

# Q1 2020 Investor Presentation

June 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, Q1 2020



## Leading Digital Wealth Management Platform



AUA  
Q1 2020  
~RMB 32Bn



No. of Current Investors  
Q1 2020  
~221K  
~26K (non-P2P)



AUA Non P2P Investments  
~RMB 1.7Bn (+67%Q/Q)



Accumulatively Served Investors  
As of Q1 2020  
~ 2.2 Mn



## Leading Consumer Creditech Player



Loan Balance  
Q1 2020  
~RMB 42Bn



No. of New Borrowers  
Q1 2020  
~115K



Customer Service  
Online & Offline



Accumulatively Served Borrowers  
As of Q1 2020  
~ 4.8 Mn

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# Business Highlights



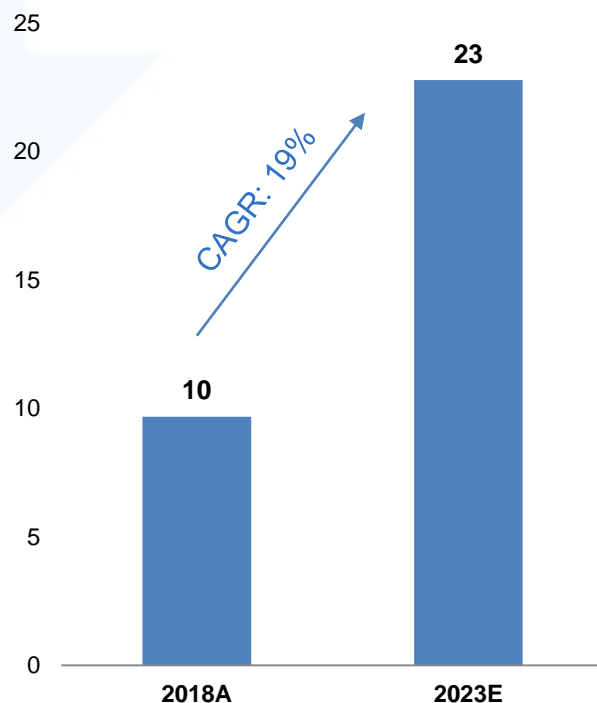


# Leading Digital Personal Financial Service Platform

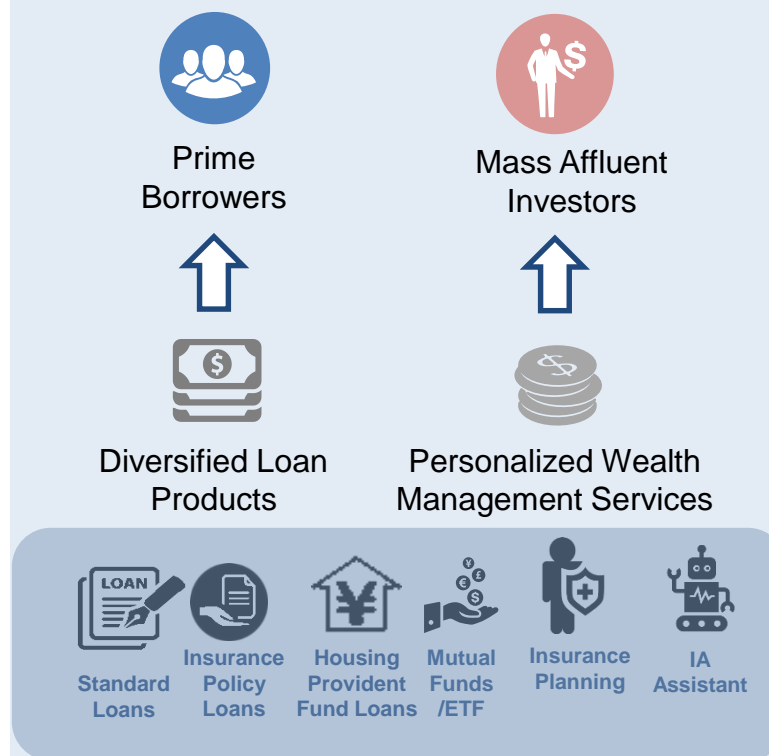
## Consumer Credit

### Unsecured Customer Finance Market in China

(By outstanding balance, RMB trillion)



