(SEHK stock code: 2003)

# VCREDIT 2026 Interim Results
# Investor Conference Call Transcript
# August 25, 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 2026 Interim 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. Mr. Stephen, please begin.

**Mr. Stephen Liu:** Good morning, everyone. Thanks for joining us today. Following the implementation of the new regulations on Internet Loan Facilitation Business in October 2025, together with a series of related regulatory measures, the industry continued to undergo structural adjustment. We believe that, over the long term, these regulatory initiatives will promote a more resilient and standardized industry, fostering a healthier and more sustainable market environment. However, the market will need time to adapt to the evolving regulatory framework, resulting in a degree of short-term uncertainty. In light of these developments, we continued to adopt a prudent operating strategy in the first half of 2026, anchoring our operations on strengthening risk management, proactively reducing our risk exposure, and ensuring compliance with regulatory requirements. As a result of our deliberate reduction in loan origination volumes, our short-term profitability declined compared with the same period last year.

Our loan origination volume in the Chinese mainland was RMB5.69 billion for the Period, representing a decrease of 85.0% as compared with the six months ended June 30, 2025 (the "Corresponding Period"). As of June 30, 2026, our outstanding loan balance in the same region was RMB7.73 billion, representing a decrease of 64.5% as compared with RMB21.78 billion as at December 31, 2025.

These reductions primarily reflected our prudent strategy of tightening credit standards and reducing risk exposure. During the period, we continued to improve our risk framework by leveraging multi-dimensional risk models to optimise our customer mix, and enhance credit approval and drawdown experience to strengthen the engagement of our existing high-quality customers. In parallel, we have driven our post-loan management toward a more refined and intelligent model. Through differentiated strategies and dynamic resource allocation, we further improved collection efficiency. Accordingly, our first payment delinquency ratio for newly originated loans improved markedly, declining from 1.01% in Q4 2025 to 0.44% in Q2 2026, while the M3+ delinquency ratio rose to 8.64% in Q2 2026 from 5.99% in Q4 2025, primarily reflecting the deliberate reduction in our outstanding loan balance. We will continue to embed AI across our end-to-end risk decision chain and explore capital-light partnership models while maintaining full compliance with regulatory requirements.

On the customer acquisition front, we continued to strengthen our presence across premium platforms while refining our customer admission models to enhance the quality of newly acquired customers. For existing customer management, we steadily advanced our product offerings and continuously optimised customer experience, further reinforcing loyalty among our high-quality existing customers. In addition, we rolled out targeted engagement campaigns to reactivate high-quality dormant customers and unlock incremental value from our established customer base. As of June 30, 2026, our cumulative registered users in the Chinese mainland reached 173 million, representing a year-on-year increase of 3.6%.

During the period, we continued to deepen the application of AI across our core operating functions. Our AI-powered customer service chatbot, enhanced with large language model capabilities, achieved notable improvements in self-service resolution rate. We also advanced intelligent quality inspection mechanisms to replace traditional manual review processes and introduced AI-driven automation in post-loan operations, further enhancing collection effectiveness and customer experience. Collectively, these initiatives delivered meaningful improvements in overall operational efficiency. Beyond these applications, we further integrated AI into R&D workflows, with AI tools improving overall delivery efficiency by approximately 30%. In parallel, we also extended our AI capabilities to the Hong Kong and Indonesian markets, where we locally deployed AI-powered customer service, collection and voice solutions across user inquiries, overdue customer management and identity verification. These initiatives provided initial validation of the scalability of our AI capabilities across different markets. In the second half of the year, we will further enhance model coordination, data governance and engineering platform capabilities to support scalable, measurable and compliant AI applications.

While continuing to consolidate our domestic business, we also made steady and disciplined progress in our international business. At the beginning of the year, we officially launched our operations in Indonesia. As the business remains in its initial stage, our primary focus has been on building core operational infrastructure and foundational technology systems, laying a solid foundation for future expansion and supporting sustainable growth. Our Hong Kong business, "CreFIT", continued to develop steadily during the period. Since its launch in 2023, CreFIT has served over 90,000 customers. In April 2026, CreFIT became the first licensed money lender in Hong Kong to partner with TransUnion to offer free downloadable credit reports to customers via its mobile application. More than 5,000 customers have accessed their credit reports through this service. Meanwhile, we also launched "Capi Go", an AI-powered assistant that helps customers analyse their credit reports and simplifies loan enquiries and application status tracking through natural language interactions, further enhancing user experience and engagement.

As we noted earlier, the regulatory landscape in China continues to evolve. In March, the National Financial Regulatory Administration, together with the People's Bank of China, issued the Provisions on Disclosing the Comprehensive Financing Cost of Personal Loans, requiring lenders to provide borrowers with a standardised disclosure statement itemising all interest charges and fee components. The rules took effect on August 1. In April, the People's Bank of China and seven other government authorities jointly issued Measures for the Administration of Online Marketing of Financial Products, which will come into effect on September 30. Over the long run, these measures are expected to steer the industry towards a more robust and standardised path. During the transition period, however, a degree of uncertainty is likely to remain as the market adapts to the evolving regulatory framework. Against this backdrop, until there is clarity around the regulatory and market environment, we will remain prudent and disciplined in our operating strategy, continue to manage our risk exposure prudently, and advance the application of AI and other advanced technologies, further strengthening the foundation for the Company's long-term, sustainable 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 discuss our financial results.

