

Securitization Market Trends Survey Report (Issuance Trends in the Second Half of Fiscal 2016)

This report is a summary of the results of the “Securitization Market Trends Survey” (see JSDA’s website at <<http://www.jsda.or.jp/en/index.html>>), conducted monthly by the Japan Securities Dealers Association (JSDA) and the Japanese Bankers Association (JBA), for the second half of fiscal 2016, the period from October 1, 2016 to March 31, 2017.

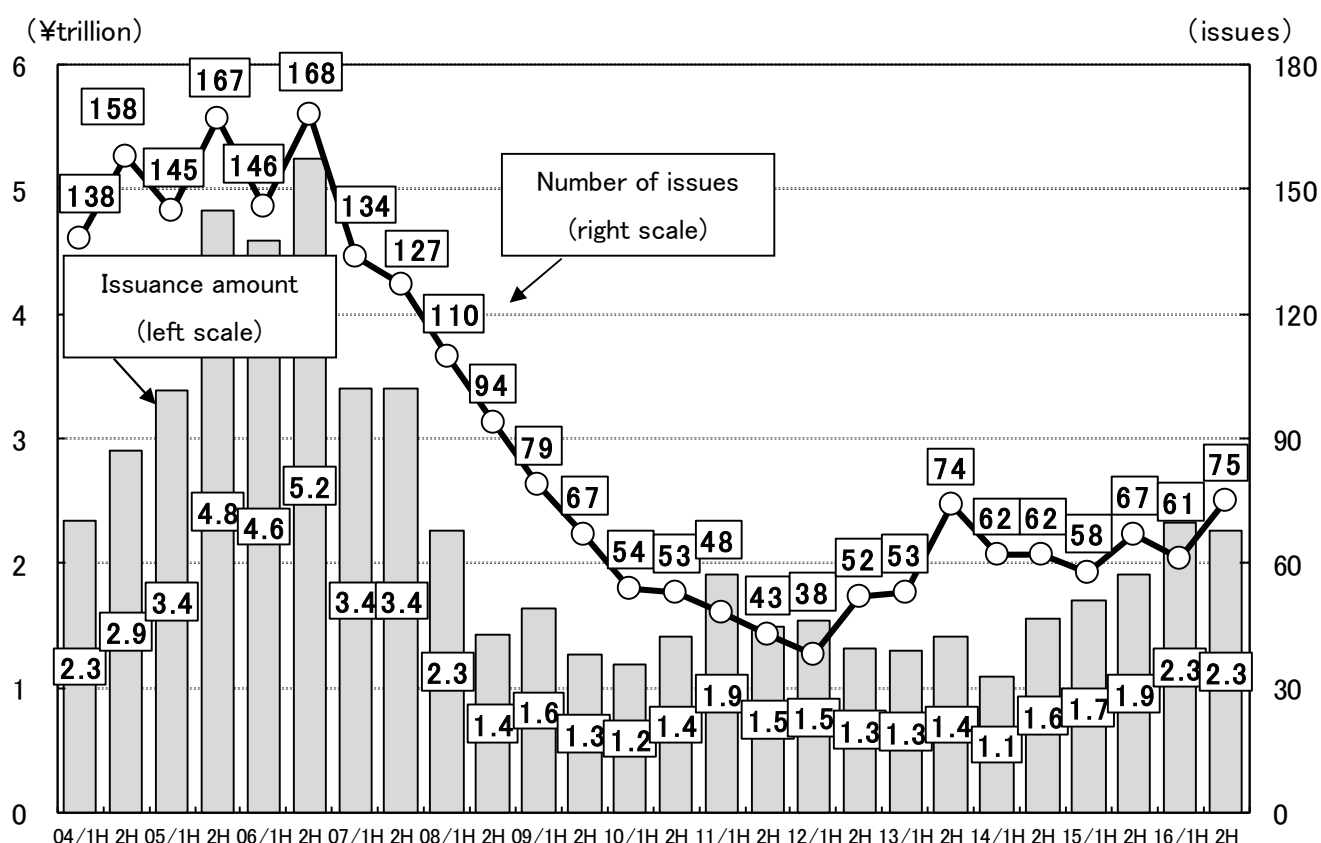
In addition, please refer to an attached sheet for the numerical data used in a chart.

