Structured Finance
Auto-Loan
China

Driver China Eighteen

Capital Structure

Class	Rating	Amount (CNYm)	Percentage (%)	CE (%)	Interest Rate Type	Legal Final Maturity
Class A Notes	AAAsf	3,265.0	81.6	18.4	Fixed	26 July 2033
Subordinated Notes	NR	535.0	13.4	5.0	Fixed	26 July 2033
Overcollateralisation	n.a.	200.0	5.0	n.a.	n.a.	n.a.
Total		**4,000.0**	**100.0**			

Notes: Total amount equals to the aggregate discounted receivables balance; Credit enhancement (CE) shown consists of subordination of the more junior notes and the overcollateralization; NR - Not rated.

Fitch Bohua has assigned final ratings to Driver China Eighteen Trust's (Driver China Eighteen) asset-backed Class A notes. The notes will be backed by a static pool of auto-loan receivables originated by Volkswagen Finance (China) Co., Ltd. (VWFC). The rating on the Class A notes addresses the timely payment of interest and ultimate repayment of principal by the legal final maturity date.

Key Rating Drivers

Obligor Default Risk: Fitch Bohua assumed a base-case lifetime default rate for VWFC's portfolio of 1.7%, based on historical performance data from the originator, pool composition, and the expected economic growth in China. Fitch Bohua applied a stress default multiple of 5.0x in AAAsf scenario to account for the impact of economic deterioration on the transaction's cash flow.

Sequential Paydown Structure: The transaction has a sequential payment structure. Credit enhancement (CE) includes subordinated notes, cash collateral amount and overcollateralisation. The rated notes can withstand corresponding rating stresses applied in the cash flow analysis.

Counterparty Risk: Fitch Bohua considers the servicer and account bank in this transaction as eligible counterparties, which can support the notes rated up to AAAsf. The transaction has structural mechanisms ensuring that remedial actions take place if the servicer or account bank loses eligible counterparty status.

Servicer, Operational Risks: VWFC is an experienced originator and servicer for China's auto ABS transactions. Fitch Bohua conducted an originator and servicer review and found the operation, underwriting, risk management and servicing procedures satisfactory and are comparable with those of other auto-finance companies.

Inside This Report — Page

Analysts

Huan Wang
+86 10 5663 3812
huan.wang@fitchbohua.com

Jiaping Sun
+86 10 5663 3813
jiaping.sun@fitchbohua.com

Highlights

Effect	Highlight
+	**Strong initial collateral characteristics:** As of the initial cut-off date, all the underlying assets were normal loans originated by VWFC as determined under its '5-category' loan classification method. The weighted average (WA) seasoning of the initial portfolio is 10.1 months, and the WA remaining term is 40.6 months. The WA loan-to-value (LTV) ratio at origination is 78.1%. The borrowers are geographically distributed all over the country. The total outstanding discounted balance of top 10 borrowers is 0.3% of the initial portfolio balance. The underlying assets are highly diversified.
+	**Adequate credit enhancement:** The initial credit enhancement for the Class A notes is 18.4%, which is sufficient to withstand Fitch Bohua's default stresses under the expected ratings with a buffer.
+	**Adequate liquidity protection:** A cash reserve is funded from the proceeds of the notes at closing with an amount of RMB 48 million. The cash reserve is replenished up to the stipulated amount in the transaction waterfall. Such cash reserve amount could cover the payment interruption risk exposure sufficiently. Besides, the cash reserve could also provide additional credit enhancement.
-	**Interest rate compression:** The underlying assets have a weighted average interest rate of 7.5%, with a wide distribution: 33.8% of the loans carry an interest rate above 10.0%, while 19.7% are zero-interest loans. Defaults of high-interest rate loans will cause a decline in the overall interest rate level of the asset pool. To assess this risk, Fitch Bohua incorporates the assumption in cash flow stress tests that 50% of defaulted loans originate from the highest interest rate bucket.
-	**Risk arising from unchanged mortgage right registrations:** The originator and the trustee may not, for each entrusted loan receivable, change the mortgage rights registration. Such arrangements may not defend against bona fide third parties.

Source: Fitch Bohua

Transaction Parties

Role	Name
Originator	Volkswagen Finance (China) Co., Ltd.
Servicer	Volkswagen Finance (China) Co., Ltd.
Trustee	CCB Trust Co., Ltd.
Issuer Account Bank	Postal Savings Bank of China Limited Beijing Branch
Lead Underwriter	China Merchants Securities Co., Ltd.
Joint Lead Underwriter	Standard Chartered Bank (China) Limited MUFG Bank (China), Ltd. Fubon Bank (China) Co., Ltd.
Legal Counsel	King & Wood
Accounting Advisor	Ernst & Young Hua Ming LLP
Tax Advisor	KPMG Advisory (China) Limited Beijing branch
Registry / Paying Agent	China Central Depository and Clearing Co., Ltd.

Source: transaction documents

Transaction Comparisons

	Driver China 18 (Black Pool)	Driver China 18 (Red Pool)	Driver China 17 (Black Pool)	Driver China 16 (Black Pool)	Driver China 15 (Black Pool)
Initial cut-off date	2026/8/31	2026/4/30	2025/12/31	2025/4/30	2024/4/30
Closing date	Sep-26 (Expected)	Sep-26 (Expected)	Jan-26	May-25	May-24
Capital structure (%)					
Class A notes	81.6	81.6	84.9	86.0	87.2
Subordinated notes	13.4	13.4	9.9	9.0	12.3
Overcollateralisation	5.0	5.0	5.2	5.0	0.5
Loan number and balance					
Number of loan contracts	48,701	48,661	63,798	70,284	97,599
Total outstanding principal balance (CNYm)	3,687.9	3,655.6	3,736.7	3,810.2	5,831.1
Average outstanding principal balance (CNY)	75,726.3	75,123.9	58,571.4	54,210.8	59,746.0
Maximum outstanding principal balance (CNYm)	2.2	2.3	2.2	2.6	2.2
Total outstanding discounted receivables balance (CNYm)	4,000.0	4,000.0	4,000.0	4,000.0	6,000.0
Borrowers					
Number of borrowers	48,147	48,247	62,891	69,154	96,437
WA age (years)	39.2	38.9	39.0	38.5	37.3
WA borrower income (CNY)	291,459.2	281,367.8	228,045.5	225,654.8	218,770.9
Individual borrower (%)	98.7	98.5	96.3	95.0	94.7
Interest rate (%)					
WA interest rate	7.5	8.2	7.7	6.8	5.5
Maximum interest rate	18.0	18.0	18.0	18.0	18.0
Minimum interest rate	0.0	0.0	0.0	0.0	0.0
Terms (months)					
WA remaining term	40.6	41.2	33.9	29.5	29.9
WA seasoning	10.1	12.4	18.5	20.4	14.4
WA original term	50.6	53.6	52.4	49.9	44.3
Maximum remaining term	58.0	58.0	58.0	58.0	58.0
Mortgage (%)					
Secured	100.0	100.0	100.0	100.0	100.0
WA initial LTV ratio	78.1	79.7	74.1	70.1	66.2
New vehicles	95.3	95.6	93.4	93.4	95.1
Type of Credit (%)					
Classic credit	98.0	96.6	93.4	90.8	91.6
Top 3 Geographical Distribution (%)					
Region 1	Henan (9.3)	Henan (8.6)	Henan (7.7)	Xinjiang (7.0)	Shandong (7.3)
Region 2	Jiangsu (7.7)	Jiangsu (7.1)	Beijing (7.0)	Beijing (6.5)	Henan (7.0)
Region 3	Shandong (7.3)	Sichuan (7.0)	Xinjiang (6.0)	Shandong (6.5)	Sichuan (5.7)

