

Republic of Korea

Total local currency (LCY) bonds outstanding in the Republic of Korea at the end of 1Q13 grew 3.1% quarter-on-quarter (q-o-q) and 10.5% year-on-year (y-o-y) to reach KRW1,614.6 trillion (US\$1.5 trillion). Growth in the LCY corporate bond market outpaced that in the government bond market on both a q-o-q and y-o-y basis.

Table 1: Size and Composition of the LCY Bond Market in the Republic of Korea

	Outstanding Amount (billion)						Growth Rate (%)			
	1Q12		4Q12		1Q13		1Q12		1Q13	
	KRW	US\$	KRW	US\$	KRW	US\$	q-o-q	y-o-y	q-o-q	y-o-y
Total	1,461,197	1,290	1,565,704	1,471	1,614,631	1,453	3.2	10.0	3.1	10.5
Government	601,437	531	609,035	572	622,659	560	2.4	4.6	2.2	3.5
Central Bank Bonds	167,970	148	163,070	153	167,830	151	1.9	(0.3)	2.9	(0.1)
Central Government Bonds	403,751	356	416,113	391	426,699	384	2.8	6.7	2.5	5.7
Industrial Finance Debentures	29,716	26	29,852	28	28,130	25	(0.6)	5.9	(5.8)	(5.3)
Corporate	859,760	759	956,669	899	991,972	893	3.7	14.1	3.7	15.4

() = negative, LCY = local currency, q-o-q = quarter-on-quarter, y-o-y = year-on-year.

Notes:

1. Calculated using data from national sources.
2. Central government bonds include Korea Treasury Bonds, National Housing Bonds, and bonds issued by Seoul Metro (formerly Seoul Metropolitan Subway Corp.).
3. Bloomberg LP end-of-period LCY-US\$ rates are used.
4. Growth rates are calculated from an LCY base and do not include currency effects.

Source: EDAILY *BondWeb* and The Bank of Korea.

Corporate bond issuance fell 0.9% q-o-q and 12.7% y-o-y in 1Q13. The most notable LCY corporate bond issues in 1Q13 came from banks.

Table 2: Notable LCY Corporate Issuance in 1Q13

Corporate Issuers	Coupon Rate (%)	Issued Amount (KRW billion)
Woori Bank		
1-year zero-coupon bond	2.68	450.0
1-year zero-coupon bond	2.74	300.0
1.5-year bond	2.88	310.0
Korea Eximbank		
1-year zero-coupon bond	2.71	300.0
1-year floating-rate note	2.78	300.0
GS Engineering and Construction		
3-year bond	3.54	320.0
Industrial Bank of Korea		
1-year zero-coupon bond	2.71	320.0

LCY = local currency.

Note: For zero-coupon bonds, indicative yields based on issue price are provided.

Source: Bloomberg LP.

Total bonds outstanding among the top 30 corporate issuers reached KRW617.4 trillion at the end of 1Q13, representing 62.2% of total corporate bonds outstanding.

Table 3: Top 30 Issuers of LCY Corporate Bonds in the Republic of Korea

Issuers	Outstanding Amount		State-Owned	Listed on		Type of Industry
	LCY Bonds (KRW billion)	LCY Bonds (US\$ billion)		KOSPI	KOSDAQ	
1. Korea Land & Housing Corp.	58,184.7	52.4	Yes	No	No	Real Estate
2. Korea Housing Finance Corp.	52,923.5	47.6	Yes	No	No	Financial
3. Korea Deposit Insurance Corp.	46,620.0	41.9	Yes	No	No	Insurance
4. Korea Finance Corp.	42,440.0	38.2	Yes	No	No	Financial
5. Industrial Bank of Korea	31,750.7	28.6	Yes	Yes	No	Bank
6. KDB Daewoo Securities	31,041.1	27.9	Yes	Yes	No	Securities
7. Korea Electric Power Corp.	29,140.0	26.2	Yes	Yes	No	Utility
8. Woori Investment and Securities	26,687.9	24.0	Yes	Yes	No	Securities
9. Korea Investment and Securities	25,740.0	23.2	No	No	No	Securities
10. Mirae Asset Securities	22,372.5	20.1	No	Yes	No	Securities
11. Korea Expressway Corp.	19,870.0	17.9	Yes	No	No	Infrastructure
12. Tong Yang Securities	18,758.8	16.9	No	Yes	No	Securities
13. Kookmin Bank	18,363.8	16.5	No	No	No	Bank
14. Shinhan Bank	18,048.2	16.2	No	No	No	Bank
15. Small & Medium Business Corp.	14,865.0	13.4	Yes	No	No	Financial
16. Hyundai Securities	14,615.0	13.2	No	Yes	No	Securities
17. Korea Rail Network Authority	14,590.0	13.1	Yes	No	No	Infrastructure
18. Woori Bank	13,322.5	12.0	Yes	No	No	Bank
19. Korea Gas Corp.	13,105.0	11.8	Yes	Yes	No	Utility
20. Hana Daetoo Securities	13,027.2	11.7	No	No	No	Securities
21. Hana Bank	12,265.0	11.0	No	No	No	Bank
22. Korea Water Resources	9,760.4	8.8	Yes	Yes	No	Utility
23. Samsung Securities	9,694.5	8.7	No	Yes	No	Securities
24. Shinhan Investment Corp.	9,645.8	8.7	No	No	No	Securities
25. Korea Eximbank	9,100.0	8.2	Yes	No	No	Bank
26. Shinhan Card	8,900.3	8.0	No	No	No	Financial
27. Standard Chartered First Bank Korea	8,210.0	7.4	No	No	No	Bank
28. Hyundai Capital Services	8,202.0	7.4	No	No	No	Securities
29. Korea Railroad Corp.	8,080.0	7.3	Yes	No	No	Infrastructure
30. Korea Student Aid Foundation	8,050.0	7.2	Yes	No	No	Financial
Total Top 30 LCY Corporate Issuers	617,373.8	555.5				
Total LCY Corporate Bonds	991,972.0	892.6				
Top 30 as % of Total LCY Corporate Bonds	62.2%	62.2%				

KOSDAQ = Korean Securities Dealers Automated Quotations, KOSPI = Korea Composite Stock Price Index, LCY = local currency.

Notes:

1. Data as of end-March 2013.

2. State-owned firms are defined as those in which the government has more than a 50% ownership stake.

Source: *AsianBondsOnline* calculations based on Bloomberg and EDAILY *BondWeb* data.