



# China Securitization

ABS And RMBS Tracker May 2024

**S&P Global**  
Ratings

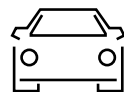
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Structured Finance,  
North Asia (ex. Japan)

**June 28, 2024**

*This report does not constitute a rating action*

# Key Takeaways



Auto ABS



**0.36%**

As of May 2024



**0.19%**

As of May 2024



RMBS



**3.86%**

As of May 2024



**3.53%**

As of May 2024

30+dpd

90+dpd



Consumer  
ABS\*



**1.57%**

As of May 2024



**0.96%**

As of May 2024

31-60dpd

61-90dpd

- Coupon rates on the most senior tranches of auto ABS trended down following a decline in the Shanghai Interbank Offered Rate (SHIBOR). Some repeated issuances priced lower than the previous issuances in previous months.
- 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 rise 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 than auto loan ABS. The utilization of excess spreads and high credit enhancement available provided rating comfort for rated notes in the observed Anyihua transaction.

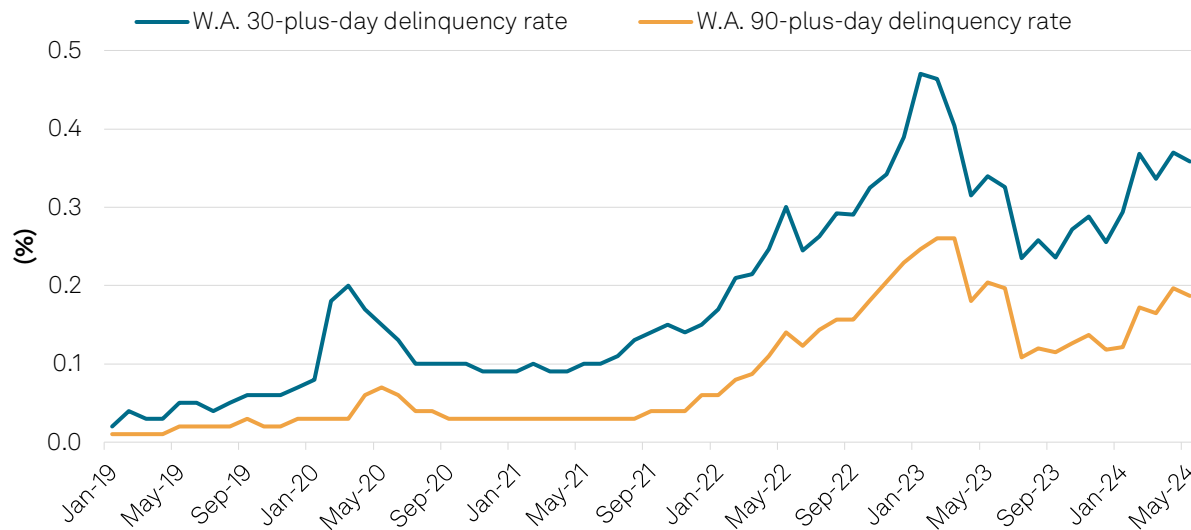
\*Anyihua 2023 Phase VI Personal Consumption Loan ABS. ABS--Asset-backed securities. RMBS--Residential mortgage-backed securities. dpd--Days past due. Source: S&P Global Ratings.

# Auto ABS

## Delinquency ratios remained heightened

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

|             | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | 12-month moving average | Average in 2023 |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------------|-----------------|
| 30+ dpd (%) | 0.34   | 0.33   | 0.23   | 0.26   | 0.24   | 0.27   | 0.29   | 0.26   | 0.29   | 0.37   | 0.34   | 0.37   | 0.36   | 0.30                    | 0.32            |
| 90+ dpd (%) | 0.20   | 0.20   | 0.11   | 0.12   | 0.12   | 0.13   | 0.14   | 0.12   | 0.12   | 0.17   | 0.16   | 0.20   | 0.19   | 0.15                    | 0.17            |



