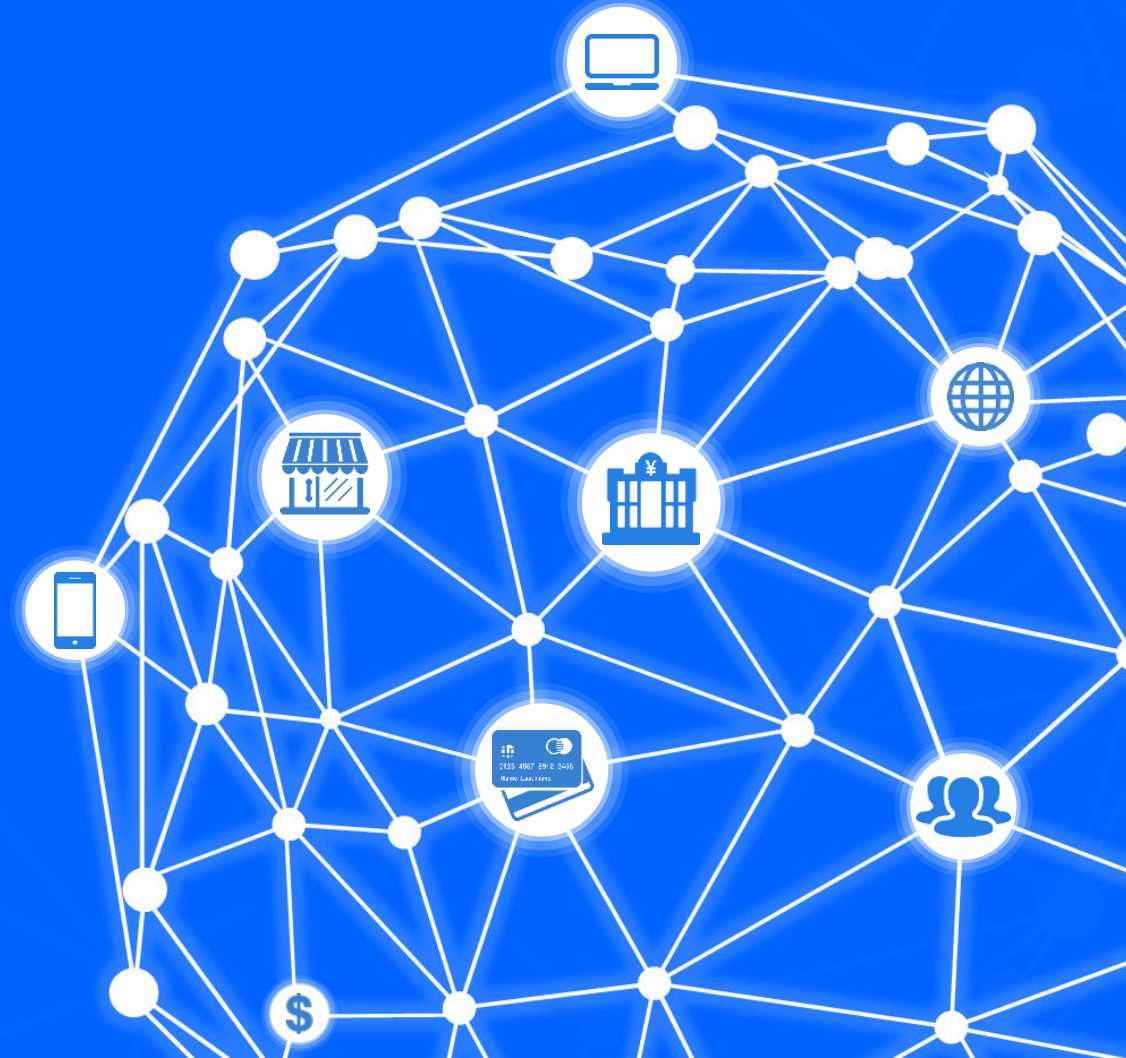


X Financial (NYSE: XYF)

2021 Q4 Earnings Results Presentation

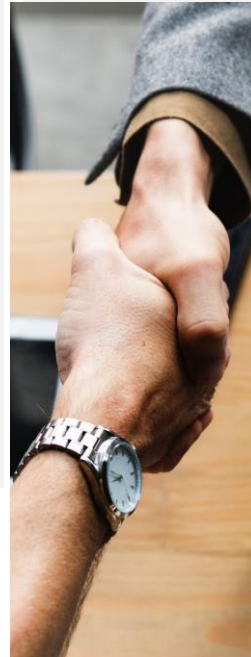
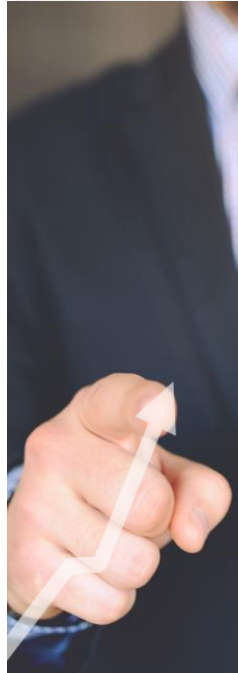


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X Financial at a Glance

A leading technology-driven personal finance company in China



In the fourth quarter of 2021:

13,084 mn (RMB)

Total Loan Facilitation Amount

As of December 31, 2021:

24,912 mn (RMB)

