

Lufax Holding Second Quarter 2021 Res

August 2021

Second Quarter 2021 Highlights

Outstanding Balance of Loans Facilitated

RMB606.8 billion

+16.8%
YoY¹

Cumulative Borrowers

15.5 million

+15.7%
YoY¹

Current CA

RMB421.1 billion

+28.8%
YoY¹

Active Investors

14.8 million

+15.6%
YoY¹

Total Income

RMB14,828 million

+17.3%
YoY²

Profit before Income Tax

RMB6,351 million

+46.1%
YoY²

Net Profit

RMB4,729 million

+53.2%
YoY²

Notes:

1. YoY growth rate for data as of 2020Q2 and data as of 2021Q2
2. YoY growth rate for 3 months ended 2020Q2 and 3 months ended 2021Q2

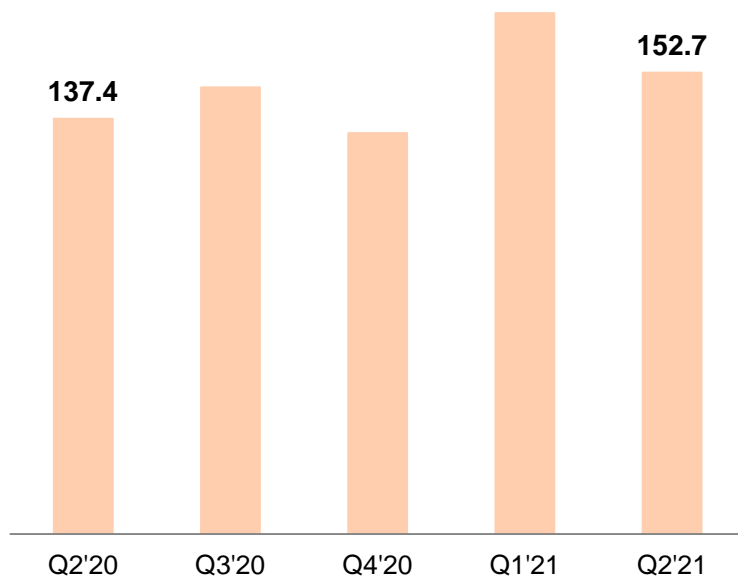
Operational Highlights

