



Confidential

VCREDIT Holdings Limited
Management Presentation

September 2018

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Unique product offerings

Serving the under-served credit card users



#1 player with **16.4%** market share⁽¹⁾

Large addressable market

446mm people with credit history in CCRC credit database in 2017⁽²⁾

95% of our borrowers had CCRC official credit records⁽³⁾



Regulatory compliant

No individual funding; 100% funded by institutional funding partners

2 licensed online small loan companies

1 licensed financing guarantee company

Real-time data integration

Read-and-write access to the CCRC consumer credit database



Hummingbird system with proprietary data aggregation algorithms

Notes:

(1) According to the Frost & Sullivan Report, in China's credit card balance transfer market, with our KK Credit product, in terms of the balance of outstanding principal of loans as of December 31, 2017

(2) According to the Frost & Sullivan Report

(3) For the six months ended Jun 30, 2018, and by loan origination volume

Industry development



Circular **141** and Serial **P2P** Platform Collapses



P2P Platform **Self-inspection** Notice with a **108** Compliance Checklist



Asset Management Rules



Loan origination volume⁽¹⁾
RMB9.63bn



Funding partners⁽²⁾
20



Registered users⁽²⁾
53.4mm



Offline outlets⁽²⁾
70

Operational results

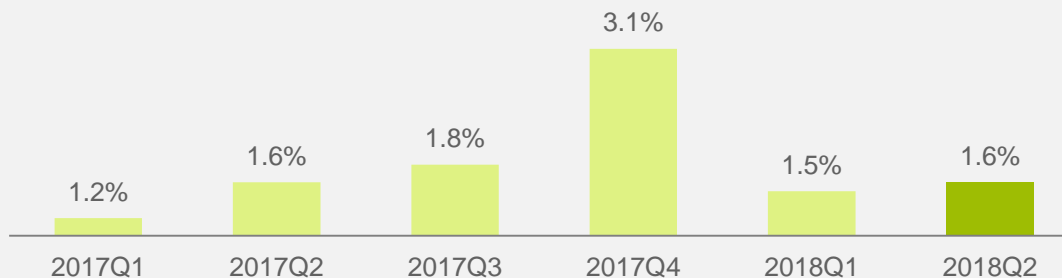
Notes:

(1) For the six months ended Jun 30, 2018

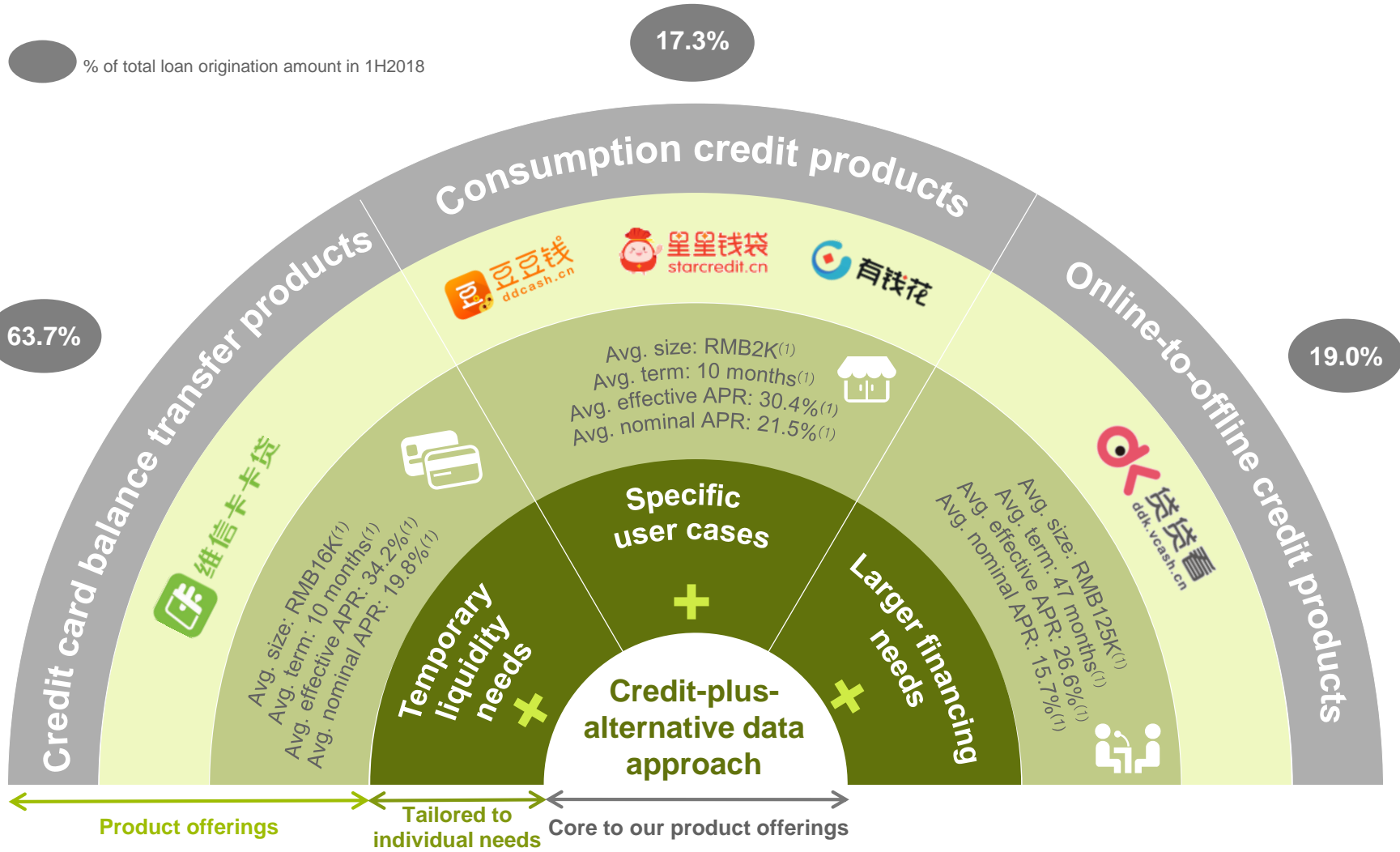
(2) As of Jun 30, 2018

Asset quality

First payment delinquency ratio



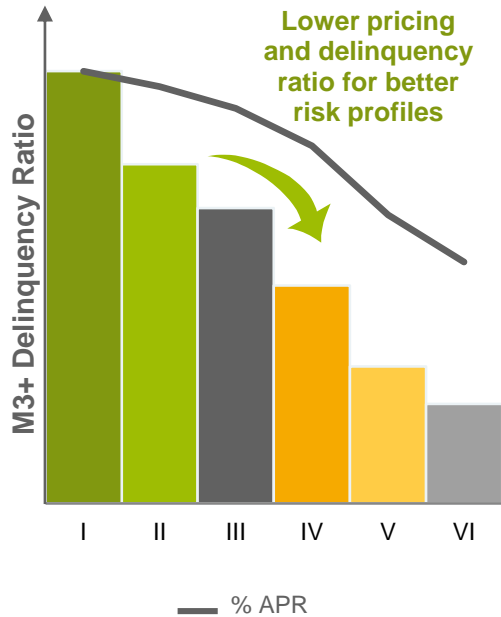
Product matrix tailored to the individual needs and different credit profiles



