



VCREDIT Holdings Limited
Investor Presentation

August 2022

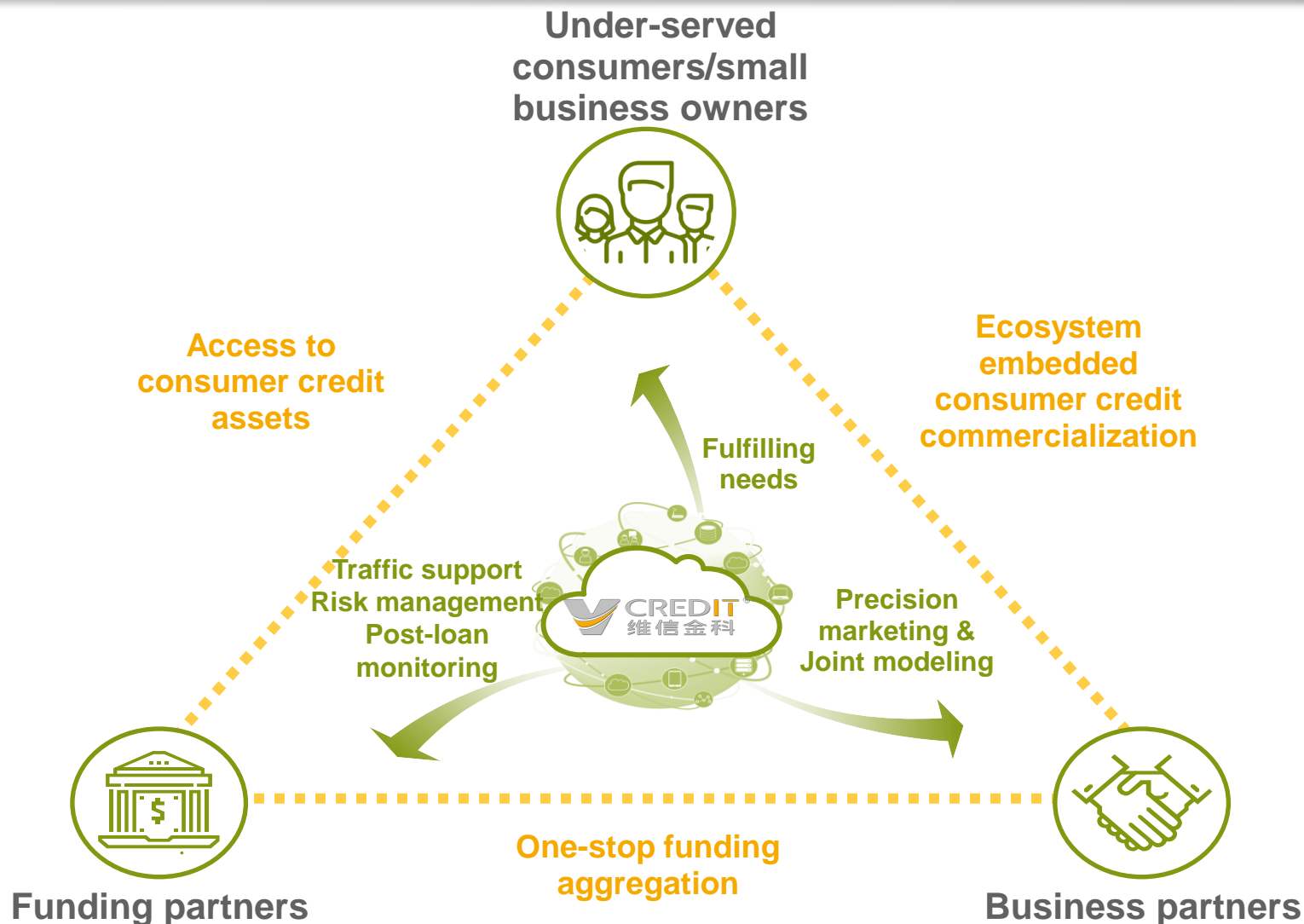
- 1 Corporate Vision**
- 2 Market Overview**
- 3 Company Strategy and Drivers of Profitability & Growth**
- 4 2022 Interim Results Overview**
- 5 Key Management**
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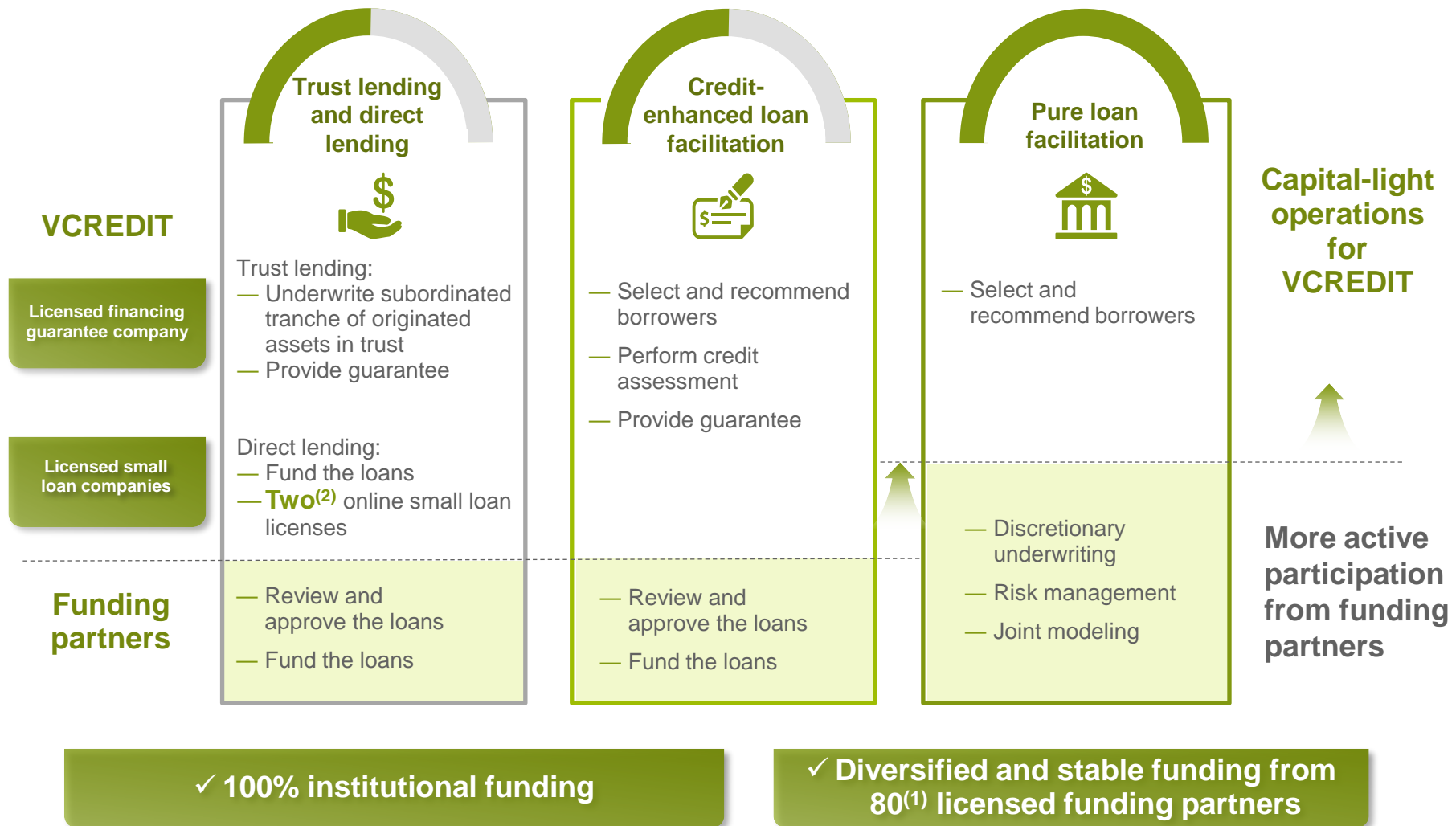
Corporate Vision

