

Investor Presentation

Fourth Quarter and 2021 Results

01



Company Overview



Unique Exposure to Chinese Consumers

Serving individuals across a wide spectrum

200 million

Target customer base encompassing China's most active urban dwellers⁽¹⁾

Rmb6 trillion

Exposure to a vast consumer credit market⁽²⁾

Rmb18 trillion

Further potential from retail sales⁽³⁾

1. Estimated urban population aged 23-40

2. As of December 31, 2021, outstanding household loan except mortgage at RMB17 trillion; estimated 40% from the urban 23-40 group

3. Retail sales of RMB44 trillion for the year 2021; estimated 40% from the urban 23-40 group

Well-Positioned to Connect C to B and F

Unleashing the potential of the C-B-F trinity



Successful Execution of Business Transformation

Proactively responding to regulatory change and improving fundamentals

Stepping up compliance



- Conducting self-examination following the same requirements as the 13 platforms
- Engaging in frequent communications with regulators
- Upgrading internal processes

Stepping up customer management



- Enhancing the segmentation of customers
- Introducing more refined sales and customer management strategies

Stepping up risk management



- Enhancing risk identification and modeling
- Boosting quality of customer acquisition as well as loss prevention

Stepping up funding efficiency



- Optimizing funding structure and cost
- Broadening the cooperation with financial institutions
- Introducing more nationwide funding and expanding new channels like ABS

Continuous Innovation to Strengthen Competitiveness

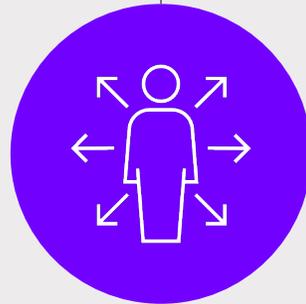
Striving to stay competitive and compliant

Customer Acquisition
Expanding the breadth and depth of offline channels



Customer Service
Enhancing the management of existing customers

Core Capability
Generating new revenue opportunities from exporting our niche in customer acquisition and risk management to financial institutions



Platform Business
Leveraging our insights into consumers to further build out e-commerce and to B solutions

2022 Management Priorities

Delivering sustainable long-term performance



Capability Buildup

Staying ahead of industry, ensuring our ability to lead in existing business and ability to innovate and expand into new areas



Talent Development

Ensuring the management system is aligned with strategy, strengthening our ability to attract and retain talent



Organizational Efficiency

Optimizing communication and collaboration between departments, and maintaining the entrepreneurial spirit and agility of a startup



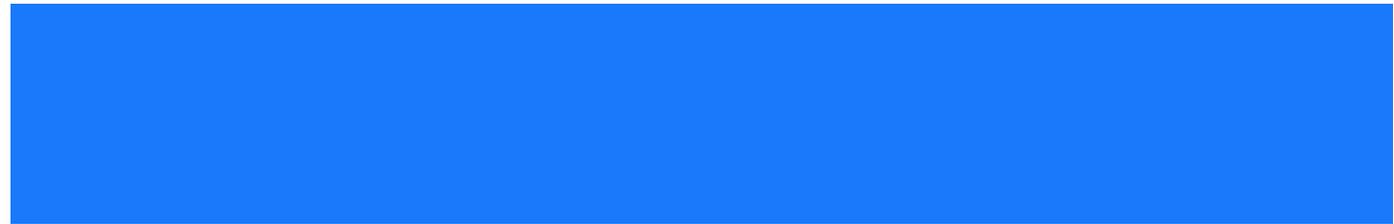
Management Upgrade

Increasing oversight and accountability, improving management efficiency and accuracy

