



和信贷
hexindai.com

HX
NasdaqListed

Company Presentation

Q1 FY2020

(NASDAQ: HX)



This presentation of Hexindai Inc. (the “Company”) contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “potential,” “continue,” “ongoing,” “targets,” “guidance” and similar statements. The Company may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the “SEC”), in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Any statements that are not historical facts, including statements about the Company’s beliefs and expectations, are forward-looking statements that involve factors, risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such factors and risks include, but not limited to the following: the Company’s goals and strategies; its future business development, financial condition and results of operations; the expected growth of the credit industry, and marketplace lending in particular, in China; the demand for and market acceptance of its marketplace’s products and services; its ability to attract and retain borrowers and investors on its marketplace; its relationships with its strategic cooperation partners; competition in its industry; and relevant government policies and regulations relating to the corporate structure, business and industry. Further information regarding these and other risks, uncertainties or factors is included in the Company’s filings with the SEC. All information provided in this presentation is current as of the date of this presentation, and the Company does not undertake any obligation to update such information, except as required under applicable law.

Our Core Advantages – Solid Track Record with Strong Operational Capabilities

A Fast-growing Online Consumer Lending Marketplace Focusing on Meeting the Growing Consumption Needs of Underserved Prime Borrowers in China

Hexindai Inc. (NASDAQ: HX)

- Established in March 2014, with headquarters in Beijing
- Listed on NASDAQ in Nov 2017
- Rank 10th in the unsecured medium-sized consumer loans market in China



Typical Terms for Borrowers⁽²⁾

- 100% credit loan
- Loan range: US\$140~30k
- Loan term: ~73%, 36 months
- Equal Monthly Payments

18,546

Borrowers
for the quarter ended June 30, 2019

28.2 million

US\$ loans facilitated
for the quarter ended June 30, 2019

9,534

Investors
for the quarter ended June 30, 2019

246,103⁽³⁾

Borrowers
as of June 30, 2019

3.1 billion⁽³⁾

US\$ loans facilitated
as of June 30, 2019

284,299⁽³⁾

Investors
as of June 30, 2019

Source: company information.

Note:

(1) Growth rates are calculated by RMB amount, therefore the impact from exchange rate in different reporting periods is excluded.

(2) For the quarter ended June 30, 2019.

(3) Calculated on a cumulative basis from inception of our business in March 2014 to June 30, 2019.

Our Core Advantages – Industry-Leading Initiatives

% of Companies
in the Industry

Finance Guarantee

- Controlled by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC)

**Shanxi Zhengxuan
Finance Guarantee Co., Ltd.**

21%

Custodian Bank

- Total assets as of Dec 31, 2018: RMB419 billion
- Mandatory for compliance

 **江西银行**
JIANGXI BANK **01916.HK**

Multi-Level Protection Scheme Level 3 Certification

- Same information security level as commercial banks

 **中华人民共和国公安部**
The Ministry of Public Security of the People's Republic of China

16%

ICP filing and ICP certificate

- Mandatory for compliance

北京市通信管理局

18%

iTrust AAA Certificate

- Certified according to National Enterprise Credit Evaluation and Bank Credit Rating standards
- The highest level possible

 **网信认证**
itrust.org.cn

6%

Baihang Zhengxin ("Baihang Credit")

- Leverage the data generated from Baihang Credit to more accurately assess a borrower's creditworthiness and potentially reduce the cost of risk management

 **百行征信**
Baihang Credit

National Computer Network Emergency Response Technical Team /Coordination Center's real-time data system

- Mandatory for compliance

 **CNERT/CC**
国家互联网应急中心

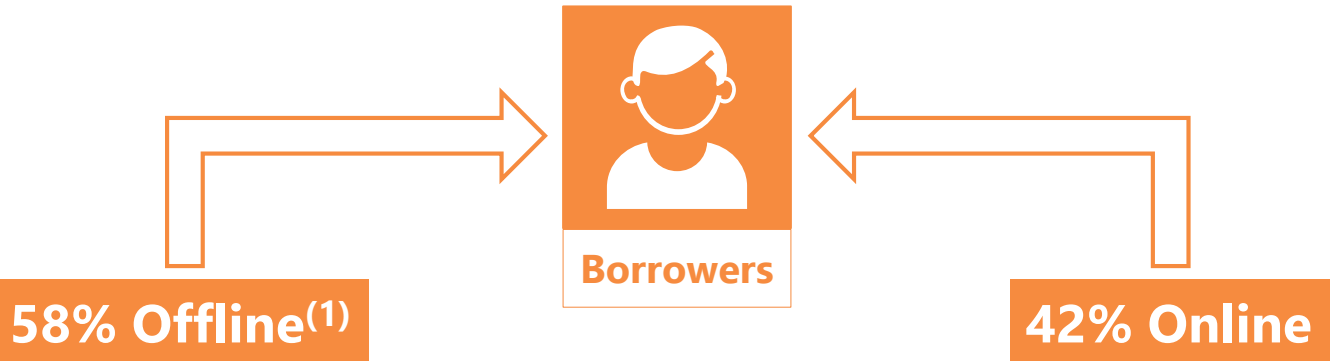
Financial Service Platform

- A mobile app developed and operated by the National Committee of Experts on the Internet Financial Security Technology
- Enables investors to verify transactions performed via our platforms

 **国家互联网金融安全技术专家委员会**
National Committee of experts on the Internet financial security technology

Source: company information, WDZJ, P2P Heibanbao, iTrust.
Note: (1) Formerly the Beijing Municipal Bureau of Financial Work

Our Core Advantages – Solid Borrower Acquisition Capabilities



Offline borrowers referred by business partners⁽²⁾

- 198 branches in 98 cities⁽³⁾
- 2 call centers: Beijing and Hefei
- Combined branch network reaches nearly 49%⁽⁴⁾ of China's population.



Online acquisition of borrowers through various distribution channels:

Apps Distribution⁽⁵⁾



Search Engine



Borrower Traffic Referral Channels



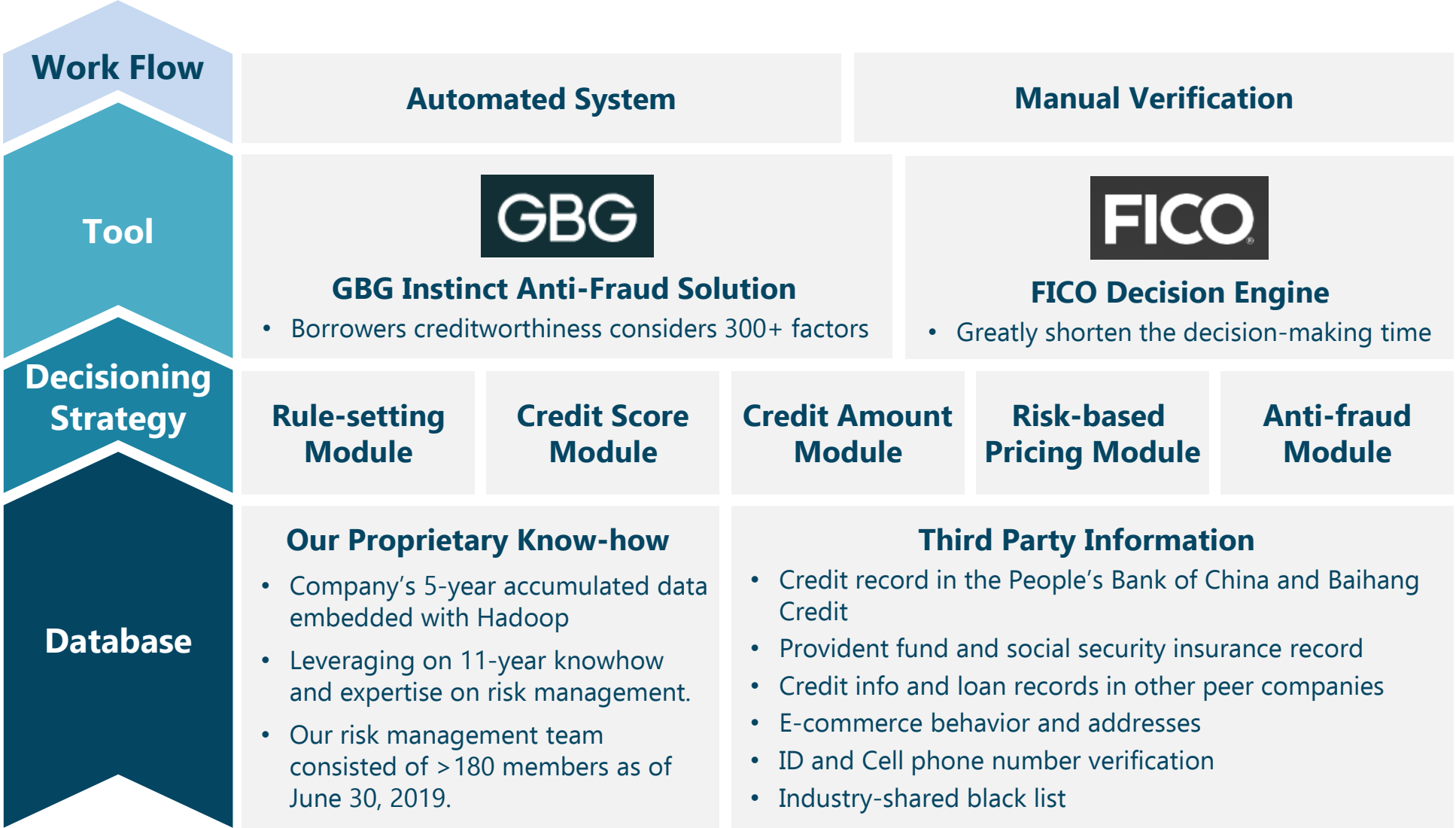
Source: company information, China Statistical Yearbook, National Bureau of Statistics of the PRC.

Note:

- (1) For the quarter ended June 30, 2019.
- (2) We have built a multi-channel marketplace to reach and serve borrowers and investors, leveraging both our online platform and the nationwide physical network of our offline cooperation partner, Hexin Group, which is majority-owned by our controlling shareholder.

- (3) As of July 31, 2019, our offline cooperation partner had a total of 198 branches in 98 cities.
- (4) Calculated based on latest population data from National Bureau of Statistics of the PRC.
- (5) Unlike in the US where the app market is split between Apple's App Store and Google Play, China is a highly fragmented mobile phone market with a wide variety of mobile device configurations and hundreds of app stores and distributions channels.

Our Core Advantages – Credit Risk Monitoring Over the Entire Lifecycle of the Loan

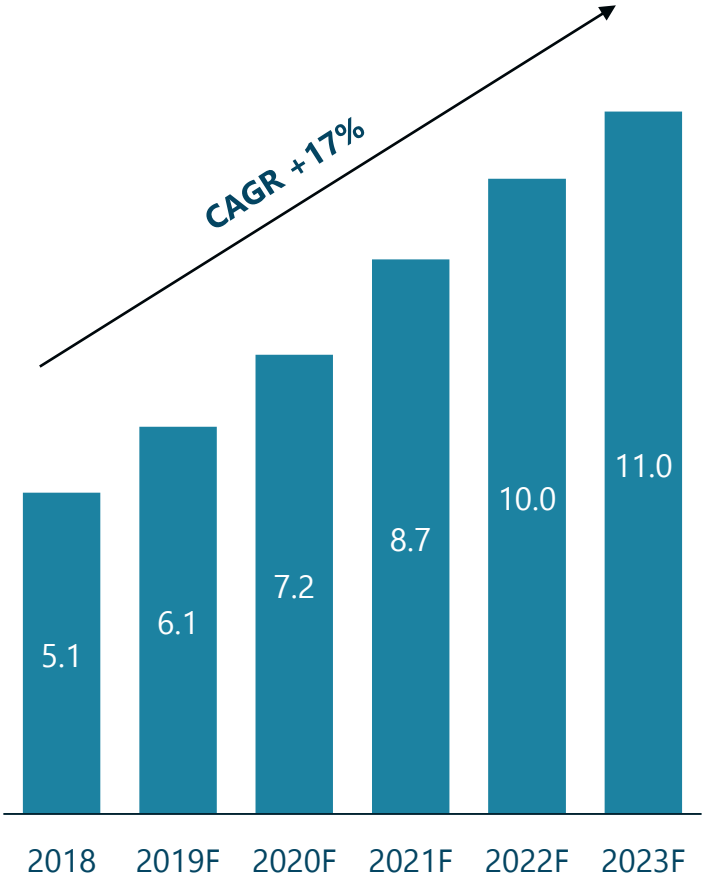


Source: company information.

Vast Market Potential – Increasing Demand for Credit Driving Future Growth Opportunities

