



趣店  
Qudian

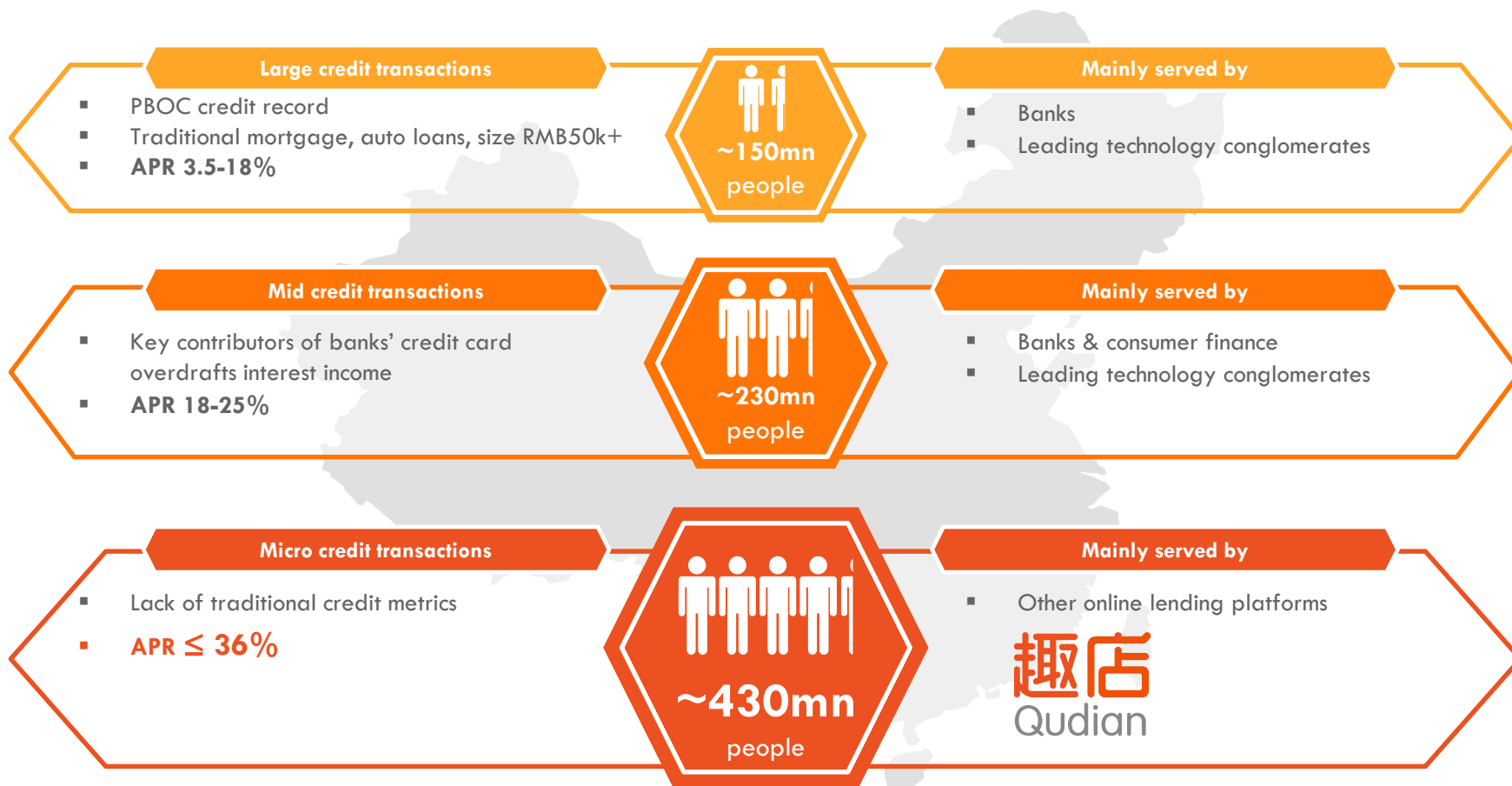
# Management Presentation

November 2019

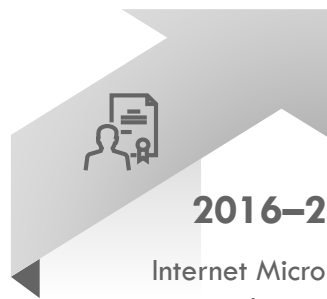
This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. Such statements are based upon management’s current expectations and current market and operating conditions, and relate to events that involve known or unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond the Company’s control, which may cause the Company’s actual results, performance or achievements to differ materially from those in the forward-looking statements. Further information regarding these and other risks, uncertainties or factors is included in the Company’s filings with the U.S. Securities and Exchange Commission. The Company does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under law.

In addition to U.S. GAAP financials, this presentation includes adjusted net income, a Non-GAAP financial measure. This Non-GAAP financial measure is not defined under U.S. GAAP and is not presented in accordance with U.S. GAAP. The Non-GAAP measure has limitations as an analytical tool and you should not consider it in isolation or as a substitute for an analysis of the Company’s results under U.S. GAAP. There are a number of limitations related to the use of the Non-GAAP financial measure versus its nearest GAAP equivalent. First, adjusted net income is not a substitute for net income or other consolidated statements of operations data prepared in accordance with U.S. GAAP. Second, other companies may calculate such Non-GAAP financial measure differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of the Non-GAAP financial measure as a tool for comparison. Finally, the Non-GAAP financial measure does not reflect the impact of share-based compensation expenses, which have been and may continue to be incurred in the Company’s business. See the Appendix for reconciliation between adjusted net income to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP, which is net income.

# Focused on Serving the Massive Underbanked



# Agile Upgrades to Lead Regulatory Compliance



**2016–2017**

Internet Micro-Lending  
License



**2018–2019+**

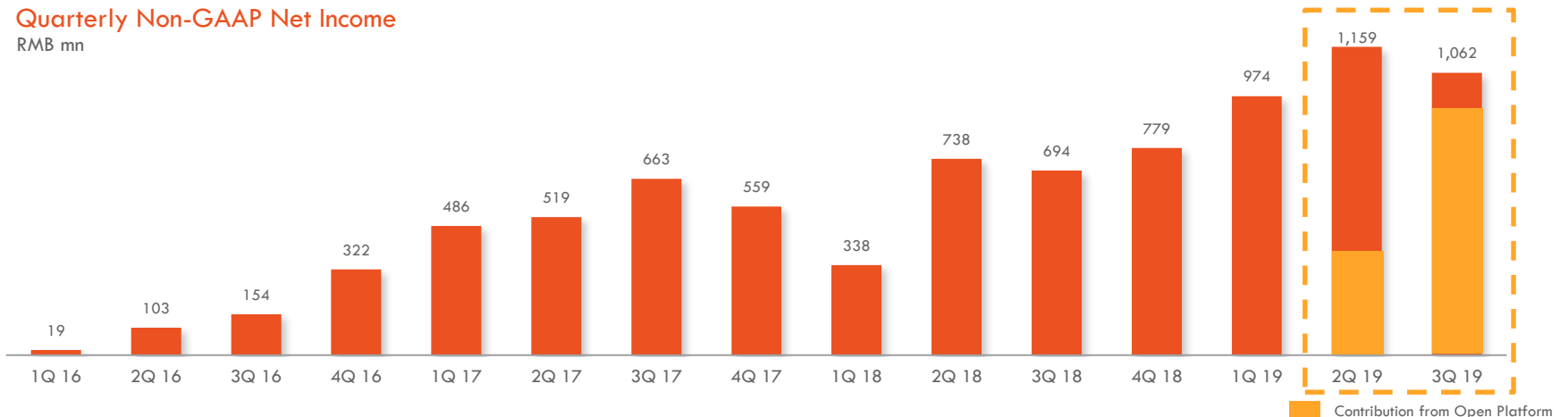
Fully Licensed F.I. Assisted &  
Entrusted Loans with Underwriting



**2019+**

Open Platform with Licensed  
F.I. with No Underwriting

Quarterly Non-GAAP Net Income  
RMB mn



Focus on the same  
massive market

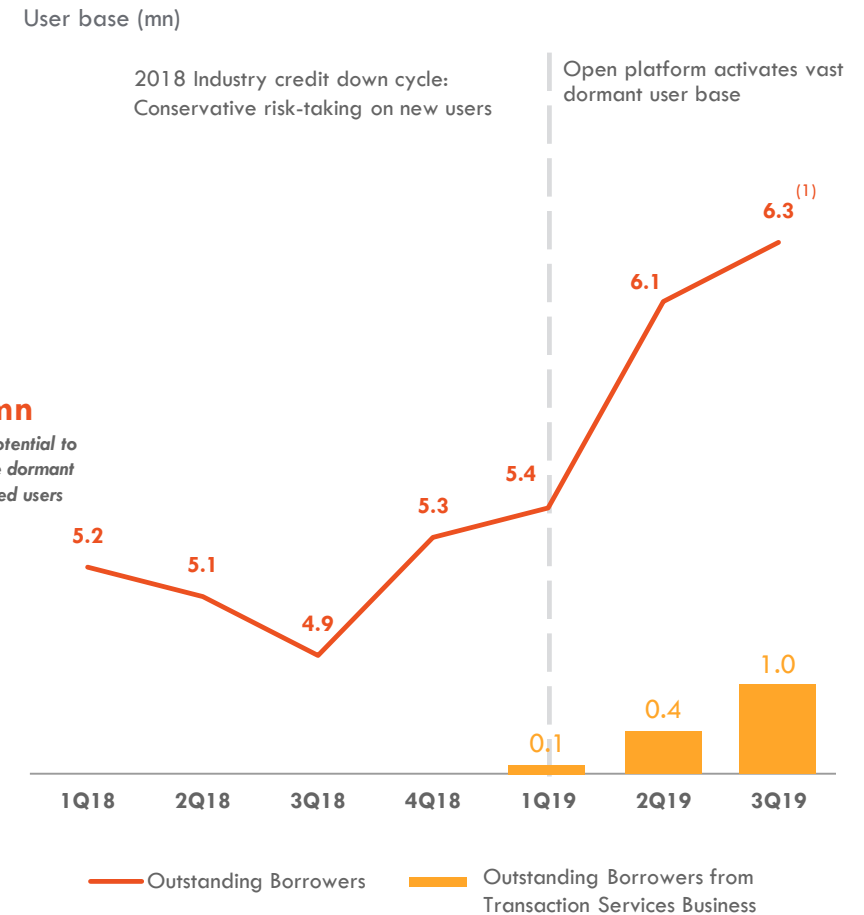
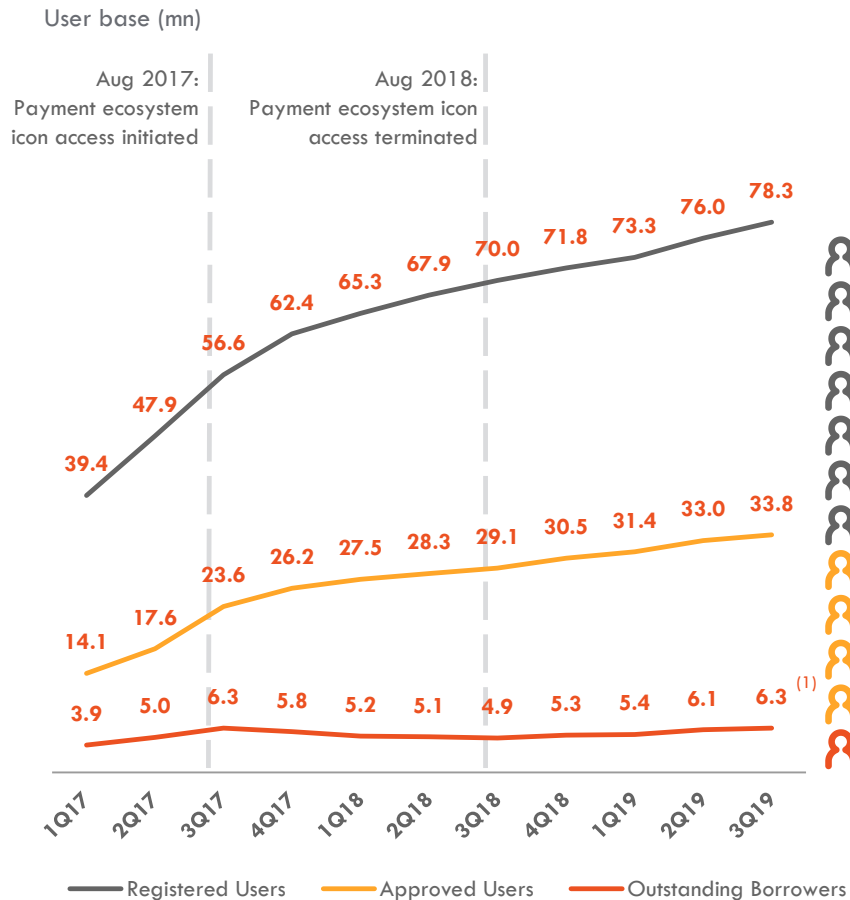