Retail Credit Facilitation: Key Metrics

New Loan Sales

RMB billion

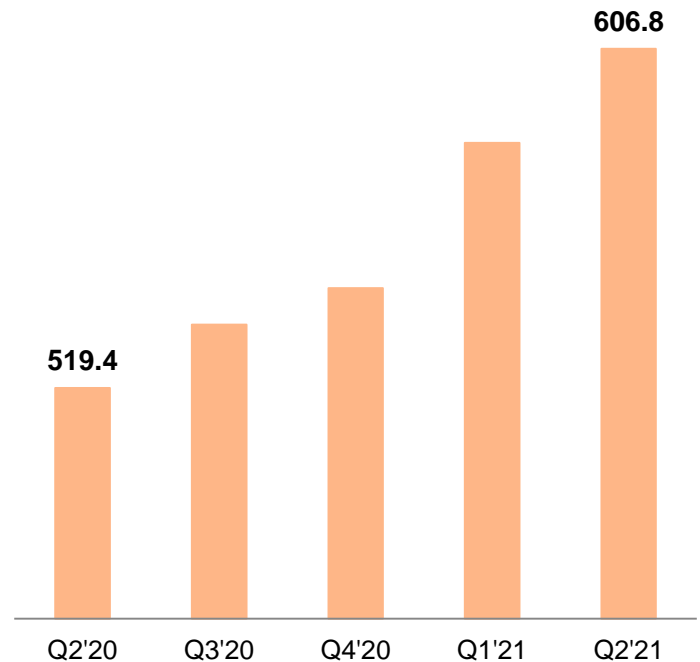
+11.1%
YoY



Outstanding Balance of Loans Facilitated

RMB billion

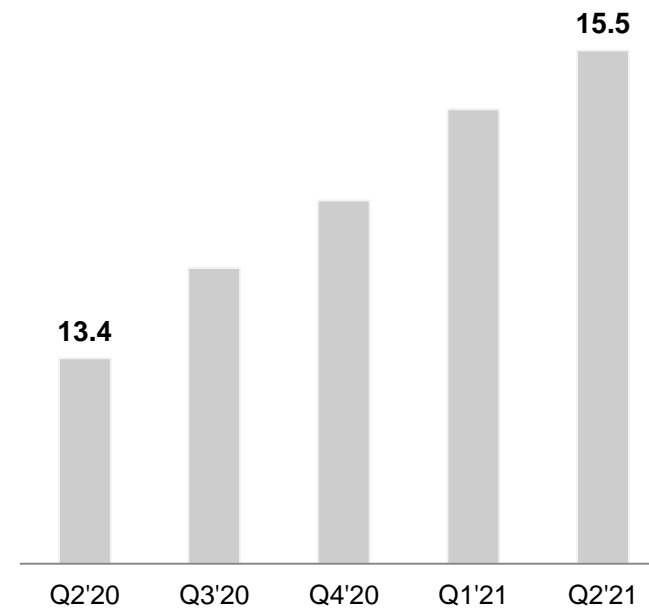
+16.8%
YoY



Cumulative Borrowers

Million

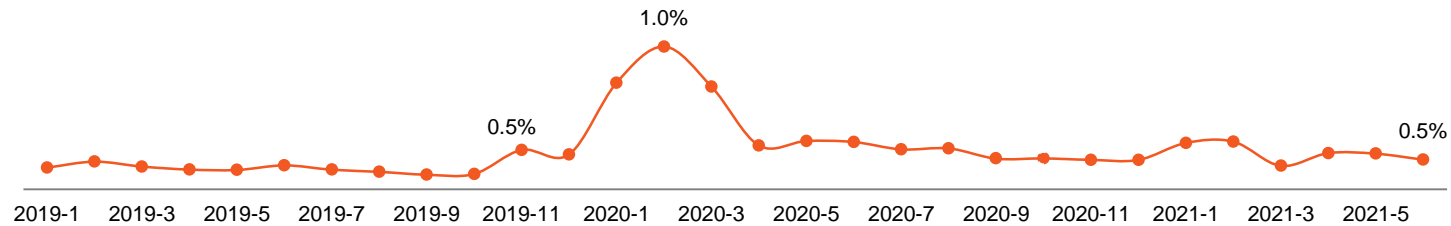
+15.7%
YoY



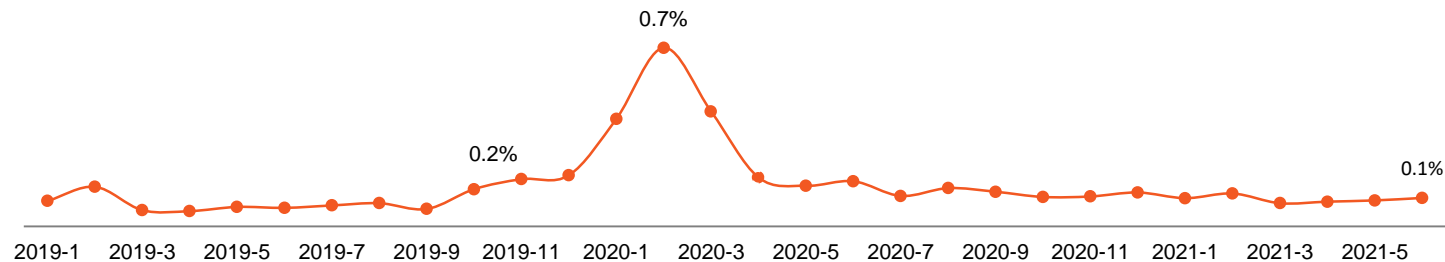
Retail Credit Facilitation: Credit Performance

Rapid Asset Quality Recovery post COVID-19

General Unsecured C-M3 (Current to 60-89 Days Past Due) flow rates¹ (%)

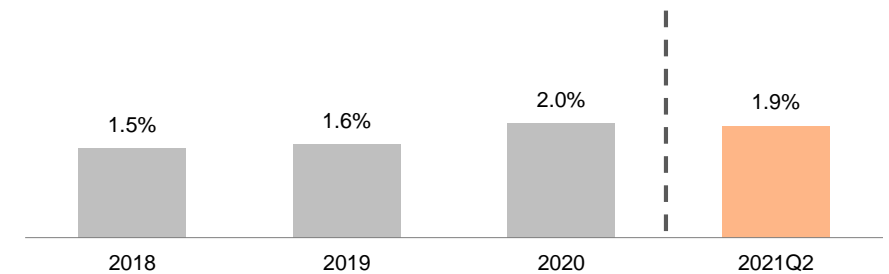


Secured C-M3 (Current to 60-89 Days Past Due) flow rates¹ (%)

