

Investor Presentation

Second Quarter 2024 Results

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01



Company Overview



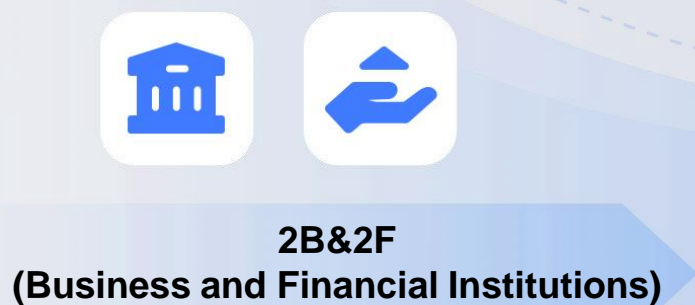
Addressing the Market with Different Focuses

Core business supported by new growth opportunities

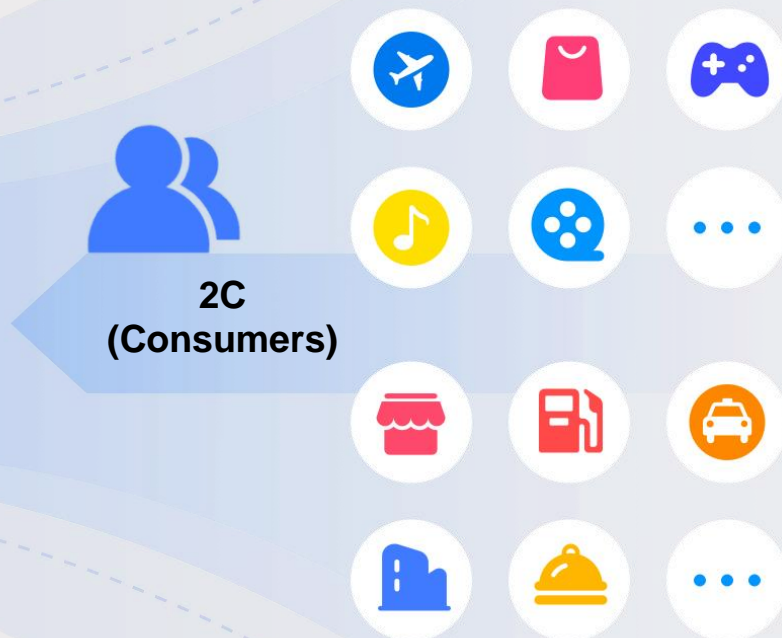


Commitment to 2C2B2F

Connecting consumers to business and financial institutions



- Around 162 funding partners¹
- Over 2,984 merchant partners²

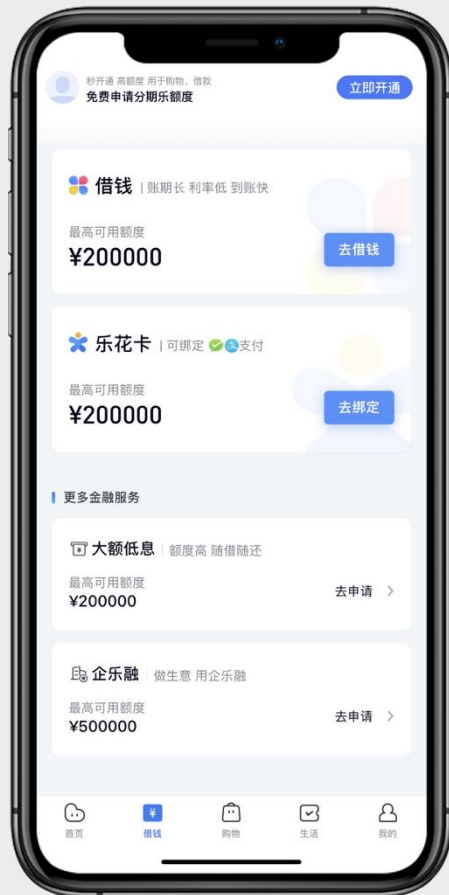


- Over 219 million registered users¹
- Loan balance of RMB115.2 billion¹

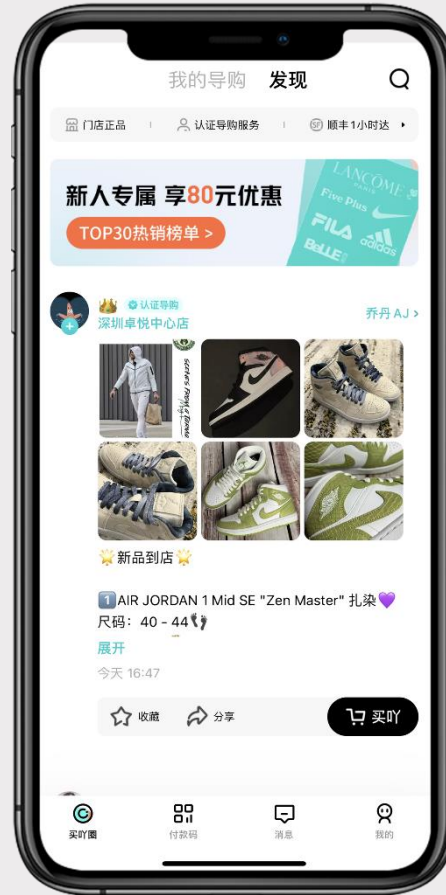
1. As of 30 June 2024, or accumulative
2. For the quarter ended 30 June 2024

