

X Financial

(NYSE: XYF)



2024 Q3 Earnings Results Presentation

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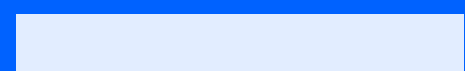
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Company Overview



X Financial at a Glance

A leading technology-driven personal finance company in China

In the third quarter of 2024

28,338 mn (RMB)

Total Loan Facilitation and Origination Amount

1.97 mn

Active Borrowers

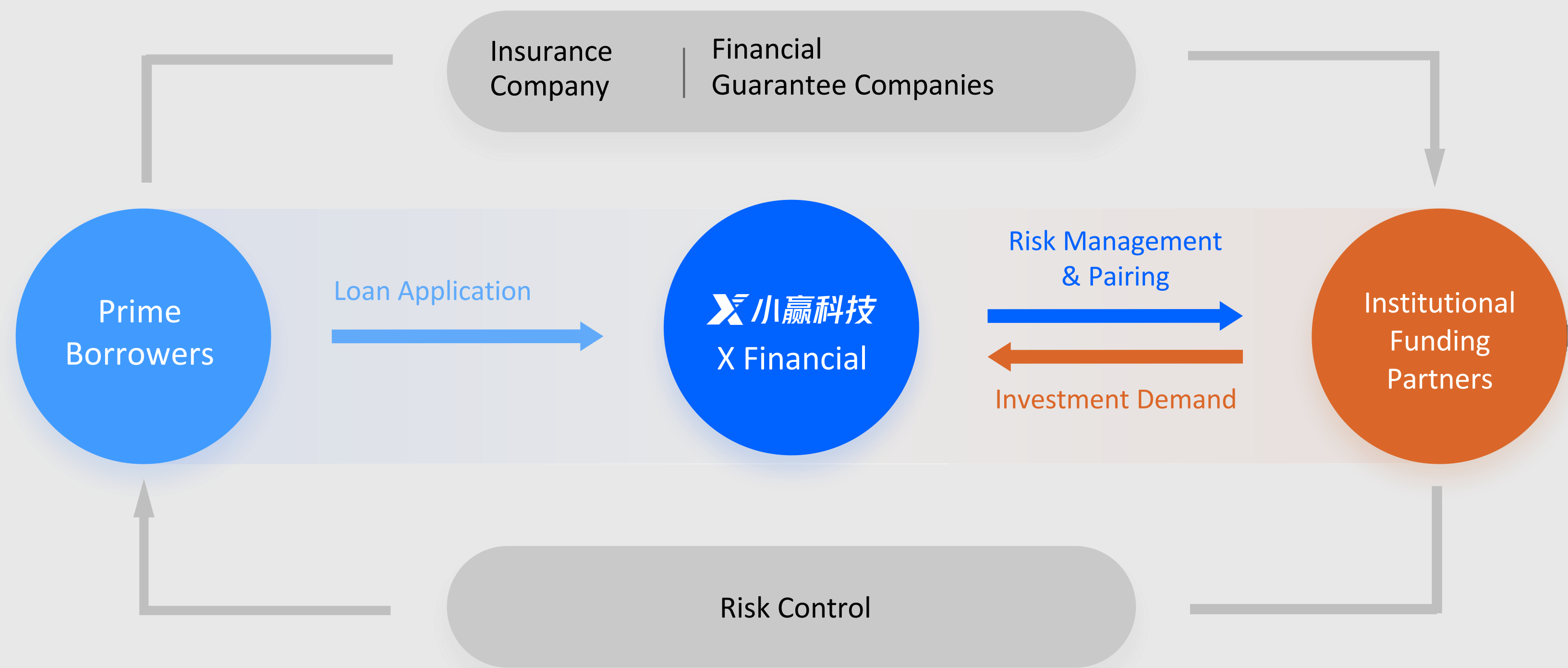
As of September 30, 2024

45,766 mn (RMB)

