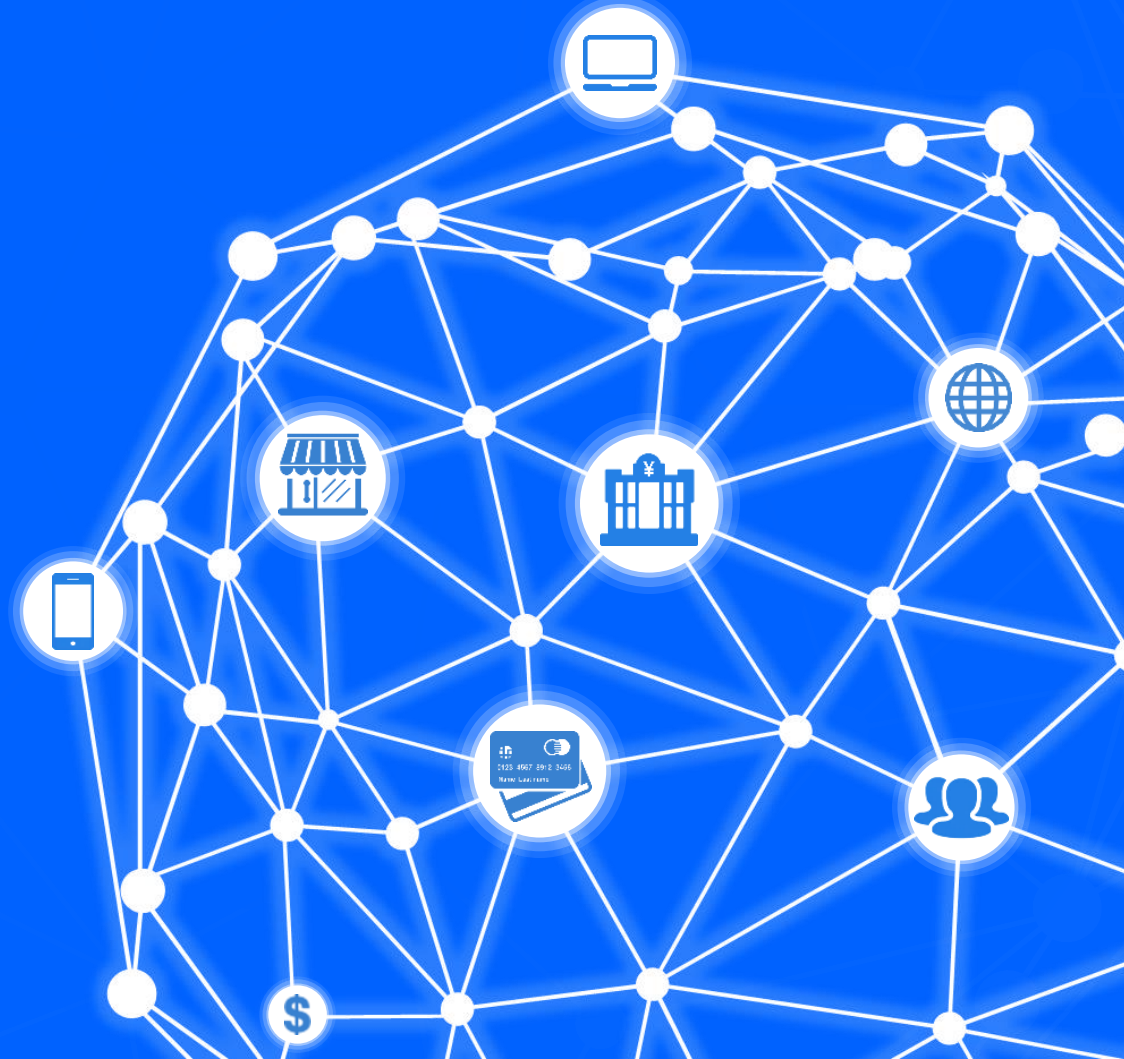


# X Financial (NYSE: XYF)

## 2023 Q3 Earnings Results Presentation

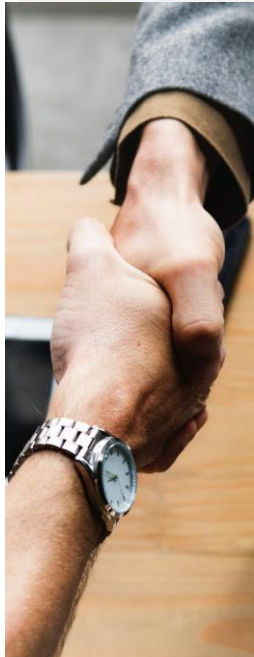
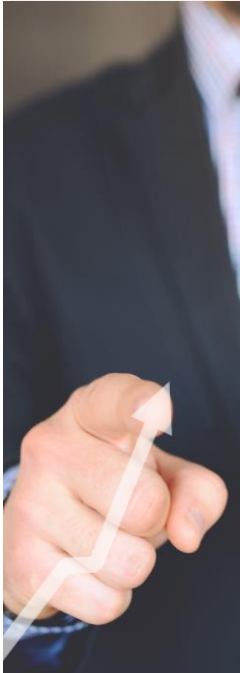


