360 DigiTech
Investor Presentation

Oct 2021

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AGENDA

01   **Corporate Overview**

02   **Leadership Position**

03   **Quarterly Update**

01 | Corporate Overview

Our Mission

To Become a Leading Global Fin-Tech Platform through Continuous Innovations in Business Models and Technologies, and Comprehensive Insight into Customers and Partners.

The Challenges

Consumers' and SMEs' Unmet or Mismatched Credit Demand

Customers:
small ticket size, short duration, high-frequency
Financial Institutions:
high costs to reach long-tail demand

Customers:
difficult to access credit b/c short credit history, age, job, etc.
Financial Institutions:
credit systems are designed for "traditional" borrowers

Customers:
dynamic combination of pricing, duration, volume
Financial Institutions:
limited offerings mismatch diversified demand

Customers:
fast changing credit profile and asset quality
Financial Institutions:
lack of real-time AI-powered post-lending management

The Solutions

Customer Acquisition → **Profiling** → **Matching** → **Collection**

Innovations and Technologies

Customer Acquisition

- **AI Based Analysis** on users' info and credit history
- **RTA-DMP Marketing System** efficient customer acquisition
- **Embedded Finance** expanding into different consumption scenarios

Profiling

- **Data-driven profiling for customer info** including device info and users info
- **Real-time Anti-fraud Monitoring**
- **Argus RM Model & Algorithm**
- **AI Technologies** allow **99.5%** of applications to be completed automatically w/o human intervention

Matching

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

Collection

- **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.

Our Offerings

	Capital Heavy	Capital Light	ICE [1]	API (Embedded Finance)	RM SaaS [2]
	2016.07	2018	2019	2020	2020

More Tech-empowered Models

Service Provided[3]	Capital Heavy	Capital Light	ICE [1]	API (Embedded Finance)	RM SaaS [2]
	Customer acquisition Preliminary users profiling	Customer acquisition Preliminary users profiling	Customer acquisition Preliminary users profiling	Customer acquisition Preliminary users profiling	Customer acquisition Preliminary users profiling
	Matching & referral	Matching & referral	Matching & referral	Matching & referral	Matching & referral
	Advanced users analysis **Taking principal risk**	Advanced users analysis **Taking no principal risk**	N/A	Advanced users analysis	Advanced users analysis
	Post-lending management	Post-lending management	N/A	Post-lending management	N/A
Revenue Model	• Loan facilitation service fees (Customer acquisition, Users profiling, Collection, etc.)	• Loan facilitation service fees (Customer acquisition, Users profiling, Collection, etc.)	• Referral fees	• Loan facilitation service fees sharing with API partners	• Subscription fee of software

Addressable Market – Consumer Finance

Current Participants

- ❖ Consumer finance companies
- ❖ Micro-lending companies
- ❖ Digital platforms such as :

360数科 360 DIGITECH   乐信 LEXIN   信也 FINVOLUTION

RMB ~3.3 Trillion[1]

Prime

Our Leadership Position

- ❖ Indisputable leader among digital platforms
- ❖ Best in class risk management
- ❖ Further market share gain as industry consolidation continues
- ❖ **Cap-lite model gains momentum w/o principal risk exposure**
- ❖ Cap-lite, ICE, and RM SaaS enable us to work with different types of institutions and access enormous transaction volume

Current Participants

- ❖ Banks (large national in particular)
- ❖ Mega-sized digital platforms such as:

ANT FINANCIAL   WeBank   京东金融 JD Finance   度小满金融 Du Xiaoman Financial

RMB ~9.9 Trillion[1]

Super-prime

A New Frontier for us

- ❖ Deep-rooted cooperation with **KCB**[2]
- ❖ QFIN's strength in technology, innovation, risk management, speed to market, and customer interaction
- ❖ KCB's strength in low-cost funding, full regulatory compliance

360数科 360 DIGITECH + KCB

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

Addressable Market – '<10m ticket size' SME Finance [1]

Current Participants

❖ Consumer finance companies
❖ Micro-lending companies
❖ Digital platforms such as :

Our Strong competitive edge

❖ Innovative **Dual-Core** RM model leveraging our expertise in consumer finance
❖ **Online-offline** effective customers acquisition channels
❖ **Robust growth engine**
❖ **Huge unmet credit demand**

RMB ~2.1 Trillion [2]

Prime

Current Participants

❖ Banks
❖ Mega-sized digital platforms such as:

Potential market to tap

❖ Will enter this segment when ready

RMB ~28.5 Trillion [2]

Super-prime

Note: (1) Refer to facilitation-model segment of SME market of which average ticket size is below 10 million RMB. (2) Estimated SME financing balance for each tier as of 2020.
Source: industry consultant & company data.

Key Milestones

Jul 2016
- **Founded in July 2016**

May 2018
- Officially launched **Cap-Lite model**

Dec 2018
- Listed on NASDAQ (QFIN)
- Total cumulative origination/facilitation volume reached **RMB127 bn**
- **24** financial institution partners
- Total **cumulative** registered users reached **78.8 mm**

Mar 2019
- Won the *Achievement in Credit Risk Management Award* by *Asian Banker*

Aug 2019
- Launched **ICE**

Sep 2019
- Approved by PBOC to access Credit Reference Center

Oct 2019
- Built **AI laboratory** with Shanghai Jiao Tong University and launched "future scientist" program

Nov 2019
- 1st group to join the anti-fraud alert platform led by Ministry of Public Security

Dec 2019
- Total cumulative origination/facilitation volume reached **RMB326 bn**
- **81** financial institution partners
- Total cumulative registered users reached **135 mm**

Jun 2020
- Total cumulative origination/facilitation volume reached **RMB438 bn**
- **91** financial institution partners
- Total cumulative registered users reached **149 mm**
- Among the first group to pass the filing with NIFA for mobile finance app

Aug 2020
- 360 Group got approval from CBIRC and became the largest shareholder of Kincheng Bank
- Strategically upgrade and propose name changed to **360 DigiTech**

Sep 2020
- Total cumulative origination/facilitation volume reached **RMB504 bn**
- **97** financial institution partners
- Total cumulative registered users reached **156 mm**

Dec 2020
- Total cumulative origination/facilitation volume reached **RMB573 bn**
- **99** financial institution partners
- Total cumulative registered users reached **163 mm**

Mar 2021
- Total cumulative origination/facilitation volume reached **RMB647 bn**
- **105** financial institution partners
- Total cumulative registered users reached **169 mm**

Jun 2021
- Total cumulative origination/facilitation volume reached **RMB735 bn**
- **108** financial institution partners
- Total cumulative registered users reached **176 mm**

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Experienced Management Team

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/facilitation Volume[1]
(RMB billion)
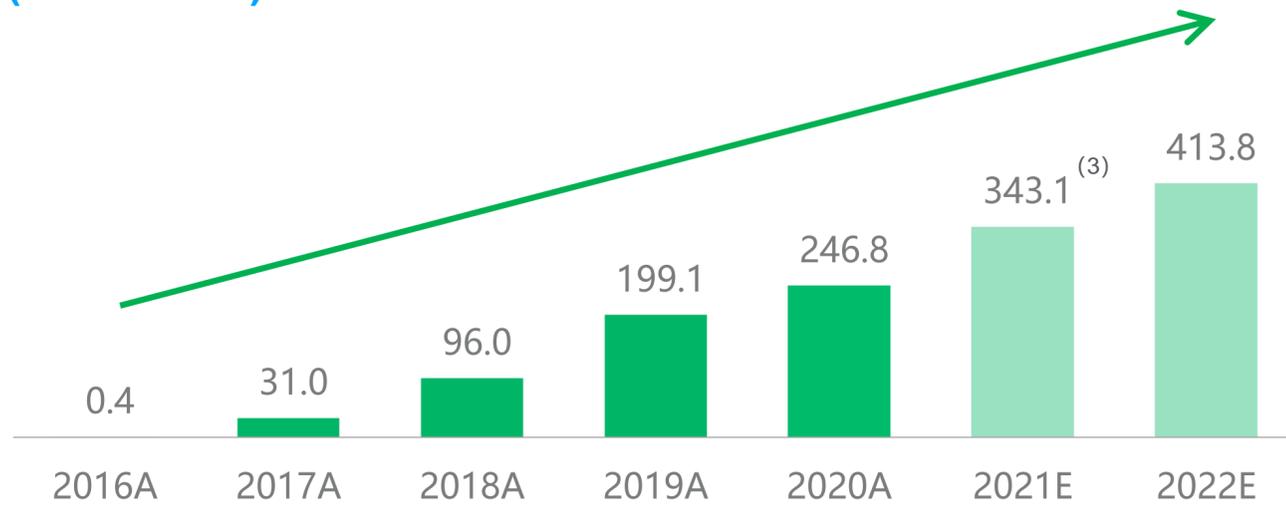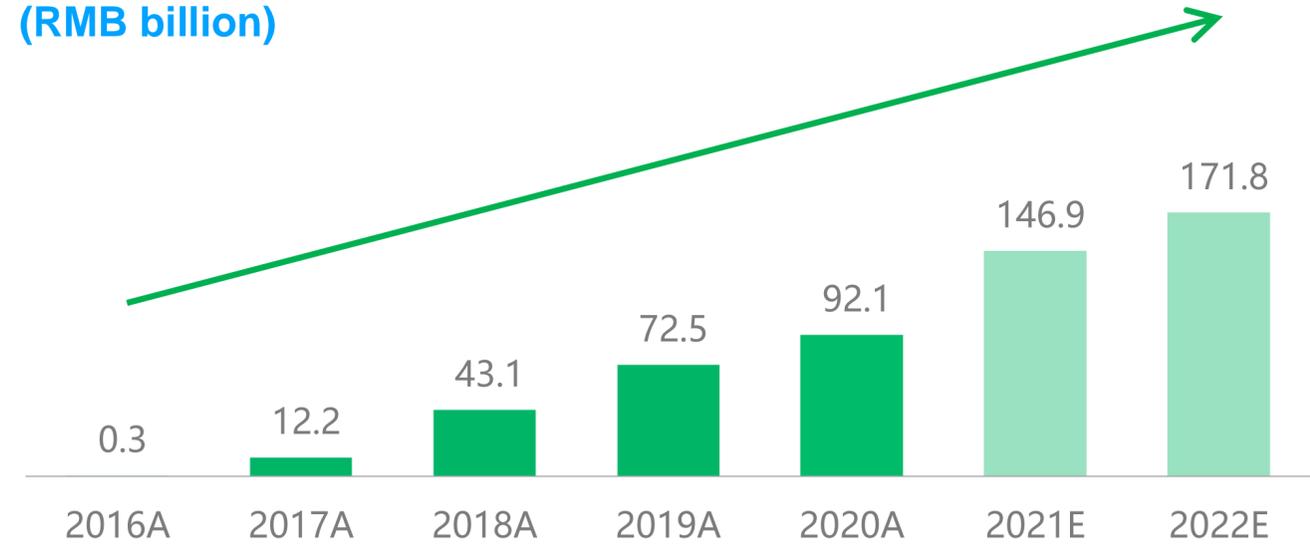
2016A	2017A	2018A	2019A	2020A	2021E	2022E
0.4	31.0	96.0	199.1	246.8	343.1[3]	413.8

Outstanding Balance[1]
(RMB billion)

2016A	2017A	2018A	2019A	2020A	2021E	2022E
0.3	12.2	43.1	72.5	92.1	146.9	171.8

Cumulative Users with Approved Credit Line[2]
(million)

2016A	2017A	2018A	2019A	2020A	2021Q2
0.1	3.3	12.5	24.7	30.9	34.7

Cumulative Borrowers
(million)