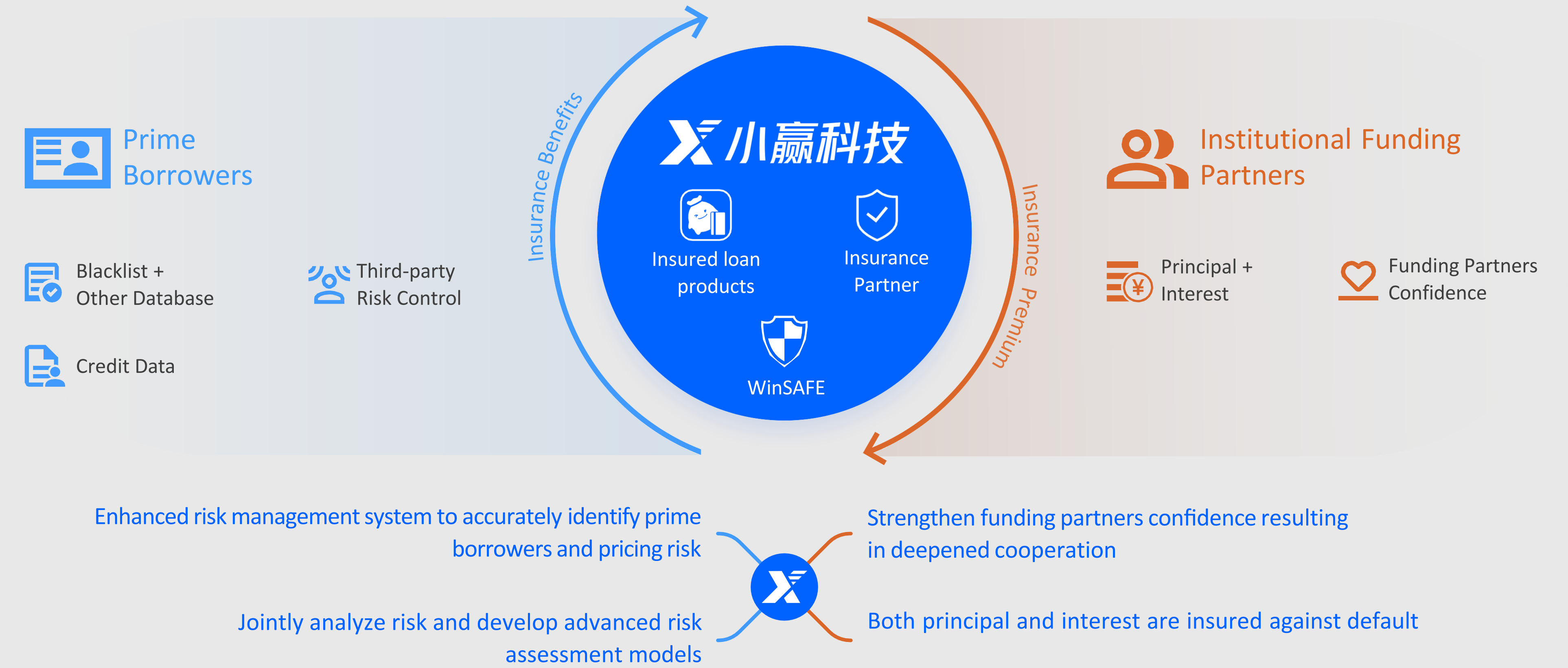
Loan Balance

Our Business

Loan Facilitation Based on 100% Institutional Funding



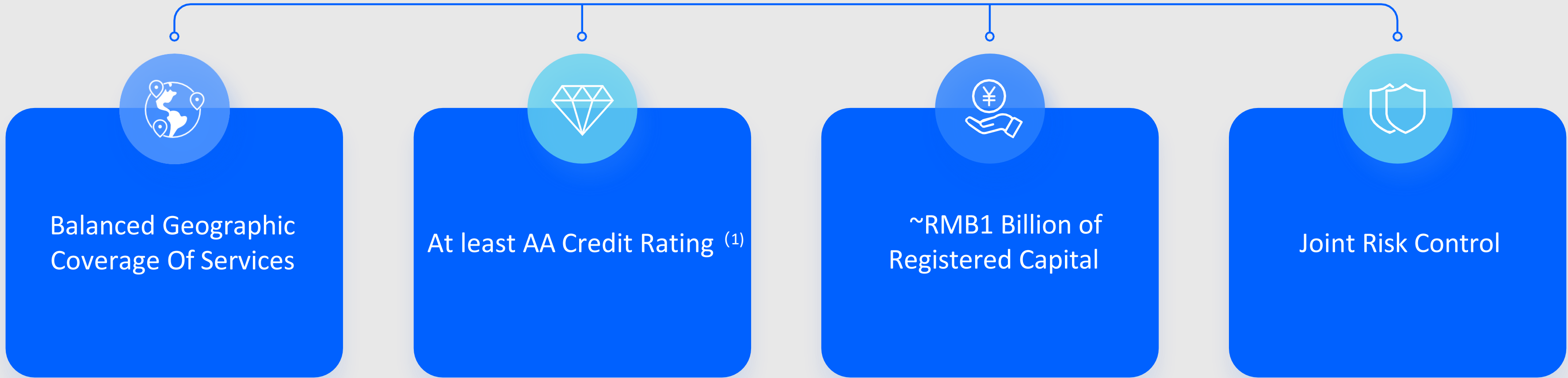
Credit Insurance Model



Financial Guarantee Model

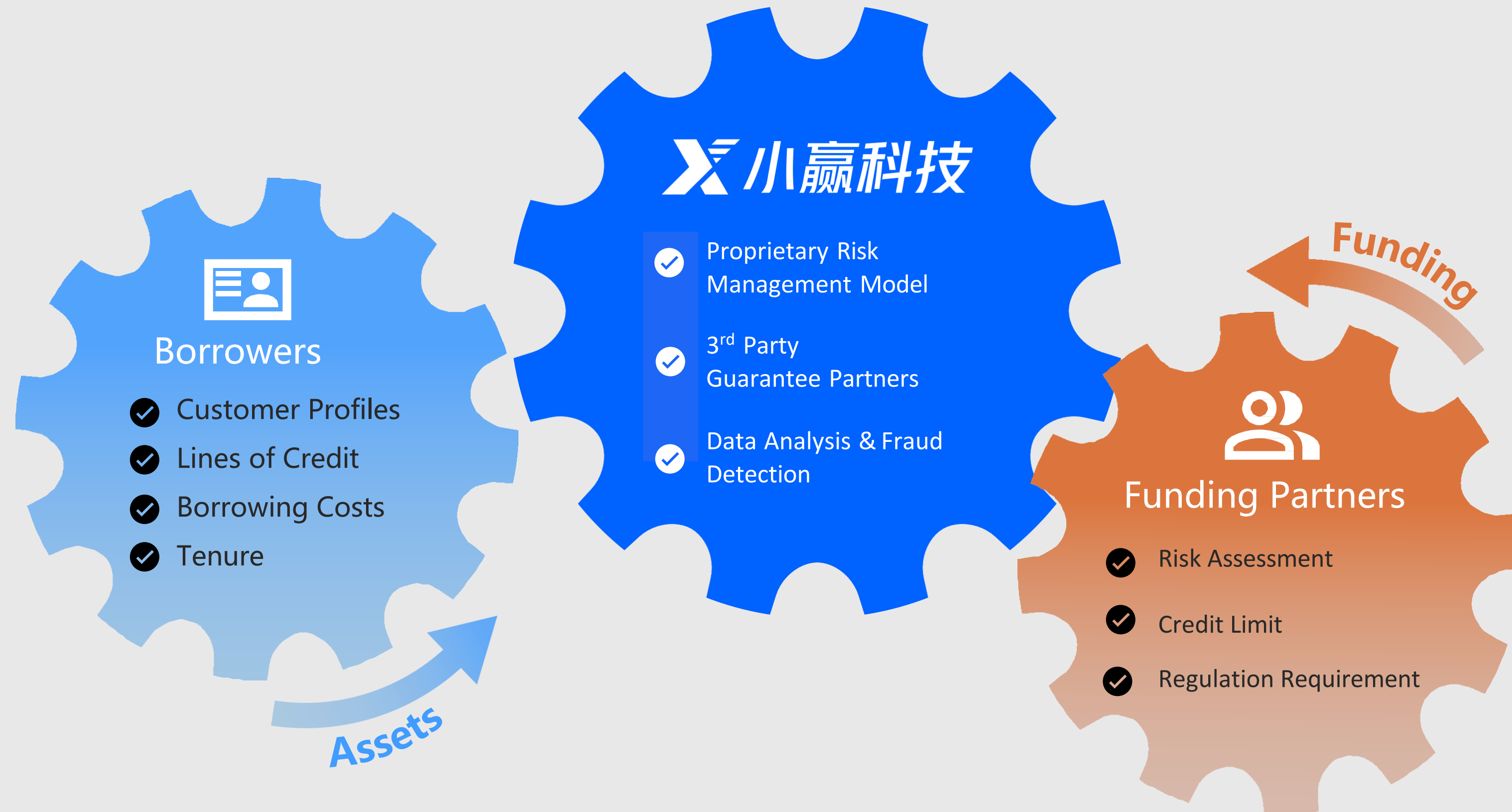
We have established cooperation with high-quality financing guarantee companies who provide guarantee services to protect institutional funding partners against default for both the principal and interest.

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., Xiamen Lianhe Credit Information Service Co., Ltd. and Fujian China Chengxin Credit Rating Consulting Co., Ltd.

