Credit Rating Report of Driver China Seventeen Retail Auto Loan ABS

Rating Date:
Analysts: Lun Hang, Wang Lijiao, Zhu Lehan
Tel: 010-88090067
Email: lunhang@chinaratings.com.cn

Credit rating:

AAA_{sf} for Class A Notes

CHINA BOND RATING

中债资信评估有限责任公司
CHINA BOND RATING CO.,LTD

Credit Rating Report of Driver China Seventeen Retail Auto Loan ABS

Name	Repayment Method	Issuance Amount (RMB 10k)	Percentage of Total (%)	Credit Enhancement (%)	Coupon Rate	Expected Maturity Date[1]	Credit Rating
Class A Notes	Pass-through	339,600.00	84.90	15.10	Fixed	2029/03/26	AAA_{sf}
Subordinated Notes	Pass-through	39,700.00	9.92	—	No rate	2029/03/26	n/a
Amount Issued	—	379,300.00	94.82	—	—	—	—
Overcollateralization	—	20,700.70	5.18	—	—	—	—
Discounted Receivables Balance	—	400,000.70	100.00	—	—	—	—

Summary

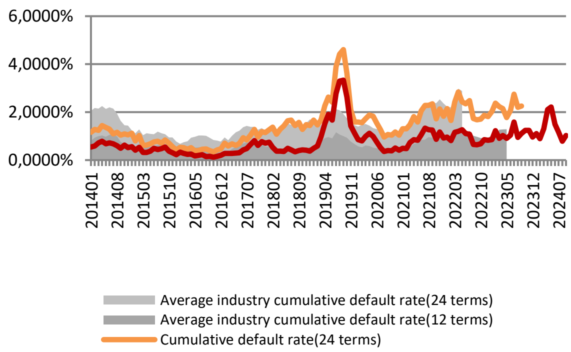
Rating Opinions[2]:

■ **The credit quality of the underlying assets:** The underlying assets are entrusted auto loan. As for asset pool, the weighted average seasoning term is relatively long, the weighted average interest rate is relatively high, the income to debt ratio is relatively high， and the initial loan to value ratio is at an average level. Balloon credit loans are accounted for 5.14%, VAP loans are accounted for 36.88%, Used car loans are accounted for 6.47%, External brands loans are accounted for 4.97%, NEV loans are accounted for 5.08%. According to CBR's methodology, the target default ratio (TDR) for AAA_{sf} rating is 19.51%. The credit quality of initial underlying assets is relatively good.

■ **The Originator**：As of the end of September. 2025, Volkswagen Finance (referred as "VWFC") had RMB 23.16 billion of existing retail credit assets, while the retail loan business's NPL rate was 0.67%. Balloon credit loans are accounted for 6.25%, Used car loans are accounted for 5.32%. Under the scoring system, VWFC has strong comprehensive operational, business management, and sustained stability capabilities.

■ **Historical data:** Based on the 136 static sample pools, CBR has computed the 30+ default rate for different terms of each pool, and comparing with the publicly available historical data of ABS originators for auto loans in the entire market. As shown below, the average cumulative default rates for 12 terms and 24 terms are 0.80% and 1.47%, respectively. The main reason for the increase in the default rate in the second half of 2019 was the poor default performance of second-hand car loans by non-VW certified dealers during the VWFC's expansion of the second-hand car business. After that, the company strengthened its second-hand car channel management and second-hand car customer qualification review. The default rate is gradually decreasing.

1 Expected Maturity Date in the case of Clean-up Call
2 Percentages are based on outstanding principal balance, the same below.



■ **Credit enhancement and transaction structure**: Credit enhancement measures such as Senior/Subordinated Structure, Overcollateralization (OC) and Cash Collateral Account provide certain credit support for Senior Notes.

Based on the estimation results from the quantitative credit risk analysis of the portfolio and the cash flow stress testing model, combined with the qualitative analysis of rating elements, such as transaction structure risks, major participants' ability to fulfill their duties and legal risks, CBR assigns the following ratings to this Transaction: Class A Notes are rated at AAA_{sf}, and Subordinated Notes are unrated.

Transaction Information

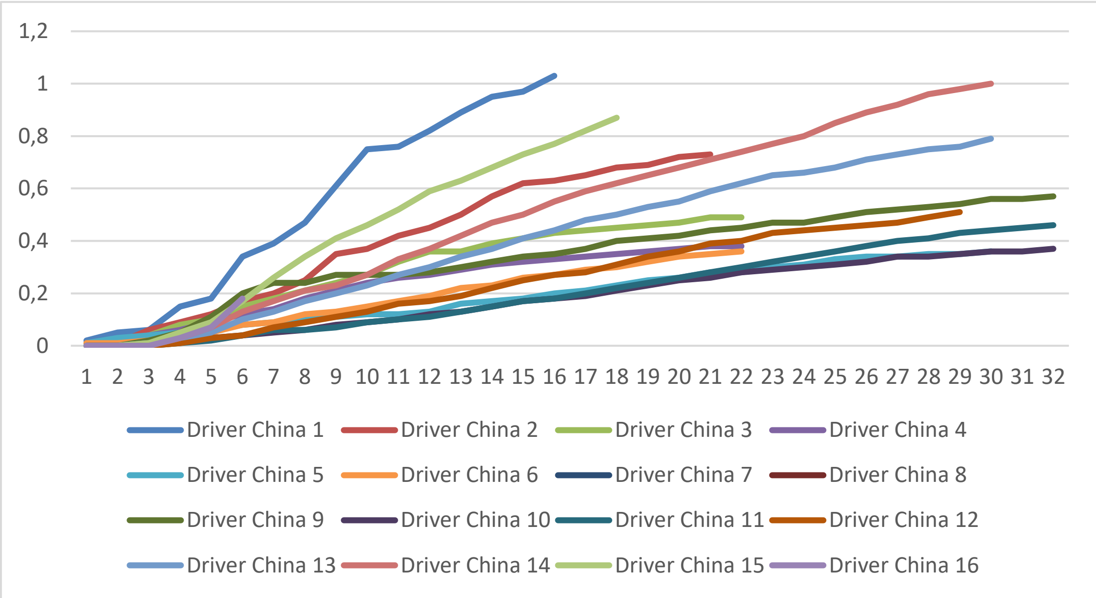
A. Comparison of Key Indicators

Key Indicator: Features of the ABS	*Driver China-17 (BPC)*	*Driver China-16 (BPC)*	*Driver China-15 (BPC)*
Closing Date	2026/01/28(estimated）	2025/05/28	2024/05/30
Legal Maturity Date	2032/11/26	2032/03/26	2031/03/26
Revolving Term	Static	Static	Static
Class A note's credit enhancement(%)	15.10	13.95	12.80
Credit Enhancement Measures	Senior/Subordinated Structure, Overcollateralization, and Cash Collateral Account		
Originator/Servicer	Volkswagen Finance (China) Co., Ltd.		
Characteristics of the Initial Underlying			
Cut-off Date	2025/12/31	2025/04/30	2024/04/30
No. of loans	63,798	70,284	97,599
No. of borrowers	62,891	69,154	96,437
Total outstanding principal balance (RMB	373,673.52	381,015.50	583,114.50
Contract value of the asset pool (RMB 10k)	690,802.39	752,647.20	1,015,241.79
Max. outstanding principal balance of a single loan(RMB 10k)	10.83	10.71	10.40
% of top 10 borrowers' discounted loan	0.44	0.46	0.28
Weighted average loan interest rate (%)	7.65	6.80	5.52
Weighted average loan contract term (m)	52.35	49.85	44.25
Weighted average seasoning (m)	18.50	20.38	14.35
Weighted average remaining term to maturity	33.86	29.47	29.90
Weighted average initial loan-to-value ratio[4]	74.08	70.06	66.19
weighted average income to debt ratio[5]	2.92	3.08	2.77
Weighted average age of borrowers[6] (yr)	38.96	38.53	37.30
Special assets	Non classic credit[7] 6.54%; VAP 36.88%; Used car 6.47%; External brands 4.97%	Non classic credit 9.07%; VAP 45.96%; Used car 6.30%; External brands 4.51%	Non classic credit 8.78%; VAP 43.12%; Used car 4.68%; External brands 2.45%
% of top 3 vehicle brands	VW/Audi/Jetta 68.31/19.15/5.59	VW/Audi/Jetta 74.07/11.90/5.58	VW/Audi/Jetta 75.04/13.55/4.92
Model Estimation			
No. of static pools used	136	127	114
Adjusted base default rate(%)	4.74	3.99	3.41
Prepayment rate (%)	3.62	3.92	3.53
Recovery rate (%)	58.24	56.78	53.10
Recovery term (m)	6	6	6
Default time distribution (%)	45.17/34.98/15.87/3.55/0.43	47.26/35.51/14.91/2.14/0.18	51.15/36.31/11.77/0.73/0.04

3 Consistent with the Prospectus, Discounted Receivables Balance are used for calculation and weighted averages.
4 In respect of each loan, the initial loan-to-value ratio = 1- down payment ratio.
5 ITD= Annual Income/Discounted Receivables Balance
6 The borrower's age is calculated by subtracting the date of birth from the closing date, and the unit is "years".
7 Non classic credit includes structured payment and balloon credit, the same below

B. Performance Comparison of Previous Transactions: VWFC has certain experience in similar transactions, and the cumulative default rate of securities initiated in the past is shown in the following figure.

