

Republic of Korea

The Republic of Korea's local currency (LCY) bond market grew 1.5% quarter-on-quarter (q-o-q) to KRW2,841.9 trillion (USD2,388.4 billion) at the end of December, largely driven by growth in the corporate bond segment. Total LCY corporate bonds outstanding rose 2.4% q-o-q to KRW1,659.3 trillion as corporate bond issuance surged during the quarter. Meanwhile, government bonds outstanding posted minimal growth of 0.2% q-o-q to KRW1,182.6 trillion as the rise in the stock of central government bonds was offset by the decline in central bank bonds. On a year-on-year basis, the Republic of Korea's LCY bonds outstanding expanded 7.9%.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2020		Q3 2021		Q4 2021		Q4 2020		Q4 2021	
	KRW	USD	KRW	USD	KRW	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	2,633,219	2,424	2,799,920	2,365	2,841,873	2,388	1.2	9.4	1.5	7.9
Government	1,078,982	993	1,179,746	996	1,182,573	994	0.9	13.3	0.2	9.6
Central Government Bonds	726,766	669	831,745	702	843,660	709	2.7	18.8	1.4	16.1
Central Bank Bonds	159,260	147	151,050	128	140,320	118	(4.5)	(2.9)	(7.1)	(11.9)
Others	192,956	178	196,951	166	198,592	167	(0.9)	9.4	0.8	2.9
Corporate	1,554,237	1,430	1,620,174	1,368	1,659,300	1,395	1.4	6.8	2.4	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. Bloomberg LP end-of-period LCY-USD rates are used.
2. Growth rates are calculated from an LCY base and do not include currency effects.
3. "Others" comprise Korea Development Bank bonds, National Housing bonds, and Seoul Metro bonds.
4. 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 surged 42.5% q-o-q to KRW171.8 trillion in the fourth quarter of 2021 from KRW120.6 trillion in the previous quarter. The table below lists some of the notable LCY corporate bond issuances in the Republic of Korea during the quarter.

Table 2: Notable Local Currency Corporate Bond Issuances in the Fourth Quarter of 2021

Corporate Issuers	Coupon Rate (%)	Issued Amount (KRW billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (KRW billion)
Industrial Bank of Korea*			Woori Bank*		
2-month bond		1,880	1-year bond	1.60	450
2-month bond		1,150	1-year bond	1.45	440
3-month bond		610	1-year bond	1.41	250
9-month bond		610	1.5-year bond	1.89	350
1-year bond	1.28	800	1.5-year bond		
1.5-year bond	1.79	600	Hana Bank*		
1.5-year bond	1.84	510	1-year bond	1.40	350
2-year bond	1.82	510	1-year bond	0.54	300
3-year bond	2.01	700	1-year bond	1.44	300
Shinhan Bank*			1.5-year bond	1.63	260
1-year bond	1.58	500	2-year bond	0.70	280
1-year bond	1.41	400	2-year bond	1.99	270
1.5-year bond	1.93	610	Korea Electric Power Corporation*		
1.5-year bond	1.89	600	1-year bond	1.63	250
1.5-year bond	1.89	350	5-year bond	2.20	200
1.5-year bond	1.97	350	7-year bond	2.55	250
1.5-year bond	1.90	300	7-year bond	2.59	230
2-year bond	1.91	350	7-year bond	2.63	200
NongHyup Bank*			7-year bond	2.72	200
1-year bond	1.58	890			
1-year bond	1.61	600			
1-year bond	1.59	340			
10-year bond	2.85	300			

KRW = Korean won.

* 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 bond issuers in the Republic of Korea reached KRW990.4 trillion, comprising 59.7% of total corporate bonds outstanding at the end of December. Korea Housing Finance Corporation, a government-related institution providing financial assistance for social housing, remained the single-largest corporate bond issuer with outstanding bonds of KRW151.3 trillion. Industrial Bank of Korea and Korea Investment and Securities followed with total bonds outstanding of KRW77.6 trillion and KRW56.2 trillion, respectively.

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	151,260	127.1	Yes	No	No	Housing Finance
2.	Industrial Bank of Korea	77,600	65.2	Yes	Yes	No	Banking
3.	Korea Investment and Securities	56,225	47.3	No	No	No	Securities
4.	Mirae Asset Securities Co.	54,150	45.5	No	Yes	No	Securities
5.	Hana Financial Investment	51,177	43.0	No	No	No	Securities
6.	KB Securities	49,164	41.3	No	No	No	Securities
7.	Shinhan Investment Corporation	42,647	35.8	No	No	No	Securities
8.	Meritz Securities Co.	38,974	32.8	No	Yes	No	Securities
9.	Korea Electric Power Corporation	34,080	28.6	Yes	Yes	No	Electricity, Energy, and Power
10.	NH Investment & Securities	33,942	28.5	Yes	Yes	No	Securities
11.	Shinhan Bank	32,012	26.9	No	No	No	Banking
12.	Korea Land & Housing Corporation	31,026	26.1	Yes	No	No	Real Estate
13.	Samsung Securities	29,850	25.1	No	Yes	No	Securities
14.	Korea Expressway	26,480	22.3	Yes	No	No	Transport Infrastructure
15.	Woori Bank	24,330	20.4	Yes	Yes	No	Banking
16.	The Export-Import Bank of Korea	23,540	19.8	Yes	No	No	Banking
17.	KEB Hana Bank	22,675	19.1	No	No	No	Banking
18.	Kookmin Bank	21,314	17.9	No	No	No	Banking
19.	NongHyup Bank	20,510	17.2	Yes	No	No	Banking
20.	Korea SMEs and Startups Agency	19,528	16.4	Yes	No	No	SME Development
21.	Korea National Railway	19,440	16.3	Yes	No	No	Transport Infrastructure
22.	Hanwha Investment and Securities	18,327	15.4	No	No	No	Securities
23.	Shinyoung Securities	17,208	14.5	No	Yes	No	Securities
24.	Shinhan Card	16,445	13.8	No	No	No	Credit Card
25.	KB Kookmin Bank Card	14,705	12.4	No	No	No	Consumer Finance
26.	Hyundai Capital Services	14,415	12.1	No	No	No	Consumer Finance
27.	Standard Chartered Bank Korea	13,390	11.3	No	No	No	Banking
28.	NongHyup	13,030	11.0	Yes	No	No	Banking
29.	Samsung Card Co.	12,198	10.3	No	Yes	No	Credit Card
30.	Korea Gas Corporation	10,794	9.1	Yes	Yes	No	Gas Utility
Total Top 30 LCY Corporate Issuers		990,436	832.4				
Total LCY Corporate Bonds		1,659,300	1,394.5				
Top 30 as % of Total LCY Corporate Bonds		59.7%	59.7%				

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 2021.

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.