Securitization Market Trends Survey Report
(Issuance Trends in the First 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 first half of fiscal 2016, the period from April 1, 2016 to September 30, 2016.

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 2016, both the amount and number of issues increased year-on-year. The total issuance amount was ¥2,322.6 billion, increasing 36.9% from the first half of fiscal 2015, while the number of issues was 61, up 5.2% year-on-year. Since the first half of fiscal 2008, the issuance amount exceeded ¥2 trillion for the first time in eight years (see Chart 1).

Reference: The total issuance amount of corporate straight bonds during the first half of fiscal 2016 was ¥6,603.8 billion (provisional figure).
II. Issuance Trends by Underlying Assets

Looking at the securitization product issuance amount for the first half of fiscal 2016 by underlying assets, the amount of “RMBS,” “CDO,” “Leases,” “Shopping credits” and “Others” increased, whereas in contrast, “Consumer loans,” and “Sales receivables/Commercial bills” decreased. Above all, the issuance amount of “RMBS” continued to increase from the second half of 2014 (see Chart 2).

Chart 2. Securitization Product Issuance Amount by Underlying Assets

<table>
<thead>
<tr>
<th>Underlying Assets</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>Issuance amount ($100 million)</td>
<td>17,834</td>
<td>0</td>
<td>476</td>
<td>604</td>
<td>0</td>
<td>3,126</td>
<td>170</td>
<td>1,015</td>
<td>23,226</td>
</tr>
<tr>
<td>Year on year change ($100 million)</td>
<td>+4,272</td>
<td>0</td>
<td>+341</td>
<td>+476</td>
<td>-323</td>
<td>+1,197</td>
<td>-192</td>
<td>+486</td>
<td>+6,260</td>
</tr>
<tr>
<td>% Composition</td>
<td>76.8</td>
<td>0.0</td>
<td>2.0</td>
<td>2.6</td>
<td>-100.0</td>
<td>+62.1</td>
<td>-53.0</td>
<td>+82.7</td>
<td>+36.9</td>
</tr>
<tr>
<td>Ref. Number of issues (present period)</td>
<td>20</td>
<td>0</td>
<td>5</td>
<td>2</td>
<td>0</td>
<td>25</td>
<td>6</td>
<td>39</td>
<td>61</td>
</tr>
<tr>
<td>Ref. Number of issues (previous period)</td>
<td>19</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>28</td>
<td>8</td>
<td>2</td>
<td>67</td>
</tr>
<tr>
<td>Ref. Number of issues (same period of last year)</td>
<td>23</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>21</td>
<td>8</td>
<td>3</td>
<td>58</td>
</tr>
</tbody>
</table>

※YoY change in CMBS is shown as “—” because there were no issues in the same period last year
Note: From this survey, 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 (¥2,322.6 billion) by product type, the amount of “Bonds” was ¥1,487.5 billion (64.0% of the total), followed by “Trust beneficiary rights” with ¥794.9 billion (34.2%) (see Chart 3).

Chart 3. Securitization Product Issuance Amount by Product Type

IV. Issuance Trends by Repayment Method

Looking at the securitization issuance amount (¥2,322.6 billion) by repayment method, the amount of “Pass-through repayments” was ¥1,942.0 billion (83.6% 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 (¥2,322.6 billion) by planned/average term to maturity, the amount of “Not noted” was ¥2,059.8 billion (88.7% of the total), followed by “5 years to 7 years” with ¥100.0 billion (4.3%) (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 (¥2,322.6 billion) by credit rating, the amount of “AAA” was ¥1,961.0 billion (84.4% of the total), followed by “A” with ¥211.6 billion (9.1%) (see Chart 6).

Chart 6. Securitization Product Issuance Amount by Credit Rating
(i) RMBS Issuance Trends by Originator

Looking at the RMBS issuance amount (¥1,783.4 billion) by originator, the amount of “Japan Housing Finance Agency” (JHF) was ¥1,350.2 billion (75.7% of the total), followed by “Others” with ¥272.7 billion (15.3%) (see Chart i).

(ii) RMBS Issuance Trends by Product Type

Looking at the RMBS issuance amount (¥1,783.4 billion) by product type, the amount of “Bonds” was ¥1,350.2 billion (75.7% of the total), followed by “Trust beneficiary rights” with ¥431.3 billion (24.2%) (see Chart ii).

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Note: FY2012 1st Half and later, describing the breakdown of "Others" in the attachment.
(iii) RMBS Issuance Trends by Repayment Method

Looking at the RMBS issuance amount (¥1,783.4 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 from April 2016 to August 2016 (see Chart iv).

Chart iv. JHF Monthly RMBS Launch Spread