

信而富
China Rapid Finance



Second Quarter 2018 Earnings Results

August 15, 2018

Forward Looking Statements

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Operating Highlights

Dr. Zane Wang, Chief Executive Officer



Regulatory Developments

✓ Recent P2P Regulatory Developments

- Guidelines to encourage compliant companies like XRF to continue operations and apply for registration
- XRF among small group included to make public commitments to compliance

✓ XRF participating in National Credit Reporting System

- P2P lending platforms, including XRF, encouraged to report credit behavior data to national credit reporting system
- XRF data among first to be listed on recent notice by regulatory authorities

Top Priorities of First Half Re-organization

✓ Sustain lender confidence

- Early delinquency rates show loan quality improving in Q2
- Constant direct communication with lender base
- Result: net funding inflow, stable lender population

✓ Product and service innovation

- Innovation driven by focus on customer relationship, lifetime financial needs
- Introduced new loan products and other adjacent value-added services
 - Created new “Lite” category with smaller loan size and shorter duration.
 - Value-added membership privileges
- Result: higher take rate, higher average loan size, revenue up, lower marketing cost

✓ Streamlined operations

- Business unit organizational structure
 - Better understand customer needs, quicker response
 - Automation of data verification
 - Migration of Lifestyle Loan to 100% online fulfillment
- Result: better service, operating expense run rate \$4 million lower

Financial Highlights

Kerry Shen, Chief Financial Officer



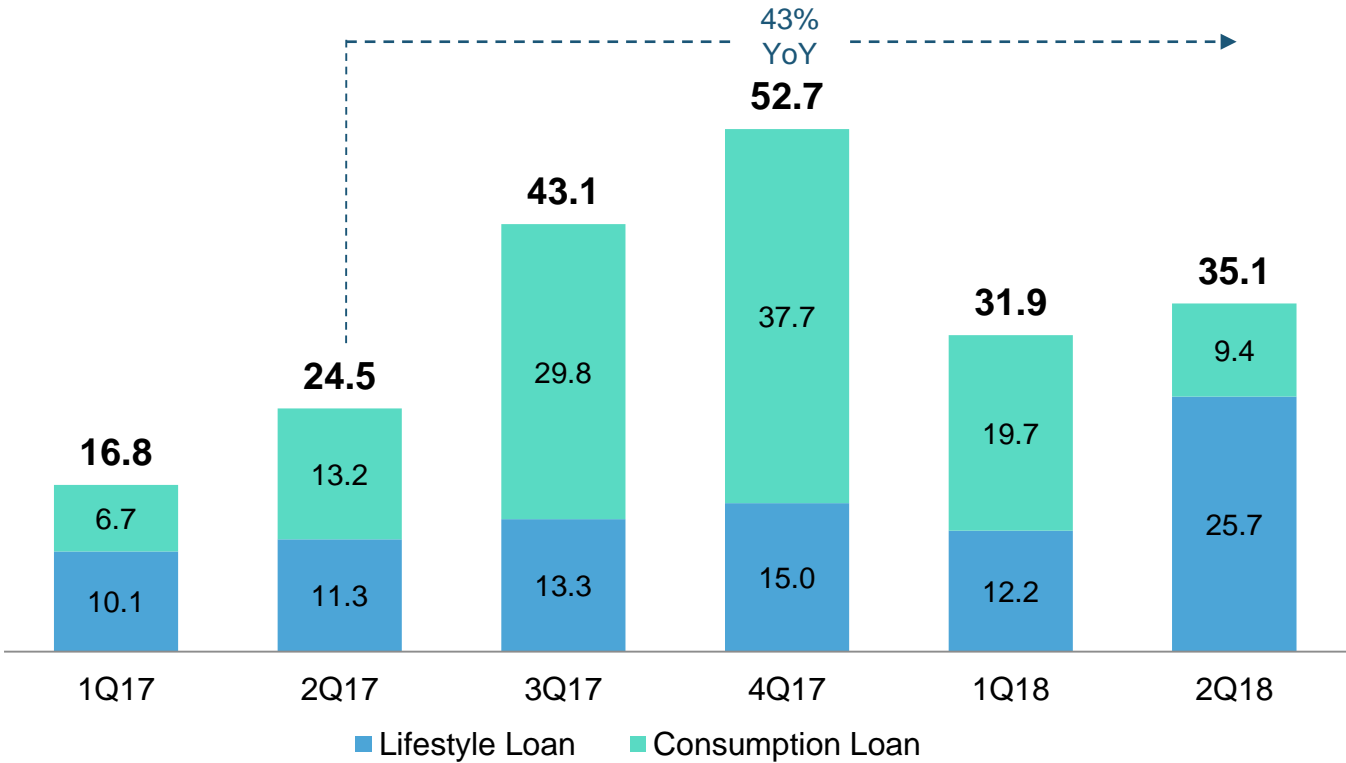
Financial Results Key Points

- ✓ Net revenue +51% to \$23 million
 - Growth from higher take rate, focused on seasoned borrowers
- ✓ Gross billings +43% to \$35 million
- ✓ Operating expense run rate \$4 million lower
 - June 2018 operating expenses < \$10 million
- ✓ Cash of \$59 million more than adequate
 - Operations
 - Growth initiatives
 - Share repurchase

Gross Billings +43%

Total Gross Billings¹

US\$ millions



Key Growth Drivers

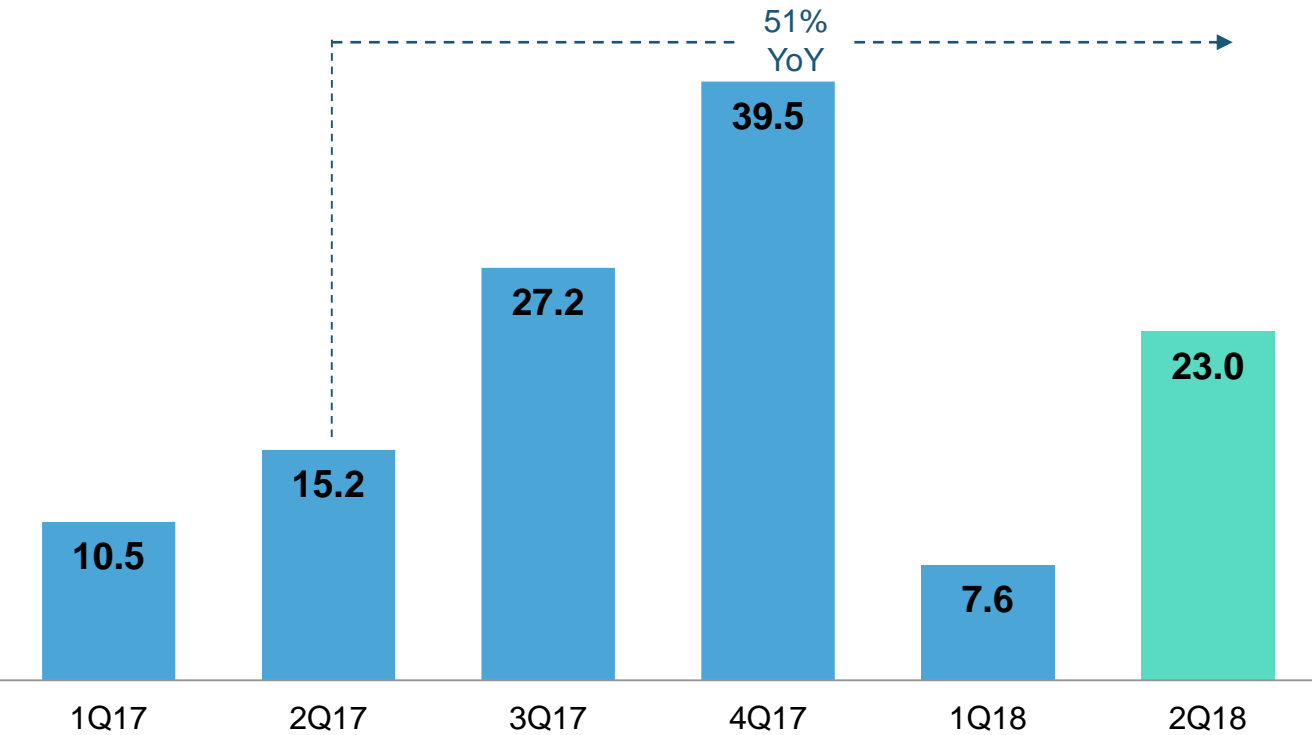
- Focus on highest value repeat borrowers
- New products and services
- Higher take rate

Note: 1. Gross billings on transaction and service fee in this presentation is defined as transaction and service fee billed to customers, inclusive of related value added tax, before deduction of customer acquisition incentive.

