



VCREDIT Holdings Limited
Investor Presentation

August 2023

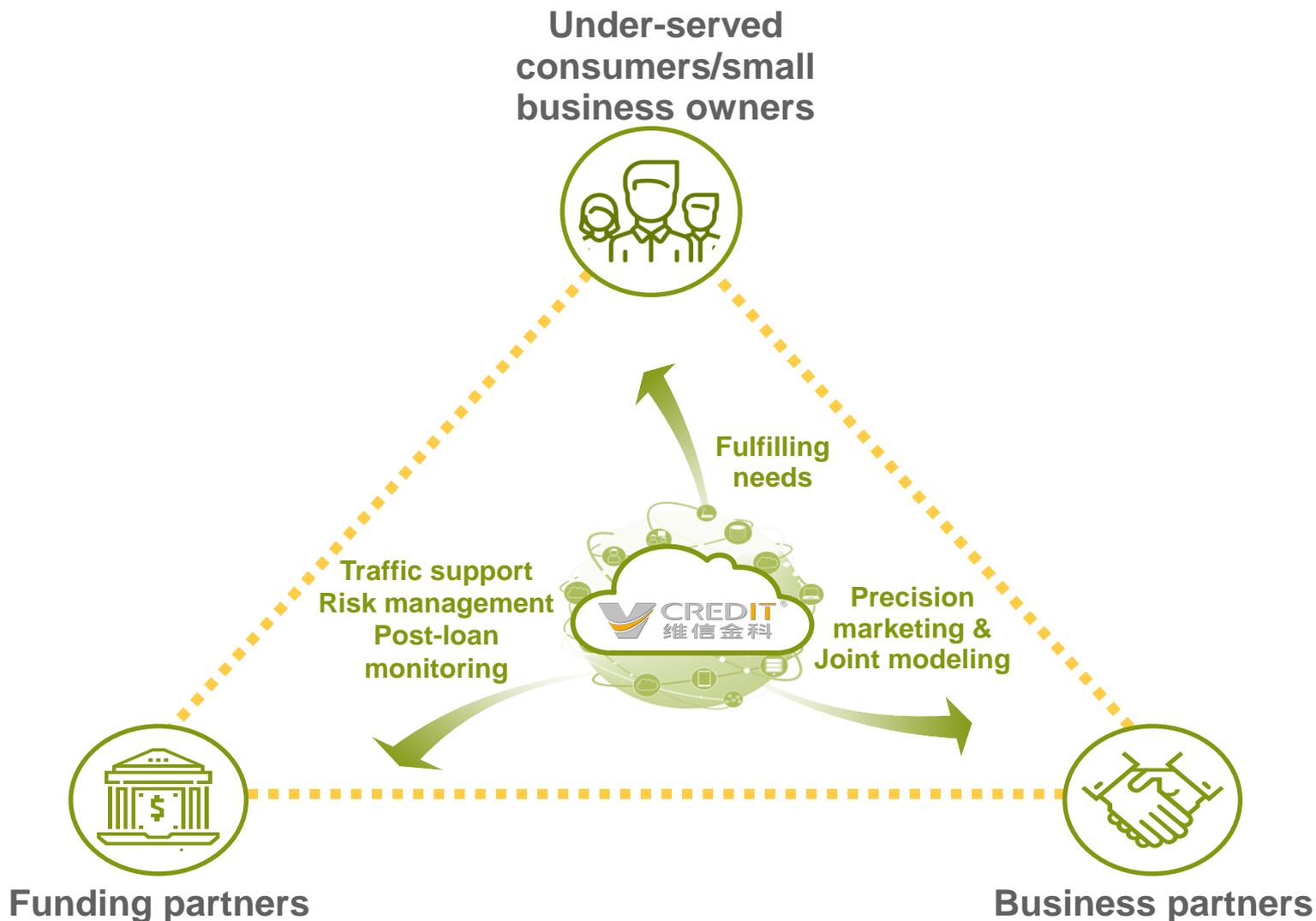
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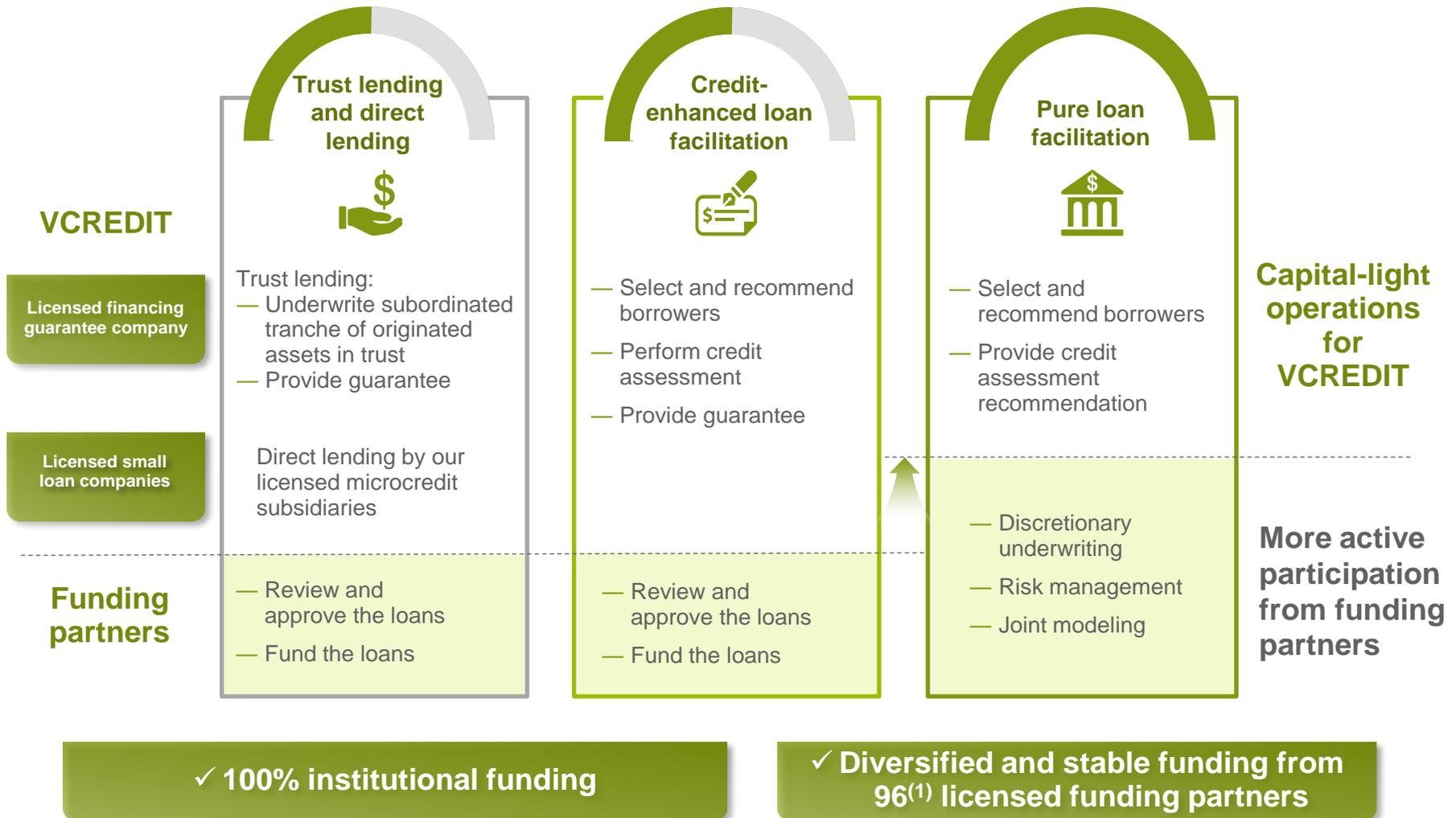
Corporate Vision

