

LEXIN 乐信

# Investor Presentation

June 2021



01

**WHO  
WE ARE** 



# We are a Leading Fast-Growing Consumer Finance Enabler in China

## LEXIN 乐信

New Generation Consumers



**131.8 mm+**  
Registered Users<sup>1</sup>

分期乐

Fenqile



Lehua Card



乐卡  
Membership Program



Le Installment

*Just right is just perfect*

Founded in 2013

Technology-empowered  
consumption scenarios

New Retail Merchants



Customer  
Touchpoints

Payment / Credit  
Solutions

Co-branded  
Loyalty  
Programs

**79 mm**

# of Transactions<sup>3</sup>

**7.75 mm**

Merchants Connected  
to Lehua Card<sup>2</sup>

**RMB1.2 bn**

GMV of Fenqile<sup>3</sup>

Accessible credit and  
superior user experience

Financial Partners



Technology

Risk  
Operations

Customer  
Services

**~100**

Funding Partners<sup>2</sup>

**RMB53.8 bn**

Loan Originations<sup>3</sup>

**RMB82.4 bn**

Loan Balance<sup>2</sup>

Source: Company information

1. As of March 31, 2021

2. As of March 31, 2021

3. In 3M 2021

# We Serve the Ever-growing New Generation Consumers in China

## New Generation Consumers



### Customer Features



High Growth /  
Income Potential



High Consumption  
Needs