2016A	2017A	2018A	2019A	2020A	2021Q2
0.1	2.3	8.3	15.9	19.7	22.3
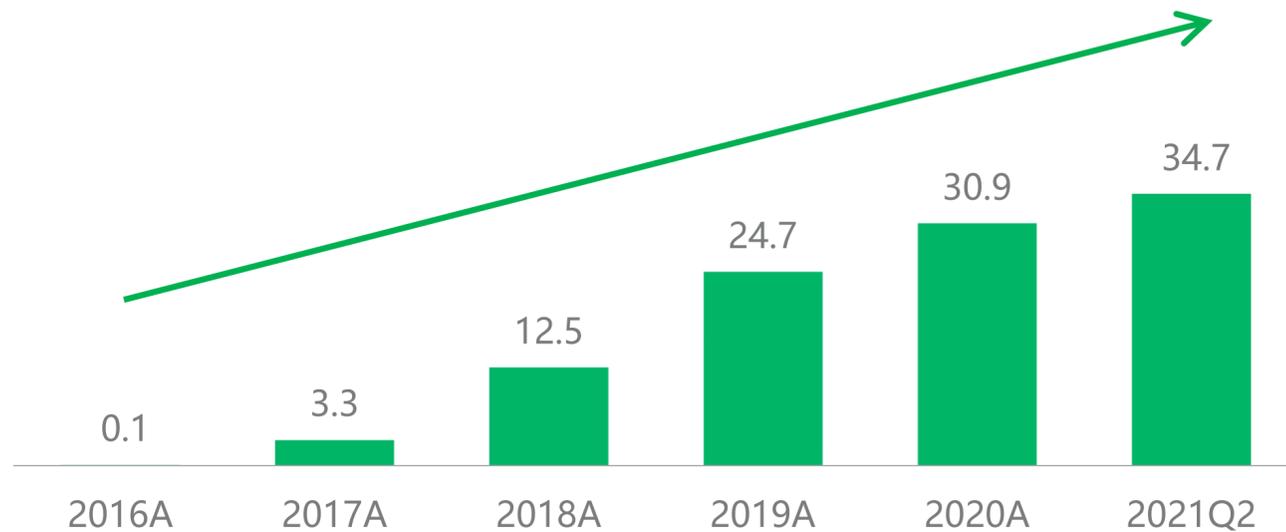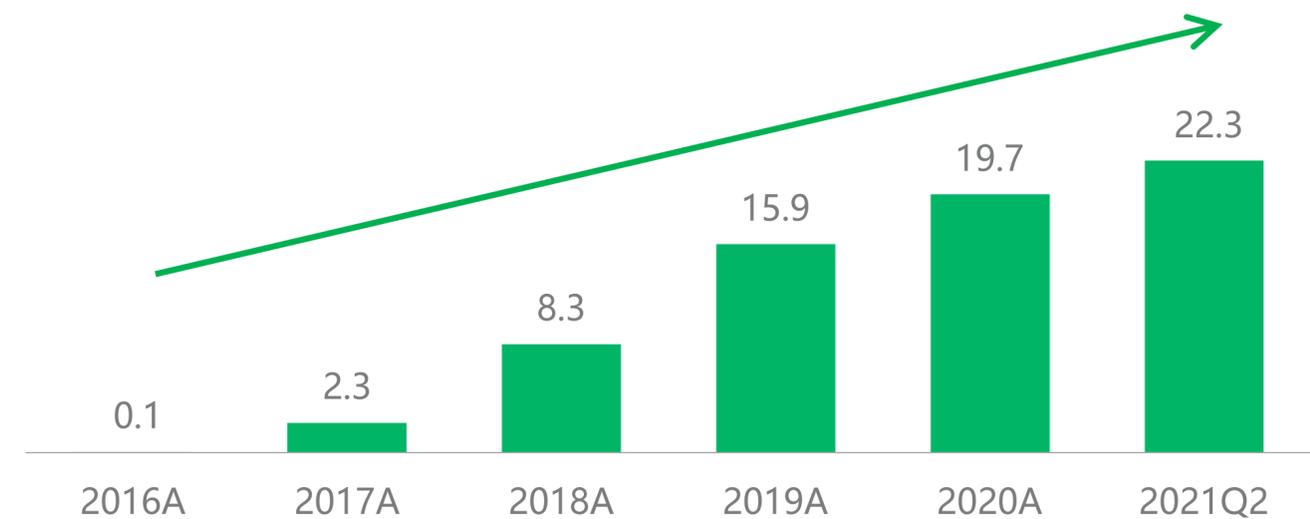
Note: (1) Forward estimates are based on analysts' average. (2) Refers to the total number of users who had submitted their credit applications and were approved with a credit line at the end of each period. (3) The Company guided 2021 full year loan origination/facilitation volume is RMB340-350 billion.

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Strong Growth Momentum (2)

Revenue [1]
(RMB million)
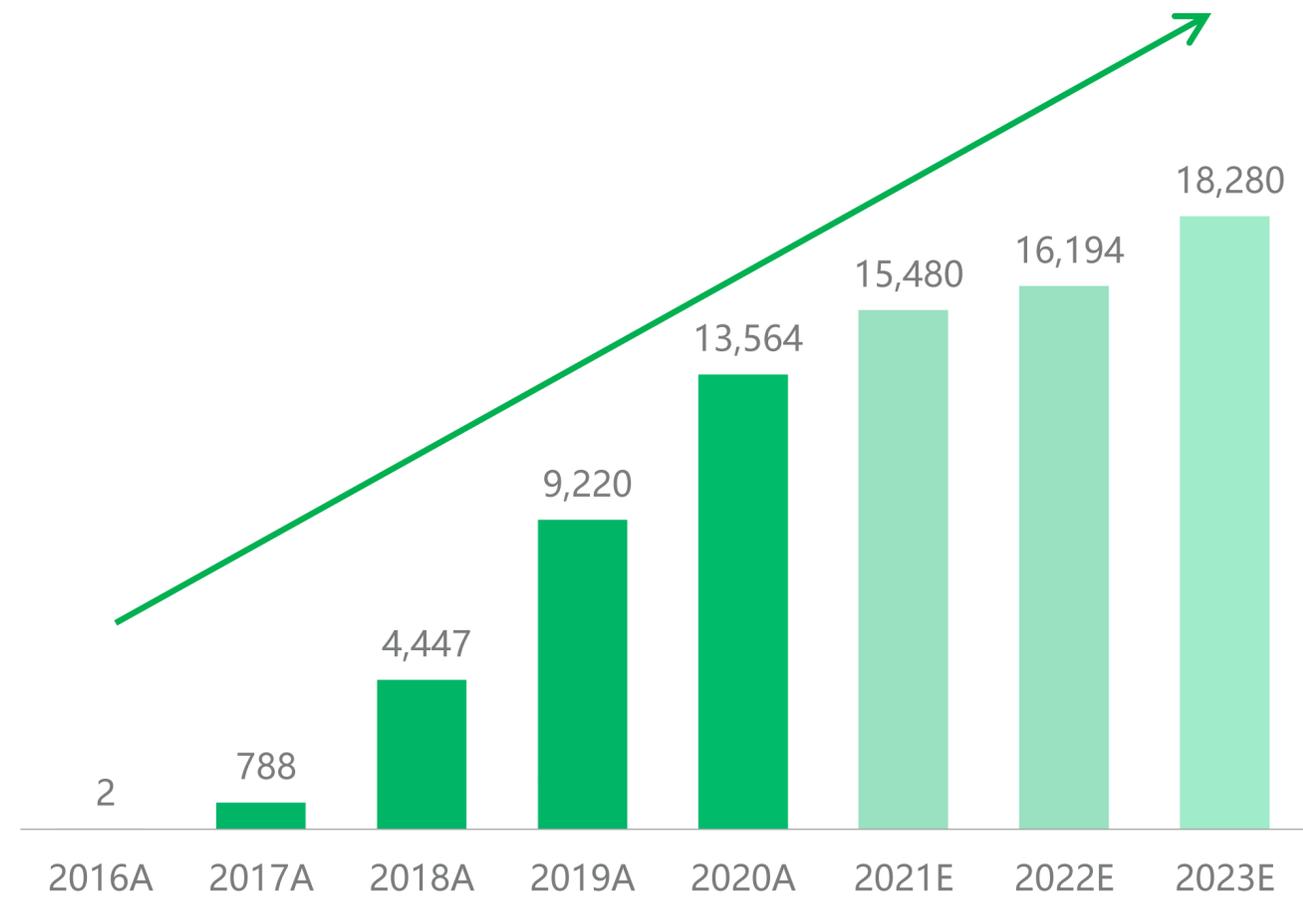
Non-GAAP Net Income [1][2]
(RMB million)

Revenue (RMB million):
- 2016A: 2
- 2017A: 788
- 2018A: 4,447
- 2019A: 9,220
- 2020A: 13,564
- 2021E: 15,480
- 2022E: 16,194
- 2023E: 18,280

Non-GAAP Net Income (RMB million):
- 2016A: (21)
- 2017A: 165
- 2018A: 1,801
- 2019A: 2,752
- 2020A: 3,797
- 2021E: 5,447
- 2022E: 5,600
- 2023E: 6,635
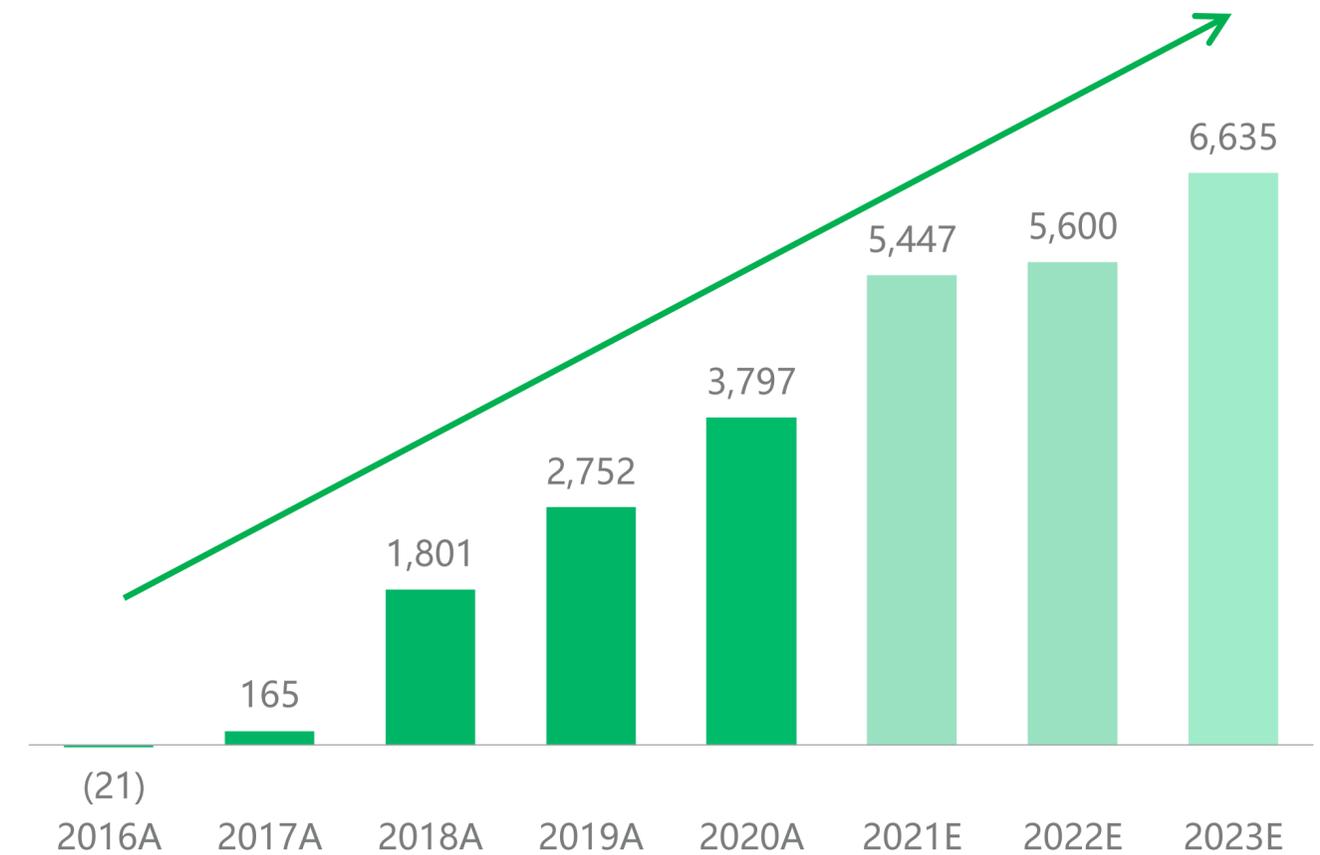
Note: (1) Forward estimates are from Bloomberg and Thomson consensus; (2) Excluding share-based compensation expenses.
Source: Company data, analyst reports.

