

A nighttime panoramic view of Istanbul, Turkey, featuring the Bosphorus Bridge and the city skyline reflected in the water. The sky is a deep blue, and the city lights are visible.

2019 Asian Securities Forum AGM - Korea Market Report -

November, 2019



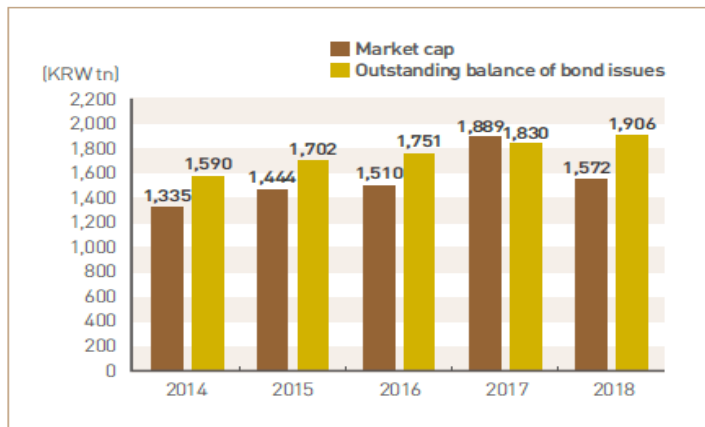
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1. Overview of the Korean Capital Market

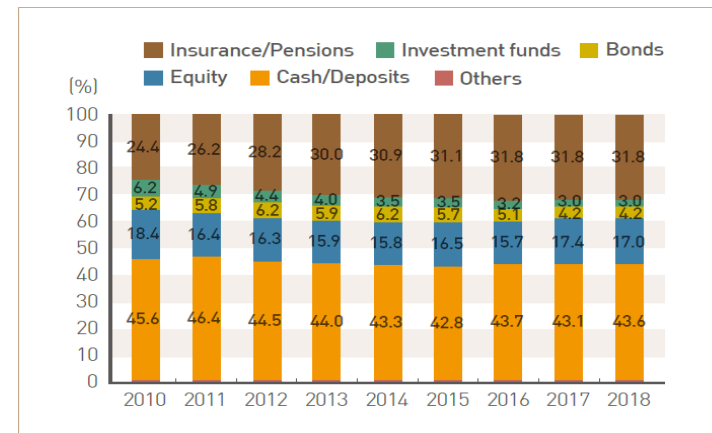
- ✓ Korea's stock market capitalization was KRW 1,572tn at the end of 2018, -16.8% lower than 2017, while the outstanding balance of bonds registered KRW 1,906tn up by 4.2% YoY.
- ✓ The stock market capitalization to GDP ratio is retreated 19.9%pts to 83.0%, while the bond market capitalization to GDP ratio recorded 100.7%, slightly advanced from a year earlier.
- ✓ Cash and deposits maintained the largest share of 43.6% among household financial assets. Financial investment instruments such as equities, bonds and investment funds assumed 24.2%, a 0.4%pts decrease YoY.

Size of the Capital Market



Source : Economic Statistics System (ECOS), BOK
FreeSIS, Korea Financial Investment Association (KOFIA)

