



VCREDIT Holdings Limited
Investor Presentation

August 2021

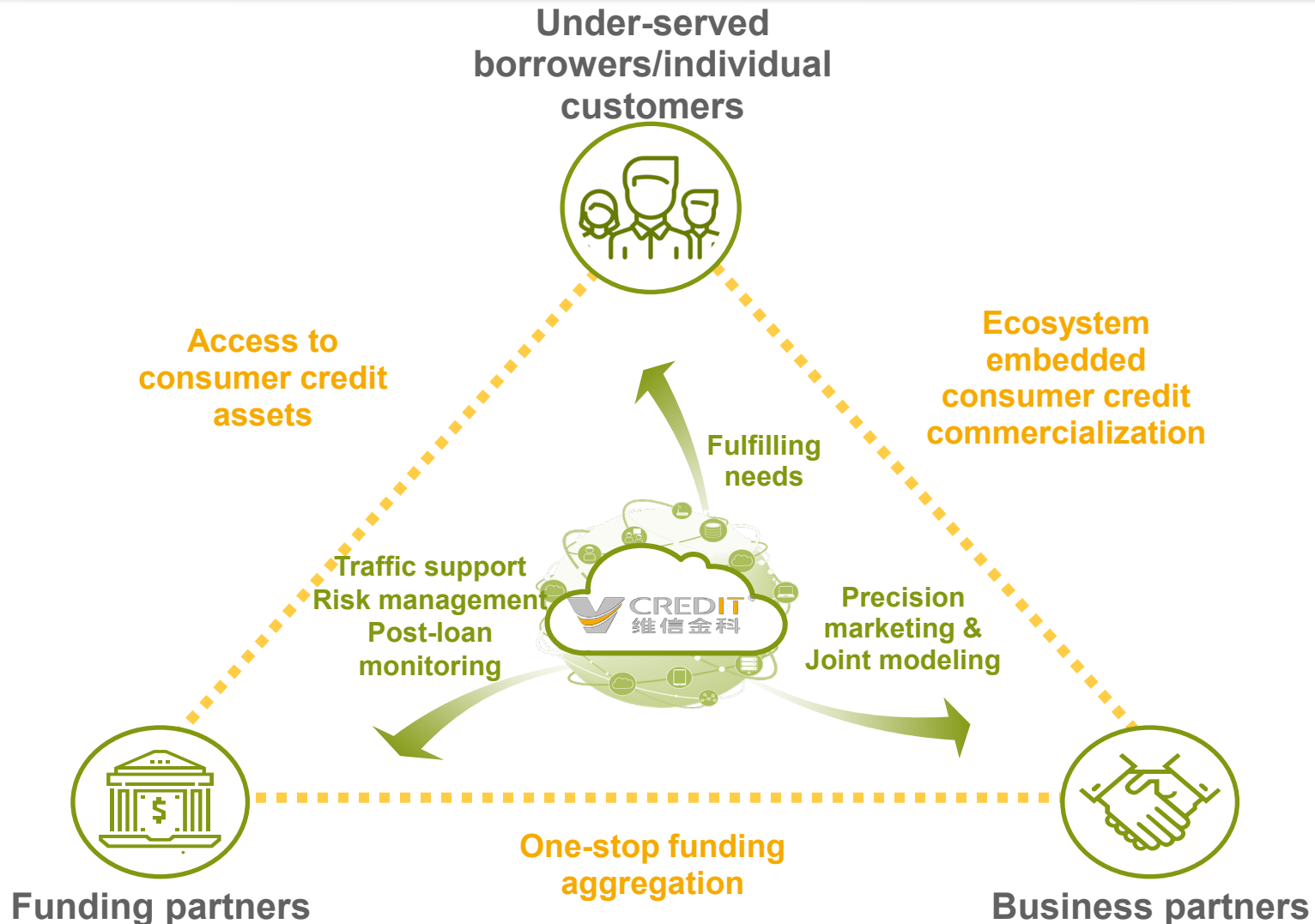
- 1 Corporate Vision**
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- 5 Key Management**
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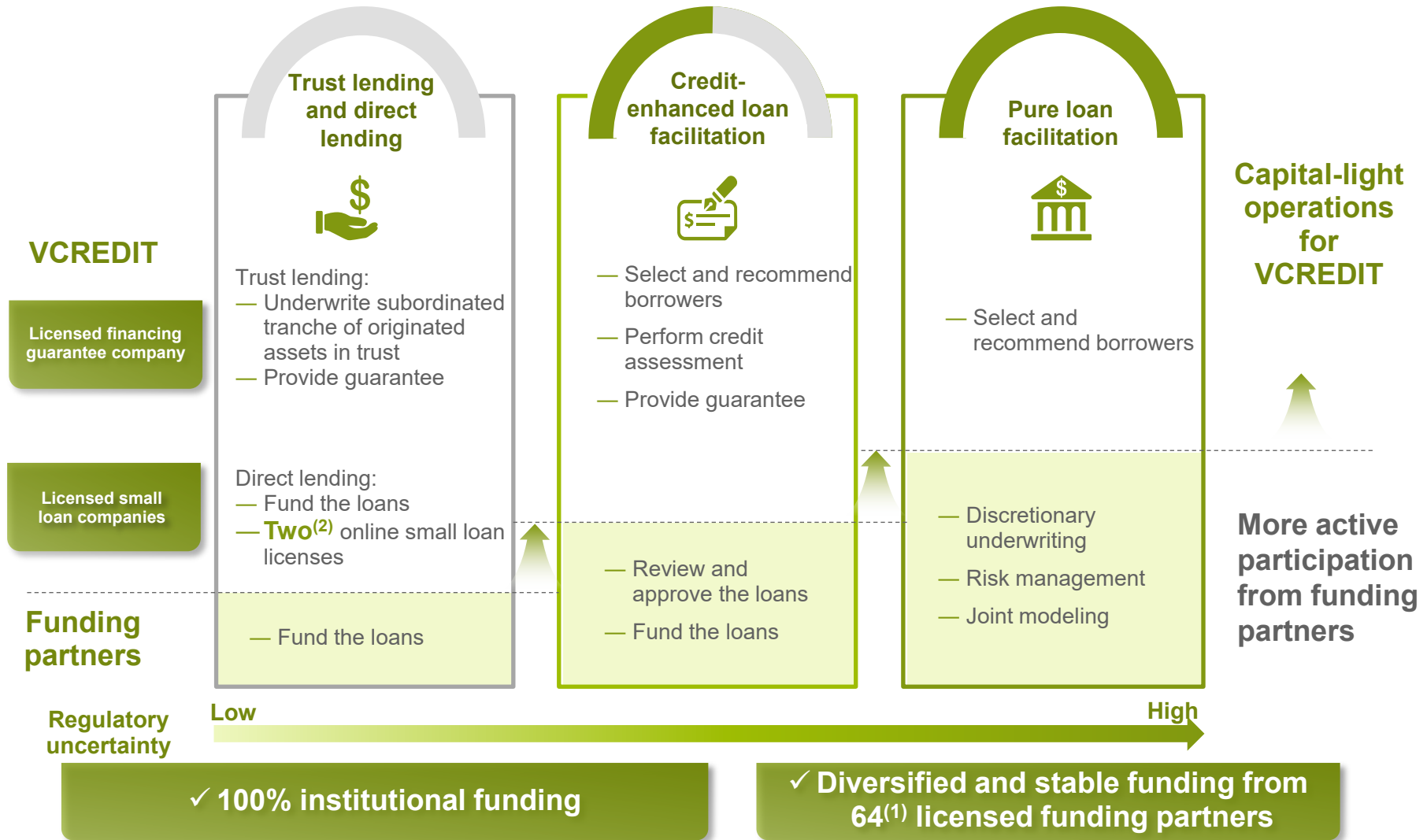
Corporate Vision