**Ms. Hong Bai:**

Thanks, Stephen. Good morning, everyone, and welcome to our 2026 interim results conference.
In the interest of time, I will not go through every financial line item on this call. Please refer to

our earnings release for further details.

For the first half of 2026, our total income was RMB969.2 million, representing a decrease of 61.2% from RMB2,499.9 million in the corresponding period, primarily reflecting our deliberate reduction in loan volume and outstanding loan balance.

Our fair value losses on loans to customers decreased to RMB261.9 million, from RMB624.1 million in the corresponding period. Credit impairment losses also decreased to RMB84.8 million, from RMB214.7 million for the Corresponding Period, broadly in line with the reduction in our risk exposure during the period.

As our loan origination volume decreased, our operating expenses, excluding share-based compensation expenses, were RMB580.1 million for the Period, a decrease of 58.0%, as compared to RMB1,379.9 million for the Corresponding Period.

As a result, we recorded a net profit and an adjusted net profit of RMB12.0 million and RMB16.9 million, respectively, for the Period, as compared to a net profit of RMB216.0 million and an adjusted net profit of RMB217.9 million, for the Corresponding Period.

Our leverage ratio, which is defined as risk-bearing loan balance divided by the shareholders' equity, remained low at 1.9 times as of June 30, 2026, which is a lot lower than the end of 2025 mainly driven by the reducing scale.

For the remainder of 2026, we will remain focused on optimizing our business model, strengthening our risk management, and enhancing our technological capabilities. We believe these priorities will enable the company to maintain resilience in a changing and evolving operating 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.

**Operator:**

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

**Operator:**

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

**Operator:**

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

**Mr. Eugene Yiu:**

Hi, management. What's the Management's view on the regulatory policy in China? How will it impact the Company's business going forward? Thank you.

**Mr. Stephen Liu:**

Thank you for the question. Honestly, this is a difficult question to answer at this moment. I think what we're currently facing is not just the new regulations from the government which I mentioned earlier in my speech — in the long run, those could actually be helpful and healthy for the industry.

However, during this period of regulatory changes, we've seen a so-called liquidity crunch to a certain segment of the customers. Simply speaking, a group of customers are unable to borrow anymore, because they used to be served at a relatively high interest rate, and now the Government is capping the annualised comprehensive financing cost at 24%. That means a certain number of customers are no longer able to be served by anybody. So they are facing a liquidity crunch. It would be difficult for them to repay the money. And as a result, delinquency in general in the market actually went up.

At the same time, the broader market environment remains uncertain, and we continue to closely monitor market developments and potential spillover risks across the sector. Against this backdrop, we believe maintaining a prudent approach remains appropriate.

We want to control the total risk exposure during this period, and I think there are a lot of uncertainties at this moment. I think survival is the most important thing, and I believe VCREDIT has already demonstrated its ability to survive — we have been in the industry for more than 20 years and have gone through several cycles and currently this is another cycle we are actually navigating.

In short, I think it's difficult to predict anything in the short term, especially as one more regulation will take effect in the second half of the year, which will also be impactful for industry players.

At the end of the day, I think during this period of time, people should be very conservative, and risk control and compliance remain our top priorities. In the long run, as I mentioned, this industry would be healthier, and the growth could be more sustainable, and we will have more opportunities down the road. I think we should be patient, watch very carefully what's going on in the market, and wait for our future opportunity. Thank you for your question.

**Mr. Eugene Yiu:**

Yes, thank you.

**Operator:**

Thank you. The next question comes from George Yeung with GoodFit Capital. Thank you. You can ask your question now.

**Mr. George Yeung:**

I want to ask about any more detailed updates on the overseas business? Thanks.

**Mr. Stephen Liu:**

OK. About our overseas expansion strategy, I think there are a couple of things I want to highlight. Maybe some of our competitors, honestly, have slightly different strategies. Therefore, VCREDIT is firstly concerned that we only look at those markets which already have some clear regulations in place.

At this moment we have entered the Hong Kong and Indonesia markets. We are also looking at a couple of other markets, including securing license and validating the business model, etc.

One thing I could share with you is that according to our financial forecasts, if we enter any new market, in a kind of optimistic scenario, it will normally take us three years to achieve break-even, and after that we can make a profit.

Now the Hong Kong market has already demonstrated that. We actually got the business off the ground in Hong Kong in late 2023. Hopefully by the end of this year, we will achieve break-even, and starting from next year, we’ll make money in the Hong Kong market.

Then we just got into the Indonesian market, and we aim to reach break-even within a reasonable timeframe.

So, I think I could share two important things with you. Firstly, we're only interested in markets which have relatively clear regulations, in terms of interest rate and in terms of collection practices, etc., because we have already learned our lessons in China. So, it's better to have some rules to follow than none.

And the second thing is we will expand our overseas business in a gradual way, because each market is different. Also, we understand that it will normally take three years to achieve break-even. So, we want to control the pace, even from a financial perspective. Definitely, we are expanding our business into overseas markets. Actually, it's kind of our company culture. I hope that answers your question.

**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. 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 interim results. Thank you everyone for tuning in today and have a nice day. Goodbye.