Net Revenue +51%

Net Revenue¹

US\$ millions



Key Growth Drivers

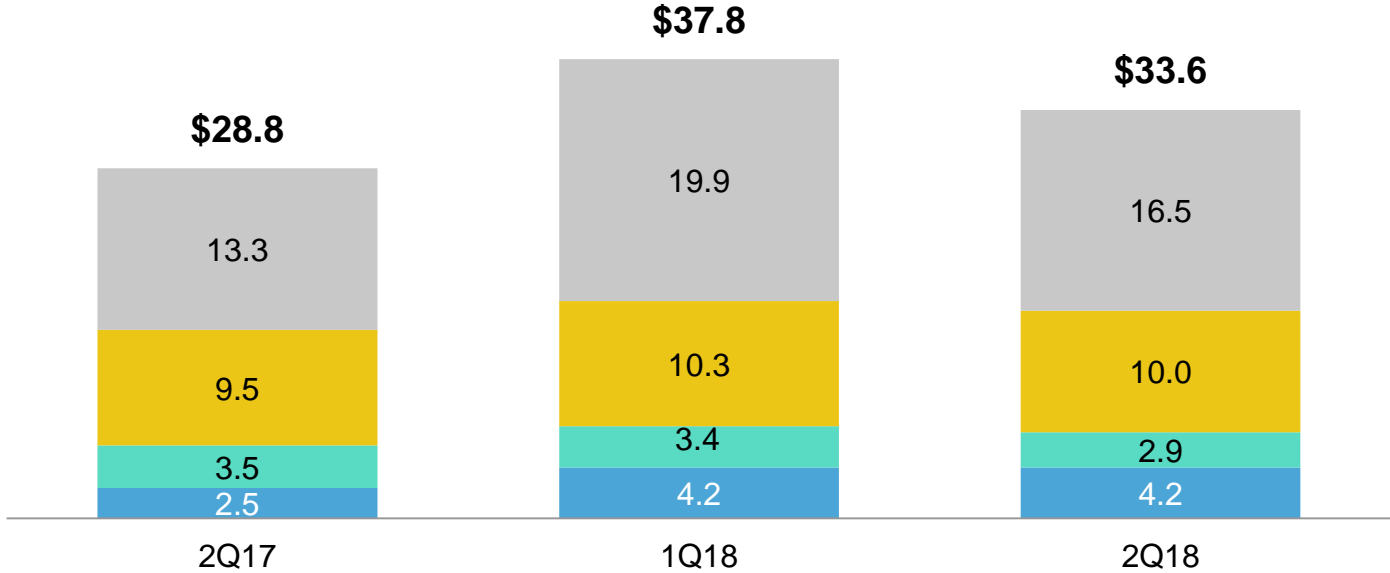
- Higher gross billings
- Lower CAI due to focus on repeat customers

Note: 1. Net revenue is equal to transaction and service fees net of customer acquisition incentive, plus other revenue, provision for loan losses, and business related taxes and surcharges.

Streamlining Drives Lower Operating Expenses

Operating Expenses

US\$ million



■ Product Development Expenses ■ Servicing Expenses
■ Sales and Marketing Expenses ■ General and Administrative Expenses

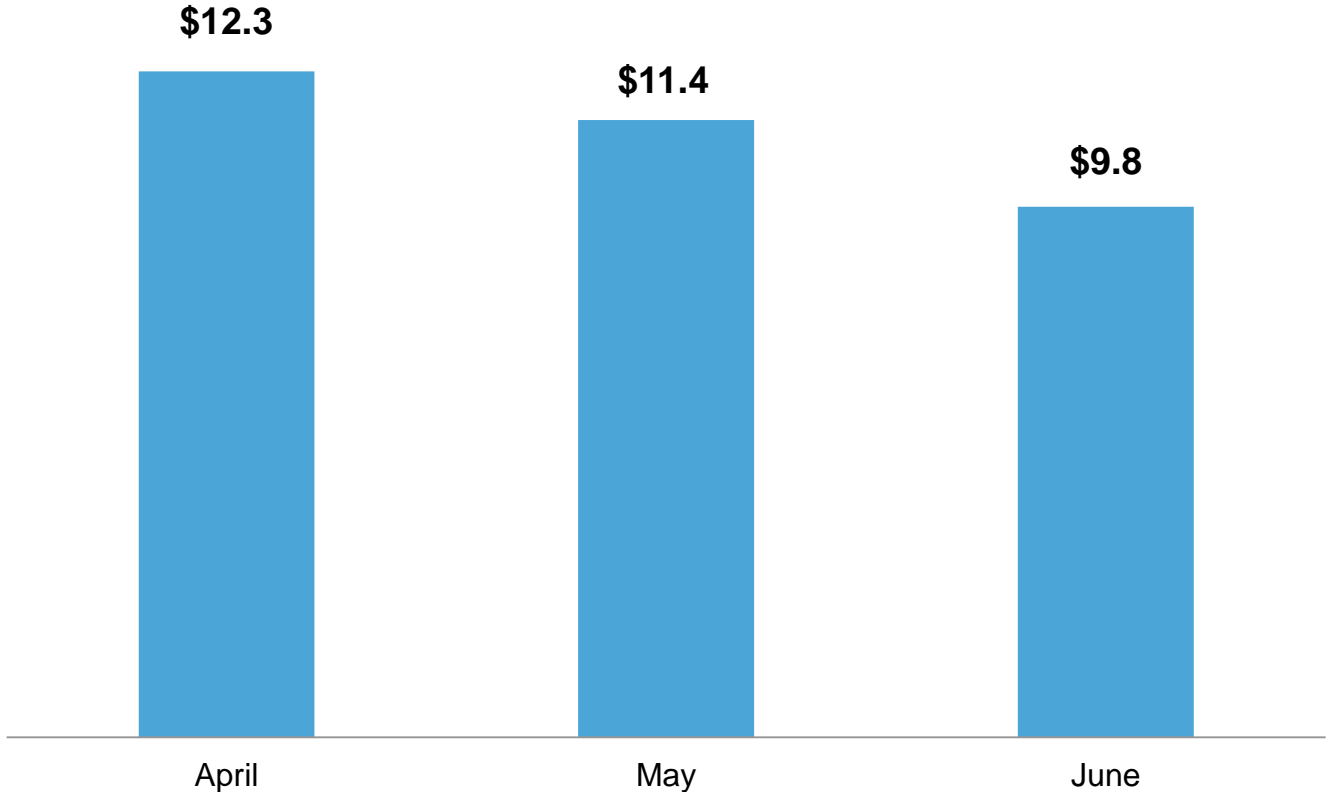
Key Drivers

- Savings from reduced G&A
- Preserved spend on functions critical to growth
- June opex <\$10 million
- Reduced opex run rate by over \$4 million