Increasing Contribution from Technology Solutions[1]

Facilitation Volume of Technology Solutions
(RMB billion)
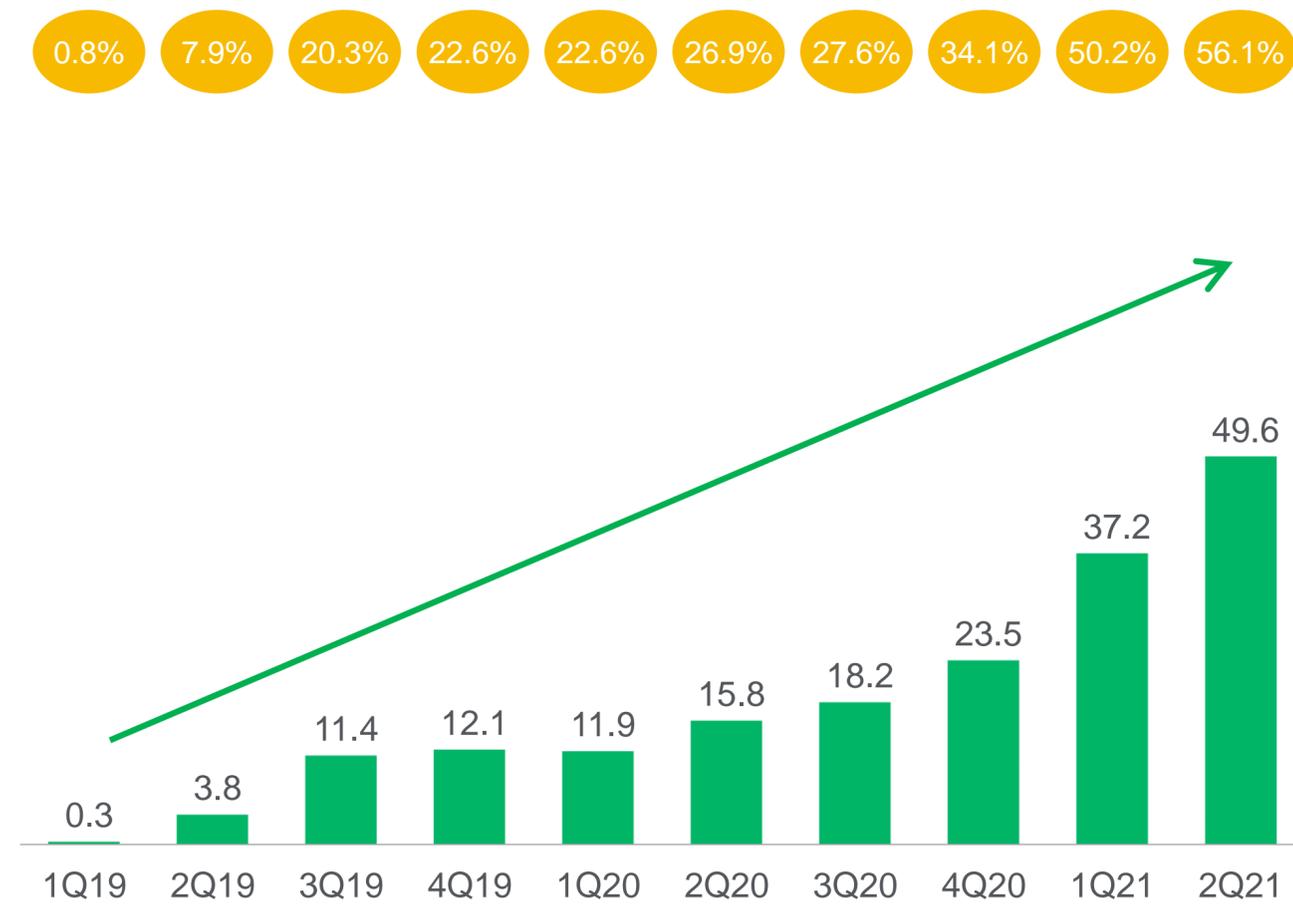
Outstanding Balance of Technology Solutions
(RMB billion)

| 0.8% | 7.9% | 20.3% | 22.6% | 22.6% | 26.9% | 27.6% | 34.1% | 50.2% | 56.1% |

| 1.6% | 5.7% | 15.4% | 19.9% | 22.3% | 25.9% | 27.4% | 31.9% | 42.0% | 49.5% |

Quarter	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Facilitation Volume	0.3	3.8	11.4	12.1	11.9	15.8	18.2	23.5	37.2	49.6
Outstanding Balance	0.8	3.5	10.9	14.4	16.5	20.3	23.1	29.4	42.8	58.2
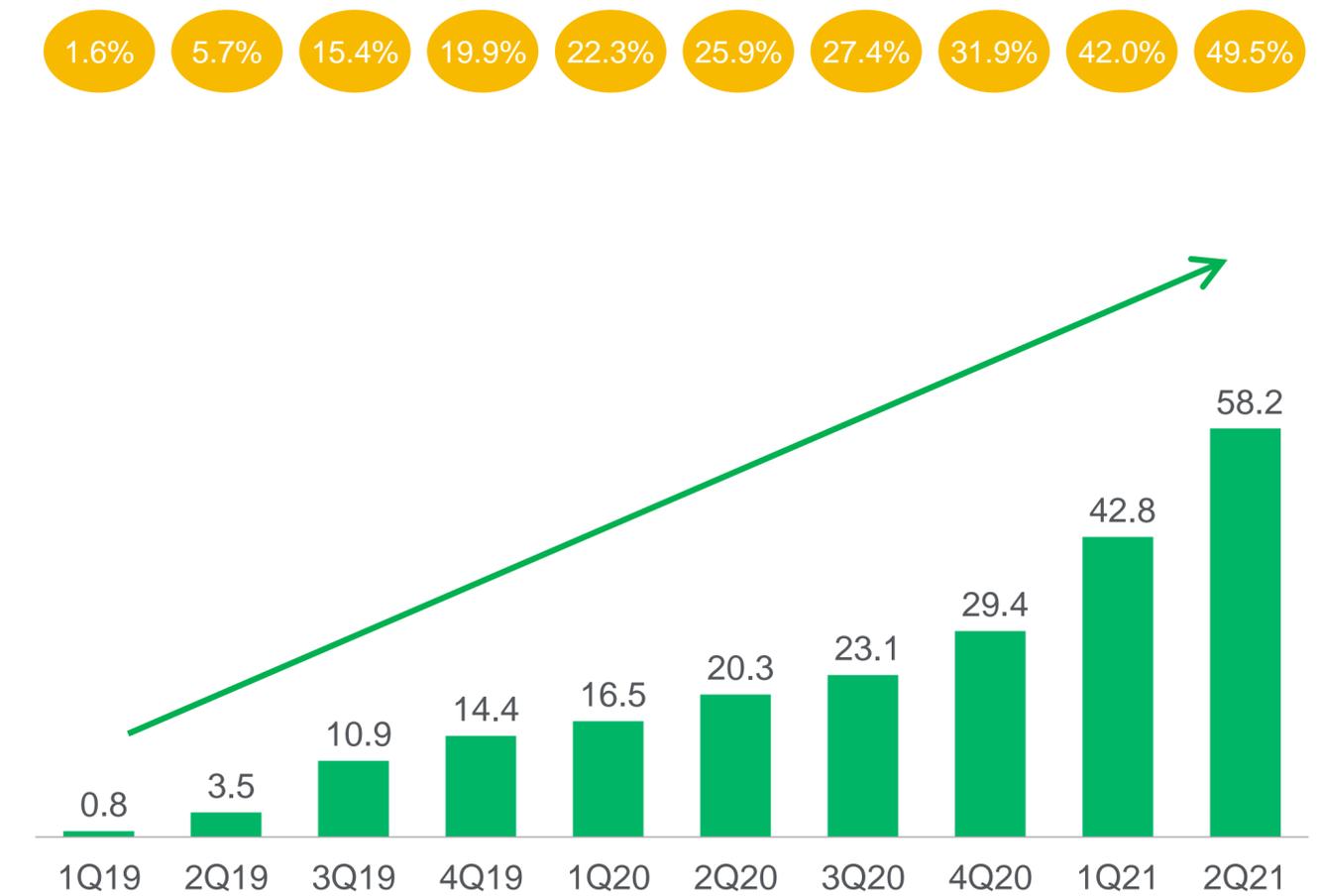
🟡 As % of total origination/facilitation volume / outstanding balance

Note: (1) Including Capital-Light, ICE and other technology solutions.

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Indisputable Market Leader (1)

Origination/facilitation Volume [1]
(RMB billion)
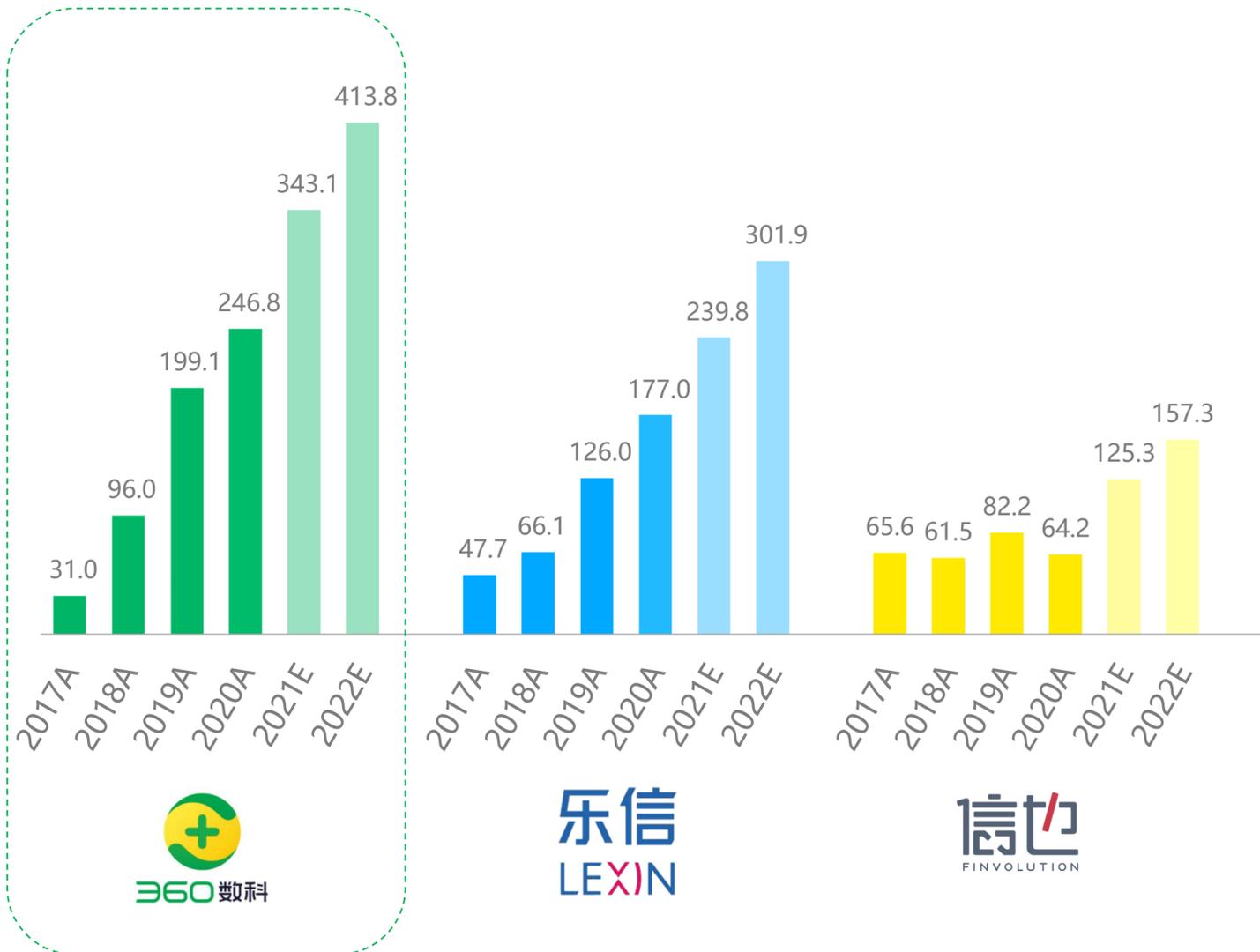
Outstanding Balance [1]
(RMB billion)
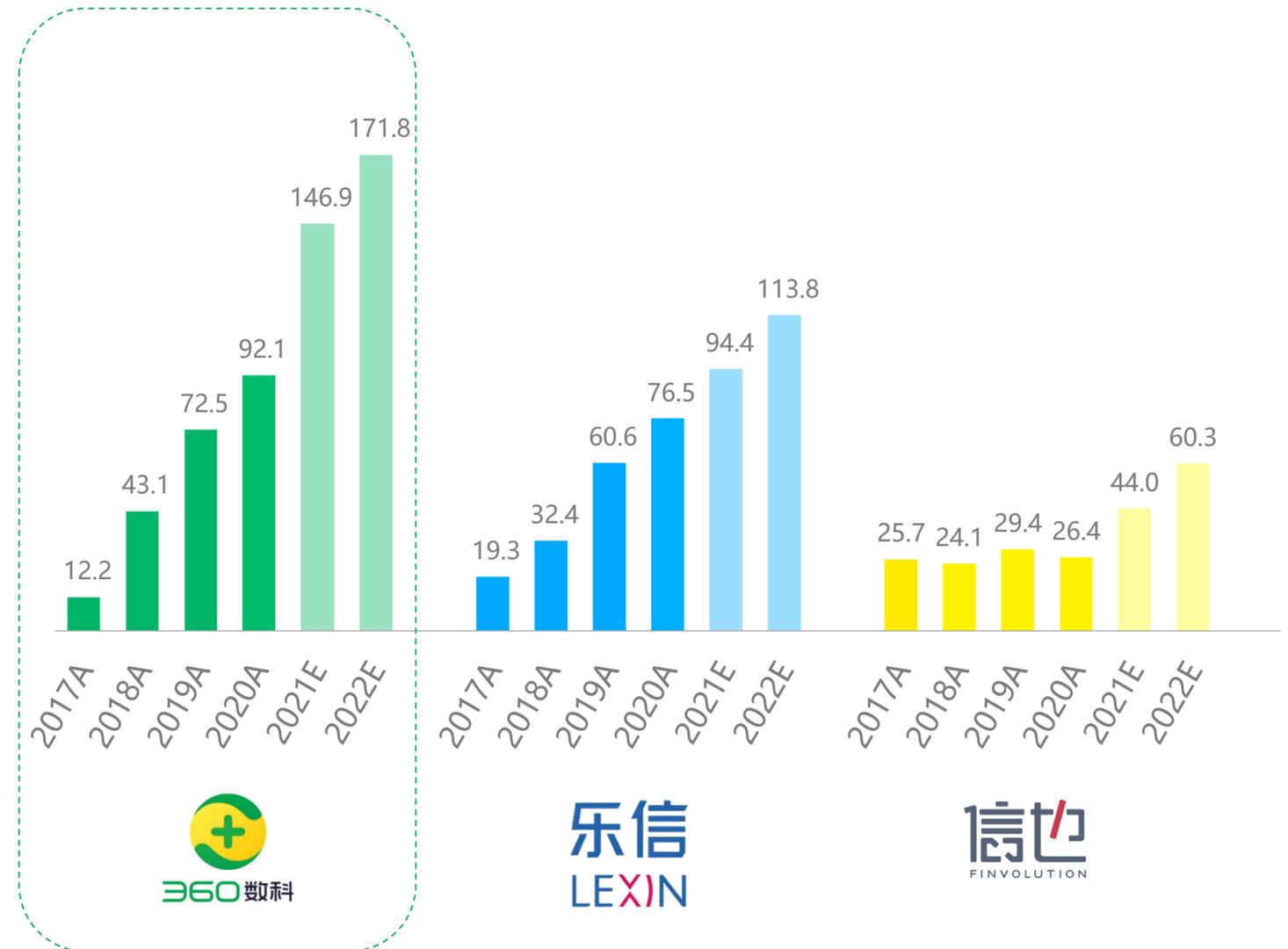
Note: (1) Forward estimates are based on analysts' average.
Source: Company data, analysts' reports.