Strong Desire  
to Build Credit



Strong Pursuit of  
Customer Experience

**26.0 Years Old**

Average Customer<sup>1</sup> Age  
As of March 31, 2021

**13K RMB**

Average Credit Limit  
in 1Q 2021

**8.2 mm**

Active Customers  
in 1Q 2021

### Lexin's Value Proposition



High Quality and  
Tailor-made  
Products



Flagship E-commerce  
Platform & Merchants  
Partnership

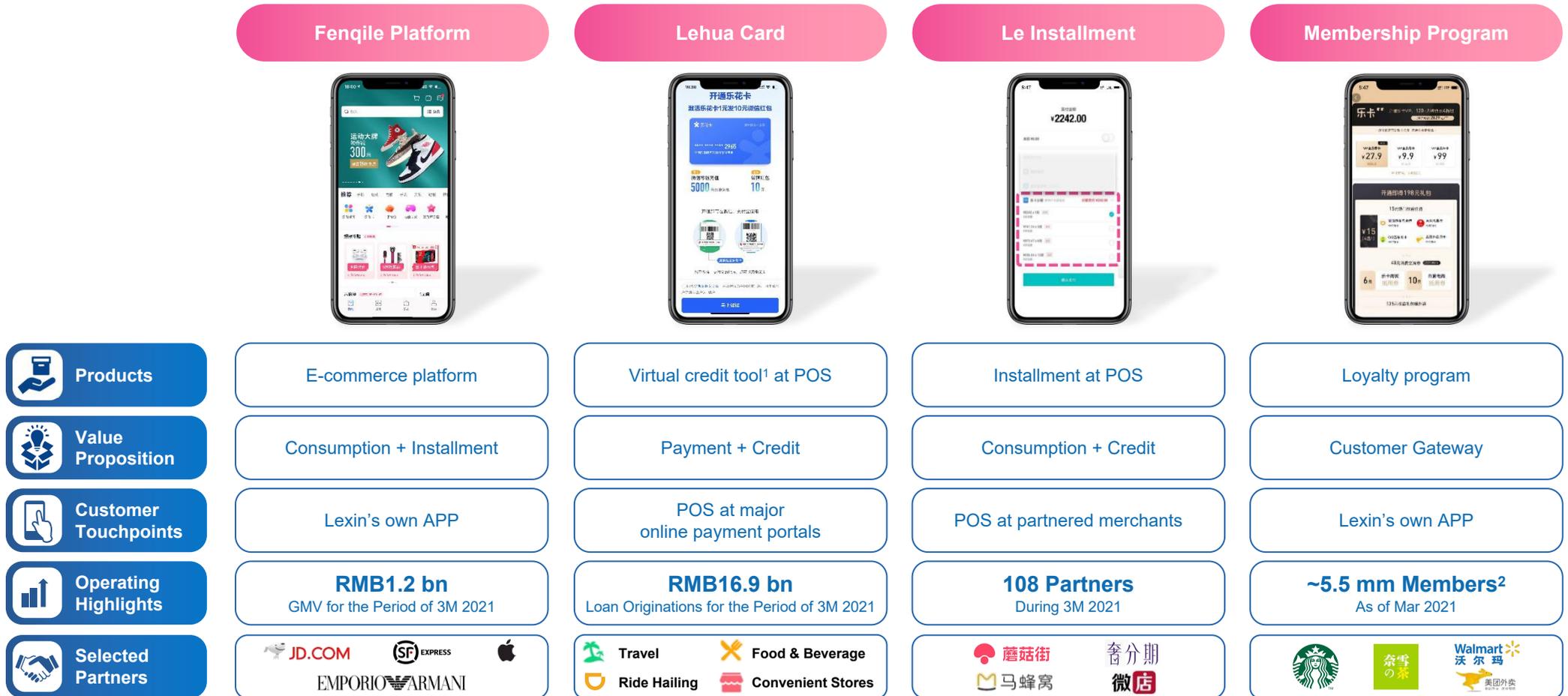


Customers' First  
Touchpoint for Credit and  
Lifetime Credit Growth



Plug-in APP &  
Frictionless  
Customer Journey

# We Connect Consumers to Our Flagship Products through Omni-Channels...



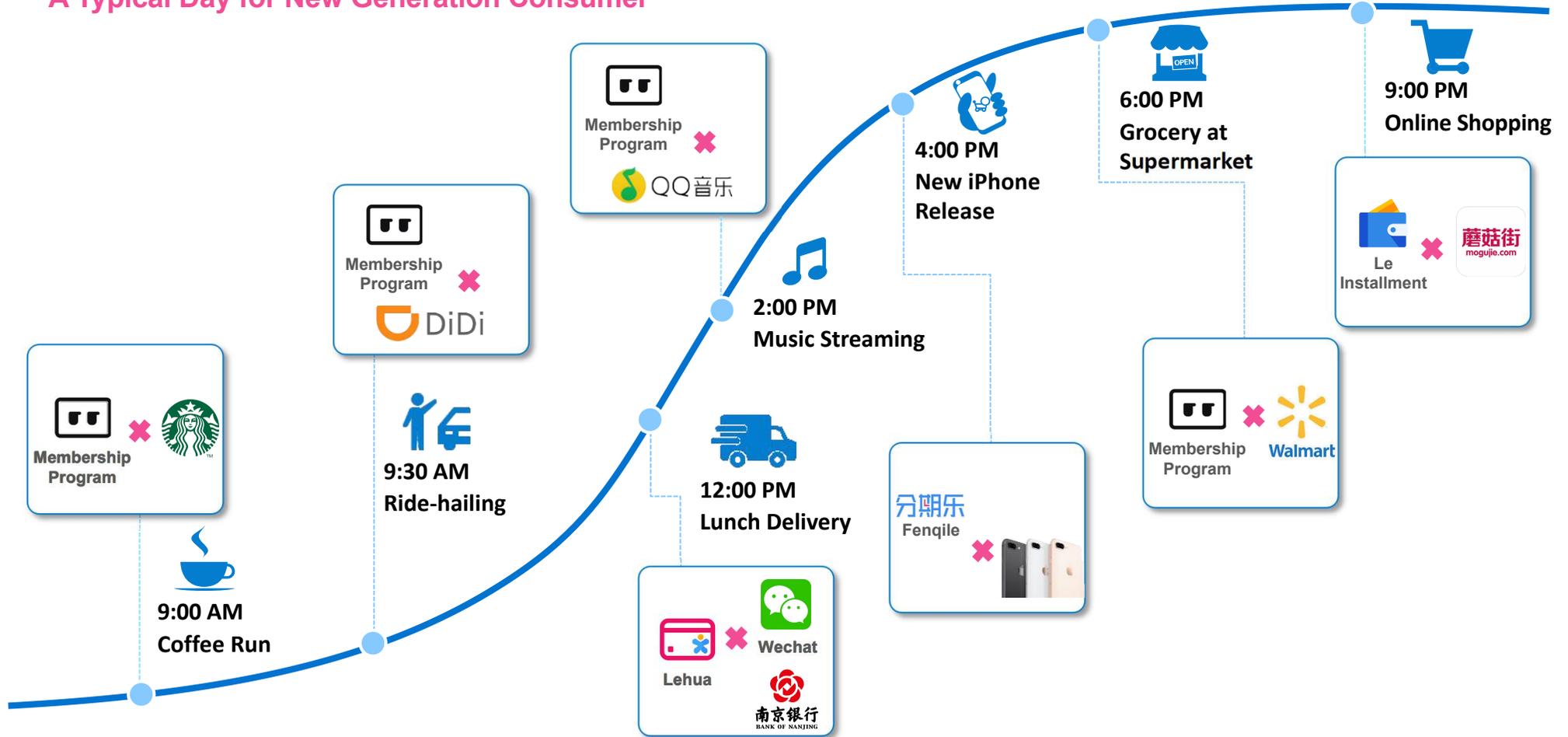
Source: Company filings

1. From partnership with banks who provides the Type II account

2. Including Le Card and Lehei Card

# ...by Offering Seamless Customer Experiences to New Generation Customers

## — A Typical Day for New Generation Consumer



# We Have Extensive Merchant Relationships



One card at hand, creating value for every penny spent



Benefit Card



Co-branded Card



Bonus Card

# We Enable Financial Institutions through Our FinTech Capabilities

Superior Technology Solutions and...



