

The background features a complex network of grey and brown nodes connected by thin lines, forming a circular shape on the left side. In the center, there is a circular inset showing a modern skyscraper. The LUFAX logo is overlaid on this inset. The Chinese characters '陆金所控股' are in orange, and 'LUFAX' is in blue with an orange 'X'.

陆金所控股
LUFAX

Investor Presentation

November 2022

Agenda for Today

- 1. Macro Challenges Weighed on Our Core SBO Customers**
- 2. Performance Update**
- 3. Business Reprioritizations for U-Shaped Bottom-line Recovery**
- 4. Catalysts for Longer-term Growth Trajectory**
- 5. Regulatory Update**
- 6. Performance Guidance and Business Outlook**

1 Macro Challenges Weighed on Our Core SBO Customers

SMBs / SBOs Represent a Critical and Massive Market to Penetrate

SMBs contribute largely to China's economy but only receiving a small portion of total financing. The SBOs are the one of the most economically active segments in China, representing huge market potentials



~60%

contribution to GDP



~80%

contribution to job creation

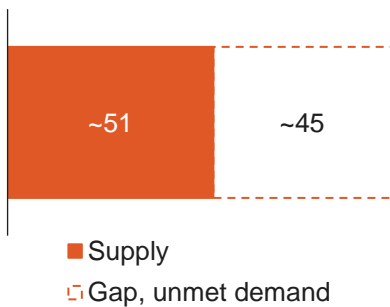


~26%

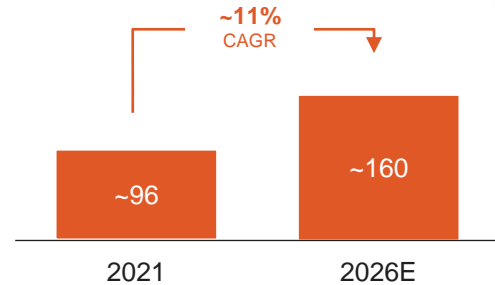
share of total financing



SMB Financing Demand in 2021⁽²⁾ (RMB tn)



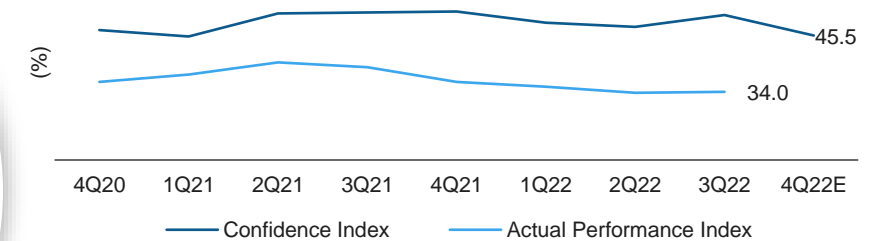
Total SMB Financing Demand⁽²⁾ (RMB tn)



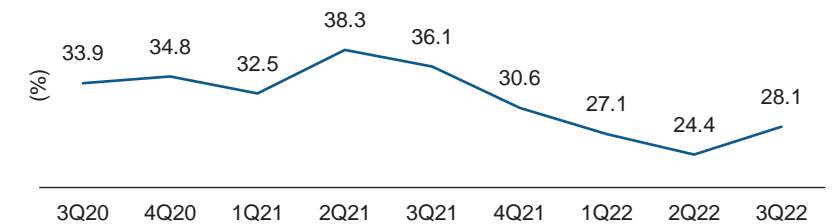
Confidence and Cash Flow Hit by Short-term Macro Volatilities amid Covid Resurgence

Covid resurgence and relevant containing measures have severely challenged SMBs / SBOs' confidence and business / cash flow

SBOs' confidence vs. actual performance⁽¹⁾



SMBs' revenue recovery ratio^{(1) (3)}



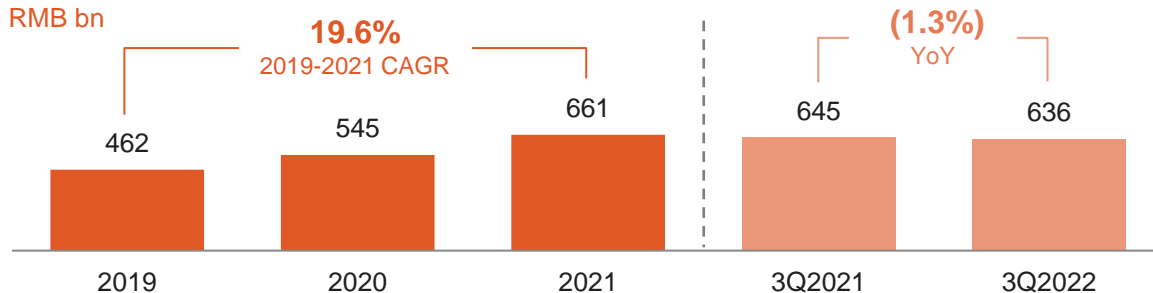
Note:
 1. Online Survey of Micro-and-small Enterprises (3Q2022) by PKU, Ant Group Research Institute and MyBank
 2. Data as per CIC research report
 3. Revenue recovery ratio is calculated by comparing operating revenue of SMBs against that in the respective period of 2019

