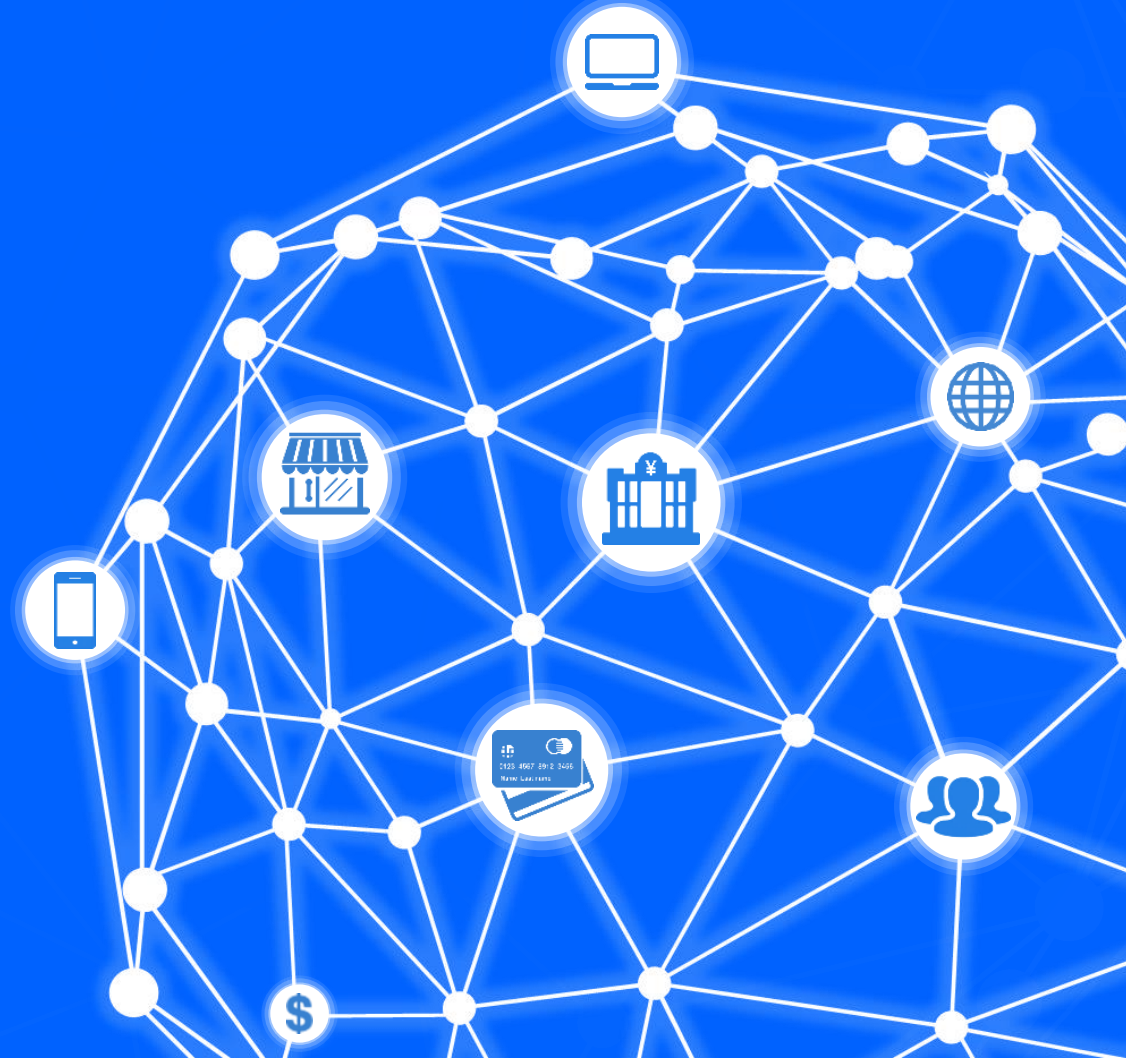


X Financial (NYSE: XYF)

2020 Q1 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 first quarter of 2020:

6,823 mn (RMB)

Total loan facilitation amount

As of March 31, 2020:

14,370 mn (RMB)