*Lingxi*  
AI Platform



*Hawkeye*  
Engine



*Wormhole*  
System



**100% New Loans**

**Facilitated from Institutional  
Funding**

...Diversified and Flexible Cooperation Models



*Credit  
Facilitation*



*Profit / Risk  
Sharing*



*Borrowers  
Referral*



*Technology  
Enablement*



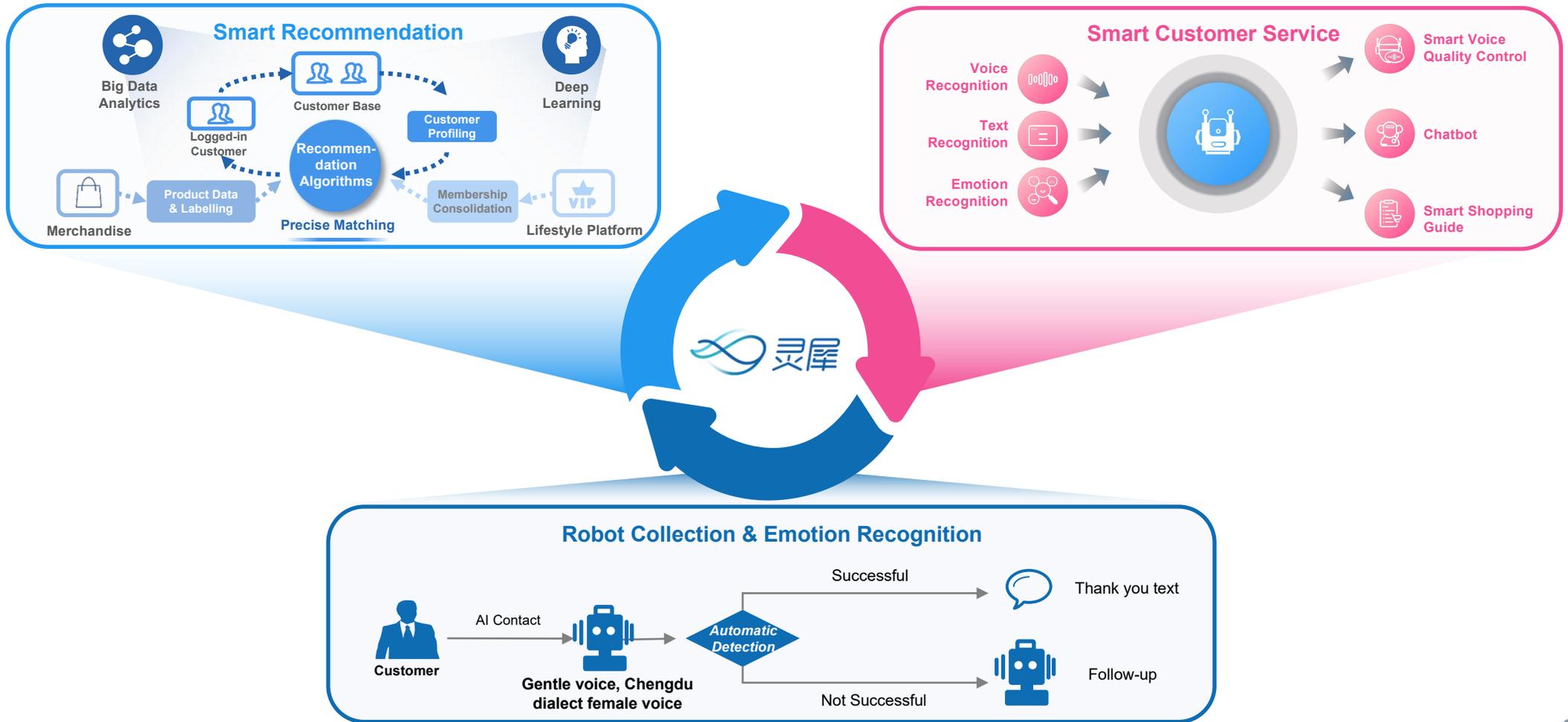
# Our Scalable Platform Underpinned by Cutting-edge Technologies



# 02 OUR TECHNOLOGIES —



# Our Unique Lingxi AI Platform to Bring Superior Customer Experience



# Our Advanced and Customized Credit Risk Management

— Hawkeye Engine: Automated and Dynamic Credit Approval



Social Media Information



Bank Account Information, Email and Phone Number Data



Traditional Credit Attributes and Application Information



Website/App Behavior, GPS Data, Internal Information



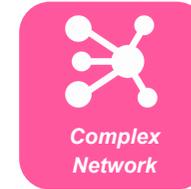
6,200 + Decision rules  
24,300 + Potential Data Variables

Within *Seconds* to arrive at ...