Note: (1) Capital structure presents the proportion of original amount to the total outstanding discounted receivables balance at cut-off date. (2) WA data are calculated using outstanding discounted receivables balance of the loan on the initial cut-off date (as weight); the denominator for the proportion of specific types of assets is the total outstanding discounted receivables balance at cut-off date. (3) Initial LTV = Contract amount / Vehicle value.

Source: Fitch Bohua, VWFC, Chinabond.

Sector Risks: Additional Perspective

Key Sector Risks

Sector or asset outlook	Fitch Bohua's 2026 asset outlook for China auto ABS: persistent pressure.
Macro or sector risks	China's gross domestic product (GDP) reached 69.6 trillion yuan in the first half of 2026, representing a year-on-year increase of 4.7% at constant prices. By quarter, GDP grew 5.0% year-on-year in the first quarter and 4.3% in the second quarter. Fitch Bohua believes that affected by external factors including shifts in the international landscape, China's GDP growth rate in the second quarter of 2026 moderated from that of the first quarter. Even so, the overall growth for the first half was in line with the full-year economic growth target. Economic growth in the first half of 2026 slowed compared with 2025. Consumption and fixed-asset investment remained weak, real-estate adjustment continued, and significant uncertainties persisted in the external environment. Reinforced policy support will help stabilize domestic demand and market expectations; nevertheless, the foundation for sustained economic recovery remains to be consolidated. In 2025, the performance of the delinquency rate index and cumulative default rate indicators for the underlying assets of auto loan ABS weakened. Meanwhile, we observed that the credit profile of auto loan ABS asset pools has changed as a result of the relaxation of credit underwriting standards in the earlier period. Coupled with expectations that the competitive landscape of China's domestic passenger vehicle market will continue to evolve, Fitch Bohua forecasts that the performance of the underlying assets of auto loan ABS will come under pressure in 2026.
Relevant Research	Fitch Bohua Inter-bank Market Personal Loan ABS Index Report – 2Q26 2026 Outlook for Interbank Credit Asset Securitization

Source: Fitch Bohua

Asset Analysis

Portfolio Summary

The portfolio consists of auto loan receivables originated in line with VWFC's credit policy and are serviced according to its standard procedures. The trustee will be entrusted with the creditor's rights in the loans and ancillary security interests such as mortgage rights, together known as the trust assets.

According to the transaction documents, the eligibility criteria must be fulfilled for the purchased receivables at cut-off date, as listed below. The originator will make representations and warranties that the eligibility criteria are met by the entrusted loan receivables. If any ineligible loan is detected, the originator is obliged to cure or rectify such breach or repurchase such receivables following the transaction documents.

Asset Eligibility Criteria

1	The Loan Contracts constitute legal, valid, binding and enforceable agreements;
2	The Purchased Receivables are assignable, and the Loan Contracts require monthly payments;
3	It is entitled to dispose of the Receivables free from rights of third parties;
4	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;
5	No Purchased Receivable is overdue;
6	The status and enforceability of the Purchased Receivables is not impaired due to warranty claims or any other rights of the Borrowers;
7	None of the Borrowers is an affiliate of Volkswagen AG or an employee of VWFC;
8	According to VWFC's records, no termination of any Loan Contract has occurred;
9	The Loan Contracts shall be governed by the laws of China and have not been concluded prior to January 2008;
10	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;
11	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

Asset Eligibility Criteria

	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;
12	Each of the Purchased Receivables will have at least no less than (6) and no more than (58) instalments;
13	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 RMB4,000,000 in respect of any single Borrower;
14	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;
15	According to VWFC'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;
16	Each Loan Contract under which the relevant Receivables arise provides for a mortgage of the relevant Financed Object;
17	The Purchased Receivables are "normal" loans according to NFRA's "5-category" loan classification method;
18	The Purchased Receivables are denominated in RMB;
19	At the time each Loan Contact was entered into, the Receivable under such Loan Contract was approved by the Originator in the ordinary course of the Originator's business;
20	The maximum delinquent days of each Purchased Receivable were historically no more than 60 days.

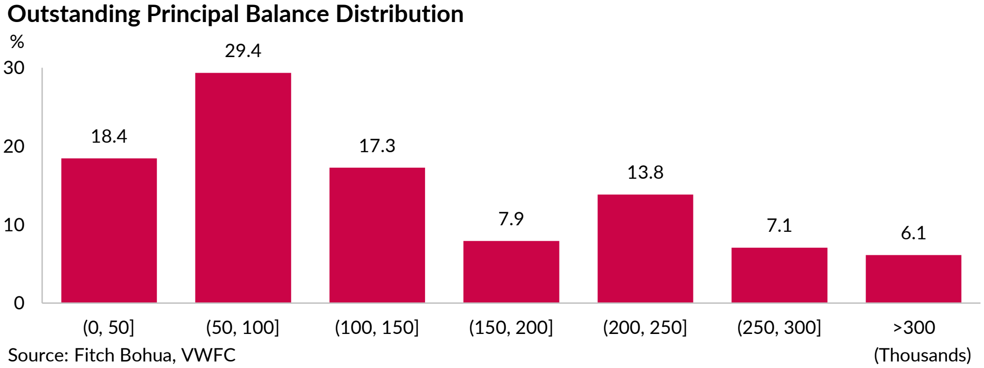
Source: Fitch Bohua, transaction documents

