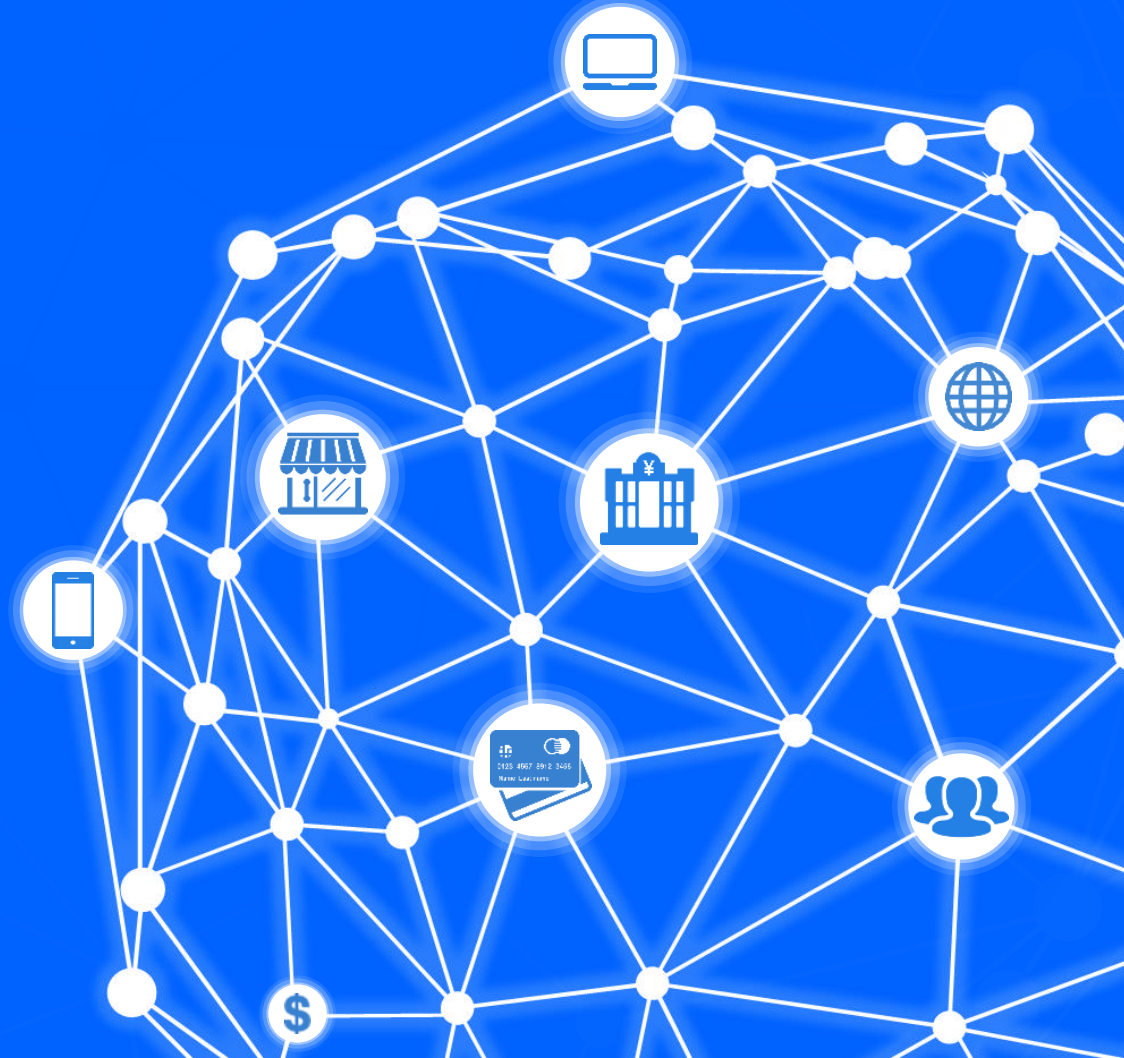


X Financial (NYSE: XYF)

2020 Q4 Earnings Results Presentation

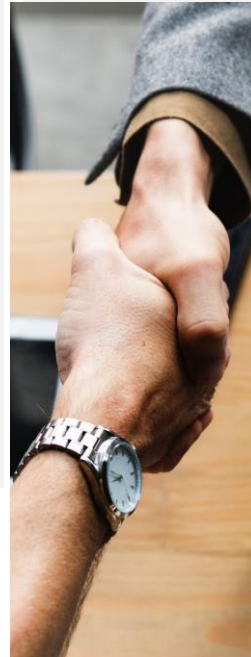
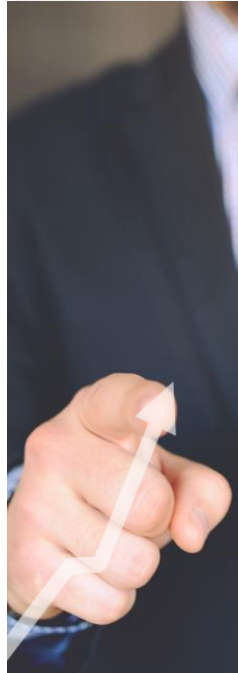


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X Financial at a Glance

A leading technology-driven personal finance company in China



In the fourth quarter of 2020:

8,673 mn (RMB)

Total Loan Facilitation Amount

As of December 31, 2020:

13,662 mn (RMB)

