

3Q17 Financial Results

December 13, 2017

触手可及的金融

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#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

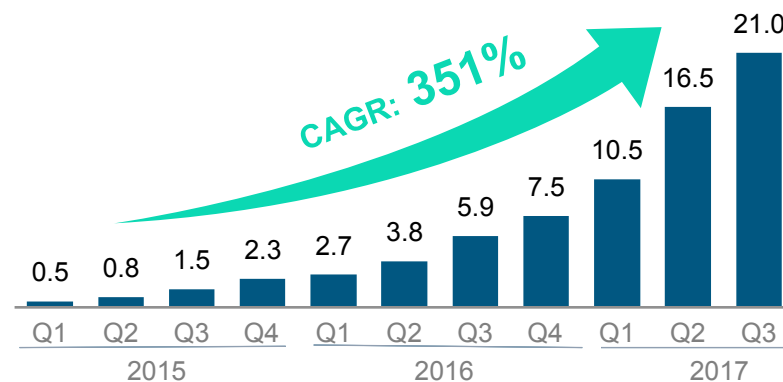
Technology driven
96.7% of loans processed automatically⁽¹⁾

Large user base
57mn registered users⁽²⁾/9.0mn borrowers⁽³⁾

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

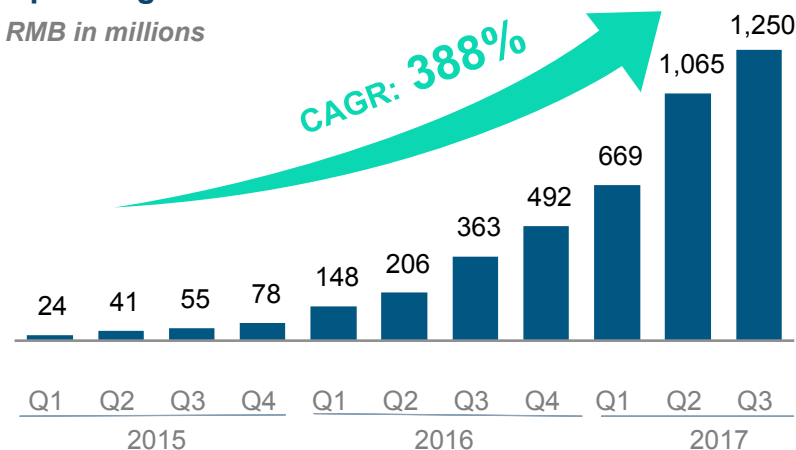
Loan origination volume

RMB in billions



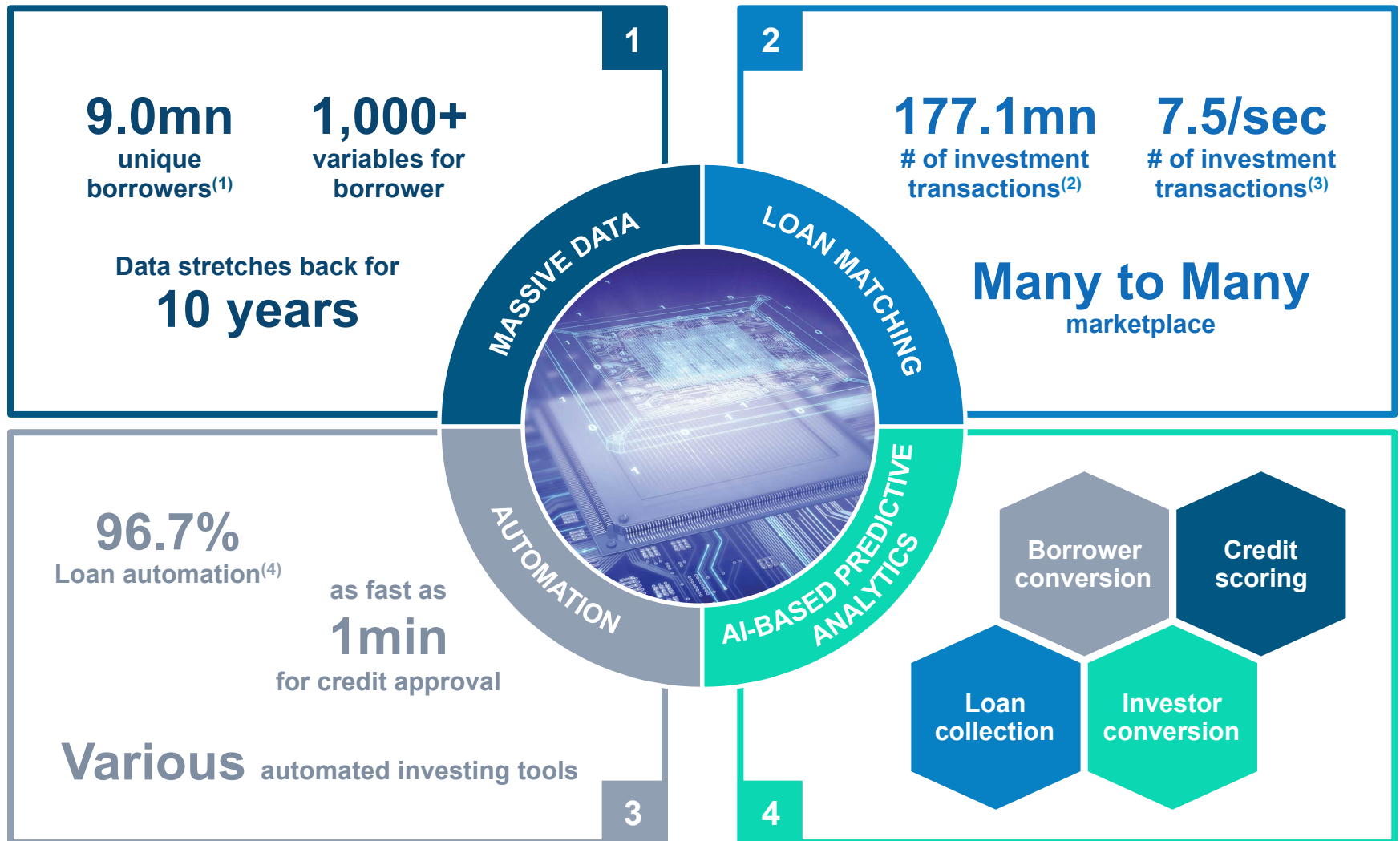
Operating revenues

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 September 30, 2017.
 (2) As of September 30, 2017.
 (3) On a cumulative basis, as of September 30, 2017.
 (4) Total origination amount of loans facilitated through our marketplace was RMB48.0bn in the nine months ended September 30, 2017, a 3.9x growth from RMB12.4bn in the nine months ended June 30, 2016.

Automation powered by big data and proprietary technologies



(1) On a cumulative basis, data as of September 30, 2017.

(2) Data for the nine months ended September 30, 2017.

