

LEXIN 乐信

# Presentation

August 2018



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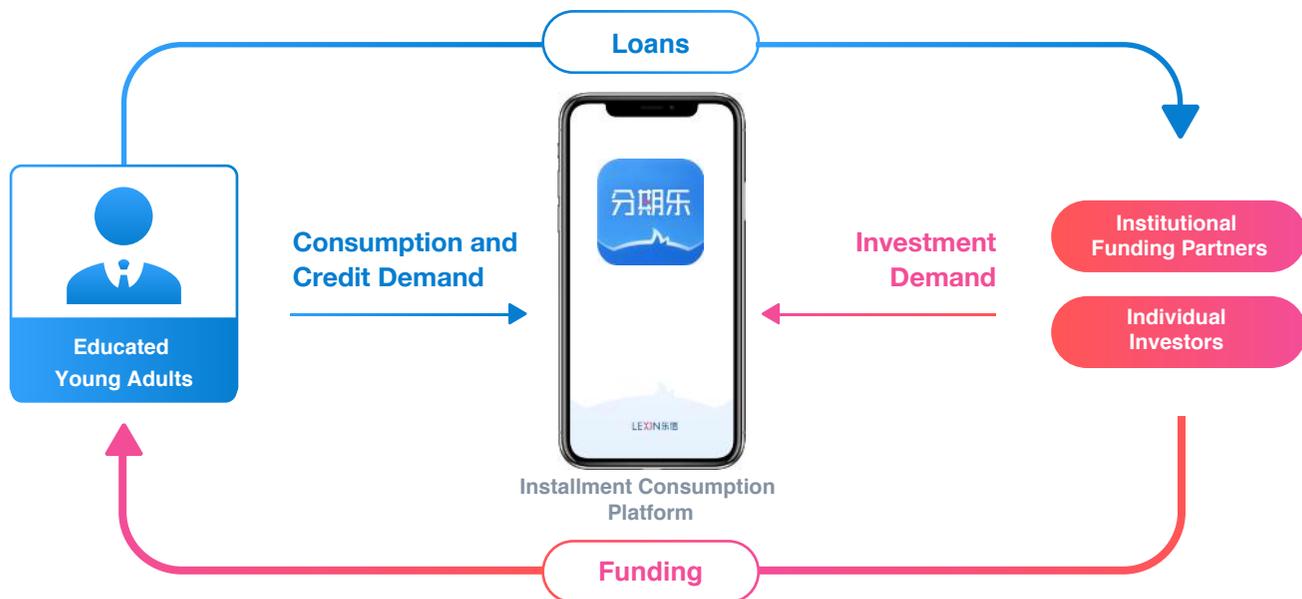
**WHO  
WE ARE**



# Who We Are

Leading Online Consumer Finance Platform For Educated Young Adults in China

## LEXIN 乐信



**29.2mm**

Registered Users as of Jun 30, 2018

**8.9mm**

Customers with Credit Line as of Jun 30, 2018

**RMB16.6bn**

Loan Origination in 2Q 2018

**RMB24.7bn**

Outstanding Loan Balance as of Jun 30, 2018

分期乐 Fenqile 桔子理财 Juzi Licai 鼎盛资产 Dingsheng

# We Serve Educated Young Adults in China

## Our Differentiated Customer Cohort



Note: Educated young adults refer to (i) students enrolled in college programs or associate degree programs in colleges, or college students, and (ii) working population with college or associate degrees and under the age of 36, or educated young professionals

<sup>1</sup> Represents the weighted average loan tenor for the loans originated in 2Q 2018

<sup>2</sup> Represents the annualized effective APR of the on-balance sheet loans in 2Q 2018

<sup>3</sup> Represents charge-off rates as of Jun 30, 2018 for each vintage of a three-month period from January 1, 2015 to Dec 31, 2017

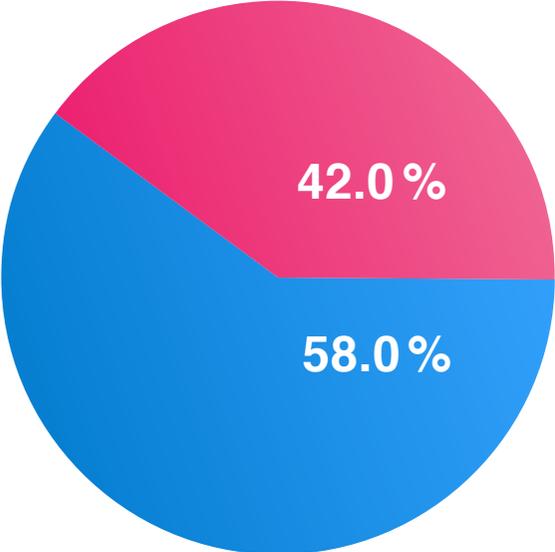
# Our Unique and Competitive e-Commerce Platform



- Tailored for Educated Young Adults
- Effective Partnership with Reputable Brands
- Focused on Installment-Friendly Product Categories

Offering a Superior e-Commerce User Experience with an Asset Light Model

# Diversified and Scalable Funding Sources



-  Institutional Funding Partners | 30+ Funding Partners <sup>1</sup>

-  Individual Investors |  桔子理财 Online Investment Platform 350k+ Individual Investors <sup>2</sup>

