Financial Market Trends in May 2025

▣ **Treasury bond yields** rose significantly due to the increase in U.S. Treasury yields following progress in U.S.-China tariff negotiations, as well as due to the possibility of an additional supplementary budget.

▣ **KOSPI** rose sharply as investor sentiment improved thanks primarily to easing global trade tensions and to expectations of the new government's policies.

▣ **Bank lending to the household sector** grew by a larger margin in May than in the previous month (+4.7 trillion won in April 2025 → +5.2 trillion won in May), and **bank lending to the corporate sector** also increased substantially (+14.4 trillion won → +8.0 trillion won).

▣ **Deposit-taking by banks** shifted to a substantial increase in May (-25.9 trillion won in April 2025 → +20.2 trillion won in May 2025), driven by time deposits. **Funds under management at asset management companies** also rose significantly (+38.4 trillion won → +25.2 trillion won).

1 Interest Rates and Stock Prices

□ **Treasury bond yields** rose significantly due to the increase in U.S. Treasury yields following progress in U.S.-China tariff negotiations, as well as due to the possibility of an additional supplementary budget.

□ **Major short-term interest rates** fell significantly as a result of the Base Rate cut and of favorable supply and demand conditions, including increased MMF deposits.

□ **KOSPI** rose sharply as investor sentiment improved* thanks primarily to easing global trade tensions and to expectations of the new government's policies.

* Foreign investors shifted to a net buying of domestic stocks for the first time in 10 months, since July 2024 (-10.4 trillion won in April 2025 → +1.0 trillion won in May 2025→ +3.7 trillion won from June 1 to 9, 2025).

Major Interest Rates and KOSPI

(end-period, %, %p)

	Dec 2023	Dec 2024	Mar 2025	April (A)	May	June 10 (B)	B - A
■ Treasury bonds (3-yr)	3.15	2.60	2.57	2.27	2.35	**2.39**	0.12
■ Treasury bonds (10-yr)	3.18	2.86	2.77	2.56	2.79	**2.83**	0.27
■ U.S. Treasury bonds (10-yr)	3.88	4.57	4.21	4.16	4.40	**4.47**[3]	0.31
■ Corporate bonds (3-yr, AA-)[1]	3.89	3.28	3.12	2.85	2.88	**2.93**	0.08
■ Corporate bonds (3-yr, A-)[1]	5.27	4.28	4.14	3.88	3.94	**3.99**	0.11
■ Corporate bonds (3-yr, BBB+)[1]	7.92	6.64	6.48	6.20	6.25	**6.30**	0.10
■ Monetary Stabilization Bonds (91-day)[1]	3.46	2.96	2.72	2.55	2.48	**2.47**	-0.08
■ Bank debentures (3-month)[1]	3.87	3.34	2.84	2.69	2.60	**2.57**	-0.12
■ CDs (91-day)	3.83	3.39	2.84	2.71	2.59	**2.56**	-0.15
■ CP (A1, 91-day)	4.32	3.58	3.00	2.93	2.79	**2.75**	-0.18
■ KOFR[3]	3.67	3.06	2.76	2.79	2.76	**2.53**	-0.26
■ KOSPI	2,655	2,399	2,481	2,557	2,698	**2,872**	315
■ KOSDAQ	867	678	673	717	734	**771**	54

Notes: 1) Average yields on bonds rated by four private Korean credit rating agencies.
2) Korea Overnight Financing Repo Rate (KOFR), period average, based on June 1-9, 2025.
3) As of June 9, 2025.

2 Household Loans

☐ **Bank lending to the household sector** grew by a larger margin in May than in the previous month (+4.7 trillion won in April 2025 → +5.2 trillion won in May; +6.0 trillion won in May 2024).

o Growth in home mortgage loans accelerated (+3.7 trillion won → +4.2 trillion won), affected by the increase in housing transactions in February and March.

※ Changes in leasehold deposit loans (trillion won): +0.7 in March 2025 → +0.6 in April 2025 → +0.5 in May 2025 (+0.7 in May 2024).

o Other loans continued to increase as in the previous month (+1.0 trillion won → +1.0 trillion won) due to seasonal demand for funds such as expenditures related to Family Month.