Asset Characteristics and Portfolio Stratification[1]

Collateral Characteristics

Each mortgage loan is a secured normal loan originated by VWFC as determined under its '5-category' loan classification method. All loans pay fixed interest rates. The initial portfolio is well distributed across the country with top 3 regions accounting for 24.3% of the total outstanding discounted receivables balance. The underlying pool shows no significant single borrower concentration, with the largest borrower and top 10 borrowers accounting for 0.06% and 0.3% of the total outstanding discounted receivables balance, respectively. The outstanding balances are mainly distributed below CNY150,000. Most loans are classic credit featuring monthly instalment payment. 1.9% of the initial portfolio balance is balloon credit loans with partial balloon payments outstanding. The WA remaining term is 40.6 months.

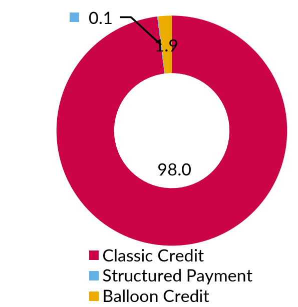
Outstanding Principal Balance Distribution



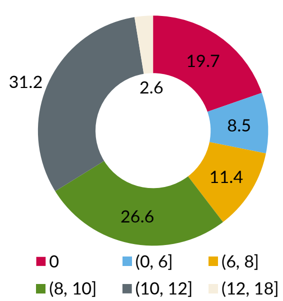
Source: Fitch Bohua, VWFC

[1] Unless otherwise stated, the portfolio stratification is weighted by outstanding discounted receivables balance on initial cut-off date and the doughnut chart shows the percentage of the outstanding discounted receivables balance on initial cut-off date.

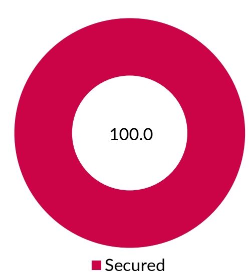
Type of Credit



Interest Rate (%)

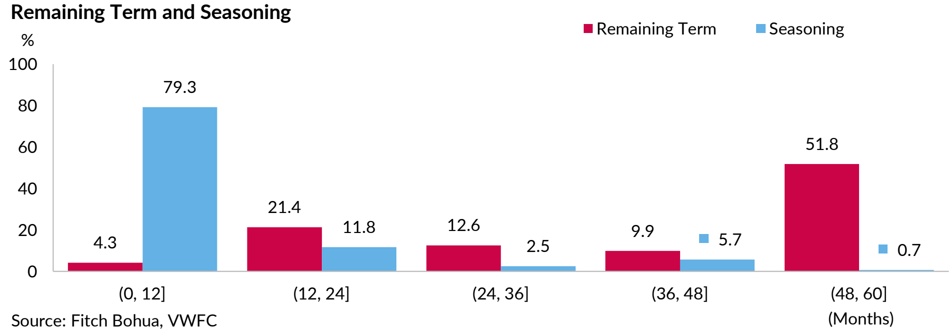


Security



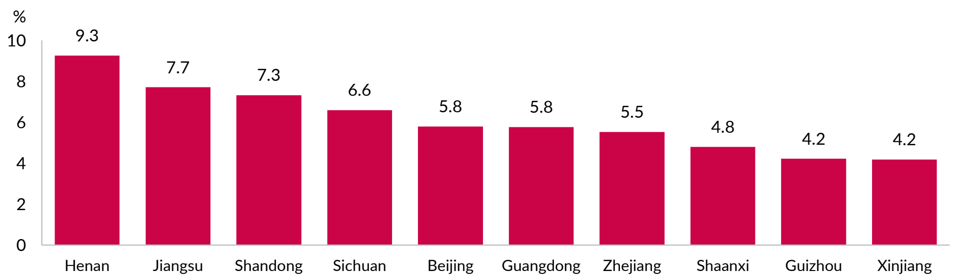
Source: Fitch Bohua, VWFC

Remaining Term and Seasoning



Source: Fitch Bohua, VWFC

Top 10 Regions

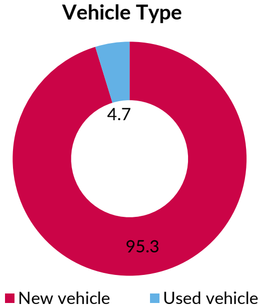


Source: Fitch Bohua, VWFC

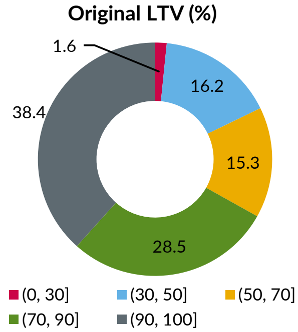
Mortgage Characteristics

Most of the loans are secured by the related new vehicle. The original loan-to-value ratios are mainly distributed over 70%. ICE vehicle accounts for a large proportion of the portfolio, and vehicles focus primarily on brands within the Volkswagen Group.

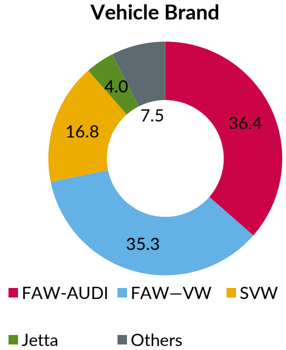
Vehicle Type



Original LTV (%)