Loan Balance

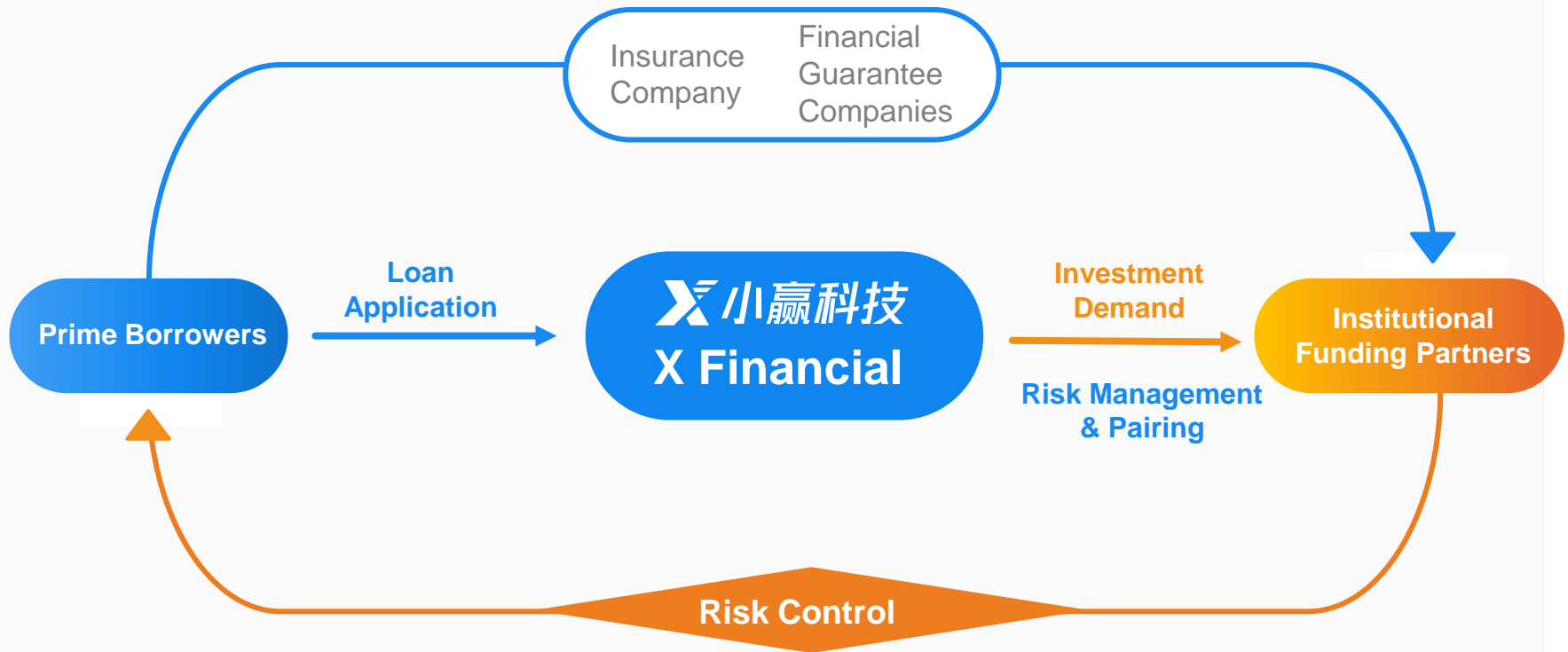
6.6 mn

Cumulative Borrowers

54.6 mn

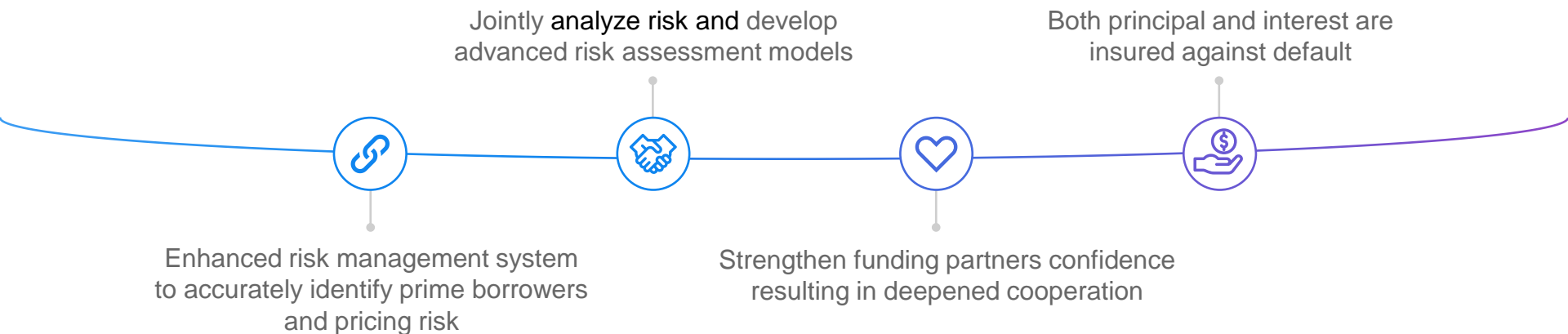
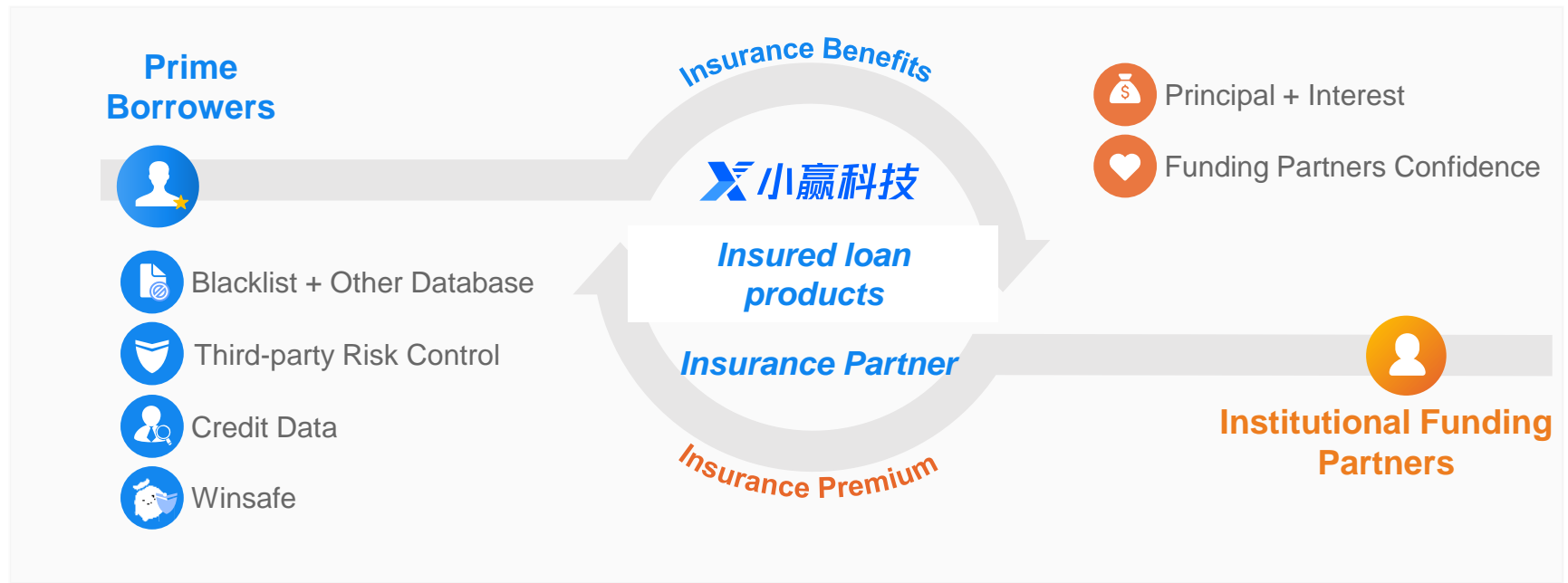
Registered Users