2a Negative Impact from Macro Challenges on Business Performance

Retail Credit Facilitation

OUTSTANDING BALANCE OF LOANS FACILITATED

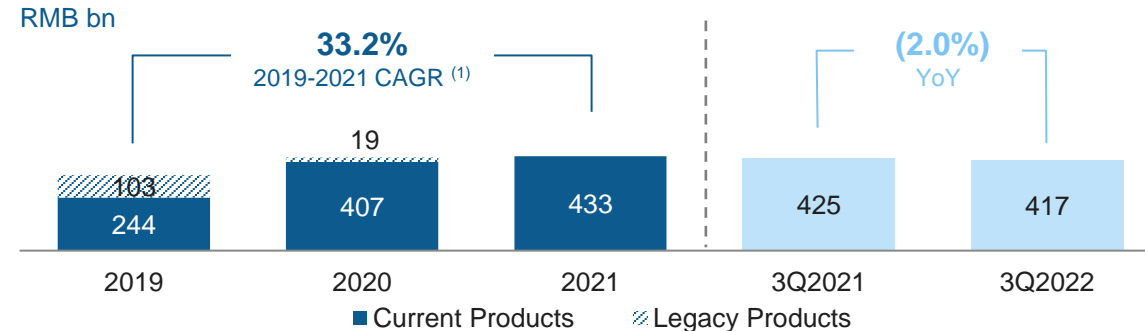
RMB bn



Wealth Management

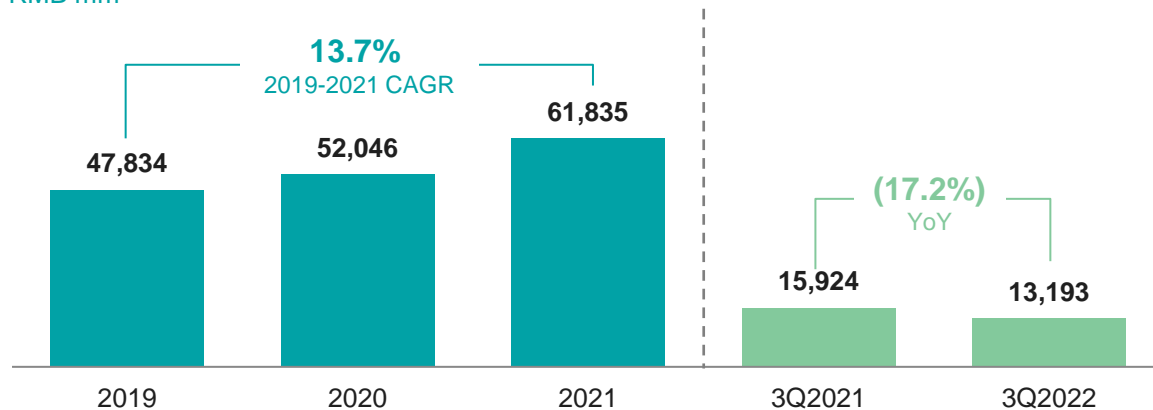
CLIENT ASSETS

RMB bn



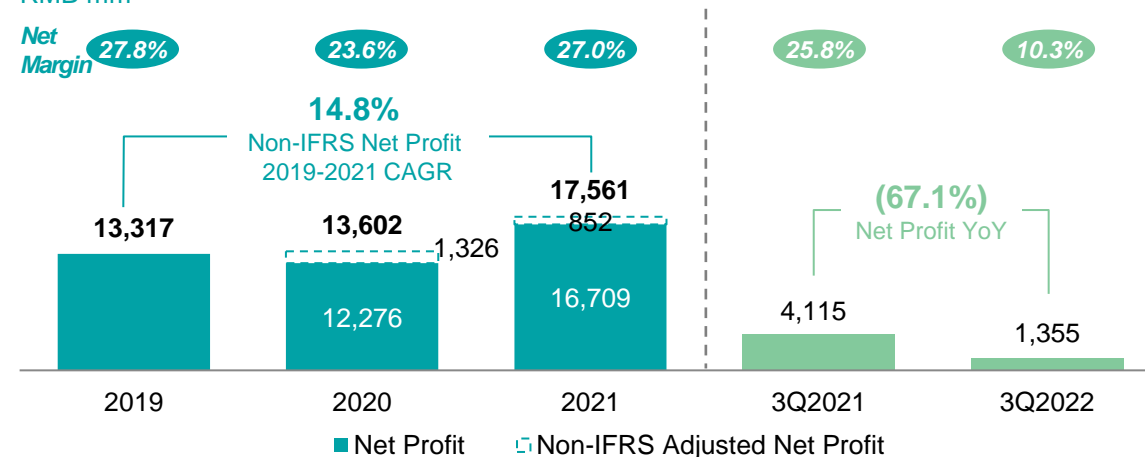
Total Income

RMB mm



Net Profit and Adjusted Net Profit (2)