Solid Operating Expense Trend

Q2 Operating Expenses by Month

US\$ million



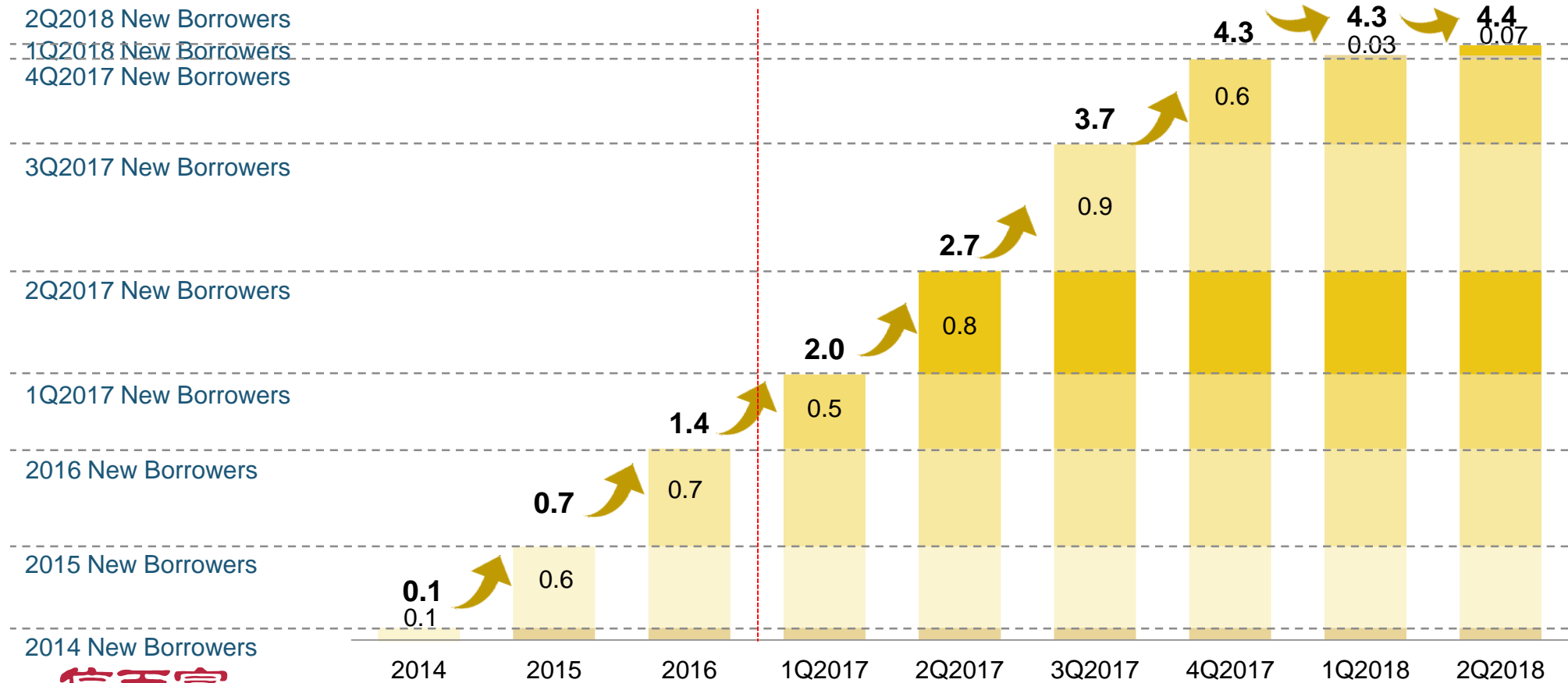
Key Drivers

- Savings from reduced G&A
- Preserved spend on functions critical to growth
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Focus on Existing Repeat Borrowers

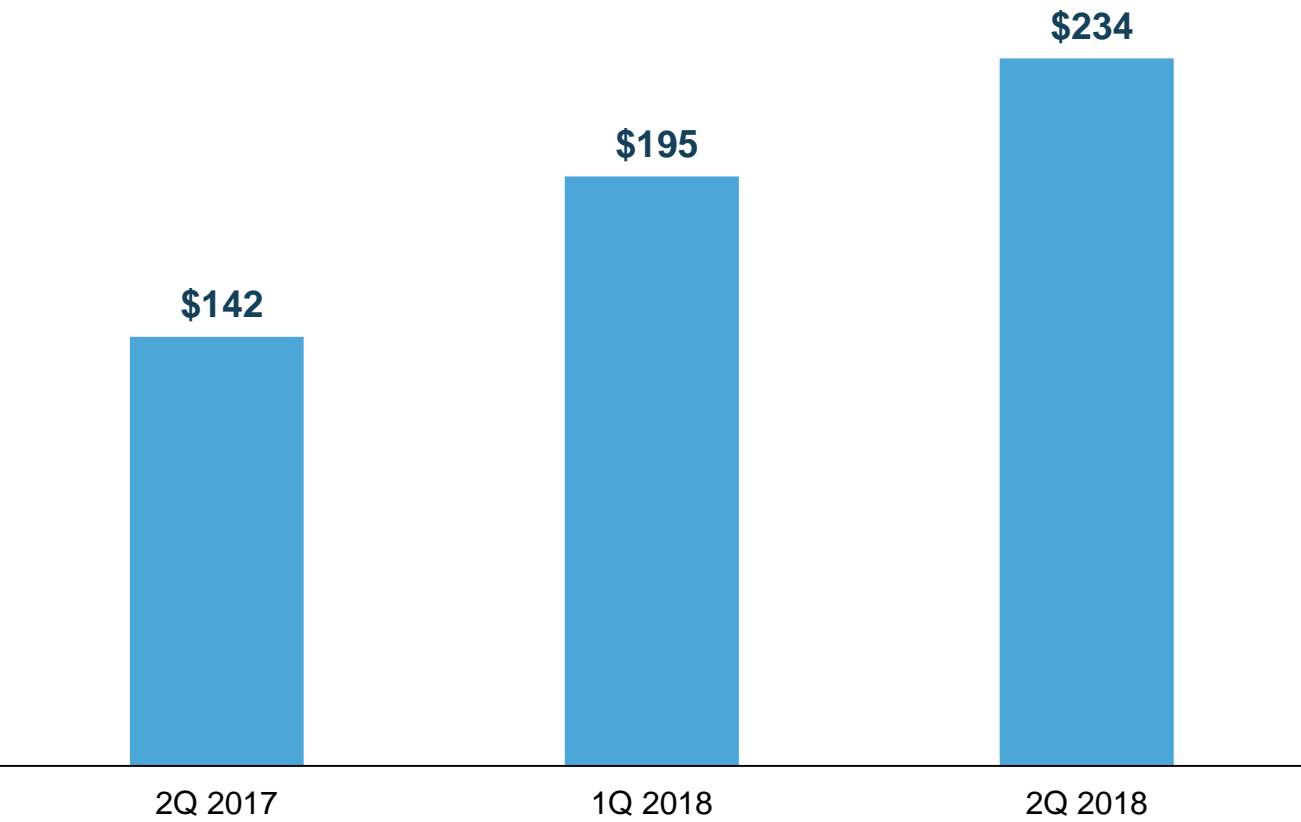
Cumulative Number of Borrowers

Millions



Growing Average Loan Size

Increasing Average Loan Size

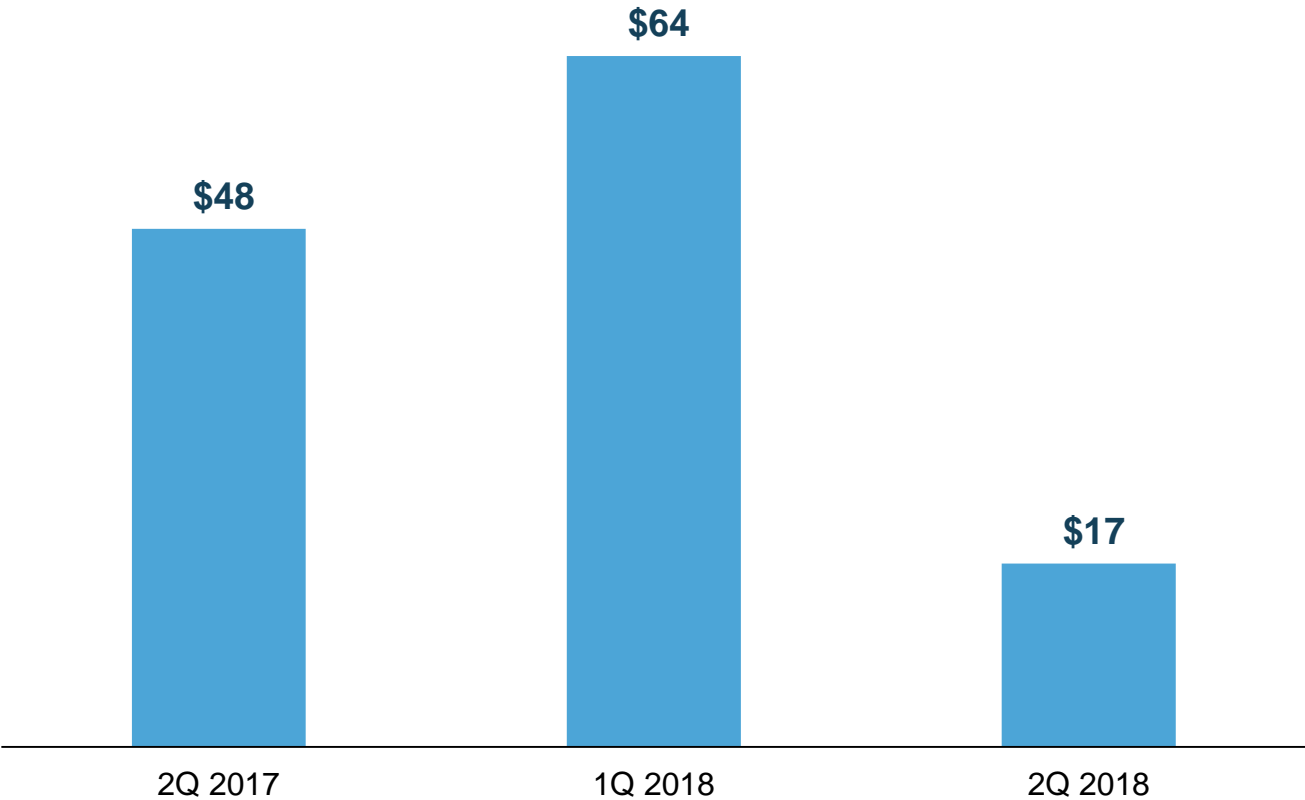


Key Drivers

- Focus on seasoned borrowers
- Low and grow
- More demand for Lifestyle Loans

Massive Gain in Loan Volume Productivity

Loan Volume Required to Generate \$1 of Net Revenue



Key Drivers

- Focus on seasoned borrowers
- Vast reduction in new borrower additions
- Reduced marketing and CAI spend