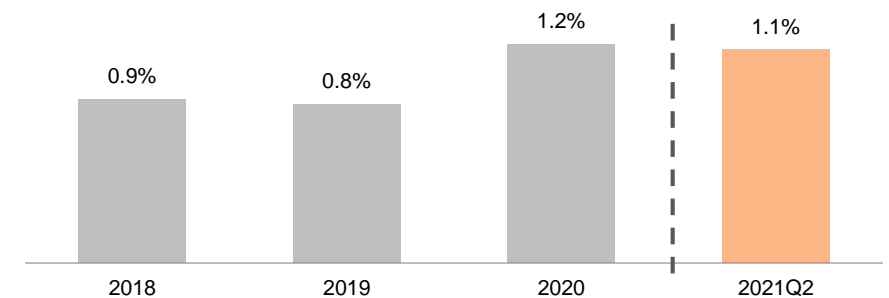


Delinquency Rate

DPD30+ (30+ Days Past Due) Delinquency Rate²



DPD90+ (90+ Days Past Due) Delinquency Rate³



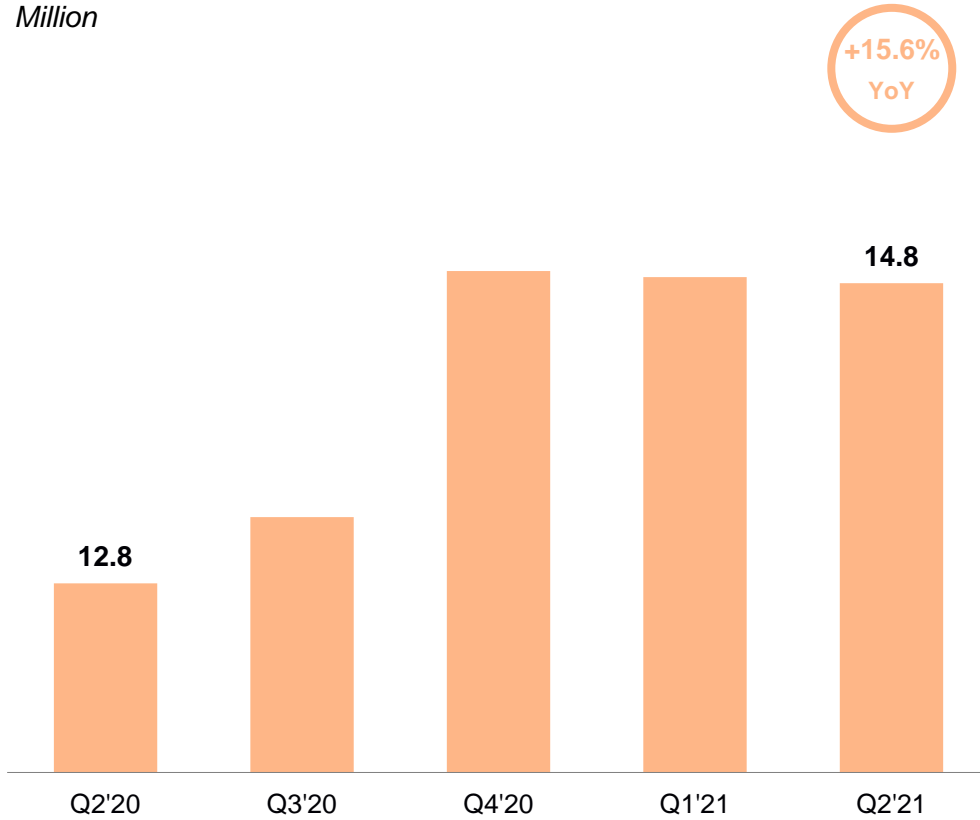
Notes:

- Flow rate estimates the percentage of current loans that will become non-performing at the end of three months, and is defined as the product of (i) the loan balance that is overdue from 1 to 29 days as a percentage of the total current loan balance of the previous month, (ii) the loan balance that is overdue from 30 to 59 days as a percentage of the loan balance that was overdue from 1 to 29 days in the previous month, and (iii) the loan balance that is overdue from 60 to 89 days as a percentage of the loan balance that was overdue from 30 days to 59 days in the previous month. Loans from legacy products and consumer finance subsidiary are excluded from flow rate estimation
- DPD 30+ delinquency rate refers to the outstanding balance of loans for which any payment is 30 to 179 calendar days past due divided by the outstanding balance of loans. Loans from legacy products and consumer finance subsidiary are excluded from flow rate estimation
- DPD 90+ delinquency rate refers to the outstanding balance of loans for which any payment is 90 to 179 calendar days past due divided by the outstanding balance of loans. Loans from legacy products and consumer finance subsidiary are excluded from flow rate estimation

