

## Republic of Korea

Local currency (LCY) bonds outstanding in the Republic of Korea grew 1.9% quarter-on-quarter (q-o-q) and 8.7% year-on-year (y-o-y) in 1Q14, leveling off at KRW1,756 trillion (US\$1.6 trillion) at end-March. The outstanding size of LCY government bonds expanded 3.1% q-o-q and 8.9% y-o-y, outpacing growth in LCY corporate bonds outstanding of 1.2% q-o-q and 8.6% y-o-y.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	1Q13		4Q13		1Q14		1Q13		1Q14	
	KRW	US\$	KRW	US\$	KRW	US\$	q-o-q	y-o-y	q-o-q	y-o-y
<b>Total</b>	1,614,631	1,453	1,722,720	1,641	1,755,655	1,649	3.1	10.5	1.9	8.7
Government	622,659	560	657,309	626	677,958	637	2.2	3.5	3.1	8.9
Central Bank Bonds	167,830	151	163,670	156	166,780	157	2.9	(0.1)	1.9	(0.6)
Central Government Bonds	426,699	384	455,858	434	472,056	443	2.5	5.7	3.6	10.6
Industrial Finance Debentures	28,130	25	37,781	36	39,122	37	(5.8)	(5.3)	3.5	39.1
Corporate	991,972	893	1,065,411	1,015	1,077,697	1,012	3.7	15.4	1.2	8.6

( ) = 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. Bloomberg LP end-of-period LCY-US\$ rates are used.

3. Growth rates are calculated from LCY base and do not include currency effects.

4. 1Q14 outstanding size of central bank bonds, central government bonds, and industrial financial debentures based on end-February data of The Bank of Korea.

5. Central government bonds include Korea Treasury bonds, National Housing bonds, and Seoul Metro bonds.

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

LCY corporate bond issuance was down 14.4% q-o-q and 8.7% y-o-y in 1Q14. Among the top LCY corporate bond issuers in 1Q14 were banks.

Table 2: Notable LCY Corporate Bond Issuance in 1Q14

Corporate Issuers	Coupon Rate (%)	Issued Amount (KRW billion)
Woori Finance Holdings		
5-year bond	3.42	350
Woori Bank		
1-year zero-coupon bond	0.00	320
Citibank Korea		
3-year bond	3.08	310
E-Mart		
3-year bond	3.26	300
Hyundai Heavy Industries		
5-year bond	3.453	300
Korea Eximbank		
1.5-year zero-coupon bond	0.00	300

LCY = local currency.

Source: Bloomberg LP.

Total LCY bonds outstanding of the top 30 corporate issuers stood at KRW672.2 trillion at end-March, representing 62.4% of the total LCY corporate bond market in the Republic of Korea.

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 Housing Finance Corp. (KHFC)	61,856	58.1	Yes	No	No	Financial
2. Korea Land & Housing Corp. (LH)	58,143	54.6	Yes	No	No	Real Estate
3. Korea Finance Corp. (KoFC)	46,891	44.0	Yes	No	No	Financial
4. Korea Deposit Insurance Corp. (KDIC)	42,960	40.3	Yes	No	No	Insurance
5. KDB Daewoo Securities	36,411	34.2	Yes	Yes	No	Securities
6. Korea Investment and Securities	33,178	31.2	No	No	No	Securities
7. Woori Investment and Securities	32,368	30.4	Yes	Yes	No	Securities
8. Industrial Bank of Korea (IBK)	32,343	30.4	Yes	Yes	No	Bank
9. Korea Electric Power Corp. (KEPCO)	29,860	28.0	Yes	Yes	No	Utility
10. Hana Daetoo Securities	25,627	24.1	No	No	No	Securities
11. Mirae Asset Securities	24,748	23.2	No	Yes	No	Securities
12. Korea Expressway	21,150	19.9	Yes	No	No	Infrastructure
13. Kookmin Bank	18,624	17.5	No	No	No	Bank
14. Korea Rail Network Authority	17,050	16.0	Yes	No	No	Infrastructure
15. Shinhan Bank	16,383	15.4	No	No	No	Bank
16. Small & Medium Business Corp. (SBC)	15,285	14.4	Yes	No	No	Financial
17. Korea Gas	14,785	13.9	Yes	Yes	No	Utility
18. Woori Bank	14,262	13.4	Yes	No	No	Bank
19. Shinhan Investment	14,145	13.3	No	No	No	Securities
20. Hyundai Securities	13,663	12.8	No	Yes	No	Securities
21. Tong Yang Securities	13,199	12.4	No	Yes	No	Securities
22. Hana Bank	11,505	10.8	No	No	No	Bank
23. Standard Chartered First Bank Korea	11,000	10.3	No	No	No	Bank
24. Samsung Securities	10,438	9.8	No	Yes	No	Securities
25. Korea Railroad	10,220	9.6	Yes	No	No	Infrastructure
26. Korea Water Resources	9,971	9.4	Yes	Yes	No	Utility
27. Korea Student Aid Foundation	9,190	8.6	Yes	No	No	Financial
28. Hyundai Capital Services	9,055	8.5	No	No	No	Securities
29. Shinhan Card	8,996	8.4	No	No	No	Financial
30. Korea Eximbank	8,930	8.4	Yes	No	No	Bank
<b>Total Top 30 LCY Corporate Issuers</b>	<b>672,237</b>	<b>631.4</b>				
<b>Total LCY Corporate Bonds</b>	<b>1,077,697</b>	<b>1,012.2</b>				
<b>Top 30 as % of Total LCY Corporate Bonds</b>	<b>62.4%</b>	<b>62.4%</b>				

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

Notes:

1. Data as of end-March 2014.

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

Sources: AsianBondsOnline calculations based on Bloomberg and EDAILY BondWeb data.