	Dec 2024	Jan 2025	Feb	Mar	Apr	May
▪ Apartment sale transactions (nationwide, 10,000 units)[1]	2.7	2.6	3.9	5.0	4.1	..
▪ Apartment sale transactions (Seoul metropolitan, 10,000 units)[1]	1.1	1.1	1.8	2.6	1.9	..
▪ Apartment sale transactions (Seoul, 1,000 units)[1]	3.1	3.3	6.2	9.5	5.0	..
▪ Apartment leasehold transactions (nationwide, 10,000 units)[1]	4.9	4.9	6.1	5.9	4.7	..
▪ New apartment sales (nationwide, 10,000 units)	2.0	1.0	0.8	0.5	2.3	1.7
▪ Newly occupied apartments (nationwide, 10,000 units)	3.4	3.8	2.3	3.0	1.5	2.1

Note: 1) Transaction volume as of the contract date, based on statistics compiled as of June 10, 2025, and excluding cancelled contracts.
Sources: Ministry of Land, Infrastructure, and Transport, Real Estate 114.

Household Loans

(changes during period, trillion won)

	2023		2024		2025			Outstanding amount (end-May 2025)
	Jan-May	May	Jan-May	May	Jan-May	Mar	Apr	May	
■ Household loans[1]	-1.7	4.2	14.5	6.0	14.3	1.6	4.7	**5.2**	1,155.3
Loans secured by home mortgages[2]	9.0	4.2	20.3	5.7	15.5	2.5	3.7	**4.2**	918.0
Other loans[3]	-10.5	0.0	-5.6	0.3	-1.1	-0.9	1.0	**1.0**	236.3

Notes: 1) Based on depository banks (including trust accounts). Trust account lending is not included in sub-category figures.
2) Including housing-related loans, such as loans for leasehold deposits, moving expenses, and intermediate payments that are not collateralized by real estate. Including loans assigned to the Korea Housing Finance Corporation as well as policy loans from the National Housing and Urban Fund, which aim to preserve interest rate differentials.
3) Consisting of general unsecured loans, credit line loans (overdrafts on accounts), loans collateralized by commercial real estate (shopping centers, etc.), and other loans (time deposits/installment savings-backed loans, stock-backed loans, etc.).

3 Corporate Funding

☐ Bank lending to the corporate sector, particularly to large corporations, increased substantially in May (+14.4 trillion won in April 2025 → +8.0 trillion won in May 2025; +6.9 trillion won in May 2024).

- o Bank lending to large corporations increased significantly (+6.7 trillion won → +5.4 trillion won), driven by an expansion in major banks' lending activities and temporary working capital financing by some large corporations.

- o Bank lending to SMEs exhibited slower growth (+7.6 trillion won → +2.6 trillion won), due to credit risk management in the banking sector and the lapse of the previous month's seasonal factors (such as value-added tax payments), which outweighed the ongoing supply of policy loans.

☐ There was a shift to net redemptions of corporate bonds (+1.9 trillion won in April 2025 → -0.4 trillion won in May 2025; -1.5 trillion won in May 2024), caused by the previous month's issuance for refunding purposes and by seasonal sluggishness (including for submissions of quarterly reports).

- o CP and short-term bond issuance turned to net repayment (+4.6 trillion won → -0.2 trillion won), led by public enterprises. Stock issuance increased (+0.4 trillion won → +1.8 trillion won), driven by large paid-in capital increases by some corporations.

Corporate Funding

(changes during period, trillion won)

	2023		2024		2025				Outstanding amount (end-May 2025)
	Jan-May	May	Jan-May	May	Jan-May	Mar	Apr	**May**	
■ Bank loans[1]	34.2	7.8	43.8	6.9	31.5	-2.1	14.4	**8.0**	1,346.6
(Large firms)	14.2	3.4	20.2	1.1	17.8	-0.7	6.7	**5.4**	292.3
(SMEs)	20.0	4.4	23.7	5.8	13.7	-1.4	7.6	**2.6**	1,054.3
<Small and medium-sized corporations>	16.8	3.5	20.1	5.1	12.6	-1.4	6.8	**2.4**	597.8
<SOHOs>	3.3	0.8	3.5	0.8	1.1	0.0	0.8	**0.2**	456.5
■ Corporate bonds (net)[2]	5.9	-2.9	4.5	-1.5	6.7	0.4	1.9	**-0.4**	..
■ CP, short-term bonds (net)[3]	2.9	-3.7	5.3	1.4	8.2	-3.7	4.6	**-0.2**	61.7
■ Stocks[4]	2.1	0.3	3.6	0.2	4.3	0.3	0.4	**1.8**	..

