

Investor Presentation

3Q21 Results

3Q Highlights



APR for loan
originations

**26.8% in Sep
vs 28.2% in Jun**



Mix within 24%
APR

**49.8% in Sep
+11.8ppt from Jun**



Net income

**RMB581m in 3Q21
+68.5% YoY**

Making Solid Progress in Structural Change While Maintaining Profitability

01



Operational Update

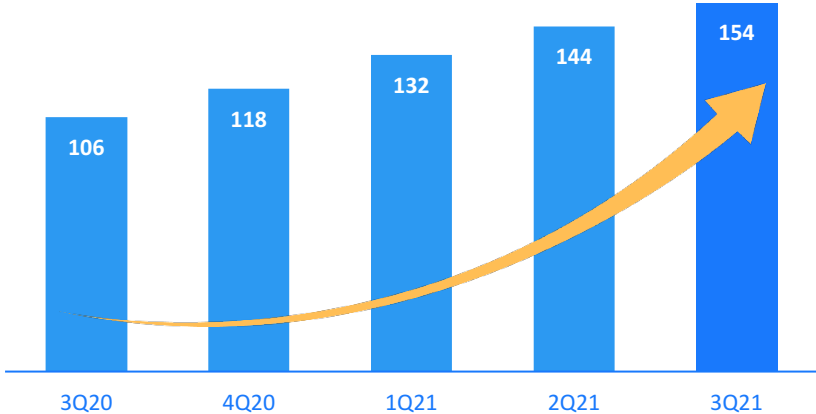


Proactive Management of High-Risk Users

Number of Registered Users

(In millions)

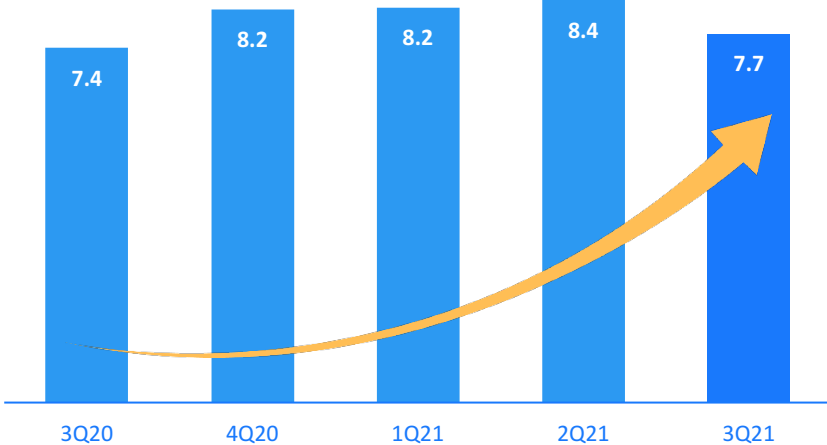
YoY
+44.9%



Number of Active Users

(In millions)

YoY
+3.9%



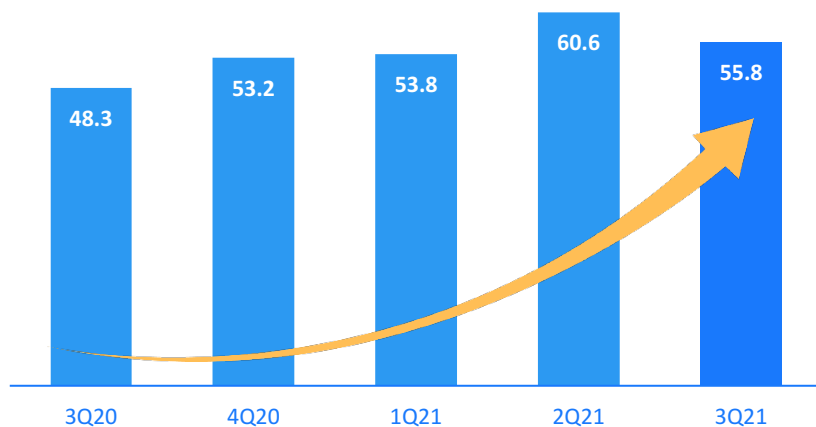
Lower APR for Loan Originations

Loan Originations¹

(RMB bn)

