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Investor Presentation

March 2018

触手可及的金融

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Mission

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We leverage **innovative technology** to deliver the most **accessible** and **convenient** financial services

触手可及的金融

#1 online consumer finance marketplace in China

Marketplace business model
Driving scalability in the long run

10-year operating history
Consistent strategy and continuous innovation

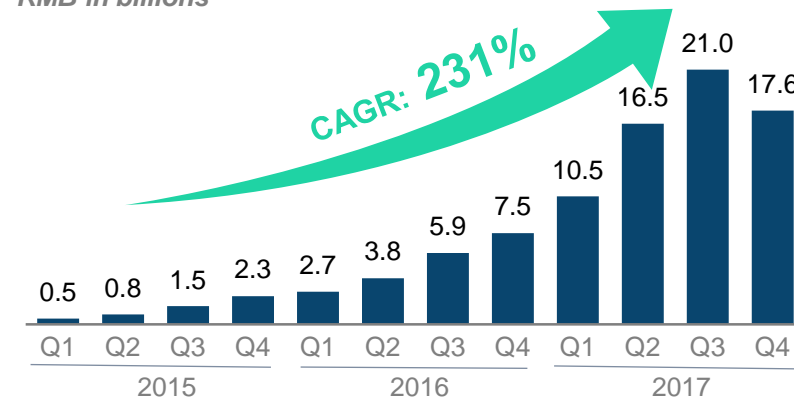
Technology driven
97.1% of loans processed automatically⁽¹⁾

Large user base
65mn registered users⁽²⁾/10.5mn borrowers⁽³⁾

Strong growth
3.3x y-o-y loan volume growth⁽⁴⁾

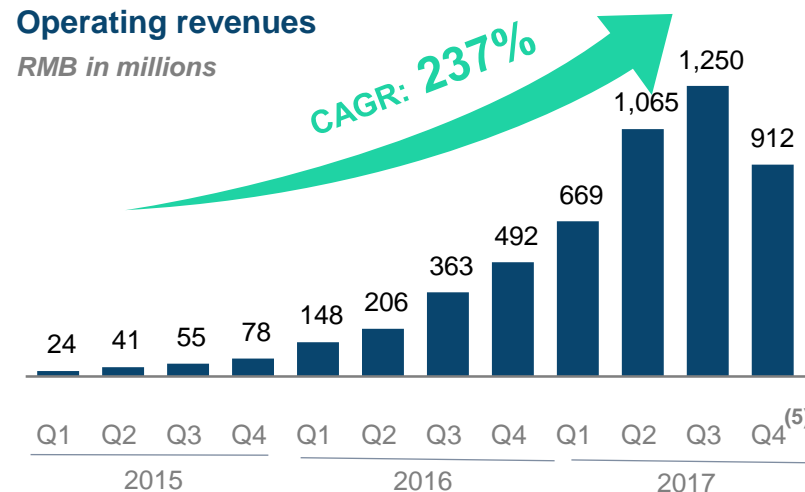
Loan origination volume

RMB in billions



Operating revenues

RMB in millions



Note:

Rank No.1 among China's online consumer finance marketplaces in terms of number of borrowers as of December 31, 2016 and June 30, 2017.

(1) Represents the % of loan applications on the marketplace that go through the automated process. Data for the nine months ended December 31, 2017.

(2) As of December 31, 2017.

(3) On a cumulative basis, as of December 31, 2017.

(4) Total origination amount of loans facilitated through our marketplace was RMB65.6bn in the twelve months ended December 31, 2017, a 3.3x growth from RMB19.9bn in the twelve months ended December 31, 2016.

(5) Operating revenue for Q4 2017 include a one off provision of RMB107.7 million for expected discretionary payments to investors in investment programs protected by PPDAL's investor reserve funds

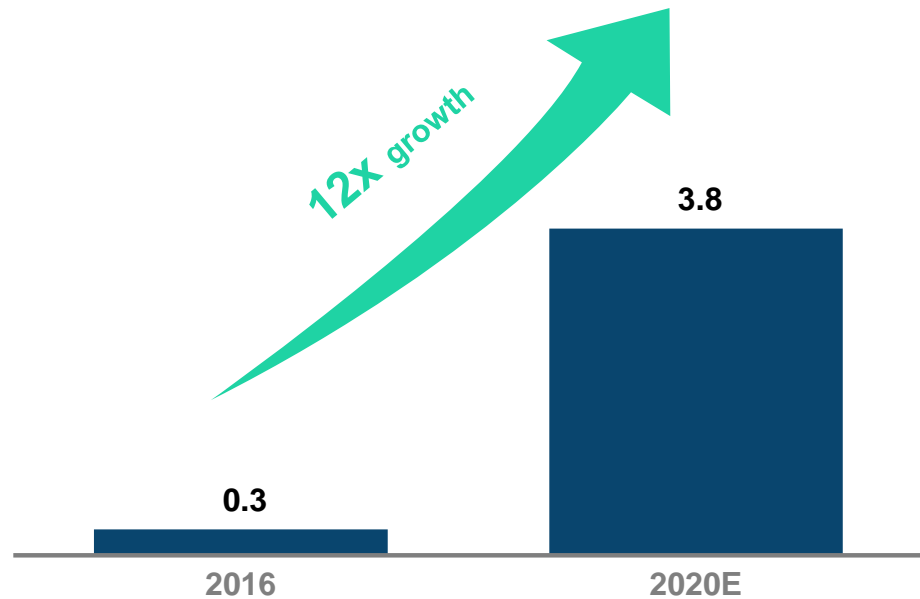
Massive and fast-growing online consumer finance market

