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Small Credit, Big Data

## 3Q17 Earnings Results

November 13, 2017

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.

# 3Q2017 Financial and Operating Highlights



**56.6MM** registered users

**23.6MM** approved users<sup>(1)</sup>

**7.5MM** active borrowers<sup>(2)</sup> during 3Q17



**26.7MM** number of credit drawdowns



**RMB25.6BN** amount of transactions

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**RMB1.5BN** revenue

**+308%** YoY



**RMB651MM** net profit

**+322%** YoY



**RMB663MM** Adjusted net profit<sup>(3)</sup>

**+330%** YoY



Note:

(1) Approved users are the total number registered users who have been approved of credit.

(2) Active borrowers are borrowers who have drawn down credit in the specific period.

(3) Adjusted net income represents net income before share-based compensation expense. Please refer to Appendix for a reconciliation of adjusted net income to net income.

# Quarterly Transaction and Revenue

## Quarterly Trend of Transactions

(RMB BN)

YoY Growth

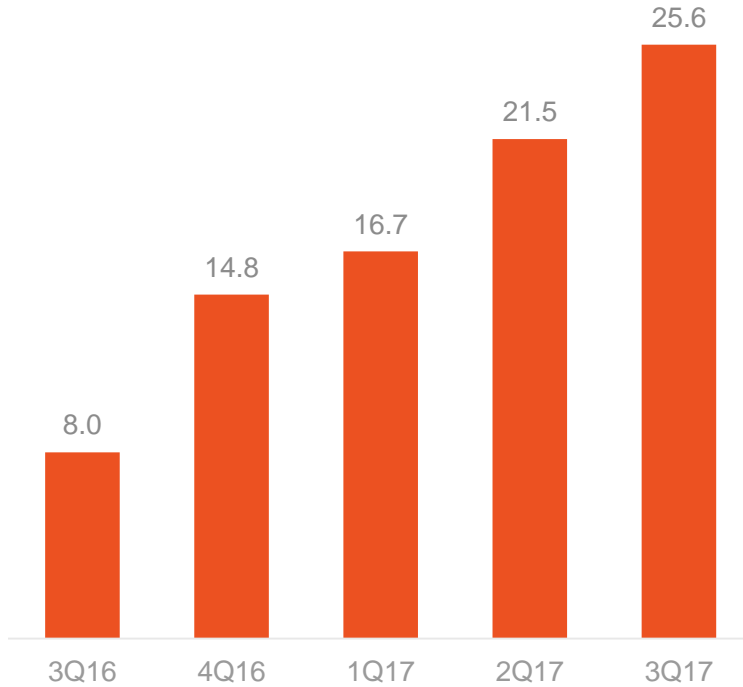
1040%

532%

427%

246%

219%



## Breakdown of Revenue

(RMB MM)