YoY

+15.6%

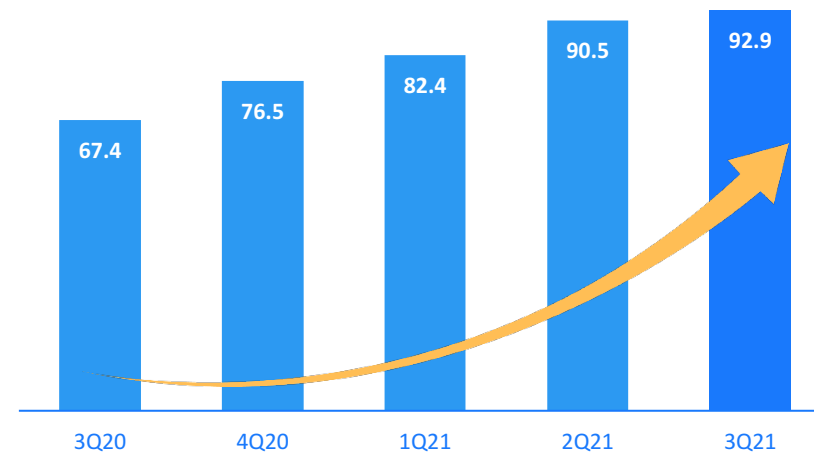


Outstanding Loan Balance²

(RMB bn)

YoY

+37.8%



1. Loan originations represents the total amount of loans originated during each relevant period, which includes both on and off-balance sheet loans

2. Outstanding loan balance represents the amount of principal outstanding for loans originated on our platform at the end of the relevant period, including both on and off-balance sheet loans

Diversified Models for Core Business



Assets on B/S

- Risk bearing
- Profitability determined by interest income, funding cost and risk cost



Risks on B/S

- Risk bearing
- Diverse funding sources e.g. banks, consumer finance, insurance and trust
- Profitability determined by interest income, funding cost and risk cost



Profit-sharing

- Sharing of spread with funding partners
- No need to take any loss

Breakdown of Loan Originations



■ Assets on B/S ■ Risk on B/S ■ Profit-Sharing

02



Financial Update



Key Financials

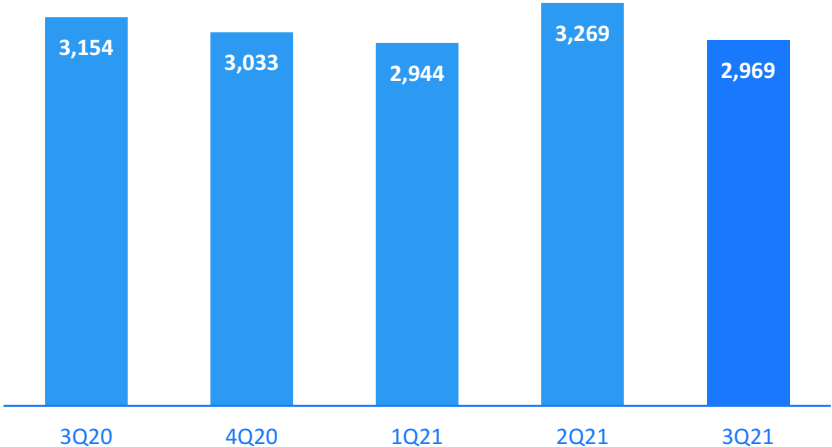
(In thousands, except for per ADS data)	3Q20	3Q21	YoY
Online direct sales and services income	515,609	428,181	-17.0%
Credit-oriented services income	2,024,712	1,765,304	-12.8%
Platform-based services income	613,733	775,310	26.3%
Total operating revenue	3,154,054	2,968,795	-5.9%
Total operating cost	(2,175,931)	(1,462,273)	-32.8%
Gross profit	978,123	1,506,552	54.0%
Total operating expenses	(580,654)	(722,393)	24.4%
Net income	344,695	580,762	68.5%

Topline Performance to Reflect Change in Asset Mix

Total Operating Revenue

(RMBm)

YoY
-5.9%



Breakdown of Operating Revenue

(RMBm)

- Online direct sales and services income
- Credit-oriented services income
- Platform-based services income