Technology-driven Approach to Servicing Borrowers and Funding Partners



Our Growth Strategies



Investment Highlights

01

Leading industry position with differentiated products
benefiting from China's booming personal finance market

02

Rigorous data-driven credit assessment
modeling system

03

Diversified funding sources
and 100% institutional funding

04

Founded by seasoned entrepreneurs
with proven track record

01

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



Xiaoying Card Loan

Flagship
Product

Wide Range of Age Groups

Early career stage
25 to 40 in average

Flexible Loan Amount
/ Credit Line

RMB500 – 50,000

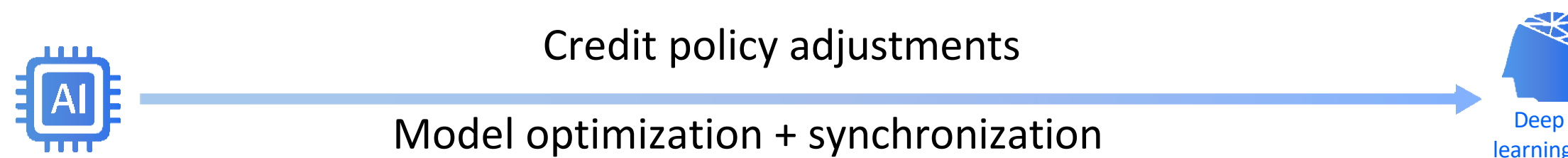
Flexible Tenor Meeting
Borrowers' Liquidity Needs

3, 6, 9, 12 months

Various Sources of Credit Proof
Reducing Collateral Needs

Technology & Data-driven Credit Assessment

Continuous optimization of credit assessment systems that strengthen risk controls



Diversified Funding Sources and 100% Institutional Funding



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.



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

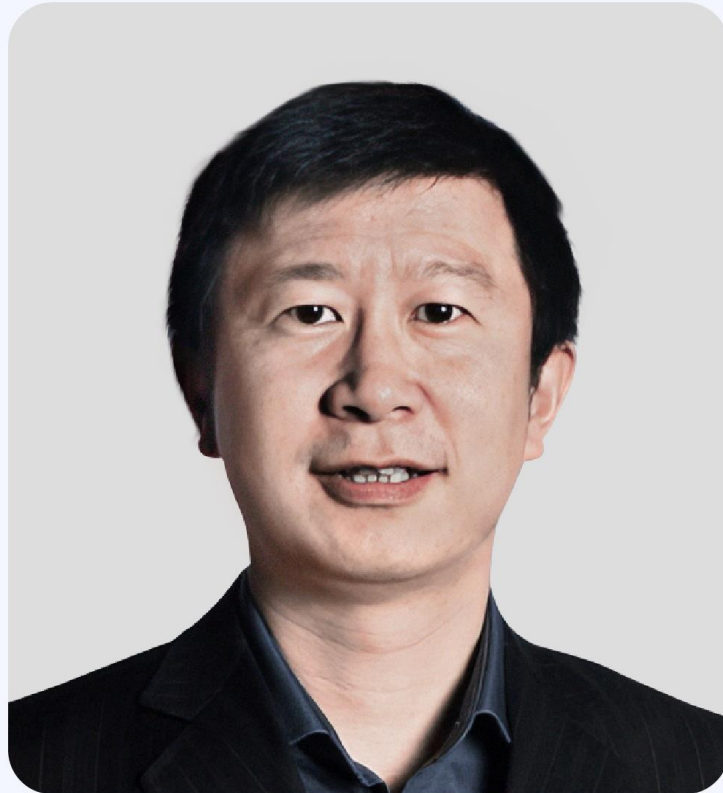


Seasoned Management Team

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

Yue Tang
(Justin)

■ 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 Li
(Kent)

■ President



15+ years of work experience in the financial sector

Expert in risk management system establishment

Former manager at Capital One

Fuya Zheng
(Frank)

■ Chief Financial Officer



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

Former CFO of a Nasdaq-listed company

Yufan Jiang
(Jason)

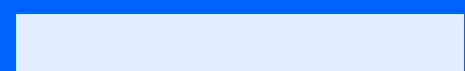
■ Chief Risk Officer



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

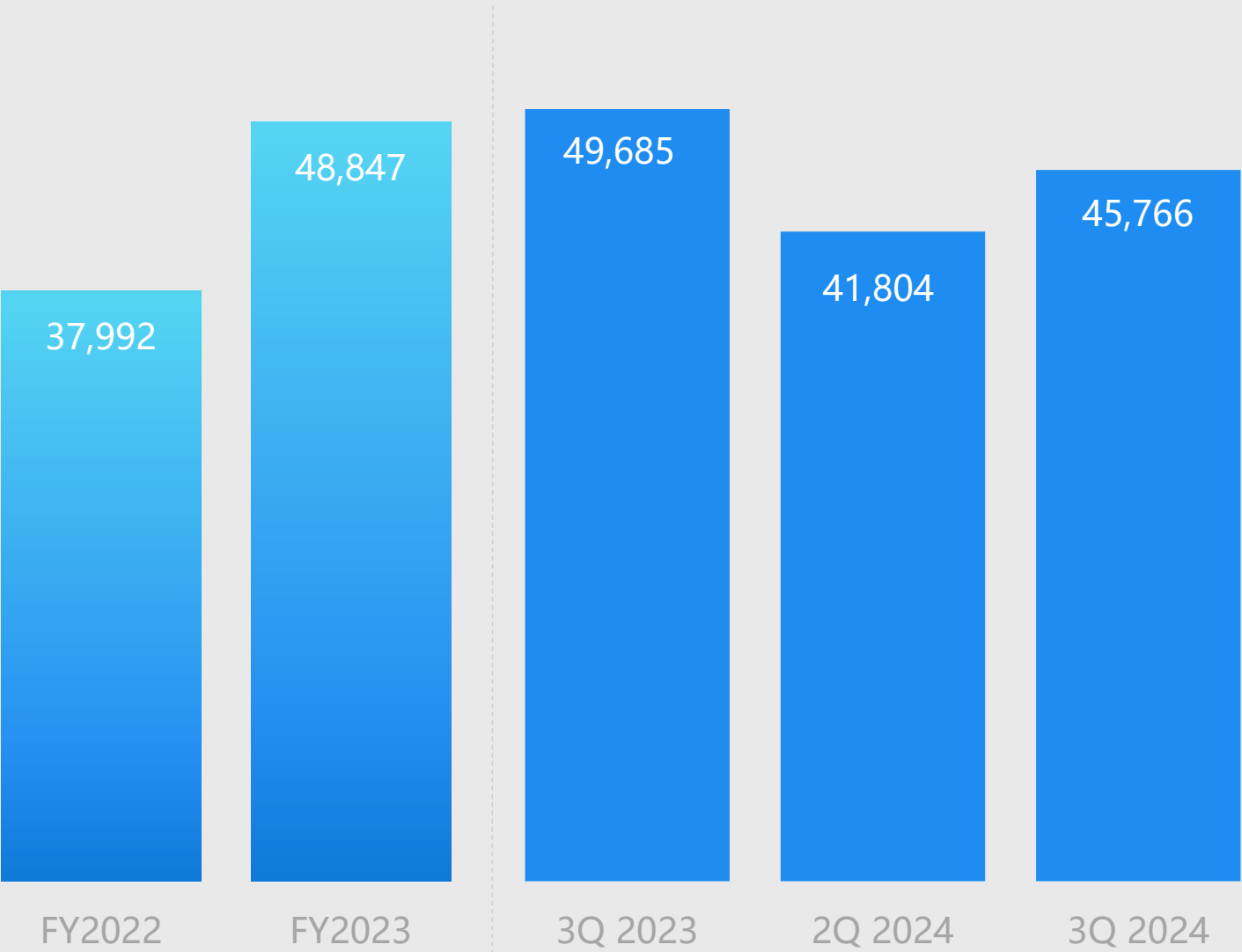
Previously worked at Bank of Communications

