

# Investor Presentation

Second Quarter 2023 Results

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01



# Company Overview



# Addressing the Market with Different Focus

Core business supported by new growth opportunities



# Commitment to 2C2B2F

Connecting consumers to business and financial institutions



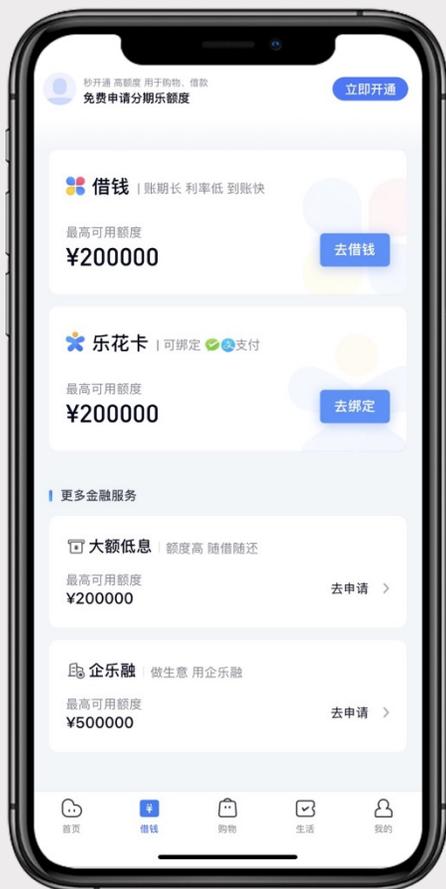
- Over 140 funding partners<sup>1</sup>
- Over 2600 merchant partners<sup>2</sup>

- Over 190 million registered users<sup>1</sup>
- Loan balance of Rmb114.1 billion<sup>1</sup>

1. As of 30 June 2023, or accumulative  
2. For the quarter ended 30 June 2023

# A Seamless Experience for New-Generation Consumers

Omni-channels and multipronged access for our users



Consumer credit



Maiya



E-commerce

# Empowering the Digitalization of Financial Institutions

Supporting financial institutions in the buildup of in-house capability 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 individuals and financial institutions