**Over
440mn⁽¹⁾**

people under
served by the
banking system



China online consumer finance market outstanding balance
RMB in trillions



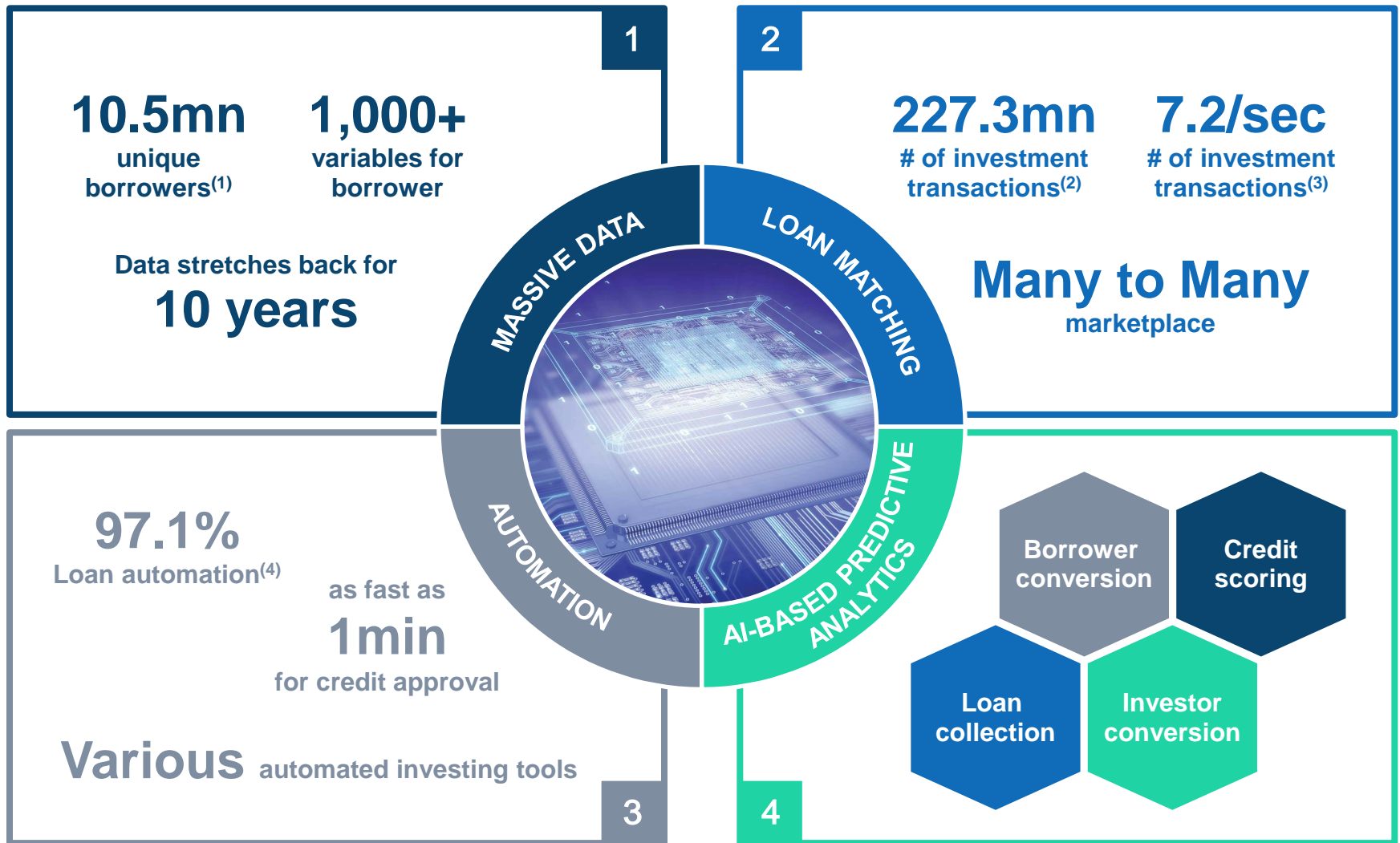
Sources: iResearch. Scale is approximate only.

(1) According to iResearch's estimation, at the end of 2016, China had a population of 850 million between ages of 18 and 60 while only 410 million people has credit history. Number is estimated based on difference between China's population between the age of 18 to 60 at the end of 2016 and China's population who have credit history at the end of 2016.

