

Q1 2021 Investor Presentation

June 2021



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 credit-tech and wealth management business 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

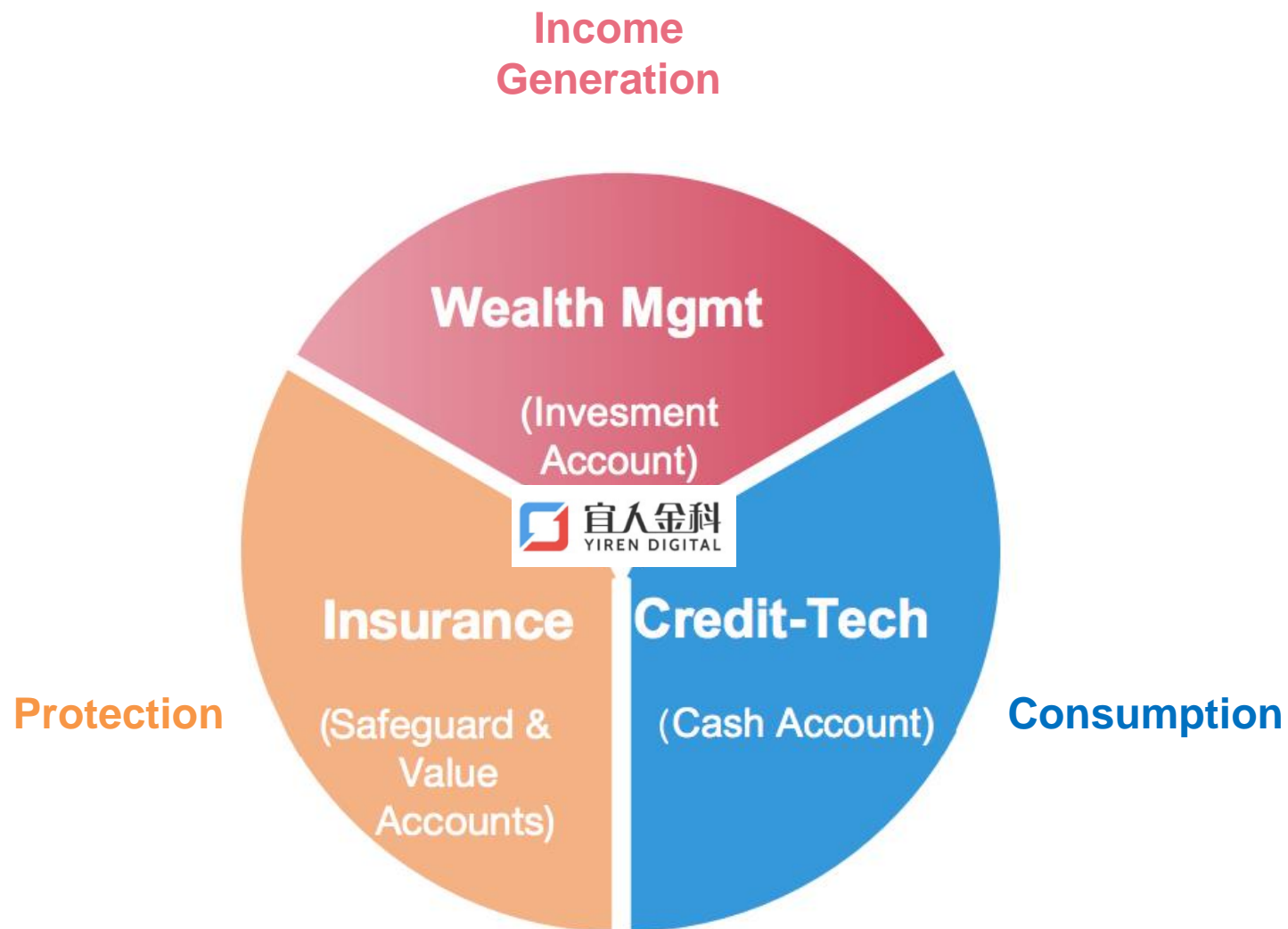
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Key Financial Highlights






Business Highlights



Positioned as a Leading Digital Personal Financial Management Platform





Positioning	 Digital Personal Management Service
Business Model	 Consumer Credit and Wealth Management
Monetization	 Loan & AUM Based Recurring Service Fee
Customer Value	 Long Term Value
Capital	 Light

Yiren Digital At A Glance, Q1 2021



Leading Digital Wealth Management Platform



Total Client Asset
Q1 2021
~RMB 10.7Bn



No. of Active Investors¹
Q1 2021
~307k



Investor Service
AI Robot + Remote FA



Accumulatively Served Investors
As of Q1 2021
~ 2.5 Mn



Leading Consumer Credit-Tech Player



Loan Balance
Q1 2021
~RMB 11.2Bn



No. of Borrowers Served
Q1 2021
~346K



Customer Service
Online & Offline



Accumulatively Served Borrowers
As of Q1 2021
~ 5.3 Mn

Note 1: Total client asset refers to the amount of investment of our current products, excluding our legacy products.

Note 2: Active investors refer to those who hold an investment in one or more of the wealth management products the Company source from financial institutions during the quarter, including funds, insurance, bank products and other products.

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Business Highlights

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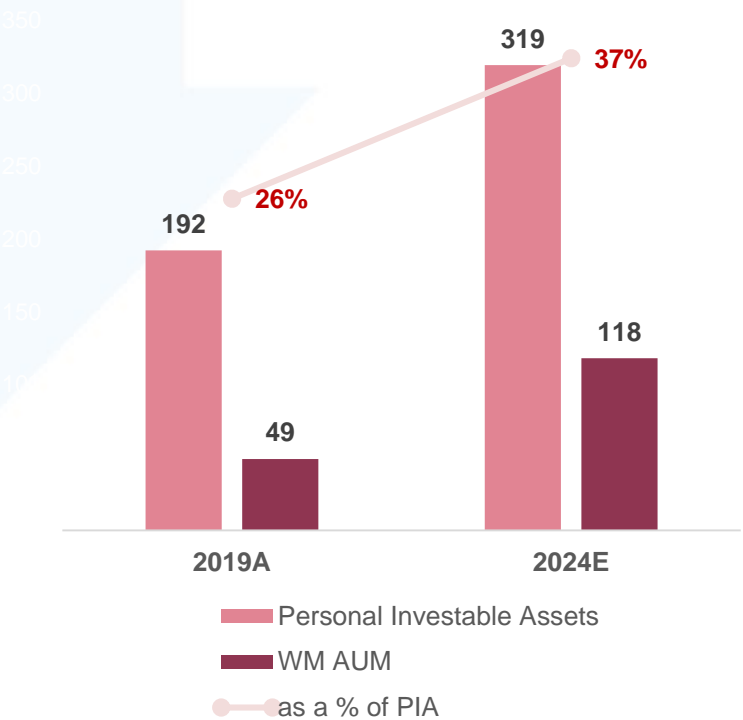
Key Financial Highlights