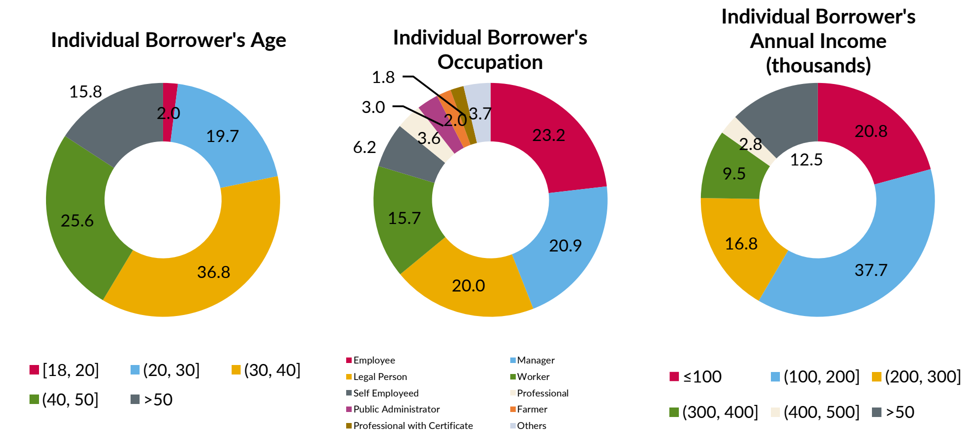
Vehicle Brand



Source: Fitch Bohua, VWFC

Individual Borrower Characteristics

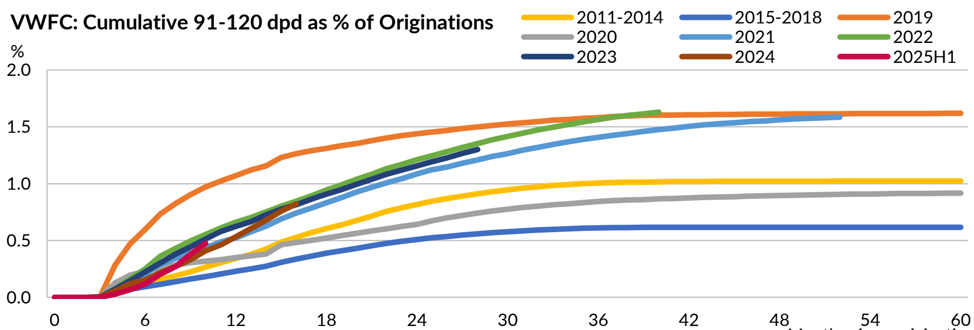
Borrowers of the underlying pool consist of individuals and corporate entities, among which individual borrowers account for the vast majority. The individual borrowers' age as of the initial cut-off date is concentrated within 20 to 50, among which self-employed and liberal professions borrowers account for 7.4%.



Source: Fitch Bohua, VWFC

Default Risk

The originator provided Fitch Bohua with monthly performance data of auto loan portfolio originated between April 2010 and April 2026 as of end-April 2026. Fitch Bohua used the 90+ days past due (dpd) as the default proxy, which is consistent with the transaction document's default definition. The typical risk characteristics of the underlying pool are viewed as representative of historical data in recent years. Fitch Bohua therefore derived a single-base case assumption based on the total book data from 2021.



Source: Fitch Bohua, VWFC

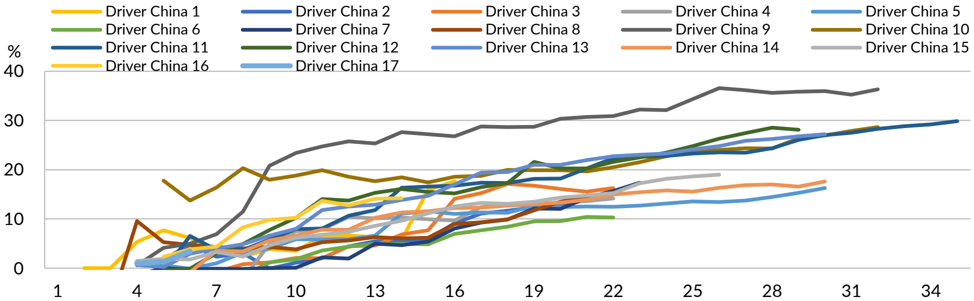
Data indicates that the cumulative default rate of loans originated by VWFC in 2019 rose substantially compared with prior vintages and then dropped markedly in the following year. Since 2021, the cumulative default rates have remained relatively consistent, above the historical average level of vintages before. Many of the vintages have not been fully seasoned. Therefore, Fitch Bohua used historical data to extrapolate cumulative default curves that show the potential lifetime default rates of each vintage.

Fitch Bohua assumed a base-case default rate of 1.7% and a AAAsf default multiple of 5.0x. These assumptions consider the extrapolation results, pool-cut compositions and the expected economic growth in China.

Recovery Rate

The loans are secured by the vehicles. The recoveries consist of cash payments by borrowers and the proceeds from vehicle sales. Fitch Bohua reviewed the recovery rates based on the actual principal recoveries reported in securitization transactions originated by VWFC and analyzed the gross loss and the net loss of vintages. Fitch Bohua derived a recovery base case of 15.0% for the total portfolio and applied a median recovery haircut of 50% at AAAsf.

Driver China Auto ABS: Cumulative recoveries of defaulted assets

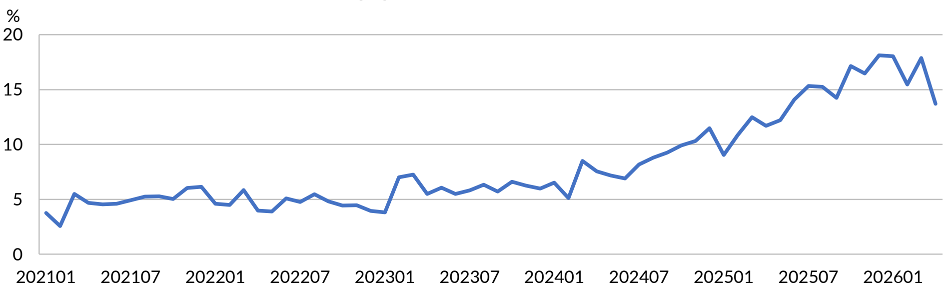


Note: 1. Cumulative recoveries = Cumulative recoveries since closing / Cumulative defaults since closing.
2. Data reported by June 2026.
Source: Fitch Bohua, VWFC

Prepayment Risk

The chart below shows the conditional annualized prepayment rate from January 2021 to April 2026. The historical prepayment data indicates a significant increase from 2024 and a historical peak at the end of 2025. CPR still stands at a relatively high level in early 2026, though it has fallen back. Considering the historical average level of CPR, the recent performance trend, and the actual prepayment performance of the asset pool of securitized products issued by VWFC, Fitch Bohua assumed a base-case prepayment rate of 12.0% a year. The assumption was then stressed to test the impact of high and low prepayments in the respective rating scenarios.