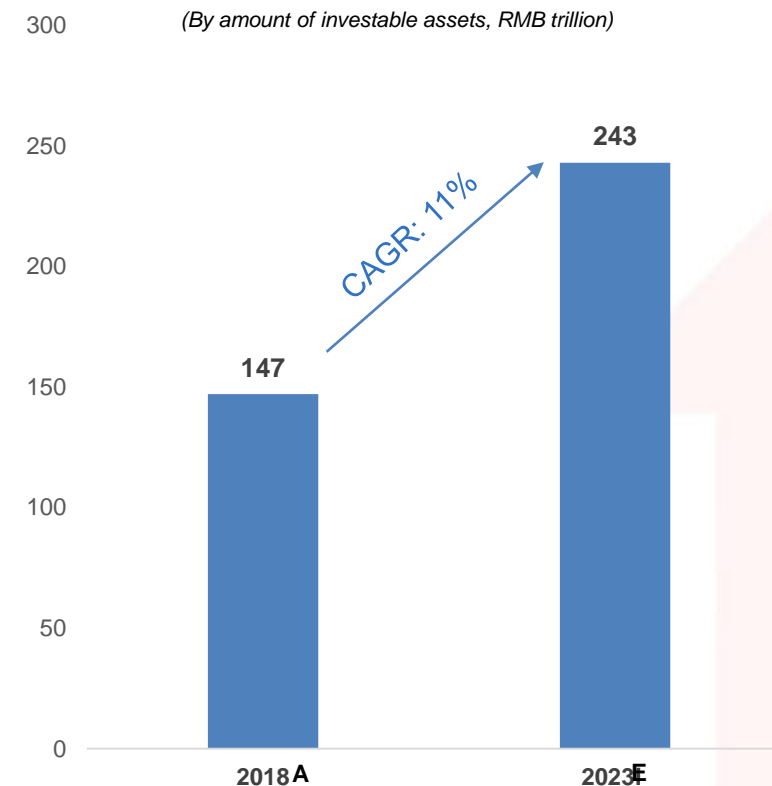
Source: Oliver Wyman report



## Wealth Management

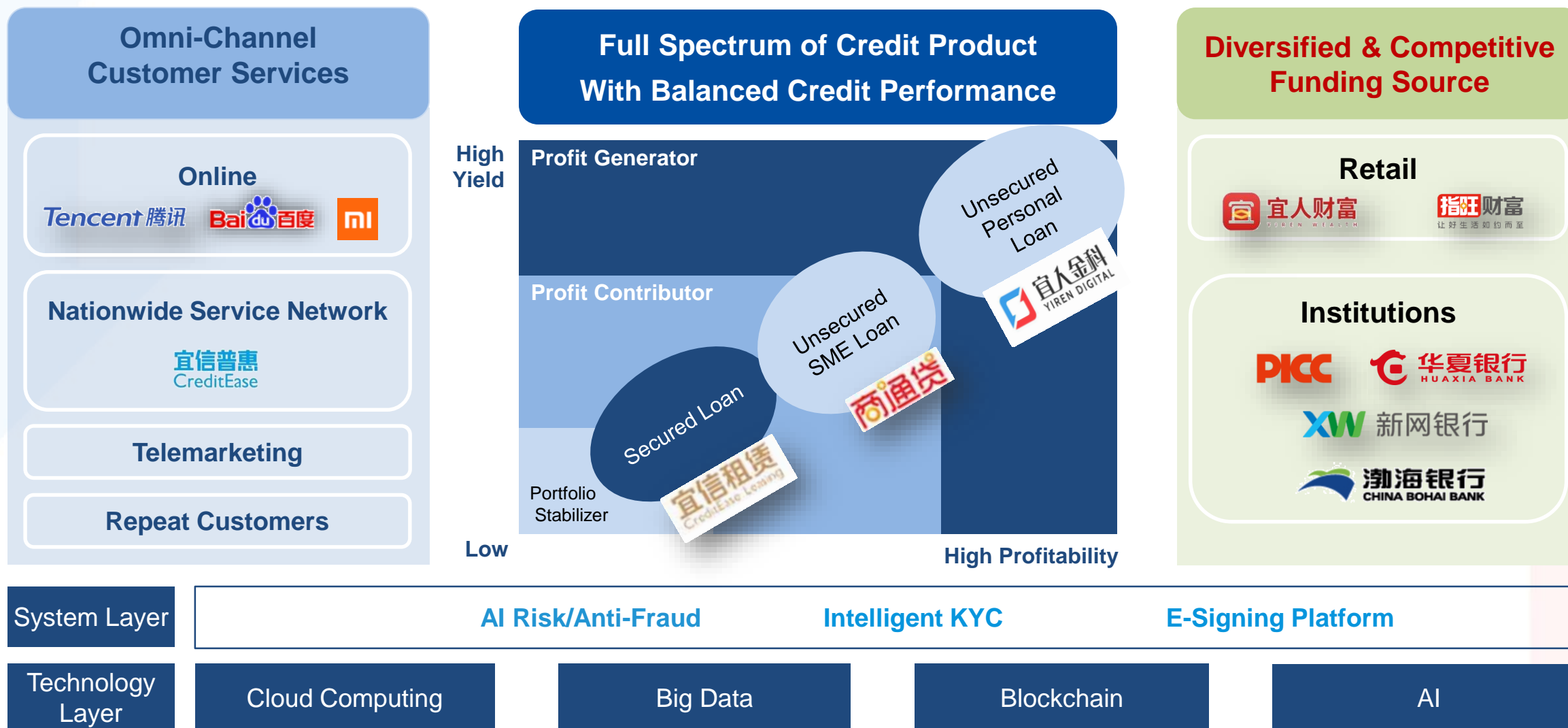
### Wealth Management Market in China

(By amount of investable assets, RMB trillion)