Cash Balance More Than Adequate

✓ Plenty of Cash For Top Priorities:

- Operations
- Growth Initiatives
- Share repurchase

| (USD '000) | As of | | |
|-----------------------------------|----------------|----------------|----------------|
| | June 30, 2017 | March 31, 2018 | June 30, 2018 |
| Cash and Cash Equivalents | 74,517 | 71,661 | 58,809 |
| Restricted Cash | 17,372 | 2,913 | 2,708 |
| Total Assets | 117,685 | 114,996 | 103,804 |
| Total Liabilities | 51,547 | 79,721 | 78,722 |
| Safeguard Program Payable | 16,139 | 17,310 | 14,057 |
| Total Shareholders' Equity | 66,138 | 35,275 | 25,082 |

Appendix

Additional Financial Details



Cumulative Loans Reached 37.3 Million

Cumulative Number of Loans¹

MM

2Q2018 # of New Loans

1Q2018 # of New Loans

4Q2017 # of New Loans

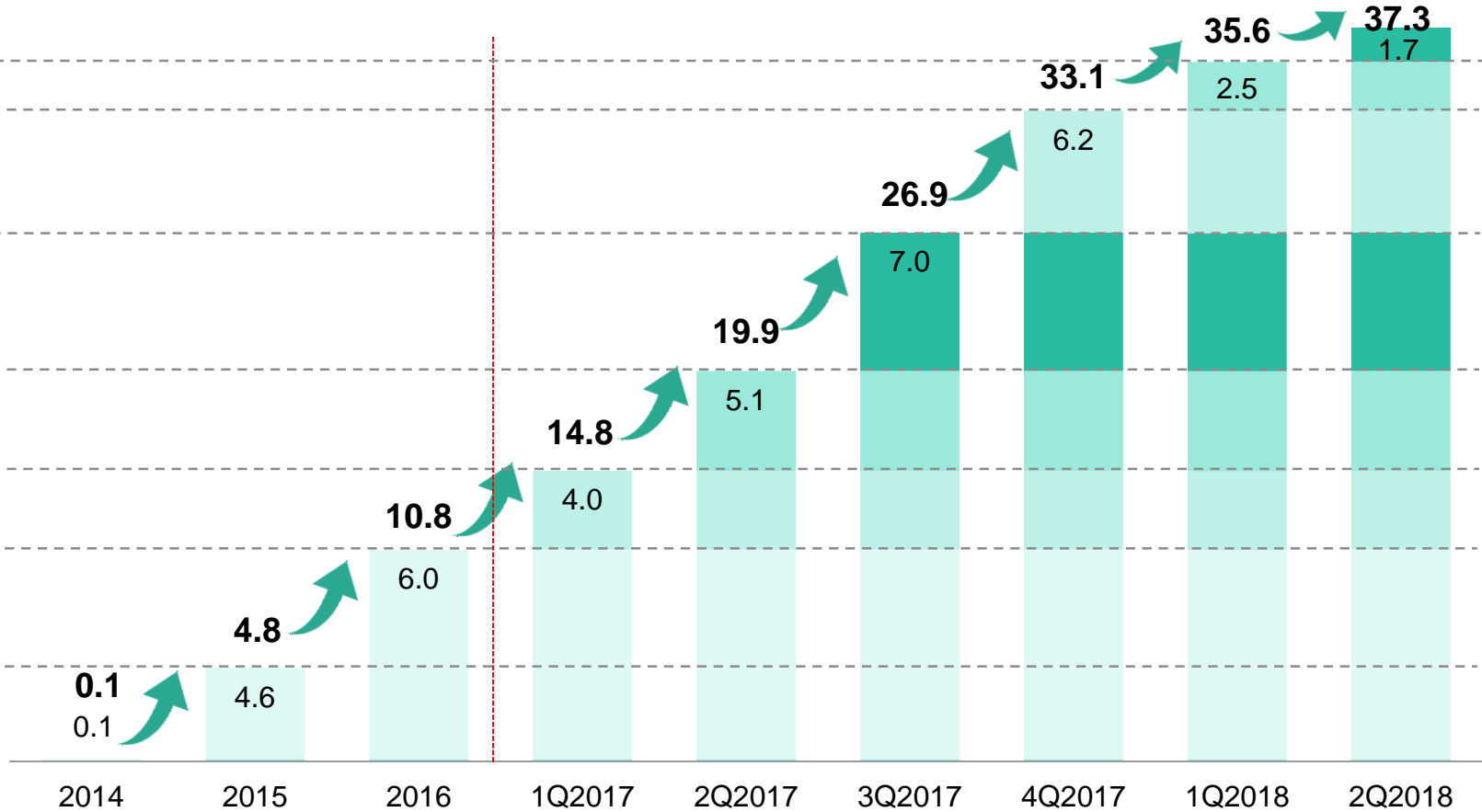
3Q2017 # of New Loans

2Q2017 # of New Loans

1Q2017 # of New Loans

2016 # of New Loans

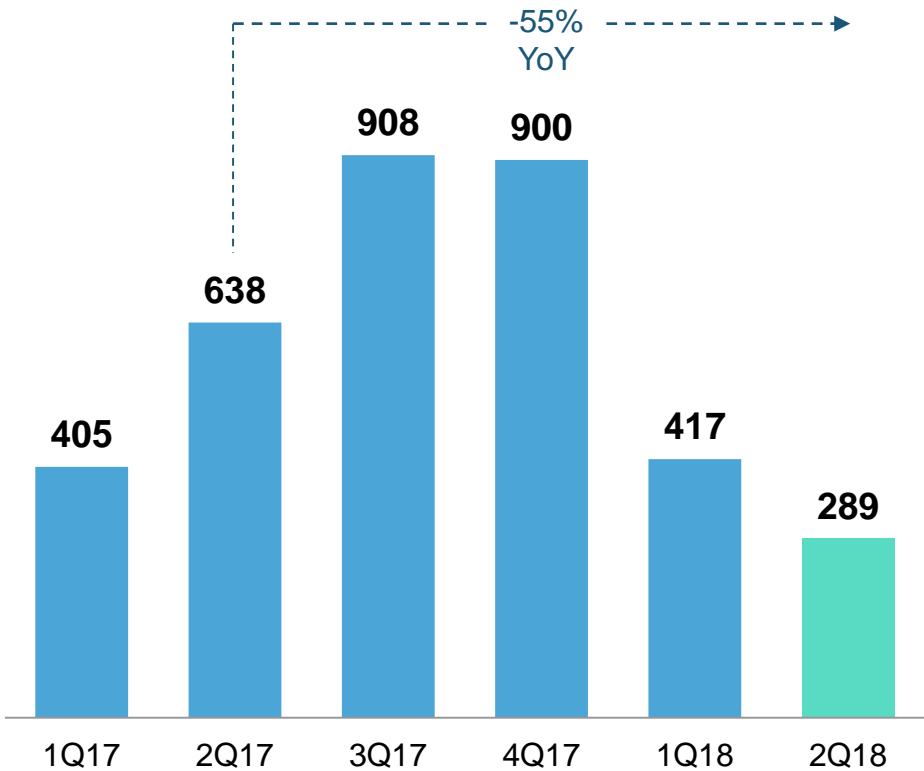
2015 # of New Loans



Lower Consumption Loan Volume Result from Strategic Change in Product Mix, Offset by Higher Monetization

