




VCREDIT Holdings Limited
Management Presentation

August 2019

Unique product offerings

 Serving the **underserved** borrowers

 Offering **readily available** inclusive consumer finance

 Establishing **traceable records** in the universal credit system



Large addressable market

900mn people covered by CCRC credit database⁽¹⁾

450mn people with credit history in CCRC credit database⁽¹⁾

95% of our borrowers had CCRC official credit records⁽²⁾




Structured Funding

100% institutional funding

Wholly-owned licensed **financing guarantee** and **online small loan** companies

Pioneer in facilitation with **27** licensed institutional funding partners under facilitation structures

Real-time data integration

Read-and-write access to the **CCRC** consumer credit database  **征信中心**
CREDIT REFERENCE CENTER
THE PEOPLE'S BANK OF CHINA

Hummingbird system with proprietary alternative data aggregation **algorithms**

Notes:

(1) According to the Frost & Sullivan Report, updated as of December 31, 2017

(2) For the year ended Dec 31, 2018, and by loan origination volume

Latest development



Circular **141** and **175**, and ancillary regulatory pieces



Ongoing serial **P2P** platform collapses



Stricter oversight on collection practices as a result of the **anti-gangsterous campaign**



Loan origination volume⁽¹⁾
RMB14.4bn



Funding partners⁽²⁾
38



Registered users⁽²⁾
69.7mn

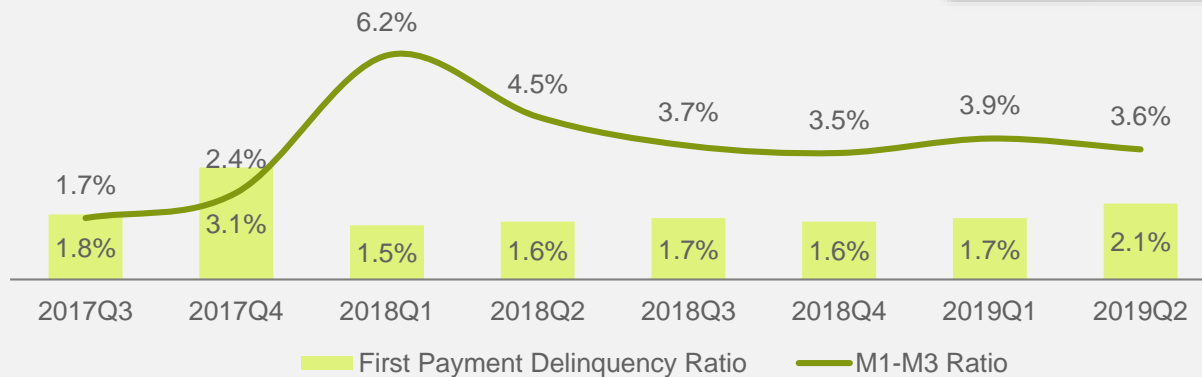


Outstanding loan balance⁽²⁾
RMB15.8bn

Operating results

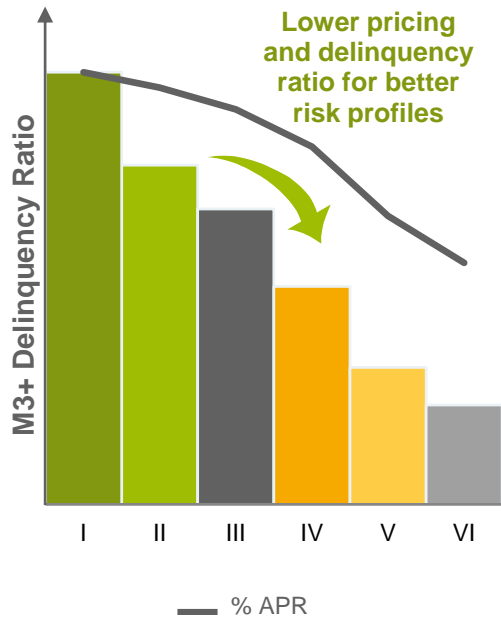
Notes:
(1) For 6 months ended June 30, 2019
(2) As of June 30, 2019