Wealth Management: Key Metrics

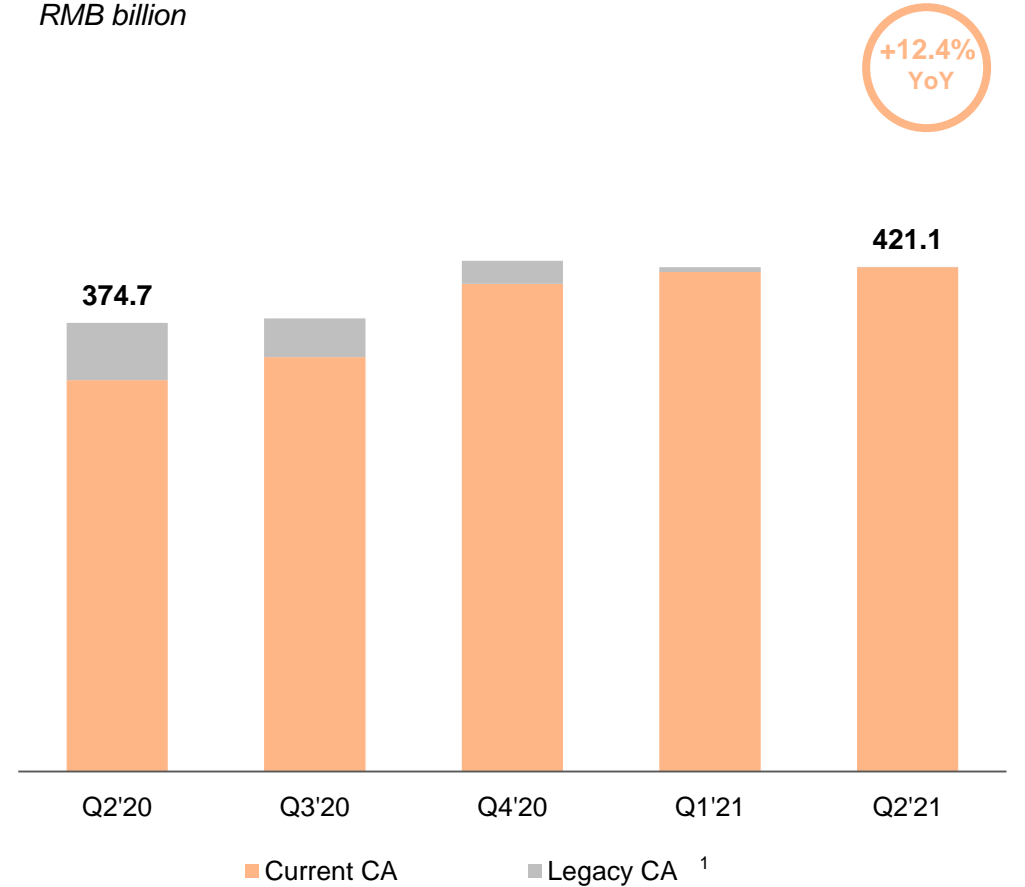
Active Investors

Million



Client Assets (CA)

RMB billion



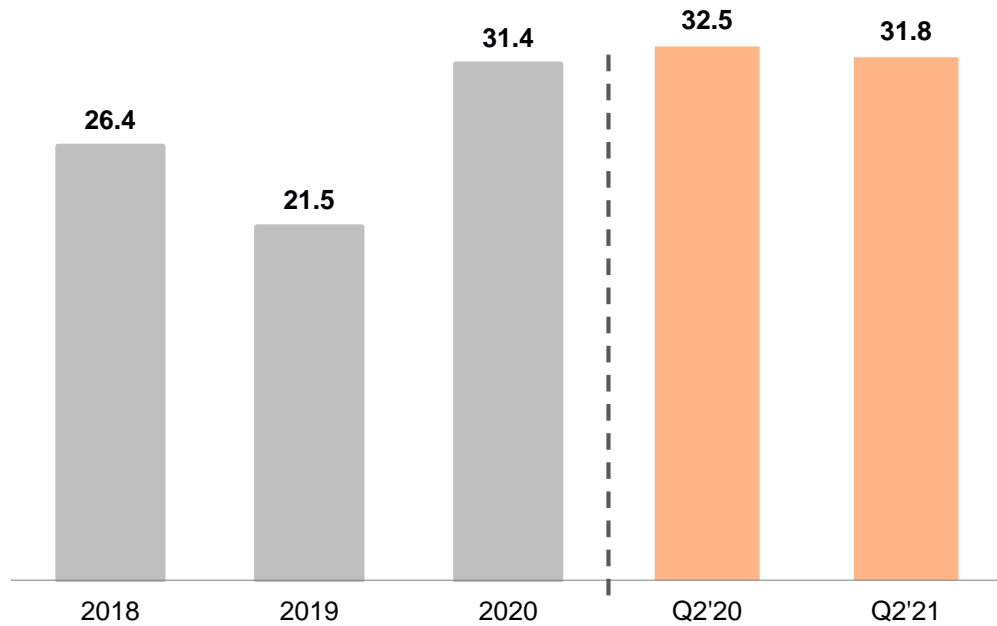
Note:

1. Legacy products of wealth management business refer to a variety of products and related services that the Company has historically offered but no longer offers, primarily due to shifts in strategy and regulatory requirements. Legacy products are primarily comprised of certain types of structured alternative products originated from financial institutions and peer-to-peer platforms

Wealth Management: Key Metrics (Cont'd)