02



Financial Update



2021 Highlights



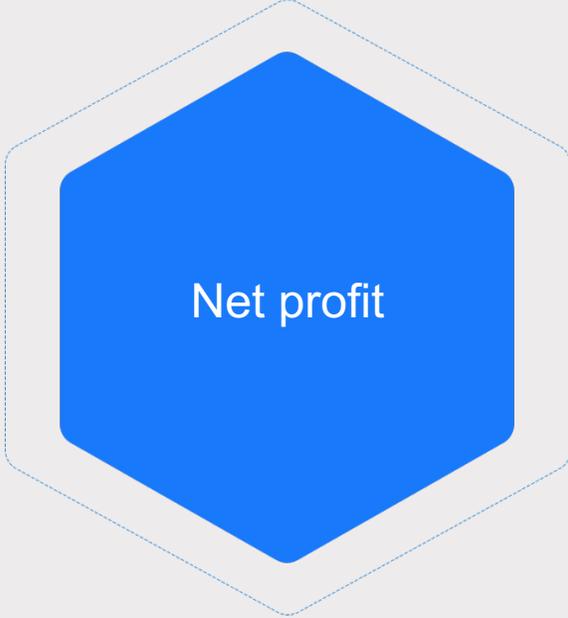
APR for loan
originations

25.8% in 4Q
vs 27.3% in 3Q



Mix within 24%
APR

59.3% in 4Q
+16.4ppt from 3Q



Net profit

RMB2,334m in FY21
+292.3% YoY

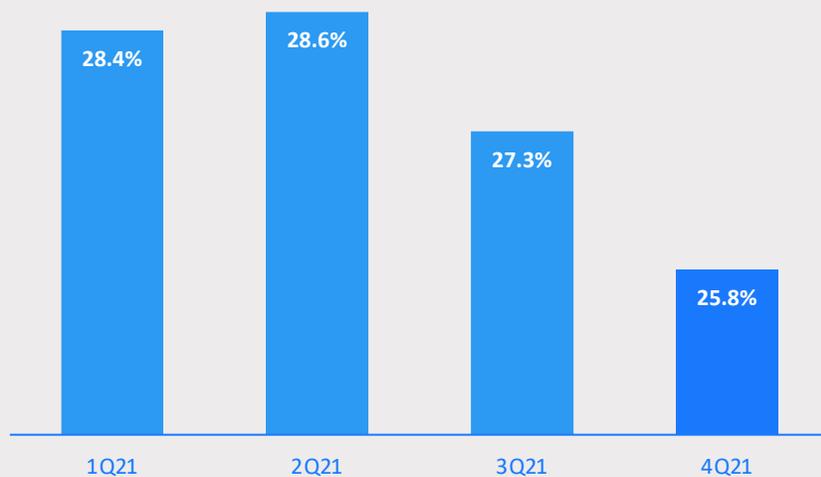
Key Financials

(Rmb000)	4Q20	4Q21	YoY	2020	2021	YoY
Online direct sales and services income	470,251	515,518	9.6%	2,082,832	1,855,361	-10.9%
Credit-oriented services income	1,845,513	1,145,307	-37.9%	7,525,581	6,955,810	-7.6%
Platform-based services income	717,397	538,386	-25.0%	2,036,842	2,569,354	26.1%
Total operating revenue	3,033,161	2,199,211	-27.5%	11,645,255	11,380,525	-2.3%
Total operating cost	1,513,070	986,953	-34.8%	8,012,187	5,631,251	-29.7%
Gross profit	1,520,091	1,212,258	-20.3%	3,633,068	5,749,274	58.2%
Total operating expenses	563,860	609,536	8.1%	2,199,951	2,678,851	21.8%
Net profit	509,676	255,611	-49.8%	594,980	2,334,116	292.3%

