

Q3 2020 Investor Presentation

November 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, Q3 2020



Leading Digital Wealth Management Platform



Total AUA
Q3 2020
~RMB 25Bn



No. of Active Wealth
Management Investors¹
Q3 2020
~38K



AUA Wealth Management Investments²
~RMB 4.3Bn (+71%Q/Q)



Accumulatively Served Investors
As of Q3 2020
~ 2.3 Mn



Leading Consumer Creditech Player



Loan Balance
Q3 2020
~RMB 28Bn



No. of New Borrowers
Q3 2020
~143K



Customer Service
Online & Offline



Accumulatively Served Borrowers
As of Q3 2020
~ 5.1 Mn

Note 1: Active wealth management 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.

Note 2: AUA of all wealth management products the Company sources from financial institutions, including mutual funds and bank products.

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Business Highlights

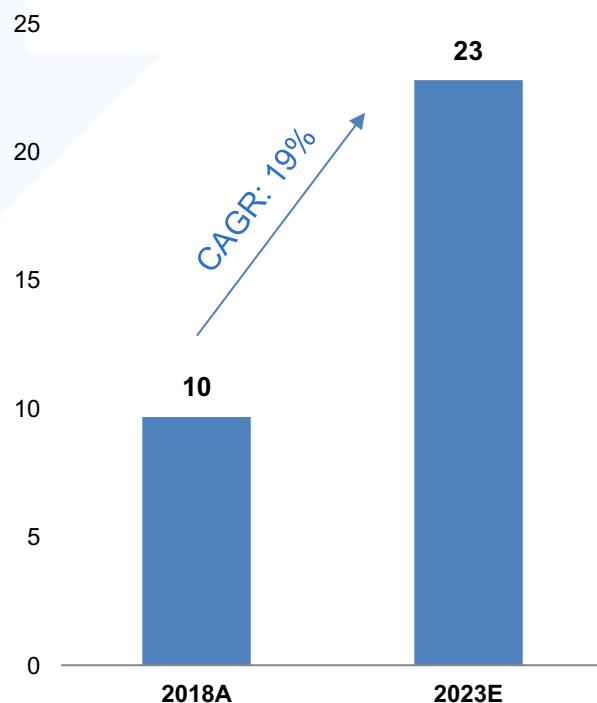


Leading Digital Personal Financial Service Platform

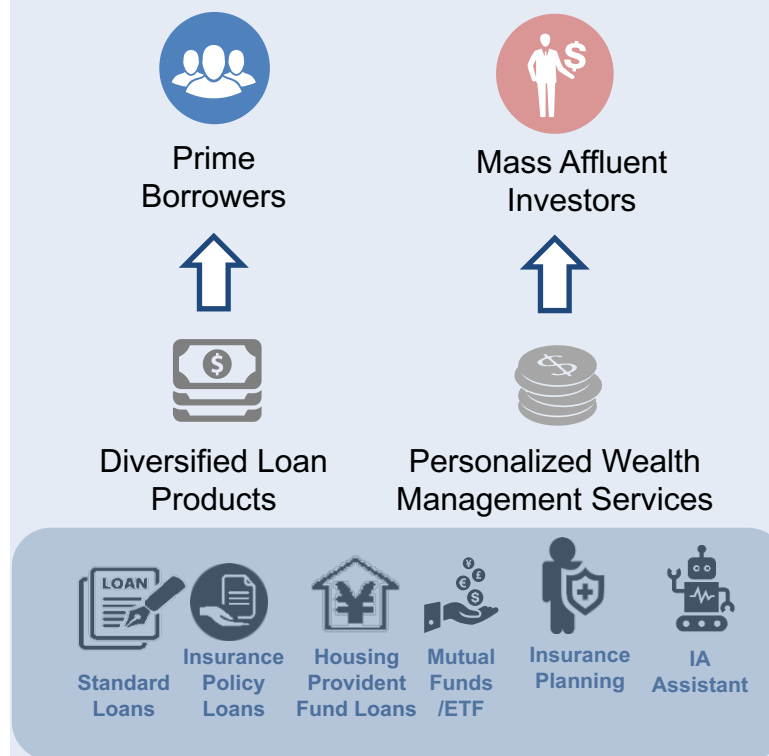
Consumer Credit

Unsecured Customer Finance Market in China

(By outstanding balance, RMB trillion)



