BOND SPOTLIGHT

South Korea deepens green bond push: KORELE and EIBKOR

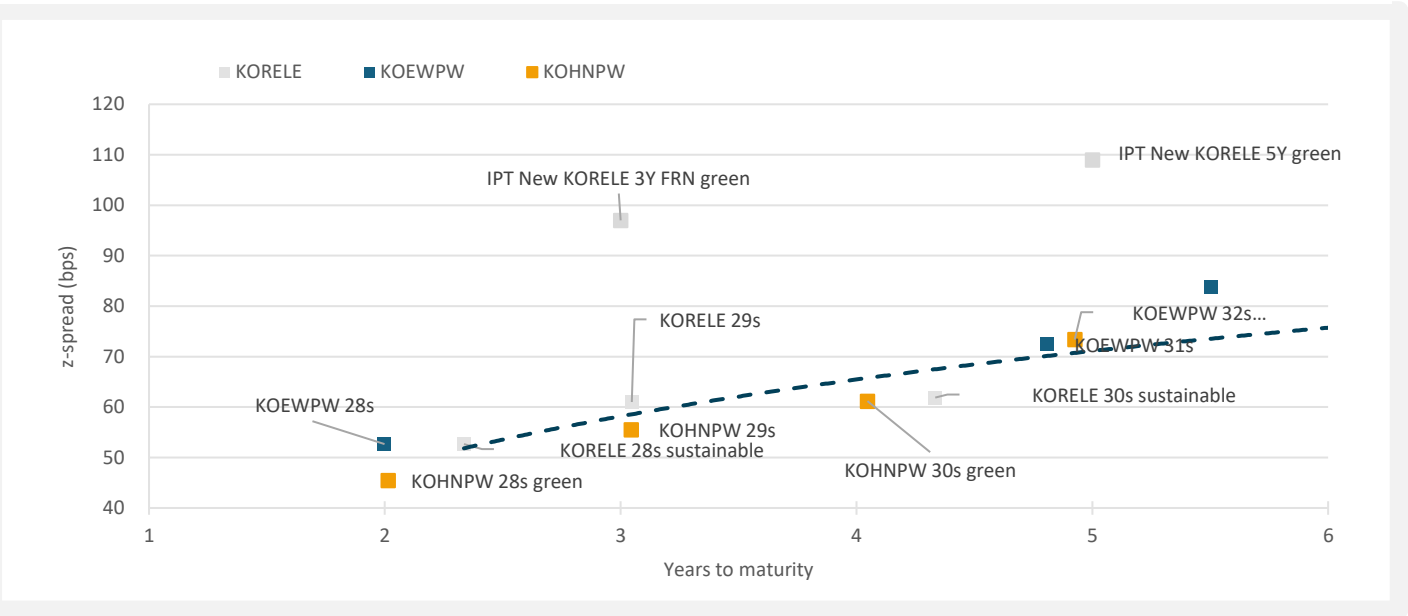
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SUMMARY

- KORELE is marketing a three-year green FRN and five-year green fixed-rate bond.
- EIBKOR is marketing a three-year green bond and five-year conventional bond.
- The labelled tranches are being marketed under updated sustainable finance frameworks aligned with current international principles.
- Korea's clustered issuance suggests a coordinated re-engagement with global ESG capital

Following Korea East-West Power's (ticker KOEWPW) USD Climate Transition Bond (CTB) on 6 July 2026, two Korean quasi-government issuers, Korea Electric Power Corporation or KEPCO (ticker KORELE) and the Export-Import Bank of Korea or KEXIM (ticker EIBKOR), came to market with bond transactions on 13 July 2026 with updated labelled frameworks aligned with international principles.[1] The transactions extend the recent concentration of labelled issuance from Korean quasi-government borrowers, but the three deals serve different purposes. KOEWPW's CTB targets defined coal replacement investments. KORELE's transaction finances a broader portfolio of eligible green projects, while EIBKOR's green tranche supports eligible projects and assets through its policy bank financing activities. Together, the issuances show the range of structures being used by Korean public sector issuers to access labelled debt markets, from direct green financing to more narrowly defined transition use of proceeds.

Figure 1. Selected comparables for KORELE USD bonds in the Korea utility sector. Source: Bloomberg Finance L.P., accessed 13 Jul 2026.



[1] "Korea East-West Power: new Climate Transition Bond", AFII, 6 Jul 2026.

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KORELE transaction details and pricing

Korea Electric Power Corporation (ticker KORELE) is Korea's state-controlled integrated electric utility and the parent company of the country's major public generation companies. KORELE is rated Aa2 by Moody's and AA by S&P at the issuer level, with the proposed bonds expected to carry the same ratings.

