

360 DigiTech Investor Presentation

October 2020

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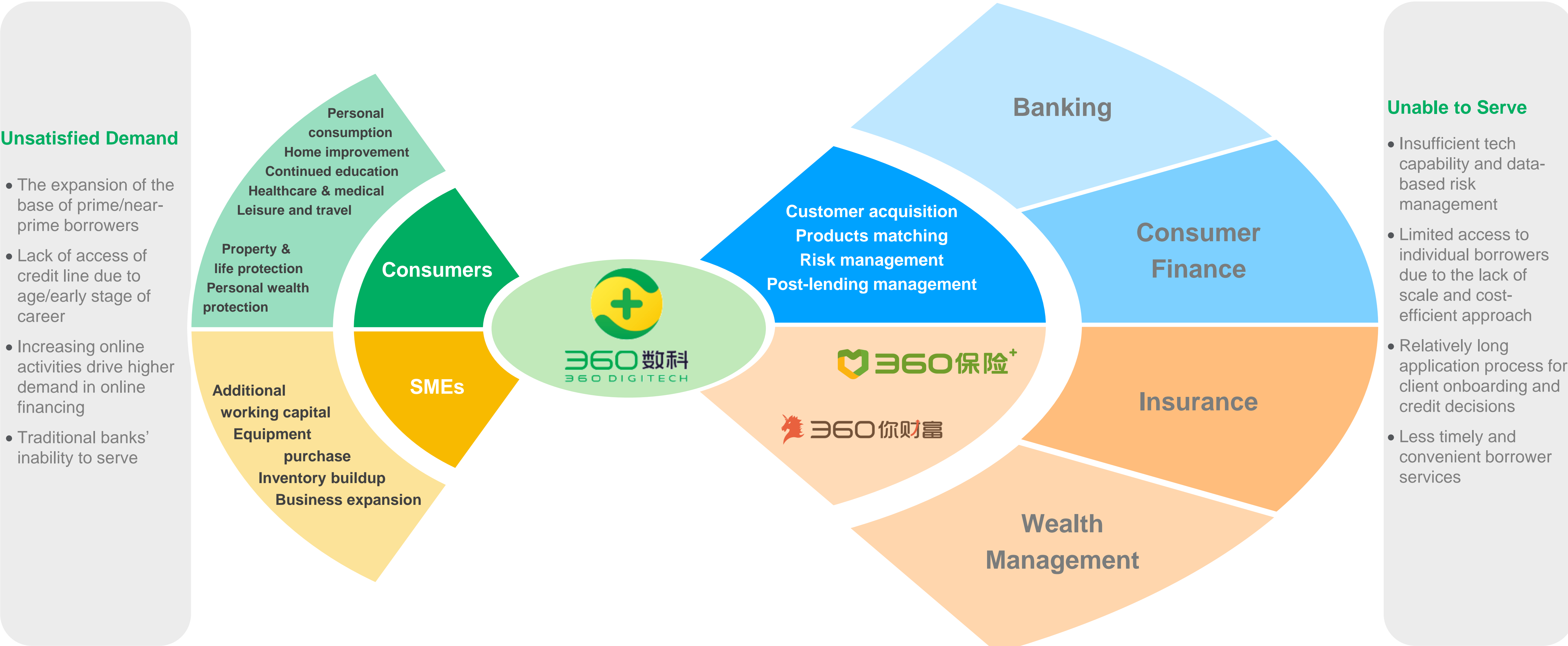
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AGENDA

- 01 Corporate Overview
- 02 Leadership Position
- 03 Quarterly Update
- 04 Regulatory Update

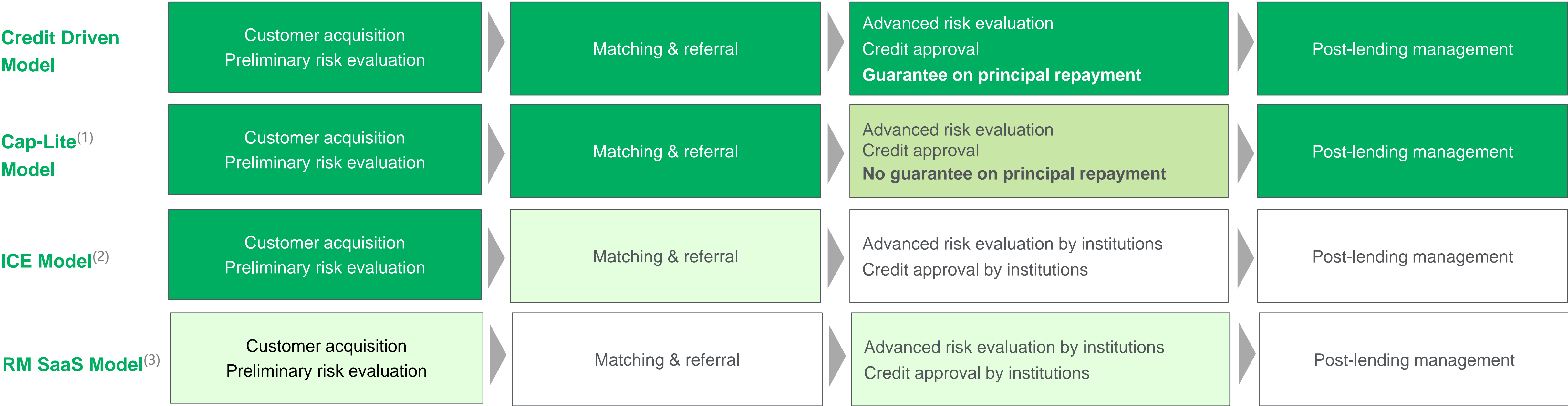
01 | Corporate Overview

A Data-driven Tech-powered Digital Platform – *Connecting Consumers and SMEs with Financial Institutions*



Note: Insurance and Wealth Management units are operated by our affiliates.
Source: Company data.

Service Models for Banks and Consumer Finance Companies



Innovations and Technologies

- **Big Data Analysis** on users' behavior and credit history
- **RTA-DMP Marketing System** efficient customer acquisition
- **Real-time Anti-fraud Monitoring**
- **Argus RM Model** (risk model)
- **Algorithm and AI Technologies** allow **99.5%** of credit line applications and transactions can be completed automatically without human intervention

- **Cloud Bank System** connects consumers' demand with institutions' offerings through smart matching and achieves **98%** approval rate.
- **Cosmic Cube System** optimizes product pricing based on customers' risk profile and rate sensitivity.
- **Apollo Platform** optimizes product pricing based on customers' risk profile and rate sensitivity.

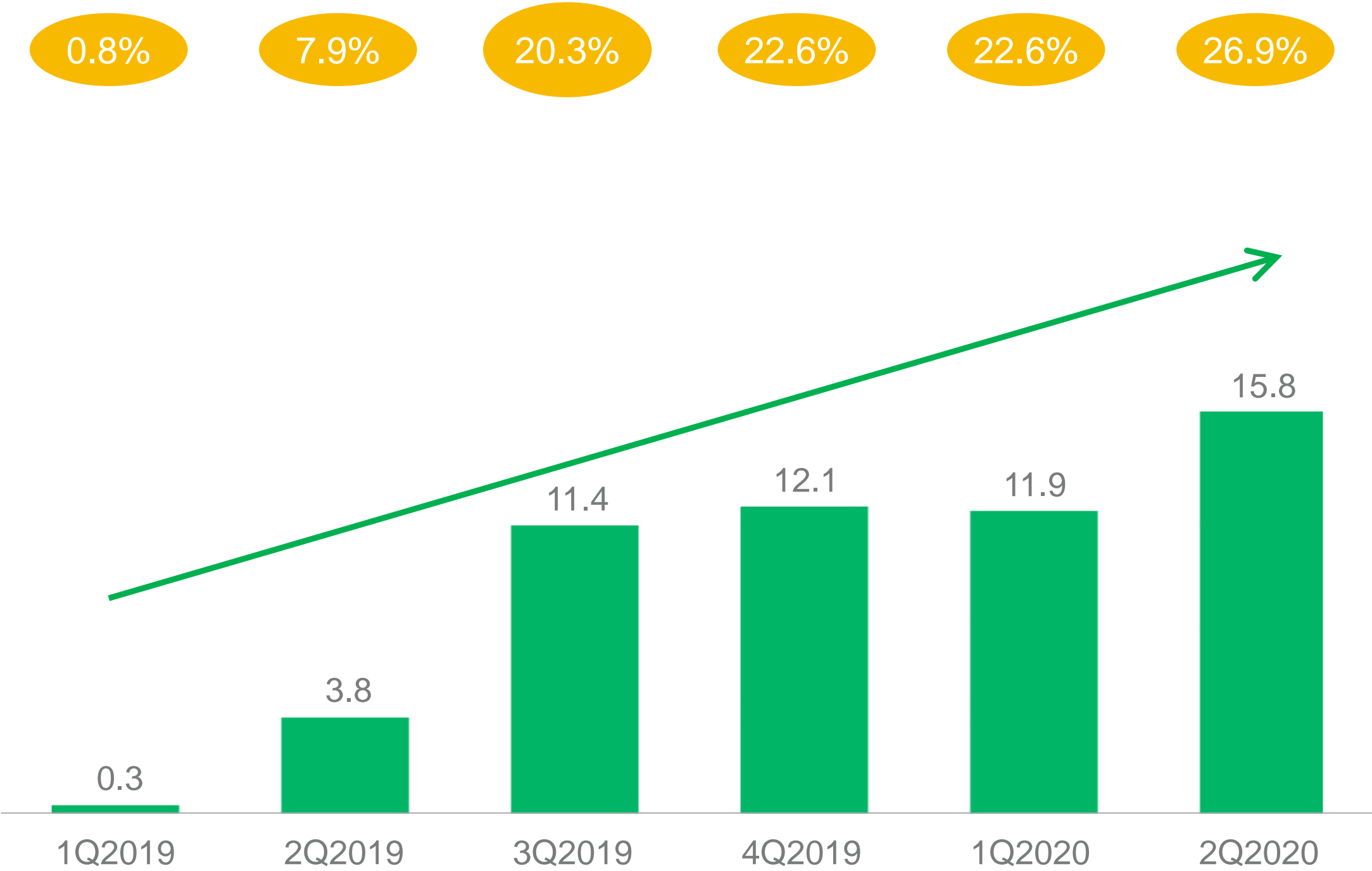
- **Graph Engine:**
 - open source distributed framework
 - multiple business scenarios
 - response time within millisecond

- **AI robot collection:**
 - Over **83%** of collections are done by AI robots
 - Rapid evolution of AI robot's machine learning capability
 - AI powered concurrent robot-call technology with higher throughput rates and longer average valid call duration.

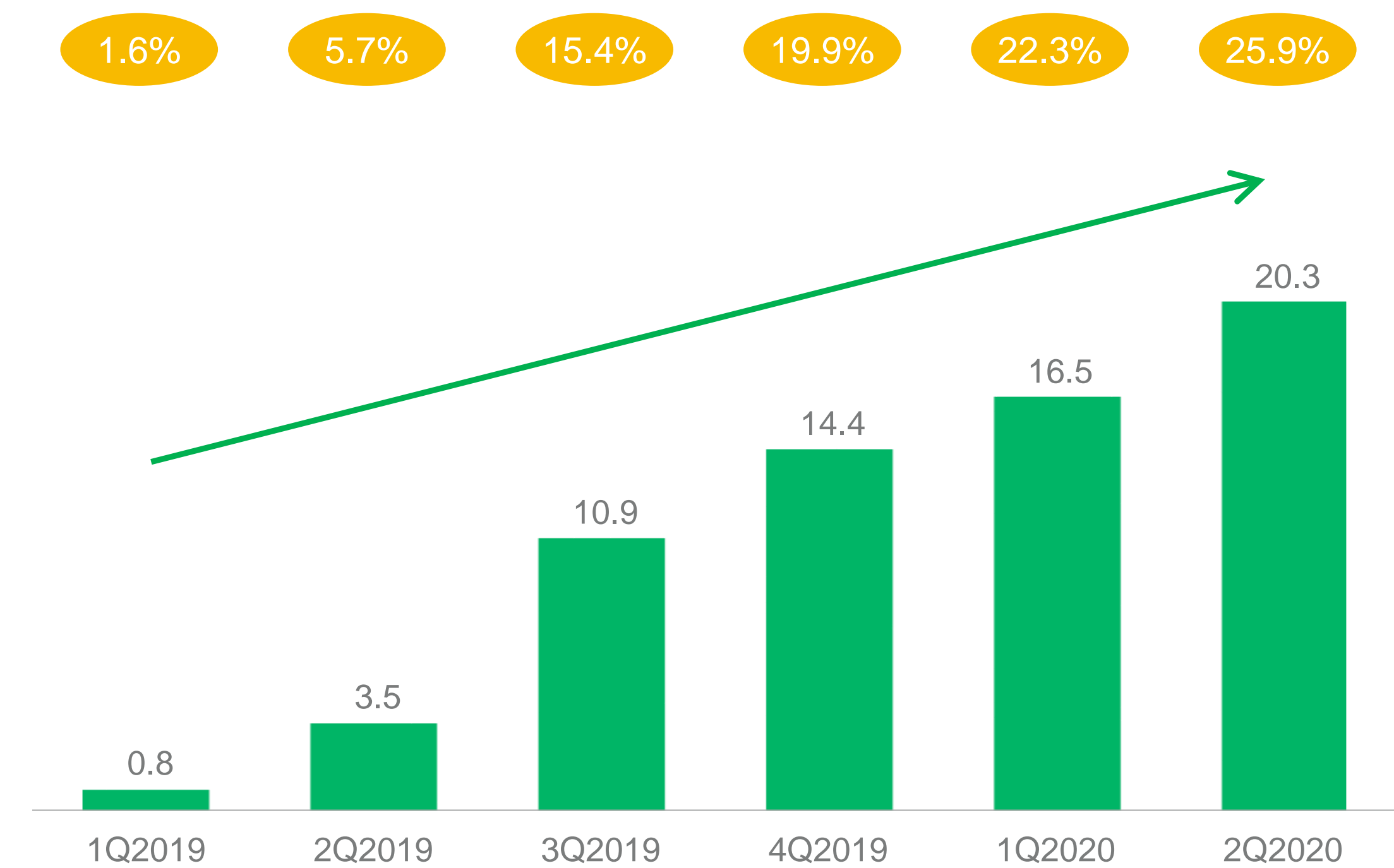
Note: (1) Cap-Lite refers to Capital Light; (2) ICE refers to Intelligent Credit Engine; (3) RM SaaS refers to Risk Management SaaS; (4) Different color shades represent the intensity of each function we perform under each model.
Source: Company data

Increasing Contribution from Technology Solutions (1)

Origination Volume of Technology Solutions
(RMB billion)



Outstanding Balance of Technology Solutions
(RMB billion)



As % of total origination volume / outstanding balance

Note: (1) Including Cap-Lite and ICE
Source: Company data.