A Seamless Experience for New-Generation Consumers

Omni-channels and multiple access for our users



Consumer credit



Maiya



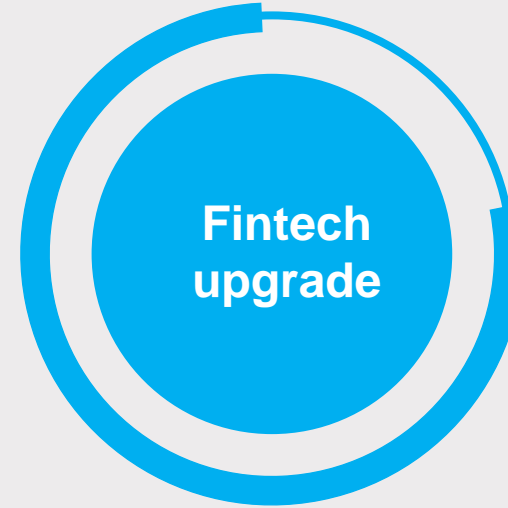
E-commerce

Empowering the Digitalization of Financial Institutions

Supporting financial institutions in building in-house capabilities and competitiveness



- Channel co-building
- Product design
- Risk management
- Customer management



- Digital infrastructure
- Quality assets
- Operational efficiency
- Brand value

Priorities Unchanged in Execution

Staying compliant and competitive



- Self-examination following the same requirements as the 13 platforms
- Constant dialogue with regulators
- Reinforced internal control and processes



- Enhanced risk identification and modeling
- Dynamic credit approval process
- Effective matching of customers and financial institutions

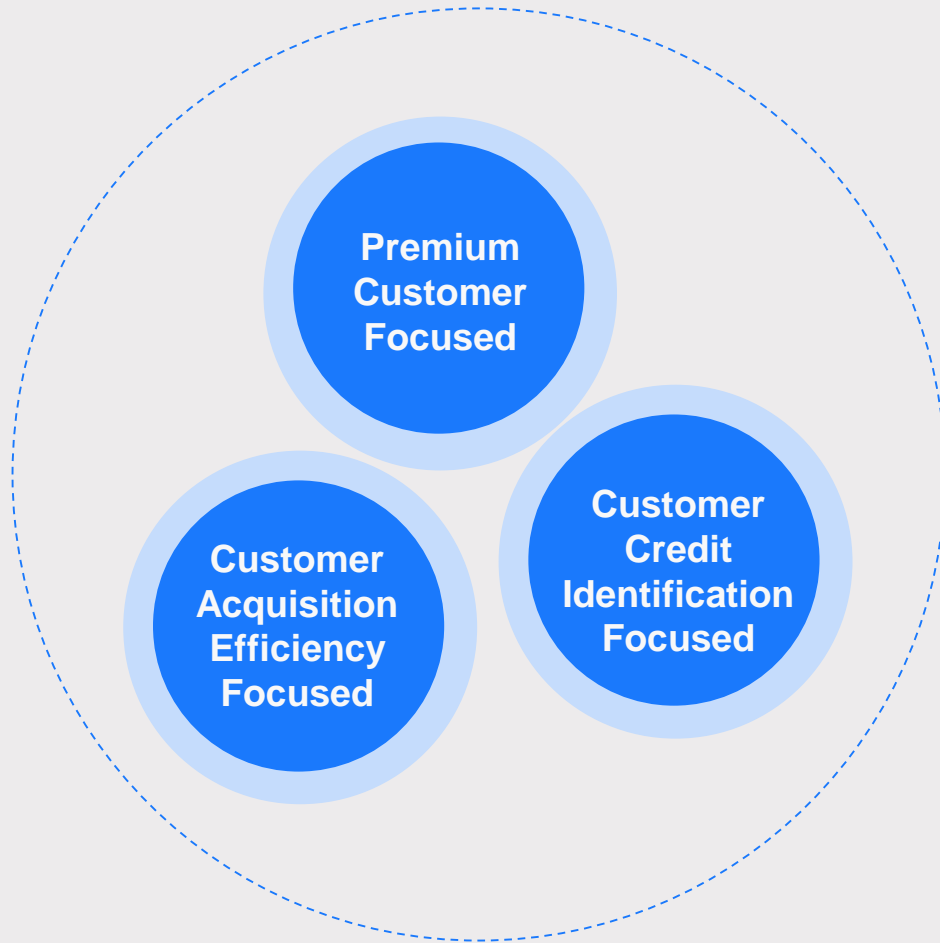


- Extensive acquisition channels
- Tailored sales and management strategies
- Quality products meet diverse needs of customers
- Seamless digital experience