Virtuous business model amplified by network effects



Automation powered by big data and proprietary technologies



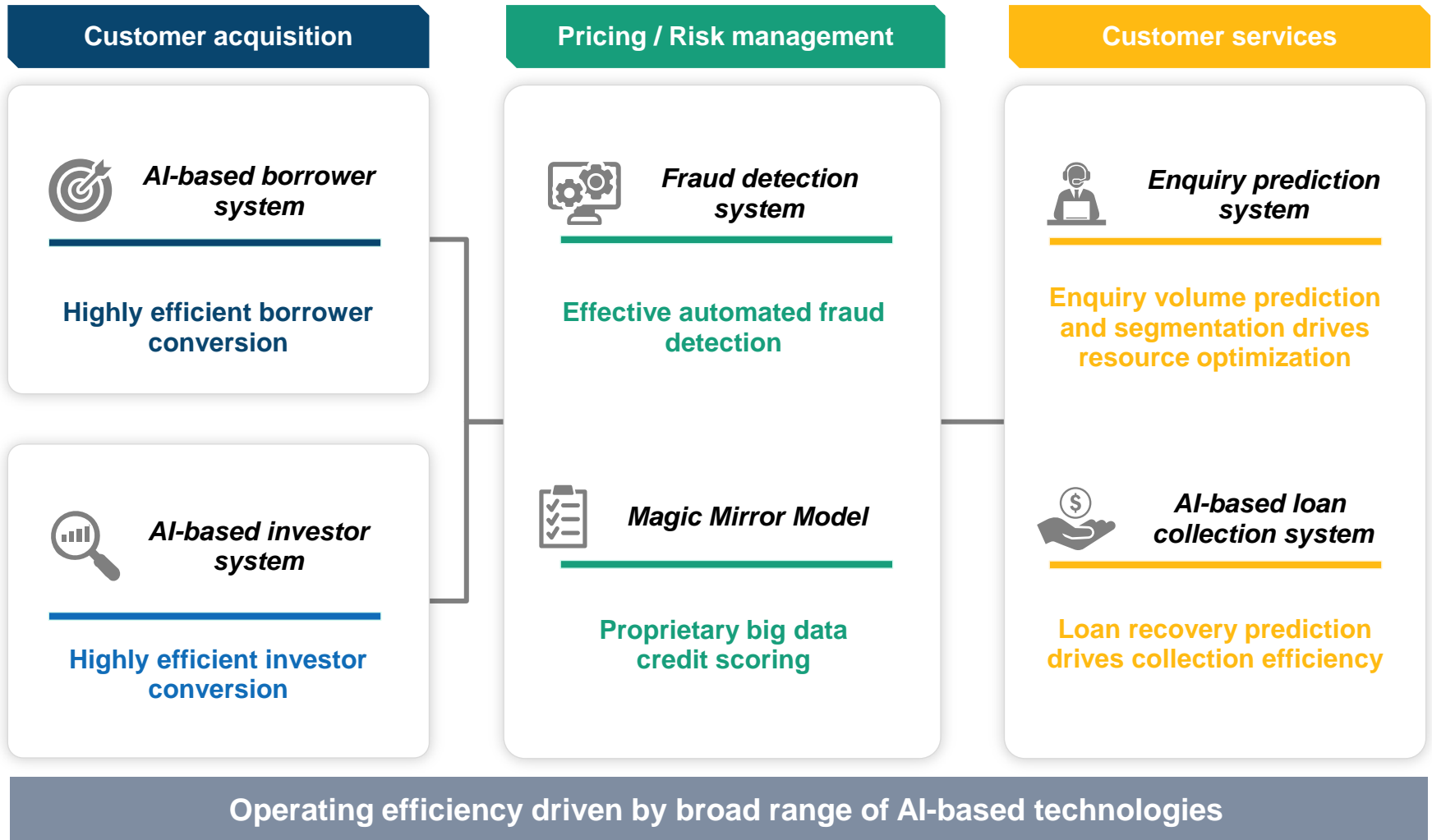
(1) On a cumulative basis, data as of December 31, 2017.

(2) Data for the twelve months ended December 31, 2017.

(3) Data for the twelve months ended December 31, 2017. Calculated by: (i) number of investment transactions, divided by (ii) number of seconds during the period.

(4) Represents the % of loan applications on the marketplace that go through the automated process. Data for the nine months ended twelve months 31, 2017.

