



VCREDIT Holdings Limited
Investor Presentation

March 2022

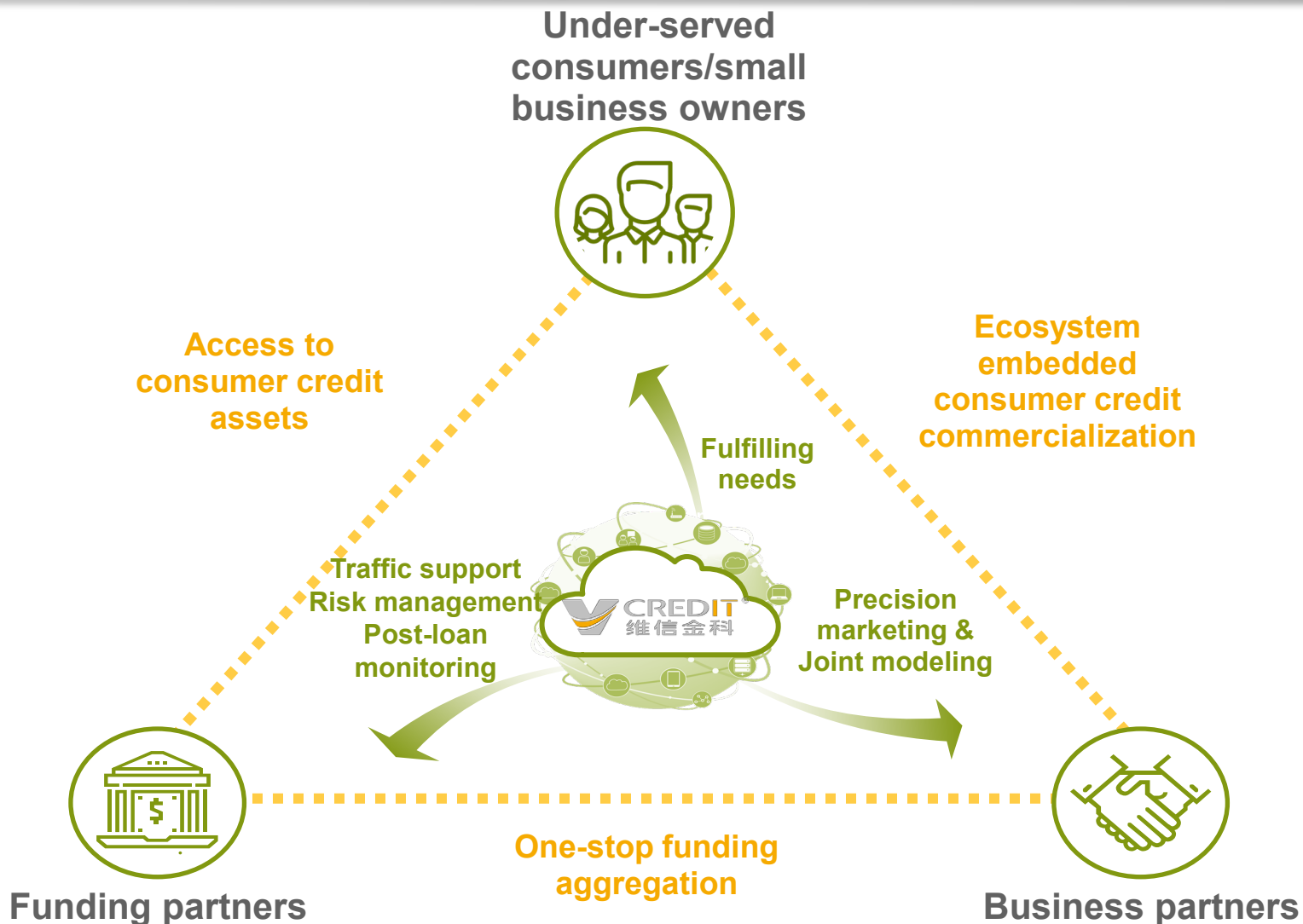
- 1 Corporate Vision**
- 2 Market Overview**
- 3 Company Strategy and Drivers of Profitability & Growth**
- 4 2021 Annual Results Overview**
- 5 Key Management**
- 6 Strategic Initiatives**



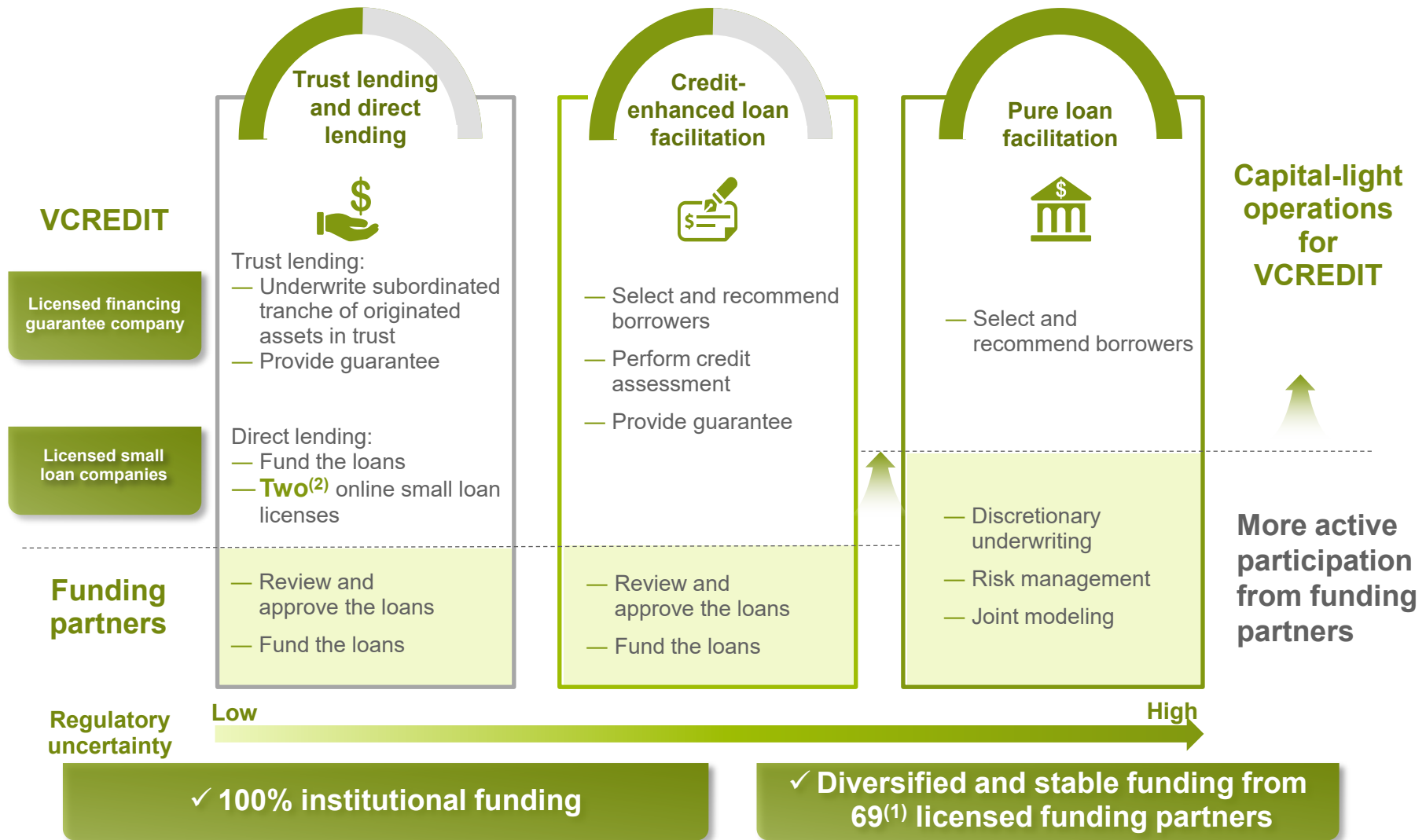
Corporate Vision

We target credit-worthy consumers' and small business owners' mismatched credit demand