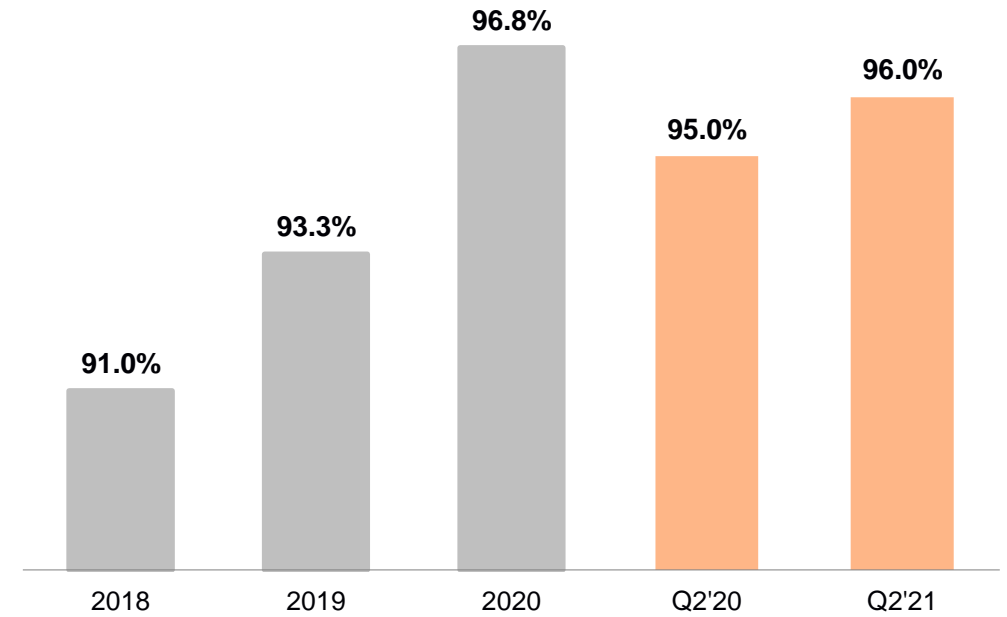
Take Rate of Current Products and Services¹

bps



Investor Retention Rate

%



Note:

1. The take rate of wealth management business is calculated by dividing total wealth management transaction and service fees for current products by the Company's average current product client assets