A leading credit platform for underserved consumers and SMEs

Differentiated value propositions to borrowers and partners



Diversified Funding Structure



Notes:

(1) As of June 30, 2023

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

(3) A wholly-owned money lending company authorized to operate in Hong Kong

Continuous growing with diversified funding sources

Loan origination volume

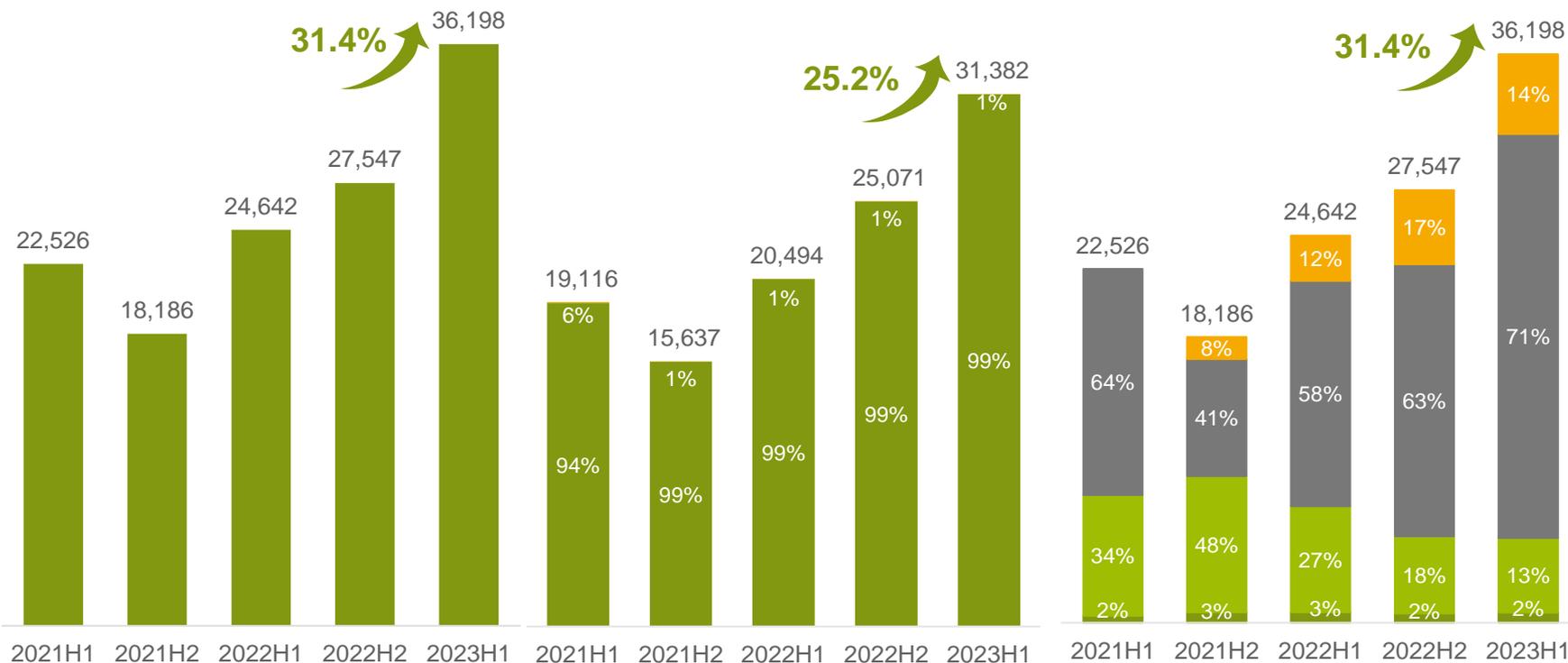
(RMB mn)

Outstanding balance

(RMB mn)

Funding structure

(RMB mn)



■ Online Consumption Products

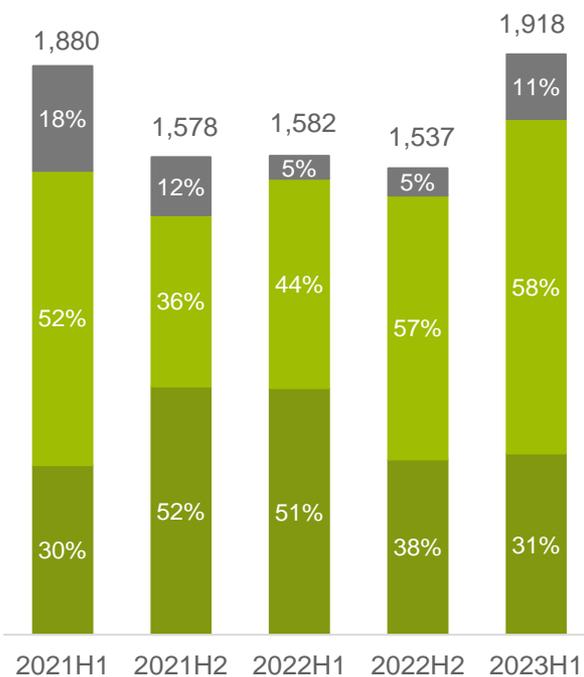
■ Online Consumption Products
 ■ Online-to-Offline Credit Products