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:

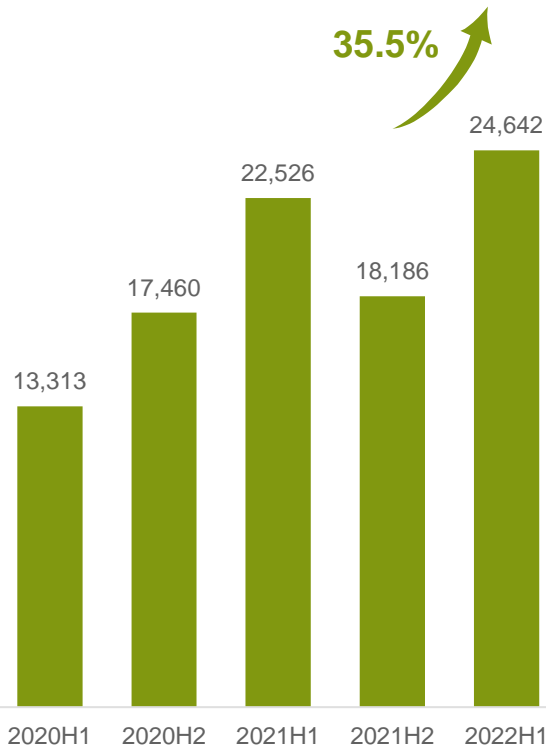
(1) As of June 30, 2022

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

Business snapshot

Loan origination volume

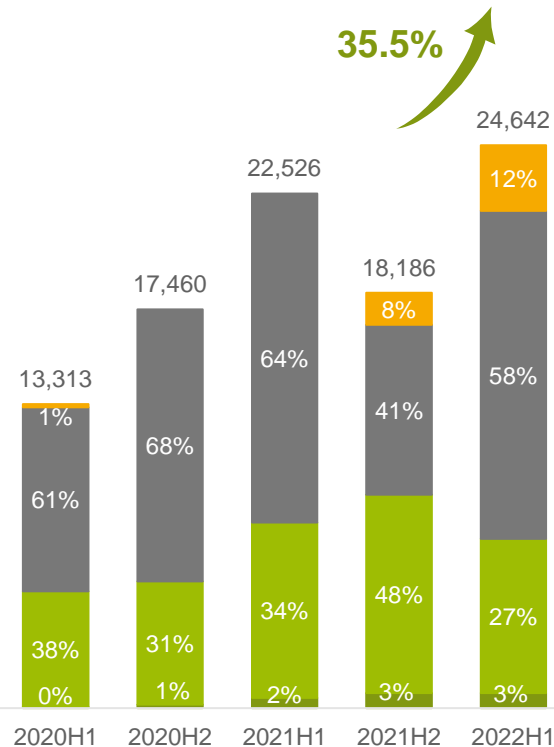
(RMB mn)



■ Online Consumption Products

Funding structure

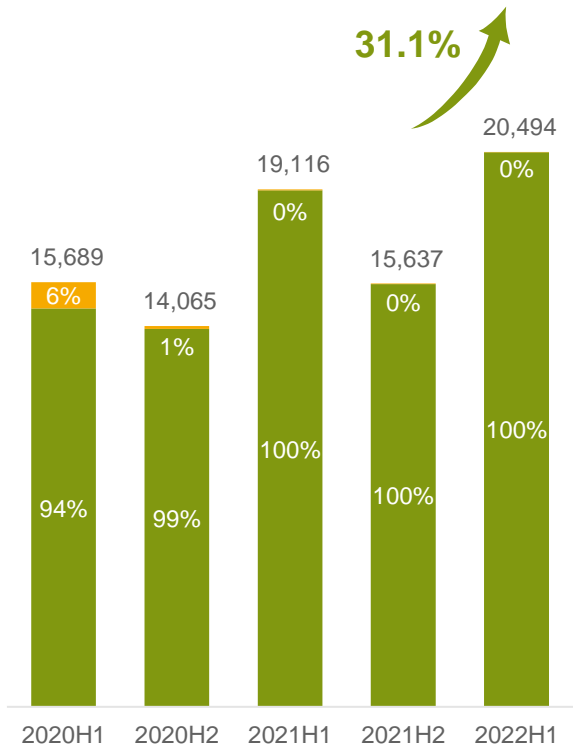
(RMB mn)



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

Outstanding balance

(RMB mn)

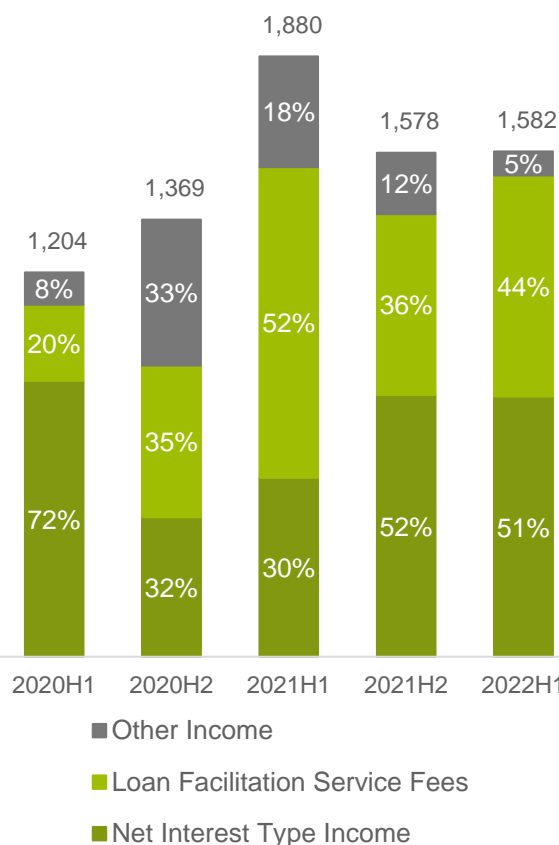


■ Online Consumption Products
 ■ Online-to-Offline Credit Products

Solid management execution with high operating efficiency

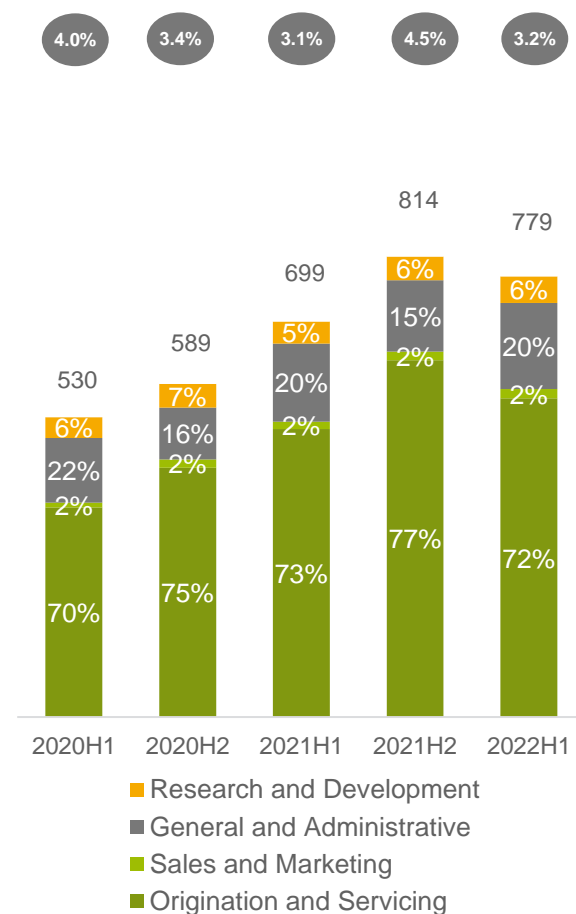
Income breakdown

(RMB mn)