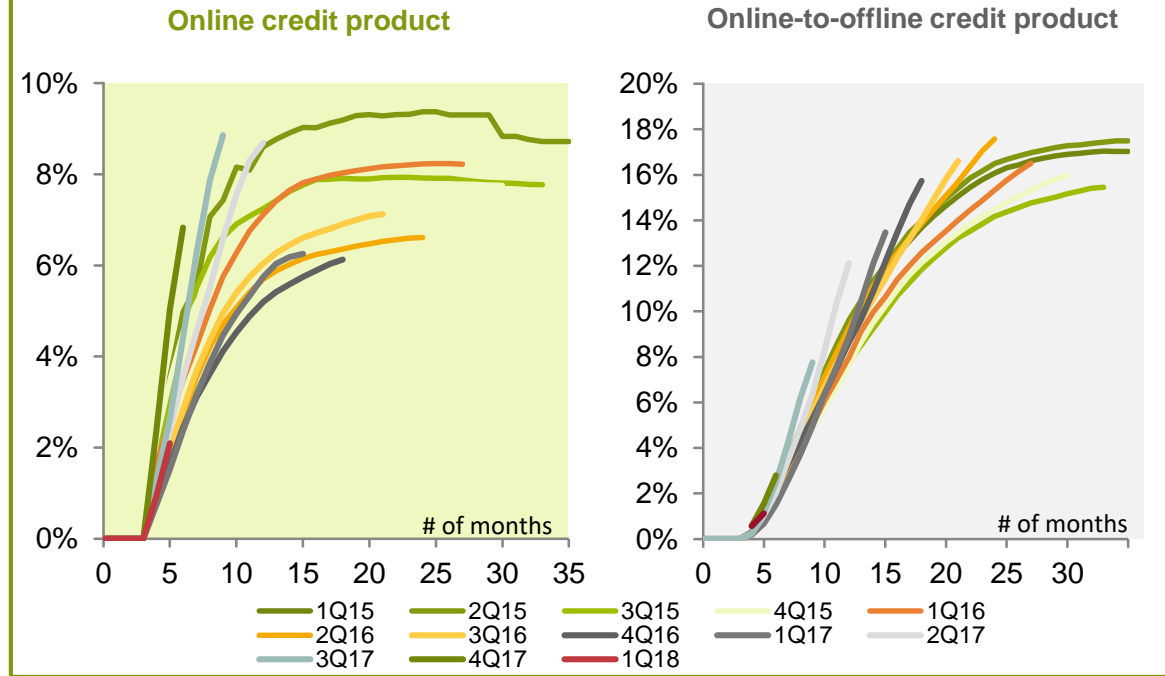
Note:
 (1) Average loan size and weighted average loan term for the six months ended Jun 30, 2018

Effective credit rating and risk management

M3+ Delinquency Ratio distribution across risk rating categories⁽¹⁾



Cohort-based M3+ delinquency ratio⁽²⁾



- ✓ Effective internal credit rating
- ✓ Effective pricing methodology according to the respective credit rating

✓ Shift in business mix from online-to-offline to online

✓ Enhanced risk decision and pricing engine

✓ Improved collection results

Notes:

- (1) The loan applicants are sorted into six credit rating categories, including Class I to VI (with VI representing the highest rating) and an extra category where all applicants are automatically rejected
- (2) As of a specified date, defined as the aggregate balance of outstanding principal of all loans within the applicable cohort under which any payment of principal or interest is delinquent for 3-12 months divided by the aggregate loan origination volume within the applicable cohort