Loan balance

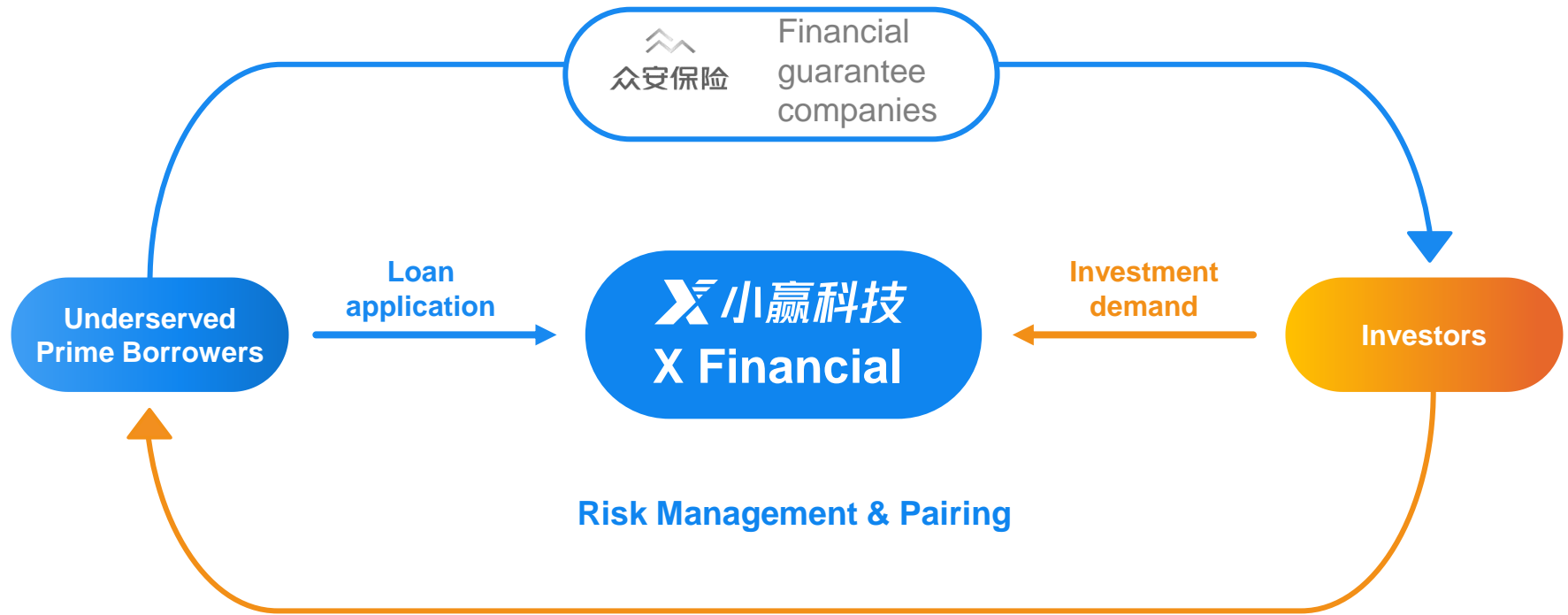
5,732,385

Cumulative borrowers

42.6 mn

Registered users

Business model



_ Underserved Prime Borrowers



Credit card holders



Micro business owners

_ Investors mainly include:













Financial institutions (FIs)

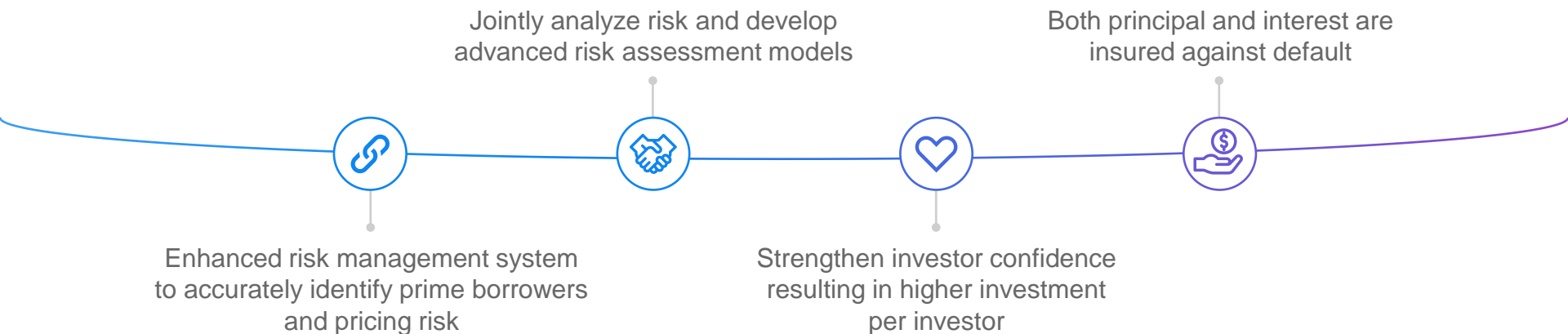
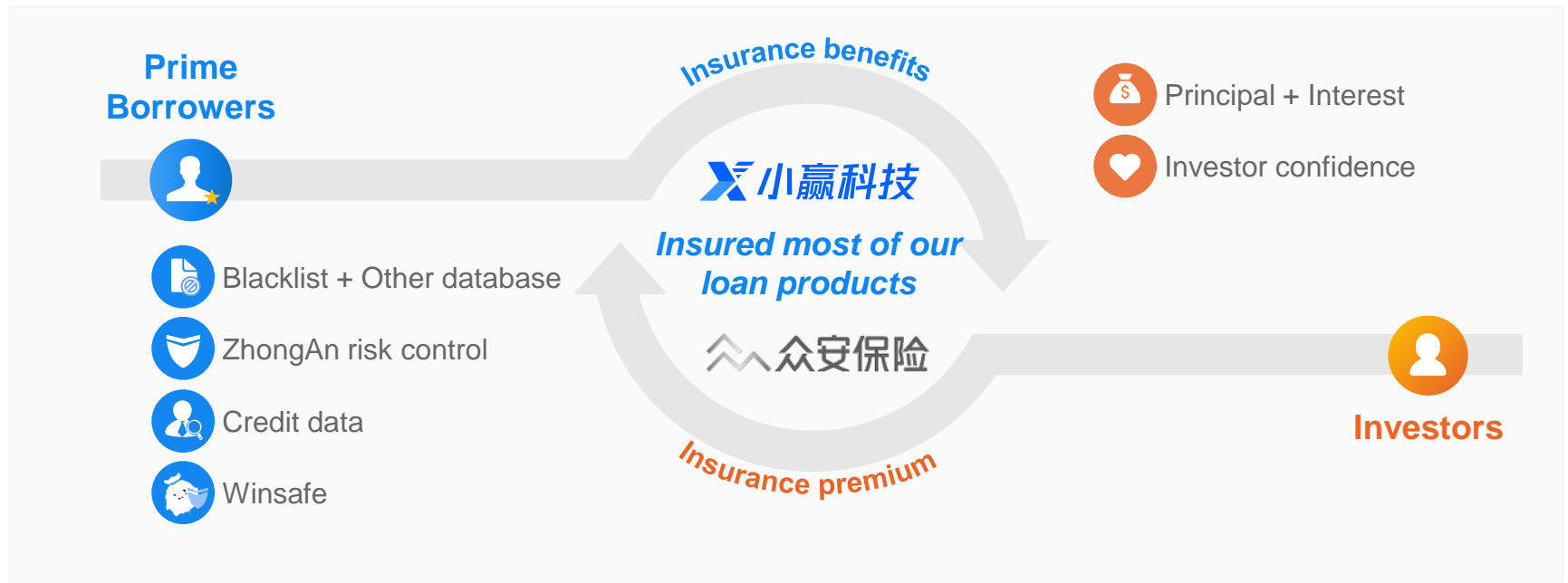


