

Results Presentation

October 2019



01

HIGHLIGHTS —



Second Quarter 2019

- Total operating revenue reached RMB2.5 billion.
- Gross profit reached RMB1.1 billion, representing an increase of 26.6% from the second quarter of 2018.
- Net income was RMB628 million.
- Adjusted net income was RMB671 million.

— Guidance

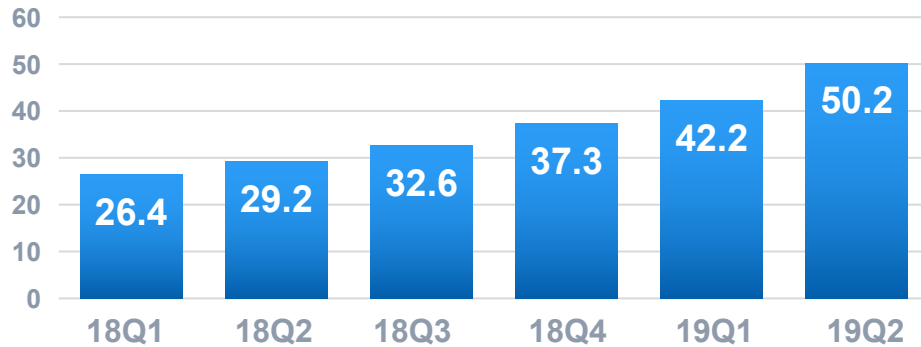
Based on Lexin's preliminary assessment of the current market conditions, the Company expects total loan originations for the fiscal year 2019 to exceed RMB115 billion. This is Lexin's current and preliminary view, which is subject to changes and uncertainties.

02 OPERATING SUMMARY —

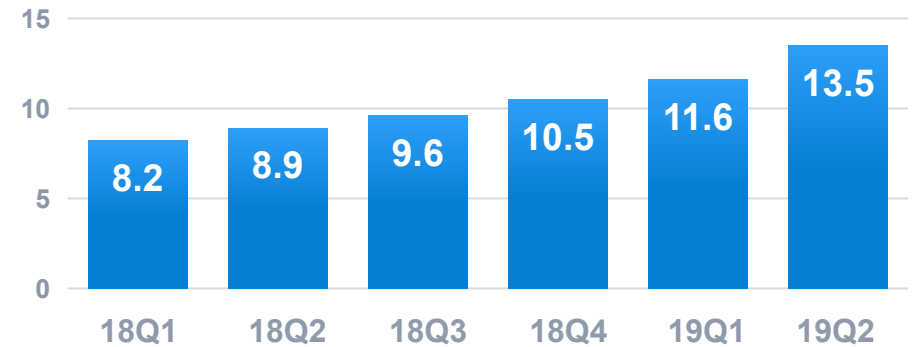


Customer Statistics

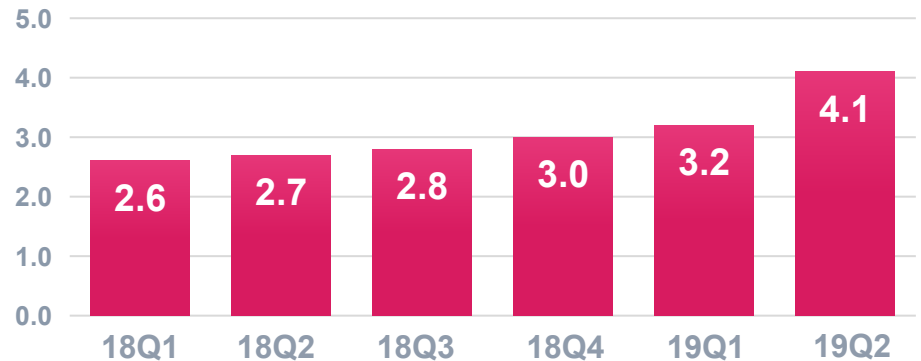
—Registered users (mm)