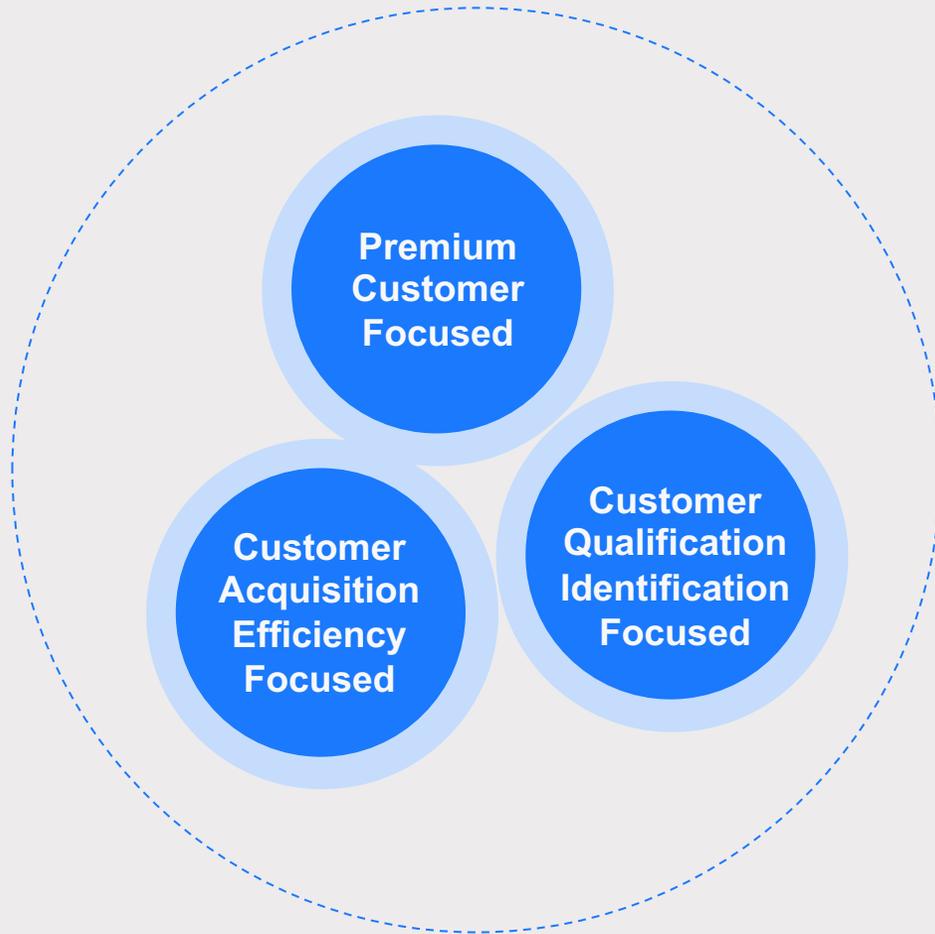


- Breadth and depth of acquisition channels
- Tailored sales and management strategies
- Quality products to meet diverse needs of individuals
- Frictionless digital experience



- Effective communication and collaboration between teams
- Management system aligned with strategy to enhance oversight and talent development
- Increased use of technology from front to back

# Optimize Customer Operation Strategy to Deal with External Uncertainty



## Premium Customer Focused

- To increase the proportion of premium customers while controlling the access of high-pricing/high-risk customers
- To take the initiative to seek the best balance of scale vs. risk
- Stable overall risk performance + better quality new loan originations

## Customer Acquisition Efficiency Focused

- Customer acquisition programs for specifically targeted segmentations
- Leverage offline team strengths
- Leverage abundant data resources and analyzing capability
- In-time adjustment of spending and strategies in different regions

## Customer Qualification Identification Focused

- AB testing and model iteration based on internal and external data resources
- Effectiveness validation of the operation strategy in regular
- Proven result by continuously improved per-capita contribution and ARPU

# Lexin Accumulated Core Capabilities

A

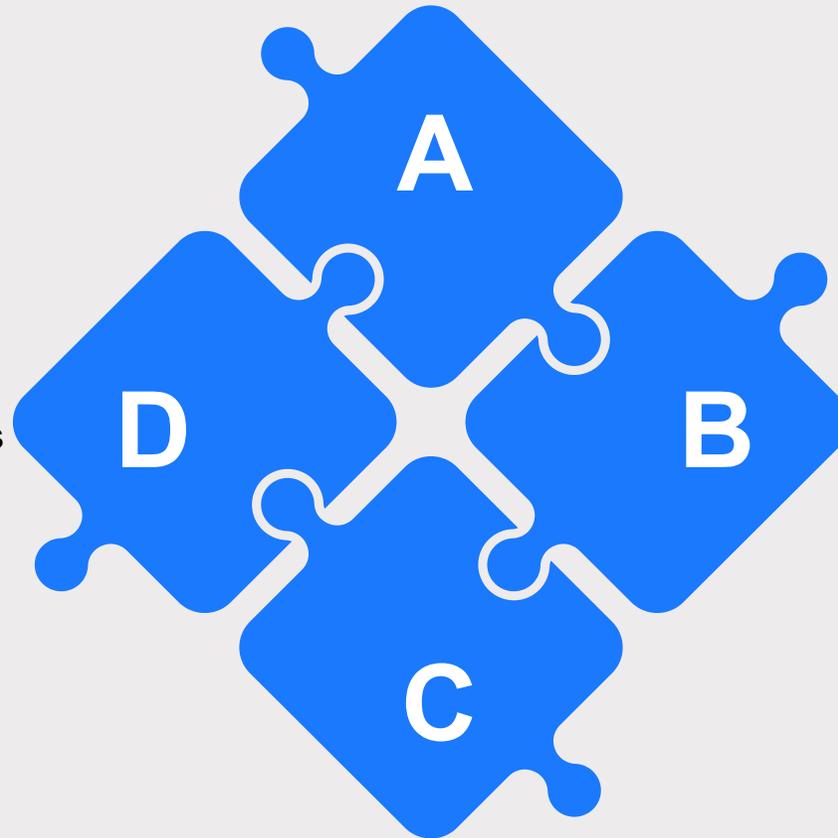
## Customer Service and Operation

- Customer operation by segmentation
- Feature and qualification identification
- Tailor-made products and services