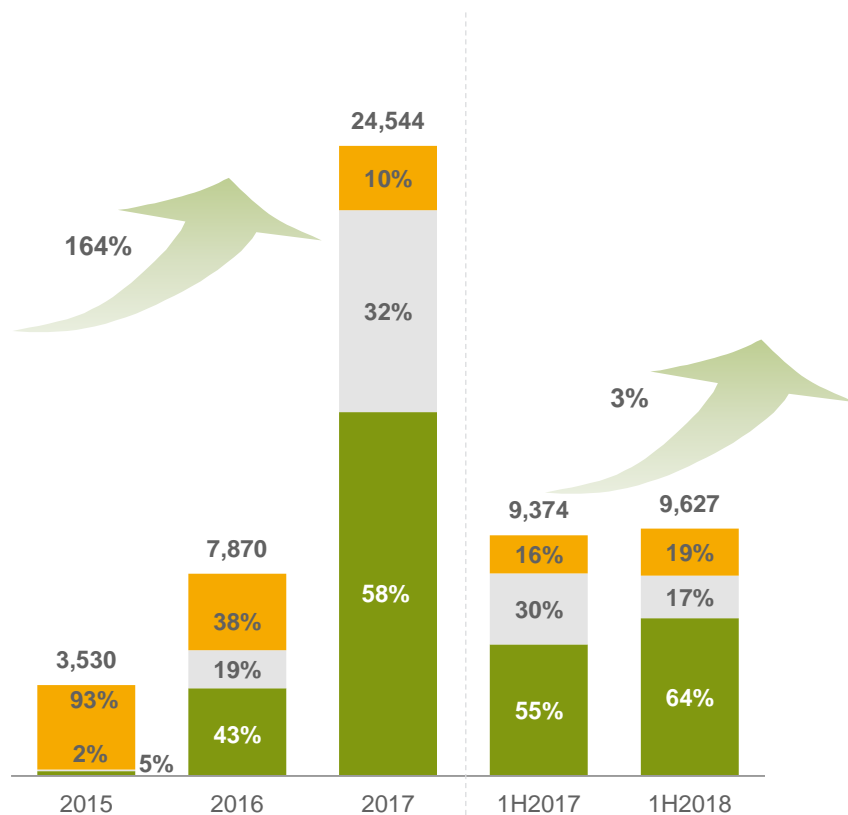


Financial highlights

Exponential growth in business scale

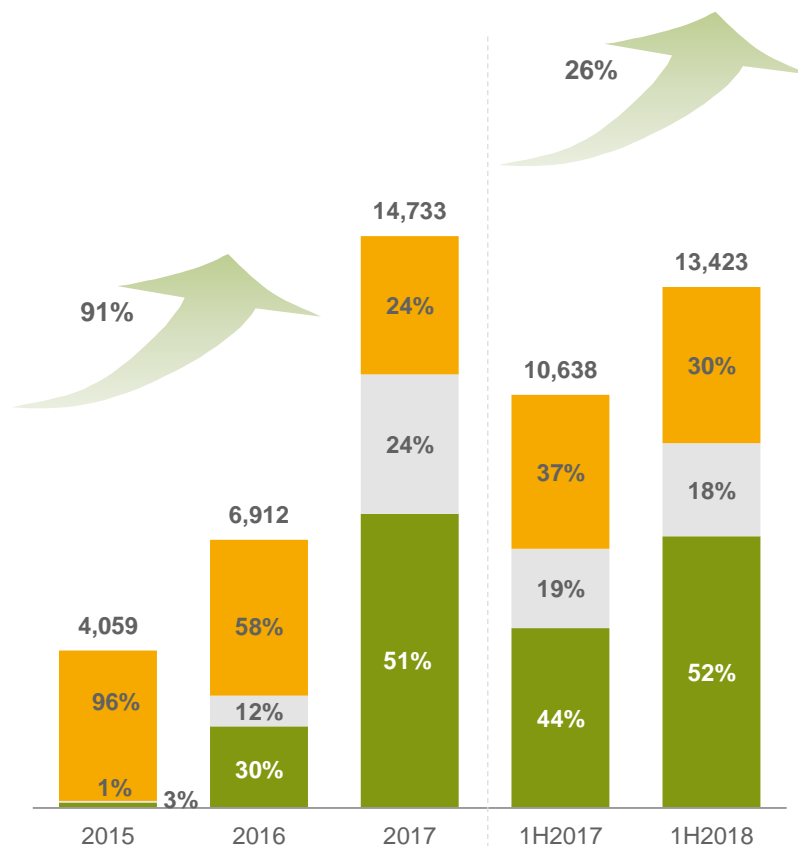
Loan origination volume

(RMB mm)



Nominal balance of loans to customers⁽¹⁾

(RMB mm)



■ Credit card balance transfer products ■ Consumption credit products ■ Online to offline credit products