- Effective communication and collaboration between teams
- Management system aligned with strategy to enhance oversight and talent development
- Comprehensive application of technology across all functions

Optimize Customer Development Strategy to Deal with External Uncertainty



Premium Customer Focused

- Increase the mix of premium customers & control the access of high-risk customers
- Strike a balance between scale and risk
- Stable risk performance & high quality of new loan originations

Customer Acquisition Efficiency Focused

- Employ dedicated acquisition programs for targeted segments
- Have an extensive network of the offline team
- Leverage rich data resources and analytics capability
- Timely adjust spending and strategies in different regions

Customer Credit Identification Focused

- AB testing and model upgrade based on internal & external data
- Regular validation of strategy effectiveness
- Proven result with improved per-capita contribution and ARPU

Core Capabilities of Lexin

A

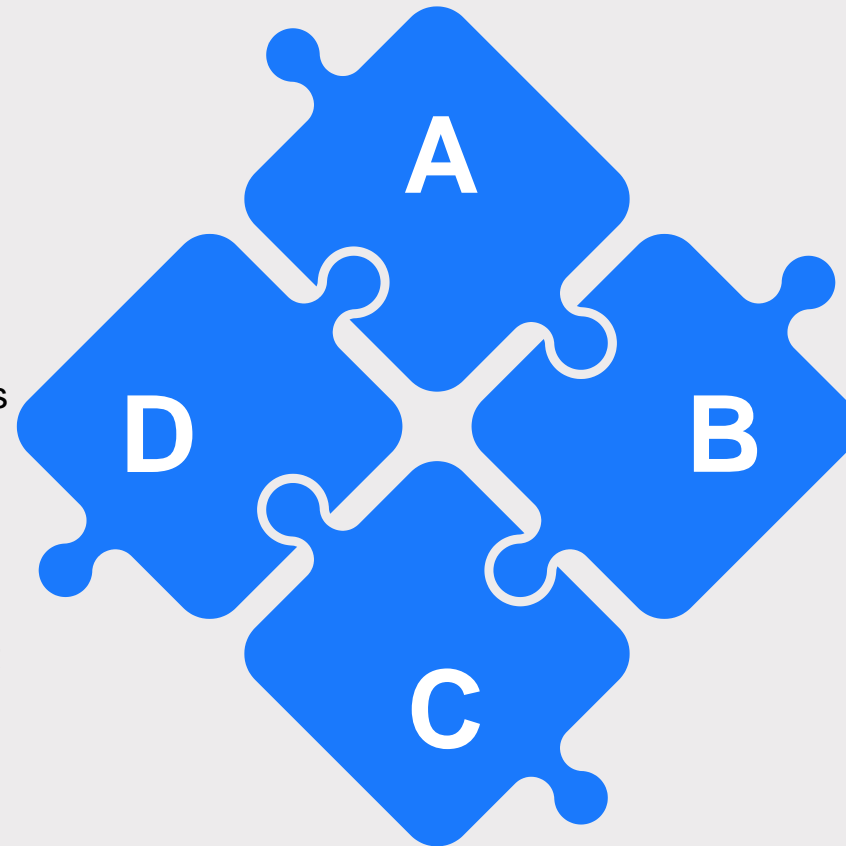
Customer Service and Operation

- Customer operation by segment
- Customer profile and credit identification
- Tailor-made products and services

D

Technology and Data Analytics

- Industry-leading R&D investment
- Unique Lexin Smart-Business-Engine
- Empower operational efficiency across platforms