RMB mm



Note:

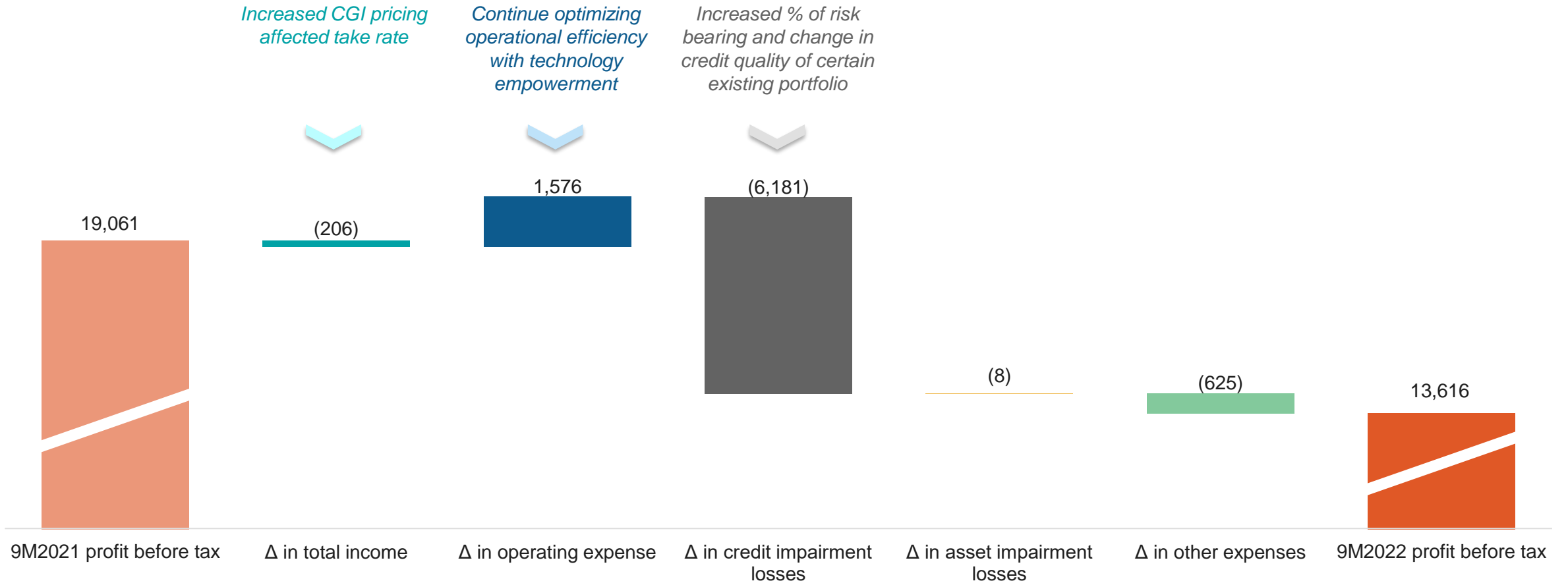
1. Excluding legacy products.
2. Non IFRS adjusted net profit excludes non-recurring expense related to C round convertible notes restructuring

2b

9M2022 Bottom-line Mapping

Analysis of Key Factors and Levers

RMB mm



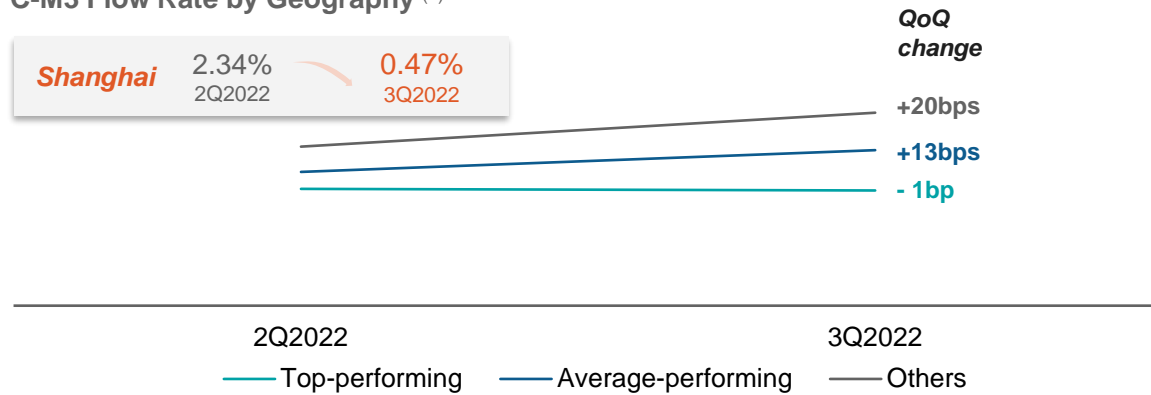
3a Business Reprioritizations for U-Shaped Bottom-line Recovery