Corporates

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	

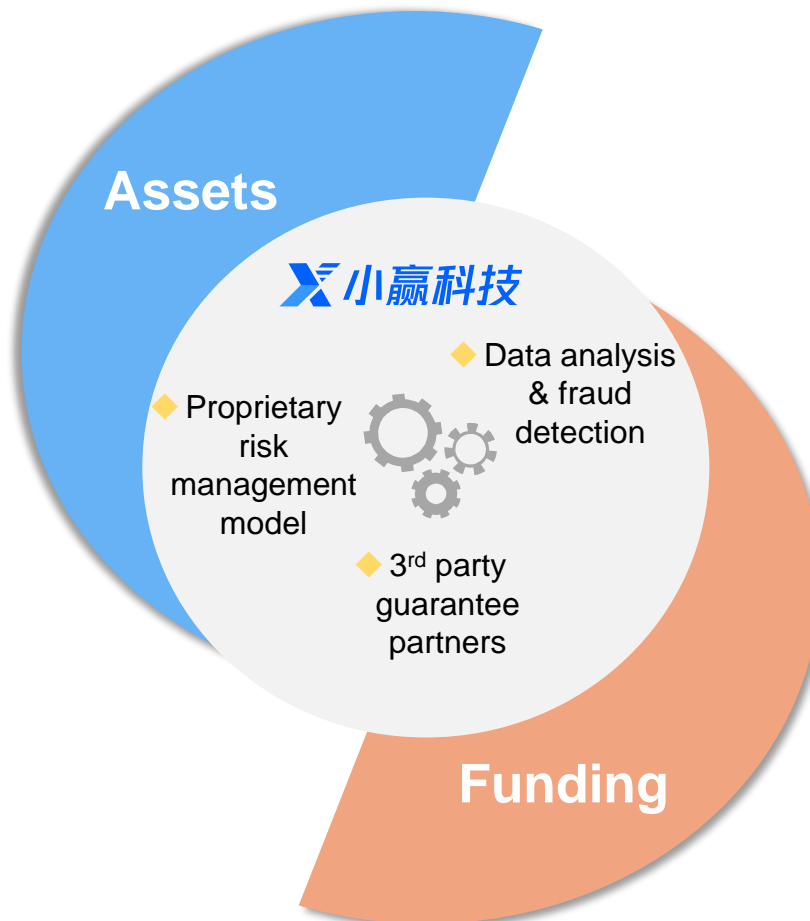
Strategic partnership with ZhongAn Insurance



Technology-driven approach to servicing investors and funding partners

Borrowers

- Customer Profiles
- Lines of Credit
- Borrowing Costs
- Tenure



Investors & Funding Partners

- Risk appetite
- Credit limit
- Interest rates
- Tenure

In addition to cooperating with ZhongAn, we have expanded our partnership with third-party, high-quality financial guarantee companies to strengthen trust in the quality of our underlying assets and risk management systems.

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.



