

LEXIN 乐信

# Investor Presentation

September 2020



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**WHO  
WE ARE** 



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



Source: Company information

1. As of Aug 11, 2020

2. As of Jun 30, 2020

3. In 1H2020

# 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

**25 Years Old**

Average Customer<sup>1</sup> Age  
As of Jun. 30, 2020

**10K RMB**

Average Credit Limit  
in 2Q2020

**6.8M**

Active Customers  
in 2Q2020

### Lexin's Value Proposition



High Quality and  
Tailor-made  
Products



Flagship E-commerce  
Platform & Merchants  
Partnership



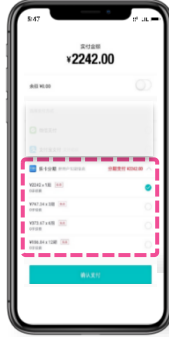












Customers' First  
Touchpoint for Credit and  
Lifetime Credit Growth



Plug-in APP &  
Frictionless  
Customer Journey

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

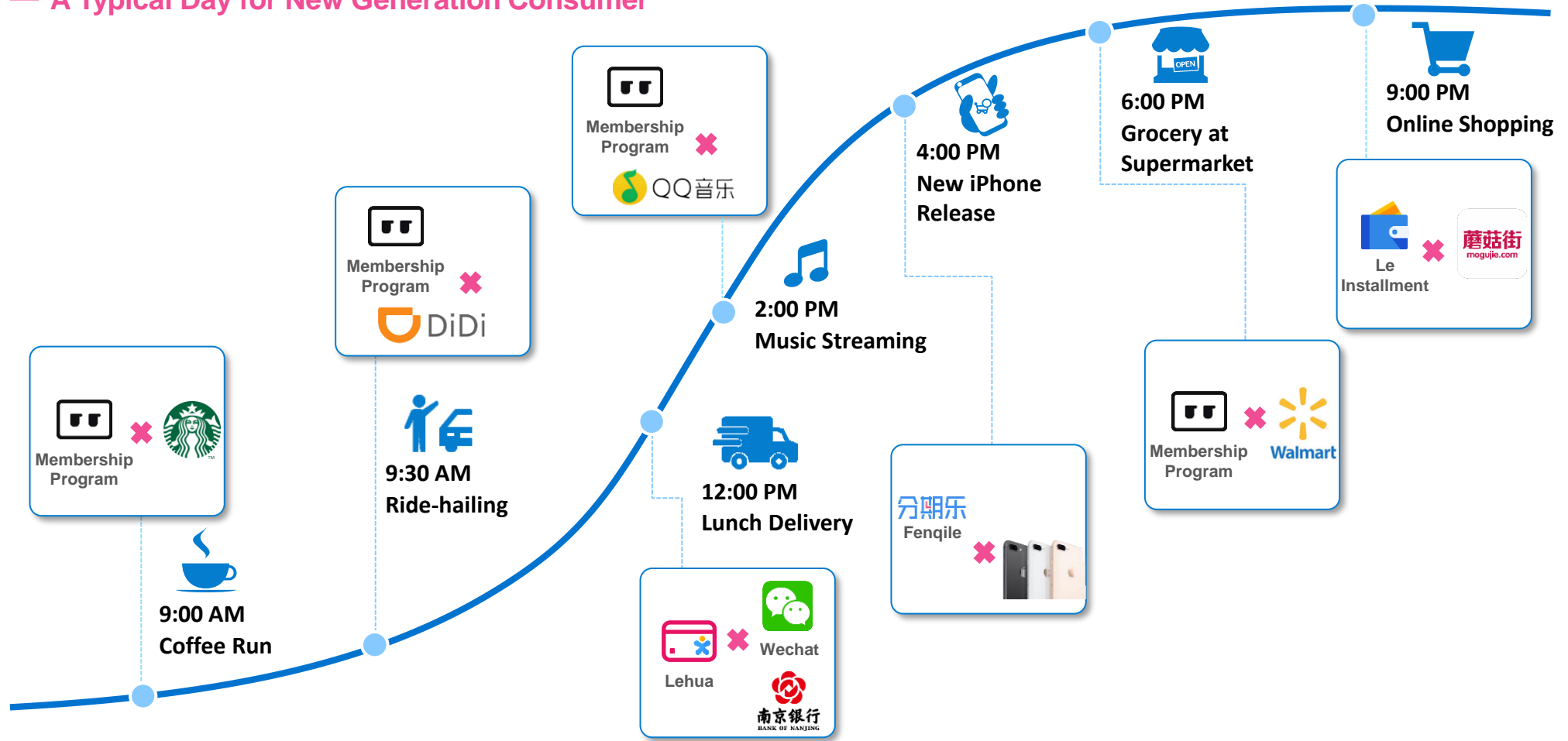
	Fenqile Platform	Lehua Card	Le Installment	Membership Program
				
 Products	E-commerce platform	Virtual credit tool <sup>1</sup> at POS	Installment at POS	Loyalty program
 Value Proposition	Consumption + Installment	Payment + Credit	Consumption + Credit	Customer Gateway
 Customer Touchpoints	Lexin's own APP	POS at major online payment portals	POS at partnered merchants	Lexin's own APP
 Operating Highlights	<b>RMB2.6 bn</b> GMV for the Period of 1H2020	<b>RMB22.2 bn</b> Loan Originations for the Period of 1H2020	<b>80 Partners</b> During 1H2020	<b>~2mm Members<sup>2</sup></b> As of 1H2020
 Selected Partners				

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

## ...Diversified and Flexible Cooperation Models



Credit  
Facilitation



Profit / Risk  
Sharing



Borrowers  
Referral



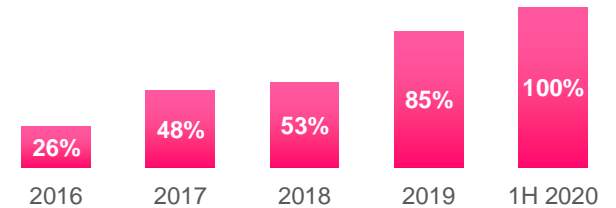
Technology  
Enablement

## ...Lead to Increasing Institutional Funding

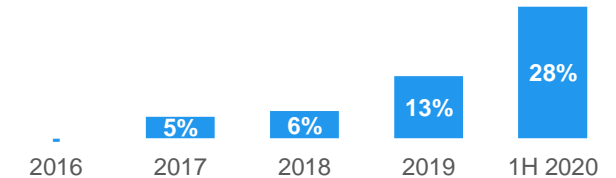
Total New Loans Facilitated (RMB bn)



