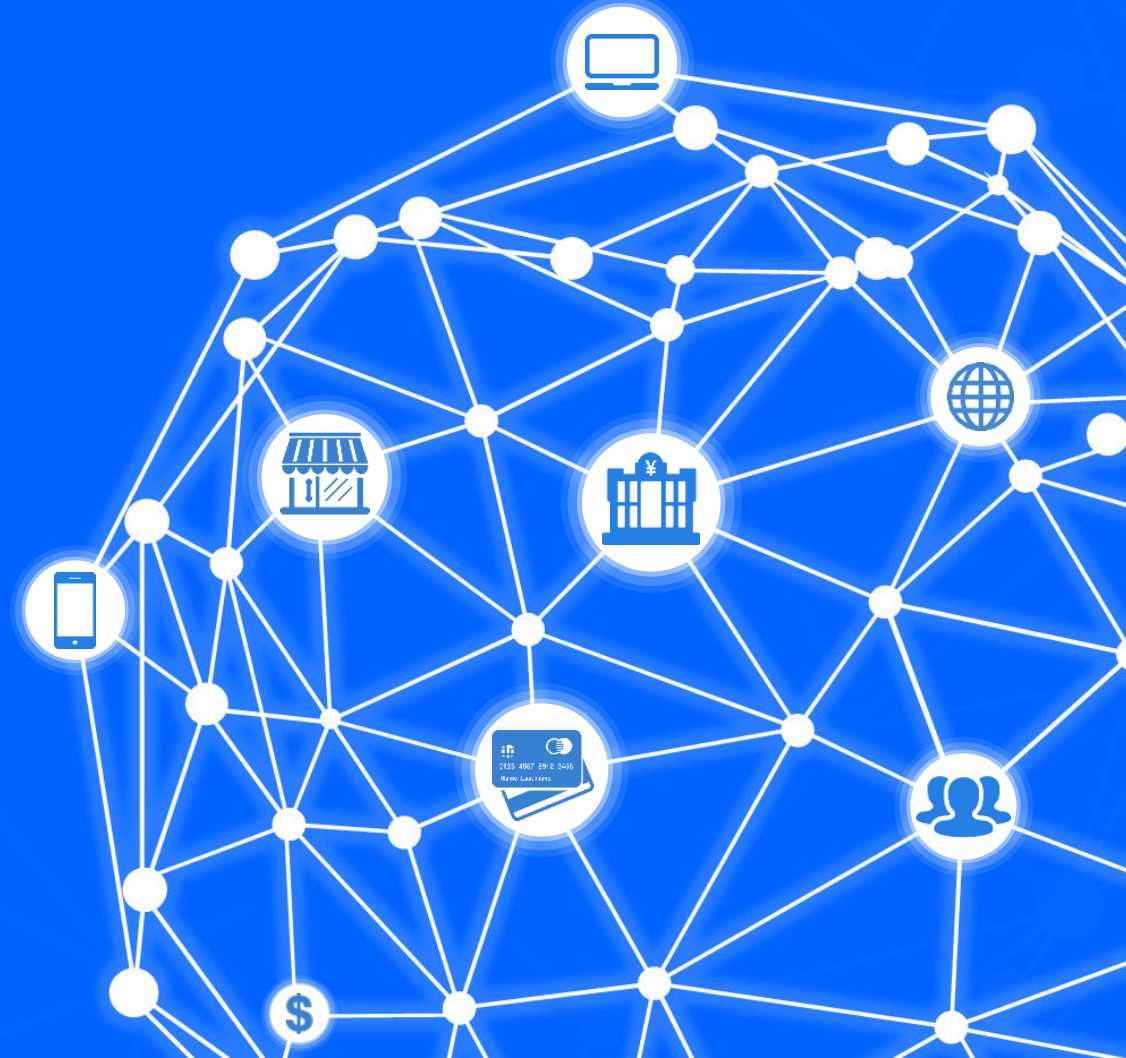


X Financial (NYSE: XYF)

2019 Q4 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 fourth quarter of 2019:

8,890 mn (RMB)

Total loan facilitation amount

As of December 31, 2019:

17,267 mn (RMB)

