

Q4 2019 Investor Presentation

March 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

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Business Highlights

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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 & AUM Based Recurring Service Fee</p>
Customer Value	 <p>Long Term Value</p>
Capital	 <p>Light</p>

Yiren Digital At A Glance, Q4 2019



Leading Digital Wealth Management Platform



Investor AUA P2P

Q4 2019

~RMB 34Bn



No. of Active Investors P2P

Q4 2019

~482K



AUA Non P2P Investments

~RMB 1Bn (+64%Q/Q)

88k Active Investors



Accumulatively Served Investors

As of Q4 2019

~ 2.2 Mn



Leading Consumer Creditech Player



Loan Balance

Q4 2019

~RMB 52Bn



No. of New Borrowers

Q4 2019

~126K



Customer Service

Online & Offline



Accumulatively Served Borrowers

As of Q4 2019

~ 4.7 Mn

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Business Highlights

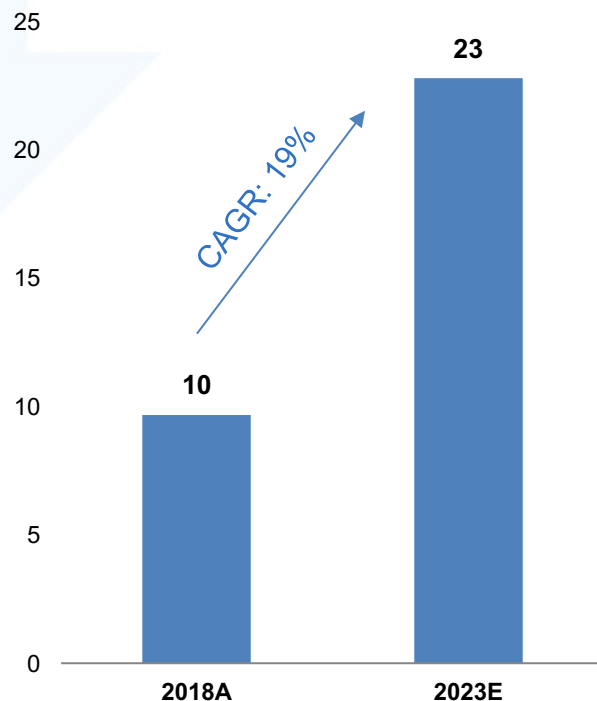


Leading Digital Personal Financial Service Platform

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

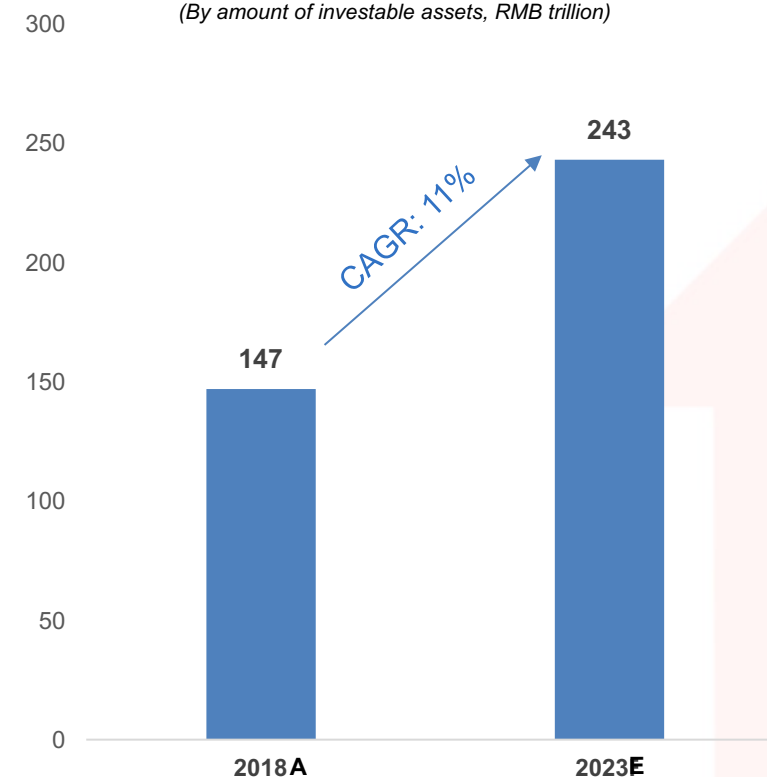


IA Assistant

Wealth Management

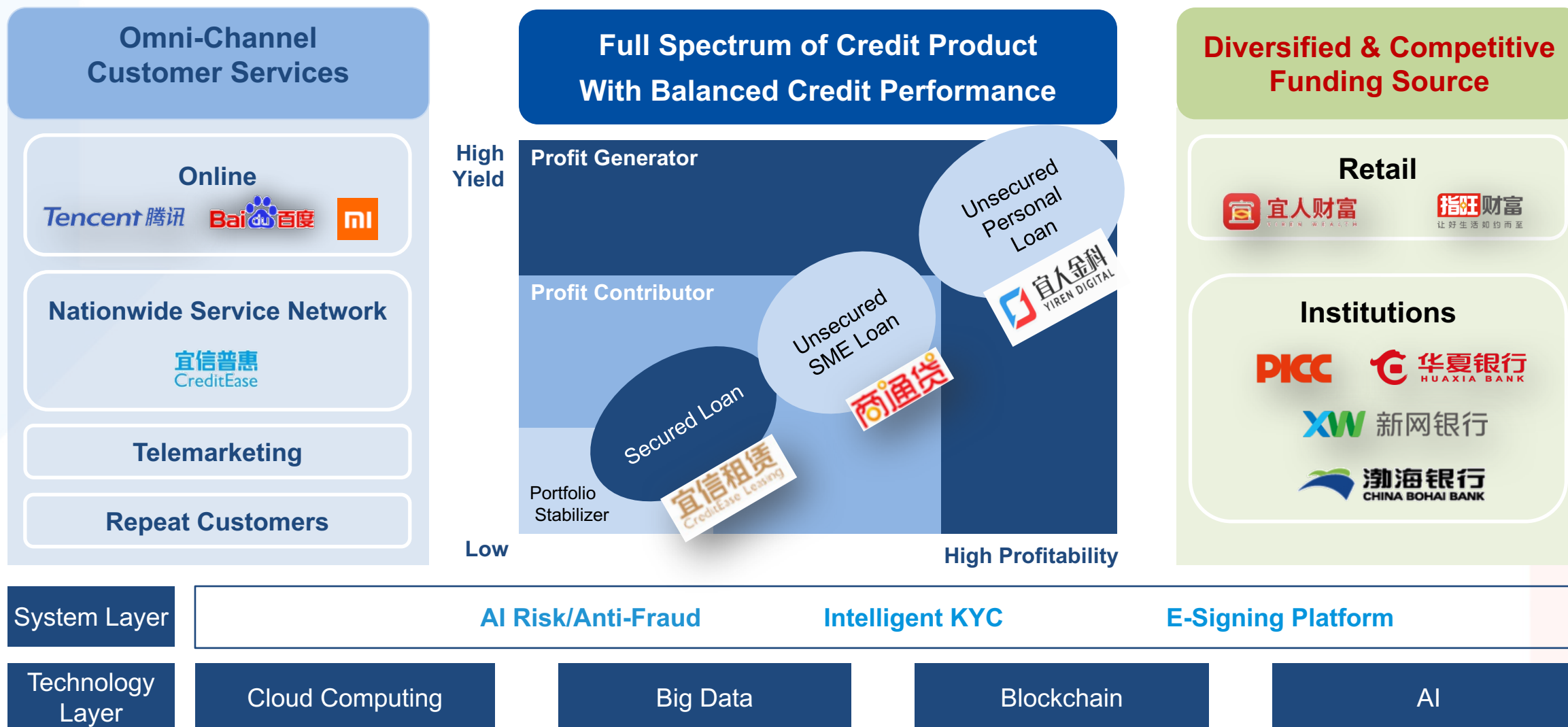
Wealth Management Market in China

(By amount of investable assets, RMB trillion)