Yes/No

Approved Credit Line Amount

~99.8% of loan applications are handled automatically



Complex Network

Community Clustering

Assessing individual based on the network



User Behavior Risk Analysis

In-App behavior pattern

Matching user behavior with identified fraudulent patterns



LBS Risk Assessment

Location clustering

Assessing risk based on user location data



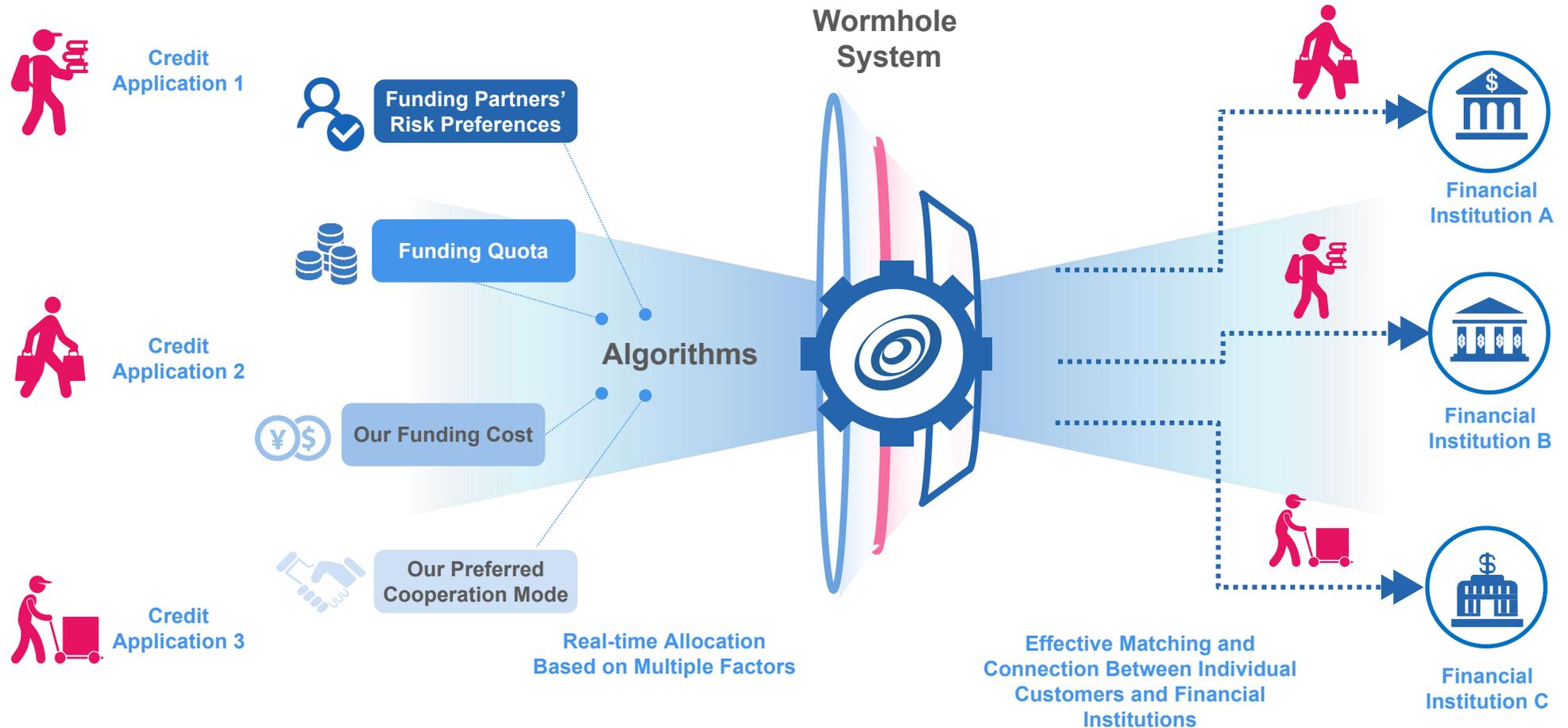
Delivery Address Cluster Analysis

Precise address clustering

Identifying high-risk address groups

# Our Industry-leading Funding and Asset Allocation Technologies

— Wormhole System: Effective Connection between Individual Customers and Financial Institutions



03

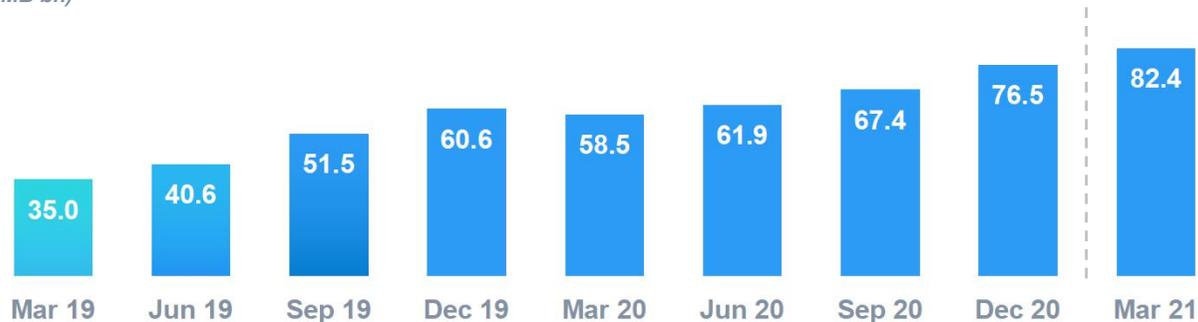
**OUR OPERATION &  
FINANCIAL METRICS**



# Stable Business Growth

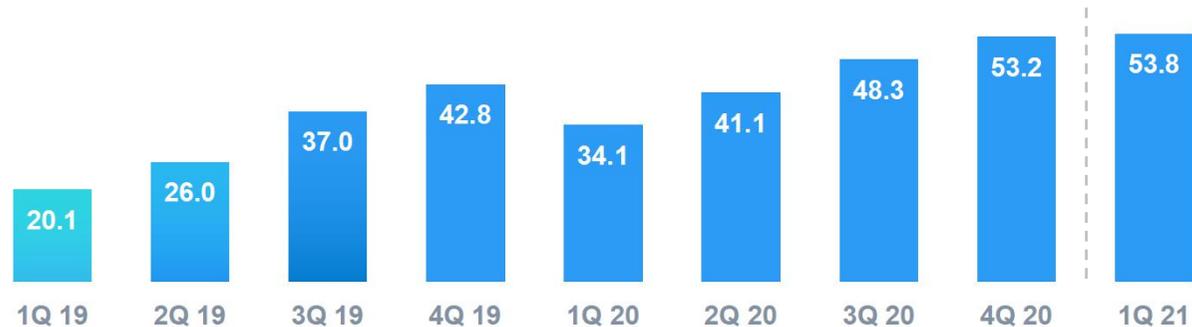
## — Total Outstanding Loan Balance<sup>1</sup>

(RMB bn)



## — Total Loan Originations<sup>2</sup>

(RMB bn)



