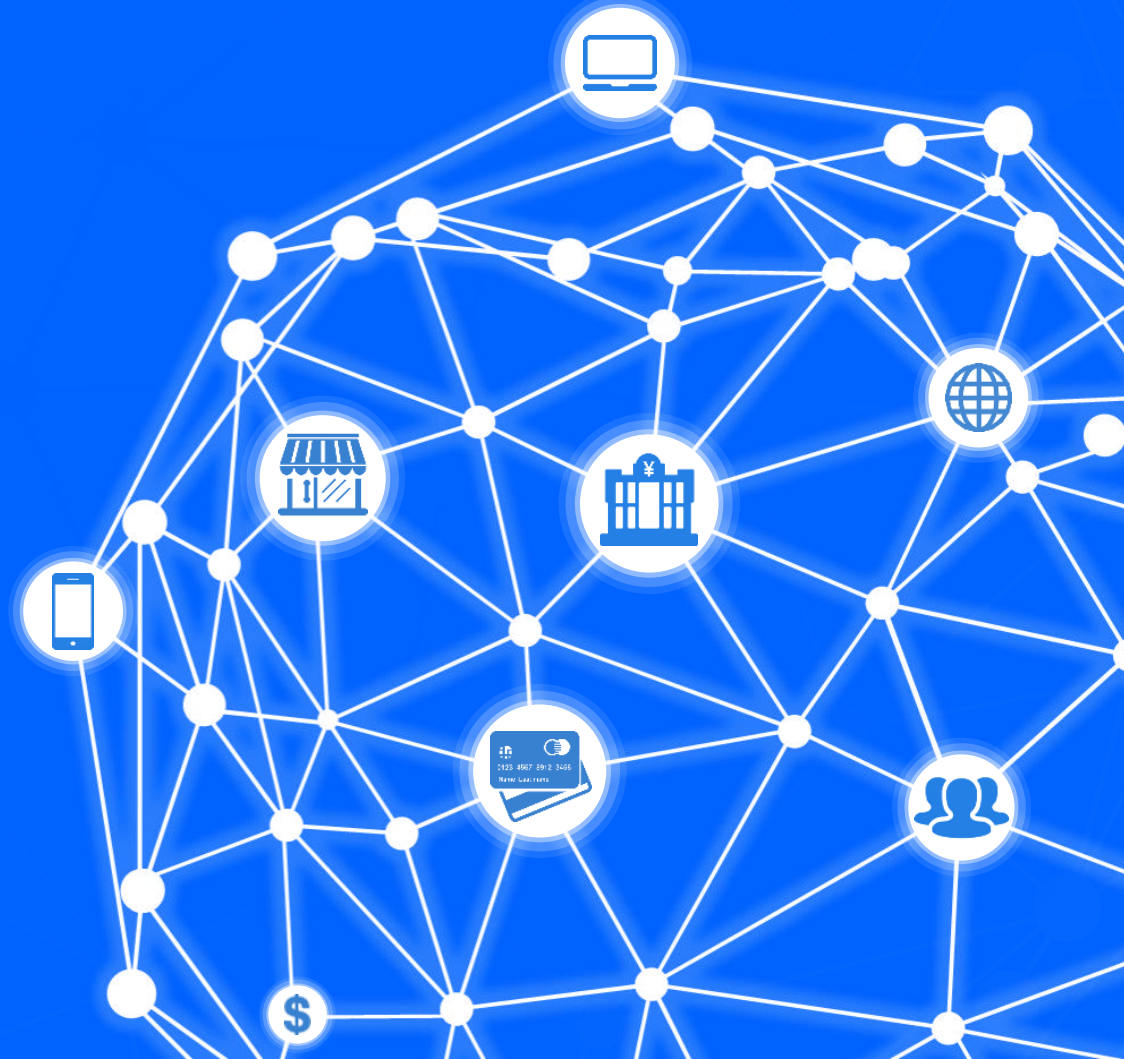


X Financial (NYSE: XYF)

2019 Q3 Earnings Results Presentation



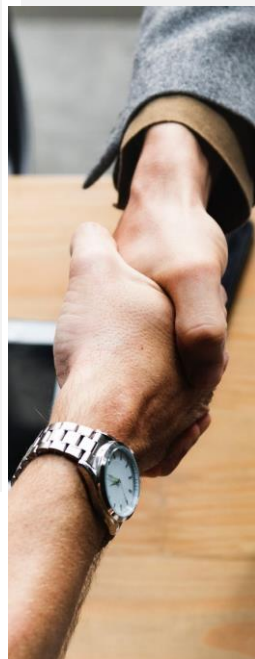
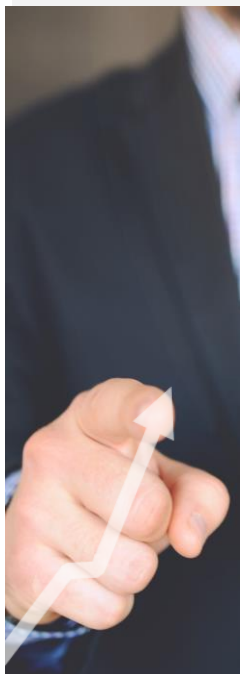
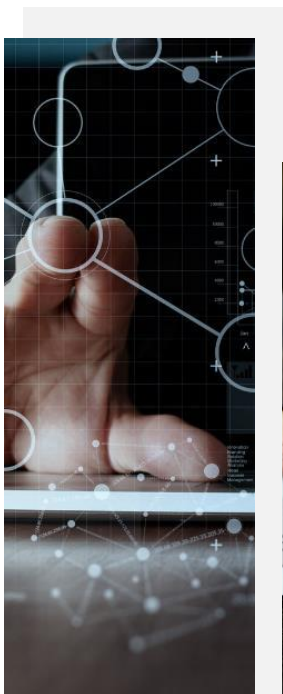
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X Financial at a glance

