SimpleCredit

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Timely rain for dreamers

www.xyd.cn

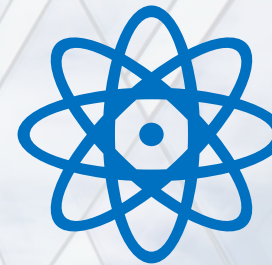# I. SimpleCredit Introduction

Who we are

We are not a typical micro-lending company, we integrate industry-specific knowledge, technology and finance into a complete solution that provide a unique and convenient customer experience.

Supply Chain   **+**   **Finance**   **+**   **Technology**

What we do

We build an integrated solution for supply chains, use technology to increase information efficiency and loan to increase financial efficiency.

Online SME Lending

- Unsecured
- Approve in second
- Integrate with ERP

Anti-Fraud Solution

- Network analysis
- Outlier detection
- Device fingerprint

B2B Payment Solution

- Virtual account
- Split payment
- Credit data and monitoring

Intelligent Operation

- Voicebot (SAAS)
- AI-shepherd (hardware)
- Ai-recruiting (SAAS)

Dr. Henry Kin Lam

- SimpleCredit Micro-Lending Co.   2016-Present

Co-founder, CEO and Director

National license in China

- Enova International (NYSE:ENVA)   2009-2016

Head of Risk and Marketing Analytics, China P&L Lead

Online consumer lending in 6 countries

- University of Chicago

Ph.D in Physics

II. Office: Remote and Resume

Prepare BEFORE Bad Things Happen

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100% Laptop + Remote office + Data security

VPN + AES

Web-base application under VPN + SSL Data transmission to avoid middle-man or security breaching

OA

Office Automation allows remote approval process and check-in GPS data collection

EEG

Enterprise Encryption Gateway, and exclusively authorized laptop to work/view encrypted documents

During - Don't Wait for the Official, Anticipate

1 Prepare for the worst

Right before Wuhan lockdown, confirmed case > 400

- Ensure everyone brings laptop home with VPN network
- Stock one month of masks and sanitizers
- Assess efficiency of remote office by department

2 Think steps ahead

Confirmed case > 1000

- Announce remote office after CNY
- Ask employees to stay in hometown, CQ was banning the entry in any office building
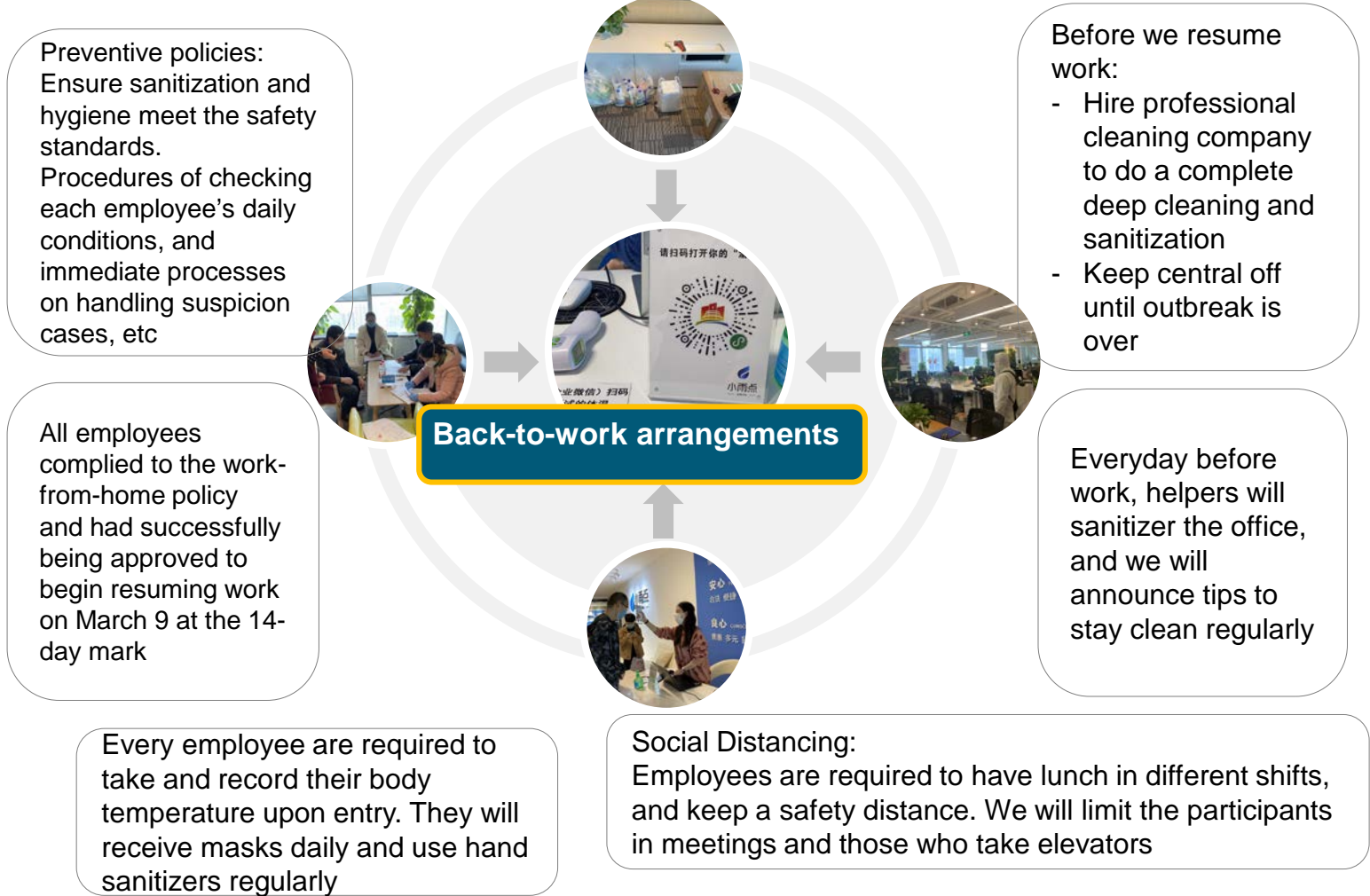
3 Daily tracking