Loan Balance

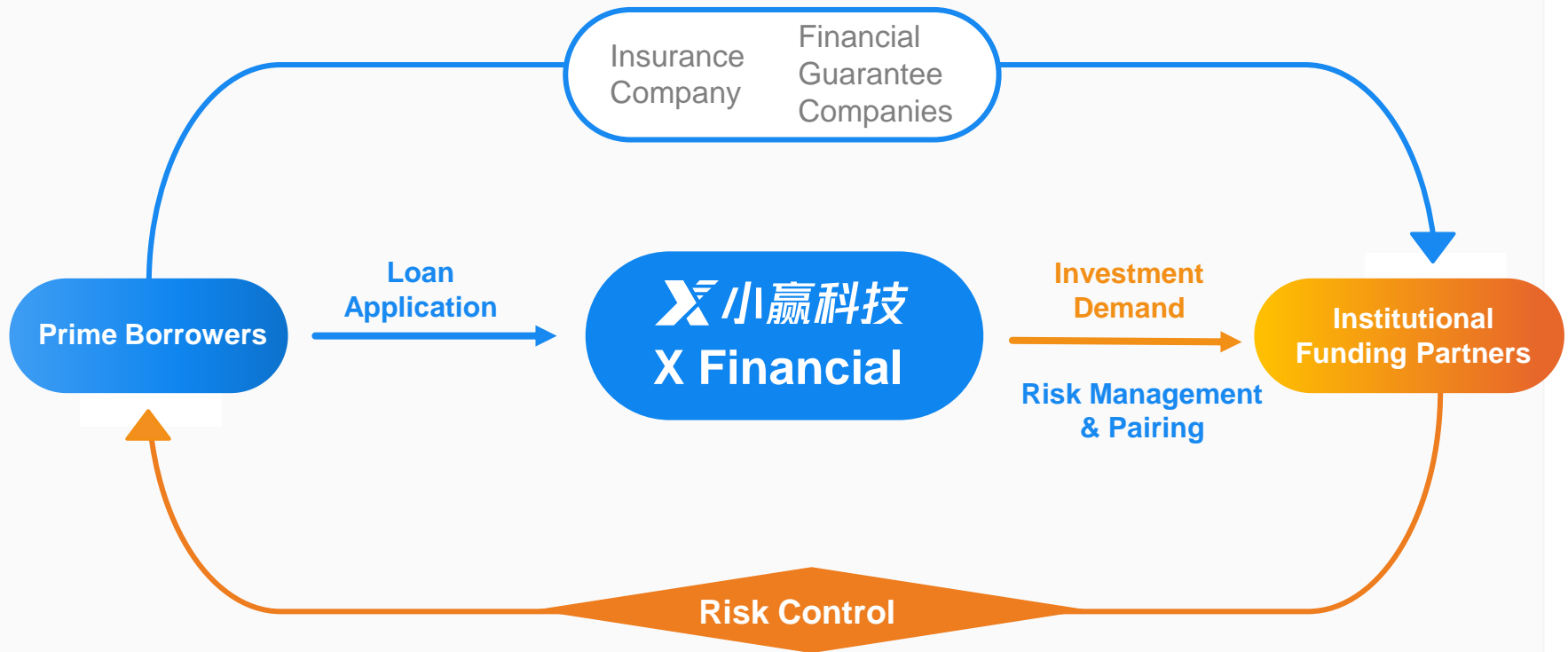
8.2 mn

Cumulative Borrowers

67.0 mn

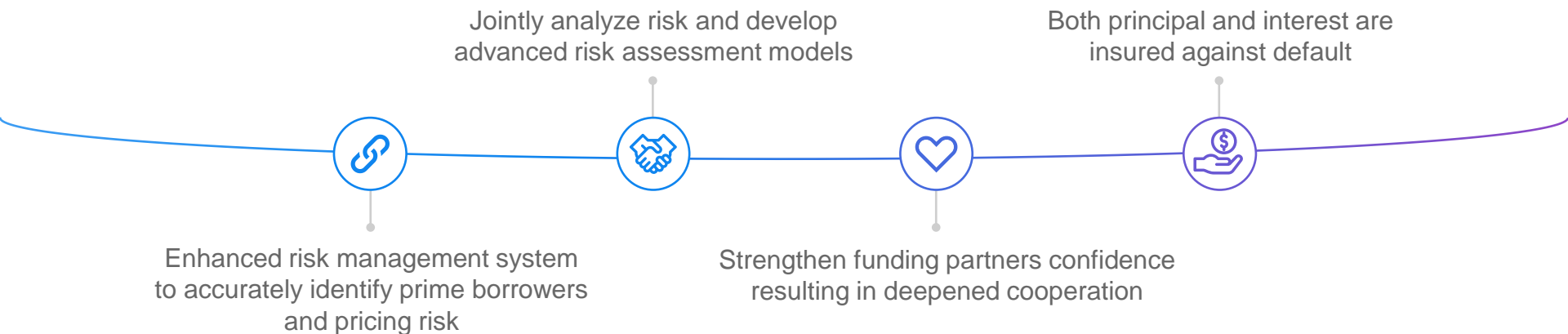
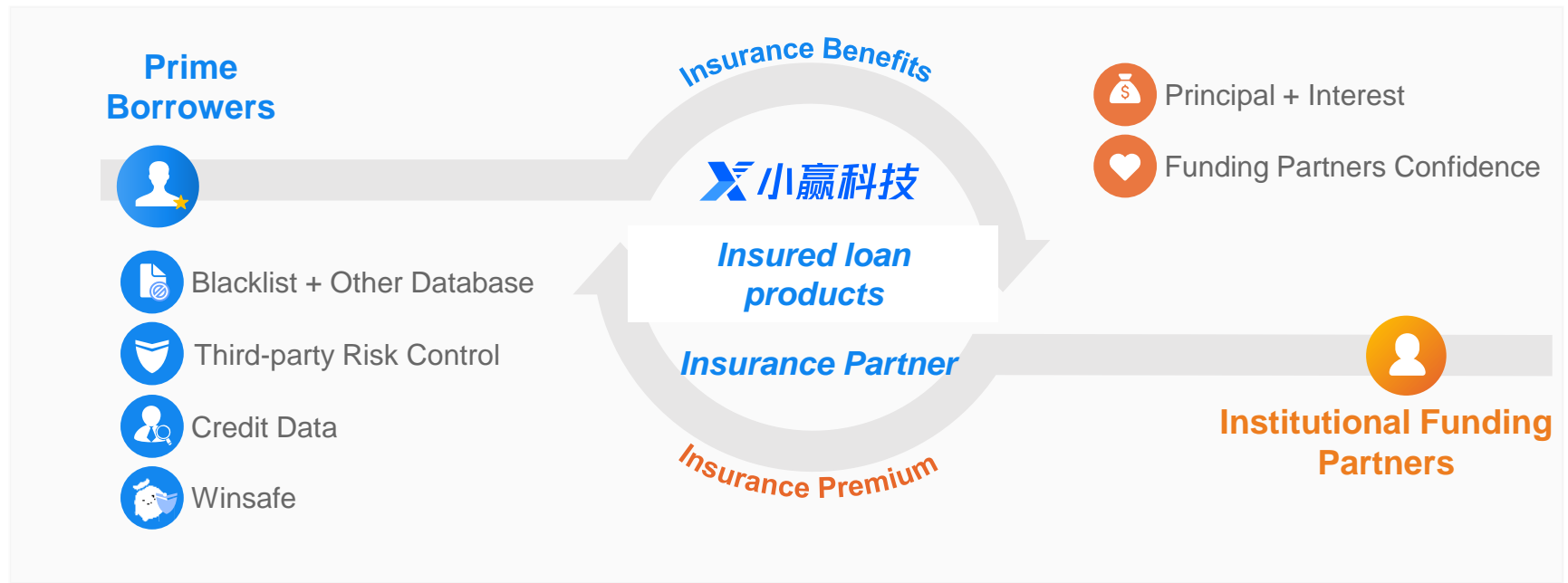
Registered Users