Focus on Geographic Resilience and Borrower Quality That Bring Sustainable Return (1/2)

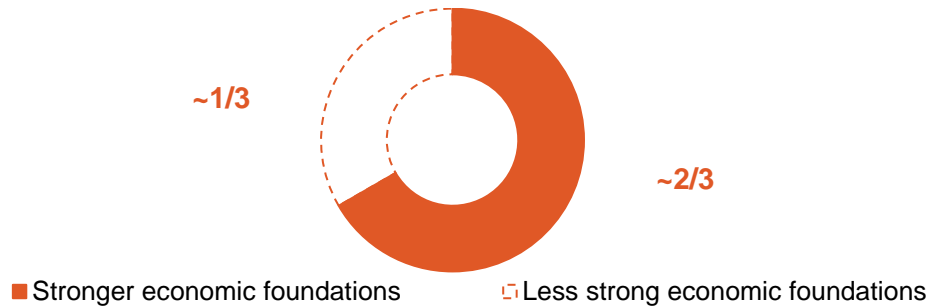
Focus on More Resilient Geographies

Shifting focus onto more resilient regions that demonstrated faster recovery to maintain sustainable margin of new business

C-M3 Flow Rate by Geography ⁽¹⁾



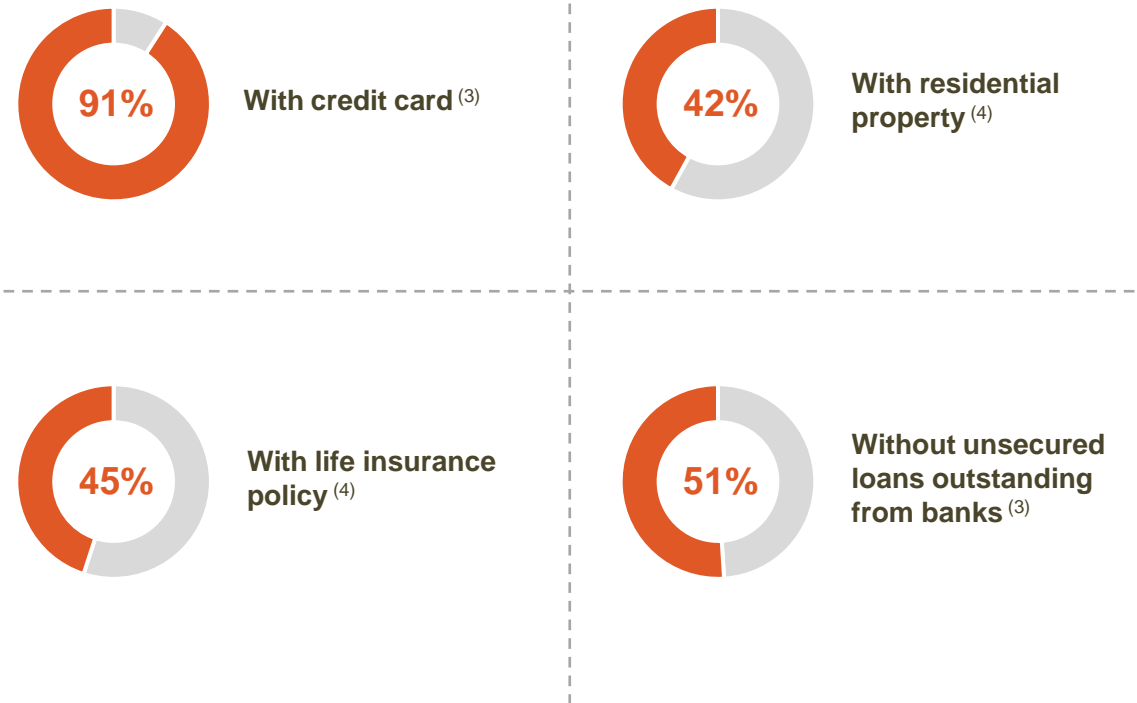
Geographic Breakdown of Outstanding Loan Balance by Economic Condition (3Q2022)



Focus on Well-rated Borrowers

Borrower profile remained robust as we strengthen focus on serving better-rated borrowers.