Loan balance

5,631,081

Cumulative borrowers

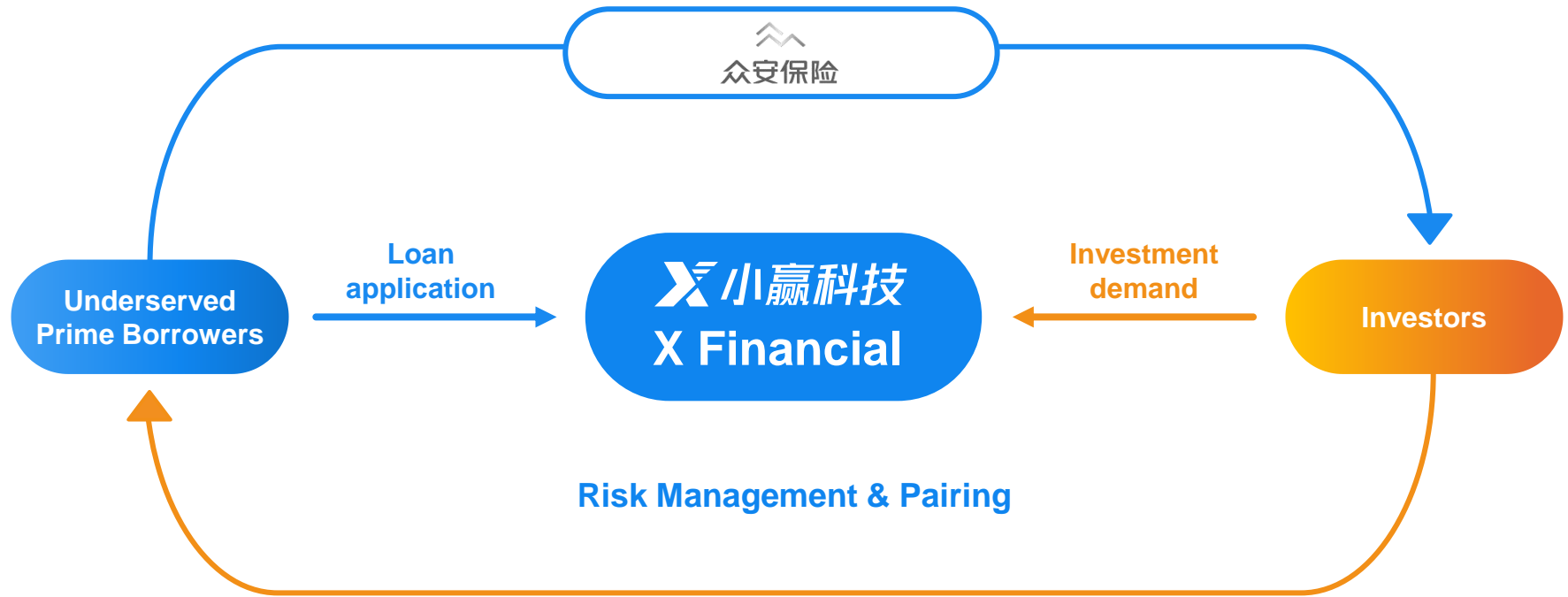
499,855

Cumulative investors

38,826,182

Registered users

Business model



_ Underserved Prime Borrowers



Credit card holders



Micro business owners

_ Investors mainly include:













Financial institutions (FIs)

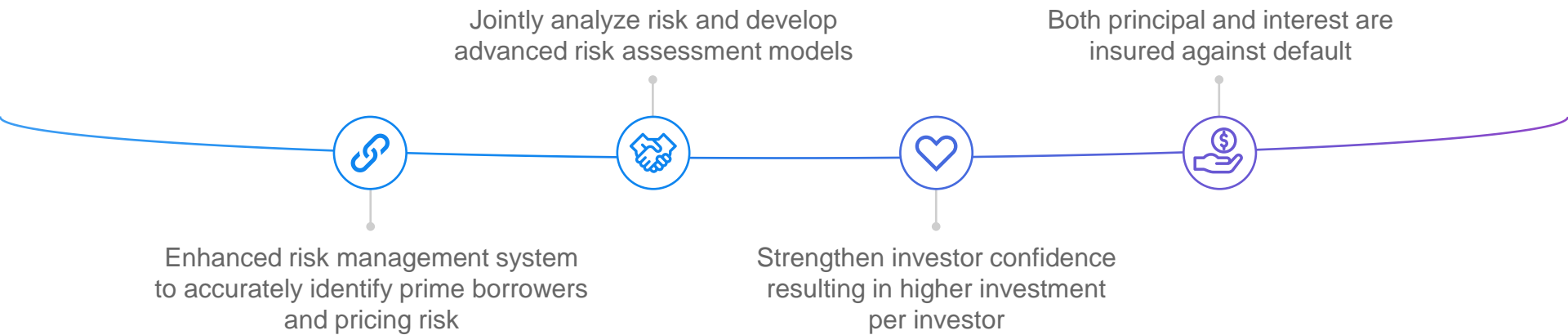
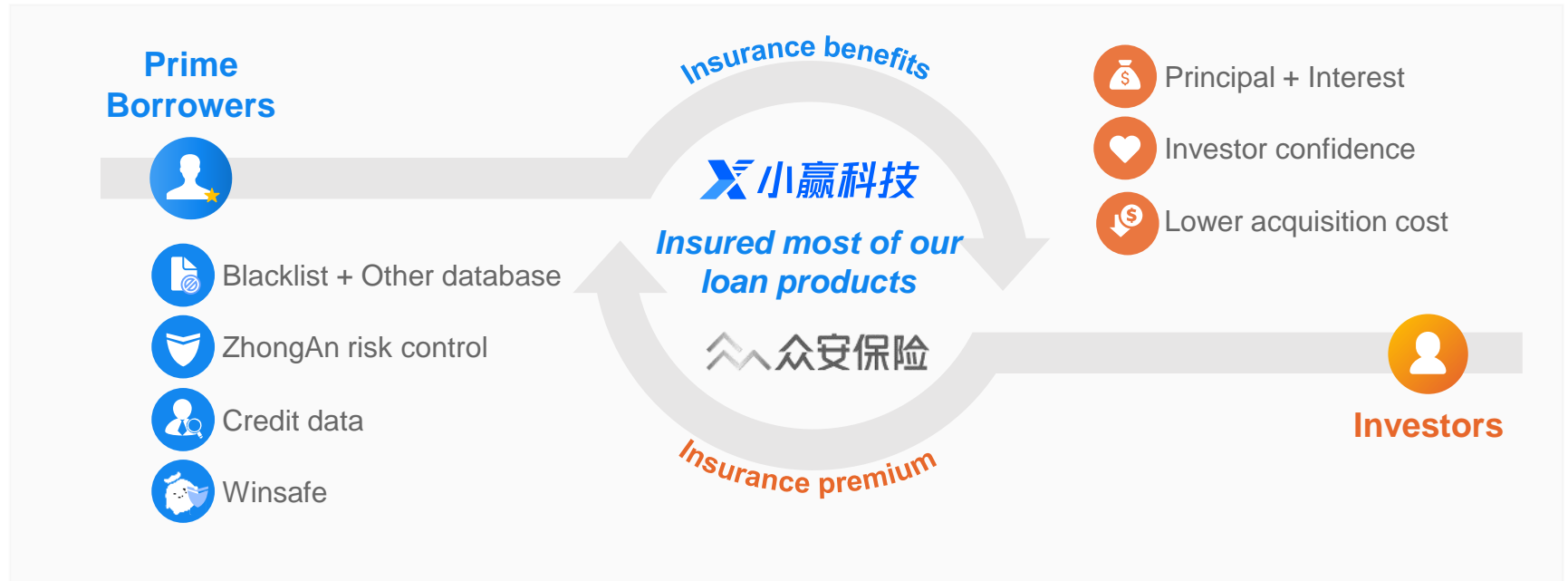