We target under-served customers and individual borrowers

Differentiated value propositions to borrowers and partners



Fully licensed & regulated funding structures



Notes:

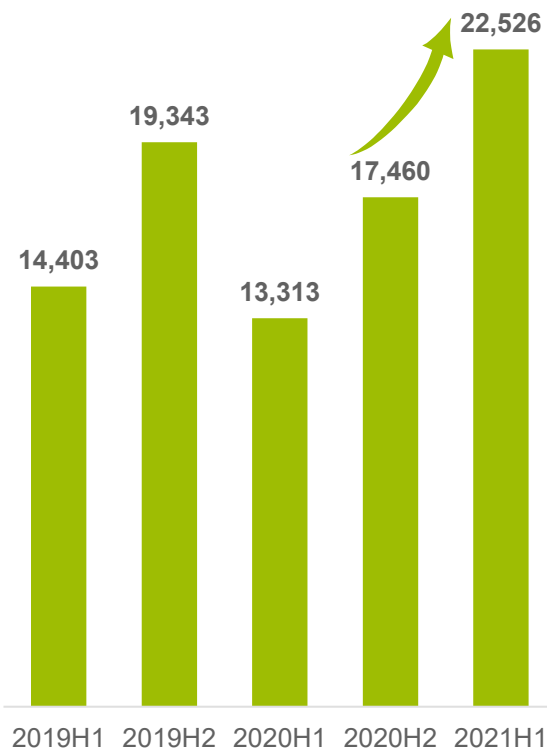
(1) As of June 30, 2021

(2) Two wholly-owned online small loan companies are allowed to do nationwide business.

Business snapshot

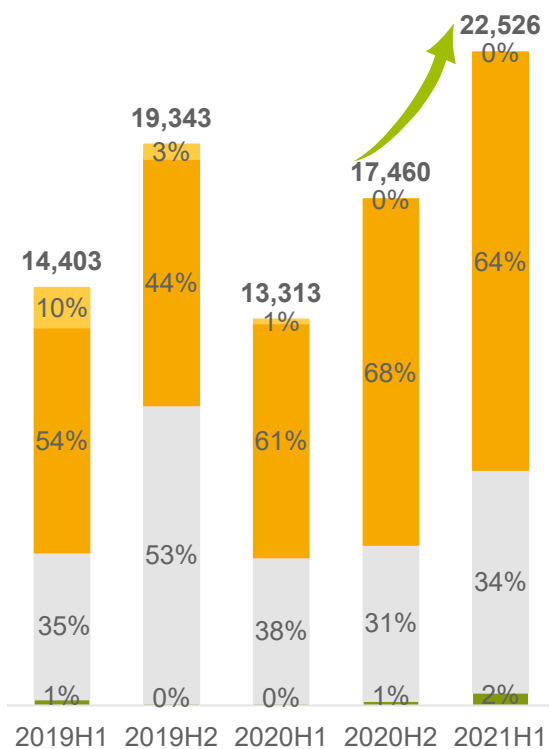
Loan origination volume

(RMB mn)



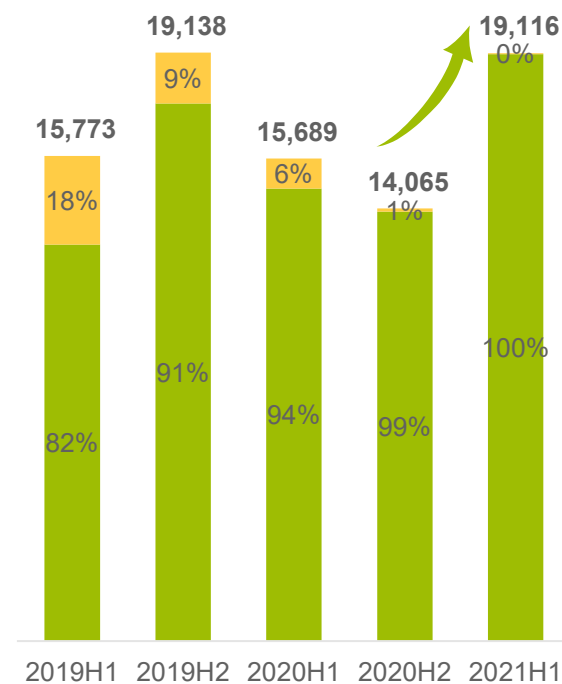
Funding structure

(RMB mn)



Outstanding balance

(RMB mn)



■ Online Consumption Products

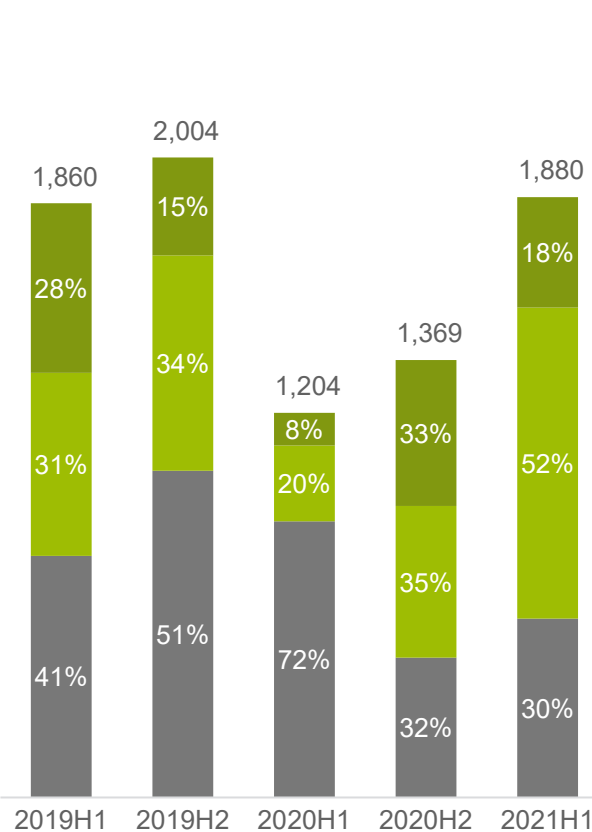
- Direct Lending
- Trust Lending
- Credit-Enhanced Loan Facilitation
- Pure Loan Facilitation

- Online Consumption Products
- Online-to-Offline Credit Products

Solid management execution and well-maintained operating efficiency

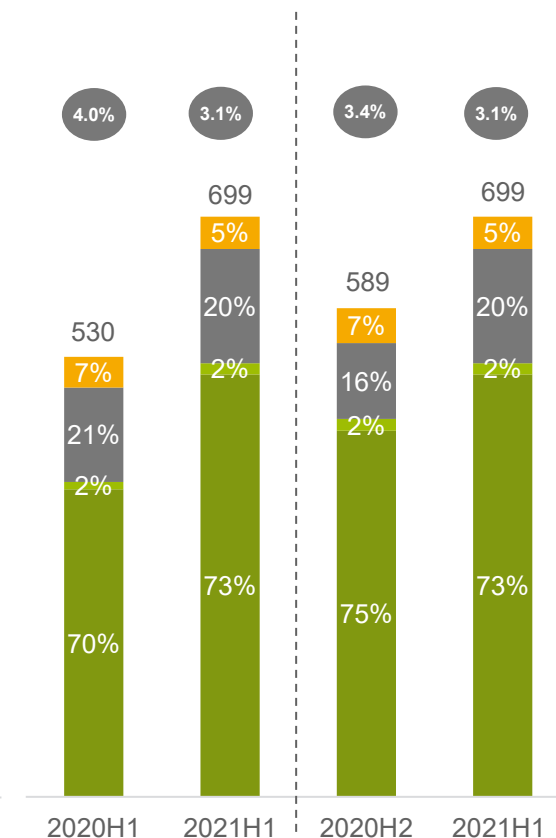
Income breakdown

(RMB mn)