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

Remain profitable amid challenging environment

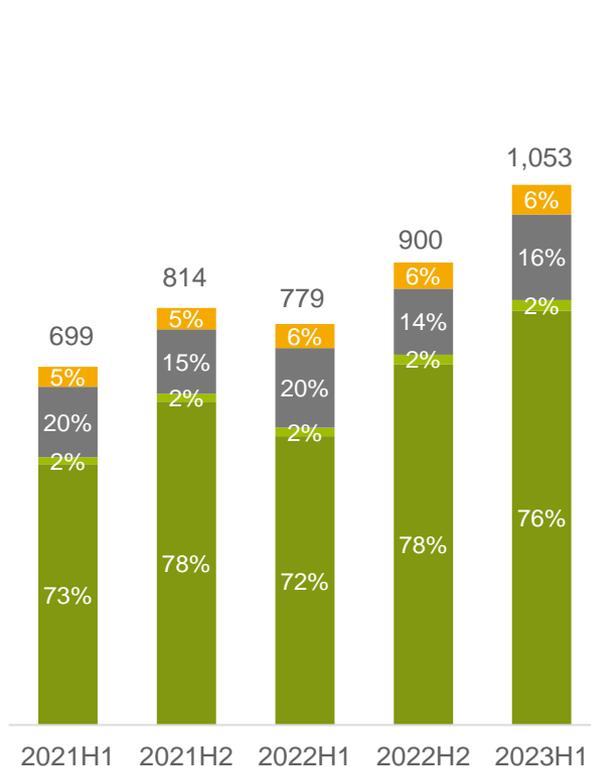
Income breakdown

(RMB mn)



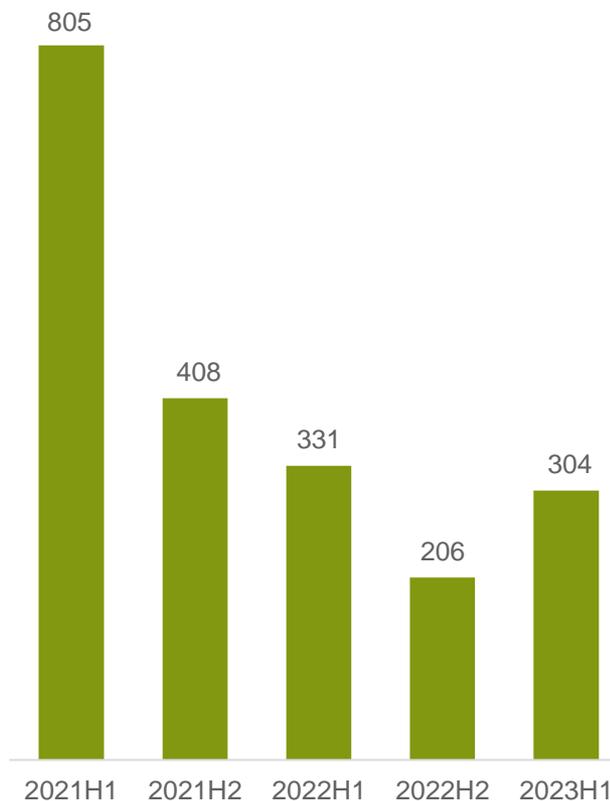
Adjusted OPEX breakdown⁽¹⁾

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



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

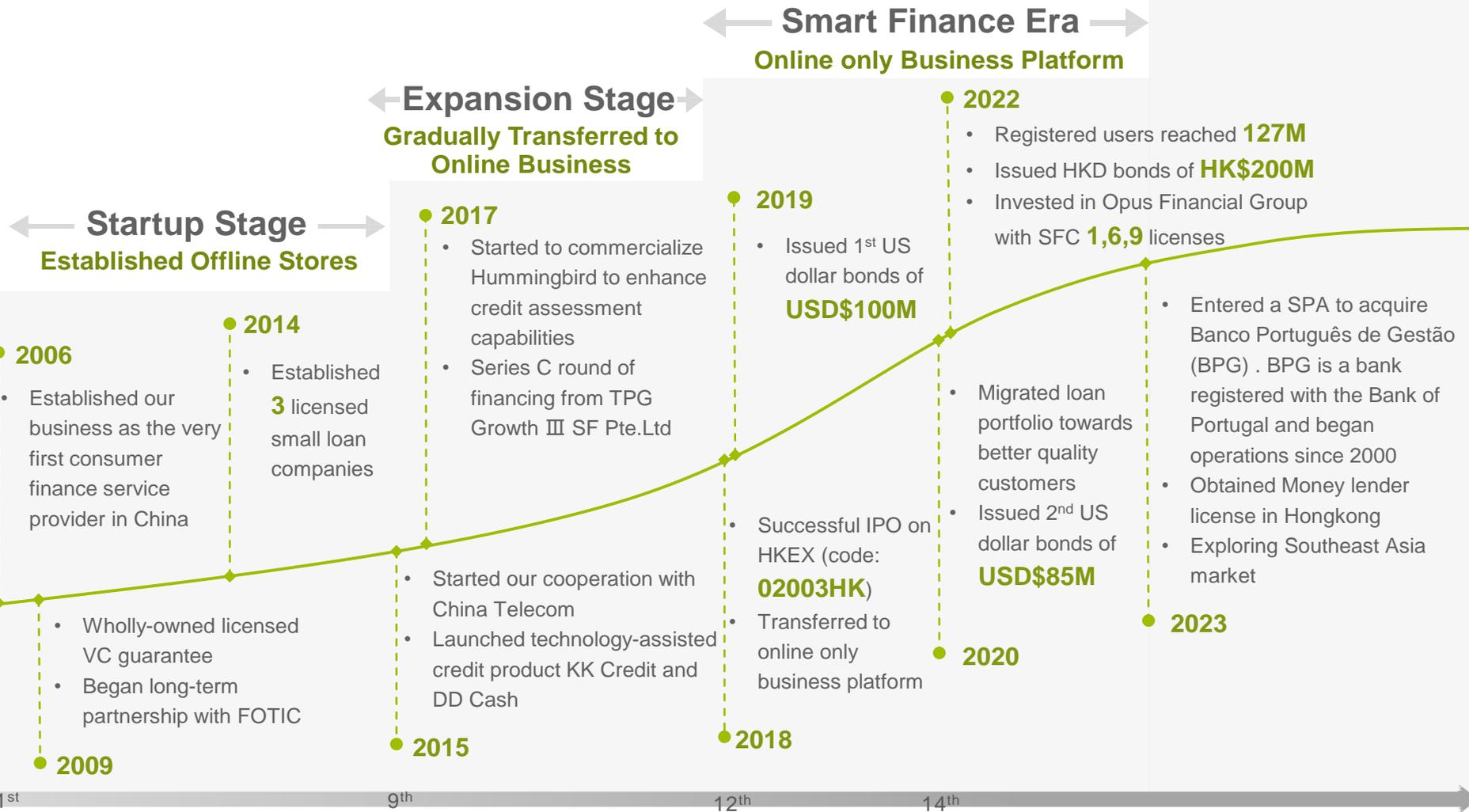
Notes:

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

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

Our History and Key Milestones

More is coming
Oversea Markets



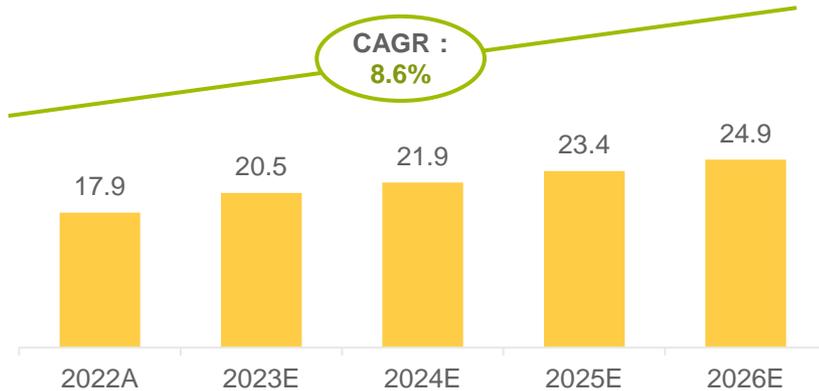


Market Overview

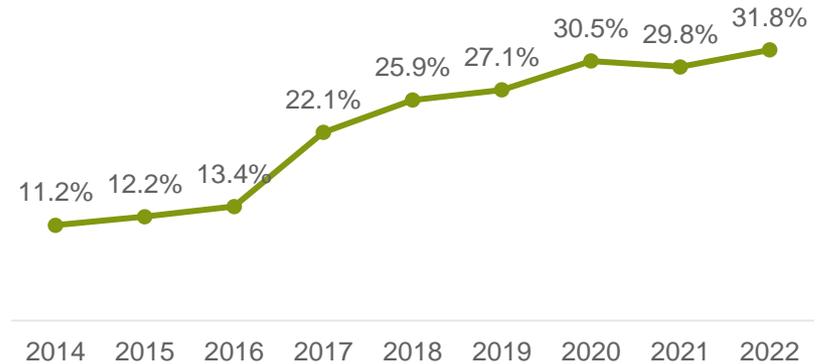
Large and addressable consumer finance market

China's consumer loan balance⁽¹⁾

(RMB tn)



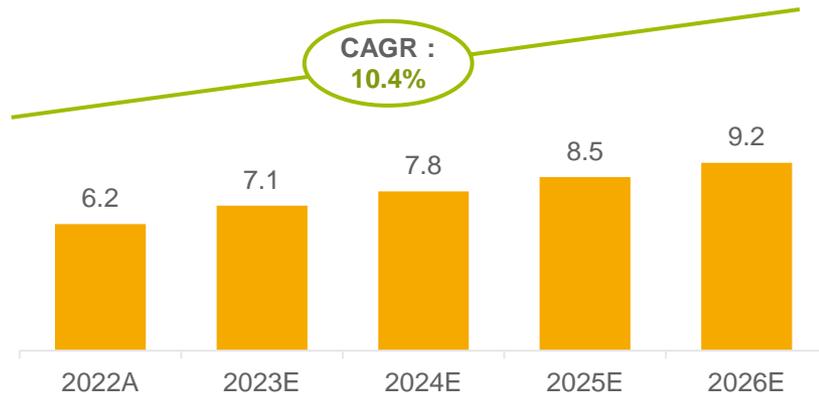
Penetration rate of consumer credit ⁽¹⁾⁽²⁾



By 2022, the penetration rate of consumer credit in China reached to 31.8%, compared to 36%⁽³⁾ in mature markets

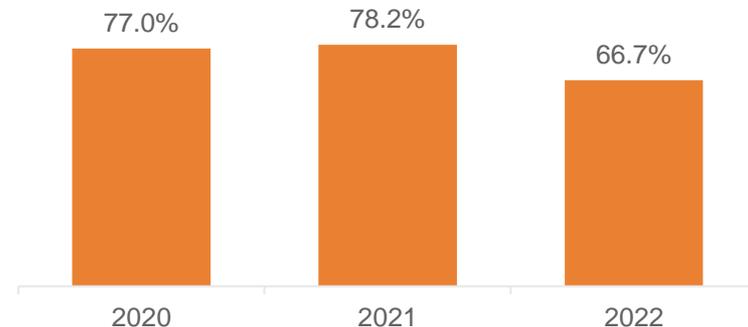
China's online consumer credit market⁽¹⁾

(RMB tn)



Consumer credit market | Concentration rate of top 10⁽¹⁾

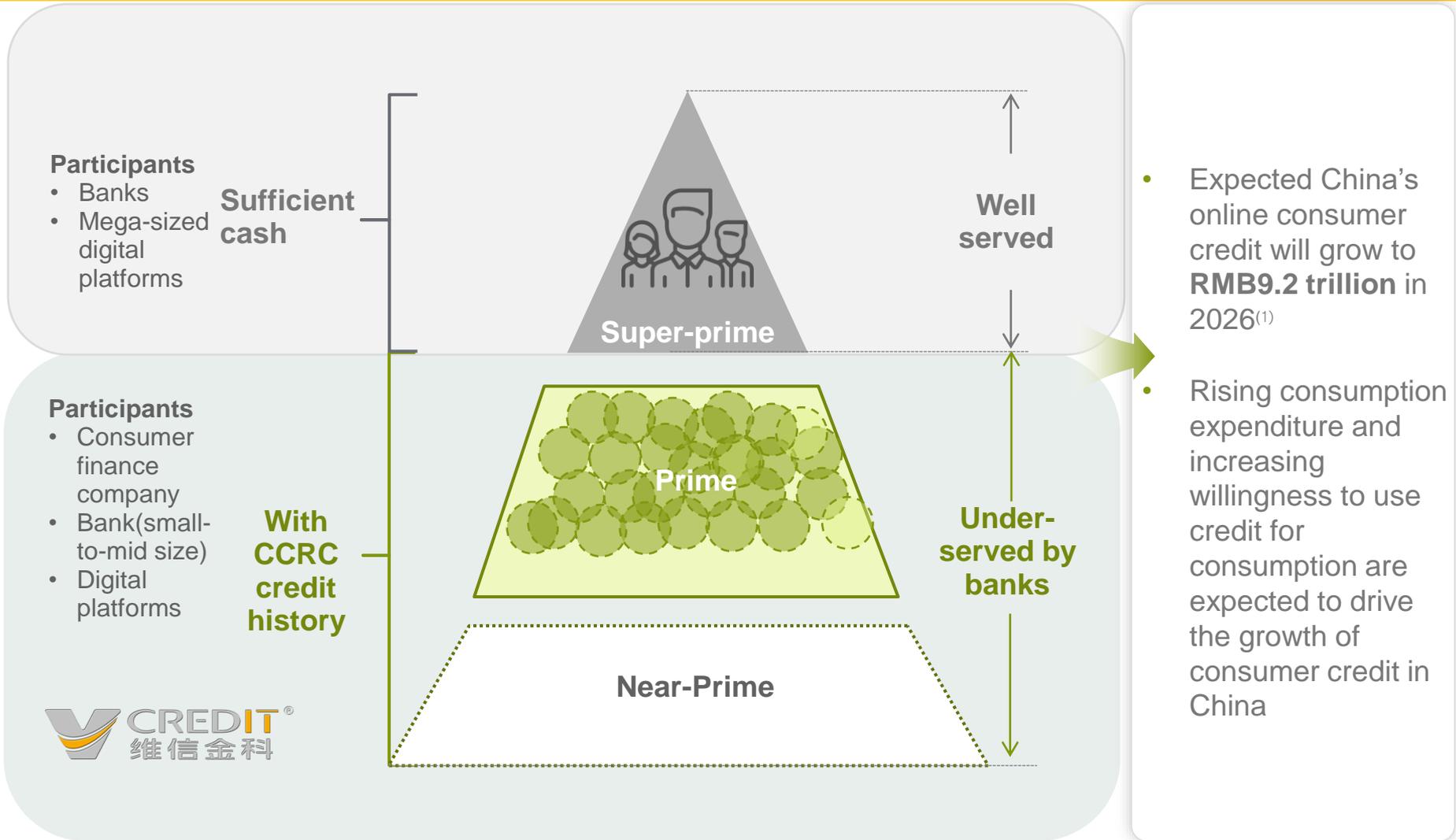
(% Volume)



