



VCREDIT Holdings Limited
Management Presentation

March 2021

Unique product offerings

 Serving the **underserved** borrowers

 Offering **readily available** inclusive consumer finance

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



Large addressable market

Expected outstanding volume of individual consumer loans will grow to **RMB22.6 trillion** in 2024⁽¹⁾

75% of adults have no credit card in China and increasing population with credit cards but remain **under-served**⁽¹⁾



Sustainable Funding

100% institutional funding

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

Pioneer in facilitation with **47** 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

Risk Management system with proprietary alternative data aggregation **algorithms**

Note:
(1) According to the Oliver Wyman Report, updated as of 2019

Recent developments

Latest development

- China's **economic recovery** and new development opportunities arising after Covid-19 outbreak
- Interim Administrative Measures for **Online Micro-credit Business** published by CBIRC and the PBOC
- Persistent efforts by government to regulate the **use of personal data** and **unlawful collection practices**
- Ongoing **P2P** platform exits and **36% effective** IRR cap



Loan origination volume⁽¹⁾
RMB30.8bn



Third-party Funding partners⁽²⁾
61



Registered users⁽²⁾
95.8mn



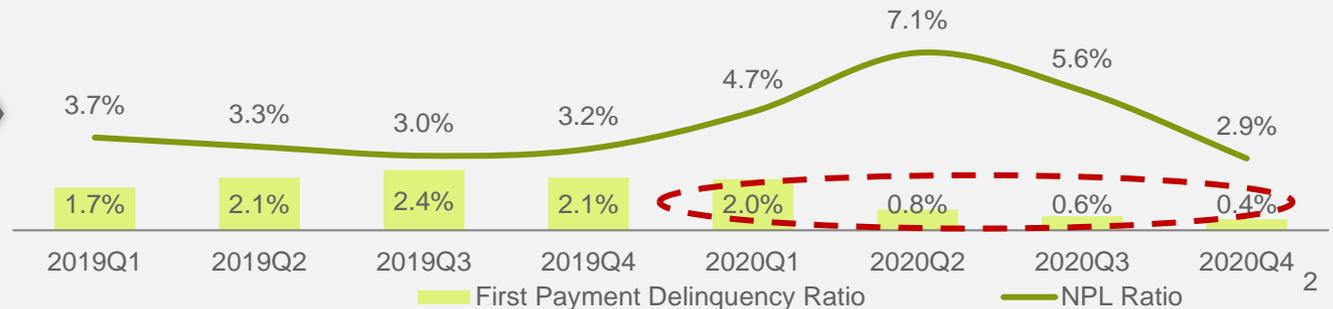
Outstanding loan balance⁽²⁾
RMB14.1bn

Operating results

Notes:
(1) For 12 months ended December 31, 2020
(2) As of December 31, 2020

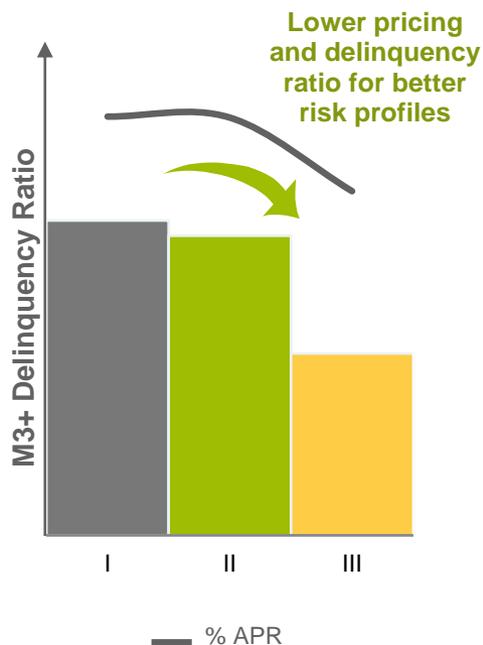
Asset quality

FPD and NPL ratios have shown strong improvements to a level better than that of pre-Covid

