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3Q18 Financial Results

November 20, 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
98% of loans processed automatically⁽¹⁾

Large user base
84mn registered users⁽²⁾/13.4mn borrowers⁽³⁾

Consistent growth
Sequential operating revenue increase⁽⁴⁾

Loan origination volume
RMB in billions

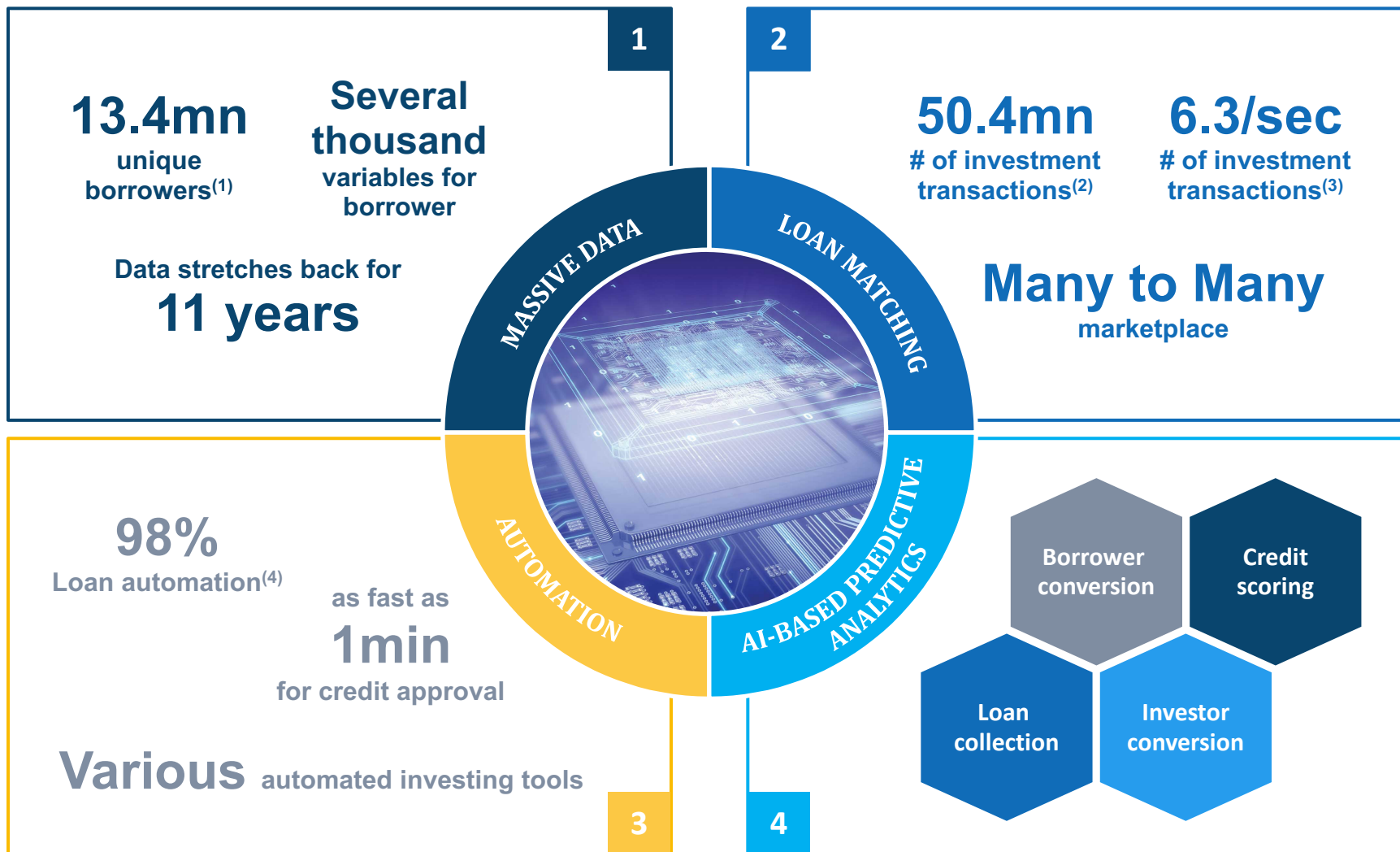


Operating revenues
RMB in millions



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 September 30, 2018.
 (2) As of September 30, 2018.
 (3) On a cumulative basis, as of September 30, 2018.
 (4) Sequential operating revenue growth from Q4 2017 to Q3 2018.