New Borrower Profile (3Q2022) ⁽²⁾



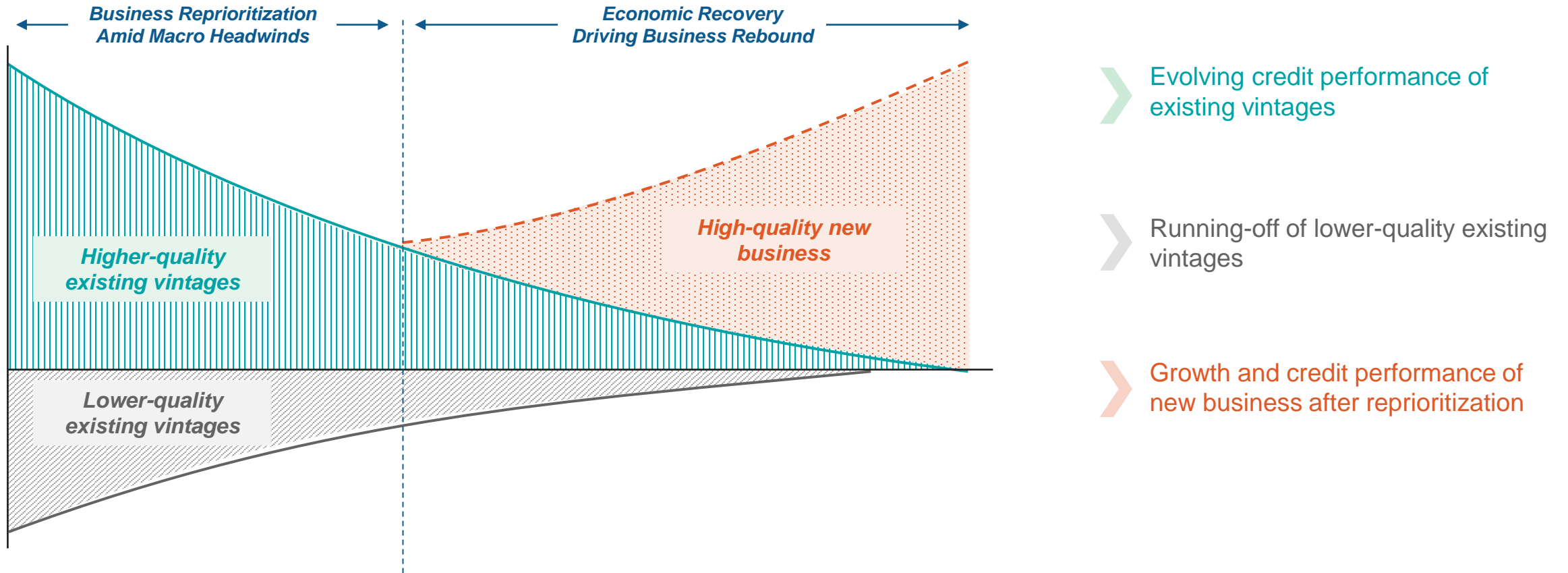
Notes:

1. Geographic classification is based on Lufax's internal criteria on loan performance. Top-performing regions consist of cities and regions with strong economic foundations such as Beijing and Shanghai
2. Data for 3Q2022, excluding consumer finance loans
3. Based on data from the People's Bank of China
4. Based on data customers provided voluntarily

3a Business Reprioritizations for U-Shaped Bottom-line Recovery

Focus on Geographic Resilience and Borrower Quality That Bring Sustainable Return (2/2)