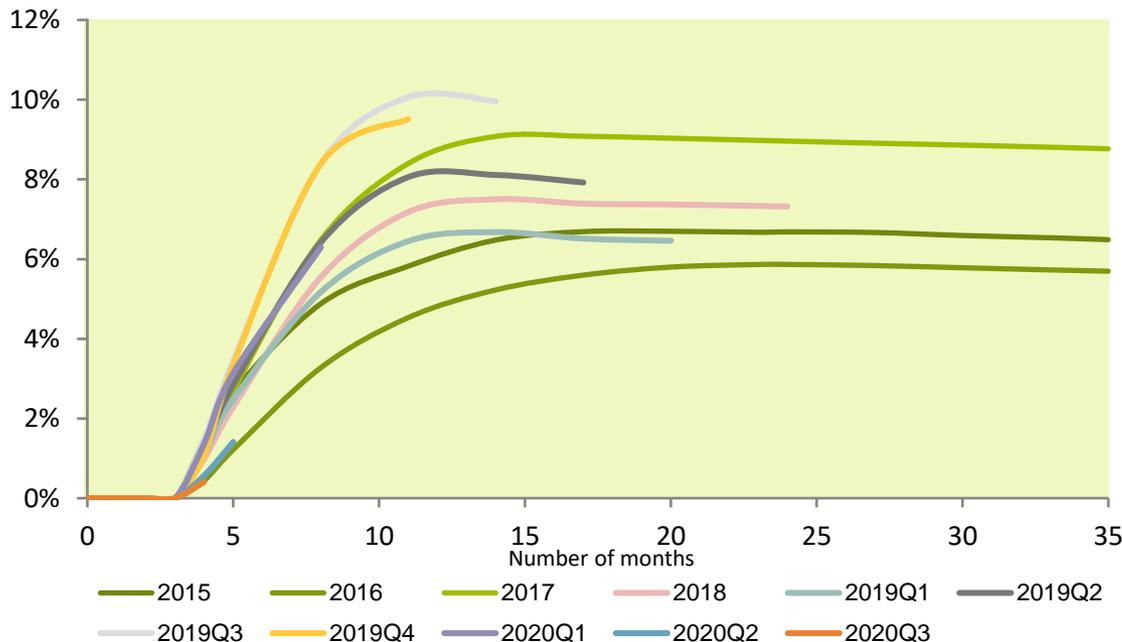


Effective credit rating and risk management

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