Automation powered by big data and proprietary technologies

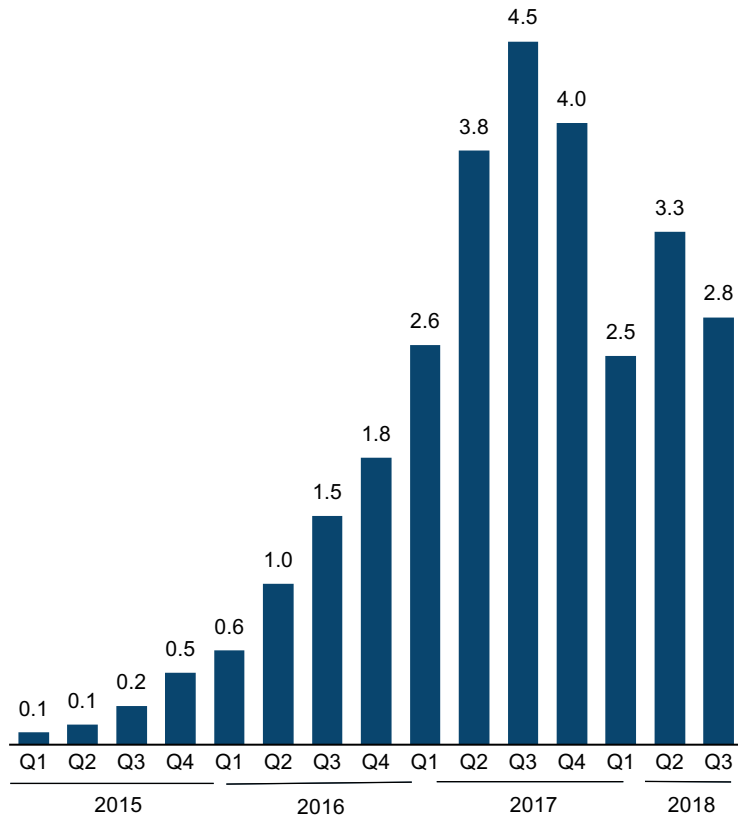


(1) On a cumulative basis, data as of September 30, 2018.
 (2) Data for the three months ended September 30, 2018.
 (3) Data for the three months ended September 30, 2018. Calculated by: (i) number of investment transactions, divided by (ii) number of seconds during the period.
 (4) Represents the % of loan applications on the marketplace that go through the automated process. Data for the three months ended September 30, 2018.

Borrowers fuel our loan origination volume

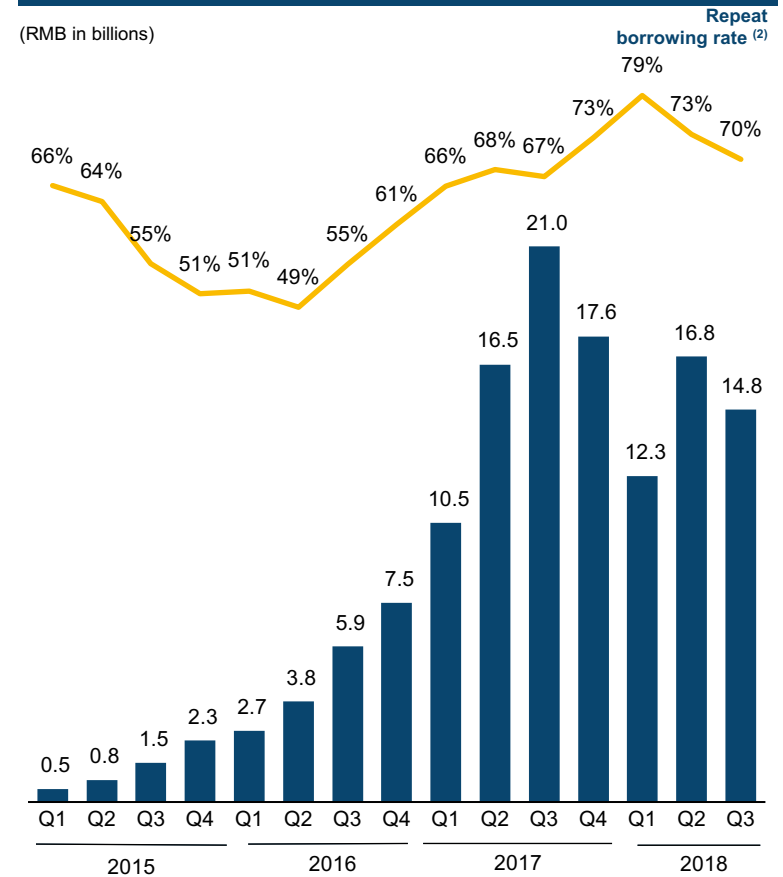
Number of unique borrowers⁽¹⁾

(Millions)