Massive Opportunity in China's Personal Financial Services Industry

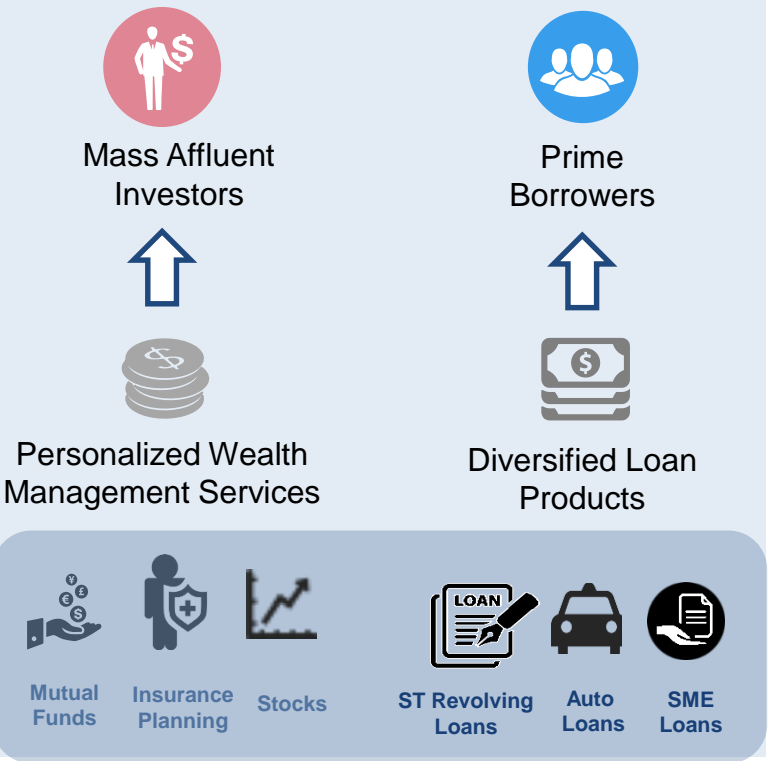
Wealth Management

Increasing Investment Needs

(in RMB trillion)



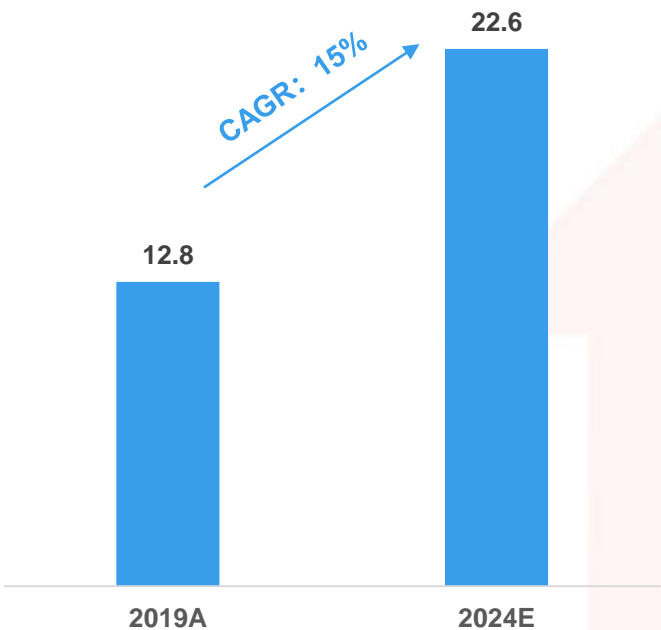
Source: Oliver Wyman



Consumer Credit

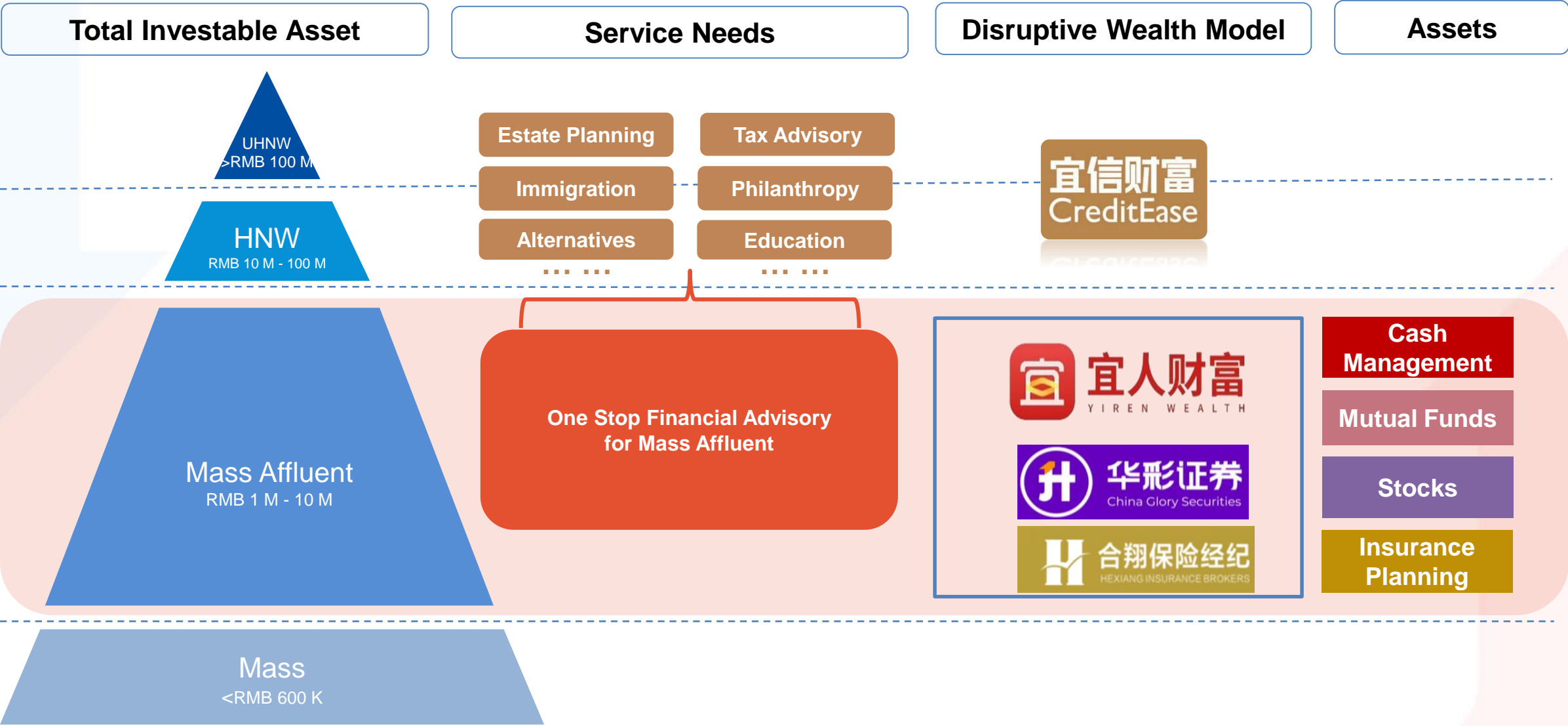
Customer Finance Market in China

(By outstanding balance, RMB trillion)

