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 first half of fiscal 2017, the period from April 1, 2017 to September 30, 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 first half of fiscal 2017, the amount declined year-on-year. The total issuance amount was ¥2,261.2 billion, declining 2.6% from the first half of fiscal 2016, while the number of issues was 73, up 19.7% year-on-year. (see Chart 1).

Reference: The total issuance amount of corporate straight bonds during the first half of fiscal 2017 was ¥5,976.5 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 first half of fiscal 2017 by underlying assets, the amount of “CDO,” “Shopping credits,” and “Sales receivables/Commercial bills” increased, whereas in contrast, “RMBS,” “Leases,” and “Others” decreased. (see Chart 2).

Chart 2. Securitization Product Issuance Amount by Underlying Assets

<table>
<thead>
<tr>
<th>Underlying Assets</th>
<th>Issuance amount (¥100 million)</th>
<th>Year on year change (¥100 million)</th>
<th>Year on year change (%)</th>
<th>% Composition</th>
<th>Ref. Number of issues</th>
<th>Year on year change (number)</th>
<th>Year on year change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMBS</td>
<td>14,782</td>
<td>-3,052</td>
<td>-17.1</td>
<td>65.4</td>
<td>0</td>
<td>+9</td>
<td>+45.0</td>
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<tr>
<td>CMBS</td>
<td>0</td>
<td>+0</td>
<td>(*)</td>
<td>0.0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>CDO</td>
<td>1,248</td>
<td>+772</td>
<td>162.1</td>
<td>5.5</td>
<td>8</td>
<td>+3</td>
<td>-2</td>
</tr>
<tr>
<td>Leases</td>
<td>0</td>
<td>-604</td>
<td>-100.0</td>
<td>0.0</td>
<td>0</td>
<td>+0</td>
<td>+1</td>
</tr>
<tr>
<td>Consumer loans</td>
<td>0</td>
<td>+2,265</td>
<td>72.5</td>
<td>0.0</td>
<td>0</td>
<td>+1</td>
<td>+1</td>
</tr>
<tr>
<td>Shopping credits</td>
<td>5,381</td>
<td>+12</td>
<td>7.1</td>
<td>23.8</td>
<td>26</td>
<td>+1</td>
<td>+33.3</td>
</tr>
<tr>
<td>Sales receivables/Commercial bills</td>
<td>162</td>
<td>12</td>
<td>-2.6</td>
<td>4.5</td>
<td>6</td>
<td>+1</td>
<td>+12</td>
</tr>
<tr>
<td>Others</td>
<td>1,009</td>
<td>-6</td>
<td>-2.0</td>
<td>100.0</td>
<td>4</td>
<td>+1</td>
<td>+19.7</td>
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<tr>
<td>Total</td>
<td>22,612</td>
<td>-614</td>
<td></td>
<td></td>
<td>73</td>
<td></td>
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</tr>
</tbody>
</table>

*YoY change in CMBS and Consumer loans is shown as “—” because there were no issues in the same period last year.

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.
III. Issuance Trends by Product Type

Looking at the securitization product issuance amount (¥2,261.2 billion) by product type, the amount of “Bonds” was ¥1,228.4 billion (54.3% of the total), followed by “Trust beneficiary rights” with ¥900.5 billion (39.8%) (see Chart 3).

Chart 3. Securitization Product Issuance Amount by Product Type

IV. Issuance Trends by Repayment Method

Looking at the securitization issuance amount (¥2,261.2 billion) by repayment method, the amount of “Pass-through repayments” was ¥1,897.7 billion (83.9 % 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 (¥2,261.2 billion) by planned/average term to maturity, the most popular term, except for “Not noted”, was “1 year to 3 years” with ¥222.8 billion (9.9% 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 (¥2,261.2 billion) by credit rating, the amount of “AAA” was ¥1,888.6 billion (83.5% 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 (¥1,478.2 billion) by originator, the amount of “Japan Housing Finance Agency” (JHF) was ¥1,068.1 billion (72.3% of the total), followed by “Others” with ¥218.6 billion (14.8%) and “Commercial / trust banks” with ¥175.3 billion (11.9%) (see Chart i).

Chart i. RMBS Issuance Amount by Originator

(ii) RMBS Issuance Trends by Product Type
Looking at the RMBS issuance amount (¥1,478.2 billion) by product type, the amount of “Bonds” was ¥1,068.1 billion (72.3% of the total), followed by “Trust beneficiary rights” with ¥355.6 billion (24.1%) (see Chart ii).

Chart ii. RMBS Issuance Amount by Product Type
(iii) RMBS Issuance Trends by Repayment Method

Looking at the RMBS issuance amount (¥1,478.2 billion) by repayment method, all repayments were “Pass-through repayments” (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 at July 2017 and thereafter remained flat (see Chart iv).

[Chart iv. JHF Monthly RMBS Launch Spread]