Illustration: Factors for U-shaped Bottom-line Recovery

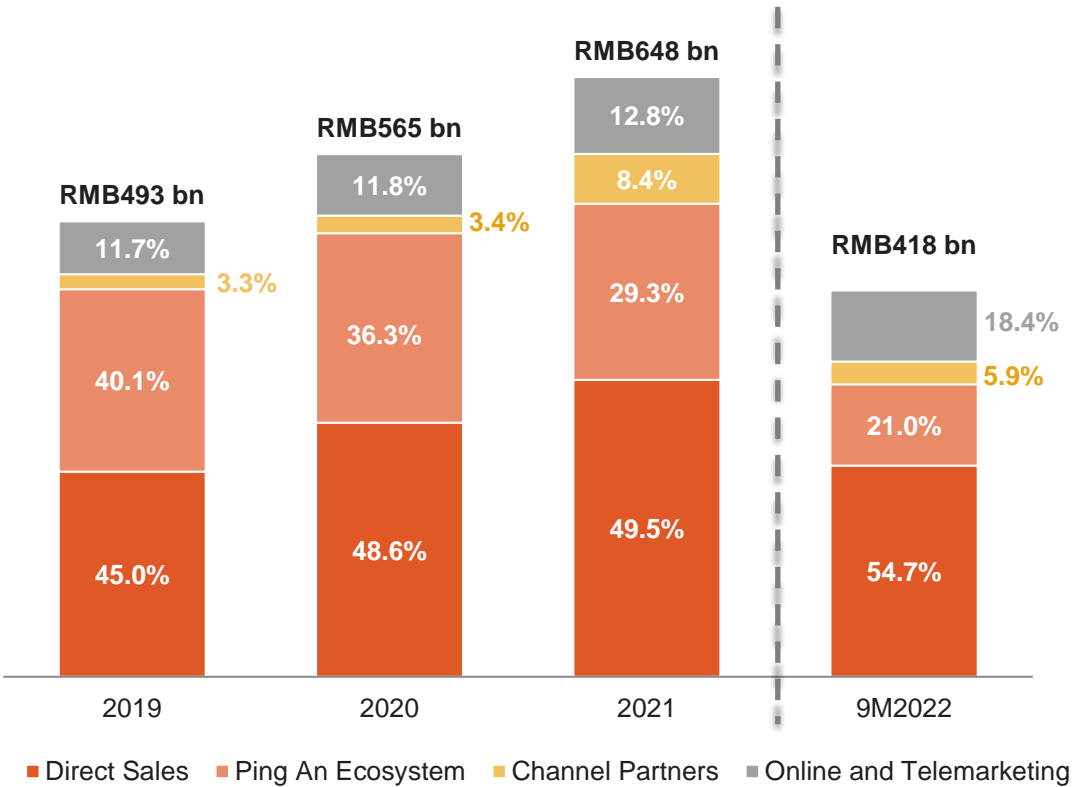


3b Business Reprioritizations for U-Shaped Bottom-line Recovery

Focus on the Enhancement of Direct Sales Channel

Focus on Enhancement of Direct Sales Channel

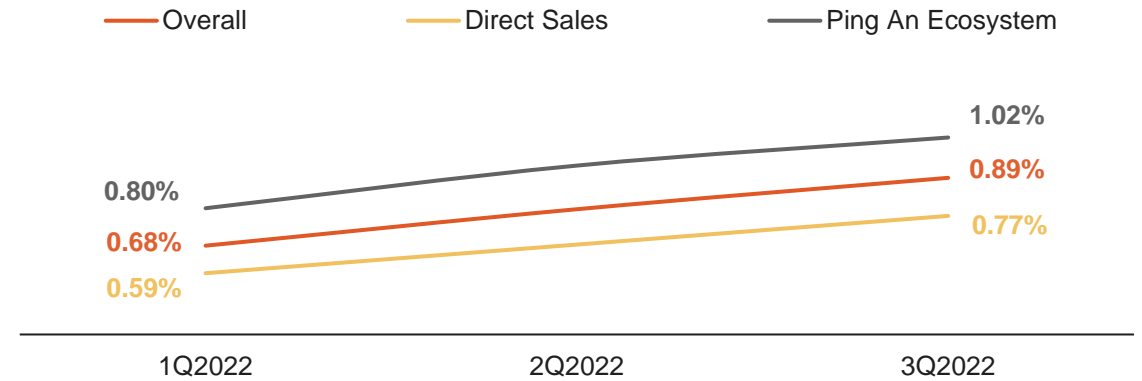
Volume of New Loans Facilitated



Productivity Analysis

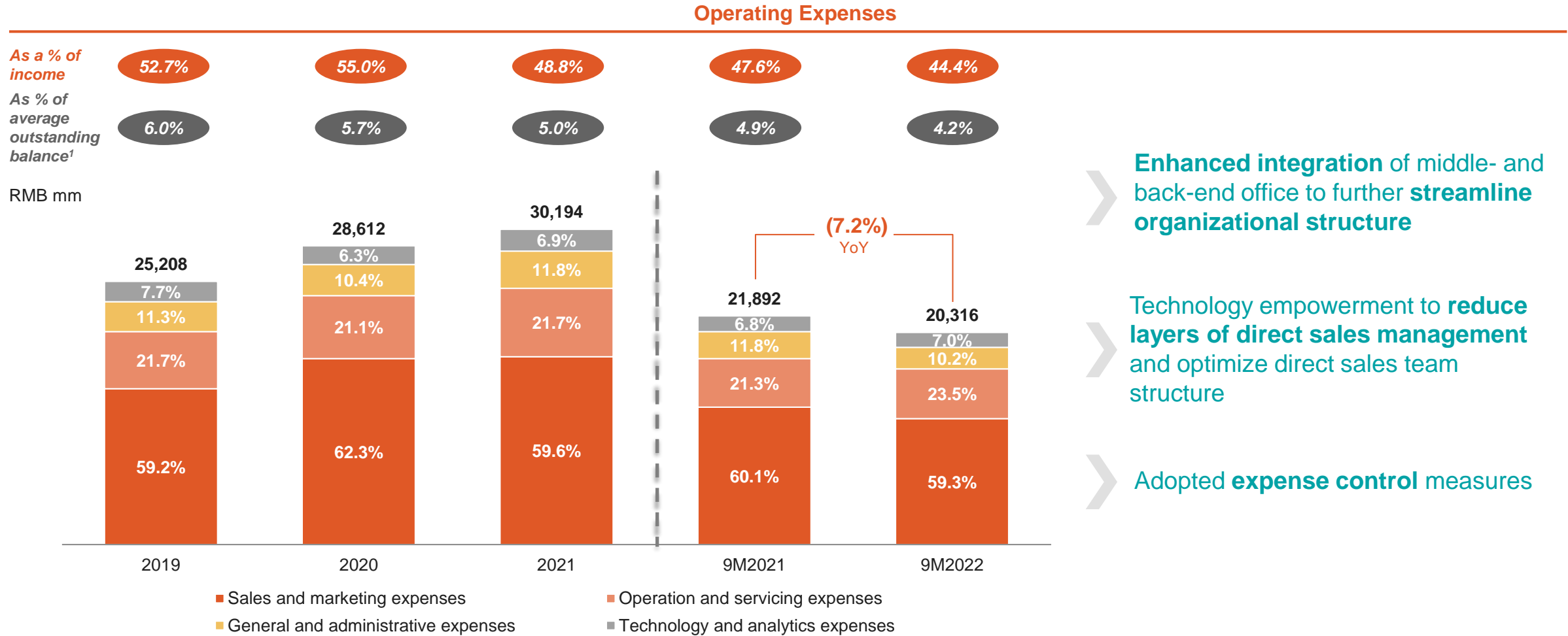
Monthly new loan sales per person (RMBk)	MOB0	MOB1	MOB2	MOB3	MOB4
High-quality talents	111	200	223	226	273
Non-high-quality talents	47	119	199	183	224