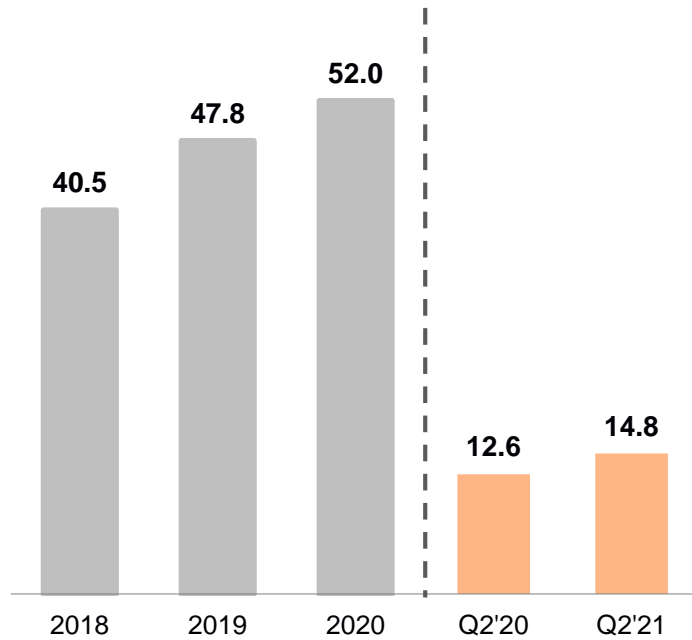
Financial Highlights

Financial Overview

Total Income

RMB billion

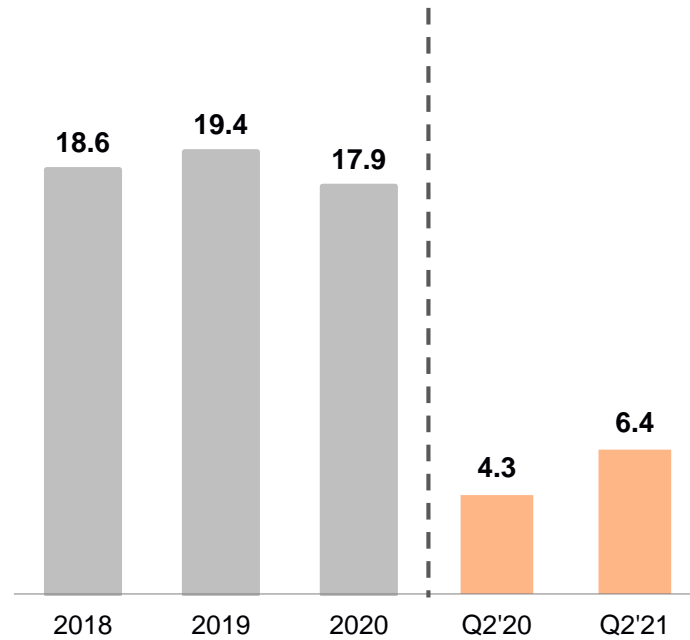
+17.3%
YoY



Profit Before Income Tax

RMB billion

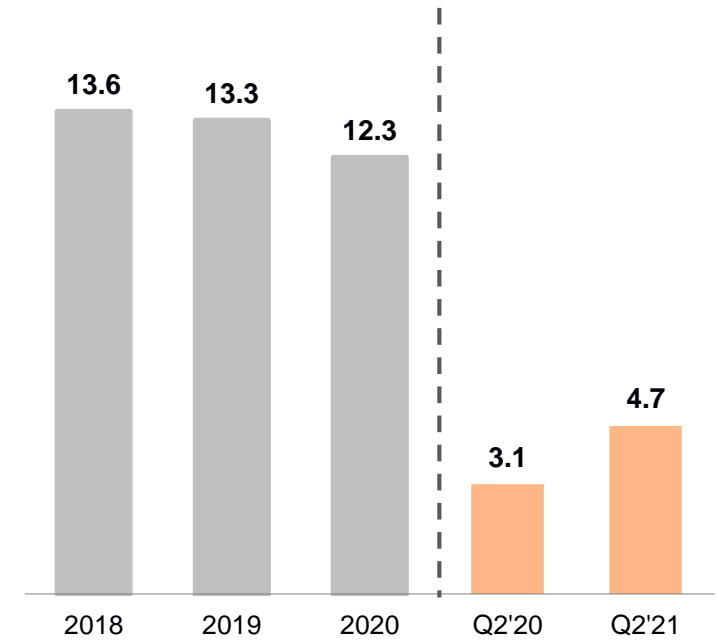
+46.1%
YoY



Net Profit

RMB billion

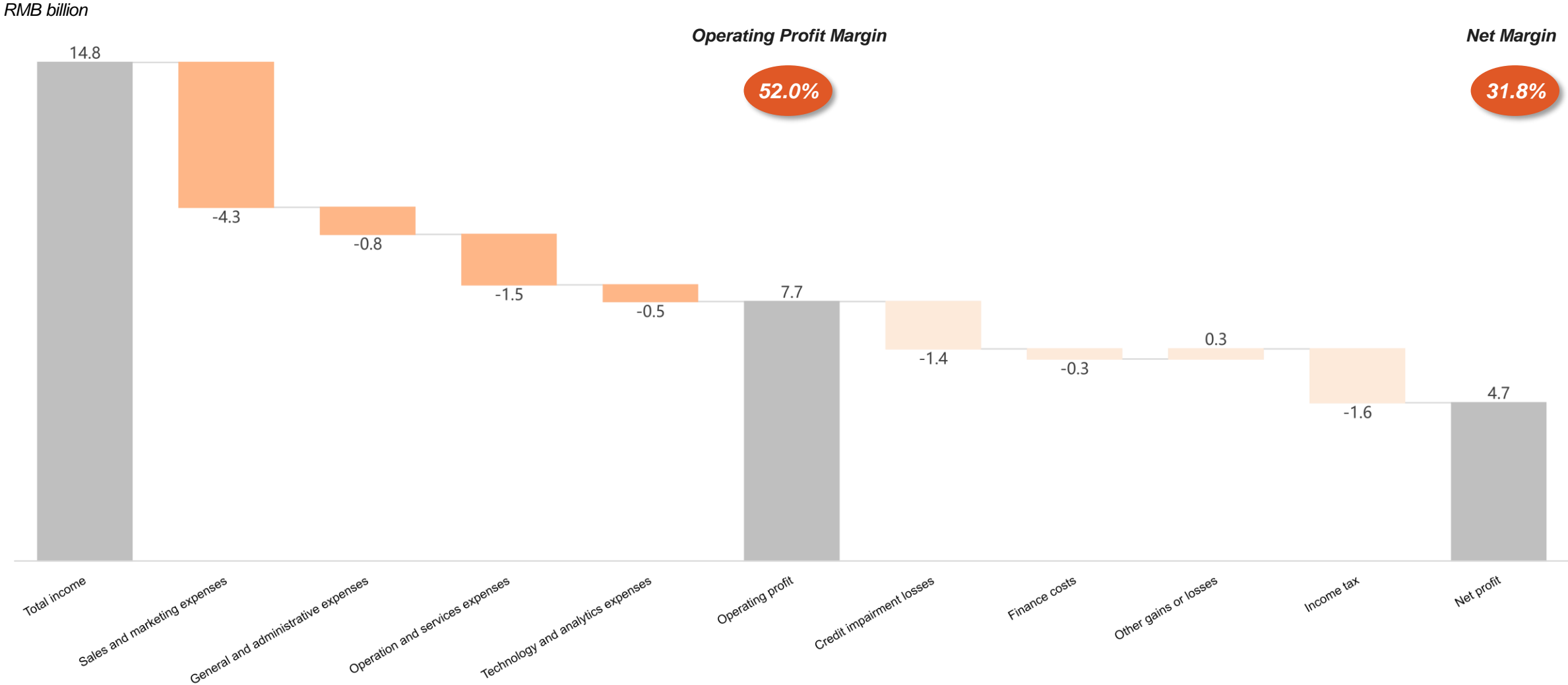
+53.2%
YoY



Business Model Evolution Driving Changes in Revenue Mix

(In millions except percentages, unaudited)	Three Months Ended June 30,				YoY
	2020		2021		
	RMB	% of income	RMB	% of income	
Technology platform-based income	10,374	82.1%	9,601	64.7%	(7.5%)
<i>Retail credit facilitation service fees</i>	10,084	79.8%	9,194	62.0%	(8.8%)