Risk Management

- Rich internal data & high-quality external data
- Model upgrade
- AB Testing

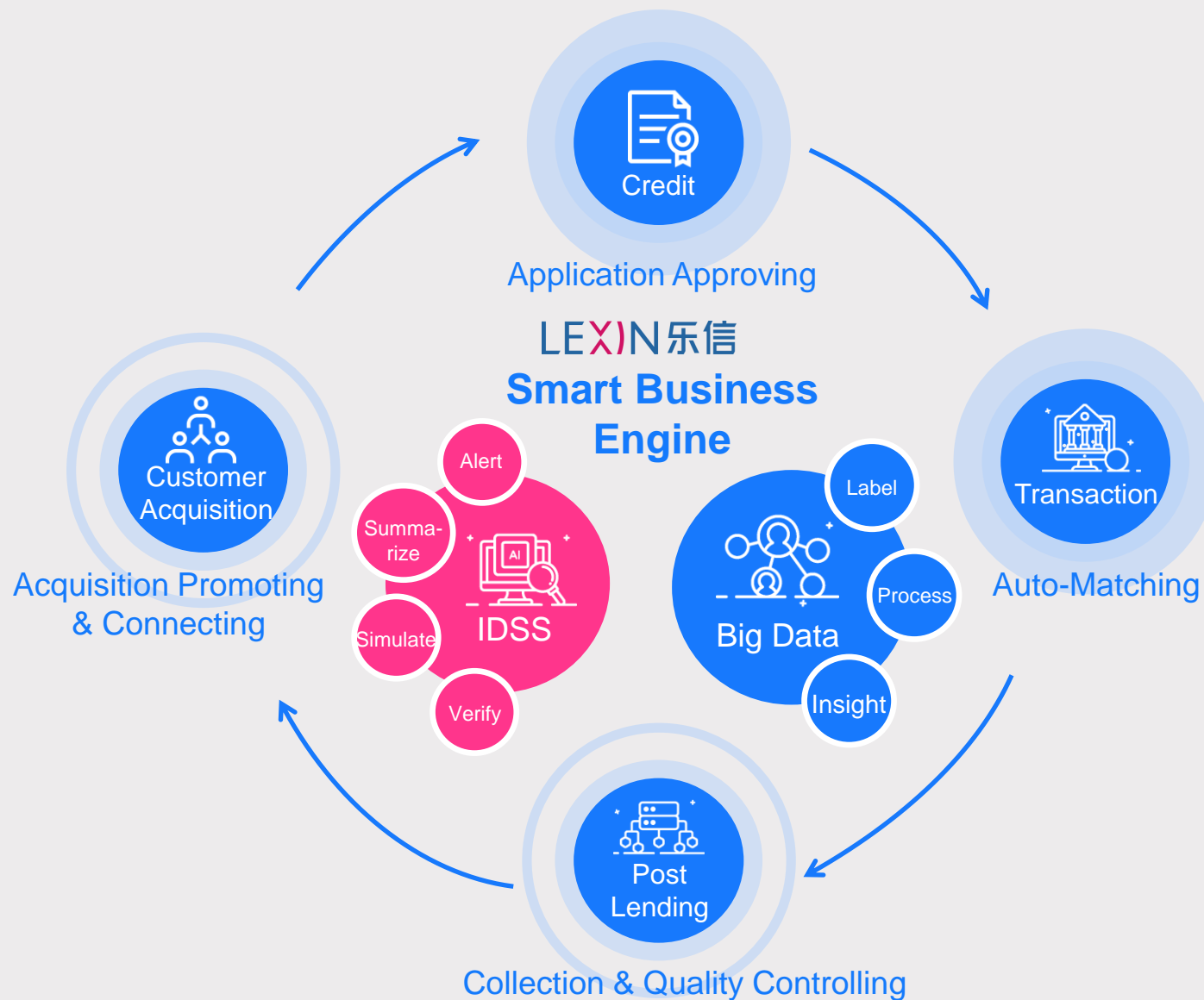
B

Cooperation with Funding Partners

- Funding cost optimization
- Diversified partnerships with financial institutions
- Cooperation with 150+ financial institution partners

C

Lexin Smart Business Engine



Lexin Eco-System



02



Financial Update



2Q24 Highlights



Loan originations

51.0 billion

down 12.0% QoQ



Operating revenue

3.6 billion

up 12.3% QoQ



Net income

226 million

up 12.4% QoQ

Key Financials

(RMB 000)	2Q23	1Q24	2Q24	QoQ	YoY
Credit facilitation service income	2,137,718	2,648,478	2,669,093	0.8%	24.9%
Tech-empowerment service income	391,695	361,543	534,548	47.9%	36.5%
Installment e-commerce platform service income	526,399	231,909	437,047	88.5%	-17.0%
Total operating revenue	3,055,812	3,241,930	3,640,688	12.3%	19.1%
Total operating cost	(2,060,375)	(2,045,218)	(2,292,595)	12.1%	11.3%
Gross profit	995,437	1,196,712	1,348,093	12.6%	35.4%
Total operating expenses	(670,969)	(642,359)	(711,107)	10.7%	6.0%
Net income	355,733	201,623	226,531	12.4%	-36.3%
Recurring Net Income ⁽¹⁾	355,733	201,623	226,531	12.4%	-36.3%

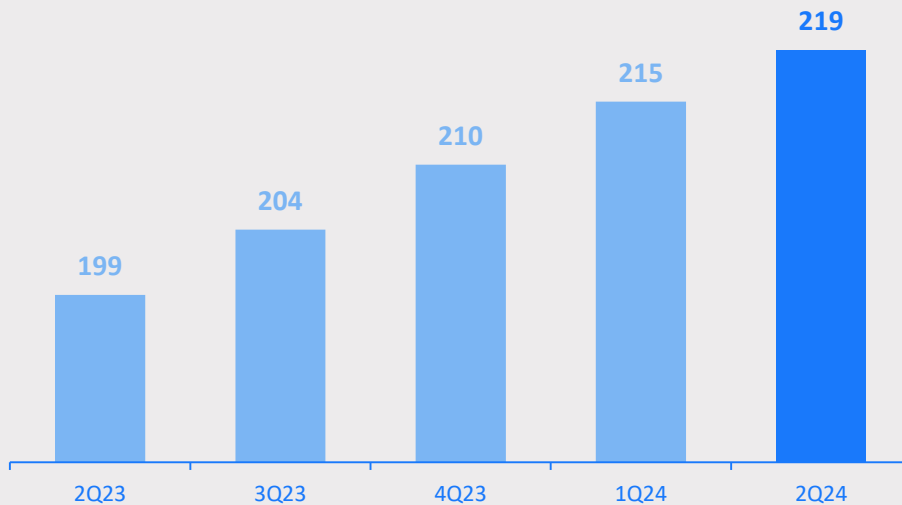
1. Excluding after tax impact of investment related impairment losses.

