

China Securitization

ABS And RMBS Tracker August 2024

S&P Global
Ratings

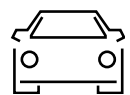
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Structured Finance,
North Asia (ex. Japan)

September 27, 2024

This report does not constitute a rating action

Key Takeaways



Auto ABS



0.41%

As of August 2024



0.23%

As of August 2024



RMBS



1.53%

As of August 2024

30+DPD



1.25%

As of August 2024

90+DPD



Consumer
ABS*



1.80%

As of August 2024

31-60DPD



1.48%

As of August 2024

61-90DPD

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

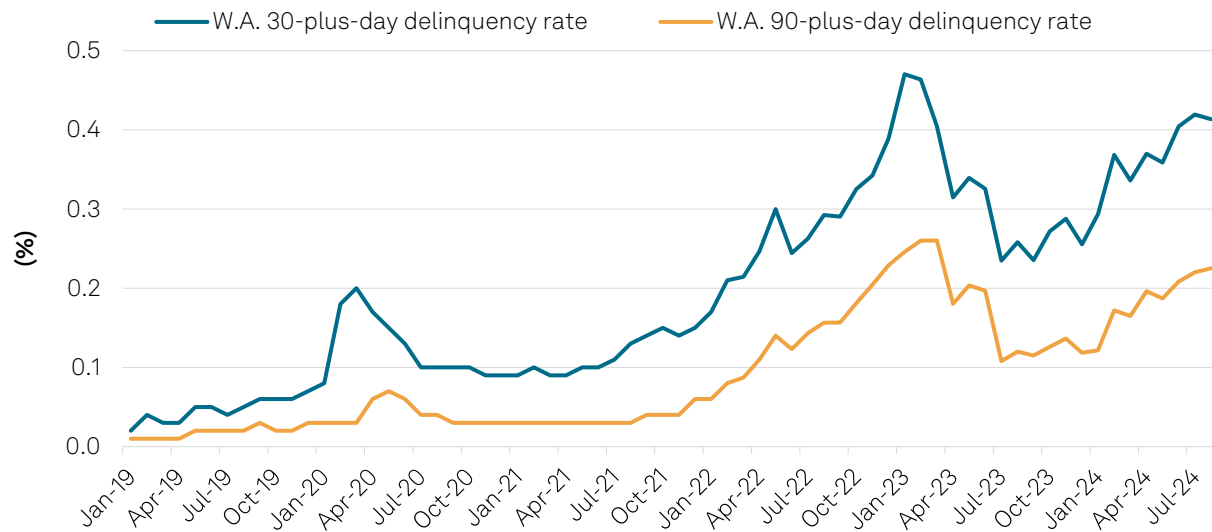
- Coupon rates on the most senior tranches of auto ABS continued trending down in August. We expect the decline in coupon rates to continue in light of the recently announced 50-bp cut to the required reserve ratio in China.
- Auto loan ABS delinquency ratios remained elevated during the past three months, mainly driven by rising arrears of deals with distinct pool attributes.
- RMBS transactions that we rate had some increase in delinquency rates. We expect 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 stability for rated notes in the observed transactions.

Auto ABS

Delinquency ratios remain elevated

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

	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	12-month moving average	Average in 2023
30+ DPD (%)	0.26	0.24	0.27	0.29	0.26	0.29	0.37	0.34	0.37	0.36	0.40	0.42	0.41	0.33	0.32
90+ DPD (%)	0.12	0.12	0.13	0.14	0.12	0.12	0.17	0.16	0.20	0.19	0.21	0.22	0.23	0.17	0.17



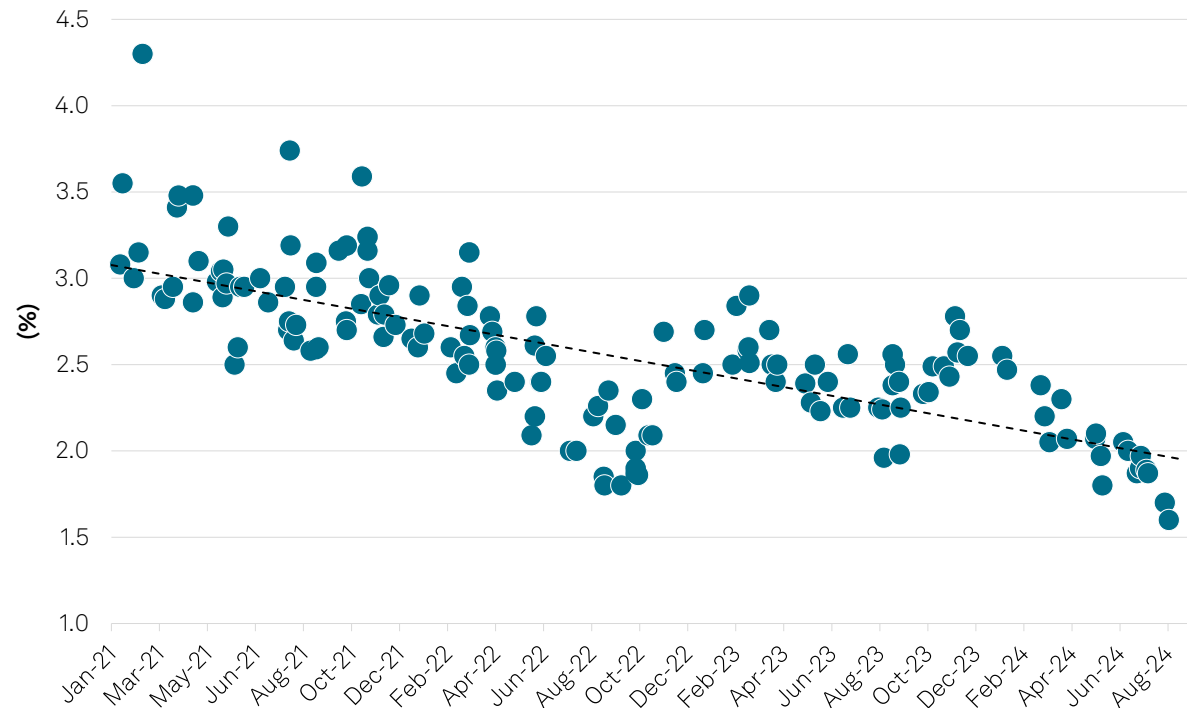
Data as of August 31, 2024. DPD--Days past due. ABS--Asset-backed securities. W.A.--Weighted average. bp-basis point. Source: Trustee reports published on Chinabond's website; compiled by S&P Global Ratings.