Our Business



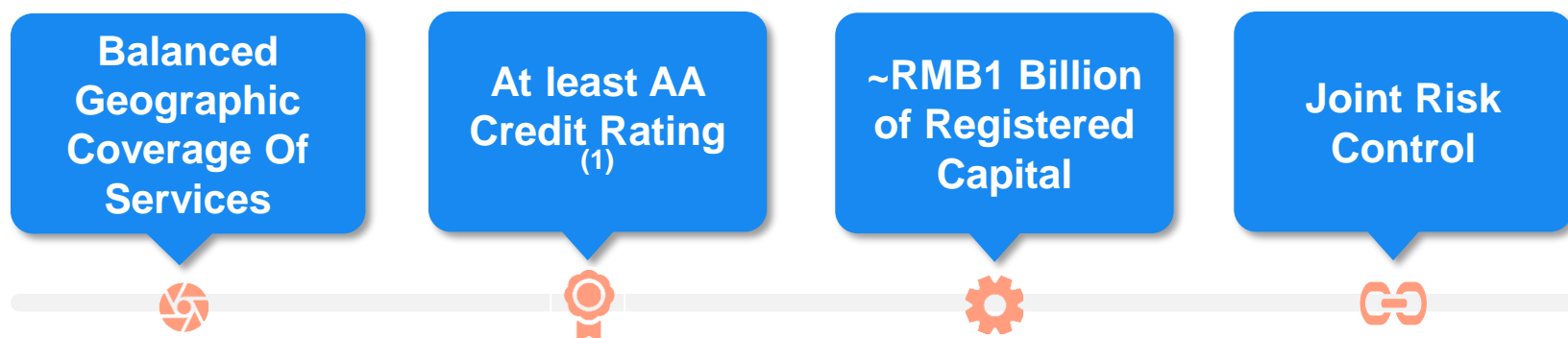
Loan Facilitation Based on 100% Institutional Funding

Credit Insurance Model



Financial Guarantee Model

Since 2020, X Financial has entered into arrangements with various third-party financial guarantee companies. We have limited exposure to compensation to these financial guarantee companies, which is charged based on the contractual guarantee fees up to the pre-determined cap in case of borrower default.



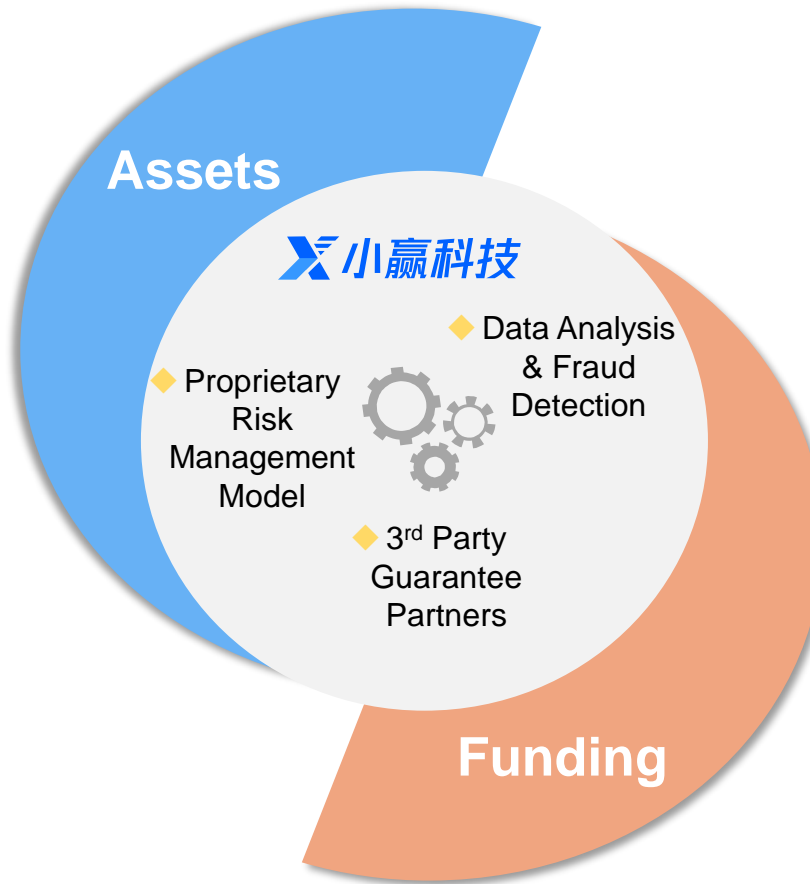
Strong Capabilities of the Financial Guarantee Companies

(1) Credit ratings issued by rating companies including China Lianhe Credit Rating Co., Ltd., China Chengxin Credit Management Co., Ltd. and Shenzhen Lianhe Credit Information Service 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

