



Evolve
Capital Partners

China Rapid Finance

April 2017

Summary of Initial Public Offering

信而富®
China Rapid Finance

**SPECIALIZED INVESTMENT BANKERS AT
THE INTERSECTION OF FINANCE & TECHNOLOGY**

China Rapid Finance IPO – Executive Summary

Initial Public Offering Overview



NYSE: XRF



Description

China Rapid Finance is a leading consumer lending platform for borrowers and investors, providing borrowers accessible and affordable credit and investors risk-adjusted returns. Its market principally includes prime and near prime Emerging Middle-Class Mobile Active consumers (EMMAs).



Use of Proceeds

The company intended to use the IPO proceeds for acquiring new customers / expanding markets, initiating new projects, investing in its technology platform, and for general corporate purposes.

Source(s): Company website, 424B4 filing

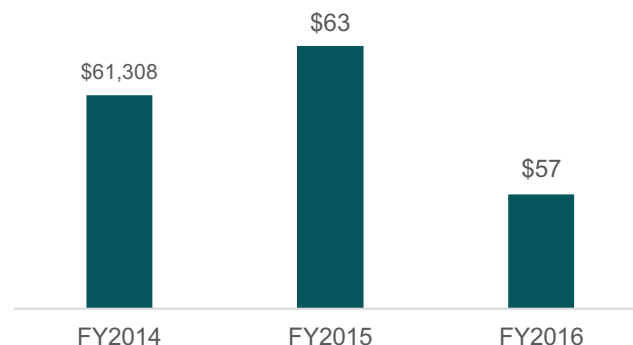
A teal icon of a globe.	Headquarters	Shanghai, China
A teal icon of a magnifying glass over a person.	Founded	2004
A teal icon of three people standing.	Employees	3,000
A teal icon of a calendar.	Listing Date	04/28/2017
A teal icon of a building.	Lead Underwriters	CREDIT SUISSE Jefferies Morgan Stanley
A teal icon of a dollar sign.	Offering Price	\$6.00 per ADS
A teal icon of a credit card.	Shares Offered	10 million American Depositary Shares (excluding 1.5 million ADSs reserved for underwriters)
A teal icon of a stack of money.	Gross Proceeds	\$60 million

China Rapid Finance IPO – Executive Summary

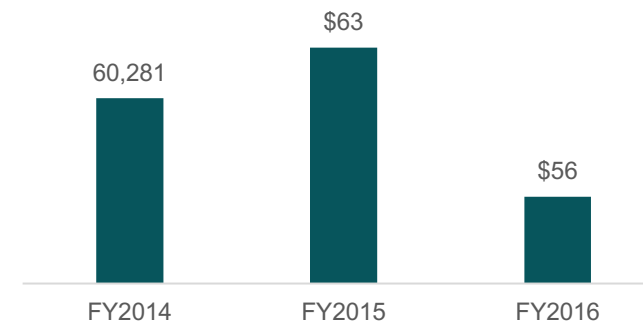
Key Metrics – IPO

Shares Offered at the time of IPO*	11.5 million
Number of Shares per ADS	1
Issue Price (per ADS)	\$6.00
Total Shares Outstanding after IPO*	63.2 million
Market Value at Issue Price**	\$379 million
Enterprise Value at Issue Price#	\$355 million
EV / 2016 Revenue	6.5x
Listing Date	4/28/2017
Listing Price	\$6.28

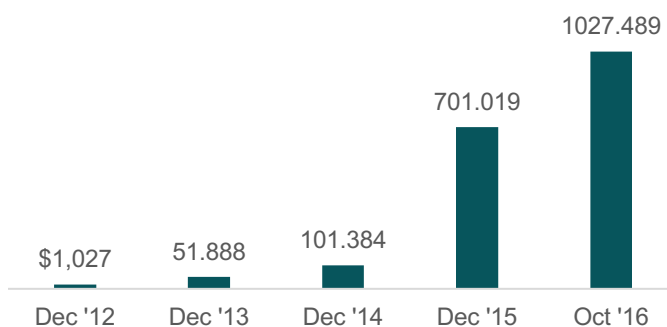
Total Revenue (\$mm)