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# X Financial at a Glance

A leading technology-driven personal finance company in China



*In the third quarter of 2023:*

**29,462 mn (RMB)**

Total Loan Facilitation Amount

**1.81 mn**

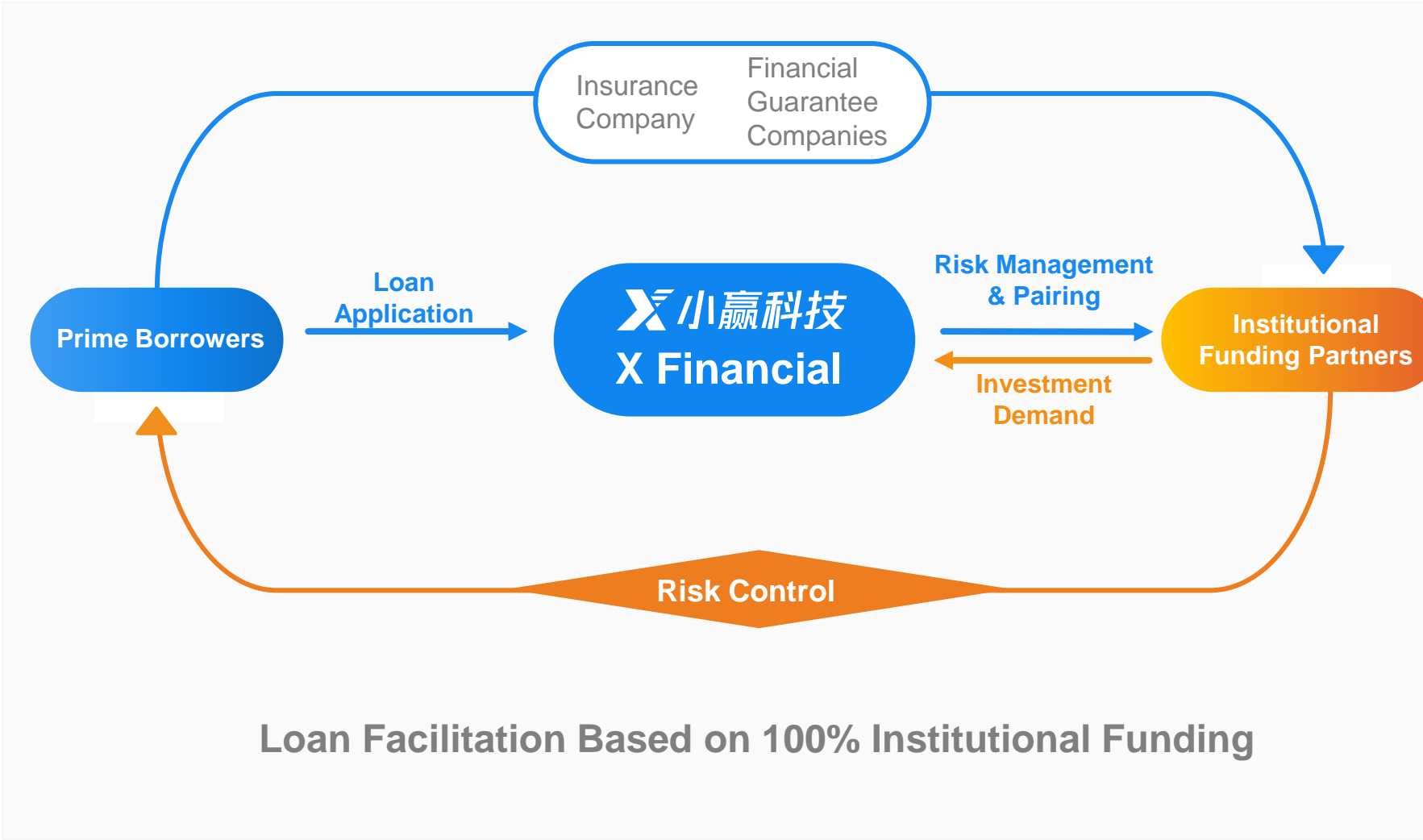
Active Borrowers

*As of September 30, 2023:*

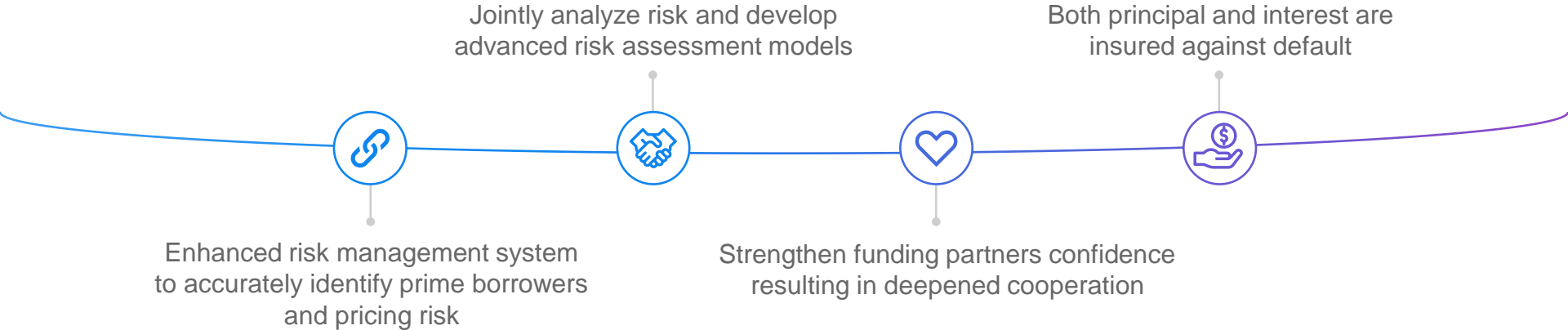
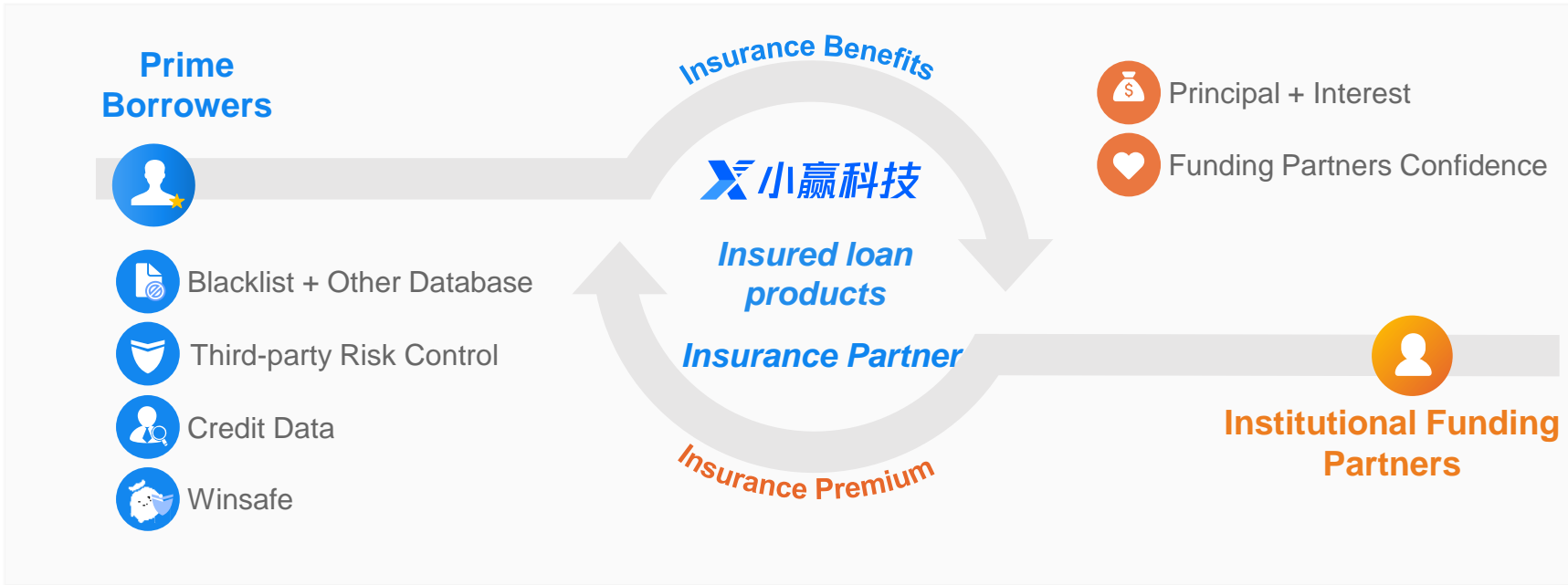
**49,685 mn (RMB)**