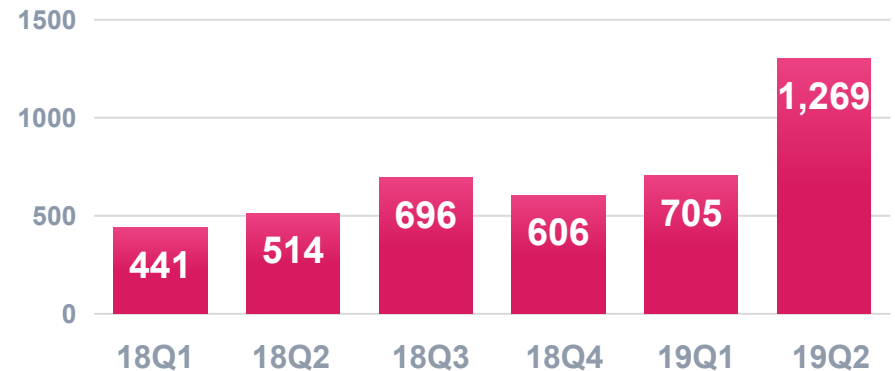
—Users with credit line (mm)



—Active customers (mm)

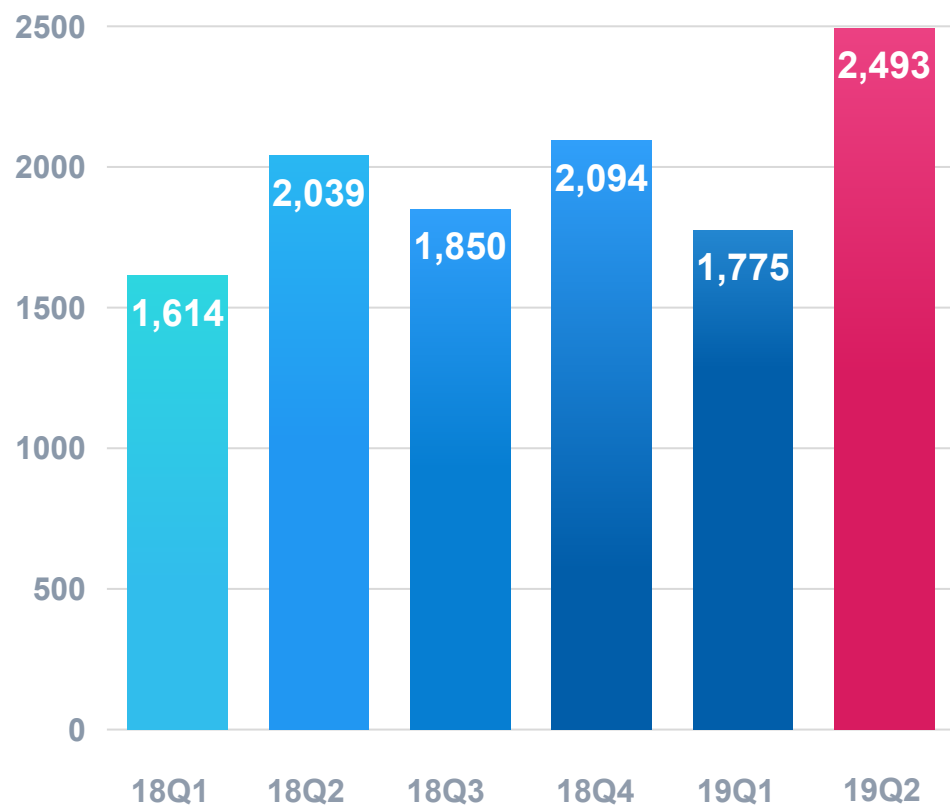


—New active customers (Thousands)