CNY Complication

- Track location of every employee daily through OA
- Follow up health and quarantine conditions of employees
- Such data can help accelerate government approval upon resuming office work sooner

After - Resume Office Work
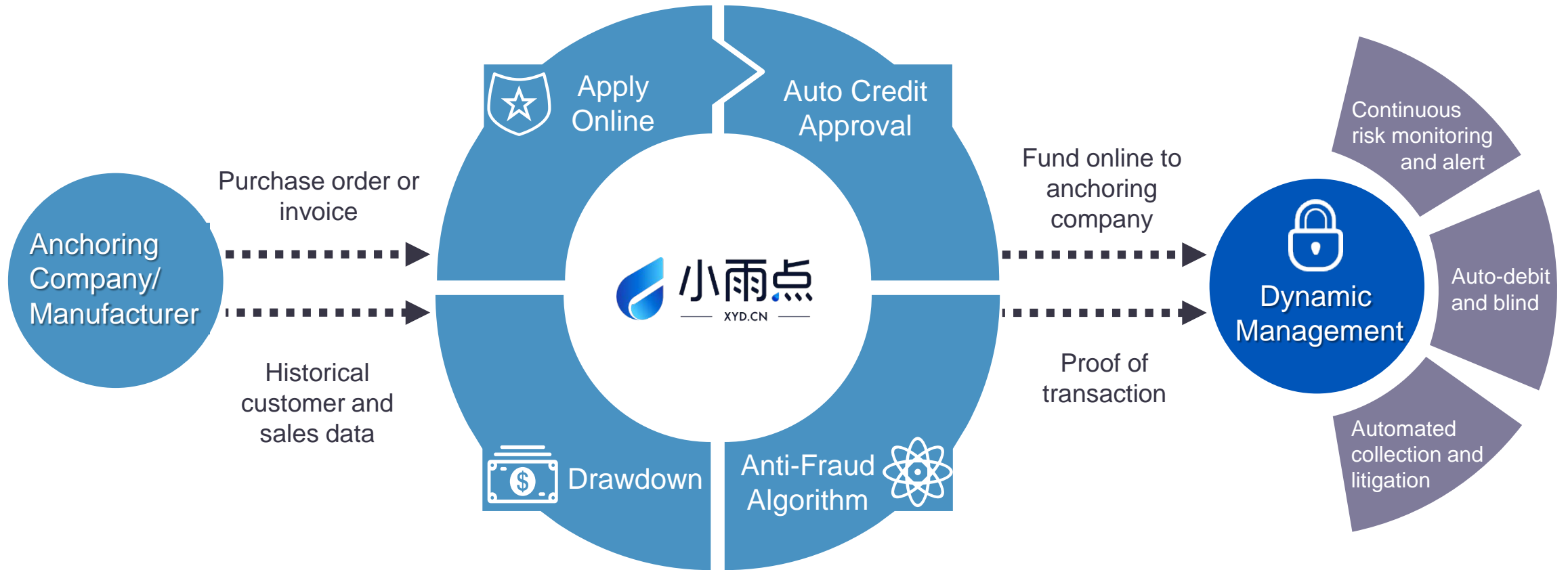
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- On March 5th, the Government announced there were ZERO cases in Chongqing. Since then our company have begun a <u>series of preparations</u> to resume work physically. (Sending out back-to-work notices, apply for 30% of office work force based on government policies, and complete sanitization of the office premises)