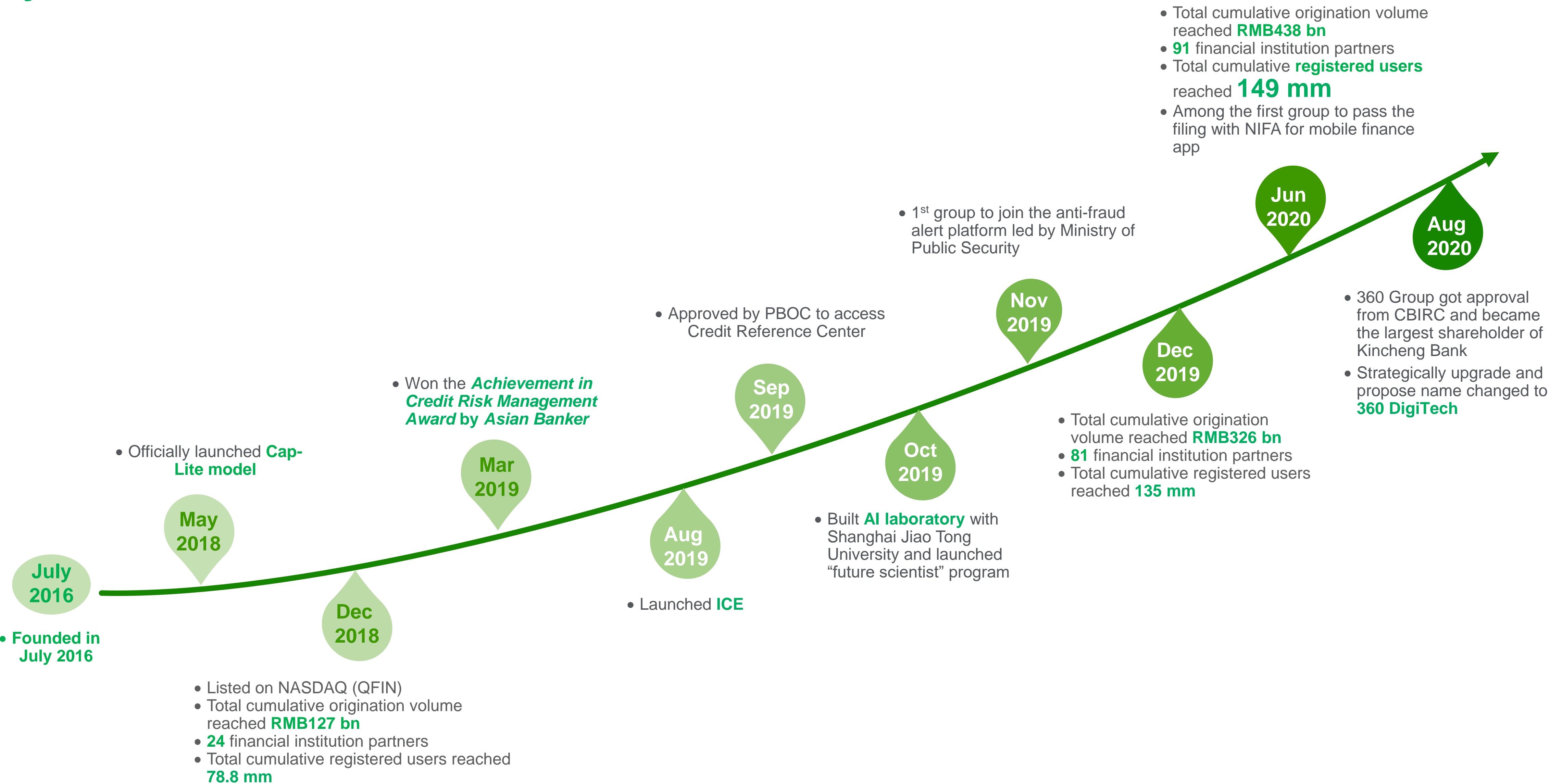
Massive Addressable Market – the Consumer Finance Pyramid



Note: (1) Estimated consumer financing balance for each tier as of 1H2020. (2) Our affiliate 360 Group became #1 shareholder of KCB with 30% stake in August 2020.

Source: Analyst reports, PBOC, OW, National Internet Finance Association of China

Key Milestones



Source: Company data.

Experienced Management Team with Solid Background and Track Record



Hongyi ZHOU
Chairman

20+ years of managerial and operational experience in China's Internet industry



Haisheng WU
CEO

15+ years of experience in Internet product development and operations



Alex XU
CFO

15+ years of experience in capital market, corporate finance and business management



Zhiqiang HE
SVP

10+ years of experience in consulting and business management



Yan ZHENG
CRO

10+ years of experience in consumer finance risk management and co-founder of a fintech company

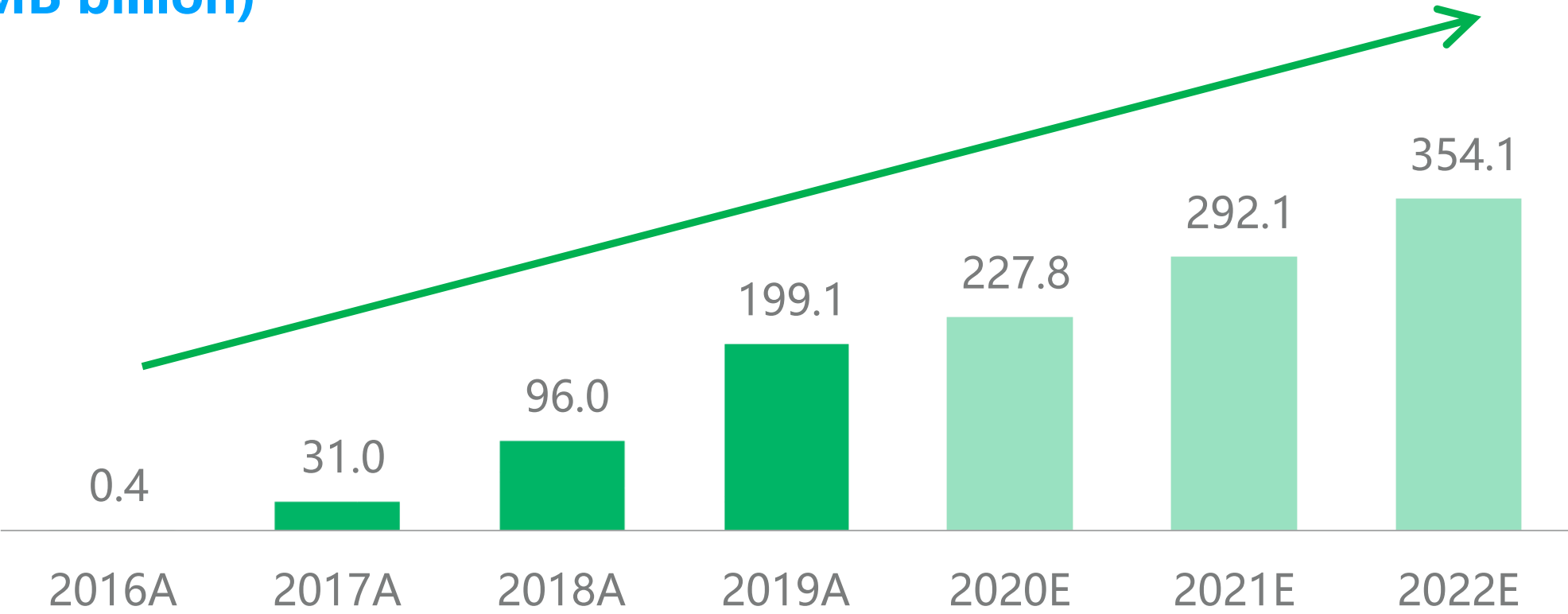


Source: Company data.

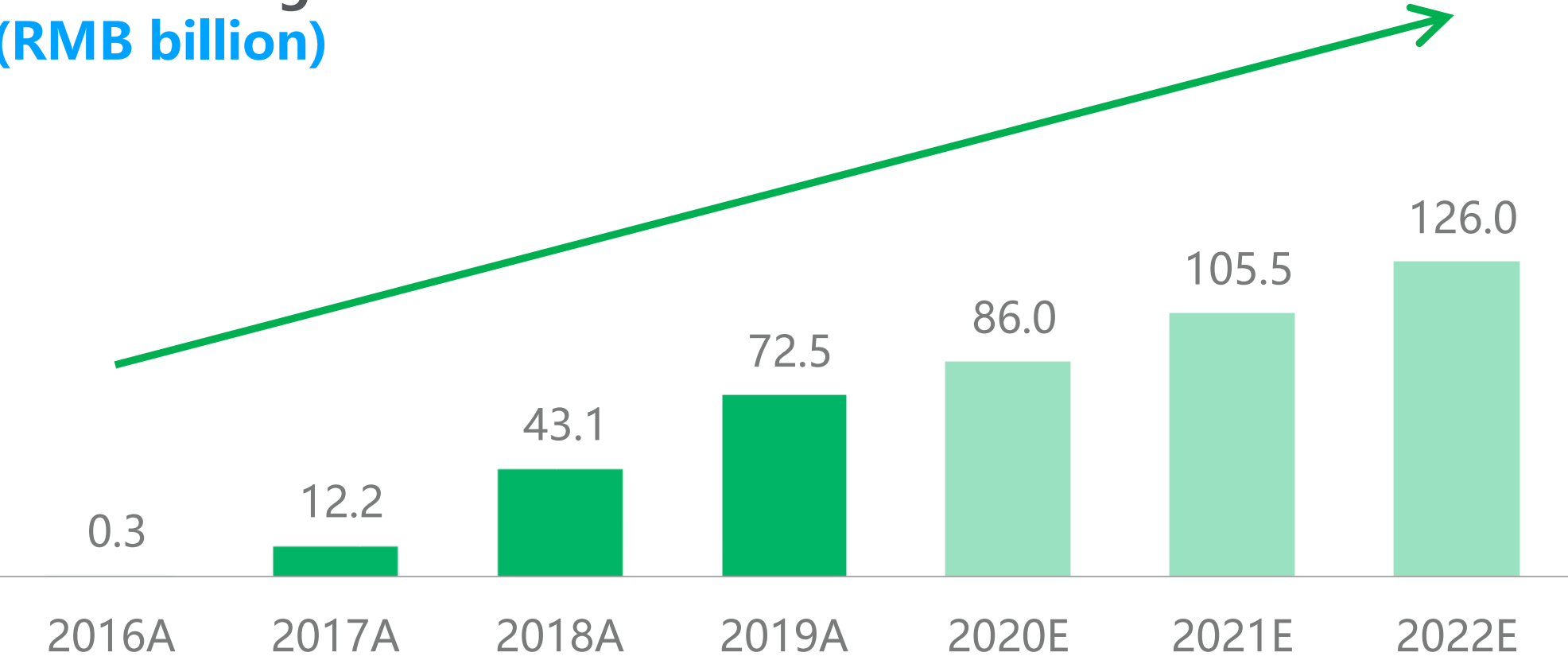
02 | Leadership Position

Strong Growth Momentum (1)

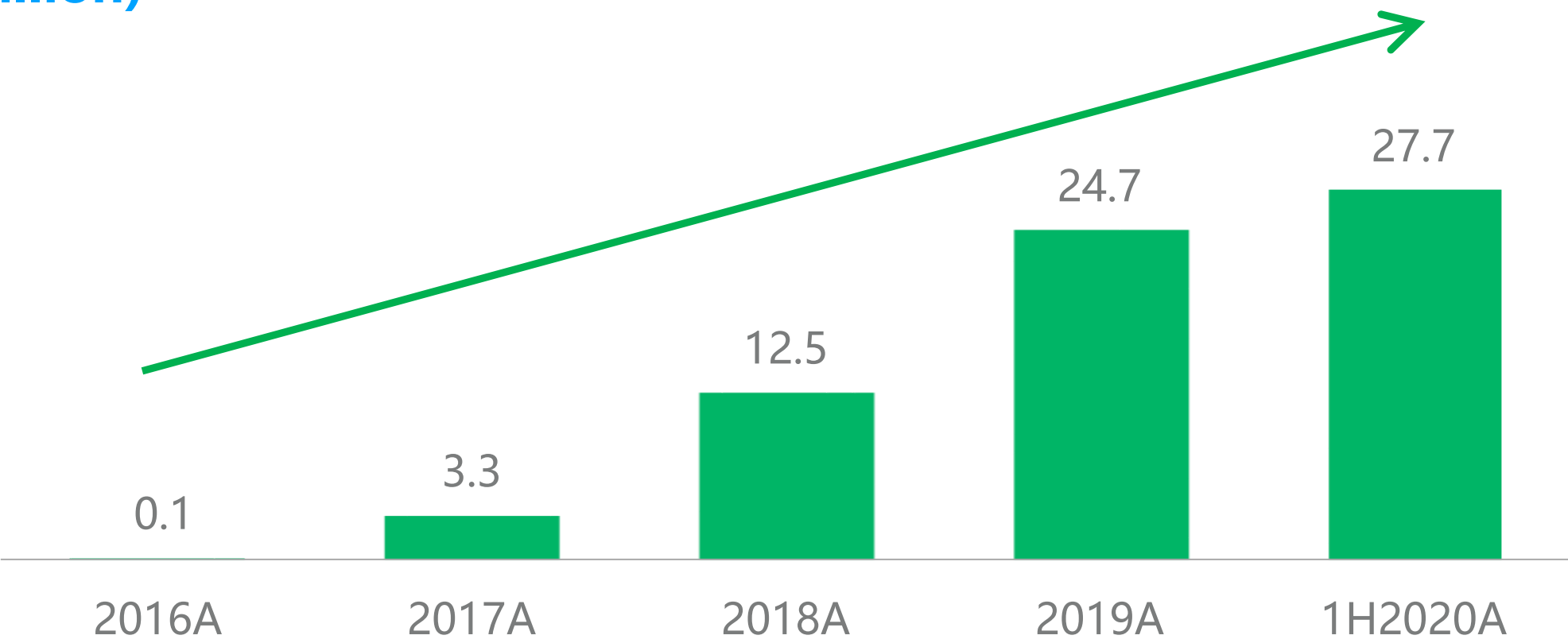
Origination Volume ⁽¹⁾
(RMB billion)