Advanced technologies drive all aspects of the business



Our borrowers and investors

Borrower profile



20-40
Average borrower age

RMB2,590
Average principal amount⁽²⁾



6.7 months
Average loan tenure⁽²⁾

Investor profile

559K
Individual investors⁽¹⁾



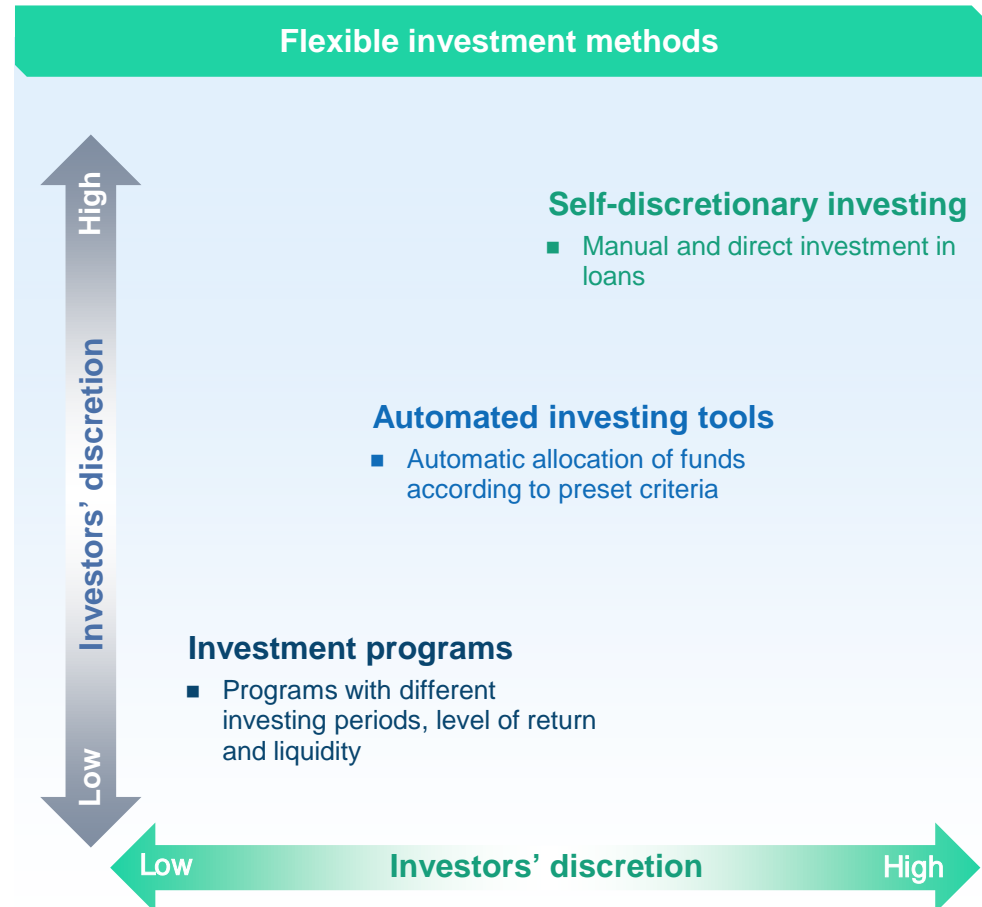
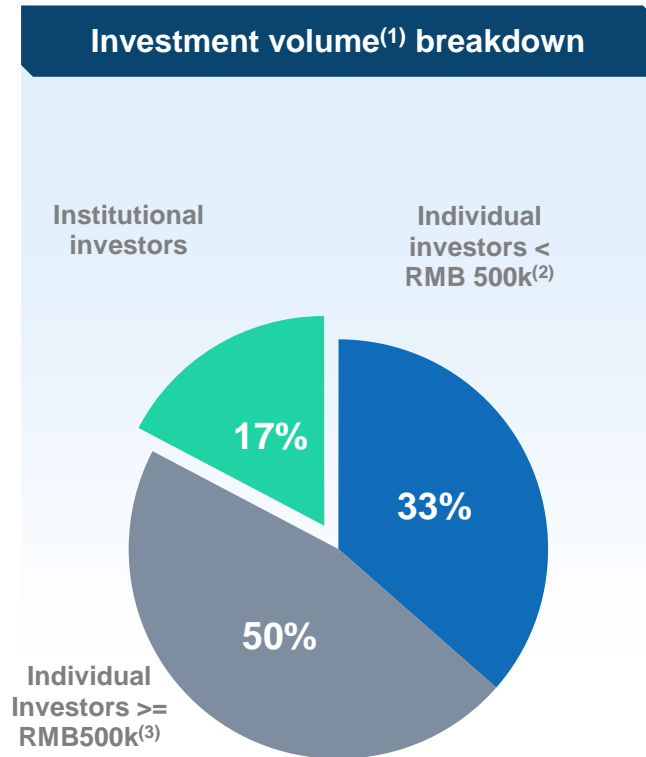
RMB149,252
Average investment amount⁽³⁾

Strong
Investor traction/loyalty



- (1) On a cumulative basis, as of December 31, 2017.
(2) Calculated based on loans originated on our marketplace in the three months ended December 31, 2017.
(3) Investment amount per individual investor, who has made at least one investment, in the twelve months ended December 31, 2017.

