

# Q2 2019 Investor Presentation

September 2019





# 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 Yirendai’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 Yirendai’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 Yirendai’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 Yirendai 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**

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**Business Highlights**

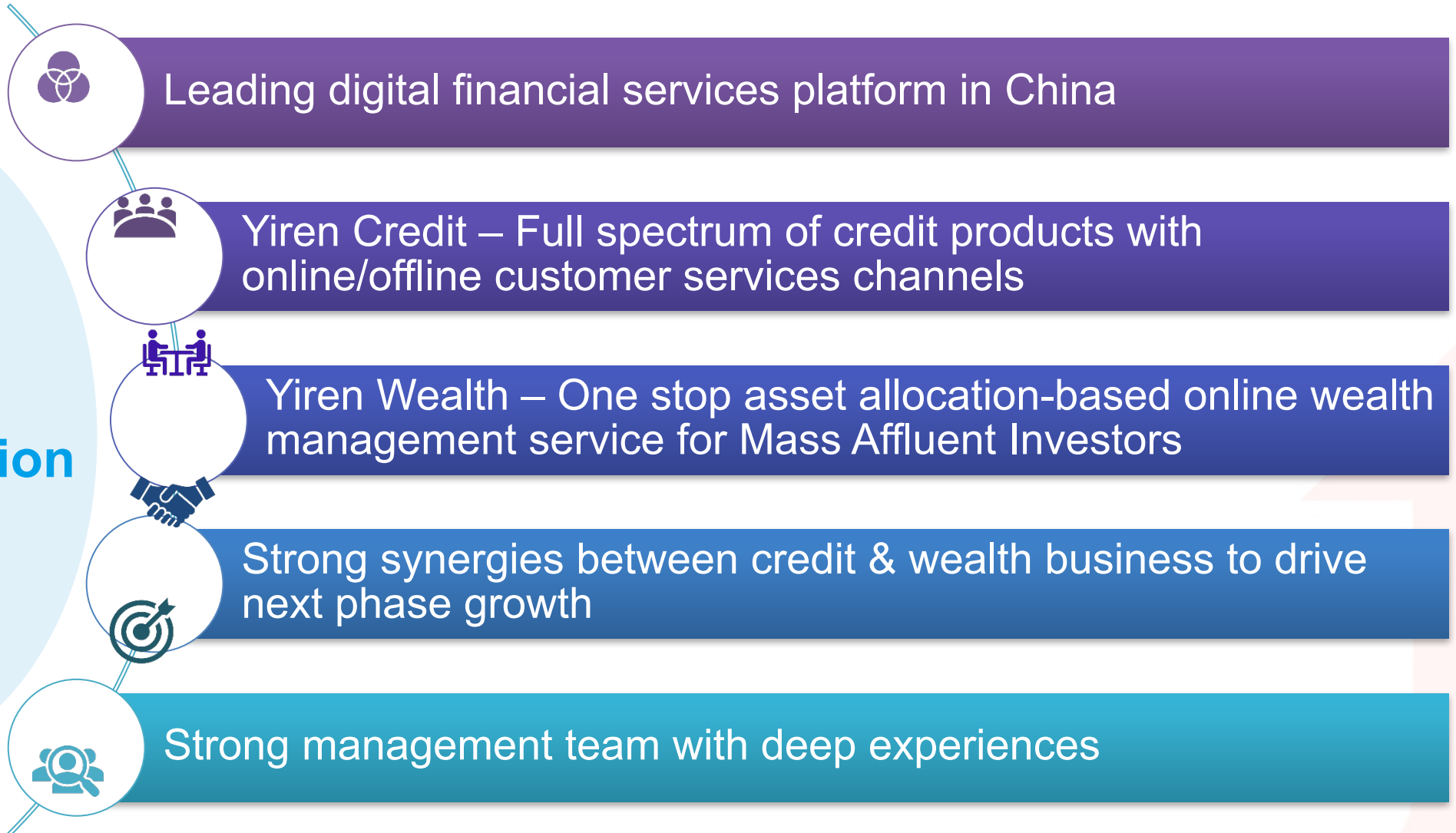
3

**Key Financial Highlights**



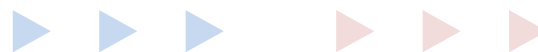
# The New Yirendai (Yiren Digital)











## Strategic Transformation





# Yiren Digital: Strategic Transformation



Positioning	 Online P2P Lending	 Digital Personal Financial Service
Business Model	 Unsecured Consumer Lending	 Consumer Credit and Wealth Management
Monetization	 Loan Facilitation	 Loan & AUM Based Recurring Service Fee
Customer Value	 Transaction Based	 Long Term Value
Capital	 Relatively Heavy	 Light



# Yiren Digital At A Glance, Q2 2019



## Leading Digital Wealth Management Platform



Investor AUM  
Q2 2019  
**~RMB 44Bn**



No. of Active Investors  
Q2 2019  
**~672K**



Investment Products  
Fixed Income, Mutual Funds  
& Insurance ...



Accumulatively Served Investors  
As of Q2 2019  
**~ 2.2 Mn**



## Leading Consumer Creditech Player



Loan Balance  
Q2 2019  
**~RMB 58Bn**



No. of Borrowers  
Q2 2019  
**~135K**



Customer Service  
**Online & Offline**



Accumulatively Served Borrowers  
As of Q2 2019  
**~ 4.5 Mn**



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# Business Highlights



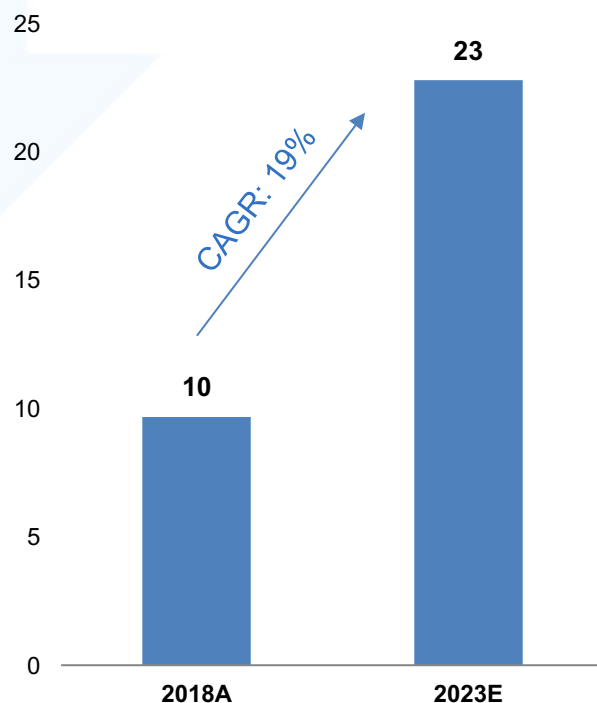


# Leading Digital Personal Financial Service Platform

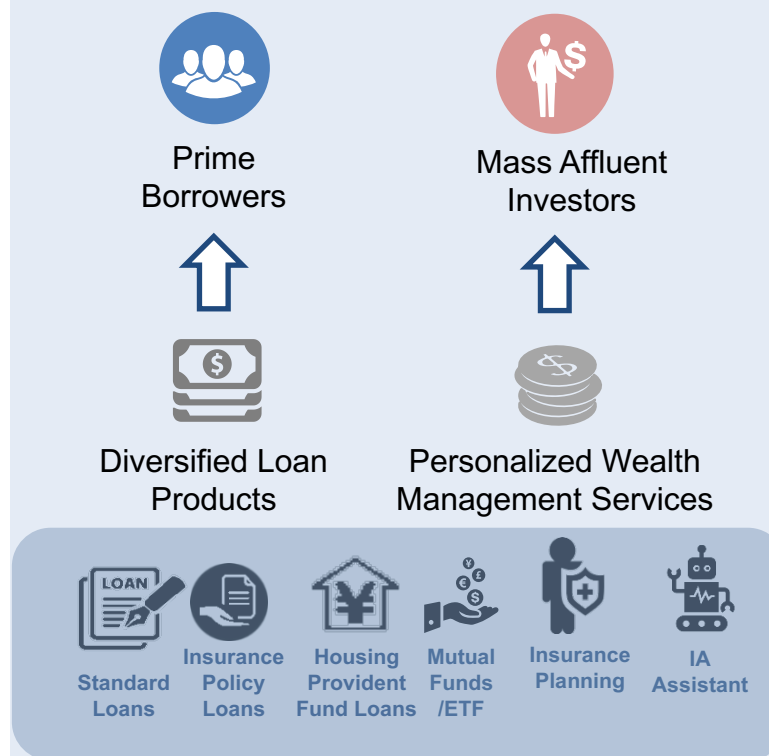
## Consumer Credit

### Unsecured Customer Finance Market in China

(By outstanding balance, RMB trillion)