Lead the industry on road  
to compliance



Highly sustainable  
profitability

# Massive Under-penetrated User Base



Note:  
(1) Include outstanding borrowers from both loan book business and transaction referral business

# Our Tech-driven Business Model

## Leading Innovations in Fintech



Distributed Clearing  
Technology



Big-data  
Credit-tech



App & H5 based  
Seamless User Interface



## Monetization of Technology

### Open Platform



Credit Solution-  
as-a-Service



Full suite tech  
infrastructure  
support



Zero credit risk  
& low  
operational cost

### Small Credit Facilitation



Credit  
facilitation  
services



Trained and  
tested tech  
infrastructure

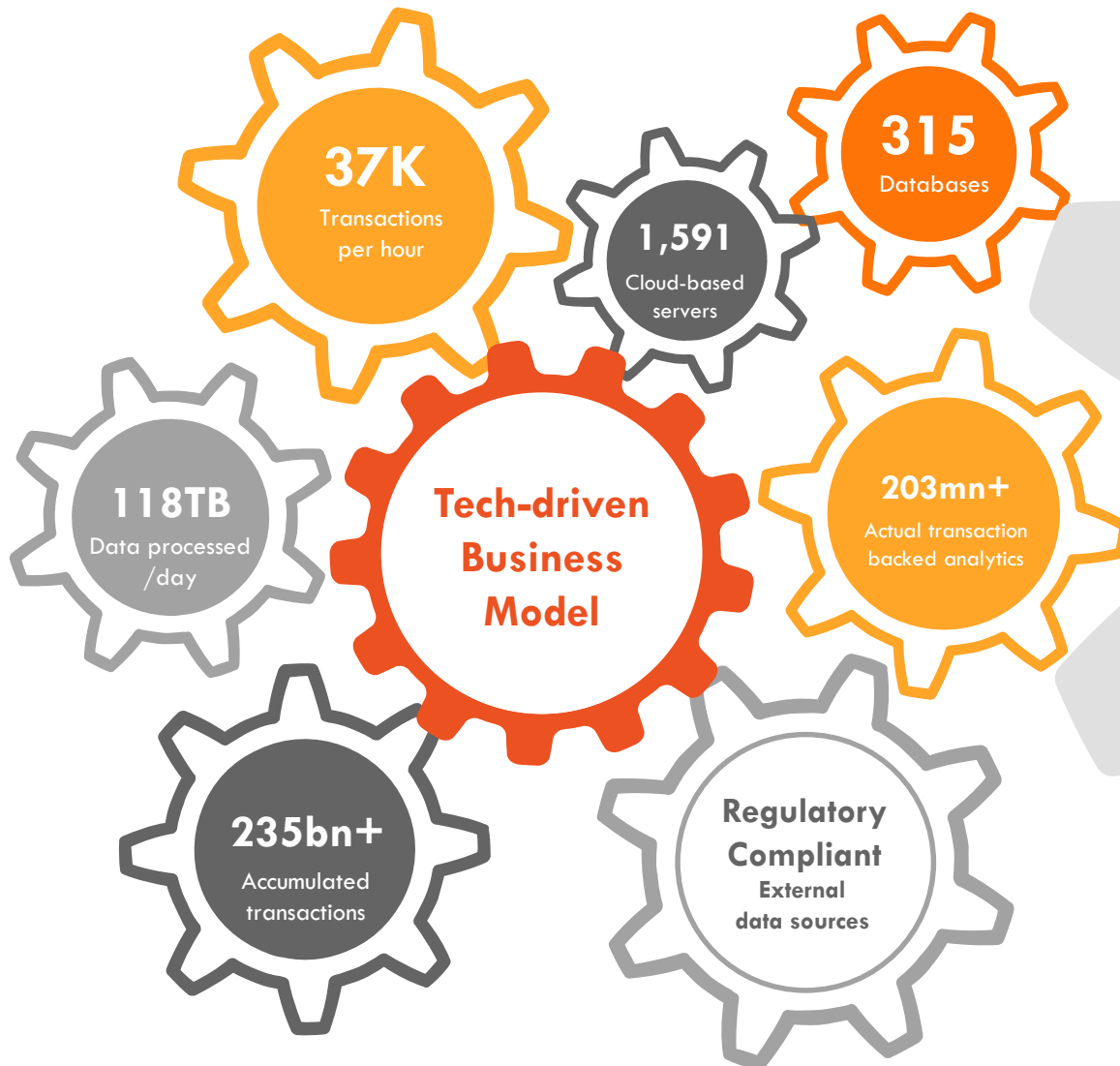


Credit  
underwriting  
services



# Unique Business Model Based Upon Proprietary Technology

## Massive Amount of Data



## Technology Infrastructure



### Credit & Anti-fraud Assessment Model

800+ decision rules  
6,000+ data variables  
QD score



### Centralized Fund Matching System

100+ licensed F.I. integrated



### Transaction Clearing System

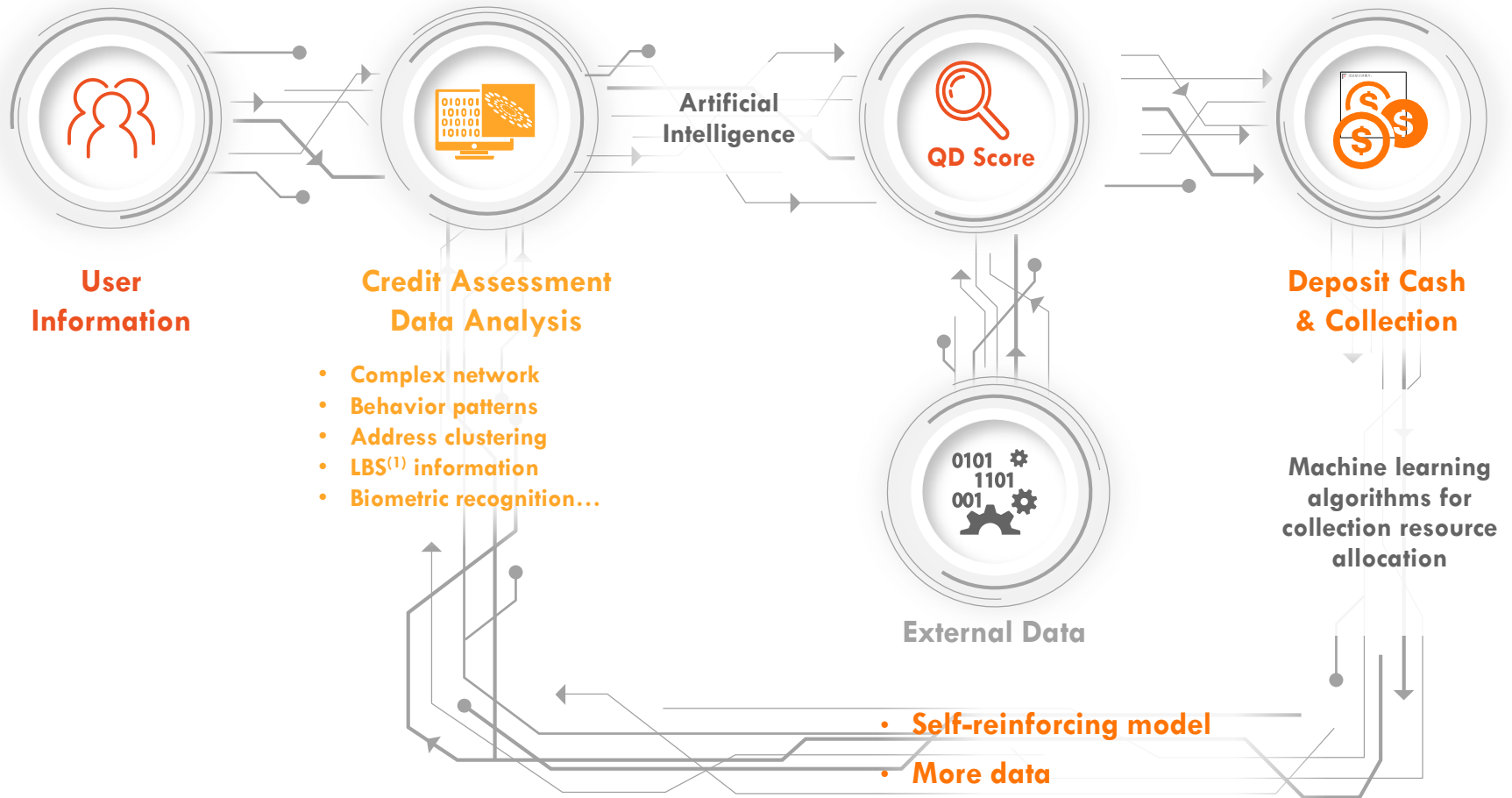
T+0 bank-level clearance and settlement



### Full Cloud-based Technologies

Scalable, efficient, stable and secure

# Tech-enabled Credit Analysis and Serving Process

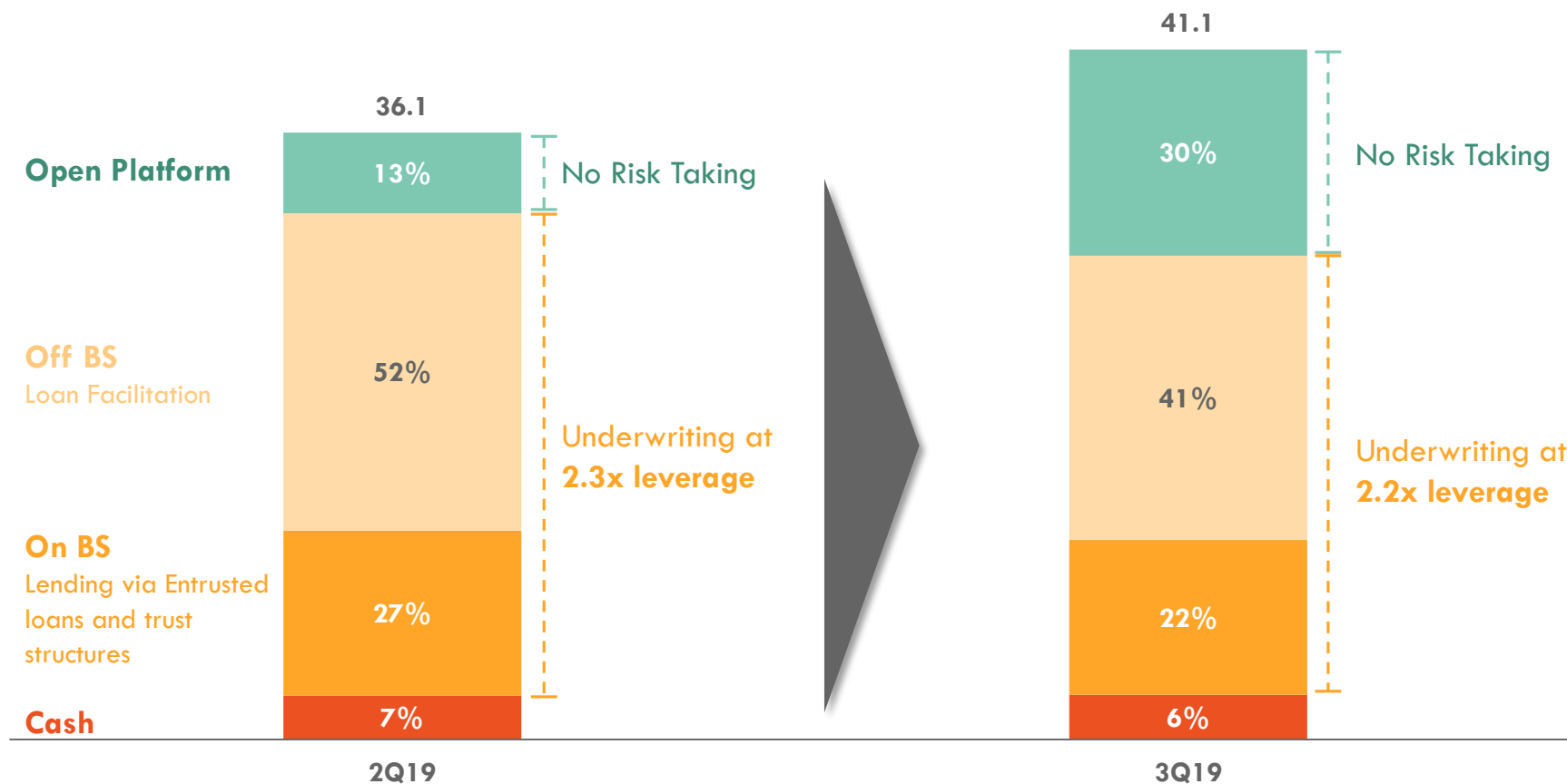




# Lower-risk Capital Structure While Capturing Sustainable Growth

## Capital Structure

(RMB bn)



