

# Q2 2020 Investor Presentation

August 2020



# Safe Harbor Statement

This material contains forward-looking statements. These statements constitute “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “target,” “confident” and similar statements.

Such statements are based upon management’s current expectations and current market and operating conditions, and relate to events that involve known or unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond Yirendai’s control. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those contained in any such statements.

Potential risks and uncertainties include, but are not limited to, uncertainties as to Yiren Digital’s ability to attract and retain borrowers and investors on its marketplace, its ability to introduce new loan products and platform enhancements, its ability to compete effectively, PRC regulations and policies relating to the peer-to-peer lending service industry in China, general economic conditions in China, and Yiren Digital’s ability to meet the standards necessary to maintain listing of its ADSs on the NYSE or other stock exchange, including its ability to cure any non-compliance with the NYSE’s continued listing criteria.

Further information regarding these and other risks, uncertainties or factors is included in Yiren Digital’s filings with the U.S. Securities and Exchange Commission. All information provided in this material is as of the date of this material, and Yiren Digital does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under applicable law.

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**Yiren Digital Overview**

2

**Business Highlights**

3

**Key Financial Highlights**

## Leading Digital Financial Services Platform



Leading digital financial services platform in China



Yiren Credit – Full spectrum of credit products with online/offline customer services channels



Yiren Wealth – One stop asset allocation-based online wealth management service for Mass Affluent Investors








Strong synergies between credit & wealth business to drive next phase growth



Strong management team with deep experiences

# Yiren Digital: Differentiated Business Model



Positioning	 <p>Digital Personal Financial Service</p>
Business Model	 <p>Consumer Credit and Wealth Management</p>
Monetization	 <p>Loan &amp; AUM Based Recurring Service Fee</p>
Customer Value	 <p>Long Term Value</p>
Capital	 <p>Light</p>

# Yiren Digital At A Glance, Q2 2020



## Leading Digital Wealth Management Platform



AUA  
Q2 2020  
~RMB 28Bn



No. of Current Investors  
Q2 2020  
~195K  
~32K (non-P2P)



AUA Non P2P Investments  
~RMB 2.5Bn (+48%Q/Q)



Accumulatively Served Investors  
As of Q2 2020  
~ 2.2 Mn



## Leading Consumer Creditech Player



Loan Balance  
Q2 2020  
~RMB 33Bn



No. of New Borrowers  
Q2 2020  
~108K



Customer Service  
Online & Offline



Accumulatively Served Borrowers  
As of Q2 2020  
~ 4.9 Mn

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# Business Highlights



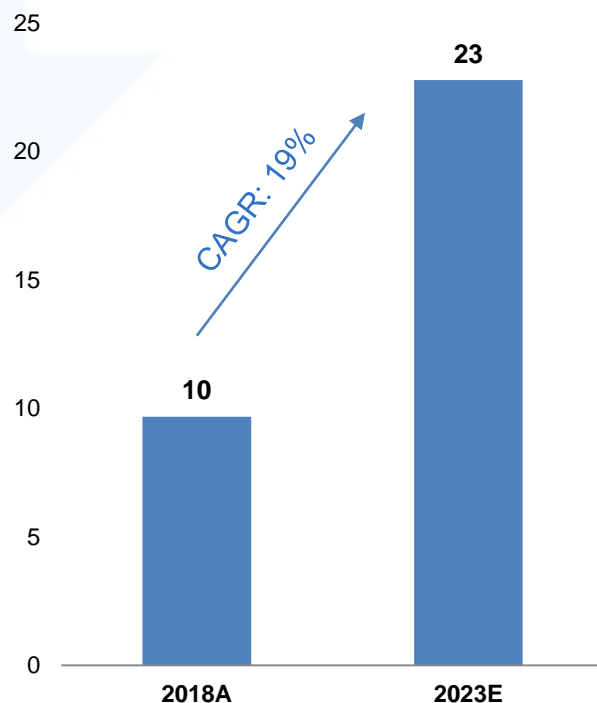


# Leading Digital Personal Financial Service Platform

## Consumer Credit

### Unsecured Customer Finance Market in China

(By outstanding balance, RMB trillion)



