FitchRatings

Driver China eighteen Trust

Capital Structure

Class	Rating	Outlook	Amount (CNYm)	CE (%)	Interest Rate (%)	Legal Final Maturity
A	AAAsf	Stable	3,265	18.4	1.60	July 2033
Subordinated	NR	n.a.	535	5.0	2.59	July 2033
OC	n.a.	n.a.	200	n.a.	n.a.	n.a.
Total			**4,000**	**n.a.**		**July 2033**

Notes: CE - Credit enhancement, OC - Overcollateralisation, NR – Not Rated. CE is based on discounted receivables balance.

Fitch Ratings has assigned final ratings to Driver China eighteen Trust's (Driver China eighteen) class A notes. The notes are backed by Chinese automotive loan receivables originated by Volkswagen Finance (China) Co., Ltd. (VWFC), a wholly owned subsidiary of Volkswagen Financial Services Overseas AG (A-/Negative). The note rating addresses the timely payment of interest and ultimate repayment of principal by the legal final maturity date.

Key Rating Drivers

Stresses Commensurate with Rating (Neutral): We assume a base-case lifetime default rate of 2.4%. This reflects historical performance data, pool-cut composition, origination trends and our expectation of a slowing economy. We apply a 5.5x stress multiple at ‘AAAsf’ on defaults to stress transaction cash flow.

Sequential Paydown before Target OC (Neutral): The senior notes benefit from 18.4% credit enhancement (CE) at closing, although they do not benefit from excess spread as the transaction adopts the discount rate mechanism. The transaction will apply the available distribution amount to pay down the senior notes prior to subordinated notes until the senior notes’ target overcollateralisation (OC) of 45% is reached, which allows for a substantial build-up of CE for the class A notes in early transaction life.

Robust Legal Structure (Neutral): Our quantitative analysis is underpinned by the legal opinion that assets transferred to the trust will be isolated from the originator’s property in the case of its insolvency.

Counterparty Risk Mitigated (Neutral): The transaction has mechanisms that ensure remedial action takes place if the account bank’s Fitch rating falls below both eligible ratings of 'A' and 'F1'. Fitch uses Volkswagen Financial Services Overseas AG's rating as a reference rating to assess commingling risk. The transaction has collateral-posting mechanisms to address commingling risk if the rating on VWFC's ultimate parent no longer fulfils the eligible rating of ‘BBB’ or ‘F2’.

Experienced Servicer (Positive): Fitch’s review of the originator and servicer found the operation, underwriting, risk management and servicing procedures are adequate and comparable with those of other auto finance companies in China. VWFC’s servicer disruption risk is mitigated through a cash reserve that is sufficient to cover at least three months of senior fees and interests. VWFC is an experienced originator and servicer in China and has been active in the securitisation market since 2014.

Soft Economic Environment (Negative): China’s GDP growth decelerated to 4.3% yoy in 2Q26 from 5.0% in 1Q26, driven by a slowdown in fixed-asset investment. Fitch raised the 2026 growth forecast to 4.6% in June 2026 from the 4.3% forecast in March. However, growth remains constrained by subdued domestic demand due to low confidence, soft labour market conditions, the ongoing housing market slump and a neutral-to-slightly contractionary fiscal stance.

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The transaction closed on 17 September 2026. The ratings assigned are based on back pool information provided by the originator.

Ratings are not a recommendation to buy, sell or hold any security. The prospectus and other material should be reviewed prior to any purchase.

Representations & Warranties

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Highlights

Effect	Highlight
-	**Riskier Attributes and Weaker Performance in Recent Originations:** The weighted-average (WA) original loan-to-value (LTV) ratio and WA original term are 78.1% and 50.6 months, respectively. Both attributes have worsened from Driver China fourteen, the last VWFC transaction rated by Fitch in 2022. Driver fourteen's WA LTV ratio was 65.0% and WA original term was 39.6 months. The WA contract interest rate has also increased to 7.5% in this transaction from 5.1% in Driver China fourteen. Most of the securitised pool are originations in or after 2H24, when VWFC expanded its offering of products with low down payments and long tenors, consistent with sector trends, following a regulatory easing on Chinese auto lenders. We expect the performance of VWFC's recent originations to be weaker than earlier vintages, which is a common pattern with Chinese auto lenders. We assigned a higher base case default rate to reflect the anticipation of weaker performance of this asset pool.
-	**Elevated Risk of Prepayment Loss:** This transaction has exposure to potential prepayment gains or losses, since a discounting mechanism is employed for each loan where the actual interest rate can be lower or greater than the discount rate. For those loans that were purchased at a premium by the trust, prepayment of the loan will result in a loss. The risk is more pronounced in this transaction, particularly in a high prepayment speed scenario, as the discount rate used is lower than the actual portfolio yield. Fitch incorporated this potential loss in its cash flow analysis.
Neutral	**Adequate Liquidity Protection:** A cash reserve is in place in the amount of CNY48 million initially and funded at closing to mitigate payment interruption risk. It can cover at least three months of senior expenses and interest payments. If the class A target OC percentage has been reached, any excess can be used towards the payment of interest and principal of the subordinated notes. The cash reserve is considered in our cash flow analysis according to the stipulations in the transaction documents.