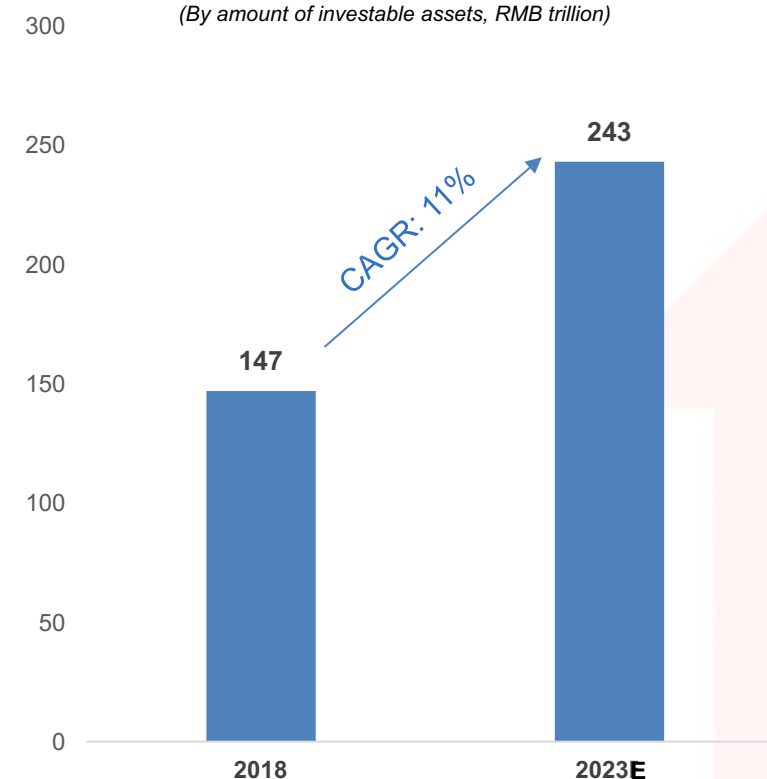
Source: Oliver Wyman report



Wealth Management

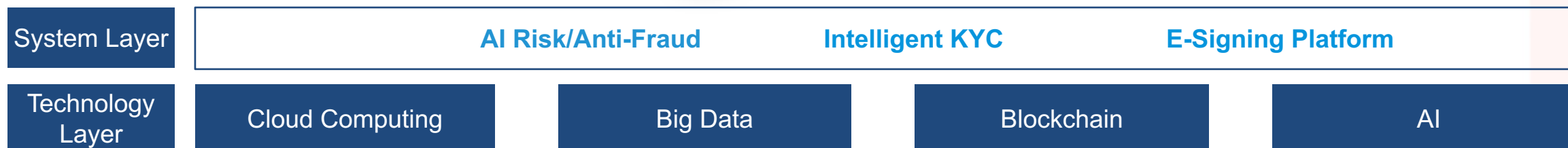
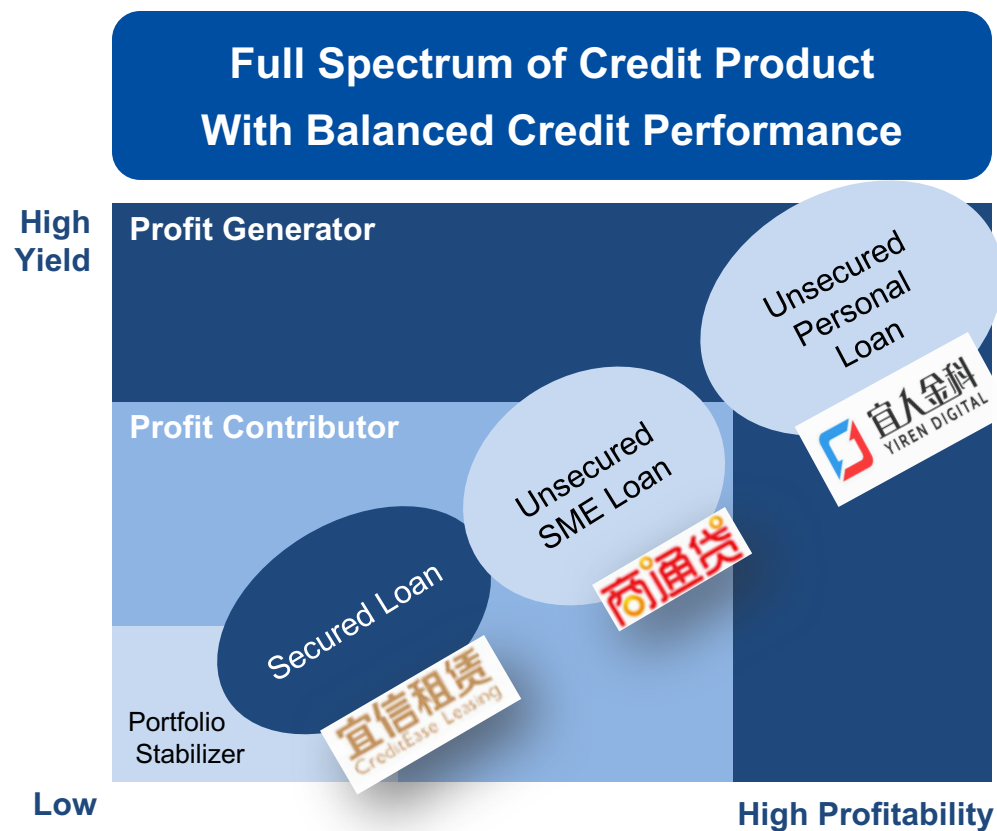
Wealth Management Market in China

(By amount of investable assets, RMB trillion)