Corporates

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.



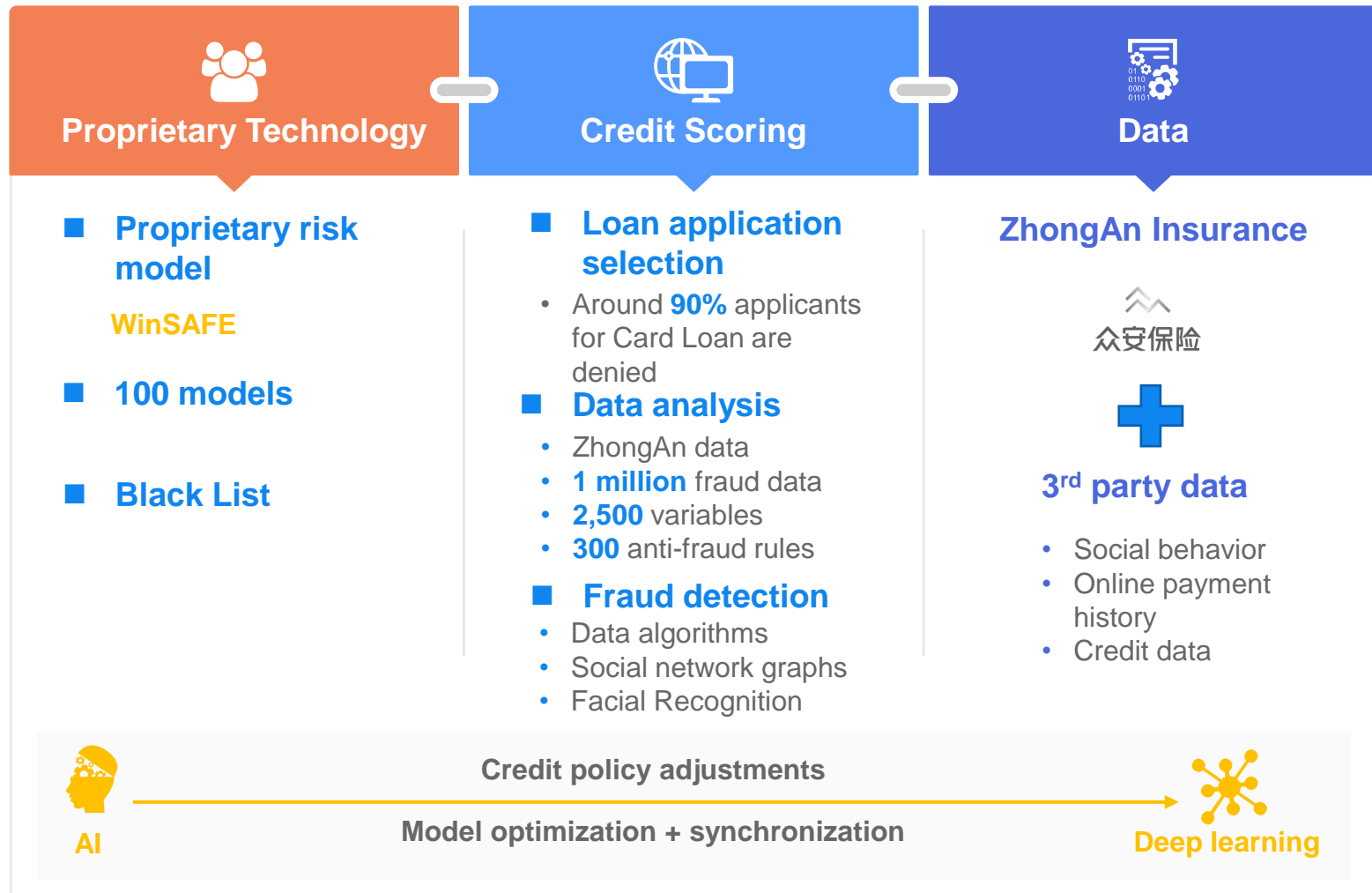
Yaoqianhua



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



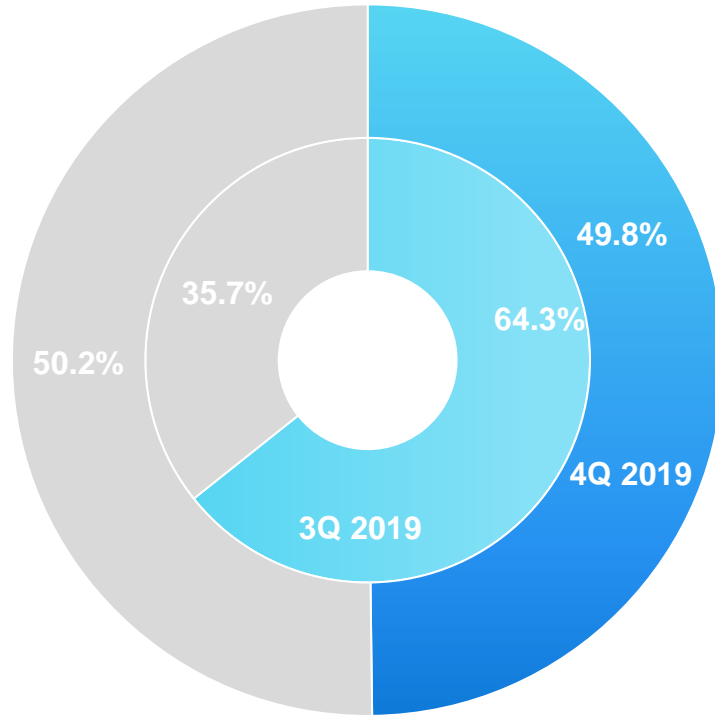
**Enlarging
funding
percentage
from
Institutions**

Corporate Investors and Institutional Funding Partners



(1) For three months ended December 31, 2019