A leading technology-driven personal finance company in China

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



In the third quarter of 2019:

10,750 mn (RMB)

Total loan facilitation amount

As of September 30, 2019:

19,606 mn (RMB)

Loan balance

5,433,901

Cumulative borrowers

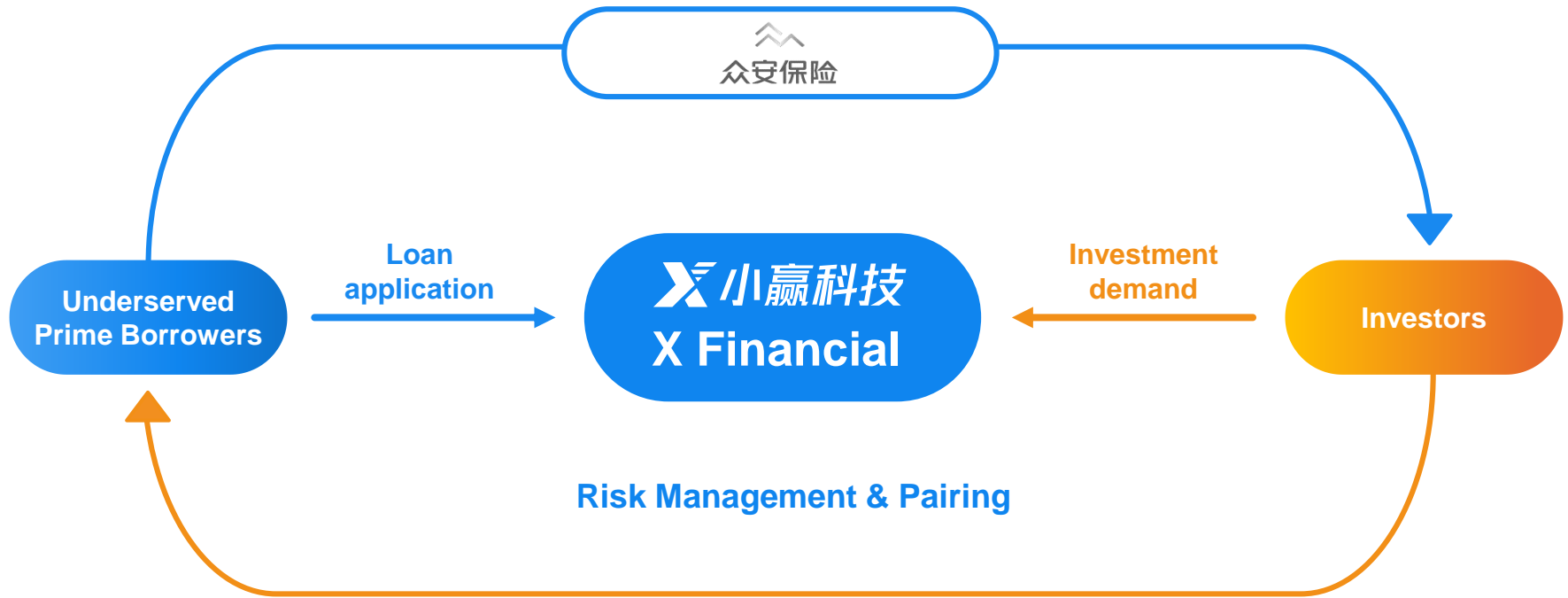
498,214

Cumulative investors

34,968,473

Registered users

Business model



_ Underserved Prime Borrowers



Credit card holders



Micro business owners

_ Investors mainly include:













Financial institutions (FIs)