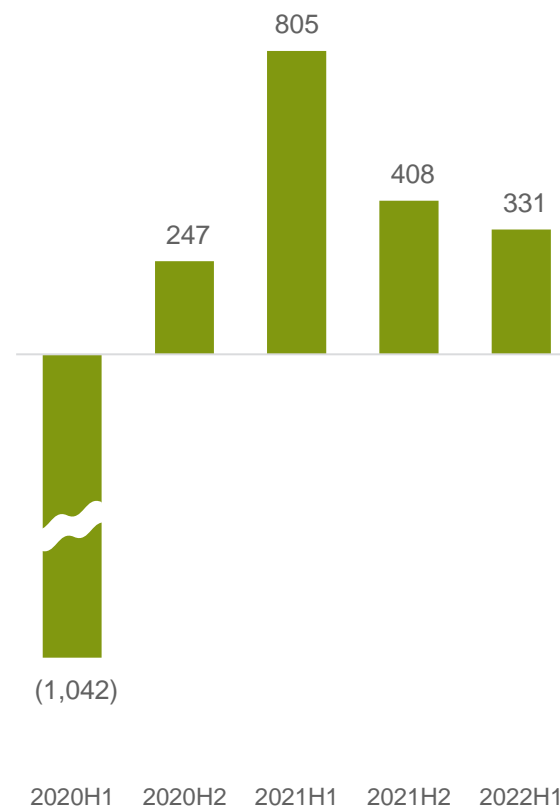
Adjusted OPEX breakdown⁽¹⁾

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



Adjusted net profit⁽²⁾

(RMB mn)



Notes:

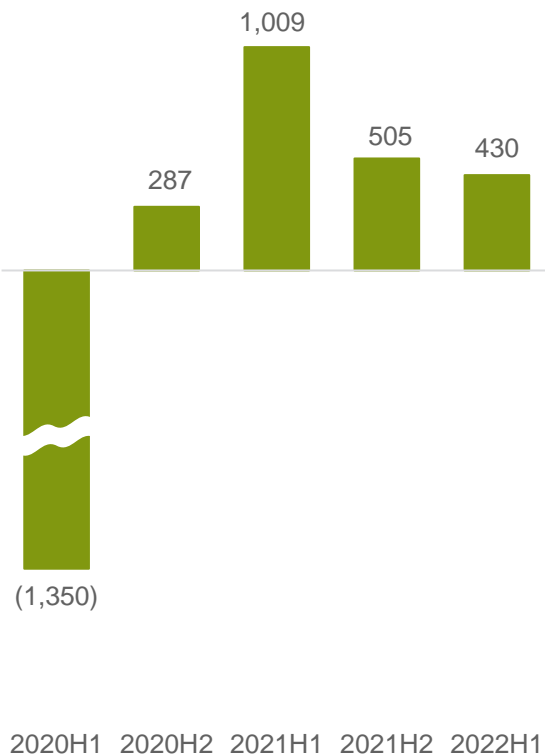
(1) Adjusted operating expenses are calculated by excluding share-based compensation expenses from operating expenses

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

Return to profitability with low leverage

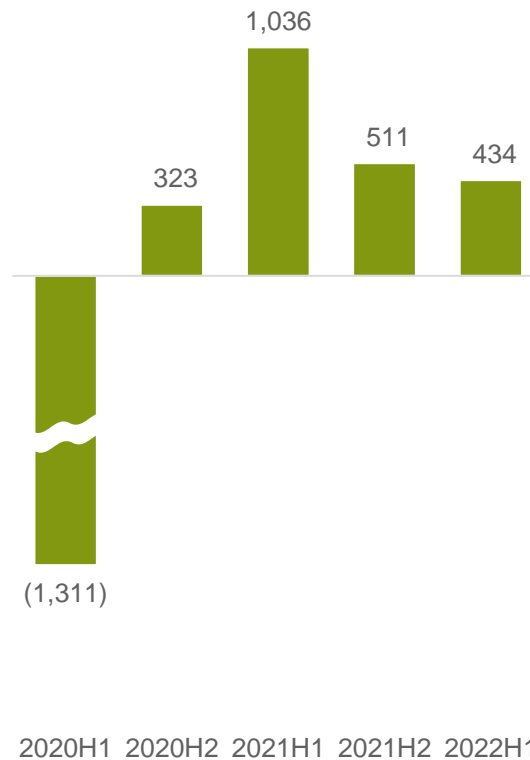
EBIT⁽¹⁾

(RMB mn)

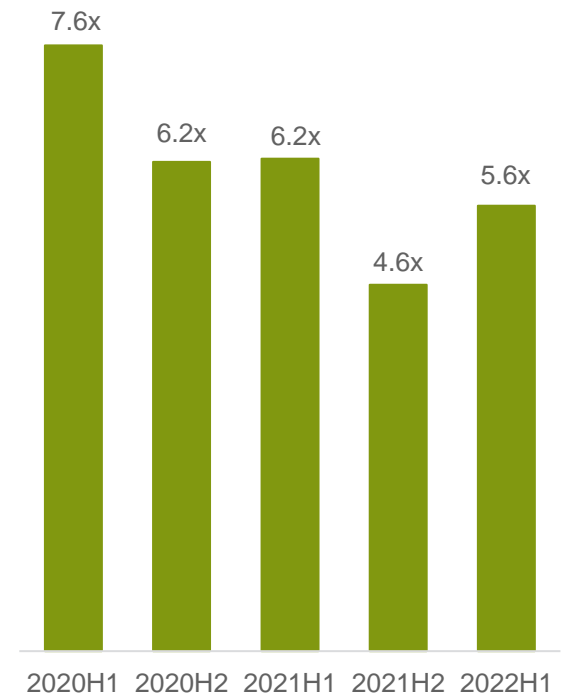


Adjusted EBIT⁽²⁾

(RMB mn)



Leverage ratio⁽³⁾



The profit decrease in 2022H1 was primarily due to the regulatory limits on consumer loan interest rates