D

## Technology and Data Analyzing

- Industry-leading R&D investment
- Lexin unique Smart-Business-Engine
- Empower daily operation efficiency across platforms



## Risk Management

- Abundant internal data
- High-quality external data
- Model iteration
- AB Testing

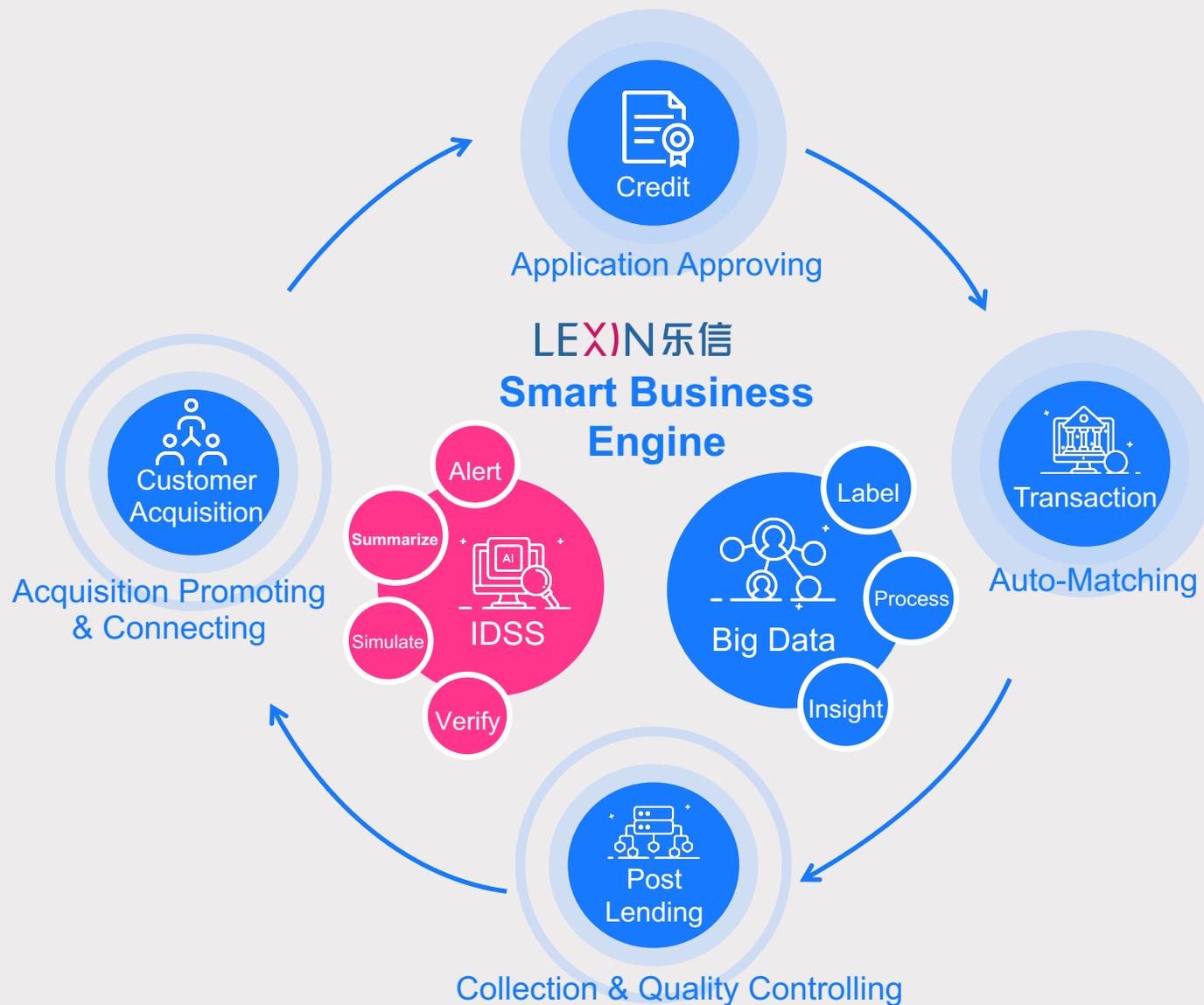
B

## Cooperation with Funding Partners

- Funding cost optimization
- Diversified partnerships with financial institutions
- Cooperating with 140+ financial institution partners

C

# Lexin Smart Business Engine



# Lexin Eco-System



# 02



## Financial Update



# 1Q23 Highlights

**Loan originations  
created**

63.9 billion

Up 30.1% YoY

**Total operating  
revenue**

3.1 billion

Up 26.6% YoY

**Net income  
generated**

355.7 million

Up 112.4% YoY

# Key Financials

(Rmb000)	2Q22	1Q23	2Q23	QoQ	YoY
