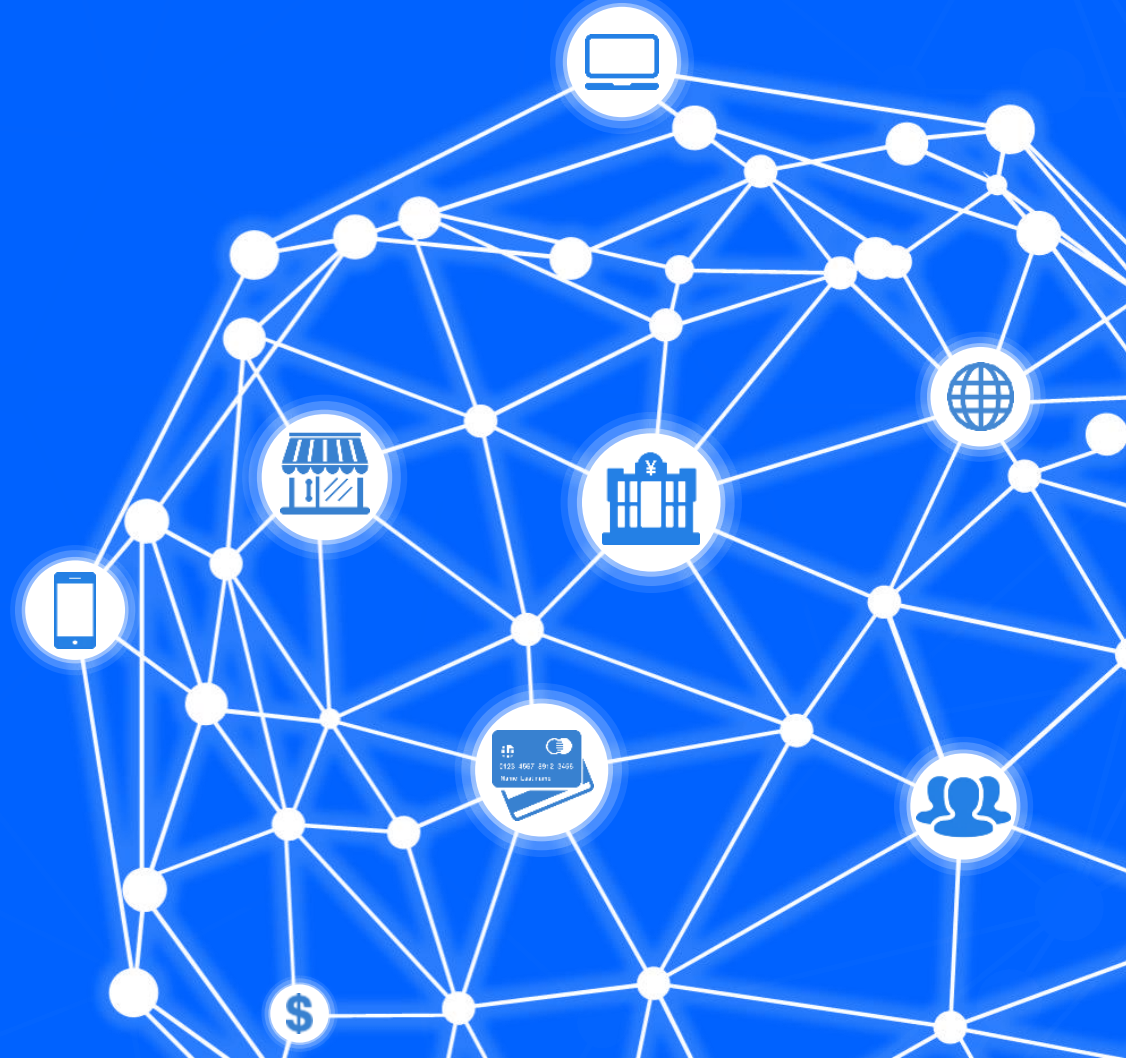


X Financial (NYSE: XYF)

2019 Q2 Earnings Results Presentation



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X Financial at a glance

A leading technology-driven personal finance company in China

----- serving the vast personal financing demand with a focus on prime borrowers



In the second quarter of 2019:

10,172 mn (RMB)

Total loan facilitation amount

As of June 30, 2019:

19,821 mn (RMB)

