

Securitization Market Trends Survey Report (Issuance Trends in the First Half of Fiscal 2017)

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.

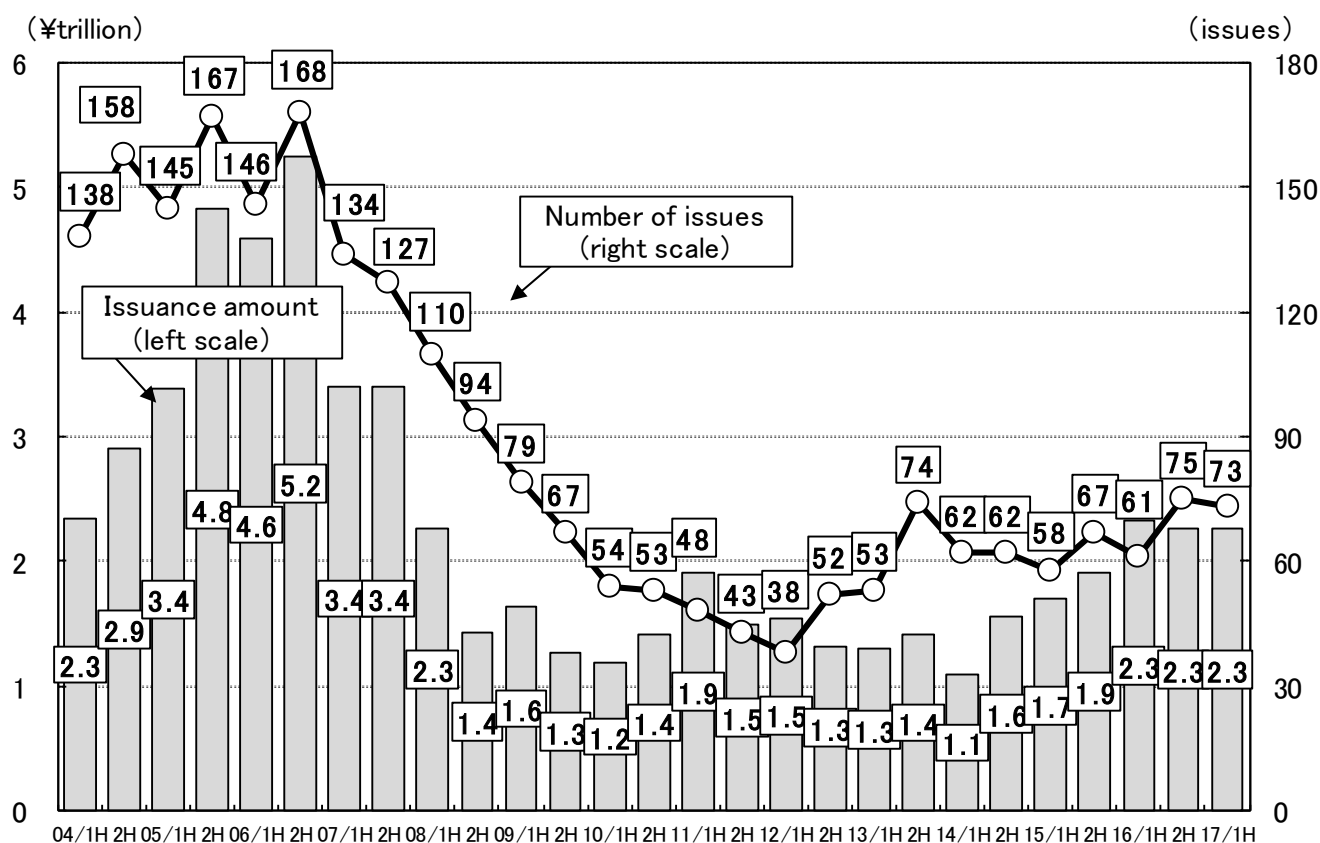
In addition, please refer to an attached sheet for the numerical data used in a chart.