I. Overall Issuance Trends for Securitization Products

Looking at the issuance trends for securitization products in the second half of fiscal 2016, both the amount and number of issues increased year-on-year. The total issuance amount was ¥2,259.5 billion, increasing 18.1% from the second half of fiscal 2015, while the number of issues was 75, up 11.9% year-on-year. The issuance amount exceeded ¥2 trillion as in the first half of fiscal 2016 (see Chart 1).

Reference: The total issuance amount of corporate straight bonds during the second half of fiscal 2016 was ¥4,809.1 billion (provisional figure).

Chart 1. Securitization Product Issuance Amount and Number of Issues



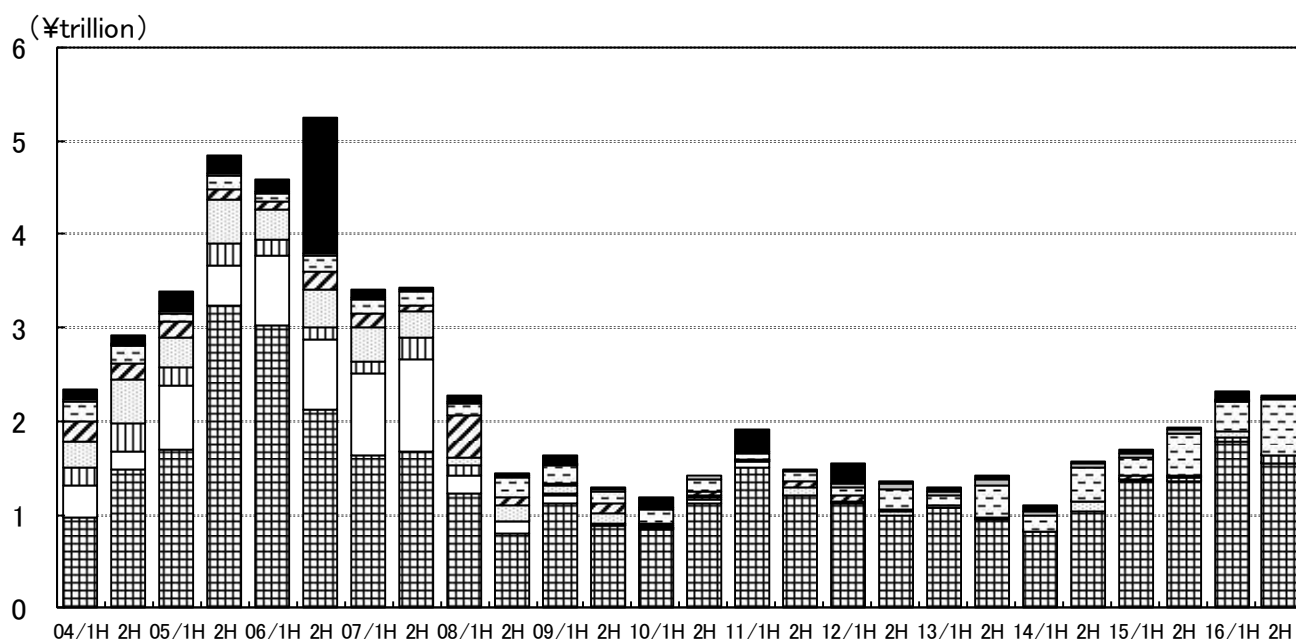
II. Issuance Trends by Underlying Assets

Looking at the securitization product issuance amount for the second half of fiscal 2016 by underlying assets, the amount of “RMBS,” “CDO,” and “Shopping credits” increased, whereas in contrast, “CMBS,” “Leases,” “Consumer loans,” “Sales receivables/Commercial bills” and “Others” decreased. Above all, the issuance amount of “RMBS” and “Shopping credits” increased by more than 100.0 billion (see Chart 2).