- On March 9th, Chongqing achieved ZERO cases for 14 days. We released part of the workforce back to work. Arrange for <u>rotation office work.</u>

- On March 25th, the community officials announced all companies are allowed to resume work. We strictly follow the procedures and arrange employees to <u>return work in groups.</u>

Full package of preventive measures:
Thermometers, hand sanitizers and amount of masks for all employees sufficient for at least half a month.
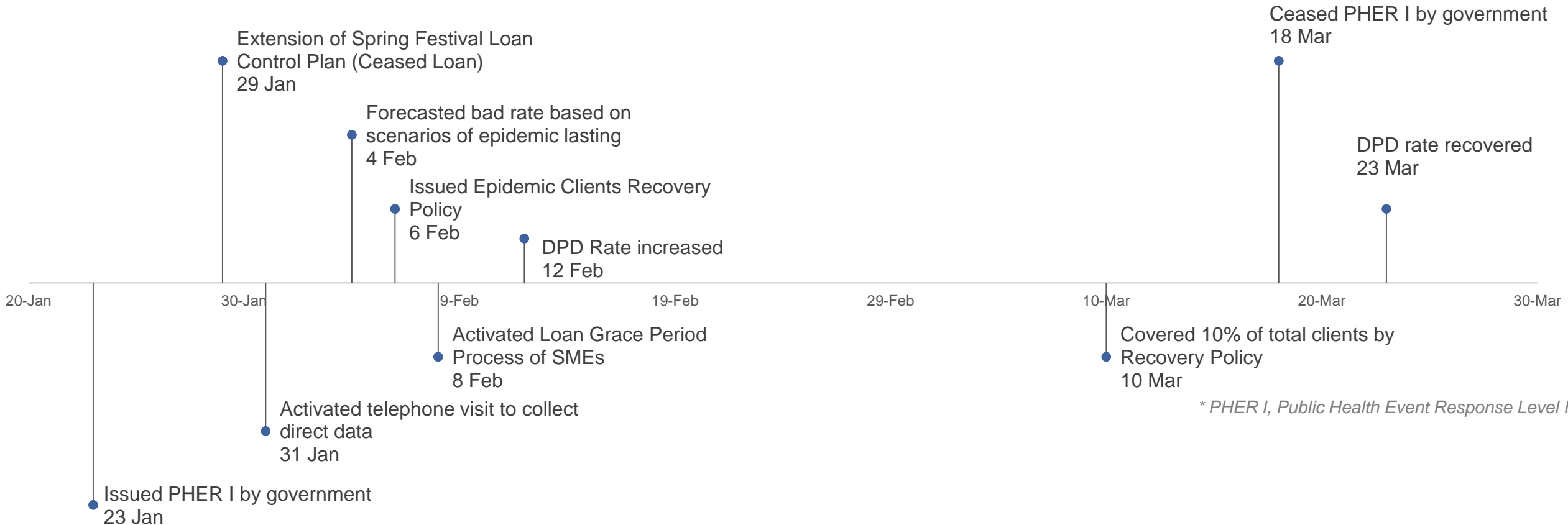
Preventive policies:
Ensure sanitization and hygiene meet the safety standards.
Procedures of checking each employee's daily conditions, and immediate processes on handling suspicion cases, etc