<sup>1</sup>Represents number of partners including commercial banks, other licensed financial institutions and peer-to-peer lending platforms as of Dec 31,2017

<sup>2</sup>Represents cumulative number of individual investors who have invested on Juzi Licai as of Mar 31,2018

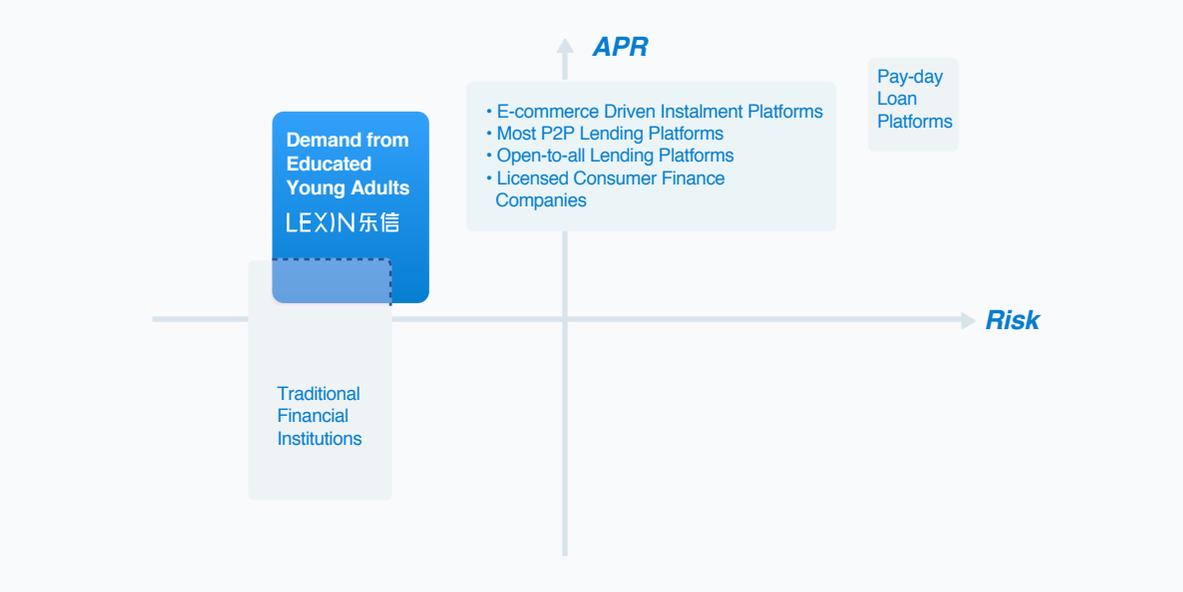
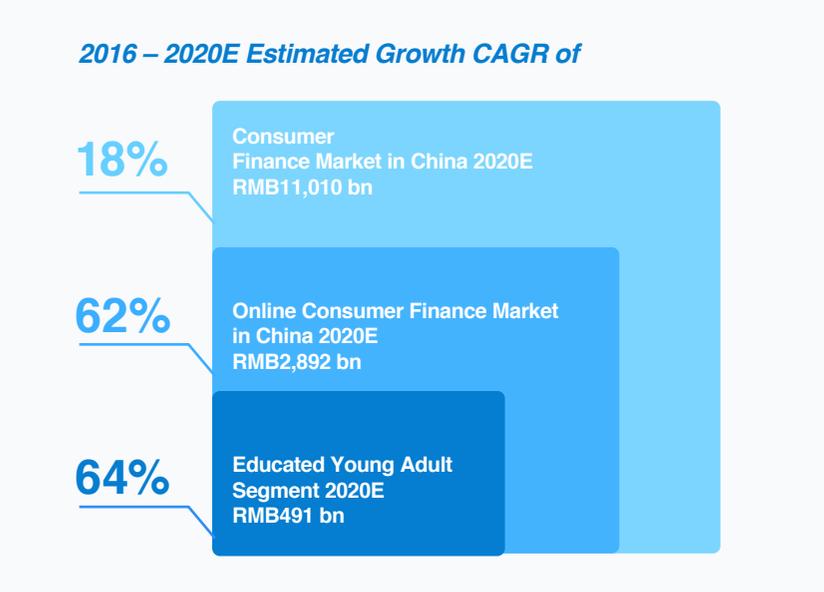
02

**INVESTMENT  
HIGHLIGHTS**



# We Capture the Sweet Spot of the Online Consumer Finance Market

Leveraging the Tremendous Market Opportunity, Loans to Educated Young Adults Represent Balance between Risk and Return

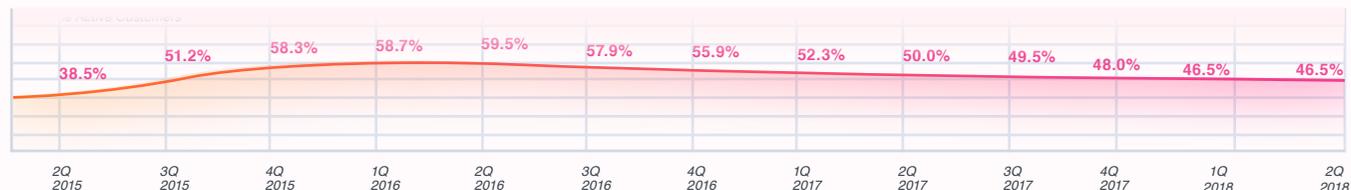


Source: Oliver Wyman  
 Note: Represents outstanding loan balance by 2020YE for each layer of market.

