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# Investor Breakout (International)

Moderator: Alven Lam

Panel:

§ Vipul Jain

§ Ankur Mehta

§ Keizo Ohashi

§ Brent Sloman

# GINNIE 2020

# Housing Finance Market in Japan

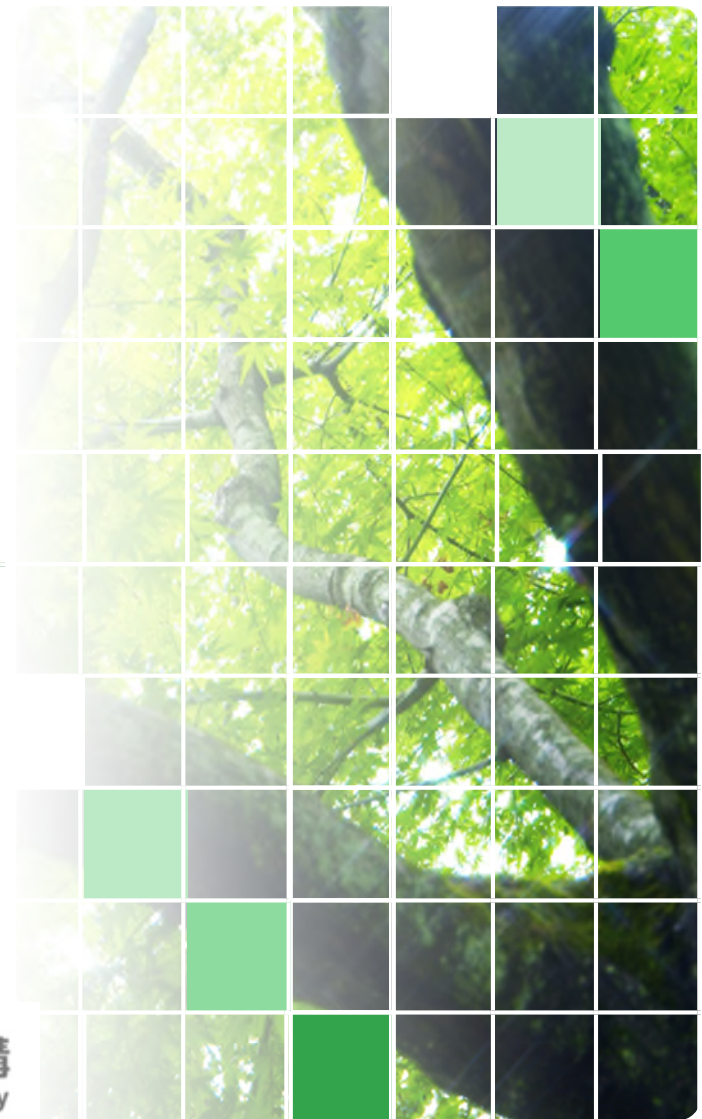
June 13, 2019

Presentation by

Keizo Uhashi

Member of the Board and Senior Executive  
Director

Japan Housing Finance Agency (“JHF”)



## US Agency MBS Investor profiles

### FY2018 Foreign ownership of US Agency MBSs

| Countries    | Japan | Taiwan | China, mainland | Ireland | Luxembourg | Korea, South | Others | Total  |
|--------------|-------|--------|-----------------|---------|------------|--------------|--------|--------|
| Billions USD | 254.0 | 249.8  | 176.3           | 37.8    | 34.0       | 33.1         | 168.0  | 953.0  |
| Share        | 26.6% | 26.2%  | 18.5%           | 4.0%    | 3.6%       | 3.5%         | 17.6%  | 100.0% |