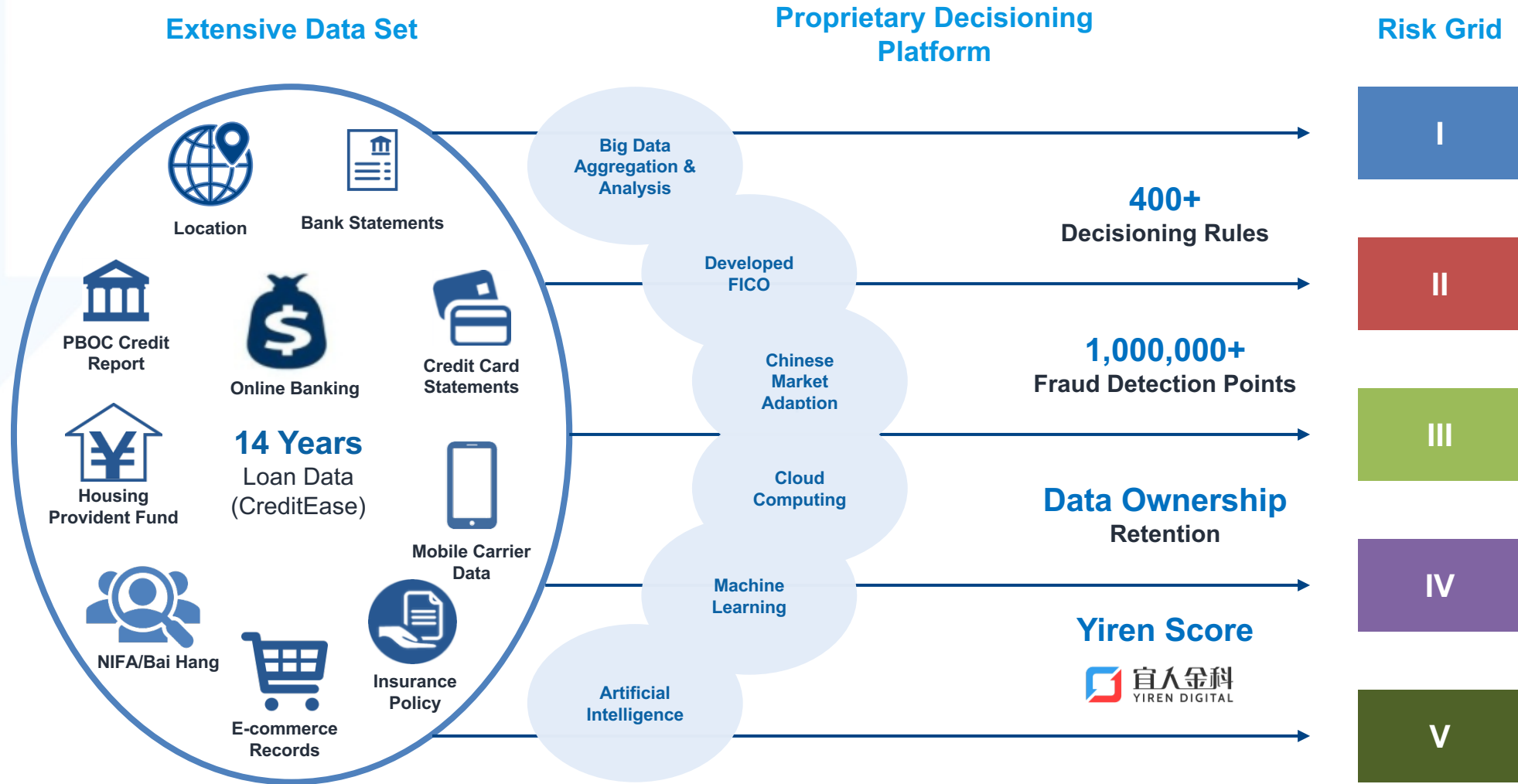


Source: BCG & China Construction Bank, 2019 China Private Bank Report

Leading Creditech Platform



Extensive Data Set And Credit Decisioning Capabilities