Solid Progress in Following Policy Direction

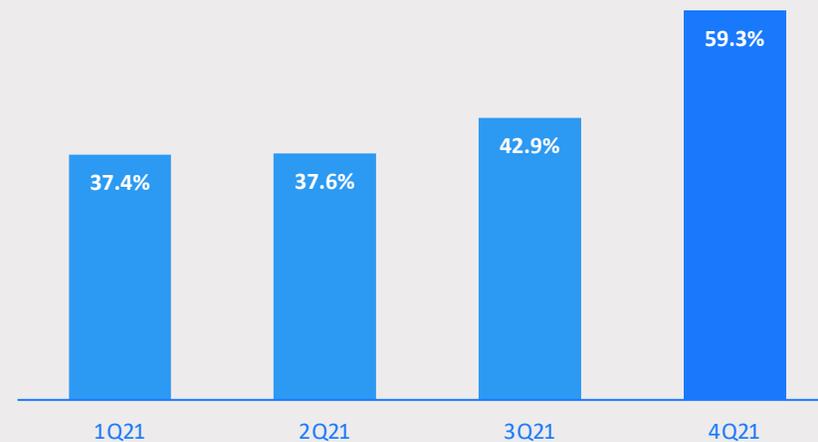
APR

QoQ
-1.5ppt



Mix Within 24% APR

QoQ
+16.4ppt



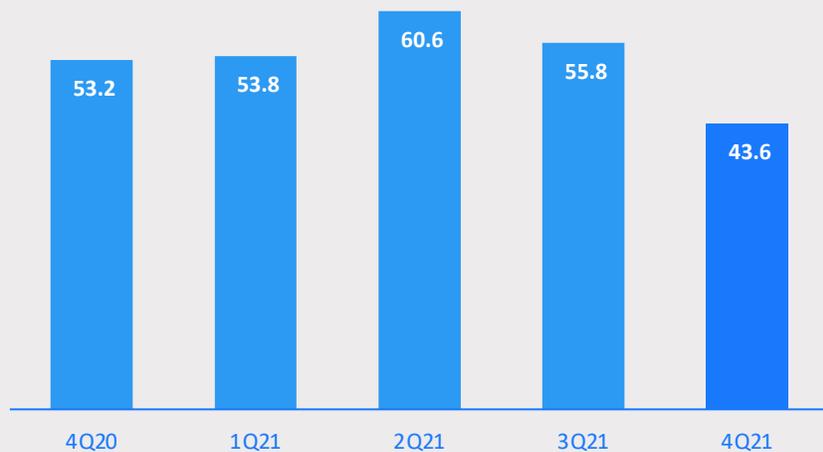
1. APR refers to the average pricing of loan originations during each period
2. Mix within 24% APR refers to percentage of loan originations priced within 24 for each period

Drop in Scale on Structural Change

Loan Originations

(RMB bn)

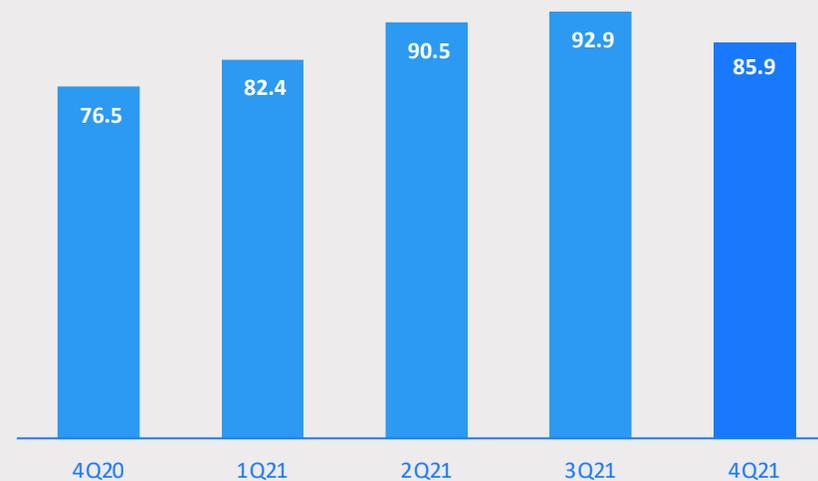
QoQ
-22.0%



Outstanding Loan Balance

(RMB bn)