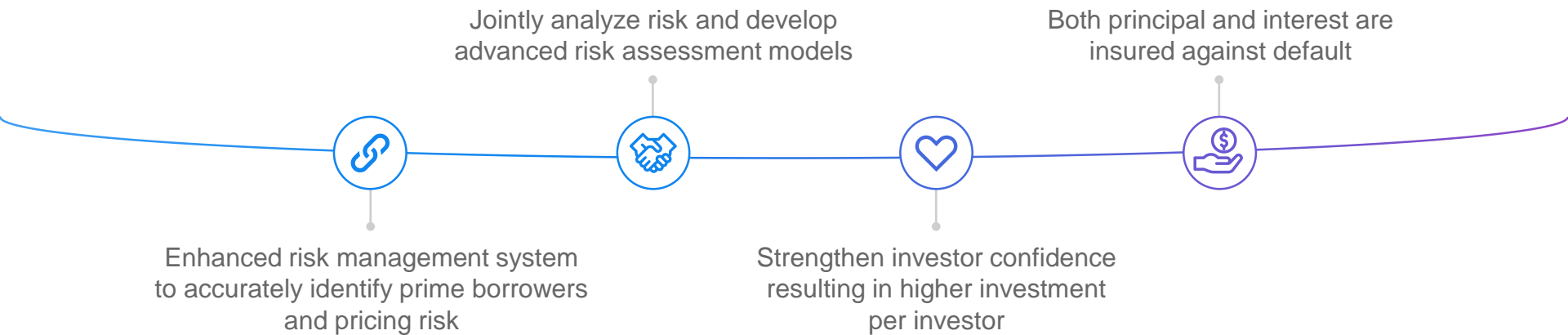
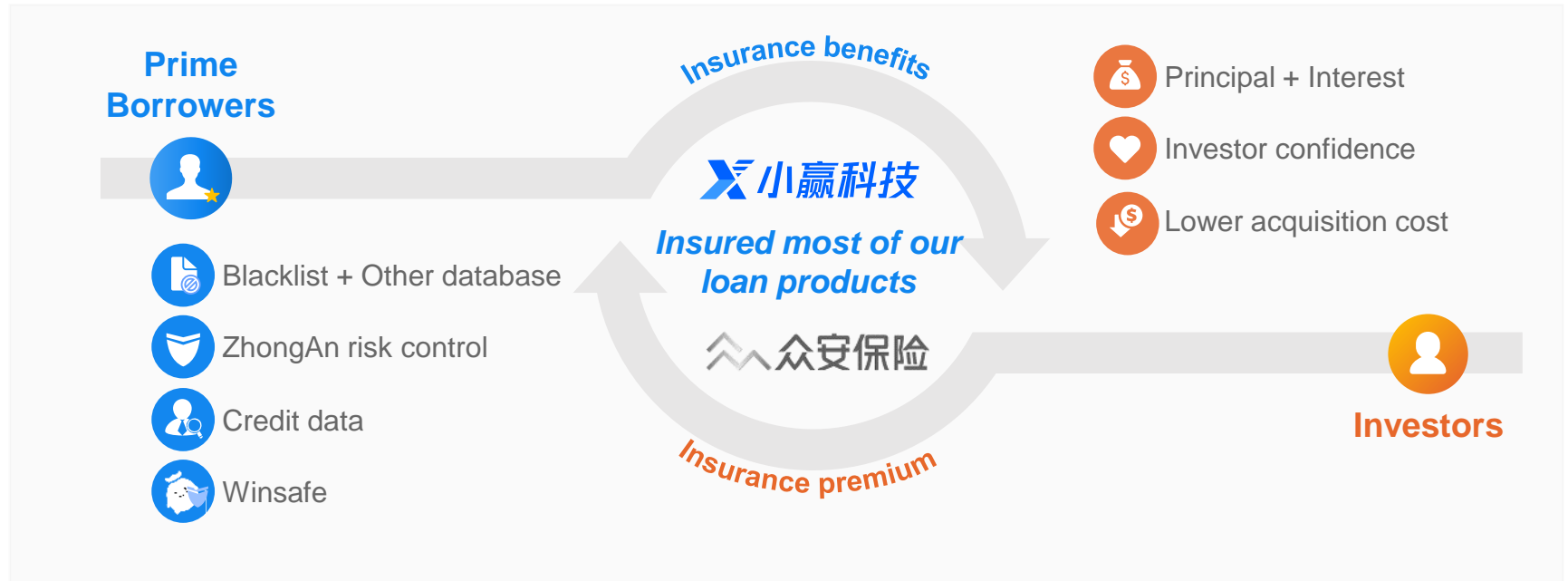


Corporates

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	
 Yaoqianhua	 Young Generation Avg. 20 - 30s	 Credit limit: Avg. RMB6000+	 Recurring, daily consumption	

Strategic partnership with ZhongAn Insurance



Most 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

Low funding costs create solid competitive advantage



4

Diversified funding sources and increasing funding from institutions



5

Strong growth momentum of revolving credit product - Yaoqianhua



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.