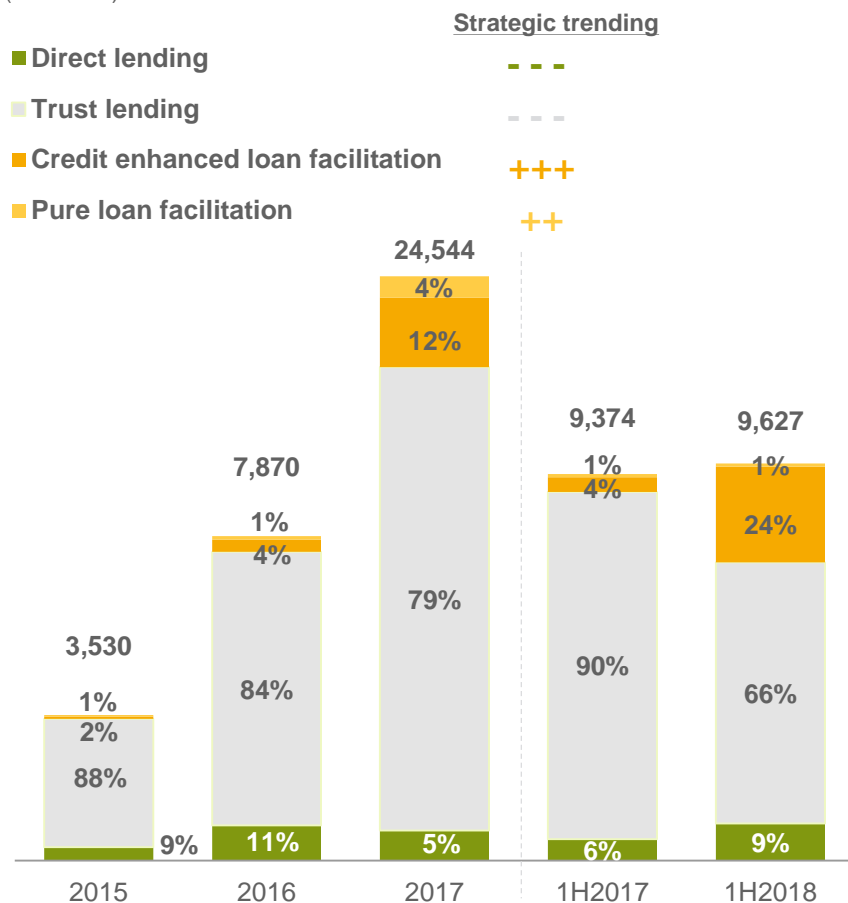
Note:

(1)The outstanding loan principal calculated using straight-line payment schedule is defined as nominal balance of loans to customers.

