

Investor Presentation

March 2020



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Proven operating history enabled by technology



Loan facilitation model

Connecting under-served borrowers with FIs



12-year operating history

Continuous innovation



Advanced proprietary technology

Thousands of variables for credit assessment



Large user base

106mn registered users⁽¹⁾/17.9mn borrowers⁽²⁾

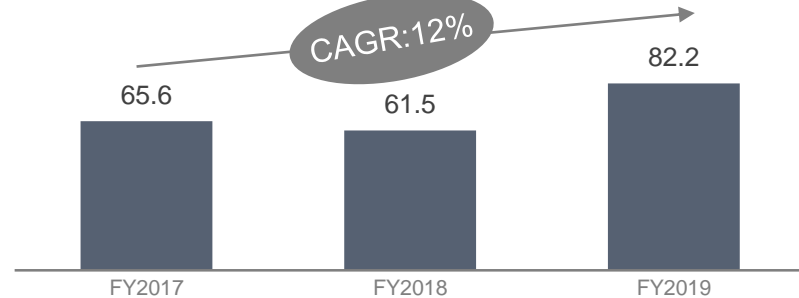


Successful funding transition

Shift towards 100% Institutional funding⁽³⁾

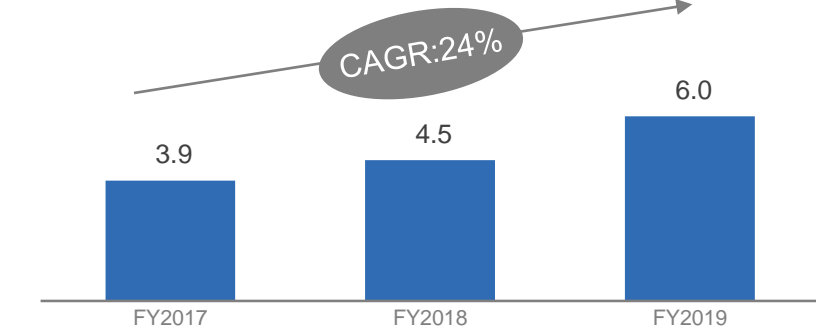
Loan origination volume

RMB in billions



Operating revenues

RMB in billions

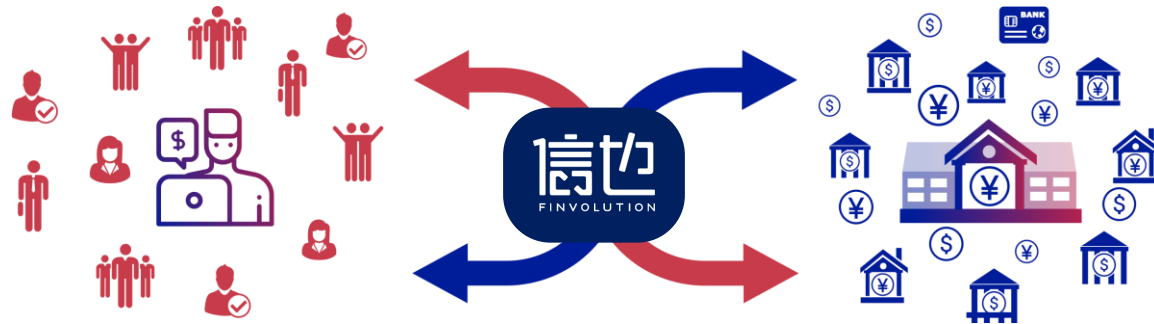


(1) As of Dec 31, 2019.

(2) On a cumulative basis, as of Dec 31, 2019.

(3) The proportion of loans facilitated by institutional partners increased from 75.1% in 3Q19 to 100.0% in 4Q19.

Massive and fast-growing consumer finance opportunity



Consumer finance is under-penetrated in China:

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

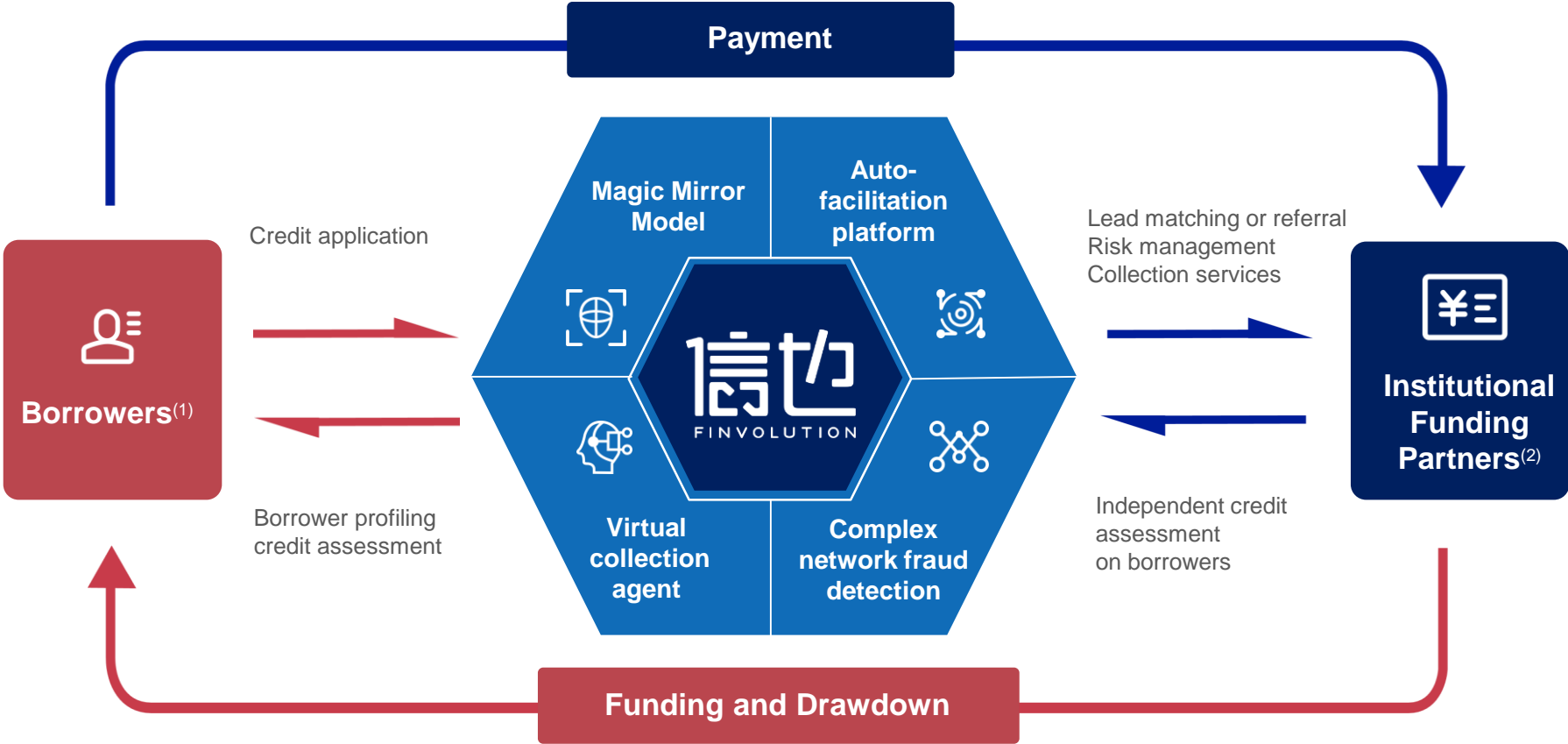
Solid demand from FIs for consumer finance assets:

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

Sources:

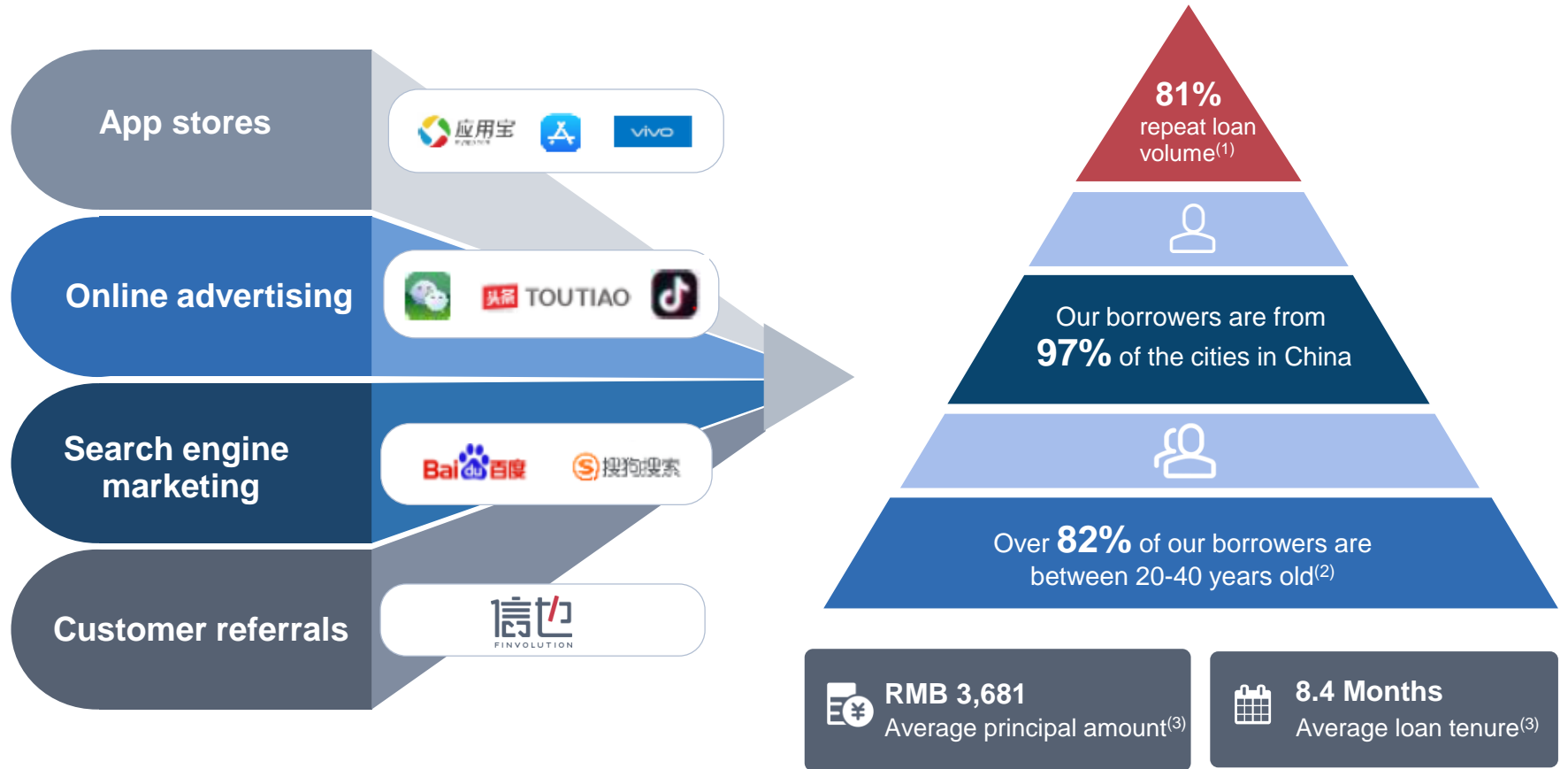
- (1) PBOC, World Bank, Federal Reserve.
- (2) US: Consumer Financial Protection Bureau, May 2015; China: PBOC Credit Reference Center, 2017; FinVolution estimates.
- (3) According to the speech of Guo Shuqing, Chairman of CBIRC, at the Lujiazui forum 2019.

Technology enabled loan facilitation model



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

Borrower acquisition through diverse online channels

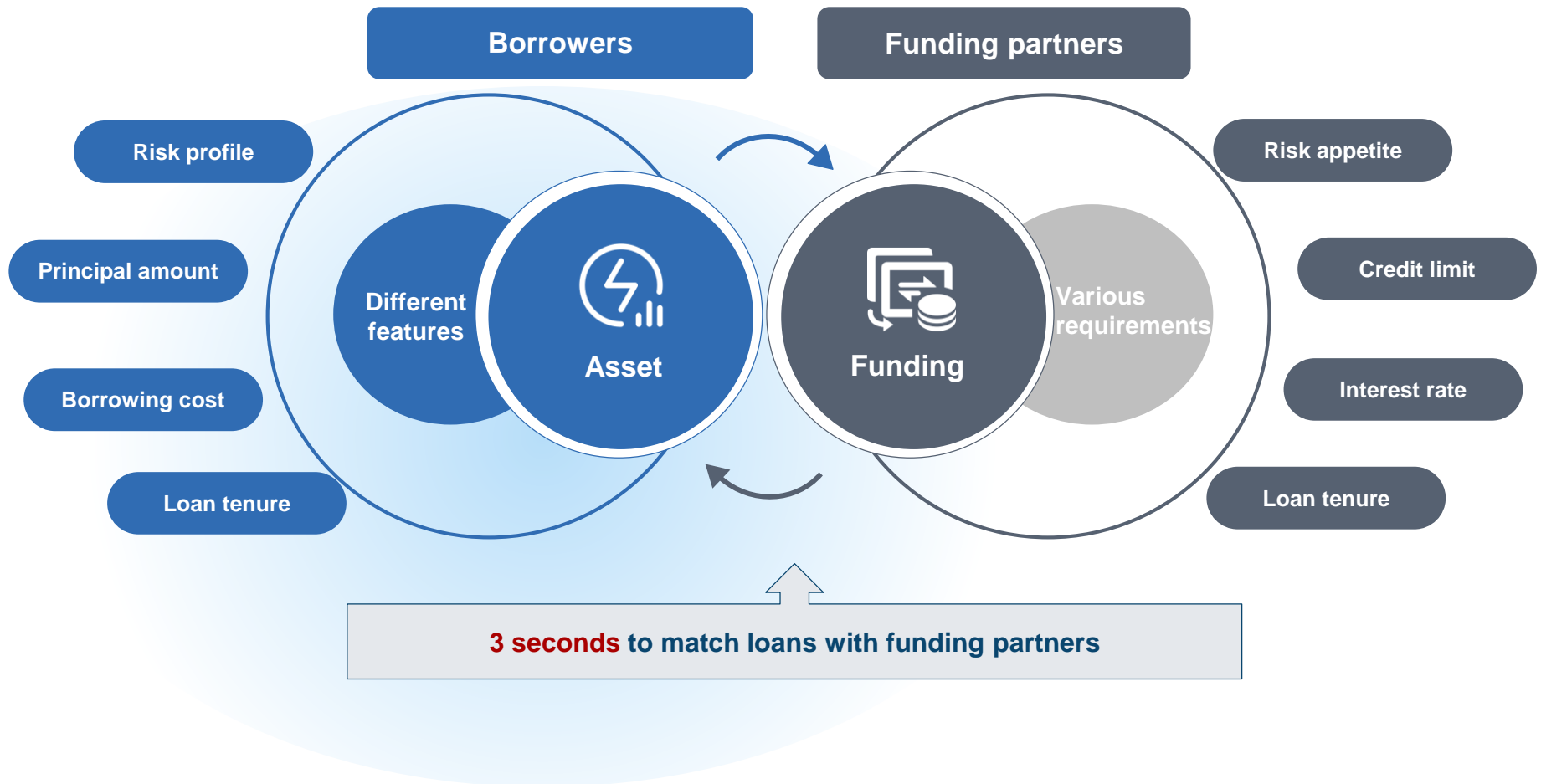


(1) % of loan volume generated by repeat borrowers. Repeat borrowers are borrowers who have successfully borrowed on our platform before in the three months ended Dec 31, 2019.