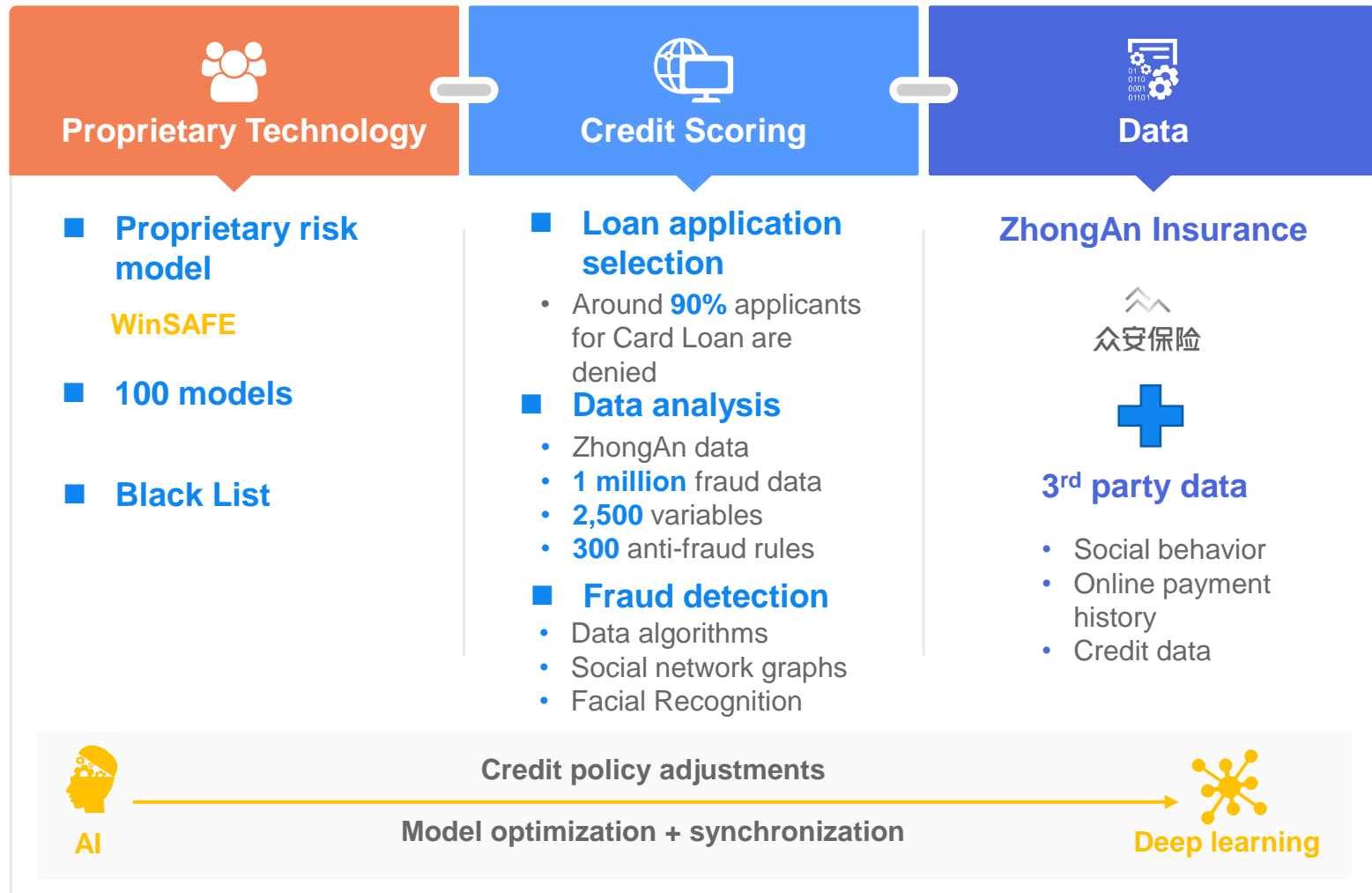
Yaoqianhua



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

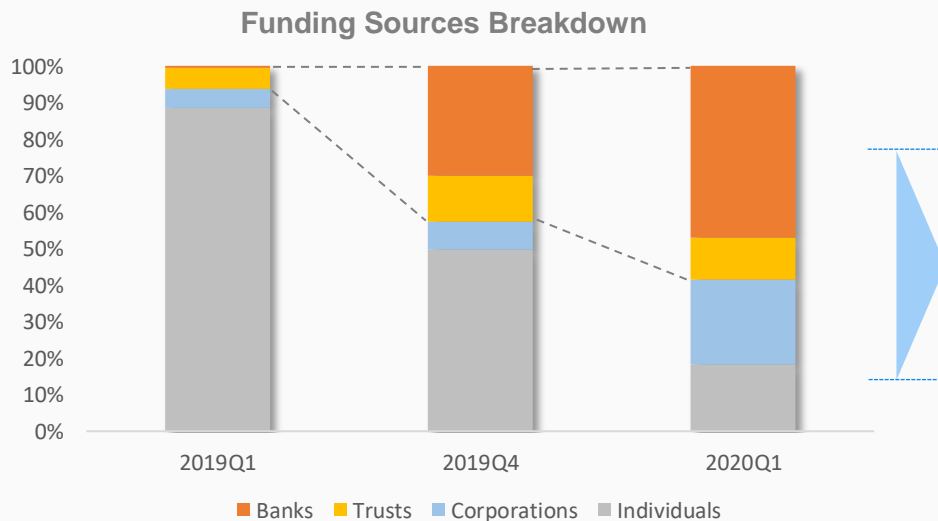


3. Low funding costs creates solid competitive advantage

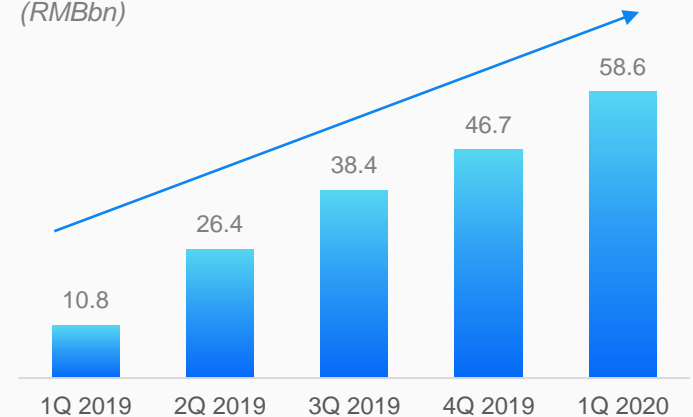
Low Funding Cost



Diversified Funding Sources Create Solid Competitive Advantage

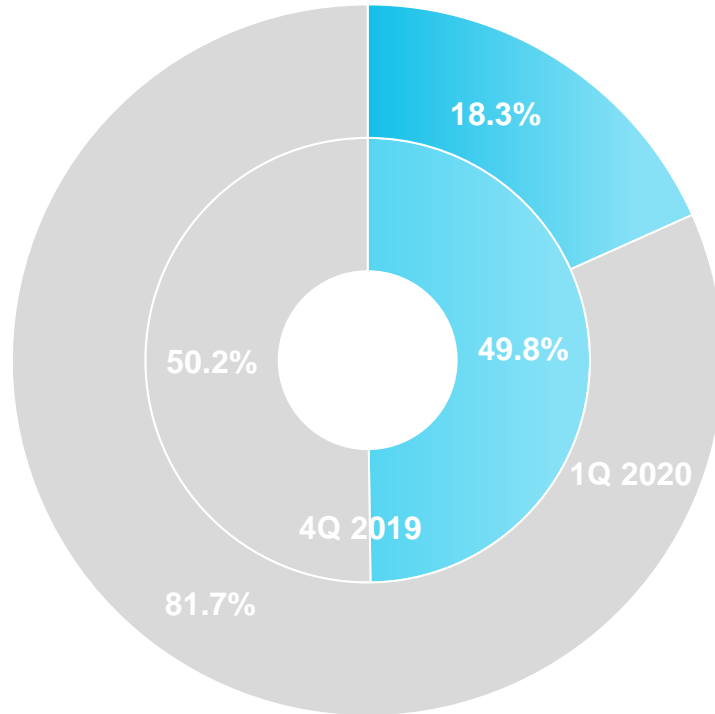


Credit Lines Provided by Financial Institutions (RMBbn)