## — Key Metrics of Our Loan Products

Nominal APR

**15.5%**  
For 1Q 2021

Average  
Credit Limit

**RMB13K**  
For 1Q 2021

Average  
Loan Tenor

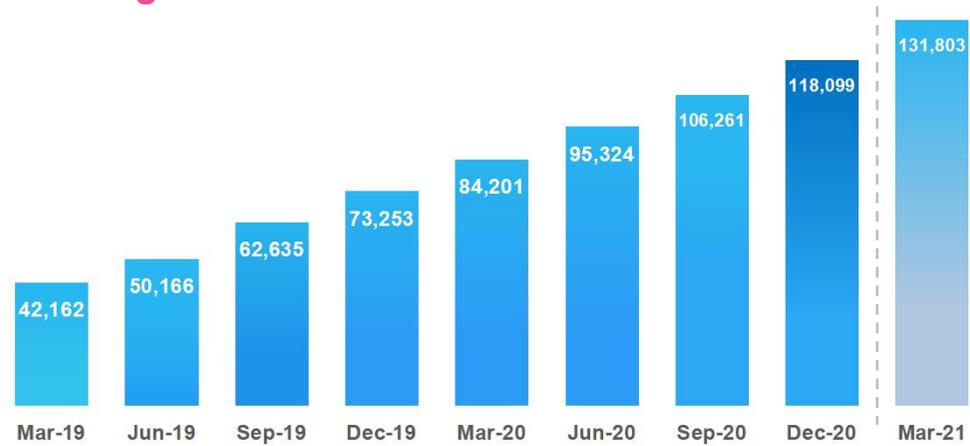
**11.7 Months**  
For 1Q 2021

<sup>1</sup> Outstanding principal balance represents the total amount of principal outstanding for loans originated on our platform at the end of the relevant period, which includes both on and off-balance sheet loans

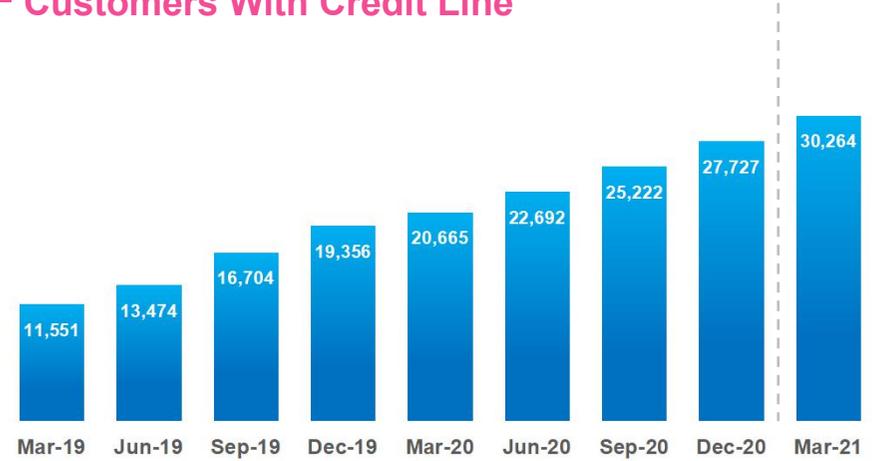
<sup>2</sup> Total loan origination represents the total amount of loans originated during each relevant period, which includes both on and off-balance sheet loans

# Strong Customer Acquisition *(in thousands)*

## Registered Customers



## Customers With Credit Line



## Active Customers



## New Active Customers



# More Resilient Business Mix

## — Total Operating Revenue

(RMB mm)

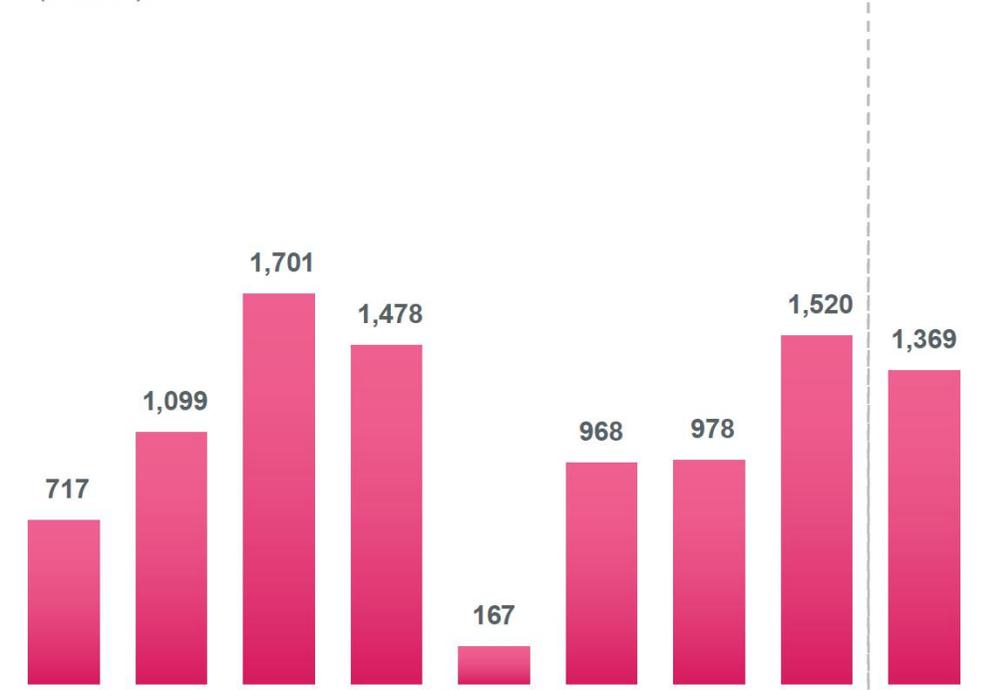


1Q 2019 2Q 2019 3Q 2019 4Q 2019 1Q 2020 2Q 2020 3Q 2020 4Q 2020 1Q 2021

■ Online direct sales and services income  
 ■ Credit-oriented services income  
 ■ Platform-based services income