■ % New Loans Facilitated from Institutional Funding

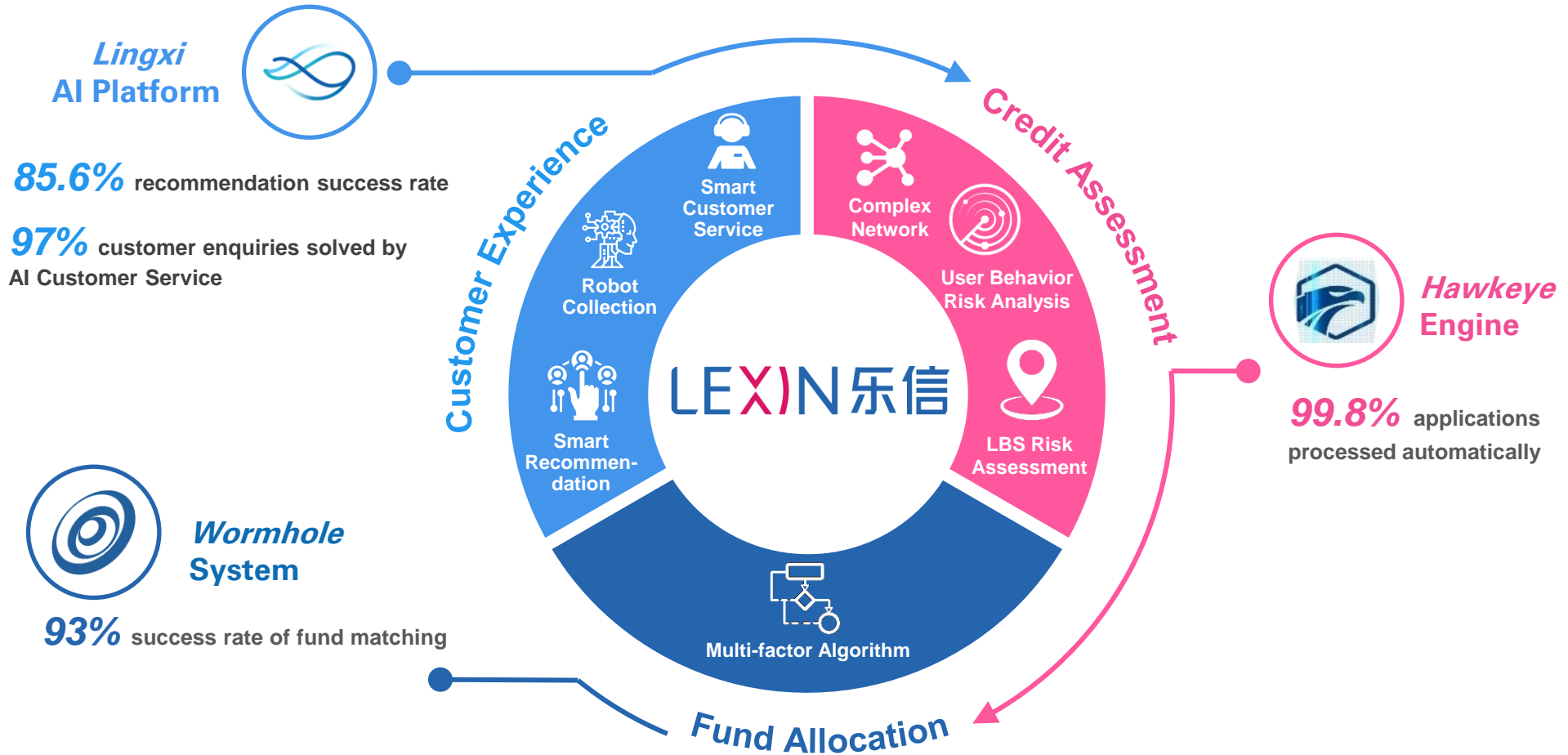


■ % of New Loans Facilitated via Profit / Risk-Sharing Cooperation Model with Financial Institutions





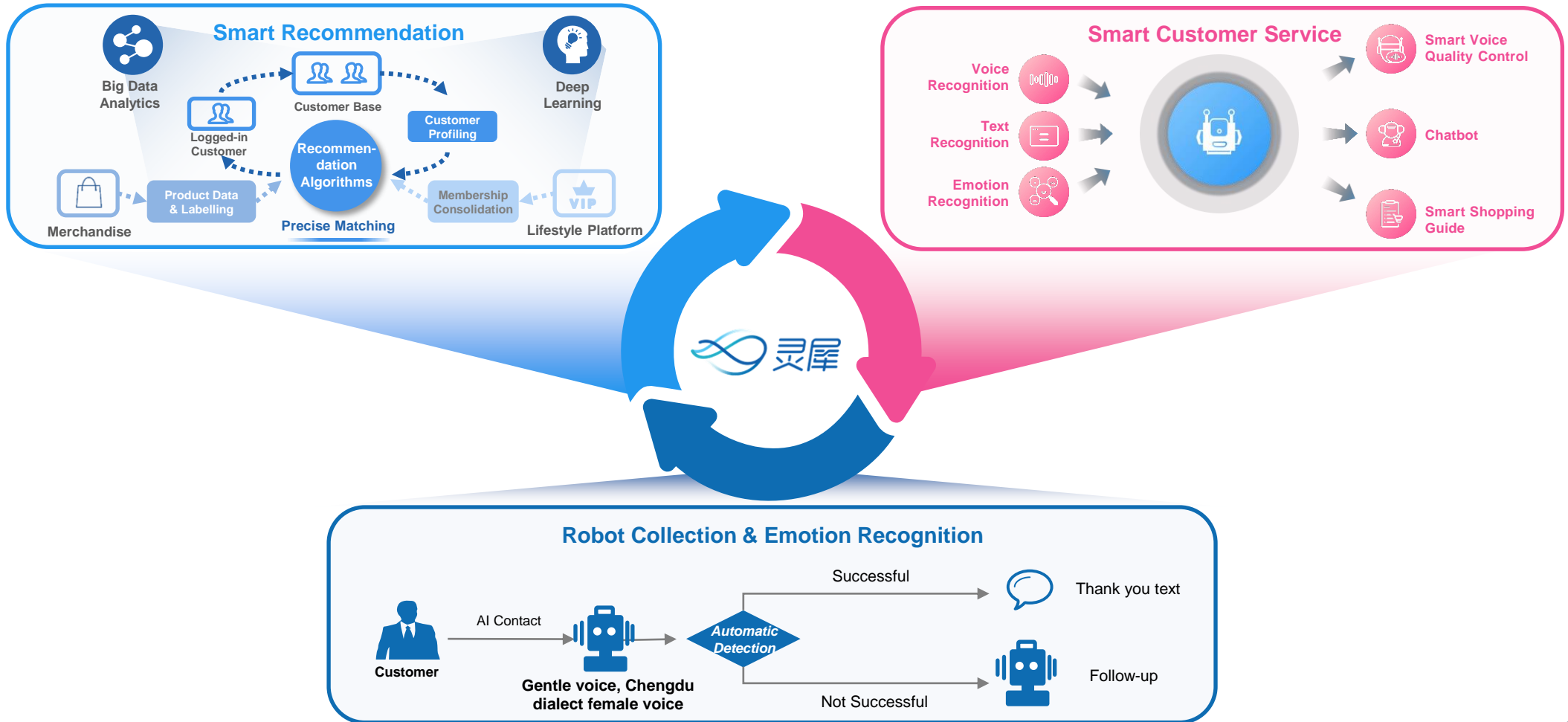
# Our Scalable Platform Underpinned by Cutting-edge Technologies



