



Financial Supervisory Commission
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Press Release

September 9, 2005

Direct Corporate Financing Decreases in August

Data compiled by the FSS showed that stocks and bonds issued by domestic companies in August totaled KRW3.74 trillion, marking a decrease of 30.9% from a month earlier. The decrease in direct corporate financing was due to the seasonal effect of low demand for corporate financing. Stocks and bonds issued fell 46.4% to KRW290.6 billion and 29.1% to KRW3.45 trillion from a month earlier, respectively.

Stocks and Bonds Issued: August 2005

(In KRW, billions)

| | 07/2005 | 08/2005 | % Change | 01-08/2004 | 01-08/2005 | %Change |
|--------|---------|---------|----------|------------|------------|---------|
| Stocks | 542.6 | 290.6 | -46.4 | 7,322.4 | 4,241.5 | -42.1 |
| Bonds | 4,866.1 | 3,449.3 | -29.1 | 30,386.9 | 33,919.1 | 11.6 |
| Total | 5,408.7 | 3,739.9 | -30.9 | 37,709.3 | 38,160.6 | 1.2 |

Equity Financing

Stocks issued fell 46.4% in August due to temporary adjustments in the stock market. There were two IPOs during August totaling KRW16.8 billion, compared with 14 IPOs of KRW215.4 billion in July. The amount of seasoned equity offerings (SEOs) in August fell 16.3% from a month earlier to KRW273.8 billion.

Equity Financing by Market and Industry

(In KRW, billions)

| | | | 07/2005 | 08/2005 | % Change | 01-08/ 2004 | 01-08/ 2005 | % Change |
|----------|-------------|---------------|---------|---------|-------------|----------------|----------------|-------------|
| IPOs | By Market | Stock Market | 39.6 | - | -100.0 | 458.7 | 156.7 | -65.8 |
| | | KOSDAQ | 175.8 | 16.8 | -90.4 | 264.8 | 434.2 | 64.0 |
| | By Industry | Manufacturing | 182.9 | 5.8 | -96.8 | 510.3 | 500.6 | -1.9 |
| | | Financial | - | - | - | 9.8 | - | -100.0 |
| | | Others | 32.5 | 11.0 | -66.2 | 203.4 | 90.3 | -55.6 |
| Subtotal | | | 215.4 | 16.8 | -92.2 | 723.5 | 590.9 | -18.3 |
| SEOs | By Market | Stock Market | 62.3 | 23.9 | -61.6 | 4,260.5 | 1,317.1 | -69.1 |
| | | KOSDAQ | 107.8 | 240.0 | 122.6 | 628.8 | 836.0 | 33.0 |
| | | Others | 157.1 | 9.9 | -93.7 | 1,709.6 | 1,497.5 | -12.4 |
| | By Industry | Manufacturing | 60.4 | 203.7 | 237.3 | 909.3 | 791.4 | -13.0 |
| | | Financial | 120.0 | 24.8 | -79.3 | 5,208.7 | 2,337.1 | -55.1 |
| | | Others | 146.8 | 45.3 | -69.1 | 480.9 | 522.0 | 8.5 |
| | Subtotal | | | 327.2 | 273.8 | -16.3 | 6,598.9 | 3,650.5 |
| Total | | | 542.6 | 290.6 | -46.4 | 7,322.4 | 4,241.5 | -42.1 |



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Debt Financing

Corporate Bonds

Excluding Asset-backed securities (ABS) and financial bonds, corporate debt issues decreased 19.8% to KRW1.40 trillion in August as interest rates in the bond market rose and the amount of maturing bonds decreased KRW618.4 billion from a month earlier. Corporate debt issued for facilities investment and rollovers increased 311.5% and 14.7%, respectively, while corporate debt for operating capital dropped 35.6%.