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

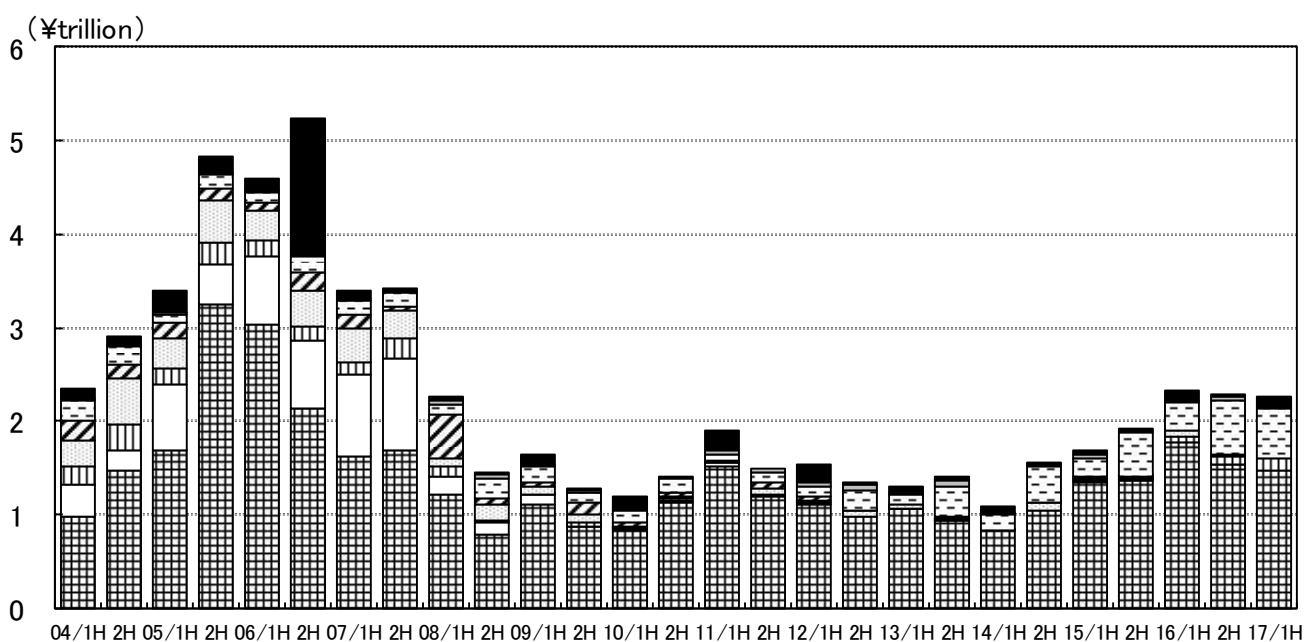
Looking at the securitization product issuance amount for the first half of fiscal 2017 by underlying assets, the amount of “CDO,” “Shopping credits,” and “Sales receivables/Commercial bills” increased, whereas in contrast, “RMBS,” “Leases,” and “Others” decreased. (see Chart 2).

Chart 2. Securitization Product Issuance Amount by Underlying Assets

	RMBS	CMBS	CDO	Leases	Consumer loans	Shopping credits	Sales receivables/ Commercial bills	Others	Total
Issuance amount(¥100 million)	14,782	0	1,248	0	0	5,391	182	1,009	22,612
Year on year change(¥100 million)	-3,052	+0	+772	-604	+0	+2,265	+12	-6	-614
Year on year change(%)	-17.1	-(*)	+162.1	-100.0	-(*)	+72.5	+7.1	-0.6	-2.6
% Composition	65.4	0.0	5.5	0.0	0.0	23.8	0.8	4.5	100.0
Ref. Number of issues(present period)	29	0	8	0	0	26	6	4	73
Year on year change(number)	+9	0	+3	-2	+0	+1	+0	+1	+12
Year on year change(%)	+45.0	-(*)	+60.0	-100.0	-(*)	+4.0	+0.0	+33.3	+19.7

* 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.