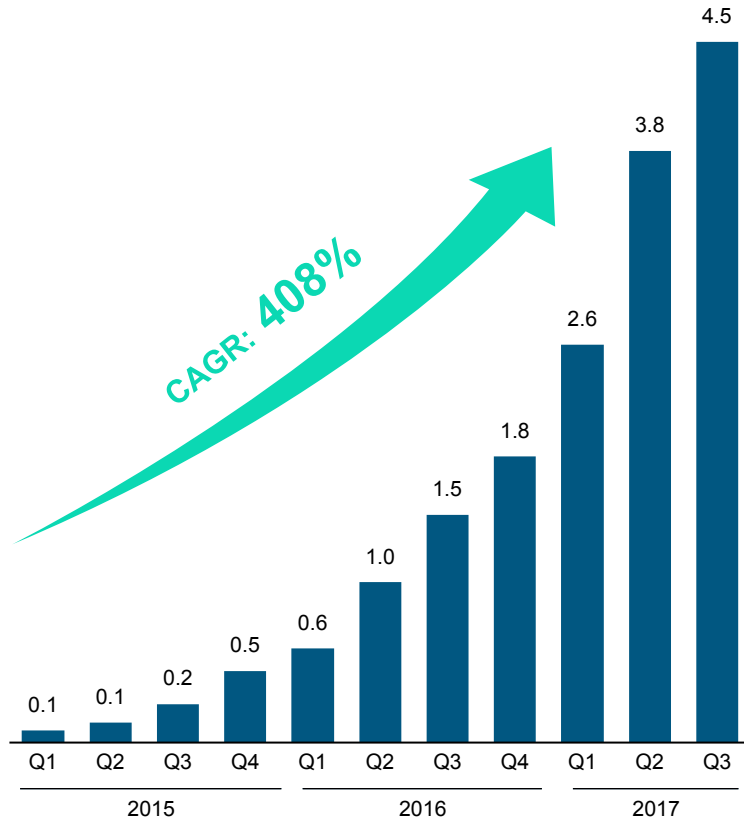
(3) Data for the nine months ended September 30, 2017. Calculated by: (i) number of investment transactions, divided by (ii) number of seconds during the period.

(4) Represents the % of loan applications on the marketplace that go through the automated process. Data for the nine months ended September 30, 2017.

Rapid borrower growth fuels dynamic transactions and loan volume

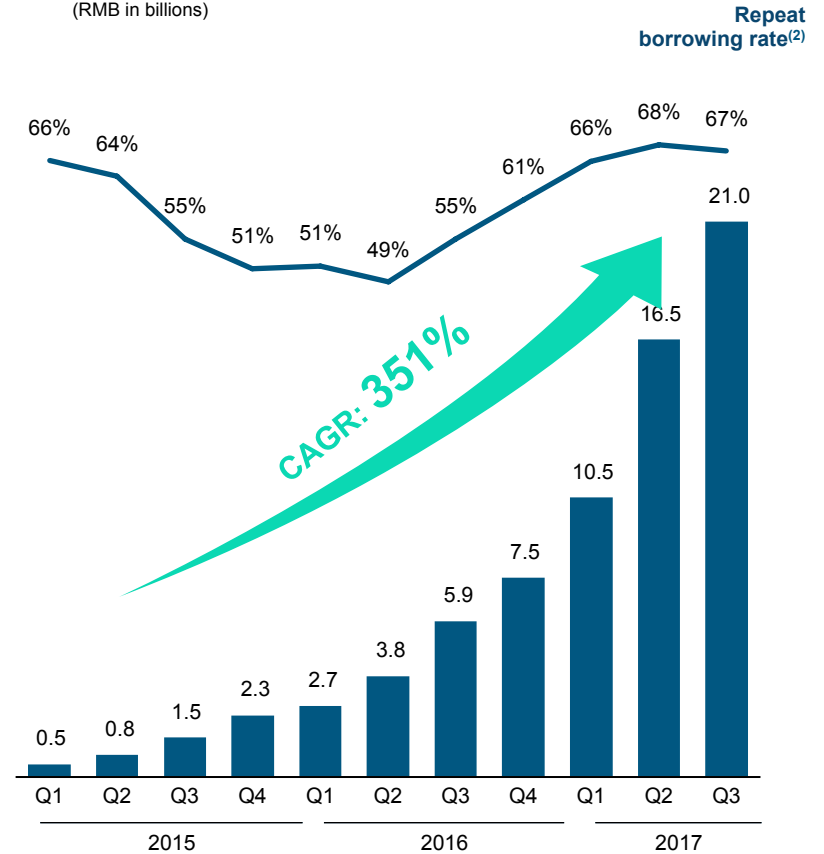
Number of borrowers⁽¹⁾

(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.