Our Business



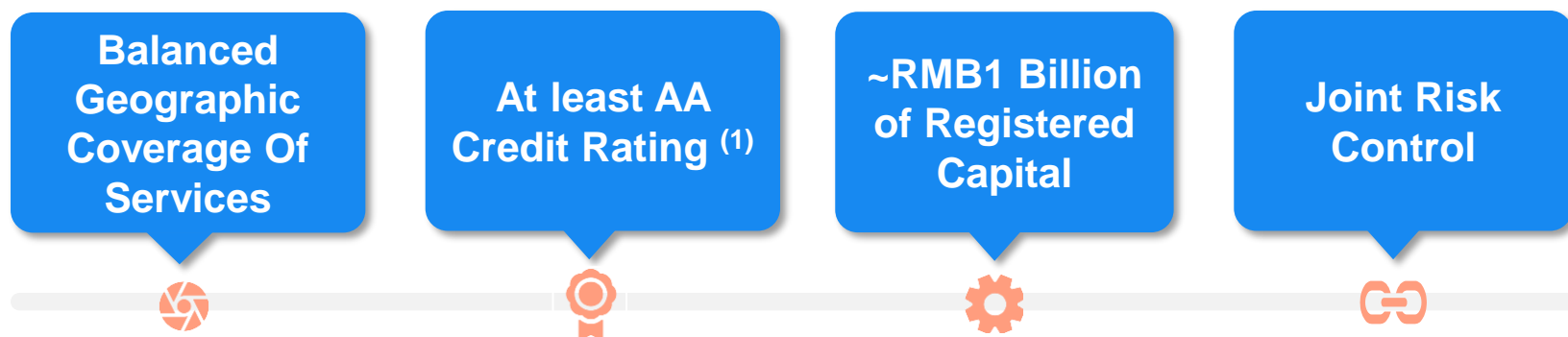
Loan Facilitation Based on 100% Institutional Funding

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.



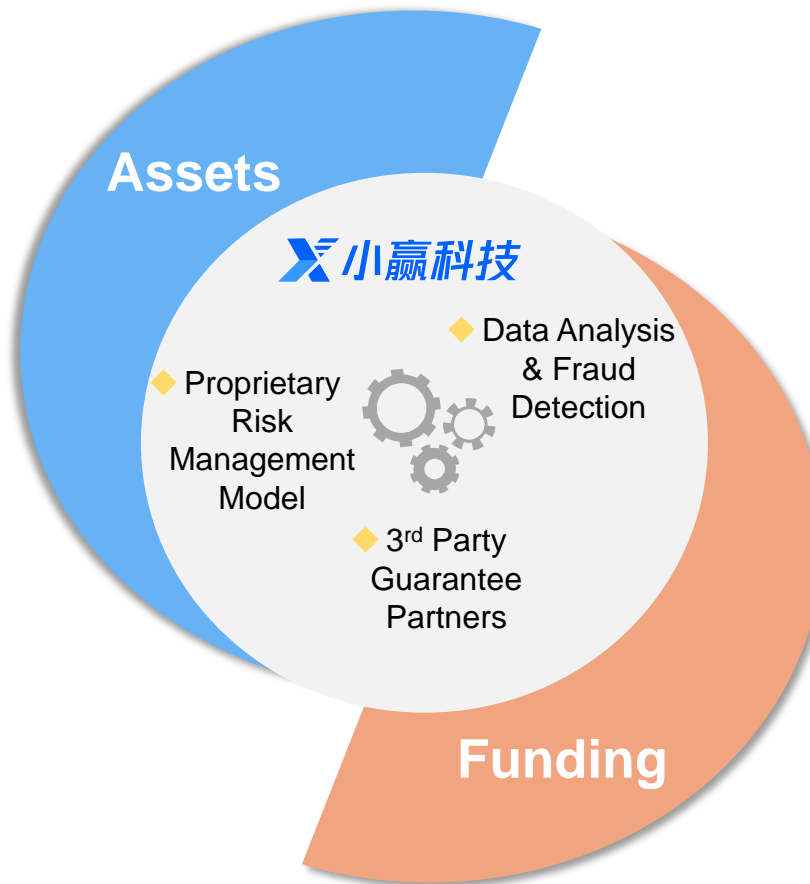
Strong Capabilities of the Financial Guarantee Companies

(1) 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. and Shenzhen Lianhe Credit Information Service Co., Ltd.