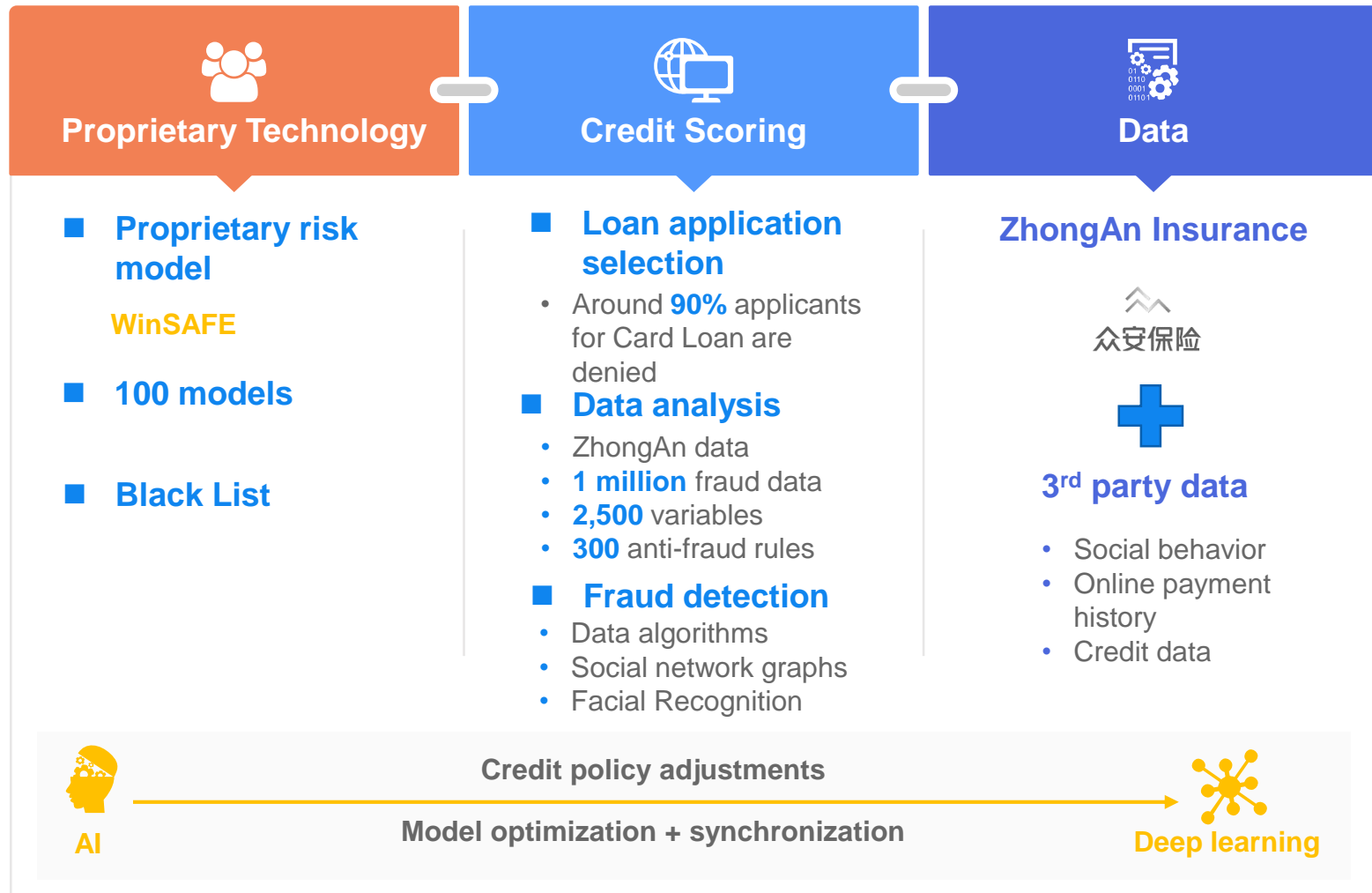
Yaoqianhua



One of the most welcomed credit consumption products in China.

2. Technology & data-driven credit assessment

Continuous optimization of credit assessment systems that strengthen risk controls



3. Low funding costs creates solid competitive advantage

Low Funding Cost



Individual Investors

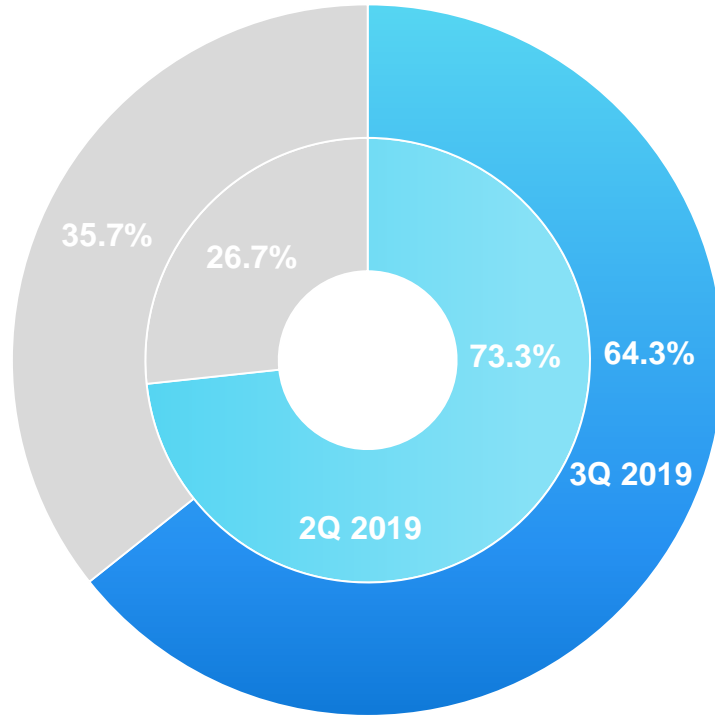


Corporate Investors and Institutional Funding Partners



(1) For three months ended September 30, 2019

4. Diversified Funding Sources and Increasing Funding from Institutions



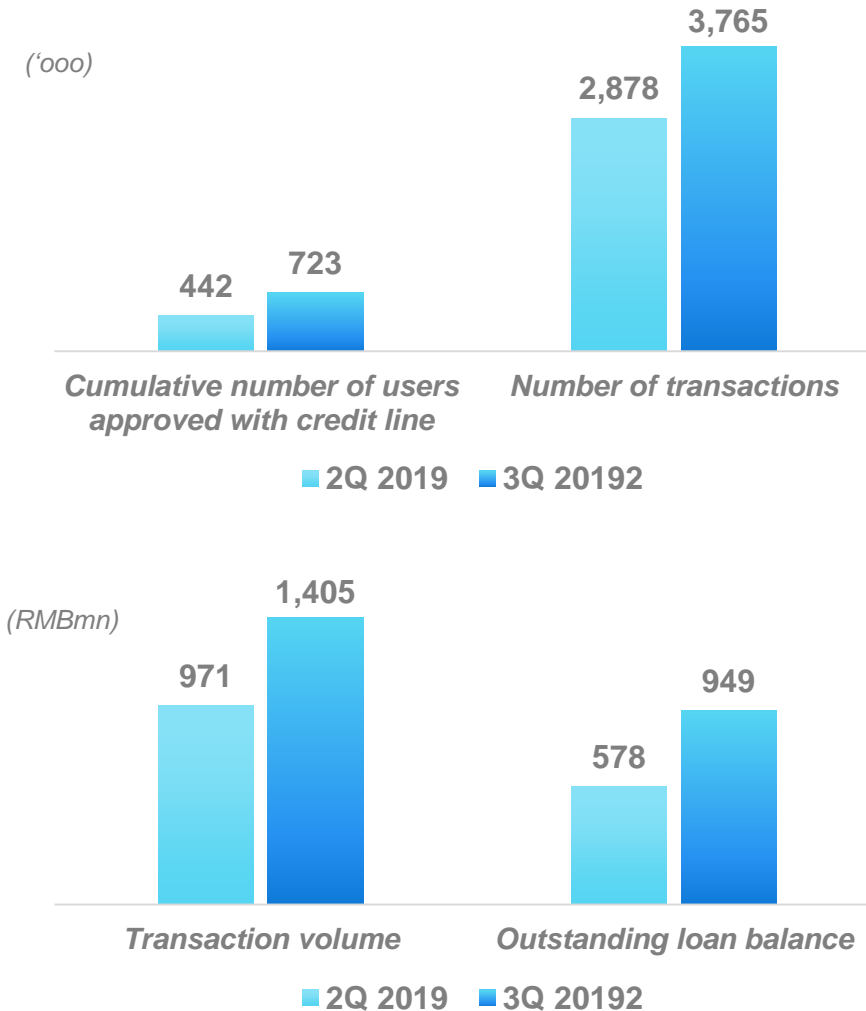
- Funding from individual investors
- Funding from non-individual investors

- 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.