# Qudian's Rigorous Method of Calculating Interest Rate

Using a RMB1,000 Loan  
for Illustration Only

Qudian's IRR Method

APR Method

Monthly IRR  
 $3\% \times 12$  = Annualized  
IRR 36%

OR

APR 20.6% =

<sup>A</sup> Total Repayments  $100.5 \times 12$   
– Principle 1,000  
Principle 1,000

## Equal Monthly Repayments Illustration

RMB unless otherwise stated

Time Period (Month)	0	1	2	3	4	5	6	7	8	9	10	11	12
Qudian Cash Flow	(1,000.0)	<sup>A</sup> 100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.5
<sup>A</sup> RMB100.5 borrower monthly repayment is calculated based on pre-determined 3% monthly IRR, 12 periods (months), and initial loan principal of RMB1,000													
Beginning Loan Balance	1,000.0	929.5	857.0	782.2	705.2	625.9	544.2	460.1	373.4	284.2	192.2	97.5	
(+) Interests		30.0	27.9	25.7	23.5	21.2	18.8	16.3	13.8	11.2	8.5	5.8	2.9
<sup>A</sup> (-) Repayments		(100.5)	(100.5)	(100.5)	(100.5)	(100.5)	(100.5)	(100.5)	(100.5)	(100.5)	(100.5)	(100.5)	(100.5)
Ending Loan Balance	1,000.0	929.5	857.0	782.2	705.2	625.9	544.2	460.1	373.4	284.2	192.2	97.5	0.0

A low-angle, upward-looking photograph of several modern skyscrapers. The image is heavily overlaid with a semi-transparent orange color, creating a monochromatic effect. The perspective makes the buildings appear to converge towards the top of the frame.

趣店  
Qudian

## 1. Overview of Open Platform

# 3Q19 Segment Highlights



**1.1mn** cumulative number of borrowers referred to funding partners/financial service providers

As of Sep 30, 2019



**11** F.I. funding partners

As of Sep 30, 2019



**RMB993mn** revenue generated<sup>(1)</sup>

During 3Q19



**RMB12.2bn** loan balance

As of Sep 30, 2019



**<2.7%** M1+ delinquency rate<sup>(2)</sup>

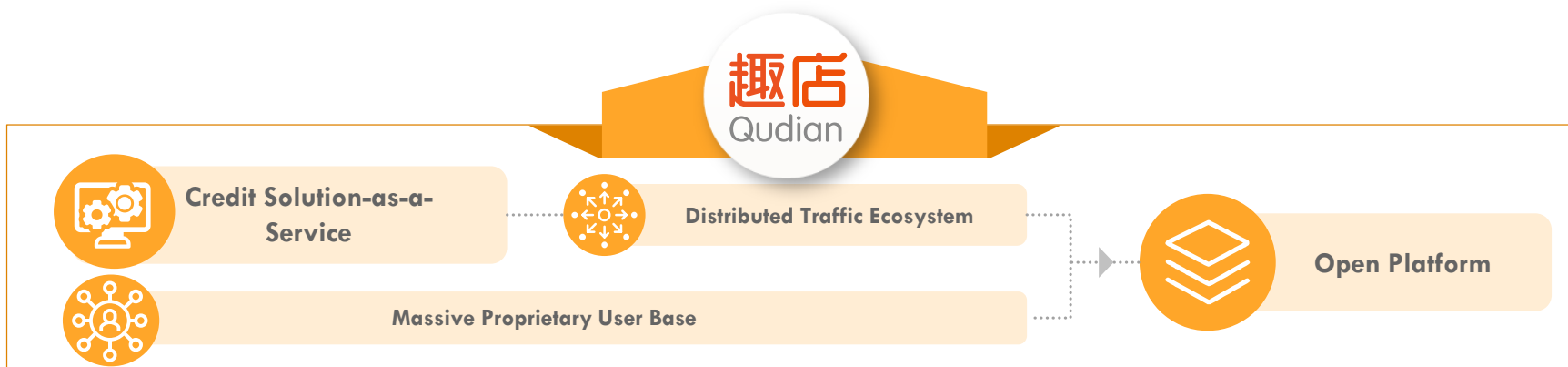
For loans generated in 4Q2018 through Sep 30, 2019



**13.0 Months** loan tenure

**RMB12k** loan balance per borrower

During 3Q19



Notes:

(1)  
(2)

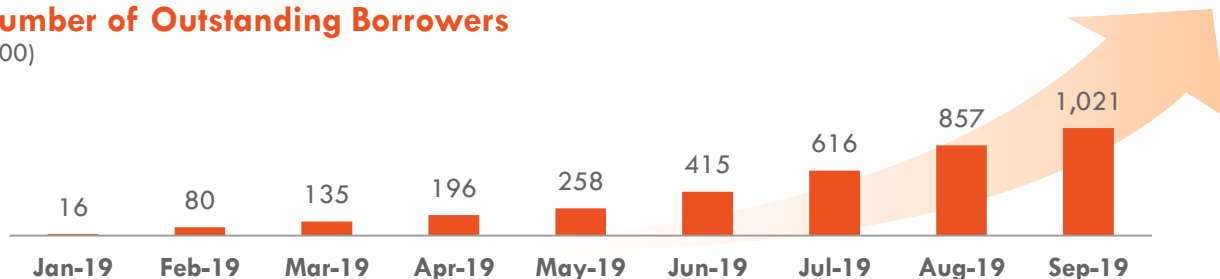
Includes transaction services fee and other related income for both traffic referral and transaction referral service

M1+ delinquency rate by vintage is defined as the total balance of outstanding principal of a vintage for which any installment payment is over 30 calendar days past due as of a particular date (adjusted to reflect total amount of recovered past due payments for principal and without taking into account charge-offs), divided by the total initial principal in such vintage

# Rapid Growth since Inception with Massive Market Potential

## Number of Outstanding Borrowers

('000)

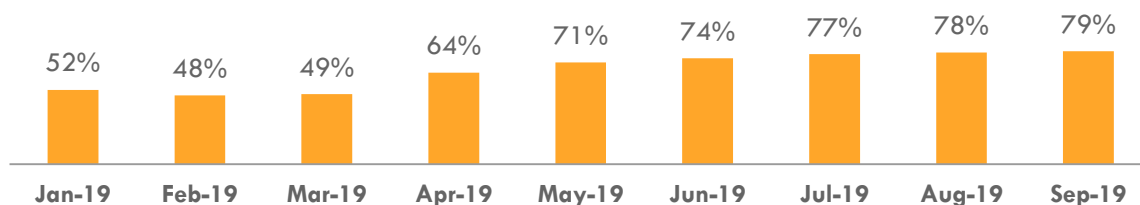


**21 mn** Earmarked  
users within registered  
base



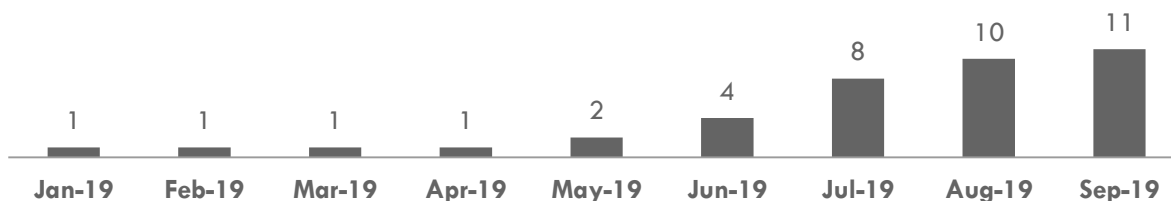
**Significant**  
Borrower growth

## Borrowers Repeat Rate <sup>(1)</sup>



**High**  
Borrower repeat rate

## Number of Funding Partners



**Massive**  
Target 5,000+ potential  
F.I.s

Note:

(1) Repeat user ratio refers to the ratio of (i) users who have made at least two drawdowns on the open-platform and have at least RMB1,000 of remaining credit during the month, divided by (ii) users who have made at least one drawdown on the open-platform and have at least RMB1,000 of remaining credit line during the month

# Our Open Platform Creates a New Risk-free Growth Avenue

## Online Traffic Aggregation and Distribution

- Access large potential borrower pool
- High quality borrowing-centric traffic

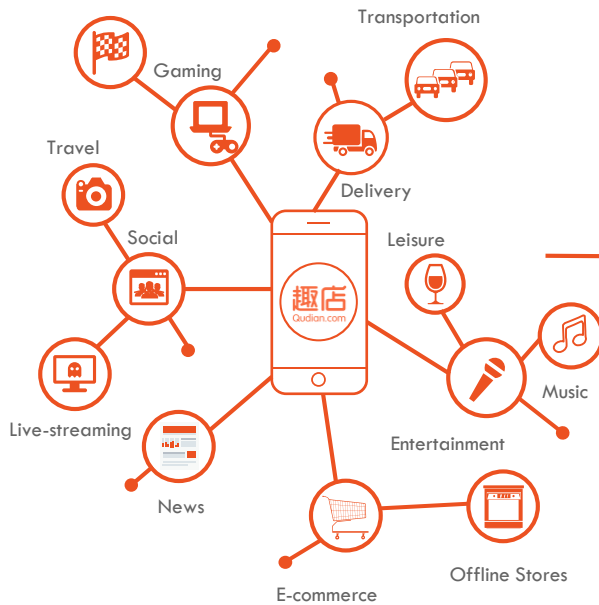
## Big-data Driven Credit Analysis

- Behavioral based
- A.I. & Machine learning powered

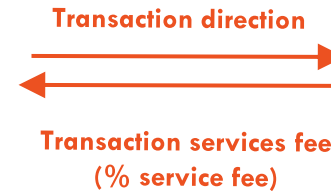
## Real Time Transaction Services & Settlement