Unsecured C-M3 Flow Rate by Channel



3C Business Reprioritizations for U-Shaped Bottom-line Recovery

Continually Optimize Operation Efficiency



Note:
1. Annualized figures for 9M2021 and 9M2022

4a Catalysts for Longer-term Growth Trajectory

Cultivation of New Capabilities via New Initiatives

SBO Ecosystem

- ✓ Engage potential customers at an earlier stage
- ✓ New source of customer referrals
- ✓ New cross-sell opportunities
- ✓ Deepen our interaction with existing customers

Functionalities



Expand Network



Precise Marketing



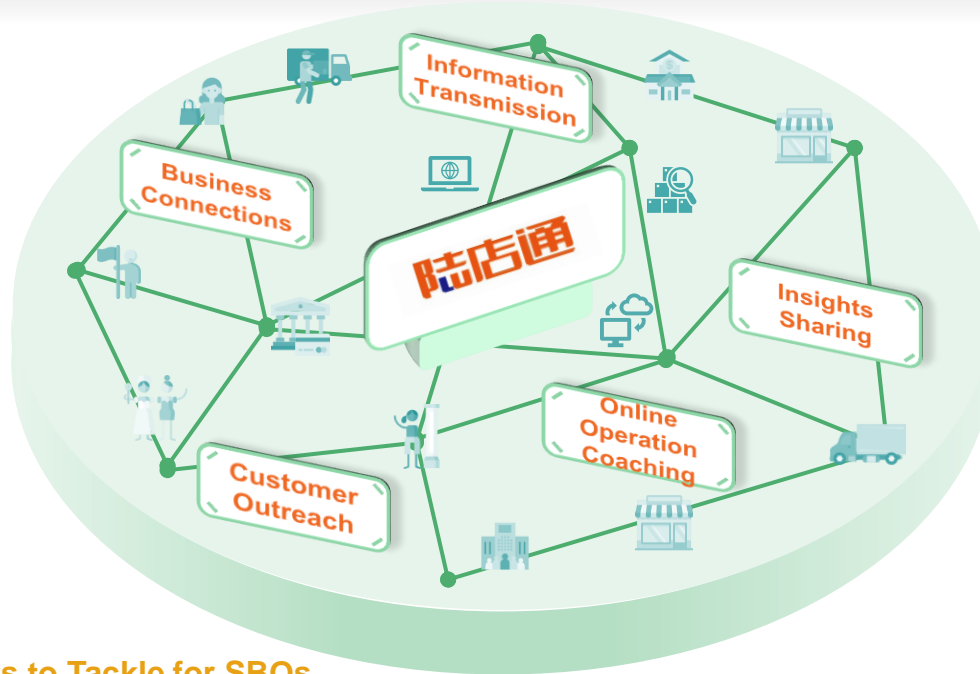
Transaction Facilitation



Group Purchasing



Virtual Exhibition



Goals



Bottleneck Breakthrough



Sales Growth



Solutions to Operational Difficulties

Pain Points to Tackle for SBOs



Limited Customer Base



High Customer Acquisition Costs



Less Skilled at Online Operations




Unstable Supplier Channels


4b Catalysts for Longer-term Growth Trajectory

Enhanced Technology Empowerment


Cutting-edge Technologies to Empower End-to-end Business Process

Customer journey


1  **Direct Sales and Customer Onboarding**




Customer profiling




Biometric identification



Optical character recognition





AI video conversations and vetting




Remote interviews

Reduce layers of DS management with digital tools for sales management and customer onboarding


2  **Credit Assessment**




Micro-facial expression



Voice recognition





AI data review




Seamless data transmission

Improve capital allocation and reduce the risk, cost of capital and customer drainage


3  **Post-loan Management**




Cloud-based loan collection




AI servicing



AI loan collection algorithm




App smart robots




24/7 operating command cabin


Create values by increasing loan collection rate with a lower cost of seat

FI partners


1  **Digital Operations Tools**




Front-end sales management tool



Mid-end AI analytic tool





Back-end data tool




AI partner's credit appetite matching

Tailor for partners' credit appetite by empowering a more efficient customer matching process


2  **Risk Management**




AI risk management solutions




Data encryption




Customer risk rating



Customer identity verification





Anti-fraud system




Big data infrastructure services

Provide one-stop solution for risk framework and analytics solution to FI partners