5. Strong growth momentum of revolving credit product

- Yaoqianhua



- Strong demand of our revolving credit product 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;

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

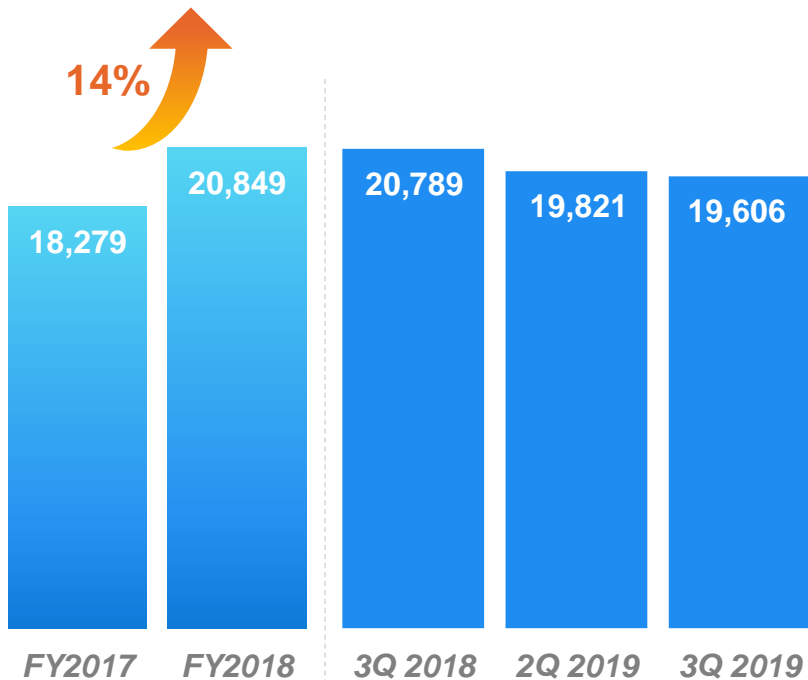


Founded by a seasoned entrepreneur with proven track record and backed by a strong team of financial and technology talent

Solid performance of loan balance and loan facilitation

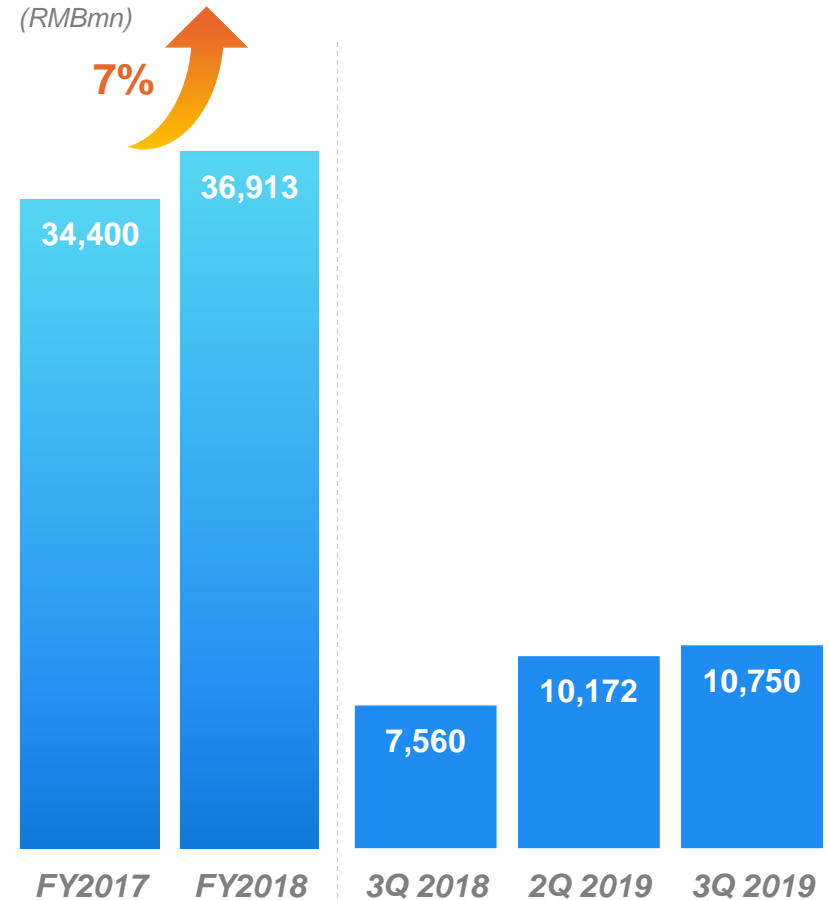
_ Total Outstanding Loan Balance

(RMBmn)



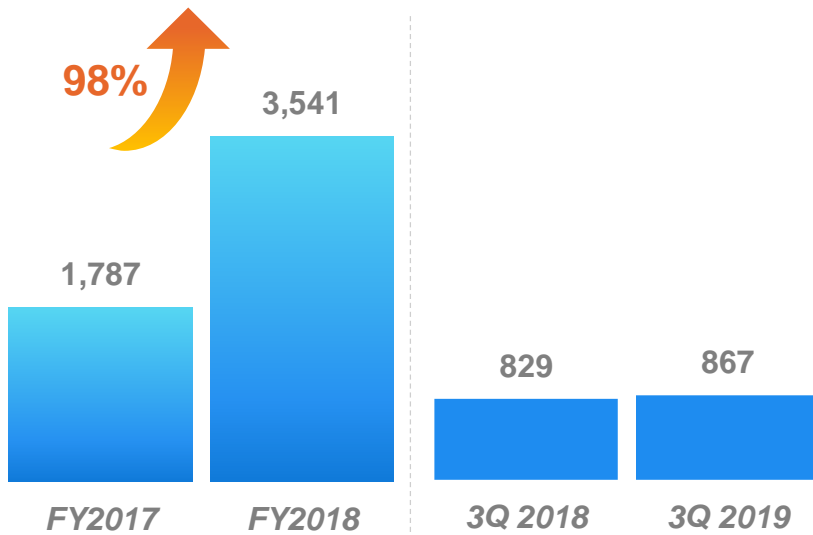
_ Total Loan Facilitation Amount

(RMBmn)

