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VCREDIT 2025 Annual Results Investor Conference Call Transcript April 1, 2026

Executives:

Mr. Stephen Liu - Chief Executive Officer;
Ms. Hong Bai - Chief Financial Officer; and
Ms. Cecile Chen – Financial Controller

MC:

Good morning, ladies and gentlemen. On behalf of VCREDIT Holdings Limited, I would like to welcome all of you to the company's 2025 Annual Results presentation. This presentation will be conducted in English.

First, let me introduce to you the senior executives from the company here with us today. Mr. Stephen Liu, Chief Executive Officer; Ms. Hong Bai, Chief Financial Officer; and Ms. Cecile Chen, Financial Controller.

For the first part of this presentation, all participants will be in listen-only mode. Mr. Stephen Liu will provide an overview of the company's recent performance and highlights. Ms. Bai will present you with a more detailed discussion on financial results. After the presentation, the management will take questions from participants.

Now, I'd like to take the opportunity to remind you that the company's remarks today may include certain forward-looking statements. A number of risk factors beyond its control may cause actual results to differ materially from these forward-looking statements. During this presentation, the company will present both IFRS and non-IFRS financial measures. We will also discuss general market conditions for the industry, and such information may come from a variety of sources outside of VCREDIT.

Now, I'd like to turn it over to Mr. Stephen Liu. Stephen, please begin.

Mr. Stephen Liu:

Thank you very much. Good morning everyone, thanks for joining us today.

In 2025, China's economy continued to face headwinds, with domestic demand and inflation remaining relatively weak. Meanwhile, especially in the second half of the year, a series of regulatory measures were rolled out, including the "New Loan Facilitation Rules" which officially came into effect in October and the "Guidelines for the Management of Comprehensive Financing Costs of Small Loan Companies" (the "New Microloan Regulations") issued in December. Guided by these policies, the industry underwent broad-based structural reshaping. In the near term, these measures tightened market liquidity and dampened credit demand, resulting in a certain degree of loan volume contraction and imposing short-term pressure on our financial performance. In the long run, we still believe these measures will help cultivate a healthier and more efficient market environment.

In 2025, our total loan origination volume in the Chinese mainland was RMB58.45 billion, representing an increase of 4.8%, compared with RMB55.75 billion in 2024. Our outstanding loan balance in the same region stood at RMB21.78 billion as at December 31, 2025, representing a decrease of 16.9% compared with RMB26.22 billion as at December 31, 2024.

In response to a demanding market environment, we further refined customer segmentation in 2025 and implemented differentiated operating strategies to balance compliance requirements, asset quality, and customer relationship management. We enhanced our services and information disclosure with a focus on consumer rights protection, underscoring our commitment to responsible finance.

Following the implementation of the New Loan Facilitation Rules, we acted swiftly to tighten our credit policies and significantly scaled down the loan volume with a view to keeping credit risk under control in the long run. As a result, whilst the M3+ delinquency ratio rose to 5.99% in 2025 Q4, the first payment delinquency ratio for newly originated loans improved, declining from 1.10% in 2025 Q3 to 1.01% in 2025 Q4. In 2025, by strengthening the integration and application of authoritative data sources, we further refined our data-driven risk control framework and progressively improved the quality of our customer base. These efforts have already started to show positive results, and we will continue to optimize our risk models to ensure the long-term stability of asset quality.

On the customer acquisition side, we implemented a diversified scenario-based strategy by partnering with the platforms that serve core daily life scenarios. We leveraged our real-time advertising model and layered user profiling to build an intelligent outreach system integrating smart SMS and AI-powered outbound calls. This end-to-end model enabled us to identify high-quality customers while maintaining cost efficiency. Moreover, we have also embedded consumer protection measures throughout the customer journey and continued to optimize the user experience. As of December 31, 2025, our cumulative registered users in the Chinese mainland reached 171 million, a year-on-year increase of 8.2%.

Continuously enhancing our business operations by leveraging advanced technologies and artificial intelligence ("AI") was one of our priorities during the year. Building on the upgrade of our "Hummingbird" Risk Control Platform 2.0, we integrated causal inference algorithms to sharpen

the accuracy of risk identification in complex market environments. Our AI-powered marketing robot, with large-model dialogue capabilities and human-like voice, was used to convert customer interactions into personalized conversations. This has enhanced customer satisfaction and retention while optimizing acquisition efficiency. We have also embedded AI coding tools and operational Agents into our workflows, with around 30% of our code already AI-assisted and around 30% of standardized system changes automated by our “Digital Operation Engineer”. To ensure we integrate AI technology advances relevant to our industry, we are partnering with top-tier universities to develop finance-specific large language models.