Indisputable Market Leader (2)

Revenue [1][2]
(RMB billion)
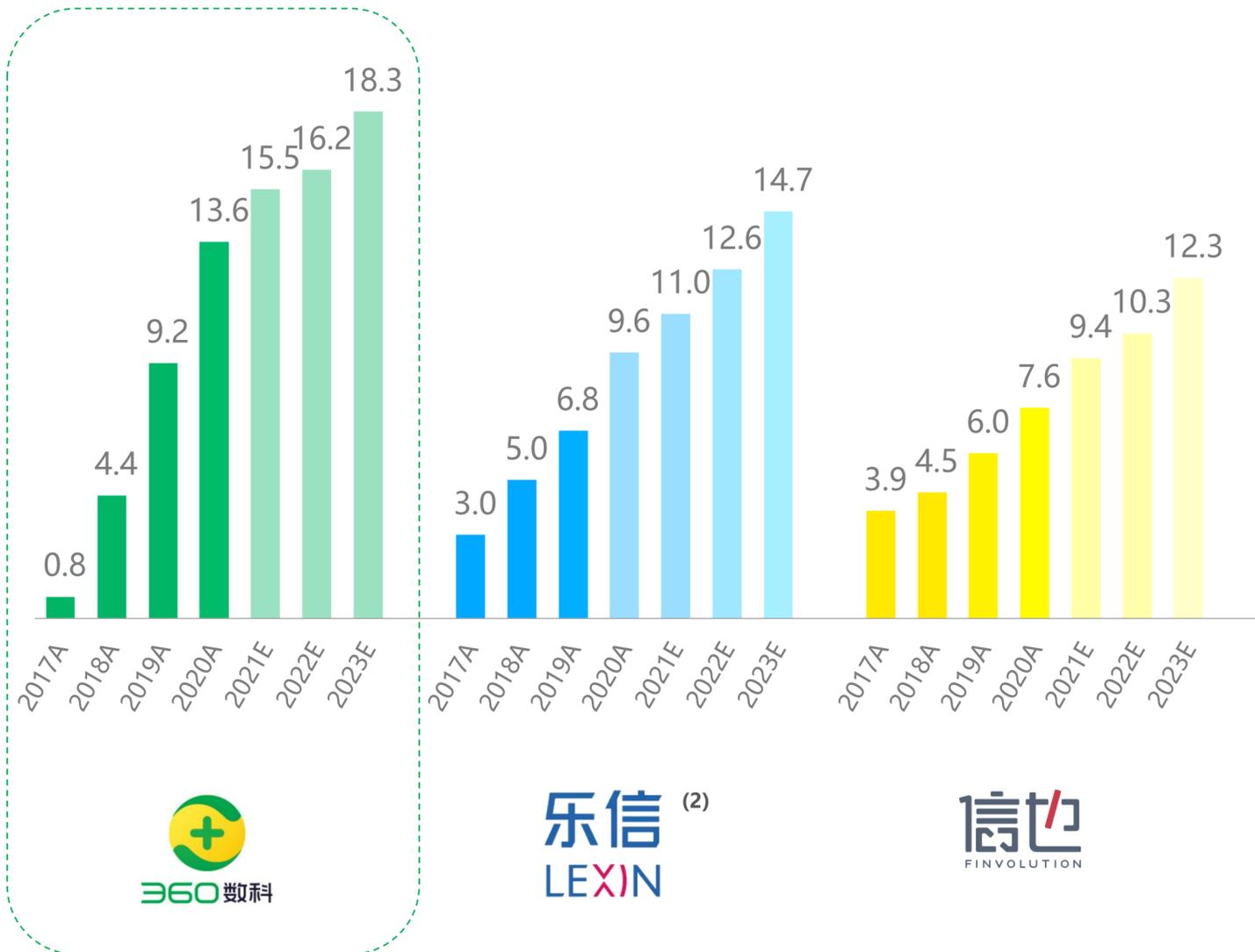
Non-GAAP Net Income [1][3]
(RMB billion)
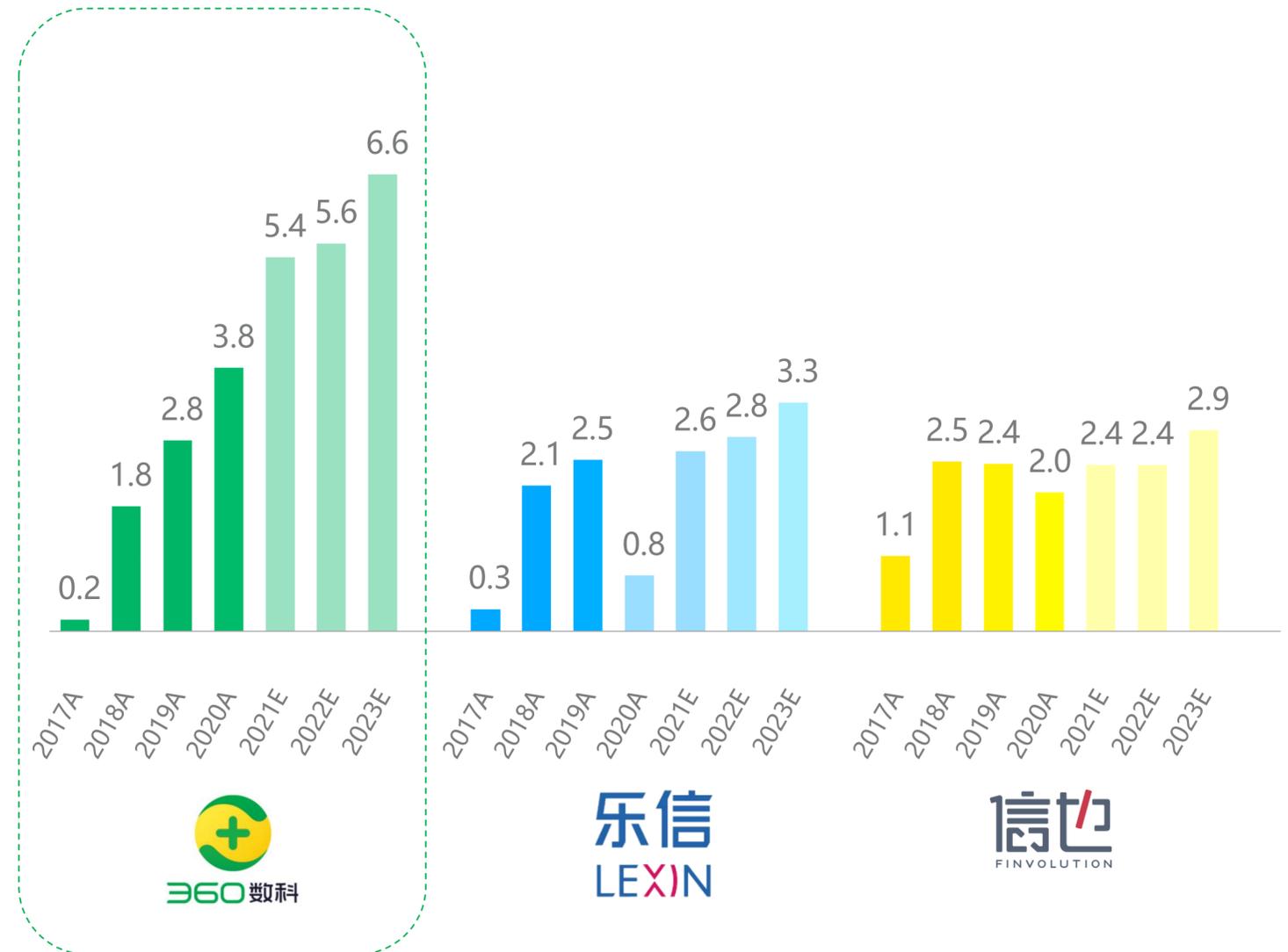
Note: (1) Forward estimates are from Bloomberg and Thomson consensus, and analysts estimates; (2) Excluding revenue from online e-commerce channel; (3) Excluding share-based compensation expenses.
Source: Company data, analysts' reports.