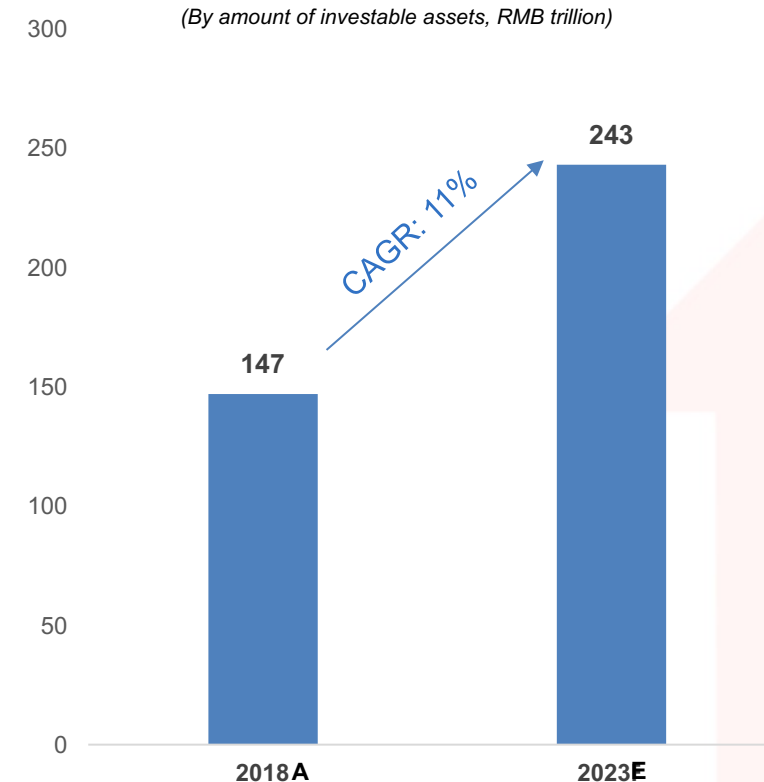
Source: Oliver Wyman report



## Wealth Management

### Wealth Management Market in China

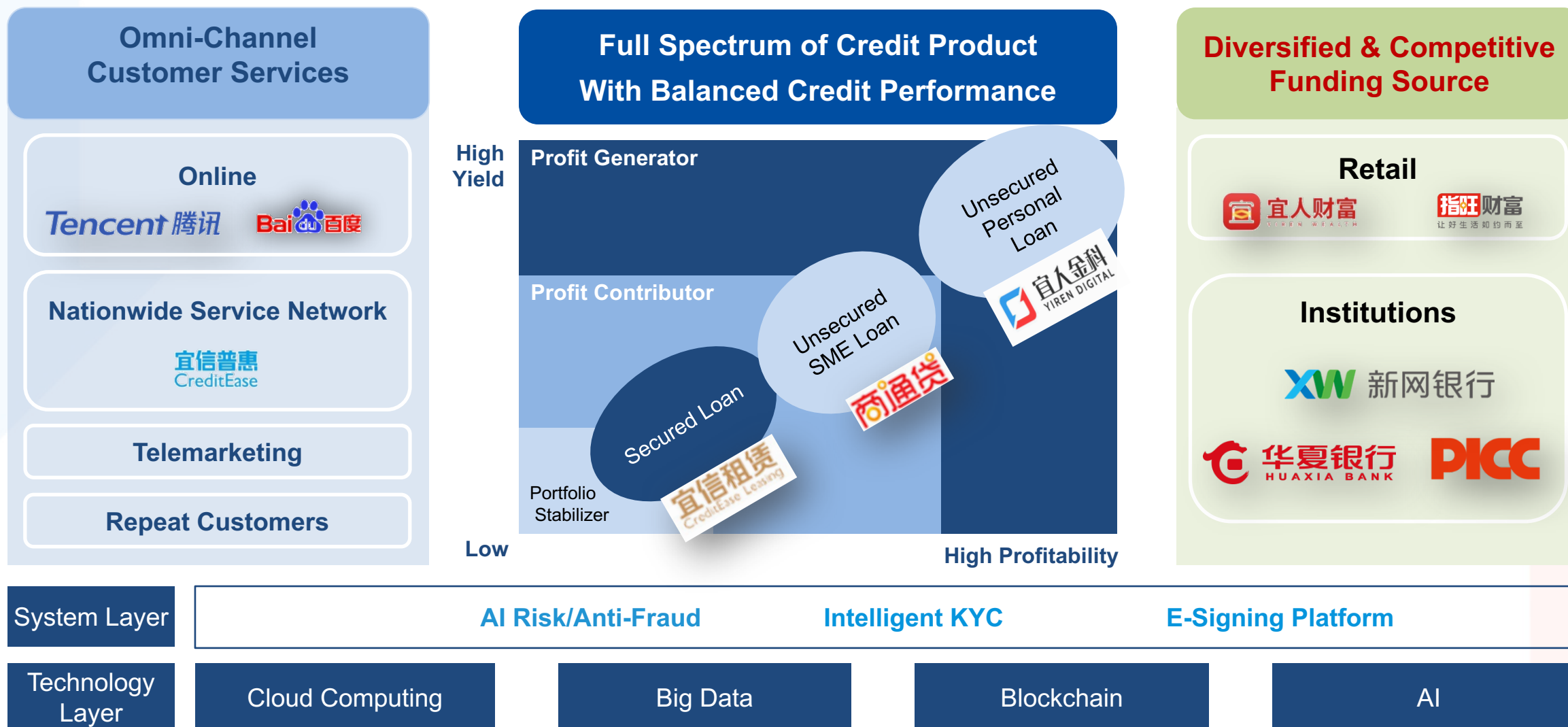
(By amount of investable assets, RMB trillion)



