

# Investor Presentation

August 2020



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# Proven operating history enabled by technology



## Loan facilitation model

Connecting under-served borrowers with FIs



## 13-year operating history

Continuous innovation



## Advanced proprietary technology

Thousands of variables for credit assessment



## Large user base

110mn registered users<sup>(1)</sup>/18.4mn borrowers<sup>(2)</sup>



## Successful funding transition

Shift towards 100% Institutional funds<sup>(3)</sup>

### Cumulative registered users<sup>(1)</sup>

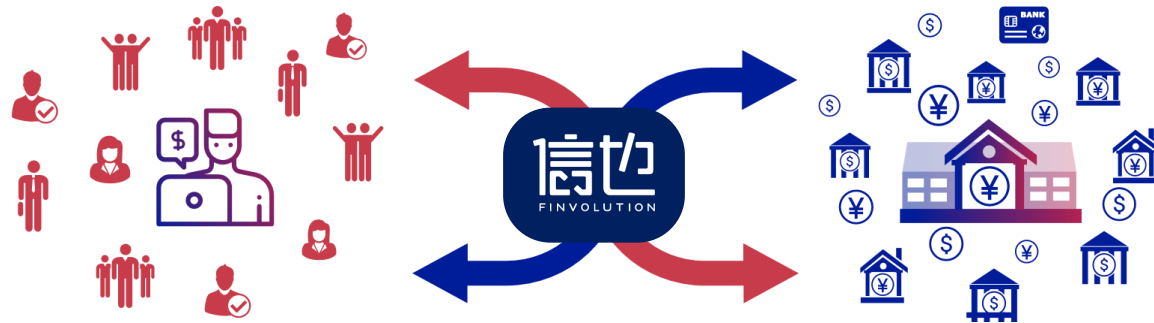


### Loan origination volume<sup>(4)</sup>



- (1) As of Jun 30, 2020.
- (2) On a cumulative basis of business in Mainland China, as of Jun 30, 2020.
- (3) The proportion of loans facilitated by institutional partners increased from 44.8% in 2Q19 to 100.0% in 4Q19 and later on.
- (4) Loan origination volume includes business in Mainland China.

# Massive and fast-growing consumer finance opportunity



## Consumer finance is under-penetrated in China:

- Consumer credit-to-GDP at **13%** vs 20% in US<sup>(1)</sup>
- **46%** of adult population have credit records vs 81% in US<sup>(2)</sup>

## Solid demand from FIs for consumer finance assets:

- Over **5,000** licensed financial institutions in China<sup>(3)</sup>
- Majority with limited experience in consumer finance

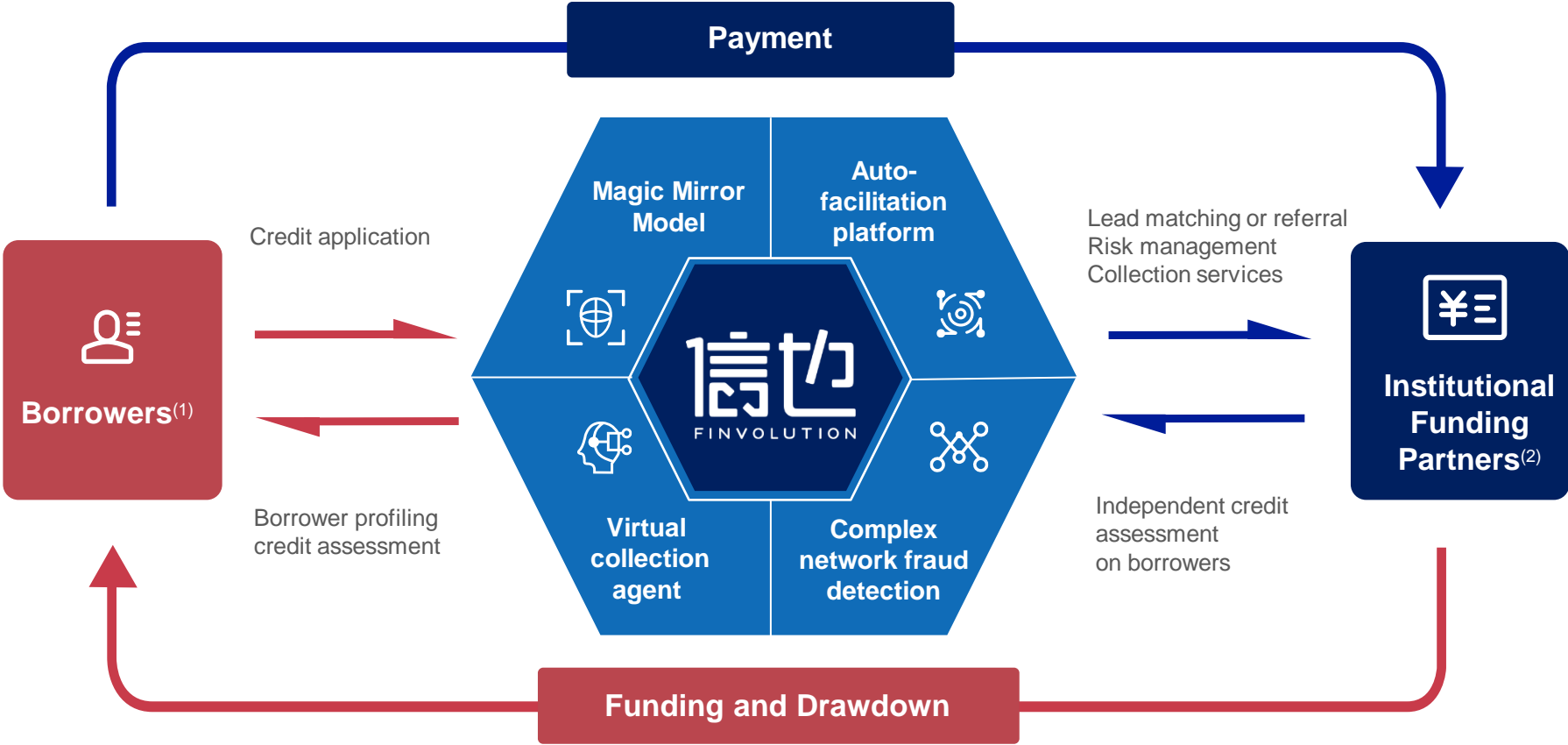
Sources:

(1) PBOC, World Bank, Federal Reserve.

(2) US: Consumer Financial Protection Bureau, May 2015; China: PBOC Credit Reference Center, 2017; FinVolution estimates.