Source: Fitch Ratings

Key Rating Driver (Negative/Positive/Neutral)

Rating Impact	Key Rating Driver
Neutral	Stresses commensurate with rating
Neutral	Sequential paydown before target OC
Neutral	Robust legal structure
Neutral	Counterparty risk mitigated
Positive	Experienced servicer
Negative	Soft economic environment

Source: Fitch Ratings

Applicable Criteria

Global Structured Finance Rating Criteria (December 2025)

Structured Finance and Covered Bonds Counterparty Rating Criteria (June 2026)

Structured Finance and Covered Bonds Country Risk Rating Criteria (June 2026)

Consumer ABS Rating Criteria (October 2024)

Key Transaction Parties

Role	Name	Fitch Rating
Originator	Volkswagen Finance (China) Co., Ltd. (VWFC)	Not rated
Servicer	Volkswagen Finance (China) Co., Ltd.	Not rated. Volkswagen Financial Services Overseas AG's (A-/Negative) rating used as reference.
Trustee	CCB Trust Co., Ltd.	Not rated
Account Bank	Postal Savings Bank of China Beijing Branch	A/Stable/F1+
Underwriters	China Merchants Securities Co., Ltd. MUFG Bank (China), Ltd. Standard Chartered Bank (China) Limited Fubon Bank (China) Co., Ltd.	Not Rated Not Rated A/Stable/F1 Not Rated

Source: Fitch Ratings, Driver China eighteen

Transaction Comparisons

The table below shows Driver China eighteen, Driver China seventeen, the most recent VWFC issuance, and Driver China fourteen, the last VWFC transaction rated by Fitch. The other Fitch-rated transactions are recently rated ones from comparable originators. The higher WA LTV and longer WA original term at the cut-off date for Driver China eighteen than Driver China fourteen, and the increase in WA interest rate are consistent with broad market trends.

Transaction Comparison

	Driver China eighteen - Black Pool[a]	Driver China eighteen - Red Pool[b]	Driver China seventeen[c]	Driver China fourteen	HJR 2026-1
Closing date	September 2026	September 2026	January 2026	October 2022	July 2026
Capital structure					
Total issuance (CNYm)	3,800	3,800	3,793	7,960	4,000
Fitch rating on most senior note	AAA	AAA	AAA	AAA	AAA
CE for most senior notes (%)	18.38	18.38	15.10	10.80	22.5
Overcollateralisation (%)	5.0	5.0	5.2	0.5	0.0
Liquidity as additional CE	N	N	N	N	N
Liquidity (%)	1.2	1.2	1.2	1.2	1.0
Liquidity floor (%)	1.0	1.0	1.0	1.0	0.5
Portfolio summary at cut-off date					
Cut-off date	August 2026	April 2026	December 2025	September 2022	March 2026
Portfolio	Auto loans	Auto loans	Auto loans	Auto loans	Auto loans
Static or revolving	Static	Static	Static	Static	Static
Number of contracts	48,701	48,661	63,798	101,103	47,679
Original balance (CNY)					
Average contract balance per borrower (CNY)	106,992	113,983	109,841	113,515	94,761
Maximum contract balance (CNY)	2,669,000	2,691,200	2,847,600	2,779,000	317,800
Outstanding balance (CNY)					
Total outstanding balance (CNYm)	4,000	4,000	4,000	8,000	4,000
Average current balance per borrower (CNY)	83,079	82,907	63,602	80,410	83,900
Borrowers					
WA age of borrowers (years)	39.2	38.9	39.0	36.5	38.8
WA borrowers' annual income (CNY)	291,459	281,368	228,045	277,604	122,582
Interest rate (%)					
WA interest rate	7.5	8.2	7.7	5.1	6.9
Maximum interest rate	18.0	18.0	18.0	15.4	13.0
Minimum interest rate	0.0	0.0	0.0	0.0	0.0
Terms (months)					
WA original loan term	50.6	53.6	52.4	39.6	52.7
WA seasoning	10.1	12.4	18.5	9.2	5.6
WA remaining term	40.6	41.2	33.9	30.3	47.2
LTV (%)					
WA LTV at origination	78.1	79.7	74.1	65.0	81.4
Maximum LTV at origination	100.0	100.0	100.0	80.0	100.0
Minimum LTV at origination	10.0	12.8	12.4	10.1	14.3
WA LTV at cut-off date	64.7	64.1	50.7	49.5	73.6
Type of repayment (%)					
Fully amortising (%)	98.1	97.0	94. 6	99.4	100.0
Balloon proportion (%)	1.9	3.0	5.4	0.6	-
Vehicle Characteristics					

Transaction Comparison

	Driver China eighteen - Black Pool[a]	Driver China eighteen - Red Pool[b]	Driver China seventeen[c]	Driver China fourteen	HJR 2026-1
Model 1	VW (54.1)	VW (52.4)	VW (68.3)	VW (60.2)	Honda (44.0)
Model 2	Audi (37.4)	Audi (39.1)	Audi (19.2)	Audi (27.3)	Trumpchi (36.3)
Model 3	Jetta (4.0)	Jetta (4.2)	Jetta (5.6)	Jetta (5.5)	Toyota (19.7)
Geographical distribution 1 (%)	Henan (9.3)	Henan (8.6)	Henan (7.7)	Shandong (9.9)	Guangdong (23.5)
Geographical distribution 2 (%)	Jiangsu (7.7)	Jiangsu (7.1)	Beijing (7.0)	Henan (6.4)	Henan (6.6)
Geographical distribution 3 (%)	Shandong (7.3)	Sichuan (7.0)	Xinjiang (6.0)	Hebei (5.6)	Jiangsu (5.0)
New vehicles (%)	95.3	95.6	93.4	94.9	100.0
Used vehicles (%)	4.7	4.4	6.6	5.1	0.0
EV vehicles (BEV +PHEV) (%)	Not specified	Not specified	Not specified	Not specified	0.0

[a] The final receivable pool backing the issued notes.[b] The preliminary reference pool used for marketing and investor analysis purpose. [c] Not rated by Fitch.
Source: Fitch Ratings, transaction documents

Sector Risks: Additional Perspective

Key Sector Risks

China auto ABS sector outlook	Deteriorating
Sector risks	Auto lending regulatory easing in April 2024 shifted the sector towards longer tenors, higher LTV ratios and a wider borrower base. We expect this, along with the intensely competitive landscape, to weigh on asset performance during 2026. The competitive auto-loan market may benefit from regulatory curbs on harmful competitive practices by banks.
Macro risks	We expect Chinese auto loan performance to continue weakening in 2026, with higher arrears and defaults, as the economic slowdown and subdued income growth will constrain borrower repayment capacity. This will be compounded by the relaxed origination standards. We forecast GDP growth to slow to 4.6% in 2026, from 5.0% in 2025, amid weak domestic demand.
Relevant Research	China Structured Finance Market Monitor: 2Q26 (August 2026) Global Economic Outlook (June 2026) China, Japan and South Korea Structured Finance Outlook 2026 (November 2025)

Source: Fitch Ratings

Asset Analysis

Pool Summary

The notes are backed by a pool of auto loan contracts originated by VWFC and all are secured by vehicles. At closing, the issuer has purchased loan receivables, as well as additional rights, such as claims from insurance policies, security interests under the mortgage over the cars, interest in late payments and penalties for prepayment from the seller.