Differentiated value propositions to borrowers and partners



Fully licensed & regulated funding structures



Notes:

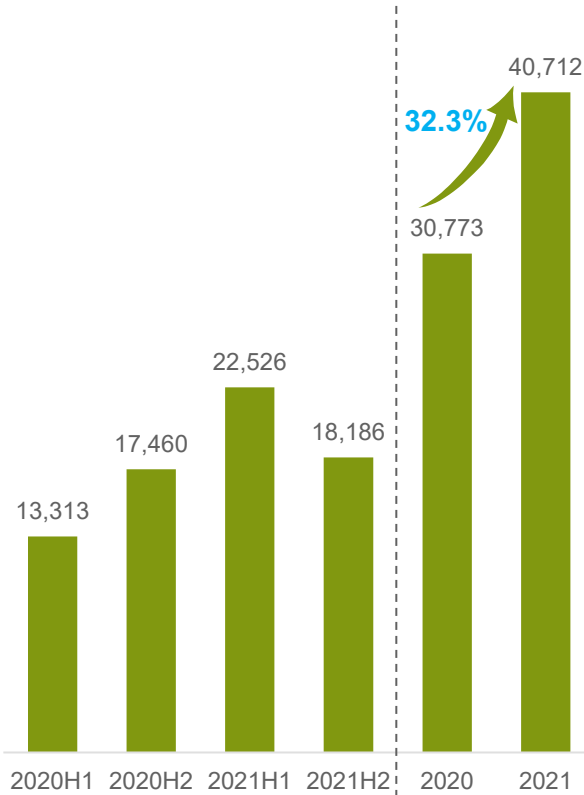
(1) As of December 31, 2021

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

Business snapshot

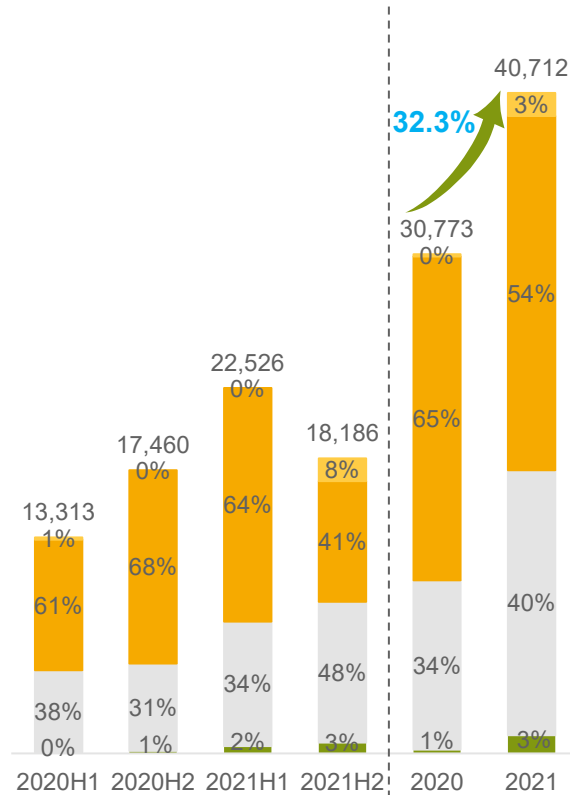
Loan origination volume

(RMB mn)



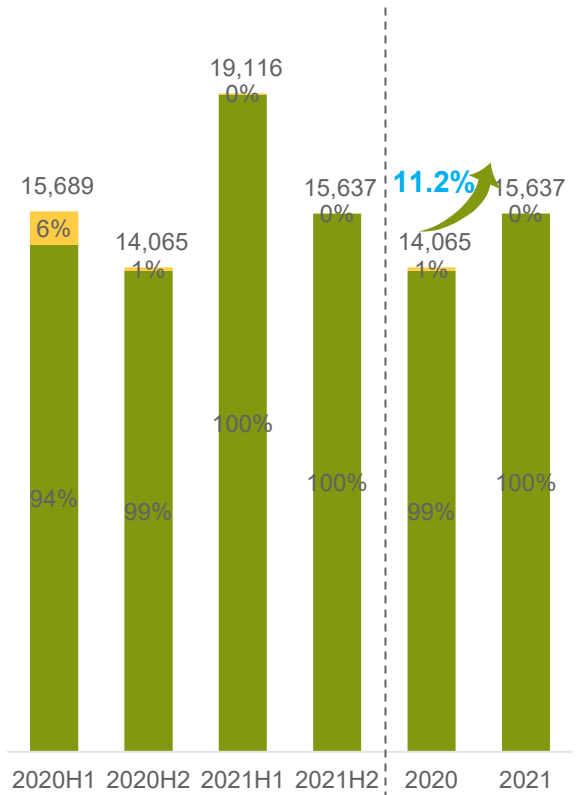
Funding structure

(RMB mn)



Outstanding balance

(RMB mn)



■ Online Consumption Products

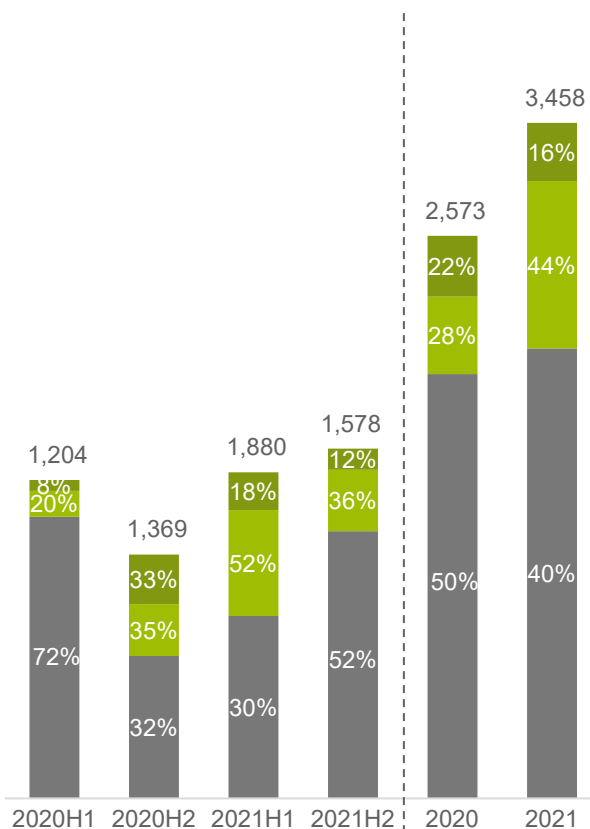
- Direct Lending
- Trust Lending
- Credit-Enhanced Loan Facilitation
- Pure Loan Facilitation