<i>Wealth management transaction and service fees</i>	291	2.3%	407	2.7%	39.9 %
Net interest income	1,624	12.9%	3,227	21.8%	98.7%
Guarantee income	92	0.7%	891	6.0%	868.5%
Other income	351	2.8%	1,071	7.2%	205.1%
Investment income	220	1.7%	37	0.2%	(83.2%)
Share of net profits of investments accounted for using the equity method	(24)	(0.2%)	2	0.0%	108.3%
Total income	12,637	100%	14,828	100%	17.3%

Waterfall Analysis on 2Q 2021 P&L



Continued Improvement in Operating Efficiency

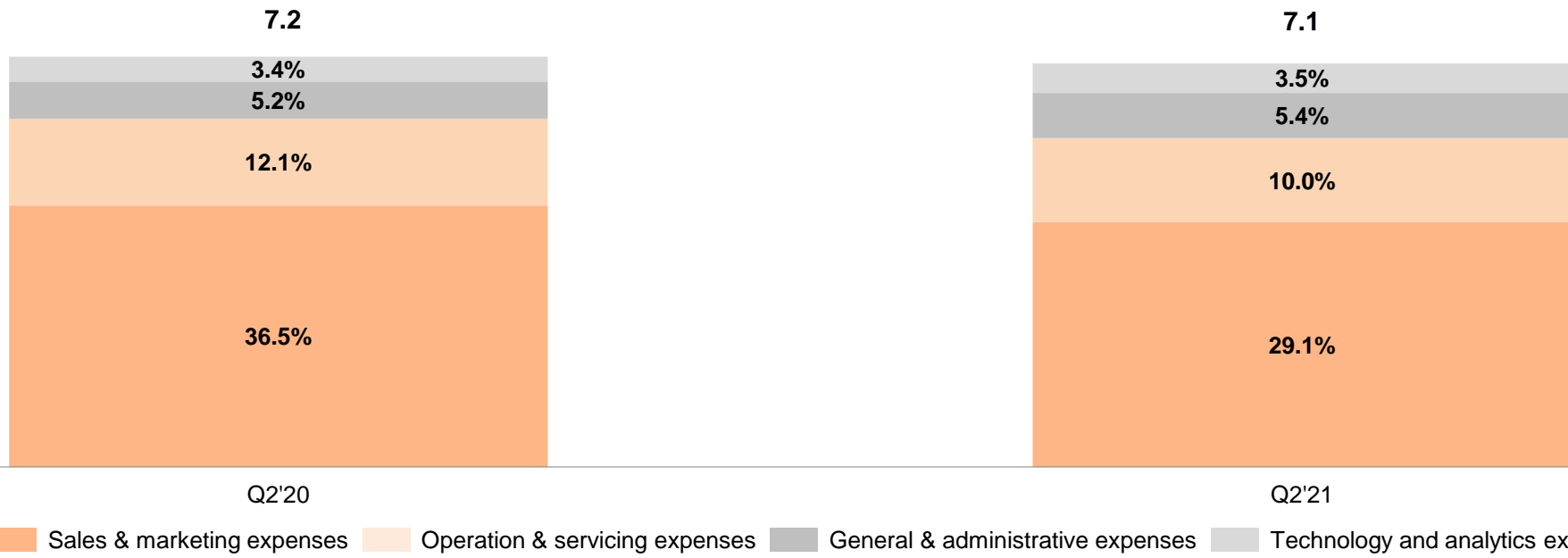
Total expenses excluding credit impairment losses, financial costs and other losses/ Total Income

RMB billion
(% of total income)