Source: Oliver Wyman report



Prime Borrowers



Diversified Loan Products



Standard Loans



Insurance Policy Loans



Housing Provident Fund Loans



Mutual Funds /ETF



Mass Affluent Investors



Personalized Wealth Management Services



Insurance Planning

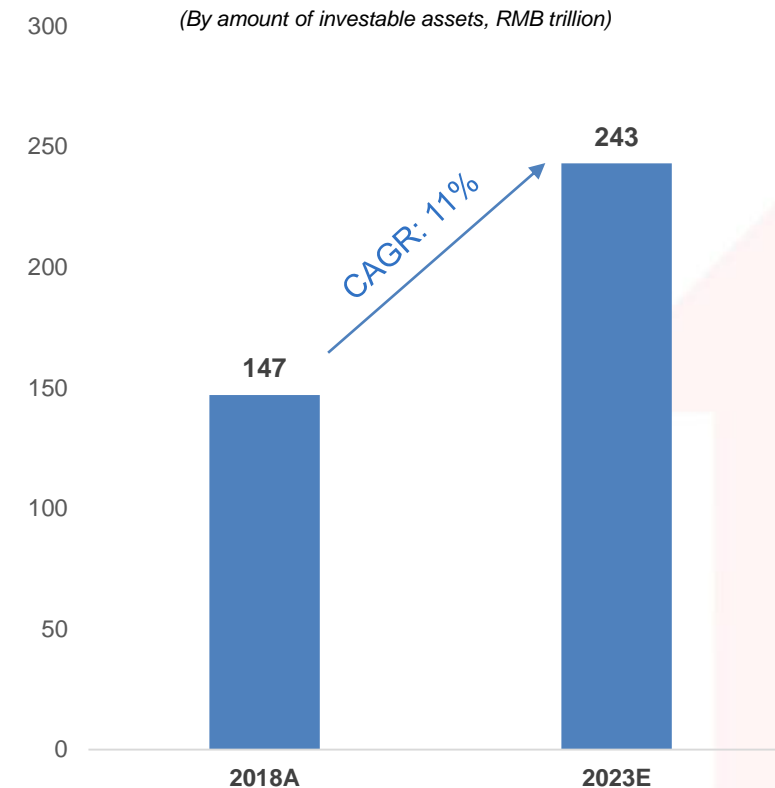


IA Assistant

## Wealth Management

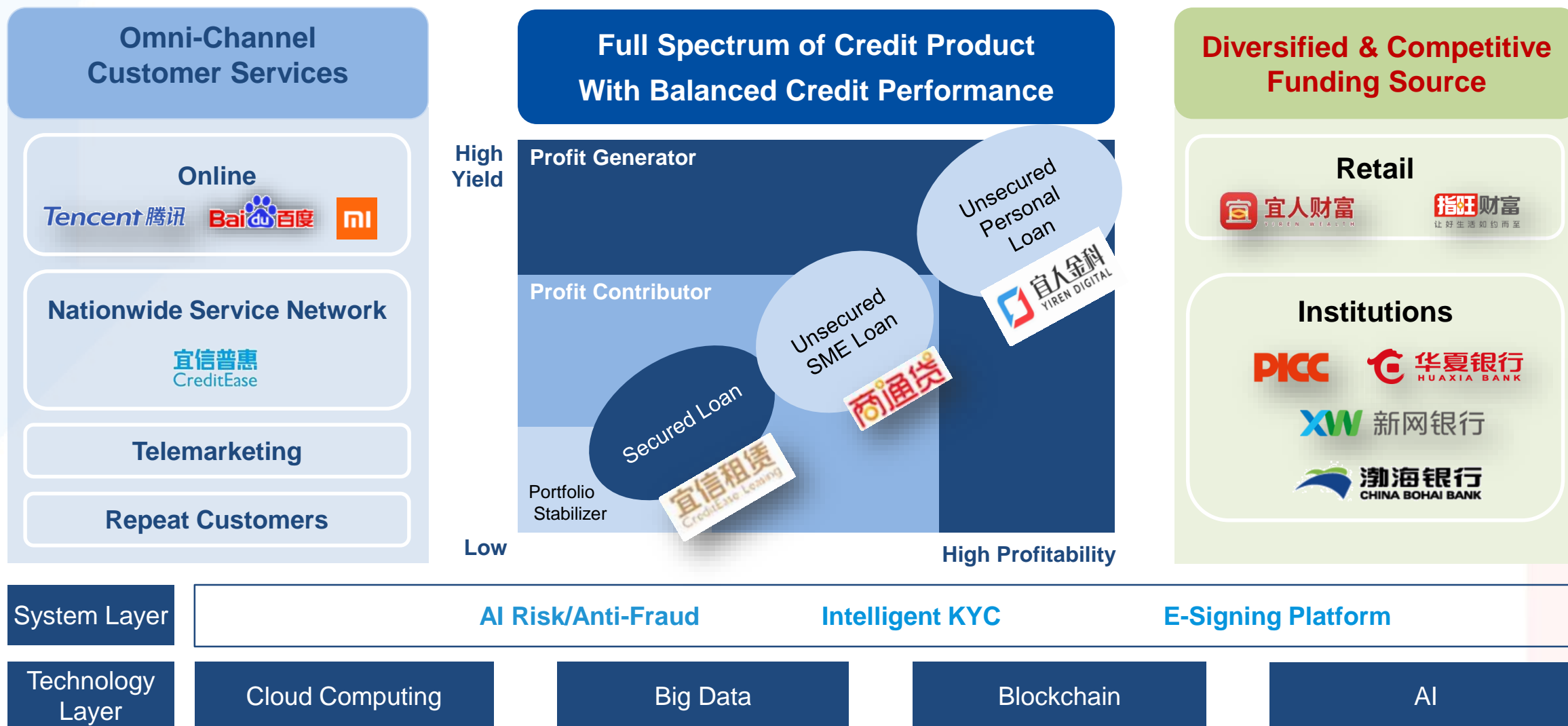
### Wealth Management Market in China

(By amount of investable assets, RMB trillion)

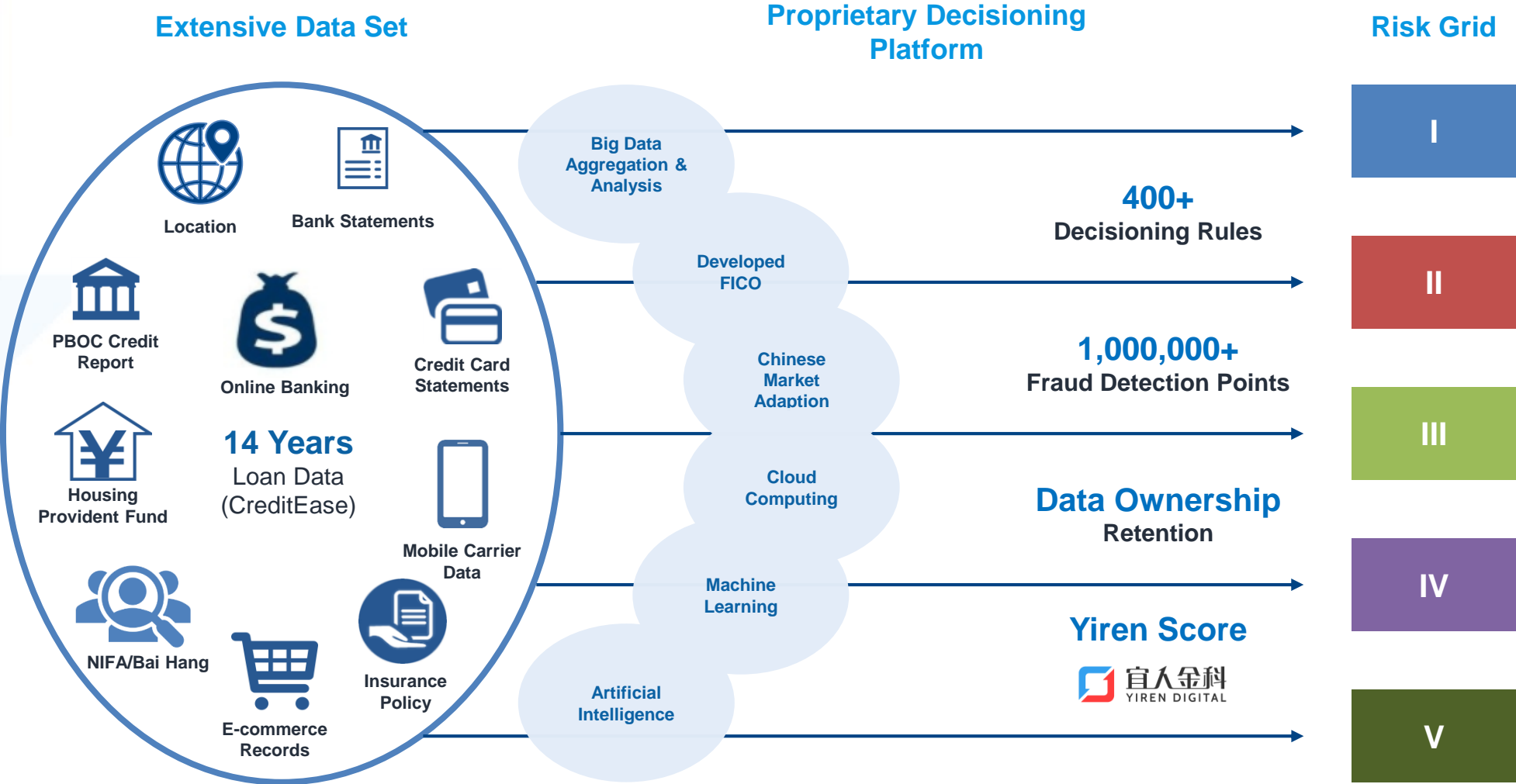


Source: BCG & China Construction Bank, 2019 China Private Bank Report

# Leading Creditech Platform



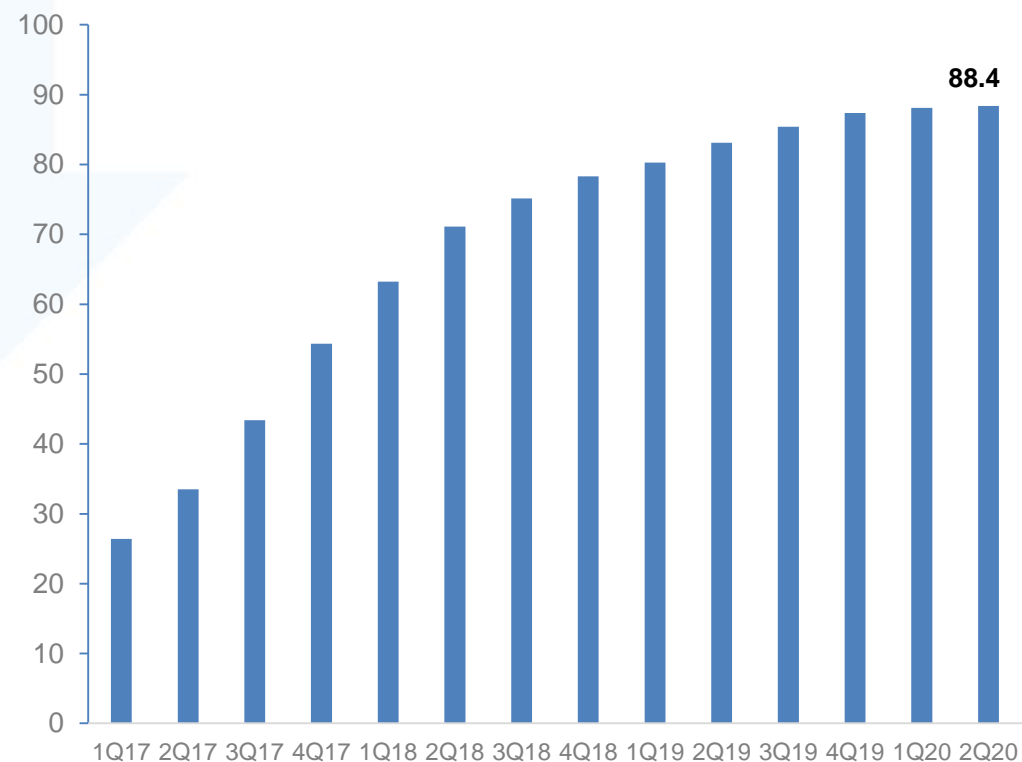
# Extensive Data Set And Credit Decisioning Capabilities