Key Asset Eligibility Criteria

In the trust agreement, VWFC has represented and warranted, with respect to the purchased receivables as of the cut-off date:

Eligibility Criteria
No purchased receivable is overdue;
None of the borrowers is an affiliate of Volkswagen AG or an employee of VWFC;
According to VWFC's records, no termination of any loan contract has occurred;
On the cut-off date, at least two contractual installments (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;
Each of the purchased receivables will have at least no less than six and no more than 58 instalments;
The total outstanding amount of purchased receivables entrusted under the trust agreement pursuant to the loan contracts with one and the same borrower does not exceed CNY4,000,000 in respect of any single borrower;

Key Asset Eligibility Criteria

In the trust agreement, VWFC has represented and warranted, with respect to the purchased receivables as of the cut-off date:

Eligibility Criteria
The purchased receivables are "normal" loans according to the National Financial Regulatory Administration's (NFRA) "5-category" loan classification method;
The purchased receivables are denominated in Chinese renminbi;
The maximum delinquent days of each purchased receivable were historically no more than 60 days.

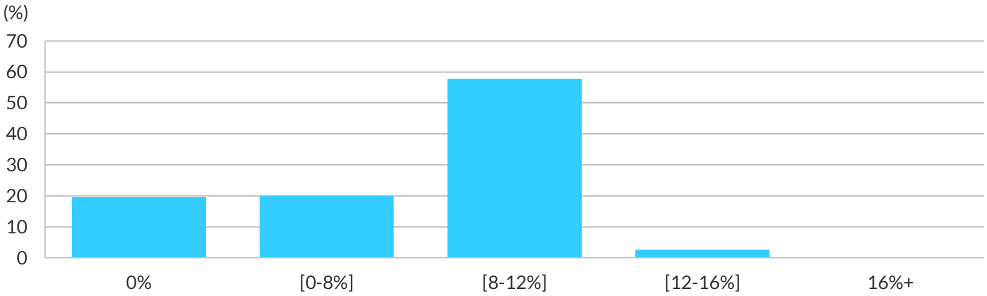
Source: Fitch Ratings, Driver China eighteen

We view these as typical eligibility criteria and did not make any analytical adjustments based on the eligibility criteria provided in the transaction.

Interest Rate

The WA pool interest rate is 7.5%, higher than the 5.1% in Driver China fourteen. The majority of the loans have interest rates between 8% and 12%. The increase in the WA interest rate is driven by the increased share of longer-tenor loans in Driver China eighteen.

Portfolio Undiscounted Interest Rate

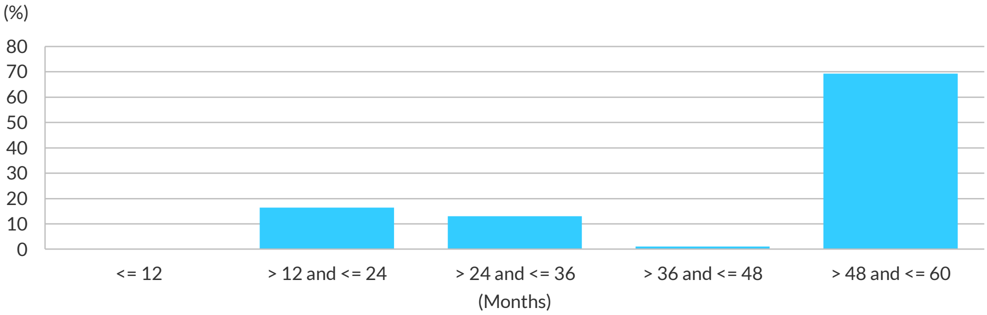


Source: Fitch Ratings, Driver China eighteen

Loan Term

The WA original loan term is 50.6 months, longer than Driver China fourteen's 39.6 months due to an increased share of five-year loans.

Portfolio Original Loan Term



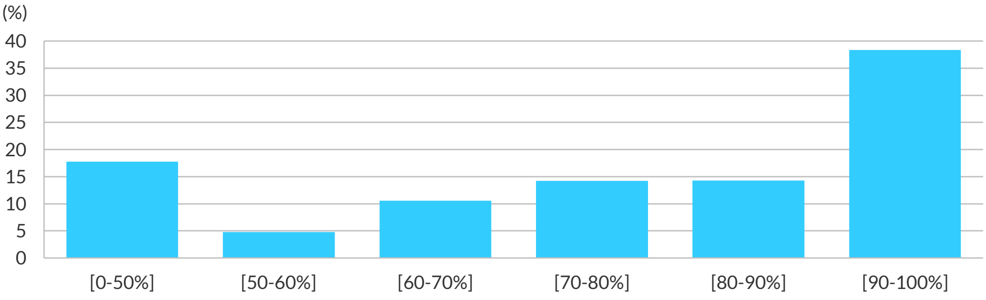
Source: Fitch Ratings, Driver China Eighteen

LTV Ratio

The WA LTV ratio at origination in this portfolio is 78.1%, up from 65.0% in Driver China fourteen. The increase is driven by a higher proportion of loans with LTV ratios of over 80%, reflecting the originator's expanded offering of low down-payment products following the regulation ratified in April 2024 that removed the minimum requirement on down payments for auto loan products.

The WA seasoning is 10.1 months, longer than the 9.2 months in Driver China fourteen, but the WA LTV ratio at the cut-off date is 64.7%, still higher than the 49.5% in Driver China fourteen.