Notes:

- (1) Source: iResearch Inc., forecast data updated on April 2022 and actual data updated on August 2023
- (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.

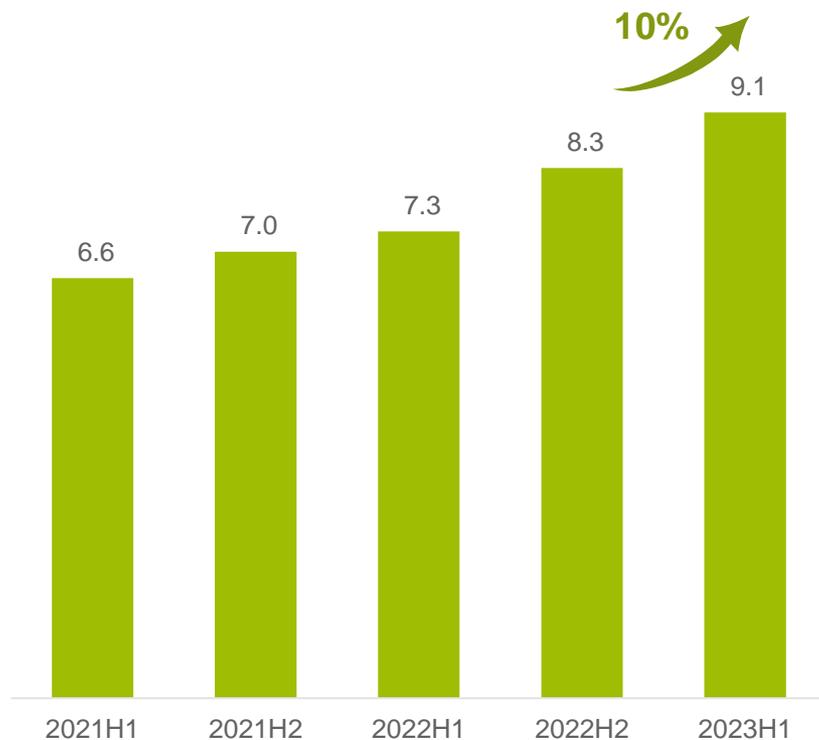


Company Strategy and Drivers of Profitability & Growth

Acquiring customers with prudent risk strategy

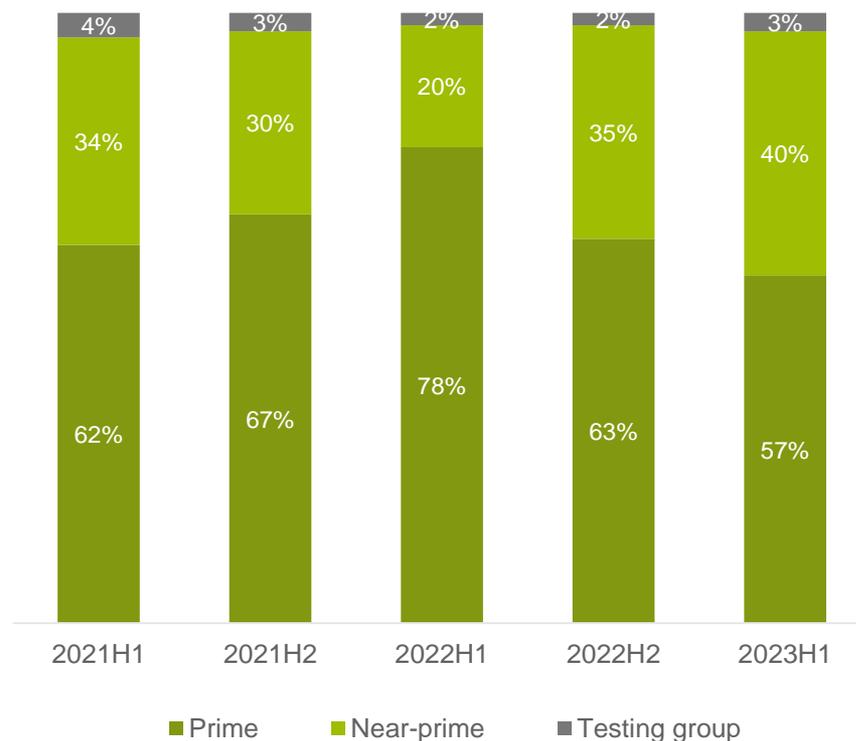
Cumulative borrowers ⁽¹⁾

(mn)