# 02 OUR TECHNOLOGIES —

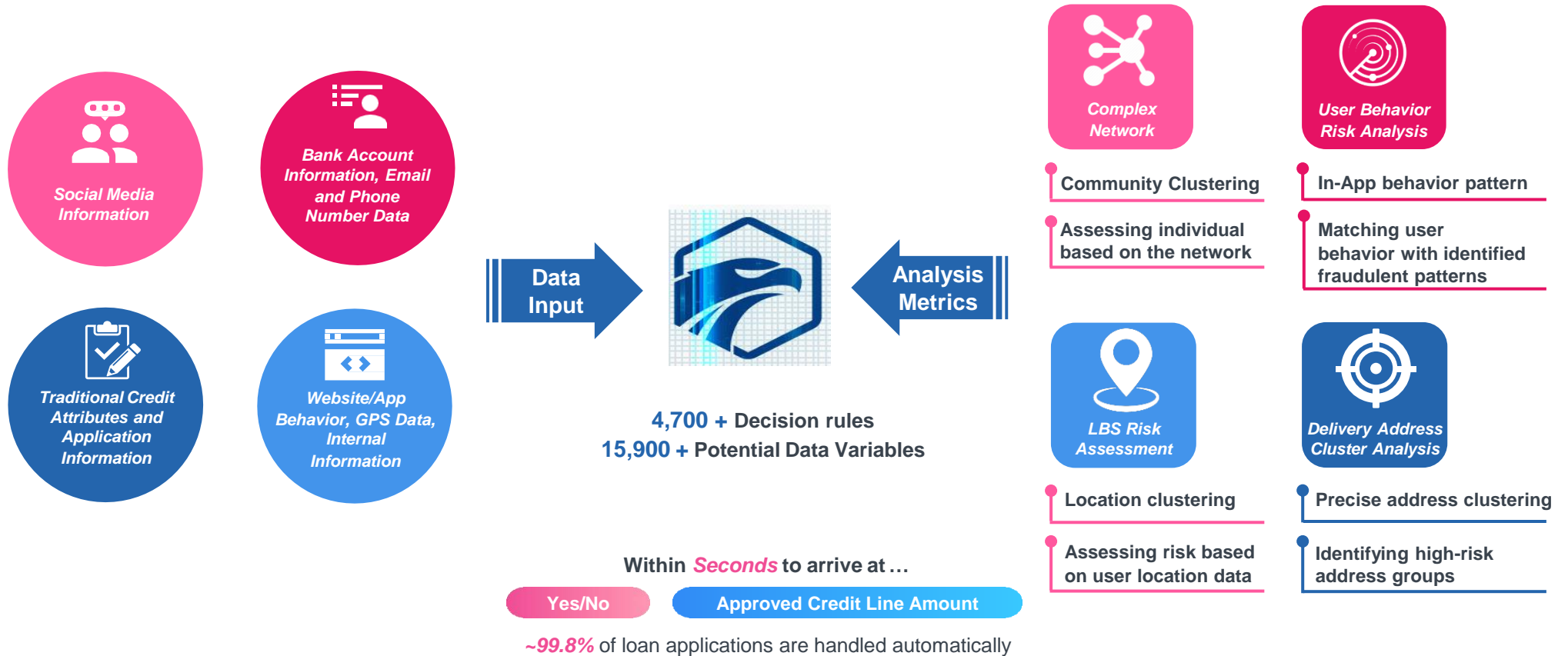


# Our Unique Lingxi AI Platform to Bring Superior Customer Experience



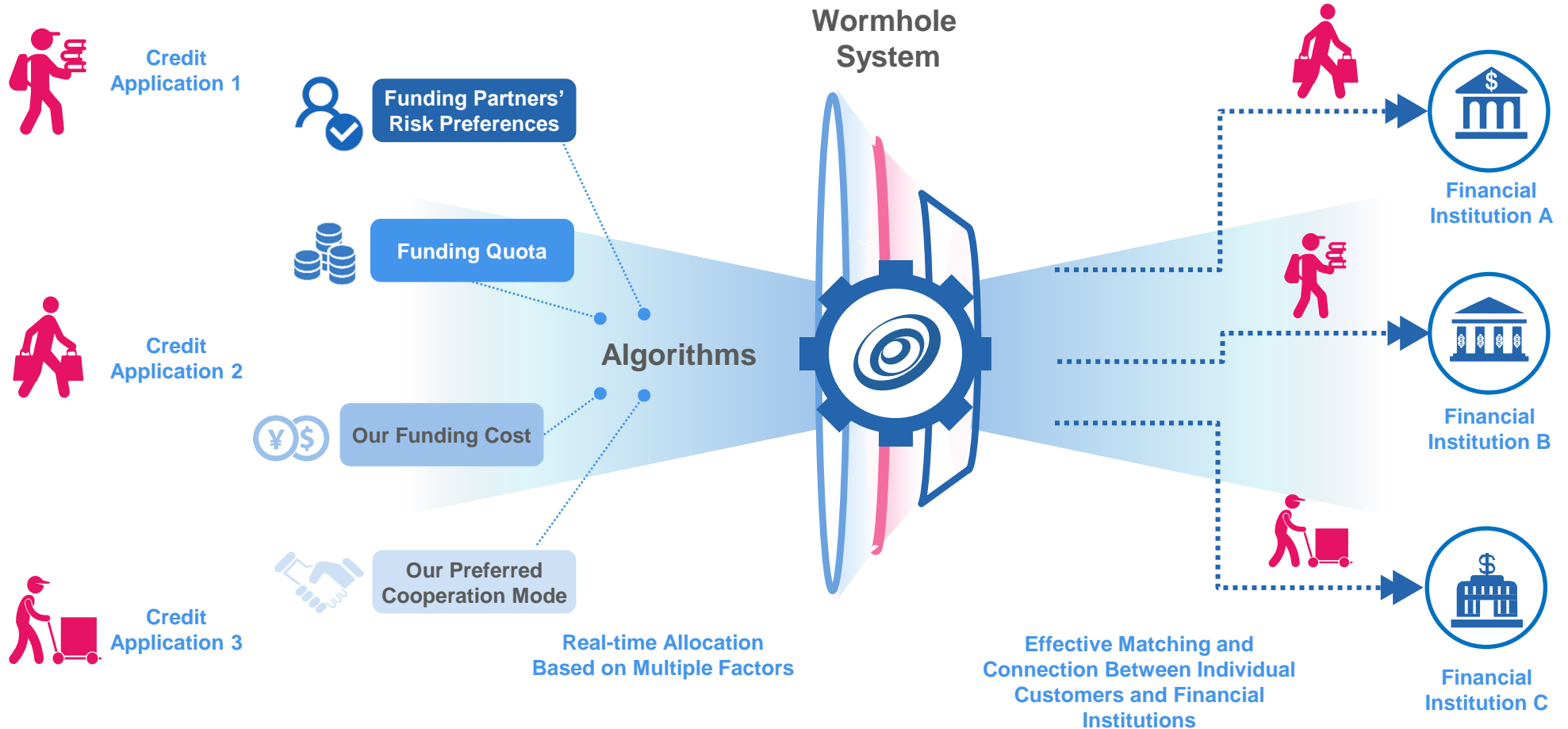
# Our Advanced and Customized Credit Risk Management