Loan balance

5,031,589

Cumulative borrowers

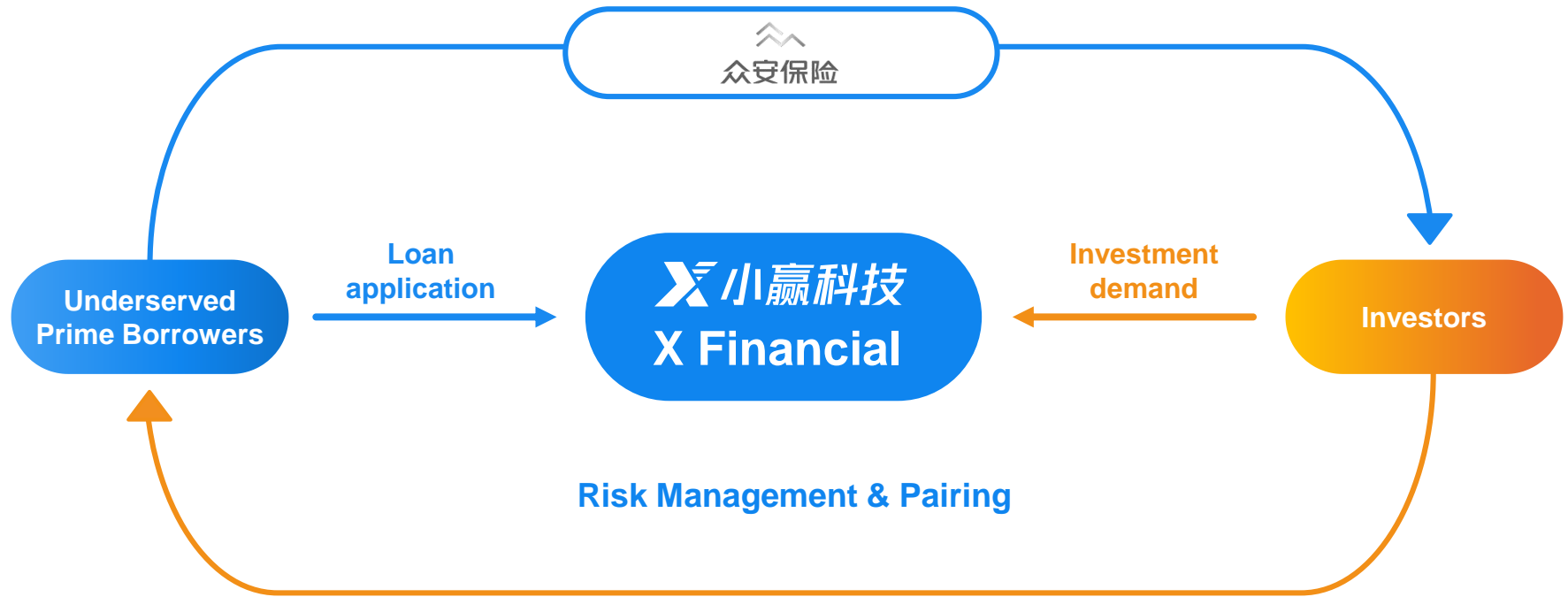
489,880

Cumulative investors

30,110,387

Registered users

Business model



_ Underserved Prime Borrowers



Credit card holders



Micro business owners

_ Investors



Mass affluent individuals














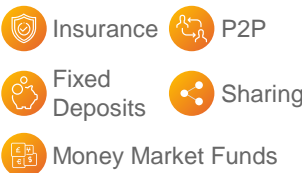



Corporates

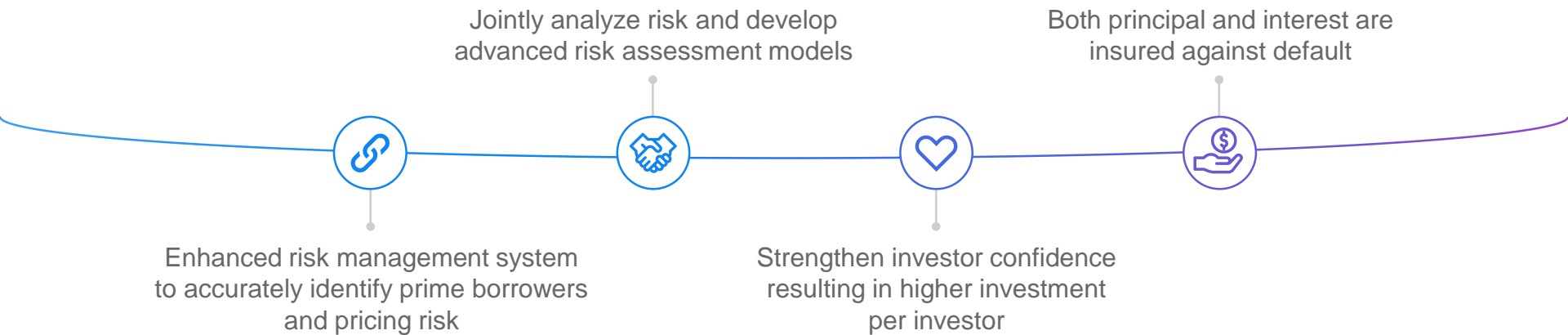
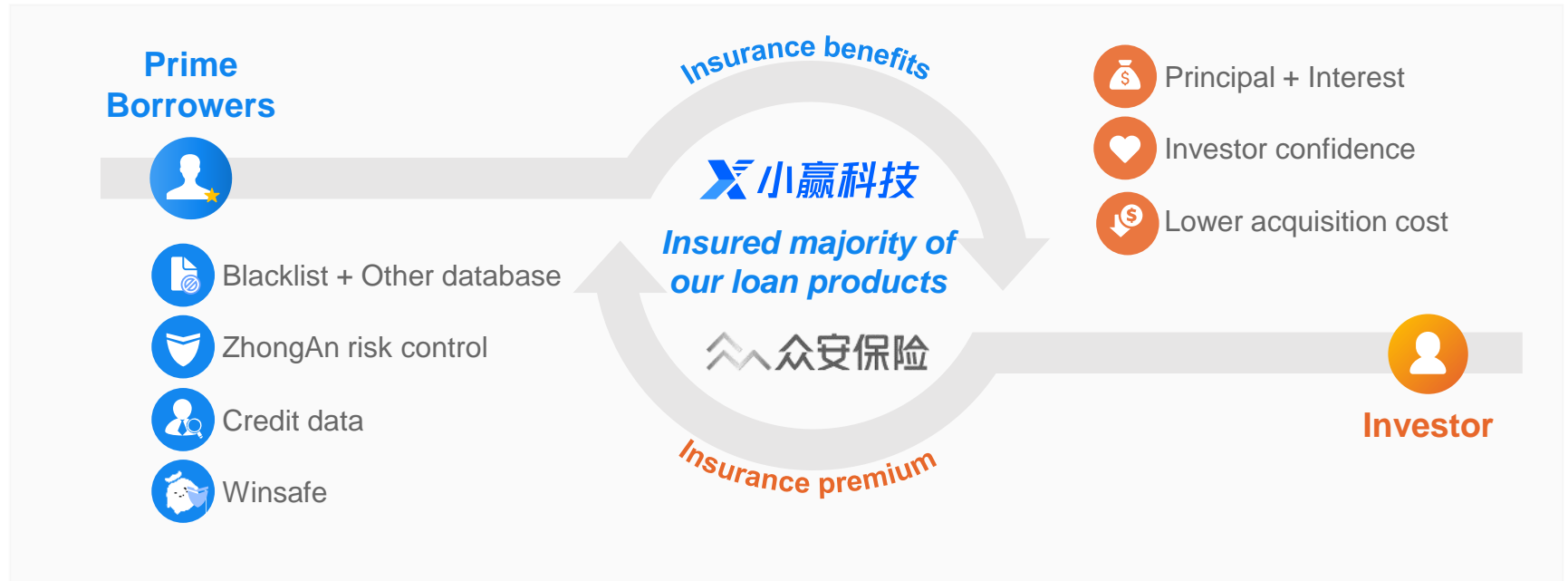


Financial institutions (FIs)

Comprehensive suite of products with attractive features

Products	Wide range of age groups	Flexible loan amount/ credit line	Flexible tenor meeting borrowers' liquidity needs	Various sources of credit proof reducing collateral needs
 Xiaoying Credit Loan	 Early career stage Avg. late 20 – 30s	 RMB2,000 – 60,000	 3, 6, 9, 12 months	
 Xiaoying Wallet	 Young Generation Avg. 20 - 30s	 Credit limit: Avg. RMB 6000+	 Recurring, daily consumption	
Investment	Mass affluent investors with RMB600,000 -RMB6 million of investable assets	Low investment entry barrier to attract investors	Variety of products catering to investor risk appetite	Enhanced liquidity with transaction facilitation
 Xiaoying Wealth Management	 Mass affluent investors Avg. mid 30	 Starting from RMB100		 Secondary market transfer

Strategic partnership with ZhongAn Insurance



Significant majority of loan products are insured by ZhongAn which significantly enhances consumer confidence

Investment highlights

1

Leading industry position with differentiated products benefiting from China's booming personal finance market



2

Rigorous data-driven credit assessment modeling system



3

Superior user experience continuously attracts investors and borrowers



4

Low funding costs **create solid** competitive advantage



5

Strong brand image with continuous promotional campaigns



6

Founded by seasoned entrepreneurs with proven track record



1. Leading industry position with differentiated products that benefit from China's booming personal finance market



Xiaoying Credit Loan



Leading platform among credit card balance transfer products in China



Xiaoying Wallet



One of the most welcomed credit consumption products in China.