(1) For three months ended March 31, 2020

4. Diversified Funding Sources and Increasing Funding from Institutions

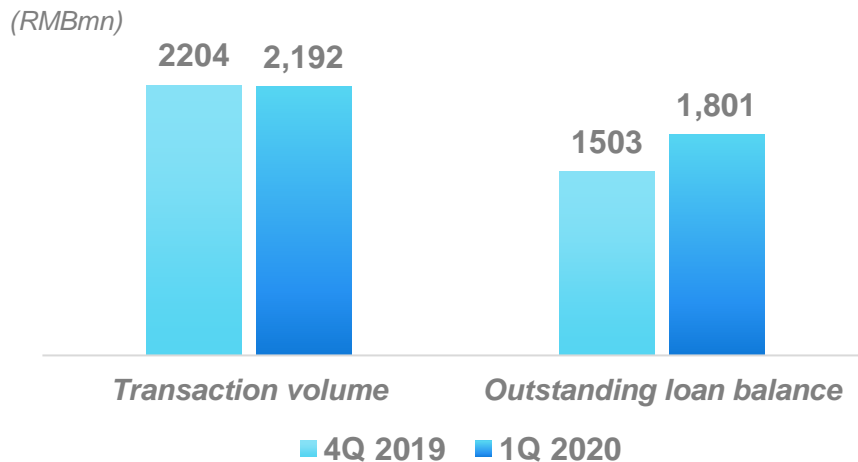
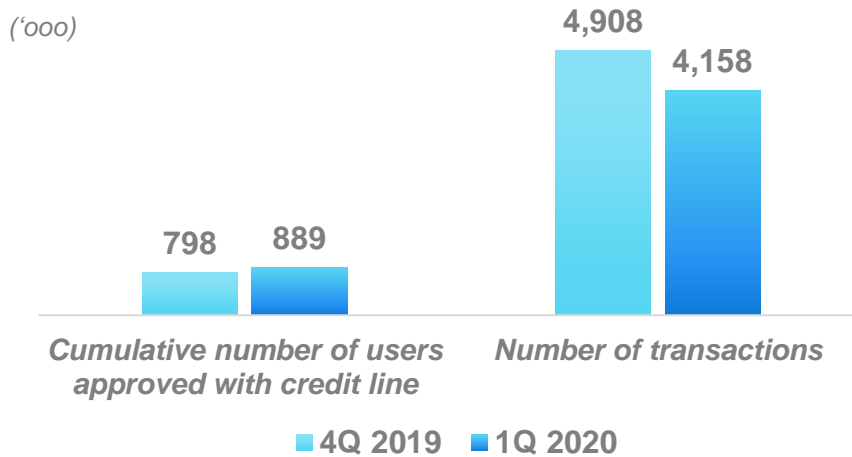


- Funding from individual investors
- Funding from non-individual investors

- 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, aiBank and etc.



5. 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;
- 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

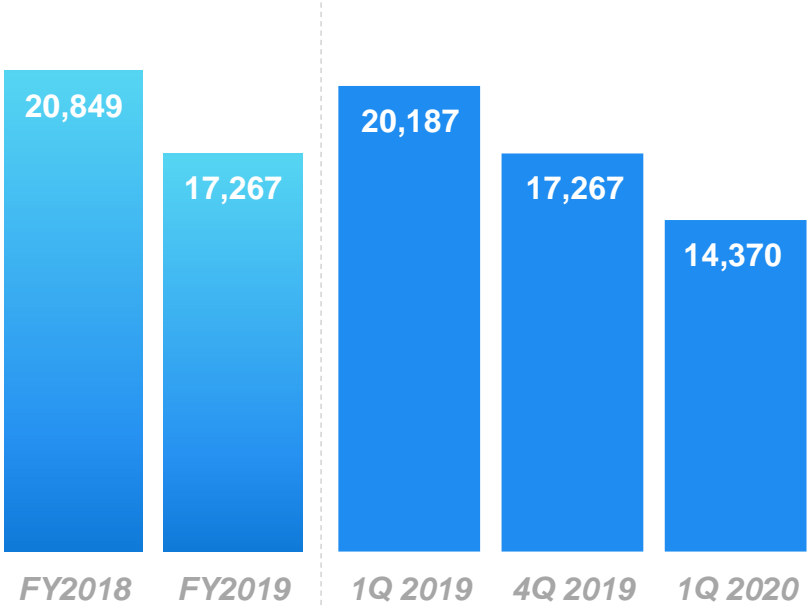


Founded by a seasoned entrepreneur with proven track record and backed by a strong team of financial and technology talent

Performance of loan balance and loan facilitation

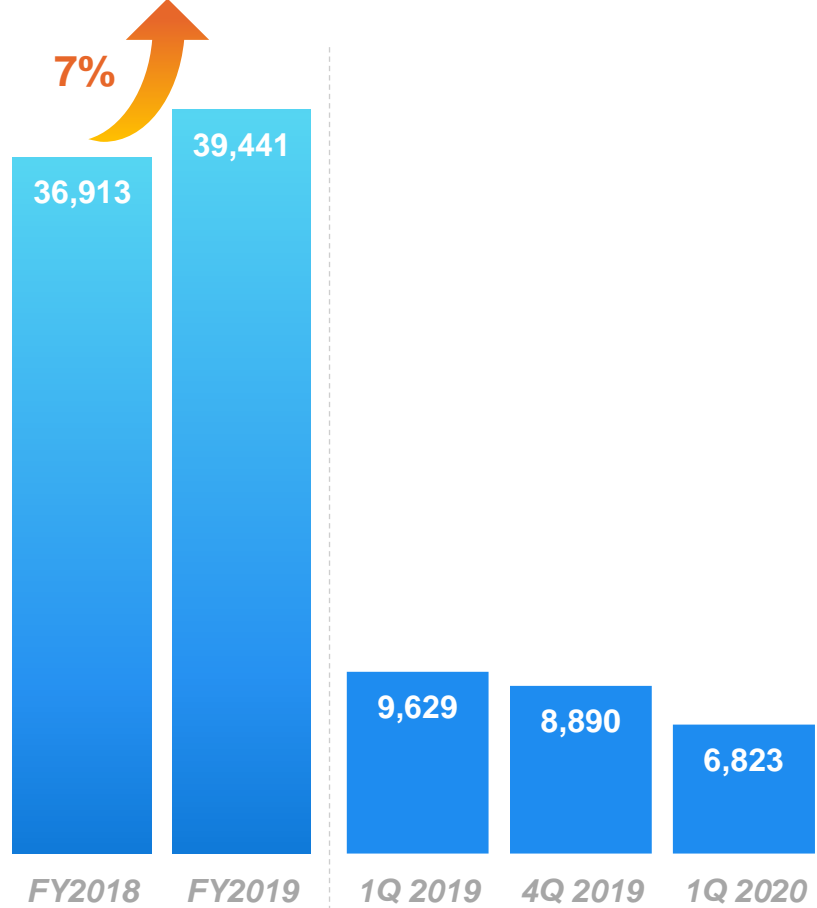
_ Total Outstanding Loan Balance

(RMBmn)