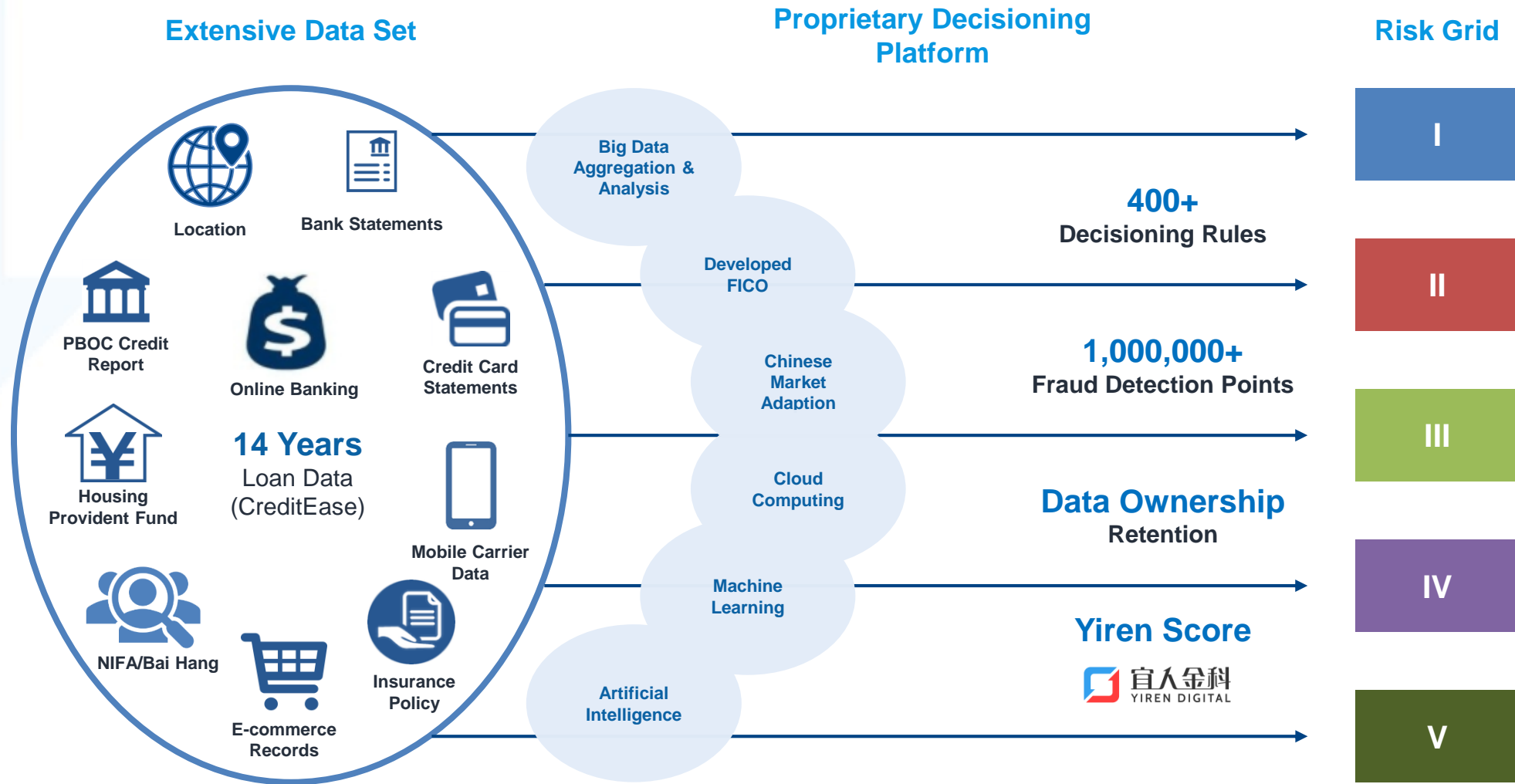


Source: BCG & China Construction Bank, 2019 China Private Bank Report

# Leading Creditech Platform



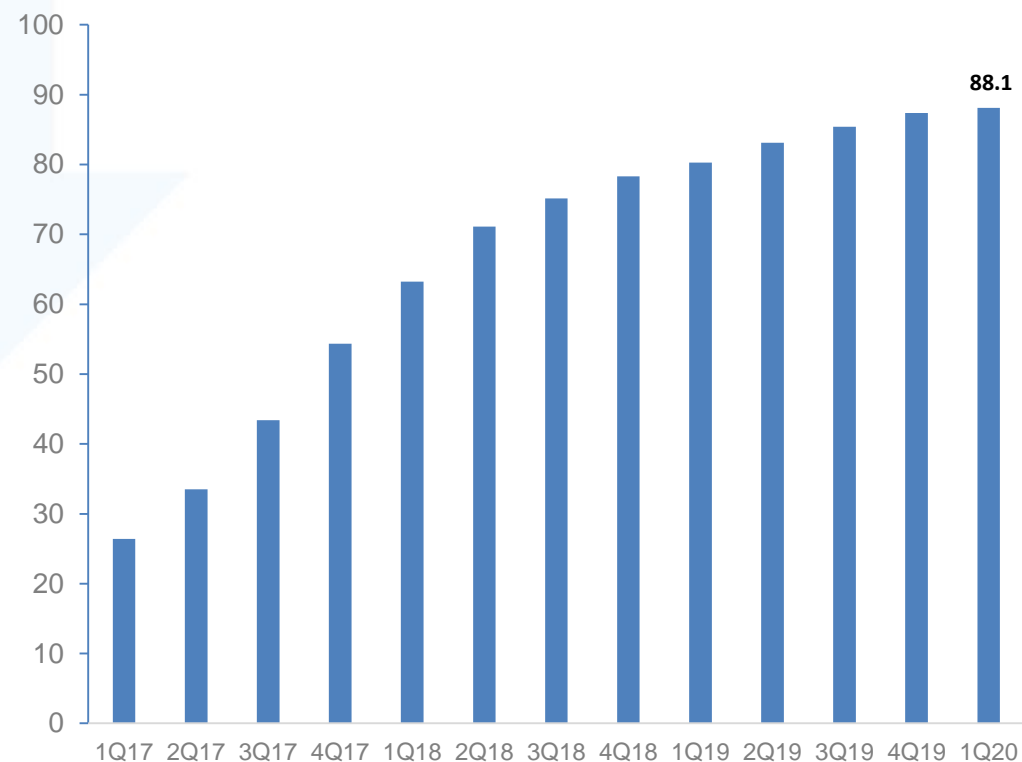
# Extensive Data Set And Credit Decisioning Capabilities



# Large and Expanding Borrowers Base

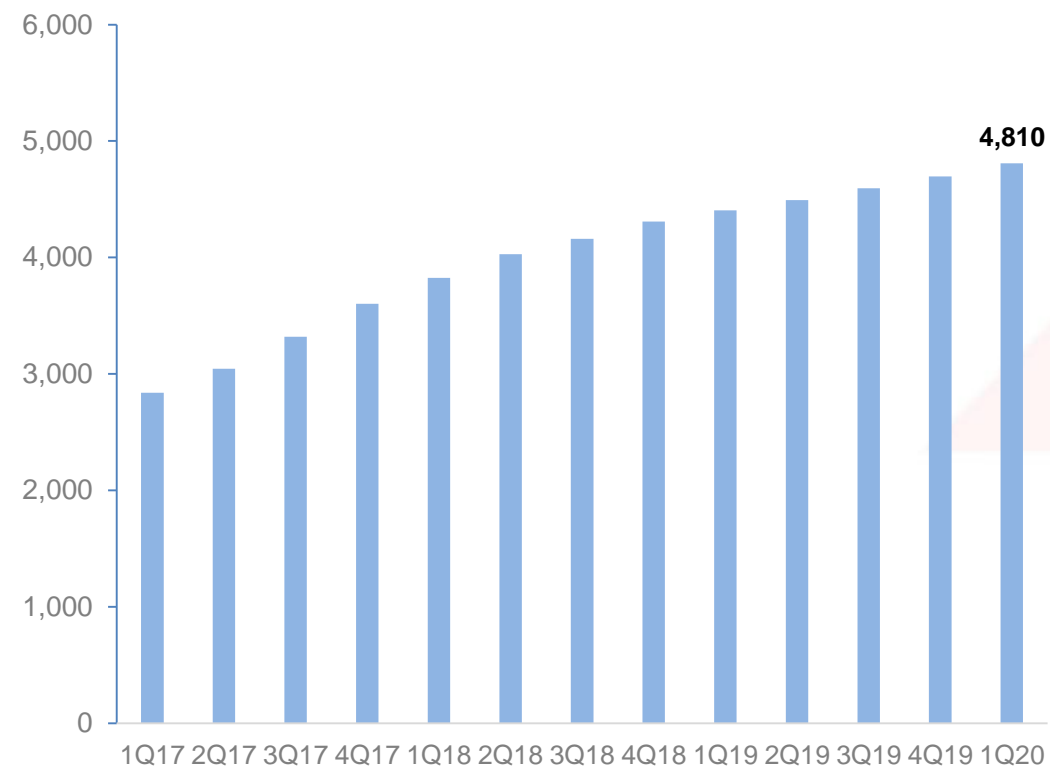
## Cumulative Registered Borrowers

(In millions)



## Cumulative Served Borrowers

(In thousands)