# Large and Expanding Borrowers Base

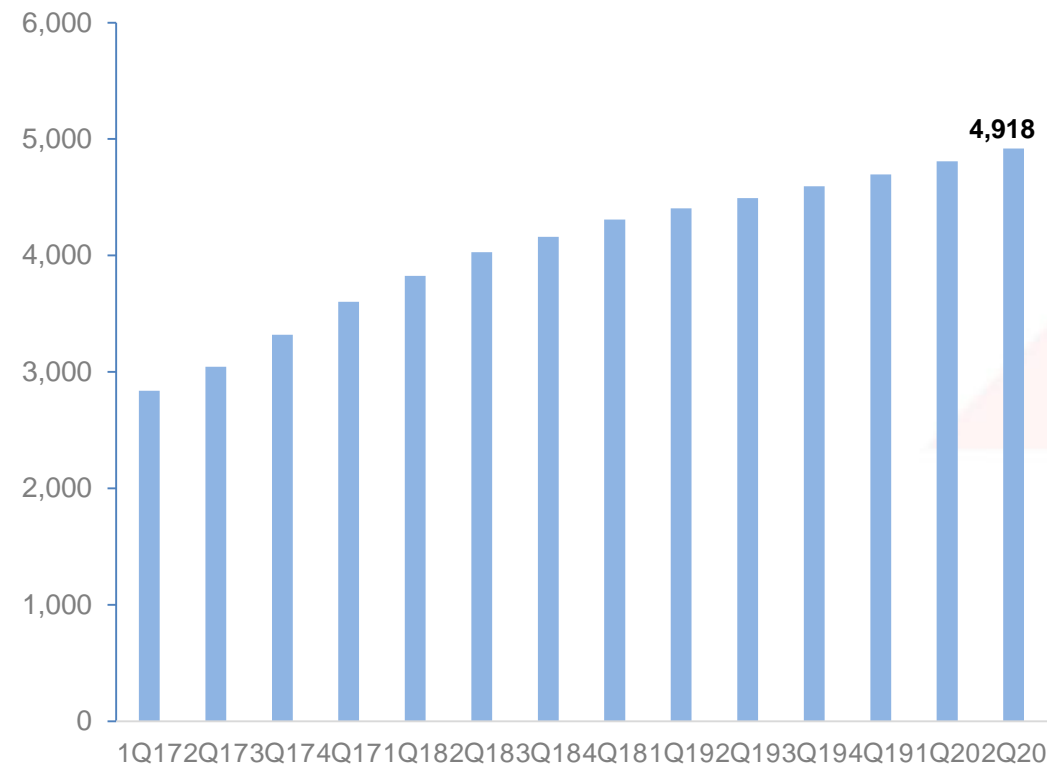
## Cumulative Registered Borrowers

(In millions)



## Cumulative Served Borrowers

(In thousands)



