

PRESS RELEASE

April 7, 2014

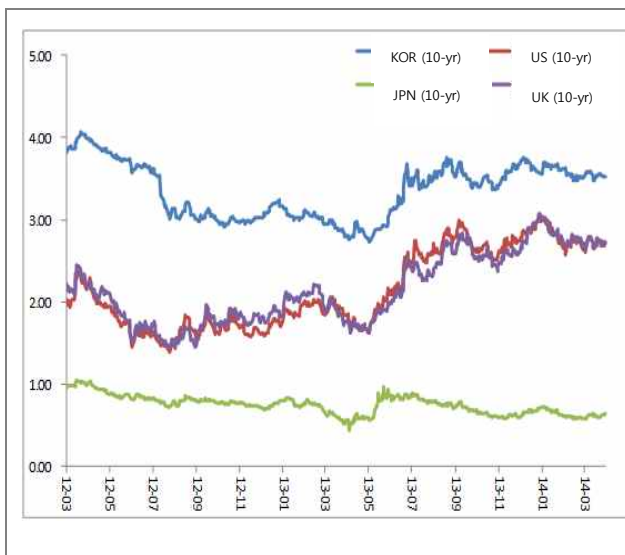
KOFIA Releases Its OTC Bond Market Trend Analysis for March 2014

Bonds finish weaker after fluctuating in a narrow range

- A. (Interest Rates) Bonds started off the month with yields rising on the news of the nomination of Korea's new central bank governor, but then declined in mid-March amid violence in Ukraine and disappointing Chinese economic indicators. However, the central bank governor's determination to maintain price stability and the US Federal Reserve chairman's indication of possibly raising the benchmark interest rate led bond yields to end the month higher than the month prior.
- Yields rose for major bonds and KTBs, with the exception of the 30-year KTB.
 - MSB (1Yr): 2.665% (+0.7bp), KTB (1Yr): 2.658% (+1.4bp)
 - KTB (3Yr): 2.870% (+2.0bp), KTB (5Yr): 3.155% (+2.7bp), KTB (10Yr): 3.518% (+2.0bp), KTB (20Yr): 3.727% (+0.8bp)

Domestic & Foreign Gov't Bond (10-yr) Rates
(as of end-Mar. 2014)

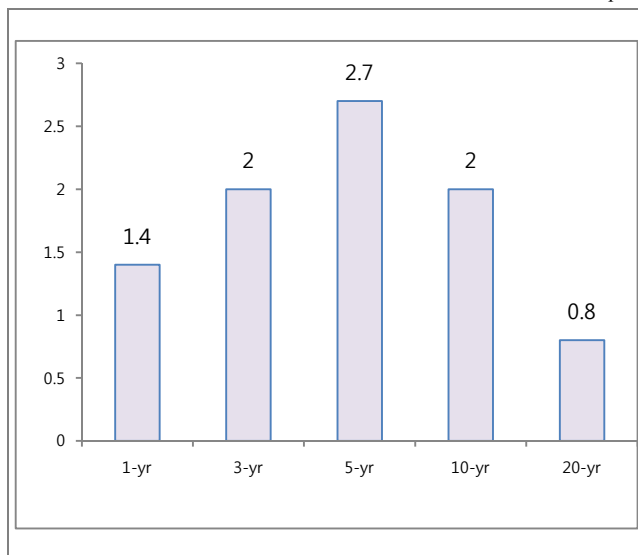
<Unit: %>



Source: KOFIA, KOSCOM

Monthly KTB Interest Rate Changes
(as of end-Mar. 2014)

<Unit: bps>



Source: KOFIA

B. (Bond Issuance) The issuance volume of government bonds, special bonds and corporate bonds rose by KRW 0.6tn, KRW 0.6tn and KRW 0.9tn, respectively, from the previous month to record KRW 15.4tn, KRW 5.2tn and KRW 5.0tn, correspondingly. The total issuance of bonds in March grew by KRW 1.1tn MoM to post KRW 50.5tn.

- The issuance of corporate bonds increased by KRW 0.9tn (+21.0%) MoM to KRW 5.0tn.