QoQ
-7.5%



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

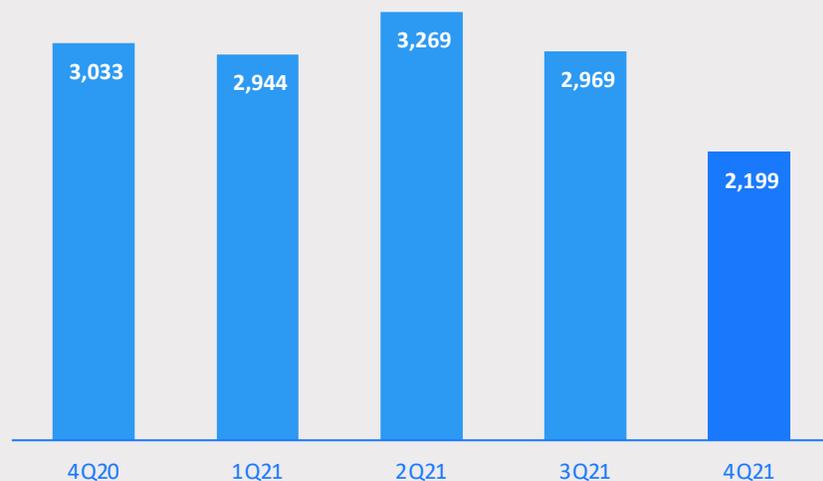
Revenue Performance Affected As Well

Operating Revenue

(RMBm)

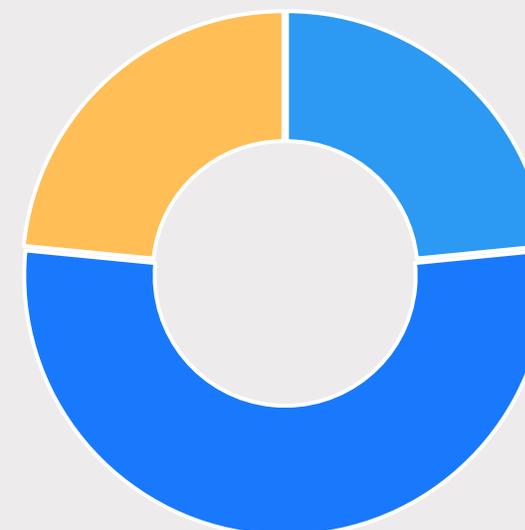
QoQ

-25.9%



Breakdown of Operating Revenue

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

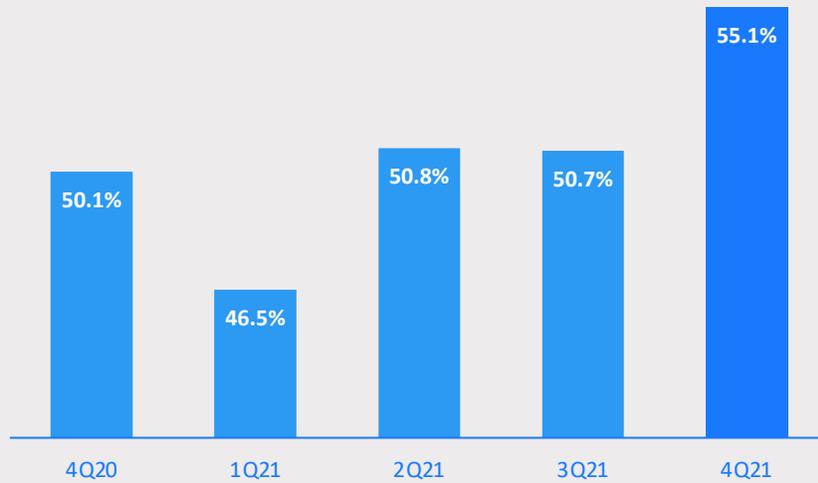


1. Breakdown of operating revenue for 4Q21

Gross Margin Higher on Improvement in New Lending

Gross Margin

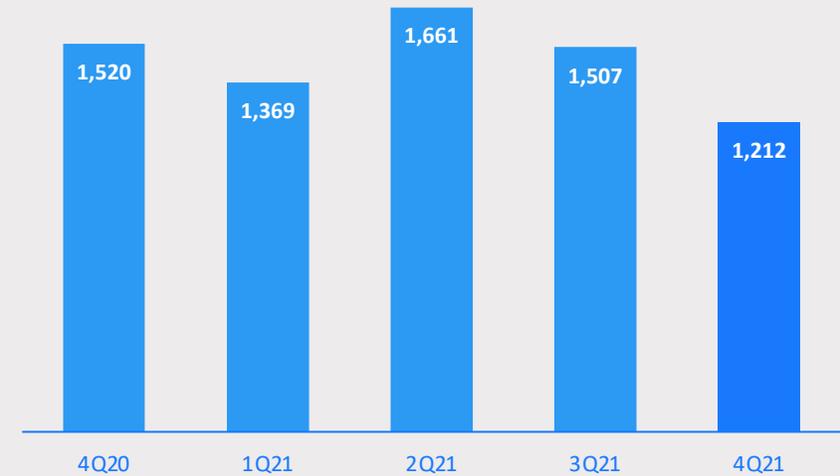
QoQ
+4.4ppt



Gross Profit

(RMBm)