Technology-driven Approach to Servicing Borrowers and Funding Partners

Borrowers

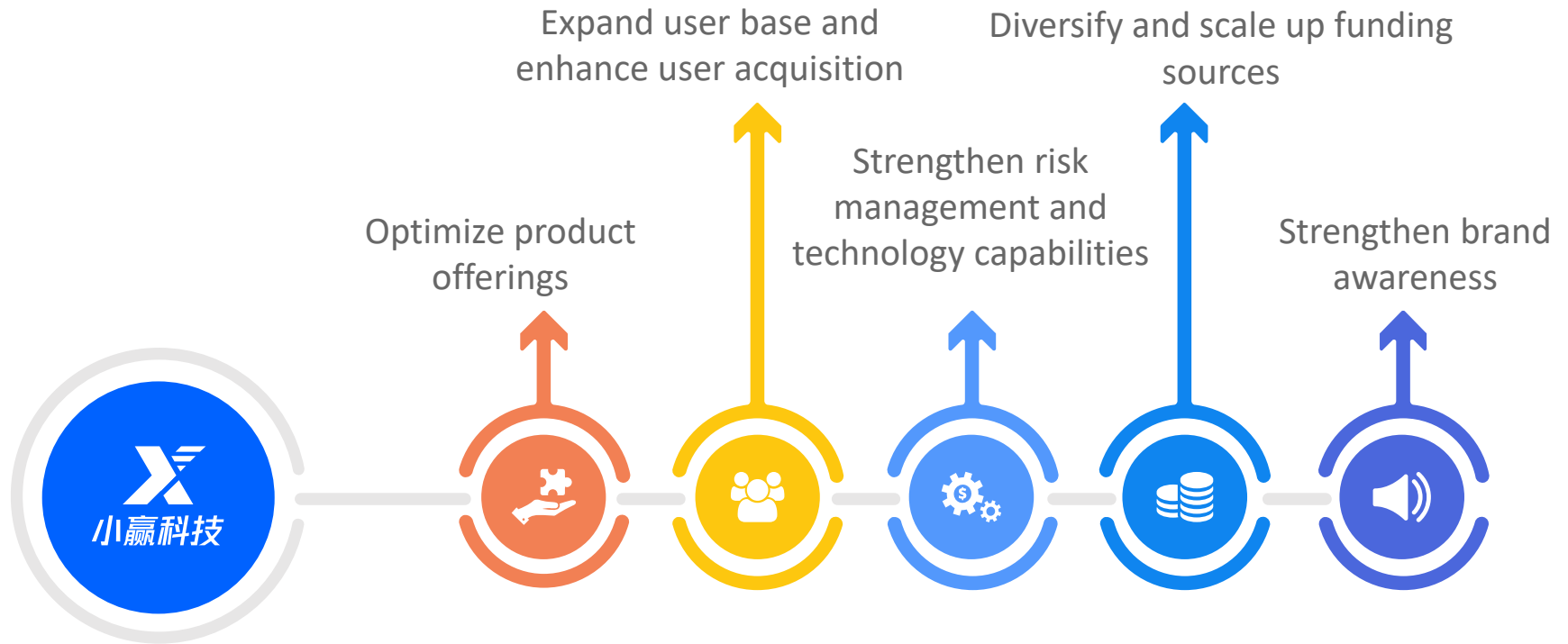
- Customer Profiles
- Lines of Credit
- Borrowing Costs
- Tenure



Funding Partners

- Risk Assessment
- Credit Limit
- Regulation Requirement

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



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



RMB2,000 – 50,000

Flexible Tenor Meeting Borrowers' Liquidity Needs



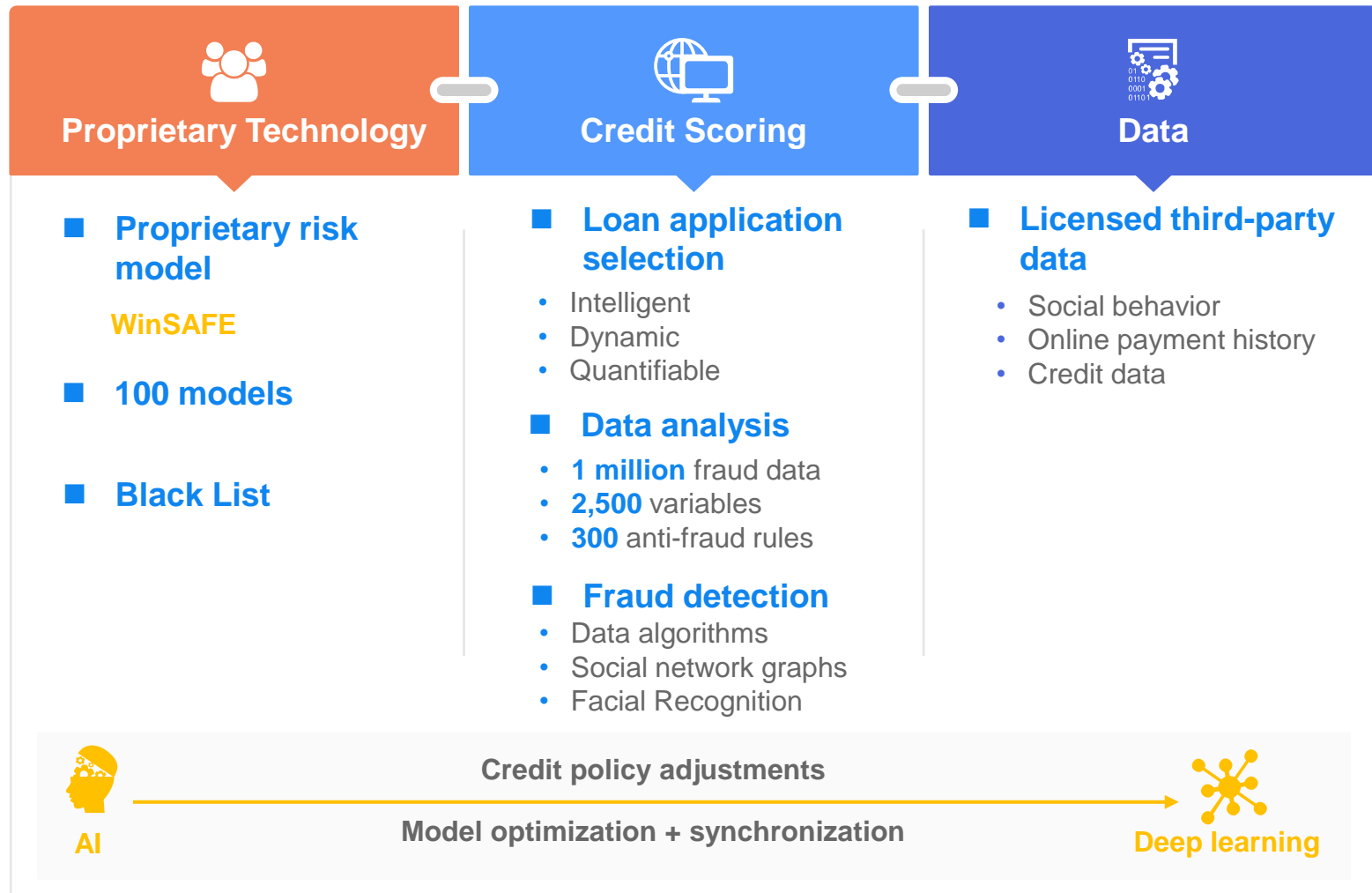
3, 6, 9, 12 months

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



Shaoyong (Simon) Cheng

Vice Chairman

20+ years of experience in risk management in Capital One, HSBC, Bank of Communications, and other FIs across China and US.



