



China Securitization: ABS And RMBS Tracker April 2024

Yilin Lou

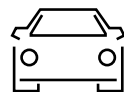
Structured Finance,
North Asia (ex. Japan)

May 30, 2024

S&P Global
Ratings

This report does not constitute a rating action

Key Takeaways



Auto ABS



0.37%

As of April 2024



0.20%

As of April 2024



RMBS



3.71%

As of April 2024



3.41%

As of April 2024

30+dpd

90+dpd



Consumer
ABS



3.08%

As of April 2024



2.26%

As of April 2024

31-60dpd

61-90dpd

ABS --Asset-backed securities. RMBS --Residential mortgage-backed securities. dpd --days past due.

Source: S&P Global Ratings.

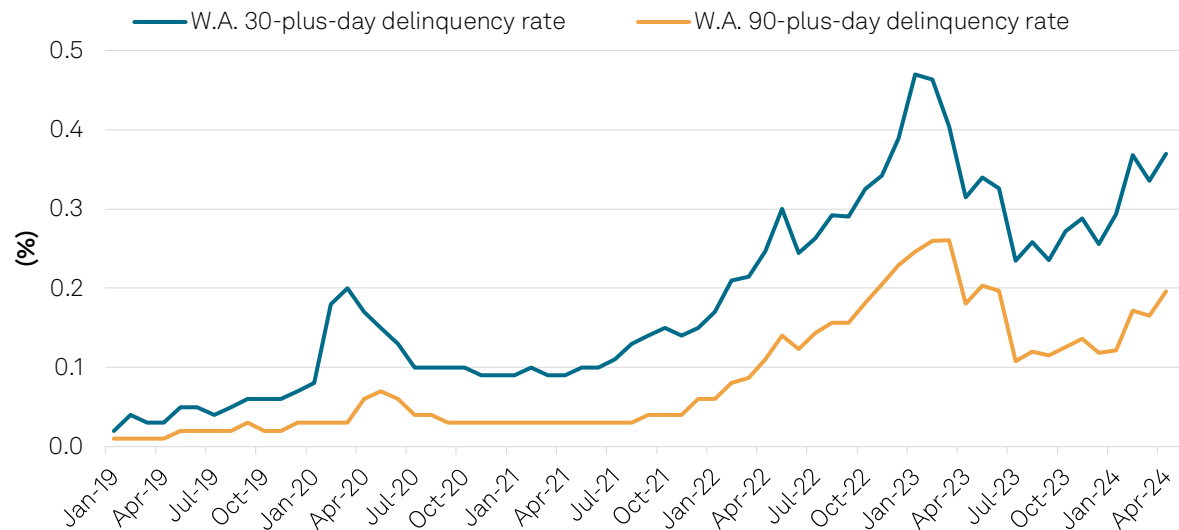
- Declining Shanghai Interbank Offered Rate (SHIBOR) has led to lower coupon rates on the most senior tranches of auto ABS. Some repeated issuances were priced below 2% in May 2024.
- Auto loan ABS that we rate saw elevated severe delinquency ratios, mainly driven by rising arrears of deals with distinct pool attributes.
- The rapid paydown of underlying pools in RMBS transactions that we rate has led to a climb in cumulative delinquency rates, though we expect the strong credit enhancement available to maintain the stability of our RMBS ratings
- Consumer loan ABS had higher and more volatile delinquency rates compared with auto loan ABS. The utilization of excess spread and high credit enhancement available provided rating comfort for rated notes in the observed Anyihua transaction.