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

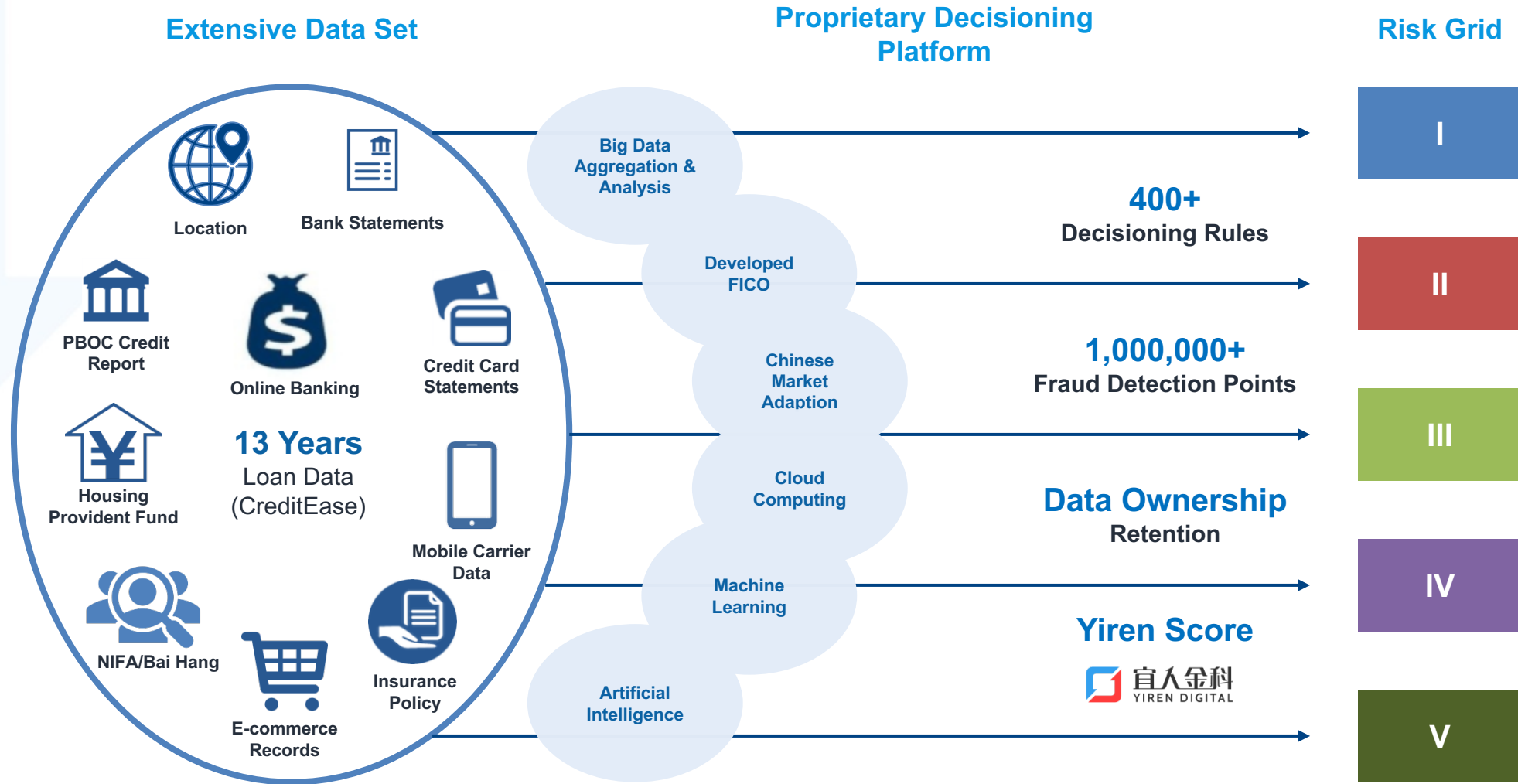


# Leading Creditech Platform





# Extensive Data Set And Credit Decisioning Capabilities

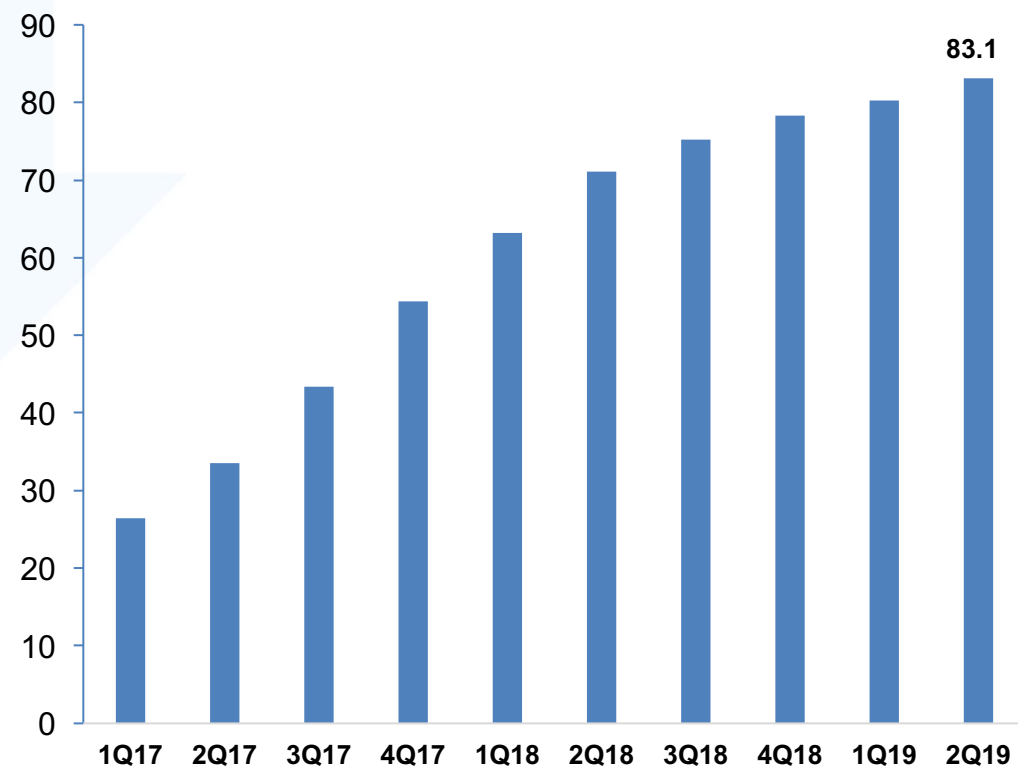




# Expanding Borrowers Base

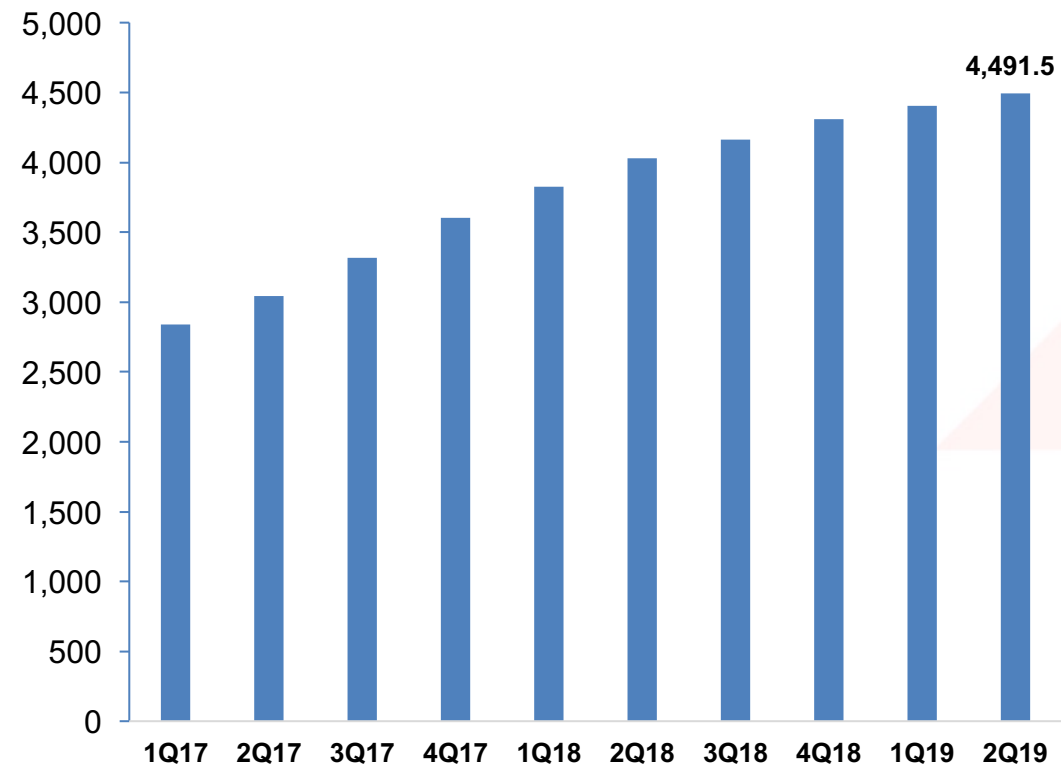
## Cumulative Registered Borrowers

(In millions)



## Cumulative Served Borrowers

(In thousands)