Chart 2. Securitization Product Issuance Amount by Underlying Assets

	RMBS	CMBS	CDO	Leases	Consumer loans	Shopping credits	Sales receivables/ Commercial bills	Others	Total
Issuance amount(¥100 million)	15,423	4	859	0	80	5,942	274	13	22,595
Year on year change(¥100 million)	+1,809	-6	+591	-168	-10	+1,355	-99	-3	+3,470
Year on year change(%)	+13.3	-58.0	+220.4	-100.0	-11.1	+29.5	-26.5	-18.6	+18.1
% Composition	68.3	0.0	3.8	0.0	0.4	26.3	1.2	0.1	100.0
Ref. Number of issues(present period)	24	1	11	0	1	30	6	2	75
Year on year change(number)	+4	0	+6	-2	+0	+2	-2	+0	+8
Year on year change(%)	+20.0	+0.0	+120.0	-100.0	+0.0	+7.1	-25.0	+0.0	+11.9

Note: From a survey based on September 30, 2016, we reviewed some of the underlying assets classification. Please refer to the "Explanation Materials" in the attachment for details.

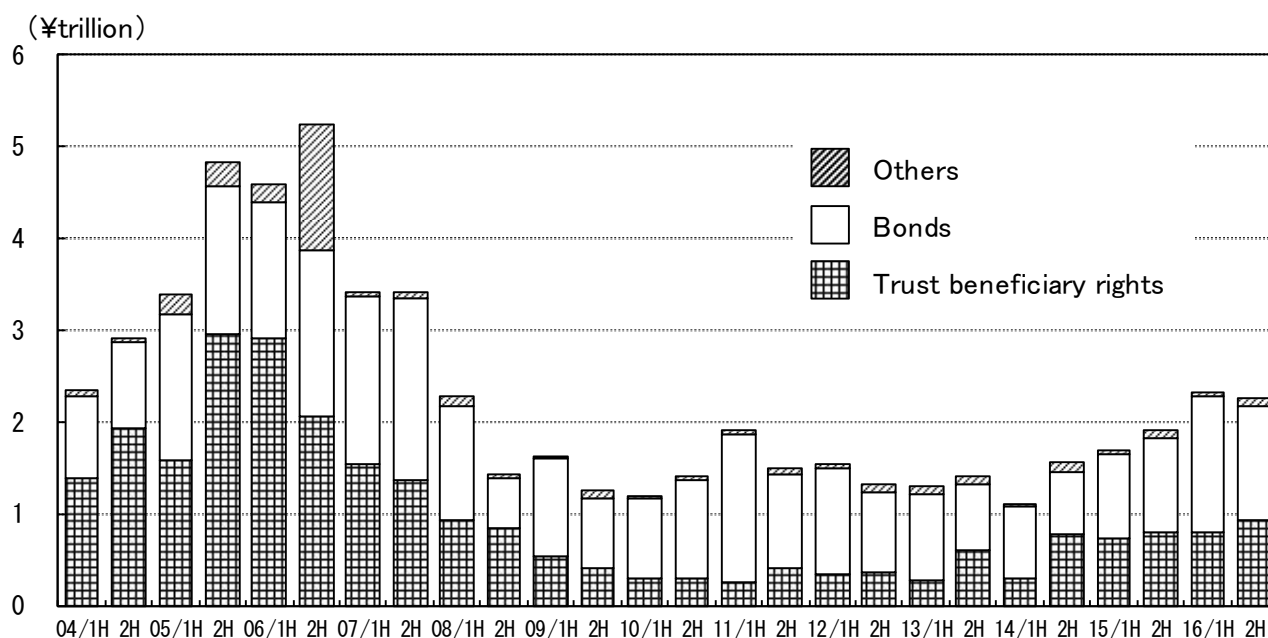


Others	Foundation funds, subordinated-loan, business cash flow, medical receivables, and others
Sales receivables/Commercial bills	Sales receivables, commercial bills