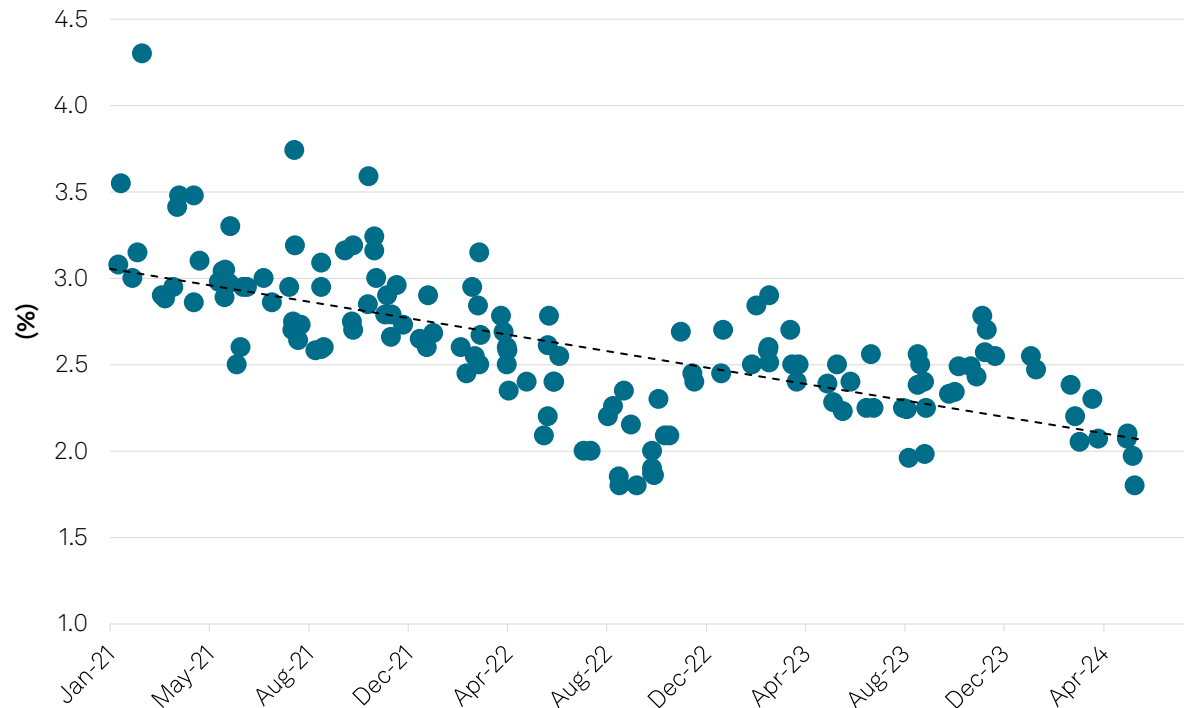
Data as of May 31, 2024. dpd--Days past due. ABS--Asset-backed securities. W.A.--Weighted average.  
 Source: Trustee reports published on Chinabond's website; compiled by S&P Global Ratings.  
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- Asset performance of auto ABS transactions that we rate saw minimal changes in May 2024.
- Weighted-average 30-plus days arrears remained elevated at 0.36%--a similar level as in the past two months.
- Weighted-average 90-plus days arrears remained at 0.19% in May 2024, similar to the 0.20% in April 2024.
- Severe delinquency ratios were elevated mainly due to 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.
- Our ratings on Chinese auto ABS should remain stable considering 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 continue trending down

### Coupons on the senior-most tranche of auto ABS



Data as of May 31, 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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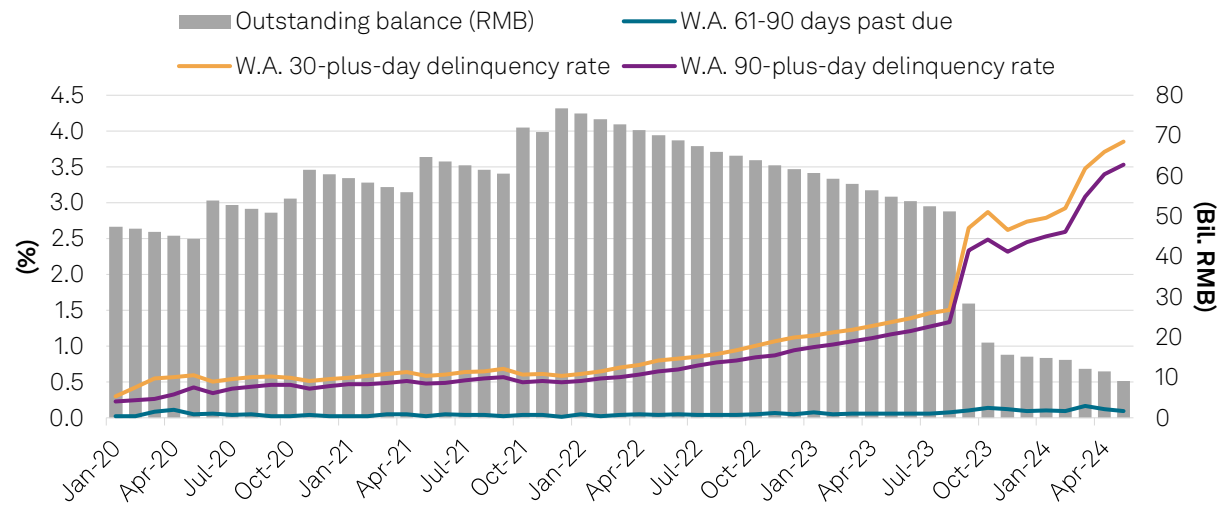
- The one- and five-year loan prime rates remained unchanged at 3.45% and 3.95%, respectively.
- The medium-term SHIBOR has been in decline since late December 2023. Six-month SHIBOR dropped below 2% by the end of May from about 2.5% at the beginning of 2024.
- As we expected, coupons on recently priced transactions have moved in tandem with the interbank lending rate. The three-month median on the most senior tranches fell 13 bps to 2.07% for March 2024-May 2024 from 2.20% for February 2024-April 2024.
- In May, the average coupon for the senior-most tranches of ABS issuances was below 2%. Some issuers' May transactions saw lower coupon rates than those of similar series issued in previous months.