- Automated funding matching and clearing
- Risk-free revenue

E-sports Competition



趣店  
Qudian



**Licensed funding partners**



**One-stop consumer solution for borrowers**



**Tailored credit products available within seconds**

# Breakthrough in Micro Syndication

## Loan application

## Loan syndication<sup>(1)</sup>

## Post loan monitoring

### Multi-layer risk management



Big-data credit tech



Traditional risk assessment

### Loan syndication backed by seamless system integration



Syndicated to multiple funding partners



Co-funded with QD's own equity

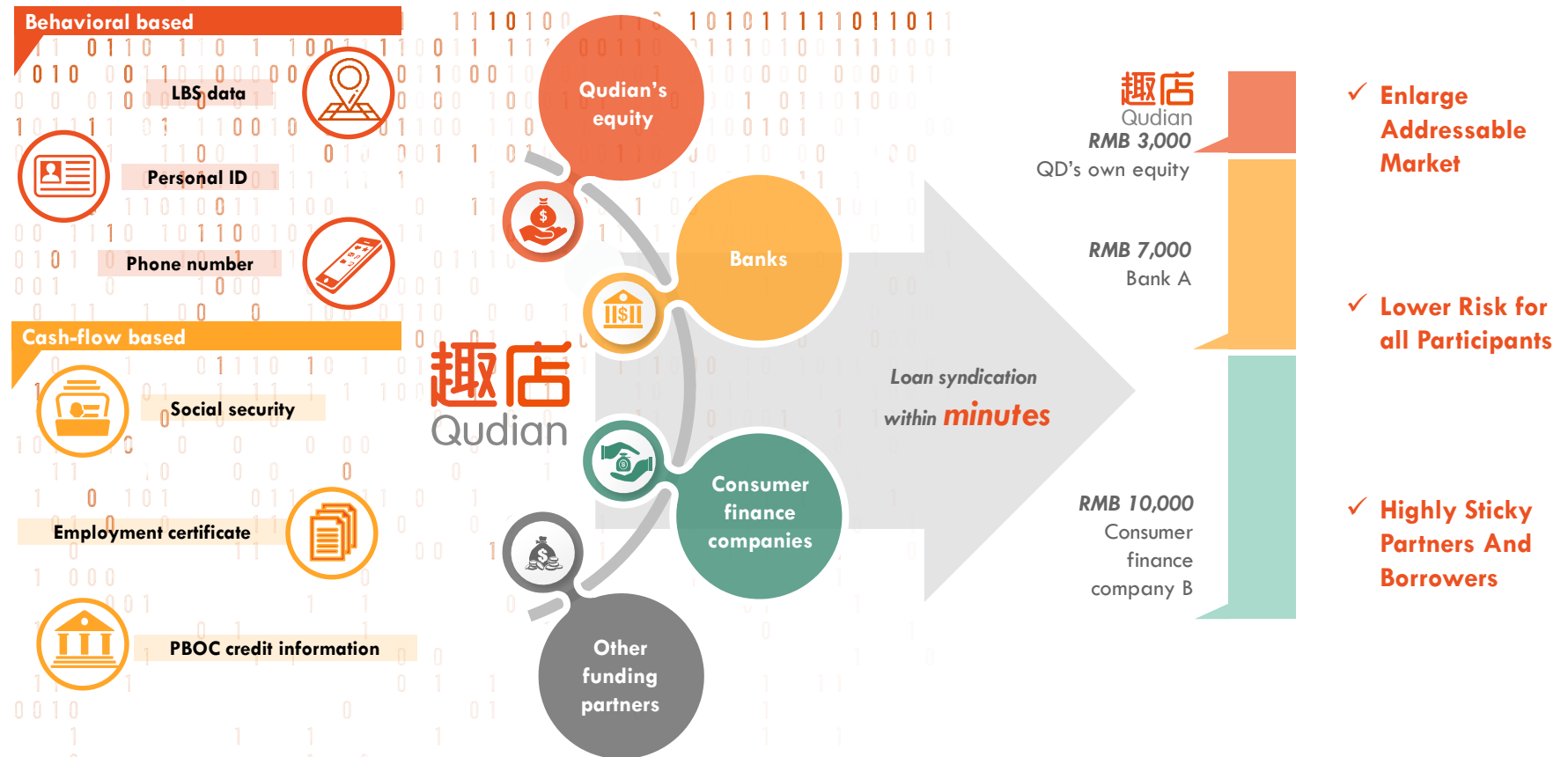
### Real-time information sharing among syndicated parties



Real-time monitoring



Dynamic adjustment of credit limit



Note:

(1) QD system will form a syndication group to provide credit line for the borrower matching requirements of different funding parties. QD will contribute a portion using own equity, then banks and consumer finance companies will bid for the credit limit based on their desired risk appetite. For illustration purpose on this page, a total credit line of RMB20,000 is formed by RMB3,000 from QD, RMB7,000 from bank A and RMB10,000 from consumer finance company B. All information flow including ongoing repayment patterns are shared real-time with the syndicated partners so that credit limit are dynamically adjusted





## 2. Overview of Small Credit Facilitation

# 3Q19 Segment Highlights



**33.8mn** users with approved credit

As of Sep 30, 2019



**RMB14.7bn** total amount of transactions

During 3Q19



**6.1mn** outstanding borrowers<sup>(1)</sup>

As of Sep 30, 2019



**RMB26.1bn** outstanding loans<sup>(2)</sup>

As of Sep 30, 2019



**<5.1%** M1+ delinquency rate<sup>(3)</sup>

**<3.2%** M6+ charge-off rate<sup>(4)</sup>

For loans generated in 2017 through Sep 30, 2019



**10.4 Months** loan tenure

**RMB1,857** average ticket size

During 3Q19



Serve the “**credit underserved**”



Superior **efficiency**  
enabled by technology



**Massive** amount  
of high frequency  
data



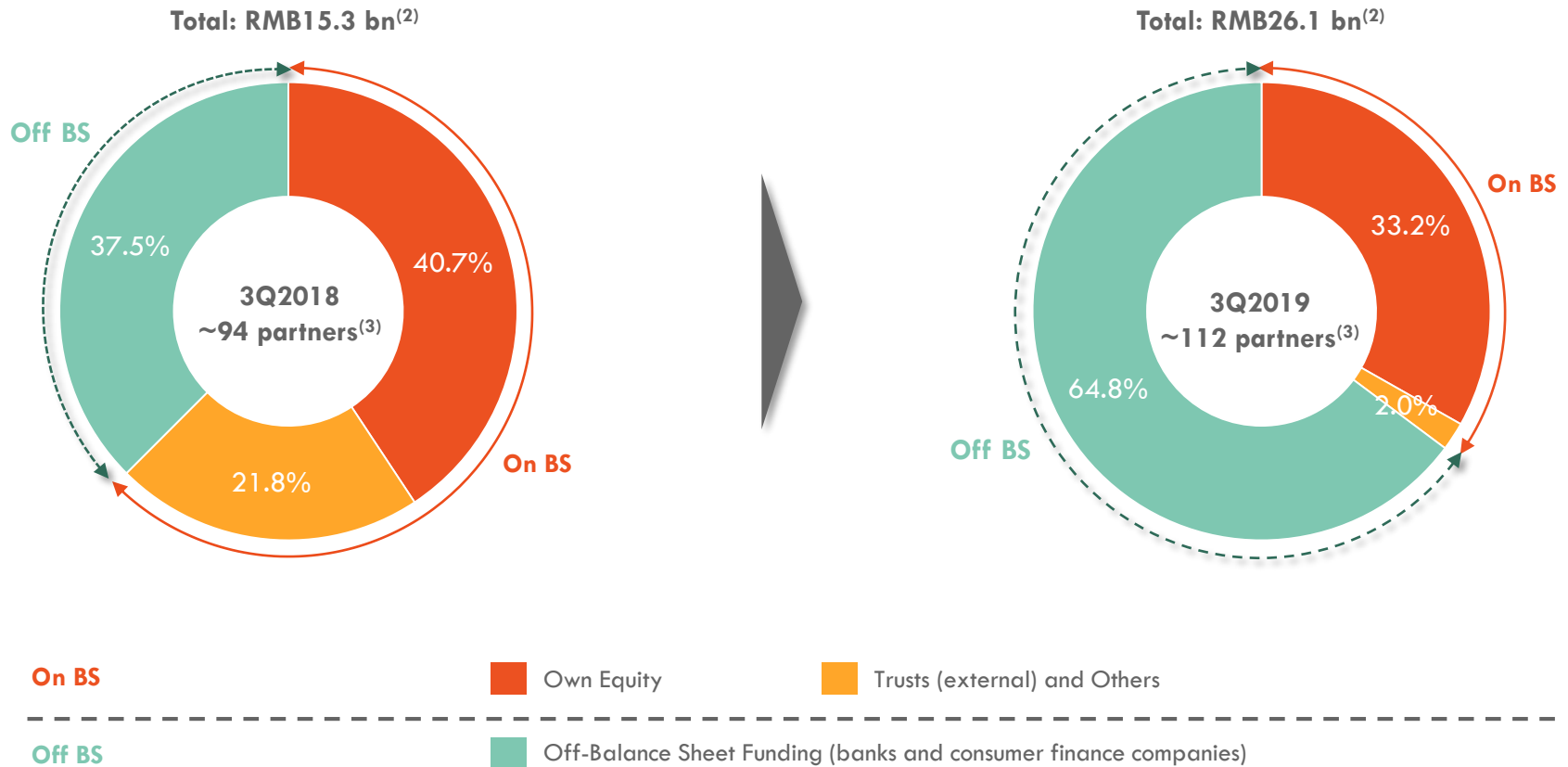
**Consumption**  
scenarios

## Notes:

- (1) Borrowers who have loans outstanding as of Sep 30, 2019, including outstanding borrowers from loan book business only  
(2) Includes off and on balance sheet loans directly or indirectly funded by our institutional funding partners or our own capital, net of cumulative write-offs and it does not include auto loans from Dabai Auto business and loans from transaction referral business  
(3) M1+ delinquency rate by vintage is defined as the total balance of outstanding principal of a vintage for which any installment payment is over 30 calendar days past due as of a particular date (adjusted to reflect total amount of recovered past due payments for principal, before charge-offs), divided by the total initial principal in such vintage  
(4) M6+ charge-off rate is defined as the total off + on outstanding principal balance of the loans that are charged off during a specified period, divided by the total initial principal of the loans originated in such vintage

# Continued Funding Increase & Partnership Expansion

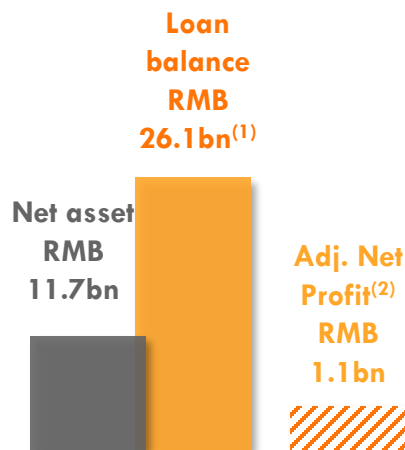
Continue to increase off BS funding and expand partnerships <sup>(1)</sup>



Notes:

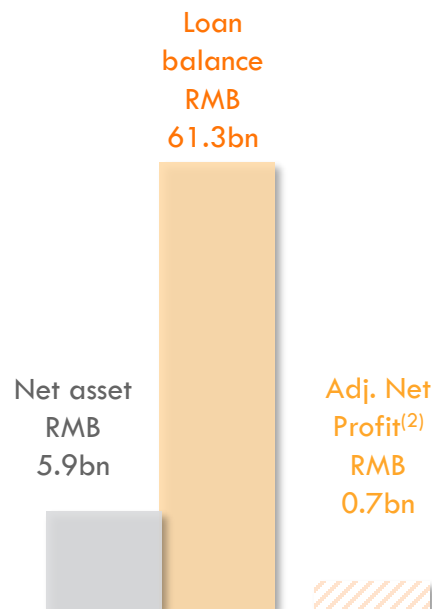
- (1) Based on y-o-y comparison of outstanding principal as end of each fiscal period  
(2) Includes both on-balance and off-balance sheet loan principal outstanding  
(3) Cumulative number of funding partners, including open-platform business

# Loan Book at Stable and Healthy Leverage



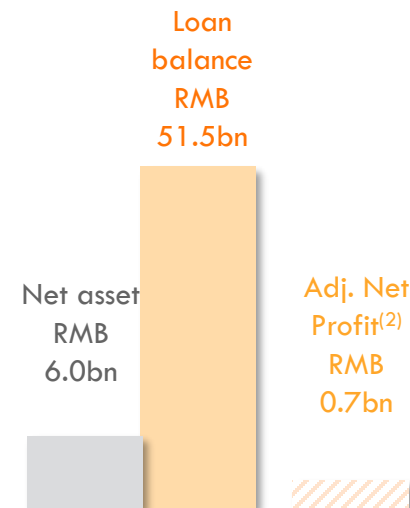
As of 3Q2019

## Listed Company A



As of 2Q2019

## Listed Company B



As of 3Q2019

**Leverage Ratio<sup>(3)</sup>**

2.2x

10.4x

8.6x

**Adj. Net Profit Margin<sup>(2)</sup>**

41.0%

31.1%

22.7%

Notes:

(1) Includes off and on balance sheet loans directly or indirectly funded by our institutional funding partners or our own capital, net of cumulative write-offs and it does not include auto loans from Dabai Auto business and loans from transaction referral business

(2) Adjusted for share-based compensation expense

(3) Leverage ratio = Outstanding balance of both on-balance sheet and off-balance sheet loan / net asset



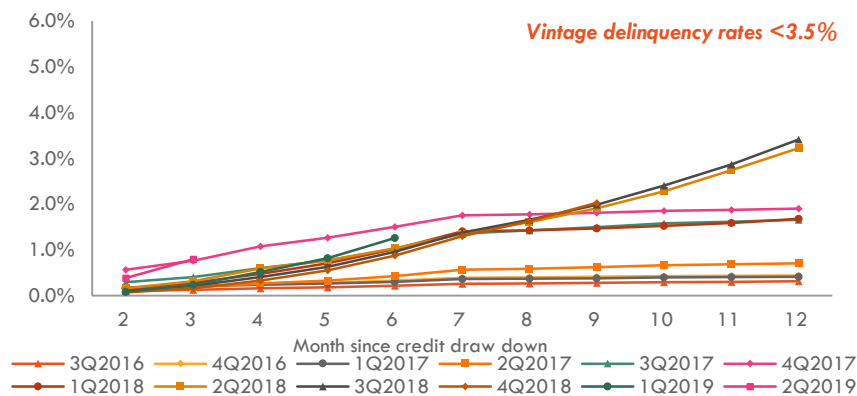


### **3. Disclosure of Risk Metrics**

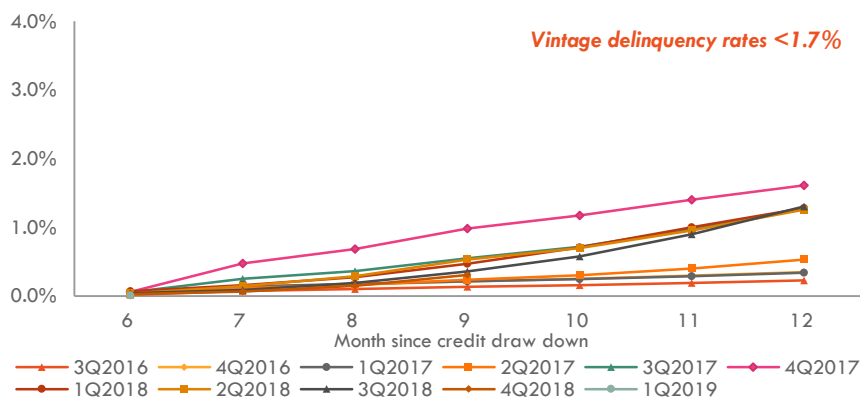
# Credit Performance Managed within Targets

## Only Include Current Receivables at Risk

### M1+ Delinquency Rate by Vintage<sup>(1)</sup>

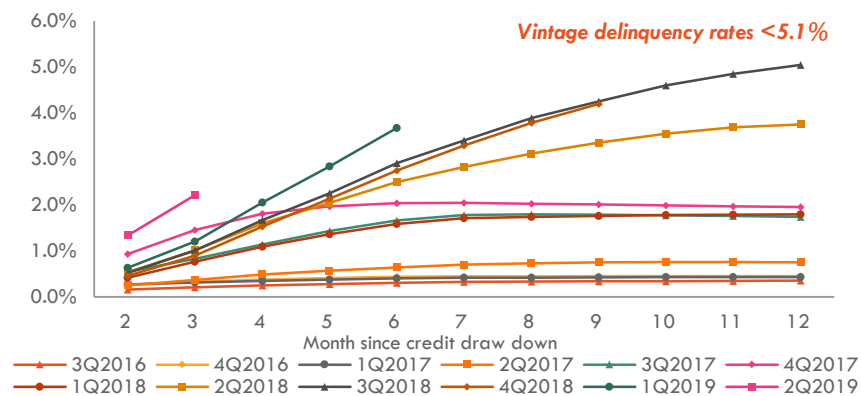


### M6+ Charge-off Rate by Vintage<sup>(3)</sup>

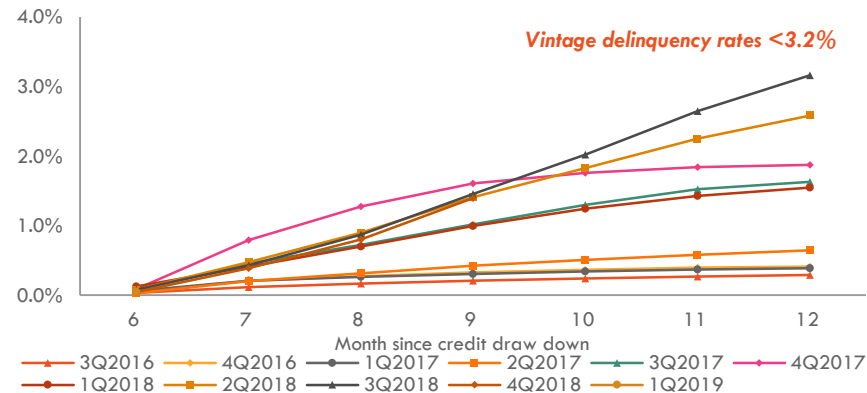


## Include Total Potential Receivables at Risk

### M1+ Delinquency Rate by Vintage<sup>(2)</sup>



### M6+ Charge-off Rate by Vintage<sup>(4)</sup>



#### Notes:

- (1) Current receivables at risk M1+ delinquency rate by vintage refers to, with respect to on- and off-balance sheet transactions facilitated during a specified time period, the actual outstanding principal balance of the transactions that are delinquent for more than 30 days during such period, divided by the total initial principal of the transactions facilitated in such vintage
- (2) Total potential receivables at risk M1+ delinquency rate by vintage refers to, with respect to on- and off-balance sheet transactions facilitated during a specified time period, the total potential outstanding principal balance of the transactions that are delinquent for more than 30 days during such period, divided by the total initial principal of the transactions facilitated in such vintage
- (3) Current receivables at risk vintage charge-off rate refers to, with respect to on- and off-balance sheet transactions facilitated during a specified time period, actual outstanding principal balance of the transactions that are delinquent for more than 180 days during such period, divided by the total initial principal of the transactions facilitated in such vintage
- (4) Total potential receivables at risk vintage charge-off rate refers to, with respect to on- and off-balance sheet transactions facilitated during a specified time period, the total potential outstanding principal balance of the transactions that are delinquent for more than 180 days during such period, divided by the total initial principal of the transactions facilitated in such vintage

# Delinquent Rate Measurement Comparison

For illustration purpose, assuming a loan with RMB1,000 principal and 10 months draw down

RMB

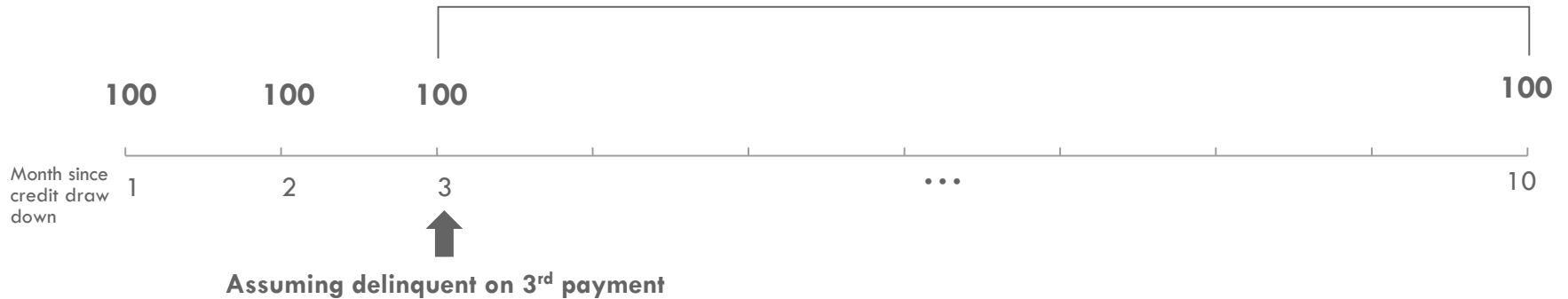
Current Receivables at Risk

100  
—  
1,000

VS

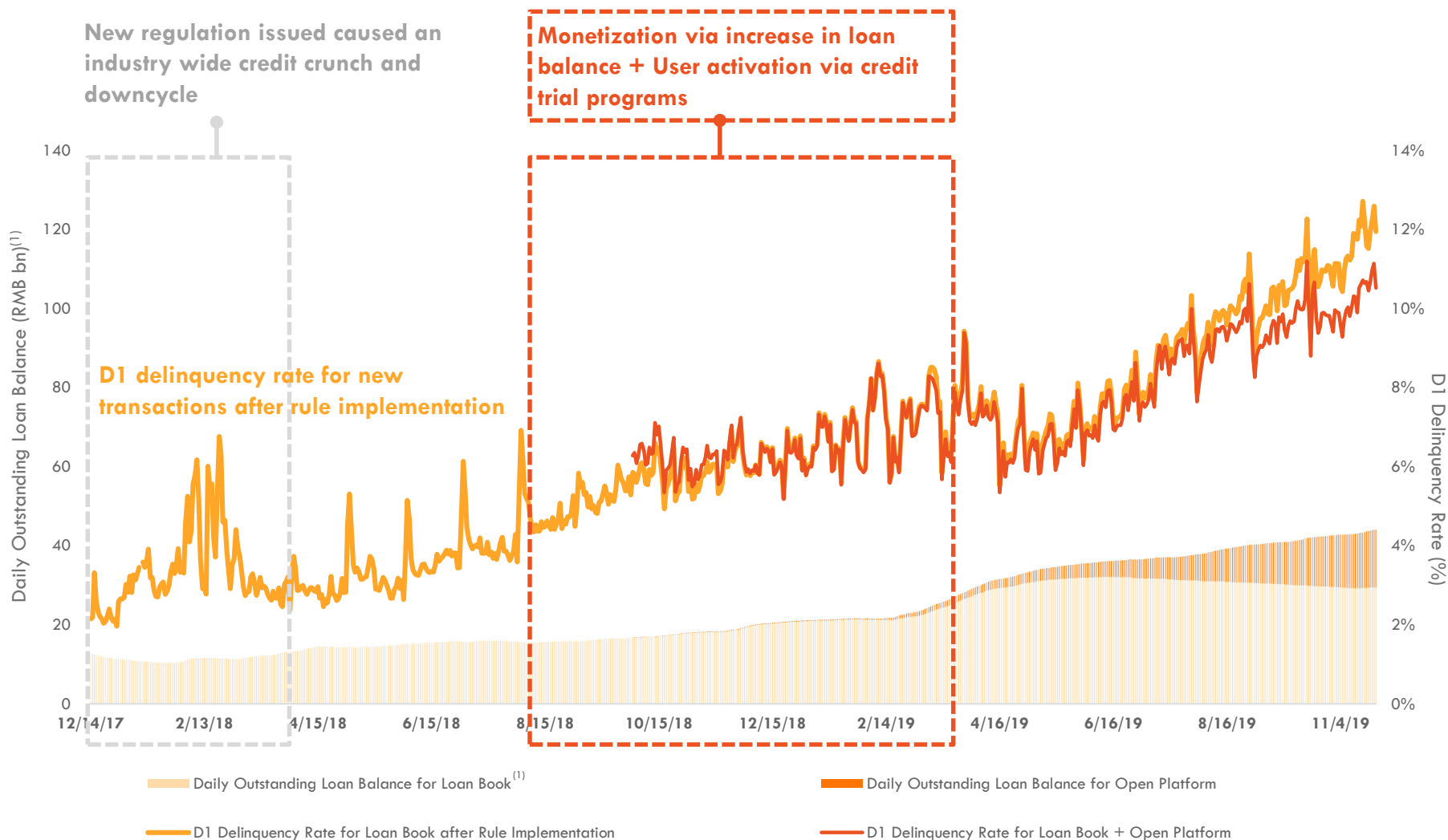
Total Potential Receivables at Risk

800  
—  
1,000





# Optimized Risk Model to Quickly React to Credit Cycle and De-risk Our Balance



Note:  
(1) Doesn't take into account for accumulative charge-offs

A low-angle, upward-looking photograph of several tall skyscrapers in a city, likely New York City. The image is heavily overlaid with a semi-transparent orange color, creating a warm, monochromatic effect. The perspective makes the buildings appear to converge towards the top of the frame.