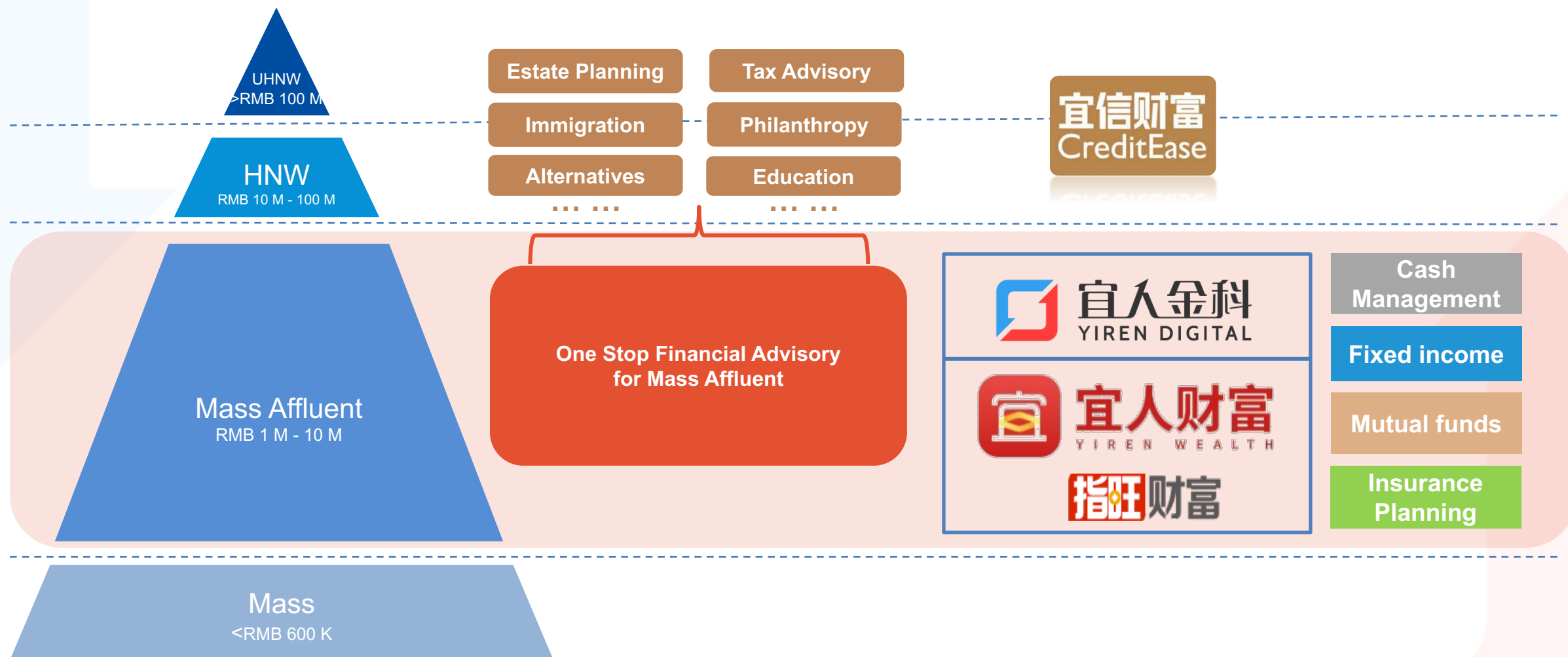
# Our Wealth Management Strategy

Total Investable Asset

Service Needs

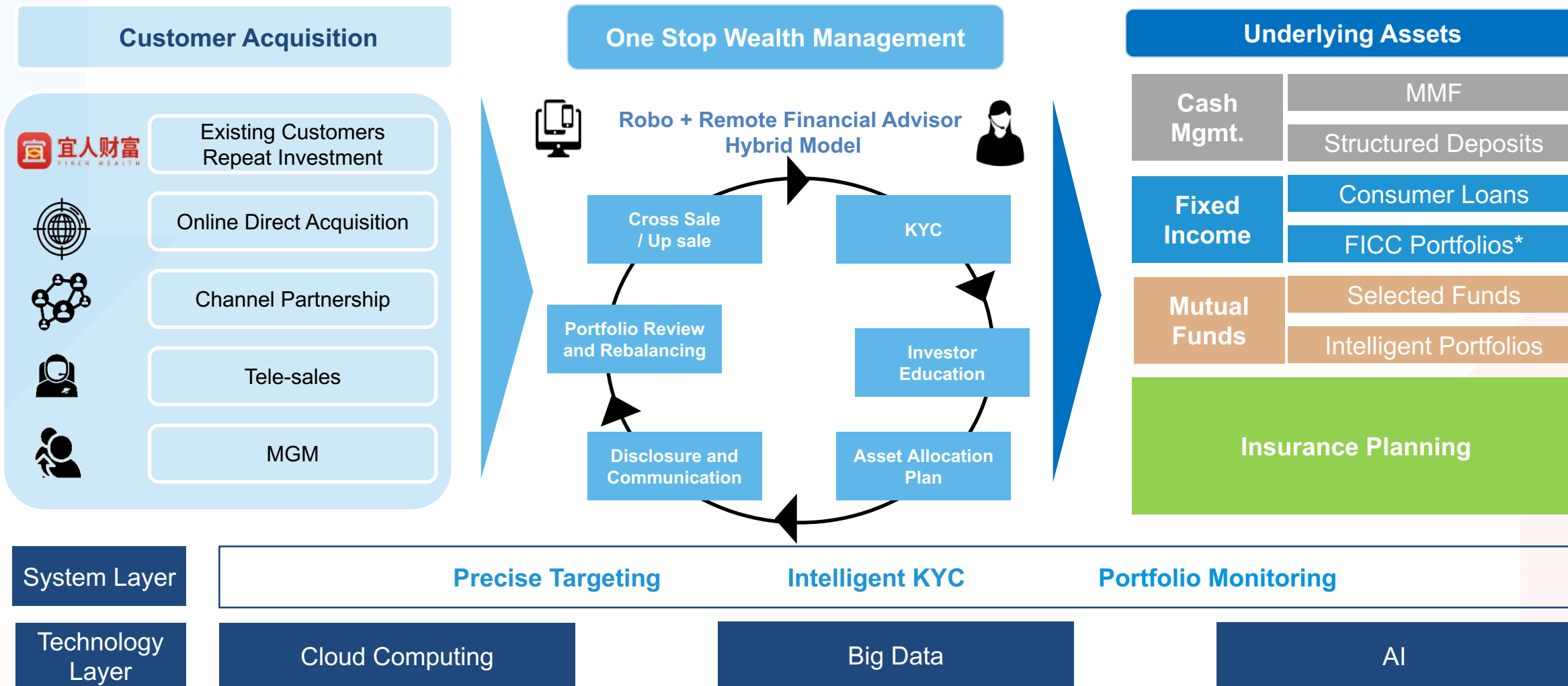
Disruptive Wealth Model

Assets





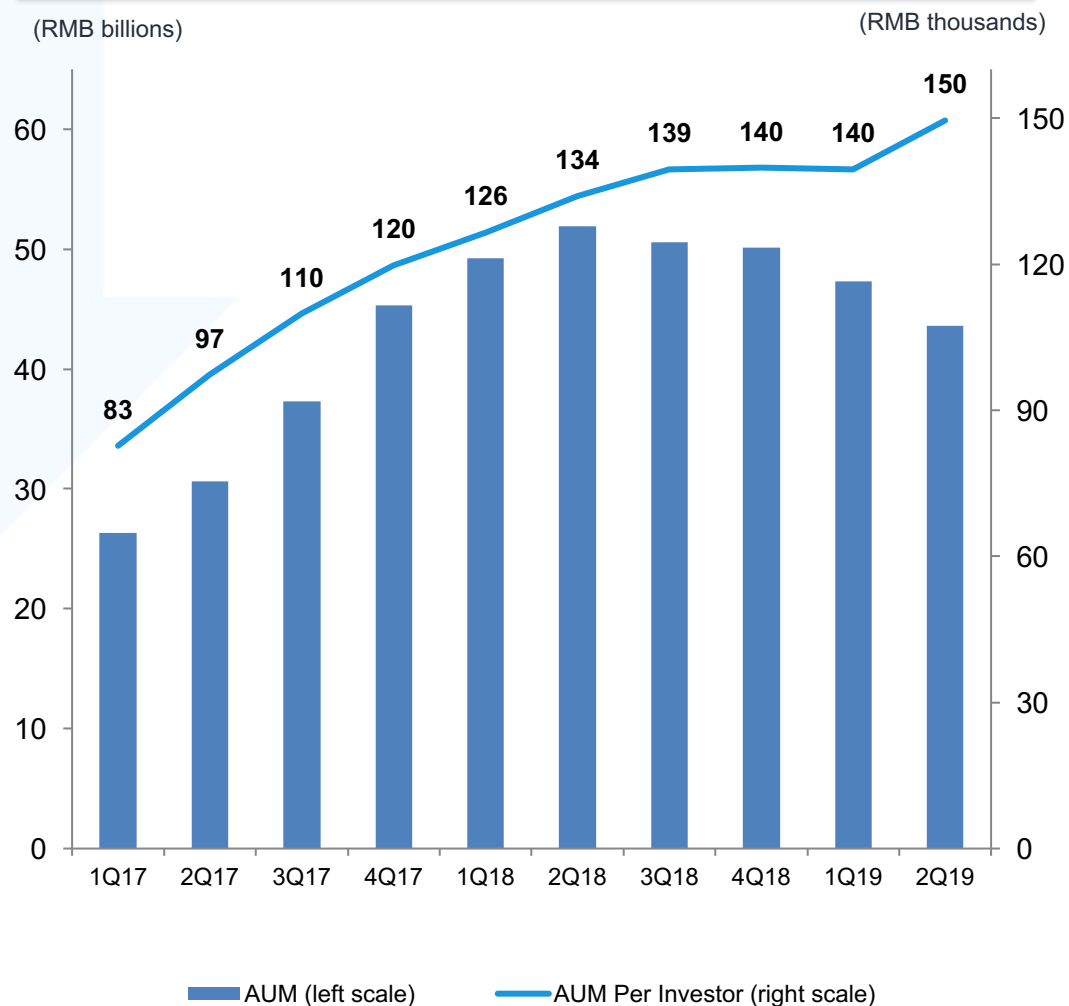
# Yiren Wealth Business



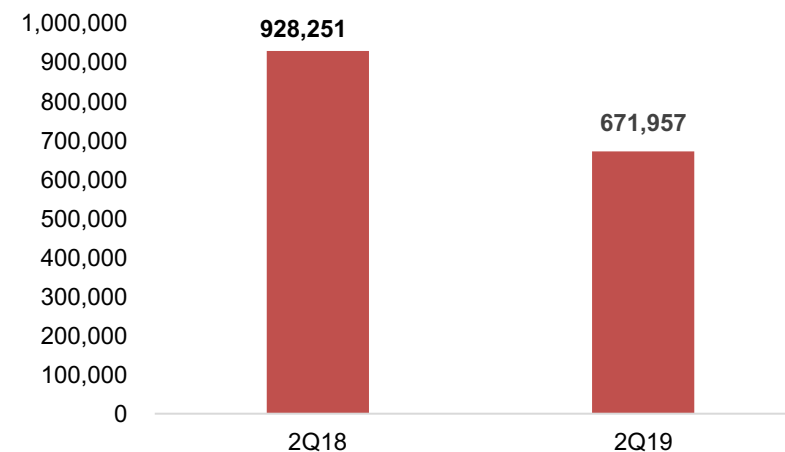


# Yiren Wealth's AUM & Investor Base

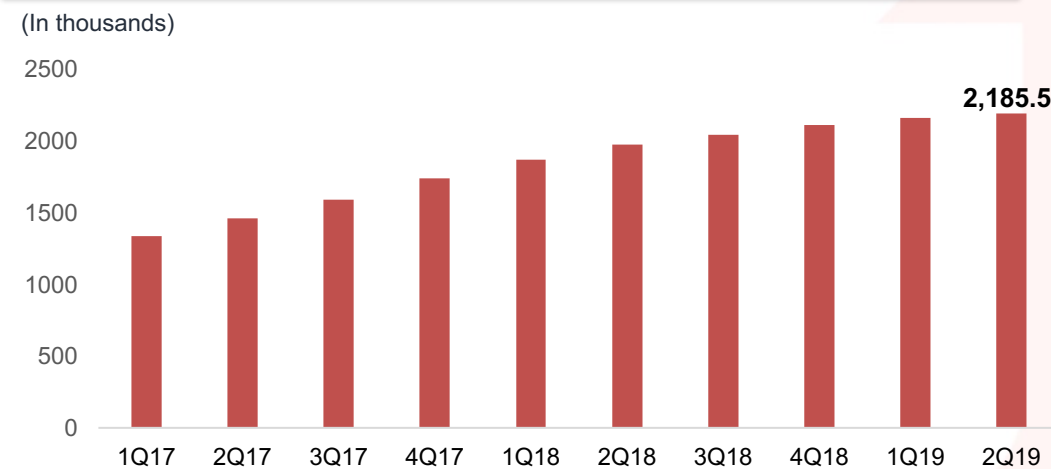