(2) Calculated based on borrowers whose loans were facilitated in the three months ended Dec 31, 2019.

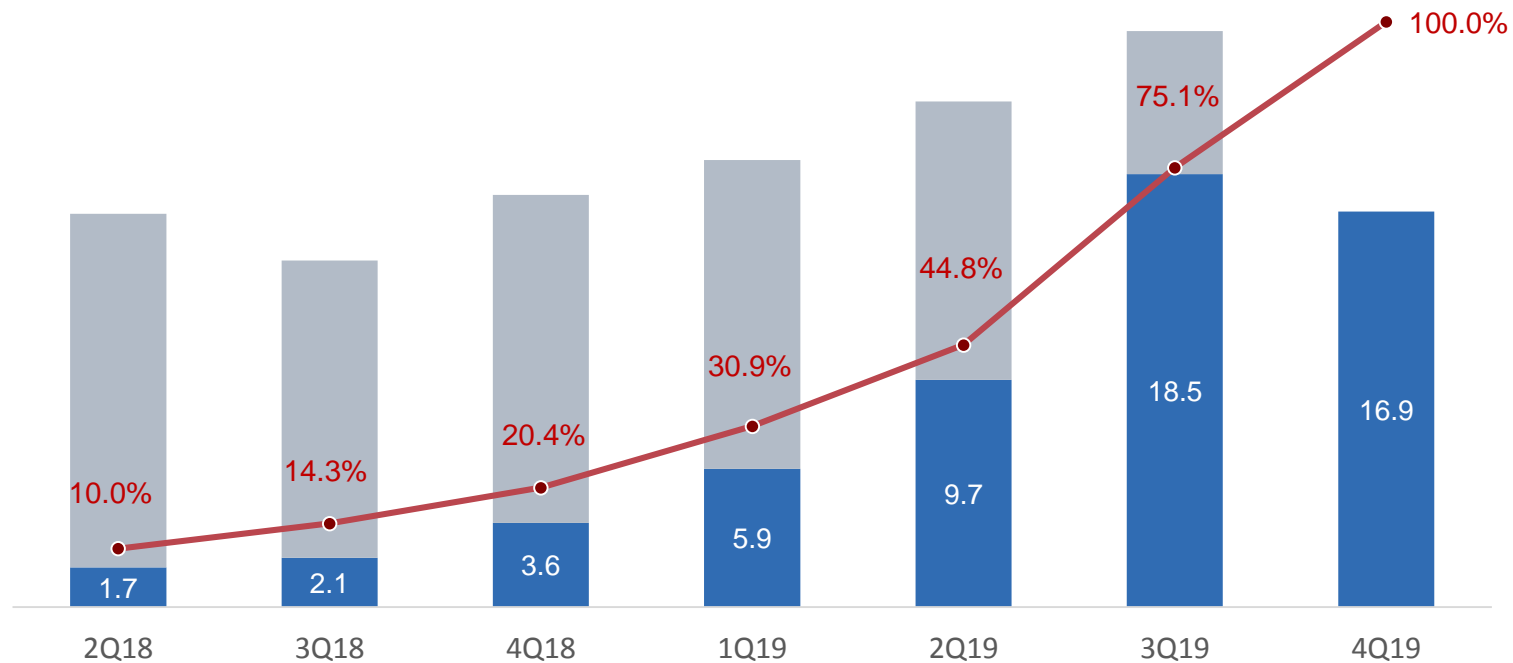
(3) Calculated based on loans originated on our marketplace in the three months ended Dec 31, 2019.

Optimizing capital allocation through our “Magpie Bridge” system



Successful transition of funding to institutional partners

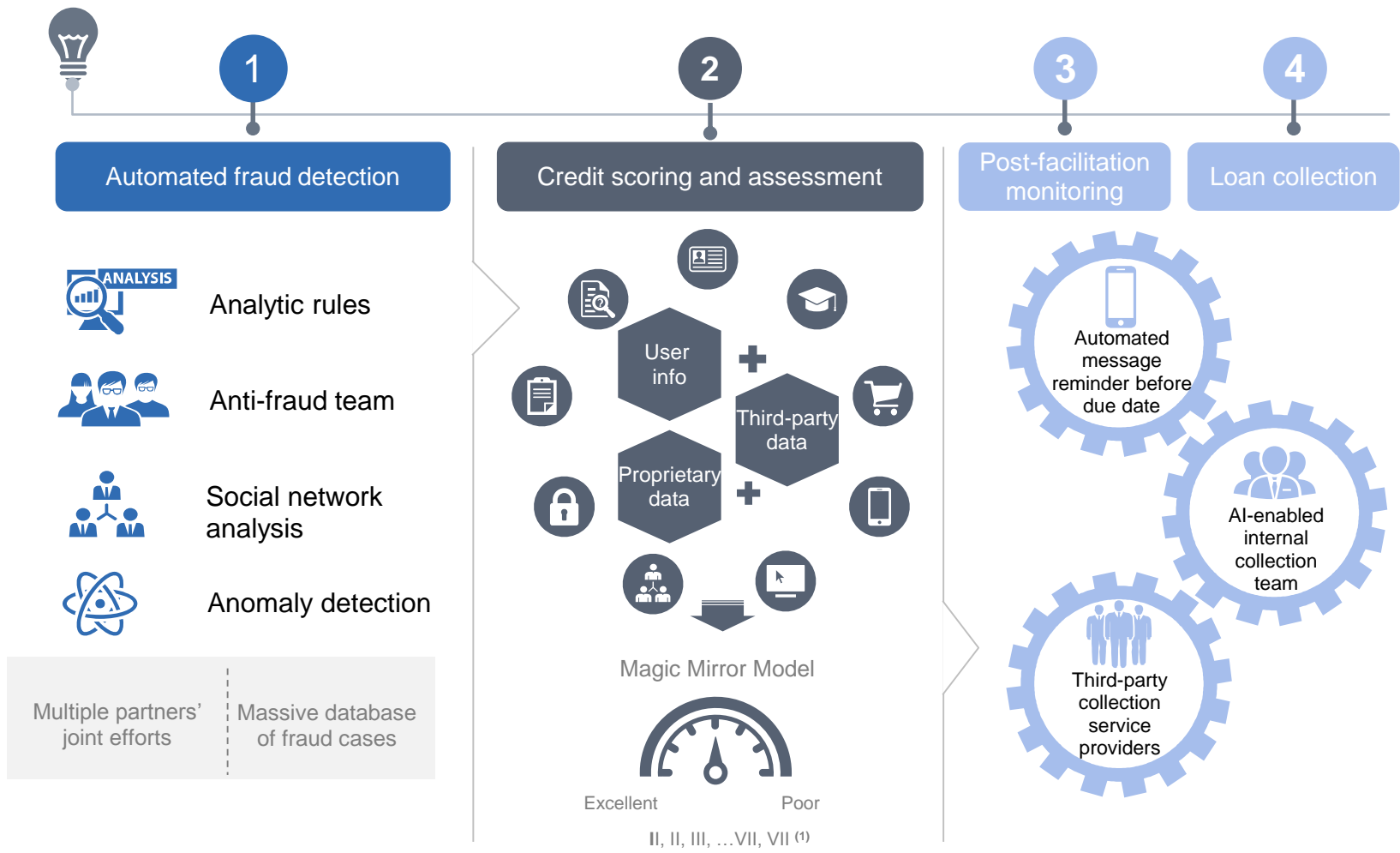
Loan origination volume by funding source