— Hawkeye Engine: Automated and Dynamic Credit Approval



# Our Industry-leading Funding and Asset Allocation Technologies

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



03

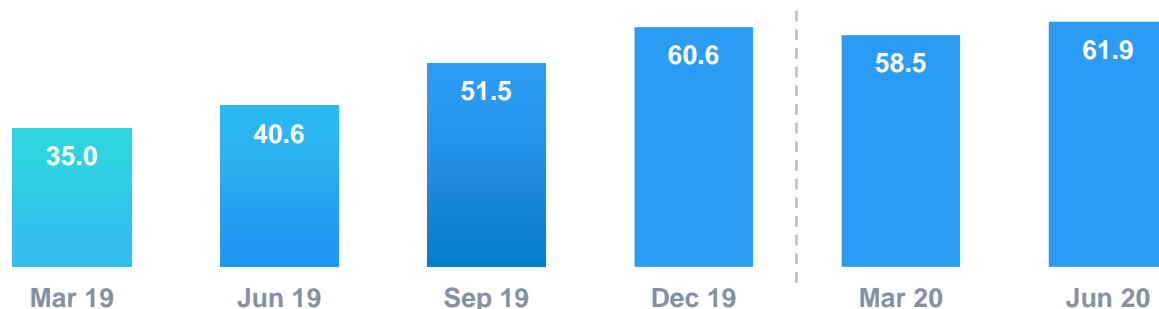
## OUR OPERATION & FINANCIAL METRICS



# Stable Business Growth

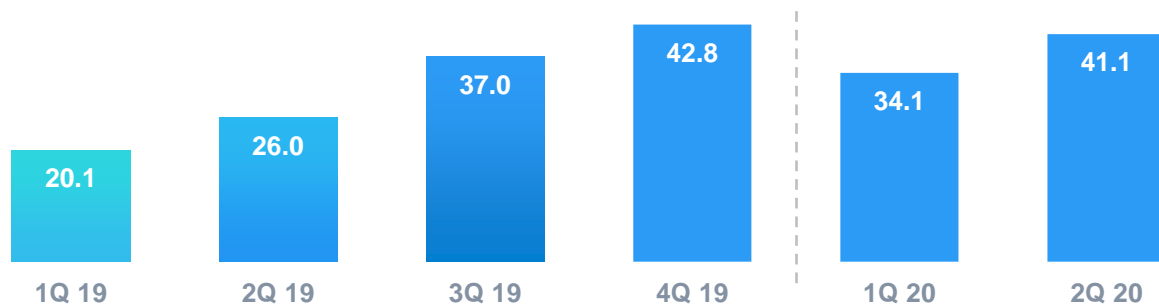
## — Total Outstanding Loan Balance<sup>1</sup>

(RMB bn)



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

(RMB bn)



## — Key Metrics of Our Loan Products

Weighted  
Average APR

**26.5%**  
For 2Q 2020

Average  
Credit Limit

**RMB10K**  
For 2Q 2020

Average  
Loan Tenor

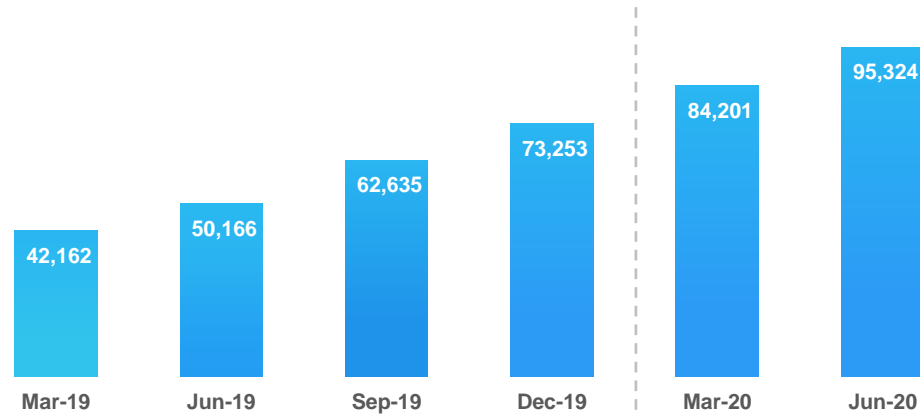
**11.4 Months**  
For 2Q 2020

<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

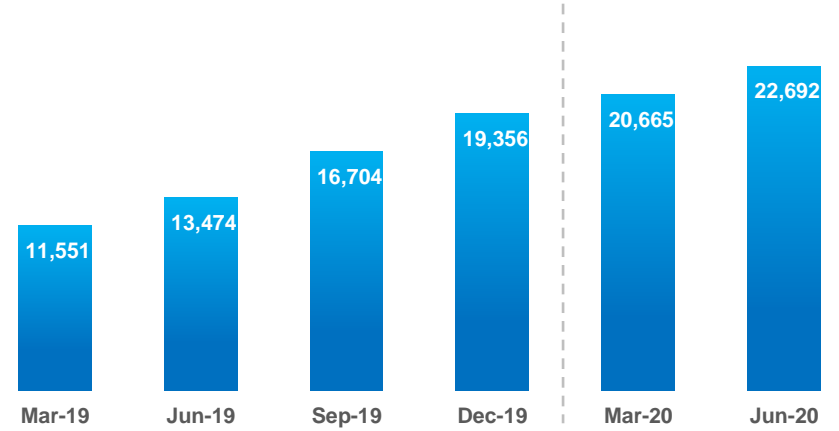
<sup>2</sup> Total loan origination represents the total amount of loans originated during each relevant period, which includes both on and off-balance sheet loans

