Lufax Reports Third Quarter 2023 Financial Results

SHANGHAI, Nov. 13, 2023 /PRNewswire/ -- Lufax Holding Ltd ("Lufax" or the "Company") (NYSE: LU and HKEX: 6623), a leading financial services enabler for small business owners in China, today announced its unaudited financial results for the third quarter ended September 30,

(4,650)

(637)

YoY

(31.1 %)

2023. Third Quarter 2023 Financial Highlights Total income was RMB8,050 million (US\$1,103 million) in the third quarter of 2023, compared to RMB13,193 million in the same period of 2022. • Net profit was RMB131 million (US\$18 million) in the third quarter of 2023, compared to

RMB1,355 million in the same period of 2022.

and asset impairment losses, finance

costs and other (gains)/losses

- (In millions except percentages, unaudited) Three Months Ended September 30, 2022 2023 **RMB**
- USD **RMB** Total income 13,193 1,103 8,050 (39.0 %) (7,747)(11,082)(1,062)(30.1 %) Total expenses Total expenses excluding credit

(6,746)

- Credit and asset impairment losses, finance costs and other (gains)/losses (4,336)(3,097)(424)
- (28.6 %)Net profit 1,355 131 18 (90.3%)Third Quarter 2023 Operational Highlights • Outstanding balance of loans enabled was RMB366.3 billion as of September 30, 2023 compared to RMB636.5 billion as of September 30, 2022, representing a decrease of 42.5%. • Cumulative number of borrowers increased by 6.8% to approximately 20.0 million as of September 30, 2023 from approximately 18.7 million as of September 30, 2022. • New loans enabled were RMB50.5 billion in the third quarter of 2023, compared to RMB123.8 billion in the same period of 2022, representing a decrease of 59.2%. • During the third quarter of 2023, excluding the consumer finance subsidiary, the Company bore risk on 54.3% of its new loans enabled, up from 21.7% in the same period of 2022. • As of September 30, 2023, including the consumer finance subsidiary, the Company bore risk on 31.8% of its outstanding balance, up from 22.5% as of September 30, 2022. Credit enhancement partners bore risk on 65.7% of outstanding balance, among which Ping
- - An P&C accounted for a majority. • As of September 30, 2023, excluding the consumer finance subsidiary, the Company bore risk on 25.7% of its outstanding balance, up from 19.1% as of September 30, 2022. • For the third quarter of 2023, the Company's retail credit enablement business take rate^[1] based on loan balance was 7.8%, unchanged from the third quarter of 2022.
 - C-M3 flow rate^[2] for the total loans the Company had enabled was 1.1% in the third quarter of 2023, compared to 1.0% the second quarter of 2023. Flow rates for the general unsecured loans and secured loans the Company had enabled were 1.2% and 0.7% respectively in the third quarter of 2023, as compared to 1.2% and 0.5% respectively in the second quarter of 2023.
 - Days past due ("DPD") 30+ delinquency rate^[3] for the total loans the Company had enabled was 6.0% as of September 30, 2023, as compared to 5.9% as of June 30, 2023. DPD 30+ delinquency rate for general unsecured loans was 6.9% as of September 30, 2023, as compared to 6.8% as of June 30, 2023. DPD 30+ delinquency rate for secured loans was 3.4% as of September 30, 2023, as compared to 2.9% as of June 30, 2023.
 - DPD 90+ delinquency rate^[4] for total loans enabled was 3.7% as of September 30, 2023, as compared to 3.6% as of June 30, 2023. DPD 90+ delinquency rate for general unsecured loans was 4.2% as of September 30, 2023, as compared to 4.2% as of June 30, 2023. DPD 90+ delinquency rate for secured loans was 1.9% as of September 30, 2023, as
 - compared to 1.7% as of June 30, 2023. • As of September 30, 2023, Non-performing loan (NPL) ratio^[5] for consumer finance loans was 1.9% as compared to 2.2% as of June 30, 2023.

[1] The take rate of retail credit enablement business is calculated by dividing the aggregated

amount of loan enablement service fees, post-origination service fees, net interest income,

[2] Flow rate estimates the percentage of current loans that will become non-performing at the

guarantee income and the penalty fees and account management fees by the average

outstanding balance of loans enabled for each period.

balance of consumer finance loans.