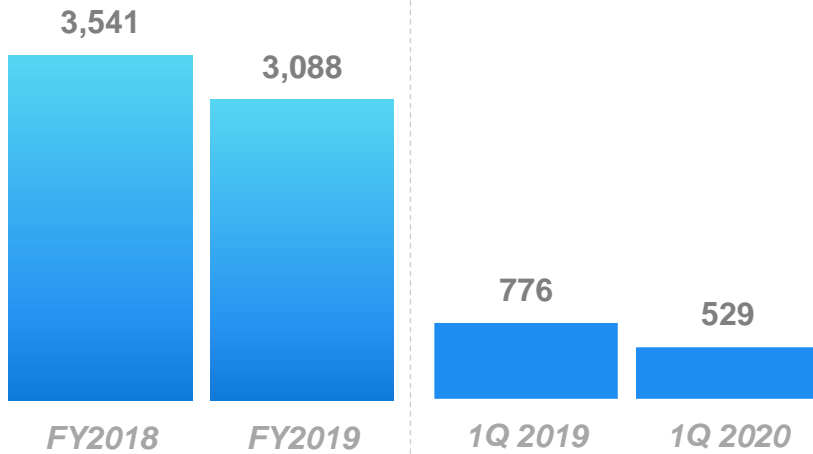
_ Total Loan Facilitation Amount

(RMBmn)

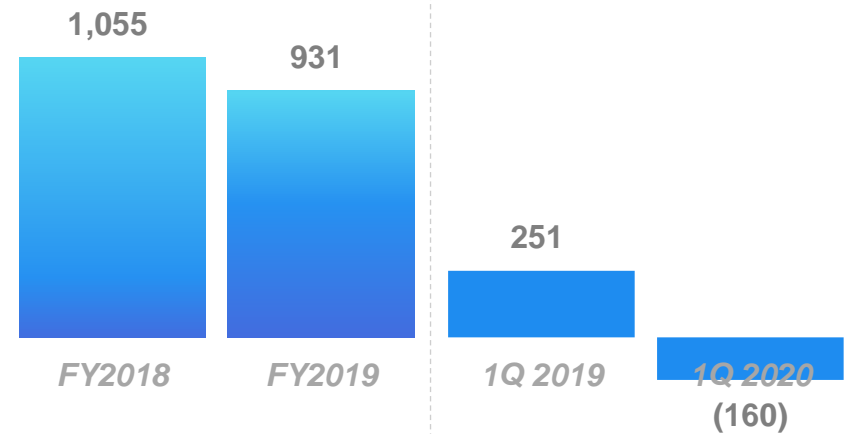


Revenue and non-GAAP adj. net income growth

_ Total Net Revenue (RMBmn)



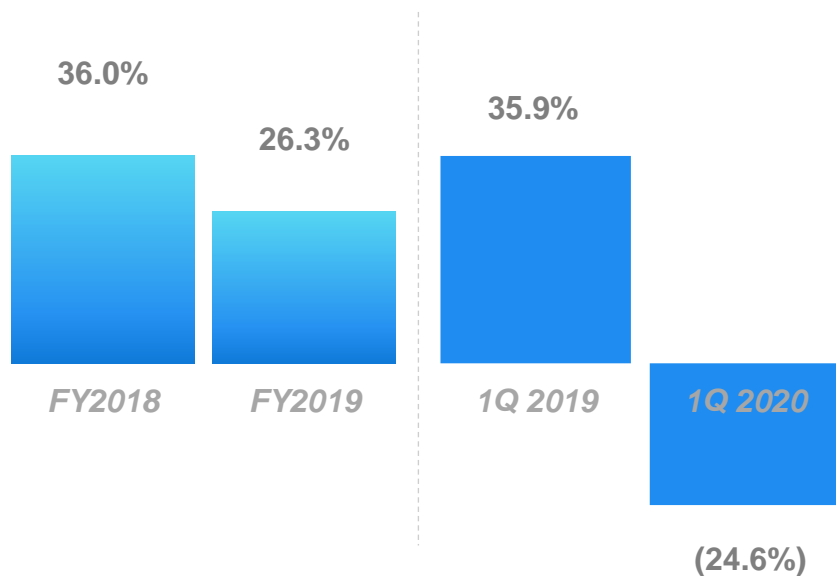
_ Non-GAAP Adj. Net Income (loss)⁽¹⁾ (RMBmn)



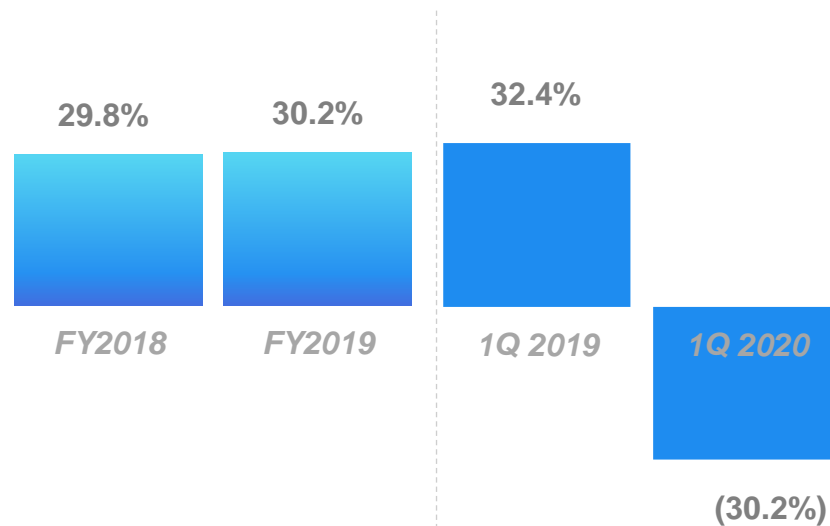
(1) Represents net (loss) / income before share-based compensation expenses