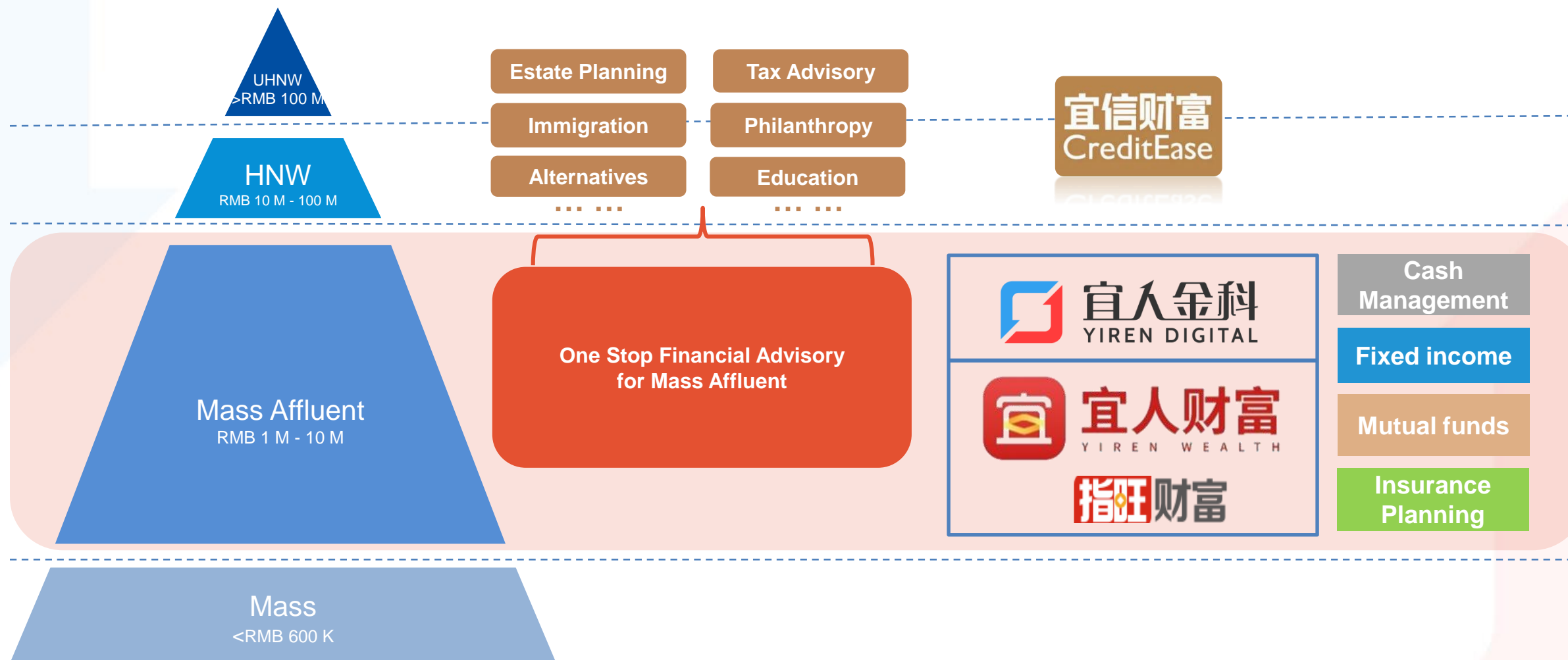
# Our Wealth Management Strategy

Total Investable Asset

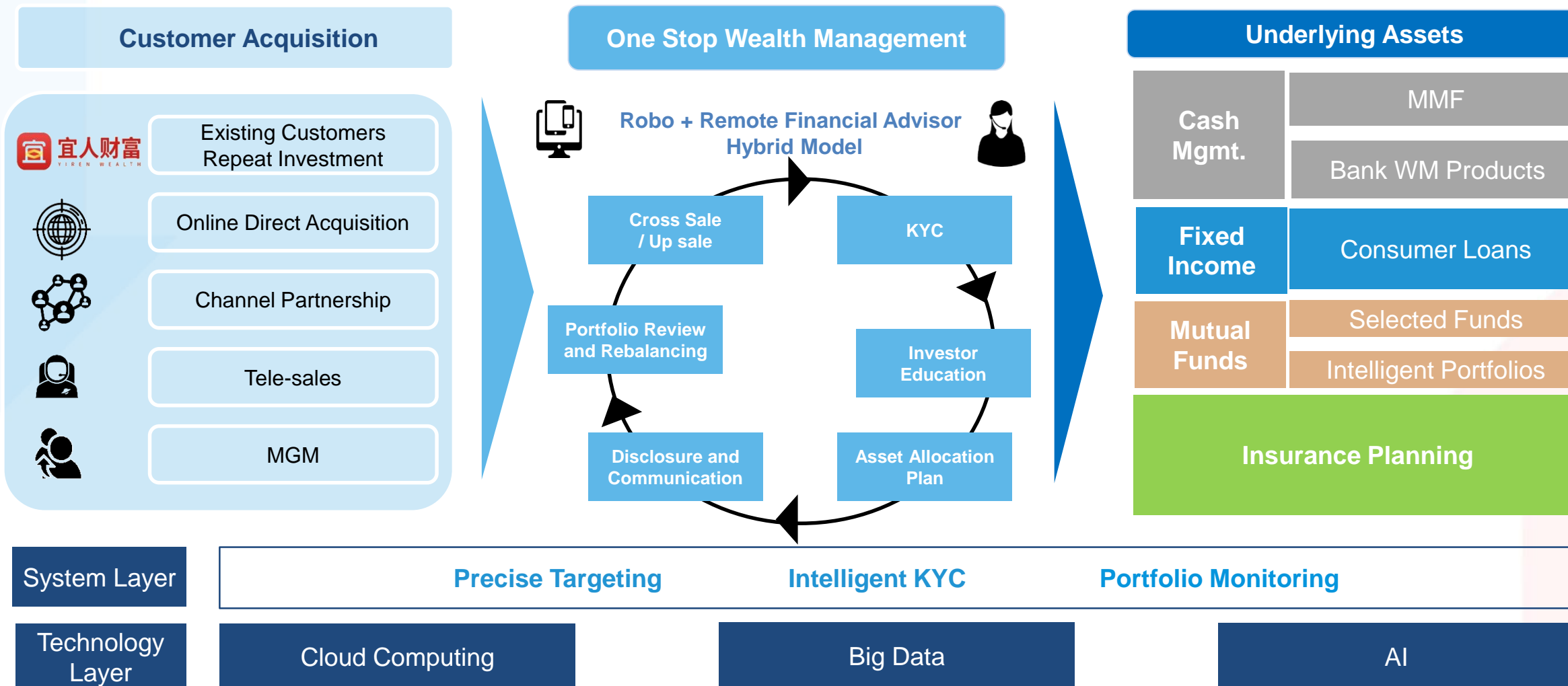
Service Needs

Disruptive Wealth Model

Assets

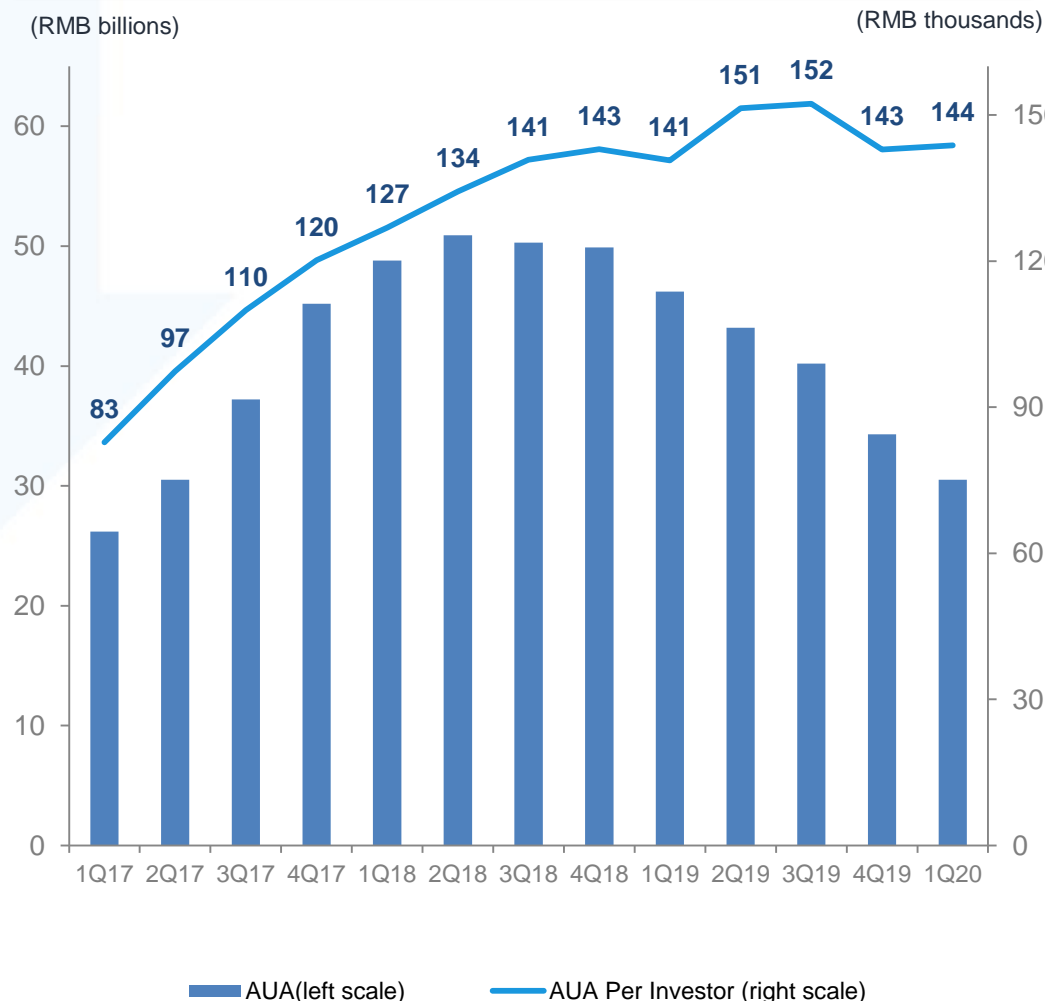


# Yiren Wealth Business

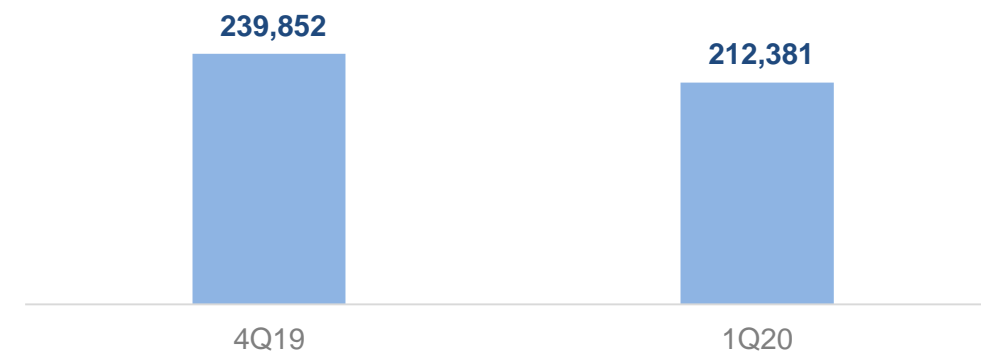