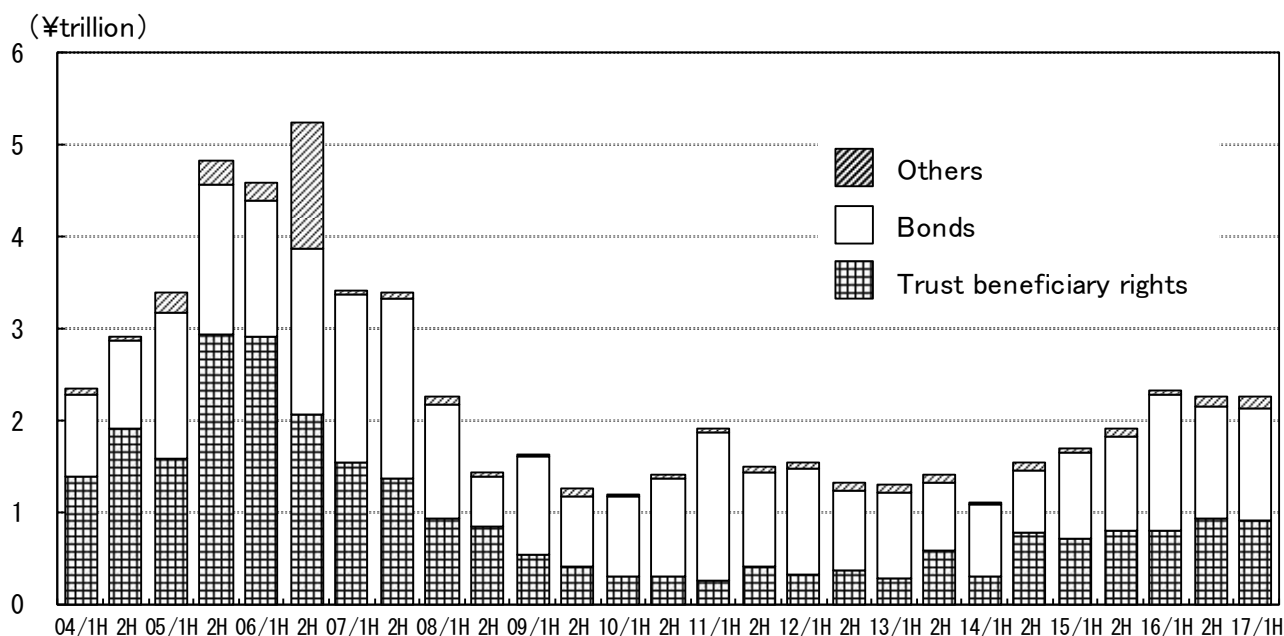


Others	Foundation funds, subordinated-loan, business cash flow, medical receivables, and others
Sales receivables/Commercial bills	Sales receivables, commercial bills
Shopping credits	Shopping loans, credit card loans, automobile loans
Consumer loans	Consumer loans, bank card loans
Leases	Lease credits
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 (¥2,261.2 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).