Cumulative Default Rate of the ABS issued by the Originator



Source: Trustee's Reports compiled by CBR.

Strengths

- **The credit quality of underlying assets is relatively high.** The proportion of outstanding principal balance of the top ten borrowers in the initial pool is 0.44%. Henan takes up the highest proportion accounting for 7.46% of the total outstanding principle balance. The largest brand (Volkswagen) accounts for 68.31% of loans. The concentration risk is relatively low. The borrowers' weighted average age of initial underlying assets is 38.96, and the distribution is reseaonable. Most of the borrowers in this age are in the rising period of their career. The weighted average income to debt ratio is 2.92, which is relatively high. The borrowers have good personal credit scores. The initial weighted average loan to value ratio is 74.08%, which is at an average level. Overall, the credit quality of initial underlying assets is relatively high.

- **Senior/Subordinated, overcollateralization provide some credit support for Senior Notes.** Upon issuance of securities, the credit support jointly provided by Subordinated Notes and initial overcollateralization for Class A Notes is equal to 15.10% of the discounted receivables balance at the Cut-off Date.

- **Cash flow reserves provide credit support for Senior Notes.** The underlying ABS has set up the cash collateral account and stipulates the originator deposit an amount of RMB 48 million as the initial cash collateral amount into this account, intending to prevent liquidity risks related to taxes, fees and interest on senior securities, as well as providing credit support for senior notes.

- **The long seasoning of underlying assets is beneficial for reducing the expected default level of the asset pool and improving the recovery level after default.** The minimum and maximum seasoning of underlying assets is 2.00 terms and 54.00 terms, with a weighted average seasoning of 18.50 months. The overall seasoning of the asset pool is relatively long. As the seasoning of underlying assets increases, the risk exposure of loans gradually decreases, and the loan to value ratio continues to decline. This not only alleviates the repayment pressure on borrowers in the later stage, reduces the default level of the asset pool, but also improves the recovery level of the asset pool after default.

- **The transaction structure risk is relatively low.** Mitigation measures for set-off risk, commingling risk, the absence of servicer risk and liquidity risk can reduce transaction structure risks to some extent.

Concerns

- **Differences such as the macro economy and other characteristics exist between the static sample pool and the asset pool, which may cause the estimation of model parameters to have relative deviation.** Differences such as macroeconomic situation faced by samples in the static pool and to-be-securitized asset pool may cause relative deviation in the estimation of model-related parameters. All the above-mentioned risks have already been considered in the credit risk models and adjustments have been made to the parameters.

- **Loans with value added products for pooled assets may lead to uncertainties in the default performance and the recovery of future cash flows, affected by factors such as the macro economy.** The outstanding principal of loans with value added products accounted for 36.88% in the asset pool. CBR believes that non-performing loan ratio of such loans is higher than that of loans without value added products, and they are more vulnerable to external factors such as the macro economy. The performance of such assets still needs to be closely monitored in the future.

- **The non-pure sequential cash flow payment mechanism reduces credit support available to Senior Notes.** In normal principal repayments, when the overcollateralization target level of Class A Notes has been reached, Subordinated Notes will, along with Senior Notes, receive principal repayment. Compared with the notes paid in a purely **sequential way, senior notes' credit support is correspondingly reduced.**

- **This ABS security has not yet registered for the change in and transfer of security right. At the time of the Originator transfers the trust property, it shall not be registered for the change and transfer of security right as per usual practice. There is a risk that neither party may challenge any third party with good faith.**

- **Against the backdrop of sustained policy impetus and the accelerated transformation of old and new growth drivers, the macroeconomy will maintain a long-term momentum of steady and sound development, yet attention must be paid to the impact of changes in the external environment and macro industry factors on credit risks. In 2025, China's economy forged ahead against headwinds and advanced toward innovation and high-quality development, with emerging industries playing an increasingly prominent driving role in the macroeconomy. Looking ahead, the supporting conditions and fundamental trends underpinning the long-term sound development of China's economy remain unchanged. In the short term, taking various factors into account, China's macroeconomy is expected to maintain reasonable quantitative growth in 2026 while achieving continuous optimization of the economic structure and effective improvement of development quality. That said, vigilance is still needed against the rising credit risks stemming from such factors as the slow recovery of residents' real disposable income, intensified competition among auto finance companies and between these companies and commercial banks, changes in the characteristics of underlying assets, and a rise in special-type loans. CBR has incorporated such risk factors into its analytical models.**

I. Transaction Overview

A. Transaction Summary and Major Participants

In this Transaction, VWFC entrusted the assets in compliance with the Trust Contract to the Trustee, China Foreign Economy and Trade Trust Co., Ltd. (FOTIC), and the Trustee issued this ABS by establishing a special-purpose trust (SPT).

Table 1: Major Participants

Type of Participant	Name
Servicer	Volkswagen Finance (China) Co., Ltd.
Trustee/Issuer	China Foreign Economy and Trade Trust Co., Ltd.
Account Bank	Postal Savings Bank of China Limited Beijing Branch
Lead Underwriter	China Merchants Securities Co., Ltd.
Legal Advisor	King & Wood Mallesons
Accounting Advisor	Ernst & Young Hua Ming LLP
Rating Agency	China Bond Rating Co., Ltd., S&P Global (China) Ratings

The intermediaries' obligations and liabilities for breach of contract are set out in transaction documents. In the event of a breach of any of the warranties set forth in Trust Agreement on the Cut-Off Date which materially and adversely affects the interests of the Issuer, the Trust or the Noteholders, the Originator shall have until the end of the Monthly Period which includes the sixtieth (60th) day (or, if the Originator elects, an earlier date) after the date that the Originator became aware or was notified of such breach to cure or rectify such breach. If the Originator does not cure or rectify such breach prior to such time, it shall repurchase the Purchased Receivables affected by such breach which materially and adversely affects the interests of the Issuer, the Trust or the Noteholders from the Trust Company on the next Payment Date immediately following the expiration of such 60-day period; If the trustee violates the Trust Agreement or improperly handles the trust affairs, causing losses to the trust property, the trustee shall make compensation; If the Account Bank fails to implement the Issuer’s Payment Instruction and transfer the amounts in time or the Account Bank materially violates Account Agreement, it shall compensate the Trust Assets or any direct loss or extra expenditure incurred by the Issuer because of the default..

B. Analysis of Transaction Structure Risks

This Transaction is established in compliance with applicable laws. Trust property is distinguished from the bankruptcy and liquidation risks of any other properties that are not included in any trust by the Originator and the Trustee.

According to the Trust Law of the People's Republic of China (hereinafter referred to as the "Trust Law"), the "Measures for the Administration of Pilot Credit Asset Securitization", the "Measures for the

Supervision and Administration of Pilot Credit Asset Securitization of Financial Institutions", the "Rules for Information Disclosure of Asset Backed Securities", the "Enterprise Accounting Standard No. 23- Financial Asset Transfer", and the "Notice on Further Expanding Pilot Credit Asset Securitization" The relevant provisions of laws, administrative regulations, departmental rules, and normative documents such as the Notice on the Work Process of Filing and Registration of Credit Asset Securitization, the Notice of the General Office of the China Banking and Insurance Regulatory Commission on Relevant Matters Concerning the Registration of Credit Asset Securitization Information for Banking and Financial Institutions, and the Rules for the Registration of Credit Asset Securitization Information (Trial), A legal opinion has been issued on the relevant legal issues involved in this period's securities, and it has been determined that the underlying asset pool can be established as a trust in accordance with the law. After the transfer of the personal car mortgage loan debt to be securitized to the trustee institution, the trust is effectively established.

Once a trust takes effect, Trust Assets are separated from the other assets of VWFC. When VWFC is dissolved, revoked or declared bankrupt according to law, under the circumstance that VWFC is not the sole beneficiary of the Trust, the Trust would remain existing and the Trust Assets shall not be regarded as liquidation property, but only the trust beneficiary interest of subordinated Asset Backed Notes held by VWFC will be regarded as its liquidation property; under the circumstance that amounts payable of Senior Asset Backed Notes have been fully paid and VWFC as the holder of subordinated Asset Backed Notes is the sole beneficiary, then the Trust shall be terminated and the Trust Assets shall be its liquidation property. Trust Assets are also separated from the assets owned by the Trust Company. If the Trust Company is dissolved, revoked or declared bankrupt according to law, the Trust Assets shall not be regarded as its liquidation property.