Loan Balance

# Our Business

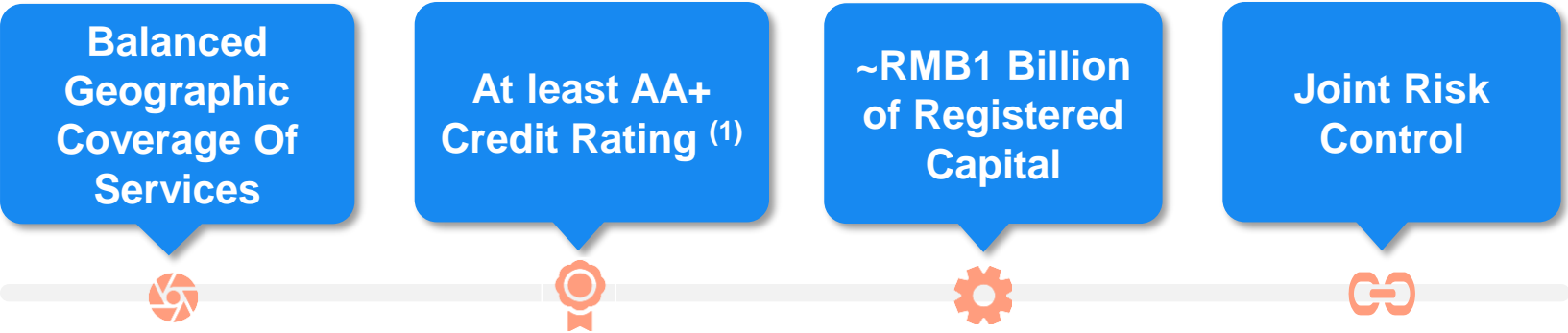


# Credit Insurance Model



# Financial Guarantee Model

We have established cooperation with high-quality financing guarantee companies who provide guarantee services to protect institutional funding partners against default for both the principal and interest.



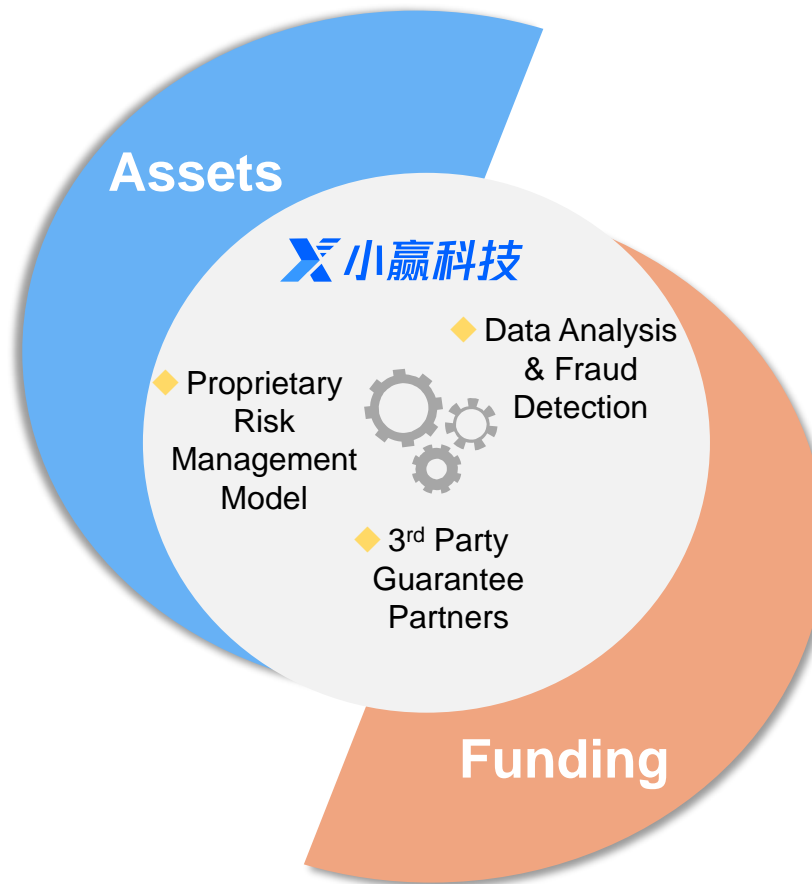
## Strong Capabilities of the Financial Guarantee Companies

(1) Substantially all credit ratings were evaluated at least AA+ level by rating companies including China Lianhe Credit Rating Co., Ltd., China Chengxin Credit Management Co., Ltd., Shenzhen Lianhe Credit Information Service Co., Ltd and Fujian China Chengxin Credit Rating Consulting Co., Ltd.