4. Diversified Funding Sources and Increasing Funding from Institutions



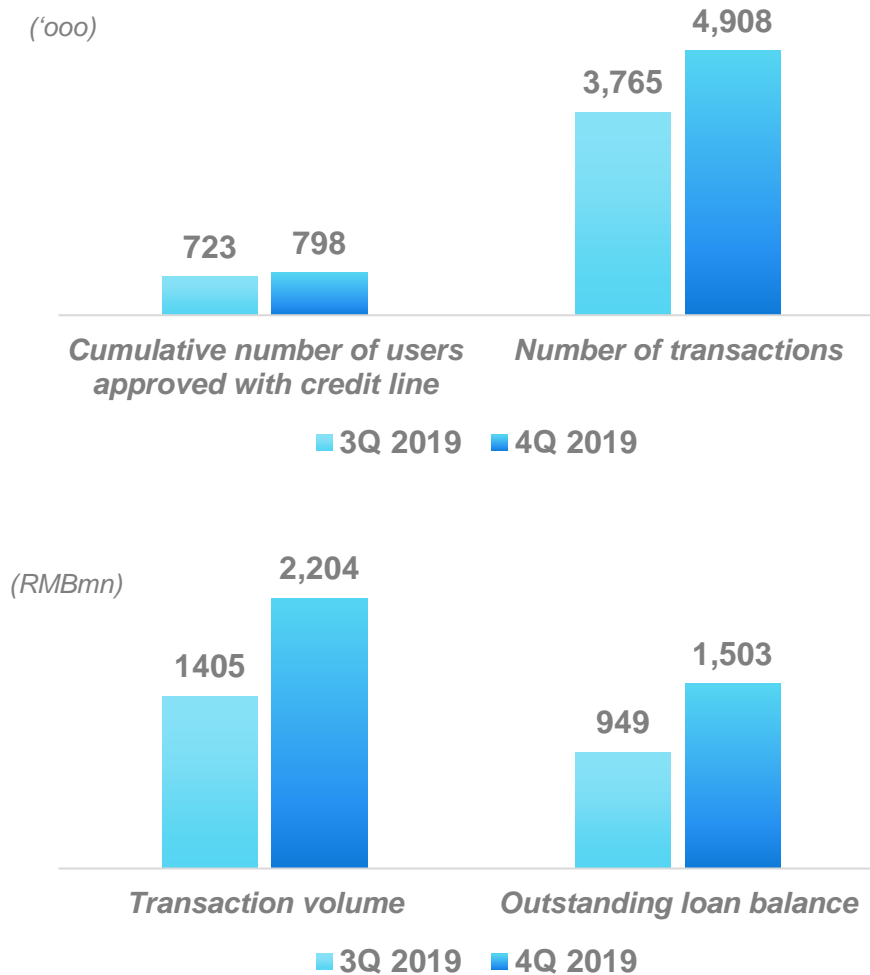
- Funding from individual investors
- Funding from non-individual investors

- 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

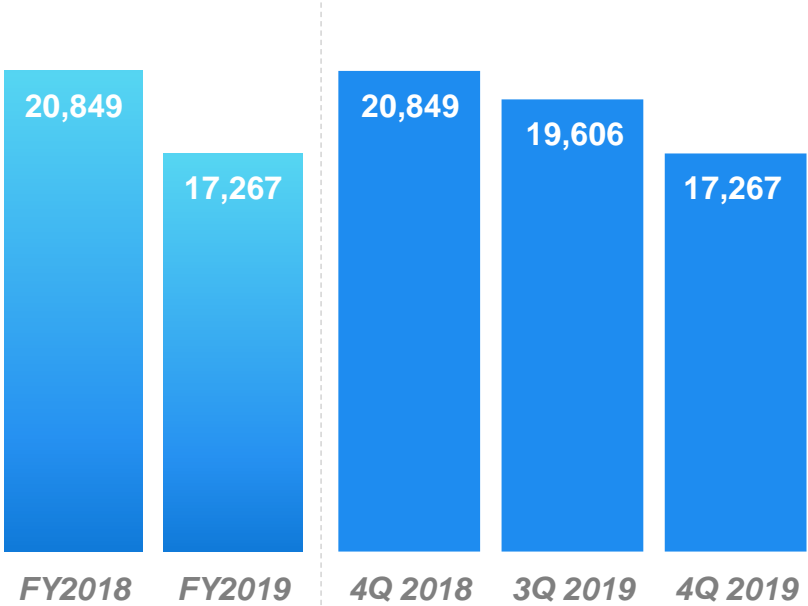


Founded by a seasoned entrepreneur with proven track record and backed by a strong team of financial and technology talent