# Strong Customer Acquisition

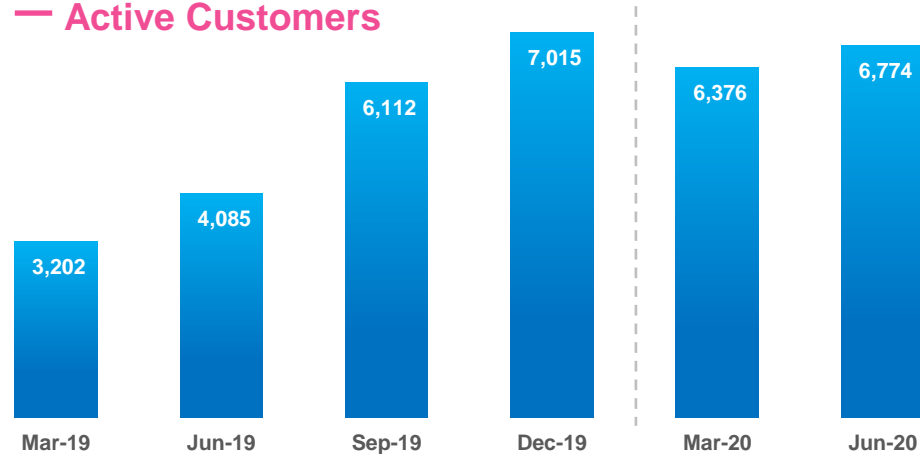
## Registered Customers



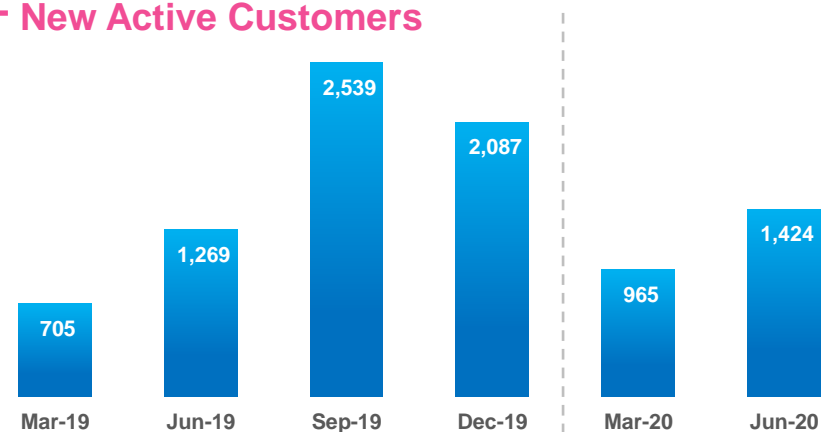
## Customers With Credit Line



## Active Customers



## New Active Customers

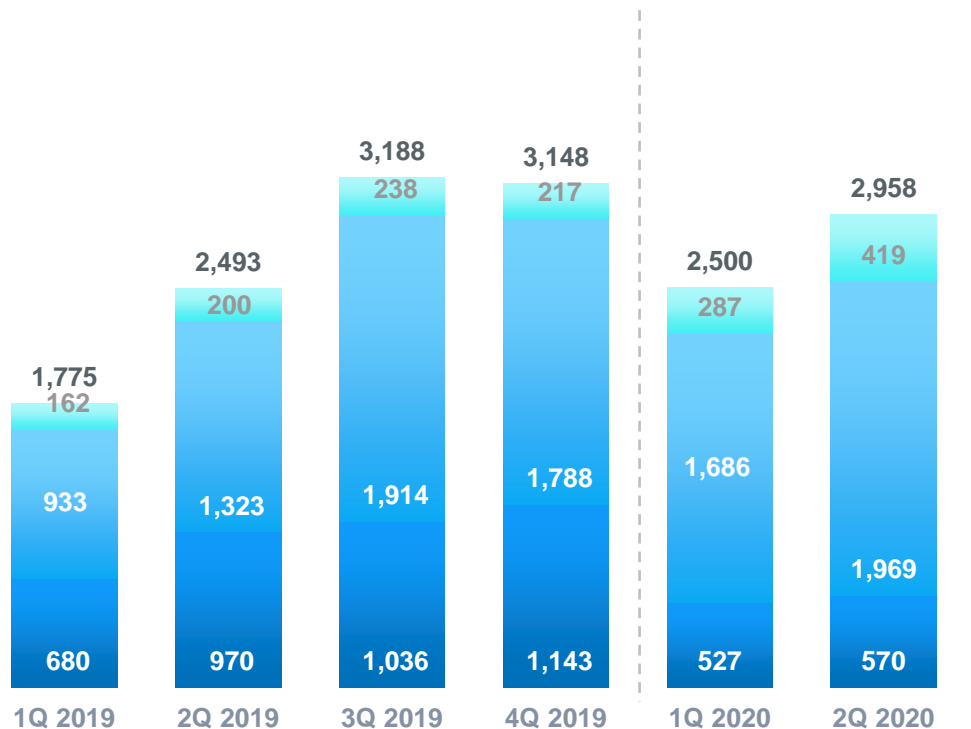




# More Resilient Business Mix

## — Total Operating Revenue

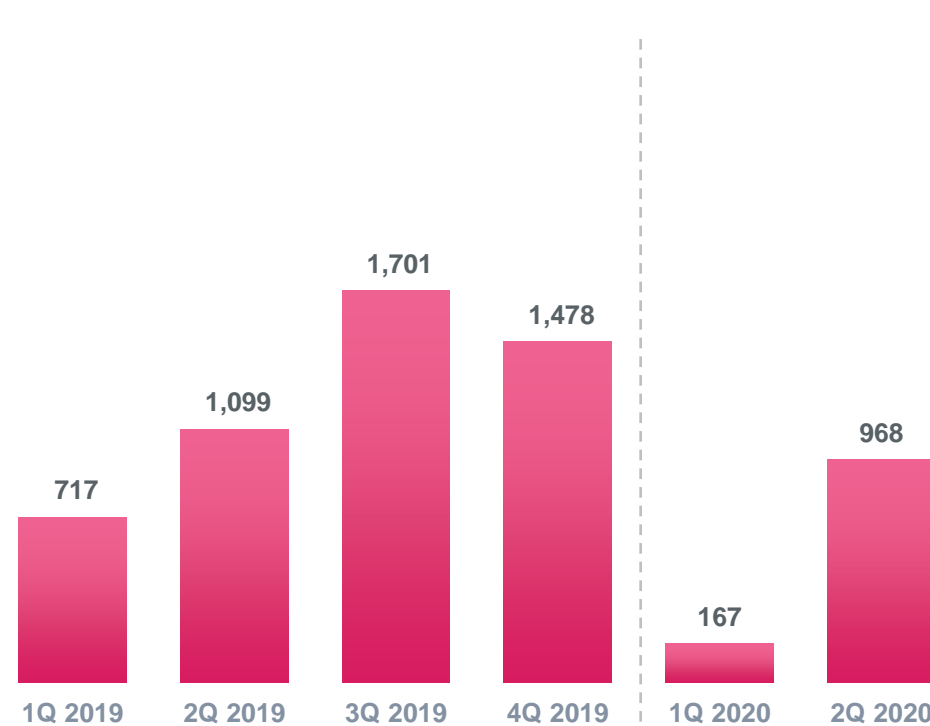
(RMB mm)