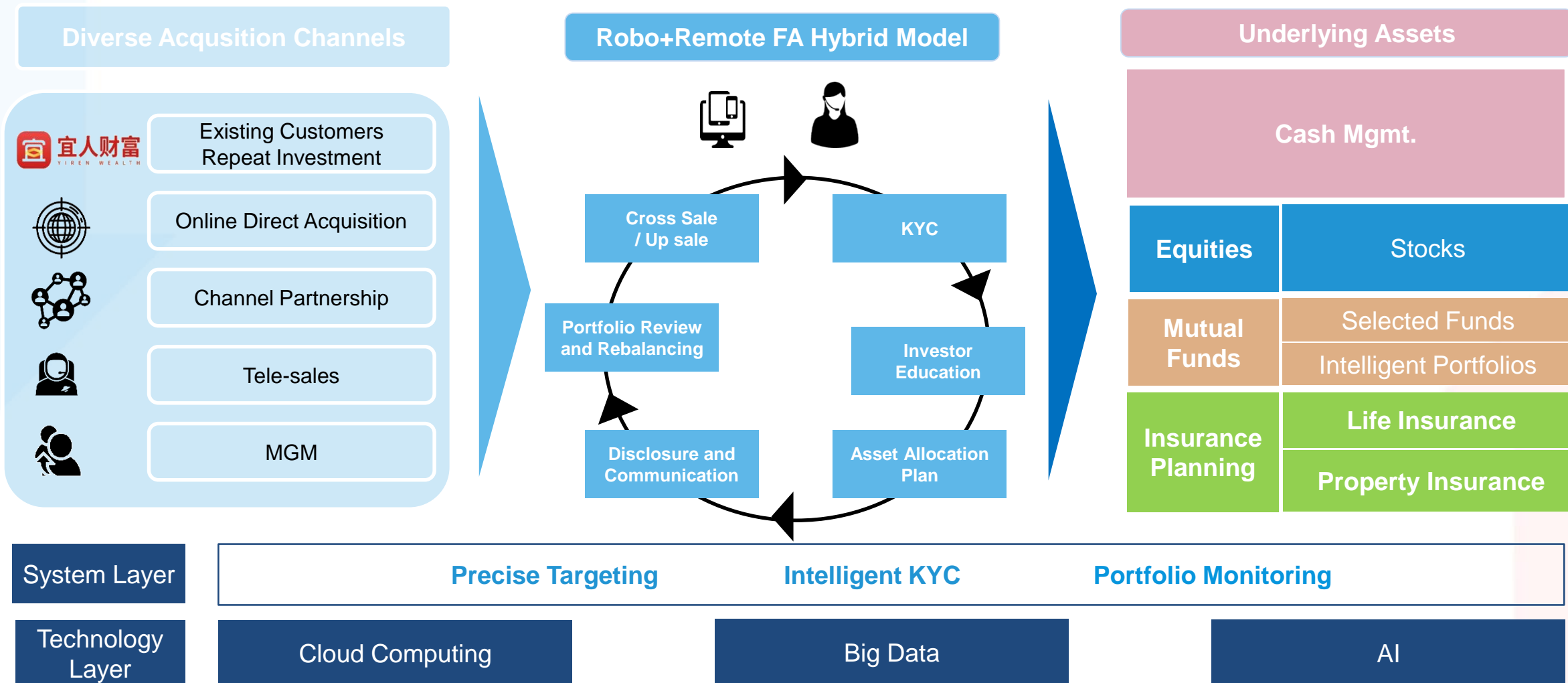


Source: Oliver Wyman

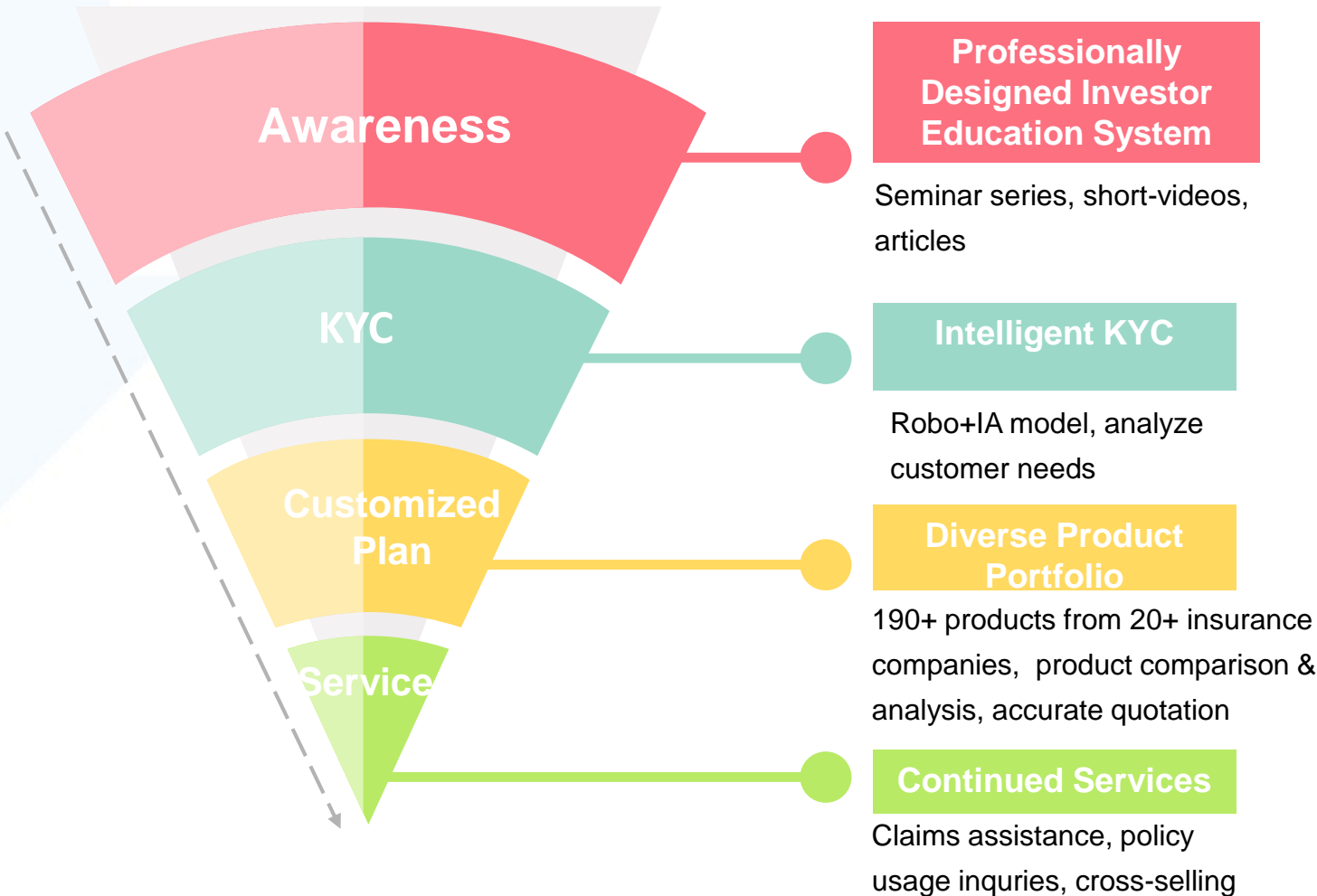
Our Wealth Management Strategy



Wealth Management Business Model



One-Stop Insurance Solution



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