Credit facilitation service income	1,438,223	2,115,808	2,137,718	1.0%	48.6%
Tech-empowerment service income	436,194	367,932	391,695	6.5%	-10.2%
Installment e-commerce platform service income	538,413	499,159	526,399	5.5%	-2.2%
<b>Total operating revenue</b>	<b>2,412,830</b>	<b>2,982,899</b>	<b>3,055,812</b>	2.4%	26.6%
Total operating cost	(1,779,554)	(2,079,686)	(2,060,375)	-0.9%	15.8%
<b>Gross profit</b>	<b>633,276</b>	<b>903,213</b>	<b>995,437</b>	10.2%	57.2%
Total operating expenses	(745,109)	(666,529)	(670,969)	0.7%	-10.0%
<b>Net income</b>	<b>167,450</b>	<b>327,490</b>	<b>355,733</b>	8.6%	112.4%

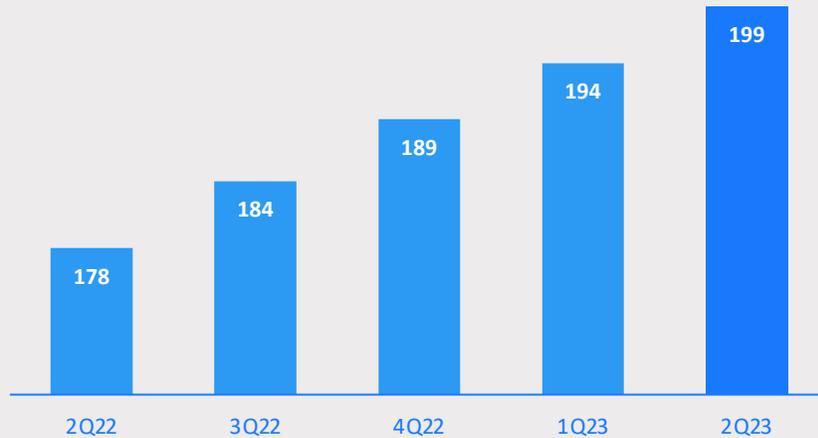
# Steady User Increase in Amount

## Number of Registered Users

(In Millions)

QoQ

+2.6%

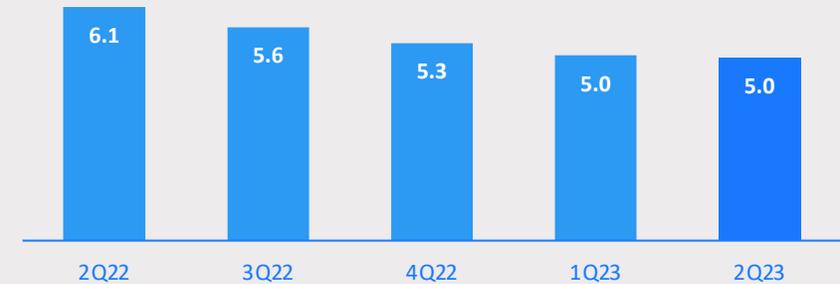


## Number of Active Users

(In Millions)