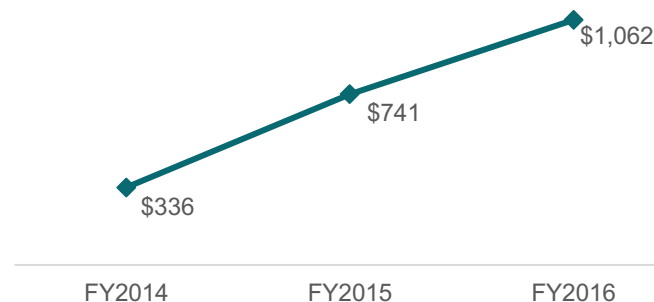
Transaction and Services Revenue (\$mm)



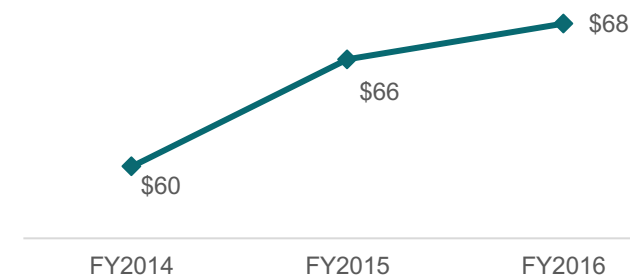
Cumulative Number of Borrowers (k)



Loan Volume (\$mm)



Gross Billing on Transaction Fees (\$mm)



Source(s): Pitchbook, Capital IQ, 424B4

* Includes 1,500,000 shares allotted to underwriters on exercise of their option; ** Market Value based on shares outstanding as on March 31, 2017 and IPO issue price of \$6.0 per share;

Enterprise Value is based on the calculated Market Value at Issue Price and Net Debt as of March 31, 2017.

China Rapid Finance IPO – Executive Summary

Company Overview

China Rapid Finance is China's largest consumer lending platform in terms of loans offered, having facilitated over 20 million loans to over 2.7 million borrowers. The Company deploys machine learning and proprietary decisioning technology to make access to credit easier for EMMAs.

- China Rapid serves China's untapped consumer credit market of 500 million customers by making affordable digital credit available to them.
- The company contacts potential customers through multiple channels, such as social networks, online travel agencies, e-commerce platforms and payment service providers.
- Predictive selection technology is used to identify and assist prime and near-prime EMMAs for the platform.
- The company uses end to end automation to match borrowers with investors in an efficient and cost effective manner.
- China Rapid employs a "low and grow" strategy, whereby it initially offers small and short-term loans to borrowers and then, using proprietary decisioning technology, provides longer term loans to repeat borrowers with positive credit histories.



China Rapid has facilitated over **20 million** loans to over **2.7 million** borrowers



In March 2017, the company had over **2 million** unique borrowers on its platform



The number of loans facilitated on China Rapid's marketplace grew from **63,251** in 2014 to **6,005,679** in 2016



Loans facilitated on China Rapid's marketplace carry interest rates of up to **24%**



China Rapid enjoys **73%** repeat borrowers on its platform

Source(s): Company Website, Form F-1 and 424B4 filings

China Rapid Finance IPO – Executive Summary

Company Overview

Loan Types Offered

- China Rapid's platform facilitates two types of loans:
 - Consumption Loans of values between RMB500 and RMB6000
 - Lifestyle Loans of values between RMB6,000 and RMB100,000
- The Company also sources Micro-Credit Loans from its subsidiary, Haidong. These loans account for less than 1% of the total loans facilitated by the company.
- Average size of Consumption Loans increased from \$70 in 2014 to \$102 in 2016.
- Average size of Lifestyle Loans increased from \$7,914 in 2014 to \$11,887 in 2016.