Shopping credits	Shopping loans, credit card loans, automobile loans
Consumer loans	Consumer loans, bank card loans
Leases	Lease credits
CDO	(Collateralized Debt Obligations) Corporate loans, corporate bonds, credit default swaps, and others
CMBS	(Commercial Mortgage-backed Securities) Commercial real estate collateralized loans, commercial real estate
RMBS	(Residential Mortgage-backed Securities) Housing loans and loans to individuals to build commercial apartments

III. Issuance Trends by Product Type

Looking at the securitization product issuance amount (¥2,259.5 billion) by product type, the amount of “Bonds” was ¥1,238.9 billion (54.8% of the total), followed by “Trust beneficiary rights” with ¥923.5 billion (40.9%) (see Chart 3).

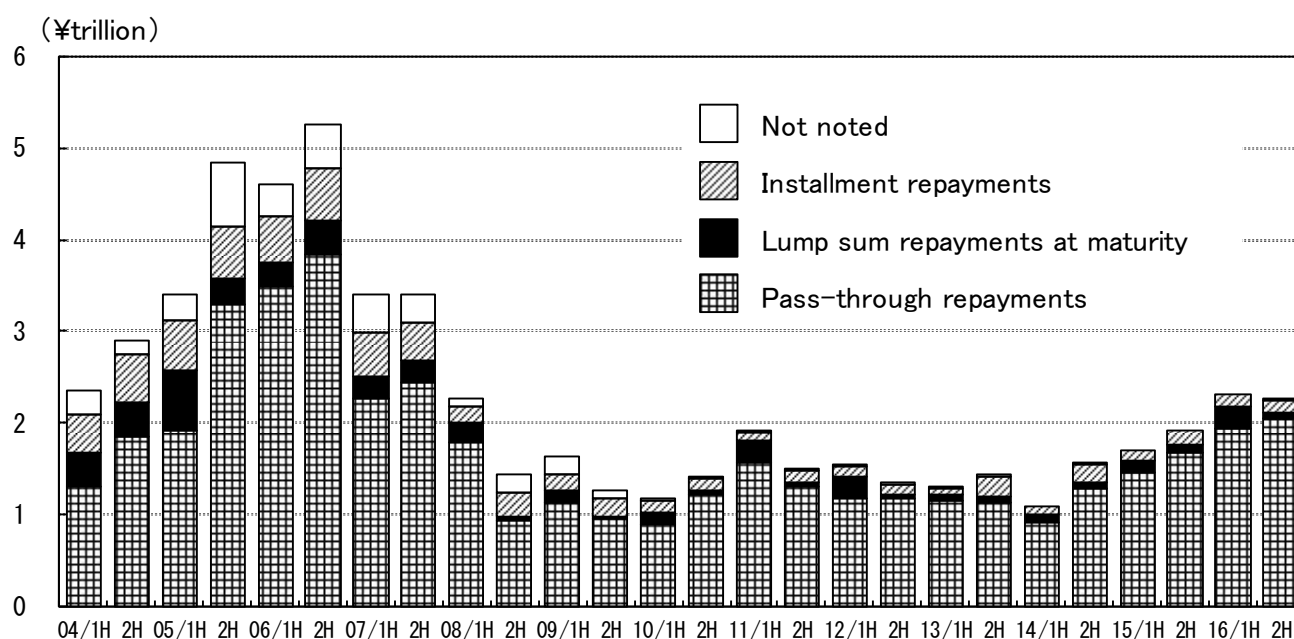
Chart 3. Securitization Product Issuance Amount by Product Type



IV. Issuance Trends by Repayment Method

Looking at the securitization issuance amount (¥2,259.5 billion) by repayment method, the amount of “Pass-through repayments” was ¥2,040.0 billion (90.3 % of the total) (see Chart 4).

