



Press Release

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Asset-Backed Securities Issuance: 2008

The total value of asset-backed securities (ABS) issued during 2008 stands at KRW20.6 trillion, up 4.2%, from KRW19.8 trillion a year earlier, while the total number of ABS issued in 2008 stands at 81, which is down 23.6% from the 106 issued during 2007. The decrease in issuances of real estate project financing ABS and future receivables ABS issued by corporations led to the overall decrease in the number of ABS issuances during 2008. However, the total value of ABS was able to increase due to the rise in large scale ABS issued by credit-specialized finance companies.

Total ABS Issuance: 2004-2008

	(In KRW, billions)				
	2004	2005	2006	2007	2008
Amount	26,976.4	28,607.2	23,222.3	19,765.2	20,604.7
Percentage change	-	6.0	-18.8	-14.9	4.2
Number	170	236	183	106	81

ABS issuance during 2008 has 4 significant points. Firstly, ABS issued by credit-specialized finance companies rose due to the increase in installment payments up to the 3rd quarter of 2008, which led to an increase in ABS issued by installment financing companies, and ABS issued overseas by credit card companies.

ABS Issuance by Issuer

	(In KRW, billions, percent)					
	2006		2007		2008	
Financial Institutions	10,334.3	(44.5)	11,312.2	(57.2)	14,638.4	(71.0)
Banks	4,352.1	(18.7)	4,989.8	25.5	4,316.2	(20.9)
Credit-specialized finance companies	5,382.5	(23.2)	5,274.5	26.7	7,956.3	(38.6)
Securities and insurance companies	548.7	(2.4)	1,048.0	5.3	2,365.9	(11.5)
Public Corporations	4,099.0	(17.7)	5,005.5	(25.3)	4,707.2	(22.8)
Others	8,789.0	(37.8)	3,447.5	(17.5)	1,259.1	(6.1)
Total	23,222.3	(100.0)	19,765.2	(100.0)	20,604.7	(100.0)

* All figures in parenthesis reflect the percentage of the total

Secondly, to relieve the financial pressure on SMEs due to the economic slowdown, P-CBOs, issued with credit enhancements from government supported credit guarantee companies, rose during 2008.



Issuance of Principal ABS: 2007-2008

	2007		2008	
	Amount	Number	Amount	Number
ABS issued by credit-specialized finance companies*	5,105.8	24	7,956.3	28
P-CBO	649.2	6	1,754.0	8
ABS issued by corporations	3,447.5	35	1,259.0	13
Future receivables	2,234.9	18	530.0	6
Real estate PF ABS	1,212.6	17	729.0	7
Others	10,562.7	41	9,635.4	32
Total	19,765.2	106	20,604.7	81

* Credit card receivable, installment payment, lease-backed loans

Thirdly, with the credit crunch and the growing uncertainty regarding the economic outlook, the future receivables ABS issued by corporations and real estate project financing ABS decreased.

Lastly, despite the decrease of ABS issuances, due to the deterioration of the financial market following the bankruptcy of Lehman Brothers in September, 2008, it has been back on track since November, 2008. The rise can be attributed to the National Pension Service's purchase of ABS and the increase of P-CBOs, issued with credit enhancements from government supported credit guarantee companies.

During 2009 a rise in P-CBO issuances is expected to further support companies that are facing financial difficulties. Also the issuance of NPL-backed securitization may rise following the expected increase of financial institution's non-performing loans.

With the use of credit cards and installment payment plans expected to decrease during 2009, due to consumers spending less following the economic slowdown, the continuation of the upward trend of ABS issued by credit-specialized finance companies will be unlikely.

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