

# Investor Presentation

First Quarter 2024 Results

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01



# Company Overview



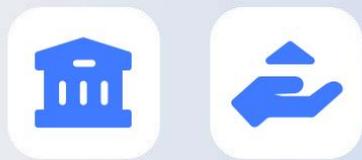
# Addressing the Market with Different Focus

Core business supported by new growth opportunities



# Commitment to 2C2B2F

Connecting consumers to business and financial institutions



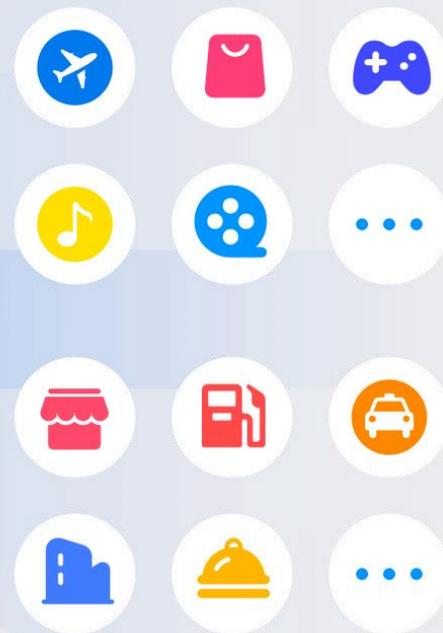
Business and Financial Institutions



- Around 160 funding partners<sup>1</sup>
- Over 2900 merchant partners<sup>2</sup>



Consumers



- Over 210 million registered users<sup>1</sup>
- Loan balance of Rmb121.5 billion<sup>1</sup>

1. As of 31 March 2024, or accumulative  
2. For the quarter ended 31 March 2024

# 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

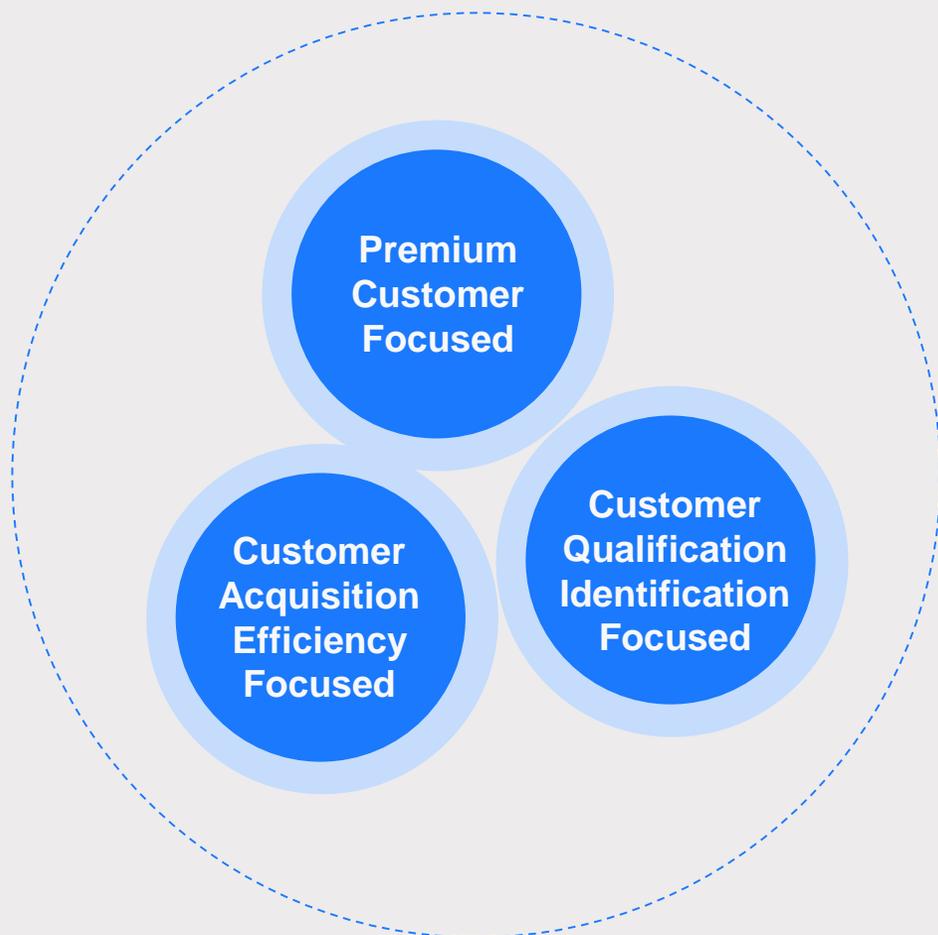


- Breadth and depth of acquisition channels
- Tailored sales and management strategies
- Quality products to meet diverse needs of individuals
- Frictionless digital experience