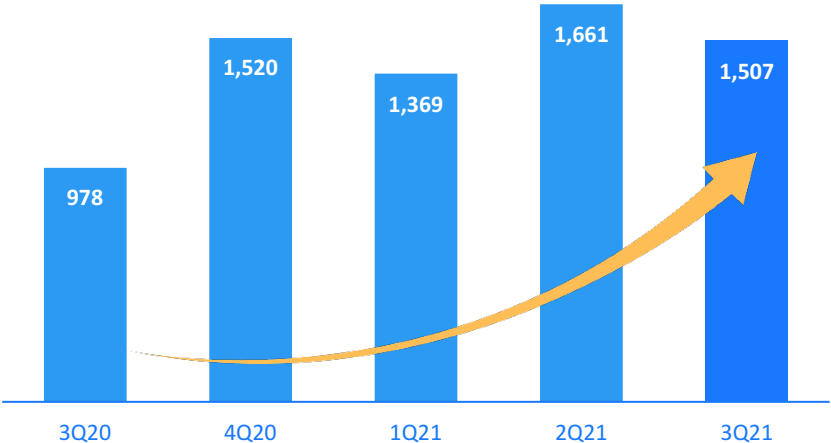


Quality of Business Maintained

Gross Profit

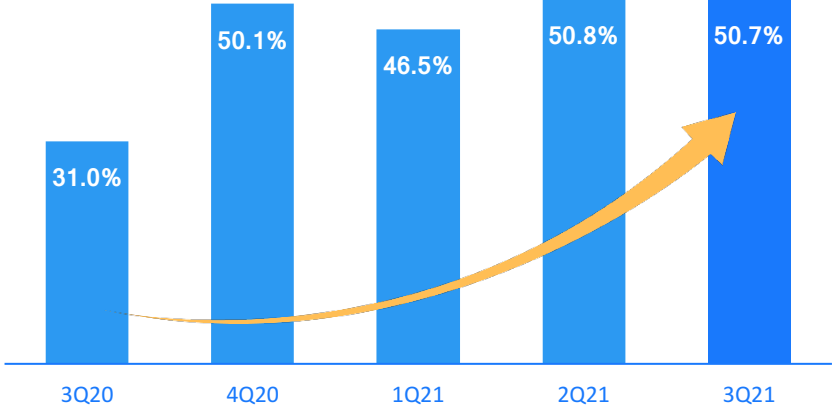
(RMBm)

YoY
+54.0%



Gross Margin

YoY
+19.7ppt



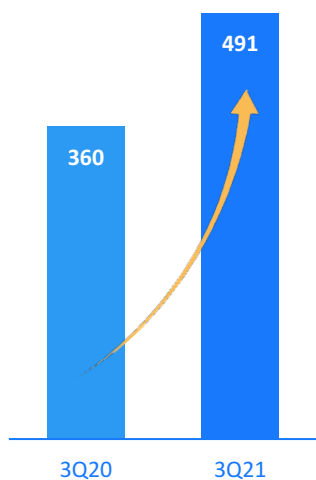
More Focus on Operational Efficiency

Sales and Marketing

(RMBm)

YoY

+36.4%

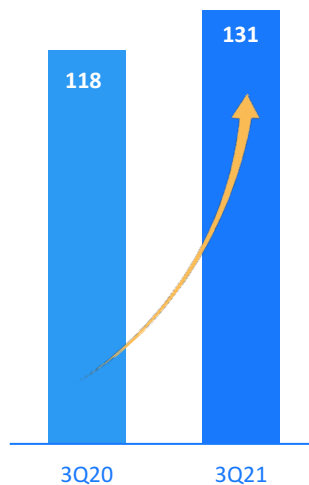


Research and Development

(RMBm)

YoY

+10.7%

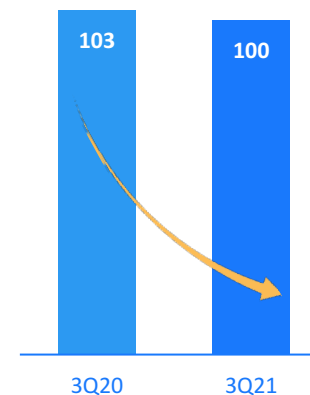


General and Administrative

(RMBm)