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

## — Gross Profit

(RMB mm)

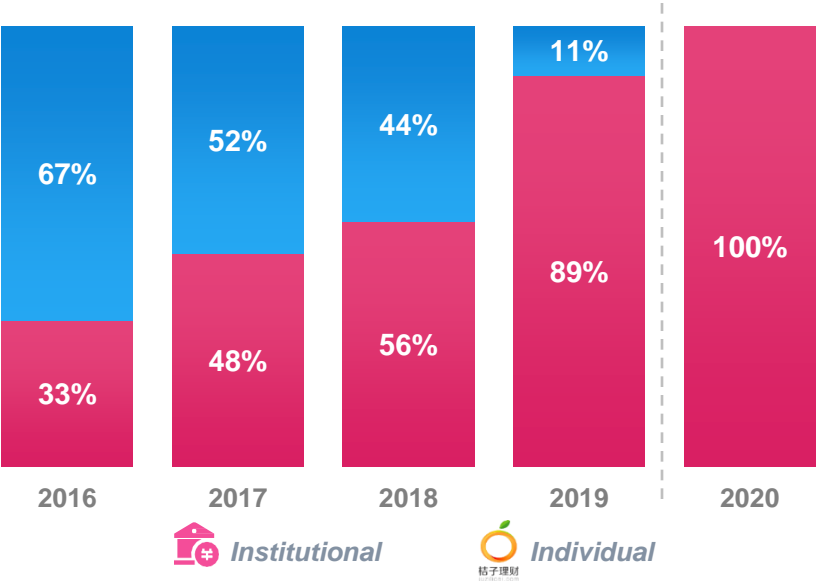


# Diversified Funding Channels and Stable Funding Cost

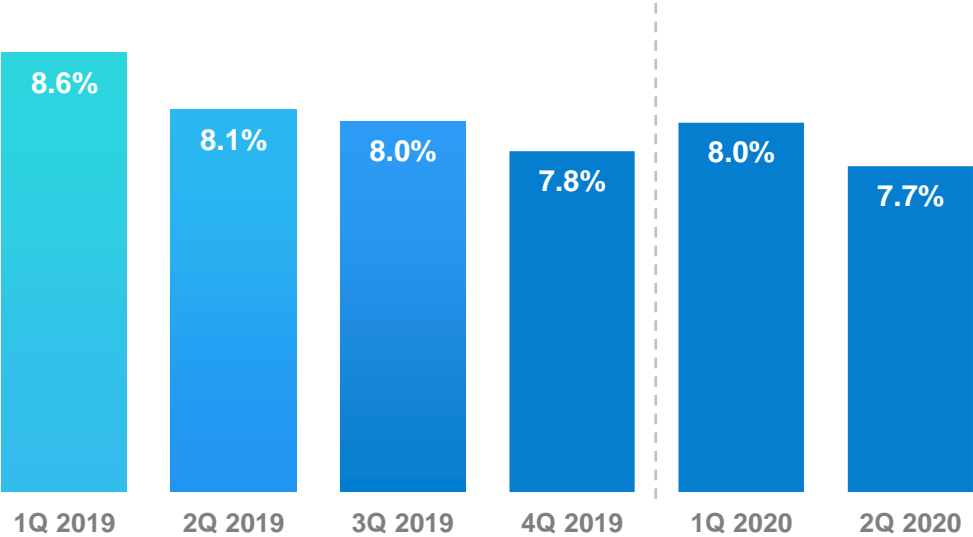
— Loan Origination by Different Funding Sources

— Weighted Average Interest Rate of Institutional Funding Partners

## Increasing Institutional Funding



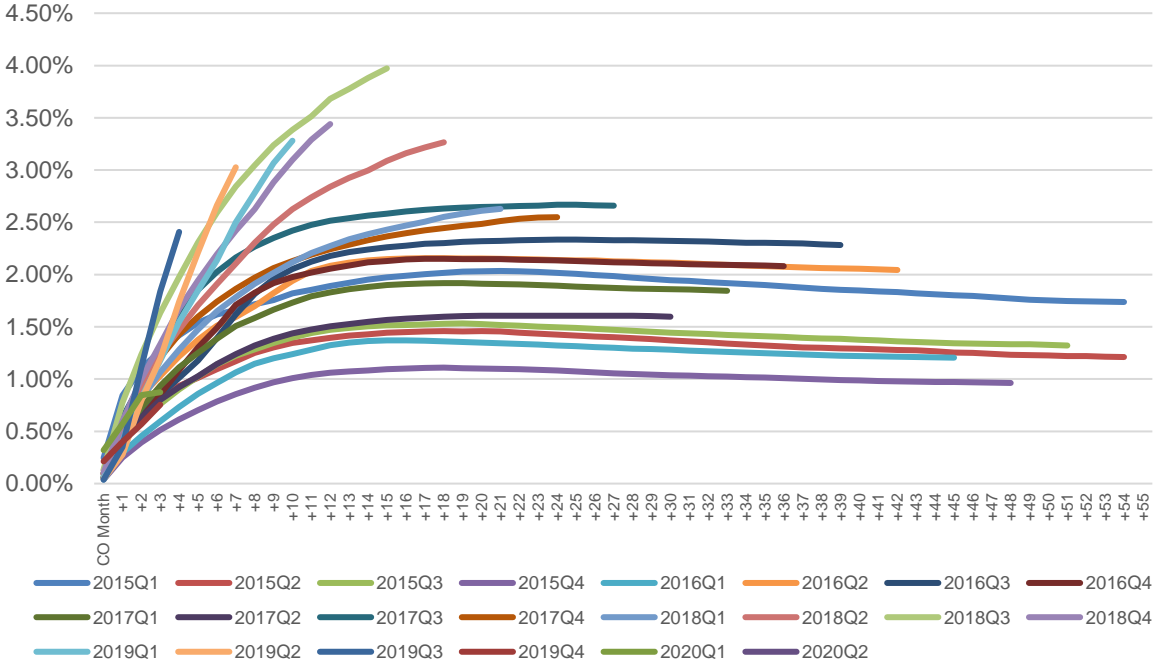
## Continued optimization of funding cost<sup>1</sup> (Off b/s loans, excludes intermediary payments and guarantee costs)



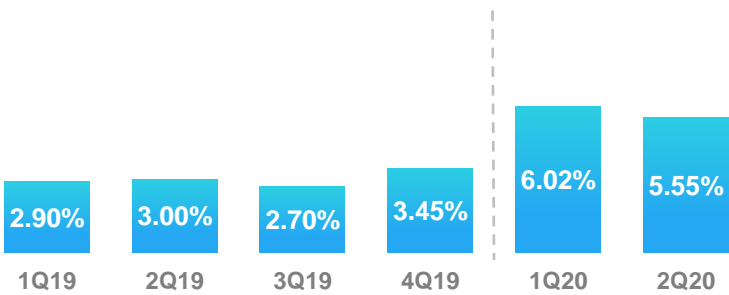
<sup>1</sup> Annualized weighted average interest rate charged to customer by funding partners.