Full Spectrum of Credit Products : ST Revolving Loans



Average Principal Amt
< RMB20,000



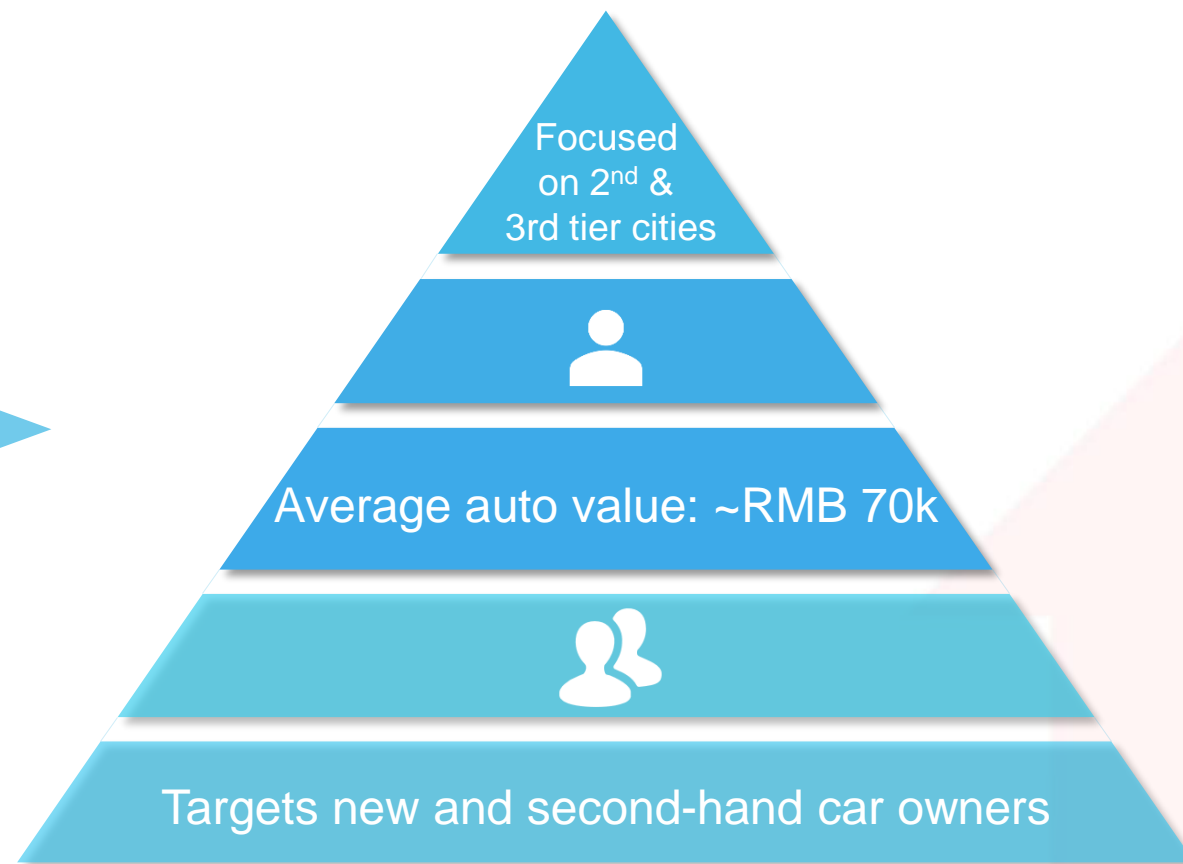
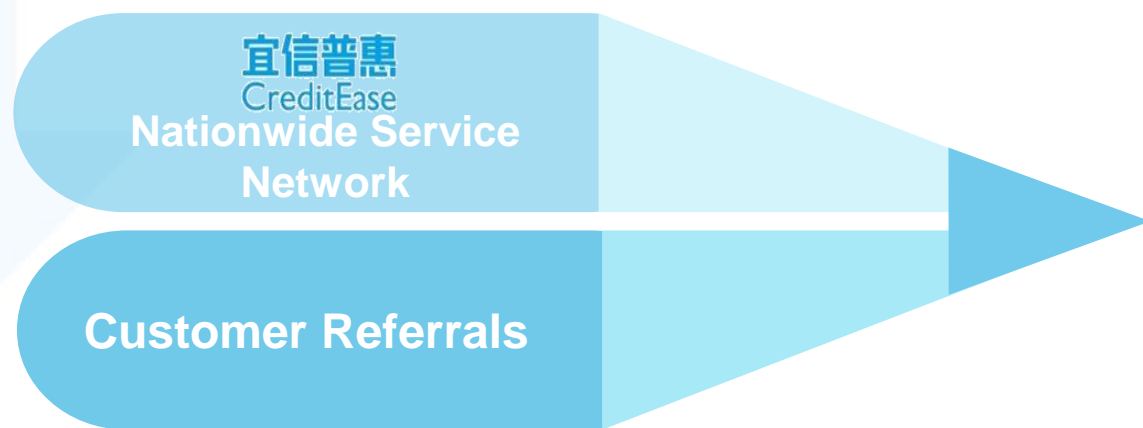
Loan Tenure
3, 6, 9 or 12 months