# Technology-driven Approach to Servicing Borrowers and Funding Partners

## Borrowers

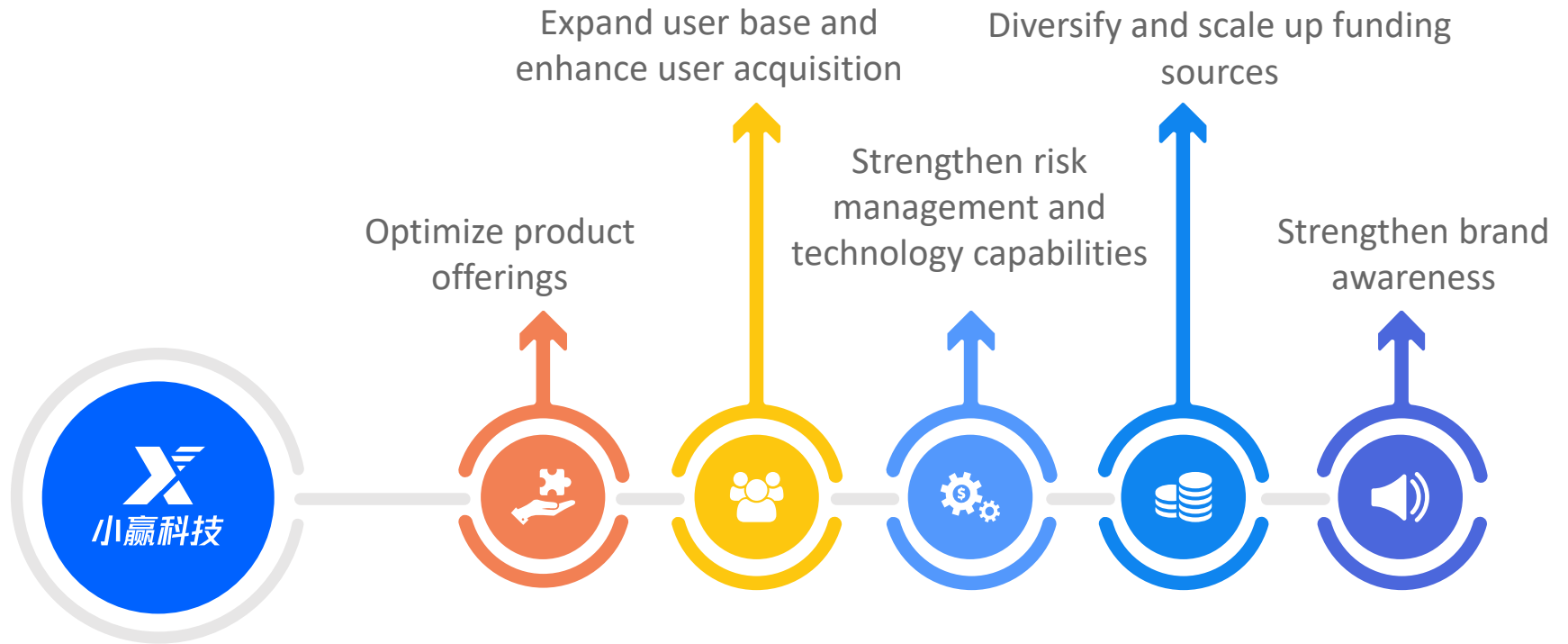
- Customer Profiles
- Lines of Credit
- Borrowing Costs
- Tenure



## Funding Partners


- Risk Assessment
- Credit Limit
- Regulation Requirement


# Our Growth Strategies






# 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 **Diversified funding sources and 100% institutional funding** 

4 **Founded by seasoned entrepreneurs with proven track record** 

# 1. Leading Industry Position with Differentiated Products that Benefit from China's Booming Personal Finance Market



## Flagship Product



### Xiaoying Card Loan

Wide Range of Age Groups



Early career stage  
25 to 40 in average

Flexible Loan Amount/Credit Line



RMB1,000 – 50,000

Flexible Tenor Meeting Borrowers' Liquidity Needs



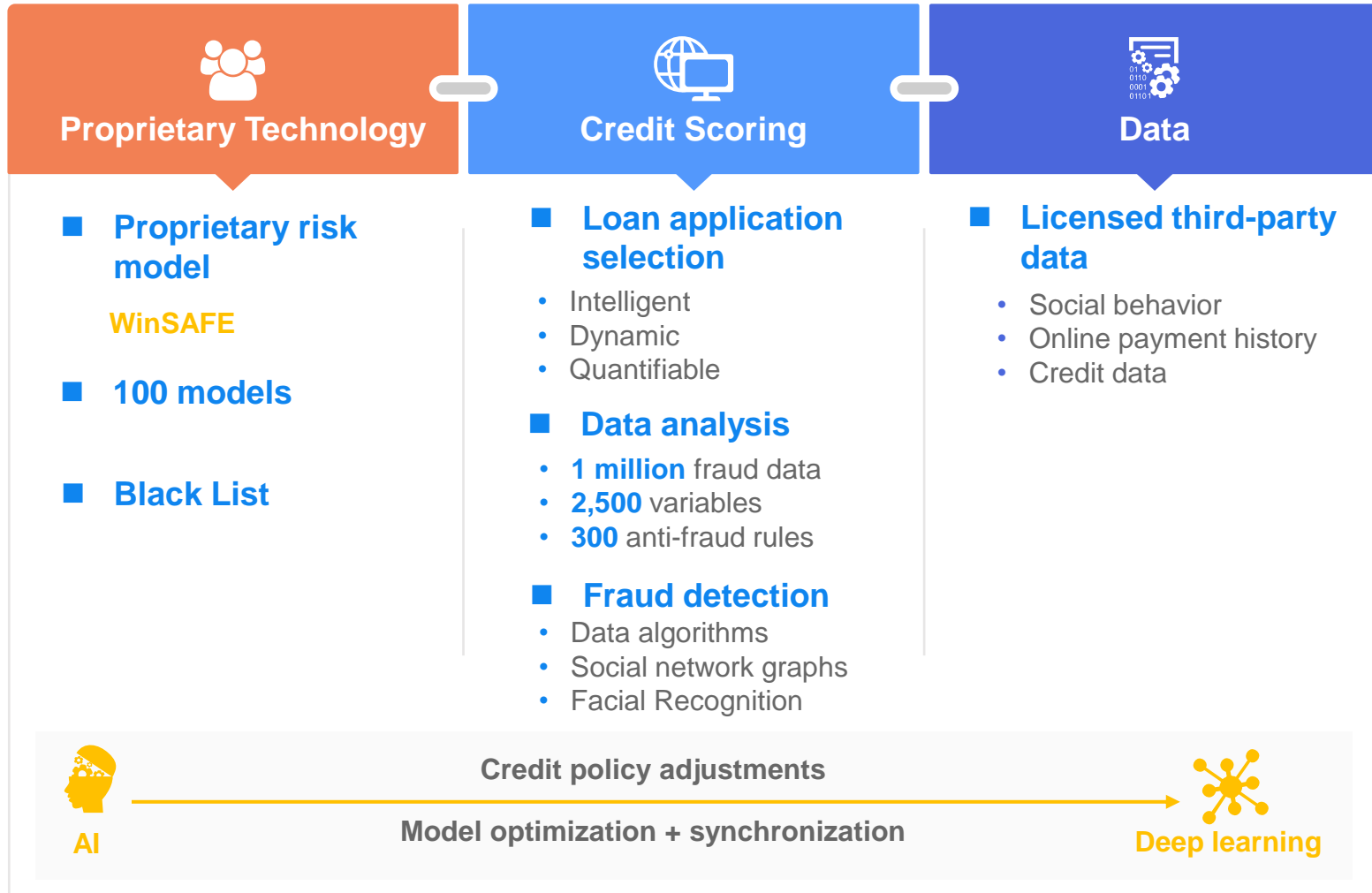
3, 6, 9, 12 months

Various Sources of Credit Proof Reducing Collateral Needs



## 2. Technology & Data-driven Credit Assessment

Continuous optimization of credit assessment systems that strengthen risk controls