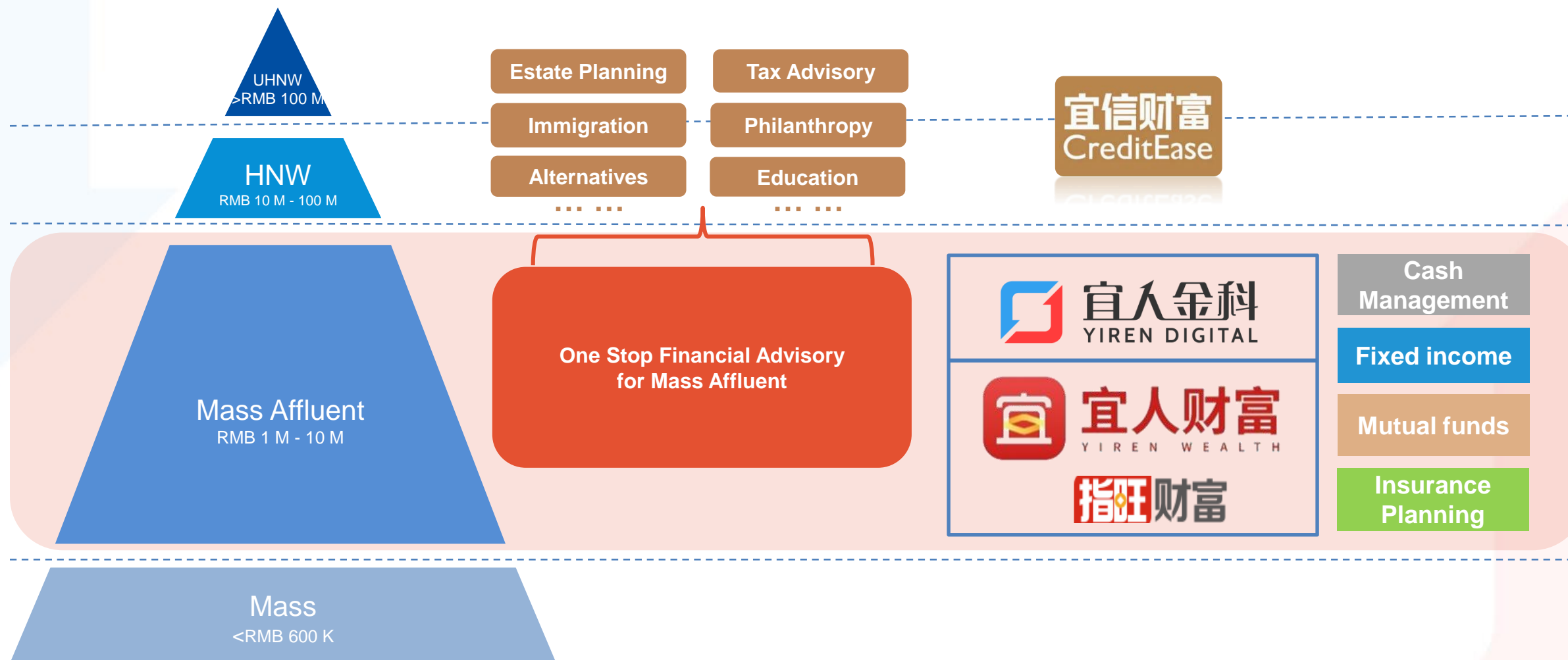
# Our Wealth Management Strategy

Total Investable Asset

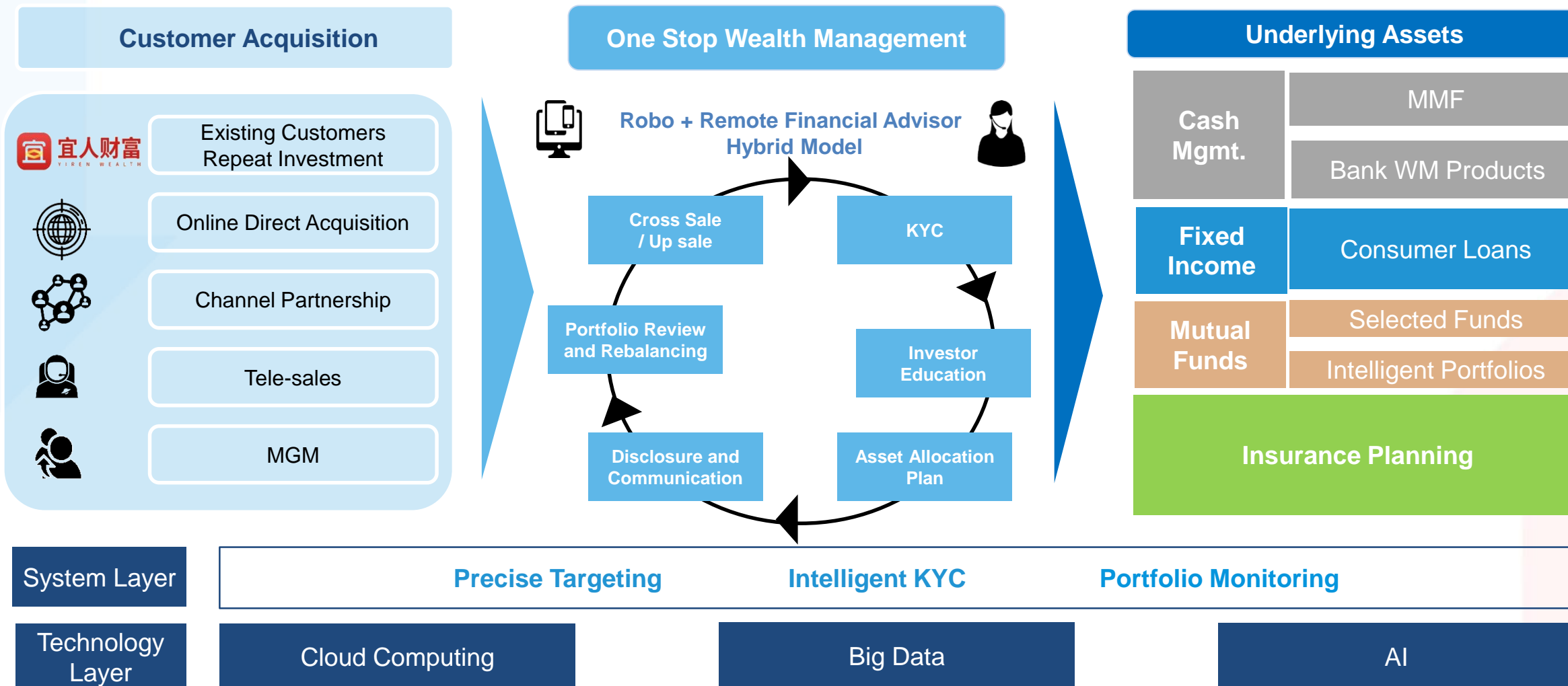
Service Needs

Disruptive Wealth Model

Assets

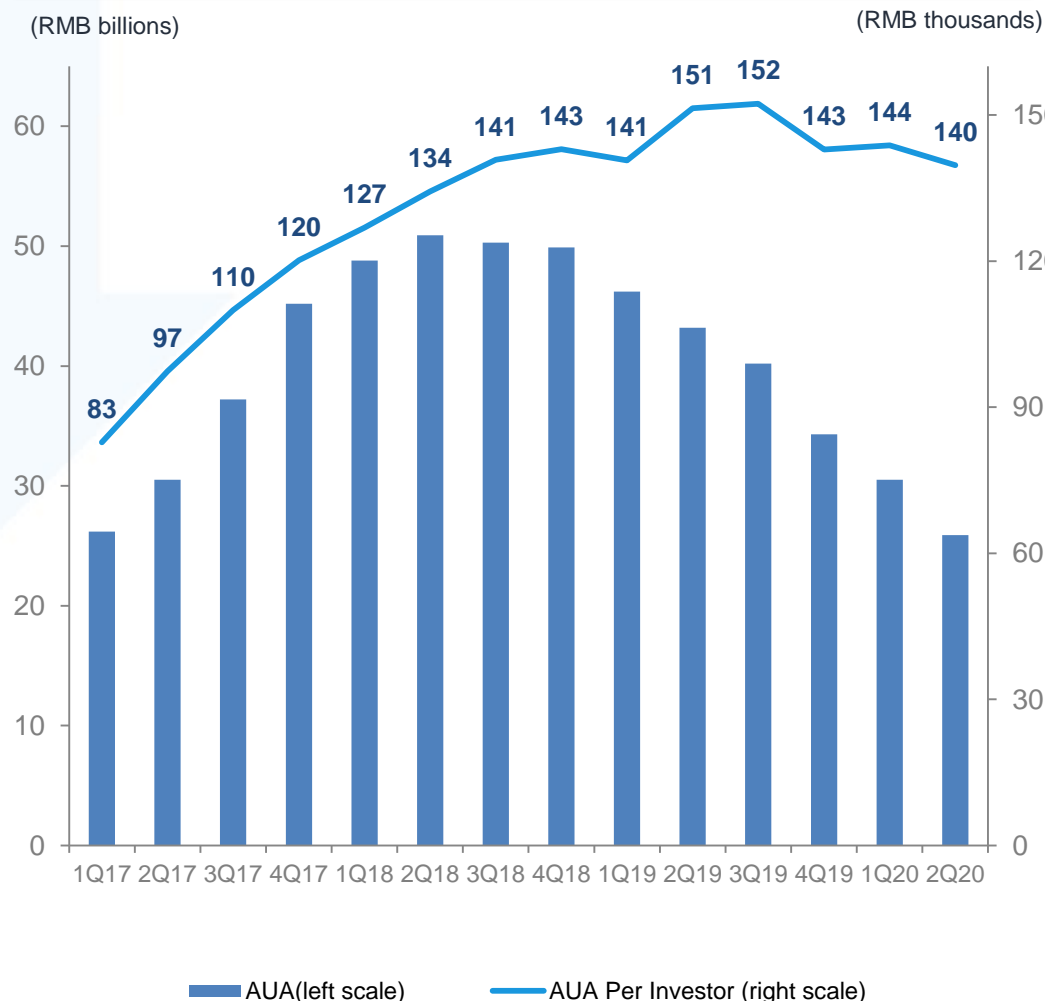


# Yiren Wealth Business



# Accumulated Large P2P Investor Base

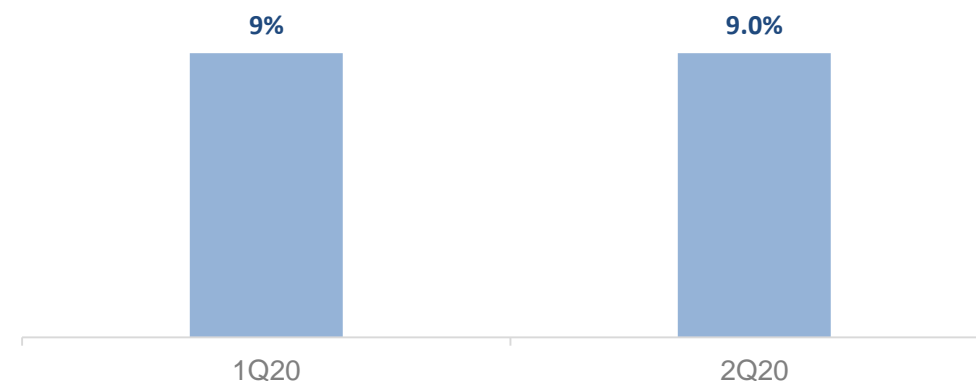
## AUA Per Investor<sup>1</sup>



## Number of Current Investors<sup>1,2</sup>



## Avg Investor Return

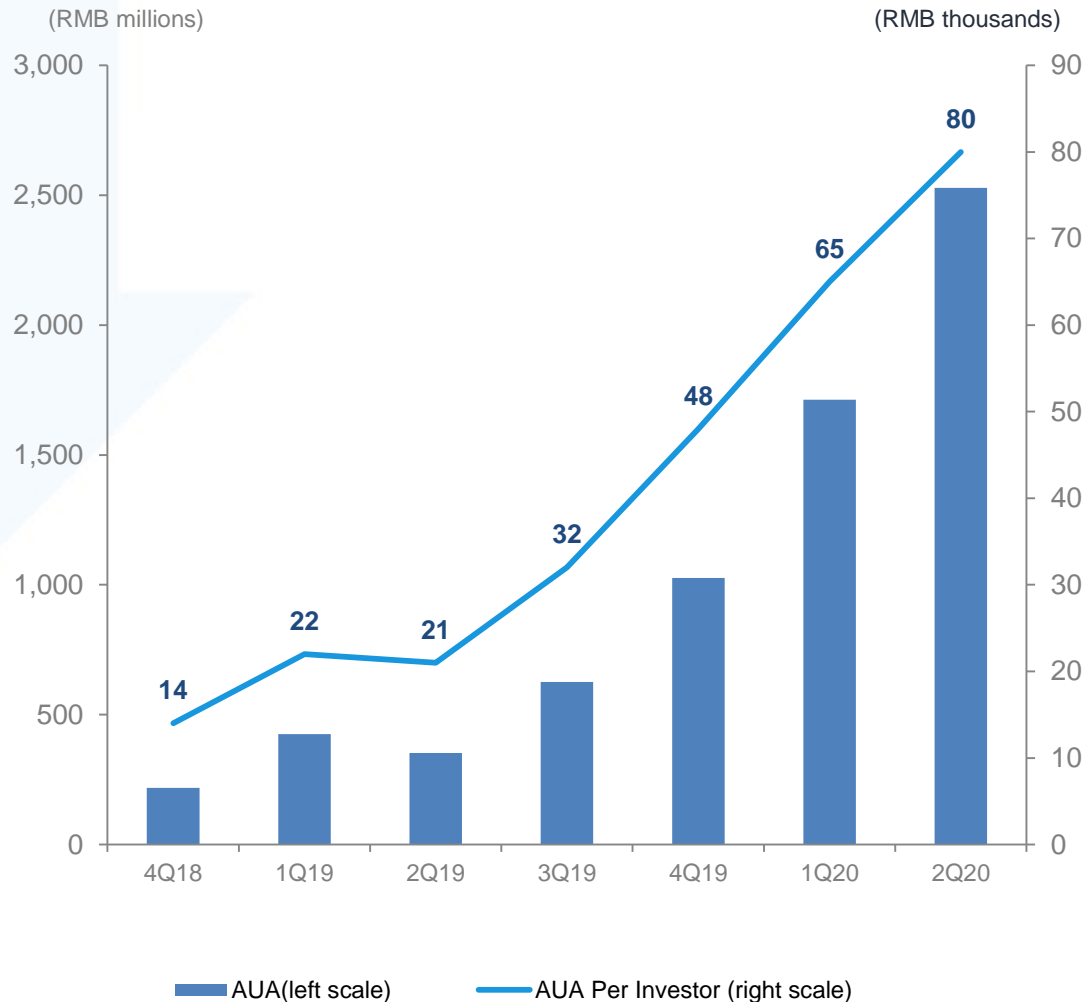


Note 1: Relates to investors whom have invested in P2P products.

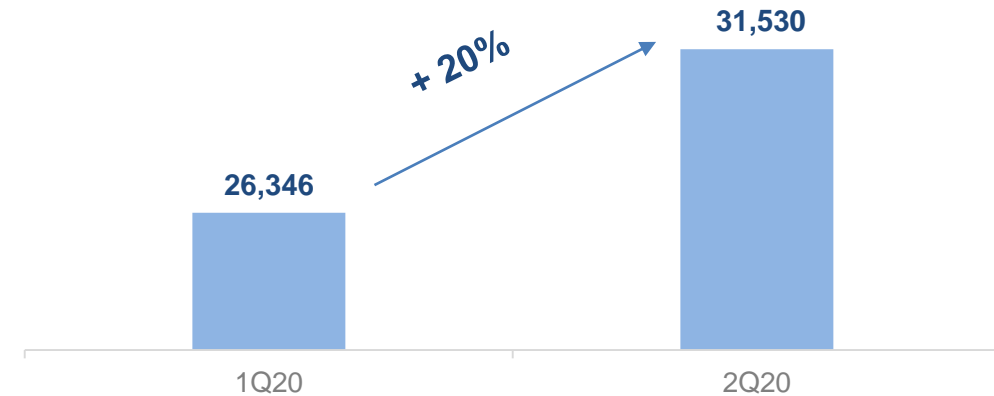
Note 2: Number of current investors represents investors who currently have an o/s investment on our platform.

# Non-P2P Wealth Management Gaining Traction

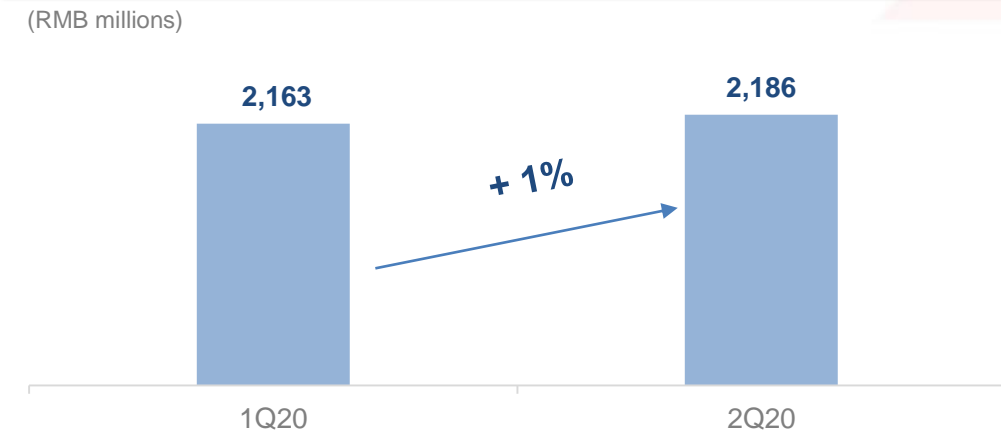