- Asset performance of auto ABS transactions that we rate remained stable, but elevated.
- Weighted-average 30-plus days arrears dropped by 1bp from July to 0.41% in August.
- Weighted-average 90-plus days arrears edged up 1bp from July to 0.23% in August.
- Severe delinquency ratios remained elevated mainly due to deals with distinct pool attributes. Nonetheless, we expect delinquencies to fall in the coming two months, as some deals are expected to pay down soon.
- For transactions with distinct pool features, the issuers provided higher credit enhancement at deal close to address the foreseen credit risks.

Auto ABS

Downward trend persists for auto ABS coupon rates

Coupons on the senior-most tranches of auto ABS



Data as of August 31, 2024. ABS--Asset-backed securities. LPR--Loan prime rate. W.A.--Weighted average. bp-basis point. Source: Trustee reports published on Chinabond's website; compiled by S&P Global Ratings.

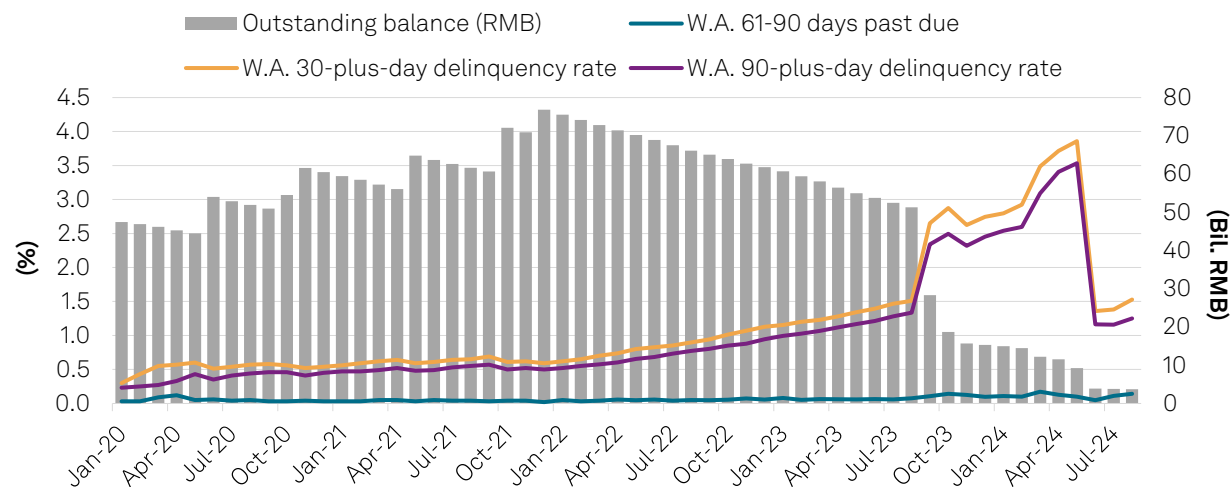
- The one- and five-year loan prime rates remained at 3.35% and 3.85%, respectively, since July.
- Coupons on recently priced transactions have generally been declining since the beginning of this year. The three-month median on the most senior tranches further fell to 1.89% for June-August from 1.97% for May-July.
- In August, the average coupon for the senior-most tranches of ABS issuances was under 1.8%. Repeated issuers saw lower coupon rates than their issuances of similar series earlier this year.
- We believe that the downward trend in coupon rates will continue in the coming months, because the People's Bank of China recently announced a 50-bp cut to the required reserve ratio, which will release additional liquidity in the market.