Diversified funding sources and investment methods

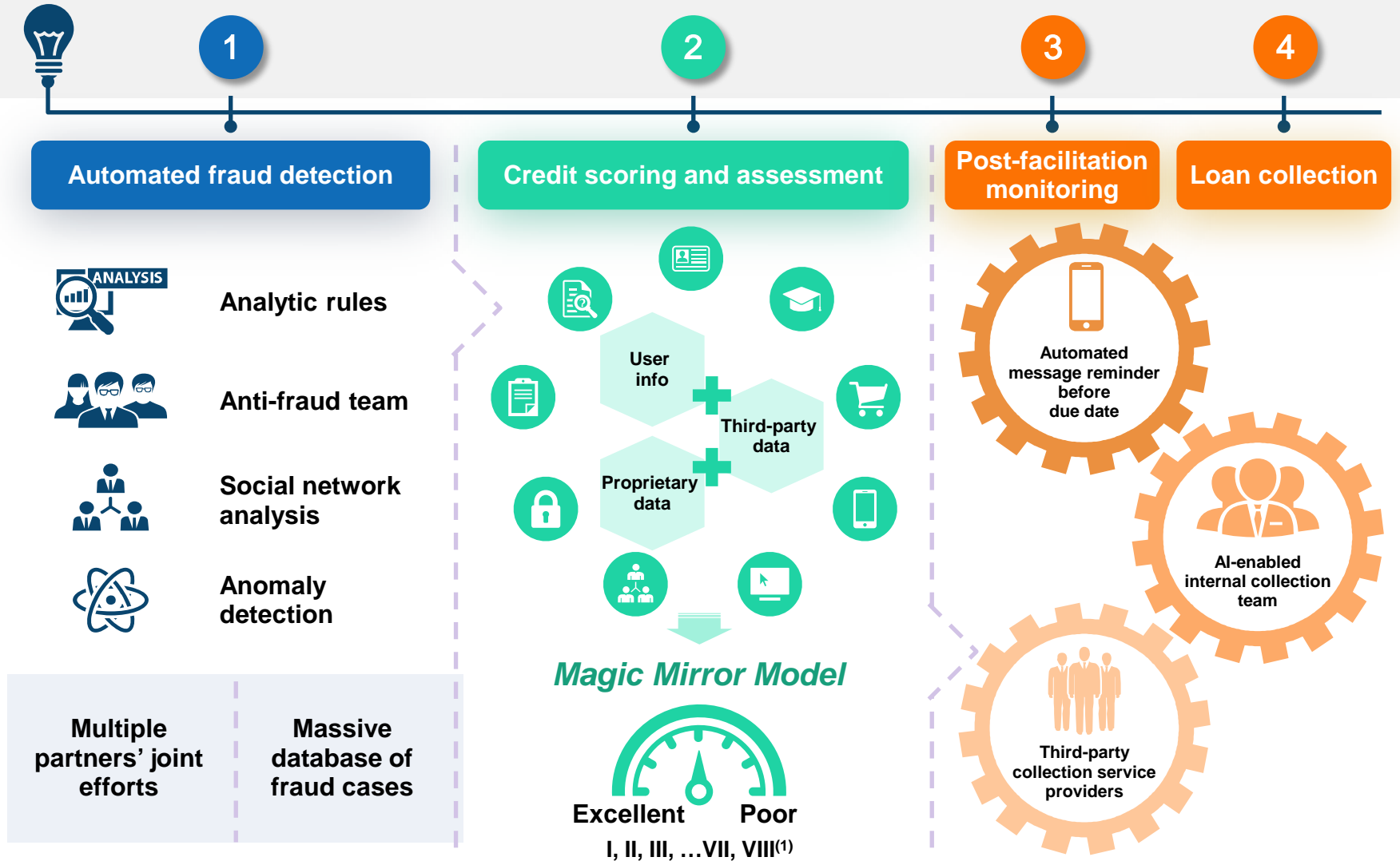


(1) Total amount of loans funded by investors in the twelve months ended December 31, 2017.

(2) Individual investors who have invested less than RMB500,000 in the twelve months ended December 31, 2017.

(3) Individual investors who have invested RMB500,000 or more in the twelve months ended December 31, 2017.

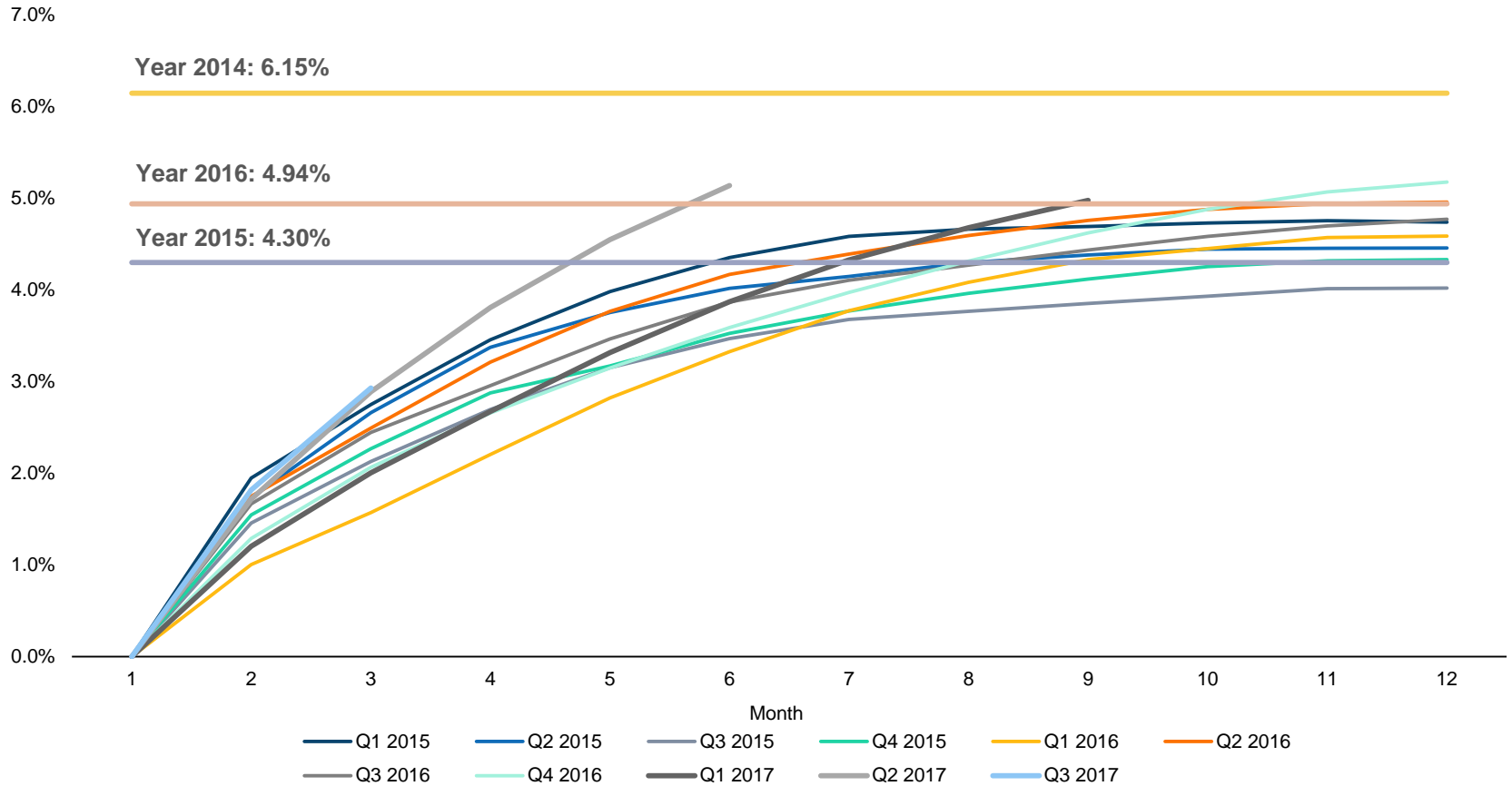
Sophisticated risk management technologies and capabilities



(1) Loan applicants with credit rating of VIII will be rejected.