## AUA Per Investor<sup>1</sup>



## Number of Current Investors<sup>1,2</sup>



## Non-P2P GMV



Note 1: Relates to investors whom have invested in non- P2P products.

Note 2: Number of current investors represents investors who currently have an o/s investment on our platform.



# Tech Driven Approach To User Retention & Conversion

## Yiri: AI-Based Financial Assistant

Education

Financial Literacy

Investment Q&A

Products

Consumer Loans Insurance Planning Fund of Funds ...

Customer Onboarding

Intelligent KYC

Investment Strategy Recommendation Engine

Tech Layer

Yiren Financial Cloud

AI Engine

- Conversational AI Engine tailored to individual users
- Smart asset allocation on different life goals
- Effective user conversion for various products
- Thoughtful user education to retain users



# Growth Strategy



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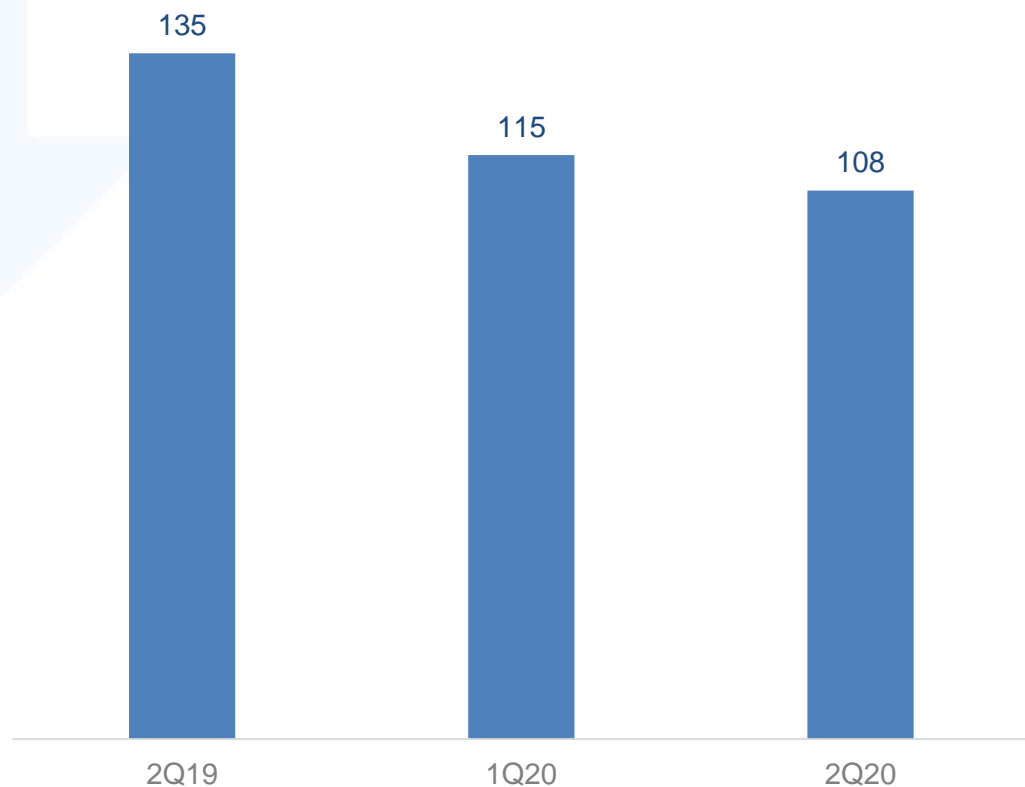
3