- 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

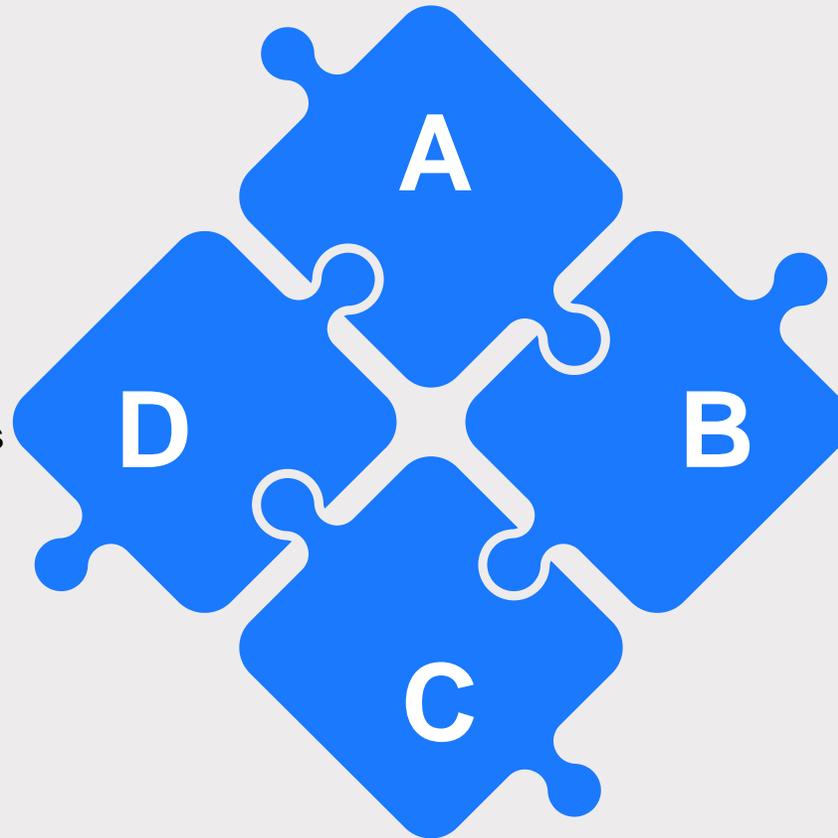
## Customer Service and Operation

- 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

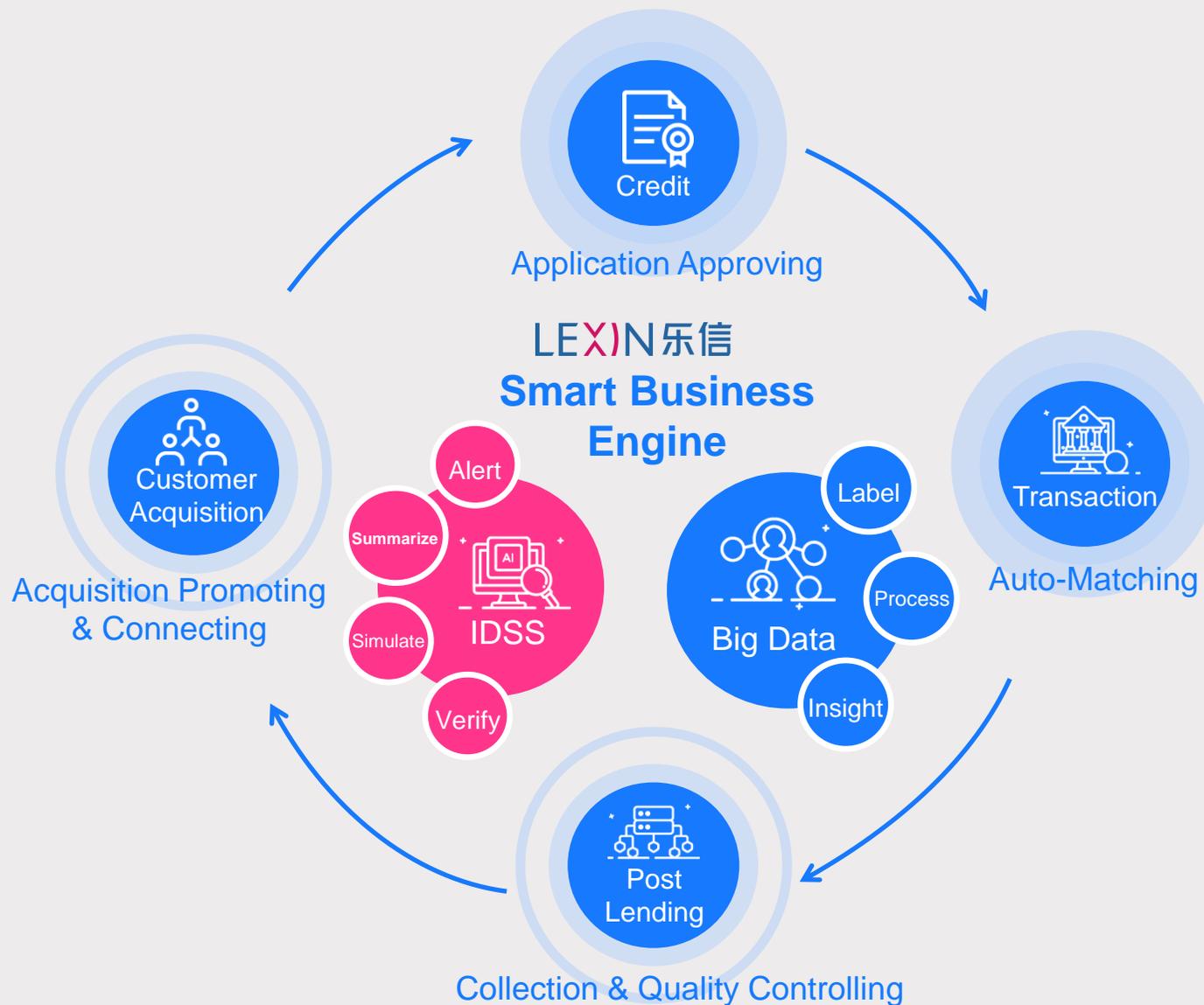
B

## Cooperation with Funding Partners

- Funding cost optimization
- Diversified partnerships with financial institutions
- Cooperating with 150+ financial institution partners

C

# Lexin Smart Business Engine



# Lexin Eco-System



# 02



## Financial Update



# 1Q24 Highlights

**Loan originations  
created**

58.0 billion

down 4.8% YoY

**Total operating  
revenue**

3.2 billion

up 8.7% YoY

**Net income  
generated**

202 million

down 38.4% YoY

# Key Financials

(Rmb000)	1Q23	4Q23	1Q24	QoQ	YoY
Credit facilitation service income	2,115,808	2,727,020	2,648,478	-2.9%	25.2%
Tech-empowerment service income	367,932	426,882	361,543	-15.3%	-1.7%
Installment e-commerce platform service income	499,159	355,534	231,909	-34.8%	-53.5%
<b>Total operating revenue</b>	<b>2,982,899</b>	<b>3,509,436</b>	<b>3,241,930</b>	-7.6%	8.7%
Total operating cost	(2,079,686)	(2,251,359)	(2,045,218)	-9.2%	-1.7%
<b>Gross profit</b>	<b>903,213</b>	<b>1,258,077</b>	<b>1,196,712</b>	-4.9%	32.5%
Total operating expenses	(666,529)	(673,715)	(642,359)	-4.7%	-3.6%
<b>Net income</b>	<b>327,490</b>	<b>12,097</b>	<b>201,623</b>	1566.7%	-38.4%
<b>Recurring Net Income <sup>(1)</sup></b>	<b>327,490</b>	<b>235,893</b>	<b>201,623</b>	-14.5%	-38.4%