Driver China Auto ABS: Annulized Prepayment Rate (CPR)



Source: Fitch Bohua, VWFC

Base-Case and Stressed Assumptions

The stressed default, recovery and prepayment rates are key inputs in Fitch Bohua's cash-flow model and provide a basis to account for the impact of economic deterioration upon the transaction's cash flow. Fitch Bohua's base-case assumptions and rating-specific stress assumptions are summarized in the table below.

Base-Case and Stressed Assumptions

Rating Assumption	Default rate (%)	Recovery rate (%)	Prepayment rate (%)
AAAsf	8.5	7.5	24.0 (high); 6.0 (low)
Base Case	1.7	15.0	12.0

Source: Fitch Bohua

Cash Flow Analysis

Priority of Payments

There are two sub-accounts established and maintained in the issuer account, including the cash collateral account and the distribution account. The transaction has a combined and conditionally sequential waterfall. On each monthly payment date, before the occurrence of foreclosure event, the available distribution amount shall be allocated in the order of priority summarized below. The available distribution amount includes primarily the monthly collections of asset pool, drawings from the cash collateral account, as well as the profits from permitted investments.

Distribution of Available Funds Prior to Foreclosure Event

1-3	Taxes, servicer fee, other participating institutions fee and expenses
4	Class A notes interest
5	Replenish the cash collateral account to the specified cash collateral account balance
6	Class A notes principal to the class A targeted note balance
7	Subordinated A notes interest
8	Subordinated notes principal
9	Any remaining funds to the originator

Source: Fitch Bohua, transaction documents

Distribution of Available Funds Subsequent to Foreclosure Event

1-3	Taxes, servicer fee, other participating institutions fee and expenses
4	Class A notes interest
5	Class A notes principal until redeemed in full
6	Subordinated A notes interest
7	Subordinated notes principal
8	Any remaining funds to the originator

Source: Fitch Bohua, transaction documents

Foreclosure Event

1	With respect to the Issuer an Insolvency Event occurs
2	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)
3	The Issuer defaults in the payment of principal of any Note on the Legal Maturity Date

Note: 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.

Source: transaction documents

Key Definitions

Specified Cash Collateral Account Balance means, initially RMB 48 million and, on each payment date the greater of (a) 1.2% 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.

Class A Targeted Note Balance means (a) except in the case of (b) below, an amount equal to the excess of the aggregate discounted receivables balance as at the end of the monthly period over the Class A targeted overcollateralisation amount, or (b) zero, if the aggregate discounted receivables balance as at the end of the monthly period is less than 10% of the aggregate cut-off date discounted receivables balance or if a servicer replacement event occurs.

Class A Targeted Overcollateralisation Amount means, on each payment date, the Class A targeted overcollateralisation percentage multiplied by the aggregate discounted receivables balance.

Class A Targeted Overcollateralisation Percentage means: (a) 45% until a credit enhancement increase condition is in effect; and (b) 100% if a credit enhancement increase condition is in effect.

Credit Enhancement Increase Condition shall be deemed to be in effect if the cumulative gross loss ratio exceeds (a) 1.5% for any payment date prior to or during July 2027; or (b) 2.0% for any payment date from August 2027 but prior to or during March 2028; or (c) 4.0% for any payment date.

Key Definitions

Source: transaction documents

Credit Enhancement

Credit enhancement for the Class A notes is provided by the subordinated notes, the cash collateral amount and overcollateralisation. If a credit enhancement increase condition is in effect, Class A targeted overcollateralisation percentage will be 100%, thus the principal and interests of subordinated notes will not be paid until the Class A notes are paid in full. As such, CE from the subordinated notes and overcollateralisation will increase over time as the Class A notes are paid down, unless the asset defaults offset such effect.

Cash Reserve

The Issuer shall on the issue date deposit an amount of RMB 48.0 million into the cash collateral account, which serves as the general cash collateral amount. Prior to foreclosure event, funds held in the cash collateral account shall be used to cover shortfalls (if any) in payments of Class A notes interest and senior expenses, meanwhile the cash reserve is to be replenished up to the specified cash collateral account balance before principal of Class A notes at each payment date. Following the occurrence of a foreclosure event, the amount credited to cash collateral account will be distributed in accordance with the agreed terms.

Distribution shall be made from the cash collateral account on any payment date prior to the occurrence of a foreclosure event, if and to the extent the general cash collateral amount exceeds the specified cash collateral account balance and no credit enhancement increase condition is in effect, according to the following order of priority: first, to the subordinated noteholders, amounts payable in respect of accrued and unpaid interest on the Subordinated notes (including, without limitation, overdue interest); and second, (i) prior to the satisfaction of clean-up call conditions or in the case that the clean-up call conditions are satisfied but the originator fail to exercise a clean-up call, to the subordinated noteholders for repayment of outstanding principal amounts of subordinated notes on condition that the outstanding principal amounts of subordinated notes after repayment is no less than 5% of the then outstanding principal amount of the notes; or (ii) after the satisfaction of clean-up call conditions and the originator choose to exercise a clean-up call, to the subordinated noteholders, for repayment of outstanding principal amounts of subordinated notes until it has been reduced to zero; and third, all remaining excess to the originator by way of final success fee.

Interest Rate Compression

The asset pool of this transaction has a wide distribution of interest rate. Defaults of high-interest rate loans will cause a decline in the overall interest rate level of the asset pool. To assess this risk, Fitch Bohua incorporates the assumption in cash flow stress tests that 50% of defaulted loans originate from the highest interest rate bucket.

Interest Rate Stress

All loans in the underlying pool and the Class A notes pay fixed interest. Fitch Bohua considers that there is no interest rate mismatch between the assets and the notes. The transaction is therefore not subject to interest rate risk.

Cash Flow Modelling

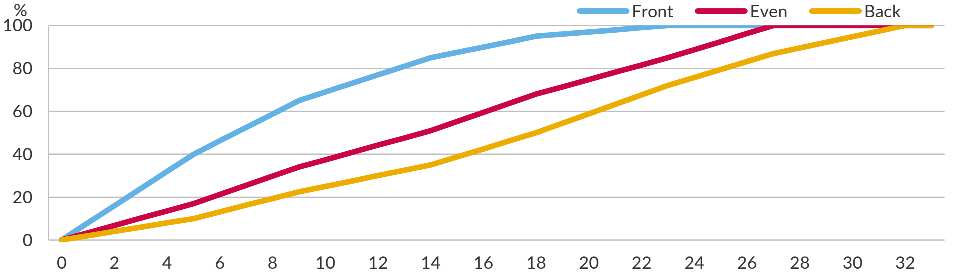
Fitch Bohua uses its proprietary cash flow model to stimulate the cash flow mechanism of the transaction and applies stress to key assumptions. The model tests whether the available credit enhancement for the rated notes is sufficient to enable timely payment of interest and ultimate payment of principal by legal final maturity in various stress scenarios. The scenarios combine different default distributions and stressed prepayments. The Class A notes pass the AAAsf stresses in all scenario combinations with a buffer.