## AUM Per Investor



## Number of Active Investors



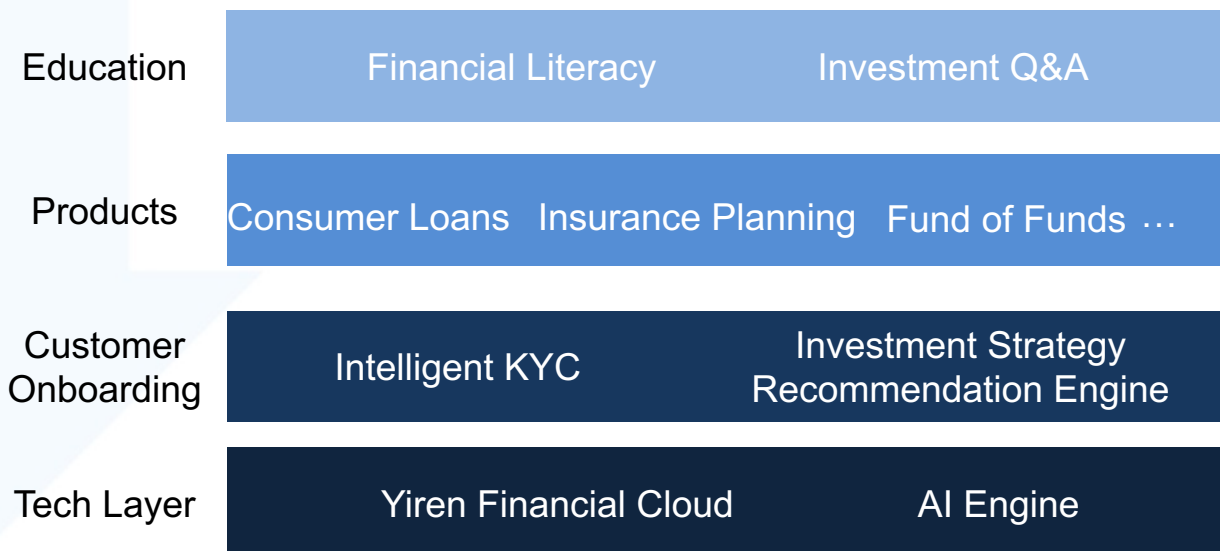
## Cumulatively Served Investors





# Tech Driven Approach To User Retention & Conversion

## Yiri: AI-Based Financial Assistant



- 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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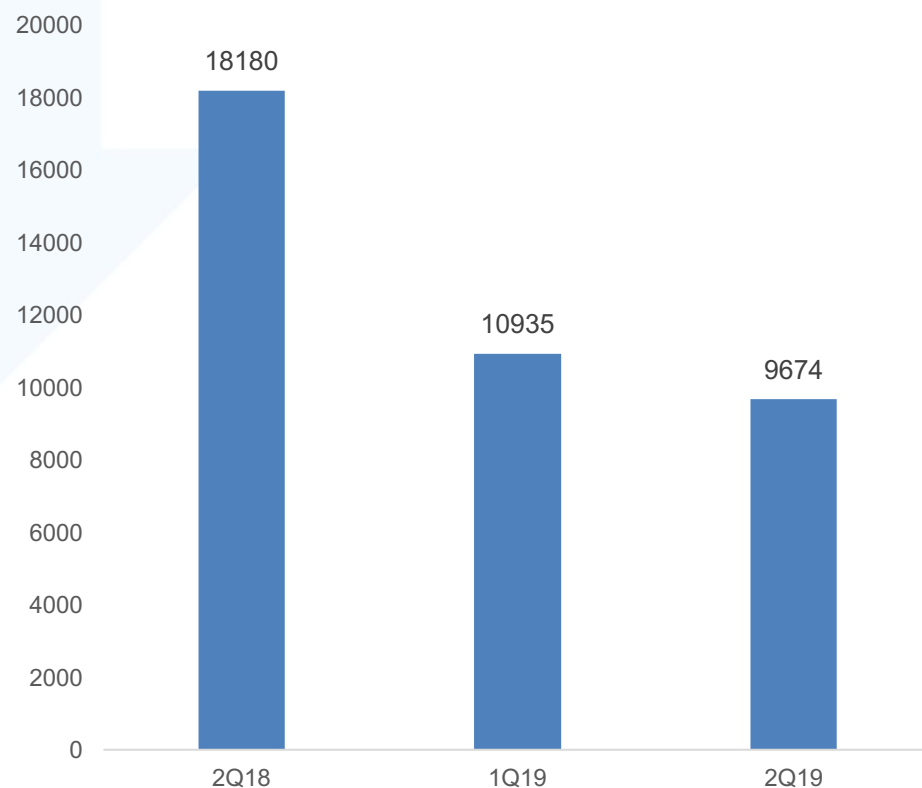
Key Financial Highlights