# Accumulated Large P2P Investor Base

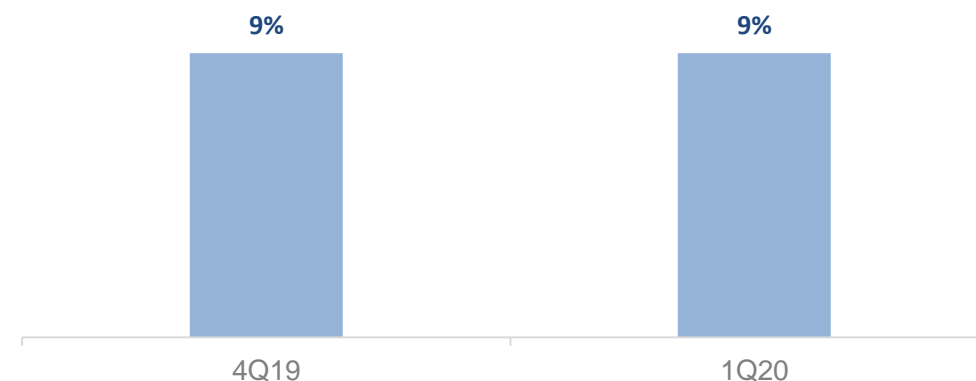
## AUA Per Investor<sup>1</sup>



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



## Avg Investor Return

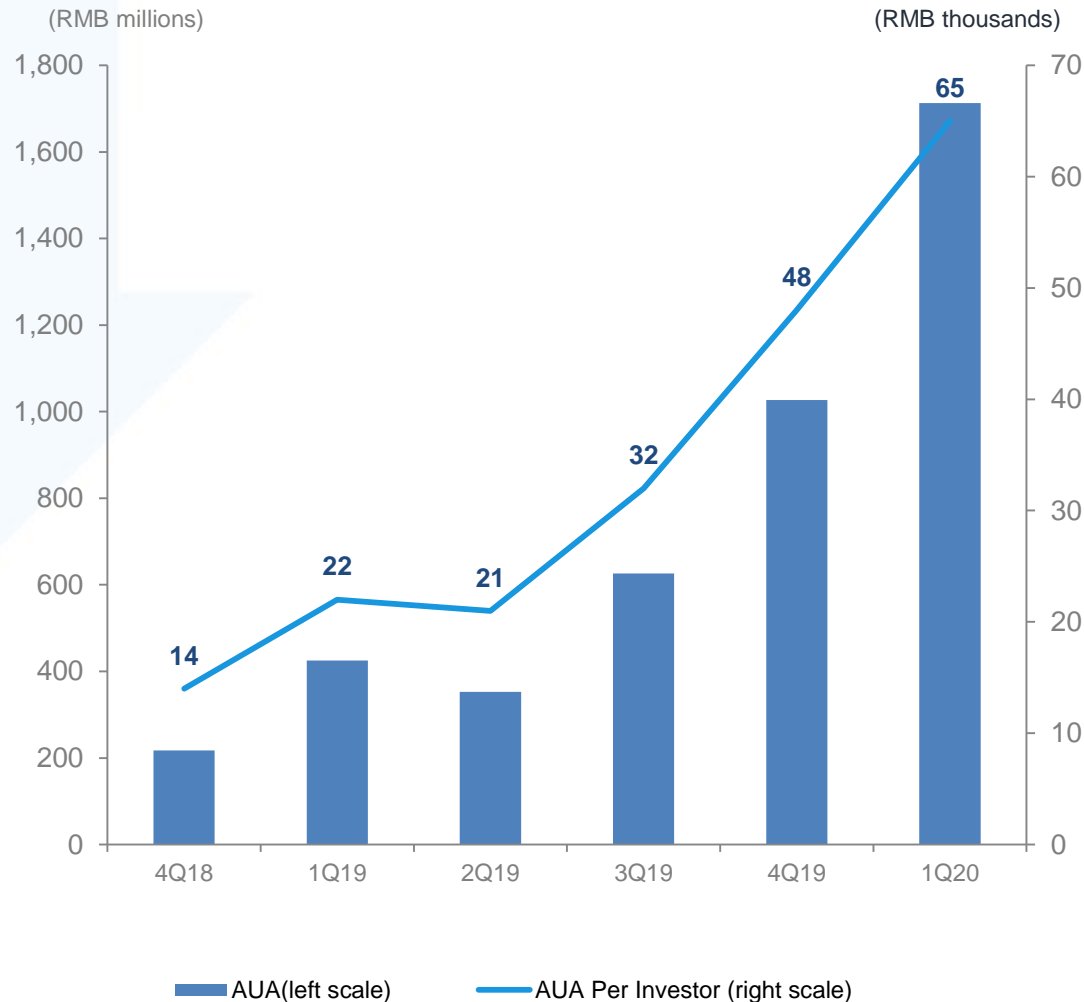


Note 1: Relates to investors whom have invested in P2P products only.