Operational and Financial Data

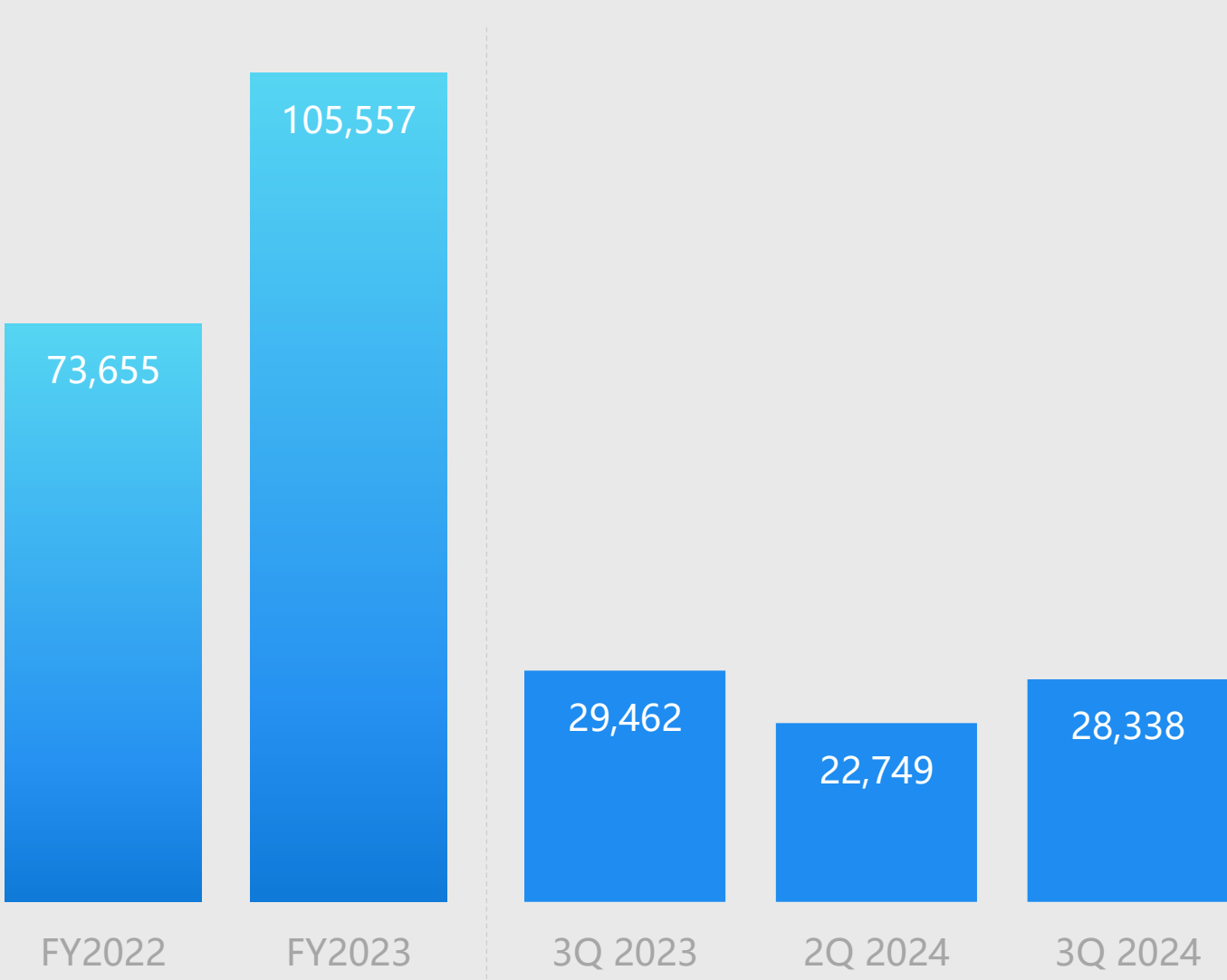


Performance of Loan Balance and Loan Facilitation

— Total Outstanding Loan Balance ⁽¹⁾
(RMBmn)

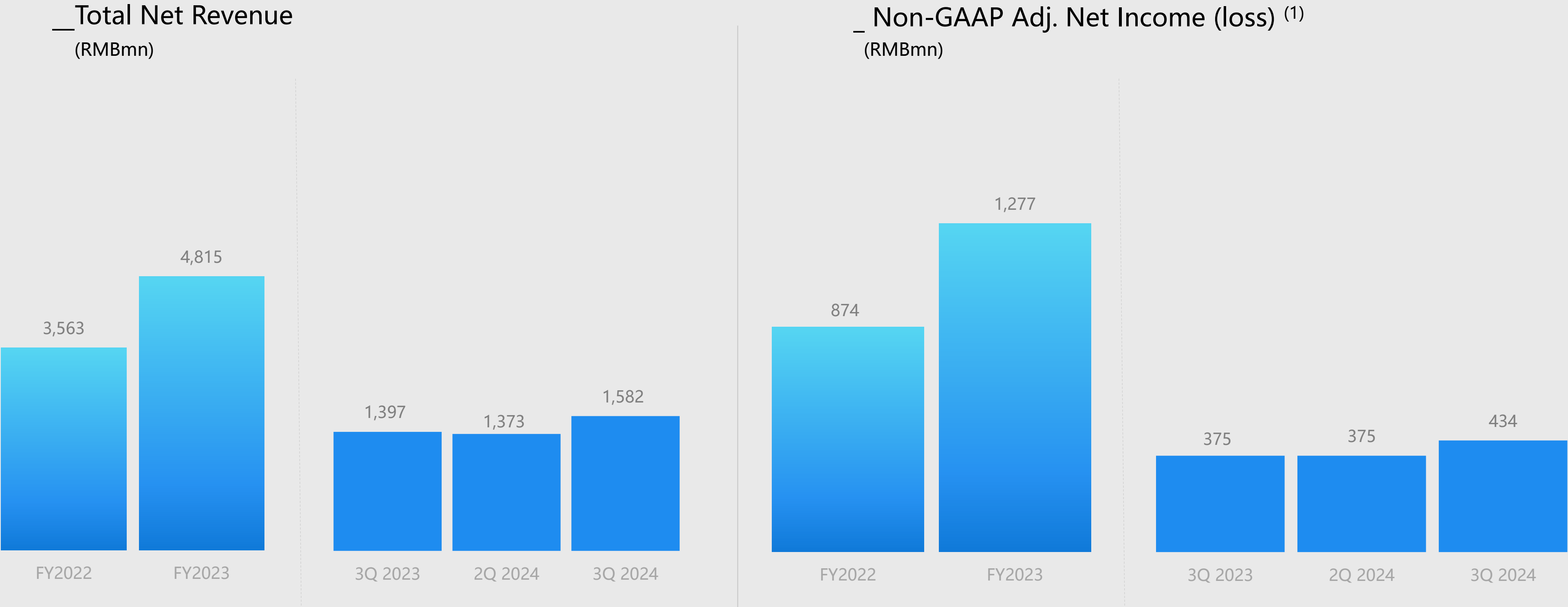


— Total Loan Facilitation and Origination Amount
(RMBmn)