Performance of loan balance and loan facilitation

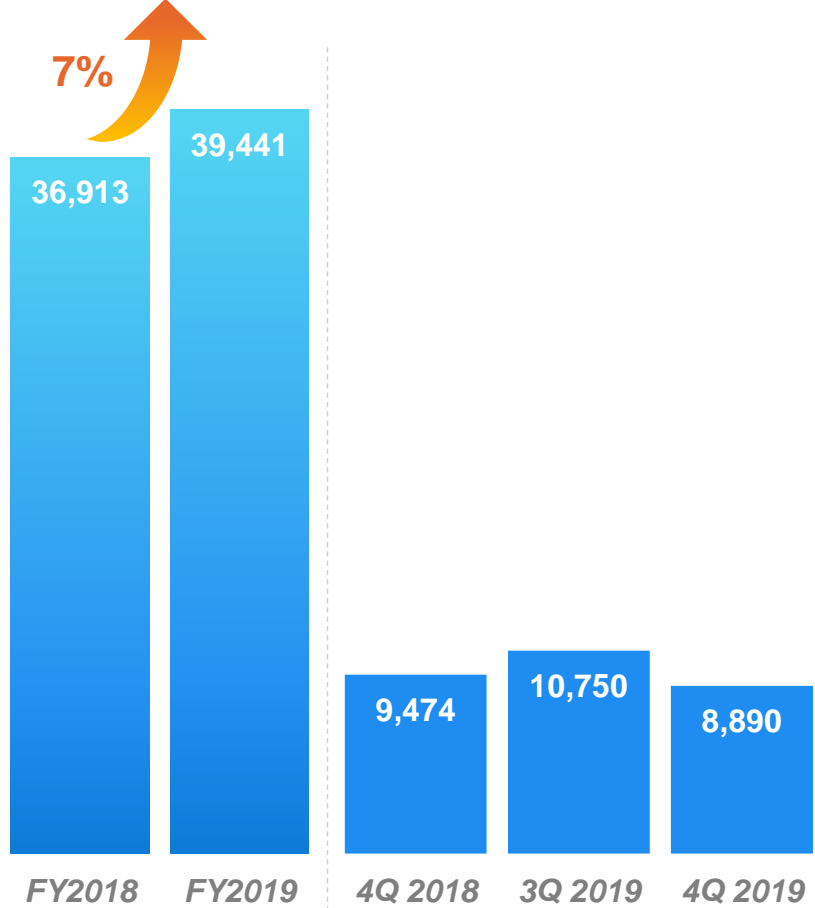
_ Total Outstanding Loan Balance

(RMBmn)



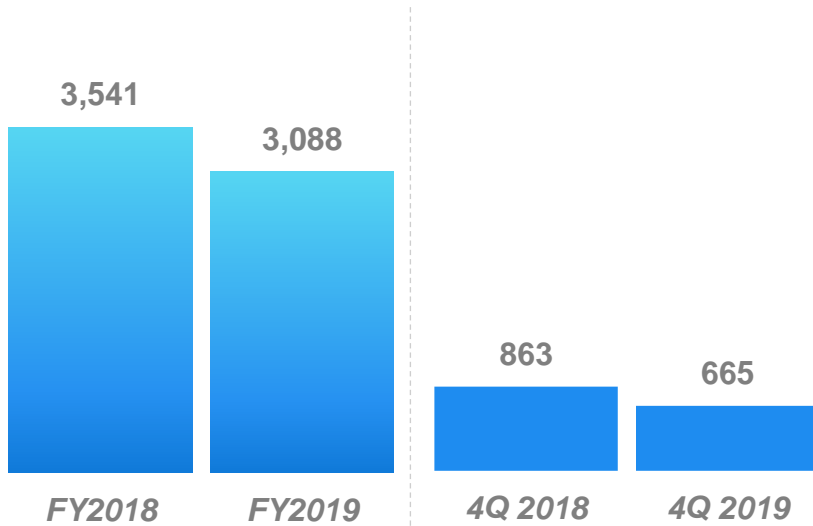
_ Total Loan Facilitation Amount

(RMBmn)

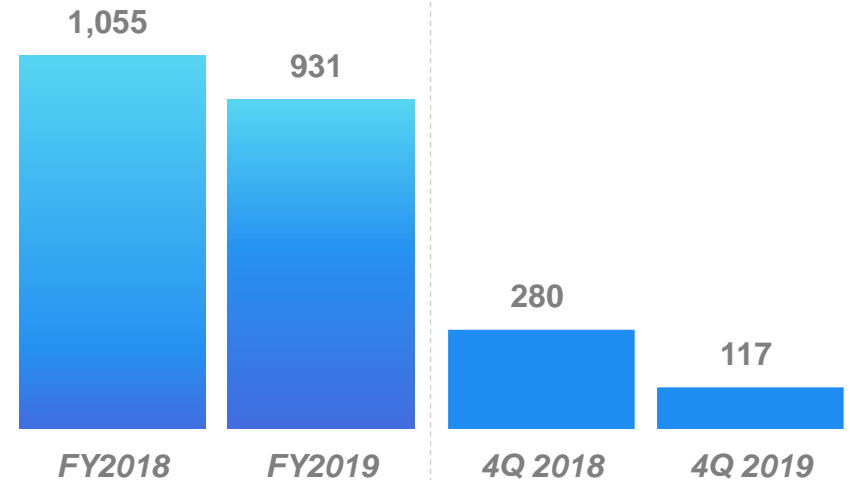


Revenue and non-GAAP adj. net income growth

_ Total Net Revenue (RMBmn)