Before we resume work:
- Hire professional cleaning company to do a complete deep cleaning and sanitization
- Keep central off until outbreak is over

Back-to-work arrangements

All employees complied to the work-from-home policy and had successfully being approved to begin resuming work on March 9 at the 14-day mark

Everyday before work, helpers will sanitizer the office, and we will announce tips to stay clean regularly

Every employee are required to take and record their body temperature upon entry. They will receive masks daily and use hand sanitizers regularly

Social Distancing:
Employees are required to have lunch in different shifts, and keep a safety distance. We will limit the participants in meetings and those who take elevators

III. Lending: SME Risk and Management

Our Business Model

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Anchoring Company/ Manufacturer

Purchase order or invoice

Historical customer and sales data

Apply Online

Auto Credit Approval

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Drawdown

Anti-Fraud Algorithm

Fund online to anchoring company

Proof of transaction

Dynamic Management

Continuous risk monitoring and alert

Auto-debit and blind

Automated collection and litigation

Efficiency is the Key

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Risk Team Actions Timeline

Ceased PHER I by government
18 Mar

Extension of Spring Festival Loan
Control Plan (Ceased Loan)
29 Jan

DPD rate recovered
23 Mar

Forecasted bad rate based on
scenarios of epidemic lasting
4 Feb

Issued Epidemic Clients Recovery
Policy
6 Feb

DPD Rate increased
12 Feb

| 20-Jan | 30-Jan | 9-Feb | 19-Feb | 29-Feb | 10-Mar | 20-Mar | 30-Mar |

Activated Loan Grace Period
Process of SMEs
8 Feb

Covered 10% of total clients by
Recovery Policy
10 Mar

Activated telephone visit to collect
direct data
31 Jan

PHER I, Public Health Event Response Level I
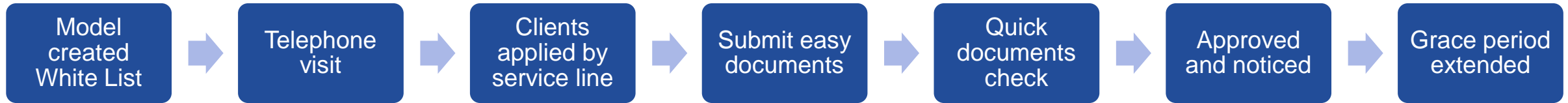
Issued PHER I by government
23 Jan

- Form emergency working team, empower them, coordinate with product and business teams
- C-suite executives meet daily to approve essential processes
- Closed contact with authorities to get crucial information

