corporate bonds outstanding are in relative balance are Korea and—to a lesser degree—Malaysia.

SOEs and financial institutions remain the dominant players in many of the region's LCY corporate bond markets, particularly in Korea and the PRC.

Korea: Korea's LCY bond market comprised 1.7% of the total global bond market at the end of 1Q10, up from 1.5% at the end of 2009. Korea's government bond market accounted for 1.4% of the global government bond market, while its corporate bond market accounted for 2.1% of the global corporate bond market. Official corporate bond market data breaks down the Korean market into three major categories as shown in **Table 11:**

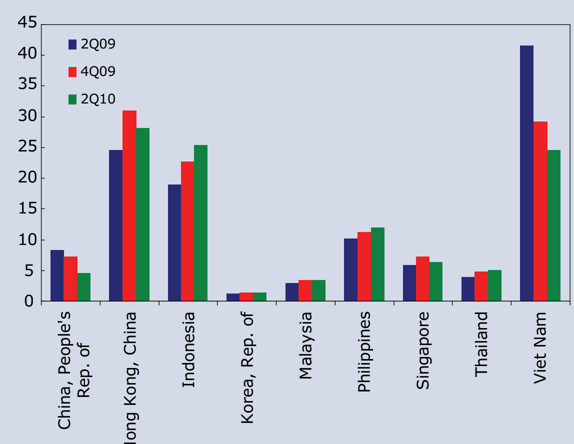
(i) state-owned enterprises (SOEs)—primarily engaged in energy, infrastructure, and transport—and various special purpose financial entities that support housing, infrastructure, and other public sector

Figure 11: Composition of Domestic Investment



Source: International Financial Statistics, World Federation of Exchanges, Bank Negara Malaysia, and *AsianBondsOnline* calculations.

Figure 12: Ratio of Equity Market Capitalization to Corporate Bonds Outstanding



Source: Bloomberg LP and *AsianBondsOnline* calculations.

activities;

(ii) commercia bank subsidiaries of Korea's financial holding companies (bank debentures); and

(iii) private sector companies, including some holding companies of the major financial groups and major securities companies, which are the largest entities in the private sector category of the official corporate bond data.[5]

PRC: Table 12 presents data on bonds outstanding for the largest corporate issuers in the PRC, which are still considered to be part of the state-owned sector of the economy. The table allocates corporate bonds outstanding into one of three categories: (i) SOE bonds, (ii) MTNs, and (iii) commercial bank bonds. Commercial bank bond issuance in the PRC, which does not include bonds of the China Development Bank (CDB), mostly consists of subordinated debt bonds, which can be counted as Tier II capital under the rules of the Bank for International Settlements (BIS). Until very recently, banks in the PRC had been reluctant to issue new equity and instead relied mainly on the issuance of subordinated debt bonds to build-up their capital as they have increased the pace of loan growth over the last several years.

Subordinated debt bonds are typically issued with tenors of at least 10 years, and sometimes up

Table 11: Structure of the Korean LCY Corporate Bond Market (KRW billion)

Total Corporate Bonds	**697,705**
Special Public Corporations	**235,082**
of which:	
Korea Land & Housing Corporation	51,385
Korea Housing Finance Corporation (KHFC)	31,001
Korea Deposit Insurance Corporation (KDIC)	27,381
Korea Finance Corporation	20,780
Korea Electric Power Corporation (KEPCO)	20,150
Financial Debentures	**210,476**
of which:	
Industrial Bank of Korea (IBK)	38,056
Kookmin Bank	35,484
Woori Bank	22,322
Shinhan Bank	19,817
Nonghyup	15,924
Private Corporations	**252,147**
of which:	
Daewoo Securities	20,869
Woori Investment & Securities	16,148
Korea Investment & Securities	10,102
Hyundai Securities	8,812
Mirae Asset Securities	6,719

LCY = local currency.
Source: *AsianBondsOnline* and *KoreaBondWeb.*

Table 12: PRC's Top Corporate Bond Issuers
(CNY Billion)

	Total	SOE Bonds	MTNs	Bank Bonds
Ministry of Railways	343.4	293.4	50.0	—
State Grid Corp.	209.5	119.5	90.0	—
Bank of China	124.9	—	—	124.9
China Construction Bank	120.0	—	—	120.0
Industrial Bank	85.0	—	—	85.0
China Natl Petroleum Corp.	80.0	—	80.0	—
ICBC	75.0	—	—	75.0
China Petrol & Chemical Corp.	58.5	28.5	30.0	—
Petrochina	56.0	—	56.0	—
Agricultural Bank of China	50.0	—	—	50.0
China Telecom	50.0	—	50.0	—
China Mobile	10.0	10	—	—
Total-Top Issuers	**1,262.3**	**451.4**	**356.0**	**454.9**
Total SOE, MTN, & Bank Bonds Outstanding	**2,540.8**	**781.059**	**1151.2**	**608.52**
Total-Top Issuers/Total Corporate Bonds Outstanding	**49.7%**	**57.8%**	**30.9%**	**74.8%**
Memo Items:				
Local Corporate Bonds	461.66			
Commercial Papers	615.39			
Other	60.86			
Asset/Mortgage-backed Securities	26.46			
Subtotal	1,164.4			
Grand Total	**3,705.1**			

