



## Press Release

For release at 6:00 A.M., October 19, 2021

### Issuance of Asset-Backed Securities, Third Quarter 2021

The amount of asset-backed securities (ABS) issued in the third quarter of 2021 stood at KRW12.8 trillion in total, down KRW5.9 trillion or 31.5% from the same period a year ago. The Korea Housing Finance Corporation (KHFC) decreased its mortgage-backed securities (MBS) issuance by KRW3.2 trillion from a year earlier. In addition, financial companies and non-financial companies also cut their issuance by KRW1.7 trillion and KRW0.9 trillion, respectively, from a year earlier.

Table. ABS Issuance, Third Quarter 2021

	2019				2020				(In trillions of KRW) 2021		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Amount	9.8	12.2	9.6	20.1	22.7	20.9	18.7	16.8	13.7	21.8	<b>12.8</b>
Number of issues	30	43	29	51	31	58	46	49	34	53	<b>31</b>

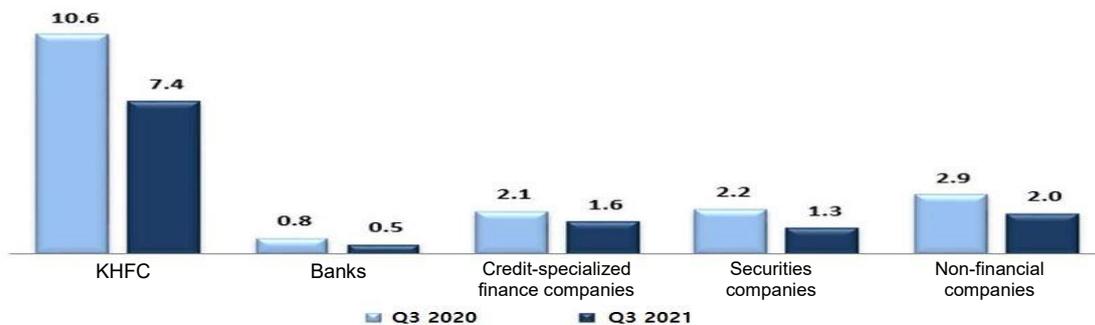
#### ABS Issuers

MBS issuance by the KHFC totaled KRW7.4 trillion in the three months to September of 2021, down KRW3.2 trillion or 30.6% from the previous year. When it came to financial companies, ABS issuance decreased KRW1.7 trillion or 33.3% year on year to KRW3.4 trillion. In particular, banks decreased NPL-based issuance by 39.0% to KRW0.5 trillion as well as issuance by credit-specialized companies shrank 24.5% to KRW1.6 trillion in the third quarter. Furthermore, P-CBO issuance by securities companies declined 40.0% to KRW1.3 trillion compared to a year earlier.

Meanwhile, non-financial companies' ABS issuance came in at KRW2.0 trillion in the July-to-September period of 2021, down KRW0.9 trillion or 31.7% from the same period a year earlier.

Figure 1. Breakdown of ABS Issuers

(In trillions of KRW)



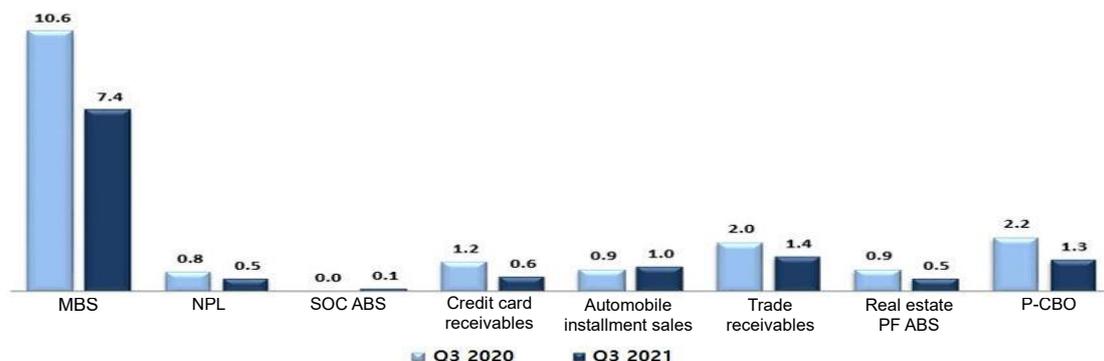
### Underlying Assets

Loan-backed ABS issuance decreased KRW3.4 trillion or 30.2% to KRW8.0 trillion in the third quarter of 2021. MBS issuance shrank 30.6% from the same period a year ago, and NPL-based ABS also decreased 38.7% year on year. By contrast, SOC ABS of KRW0.1 trillion was newly issued in the July-to-September period.

Meanwhile, ABS backed by accounts receivables came in at KRW3.5 trillion in the third quarter, down KRW1.6 trillion or 30.8% from a year earlier. While ABS backed by lease and installment sales receivables increased 11.3% from a year ago, credit card receivables-based ABS decreased 49.8% during the same period. In addition, ABS issuance backed by trade receivables decreased 30.1% as well as real estate PF ABS fell by 46.6% year on year. When it came to primary collateralized bond obligation (P-CBO), issuance shrank 40.0% to KRW1.3 trillion in the third quarter.

Figure 2. Breakdown of Underlying Assets

(In trillions of KRW)





### Key Characteristics of ABS Issuance in the third quarter 2021

- MBS issuance by the KHFC plunged from KRW10.6 trillion in the third quarter 2020 to KRW7.4 trillion in the third quarter 2021

The KHFC planned to issue nearly KRW37.0 trillion of MBS in 2021. The issuance amount, however, already came to KRW22.8 trillion (62% of the total amount planned for 2021) in the first six months. Against this backdrop, the KHFC cut its MBS issuance in the third quarter.

- Financial and non-financial companies issued less than the same period a year ago

Based on lower interest rates, financial and non-financial companies increased their ABS issuance to KRW8.0 trillion in the third quarter of 2020. By contrast, the companies reduced their issuance by KRW2.6 trillion to KRW5.4 trillion in the July-to-September of 2021.

- P-CBO issuance continuously increased from KRW3.4 trillion in 2020 to KRW3.6 trillion in 2021 to support those who were hit by the Covid-19 pandemic

Total KRW11.7 trillion of P-CBO issuance was planned to help large and medium-sized companies affected by the coronavirus fallout. As of end-September 2021, P-CBO issuance stood at KRW7.0 trillion, representing 60% of the total amount planned.

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