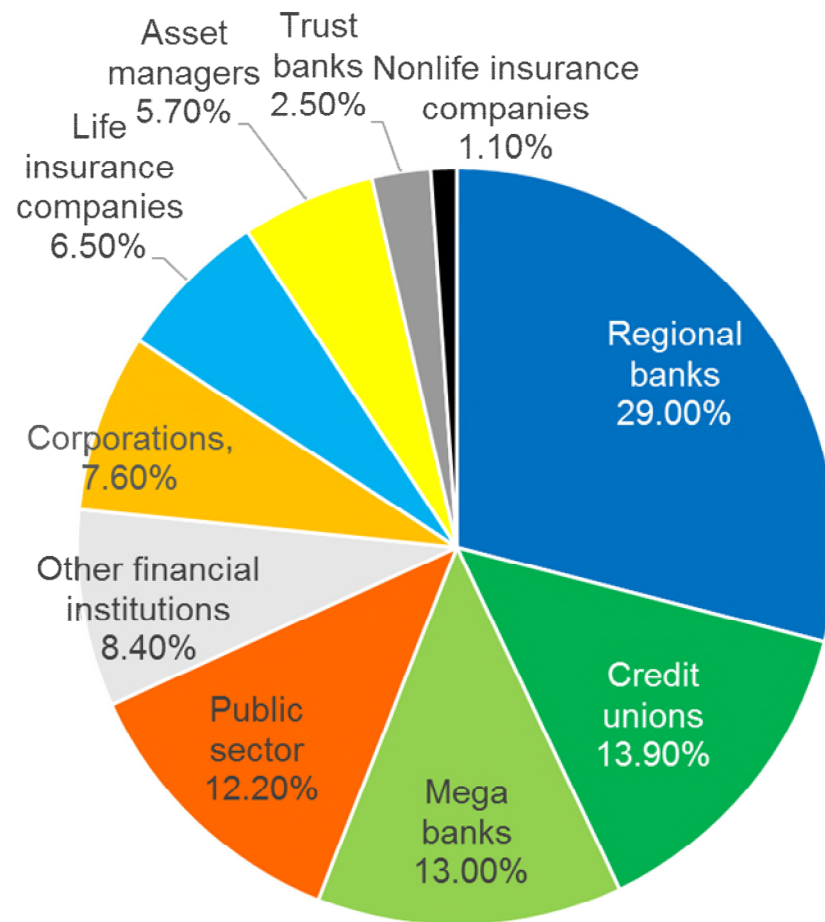
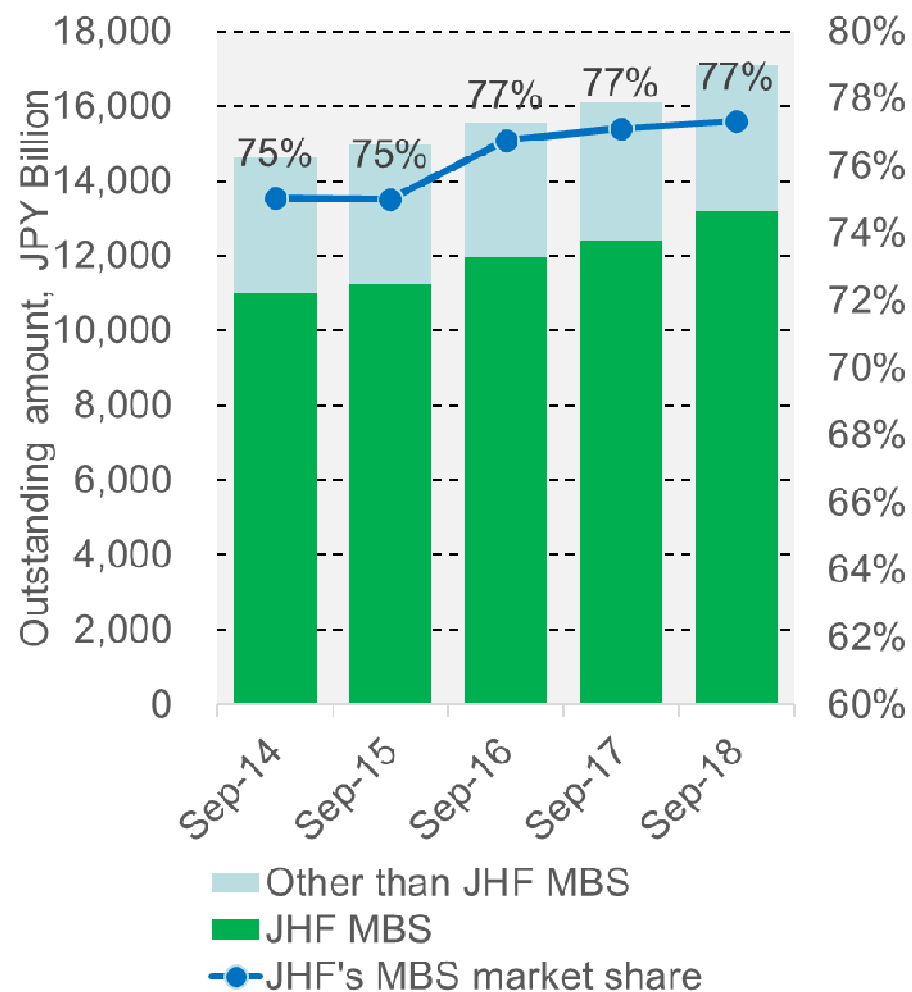
Source) Global Markets Analysis Report as of May 2019 issued by Ginnie Mae.