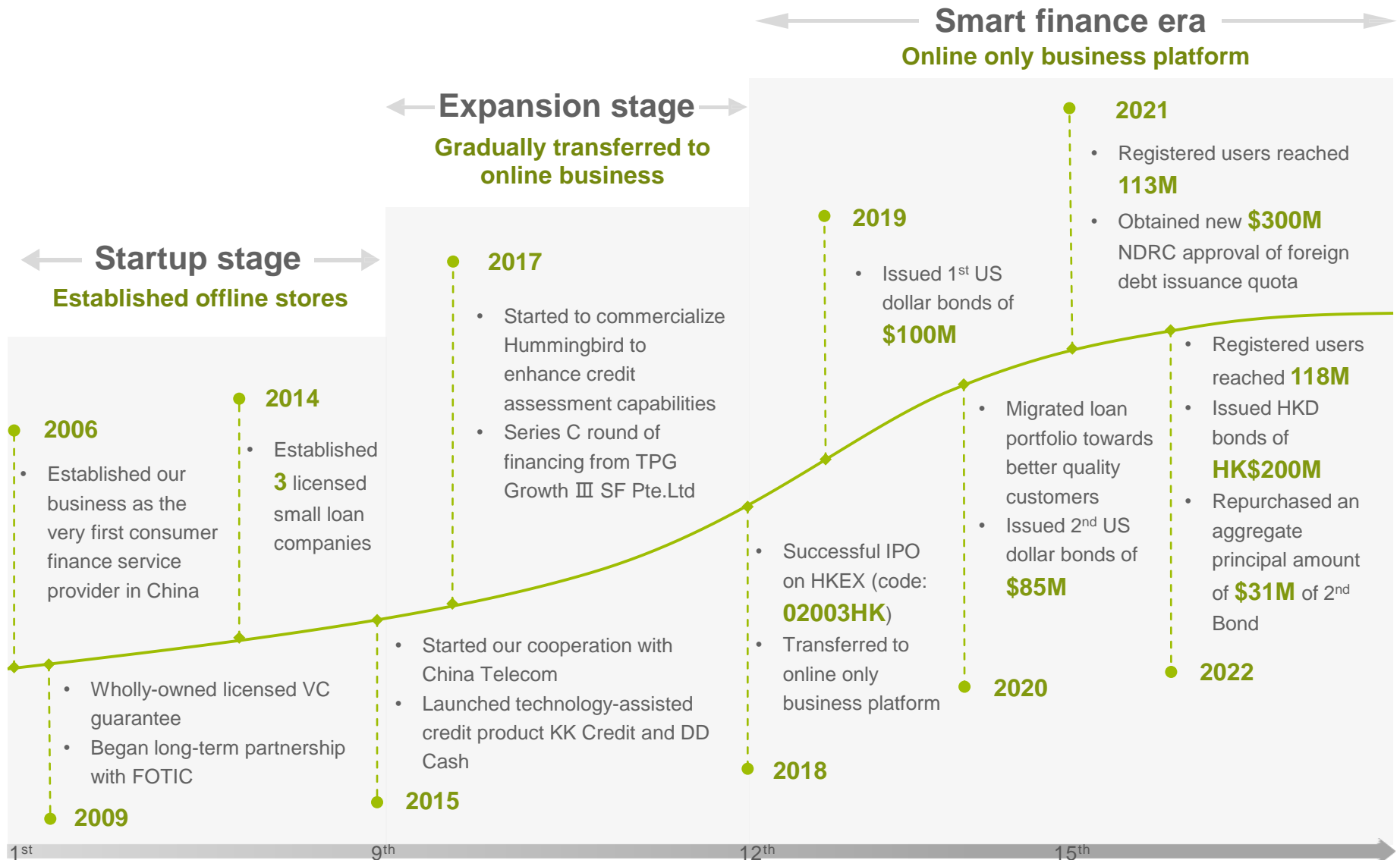
Notes:

(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

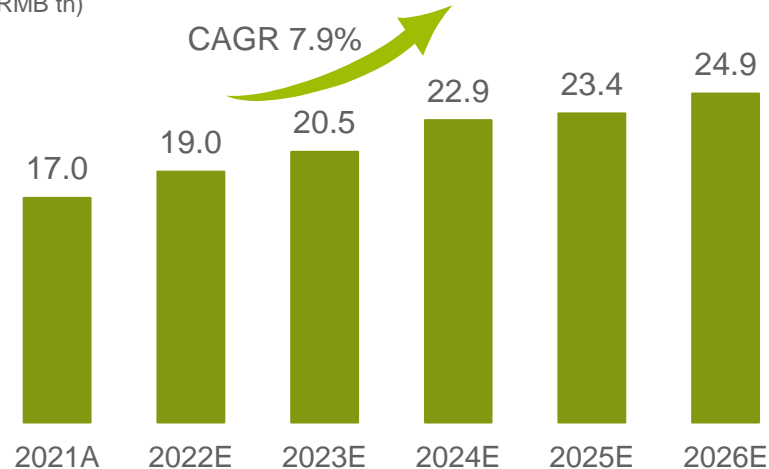


Market Overview

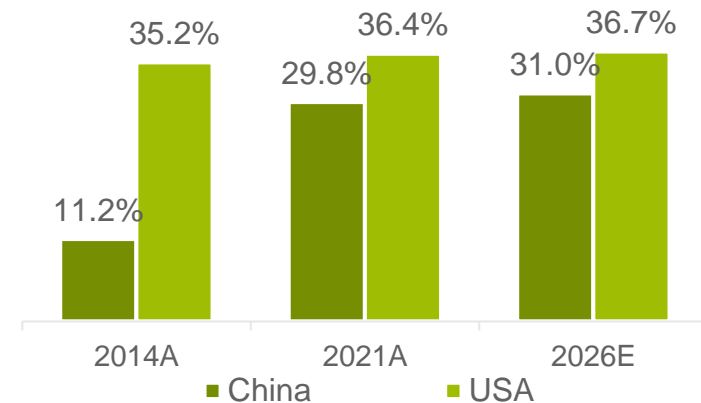
Large and addressable consumer finance market

China's consumer loan balance⁽¹⁾

(RMB tn)



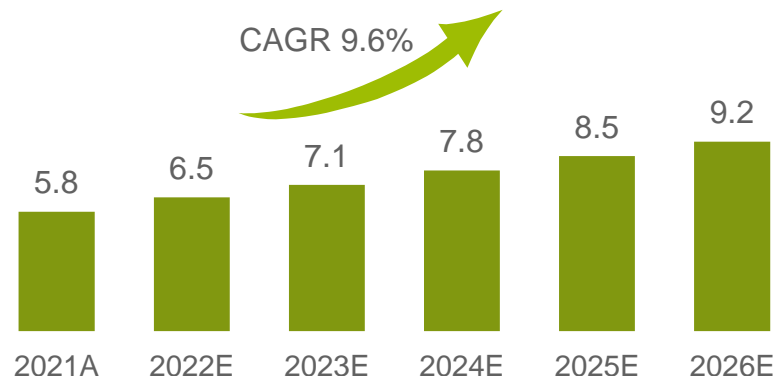
Penetration rate of consumer credit ⁽¹⁾⁽²⁾⁽³⁾



In 2021, consumer loan balance in China reached to RMB17.0tn, while it reached to USD4.43tn⁽¹⁾ in USA

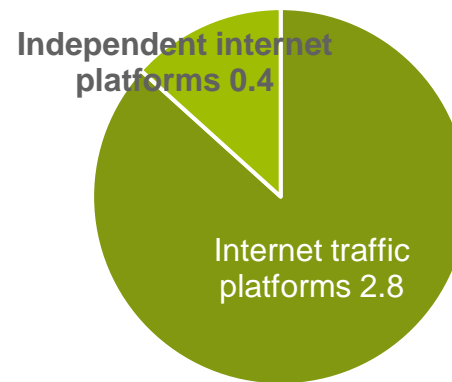
China's online consumer credit market⁽¹⁾

(RMB tn)



Online consumer credit | digital financial platform in 2021

(RMB tn)



- Digital financial platforms are major participants in the online consumer credit market, which in 2021 the credit balance is **3.2tn**, and internet traffic platforms such as Ant Financial, Lufax, and JDT is accounted for 87%
- The rest of loan balance is provided by independent internet platforms such as 360, FinVolution, Lexin, Vcredit

