May 31, 2017
Japan Securities Dealers Association
Japanese Bankers Association

Securitization Market Trends Survey Report
(Issuance Trends in 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 fiscal 2016, the period from April 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 fiscal 2016, both the amount and number of issues increased year on year. The total issuance amount was ¥4,582.1 billion, increasing 27.0% from fiscal 2015, while the number of issues was 136, up 8.8% year on year. This amount was the largest since fiscal 2008 (see Chart 1).

Chart 1. Securitization Product Issuance Amount and Number of Issues

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<td>6.9</td>
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<td>8.1</td>
<td>8.7</td>
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※ provisional figure

Reference: The total issuance amount of corporate straight bonds (¥trillion)
Looking at the securitization product issuance amount (¥4,582.1 billion) for fiscal 2016 by underlying assets, the amount of “RMBS,” “CDO,” “Leases,” “Shopping credits” and “Others” increased, whereas in contrast, “CMBS,” “Consumer loans,” and “Sales receivables/Commercial bills” decreased. Above all, the issuance amount of “RMBS” was the largest since the financial crisis of 2008. In addition, “Shopping credits” increased for the fifth consecutive year (see Chart 2).

Chart 2. Securitization Product Issuance Amount by Underlying Assets
III. Issuance Trends by Product Type

Looking at the securitization product issuance amount (¥4,582.1 billion) by product type, the amount of “Bonds” was ¥2,726.4 billion (59.5% of the total), followed by “Trust beneficiary rights” with ¥1,718.4 billion (37.5%) (see Chart 3).

Chart 3. Securitization Product Issuance Amount by Product Type

IV. Issuance Trends by Repayment Method

Looking at the securitization issuance amount (¥4,582.1 billion) by repayment method, the amount of “Pass-through repayments” was ¥3,981.9 billion (86.9% 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 (¥4,582.1 billion) by planned/average term to maturity, the most popular term, except for “Not noted”, was “1 year to 3 years” with ¥306.3 billion (6.7% of the total), followed by “5 years to 7 years” with ¥100.0 billion (2.2%) (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 (¥4,582.1 billion) by credit rating, the amount of “AAA” was ¥3,934.7 billion (85.9% of the total) (see Chart 6).

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

Looking at the RMBS issuance amount (¥3,325.7 billion) by originator, the amount of “Japan Housing Finance Agency” (JHF) was ¥2,528.0 billion (76.0% of the total), followed by “Others” with ¥493.3 billion (14.8%) and “Commercial / trust banks” with 295.8 billion (8.9%)(see Chart i ).

Chart i . RMBS Issuance Amount by Originator

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

RMBS Issuance Trends by Product Type

Looking at the RMBS issuance amount (¥3,325.7 billion) by product type, the amount of “Bonds” was ¥2,528.0 billion (76.0% of the total) followed by “Trust beneficiary rights” with ¥771.3 billion (23.2%) (see Chart ii ).

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

Looking at the RMBS issuance amount (¥3,325.7 billion) by repayment method, all repayments, except for “Not noted”, were “Pass-through repayments” with ¥3,318.6 billion (99.8%) (see Chart iii).

Chart iii. RMBS Issuance Amount by Repayment Method

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

The launch spread (the 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 January 2017 and thereafter remained flat (see Chart iv).

Chart iv. JHF Monthly RMBS Launch Spread

*The S Series (The previous housing loan corporation securitized house loan) have not been issued since December 2009.