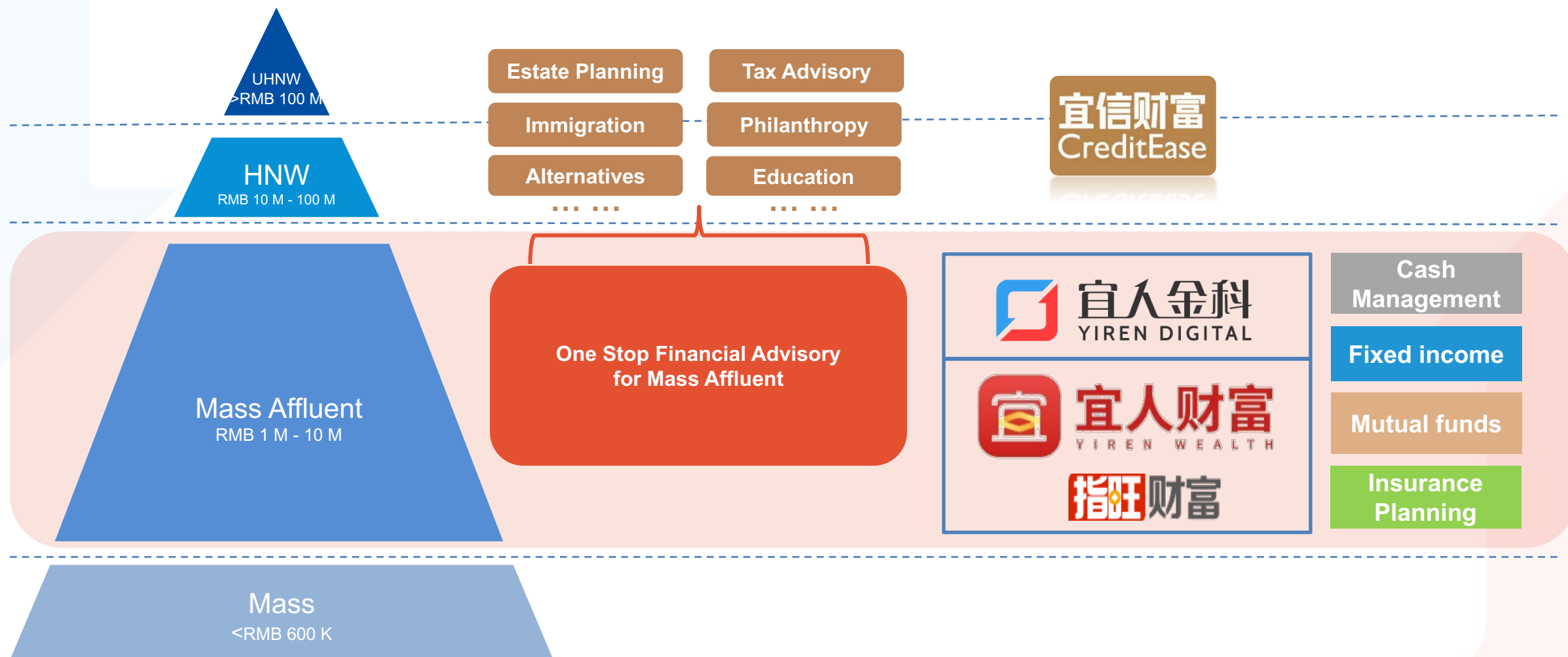
Our Wealth Management Strategy

Total Investable Asset

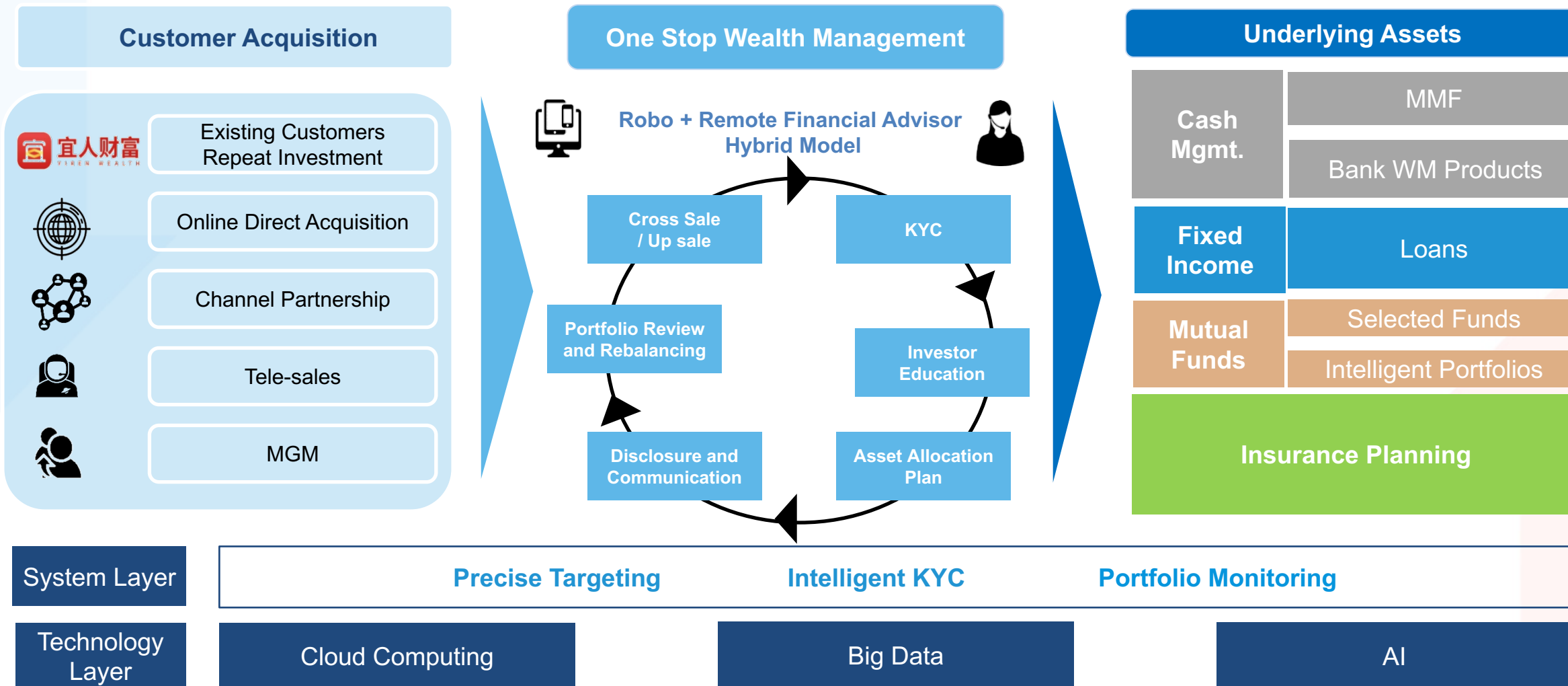
Service Needs

Disruptive Wealth Model

Assets

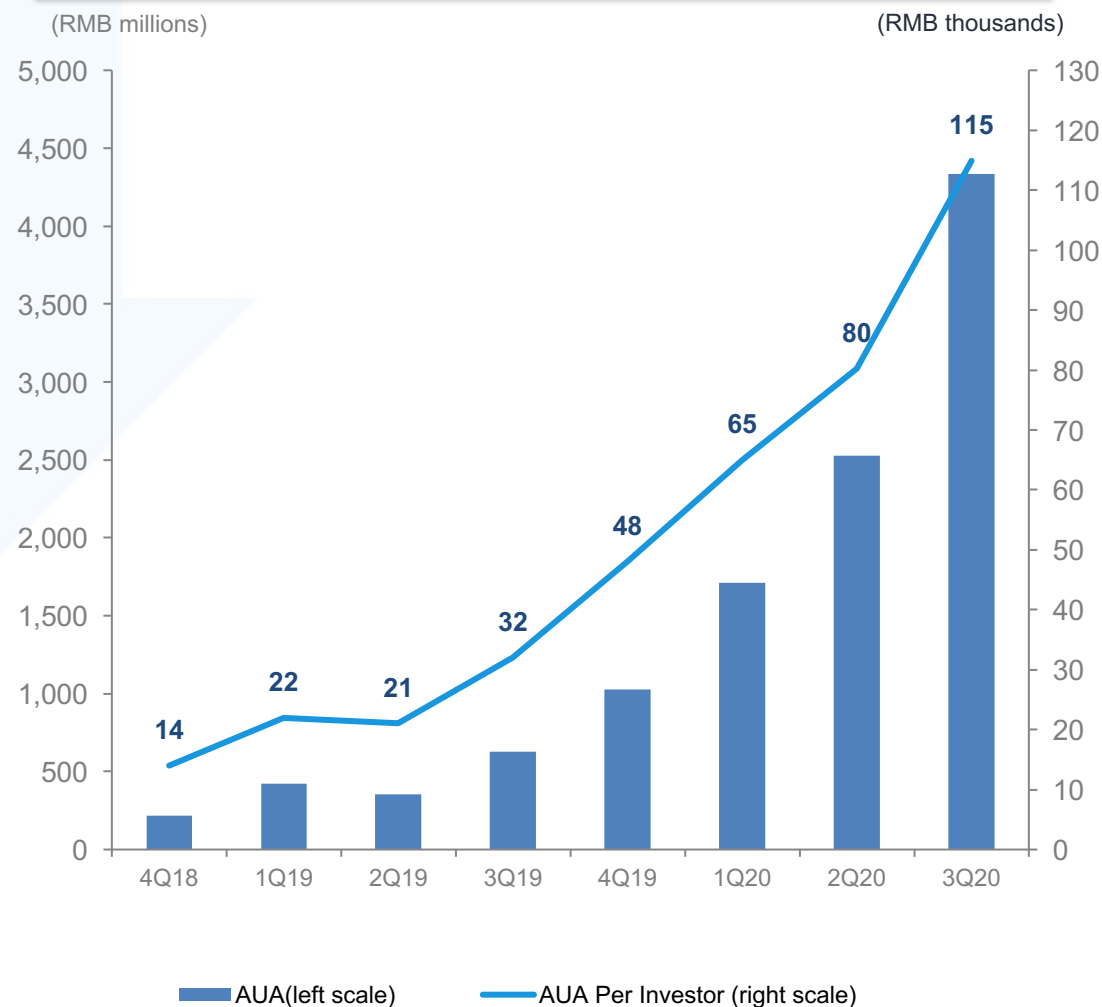