Forecast for China’s Unsecured Personal Loan⁽¹⁾ Market

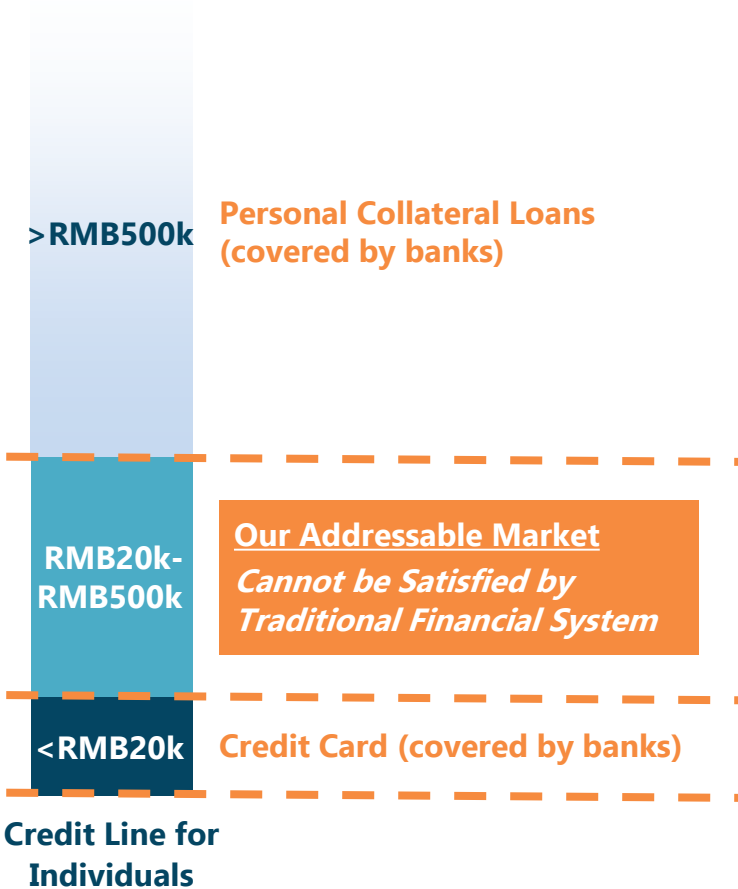
(Outstanding Balance, RMB TN, 2018-2023F)



Demand for Credit by Individual Borrowers Cannot be Satisfied by Traditional Financial System

17.3%
Credit card penetration rate for 2019

RMB22.9k
Average credit line per credit card as of March 31, 2019



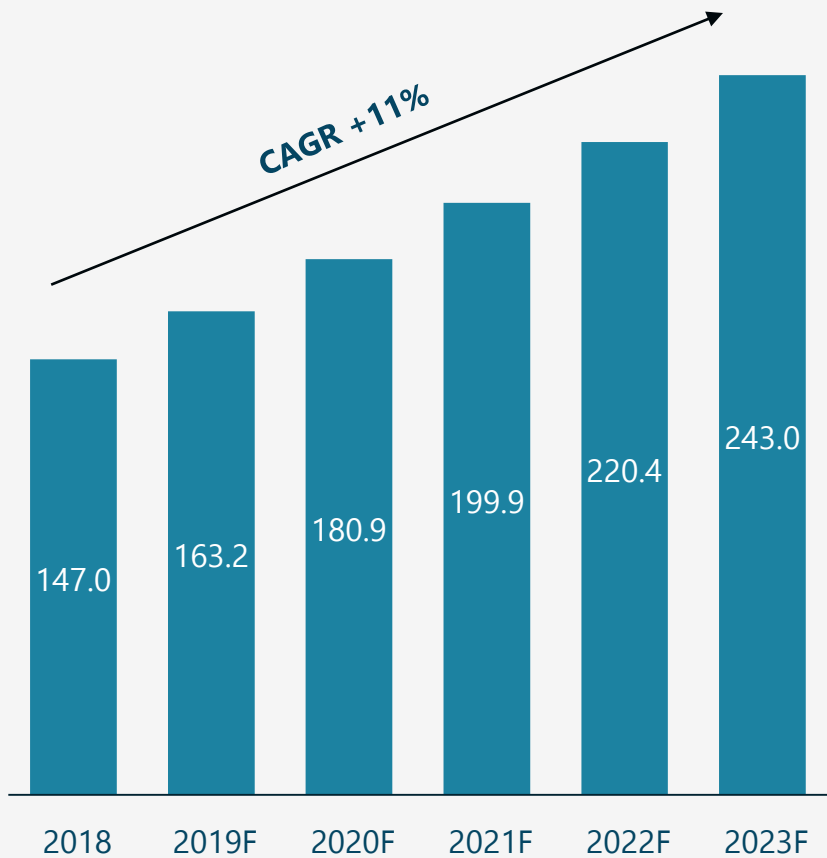
Source: PBOC, National Bureau of Statistics, iResearch, company analysis

Note:

(1) According to iResearch, Non-credit Card Unsecured Personal Loan market refers to lending market where personal loans such as personal business operations loans and consumption loans are provided, excluding the loan provided by bank credit card.

Vast Market Potential – Increasing Demand for Investments Among Chinese Citizens

Forecast for China's Investable Financial Assets⁽¹⁾ Held by Individuals
(Outstanding Balance, RMB TN, 2018-2023F)



Source: China Construction Bank, BCG, iResearch

Note:

(1) According to iResearch, investable financial assets refer to highly liquid assets, such as cash and Bank deposit, bank financial product, capital market product, excluding non-financial assets, such as real estate and luxury goods.

Tightened regulations on foreign currency transactions

- Stringent requirements for
 1. Overseas cash withdrawals, and
 2. Annual quotas for foreign exchange purchases and overseas remittance by Chinese individuals.

Geographical Restrictions

New asset management policies released

- Higher investment thresholds now in place for those seeking to invest through banks and wealth management institutions.
- Fewer fixed income investment products are now offered to retail investors.

Limited Investment Options

P2P platforms are easily accessible and are the favored investment channel for Chinese individuals:

- ✓ Low investment threshold with a **minimum investment of RMB1,000**
- ✓ Investments on P2P platforms have **clearly stated expected yield rates**
- ✓ Investments on P2P platforms have **well-defined investment periods**
- ✓ Upon completion of filing and registration, the P2P sector will be under the strict supervision of the CBRC. Therefore, **reputation will be enhanced**

Our Business Structure – Two Growth Pillars Creating New Opportunities

Borrowers



Funding

Borrowers acquired from:

Online + Offline

- **Large to medium-sized credit loan**
 - Loan range: US\$3k~30k
 - Loan term: 12-36 months

Online

- **Microfinancing loan**
 - Loan range: US\$140~3k
 - Loan term: 2-12 months

Loan Assistance Program

Irrelevant of P2P registration

Consumer Lending Marketplace Business

Growing institutional investor base



凤凰智信 | 凤凰金融旗下网贷平台

P2P peer



渤海国际信托股份有限公司
Bohai International Trust Co., Ltd.

Trust



奥投金融 | 您的理财专家
Your financial expert

Financial Institution

Large individual investor pool

Online acquisition of investors through various distribution channels.

- Apps Distribution⁽¹⁾



- Search Engine



- Cost per Sale






Source: company information.

Note:

(1) Unlike in the US where the app market is split between Apple's App Store and Google Play, China is a highly fragmented mobile phone market with a wide variety of mobile device configurations and hundreds of app stores and distributions channels.