## — Gross Profit

(RMB mm)



1Q 2019 2Q 2019 3Q 2019 4Q 2019 1Q 2020 2Q 2020 3Q 2020 4Q 2020 1Q 2021

# Diversified Funding Channels and Stable Funding Cost

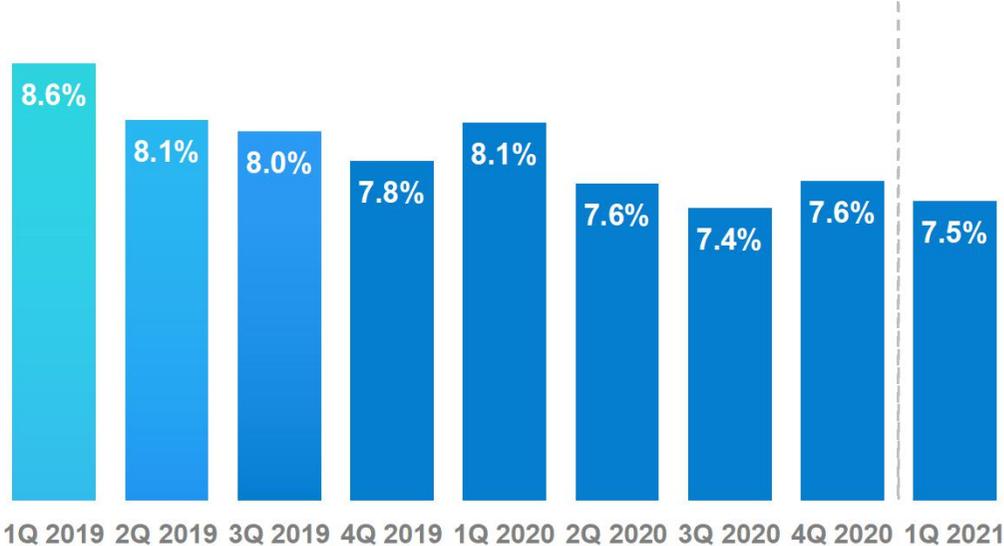
— Profit / Risk-Sharing Model

— Weighted Average Interest Rate of Institutional Funding Partners

**% of New Loans Facilitated via Profit / Risk-Sharing Cooperation Model with Financial Institutions**



**Continued optimization of funding cost<sup>1</sup>**  
(Off b/s loans, excludes intermediary payments and guarantee costs)

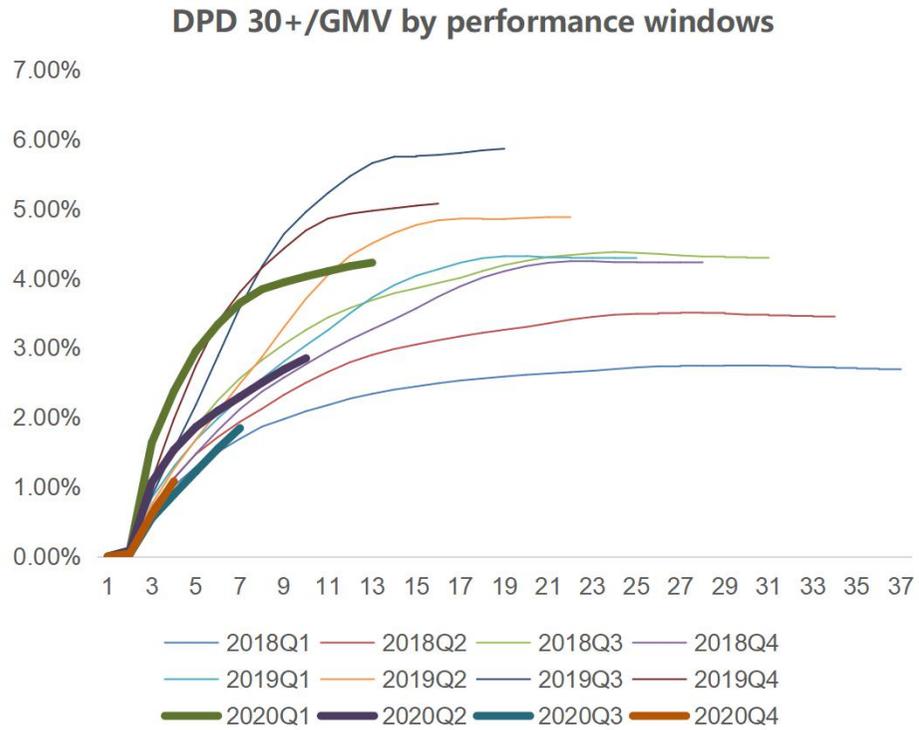


<sup>1</sup> Annualized weighted average interest rate charged to customer by funding partners.