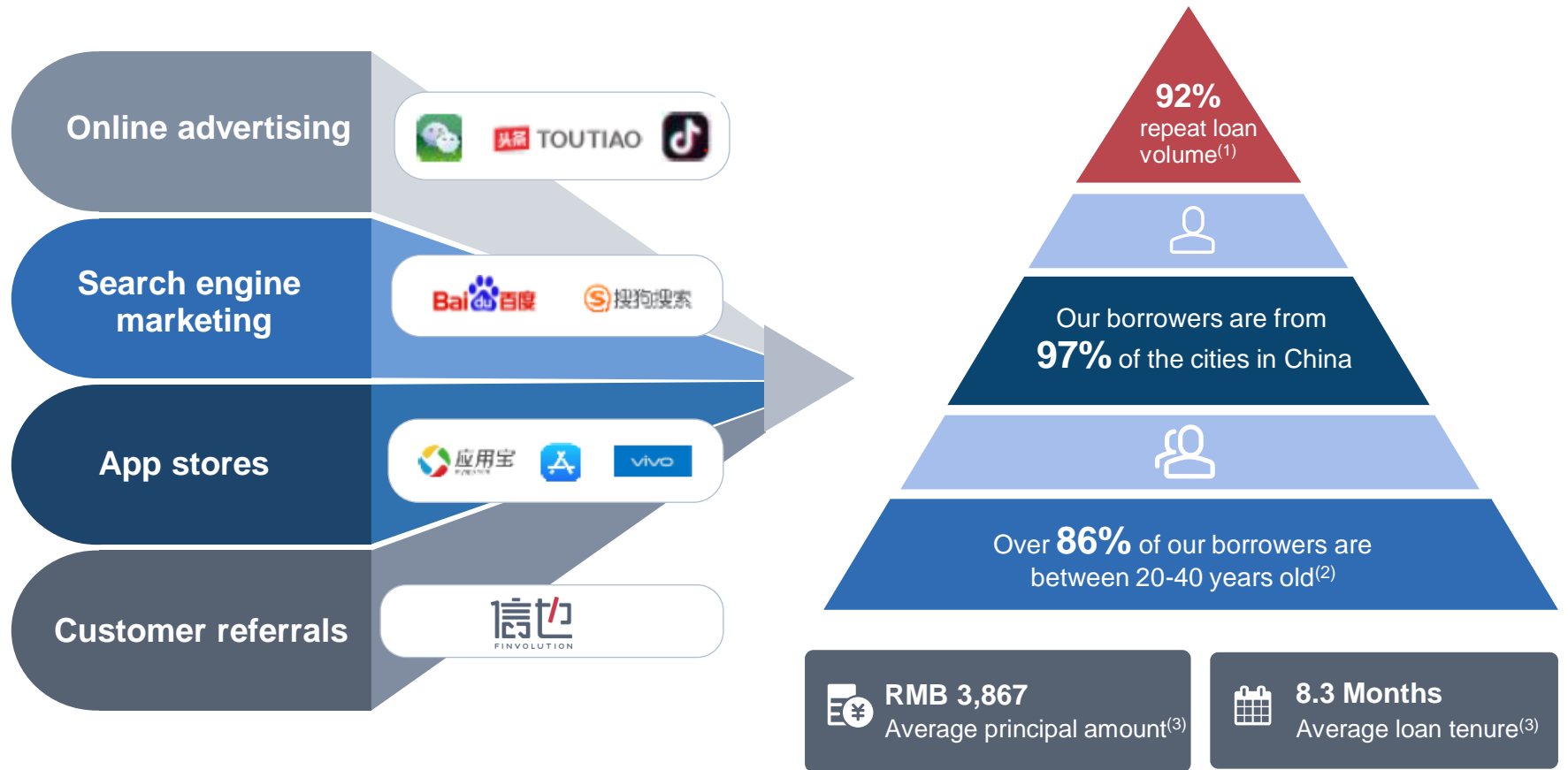
(3) According to the speech of Guo Shuqing, Chairman of CBIRC, at the Lujiazui forum 2019.

# Technology enabled loan facilitation model



(1) Borrowers are mainly individuals.  
 (2) Institutional funding partners include banks, consumer finance companies and trusts.

# Borrower acquisition through diverse online channels

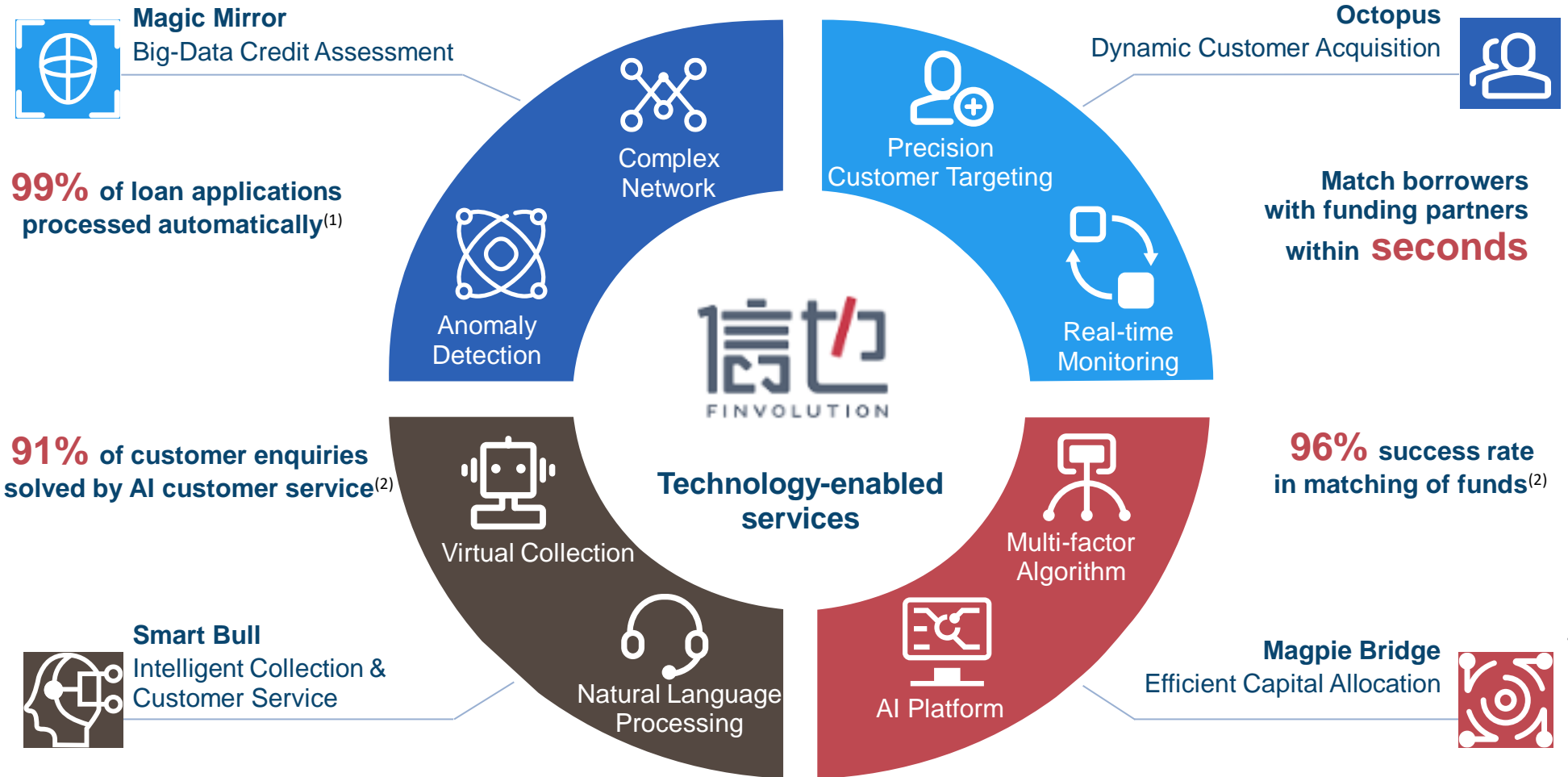


(1) % of loan volume generated by repeat borrowers. Repeat borrowers are borrowers who have successfully borrowed on our platform before in the three months ended Jun 30, 2020.

(2) Calculated based on borrowers in Mainland China whose loans were facilitated in the three months ended Jun 30, 2020.

