

# China Securitization

ABS And RMBS Tracker July 2024

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**S&P Global**  
Ratings

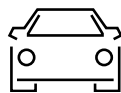
**Patrick Chan**

Structured Finance,  
North Asia (ex. Japan)

**August 28, 2024**

*This report does not constitute a rating action*

# Key Takeaways



Auto ABS



**0.42%**

As of July 2024



**0.22%**

As of July 2024



RMBS



**1.38%**

As of July 2024



**1.16%**

As of July 2024

30+dpd

90+dpd



Consumer  
ABS\*



**1.52%**

As of July 2024



**1.32%**

As of July 2024

31-60dpd

61-90dpd

\*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.

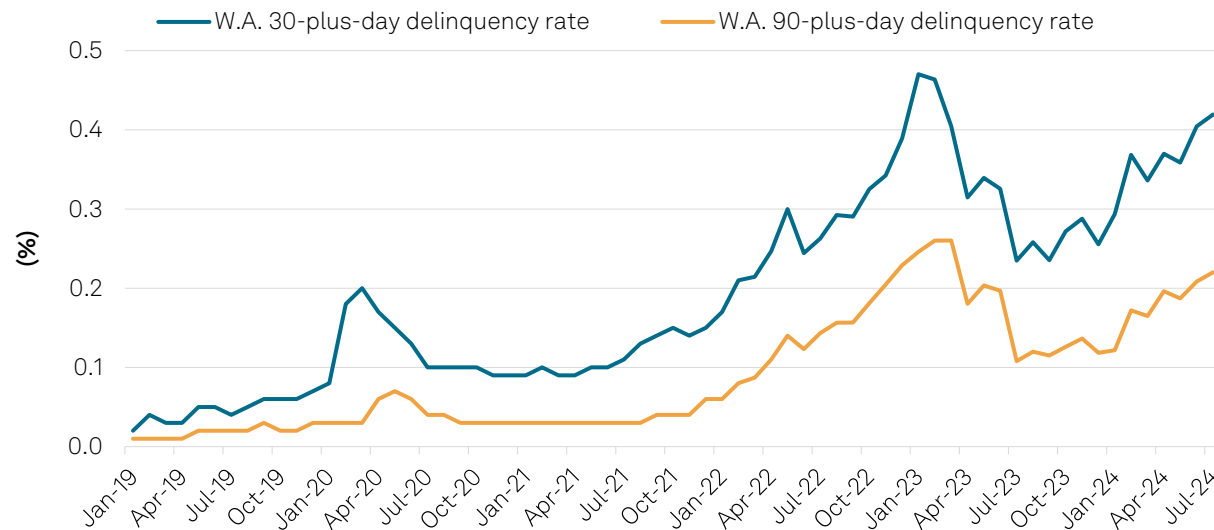
- Coupon rates on the most senior tranches of auto ABS continue trending down, following a declining Shanghai Interbank Offered Rate (SHIBOR). Some repeated issuances priced lower than their prior iterations in previous months.
- Auto loan ABS delinquency ratios edged higher, mainly driven by rising arrears of deals with distinct pool attributes.
- A few of our rated RMBS transactions were paid down. This led to a decrease in cumulative 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 trended higher

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

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	12-month moving average	Average in 2023
30+ dpd (%)	0.23	0.26	0.24	0.27	0.29	0.26	0.29	0.37	0.34	0.37	0.36	0.40	0.42	0.32	0.32
90+ dpd (%)	0.11	0.12	0.12	0.13	0.14	0.12	0.12	0.17	0.16	0.20	0.19	0.21	0.22	0.16	0.17