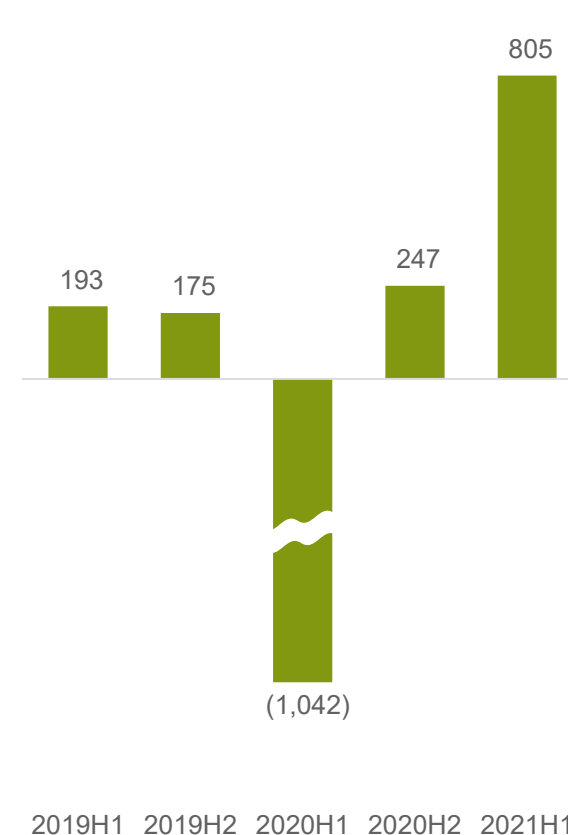
Adjusted OPEX breakdown⁽¹⁾

(RMB mn)%:as percentage of total loan origination volume (RMB mn)



Adjusted net profit⁽²⁾

(RMB mn)



- Other Income
- Loan Facilitation Service Fees
- Net Interest Type Income

- Research and Development
- General and Administrative
- Sales and Marketing
- Origination and Servicing

Notes:

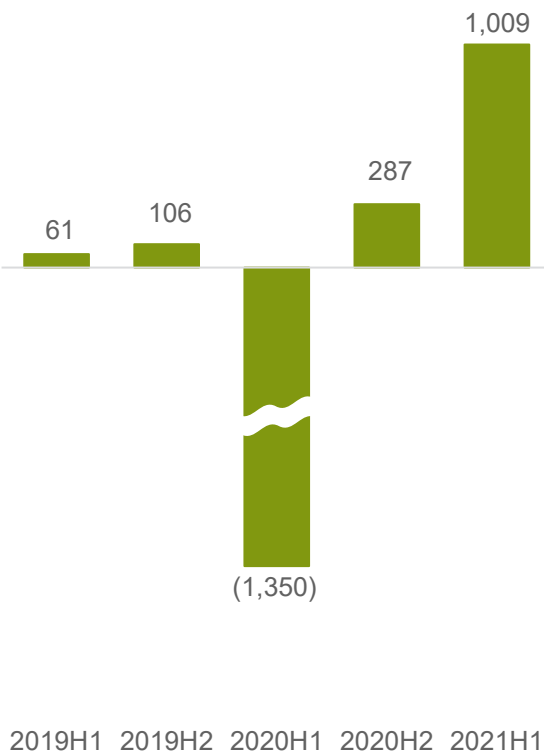
(1) Adjusted operating expenses are calculated by excluding share-based compensation expenses from operating expenses

(2) Adjusted net profit/(loss) is defined as net profit/(loss) excluding share-based compensation expenses

Profitability has reached historical high and improving margin of safety-leverage ratio

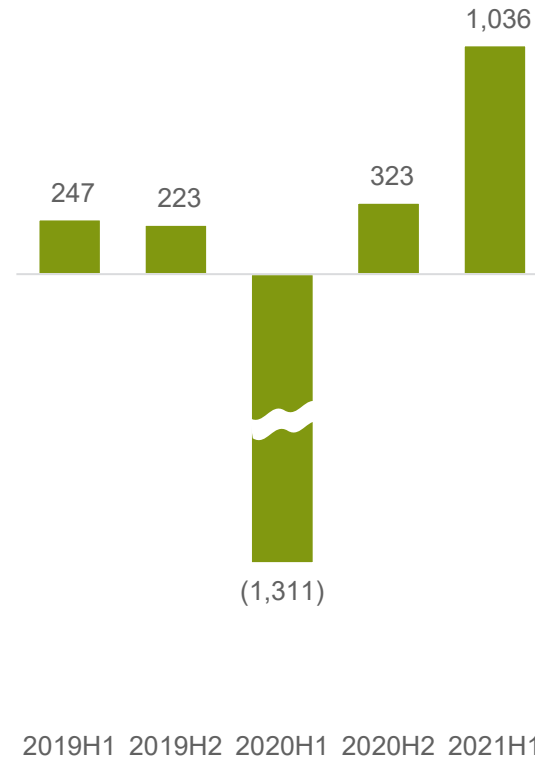
EBIT⁽¹⁾

(RMB mn)

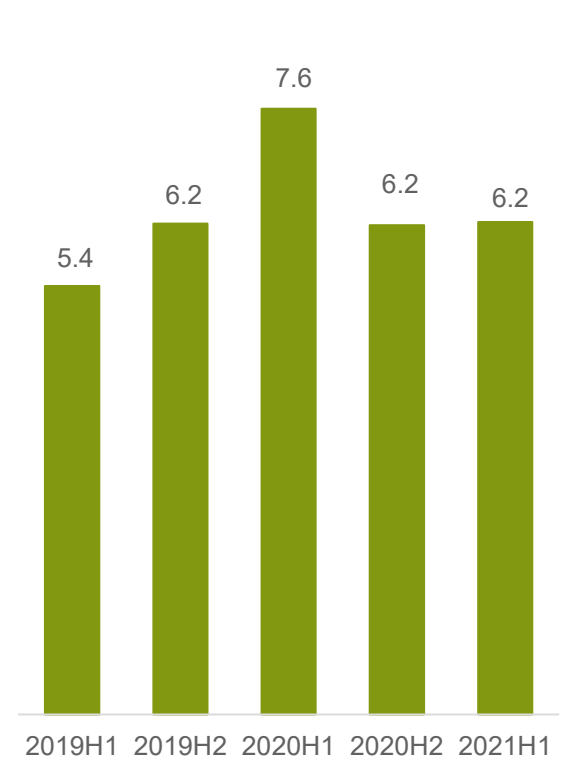


Adjusted EBIT⁽²⁾

(RMB mn)



Leverage ratio⁽³⁾



The decrease in 2020H1 was primarily due to negative impacts as a result of the COVID-19 pandemic