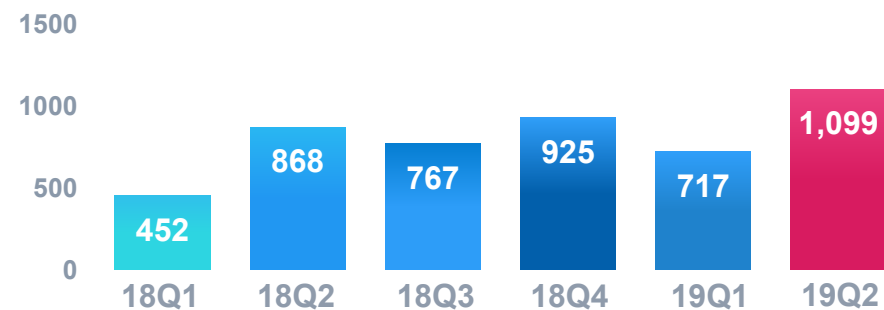


Operating Results

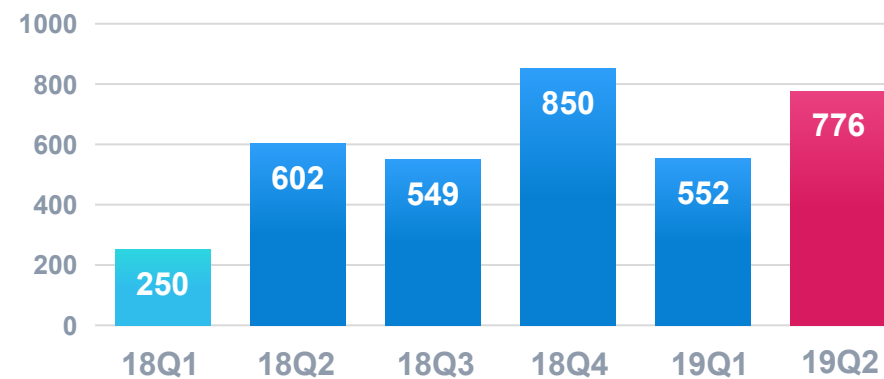
—Revenue (RMB mm)



—Gross Profit (RMB mm)

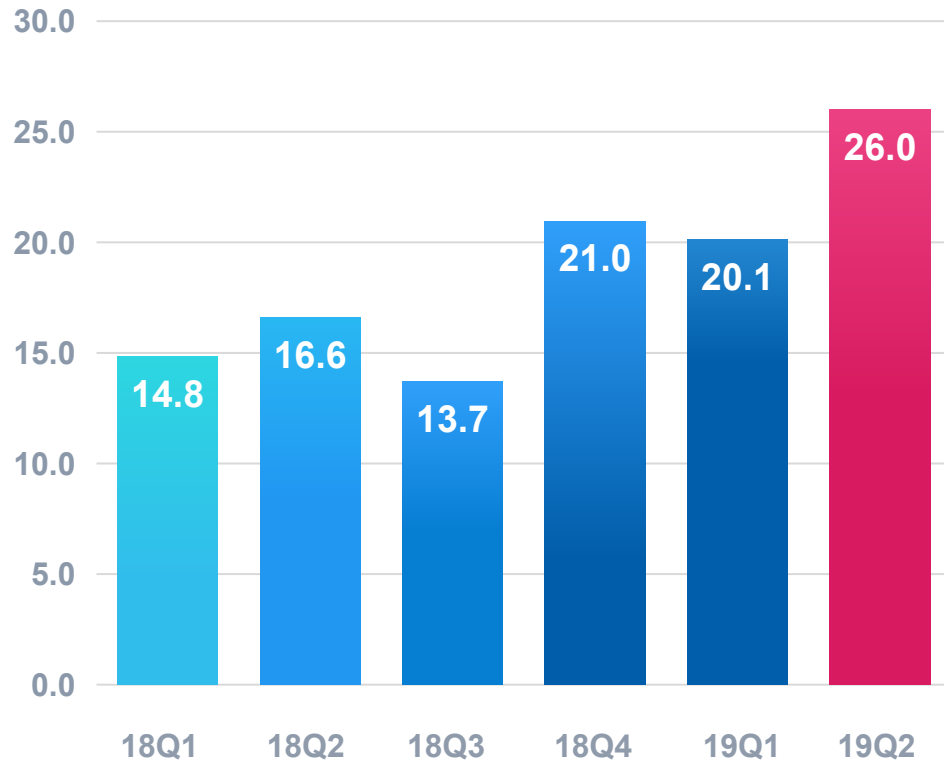


—Non-GAAP EBIT (RMB mm)