(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 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

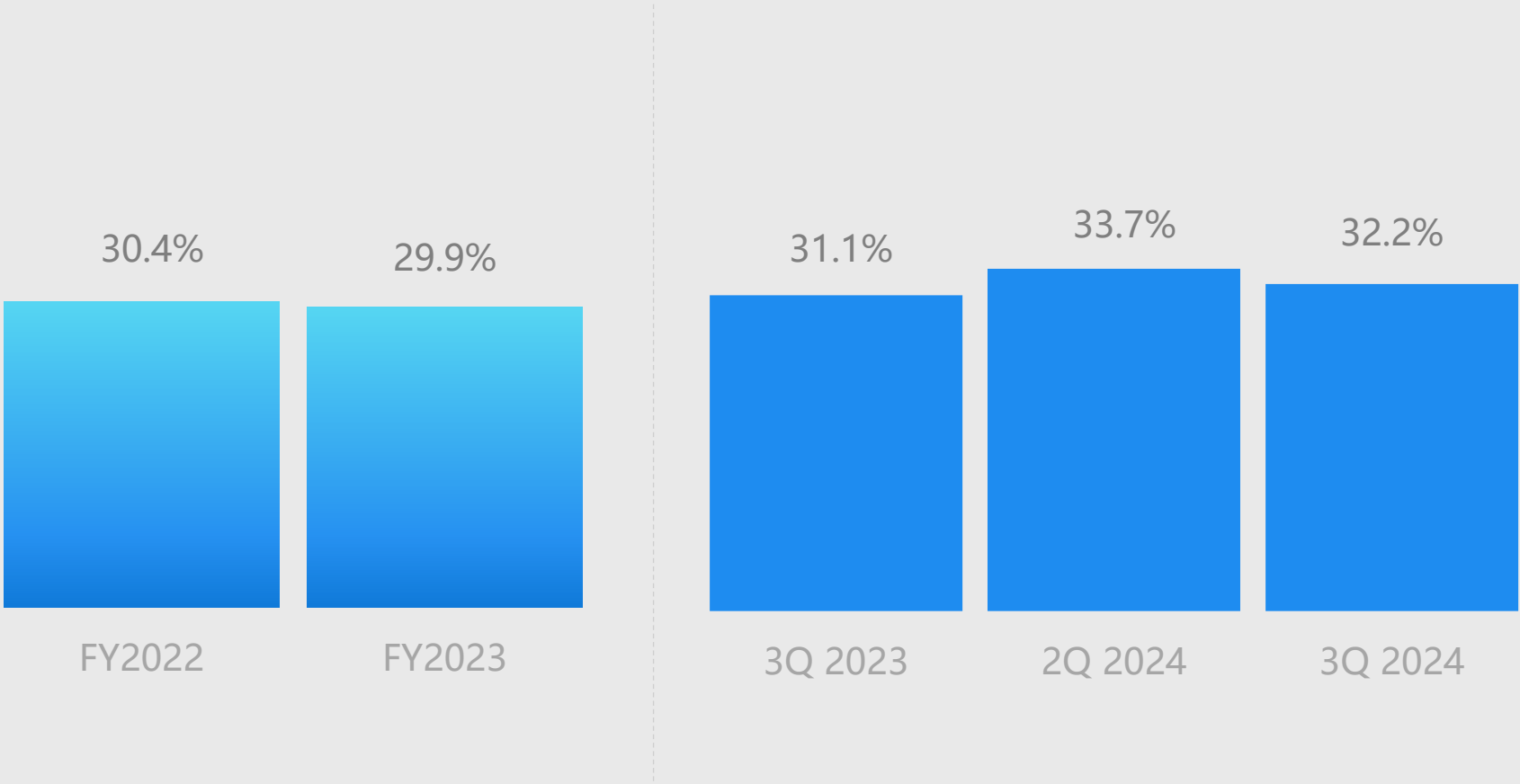
Revenue and Non-GAAP Adj. Net Income Growth



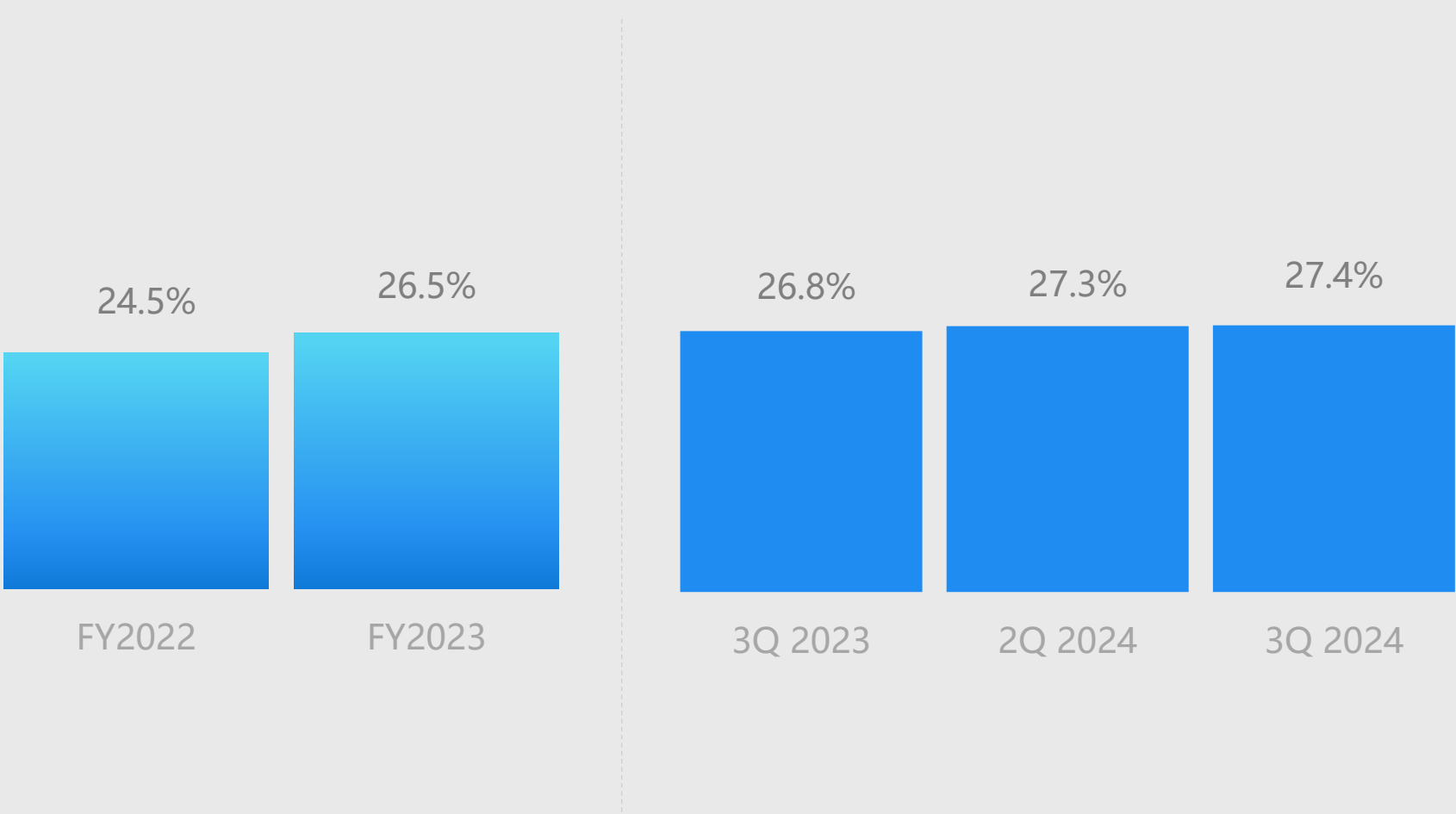
(1) Represents net (loss) / income before share-based compensation expenses, impairment losses on financial investments, impairment losses on long-term investments and income (loss) from financial investments