Our Borrowers – Underserved Borrowers with Prime Credit Quality

Borrower Profile	Various Options Provided to Borrowers				Hexindai
<ul style="list-style-type: none"> • Young, mobile-centric and under-banked population • In emerging tier 1, tier 2 and tier 3 cities • Positive credit report • Growing consumption needs for premium goods and services in pursuit of an upgraded lifestyle 	Loan Type (Purpose)	Loan Size (RMB)	Duration	Market Potential ⁽²⁾ (RMB)	Our Business Line
	Large-amount (Consumption /Invest)	160k -200K	>36 months	~8.4 billion	√ Large-sized credit loan
	Medium-amount (Consumption Upgrade)	20k -160k	12-36 months	~436.2 billion	√ Medium-sized credit loan
	Small-amount (Basic Consumption)	2k -20k	1-12 months	~210.7 billion	√ Microfinancing loan
Repayment Capability⁽¹⁾	Payday (Survival)	<2k	<30 days	~13.7 billion	
 Life insurance policy					
 Housing fund payment history					
 Salary with banking transaction history					

Source: company information, industry expert interview, iResearch

Note:

(1) Borrower profile for medium-sized credit loan business

(2) Estimated 2018 outstanding balance.

Loan Assistance Program – Strong Cooperation with Institutional Funding Partners

Strategic Peer Partners

• Phoenix Finance



凤凰金融旗下
网贷平台

Funding of RMB10 billion
over a term of three years

Trust

• Bohai International Trust



渤海国际信托股份有限公司
Bohai International Trust Co.,Ltd.

Funding of RMB300
million over a term of five
years

Financial Institutions

• Kunming Aotou



您的理财专家
Your financial expert

Funding of RMB30 million

Advantages of Loan Assistance Business

- **Financial institutions with licenses** can provide funds
- If a default occurs, the **default information can be documented** on the defaulter's consumer credit report issued by the Credit Reference Center, the People's Bank of China (CCRC)
- The **regulation** for loan assistance is accurately put in place and clearly vetted

Provide borrowers assessed by our
advanced risk management systems

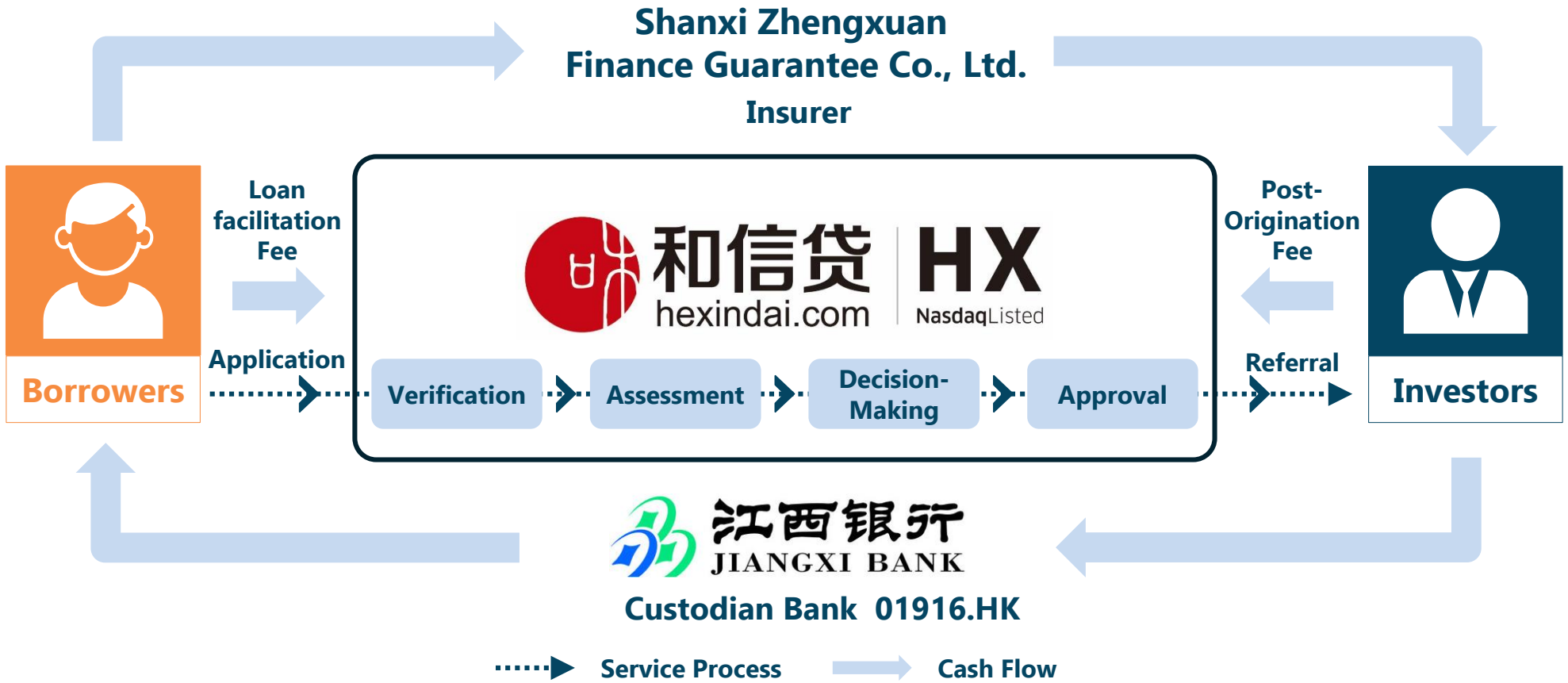
Institutional
Investors

Provide funding



Consumer Lending Marketplace Business – Transaction Flow

We are a pure information and service platform matching investors with individual borrowers.
Loans are not held on our balance sheet and we bear no default risk.



Source: company information.

Consumer Lending Marketplace Business – Funded from a Large Pool of Individual Investors

9,534⁽¹⁾
Investors who made loan investments
79,119⁽²⁾
Investors having investments
284,299⁽³⁾
Investors who have invested at least once
3,046,305⁽³⁾
Total accumulated registered users

High Repeat Investment Rate⁽⁴⁾ Demonstrating High Investor Loyalty

Loan Issued Period	Repeat Rate as of June 30, 2019
Inception to March 31, 2015	82%
FY2016	74%
FY2017	47%
FY2018	54%
FY2019	36%

Source: company information.

Note:

(1) For the quarter ended June 30, 2019.

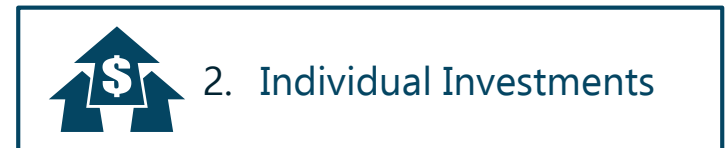
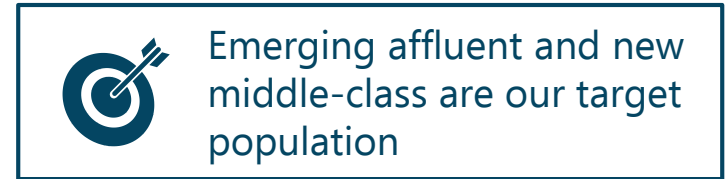
(2) As of June 30, 2019.

(3) Calculated on a cumulative basis from inception of our business in March 2014 to June 30, 2019.