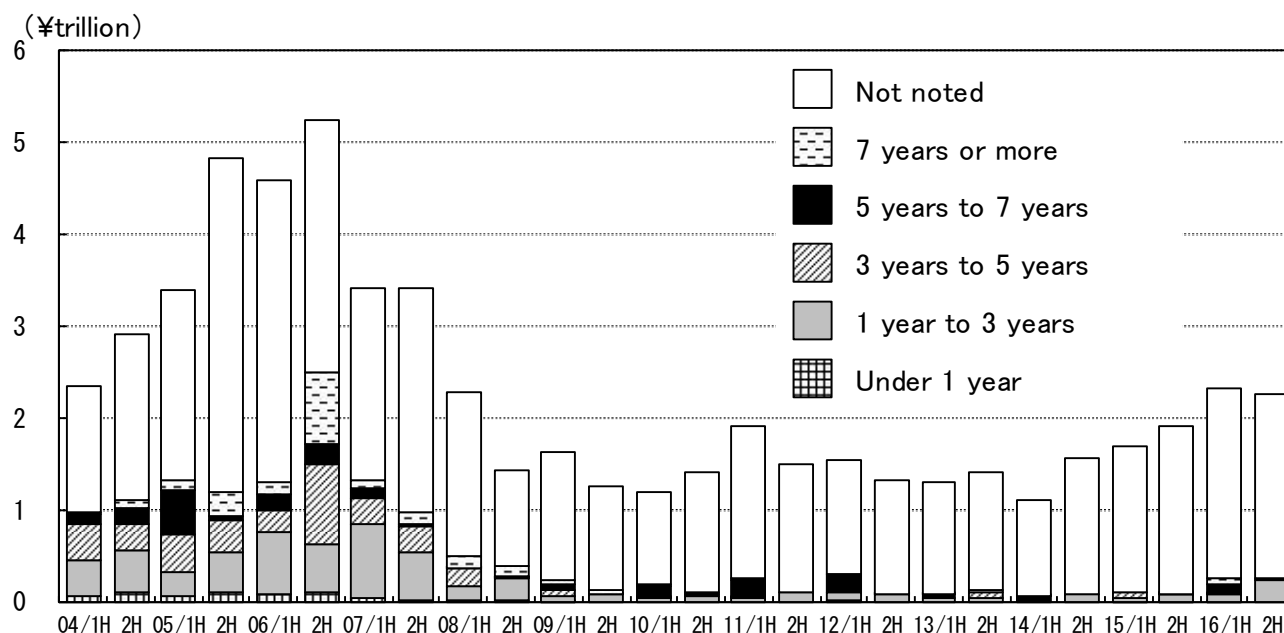
Chart 4. Securitization Product Issuance Amount by Repayment Method



V. Issuance Trends by Planned/Average Term to Maturity

Looking at the securitization issuance amount (¥2,259.5 billion) by planned/average term to maturity, the most popular term, except for “Not noted”, was “1 year to 3 years ” with ¥226.1 billion (10.0% of the total) (see Chart 5).