# We Serve Educated Young Adults in China

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

**Loyal and Active Customer Base**



**Grow With Customers' Demands**



**Superior Credit Performance**



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 Touchpoint for Consumer Finance Services

Illustrative Credit Line Size (RMB)

And More



Note: Educated young adults refer to (i) students enrolled in college programs or associate degree programs in colleges, or college students, and (ii) working population with college or associate degrees and under the age of 36, or educated young professionals

<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 Jun 30, 2018. 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

# Our Targeted and Cost-efficient Customer Acquisition



— Stable Customer Acquisition Cost<sup>2</sup>



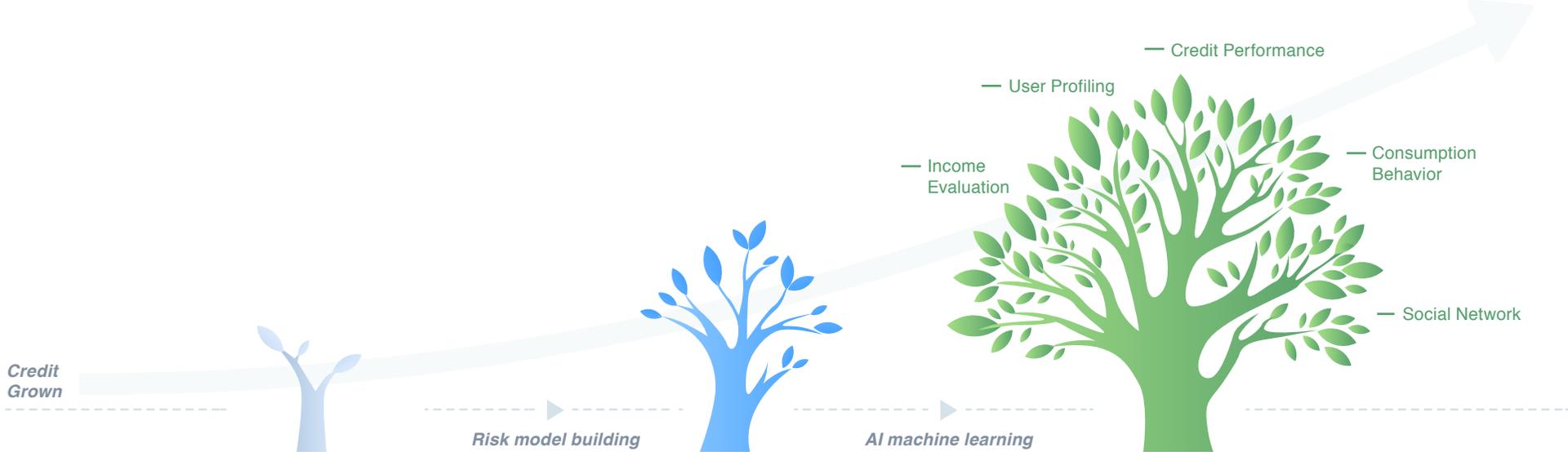
Sustainable Organic Growth | Diversified | Customized

<sup>1</sup> Represents the percentage of new customers who registered by using a referral code obtained from an existing customer in 2Q 2018

<sup>2</sup> Refers to the amount of total costs incurred in connection with acquiring customers divided by the number of the new active customers during the relevant period. Only includes cost related to acquiring borrowing customers

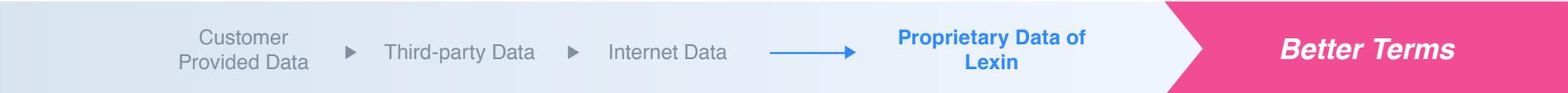
# Our Advanced and Customized Credit Risk Management (1/2)

## — Data-driven Customer-Behavior-and-Risk Profiling



Build Up Credit Profile

Develop Credit Profile



# Our Advanced and Customized Credit Risk Management (2/2)

## — Hawkeye Engine: Automated and Dynamic Credit Approval



# Our Efficient Capital Deployment for Investors and Partners



Connect customers and funding partners in real time



Allocate to various funding sources according to their respective risk parameters



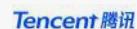
Send qualified customer loans to funding partners for final approval

# Our Management Team



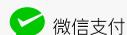
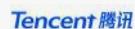
**Jay Wenjie Xiao**