- 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 the flow rate calculation. [3] DPD 30+ delinquency rate refers to the outstanding balance of loans for which any payment
- [4] 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 the calculation. [5] Non-performing loan ratio for consumer finance loans is calculated by using the outstanding balance of consumer finance loans for which any payment is 61 or more calendar

days past due and not written off, and certain restructured loans, divided by the outstanding

Mr. YongSuk Cho, Chairman and Chief Executive Officer of Lufax, commented, "While recent

data has indicated that China's economy is on the road to recovery, high-quality demand for

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 the calculation.

loans from SBOs remained weak in the third quarter. Given this environment, we took steps to further de-risk and diversify our business during the quarter, emphasizing prudent decisionmaking and long-term, sustainable growth. We continued to prioritize asset quality over quantity, with early indicators suggesting that the asset quality of new loans enabled in 2023 is in line with our expectations, though not yet recovered to pre-COVID levels. We have also secured sufficient credit lines from our funding partners to support our 100% guarantee model for the remainder of 2023 and throughout 2024, laying the foundation for an improved take

rate in the long term. Meanwhile, our consumer finance business continued to record healthy

growth during the third quarter, with new loan sales volume increasing by 15.3% sequentially

and 48.5% year over year. As part of our diversification efforts, we plan to acquire 100% of the

equity interest of Ping An OneConnect Bank, pending the approval of the Hong Kong Monetary

Authority and OneConnect's shareholders. PAOB is a fully licensed bank with a service scope

similar to traditional banks. As of June 30, 2023, a significant portion of PAOB's loan balance is

backed by the Hong Kong government's SME Financing Guarantee Scheme and its capital

adequacy ratio was 100%, which was substantially higher than the relevant regulatory

requirement. We believe the business and target customers of PAOB sync well with our existing operations." Mr. Gregory Gibb, Co-Chief Executive Officer of Lufax, commented, "During the third quarter, we doubled down on our goals of further improving efficiency and reinforcing the strategies that will fuel our future success. While our Puhui loan business faced pressure in generating new loan sales with asset quality that meets our tightened-up criteria, productivity of our direct sales team improved by 25.4% quarter over quarter, with 68% of new loans enabled in the third quarter coming from our direct sales team, compared to 61% in the prior quarter. On the risk performance front, the C-M3 flow rate of our Puhui business rose from 1.0% to 1.1% sequentially, due in part to a decrease of 16.1% in the outstanding loan balance of Puhui

portfolios. Our consumer finance business experienced solid growth in new loan sales while

maintaining a healthy asset quality. As the SBO segment faces lingering uncertainty and may

need more time to recover, we plan to continue to grow our consumer finance business. Finally,

we would like to express our ongoing gratitude to our shareholders for their continued support.

We distributed our first half 2023 dividends in October, totaling US\$89 million, and will continue

Mr. David Choy, Chief Financial Officer of Lufax, commented, "We remained committed to our

the same period of the prior year, and despite top-line pressure, we recorded a net profit of

cost optimization efforts during the third quarter. Our total expenses decreased by 30.1% from

RMB131.0 million for the quarter. In alignment with our emphasis on stability and resilience, our

guarantee subsidiary's leverage ratio was only 1.6x at the end of the quarter, compared to the

September 30, 2023. We remain confident in our ability to maintain our operational prudence

regulatory limit of 10x. Meanwhile, our cash at bank amounted to RMB39.8 billion as of

to use our best efforts to deliver value to our shareholders."

and generate sustainable growth."

TOTAL INCOME

Third Quarter 2023 Financial Results

Share of net profits of investments

Total income

TOTAL EXPENSES

accounted for using the equity method

Total income was RMB8,050 million (US\$1,103 million) in the third quarter of 2023, compared to RMB13,193 million in the same period of 2022, representing a decrease of 39.0%. View News Release Full **\$bree** Months Ended September 30, (In millions except percentages, unaudited) 2022 2023 1 % of income % of income **RMB** RMB Technology platform-based income 6,672 50.6 % 3,259 40.5 % (51)Net interest income 4,618 35.0 % 3,307 (28 41.1 % 14.1 % 941 11.7 % Guarantee income 1,863 (4^c (129)291 3.6 % (32)Other income (1.0 %)Investment income 168 3.1 % 50 1.3 % 253