(4) Repeat Investment rate refers to the number of new investors who invested for the first time on



White Collar Middle Class



our marketplace during the relevant loan issued period and have invested more than once on our marketplace since the first time to June 30, 2019 divided by the number of new investors who invested for the first time on our marketplace during the relevant loan issued period. New investors are those who never invested on our platform before a certain loan issued period.

High Compliance Standards – Setting a Benchmark for the Industry (2/2)

Key regulation shaping P2P industry

Interim Measures for the Administration of the Business Activities of Online Lending Information Intermediary Institutions (August 2016)

- Act as information intermediary only ✓
- No credit enhancement services and/or illegal fund raising ✓
- Custodian accounts for borrowers and investors ✓
- Capped amount limited to 200,000 RMB for personal loans and 1 million RMB for Corporate ✓
- Full information disclosure to customers ✓
- No bundle sales ✓
- Protect customers' personal information ✓
- Establish a customer identification program and report suspicious transactions ✓

Notice issued for a regulatory compliance inspection campaign which lays out 108 criteria for platform self-examination and correction (August 2018)

- The new inspection rules are only compliance related. P2P platforms will not be able to complete the subsequent record-filing process until they have passed the compliance inspection and have maintained full compliance for a certain period of time.
- We expect the record-filing phase to be complete sometime during the second half of 2019 at the earliest.
- We expect the specific standards and procedures for record-filing will be announced separately in the near future.

Note: (1) Formerly the Beijing Municipal Bureau of Financial Work.

Clear and Definitive Regulations



Our Strategic Investments

Strategic Investment in a Subsidiary of Phoenix Finance

- Investment Time: December 2018
- Investment Amount: **US\$29 million** (RMB200 million)
- Equity Stake: **5.88%** in **Phoenix Intelligent Credit Group Ltd**,
- About Phoenix Intelligent: Subsidiary of Phoenix Finance Group Ltd and the Operator of one of China's **leading consumer lending platforms**



US\$29 million

↑ 5.88% Equity Stake



Actively Seeking M&A Targets to Explore Overseas Opportunities

- Investment Time: August 2018
- Investment Amount: US\$1.6 million
- Equity Stake: **20%** in **Musketeer**
- About Musketeer: an **Indonesian online lending platform** that offers online consumption installment loans



US\$1.6 million

↑ 20% Equity Stake

Musketeer

Our Financing Activities and Return to Shareholders

Debt Financing

Debt from Yunfeng Financial Group

- Financial Instrument: **Senior Unsecured Note**
- Financing Amount: **US\$20 million**
- Interest: **12.0% per annum**
- Yunfeng Financial Group is **an international financial institution** that provides comprehensive investing and financing services for individual and institutional investors and enterprise customers.

Bank Loans

- **Current loan:** RMB5 million
- **Credit line:**
 - RMB100 million from China Everbright Bank
 - RMB500 million from Xiamen International Bank
 - RMB120 million from Shanghai Pudong Development Bank

Delivering Returns to Shareholders

Annual Dividend Policy

- Payout Ratio: **15-25%**
- Dividend Paid: **US\$0.4** per ordinary share/ADS for FY2018
- Total Dividend Paid for FY 2018: Approximately **US\$20 million**

Share Repurchase Program

- Repurchase up to **US\$25 million** of shares
- **Latest Update:** repurchased **1,165,883 ADSs** as of the June 30 2019, representing **US\$4 million**
- **Average repurchase price:** **US\$3.4** per ordinary share/ADS

Seasoned Management Team with Extensive Banking and Internet Experience



Mr. Xiaobo An
Founder, Chairman and
Chief Executive Officer

- Founded the Company in 2014, and has held the position of Chairman since the inception. He became a Director in February 2017 and CEO since May 2019.
- Founder of Beijing Zhongdashixing Business Co., Ltd, Hexin Information Services Co., Ltd. and Hexin Financial Information Services (Beijing) Co., Ltd.
- Credit approval manager of Huaxia Bank
- Awarded a bachelor's degree in advertising from Hebei University



Ms. Kerrie Rui Zhang
Chief Financial Officer

- Joined the Company in 2017, and has served as our CFO since August 2019
- Strategy development director and board secretary for Shanghai AkPurna Investment Management Co., Ltd., Akcome's fintech platform
- Board secretary, project investment manager, investor relations manager, and group finance manager at ReneSola Ltd. (NYSE: SOL)
- Awarded a bachelor's degree in business administration from Northwest University and a master's degree in professional accounting from the University of Sydney



Ms. Lili Hua
Chief Operations Officer

- Joined the Company, and has served as our COO since June 2017
- Operations Manager of Souyidai (Beijing) Information Technology Consulting Company Limited, a subsidiary of the Sohu Group (NASDAQ: SOHU)
- Operating Director of Baoshang Bank
- Apps Operations Manager of VIP Shop (NYSE: VIPS)
- Operations Manager of Qihoo 360 Technology Co., Ltd.
- Operations manager of Taobao, a subsidiary of the Alibaba Group (NYSE: BABA)
- Awarded a master's degree in fashion design from Beijing Fashion Academy

Strong Corporate Governance

Independent Directors



Stephen Markscheid, Mr. Markscheid is a partner at DealGlobe, a Shanghai based boutique investment bank. He currently serves as an independent director of ZZ Capital International (HK GEM: 08295), Ener-Core (OTCQB: ENCR), Fanhua Inc., formerly known as “CNinsure Inc.” (NASDAQ: FANH), and Jinko Solar Inc. (NYSE: JKS). Mr. Markscheid had previously worked in **General Electric Capital**, the Boston Consulting Group, **Chase Manhattan Bank** and **First National Bank of Chicago** and has years of professional experience in the financial services industry. He obtained a BA degree from Princeton University, a master’s degree in international affairs from Johns Hopkins University and an MBA degree from Columbia University.



Dagang Guo is the former Secretary General of **Beijing Internet Finance Industry Association**. Mr. Guo served as Investment Director in Beyond Fund and Member of Investment Committee in Guotai Venture Capital Co. Ltd.. Prior to that Mr. Guo served as the General Manager of Business Development in ECS Technology China Ltd. and Product Director of Digital China (SZ: 000034). Mr. Guo obtained his bachelor’s degree in Taiyuan University of Technology, and his master’s degree in FMBA from Cheung Kong Graduate School of Business.



David Wei Tang, prior to joining our Company, Mr. Tang served as President of Huakang Financial Holdings, a Chinese multi-disciplinary financial holdings group. Prior to that, Mr. Tang served as Vice President, Chief Financial Officer, Chief Strategy Officer of Nasdaq listed Vimicro Corporation (NASDAQ: VIMC) and the Chief Financial Officer of Fanhua Inc., formerly known as “CNinsure Inc.” (NASDAQ: FANH), Chief Financial Officer of both IRICO Group (HK: 438) and Chinasoft International (HK Main Board: 354). Mr. Tang also previously worked in Merrill Lynch & Co. in New York. Mr. Tang received an MBA degree from the Stern School of Business, New York University.