### Japanese mega bank's ownership

| As of March 31, 2018 | Available-for-sales | Banks     | Categorized as | Billion JPY | Billion USD |
|----------------------|---------------------|-----------|----------------|-------------|-------------|
|                      |                     | MUFG      | Foreign MBS    | 1,214       | 11          |
|                      |                     | MIZUHO FG | Agency MBS     | 146         | 1           |
|                      |                     | SMFG      | n/a            | 0           | 0           |
|                      |                     | Total     |                | 1,360       | 12          |
| As of March 31, 2018 | Held-to-maturity    | Banks     | Categorized as | Billion JPY | Billion USD |
|                      |                     | MUFG      | Foreign MBS    | 1,048       | 10          |
|                      |                     | MIZUHO FG | Agency MBS     | 513         | 5           |
|                      |                     | SMFG      | Foreign MBS    | 488         | 4           |
|                      |                     | Total     |                | 2,049       | 19          |

Source) Website of MUFG, MIZUHO FG, and SMFG. JPY converted to USD by applying JPY110= USD1.

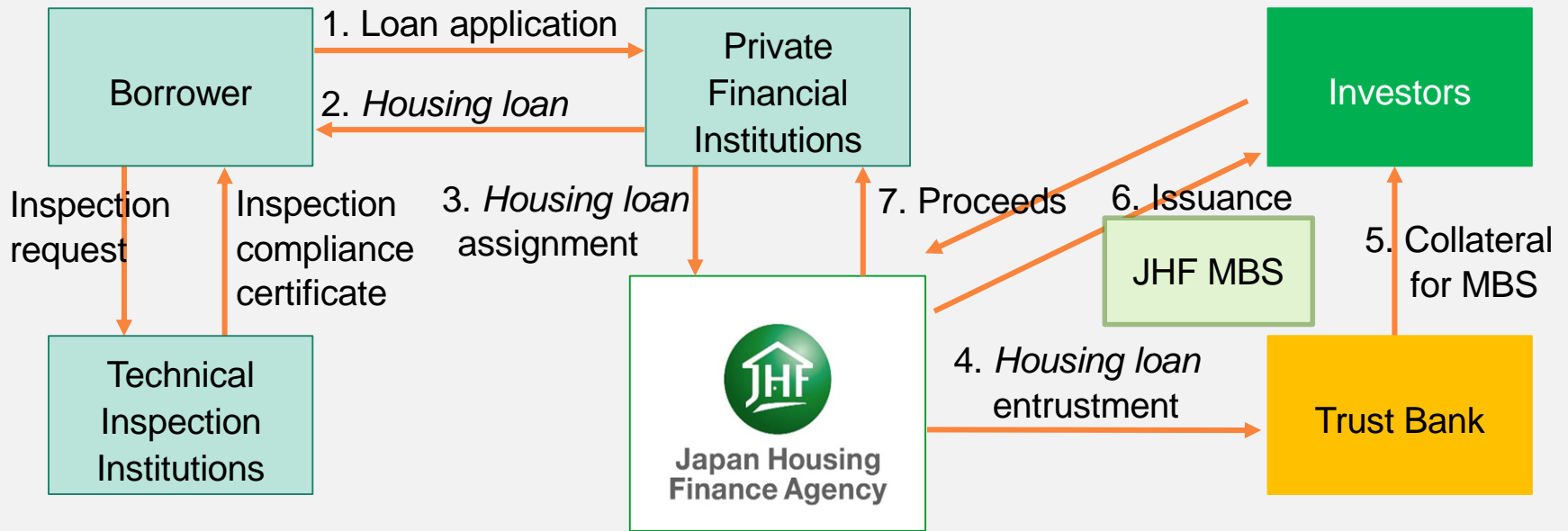
## Market Share and investors of JHF MBS in Japan



JHF MBS investor profiles as of FY2018

# Features of JHF MBS

## Before the beneficiary certificate trigger event



## After the beneficiary certificate trigger event



Note) Failure of payment by JHF and other certain credit deterioration of JHF will constitute beneficiary certificate trigger event by which JHF MBS will be replaced with a beneficiary certificate and all payments to JHF will be bypassed.

## Comparison of JHF Monthly MBS and Ginnie Mae II

### Comparison of two MBSs

|                                   | JHF Monthly MBS                                | Ginnie Mae II   |
|-----------------------------------|--|---|
| <b>Underlying loans</b>           | Fixed-rate housing loans.                      | FHA, VA, RHS, and PIH guaranteed single-family housing loans and manufactured home loans. |
| <b>MBS issuer</b>                 | JHF  | Private financial institutions  |
| <b>MBS guarantor</b>              | n/a*   | Ginnie Mae  |
| <b>MBS principal payment</b>      | Monthly pass through                           | Monthly pass through  |
| <b>Currency</b>                   | JPY  | USD   |
| <b>MBS credit ratings</b>         | S&P/R&I AAA(sf)/AAA                            | n/a   |
| <b>Credit enhancement feature</b> | Yes  | No  |
| <b>Government guarantee</b>       | No   | Explicit  |
| <b>BIS risk weight in Japan</b>   | 10%  | 0%  |
| <b>BOJ collateral eligibility</b> | Yes  | No  |
| <b>Investors in Japan</b>         | Institutional investors<br>JPY12,742 billion** | Institutional investors<br>Agency ABS holdings USD254 billion***                          |