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

Solid management execution with high operating efficiency

Income breakdown

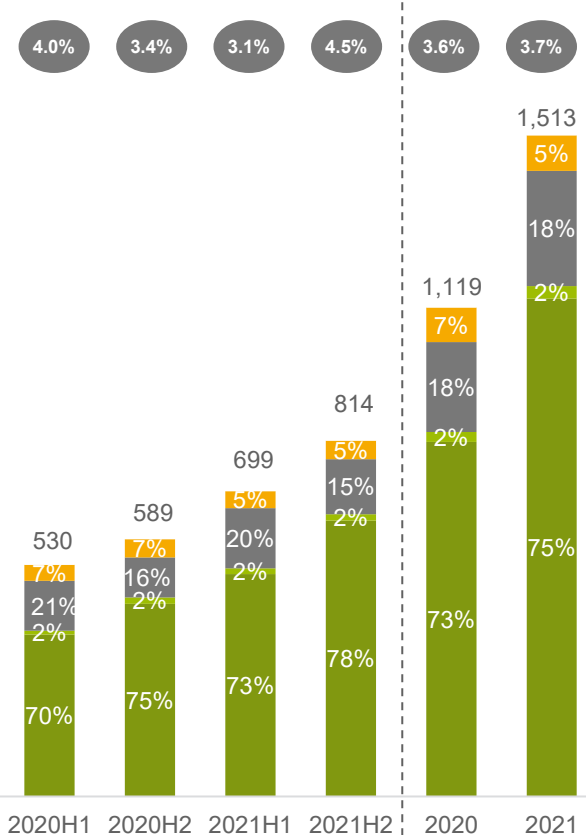
(RMB mn)



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

Adjusted OPEX breakdown⁽¹⁾

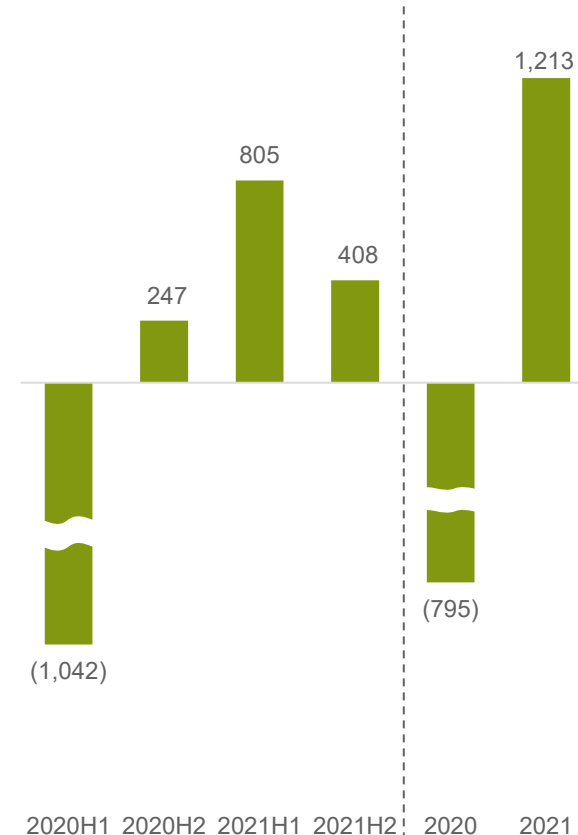
(RMB mn) %:as percentage of total loan origination volume



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

Adjusted net profit⁽²⁾

(RMB mn)



Notes:

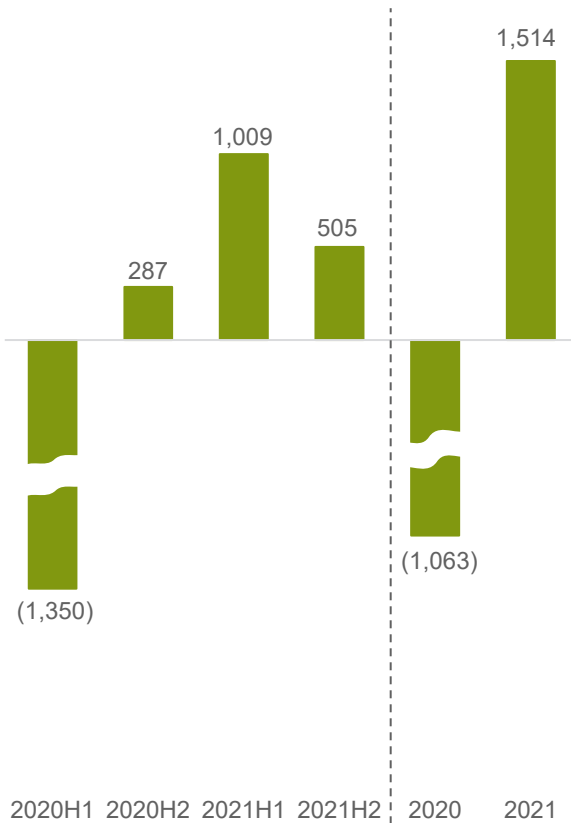
(1) Adjusted operating expenses are calculated by excluding share-based compensation expenses from operating expenses

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

Return to profitability with lower leverage

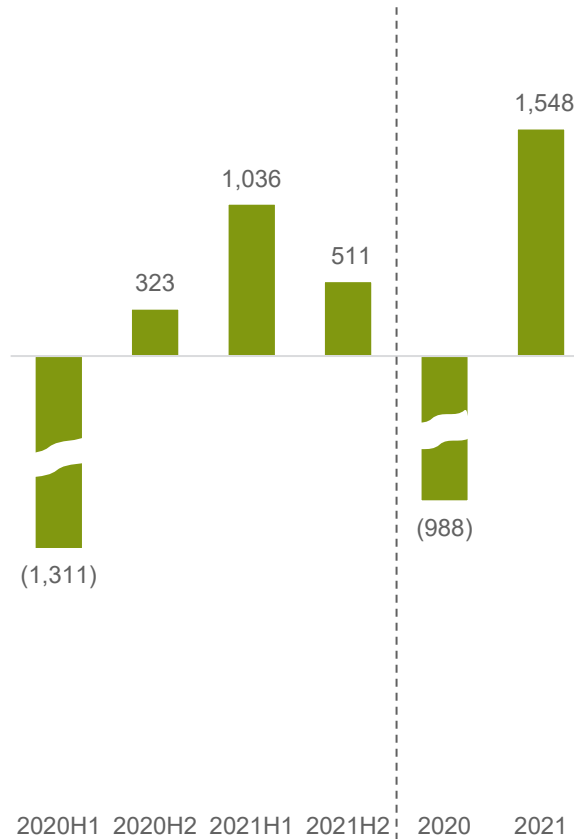
EBIT⁽¹⁾

(RMB mn)

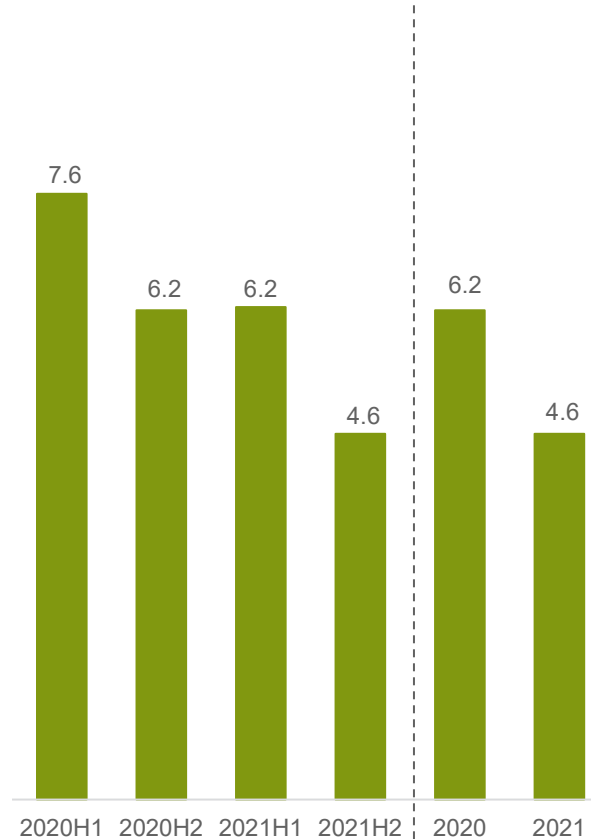


Adjusted EBIT⁽²⁾

(RMB mn)