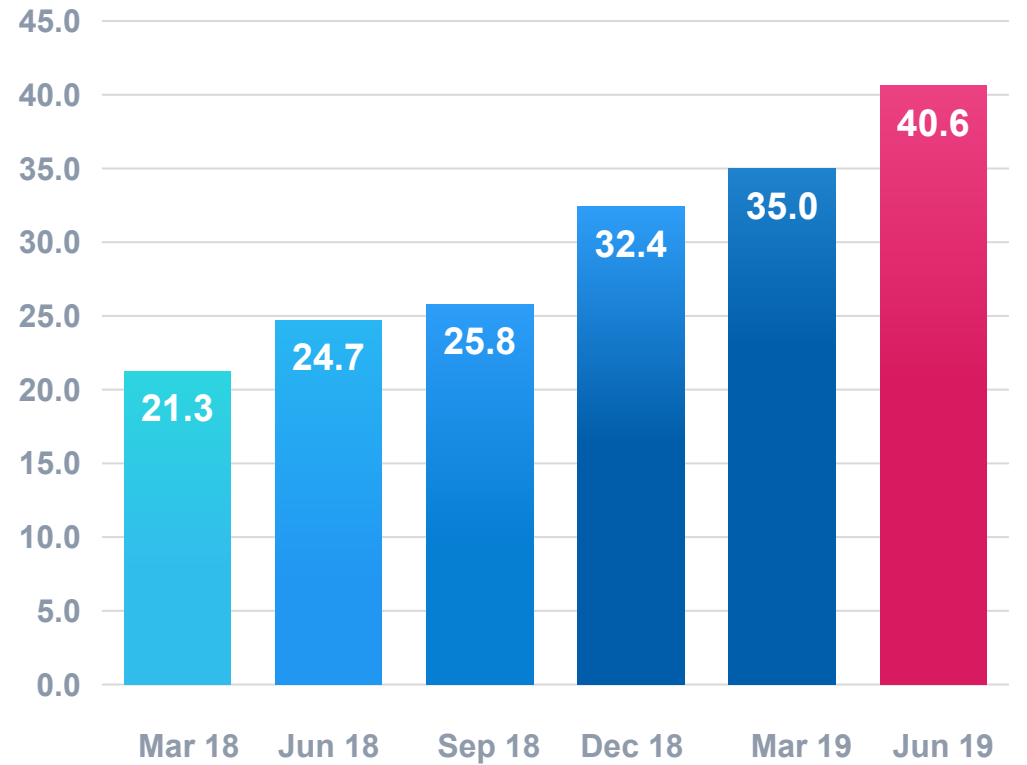


Operating Results

— Loan Originations (RMB bn)

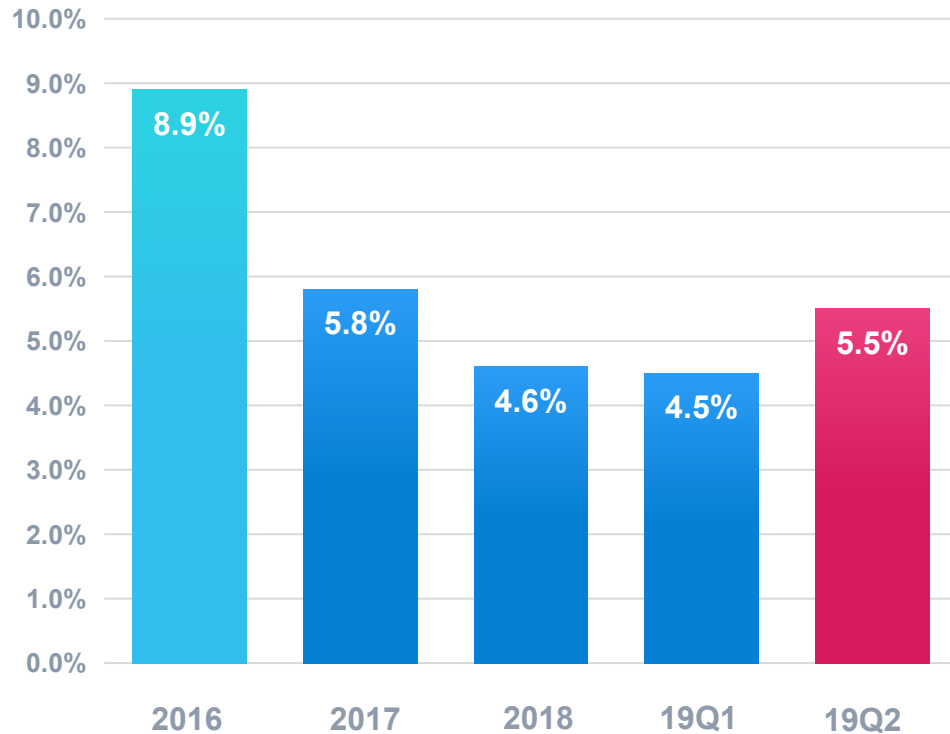


— Loan Balance (RMB bn)