In addition, when transferring the underlying assets to the trust, although the relevant vehicle mortgage rights were also transferred to the trust, and the trust did not handle mortgage change registration, there is a risk that other creditors of the borrower may claim mortgage rights on the mortgaged vehicle in the name of a third party in good faith.

Give that some laws and regulations are in a pilot stage in practice with their enforceability subject to testing and therefore may be updated or modified, CBR will keep a close eye on them in the subsequent credit rating tracking process.

Mitigation measures for offset risk, commingle risk, and liquidity risk relatively reduce transaction structure risks, so transaction structure risks of this ABS are relatively low.

Table 2: Transaction Structure Risks and Mitigation Measures

Risk Type	Mitigation Measures
Set-off risk	1. As an auto finance company, VWFC, the originator of the ABS, does not have deposit business, so the possibility of borrowers exercising the set-off right is low. 2. According to the Trust Agreement ,the originator represents and warrants, the Purchased Receivables are free of defences and set-off claim for the agreed term of

	the Loan Contracts as well as free of rights of third parties, and enforceability of the Purchased Receivables is not impaired by set-off rights; If the originator Breach its Warranties, it is stipulated to cure, rectify such breach or even repurchase the Purchased Receivable.
Commingling risk	If the Servicer credit rating satisfies the Servicer Required Rating or above, provided that it shall, on the sixth (6th) Business Day prior to each Payment Date, make a deposit of such monthly Collections into the Distribution Account; if the credit rating of the Servicer fails to satisfy the Servicer Required Rating, the Servicer shall advance the Monthly Collateral into the Distribution Account. The Monthly Collateral consist of two parts: the Part 1's amount is the expected Collections for the period from the first (1st) through the fourteenth (14th) calendar day of each Monthly Period; the Part 2's amount is the expected Collections for the period from the fifteenth (15th) calendar day of a Monthly Period through the last calendar day of such Monthly Period. On the sixth (6th) Business Day prior to any Payment Date, Servicer's obligation to pay Collections for the relevant Monthly Period into the Distribution Account may be netted against its claim for repayment of the Monthly Collateral Part 1 and the Monthly Collateral Part 2 for such Monthly Period and such Monthly Collateral Part 1 and Monthly Collateral Part 2 (after netting) will form part of the Available Distribution Amount on such Payment Date.
The absence of servicer risk	When any unremedied failure (and such failure is not remedied) by the Servicer to duly observe or perform in any material respect of any other of its covenants or agreements, an Servicer Replacement Event or Right Perfection Event will be triggered.
Liquidity risk	A cash collateral account is set up for this ABS, which stipulates that the initial cash collateral amount at Closing Date shall be RMB 48 million, and that the required liquidity reserve amount at each Payment Date shall be greater of (a) 1.2 percent. of the Aggregate Discounted Receivables Balance as of the end of the Monthly Period, and (b) the lesser of (i) RMB 40 million and (ii) the aggregate outstanding principal amount of the Class A Notes as of the end of the Monthly Period.

Source: Transaction documents compiled by CBR

II. Originator and Industry Analysis

A. Originator/Servicer

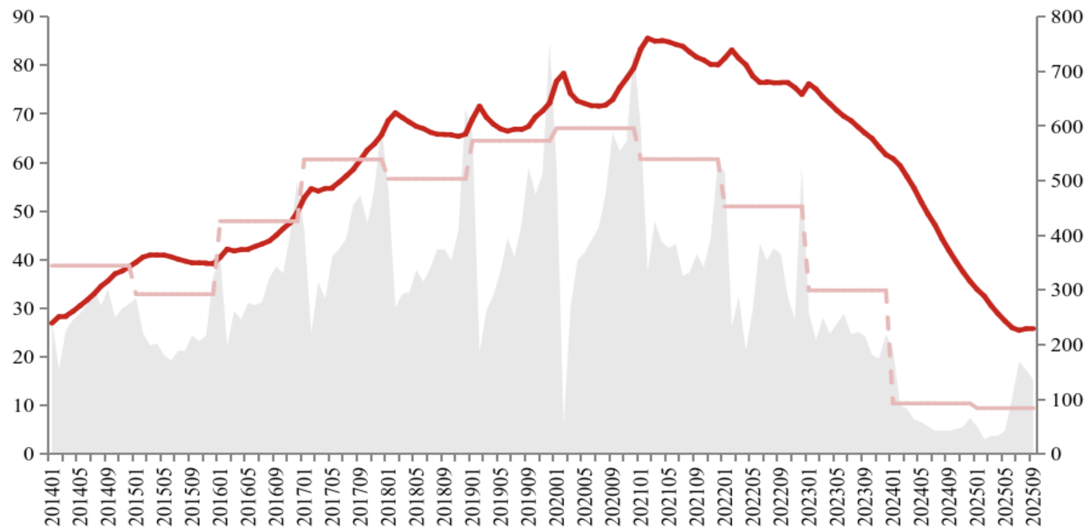
CBR has built a scoring system for the Originator to measure the Originator's abilities to manage its risks and fulfill its duties by looking at its main business and effectiveness of its risk management processes, completeness of its system construction, and its historical issuances. Under the scoring system, VWFC has strong comprehensive operational, business management, and sustained stability capabilities.

1. Originator

VWFC was established in Beijing in 1998 and started the retail loan business in 2004, providing a series of innovative financial services for major brands including Volkswagen, Audi, Skoda, Jetta, Porsche, Bentley, Lamborghini. Up to now, VWFC has a registered capital of RMB 8,200 million and is a wholly owned subsidiary of Volkswagen Financial Services Overseas AG. As of the end of September 2025, Volkswagen Finance had RMB 23.16 billion of existing retail credit assets, while the retail loan business's NPL rate was 0.67%.

VWFC provides four types of loan products to retail customers: Classic Credit, Structured Payment, Balloon credit, and Personalized Loan Product. Based on relevant statistical information provided by the Originator[8], with regard to average distribution of retail loans by contract term, loans with a contract term of less than two years account for 53.20%, those with a term of 2-4 years account for 38.71%, and those with a term of more than four years account for 8.09%. As for the initial LTV, those with LTV of less than 40% account for 12.26%, those with LTV of 40%-60% account for 41.97%, and those with LTV of more than 60% account for 45.76%.

Chart 1: Retail Auto Loan Size of VWFC[9]



Source: Data offered by the Originator and complied by CBR

2. Pre-loan Approval and Post-loan Management

In terms of pre-loan management, VWFC controls risks in three aspects: **(i) The first is loan approval process.** VWFC's credit team consists of about 30 employees responsible for making credit decisions. After the credit application is submitted, VWFC uses the credit scoring system to analyze the customer's application and obtain a credit score based on the PBOC's credit investigation and customer score. According to the credit score, 70% of the applications are automatically approved or rejected, and the credit team manually supports

8 Calculated by CBR according to the statistical distribution of the static pool provided by the Originater.
9 Calculated by CBR according to the dynamic and static pools provided by the Originater.

the remaining applications through telephone interviews, additional input, and on-site inspections. Approvers can adjust the down payment ratio or loan period **(ii) The second is the loan service process.** VWFC provides loan services through five teams in the retail customer care and consumer protection department: The channel service management team handles the loan disbursement process and is responsible for the management of customer file and the implementation of maintenance business service hotline of dealer. The customer service team is responsible for the management of incoming calls and outbound calls, And reflect any changes in customer information received over the phone to the loan contract. **(iii) The third is the loan origination process.** VWFC has a standard loan issuance process. After the customer signs an order form with the dealer, the dealer exchanges customer information and cash flow with VWFC through various IT tools, e-mail and mail.

In terms of post-loan management, three teams of VWFC Risk Management Department conduct post-loan management: The risk assessment team performs risk analysis, evaluation and monitoring, and supervise and guarantee the quality of related procedures and policies. The collection management team distinguishes the customers according to the number of overdue days. Within three days of overdue, the collection is mainly carried out through message and WeChat reminders, VWFC will also send dunning letters for collection at the same time; overdue 4-30 days, there will be additional telephone calls and external agencies for collection; overdue 31-90 days VWFC will supplement the field visit collection and contract termination; overdue 91-180 days, VWFC will introduce friendly vehicle delivery and external agencies for telephone calls and on-site visits; above 181 days, VWFC will transfer the case to litigation team for further action or friendly vehicle delivery.

B. Analysis of Macro Economy and the Industry

Against the backdrop of sustained policy implementation and the accelerated transformation of old and new growth drivers, the macroeconomy will maintain a long-term momentum of steady and sound development, yet attention must be paid to the impact of changes in the external environment and macro industry factors on credit risks.