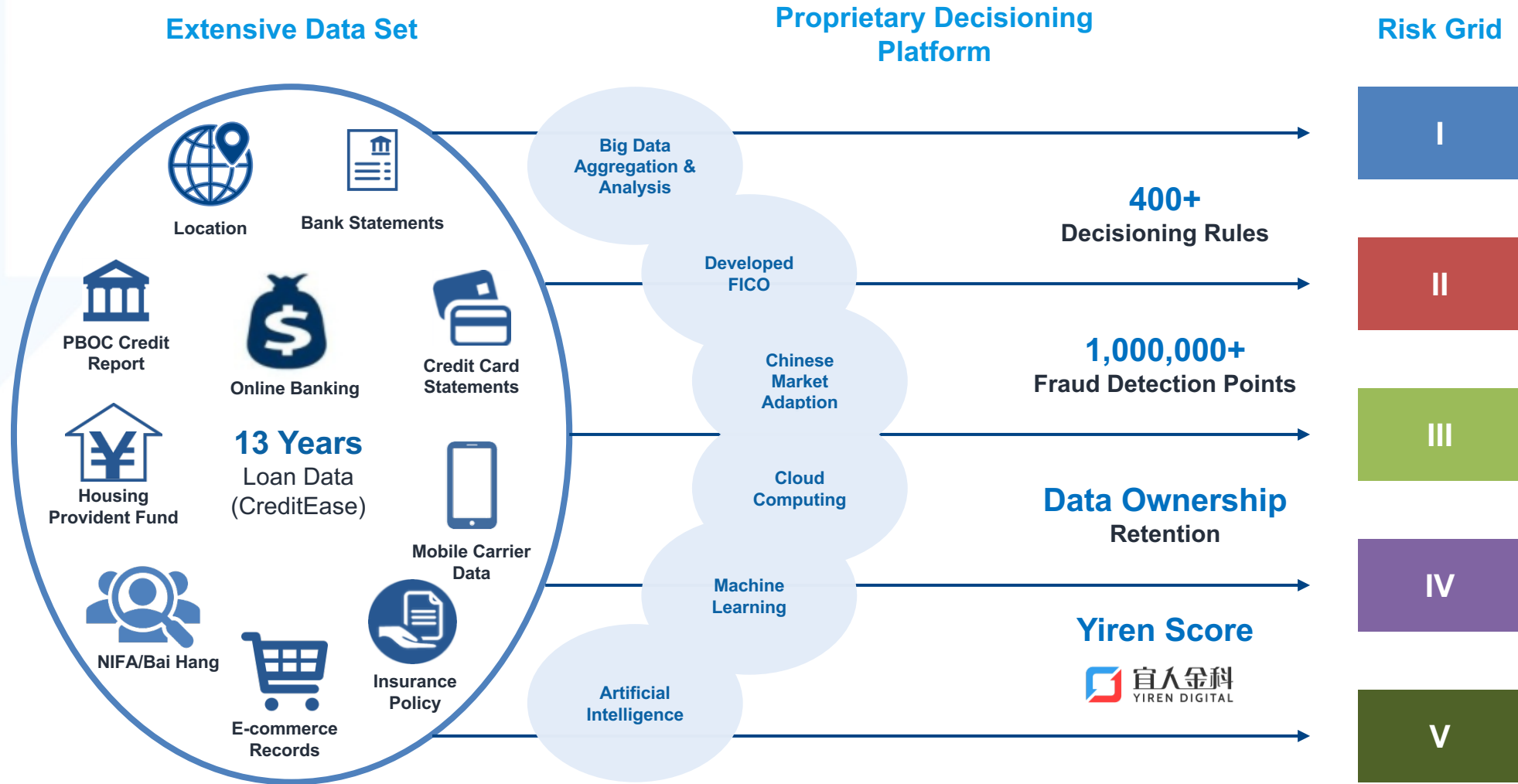


Source: BCG & China Construction Bank, 2019 China Private Bank Report

Leading Creditech Platform



Extensive Data Set And Credit Decisioning Capabilities



Large and Expanding Borrowers Base

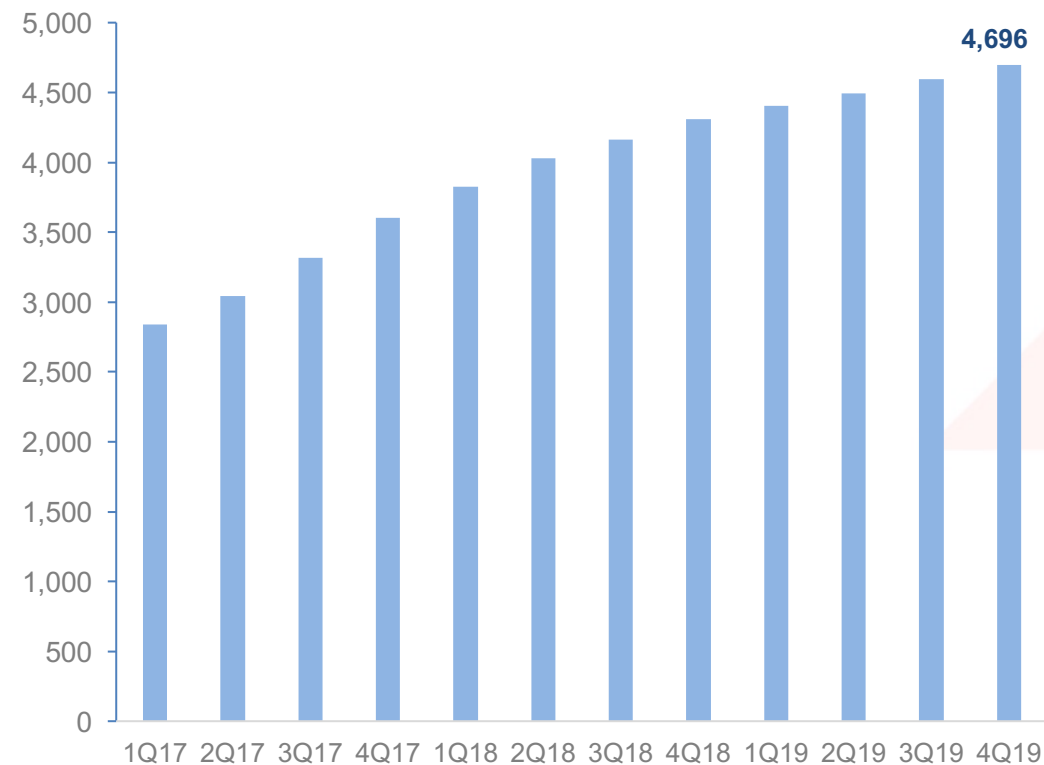
Cumulative Registered Borrowers

(In millions)



Cumulative Served Borrowers

(In thousands)