0

13,193

• Technology platform-based income was RMB3,259 million (US\$447 million) in the third

a decrease of 51.2%, due to 1) the decrease of retail credit service fees driven by the

technology platform-based income driven by the decrease in transaction volume.

decrease in new loan sales and loan balance and 2) the decrease of referral and other

quarter of 2023, compared to RMB6,672 million in the same period of 2022, representing

0.0 %

100.0 %

(1)

8,050

(0.0 %)

100.0 %

(69)

(35

• Net interest income was RMB3,307 million (US\$453 million) in the third quarter of 2023, compared to RMB4,618 million in the same period of 2022, representing a decrease of 28.4%, mainly due to the decrease in loan balance, partly offset by the increase of net interest income from the Company's consumer finance business. • Guarantee income was RMB941 million (US\$129 million) in the third quarter of 2023, compared to RMB1,863 million in the same period of 2022, representing a decrease of 49.5%, primarily due to the decrease in loan balance and a lower fee rate. • Other income was RMB291 million (US\$40 million) in the third quarter of 2023, compared to other loss of RMB129 million in the same period of 2022. The increase was mainly due to the low base of the same period last year due to a refund of account management fees to the Company's primary credit enhancement partner in that period.

• Investment income was RMB253 million (US\$35 million) in the third quarter of 2023,

compared to RMB168 million in the same period of 2022, mainly due to the decreased

Total expenses decreased by 30.1% to RMB7,747 million (US\$1,062 million) in the third quarter

sales and marketing expenses, as sales and marketing expenses decreased by 43.7% to

RMB2,290 million (US\$314 million) in the third quarter of 2023 from RMB4,071 million in the

same period of 2022. Total expenses excluding credit impairment losses, asset impairment

losses, finance costs and other (gains)/losses decreased by 31.1% to RMB4,650 million (US\$637

Full Screethree Months Ended September 30,

% of income

30.9 %

4.5 %

12.1 %

3.7 %

30.0 %

0.5 %

2.3 %

0.1 %

84.0 %

2023

% of income

28.5 %

6.2 %

18.4 %

4.7 %

37.3 %

0.5 %

0.7 %

96.2 %

RMB

2,290

500

1,478

382

3,001

40

56

7,747

2022

RMB

4,071

592

1,600

484

3,956

68

306

7

11,082

of 2023 from RMB11,082 million in the same period of 2022. This decrease was mainly driven by

impairment loss of investment assets' fair value compared to the same period of last year.

million) in the third quarter of 2023 from RMB6,746 million in the same period of 2022. View News Release

(In millions except percentages, unaudited)

Sales and marketing expenses

Credit impairment losses

Asset impairment losses

Other (gains)/losses - net

Finance costs

Total expenses

surcharge.

improved efficiency.

NET PROFIT

EARNINGS PER ADS

BALANCE SHEET

over three years.

York.

Exchange Rate Information

Safe Harbor Statement

RMB94,787 million as of December 31, 2022.

Conference Call Information

General and administrative expenses

Operation and servicing expenses

Technology and analytics expenses

• Sales and marketing expenses decreased by 43.7% to RMB2,290 million (US\$314 million) in the third quarter of 2023 from RMB4,071 million in the same period of 2022. The decrease was mainly due to 1) the decreased borrowers acquisition costs as a result of the decrease in new loan sales and 2) decreased investor acquisition and retention expenses and referral expenses from platform service attributable to the decreased transaction volume. • General and administrative expenses decreased by 15.6% to RMB500 million (US\$69

million) in the third quarter of 2023 from RMB592 million in the same period of 2022,

mainly due to the Company's expense control measures and the decrease of tax and

million) in the third quarter of 2023 from RMB1,600 million in the same period of 2022,

due to the Company's expense control measures and decrease of loan balance, partially

million) in the third quarter of 2023 from RMB484 million in the same period of 2022 due

• Credit impairment losses decreased by 24.1% to RMB3,001 million (US\$411 million) in the

• Operation and servicing expenses decreased by 7.6% to RMB1,478 million (US\$203

Technology and analytics expenses decreased by 21.0% to RMB382 million (US\$52)

to 1) the optimization of technology and the research team, and 2) the Company's

offset by increasing resources invested in collection services.

third quarter of 2023 from RMB3,956 million in the same period of 2022, mainly due to the decrease in provision of loans and receivables as a result of the decreased loan balance. • Finance costs decreased by 86.9% to RMB40 million (US\$5 million) in the third quarter of 2023 from RMB306 million in the same period of 2022, mainly due to the increase of interest income from bank deposits and the decrease of interest as a result of our early repayment of our Ping An Convertible Promissory Notes and other dollar debt.