Loan origination volume

(RMB in billions)



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

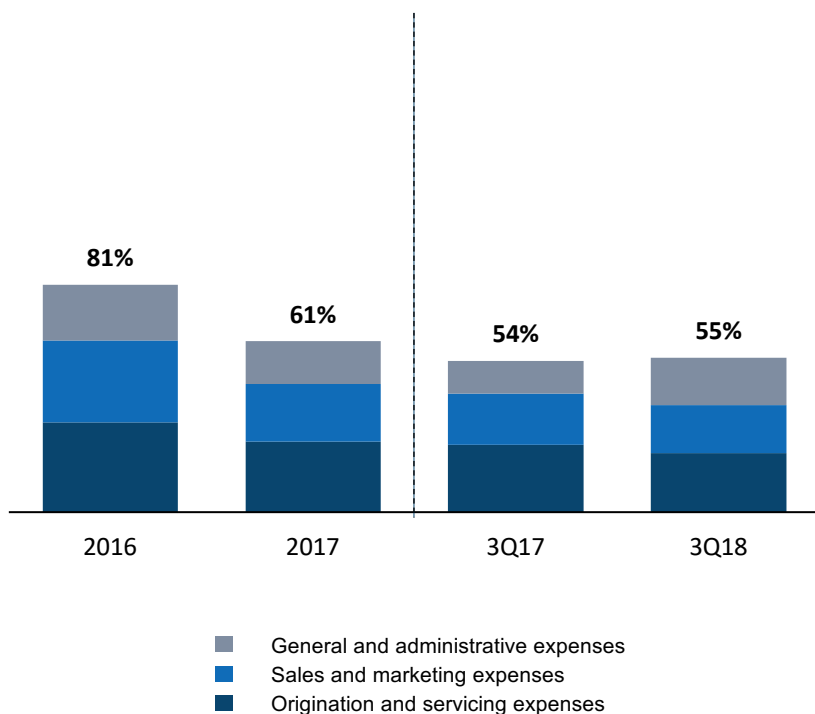
(2) % of loan volume generated by repeat borrowers. Repeat borrowers are borrowers who have successfully borrowed on our platform before.

Financials



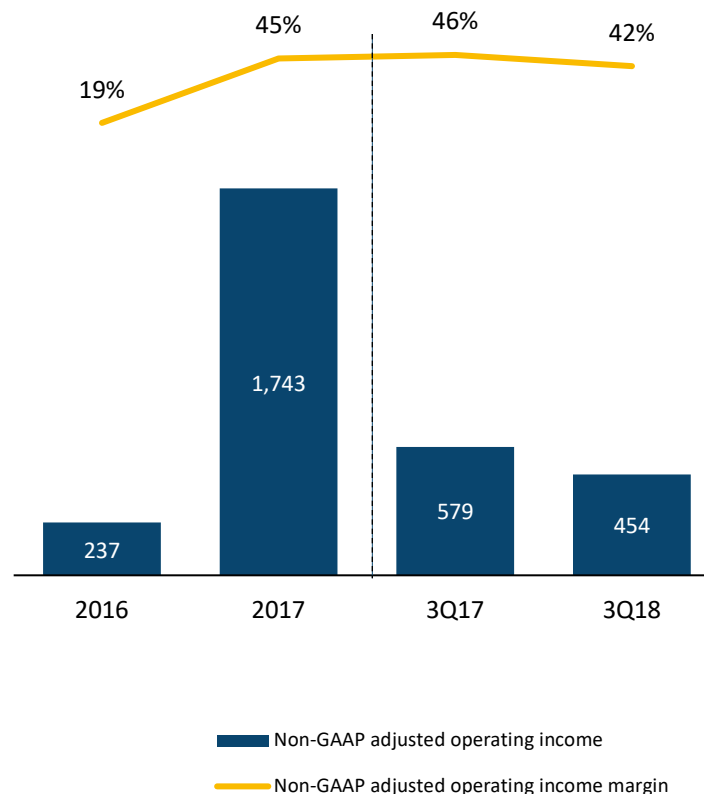
High operating leverage driving profitability