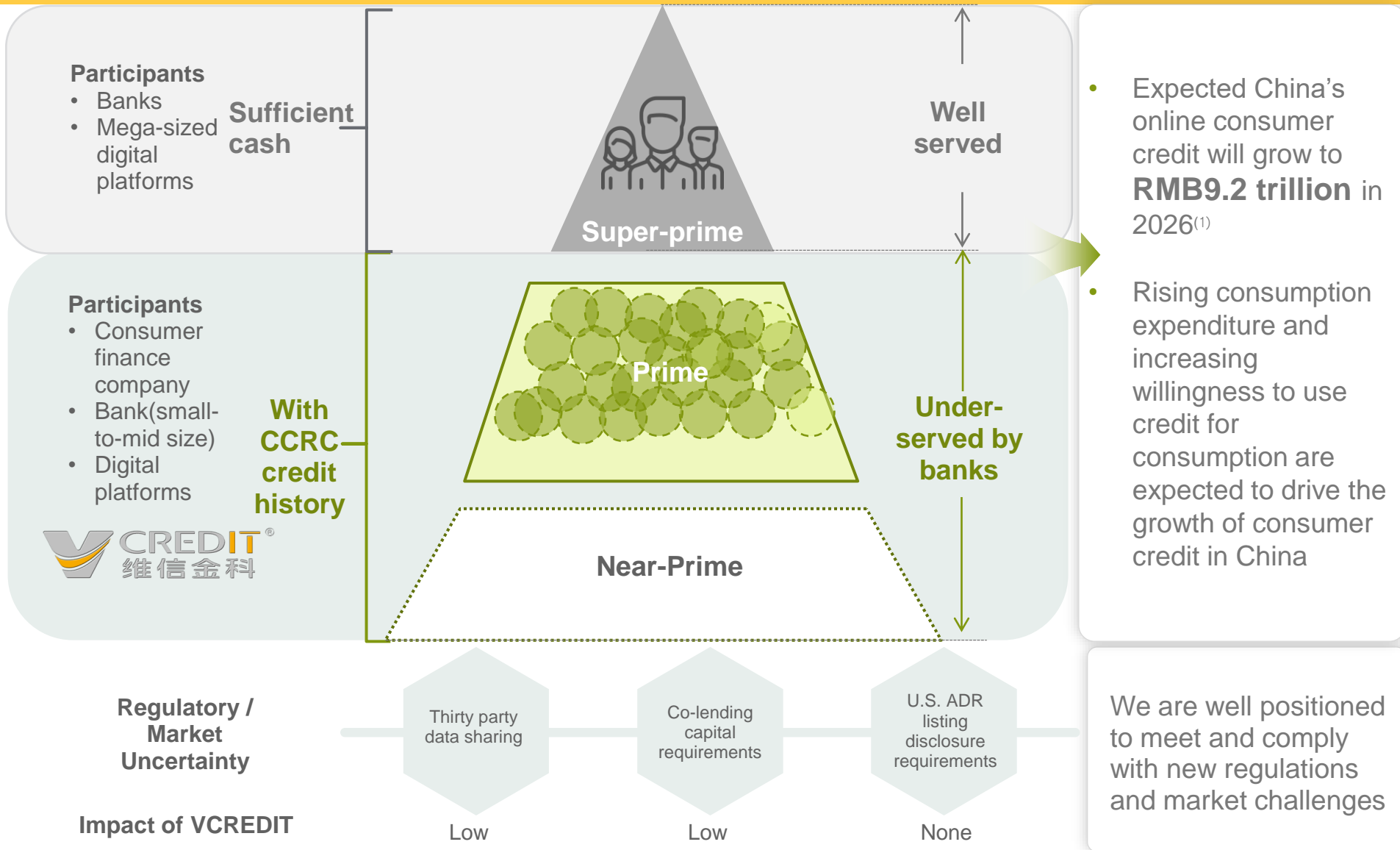
Notes:

(1) Source: iResearch Inc. , updated on April 2022; Wind, updated on August 2022

(2) penetration rate of consumer credit in China = Consumer loan balance in China / Total Retail Sales of Consumer Goods in China

(3) Penetration rate of consumer credit in USA = Consumer loan balance in USA / The scale of Personal Consumption Expenditure in USA

Market positioning and opportunities



Note:

(1) Source: iResearch Inc. , updated on April 2022

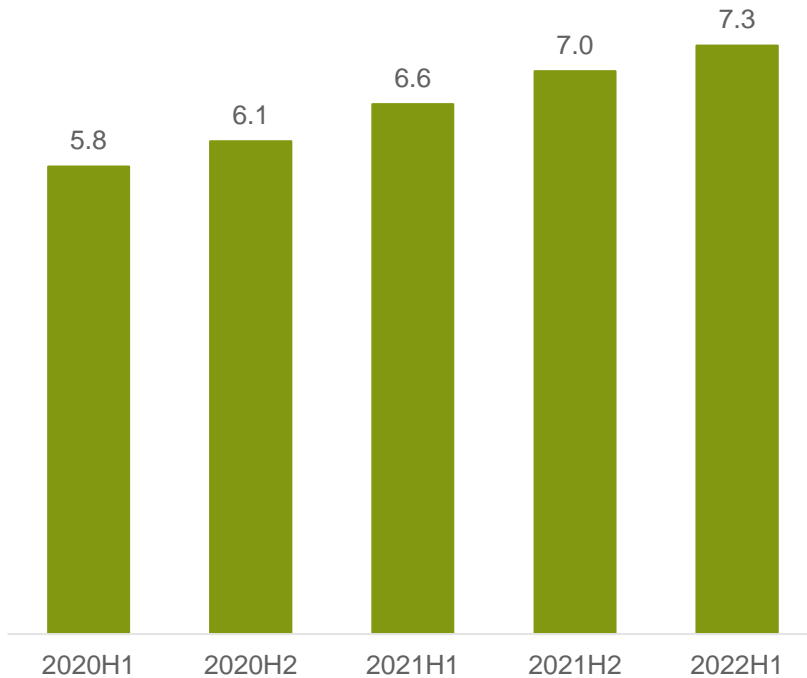


Company Strategy and Drivers of Profitability & Growth

Migration towards higher quality customers

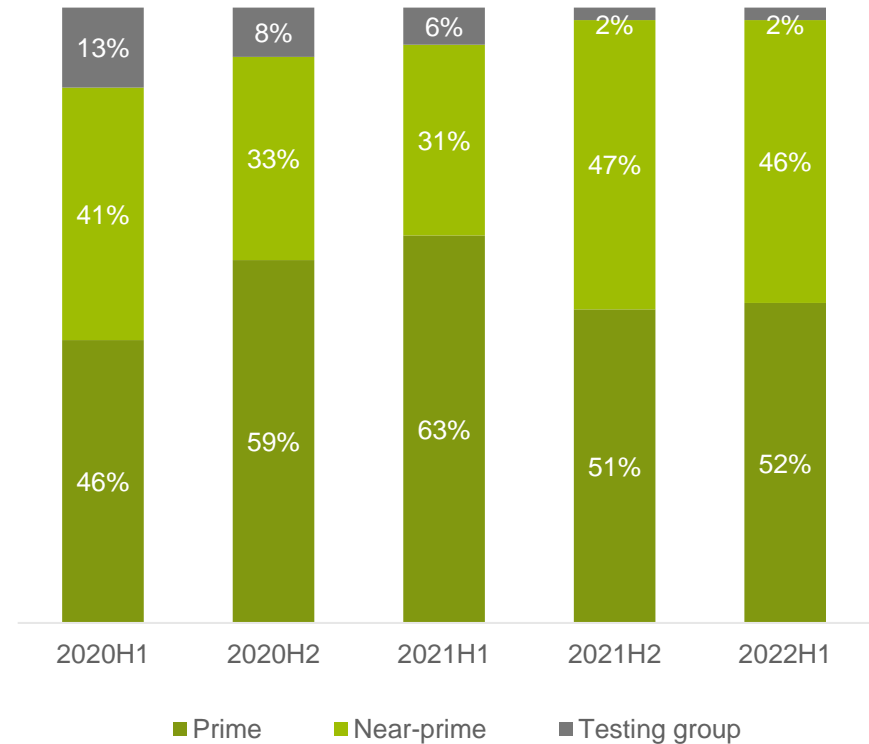
Cumulative borrowers ⁽¹⁾

(mn)