Committee Composition

	Nominating and Corporate Governance Committee	Audit Committee	Compensation Committee
Stephen Markscheid			
Dagang Guo			
David Wei Tang			

Chairman Member

Corporate Governance

- Nominating and Corporate Governance Committee Charter
- Audit Committee Charter
- Compensation Committee Charter
- Code of Business Conduct and Ethics
- Corporate Governance Guidelines
- Policy on Disclosure Controls and Procedures
- Anti-Money Laundering Policy
- Whistleblower Policy
- Insider Trading Policy
- Anti-corruption Policy and Procedures

Q1 FY2020 Snapshot

US\$28.2 million
-93%⁽¹⁾ YoY
Volume Facilitated⁽²⁾

US\$4.9 million
-90% YoY
Net Revenue

16.7%

Gross Billing Ratio⁽³⁾

US\$7.2 million

Net Loss

Cash Position: US\$25.9 million
-55% vs. 31 March 2019

Net Cash per Share: US\$0.5
-54% vs. 31 March 2019

US\$0.15

Diluted Loss per Common Share

Notes:

(1) Growth rates are calculated by RMB amount, therefore the impact from exchange rate in different reporting periods is excluded.

(2) Loan volume is defined as the total principal amount of loans facilitated on our marketplace during the relevant period

(3) The gross billing ratio is calculated as the total loan facilitation fees or loan management fees that we charge borrowers for the entire life of the loan (net of VAT), divided by the total amount of principal.

(4) Fiscal year end is March 31.

Hexindai – An Attractive Investment

1. Solid track record with strong operational capabilities

2. Industry-leading initiatives make us ahead of our peers

3. Solid borrower acquisition capabilities

4. Cutting-edge risk management system to balance risk and return

5. Strong growth potential in gearing towards new businesses

6. High compliance and strong corporate governance

7. Determined to delivering returns to shareholders

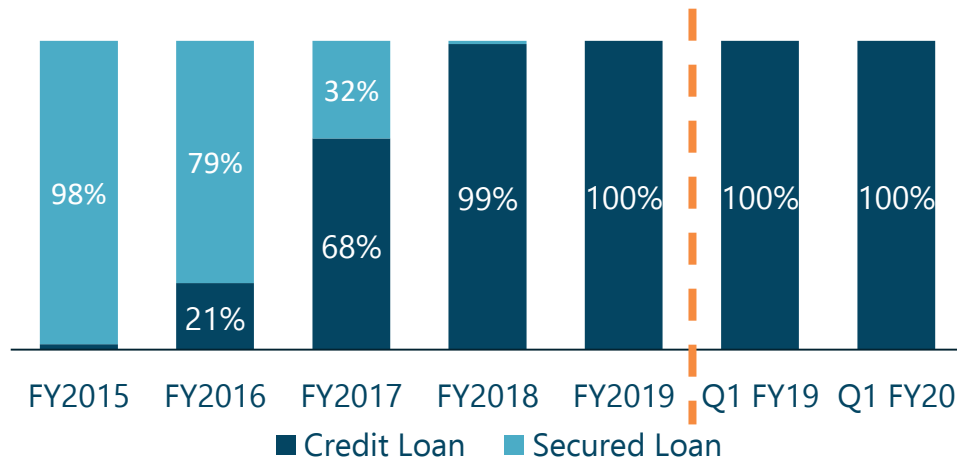
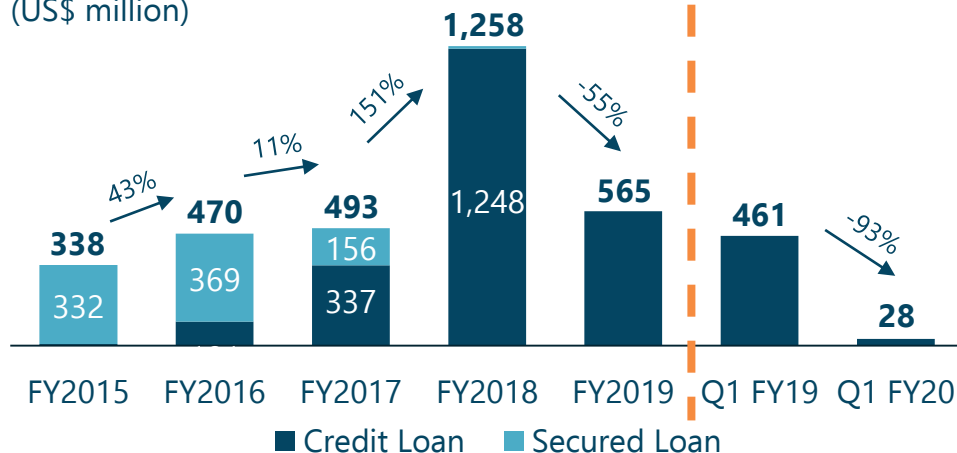


Operating and Financial Highlights

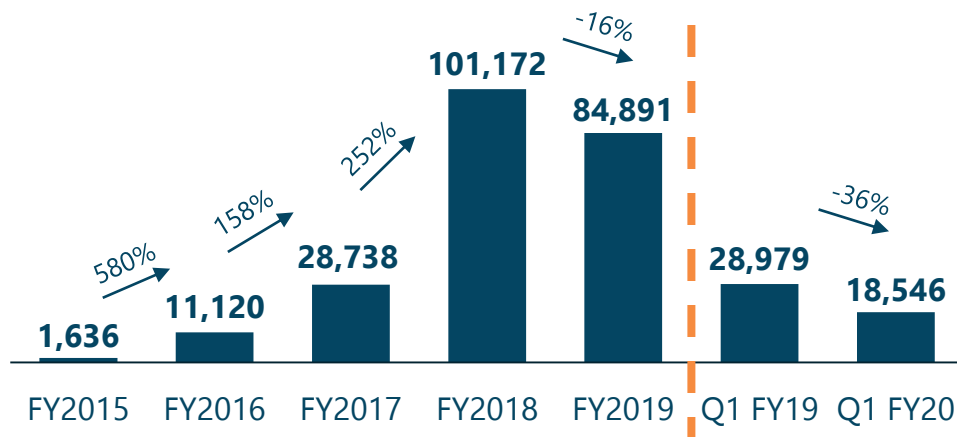
Operational Results

Loan Volume Facilitated⁽¹⁾⁽²⁾

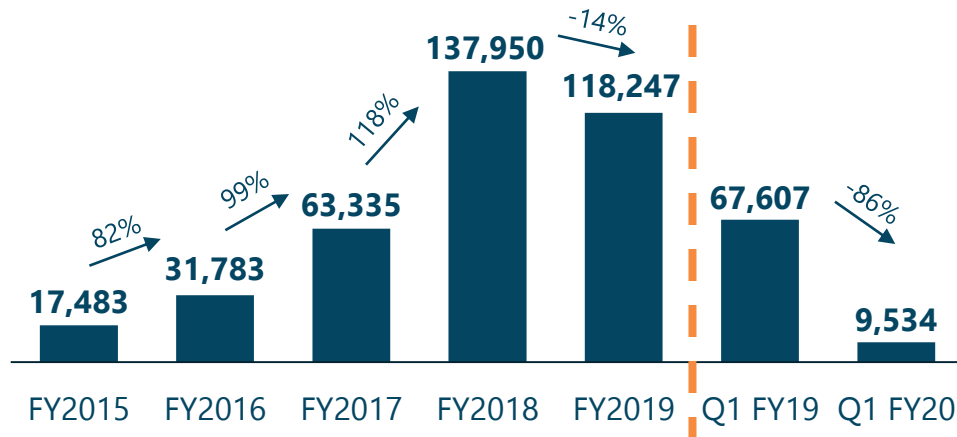
(US\$ million)