Cumulative delinquency rates by vintage

Delinquency rate by vintage⁽¹⁾



Note: Data as of December 31, 2017. Represents the historical cumulative 30-day plus past due delinquency rates by loan origination vintage for all continuing loan products.
 (1) Vintage is defined as loans facilitated during a specified time period. Delinquency rate by vintage is defined as (i) the total amount of principal for all loans in a vintage that become delinquent, less (ii) the total amount of recovered past due principal for all loans in the same vintage, and divided by (iii) the total amount of initial principal for all loans in such vintage.

Visionary and experienced management team



ZHANG Jun
Co-founder
Chief Executive Officer

■ Industry experience: 17 years



■ Education:
- Shanghai Jiao Tong University



HU Honghui
Co-founder
President

■ Industry experience: 17 years



■ Education:
- Shanghai Jiao Tong University
- Fudan University



LI Tiezheng
Co-founder
Chief Strategy Officer

■ Industry experience: 12 years



■ Education:
- Shanghai Jiao Tong University
- China Europe International
Business School



GU Shaofeng
Co-founder
Strategy advisor

■ Industry experience: 17 years



■ Education:
- Shanghai Jiao Tong University



HO Simon
Chief
Financial Officer

■ Industry experience:
21 years



■ Education:
- Northwestern University



ZHANG Feng
Chief
Operating Officer

■ Industry experience:
14 years



■ Education:
- Tsinghua University
- Duke University



GU Ming
Chief Risk Officer
and Chief Data
Officer

■ Industry experience:
8 years



■ Education
- Grinnell College
- California Institute of
Technology



WANG Hong
Chief
Technology
Officer

■ Industry experience:
22 years



■ Education:
- Lanzhou University



WANG Yuxiang
Chief Product
Officer

■ Industry experience:
16 years



■ Education:
- Fudan University

Strategies for growth

Broaden user base



Expand loan products



Expand investment options



Strengthen brand recognition

Improve operating efficiency

Leverage AI capabilities to...