Asset quality

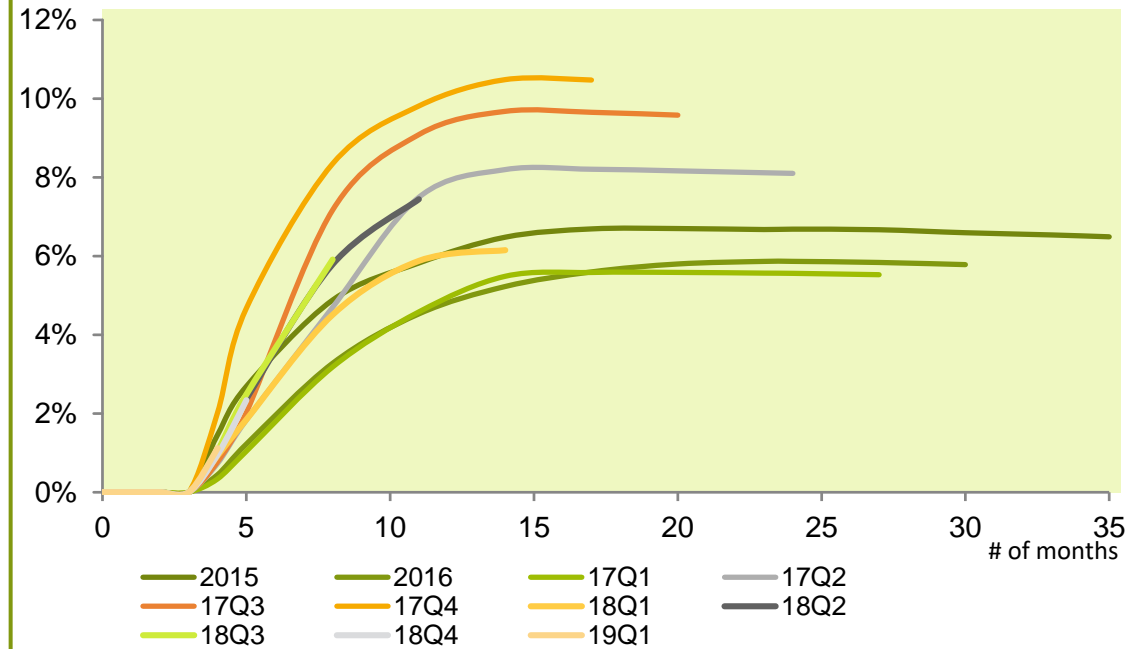


Effective credit rating and risk management

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



Cohort-based M3+ delinquency ratio for online credit products⁽²⁾



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

✓ Shift to pure online business model

✓ Enhanced risk decision and pricing engines

✓ Better consequence enforcements

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

Foster credit profiles for young adults with promising income growth prospects



Private Lending

- Excessive** rates
- Token** amount
- Ultra-short** tenors
- Growing** Indebtedness



Up to **RMB80k** ticket size

24.4%⁽¹⁾ APR

9.0 months⁽¹⁾ average tenor

Inclusive Finance

- Universal** credit profiles
- Full-fledged** consumer finance services
- Fairly** priced products
- Meaningful** amount

Note:
(1) For the loans originated in the 6 months ended June 30, 2019

Promote inclusive finance by partnering with licensed financial institutions

On-Balance Sheet Model

1% Direct Lending

- **2** online small loan licenses
- Clear regulatory requirements

35% Trust Lending

- **Efficient** leverage
- Long-term partnership with FOTIC

Facilitation Model

54% Credit-Enhanced Loan Facilitation



Credit-enhancement through own financing guarantee license



Regulatory endorsement



Perfect duration match

Platform Model

10% Pure Loan Facilitation



Taking **zero credit risk**



3 partnerships with licensed consumer finance companies



Empowering funding partners' **direct** dealing with borrowers

Well positioned in the inclusive finance value chain through technology solutions