Stress Scenarios

Stressed Assumptions	AAAsf
Default rate (%)	8.5
Default timing	See the chart below
Recovery rate (%)	7.5
Recovery timing	By month 24
Prepayment rate, p.a. (%)	24.0 (high) / 6.0 (low)
Coupon rate, p.a. (%)	1.6
Servicing fee, p.a. (%)	1.0

Source: Fitch Bohua

Cumulative Default Distribution



Source: Fitch Bohua

Expected Rating Sensitivity

Rating Sensitivity Analysis measures the sensitivity of model-implied ratings to one certain assumption, while holding others equal, and thereby reflects the possible impact of asset performance under specific circumstances on model-implied ratings. The structured finance transactions are exposed to multiple dynamic risk factors; however, the sensitivity analysis only describes the impact of the input variables below on the model-implied ratings. This analysis aims to provide insights into the sensitivity of model-implied ratings to rating assumptions, and it should not be used as an indicator of possible future performance.

Rating Sensitivity

	Class A notes
Original rating	AAAsf
Increase defaults by 15%	AAAsf
Increase defaults by 25%	AAAsf
Increase defaults by 50%	AAAsf
Reduce recoveries by 15%	AAAsf
Reduce recoveries by 25%	AAAsf
Reduce recoveries by 50%	AAAsf
Increase defaults and reduce recoveries by 15%	AAAsf
Increase defaults and reduce recoveries by 25%	AAAsf
Increase defaults and reduce recoveries by 50%	AAAsf

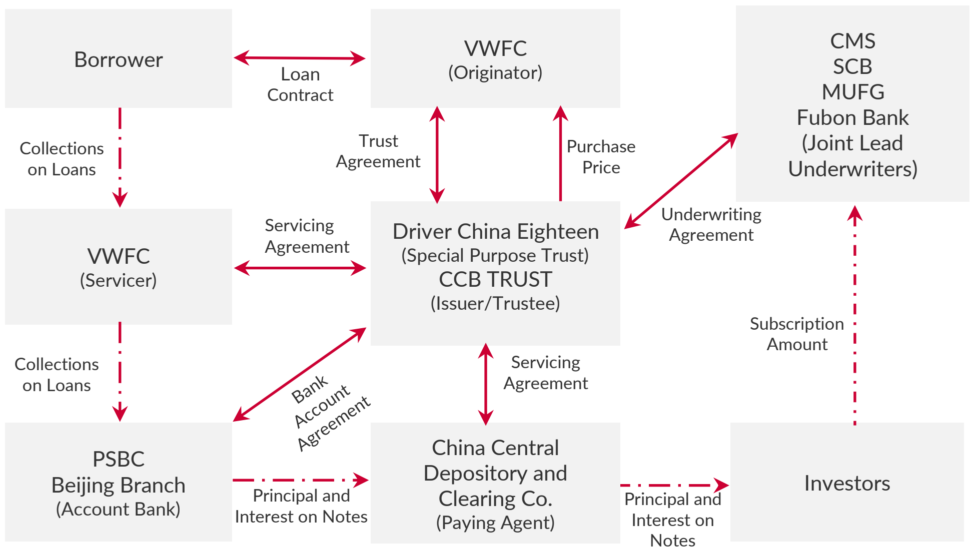
Source: Fitch Bohua

Transaction Structure

According to transaction documents, VWFC, as the originator, will entrust some of the auto loans it originated and held as to the trustee CCB Trust Co., Ltd. as trust property, and a special purpose trust (SPT) named Driver China Eighteen Trust will be set up. The trustee will, on behalf of SPT, perform its duties according to the transaction documents and issue notes at par.

Fitch Bohua has reviewed legal opinions issued by the legal counsel on the transaction, covering the legality and validity of asset transfer, the impact of bankruptcy of the originator or the trustee on the trust property, the legal validity of mortgage transfer and examined results of sampled collateral loans. The opinions indicate that the transaction complies with the relevant regulations of credit asset securitization in China's inter-bank market, and that the underlying assets will be sold in real and isolated from bankruptcy of the originator and the trustee. The legal opinions issued by the legal counsel support Fitch Bohua's analytical assumptions.

Structure Diagram



Source: transaction documents

Counterparty Risk

All SF transactions include an element of reliance on counterparties, either in the form of operational reliance, through credit exposure or often a combination of both. Therefore, in addition to the core credit risks related to the performance of the underlying assets, Fitch Bohua assesses the risks associated with counterparties in any SF transactions under our *Structured Finance Master Rating Criteria*.

Back-Up Servicing

There is no back-up servicer appointed at closing. According to the transaction documents, when the credit rating of the servicer is lower than the servicer required rating, the servicer shall promptly nominate a back-up servicer which shall be acceptable to the issuer within the specified timeframe, by notifying the issuer in writing. Upon the occurrence of a servicer replacement event, the issuer shall be entitled to dismiss the servicer by written notification and to appoint a replacement servicer, which may be the previously designated back-up servicer or any other servicer appointed by the issuer at its sole discretion. A potential back-up servicer role could be taken up by other auto-finance companies or commercial banks that conduct auto-loan business. Fitch Bohua assumes a stressed servicing fee in cash flow modelling and believes the servicing-fee assumption is sufficient to attract a suitable replacement.

Servicer Replacement Event

According to the transaction documents, servicer replacement event means any of the below events:

1	Any unremedied failure (and such failure is not remedied within five business days of notice of such failure being given) by the servicer to duly observe or perform in any material respect of any other of its covenants or agreements which failure materially and adversely affects the rights of the Issuer or the noteholders;
2	The servicer suffers a servicer insolvency event；
3	NFRA imposes sanctions against the servicer pursuant to Article 61 of the Measures for Administration of Auto-Finance Companies;
4	The servicer is dissolved by NFRA pursuant to Article 62 of the Measures for Administration of Auto-Finance Companies.