— = not applicable, MTN = Medium Term Notes, SOE = State-Owned Corporate Bonds, PRC = People's Republic of China.
Source: *ChinaBond.*

[5] The household-name industrial corporates of Korea are relatively modest issuers of bonds, instead relying on the equity market and banks as their more important sources of finance.

to 15 years. Under BIS guidelines, subordinated debt bonds must amortize for the last 5 years of their life to be counted as Tier II capital. Most of the subordinated debt bonds issued by PRC banks are ordinary subordinated debt. According to the capital adequacy guidelines of the BIS, such bonds can only be issued in an amount equal to 50% of total equity, and for this reason are known as Lower Tier II subdebt. If a bank wishes to issue additional amounts of subdebt, such instruments must be able to temporarily miss coupon payments under certain defined conditions without constituting an event of default. Thus, they are known as cumulative hybrid securities, or Upper Tier II securities. At the present time, the overall stock of the PRC's subordinated bonds only contains 11 of these cumulative hybrid securities. These have not been issued by the "big four" commercial banks—Industrial and Commercial Bank of China, Bank of China, Agricultural Bank of China, and China Construction Bank—but rather by somewhat smaller mid-level institutions—Industrial Bank, Minsheng Bank, Huaxia Bank, and Shenzhen Development Bank.

These cumulative hybrid securities have maturities of 15 years and amortize over the last 5 years of their life, as explained above. In addition, they are rated one notch below the issuer rating of the issuing institution. All of the cumulative hybrid securities are rated AA, except for the security issued by Shenzhen Development Bank, which is rated AA-.

The companies and financial institutions listed in Table 12 are considered a core component of the PRC's public sector and, thus, they present a minimum bound estimate of the magnitude of bonds outstanding issued by SOEs. However, the bonds issued by banks are subordinated debt bonds, and are less traded. Thus, the seven non-financial companies comprise the more liquid part of the corporate bond sector. These seven non-financial companies are all rated AAA, and in the PRC bond market are known as the Super AAAs. Given the decline of yields and bid–ask spreads on PRC treasury bonds this year, the Super AAAs have become more attractive to investors due to their AAA credit rating, as well as their increasing yields and bid-ask spreads compared with government bonds. Table 12 also provides total data on commercial paper and other types of corporate bonds outstanding. Commercial paper represents a large market in the PRC, but it is issued in relatively small sizes compared with MTNs, SOE bonds, and commercial bank bonds.

Other coporate bond markets: Private companies account for a larger share of the corporate bond market elsewhere in emerging East Asia. (Individual companies are discussed in more detail in the Market Summaries presented at the end of this report.) However, in almost every emerging East Asian market, an SOE tends to be the largest or second-largest commercial bond issuer. The type of SOE activities range from public housing in Hong Kong, China (HK Mortgage Co. and Kowloon–Canton Railway) and Singapore (Housing and Development Board), to oil refining and petrochemicals (PTT) in Thailand, and electric power in Indonesia (PLN) and the Philippines (PSALM).

One of the more interesting and developed LCY bond market structures in the region is that of Malaysia **(Table 13)**. The Malaysian corporate bond market is divided into two sectors: conventional and Islamic. Both of these sectors issues asset-backed securities, regular bonds, and MTNs. While public sector companies such as Kazanah, Cagamas, and Tenaga Nasional are important issuers in the Malaysian bond market, they are not dominant. Furthermore, the bonds currently being issued by Kazanah and Cagamas—MTNs and Islamic bonds—are commercial in character. Both of these institutions issued conventional bonds for the purpose of establishing a sovereign benchmark when they were first created over a decade ago. Most of these bonds have either matured or are about to do so and have since been replaced by Malaysia Government Securities and Government Islamic Issues as the new sovereign benchmarks. As mentioned earlier, the Malaysian Islamic bond sector grew at an overall rate of 4.6% in 2Q10, while the total corporate bond sector's growth rate was 8.6%.

Table 13: Malaysia's Top 20 Corporate Issuers (MYR billion)

Issuer	Industry	Conventional Bonds	Islamic Bonds	Conventional MTN	Islamic MTN	Total
Cagamas	Finance	—	—	9.30	8.85	18.15
Khazanah	Quasi-Govt. and Other	—	13.20	—	—	13.20
Binariang GSM	Transport, Storage & Comm.	—	3.17	—	8.28	11.45
Project Lebuhraya	Transport, Storage & Comm.	—	6.57	—	3.68	10.25
Prasarana	Finance	5.11	2.00	—	2.00	9.11
Maybank	Finance	6.10	2.50	—		8.60
Rantau Abang Capital Bhd	Quasi-Govt. and Other	—	—	—	8.00	8.00
Malakoff Corp	Finance	—	1.70	—	5.60	7.30
KL International Airport	Transport, Storage & Comm.	1.60	4.76	—	—	6.36
AM Bank	Finance	1.60	—	4.33	—	5.93
Value Cap	Finance	5.10	—	—	—	5.10
1 Malaysia Development Bhd.	Finance	—	—	—	5.00	5.00
Jimah Energy Ventures	Utilities	—	—	—	4.77	4.77
Tanjung Bin	Utilities	—	—	—	4.59	4.59
Bank Pembangunan Malaysia	Finance	1.00	—	2.60	0.90	4.50
Putrajaya Holdings	Finance	—	1.70	—	3.65	5.35
YTL Power International	Utilities	2.20	—	1.70	—	3.90
Tenaga Nasional	Utilities	1.50	2.15	—	—	3.65
Danga Capital	Finance	—	—	—	3.60	3.60
RHB Bank	Finance	0.60	—	3.00	—	3.60
Total		**24.81**	**37.75**	**20.93**	**58.91**	**142.40**
Total Outstanding		**63.48**	**70.47**	**45.48**	**89.40**	**294.65**
Top 20 as % of Outstanding		**39.1%**	**53.6%**	**46.0%**	**65.9%**	**48.3%**