- Loans facilitated by individual investors (RMB, Billions)
- Loans facilitated by institutional partners (RMB, Billions)
- Loans facilitated by institutional partners as % of total loan volume

Institution funding partners include banks, consumer finance companies, trusts and other online lending intermediaries.

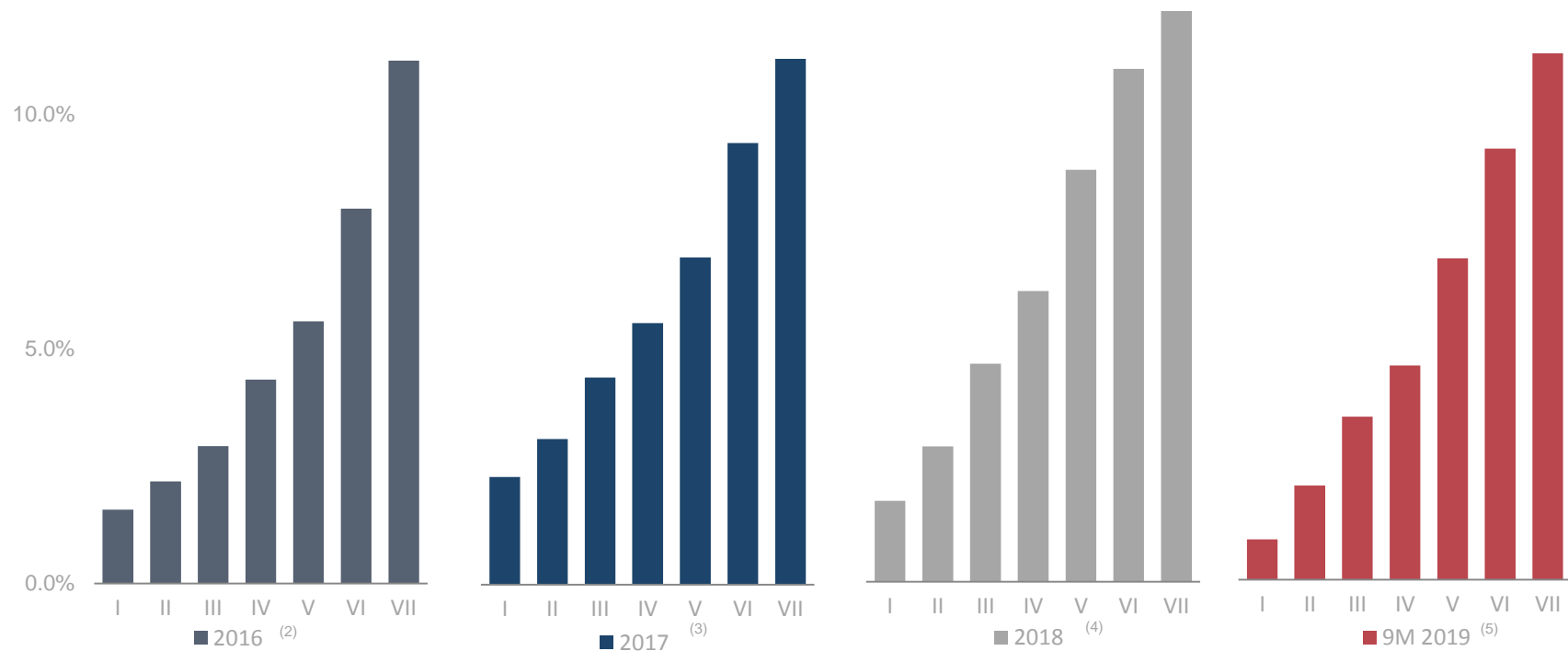
Sophisticated risk management technologies and capabilities



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

Strong and consistent risk-sloping capability

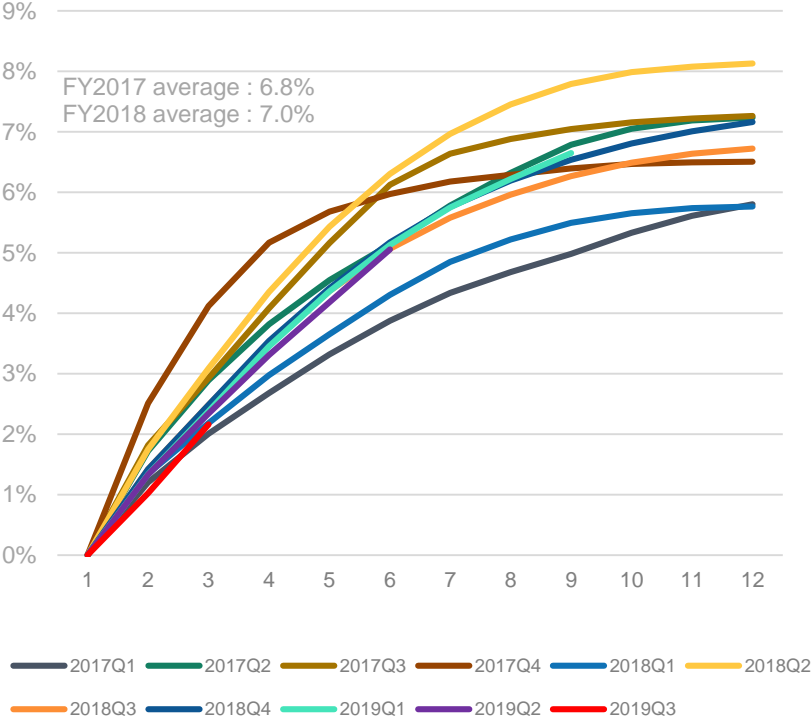
Vintage delinquency rate by credit rating⁽¹⁾



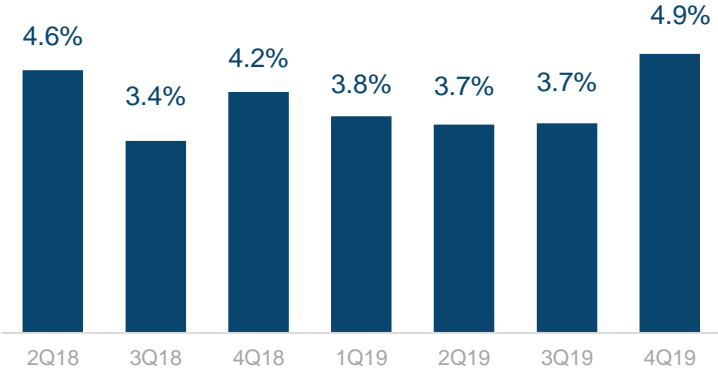
- (1) Credit rating refers to Magic Mirror scores, with Level I representing the lowest risk and Level VIII the highest, Level VIII loan applicants will be rejected.
- (2) Vintage delinquency rate for loans facilitated during 2016 is calculated as the volume weighted average of the quarterly vintage 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 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.
- (4) Represents vintage delinquency rate for loans facilitated during 2018 as of Dec 31, 2019.
- (5) Represents vintage delinquency rate for loans facilitated during 9M2019 as of Dec 31, 2019.