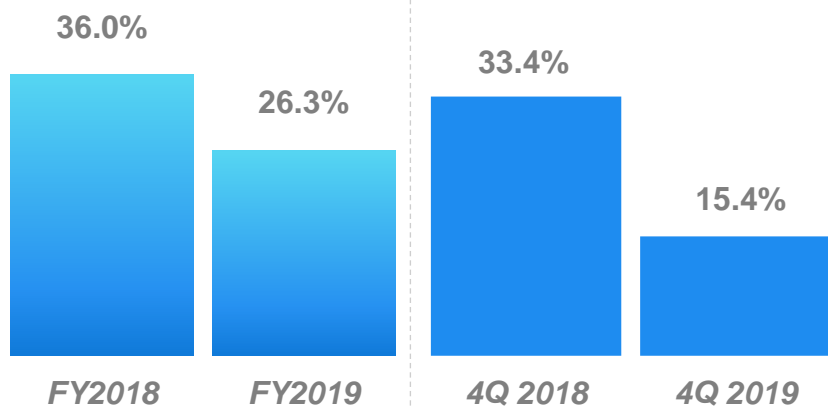
_ Non-GAAP Adj. Net Income⁽¹⁾ (RMBmn)



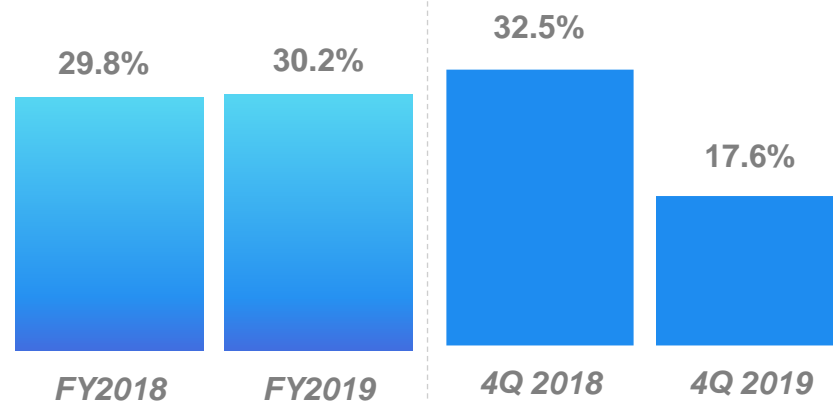
(1) Represents net (loss) / income before share-based compensation expenses

Operational efficiency

_ Operating Margin



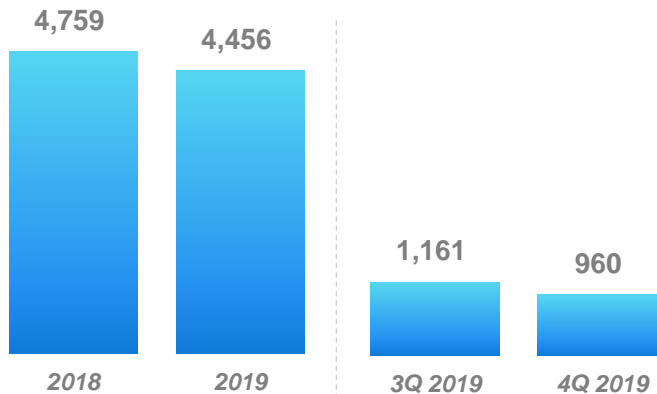
_ Non-GAAP Adj. Net Income Margin



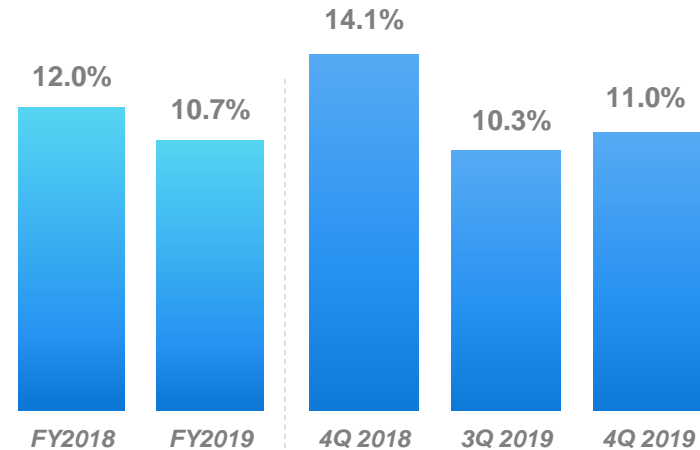
Net revenue per employee and operating expense

_ Net Revenue Per Employee

(RMB1,000)



_ Operating Expense % Net Revenue⁽¹⁾



- **High revenue per employee**

Highly automated risk management system

- **Year-over-year decreased operating expense percentage & improved operational efficiency**