Leverage ratio⁽³⁾



The loss in 2020 was primarily due to negative impact of COVID-19 pandemic

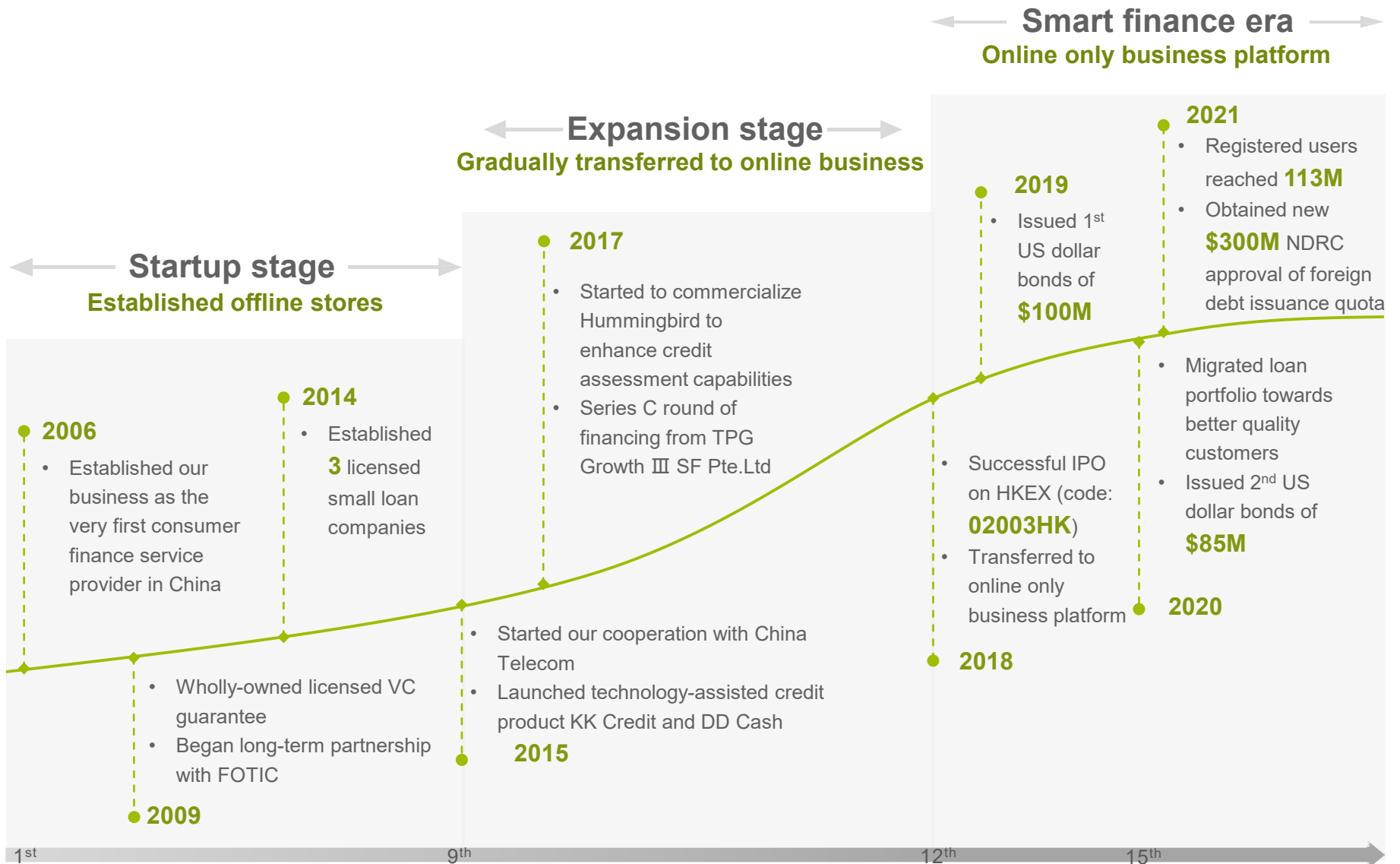
Notes:

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

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

(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



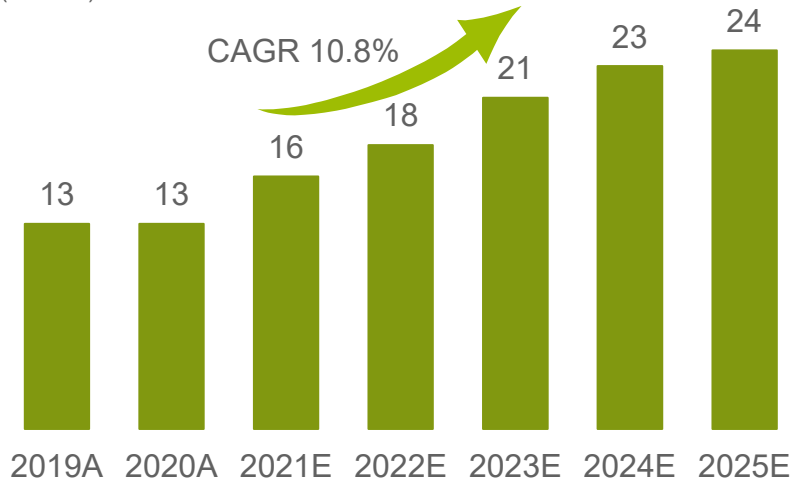


Market Overview

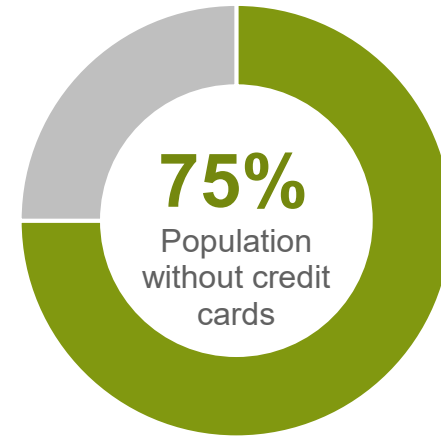
Large and addressable consumer finance market

China's consumer loan balance⁽¹⁾

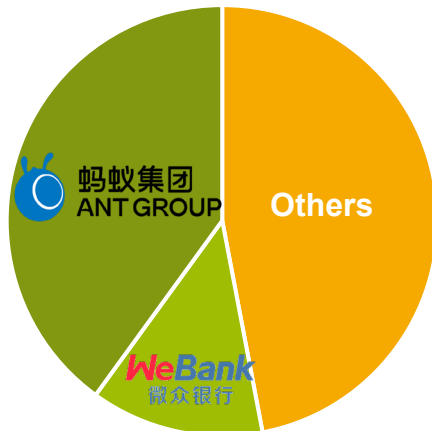
(RMB tn)



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)