✓ Built life-time customer level valuation

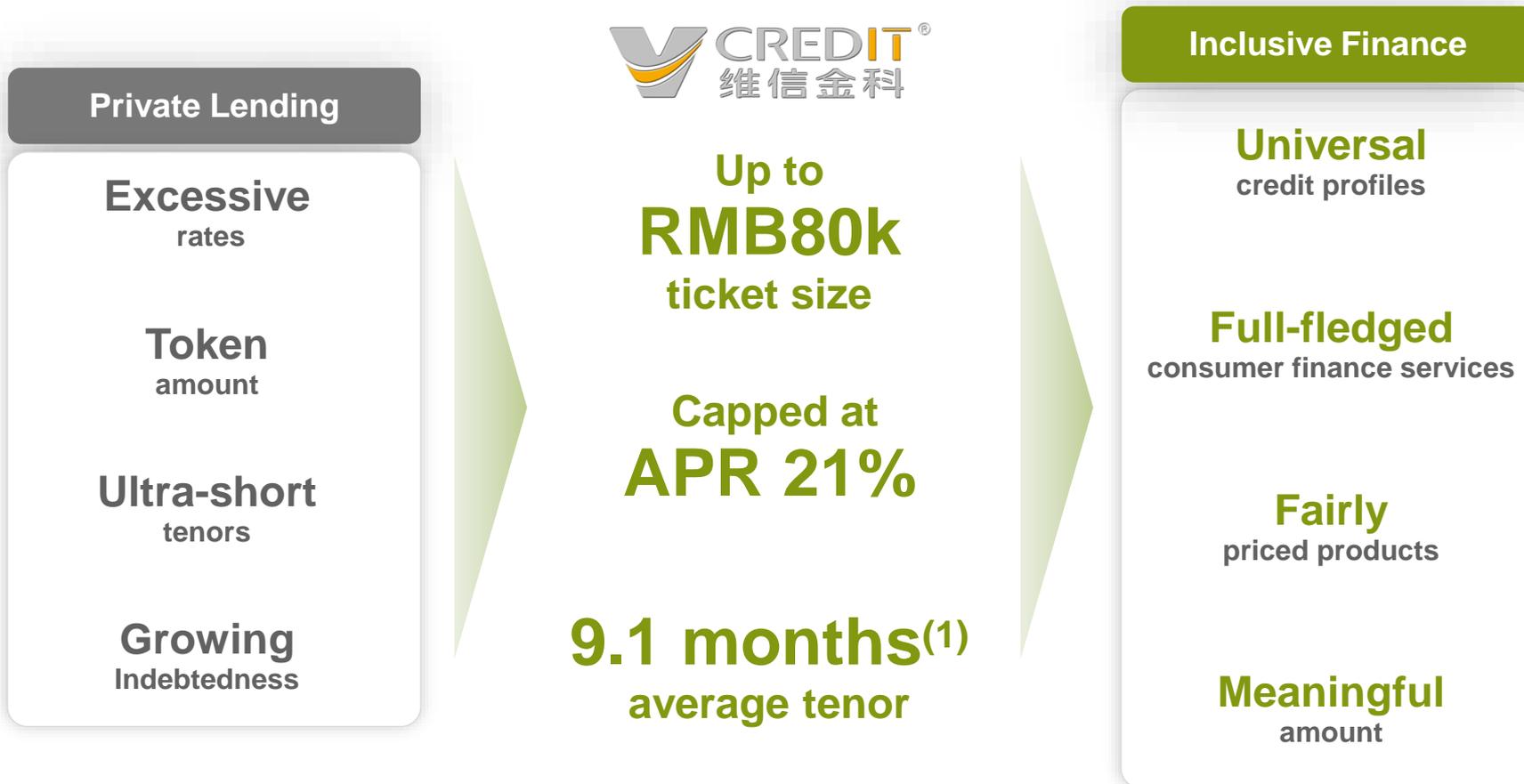
✓ Enhanced risk decision and pricing mechanism