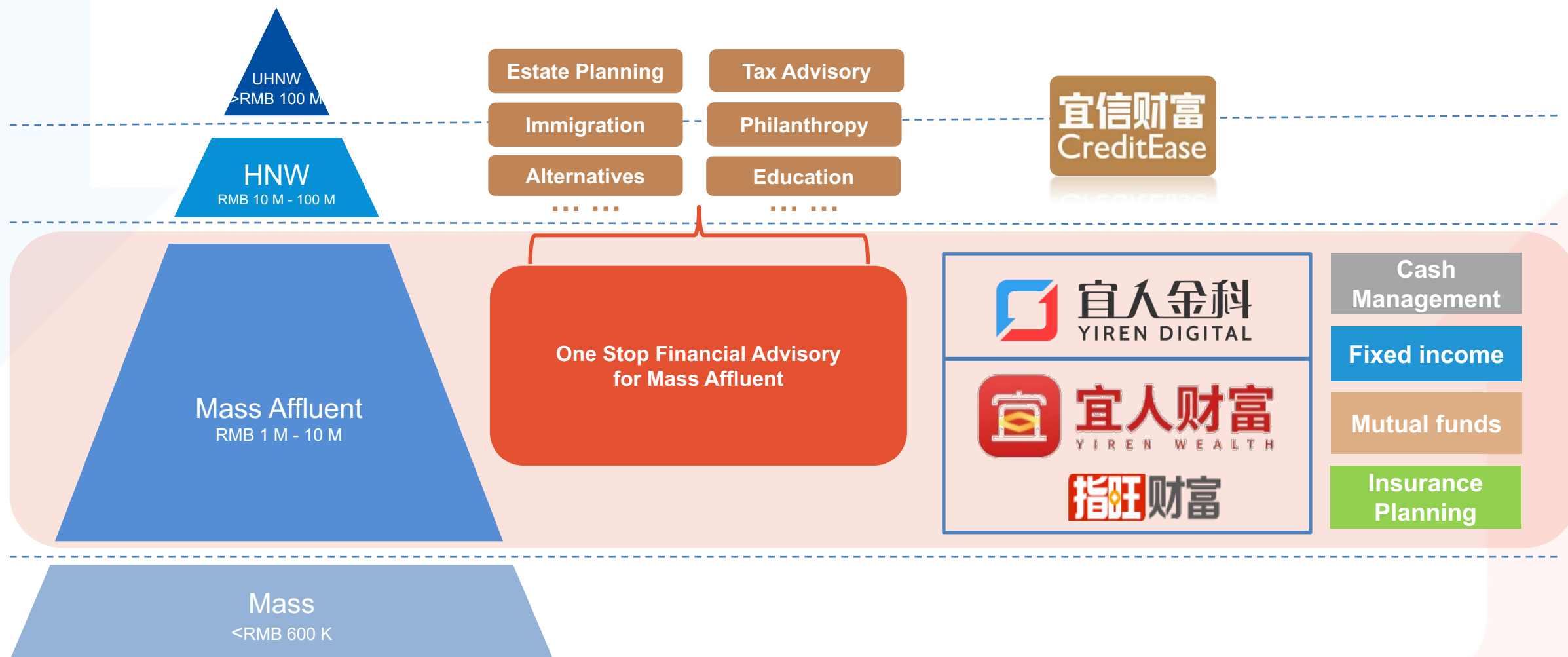
Our Wealth Management Strategy

Total Investable Asset

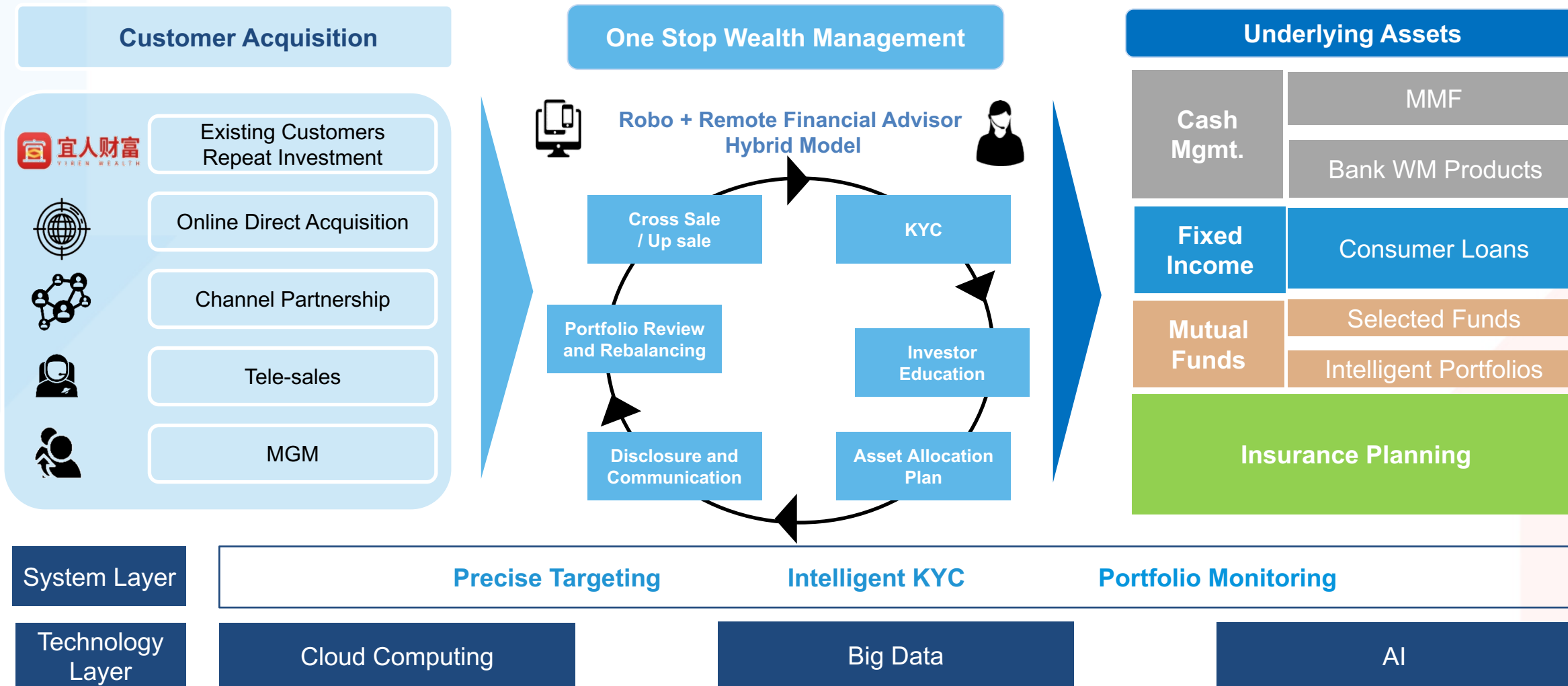
Service Needs

Disruptive Wealth Model

Assets

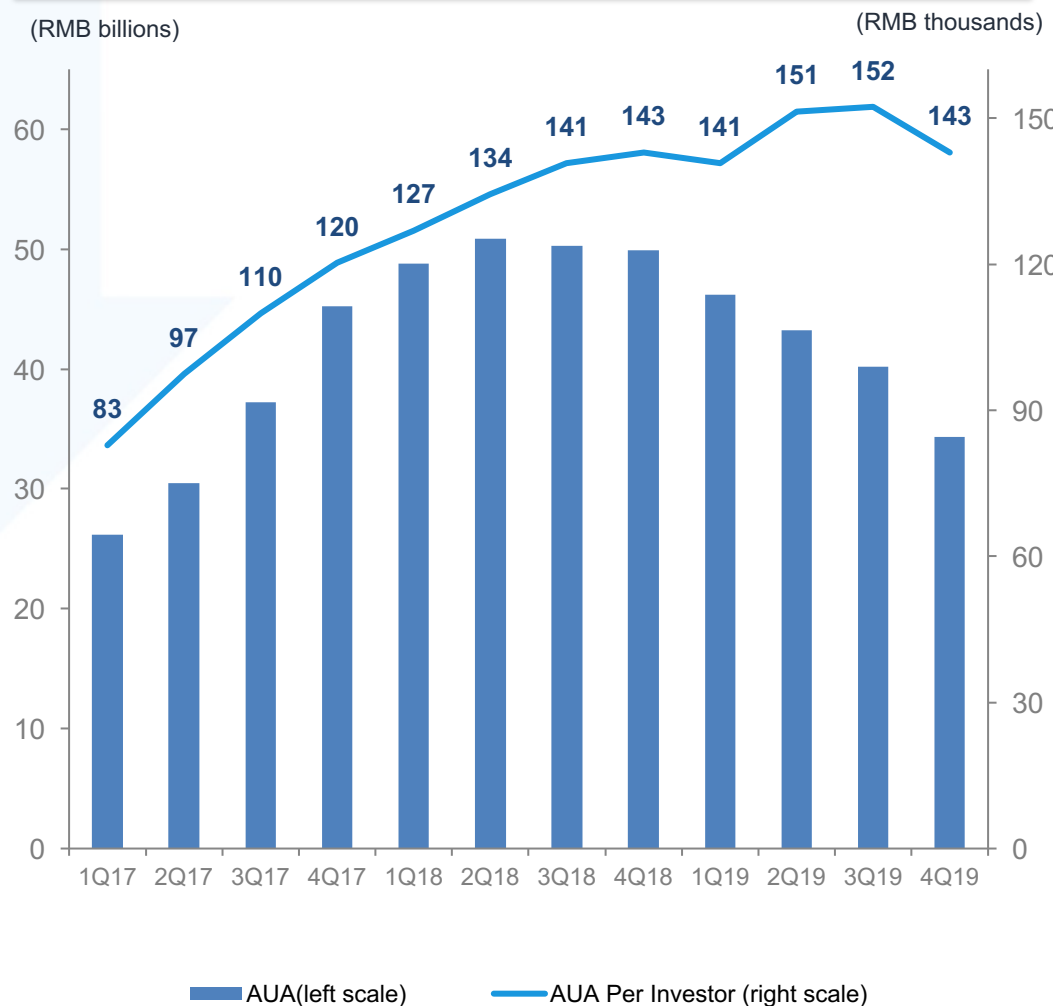


Yiren Wealth Business

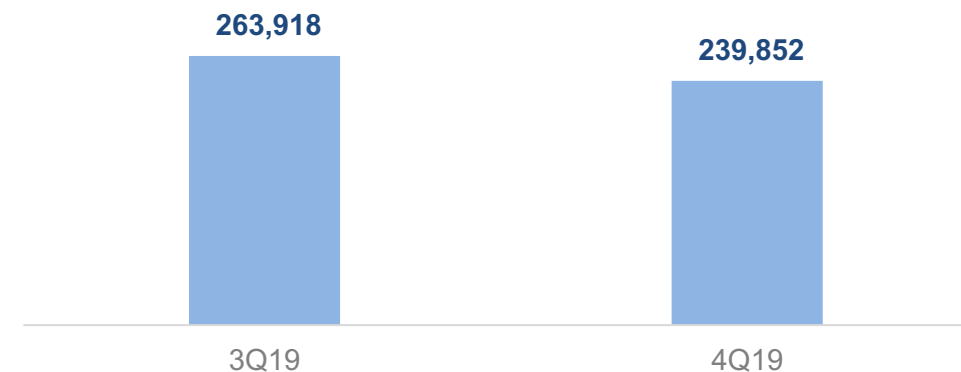


Accumulated Large P2P Investor Base

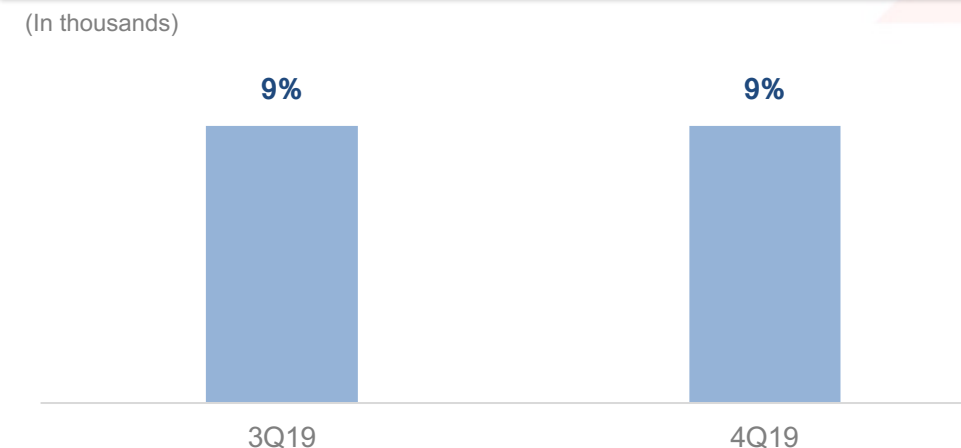