Delinquency rates

Delinquency rates by vintage⁽¹⁾



90-day plus delinquency rates by balance⁽²⁾




Note: Data as of Dec 31, 2019. Represents the historical cumulative 30-day plus past due delinquency rates by loan origination vintage for all 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.

(2) 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.


Committed and professional management team




GU Shaofeng
Co-founder
Chairman &
Chief Innovation
Officer




■ Education:
- Shanghai Jiao Tong
University




LI Tiezheng
Co-founder
Deputy Chairman
& Chief Strategy
Officer




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




HU Honghui
Co-founder
President




■ 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

Our growth strategies



International expansion and investments

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

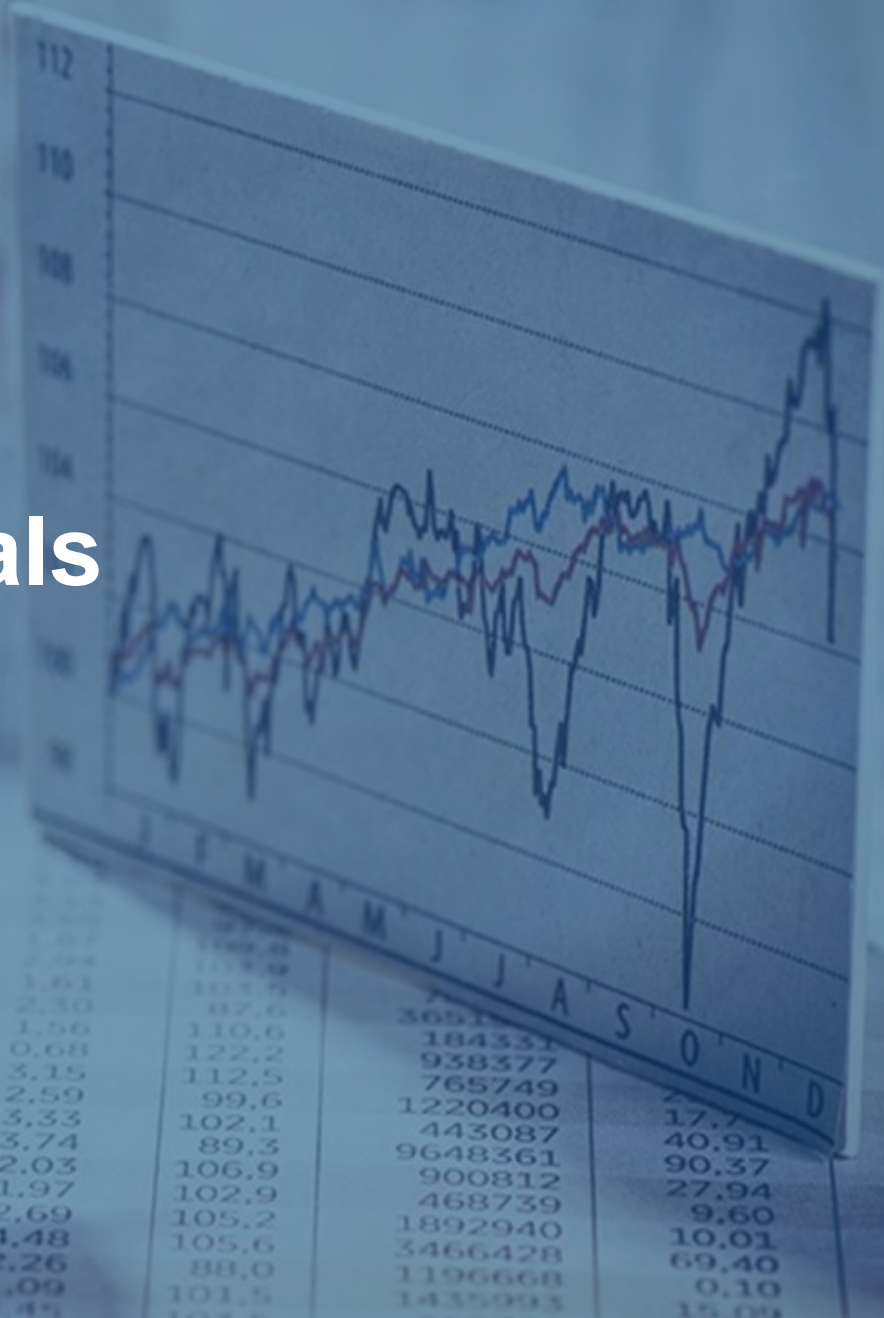
Deepen cooperation with institutional partners