Note: A delay or failure of performance referred to under paragraph (1) above for a period of 150 days will not constitute a servicer replacement event if such delay or failure was caused by an event beyond the reasonable control of the Servicer, an act of god or other similar occurrences.
Source: transaction documents

Account Bank

Trustee will establish a segregated issuer account in account bank for this transaction. Via analysis, Fitch Bohua confirms the account bank of this transaction PSBC Beijing Branch is an eligible counterparty. Moreover, relevant structural mitigation mechanisms are set in this transaction. When Fitch Bohua confirms that the credit quality of the account bank is lower than A, account bank termination event will be triggered. Then the Issuer reserves the right to close the issuer account and appoint a successor account bank within ninety calendar days.

Permitted Investment

According to the transaction documents, the issuer is authorized and obliged to invest the balance in the issuer account in permitted investments, which are restricted to deposits with the issuer bank. Fitch Bohua regards the permitted investment agreements are in line with criteria but will not take permitted investment returns into account in available funds for each payment date given the uncertainty of the returns.

Payment Interruption Risk

A cash reserve is funded from the proceeds of the notes at closing with an amount of RMB 48 million. The cash reserve is replenished up to the stipulated amount in the transaction waterfall. Such cash reserve amount could cover the payment interruption risk exposure sufficiently. The transaction also sets a backup and replacement mechanism for the servicer. Fitch Bohua deems that the payment interruption risk of this transaction is sufficiently mitigated.

Commingling Risk

Via analysis, Fitch Bohua confirms VWFC, the servicer of this transaction, is an eligible counterparty. Relevant structural mitigation mechanisms are set in this transaction. When the credit rating of the servicer is lower than the servicer required rating, the servicer shall advance an amount no less than the projected one-month collections from the asset pool into the distribution account the specified timeframe. Fitch Bohua believes that the relevant reserve can fully mitigate the commingling risk of this transaction.

Set-Off Risk

VWFC is not a deposit-taking financial institution. Furthermore, according to the eligibility criteria of underlying assets, none of the borrowers is an affiliate of Volkswagen AG or an employee of VWFC, and for the agreed term of the loan contracts as well as free of rights of third parties the Borrowers have no set-off claim thereto or thereunder the purchased receivables or the status and enforceability of the purchased receivables is not impaired by set-off rights. Fitch Bohua believes the set-off risk of this transaction is immaterial.

Criteria Application, Model and Data Adequacy

Criteria Application

The applicable rating criteria for this transaction are as follows:

- *Structured Finance Master Rating Criteria (December 2025)*

- *Consumer ABS Rating Criteria (December 2025)*

Model

The applicable model for this transaction is as below:

- Fitch Bohua Consumer ABS Cash Flow Model v1.0.0

Data Adequacy

VWFC has provided Fitch Bohua with data as follows:

- Static historical delinquency and prepayment data in monthly vintage form for its auto-loan book, and distributions of several asset characteristics, covering April 2010 to April 2026.
- Dynamic historical delinquency and prepayment data in monthly vintage form for its retail auto-loan book, covering April 2010 to April 2026.
- Pool data information as of the initial cut-off date.

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

- Publicly available data from other Chinese auto-loan securitization transactions.
- Other research of relevant sectors.

Appendix 1: Origination and Servicing

Originator Overview

VWFC is 100% owned by Volkswagen Financial Services Overseas AG. VWFC was first set up as a representative office in 1998. In 2004, VWFC was formally incorporated in Beijing and licensed as an auto finance company under the supervision of NFRA. The company's current registered capital stands at RMB 8.2 billion.

VWFC provides a series of innovative financial services for major brands including Bentley, FAW-AUDI, FAW-VW, Jetta, Lamborghini, Porsche, SAIC-AUDI, Skoda SVW, VW Import, VW Anhui. As of December 31, 2025, the total assets of VWFC reached RMB 41.9 billion, among which the outstanding balance of personal auto loans stood at RMB 22.8 billion.

Loan Products

VWFC offers retail loan and financial leasing products, with its loan offerings primarily covering classic credit, structured payment and balloon credit.

As to new car loan of classic credit, the term is usually between 12 to 60 months with fixed interest. Customer repays the loan in equal monthly payments during the term of the contract. The down payment can be as low as zero with certain conditions. Clients can apply for an extension of the term, provided that the total term of the loan term and the extension period may not exceed 5 years.

As to used car loan of classic credit, the term is usually between 12 to 36 months with the down payment shall not be lower than 30% of the appraised price of the car. The age of ICEV or HEV + the contract term may not exceed 18 years, and the mileage may not exceed 300,000 kilometers. The age of new energy vehicles + the term of contract may not exceed 7 years, and the mileage may not exceed 80,000 kilometers. Clients can apply for extension of the term, provided that the total term of the loan term and the extension period may not exceed 3 years.

As to new car loan of structured payment product, the customer repays the loan with equal monthly payments for each period however the monthly payments can be different from period to period. The loan could contain no more than 6 periods in the whole term, and the maximum term of the loan shall not exceed 60 months. Structured Payment of used cars is applied only to the downward payment, which means the monthly payment shall decrease.

For new car loans of balloon credit, the term generally ranges from 12 to 60 months. Such loans are further divided into multiple sub-products based on varying down payment ratios and residual value ratios. The minimum down payment ratio can be zero. The balance payments of 3030 balloon credit product and 5050 balloon credit product are 30% and 50% respectively. Usually the balloon-payment portion of standard balloon credit product shall not exceed 25% of the total loan amount, and the balloon payment ratio of balloon payment products is generally between 1% and 5%. The final balloon payment may be settled via lump-sum repayment, term extension or used car trade-in (not applicable to new energy vehicles). For used car loans of balloon credit, the term is typically 12 to 36 months. The minimum down payment accounts for 30% of the vehicle's appraised value, and the maximum residual payment shall not exceed 50% of the loan amount.

Loan Application and Origination

VWFC has a standardized loan origination process, which involves flow of documentation and flow of funds between customer, car dealer and VWFC. The customer needs to sign automobile sales contract with the car dealer, sign a credit application and submit supporting documents to the car dealer. Then the car dealer will send the credit application and customer profile to VWFC via on-line IT tool, and VWFC will notify the car dealer of the results of credit approval via the IT tool. If the loan is approved by VWFC, approval letter and loan contract will be generated in the IT tool. Afterwards, the car dealer will collect down payment from the customer and provide the loan contract via the IT tool and witness the signing of loan contract.

