



Press Release

For release at 6:00 A.M., April 29, 2019

Issuance of Asset-Backed Securities, First Quarter 2019

The amount of asset-backed securities (ABS) issued in the first quarter of 2019 came to KRW9.8 trillion, down KRW0.6 trillion or 5.8% from KRW10.4 trillion a year earlier. Mortgage-backed securities (MBS) issuance by the Korea Housing Finance Corporation (KHFC) came to KRW4.8 trillion (49.0% of total ABS issuance). Issuance by financial companies and non-financial companies came to KRW3.1 trillion and KRW1.9 trillion, respectively, at the end of March 2019.

Table. ABS Issuance, First Quarter 2019

	Q1 2017	Q1 2018	Q1 2019	YoY Chng (%)
Amount	13.9	10.4	9.8	-5.8
Number of issues	33	31	30	-3.2

(In trillions of KRW)

ABS Issuers

MBS issuance by the KHFC totaled KRW4.8 trillion for the first three months of 2019, down KRW0.7 trillion or 12.7% from a year earlier. During the same period, ABS issuance by financial companies such as banks, credit-specialized companies and securities firms increased 72.2% to KRW3.1 trillion. However, non-financial companies cut their issuance by 38.7% to KRW1.9 trillion.

Figure 1. Breakdown of ABS Issuers

(In trillions of KRW)



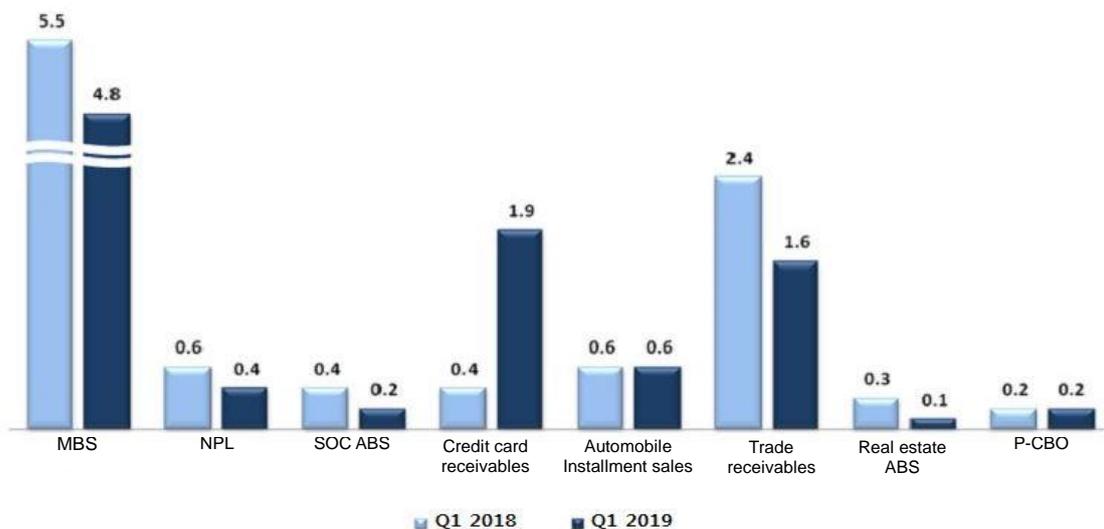
Underlying Assets

Loans-backed ABS issuance was reduced KRW1.1 trillion or 16.9% to KRW5.4 trillion in the January-March period. With an MBS issuance coming to KRW4.8 trillion, NPL-based ABS issuance totaled KRW0.4 trillion as well as SOC ABS came to KRW0.2 trillion.

By contrast, ABS backed by accounts receivables increased KRW0.5 trillion or 13.5% to KRW4.2 trillion during the same period. Compared to the same period a year earlier, credit card receivables-based ABS grew KRW1.5 trillion or 375.0% to KRW1.9 trillion. Trade receivables-based ABS decreased 33.3% to KRW1.6 trillion, and real estate ABS shrank 66.7% to KRW0.1 trillion. When it came to ABS based on automobile installment receivables, issuance remained the same as a year ago, coming to KRW0.6 trillion in the first quarter of 2019. Meanwhile, issuance of primary CBO (P-CBO) came to KRW0.2 trillion.

Figure 2. Breakdown of Underlying Assets

(In trillions of KRW)



Key Characteristics of ABS Issuance in Q1 2019

- MBS issuance by the KHFC fell from KRW5.5 trillion to KRW4.8 trillion

The KHFC cut MBS issuance by KRW0.7 trillion or 12.7% from the same period a year earlier. The government's policy for curbing household debts contributed to decreasing mortgage loans, which resulted in the decrease in MBS issuance in the first quarter of 2019.



- Trade receivables-based ABS declined from KRW2.4 trillion to KRW1.6 trillion

ABS issuance based on trade receivables came to KRW1.6 trillion in the first quarter of 2019, down KRW0.8 trillion or 33.3% from the same period a year earlier. Between January and March, 2019, there was no issuance backed by air ticket receivables, which contributed to the decline in trade receivables-backed ABS.

- Credit card companies expanded ABS issuance from KRW0.4 trillion to KRW1.9 trillion.

Credit card receivables-based ABS totaled KRW1.9 trillion in the first quarter of 2019, 375.0% greater than the previous year. This was because credit card companies reduced corporate debt issues and rather expanded ABS issuance to diversify financing methods.

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