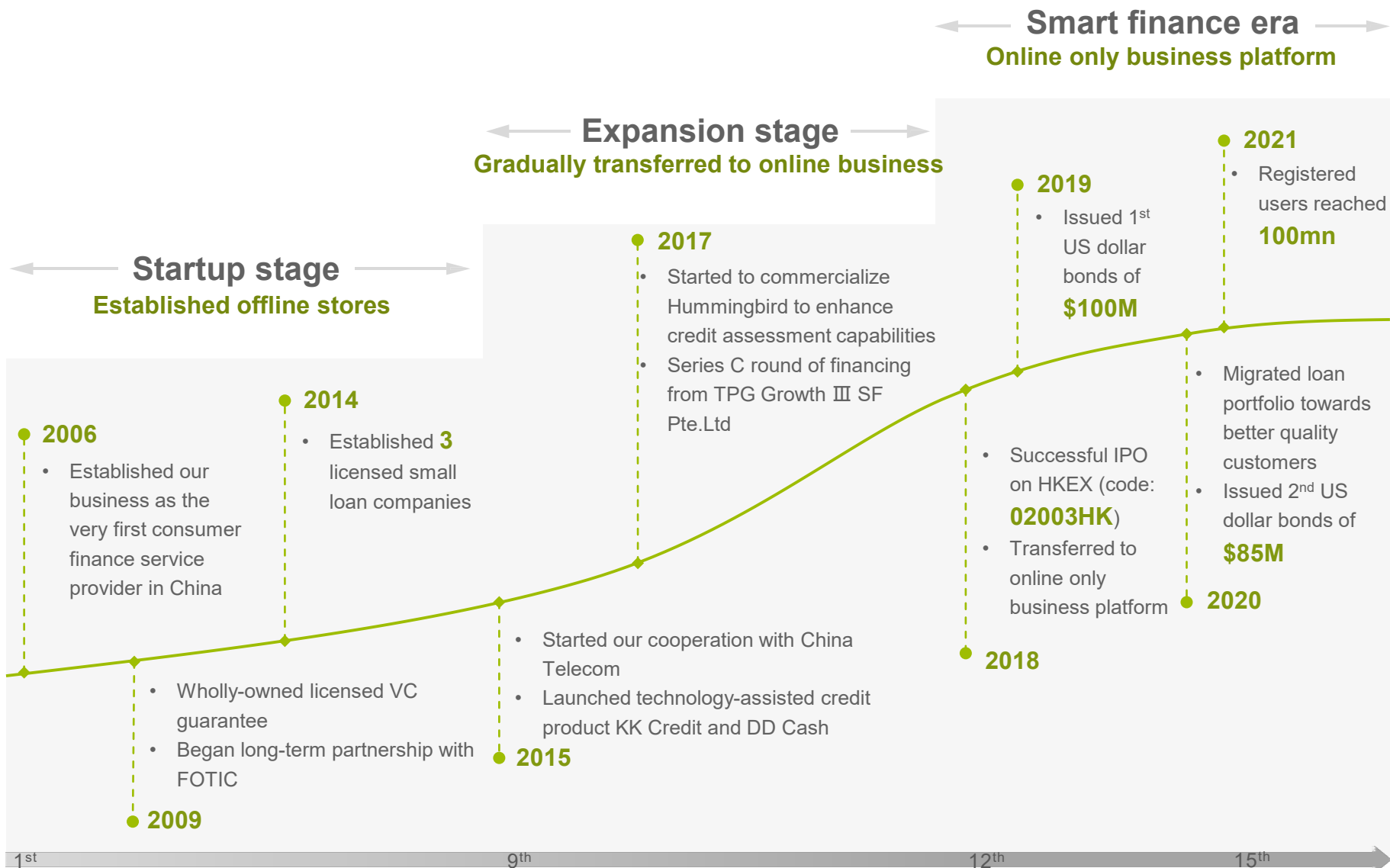
Notes:

(1) EBIT is calculated as net profit/(loss) plus income tax expense/(credit), and interest expense, net

(2) Adjusted EBIT is calculated as adjusted net profit/(loss) plus income tax expense/(credit), and interest expense, net

(3) Leverage ratio is calculated by dividing the outstanding loan balance at the end of the period, by shareholders' equity

Our history and key milestones



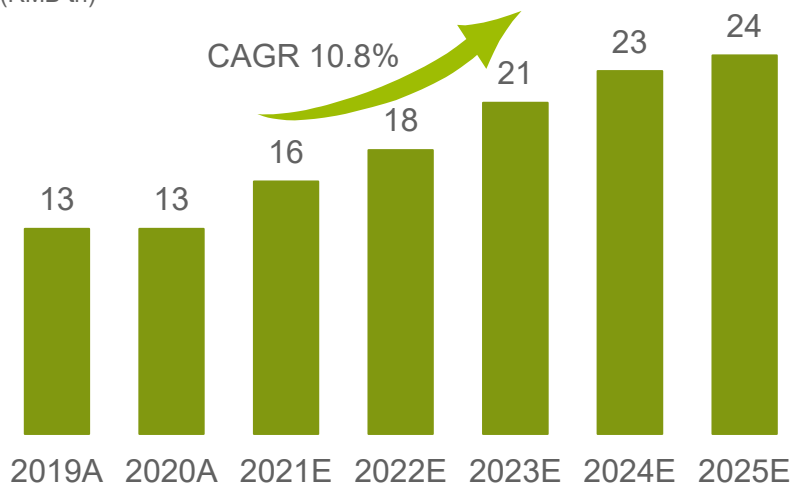


Market Overview

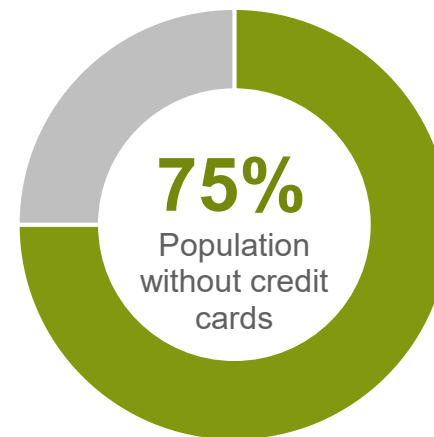
Large and addressable consumer finance market

China's consumer loan balance⁽¹⁾

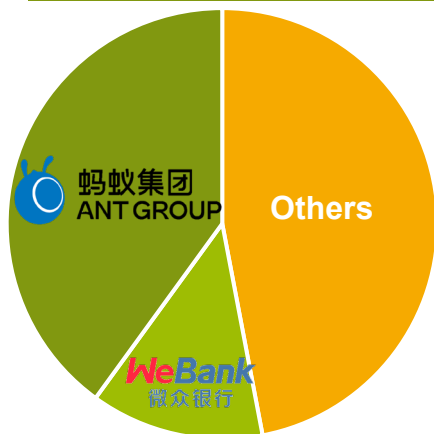
(RMB tn)



China's credit card owning situation⁽²⁾



Estimated origination volume⁽¹⁾



- Ant Financial and WeBank account for approximately 53% of the total market
- Total addressable market of consumer loans for VCREDIT remains very large

China's online consumer credit market⁽¹⁾

(RMB tn)