Rapid and increasingly diversified income growth

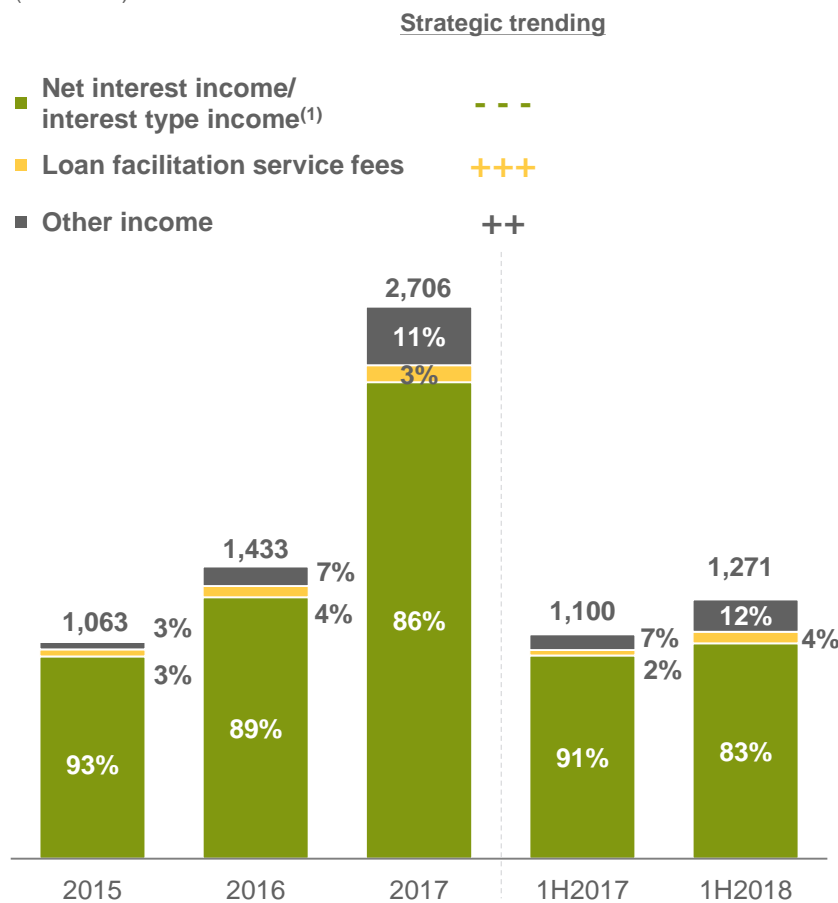
Funding structure evolution

(RMB mm)



Income drivers

(RMB mm)



Note:

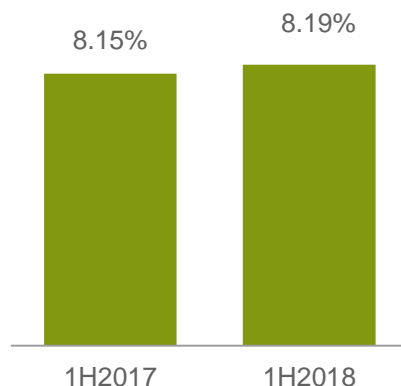
(1) Interest income was reclassified as interest type income under IFRS 9 since January 1, 2018

Unique capital structure and stable funding cost

Unique and flexible capital structure

- Our company is set up as a WFOE, instead of a VIE which is commonly adopted by industry peers
- Under the WFOE structure, there are relatively less cross-border capital flow restrictions
- The capital raised offshore can be channeled back onshore smoothly for
 - lending/trust investment;
 - deposits with funding partners;
 - capital requirements for our onshore licensed entities

Stable funding expense of on-balance sheet loans⁽¹⁾



Weighted average historical funding cost

As of	31-Dec-2015	31-Dec-2016	31-Dec-2017	30-Jun-2018
Trust funding	12.2%	10.9%	10.0%	10.1%
Corporate borrowings	10.6%	10.3%	10.0%	10.0%
Individual borrowings	10.0%	10.0%	10.0%	10.0%
Bank funding	7.8%	6.9%	7.4%	6.2%

Competitive advantage driven by track record of delivery

Note:

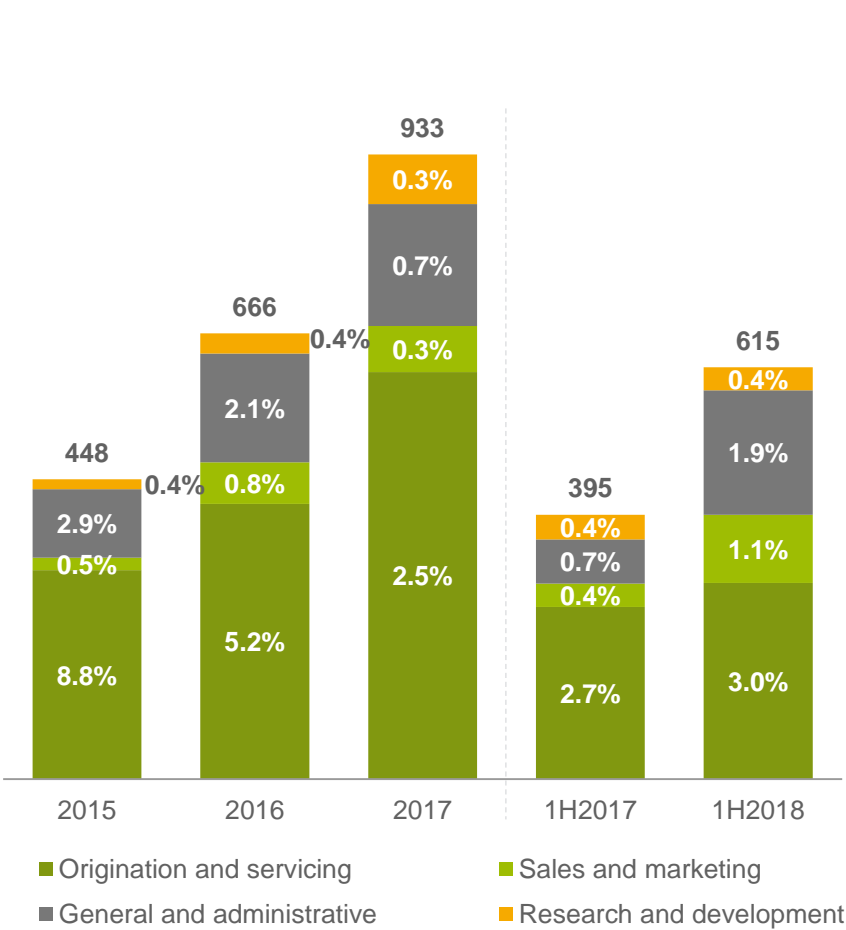
(1) Funding expense % = Interest expense divided by average of beginning and end of period gross loan balance on balance sheet