YoY Growth

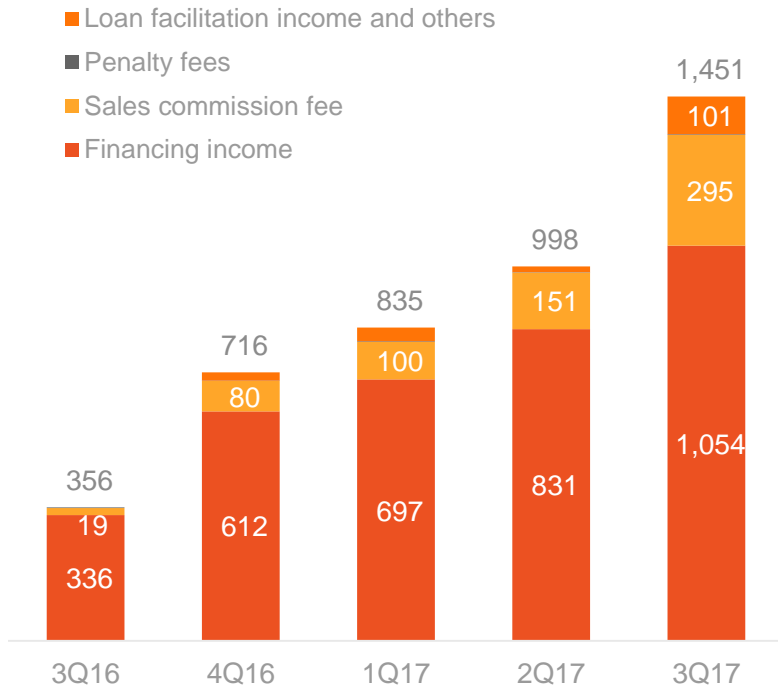
496%

844%

548%

311%

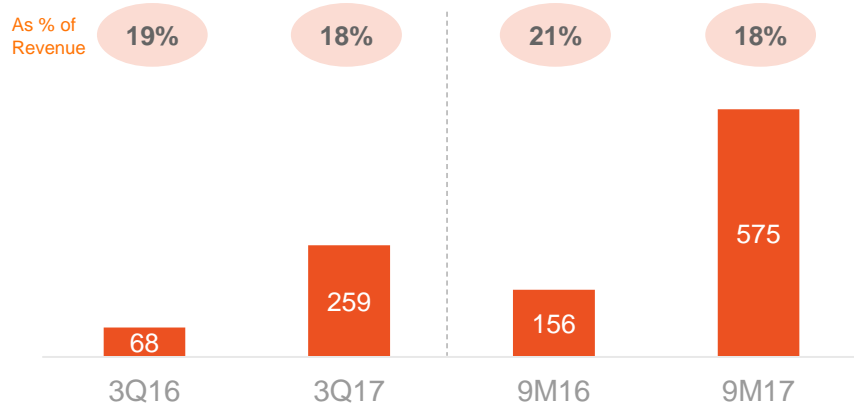
308%



# Quarterly Costs and Expenses

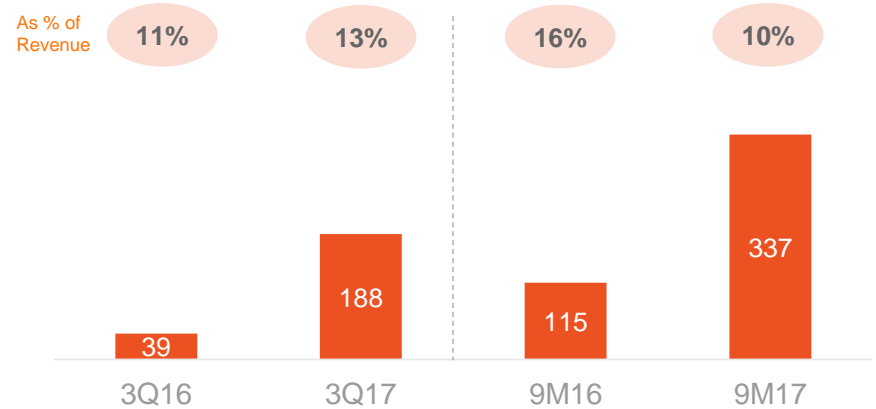
## Cost of Revenue

(RMB MM)



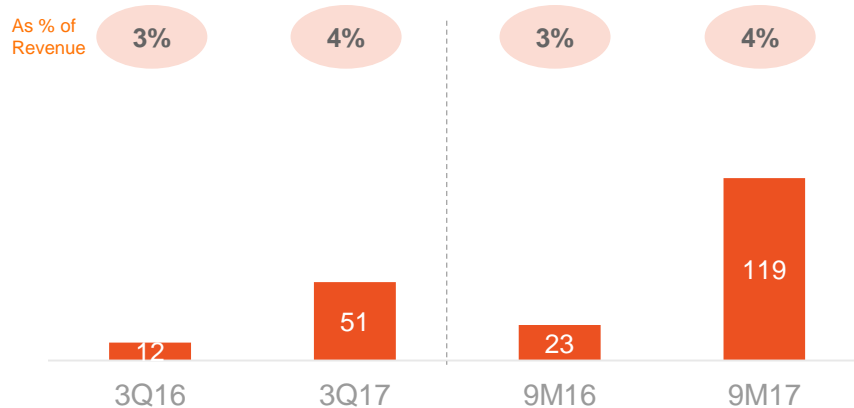
## Sales and Marketing

(RMB MM)



