

1Q18 Financial Results

May 15, 2018

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#1 online consumer finance marketplace in China

Marketplace business model
Driving scalability in the long run

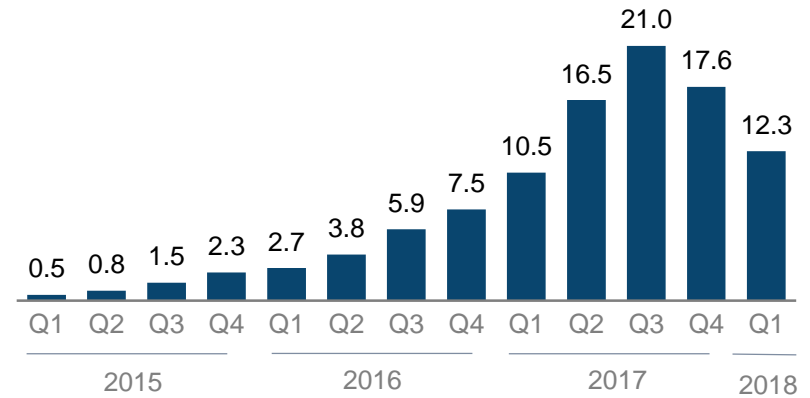
11-year operating history
Consistent strategy and continuous innovation

Technology driven
99% of loans processed automatically⁽¹⁾

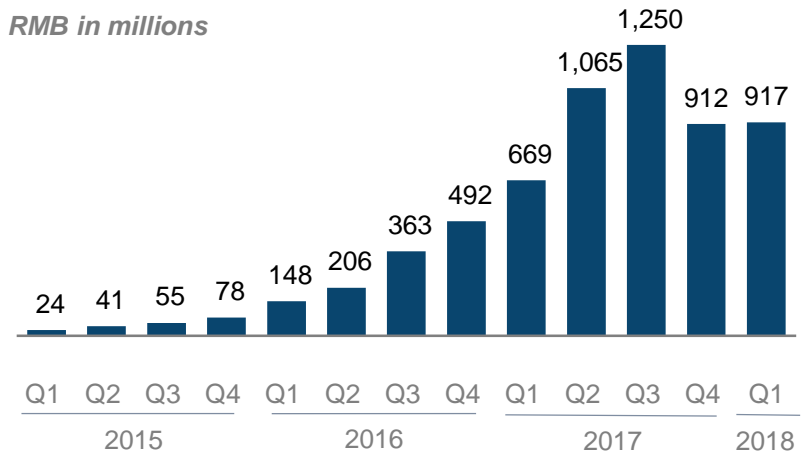
Large user base
71mn registered users⁽²⁾/11.3mn borrowers⁽³⁾

Consistent growth
17% 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.