Notes: 1) Based on Korean won-denominated loans at depository banks (including trust accounts).
2) Based on bonds (including P-CBOs, but excluding ABSs) issued through public offerings.
3) Based on general companies. 4) Combined total of KOSPI and KOSDAQ markets.

4 Flow of Funds

☐ **Deposit-taking by banks** shifted to a substantial increase in May (-25.9 trillion won in April 2025 → +20.2 trillion won in May 2025; +25.0 trillion won in May 2024).

- o Transferable deposits shifted to an increase (-36.8 trillion won → +7.0 trillion won), boosted by temporary deposits of local government funds scheduled for fiscal execution and inflows of corporate funds for settlement.

- o Time deposits grew at a faster pace (+0.5 trillion won → +19.2 trillion won), as some banks increased deposit-taking to fund rising loan demand and as local governments temporarily deposited funds.

  * Some banks increased funding by attracting time deposit-backed ABCPs and corporate deposits, driven in part by the need to manage their loan-to-deposit ratios.

☐ **Funds under management at asset management companies** continued to rise significantly as in the month earlier (+38.4 trillion won in April 2025 → +25.2 trillion won in May 2025; +17.6 trillion won in May 2024).

- o Deposits into MMFs continued to increase (+24.1 trillion won → +8.1 trillion won), led by corporate funds, due to their relatively favorable yields.

- o Bond-type (+7.4 trillion won → +10.2 trillion won) and stock-type funds (+3.5 trillion won → +4.5 trillion won) both exhibited faster growth than in the previous month.

Deposits at Major Financial Institutions

(changes during period, trillion won)

	2023		2024		2025				Outstanding amount (end-May 2025)
	Jan-May	May	Jan-May	May	Jan-May	Mar	Apr	**May**	
▪ DMBs[1]	-33.4	8.2	31.8	25.0	-1.9	12.3	-25.9	**20.2**	2,432.7
(Transferable deposits)[2]	-49.2	-8.8	-17.9	-1.2	-20.7	31.4	-36.8	**7.0**	911.9
(Time deposits)	-3.2	10.5	36.8	13.9	20.6	-12.6	0.5	**19.2**	1,061.1
(CDs)	18.6	2.1	1.5	1.6	2.3	0.7	3.9	**-2.8**	62.8
(Bank debentures)	-9.7	0.1	16.2	5.8	-6.6	-6.1	2.1	**-3.2**	326.0
▪ AMCs[3]	46.9	-1.2	85.8	17.6	127.9	-13.1	38.4	**25.2**	1,169.9
(MMFs)	21.2	-7.6	33.6	6.3	54.3	-19.6	24.1	**8.1**	221.2
<Corporations>	20.1	-7.8	31.8	5.7	53.3	-20.0	23.8	**8.2**	202.1
(Bond-type)	2.6	1.9	16.7	3.5	37.0	1.5	7.4	**10.2**	206.2
(Stock-type)	6.3	1.4	9.2	1.4	14.5	-0.6	3.5	**4.5**	140.2
(Mixed-type)	-1.5	-0.1	3.2	0.5	1.0	0.1	0.0	**0.1**	29.7
(Other)[4]	18.4	3.2	23.1	5.8	21.1	5.5	3.4	**2.3**	572.6

Notes: 1) Excluding deposits of banks, the central government, and non-residents.
2) Including demand deposits. 3) Including private equity funds at securities companies.
4) Derivative funds, real estate funds, funds of funds, special asset funds, and multi-asset funds.