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

Expand loan products and customer segments

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

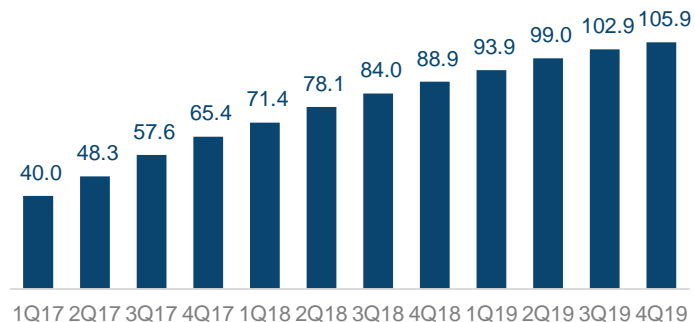
Financials



Operating metrics

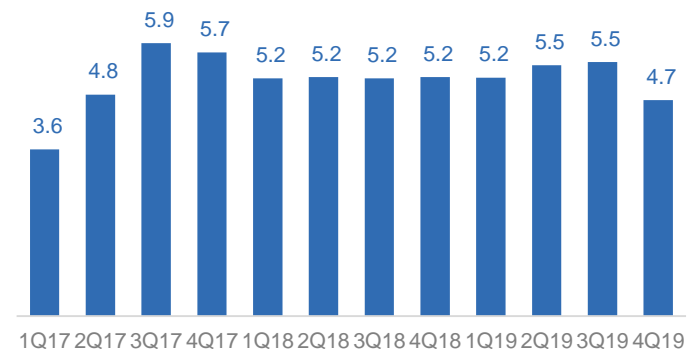
Cumulative registered users⁽¹⁾

Millions



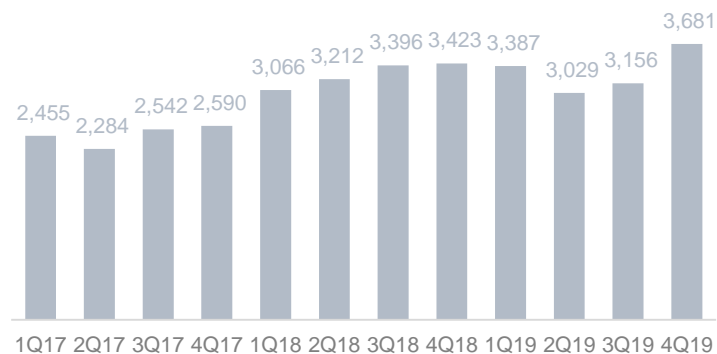
Active borrowers⁽²⁾

Millions



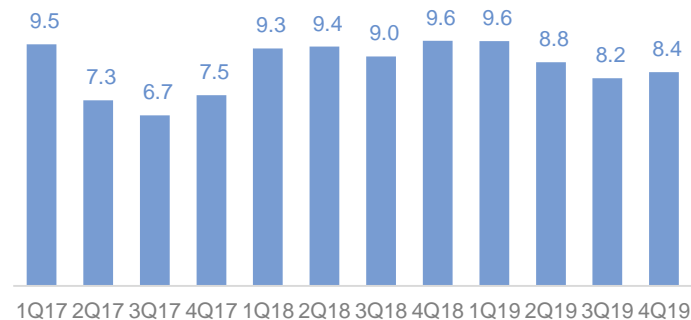
Average principal amount⁽³⁾

RMB



Average loan tenure⁽³⁾

Months



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

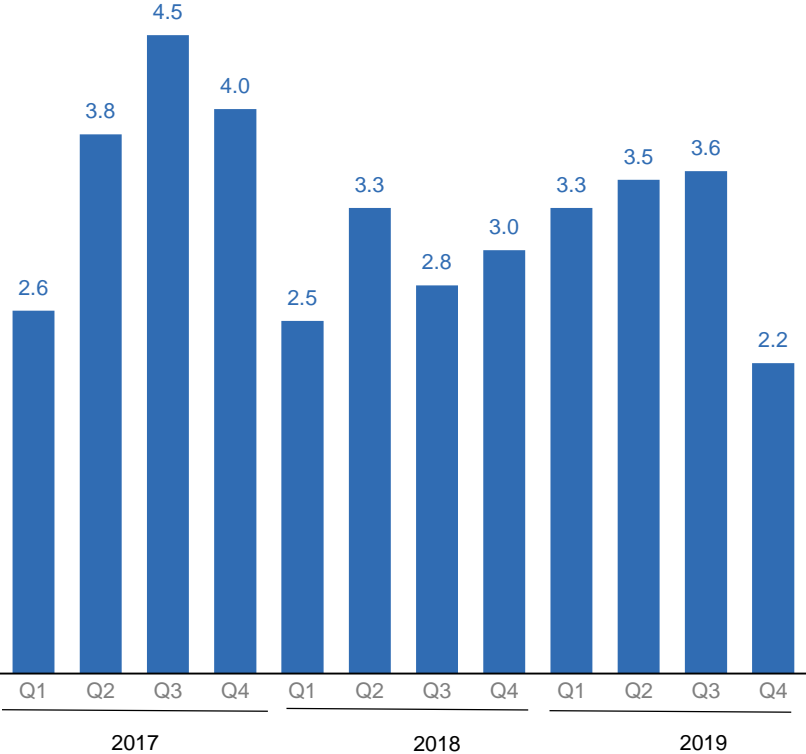
(2) Represents number of borrowers with outstanding loan balances, excluding those who are overdue for more than 180 days, at the end of each period.

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

Borrowers fuel our loan origination volume

Number of unique borrowers⁽¹⁾

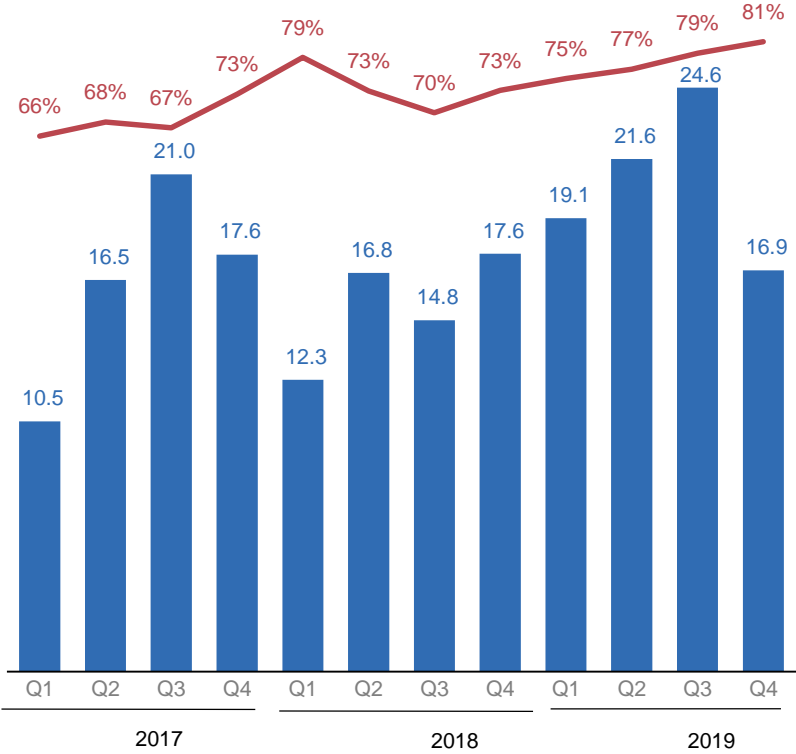
Millions



Loan origination volume

RMB in billions

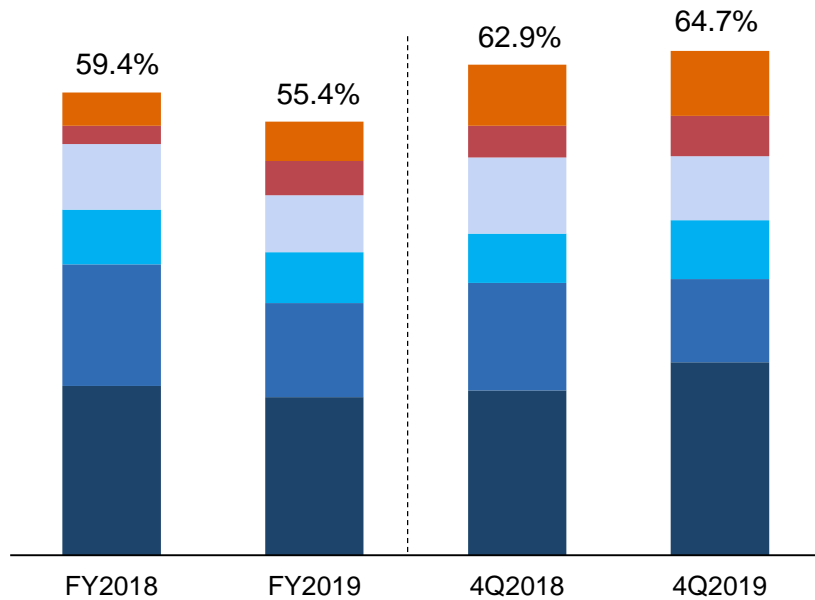
Repeat borrowing rate ⁽²⁾



(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 each period.