Original Loan-to-Value Ratio



Source: Fitch Ratings, Driver China eighteen

Pool Concentration

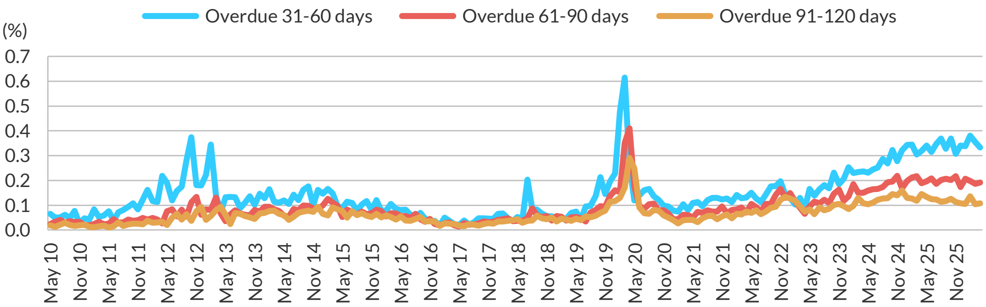
The pool is diversified over 31 provinces in China with the largest concentration in Henan province (9.3% of the discounted receivables balance). The largest borrower accounted for less than 10bp of the outstanding balance at the cut-off date.

Default Risk

VWFC's outstanding loan portfolio, based on its dynamic pool data, has shrunk since 2021, primarily due to intensified competition in the auto lending space. The outstanding balance for the VWFC portfolio was CNY24.4 billion as of April 2026, a 68% decrease from its peak in early 2021.

Delinquencies represented by the 91-120 day past due (dpd) bucket have increased since 2023 due to several factors: a soft economic and employment environment affecting borrowers' ability to repay, a loosening of underwriting standards amid intense competition in auto lending as well as a rapid decline in portfolio balance that inflates the delinquency ratios.

Delinquency Ratio by Bucket (Lagged)

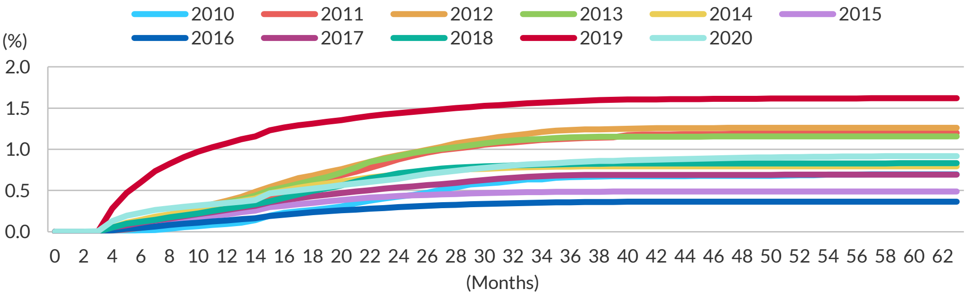


Source: Fitch Ratings, VWFC

Fitch's asset analysis assumes the 91-120 dpd bucket as the default proxy, which is consistent with the assumptions for most auto ABS transactions in China. The chart below shows actual cumulative 91-120 dpd delinquencies of VWFC's yearly origination vintages since 2010.

Static Vintage Analysis - Cumulative 91-120 as % of Originations

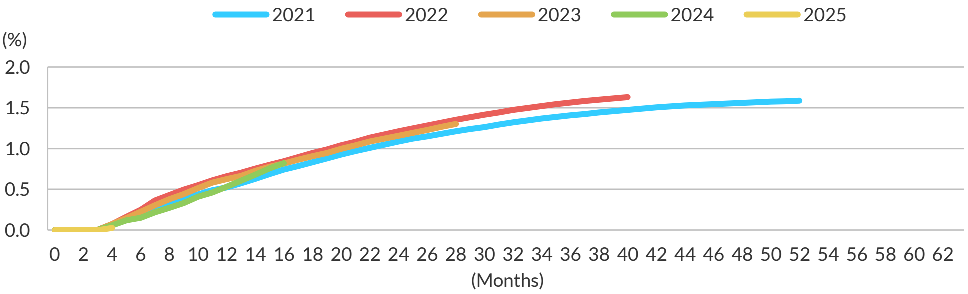
2010-2020 Cohorts



Source: Fitch Ratings, VWFC

Static Vintage Analysis - Cumulative 91-120 as % of Originations

2021-2025 Cohorts



Source: Fitch Ratings, VWFC

Many of the more recent vintages are not fully seasoned. We recognise the limitations of applying historical default gradients derived from more seasoned vintages to project lifetime default rates for younger originations, as the seasoned cohorts exhibit fundamentally different risk characteristics than Driver China eighteen's asset pool, including shorter tenors and lower LTV ratios.

Accordingly, Fitch placed particular emphasis on the early-stage default performance of loans more recently originated since 2H24, when products with low down payments and longer tenors rose rapidly as a proportion of VWFC's loan book after significant easing of auto lending regulations in April 2024. Fitch believes the performance of these post-2H24 originations is more representative of the expected performance of the pool backing Driver China eighteen.

To derive lifetime default rates for longer-tenor loans, Fitch used the observed default gradients of VWFC's recent vintages and applied a straight-line method. Based on industry data, defaults on longer-tenor loans tend to be front-loaded, with the incremental increase in defaults generally higher in the early stage of a loan's life. Fitch therefore considers it appropriate to use the observed gradients of the younger vintages to extrapolate the lifetime default rates of the long-tenor loans.

Fitch differentiated its base case default assumptions by product tenor, based on observed and extrapolated default rates of VWFC's recent vintages. In addition to the static vintage data, which served as the primary anchor for the base-case assumption, Fitch also considered the observed performance of recently issued Driver transactions and other comparable ABS transactions.