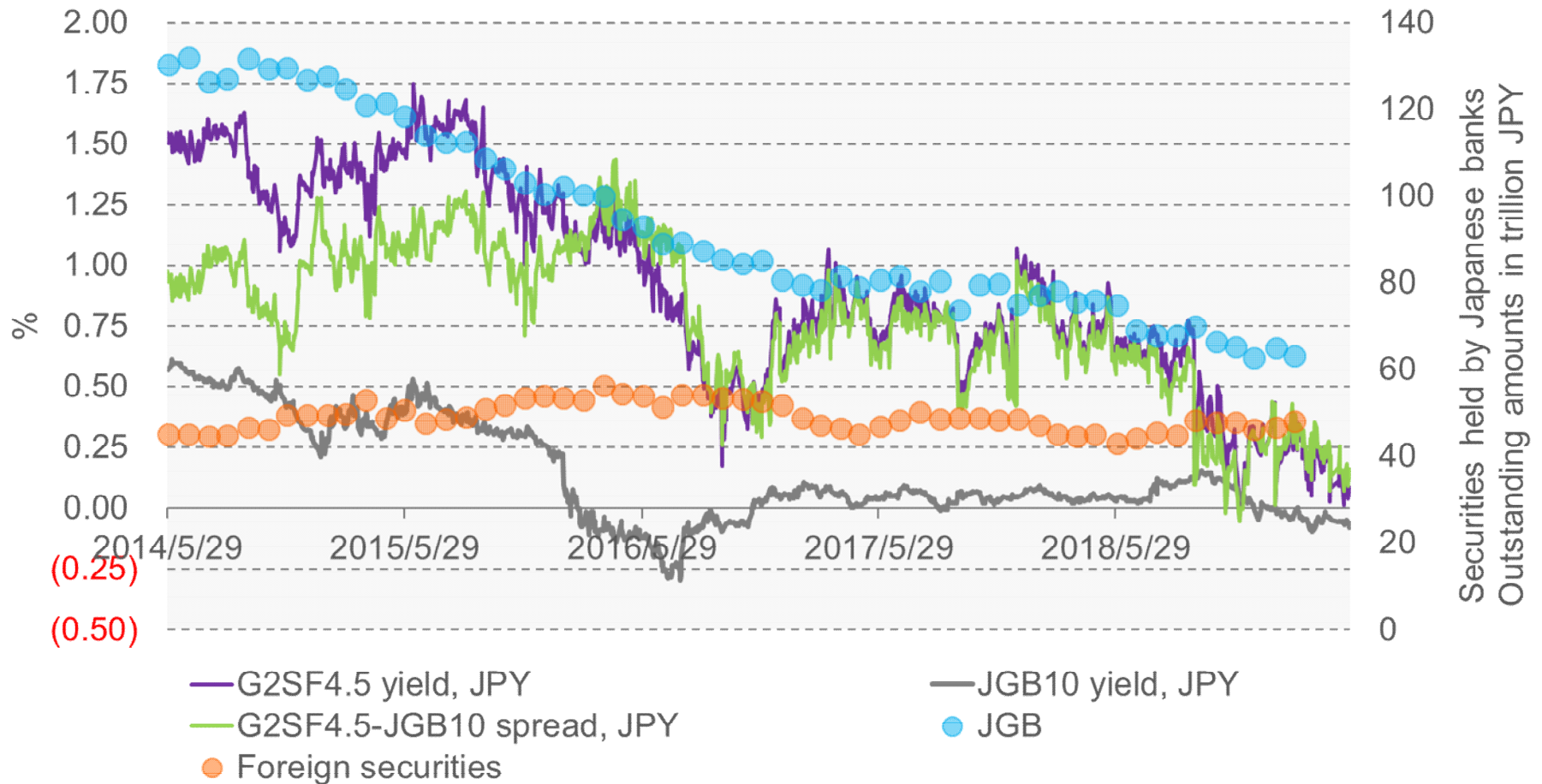
\* Although not mentioned herein, JHF conducts Guarantees Program providing guarantee on private labeled MBSs.

\*\* JHF MBS outstanding amount, as of march 31, 2018, JHF.

\*\*\* Value of foreign holdings of U.S. securities, as of June 29, 2018. Agency are U.S. government agencies and federally sponsored enterprises as reported by Federal Reserve Bank of New York.

# Ginnie Mae II 4.5 and JGB 10 year

## JPY base yield comparison



Note) JPY yield was assumed by G2SF4.5 yield minus USD/JPY 10 year currency swap cost. Source is Bloomberg.