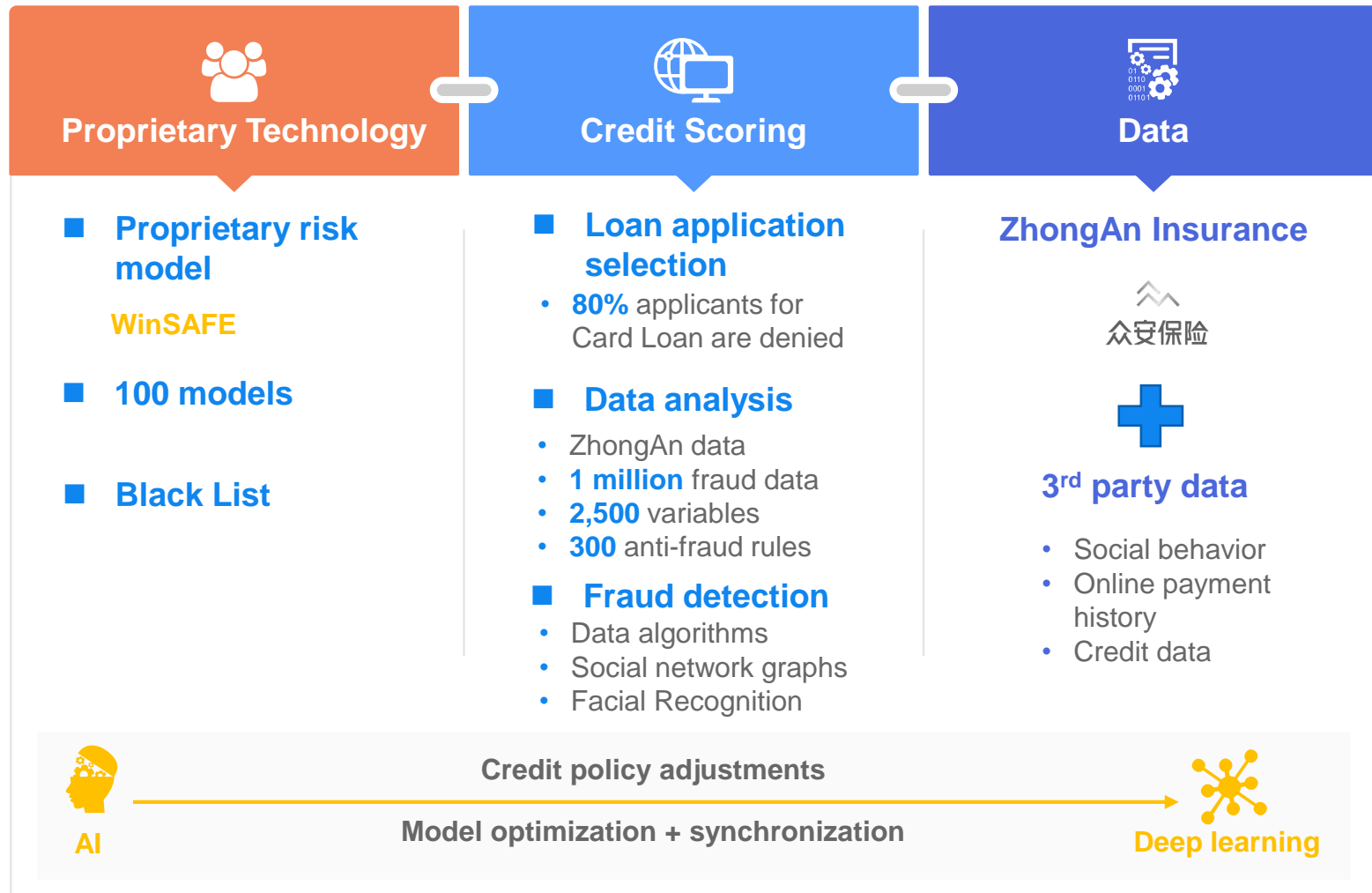
Xiaoying Wealth Management



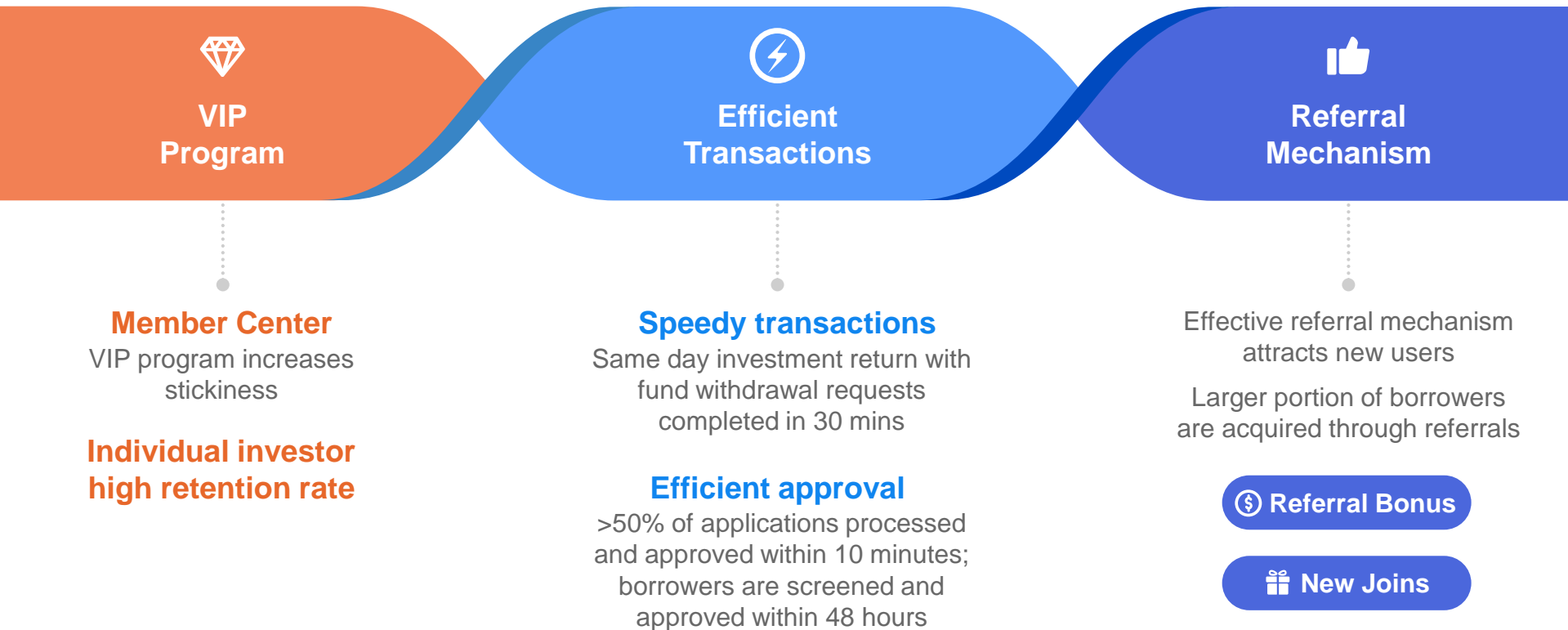
Leading wealth management product on consumer finance marketplaces in China

2. Technology & data-driven credit assessment

Continuous optimization of credit assessment systems that strengthen risk controls



3. Superior user experience continuously attracts investors and borrowers



4. Low funding costs creates solid competitive advantage

Low Funding Cost



Individual Investors



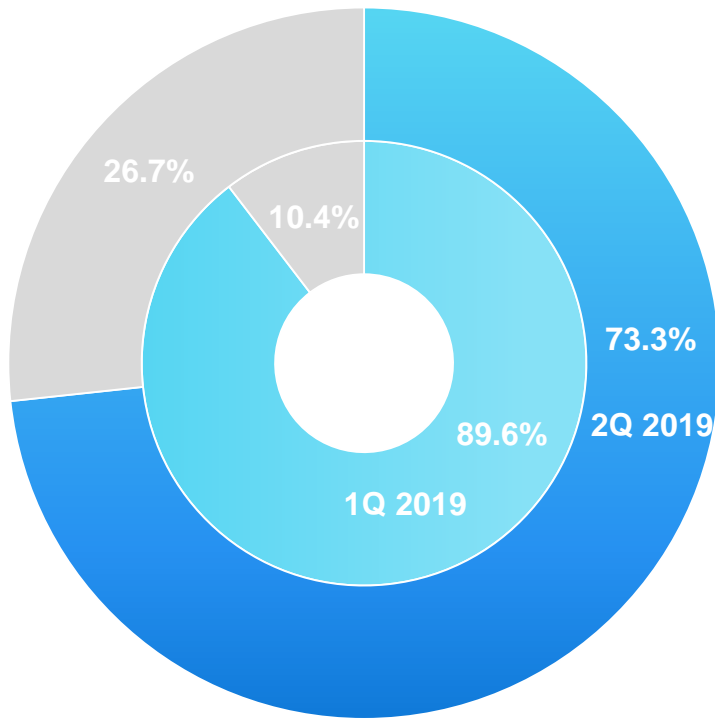
Corporate Investors and Institutional Funding Partners

Enlarging
funding
percentage
from
Institutions



Diversified Funding Source and Increasing Funding from Institutions

Diversified Funding Sources



- Funding from individual investors
- Funding from non-individual investors

- High-quality loans and strong reputation helping us attract more institutional investors
- Larger percentage of funding comes from non-individual investors, including banks and trusts.
- Our cooperating financial institutions include: CITIC Trust, Kunlun Bank and etc.