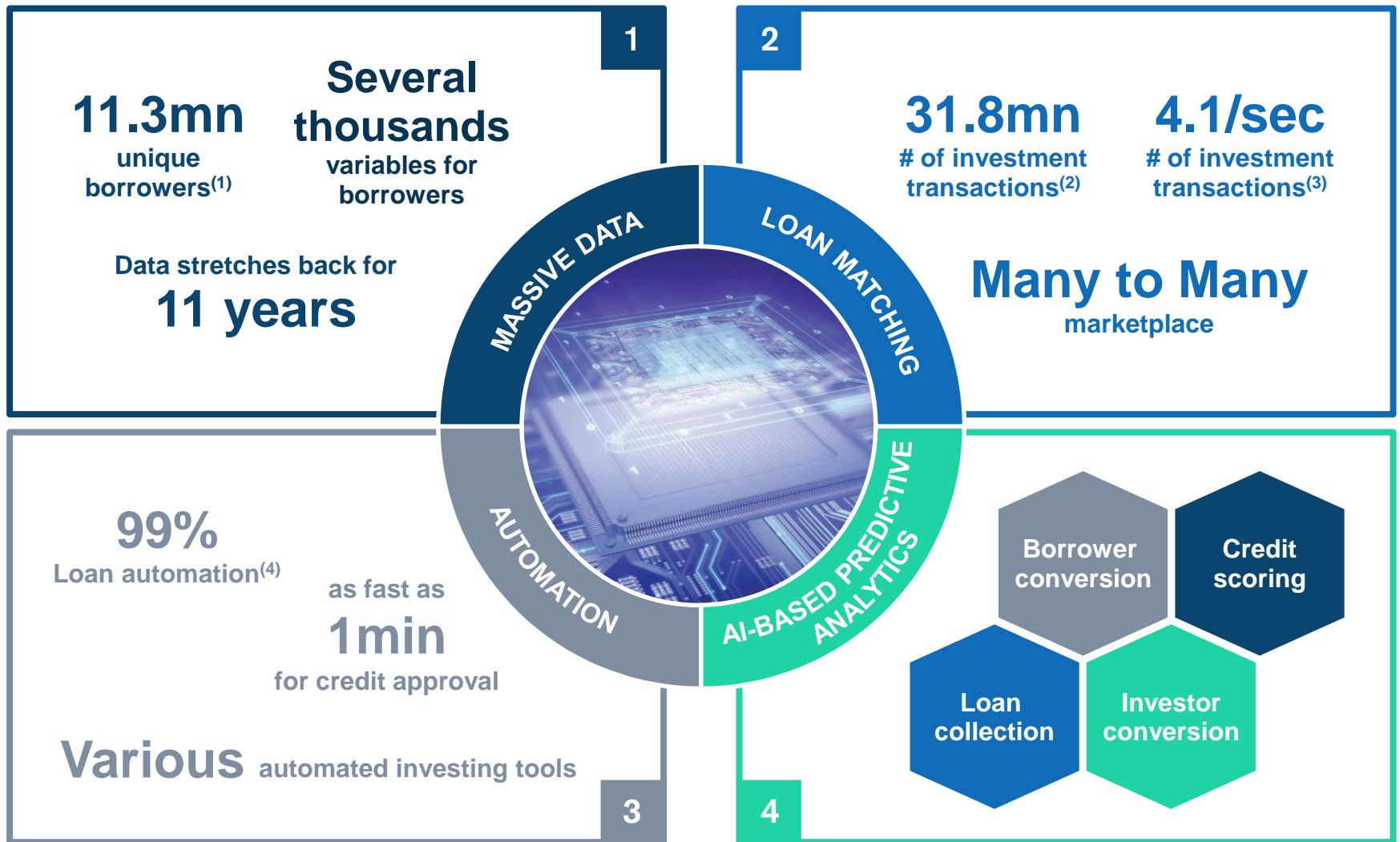
(1) Represents the % of loan applications on the marketplace that go through the automated process. Data for the three months ended March 31, 2018.

(2) As of March 31, 2018.

(3) On a cumulative basis, as of March 31, 2018.

(4) Total origination amount of loans facilitated through our marketplace was RMB12.3bn in the three months ended March 31, 2018, a 1.2x growth from RMB10.5bn in the three months ended March 31, 2017.

Automation powered by big data and proprietary technologies



(1) On a cumulative basis, data as of March 31, 2018.

(2) Data for the three months ended March 31, 2018.

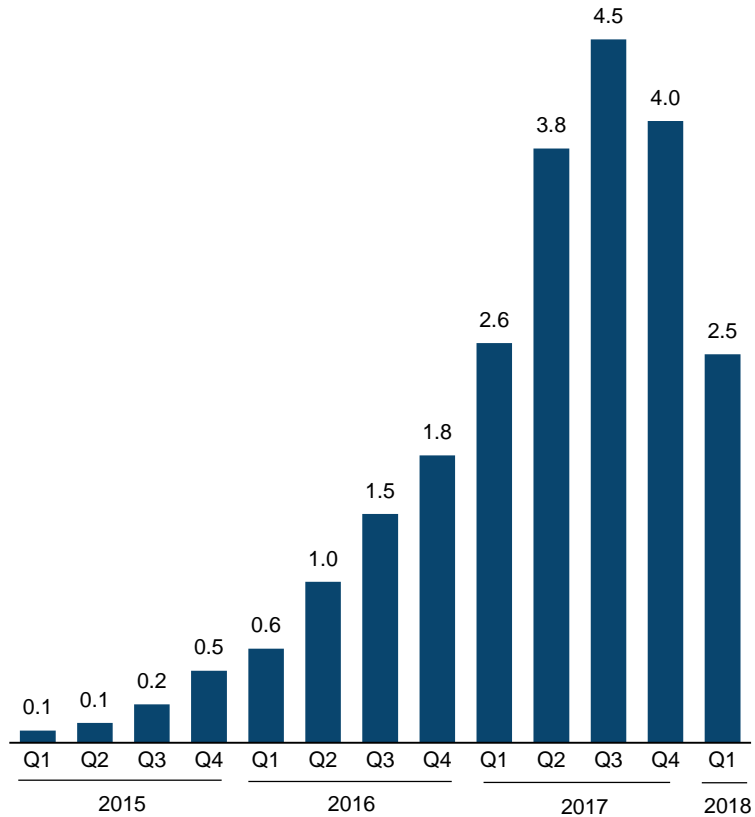
(3) Data for the three months ended March 31, 2018. Calculated by: (i) number of investment transactions, divided by (ii) number of seconds during the period.