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



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



Flagship Products



Xiaoying Card Loan

Wide Range of Age Groups



Early career stage
avg. late 20 – 40s

Flexible Loan Amount/Credit Line



RMB2,000 – 80,000

Flexible Tenor Meeting Borrowers' Liquidity Needs



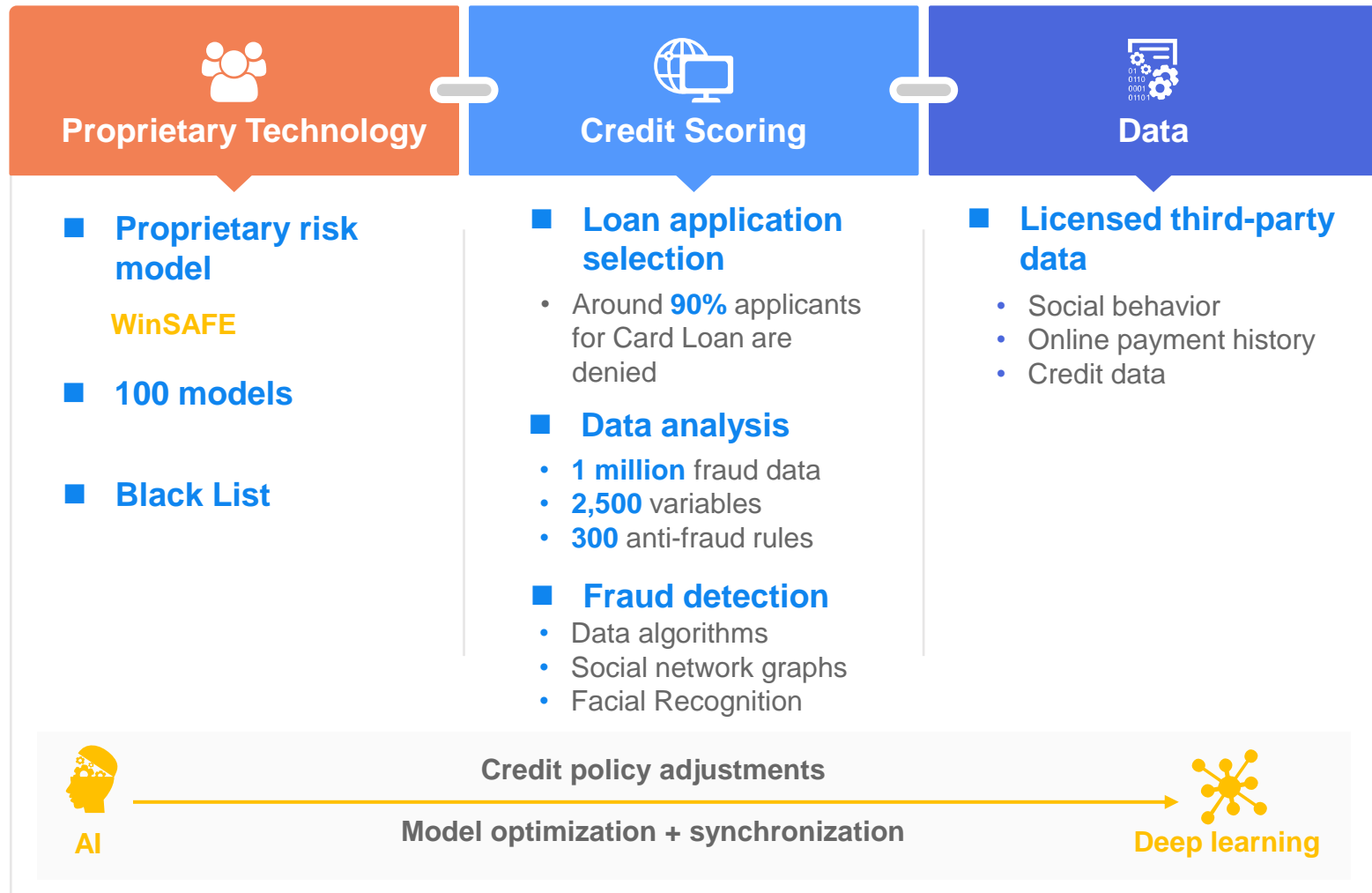
3, 6, 9, 12 months

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 FOTIC, GUOTONG Trust, AIBANK, 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



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.



Frank Fuya Zheng

Chief Financial Officer

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

Former CFO of a Nasdaq-listed 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

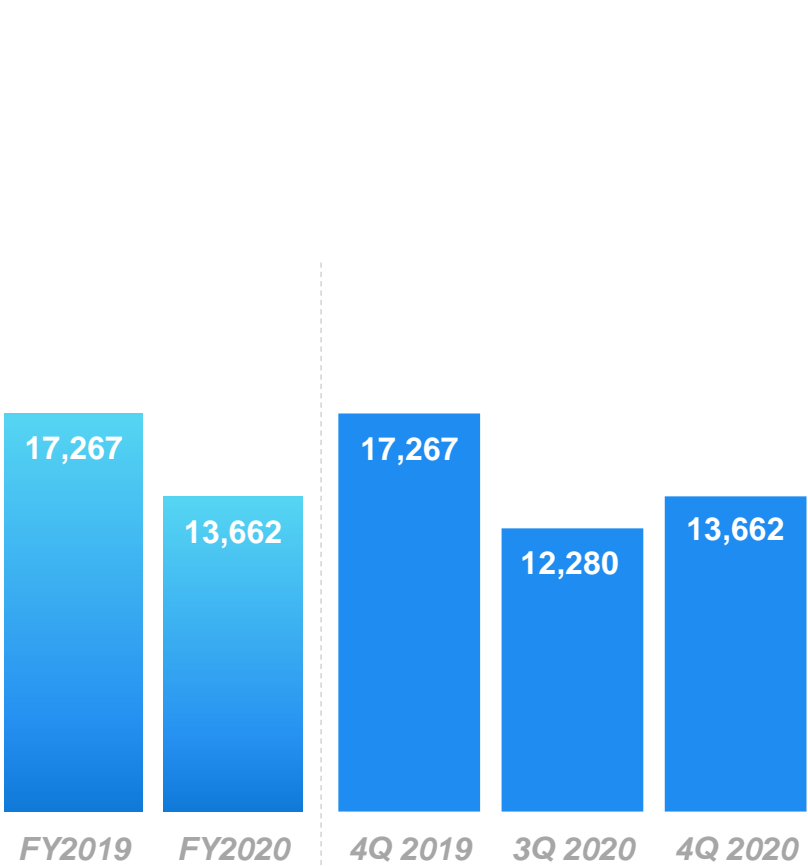


Founded by a seasoned entrepreneur with proven track record and backed by a strong team of financial and technology talent