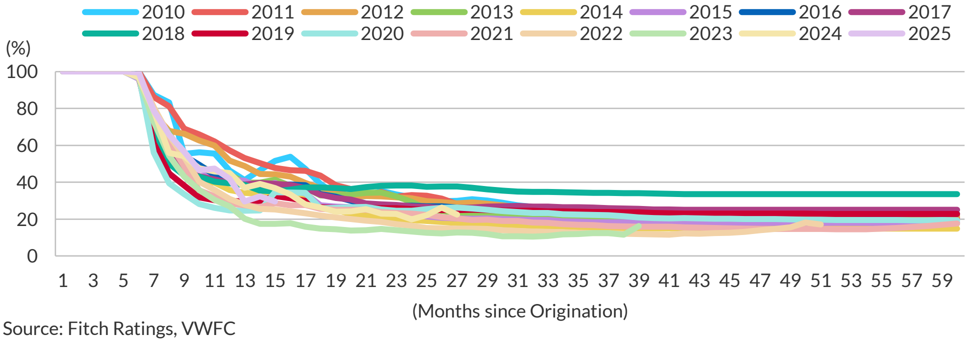
In setting the base-case default rate at 2.4%, Fitch considered the extrapolated results, historical asset performance, origination trends, pool-cut compositions, benchmarks from other Fitch-rated auto ABS deals and China's economic growth prospects. The base-case default rate is higher than the 1.5% lifetime default rate assumed for Driver China fourteen, reflecting the weaker performance observed in VWFC's recent originations, the riskier characteristics of the underlying assets and a soft macroeconomic environment.

Recovery Rate

Fitch considers two kinds of recoveries in our cash flow analysis for auto loan receivable securitisations: (i) recovery from collecting delinquent payments; and (ii) repossession and sale of vehicles. Fitch reviewed the static net loss monthly data provided by VWFC for April 2010 to April 2026, as well as the recovery rate based on the actual principal recovery reported in securitised transactions originated by VWFC.

VWFC has provided gross and net loss data to Fitch, where we considered vintages that were deemed to have crystallised losses and recoveries. Fitch also considered previous transaction-level recovery performance and benchmarked it against other Fitch-rated Chinese auto ABS transactions, when setting its base-case recovery rate assumption. The lifetime recovery base case is determined to be 15%.

Static Vintage Analysis - Cumulative Recovery Rate

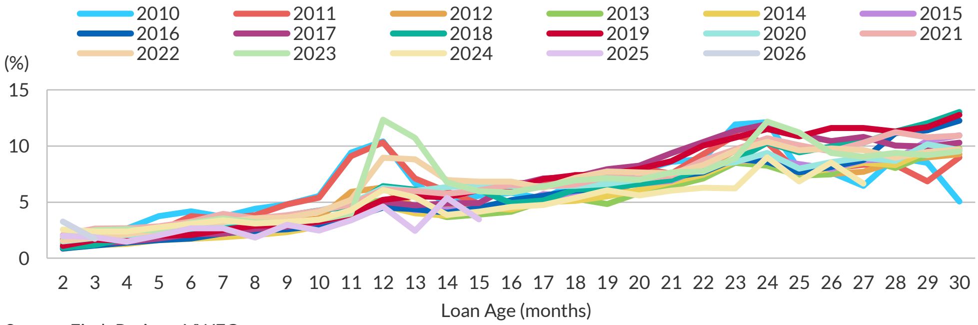


Source: Fitch Ratings, VWFC

Prepayment Rate

The prepayment rate in VWFC's loan book has increased since 2H24. Static vintage prepayment analysis shows the spike in prepayments originates from the substantial wave of payoffs in the first two months following loan origination. The annualised constant prepayment rates show a generally consistent trend from the third month and beyond in the static vintages.

Static Vintgage Analysis - Annualised CPR of Loans over Two Months Seasoned



Source: Fitch Ratings, VWFC

Fitch assumes a base-case prepayment rate of 8% based on the observed annualised prepayment rates in VWFC's static vintages as well as in past Driver transactions. This is an increase from the 4% assumed for Driver China fourteen, which, in line with the sector trend, reflects borrowers' increased incentive to prepay due to broader refinancing options and preference to deleverage in a slowing economy.

Base-Case Assumptions (%)

	Base-case default rate	Base-case recovery rate	Base-case prepayment rate
Driver China eighteen	2.4	15.0	8.0

Source: Fitch Ratings

Fitch's rating analysis uses stress multiples to address the risk that actual default performance may be worse than the base-case assumption. The stressed assumptions aim to provide a basis to account for the impact of economic deterioration upon the transaction's cash flow.

The following multiples and haircuts are applied to the base-case default and recovery expectations to arrive at the stressed portfolio default rate and recovery rate in 'AAAsf' rating scenario. The stressed default and recovery rates are inputs in Fitch's cash flow model.

Stressed Assumptions (%)

	Rating default rate	Rating recovery rate	Rating prepayment rate
AAAsf	13.2	7.5	12 (High); 4 (Low)

Source: Fitch Ratings

A stress default multiple of 5.5x was selected, which is at the median-to-high end of the range stipulated in our *Consumer ABS Rating Criteria*. The relatively high stress multiple reflects the volatility in product offerings in recent years and incomplete performance data, particularly for relatively new products with low down payments and long tenors.

The stress haircut for the recovery rate at 'AAAsf' is 50%, which is the median of the range stipulated in our criteria. This recovery stress haircut is in line with that used for other Fitch-rated Chinese auto ABS transactions to account for the similar default definition and recovery processes. Upward and downward stresses of 50% are applied to the base-case prepayment rate at the 'AAAsf' level to test the transaction's sensitivity to changing assumptions according to the *Consumer ABS Rating Criteria*.

Discount Rate and Prepayment Risk

All securitised loan receivables in the portfolio are discounted with a single discount rate of 3.3%, equal to the aggregate of (i) the WA note coupon, (ii) senior expenses, servicing fees and the value-added tax rate plus surcharges. Under the discount rate mechanism, all principal and interest receipts from the asset pool will match total principal and interest payments due to the notes as well as senior expenses of the issuing trust. As such, the transaction will yield no excess spread to reimburse losses or build up credit enhancement to the senior notes.

The pool's WA contract rate is 7.5%, considerably higher than the 3.3% discount rate used for calculating the net present value of the receivables. Consequently, the trust would incur a prepayment loss if any contract purchased by the issuer at a premium (above its par value) is terminated before its maturity date. The prepayment loss is modelled in Fitch's cash flow analysis.