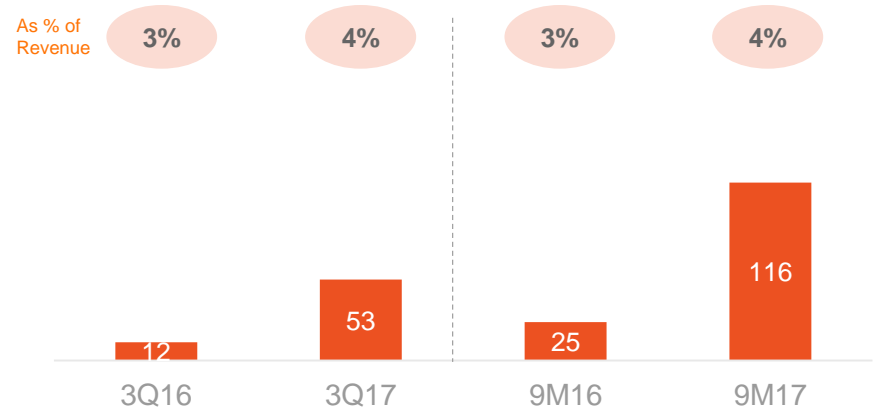
## General and Administrative

(RMB MM)



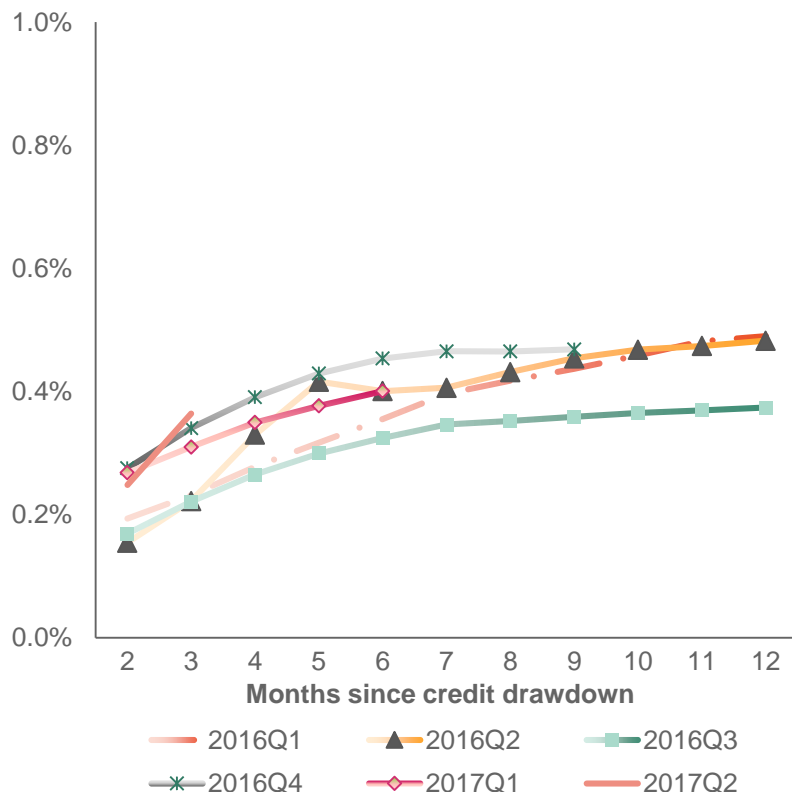
## Research and Development

(RMB MM)



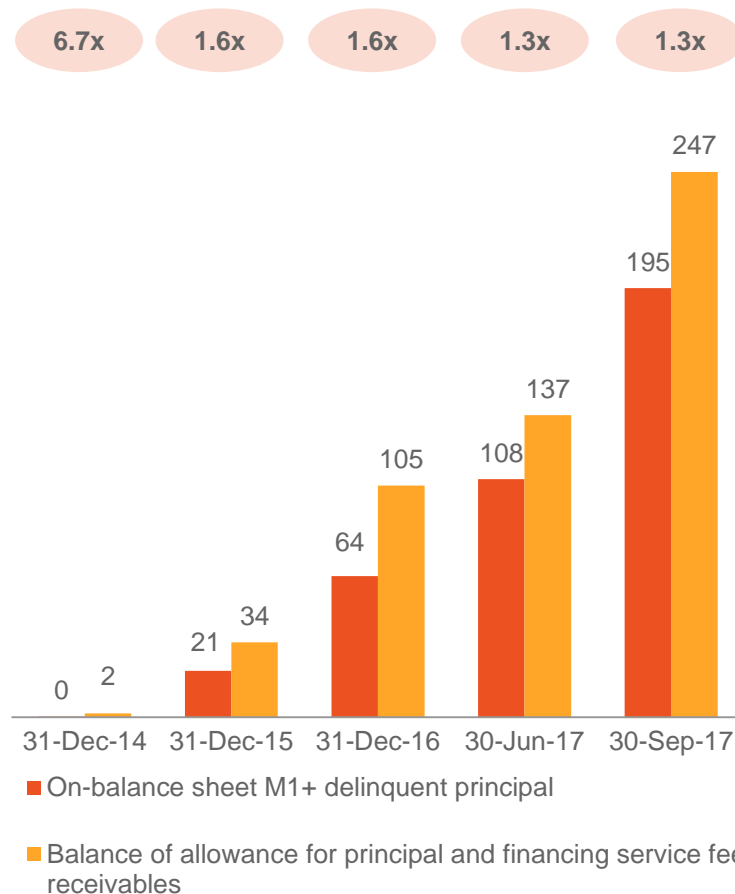
## Strong Credit Performance

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



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

(RMB MM)