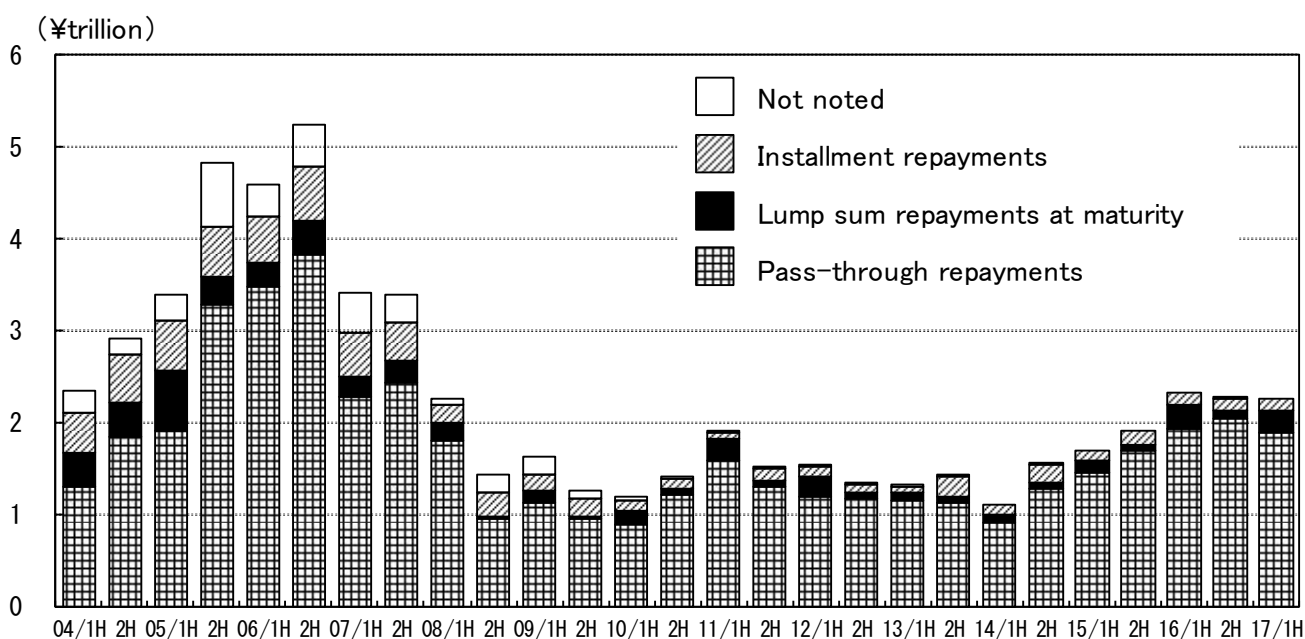
Chart 3. Securitization Product Issuance Amount by Product Type



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).

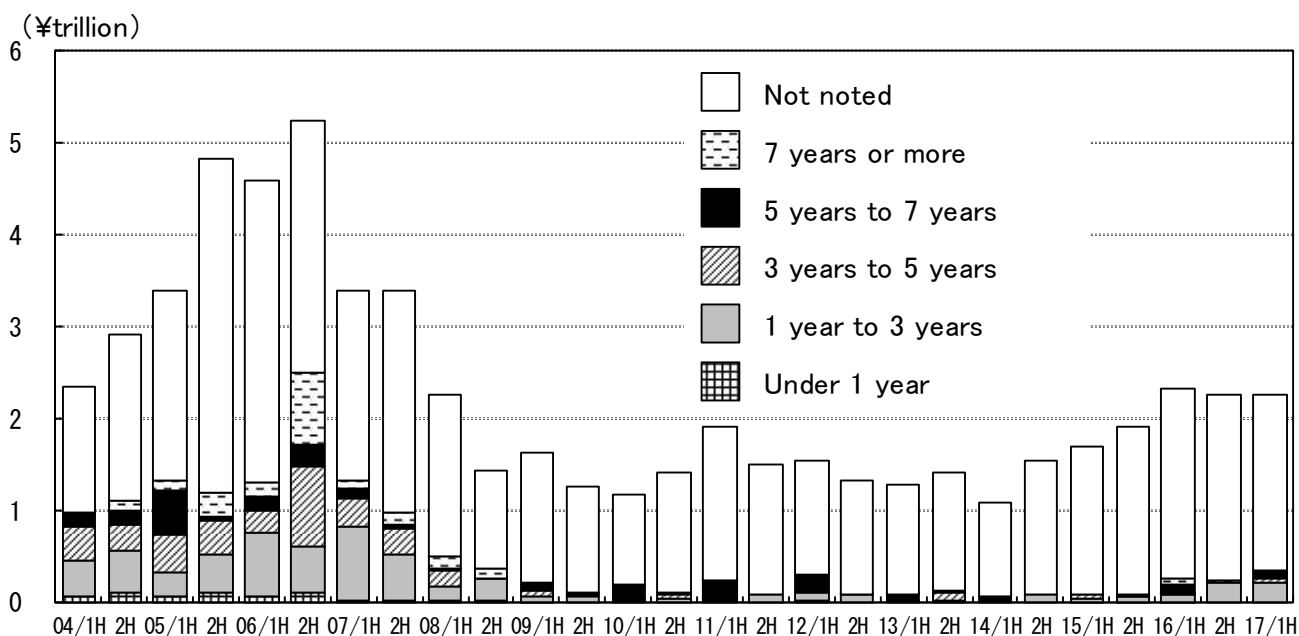
Chart 4. Securitization Product Issuance Amount by Repayment Method