Target Customer Base
Young & Tech-savvy

Full Spectrum of Credit Products : Secured Auto Loans

Customer Acquisition Channels



Average Principal Amt
~RMB 70,000

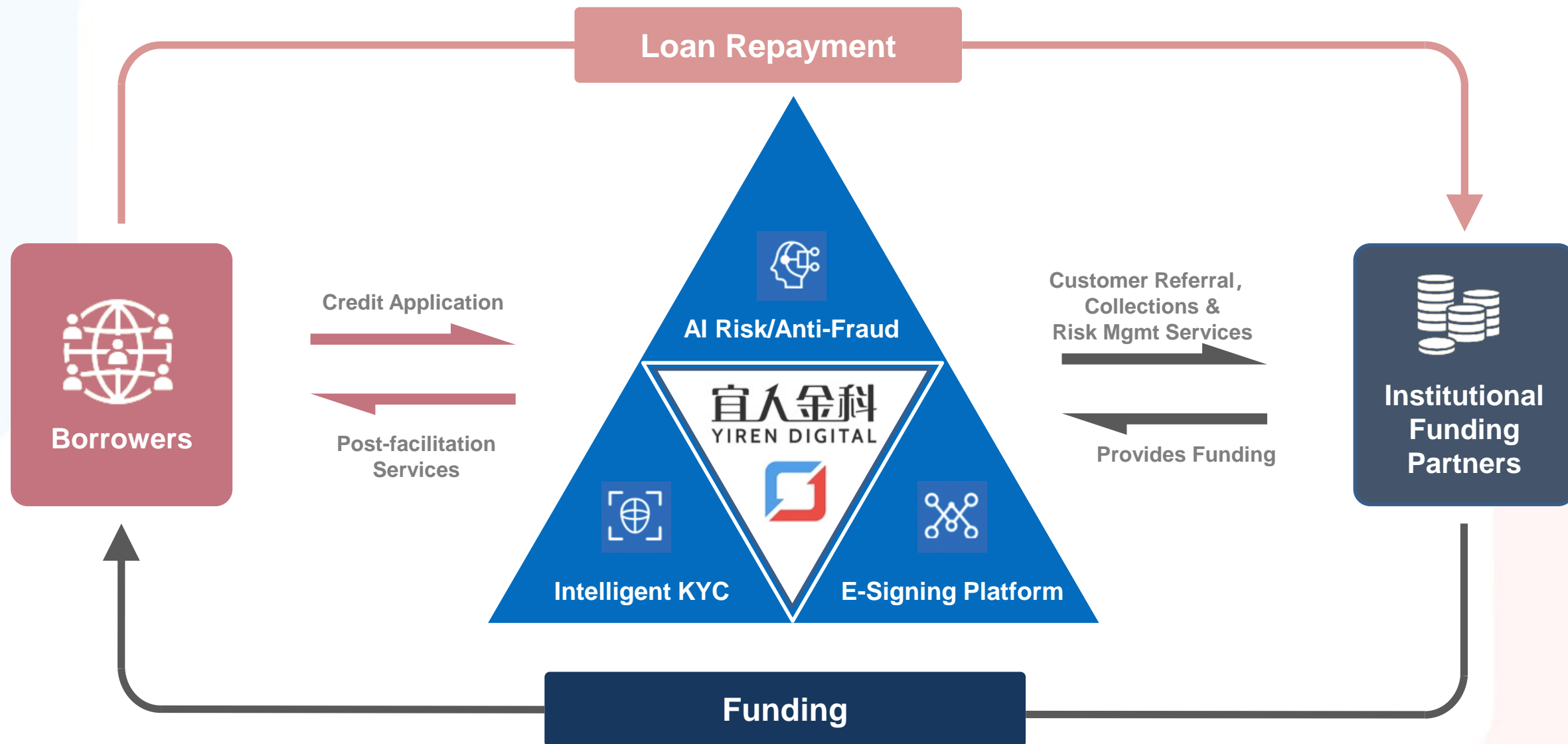


Loan Tenure
Average 30 months



Target Customer Base
Salaried Employees

Technology Driven Loan Facilitation Model





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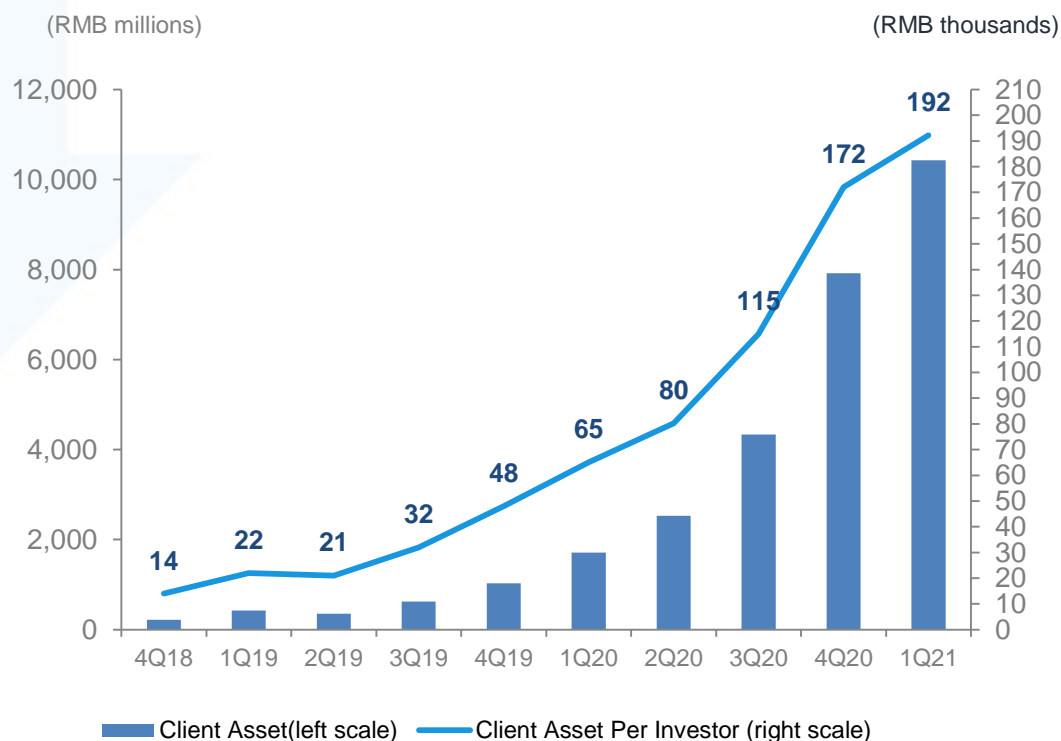
Business Highlights

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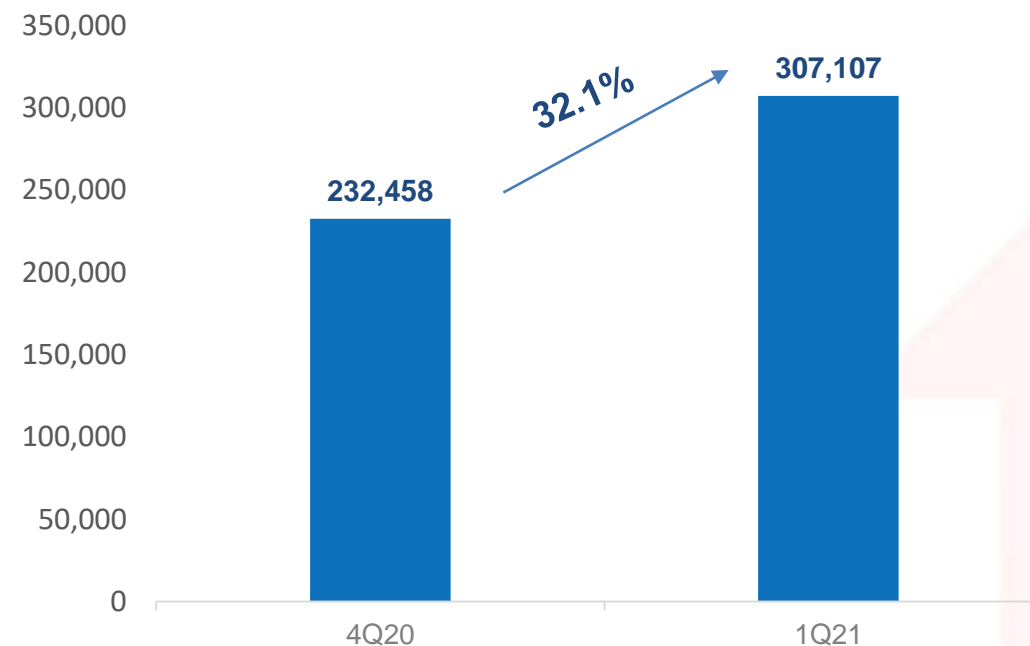
Key Financial Highlights

Wealth Management Gaining Traction

Client Asset Per Investor¹



Number of Active Investors²



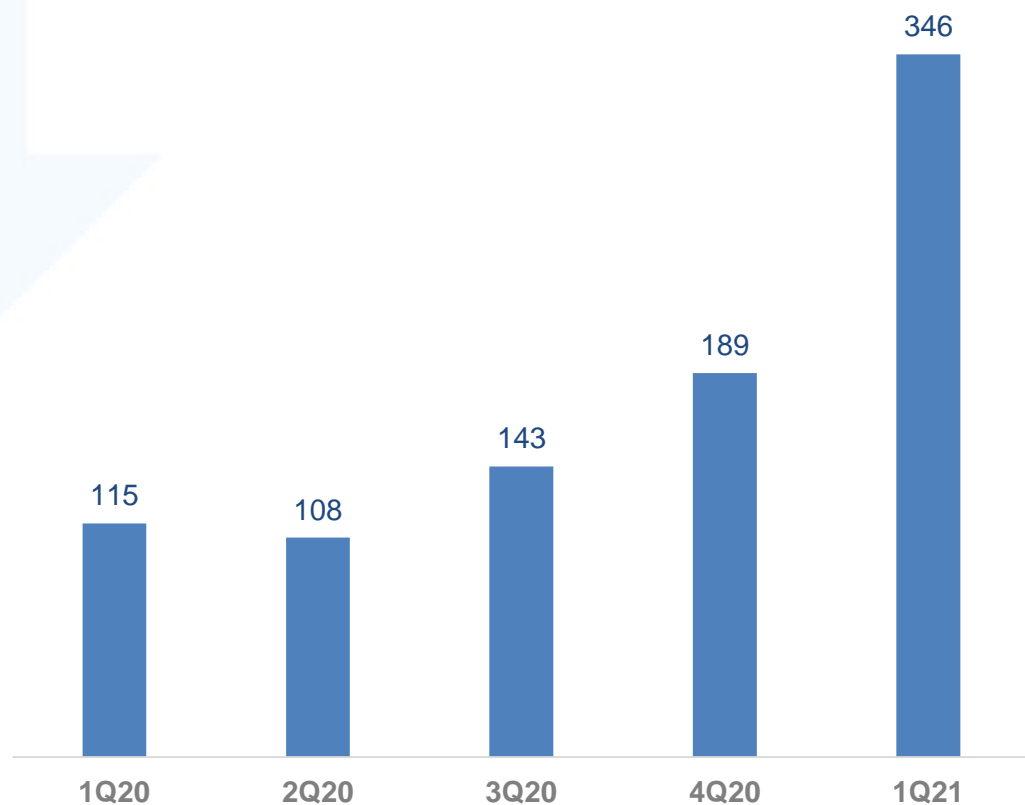
Note 1: Average client asset per investors refer to the investment in fund and short-term investing products per investor, excluding legacy products and insurance products.