Operating expenses as percentage of net revenue



Non-GAAP adjusted operating income⁽¹⁾

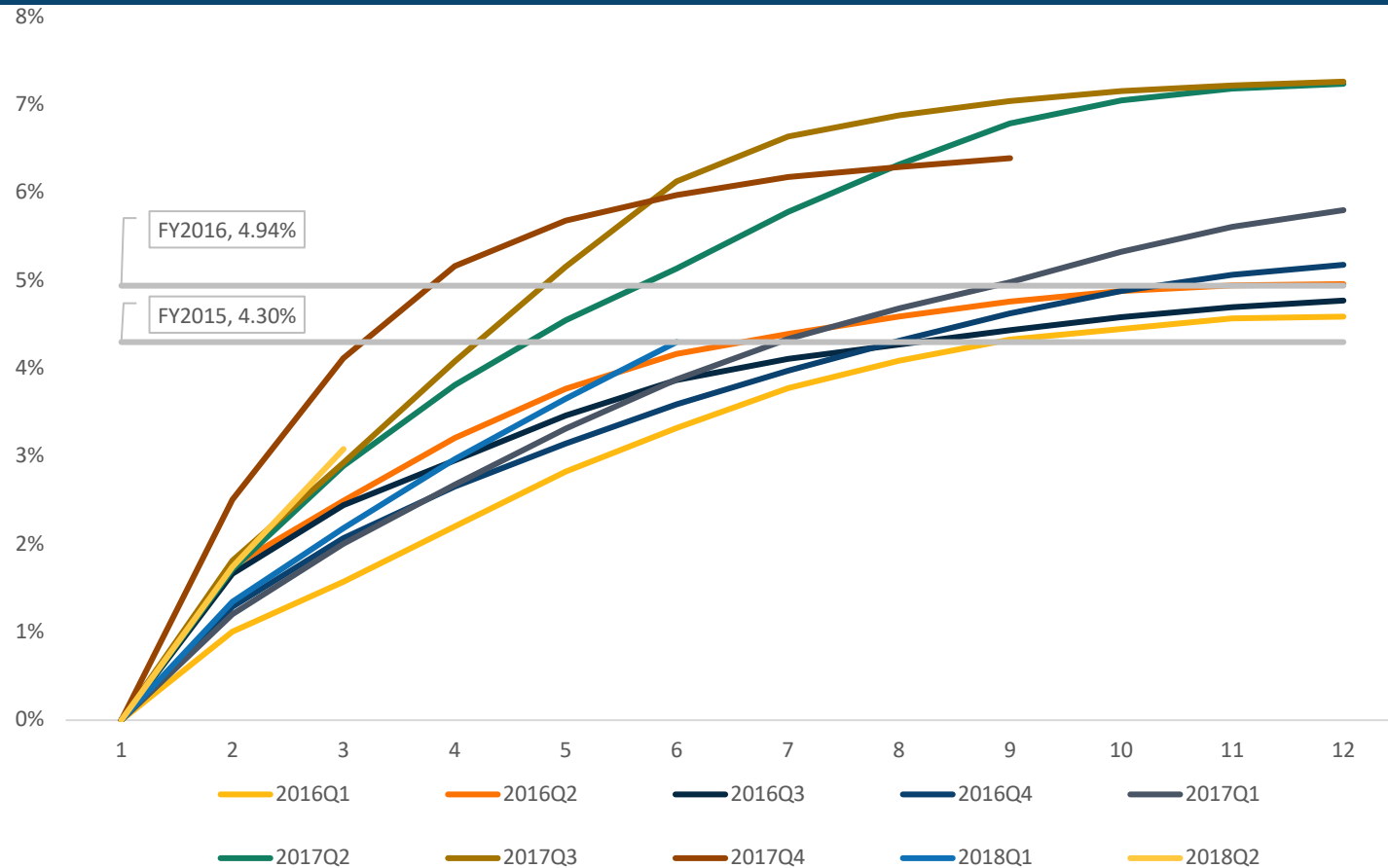
(RMB in millions)



(1) Non GAAP adjusted operating income for FY2017, which excludes 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 Q3 2018, which excludes share-based compensation expenses before tax and a write back provision for expected discretionary payments to investors in investment programs protected by the investor reserve funds, was RMB 454.4 million.