1. Excluding after tax impact of investment related impairment losses.

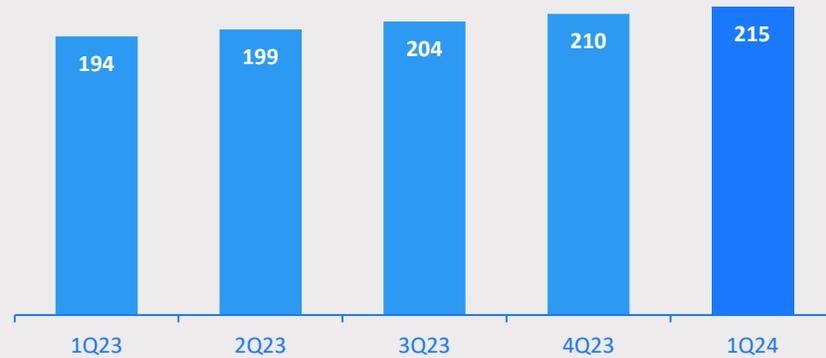
# Steady User Increase in Amount with Upgraded User Segment

## Number of Registered Users

(In Millions)

QoQ

+2.5%

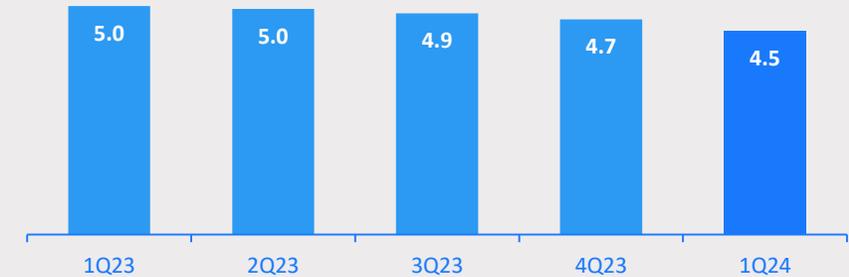


## Number of Active Users

(In Millions)

QoQ

-5.3%



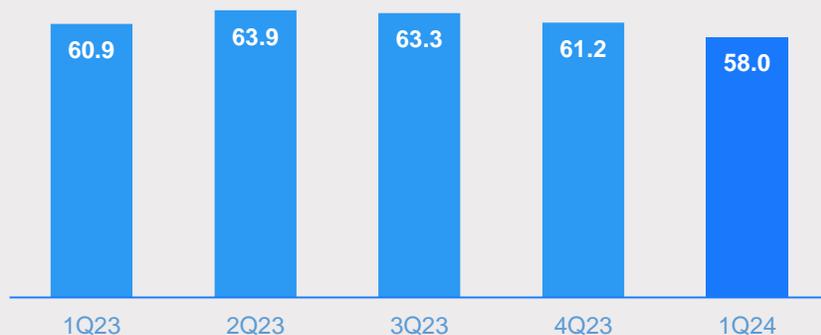
# Strike a Healthy Balance between Loan Growth and Asset Quality

## Loan Originations

(RMB bn)

QoQ

-5.3%

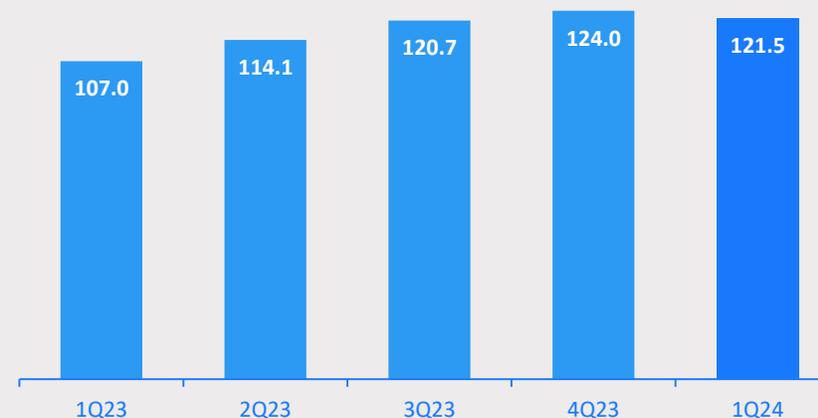


## Outstanding Loan Balance

(RMB bn)