Note 2: Active investors refer to those who have made at least one investment through our wealth management platform or have had client assets with us above zero in the past twelve months.

Loan Volume Driven by Our Borrowers

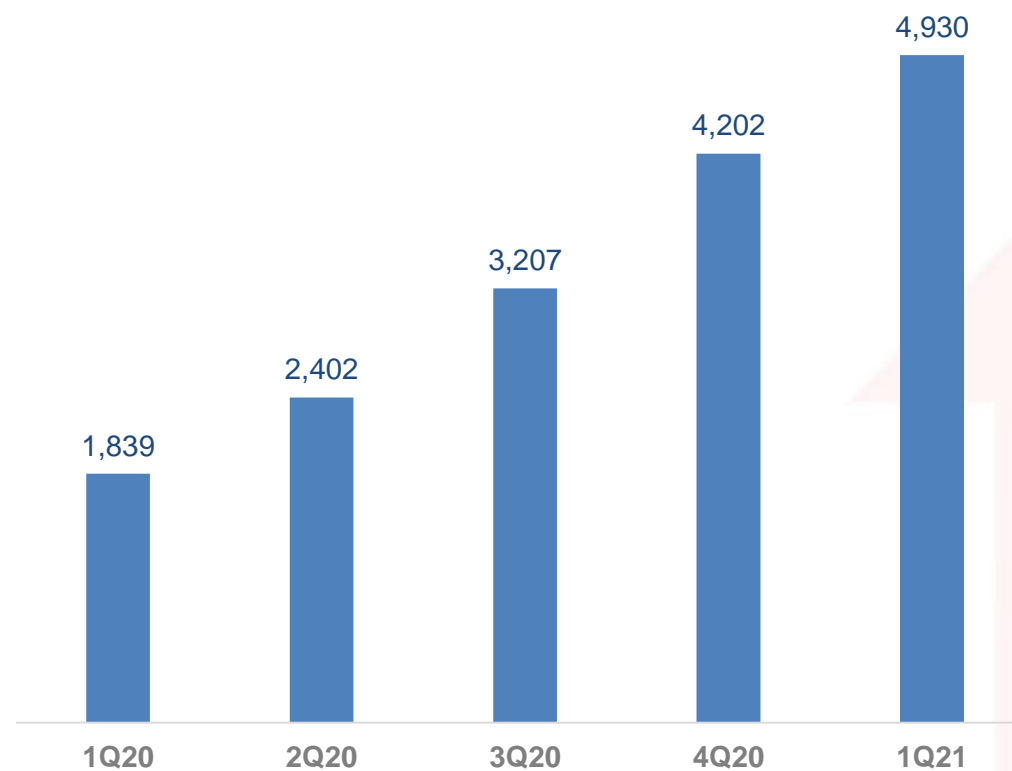
Number of Borrowers

(Thousands)



Loans Facilitated

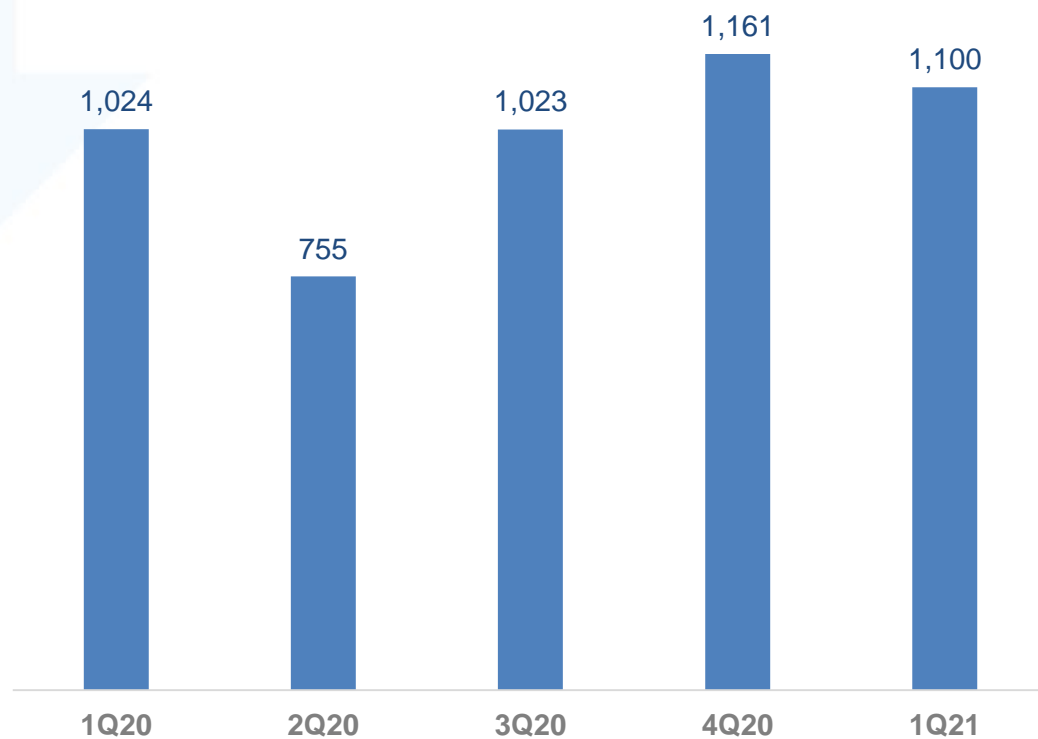
(RMB Million)



Financial Metrics

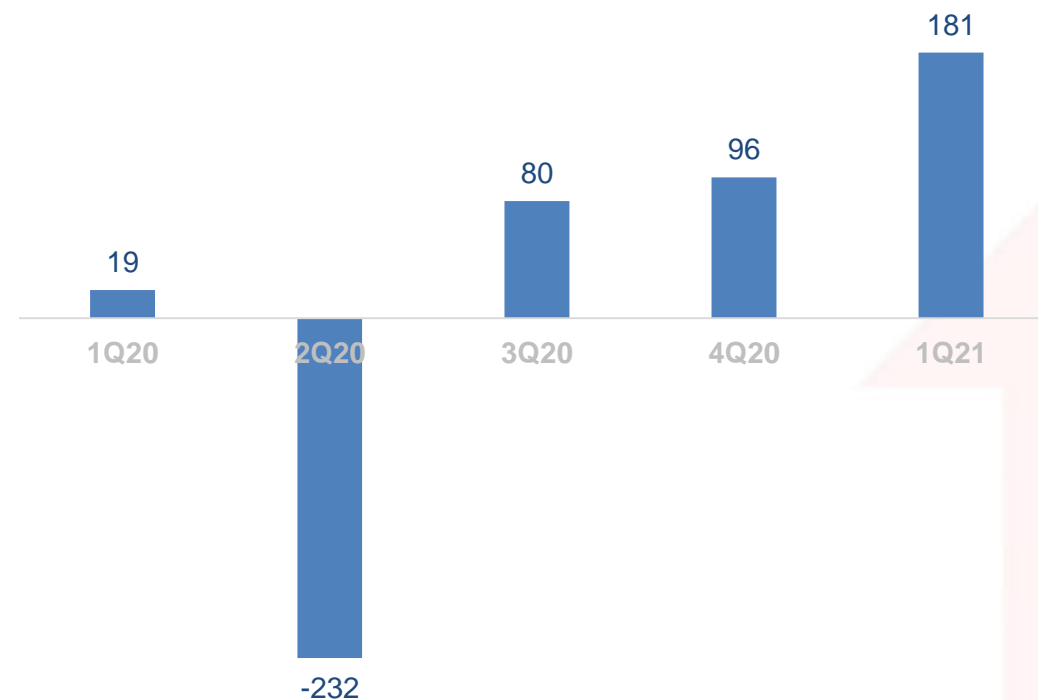
Net Revenue

(RMB Million)