Steady User Development with a Huge User Base

Registered Users Continued to Grow

(In Millions)

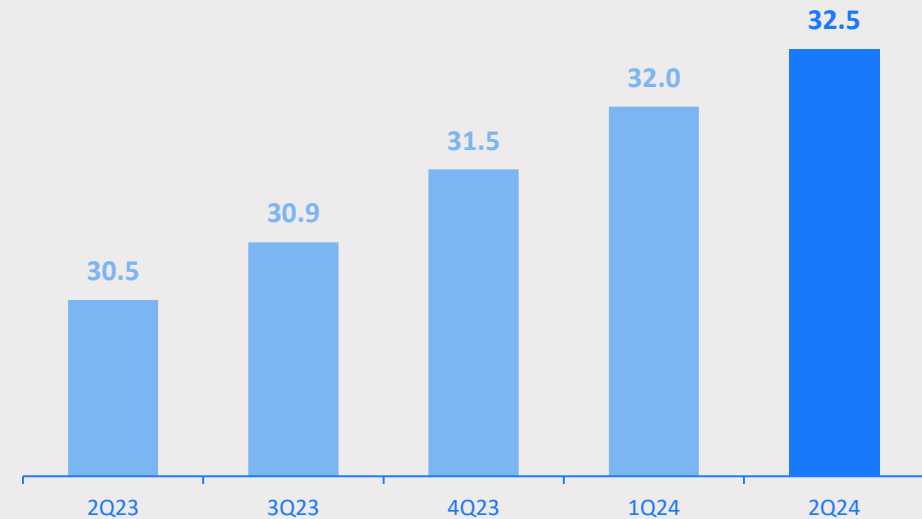
QoQ
+2.0%



Cumulative Active Users Maintained Rising Trend

(In Millions)

QoQ
+1.5%



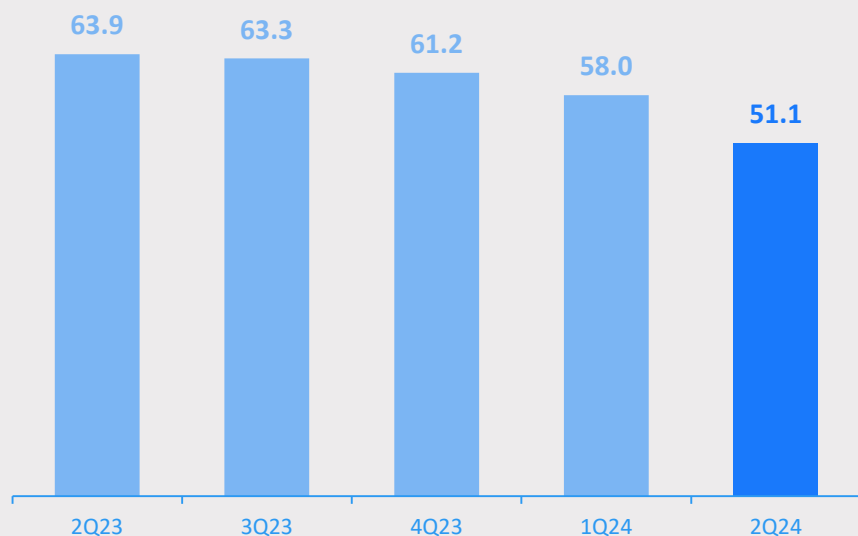
Slower Loan Growth due to Proactively Tightening Credit Standards

Loan Originations Growth Slowed down

(RMB bn)

QoQ

-12.0%

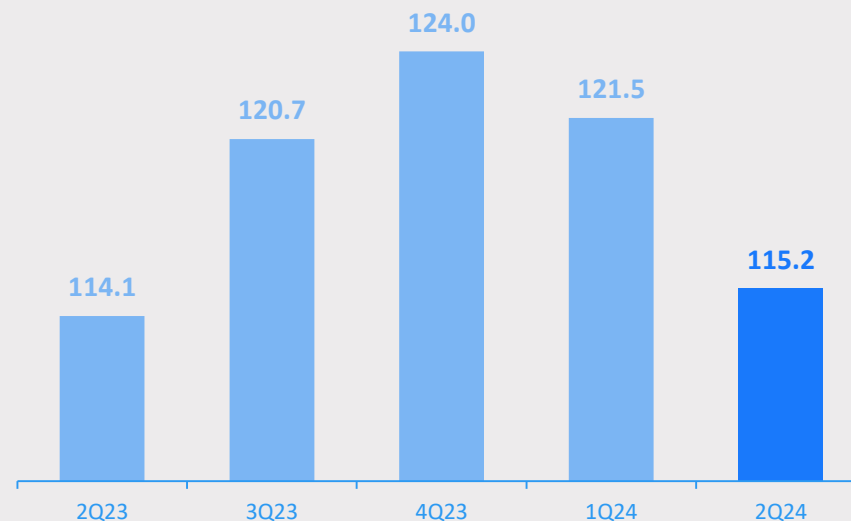


Loan Balance Reached RMB115 bn

(RMB bn)