Performance of Loan Balance and Loan Facilitation

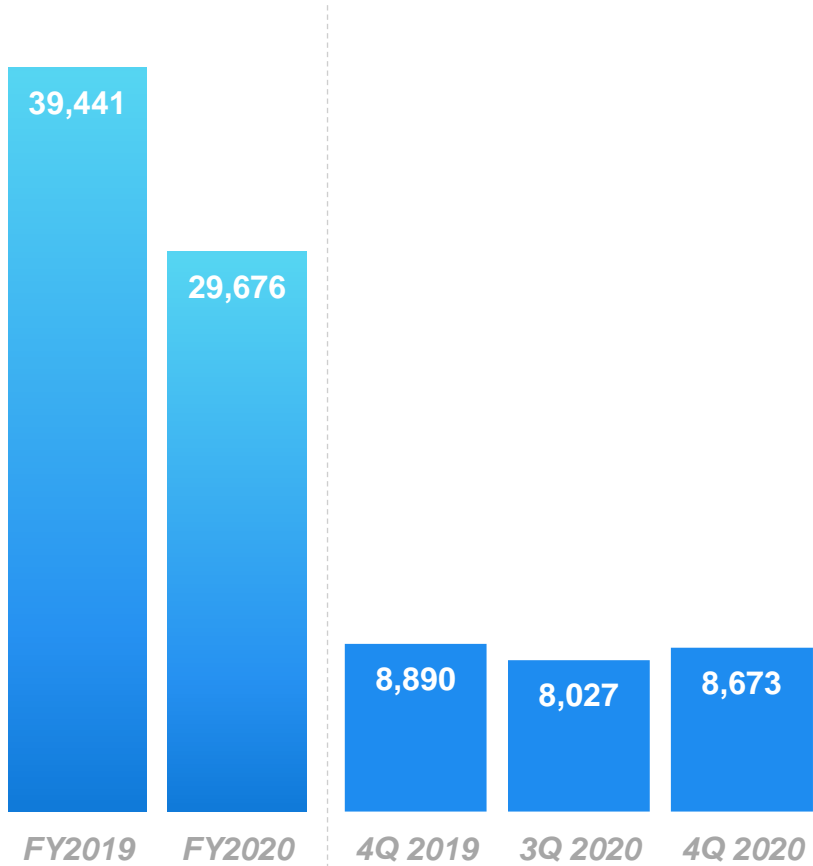
_ Total Outstanding Loan Balance

(RMBmn)



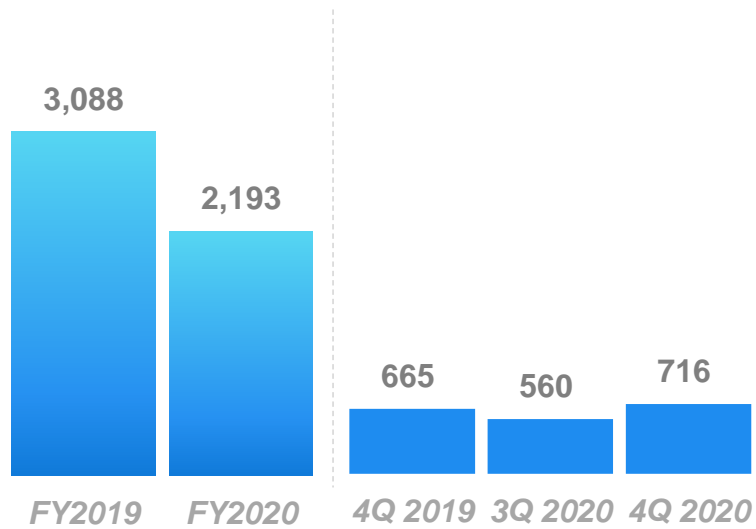
_ Total Loan Facilitation Amount

(RMBmn)

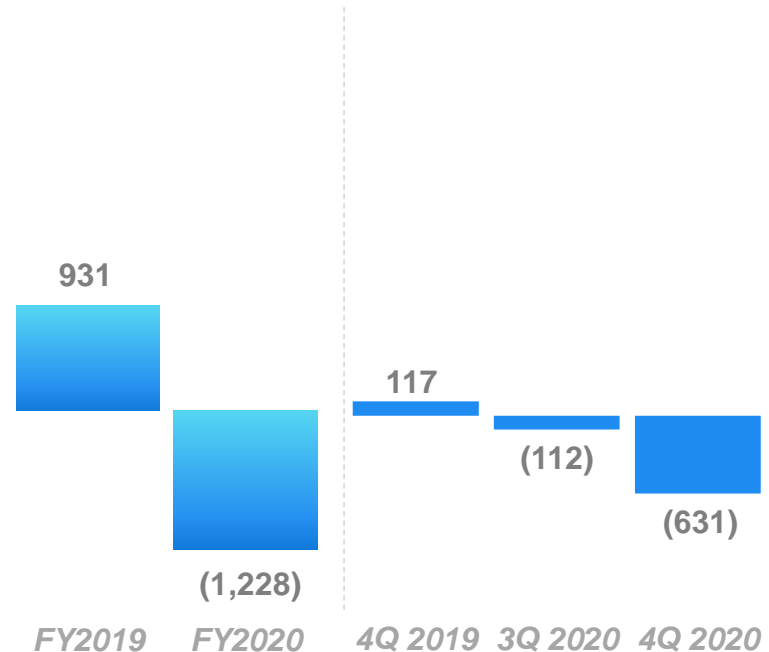


Revenue and Non-GAAP Adj. Net Income Growth

_ Total Net Revenue (RMBmn)