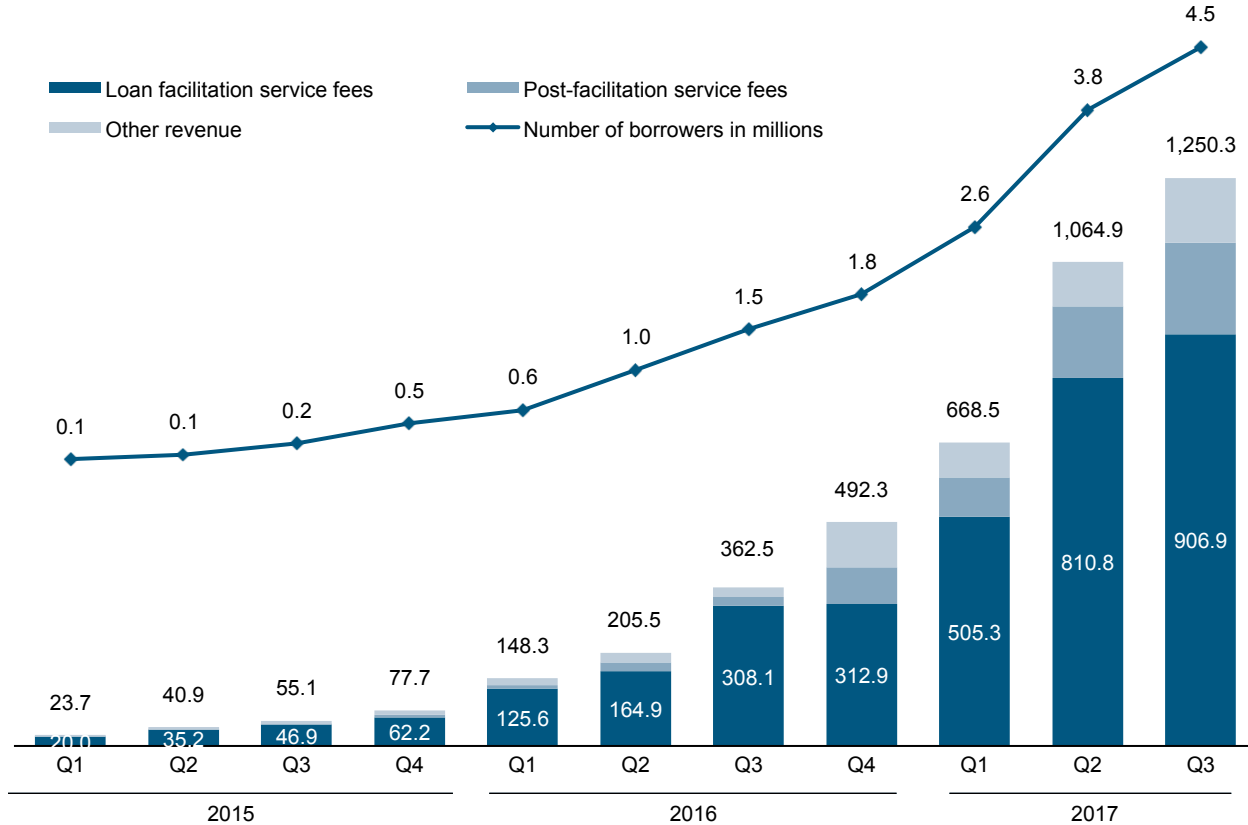


Financials

Rapid borrower growth fuels revenues

Total operating revenues and number of borrowers

(RMB in millions)