Best-in-class Risk Management (1)

M6+ Delinquency Rate by Vintage
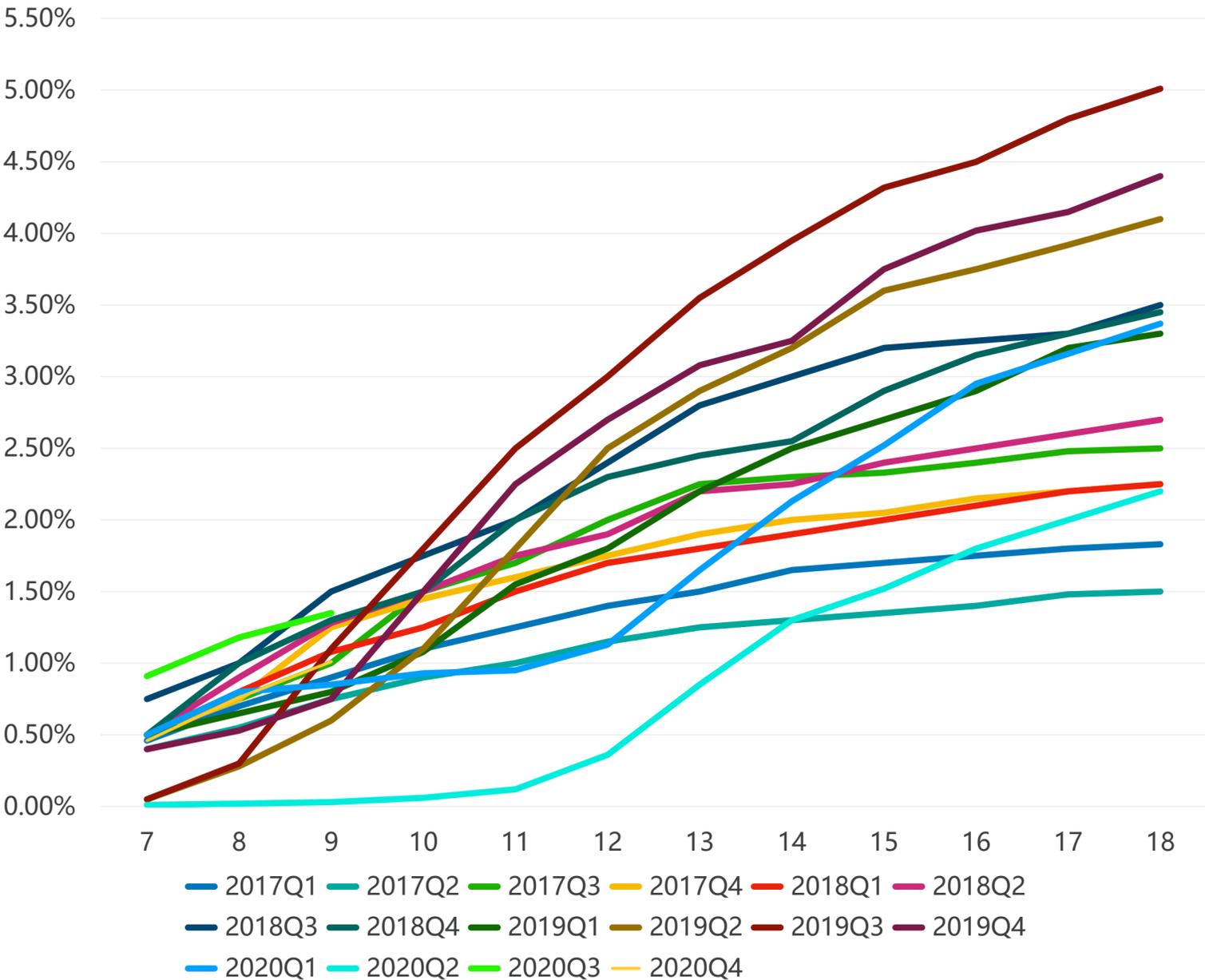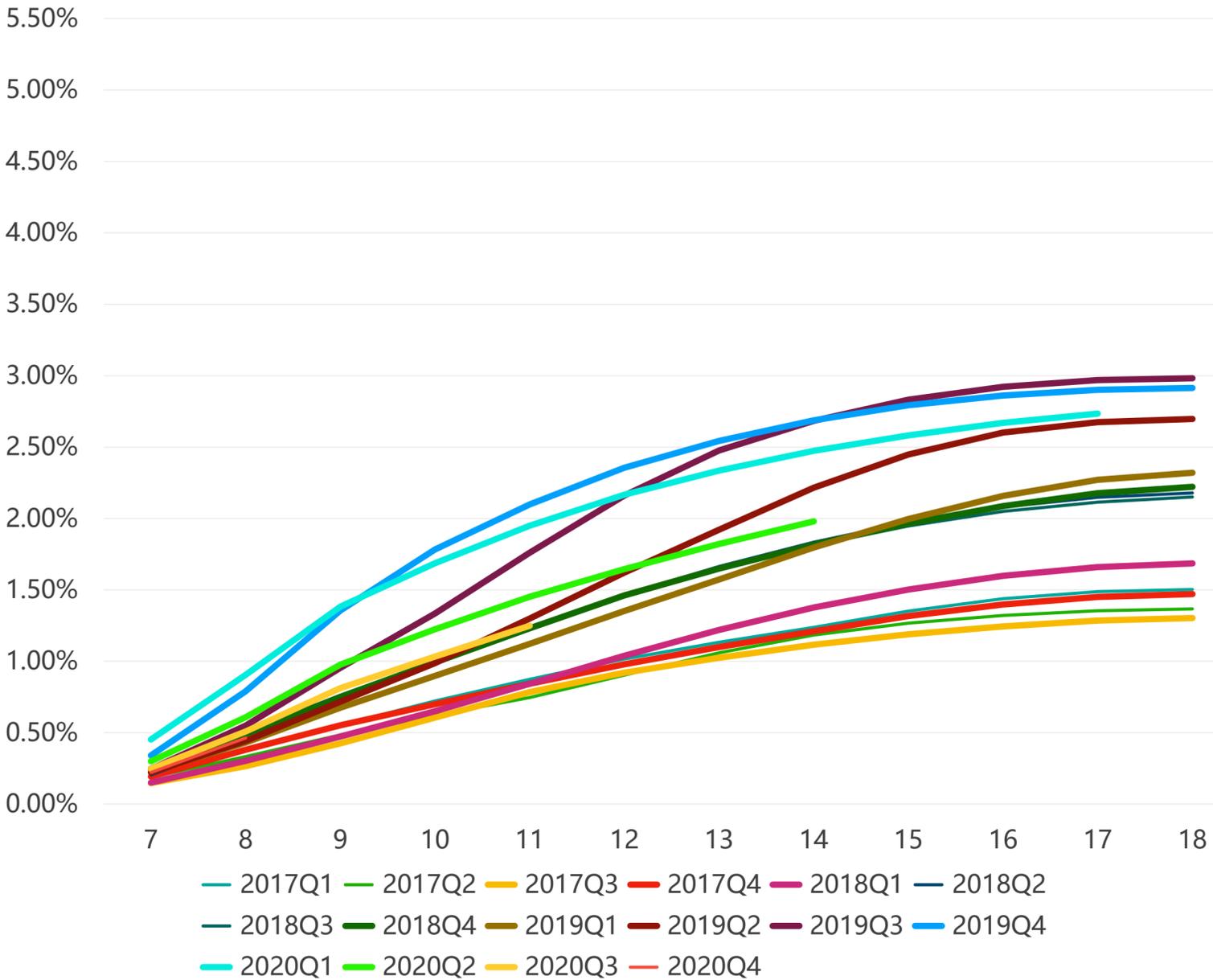
Source: Company data.

Best-in-class Risk Management (2)

M1+ Delinquency Rate by Vintage
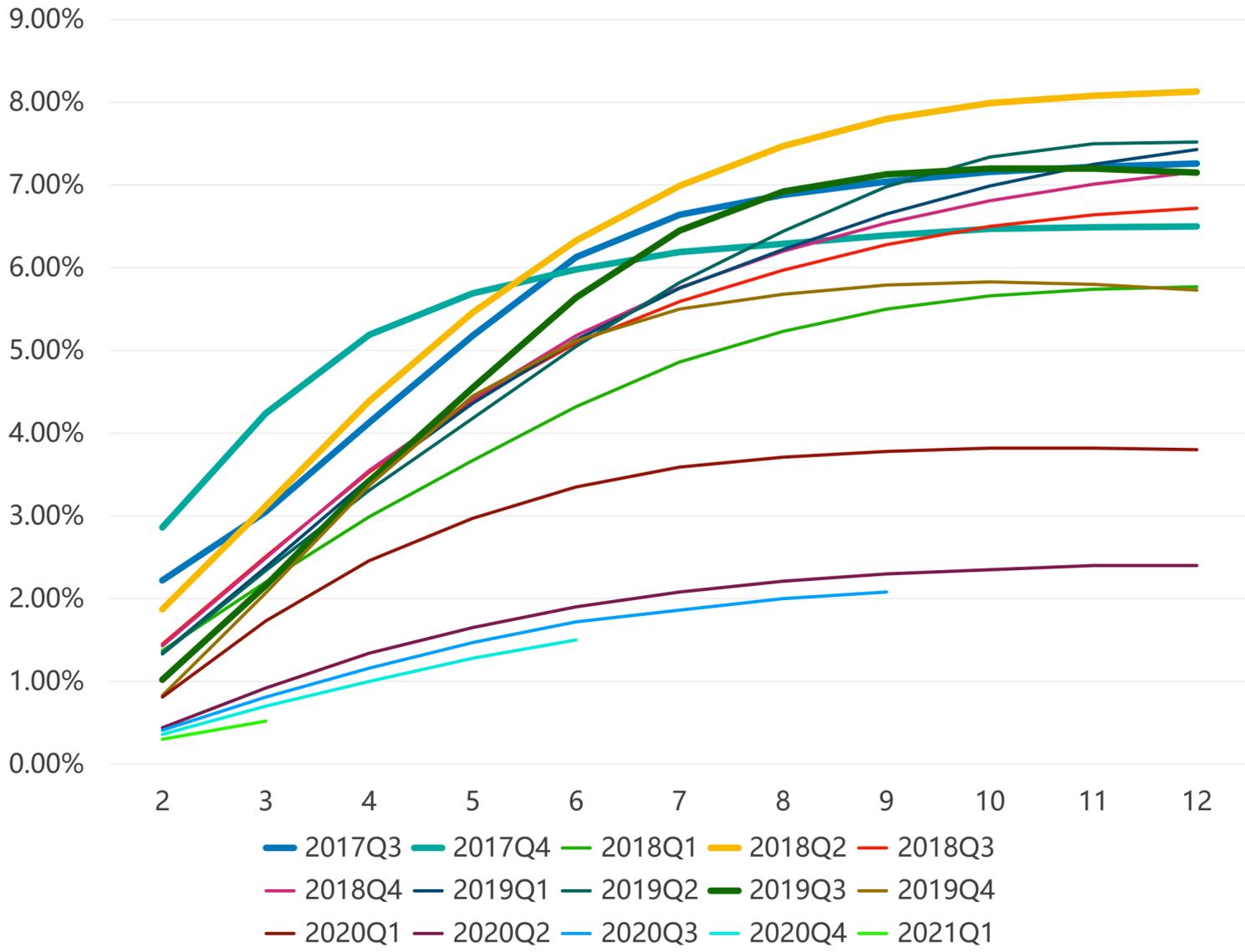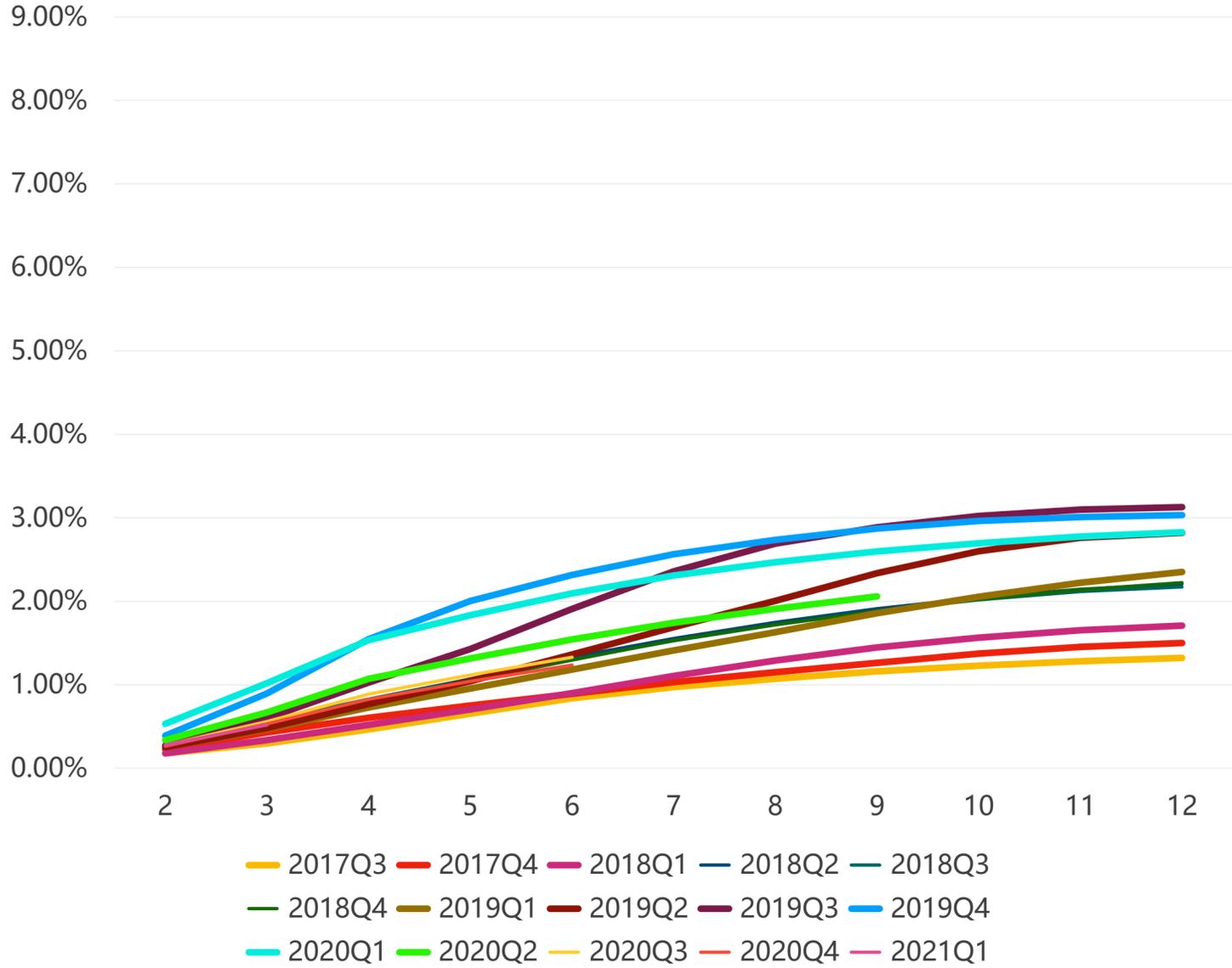
03 | Quarterly Update