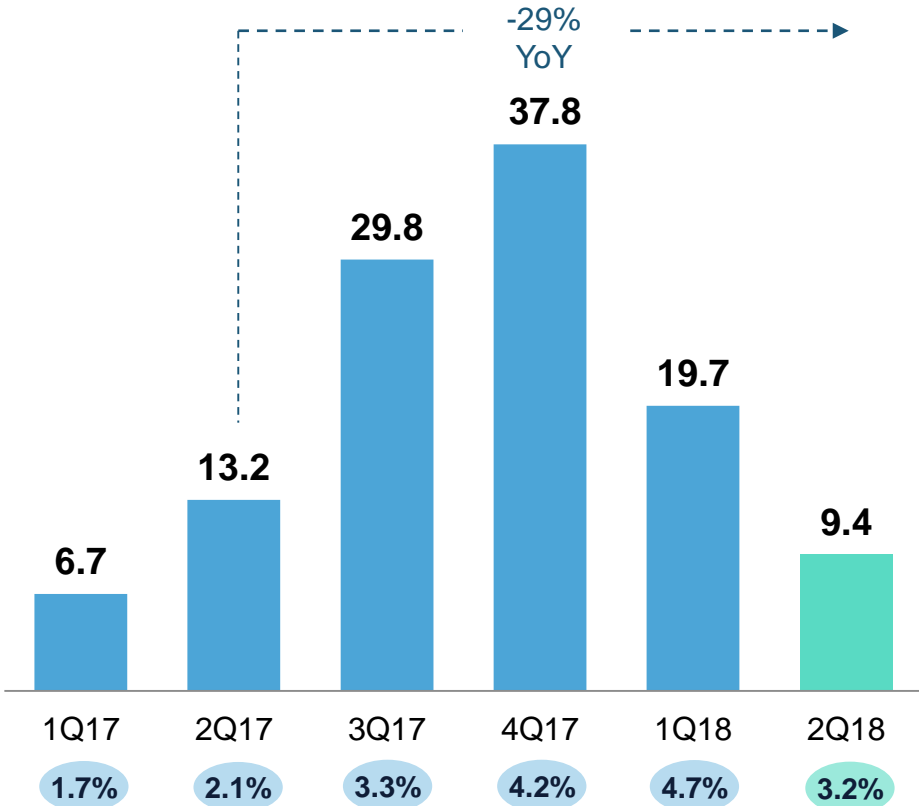
Consumption Loan Volume¹

US\$ MM



Gross Billings of Consumption Loans

US\$ MM

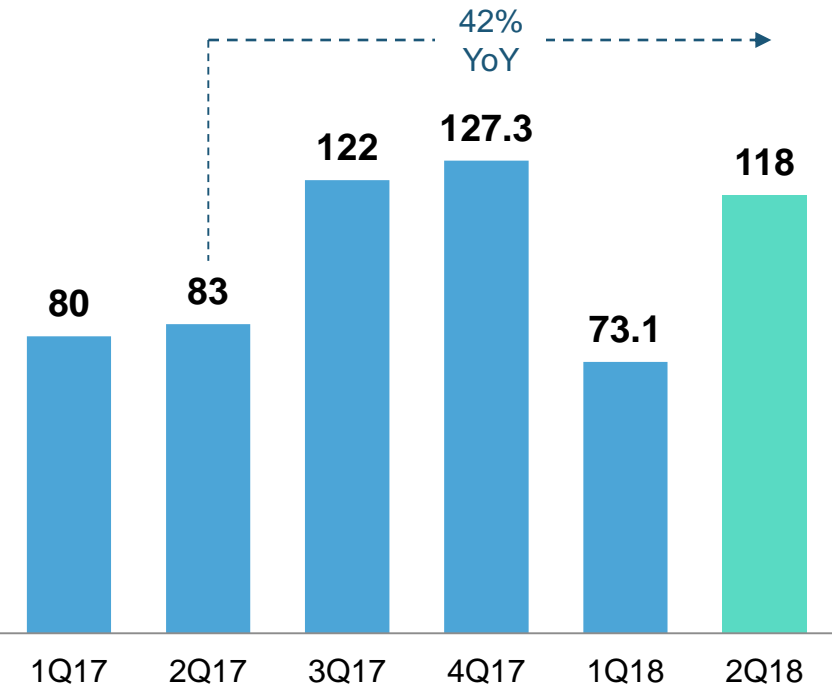


Note: 1. Loan volume in this presentation is defined as the total principal amount of loans facilitated on our marketplace during the relevant period.

Growth of Gross Billings Supported by New Products, Higher Loan Volume and New Pricing Model