*Founder,  
CEO and Chairman*



**Jared Yi Wu**

*President  
and Director*



**Craig Yan Zeng**

*Chief Financial Officer*



**Ryan Huanian Liu**

*Chief Risk Officer*



**Kris Qian Qiao**

*Chief Financing  
Cooperation Officer*



**Strong Management Team Uniquely Combining Internet and Traditional Finance DNA**

03

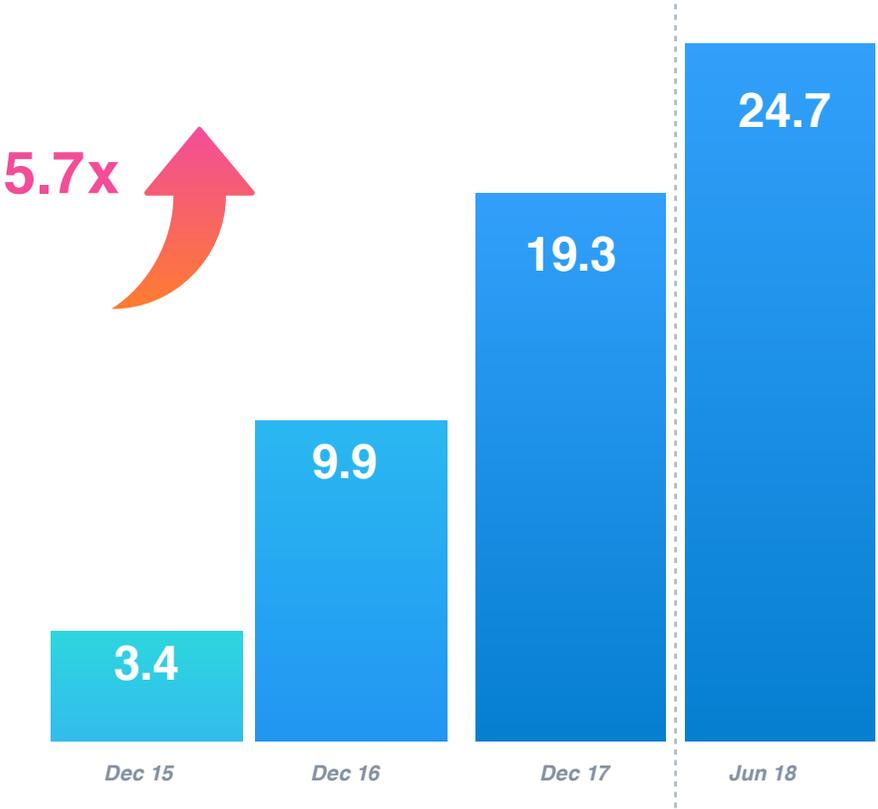
**OUR  
FINANCIALS**



# Exponential Business Growth

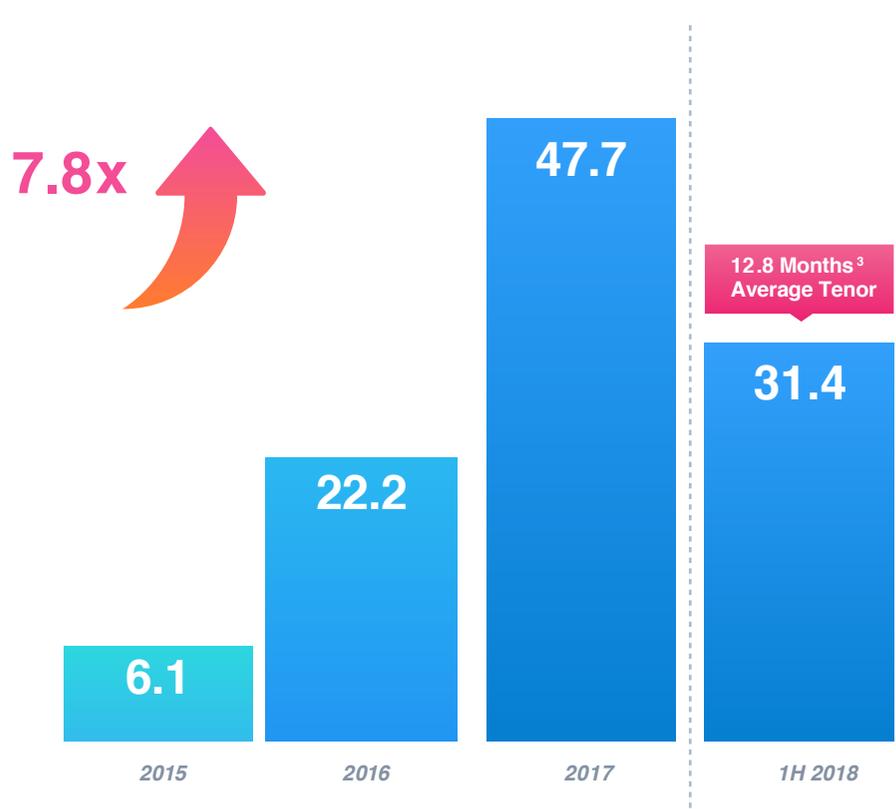
## — Total Outstanding Loan Balance<sup>1</sup>

(RMB bn)



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

(RMB bn)