Yiren Wealth Business

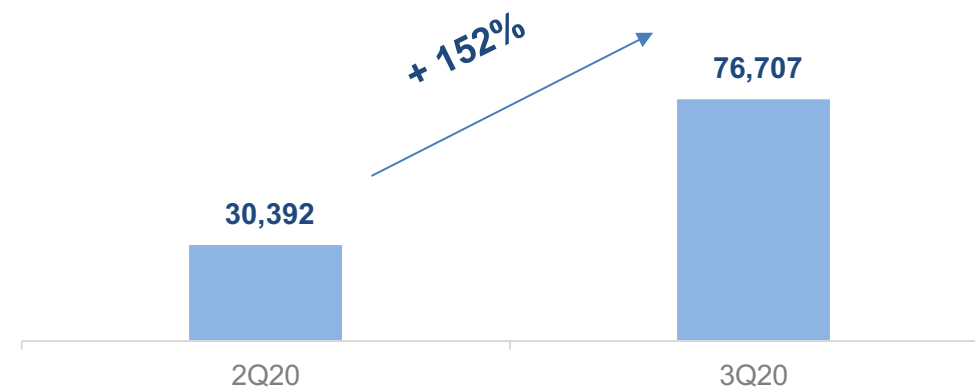


Wealth Management Gaining Traction

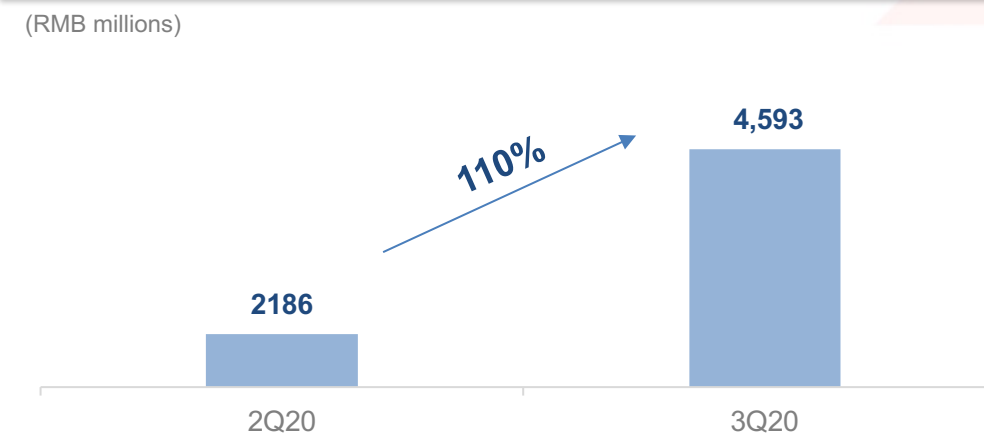
AUA Per Investor¹



Number of Active Investors^{1,2}



GMV

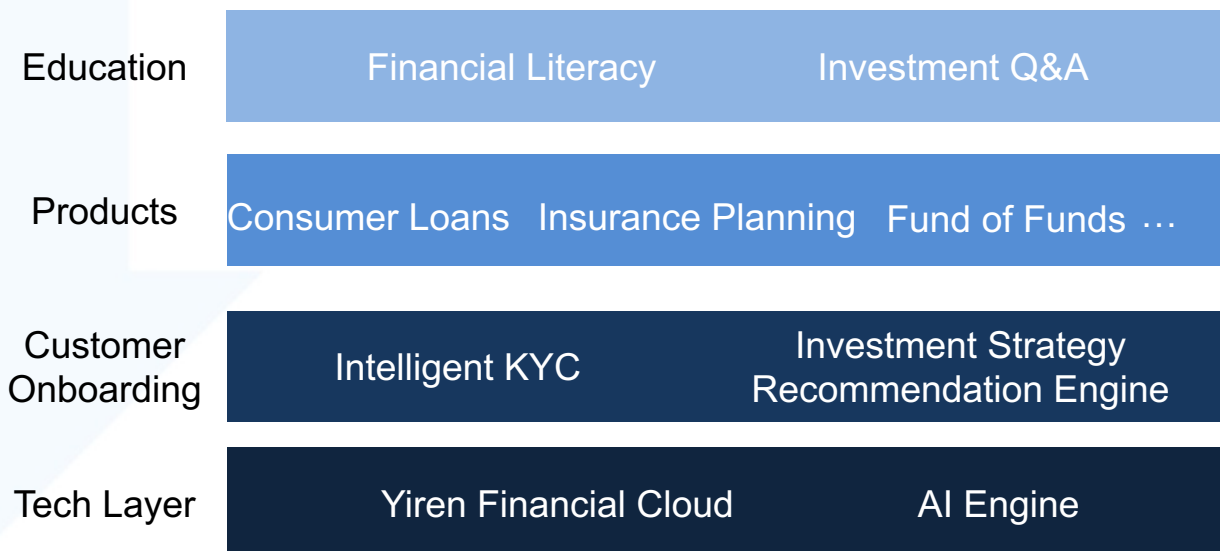


Note 1: Relates to investors whom have invested in wealth management products, excluding legacy P2P products.

Note 2: Active wealth management 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.

