

Lufax Retail Credit Platform Ping An Puhui Launches AI-Powered Smart Loan Solution "Xingyun" to Streamline Loan Applications for Small and Micro Enterprises

SHANGHAI--(BUSINESS WIRE)-- Lufax Holding Ltd ("Lufax" or the "Company") (NYSE: LU), a leading technology-empowered personal financial services platform in China, today announced that its retail credit facilitation platform subsidiary, Ping An Puhui ("Puhui"), has launched a smart loan solution powered by artificial intelligence (AI). Named "Xingyun", it leverages AI to simplify the loan application process, reducing the average time spent in a loan application process for small and micro customers by 44%, to improve their access to financing.

Limited access to financing for small and micro enterprises remains an issue to tackle for China's FinTech industry. The lending process can be convoluted and drawn out, requiring numerous application forms and a long wait time. Lufax and its wholly owned subsidiary Puhui recognized this area as a bottleneck preventing credible enterprises from accessing capital and sought to lower the barriers and revolutionize the process for small and micro enterprises. With over 15 years of rich experience in financial services for small and micro enterprises, Puhui drew on its extensive track record combined with innovative technology to develop the "Xingyun" smart loan solution.

The "Xingyun" smart loan solution features five innovative highlights that have improved the lending process:

- It utilizes AI imaging technology to create a remote face-to-face experience throughout the lending application and service process. In 2019 Puhui became one of the few financial institutions in the world to use AI imaging technology in online loan assessments when it adopted the technology for loan interviews. The launch of the "Xingyun" solution extends the AI professional service to the entire borrowing process with the help of 14 professional knowledge databases.
- By automating text input, "Xingyun" reduces the complexity of the customer application process. It leverages technologies such as optical character recognition (OCR), automatic speech recognition (ASR) and natural language processing (NLP) to allow borrowers to submit documents and information to the AI assistant via face-to-face communication instead of typing text in the traditional loan lending process.
- "Xingyun" reduces friction in loan facilitation and expedites the credit granting process. It can complete direct data connection while the borrower speaks with the AI assistant, effectively reducing borrower wait times and ensuring a smooth lending and credit granting process.
- "Xingyun" is also able to provide risk control assessment results in real time. During the traditional loan risk control process customers usually need to submit many documents often requiring multiple visits and interactions with loan representatives, creating a long and often redundant application process. With "Xingyun", borrowers only need to speak with the AI assistant, which will collect and transfer the information while a digital risk control assessment is conducted on background, enabling instant approval.
- Last, "Xingyun" provides customers with a safe lending process. Backed by AI technology, it guards against user data leaks, seamlessly connects customer protection measures, and records the financing process through accredited third parties. It also comprehensively protects customers' right to know and right to choose independently, bringing a safe and reliable loan experience to small and micro enterprises.

Since launching internal testing of "Xingyun" last June, Puhui has seen notable improvements in its credit facilitation business. Customers' borrowing experience has become more streamlined and seamless as the average number of times a loan applicant quits and resumes the application process has decreased by 47%. The average time spent in a loan application process for small and micro customers was reduced by 44%. Moreover, loan-related customer complaints dropped by 50%, achieving effective consumer protection. As the internal testing ended, Puhui's technology team is working to improve the client coverage of "Xingyun" to extend the solution to its whole customer base.

Puhui sees many applications in the industry for "Xingyun" including not only serving its own small and micro enterprise clients, but also sharing the solution with the industry to jointly improve the efficiency of serving small and micro enterprises and the real economy, to ultimately improve customer experience. Puhui has a fully collaborative business model with roughly 50 financial institutions and 200 other institutions, providing a cornerstone for "Xingyun" to empower the entire micro-credit service ecosystem. As of now, "Xingyun" has been implemented by a number of partner institutions within the Ping An ecosystem and targets a wider application among credit service institutions in the future.

Puhui is the second-largest retail credit facilitation platform among non-traditional financial institutions in China according to research conducted by Oliver Wyman. Through its rich product line, solid service channels that integrate offline-to-online (O2O) capabilities, intelligent risk management, advanced credit technology and effective O2O process experience, Puhui provides small and micro enterprises with a diverse range of credit service solutions.

In the first quarter of 2021, the outstanding balance of loans managed by Lufax through its Puhui platform increased to RMB 582.6 billion (US \$88.9 billion) while the cumulative number of borrowers increased to roughly 15.1 million. At the customer level, 75.7% of new loans facilitated were disbursed to small business owners during the first quarter of 2021, up nearly 10 percentage points over the same period in 2020. Puhui is determined to further focus on serving small and micro businesses and the real economy.

About Lufax Holding Ltd

Lufax Holding Ltd is a leading technology-empowered personal financial services platform in China. Lufax Holding Ltd primarily utilizes its customer-centric product offerings and offline-to-online channels to provide retail credit facilitation services to small business owners and salaried workers in China as well as tailor-made wealth management solutions to China's rapidly growing middle class. The Company has implemented a unique, capital-light, hub-and-spoke business model combining purpose-built technology applications, extensive data, and financial services expertise to effectively facilitate the right products to the right customers.

Safe Harbor Statement

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. 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 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 facility and wealth management markets; Lufax's expectations regarding demand for, and market acceptance of, its services; Lufax's expectations regarding its relationship with borrowers, platform investors, funding sources, 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 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 information provided in this press release is as of the date of this press release, and Lufax does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

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