QoQ

-2.0%



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

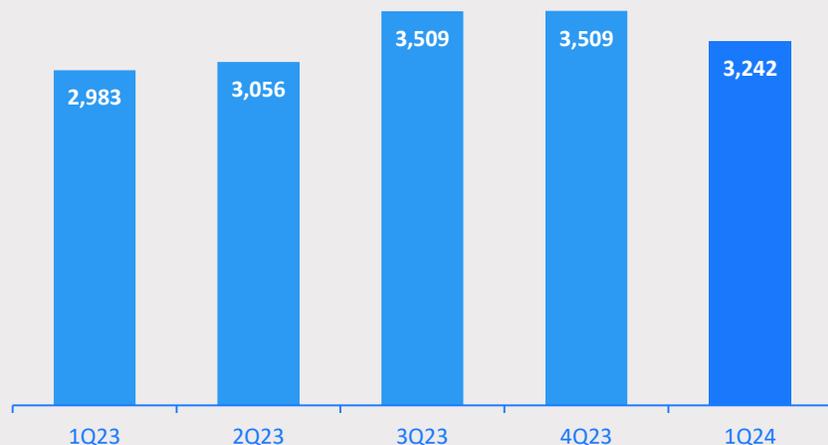
# Stable Rebound Trend Amid Macro Headwinds and Seasonality

## Operating Revenue

(RMBm)

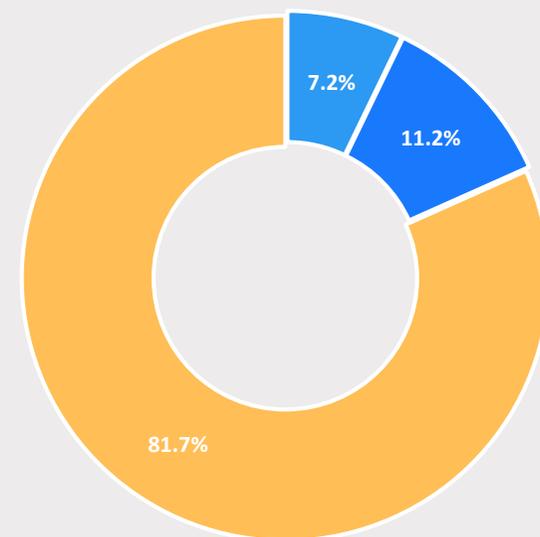
QoQ

-7.6%



## Breakdown of Operating Revenue

- Installment E-commerce Platform Service Income
- Technology-Driven Platform Services Income
- Credit-Driven Platform Services Income



1. Breakdown of operating revenue for 1Q24

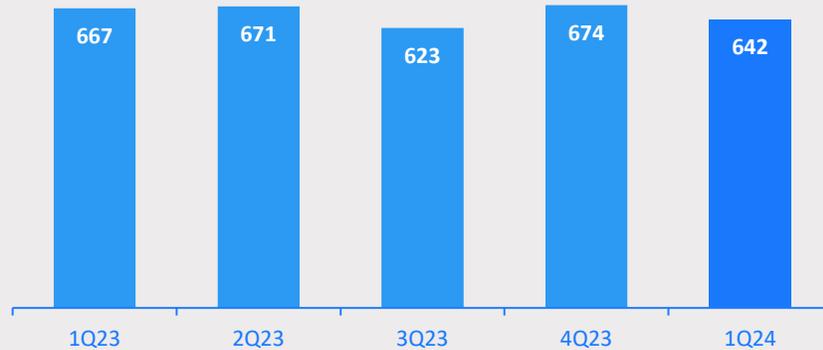
# Optimized Allocation of Resources

## Operating Expenses

(RMBm)

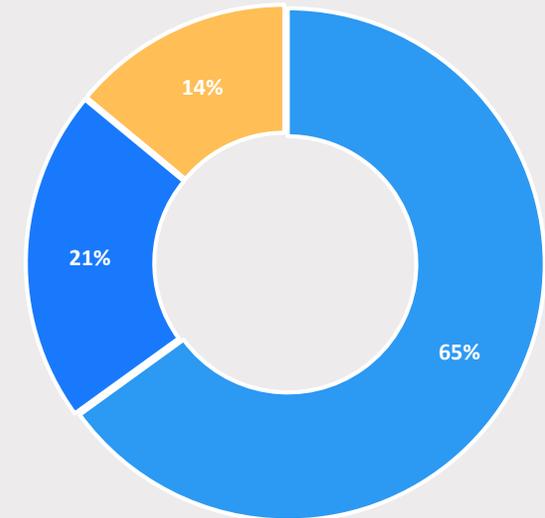
QoQ

-4.7%



## Breakdown of Operating Expenses

- Sales and marketing expenses
- Research and development expenses
- General and administrative expenses