Key Financial Highlights

# Loan Volume Driven by Our Borrowers

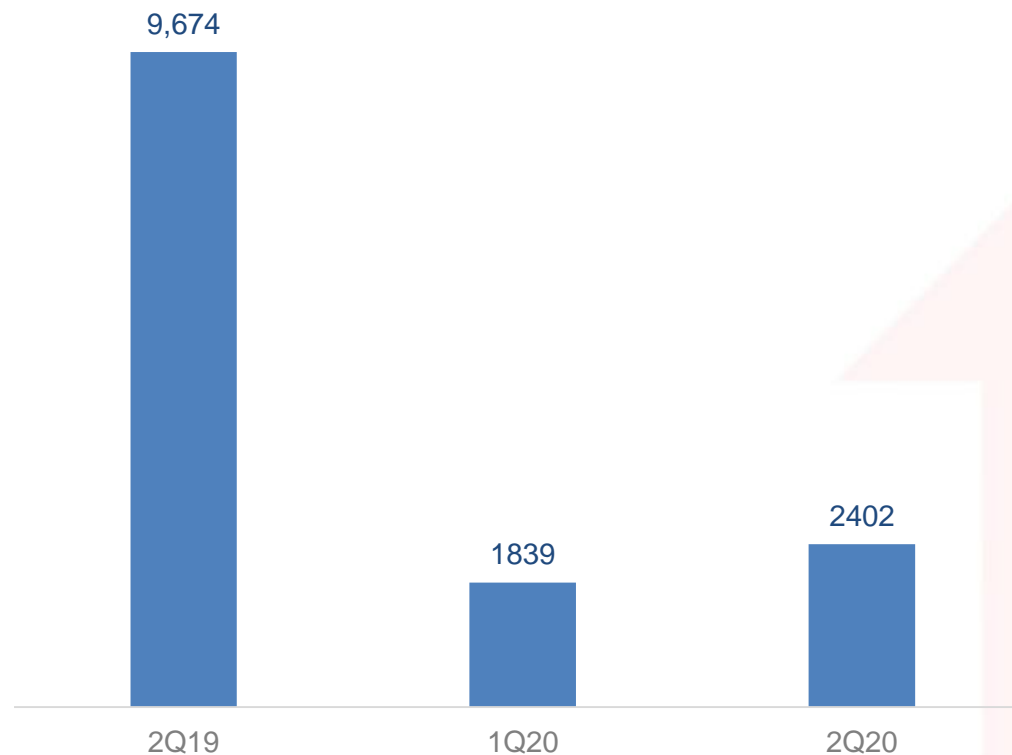
Number of Borrowers

(Million)



Loans Facilitated

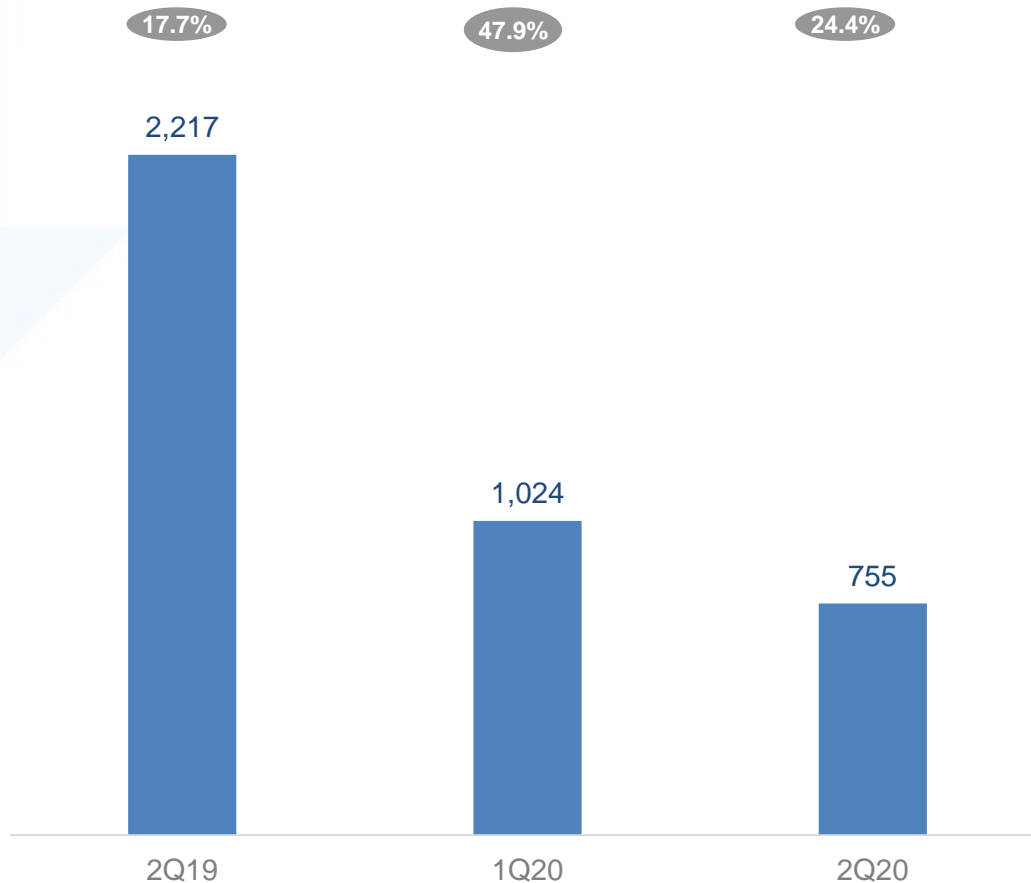
(RMB Million)



# Financial Metrics

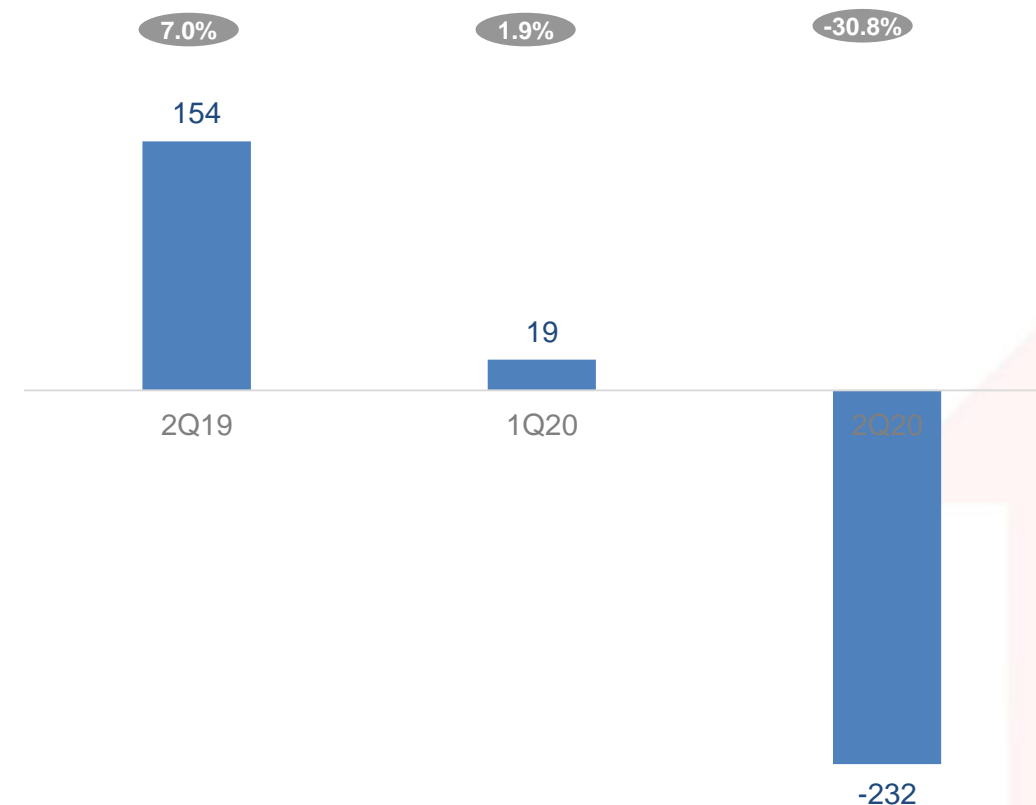
## Net Revenue

(RMB Million)