Prepayment penalty charges, the amount of which depends on both the timing of prepayment and the contract rate of the prepaid loan according to VWFC's policy, may partially offset losses arising from prepayments. However, Fitch has not considered these charges in its analysis, given the complexity of modelling them and their limited impact on the rating outcome. This treatment is consistent with Fitch's approach in other China auto ABS transactions.

WA Coupon Compression

The transaction's receivables have been sold into the portfolio on a discounted cash flow basis. Each loan receivable earns interest at the individual borrower's contractual interest rate, but the rate used to discount each loan is a flat discount rate. Fitch applied a weighted-average coupon compression (WACC), which is derived from default stresses, under the assumption that higher-yielding accounts are more likely to default, as loans priced with higher contract rates are deemed to have more risky characteristics. We assume 50% of defaults come from the higher-rate buckets based on our criteria.

Cash Flow Analysis

To analyse the adequacy of CE in the structure to support a rating, Fitch runs several scenarios using its proprietary cash flow model to simulate the structural features of the transaction and applied stresses to the key assumptions. Defaults are allocated over the amortisation profile using various default distributions, i.e., front-loaded, even-loaded and back-loaded. Other portfolio features, such as prepayment rates, coupon rates and recovery rates, are also key inputs in the model assumptions.

Timely interest payment and ultimate principal repayment have been examined for the rated notes under each of Fitch's stressed cash flow scenarios.

Foreclosure Event (Simplified)

a)	Issuer insolvency; or
b)	Non-payment of any interest of most senior outstanding class;
c)	Non-payment of principal of any note on legal final maturity;
d)	Controlling noteholders' meeting determined replacement of eligible issuer is not viable

Source: Fitch Ratings, Driver China Eighteen

Capital Structure

Assets	(CNY)	Liabilities	(CNY)	As % of discounted receivable balance
Discounted Receivables	4,000,014,064	Senior	3,265,000,000	81.6
-	-	Subordinated	535,000,000	13.4
-	-	OC	200,014,064	5.0
Total			4,000,014,064	100%

Source: Fitch Ratings, Driver China eighteen

The CE for the senior notes comes from subordination and OC. After closing, the transaction will apply the available distribution amount to pay sequentially until the class A target OC percentage is reached, upon which the interest and principal of the subordinated notes will be paid. CE for the class A notes will then remain flat at 45% until the cumulative gross loss ratio exceeds certain thresholds as described below, or when the outstanding aggregate discounted receivable balance is less than 10% of the aggregate discounted receivable balance as of the cut-off date, or if a servicer replacement event occurs.

Liquidity Reserve Account

Cash collateral is available to the trustee to fund required payments if the available distribution amount is insufficient to meet required payments, which comprise senior fees and interest payments of the class A notes. An initial cash collateral amount of CNY48 million (about 1.2% of the aggregate discounted receivables) will be funded at closing using the note proceeds. Subsequently, on each payment date, it will be maintained at the greater of (i) 1.2% of the outstanding discounted balance and (ii) the lesser of CNY40 million and the outstanding principal amount of the class A notes.

Performance Triggers and Payment Acceleration Event

Credit Enhancement Increase Conditions (Cumulative Gross Loss Ratio)

a)	1.5% for any payment date prior to or during July 2027
b)	2.0% for any payment date from August 2027 but prior to or during March 2028
c)	4.0% for any payment date

Class A Targeted Overcollateralisation Percentage

a)	45% until a Credit Enhancement Increase Condition is in effect
b)	100% if a Credit Enhancement Increase Condition is in effect

Source: Fitch Ratings, transaction documents

Once a Credit Enhancement Increase Condition is triggered, it will be deemed to be in effect for the rest of the transaction life. The target OC of the class A notes will become 100%, which means the transaction is paying sequentially to class A before any subordinated notes.

Interest Rate Stress

The notes in the transaction are issued at fixed interest rates, and the underlying collateral loans all also carry fixed rates. There is no interest-rate risk present.

Rating Sensitivity

The Rating Sensitivity section provides insight into the model-implied sensitivities the transaction faces when one assumption is stressed, while holding others equal. The modelling process uses the estimation and stress of these variables to reflect asset performance in a stressed environment. The results below should only be considered as one potential outcome, as the transaction is exposed to multiple dynamic risk factors. It should not be used as an indicator of possible future performance.

Rating Sensitivity to Changes in Default and Recoveries

	Class A
Original Rating	AAAsf
Down Sensitivities:	
10% increase in default	AAAsf
25% increase in default	AA+sf
50% increase in default	AAsf
10% decrease in recoveries	AAAsf
25% decrease in recoveries	AAAsf
50% decrease in recoveries	AAAsf
10% increase in default, 10% decrease in recoveries	AAAsf
25% increase in default, 25% decrease in recoveries	AA+sf
50% increase in default, 50% decrease in recoveries	AAsf

Source: Fitch Ratings

No change or positive change
Negative change within same category
-1 category change
-2 category change
-3 or larger category change
See report for further details

Transaction Structure

Waterfall

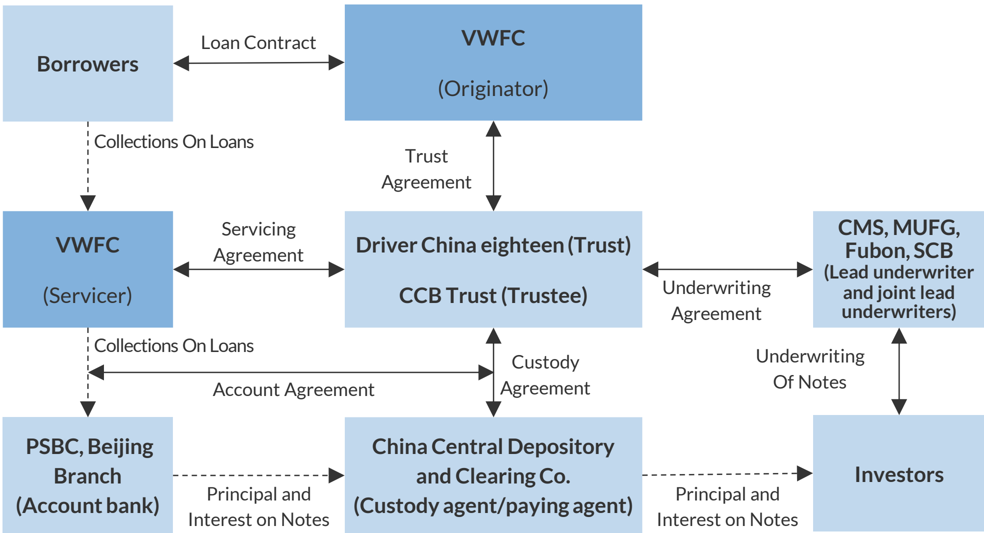
The transaction has a combined waterfall for principal and interest payments.