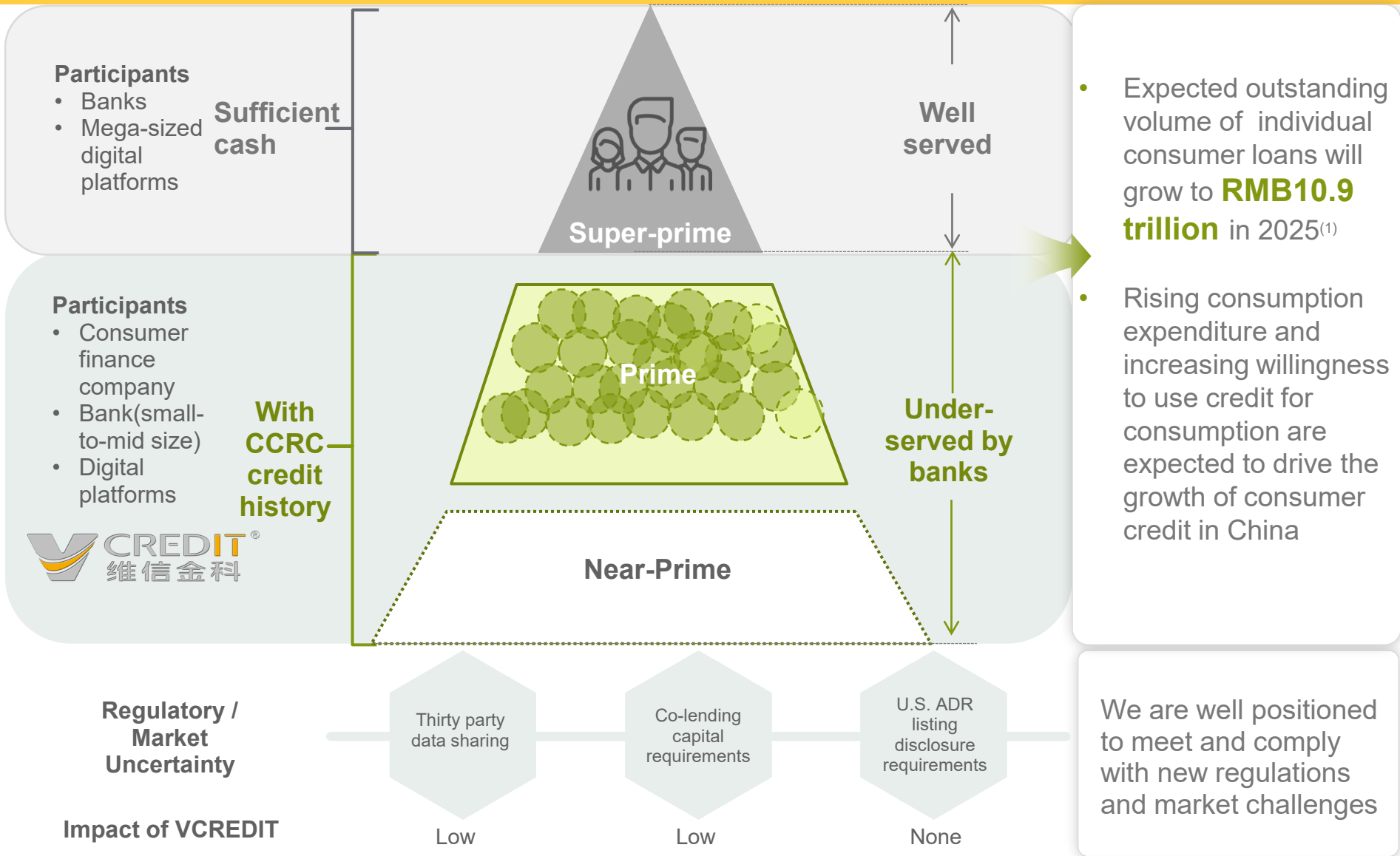
In China, the ratio of consumer credit balance to cash and deposits was 14%, compared to 33% in the United States in 2019

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

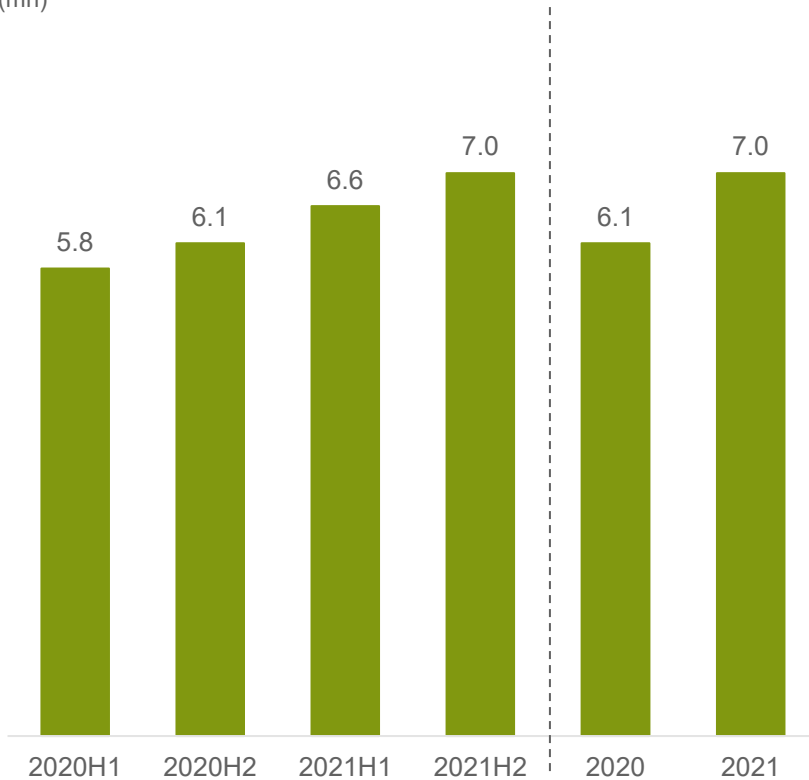


Company Strategy and Drivers of Profitability & Growth

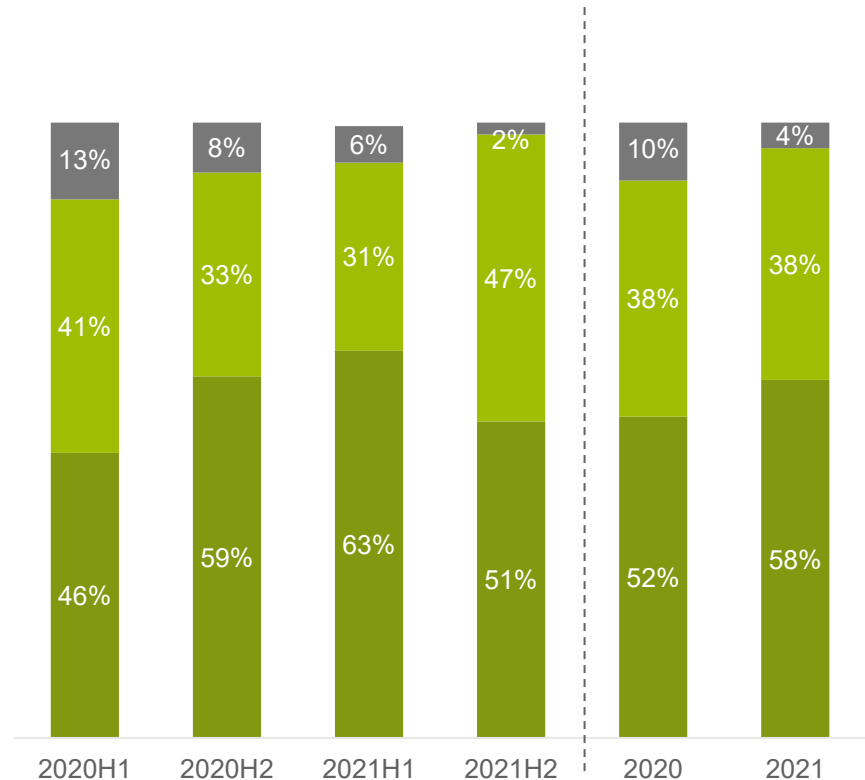
Migration towards higher quality customers