✓ Better consequence enforcements

Notes:

- (1) The loan applicants are sorted into three credit rating categories, including Class I to III (with III 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 adults with promising income growth prospects



Note:

(1) For the loans originated in the 12 months ended December 31, 2020

Promote inclusive finance by partnering with licensed financial institutions

On-Balance Sheet Model

1% Direct Lending

- 2 online small loan licenses
- Clear regulatory requirements

34% Trust Lending

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

Facilitation Model

64% Credit-Enhanced Loan Facilitation



Credit-enhancement through own financing guarantee license



Regulatory endorsement



Perfect duration match

Platform Model

1% Pure Loan Facilitation



Taking **zero credit risk**



4 partnerships with licensed consumer finance companies and 1 bank



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

Well positioned in the inclusive finance value chain through technology solutions

Experienced and stable management team leading cohesive talent development



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**

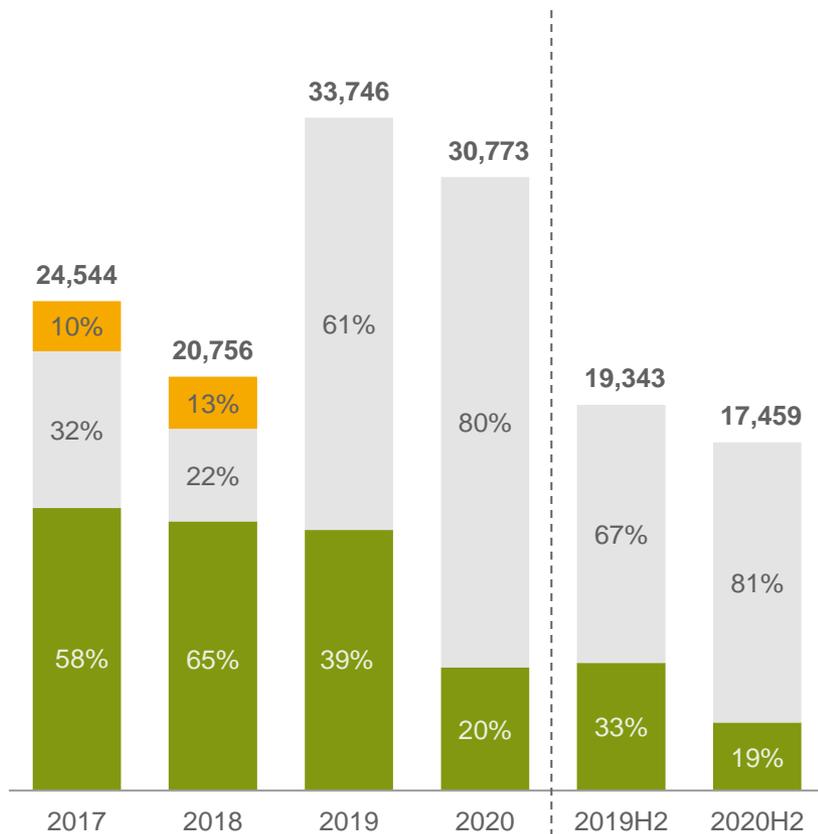


Financial highlights

Business overview

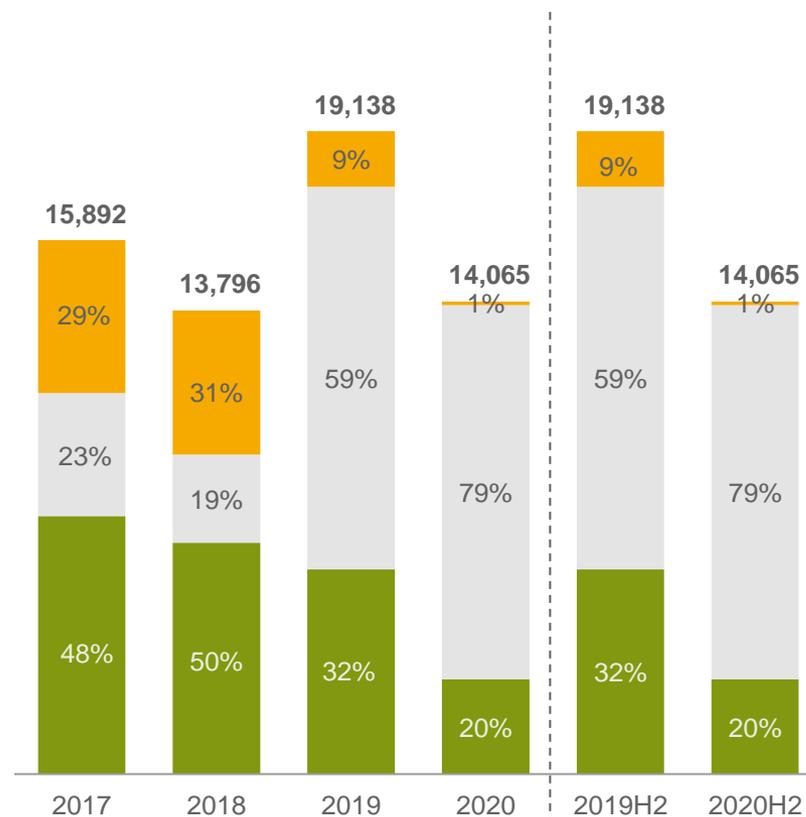
Loan origination volume

(RMB mn)



Outstanding balance of loans to customers⁽¹⁾

(RMB mn)