中信信托



昆仑银行
Bank of Kunlun



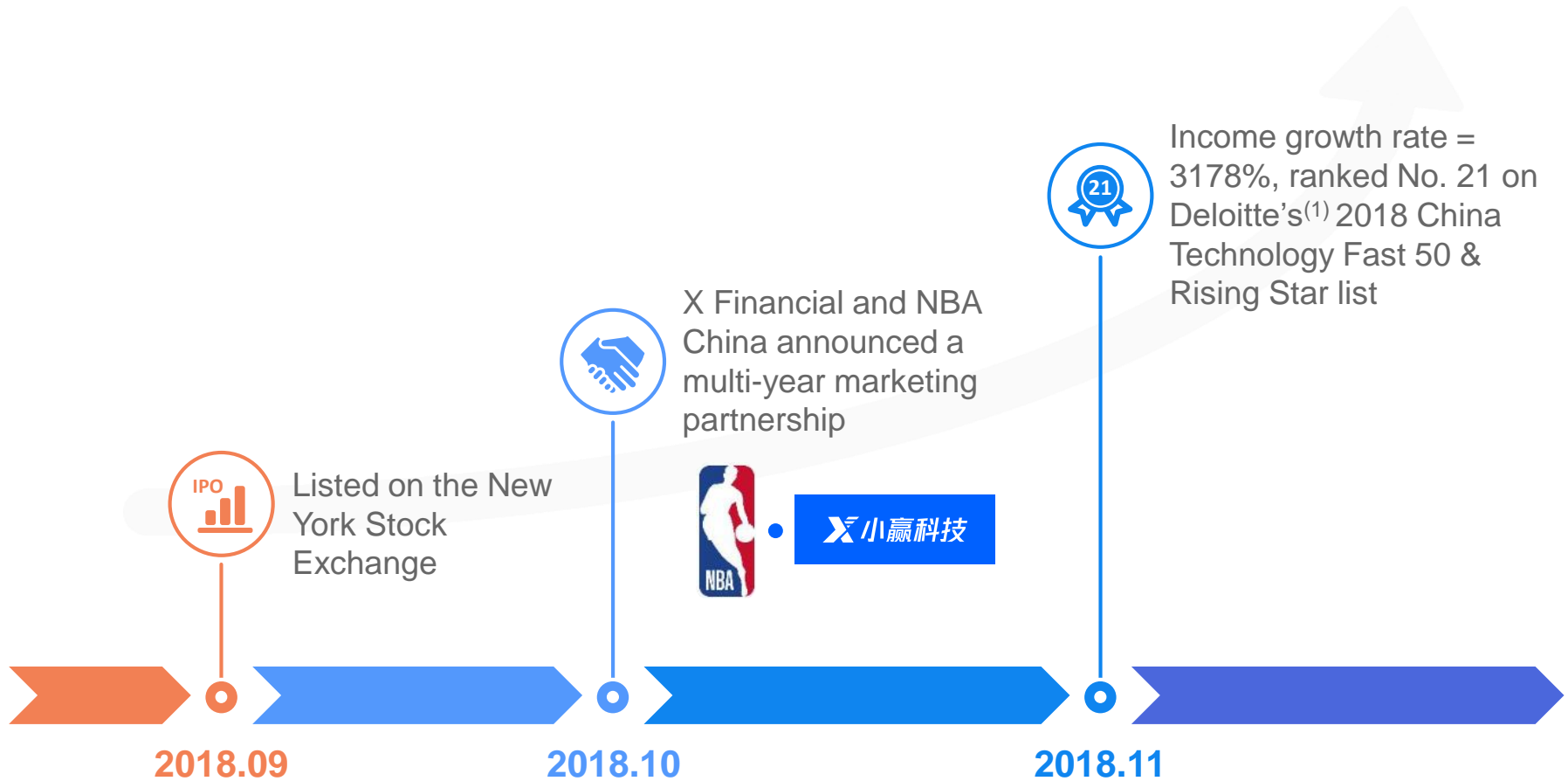
中国外贸信托



预见 · 改变 · 实现



5. Strong brand image with continuous promotional campaigns



(1) Source: Deloitte website

6. Seasoned management team



Yue (Justin) Tang

*Founder,
Chairman and CEO*

Co-founder of eLong, one of the first online travel service companies in China

Co-founder of Blue Ridge China, an investment and consulting company



Shaoyong (Simon) Cheng

President

20+ years of experience in risk management in Capital One, HSBC, Bank of Communications, and other FIs across China and US.



Jie (Kevin) Zhang

Chief Financial Officer

17+ years of work experience with 12+ years of experience in auditing

Former CFO of a famous Fintech company



Ding (Gardon) Gao

Chief Technology Officer

Former software architect at Tencent

Deep understanding and extensive experience in IT industry



Kan (Kent) Li

Chief Risk Officer

Formerly in charge of unsecured loan risk

Former manager at Capital One

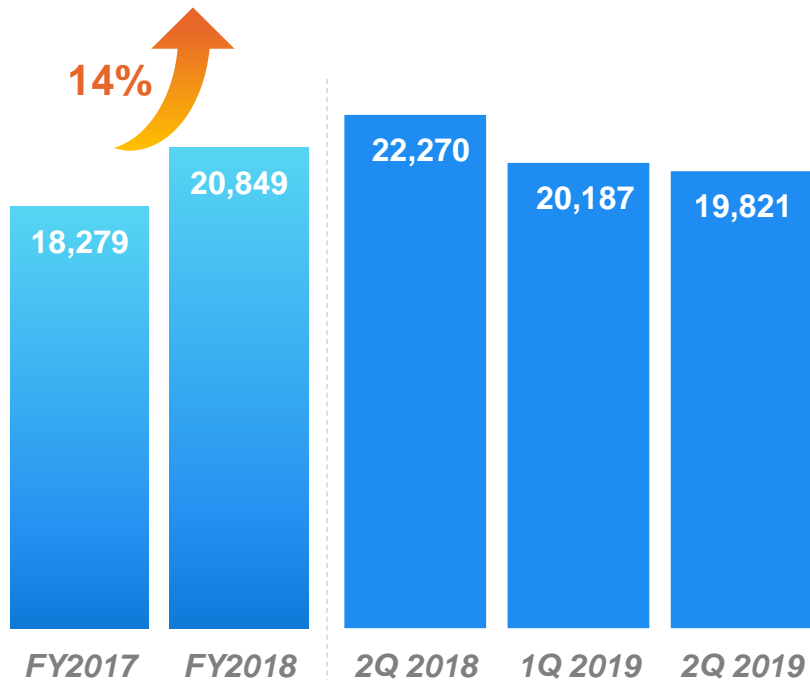


Founded by a seasoned entrepreneur with proven track record and backed by a strong team of financial and technology talent