QoQ
-19.5%



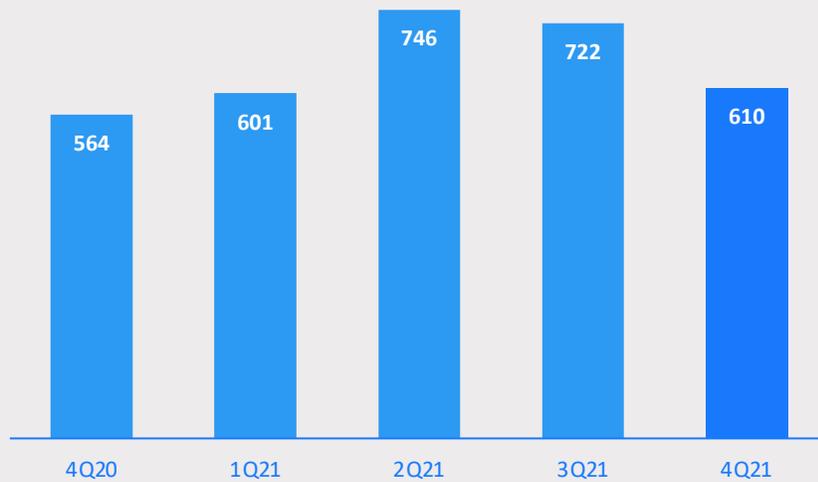
Sharper Focus on Operational Efficiency

Operating Expenses

(RMBm)

QoQ

-15.6%



Breakdown of Operating Expenses

- Sales & Marketing
- Research & Development
- General & Administrative



1. Breakdown of operating expenses for 4Q21

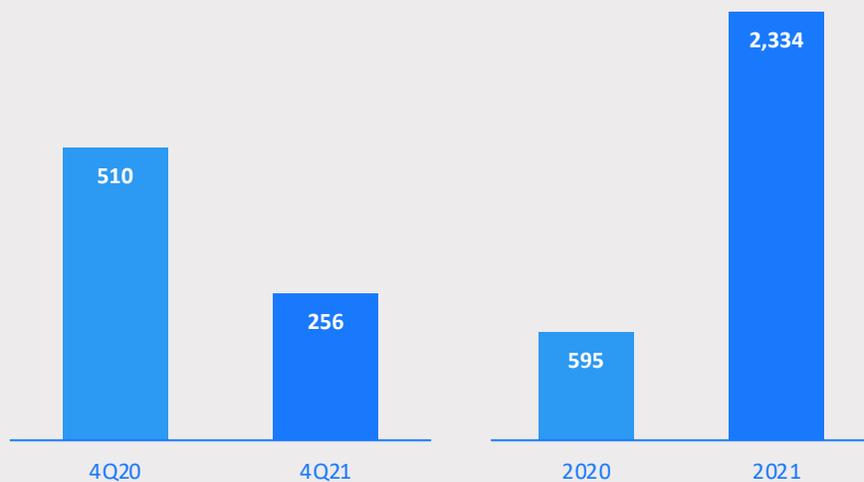
Record Profit in Full Year Despite Slowdown in Second Half

Net Profit

(RMBm)