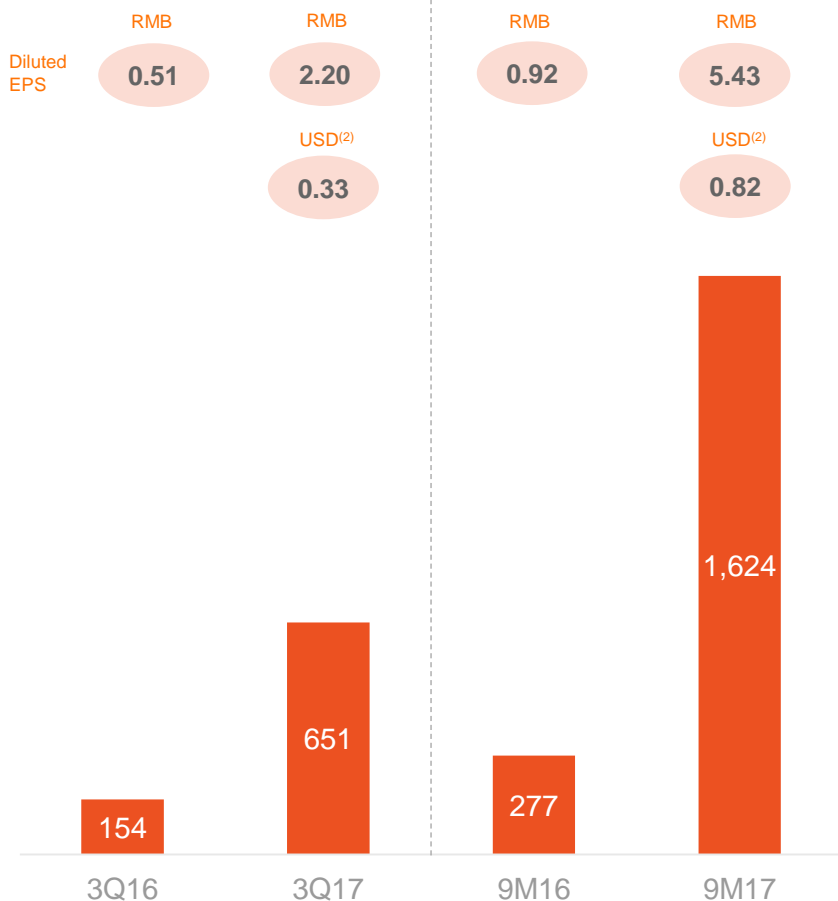
Notes:

- (1) We define "M1+ Delinquency Rate by Vintage" 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
- (2) We define "M1+ Delinquency Coverage Ratio" 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