Steady growth in the number of borrowers

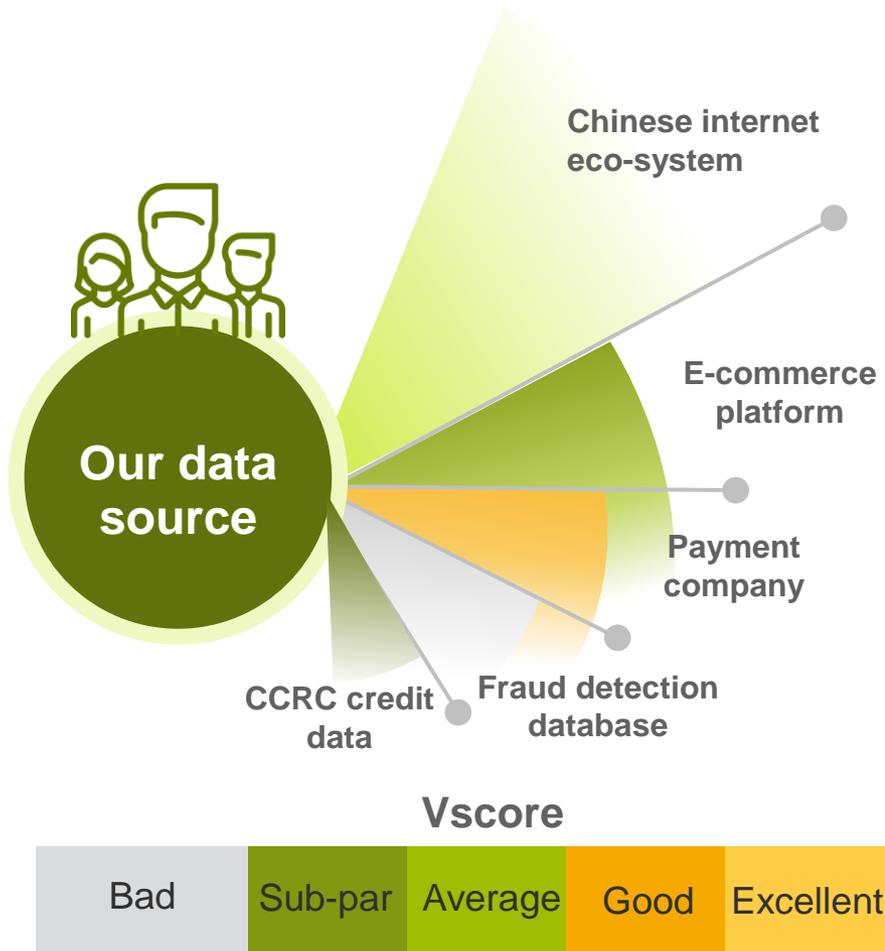
Loan volume by customer type



Risk-based customer segmentation schemes

Note:

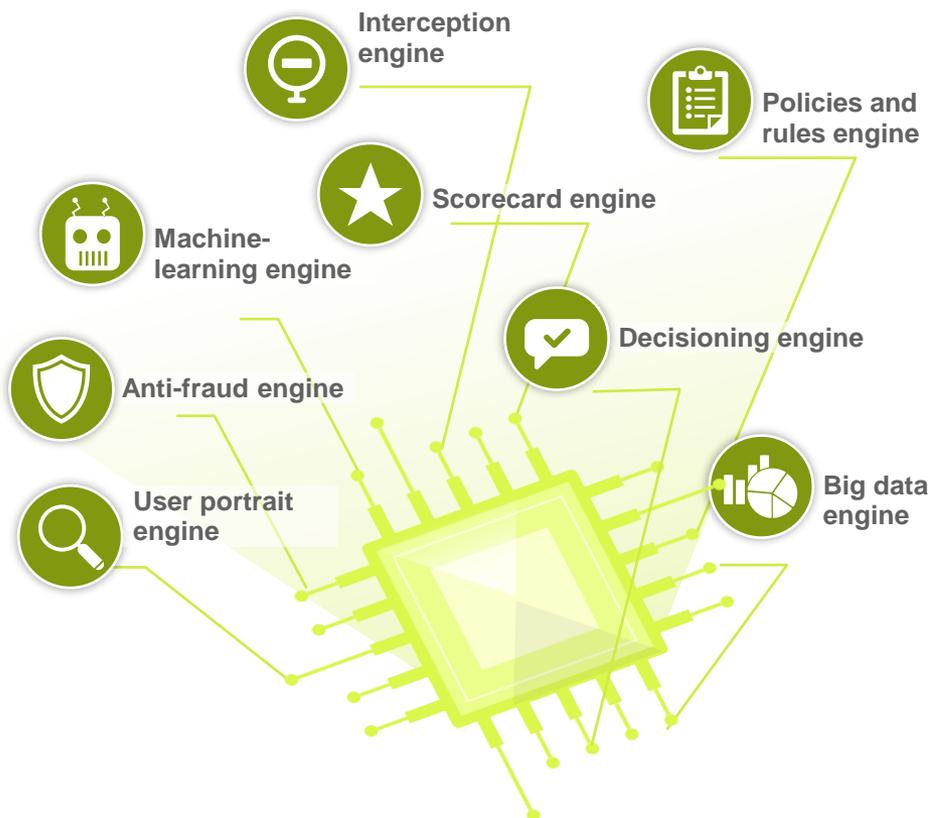
(1) Represent the total number of customers who made at least one transaction at the end of each period



Our strategy

- Optimizing risk management framework with excellent **risk splitting power**
- Utilizing artificial intelligence to enhance customer experience and drive **sustainable growth**
- Aiming to acquire premium customers and aligning with **regulatory pricing cap**

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

82% repeat borrowing rate⁽¹⁾

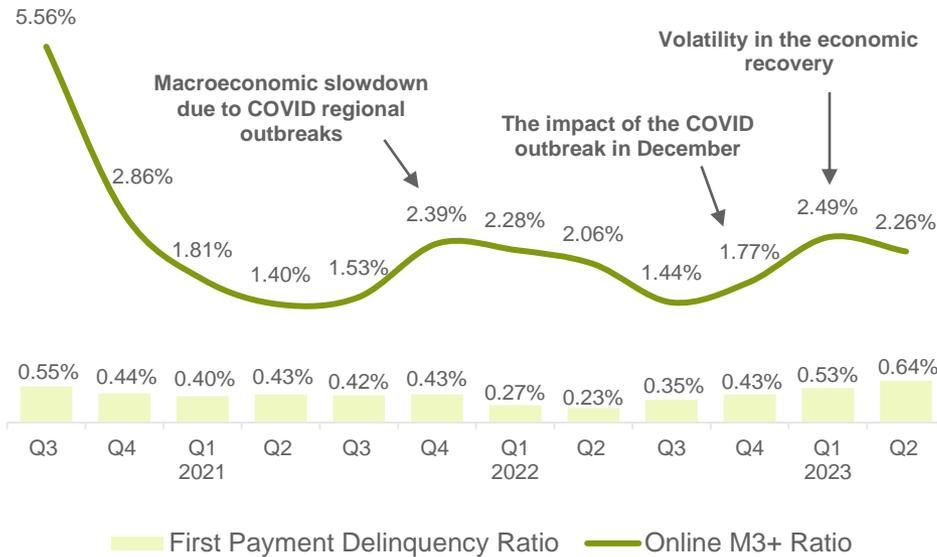
Robust risk management enabled by our advanced technology

Note:

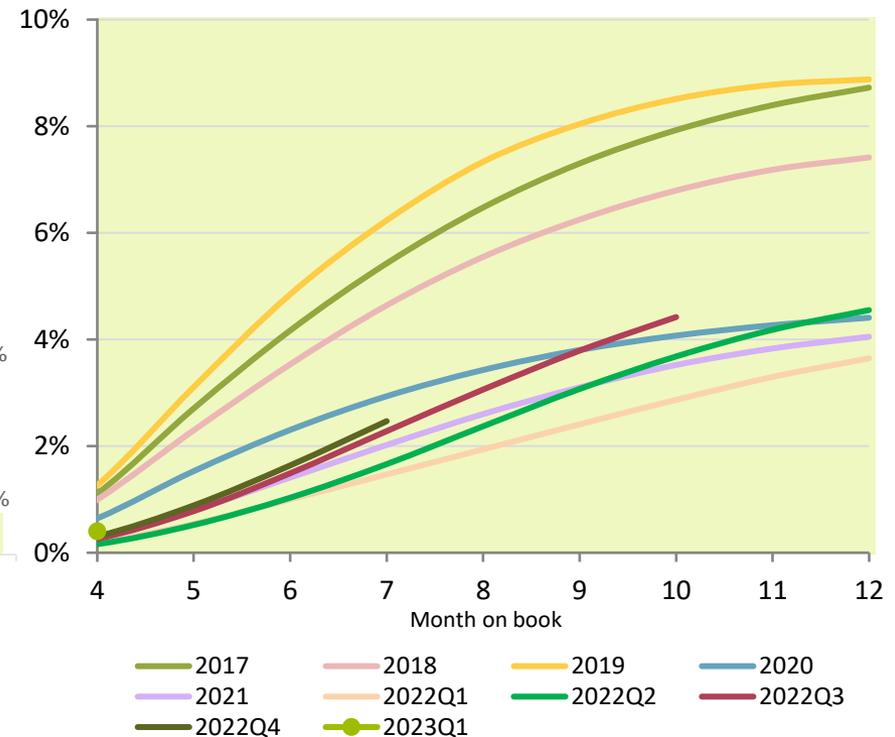
(1) Represent the percentage of loan volume generated by existing borrowers who have successfully borrowed on our platform before

Asset quality

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



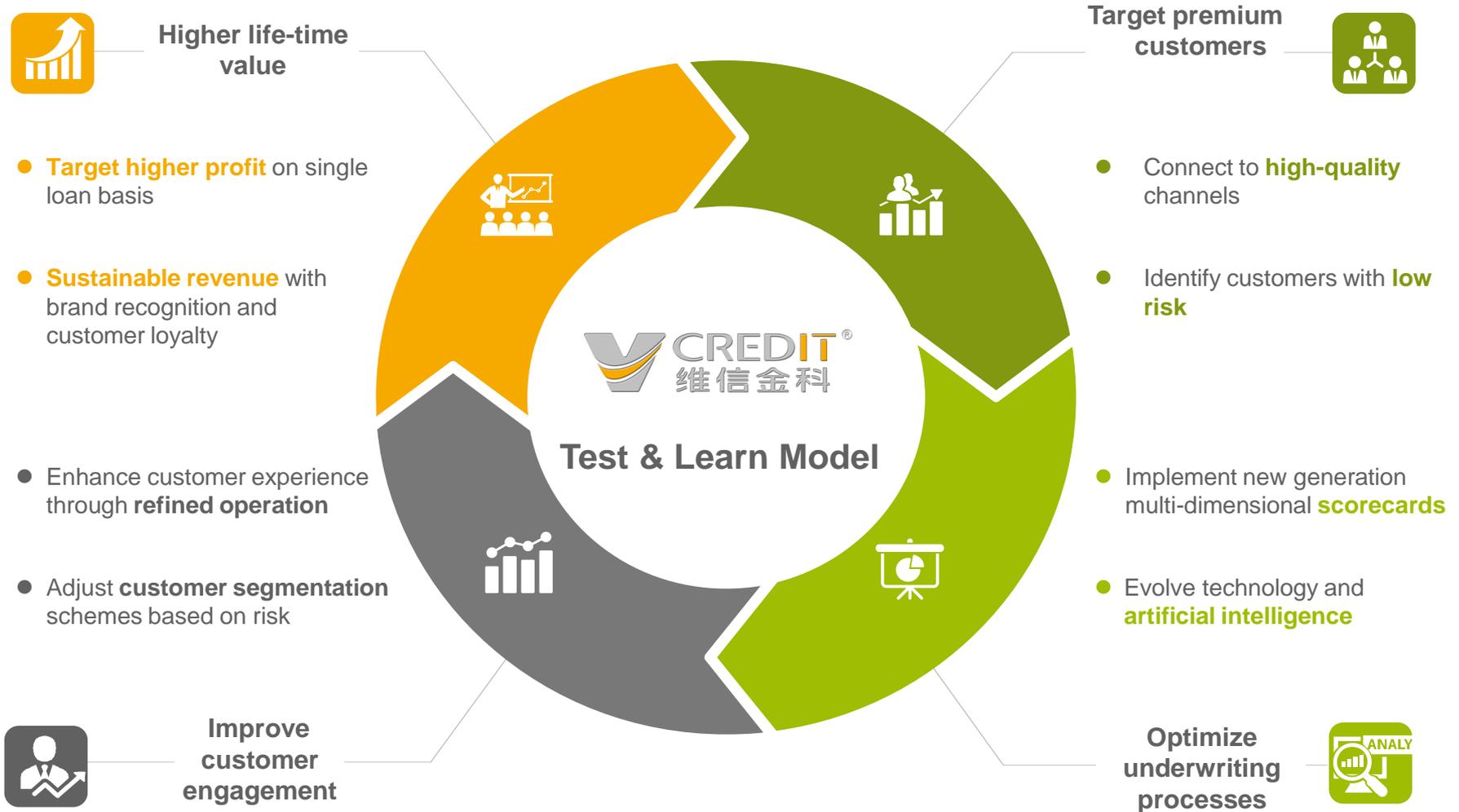
Vintage based M3+ delinquency ratio⁽³⁾



Proactive adjustments to collection practices beyond current compliance requirements in 2023H1

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 due dates 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 aim to achieve higher customer life-time value





2023 Interim Results Overview

- Achieved a stable performance and sustainable business growth in 2023H1 with the record high loan originations against the challenging macro environment and the increasingly stringent regulatory policies on post-loan collection
- Drivers of business growth
 - ✓ Better customer acquisition (Volume Growth Rate ~31%, *HoH*)
 - ✓ Strategic transition to better-quality customers
 - ✓ Expansion of business scale