AUA Per Investor¹



Number of Current Investors^{1,2}



Avg Investor Return

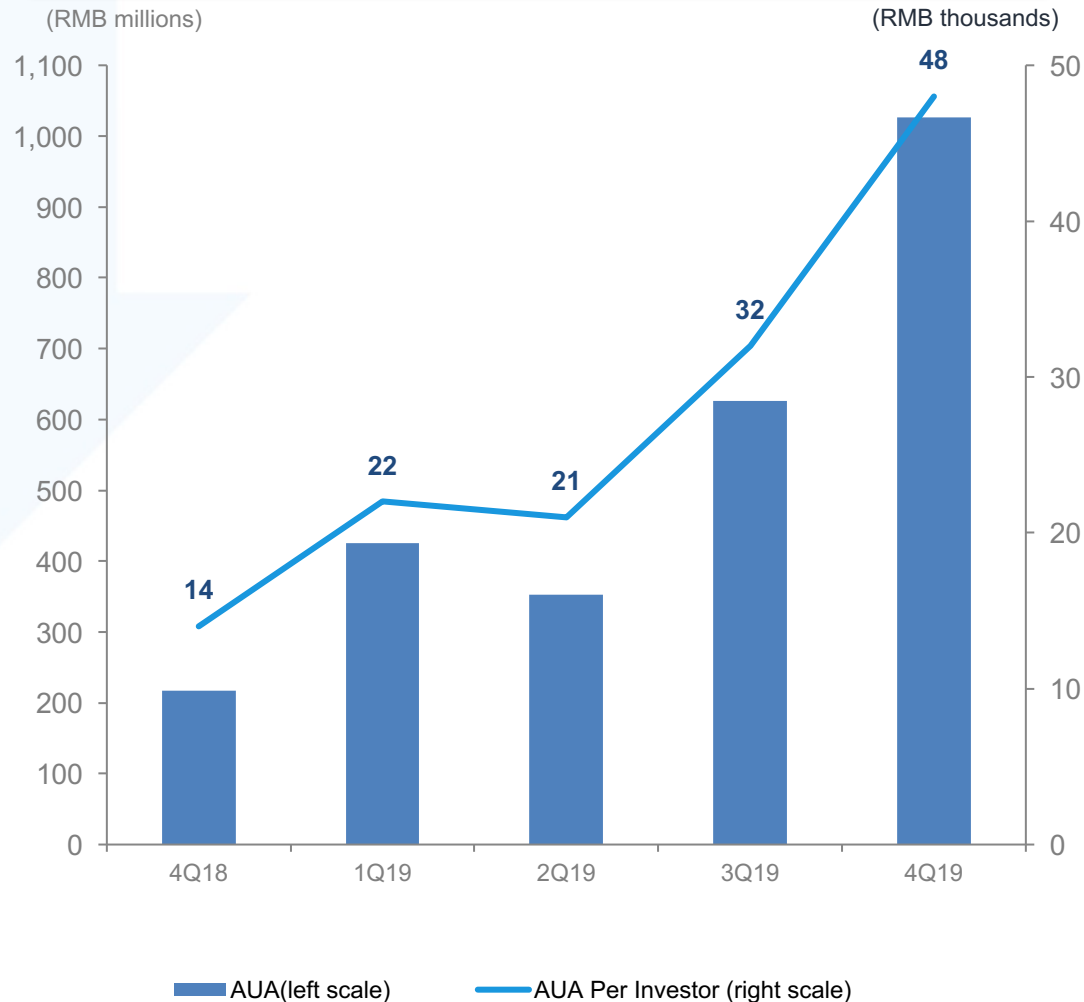


Note 1: Relates to investors whom have invested in P2P products only.

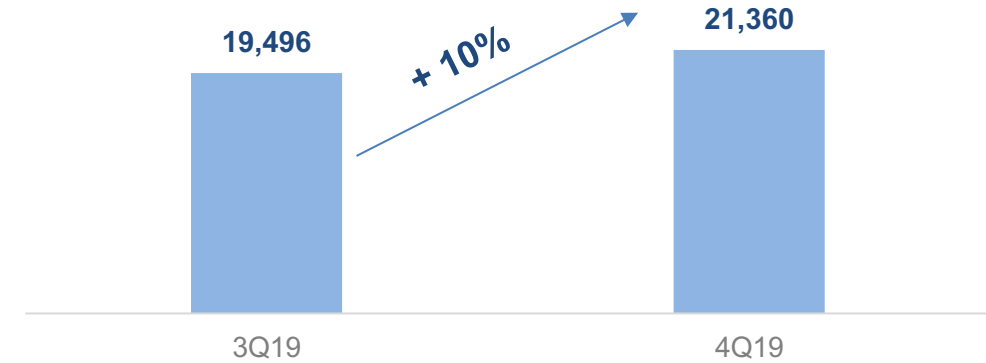
Note 2: Number of current investors represents investors who currently have an o/s investment on our platform.