* Issuance of bonds with credit ratings graded AA or above rose by KRW 0.5tn MoM (+15.7%) to KRW 3.5tn. Meanwhile, the issuance of bonds with credit ratings graded A fell by KRW 0.2tn MoM (-27.5%) to KRW 0.4tn, and bonds with credit ratings graded BBB or lower decreased by KRW 63.0bn (-71.6%) MoM to KRW 25.0bn.

Issuance by Bond Type (as of end-Mar. 2014)

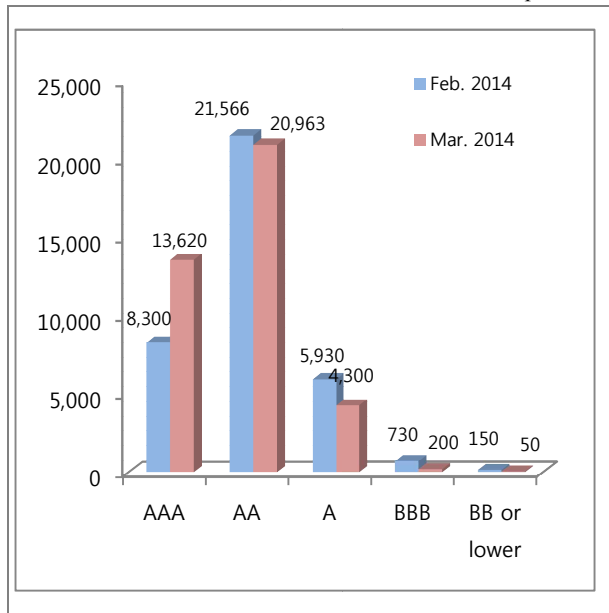
<Unit: KRW 100mn, ABS excluded from Corporate>

Bond Type	New Issuance		MoM	Out-standing	%
	Feb. 2014	Mar. 2014			
Gov't	148,456	154,413	5,957	4,741,616	30.7
Municipal	2,510	4,443	1,933	186,078	1.2
Special	45,748	52,048	6,300	3,542,734	22.9
MSB	157,800	160,900	3,100	1,713,600	11.1
Financial	73,901	72,128	-1,773	2,578,581	16.7
Corporate	41,364	50,053	8,689	2,287,762	14.8
ABS	24,020	10,650	-13,370	400,231	2.6
Total	493,799	504,635	10,836	15,450,602	100

Source: KOSCOM

Corporate Bond Issuance By Credit Rating (as of end-Mar. 2014)

<Unit: KRW 100mn, ABS excluded from Corporate>



Source: KOSCOM

C. (Bond Distribution) The OTC trading volume for March grew by KRW 65.2tn MoM to record KRW 467.3tn, and the daily average trading volume, given the number of trading days, rose by KRW 2.1tn MoM to mark KRW 22.2tn.

- Foreign investors net purchased KRW 1.4tn worth of government bonds and KRW 1.6tn worth of MSBs, thus net purchasing a total of KRW 3.0tn.

[OTC Trading Volume by Investor Type]

(Unit: KRW 100mn, %)

	Mar. 2013	Feb. 2014	Mar. 2014	Proportion	MoM	YoY
Securities Co.	3,799,571	2,306,701	2,763,352	59.1%	456,651	-1,036,219
Bank	750,706	534,215	526,549	11.3%	-7,666	-224,157
Asset Manager	591,353	592,159	693,816	14.8%	101,657	102,463
Insurance Co.	345,965	228,597	297,104	6.4%	68,507	-48,861
Pension Fund	94,367	119,838	140,183	3.0%	20,345	45,816
Foreign	85,285	91,672	79,640	1.7%	-12,035	-5,648
Gov't (including local)	51,326	43,349	55,607	1.2%	12,258	4,281
Individual	7,336	6,656	4,887	0.1%	-1,769	-2,449
Other (corporations, etc)	124,408	98,090	112,045	2.4%	13,955	-12,363
Total	5,850,318	4,021,277	4,673,182	100.0%	651,902	-1,177,139
Daily Avg	283,537	201,065	222,353		21,288	-61,185

Source: KOFIA