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Japan Housing Finance Agency

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# 2019 Ginnie Mae Summit

## June 13<sup>th</sup>, 2019



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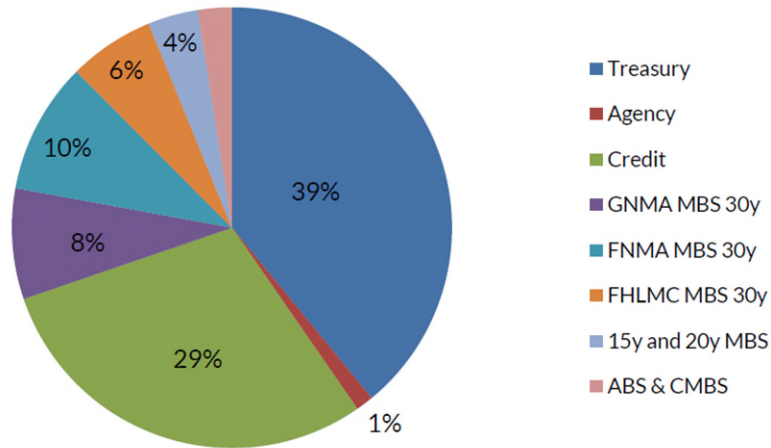
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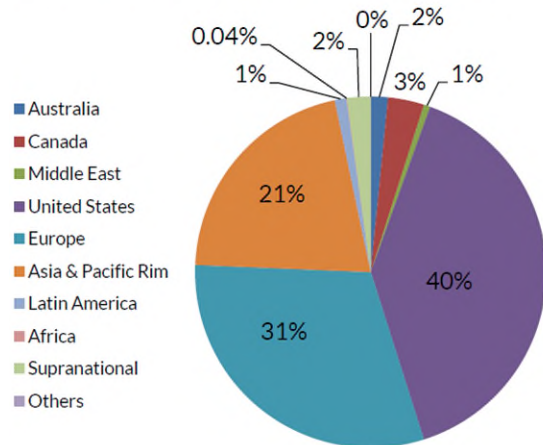
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## Barclays US Aggregate Index



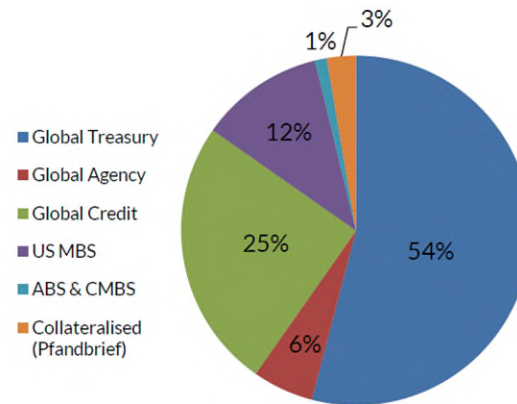
Sources: Bloomberg and State Street Global Advisors. Note: Data as of March 2019.