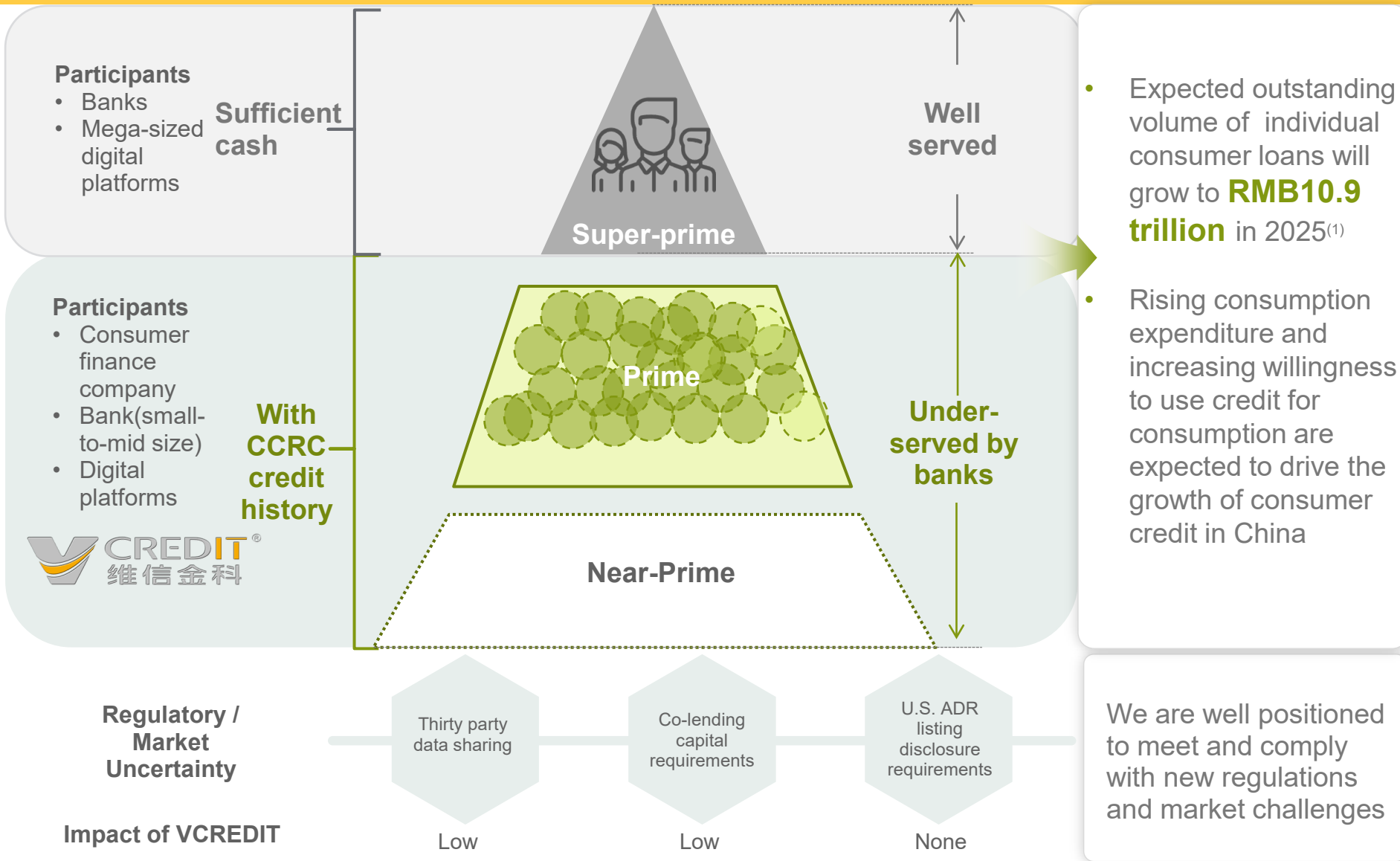
In China, the ratio of consumer credit balance to cash and deposits was 14%, compared to 33% in the United States in 2019

Notes:

(1) Source: Oliver Wyman

(2) According to Oliver Wyman, 75% of China's population at age 18 or above did not own credit cards at the end of 2019

Market positioning and opportunities



Note:

(1) According to Oliver Wyman, expected outstanding volume excludes personal operating loan, small business titled loan and credit card loan



Company Strategy and Drivers of Profitability & Growth

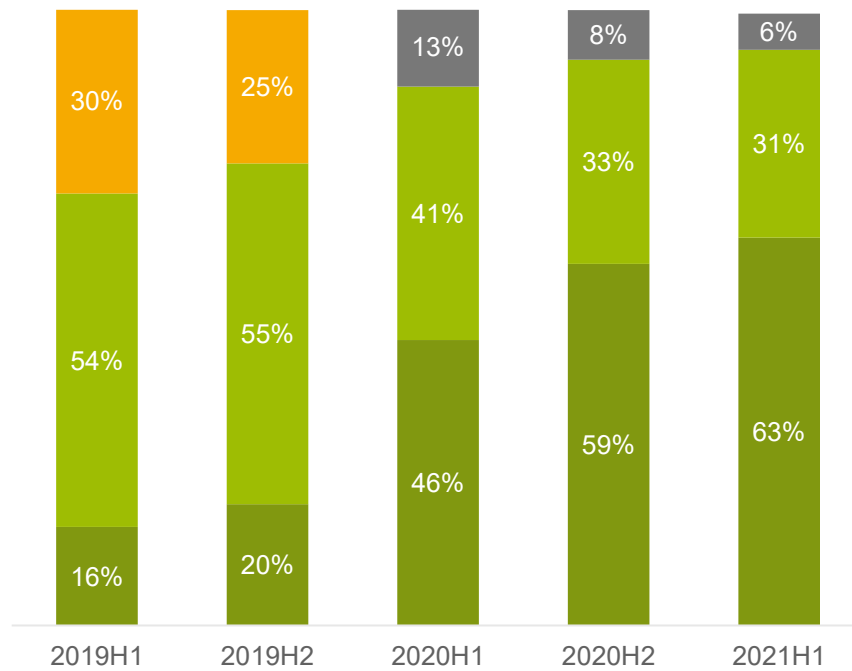
Migration towards higher quality customers

Cumulative borrowers ⁽¹⁾

(mn)



Volume of new customers breakdown by customer type



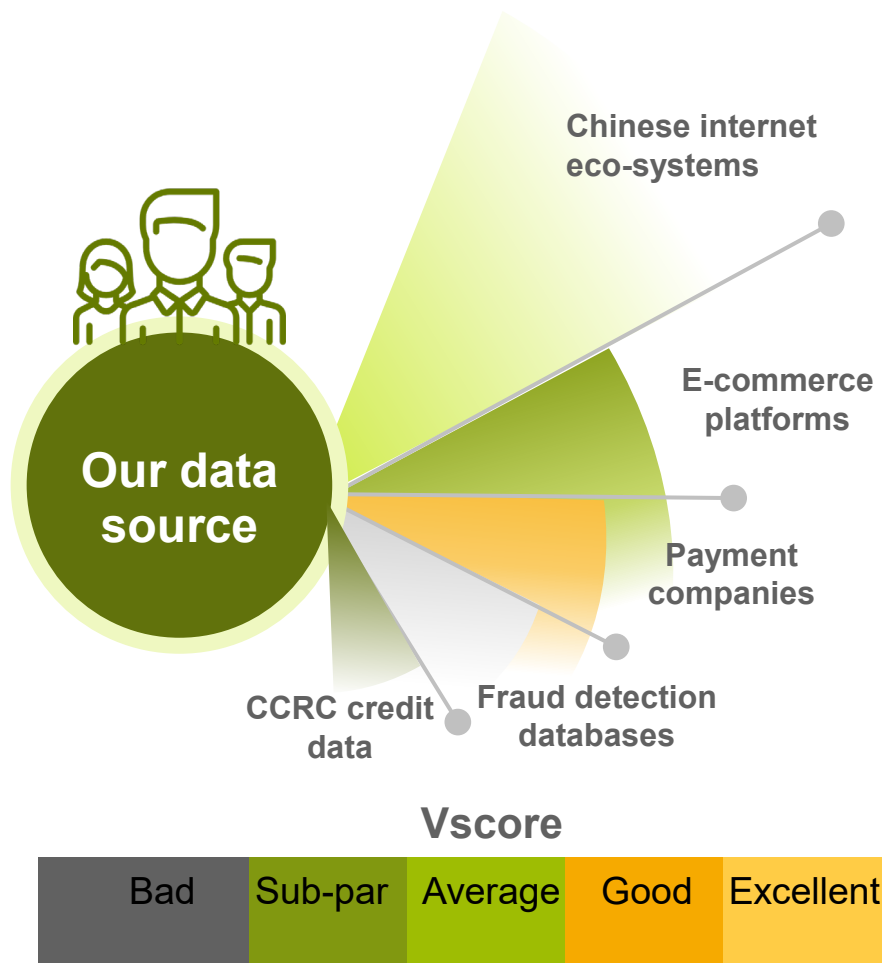
■ Prime ■ Near-prime ■ Testing group ■ Subprime