<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

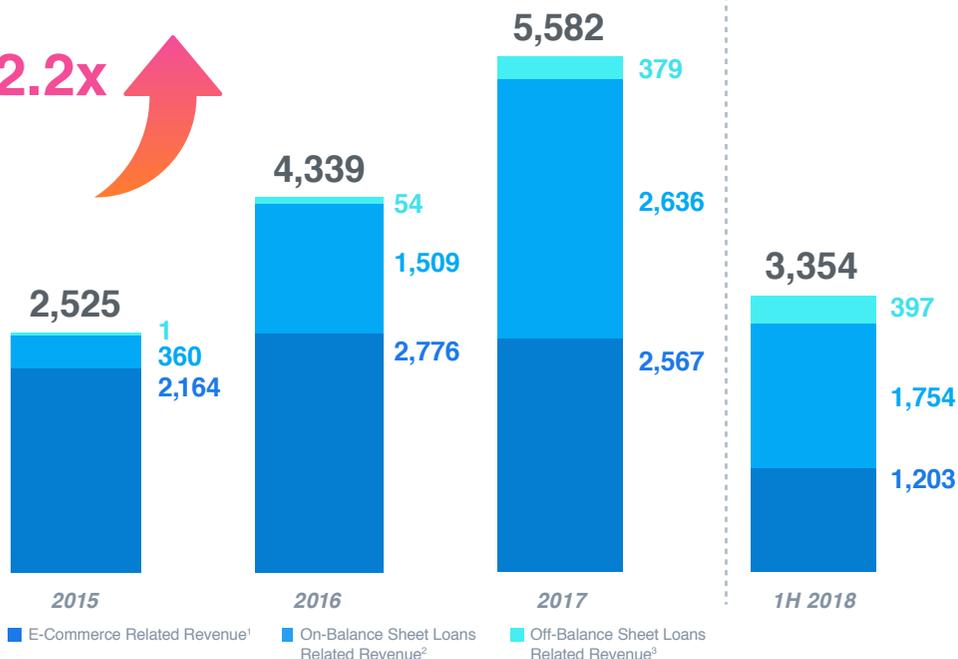
<sup>3</sup>Represents the weighted average loan tenor for the loans originated in 2Q 2018

# High Visibility of Revenue and Profit

## Total Operating Revenue

(RMB mm)

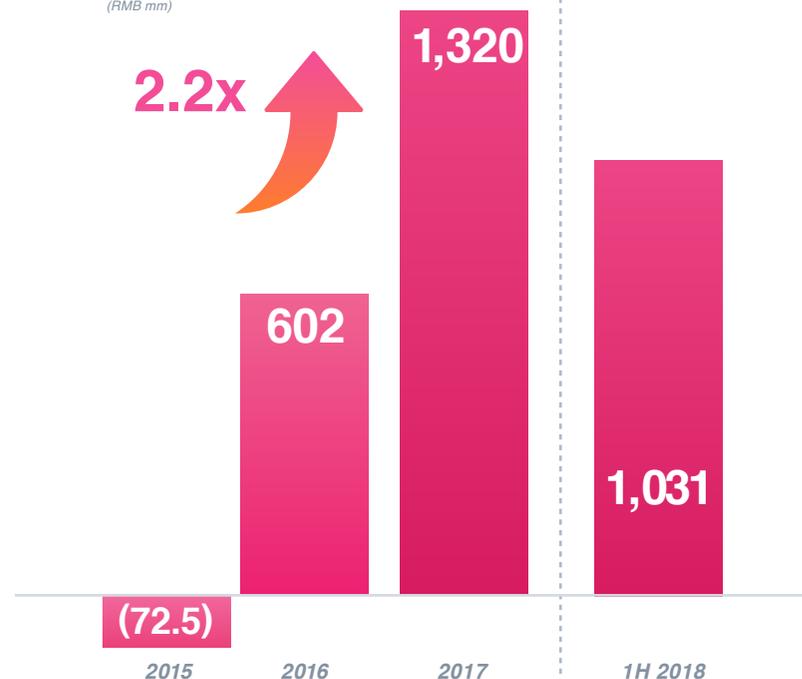
2.2x ↑



## Gross Profit

(RMB mm)

2.2x ↑



- ✓ Recognizes Interest and Financial Services Income Over the Terms of Financing Receivables
- ✓ Recognizes Loan Facilitation and Servicing Fees Each Month as the Monthly Repayments Occur

<sup>1</sup> Corresponding to online direct sales and services income in Income Statement