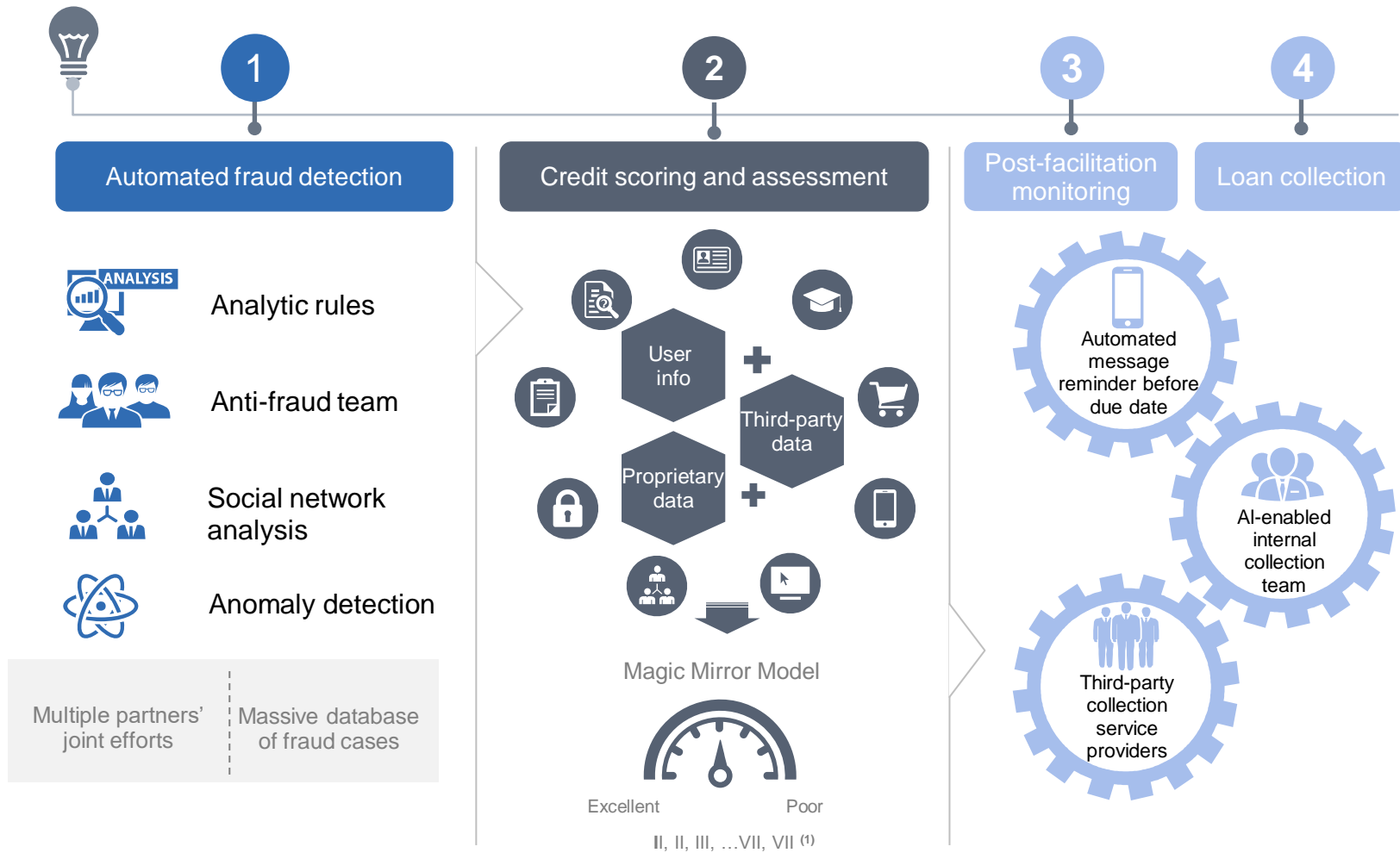
(3) Calculated based on loans originated on our marketplace in Mainland China in the three months ended Jun 30, 2020.

# We leverage our innovative technologies to enable financial institutions



(1) Source: Company filings  
(2) Data as of June 30, 2020

# Sophisticated risk management technologies and capabilities

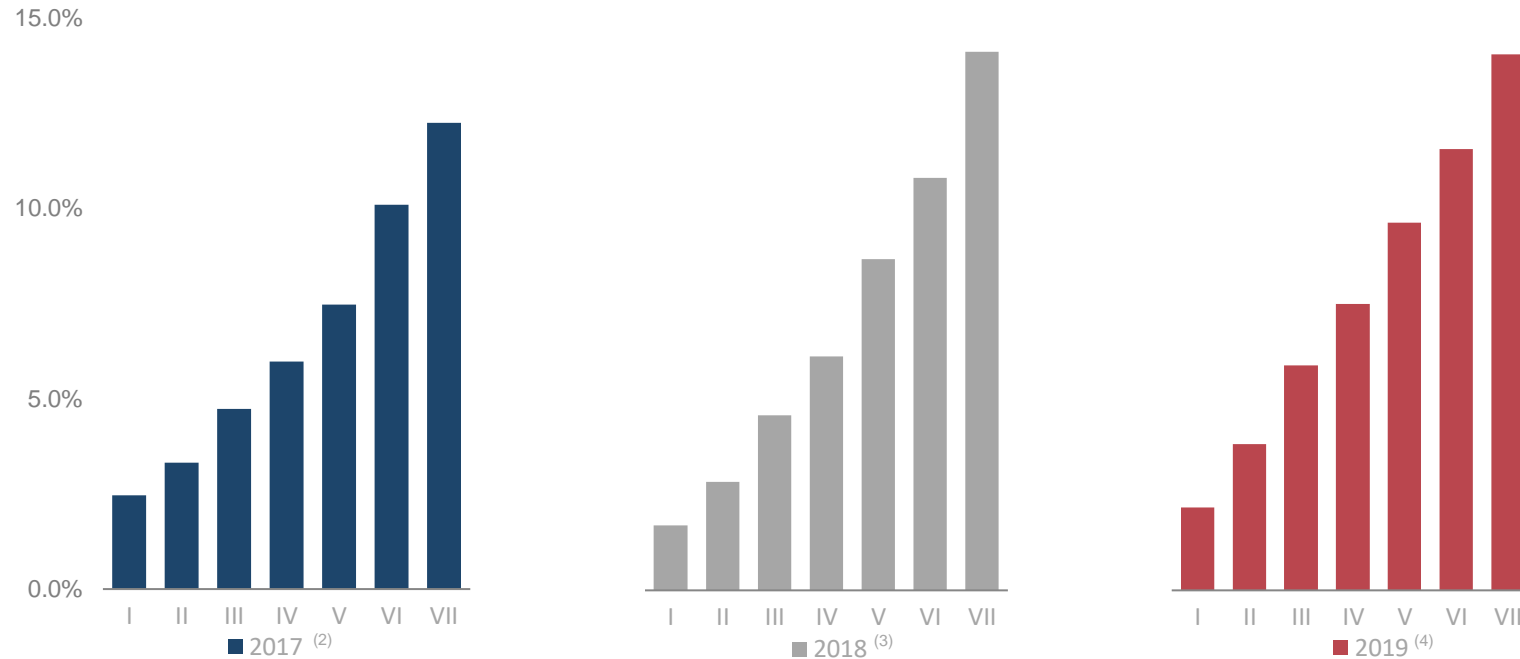


(1) Loan applicants with credit rating of VIII will be rejected.



# Strong and consistent risk-sloping capability

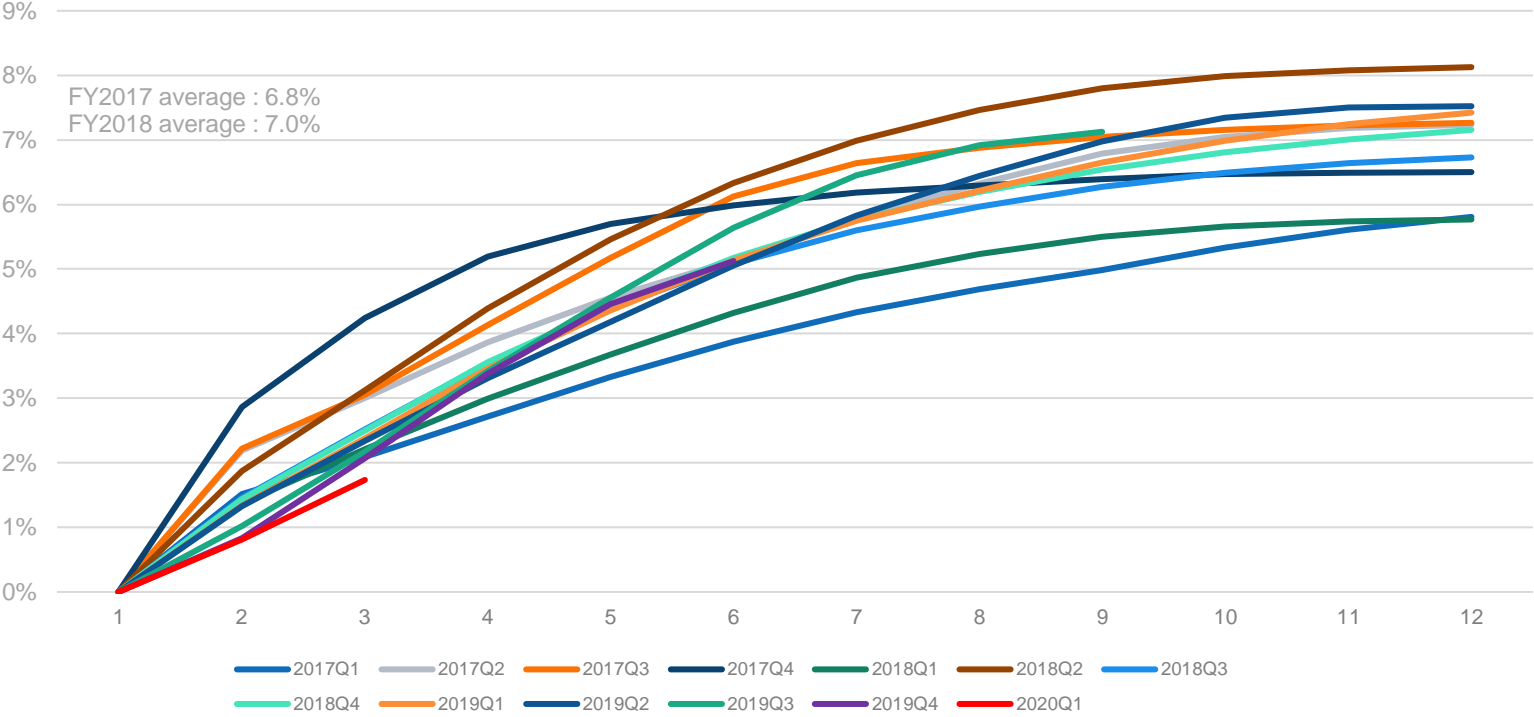
## Vintage delinquency rate by credit rating<sup>(1)</sup>