QoQ

-1.2%



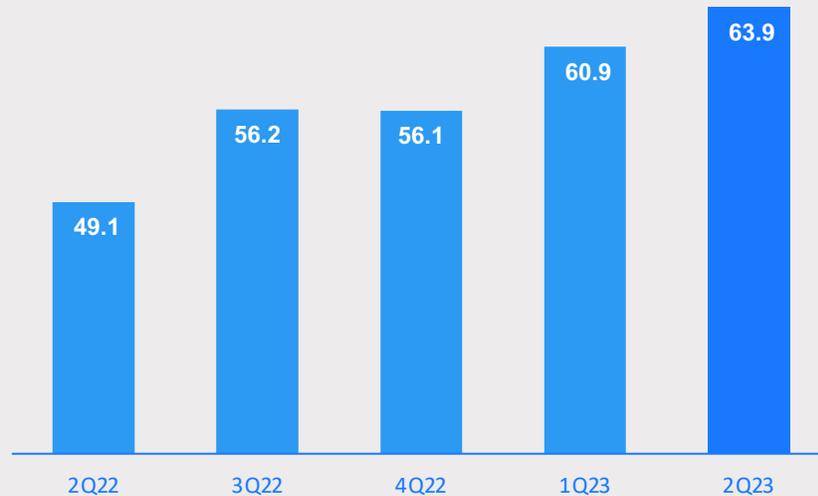
# Steady Recovery Upwards to New Scale

## Loan Originations

(RMB bn)

QoQ

+4.9%

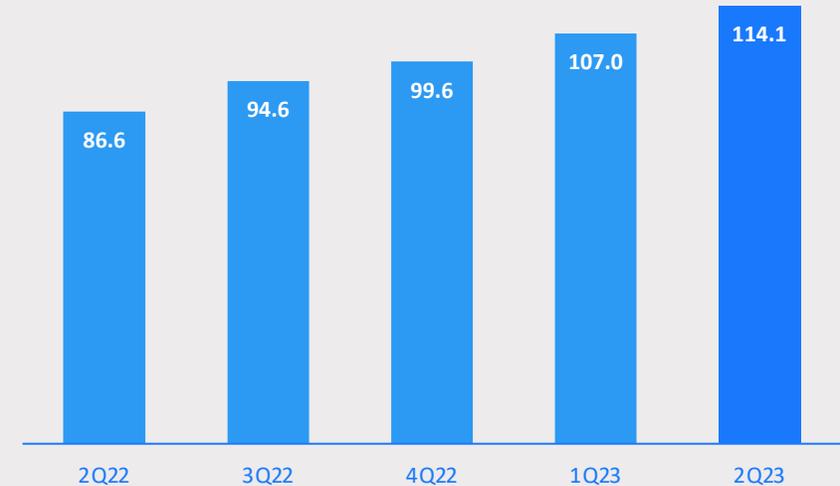


## Outstanding Loan Balance

(RMB bn)

QoQ

+6.6%



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

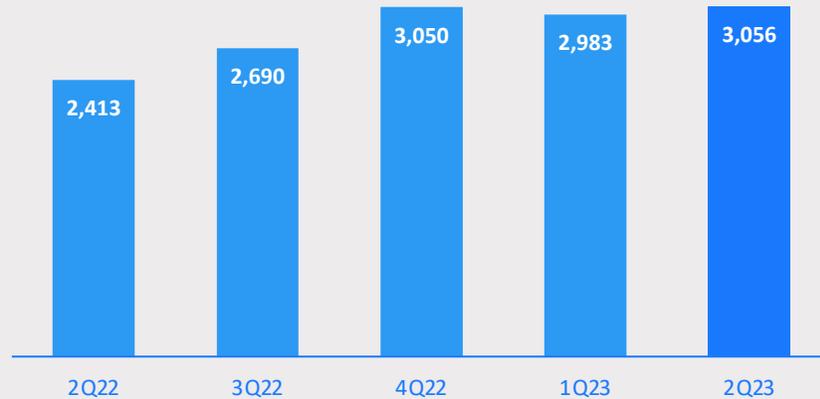
# Stable V-shaped Trend Back to Normality