## Net Income

(RMB Million)

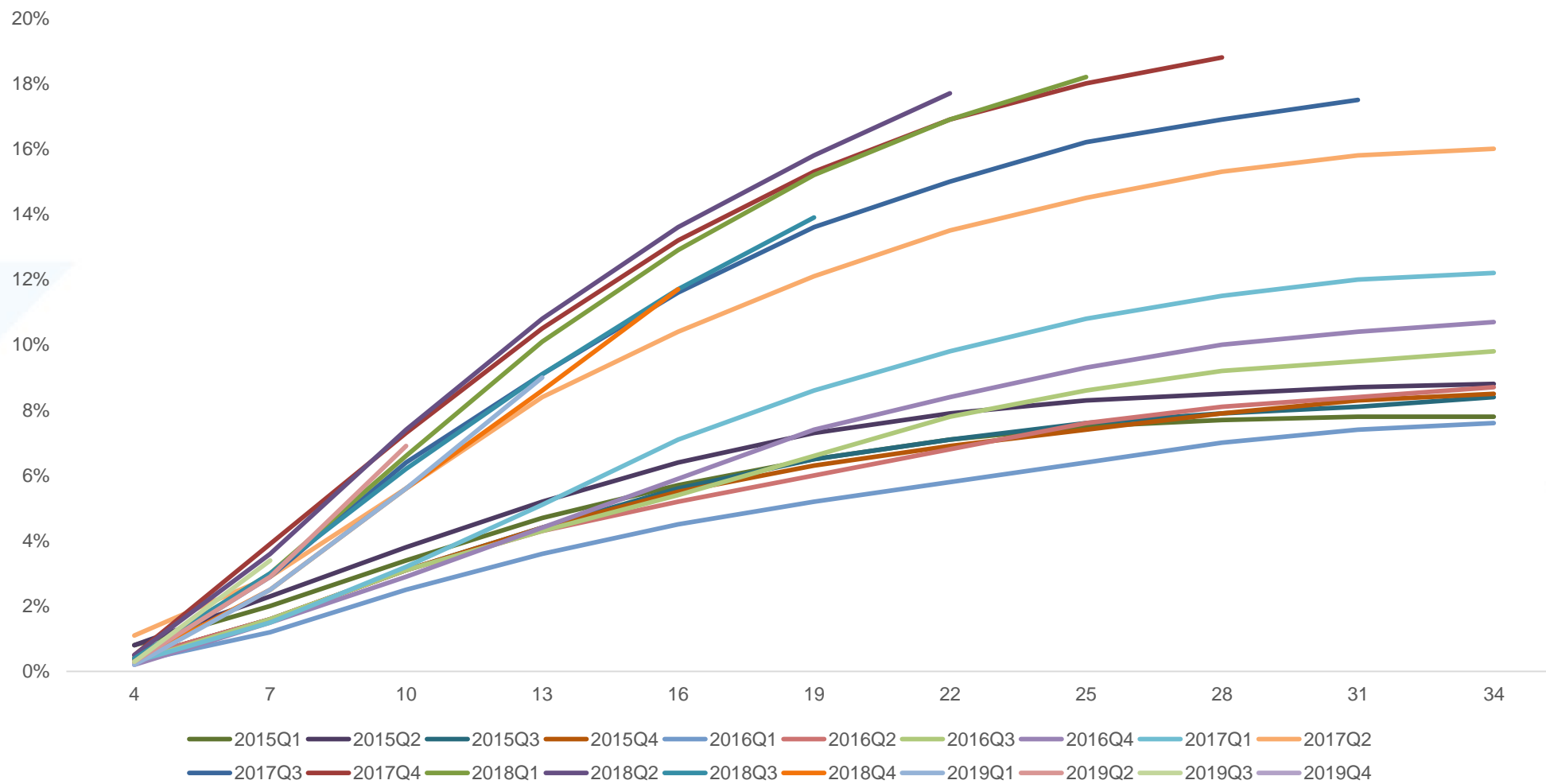


Take Rate (%)<sup>(1)</sup>

(1) Take rate is calculated as net revenue (net of allowance of contract assets) divided by amount of loans originated.

# Proven Credit Performance

Cumulative M3+ NCO (as of June 30, 2020)





An aerial photograph of a city skyline at sunset. The sky is a mix of purple, pink, and orange. Several bright, white, diagonal lines cross the sky from the top left. The city below is densely packed with skyscrapers and buildings, many of which are illuminated with lights. A prominent building with a golden, pyramid-shaped roof is visible in the center. A wide road with traffic is visible in the lower right. The word "THANKS!" is written in large, white, sans-serif capital letters across the middle of the image.

THANKS!



# APPENDIX

An aerial photograph of a city skyline at sunset. The sky is a mix of purple, pink, and orange. Several bright, white, diagonal lines cross the sky from the top left. The city below is densely packed with skyscrapers and buildings. In the foreground, a large building with a golden, grid-like roof is prominent. To its right, a tall, thin skyscraper stands out. The city extends to the horizon, with a river visible on the left side.



# Income Statement

Unaudited Condensed Consolidated Statements of Operations  
(in thousands, except for share, per share and per ADS data, and percentages)

	For the Three Months Ended				For the Six Months Ended		
	June 30, 2019	March 31, 2020	June 30, 2020	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2020
	RMB	RMB	RMB	USD	RMB	RMB	USD
Net revenue:							
Loan facilitation services	1,237,718	358,541	171,084	24,215	2,292,764	529,625	74,964
Post-origination services	241,321	146,520	126,477	17,902	537,600	272,997	38,640
Account management services	549,024	413,166	300,720	42,564	1,037,364	713,886	101,044
Others	188,577	105,433	156,408	22,138	329,320	261,841	37,061
Total net revenue	2,216,640	1,023,660	754,689	106,819	4,197,048	1,778,349	251,709
Operating costs and expenses:							
Sales and marketing	1,208,647	616,441	508,466	71,969	2,336,592	1,124,907	159,220
Origination and servicing	162,945	102,918	165,183	23,380	335,068	268,101	37,947
General and administrative	175,534	149,041	172,568	24,425	433,241	321,609	45,521
Allowance for contract assets and receivables	500,861	143,385	168,708	23,879	691,965	312,093	44,174
Total operating costs and expenses	2,047,987	1,011,785	1,014,925	143,653	3,796,866	2,026,710	286,862
Other income/(expenses):							
Interest income, net	25,213	25,116	16,950	2,399	49,088	42,066	5,954
Fair value adjustments related to Consolidated ABFE	5,787	(26,020)	(32,957)	(4,665)	40,785	(58,977)	(8,348)
Others, net	17,480	12,184	(3,510)	(496)	177,703	8,674	1,228
Total other income/(expenses)	48,480	11,280	(19,517)	(2,762)	267,576	(8,237)	(1,166)
Income/(loss) before provision for income taxes	217,133	23,155	(279,753)	(39,596)	667,758	(256,598)	(36,319)
Share of results of equity investees	(816)	-	-	-	(5,773)	-	-
Income tax expense/(benefit)	61,856	3,936	(47,558)	(6,731)	138,390	(43,622)	(6,174)
Net income/(loss)	154,461	19,219	(232,195)	(32,865)	523,595	(212,976)	(30,145)
Weighted average number of ordinary shares outstanding, basic	184,608,337	185,600,961	185,613,735	185,613,735	184,865,964	185,607,348	185,607,348
Basic income/(loss) per share	0.8367	0.1036	(1.2510)	(0.1771)	2.8323	(1.1475)	(0.1624)
Basic income/(loss) per ADS	1.6734	0.2072	(2.5020)	(0.3542)	5.6646	(2.2950)	(0.3248)

# Cash Flow

**Unaudited Condensed Consolidated Statements of Operations**  
(in thousands, except for share, per share and per ADS data, and percentages)