Experienced management team with structured talent acquisition



Lawrence Ma
Founder, Chairman



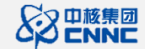
Stephen Liu
Founder, CEO



Thomas Liu
COO



Lan Xue
General Manager



Jiafang Jin
CTO



Daniel Zhou
CFO



Ray Yu
CMO



Ethan Gong
CRO



**Credit-risk
centric**

**Adaptive to
regulatory
environment**

**Technology-
driven efficiency**

**Institutional
mindset**

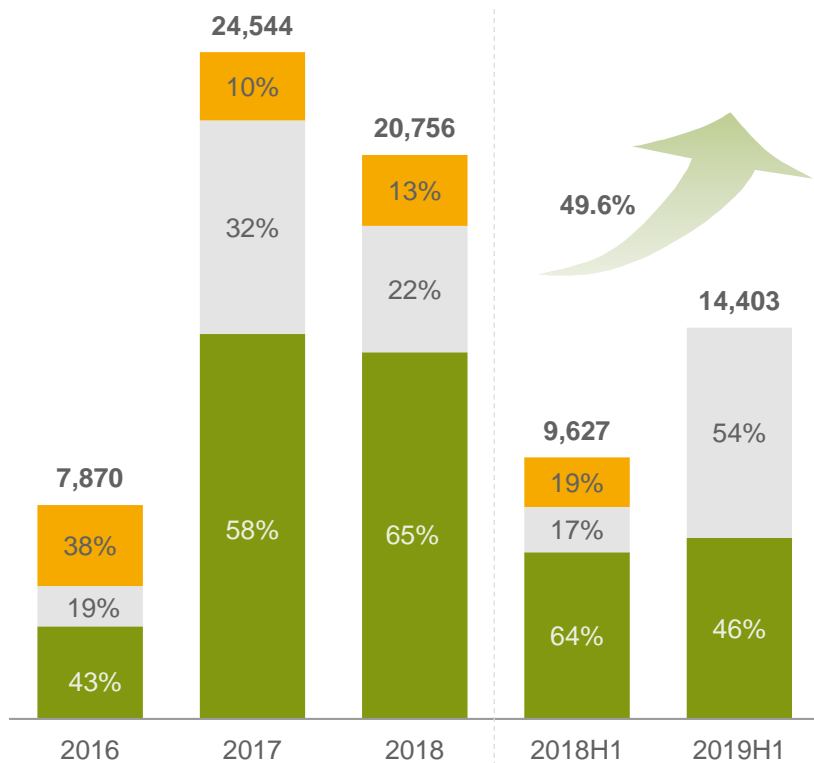


Financial highlights

Stable growth in business scale