Kan (Kent) Li

President

15+ years of work experience in the financial sector

Served as Chief Risk Officer

Former manager at Capital One



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

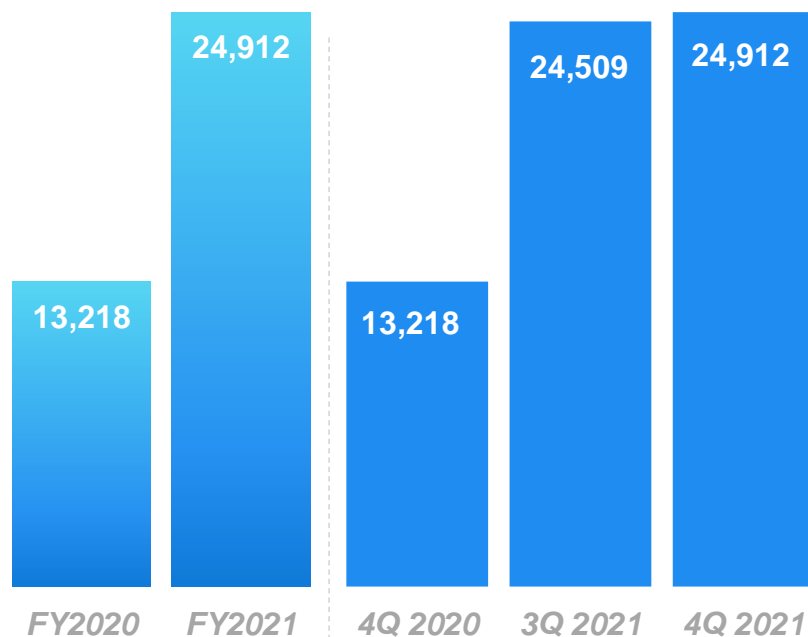


Founded by a seasoned entrepreneur with proven track record and backed by a strong team of financial and technology talent

Performance of Loan Balance and Loan Facilitation

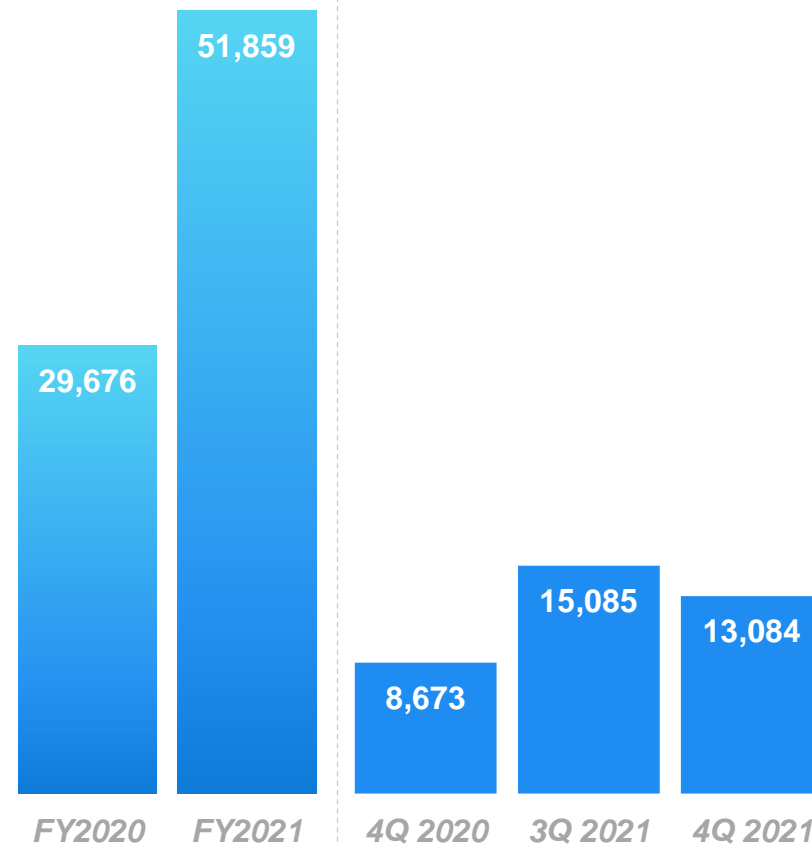
_ Total Outstanding Loan Balance ⁽¹⁾

(RMBmn)