In 2025, China's economy forged ahead against headwinds and advanced toward high-quality and innovative development, with emerging industries playing an increasingly prominent driving role in the macroeconomy. Despite the impact of tariff wars, China maintained steady export growth by upgrading the structure of export products and pursuing a diversified regional layout, while the consumer sector suffered from insufficient endogenous driving force. Faced with the growing impact of external changes, a prominent contradiction of strong supply and weak demand in the domestic market, and multiple potential risks in key areas, the Central Economic Work Conference emphasized that for 2026, China should "adhere to the general work guideline of pursuing progress while maintaining stability" and "continue to implement a more proactive fiscal policy and a moderately accommodative monetary policy".

Looking ahead, in the medium and long term, the supporting conditions and fundamental trends underpinning China's long-term sound economic development remain unchanged, and the new economic growth drivers represented by high-end manufacturing, the digital economy and green energy will maintain a robust growth momentum. In the short term, taking various factors into account, China's macroeconomy is expected to achieve reasonable growth in quantity in 2026, while realizing continuous optimization of the economic structure and effective improvement of development quality. That said, vigilance is still needed against the rising credit risks stemming from factors such as the slow recovery of residents' real disposable income, intensified competition among auto finance companies and between auto finance companies and commercial banks, changes in the characteristics of underlying assets, and an increase in special-type loans. CBR has incorporated such risk factors into its analytical models.

III. Analysis of the Underlying Asset

A. Characteristics of the Underlying Assets

The underlying assets are entrusted auto loan. As for asset pool, the weighted average seasoning term is relatively long, the weighted average interest rate is relatively high, the income to debt ratio is relatively high， and the initial loan to value ratio is at an average level. The credit quality of initial underlying assets is relatively good.

The initial underlying assets of this Transaction are 63,798 auto loans issued by the Originator between March 2021 and October 2025, with the total outstanding principal balance of 373,673.52 (RMB 10K). Balloon credit loans are accounted for 5.14%, VAP loans are accounted for 36.88%, Used car loans are accounted for 6.47%, External brands loans are accounted for 4.97%.

The borrowers are located in 31 provinces, municipalities and autonomous regions, with Xinjiang accounting for the largest percentage at 7.46% of the total outstanding principal balance. The loans into the pool involve many brands, such as Volkswagen, Audi and Jetta, among which, Volkswagen accounts for the largest percentage at 68.31%. The proportion of outstanding principal balance of the top ten borrowers in the initial pool is 0.44%. Overall, the concentration risk is relatively low.

Table 3: Distribution of Outstanding Principal Balance[10]

Outstanding Principal Balance (RMB 10k)	No. of Loans	Percentage (%)	Balance of Loans (RMB 10k)	Percentage (%)
[0,5]	34,483	54.05	102,306.52	27.38
(5,10]	20,929	32.81	147,403.64	39.45

[10] The sum of the percentages of the number of loans and the balance of loans is not equal to the total due to the rounding, the same below.

(10,15]	6,048	9.48	72,726.42	19.46
(15,20]	1,280	2.01	21,565.18	5.77
(20,25]	554	0.87	12,442.15	3.33
(25,30]	350	0.55	9,408.61	2.52
(30,35]	55	0.09	1,778.93	0.48
>35	99	0.16	6,042.07	1.62
Total	63,798	100.00	373,673.52	100.00

Table 4: Geographic Distribution of Borrowers

Location	No. of Loans	Percentage (%)	Balance of Loans (RMB 10k)	Percentage (%)
Henan	4,596	7.20	27,880.84	7.46
Shandong	4,449	6.97	24,617.73	6.59
Xinjiang	3,686	5.78	22,785.35	6.10
Sichuan	4,063	6.37	22,505.86	6.02
Guangdong	3,338	5.23	20,869.76	5.59
Guizhou	3,627	5.69	20,762.20	5.56
Shaanxi	2,965	4.65	19,439.31	5.20
Jiangsu	3,066	4.81	17,908.00	4.79
Hebei	3,281	5.14	17,135.04	4.59
Zhejiang	2,884	4.52	16,858.26	4.51
Hubei	2,578	4.04	15,229.79	4.08
Heilongjiang	2,070	3.24	13,409.23	3.59
Yunnan	2,257	3.54	12,649.58	3.39
Shanxi	2,247	3.52	12,633.76	3.38
Fujian	2,201	3.45	12,560.08	3.36
Inner Mongolia	1,862	2.92	11,127.71	2.98
Liaoning	1,839	2.88	10,898.34	2.92
Jilin	1,856	2.91	10,541.60	2.82
Anhui	1,602	2.51	9,174.08	2.46
Hunan	1,453	2.28	8,246.46	2.21
Gansu	1,214	1.90	7,282.47	1.95
Chongqing	1,154	1.81	6,638.24	1.78
Jiangxi	1,048	1.64	5,856.14	1.57
Qinghai	909	1.42	5,590.51	1.50
Guangxi	911	1.43	4,529.22	1.21
Tianjin	822	1.29	4,483.10	1.20
Ningxia	561	0.88	3,996.14	1.07
Beijing	552	0.87	3,073.58	0.82
Shanghai	347	0.54	2,073.70	0.55
Tibet	246	0.39	2,046.19	0.55
Hainan	114	0.18	871.28	0.23
Total	63,798	100.00	373,673.52	100.00

Table 5: Distribution of Loans into the Pool by Brand

Brand	No. of Loans	Percentage (%)	Balance of Loans (RMB 10k)	Percentage (%)
FAW-Volkswagen	36,033	56.48	193,245.48	51.72
FAW-Audi	5,516	8.65	68,239.61	18.26
SAIC Volkswagen	10,872	17.04	58,085.92	15.54
Jetta	5,801	9.09	21,553.40	5.77
Others	4,541	7.12	18,570.71	4.97
Porsche	143	0.22	3,696.23	0.99
Volkswagen import	207	0.32	3,042.19	0.81
Volkswagen Anhui	343	0.54	3,007.35	0.80
BENTLEY	16	0.03	1,924.05	0.51
SAIC Audi	82	0.13	1,092.19	0.29
SKODA	240	0.38	697.97	0.19
Lamborghini	4	0.01	518.42	0.14
Total	63,798	100.00	373,673.52	100.00

The borrowers are mainly aged 30-40, with a weighted average age of 38.96, with a weighted average income-to-debt ratio (ITD) of 2.92.

Table 6: Distribution of Borrowers by Age[11]

Age (yr)	No. of Loans	Percentage (%)	Balance of Loans (RMB 10k)	Percentage (%)
[18,20]	495	0.80	3,967.44	1.10
(20,30]	13,110	21.17	72,523.30	20.18
(30,40]	23,878	38.56	140,829.49	39.19
(40,50]	14,997	24.22	87,879.55	24.45
>50	9,442	15.25	54,187.26	15.08
Total	61,922	100.00	359,387.05	100.00

Table 7: Distribution of Borrowers by Annual Income[12]

Annual Income (RMB 10k)	No. of Loans	Percentage (%)	Balance of Loans (RMB 10k)	Percentage (%)
[0,10]	20,299	32.78	90,914.77	25.30
(10,20]	28,431	45.91	159,197.20	44.30
(20,30]	7,556	12.20	55,068.75	15.32
(30,40]	2,550	4.12	22,342.04	6.22
(40,50]	742	1.20	7,363.92	2.05
>50	2,344	3.79	24,500.36	6.81
Total	61,922	100.00	359,387.05	100.00

The loans into the pool have a weighted average contract term of 52.35 months, a weighted average seasoning of 18.50 months, and a weighted average remaining term to maturity of 33.86 months.

Table 8: Distribution of Loans into the Pool by Contract Term

[11] The age of the borrower is the age of the individual borrower.
[12] The annual income of the borrower is the annual income of the individual borrower.