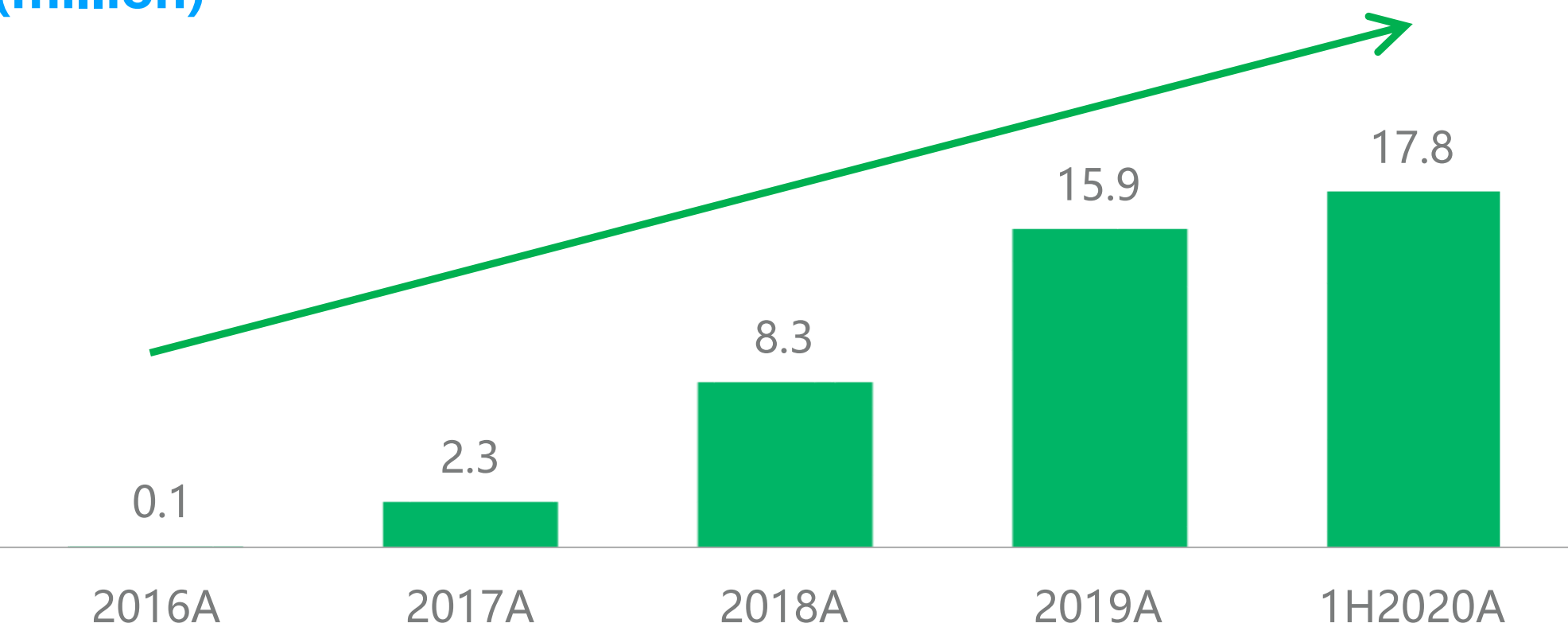
Outstanding Balance ⁽¹⁾
(RMB billion)



Users with Approved Credit Line ⁽²⁾
(million)



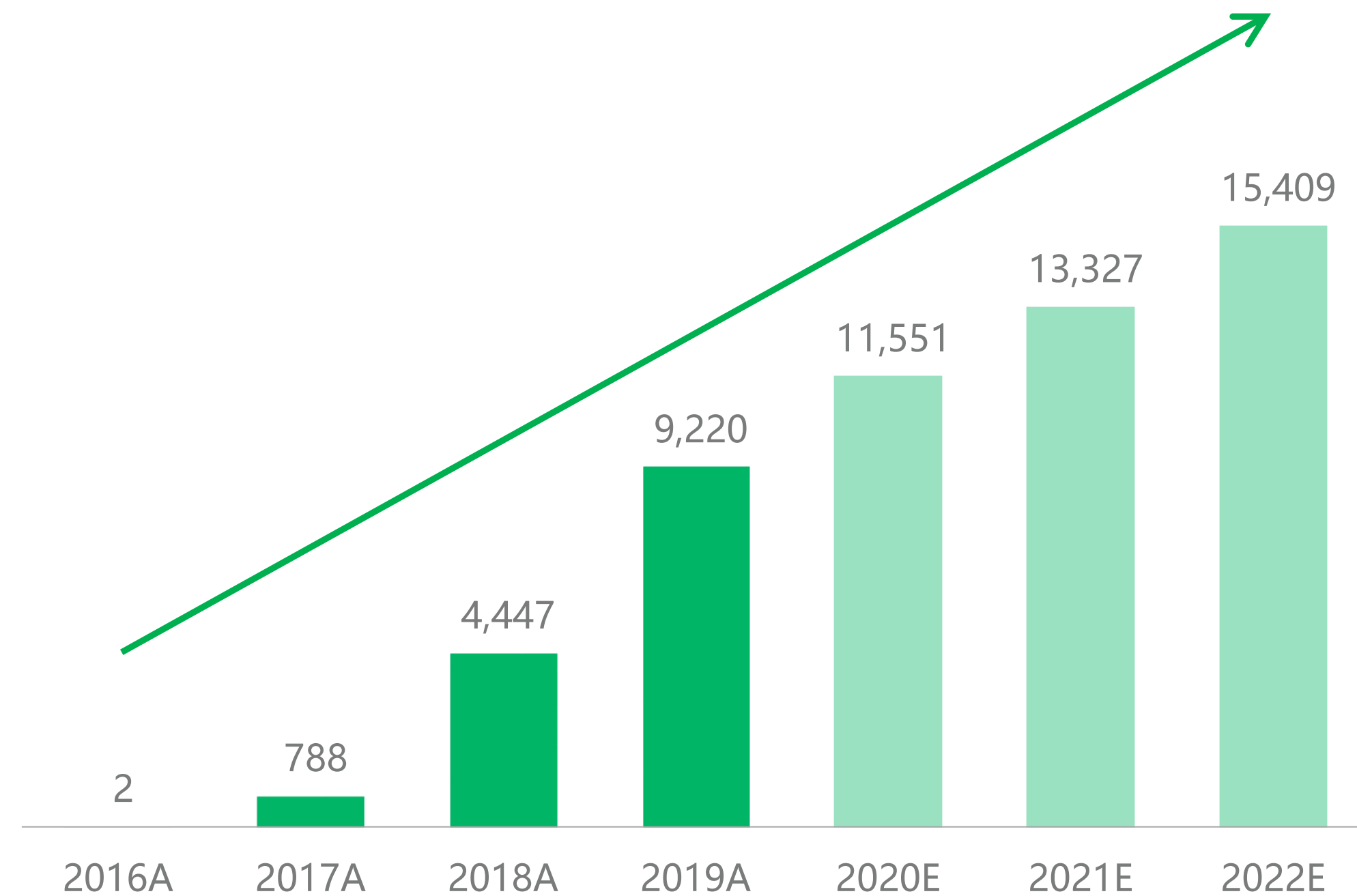
Cumulative Borrowers
(million)



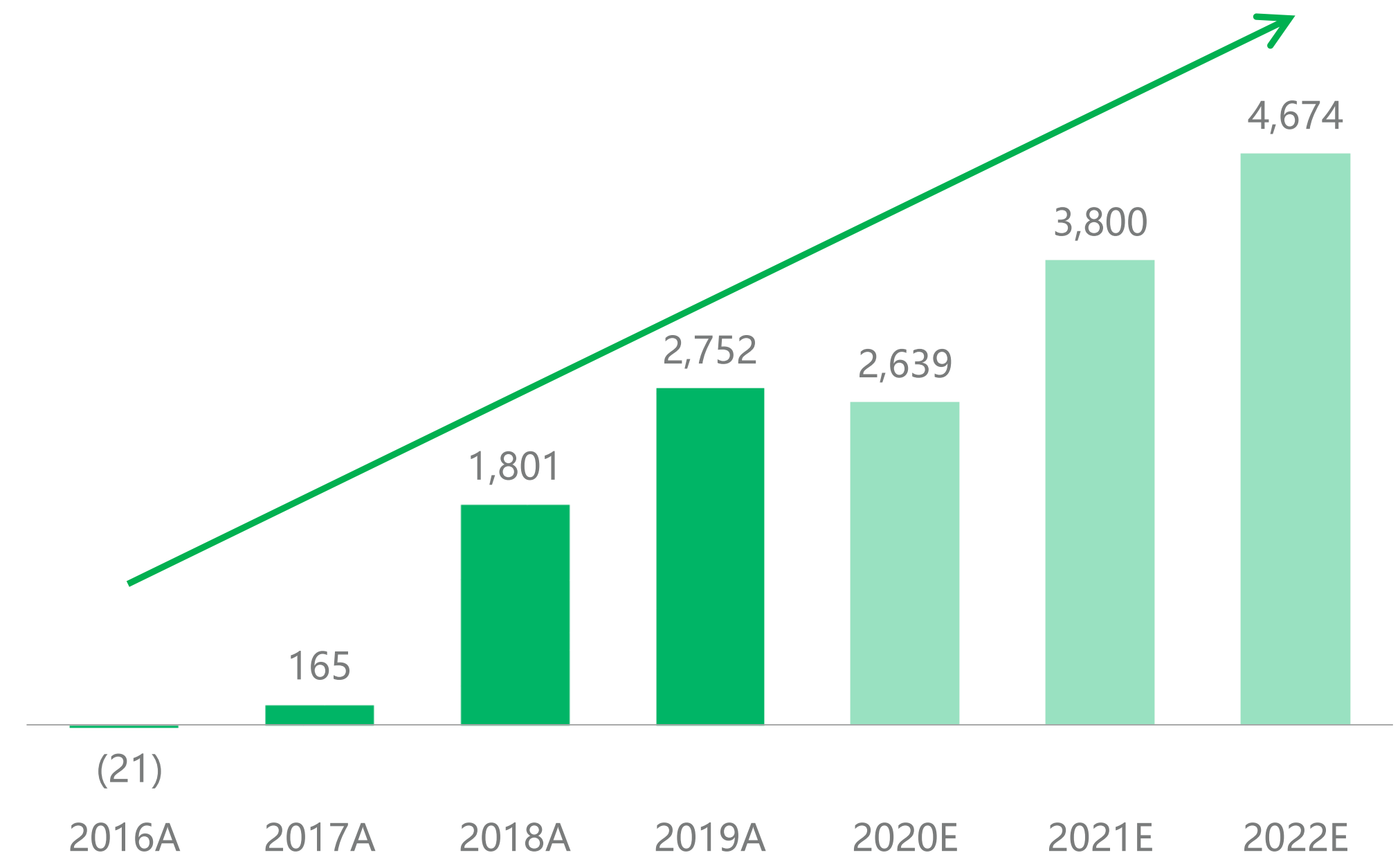
Note: (1) Forward estimates are based on analysts' average. (2) Refers to the total number of users who had submitted their credit applications and were approved with a credit line at the end of each period.
Source: Company data, analyst reports.

Strong Growth Momentum (2)

Revenue ⁽¹⁾
(RMB million)



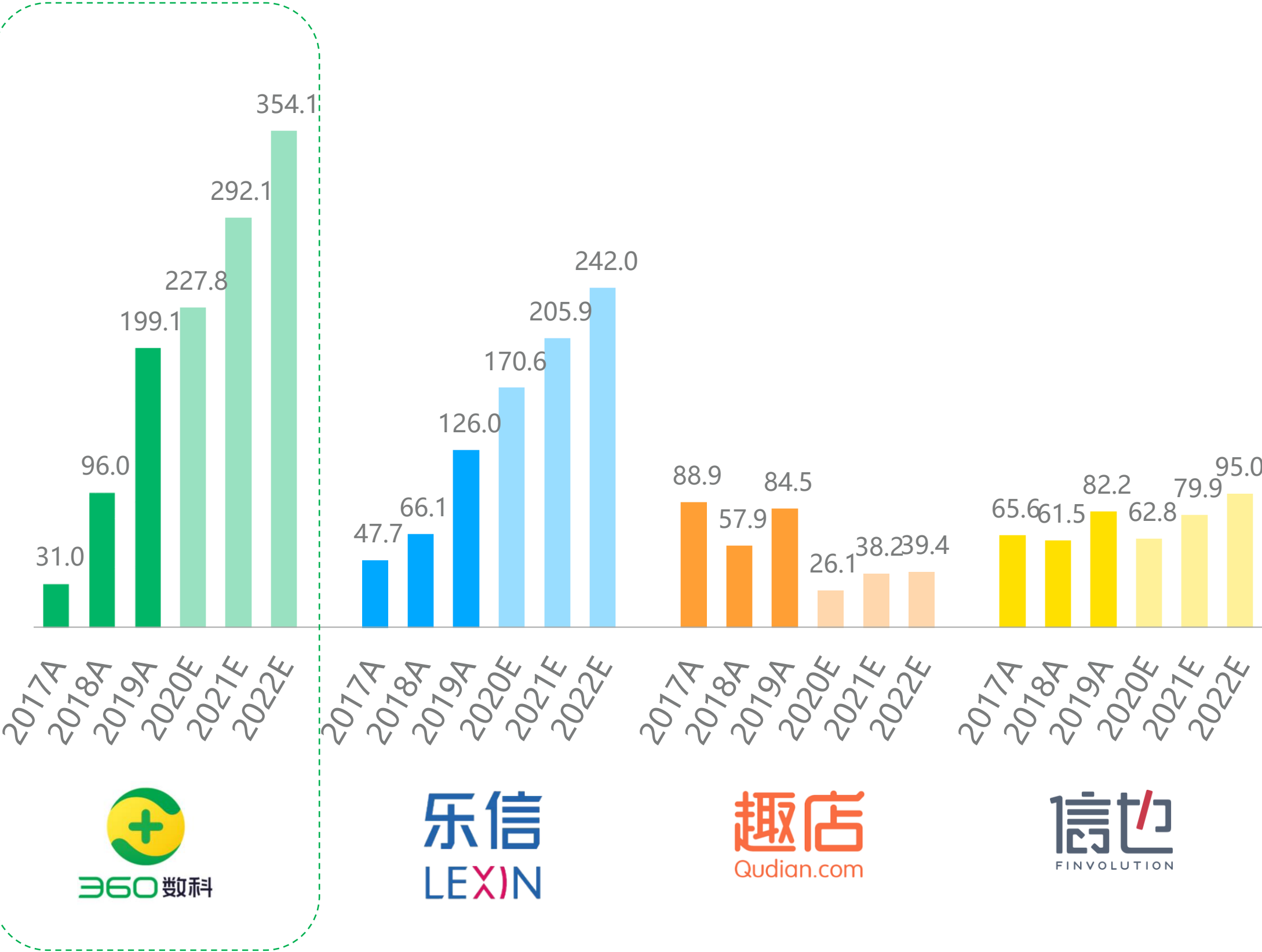
Non-GAAP Net Income ⁽¹⁾⁽²⁾
(RMB million)