## Operating Revenue

(RMBm)

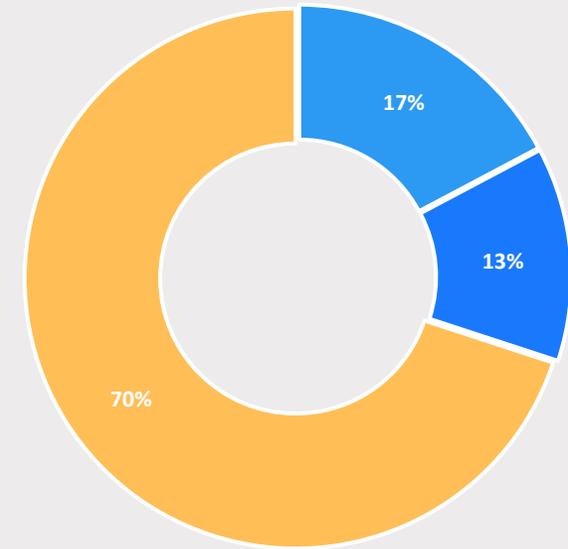
QoQ

+2.4%



## Breakdown of Operating Revenue

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



1. Breakdown of operating revenue for 2Q23

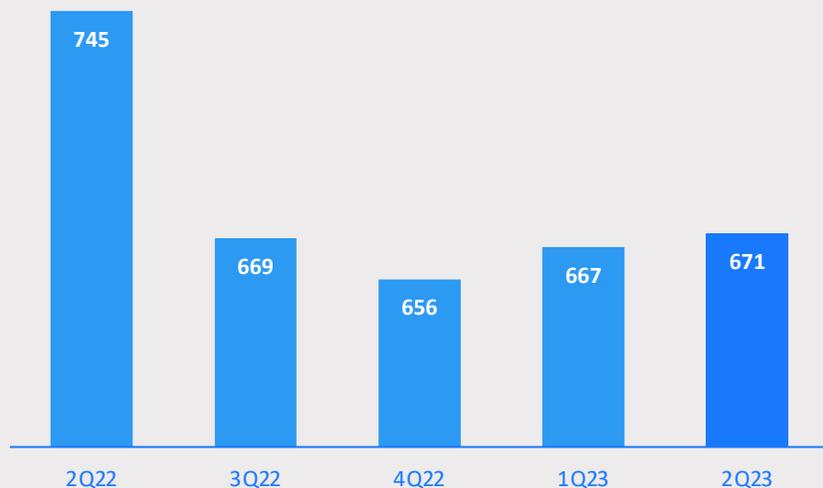
# Optimized Allocation of Resources

## Operating Expenses

(RMBm)