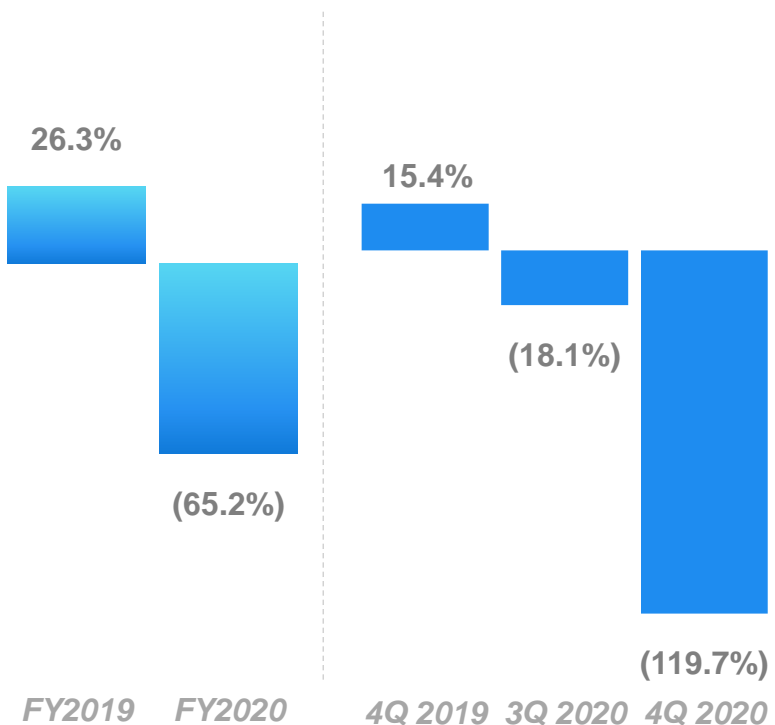
_ Non-GAAP Adj. Net Income (loss)⁽¹⁾ (RMBmn)



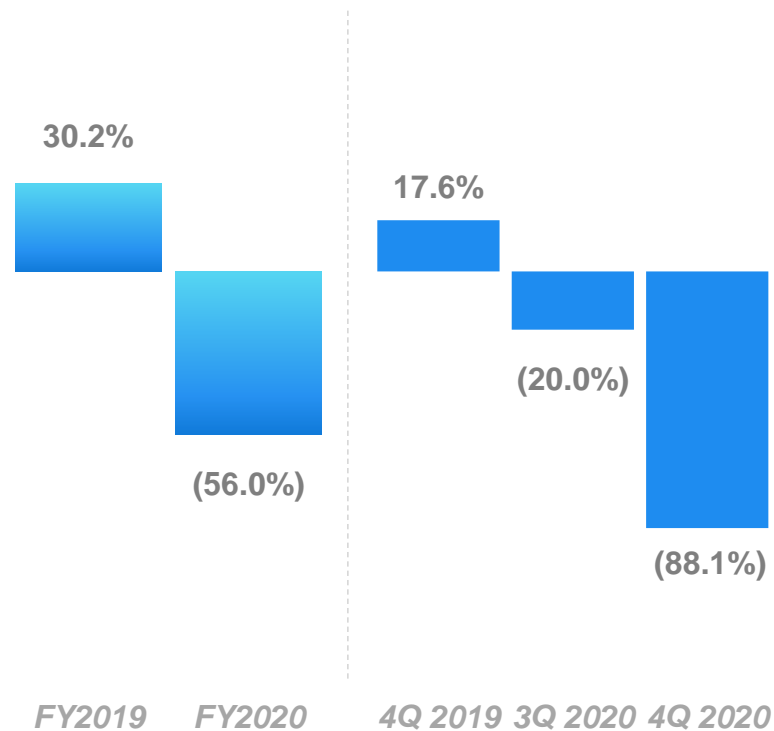
(1) Represents net (loss) / income attributable to X Financial shareholders before share-based compensation expenses

Operational Efficiency

_ Operating Margin



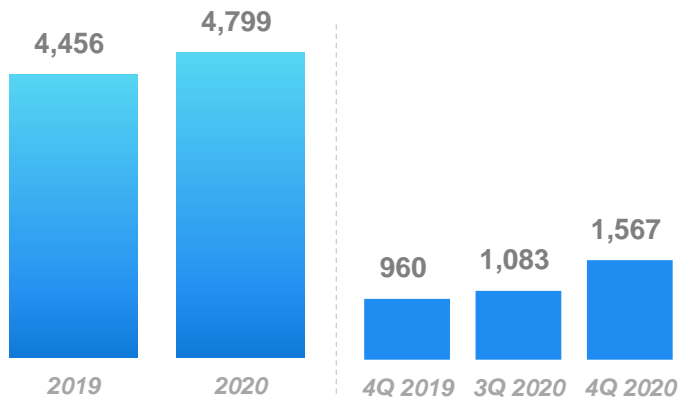
_ Non-GAAP Adj. Net Income Margin



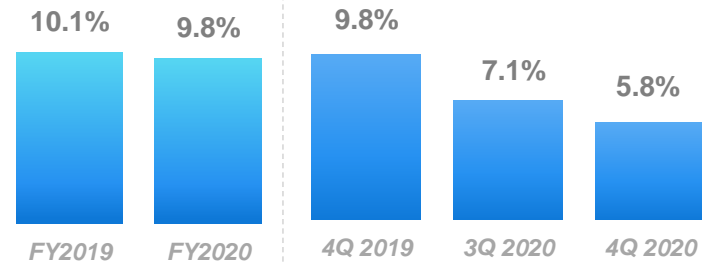
Net Revenue Per Employee and Operating Expense