Non-P2P Wealth Management Gaining Traction

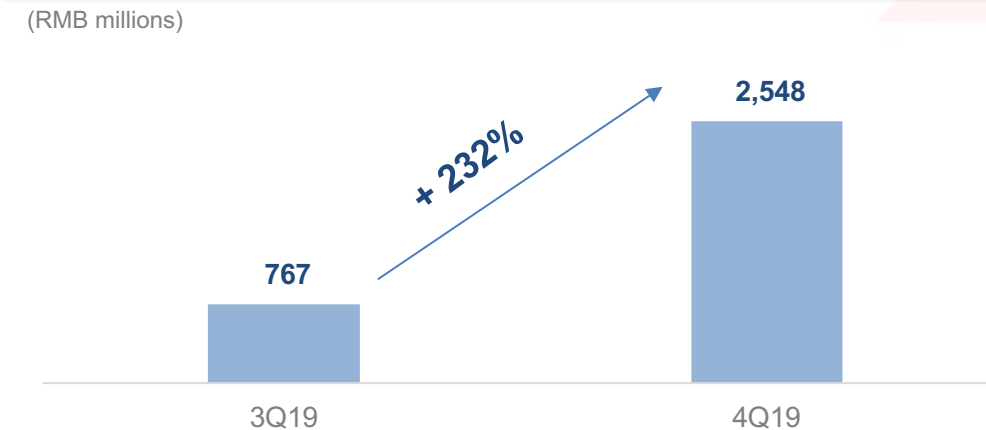
AUA Per Investor¹



Number of Current Investors^{1,2}



Non-P2P GMV

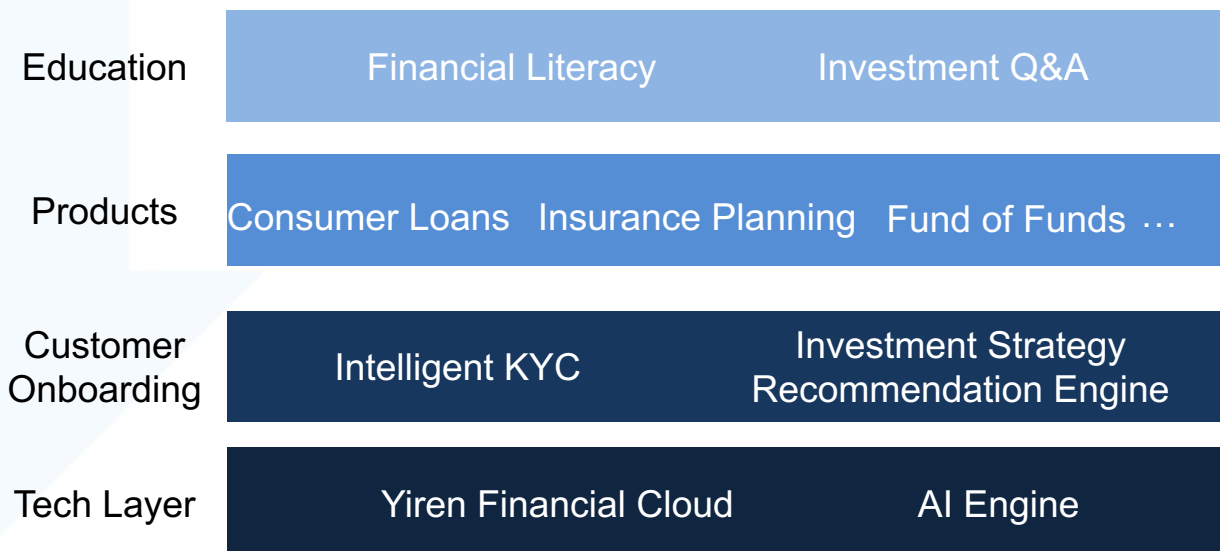


Note 1: Relates to investors whom have invested in non- P2P products.

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



- 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



1

Yiren Digital Overview

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Business Highlights

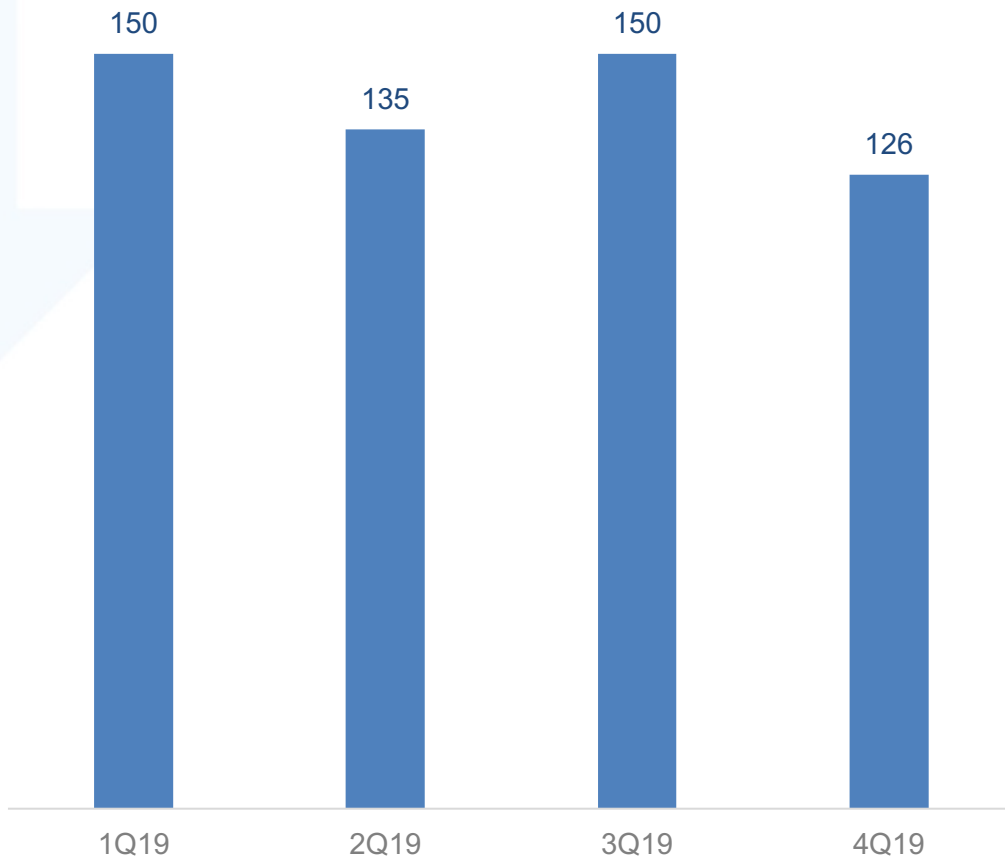
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Key Financial Highlights

Loan Volume Driven by Our Borrowers

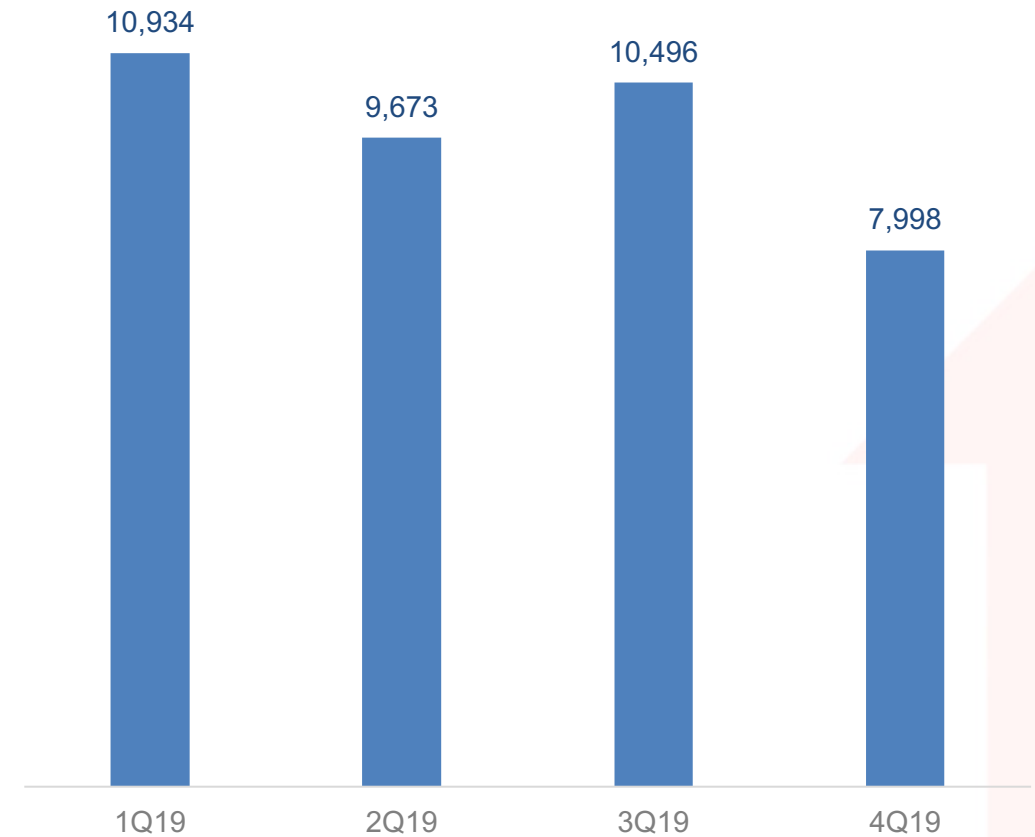
Number of Borrowers

(Million)