### 3. Diversified Funding Sources and 100% Institutional Funding

Achieved 100% institutional funding  
for new loans facilitated through our platform by Q2 2020

- High-quality loans and strong reputation help us attract more institutional investors.
- Total number of partnerships with institutional funding partners keeps growing.
- Key cooperating financial institutions include Bank of Hangzhou Consumer Finance Company, FOTIC, National Trust, etc.



## 4. 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



**Kan (Kent) Li**

*President*

15+ years of work experience in the financial sector

Expert in risk management system establishment

Former manager at Capital One



**Fuya (Frank) Zheng**

*Chief Financial Officer*

15+ years of work experience with corporate finance and investment management

Former CFO of a Nasdaq-listed company



**Yufan (Jason) Jiang**

*Chief Risk Officer*

10+ years of work experience in the field of personal credit risk management

Previously worked at Bank of Communications

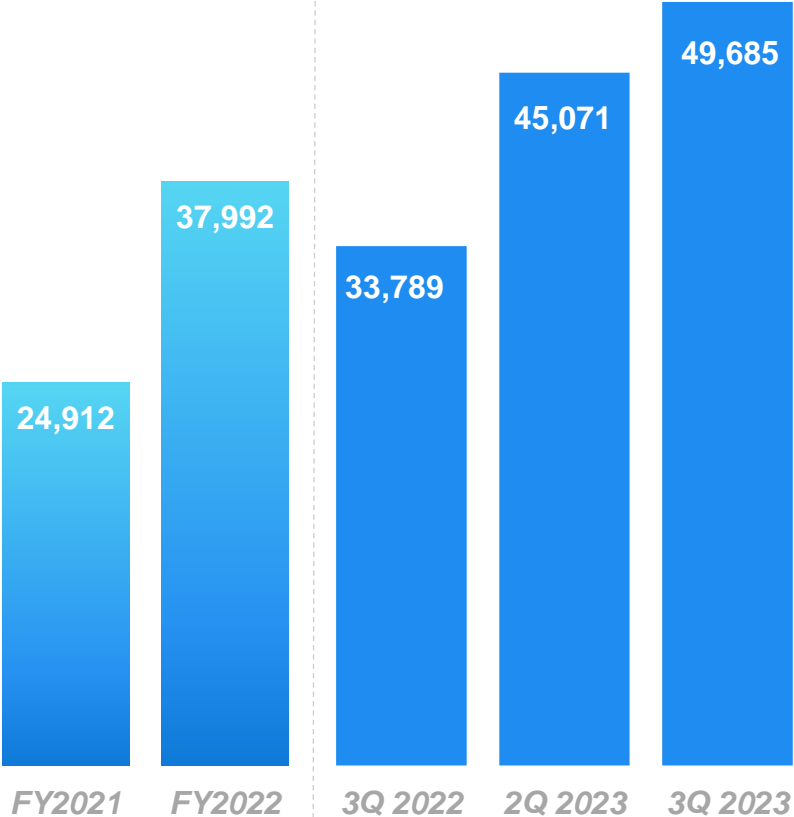


**Founded by a seasoned entrepreneur with proven track record and backed by a strong team of financial and technology talents**

# Performance of Loan Balance and Loan Facilitation

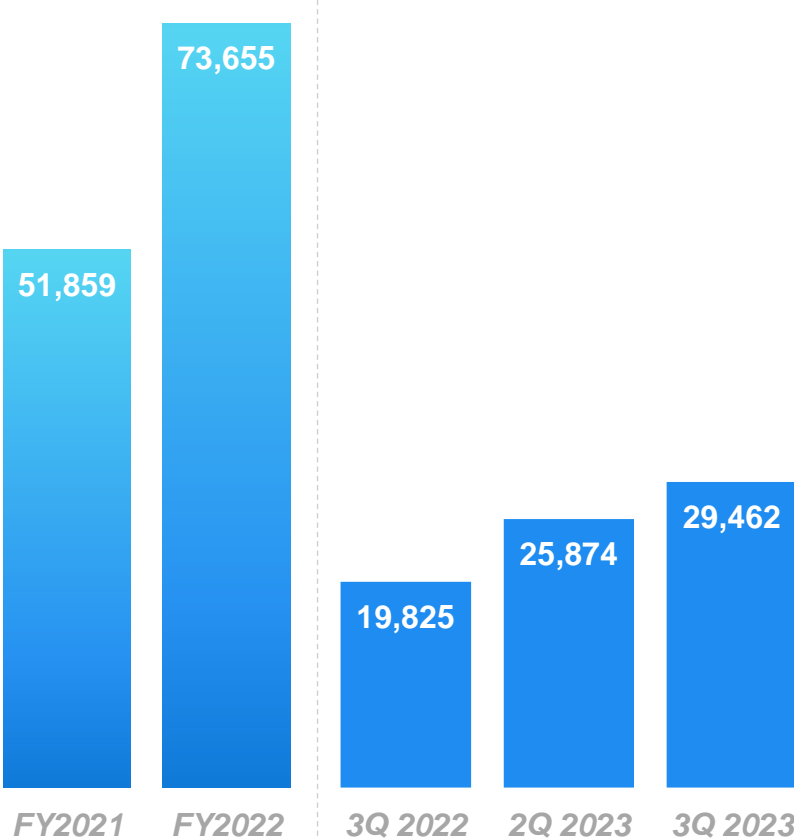
## \_ Total Outstanding Loan Balance (1)

(RMBmn)