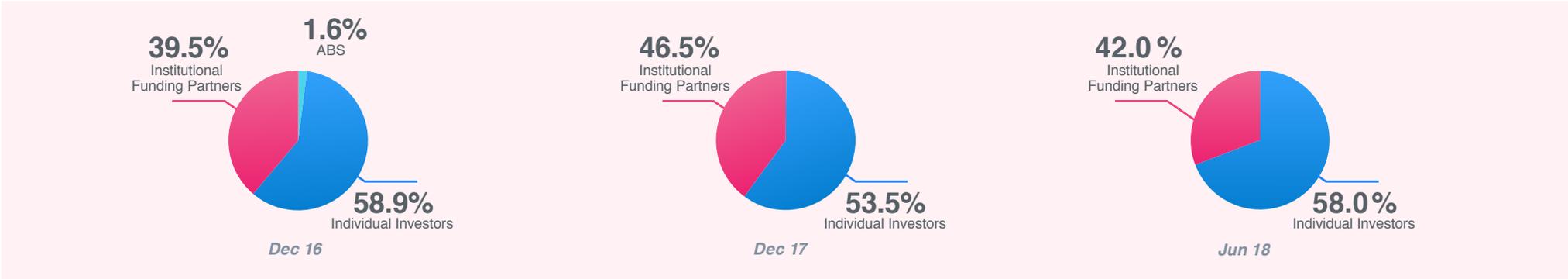
<sup>2</sup> Corresponding to interest and financial services income and other revenue in Income Statement

<sup>3</sup> Corresponding to loan facilitation and servicing fees in Income Statement

# Diversified and Scalable Funding

## — Outstanding Principal Balance of Loans Funded by Different Funding Sources

(RMB mm)



## — Funding Cost of On-Balance Sheet Loan Portfolio <sup>1</sup>

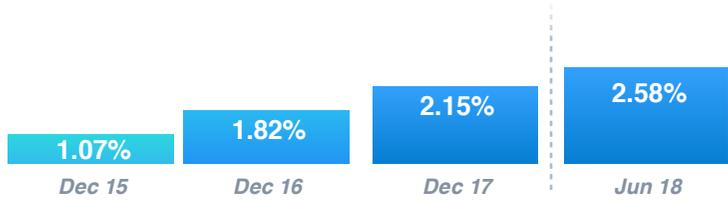


**Continued optimization of funding cost**

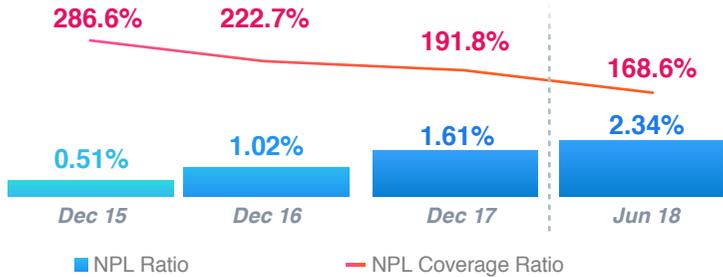
<sup>1</sup> Calculated as funding cost of average beginning and ending outstanding principal balance of on-balance sheet funding debts of respective year; 4Q17 & 2Q18 figures annualized

# Sound and Stable Credit Performance

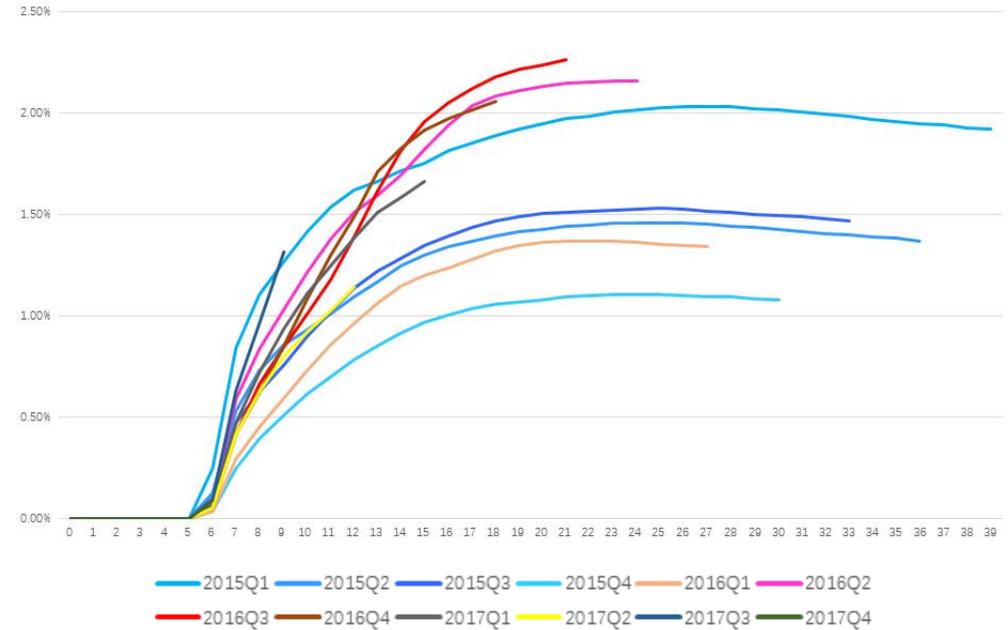
## — 30 Days+ Delinquency Ratio<sup>1</sup>



## — NPL Ratio<sup>2</sup> and NPL Coverage Ratio<sup>3</sup>



## — Vintage Curve<sup>4</sup>



**Prudent provisioning policy with well-controlled delinquency and NPL ratios**

<sup>1</sup> Delinquency ratio is calculated based on on-balance sheet and off-balance sheet outstanding principal loan balance that were 30-179 days past due, of the total outstanding principal loan balance