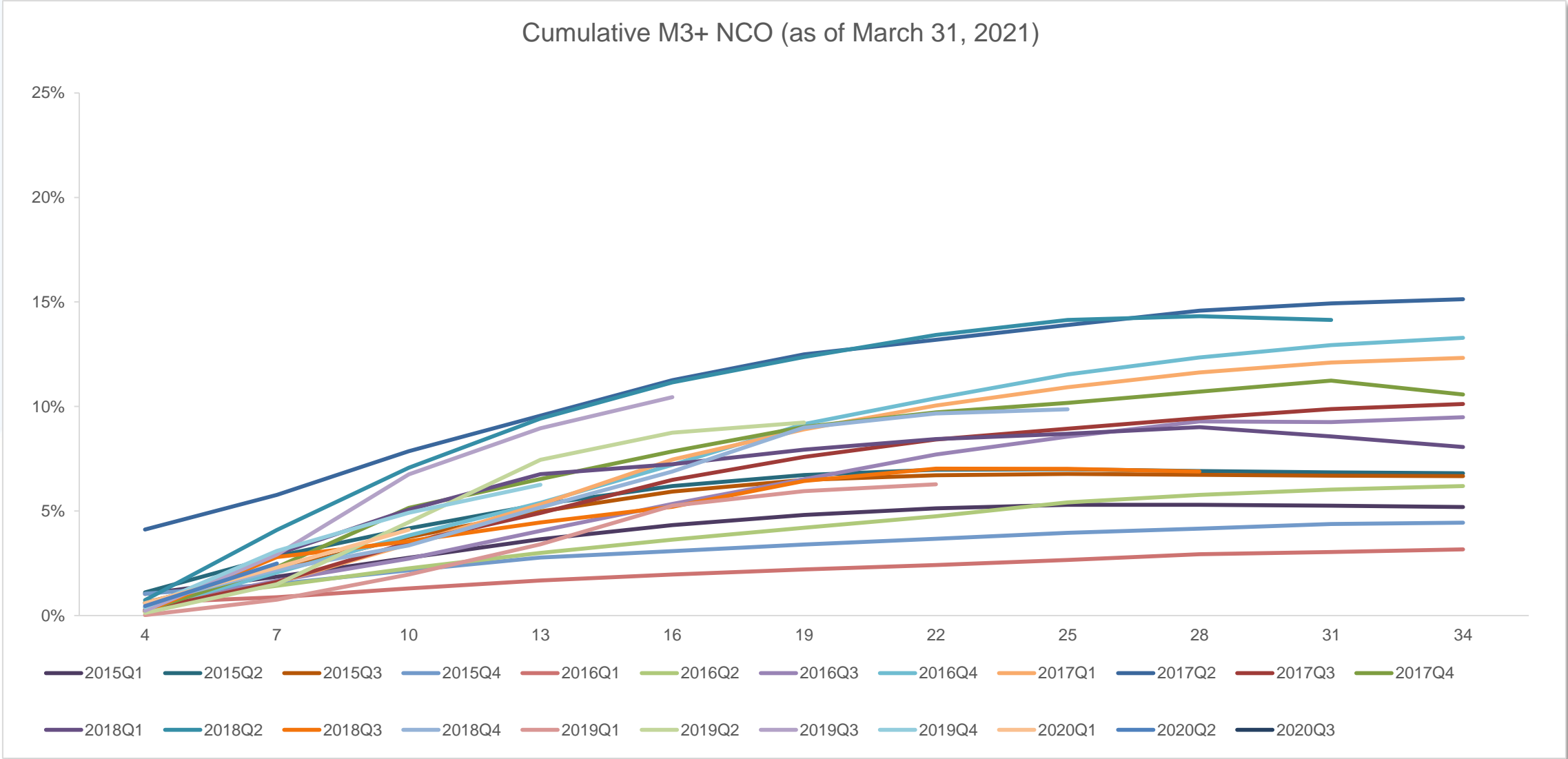


Non-GAAP Net Income

(RMB Million)



Proven Credit Performance



An aerial photograph of a city skyline at sunset. The sky is a mix of orange, pink, and purple. 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. A river or body of water is visible on the left side of the image.

APPENDIX

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, 2020	March 31, 2021	March 31, 2021
	RMB	RMB	USD
Net revenue:			
Loan facilitation services	358,541	542,132	82,746
Post-origination services	146,520	44,786	6,836
Account management services	413,166	-	-
Insurance brokerage services	-	159,704	24,376
Financing services	650	114,932	17,542
Others	104,783	238,409	36,388
Total net revenue	1,023,660	1,099,963	167,888
Operating costs and expenses:			
Sales and marketing	616,441	405,176	61,842
Origination, servicing and other operating costs	102,918	174,525	26,638
General and administrative	149,041	119,865	18,295
Allowance for contract assets, receivables and others	143,385	141,232	21,556
Total operating costs and expenses	1,011,785	840,798	128,331
Other income/(expenses):			
Interest income/(expense), net	25,116	(10,980)	(1,676)
Fair value adjustments related to Consolidated ABFE	(26,020)	(27,720)	(4,231)
Others, net	12,184	5,122	782
Total other income/(expenses)	11,280	(33,578)	(5,125)
Income before provision for income taxes	23,155	225,587	34,432
Income tax expense	3,936	44,373	6,773
Net income	19,219	181,214	27,659
Weighted average number of ordinary shares outstanding, basic	185,600,961	167,966,603	167,966,603
Basic income per share	0.1036	1.0789	0.1647
Basic income per ADS	0.2072	2.1578	0.3294
Weighted average number of ordinary shares outstanding, diluted	186,166,429	169,147,563	169,147,563
Diluted income per share	0.1032	1.0713	0.1635
Diluted income per ADS	0.2064	2.1426	0.3270

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,	March 31,	March 31,
	2020	2021	2021
	RMB	RMB	USD
Unaudited Condensed Consolidated Cash Flow Data			
Net cash generated from/(used in) operating activities	562,720	(142,011)	(21,674)
Net cash used in investing activities	(529,437)	(286,056)	(43,661)
Net cash (used in)/provided by financing activities	(65,637)	279,400	42,645
Effect of foreign exchange rate changes	1,206	(118)	(18)
Net decrease in cash, cash equivalents and restricted cash	(31,148)	(148,785)	(22,708)
Cash, cash equivalents and restricted cash, beginning of period	3,269,142	2,707,148	413,191
Cash, cash equivalents and restricted cash, end of period	<u>3,237,994</u>	<u>2,558,363</u>	<u>390,483</u>

Balance Sheet

Unaudited Condensed Consolidated Balance Sheets (in thousands)