(4) Represents the % of loan applications on the marketplace that go through the automated process. Data for the three months ended March 31, 2018.

Solid borrower growth fuels dynamic transactions and loan volume

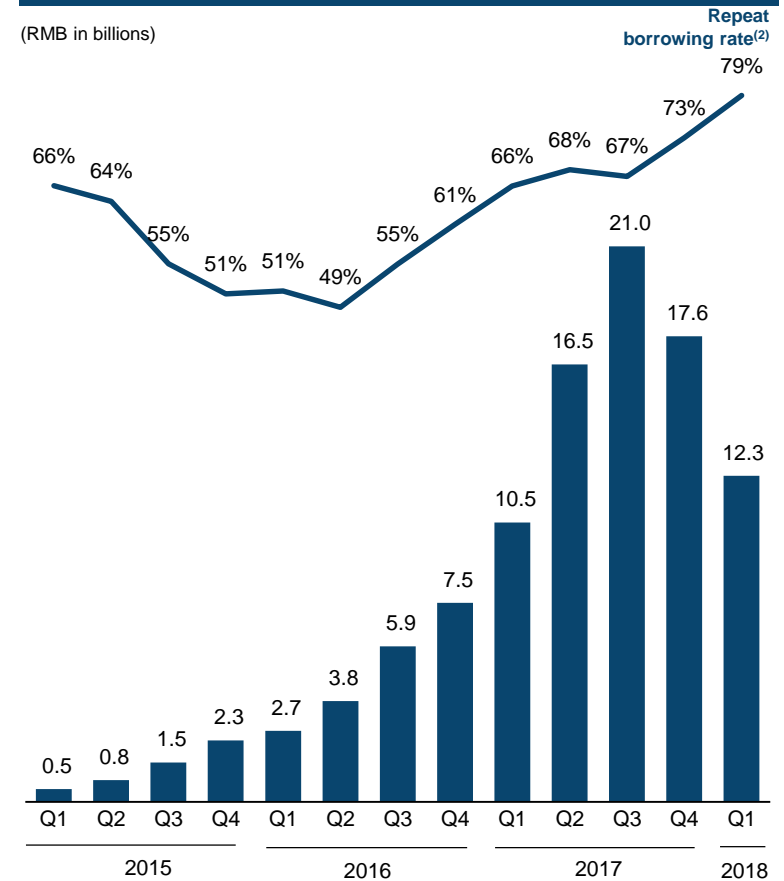
Number of unique borrowers⁽¹⁾

(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.