YoY

-2.0%

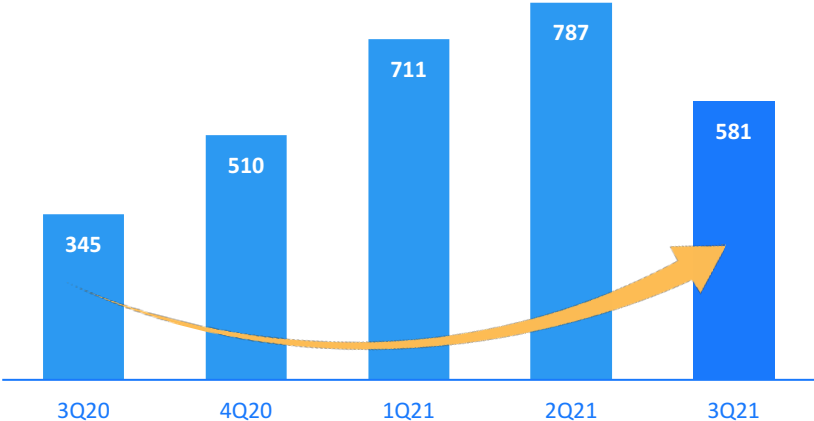


Solid Profitability During Business Optimisation

Net Income

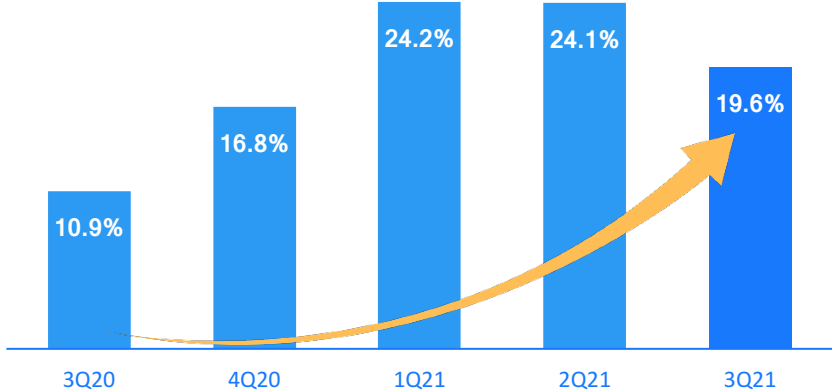
(RMBm)