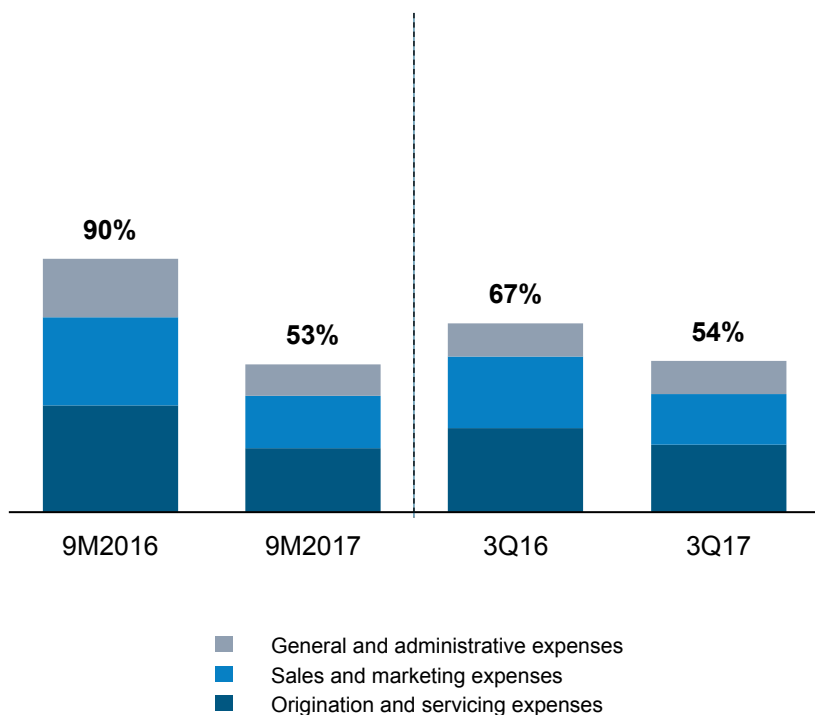


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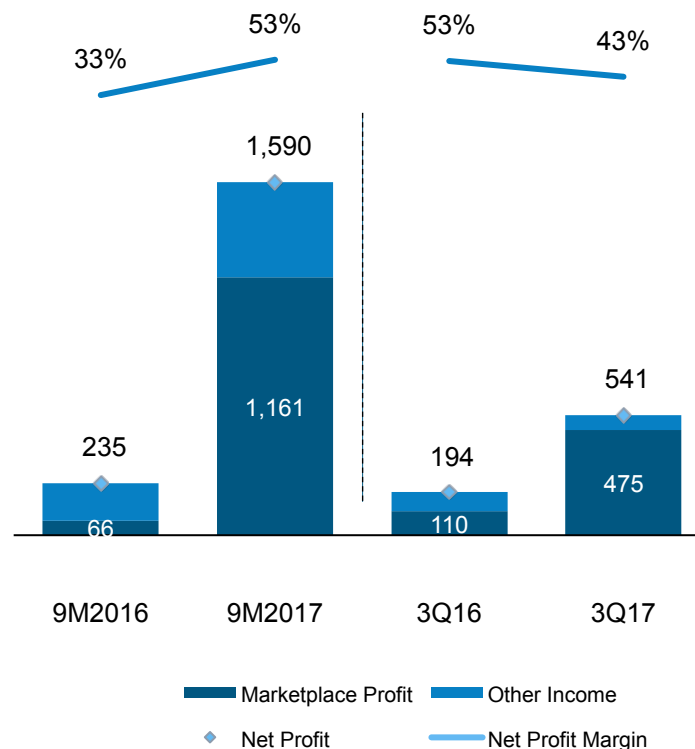
High operating leverage driving profitability