Solid performance of loan balance and loan facilitation

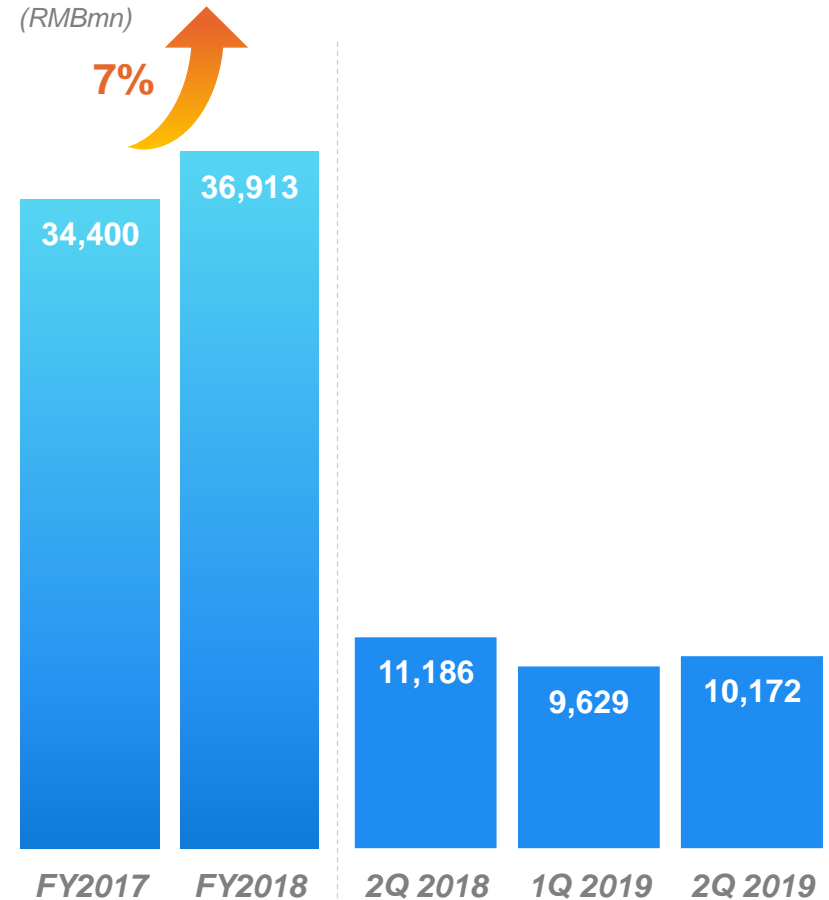
_ Total Outstanding Loan Balance

(RMBmn)



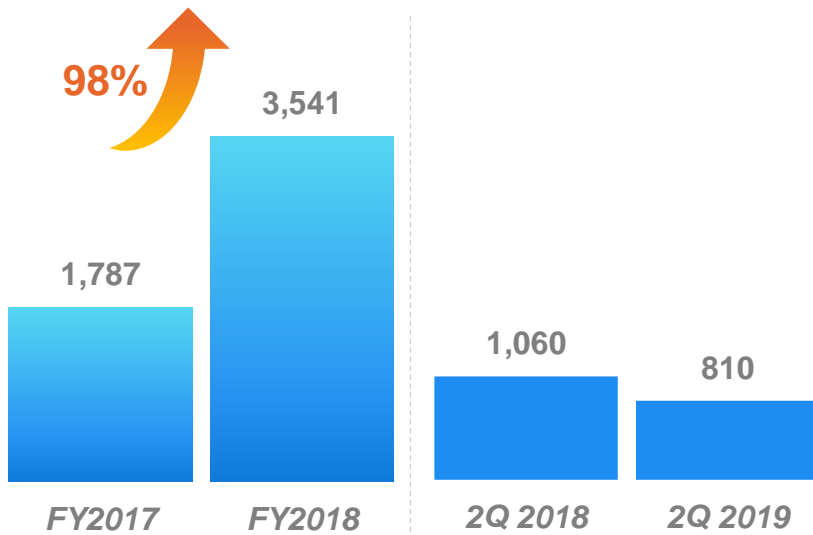
_ Total Loan Facilitation Amount

(RMBmn)

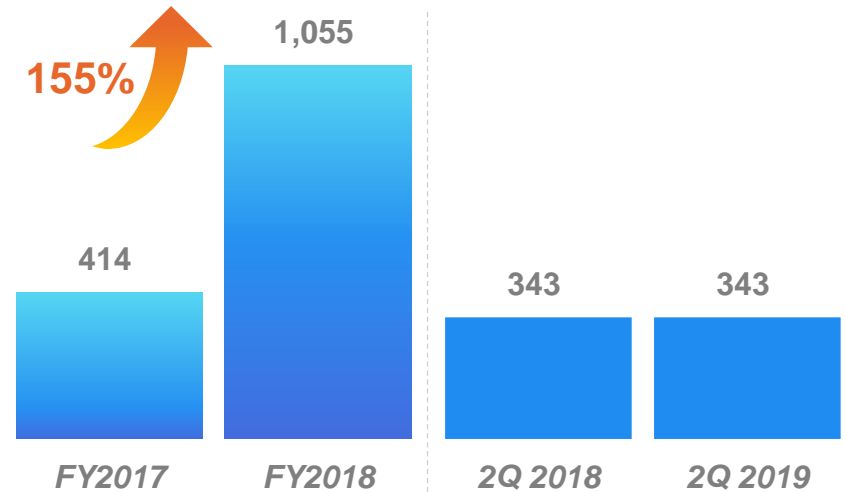


Strong revenue and Non-GAAP net income growth

_ Total Net Revenue (RMBmn)



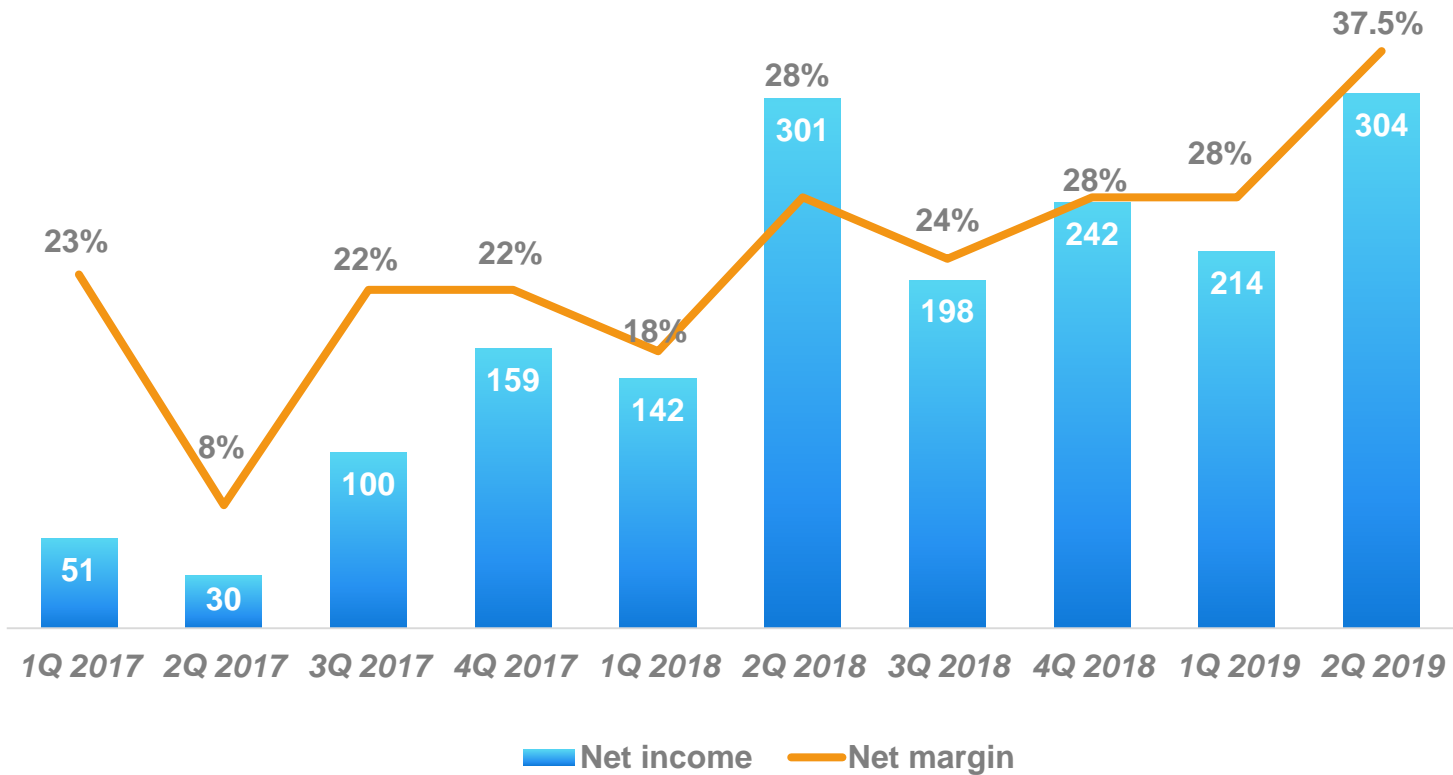
_ Non-GAAP Adj. Net Income⁽¹⁾ (RMBmn)