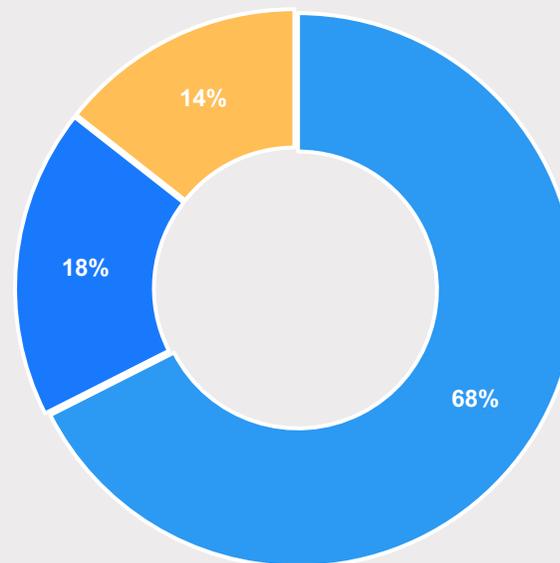
QoQ

+0.7%



## Breakdown of Operating Expenses

- Sales & Marketing
- Research & Development
- General & Administrative



1. Breakdown of operating expenses for 2Q23

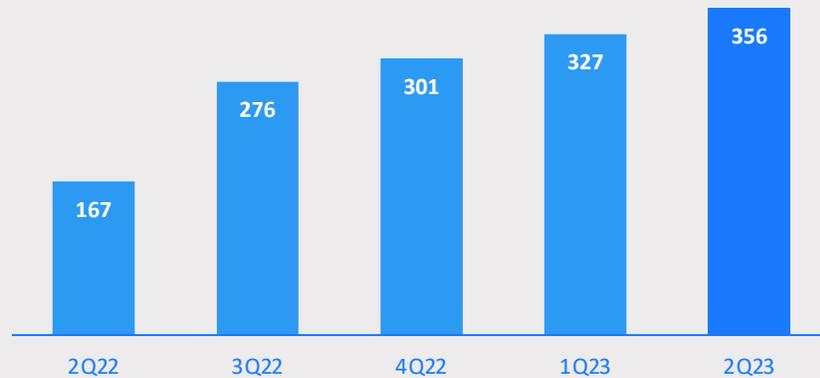
# Profitability Grows as Turnaround Recovery Progresses

## Net Profit

(RMBm)

QoQ

+8.6%



## Net Margin

QoQ

+60bps



# Short-Term Impact by External Fluctuation

## 30+ Delinquency Ratio

QoQ  
+4bps



## 90+ Delinquency Ratio

QoQ  
+6bps



# 03



## Appendix



# P&L Statement

(In thousands, except for share and per share data)	For the Three Months Ended June 30,		
	2022 RMB	2023 RMB	US\$
<b>Operating revenue:</b>			
<b>Credit facilitation service income</b>	<b>1,438,223</b>	<b>2,137,718</b>	<b>294,427</b>
Loan facilitation and servicing fees-credit oriented	667,446	945,919	130,045
Guarantee income	289,764	617,599	85,198
Financing income	481,013	574,200	79,184
<b>Tech-empowerment service income</b>	<b>436,194</b>	<b>391,695</b>	<b>55,278</b>
Loan facilitation and servicing fees-performance based	317,717	248,139	35,483
Loan facilitation and servicing fees-volume based	64,786	81,256	11,206
Other services	53,691	62,300	8,589
<b>Installment e-commerce platform service income</b>	<b>538,413</b>	<b>526,399</b>	<b>72,594</b>
<b>Total operating revenue</b>	<b>2,412,830</b>	<b>3,055,812</b>	<b>422,299</b>
<b>Operating cost</b>			
Cost of sales	(551,367)	(465,393)	(64,181)
Funding cost	(127,896)	(155,651)	(21,465)
Processing and servicing cost	(473,631)	(446,140)	(62,298)
Provision for financing receivables	(119,219)	(145,931)	(20,170)
Provision for contract assets and receivables	(130,017)	(125,242)	(17,356)
Provision for contingent guarantee liabilities	(377,424)	(722,018)	(99,865)
<b>Total operating cost</b>	<b>(1,779,554)</b>	<b>(2,060,375)</b>	<b>(285,335)</b>
<b>Gross profit</b>	<b>633,276</b>	<b>995,437</b>	<b>136,964</b>
<b>Operating expenses:</b>			
Sales and marketing expenses	(477,453)	(453,112)	(62,286)
Research and development expenses	(154,529)	(121,338)	(16,733)
General and administrative expenses	(113,127)	(96,519)	(13,370)
<b>Total operating expenses</b>	<b>(745,109)</b>	<b>(670,969)</b>	<b>(92,389)</b>
Change in fair value of financial guarantee derivatives and loans at fair value	304,552	130,461	17,504
Interest expense, net	(15,942)	(21,804)	(3,013)
Investment related impairment	-	-	-
Investment loss	6,132	(699)	(96)
Other, net	24,674	4,101	1,377
<b>Income before income tax expense</b>	<b>207,583</b>	<b>436,527</b>	<b>60,347</b>
Income tax expense	(40,133)	(80,794)	(11,245)
<b>Net income</b>	<b>167,450</b>	<b>355,733</b>	<b>49,102</b>