# Credit Statistics

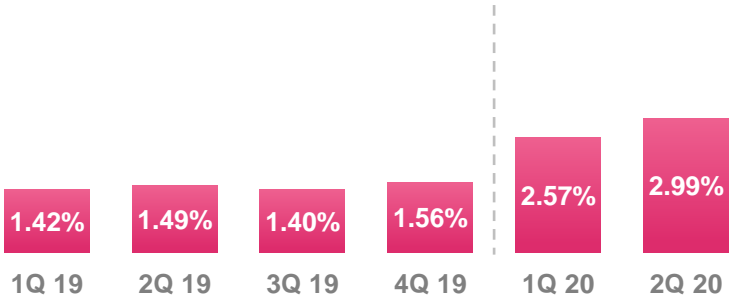
— Vintage Charged Off Curve



—30 Days+ Delinquency Ratio

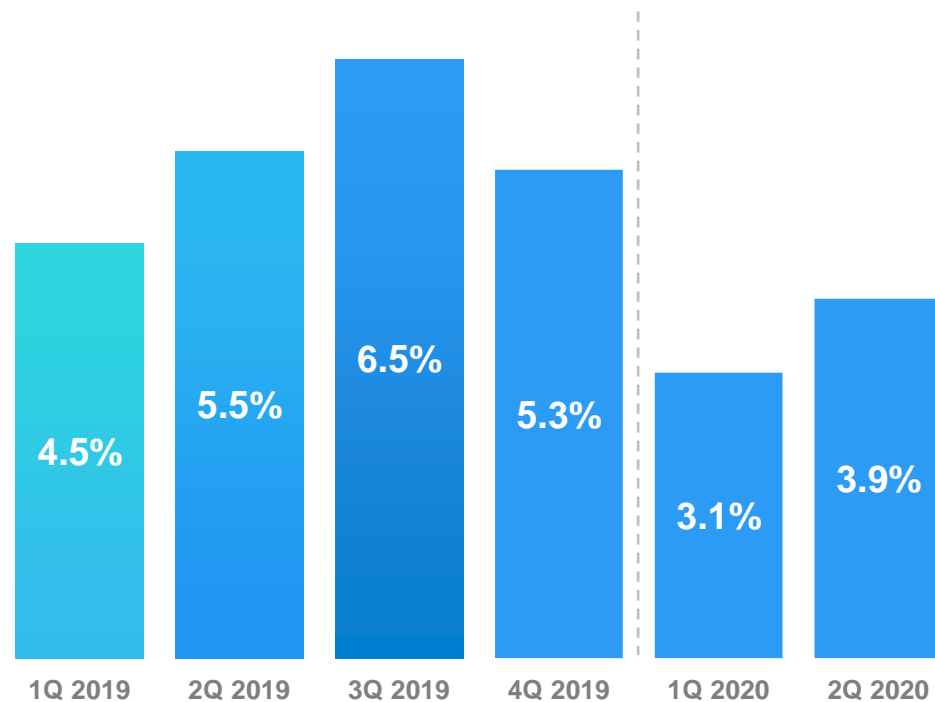


—90 Days+ Delinquency Ratio

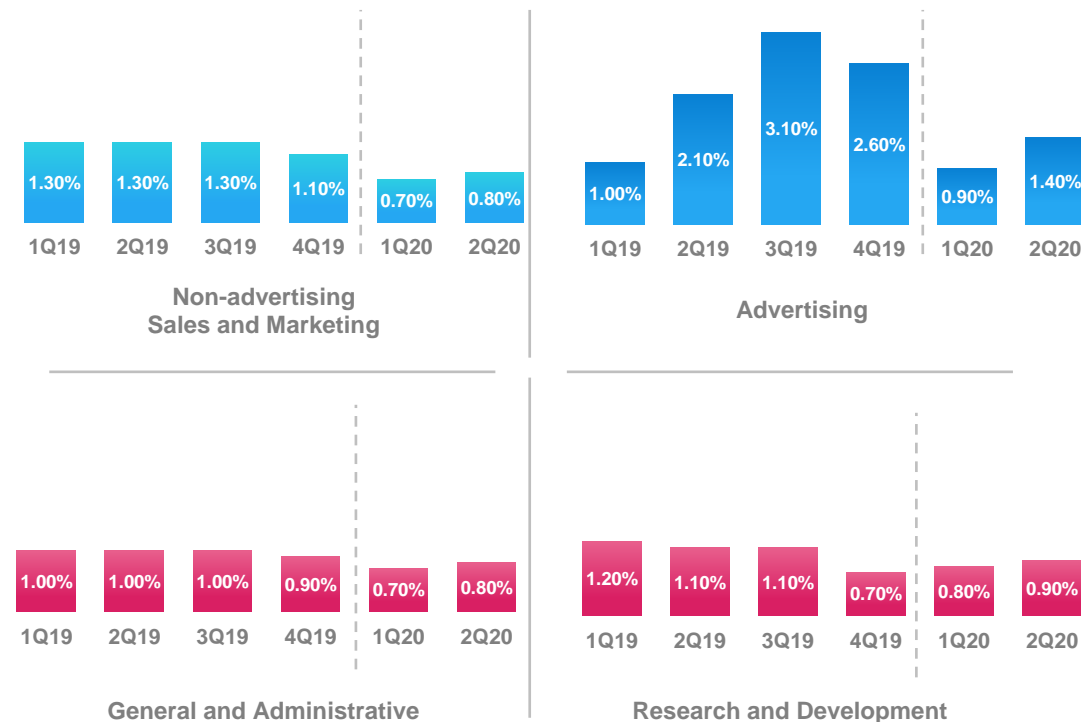


# Well-maintained Operating Efficiency

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



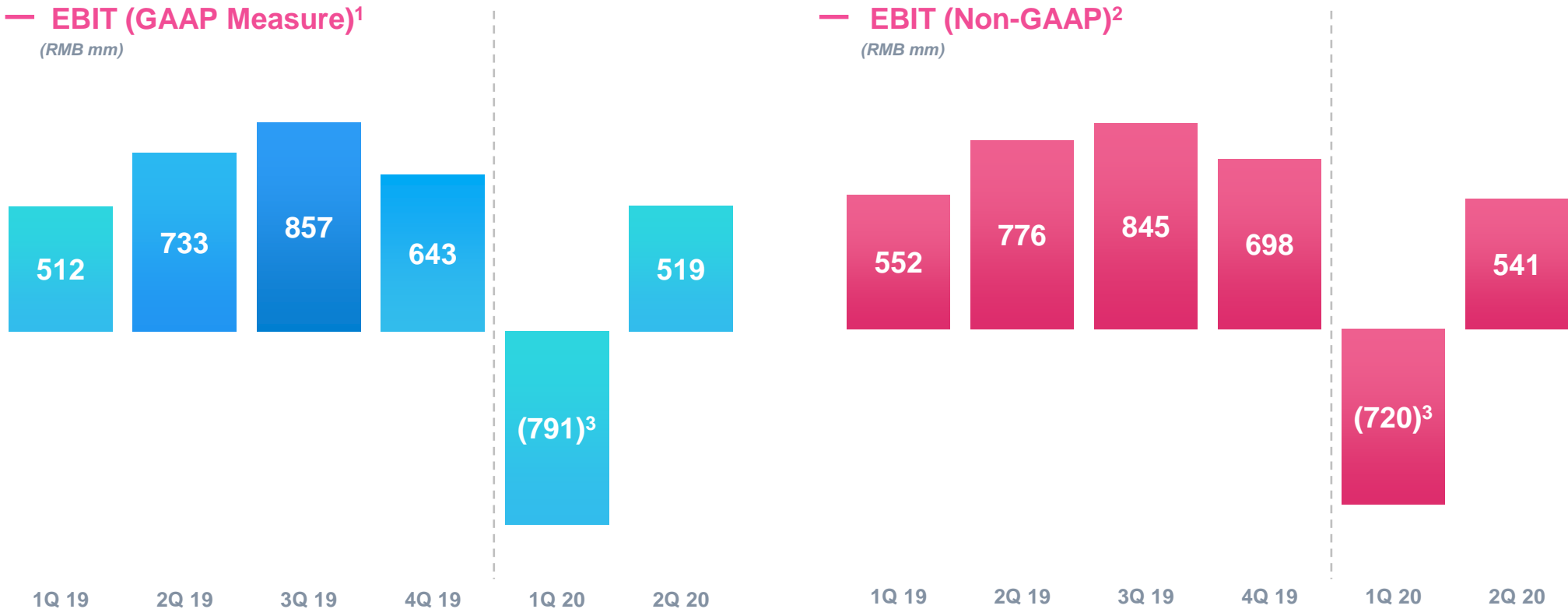
## — Operating Expense Breakdown<sup>1</sup>/Average Loan Balance<sup>2</sup>



<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



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

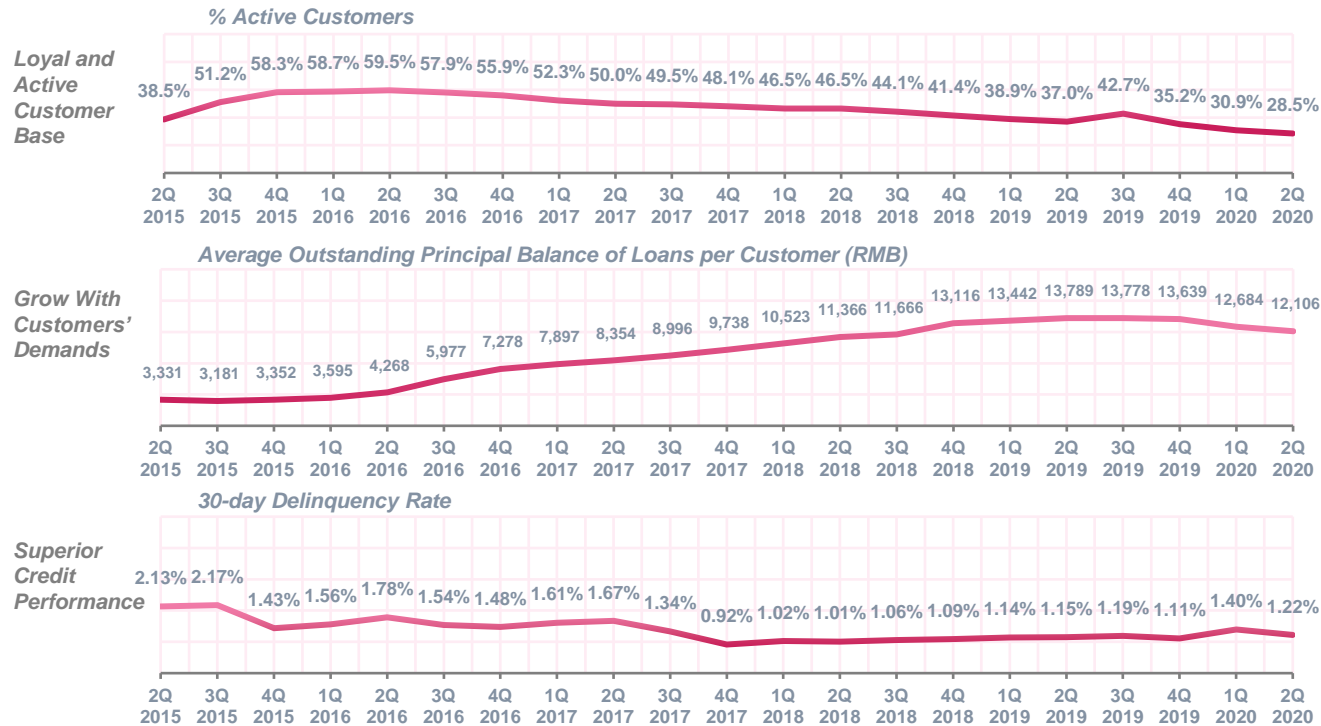
04

## APPENDIX



# Our Ever-growing Customer Cohort

## — Tracking the Same Customer Cohort Acquired In 1Q15<sup>1</sup>



Unique Insights into Current and Future Consumption Needs



Strong Understanding of Credit Profiles and Behaviors



Targeted Offerings, Larger Credit Lines and Improved Pricing over Time

## — We Are Many Customers' First Touch Point for Consumer Finance Services

Illustrative Credit Line Size (RMB)



Note:

<sup>1</sup> Represents a cohort analysis on the customers acquired in the three months ended March 31, 2015. This analysis compares certain metrics of this customer cohort for each three month period from April 1, 2015 through March 31, 2020. Active customers refer to customers who have made at least one transaction during a specified period on our consumer finance platform

<sup>2</sup> Illustrative amount only; does not represent actual credit lines granted by the Company