## Barclays Global Aggregate Index by Country



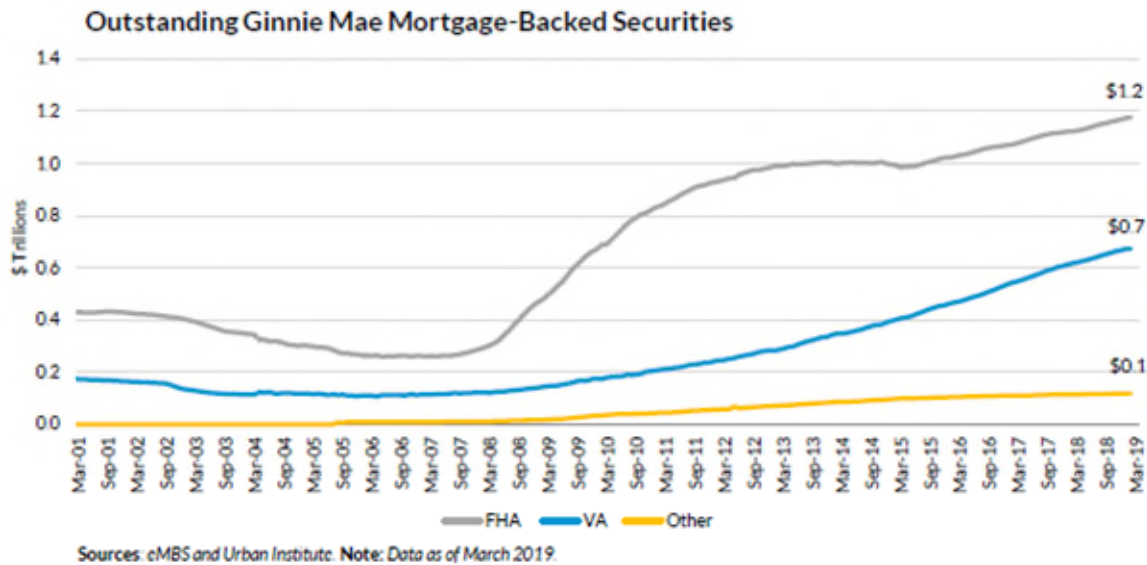
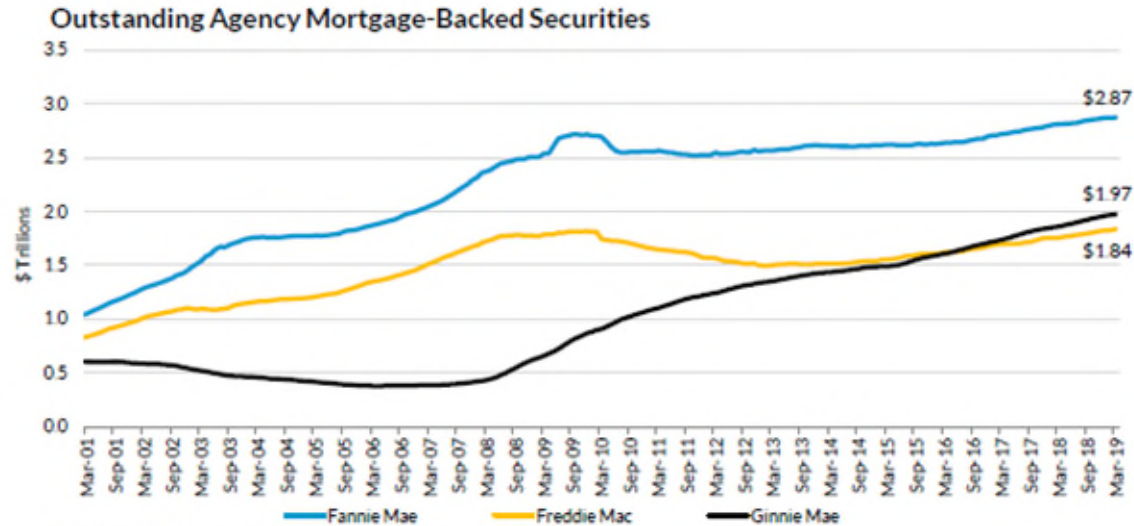
Sources: Bloomberg and State Street Global Advisors. Note: Data as of March 2019.

## Barclays Global Aggregate Index by Sector



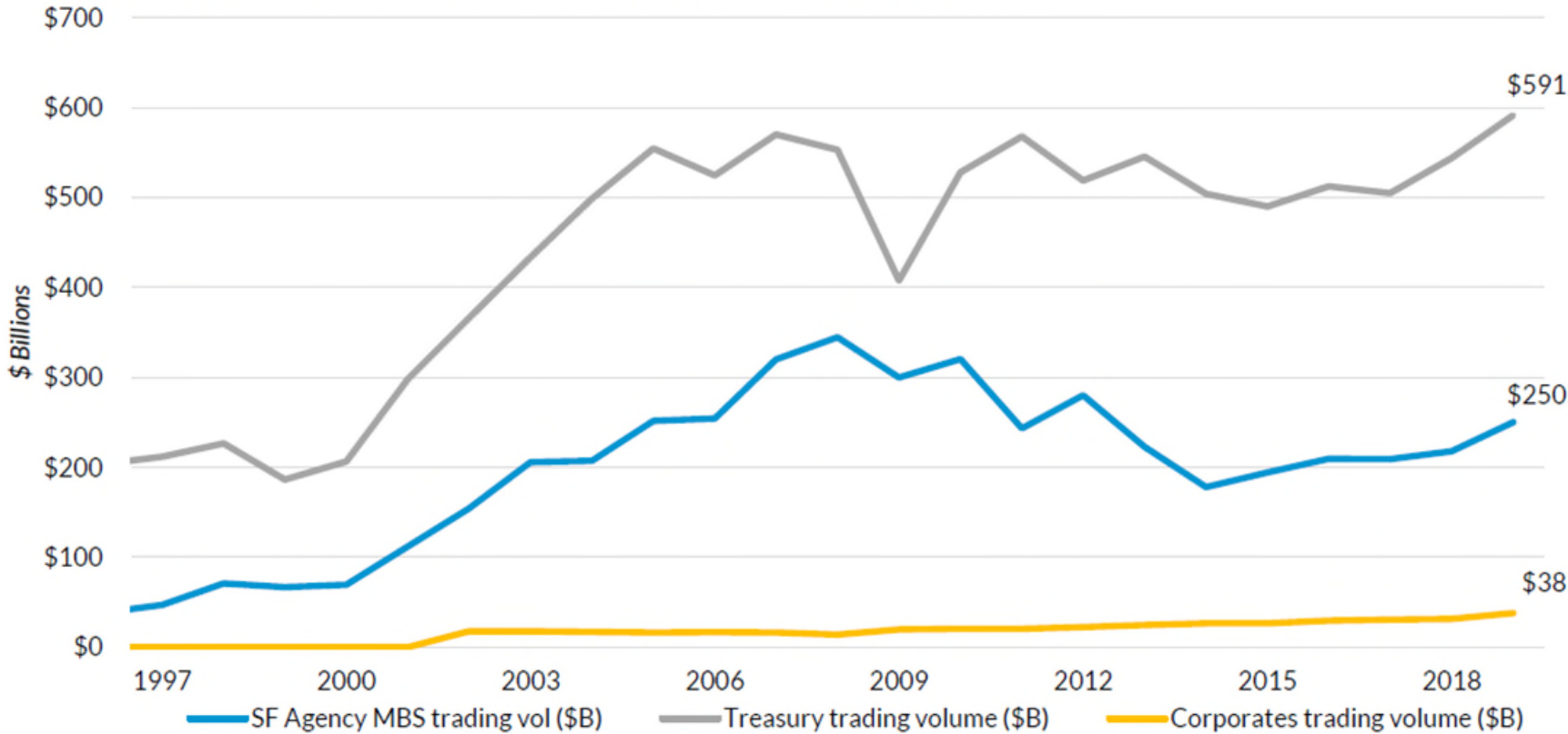
Sources: Bloomberg and State Street Global Advisors. Note: Data as of March 2019.