We saw steadily growth in the number of our borrowers

We have migrated our loan portfolio toward higher quality, prime customers

Note:

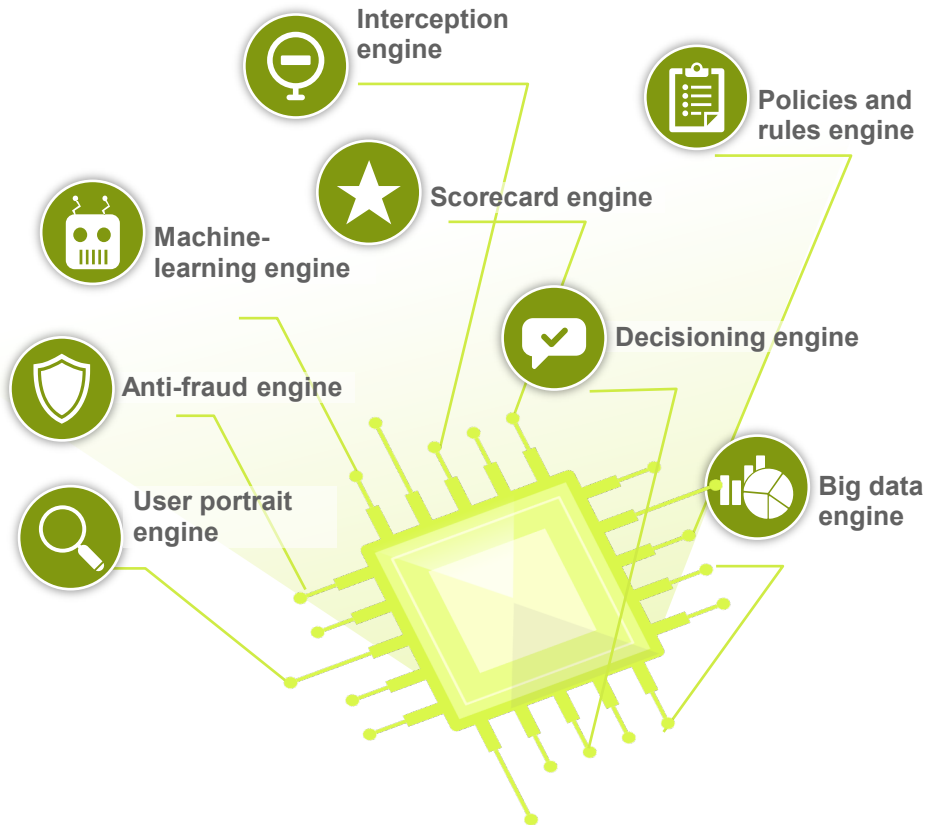
(1) Represent the total number of customers who made at least one transaction at the end of each period



Our strategy

- Improving customer differentiation and leveraging all legitimate data to keep **iterating scorecard**
- Improving customer experience of our **existing borrowers**
- **Prudent control** of risk exposure

Robust credit risk management capability enhanced by cutting-edge technology



24/7 Fully automated transaction process enabled by '**Smart lending**' technology

90+ data sources

20+ unique scorecards

100% online customer acquisition

83.8% volume from existing customers⁽¹⁾

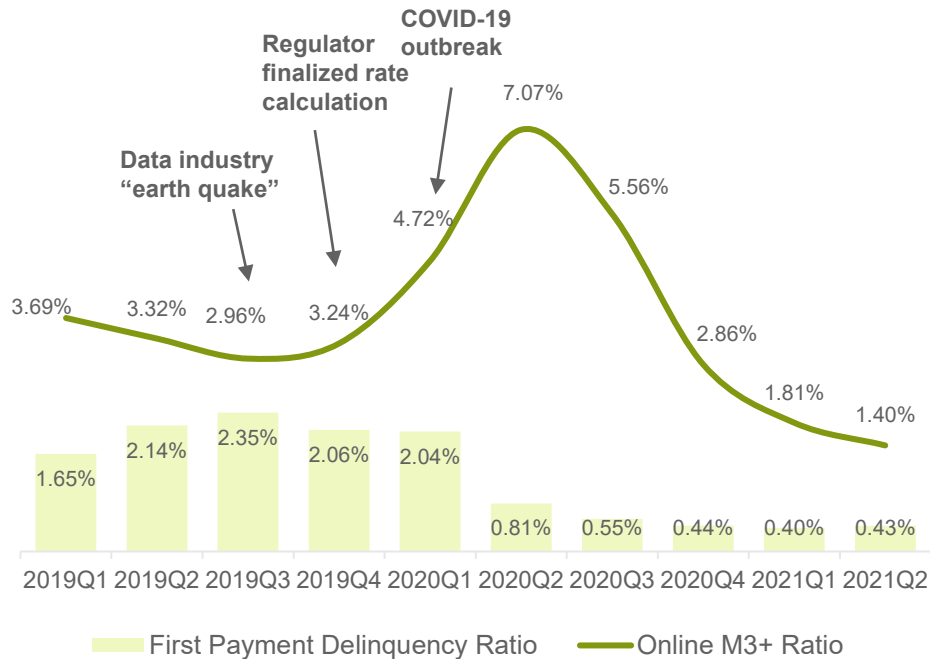
Efficiency enabled by our advanced technology

Note:

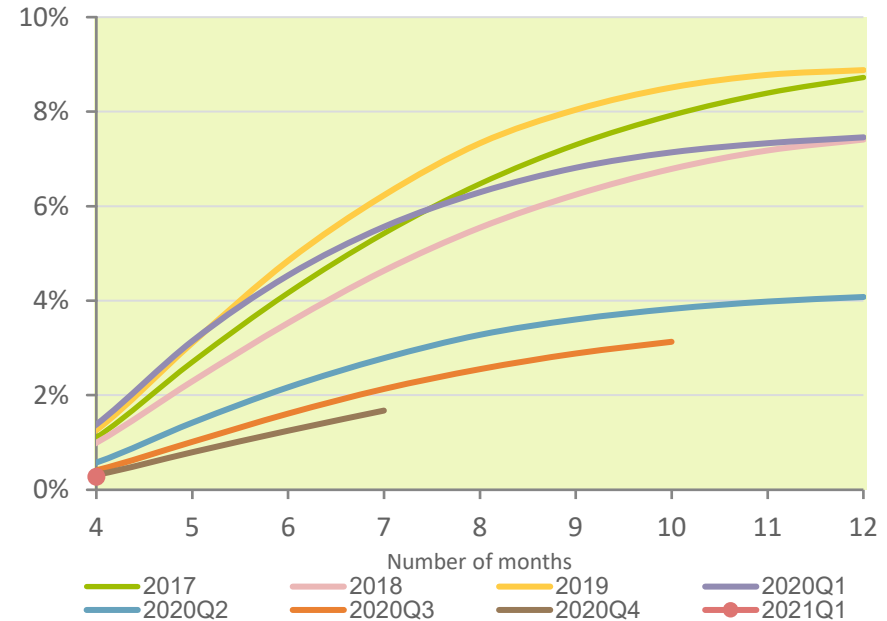
(1) Represent the percentage of loan volume generated by existing borrowers who have successfully borrowed on our platform before