Operating expenses as percentage of net revenue



Net profit

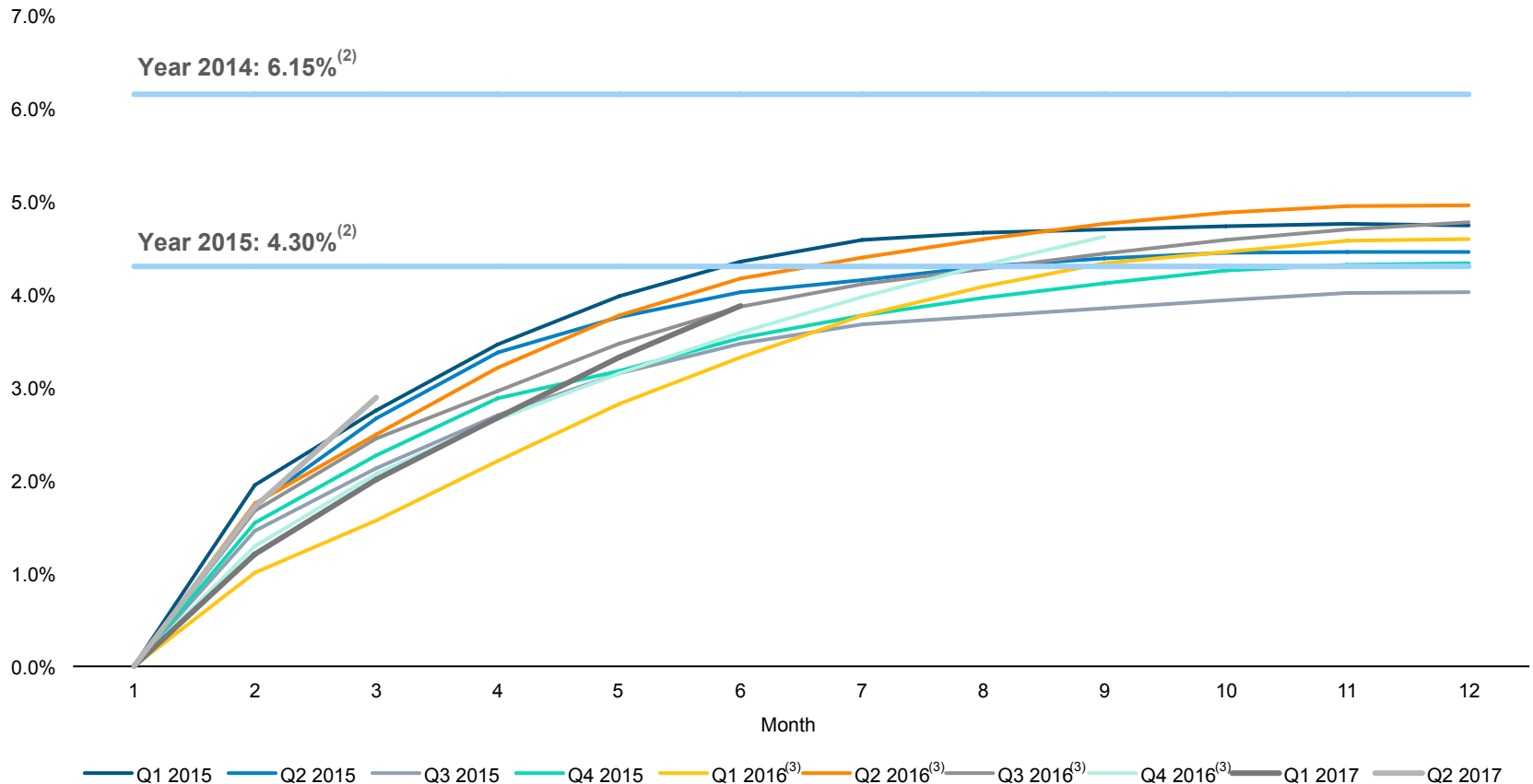
(RMB in millions)



(1) Marketplace net income/(loss) is calculated by: (i) net income, deduct (ii) fair value change of financial guarantee derivatives and other income/(expenses), net of tax, deduct (iii) realized gain from financial guarantee derivatives, net of tax, deduct (iv) gain from quality assurance fund, net of tax, deduct (v) gain from disposal of subsidiary and other income, and add (vi) share-based compensation expense, if any, adjusted for the effect of income tax. The assumed effective tax rate was 10% for year 2016 and 18% for year 2017.