Cumulative borrowers (1)

(mn)



Loan Volume of new customers breakdown by customer type



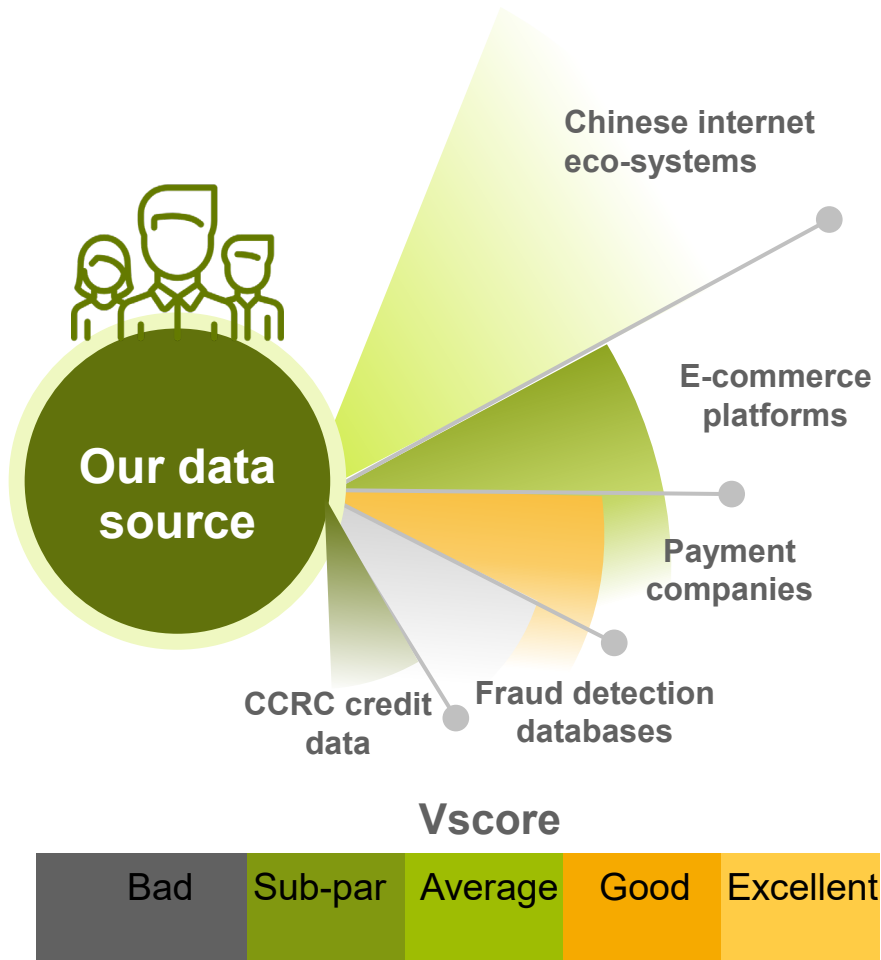
■ Prime ■ Near-prime ■ Testing group ■ Subprime

We saw steady growth in the number of our borrowers

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

Note:

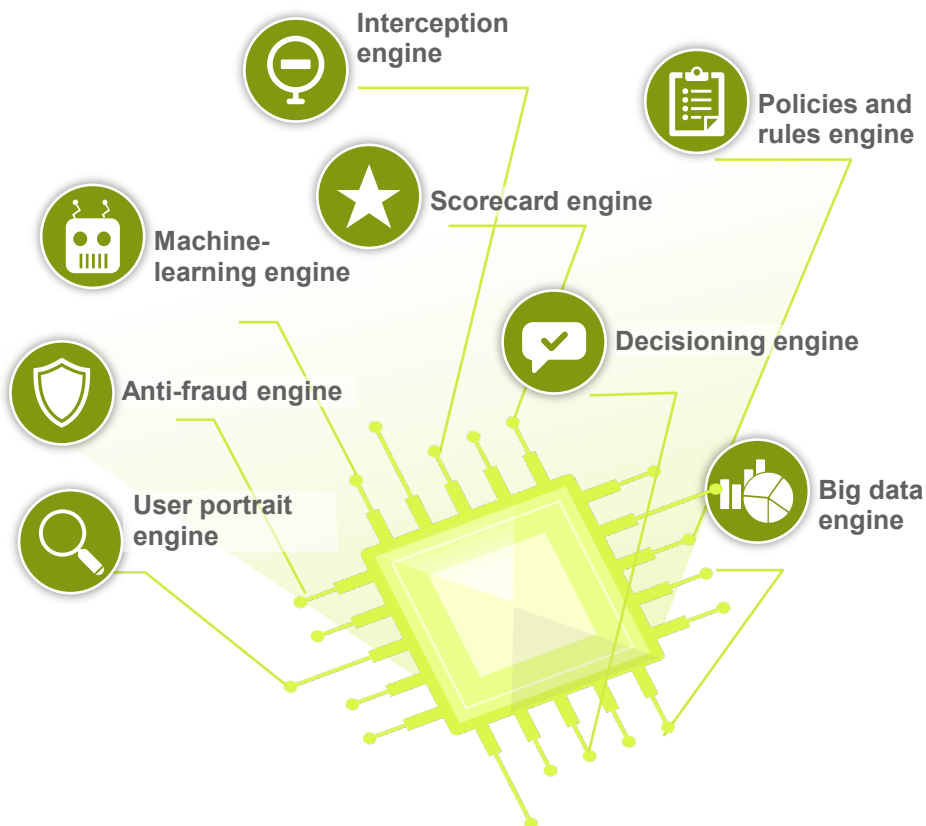
(1) Represent the total number of customers who made at least one transaction at the end of each period



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

85.0% volume from existing customers⁽¹⁾

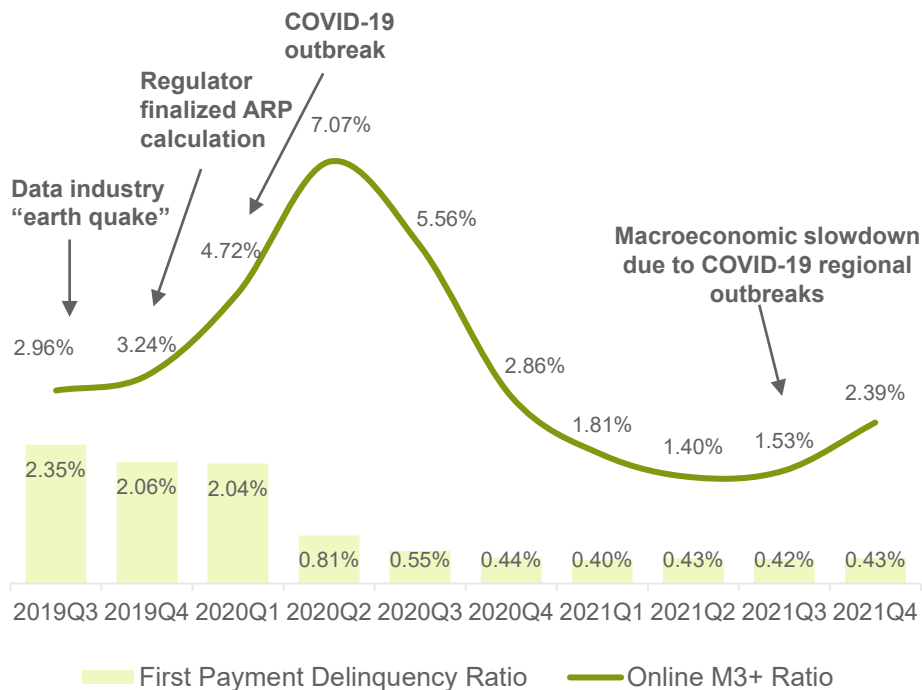
Efficiency enabled by our advanced technology