Operational Efficiency

__Operating Margin ⁽¹⁾



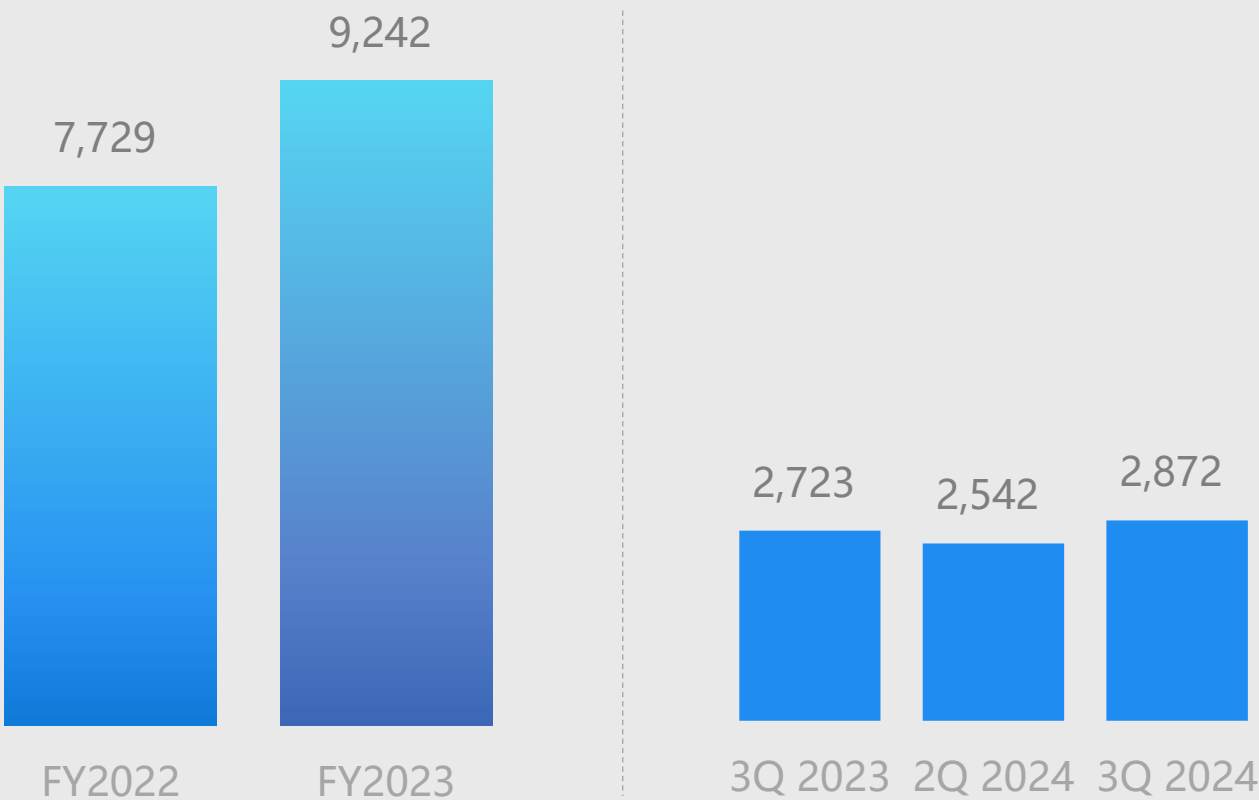
__Non-GAAP Adj. Net Income Margin⁽²⁾



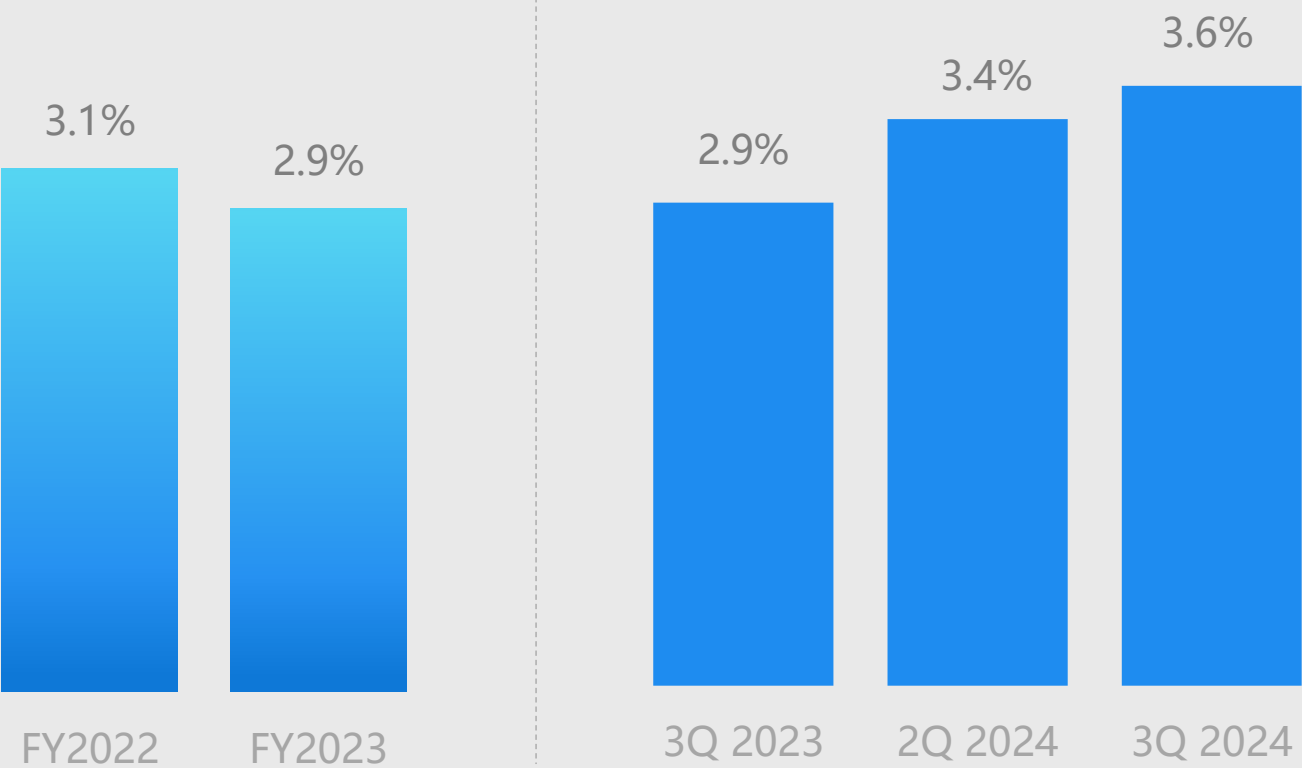
(1) Represents Income from operations divided by total net revenue
(2) Represents Non-GAAP adjusted net income divided by total net revenue