Priority of Payments Prior to Occurrence of Events of Default (Simplified)

1-3	Taxes, fees and senior expenses
4	Class A interest
5	Replenish cash collateral to required amount
6	Class A principal to targeted balance
7	Subordinated class interest
8	Subordinated class principal
9	Remaining excess to originator

Source: Fitch Ratings, Driver China eighteen

Structure Diagram



Source: Fitch Ratings, Driver China eighteen

Disclaimer

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Counterparty Risk

Fitch assesses the counterparty risk under its *Structured Finance and Covered Bonds Counterparty Rating Criteria* to be in line with the ratings assigned based on the documentation provisions and analytical adjustments described in the following table.

The transaction documents, coupled with the undertakings from the originator and the servicer in favour of the trustee, provide rating thresholds for the counterparties, requirements on ownership and branding, and for corresponding remedial actions when the requirements are breached, which are consistent with Fitch's *Structured Finance and Covered Bonds Counterparty Rating Criteria*.

Counterparty Risk Exposures

Counterparty type	Counterparty name	Minimum ratings under criteria	Minimum ratings and remedial actions under documents	Analytical adjustments
Transaction account bank	Postal Savings Bank of China Co., Ltd. (Beijing Branch)	A or F1	Minimum IDR of A or F1; replacement within 60 calendar days of downgrade.	Not applicable, as minimum ratings and remedial action in line with criteria.
Permitted investment	Postal Savings Bank of China Co., Ltd. (Beijing Branch)	A or F1	Permitted investments are limited to deposits with the account bank, which meets rating requirements.	Not applicable, as minimum ratings and remedial action in line with criteria.
Servicer – payment interruption risk	Volkswagen Finance (China) Co., Ltd.	A or F1	It is mitigated by the liquidity reserve, which can cover three months of senior fees and interest.	Not applicable, as mitigation is in line with criteria. For more details refer to the Liquidity Reserve Account.
Rated parent of servicer – commingling risk	Volkswagen Financial Services Overseas AG	BBB or F2	BBB or F2, deposit of commingling reserve within 30 calendar days	The servicer transfers collected funds to the issuer at least once a month, and the WA original asset term is two years or more with adequate protection against payment interruption. Commingling risk is deemed to be a secondary risk driver. VWFC is an unrated subsidiary of Volkswagen Financial Services Overseas AG and Fitch references the parent's rating to assess the servicer's counterparty risk. Minimum ratings and remedial actions are in line with criteria for commingling risk. Therefore, we do not size commingling risk exposure.
Originator – set-off risk	Volkswagen Finance (China) Co., Ltd.	Not applicable	Not applicable	Not applicable, as VWFC is not a deposit-taking institution and the borrower is not an employee of VWFC under the loan's eligibility criteria. Therefore, no set-off risk is deemed to be present.

Source: Fitch Ratings, Driver China eighteen

For commingling risk, consistent with Fitch's *Structured Finance and Covered Bonds Counterparty Rating Criteria*, a case-by-case analysis was performed to establish that the rating of VWFC's holding parent, Volkswagen Financial Services Overseas AG, can be used as a reference rating for our servicer counterparty assessment for commingling risk.

The servicer is permitted to commingle the collections with its own funds according to the transaction documents. VWFC is required to prefund once a month if Volkswagen Financial Services Overseas AG's rating can no longer be used as a reference rating or no longer meets the rating threshold of 'BBB' or 'F2', at least one month of anticipated collections within 30 calendar days after the rating becomes ineligible. This mitigates commingling risk by using an advancing mechanism to post collateral.

Criteria Application, Model and Data Adequacy

Criteria Application

See page 2 for the list of Applicable Criteria.

Fitch applies the Consumer ABS Rating Criteria as its sector-specific criteria under the overarching framework provided by the Global Structured Finance Rating Criteria, which is the master criteria for the sector. The Structured Finance and Covered Bonds Country Risk Rating Criteria outlines Fitch's approach to assigning and maintaining structured finance and covered bond ratings, where the relevant sovereign's Local-Currency Issuer Default Rating is below 'AAA'. The remaining criteria listed under Applicable Criteria are cross-sector criteria that outline Fitch's approach to counterparty risk that is relevant for the ratings.

Models

The models below were used in the analysis. Click on the link for the model (if published) or for the criteria for a description of the model.

Multi-Asset Cash Flow Model

Consumer ABS Asset Model

ABS Loss Forecaster Model

Data Adequacy

VWFC has provided Fitch with data as follows:

- Static historical delinquency, prepayment, gross loss and net loss data in monthly vintage from 2010 to April 2026
- Dynamic monthly delinquency data from 2010 to April 2026
- Stratification of the pool-cut as of 30 April 2026
- Asset amortisation schedule

Fitch also reviewed additional sources to verify that the data were representative and comparable to the market. Data reviewed included:

- Portfolio-level characteristics and static performance data from Fitch-rated Chinese auto ABS transactions;
- Publicly available data from other Chinese auto-loan securitisation transactions; and
- Feedback from interviews with other auto-finance companies operating in China.

Use of Third-Party Due Diligence Pursuant to SEC Rule 17g-10

Form ABS Due Diligence-15E was not provided to, or reviewed by, Fitch in relation to this rating action.