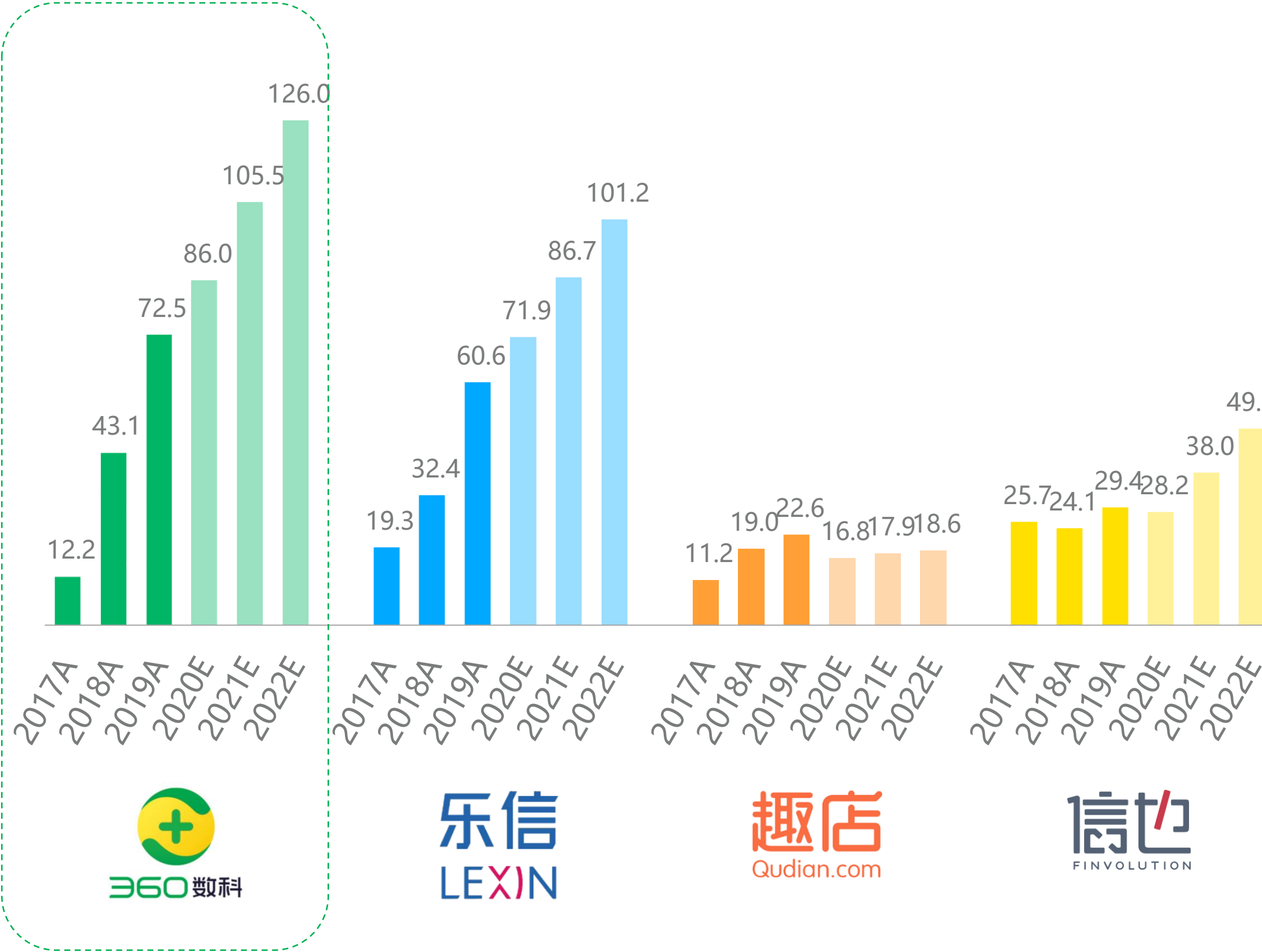
Note: (1) Forward estimates are from Bloomberg and Thomson consensus; (2) Excluding share-based compensation expenses.
Source: Company data, analyst reports.

Indisputable Market Leader (1)

Origination Volume ⁽¹⁾
(RMB billion)



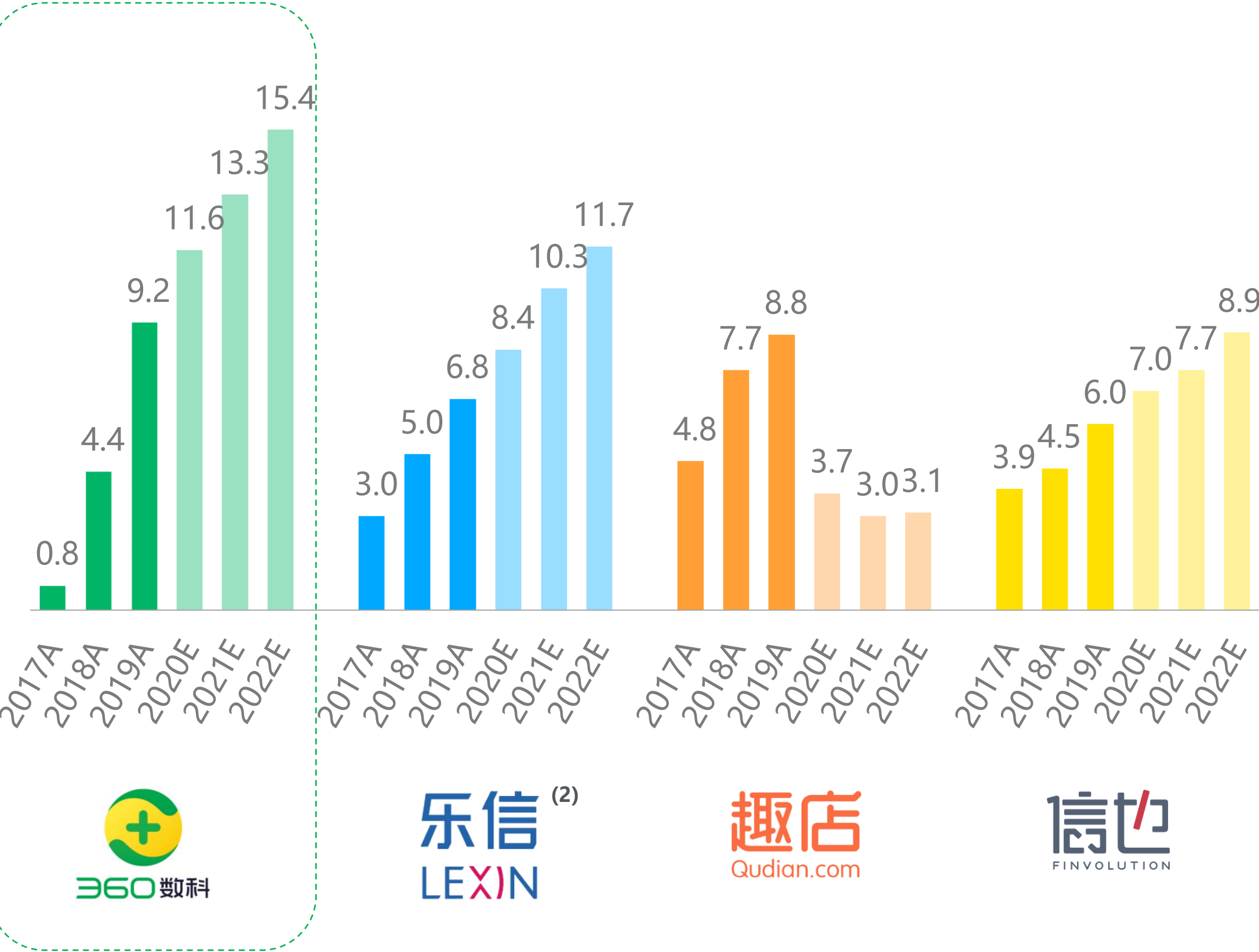
Outstanding Balance ⁽¹⁾
(RMB billion)



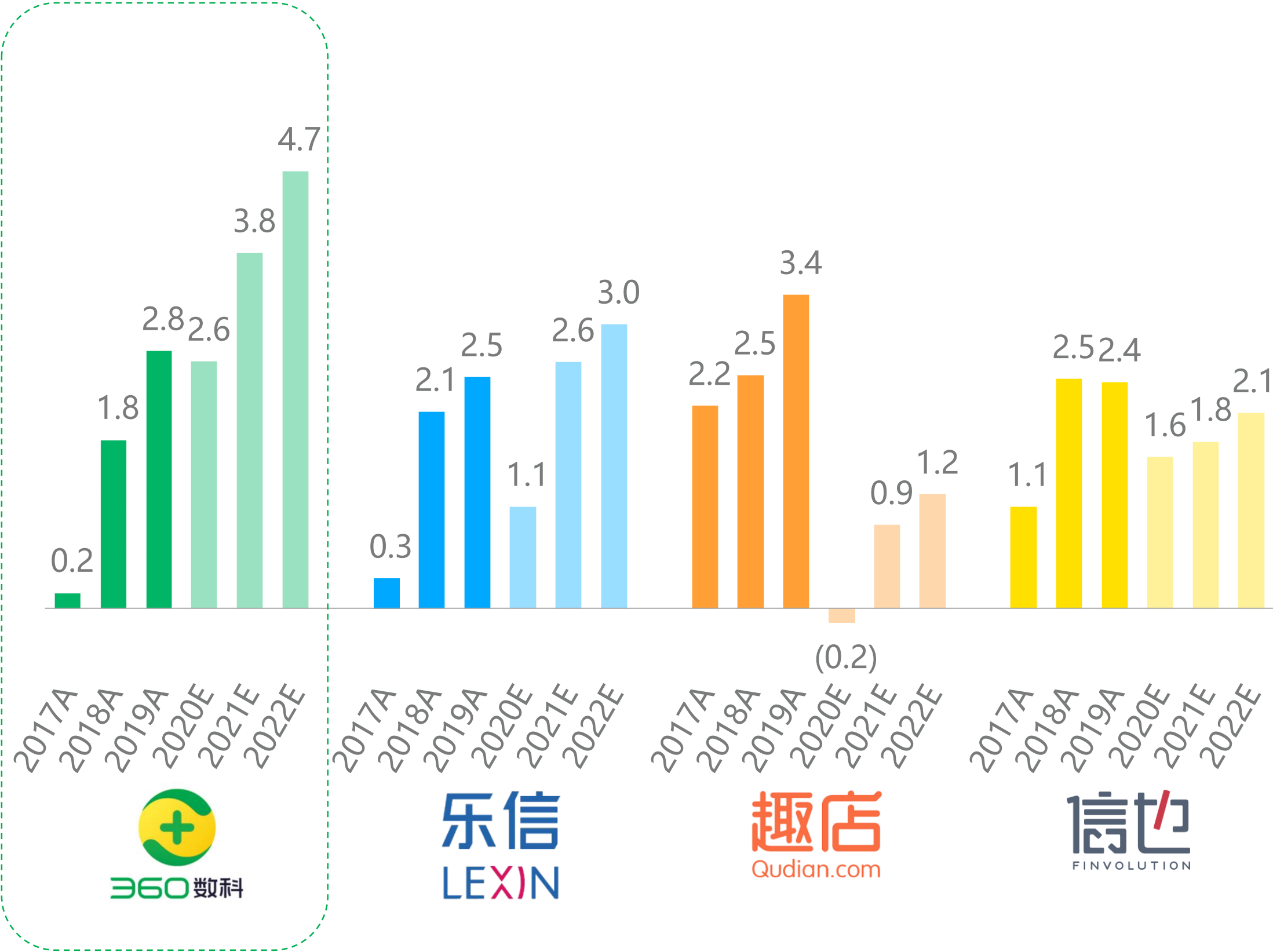
Note: (1) Forward estimates are based on analysts' average.
Source: Company data, analysts' reports.