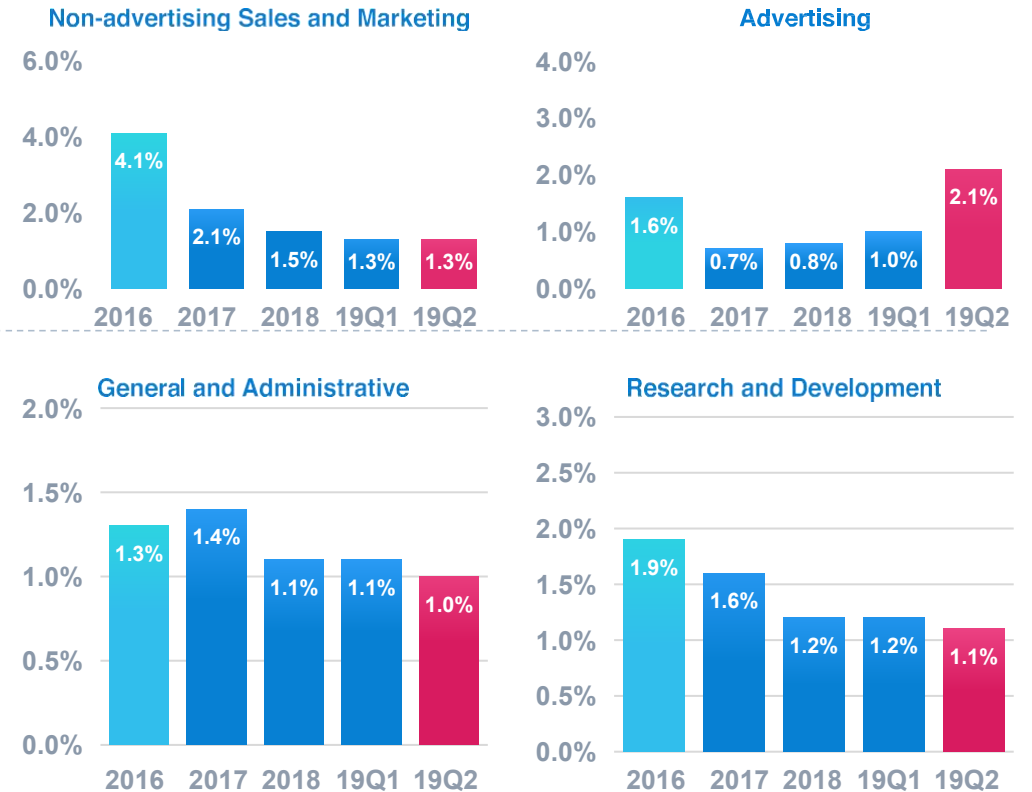


Operating costs

— Total Operating Expense/Average Loan Balance

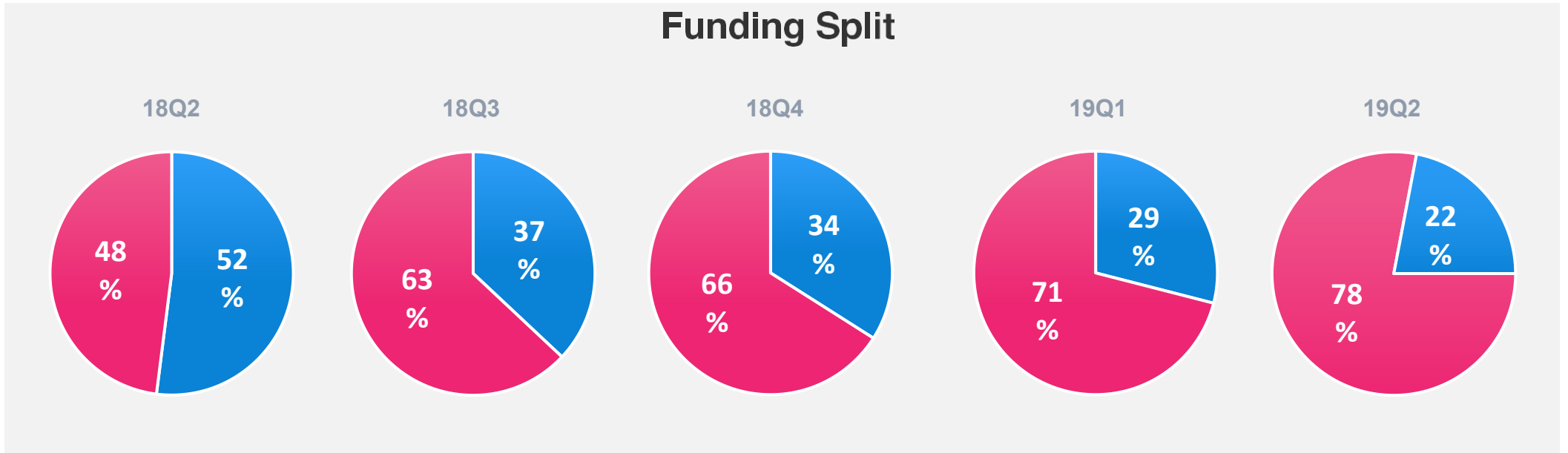


— Operating Expense Breakdown/Average Loan Balance



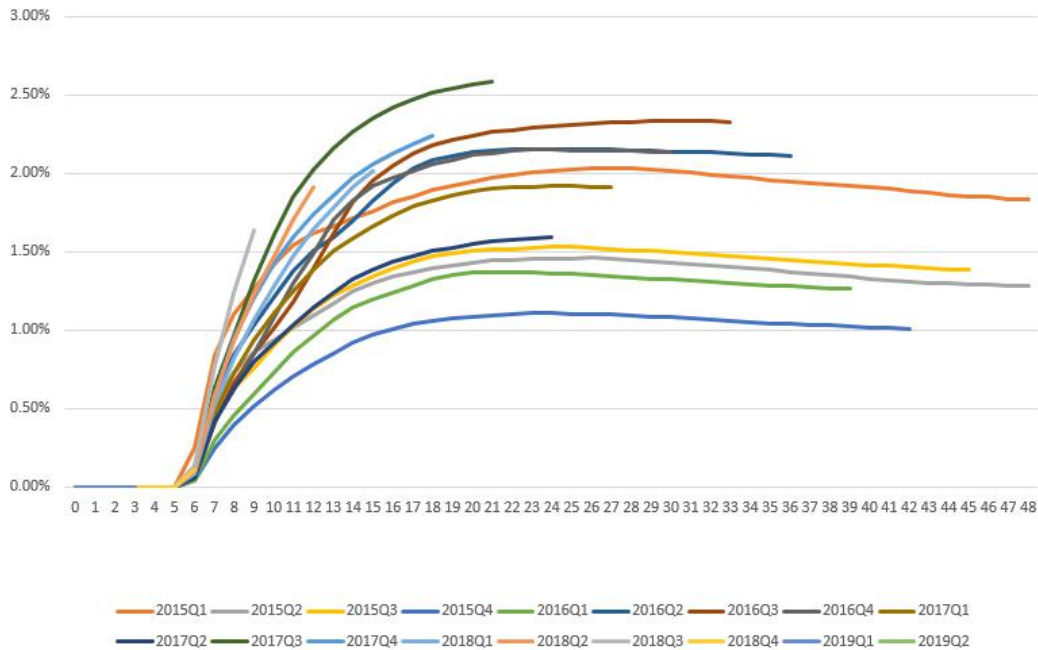
Loan Originations

—Institutional funding continues to increase

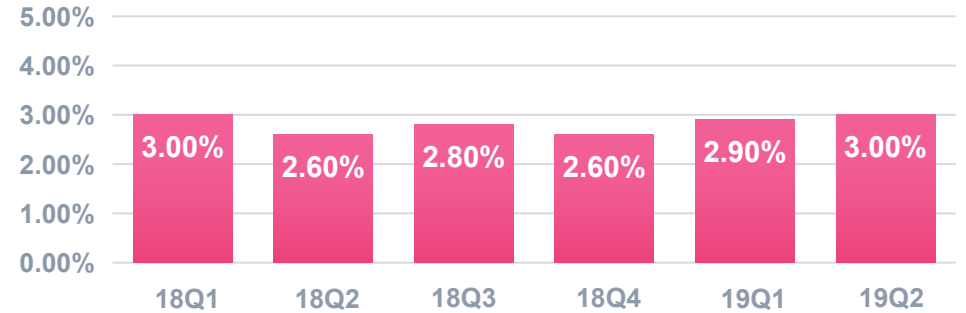


Charge-Off Rate

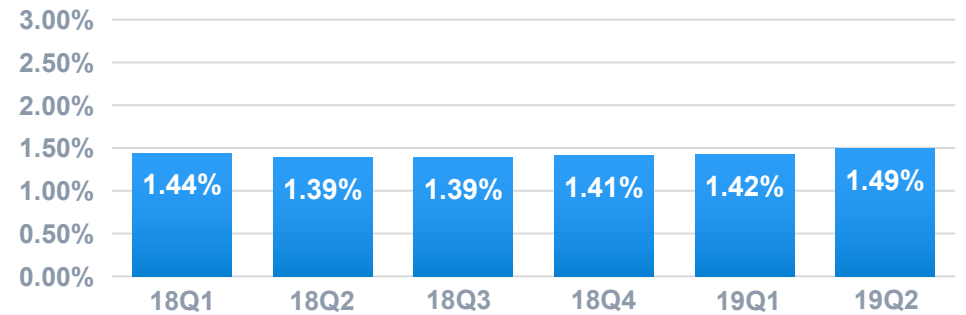
— Vintage Curve



— 30 Days+ Delinquency Ratio



— 90 Days+ Delinquency Ratio



2019 Quarterly numbers

(RMB millions, unless otherwise noted)		18Q1	18Q2	18Q3	18Q4	19Q1	19Q2
Revenue		1,614	2,039	1,850	2,094	1,775	2,493
Gross Profit		452	868	767	925	717	1,099
Net Income (Adjusted)		205	701*	466	724	464	671
Loan Originations (RMB billions)		14.8	16.6	13.7	21.0	20.1	26.0
Loan Balance (RMB billions)		21.3	24.7	25.8	32.4	35.0	40.6
Funding Split	P2P	56%	52%	37%	34%	29%	22%
	Institution	44%	48%	63%	66%	71%	78%
Cost of Funding		7.5%	8.6%	9.5%	8.7%	10.0%	8.6%