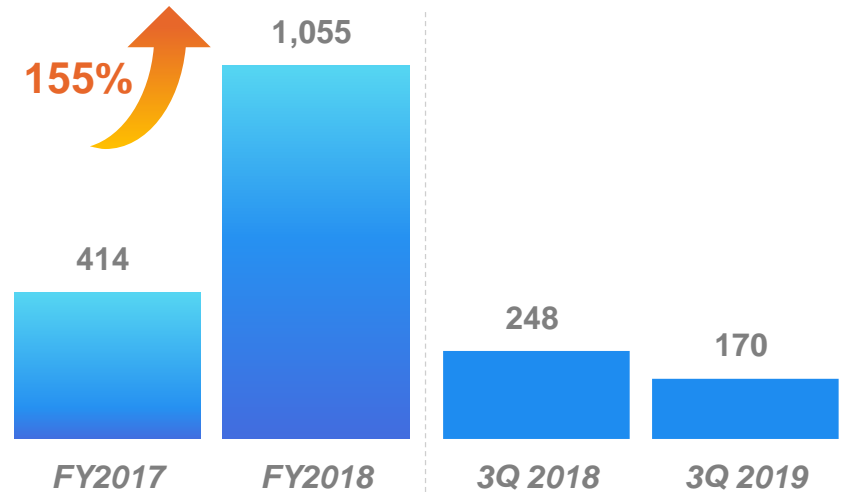


Strong revenue and non-GAAP net income growth

_ Total Net Revenue (RMBmn)



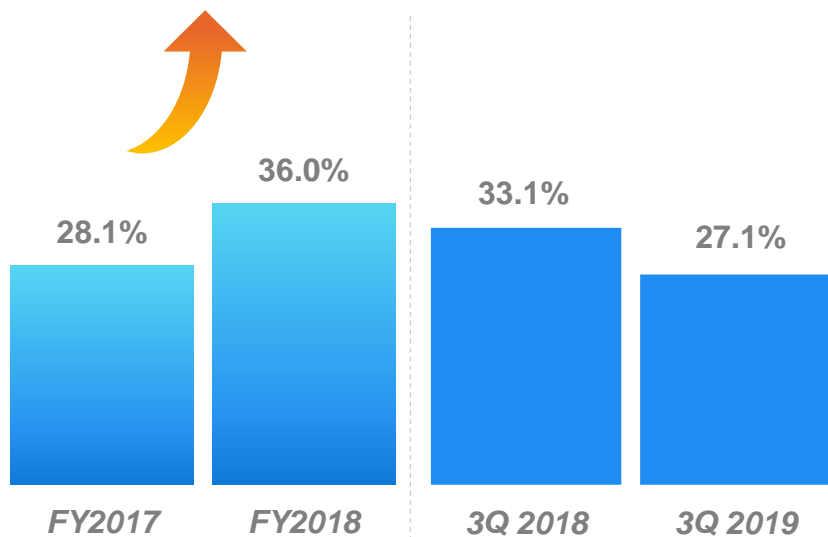
_ Non-GAAP Adj. Net Income⁽¹⁾ (RMBmn)



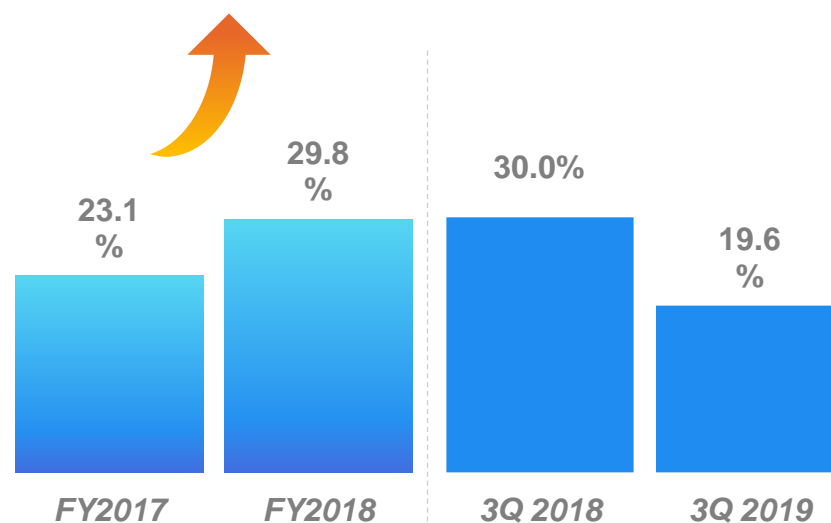
(1) Represents net (loss) / income before share-based compensation expenses