YoY
+68.5%



Net Margin

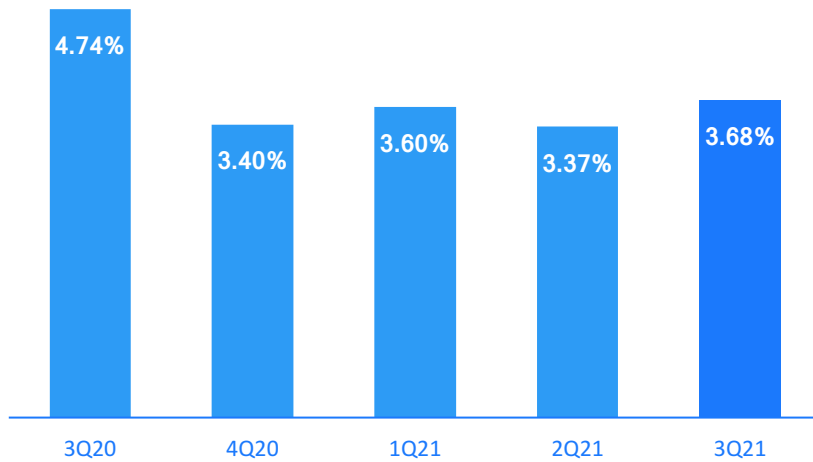
YoY
+8.6ppt



Asset Quality Trend Within Expectations

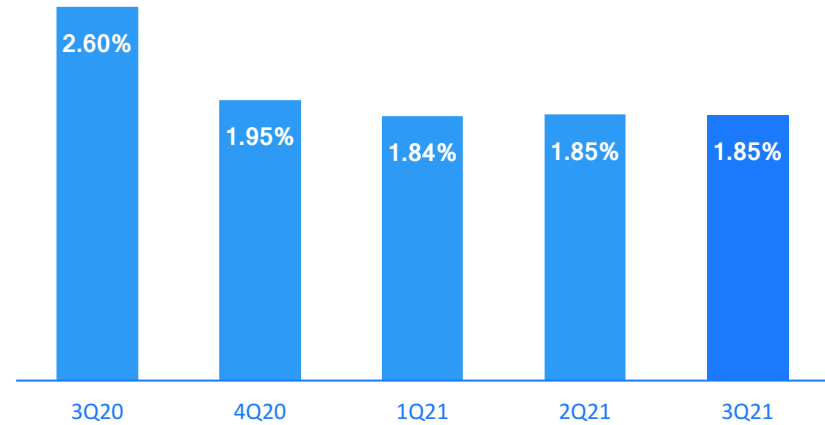
30+ Delinquency Ratio

YoY
-1.1ppt



90+ Delinquency Ratio

YoY
-0.8ppt



03

Appendix



Balance Sheet (1)

(In thousands)	As of		US\$
	December 31, 2020	September 30, 2021	
	RMB	RMB	
Assets			
Current assets			
Cash and cash equivalents	1,563,755	2,545,779	395,099
Restricted cash	1,112,152	1,414,669	219,553
Restricted time deposits	1,779,458	1,702,386	264,206
Short-term financing receivables, net of allowance for credit losses	4,918,548	2,983,686	463,061
Loans at fair value	381,393	154,138	23,922
Accrued interest receivable, net of allowance for credit losses	79,793	56,662	8,794
Prepaid expenses and other current assets	1,004,845	998,074	154,899
Amounts due from related parties	941	6,283	975
Deposits to insurance companies and guarantee companies	1,066,281	1,527,696	237,095
Short-term guarantee receivables, net of allowance for credit losses	756,197	435,006	67,512
Short-term contract assets and service fees receivable, net of allowance for credit losses	3,707,649	4,407,408	684,019
Inventories, net	47,170	52,460	8,142
Total current assets	16,418,182	16,284,247	2,527,277
Non-current assets			
Restricted cash	163,999	161,107	25,003
Long-term financing receivables, net of allowance for credit losses	204,761	150,345	23,333
Long-term guarantee receivables, net of allowance for credit losses	218,654	109,163	16,942
Short-term financing receivables, net of allowance for credit losses	481,989	457,018	70,928
Property, equipment and software, net	125,694	156,759	24,329
Land use rights, net	1,000,467	974,667	151,266
Long-term investments	521,802	471,370	73,155
Deferred tax assets	747,332	866,043	134,408
Other assets	462,285	940,069	145,896
Total non-current assets	3,926,983	4,286,541	665,260
Total assets	20,345,165	20,570,788	3,192,537

Balance Sheet (2)

(In thousands)	As of		US\$
	December 31, 2020	September 30, 2021	
	RMB	RMB	
Liabilities			
Current liabilities			
Accounts payable	42,961	18,939	2,939
Amounts due to related parties	67,514	52,283	8,114
Short-term borrowings	1,827,063	1,768,792	274,512
Short-term funding debts	4,685,935	3,153,038	489,344
Accrued interest payable	36,484	41,107	6,380
Deferred guarantee income	694,582	318,977	49,504
Contingent guarantee liabilities	1,738,787	1,128,975	175,214
Accrued expenses and other current liabilities	2,926,347	3,532,990	548,311
Total current liabilities	12,019,673	10,015,101	1,554,318
Non-current liabilities			
Long-term funding debts	825,814	701,168	108,820
Deferred tax liabilities	825,814	36,652	5,688
Convertible notes	1,920,227	1,913,449	296,963
Other long-term liabilities	21,046	146,559	22,746
Total non-current liabilities	2,794,754	2,797,828	434,217
Total liabilities	14,814,427	12,812,929	1,988,535
Shareholders' equity			
Class A ordinary shares	176	180	28
Class B ordinary shares	58	57	9
Additional paid-in capital	2,724,006	2,870,322	445,467
Statutory reserves	649,234	649,234	100,760
Accumulated other comprehensive income	3,308	5,605	870
Retained earnings	2,113,956	4,191,845	650,564
Non-controlling interests	40,000	40,616	6,304
Total shareholders' equity	5,530,738	7,757,859	1,204,002
Total liabilities and shareholders' equity	20,345,165	20,570,788	3,192,537