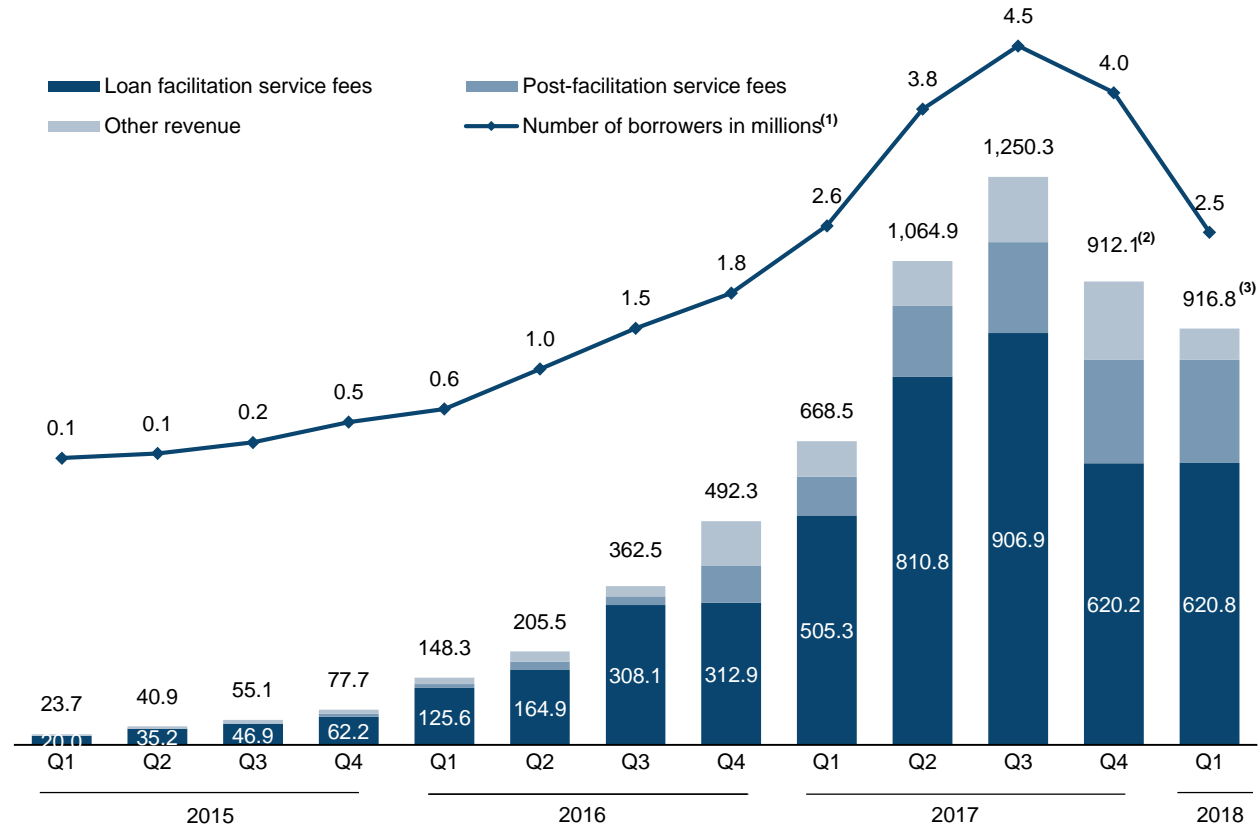


Financials

Solid borrower growth fuels revenues

Total operating revenues and number of borrowers

(RMB in millions)



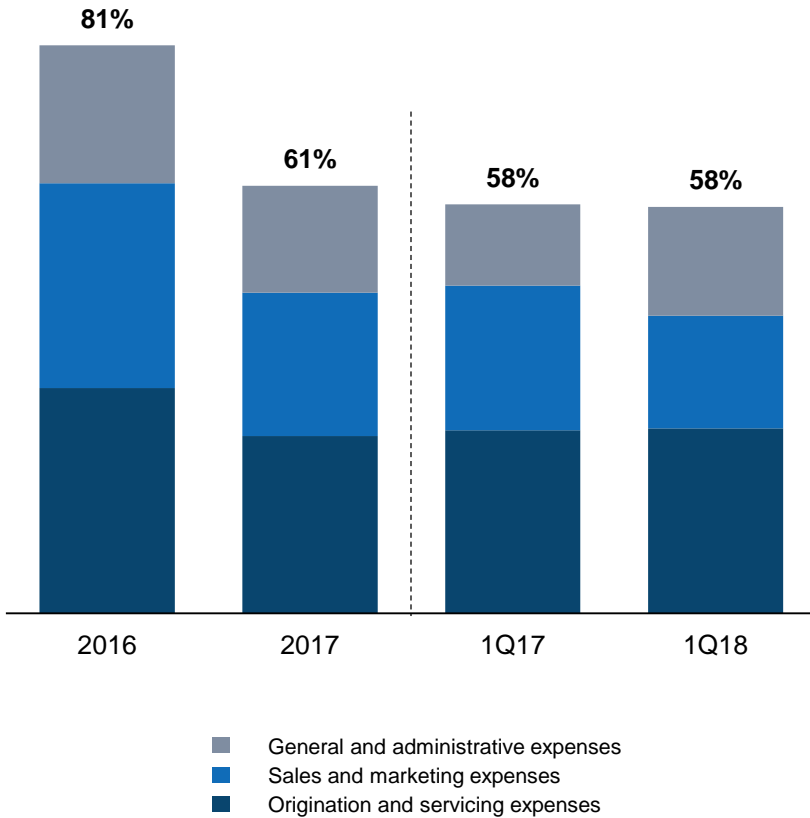
(1) Represents number of borrowers whose loans were funded during each period presented.