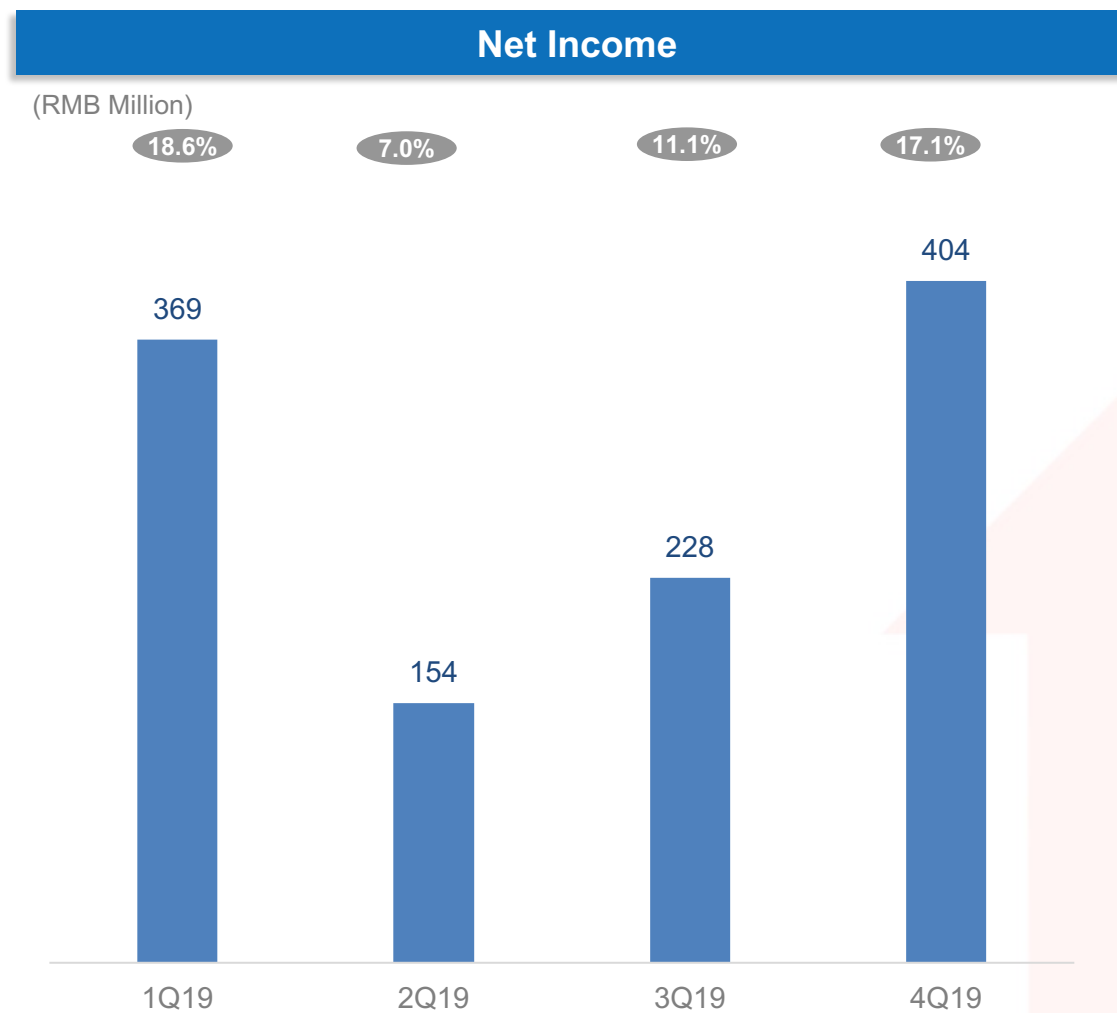
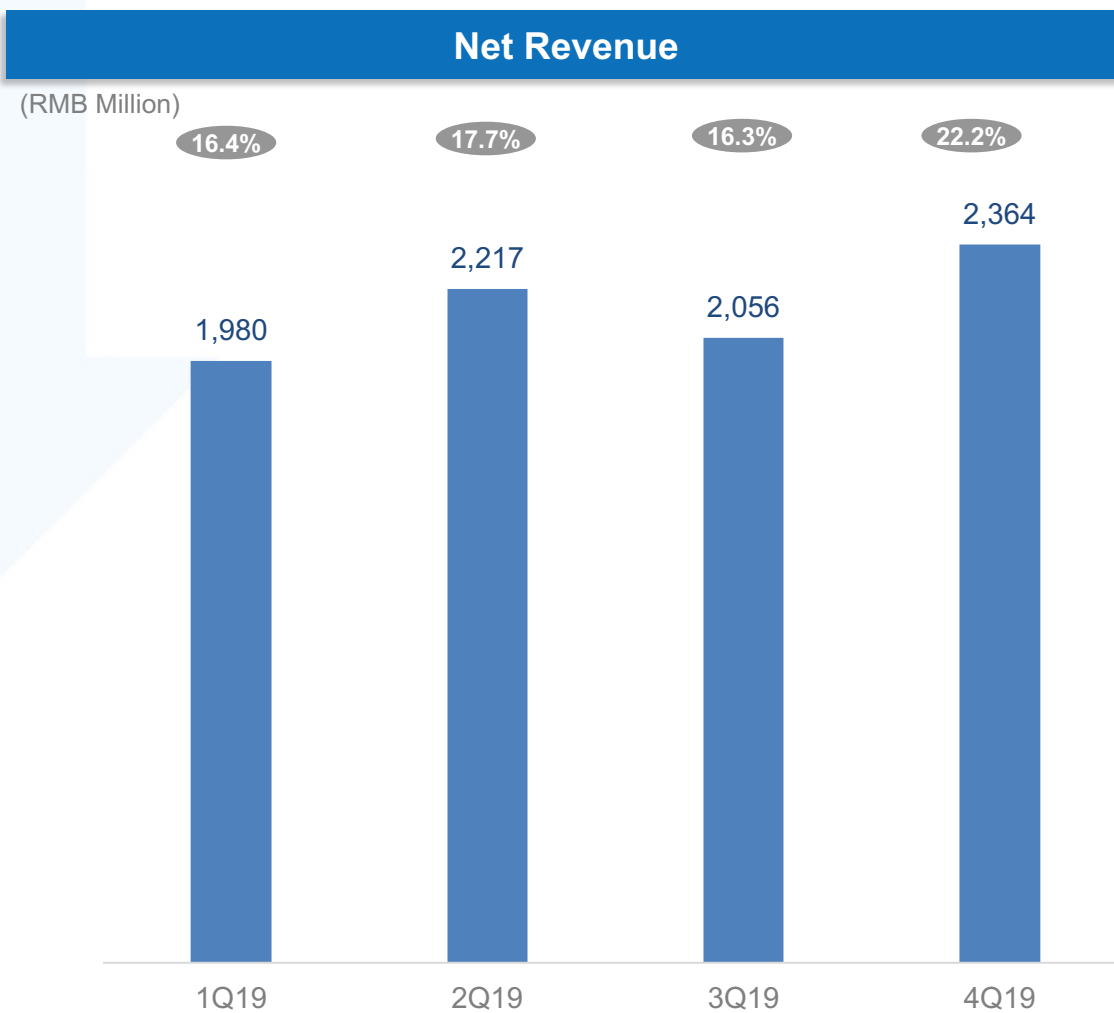


Loans Facilitated

(RMB Million)