Term (m)	No. of Loans	Percentage (%)	Balance of Loans (RMB 10k)	Percentage (%)
[0,12]	171	0.27	740.54	0.20
(12,24]	11,279	17.68	35,247.24	9.43
(24,36]	16,623	26.06	64,952.79	17.38
(36,48]	2,820	4.42	12,077.99	3.23
(48,60]	32,905	51.58	260,654.96	69.75
Total	63,798	100.00	373,673.52	100.00

Table 9: Distribution of Loans into the Pool by Seasoning

Seasoning (m)	No. of Loans	Percentage (%)	Balance of Loans (RMB 10k)	Percentage (%)
[0,6]	14,695	23.03	117,056.95	31.33
(6,12]	5,858	9.18	35,458.10	9.49
(12,18]	7,078	11.09	30,691.25	8.21
(18,24]	8,452	13.25	52,985.76	14.18
(24,30]	12,315	19.30	60,439.77	16.17
(30,36]	5,590	8.76	35,250.01	9.43
(36,42]	4,547	7.13	23,103.03	6.18
(42,48]	2,993	4.69	12,477.78	3.34
(48,54]	2,270	3.56	6,210.88	1.66
Total	63,798	100.00	373,673.52	100.00

Table 10: Distribution of Loans into the Pool by Remaining Term

Remaining Term (m)	No. of Loans	Percentage (%)	Balance of Loans (RMB 10k)	Percentage (%)
[0,6]	2,375	3.72	3,993.02	1.07
(6,12]	13,260	20.78	35,037.49	9.38
(12,18]	9,751	15.28	39,349.49	10.53
(18,24]	12,042	18.88	58,770.80	15.73
(24,30]	5,851	9.17	38,635.44	10.34
(30,36]	7,323	11.48	56,941.68	15.24
(36,42]	3,311	5.19	29,543.81	7.91
(42,48]	2,010	3.15	18,907.85	5.06
(48,54]	2,489	3.90	26,404.20	7.07
(54,60]	5,386	8.44	66,089.73	17.69
Total	63,798	100.00	373,673.52	100.00

The main repayment method for pooled asset is classic credit, with the outstanding principal balance of Balloon credit accounting for 5.14%, and the weighted average interest rate being 7.65%.

Table 11: Distribution of Loans into the Pool by Repayment Method

Repayment method	No. of Loans	Percentage (%)	Balance of Loans (RMB 10k)	Percentage (%)
Classic credit	59,421	93.14	349,219.29	93.46
Structured Payment	2,023	3.17	5,252.68	1.41

Repayment method	No. of Loans	Percentage (%)	Balance of Loans (RMB 10k)	Percentage (%)
Balloon credit	2,354	3.69	19,201.55	5.14
Total	63,798	100.00	373,673.52	100.00

Table 12:Distribution of Loans into the Pool by Current Interest Rates

Interest Rate (%)	No. of Loans	Percentage (%)	Balance of Loans (RMB 10k)	Percentage (%)
0	14,380	22.54	51,783.63	13.86
(0.0,1.0]	120	0.19	630.74	0.17
(1.0,2.0]	26	0.04	146.47	0.04
(2.0,3.0]	56	0.09	373.70	0.10
(3.0,4.0]	819	1.28	4,065.25	1.09
(4.0,5.0]	2,906	4.56	8,911.32	2.38
(5.0,6.0]	5,334	8.36	23,601.40	6.32
(6.0,7.0]	13,389	20.99	75,200.29	20.12
(7.0,8.0]	5,154	8.08	38,808.57	10.39
(8.0,9.0]	3,689	5.78	24,906.35	6.67
(9.0,10.0]	3,249	5.09	29,513.32	7.90
(10.0,11.0]	7,618	11.94	71,617.80	19.17
(11.0,12.0]	3,189	5.00	30,419.89	8.14
(12.0,13.0]	648	1.02	2,751.93	0.74
(13.0,14.0]	45	0.07	225.97	0.06
(14.0,15.0]	57	0.09	229.02	0.06
(15.0,16.0]	3,085	4.84	10,342.56	2.77
(16.0,17.0]	6	0.01	33.62	0.01
(17.0,18.0]	28	0.04	111.71	0.03
Total	63,798	100.00	373,673.52	100.00

The weighted average initial loan-to-value ratio is 74.08%, new cars account for 93.53%.

Table 13: Distribution of Loans into the Pool by Initial Loan-to-Value Ratio

Initial LTV (%)	No. of Loans	Percentage (%)	Balance of Loans (RMB 10k)	Percentage (%)
(10,20]	32	0.05	76.69	0.02
(20,30]	2,643	4.14	8,913.05	2.39
(30,40]	4,411	6.91	15,047.50	4.03
(40,50]	6,704	10.51	27,031.66	7.23
(50,60]	6,751	10.58	29,115.37	7.79
(60,70]	12,890	20.20	62,777.04	16.80
(70,80]	22,569	35.38	142,507.21	38.14
(70,90]	2,584	4.05	28,110.70	7.52
>90	5,214	8.18	60,094.29	16.08
Total	63,798	100.00	373,673.52	100.00

B. Quantitative Credit Risk Analysis of the Portfolio[13]

The credit risk assessment of auto loan asset-backed securities by CBR is based on a combination credit risk model to evaluate the target default rate (TDR). Firstly, based on the historical data performance of the originator or the overall industry performance, the static pool default rate is calculated. Based on factors such as the seasoning and remaining terms of the assets, the pre adjustment base default rate for each asset is calculated; Secondly, an adjustment model is constructed from the dimensions of borrower characteristics, loan characteristics, collateral characteristics, revolving structure[14], originator factors, macro and industry factors of the asset pool to obtain the average default rate of the assets pool, which is the adjusted expected default rate. Finally, by setting the pressure multipliers for each level under the pressure multiplier method, the target default rate (TDR) of the asset pool that securities need to bear under different credit ratings is obtained.

1. Determination of pre adjustment base default rate

CBR adopts static pool analysis method, based on the static pool data provided by the originator, to calculate the default rate of the static pool period by period, as the basis for evaluating the credit risk of the proposed securitization asset pool. Simulating the pre adjustment base default rate of assets, according to factors such as the seasoning and remaining term of loans in the asset pool.

(1) Static Sample Pools Selection

Based on relevant statistical information from January in 2014 to September in 2025 provided by the Originator, CBR has constructed 136 static sample pools. For each static sample pool, the sampling standard is to select new loans issued in the current month. However, it shall be noticed that certain characteristics of the static sample pool are inconsistent with those of the underlying asset pool, and estimation of the default distribution parameters will include some level of inaccuracy, as loan granting time is not continuous, static samples are insufficient.

(2) Default Rate of the Static Sample Pools

According to the static sample pool, CBR uses overdue loans of more than 30 days as the criterion for determining default loans, and calculates the cumulative default rates for each static pool period by period. For the static pool does not perform longer than maximum loan term, the cumulative default rate distribution obtained from the incremental sequence of average default rates is used to calculate the predicted cumulative default rates for each performance period. Take the average of the cumulative default rates of the static sample pool over time to obtain the initial cumulative default rate of the static pool over time. In addition, CBR takes into account the overall volatility and recent trend characteristics of historical data in the model, and adjusts

[13] The ratings assigned by CBR to this Transaction are based on the Methodology for Rating Auto Loan Asset-backed Securities (202510 Edition) published by CBR. For details, see https://www.chinaratings.com.cn/InfoDisclosure/BaseInfo/TechnicalFiles/RatingModel/Securitization/147965.html.

[14] This project does not involve.

the initial default rate to obtain the cumulative default rate for each period in the static pool.

