

Investor Presentation

Fourth Quarter and Full Year 2022 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 partners¹
- Over 2600 merchant partners²

- Over 188 million registered users¹
- Loan balance of Rmb99.6 billion¹

1. As of 30 December 2022, or accumulative
2. For the quarter ended 30 December 2022

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

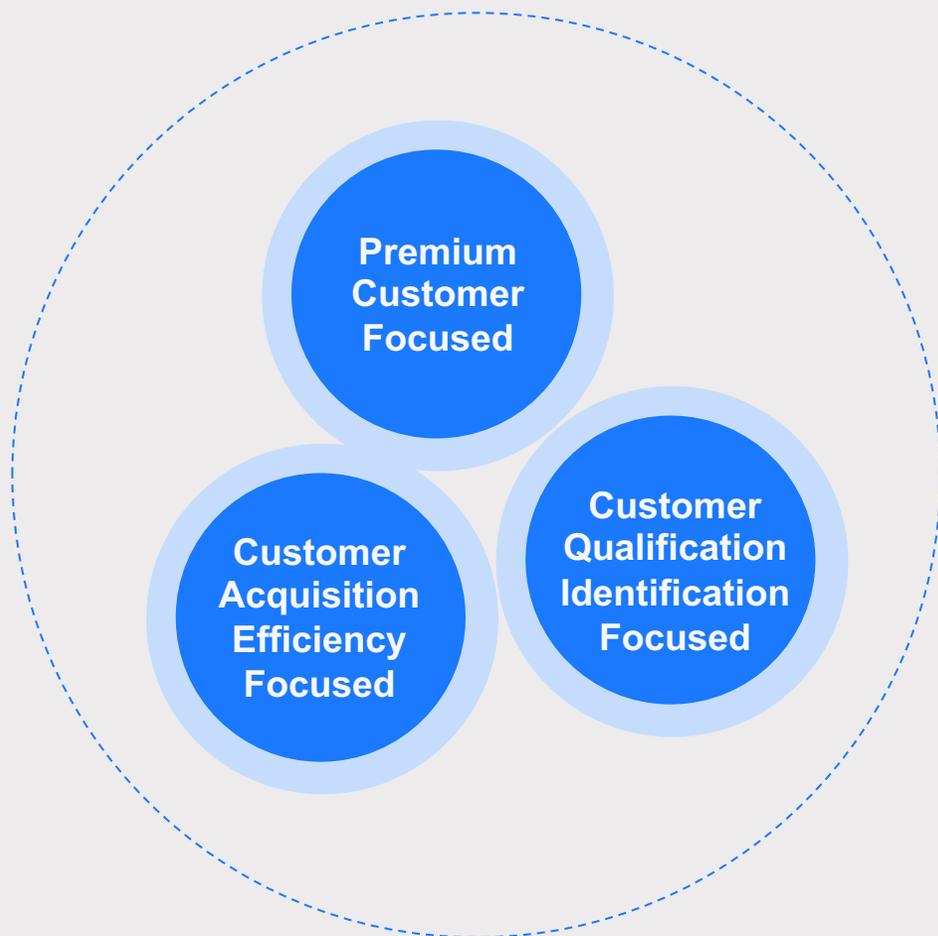


- Breadth and depth of acquisition channels
- Tailored sales and management strategies
- Quality products to meet diverse needs of individuals
- Frictionless digital experience