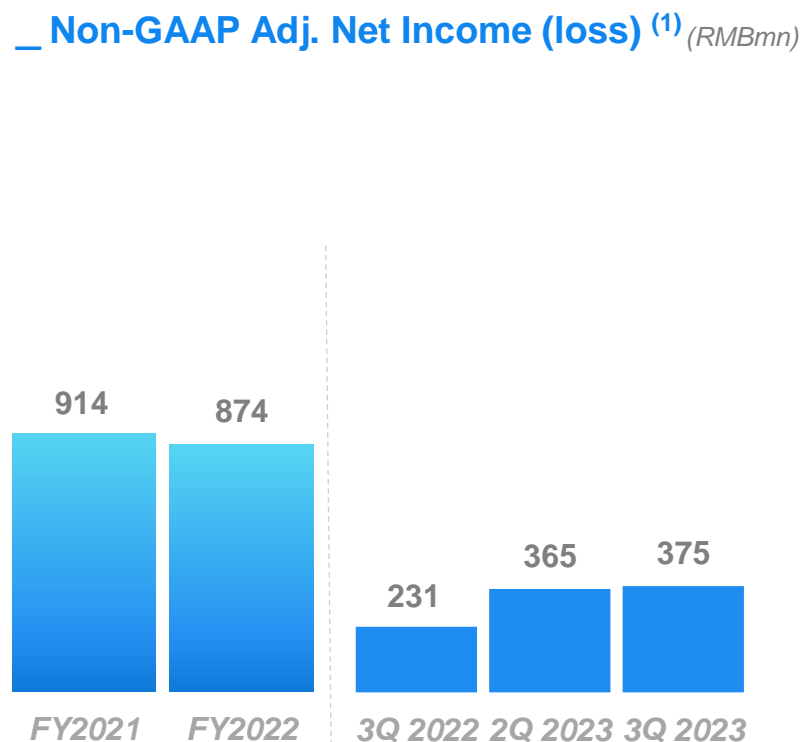
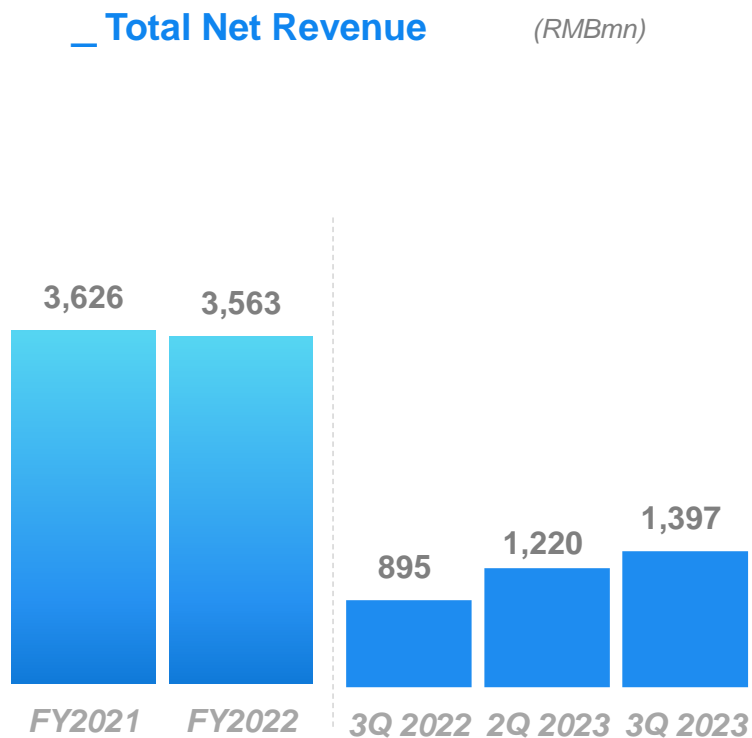
## \_ Total Loan Facilitation Amount

(RMBmn)



(1) Represents the total amount of loans outstanding for loans X Financial facilitated and originated at the end of the relevant period. Loans that are delinquent for more than 60 days are charged-off and are excluded in the outstanding loan balance, except for Xiaoying Housing Loan. As Xiaoying Housing Loan is a secured loan product and the Company is entitled to payment by exercising its rights to the collateral, the Company does not exclude Xiaoying Housing loan delinquent for more than 60 days in the outstanding loan balance.

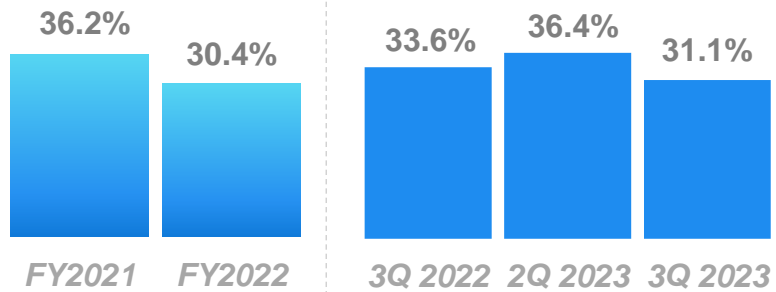
# Revenue and Non-GAAP Adj. Net Income Growth



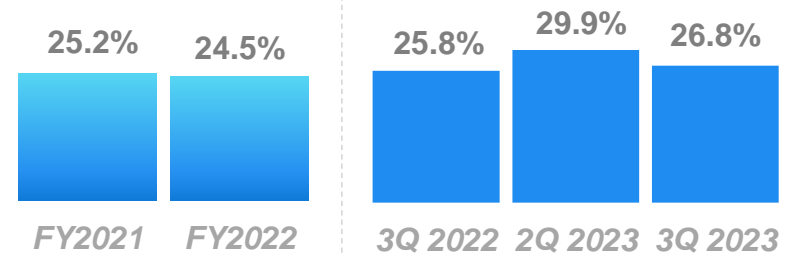
(1) Represents net (loss) / income before share-based compensation expenses, impairment losses on financial investments, impairment losses on long-term investments and income (loss) from financial investments