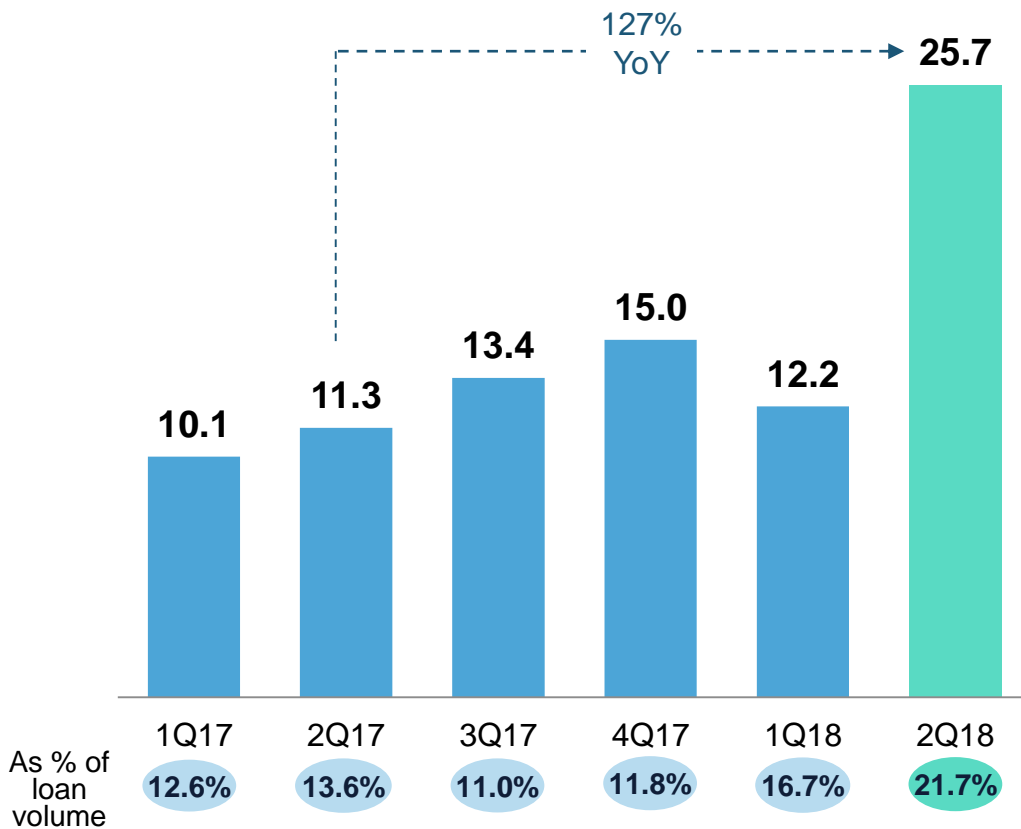
Lifestyle Loan Volume

US\$ MM

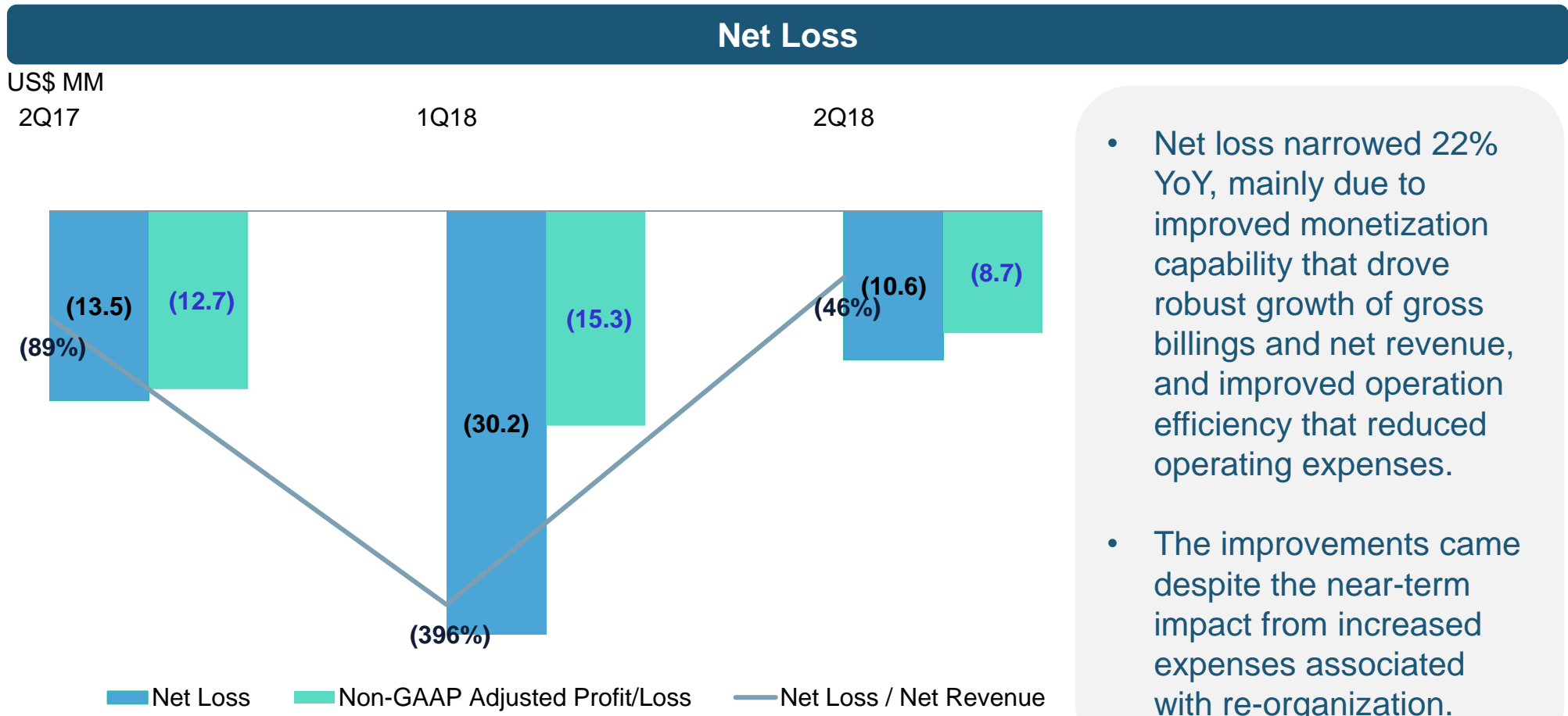


Gross Billings of Lifestyle Loans

US\$ MM



Net Loss Narrowed Due to Growth in Net Revenue Unit Economics and Operation Efficiency

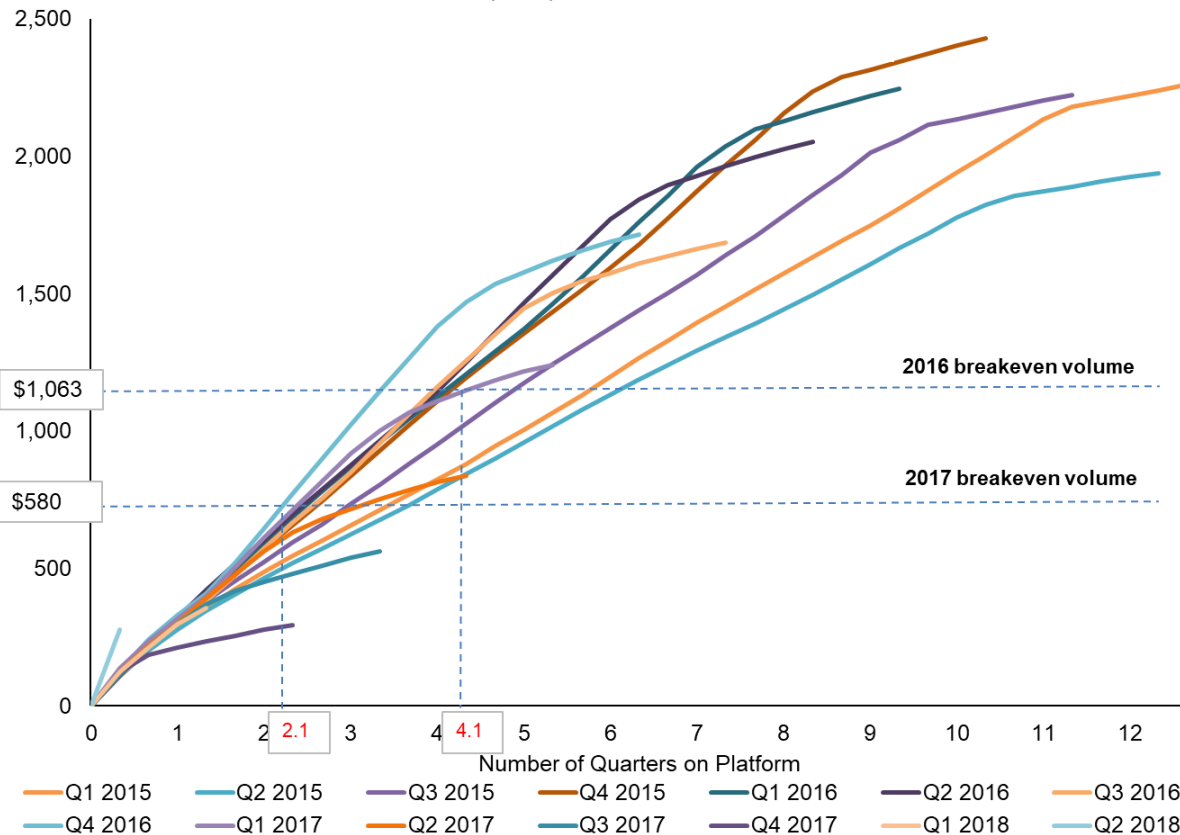


- Net loss narrowed 22% YoY, mainly due to improved monetization capability that drove robust growth of gross billings and net revenue, and improved operation efficiency that reduced operating expenses.
- The improvements came despite the near-term impact from increased expenses associated with re-organization.

Economics per Borrower Increasingly More Attractive

Cumulative Consumption Loan Volume Per Borrower

Cumulative Loan Volume Per Borrower (US\$)



Cumulative loan volume per borrower is arrived at by tracking the cumulative loan volume by each borrower cohort in a particular quarter divided by the total number of borrowers at the beginning of each cohort as a constant (including good, bad and inactive borrowers)

- Growth of cumulative loan volume per borrower slowed across all cohorts due to our strategy to proactively limit borrowing by tightening underwriting criteria.
- Active borrowers within each cohort continued to borrow more and in larger size, in line with past experience

Historical Financials – KPIs

| | For Three Months Ended | | |
|---|------------------------|---------------|---------------|
| | Jun 30, 2017 | Mar 31, 2018 | Jun 30, 2018 |
| Cumulative Number of Borrowers ('000) ⁽¹⁾ | 2,725 | 4,313 | 4,387 |
| Number of New Borrowers of the period ('000) | 760 | 31 | 73 |
| Repeat Borrower Rate | 72% | 76% | 75% |
| Number of Loans Facilitated ('000) ⁽²⁾ | 5,091 | 2,512 | 1,742 |
| —Consumption Loans | 5,083 | 2,507 | 1,731 |
| —Lifestyle Loans | 8 | 6 | 11 |
| Loan Volume (US\$ MM) ⁽³⁾ | 720.7 | 490.5 | 407.5 |
| —Consumption Loans | 637.5 | 417.4 | 289.2 |
| —Lifestyle Loans | 83.2 | 73.1 | 118.3 |
| Gross Billings on Transaction and Service Fee (US\$ MM) ⁽⁴⁾ | 24.5 | 31.9 | 35.1 |
| —Consumption Loans | 13.2 | 19.7 | 9.4 |
| —Lifestyle Loans | 11.3 | 12.2 | 25.7 |
| Customer Acquisition Incentive (US\$ MM) | (8.2) | (4.1) | (13.6) |
| Net Revenue (US\$ MM) | 15.2 | 7.6 | 23.0 |
| Net Profit (Loss) (US\$ MM) | (13.5) | (30.2) | (10.6) |
| Average Loan Size (\$) | 142 | 195 | 234 |
| —Consumption Loans | 125 | 167 | 167 |
| —Lifestyle Loans | 10,536 | 12,407 | 10,916 |

Note: 1. Number of borrowers is defined as the total number of unique borrowers on XRF's marketplace since XRF's inception as measured as of the relevant date