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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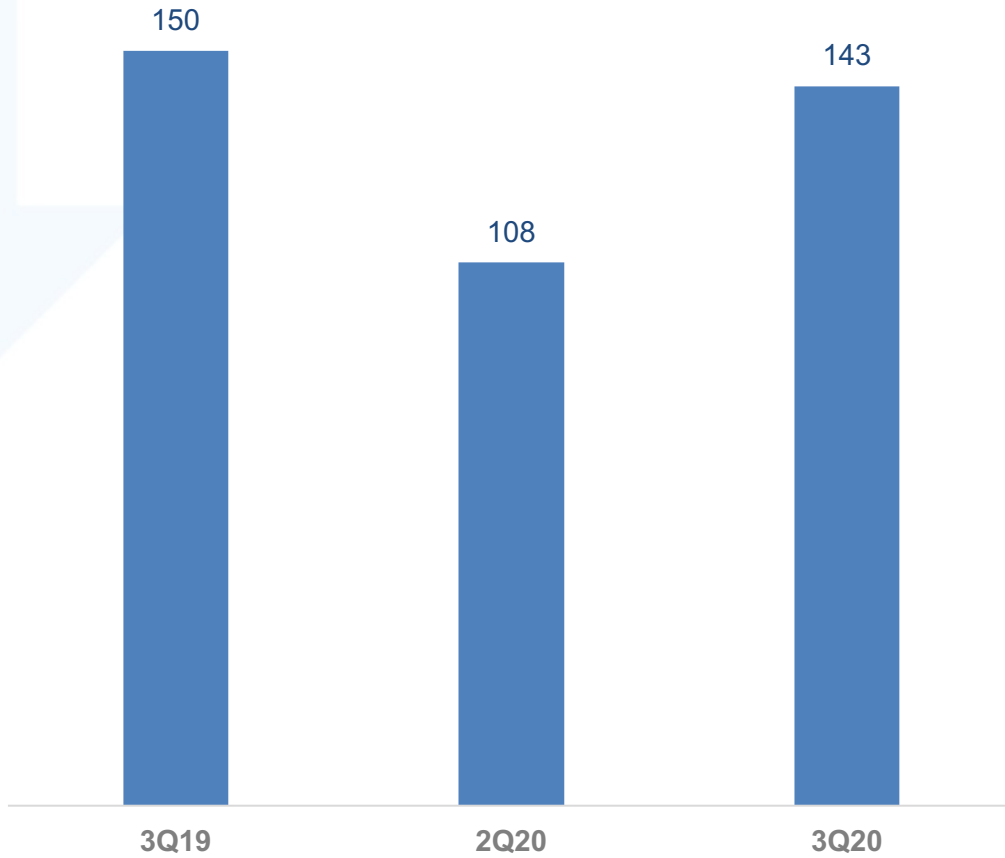
3

Key Financial Highlights

Loan Volume Driven by Our Borrowers

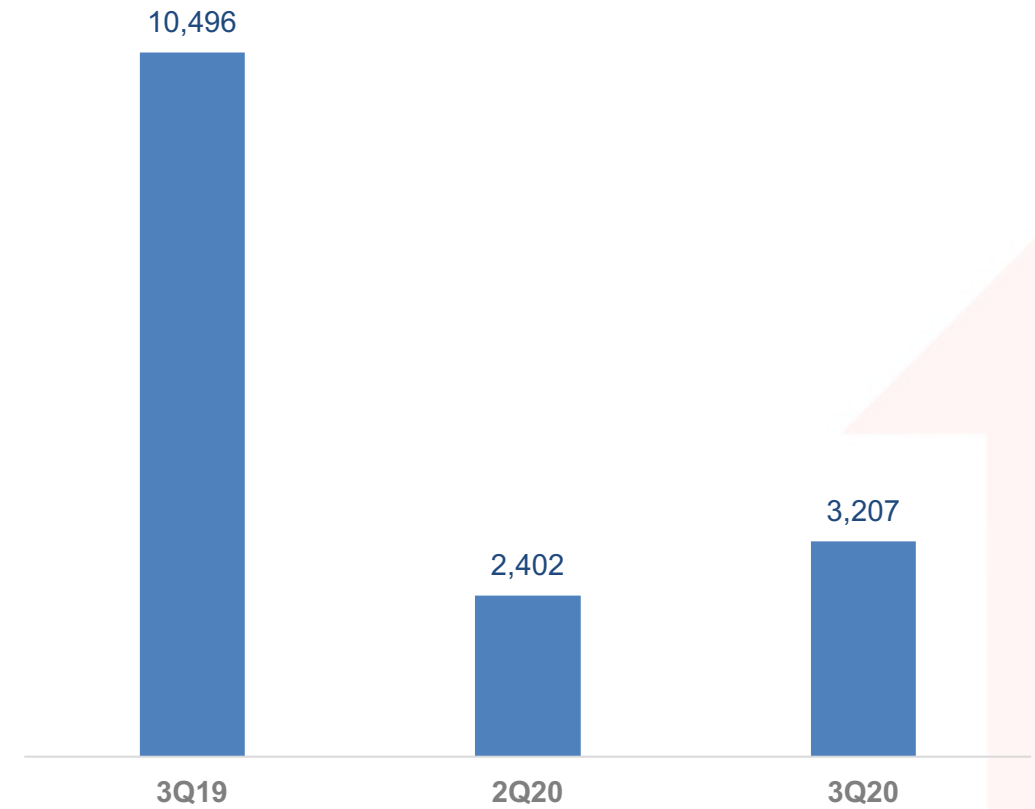
Number of Borrowers

(Thousands)