- (1) Credit rating refers to Magic Mirror scores, with Level I representing the lowest risk and Level VII the highest.
- (2) Vintage delinquency rate for loans facilitated during 2017 is calculated as the volume weighted average of the quarterly vintage delinquency rates at the end of the 12th month following the inception of each loan in an applicable vintage.
- (3) Vintage delinquency rate for loans facilitated during 2018 is calculated as the volume weighted average of the quarterly vintage delinquency rates at the end of the 12th month following the inception of each loan in an applicable vintage.
- (4) Represents vintage delinquency rate for loans facilitated during 2019 as of Jun 30, 2020.

# Delinquency rates

## Delinquency rates by vintage<sup>(1)</sup>

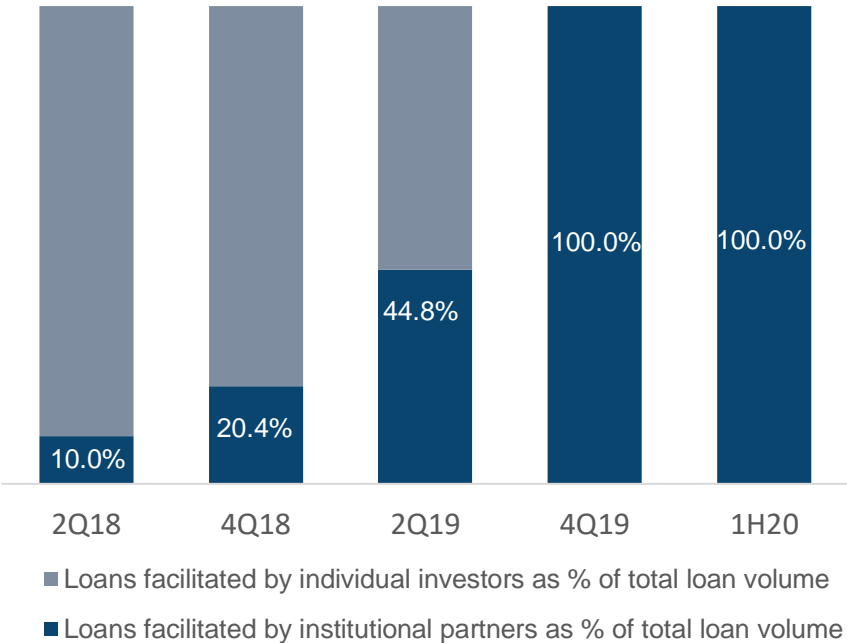


Note: Data as of Jun 30, 2020. Represents the historical cumulative 30-day plus past due delinquency rates by loan origination vintage for all loan products in Mainland China.  
 (1) Vintage is defined as loans facilitated during a specified time period. Delinquency rate by vintage is defined as (i) 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.

# Successful business model transition

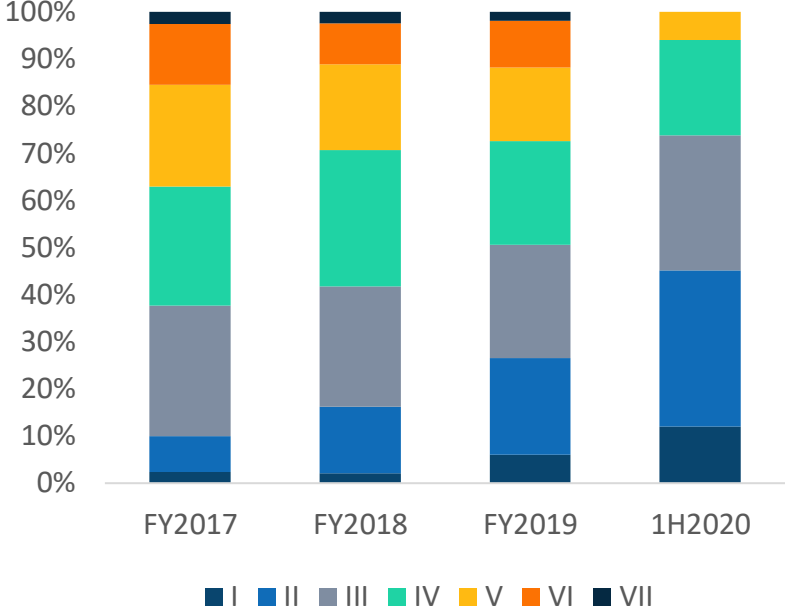
## Increasing institutional funding

Loan volume % by funding sources



## Shift towards more prime borrowers

Proportion of loan volume by credit rating<sup>(1)</sup>



(1) Credit rating refers to Magic Mirror scores, with Level I representing the lowest risk and Level VII the highest.

# Our growth strategies



## Deepen cooperation with institutional partners

- Diversify business models with institutional partners
- Leverage on our technologies and capabilities to enable our partners in consumer finance



## Expand loan products & client segments

- Expand range of financial products
- Develop consumption scenarios
- Broaden client segments



## International expansion & investments

- Initial focus on South East Asia
- Began operations in Indonesia and the Philippines



## Wealth management

- Provide online wealth management services for mass affluent segment enabled by our strong technologies



# Business outlook <sup>(1)</sup>

## Loan origination volume

- Q3 2020 loan volume expected to be in the range of RMB15bn and 16bn

## Funding cost


- Current funding cost has improved to about 8.5%
- Expect further decline to below 8% by the end of the year

## Delinquency trends


- **Leading indicators:** Day-1 delinquency rate has fallen to about 7.5%, and 30-day loan collection recovery rate has reached 88%, significantly better than 2019 Q4 levels
- Expect vintage delinquency rate for new loan originations to decline below 4.5% by the end of the year

(1) Based on comments made by the Company in its earnings release and earnings call on August 25, 2020