• Other losses increased to RMB56 million (US\$8 million) in the third quarter of 2023 from

RMB7 million in the same period of 2022, mainly due to the decrease of government

subsidies, partially offset by the decrease in foreign exchange losses.

Net profit was RMB131 million (US\$18 million) in the third quarter of 2023, compared to

RMB1,355 million in the same period of 2022, as a result of the aforementioned factors.

Basic and diluted earnings per American Depositary Share ("ADS") were both RMB0.04

(US\$0.01) in the third quarter of 2023. Each two ADSs represents one ordinary share ("Share").

The Company had RMB39,781 million (US\$5,452 million) in cash at bank as of September 30,

The Company's management will hold an earnings conference call at 8:00 P.M. U.S. Eastern

Time on Monday, November 13, 2023 (9:00 A.M. Beijing Time on Tuesday, November 14, 2023)

to discuss the financial results. For participants who wish to join the call, please complete online

registration using the link provided below in advance of the conference call. Upon registering,

each participant will receive a set of participant dial-in numbers, the event passcode, and a

A live and archived webcast of the conference call will also be available at the Company's

The replay will be accessible through November 20, 2023, by dialing the following numbers:

unique access PIN, which can be used to join the conference call.

investor relations website at https://ir.lufaxholding.com.

Registration Link: https://dpregister.com/sreg/10183871/fae48531ac

2023, as compared to RMB43,882 million as of December 31, 2022. Net assets of the Company

amounted to RMB94,325 million (US\$12,928 million) as of September 30, 2023, as compared to

United States: 1-877-344-7529 International: 1-412-317-0088 Conference ID: 9517380 **About Lufax** Lufax is a leading financial services enabler for small business owners in China. The Company offers financing products designed principally to address the needs of small business owners. In

doing so, the Company has established relationships with 91 financial institutions in China as

funding and credit enhancement partners, many of which have worked with the Company for

This announcement contains translations of certain RMB amounts into U.S. dollars at a specified

rate solely for the convenience of the reader. Unless otherwise noted, all translations from RMB

September 30, 2023, as certified for customs purposes by the Federal Reserve Bank of New

This announcement contains forward-looking statements. These statements are made under

the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995.

to U.S. dollars are made at a rate of RMB7.2960 to US\$1.00, the rate in effect as of

- Technology platform-based income 6,672,443 3,259,370 4,618,100 3,307,385 Net interest income Guarantee income 1,863,293 940,803 (128,500)Other income 291,132 Investment income 167,809 252,599

Share of net profits of investments accounted for

using the equity method

Sales and marketing expenses

Credit impairment losses

General and administrative expenses

Operation and servicing expenses

Technology and analytics expenses

Total income

Assets

Cash at bank

Restricted cash

Loans to customers

Deferred tax assets

Retained earnings

Total equity

equivalents

period

Non-controlling interests

Total liabilities and equity

Total equity attributable to owners of the Company

Net cash generated from/(used in) operating activities

Net cash generated from/(used in) investing activities

Net cash generated from/(used in) financing activities

Effects of exchange rate changes on cash and cash

Property and equipment

Financial assets at fair value through profit or loss

Accounts and other receivables and contract assets

Financial assets at amortized cost

expectations regarding its relationship with borrowers, platform investors, funding sources, statements involve inherent risks and uncertainties. Further information regarding these and other risks is included in Lufax's filings with the U.S. Securities and Exchange Commission. All not undertake any obligation to update any forward-looking statement, except as required under applicable law. **Investor Relations Contact** Lufax Holding Ltd Email: Investor_Relations@lu.com ICR, LLC Robin Yang Tel: +1 (646) 308-0546 Email: lufax.ir@icrinc.com

1.16 -Diluted earnings per share 0.08 0.01 0.58 -Basic earnings per ADS 0.04 0.01 0.58 0.04 0.01 -Diluted earnings per ADS View News Release

Full USAKHEOLDING LTD

(All amounts in thousands, except share data, or otherwise noted)