Note:

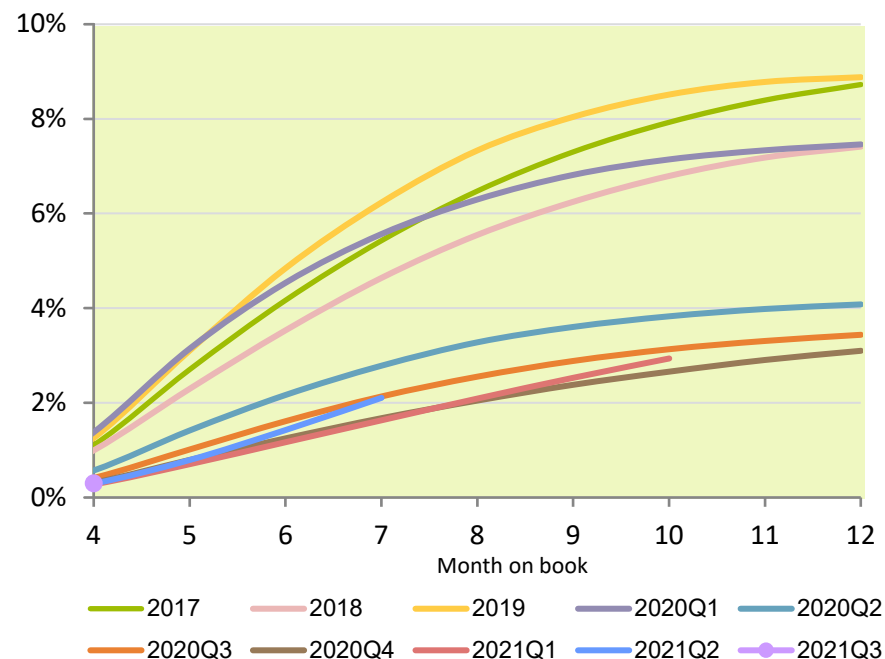
(1) Represent the percentage of loan volume generated by existing borrowers who have successfully borrowed on our platform before

Asset quality has improved significantly due to strong underwriting and risk control

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



Vintage based M3+ delinquency ratio⁽³⁾



We have stabilized first payment delinquency ratio in 2021

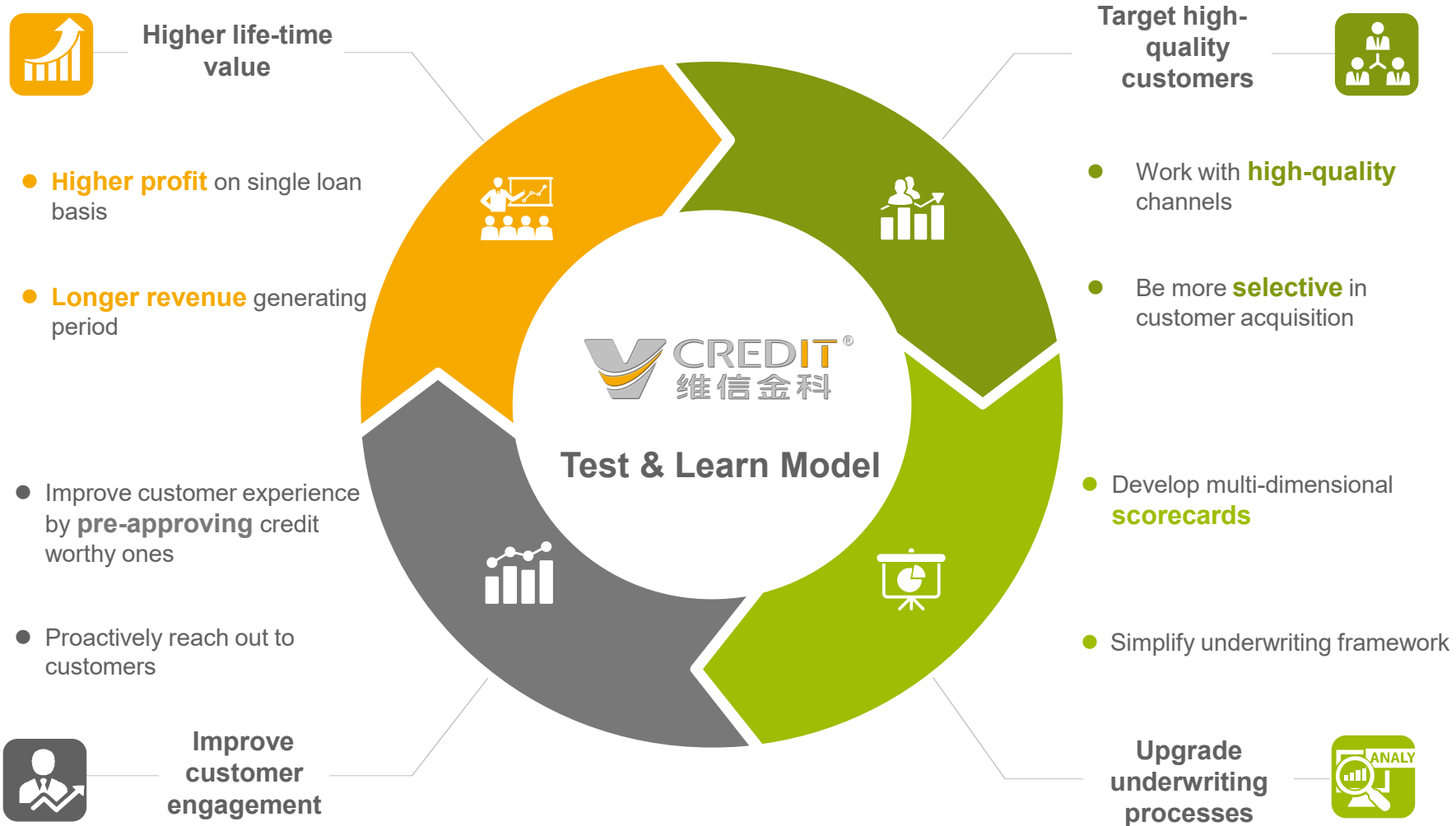
Notes:

(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

We continue to drive customer life-time value higher





2021 Annual Results Overview

We delivered a solid management execution despite recurring COVID-19 outbreak and challenging macro environment

- **Strong growth momentum with steady asset quality**
- **Successful migration to higher quality customers**
- **Improving margin of safety and increased liquidity position**
- **Record profitability with well-maintained operating efficiency**