Optimize sales and marketing efforts



Improve customer service



Enhance loan collection

Expand into new businesses



Diversify wealth management solutions

Explore M&A opportunities



Leverage technology capability



Financials

Financial highlights



Rapid growth in borrower base and loan volume

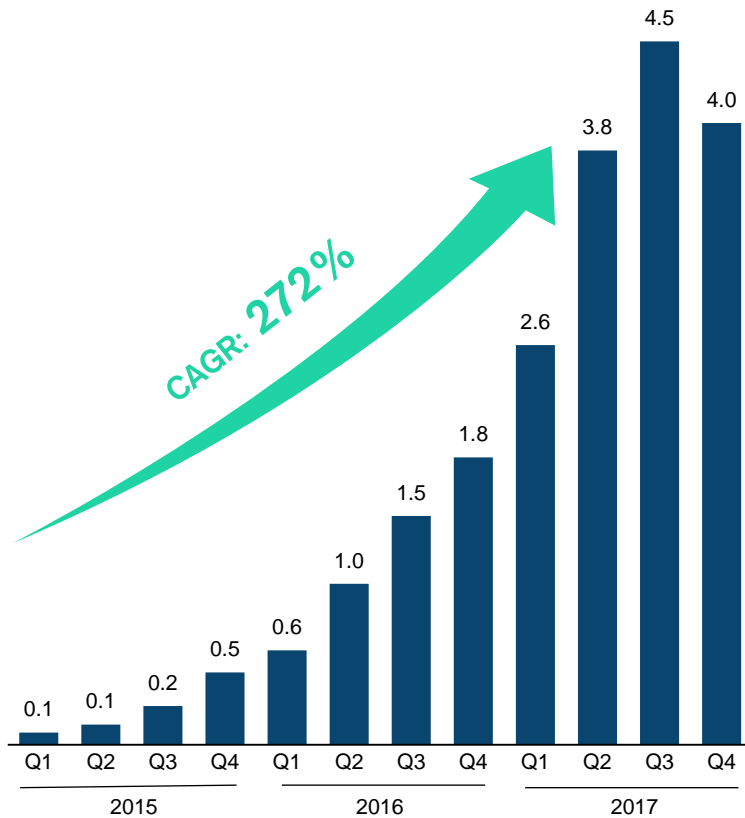


High operating leverage driving profitability

Rapid borrower growth fuels dynamic transactions and loan volume

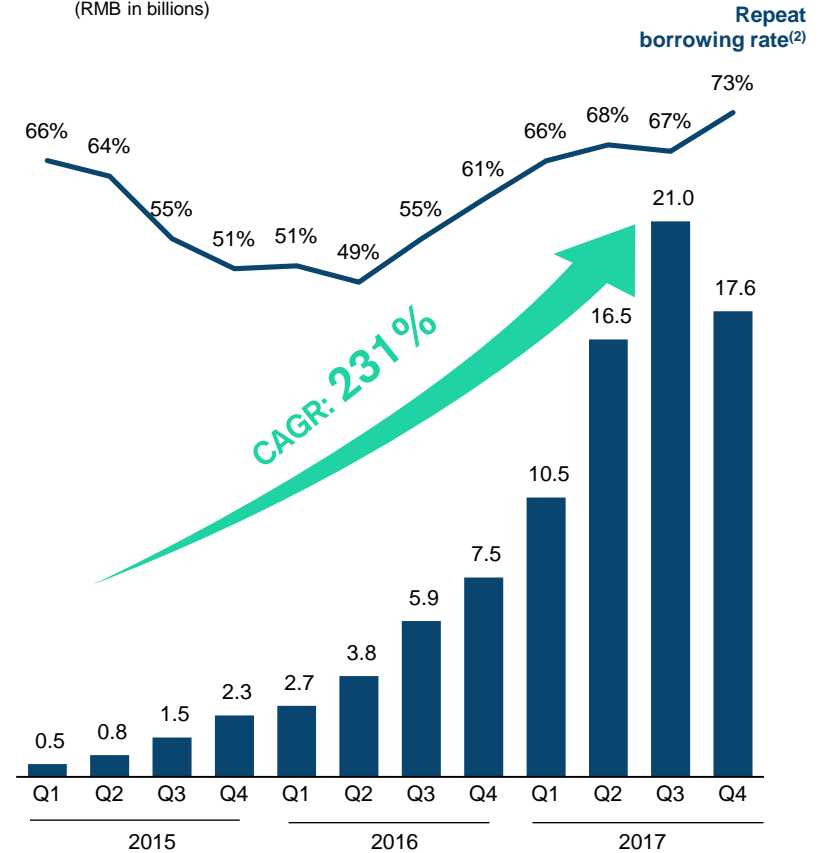
Number of borrowers⁽¹⁾

(Millions)



Loan origination volume

(RMB in billions)

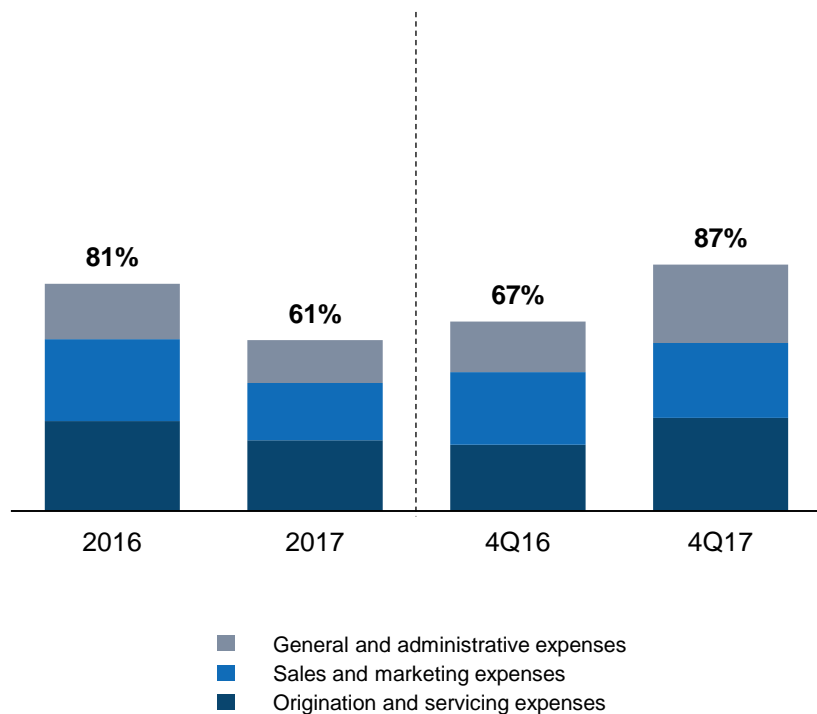


(1) Represents number of borrowers whose loans were funded during each period presented.

(2) % of loan volume generated by repeat borrowers. Repeat borrowers are borrowers who have successfully borrowed on our platform before.

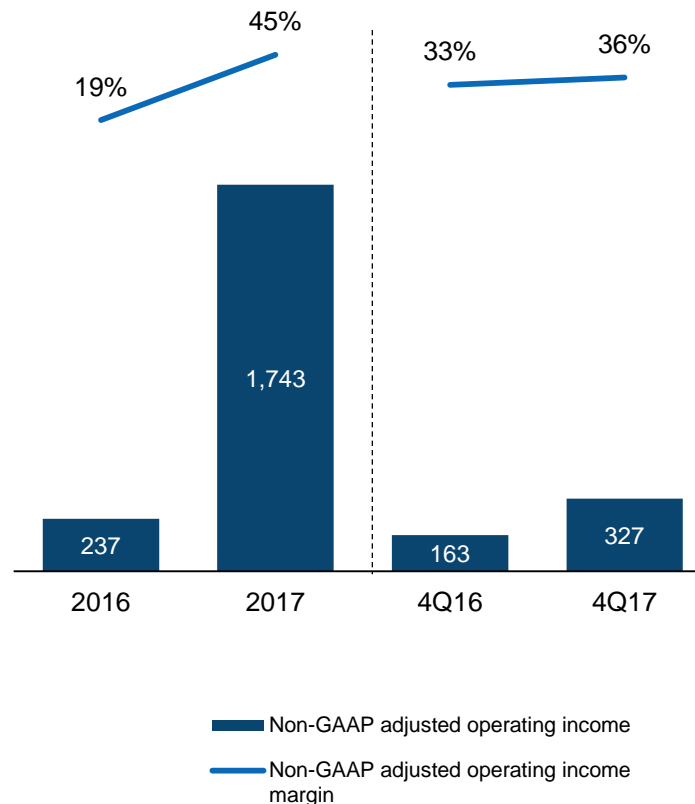
High operating leverage driving profitability

Operating expenses as percentage of net revenue



Non-GAAP adjusted operating income⁽¹⁾

(RMB in millions)



(1) Non-GAAP adjusted operating income, excludes other income/(expenses) share-based compensation and a one-time provision for expected discretionary payments to investors in investment programs protected by the investor reserve funds from profit/(loss) before tax.