Financial Metrics



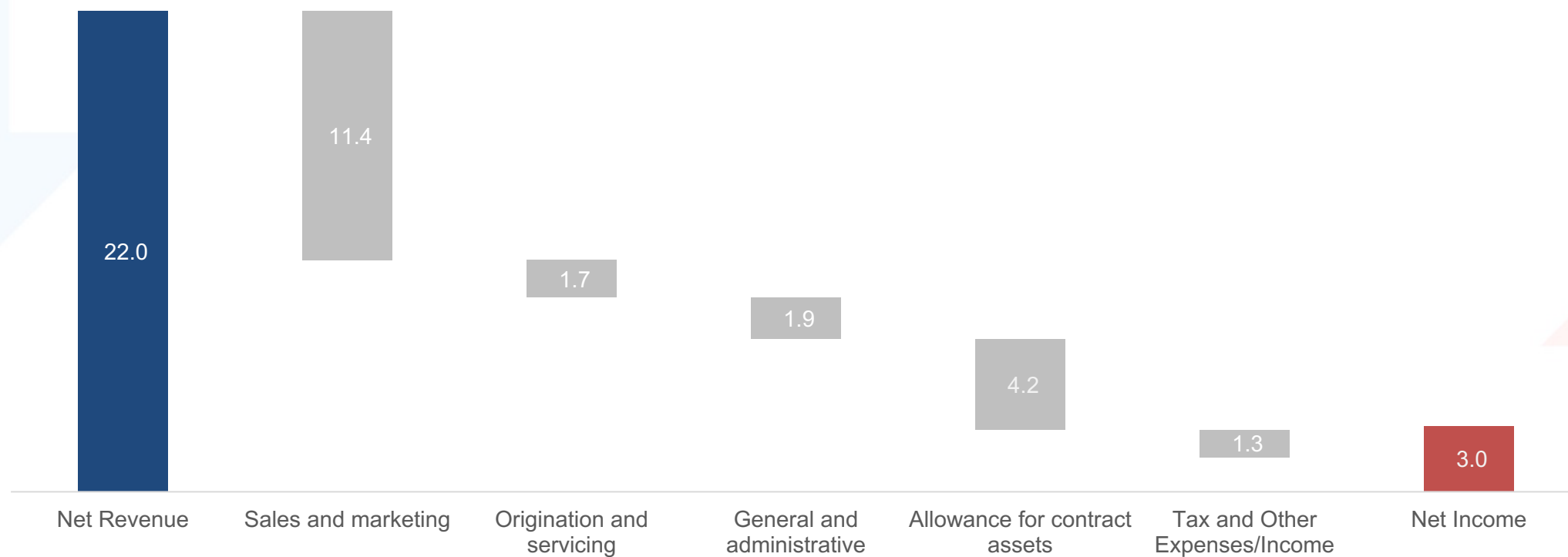
Take Rate (%)⁽¹⁾

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

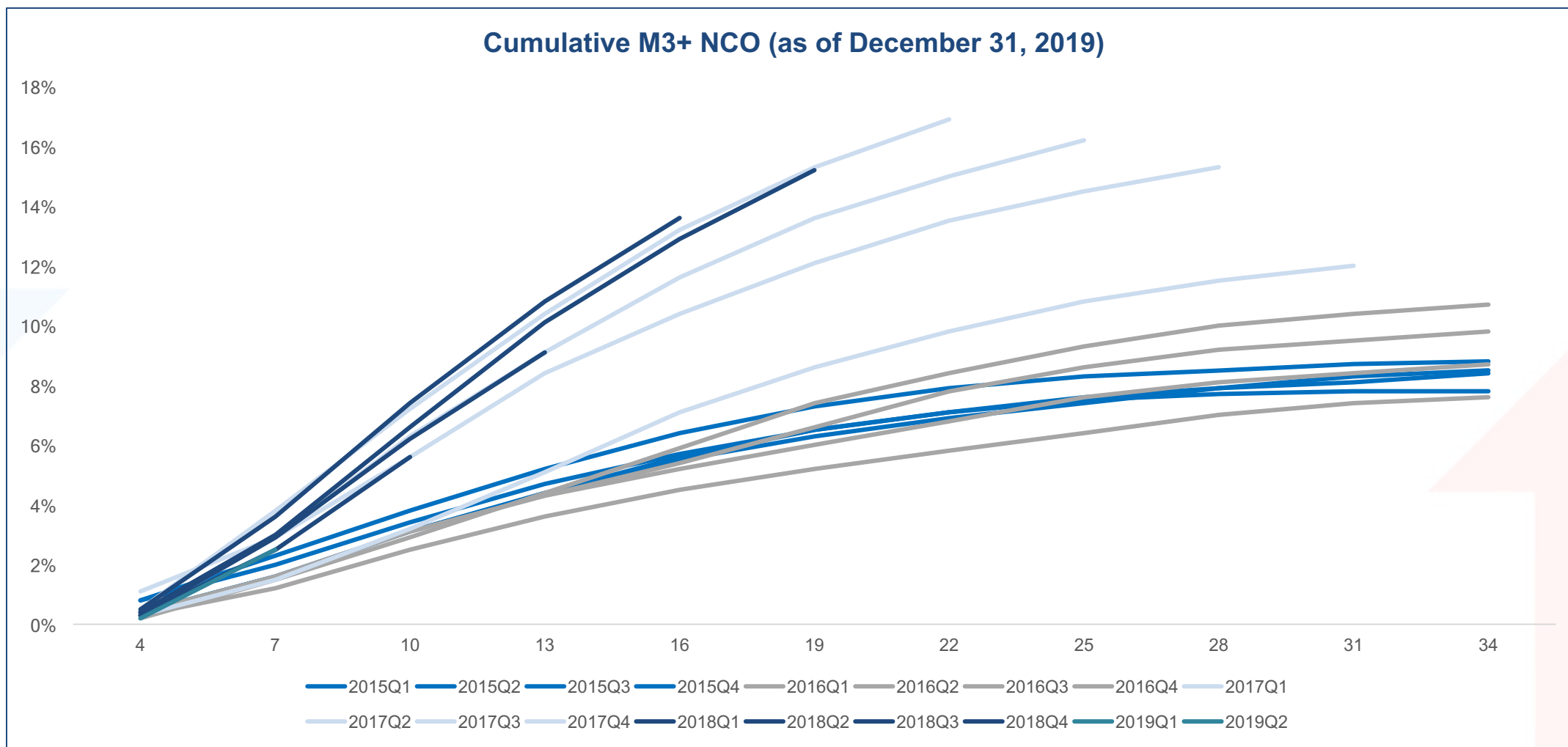
Unit Economics

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 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 strip of trees runs through the city. In the background, a river or bay is visible on the left, and a tall, slender skyscraper stands out against the horizon.

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 Year Ended		
	December 31, 2018	September 30, 2019	December 31, 2019	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2019
	RMB (Recast*)	RMB	RMB	USD	RMB (Recast*)	RMB	USD
Net revenue:							
Loan facilitation services	1,344,229	1,286,923	1,602,341	230,161	7,647,804	5,182,028	744,352
Post-origination services	408,273	103,073	117,110	16,822	1,263,022	757,783	108,849
Account management services	504,562	489,673	489,641	70,333	1,806,732	2,016,678	289,678
Others	47,461	176,439	154,536	22,198	526,556	660,295	94,845
Total net revenue	2,304,525	2,056,108	2,363,628	339,514	11,244,114	8,616,784	1,237,724
Operating costs and expenses:							
Sales and marketing	1,236,747	1,160,365	960,396	137,953	6,658,270	4,457,353	640,259
Origination and servicing	227,102	156,073	173,942	24,985	1,061,289	665,083	95,533
General and administrative	361,655	168,092	139,935	20,100	1,755,828	741,268	106,476
Allowance for contract assets and receivables	208,985	344,742	588,344	84,510	992,581	1,625,051	233,424
Total operating costs and expenses	2,034,489	1,829,272	1,862,617	267,548	10,467,968	7,488,755	1,075,692
Other income/(expenses):							
Interest income, net	15,829	13,825	10,454	1,502	73,917	73,367	10,538
Fair value adjustments related to Consolidated ABFE	39,844	(1,323)	(35,596)	(5,113)	243,122	3,866	555
Others, net	696,041	7,112	6,942	997	690,207	191,757	27,544
Total other income	751,714	19,614	(18,200)	(2,614)	1,007,246	268,990	38,637
Income before provision for income taxes	1,021,750	246,450	482,811	69,352	1,783,392	1,397,019	200,669
Share of results of equity investees	(3,349)	1,505	2,088	299	(9,295)	(2,180)	(313)
Income tax expense	32,485	19,924	80,914	11,622	194,287	239,228	34,363
Net income	985,916	228,031	403,985	58,029	1,579,810	1,155,611	165,993
			0.171				
Weighted average number of ordinary shares outstanding, basic	185,092,973	185,548,214	185,586,690	185,586,690	184,225,643	185,219,586	185,219,586
Basic income per share	5.3266	1.2290	2.1768	0.3127	8.5754	6.2391	0.8962
Basic income per ADS	10.6532	2.4580	4.3536	0.6254	17.1508	12.4782	1.7924
Weighted average number of ordinary shares outstanding, diluted	186,807,285	186,351,678	186,322,276	186,322,276	186,270,515	186,620,340	186,620,340
Diluted income per share	5.2777	1.2237	2.1682	0.3114	8.4813	6.1923	0.8895
Diluted income per ADS	10.5554	2.4474	4.3364	0.6228	16.9626	12.3846	1.7790

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 Year Ended		
	December 31, 2018	September 30, 2019	December 31, 2019	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2019
	RMB (Recast*)	RMB	RMB	USD	RMB (Recast*)	RMB	USD
Unaudited Condensed Consolidated Cash Flow Data (Recast**)							
Net cash (used in)/ generated from operating activities	(1,453,598)	808,148	60,228	8,652	(3,959,094)	246,293	35,378
Net cash provided by/ (used in) investing activities	871,041	(78,146)	1,115,058	160,168	3,297,648	1,027,877	147,645
Net cash provided by/ (used in) financing activities	1,484,026	(839,114)	(620,595)	(89,143)	(788,022)	(1,039,705)	(149,344)
Effect of foreign exchange rate changes	125,662	3,193	(2,336)	(336)	3,631	193	28
Net increase/(decrease) in cash, cash equivalents and restricted cash	1,027,131	(105,919)	552,355	79,341	(1,445,837)	234,658	33,707
Cash, cash equivalents and restricted cash, beginning of period	2,007,354	2,822,706	2,716,787	390,242	4,480,322	3,034,484	435,876
Cash, cash equivalents and restricted cash, end of period	3,034,485	2,716,787	3,269,142	469,583	3,034,485	3,269,142	469,583

Balance Sheet

Unaudited Condensed Consolidated Balance Sheets (in thousands)