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

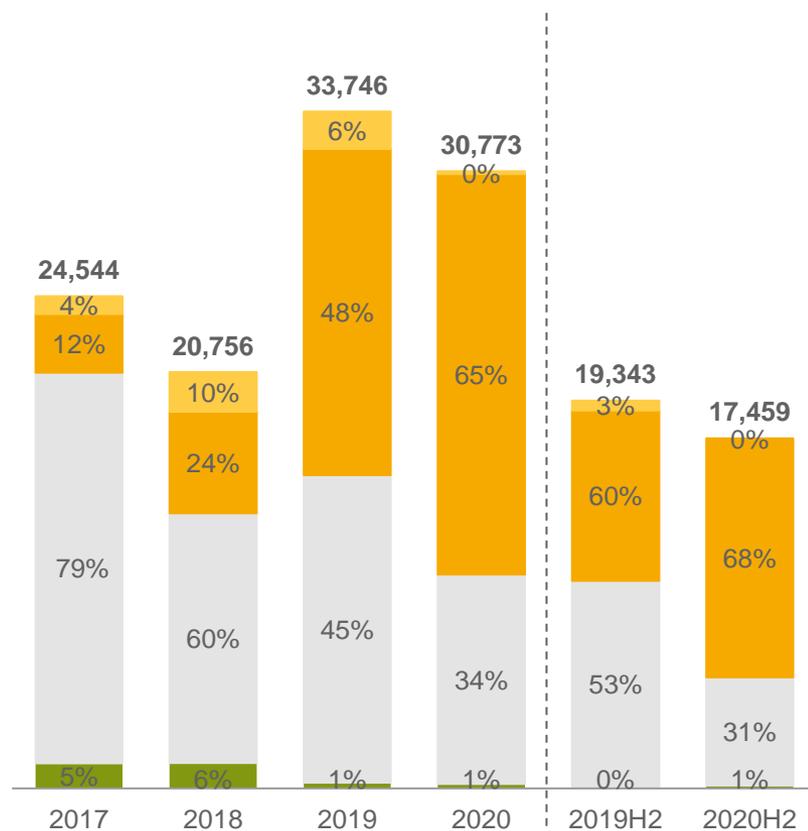
Note:

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

Financial overview

Funding structure

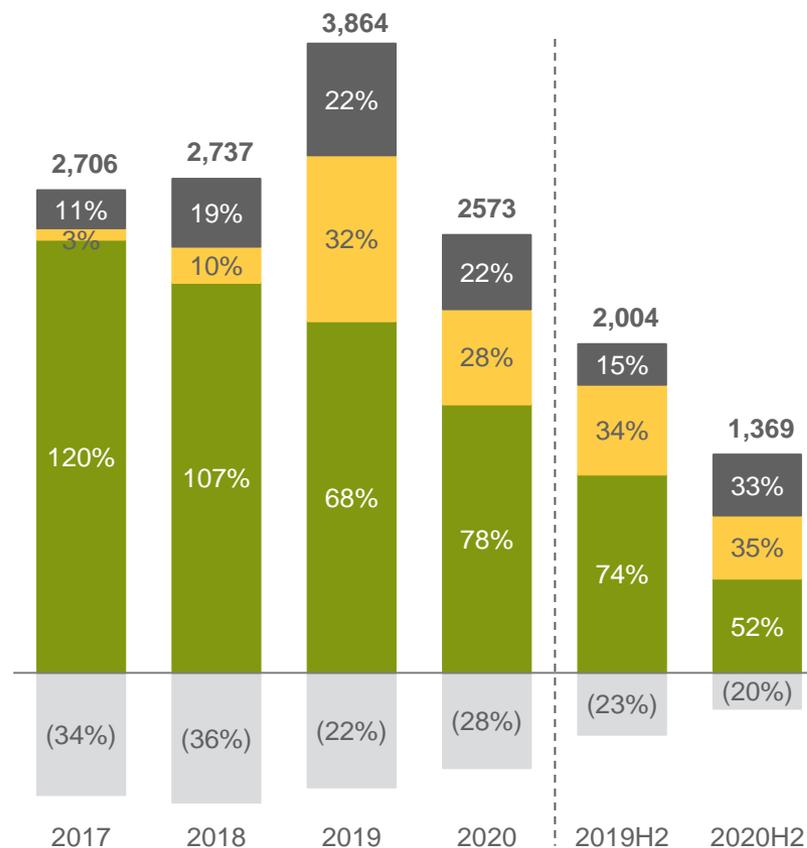
(RMB mn)



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

Income breakdown

(RMB mn)



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

Note:

