



Press Release

For release at 6:00 A.M., April 29, 2020

Issuance of Asset-Backed Securities, First Quarter 2020

The amount of asset-backed securities (ABS) issued between January and March, 2020, came to KRW22.7 trillion in total, up KRW2.6 trillion or 12.9% from three months earlier and also up KRW12.9 trillion or 131.9% from the same period a year ago. The growth was mostly attributable to a greater issuance of mortgage-backed securities (MBS) by the Korea Housing Finance Corporation (KHFC). Compared to a year ago, the KHFC's MBS issuance increased by KRW13.1 trillion. Meanwhile, financial companies cut their issuance by KRW1 trillion while non-financial peers' issuance grew KRW0.8 trillion.

Table. ABS Issuance, First Quarter 2020

	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Amount	10.4	13.8	10.9	14.3	9.8	12.2	9.6	20.1	22.7
Number of issues	31	47	36	49	30	43	29	51	31

(In trillions of KRW)

ABS Issuers

MBS issuance by the KHFC came to KRW17.9 trillion for the first quarter, up KRW13.1 trillion or 272.9% from a year ago. During the period, ABS issuance by financial companies such as banks, credit-specialized companies and securities firms decreased by 32.3% to KRW2.1 trillion. By contrast, non-financial companies increased their issuance by 42.1% to KRW2.7 trillion.

Figure 1. Breakdown of ABS Issuers

(In trillions of KRW)



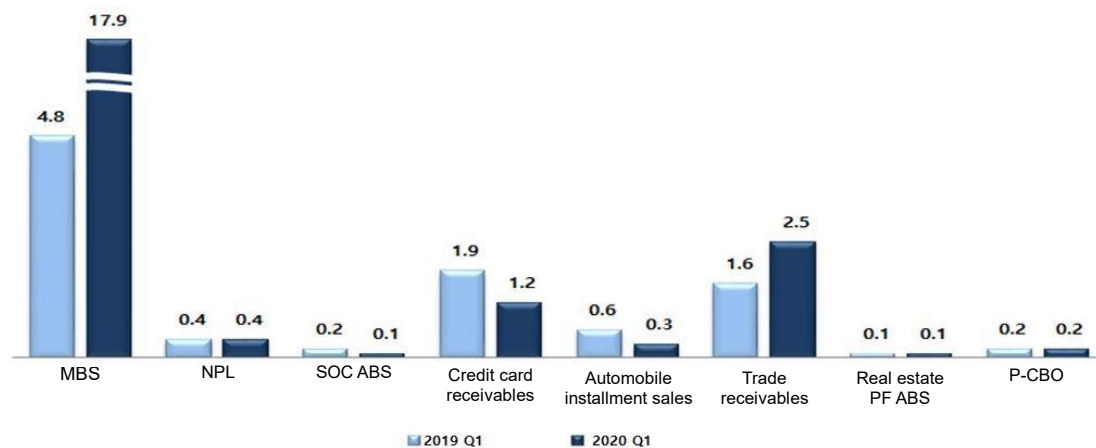
Underlying Assets

Loans-backed ABS issuance soared 240.7% to KRW18.4 trillion in the first quarter 2020. With the MBS issuance reaching KRW17.9 trillion, NPL-based ABS issuance totaled KRW0.4 trillion. In addition, SOC ABS came to KRW0.1 trillion for the January-to-March period.

Meanwhile, ABS backed by accounts receivables shrank 2.4% to KRW4.1 trillion for the same period. Credit card receivables-based ABS decreased 36.8% to KRW1.2 trillion as well as automobile installment sales ABS halved to KRW0.3 trillion. By contrast, ABS issuance backed by trade receivables jumped 56.3% to KRW2.5 trillion, and real estate PF ABS remained the same as a year ago with an issuance of KRW0.1 trillion. When it came to primary CBO (P-CBO), issuance came to KRW0.2 trillion in the first quarter.

Figure 2. Breakdown of Underlying Assets

(In trillions of KRW)



Key Characteristics of ABS Issuance in the first quarter 2020

- MBS issuance by the KHFC jumped from KRW4.8 trillion to KRW17.9 trillion

The KHFC have expanded its MBS issuance since the fourth quarter of 2019 and is expected to continue the trend in the second quarter of 2020 as well.

- Trade receivables-based ABS increased from KRW1.6 trillion to KRW2.5 trillion

Handset installment receivables-based ABS grew to KRW1.8 trillion from the same period a year earlier. Also, issuance backed by air ticket receivables increased to KRW0.6 trillion as well. These contributed to the growth in trade receivables-based ABS issuance in the first quarter of 2020.



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