2. Number of loans facilitated is defined as the total number of loans facilitated on XRF's marketplace during the relevant period

3. Loan volume is defined as the total principal amount of loans facilitated on XRF's marketplace during the relevant period

4. Gross billings on transaction and service fee is defined as transaction and service fee billed to customers, inclusive of related value added tax, before deduction of customer acquisition incentive

Historical Financials – Income Statement

| (USD '000) | For the Three Months Ended | | |
|--|----------------------------|----------------|---------------|
| | June 30, 2017 | March 31, 2018 | June 30, 2018 |
| Revenue: | | | |
| Transaction and service fees (net of customer acquisition incentive) | 14,691 | 16,329 | 22,728 |
| Other revenue | 462 | 351 | 347 |
| | 15,153 | 16,680 | 23,075 |
| Reversal/(Provision) for loan losses | 10 | 8 | (115) |
| Discretionary payments | - | (9,052) | - |
| Tax related surcharges | (1) | (3) | - |
| Net revenue | 15,162 | 7,633 | 22,960 |
| Operating expense: | | | |
| Servicing expenses | (3,476) | (3,193) | (2,856) |
| Sales and marketing expenses | (9,522) | (10,491) | (10,015) |
| General and administrative expenses | (13,266) | (19,896) | (16,484) |
| Product development expenses | (2,537) | (4,188) | (4,239) |
| Total operating expenses | (28,801) | (37,768) | (33,594) |
| Other income (expense), net | 149 | 291 | 116 |
| Loss before income tax expense | (13,490) | (29,844) | (10,518) |
| Income tax expense | (28) | (345) | (34) |
| Net loss | (13,518) | (30,189) | (10,552) |
| Accretion on Series A convertible redeemable preferred shares to redemption value | (24) | - | - |
| Accretion on Series B convertible redeemable preferred shares to redemption value | (135) | - | - |
| Accretion on Series C convertible redeemable preferred shares to redemption value | (653) | - | - |
| Deemed dividend to Series C convertible redeemable preferred shares upon Initial Public Offering | (82,034) | - | - |
| Net loss attributable to ordinary shareholders | (96,364) | (30,189) | (10,552) |
| Net loss | (13,518) | (30,189) | (10,552) |
| Foreign currency translation adjustment, net of nil tax | (99) | 288 | (39) |
| Comprehensive loss | (13,617) | (29,901) | (10,591) |
| Weighted average number of ordinary shares used in computing net loss per share | | | |
| Basic | 50,013,189 | 65,131,066 | 65,356,887 |
| Diluted | 50,013,189 | 65,131,066 | 65,356,887 |
| Loss per share attributable to ordinary shareholders | | | |
| Basic | (1.93) | (0.46) | (0.16) |
| Diluted | (1.93) | (0.46) | (0.16) |

Our Mission

*Use Technology to Fulfill the
Lifetime Consumer Credit Needs
of China's Emerging Middle Class*



China Rapid Finance At a Glance

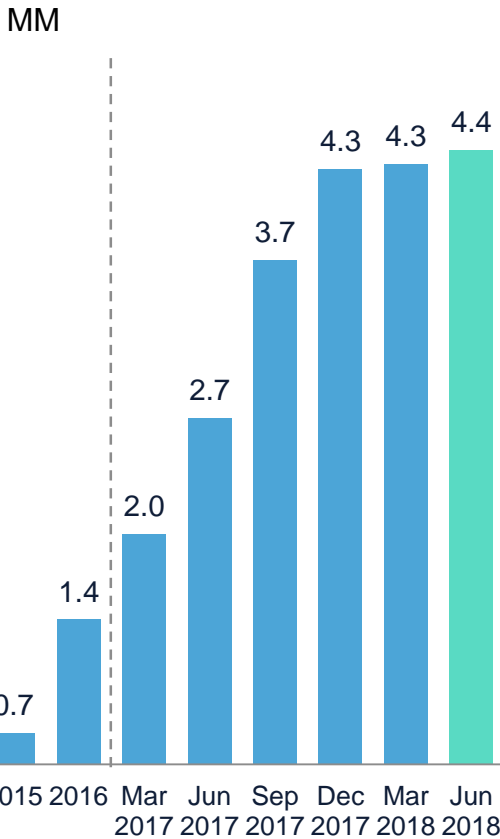
✓ We **choose** our borrowers

✓ We build **long-term** customer relationships by offering **affordable credit**

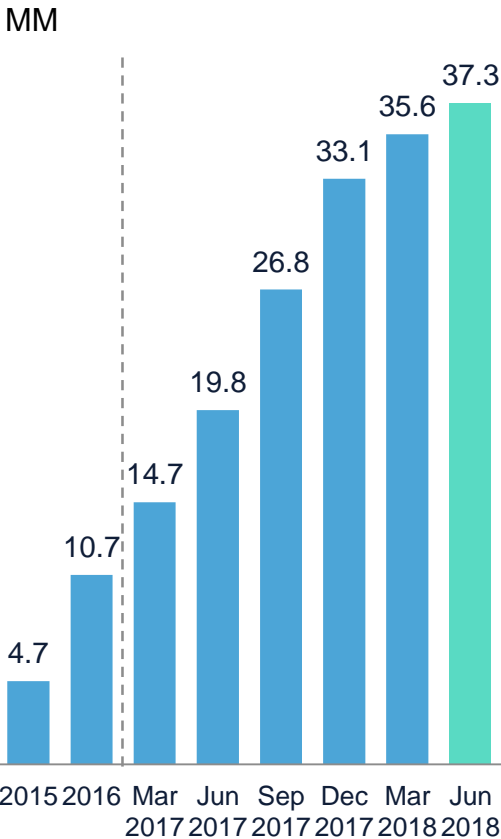
✓ We operate a **service model** matching consumer borrowers with a diversified set of sophisticated investors