“CreFIT”, our Hong Kong business, continues to deepen partnerships with high-quality, cross-industry platforms, expanding user reach and strengthening its market presence. Supported by the Group’s AI-driven “Hummingbird” risk management system, CreFIT realized credit approval in just 13 seconds with an automated processing rate of 88%, delivering stable operational performance in the Hong Kong market. We also launched user-centric services such as instant loan applications via WhatsApp, in line with market needs. In addition, our collaboration with China Mobile Hong Kong (CMHK MyLink) continued to advance in 2025, and we anticipate reaching an important milestone in 2026. Furthermore, we have secured the license as an Information Technology-Based Joint Funding Services (LPBBI) lending provider in Indonesia, marking our official entry into the Indonesian market. Leveraging our proven operating model, we look forward to delivering sustainable returns to our shareholders.

Entering 2026 marks our 20th year in the industry. Over the past two decades, we have accumulated proprietary data assets covering a broad spectrum of credit profiles, weathered full economic cycles, and successfully navigated multiple challenges, including regulatory changes and the COVID-19 pandemic. This depth of experience enables us to adapt our operating strategies with agility in a dynamic regulatory landscape, ensuring a resilient business foundation. As mentioned, a series of regulatory measures were issued in the second half of 2025, and the industry is undergoing structural adjustment, creating a certain level of short-term uncertainty. Amid the short-term market uncertainty, we will continue to uphold prudent risk management and maintain disciplined operations, while further exploring the deep integration of AI and other advanced technologies into our core business to support the Company’s steady development. As regulatory frameworks solidify and market conditions stabilize, we look forward to a gradual resumption of our business, delivering sustainable long-term value to our customers, shareholders, and the broader community.

Now I will turn the call over to our CFO, Bai Hong, who will further discuss our financial results. Thank you.

Ms. Hong Bai:

Thanks, Stephen. Good morning, everyone. Welcome to our 2025 annual result conference. In the interest of time, I will not go through all of the financial line items on this call. Please refer to our earnings release for further details.

Our total income was RMB3,870.9 million in 2025, representing a slight decrease of 1.5% as compared to RMB3,929.7 million in 2024.

Our fair value loss of loans to customers rose to RMB1,718.5 million in 2025, as compared to RMB979.1 million in 2024, and our credit impairment loss rose to RMB433.1 million in 2025, as compared to RMB311.1 million in 2024. This was mainly because, following the implementation of the New Loan Facilitation Rules, the industry is experiencing a transitional period, which led to tightened market liquidity and contraction in loan volumes in the near term.

Our operating expenses, excluding share-based compensation expenses, increased by 17.9% to RMB2,385.9 million this year, as compared to RMB2,022.8 million last year, primarily reflecting higher expenses in the first half of the year in line with our strategic adjustments.

As a result, we recorded a net loss and an adjusted net loss of RMB559.8 million and RMB552.1 million, respectively, compared to a net profit of RMB478.2 million and an adjusted net profit of RMB478.7 million in 2024.

Our leverage ratio, which is defined as risk-bearing loan balance divided by the shareholders' equity, kept at a healthy level of 5 times at the end of 2025, remained flat with 2024.

Looking ahead, we will remain committed to optimizing our business model, strengthening our risk management, and enhancing our technological capabilities. These factors will enable the company to maintain resilience in a changing and dynamic macro and regulatory environment, supporting long-term sustainable growth and profitability.

With that, I would like to conclude our prepared remarks. Operator, we can now take some questions. Thank you.

Operator:

Thank you, ladies and gentlemen. If you wish to ask a question, please press star one.

The first question comes from Eugene Yiu with Pureheart capital. Thank you.

Mr. Eugene Yiu:

Hi, management. This is Eugene Yiu from Pureheart capital. Thank you for taking my question. My question is, what were the core reasons behind the company's financial performance last year? Thank you.

Mr. Stephen Liu:

Thank you. For the question, I assume you're referring to the financial loss in 2025, and especially in the second half, and more specifically, the fourth quarter of 2025.