57.2%



47.9%



Appendix

Income Statement

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020		2021	2020		2021
	RMB'000	RMB'000	USD'000	RMB'000	RMB'000	USD'000
Technology platform-based income	10,374,149	9,601,195	1,487,036	21,453,124	19,891,314	3,080,772
Retail credit facilitation service fees	10,083,638	9,193,711	1,423,925	20,753,875	18,858,856	2,920,865
Wealth management transaction and service fees	290,511	407,484	63,111	699,249	1,032,458	159,907
Net interest income	1,623,605	3,226,887	499,781	2,998,206	6,137,811	950,626
Guarantee income	91,604	890,589	137,935	170,466	1,441,964	223,332
Other income	351,176	1,070,812	165,848	655,608	2,109,368	326,700
Investment income	220,359	36,756	5,693	446,771	526,462	81,539
Share of net profits of investments accounted for using the equity method	(23,601)	2,037	315	(40,647)	(27,846)	(4,313)
Total income	12,637,292	14,828,276	2,296,608	25,683,528	30,079,073	4,658,656
Sales and marketing expenses	(4,606,357)	(4,315,895)	(668,447)	(8,620,294)	(8,549,164)	(1,324,097)
General and administrative expenses	(659,359)	(797,573)	(123,528)	(1,347,713)	(1,651,278)	(255,750)
Operation and servicing expenses	(1,526,911)	(1,476,499)	(228,681)	(2,818,606)	(2,997,686)	(464,282)
Technology and analytics expenses	(435,909)	(516,828)	(80,046)	(848,677)	(963,421)	(149,215)
Credit impairment losses	(596,659)	(1,393,534)	(215,831)	(1,098,804)	(2,446,784)	(378,959)
Asset impairment losses	-	(2,049)	(317)	-	(2,049)	(317)
Finance costs	(441,156)	(275,974)	(42,743)	(887,347)	(560,066)	(86,743)
Other gains/(losses) - net	(25,029)	301,417	46,684	45,679	163,451	25,314
Total expenses	(8,291,380)	(8,476,935)	(1,312,909)	(15,575,762)	(17,006,997)	(2,634,049)
Profit before income tax expenses	4,345,912	6,351,341	983,697	10,107,766	13,072,076	2,024,607
Income tax expenses	(1,259,713)	(1,622,650)	(251,316)	(2,836,207)	(3,374,756)	(522,684)
Net profit for the period	3,086,199	4,728,691	732,381	7,271,559	9,697,320	1,501,923

Balance Sheet

	As of December 31,	As of June 30,	
	2020	2021	
	RMB'000	RMB'000	USD'000
Assets			
Cash at bank	24,158,568	29,021,785	4,494,902
Restricted cash	23,029,588	24,803,133	3,841,516
Financial assets at fair value through profit or loss	34,423,897	31,801,649	4,925,448
Financial assets at amortized cost	6,563,969	10,216,273	1,582,299
Financial Assets purchased under reverse repurchase agreements	700,007	4,264,925	660,553
Accounts and other receivables and contract assets	23,325,978	22,552,057	3,492,869
Loans to customers	119,825,814	170,097,360	26,344,726
Deferred tax assets	3,358,664	2,784,029	431,191
Property and equipment	424,043	380,868	58,989
Investments accounted for using the equity method	489,931	462,794	71,678
Intangible assets	1,882,462	1,871,801	289,905
Right-of-use assets	973,547	827,183	128,114
Goodwill	9,046,830	9,046,830	1,401,176
Other assets	686,949	813,070	125,930
Total assets	248,890,247	308,943,757	47,849,296
Liabilities			
Payable to platform users	9,114,906	4,580,090	709,366
Borrowings	10,315,445	19,135,343	2,963,687
Current income tax liabilities	2,610,610	2,167,871	335,760
Accounts and other payables and contract liabilities	5,483,757	5,206,266	806,348
Payable to investors of consolidated structured entities	110,367,718	159,170,700	24,652,402
Financial guarantee liabilities	748,674	1,449,566	224,509
Deferred tax liabilities	5,733,733	4,689,672	726,338
Lease liabilities	979,419	824,881	127,758
Convertible promissory note payable	10,117,188	10,401,192	1,610,940
Optionally convertible promissory notes	7,530,542	7,701,487	1,192,808
Other liabilities	2,736,934	2,542,952	393,853
Total liabilities	165,738,926	217,870,020	33,743,769

Balance Sheet (Cont'd)

	As of December 31,	As of June 30,	
	2020	2021	
	RMB	RMB	USD
Equity			
Share capital	77	77	12
Share premium	33,213,426	33,213,426	5,144,105
Treasury shares	(2)	(1,814,486)	(281,028)
Other reserves	7,418,710	7,456,750	1,154,904
Retained earnings	40,927,597	50,696,590	7,851,902
Total equity attributable to owners of the Company	81,559,808	89,552,357	13,869,895
Non-controlling interests	1,591,513	1,521,380	235,632
Total equity	83,151,321	91,073,737	14,105,527
Total liabilities and equity	248,890,247	308,943,757	47,849,296

Business Model