# Committed and professional management team




**GU Shaofeng**  
Co-founder  
Chairman &  
Chief Innovation  
Officer




- Education:
  - Shanghai Jiao Tong University




**LI Tiezheng**  
Co-founder  
Deputy Chairman  
& President




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




**HU Honghui**  
Co-founder  
Advisor to the  
Company




- Education:
  - Shanghai Jiao Tong University
  - Fudan University




**ZHANG Jun**  
Co-founder  
Advisor to the  
Company




- Education:
  - Shanghai Jiao Tong University




**ZHANG Feng**  
Chief Executive  
Officer




- Education:
  - Tsinghua University
  - Duke University




**Simon Ho**  
Chief Financial  
Officer




- Education:
  - Northwestern University




**GU Ming**  
Chief Risk Officer &  
Chief Data Officer



- Education:
  - Grinnell College
  - California Institute of Technology



**WANG Yuxiang**  
Chief Product  
Officer & Chief  
Technology officer



- Education:
  - Fudan University

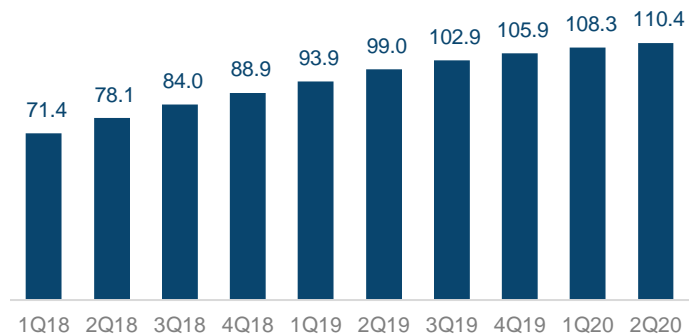
# Operation & Financial metrics



# Operating metrics

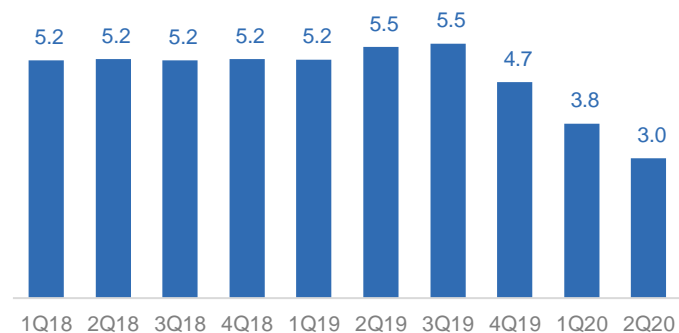
## Cumulative registered users<sup>(1)</sup>

Millions



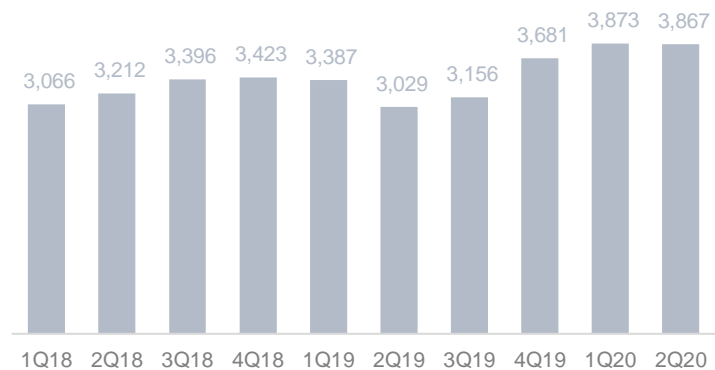
## Active borrowers<sup>(2)</sup>

Millions



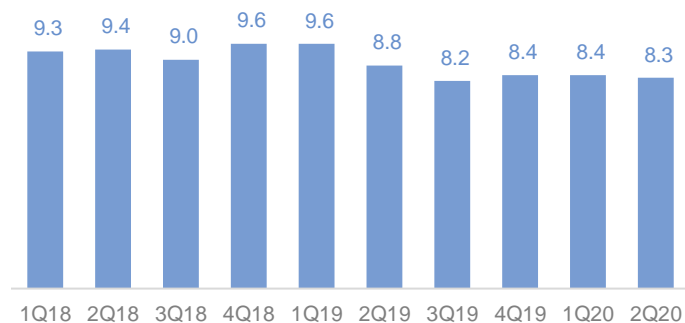
## Average principal amount<sup>(3)</sup>

RMB



## Average loan tenure<sup>(3)</sup>

Months



(1) Cumulative number of users registered on our platform in Mainland China as at the end of each period.

(2) Represents number of borrowers in Mainland China with outstanding loan balances, excluding those who are overdue for more than 180 days, at the end of each period.

(3) Calculated based on loans originated on our platform during each period in Mainland China.