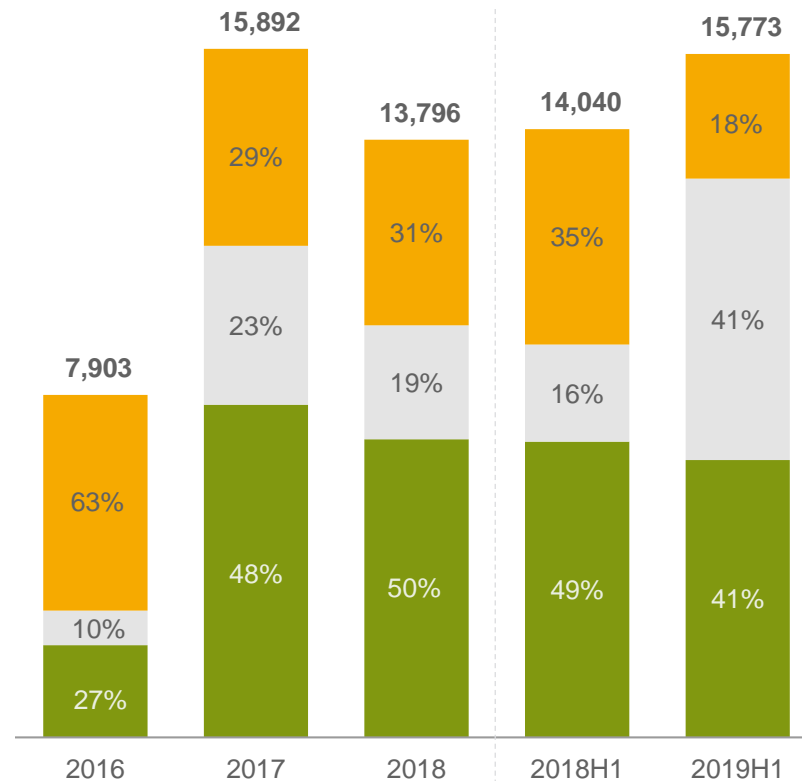
Loan origination volume

(RMB mn)



Outstanding balance of loans to customers⁽¹⁾

(RMB mn)



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

Note:

(1)The outstanding loan principal calculated using amortization schedule is defined as outstanding balance of loans to customers

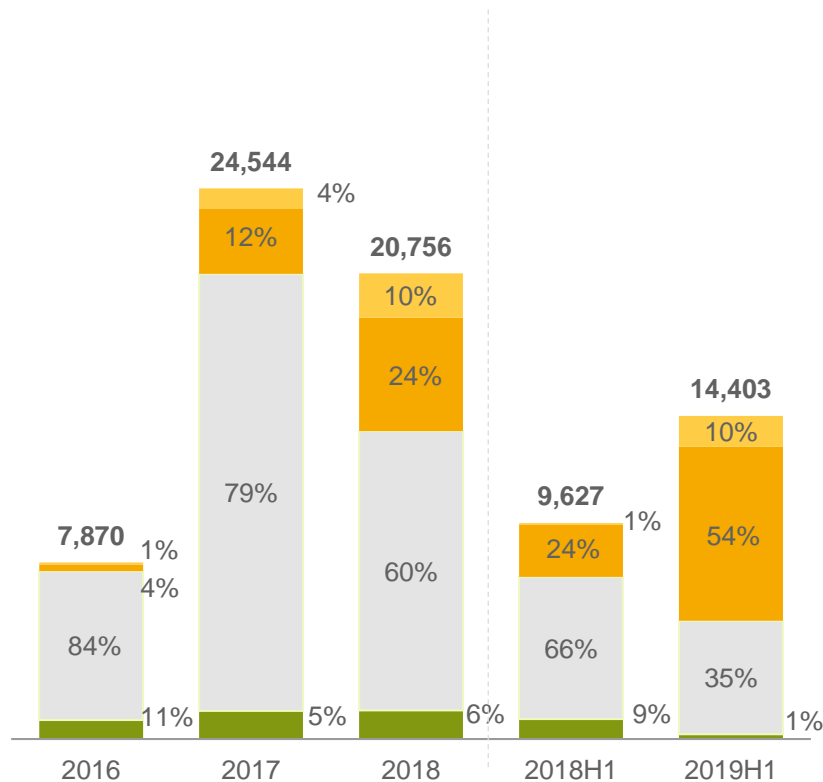
Increasingly diversified income growth

Funding structure

(RMB mn)

- Direct lending
- Trust lending
- Credit-enhanced loan facilitation
- Pure loan facilitation

