



VCREDIT Holdings Limited


Management Presentation

March 2020

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 **31** licensed institutional funding partners under facilitation structures

Real-time data integration

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



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

Recent developments

Latest development



Circular **141, 175** and **83**, and ancillary regulatory pieces



Ongoing serial **P2P** platform collapses



Consistent effort by government to protect **proper user of personal data**



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



Loan origination volume⁽¹⁾
RMB33.7bn



Third-party Funding partners⁽²⁾
45



Registered users⁽²⁾
83.8mn

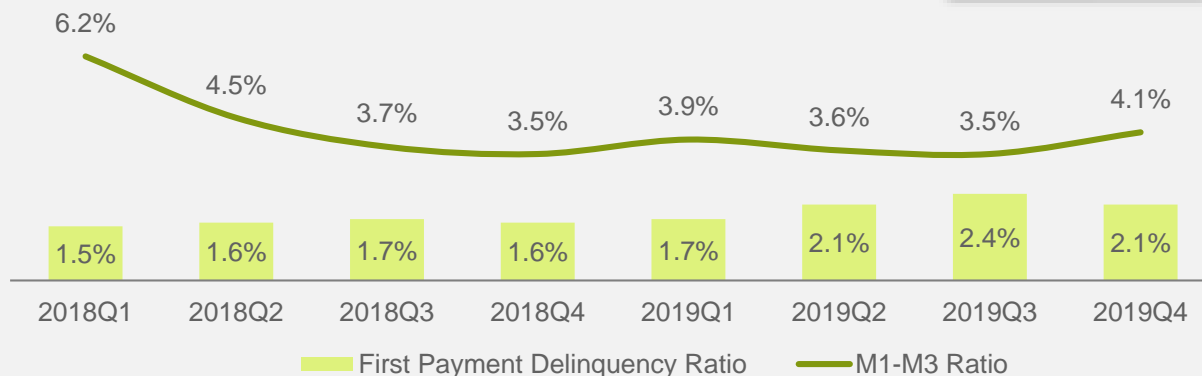


Outstanding loan balance⁽²⁾
RMB19.1bn

Operating results

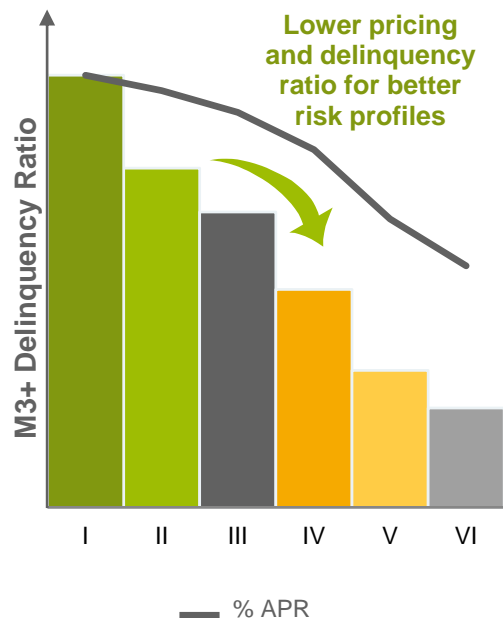
Notes:
(1) For 12 months ended December 31, 2019
(2) As of December 31, 2019