Breakdown of Household Financial Asset

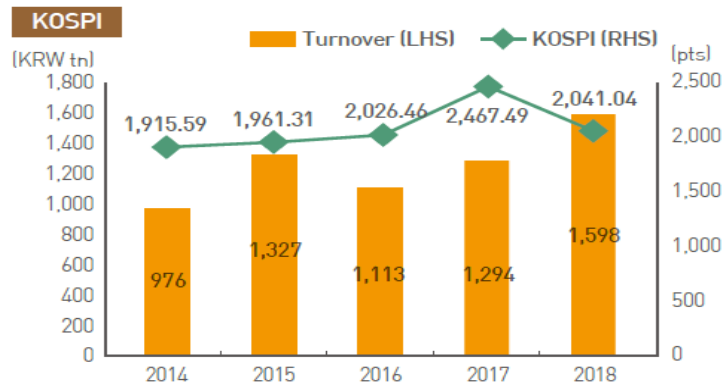


Source : ECOS, BOK

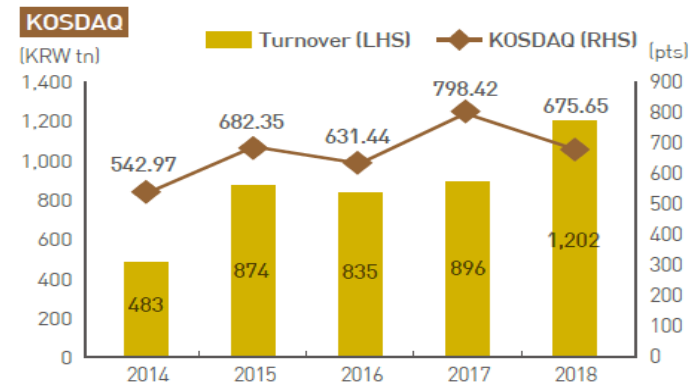
2. Equity Market

- ✓ At the end of 2018, the KOSPI index decreased 17.3% year-on-year to 2,041.04pt, with a turnover increasing by KRW 304tn to record KRW 1,598tn.
- ✓ As for the KOSDAQ, the index declined 15.4% year-on year to 675.65pt as of the end of 2018, with a turnover of the KOSDAQ market increasing 34.2% to KRW 1,202tn.
- ✓ As for the KOSPI market, the number of listed companies increased by 14 year-on- year to 788, while the number of listed companies on the KOSDAQ market increased by 55 year-on year to 1,318 as of the end of 2018 .

KOSPI Market



KOSDAQ Market

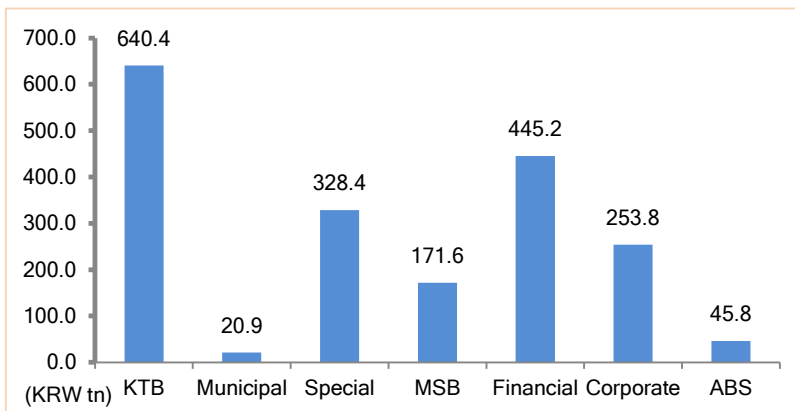


Source : KRX

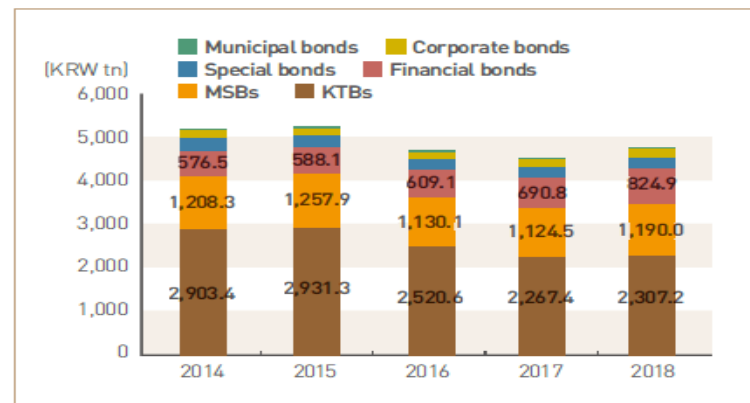
3. Bond Market

- ✓ The Korean bond market witnessed an overall increase of trading volume in 2018.
- * The Monetary Policy Committee at the Bank of Korea raised the key interest rate from 1.50% to 1.75% on Nov 30.
- ✓ As for the outstanding balance by bond type, KTB bonds account for 33.6%, Financial Bonds, Special bonds, Corporates bonds account for 23.3%, 17.2,%, 13.3% seperately.
- ✓ The Korean Treasury Bonds (KTB) and MSBs represent the bigger proportion in total trading volume.
- ✓ Comparably smaller, but various types of bond such as Corporate bonds and Municipal, Financial bonds are traded mainly in OTC.