Stable and consistent risk performance over time

Delinquency rate by vintage⁽¹⁾



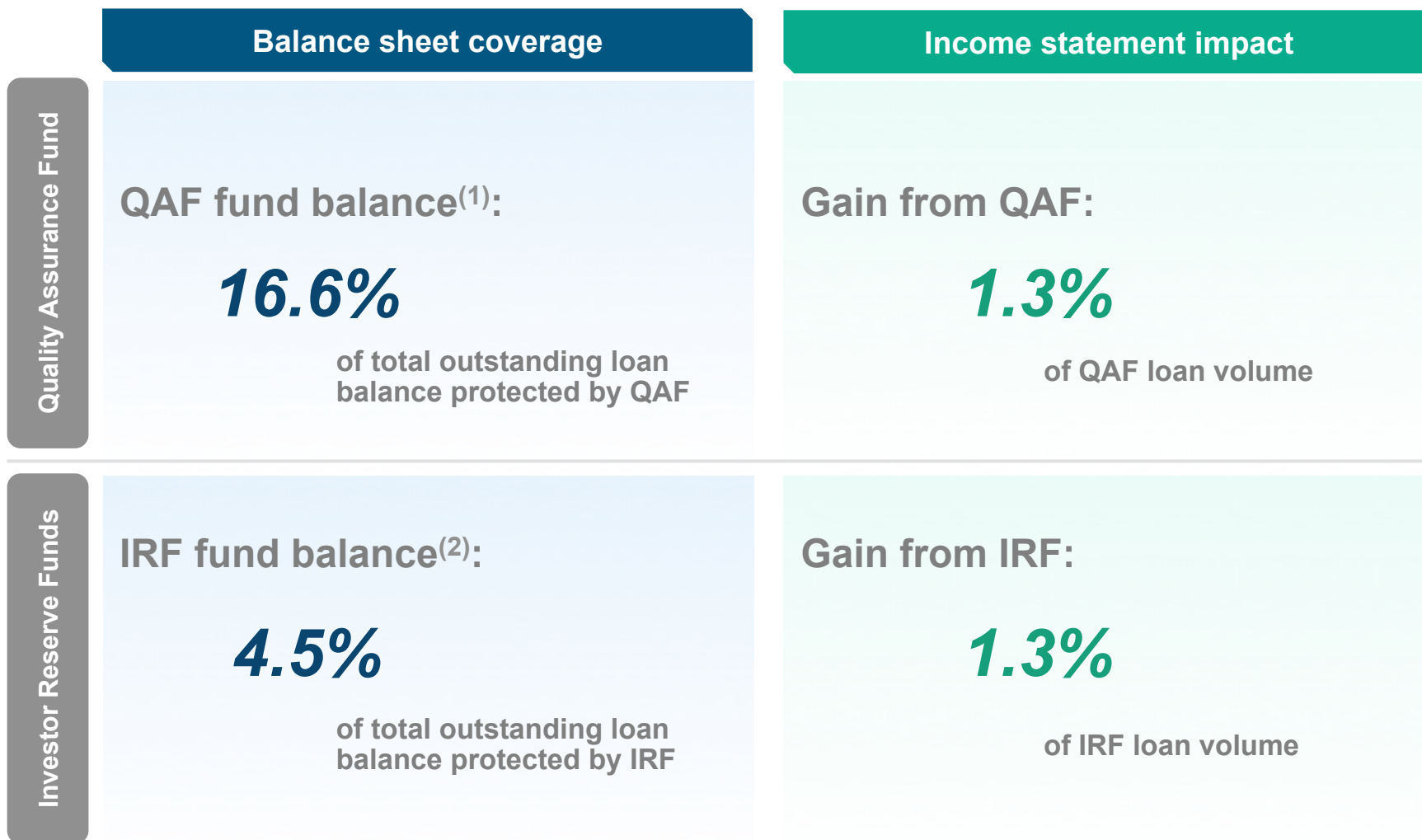
Note: Data as of September 30, 2017. Represents the historical cumulative 30-day plus past due delinquency rates by loan origination vintage for all continuing loan products.

(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.