Risk control metrics performance

First payment delinquency ratio⁽¹⁾ & M3+ ratio⁽²⁾



Vintage based M3+ delinquency ratio⁽³⁾



We have reached the lowest level of M3+ ratio ever in our history

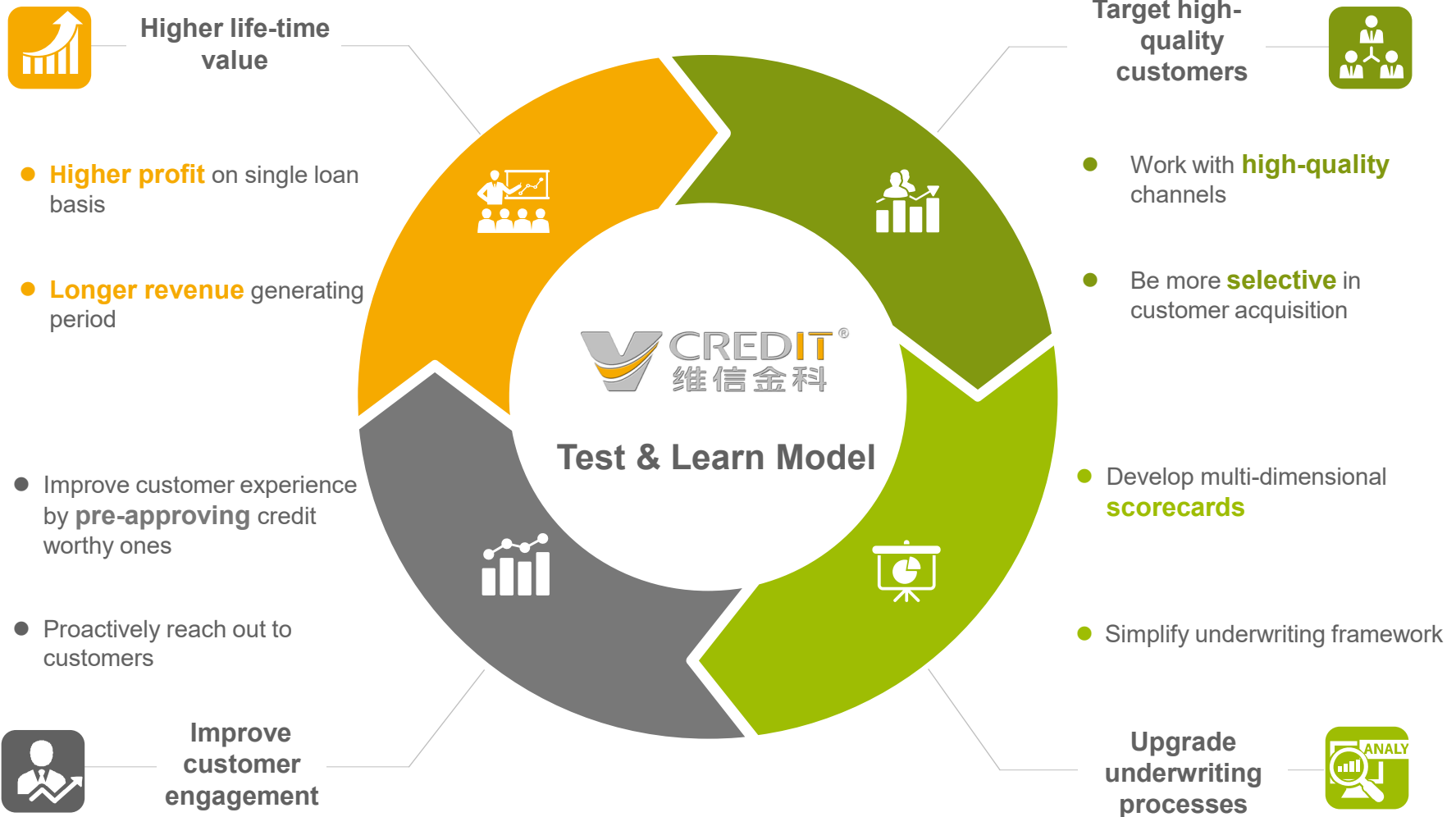
Notes:

(1) First payment delinquency ratio is defined as the total balance of outstanding principal amount of the loans we originated in the applicable period that were delinquent on their first payment month and were not recovered within the 5-day period directly after first payment month divided by the aggregate loan origination volume in that period

(2) M3+ ratio is calculated by dividing the outstanding balance of online loans which have been delinquent for more than 3 months and have not been written off by the total outstanding balance of loans to customers excluding offline credit products

(3) Vintage based M3+ delinquency ratio is defined as the total amount of principal for the online loans in a vintage that have become delinquent for more than 3 months, less the total amount of recovered past due principal, and then divided by the total amount of initial principal for loans in such vintage excluding offline credit products

Drive higher customer life-time value





2021H1 Interim Results Overview

- Strong growth momentum resuming after COVID-19 shadow in 2020H1
- Solid management execution despite COVID-19 impact and regulatory uncertainty
- Well-maintained operating efficiency
- Improving margin of safety-leverage ratio
- Profitability has returned to pre-COVID-19 level and reached historical high

2021H1 interim results overview (cont'd)

RMB mn	2021H1	2020H1	Change	2020H2	Change
Total income	1,880	1,204	56.2%	1,369	37.3%
Net interest type income	560	864	-35.2%	437	28.1%
Loan facilitation service fees	973	238	308.7%	475	104.8%
Other income	347	102	241.1%	457	-24.2%
Operating profit/(loss)	1,009	-1,339	NM	287	251.1%
Adjusted operating profit/(loss)⁽¹⁾	1,036	-1,300	NM	323	220.9%
Net profit/(loss)	778	-1,081	NM	212	267.4%
Adjusted net profit/(loss)⁽¹⁾	805	-1,042	NM	247	225.7%
Key Ratios					
Adjusted net profit/(loss) / loan volume	3.6%	-7.8%	11.4%	1.4%	2.2%
Outstanding loan balance / shareholders' equity	6.2	7.6	-1.4	6.2	-
Adjusted net profit/(loss) / average shareholders' equity	30.0%	-40.4%	70.4%	11.4%	18.6%

Note:

(1) Adjusted operating profit/(loss) and Adjusted net profit/(loss) are defined as profit/(loss) excluding share-based compensation expenses of RMB27 mn (2020H1: RMB39 mn, 2020H2: RMB36 mn) in 2021H1

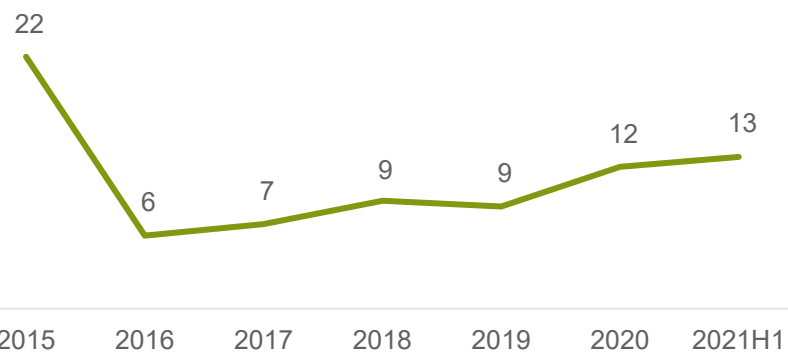
2021H1 interim results overview (cont'd)