Strategic trending

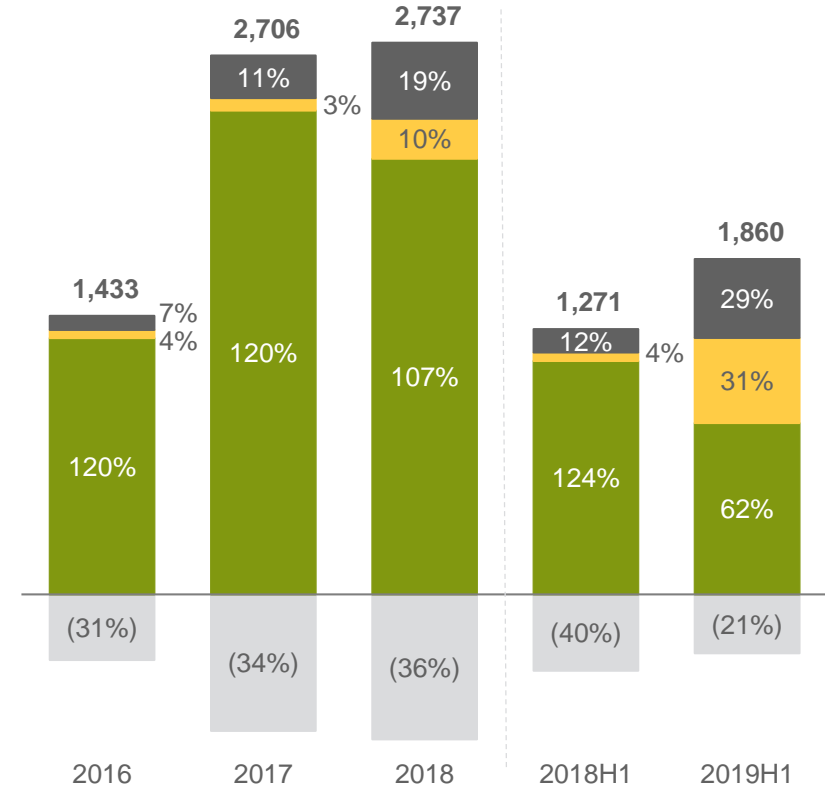


Income breakdown

(RMB mn)

- Interest income/interest type income⁽¹⁾
- Loan facilitation service fees
- Other income
- Interest expenses

Strategic trending



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 ⁽¹⁾



Historical funding cost

	As of			
	2016	2017	2018	2019
Trust funding	10.9	10.0	11.0	11.2
Corporate & Individual borrowings	10.1	10.0	10.0	10.0
Bank lending	6.9	7.4	6.2	6.2
Bond	n/a	n/a	n/a	11.0

Notes:

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

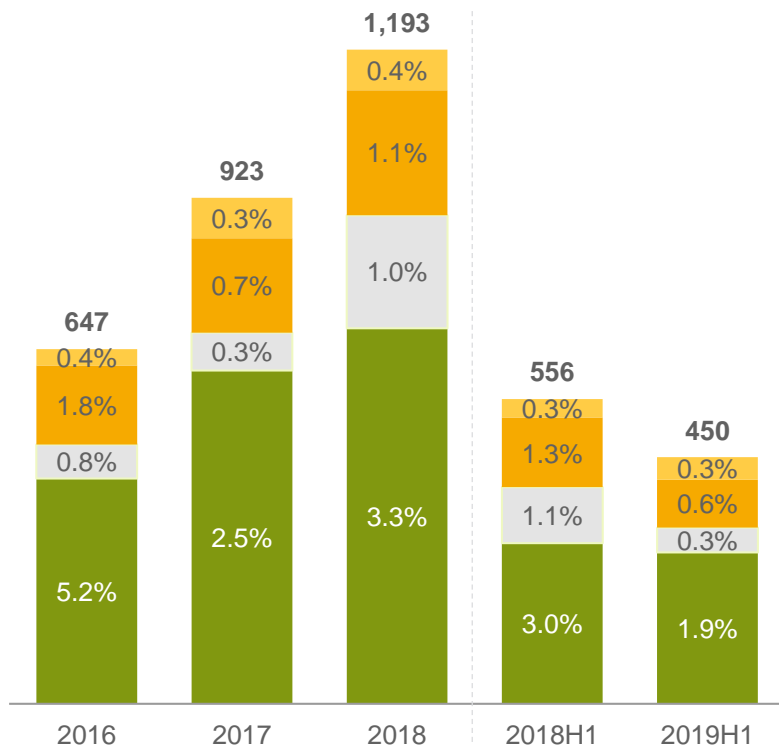
(2) Funding expense for 2019H1 is annualized