Net Revenue Per Employee and Operating Costs and Expenses

_Net Revenue Per Employee
(RMB1,000)



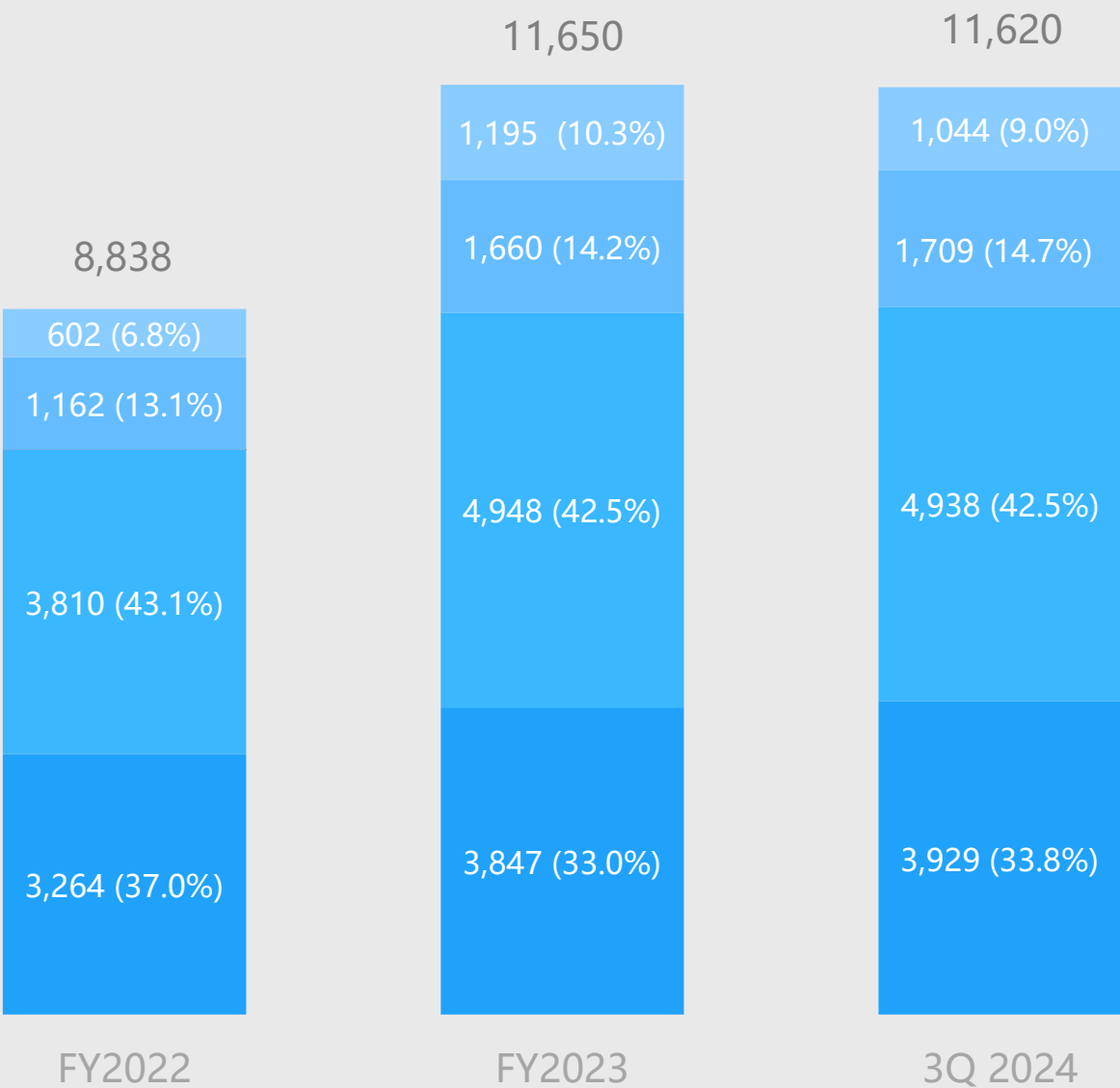
_Operating Costs and Expenses ⁽¹⁾



(1) Represents operating costs and expenses divided by total amount of loans that the Company facilitated and originated during the relevant period. Operating costs and expenses include origination and servicing expense, borrower acquisitions and marketing expense, as well as general and administrative expense.

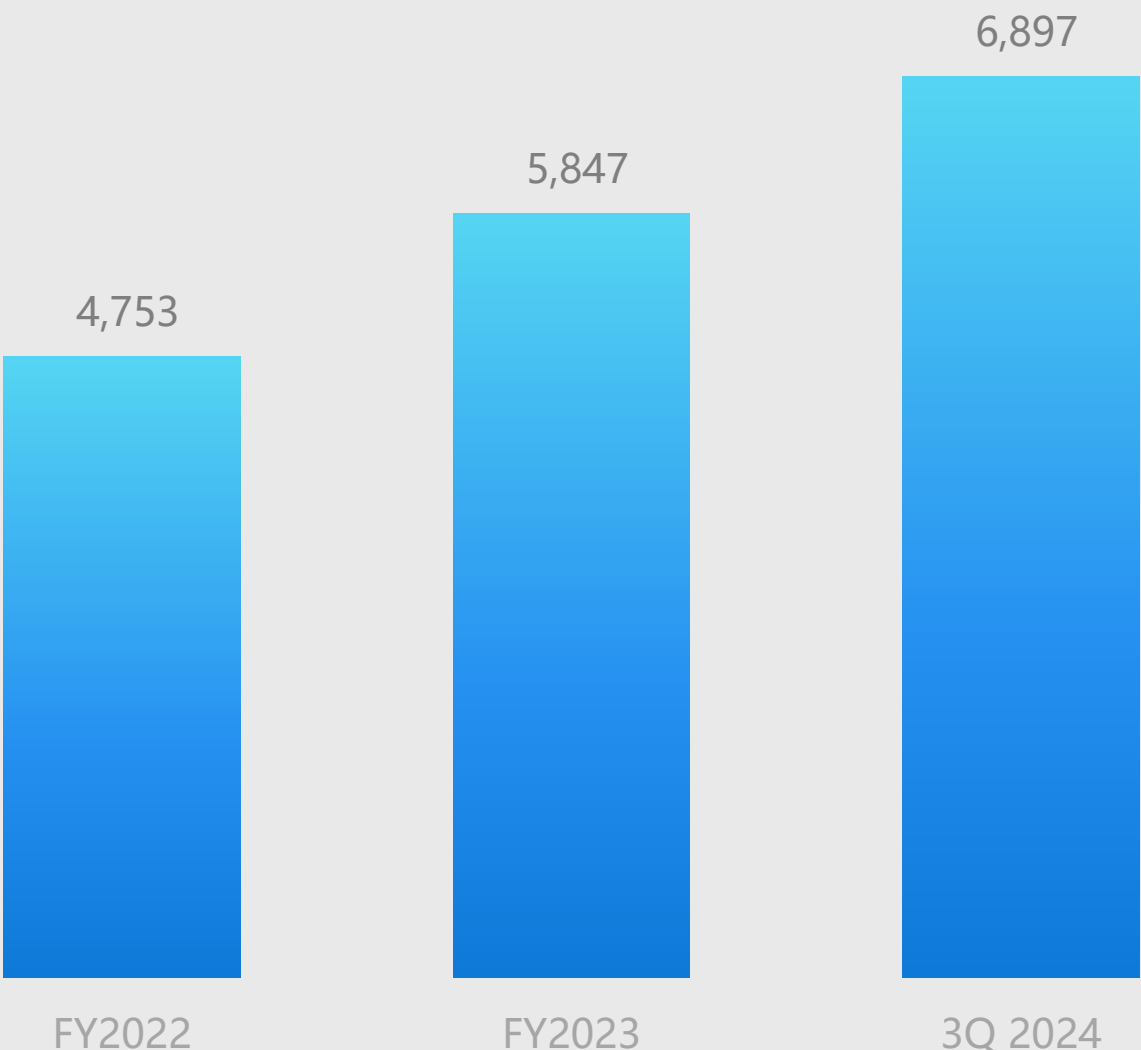
Outstanding Return on Equity Performance