# Balance Sheet (1)

(In thousands)	December 31, 2022	As of June 30, 2023	
	RMB	RMB	US\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1,494,150	2,627,677	362,373
Restricted cash	1,267,512	1,682,124	231,976
Restricted term deposit and short-term investments	1,331,858	1,019,454	140,589
Short-term financing receivables, net	6,397,920	5,144,518	709,461
Short-term contract assets and receivables, net	3,894,175	4,576,877	631,180
Deposits to insurance companies and guarantee companies	2,249,022	2,282,213	314,732
Prepayments and other current assets	1,086,952	1,237,605	170,673
Amounts due from related parties	6,602	7,016	968
Inventories, net	53,917	54,811	7,559
<b>Total Current Assets</b>	<b>17,782,108</b>	<b>18,632,295</b>	<b>2,569,511</b>
<b>Non-current Assets</b>			
Restricted cash	168,521	179,202	2,569,511
Long-term financing receivables, net	460,325	356,049	49,101
Long-term contract assets and receivables, net	605,051	776,957	107,147
Property, equipment and software, net	284,593	385,485	53,161
Land use rights, net	931,667	914,467	126,111
Long-term investments	348,376	349,591	48,211
Deferred tax assets	1,141,761	1,127,993	155,557
Other assets	1,048,301	1,169,387	161,266
<b>Total Non-current Assets</b>	<b>4,988,595</b>	<b>5,259,131</b>	<b>3,270,065</b>
<b>TOTAL ASSETS</b>	<b>22,770,703</b>	<b>23,891,426</b>	<b>5,839,576</b>

# Balance Sheet (2)

(In thousands)	December 31, 2022	As of June 30, 2023	US\$
	RMB	RMB	
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	25,970	39,766	5,484
Amounts due to related parties	4,669	4,022	555
Short-term borrowings	1,168,046	1,094,572	150,948
Short-term funding debts	4,385,253	3,260,609	449,659
Deferred guarantee income	894,858	1,276,537	176,043
Contingent guarantee liabilities	882,107	1,290,205	177,927
Accruals and other current liabilities(2)	3,057,469	3,432,265	473,331
Convertible notes	2,063,545	1,442,358	198,910
<b>Total Current Liabilities</b>	<b>12,481,917</b>	<b>11,840,334</b>	<b>1,632,857</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	150,430	506,640	69,869
Long-term funding debts	1,334,105	2,065,097	284,790
Deferred tax liabilities	52,559	48,127	6,637
Convertible notes	-	-	-
Other long-term liabilities	102,941	57,546	7,936
<b>Total Non-current Liabilities</b>	<b>1,640,035</b>	<b>2,677,410</b>	<b>369,232</b>
<b>TOTAL LIABILITIES</b>	<b>14,121,952</b>	<b>14,517,744</b>	<b>2,002,089</b>
<b>Shareholders' equity:</b>			
Class A Ordinary Shares	191	192	29
Class B Ordinary Shares	47	47	8
Treasury stock	(328,764)	(328,764)	(45,339)
Additional paid-in capital	3,081,254	3,143,543	433,510
Statutory reserves	1,022,592	1,022,592	141,022
Accumulated other comprehensive loss	(20,842)	(41,424)	(5,713)
Retained earnings	4,894,273	5,577,496	769,172
Non-controlling interests	-	-	-
<b>Total Shareholders' Equity</b>	<b>8,648,751</b>	<b>9,373,682</b>	<b>1,292,689</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>22,770,703</b>	<b>23,891,426</b>	<b>3,294,778</b>