Outstanding balance by Bond Type



OTC trading volume by Bond Type

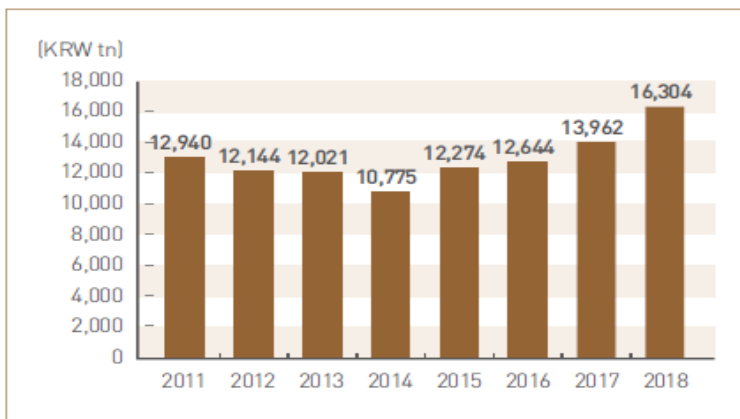


Source : KOFIA

4. Derivatives Market

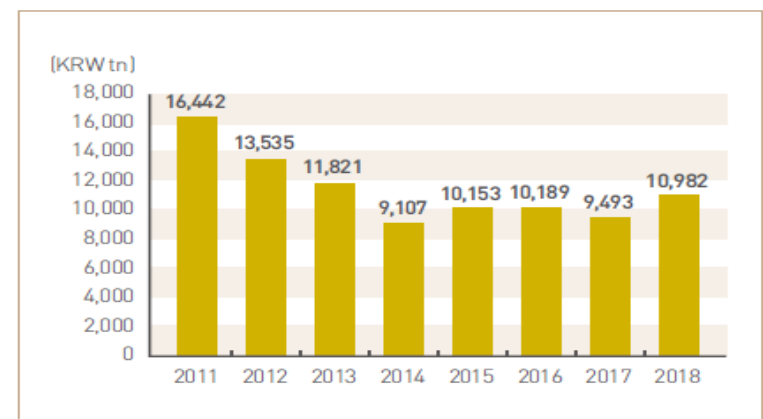
- ✓ The turnover of the OTC derivatives market has been on a steady uptrend since 2014, increasing 7.9% year-on-year to KRW 16,304tn in 2018.
- ✓ The issuance volume of Derivatives-linked securities (DLS) has increased by 3.6% from KRW 111.6tn in 2017 to KRW 115.6 in 2018.
- ✓ The total trading volume of exchange-traded derivatives was KRW 10,982tn in 2018, a 15.7% gain year-on-year.

Turnover of OTC Derivatives



Source : KRX

Turnover of Exchange-Traded Derivatives



Source : KRX

5. Current regulatory and market issues

- ✓ Allowing a solicit via advertising and SNS, ABS by unrated companies
- ✓ Adopting exchange-listed Business Development Companies(BDCs) that invest in unlisted companies
- ✓ Expanding the scope of professional investors
- ✓ Reform IPO frameworks and redefine the role of the KONEX
- ✓ Transition from authorization to registration for companies handling limited scope of business
- ✓ Principles-based regulations of Chinese Walls
- ✓ A draft bill to introduce a regulatory framework to financial benchmarks by the FSC was submitted to the National Assembly in September
- ✓ The Financial Innovation Support Act* came into effect in April

* Innovative financial service provider accepted into the FSC's regulatory sandbox or designated fintech firms to operate business commissioned by financial firms

Teşekkür ederim!