After customer signs the loan contract and passes the contract to the car dealer, the car dealer will send the loan contract, payment documents to VWFC via IT tool and VWFC will transfer the financing amount less down payment to the car dealer. Car dealer should complete mortgage registration as required by VWFC and send the original copy of loan contract and the original automobile registration certificate or a copy thereof to VWFC by mail.

Loan Approval

The Credit Team of VWFC is responsible for making credit decisions, and the credit decision process involves several steps. Firstly, the dealer should enter and transmit the customers' credit application and credit application materials to VWFC through online system. Then the customers' credit analysis will be carried out by the credit system, and a credit score will be awarded to the application, which is based on customer's credit reference information retrieved from bureaus like PBOC credit system, customer application information, income and other qualification information, and relevant factors such as information on the purchased vehicles and loans. After obtaining the customers' credit score, a decision will be made on whether the applications are automatically approved, automatically rejected or manually reviewed.

For loan applications requiring manual review, a loan examiner with the corresponding review authority shall conduct an assessment, which shall include the documents submitted by the applicants and the results of the credit inquiries, and shall, in accordance with the review policies and in light of the qualifications of the clients, arrange a telephone interview, and if necessary, arrange an on-site interview. The loan examiner may, in accordance with the situation of the loan application, require the loan applicant to provide valid income certificate, including the information of the employer, income certificate, tax payment certificate, bank statement transaction records, business income certificate, property information, credit record of PBOC, housing provident fund Loan fund loan, etc., so as to judge whether the borrower's income is stable and whether he or she has the ability to repay the loan. Based on the evaluation results, the credit examiner with appropriate approval authority may require adjusting the down payment percentage, loan tenor or other loan conditions.

As for an application that is automatically rejected by the system, if a customer can provide additional information to prove that it has full repayment capability and the customer has no record of fraud or default, or after the customer amends the loan conditions, such application may be resubmitted by the dealer or through the district manager for approval. The retail loan review team leader whose approval authority level is above certain level may accept or reject the application for reconsideration within the authority scope.

Loan Collection and Asset Disposal

The Early Collection Management Team of VWFC is mainly responsible for the short-aged debt collection of overdue contracts, in-depth collection of medium and long-aged debts in retail business, as well as long-aged debt collection after write-off. The purpose of short-aged, medium and long-aged debt collection is to conduct collection notifications through SMS, WeChat, dunning letters and other means, and entrust third-party collection agencies to carry out telephone and on-site collection to minimize the occurrence of non-performing assets and strive to maintain them at a reasonable level The purpose of long-aged debt collection after write-off is to maximize cash recovery through all legal means on the premise of adhering to the balance of cost and benefit. In certain circumstances, The Litigation Management Team will use various judicial procedures such as case filing in court, applying for enforcement, applying for preservation during litigation and realizing security interests to actively facilitate the handling process of default cases.

Additionally, The Asset Collection Team is responsible for the disposal of overdue and non-performing assets. Specific tasks include tracking vehicles in overdue status and completing the physical recovery of mortgaged vehicles; implementing professional inventory management for recovered vehicles, including vehicle handover, condition assessment, safe storage and necessary maintenance to control the depreciation of asset value; disposing of recovered vehicles through compliant and professional channels to realize collateral; being responsible for transferring difficult-to-dispose claims to maximize the capital recovery of non-performing assets.

Securitization Service Experience

ABS is one of the funding instruments of VWFC. VWFC is also a critical originator in China interbank ABS market and had originated 17 auto-loan ABS transactions since 2014. Asset performance of underlying pool and principal & interest payments for ABS notes issued by VWFC were robust. As a servicer, VWFC is capable to provide qualified service.

Appendix 2: Structured Finance Rating Scales and Definitions

Fitch Bohua's Structured Finance rating scales are used for the ratings of structured finance obligations. Ratings of structured finance obligations reflect Fitch Bohua's opinions on the obligations' relative vulnerability to default. These ratings are typically assigned to individual security or tranche in a transaction and not to an issuer. The Credit Rating Scales includes 10 rating categories; the featuring symbols are 'AAAsf'; 'AAsf'; 'Asf'; 'BBBsf'; 'BBsf'; 'Bsf'; 'CCCsf'; 'CCsf'; 'Csf'; 'Dsf'. Within rating categories, Fitch Bohua may use modifiers. The modifiers "+" or "-" may be appended to a rating to denote relative credit quality within major rating categories. Such suffixes are not added to 'AAAsf' ratings and ratings below the 'CCCsf'. Definition of each category are as follows:

Category	Definition
AAAsf	Highest Credit Quality. Lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AAsf	Very High Credit Quality. Very low expectation of default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
Asf	High Credit Quality. Low expectations of default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBBsf	Good Credit Quality. Expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.
BBsf	Speculative. Elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.
Bsf	Highly Speculative. Material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCCsf	Substantial Credit Risk.
CCsf	Very High Levels of Credit Risk.
Csf	Exceptionally High Levels of Credit Risk. Default appears imminent or inevitable.
Dsf	Default. Failure to make payment of principal and/or interest under the contractual terms of the rated obligation.

Appendix 3: Surveillance

Fitch Bohua's Surveillance Arrangement of Driver China Eighteen

In accordance with Chinese regulation and Fitch Bohua's internal policies, the outstanding Class A notes of 'Driver China Eighteen' will be subject to ongoing surveillance after publishing initial rating report. The surveillance includes periodic surveillance and event-driven surveillance.

Fitch Bohua will track relevant information on 'Driver China Eighteen', and monitor the payments of the notes, the credit quality of the asset pool and the performance of the duties and responsibilities of relevant parties in this transaction on an ongoing basis. Fitch Bohua will publish surveillance report by 31 July annually, starting from the second year after the issuance of initial rating report, while the Class A notes are outstanding. In case of any material change or event which may have a significant impact on the credit rating of the Class A notes, Fitch Bohua will conduct necessary investigations and take necessary rating actions on the matter.

Fitch Bohua's surveillance relies on the information and documents provided by related parties with respect to this transaction. The credit rating can be withdrawn if Fitch Bohua is unable to acquire effective rating information.

Fitch (China) Bohua Credit Ratings Ltd.

14 Sep 2026

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