Continued Growth Momentum

Origination/facilitation Volume[1]
(RMB billion)
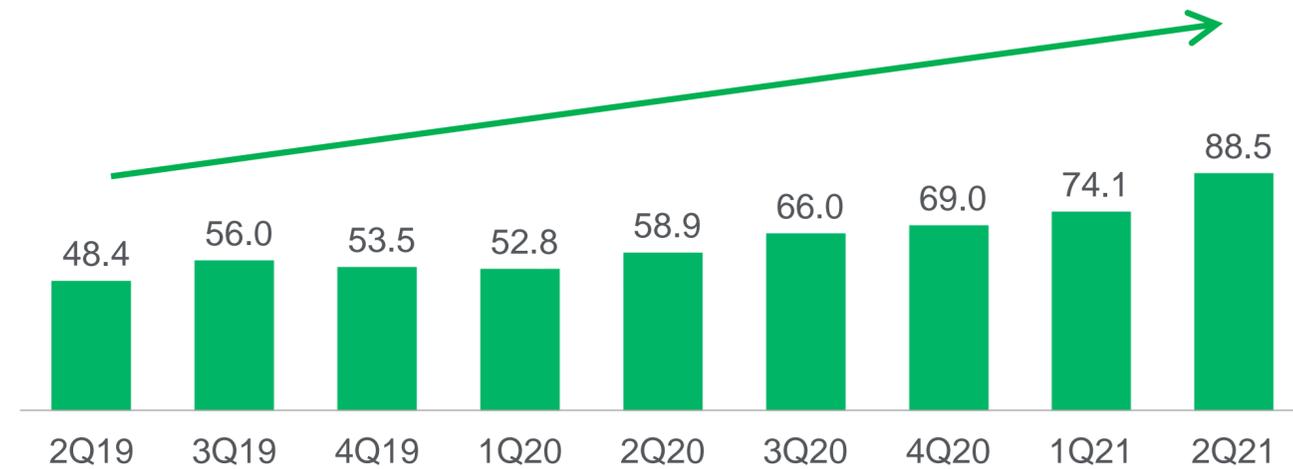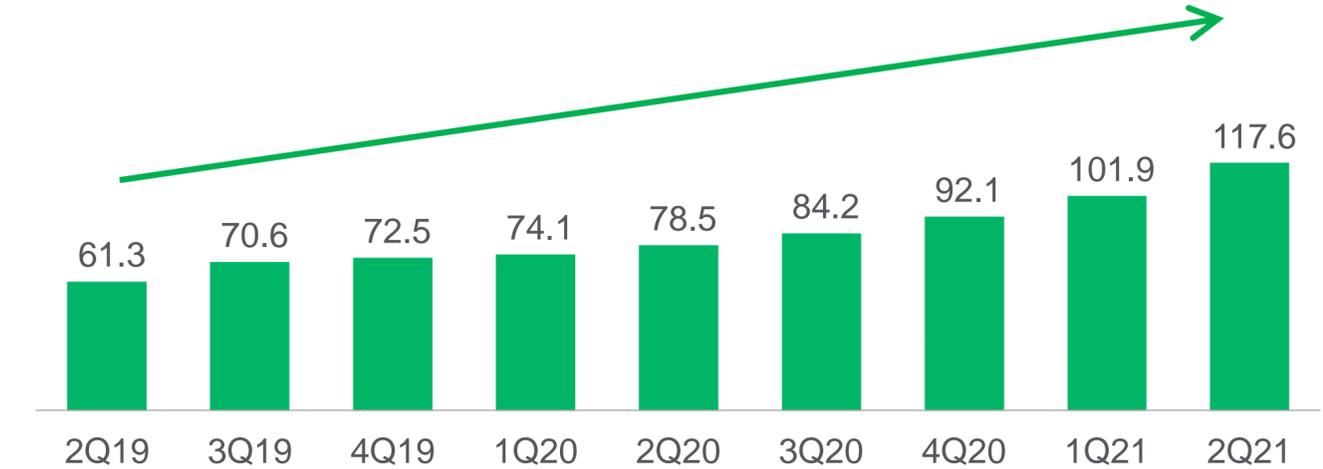
2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
48.4	56.0	53.5	52.8	58.9	66.0	69.0	74.1	88.5

Outstanding Balance[1]
(RMB billion)

2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
61.3	70.6	72.5	74.1	78.5	84.2	92.1	101.9	117.6

Cumulative Users with Approved Credit Line[2]
(million)

2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
19.2	22.8	24.7	26.1	27.7	29.3	30.9	32.7	34.7

Cumulative Borrowers
(million)

| 2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
12.5	14.7	15.9	16.8	17.8	18.7	19.7	21.0	22.3
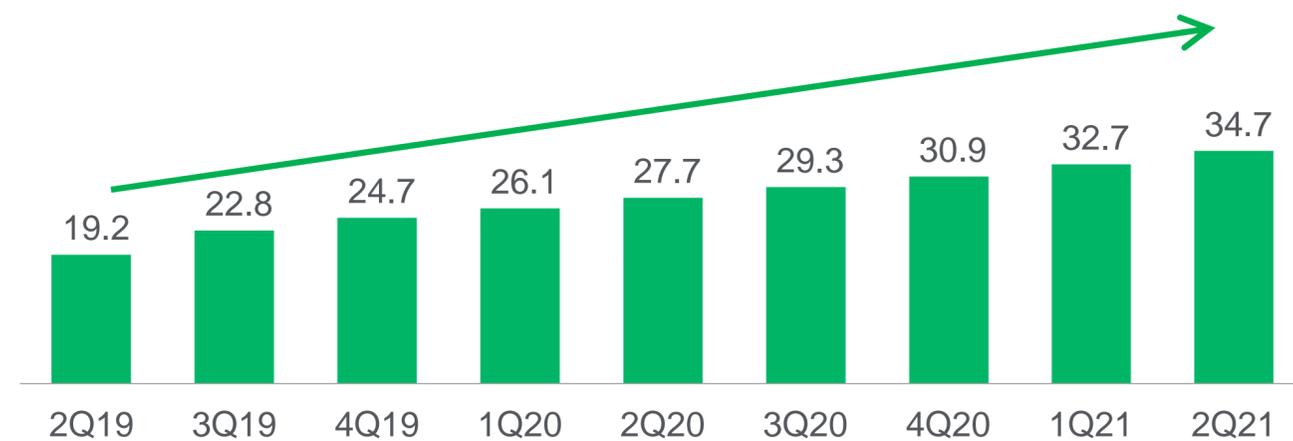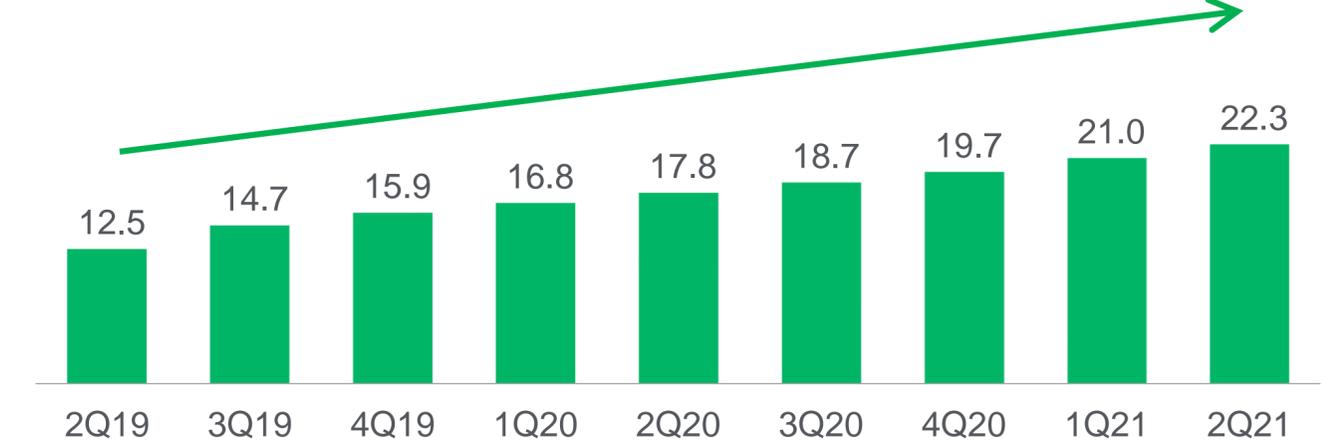
Note: (1) Including ICE since 19Q4. (2) Refers to the total number of users who had submitted their credit applications and were approved with a credit line at the end of each period.

Solid Execution through Economic Cycle

Revenue
(RMB mm)

Old Accounting Standards	New Accounting Standards

- 2Q19: 2,227
- 3Q19: 2,583
- 4Q19: 2,401
- 1Q20: 2,345
- 1Q20: 3,183
- 2Q20: 3,340
- 3Q20: 3,704
- 4Q20: 3,337
- 1Q21: 3,599
- 2Q21: 4,002

Non-GAAP Net Income[1]
(RMB mm)