# Operational Efficiency

## \_ Operating Margin



## \_ Non-GAAP Adj. Net Income Margin

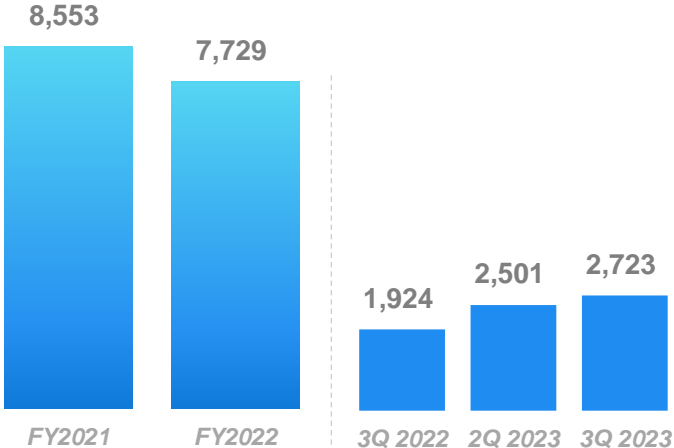




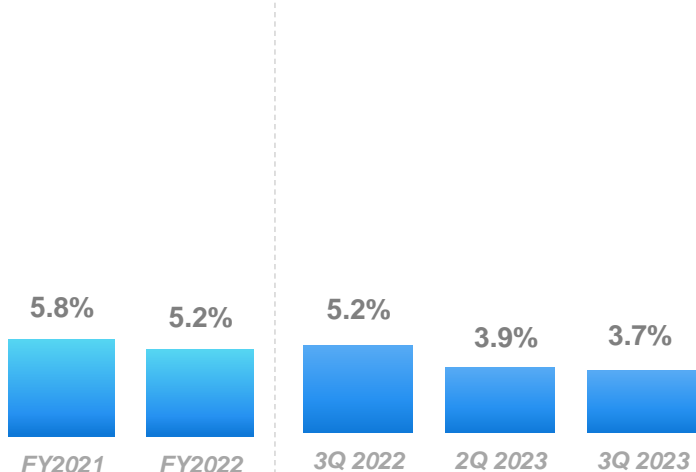
# Net Revenue Per Employee and Operating Expense

## \_ Net Revenue Per Employee

(RMB1,000)



## \_ Operating Expense % Net Revenue (1)



- **High revenue per employee**  
Enhance risk management capabilities
- **Continue to improve operational efficiency on both an annual and a quarterly basis**  
Diversified service offerings with a more balanced quality growth

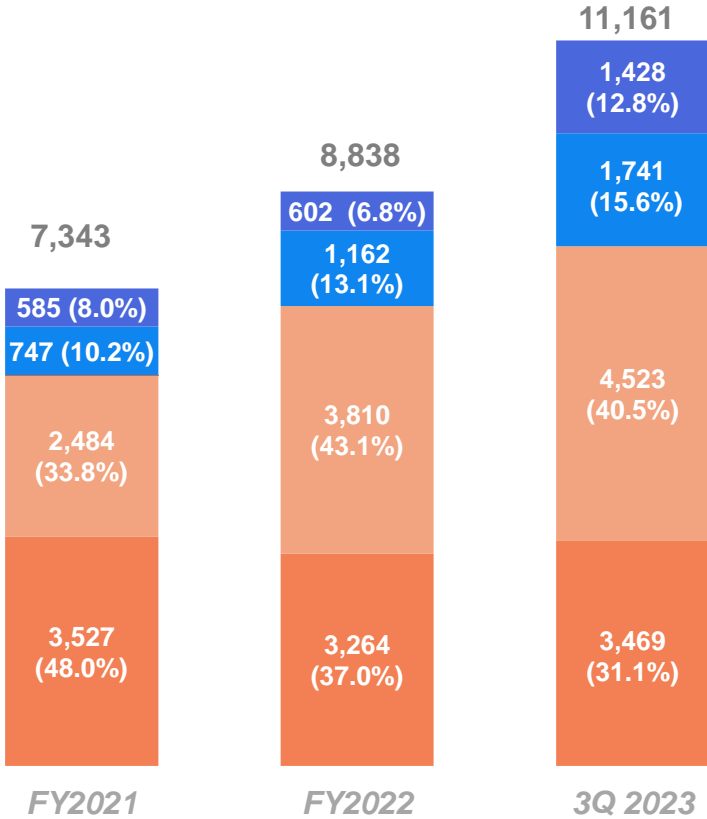
**Enhance profitability, boost operational efficiency and reduce costs**

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

# Outstanding Return on Equity Performance

## \_ Total Assets

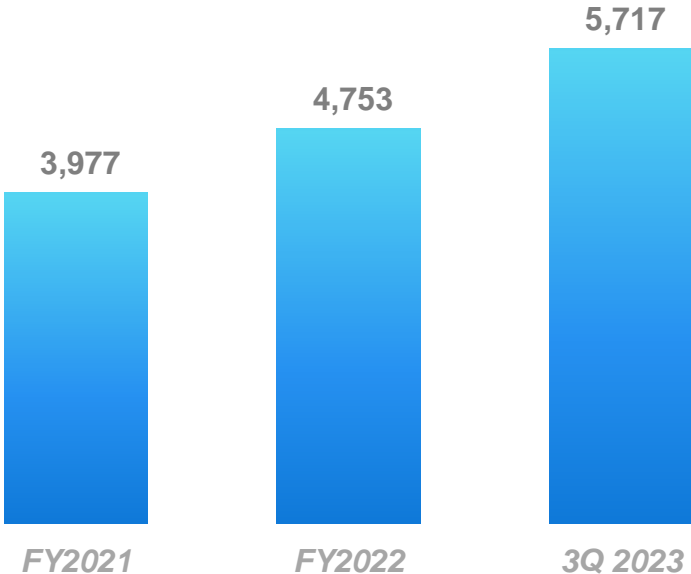
(RMBmn)



- Cash & Cash Equivalents
- Accounts Receivable & Contract Assets
- Loans receivable from Xiaoying Credit Loans and other loans
- Others

## \_ Total Equity<sup>(1)</sup>

(RMBmn)



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

# Summary Consolidated Balance Sheet

	As of 12/31/2022	As of 9/30/2023	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Cash and cash equivalents	602,271	1,427,862	195,705
Accounts receivable and contract assets, net	1,161,912	1,740,978	238,621
Loans receivable from Xiaoying Credit Loans and other loans, net	3,810,393	4,522,614	619,876
<b>Total assets</b>	<b>8,837,663</b>	<b>11,161,252</b>	<b>1,529,778</b>
Payable to investors and institutional funding partners at amortized cost	2,627,910	3,229,839	442,686
Short-term borrowings	70,209	557,500	76,412
Income tax payable	270,089	408,670	56,013
<b>Total liabilities</b>	<b>4,084,409</b>	<b>5,443,798</b>	<b>746,137</b>
<b>Total X Financial shareholders' equity</b>	<b>4,753,254</b>	<b>5,717,454</b>	<b>783,641</b>
Non-controlling interests	-	-	-
<b>Total equity</b>	<b>4,753,254</b>	<b>5,717,454</b>	<b>783,641</b>