(1) Represents net (loss) / income before share-based compensation expenses

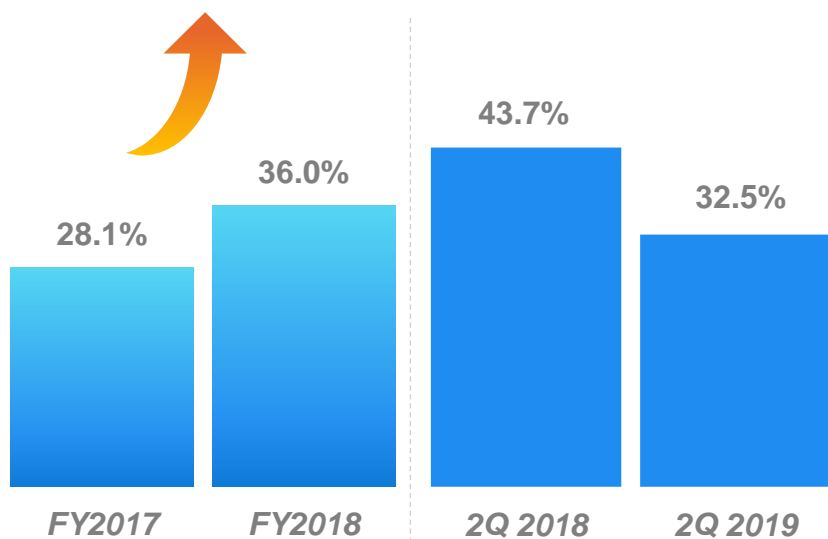
Net income reaching a historical high in 2Q 2019

(RMBmn)

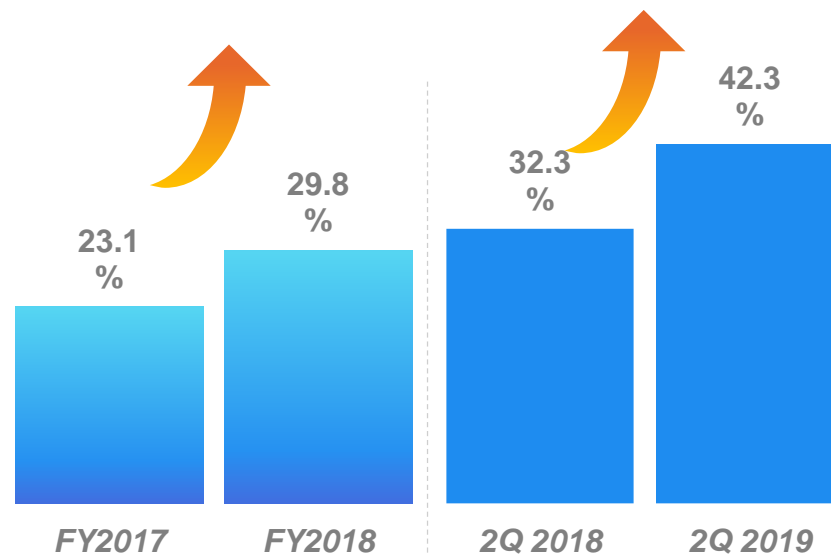


Improving operating efficiency

_ Operating Margin



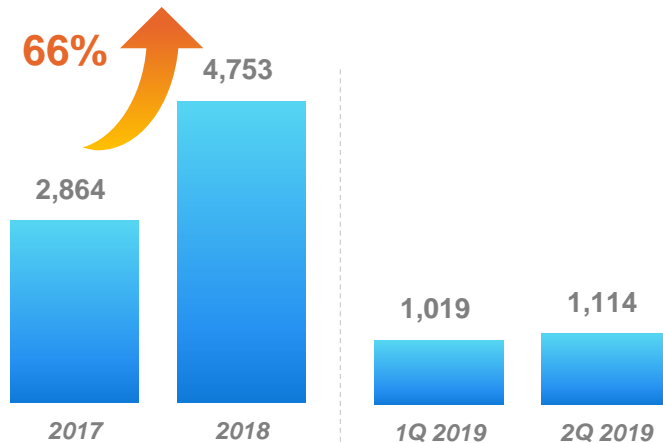
_ Non-GAAP Net Income Margin



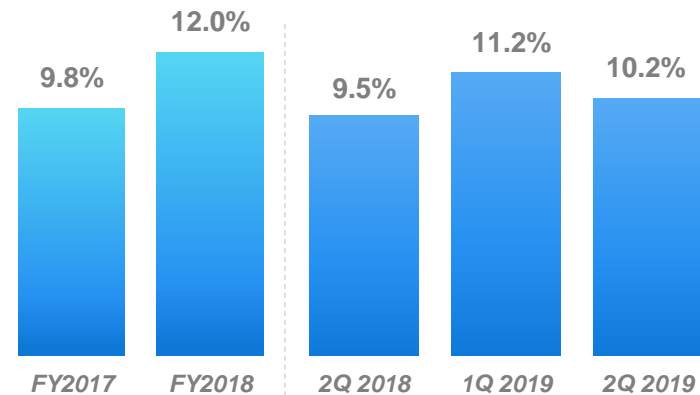
Continuous increase of revenue per person

_ Net Revenue Per Employee

(RMB1,000)