Chart 4: Cumulative Default Rates of Static Sample Pools

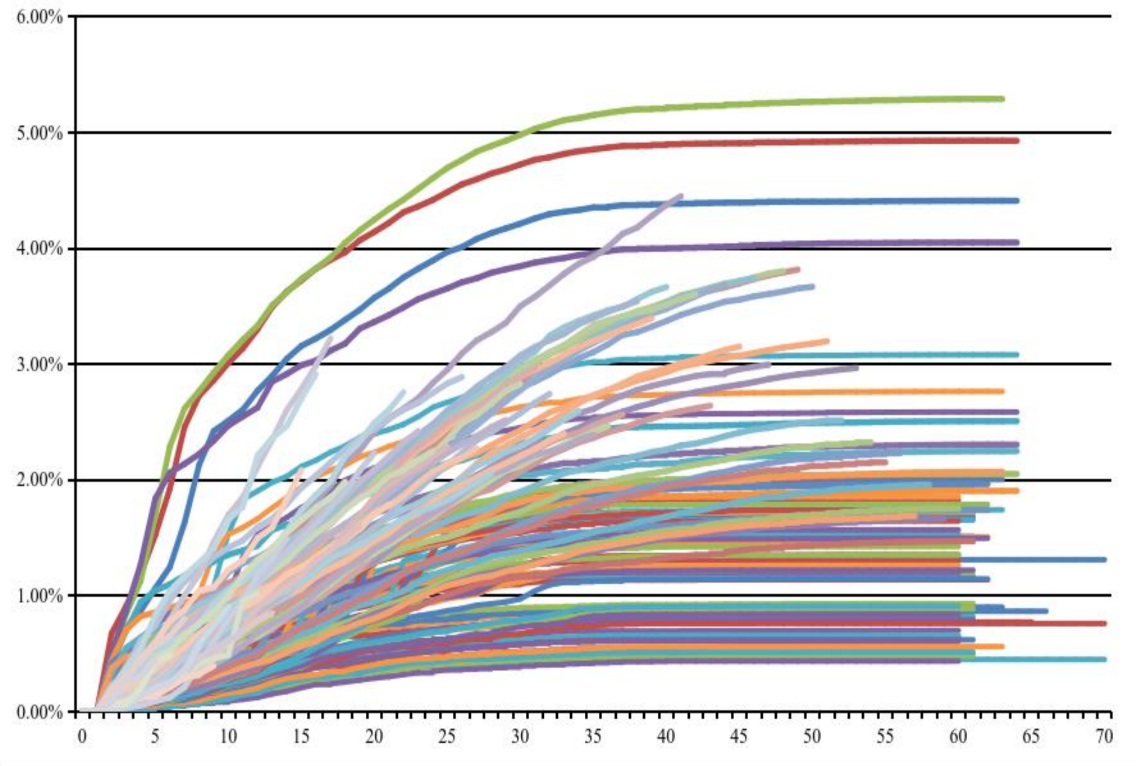
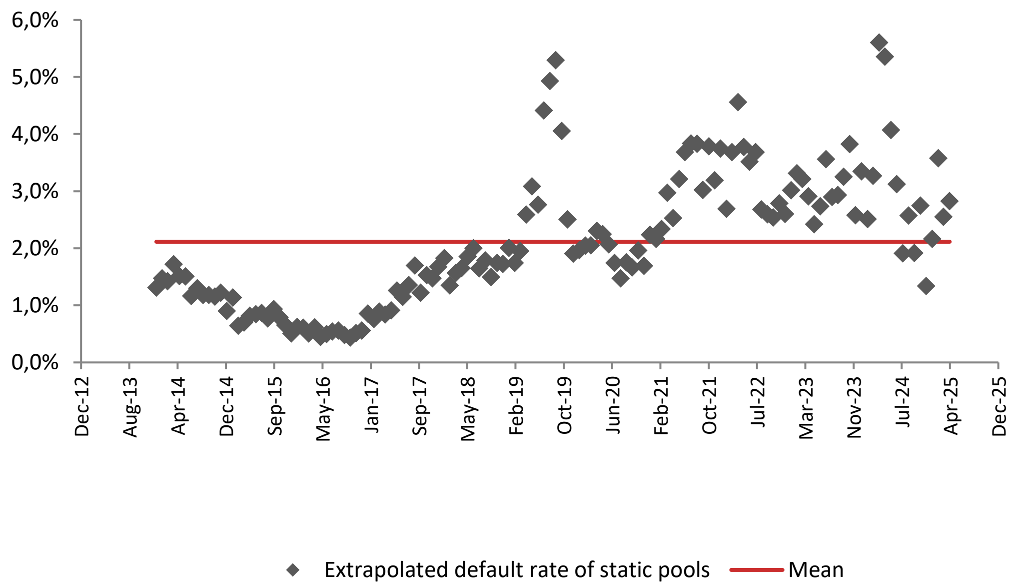


Chart 5: Mapped Cumulative Default Rates



(3) Calculate the pre adjustment base default rate for each asset

Based on the static pool default rate of the initiating institution, the pre adjustment benchmark default rate of the underlying asset is calculated on a per transaction basis based on the aging and remaining maturity of the loans in the asset pool.

2. Determination of adjusted base default rate

Although static pools can reflect the default rate of asset pool to a certain extent, the characteristics of asset pool and static pools are not exactly the same. Based on empirical testing, statistical analysis, and relevant literature research, CBR constructs adjustment models from seven perspectives: borrower characteristics of base assets, loan characteristics, collateral characteristics, revolving structure characteristics, originator factors, macro and industry factors, and other factors, taking into account the differences in default risk characteristics between the proposed securitization asset pool and the static pool, the base default rate level before the adjustment of the asset pool is adjusted to obtain the adjusted base default rate.

Table 14: Statistical Comparison of the Underlying Asset Pool with the Static Sample Pool

	Underlying Assets	Mean of Static Pool
Cut-off Date	2025/9/30	—
Amount (RMB 10k)	373,673.52	343,680.41
No. of Loans	63,798	37,096.97
Average Balance on a Single Loan (RMB 10k)	5.86	9.26
Contract Term (m)		
(0,12]	0.20%	9.84%
(12,24]	9.43%	43.36%
(24,36]	17.38%	37.16%
(36,48]	3.23%	1.55%
(48,60]	69.75%	8.09%
LTV		
(0,20%]	0.02%	0.11%
(20%,40%]	6.41%	12.15%
(40%,60%]	15.03%	41.97%
(60%,80%]	54.94%	45.34%
(80%,100%]	23.60%	0.42%
Repayment Type		
Non-Balloon credit loan	94.86%	93.75%
Balloon credit loan	5.14%	6.25%

3. Calculation of final TDR

Based on the credit quality of the asset pool, CBR selects the pressure multiplier within a certain range, and multiplies the adjusted base default rate of the asset pool by the corresponding pressure multiplier for different target levels to determine the base asset pool default rate (TDR) that the evaluated securities need to bear under different target levels.

TDR=Base default rate after asset pool adjustment × Pressure multiplier at the corresponding level

4. Estimation Results from Credit Risk Model

Based on the historical data from the static sample pools, CBR calculates the default rates of the asset pool required for the rated securities at different target rating levels by making proper adjustments to quantitative analysis results based on the characteristics of the initial asset pool, the revolving structure, the Originator's risk management level, the climate of the automotive industry, and macroeconomic conditions.

Table 15: TDR of Rated Securities

Credit Rating	TDR
AAA_{sf}	19.51%
$AA+_{sf}$	16.95%
AA_{sf}	15.54%
$AA-_{sf}$	14.13%
$A+_{sf}$	12.18%
A_{sf}	11.17%
$A-_{sf}$	10.16%
$BBB+_{sf}$	8.68%
BBB_{sf}	8.14%

IV. Cash Flow Analysis

A. Structure Overview

The total amount issued in this ABS transaction is RMB 3.79 billion. In terms of interest payment method, the coupon rate on Senior Notes is fixed, and their interest payments are made on a monthly basis. With respect to repayment of this ABS, Senior Notes use a fixed interest rate and are pass-through, and payments of both principal and interests are made on a monthly basis.

B. Cash Flow Stress Testing

CBR has built a cash flow analysis and stress testing model specifically for this ABS transaction based on the characteristics of transaction structure and the features of underlying assets, such as the set-up of transaction accounts, cash flow payment mechanism, credit trigger events and credit enhancement measures. In the model, cash inflows mainly include principal collections and interest collections, and cash outflows mainly consist of taxes, compliance fees, service fees to the participants involved, principal of and interests on Class A Notes, as well as principal of and gains on Subordinated Notes. The stress testing is designed to assess the coverage of interest and principal payments by the cash flow generated from the underlying assets under the stress conditions so as to verify the robustness of the transaction structure as well as the level of credit enhancement available to the rated securities meets the target rating level.

Defining Baseline Scenario Parameters

Based on the expected securitization asset pool's seasoning, the weighted average recovery rate of 30 day overdue loans is calculated based on the default loan migration rate, taking into account the impact of special pooled assets and macroeconomic factors on the recovery rate. Finally CBR determines the recovery rate for loans overdue for more than 30 days, and uses this recovery rate as the base recovery rate.

Based on the historical default time distribution of the static sample pool, combining the characteristics of underlying assets cash flow distribution, the baseline conditions for default time distribution are defined.

Based on historical prepayment rates obtained from static and dynamic sample pools, the baseline prepayment rate is set.

Based on its analysis of the economic climate and credit risks of the asset pool, CBR has set the following stress conditions: front-end loading of default time distribution, prepayment rate pressure, and lower recovery rate on default loans.

Table 16: Baseline Conditions and Stress Increase during Stress Testing

Stress Condition	Baseline Condition	Stress Increase
Recovery Rate	57.96%	Reduce by 10%, 20%, 50%
Recovery term (m)	6	—
Default Time Distribution	45.17% for Year 1, 34.98% for Year 2, 15.87% for Year 3, 3.55% for Year 4 and 0.43% for Year 5.	Front-end 10%, 20%
Class A Notes Issuing Rate	1.75%	—
Prepayment Rate	4.19%	1.50 times,3.00 times

Table 17: Stress Testing Results of Class A Notes

Main Stress Testing Conditions	Does it pass the AAA_{sf} stress testing
Baseline Conditions	Yes
Recovery rate drops by 10%, and others are baseline conditions	Yes
Recovery rate drops by 20%, and others are baseline conditions	Yes
Prepayment rate pressurizes 1.50times,and others are baseline conditions	Yes
Prepayment rate pressurizes 3.00times,and others are baseline conditions	Yes
Distribution of time of default moves forward by 10%, and others are baseline conditions	Yes
Distribution of time of default moves forward by 20%, and others are baseline conditions	Yes
Recovery rate drops by 10%; prepayment rate pressurizes 1.50times; distribution of time of default moves forward by 10%;	Yes
Recovery rate drops by 20%; prepayment rate pressurizes 3.00times; distribution of time of default moves forward by 20%;	Yes
Recovery rate drops by 50%; prepayment rate pressurizes 3.00times; distribution of time of default moves forward by 20%;	Yes

Based on the stress testing results, Class A Notes are able to pass the cash flow stress in the worst stress scenario, therefore, CBR believes that the maximum credit ratings determined by combined model and cash flow testing model for Class A Notes are capped at AAA_{sf}, and Subordinated Notes are unrated.