Improving operating efficiency

_ Operating Margin



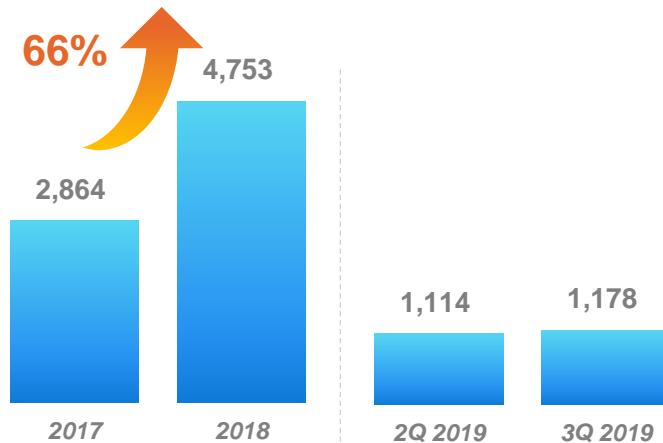
_ Non-GAAP Net Income Margin



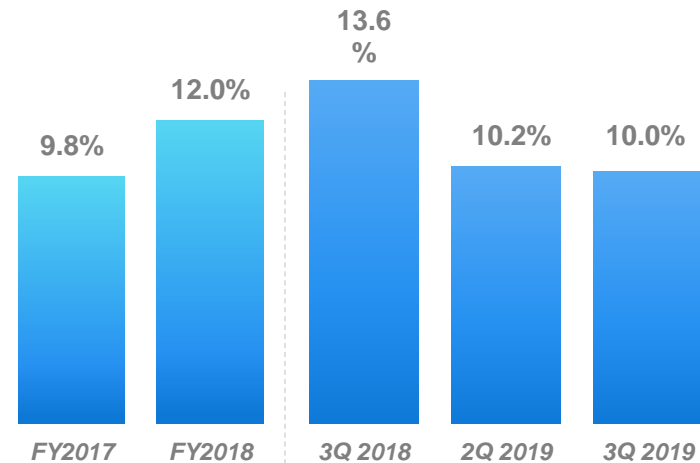
Continuous increase of revenue per person

_ 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

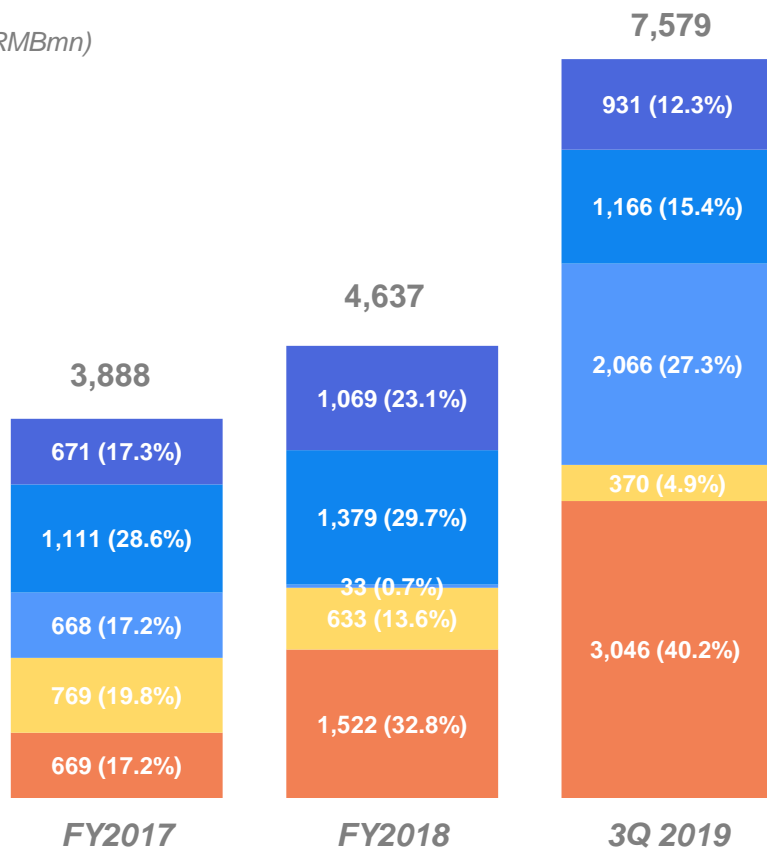
Business model light in capital and labor

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

Outstanding return on equity performance

— Total Assets

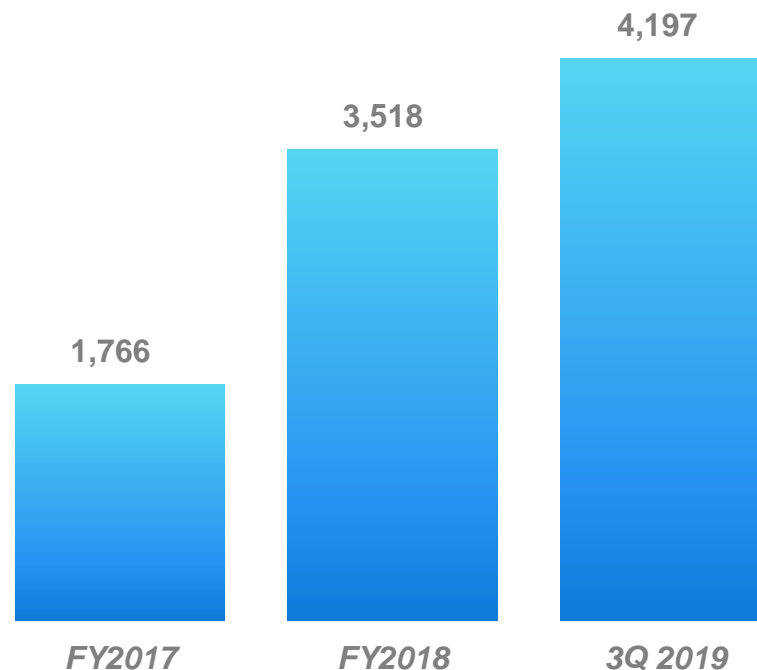
(RMBmn)