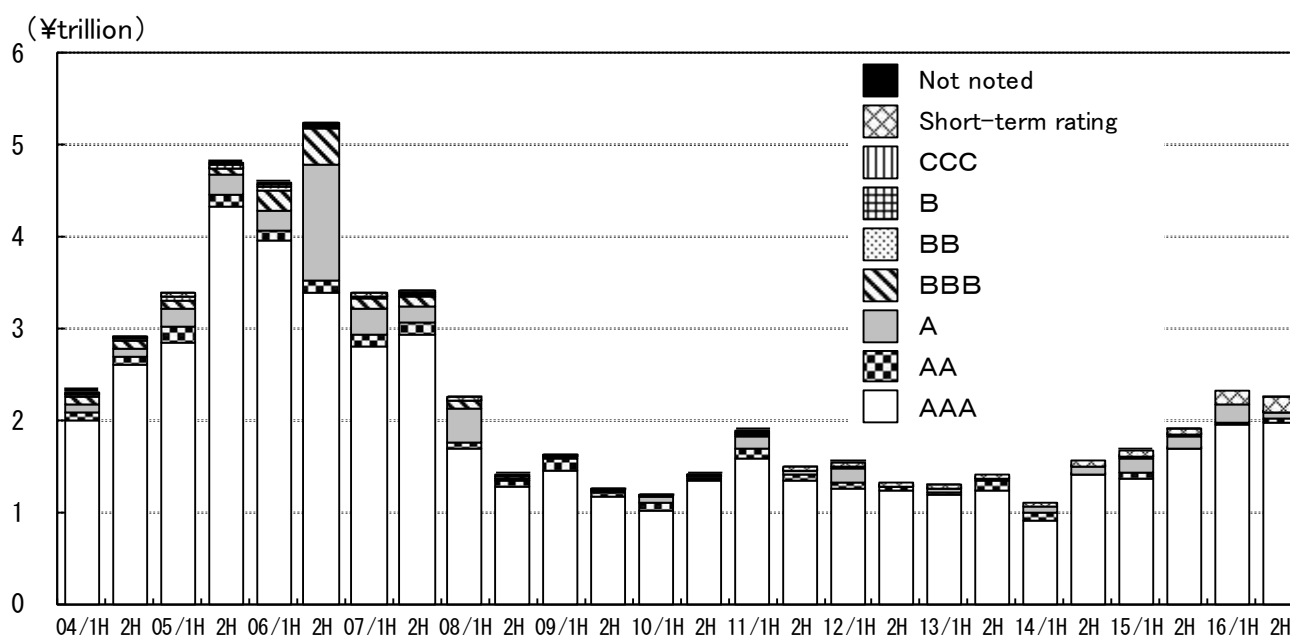
Chart 5. Securitization Product Issuance Amount by Planned/Average Term to Maturity



VI. Issuance Trends by Credit Rating

Looking at the securitization issuance amount (¥2,259.5 billion) by credit rating, the amount of “AAA” was ¥1,973.8 billion (87.4% of the total) (see Chart 6).

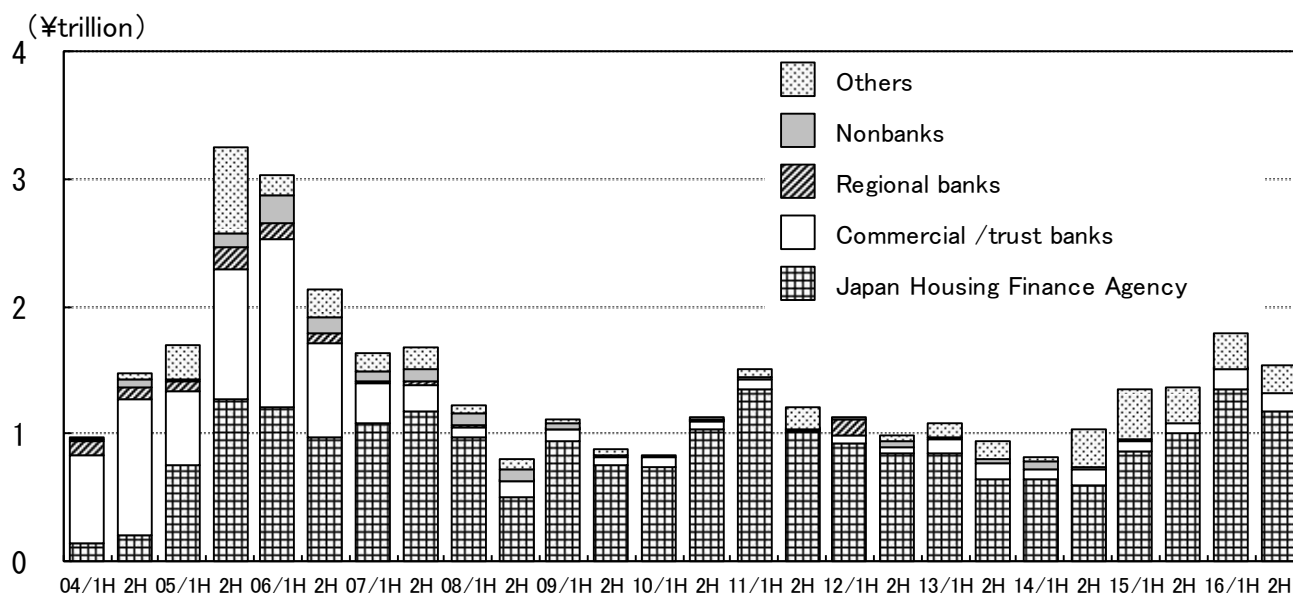
Chart 6. Securitization Product Issuance Amount by Credit Rating