YoY: 4Q
-49.8%

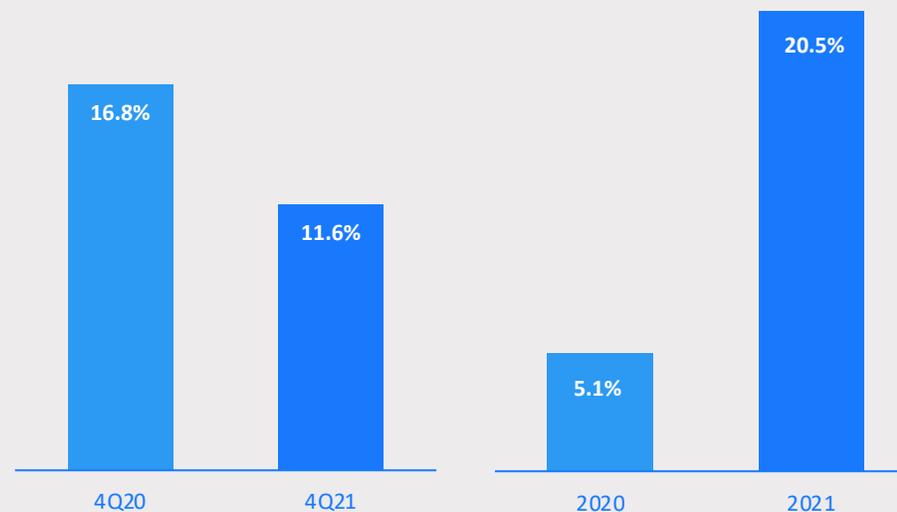
YoY: FY
+292.3%



Net Margin

YoY: 4Q
-5.2ppt

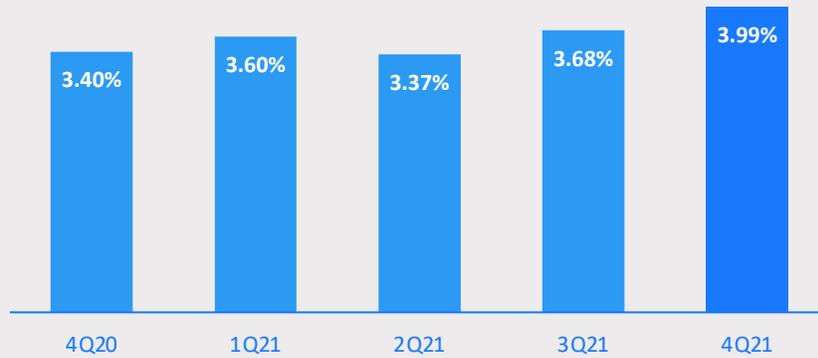
YoY: FY
+15.4ppt



Asset Quality Managed Through Turbulence

30+ Delinquency Ratio

QoQ
+31bps



90+ Delinquency Ratio

QoQ
+7bps

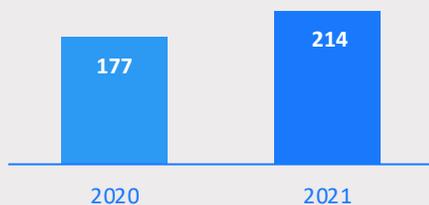


Annual Summary

Loan Originations

(RMBbn)

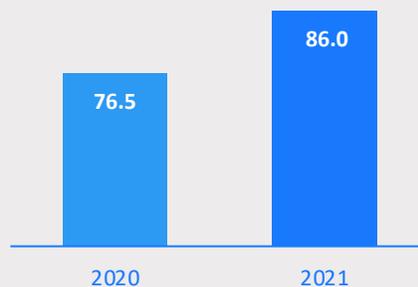
YoY
+21.0%



Outstanding Loan Balance

(RMBbn)

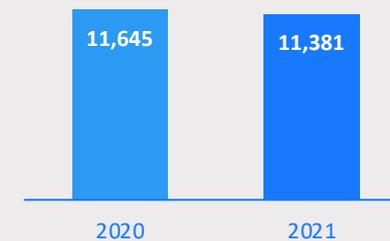
YoY
+12.4%



Operating Revenue

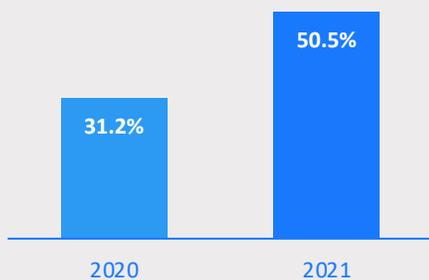
(RMBm)