✓ Over **17 years** experience in China credit analytics

Cum. # of Borrowers¹

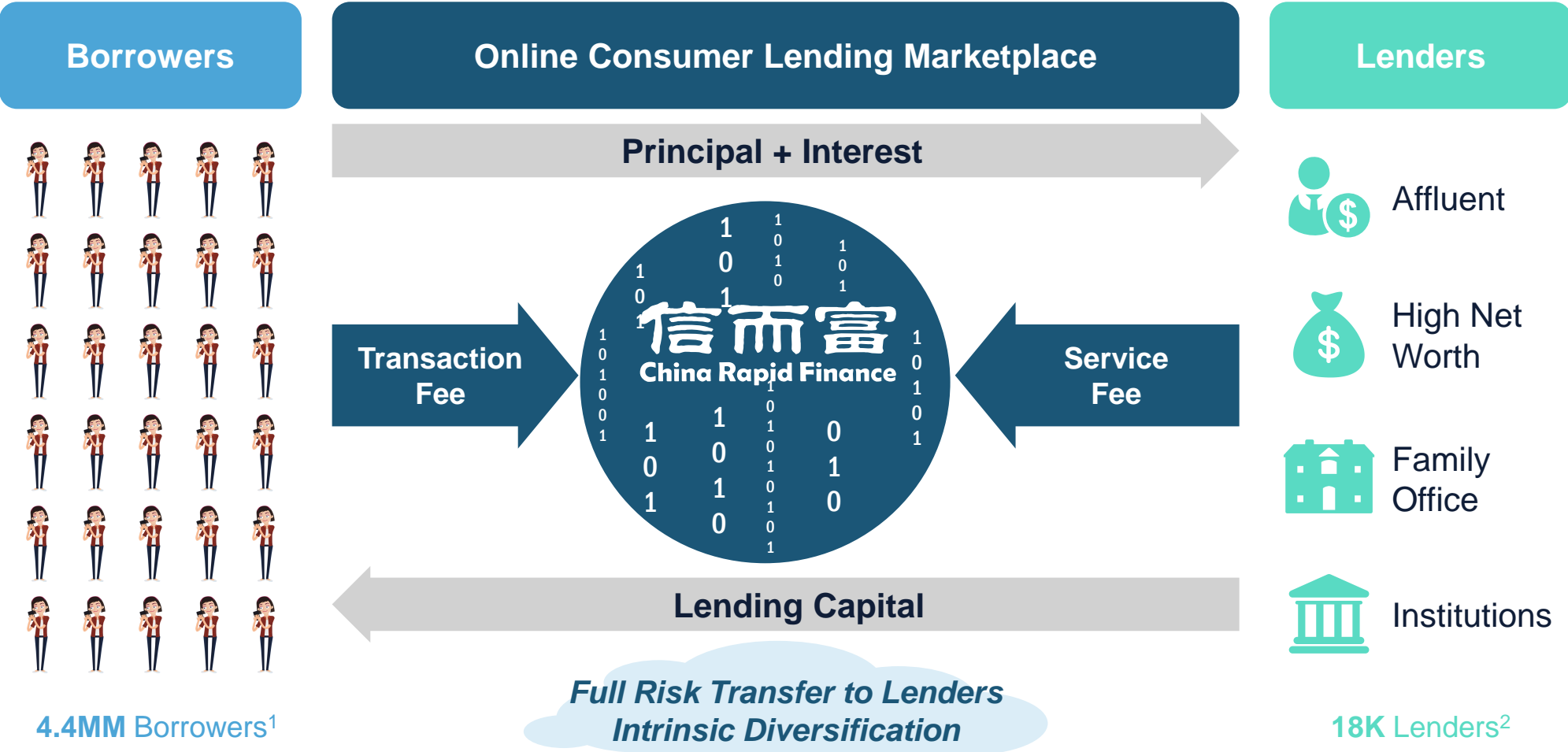


Cum. # of Loans¹



Note: 1. Represents the cumulative number of borrowers and loans facilitated on our platform since inception as of each date presented.

Our Service Model



4.4MM Borrowers¹

18K Lenders²



Note: 1. Cumulative number of borrowers as of June 30, 2018.
2. Active lenders as of June 30, 2018.

Our Borrowers

Quality EMMAs with High Lifetime Value

Emerging Middle-class Mobile Active consumer

Characteristics



Quality career



Growing spending



Credit demand



Issues



No credit history



No access to bank credit



Price sensitive

Stickness

75% Repeat¹

Targeted

Prime / Near prime

Affordable

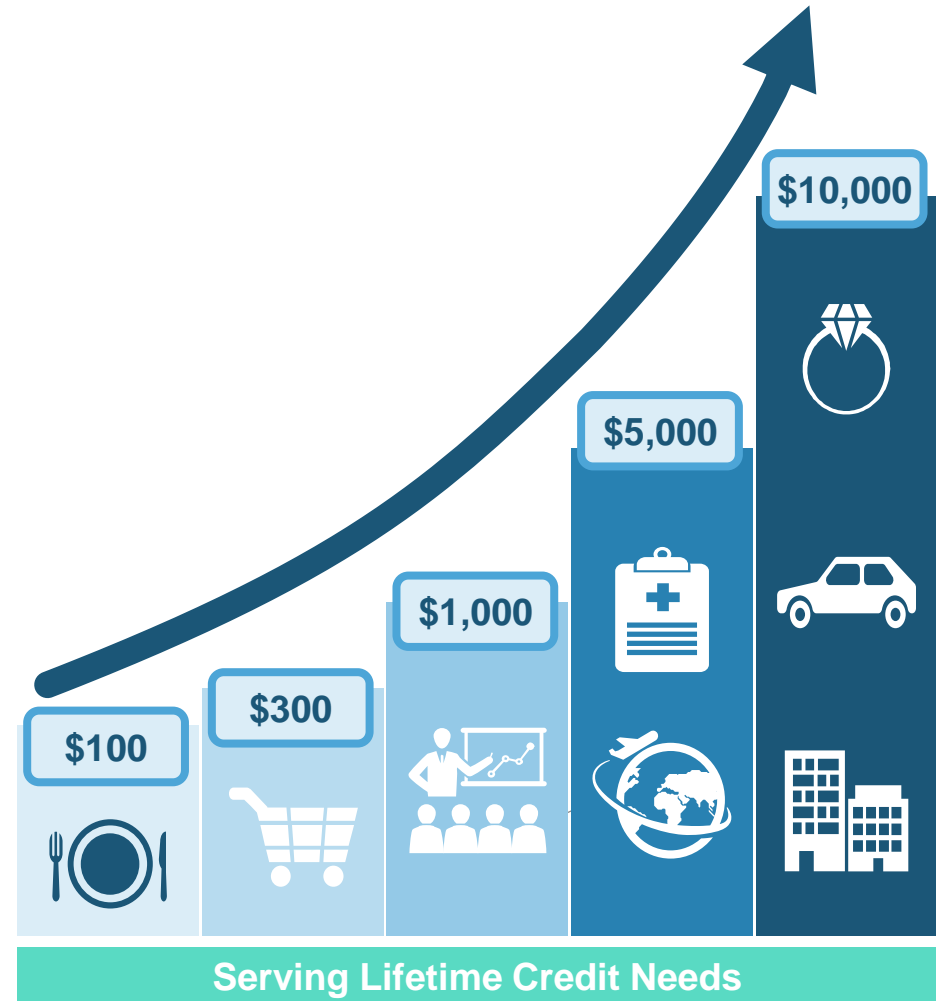
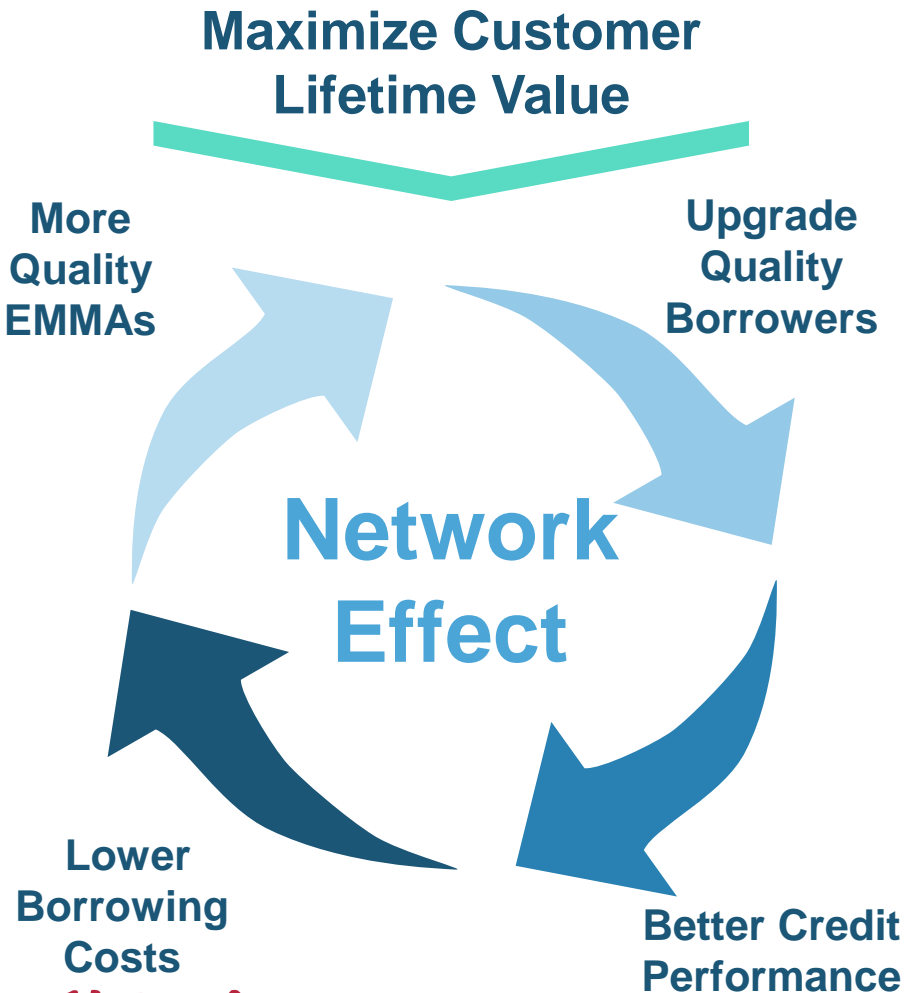
In Line with Prime
Credit Card

Responsive

9x Borrowing Per
Year²

Note: 1. The number of borrowers who have borrowed more than once since our inception divided by the cumulative number of borrowers since our inception as measured as of June 30, 2018.
2. Based on the cohort of first-time consumption loan borrowers from the first quarter of 2017.

Differentiated “Low and Grow” Business Strategy



Components of Our Business Built Over 17 Years

Building Credit Score and Decisioning System

Testing EMMA's Credit Behavior

Acquiring Borrowers at Large Scale

2001
Credit analytics for large Chinese banks; decisioning engine helped banks issue 100MM+ credit cards

2010
Launched lending marketplace

2014
Launched mobile-based consumption loans