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).

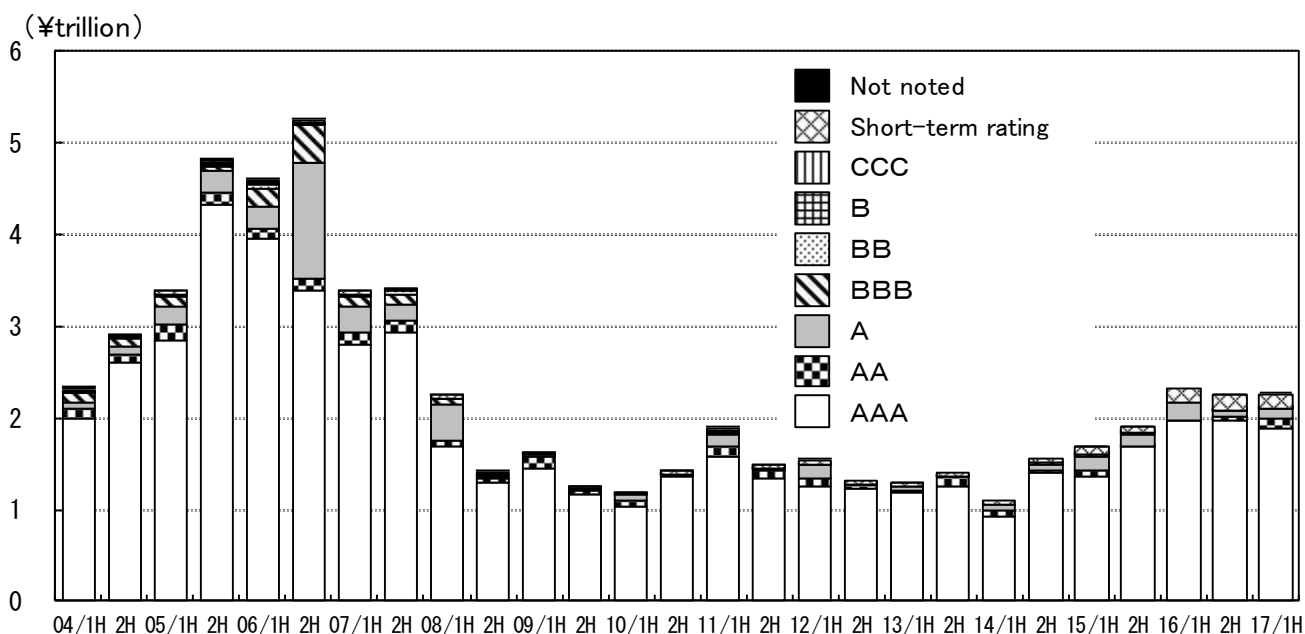
Chart 5. Securitization Product Issuance Amount by Planned/Average Term to Maturity



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).