(2) The vintage delinquency rates for loans facilitated during 2014 and 2015 were 6.15% and 4.30%, respectively, 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) As of June 30, 2017, the vintage delinquency rate for loans facilitated during 2016 was 4.20%, calculated as the volume weighted average of the quarterly vintage delinquency rates as of June 30, 2017. As loans facilitated during 2016 continue to age, the delinquency rate for the 2016 vintage, 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, may be different from the vintage delinquency rate of 4.20% as of June 30, 2017.

Conservative and adequate investor protection



(1) As of September 30, 2017, defined as (i) quality assurance fund receivable, plus (2) restricted cash in quality assurance fund.

(2) As of September 30, 2017, defined as (i) financial guarantee derivative, plus (2) restricted cash in investor reserve fund.

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%	2.55%
June 30, 2015	0.88%	1.05%	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%	1.51%
December 31, 2016	0.63%	0.91%	0.75%	2.05%
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%

(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	3Q2016	3Q2017	9M2016	9M2017
Operating revenues	197	1,209	363	1,250	716	2,984
Loan facilitation service fees	164	911	308	907	599	2,223
Post-facilitation service fees	8	127	19	200	46	442
Other revenue	25	170	35	143	72	319
Net revenues	196	1,216	368	1,247	720	2,982
<i>% YoY growth</i>		521%		239%		314%
Operating expenses	(341)	(979)	(246)	(668)	(646)	(1,566)
Origination and servicing expenses	(99)	(388)	(109)	(298)	(271)	(678)
Sales and marketing expenses	(125)	(353)	(94)	(225)	(226)	(550)
General and administrative expenses	(116)	(238)	(43)	(145)	(149)	(338)
Operating income⁽¹⁾	(145)	237	122	579	74	1,415
<i>Operating income margin⁽²⁾</i>	<i>(74%)</i>	<i>19%</i>	<i>33%</i>	<i>46%</i>	<i>10%</i>	<i>48%</i>
Other income ⁽³⁾	77	313	93	121	188	523
Profit/(Loss) before income tax expenses	(68)	550	215	700	262	1,939
Net income/(loss)	(72)	501	194	541	235	1,590
<i>Net income/(loss) margin⁽⁴⁾</i>	<i>(37%)</i>	<i>41%</i>	<i>53%</i>	<i>43%</i>	<i>33%</i>	<i>53%</i>

(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	Dec 31, 2015	Dec 31, 2016	Sep 30, 2017
Cash and cash equivalents	92	405	715
Restricted cash:	270	803	2,786
<i>Quality assurance fund</i>	53	330	930
<i>Investor reserve fund</i>	20	52	194
<i>Cash received from investors or borrowers</i>	176	422	1,663
<i>Cash held as a collateral for short-term bank loans</i>	21	-	-
Short-term investments	34	260	1,500
Quality assurance fund receivable	115	287	975
Financial guarantee derivative	21	167	245
Total assets	737	2,147	6,868
Payable to platform customers	176	422	1,663
Quality assurance fund payable	126	474	1,485
Deferred revenue	14	163	318
Total liabilities	469	1,375	4,503
Total mezzanine equity	586	1,211	3,376
Total shareholders' deficit	(317)	(438)	(1,011)

Selected statements of cash flows items

RMB million	Dec 31, 2015	Dec 31, 2016	3Q2016	3Q2017	9M2016	9M2017
Net cash provided by operating activities	(192)	534	176	576	306	1,454
Net cash used in investing activities	(132)	(663)	(142)	(1,496)	(485)	(1,575)
Net cash generated in financing activities	338	439	91	463	409	431
Effect of exchange rate changes on cash and cash equivalents			(0.6)	(0.3)	(0.1)	(0.6)
Net increase/(decrease) in cash and cash equivalents	15	312	125	(457)	230	310
Cash and cash equivalent at beginning of year/period	77	92	197	1,172	92	405
Cash and cash equivalent at end of year/period	92	405	332	715	322	715