Operational efficiency

_ Operating Margin



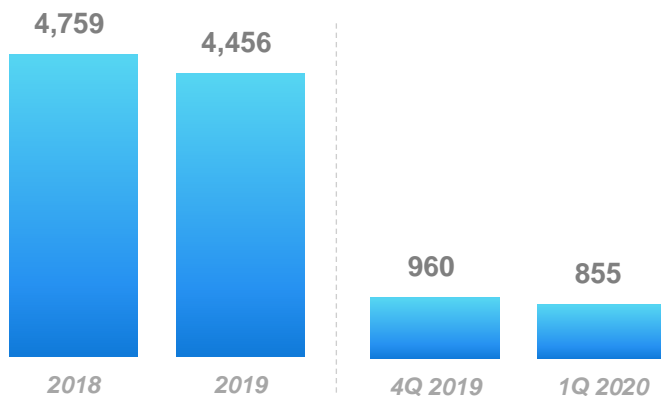
_ Non-GAAP Adj. Net Income Margin



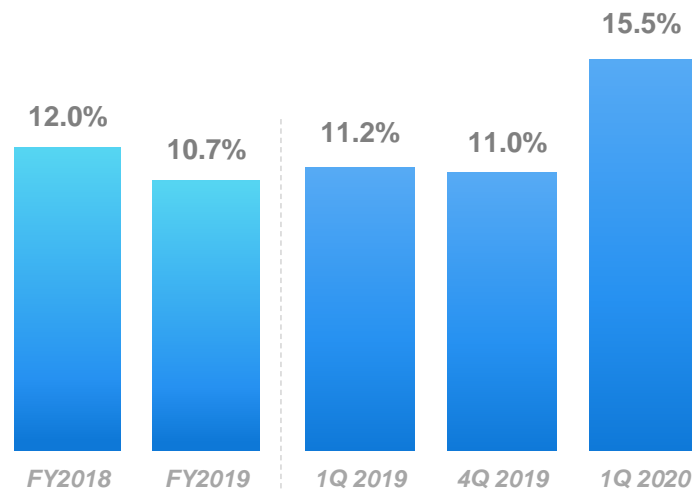
Net revenue per employee and operating expense

_ Net Revenue Per Employee

(RMB1,000)



_ Operating Expense % Net Revenue⁽¹⁾



- **High revenue per employee**

Highly automated risk management system

- **Continue to improve operational efficiency**

Superior products offering with innovative marketing efforts

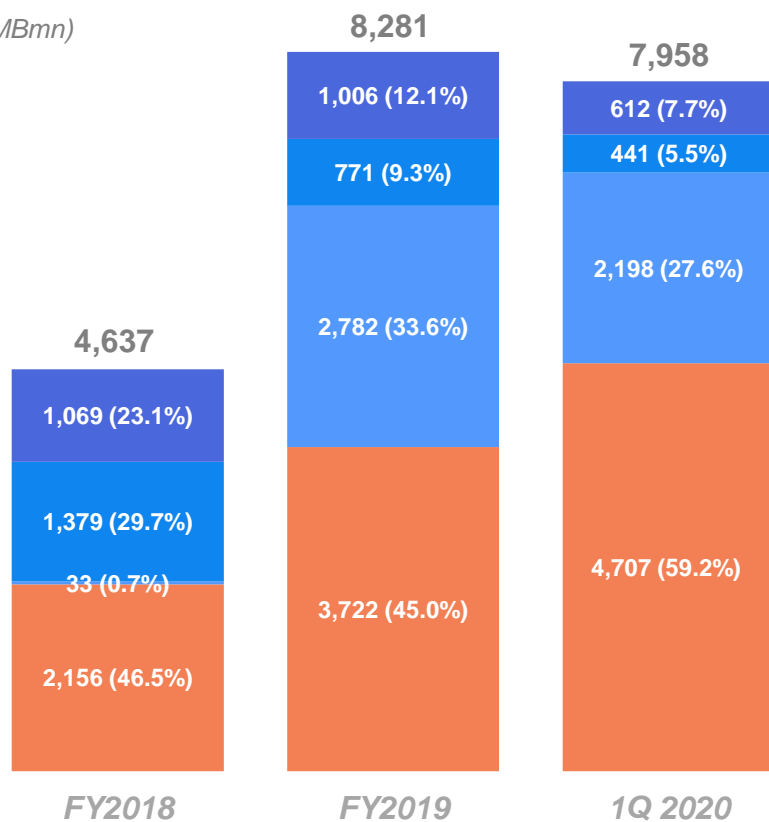
Business model light in capital and labor

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

Outstanding return on equity performance

_ Total Assets

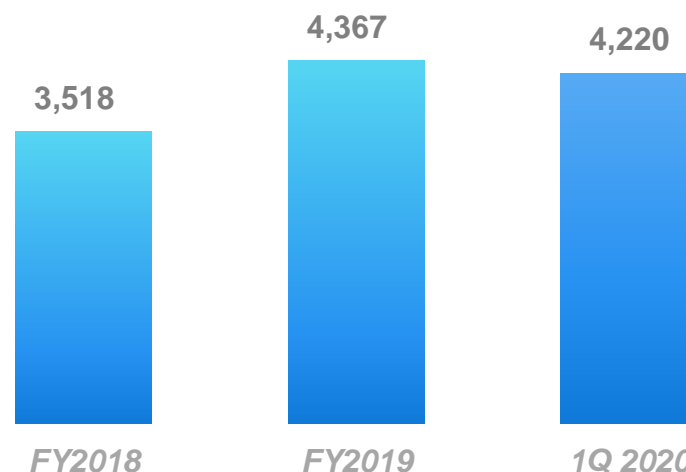
(RMBmn)