KORELE is looking to issue a dual-tranche USD senior unsecured green bond comprising a three-year floating-rate note with initial price talk at three-month SOFR equivalent plus 95bps and a five-year fixed-rate bond at Treasuries plus 80bps, equivalent to an estimated z-spread of around 109bps.

Pricing is expected the same day, and final pricing would usually tighten against IPT(subject to market conditions). Pricing will be assessed against both KORELE's outstanding USD bonds and those of its wholly owned generation subsidiaries. KORELE group USD comparables trade at z-spreads in the range of around 45bps to 75bps, see Figure 1.

Against this range, tightening of around 35bps to 40bps from initial price talk would leave the new issuance broadly aligned with the existing KEPCO group curve. Final pricing, orderbook composition and secondary-market performance will indicate the strength of demand for Korean quasi-government green supply and whether investors assign any pricing benefit to the green label relative to comparable conventional KEPCO group bonds.

Aggregate issue size is expected to be approximately USD700 million. An amount equal to the net proceeds will be used to finance or refinance existing and future projects that meet the eligibility criteria for Renewable Energy, Clean Transportation and Energy Efficiency under the KEPCO Sustainable Finance Framework dated October 2025.[2] The transaction also comes ahead of sizeable near-term maturities, including USD1 billion of KORELE 5.375% notes due July 2026 and USD300 million of KORELE 1.125% notes due September 2026.

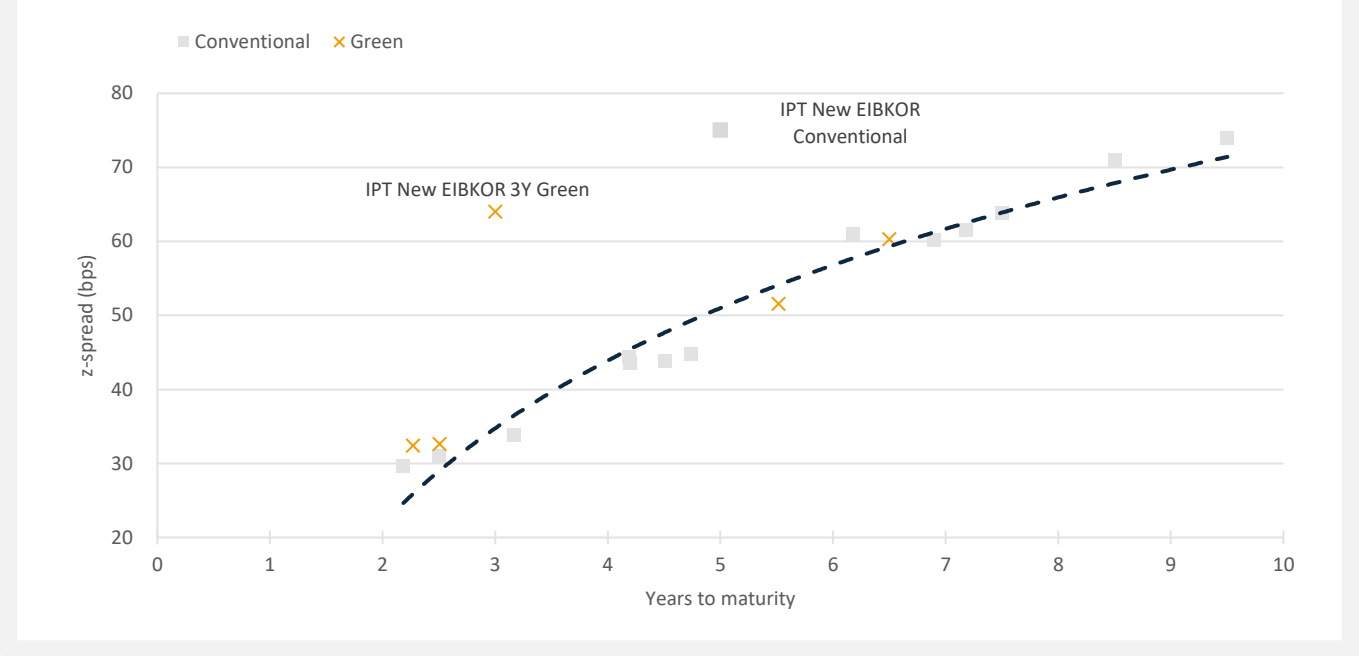
The 2025 framework expands and updates KEPCO's previous sustainable finance framework and is aligned with the 2025 ICMA Green Bond Principles and Social Bond Principles, as well as the 2021 Sustainability Bond Guidelines. It provides greater detail on KEPCO's transition strategy and introduces explicit exclusions for nuclear energy, biogas, fossil-fuel-based electricity generation and transmission or distribution infrastructure connected to fossil-fuel-based power plants.