As of December 31,

2022

RMB

43,882,127

26,508,631

29,089,447

4,716,448

15,758,135

211,446,645

4,990,352

322,499

As of Septe

RMB

39,780,863

18,353,723

25,131,471

3,015,688

9,343,652

4,839,584

214,113

146,836,102

202

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSI

information provided in this press release is as of the date of this press release, and Lufax does

statements include, but are not limited to, statements about Lufax's goals and strategies; Lufax's future business development, financial condition and results of operations; expected changes in Lufax's income, expenses or expenditures; expected growth of the retail credit enablement; Lufax's expectations regarding demand for, and market acceptance of, its services; Lufax's product providers and other business partners; general economic and business conditions; and government policies and regulations relating to the industry Lufax operates in. Forward-looking

UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME ST (All amounts in thousands, except share data, or otherwise Three Months Ended September 30, 2023 2022 **RMB RMB** USD 446,734 453,315 128,948 39,903

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Full Screen

LUFAX HOLDING LTD

138

13,193,283

(4,070,803)

(1,599,564)

(3,955,506)

(592,216)

(483,617)

(817)

8,050,472

(2,290,403)

(499,899)

(1,477,852)

(382,161)

(3,001,108)

34,622

(112)

1,103,409

(313,926)

(68,517)

(202,556)

(52,380)

(411,336)

These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Statements that are not historical facts, including statements about Lufax's beliefs and expectations, are forward-looking statements. Lufax has based these forward-looking statements largely on its current expectations and projections about future events and financial trends, which involve known or unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond the Company's control. These forward-looking

Asset impairment losses	(68,051)	-	-
Finance costs	(305,879)	(39,960)	(5,477)
Other gains/(losses) - net	(6,631)	(55,794)	(7,647)
Total expenses	(11,082,267)	(7,747,177)	(1,061,839)
Profit before income tax expenses	2,111,016	303,295	41,570
Income tax expenses	(756,377)	(172,322)	(23,619)
Net profit for the period	1,354,639	130,973	17,951
Net profit/(loss) attributable to:			
Owners of the Group	1,326,757	93,778	12,853
Non-controlling interests	27,882	37,195	5,098
Net profit for the period	1,354,639	130,973	17,951
Earnings per share			
-Basic earnings per share	1.16	0.08	0.01

Investments accounted for using the equity method 39,271 36,867 Intangible assets 885,056 877,089 75/1010 Right-of-use assets 160 652

Right-of-use assets	/54,010	460,652	
Goodwill	8,911,445	8,911,445	
Other assets	1,958,741	1,375,466	_
Total assets	349,262,807	259,176,715	_
Liabilities			=
Payable to platform users	1,569,367	1,300,293	
Borrowings	36,915,513	37,018,377	
Bond payable	2,143,348	-	
Current income tax liabilities	1,987,443	497,136	
Accounts and other payables and contract liabilities	12,198,654	8,140,672	
Payable to investors of consolidated structured entities	177,147,726	105,378,584	
Financing guarantee liabilities	5,763,369	4,253,726	
Deferred tax liabilities	694,090	549,847	
Lease liabilities	748,807	451,491	
Convertible promissory note payable	5,164,139	5,636,496	
Optionally convertible promissory notes	8,142,908	-	
Other liabilities	2,000,768	1,624,624	_
Total liabilities	254,476,132	164,851,246	_
Equity			-
Share capital	75	75	
Share premium	32,073,874	32,138,654	
Treasury shares	(5,642,769)	(5,642,769)	
Other reserves	2,158,432	(31,493)	

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Full Screen

2,158,432 64,600,234 66,331,337 93,189,846 92,795,804 1,596,829 1,529,665 94,786,675 94,325,469

349,262,807

LUFAX HOLDING LTD UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS ((All amounts in thousands, except share data, or otherwise Three Months Ended September 30, 2023 **RMB** 5,057,374

(3,712,218)

(8,053,741)

2022

RMB

2,368,661

(5,559,517)

4,459,025

203,617

USD 693,171 (508,802)(1,103,857)10,657

(908,831)

3,489,523

2,580,692

259,176,715

77,757 Net increase/(decrease) in cash and cash equivalents 1,471,786 (6,630,828)Cash and cash equivalents at the beginning of the 29,402,746 25,459,557 30,874,532 18,828,729 Cash and cash equivalents at the end of the period

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