(2) 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.

(3) Operating revenue for Q1 2018 reflected the impact of adoption of the US GAAP ASC 606 which resulted in an increase in revenue of approximately RMB170.0 million.

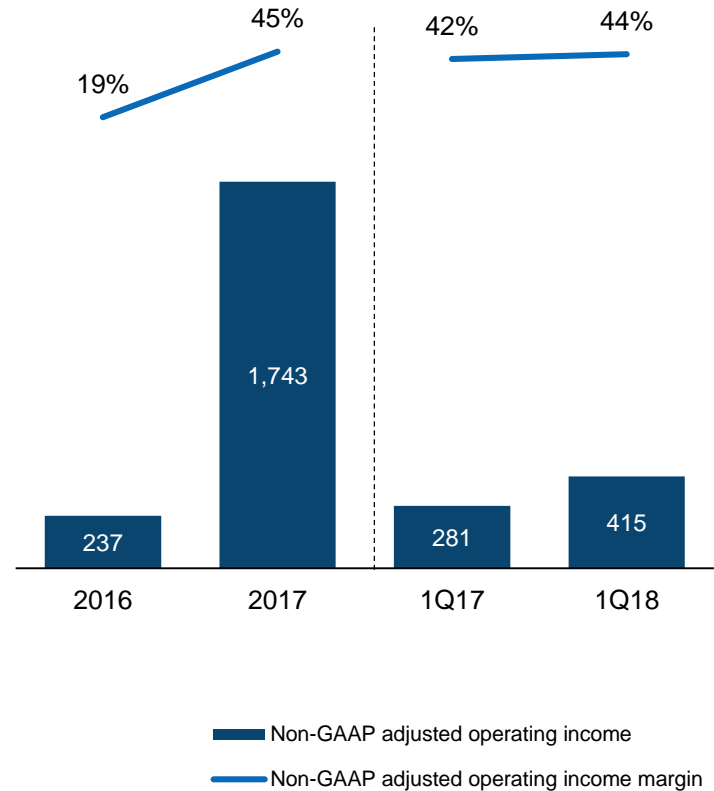
High operating leverage driving profitability

Operating expenses as percentage of net revenue



Non-GAAP adjusted operating income⁽¹⁾

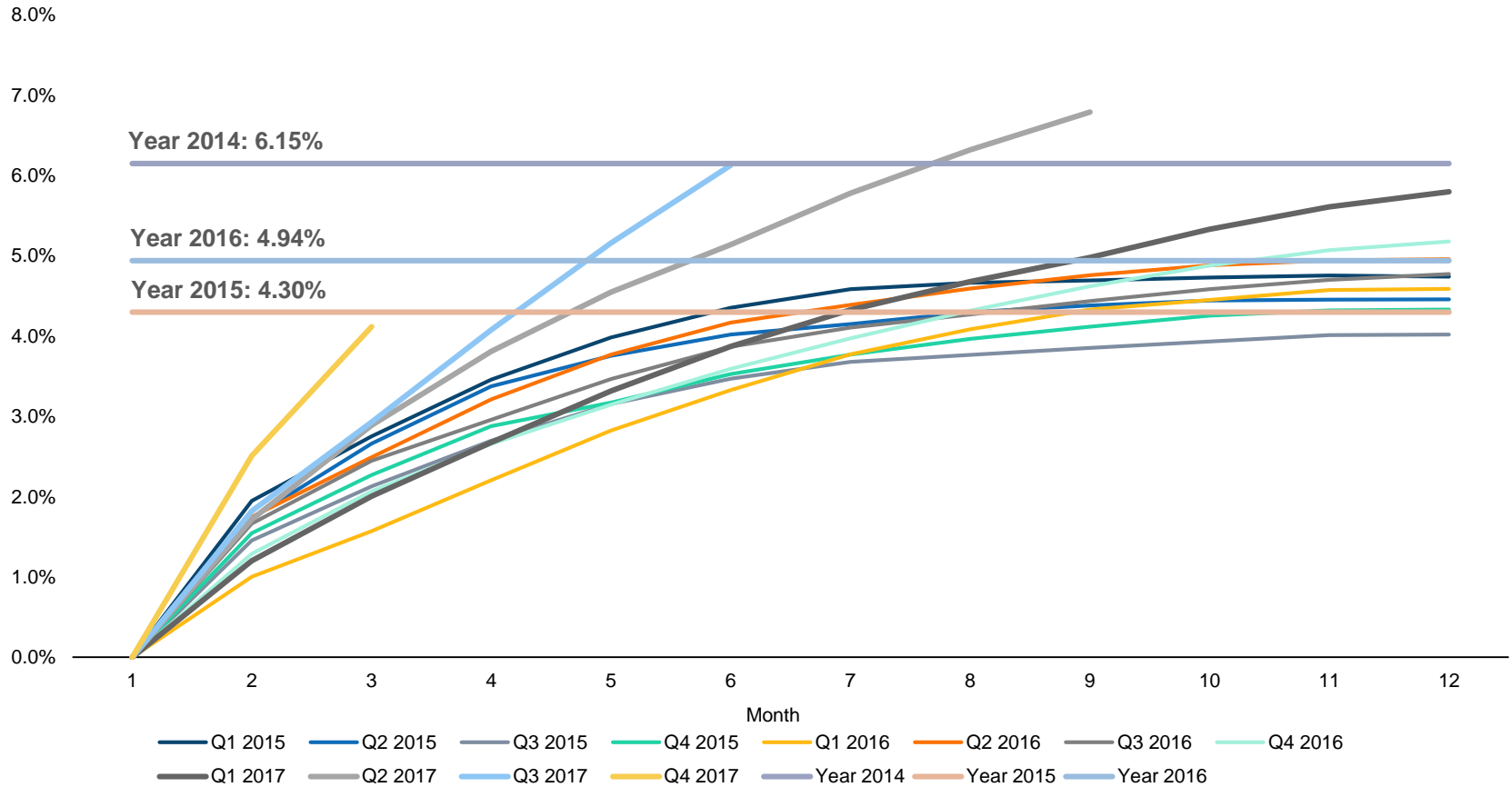
(RMB in millions)