The framework supports KEPCO Group's target to phase out coal-based generation and achieve net zero by 2050. The group is targeting a 45.9% reduction in greenhouse-gas emissions by 2030 from its 2018 baseline, reducing emissions from 216 million tonnes to 117 million tonnes. KEPCO also has an established labelled-bond track record, having issued USD5.1 billion of ESG bonds between 2019 and 2024. Proceeds from the 2019 to 2023 transactions were fully allocated, while USD419 million, or approximately 35%, of its USD1.2 billion 2024 green bond had been allocated at the latest reporting date. In 2025, KEPCO issued both a USD1.0 billion sustainability bond and conventional USD debt. The proposed transaction therefore marks a return to green issuance.[3]

[2] "KEPCO sustainable finance framework", KEPCO, October 2025.
[3] "KEPCO: et tu Brute?", AFII, 04 Feb 2026.

Transaction and issuer profile - EIBKOR

Figure 2. Selected comparables for EIBKOR USD bonds. Source: Bloomberg Finance L.P., accessed 13 Jul 2026.



The Export-Import Bank of Korea (ticker EIBKOR) is Korea's 100% government-owned export credit agency and policy bank. EIBKOR is rated Aa2 by Moody's, AA by S&P and AA- by Fitch at the issuer level, with the proposed senior unsecured bonds expected to carry the same ratings.

EIBKOR is marketing a benchmark two-tranche USD transaction comprising a three-year green bond and a conventional five-year bond. Initial price talk is at Treasuries plus 44bps and 47bps, equivalent to estimated z-spreads of approximately 64bps and 75bps, respectively. The two tranches serve different funding purposes. An amount equal to the net proceeds from the three-year green tranche will be used to finance or refinance new or existing eligible green and green-enabling projects or assets. Proceeds from the five-year conventional tranche will be used for general operations, including foreign-currency lending and repayment of maturing debt and other obligations.

Pricing will be assessed against EIBKOR's outstanding USD bonds of comparable maturity and seniority. Existing EIBKOR green bonds trade broadly in line with the conventional USD curve, with no clear evidence of a consistent greenium, as shown in Figure 2. Against the existing curve, tightening of around 25bps to 30bps from initial price talk would leave the new issuance broadly aligned with outstanding EIBKOR USD bonds. Final pricing, orderbook composition and secondary-market performance will indicate the strength of demand for the green and conventional tranches.

KEXIM has an established multi-currency labelled-bond track record, with green issuance across USD, EUR, AUD, CHF and JPY markets. In 2026, it issued a USD1.25 billion green bond in January and returned to the AUD green-bond market in February. The proposed transaction continues this programme but is the first green issuance under KEXIM's updated Sustainable Finance Framework dated June 2026. 4

The 2026 framework expands and updates KEXIM's previous Sustainable Finance Framework. Eligible green categories include renewable energy, clean transportation, energy efficiency, pollution prevention and control, sustainable water and wastewater management, sustainable marine transportation, climate-change adaptation and resilience, and green buildings. It also introduces green-enabling activities across renewable-energy, battery-storage and electric-vehicle value chains, together with electricity-grid, clean-hydrogen and selected information and communications technology projects.

The framework is aligned with the 2025 International Capital Market Association Green Bond Principles and with principles published by the Loan Market Association and the Asia Pacific Loan Market Association. It also references the Korean Green Taxonomy, the European Union Taxonomy for Sustainable Activities and the Climate Bonds Initiative Taxonomy.

Conclusions

The transactions mark a renewed round of Korean quasi-government labelled issuance under updated sustainable finance frameworks aligned with current international bond principles. KEPCO's framework reflects the 2025 International Capital Market Association Green Bond Principles and Social Bond Principles and the 2021 Sustainability Bond Guidelines, while KEXIM's framework aligns with the 2025 Green Bond Principles and relevant loan-market principles. KOEWPW's climate transition framework applies a more targeted use-of-proceeds approach linked to coal replacement.

Korea's clustered issuance suggests a coordinated effort to re-engage global ESG capital, likely reflecting favourable market conditions, evolving regulatory expectations, and a desire to reinforce credibility in transition finance following increased concerns on energy security.

Pricing, allocation reporting and subsequent impact disclosure will show whether investors differentiate between the structures and whether the updated frameworks and labels affect demand relative to comparable conventional Korean quasi-government bonds.

[4] "Sustainable finance framework", EIBKOR, June 2026.

Version log

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