2021 Annual results overview (cont'd)

RMB mn	2021	2020	Change	2021H2	2020H2	Change
Total income	3,458	2,573	34.4%	1,578	1,369	15.3%
Net interest type income	1,380	1,301	6.0%	820	437	87.5%
Loan facilitation service fees	1,540	713	115.9%	567	475	19.2%
Other income	538	558	-3.6%	192	457	-58.0%
Operating profit/(loss)	1,514	-1,052	NM	505	287	75.7%
Adjusted operating profit/(loss)⁽¹⁾	1,547	-977	NM	511	323	58.2%
Net profit/(loss)	1,179	-870	NM	402	212	89.8%
Adjusted net profit/(loss)⁽¹⁾	1,213	-795	NM	408	247	64.9%
Key Ratios						
Adjusted net profit/(loss) / loan volume	3.0%	-2.6%	5.6%	2.2%	1.4%	0.8%
Outstanding loan balance / shareholders' equity	4.6x	6.2x	-1.6x	4.6x	6.2x	-1.6x
Adjusted net profit/(loss) / average shareholders' equity	42.7%	-29.5%	72.2%	12.6%	11.4%	1.2%

Note:

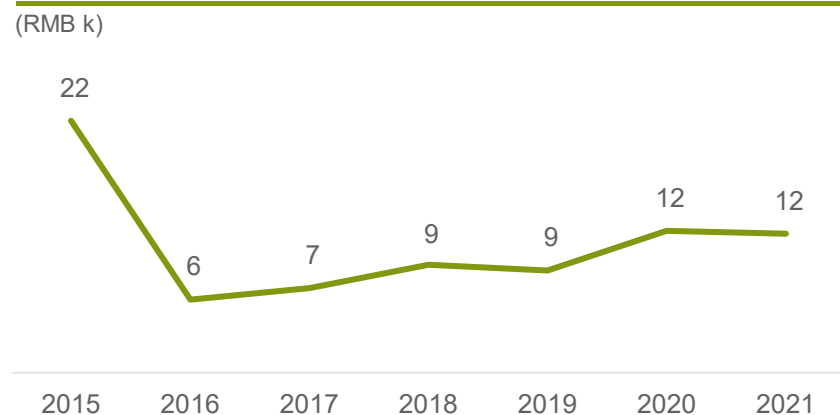
(1) Adjusted operating profit/(loss) and Adjusted net profit/(loss) are defined as profit/(loss) excluding share-based compensation expenses of RMB33 mn in 2021 and RMB75 mn in 2020 (2021H2: RMB6 mn, 2020H2: RMB36 mn)

2021 Annual results overview (cont'd)

Key operating metrics

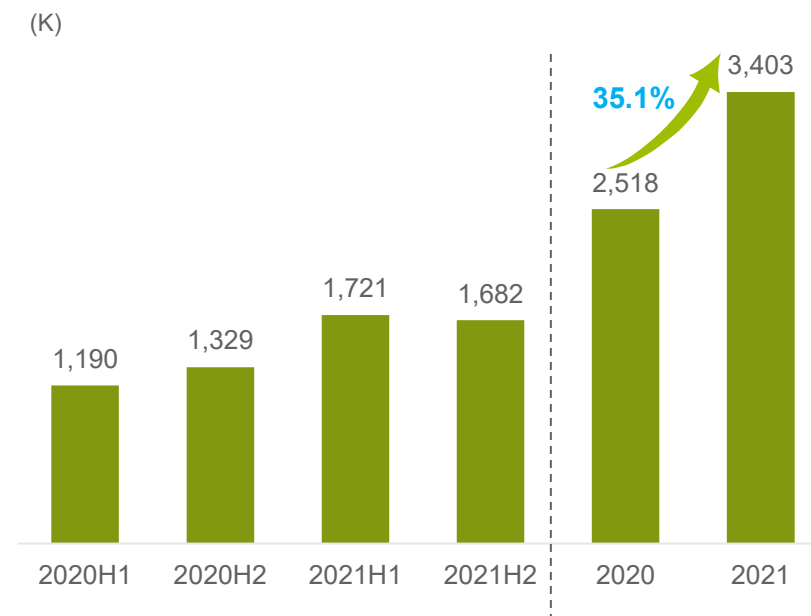
	2020	2021
Cumulative registered users(mn)	95.8	112.5
Cumulative verified users(mn)	68.7	80.8
Cumulative borrowers(k) ⁽¹⁾	6,103	6,971
Average ticket size(RMB)	12,220	11,965
Average loan tenure(months)	9.1	9.4

Average ticket size



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



Average loan tenure





Key Management

Experienced and stable management team leading cohesive talent development

Our management team

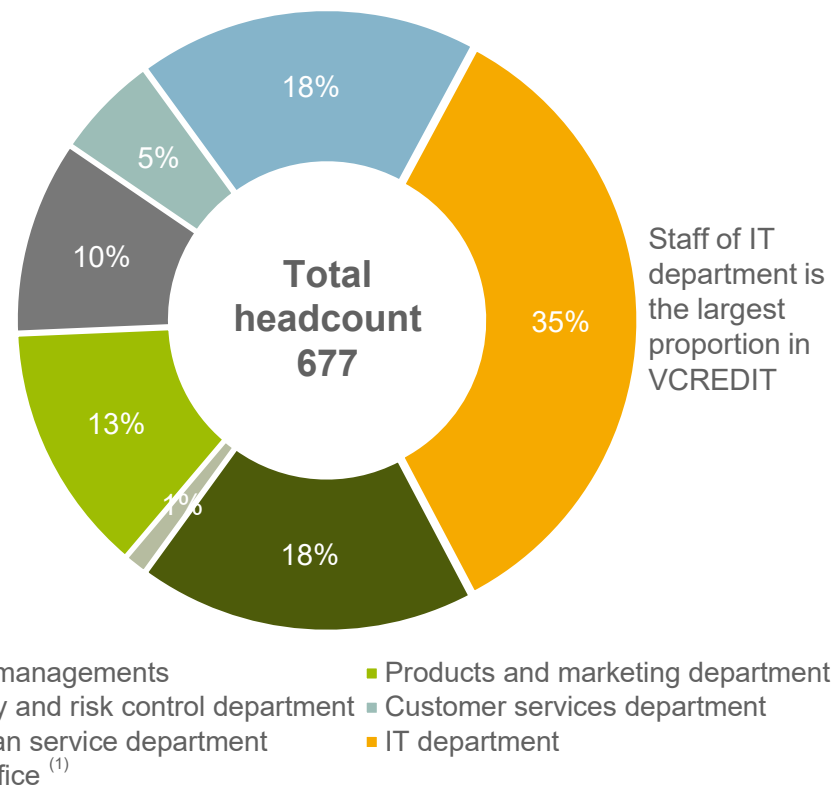
Lawrence Ma
Founder, Chairman

Stephen Liu
Founder, CEO

Ethan Gong
CRO

Hong Bai
CFO

Our talents



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

Time	Dividend	per Share
2021 Interim	Regular	HK 10 cents
	Special	HK 10 cents
2021 Final <i>(Recommended by Board)</i>	Regular	HK 15 cents
Total		HK 35 cents

Subject to the company's operational and financial situations, and also future development needs, etc., we intend to maintain a dividend payout policy of 20%-30% of earnings in the future



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

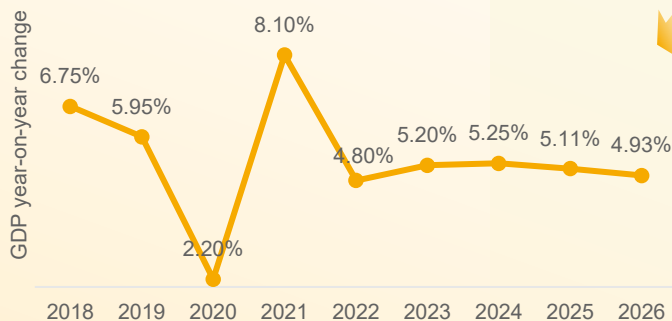


Borrowing demand

- 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