Stress Forecast Before Reacting
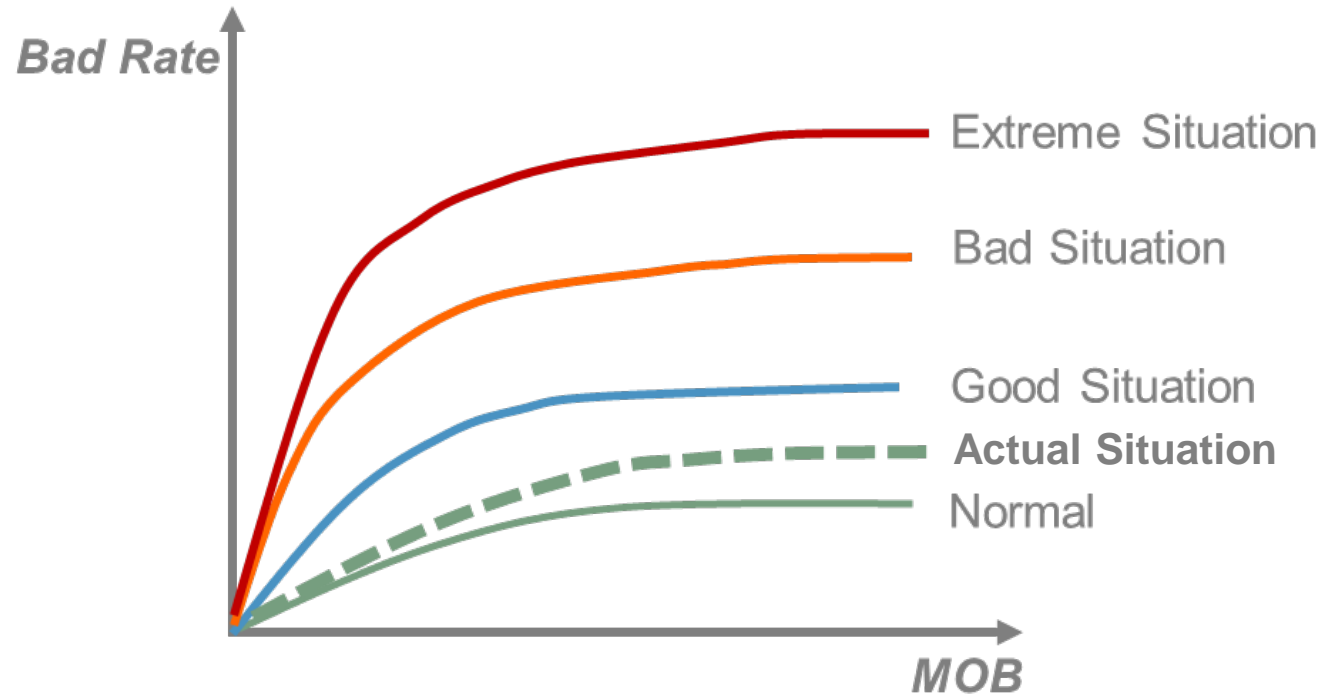
- Forecast guides your actions

- Set our bottom line is important

- Crucial that you already have deep understanding on our customers, partners and business!

Emergency Grace Period – Make it Accessible!

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| Model created White List | → | Telephone visit | → | Clients applied by service line | → | Submit easy documents | → | Quick documents check | → | Approved and noticed | → | Grace period extended |

- Grace Period helps clients balance cash flow

- E-sign extension documents thru our APP or WeChat service page

- Some customers are stressed, impatient, low tech or far from urban area

- Process should be actionable and implement quickly
(we concise our steps from 17 steps to 7, continue improving…)

IV. Case Study: Agri-finance during Pandemic

Get in Touch and Assess your Situation Immediately

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Productions & Sales

1. Contact production manager to understand inventory, production material reserve, and their production plan
2. Contact sales manager to understand change on strategies including price drop and subsidies

Financials

1. Understand working capital and liquidity to assess the duration of operation
2. Discuss financial healthinesss and stress, especially on the financing capacity of anchoring business
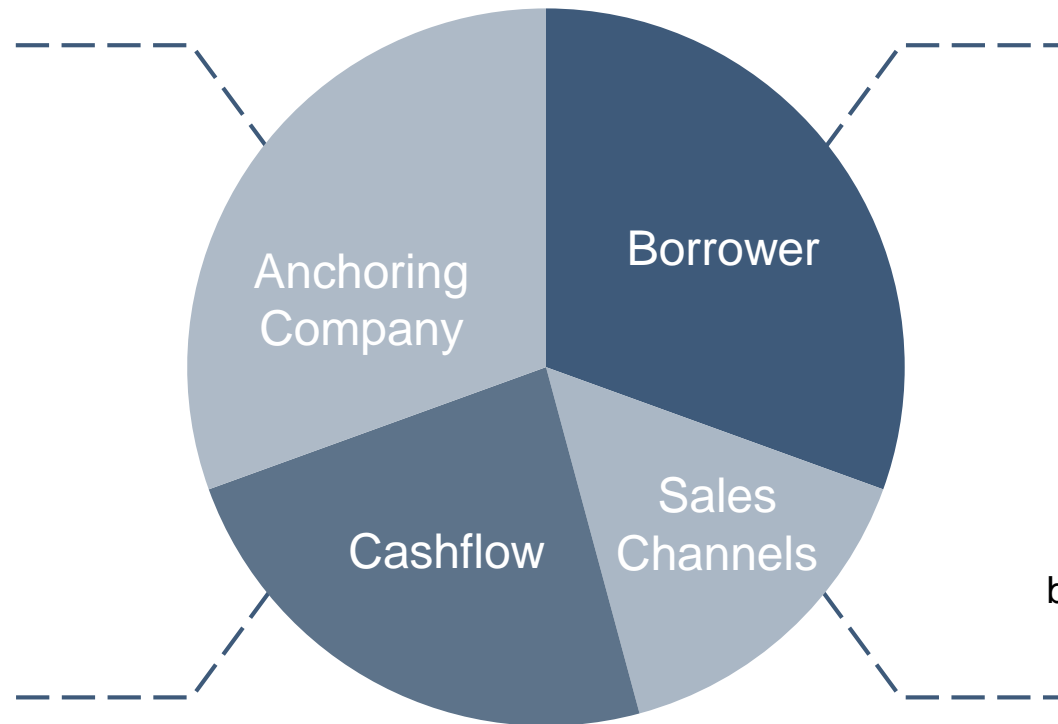
Physical Health