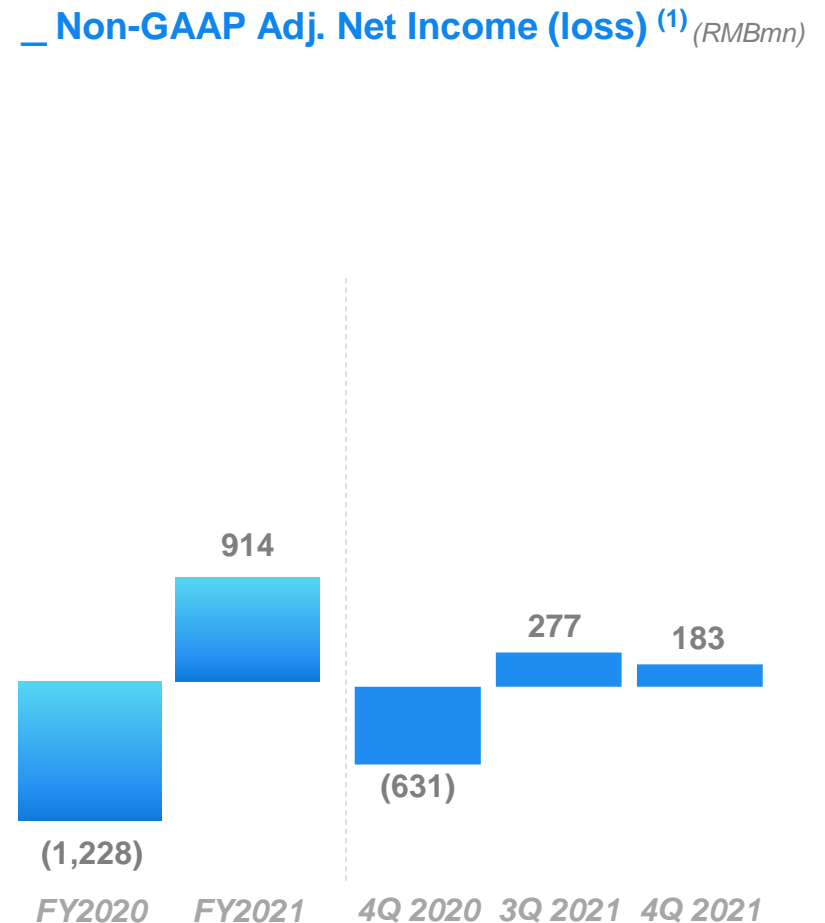
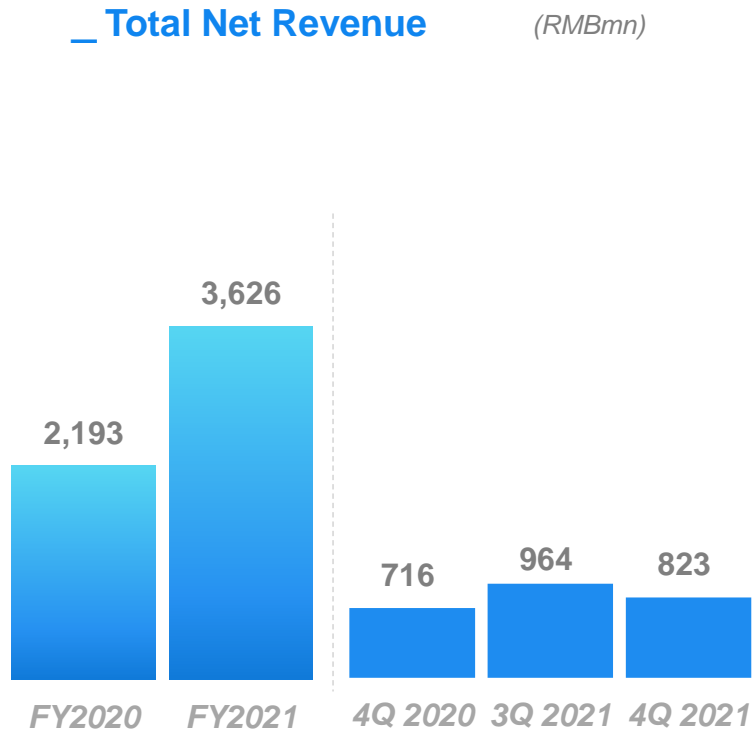
_ Total Loan Facilitation Amount

(RMBmn)



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

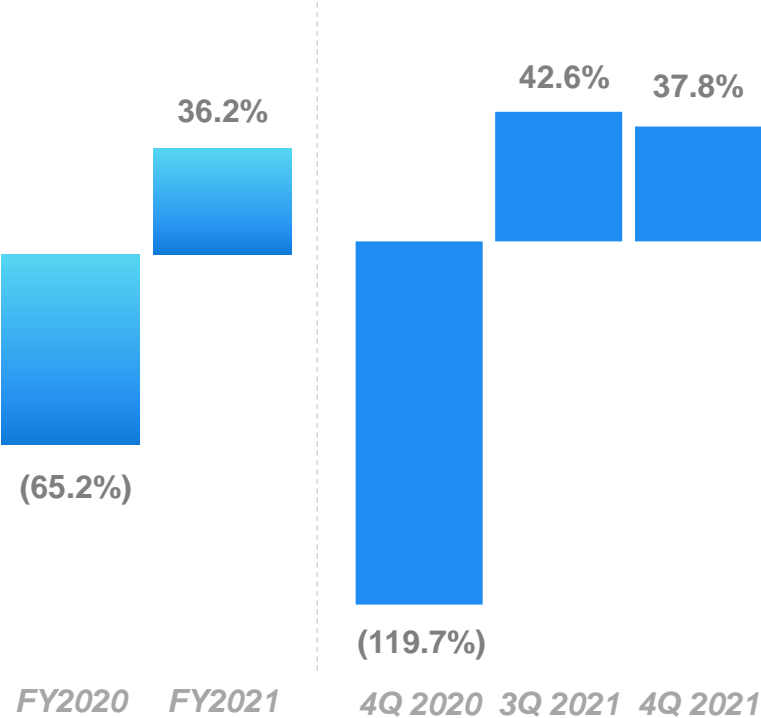
Revenue and Non-GAAP Adj. Net Income Growth