— = not applicable, MTN = medium-term notes.
Source: Bank Negara Malaysia Fully Automated System for Issuing/Tendering (FAST).

The most active corporate bond issuers in 2Q10—both publicly-owned companies and private corporations—were found in the financial and infrastructure sectors.

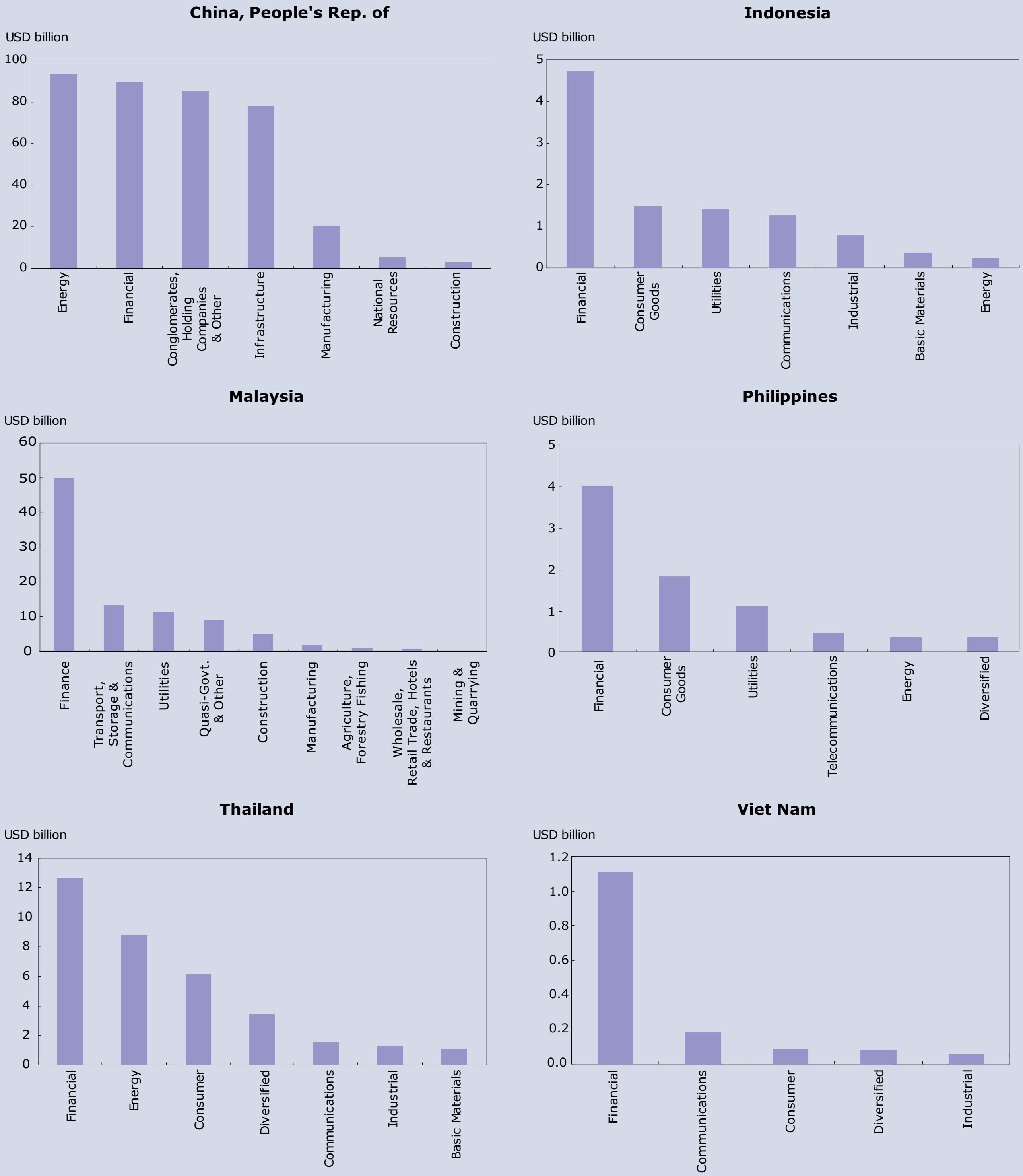
The most common type of activity for which corporate bonds are issued in Indonesia, Malaysia, Philippines, Thailand, and Viet Nam is finance **(Figure 13)**. Financial sector issuers include commercial banks, securities companies, and specialized finance companies. Other sectors with companies active in bond issuance across the region include infrastructure, transport, and energy.