Key operating metrics

	2020H1	2020H2	2021H1
Cumulative registered users (mn)	90.6	95.8	103.5
Cumulative verified users (mn)	64.3	68.7	74.6
Cumulative borrowers ⁽¹⁾ (k)	5,790	6,103	6,561
Average ticket size (RMB)	11,192	13,139	13,091
Average loan tenure (months)	8.8	9.4	9.6

Average ticket size

(RMB k)

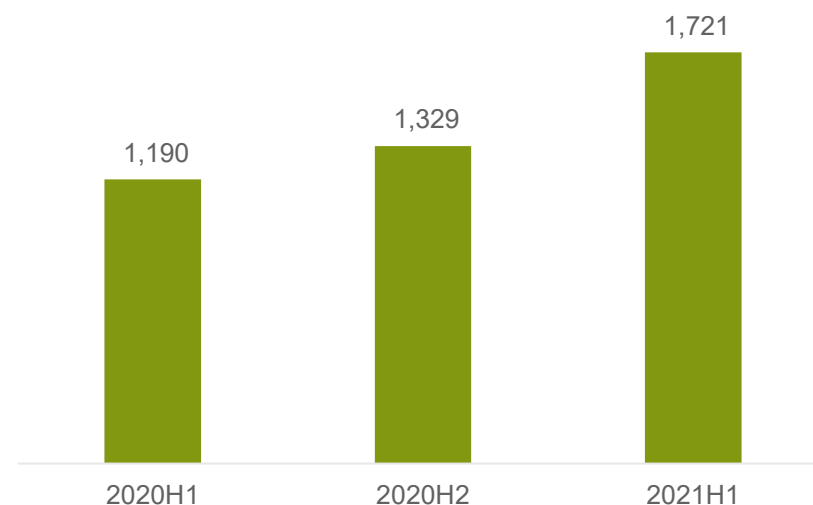


Note:

(1) Represent the total number of customers who made at least one transaction at the end of each period

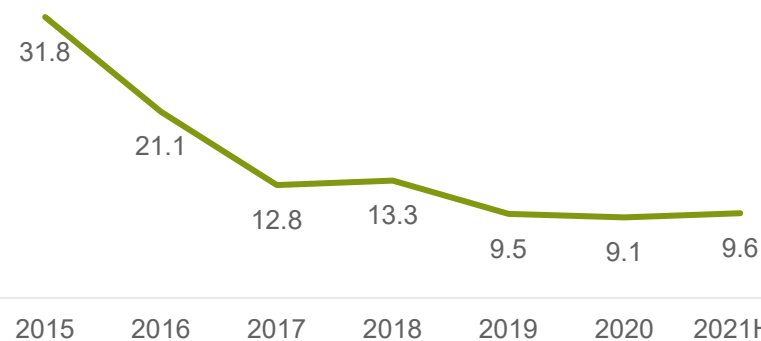
No. of transaction of online consumption products

(K)



Average loan tenure

(Months)





Key Management

Experienced and stable management team leading cohesive talent development

Our management team



Lawrence Ma
Founder, Chairman



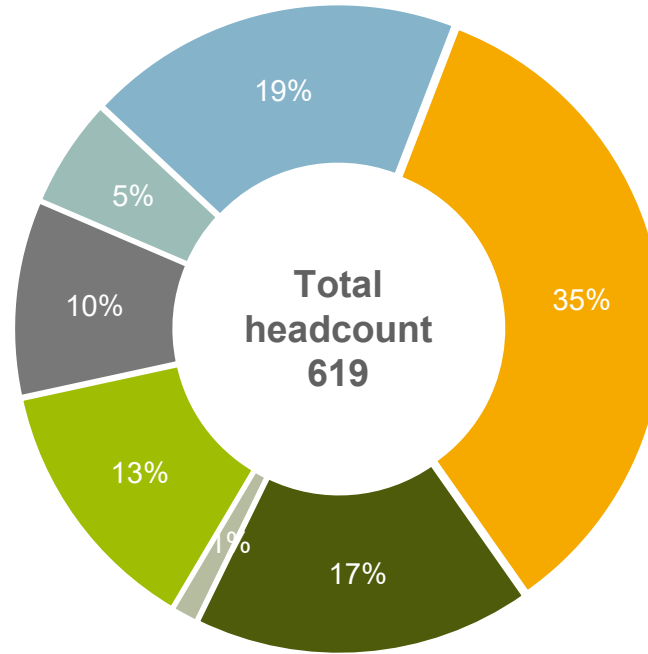
Stephen Liu
Founder, CEO



Hong Bai
CFO



Our talents



Staff of IT department is the largest proportion in VCREDIT

- Senior Managements
- Strategy and Risk Control department
- Post-loan service department
- Back office⁽¹⁾
- Products and Marketing department
- Customer Services department
- IT department

Credit-risk centric

Adaptive to regulatory environment

Technology-driven efficiency

Institutional mindset

Note:

(1) Back office includes finance department, internal control department, admin department, HR department and PR department



Strategic Initiatives

We are well positioned to keep growing core business

Chinese economy

- Chinese economy is expected to maintain a stable growth rate



Proprietary data demand

- Long history in retail lending business
- Sufficient customer attributes
- Effective score card

Industry overview

- Behemoths in our industry are under huge pressure to downsize their portfolio



Comprehensive services

- More efficient borrower acquisition through more selective channels
- Comprehensive services including pre-loan and post-loan services

Existing/potential funding partners will need our service in the foreseeable future



Funding partner demand

Risk management demand

- Funding partners can enhance their risk management system with our credit assessment technologies



“Smart lending”

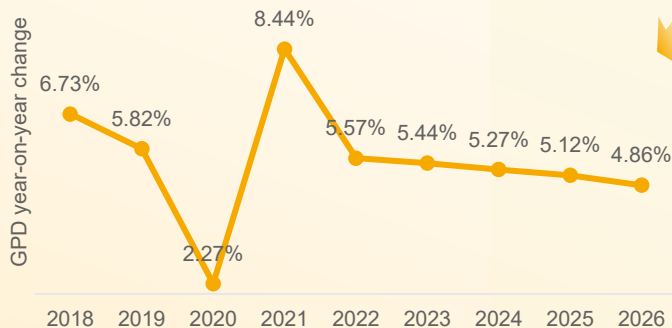
Customized product

Borrowing demand

- Borrowing demand through our APP will keep increasing steadily
- Borrowing demand of small and micro enterprises increased from the continuous growth of economic scale



Growth rate of GDP in China from 2018 with forecasts until 2026⁽¹⁾



Borrowing demand

Note:
(1) Source: Statista

Wealth management



Growing domestic investable income



Lack of meaningful conduit to overseas market per se



Wealth management market is expected to reach **RMB27.5 trillion** by the end of 2024⁽¹⁾

Fintech turnkey solution



Market-proven processes and practices



System catering to real-life business needs



Existing prospects pool (funding partners)

Overseas business



Large consumption in Indonesia, population of **270 mn** with over **50%** is below age 30, less than **2%** of credit penetration rate



Overseas regulators tend to learn lessons from China and other countries



Rich international background among executive team members

Note:

(1) According to Oliver Wyman Report, the non-traditional financial service provider wealth management market had assets under management of RMB7.6 trillion (US\$1.1 trillion) in 2019, is expected to grow at a five-year CAGR of 29% to reach RMB27.5 trillion by the end of 2024