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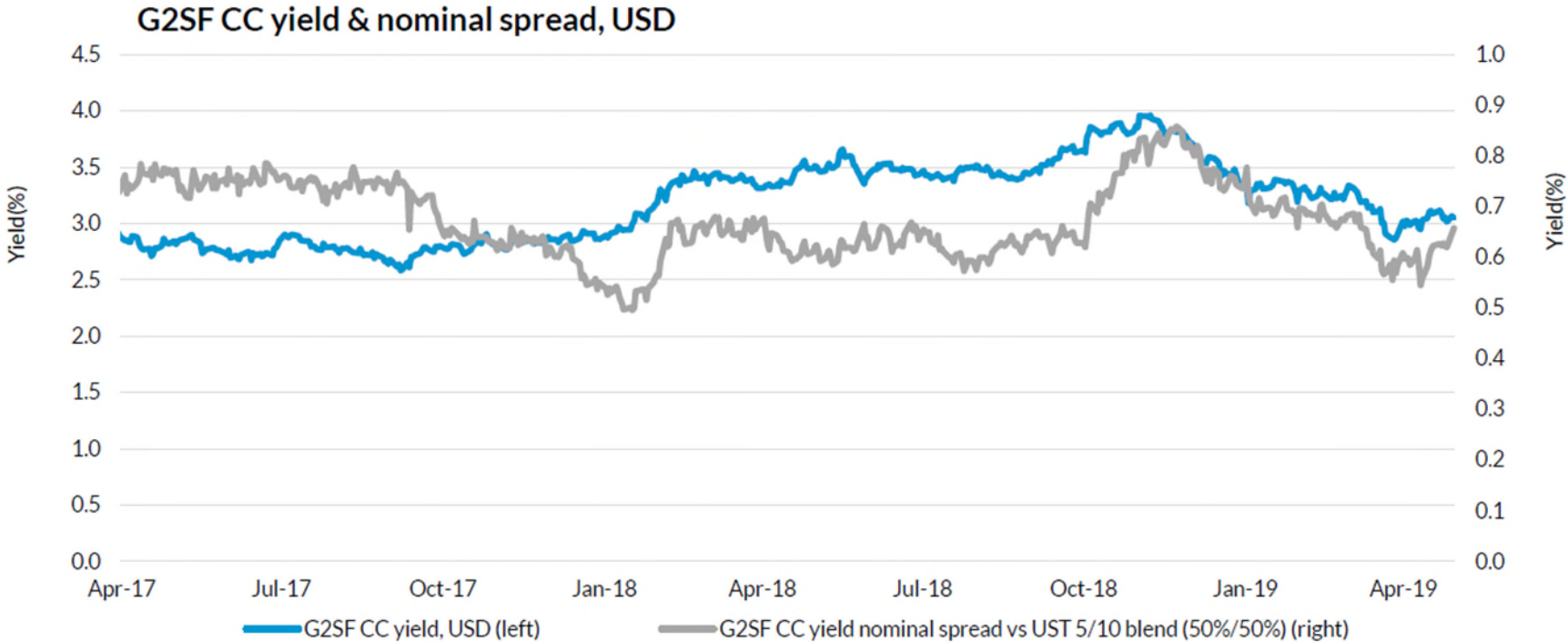
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## Average Daily Fixed Income Trading Volume by Sector