- 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

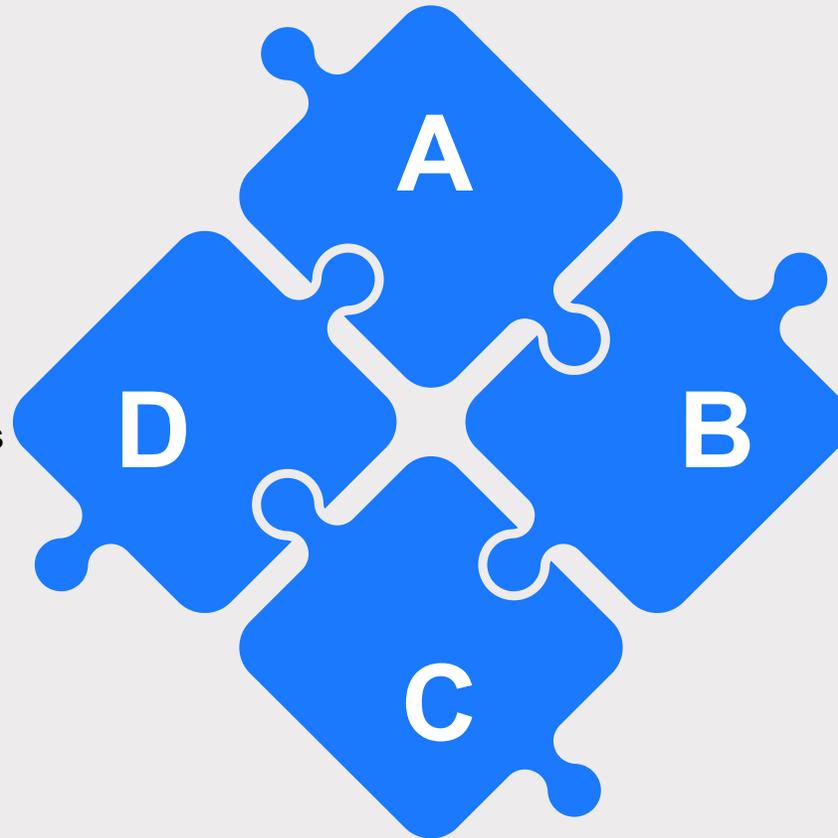
Customer Service and Operation

- 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

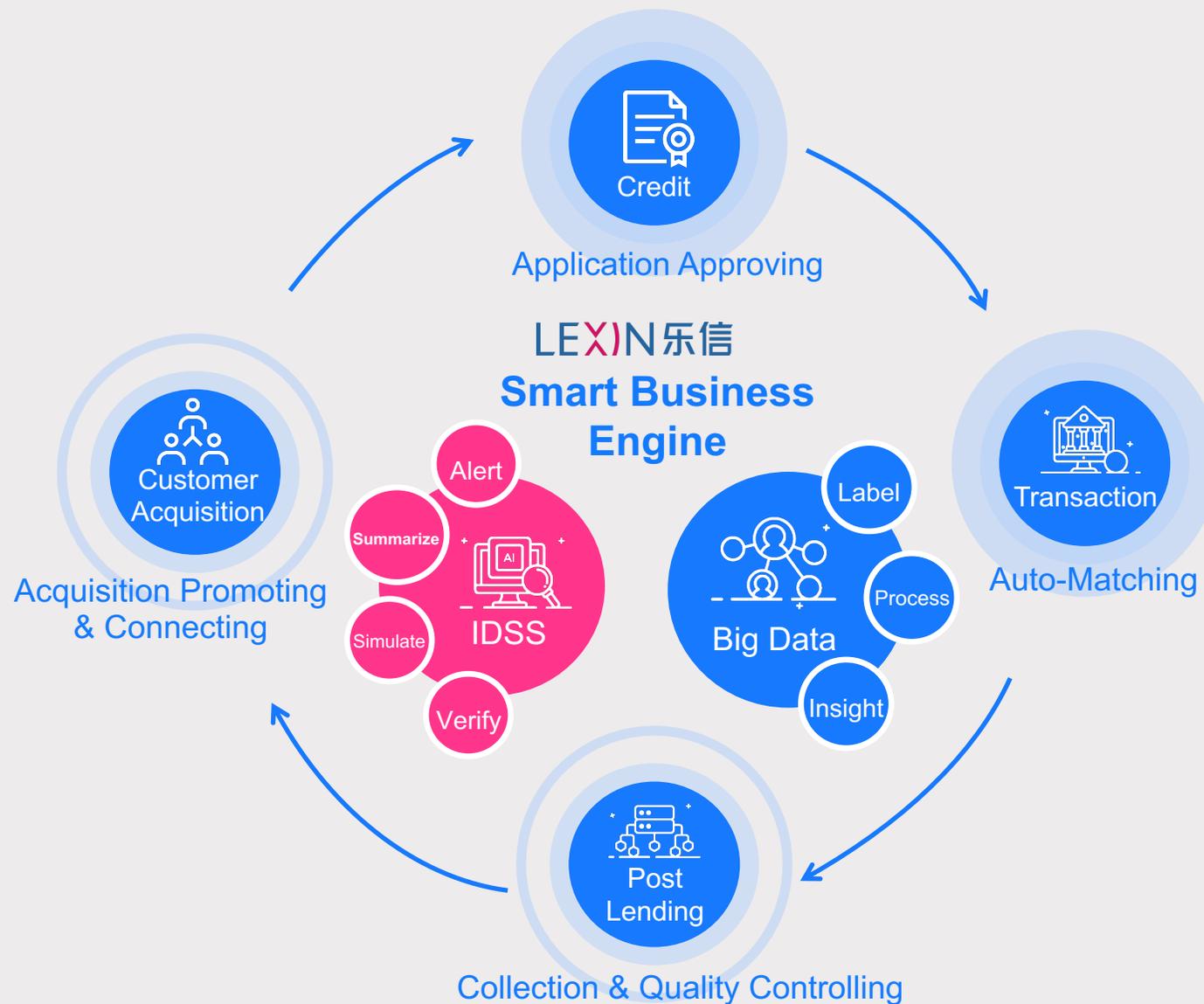
B

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



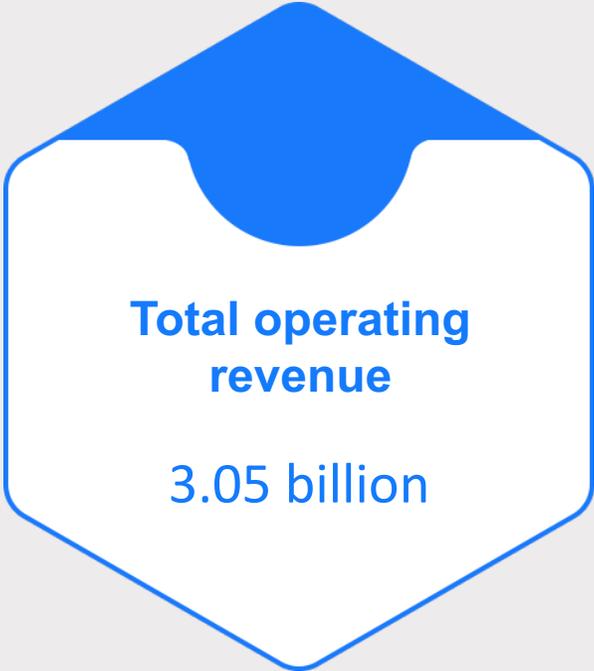
4Q22 Highlights



**Loan originations
created**

56.1 billion

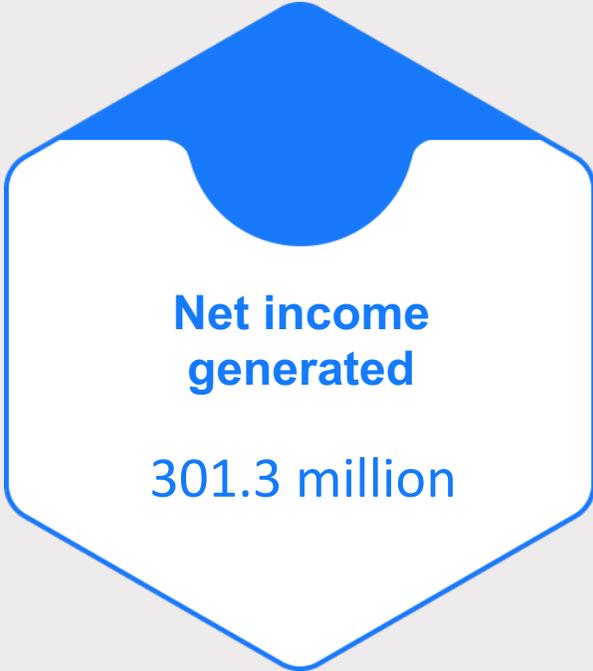
Up 28.8% YoY



**Total operating
revenue**

3.05 billion

Up 38.7% YoY



**Net income
generated**

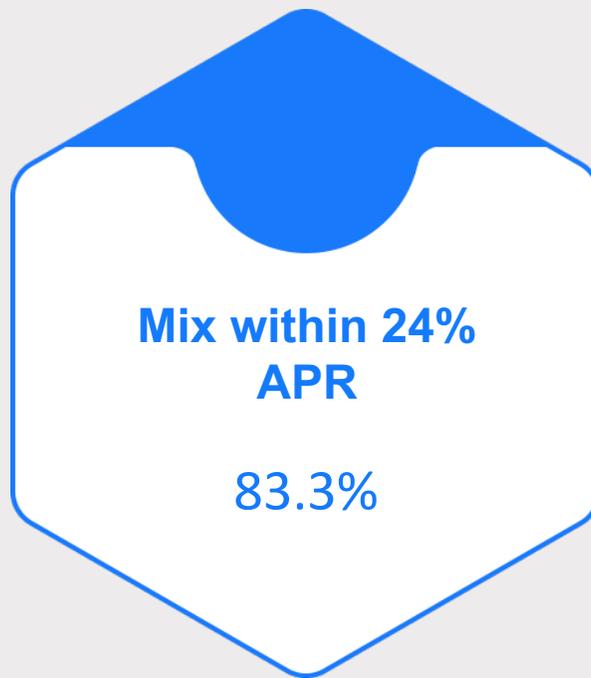
301.3 million

Up 17.9% YoY

4Q22 Highlights



Down 0.2 ppt QoQ



Up 2.9ppt QoQ



Diversified revenue contribution

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

2. APR refers to the average pricing of loan originations

3. Mix within 24% APR refers to percentage of loan originations priced within 24%

4. Non credit-driven services revenue = total operating revenue less credit-driven platform services income, which is the sum of technology-driven platform services income and new consumption-driven, local based services income

Key Financials

(Rmb000)	4Q21	3Q22	4Q22	QoQ	YoY
Installment e-commerce platform service income	422,980	524,986	673,994	28.4%	59.3%
Tech-empowerment service income	630,924	499,699	412,769	-17.4%	-34.6%
Credit facilitation service income	1,145,306	1,665,652	1,963,503	17.9%	71.4%
Total operating revenue	2,199,210	2,690,337	3,050,266	13.4%	38.7%
Total operating cost	(986,954)	(1,793,080)	(2,006,908)	11.9%	103.3%
Gross profit	1,212,257	897,257	1,043,358	16.3%	-13.9%
Total operating expenses	(609,535)	(669,493)	(655,720)	-2.1%	7.6%
Net income	255,610	275,693	301,303	9.3%	17.9%