RMBS

Cumulative delinquency ratios edge up

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

	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	12-month moving average	Average in 2023
61-90 DPD (%)	0.08	0.11	0.14	0.13	0.10	0.11	0.10	0.17	0.13	0.10	0.05	0.11	0.14	0.11	0.08
30+ DPD (%)	1.51	2.65	2.87	2.62	2.75	2.80	2.92	3.49	3.71	3.86	1.36	1.38	1.53	2.66	1.79
90+ DPD (%)	1.34	2.34	2.49	2.32	2.45	2.54	2.60	3.09	3.41	3.53	1.16	1.16	1.25	2.36	1.57



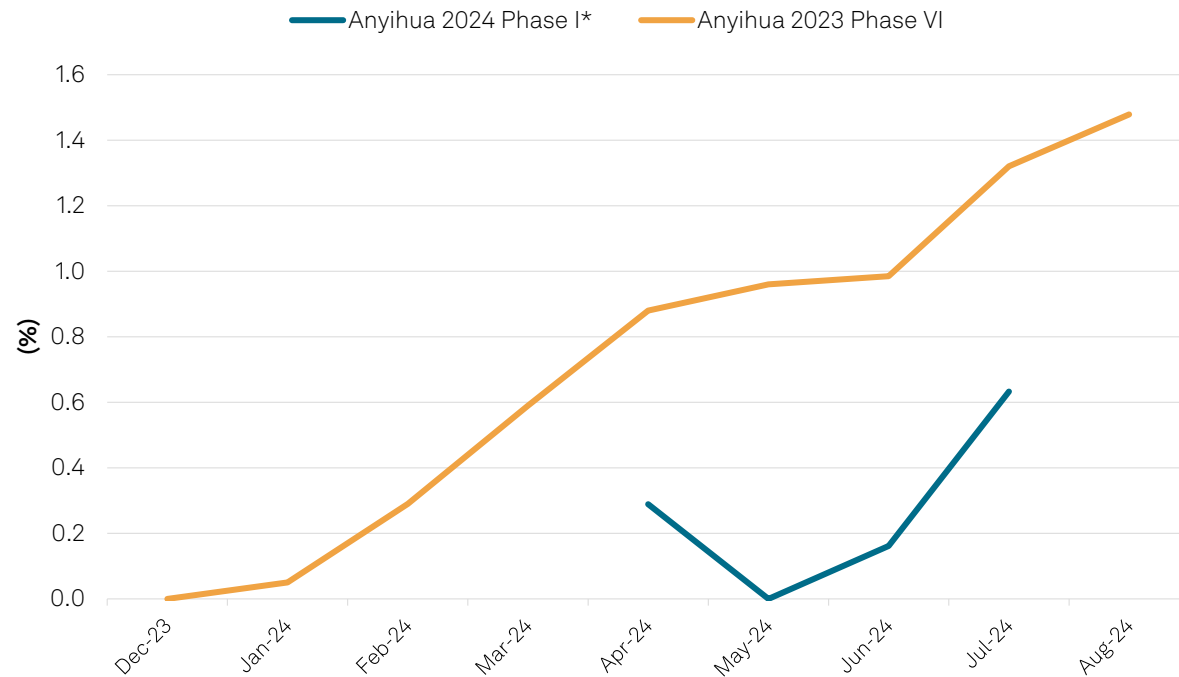
Data as of August 31, 2024. DPD--Days past due. RMBS--Residential mortgage-backed securities. W.A.--Weighted average. RMB--Chinese renminbi. Source: Trustee reports published on Chinabond's website; compiled by S&P Global Ratings.

- Cumulative delinquency rates of RMBS transactions that we rate increased.
 - Weighted-average 30-plus days arrears climbed to 1.53% in August from 1.38% in July.
 - Weighted-average 90-plus days arrears rose to 1.25% in August from 1.16% in July.
- Cumulative delinquency ratios generally tend to trend upward gradually if no new transaction is included.
- We expect our ratings on Chinese RMBS to remain stable due to relatively high credit enhancement available to absorb potential credit losses. This said, we expect domestic economic conditions to continue weighing on the credit performance of the underlying pools.

Consumer Loan ABS

Buildup of credit enhancement mitigates rising arrears

M3 ratios of our rated transactions



Data as of August 31, 2024. *Data as of July 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.

- 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 our rated transactions, 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 Aug. 31, 2024, credit support provided for Anyihua 2023 Phase VI's class A rated notes observed herein exceeded 60%.

Annual Review* In June – August 2024

Transaction name	Date
Generation 2023-2 Retail Auto Mortgage Loan Securitization	6/17/2024
Bavarian Sky China 2022-2	6/26/2024
Fuyuan 2022-2 Retail Auto Mortgage Loan Securitization Trust	6/26/2024
Ruize Tianchi 2023 Phase I Retail Auto Mortgage Loan Securitization Trust	7/12/2024
Fuyuan 2023-2 Retail Auto Mortgage Loan Securitization Trust	7/18/2024

*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 2Q 2024: Weak Issuance Will Likely Persist](#), Aug. 9, 2024
- [China Structured Finance Midyear Outlook 2024: New Issuance Will Likely Fall For Another Year](#), July 8, 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](#), April 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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