# Quarterly Net Income and Diluted EPS

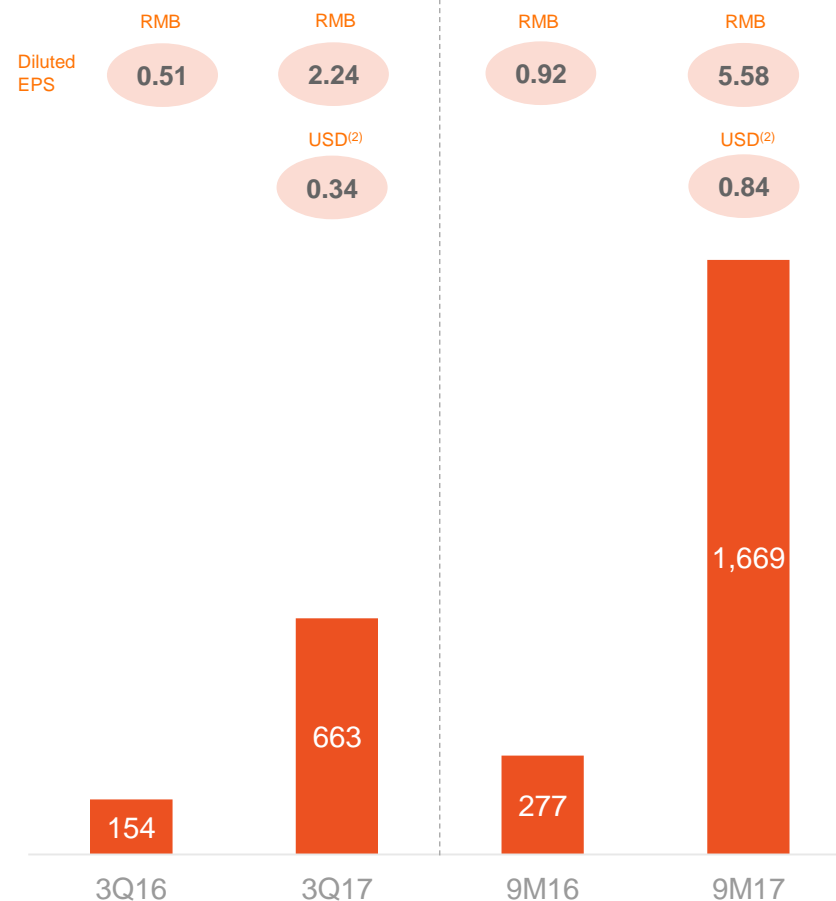
## Net Income

(RMB MM)



## Adjusted Net Income<sup>(1)</sup>

(RMB MM)



Note:

- (1) Adjusted net income represents net income before share-based compensation expense. Please refer to Appendix for a reconciliation of adjusted net income to net income.
- (2) All translations of RMB into US\$ were made at RMB6.6533 to US\$1.00, the exchange rate on Sep 30, 2017 as published on the website of the United States Federal Reserve Board

# Appendix





# Selected Operating Metrics

	For the Three Months Ended					
	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	
MAU (in millions)	13.4	22.5	23.3	28.9	33.2	
Number of active borrowers (in millions)	2.7	4.5	4.8	5.6	7.5	
Number of new borrowers (in millions)	1.2	2.3	1.6	1.7	2.8	
Number of credit drawdowns (in millions)	11.1	18.4	19.7	20.8	26.7	
	RMB	RMB	RMB	RMB	RMB	USD <sup>(1)</sup>
Amount of transactions (in millions)	8,028	14,820	16,682	21,525	25,592	3,847
Average ticket size <sup>(2)</sup>						
Cash Credit	750	820	830	1,010	920	139
Merchandise Credit	2,110	1,450	1,250	1,250	1,390	209
Average term (months) <sup>(3)</sup>						
Cash Credit	2.2	2.1	1.8	2.4	2.4	
Merchandise Credit	11.0	8.5	8.1	8.5	8.7	

Note:

- (1) All translations of RMB into US\$ were made at RMB6.6533 to US\$1.00, the exchange rate on Sep 30, 2017 as published on the website of the United States Federal Reserve Board
- (2) Approximate average ticket size
- (3) Average term weighted by amount of transactions

# Unaudited Condensed Consolidated Income Statement

	For the Three Months Ended			For the Nine Months Ended		
	Sep 30, 2016	Sep 30, 2017	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2017
(in millions, except for earnings per share, or EPS)	RMB	RMB	USD <sup>(1)</sup>	RMB	RMB	USD <sup>(1)</sup>
Financing income	336	1,054	158	660	2,581	388
Sales commission fee	19	295	44	46	546	82
Penalty fees	1	1	0	21	4	1
Loan facilitation income and others	0	101	15	0	153	23
<b>Total revenues</b>	<b>356</b>	<b>1,451</b>	<b>218</b>	<b>727</b>	<b>3,284</b>	<b>494</b>
<b>Operating cost and expenses:</b>	<b>(165)</b>	<b>(757)</b>	<b>(114)</b>	<b>(388)</b>	<b>(1,462)</b>	<b>(220)</b>
Cost of revenue	(68)	(259)	(39)	(156)	(575)	(86)
Sales and marketing	(39)	(188)	(28)	(115)	(337)	(51)
General and administrative	(12)	(51)	(8)	(23)	(119)	(18)
Research and development	(12)	(53)	(8)	(25)	(116)	(17)
Loss of guarantee liability	0	(39)	(6)	0	(46)	(7)
Provision for loan principal, financing service fee receivables and other receivables	(34)	(168)	(25)	(69)	(267)	(40)
<b>Total operating cost and expenses</b>	<b>(165)</b>	<b>(757)</b>	<b>(114)</b>	<b>(388)</b>	<b>(1,462)</b>	<b>(220)</b>
<b>Other operating income</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>6</b>	<b>40</b>	<b>6</b>
<b>Income from operations</b>	<b>194</b>	<b>696</b>	<b>105</b>	<b>345</b>	<b>1,862</b>	<b>280</b>
<b>Net income before income taxes</b>	<b>193</b>	<b>697</b>	<b>105</b>	<b>339</b>	<b>1,861</b>	<b>280</b>
Income tax expenses	(39)	(46)	(7)	(63)	(237)	(36)
<b>Net income</b>	<b>154</b>	<b>651</b>	<b>98</b>	<b>277</b>	<b>1,624</b>	<b>244</b>
Basic EPS	1.95	9.07	1.36	3.49	21.61	3.25
Diluted EPS	0.51	2.20	0.33	0.92	5.43	0.82
Add: share-based compensation expenses	0	13	2	0	45	7
<b>Non-GAAP Net Income</b>	<b>154</b>	<b>663</b>	<b>100</b>	<b>277</b>	<b>1,669</b>	<b>251</b>
Basic EPS	1.95	9.24	1.39	3.49	22.20	3.34
Diluted EPS	0.51	2.24	0.34	0.92	5.58	0.84