Fast improving operating efficiency and profitability

Operating expenses breakdown

(RMB mm)

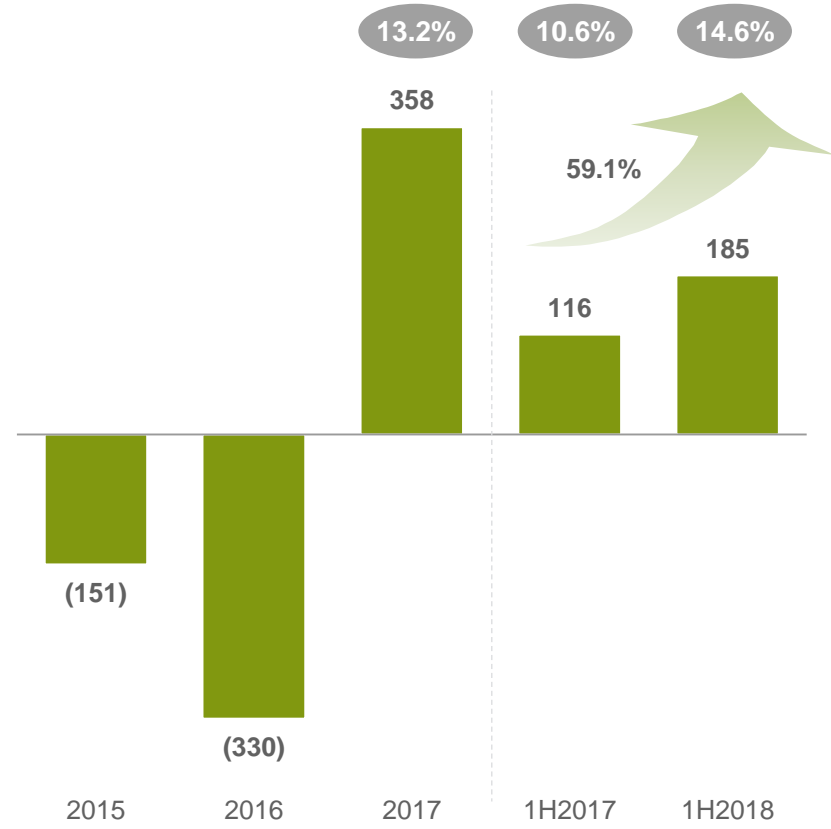
(%: as percentage of total loan origination volume)



Adjusted Operating profit

(RMB mm)

(%: adjusted operating profit margin)



Leading market position with proven track record and unique market focus

Resilient and compliant business model

Extensive **industry know-how**
and insights in China

Established well-recognized
brands

Tested in **economic cycles**

Serving the UNDER-SERVED

Unique access to **CCRC**
consumer credit database

CREDIT-plus-ALTERNATIVE
data approach

Granular risk-based pricing
capabilities

Diversified institutional funding

Structured and securitized
funding

Work with funding partners to
ensure **scalability, stability and**
sustainability of funding

Explore **innovative** structures
within the regulatory framework