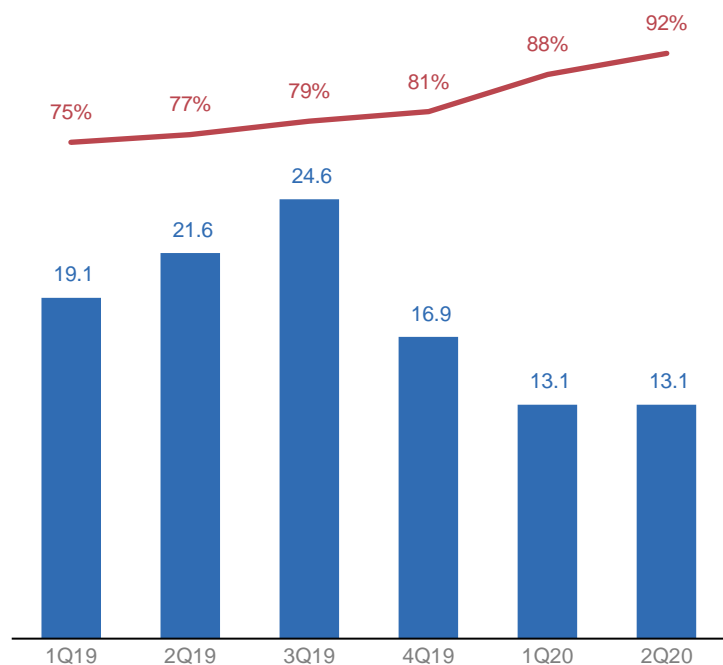


# Loan origination volume and declining funding cost

## Total loan origination volume<sup>(1)</sup>

RMB in billions

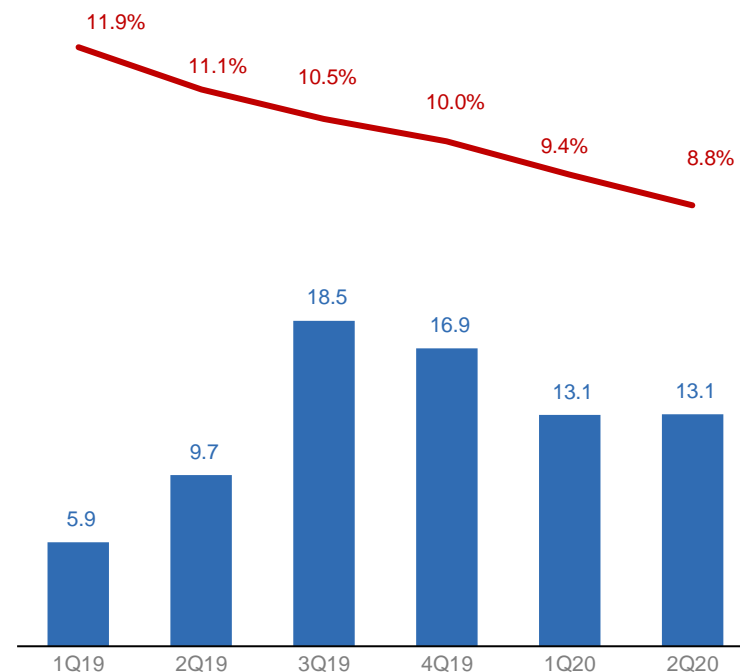
Repeat borrowing rate <sup>(2)</sup>



## Loan volume funded by institutional partners

RMB in billions

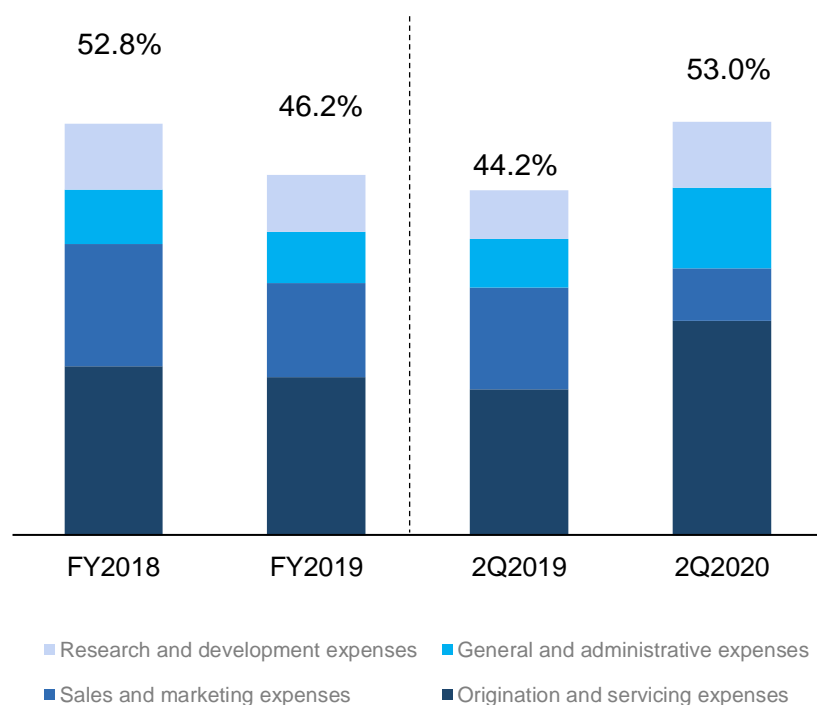
Funding cost<sup>(3)</sup>



- (1) Total loan volume funded either by institutional partners and individual investors.
- (2) % of loan volume generated by repeat borrowers. Repeat borrowers are borrowers who have successfully borrowed on our platform before each period.
- (3) Funding cost of off-balance sheet loans.

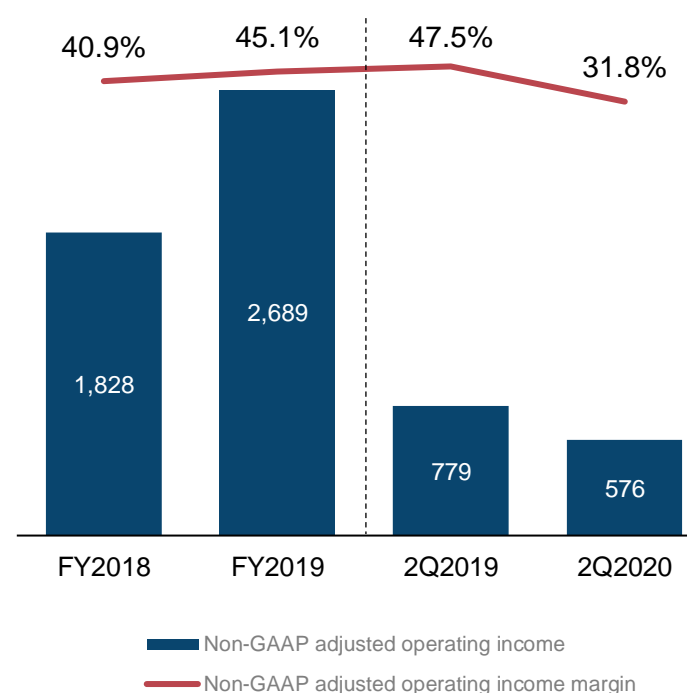
# Operating efficiency and leverage

## Operating expenses as % of operating revenue<sup>(1)</sup>



## Non-GAAP adjusted operating income<sup>(2)</sup>

RMB in millions

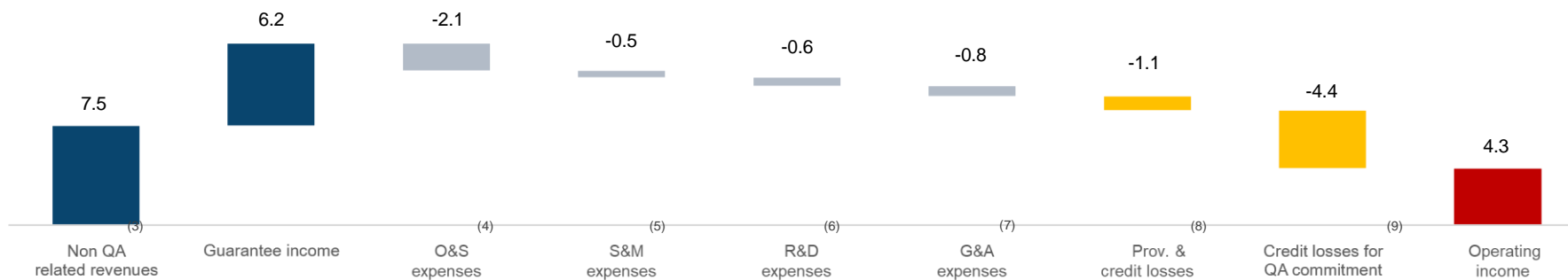


- (1) Operating revenues exclude guarantee income and operating expenses exclude provision for loans receivable, provision for accounts receivable and credit losses for quality assurance commitment.
- (2) -Non GAAP adjusted operating income for FY2018, which excludes share-based compensation expenses of RMB50.3 million and a write-back of provision of RMB68.6 million for expected discretionary payments to investors in investment programs protected by the Company's investor reserve funds.  
 -Non GAAP adjusted operating income for FY2019, which excludes share-based compensation expenses of RMB42.2 million.  
 -Non GAAP adjusted operating income for 2Q 2019, which excludes share-based compensation expenses of RMB11.8 million.  
 -Non GAAP adjusted operating income for 2Q 2020, which excludes share-based compensation expenses of RMB8.7 million.

# Unit economics

## 2Q 2020<sup>(1)</sup>

RMB, per RMB100 loan facilitated



## FY2019<sup>(2)</sup>

RMB, per RMB100 loan facilitated



- (1) Calculated based on loans originated on our marketplace in the three months ended Jun 30, 2020.
- (2) Calculated based on loans originated on our marketplace in the twelve months ended Dec 31, 2019.
- (3) Non QA related revenues: Net revenue except guarantee income.
- (4) O&S expenses: Origination and servicing expenses
- (5) S&M expenses: Sales and marketing expenses
- (6) R&D expenses: Research and development expenses
- (7) G&A expenses: General and administrative expenses
- (8) Prov. and credit losses: Provision for loans receivable and provision for accounts receivable
- (9) Credit losses for QA commitment: Credit losses for quality assurance commitment

## Value returned to shareholders

US\$ (In Millions)	FY2018	FY2019	2Q2020 (Year-to-date Aug 24 )	Cumulative Amount Since IPO
Dividend per ADS (US\$)	0.19	0.12	-	-
Shares repurchase amount (During the period)	67.3	6.7	37.0	<b>111.0</b>
Total dividend amount (During the period)	58.4	36.7	-	<b>95.1</b>
Total value returned to shareholders (During the period)	125.7	43.4	37.0	<b>206.1</b>

# Consolidated statements of comprehensive income

	FY2018	FY2019	2Q2019	2Q2020	1H2019	1H2020
RMB million	RMB	RMB	RMB	RMB	RMB	RMB
Loan facilitation service fees	2,919	3,311	940	405	1,878	779
Post-facilitation service fees	923	1,200	316	153	624	336
Net interest income	256	1,107	274	333	445	648
Other Revenue	377	345	112	98	190	182
Changes in expected discretionary payment to IRF investors	69	-	-	-	-	-
Guarantee income <sup>(1)</sup>	-	-	-	821	-	1,971
<b>Net revenue</b>	<b>4,544</b>	<b>5,963</b>	<b>1,642</b>	<b>1,810</b>	<b>3,137</b>	<b>3,917</b>
Origination and servicing expenses	(986)	(1,208)	(307)	(272)	(571)	(522)
Sales and marketing expenses	(711)	(720)	(215)	(67)	(359)	(158)
General and administrative expenses	(383)	(436)	(103)	(102)	(210)	(198)
Research and development expenses	(318)	(391)	(102)	(83)	(189)	(171)
Provision for loans receivable	(193)	(300)	(80)	(120)	(117)	(416)
Provision for accounts receivable	(107)	(262)	(68)	(23)	(129)	(56)
Credit losses for quality assurance commitment <sup>(1)</sup>	-	-	-	(576)	-	(1,373)
<b>Total operating expenses</b>	<b>(2,697)</b>	<b>(3,316)</b>	<b>(874)</b>	<b>(1,243)</b>	<b>(1,575)</b>	<b>(2,894)</b>
<b>Operating profit</b>	<b>1,847</b>	<b>2,646</b>	<b>768</b>	<b>567</b>	<b>1,562</b>	<b>1,023</b>
<b>Other income (expenses)</b>						
Gain from quality assurance fund	511	98	23	-	57	-
Realized gain (loss) from financial guarantee derivatives	(157)	31	3	-	(8)	-
Fair value change of financial guarantee derivatives	272	(56)	(7)	-	(8)	-
Other income, net	148	136	28	34	54	88
<b>Profit before income tax expenses</b>	<b>2,621</b>	<b>2,856</b>	<b>813</b>	<b>601</b>	<b>1,658</b>	<b>1,111</b>
Income tax expenses	(151)	(482)	(153)	(147)	(294)	(237)
<b>Net profit</b>	<b>2,469</b>	<b>2,375</b>	<b>660</b>	<b>454</b>	<b>1,364</b>	<b>874</b>