P&L Statement (1)

(In thousands, except for share and per share data)	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2020	2021		2020	2021	
	RMB	RMB	US\$	RMB	RMB	US\$
Operating revenue						
Online direct sales	461,959	400,223	62,114	1,473,075	1,235,391	191,730
Membership services	27,602	4,390	681	76,098	39,712	6,163
Other services	26,048	23,568	3,657	63,408	64,740	10,047
Online direct sales and services income	515,609	428,181	66,452	1,612,581	1,339,843	207,940
Loan facilitation and servicing fees-credit oriented	1,058,468	1,187,060	184,229	2,752,731	3,842,315	596,318
Interest and financial services income and other revenues	368,702	414,192	64,282	946,224	1,365,492	211,921
Guarantee income	597,542	164,052	25,460	1,981,113	602,696	93,537
Credit-oriented services income	2,024,712	1,765,304	273,971	5,680,068	5,810,503	901,776
Loan facilitation and servicing fees-performance based	580,358	692,630	107,494	1,251,341	1,808,804	280,722
Loan facilitation and servicing fees-volume based	33,375	82,680	12,832	68,104	222,164	34,479
Platform-based services income	613,733	775,310	120,326	1,319,445	2,030,968	315,201
Total operating revenue	3,154,054	2,968,795	460,749	8,612,094	9,181,314	1,424,917
Operating cost						
Cost of sales	(475,824)	(436,973)	(67,817)	(1,475,704)	(1,297,433)	(201,358)
Funding cost	(142,658)	(106,013)	(16,453)	(449,102)	(359,393)	(55,777)
Processing and servicing cost	(361,839)	(523,611)	(81,263)	(1,031,248)	(1,390,244)	(215,762)
Provision for credit losses of financing receivables	(217,222)	(216,344)	(33,576)	(628,384)	(499,977)	(77,595)
Provision for credit losses of contract assets and receivables	(104,452)	(127,958)	(19,859)	(254,578)	(486,593)	(75,518)
Provision for credit losses of contingent liabilities of guarantee	(873,936)	(51,374)	(7,973)	(2,660,101)	(610,658)	(94,773)
Total operating cost	(2,175,931)	(1,462,273)	(226,941)	(6,499,117)	(4,644,298)	(720,783)
Gross profit	978,123	1,506,522	233,808	2,112,977	4,537,015	704,134

P&L Statement (2)

(In thousands, except for share and per share data)	For the Three Months Ended September 30,			For the Nine Months Ended June 30,		
	2020	2021		2020	2021	
	RMB	RMB	US\$	RMB	RMB	US\$
Operating expenses						
Sales and marketing expenses	(359,828)	(490,934)	(76,192)	(931,130)	(1,331,252)	(206,607)
Research and development expenses	(118,325)	(130,996)	(20,330)	(379,141)	(385,650)	(59,852)
General and administrative expenses	(102,501)	(100,463)	(15,592)	(325,820)	(352,413)	(54,694)
Total operating expenses	(580,654)	(722,393)	(112,114)	(1,636,091)	(2,069,315)	(321,153)
Change in fair value of financial guarantee derivatives, net	(21,833)	(92,268)	(14,320)	(381,594)	42,166	6,544
Change in fair value of loans at fair value	(11,356)	11,513	1,787	(11,356)	(48,522)	(7,530)
Interest expense, net	(23,450)	(14,023)	(2,176)	(59,468)	(50,373)	(7,818)
Investment-related impairment	(35,370)	-	-	(35,370)	-	-
Investment income/(loss)	(1,293)	(1,656)	(257)	9,321	(4,053)	(629)
Others, net	85,241	(946)	(147)	83,295	59,889	9,295
Income/(loss) before income tax expense	389,408	686,749	106,581	81,714	2,466,808	382,843
Income tax (expense)/benefit	(44,713)	(105,987)	(16,449)	3,590	(388,303)	(60,264)
Net income/(loss)	344,695	580,762	90,132	85,304	2,078,505	322,579
Less: Net income attributable to non-controlling interests	-	279	43	-	326	51
Net income/(loss) attributable to ordinary shareholders	344,695	580,483	90,089	85,304	2,078,505	322,528