

Republic of Korea

The size of the Republic of Korea's local currency (LCY) bond market rose 1.2% quarter-on-quarter (q-o-q) to KRW2,633.2 trillion (USD2.4 trillion) at the end of December 2020, driven by growth in the corporate bond segment. Total outstanding LCY corporate bonds increased 1.4% q-o-q to KRW1,554.2 trillion in the fourth quarter (Q4) of 2020, as issuance of corporate bonds rebounded. Meanwhile, government bonds posted minimal growth of 0.9% q-o-q to reach KRW1,079.0 trillion as the rise in the stock of central government bonds was dampened by the decline in central bank bonds. On a year-on-year basis, the Republic of Korea's LCY bond market posted growth of 9.4%.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2019		Q3 2020		Q4 2020		Q4 2019		Q4 2020	
	KRW	USD	KRW	USD	KRW	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	2,407,623	2,083	2,602,081	2,224	2,633,219	2,424	1.6	7.6	1.2	9.4
Government	951,912	824	1,069,062	914	1,078,982	993	(0.2)	4.2	0.9	13.3
Central Government Bonds	611,533	529	707,681	605	726,766	669	0.7	7.8	2.7	18.8
Central Bank Bonds	164,060	142	166,750	143	159,260	147	(4.0)	(4.4)	(4.5)	(2.9)
Others	176,319	153	194,631	166	192,956	178	0.3	0.6	(0.9)	9.4
Corporate	1,455,711	1,259	1,533,019	1,310	1,554,237	1,430	2.7	9.9	1.4	6.8

() = negative, KRW = Korean won, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:

1. Calculated using data from national sources.
2. Bloomberg LP end-of-period LCY-USD rates are used.
3. Growth rates are calculated from an LCY base and do not include currency effects.
4. "Others" comprise Korea Development Bank bonds, National Housing bonds, and Seoul Metro bonds.
5. Corporate bonds include equity-linked securities and derivatives-linked securities.

Sources: The Bank of Korea and KG Zeroin Corporation.

Issuance of corporate bonds in the Republic of Korea posted growth of 17.3% q-o-q to KRW143.4 trillion in Q4 2020 from KRW122.2 trillion in the previous quarter. The table below lists some of the notable LCY corporate bond issuances in the Republic of Korea in Q4 2020.

Table 2: Notable Local Currency Corporate Bond Issuances in the Fourth Quarter of 2020

Corporate Issuers	Coupon Rate (%)	Issued Amount (KRW billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (KRW billion)
Shinhan Bank ^a			Kookmin Bank ^a		
1-year bond	0.99	420	1-year bond	0.88	400
1-year bond	0.90	600	1-year bond	0.96	350
2-year bond	1.02	260	1-year bond	0.96	350
2-year bond	1.02	350	10-year bond	2.02	400
2-year bond	1.04	500	National Agricultural Cooperative Federation ^a		
2-year bond	1.05	500	2-year bond	1.00	170
2-year bond	1.03	550	3-year bond	1.09	250
Woori Bank ^a			5-year bond	1.47	140
1-year bond	0.89	400	5-year bond	1.49	400
1-year bond	0.90	400	Sinbo Securitization Specialty ^a		
1-year bond	0.90	400	3-year bond	1.26	402
2-year bond	0.99	500	3-year bond	1.31	512

KRW = Korean won.

^a Multiple issuance of the same tenor indicates issuance on different dates.

Source: Based on data from Bloomberg LP.

The aggregate bonds outstanding of the top 30 LCY corporate issuers in the Republic of Korea reached KRW947 trillion, accounting for 60.9% of total corporate bonds outstanding at the end of Q4 2020.

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

Issuers	Outstanding Amount		State-Owned	Listed on		Type of Industry
	LCY Bonds (KRW billion)	LCY Bonds (USD billion)		KOSPI	KOSDAQ	
1. Korea Housing Finance Corporation	144,720	133.2	Yes	No	No	Housing Finance
2. Industrial Bank of Korea	71,730	66.0	Yes	Yes	No	Banking
3. Mirae Asset Daewoo Co.	66,854	61.5	No	Yes	No	Securities
4. Korea Investment and Securities	60,689	55.9	No	No	No	Securities
5. KB Securities	53,687	49.4	No	No	No	Securities
6. Hana Financial Investment	51,880	47.7	No	No	No	Securities
7. NH Investment & Securities	38,889	35.8	Yes	Yes	No	Securities
8. Samsung Securities	31,556	29.0	No	Yes	No	Securities
9. Shinhan Bank	29,042	26.7	No	No	No	Banking
10. Korea Land & Housing Corporation	29,004	26.7	Yes	No	No	Real Estate
11. Korea Electric Power Corporation	28,060	25.8	Yes	Yes	No	Electricity, Energy, and Power
12. Shinhan Investment Corporation	27,022	24.9	No	No	No	Securities
13. Korea Expressway	24,710	22.7	Yes	No	No	Transport Infrastructure
14. The Export-Import Bank of Korea	23,485	21.6	Yes	No	No	Banking
15. Kookmin Bank	21,944	20.2	No	No	No	Banking
16. KEB Hana Bank	20,320	18.7	No	No	No	Banking
17. Hanwha Investment and Securities	19,549	18.0	No	No	No	Securities
18. Woori Bank	19,460	17.9	Yes	Yes	No	Banking
19. Korea Rail Network Authority	19,130	17.6	Yes	No	No	Transport Infrastructure
20. Shinyoung Securities	19,035	17.5	No	Yes	No	Securities
21. NongHyup Bank	18,030	16.6	Yes	No	No	Banking
22. Korea SMEs and Startups Agency	17,008	15.7	Yes	No	No	SME Development
23. Meritz Securities Co.	16,682	15.4	No	Yes	No	Securities
24. Shinhan Card	16,265	15.0	No	No	No	Credit Card
25. Hyundai Capital Services	14,645	13.5	No	No	No	Consumer Finance
26. KB Kookmin Bank Card	14,360	13.2	No	No	No	Consumer Finance
27. Standard Chartered Bank Korea	13,360	12.3	No	No	No	Banking
28. NongHyup	13,290	12.2	Yes	No	No	Banking
29. Korea Gas Corporation	11,519	10.6	Yes	Yes	No	Gas Utility
30. Samsung Card Co.	11,088	10.2	No	Yes	No	Credit Card
Total Top 30 LCY Corporate Issuers	947,012	871.6				
Total LCY Corporate Bonds	1,554,237	1,430.5				
Top 30 as % of Total LCY Corporate Bonds	60.9%	60.9%				

KOSDAQ = Korean Securities Dealer Automated Quotations, KOSPI = Korea Composite Stock Price Index, KRW = Korean won, LCY = local currency, SMEs = small and medium-sized enterprises, USD = United States dollar.

Notes:

1. Data as of 31 December 2020.

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 LP and KG Zeroin Corporation.