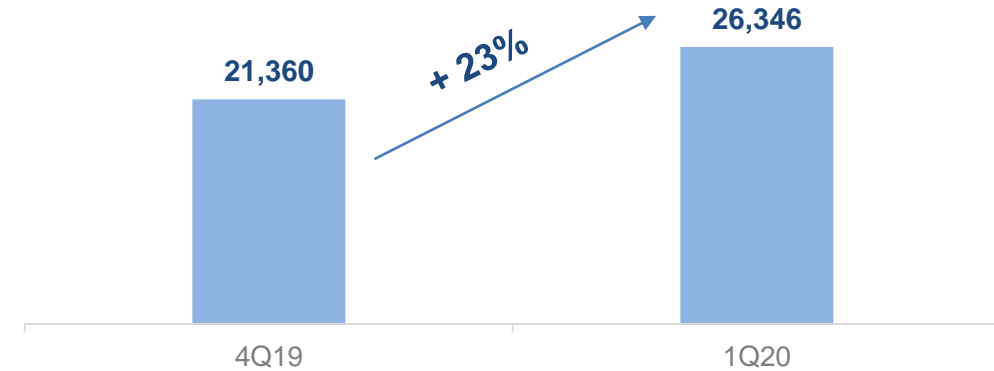
Note 2: Number of current investors represents investors who currently have an o/s investment on our platform.

# Non-P2P Wealth Management Gaining Traction

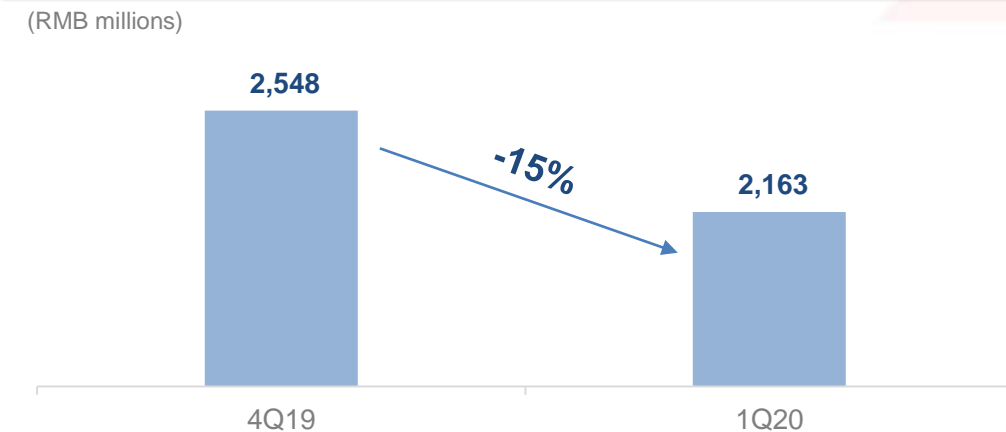
## AUA Per Investor<sup>1</sup>



## 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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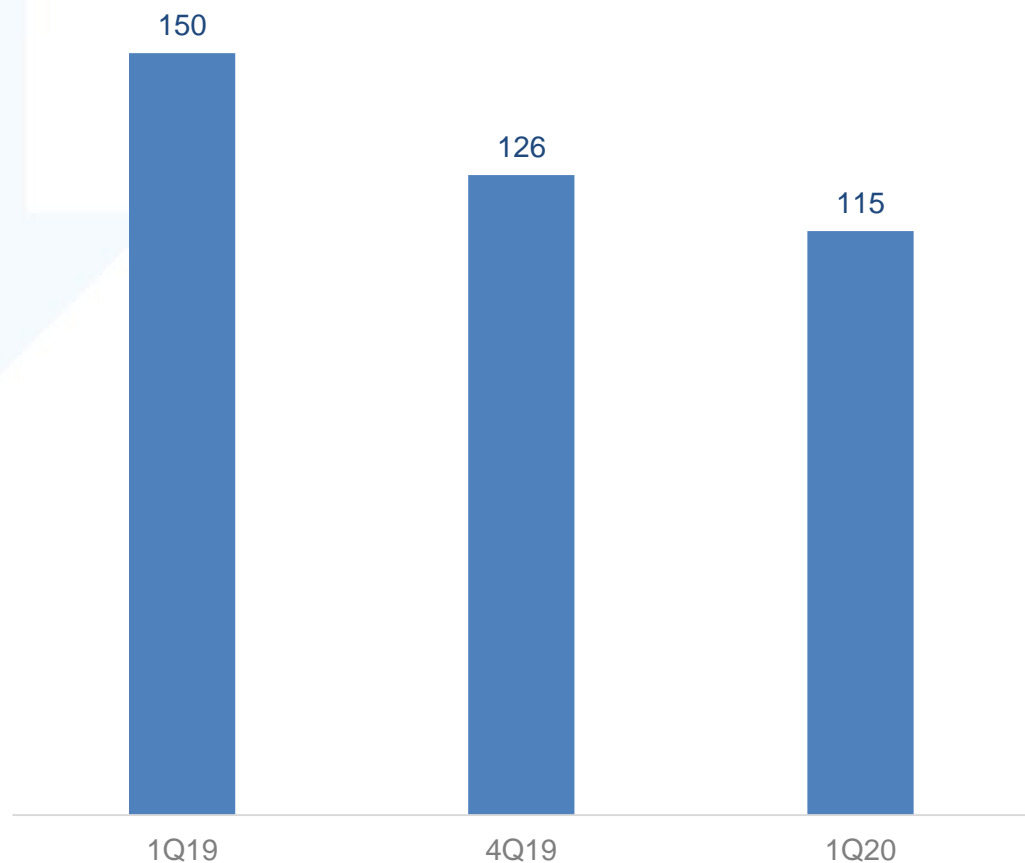
3

Key Financial Highlights

# Loan Volume Driven by Our Borrowers

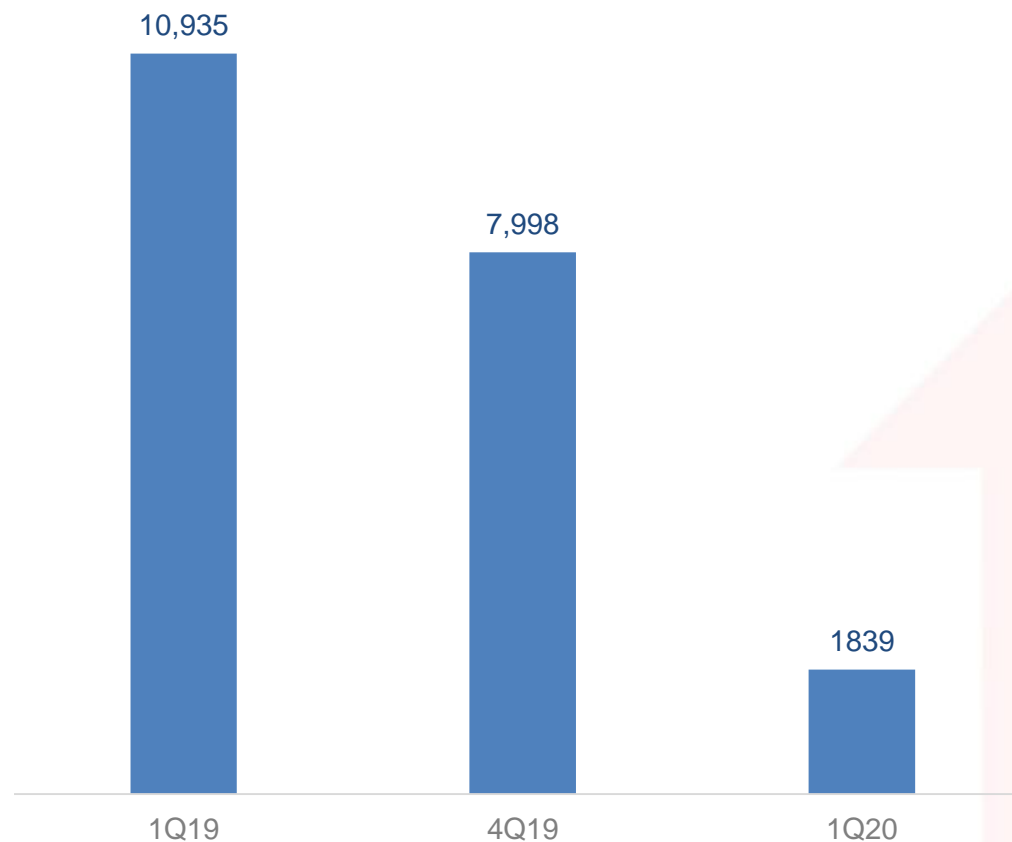
Number of Borrowers

(Million)