1. Breakdown of operating expenses for 1Q24

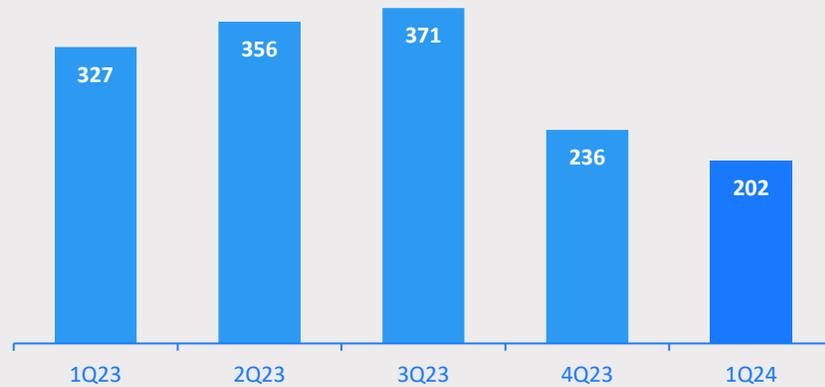
# Q1 Profitability largely driven by controlled volume

## Recurring Net Profit <sup>(1)</sup>

(RMBm)

QoQ

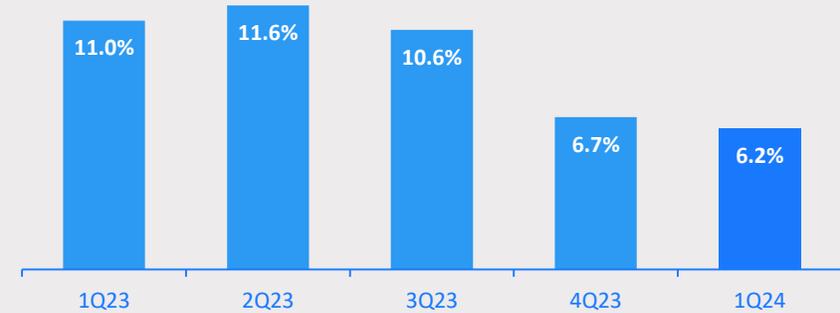
-14.5%



## Recurring Net Margin <sup>(1)</sup>

QoQ

-0.5ppt



1. Excluding after tax impact of investment related impairment losses.

# 03



## Appendix



# P&L Statement

(In thousands, except for share and per share data)	For the Three Months Ended March 31,		
	2023 RMB	2024 RMB	US\$
<b>Operating revenue:</b>			
<b>Credit facilitation service income</b>	<b>2,115,808</b>	<b>2,648,478</b>	<b>366,811</b>
Loan facilitation and servicing fees-credit oriented	964,171	1,417,248	196,287
Guarantee income	553,668	744,251	103,078
Financing income	597,969	486,979	67,446
<b>Tech-empowerment service income</b>	<b>367,932</b>	<b>361,543</b>	<b>50,073</b>
<b>Installment e-commerce platform service income</b>	<b>499,159</b>	<b>231,909</b>	<b>32,119</b>
<b>Total operating revenue</b>	<b>2,982,899</b>	<b>3,241,930</b>	<b>449,003</b>
<b>Operating cost</b>			
Cost of sales	(466,471)	(235,747)	(32,651)
Funding cost	(150,383)	(90,738)	(12,567)
Processing and servicing cost	(528,961)	(587,731)	(81,400)
Provision for financing receivables	(138,848)	(136,683)	(18,930)
Provision for contract assets and receivables	(141,946)	(165,942)	(22,983)
Provision for contingent guarantee liabilities	(653,077)	(828,377)	(114,729)
<b>Total operating cost</b>	<b>(2,079,686)</b>	<b>(2,045,218)</b>	<b>(283,260)</b>
<b>Gross profit</b>	<b>903,213</b>	<b>1,196,712</b>	<b>165,743</b>
<b>Operating expenses:</b>			
Sales and marketing expenses	(439,965)	(417,617)	(57,839)
Research and development expenses	(129,527)	(134,982)	(18,695)
General and administrative expenses	(97,037)	(89,760)	(12,432)
<b>Total operating expenses</b>	<b>(666,529)</b>	<b>(642,359)</b>	<b>(88,966)</b>
Change in fair value of financial guarantee derivatives and loans at fair value	156,265	(315,923)	(43,755)
Interest expense, net	(4,080)	(3,904)	(541)
Investment income/(loss)	160	90	12
Other, net	12,755	20,425	2,829
<b>Income before income tax expense</b>	<b>401,784</b>	<b>255,041</b>	<b>35,322</b>
Income tax expense	(74,294)	(53,418)	(7,398)
<b>Net income</b>	<b>327,490</b>	<b>201,623</b>	<b>27,924</b>