Indisputable Market Leader (2)

Revenue ⁽¹⁾⁽²⁾
(RMB billion)



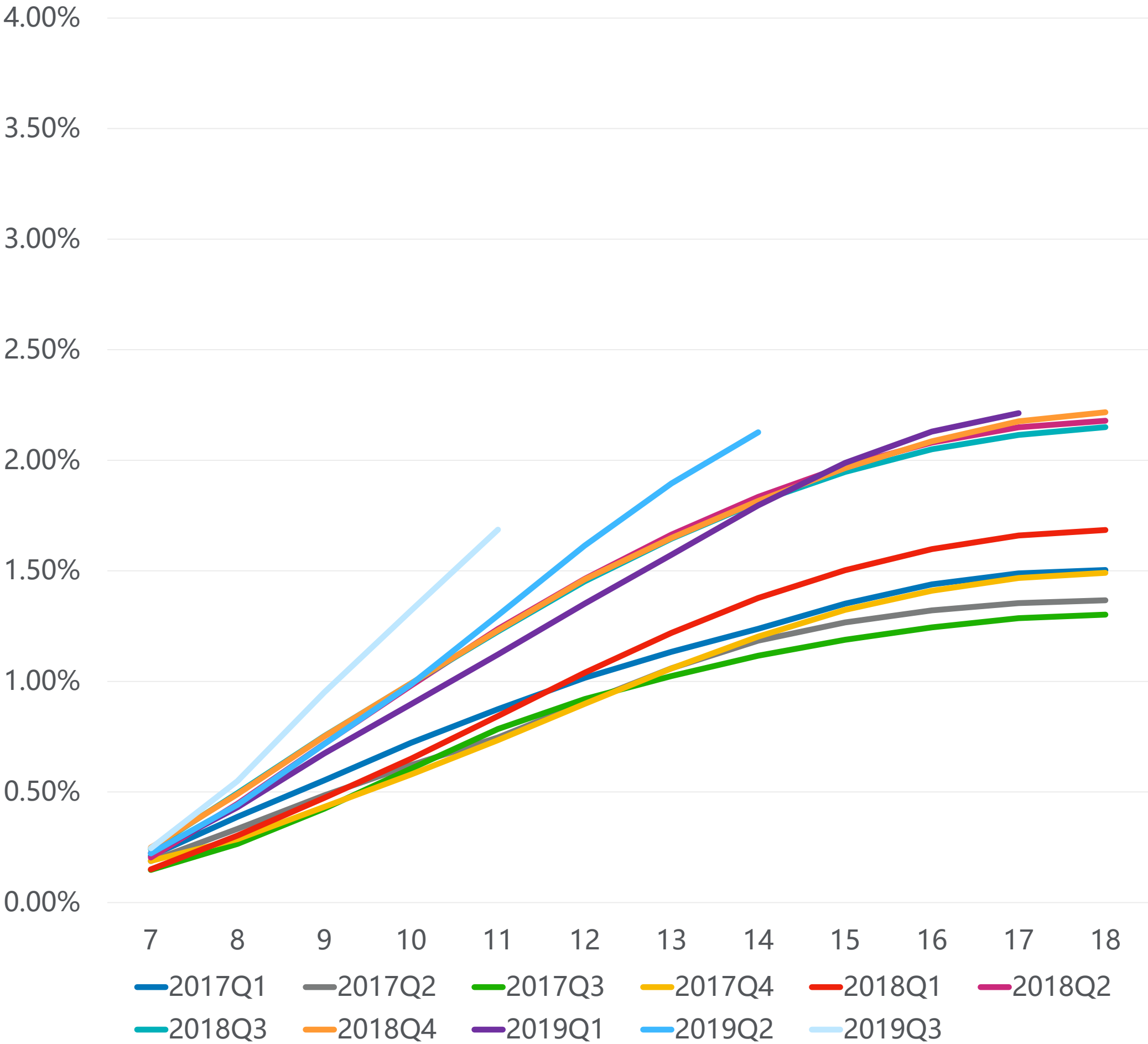
Non-GAAP Net Income ⁽¹⁾⁽³⁾
(RMB billion)



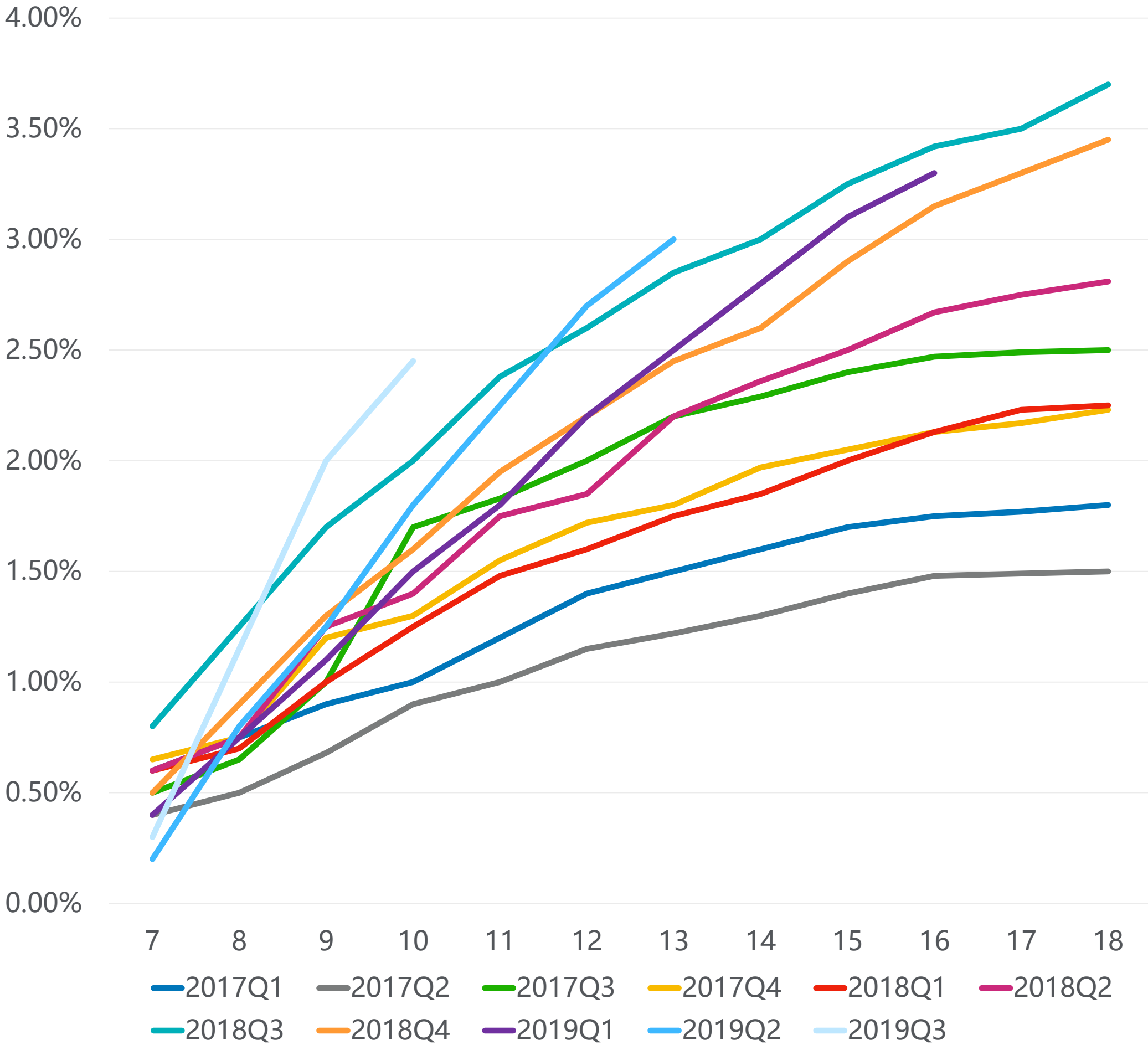
Note: (1) Forward estimates are from Bloomberg and Thomson consensus, and analysts estimates; (2) Excluding revenue from online e-commerce channel; (3) Excluding share-based compensation expenses.
Source: Company data, analysts' reports.

Best-in-class Risk Management

M6+ Delinquency Rate by Vintage



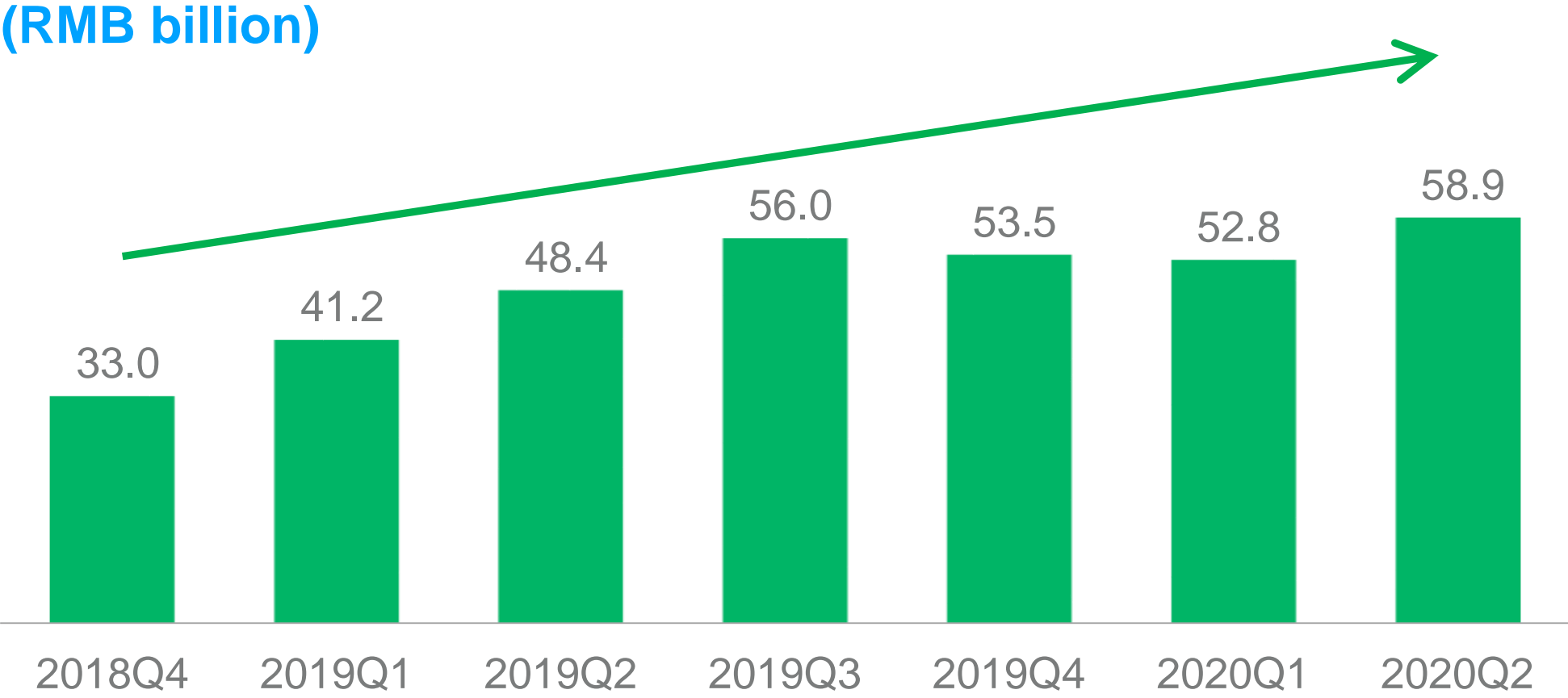
Source: Company data.



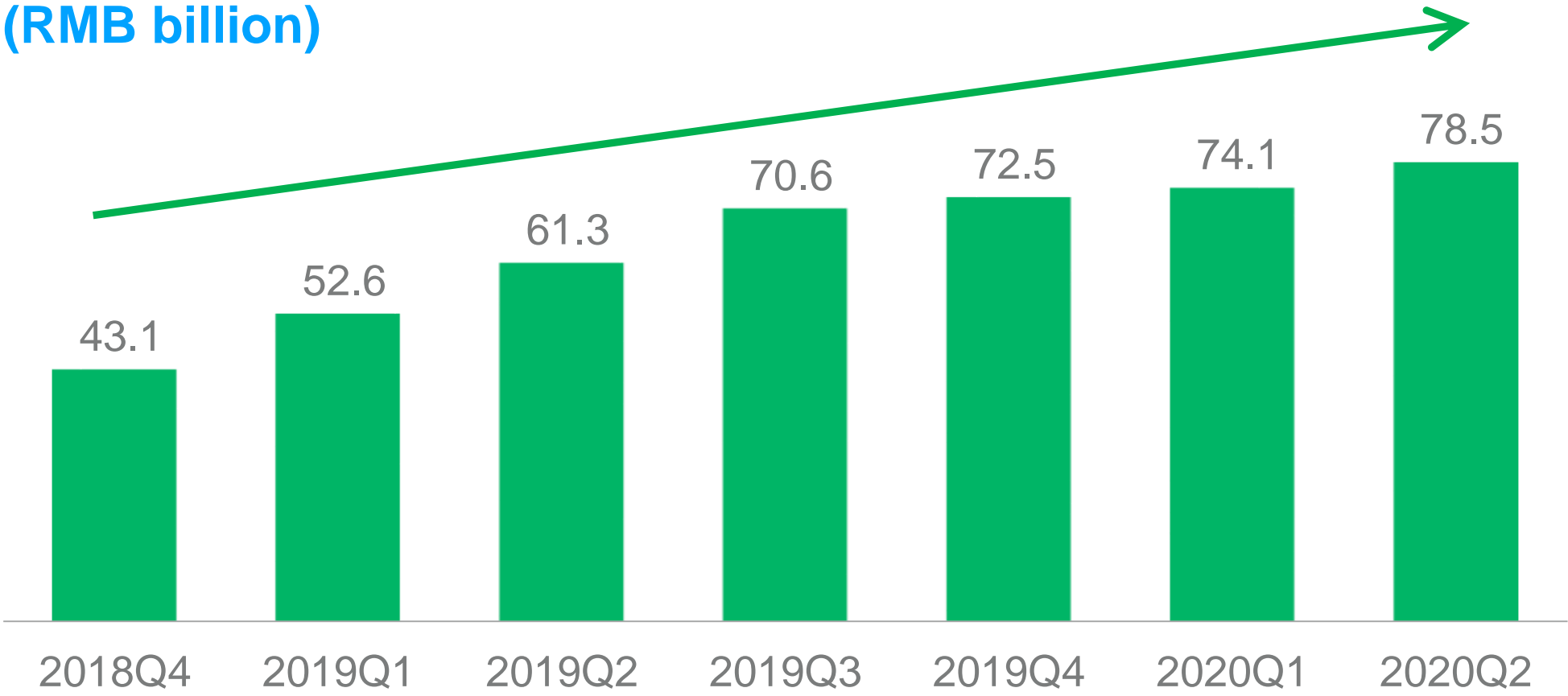
02 | Quarterly Update

Resumed Growth

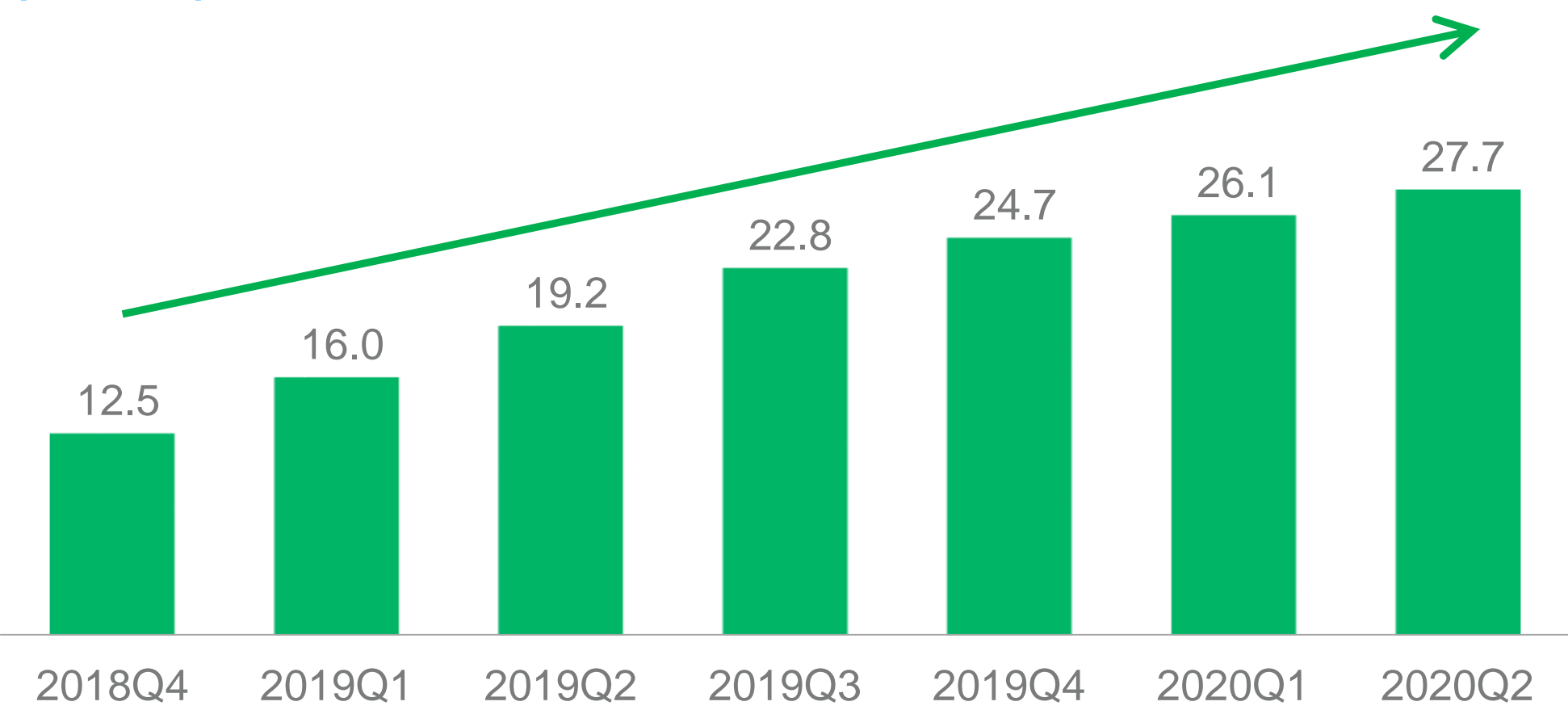
Origination Volume ⁽¹⁾
(RMB billion)