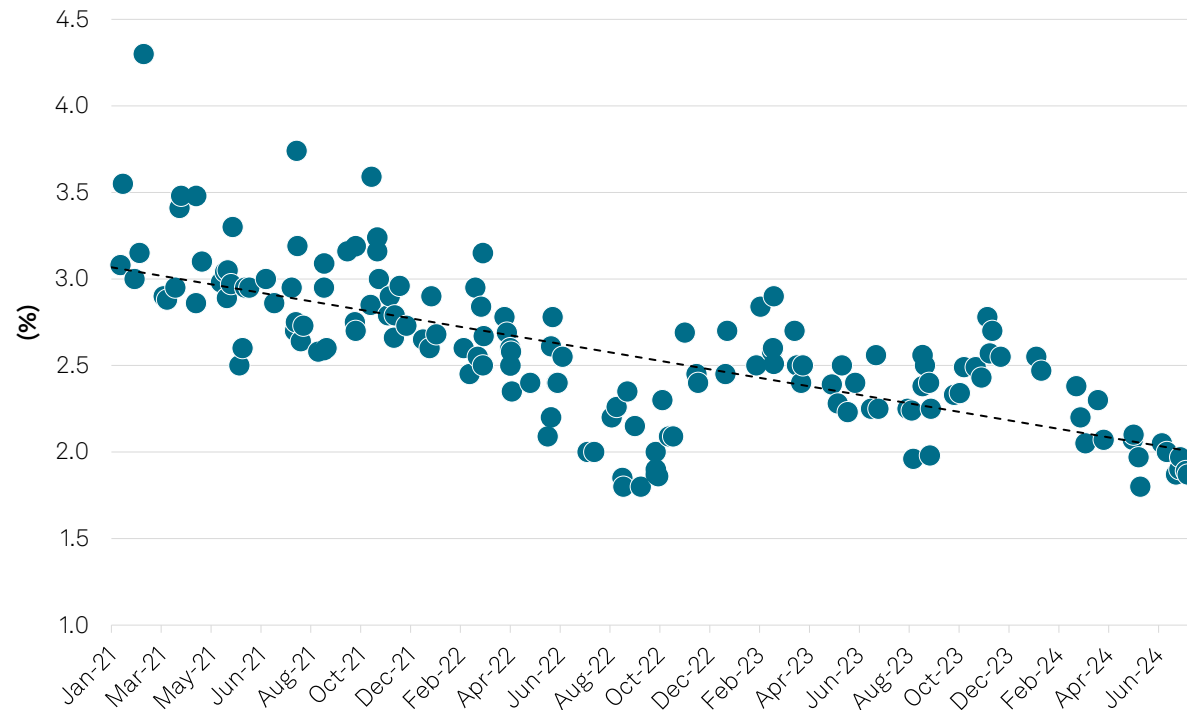
Data as of July 31, 2024. dpd--Days past due. ABS--Asset-backed securities. W.A.--Weighted average. Source: Trustee reports published on Chinabond's website; compiled by S&P Global Ratings.

- Asset performance of auto ABS transactions that we rate saw some changes in July 2024.
- Weighted-average 30-plus days arrears reached 0.42% in July--a 6 bps increase from May.
- Weighted-average 90-plus days arrears edged higher to 0.22% in July from 0.19% in May 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 declining

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



Data as of July 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.

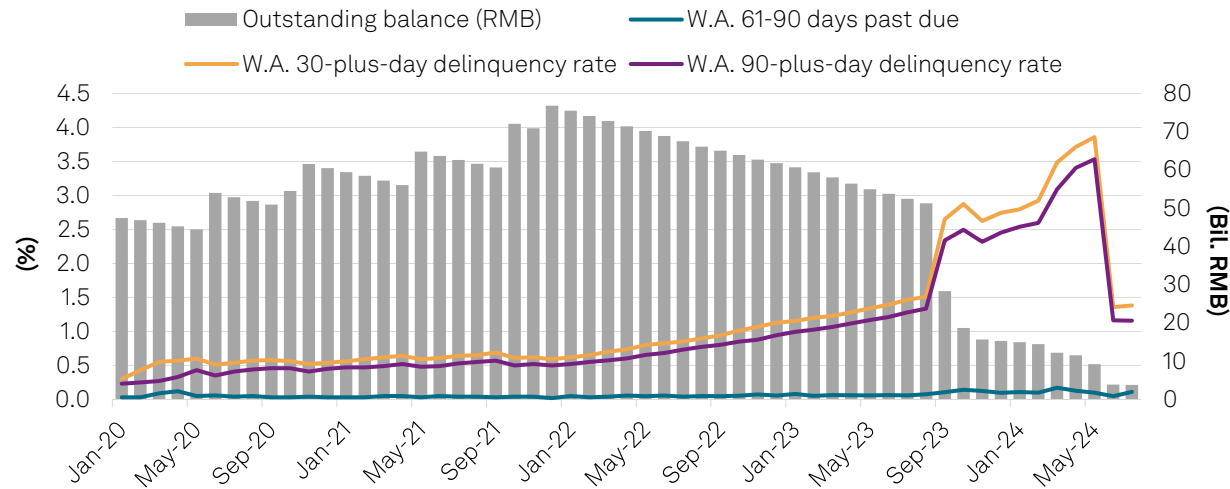
- The one- and five-year loan prime rates were cut to 3.35% and 3.85%, respectively in July.
- The medium-term SHIBOR continued its downtrend since late December 2023. Six-month SHIBOR continued to decline after dropping below 2% by the end of May.
- As we expected, coupons on recently priced transactions have moved in tandem with the interbank lending rate. The three-month median on the most senior tranches fell 10 bps to 1.97% for May-July 2024 from 2.07% for March-May 2024.
- In July, the average coupon for the senior-most tranches of ABS issuances remained under 2%. Some repeated issuers saw lower coupon rates than their issuances of similar series earlier this year.