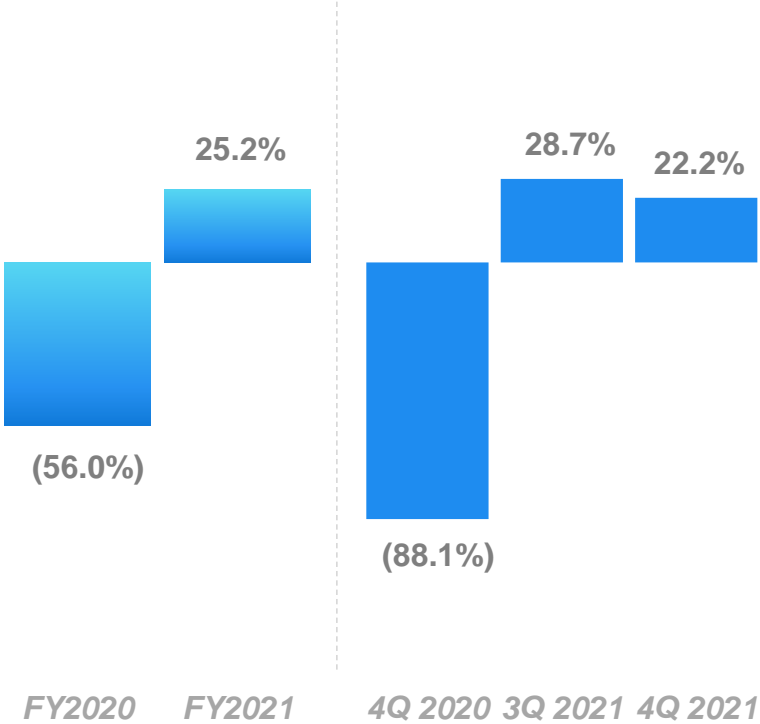
(1) Represents net (loss) / income attributable to X Financial shareholders before share-based compensation expenses and income (loss) from financial investments

Operational Efficiency

_ Operating Margin

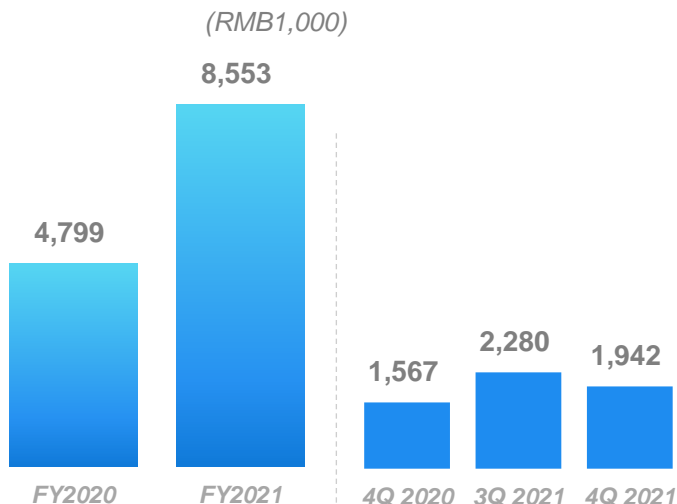


_ Non-GAAP Adj. Net Income Margin

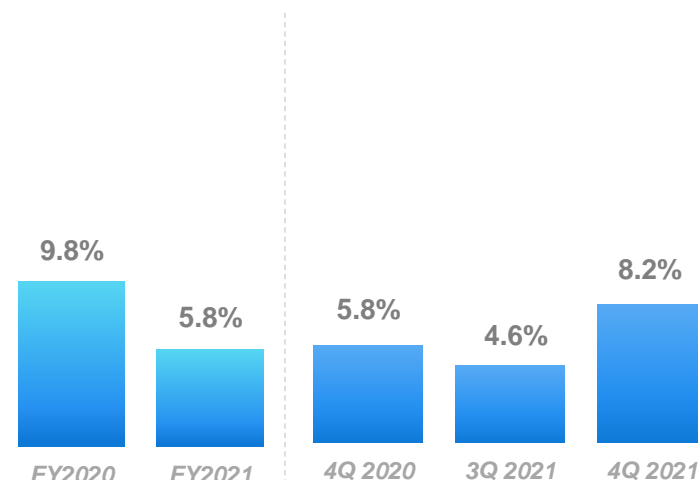


Net Revenue Per Employee and Operating Expense

_ Net Revenue Per Employee



_ Operating Expense % Net Revenue ⁽¹⁾



- **Improved revenue per employee on a yearly basis**

Enhance risk management capabilities

- **Continue to improve operational efficiency**

Diversified service offerings with a more balanced quality growth

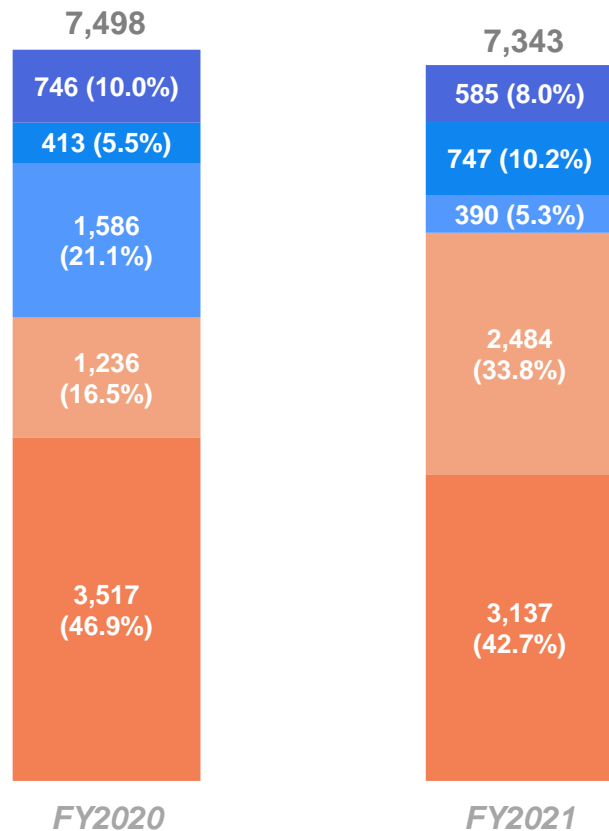
Enhance profitability, boost operational efficiency and reduce costs

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

Outstanding Return on Equity Performance

— Total Assets

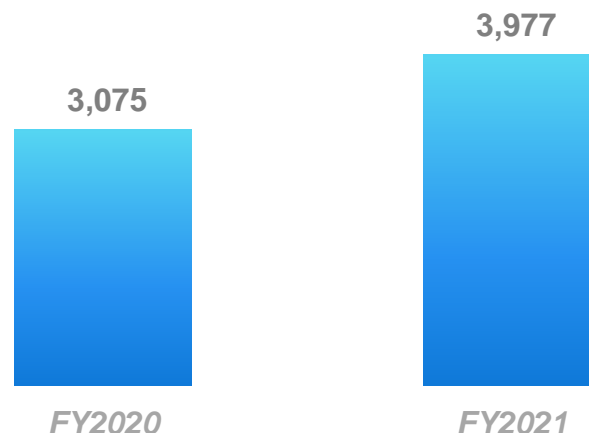
(RMBmn)