	For the Three Months Ended				For the Six Months Ended		
	June 30,	March 31,	June 30,	June 30,	June 30,	June 30,	June 30,
	2019	2020	2020	2020	2019	2020	2020
	RMB	RMB	RMB	USD	RMB	RMB	USD
<b>Unaudited Condensed Consolidated Cash Flow Data</b>							
Net cash generated from/(used in) operating activities	36,352	557,762	(86,768)	(12,281)	(622,083)	470,994	66,664
Net cash provided by/(used in) investing activities	240,896	(524,479)	(164,623)	(23,302)	(9,035)	(689,102)	(97,537)
Net cash (used in)/provided by financing activities	(73,385)	(65,637)	39,905	5,648	420,004	(25,732)	(3,642)
Effect of foreign exchange rate changes	1,532	1,206	(86)	(12)	(664)	1,120	159
Net increase/(decrease) in cash, cash equivalents and restricted cash	205,395	(31,148)	(211,572)	(29,947)	(211,778)	(242,720)	(34,356)
Cash, cash equivalents and restricted cash, beginning of period	2,617,311	3,269,142	3,237,994	458,308	3,034,484	3,269,142	462,717
Cash, cash equivalents and restricted cash, end of period	2,822,706	3,237,994	3,026,422	428,361	2,822,706	3,026,422	428,361

# Balance Sheet

## Unaudited Condensed Consolidated Balance Sheets (in thousands)



	As of			
	December 31, 2019	March 31, 2020	June 30, 2020	June 30, 2020
	RMB	RMB	RMB	USD
Cash and cash equivalents	3,198,086	3,194,993	2,935,543	415,498
Restricted cash	71,056	43,001	90,879	12,863
Accounts receivable	3,398	33,902	27,309	3,865
Contract assets, net	2,398,685	1,873,548	1,356,886	192,055
Contract cost	160,003	149,917	145,809	20,638
Prepaid expenses and other assets	1,333,221	868,462	1,134,257	160,545
Loans at fair value	418,492	313,267	246,475	34,886
Financing receivables	29,612	33,381	54,876	7,767
Amounts due from related parties	988,853	1,583,859	1,560,376	220,857
Held-to-maturity investments	6,627	4,399	4,126	584
Available-for-sale investments	460,991	456,061	513,013	72,612
Property, equipment and software, net	195,855	188,880	184,957	26,179
Deferred tax assets	45,407	42,084	49,051	6,943
Right-of-use assets	334,134	291,028	224,067	31,715
<b>Total assets</b>	<b>9,644,420</b>	<b>9,076,782</b>	<b>8,527,624</b>	<b>1,207,007</b>
Accounts payable	43,583	39,068	40,324	5,708
Amounts due to related parties	106,645	112,034	184,325	26,090
Liabilities from quality assurance	4,397	3,487	2,660	377
Deferred revenue	358,203	254,933	190,712	26,994
Accrued expenses and other liabilities	2,338,745	1,946,205	1,981,040	280,397
Refund liability	1,801,535	1,760,942	1,501,318	212,497
Deferred tax liabilities	218,888	216,304	162,016	22,932
Lease liabilities	282,334	259,197	205,056	29,024
<b>Total liabilities</b>	<b>5,154,330</b>	<b>4,592,170</b>	<b>4,267,451</b>	<b>604,019</b>
Ordinary shares	121	121	121	17
Additional paid-in capital	5,038,691	5,045,268	5,050,226	714,813
Treasury stock	(37,097)	(37,097)	(37,097)	(5,251)
Accumulated other comprehensive	21,855	18,671	23,474	3,323
Accumulated deficit	(533,480)	(542,351)	(776,551)	(109,914)
<b>Total equity</b>	<b>4,490,090</b>	<b>4,484,612</b>	<b>4,260,173</b>	<b>602,988</b>
<b>Total liabilities and equity</b>	<b>9,644,420</b>	<b>9,076,782</b>	<b>8,527,624</b>	<b>1,207,007</b>

# Operating Highlights

## Operating Highlights and Reconciliation of GAAP to Non-GAAP Measures (in thousands, except for number of borrowers, number of investors and percentages)

	For the Three Months Ended				For the Six Months Ended		
	June 30,	March 31,	June 30,	June 30,	June 30,	June 30,	June 30,
	2019	2020	2020	2020	2019	2020	2020
	RMB	RMB	RMB	USD	RMB	RMB	USD
<b>Operating Highlights</b>							
Amount of p2p investment	11,939,582	5,203,747	4,017,751	568,676	23,375,170	9,221,497	1,305,218
Number of p2p investors	157,973	78,256	63,066	63,066	320,054	108,252	108,252
Amount of non-p2p investment	284,782	2,163,313	2,186,210	309,438	613,490	4,349,523	615,635
Number of non-p2p investors	10,235	18,809	30,392	30,392	19,370	39,443	39,443
Amount of loans facilitated	9,673,818	1,839,454	2,402,494	340,051	20,608,740	4,241,948	600,409
Number of borrowers	135,246	115,420	107,568	107,568	280,634	220,731	220,731
Remaining principal of performing loans	58,071,303	42,063,039	33,454,423	4,735,166	58,071,303	33,454,423	4,735,166
<b>Segment Information</b>							
Wealth management:							
Revenue	592,378	415,876	322,381	45,630	1,113,812	738,257	104,493
Sales and marketing expenses	213,168	67,326	45,454	6,434	357,072	112,780	15,963
Consumer credit:							
Revenue	1,624,262	607,784	432,308	61,189	3,083,236	1,040,092	147,216
Sales and marketing expenses	995,479	549,115	463,012	65,535	1,979,520	1,012,127	143,257
<b>Reconciliation of Adjusted EBITDA</b>							
Net income/(loss)	154,461	19,219	(232,195)	(32,865)	523,595	(212,976)	(30,145)
Interest income, net	(25,213)	(25,116)	(16,950)	(2,399)	(49,088)	(42,066)	(5,954)
Income tax expense/(benefit)	61,856	3,936	(47,558)	(6,731)	138,390	(43,622)	(6,174)
Depreciation and amortization	31,112	27,171	24,368	3,449	63,614	51,539	7,295
Share-based compensation	17,732	4,541	2,954	418	32,431	7,495	1,061
Adjusted EBITDA	239,948	29,751	(269,381)	(38,128)	708,942	(239,630)	(33,917)
Adjusted EBITDA margin	10.8%	2.9%	-35.7%	-35.7%	16.9%	-13.5%	-13.5%



# Delinquency Rates

	Delinquency Rates		
	Delinquent for		
	15-29 days	30-59 days	60-89 days
<b>All Loans</b>			
December 31, 2015	0.7%	1.2%	0.9%
December 31, 2016	0.6%	0.9%	0.8%
December 31, 2017	0.8%	1.0%	0.8%
December 31, 2018	1.0%	1.8%	1.7%
December 31, 2019	1.2%	2.0%	1.7%
March 31, 2020	1.6%	4.1%	3.2%
June 30, 2020	1.4%	2.0%	2.1%
<b>Online Channels</b>			
December 31, 2015	0.5%	0.8%	0.6%
December 31, 2016	0.5%	0.9%	0.8%
December 31, 2017	1.1%	1.1%	0.9%
December 31, 2018	1.2%	2.3%	2.2%
December 31, 2019	1.6%	2.9%	2.5%
March 31, 2020	1.9%	5.2%	3.8%
June 30, 2020	1.4%	2.4%	2.7%
<b>Offline Channels</b>			
December 31, 2015	0.7%	1.2%	1.0%
December 31, 2016	0.6%	0.9%	0.8%
December 31, 2017	0.6%	0.9%	0.7%
December 31, 2018	0.9%	1.6%	1.5%
December 31, 2019	1.0%	1.7%	1.5%
March 31, 2020	1.6%	3.7%	3.1%
June 30, 2020	1.4%	1.8%	2.0%

## M3+ NCO by Vintage

Loan Issued Period	Amount of Loans Facilitated During the Period (in RMB thousands)	Net Charge-Off Rate	
		Accumulated M3+ Net Charge- Off as of June 30, 2020 (in RMB thousands)	Total Net Charge-Off Rate as of June 30, 2020
2015	53,143,029	4,441,696	8.4%
2016	53,805,112	5,057,850	9.4%
2017	69,883,293	11,693,408	16.7%
2018	63,176,149	11,131,294	17.6%
2019	39,103,048	3,688,712	9.4%
2020Q1	1,320,428	6,388	0.5%

## M3+ NCO by Vintage

### M3+ Net Charge-Off Rate

[illegible]