



Press Release

For release at 6:00 A.M., January 20, 2020

Issuance of Asset-Backed Securities, 2019

The amount of asset-backed securities (ABS) issued between January and December, 2019, came to KRW51.7 trillion in total, up KRW2.3 trillion from KRW49.4 trillion the same period a year ago. Mortgage-backed securities (MBS) issuance by the Korea Housing Finance Corporation (KHFC) totaled KRW28.1 trillion (54.4% of total ABS issuance) for the year of 2019. Issuance by financial and non-financial companies came to KRW13.3 trillion (25.7%) and KRW10.3 trillion (19.9%), respectively, in 2019.

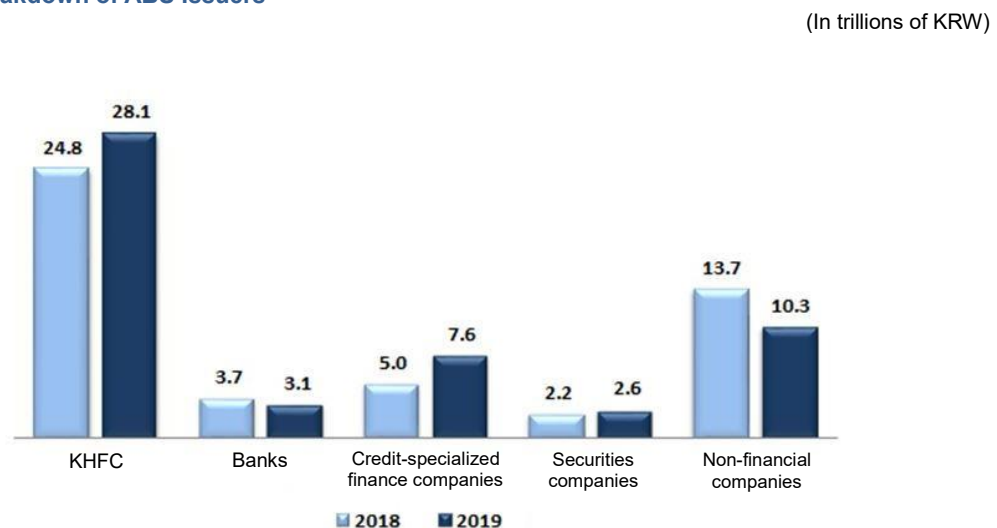
Table. ABS Issuance, 2019

	2017	2018	2019	(In trillions of KRW) YoY Chng (%)
Amount	57.6	49.4	51.7	4.7
Number of issues	167	163	153	-6.1

ABS Issuers

MBS issuance by the KHFC came to KRW28.1 trillion for the year of 2019, up KRW3.3 trillion or 13.3% from a year earlier. During the period, ABS issuance by financial companies such as banks, credit-specialized companies and securities firms expanded by KRW2.4 trillion or 22.0% to KRW13.3 trillion. By contrast, non-financial companies decreased their issuance by 24.8% to KRW10.3 trillion.

Figure 1. Breakdown of ABS Issuers



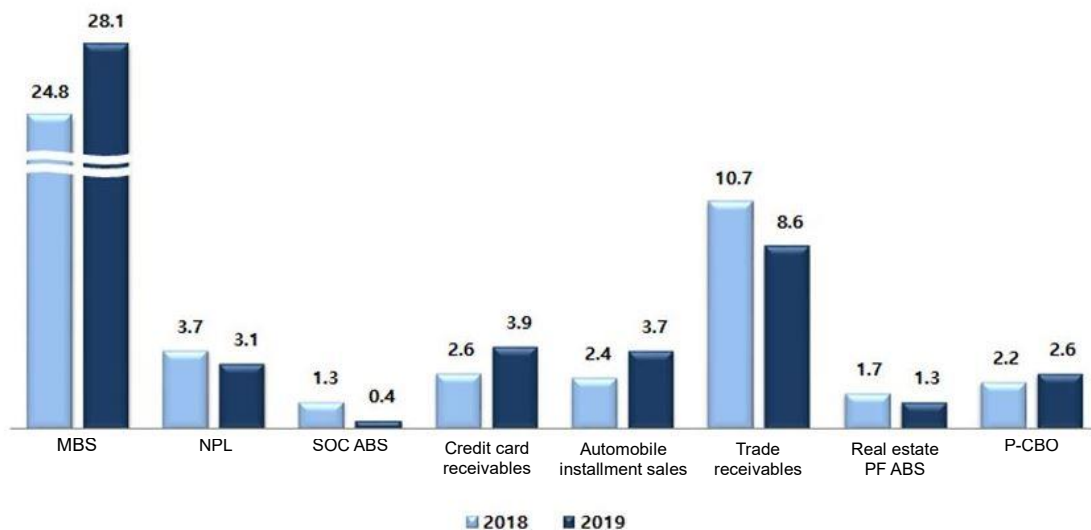
Underlying Assets

Loans-backed ABS issuance grew KRW1.8 trillion or 6.0% to KRW31.6 trillion in 2019. With an MBS issuance reaching KRW28.1 trillion, NPL-based ABS issuance totaled KRW3.1 trillion.

Also, ABS backed by accounts receivables increased 0.6% to KRW17.5 trillion for the same period. Credit card receivables-based ABS increased 50.0% to KRW3.9 trillion as well as automobile installment sales ABS increased 54.2% to KRW3.7 trillion. However, ABS issuance backed by trade receivables and real estate PF decreased 19.6% and 23.5%, respectively. When it came to primary CBO (P-CBO), issuance rose 18.2% to KRW2.6 trillion in 2019.

Figure 2. Breakdown of Underlying Assets

(In trillions of KRW)



Key Characteristics of ABS Issuance in 2019

- MBS issuance by the KHFC increased from KRW24.8 trillion to KRW28.1 trillion

MBS issuance by the KHFC grew KRW3.3 trillion or 13.3% from the same period a year ago. In the fourth quarter of 2019, the government newly implemented a policy to help those who got loans at higher rates to receive loans at lower rates, and Bogeumjari (mortgage) loan users increased as well. This mainly contributed to the growth of MBS issuance.

- ABS issuance based on installment receivables of credit card companies grew KRW2.4 trillion from KRW2.6 trillion to KRW5.0 trillion



ABS issuance based on installment receivables of credit card companies (credit card receivables and automobile installment receivables) totaled KRW5.0 trillion in 2019, up KRW2.4 trillion or 92.3% from a year earlier. This was because credit card companies expanded ABS issuance instead of corporate bonds to reduce financing costs.

- Trade receivables-based ABS declined from KRW10.7 trillion to KRW8.6 trillion

ABS based on trade receivables totaled KRW8.6 trillion in 2019, down KRW2.1 trillion or 19.6% from the same period a year ago. In particular, handset installment receivables-based ABS decreased from KRW8.9 trillion to KRW8.1 trillion. Also, issuance backed by air ticket receivables fell from KRW1.5 trillion to KRW0.5 trillion.

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