Number of Borrowers



Number of Investors



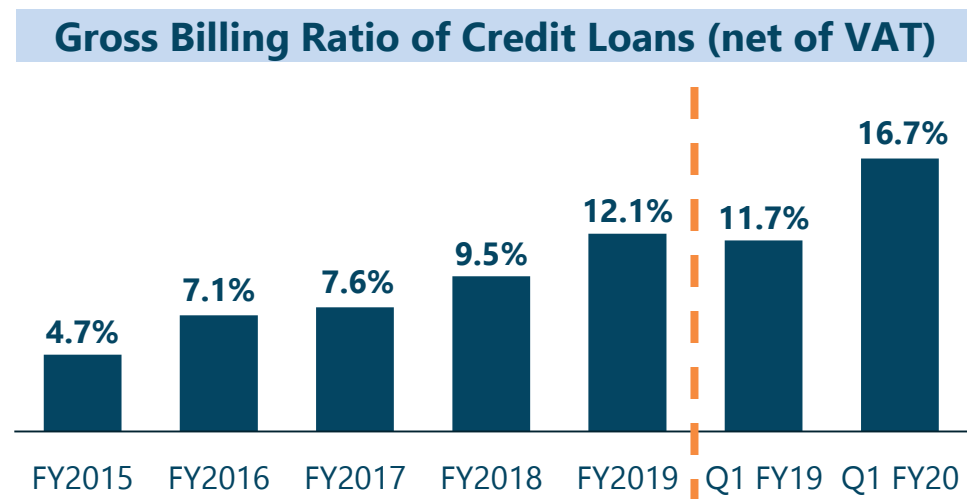
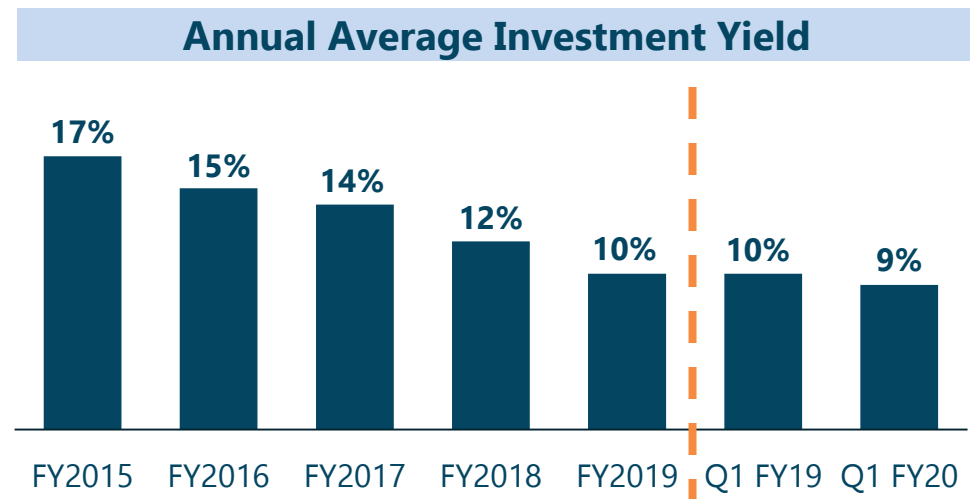
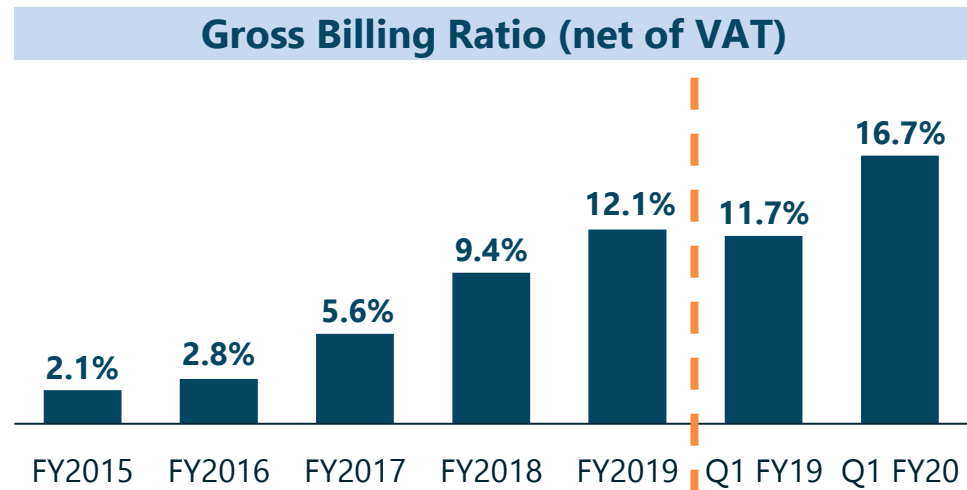
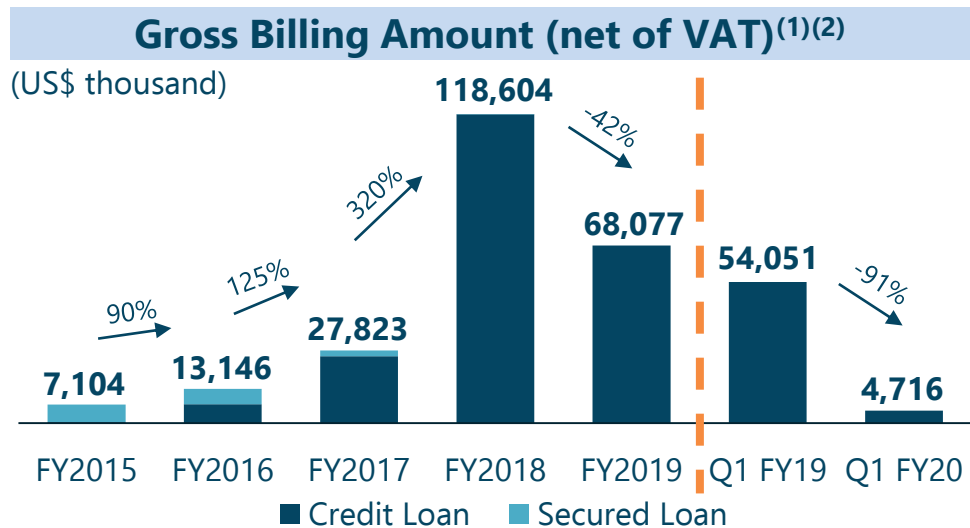
Notes:

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(3) Fiscal year end is March 31.