Debt Financing by Type and Use

| | | (In KRW, billions) | | | | | |
|-----------------------|------------------------------|--------------------|---------|-------------|----------------|----------------|-------------|
| | | 07/2005 | 08/2005 | % Change | 01-08/ 2004 | 01-08/ 2005 | % Change |
| Secured/ Unsecured | Guaranteed ¹ | - | - | - | 132.7 | 166.7 | 25.6 |
| | Secured | - | - | - | - | - | - |
| | Unsecured | 1,749.2 | 1,402.1 | -19.8 | 16,150.2 | 15,579.0 | -3.5 |
| Securities Type | Corporate bonds | 1,639.7 | 1,402.1 | -14.5 | 16,271.1 | 15,551.2 | -4.4 |
| | Bonds with stock features | 109.5 | - | -100.0 | 11.8 | 194.5 | 1,548.3 |
| Use | Facilities investment | 20.0 | 82.3 | 311.5 | 633.3 | 787.0 | 24.3 |
| | Operating capital | 1,318.5 | 848.8 | -35.6 | 6,909.4 | 9,726.1 | 40.8 |
| | Rollovers | 410.7 | 471.0 | 14.7 | 8,740.2 | 5,232.6 | -40.1 |
| Total | | 1,749.2 | 1,402.1 | -19.8 | 16,282.9 | 15,745.7 | -3.3 |

Notes:

1. Backed by third-party guaranty
2. Backed by issuer collateral
3. Convertible bonds, bonds with warrants and exchangeable bonds

Financial Bonds

Financial bonds issued in August fell 30.4% to KRW803.0 billion from KRW1,153.0 billion in July due to a rise in bond interest rates. Bonds issued by credit card companies and installment finance companies dropped 34.8% to KRW543.0 billion and 18.8% to KRW260.0 billion, respectively.

Asset-Backed Securities

Asset-backed securities (ABS) issued by public offering totaled KRW1.24 trillion in August, down 36.6% from July but up 26.1% from the same period last year. The total ABS issuances in August came to KRW2.59 trillion, up 2.0% from July and 19.1% from the same period last year.



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Direct Financing by Large Companies and SMEs

The amount of debt (excluding ABS and financial bonds) and equity financing by large companies fell 26.5% to KRW1,433.1 billion and that of SMEs also fell 23.9% to KRW259.6 billion from a month earlier.

Direct Financing by Large Companies and SMEs

(In KRW, billions)

| | | 07/2005 | 08/2005 | % Change | 01-08/2004 | 01-08/2005 | % Change |
|------------------|-----------------|---------|---------|----------|------------|------------|----------|
| Subtotal | Large companies | 1,950.5 | 1,433.1 | -26.5 | 22,328.6 | 18,289.3 | -18.1 |
| | SMEs | 341.3 | 259.6 | -23.9 | 1,276.7 | 1,697.9 | 33.0 |
| Equity financing | Large companies | 201.3 | 31.0 | -84.6 | 6,090.6 | 2,713.6 | -55.4 |
| | SMEs | 341.3 | 259.6 | -23.9 | 1,231.8 | 1,527.9 | 24.0 |
| Debt financing* | Large companies | 1,749.2 | 1,402.1 | -19.8 | 16,238.0 | 15,575.7 | -4.1 |
| | SMEs | - | - | - | 44.9 | 170.0 | 278.6 |
| Total | | 2,291.8 | 1,692.7 | -26.1 | 23,605.3 | 19,987.2 | -15.3 |

*Excluding ABS and financial bonds

Unsecured Corporate Bonds by Credit Rating

There were 21 unsecured corporate bond issuances totaling KRW1.40 trillion in August, down 19.8% from a month earlier. Unsecured corporate bonds with an A or higher credit rating decreased 6.7% to KRW840.0 billion, while those with a BBB or lower rating fell 33.8% to KRW562.1 billion. The share of bonds issued with a BBB or lower rating showed an 8.5%p decrease to 40.0% in August.

Unsecured Corporate Bonds by Credit Rating

(In KRW, billions)

| | 07/2005 | 08/2005 | % Change | 01-08/2004 | 01-08/2005 | % Change |
|-------------|---------|---------|----------|------------|------------|----------|
| A or higher | 900.0 | 840.0 | -6.7 | 10,980.0 | 10,091.0 | -8.1 |
| BBB | 849.2 | 562.1 | -33.8 | 5,032.1 | 5,448.0 | 8.3 |
| BB or lower | - | - | - | 138.1 | 40.0 | -71.0 |
| Total | 1,749.2 | 1,402.1 | -19.8 | 16,150.2 | 15,579.0 | -3.5 |

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