# Balance Sheet (1)

(In thousands)	March 31, 2023	As of March 31, 2024	
	RMB	RMB	US\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2,291,986	1,937,694	268,368
Restricted cash	2,606,968	1,693,636	234,566
Restricted term deposit and short-term investments	1,451,189	315,202	43,655
Short-term financing receivables, net	5,568,428	4,266,124	590,851
Short-term contract assets and receivables, net	4,186,986	6,432,765	890,928
Deposits to insurance companies and guarantee companies	2,209,563	3,054,180	422,999
Prepayments and other current assets	1,119,663	1,313,891	181,972
Amounts due from related parties	6,455	8,266	1,145
Inventories, net	50,912	29,562	4,094
<b>Total Current Assets</b>	<b>19,492,150</b>	<b>19,051,320</b>	<b>2,638,578</b>
<b>Non-current Assets</b>			
Restricted cash	157,974	103,643	14,354
Long-term financing receivables, net	326,079	89,332	12,372
Long-term contract assets and receivables, net	749,417	474,566	65,727
Property, equipment and software, net	327,186	483,881	67,017
Land use rights, net	923,067	888,667	123,079
Long-term investments	348,639	255,243	35,351
Deferred tax assets	1,125,068	1,278,674	177,094
Other assets	1,147,876	662,716	91,785
<b>Total Non-current Assets</b>	<b>5,105,306</b>	<b>4,236,722</b>	<b>586,779</b>
<b>TOTAL ASSETS</b>	<b>24,597,456</b>	<b>23,288,042</b>	<b>3,225,357</b>

# Balance Sheet (2)

(In thousands)	As of		US\$
	March 31, 2023	March 31, 2024	
	RMB	RMB	
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	36,759	33,233	4,603
Amounts due to related parties	6,706	4,902	679
Short-term borrowings	1,453,320	579,522	80,263
Short-term funding debts	4,602,871	2,417,994	334,888
Deferred guarantee income	1,123,313	1,414,495	195,905
Contingent guarantee liabilities	1,093,151	1,665,211	230,629
Accruals and other current liabilities	3,159,194	4,786,647	662,940
Convertible notes	1,759,669	142,710	19,765
<b>Total Current Liabilities</b>	<b>13,234,983</b>	<b>11,044,714</b>	<b>1,529,672</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	212,600	540,190	74,815
Long-term funding debts	1,882,549	1,652,332	228,845
Deferred tax liabilities	50,818	64,475	8,930
Convertible notes	110,030	-	-
Other long-term liabilities	92,714	47,936	6,639
<b>Total Non-current Liabilities</b>	<b>2,348,711</b>	<b>2,304,933</b>	<b>319,229</b>
<b>TOTAL LIABILITIES</b>	<b>15,583,694</b>	<b>13,349,647</b>	<b>1,848,901</b>
<b>Shareholders' equity:</b>			
Class A Ordinary Shares	192	200	30
Class B Ordinary Shares	47	41	7
Treasury stock	(328,764)	(328,764)	(45,533)
Additional paid-in capital	3,114,777	3,229,327	447,257
Statutory reserves	1,022,592	1,106,579	153,259
Accumulated other comprehensive loss	(16,845)	(11,222)	(1,554)
Retained earnings	5,221,763	5,942,234	822,990
<b>Total Shareholders' Equity</b>	<b>9,013,762</b>	<b>9,938,395</b>	<b>1,376,456</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>24,597,456</b>	<b>23,288,042</b>	<b>3,225,357</b>