Note:

(1) All translations of RMB into US\$ were made at RMB6.6533 to US\$1.00, the exchange rate on Sep 30, 2017 as published on the website of the United States Federal Reserve Board

# Unaudited Condensed Consolidated Balance Sheet

	As of			
	Dec 31, 2016	Jun 30, 2017	Sep 30, 2017	Sep 30, 2017
(in millions)	RMB	RMB	RMB	USD <sup>(1)</sup>
Cash and cash equivalents	786	645	1,483	223
Restricted cash <sup>(2)</sup>	0	314	2,041	307
Short-term amounts due from related parties	586	478	600	90
Short-term loan principal and financing service fee receivables	4,827	9,434	10,652	1,601
Long-term loan principal and financing service fee receivables	88	16	5	1
<b>Total assets</b>	<b>7,118</b>	<b>11,372</b>	<b>15,366</b>	<b>2,310</b>
Short-term borrowings and interest payables	4,183	6,467	8,855	1,331
Long-term borrowings and interest payables	76	12	255	38
<b>Total liabilities</b>	<b>4,604</b>	<b>7,852</b>	<b>11,184</b>	<b>1,681</b>
<b>Total mezzanine equity</b>	<b>5,944</b>	<b>5,944</b>	<b>5,944</b>	<b>893</b>
<b>Total shareholders' deficit</b>	<b>(3,430)</b>	<b>(2,424)</b>	<b>(1,762)</b>	<b>(264)</b>
<b>Total liabilities, mezzanine equity and shareholders' deficit</b>	<b>7,118</b>	<b>11,372</b>	<b>15,366</b>	<b>2,310</b>

Note:

(1) All translations of RMB into US\$ were made at RMB6.6533 to US\$1.00, the exchange rate on Sep 30, 2017 as published on the website of the United States Federal Reserve Board

(2) Restricted cash mainly represents the cash in trusts which can only be used to fund credit drawdowns in such trusts or settle these trusts' obligations. Such restricted cash is not available to fund the general liquidity needs of the Company. As of September 30, 2017, the Company has established more than 30 trusts in collaboration with trust companies

# Unaudited Condensed Consolidated Cash Flow Statement

	For the Three Months Ended			For the Nine Months Ended		
	Sep 30, 2016	Sep 30, 2017	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2017
(in millions)	RMB	RMB	USD <sup>(1)</sup>	RMB	RMB	USD <sup>(1)</sup>
<b>Net cash provided by operating activities</b>	234	889	134	241	2,334	351
<b>Net cash (used in)/provided by investing activities</b>	(749)	1,042	157	(2,025)	(1,262)	(190)
<b>Net cash (used in)/provided by financing activities</b>	647	(1,094)	(164)	1,811	(375)	(56)
Net increase in cash and cash equivalents	132	838	126	26	697	105
Cash and cash equivalents at beginning of the year	104	645	97	210	786	118
<b>Cash and cash equivalents at end of period</b>	236	1,483	223	236	1,483	223

Note:

(1) All translations of RMB into US\$ were made at RMB6.6533 to US\$1.00, the exchange rate on Sep 30, 2017 as published on the website of the United States Federal Reserve Board

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