3  **Portfolio Servicing**



Post-loan management interface



Online AI robots



AI repayment willingness analytics

Provide an intelligent post-loan management at the back of thorough customer profiling

5a Improving Regulatory Environment

Key Trends Observed

Transitioning into Normalized Regulation

Implications for Lufax

- **No substantial outstanding items** for Lufax in the “429 rectification”
- **Current guarantee model is recognized by regulators** and exempted from the stopping direct data connection with financial institutions

Strengthen Support SMEs and Platform business

- Reaffirm the support for **SMB financings**
- **Recognition for the active role played by technology companies / non-traditional FIs in serving SMBs**
- **Policy support for the business model** of Lufax

Recent Policy and Regulation Updates

Oct 2022, PBOC Report to the NPC Standing Committee

- Steadily push forward and **conclude the rectification on platform companies' financial business** and **implement normalized regulation**

Oct 2022, NDRC Report to the NPC Standing Committee

- Support and guide the sustainable development of platform economy, complete the special rectification and **published a batch of “greenlight” cases**

Jul 2022, Politburo Meeting of the CPC Central

- Promote the healthy and sustainable development of platform economy and **conclude the rectification on platform economy**
- **Implement normalized regulation** on platform companies and publish “greenlight” cases

Oct 2022, CBIRC Article on P&C Insurance Industry

- The disciplined growth of the **credit guarantee insurance has effectively reduced the funding pressure for SMBs**

Jun 2022, CBIRC Shanghai Bureau's Guidance to Serve SMBs

- Encourage **non-bank financial institutions to support SMBs' financings needs of SMBs**, enhancing credit availability and improving service quality

May 2022, PBOC Opinion on Promoting Financial Institutions' Credit Supports for SMBs

- Strengthen the deployment of financial technology...small- and medium-sized banks that are less strong in technology capabilities can **improve its SMB service capability by cooperating with** large banks and **technology companies**

5b Business and Risk Bearing Model Compliance

“Skin in the Game”

Distinct Business Model Recognized by Regulators

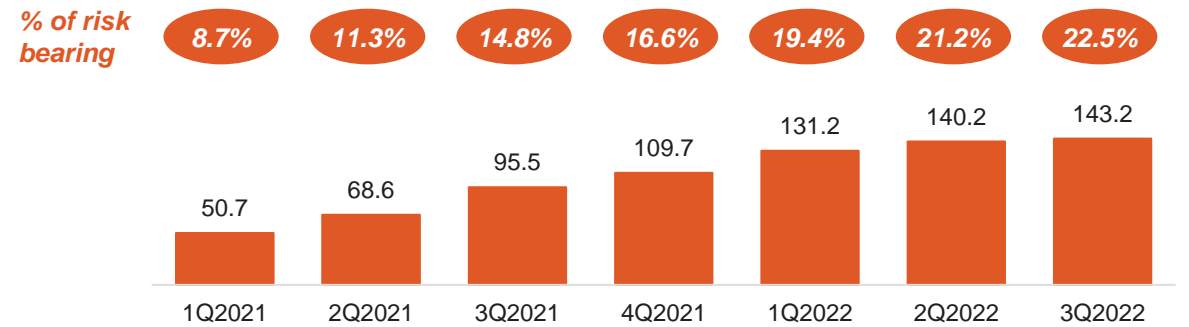
- Partnership with funding partners through financing guarantee recognized as **distinct from the typical “loan facilitation”** and approved by the regulators
- Ability to **directly share data with funding partners** without involving third parties

Sustainability Supported by Capital Strengths

- Sustainability of the business and risk bearing model is well-supported by our **capital strengths**
- Current **low leverage ratio translates into significant room for future business growth**
- Strong cash positions will help **navigate through macro volatilities** and **cement our partnership with funding partners**

Risk Bearing Outstanding Balance of Loans Facilitated¹

(RMB bn)



Capital Position and Leverage Ratio

(RMB bn)

Cash and Cash Equivalents	45.8
Net Assets	94.6
Net Assets of Puhui Guarantee Company as of 3Q2022	47.8
Puhui Guarantee Company Leverage Ratio as of 3Q2022	2.1x

Note:

1. Including consumer finance subsidiary

6a Performance Guidance

RMB bn	3Q 2022	YoY Change	9M 2022	YoY Change	2022E	YoY Change
New loan sales	123.8	(27.9%)	417.6	(15.9%)	490 – 495	(24%) ~ (23%)
Client assets	416.8	(2.0%)	416.8	(2.0%)	390 – 430	(10%) ~ (1%)
Total income	13.2	(17.2%)	45.3	(1.4%)	57 – 58	(8%) ~ (6%)
Net profit	1.4	(67.1%)	9.6	(30.6%)	8.5 – 8.9	(49%) ~ (47%)

✓ **Focus on More Economic Resilient Regions And Well-rated Customers**

✓ **Continuous Improvement of Operating Efficiency**

✓ **Continual Investment in Technology Empowerment**

✓ **Development of New Capabilities Through New Initiatives**

6b Consistently Refining and Reinforcing Our Strengths