Old Accounting Standards	New Accounting Standards

- 2Q19: 692
- 3Q19: 756
- 4Q19: 515
- 1Q20: 764
- 1Q20: 255
- 2Q20: 942
- 3Q20: 1,288
- 4Q20: 1,312
- 1Q21: 1,407
- 2Q21: 1,615
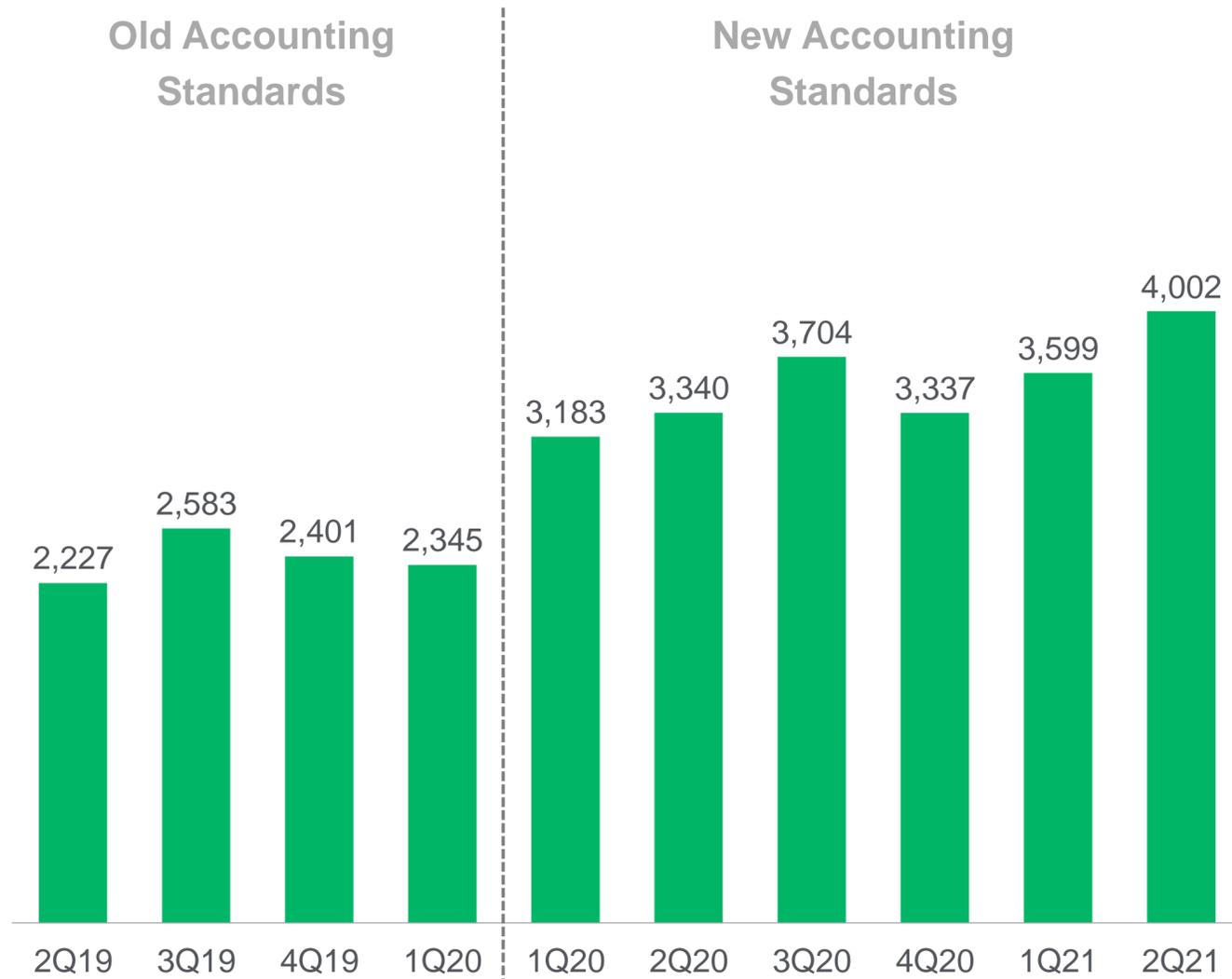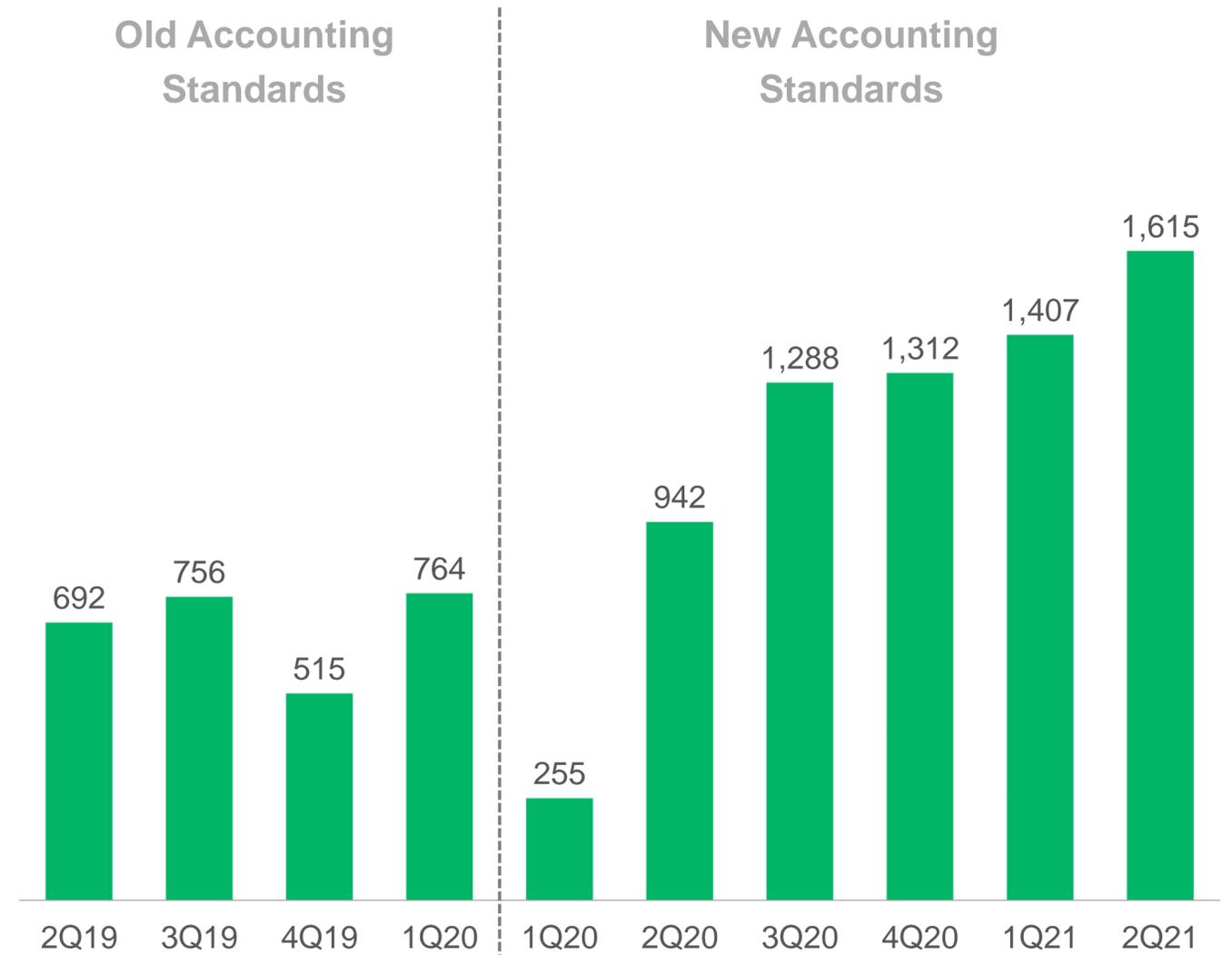
Note: (1) Excluding share-based compensation expenses.
Source: Company data.

Operational Efficiency

S&M Expenses as % of Loan Origination/Facilitation

S&M Expenses
(RMB mm)

| 269 | 500 | 385 | 500 |

- 0.46% — 2Q20
- 0.57% — 2Q21
- 0.52% — 1Q21
- 0.57% — 2Q21

User Acquisition Costs[1]
(RMB)

- 167 — 2Q20
- 250 — 2Q21
- 212 — 1Q21
- 250 — 2Q21

Funding Costs[2]

- 7.2% — 2Q20
- 6.7% — 2Q21
- 6.9% — 1Q21
- 6.7% — 2Q21
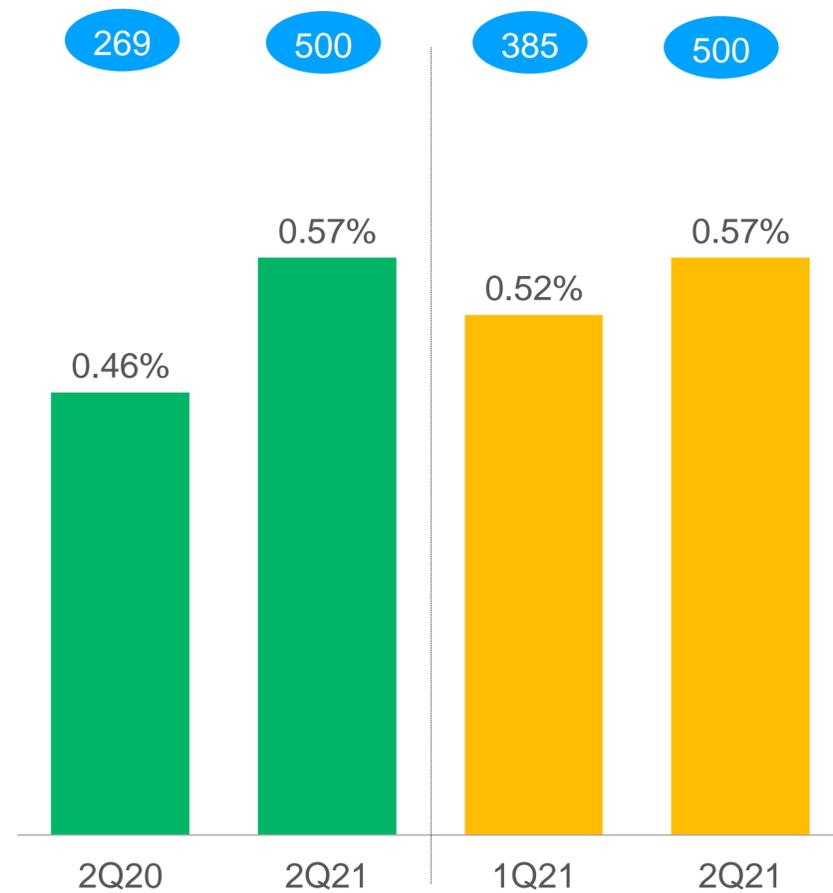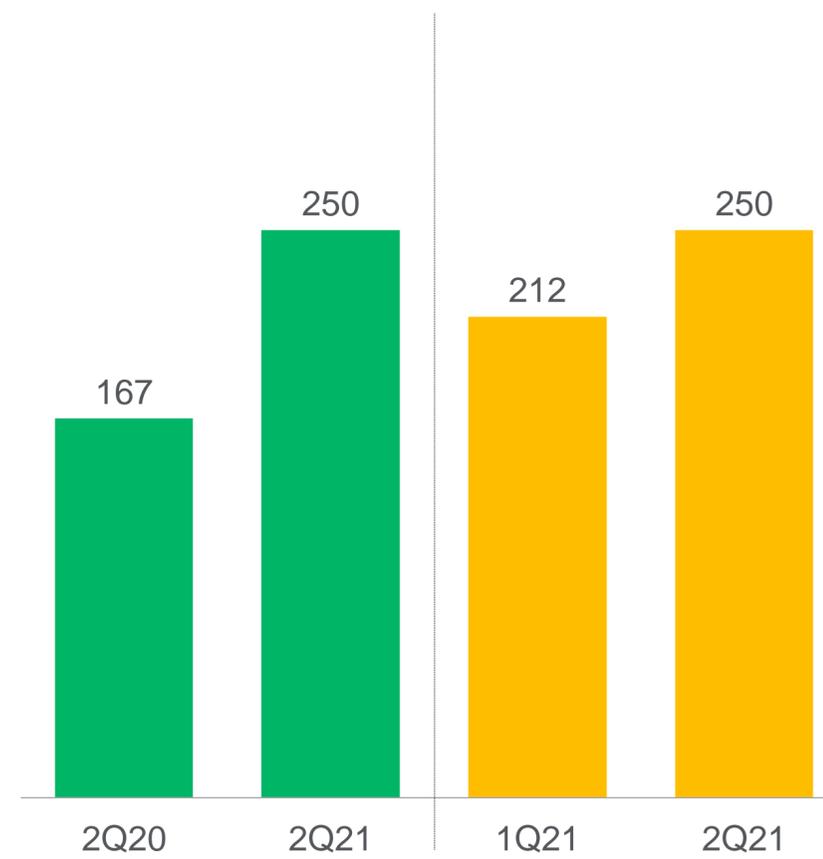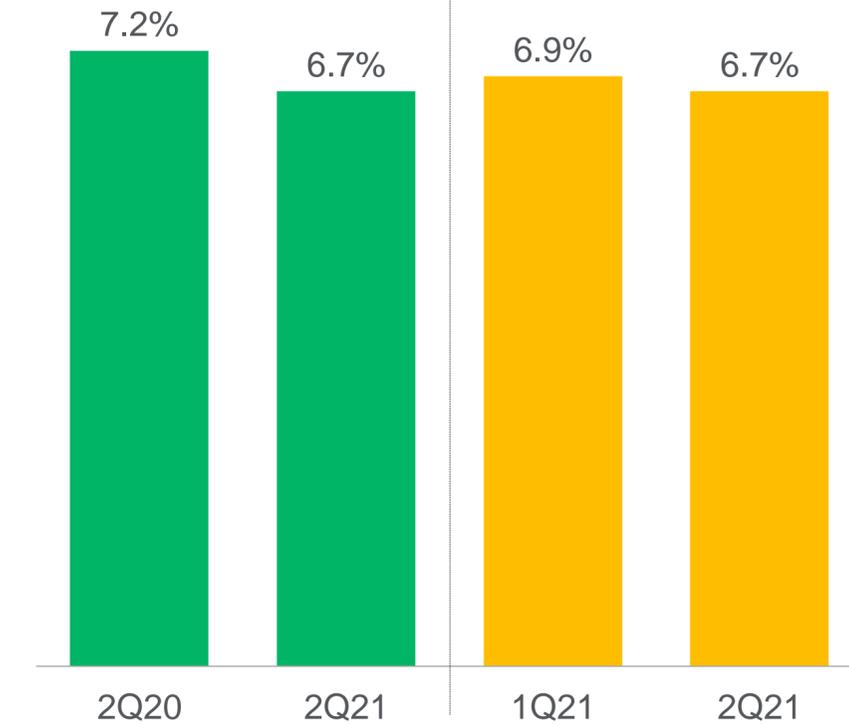
Note: (1) User acquisition cost is calculated by (i) sales and marketing expenses (excluding share-based compensation related expenses), divided by (ii) the number of new users with credit lines for the period. (2) annualized weighted average interest rate charged to customer by funding partners;