# RMBS

## Cumulative delinquency ratios remain elevated as pool balances continue to decline

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

|               | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | 12-month moving average | Average in 2023 |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------------|-----------------|
| 61-90 DPD (%) | 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   | 0.11                    | 0.08            |
| 30+ DPD (%)   | 1.34   | 1.39   | 1.47   | 1.51   | 2.65   | 2.87   | 2.62   | 2.75   | 2.80   | 2.92   | 3.49   | 3.71   | 3.86   | 2.67                    | 1.79            |
| 90+ DPD (%)   | 1.17   | 1.21   | 1.28   | 1.34   | 2.34   | 2.49   | 2.32   | 2.45   | 2.54   | 2.60   | 3.09   | 3.41   | 3.53   | 2.38                    | 1.57            |



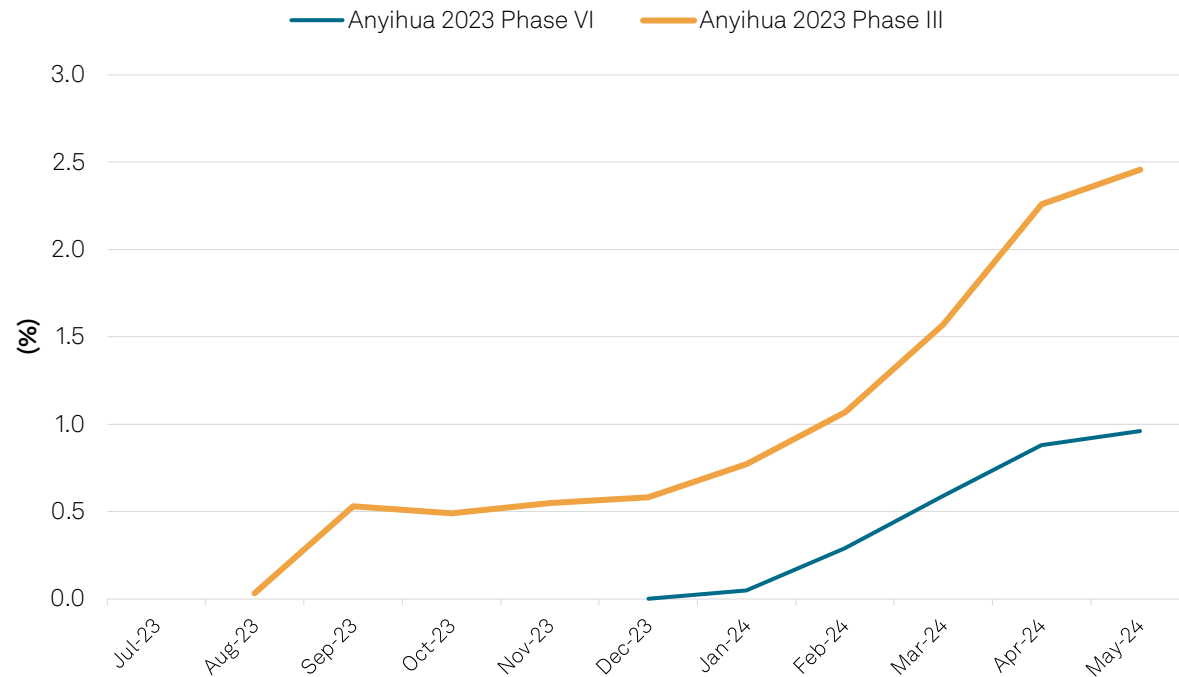
Data as of May 31, 2024. dpd--Days past due. RMBS--Residential mortgage-backed securities. W.A.--Weighted average. RMB--Chinese renminbi. Source: Trustee reports published on Chinabond's website; compiled by S&P Global Ratings. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

- Cumulative delinquency rates of RMBS transactions that we rate further climbed up, largely due to the paydown of the underlying pools.
- Weighted-average 30-plus days arrears rose 15 bps to 3.86% in May from 3.71% in April.
- Weighted-average 90-plus days arrears rose to 3.53% in May from 3.41% in April.
- 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 due to relatively high credit enhancement to absorb potential credit losses.

# Consumer Loan ABS

## Rising arrears mitigated by buildup of credit enhancement

### M3 ratios of Anyihua 2023 Phase III & VI Personal Consumption Loan ABS



Data as of May 31, 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 delinquency rates of consumer loan ABS tend to be higher and more volatile than most auto loan ABS, based on our observation of selected transactions. Such performance volatility is generally mitigated by the relatively high credit enhancement level of consumer loan ABS.
- For the Anyihua series that we rate, excess spreads can also be used to purchase new loans during the revolving period. This would create further overcollateralization and increase the credit enhancement of the rated notes.
- As of May 31, 2024, credit support provided for Anyihua 2023 Phase VI's class A1 and A2 rated notes observed herein exceeded 70% and 35% respectively.
- The rated tranche for Anyihua 2023 Phase III has been fully paid down as of May 2024. The credit support for the rated notes exceeded 70% on April 30, 2024.

# 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

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