V. Conclusion

Based on the estimation results from the quantitative credit risk analysis of the portfolio and the cash flow stress testing model, combined with the qualitative analysis of rating elements, such as transaction structure risks, major participants' ability to fulfill their duties and legal risks, CBR assigns the following ratings to this Transaction: Class A Notes are rated at AAA_{sf}, and Subordinated Notes are unrated.

Appendix I: Symbols and Definitions of ABS Credit Ratings

The credit rating for credit ABS issued by China Bond Rating Co., Ltd. evaluates the probability of timely payment of interest and full repayment of principal on rated securities on or prior to the legal maturity date[15]. The rating consists of 3 grades and 9 notches, namely AAA_{sf}, AA_{sf}, A_{sf}, BBB_{sf}, BB_{sf}, B_{sf}, CCC_{sf}, CC_{sf} and C_{sf}. Among them, the levels from AA_{sf} to B_{sf} can be can be fine-tuned with the symbol "＋" or "－", indicating slightly above or below medium level in corresponding grade. Descriptions of each grade are as shown below:

Symbol	Description
AAA_{sf}	Extremely strong ability to repay principal of and interest on notes, extremely low default risk
AA_{sf}	Very strong ability to repay principal of and interest on notes, very low default risk
A_{sf}	Strong ability to repay principal of and interest on notes, low default risk
BBB_{sf}	Medium ability to repay principal of and interest on notes, medium default risk
BB_{sf}	Weak ability to repay principal of and interest on notes, high default risk
B_{sf}	Very weak ability to repay principal of and interest on notes, very high default risk
CCC_{sf}	Extremely weak ability to repay principal of and interest on notes, extremely high default risk
CC_{sf}	Difficult to ensure repayment of principal of and interest on notes
C_{sf}	Hardly able to repay principal of and interest on notes

[15] The symbol system herein applies to CBR's credit rating services in China Mainland (excluding Hong Kong, Macao and Taiwan). The symbol system related to overseas or international credit ratings will be separately developed by CBR as needed.

Appendix II: Terminology

Static Sample Pool: A static pool generally requires no addition or reduction of any assets from the Cut-off Date to the end of the term, except for normal repayments or defaults. Requirements for a static pool involved in auto loan ABS generally include a large number of loans, a small proportion of each asset and statistical stability.

Cumulative Default Rate of Static Pool (on Auto Loans): Given that borrowers are mostly natural persons, their number is large, and their ability to repay varies, it is over-demanding to define any loans overdue for one day as default loans, while the definition of any loans overdue for 60 or 90 days as default loans may underestimate risks. For example, if a large number of loans are in arrears two months prior to the transaction, this ABS is deemed as not being defaulted based on the definition of default loans overdue for 60 or 90 days, but it is possible that interest on the senior tranche have already been defaulted as a result of insufficient cash flow. So it is more precise to define a loan overdue for 30 days or longer as being defaulted. CBR determines any loans overdue for 30 days or longer as being defaulted, which serves as the basis for calculating the default rate.

TDR is the target default rate of the asset pool at the cumulative default probability level corresponding to different credit ratings.

Credit enhancement measures: Credit enhancement measures can reduce the default risk of evaluated securities and improve the credit level of Senior notes. The main ways of credit enhancement include internal credit enhancement and external credit enhancement, and securities can also adopt multiple enhancement methods simultaneously. The funds required for internal credit enhancement measures come from the underlying asset portfolio, including Senior/Subordinated structures, excess collateral, etc; External credit enhancement measures are provided by independent third parties and can take the form of guarantor guarantees and external cash reserve accounts. The probability of asset pool losses exceeding the credit enhancement amount directly affects the evaluation of the default risk of the evaluated securities, which in turn affects the credit rating of the evaluated securities

Over collateralization: Over collateralization refers to an internal credit enhancement measure that uses the difference between the asset pool value and the face value of asset-backed securities as credit protection. This difference is used to compensate for potential losses in credit asset securitization business activities, thereby having a certain credit enhancement effect on securities.

Appendix III: Eligibility Criteria for Assets in the Pool

The Originator further represents and warrants, with respect to the Purchased Receivables as of the Cut-Off Date:

(a) the Loan Contracts constitute legal, valid, binding and enforceable agreements;

(b) the Purchased Receivables are assignable, and the Loan Contracts require monthly payments;

(c) it is entitled to dispose of the Receivables free from rights of third parties;

(d) the Purchased Receivables are free of defences, whether peremptory or otherwise, for the agreed term of the Loan Contracts as well as free of rights of third parties and that the Borrowers in particular have no set-off claim thereto or thereunder or the status and enforceability of the Purchased Receivables is not impaired by set-off rights;

(e) no Purchased Receivable is overdue;

(f) the status and enforceability of the Purchased Receivables is not impaired due to warranty claims or any other rights of the Borrowers;

(g) none of the Borrowers is an affiliate of Volkswagen AG or an employee of the Originator;

(h) according to the Originator's records, no termination of any Loan Contract has occurred;

(i) the Loan Contracts shall be governed by the laws of China and have not been concluded prior to January 2008;

(j) the Loan Contracts have been entered into exclusively with the Borrowers which, if they are corporate entities have their registered office in China or, if they are individuals have their place of residence in China;

(k) on the Cut-Off Date, at least two contractual instalments (which include interest payments) have been paid in respect of each of the Purchased Receivables and that each Purchased Receivable requires monthly payments to be made within sixty (60) months of the date of origination of each Loan Contract and may also provide for a final balloon payment;

(l) each of the Purchased Receivables will have at least no less than (6) and no more than (58) instalments;

(m) the total outstanding amount of Purchased Receivables entrusted hereunder pursuant to the Loan Contracts with one and the same Borrower does not exceed RMB 4,000,000 in respect of any single Borrower;

(n) the Loan Contracts which are subject to the provisions of PRC law on consumer financing, comply in all material respects with the requirements of such provisions;

(o) according to the Originator’s records, no insolvency proceedings have been initiated against any of the Borrowers during the term of the relevant Loan Contract up to the Cut-Off Date;

(p) each Loan Contract under which the relevant Receivables arise provides for a mortgage of the relevant Financed Object;

(q) the Purchased Receivables are “normal” loans according to NFRA’s “5-category” loan classification method;

(r) the Purchased Receivables are denominated in RMB;

(s) at the time each Loan Contract was entered into, the Receivable under such Loan Contract was approved by the Originator in the ordinary course of the Originator's business; and

(t) the maximum delinquent days of each Purchased Receivable were historically no more than 60 days.

Appendix IV: Credit Enhancement Increase Condition

Shall be deemed to be in effect if the Cumulative Gross Loss Ratio exceeds

(a) 1.5 per cent. for any Payment Date prior to or during November 2026; or

(b) 2.0 per cent. for any Payment Date from December 2026 but prior to or during July 2027; or

(c) 4.0 per cent. for any Payment Date.

Appendix V: Foreclosure Event

Means any of the following events:

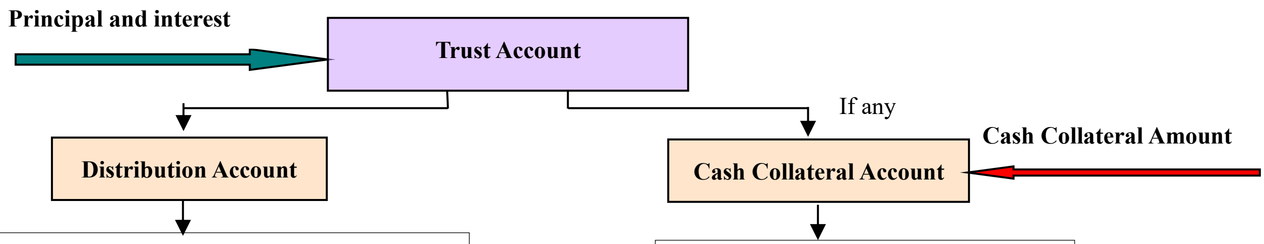
(a) with respect to the Issuer an Insolvency Event occurs; or

(b) the Issuer defaults in the payment of any interest on the Controlling Notes then outstanding when the same becomes due and payable, and such default continues for a period of ten (10) Business Days (or such longer period as approved at a Controlling Noteholders' Meeting); or

(c) the Issuer defaults in the payment of principal of any Note on the Legal Maturity Date,

provided that it shall not be a Foreclosure Event until after a decision has been made by unanimous consent at the relevant Controlling Noteholders' Meeting that the replacement of the Issuer with another Trust Company which meets the Trust Company Qualified Standard is not viable.