Auto ABS

Delinquency ratios remained somewhat volatile

30-plus-day and 90-plus-day delinquency rate composite

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	12-month moving average	Average in 2023
30+ dpd (%)	0.31	0.34	0.33	0.23	0.26	0.24	0.27	0.29	0.26	0.29	0.37	0.34	0.37	0.30	0.32
90+ dpd (%)	0.18	0.20	0.20	0.11	0.12	0.12	0.13	0.14	0.12	0.12	0.17	0.16	0.20	0.15	0.17



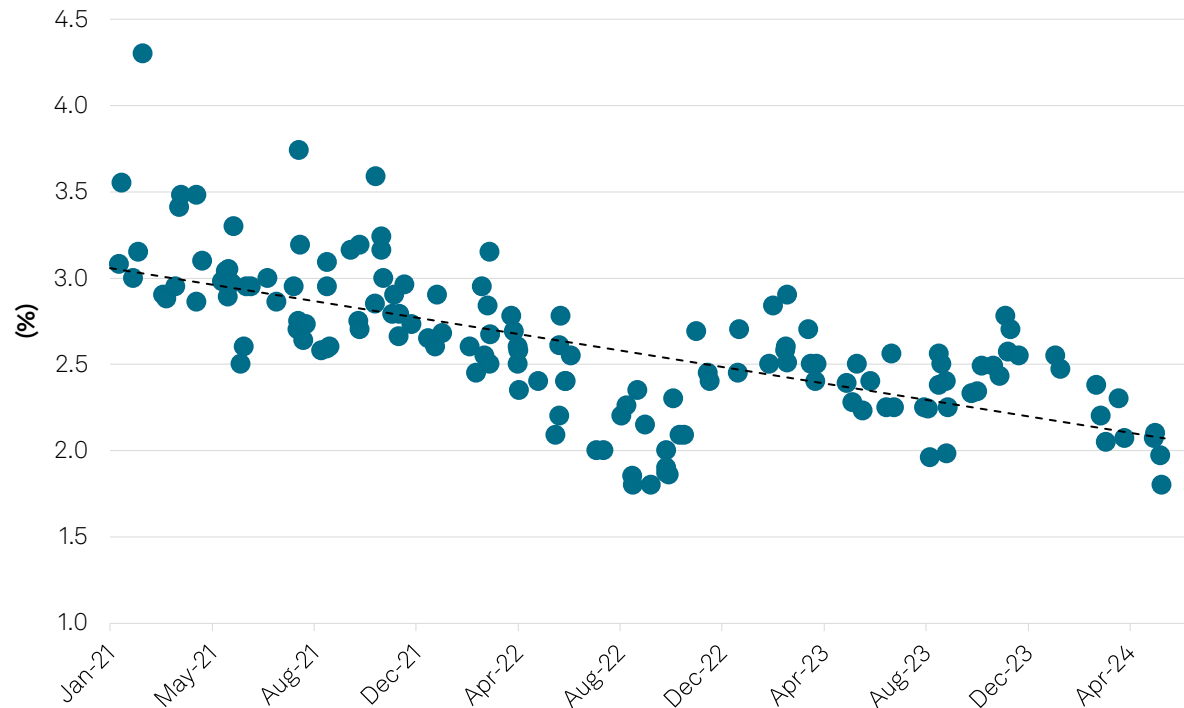
Data as of April 30, 2024. dpd--Days past due. ABS--Asset-backed securities. W.A.--Weighted average.
 Source: Trustee reports published on Chinabond's website; compiled by S&P Global Ratings.
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- Asset performance of auto ABS transactions that we rate remained somewhat volatile as of April 2024.
- Weighted-average 30-plus days arrears remained elevated, at 0.37%, at a similar level to that in the past two months.
- Weighted-average 90-plus days arrears inched up to 0.20% in April 2024 from 0.17% in February.
- The rise in the severe delinquency ratio was mainly driven by deals with distinct pool attributes.
- For those transactions with distinct pool features, the issuers provided higher credit enhancement at deal close to address foreseen credit risks.
- The ratings on Chinese auto ABS that we rate should remain stable in light of the credit enhancement provided. This said, we expect domestic economic conditions to continue weighing on the credit performance of the underlying pools.