	Consumption Loan	Lifestyle Loan	Micro-Credit
Maturity (months)	3 mths.	3 to 36 mths.	12 to 36 mths.
Avg. Size (\$)	\$102	\$11,887	NA
Avg. Transaction Fee (% p.a. of principal)	11%	11%	1%

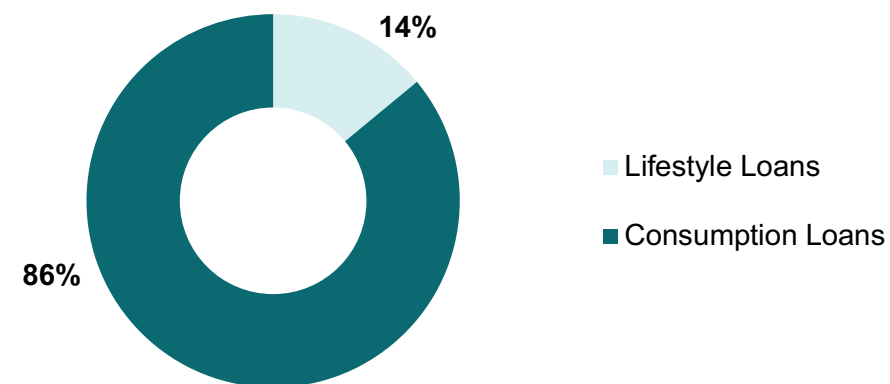
Source(s): Company Website, SEC filing

Revenue Streams

China Rapid has two major revenue streams:

- Transaction and Service Fees** earned by providing lending services (for both, Lifestyle Loans and Consumption Loans) through its platform. Service Fees includes fees earned from Loan Repayment, Loan Matching, and Management of Safeguard Program.
- Income generated by subsidiary**, including interest income earned on Micro-Credit Loans, and credit consulting fees.

Gross Billing Breakdown for Transaction and Service Fees, 2016



China Rapid Finance IPO – Executive Summary

Market Opportunity

Growing Chinese middle class population

According to McKinsey & Co., 75% of China's urban consumers will enter the middle class strata by 2022. Domestic consumption is projected to increase, therefore demand for consumer credit is expected to grow.

Low levels of net consumer debt in China

Low levels of net consumer debt and individual credit penetration in China present a conducive environment for lending platforms. China's credit penetration as a percentage of GDP was 7% in 2015, compared to 21% in Hong Kong and 22% in the US.

Conducive regulatory environment

Regulations in China are not as stringent as those in some other parts of the world. Recent initiatives by regulatory bodies support compliance, leading to increased faith by investors and borrowers.

Evolving lending marketplace

Given capital availability, growing consumer income, improved government regulations and financially active consumers with no credit history or difficult access to credit, the consumer lending marketplace in China is expected to grow at a CAGR of 61% from 2016 to 2020.

Source(s): Company Website, 424B4 filings



630 million	is the estimated number of people living in urban areas who will enter the middle class by 2022
\$3.9 trillion	was the size of China's consumer finance industry in 2015
19%	was the estimated CAGR of China's consumer finance industry from 2010 to 2015
61%	is the estimated CAGR of China's lending marketplace industry from 2016 to 2020

China Rapid's growth strategies include:

- Growing borrower base, further diversifying investor base;
- Deepening existing customer relationships, helping EMMAs build credit histories;
- Further penetrating addressable market;
- Investing in technology platform;
- Enhancing profile of the brand

China Rapid Finance IPO – Executive Summary

Financing History

Date	Series/Type	Amount (\$million)	Lead Investor	Transaction Notes
11/21/2016	Later Stage VC	\$30	 中合中小企业融资担保股份有限公司 CHINA UNITED SME GUARANTEE CORPORATION	The company raised \$30.42 million of venture funding from China United SME Guarantee and other undisclosed investors
07/27/2015	Series C	\$35	 BROADLINE capital	The company raised \$35 million of Series C venture funding from lead investor, Broadline Capital. UBS Investment Bank and other undisclosed investors also participated in the round.
10/29/2007	Series B	\$21	 DLB CAPITAL	The company raised \$21 million of Series B venture funding in a deal led by DLB Capital. QED Investors, Broadline Capital, Northwater Capital and Stoltz Enterprises also participated in the round.
11/30/2005	Series A	\$3	-	-

Source(s): Pitchbook

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