The following 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 2014, the period from April 1, 2014 to September 30, 2014. For chart data, please see the appendix “Chart Data at a Glance.”

I. Overall Issuance Trends for Securitization Products

Looking at the issuance trends for securitization products in the first half of 2014, amount of issues declined year on year. Total issuance amount was ¥1,096.2 billion, declining 15.3% from the first half of fiscal 2013, while the number of issues was 62, up 17.0% year on year, down 16.2% from the previous period (Chart 1).

Ref.: The total issuance amount of corporate straight bonds during the first half of fiscal 2014 was ¥5,212.0 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 2014 by underlying assets, the amount of CDO, shopping credits and others increased. In contrast, RMBS, CMBS, Leases and Sales receivables/Commercial bills decreased. (see Chart 2).

Chart 2. Securitization Product Issuance Amount by Underlying Assets

<table>
<thead>
<tr>
<th>Issuance amount ($100 million)</th>
<th>RMBS</th>
<th>CMBS</th>
<th>CDO</th>
<th>Leases</th>
<th>Consumer loans</th>
<th>Shopping credits</th>
<th>Sales receivables/Commercial bills</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,235</td>
<td>0</td>
<td>55</td>
<td>0</td>
<td>0</td>
<td>1,711</td>
<td>242</td>
<td>719</td>
<td>10,962</td>
<td></td>
</tr>
<tr>
<td>Year on year change ($100 million)</td>
<td>▲2,526</td>
<td>▲5</td>
<td>41</td>
<td>▲285</td>
<td>0</td>
<td>704</td>
<td>▲118</td>
<td>209</td>
<td>▲1,979</td>
</tr>
<tr>
<td>Year on year change (%)</td>
<td>▲23.5</td>
<td>▲100.0</td>
<td>+310.5</td>
<td>▲100.0</td>
<td>- (※)</td>
<td>+69.9</td>
<td>▲32.7</td>
<td>+40.9</td>
<td>▲15.3</td>
</tr>
<tr>
<td>% Composition</td>
<td>75.1</td>
<td>0.0</td>
<td>0.5</td>
<td>0.0</td>
<td>0.0</td>
<td>15.6</td>
<td>2.2</td>
<td>6.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Ref. Number of issues (present period)</td>
<td>20</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>18</td>
<td>17</td>
<td>4</td>
<td>62</td>
</tr>
<tr>
<td>” (previous period)</td>
<td>20</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>22</td>
<td>21</td>
<td>4</td>
<td>74</td>
</tr>
<tr>
<td>” (same period of last year)</td>
<td>20</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>12</td>
<td>16</td>
<td>2</td>
<td>53</td>
</tr>
</tbody>
</table>

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

Reference: The specific types of underlying assets for each securitization product category are as follows.

RMBS (Residential Mortgage Backed Securities): Housing loans and loans to individuals to build commercial apartments

CMBS (Commercial Mortgage Backed Securities): Commercial real estate collateralized loans, commercial real estate

CDO (Collateralized Debt Obligations): Corporate loans, corporate bonds, credit default swaps, and others

Leases: Lease credits

Consumer loans: Consumer loans, bank card loans

Shopping credits: Shopping loans, credit card loans, automobile loans

Sales receivables/Commercial bills: Sales receivables, commercial bills

Others: Fund receivables, business cash flow, medical fee receivables, and others
RMBS Issuance Trends

(i) By Originator
Looking at the RMBS issuance amount (¥ 823.5 billion) by originator, the Japan Housing Finance Agency (JHF) accounted for 78% (¥644.0 billion) of the total (Chart 3).

Chart 3. RMBS Issuance Amount by Originator

(ii) Product Type
Looking at the RMBS issuance amount (¥823.5 billion) by product type, bonds accounted for 84% (¥689.5 billion). (see Chart 4).

Chart 4. RMBS Issuance Amount by Product Type
(iii) Repayment Method

Looking at the RMBS issuance amount (¥823.5 billion) by repayment method, all repayments were pass-through repayments (see Chart 5).

Chart 5. RMBS Issuance Amount by Repayment Method

(iv) Spread at Issuance

The launch spread (difference between the RMBS coupon rate and Japanese government bond yield at time of fixing issuing conditions) for JHF RMBS (monthly issuance bonds) contracted from June to September (see Chart 6).

Chart 6. JHF RMBS Launch Spread
III. Issuance Trends by Product Type

Looking at the securitization product issuance amount (¥1,096.2 billion) by product type, bonds accounted for 71% (¥780.8 billion), followed by trust beneficiary rights with 27% (¥300.2 billion) (see Chart 7).

Chart 7. Securitization Product Issuance Amount by Product Type

IV. Issuance Trends by Repayment Method

Looking at the securitization issuance amount (¥1,096.2 billion) by repayment method, pass-through repayments accounted for 83% (¥909.9 billion) of the total. (see Chart 8).

Chart 8. Securitization Product Issuance Amount by Repayment Method
V. Issuance Trends by Planned/Average Term to Maturity

Looking at the securitization issuance amount (¥1,096.2 billion) by planned/average term to maturity, “Not noted” accounted for 94% (¥1,030.7 billion), followed by “5 year to 7 years” with 5% (¥60 billion) (see Chart 9).

Chart 9. Securitization Product Issuance Amount by Planned/Average Term to Maturity

VI. Issuance Trends by Credit Rating

Looking at the securitization issuance amount (¥1,096.2 billion) by credit rating, AAA accounted for 84% (¥915.3 billion) (see Chart 10).

Chart 10. Securitization Product Issuance Amount by Credit Rating