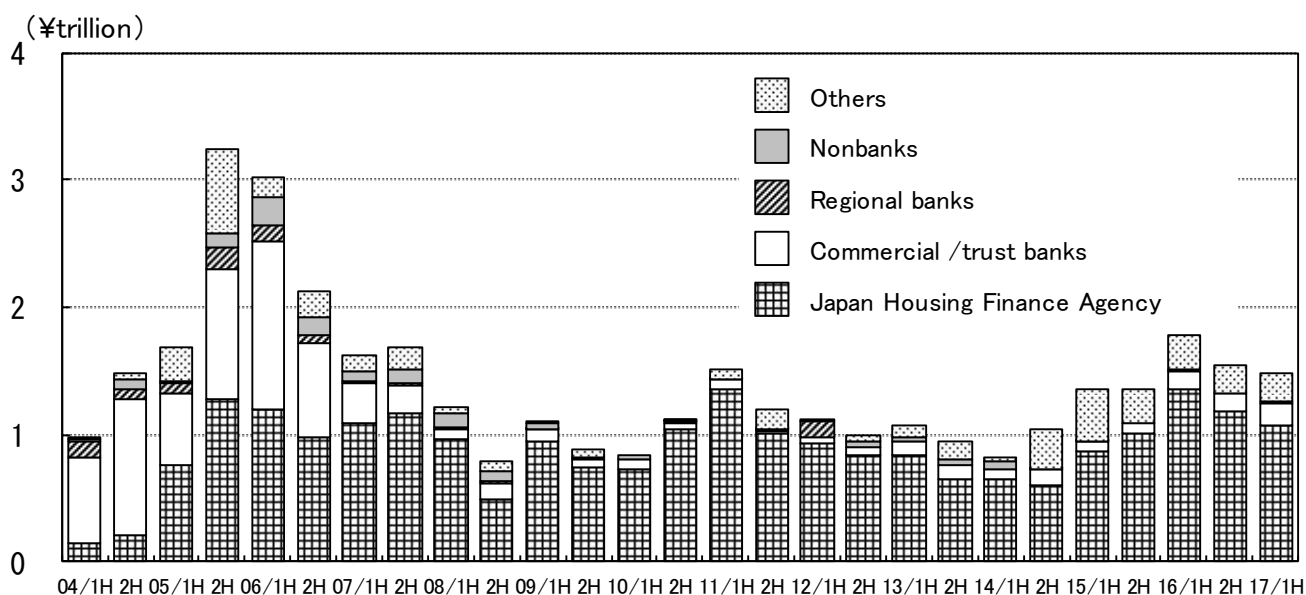
Chart 6. Securitization Product Issuance Amount by Credit Rating