Asset Quality Remains at Historical Best

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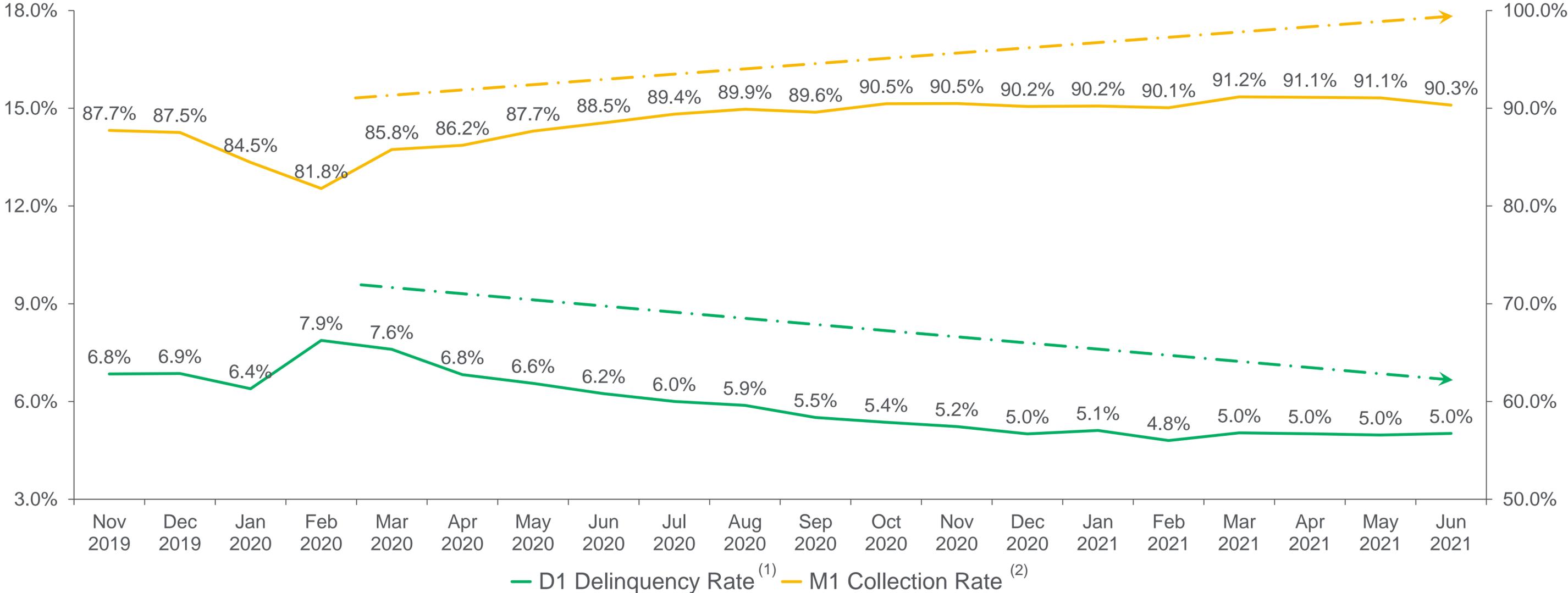
Note: (1) D1 delinquency rate is defined as (i) the total amount of principal that became overdue as of a specified date, divided by (ii) the total amount of principal that was due for repayment as of such date. (2) M1 collection rate is defined as (i) the amount of principal that was repaid in one month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

Old Accounting Standards

9.8x	8.9x	8.1x	7.2x	6.3x
2Q19	3Q19	4Q19	1Q20	2Q20

New Accounting Standards

9.5x	8.3x	7.4x	6.6x	5.4x	4.8x
1Q20	2Q20	3Q20	4Q20	1Q21	2Q21

Free Cash[2]

(RMB mm)

2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
328	344	108	1,617	1,823	2,821	2,418	3,974	3,192
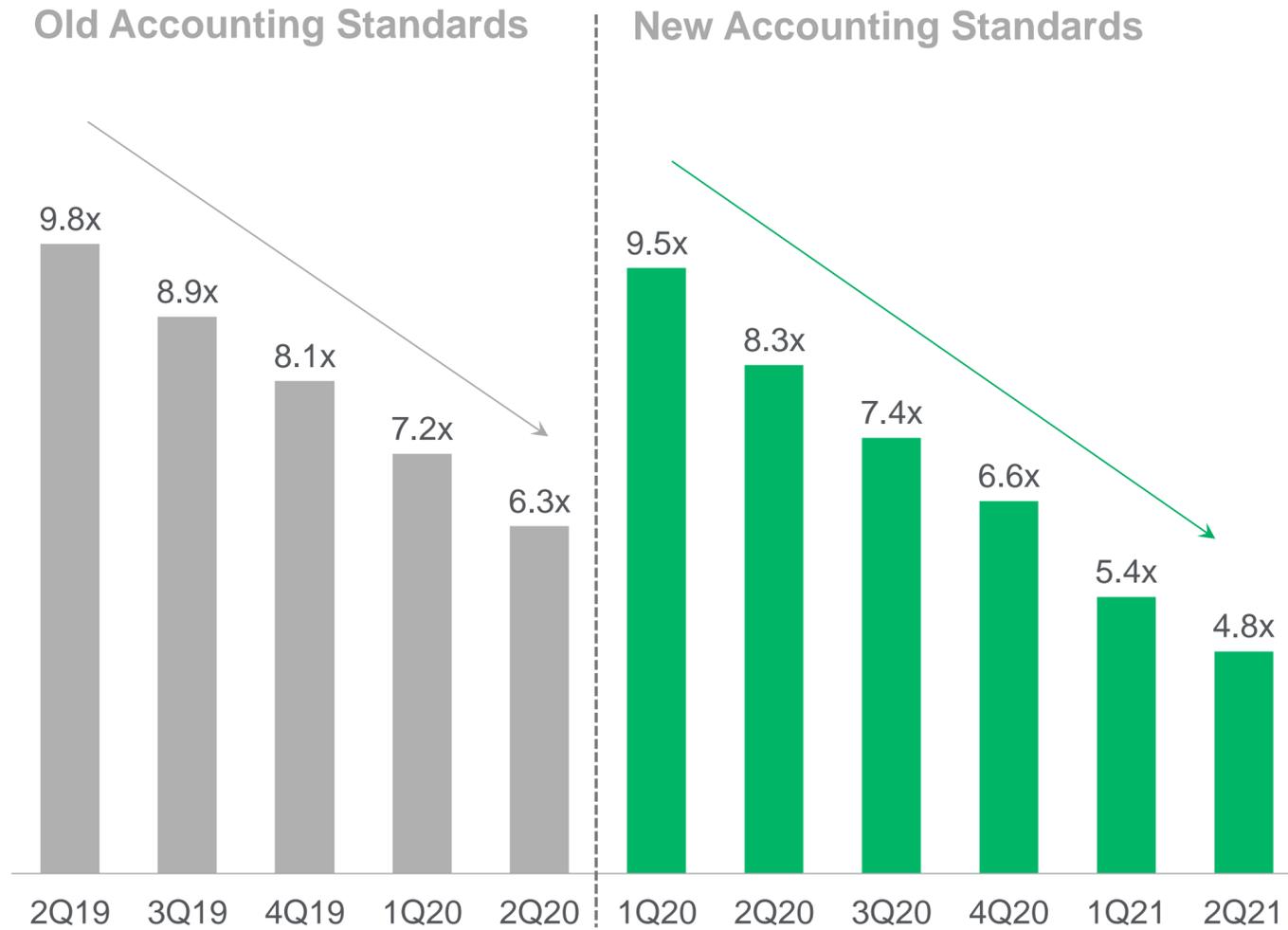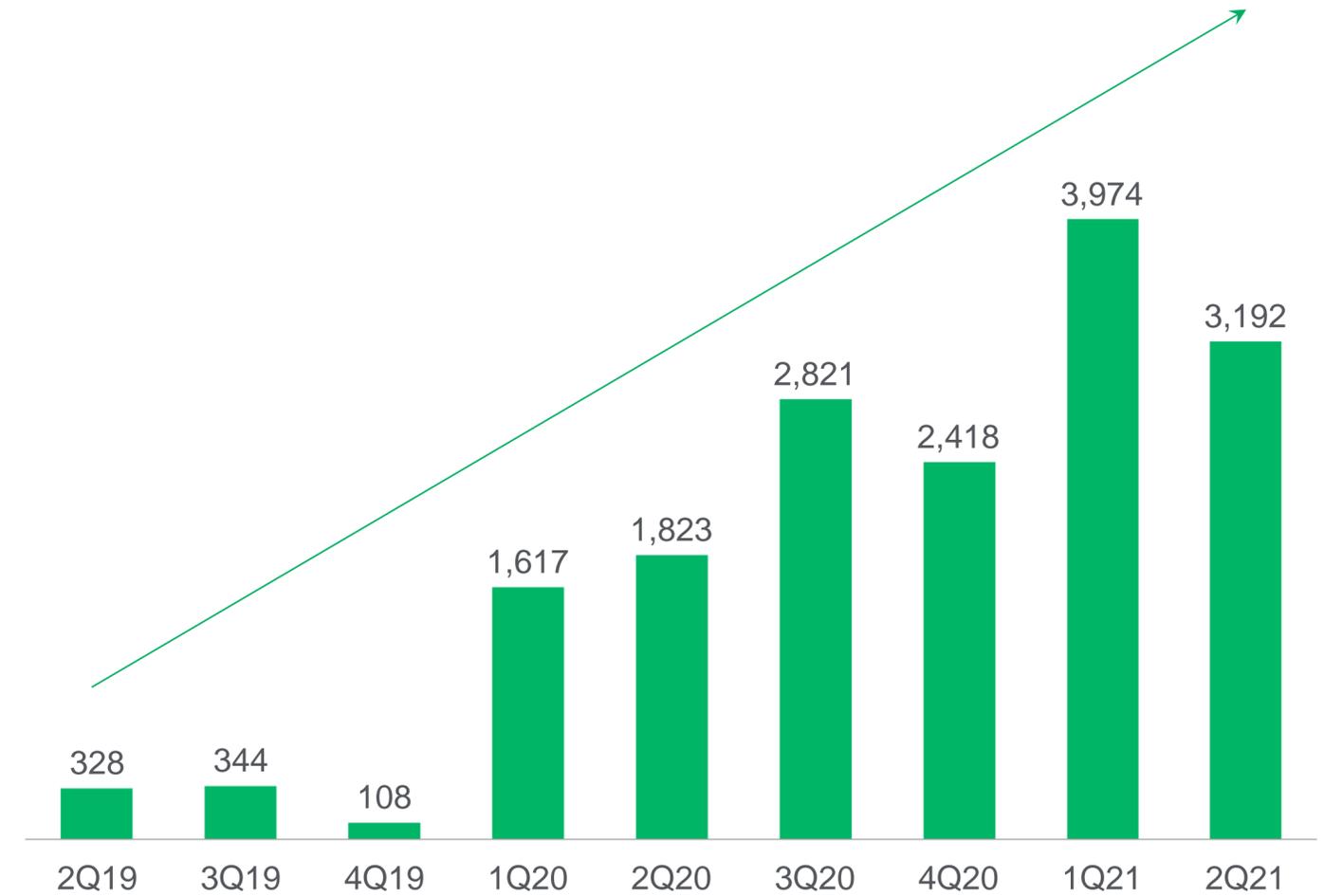
Note: (1) Leverage Ratio = (risk-bearing outstanding loan balance / net assets). (2) Free cash = (cash and cash equivalents – operation cash – cash reserve). For illustrative purpose only.
Source: Company data.