Financial Review

| in RMB mn | 2023H1 | 2022H1 | Change | 2022H2 | Change |
|---|--------|--------|--------|--------|--------|
| Total income | 1,918 | 1,582 | 21.2% | 1,537 | 24.8% |
| Net Interest type income | 599 | 814 | -26.5% | 578 | 3.5% |
| Loan facilitation service fees | 1,105 | 692 | 59.6% | 872 | 26.8% |
| Other income | 214 | 76 | 182.6% | 87 | 147.6% |
| Adjusted operating profit⁽¹⁾ | 391 | 434 | -9.9% | 266 | 46.8% |
| Adjusted net profit⁽¹⁾ | 304 | 331 | -8.4% | 206 | 47.4% |
| Key Ratios | | | | | |
| Adjusted net take rate ⁽²⁾ of balance(as% of avg. loan bal.) | 1.1% | 1.8% | -0.7% | 0.9% | 0.2% |
| Adjusted net take rate ⁽³⁾ of volume(as% of loan volume) | 0.8% | 1.3% | -0.5% | 0.7% | 0.1% |
| Leverage ratio ⁽⁴⁾ | 6.6x | 4.9x | 1.7x | 5.5x | 1.1x |
| Free cash ⁽⁵⁾ | 1,082 | 1,309 | -17.3% | 1,253 | -13.6% |

Note:

(1) Adjusted operating profit and Adjusted net profit is defined as profit excluding share-based compensation expenses of RMB 1mn (2022H1: RMB 3mn, 2022H2: RMB 1mn) in 2023H1

(2) Adjusted net take rate of balance is calculated by dividing the adjusted net profit, by average of semi annual outstanding loan balance

(3) Adjusted net take rate of volume is calculated by dividing the adjusted net profit, by total loan volume in that period

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

(5) Free cash is defined as the company's self-owned cash at bank or held through platform

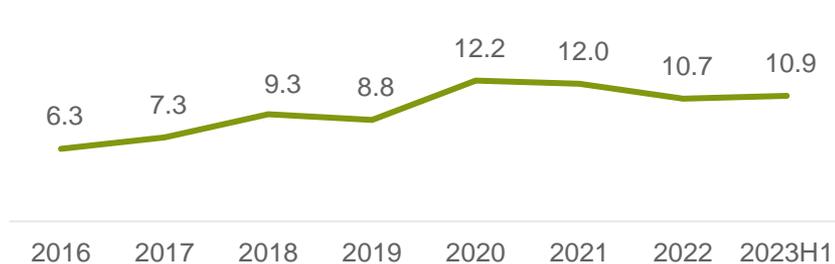
Operating performance overview

Key operating metrics

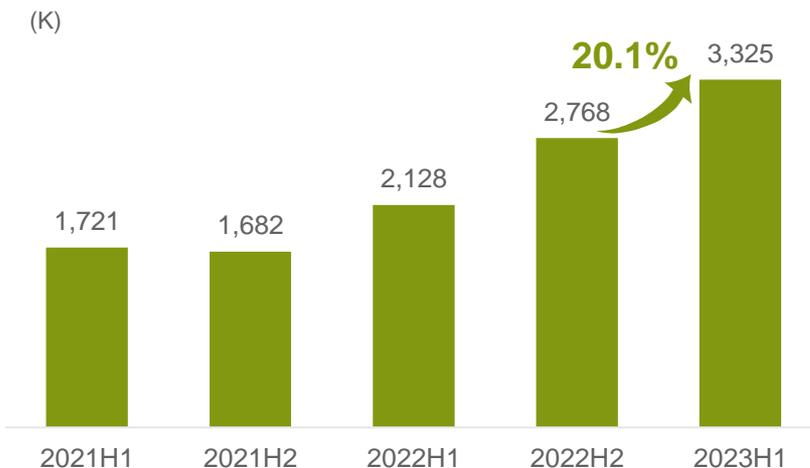
| | 2022H1 | 2022H2 | 2023H1 |
|-------------------------------------|---------|---------|---------|
| Cumulative registered users | 118.1mn | 126.8mn | 135.8mn |
| Cumulative verified users | 87.3mn | 95.1mn | 102.2mn |
| Cumulative borrowers ⁽¹⁾ | 7.3mn | 8.3mn | 9.1mn |

Average ticket size

(RMB k)

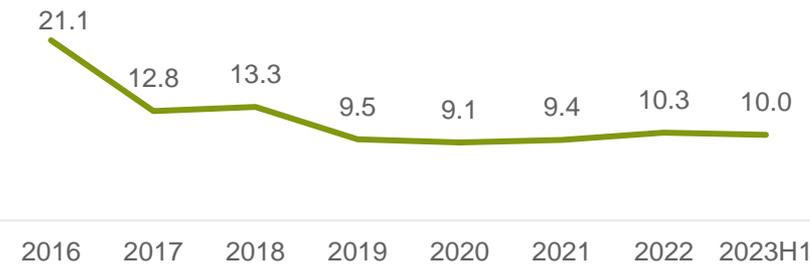


No. of transaction of online consumption products



Average loan tenure

(Months)



Note:

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



Key Management

Experienced and stable management team leading cohesive talent development

Lawrence Ma
Founder, Chairman

Lan Xue
General Manager

Ray Yu
CMO

Stephen Liu
Founder, CEO

Jiafang Jin
CSO

Hongzhe Shi
CTO

Thomas Liu
COO

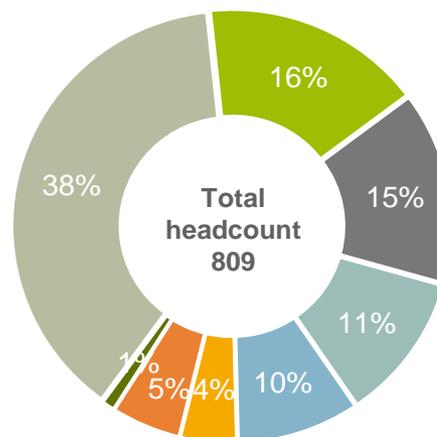
Ethan Gong
CRO

Hong Bai
CFO

Credit-risk centric

Adaptive to regulatory environment

- IT
- Post-loan service
- Back office ⁽¹⁾
- Products and marketing
- Strategy and risk control
- Innovation business
- Customer services
- Senior managements



Technology-driven efficiency

Institutional mindset

Note:

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

Dividend

| Time | Dividend | per Share |
|--|----------|-------------|
| 2021 Interim | Regular | HK 10 cents |
| | Special | HK 10 cents |
| 2021 Final | Regular | HK 15 cents |
| 2022 Interim | Regular | HK 10 cents |
| 2022 Final | Regular | HK 10 cents |
| 2023 Interim (Recommended by Board) | Regular | HK 15 cents |



Strategic Initiatives

We are well positioned to keep growing core business

Chinese economy

- Chinese economy is expected to maintain a moderate recovery despite short-term turbulence

Growth rate of GDP in China from 2020 with forecasts until 2028⁽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

“Smart lending”

Customized product

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 overseas enterprises increased from the continuous growth of economic scale

Note:
(1) Source: Statista, updated on July 2023