	As of			
	December 31, 2019	September 30, 2019	December 31, 2019	December 31, 2019
	RMB (Recast*)	RMB	RMB	USD
Cash and cash equivalents	2,606,939	2,632,952	3,198,086	459,376
Restricted cash	427,546	83,835	71,056	10,207
Accounts receivable	40,326	67,231	3,398	488
Contract assets, net	3,909,263	2,598,202	2,398,685	344,550
Contract cost	145,460	143,066	160,003	22,983
Prepaid expenses and other assets	2,552,319	1,280,784	1,333,221	191,505
Loans at fair value	1,375,221	552,648	418,492	60,113
Financing receivables	-	24,630	29,612	4,254
Amounts due from related parties	1,361,805	1,678,499	988,853	142,039
Held-to-maturity investments	329,597	8,051	6,627	952
Available-for-sale investments	835,565	426,321	460,991	66,217
Long term investments	217,636	144,552	-	-
Property, equipment and software, net	266,002	213,962	195,855	28,133
Deferred tax assets	184,136	150,363	556,416	79,924
Right-of-use assets	-	383,545	334,134	47,995
Total assets	14,251,815	10,388,641	10,155,429	1,458,736
Accounts payable	307,046	62,313	43,583	6,260
Amounts due to related parties	8,276,459	289,820	106,645	15,319
Liabilities from quality assurance program and guarantee	9,950	5,644	4,397	632
Deferred revenue	569,469	381,899	358,203	51,453
Payable to investors at fair value	626,207	-	-	-
Accrued expenses and other liabilities	2,193,576	2,351,078	2,467,120	354,380
Refund liability	2,145,748	2,002,785	1,801,535	258,774
Deferred tax liabilities	486,773	267,647	601,522	86,403
Lease liabilities	-	322,832	282,334	40,555
Contingent consideration	-	1,780,734	-	-
Total liabilities	14,615,228	7,464,752	5,665,339	813,776
Ordinary shares	77	121	121	17
Additional paid-in capital	1,293,968	3,872,219	5,038,691	723,763
Treasury stock	(254)	(37,097)	(37,097)	(5,329)
Accumulated other comprehensive income	16,390	25,225	21,855	3,139
Accumulated deficit	(1,673,594)	(936,579)	(533,480)	(76,630)
Total (deficit)/ equity	(363,413)	2,923,889	4,490,090	644,960
Total liabilities and equity	14,251,815	10,388,641	10,155,429	1,458,736

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 Year Ended		
	December 31, 2018	September 30, 2019	December 31, 2019	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2019
	RMB (Recast*)	RMB	RMB	USD	RMB (Recast*)	RMB	USD
Operating Highlights							
Amount of p2p investment	16,776,410	9,037,670	8,790,755	1,262,713	70,667,346	41,203,595	5,918,526
AUM of p2p investment	70,061,282	59,792,510	52,945,825	7,605,192	70,061,282	52,945,825	7,605,192
Number of p2p investors	244,069	113,955	105,849	105,849	745,799	348,832	348,832
Amount of non-p2p investment	81,290	767,226	2,548,414	366,057	2,730,079	3,929,131	564,384
AUA of non-p2p investment	217,692	626,223	1,026,858	147,499	217,692	1,026,858	147,499
Number of non-p2p investors	12,525	12,235	13,896	13,896	83,596	32,668	32,668
Amount of loans facilitated	13,595,780	10,496,261	7,998,046	1,148,847	63,329,066	39,103,048	5,616,801
Number of borrowers	203,451	150,280	125,622	125,622	922,633	541,955	541,955
Remaining principal of performing loans	68,370,225	54,553,702	51,157,313	7,348,288	68,370,225	51,157,313	7,348,288
Segment Information							
Wealth management:							
Revenue	488,502	540,554	521,849	74,959	1,986,960	2,176,215	312,594
Sales and marketing expenses	73,197	219,390	67,080	9,635	1,242,439	643,542	92,439
Consumer credit:							
Revenue	1,816,023	1,515,554	1,841,779	264,555	9,257,154	6,440,569	925,130
Sales and marketing expenses	1,163,550	940,975	893,316	128,318	5,415,831	3,813,811	547,820
Reconciliation of Adjusted EBITDA							
Net income	985,916	228,031	403,985	58,029	1,579,810	1,155,611	165,993
Interest income, net	(15,829)	(13,825)	(10,454)	(1,502)	(73,917)	(73,367)	(10,538)
Income tax expense	32,485	19,924	80,914	11,622	194,287	239,228	34,363
Depreciation and amortization	36,636	32,153	30,083	4,321	147,992	125,850	18,077
Share-based compensation	20,067	7,954	3,556	511	119,998	43,941	6,312
Adjusted EBITDA	1,059,275	274,237	508,084	72,981	1,968,170	1,491,263	214,207
Adjusted EBITDA margin	46.0%	13.3%	21.5%	21.5%	17.5%	17.3%	17.3%

* Prior period financials have been recast to reflect the acquisition from CreditEase under common control.

** The Company reclassified 846.0 million payments made in the third quarter of 2019 related to contingent consideration from cash used in investing activities to cash used in financing activities due to the payments paid after three months of business realignment transactions with CreditEase.

Delinquency Rates

	Delinquency Rates		
	Delinquent for		
	15-29 days	30-59 days	60-89 days
All Loans			
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%
Online Channels			
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%
Offline Channels			
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%

M3+ NCO by Risk Grades

Loan Issued Period	Customer Grade	Net Charge-Off Rate for Upgraded Risk Grid		
		Amount of Loans Facilitated During the Period (in RMB thousands)	Accumulated M3+ Net Charge-Off as of December 31, 2019 (in RMB thousands)	Total Net Charge-Off Rate as of December 31, 2019
2015	I	4,894,936	197,679	4.0%
	II	14,492,035	485,102	3.3%
	III	11,272,838	709,921	6.3%
	IV	11,283,656	1,354,765	12.0%
	V	11,199,563	1,713,746	15.3%
	Total	53,143,029	4,461,213	8.4%
2016	I	5,858,273	236,493	4.0%
	II	12,360,346	540,799	4.4%
	III	9,951,614	755,406	7.6%
	IV	8,652,543	924,154	10.7%
	V	16,982,336	2,607,546	15.4%
	Total	53,805,112	5,064,398	9.4%
2017	I	10,431,218	697,113	6.7%
	II	12,270,230	1,597,776	13.0%
	III	13,837,922	2,290,065	16.5%
	IV	13,663,558	2,459,857	18.0%
	V	19,680,365	4,123,858	21.0%
	Total	69,883,293	11,168,668	16.0%
2018	I	9,476,955	598,343	6.3%
	II	14,656,758	1,655,932	11.3%
	III	13,903,217	1,987,419	14.3%
	IV	13,812,989	2,309,976	16.7%
	V	11,326,230	2,154,899	19.0%
	Total	63,176,149	8,706,569	13.8%
2019Q1-Q3	I	6,102,299	92,787	1.5%
	II	8,658,990	248,567	2.9%
	III	7,413,040	274,254	3.7%
	IV	4,746,047	178,863	3.8%
	V	4,216,836	166,903	4.0%
	Total	31,137,211	961,373	3.1%

M3+ NCO by Vintage

Loan Issued Period	M3+ Net Charge-Off Rate*										
	Month on Book										
	4	7	10	13	16	19	22	25	28	31	34
2015Q1	0.8%	2.0%	3.4%	4.7%	5.7%	6.5%	7.1%	7.5%	7.7%	7.8%	7.8%
2015Q2	0.8%	2.3%	3.8%	5.2%	6.4%	7.3%	7.9%	8.3%	8.5%	8.7%	8.8%
2015Q3	0.4%	1.6%	3.1%	4.4%	5.6%	6.5%	7.1%	7.6%	7.9%	8.1%	8.4%
2015Q4	0.4%	1.6%	3.1%	4.4%	5.5%	6.3%	6.9%	7.4%	7.9%	8.3%	8.5%
2016Q1	0.3%	1.2%	2.5%	3.6%	4.5%	5.2%	5.8%	6.4%	7.0%	7.4%	7.6%
2016Q2	0.4%	1.6%	3.1%	4.3%	5.2%	6.0%	6.8%	7.6%	8.1%	8.4%	8.7%
2016Q3	0.3%	1.6%	3.1%	4.3%	5.4%	6.6%	7.8%	8.6%	9.2%	9.5%	9.8%
2016Q4	0.2%	1.5%	2.9%	4.4%	5.9%	7.4%	8.4%	9.3%	10.0%	10.4%	10.7%
2017Q1	0.3%	1.5%	3.2%	5.1%	7.1%	8.6%	9.8%	10.8%	11.5%	12.0%	
2017Q2	1.1%	2.9%	5.6%	8.4%	10.4%	12.1%	13.5%	14.5%	15.3%		
2017Q3	0.3%	2.9%	6.3%	9.1%	11.6%	13.6%	15.0%	16.2%			
2017Q4	0.5%	3.8%	7.2%	10.4%	13.2%	15.3%	16.9%				
2018Q1	0.4%	3.0%	6.6%	10.1%	12.9%	15.2%					
2018Q2	0.5%	3.6%	7.4%	10.8%	13.6%						
2018Q3	0.3%	2.9%	6.2%	9.1%							
2018Q4	0.3%	2.5%	5.6%								
2019Q1	0.2%	2.5%									
2019Q2	0.3%										

*As one division has already been spun off from the company, as of third quarter 2019, M3+ net charge-off rates no longer reflect the risk performance of loans generated by this division.