

## Republic of Korea

The Republic of Korea's local currency (LCY) bond market inched up 0.1% quarter-on-quarter (q-o-q) to KRW2,968.4 trillion (USD2.3 trillion) at the end of December 2022, solely driven by growth in the corporate bond segment. The LCY corporate bond segment posted a marginal increase of 0.4% q-o-q as the growth in corporate bond issuance was capped by maturities; while the size of the LCY government bond market fell 0.3% q-o-q. The outstanding size of central government bonds posted minimal growth of 0.5% q-o-q due to maturities and a decline in issuance following frontloading of issuance in the first half of the year. On a year-on-year basis, the Republic of Korea's LCY bond market expanded 4.5%.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2021		Q3 2022		Q4 2022		Q4 2021		Q4 2022	
	KRW	USD	KRW	USD	KRW	USD	q-o-q	y-o-y	q-o-q	y-o-y
<b>Total</b>	<b>2,841,873</b>	<b>2,390</b>	<b>2,964,362</b>	<b>2,071</b>	<b>2,968,401</b>	<b>2,346</b>	<b>1.5</b>	<b>7.9</b>	<b>0.1</b>	<b>4.5</b>
<b>Government</b>	<b>1,182,573</b>	<b>995</b>	<b>1,263,967</b>	<b>883</b>	<b>1,260,504</b>	<b>996</b>	<b>0.2</b>	<b>9.6</b>	<b>(0.3)</b>	<b>6.6</b>
Central Government Bonds	843,660	710	933,074	652	937,507	741	1.4	16.1	0.5	11.1
Central Bank Bonds	140,320	118	123,020	86	112,650	89	(7.1)	(11.9)	(8.4)	(19.7)
Others	198,592	167	207,874	145	210,346	166	0.8	2.9	1.2	5.9
<b>Corporate</b>	<b>1,659,300</b>	<b>1,396</b>	<b>1,700,395</b>	<b>1,188</b>	<b>1,707,897</b>	<b>1,350</b>	<b>2.4</b>	<b>6.8</b>	<b>0.4</b>	<b>2.9</b>

(-) = negative, KRW = Korean won, 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 local currency-USD rates are used.
2. Growth rates are calculated from a local currency 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 rose 12.4% q-o-q to KRW167.1 trillion in the fourth quarter of 2022 from KRW148.7 trillion in the third 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 2022

Corporate Issuers	Coupon Rate (%)	Issued Amount (KRW billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (KRW billion)
Shinhan Bank <sup>a</sup>			NongHyup Bank <sup>a</sup>		
4-month bond	4.19	310	1-year bond	4.10	440
1-year bond	4.59	490	1-year bond	4.11	200
1-year bond	-	410	Standard Chartered Bank		
1-year bond	4.22	250	1-year bond	4.11	400
Woori Bank <sup>a</sup>			Hyundai Capital Services		
1-year bond	-	280	2-year bond	5.80	310
1-year bond	4.11	250	Hana Bank		
1-year bond	-	230	1-year bond	4.10	300

- = not applicable, KRW = Korean won.

<sup>a</sup> Multiple issuance of the same tenor indicates issuance on different dates.

Source: Based on data from Bloomberg LP.

The top 30 LCY corporate bond issuers in the Republic of Korea comprised 59.4% of total corporate bonds outstanding at the end of December 2022, with an aggregate bond stock of KRW1,015.2 trillion. Korea Housing Finance Corporation, a government-related institution providing financial assistance for social housing, continued to be the largest corporate bond issuer with outstanding bonds of KRW149.3 trillion. Industrial Bank of Korea and Meritz Securities followed with total bonds outstanding of KRW80.9 trillion and KRW74.6 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	149,254	117.9	Yes	No	No	Housing Finance
2. Industrial Bank of Korea	80,930	64.0	Yes	Yes	No	Banking
3. Meritz Securities	74,644	59.0	No	Yes	No	Securities
4. Korea Electric Power Corporation	61,190	48.4	Yes	Yes	No	Electricity, Energy, and Power
5. Hana Securities	49,371	39.0	No	No	No	Securities
6. Korea Investment and Securities	46,555	36.8	No	No	No	Securities
7. Shinhan Securities	46,260	36.6	No	No	No	Securities
8. Mirae Asset Securities	43,996	34.8	No	Yes	No	Securities
9. KB Securities	40,785	32.2	No	No	No	Securities
10. Korea Land & Housing Corporation	32,179	25.4	Yes	No	No	Real Estate
11. NH Investment & Securities	31,123	24.6	No	Yes	No	Securities
12. The Export-Import Bank of Korea	29,550	23.4	Yes	No	No	Banking
13. Korea Expressway	27,290	21.6	Yes	No	No	Transport Infrastructure
14. Shinhan Bank	26,995	21.3	No	No	No	Banking
15. Samsung Securities	21,906	17.3	No	Yes	No	Securities
16. Woori Bank	21,550	17.0	No	Yes	No	Banking
17. Korea SMEs and Startups Agency	21,498	17.0	Yes	No	No	SME Development
18. KEB Hana Bank	21,331	16.9	No	No	No	Banking
19. Kookmin Bank	20,594	16.3	No	No	No	Banking
20. Korea National Railway	19,260	15.2	Yes	No	No	Transport Infrastructure
21. NongHyup Bank	19,060	15.1	Yes	No	No	Banking
22. Shinhan Card	17,190	13.6	No	No	No	Credit Card
23. Hyundai Capital Services	16,710	13.2	No	No	No	Consumer Finance
24. Shinyoung Securities	15,670	12.4	No	Yes	No	Securities
25. Hanwha Investment and Securities	14,843	11.7	No	No	No	Securities
26. KB Kookmin Bank Card	14,585	11.5	No	No	No	Consumer Finance
27. Standard Chartered Bank Korea	14,210	11.2	No	No	No	Banking
28. NongHyup	12,940	10.2	Yes	No	No	Banking
29. Hana Capital	11,920	9.4	No	No	No	Consumer Finance
30. Korea Railroad Corporation	11,790	9.3	Yes	No	No	Transport Infrastructure
<b>Total Top 30 LCY Corporate Issuers</b>	<b>1,015,180</b>	<b>802.2</b>				
<b>Total LCY Corporate Bonds</b>	<b>1,707,897</b>	<b>1,349.6</b>				
<b>Top 30 as % of Total LCY Corporate Bonds</b>	<b>59.4%</b>	<b>59.4%</b>				

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 2022.

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.