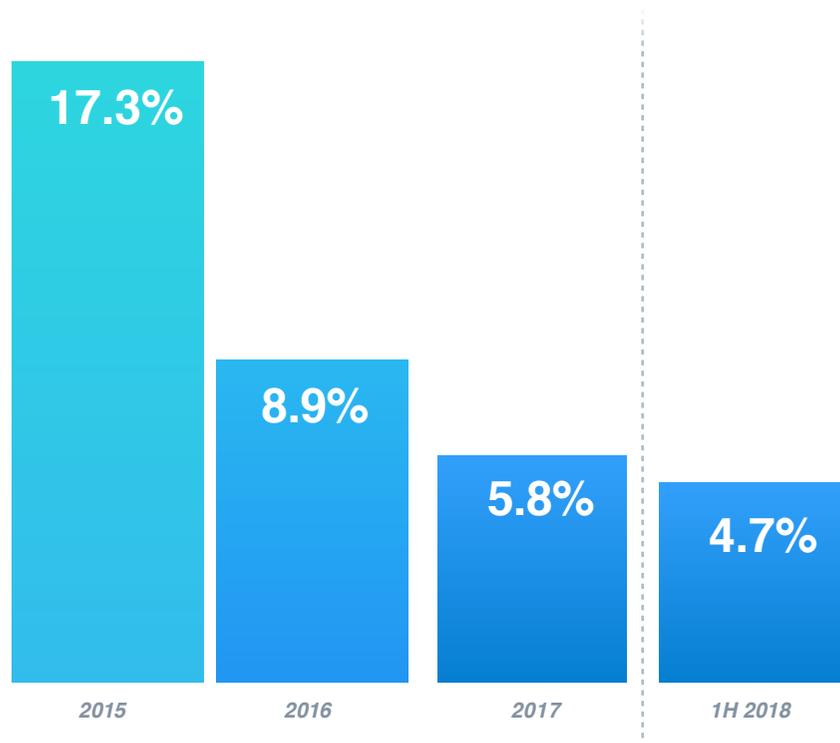
<sup>2</sup> NPL ratio is calculated based on on-balance sheet outstanding principal loan balance that were 90-179 days past due, of the total outstanding principal loan balance

<sup>3</sup> NPL coverage is calculated based on allowance for credit losses during each year of the outstanding principal loan balance that were 90-179 days past due at the end of each year

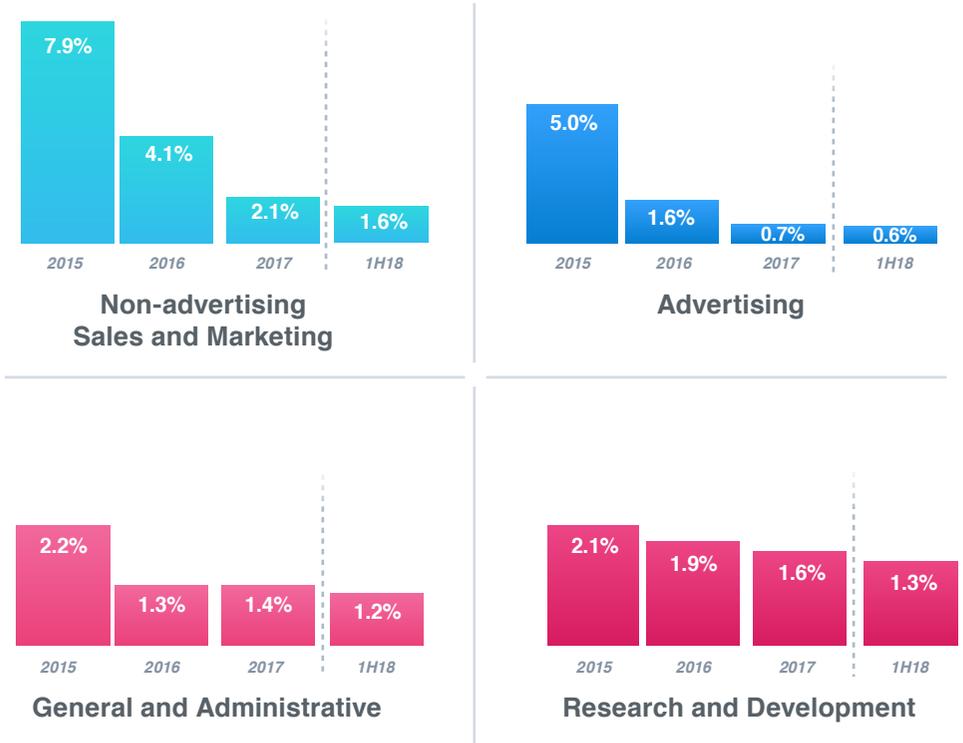
<sup>4</sup> Refers to, with respect to loans originated during a specified time period, the total outstanding principal balance of loans that become over six months delinquent during a specified period, divided by the total initial principal of the loans originated in such vintage