APR Charged		26.0%	25.8%	26.4%	25.8%	26.2%	25.3%
30 days + Delinquency Ratio		3.0%	2.6%	2.8%	2.6%	2.9%	3.0%
90 days + Delinquency Ratio		1.44%	1.39%	1.39%	1.41%	1.42%	1.49%

*Includes a valuation allowance of RMB193 million related to the recoverability of deferred tax assets arising from the provision for credit losses.

Statements of Operations

(In thousands, except for share and per share data)	For the Three Months Ended			For the Six Months Ended June 30,		
	June 30, 2018	June 30, 2019		2018	2019	
	RMB	RMB	US\$	RMB	RMB	US\$
Operating revenue:						
Online direct sales	582,906	925,418	134,802	1,125,805	1,550,327	225,831
Services and others	47,452	44,190	6,437	77,546	98,889	14,405
Online direct sales and services income	630,358	969,608	141,239	1,203,351	1,649,216	240,236
Interest and financial services income and Other revenue*	921,833	314,248	45,775	1,756,516	623,313	90,796
Loan facilitation and servicing fees*	487,226	1,209,084	176,123	693,268	1,994,921	290,593
Financial services income*	1,409,059	1,523,332	221,898	2,449,784	2,618,234	381,389
Total operating revenue	2,039,417	2,492,940	363,137	3,653,135	4,267,450	621,625
Operating cost:						
Cost of sales	(597,737)	(925,454)	(134,808)	(1,146,460)	(1,553,456)	(226,286)
Funding cost	(263,311)	(120,664)	(17,577)	(520,337)	(262,936)	(38,301)
Processing and servicing cost of financing receivables	(71,161)	(138,279)	(20,143)	(137,095)	(254,998)	(37,145)
Provision for credit losses of financing receivables	(232,125)	(183,203)	(26,687)	(518,916)	(335,720)	(48,903)
Provision for credit losses of contract assets and service and service fees receivable*	(7,307)	(26,423)	(3,849)	(10,930)	(44,664)	(6,506)
Total operating cost	(1,171,641)	(1,394,023)	(203,064)	(2,333,738)	(2,451,774)	(357,141)
Gross profit	867,776	1,098,917	160,073	1,319,397	1,815,676	264,484

Statements of Operations

Operating expenses:

Sales and marketing expenses	(144,339)	(315,578)	(45,969)	(245,849)	(510,761)	(74,401)
Research and development expenses	(78,518)	(99,691)	(14,522)	(146,611)	(193,539)	(28,192)
General and administrative expenses	(69,638)	(94,082)	(13,705)	(128,279)	(181,292)	(26,408)
Total operating expenses	(292,495)	(509,351)	(74,196)	(520,739)	(885,592)	(129,001)
(Loss)/Gain on guarantee liabilities	(20,128)	22,673	3,303	(20,128)	126,350	18,405
Interest expense/Income, net	(6,793)	1,309	191	(10,432)	(1,149)	(167)
Investment-related impairment	(4,841)	–	–	(4,841)	–	–
Investment loss	–	(1,764)	(257)	–	(1,764)	(257)
Change in fair value of financial guarantee derivatives, net	21,249	114,227	16,639	13,174	164,723	23,995
Others, net	(6,286)	8,372	1,220	1,339	25,982	3,785
Income before income tax expense*	558,482	734,383	106,973	777,770	1,244,226	181,244
Income tax (expense)/benefit*	105,320	(106,419)	(15,502)	63,892	(191,962)	(27,962)
Net income*	663,802	627,964	91,471	841,662	1,052,264	153,282

Net income per ordinary share

Basic	2.00	1.77	0.26	2.54	2.98	0.43
Diluted	1.83	1.73	0.25	2.33	2.90	0.42

Net income per ADS*

Basic	4.00	3.54	0.52	5.08	5.96	0.87
Diluted	3.67	3.46	0.50	4.65	5.81	0.85

Weighted average number of ordinary shares outstanding

Basic	332,208,249	355,026,635	355,026,635	331,686,095	353,344,135	353,344,135
Diluted	362,162,094	363,122,834	363,122,834	361,798,356	362,394,391	362,394,391

Balance Sheet

(In thousands, except for share and per share data)	As of		
	December 31, 2018	June 30, 2019	
	RMB	RMB	US\$
ASSETS			
Current assets			
Cash and cash equivalents	1,148,292	1,059,735	154,368
Restricted cash	1,266,536	1,335,150	194,487
Restricted time deposits	344,212	784,904	114,334
Short-term financing receivables, net	5,140,634	3,570,430	520,092
Accrued interest receivable	82,943	57,660	8,399
Prepaid expenses and other current assets	923,827	1,607,080	234,098
Amounts due from related parties	–	2,797	407
Risk safeguard fund receivable, net	395,025	630,337	91,819
Contract assets and service fees receivable, net	946,293	1,509,450	219,876
Inventories, net	57,196	101,050	14,720
Total current assets	10,304,958	10,658,593	1,552,600
Non-current assets			
Restricted cash	82,306	122,000	17,771
Restricted time deposits	–	25,096	3,656
Long-term financing receivables, net	1,283,036	958,629	139,640
Risk safeguard fund receivable, net	116,208	154,626	22,524
Contract assets and service fees receivable, net	291,784	315,351	45,936
Property, equipment and software, net	82,420	92,112	13,418
Long-term investments	186,073	226,800	33,037
Deferred tax assets	94,598	126,764	18,465
Other assets	29,192	160,490	23,378
Total non-current assets	2,165,617	2,181,868	317,825
TOTAL ASSETS	12,470,575	12,840,461	1,870,425

Balance Sheet

LIABILITIES

Current liabilities

Accounts payable	135,848	249,010	36,272
Amounts due to related parties	14,569	20,736	3,021
Short-term borrowings	438,010	664,500	96,795
Short-term funding debts	4,646,041	3,551,661	517,358
Accrued interest payable	182,280	91,050	13,263
Contract liabilities	456,276	672,367	97,941
Accrued expenses and other current liabilities	2,145,689	2,050,889	298,749

Total current liabilities	8,018,713	7,300,213	1,063,399
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Non-current liabilities

Long-term funding debts	157,887	25,773	3,754
Deferred tax liabilities	187,183	229,168	33,382
Long-term borrowings	–	43,760	6,374

Total non-current liabilities	345,070	298,701	43,510
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TOTAL LIABILITIES	8,363,783	7,598,914	1,106,909
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SHAREHOLDERS' EQUITY

Class A Ordinary Shares	160	166	24
Class B Ordinary Shares	66	64	9
Additional paid-in capital	2,328,716	2,410,506	351,130
Statutory reserves	200,262	200,262	29,171
Accumulated other comprehensive loss	(14,308)	(13,611)	(1,983)
(Accumulated deficit)/Retained earnings	1,591,896	2,644,160	385,165

TOTAL SHAREHOLDERS' EQUITY	4,106,792	5,241,547	763,516
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,470,575	12,840,461	1,870,425
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THANK YOU