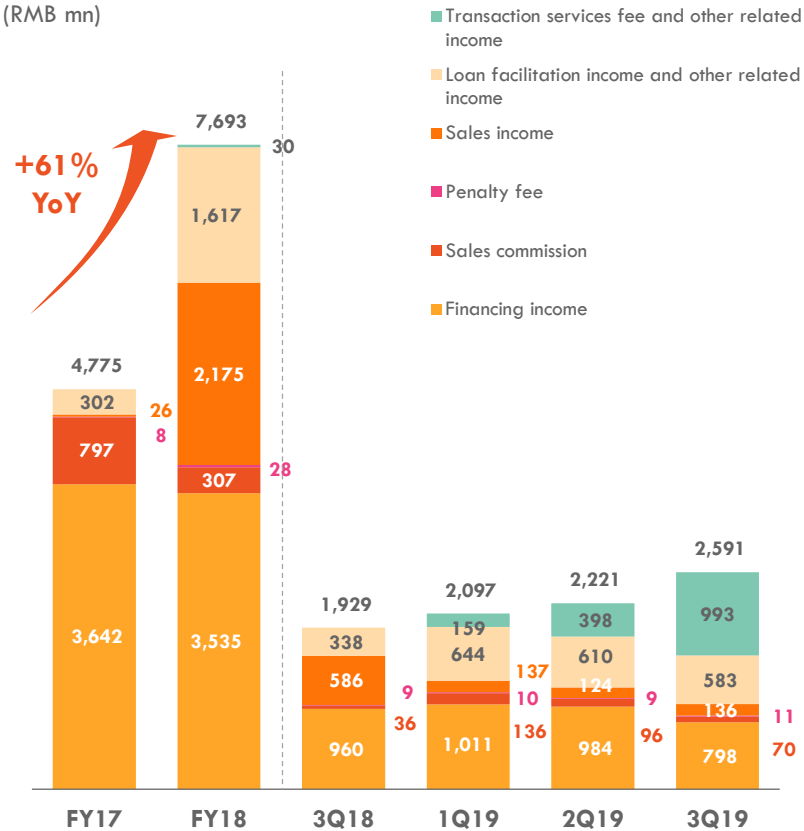
趣店  
Qudian

## 4. Financials

# Financial Highlights

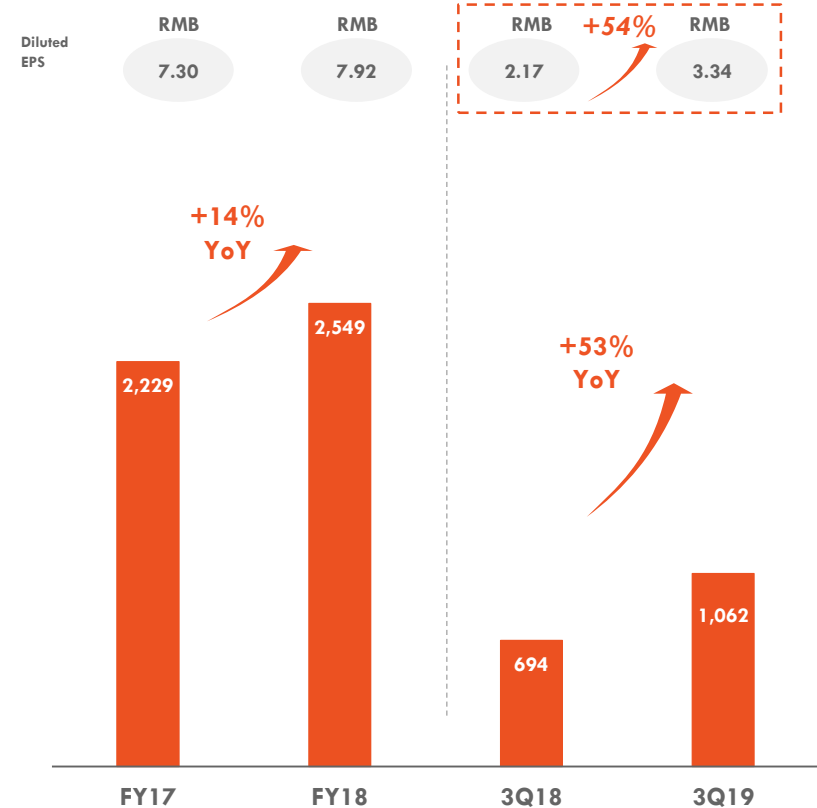
## 3Q19 Open Platform Revenue Increased by ~150% vs. 2Q19

(RMB mn)



## 3Q19 Non-GAAP Net Income RMB1,062mn Increased by 53% vs. 3Q18<sup>(1)</sup>

(RMB mn, except for EPS numbers)



Notes:  
(1)

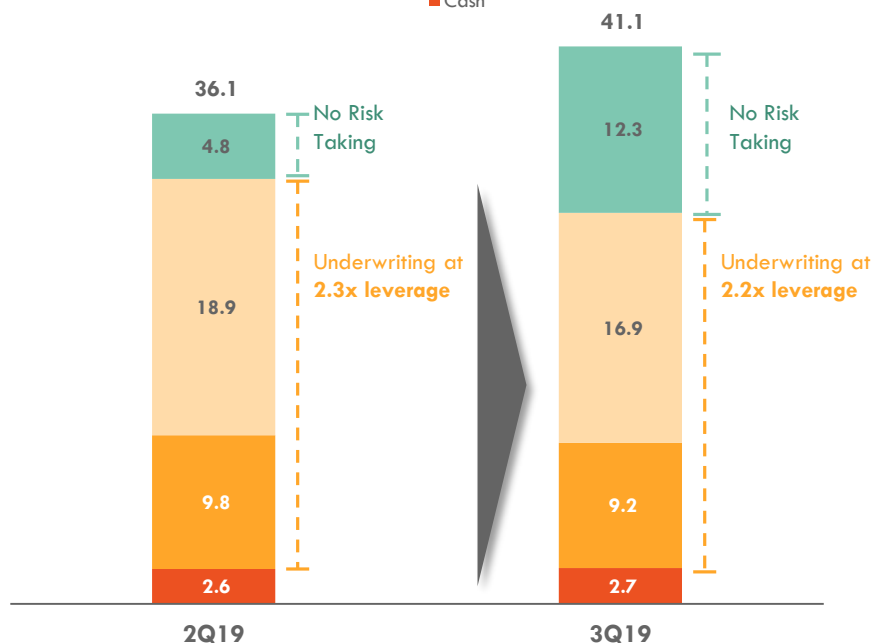
Non-GAAP net income represents net income before share-based compensation expense

# Financial Highlights (Cont'd)

## Lower-risk Capital Structure While Capturing Sustainable Growth

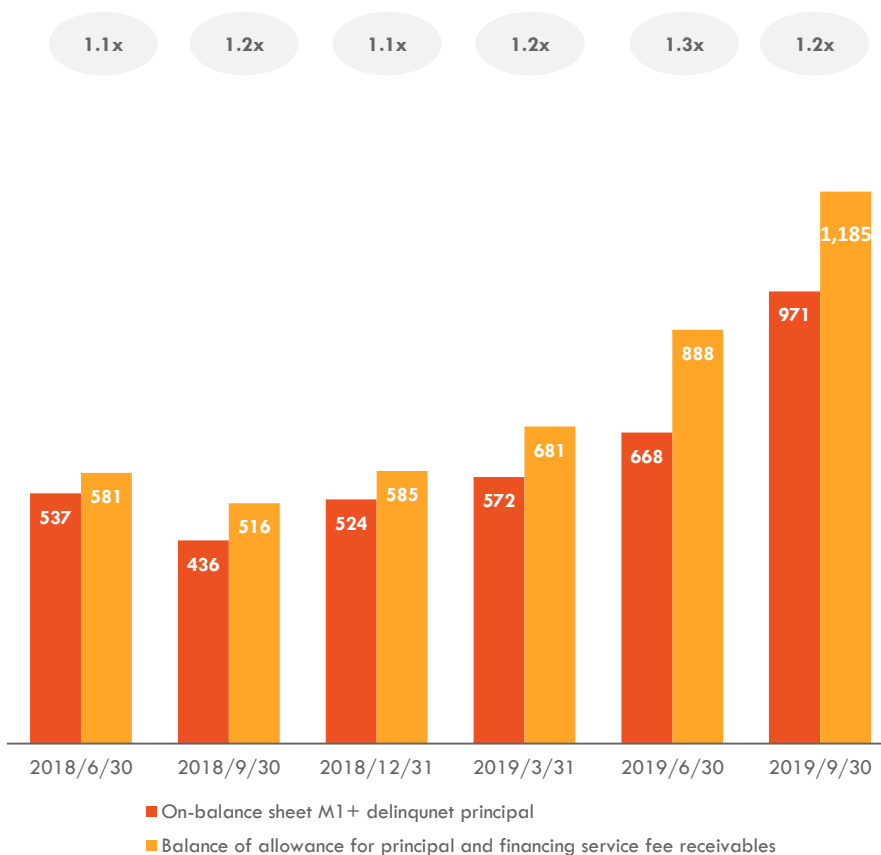
(RMB bn)

■ Open Platform Loan Balance  
■ Off BS Loan Balance (Loan Facilitation)  
■ On BS Loan Balance (Lending via Entrusted loans and trust structures)  
■ Cash



## M1+ Delinquency Coverage Ratio<sup>(1)(2)</sup>

(RMB mn)



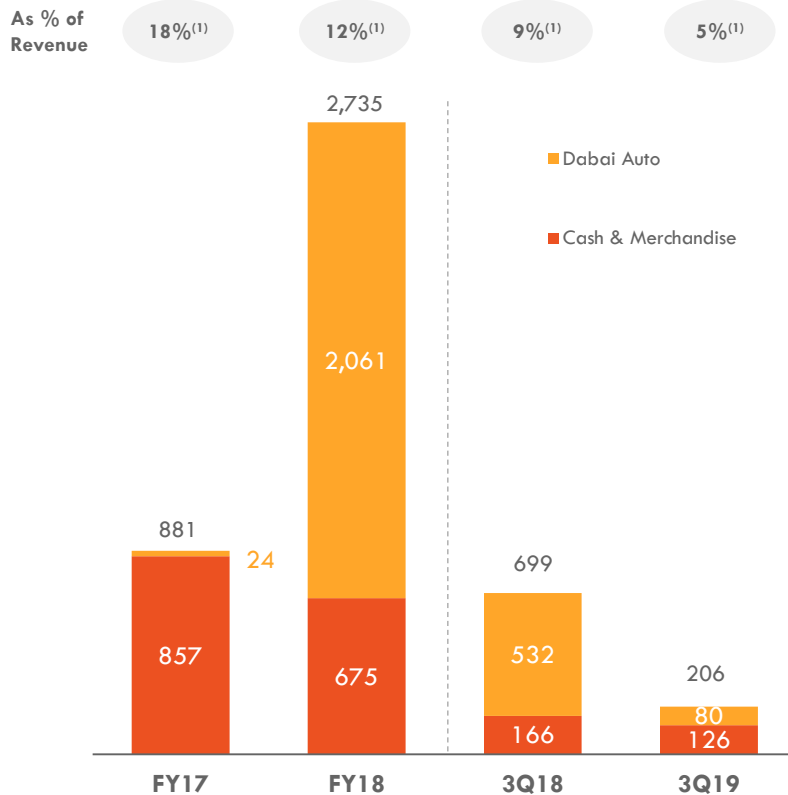
(1) Defined as the balance of allowance for principal and financing service fee receivables at the end of a period, divided by the total balance of outstanding principal for on-balance sheet transactions for which any installment payment was more than 30 calendar days past due as of the end of such period, excluding charged-off amounts. The amount charged-off has been fully covered by allowance provided by the Company