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

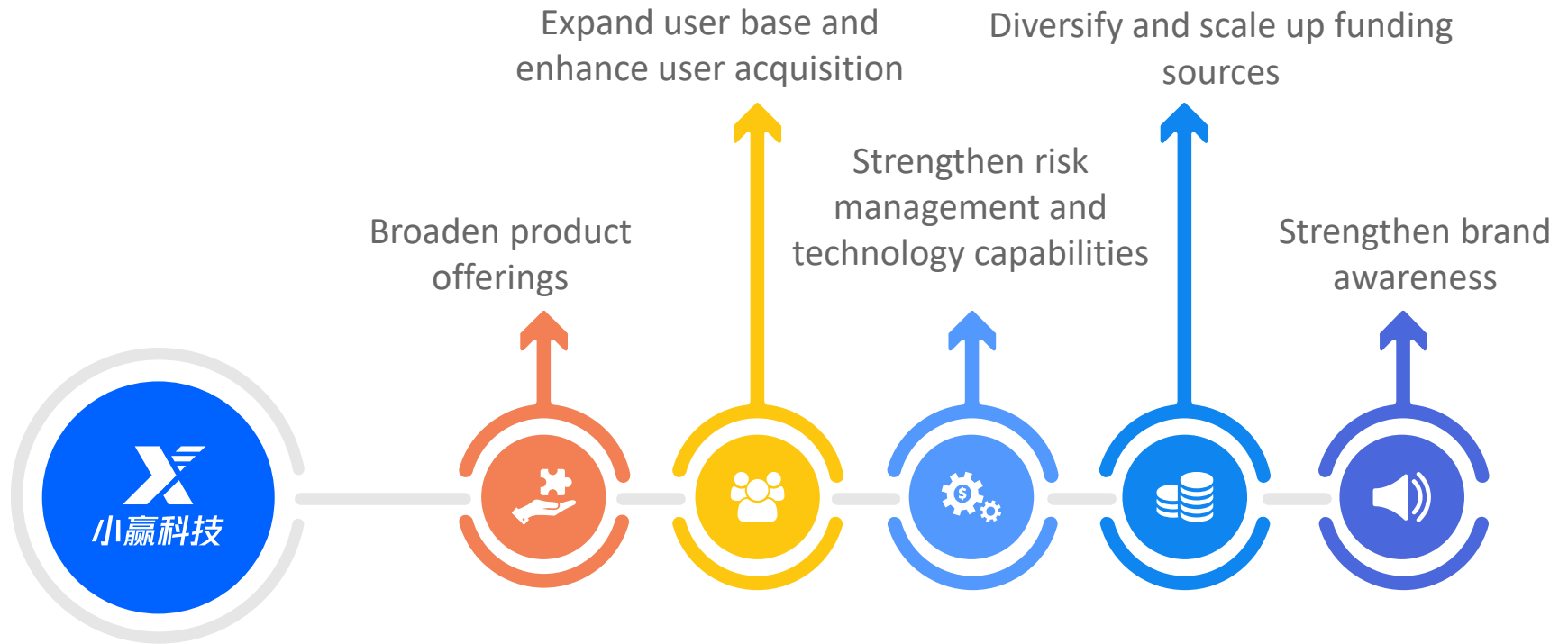
_ Total Equity⁽¹⁾

(RMBmn)



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

Our growth strategies



Summary consolidated balance sheet

	As of 12/31/2019	As of 3/31/2020	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Cash and Cash Equivalents	1,005,980	611,598	86,154
Accounts Receivable & Contract Assets, Net of Allowance for Doubtful Accounts	771,154	441,168	62,146
Loans at Fair Value	2,782,333	2,197,569	309,565
Total Assets	8,280,632	7,957,849	1,120,999
Payable to Investors at Fair Value of the Consolidated Trusts	3,006,349	2,510,839	353,694
Short-term borrowings	-	341,495	48,105
Income tax payable	340,996	321,845	45,337
Deposit Payable to Channel Cooperators	108,923	58,293	8,212
Total Liabilities	3,913,527	3,738,279	526,601
Total X Financial Shareholders' Equity	4,365,859	4,218,324	594,222
Non-Controlling Interests	1,246	1,246	176
Total Equity	4,367,105	4,219,570	594,398

Source: Company financial statements

Consolidated income statement

	1Q 2019	1Q 2020	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Net Revenues			
Loan Facilitation Service—Direct Model	626,382	245,960	34,648
Loan Facilitation Service—Intermediary Model	35,162	37,012	5,214
Post-Origination Service	73,007	64,113	9,031
Financing Income	17,801	174,617	24,598
Other Revenue	24,066	7,290	1,027
Total Net Revenue	776,418	528,992	74,518
Operating Costs and Expenses			
Origination and servicing	336,539	424,875	59,851
General and Administrative	56,268	69,929	9,851
Sales and Marketing	30,685	11,813	1,664
Provision for contingent guarantee liabilities	-	17,876	2,518
Provision for accounts receivable and contract assets	66,404	82,116	11,567
Provision for loans receivable	7,460	42,831	6,033
Credit losses for other financial assets	-	9,597	1,352
Total operating costs and expenses	497,356	659,037	92,836
Income (loss) from operation	279,062	(130,045)	(18,318)
Interest income	763	6,453	909
Foreign exchange gain (loss)	(873)	(84)	(12)
Change in fair value of financial guarantee derivative	(52,991)	(77,522)	(10,920)
Fair value adjustments related to Consolidated Trusts	32,556	(32,352)	(4,557)
Other income (loss), net	456	5,236	738
Income (loss) before income taxes and gain from equity in affiliates	258,973	(228,314)	(32,160)
Income tax benefit (expense)	(53,605)	31,153	4,388
Gain from equity in affiliates	3,796	820	116
Net income (loss)	209,164	(196,341)	(27,656)
Less: net income (loss) attributable to non-controlling interests	200	-	-
Net income (loss) attributable to X Financial Shareholders	208,964	(196,341)	(27,656)

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, net	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

	1Q 2019	1Q 2020	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Reconciliation of Adjusted Net Income (Loss) to Net Income (Loss)			
Net income (loss)	209,164	(196,341)	(27,656)
Add: Share-based compensation expenses (net of tax of nil)	42,199	36,402	5,128
Adjusted net income (loss) (Non-GAAP)	251,363	(159,939)	(22,528)

	2018 <i>(in RMB1,000)</i>	2019 <i>(in RMB1,000)</i> <i>(in USD1,000)</i>	
Reconciliation of Adjusted Net Income (Loss) to Net Income (Loss)			
Net income (loss)	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 (loss) (Non-GAAP)	1,054,893	931,592	133,815