(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

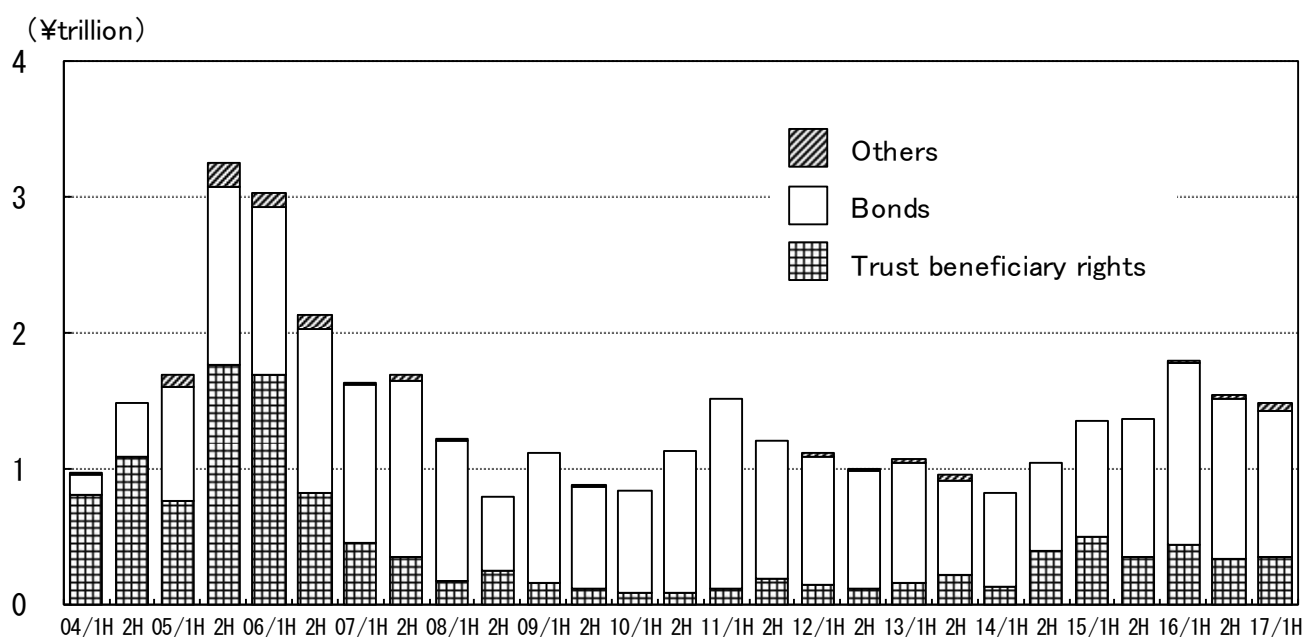


Note: A breakdown of “Others” is provided the Appendix. (FY2012 1st Half) and later.

(ii) RMBS Issuance Trends by Product Type

Looking at the RMBS issuance amount (¥1,478.2 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).

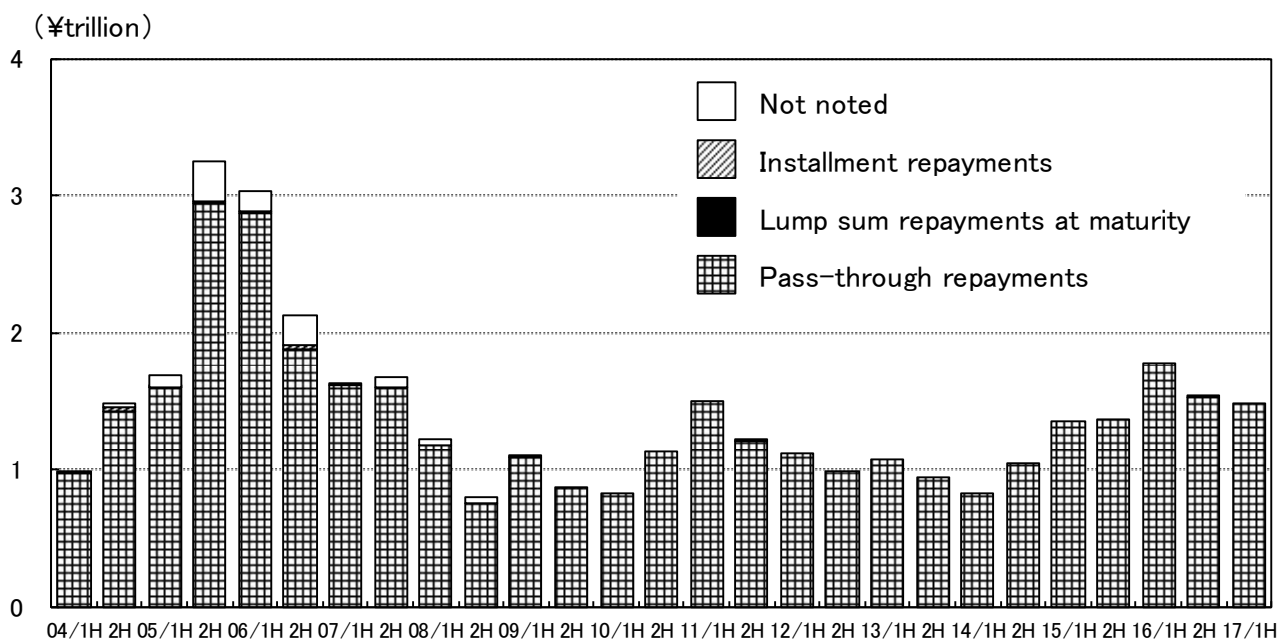
Chart ii . RMBS Issuance Amount by Product Type



(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