Loans Facilitated

(RMB Million)



# Financial Metrics

## Net Revenue

(RMB Million)

16.4%

22.2%

47.9%

1,980

2,364

1,024

1Q19

4Q19

1Q20

## Net Income

(RMB Million)

18.6%

17.1%

1.9%

369

404

19

1Q19

4Q19

1Q20

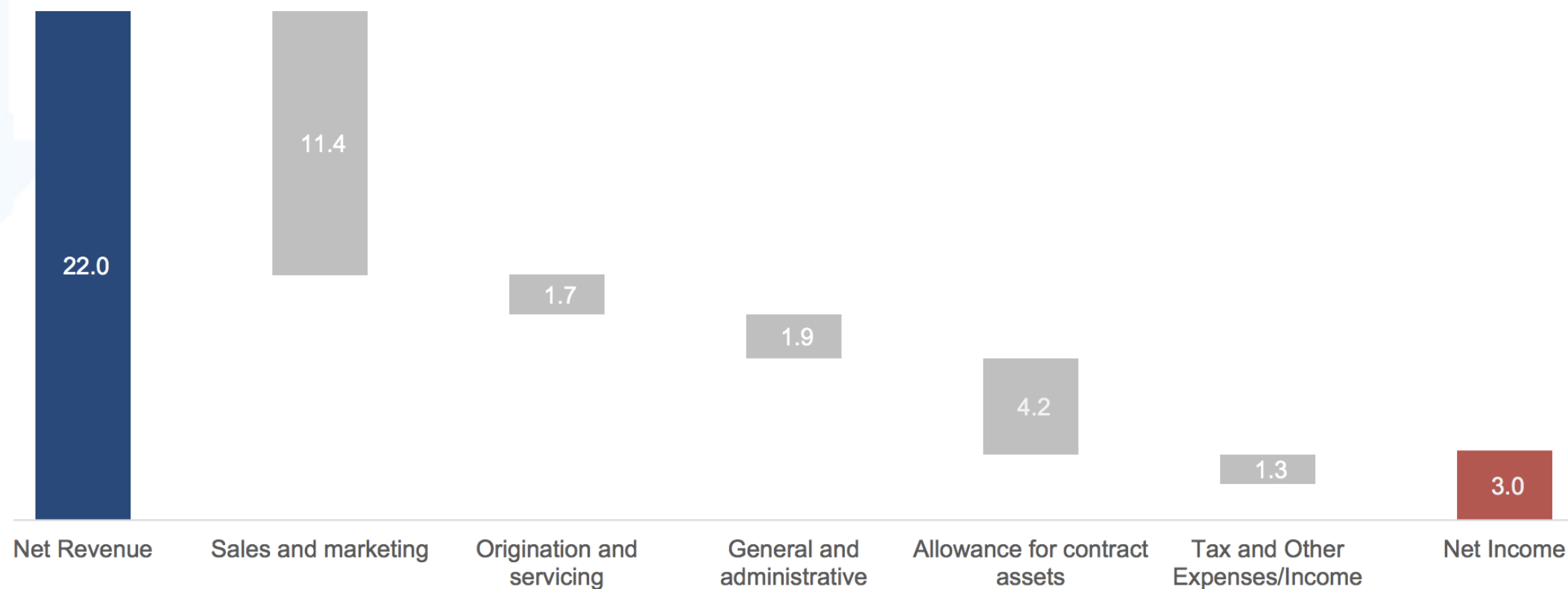
Take Rate (%) <sup>(1)</sup>

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

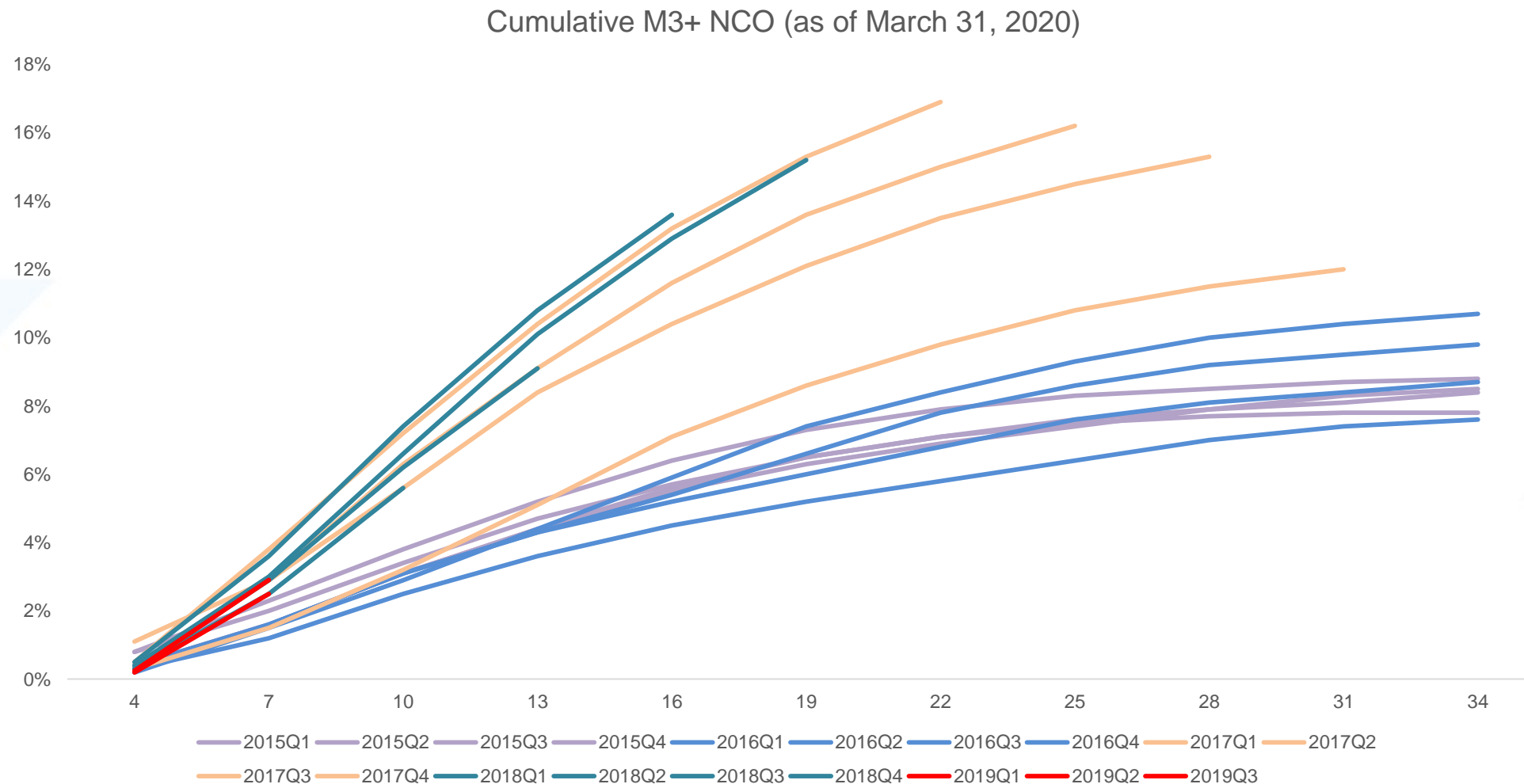
# Unit Economics

**FY 2019**

(per RMB 100 loan facilitated)