- Cash & Cash Equivalents
- Accounts Receivable & Contract Assets
- Loans at Fair Value
- Loans receivable from Xiaoying Credit Loans & Revolving 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 12/31/2020 <i>(in RMB1,000)</i>	As of 12/31/2021 <i>(in RMB1,000)</i> <i>(in USD1,000)</i>	
Cash and cash equivalents	746,388	584,762	91,762
Accounts receivable and contract assets, net	413,307	747,480	117,296
Loans receivable from Xiaoying Credit Loans and Revolving Loans, net	1,236,026	2,484,073	389,805
Loans at fair value	1,585,732	389,679	61,149
Total assets	7,498,010	7,342,737	1,152,234
Payable to investors at fair value	1,914,184	462,714	72,610
Payable to institutional funding partners	1,460,395	1,487,379	233,402
Short-term bank borrowings	350,545	166,500	26,127
Income tax payable	75,917	117,148	18,383
Total liabilities	4,421,966	3,365,841	528,173
Total X Financial shareholders' equity	3,074,756	3,976,896	624,061
Non-controlling interests	1,288	-	-
Total equity	3,076,044	3,976,896	624,061

Source: Company financial statements

Consolidated Income Statement

	4Q 2020	4Q 2021	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Net revenues			
Loan facilitation service—Direct Model	472,566	487,774	76,542
Loan facilitation service—Intermediary Model	183	-	-
Post-origination service	41,390	94,767	14,871
Financing income	171,692	219,094	34,381
Other revenue	30,466	21,763	3,415
Total net revenue	716,297	823,398	129,209
Operating costs and expenses			
Origination and servicing	550,726	385,797	60,540
General and administrative	36,380	62,208	9,762
Sales and marketing	4,858	5,318	835
(Reversal of) provision for accounts receivable and contract assets	(13,236)	19,529	3,065
Provision for loans receivable	33,703	40,322	6,327
Reversal of provision for contingent guarantee liabilities	(1,271)	-	-
(Reversal of) provision for credit losses on deposits to institutional cooperators	970,318	(509)	(80)
Reversal of provision for credit losses for other financial assets	(7,854)	(841)	(132)
Total operating costs and expenses	1,573,624	511,824	80,317
Income (loss) from operations	(857,327)	311,574	48,892
Interest income (expense), net	5,735	3,720	584
Foreign exchange gain	6,488	3,907	613
Fair value adjustments related to Consolidated Trusts	(13,965)	(7,158)	(1,123)
Change in fair value of financial guarantee derivative	(20,049)	(26,681)	(4,187)
Other income (loss), net	1,920	15,761	2,473
Income (loss) before income taxes and loss from equity in affiliates	(877,198)	301,123	47,252
Income tax benefit (expense)	226,968	(154,169)	(24,192)
Loss from equity in affiliates, net of tax	(5,242)	(1,433)	(225)
Net income (loss)	(655,472)	145,521	22,835
Net income (loss) attributable to X Financial shareholders	(655,472)	145,521	22,835

Consolidated Income Statement (Cont')

	2020	2021	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Net revenues			
Loan facilitation service—Direct Model	1,266,533	2,545,432	399,434
Loan facilitation service—Intermediary Model	41,373	161	25
Post-origination service	203,842	315,590	49,523
Financing income	612,863	671,901	105,436
Other revenue	68,347	93,381	14,654
Total net revenue	2,192,958	3,626,465	569,072
Operating costs and expenses			
Origination and servicing	2,071,506	1,963,006	308,038
General and administrative	179,225	187,859	29,479
Sales and marketing	35,629	20,830	3,269
(Reversal of) provision for accounts receivable and contract assets	121,485	77,248	12,122
Provision for loans receivable	245,204	76,017	11,929
Reversal of provision for contingent guarantee liabilities	881	(24)	(4)
(Reversal of) provision for credit losses on deposits to institutional cooperators	970,318	(8,291)	(1,301)
Reversal of provision for credit losses for other financial assets	(975)	(1,223)	(192)
Total operating costs and expenses	3,623,273	2,315,422	363,340
Income (loss) from operations	(1,430,315)	1,311,043	205,732
Interest income (expense), net	21,724	19,709	3,093
Foreign exchange gain	15,399	5,147	808
Fair value adjustments related to Consolidated Trusts	(57,380)	(7,267)	(1,140)
Change in fair value of financial guarantee derivative	(163,670)	(170,339)	(26,730)
Other income (loss), net	12,709	32,506	5,101
Income (loss) before income taxes and loss from equity in affiliates	(1,601,533)	1,190,799	186,864
Income tax benefit (expense)	299,878	(368,734)	(57,862)
Loss from equity in affiliates, net of tax	(6,806)	3,342	524
Net income (loss)	(1,308,461)	825,407	129,526
Less: net income (loss) attributable to non-controlling interests	41	-	-
Net income (loss) attributable to X Financial shareholders	(1,308,502)	825,407	129,526

Reconciliations of GAAP and Non-GAAP Results

	4Q 2020	4Q 2021	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Reconciliation of Adjusted Net Income (Loss) from Net Income (Loss)			
Net income (loss) attributable to X Financial shareholders	(655,472)	145,521	22,835
Add: Share-based compensation expenses (net of tax of nil)	24,692	37,429	5,873
Adjusted net income (loss) (Non-GAAP) attributable to X Financial shareholders	(630,780)	182,950	28,708

	2020	2021	
	(in RMB1,000)	(in RMB1,000)	(in USD1,000)
Reconciliation of Adjusted Net Income (Loss) from Net Income (Loss)			
Net income (loss) attributable to X Financial shareholders	(1,308,502)	825,407	129,526
Add: Share-based compensation expenses (net of tax of nil)	80,140	88,435	13,877
Adjusted net income (loss) (Non-GAAP) attributable to X Financial shareholders	(1,228,362)	913,842	143,403