Figure 14a reveals these patterns within the Korean LCY corporate bond market. The largest categories of issuance in the Korean market include bank debentures—bonds issued by commercial banks, many of which are subsidiaries of bank holding companies—and bonds issued by specialized finance companies. A number of these banks and finance companies reside within the public sector. Infrastructure, transport, and energy are the next most active sectors in Korea's corporate bond market.

This trend is broadly repeated in the case of public sector companies issuing special public bonds **(Figure 14b)**. The largest sector is once again finance, with issuance led by special purpose finance companies. The next largest categories of issuers in the Korean public sector are real estate, infrastructure and telecoms, energy, and transport.

Private sector issuance in the Korean LCY market is dominated by private sector securities companies, which account for nearly half of all bonds issued by private sector companies, followed by manufacturing, energy, and transport **(Figure 14c)**. The "other" category for the private sector bond segment is quite large because it encompasses bonds issued by holding companies and diversified conglomerates, and a number of small, highly-specialized private companies.

Figure 13: LCY Corporate Bonds by Sector



LCY = local currency.
Notes:
1. For China, People's Rep. of, data excludes local corporate bonds, asset/mortgage-backed securities, commercial paper, securities company bonds and commercial paper, non-bank financial institution bonds, and SME collective bonds
2. For Thailand, data includes state-owned enterprises.
Source: China, People's Republic of (*ChinaBond*); Indonesia (Indonesia Stock Exchange and Bloomberg LP); Malaysia (Fully Automated System for Issuing/Tendering); Philippines (Bloomberg LP); Thailand (Bloomberg LP); and Viet Nam (Bloomberg LP).

Figure 14a: Total Korean Corporate Bonds by Sector, June 2010

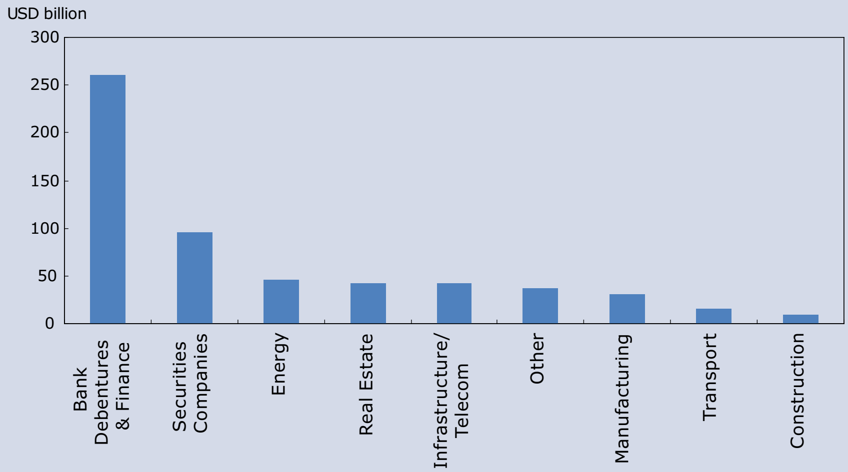


Figure 14b: Special Public Bonds (excluding Bank Debentures)

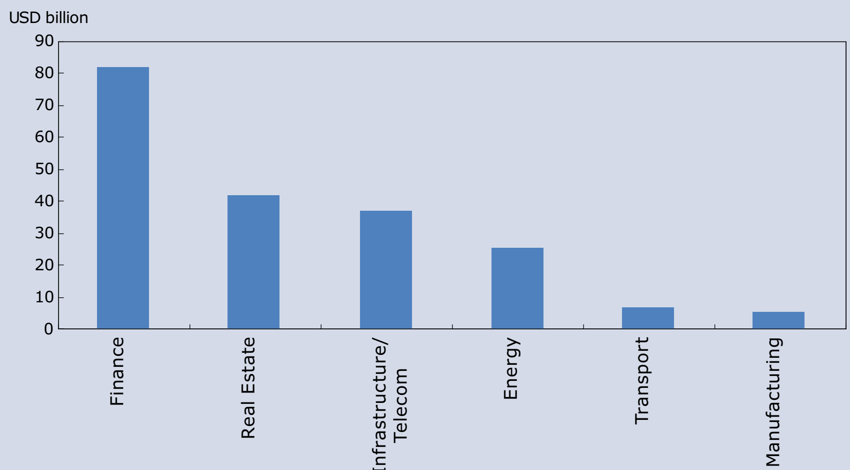
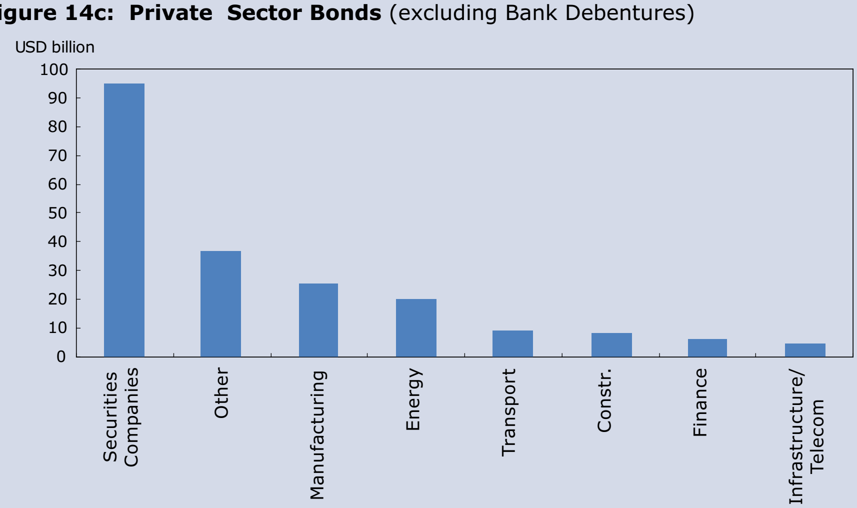