# 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 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 river or canal flows through the city on the left side. 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		
	March 31, 2019	March 31, 2020	March 31, 2020
	RMB	RMB	USD
Net revenue:			
Loan facilitation services	1,055,046	358,541	50,636
Post-origination services	296,279	146,520	20,693
Account management services	488,340	413,166	58,350
Others	140,743	105,433	14,890
Total net revenue	1,980,408	1,023,660	144,569
Operating costs and expenses:			
Sales and marketing	1,127,945	616,441	87,058
Origination and servicing	172,123	102,918	14,535
General and administrative	257,707	149,041	21,049
Allowance for contract assets and receivables	191,104	143,385	20,250
Total operating costs and expenses	1,748,879	1,011,785	142,892
Other income/(expenses):			
Interest income, net	23,875	25,116	3,547
Fair value adjustments related to Consolidated ABFE	34,998	(26,020)	(3,675)
Others, net	160,223	12,184	1,721
Total other income/(expenses)	219,096	11,280	1,593
Income before provision for income taxes	450,625	23,155	3,270
Share of results of equity investees	(4,957)	-	-
Income tax expense	76,534	3,936	556
Net income	369,134	19,219	2,714
Weighted average number of ordinary shares outstanding, basic	185,126,457	185,600,961	185,600,961
Basic income per share	1.9940	0.1036	0.0146
Basic income per ADS	3.9880	0.2072	0.0292

# 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		
	March 31, 2019	March 31, 2020	March 31, 2020
	RMB	RMB	USD
<b>Unaudited Condensed Consolidated Cash Flow Data</b>			
Net cash (used in)/ generated from operating activities	(658,435)	557,762	78,771
Net cash used in investing activities	(249,931)	(524,479)	(74,070)
Net cash provided by/ (used in) financing activities	493,389	(65,637)	(9,270)
Effect of foreign exchange rate changes	(2,196)	1,206	170
Net decrease in cash, cash equivalents and restricted cash	(417,173)	(31,148)	(4,399)
Cash, cash equivalents and restricted cash, beginning of period	3,034,484	3,269,142	461,691
Cash, cash equivalents and restricted cash, end of period	2,617,311	3,237,994	457,292

# Balance Sheet

## Unaudited Condensed Consolidated Balance Sheets (in thousands)

	As of		
	December 31, 2019	March 31, 2020	March 31, 2020
	RMB	RMB	USD
Cash and cash equivalents	3,198,086	3,194,993	451,219
Restricted cash	71,056	43,001	6,073
Accounts receivable	3,398	33,902	4,788
Contract assets, net	2,398,685	1,873,548	264,596
Contract cost	160,003	149,917	21,172
Prepaid expenses and other assets	1,333,221	868,462	122,651
Loans at fair value	418,492	313,267	44,242
Financing receivables	29,612	33,381	4,714
Amounts due from related parties	988,853	1,583,859	223,684
Held-to-maturity investments	6,627	4,399	621
Available-for-sale investments	460,991	456,061	64,408
Property, equipment and software, net	195,855	188,880	26,675
Deferred tax assets	45,407	42,084	5,943
Right-of-use assets	334,134	291,028	41,101
<b>Total assets</b>	<b>9,644,420</b>	<b>9,076,782</b>	<b>1,281,887</b>
Accounts payable	43,583	39,068	5,517
Amounts due to related parties	106,645	112,034	15,822
Liabilities from quality assurance program and guarantee	4,397	3,487	492
Deferred revenue	358,203	254,933	36,003
Accrued expenses and other liabilities	2,338,745	1,946,205	274,858
Refund liability	1,801,535	1,760,942	248,692
Deferred tax liabilities	218,888	216,304	30,549
Lease liabilities	282,334	259,197	36,606
<b>Total liabilities</b>	<b>5,154,330</b>	<b>4,592,170</b>	<b>648,539</b>
Ordinary shares	121	121	17
Additional paid-in capital	5,038,691	5,045,268	712,528
Treasury stock	(37,097)	(37,097)	(5,239)
Accumulated other comprehensive income	21,855	18,671	2,637
Accumulated deficit	(533,480)	(542,351)	(76,595)
<b>Total (deficit)/ equity</b>	<b>4,490,090</b>	<b>4,484,612</b>	<b>633,348</b>
<b>Total liabilities and equity</b>	<b>9,644,420</b>	<b>9,076,782</b>	<b>1,281,887</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		
	March 31, 2019	March 31, 2020	March 31, 2020
	RMB	RMB	USD
<b>Operating Highlights</b>			
Amount of p2p investment	11,435,588	5,203,747	734,909
Number of p2p investors	200,780	78,256	78,256
Amount of non-p2p investment	328,708	2,163,313	305,518
Number of non-p2p investors	14,022	18,809	18,809
Amount of loans facilitated	10,934,923	1,839,454	259,781
Number of borrowers	149,715	115,420	115,420
Remaining principal of performing loans	63,213,843	42,063,039	5,940,436
<b>Segment Information</b>			
Wealth management:			
Revenue	521,434	415,876	58,733
Sales and marketing expenses	143,904	67,326	9,508
Consumer credit:			
Revenue	1,458,974	607,784	85,836
Sales and marketing expenses	984,041	549,115	77,550
<b>Reconciliation of Adjusted EBITDA</b>			
Net income	369,134	19,219	2,714
Interest income, net	(23,875)	(25,116)	(3,547)
Income tax expense	76,534	3,936	556
Depreciation and amortization	32,502	27,171	3,837
Share-based compensation	14,699	4,541	641
Adjusted EBITDA	468,994	29,751	4,201
Adjusted EBITDA margin	23.7%	2.9%	2.9%

# 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%
December 31, 2019	1.2%	2.0%	1.7%
March 31, 2020	1.6%	4.1%	3.2%
<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%
<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%

## M3+ NCO by Vintage

Loan Issued Period	Amount of Loans Facilitated During the Period (in RMB thousands)	M3+ Net Charge-Off Rate	
		Accumulated M3+ Net Charge-Off as of March 31, 2020 (in RMB thousands)	Total Net Charge-Off Rate as of March 31, 2020
2015	53,143,029	4,455,505	8.4%
2016	53,805,112	5,071,489	9.4%
2017	69,883,293	11,506,013	16.5%
2018	63,176,149	9,989,880	15.8%
2019	39,103,048	2,018,636	5.2%

## M3+ NCO by Vintage

### M3+ Net Charge-Off Rate

[illegible]