1. Contact borrowers to understand demand change in the area
2. Understand the physical health of borrowers and families

Operations

1. Prioritize and focus location that being hit hard, SMS and call customer to understand the real situation
2. Keep track of local government lockdown measures and assess the real logistics and storefront situations

Anchoring Company | **Borrower** | **Cashflow** | **Sales Channels**

Move Offline Operation to Online

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1 • **Model cutoff adjustment**

- Tighten credit and fraud sensitivity, esp. after recovery
- Increase proportion of auto-accept and auto-soft-decline

2 • **Increase AI Voicebot coverage**

- Special trigger keyword to offer help
- Inbound capacity and escalation
- Automated QA, customer satisfaction

3 • **Reduce travel and manual work**

- Active payment virtual account
- Video-streaming manual approval
- E-sign online document and contracts
- Use automation to run checks regularly
- Combining sensors and camera data with risk analytics
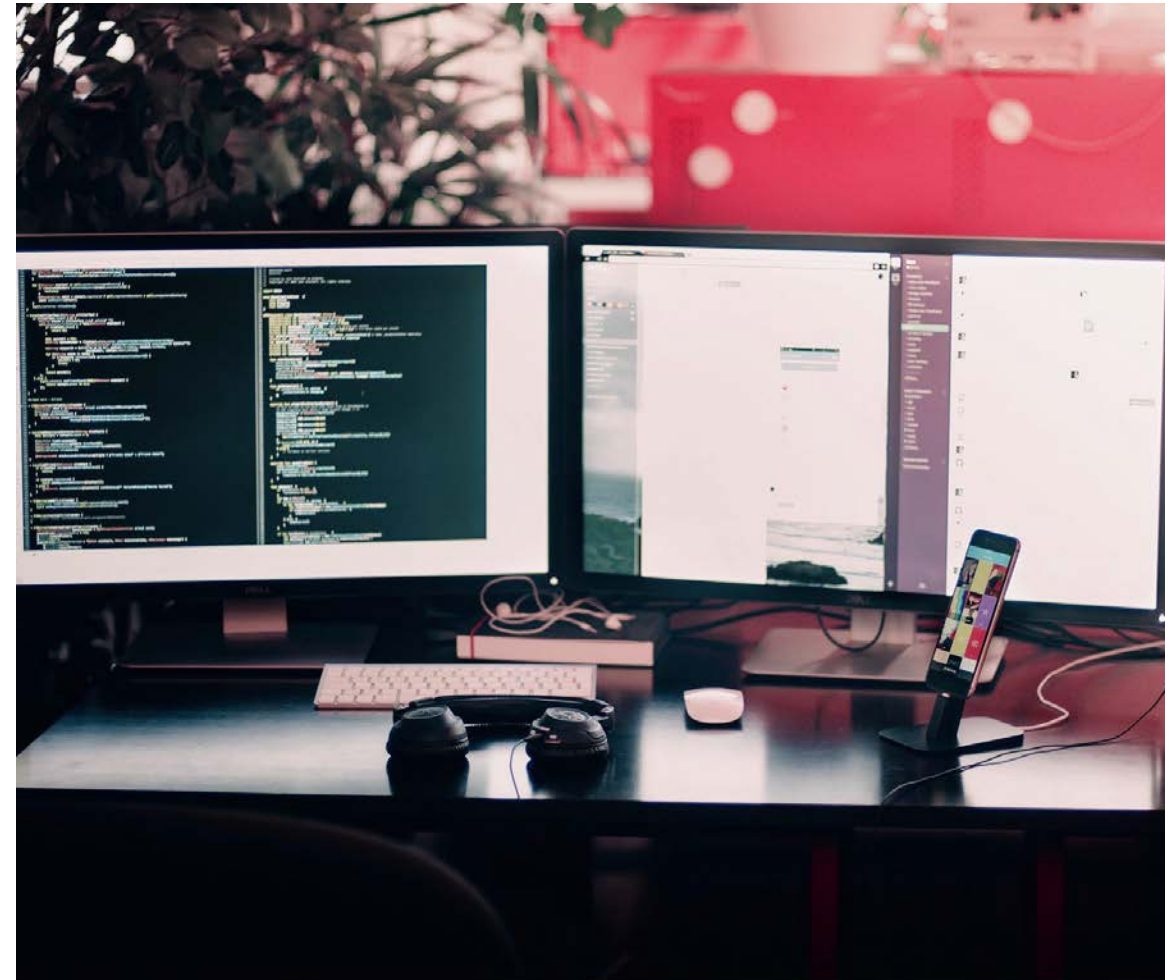
Set up Customer Situation Feedback Mechanism