YoY
-2.3%



Gross Margin

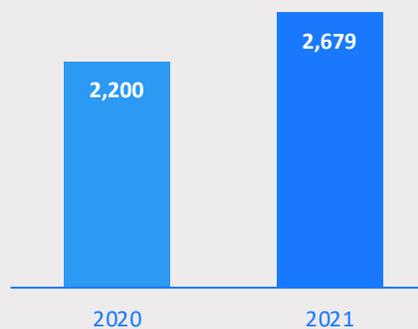
YoY
+19.3ppt



Operating Expenses

(RMBm)

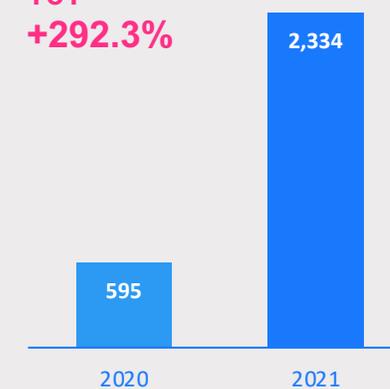
YoY
+21.8%



Net Profit

(RMBm)

YoY
+292.3%



03



Appendix



P&L Statement (1)

(In thousands, except for share and per share data)	For the Three Months Ended December 31,			For the Year Ended December 31,		
	2020	2021		2020	2021	
	RMB	RMB	US\$	RMB	RMB	US\$
Operating revenue:						
Online direct sales	427,760	425,765	66,812	1,900,835	1,661,156	260,672
Membership services	37,009	68,189	10,700	113,107	107,901	16,932
Other services	5,482	21,564	3,383	68,890	86,304	13,543
Online direct sales and services income	470,251	515,518	80,895	2,082,832	1,855,361	291,147
Loan facilitation and servicing fees-credit oriented	1,034,265	606,029	95,099	3,786,996	4,448,344	698,042
Interest and financial services income and other revenues	472,668	367,430	57,658	1,418,892	1,732,922	271,933
Guarantee income	338,580	171,848	26,967	2,319,693	774,544	121,543
Credit-oriented services income	1,845,513	1,145,307	179,724	7,525,581	6,955,810	1,091,518
Loan facilitation and servicing fees-performance based	679,494	480,648	75,424	1,930,835	2,289,452	359,265
Loan facilitation and servicing fees-volume based	37,903	57,738	9,060	106,007	279,902	43,923
Platform-based services income	717,397	538,386	84,484	2,036,842	2,569,354	403,188
Total operating revenue	3,033,161	2,199,211	345,103	11,645,255	11,380,525	1,785,853
Operating cost:						
Cost of sales	(431,804)	(462,523)	(72,580)	(1,907,508)	(1,759,956)	(276,176)
Funding cost	(140,735)	(98,222)	(15,413)	(589,837)	(457,615)	(71,810)
Processing and servicing cost	(381,964)	(468,657)	(73,543)	(1,413,212)	(1,858,901)	(291,702)
Provision for credit losses of financing receivables	(150,851)	98,873	15,515	(779,235)	(401,104)	(62,942)
Provision for credit losses of contract assets and receivables	(187,227)	(44,644)	(7,006)	(441,805)	(531,237)	(83,363)
Provision for credit losses of contingent liabilities of guarantee	(220,489)	(11,780)	(1,849)	(2,880,590)	(622,438)	(97,674)
Total operating cost	(1,513,070)	(986,953)	(154,876)	(8,012,187)	(5,631,251)	(883,667)
Gross profit	1,520,091	1,212,258	190,227	3,633,068	5,749,274	902,186

P&L Statement (2)