# RMBS

Cumulative delinquency ratios decreased as transactions with high delinquency rates were paid down

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

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	12-month moving average	Average in 2023
61-90 DPD (%)	0.06	0.08	0.11	0.14	0.13	0.10	0.11	0.10	0.17	0.13	0.10	0.05	0.11	0.10	0.08
30+ DPD (%)	1.47	1.51	2.65	2.87	2.62	2.75	2.80	2.92	3.49	3.71	3.86	1.36	1.38	2.66	1.79
90+ DPD (%)	1.28	1.34	2.34	2.49	2.32	2.45	2.54	2.60	3.09	3.41	3.53	1.16	1.16	2.37	1.57



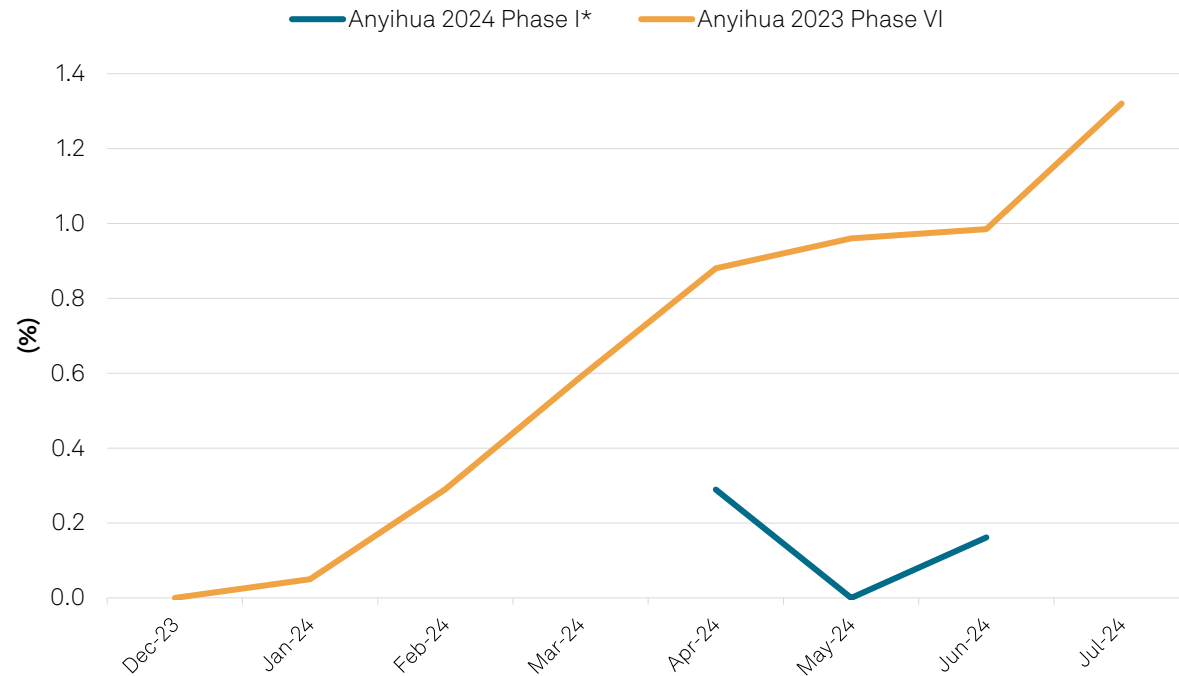
Data as of July 31, 2024. dpd--Days past due. RMBS--Residential mortgage-backed securities. W.A.--Weighted average. RMB--Chinese renminbi. Source: Trustee reports published on Chinabond's website; compiled by S&P Global Ratings.

- Cumulative delinquency rates of RMBS transactions that we rate decreased.
  - Weighted-average 30-plus days arrears dropped to 1.38% in July from 3.86% in May.
  - Weighted-average 90-plus days arrears decreased to 1.16% in July from 3.53% in May.
- Cumulative delinquency ratios decreased because some of the transactions with high delinquency rates were paid down in May 2024.
- We expect the ratings on Chinese RMBS that we rate to remain stable due to relatively high credit enhancement available to absorb potential credit losses.

# Consumer Loan ABS

## Rising arrears mitigated by buildup of credit enhancement

### M3 ratios of our rated transactions



Data as of July 31, 2024. \*Data as of June 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.

- 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 July 31, 2024, credit support provided for Anyihua 2023 Phase VI's class A1 and A2 rated notes observed herein exceeded 80% and 45%, respectively.

# 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

# Analytical Contacts

## Patrick Chan

Associate Director

+ 852 2533 3528

[patrick.chan@spglobal.com](mailto:patrick.chan@spglobal.com)

## Yilin Lou

Senior Analyst

+ 852 2533 3524

[yilin.lou@spglobal.com](mailto:yilin.lou@spglobal.com)

## Melanie Tsui

Senior Analyst

+ 852 2532 8087

[melanie.tsui@spglobal.com](mailto:melanie.tsui@spglobal.com)

## Jerry Fang

Managing Director

+ 852 2533 3518

[jerry.fang@spglobal.com](mailto:jerry.fang@spglobal.com)

## Carol Hu

Rating Analyst

+ 852 2912 3066

[carol.hu@spglobal.com](mailto:carol.hu@spglobal.com)





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