High operating leverage driving profitability

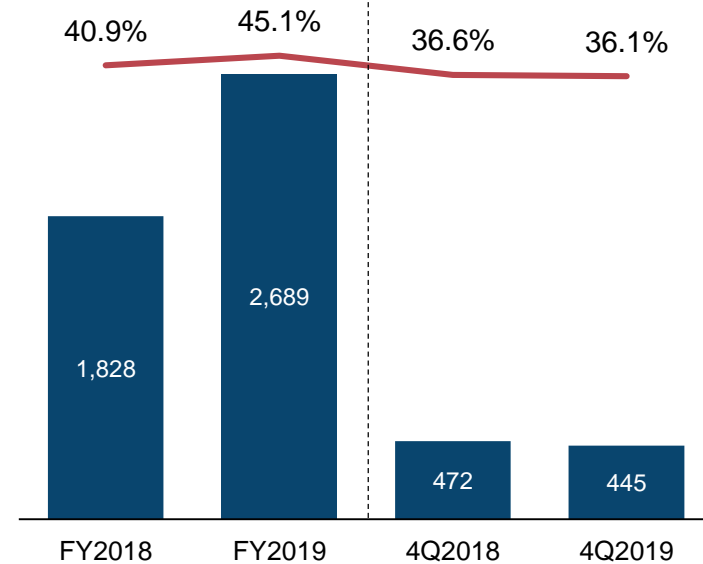
Operating expenses as % of operating revenue



- Provision for accounts receivables
- Provision for loan receivables
- Research and development expenses
- General and administrative expenses
- Sales and marketing expenses
- Origination and servicing expenses

Non-GAAP adjusted operating income ⁽¹⁾

RMB in millions



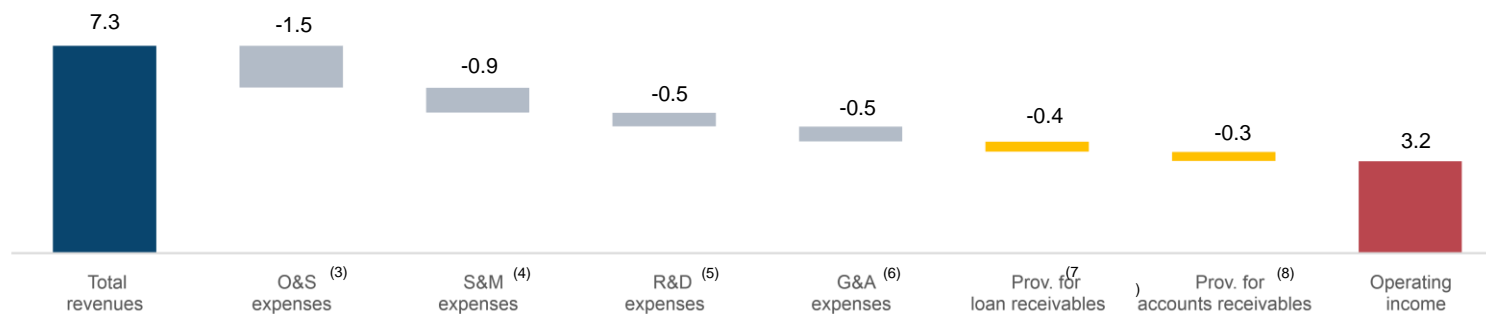
- Non-GAAP adjusted operating income
- Non-GAAP adjusted operating income margin

(1) -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 Q4 2018, which excludes share-based compensation expenses of RMB9.6 million and a write-back of provision of RMB24.0 million for expected discretionary payments to investors in investment programs protected by the Company's investor reserve funds.
 -Non GAAP adjusted operating income for Q4 2019, which excludes share-based compensation expenses of RMB9.4 million.

Unit economics

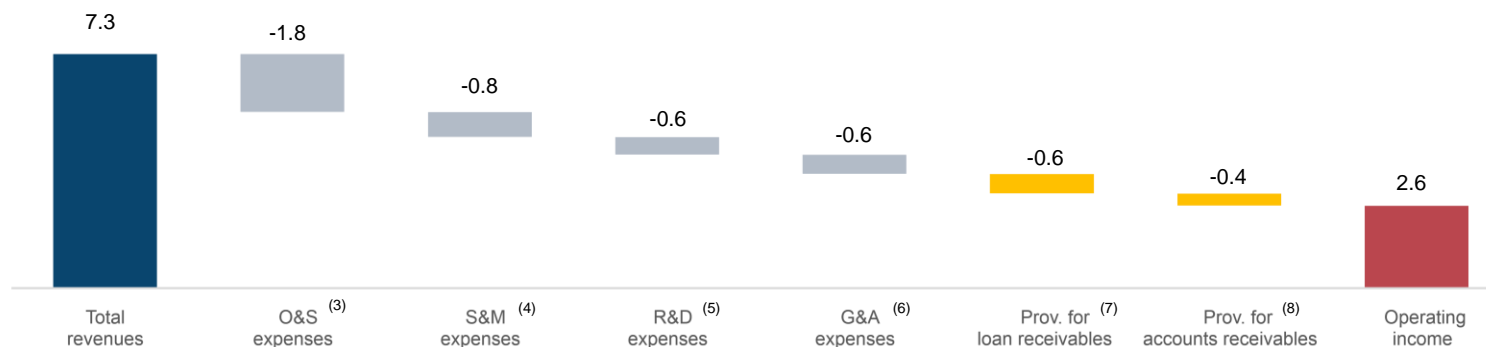
FY2019⁽¹⁾

RMB, per RMB100 loan facilitated



4Q 2019⁽²⁾

RMB, per RMB100 loan facilitated



(1) Calculated based on loans originated on our marketplace in the twelve months ended Dec 31, 2019.

(2) Calculated based on loans originated on our marketplace in the three months ended Dec 31, 2019.

(3) O&S expenses: Origination and servicing expenses

(4) S&M expenses: Sales and marketing expenses

(5) R&D expenses: Research and development expenses

(6) G&A expenses: General and administrative expenses

(7) Prov. for loan receivables: Provision for loan receivables

(8) Prov. for accounts receivables: Provision for accounts receivables

Consolidated statements of comprehensive income

RMB million	FY2018	FY2019	4Q2018	4Q2019
	RMB	RMB	RMB	RMB
Loan facilitation service fees	2,919	3,311	837	539
Post-facilitation service fees	923	1,200	250	276
Net interest income	256	1,107	70	317
Other Revenue	377	345	108	101
Changes in expected discretionary payment to IRF investors	69	-	24	-
Total Operating revenues	4,544	5,963	1,289	1,233
Origination and servicing expenses	(986)	(1,208)	(278)	(305)
Sales and marketing expenses	(711)	(720)	(181)	(132)
General and administrative expenses	(383)	(436)	(129)	(101)
Research and development expenses	(318)	(391)	(83)	(93)
Provision for loan receivables	(193)	(300)	(80)	(103)
Provision for accounts receivables	(107)	(262)	(53)	(64)
Total Operating expenses	(2,697)	(3,316)	(803)	(798)
Other income (expenses)				
Gain from quality assurance fund	511	98	23	7
Realized gain (loss) from financial guarantee derivatives	(157)	31	18	2
Fair value change of financial guarantee derivatives	272	(56)	11	(5)
Other income, net	148	136	42	30
Profit before income tax expenses	2,621	2,856	581	470
Income tax benefits(expenses)	(151)	(482)	194	(57)
Net profit	2,469	2,375	775	412