— Total Assets
(RMBmn)



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

— Total Equity ⁽¹⁾
(RMBmn)



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

Summary Consolidated Balance Sheet

	As of 12/31/2023	As of 9/30/2024	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Cash and cash equivalents	1,195,352	1,044,144	148,789
Accounts receivable and contract assets, net	1,659,588	1,709,428	243,592
Loans receivable from Xiaoying Credit Loans and other loans, net	4,947,833	4,938,195	703,687
Total assets	11,650,023	11,620,287	1,655,877
Payable to investors and institutional funding partners at amortized cost	3,584,041	2,406,552	342,931
Short-term borrowings	565,000	433,500	61,773
Income tax payable	446,500	496,489	70,749
Total liabilities	5,802,899	4,723,728	673,126
Total equity	5,847,124	6,896,562	982,752

Source: Company financial statements

Consolidated Income Statement

	3Q 2023	3Q 2024	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Net revenues			
Loan facilitation service	829,385	878,282	125,154
Post-origination service	168,186	186,109	26,520
Financing income	300,950	335,765	47,846
Guarantee income	7,920	53,576	7,635
Other revenue	90,423	128,765	18,349
Total net revenue	1,396,864	1,582,497	225,504
Operating costs and expenses			
Origination and servicing	402,939	457,545	65,200
Borrower acquisitions and marketing	419,887	506,758	72,212
General and administrative	40,200	49,499	7,054
Provision for accounts receivable and contract assets	3,748	4,799	684
(Reversal of) provision for loans receivable	53,946	(35)	(5)
Provision for contingent guarantee liabilities	41,594	56,366	8,032
Fair value adjustments related to Consolidated Trusts	(268)	-	-
(Reversal of) provision for credit losses for deposits and other financial assets	(194)	(1,399)	(199)
Total operating costs and expenses	961,852	1,073,533	152,978
Income from operations	435,012	508,964	72,526
Interest expenses, net	(7,322)	1,211	173
Foreign exchange loss	1,526	4,881	696
Income from financial investments	(16,490)	(47,635)	(6,788)
Other income (loss), net	4,742	6,048	862
Income before income taxes and gain from equity in affiliates	417,468	473,469	67,469
Income tax expense	(74,172)	(100,331)	(14,297)
Gain from equity in affiliates, net of tax	3,894	2,702	385
Net income	347,190	375,840	53,557
Net income attributable to X Financial shareholders	347,190	375,840	53,557

Consolidated Income Statement

	2022	2023	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Net revenues			
Loan facilitation service	2,044,344	2,740,974	386,058
Post-origination service	372,451	596,582	84,027
Financing income	966,277	1,137,336	160,190
Guarantee income	-	24,497	3,450
Other revenue	179,878	315,495	44,437
Total net revenue	3,562,950	4,814,884	678,162
Operating costs and expenses			
Origination and servicing	1,337,370	1,544,014	217,470
Borrower acquisitions and marketing	833,109	1,370,942	193,093
General and administrative	143,235	153,943	21,682
Provision for accounts receivable and contract assets	21,836	12,234	1,723
Provision for loans receivable	158,576	229,137	32,273
Provision for contingent guarantee liabilities	(14,000)	67,520	9,510
Change in fair value of financial guarantee derivative	(137,654)	(24,966)	(3,516)
Fair value adjustments related to Consolidated Trusts	6,168	531	75
(Reversal of) provision for credit losses for deposits and other financial assets	531	(588)	(83)
Total operating costs and expenses	2,349,171	3,352,767	472,227
Income from operations	1,213,779	1,462,117	205,935
Interest income (expenses), net	3,756	(20,365)	(2,868)
Foreign exchange gain (loss)	(19,963)	(4,023)	(567)
Income (loss) from financial investments	20,900	(12,225)	(1,722)
Impairment losses on financial investments	(8,875)	-	-
Impairment losses on long-term investments	(26,866)	(46,771)	(6,588)
Other income, net	40,724	24,351	3,430
Income before income taxes and gain (loss) from equity in affiliates	1,223,455	1,403,084	197,620
Income tax expense	(389,358)	(249,438)	(35,133)
Gain (loss) from equity in affiliates, net of tax	(22,102)	33,148	4,669
Net income	811,995	1,186,794	167,156
Net income attributable to X Financial shareholders	811,995	1,186,794	167,156

Reconciliations of GAAP and Non-GAAP Results

	3Q 2023	3Q 2024	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Reconciliation of Adjusted Net Income from Net Income			
GAAP net income	347,190	375,840	53,557
Less: Income (loss) from financial investments (net of tax of nil)	(16,490)	(47,635)	(6,788)
Less: Impairment losses on financial investments (net of tax of nil)	-	-	-
Less: Impairment losses on long-term investments (net of tax)	-	-	-
Add: Share-based compensation expenses (net of tax of nil)	10,827	10,150	1,446
Non-GAAP adjusted net income	374,507	433,625	61,791

	2022	2023	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Reconciliation of Adjusted Net Income from Net Income			
GAAP net income	811,995	1,186,794	167,156
Less: Income (loss) from financial investments (net of tax of nil)	20,900	(12,225)	(1,722)
Less: Impairment losses on financial investments (net of tax of nil)	(8,875)	-	-
Less: Impairment losses on long-term investments (net of tax)	(20,150)	(35,079)	(4,941)
Add: Share-based compensation expenses (net of tax of nil)	53,538	42,598	6,000
Non-GAAP adjusted net income	873,658	1,276,696	179,819

THANK YOU