We saw steady growth in the number of our borrowers

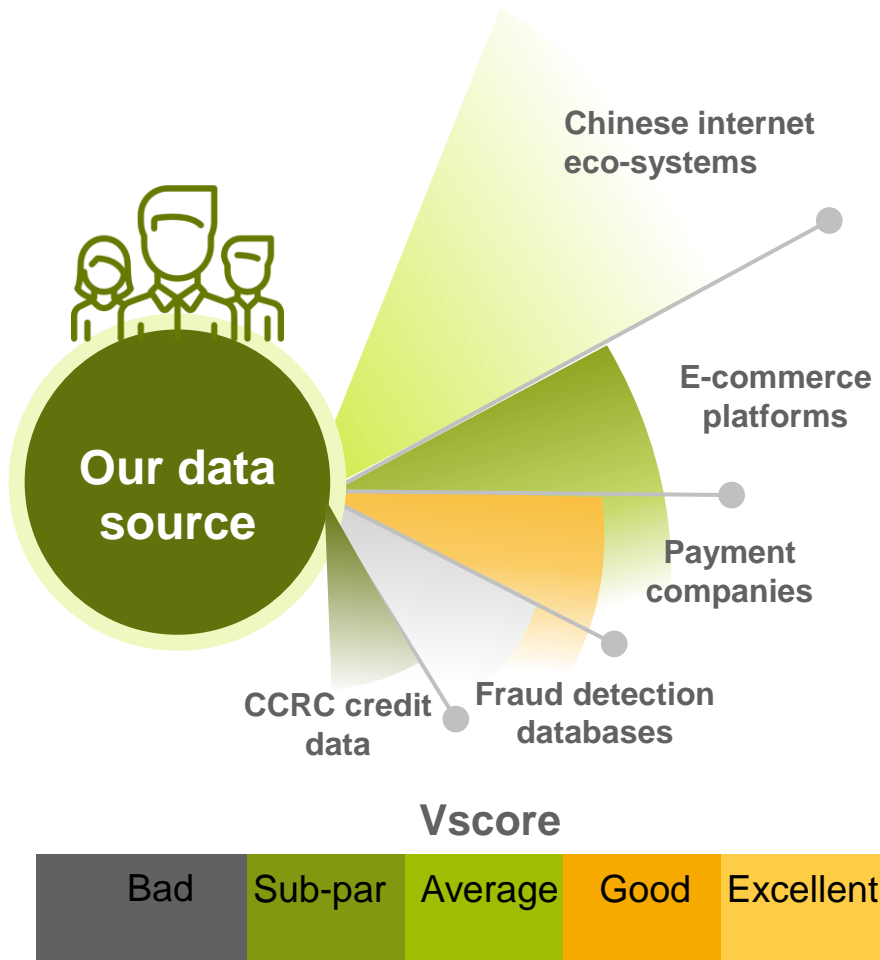
Loan volume of new customers breakdown by customer type



We continued to migrate to prime customers

Note:

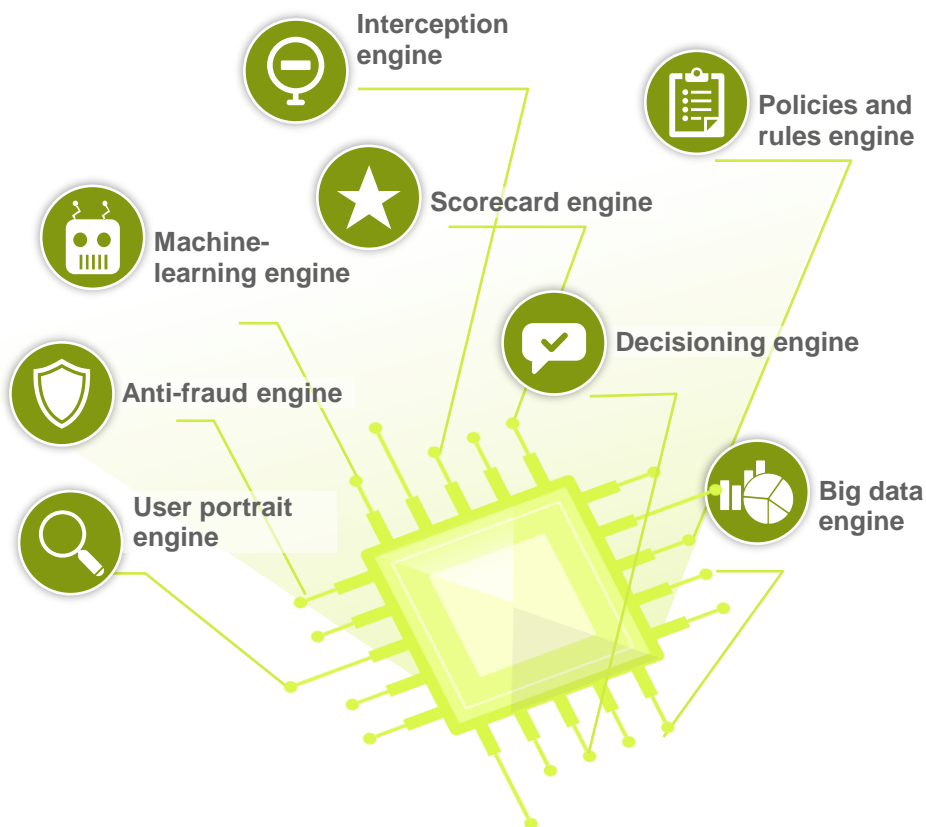
(1) Represent the total number of customers who made at least one transaction at the end of each period



Our strategy

- Implementing new generation of multi-source scorecard which has significant more powerful **risk splitting power**
- 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

89% repeat borrowing rate⁽¹⁾

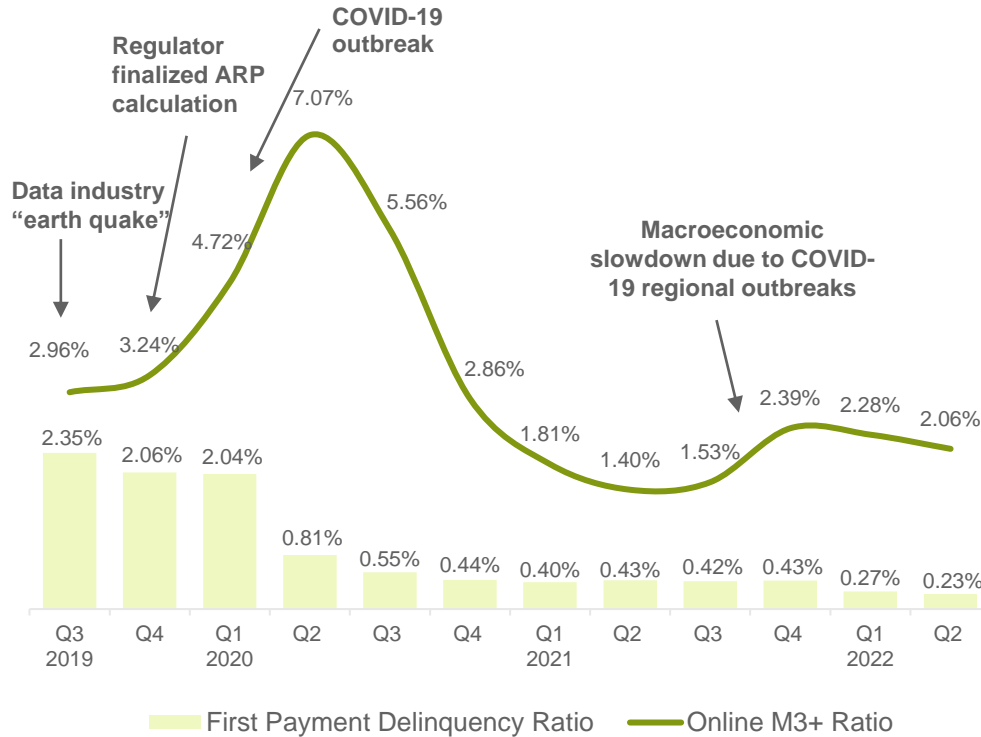
Robust risk management enabled by our advanced technology