Cumulative delinquency rates by vintage

Delinquency rate by vintage⁽¹⁾



Note: Data as of September 30, 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% |
| June 30, 2018 | 0.83% | 1.21% | 1.05% | 4.61% |
| September 30, 2018 | 1.03% | 1.77% | 1.49% | 3.37% |

(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 | 3Q2017 | 3Q2018 | 9M2017 | 9M2018 |
|---|--------------|----------------|--------------|--------------|----------------|----------------|
| Operating revenues | 1,209 | 3,896 | 1,250 | 1,104 | 2,984 | 3,068 |
| Loan facilitation service fees | 911 | 2,843 | 907 | 708 | 2,223 | 2,082 |
| Post-facilitation service fees | 127 | 669 | 200 | 240 | 442 | 673 |
| Other revenue | 170 | 491 | 143 | 112 | 319 | 269 |
| Expected discretionary payment to IRF investors | - | (108) | - | 45 | - | 45 |
| Net revenues | 1,216 | 3,881 | 1,247 | 1,084 | 2,982 | 3,088 |
| <i>% YoY growth</i> | 521% | 219% | 239% | (13%) | 314% | 3.6% |
| Operating expenses | (979) | (2,351) | (668) | (593) | (1,566) | (1,728) |
| Origination and servicing expenses | (388) | (975) | (298) | (226) | (678) | (708) |
| Sales and marketing expenses | (353) | (788) | (225) | (184) | (550) | (530) |
| General and administrative expenses | (238) | (589) | (145) | (183) | (338) | (490) |
| Operating income⁽¹⁾ | 237 | 1,529 | 579 | 491 | 1,416 | 1,360 |
| <i>Operating income margin⁽²⁾</i> | 19% | 39% | 46% | 45% | 47% | 44% |
| Other income ⁽³⁾ | 313 | (172) | 121 | 251 | 523 | 680 |
| Profit before income tax expenses | 550 | 1,358 | 700 | 742 | 1,939 | 2,040 |
| Net profit | 502 | 1,083 | 541 | 650 | 1,590 | 1,695 |
| <i>Net profit margin⁽⁴⁾</i> | 41% | 28% | 43% | 60% | 53% | 55% |

(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 profit margin = Net profit divided by net revenues.

Selected balance sheet items

| RMB million | As of Dec 31, 2016 | As of Dec 31, 2017 | As of September 30, 2018 |
|---|--------------------|--------------------|--------------------------|
| Cash and cash equivalents | 405 | 1,891 | 1,655 |
| Restricted cash: | 803 | 2,393 | 3,502 |
| <i>Quality assurance fund</i> | 330 | 1,059 | 2,065 |
| <i>Investor reserve fund</i> | 52 | 175 | - |
| <i>Cash received from investors or borrowers</i> | 422 | 1,114 | 1,294 |
| Short-term investments | 260 | 1,959 | 1,835 |
| Quality assurance fund receivable | 287 | 1,153 | 2,003 |
| Loan receivable, net provision for loan losses | 28 | 682 | 1,486 |
| Financial guarantee derivative | 167 | - | 46 |
| Total assets | 2,147 | 8,604 | 11,908 |
| Payable to platform customers | 422 | 1,114 | 1,294 |
| Quality assurance fund payable | 474 | 2,063 | 3,431 |
| Funds payable to investors of consolidated trusts | 30 | 503 | 951 |
| Financial guarantee derivative | - | 216 | - |
| Total liabilities | 1,375 | 4,921 | 6,618 |
| Total shareholders' equity | (438) | 3,682 | 5,290 |

Selected Statement of Cash Flow

| RMB million | 1Q2018 | 2Q2018 | 3Q2018 | 9M2018 |
|--|--------|--------|---------|--------|
| Net cash provided by operating activities | 88 | 152 | 1,126 | 1,366 |
| Net cash used in investing activities | (227) | 716 | (1,117) | (628) |
| Net cash generated in financing activities | (64) | (110) | 263 | 89 |
| Effect of exchange rate changes on cash and cash equivalents | (41) | 49 | 37 | 45 |
| Net increase/(decrease) in cash and cash equivalents | (244) | 807 | 310 | 873 |
| Cash and cash equivalent at beginning of year/period | 4,284 | 4,040 | 4,847 | 4,284 |
| Cash and cash equivalent at end of year/period | 4,040 | 4,847 | 5,157 | 5,157 |