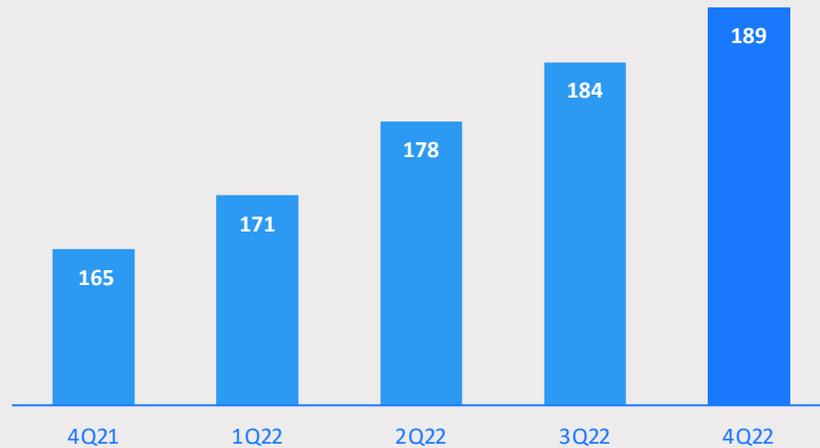
Steady User Increase in Amount and Active Rate

Number of Registered Users

(In Millions)

QoQ

+2.9%

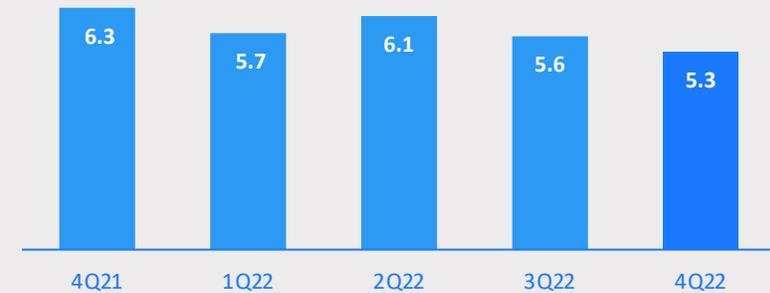


Number of Active Users

(In Millions)

QoQ

-6.1%



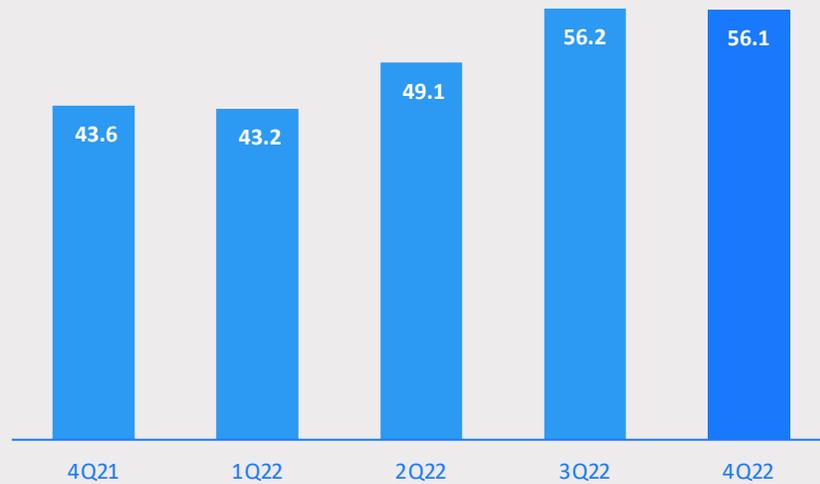
Steady Growth amid External Uncertainties

Loan Originations

(RMB bn)

QoQ

-0.2%

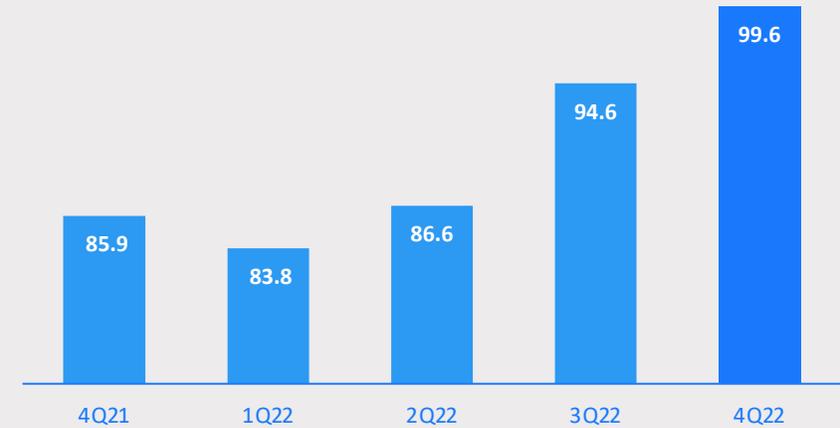


Outstanding Loan Balance

(RMB bn)