# Consolidated Loans Facilitated & Net Revenue

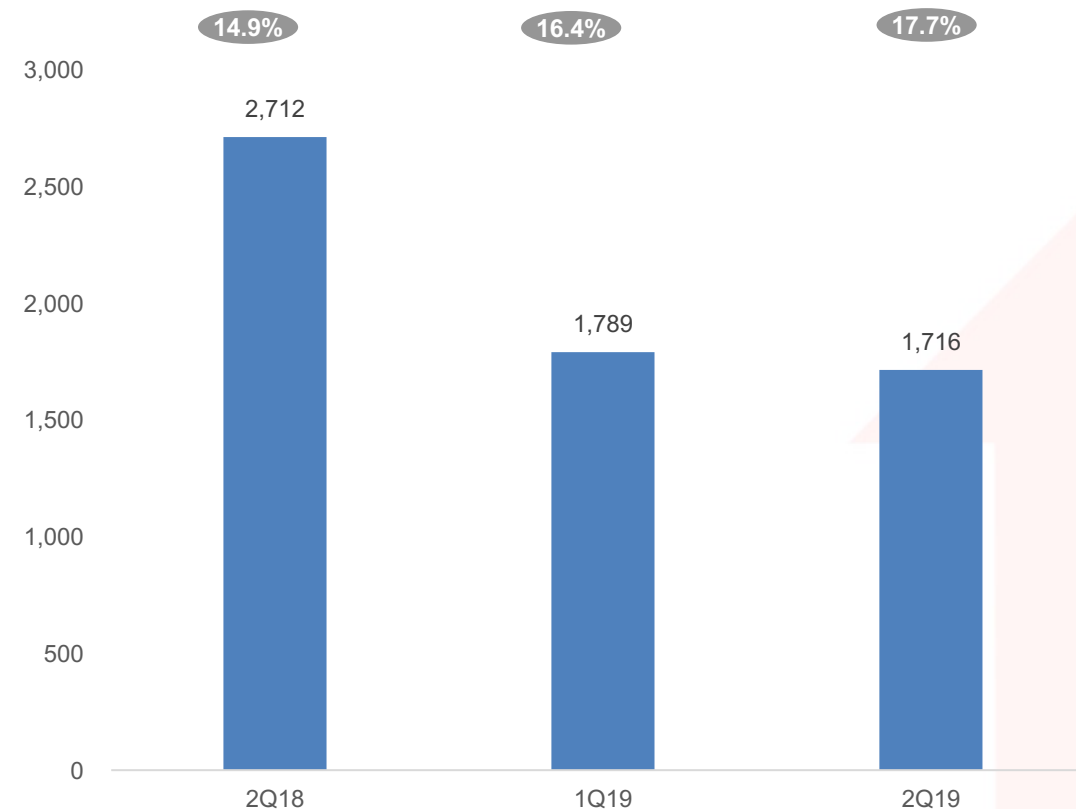
## Loans Facilitated

(RMB Million)



## Net Revenue

(RMB Million)



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

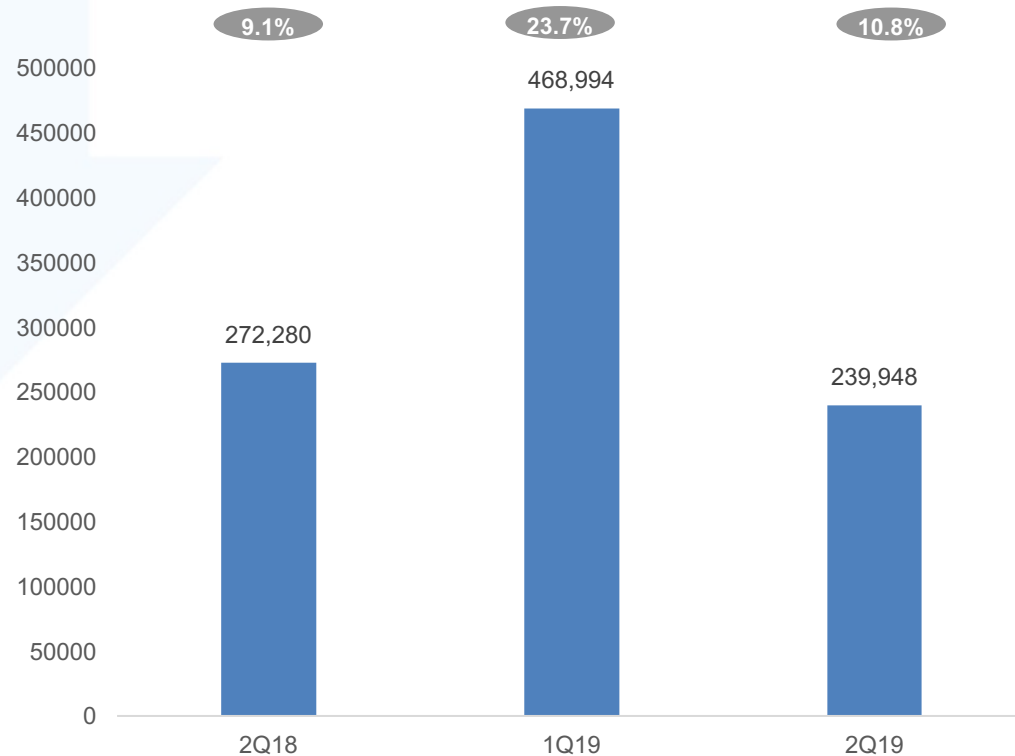
(1) Take rate is calculated as net revenue (net of allowance of contract assets) divided by amount of loans originated.



# Consolidated EBITDA & Net Income

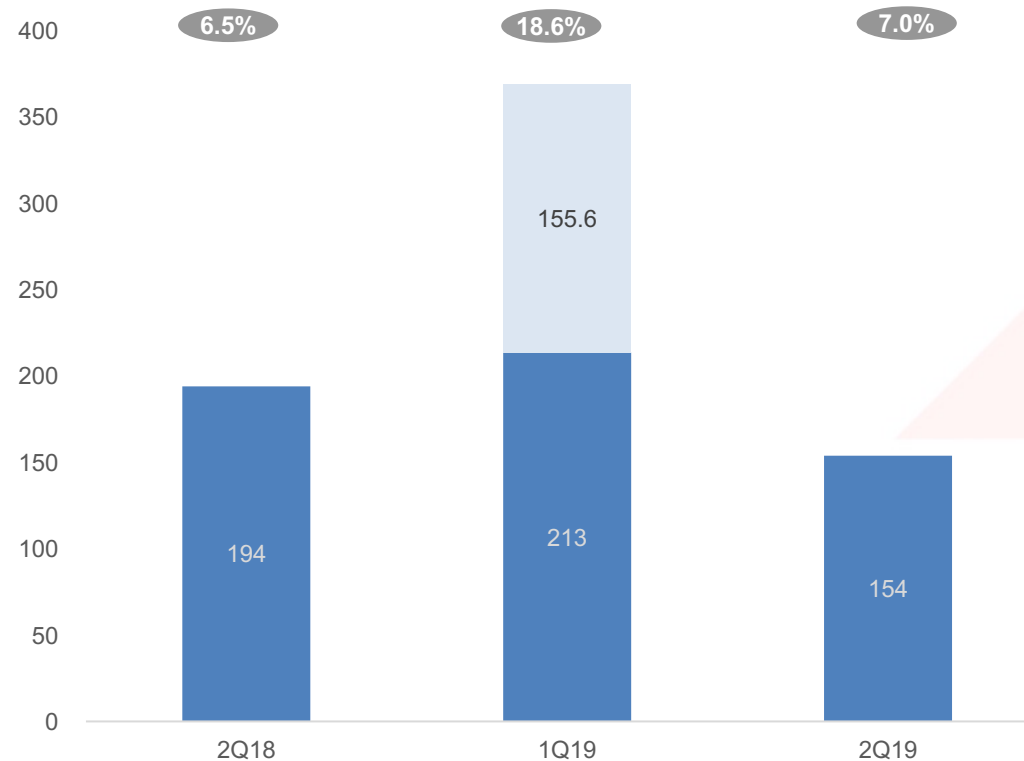
## EBITDA

(RMB Million)