Consolidated balance sheets

RMB million	As of Dec 31,	As of Dec 31,	As of Dec 31,	
	2017	2018	2019	
	RMB	RMB	RMB	USD
Cash and cash equivalents	1,891	1,616	2,325	334
Restricted cash	2,393	3,678	3,686	529
Short-term investments	1,959	1,695	115	16
Investments	12	168	953	137
Quality assurance receivable	1,153	2,064	3,650	524
Intangible assets	64	69	64	9
Property, equipment and software, net	108	144	134	19
Loans receivables, net of provision for loan losses	682	2,331	4,808	691
Accounts receivable	172	812	882	127
Deferred tax assets	95	123	130	19
Financial guarantee derivative assets	-	56	-	-
Contract assets	53	112	21	3
Right of use assets	-	-	96	14
Prepaid expenses and other assets	146	225	1,391	200
Goodwill	50	50	50	7
Total assets	8,778	13,142	18,304	2,629
Payable to platform customers	1,114	905	685	98
Quality assurance payable	2,063	3,819	4,776	686
Payroll and welfare payable	157	188	177	25
Taxes payable	257	225	128	18
Short-term borrowings	-	25	235	34
Funds payable to investors of consolidated trusts	503	1,506	3,660	526
Contract liability	263	165	56	8
Deferred tax liabilities	16	100	199	29
Accrued expenses and other liabilities	224	223	292	42
Leasing liabilities	-	-	85	12
Financial guarantee derivative liabilities	323	-	-	-
Total liabilities	4,919	7,157	10,293	1,478
Ordinary shares	100	102	103	15
Additional paid-in capital	5,951	5,896	5,641	810
Treasury Stock	-	(332)	(47)	(7)
Statutory reserves	55	256	317	46
Accumulated other comprehensive income (loss)	15	58	70	10
Accumulated deficit	(2,222)	46	1,967	282
Total FinVolution Group shareholder's equity	3,799	5,924	7,948	1,142
Non-controlling Interest	60	62	64	9
Total shareholders' equity	3,859	5,986	8,011	1,150
Total liabilities and shareholders' equity	8,778	13,142	18,304	2,629

Consolidated statements of cash flows

RMB million	FY2018		FY2019		4Q2018		4Q2019	
	RMB	RMB	USD	RMB	RMB	USD	RMB	USD
Net cash provided by (used in) operating activities	1,885	(216)	(31)	519	(2,823)	(406)		
Net cash provided by (used in) investing activities	(1,447)	(828)	(119)	(820)	266	38		
Net cash provided by financing activities	530	1,750	251	441	812	117		
Effect of exchange rate changes on cash and cash equivalents	42	11	2	(3)	(8)	(1)		
Net increase (decrease) in cash, cash equivalent and restricted cash	1,010	717	103	137	(1,752)	(252)		
Cash, cash equivalent and restricted cash at beginning of period	4,284	5,294	760	5,157	7,763	1,115		
Cash, cash equivalent and restricted cash at end of period	5,294	6,011	863	5,294	6,011	863		

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⁽¹⁾

Key account items related to service fees

		Q4 2019 (RMB mn)		As % of Total Revenues
Income Statement	Loan facilitation service fees	539	<ul style="list-style-type: none"> For each loan facilitated on our platform, we receive a transaction fee 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. Such fees are recognized as revenue upon execution of loan agreement. 	44%
	Post-facilitation service fees	276	<ul style="list-style-type: none"> 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. Such fees are deferred and amortized over the period of the loan. 	22%
	Provision for accounts receivables	- 64	<ul style="list-style-type: none"> Provision for doubtful accounts mainly consists of provision for past due transaction fees that are potentially uncollectible. 	
Balance Sheet		Dec 31, 2019 (RMB mn)		As % of Total Assets
	Accounts receivable	882	<ul style="list-style-type: none"> Accounts receivable mainly consists of transaction fees for loan facilitation and post-facilitation services. Such transaction fees are collected in monthly installments. 	5%
	Contract liability	56	<ul style="list-style-type: none"> Contract liability includes deferred post-facilitation service fees. 	As % of Total Liabilities 1%

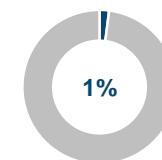
(1) Mainly loans facilitated on our marketplace by individual investors and certain institutional funding partners (banks, consumer finance companies, and other financial institutions).

Off-balance sheet loans⁽¹⁾

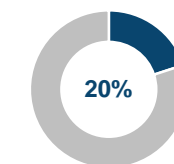
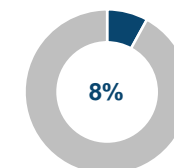
Key account items related to credit risk

		Q4 2019 (RMB mn)	
Income Statement	Gain from quality assurance	7	<ul style="list-style-type: none"> Represents gains or losses from the reduction in quality assurance liabilities as loans and their related risks are reduced, or due to changes in the expected default rates of loans that are active.
Balance Sheet	Restricted cash (Quality Assurance)	1,474	<ul style="list-style-type: none"> 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.
	Quality assurance receivable	3,650	<ul style="list-style-type: none"> The Company determines for each loan the guarantee fee, or quality assurance contributions required from each borrower. Such fees or contributions are collected on a monthly basis. A quality assurance receivable is recognized at loan inception at fair value, which takes into account the expected default rate.
	Quality assurance payable	4,776	<ul style="list-style-type: none"> Represents the guarantee liabilities for the quality assurance fund (individual investors) and quality assurance commitments provided to institutional funding partners.

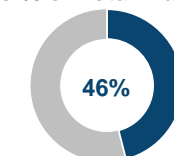
As % of Total Revenues



As % of Total Assets



As % of Total Liabilities



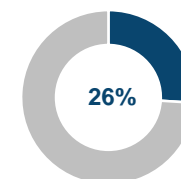
(1) Mainly loans facilitated on our marketplace by individual investors and certain institutional funding partners (banks, consumer finance companies, and other financial institutions).

On-balance sheet loans⁽¹⁾

Key account items

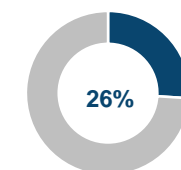
		Q4 2019 (RMB mn)	
Income Statement	Interest income	387	<ul style="list-style-type: none"> Represents interest income on loan receivables, which is recognized on an accrual basis Such loan receivables represent loans originated through the Company's micro-lending company, and by consolidated trusts
	Interest expenses	-70	<ul style="list-style-type: none"> Mainly represents the investment returns of third-party investors in the trusts Recognized on an accrual basis
	Loan loss provision	-103	<ul style="list-style-type: none"> Provision for potential losses on loan receivables

As % of Total Revenues

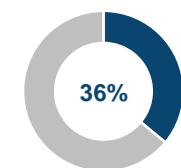


		Dec 31, 2019 (RMB mn)	
Balance Sheet	Loans receivables, net of provision for loan losses	4,808	<ul style="list-style-type: none"> Represents loans originated by the Company through its micro-lending company, and the consolidated trusts, net of allowances for loan losses. The Company is the primary beneficiary of the trusts, which are institutional funding partners and solely invest in loans on the Company's platform. Their assets, liabilities, results of operations, cash flows are consolidated.
	Funds payable to investors of consolidated trusts	3,660	<ul style="list-style-type: none"> Represents the funds payable to third-party investors in the trusts.

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⁽¹⁾

	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%

(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.

Delinquency rates by vintage⁽¹⁾

	Month on book										
	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th	11 th	12 th
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%			
2019Q2	1.33%	2.34%	3.31%	4.18%	5.05%						
2019Q3	1.02%	2.16%									

(1) The table display the historical cumulative 30-day plus past due delinquency rates by loan origination vintage for all loan products facilitated through the Company's online marketplace.