QoQ

+5.3%



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

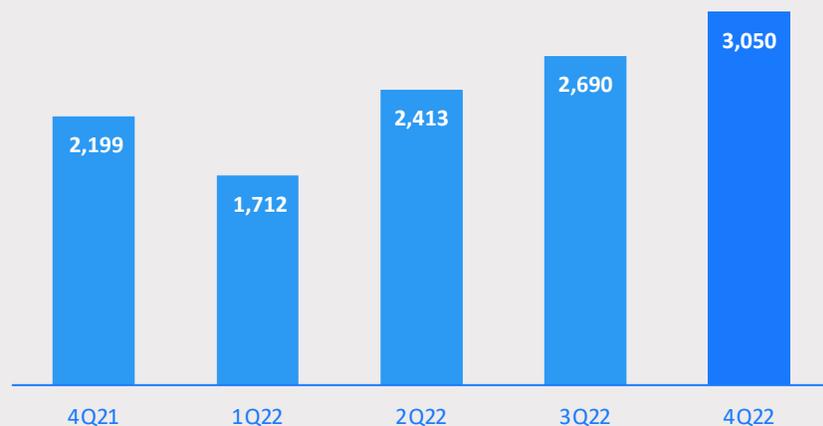
2. Outstanding loan balance represents the amount of principal outstanding for loans originated on our platform at the end of each period, including both on and off-balance sheet loans

Stable V-shaped Trend Back to Normality

Operating Revenue

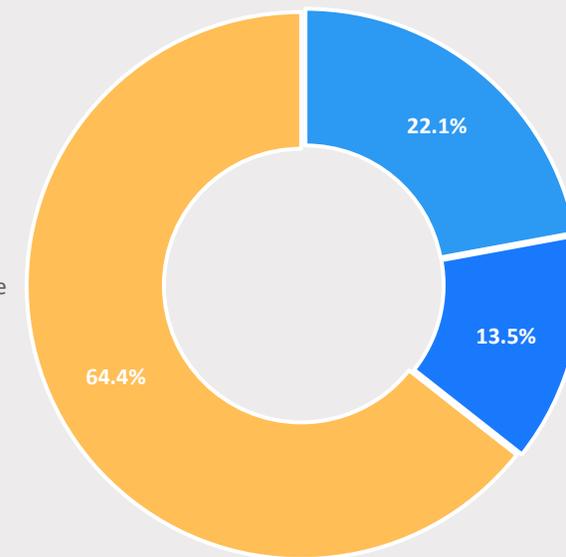
(RMBm)

QoQ
+13.4%



Breakdown of Operating Revenue

- New Consumption-Driven, Location-Based Services Income
- Technology-Driven Platform Services Income
- Credit-Driven Platform Services Income



1. Breakdown of operating revenue for 4Q22

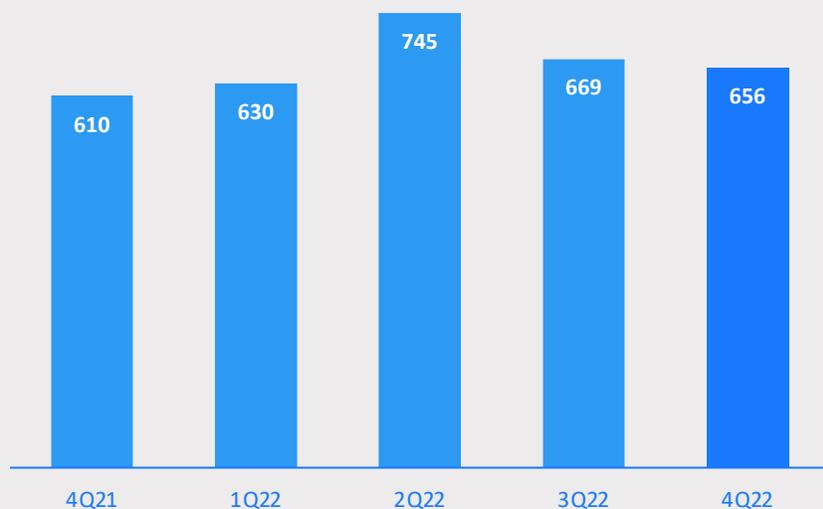
Operational Efficiency Continues to Optimize

Operating Expenses

(RMBm)