Appendix VI: Cash Flow Payment Mechanism Prior to Occurrence of A Foreclosure Event



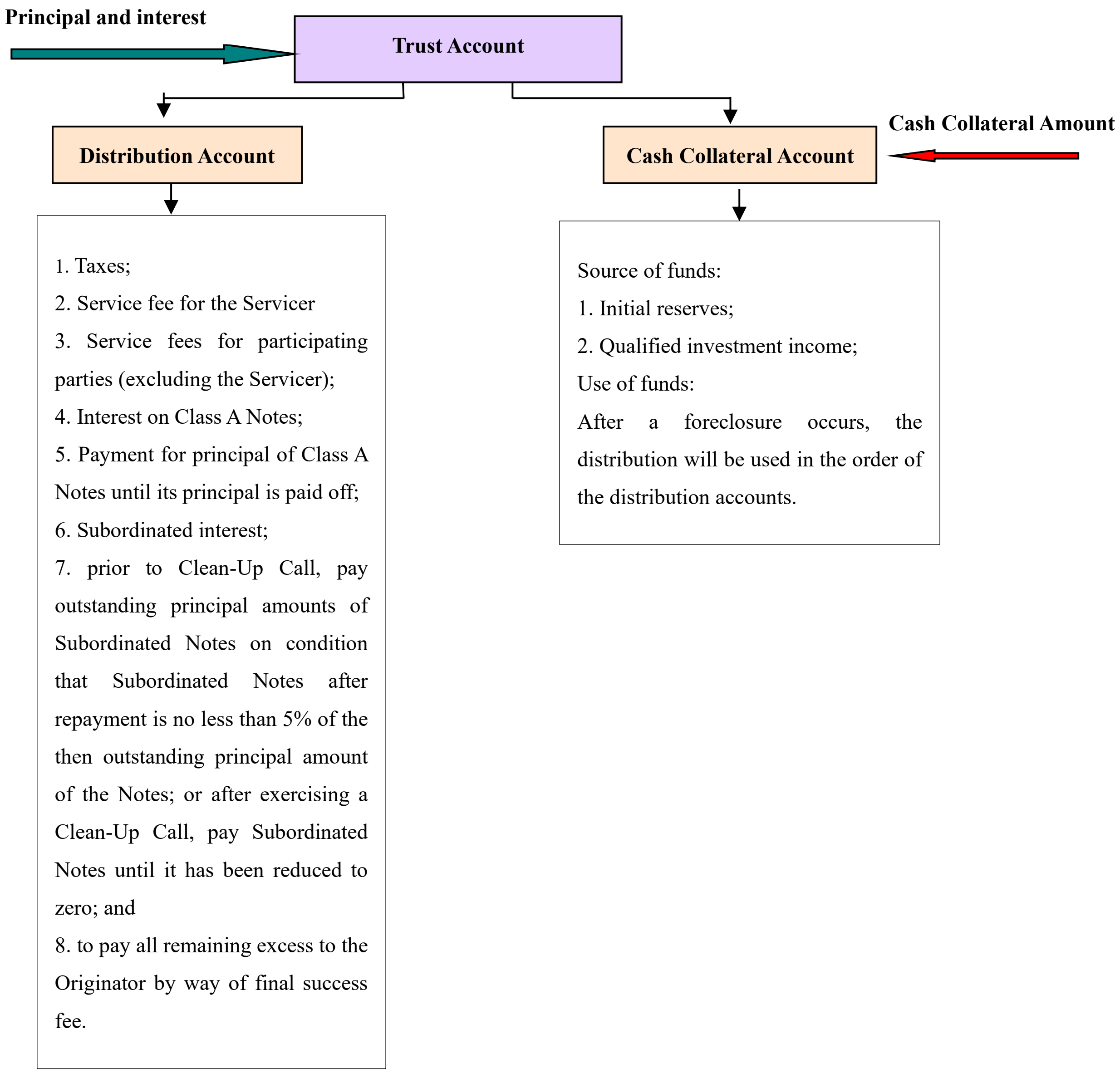
1. Taxes;
2. Service fee for the Servicer;
3. Service fees for participating parties;
4. amounts payable in respect of (1) interest accrued during the immediately preceding Interest Period plus (2) Interest Shortfalls (if any) on the Class A Notes;
5. to the Cash Collateral Account to the extent needed to replenish and maintain the credit balance of the Cash Collateral Account at a level equal to the Specified Cash Collateral Account Balance;
6. to Class A Noteholders, an aggregate amount equal to the Class A Principal Payment Amount for such Payment Date which is equal to the amount necessary to reduce the outstanding principal amount of the Class A Notes to the Class A Targeted Note Balance;
7. amounts payable in respect of accrued and unpaid interest on the Subordinated Notes (including, without limitation, overdue interest);
8. (i) prior to Clean-Up Call, pay outstanding principal amounts of Subordinated Notes on condition that Subordinated Notes after repayment is no less than 5% of the then outstanding principal amount of the Notes; or (ii) after exercising a Clean-Up Call, pay Subordinated Notes until it has been reduced to zero; and
9. to pay all remaining excess to the Originator by way of final success fee.

Source of funds:
1. Initial reserves;
2. Qualified investment income;
3. Cover cash reserve account funds.

Use of funds:
1. Pay 1-4 under the distribution account on each payment date;
2. Make payments under the distribution account 6-9 on Legal Maturity Date or once the car loan has been paid.

Used by servicers when exercising a Clean-Up Call

Appendix VII: Cash Flow Payment Mechanism after Occurrence of A Foreclosure Event



Rating Tracking Arrangement

CBR will perform continued monitoring of the credit rating of the rated securities during the effectiveness of credit rating of this ABS, and issue a follow-up rating report prior to July 31 in the current year in respect of any ABS products created by the end of the previous year, which has not matured and whose principal on Senior Notes has not been fully repaid yet.

CBR will continue to keep an eye on the credit quality of the rated securities and make every possible effort to collect and understand information that may affect the credit quality of the securities. During the effective period of the securities, the Originator shall provide CBR with documents in a timely manner, including but not limited to loan/asset service report, trustee's report, annual financial report, and any related materials that have an impact on the credit status of trust property. In case of any material event which may have an impact on the credit rating of the ABS, the Trustee/Servicer shall inform CBR and provide CBR with related documents within three business days of notice of such event. If it notices the occurrence of such event, CBR will ask participants including the Originator, the Servicer, the Trustee and the Lead Underwriter to provide related documents with respect to the matter in order to determine whether to make any adjustment to the credit rating. A credit rating can be revoked if CBR can by no means acquire effective rating information.

The Statement of Credit Rating Report

1. A credit rating for the rated securities is given by China Bond Rating Co., Ltd. (CBR) based on its rating methodology, the estimation results of its rating model and the review of its credit review committee.

2. A credit rating for the rated securities given by CBR just reflects the default probability of the rated securities, but is not a direct judgment about whether it is in default or not.

3. A credit rating for the rated securities given by CBR reflects its judgment about the credit quality of the rated securities in its duration, but not only the credit quality of the rated securities at the time of the rating issued.

4. There is no association relationship between CBR, its credit rating analysts, credit review committee and participants in the transaction that may have an impact on objectivity, independence and fairness in giving the rating. The credit rating herein is an independent judgment made by CBR in accordance with reasonable credit rating standards and procedures. CBR has every reason to assure that its rating report follows the principles of objectivity, independence and fairness and that it has not changed any rating opinions as a result of improper impacts of participants and any other organizations or individuals.

5. This report is for the informational purpose only and is not conclusion or suggestion about a decision.

6. The materials regarding underlying assets and transaction structure cited herein are all offered by participants in the transaction, including the Originator, the Servicer, the Trustee and the Lead Underwriter, and CBR cannot be held liable for the truthfulness and completeness of the materials cited.

7. The symbol system adopted herein only applies to CBR's credit rating services in China Mainland (excluding Hong Kong, Macao and Taiwan) and is not comparable with the rating results that are not obtained using such system.

8. The credit rating given herein is effective in the duration of this ABS. During the effective period, the credit rating may vary follow-up rating conclusions made by CBR.

9. The copyright of this report is owned by China Bond Rating. No one is allowed to distribute or reproduce this report in any form without written permission.

Independent and Fair, Pioneering and Innovative, Service-Oriented, and Focus on Expertise

中债资信

CHINA BOND RATING

中债资信评估有限责任公司

CHINA BOND RATING CO.,LTD

Tel: 010-88090123

WeChat Account: CBR_2010

Email: cs@chinaratings.com.cn

Website: www.chinaratings.com.cn

Add: 5/F, Building 6, No.1 Yard, Yuetan South Street, Xicheng District, Beijing

扫码关注中债资信