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During lockdown, we became the bridge between anchoring business and its downstream. Through combination of automated-calls, SMS, Wechat and email, we get in touch with customers immediately after our 24-hour payment delay monitor was activated
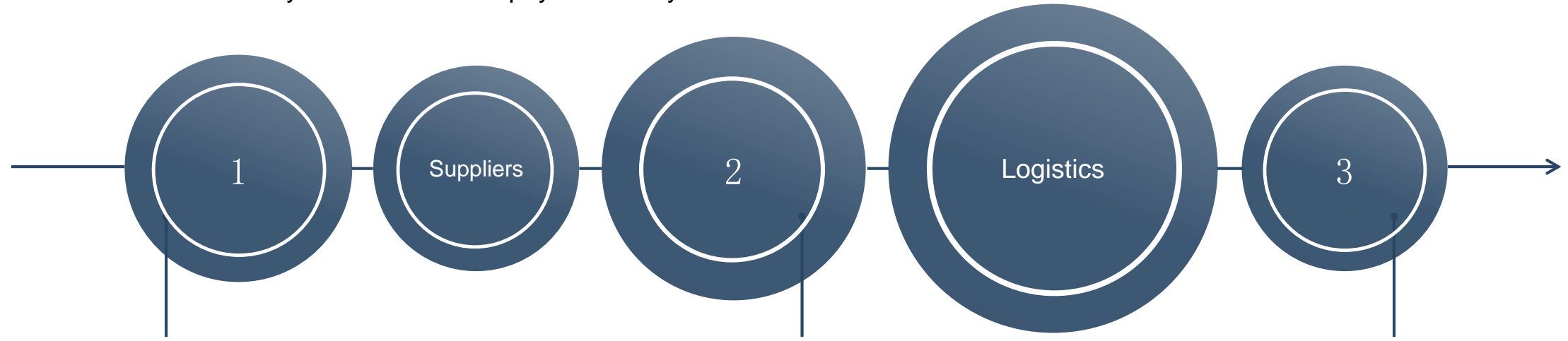
Borrower

In case of operation difficulty due to customer health situation or business deterioration, send feedback to the anchoring business sales personnel of the region. Manufactures confirmed the information, synchronize its policies and discrete measures with SimpleCredit, including sales price discounts or subsidies

Anchoring business

In the regions where logistics have been affected and borrowers did not receive their goods to operate their businesses, or in case supplier affected production, we synchronize the business policies given to the borrowers (which often change during pandemic)

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Based on the anchoring business policies (e.g. discount prices due to delay in delivery), SimpleCredit set up emergency credit policy for the loaners (including period extension, interest reduction and restructuring plans) to help customers in need

Businesses face changes and challenges everyday, Covid-19 is just one of those!

Questions?

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