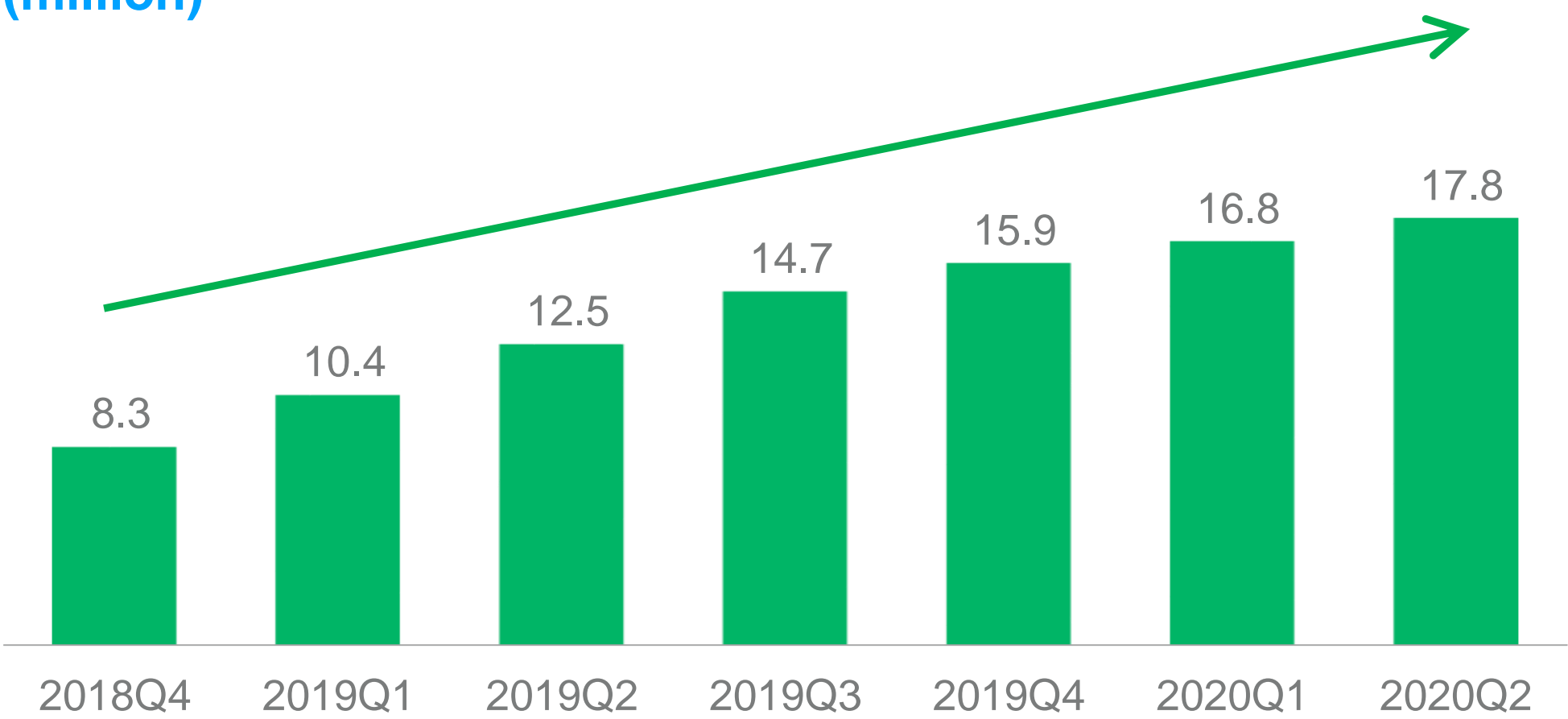
Outstanding Balance ⁽¹⁾
(RMB billion)



Users with Approved Credit Line ⁽²⁾
(million)



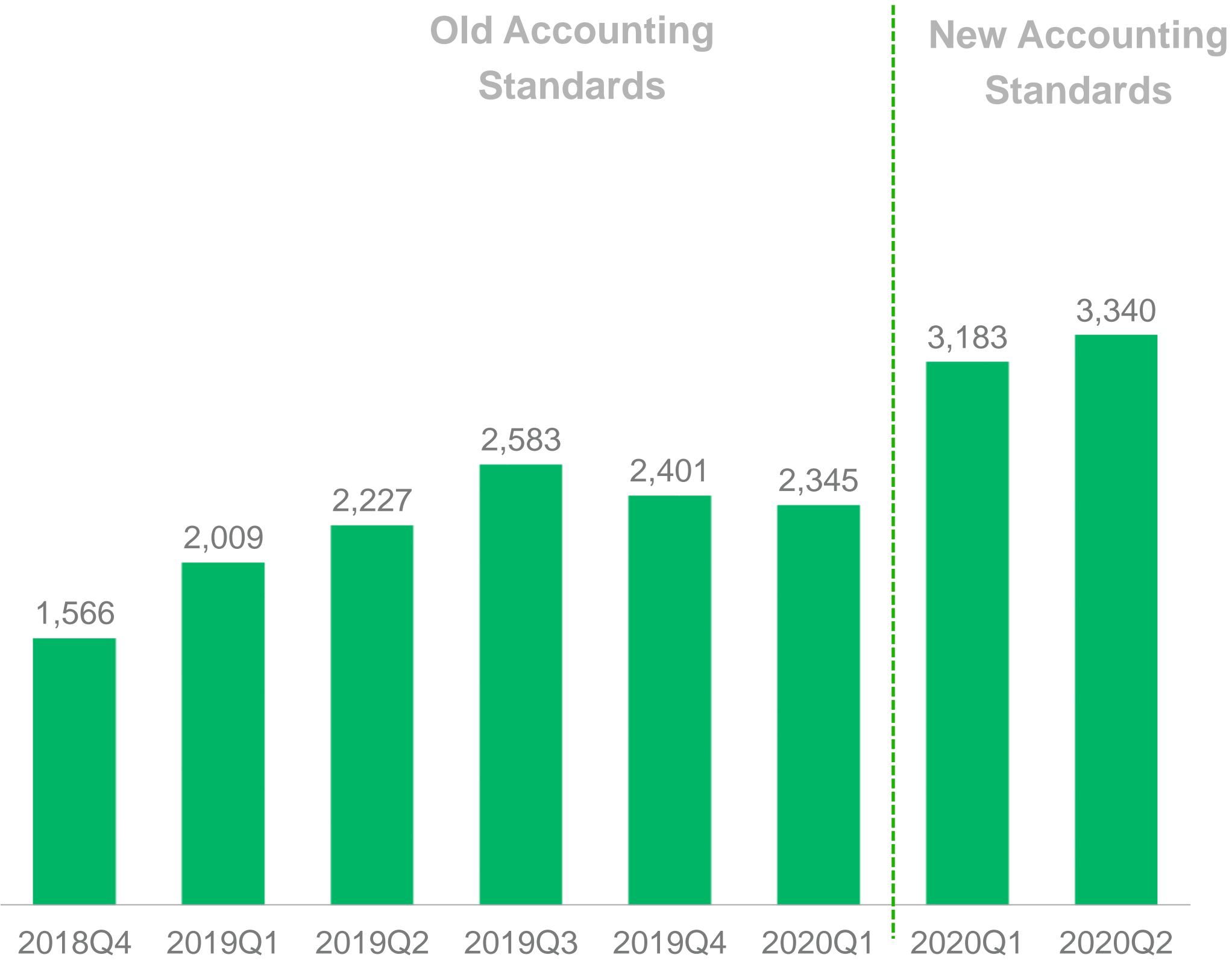
Cumulative Borrowers
(million)



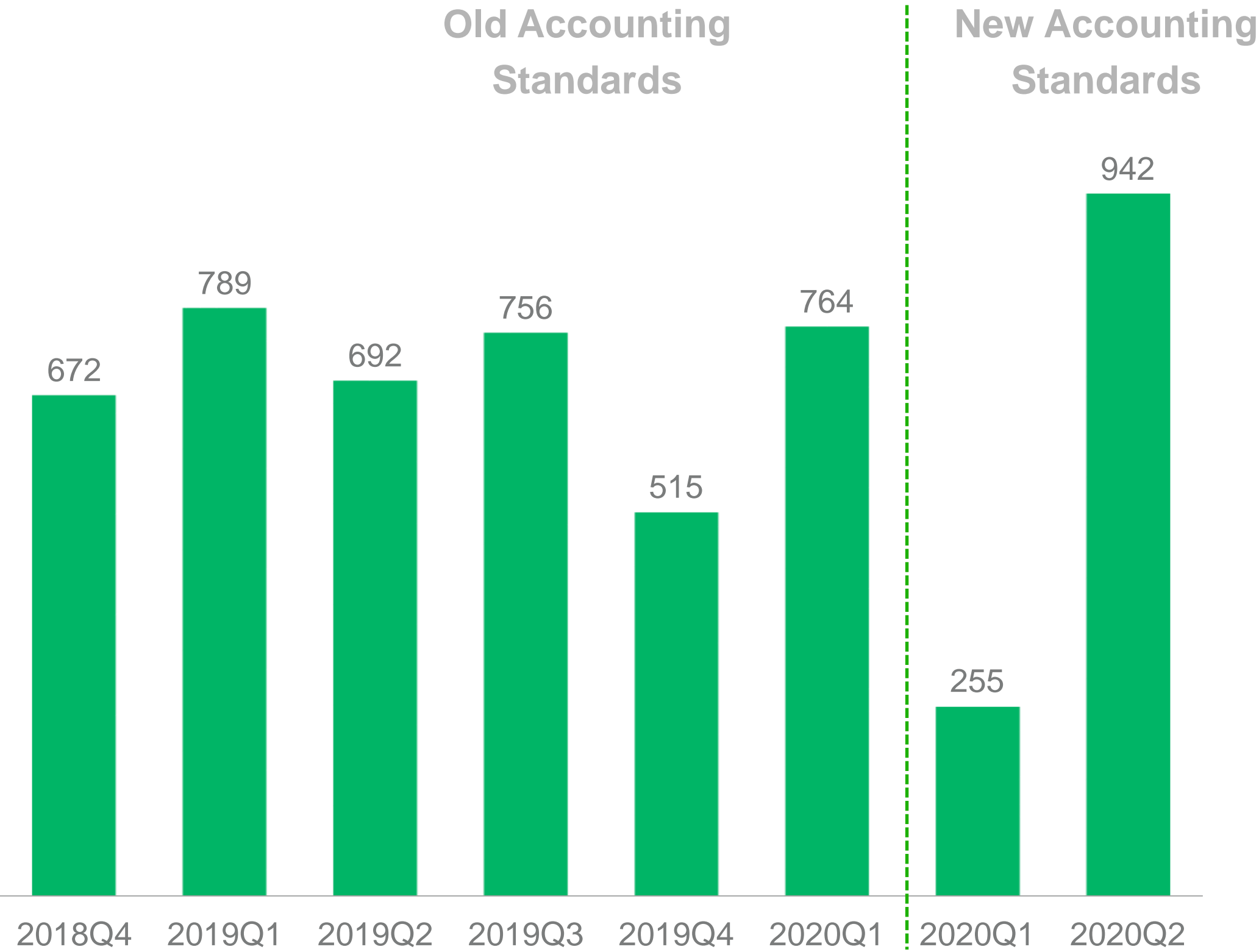
Note: (1) Include ICE from 19Q4; (2) Refers to the total number of users who had submitted their credit applications and were approved with a credit line at the end of each period.
Source: Company data.

Solid Execution in Uncertain Market

Revenue
(RMB mm)



Non-GAAP Net Income⁽¹⁾
(RMB mm)



Note: (1) Excluding share-based compensation expenses.
Source: Company data.

New Opportunities – Exploring Diversified Models

1. Diversified Product Offerings:

- *The virtual credit-card V-Pocket* plays a vital role in boosting credit line drawdown and enhancing customer stickiness, with daily GMV of over **RMB 50 mm**
- *SME Loan* includes e-commerce loans, invoice-based loans, and entrepreneurs loans and store-related loans, with monthly GMV of **RMB1-1.2 bn**
- *Intelligent Credit Engine (“ICE”)* helps activate users and provide financial institutions with smart marketing services, reaching monthly GMV of **RMB500-600 mm**

2. Expansion of Various Customer Acquisition Channels:

- ‘Risk and revenue sharing’ model with traffic platform with consumption scenarios: grew significantly since launching.
 - We have partnered with several leading channels such as Xiaomi, Meituan and iQIYI, with JD.com and Didi in the pipeline
 - Offline acquisition channels have developed rapidly with huge potential, already reaching monthly GMV of **RMB300-400 mm**.