Figure 14c: Private Sector Bonds (excluding Bank Debentures)



Note: Bank debentures are bonds issued by commercial banks. Finance includes bonds issued by bank holding companies and non-bank finance companies, including special purpose publicly owned non-bank financial entities.
Source: *KoreaBondWeb.*

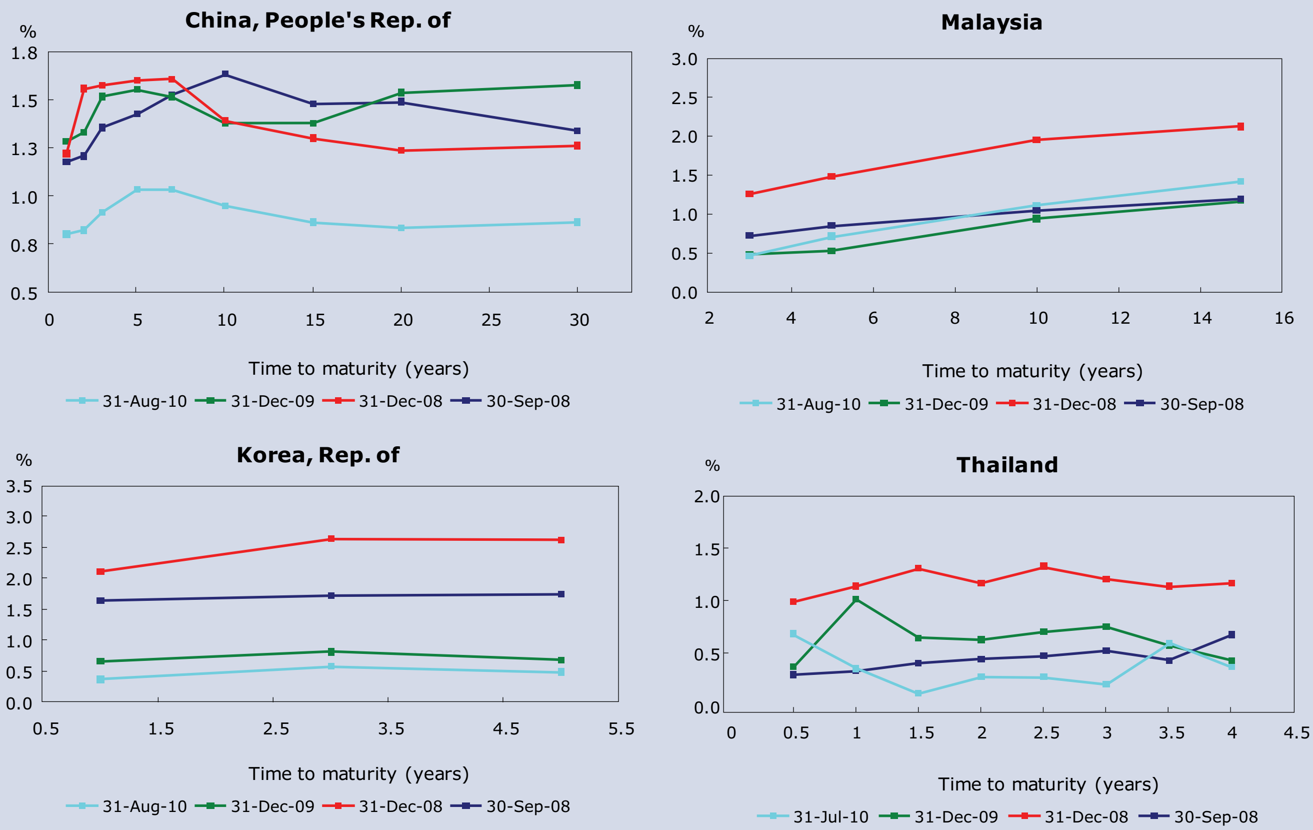
Corporate Bond Credit Spreads

Higher-grade corporate credit spreads have narrowed since end-December 2009, while those for lower-rated corporates have tightened only at the short-end of their respective curves, and, in some cases, have widened.

Credit spreads on higher-grade corporate bonds—rated AAA—tightened between end-December 2009 and end-August 2010 along the entire length of corporate bond credit curves in the PRC and Korea **(Figure 15a)**. The Malaysian curve steepened, with credit spreads widening above end-December 2009 levels for all maturities, except at the very short-end of the curve.