Auto ABS

Auto ABS coupon rates have trended downward

Coupon of the senior most tranche of auto ABS



Data as of April. 30, 2024. ABS--Asset-backed securities. LPR--Loan prime rate. W.A.--Weighted average. SHIBOR--Shanghai interbank offered rate. bp--basis point. Source: Trustee reports published on Chinabond's website; compiled by S&P Global Ratings.

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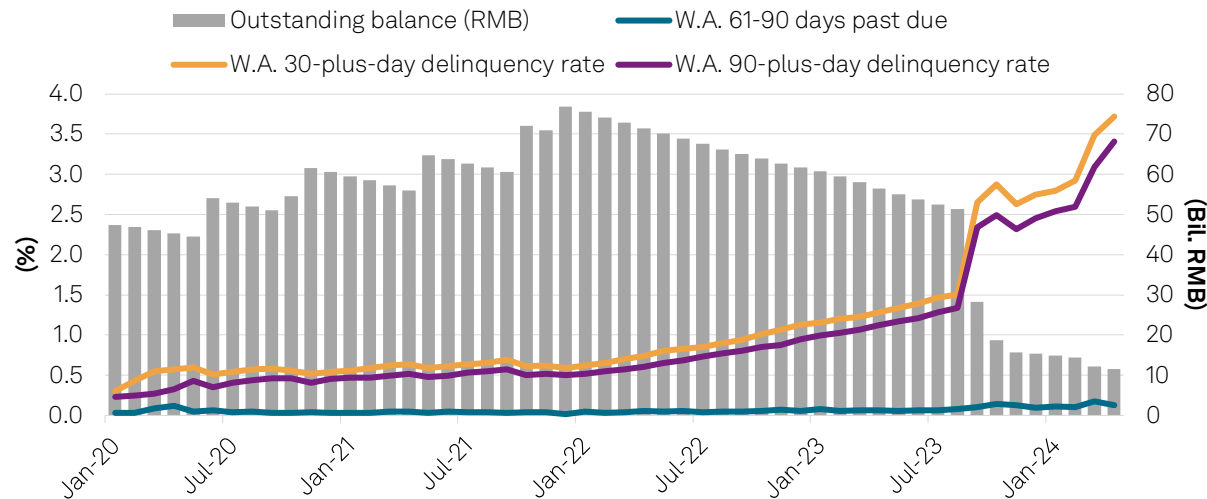
- The one- and five-year loan prime rates remained unchanged at 3.45% and 3.95%, respectively.
- The medium-term SHIBOR has been in decline since late December 2023. Six-month SHIBOR dropped to around 2% by the end of April from about 2.5% at the beginning of 2024.
- As we expected, coupons on recently priced transactions have moved in tandem with the interbank lending rate. The three-month median on the most senior tranches fell 35 bps to 2.20% for January 2024 - April 2024 from 2.55% for December 2023-February 2024.
- As of late May, there are two transactions with their senior-most tranches priced below 2%, with one transaction at a 20-month low of 1.8%.

RMBS

Trajectory of cumulative delinquency ratios remain steep largely due to fast-declining pool balance

30-plus-day and 90-plus-day delinquency rate composite

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	12-month moving average	Average in 2023
61-90 DPD (%)	0.06	0.06	0.06	0.06	0.08	0.11	0.14	0.13	0.10	0.11	0.10	0.17	0.13	0.10	0.08
30+ DPD (%)	1.28	1.34	1.39	1.47	1.51	2.65	2.87	2.62	2.75	2.80	2.92	3.49	3.71	2.46	1.79
90+ DPD (%)	1.12	1.17	1.21	1.28	1.34	2.34	2.49	2.32	2.45	2.54	2.60	3.09	3.41	2.19	1.57



Data as of Apr. 30, 2024. dpd--Days past due. RMBS--Residential mortgage-backed securities. W.A.--Weighted average. RMB--Chinese renminbi. Source: Trustee reports published on Chinabond's website; compiled by S&P Global Ratings.