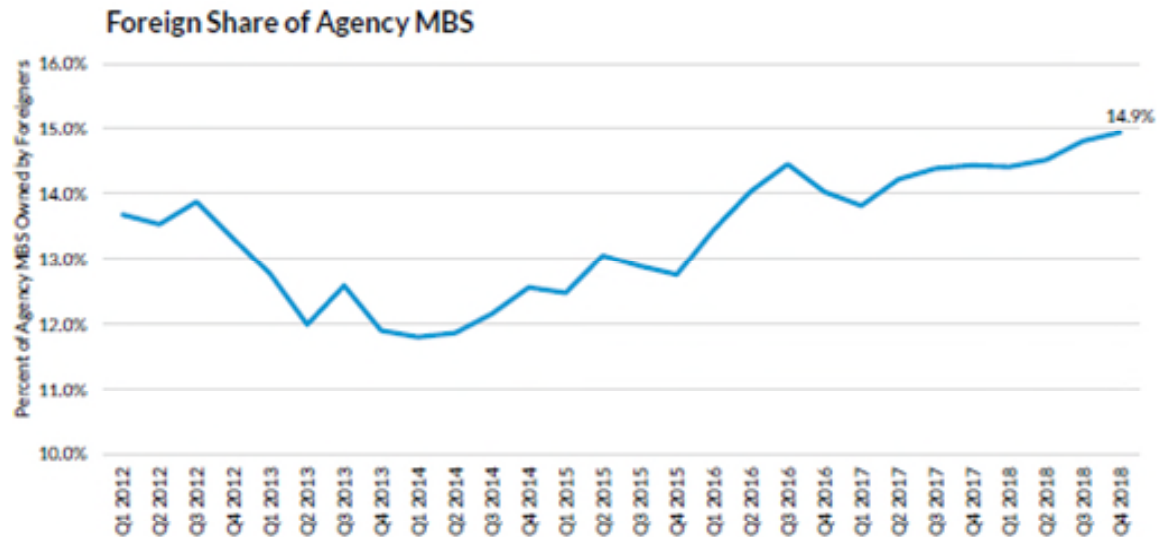
Sources: SIFMA and Urban Institute. Note: Data as of April 2019.

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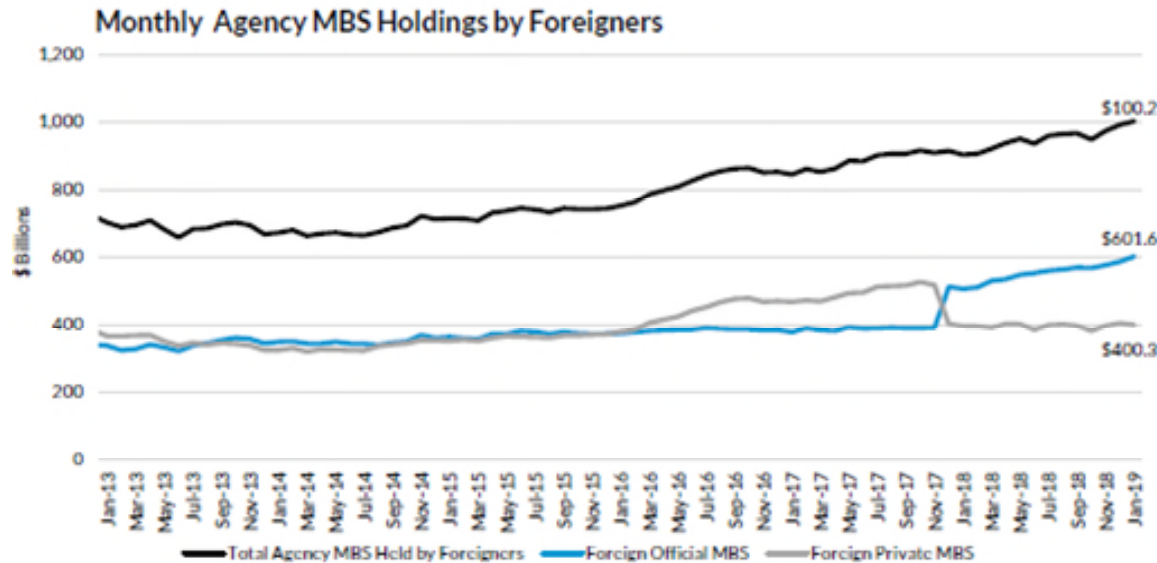


Sources: Bloomberg and State Street Global Advisors. Note: Data as of April 2019.

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Sources: SIFMA and Treasury International Capital (TIC). Note: Data as of Q3 2018.



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