_ Operating Expense % Net Revenue⁽¹⁾



- **High revenue per employee**

Highly automated risk management system

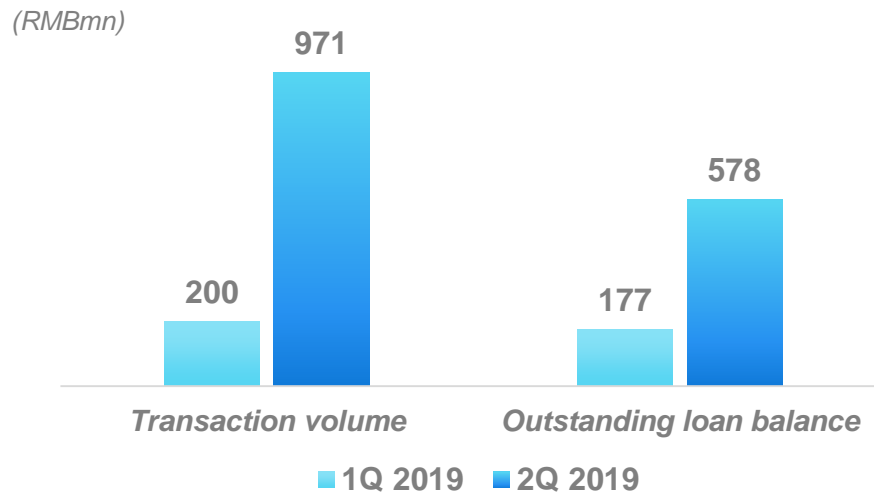
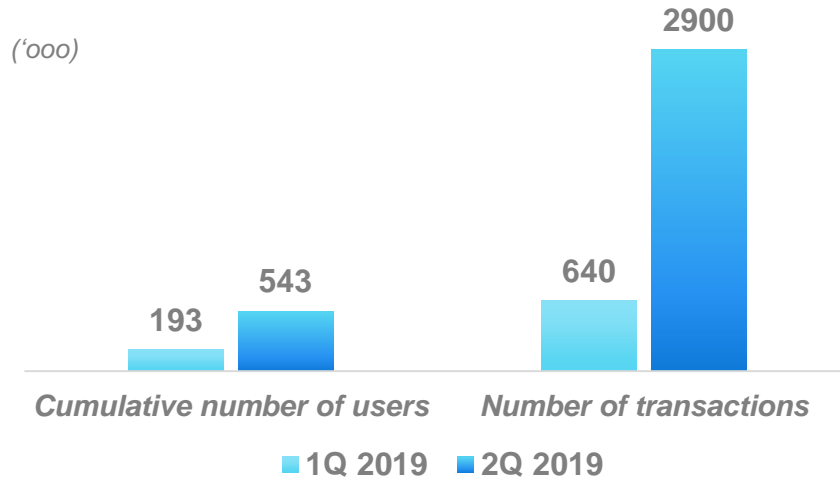
- **Decreasing operating expense percentage & improving operation efficiency**

Superior products offering with innovative marketing efforts

Business model light in capital and labor

(1) Operating expense includes sales marketing expense, as well as general and administrative expense

Strong growth momentum of Xiaoying Wallet

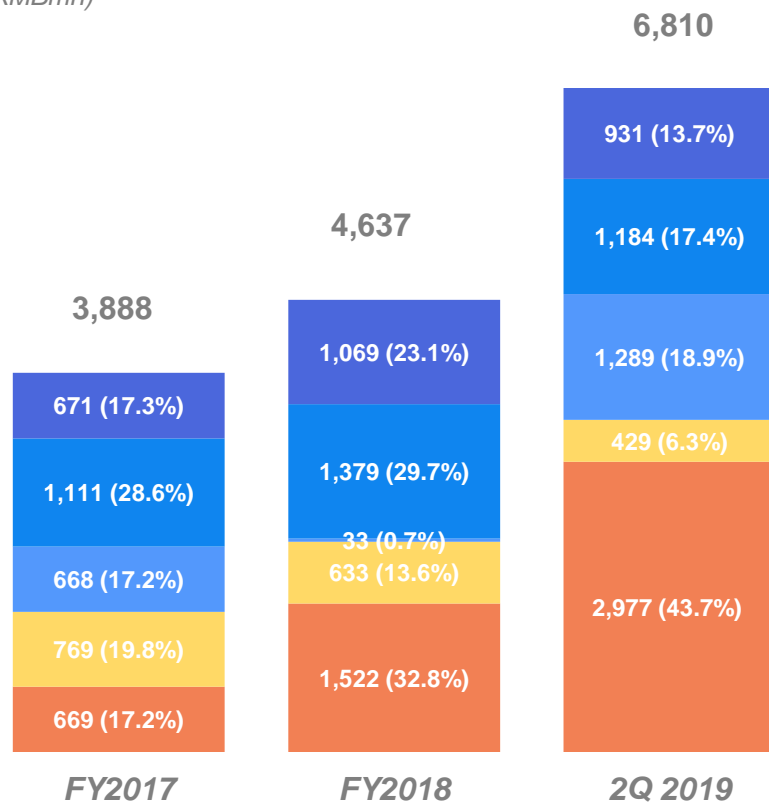


- Great potential demand from young generation
- Flexible repayment scheme
- Diversified payment channels, including WeChat Pay, Alipay, UnionPay QR code payment and mobile phone flash payment
- Rapid growth quarter-over-quarter
- Increasing market share
- Vast market potential

Outstanding return on equity performance

— Total Assets

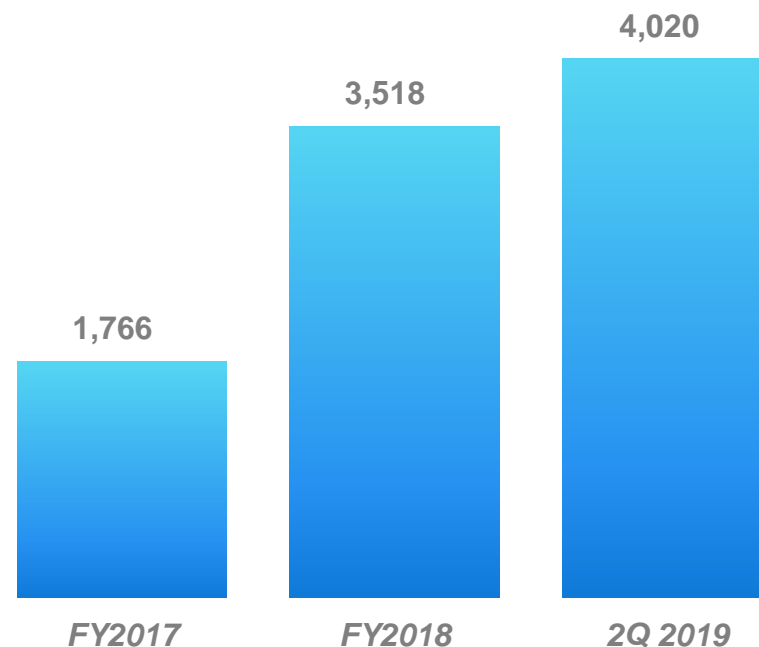
(RMBmn)



- Cash & Cash Equivalents
- Accounts Receivable & Contract Assets
- Loans at Fair Value
- Loans Held for Sale
- Others