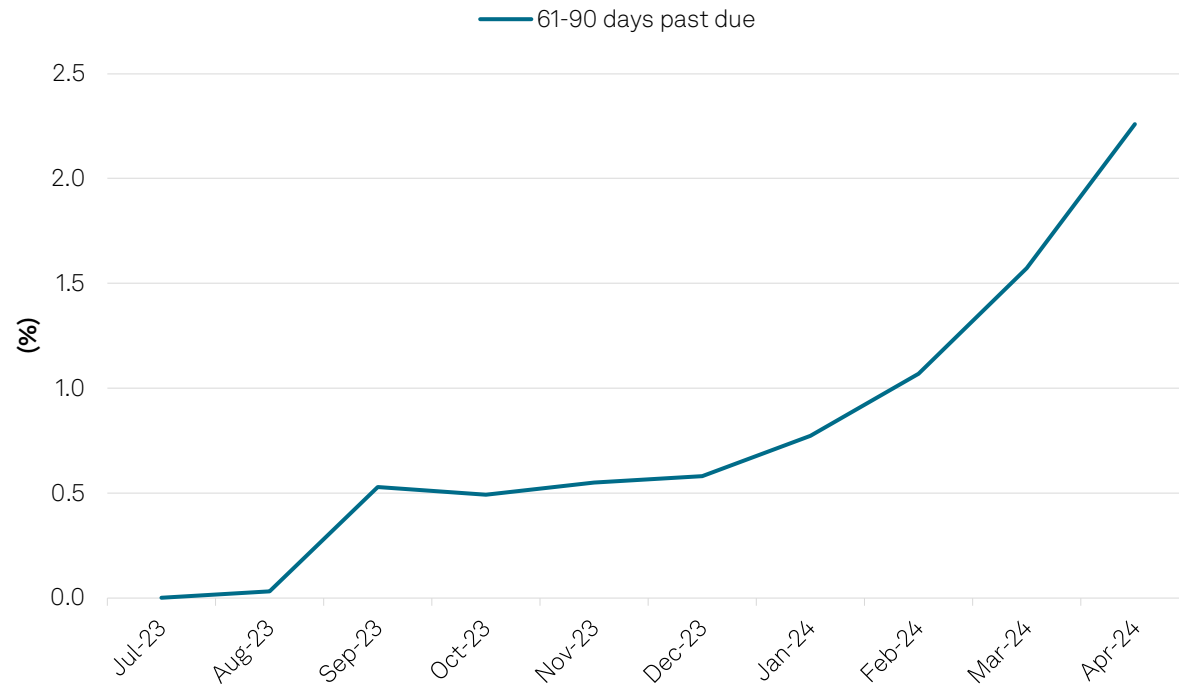
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- Cumulative delinquency rates of RMBS transactions that we rate further climbed up, largely due to rapid paydown of the underlying pools.
- Weighted-average 30-plus days arrears rose 79bps to 3.71% in April from 2.92% in February.
- Weighted-average 90-plus days arrears rose to 3.41% in April from 2.6% in February.
- Cumulative delinquency ratios tend to trend upward gradually if no new transaction is included.
- We think the trajectory of cumulative delinquency ratios is likely to remain steep in the next few months in light of a relatively high prepayment rate since the second half of 2023.
- This said, we expect the ratings on Chinese RMBS that we rate to remain stable in light of credit enhancement provided, which is more than 3x rated notes outstanding.

