



Press Release

For release at 6:00 A.M., April 27, 2022

Issuance of Asset-Backed Securities, First Quarter 2022

The amount of asset-backed securities (ABS) issued in the first quarter 2022 came in at KRW10.9 trillion, down KRW2.8 trillion or 20.2% from KRW13.7 trillion a year earlier. Mortgage-backed securities (MBS) issuance by the Korea Housing Finance Corporation (KHFC) decreased KRW2.8 trillion from the same period a year ago, which drove total ABS issuance in the first three months downward. Meanwhile, financial companies increased their issuance by KRW0.2 trillion while issuance by non-financial companies fell KRW0.2 trillion year on year.

Table 1. ABS Issuance, First Quarter 2022

	2020				2021				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Amount	22.7	20.9	18.7	16.8	13.7	21.8	12.8	13.4	10.9
Number of issues	31	58	46	49	34	53	31	46	35

(In trillions of KRW)

ABS Issuers

MBS issuance by the KHFC totaled KRW6.3 trillion in the January-to-March period of 2022, down KRW2.8 trillion or 29.9% from a year earlier. When it came to financial companies, ABS issuance grew KRW0.2 trillion or 6.6% to KRW2.4 trillion in the first quarter. To go into detail, banks reduced NPL-based issuance by 25.6% to KRW0.4 trillion. However, credit-specialized companies issued 17.4% more than in the previous year. In addition, P-CBO issues by securities firms came in at KRW0.8 trillion, 12.8% greater than a year ago.

Meanwhile, non-financial companies' ABS issuance came in at KRW2.2 trillion in the first three months, down KRW0.2 trillion or 8.1% from the same period a year earlier.

Underlying Assets

Loan-backed ABS issuance decreased KRW2.7 trillion or 27.1% to KRW7.1 trillion in the first quarter. MBS issuance declined 29.9% from a year ago, and NPL-based ABS also fell 25.2% year on year. However, SCO ABS jumped 65.9% from the previous year.

Meanwhile, ABS backed by accounts receivables came in at KRW3.0 trillion in the January-to-March period, down KRW0.2 trillion or 6.5% from a year earlier. Credit card receivables-based ABS jumped 57.1% while ABS backed by lease and installment sales receivables plunged 80.9% year on year. ABS issuance backed by trade receivables decreased by 22.9% during the same period, but real estate PF ABS remained the same as in the previous year. When it came to primary collateralized bond obligation (P-CBO), issuance has risen 12.8% from a year ago.

Figure 1. Breakdown of ABS Issuers

(In trillions of KRW)

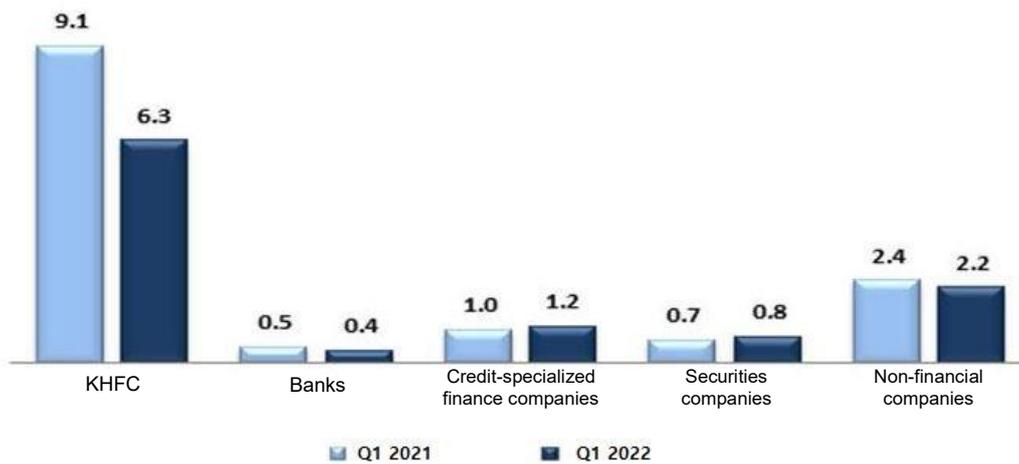
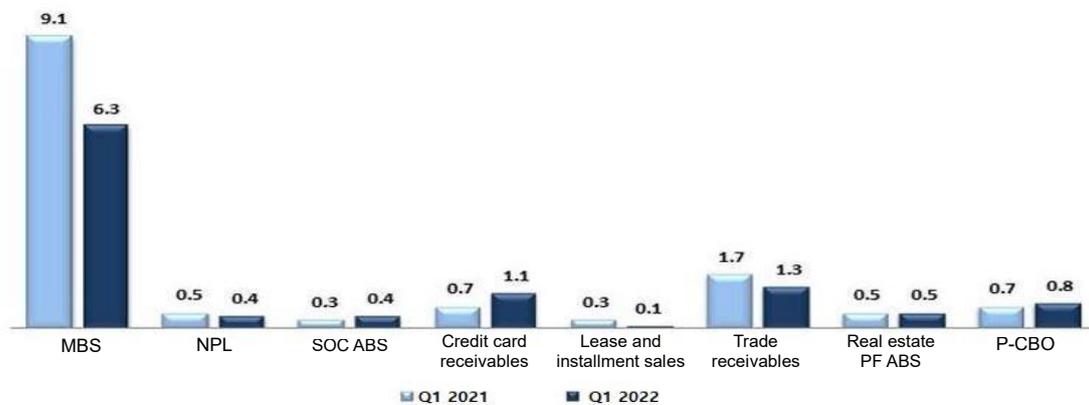


Figure 2. Breakdown of Underlying Assets

(In trillions of KRW)





Key Characteristics of ABS Issuance in the first quarter of 2022

- MBS issuance by the KHFC fell by KRW2.8 trillion from KRW9.1 trillion to KRW6.3 trillion year on year.

The pace of mortgage loans growth has slowed since the second half of 2021, which contributed to driving MBS issuance downward.

Table 2. MBS Issuance, First Quarter 2022

	2020				2021				(In trillions of KRW)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2022
Total Issuance	17.9	10.8	10.6	9.3	9.1	13.7	7.4	6.4	6.3

- ABS issuance backed by handset installment sales receivables came in at KRW1.3 trillion in the first three months of 2022, down KRW0.4 trillion from a year earlier

As smartphones are being widely used, the number of those who bought new devices decreased in the first quarter of 2022. Also, many opted for no-contract phones during the period. This trend resulted in year-on-year decline in ABS issuance backed by handset installment sales receivables.

- ABS issuance backed by credit card receivables expanded KRW0.4 trillion to KRW1.1 trillion in the first quarter of 2022

Pent-up demand had purchases with credit cards up, and credit card companies' earnings improved in the January-to-March period of 2022 compared to the same period a year ago. This led to an increase in ABS issuance backed by credit card receivables.

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