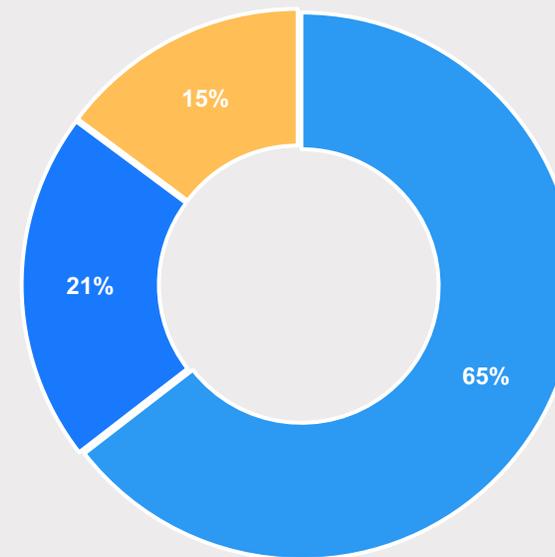
QoQ

-2.1%



Breakdown of Operating Expenses

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



1. Breakdown of operating expenses for 4Q22

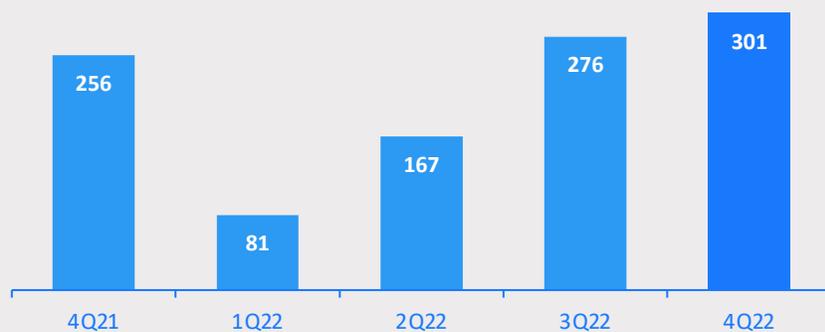
Profitability Held Strong

Net Profit

(RMBm)

QoQ

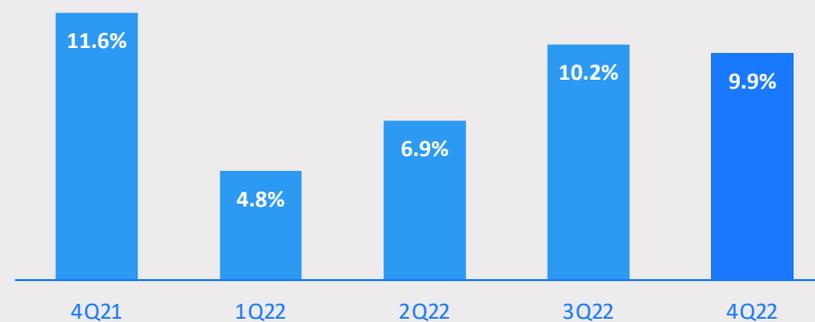
+9.3%



Net Margin

QoQ

-3.0bps



Steady Improvement amid Uncertainties

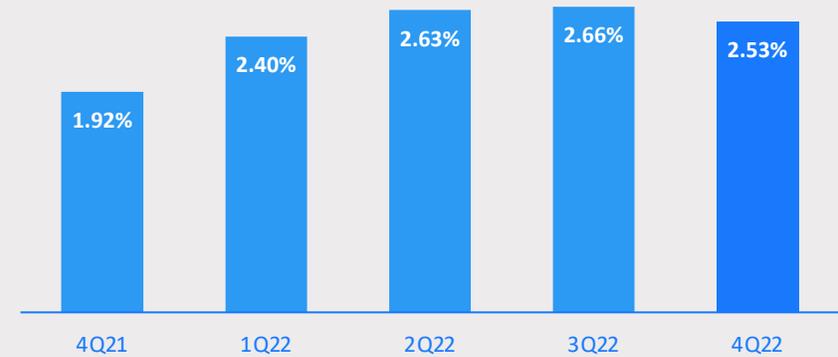
30+ Delinquency Ratio

QoQ
+1bps



90+ Delinquency Ratio

QoQ
-13bps



APR Continues to Fall as Planned

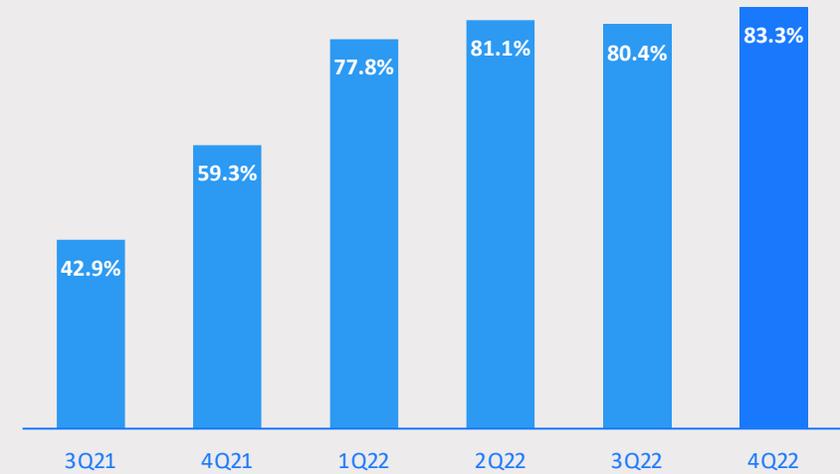
APR

QoQ
-20bps



Mix Within 24% APR

QoQ
+3ppt



1. APR refers to the average pricing of loan originations during each period
2. Mix within 24% APR refers to the percentage of loan originations priced within 24 for each period

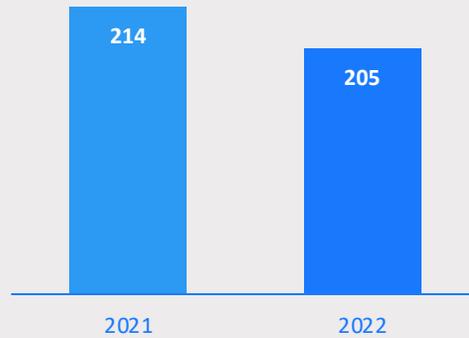
Annual Summary

Loan Originations

(RMBbn)