QoQ

-5.2%



1. Loan originations represents the total amount of loans originated during each period, which includes both on and off-balance sheet loans

2. Outstanding loan balance represents the amount of principal outstanding for loans originated on our platform at the end of each period, including both on and off-balance sheet loans

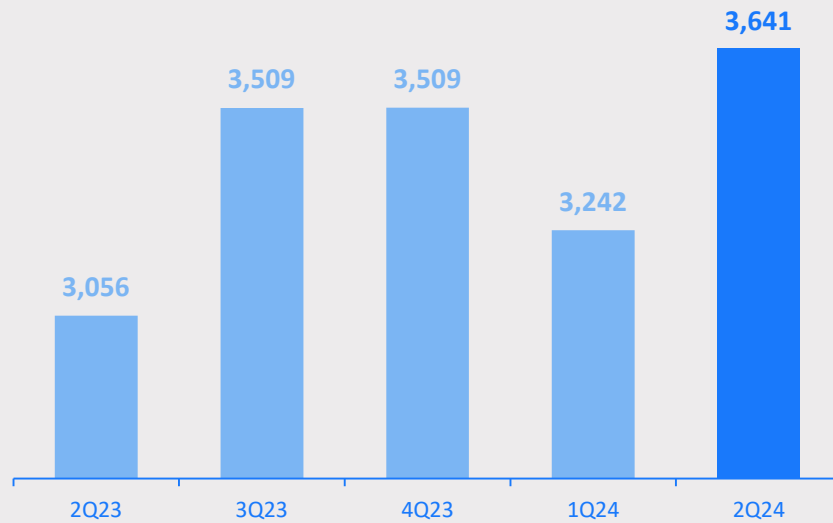
Solid Operating Revenue Growth Driven by Higher Take Rate

Solid Operating Revenue Growth

(RMB mn)

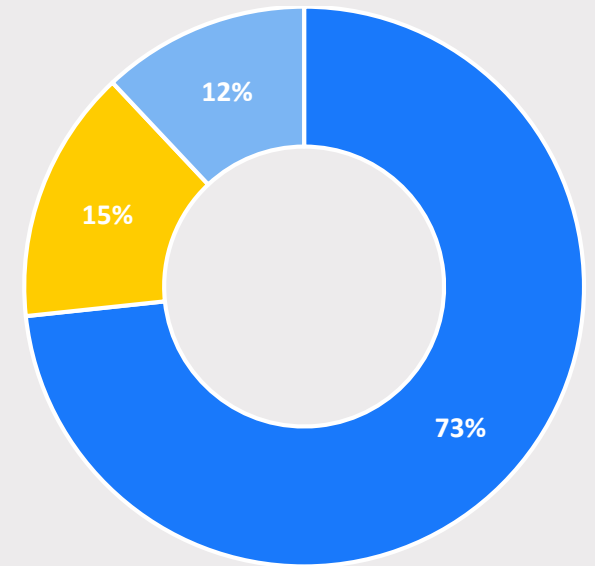
QoQ

+12.3%



73% of Revenue from Credit Facilitation Service

- Credit facilitation service income
- Tech-empowerment service income
- Installment e-commerce platform service income



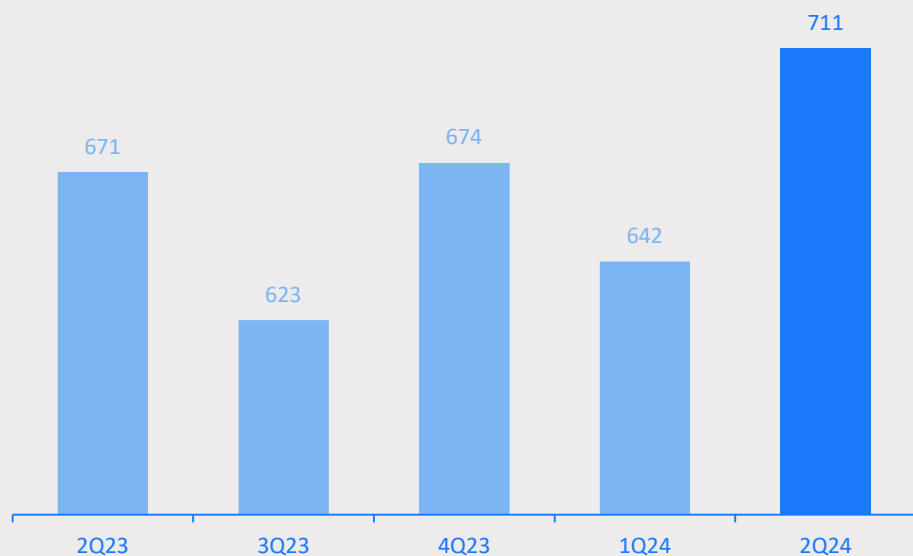
Expenses Increased due to Strategic Overseas Market Expansion