Superior products offering with innovative marketing efforts

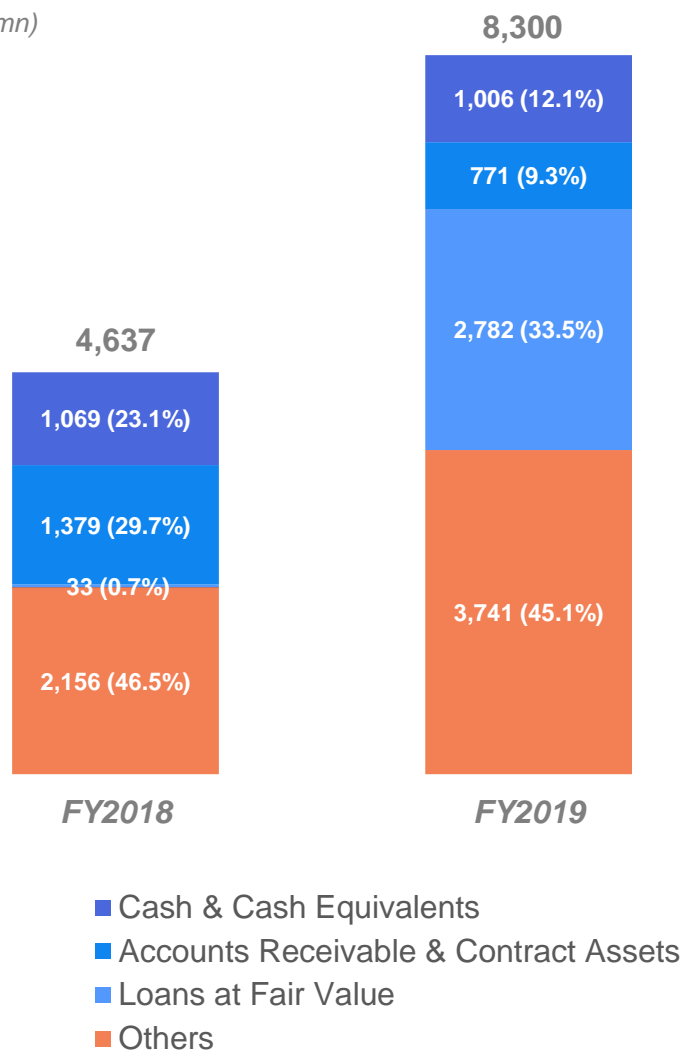
Business model light in capital and labor

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

Outstanding return on equity performance

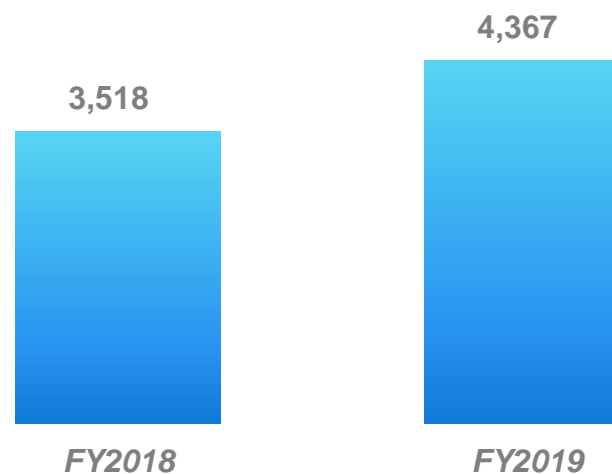
— Total Assets

(RMBmn)