Consumer Loan ABS

Quick increase in arrears can be mitigated by rapid buildup of credit enhancement

M3 of Anyihua 2023 Phase III Personal Consumption Loan ABS



Data as of April. 30, 2024. ABS--Asset-backed securities. W.A.--Weighted average. M3 --61-90 days arrears ratio.
Source: Trustee reports published on Chinabond's website; compiled by S&P Global Ratings.
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- For the consumer loan ABS that we rate, one of the key indicators we track is the 61-90 days arrears amount over current outstanding balance (M3).
- The M3 ratio rose to 2.26% in April from 1.57% in March for the transaction observed herein.
- The delinquency rates of consumer loan ABS tend to be higher and more volatile than most auto loan ABS, based on our observation from selected transactions.
- For the Anyihua series that we rate, excess spread has been used to purchase new loans. Therefore, compared with the capital structure at deal close, the deal has a larger underlying pool and hence higher credit enhancement in amount and percentage terms during the revolving period. This provides rating comfort.
- As of April 30, 2024, the credit support provided for our rated notes of the Anyihua transaction observed herein exceeds 70%. This provides rating comfort.

Annual Review* In March - April 2024

Transaction name	Date
Anyihua 2023 Phase III Personal Consumption Loan Asset Backed Securities	3/18/2024
Silver Arrow China 2023-1 Retail Auto Loan Asset Backed Notes Trust	3/26/2024
Silver Arrow China 2022-1 Retail Auto Loan Asset Backed Notes Trust	3/26/2024
Generation 2023-1 Retail Auto Mortgage Loan Securitization	3/26/2024
Jianyuan 2020-2 Residential Mortgage Backed Securities	3/26/2024
Jianyuan 2020-12 Residential Mortgage Backed Securities	3/26/2024

*In an annual review, S&P Global Ratings reviews current credit ratings against the latest issuers/issues performance data as well as any recent market developments. Annual reviews may, depending on their outcome, result in a referral of a credit rating for a committee review, which may result in a credit rating action. The above list is not an indication of whether or not a credit rating action is likely in the near future.

The key elements underlying the credit rating can be found in the issuer's latest related publication. Additionally, for each issuer/issues listed above, S&P Global Rating's regulatory disclosures (PCRs) can be accessed on the relevant page on www.spglobal.com/ratings by clicking on Regulatory Disclosures underneath the current credit ratings.

Related Research

- [China Securitization Performance Watch 1Q 2024: A Slow Start For Issuance](#), May 16, 2024
- [Credit FAQ: What's Behind Our First 'AAA \(sf\)' Rating Assigned To Chinese Exchange ABS?](#), May 9, 2024
- [A Comparative Overview Of Select China Consumer Loan ABS](#), Jan. 22, 2024
- [How We Rate China Leasing Securitizations](#), Oct 12, 2023
- [China Mortgage Rate Cuts Will Help Home Buyers And Won't Hurt Rated RMBS](#), Oct 10, 2023
- [Credit FAQ: What's Behind The First 'AAA \(sf\)' Rating Assigned To Chinese Consumer Finance ABS?](#), Aug. 24, 2023
- [A Primer On China's Consumer Loan ABS Market](#), June 9, 2023
- [A Primer On China's MSE Loan ABS Market](#), May 10, 2023
- [A Primer On Hong Kong's RMBS Market](#), Apr 13, 2023
- [A Primer On China's Equipment Lease ABS Market](#), March 2, 2023
- [A Primer On Hong Kong's Consumer Finance Asset-Backed Securities Market](#), Sept. 22, 2022
- [A Primer On China's Residential Mortgage-Backed Securities Market](#), May 24, 2022
- [A Primer On China's Auto Loan Asset-Backed Securities Market](#), April 28, 2022

Analytical Contacts

Yilin Lou

Senior Analyst

+ 852 2533 3524

yilin.lou@spglobal.com

Patrick Chan

Associate Director

+ 852 2533 3528

patrick.chan@spglobal.com

Melanie Tsui

Rating Analyst

+ 852 2532 8087

melanie.tsui@spglobal.com

Jerry Fang

Managing Director

+ 852 2533 3518

jerry.fang@spglobal.com

Carol Hu

Rating Analyst

+ 852 2912 3066

carol.hu@spglobal.com



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