The behavior of the Thai yield curve was more complex. Thai credit spreads tightened along most parts of the curve compared with end-December 2009 levels, but Thai credit spreads narrowed much more for maturities of 1–3 years than for maturities of less than 1 year or more than 3 years. Thai credit spreads at both the short- and long-end of the Thai credit curve, which only extends up to maturities of 4 years, were slightly above their levels of September 2008 in the immediate aftermath of the collapse of Lehman Brothers. Furthermore, credit spreads in the belly of the curve were extremely low, ranging between 0.2% and 0.3%.

Figure 15a: Credit Spreads—LCY Corporates Rated AAA vs. Government Bonds



LCY = local currency.
Note:
1. Credit spreads obtained by subtracting government yields from corporate indicative yields.
Source: People's Republic of China (*ChinaBond*); Republic of Korea (*KoreaBondWeb*); Malaysia (Bank Negara Malaysia); and Thailand (ThaiBMA).

Trends for lower-rated corporate bonds **(Figure 15b)** were unique for each of the four markets in which data were available:

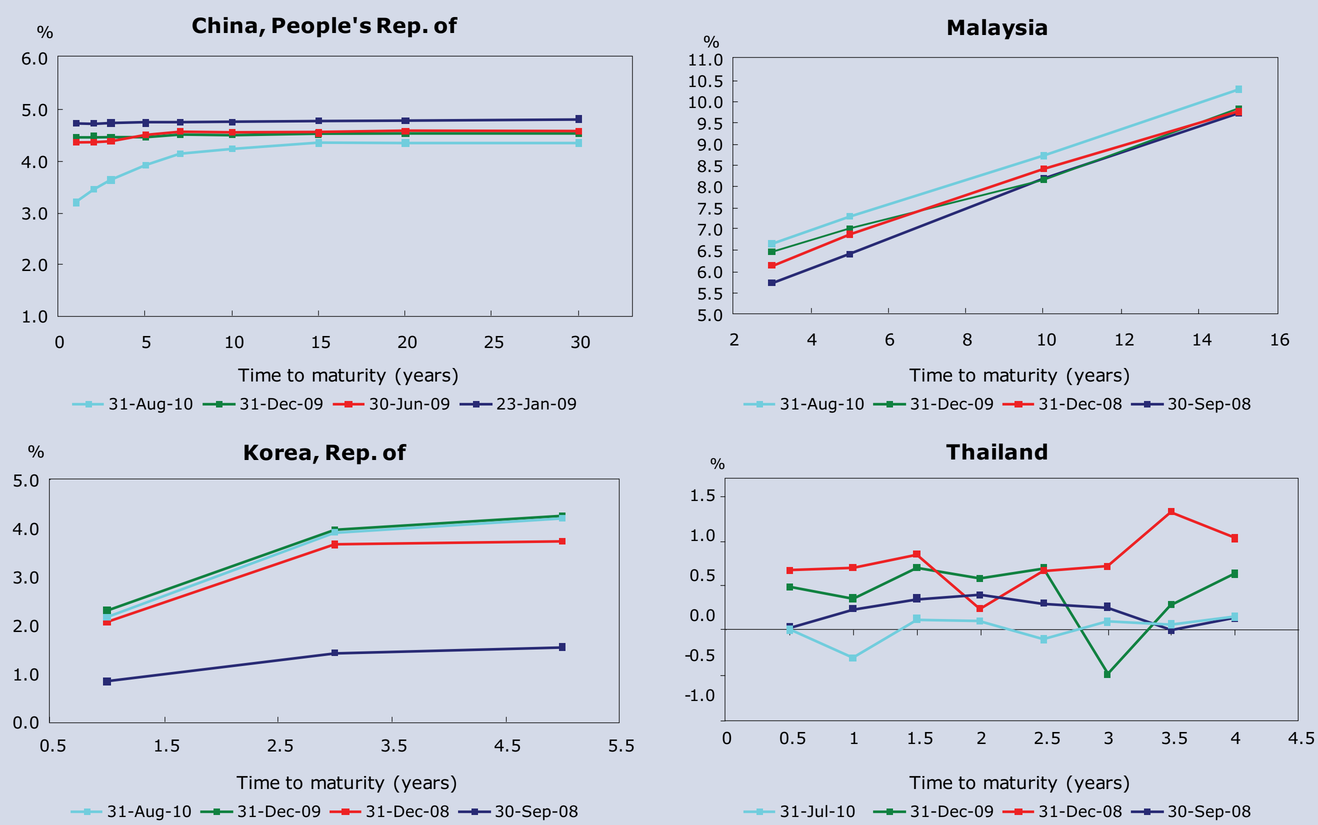
(i) In the PRC, credit spreads with tenors of 15 years or more declined slightly, while credit spreads under 15 years tightened significantly, especially for maturities under 5 years.

(ii) In Korea, credit spreads tightened modestly between end-December 2009 and end-August 2010. But this did not signal a steepening of the curve, rather credit spreads simply tightened below end-December 2009 levels along the entire length of the curve.

(iii) In Malaysia, the credit curve steepened along its entire length relative to its position at end-December 2009.

(iv) The trend for the lower-rated Thai credit curve was similar to that of the higher-rated curve, except that spreads on the lower-rated curve were roughly zero and therefore even lower than the 0.2%–0.3% spreads of the higher-rated curve. The short- and long-end of the lower-rated Thai credit curve also approached levels similar to those of end-September 2008.