(2) Includes on-balance sheet M1+ delinquent principal and financing service fee receivables

# Financial Highlights (Cont'd)

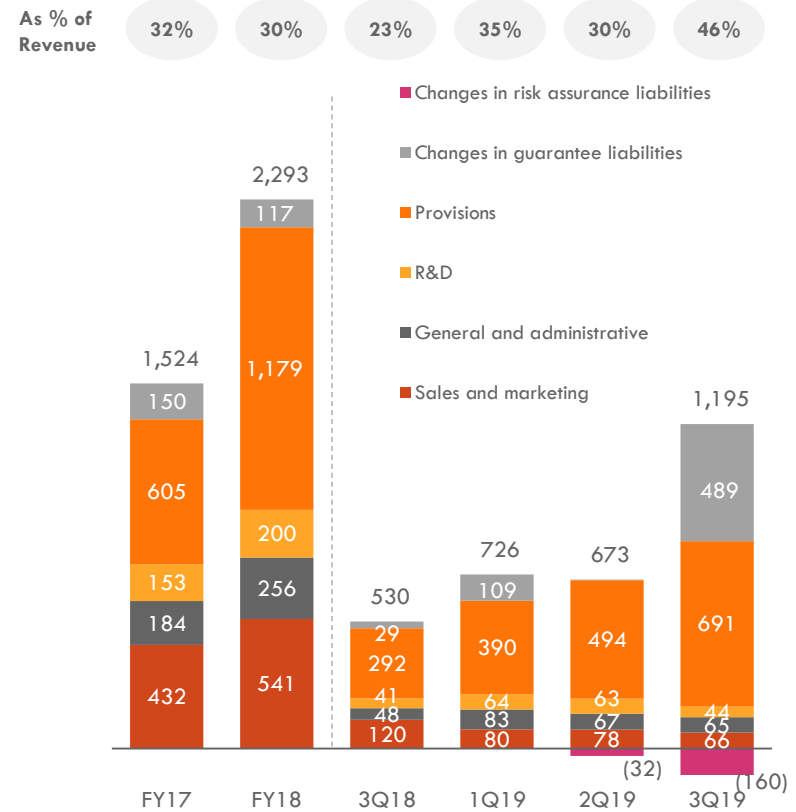
## Cost of Revenue

(RMB mn)



## Operating Expenses

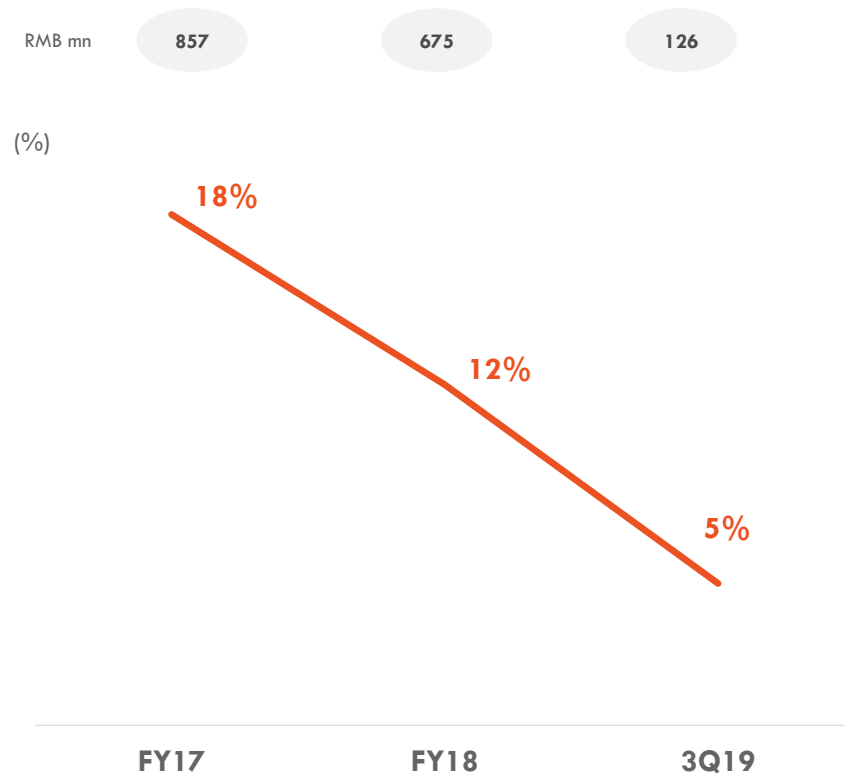
(RMB mn)



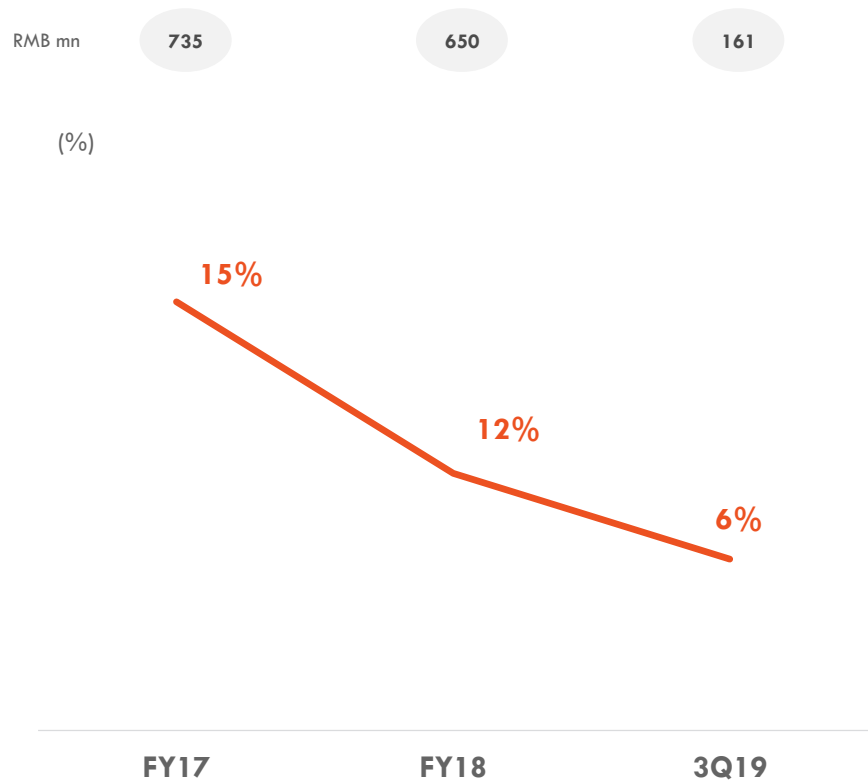
Note:  
(1) Excludes Dabai Auto-related cost of revenue

# Competitive Operating Efficiency

**Cost of Revenue(Core consumption finance business)<sup>(1)(2)</sup> as % of Total Revenue (Core consumption finance business)<sup>(1)</sup>**



**SG&A and R&D Expenses<sup>(1)(2)</sup> as % of Total Revenue<sup>(1)</sup>**



Note:

(1) Excludes Dabai Auto-related cost of revenue and expenses in the numerator and exclude sales income in the denominator while related financing income from Dabai Auto-related business is not excluded due to disclosure

(2) FY17 and FY18 use respective full-year financials, whereas 3Q19 uses respective financials in the three months ended September 30, 2019



A low-angle, upward-looking photograph of several modern skyscrapers. The image is heavily overlaid with a semi-transparent orange color, which serves as a background for the text. The buildings' glass facades reflect light, and some windows are illuminated from within.

趣店  
Qudian

Appendix



# Unaudited Income Statement

(in millions)	For the Year Ended		For the Three Months Ended	
	31-Dec-17	31-Dec-18	30-Sep-18	30-Sep-19
	RMB	RMB	RMB	RMB
Financing income	3,642	3,535	960	798
Sales commission fee	797	307	36	70
Sales income	26	2,175	586	136
Penalty fees	8	28	9	11
Loan facilitation income and other related income <sup>(1)</sup>	302	1,647	338	583
Transaction services fee and other related income	-	-	-	993
<b>Total revenues</b>	<b>4,775</b>	<b>7,692</b>	<b>1,929</b>	<b>2,591</b>
<b>Operating cost and expenses:</b>				
Cost of revenue	(881)	(2,735)	(699)	(206)
Sales and marketing	(432)	(541)	(120)	(66)
General and administrative	(184)	(256)	(48)	(65)
Research and development	(153)	(200)	(41)	(44)
Changes in guarantee liabilities and risk assurance liabilities <sup>(2)</sup>	(150)	(117)	(29)	(329)
Provision for receivables and other assets	(605)	(1,179)	(292)	(691)
<b>Total operating cost and expenses</b>	<b>(2,405)</b>	<b>(5,027)</b>	<b>(1,229)</b>	<b>(1,401)</b>
Other operating income	51	24	3	29
<b>Income from operations</b>	<b>2,421</b>	<b>2,689</b>	<b>703</b>	<b>1,220</b>
Net income before income taxes	2,420	2,649	676	1,228
Income tax expenses	(256)	(158)	8	(185)
<b>Net income</b>	<b>2,164</b>	<b>2,491</b>	<b>684</b>	<b>1,043</b>
Basic EPS	17.13	7.82	2.15	3.74
Diluted EPS	7.09	7.74	2.13	3.29
Add: share-based compensation expenses	64	58	11	18
<b>Non-GAAP net income</b>	<b>2,229</b>	<b>2,549</b>	<b>694</b>	<b>1,062</b>
Basic EPS	17.63	8.00	2.18	3.80
Diluted EPS	7.30	7.92	2.17	3.34

Note:

(1) The Loan facilitation income and other related income in 2018 includes RMB30 million of transaction services fee and other related income from the open platform

(2) The amount includes the change in fair value of the guarantee liabilities accounted in accordance with ASC 815, "Derivative", and the change in risk assurance liabilities accounted in accordance with ASC 450, "Contingencies" and ASC 460, "Guarantees".

# Unaudited Balance Sheet

(in millions)	As of			
	31-Dec-17	31-Dec-18	30-Jun-19	30-Sep-19
	RMB	RMB	RMB	RMB
Cash and cash equivalents	6,832	2,501	2,587	2,656
Restricted cash <sup>(1)</sup>	2,253	340	859	982
Short-term amounts due from related parties	551	-	-	-
Short-term loan principal and financing service fee receivables	8,759	8,418	8,743	8,023
Other current assets	482	1,818	1,967	1,792
Long-term loan principal and financing service fee receivables	-	666	252	38
Long-term finance lease receivables	18	649	485	332
Long-term contract assets	-	16	575	272
<b>Total assets</b>	<b>19,380</b>	<b>16,253</b>	<b>18,664</b>	<b>18,695</b>
Short-term borrowings and interest payables	7,979	3,860	3,241	778
Long-term borrowings and interest payables	510	413	598	278
<b>Total liabilities</b>	<b>9,840</b>	<b>5,433</b>	<b>6,413</b>	<b>6,956</b>
<b>Total shareholders' equity</b>	<b>9,540</b>	<b>10,821</b>	<b>12,251</b>	<b>11,739</b>
<b>Total liabilities and shareholders' equity</b>	<b>19,380</b>	<b>16,253</b>	<b>18,664</b>	<b>18,695</b>