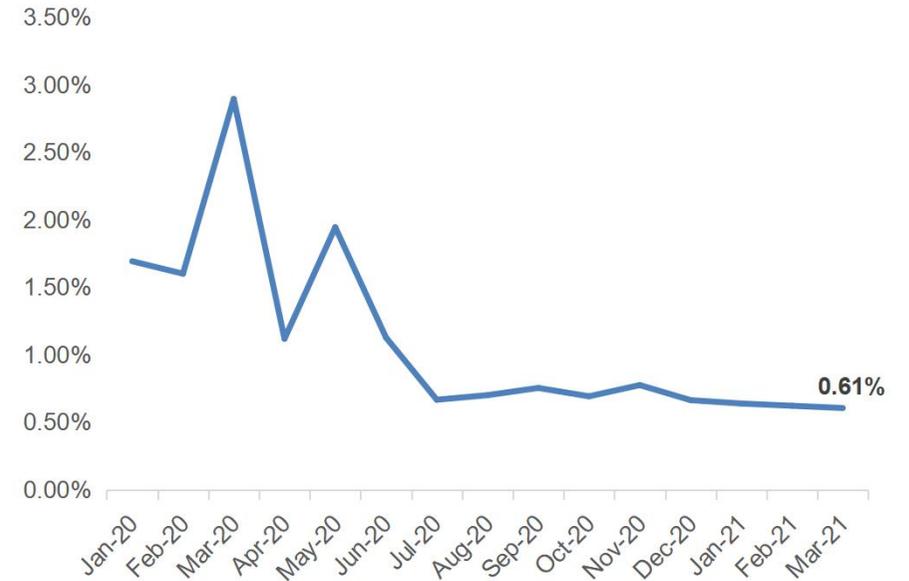


# Credit Statistics

## 30-day delinquency by vintage

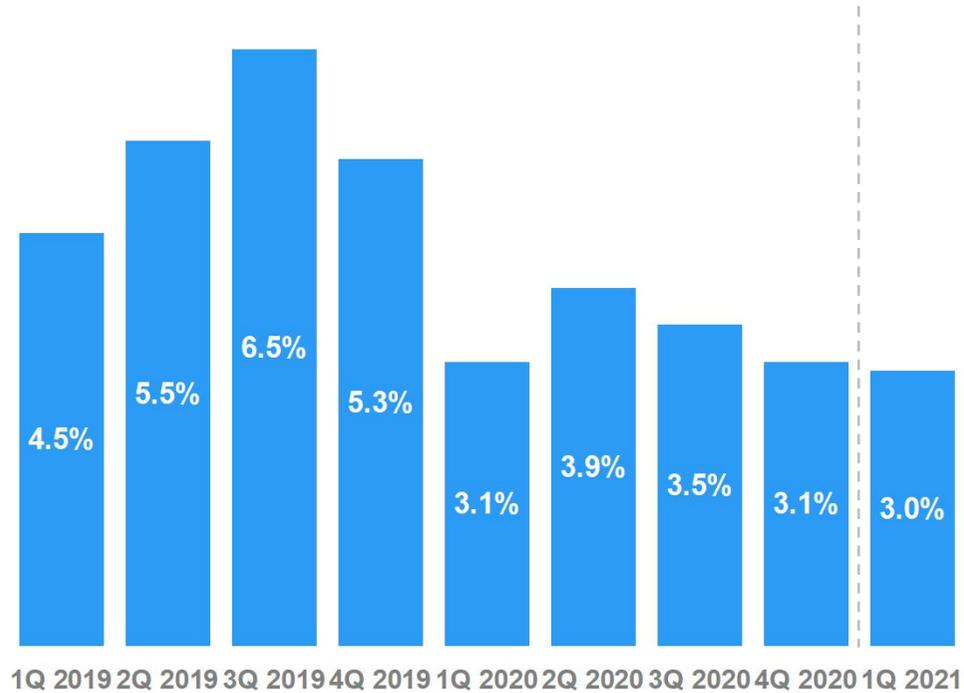


## First payment default 30+ for new originations

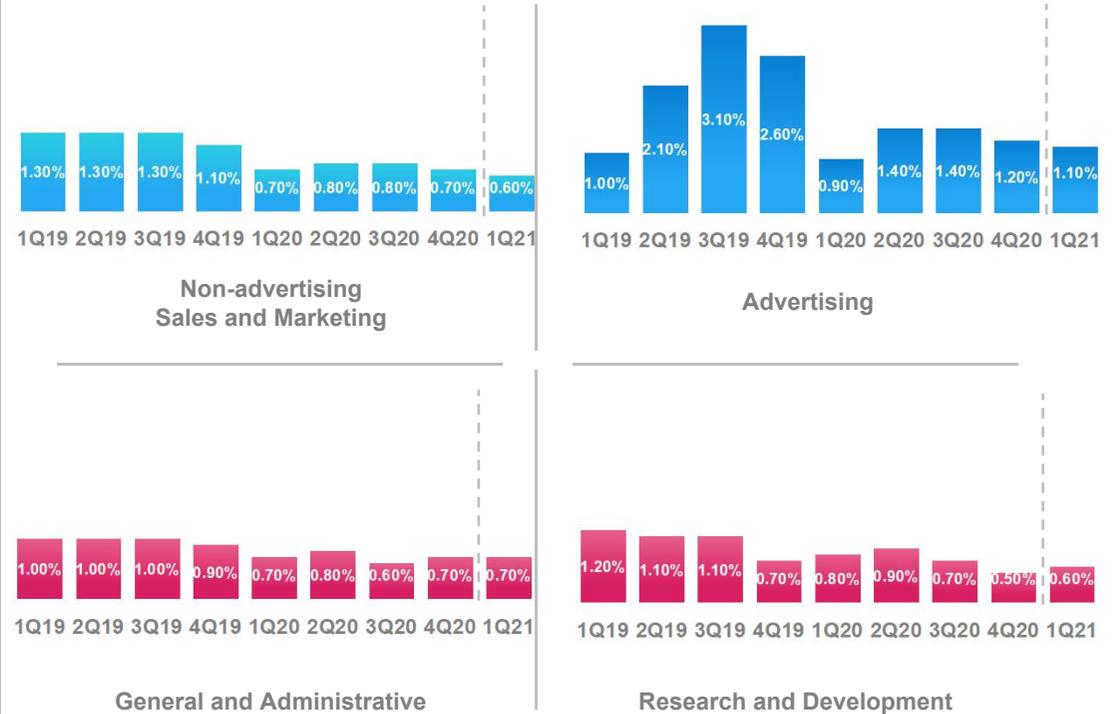


# Well-maintained Operating Efficiency

## — Total Operating Expense<sup>1</sup>/Average Loan Balance<sup>2</sup>



## — Operating Expense Breakdown<sup>1</sup>/Average Loan Balance<sup>2</sup>

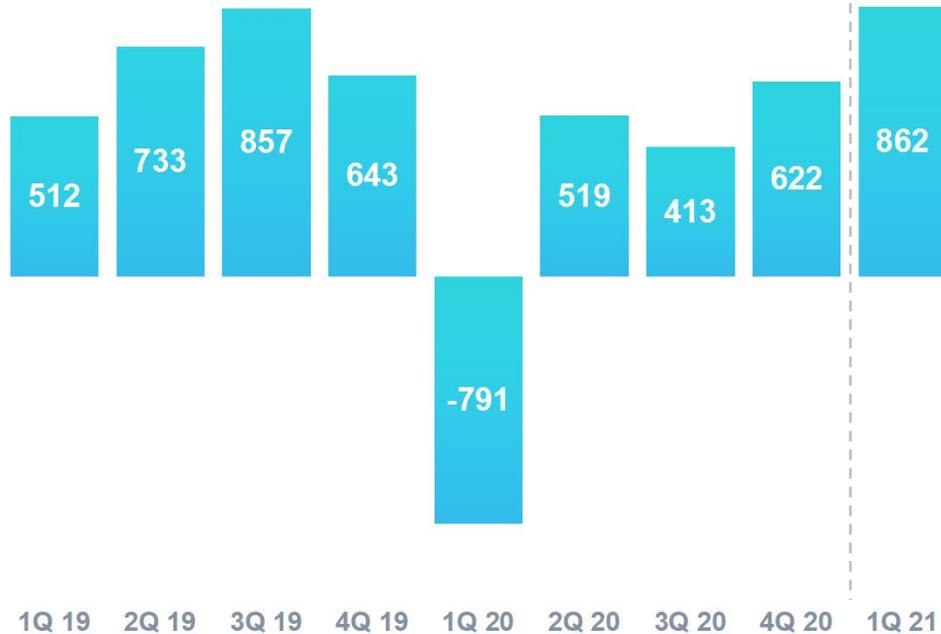


<sup>1</sup> Annualized

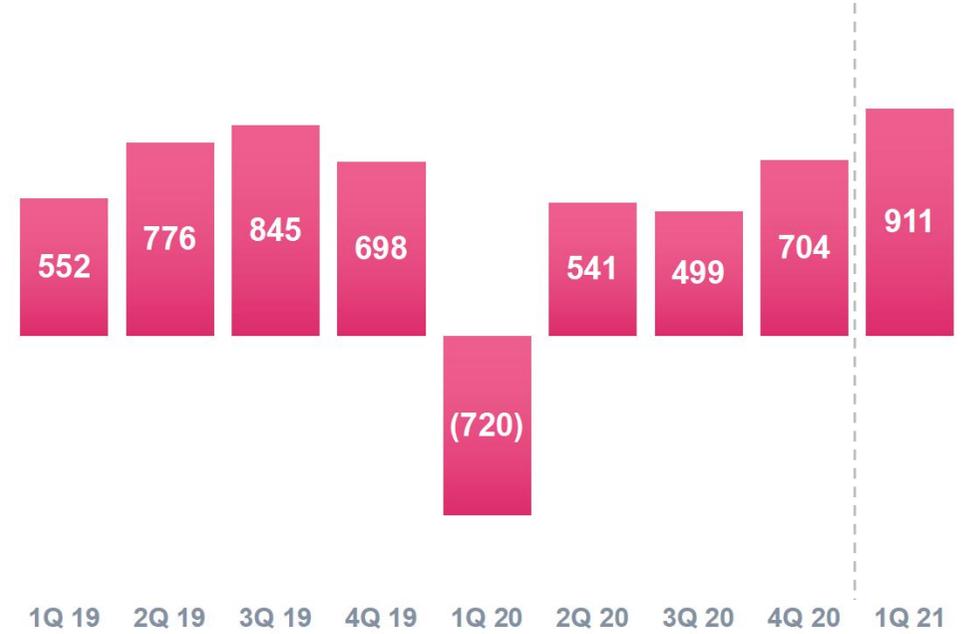
<sup>2</sup> Average loan balance represents the average beginning and ending outstanding principal loan balance on and off-balance sheet of respective year.

# Profitability Has Returned to Pre-COVID19 Level

— EBIT (GAAP Measure)<sup>1</sup>  
(RMB mm)



— EBIT (Non-GAAP)<sup>2</sup>  
(RMB mm)



The decrease in 1Q 20 EBIT was primarily due to (1) change of accounting policies (adoption of ASC 326 and 460) and (2) negative impacts due to COVID-19

<sup>1</sup> Net (loss)/income plus income tax (benefit)/expense and interest expense, net

<sup>2</sup> Adjustments include share-based compensation expenses, investment-related impairment and investment loss

<sup>3</sup> Includes a negative impact of approximately RMB0.9 billion resulting from estimates of expected credit losses and fair value changes of guarantee derivatives in association with the ongoing Covid-19 pandemic