#1 online consumer finance marketplace in China



Leading independent platform

- ✓ 65mn registered users⁽¹⁾, 10.5mn unique borrowers⁽²⁾
- ✓ Data and technology driven platform
- ✓ 10-year operating history with a strong brand and trust

Sustainable and compliant business

- ✓ Low-cost and competitive customer acquisition
- ✓ Diversified and loyal investor base
- ✓ Highly effective risk management

Huge market opportunity

- ✓ Huge underserved population of 440mn
- ✓ Track record of rapid and consistent growth
- ✓ Well positioned to expand into new markets

Note: Rank No.1 among China's online consumer finance marketplaces in terms of number of borrowers as of December 31, 2016 and June 30, 2017.

(1) As of December 31, 2017.

(2) On a cumulative basis, as of December 31, 2017.



Appendix

Delinquency rate by balance⁽¹⁾

	Delinquent for			
	15–29 days	30–59 days	60–89 days	90–179 days
March 31, 2015	0.79%	1.75%	1.10%	2.56%
June 30, 2015	0.88%	1.06%	0.67%	2.10%
September 30, 2015	0.67%	0.89%	0.61%	1.33%
December 31, 2015	0.80%	0.93%	0.51%	1.20%
March 31, 2016	0.62%	0.93%	0.72%	1.41%
June 30, 2016	0.82%	1.01%	0.63%	1.34%
September 30, 2016	0.83%	1.11%	0.80%	1.50%
December 31, 2016	0.63%	0.91%	0.75%	2.04%
March 31, 2017	0.57%	0.95%	0.79%	1.64%
June 30, 2017	0.86%	1.11%	0.79%	1.58%
September 30, 2017	0.89%	1.40%	1.15%	2.41%
December 31, 2017	2.27%	2.21%	1.72%	4.19%

(1) Delinquency rate by balance is defined as the balance of outstanding principal for loans that were 15-29, 30-59, 60-89, 90-179 calendar days past due as of the date indicated as a percentage of the total outstanding principal for loans, excluding those at 180+ days delinquent, as of the same date.

Income statement summary

RMB million	FY2015	FY2016	FY2017	4Q2016	4Q2017
Operating revenues	197	1,209	3,895	492	912
Loan facilitation service fees	164	911	2,843	313	620
Post-facilitation service fees	8	127	669	81	227
Other revenue	25	170	491	99	172
Expected discretionary payment to IRF investors	-	-	(108)	-	(108)
Net revenues	196	1,216	3,881	496	899
<i>% YoY growth</i>	-	521%	219%	-	81%
Operating expenses	(341)	(979)	(2,351)	(333)	(785)
Origination and servicing expenses	(99)	(388)	(974)	(117)	(296)
Sales and marketing expenses	(125)	(353)	(788)	(127)	(239)
General and administrative expenses	(116)	(238)	(589)	(89)	(250)
Operating income⁽¹⁾	(145)	237	1,529	163	114
<i>Operating income margin⁽²⁾</i>	(74%)	19%	39%	33%	13%
Other income ⁽³⁾	77	313	(172)	125	(695)
Profit/(Loss) before income tax expenses	(68)	550	1,358	288	(581)
Net income/(loss)	(72)	501	1,083	266	(507)
<i>Net income/(loss) margin⁽⁴⁾</i>	(37%)	41%	28%	54%	(56%)

(1) Operating income = net revenues – total operating expenses.

(2) Operating income margin = (net revenues – operating expenses) divided by net revenues

(3) Other income includes (i) Gain from quality assurance fund, (ii) Realized gain from financial guarantee derivatives, (iii) Fair value change of financial guarantee derivatives, (iv) Gain from disposal of a subsidiary, and (v) Other income/(expenses), net.

(4) Net income/(loss) divided by net revenues.

Selected balance sheet items

RMB million	As of Dec 31, 2015	As of Dec 31, 2016	As of Dec 31, 2017
Cash and cash equivalents	92	405	1,891
Restricted cash:	270	803	2,393
<i>Quality assurance fund</i>	53	330	1,059
<i>Investor reserve fund</i>	20	52	175
<i>Cash received from investors or borrowers</i>	176	422	1,159
<i>Cash held as a collateral for short-term bank loans</i>	21	-	-
Short-term investments	34	260	1,959
Quality assurance fund receivable	115	287	1,153
Financial guarantee derivative	21	167	-
Total assets	737	2,147	8,604
Payable to platform customers	176	422	1,114
Quality assurance fund payable	126	474	2,063
Deferred revenue	14	163	265
Financial guarantee derivative	-	-	323
Total liabilities	469	1,375	4,921
Total mezzanine equity	586	1,211	-
Total shareholders' deficit	(317)	(438)	3,682

Selected statements of cash flows items

RMB million	FY2015	FY2016	FY2017	4Q2016	4Q2017
Net cash provided by operating activities	(192)	534	1,864	228	410
Net cash used in investing activities	(132)	(663)	(2,496)	(178)	(921)
Net cash generated in financing activities	338	439	2,133	29	1,702
Effect of exchange rate changes on cash and cash equivalents	-	(2)	(15)	3	(15)
Net increase/(decrease) in cash and cash equivalents	15	312	1,486	82	1,176
Cash and cash equivalent at beginning of year/period	77	92	405	322	715
Cash and cash equivalent at end of year/period	92	405	1,891	405	1,891