_ 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

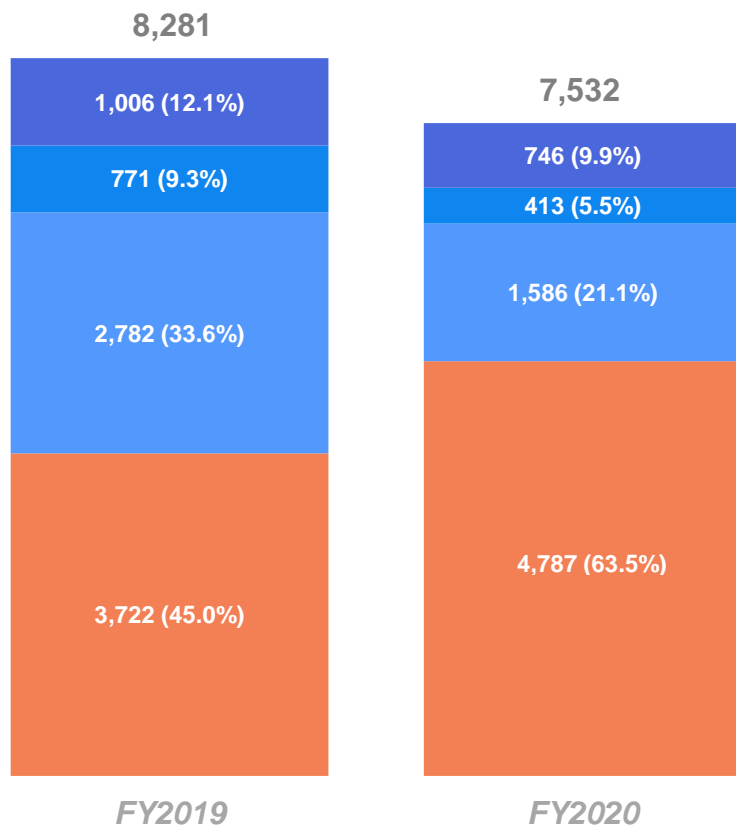
Business Model Light in Capital and Labor

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

Outstanding Return on Equity Performance

_ Total Assets

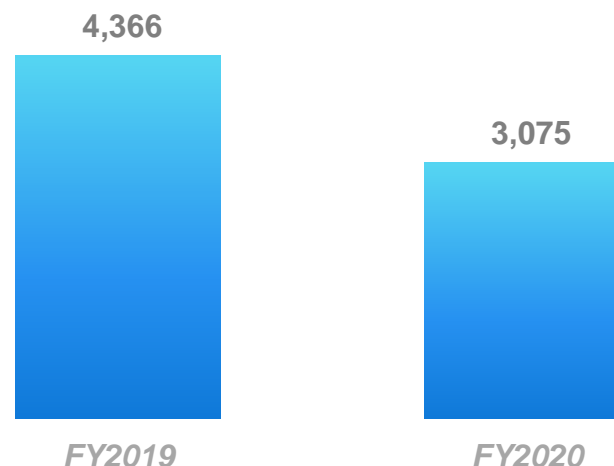
(RMBmn)