I think it's because of the implementation of the new regulation, which came into effect on October 1st. And we've seen a kind of market shortage, and all of a sudden, liquidity for some of our customers, which we have been serving, became very tight, which triggered a credit spike in the fourth quarter of 2025. That credit spike is actually very sensitive to our financial results in terms of the accounting methodology. Because our accounting, especially the credit loss part, is very sensitive to the early indicators of asset quality. Once these early indicators deteriorate, for example, the first payment delinquency ratio, that will impact the impairment costs immediately and to a large extent the upfront provision for potential credit loss. As a result, our credit costs rose significantly as you can see the details in our financial statements.

I think that was the major reason for the financial loss in the second half of the year. That basically accounted for, I would say, 90 plus percent of the credit loss.

And as I said, that thing is very sensitive in the accounting, but what we have seen in the market is getting more stabilized. Those early indicators are leading us to be more optimistic. And hopefully, in the first half of this year, the asset quality, especially the early indicators, could improve, which would then lead to an improvement in the provision of credit loss and be very helpful to our profitability.

So I think, again, that's the key reason for the financial loss in the second half of last year. I hope that answers your question.

Mr. Eugene Yiu:

Yes, thank you.

Operator:

Thank you. The next question comes from George Yeung with GoodFit Capital. Thank you.

Mr. George Yeung:

I want to ask how is the progress of the international business. Thanks.

Mr. Stephen Liu:

Thank you. For the international business expansion, I think firstly, I would say, we do have a strategy to expand overseas. I think it's part of our company culture, and we are doing so in a very prudent way. Because firstly, we realized that to get into any market in this business, we have to deal with the regulatory environment in each country. So we need to be able to fully understand the regulatory environment in each market before we really get in. Some markets do not have a very clear regulatory environment and seem very attractive. But then, usually there are a lot of traps there, because sooner or later the government will implement regulations. And that will put our business into an even sometimes dangerous position, which actually happened to many of our competitors who moved overseas many years ago.

Our strategy is that we want to do this step by step and in a prudent way. Our first step is to move to our home ground, which is Hong Kong. We started our Hong Kong business roughly three years ago. And I think we have to formulate a strategy, which is basically leveraging our skills and capabilities that have been built up in our Chinese mainland business, but at the same time we have to adapt, and we have to be in compliance with any regulations in Hong Kong. So I think after three years, in which the Hong Kong business has already entered its third year, we made a quite significant improvement and we have already had a quite solid foundation running the business in Hong Kong. As a matter of fact, we are expecting to achieve breakeven or even profitable this year for our Hong Kong business.

So having this success has actually boosted our confidence to move further to the next market, which is Indonesia. We have just secured the license as an Information Technology-Based Joint Funding Services (LPBBTI) lending provider. And we have also communicated with the local authority, which is OJK, and they also expressed that they welcome us being a conservative and disciplined player.

And again, as I said, we have done a lot of research before we came into the market, and we know the regulatory environment there and we also know the competition there and we are still looking for a time frame like three years, like what we did in Hong Kong.

For the initial two years, we have to adapt and modify our business model and probably we're going to suffer some losses, but normally we believe that in the third year, we should be able to

achieve breakeven or even profitability.

At the same time, we are also looking at some other markets and doing a lot of research, and we're also talking to the local regulators in terms of getting the license. Not only in those countries in Southeast Asia; as a matter of fact, we are also interested in some mature markets because the regulatory environment is more certain, for example, countries like Australia, maybe the UK or some other countries. And my team is doing research and looking at the potential opportunities for us to enter these markets. I'm sure we will be gradually moving into other markets as well, because we have confidence in our IT, risk scoring and even AI capabilities in doing the business after our 20 years of experience in China.

And we are pretty sure we can leverage that to build a successful business in other countries outside of China. I think that's basically our strategy.

Mr. George Yeung:

OK, thank you.

Operator:

Once again, ladies and gentlemen, please press star one for questions. Thank you.

Operator:

Ladies and gentlemen, please press star one for questions. Thank you.

Operator:

Excuse me, there's no further question at this point in time. Thank you.

MC:

Thank you, management, and thanks again for all the questions. If you have any additional questions that haven't been answered, please contact the IR department of VCREDIT. You can find the contact information on the company's website, or you can contact us at Porda Havas. Our contact details are in the email that we sent with the invitation. This concludes the investor presentation for the annual results. Thank you everyone for tuning in today and have a nice day. Goodbye.