Figure 15b: Credit Spreads—Lower-Rated LCY Corporates vs. AAA



LCY = local currency.
Notes:
1. For the People's Republic of China, credit spreads obtained by subtracting corporate indicative yields rated as AAA from corporate indicative yields rated as BBB.
2. For Malaysia, credit spreads obtained by subtracting corporate indictive yields rated as AAA from corporate indicative yields rated as BBB.
3. For the Republic of Korea, credit spreads obtained by subtracting the corporate indicative yields rated as AAA from corporate indicative yields rated as BBB+.
4. For Thailand, credit spreads obtained by subtracting corporate indicative yields rated as AAA from corporate indicative yields rated as A.
Source: People's Republic of China (*ChinaBond*); Republic of Korea (*KoreaBondWeb*); Malaysia (Bank Negara Malaysia); and Thailand (ThaiBMA).

Investor Profiles for Corporate Bonds

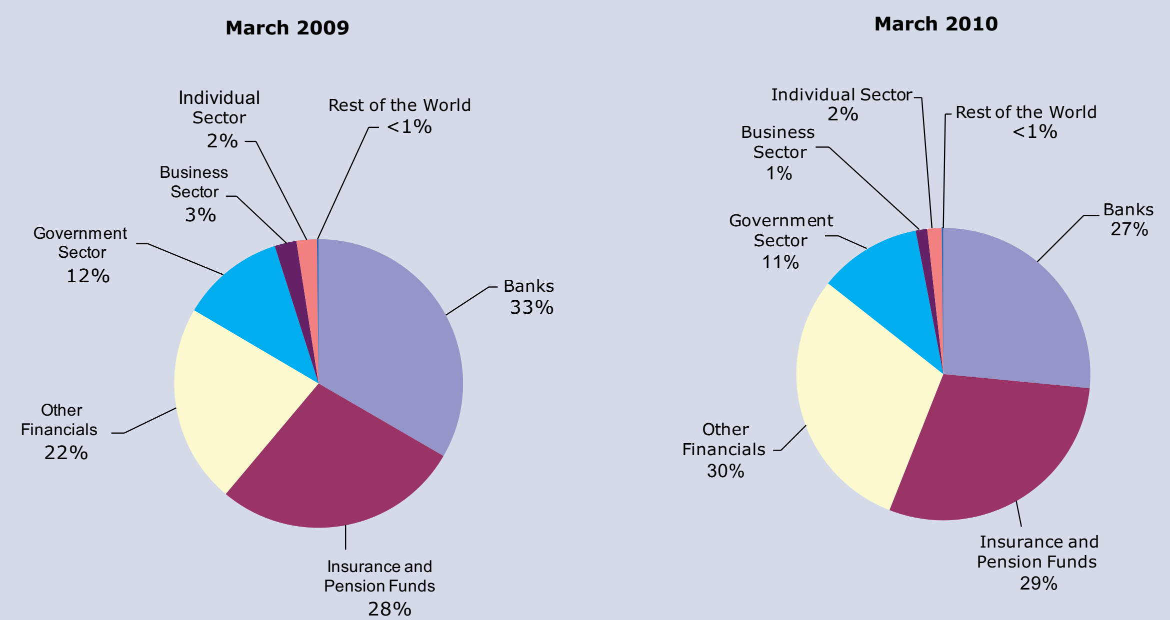
Investor profile data for corporate bond markets in emerging East Asia is limited to Korea, the PRC, and Thailand.

Investor profile data for the Korean LCY corporate bond market shows that that as of end-March the holdings of banks fell slightly to 27% of the total from 34% at end-March 2009, while the holdings of non-financial entities rose slightly **(Figure 16a)**. Holdings of commercial paper in Korea remain overwhelmingly dominated by financial institutions. In both cases, foreign participation was minimal **(Figure 16b)**.

In the PRC, the investor profile of SOE corporate bonds was largely unchanged in June from end-December 2009 **(Figure 17)**. Insurance companies —with 39% of total holdings—remained the single largest investor class in SOE bonds. National commercial banks held 24.1% of SOE bonds, and other types of banks held 16.6%.

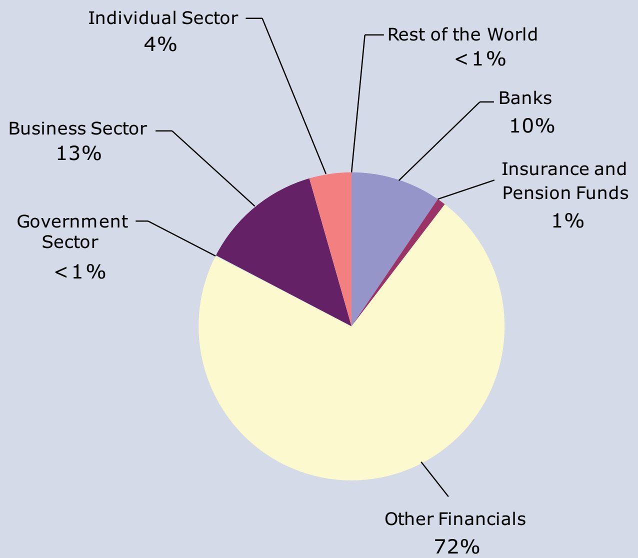
The investor profile for Thai corporate bonds is distinguished by the fact that retail investors are the largest investor class **(Figure 18)**. At end-March 2010, retail investors held about 51% of all corporate bonds, followed by institutional investors with about 37%. Retail investors include individual investors—with a 44.7% share of total corporate bonds—while corporate investors held 6.2%. Institutional investors include contractual savings funds—government pension funds, provident funds, and social security funds—which held 13.5% of the total corporate bonds, followed by insurance companies (8.8%), mutual funds (8.0%), and commercial banks (5.9%).