	As of		
	December 31, 2020	March 31, 2021	March 31, 2021
	RMB	RMB	USD
Cash and cash equivalents	2,469,909	2,362,310	360,559
Restricted cash	237,239	196,053	29,924
Accounts receivable	122,742	148,114	22,607
Contract assets, net	750,174	917,995	140,113
Contract cost	65,529	62,061	9,472
Prepaid expenses and other assets	278,591	215,099	32,830
Loans at fair value	192,156	175,664	26,812
Financing receivables	1,253,494	1,471,509	224,595
Amounts due from related parties	884,006	911,972	139,194
Held-to-maturity investments	3,286	3,137	479
Available-for-sale investments	175,515	234,587	35,805
Property, equipment and software, net	147,193	134,351	20,506
Deferred tax assets	16,745	13,906	2,123
Right-of-use assets	105,674	98,467	15,029
Total assets	6,702,253	6,945,225	1,060,048
Accounts payable	9,903	12,923	1,972
Amounts due to related parties	970,309	769,744	117,486
Deferred revenue	50,899	44,408	6,778
Payable to investors at fair value	52,623	52,082	7,949
Accrued expenses and other liabilities	1,208,915	1,148,549	175,303
Secured borrowings	500,500	799,200	121,982
Refund liability	10,845	7,404	1,130
Deferred tax liabilities	38,741	76,003	11,600
Lease liabilities	81,854	76,735	11,712
Total liabilities	2,924,589	2,987,048	455,912
Ordinary shares	121	121	19
Additional paid-in capital	5,058,176	5,058,884	772,137
Treasury stock	(40,147)	(40,147)	(6,128)
Accumulated other comprehensive income	17,108	16,648	2,541
Accumulated deficit	(1,257,594)	(1,077,329)	(164,433)
Total equity	3,777,664	3,958,177	604,136
Total liabilities and equity	6,702,253	6,945,225	1,060,048

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, 2020	March 31, 2021	March 31, 2021
	RMB	RMB	USD
Operating Highlights			
Amount of investment in current investment products	2,163,313	5,823,057	888,772
Number of investors in current investment products	18,809	110,072	110,072
Amount of loans facilitated under loan facilitation model	741,268	4,930,287	752,509
Amount of loans facilitated	1,839,454	4,930,287	752,509
Number of borrowers	115,420	345,939	345,939
Remaining principal of performing loans facilitated under loan facilitation model	3,582,742	11,159,179	1,703,223
Segment Information			
Wealth management:			
Revenue	415,876	263,743	40,255
Sales and marketing expenses	67,326	38,987	5,951
Origination, servicing and other operating costs	30,845	132,510	20,225
Consumer credit:			
Revenue	607,784	836,220	127,633
Sales and marketing expenses	549,115	366,189	55,891
Origination, servicing and other operating costs	72,073	42,015	6,413
Reconciliation of Adjusted EBITDA			
Net income	19,219	181,214	27,659
Interest (income)/expense, net	(25,116)	10,980	1,676
Income tax expense	3,936	44,373	6,773
Depreciation and amortization	27,171	15,151	2,313
Share-based compensation	4,541	(240)	(37)
Adjusted EBITDA	29,751	251,478	38,384
Adjusted EBITDA margin	2.9%	22.9%	22.9%

Delinquency Rates

Delinquency Rates (Loan Facilitation Model)			
	15-29 days	30-59 days	60-89 days
All Loans			
December 31, 2015	1.3%	1.9%	1.5%
December 31, 2016	0.6%	0.8%	0.7%
December 31, 2017	0.5%	0.8%	0.6%
December 31, 2018	1.0%	1.8%	1.7%
December 31, 2019	0.8%	1.3%	1.0%
December 31, 2020	0.5%	0.7%	0.6%
March 31, 2021	0.5%	0.8%	0.6%
Online Channels			
December 31, 2015	0.4%	0.7%	0.5%
December 31, 2016	0.8%	1.1%	1.7%
December 31, 2017	0.3%	0.2%	0.0%
December 31, 2018	0.9%	1.7%	1.5%
December 31, 2019	1.0%	2.1%	1.6%
December 31, 2020	0.6%	1.0%	1.1%
March 31, 2021	0.5%	0.9%	0.6%
Offline Channels			
December 31, 2015	1.3%	2.0%	1.6%
December 31, 2016	0.6%	0.8%	0.7%
December 31, 2017	0.5%	0.9%	0.7%
December 31, 2018	1.1%	1.9%	1.8%
December 31, 2019	0.7%	0.9%	0.7%
December 31, 2020	0.4%	0.6%	0.4%
March 31, 2021	0.4%	0.7%	0.6%

Net Charge-Off Rate (Loan Facilitation Model)

Loan Issued Period	Amount of Loans Facilitated During the Period (in RMB thousands)	Accumulated M3+ Net Charge-Off as of March 31, 2021 (in RMB thousands)	Total Net Charge-Off Rate as of March 31, 2021
2015	4,530,824	252,253	5.6%
2016	3,749,815	320,527	8.5%
2017	5,043,494	530,172	10.5%
2018	4,211,573	422,699	10.0%
2019	3,431,443	331,813	9.7%
2020	9,614,819	215,838	2.2%

M3+ NCO by Vintage

M3+ Net Charge-Off Rate (Loan Facilitation Model)

Loan Issued Period	Month on Book										
	4	7	10	13	16	19	22	25	28	31	34
2015Q1	1.0%	1.9%	2.8%	3.7%	4.3%	4.8%	5.1%	5.3%	5.3%	5.3%	5.2%
2015Q2	1.1%	2.8%	4.2%	5.3%	6.2%	6.7%	7.0%	7.0%	6.9%	6.8%	6.8%
2015Q3	0.6%	2.2%	3.8%	5.0%	5.9%	6.5%	6.7%	6.8%	6.7%	6.7%	6.7%
2015Q4	1.0%	1.5%	2.2%	2.8%	3.1%	3.4%	3.7%	4.0%	4.2%	4.4%	4.4%
2016Q1	0.6%	0.9%	1.3%	1.7%	2.0%	2.2%	2.4%	2.7%	2.9%	3.0%	3.2%
2016Q2	0.6%	1.4%	2.3%	3.0%	3.6%	4.2%	4.8%	5.4%	5.8%	6.0%	6.2%
2016Q3	0.4%	1.7%	2.7%	4.1%	5.3%	6.5%	7.7%	8.6%	9.3%	9.3%	9.5%
2016Q4	0.3%	2.1%	3.8%	5.4%	7.2%	9.2%	10.4%	11.5%	12.4%	12.9%	13.3%
2017Q1	0.3%	1.6%	3.4%	5.3%	7.5%	8.9%	10.0%	10.9%	11.6%	12.1%	12.3%
2017Q2	4.1%	5.8%	7.9%	9.6%	11.3%	12.5%	13.2%	13.9%	14.6%	14.9%	15.1%
2017Q3	0.3%	1.6%	3.5%	4.9%	6.5%	7.6%	8.4%	8.9%	9.4%	9.9%	10.1%
2017Q4	0.2%	2.3%	5.1%	6.5%	7.9%	9.0%	9.7%	10.2%	10.7%	11.2%	10.6%
2018Q1	0.2%	2.9%	5.1%	6.8%	7.2%	7.9%	8.4%	8.7%	9.0%	8.6%	8.1%
2018Q2	0.7%	4.1%	7.1%	9.4%	11.2%	12.4%	13.4%	14.1%	14.3%	14.1%	
2018Q3	0.2%	2.8%	3.6%	4.5%	5.2%	6.4%	7.0%	7.0%	6.9%		
2018Q4	0.6%	2.2%	3.4%	5.2%	6.9%	9.0%	9.7%	9.9%			
2019Q1	0.0%	0.8%	2.0%	3.4%	5.3%	5.9%	6.3%				
2019Q2	0.1%	1.5%	4.5%	7.5%	8.8%	9.2%					
2019Q3	0.2%	2.9%	6.8%	9.0%	10.4%						
2019Q4	0.4%	3.1%	4.9%	6.3%							
2020Q1	0.6%	2.3%	4.1%								
2020Q2	0.5%	2.5%									
2020Q3	1.1%										

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THANKS!