YoY

-4.3%

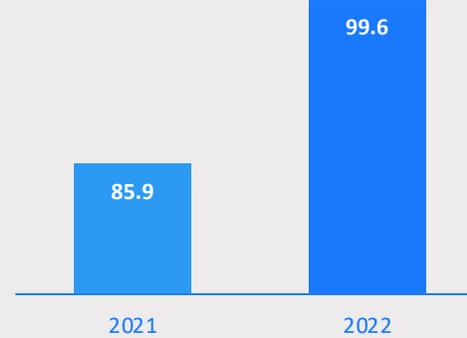


Outstanding Loan Balance

(RMBbn)

YoY

+15.9%

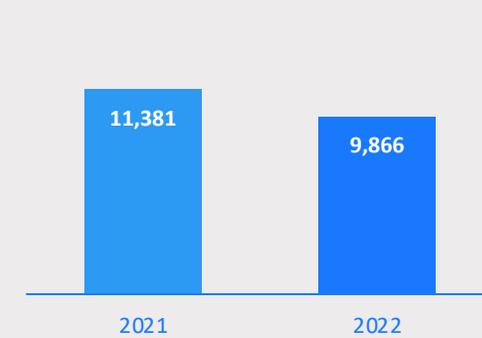


Operating Revenue

(RMBm)

YoY

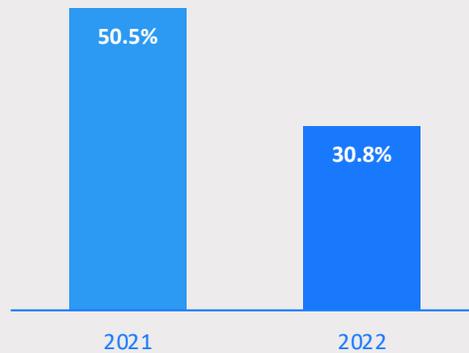
-13.3%



Gross Margin

YoY

-19.8ppt

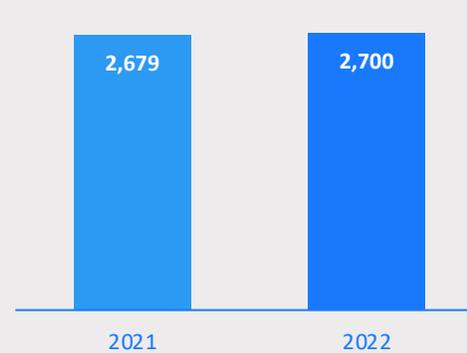


Operating Expenses

(RMBm)

YoY

+0.8%

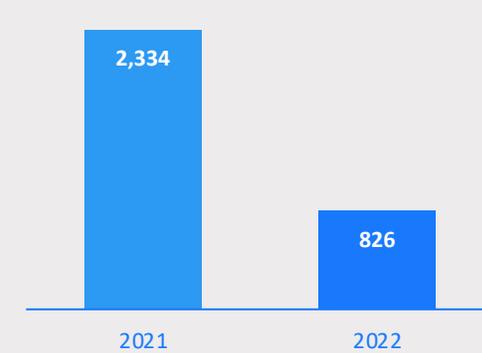


Net Profit

(RMBm)