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

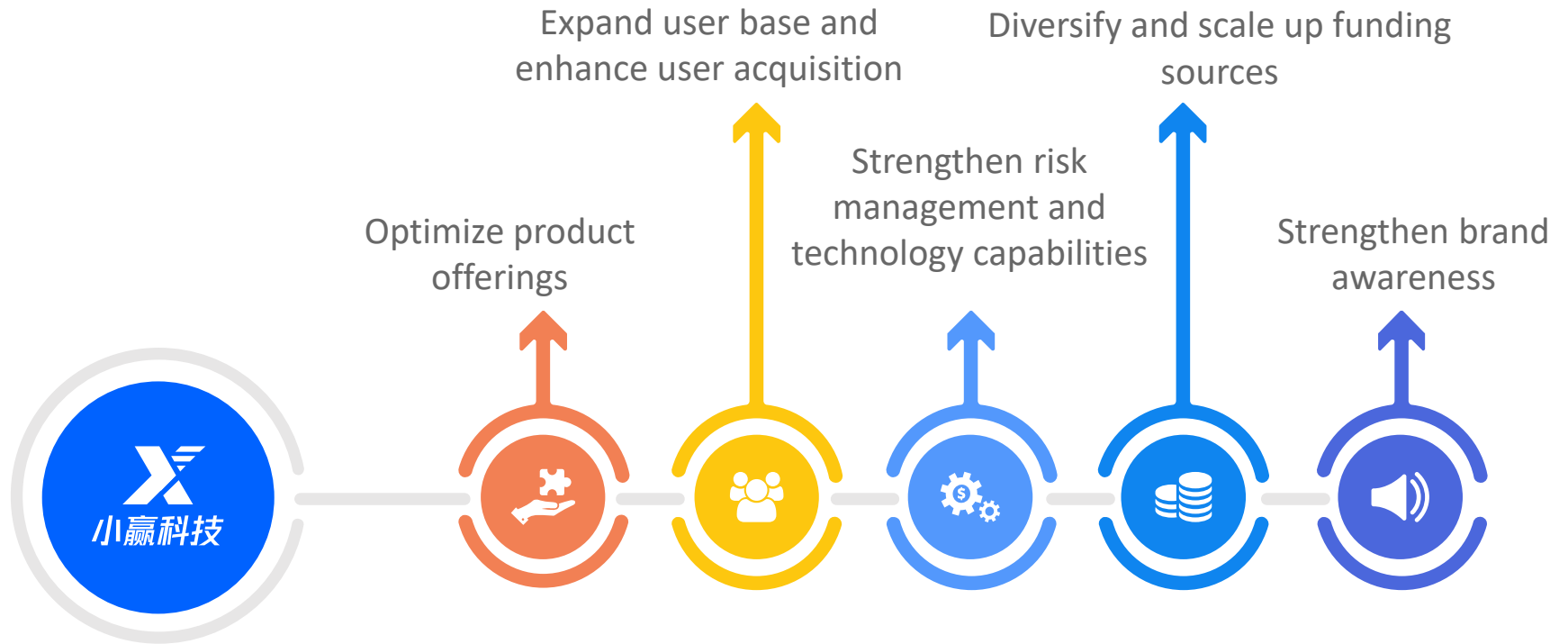
_ Total Equity⁽¹⁾

(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 (in RMB1,000)	As of 12/31/2020 (in RMB1,000) (in USD1,000)	
Cash and Cash Equivalents	1,005,980	746,388	114,389
Accounts Receivable & Contract Assets, Net of Allowance for Doubtful Accounts	771,154	413,307	63,342
Loans at Fair Value	2,782,333	1,585,732	243,024
Total Assets	8,280,632	7,532,262	1,154,369
Payable to institutional funding partners	3,006,349	3,374,579	517,177
Short-term bank borrowings	-	350,545	53,723
Income tax payable	340,996	110,169	16,884
Total Liabilities	3,913,527	4,456,218	682,946
Total X Financial Shareholders' Equity	4,365,859	3,074,756	471,226
Non-Controlling Interests	1,246	1,288	197
Total Equity	4,367,105	3,076,044	471,423

Source: Company financial statements

Consolidated Income Statement

	4Q 2019	4Q 2020	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Net Revenues			
Loan Facilitation Service—Direct Model	323,435	472,566	72,424
Loan Facilitation Service—Intermediary Model	17,730	183	28
Post-Origination Service	82,369	41,390	6,343
Financing Income	194,056	171,692	26,313
Other Revenue	47,513	30,466	4,669
Total Net Revenue	665,103	716,297	109,777
Operating Costs and Expenses			
Origination and servicing	421,200	550,726	84,402
General and Administrative	45,177	36,380	5,575
Sales and Marketing	19,858	4,858	745
(Reversal of) provision for accounts receivable and contract assets	52,272	(13,236)	(2,029)
Provision for loans receivable	16,685	33,703	5,165
(Reversal of) provision for contingent guarantee liabilities	7,748	(1,271)	(195)
Provision for deposits to institutional cooperators	-	970,318	148,708
Reversal of credit losses for other financial assets	-	(7,854)	(1,204)
Total operating costs and expenses	562,940	1,573,624	241,167
Income (loss) from operations	102,163	(857,327)	(131,390)
Interest income (expense), net	6,694	5,735	879
Foreign exchange gain	775	6,488	994
Fair value adjustments related to Consolidated Trusts	(66,767)	(13,965)	(2,140)
Change in fair value of financial guarantee derivative	(47,420)	(20,049)	(3,073)
Other income (loss), net	16,053	1,920	294
Income (loss) before income taxes and gain (loss) from equity in affiliates	11,498	(877,198)	(134,436)
Income tax benefit	65,745	226,968	34,784
Gain (loss) from equity in affiliates	2,429	(5,242)	(803)
Net income (loss)	79,672	(655,472)	(100,455)
Less: net income attributable to non-controlling interests	-	-	-
Net income (loss) attributable to X Financial Shareholders	79,672	(655,472)	(100,455)

Consolidated Income Statement (Cont')

	2019	2020	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Net Revenues			
Loan Facilitation Service—Direct Model	1,986,003	1,266,533	194,105
Loan Facilitation Service—Intermediary Model	238,867	41,373	6,341
Post-Origination Service	330,695	203,842	31,240
Financing Income	408,401	612,863	93,925
Other Revenue	124,084	68,347	10,475
Total Net Revenue	3,088,050	2,192,958	336,086
Operating Costs and Expenses			
Origination and servicing	1,652,221	2,071,506	317,472
General and Administrative	210,083	179,225	27,468
Sales and marketing	103,158	35,629	5,460
Provision for accounts receivable and contract assets	241,187	121,485	18,618
Provision for loans receivable	61,074	245,204	37,579
Provision for contingent guarantee liabilities	7,748	881	135
Provision for deposits to institutional cooperators	-	970,318	148,708
Reversal of credit losses for other financial assets	-	(975)	(149)
Total operating costs and expenses	2,275,471	3,623,273	555,291
Income (loss) from operations	812,579	(1,430,315)	(219,205)
Interest income (expense), net	19,386	21,724	3,329
Foreign exchange gain	616	15,399	2,360
Investment loss	(12,538)	-	-
Fair value adjustments related to Consolidated Trusts	64,163	(57,380)	(8,794)
Change in fair value of financial guarantee derivative	(246,372)	(163,670)	(25,084)
Other income (loss), net	26,081	12,709	1,948
Income (loss) before income taxes and gain (loss) from equity in affiliates	663,915	(1,601,533)	(245,446)
Income tax benefit	93,103	299,878	45,958
Gain (loss) from equity in affiliates	17,458	(6,806)	(1,043)
Net income (loss)	774,476	(1,308,461)	(200,531)
Less: net income attributable to non-controlling interests	200	41	6
Net income (loss) attributable to X Financial Shareholders	774,276	(1,308,502)	(200,537)

Reconciliations of GAAP and Non-GAAP Results

	4Q 2019	4Q 2020	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Reconciliation of Adjusted Net Income (Loss) to Net Income (Loss)			
Net income (loss) attributable to X Financial shareholders	79,672	(655,472)	(100,455)
Add: Share-based compensation expenses (net of tax of nil)	37,542	24,692	3,784
Adjusted net income (loss) (Non-GAAP) attributable to X Financial shareholders	117,214	(630,780)	(96,671)

	2019 <i>(in RMB1,000)</i>	2020 <i>(in RMB1,000)</i> <i>(in USD1,000)</i>	
Reconciliation of Adjusted Net Income (Loss) to Net Income (Loss)			
Net income (loss) attributable to X Financial shareholders	774,276	(1,308,502)	(200,537)
Add: Share-based compensation expenses (net of tax of nil)	157,116	80,140	12,282
Adjusted net income (loss) (Non-GAAP) attributable to X Financial shareholders	931,392	(1,228,362)	(188,255)