(1) Non GAAP adjusted operating income for FY2017, which excludes a share-based compensation expenses of RMB106.2 and a one time provision of RMB107.7 for expected discretionary payments to investors in investment programs protected by the Company's investor reserve funds. Non GAAP adjusted operating income for 1Q 2018 which excludes share-based compensation expenses of RMB14.7 million.

Cumulative delinquency rates by vintage

Delinquency rate by vintage⁽¹⁾



Note: Data as of March 31, 2018. 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.

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%
March 31, 2018	0.87%	2.11%	2.43%	8.01%

(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	FY2016	FY2017	1Q2017	1Q2018
Operating revenues	1,209	3,895	669	917
Loan facilitation service fees	911	2,843	505	621
Post-facilitation service fees	127	669	85	227
Other revenue	170	491	78	69
Expected discretionary payment to IRF investors	-	(108)	-	-
Net revenues	1,216	3,881	669	944
<i>% YoY growth</i>	521%	219%	-	41%
Operating expenses	(979)	(2,351)	(388)	(544)
Origination and servicing expenses	(388)	(974)	(173)	(247)
Sales and marketing expenses	(353)	(788)	(137)	(151)
General and administrative expenses	(238)	(589)	(77)	(146)
Operating income⁽¹⁾	237	1,529	281	400
<i>Operating income margin⁽²⁾</i>	19%	39%	42%	42%
Other income ⁽³⁾	313	(172)	209	132
Profit/(Loss) before income tax expenses	550	1,358	490	532
Net income/(loss)	501	1,083	417	438
<i>Net income/(loss) margin⁽⁴⁾</i>	41%	30%	62%	46%

(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, 2016	As of Dec 31, 2017	As of Mar 31, 2018
Cash and cash equivalents	405	1,891	1,476
Restricted cash:	803	2,393	2,564
<i>Quality assurance fund</i>	330	1,059	1,164
<i>Investor reserve fund</i>	52	175	130
<i>Cash received from investors or borrowers</i>	422	1,114	1,241
Short-term investments	260	1,959	2,262
Quality assurance fund receivable	287	1,153	1,325
Financial guarantee derivative	167	-	-
Total assets	2,147	8,604	9,159
Payable to platform customers	422	1,114	1,241
Quality assurance fund payable	474	2,063	2,281
Financial guarantee derivative	-	216	144
Total liabilities	1,375	4,921	4,898
Total mezzanine equity	1,211	-	-
Total shareholders' equity	(438)	3,682	4,261