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

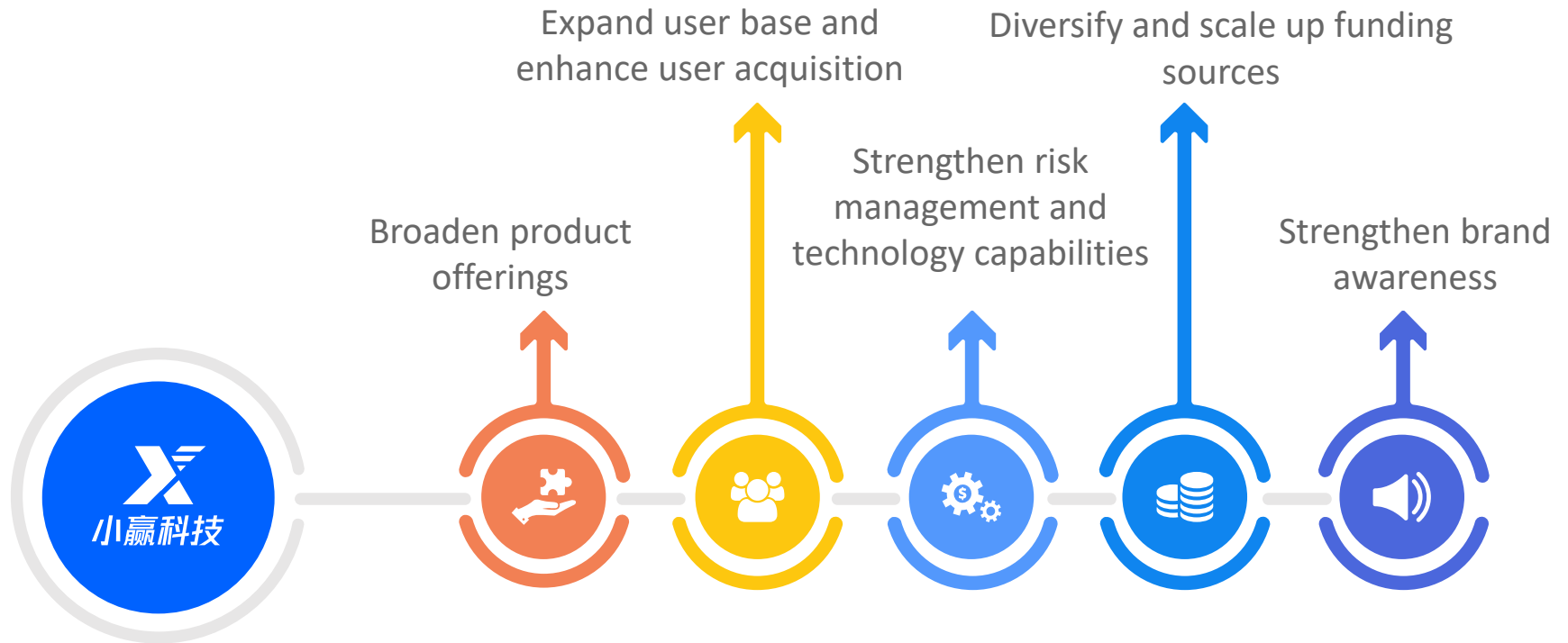
— Total Equity⁽¹⁾

(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 9/30/2019 (in RMB1,000) (in USD1,000)	
Cash and Cash Equivalents	1,069,361	930,984	130,249
Accounts Receivable & Contract Assets, Net of Allowance for Doubtful Accounts	1,379,293	1,166,369	163,181
Loans Held for Sale	632,717	369,616	51,711
Loans at Fair Value	33,417	2,066,052	289,051
Total Assets	4,636,970	7,578,690	1,060,298
Payable to Investors at Fair Value of the Consolidated Trusts	-	2,132,016	298,280
Short-term borrowings	198,000	398,995	55,821
Income tax payable	312,238	253,934	35,527
Deposit Payable to Channel Cooperators	134,042	158,277	22,144
Total Liabilities	1,118,900	3,382,163	473,183
Total X Financial Shareholders' Equity	3,517,023	4,195,280	586,941
Non-Controlling Interests	1,047	1,247	174
Total Equity	3,518,070	4,196,527	587,115

Source: Company audited financial statements

Consolidated income statement

	3Q18	3Q19	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Net Revenues			
Loan Facilitation Service—Direct Model	678,568	562,066	78,636
Loan Facilitation Service—Intermediary Model	53,447	86,604	12,116
Post-Origination Service	46,354	80,261	11,229
Financing Income	9,191	110,923	15,519
Other Revenue	41,905	26,901	3,764
Total Net Revenue	829,465	866,755	121,264
Operating Costs and Expenses			
Origination and servicing	284,570	456,497	63,866
General and Administrative	67,576	61,187	8,560
Sales and Marketing	45,342	25,854	3,617
Provision for contingent guarantee liabilities	33,628	-	-
Provision for accounts receivable and contract assets	115,742	88,559	12,390
Provision for loan receivable from Xiaoying Housing Loans	8,131	-	-
Total operating costs and expenses	554,989	632,097	88,433
Income from operation	274,476	234,658	32,831
Interest income (expense), net	79	7,286	1,019
Foreign exchange gain (loss)	38	692	97
Investment income (loss), net	-	-	-
Change in fair value of financial guarantee derivative	(48,332)	(84,690)	(11,849)
Fair value adjustments related to Consolidated Trusts	4,084	(11,042)	(1,545)
Fair value adjustments related to Loans held for sale	-	(3,923)	(549)
Other income (expense), net	(28)	1,042	146
Income before income taxes and gain from equity in affiliates	230,317	144,023	20,150
Income tax expense	34,443	20,451	2,861
Gain from equity in affiliates	2,011	7,983	1,117
Net income	197,885	131,555	18,406
Less: net gain (loss) attributable to non-controlling interests	(5)	-	-
Net income attributable to X Financial	197,890	131,555	18,406

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

	3Q18 <i>(in RMB1,000)</i>	3Q19 <i>(in RMB1,000)</i> <i>(in USD1,000)</i>	
Reconciliation of Adjusted Net Income to Net Income			
Net income	197,885	131,555	18,406
Add: Share-based compensation expenses (net of tax of nil)	50,586	38,421	5,375
Adjusted net income (Non-GAAP)	248,471	169,976	23,781

	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