Source: Company financial statements

# Consolidated Income Statement

	3Q 2022	3Q 2023	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
<b>Net revenues</b>			
Loan facilitation service	501,972	829,385	113,677
Post-origination service	96,026	168,186	23,052
Financing income	251,607	300,950	41,249
Other revenue	45,012	98,343	13,479
<b>Total net revenue</b>	<b>894,617</b>	<b>1,396,864</b>	<b>191,457</b>
<b>Operating costs and expenses</b>			
Origination and servicing	540,451	811,078	111,167
General and administrative	42,590	48,588	6,660
Sales and marketing	3,726	3,360	461
(Reversal of) provision for accounts receivable and contract assets	(4,385)	3,748	514
Provision for loans receivable	17,216	53,946	7,394
Provision for contingent guarantee liabilities	-	41,594	5,701
Reversal of provision for credit losses on deposits to institutional cooperators	(5,407)	(194)	(27)
<b>Total operating costs and expenses</b>	<b>594,191</b>	<b>962,120</b>	<b>131,870</b>
<b>Income from operations</b>	<b>300,426</b>	<b>434,744</b>	<b>59,587</b>
Interest income (expenses), net	643	(7,322)	(1,004)
Foreign exchange gain (loss)	(13,991)	1,526	209
Income (loss) from financial investments	1,823	(16,490)	(2,260)
Impairment losses on financial investments	(8,875)	-	-
Fair value adjustments related to Consolidated Trusts	(4,886)	268	37
Change in fair value of financial guarantee derivative	21,649	-	-
Other income, net	6,106	4,742	650
<b>Income before income taxes and gain (loss) from equity in affiliates</b>	<b>302,895</b>	<b>417,468</b>	<b>57,219</b>
Income tax expense	(91,104)	(74,172)	(10,166)
Gain (loss) from equity in affiliates, net of tax	(67)	3,894	534
<b>Net income</b>	<b>211,724</b>	<b>347,190</b>	<b>47,587</b>
<b>Net income attributable to X Financial shareholders</b>	<b>211,724</b>	<b>347,190</b>	<b>47,587</b>

# Consolidated Income Statement

	2021 <i>(in RMB1,000)</i>	2022 <i>(in RMB1,000)</i> <i>(in USD1,000)</i>	
<b>Net revenues</b>			
Loan facilitation service	2,545,593	2,044,344	296,402
Post-origination service	315,590	372,451	54,000
Financing income	671,901	966,277	140,097
Other revenue	93,381	179,878	26,080
<b>Total net revenue</b>	<b>3,626,465</b>	<b>3,562,950</b>	<b>516,579</b>
<b>Operating costs and expenses</b>			
Origination and servicing	1,963,006	2,126,742	308,349
General and administrative	187,859	171,524	24,869
Sales and marketing	20,830	15,448	2,240
Provision for accounts receivable and contract assets	77,248	21,836	3,166
Provision for loans receivable	76,017	158,576	22,992
Reversal of provision for contingent guarantee liabilities	(24)	(14,000)	(2,030)
(Reversal of) provision for credit losses on deposits to institutional cooperators	(8,291)	1,296	188
Reversal of provision for credit losses for other financial assets	(1,223)	(765)	(111)
<b>Total operating costs and expenses</b>	<b>2,315,422</b>	<b>2,480,657</b>	<b>359,663</b>
<b>Income from operations</b>	<b>1,311,043</b>	<b>1,082,293</b>	<b>156,916</b>
Interest income, net	19,709	3,756	545
Foreign exchange gain (loss)	5,147	(19,963)	(2,894)
Income from financial investments	-	20,900	3,030
Impairment losses on financial investments	-	(8,875)	(1,287)
Impairment losses on long-term investments	-	(26,866)	(3,895)
Fair value adjustments related to Consolidated Trusts	(7,267)	(6,168)	(894)
Change in fair value of financial guarantee derivative	(170,339)	137,654	19,958
Other income, net	32,506	40,724	5,904
<b>Income before income taxes and gain (loss) from equity in affiliates</b>	<b>1,190,799</b>	<b>1,223,455</b>	<b>177,383</b>
Income tax expense	(368,734)	(389,358)	(56,452)
Gain (loss) from equity in affiliates, net of tax	3,342	(22,102)	(3,204)
<b>Net income</b>	<b>825,407</b>	<b>811,995</b>	<b>117,727</b>
<b>Net income attributable to X Financial shareholders</b>	<b>825,407</b>	<b>811,995</b>	<b>117,727</b>

# Reconciliations of GAAP and Non-GAAP Results

	3Q 2022 <i>(in RMB1,000)</i>	3Q 2023 <i>(in RMB1,000)</i> <i>(in USD1,000)</i>	
<b>Reconciliation of Adjusted Net Income from Net Income</b>			
<b>GAAP net income</b>	<b>211,724</b>	<b>347,190</b>	<b>47,587</b>
Less: Income (loss) from financial investments (net of tax of nil)	1,823	(16,490)	(2,260)
Less: Impairment losses on financial investments (net of tax of nil)	(8,875)	-	-
Less: Impairment losses on long-term investments (net of tax)	-	-	-
Add: Share-based compensation expenses (net of tax of nil)	12,349	10,827	1,484
<b>Non-GAAP adjusted net income</b>	<b>231,125</b>	<b>374,507</b>	<b>51,331</b>

	2021 <i>(in RMB1,000)</i>	2022 <i>(in RMB1,000)</i> <i>(in USD1,000)</i>	
<b>Reconciliation of Adjusted Net Income from Net Income</b>			
<b>GAAP net income</b>	<b>825,407</b>	<b>811,995</b>	<b>117,727</b>
Less: Income from financial investments (net of tax of nil)	-	20,900	3,030
Less: Impairment losses on financial investments (net of tax of nil)	-	(8,875)	(1,287)
Less: Impairment losses on long-term investments (net of tax)	-	(20,150)	(2,921)
Add: Share-based compensation expenses (net of tax of nil)	88,435	53,538	7,762
<b>Non-GAAP adjusted net income</b>	<b>913,842</b>	<b>873,658</b>	<b>126,667</b>