Key Drivers for Revenue Growth

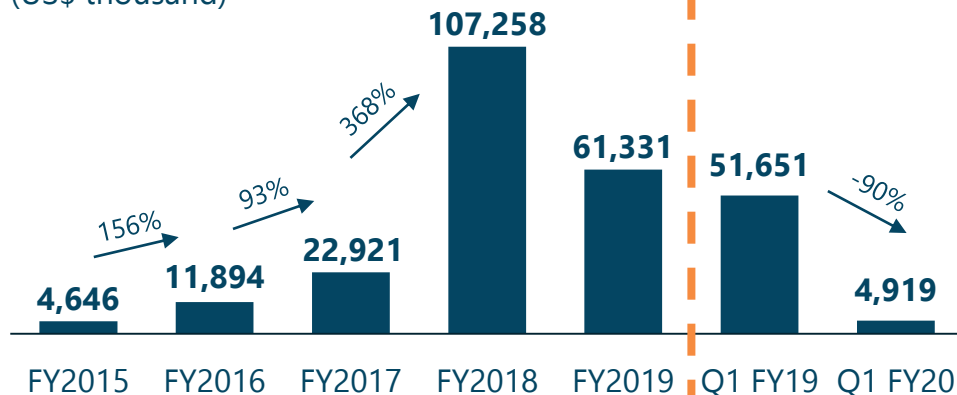


Notes:
 (1) Growth rates are calculated by RMB amount, therefore the impact from exchange rate in different reporting periods is excluded.
 (2) Gross billings is total loan facilitation fees and loan management fees billed to borrowers before cash incentives, net of VAT.
 (3) Fiscal year end is March 31.

Financial Performance

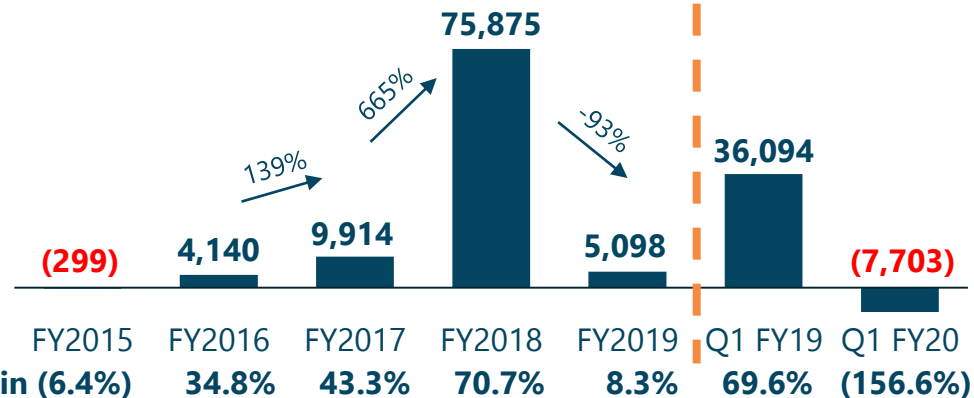
Net Revenue

(US\$ thousand)



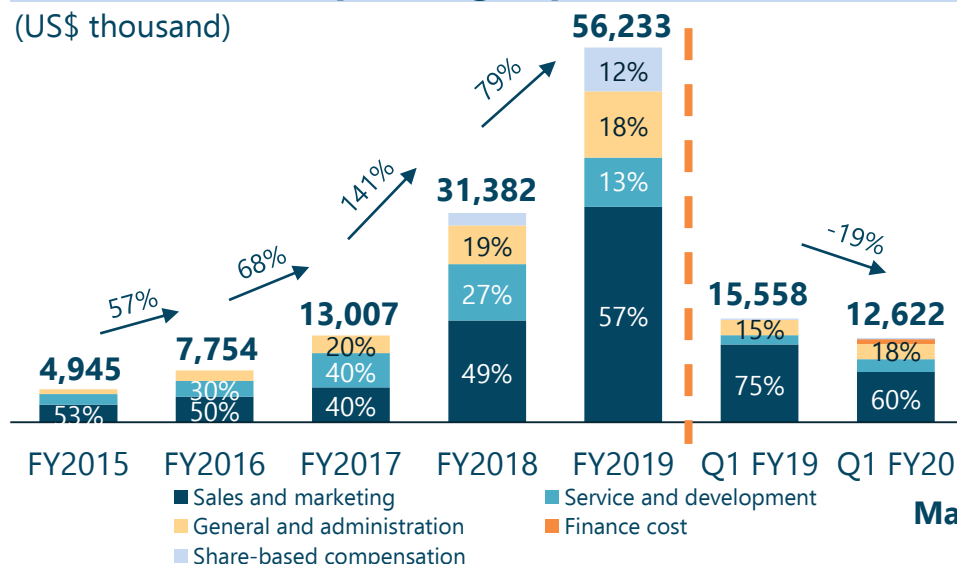
Operating Profit (Loss)

(US\$ thousand)



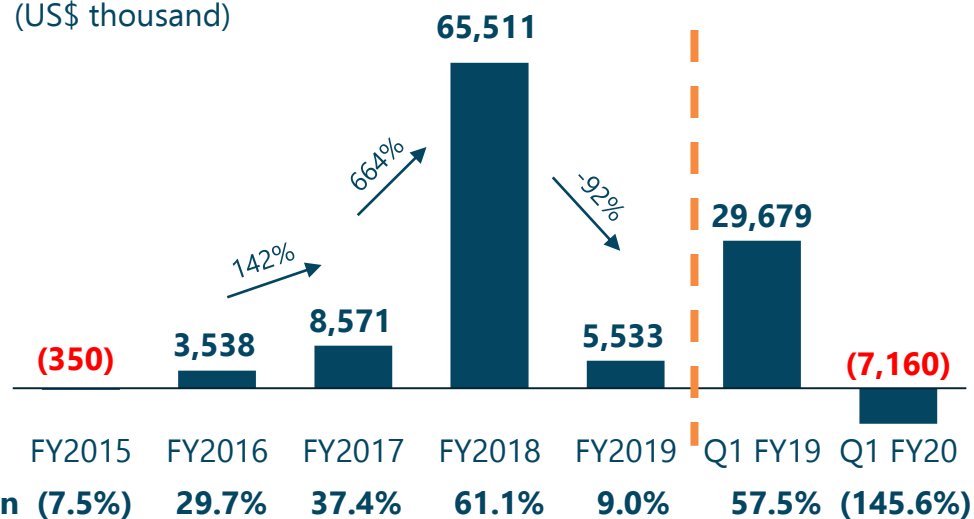
Operating Expenses

(US\$ thousand)



Net Income (Loss)

(US\$ thousand)



Note: Fiscal year end is March 31.

Thank you!



IR Website



Twitter

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