Note:

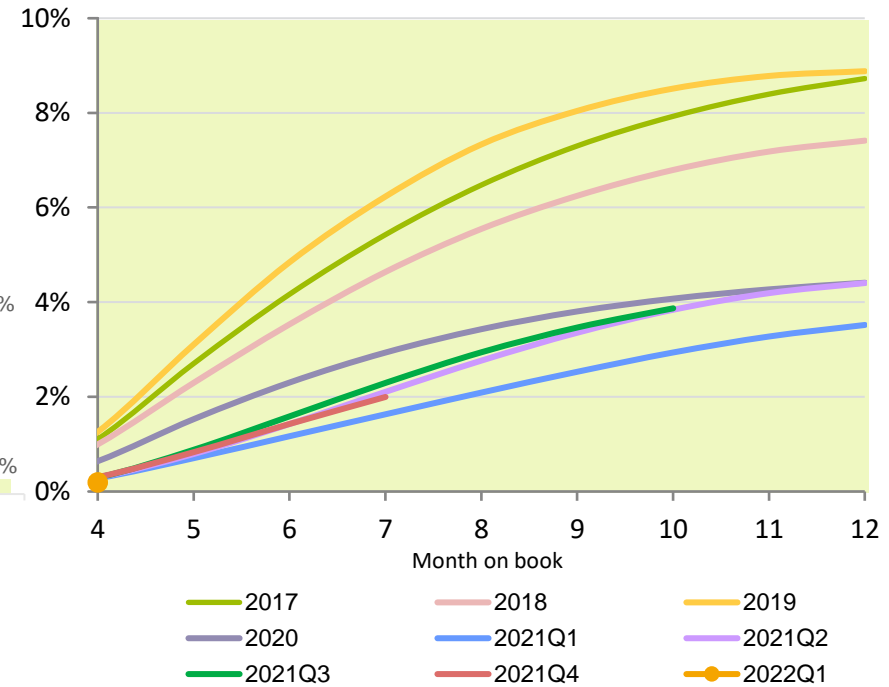
(1) Represent the percentage of loan volume generated by existing borrowers who have successfully borrowed on our platform before

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⁾



Our FPD achieved a new record low in 2022Q2 while the loan volume growing

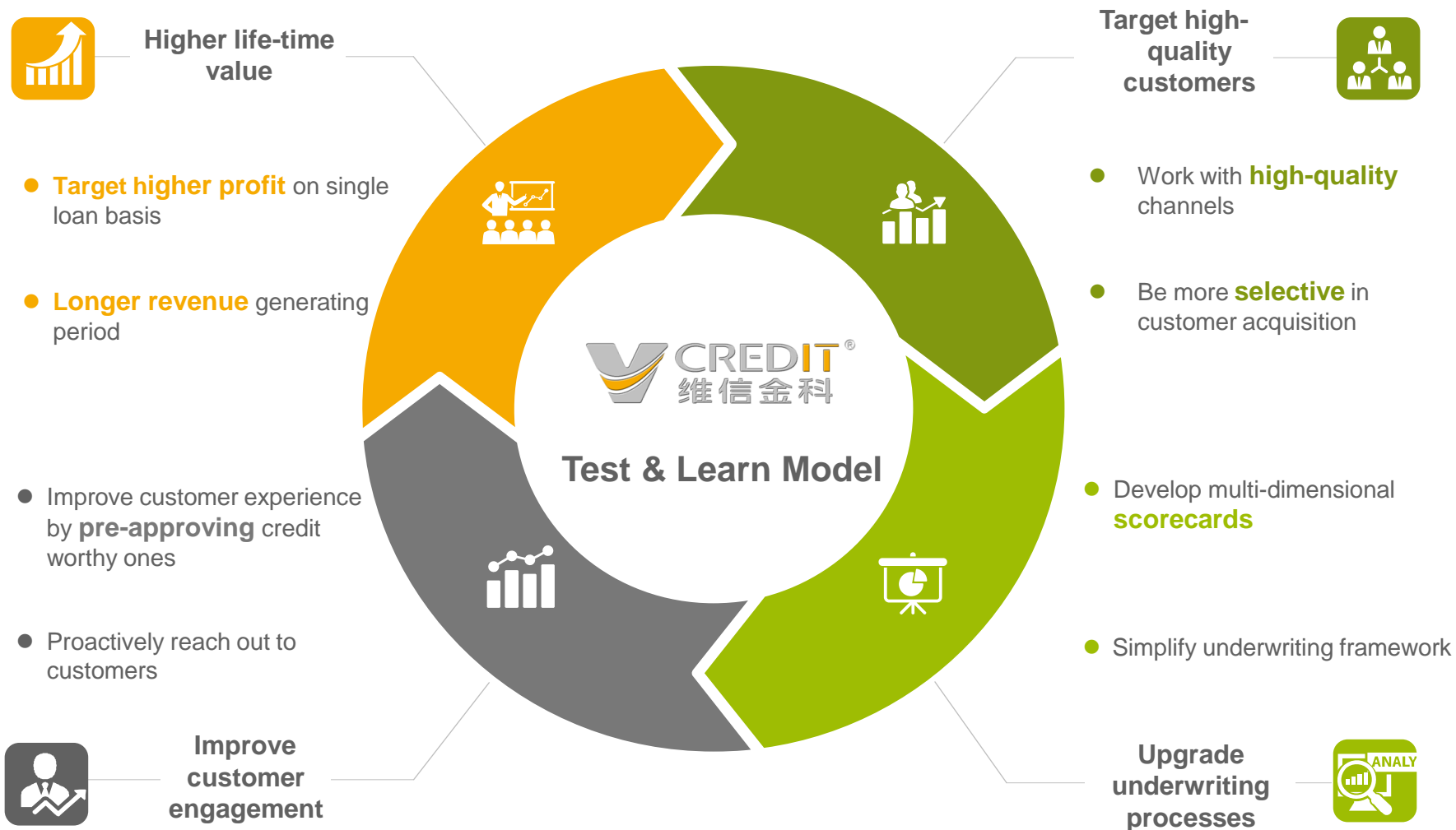
Notes:

(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 loans to customers excluding offline credit products 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 target customer life-time value higher





2022 Interim Results Overview

We achieved an outstanding performance against the headwinds from fluctuating macro-environment and prevailing regulatory pricing caps

- **Stable asset quality enabled by solid risk management capabilities**
- **Successful migration to higher quality customers**
- **Sustainable business growth and stable liquidity position**
- **Profitability with well-maintained operating efficiency**

2022 Interim financial results overview

RMB mn	2022H1	2021H1	Change	2022H1	2021H2	Change
Total income	1,582	1,880	-15.8%	1,582	1,578	0.3%
Net interest type income	814	560	45.4%	814	820	-0.6%
Loan facilitation service fees	692	973	-28.9%	692	567	22.2%
Other income	76	347	-78.2%	76	192	-60.6%
Operating profit/(loss)	430	1,009	-57.3%	430	505	-14.7%
Adjusted operating profit/(loss)⁽¹⁾	434	1,036	-58.1%	434	511	-15.1%
Net profit/(loss)	328	778	-57.8%	328	402	-18.3%
Adjusted net profit/(loss)⁽¹⁾	331	805	-58.8%	331	408	-18.7%

Key Ratios

Adjusted net profit/(loss) / loan volume	1.3%	3.6%	-2.3	1.3%	2.2%	-0.9
Outstanding loan balance / shareholders' equity	5.6	6.2	-0.6	5.6	4.6	1.0
Adjusted net profit/(loss) / average shareholders' equity ⁽³⁾	9.4%	30.0%	-20.6	9.4%	12.6%	-3.2

Note:

(1) Adjusted operating profit/(loss) and Adjusted net profit/(loss) are defined as profit/(loss) excluding share-based compensation expenses of RMB 3mn (2021H1: RMB 27mn, 2021H2: RMB 6mn) in 2022H1.