(In thousands, except for share and per share data)	For the Three Months Ended December 31,			For the Year Ended December 31,		
	2020	2021		2020	2021	
	RMB	RMB	US\$	RMB	RMB	US\$
Operating expenses:						
Sales and marketing expenses	(343,272)	(327,652)	(51,416)	(1,274,402)	(1,658,904)	(260,318)
Research and development expenses	(95,124)	(163,636)	(25,678)	(474,265)	(549,286)	(86,195)
General and administrative expenses	(125,464)	(118,248)	(18,556)	(451,284)	(470,661)	(73,857)
Total operating expenses	(563,860)	(609,536)	(95,650)	(2,199,951)	(2,678,851)	(420,370)
Change in fair value of financial guarantee derivatives and loans at fair value, net	(361,774)	(340,728)	(53,468)	(754,724)	(347,084)	(54,465)
Interest expense, net	(18,074)	(12,752)	(2,001)	(77,542)	(63,125)	(9,906)
Investment-related impairment	(33,786)	-	-	(69,156)	-	-
Investment (loss)/ income	(1,436)	(107)	(17)	7,885	(4,160)	(653)
Others, net	62,734	53,591	8,410	146,029	113,480	17,807
Income before income tax expense	603,895	302,726	47,501	685,609	2,769,534	434,599
Income tax expense	(94,219)	(47,115)	(7,393)	(90,629)	(435,418)	(68,327)
Net income	509,676	255,611	40,108	594,980	2,334,116	366,272
Less: Net income attributable to non-controlling interests	-	(423)	(66)	-	193	30
Net income attributable to ordinary shareholders of the Company	509,676	256,034	40,174	594,980	2,333,923	366,242

Balance Sheet (1)

(In thousands)	December 31, 2020	As of December 31, 2021	US\$
	RMB	RMB	
ASSETS			
Current assets			
Cash and cash equivalents	1,563,755	2,664,132	418,060
Restricted cash	1,112,152	1,305,435	204,851
Restricted time deposits	1,779,458	1,745,898	273,969
Short-term financing receivables	4,918,548	3,772,975	592,062
Loans at fair value	381,393	252,970	39,697
Accrued interest receivable	79,793	53,513	8,397
Prepaid expenses and other current assets	1,004,845	941,150	147,687
Amounts due from related parties	941	6,337	994
Deposits to insurance companies and guarantee companies	1,066,281	1,378,489	216,315
Short-term guarantee receivables	756,197	543,949	85,357
Short-term contract assets and service fees receivable	3,707,649	3,942,700	618,696
Inventories, net	47,170	47,816	7,503
Total current assets	16,418,182	16,655,364	2,613,588
Non-current assets			
Restricted cash	163,999	149,247	23,420
Long-term financing receivables	204,761	241,127	37,838
Long-term guarantee receivables	218,654	101,562	15,937
Long-term contract assets and service fees receivable	481,989	244,672	38,394
Property, equipment and software, net	125,694	195,330	30,652
Land use rights, net	1,000,467	966,067	151,597
Long-term investments	521,802	469,064	73,606
Deferred tax assets	747,332	1,176,878	184,678
Other assets	462,285	826,883	129,756
Total non-current assets	3,926,983	4,370,830	685,878
TOTAL ASSETS	20,345,165	21,026,194	3,299,466

Balance Sheet (2)

(In thousands)	December 31, 2020 RMB	As of December 31, 2021 RMB	US\$
LIABILITIES			
Current liabilities			
Accounts payable	42,961	15,705	2,464
Amounts due to related parties	67,514	23,102	3,625
Short-term borrowings	1,827,063	1,799,741	282,419
Short-term funding debts	4,685,935	3,101,381	486,674
Accrued interest payable	36,484	24,851	3,900
Deferred guarantee income	694,582	419,843	65,883
Contingent guarantee liabilities	1,738,787	928,840	145,755
Accrued expenses and other current liabilities	2,926,347	3,873,657	607,861
Total current liabilities	12,019,673	10,187,120	1,598,581
Non-current liabilities			
Long-term funding debts	825,814	696,852	109,351
Deferred tax liabilities	21,046	54,335	8,526
Convertible notes	1,920,227	1,882,689	295,435
Other long-term liabilities	27,667	137,389	21,559
Total non-current liabilities	2,794,754	2,771,265	434,871
TOTAL LIABILITIES	14,814,427	12,958,385	2,033,452
SHAREHOLDERS' EQUITY:			
Class A Ordinary Shares	176	180	28
Class B Ordinary Shares	58	57	9
Additional paid-in capital	2,724,006	2,918,993	458,054
Statutory reserves	649,234	901,322	141,437
Accumulated other comprehensive income	3,308	11,273	1,769
Retained earnings	2,113,956	4,195,791	658,411
Non-controlling interests	40,000	40,193	6,306
TOTAL SHAREHOLDERS' EQUITY	5,530,738	8,067,809	1,266,014
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	20,345,165	21,026,194	3,299,466