(i) RMBS Issuance Trends by Originator

Looking at the RMBS issuance amount (¥1,542.3 billion) by originator, the amount of “Japan Housing Finance Agency” (JHF) was ¥1,177.8 billion (76.4 % of the total), followed by “Others” with ¥220.7 billion (14.3%) and “Commercial / trust banks” with ¥143.8 billion (9.3%) (see Chart i).

Chart i . RMBS Issuance Amount by Originator

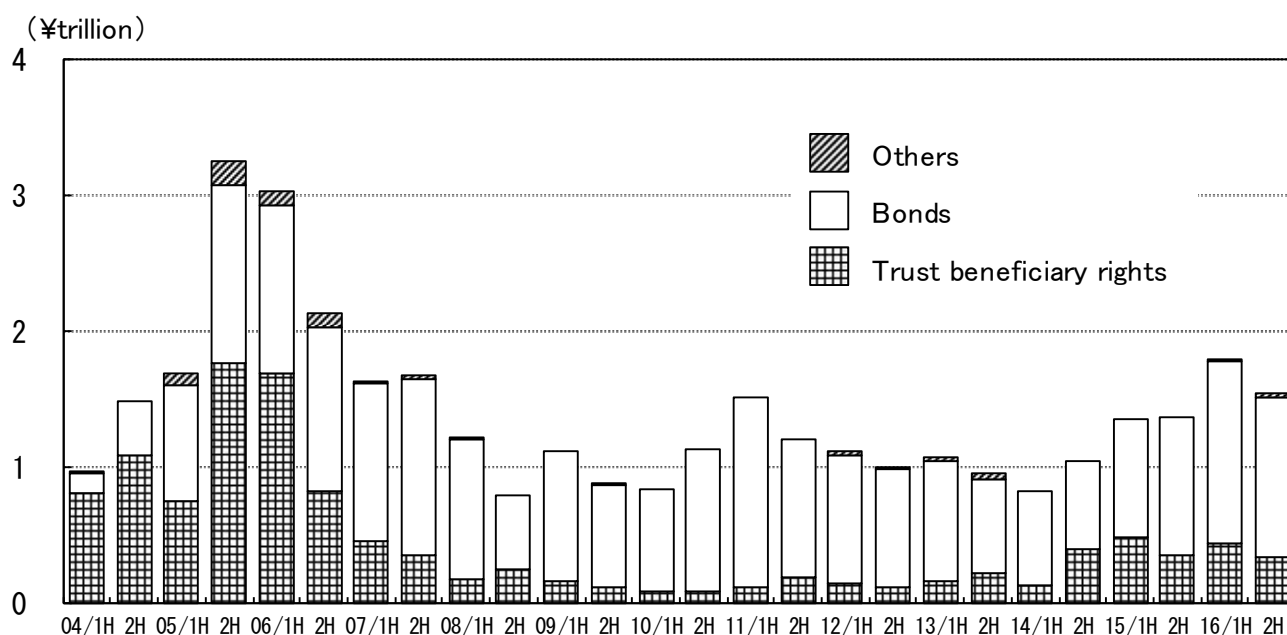


Note: A breakdown of “Others” is provided the Appendix. (FY2012 1st Half) and later.