(2) Outstanding loan balance / shareholders' equity is calculated by dividing the outstanding loan balance at the end of the period, by shareholders' equity.

(3) Adjusted net profit/(loss) / average shareholders' equity is calculated by dividing adjusted net profit/(loss), by average of semi-annual balance of shareholders' equity.

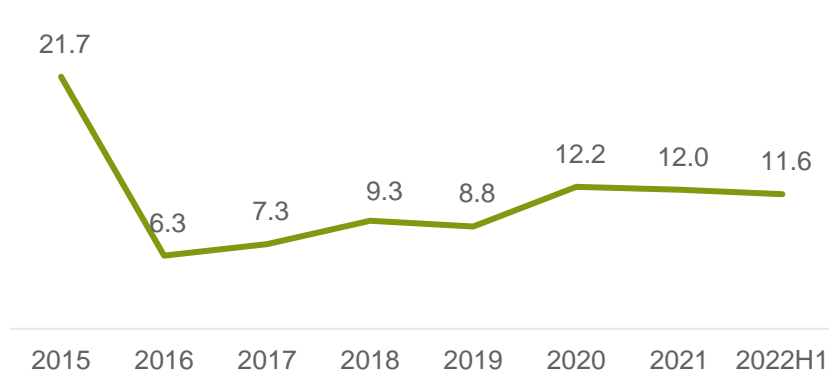
2022 Interim operating performance overview

Key operating metrics

	2021H1	2021H2	2022H1
Cumulative registered users	103.5mn	112.5mn	118.1mn
Cumulative verified users	74.6mn	80.8mn	87.3mn
Cumulative borrowers ⁽¹⁾	6.6mn	7.0mn	7.3mn
Average ticket size	13.1k	10.8k	11.6k
Average loan tenure	9.6 months	9.2 months	10.2 months

Average ticket size

(RMB k)

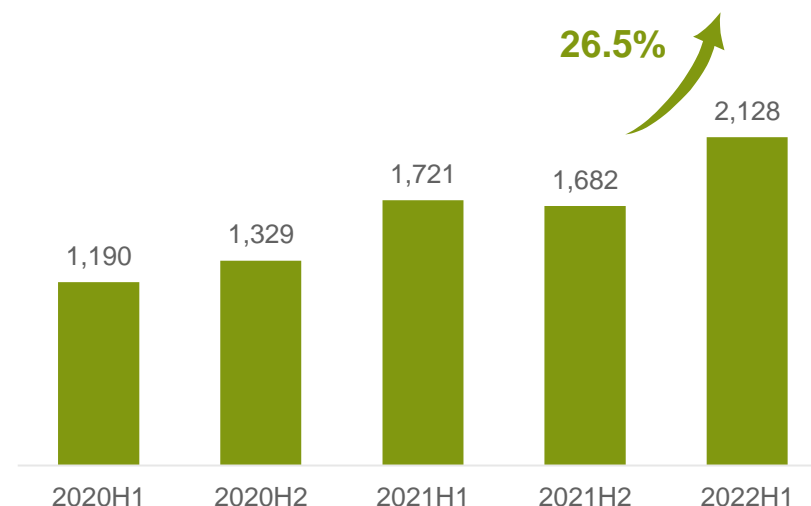


Note:

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

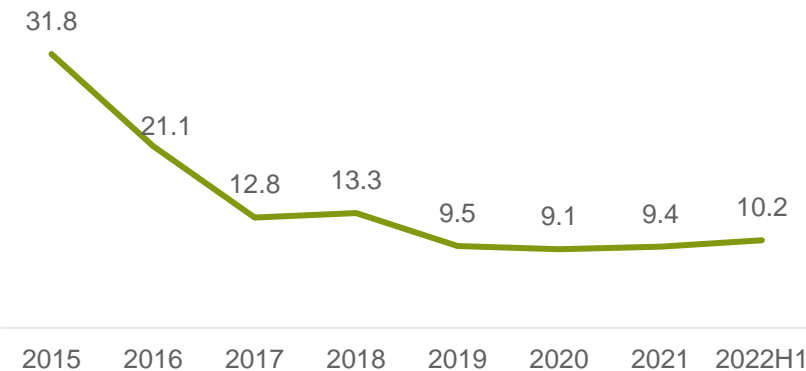
No. of transaction of online consumption products

(K)



Average loan tenure

(Months)





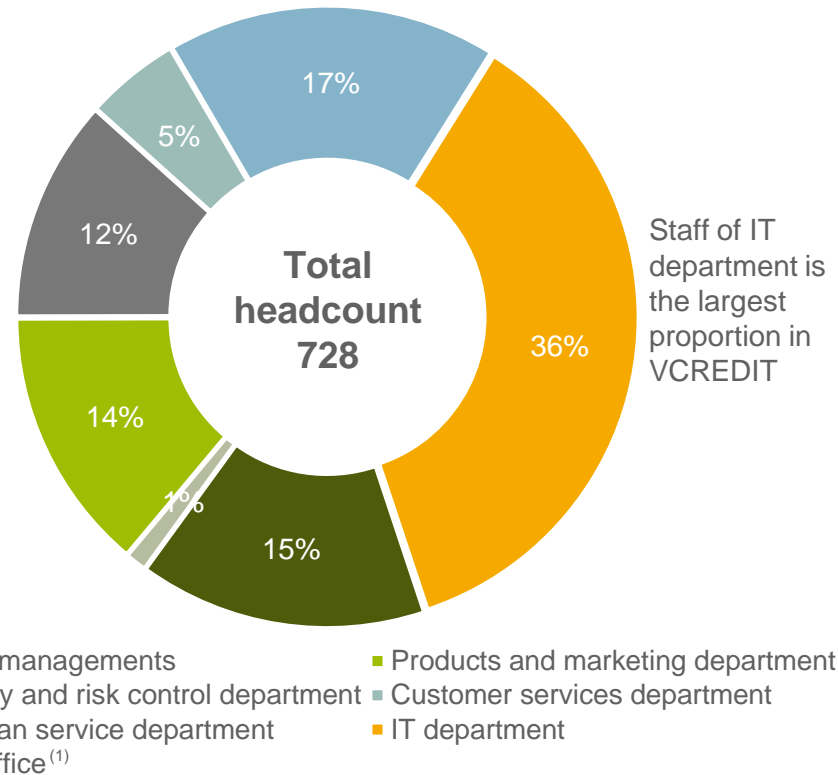
Key Management

Experienced and stable management team leading cohesive talent development

Our management team



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	Regular	HK 15 cents
2022 Interim (Recommended by Board)	Regular	HK 10 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

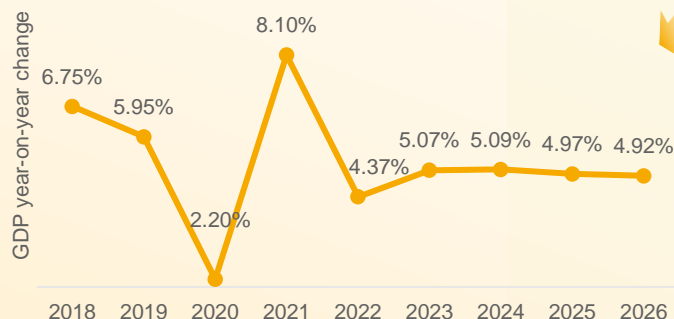
Chinese economy

- Chinese economy is expected to maintain a stable growth rate

Industry overview

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

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



Borrowing demand

Proprietary data demand

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

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

Note:

(1) Source: Statista, updated on April 2022