Surveillance

The trustee provides a monthly report that includes information on the underlying assets and payment information for each note. Material changes in cumulative default and recovery rates may trigger a performance review.

Fitch will regularly monitor the transaction. Details of the transaction's performance are available to subscribers at https://pro.fitchratings.com.

Appendix 1: Origination and Servicing

VWFC established its office in Beijing in 1998. It then officially set up a wholly owned subsidiary and started its retail loan business in August 2004. VWFC initiated the dealer loan business in 2006.

VWFC is a wholly owned subsidiary of Volkswagen Financial Services Overseas AG (A-/Negative). VWFC is a licensed non-bank financial institution that provides auto financing exclusively for Volkswagen group in China, with the aim of increasing the group's sales in the country. VWFC provides financial services for major brands of the group, including Volkswagen, Audi, Skoda, Jetta, Porsche, Bentley and Lamborghini.

Origination

VWFC has approximately 3,000 partnering auto dealers across China with a standardised loan origination process, which involves email communication, flow of documentation and flow of funds between customers, car dealer and VWFC. After the customer signs a vehicle order, he or she can obtain financing by filling in a credit application and providing supporting documents to the dealer. Once it is approved, the borrower will be required to make the down payment and sign the loan contract. VWFC will pay the dealer directly and the borrower will repay the loan in monthly instalments.

Underwriting

The borrower will need to provide personal documents, such as identification card and authorisation for VWFC to access the borrower's data from the People's Bank of China (PBOC) or other data vendors, on top of the loan application form. These will be used to check the borrower's credit record with the PBOC and verify his identity at the National Citizen Identification Information Centre. Over 70% of retail loan applications are automatically approved or rejected, while the rest are decided manually. Once an application is rejected, it cannot be accepted subsequently unless there are changes to the underwriting conditions.

Servicing

The risk assessment team, collection management team and litigation management team are responsible for different stages of servicing. The risk assessment team is mainly responsible for risk analysis, the portfolio management team is responsible for reporting, controlling and provisioning, and the risk controlling team is responsible for management of procedures and policies. The collection management team identifies customers in different stages of delinquency and will initiate collection actions mentioned below. In general, VWFC will regard a loan as defaulted when it is 90 dpd and will write off the loan when it is 120 dpd.

Arrears Management and Special Servicing

VWFC begins the collection process once a loan is delinquent. For 1-3 dpd loans, SMS and Wechat messages and dunning letters will be issued to remind the borrower about the non-payment. From the fourth to 90th day of delinquency, the collection will be handled via telephone and on-site collection by outsourced collection servicers, in addition to a second dunning letter issued on the fourth day of delinquency.

For loans that reach 91 dpd, the collection methods include telephone calls, negotiations and field visits conducted by collection service vendors, as well as initiation of litigation process and vehicle repossession. For contracts terminated due to fraud or definite inability to repay, the contract will be directly transferred to the litigation team.

Risk Management

VWFC's consumer credit risk department will regularly review internal policies to ensure that credit standards are met. Quality controls are in place for the retail business. Internal and external audits are conducted annually. VWFC in 2016 established a committee to develop, implement and monitor risk strategies. The committee also handles the establishment of risk-management policies, processes and operational requirements. It will also report to the senior management on the control of risk events.

Back-Up Servicer

If a servicer replacement event occurs in respect of VWFC as servicer, a back-up servicer will be appointed. The outgoing servicer is required to deliver all information, files and documents for proper performance of the servicer's obligations.

Appendix 2: ESG Relevance Score

FitchRatings **Driver China eighteen Trust**

SF ESG Navigator
ABS - Auto

Credit-Relevant ESG Derivation

Driver China eighteen Trust has 5 ESG potential rating drivers

- Driver China eighteen Trust has exposure to macroeconomic factors and sustained structural shifts in secular preferences affecting consumer behavior but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	5	issues	2
	4	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	2	Regulatory risks, fines, or compliance costs related to emissions, energy consumption and/or related reporting standards	Asset Quality; Surveillance	5
Energy Management	2	Assets' energy/fuel efficiency and impact on valuation	Asset Quality; Surveillance	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Asset, operations and/or cash flow exposure to physical climate risks, extreme weather events and other catastrophe risk, including but not limited to flooding, hurricanes, tornadoes, and earthquakes	Asset Quality; Surveillance	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Compliance with consumer protection related regulatory requirements, such as fair/transparent lending, data security, and safety standards	Operational Risk; Surveillance	4
Labor Relations & Practices	2	Labor practices, pension obligations and related litigation	Surveillance	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Macroeconomic factors and sustained structural shifts in secular preferences affecting consumer behavior	Asset Quality; Surveillance	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Rule of Law, Institutional and Regulatory Quality	3	Jurisdictional legal risks; regulatory effectiveness; supervisory oversight; foreclosure laws; government support and intervention	Asset Isolation and Legal Structure; Asset Quality; Rating Caps; Surveillance	5
Transaction & Collateral Structure	3	Asset isolation; resolution/insolvency remoteness; legal structure; structural risk mitigants; complex structures	Asset Isolation and Legal Structure; Asset Quality; Financial Structure; Rating Caps; Surveillance	4
Transaction Parties & Operational Risk	3	Counterparty risk; origination, underwriting and/or aggregator standards; borrower/lessee/sponsor risk; originator/servicer/manager/operational risk	Asset Quality; Financial Structure; Operational Risk; Rating Caps; Surveillance	3
Data Transparency & Privacy	3	Transaction data and periodic reporting	Asset Isolation and Legal Structure; Asset Quality; Financial Structure; Surveillance	2
				1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE - DEFINITIONS

How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant; a key transaction or program rating driver that has a significant impact on an individual basis.
4	Relevant to transaction or program ratings; not a key rating driver but has an impact on the ratings in combination with other factors.
3	Minimally relevant to ratings; either very low impact or actively mitigated in a way that results in no impact on the transaction or program ratings.
2	Irrelevant to the transaction or program ratings; relevant to the sector.
1	Irrelevant to the transaction or program ratings; irrelevant to the sector.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.