<Ref 1>

Household Loans and Corporate Funding

(changes during period, trillion won)

	Dec 2024	Jan 2025	Feb	Mar	Apr	May	Outstanding amount (end-May 2025)
Household loans1)	-0.4	-0.5	3.2	1.6	4.7	5.2	1,155.3
Loans secured by home mortgages2)	0.8	1.7	3.4	2.5	3.7	4.2	918.0
Other loans3)	-1.1	-2.1	-0.2	-0.9	1.0	1.0	236.3
Corporate loans1)	-11.5	7.8	3.5	-2.1	14.4	8.0	1,346.6
Large corporations	-4.3	6.1	0.4	-0.7	6.7	5.4	292.3
SMEs	-7.1	1.8	3.1	-1.4	7.6	2.6	1,054.3
<Small and medium-sized corporations>	-5.8	2.1	2.7	-1.4	6.8	2.4	597.8
<SOHOs>	-1.3	-0.3	0.4	0.0	0.8	0.2	456.5
Net issuance of corporate bonds4)	0.3	1.8	3.0	0.4	1.9	-0.4	-
Net issuance of CP, short-term bonds5)	-4.4	9.1	-1.6	-3.7	4.6	-0.2	61.7

Notes: 1) Based on depository banks (including trust accounts).
2) Excluding trust accounts. Including housing-related loans, such as loans for leasehold deposits, moving expenses, and intermediate payments that are not collateralized by real estate.
3) Consisting of general unsecured loans, credit line loans (overdrafts on accounts), loans collateralized by commercial real estate (shopping centers, etc.), and other loans (time deposits or installment savings-backed loans, stock-backed loans, etc.).
4) Based on bonds (including P-CBOs, but excluding ABSs) issued through public offerings.
5) Based on general companies.

<Ref 2>

Deposits at Financial Institutions

(changes during period, trillion won)

	Dec 2024	Jan 2025	Feb	Mar	Apr	May	Outstanding amount (end-May 2025)
Bank accounts[1]	16.5	-33.3	24.8	12.3	-25.9	20.2	2,432.7
Demand deposits less uncleared checks & bills	4.3	-3.1	4.8	11.2	-13.6	6.7	316.9
Time & savings deposits	18.3	-33.1	20.9	8.1	-21.3	20.6	1,723.2
(Time deposits)	-21.0	-2.4	16.0	-12.6	0.5	19.2	1,061.1
(Transferable deposits)	39.2	-29.2	5.2	20.3	-23.1	0.2	595.0
CDs + RPs + Cover bills	-0.1	0.8	0.7	-0.8	6.8	-3.9	66.6
Bank debentures	-6.0	2.2	-1.5	-6.1	2.1	-3.2	326.0
Asset management companies[2]	-23.3	38.1	39.3	-13.1	38.4	25.2	1,169.9
MMFs	-28.7	19.9	21.7	-19.6	24.1	8.1	221.2
Bond investment trusts	-8.7	8.6	9.2	1.5	7.4	10.2	206.2
Stock investment trusts	5.3	5.4	1.8	-0.6	3.5	4.5	140.2
Mixed-type investment trusts	-0.5	0.8	0.0	0.1	0.0	0.1	29.7
Other[3]	9.2	3.4	6.6	5.5	3.4	2.3	572.6
Money in trust funds	-7.6	13.7	12.2	-6.4	12.4	1.7	421.4
Specific money in trusts	-18.7	13.1	11.2	-6.9	12.0	1.2	204.1
Merchant banking corporations	-2.7	2.6	0.4	-1.2	1.6	-0.5	22.9
Bills issued	-2.0	2.9	-0.5	-1.4	1.9	-0.8	16.5
CMAs	-0.7	-0.3	0.9	0.2	-0.3	0.3	6.4
(Bills sold)	-1.7	1.5	0.8	-0.3	1.4	-0.3	25.9
Postal savings	0.4	1.1	1.2	0.8	0.3	0.4	91.3
Deposits at securities companies	1.9	1.3	0.5	2.4	-0.9	-0.3	57.3

Notes: 1) Excluding deposits from banks, the central government, and non-residents.
2) Including private equity funds at securities companies.
3) Derivative funds, real estate funds, funds of funds, special asset funds, and multi-asset funds.