YoY

-64.6%



03



Appendix



P&L Statement

(In thousands, except for share and per share data)	For the Three Months Ended December 31,			For the Year Ended December 31,		
	2021	2022	US\$	2021	2022	US\$
	RMB	RMB		RMB	RMB	
Operating revenue:						
Credit facilitation service income	1,145,306	1,963,503	284,681	6,955,809	5,963,803	864,670
Loan facilitation and servicing fees-credit oriented	606,029	849,240	123,128	4,448,344	2,486,527	360,513
Guarantee income	171,848	499,662	72,444	774,544	1,453,180	210,691
Financing income	367,430	614,601	89,109	1,732,922	2,024,096	293,466
Tech-empowerment service income	630,924	412,769	59,846	2,762,995	1,845,943	267,637
Loan facilitation and servicing fees-performance based	480,648	266,088	38,579	2,289,452	1,362,639	197,564
Loan facilitation and servicing fees-volume based	57,738	72,346	10,489	279,902	252,460	36,603
Other services	92,538	74,335	10,778	193,641	230,844	33,469
Installment e-commerce platform service income	422,980	673,994	97,720	1,661,720	2,056,065	298,101
Total operating revenue	2,199,210	3,050,266	442,247	11,380,525	9,865,811	1,430,408
Operating cost						
Cost of sales	(462,523)	(656,539)	(95,189)	(1,759,956)	(2,066,804)	(299,658)
Funding cost	(98,222)	(146,375)	(21,222)	(457,615)	(518,069)	(75,113)
Processing and servicing cost	(468,657)	(466,935)	(67,699)	(1,858,901)	(1,875,292)	(271,892)
Provision for financing receivables	98,873	(146,515)	(21,243)	(401,104)	(437,477)	(63,428)
Provision for contract assets and receivables	(44,644)	(131,292)	(19,036)	(531,237)	(465,188)	(67,446)
Provision for contingent guarantee liabilities	(11,780)	(459,252)	(66,585)	(622,438)	(1,468,265)	(212,878)
Total operating cost	(986,954)	(2,006,908)	(290,974)	(5,631,253)	(6,831,095)	(990,416)
Gross profit	1,212,257	1,043,358	151,273	5,749,273	3,034,716	439,993
Operating expenses:						
Sales and marketing expenses	(327,652)	(422,997)	(61,329)	(1,658,904)	(1,685,438)	(244,366)
Research and development expenses	(163,636)	(135,665)	(19,670)	(549,286)	(583,260)	(84,565)
General and administrative expenses	(118,248)	(97,058)	(14,072)	(470,661)	(431,571)	(62,572)
Total operating expenses	(609,536)	(655,720)	(95,071)	(2,678,851)	(2,700,269)	(391,503)
Change in fair value of financial guarantee derivatives and loans at fair value	(340,728)	33,185	4,811	(347,084)	722,381	104,735
Interest expense, net	(12,752)	(8,187)	(1,187)	(63,125)	(55,636)	(8,066)
Investment related impairment	(0)	-	-	(0)	(0)	(0)
Investment loss	(107)	(38,423)	(5,571)	(4,160)	(33,944)	(4,921)
Other, net	53,591	(608)	(88)	113,480	61,321	8,891
Income before income tax expense	302,725	373,605	54,167	2,769,534	1,028,569	149,129
Income tax expense	(47,115)	(72,302)	(10,483)	(435,418)	(202,640)	(29,380)
Net income	255,610	301,303	43,684	2,334,116	825,929	119,749

Balance Sheet (1)

(In thousands)	As of		US\$
	December 31, 2021	December 31, 2022	
	RMB	RMB	
ASSETS			
Current assets			
Cash and cash equivalents	2,664,132	1,494,150	216,631
Restricted cash	1,305,435	1,267,512	183,772
Restricted time deposits	1,745,898	1,331,858	193,101
Short-term financing receivables, net	3,772,975	6,397,920	927,611
Short-term contract assets and receivables, net	4,486,649	3,894,175	564,602
Deposits to insurance companies and guarantee companies	1,378,489	2,249,022	326,078
Prepaid expenses and other current assets	1,194,120	1,086,952	157,593
Amounts due from related parties	6,337	6,602	957
Inventories, net	47,816	53,917	7,817
Total current assets	16,655,364	17,782,108	2,578,162
Non-current Assets			
Restricted cash	149,247	168,521	2,578,162
Long-term financing receivables, net	241,127	460,325	66,741
Long-term contract assets and receivables, net	346,234	605,051	87,724
Property, equipment and software, net	195,330	284,593	41,262
Land use rights, net	966,067	931,667	135,079
Long-term investments	469,064	348,376	50,510
Deferred tax assets	1,176,878	1,141,761	165,540
Other assets	826,883	1,048,301	151,989
Total Non-current Assets	4,370,830	4,988,595	3,277,007
TOTAL ASSETS	21,026,194	22,770,703	5,855,169

Balance Sheet (2)

(In thousands)	As of		US\$
	December 31, 2021	December 31, 2022	
	RMB	RMB	
LIABILITIES			
Current liabilities			
Accounts payable	15,705	25,970	3,765
Amounts due to related parties	23,102	4,669	677
Short-term borrowings	1,799,741	1,168,046	169,351
Short-term funding debts	3,101,381	4,385,253	635,802
Deferred guarantee income	419,843	894,858	129,742
Contingent guarantee liabilities	928,840	882,107	127,893
Accrued expenses and other current liabilities	3,898,508	3,057,469	443,291
Convertible loans	-	2,063,545	299,186
Total current liabilities	10,187,120	12,481,917	1,809,707
Non-current liabilities			
Long term borrowings	-	150,430	21,810
Long-term funding debts	696,852	1,334,105	193,427
Deferred tax liabilities	54,335	52,559	7,620
Convertible notes	1,882,689	-	-
Other long-term liabilities	137,389	102,941	14,925
Total Non-current Liabilities	2,771,265	1,640,035	237,782
TOTAL LIABILITIES	12,958,385	14,121,952	2,047,489
SHAREHOLDERS' EQUITY:			
Class A Ordinary Shares	180	191	29
Class B Ordinary Shares	57	47	8
Treasury stock	-	(328,764)	(47,666)
Additional paid-in capital	2,918,993	3,081,257	446,740
Statutory reserves	901,322	1,022,592	148,262
Accumulated other comprehensive loss	11,273	(20,842)	(3,022)
Retained earnings	4,195,791	4,894,270	709,600
Non-controlling interests	40,193	-	-
TOTAL SHAREHOLDERS' EQUITY	8,067,809	8,648,751	1,253,951
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	21,026,194	22,770,703	3,301,440