## Net Income

(RMB Million)



■ One-time gain on disposal

EBITDA/Net Income Margin (%)<sup>(1)</sup>

(1) The EBITDA/net income margin is calculated as EBITDA/net income divided by total net revenue.



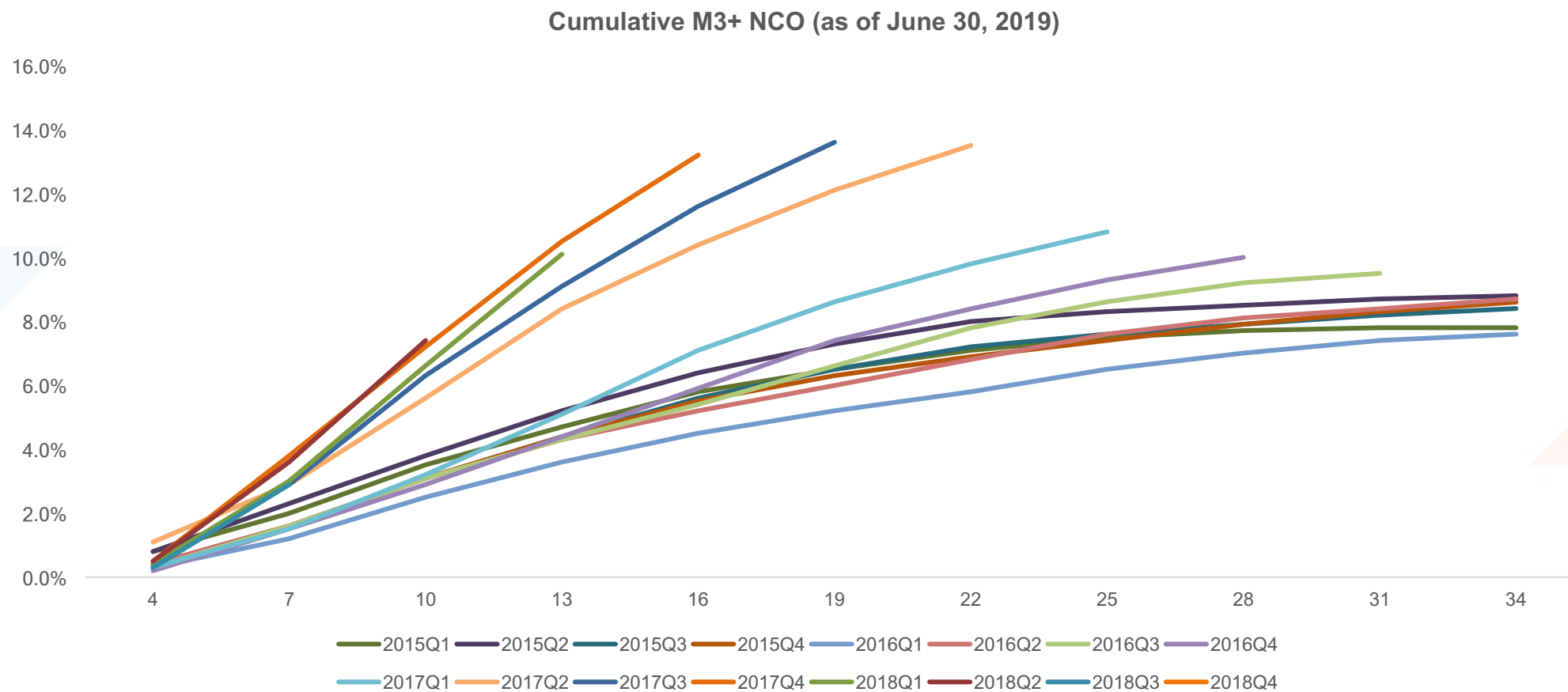
# Unit Economics

	2018 Combined	2019 Q1 Combined	2019 Q2 Combined
<b>Net Revenue</b>	16.2%	16.4%	17.7%
<b>Sales and marketing</b>	10.5%	10.3%	12.5%
<b>Origination and servicing</b>	1.7%	1.6%	1.7%
<b>General and administrative</b>	2.8%	2.4%	1.8%
<b>Other Expenses/Income</b>	1.6%	2.0%	0.5%
<b>Tax</b>	0.3%	0.7%	0.6%
<b>Net Profit</b>	2.5%	3.4%	1.6%

*Note: Unit economics is calculated as a percentage of loan volume, net revenue take rate is net of allowance for contract assets.*



# Proven Credit Performance





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 buildings of various heights. In the foreground, a large building with a golden, grid-like roof is prominent. To its right, a wide road with a green median runs through the city. The word "THANKS!" is written in large, white, sans-serif capital letters across the center 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 buildings of various heights. In the foreground, a large building with a golden, grid-like roof is prominent. To its right, a wide road with a median runs through the city. The overall scene is a vibrant, high-angle view of a modern urban landscape.



# 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,	March 31,	June 30,	June 30,	June 30,	June 30,	June 30,
	2018	2019	2019	2019	2018	2019	2019
	RMB	RMB	RMB	USD	RMB	RMB	USD
Net revenue:							
Loan facilitation services	2,054,278	1,055,046	1,237,718	180,295	5,051,741	2,292,764	333,979
Post-origination services	303,757	296,279	241,321	35,152	584,875	537,600	78,310
Account management services	431,803	488,340	549,024	79,974	793,545	1,037,364	151,109
Others	197,445	140,743	188,577	27,469	321,794	329,320	47,971
Total net revenue	2,987,283	1,980,408	2,216,640	322,890	6,751,955	4,197,048	611,369
Operating costs and expenses:							
Sales and marketing	1,816,005	1,127,945	1,208,647	176,059	3,971,967	2,336,592	340,363
Origination and servicing	307,524	172,123	162,945	23,736	572,137	335,068	48,808
General and administrative	504,175	257,707	175,534	25,569	1,026,279	433,241	63,109
Allowance for contract assets	275,706	191,104	500,861	72,959	510,707	691,965	100,796
Total operating costs and expenses	2,903,410	1,748,879	2,047,987	298,323	6,081,090	3,796,866	553,076
Other income/(expenses):							
Interest income, net	21,314	23,875	25,213	3,673	49,648	49,088	7,150
Fair value adjustments related to Consolidated ABFE	140,549	34,998	5,787	843	147,620	40,785	5,941
Others, net	(6,347)	160,223	17,480	2,546	(6,923)	177,703	25,886
Total other income	155,516	219,096	48,480	7,062	190,345	267,576	38,977
Income before provision for income taxes	239,389	450,625	217,133	31,629	861,210	667,758	97,270
Share of results of equity investees	(2,705)	(4,957)	(816)	(119)	(5,029)	(5,773)	(841)
Income tax expense	42,916	76,534	61,856	9,010	126,495	138,390	20,159
Net income	193,768	369,134	154,461	22,500	729,686	523,595	76,270