(1) Before the adoption of ASC 326 on January 1, 2020, gain or losses related to quality assurance commitments were recorded in one combined financial statement line item within other income.

After the adoption of ASC 326, the guarantee income (i.e. the release of ASC 460 component of guarantee liability) was recorded as a separate financial statement line item within revenue and the credit losses for quality assurance commitments (i.e. the recognition of CECL losses) was recorded within expenses.

# Consolidated balance sheets

	As of Dec 31, 2018	As of Dec 31, 2019	As of Jun 30, 2020	
	RMB	RMB	RMB	USD
<b>RMB million</b>				
Cash and cash equivalents	1,616	2,325	1,757	249
Restricted cash	3,678	3,686	3,281	464
Short-term investments	1,695	115	1,625	230
Investments	168	953	954	135
Quality assurance receivable, net of credit loss allowance for quality assurance receivable	2,064	3,650	1,264	179
Intangible assets	69	64	97	14
Property, equipment and software, net	144	134	117	17
Loans receivable, net of credit loss allowance for loans receivable	2,331	4,808	3,567	505
Accounts receivable, net of credit loss allowance for accounts receivable	812	882	665	94
Deferred tax assets	123	130	420	59
Financial guarantee derivative assets	56	-	-	-
Contract assets	112	21	-	-
Right of use assets	-	96	73	10
Prepaid expenses and other assets	225	1,391	1,098	155
Goodwill	50	50	50	7
<b>Total assets</b>	<b>13,142</b>	<b>18,304</b>	<b>14,969</b>	<b>2,119</b>
Payable to platform customers	905	685	176	25
Quality assurance payable	3,819	4,776	-	-
Deferred guarantee income	-	-	1,203	170
Expected credit losses for quality assurance commitment	-	-	2,110	299
Payroll and welfare payable	188	177	118	17
Taxes payable	225	128	128	18
Short-term borrowings	25	235	150	21
Funds payable to investors of consolidated trusts	1,506	3,660	2,853	404
Contract liability	165	56	10	1
Deferred tax liabilities	100	199	207	29
Accrued expenses and other liabilities	223	292	327	46
Leasing liabilities	-	85	62	9
<b>Total liabilities</b>	<b>7,157</b>	<b>10,293</b>	<b>7,344</b>	<b>1,039</b>
Ordinary shares	102	103	103	15
Additional paid-in capital	5,896	5,641	5,647	799
Treasury stock	(332)	(47)	(169)	(24)
Statutory reserves	256	317	317	45
Accumulated other comprehensive income	58	70	73	10
Retained earnings	46	1,967	1,696	240
<b>Total FinVolution Group shareholders' equity</b>	<b>5,924</b>	<b>7,948</b>	<b>7,563</b>	<b>1,071</b>
Non-controlling Interest	62	64	62	9
<b>Total shareholders' equity</b>	<b>5,986</b>	<b>8,011</b>	<b>7,625</b>	<b>1,079</b>
<b>Total liabilities and shareholders' equity</b>	<b>13,142</b>	<b>18,304</b>	<b>14,969</b>	<b>2,119</b>

# Consolidated statements of cash flows

RMB million	FY2018			FY2019			2Q2019		2Q2020	
	RMB	RMB	USD	RMB	RMB	USD	RMB	RMB	USD	
Net cash provided by (used in) operating activities	1,885	(216)	(31)	618	1,251	177				
Net cash provided by (used in) investing activities	(1,447)	(828)	(119)	(853)	47	7				
Net cash provided by (used in) financing activities	530	1,750	251	67	(1,002)	(142)				
Effect of exchange rate changes on cash and cash equivalents	42	11	2	16	4	1				
Net increase (decrease) in cash, cash equivalent and restricted cash	1,010	717	103	(151)	299	42				
Cash, cash equivalent and restricted cash at beginning of period	4,284	5,294	760	6,068	4,739	671				
Cash, cash equivalent and restricted cash at end of period	5,294	6,011	863	5,917	5,038	713				



A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are arranged in a way that creates a sense of height and depth, with their lines converging towards the top of the frame. The sky is a vibrant blue, dotted with soft, white clouds. The overall color palette is dominated by blues and greys, giving it a clean, professional, and architectural feel.

# Appendix



# Off-balance sheet loans<sup>(1)</sup>

Key account items related to service fees

		2Q 2020 (RMB mn)		As % of Total Revenues
Income Statement	Loan facilitation service fees	405	<ul style="list-style-type: none"> <li>For each loan facilitated on our platform, we receive a transaction fee</li> <li>Loan facilitation service fees are the portion of transaction fees received in relation to work we perform in connecting borrowers with investors and facilitating the origination of loan transactions.</li> <li>Such fees are recognized as revenue upon execution of loan agreement.</li> </ul>	22%
	Post-facilitation service fees	153	<ul style="list-style-type: none"> <li>Post-facilitation service fees are the portion of transaction fees received in relation to services we provide after loan origination, such as repayment facilitation and loan collection.</li> <li>Such fees are deferred and amortized over the period of the loan.</li> </ul>	8%
	Provision for accounts receivables	-23	<ul style="list-style-type: none"> <li>Provision for doubtful accounts mainly consists of provision for past due transaction fees that are potentially uncollectible.</li> </ul>	
Balance Sheet		Jun 30, 2020 (RMB mn)		As % of Total Assets
	Accounts receivable	665	<ul style="list-style-type: none"> <li>Accounts receivable mainly consists of transaction fees for loan facilitation and post-facilitation services.</li> <li>Such transaction fees are collected in monthly installments.</li> </ul>	4%
	Contract liability	10	<ul style="list-style-type: none"> <li>Contract liability includes deferred post-facilitation service fees.</li> </ul>	As % of Total Liabilities 0%

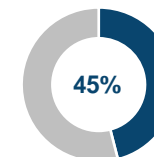
(1) Mainly loans facilitated on our marketplace by institutional partners (banks, consumer finance companies, and other financial institutions).