3. Dedicated to Promote To-B Services:

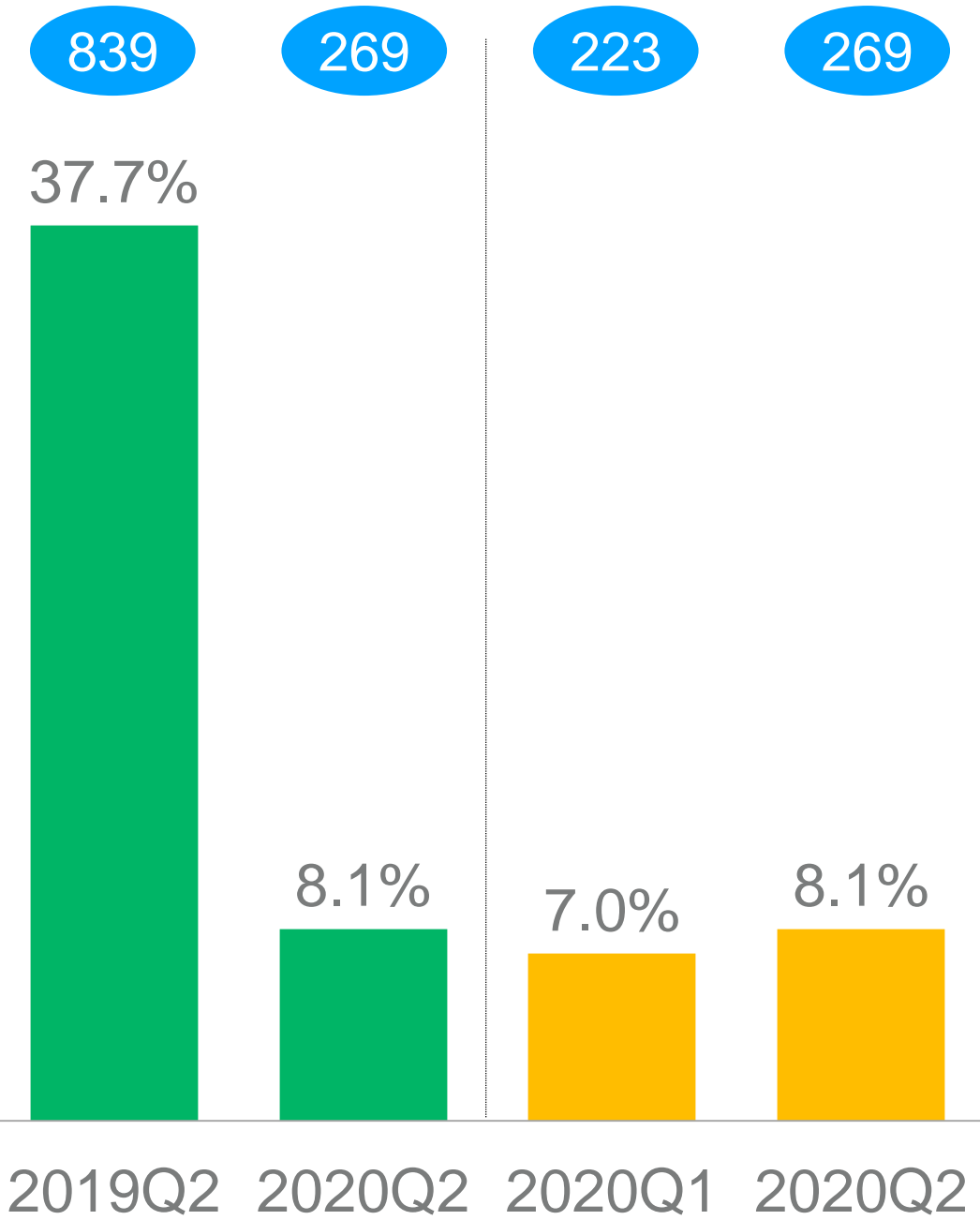
- *360 DigiTech Brain (360金融大脑)* provides standard or customized big data/AI-empowered SaaS solutions to financial institutions in terms of customer acquisition, risk management, and customer service for their consumer and SME lending businesses. For example, 360 DigiTech Brain (360金融大脑) offers modularized tools, joint modeling, technology consulting, system infrastructure development consulting, etc.

Source: Company report.

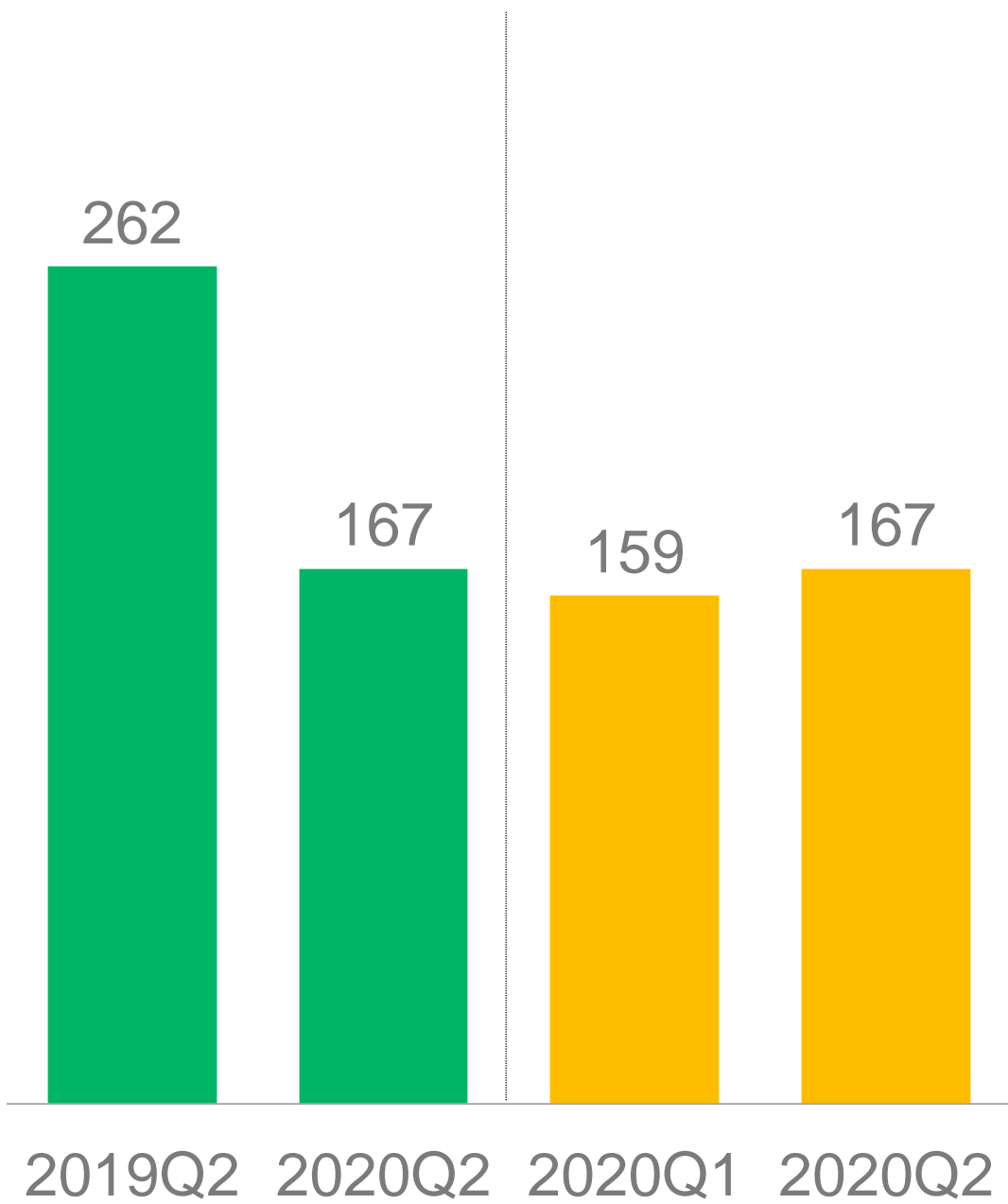
Operational Efficiency

Sales and Marketing Expenses as % of Revenue

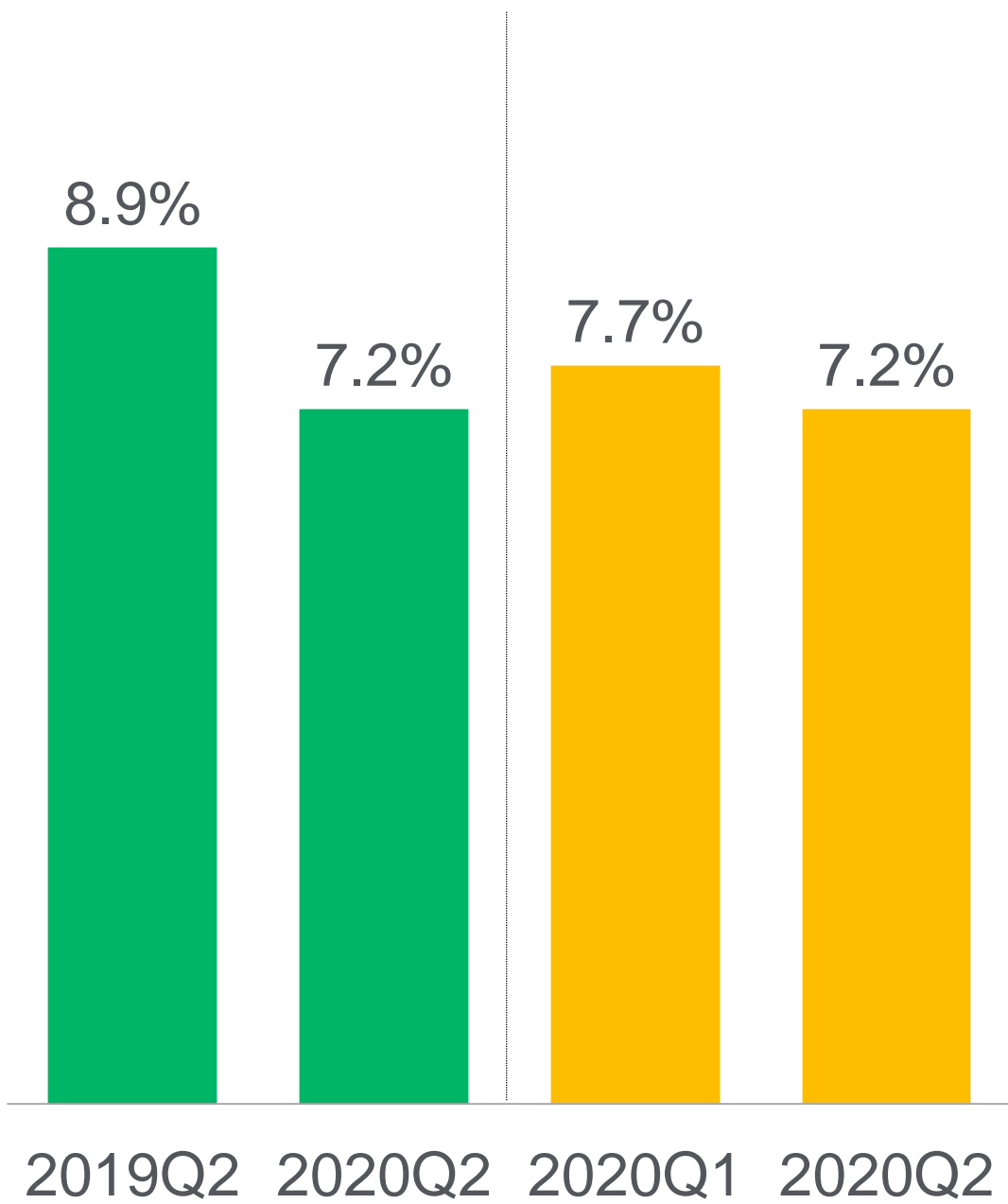
Sales and Marketing Expenses
(RMB mm)



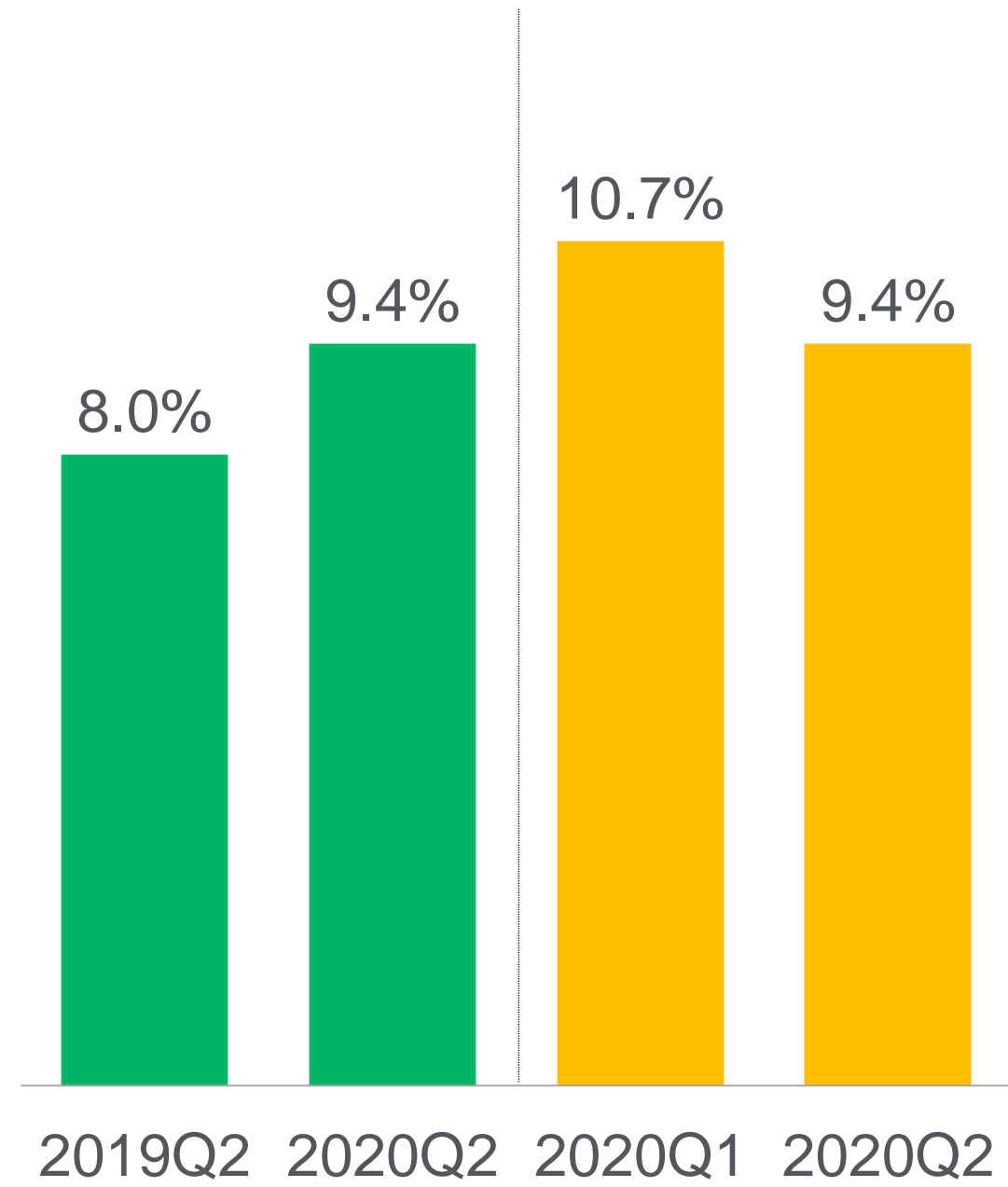
User Acquisition Costs⁽¹⁾ (RMB)