# Improving Operating Efficiency

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



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



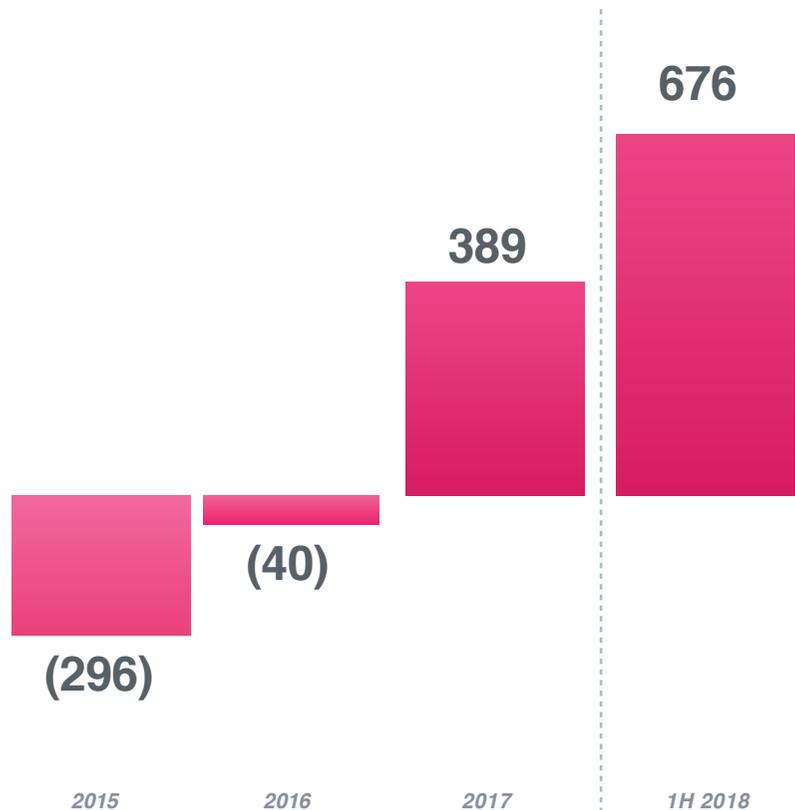
Operating expense as a percentage of average loan balance has significantly decreased

<sup>1</sup> Average loan balance represents the average beginning and ending outstanding principal loan balance on and off-balance sheet of respective year; 1H18 figures annualized

# Scalability and Increasing Profitability

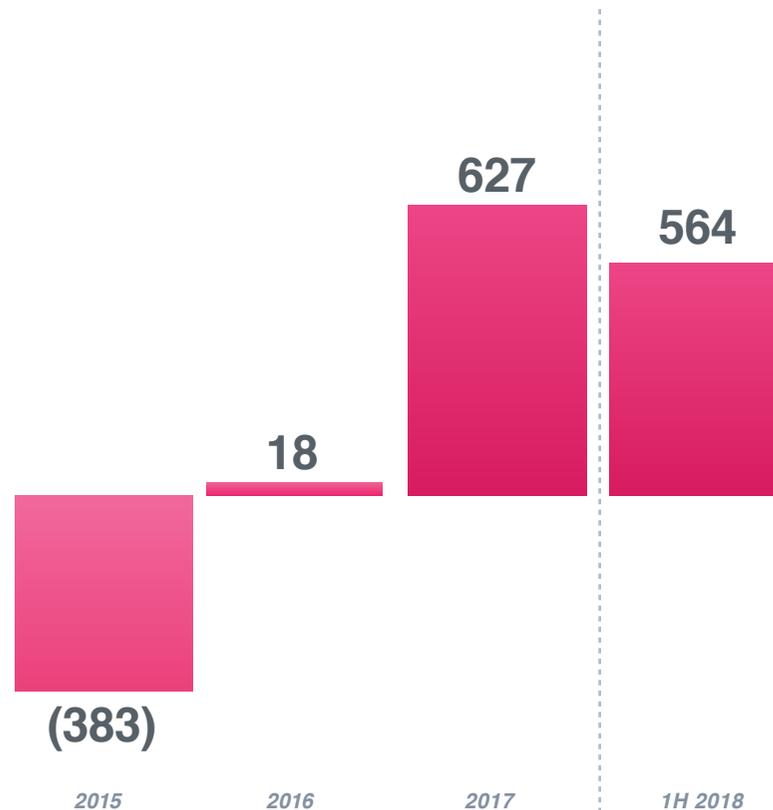
## — Net Income (Non-GAAP)<sup>1</sup>

(RMB mm)



## — EBIT (Non-GAAP)<sup>2</sup>

(RMB mm)



<sup>1</sup> Adjustments include share-based compensation expenses, interest expense associated with convertible loans and investment-related impairment

<sup>2</sup> Adjustments include income tax (benefit)/expense, share-based compensation expenses, interest (income)/expense, net and investment-related impairment

04

**OUR  
STRATEGY**



# Our Growth Strategies



**Invest in Technology**



**Expand Customer Acquisition Channels  
and Grow Our Customer Base**



**Grow with Our Existing Customers and Continue  
to Serve Their Growing Credit and Consumption Need**



**Strengthen the Partnerships with Financial Institutions,  
Further Scale and Diversify Funding Sources**



**Pursue Strategic Alliances, Investments and Acquisitions**



**We Grow with  
Our Customers**

**THANK YOU**