# Off-balance sheet loans<sup>(1)</sup>

Key account items related to credit risk

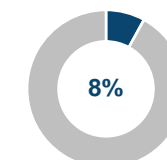
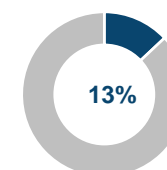
		2Q 2020 (RMB mn)	
Income Statement	Guarantee income	821	<ul style="list-style-type: none"> <li>Represents the release of deferred guarantee income as loans and their related risks are reduced. The deferred guarantee income is released systematically over the term of the loans subject to quality assurance commitment.</li> </ul>

As % of Total Revenues

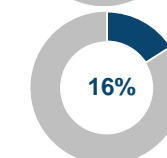
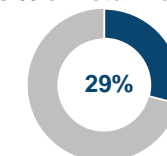


		Jun 30, 2020 (RMB mn)	
Balance Sheet	Restricted cash (Quality Assurance)	2,009	<ul style="list-style-type: none"> <li>Represents the residual amounts in quality assurance accounts after receipt of quality assurance contributions, payouts made to compensate for delinquent loan principal and interest, and amounts recovered from defaulted borrowers.</li> </ul>
	Quality assurance receivable	1,264	<ul style="list-style-type: none"> <li>The Company determines for each loan the guarantee fee, or quality assurance contributions required from each borrower.</li> <li>Such fees or contributions are collected on a monthly basis.</li> <li>A quality assurance receivable is recognized at loan inception at fair value, which takes into account the expected default rate.</li> </ul>
	Expected credit losses for quality assurance commitment	2,110	<ul style="list-style-type: none"> <li>Represents the expected future payouts we would be required to make under our quality assurance commitment to investors.</li> </ul>
	Deferred guarantee income	1,203	<ul style="list-style-type: none"> <li>After adoption of ASC 326, the deferred guarantee income are released as a revenue systematically over the term of the loans subject to quality assurance commitment.</li> </ul>

As % of Total Assets



As % of Total Liabilities



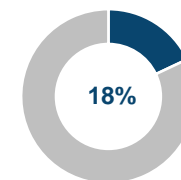
(1) Mainly loans facilitated on our marketplace by institutional partners (banks, consumer finance companies, and other financial institutions).

# On-balance sheet loans<sup>(1)</sup>

Key account items

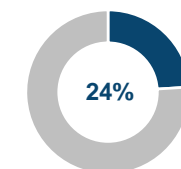
		2Q 2020 (RMB mn)	
Income Statement	Interest income	400	<ul style="list-style-type: none"> <li>Represents interest income on loan receivables, which is recognized on an accrual basis using effective interest rate method</li> <li>Such loan receivables represent loans originated through the Company's micro-lending company, and by consolidated trusts</li> </ul>
	Interest expenses	-67	<ul style="list-style-type: none"> <li>Mainly represents the investment returns of third-party investors in the trusts</li> <li>Recognized on an accrual basis</li> </ul>
	Provision for loans receivable	-120	<ul style="list-style-type: none"> <li>Provision for potential losses on loan receivables based on expected life time credit losses of the loans</li> </ul>

As % of Total Revenues

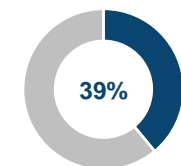


		Jun 30, 2020 (RMB mn)	
Balance Sheet	Loans receivables, net of provision for loan losses	3,567	<ul style="list-style-type: none"> <li>Represents loans originated by the Company through its micro-lending company, and the consolidated trusts, net of allowances for loan losses.</li> <li>The Company is the primary beneficiary of the trusts, which solely invest in loans on the Company's platform</li> <li>Their assets, liabilities, results of operations, cash flows are consolidated.</li> </ul>
	Funds payable to investors of consolidated trusts	2,853	<ul style="list-style-type: none"> <li>Represents the funds payable to third-party investors in the trusts.</li> </ul>

As % of Total Assets



As % of Total Liabilities



(1) Mainly loans facilitated on our marketplace by trusts and our micro-lending company.

# Delinquency rates by balance<sup>(1)</sup>

	Delinquent for			
	15–29 days	30–59 days	60–89 days	90–179 days
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%
June 30, 2018	0.83%	1.21%	1.05%	4.61%
September 30, 2018	1.03%	1.77%	1.49%	3.37%
December 31, 2018	0.92%	1.63%	1.41%	4.23%
March 31, 2019	0.80%	1.61%	1.45%	3.80%
June 30, 2019	0.86%	1.42%	1.37%	3.66%
September 30, 2019	0.90%	1.50%	1.35%	3.68%
December 31, 2019	1.34%	2.40%	1.86%	4.91%
March 31, 2020	1.34%	3.03%	2.33%	7.25%
June 30, 2020	0.71%	1.36%	1.70%	7.13%

(1) Delinquency rate by balance is defined as the balance of outstanding principal for loans facilitated in Mainland China 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.

# Delinquency rates by vintage<sup>(1)</sup>

	Month on book										
	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	9 <sup>th</sup>	10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>
2017Q1	1.51%	2.09%	2.71%	3.33%	3.87%	4.33%	4.68%	4.98%	5.33%	5.61%	5.80%
2017Q2	2.19%	3.01%	3.86%	4.56%	5.13%	5.78%	6.32%	6.79%	7.05%	7.19%	7.24%
2017Q3	2.22%	3.05%	4.13%	5.18%	6.13%	6.64%	6.88%	7.04%	7.16%	7.22%	7.26%
2017Q4	2.86%	4.24%	5.19%	5.69%	5.98%	6.19%	6.29%	6.39%	6.47%	6.49%	6.50%
2018Q1	1.37%	2.20%	2.99%	3.67%	4.32%	4.86%	5.23%	5.50%	5.66%	5.74%	5.77%
2018Q2	1.87%	3.12%	4.39%	5.46%	6.33%	6.99%	7.47%	7.80%	7.99%	8.08%	8.13%
2018Q3	1.45%	2.51%	3.53%	4.39%	5.09%	5.59%	5.97%	6.28%	6.50%	6.64%	6.72%
2018Q4	1.43%	2.49%	3.55%	4.42%	5.18%	5.76%	6.20%	6.54%	6.81%	7.01%	7.16%
2019Q1	1.34%	2.38%	3.45%	4.36%	5.13%	5.75%	6.22%	6.65%	6.99%	7.25%	7.43%
2019Q2	1.33%	2.34%	3.31%	4.18%	5.05%	5.82%	6.44%	6.98%	7.34%	7.50%	7.52%
2019Q3	1.02%	2.16%	3.42%	4.55%	5.64%	6.45%	6.92%	7.13%			
2019Q4	0.83%	2.07%	3.37%	4.45%	5.12%						
2020Q1	0.81%	1.73%									

(1) The table display the historical cumulative 30-day plus as of June 30, 2020 represent past due delinquency rates by loan origination vintage for all loan products facilitated in Mainland China through the Company's online marketplace.

## Accounting policy change to CECL<sup>(1)</sup>

The following table sets forth the impact to the financial position of the Company and retained earnings upon adoption of the standard on January 1, 2020:

RMB (in millions)	December 31, 2019	CECL adoption impact	January 1, 2020
<b>Credit loss allowance for assets</b>			
Quality assurance receivable	809.5	35.0	844.5
Loans receivable	316.1	303.3	619.4
Accounts receivable	145.7	142.1	287.8
<b>Liabilities</b>			
Quality assurance payable	4,776.2	690.1	5,466.3 <sup>(2)</sup>
<b>Retained earnings</b>			
Total pre-tax impact		1,170.5	
Tax effects		(287.5)	
		<b>883.0</b>	

(1) Effective January 1, 2020, FinVolution Group adopted the ASC 326, Measurement of Credit Losses on Financial Instruments or “CECL”, using a modified retrospective method. As a result of adopting ASC 326, the Company recognized the cumulative effect of initially applying the standard as a decrease of approximately RMB 883.0 million to the opening balances of retained earnings.

The adoption of this standard established a single credit loss model for all financial assets carried at amortized cost and certain off balance sheet credit exposures (i.e. guarantees). Under ASC 326, the Company is required to record the expected credit losses of the financial assets and off balance sheet credit exposures upon initial recognition, which is typically earlier than the old standard. Also, the CECL framework requires our estimate to reflect expected credit losses over the full expected life and considers expected future changes in the macroeconomic conditions. Further, before the adoption of ASC 326, guarantee liabilities subsequent to initial recognition, was recorded at the higher of our stand ready obligation (ASC 460 component) and the contingent component (ASC 450 component). Upon adoption of ASC 326, the expected credit losses, which replaces ASC 450 component, was recorded separately from and in addition to the ASC 460 component upon initial recognition. Subsequently, the ASC 460 component is released as revenue systematically over the term of the loans and the expected credit losses is trued up based on expected life time credit losses of the loans covered by the quality assurance commitments at each balance sheet date.

(2) Upon adoption of ASC 326, quality assurance payable is separated into deferred guarantee income (i.e. the unamortized ASC 460 component of guarantee) amounting to 1,873.3 million and expected credit losses for quality assurance commitment (i.e. CECL liability) amounting to 3,593.0 million.