(ii) RMBS Issuance Trends by Product Type

Looking at the RMBS issuance amount (¥1,542.3 billion) by product type, the amount of “Bonds” was ¥1,177.8 billion (76.4% of the total), followed by “Trust beneficiary rights” with ¥340.0 billion (22.0%) (see Chart ii).

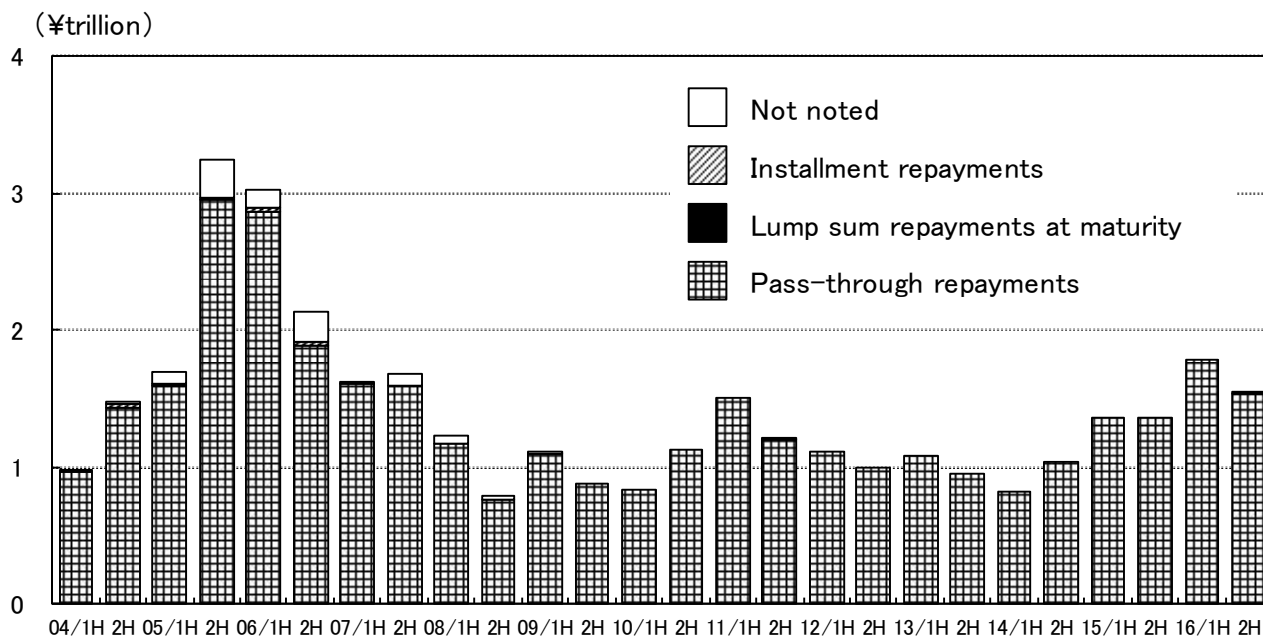
Chart ii . RMBS Issuance Amount by Product Type



(iii) RMBS Issuance Trends by Repayment Method

Looking at the RMBS issuance amount (¥1,542.3 billion) by repayment method, all repayments, except for “Not noted”, were “Pass-through repayments” with ¥1,535.2 billion (99.5%) (see Chart iii).

Chart iii. RMBS Issuance Amount by Repayment Method



(iv) Launch Spread at Issuance (JHF Monthly MBS)

The launch spread (spread between the coupon rate of “JHF Monthly MBS” and the yield of the most recently priced 10-year reference JGB) for “JHF Monthly MBS” contracted from October 2016 to January 2017 and thereafter remained flat (see Chart iv).

Chart iv. JHF Monthly RMBS Launch Spread