Funding Costs⁽²⁾



Credit Costs⁽³⁾

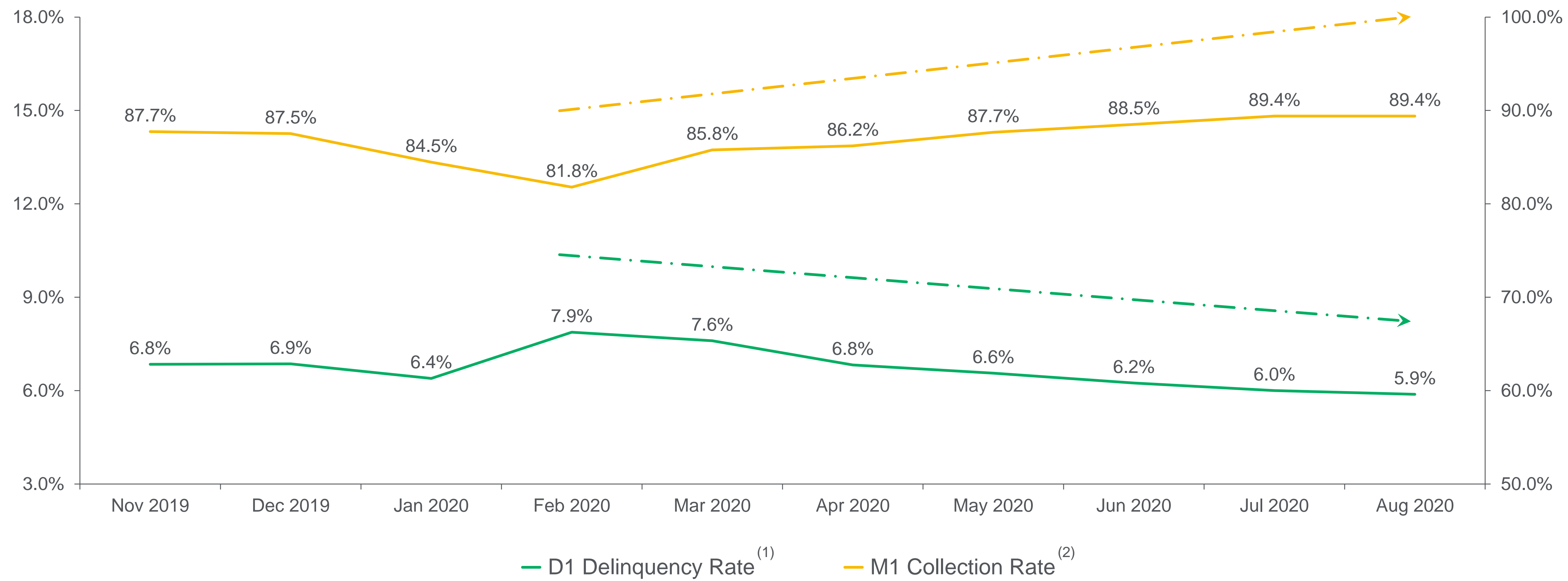


Note: (1) User acquisition cost is calculated by (i) sales and marketing expenses (excluding share-based compensation related expenses), divided by (ii) the number of new users with credit lines for the period. (2) annualized weighted average interest rate charged to customer by funding partners; (3) Including 3rd party estimated annualized vintage loss and estimated extra provisions.

Source: Company data.

Rapid and Continued Recovery in Asset Quality

D1 Delinquency & M1 Collection Rate

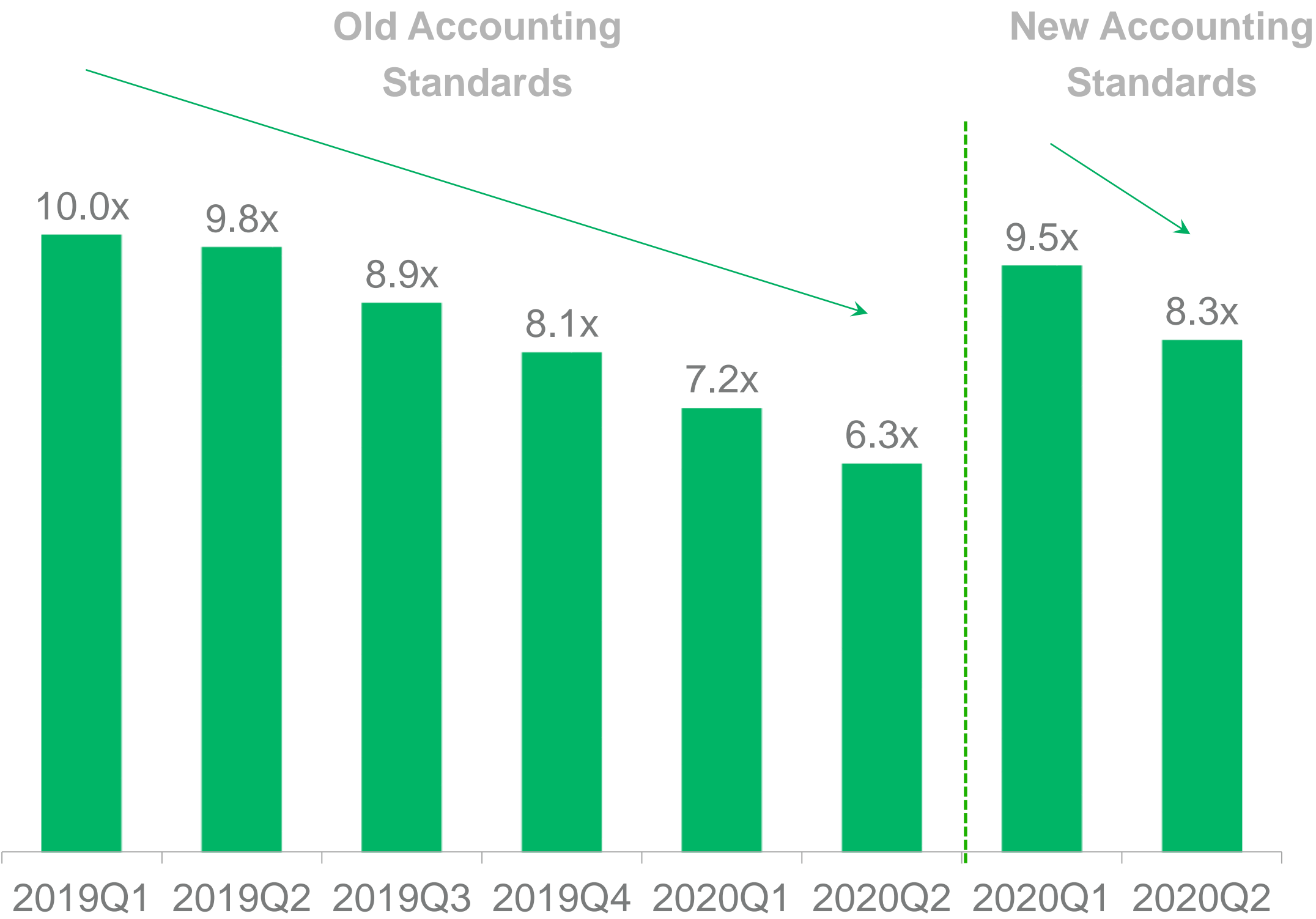


Note: (1) D1 delinquency rate is defined as (i) the total amount of principal that became overdue as of a specified date, divided by (ii) the total amount of principal that was due for repayment as of such date. (2) M1 collection rate is defined as (i) the amount of principal that was repaid in one month among the total amount of principal that became overdue as of a specified date, divided by (ii) the total amount of principal that became overdue as of a specified date.

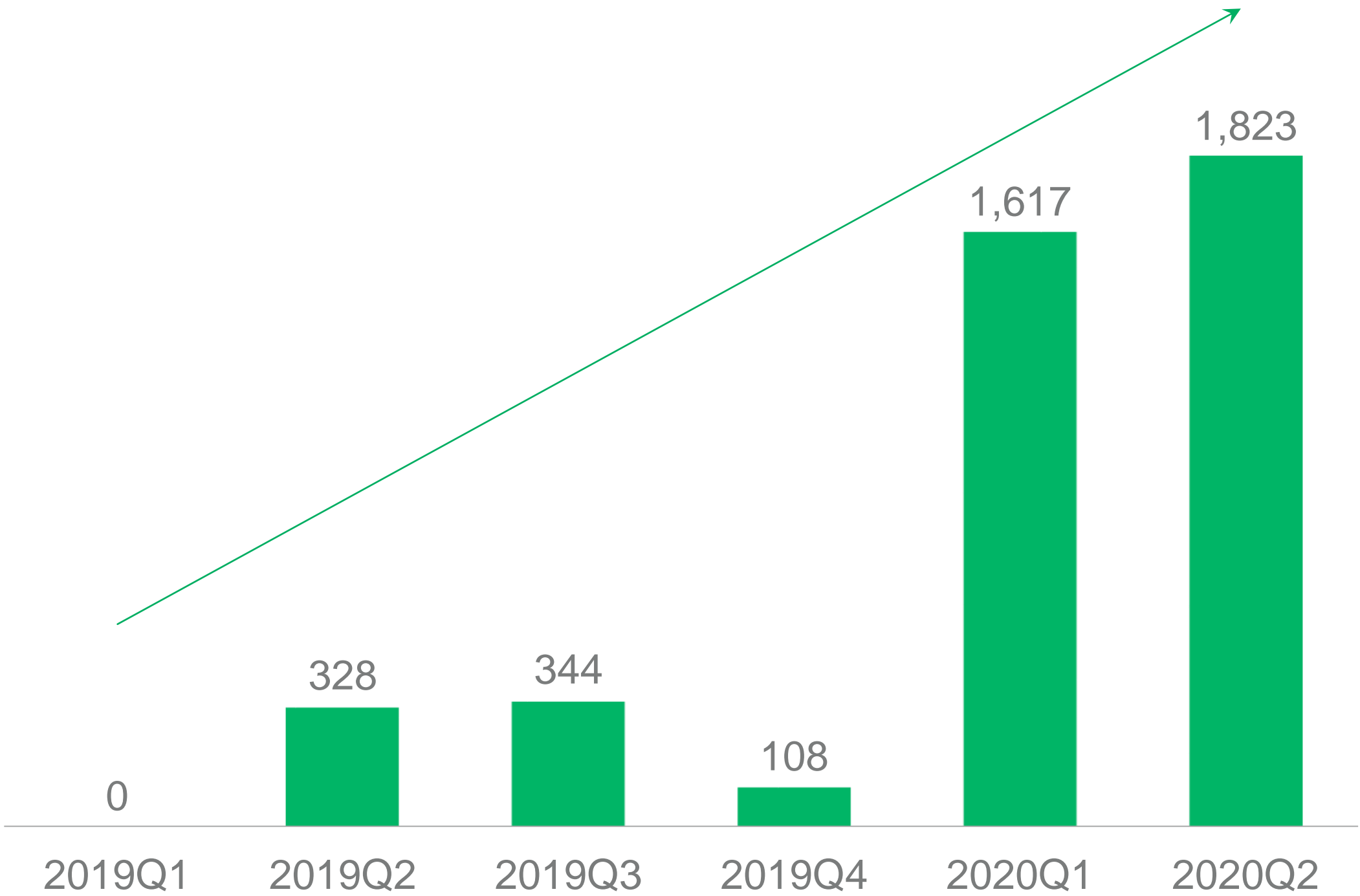
Source: Company data.

Improving Margin of Safety – Leverage Ratio & Free Cash

Leverage Ratio⁽¹⁾



Free Cash⁽²⁾
(RMB mm)



Note: (1) Leverage Ratio = (risk-bearing outstanding loan balance / net assets). (2) Free cash = (cash and cash equivalents – operation cash – cash reserve). For illustrative purpose only.
Source: Company data.

03 | Regulatory Update

Opportunities Come with Challenges (1)

On August 20, the Supreme People's Court of China released the revised “Guidelines on Laws Applicable to Trials of Private Lending Cases”, which set the new cap for court protected interest rate for private lending at 4x 1-year LPR (i.e. 15.4% based on current LPR).

- ❖ Almost all of our funding comes from financial institutions, thus theoretically it is not subject to private lending regulations. However, it is possible that some financial institutions may gradually follow the new rules in the future.
- ❖ It is widely acknowledged that the new interest rate cap is set at 15.4% APR, implying approximately 27.2% IRR (for one-year loans), which is close to our average pricing in Q2.
- ❖ The market may experience short-term fluctuations due to different interpretations of and responses to the new regulations by market participants (institutions, users and platforms).
- ❖ We have gone through multiple rounds of stress tests and remains confident to achieve our operational and financial targets under the new interest rate cap.
- ❖ Starting September, we have applied the new interest rate cap to loan originations for new applications.
- ❖ We have been actively expanding tech-empowered services to mitigate the sensitivity to regulation changes.
- ❖ Kincheng Bank will provide a solid step stone for us to offer more diversified products to a broader user bases.
- ❖ New regulations may accelerate market consolidation towards leading platforms with strong risk management capabilities and operational efficiency.

Opportunities Come with Challenges (2)

On July 17, CBIRC officially released the “Guidelines for Commercial Banks’ Online Lending”:

- ❖ The Guidelines officially confirmed the regulatory compliance of loan facilitation platform and clearly set out a series of practical rules.
- ❖ This will further benefit leading platforms with strong compliance systems, robust risk management capabilities, and high operating efficiency.

THANK
YOU