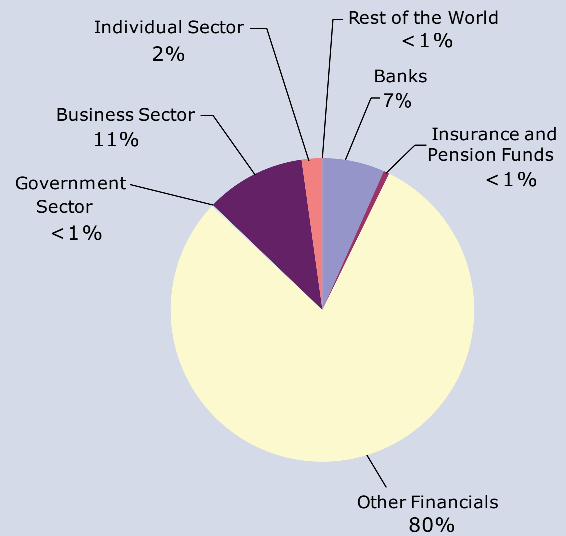
Figure 16a: Korea's Investor Profile for LCY Corporate Bonds



LCY = local currency.
Source: Bank of Korea.

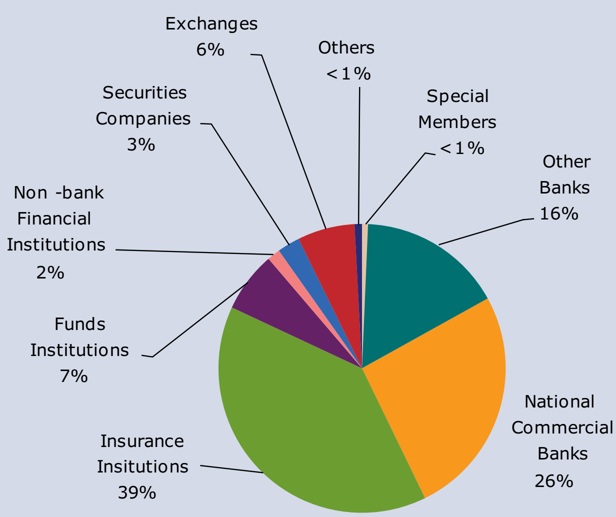
Figure 16b: Korea's Investor Profile for Commercial Paper

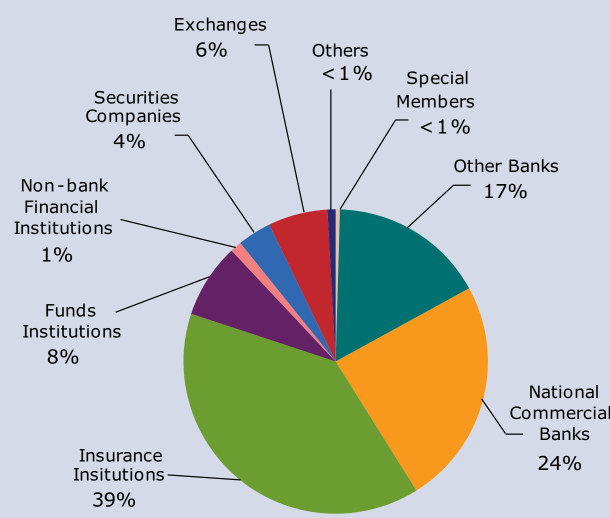




Source: Bank of Korea.

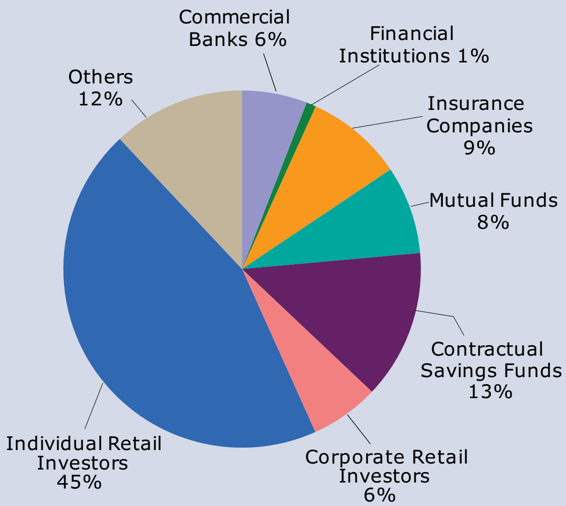
Figure 17: PRC's Investor Profile for Corporate Bonds





Source: *ChinaBond.*

Figure 18: Thailand's Investor Profile for Corporate Bonds, March 2010



Source: Thai Bond Market Association (ThaiBMA).