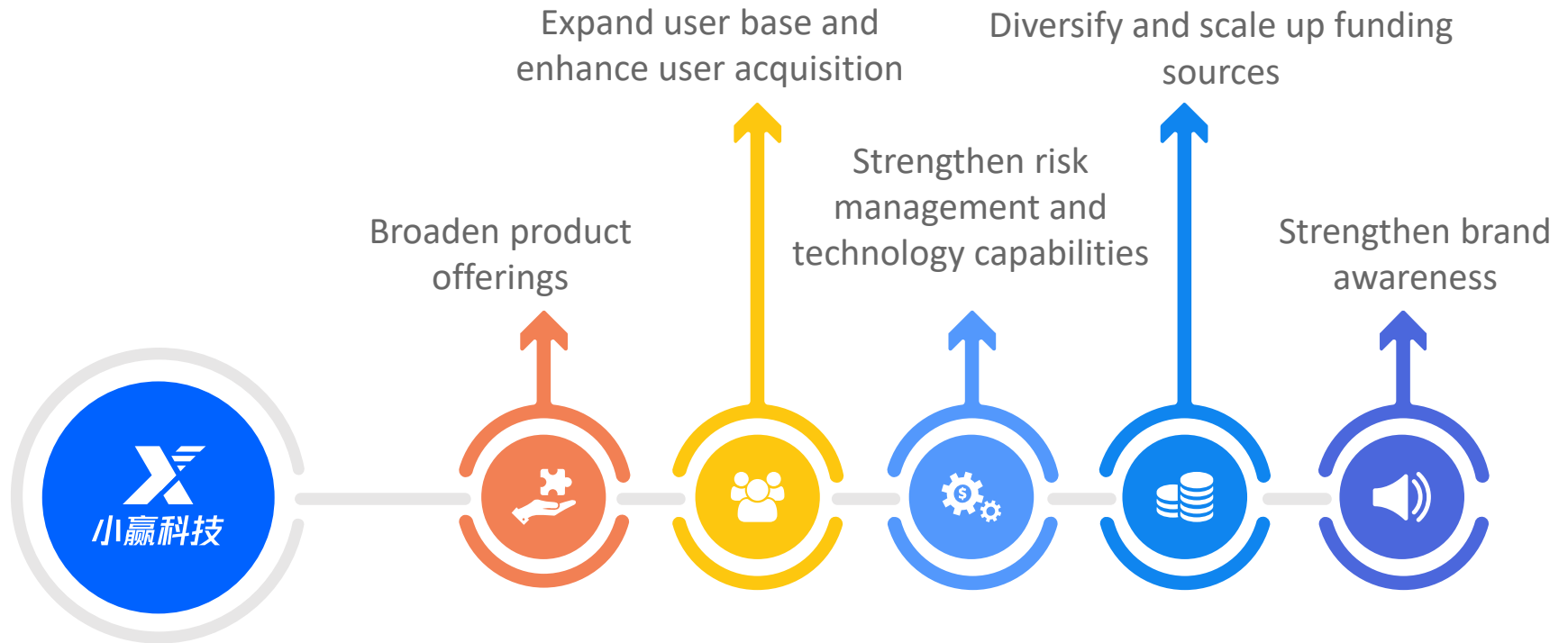
— Total Equity⁽¹⁾

(RMBmn)



(1) Represents total X Financial shareholders' equity, excluding non-controlling interest in subsidiaries

Our growth strategies



Summary consolidated balance sheet

	As of 12/31/2018 (in RMB1,000)	As of 6/30/2019 (in RMB1,000) (in USD1,000)	
Cash and Cash Equivalents	1,069,361	931,001	135,616
Accounts Receivable & Contract Assets, Net of Allowance for Doubtful Accounts	1,379,293	1,183,500	172,396
Loans Held for Sale	632,717	428,625	62,436
Loans at Fair Value	33,417	1,289,463	187,831
Total Assets	4,636,970	6,809,563	991,926
Payable to Investors at Fair Value of the Consolidated Trusts	-	1,460,640	212,766
Short-term borrowings	198,000	400,010	58,268
Income tax payable	312,238	264,175	38,481
Deposit Payable to Channel Cooperators	134,042	178,112	25,945
Total Liabilities	1,118,900	2,789,617	406,353
Total X Financial Shareholders' Equity	3,517,023	4,018,699	585,390
Non-Controlling Interests	1,047	1,247	182
Total Equity	3,518,070	4,019,946	585,572

Source: Company audited financial statements

Consolidated income statement

	2Q18	2Q19	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Net Revenues			
Loan Facilitation Service—Direct Model	878,628	474,120	69,063
Loan Facilitation Service—Intermediary Model	95,599	157,465	22,937
Post-Origination Service	24,530	96,636	14,077
Financing Income	23,696	55,760	8,122
Other Revenue	37,139	25,605	3,730
Total Net Revenue	1,059,592	809,586	117,929
Operating Costs and Expenses			
Origination and servicing	285,597	421,656	61,421
General and Administrative	43,087	55,558	8,093
Sales and Marketing	57,455	26,760	3,898
Provision for contingent guarantee liabilities	83,553	-	-
Provision for accounts receivable and contract assets	108,474	40,141	5,847
Provision for loan receivable from Xiaoying Housing Loans	18,318	2,688	392
Total operating costs and expenses	596,484	546,803	79,651
Income from operation	463,108	262,783	38,278
Interest income (expense), net	1,348	4,644	676
Foreign exchange gain (loss)	(1)	22	3
Investment income (loss), net	-	(12,538)	(1,826)
Change in fair value of financial guarantee derivative	(55,135)	(61,271)	(8,925)
Fair value adjustments related to Consolidated Trusts	6,110	14,759	2,150
Fair value adjustments related to Loans held for sale	-	(23,063)	(3,360)
Other income (expense), net	(3,294)	1,272	185
Income before income taxes and gain from equity in affiliates	412,136	186,608	27,181
Income tax expense	114,313	(113,724)	(16,566)
Gain from equity in affiliates	3,239	3,249	473
Net income	301,062	303,581	44,220
Less: net gain (loss) attributable to non-controlling interests	(6)	-	-
Net income attributable to X Financial	301,068	303,581	44,220

Consolidated income statement (cont')

	2017	2018	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Net Revenues			
Loan Facilitation Service—Direct Model	1,231,055	2,957,572	430,161
Loan Facilitation Service—Intermediary Model	302,614	228,272	33,201
Post-Origination Service	50,327	131,243	19,089
Financing Income	130,740	76,104	11,069
Other Revenue	72,199	147,409	21,440
Total Net Revenue	1,786,935	3,540,600	514,960
Operating Costs and Expenses			
Origination and servicing	760,143	1,185,937	172,487
General and Administrative	98,236	220,024	32,001
Sales and Marketing	76,584	205,726	29,922
Provision for contingent guarantee liabilities	182,579	216,364	31,469
Provision for accounts receivable and contract assets	167,700	396,996	57,741
Provision for loan receivable from Xiaoying Housing Loans	-	40,348	5,868
Total operating costs and expenses	1,285,242	2,265,395	329,488
Income from operation	501,693	1,275,205	185,472
Interest income (expense), net	3,633	4,225	615
Foreign exchange gain (loss)	(479)	10	1
Investment income	1,500	-	-
Change in fair value of financial guarantee derivative	(18,111)	(200,971)	(29,230)
Fair value adjustments related to Consolidated Trusts	(9,751)	12,359	1,798
Other income (loss), net	90	(5,904)	(362)
Income before income taxes and gain (loss) from equity in affiliates	478,575	1,084,923	157,797
Income tax expense	138,248	209,921	30,532
Gain (loss) from equity in affiliates	(832)	8,055	1,172
Net income	339,495	883,057	128,437
Less: net loss attributable to non-controlling interests	(780)	(55)	(8)
Net income attributable to X Financial	340,275	883,112	128,445

Reconciliations of GAAP and Non-GAAP results

	2Q18 <i>(in RMB1,000)</i>	2Q19 <i>(in RMB1,000)</i> <i>(in USD1,000)</i>	
Reconciliation of Adjusted Net Income to Net Income			
Net income	301,062	303,581	44,220
Add: Share-based compensation expenses (net of tax of nil)	41,509	38,954	5,674
Adjusted net income (Non-GAAP)	342,571	342,535	49,894

	2017	2018	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Reconciliation of Adjusted Net Income to Net Income			
Net income	339,495	883,057	128,437
Add: Share-based compensation expenses (net of tax of nil)	74,010	171,836	24,993
Adjusted net income (Non-GAAP)	413,505	1,054,893	153,430