Operating Expenses Increased

(RMBm)

QoQ

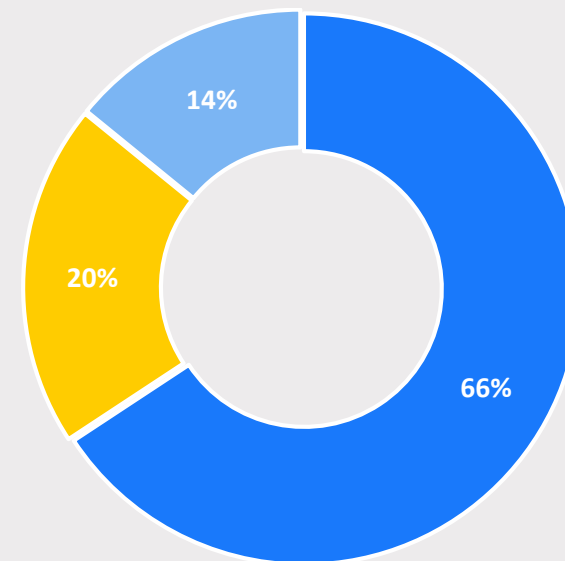
+10.8%



1. Breakdown of operating expenses for 1Q24

66% of Expenses were Sales Related

- Sales and marketing expenses
- Research and development expenses
- General and administrative expenses

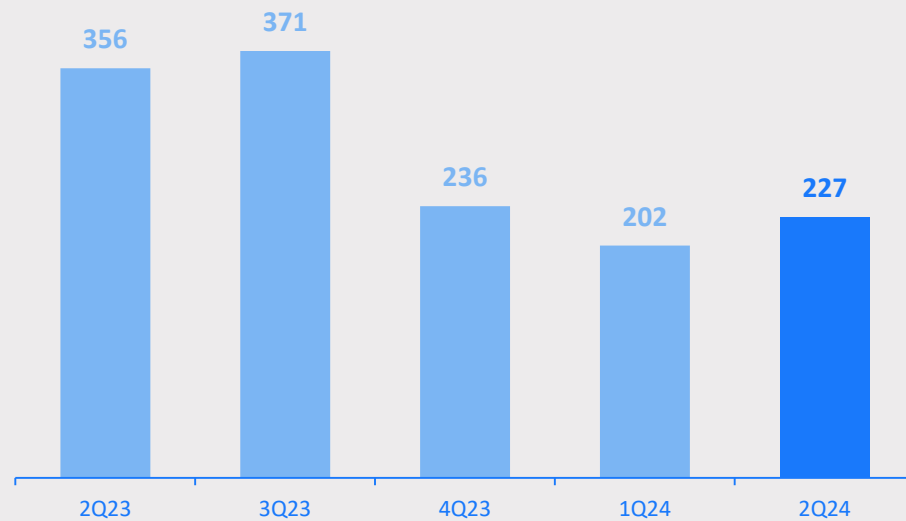


Robust Profit Growth with Stable Net Margin

Recurring Net Profit ⁽¹⁾ saw robust growth

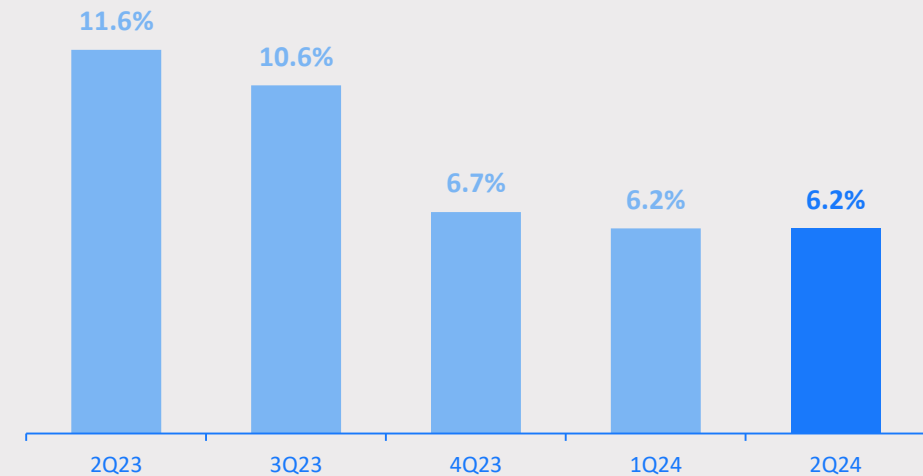
(RMBm)