Asset quality

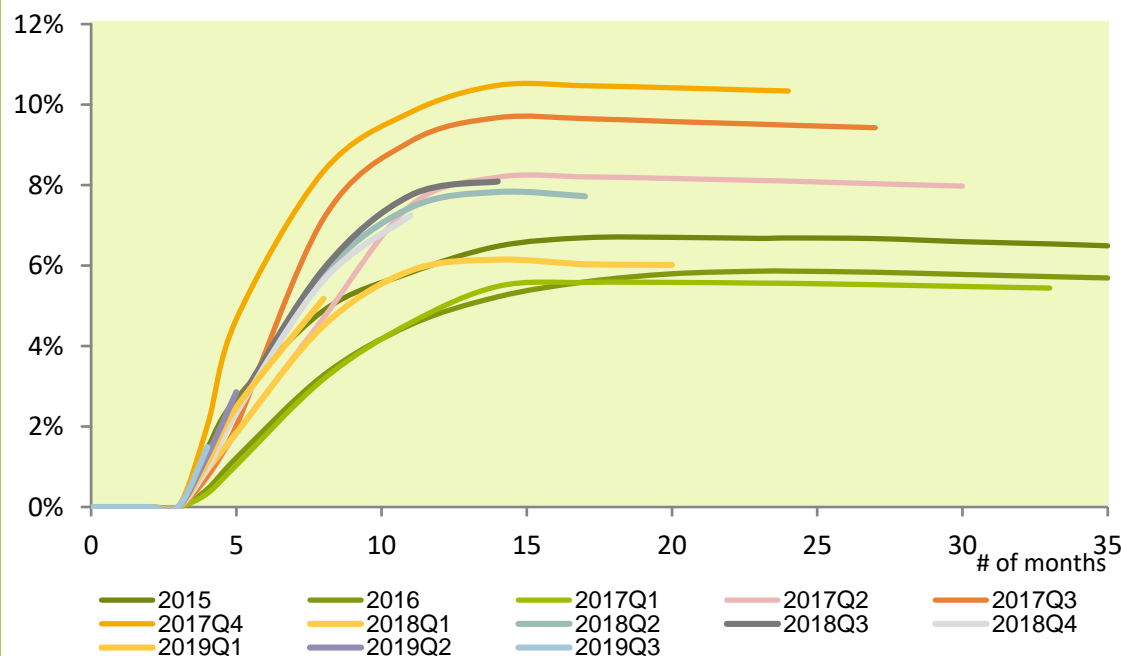


Effective credit rating and risk management

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 mechanism

✓ 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

Capped at
IRR 36%

9.5 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 12 months ended December 31, 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