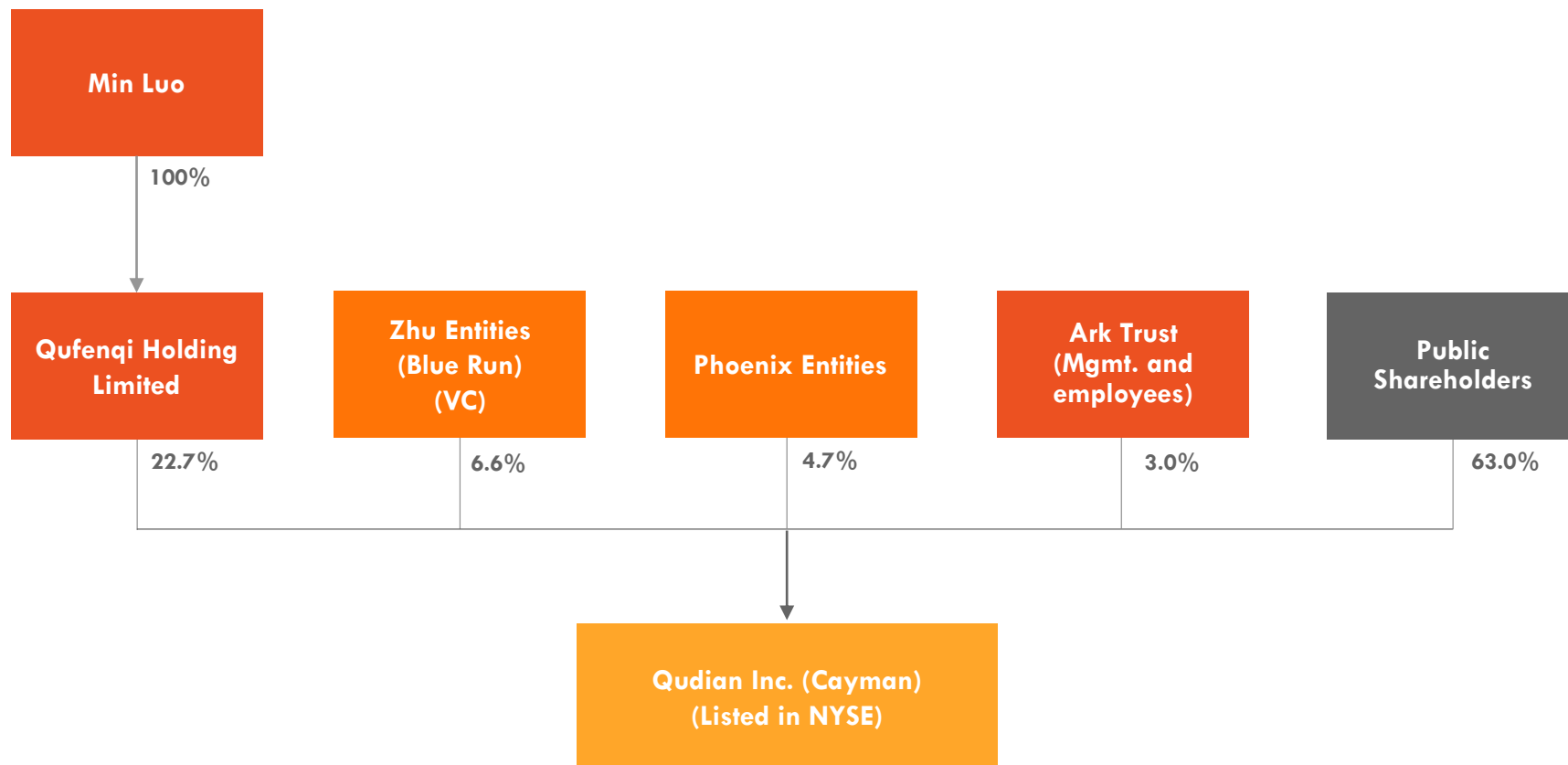
Note:

(1) Restricted cash mainly represents (i) cash held by the consolidated trusts through segregated bank accounts; (ii) time deposits that are pledged for short-term bank loans; (iii) security deposits held in designated bank accounts for guarantee of off-balance sheet transactions. Such restricted cash is not available to fund the general liquidity needs of the Company

# Revenue Recognition Policy

Items	Definition	Revenue Recognition Policy
1 <b>Transaction Services Fee and Other Related Income</b>	Transaction services income and traffic referral service income from open platform	Recognized when Funding Partner provides the funds to the borrower
2 <b>Loan Facilitation Income and Other Related Income</b>	Income from off balance sheet loan book business (credit facilitation arrangements with various Funding Partners)	Recognized when providing loan facilitation services to Funding Partners net of estimated provision
3 <b>Sales Income</b>	For vehicle sales, revenue from the buyer for the sale of the vehicle	Recognized on a gross basis net of value-added tax when the title of the vehicle is transferred to the buyer
4 <b>Penalty Fee</b>	Borrowers and lessees penalty fees for late installment payments	The penalty fees are recognized on a cash basis, which coincides with the penalty fees being probable not to be reversed
5 <b>Sales Commission</b>	Margin from merchandise installment credit services	Sales commission fees are recognized and recorded net of the related cost on delivery date
6 <b>Financing Income</b>	Income from on balance sheet loans (entrusted loans and trust structures)	Recorded as financing income using the effective interest method

# Shareholding Structure



Notes:

- (1) API and Zhu Entities' Shareholding information is based on latest 13G filings as of April 30, 2019  
(2) Total number of shares outstanding (unaudited) is 279,260,717 as of June 30, 2019

# Loan Collection Process

- Qudian has established in-house debt collection capability, supported by well-organized debt collection department. And there are no third parties involved during the debt collection process
- Qudian's debt collection practice is in full compliance with the *Voluntary Pact of Internet Finance Companies in Relation to the Collection of Overdue Loans* (《互联网金融逾期债务催收自律公约（试行）》)

## Asset Management Department Consists of Four Supporting Teams



# Streamlined Credit Analysis and Serving Process



Application



Assessment



Approval, Settlement and collection

Loan Amount

Loan Tenure

## Data Analytics at Engagement

- Register with Qudian and apply for credit through our own Apps
- Basic application information requirements including ID, phone number, address, facial recognition, GPS and etc.

## Dynamic Risk Management Empowered by High Velocity Transaction Data

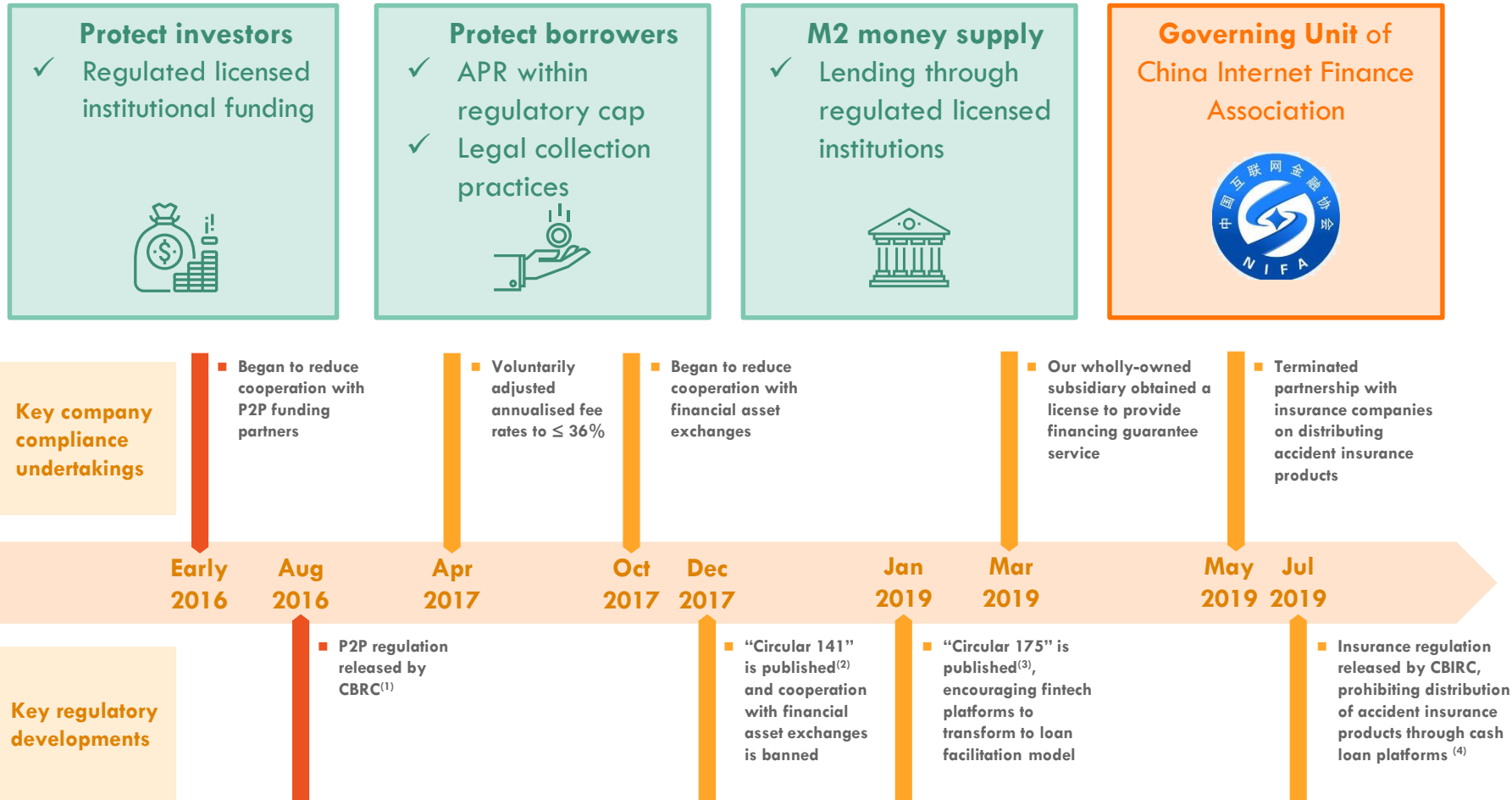
- Verify application information using multiple authentications
- Internal & external databases supported
- QD score strategies across entire loan transaction process

## Established infrastructure for loan management

- In accordance with risk management, embed credit opinion and insurance into risk management model for decisioning
- Sync up with PBOC Credit Reference Center
- Deposit cash to e-wallet/bank cards directly

*Within 10 seconds, 100% mobile and 100% automated*

# Regulatory Compliant is Embedded in Our DNA



Notes:

- (1) Refers to 网络借贷信息中介机构业务活动管理暂行办法 released on August 24, 2016  
 (2) Refers to 关于规范整顿“现金贷”业务的通知 released on December 1, 2017  
 (3) Refers to 关于做好网贷机构分类处置和风险防范工作的意见 released on January 21, 2019  
 (4) Refers to 关于开展现金贷等网贷平台意外伤害保险业务自查清理的通知 released on July 22, 2019



# Visionary Management Team and Talented Employees

## Min Luo

Founder, Chief Executive Officer



- ✓ Over 10 years of entrepreneurial experience in e-commerce and online social platform
- ✓ Previous experience include Okbuy.com, Jiyiri.com and dipian.com
- ✓ Founded Qudian in 2014
- ✓ Outstanding entrepreneur under 40

## Carl Yeung

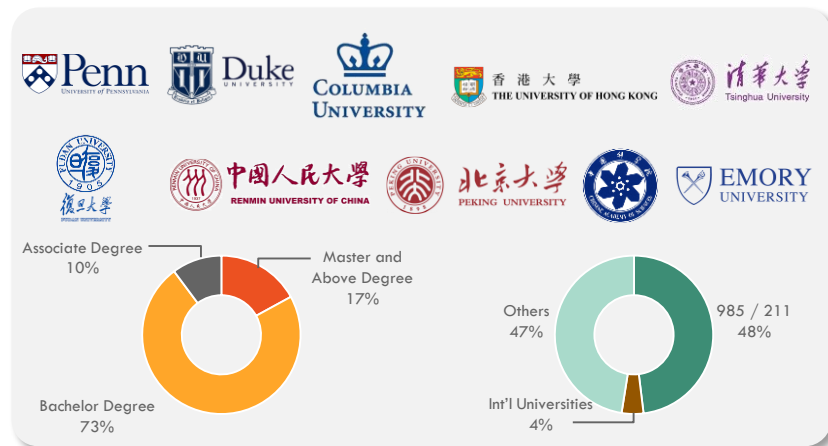
Chief Financial Officer



- ✓ Over 10 years of experience in the tech and finance industry
- ✓ Previously served as CFO of US-listed ATA and SKY-mobi and HK-listed BAIOO Family interactive
- ✓ Co-Founder of an e-commerce company
- ✓ Joined Qudian since 2016

## QD Attracts and Retains Employees with Excellent Records...

### Outstanding Educational Background <sup>(1)</sup>



### Rich Industry Experience