# 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, 2018	March 31, 2019	June 30, 2019	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2019
	RMB	RMB	RMB	USD	RMB	RMB	USD
<b>Unaudited Condensed Consolidated Cash Flow Data</b>							
Net cash used in operating activities	(1,905,334)	(658,435)	(331,829)	(48,336)	(2,722,370)	(990,264)	(144,248)
Net cash provided by/ (used in) investing activities	469,124	(249,931)	609,077	88,722	206,564	359,146	52,316
Net cash (used in)/provided by financing activities	(201,584)	493,389	(73,385)	(10,690)	34,990	420,004	61,180
Effect of foreign exchange rate changes	8,117	(2,196)	1,532	223	(2,859)	(664)	(97)
Net (decrease)/ increase in cash, cash equivalents and restricted cash	(1,629,677)	(417,173)	205,395	29,919	(2,483,675)	(211,778)	(30,849)
Cash, cash equivalents and restricted cash, beginning of period	3,626,324	3,034,484	2,617,311	381,254	4,480,322	3,034,484	442,022
Cash, cash equivalents and restricted cash, end of period	1,996,647	2,617,311	2,822,706	411,173	1,996,647	2,822,706	411,173



# Balance Sheet

## Unaudited Condensed Consolidated Balance Sheets (in thousands)

	As of			
	December 31,	March 31,	June 30,	June 30,
	31,	2019	2019	2019
	RMB	RMB	RMB	USD
Cash and cash equivalents	2,606,939	2,519,423	2,706,530	394,250
Restricted cash	427,546	97,888	116,176	16,923
Accounts receivable	40,326	70,297	27,212	3,963
Contract assets, net	3,909,263	3,431,014	2,958,476	430,951
Contract cost	145,460	143,323	141,480	20,609
Prepaid expenses and other assets	2,552,319	1,221,074	1,142,757	166,460
Loans at fair value	1,375,221	851,406	677,354	98,668
Financing receivables	-	-	25,175	3,667
Amounts due from related parties	1,361,805	270,626	1,791,515	260,964
Held-to-maturity investments	329,597	312,768	9,542	1,390
Available-for-sale investments	835,565	1,187,588	387,519	56,449
Long term investments	217,636	167,428	143,047	20,837
Property, equipment and software, net	266,002	239,822	230,078	33,515
Deferred tax assets	184,136	156,322	149,269	21,744
Right-of-use assets	-	389,299	398,154	57,998
<b>Total assets</b>	<b>14,251,815</b>	<b>11,058,278</b>	<b>10,904,284</b>	<b>1,588,388</b>
Accounts payable	307,046	53,667	54,158	7,889
Amounts due to related parties	8,276,459	310,592	169,189	24,646
Liabilities from quality assurance program and	9,950	8,384	6,539	953
Deferred revenue	569,469	459,806	390,621	56,900
Payable to investors at fair value	626,207	7,386	-	-
Accrued expenses and other liabilities	2,193,576	2,154,786	2,265,288	329,976
Refund liability	2,145,748	2,137,835	2,039,998	297,159
Deferred tax liabilities	486,773	417,629	329,347	47,975
Lease liabilities	-	348,176	341,364	49,725
Contingent consideration	-	2,626,734	2,626,734	382,627
<b>Total liabilities</b>	<b>14,615,228</b>	<b>8,524,995</b>	<b>8,223,238</b>	<b>1,197,850</b>
Ordinary shares	77	77	77	11
Shares to be issued	-	2,754,444	2,754,444	401,230
Additional paid-in capital	1,293,968	1,081,499	1,106,153	161,129
Treasury stock	(254)	(5,694)	(37,097)	(5,404)
Accumulated other comprehensive income	16,390	13,160	18,367	2,676
Accumulated deficit	(1,673,594)	(1,310,203)	(1,160,898)	(169,104)
<b>Total (deficit)/ equity</b>	<b>(363,413)</b>	<b>2,533,283</b>	<b>2,681,046</b>	<b>390,538</b>
<b>Total liabilities and equity</b>	<b>14,251,815</b>	<b>11,058,278</b>	<b>10,904,284</b>	<b>1,588,388</b>



# Operating Highlights (1/2)

## 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, 2018	March 31, 2019	June 30, 2019	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2019
	RMB	RMB	RMB	USD	RMB	RMB	USD
<b>Operating Highlights</b>							
Amount of investment	17,627,499	11,435,588	11,939,582	1,739,196	35,655,154	23,375,170	3,404,977
AUM of investment	74,296,263	67,251,285	64,476,635	9,392,081	74,296,263	64,476,635	9,392,081
Number of investors	314,507	200,780	157,973	157,973	529,962	320,054	320,054
Amount of loans facilitated	18,180,272	10,934,923	9,673,818	1,409,150	37,951,340	20,608,740	3,002,002
Number of borrowers	267,628	149,715	135,246	135,246	553,938	280,634	280,634
Remaining principal of performing loans	76,479,235	63,213,843	58,071,303	8,459,039	76,479,235	58,071,303	8,459,039



# Operating Highlights (2/2)

**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, 2018	March 31, 2019	June 30, 2019	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2019
	RMB	RMB	RMB	USD	RMB	RMB	USD
<b>Segment Information</b>							
Wealth management:							
Revenue	531,611	521,434	592,378	86,290	954,601	1,113,812	162,245
Sales and marketing expenses	249,748	143,904	213,168	31,051	948,681	357,072	52,013
Consumer credit:							
Revenue	2,455,672	1,458,974	1,624,262	236,600	5,797,354	3,083,236	449,124
Sales and marketing expenses	1,566,257	984,041	995,479	145,008	3,023,286	1,979,520	288,350
Total sales and marketing expenses	1,816,005	1,127,945	1,208,647	176,059	3,971,967	2,336,592	340,363
<b>Reconciliation of EBITDA</b>							
Net income	193,768	369,134	154,461	22,500	729,686	523,595	76,270
Interest income, net	(21,314)	(23,875)	(25,213)	(3,673)	(49,648)	(49,088)	(7,150)
Income tax expense	42,916	76,534	61,856	9,010	126,495	138,390	20,159
Depreciation and amortization	37,144	32,502	31,112	4,532	75,397	63,614	9,266
Share-based compensation	19,766	14,699	17,732	2,583	39,299	32,431	4,724
Adjusted EBITDA	272,280	468,994	239,948	34,952	921,229	708,942	103,269
Adjusted EBITDA margin	9.1%	23.7%	10.8%	10.8%	13.6%	16.9%	16.9%



# 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%
March 31, 2019	0.9%	1.9%	1.7%
June 30, 2019	1.1%	1.8%	1.9%



# Net Charge-off Rates (1/2)

Net Charge-Off Rate for Upgraded Risk Grid

Loan issued period	Customer grade	Amount of loans facilitated during the period (in RMB thousands)	Accumulated M3+ Net Charge-Off as of June 30, 2019 (in RMB thousands)	Total Net Charge-Off Rate as of June 30, 2019
2015	I	4,894,936	204,257	4.2%
	II	17,502,449	490,328	2.8%
	III	11,272,838	715,240	6.3%
	IV	11,283,656	1,362,071	12.1%
	V	11,199,563	1,725,698	15.4%
	Total	56,153,444	4,497,593	8.0%
2016	I	5,858,473	229,407	3.9%
	II	12,781,372	516,174	4.0%
	III	9,951,614	734,157	7.4%
	IV	8,652,543	911,659	10.5%
	V	16,981,990	2,582,818	15.2%
	Total	54,225,993	4,974,216	9.2%
2017	I	11,223,886	626,827	5.6%
	II	12,270,230	1,369,026	11.2%
	III	13,837,922	2,015,072	14.6%
	IV	13,663,558	2,186,320	16.0%
	V	19,680,365	3,720,647	18.9%
	Total	70,675,961	9,917,892	14.0%
2018	I	9,604,220	361,355	3.8%
	II	14,656,703	961,532	6.6%
	III	13,903,094	1,190,224	8.6%
	IV	13,812,989	1,511,587	10.9%
	V	11,326,230	1,513,789	13.4%
	Total	63,303,236	5,538,487	8.7%
2019Q1	I	1,834,364	3,213	0.2%
	II	3,309,340	11,289	0.3%
	III	2,617,979	11,815	0.5%
	IV	1,866,640	8,316	0.4%
	V	1,306,600	6,983	0.5%
	Total	10,934,923	41,617	0.4%



## Net Charge-off Rates (2/2)

### M3+ Net Charge-Off Rate

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