45%

Trust Lending

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

Facilitation Model

48%

Credit-Enhanced Loan Facilitation



Credit-enhancement through own financing guarantee license



Regulatory endorsement



Perfect duration match

Platform Model

6%

Pure Loan Facilitation



Taking **zero** credit risk



4 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



Ethan Gong
CRO



Ray Yu
CMO



Daniel Zhou
CFO



**Credit-risk
centric**

**Adaptive to
regulatory
environment**

**Technology-
driven efficiency**

**Institutional
mindset**

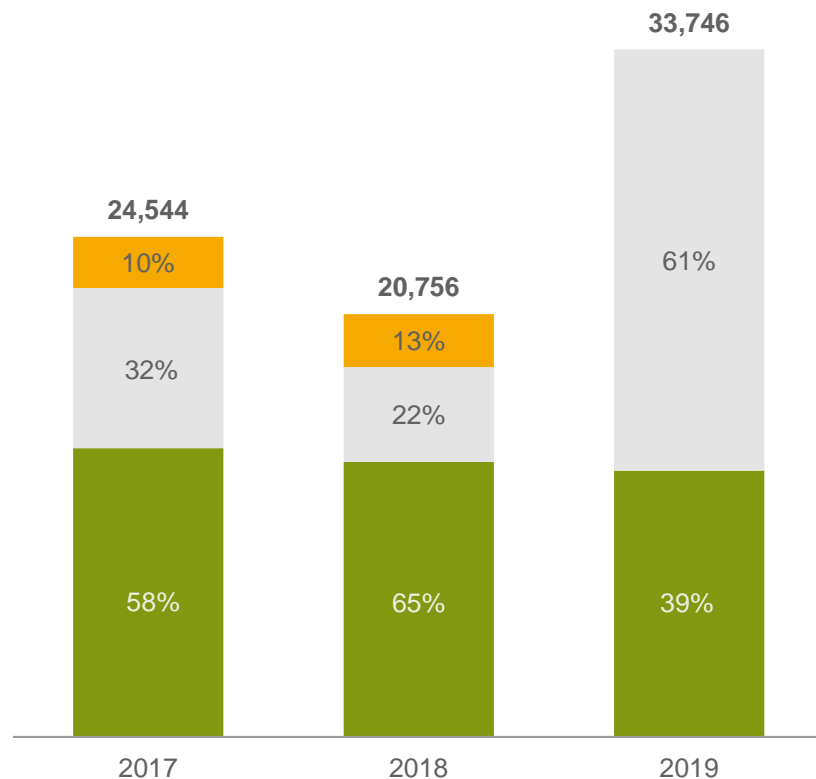


Financial highlights

Stable growth in business scale

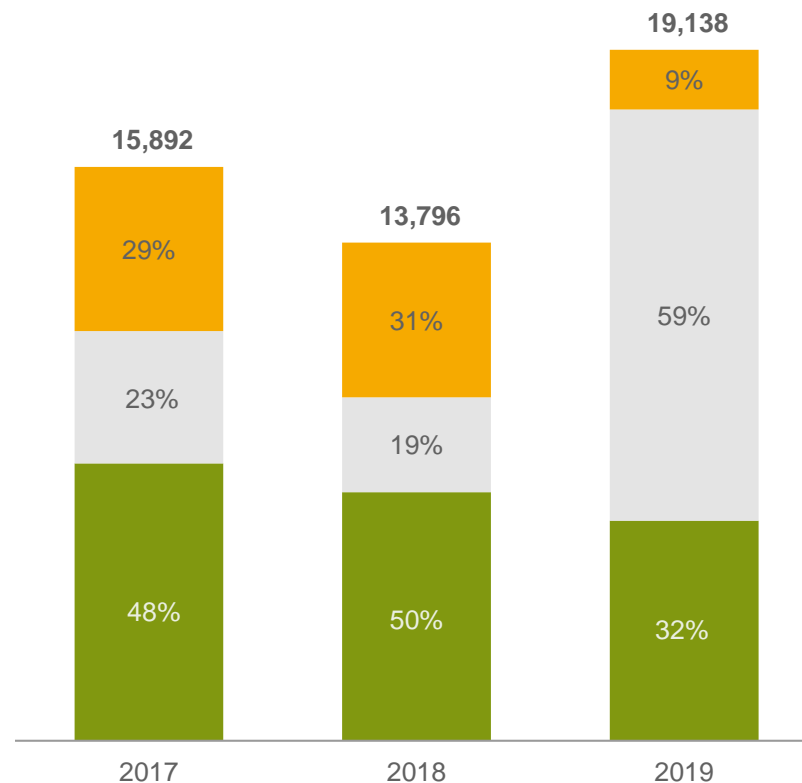
Loan origination volume

(RMB mn)



Outstanding balance of loans to customers⁽¹⁾

(RMB mn)



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

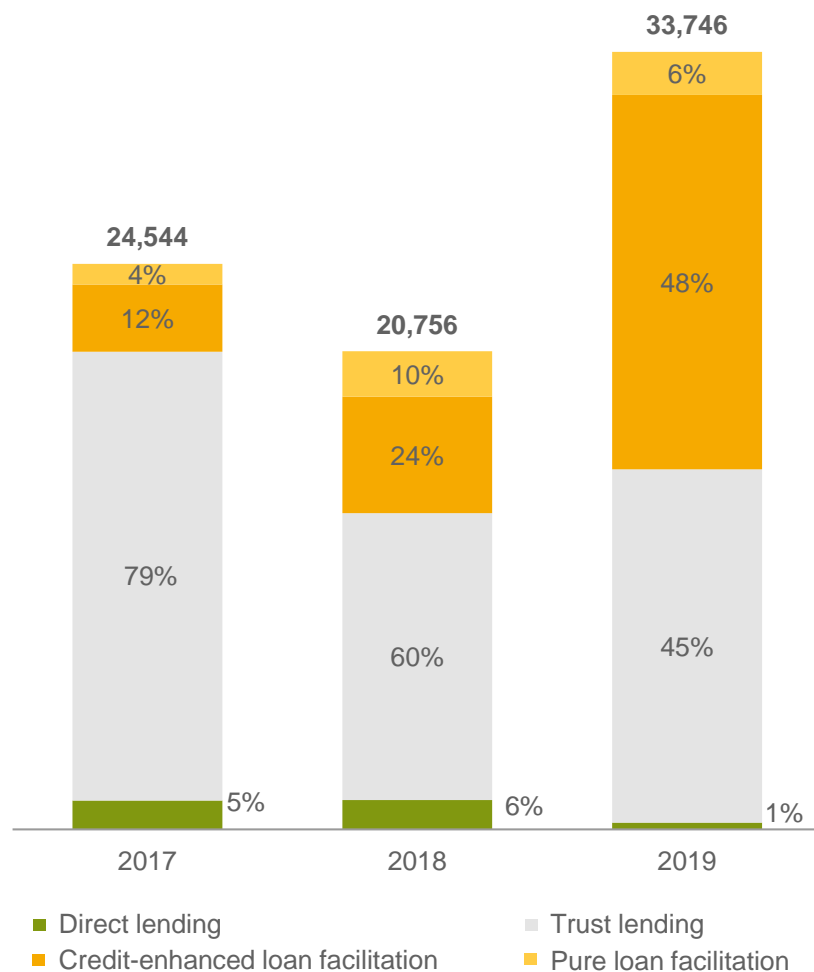
Note:

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

Increasingly diversified income growth

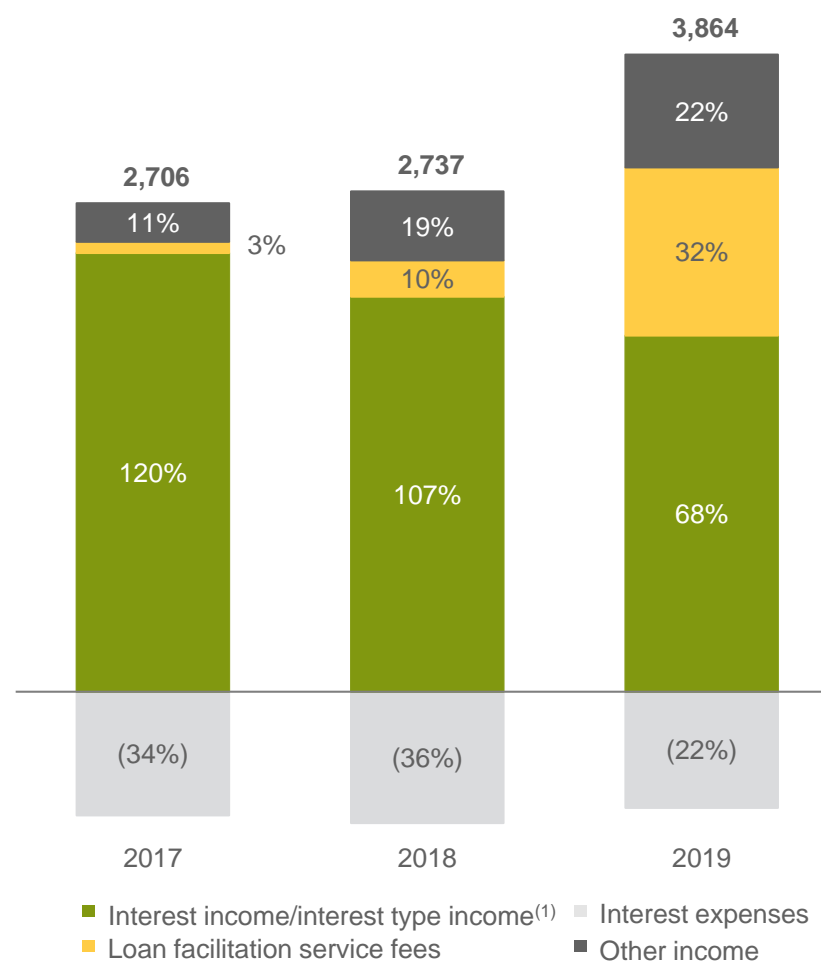
Funding structure

(RMB mn)



Income breakdown

(RMB mn)



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 December 31,		
	2017	2018	2019
Trust funding	10.0	11.0	11.0
Corporate borrowings	10.0	10.0	10.5
Individual borrowings	10.0	10.0	10.0
Secured borrowings	7.4	6.2	6.2
Bond	—	—	11.0

Note:

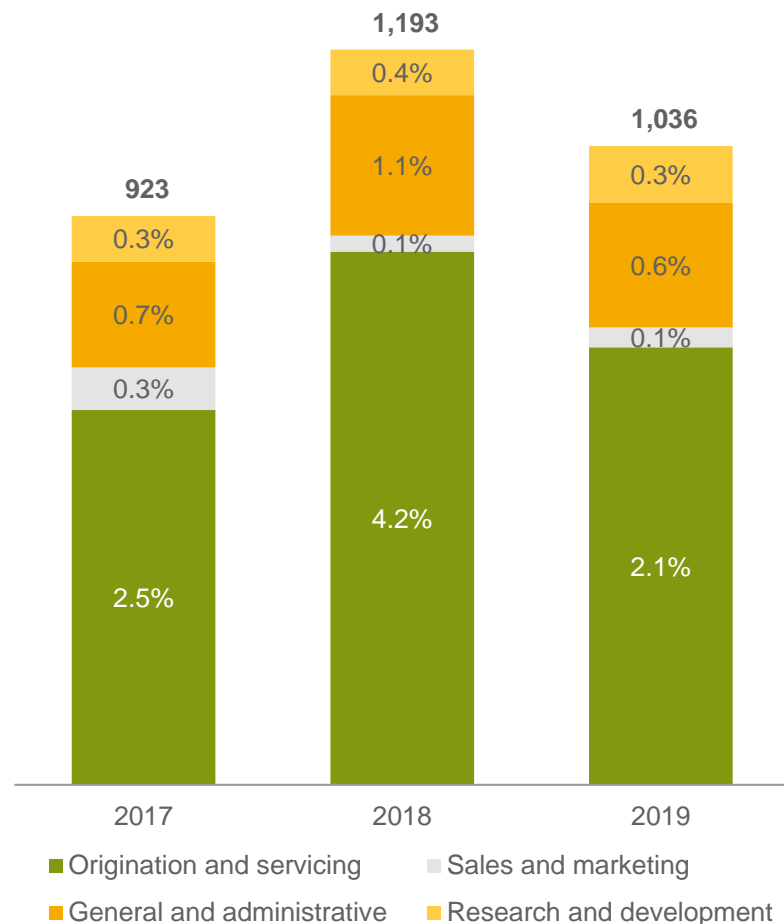
(1) Funding expense is calculated as the overall weighted average interest rates of borrowings and bond

Gradually improved operating efficiency

Adjusted operating expenses breakdown⁽¹⁾

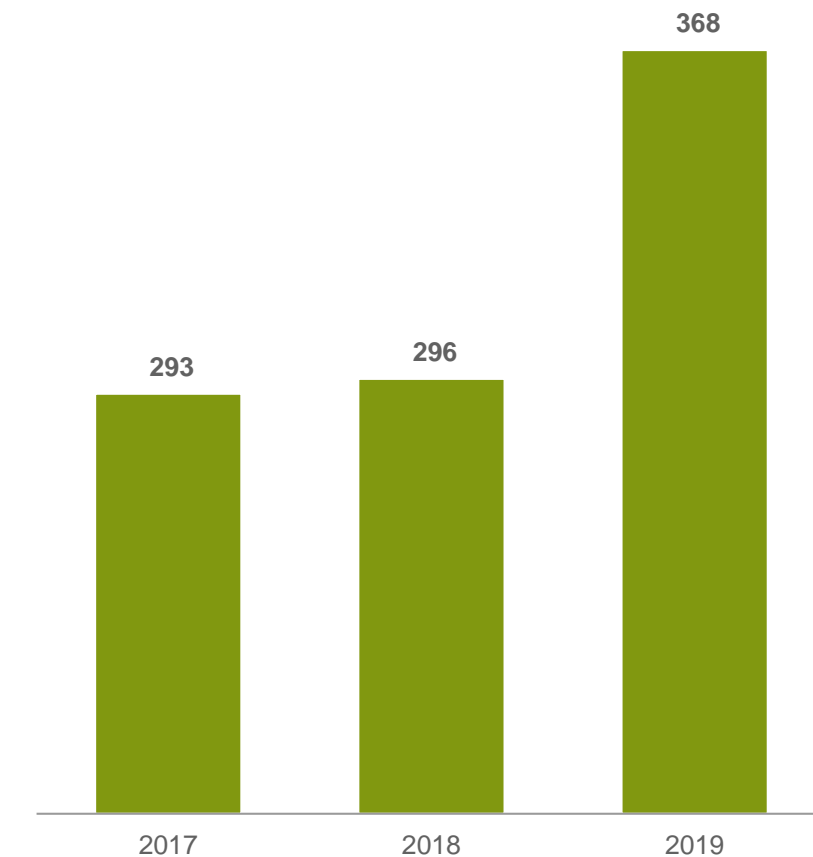
(RMB mn)

(%: as percentage of total loan origination volume)



Adjusted net profit⁽²⁾

(RMB mn)



Notes:

(1) Adjusted operating expenses are calculated by excluding share-based compensation expenses from operating expenses

(2) Adjusted net profit is calculated by excluding fair value loss of convertible redeemable preferred shares and share-based compensation expenses from net profit

Our strategic focuses

Mutually Beneficial Funding Partnerships



Provide advanced
technology solutions



Enable precision
marketing



Provide necessary
credit-enhancement

Strategic Collaborations



Initiated partnerships
with leading internet
companies



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 traceable credit profiles

Diversified institutional funding

Structured and securitized funding

Proven funding scalability, stability and sustainability

Vanguard of innovative structures within the regulatory framework