QoQ
+12.4%



Recurring Net Margin ⁽¹⁾ Stabilized

QoQ flat



1. Excluding after tax impact of investment related impairment losses.

03



Appendix



P&L Statement

(In thousands, except for share and per share data)	For the Three Months Ended June 30,		
	2023	2024	
	RMB	RMB	US\$
Operating revenue:			
Credit facilitation service income	2,137,718	2,669,093	367,280
Loan facilitation and servicing fees-credit oriented	945,919	1,433,416	197,245
Guarantee income	617,599	722,288	99,390
Financing income	574,200	513,389	70,645
Tech-empowerment service income	391,695	534,548	73,556
Installment e-commerce platform service income	526,399	437,047	60,140
Total operating revenue	3,055,812	3,640,688	500,976
Operating cost			
Cost of sales	(465,393)	(422,933)	(58,198)
Funding cost	(155,651)	(90,525)	(12,457)
Processing and servicing cost	(446,140)	(518,692)	(71,374)
Provision for financing receivables	(145,931)	(170,974)	(23,527)
Provision for contract assets and receivables	(125,242)	(154,778)	(21,298)
Provision for contingent guarantee liabilities	(722,018)	(934,693)	(128,618)
Total operating cost	(2,060,375)	(2,292,595)	(315,472)
Gross profit	995,437	1,348,093	185,504
Operating expenses:			
Sales and marketing expenses	(453,112)	(467,423)	(64,320)
Research and development expenses	(121,338)	(143,250)	(19,712)
General and administrative expenses	(96,519)	(100,434)	(13,820)
Total operating expenses	(670,969)	(711,107)	(97,852)
Change in fair value of financial guarantee derivatives and loans at fair value	130,461	(368,261)	(50,674)
Interest expense, net	(21,804)	1,988	274
Investment income/(loss)	(699)	260	36
Other, net	4,101	15,603	2,147
Income before income tax expense	436,527	286,576	39,435
Income tax expense	(80,794)	(60,045)	(8,262)
Net income	355,733	226,531	31,173

Balance Sheet (1)

(In thousands)	As of		US\$
	March 31, 2024	June 30, 2024	
	RMB	RMB	
ASSETS			
Current assets			
Cash and cash equivalents	1,937,694	2,093,712	288,104
Restricted cash	1,693,636	2,079,970	286,213
Restricted term deposit and short-term investments	315,202	345,192	47,500
Short-term financing receivables, net	4,266,124	3,865,333	531,888
Short-term contract assets and receivables, net	6,432,765	6,595,149	907,523
Deposits to insurance companies and guarantee companies	3,054,180	2,369,989	326,121
Prepayments and other current assets	1,313,891	1,327,862	182,721
Amounts due from related parties	8,266	7,321	1,007
Inventories, net	29,562	45,034	6,197
Total Current Assets	19,051,320	18,729,562	2,577,274
Non-current Assets			
Restricted cash	103,643	98,880	13,606
Long-term financing receivables, net	89,332	144,478	19,881
Long-term contract assets and receivables, net	474,566	398,602	54,849
Property, equipment and software, net	483,881	548,630	75,494
Land use rights, net	888,667	880,067	121,101
Long-term investments	255,243	255,641	35,177
Deferred tax assets	1,278,674	1,345,458	185,141
Other assets	662,716	618,063	85,050
Total Non-current Assets	4,236,722	4,289,819	590,299
TOTAL ASSETS	23,288,042	23,019,381	3,167,573

Balance Sheet (2)

(In thousands)	March 31, 2024	As of June 30, 2024	US\$
	RMB	RMB	
LIABILITIES			
Current liabilities			
Accounts payable	33,233	42,968	5,913
Amounts due to related parties	4,902	9,167	1,261
Short-term borrowings	579,522	608,093	83,676
Short-term funding debts	2,417,994	2,345,753	322,786
Deferred guarantee income	1,414,495	1,275,387	175,499
Contingent guarantee liabilities	1,665,211	1,474,899	202,953
Accruals and other current liabilities	4,786,647	4,800,387	660,553
Convertible notes	142,710	-	-
Total Current Liabilities	11,044,714	10,556,654	1,452,641
Non-current Liabilities			
Long-term borrowings	540,190	551,938	75,949
Long-term funding debts	1,652,332	1,701,449	234,127
Deferred tax liabilities	64,475	71,192	9,796
Other long-term liabilities	47,936	47,235	6,500
Total Non-current Liabilities	2,304,933	2,371,814	326,372
TOTAL LIABILITIES	13,349,647	12,928,468	1,779,013
Shareholders' equity:			
Class A Ordinary Shares	200	200	30
Class B Ordinary Shares	41	41	7
Treasury stock	(328,764)	(328,764)	(45,239)
Additional paid-in capital	3,229,327	3,254,489	447,833
Statutory reserves	1,106,579	1,106,579	152,270
Accumulated other comprehensive loss	(11,222)	(24,776)	(3,409)
Retained earnings	5,942,234	6,083,144	837,068
Total Shareholders' Equity	9,938,395	10,090,913	1,388,560
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	23,288,042	23,019,381	3,167,573