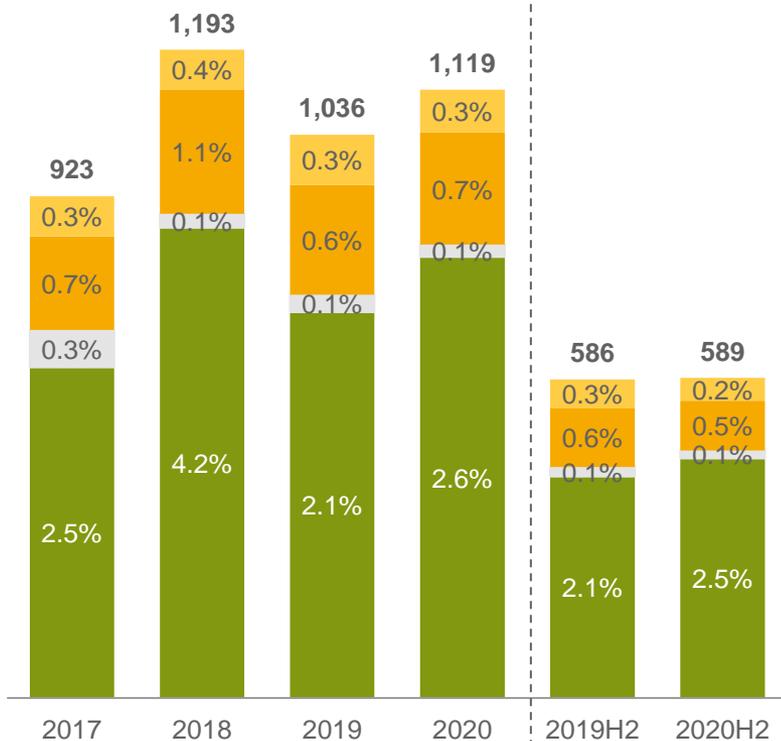
(1) Interest income was reclassified as interest type income under IFRS 9 since January 1, 2018

Financial overview (cont'd)

Adjusted operating expenses breakdown⁽¹⁾

(RMB mn)

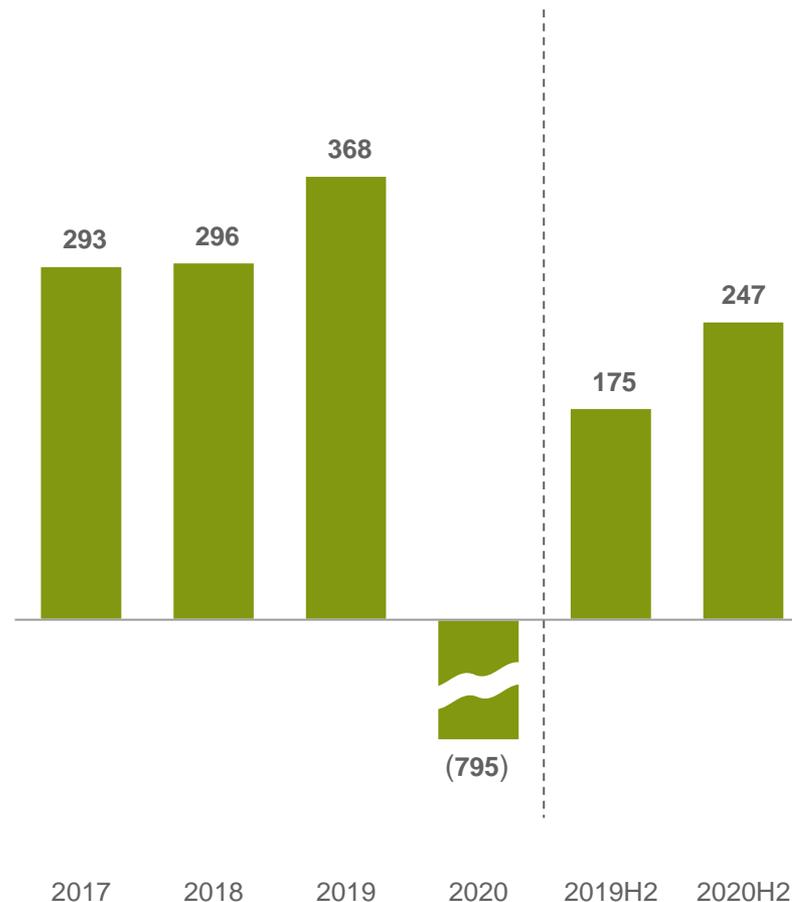
(%: as percentage of total loan origination volume)



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

Adjusted 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

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 tradable credit profiles

Diversified institutional funding

Structured and securitized funding

Proven funding scalability, stability and sustainability

Vanguard of innovative structures within the regulatory framework