Gradually improved operating efficiency

Adjusted operating expenses breakdown⁽¹⁾

(RMB mn)

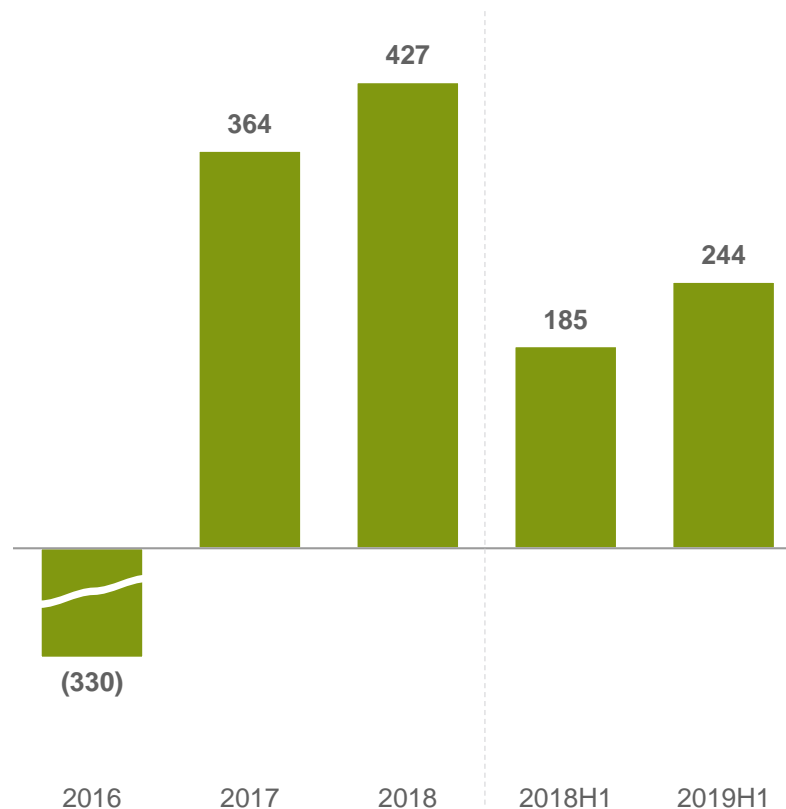
(%: as percentage of total loan origination volume)



- Origination and servicing
- Sales and marketing
- General and administrative
- Research and development

Adjusted operating profit⁽²⁾

(RMB mn)



Notes:

(1) Adjusted operating expenses is calculated by deducting Share-based compensation expenses (ESOP&RSU) from operating expenses

(2) Adjusted operating profit is calculated by deducting Share-based compensation expenses (ESOP&RSU) and listing expenses

Our strategic focuses

Mutually Beneficial Funding Partnerships



Provide advanced technology solutions



Enable precision marketing



Provide necessary credit-enhancement

Vertical Specific Collaborations



Initiated partnerships in wellness and education verticals



Formed collaborations with all 3 mobile carriers



Continue to identify cross-industry and overseas opportunities

Operating Efficiency Optimization



Streamline organization structure



Enhance product profitability



Improve funding efficiency

Leading market position with proven track record and unique market focus

Regulatory encouraged business model

Extensive industry know-how and insights in China

Established well-recognized brands

Tested in economic cycles

Serving the underserved

Promotion of technology driven inclusive finance

Unique access to CCRC consumer credit database

Cultivation of universal tradable credit profiles

Diversified institutional funding

Structured and securitized funding

Proven funding scalability, stability and sustainability

Vanguard of innovative structures within the regulatory framework