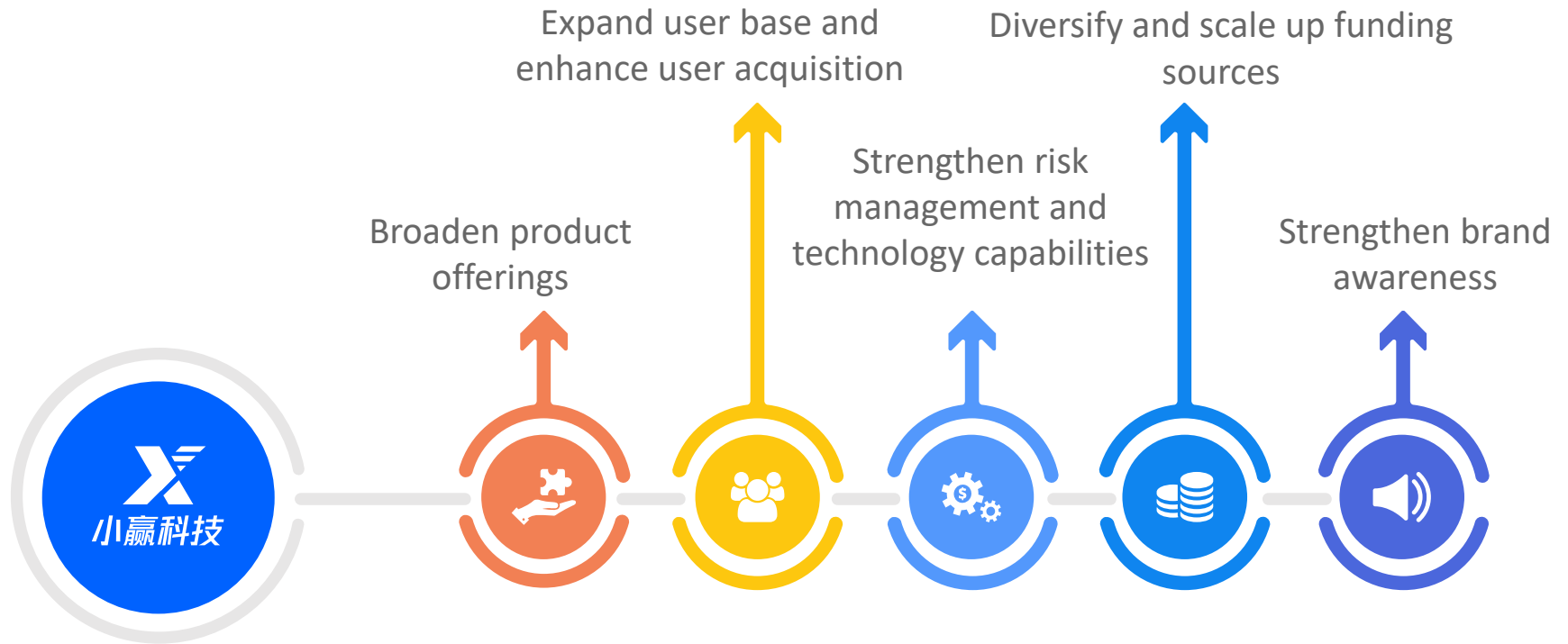
— Total Equity⁽¹⁾

(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	As of 12/31/2019	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Cash and Cash Equivalents	1,069,361	1,005,980	144,500
Accounts Receivable & Contract Assets, Net of Allowance for Doubtful Accounts	1,379,293	771,154	110,769
Loans at Fair Value	33,417	2,782,333	399,657
Total Assets	4,636,970	8,299,587	1,192,162
Payable to Investors at Fair Value of the Consolidated Trusts	-	3,006,349	431,835
Short-term borrowings	198,000	-	-
Income tax payable	312,238	340,996	48,981
Deposit Payable to Channel Cooperators	134,042	108,923	15,646
Total Liabilities	1,118,900	3,932,481	564,867
Total X Financial Shareholders' Equity	3,517,023	4,365,859	627,116
Non-Controlling Interests	1,047	1,247	179
Total Equity	3,518,070	4,367,106	627,295

Source: Company audited financial statements

Consolidated income statement

	4Q 2018 <i>(in RMB1,000)</i>	4Q 2019 <i>(in RMB1,000)</i>	<i>(in USD1,000)</i>
Net Revenues			
Loan Facilitation Service—Direct Model	760,926	323,435	46,459
Loan Facilitation Service—Intermediary Model	5,925	17,730	2,547
Post-Origination Service	45,996	82,369	11,832
Financing Income	17,105	194,056	27,874
Other Revenue	32,902	47,513	6,825
Total Net Revenue	862,854	665,103	95,537
Operating Costs and Expenses			
Origination and servicing	327,482	413,275	59,363
General and Administrative	69,635	53,102	7,628
Sales and Marketing	52,445	19,858	2,852
Provision for contingent guarantee liabilities	-	7,748	1,113
Provision for accounts receivable and contract assets	111,559	52,272	7,508
Provision for loan receivable from Xiaoying Housing Loans	13,899	13,283	1,908
Provision for loans receivable from Xiaoying Credit Loans and Xiaoying Revolving Loans	-	3,402	489
Total operating costs and expenses	575,020	562,940	80,861
Income from operation	287,834	102,163	14,676
Interest income	221	6,694	962
Foreign exchange gain (loss)	(19)	775	111
Change in fair value of financial guarantee derivative	(51,391)	(47,420)	(6,811)
Fair value adjustments related to Consolidated Trusts	1,475	(66,767)	(9,590)
Other income (loss), net	(2,588)	16,053	2,306
Income before income taxes and gain from equity in affiliates	235,532	11,498	1,654
Income tax benefit (expense)	3,719	65,745	9,444
Gain from equity in affiliates	2,665	2,429	349
Net income	241,916	79,672	11,447
Less: net income (loss) attributable to non-controlling interests	-	-	-
Net income attributable to X Financial Shareholders	241,916	79,672	11,447

Consolidated income statement (cont')

	2018	2019	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Net Revenues			
Loan Facilitation Service—Direct Model	2,957,572	1,986,003	285,272
Loan Facilitation Service—Intermediary Model	228,272	238,867	34,311
Post-Origination Service	131,243	330,695	47,501
Financing Income	76,104	408,401	58,663
Other Revenue	147,409	124,084	17,824
Total Net Revenue	3,540,600	3,088,050	443,571
Operating Costs and Expenses			
Origination and servicing	1,185,937	1,634,822	234,827
General and Administrative	220,024	227,482	32,676
Sales and Marketing	205,726	103,158	14,818
Provision for contingent guarantee liabilities	216,364	7,748	1,113
Provision for accounts receivable and contract assets	396,996	241,187	34,644
Provision for loan receivable from Xiaoying Housing Loans	40,348	23,431	3,366
Provision for loans receivable from Xiaoying Credit Loans and Xiaoying Revolving Loans	-	37,643	5,407
Total operating costs and expenses	2,265,395	2,275,471	326,851
Income from operation	1,275,205	812,579	116,720
Interest income	4,225	19,386	2,785
Foreign exchange gain (loss)	10	616	88
Investment loss	-	(12,538)	(1,801)
Change in fair value of financial guarantee derivative	(200,971)	(246,372)	(35,389)
Fair value adjustments related to Consolidated Trusts	12,359	64,163	9,216
Other income (loss), net	(5,905)	26,081	3,746
Income before income taxes and gain from equity in affiliates	1,084,923	663,915	95,365
Income tax benefit (expense)	(209,921)	93,103	13,374
Gain from equity in affiliates	8,055	17,458	2,508
Net income	883,057	774,476	111,247
Less: net income (loss) attributable to non-controlling interests	(55)	200	29
Net income attributable to X Financial Shareholders	883,112	774,276	111,218

Reconciliations of GAAP and Non-GAAP results

	4Q 2018	4Q 2019	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Reconciliation of Adjusted Net Income to Net Income			
Net income	241,916	79,672	11,447
Add: Share-based compensation expenses (net of tax of nil)	38,529	37,542	5,393
Adjusted net income (Non-GAAP)	280,445	117,214	16,840

	2018	2019	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Reconciliation of Adjusted Net Income to Net Income			
Net income	883,057	774,476	111,247
Add: Share-based compensation expenses (net of tax of nil)	171,836	157,116	22,568
Adjusted net income (Non-GAAP)	1,054,893	931,592	133,815