Loans Facilitated

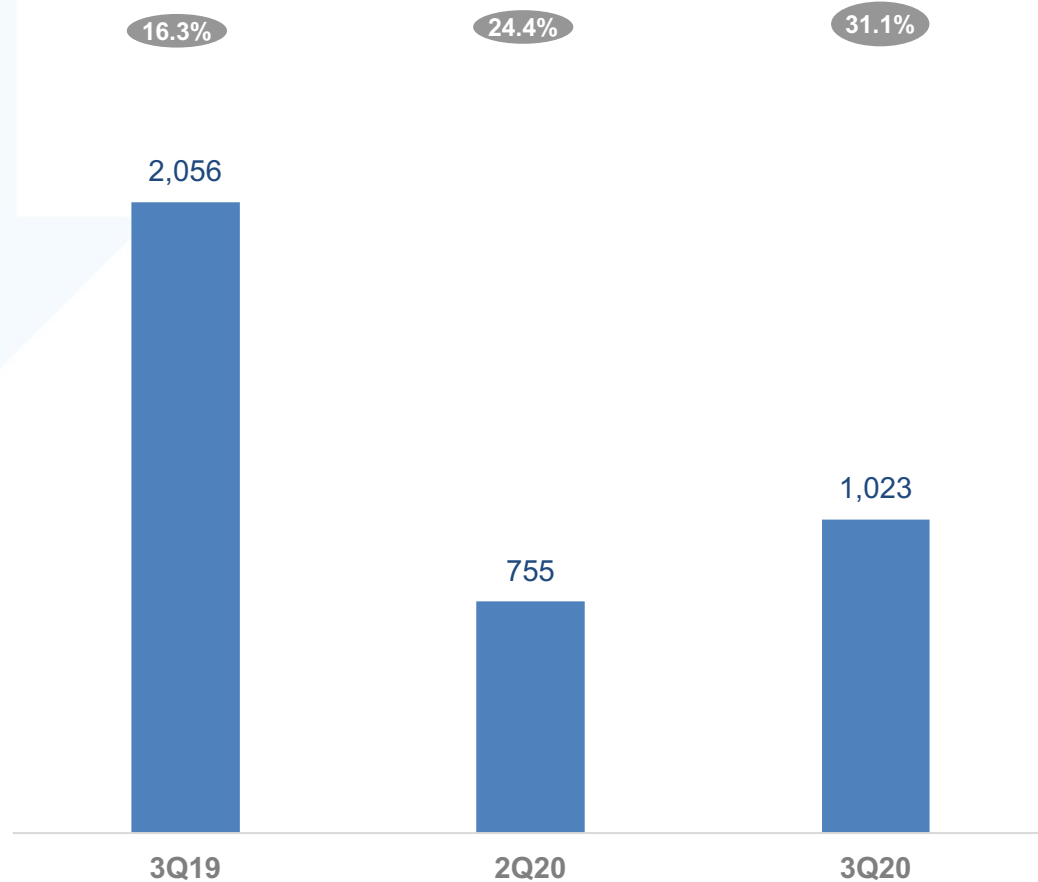
(RMB Million)



Financial Metrics

Net Revenue

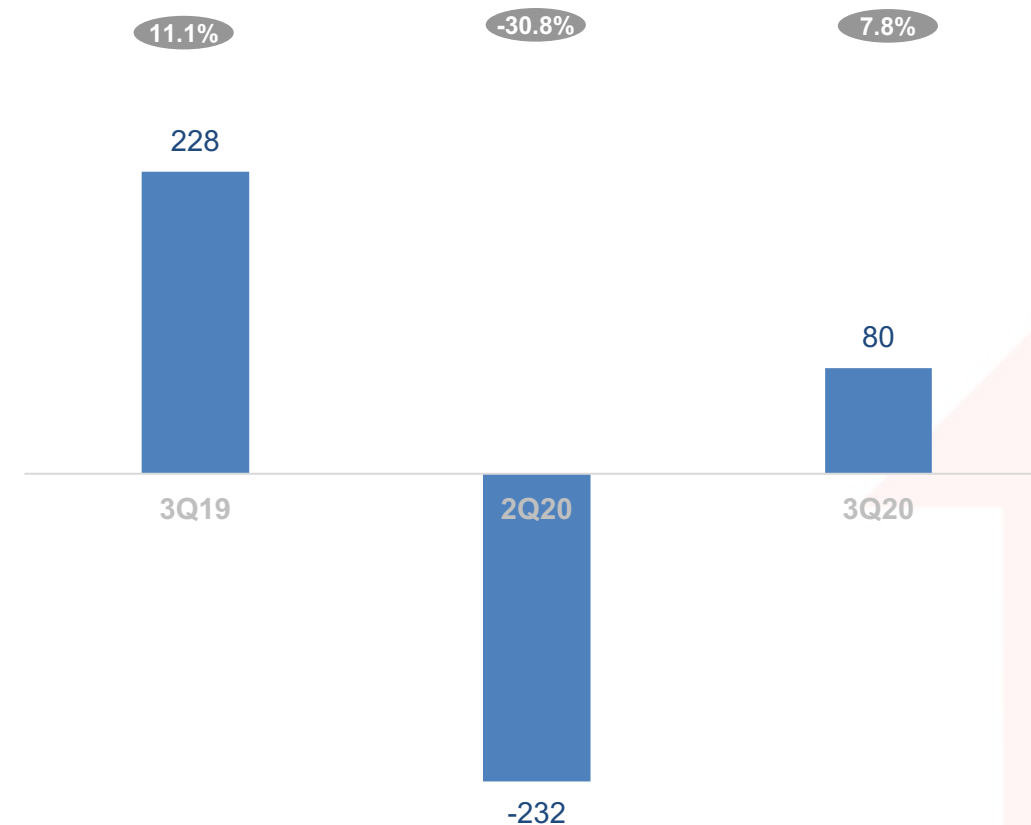
(RMB Million)



Take Rate (%)⁽¹⁾

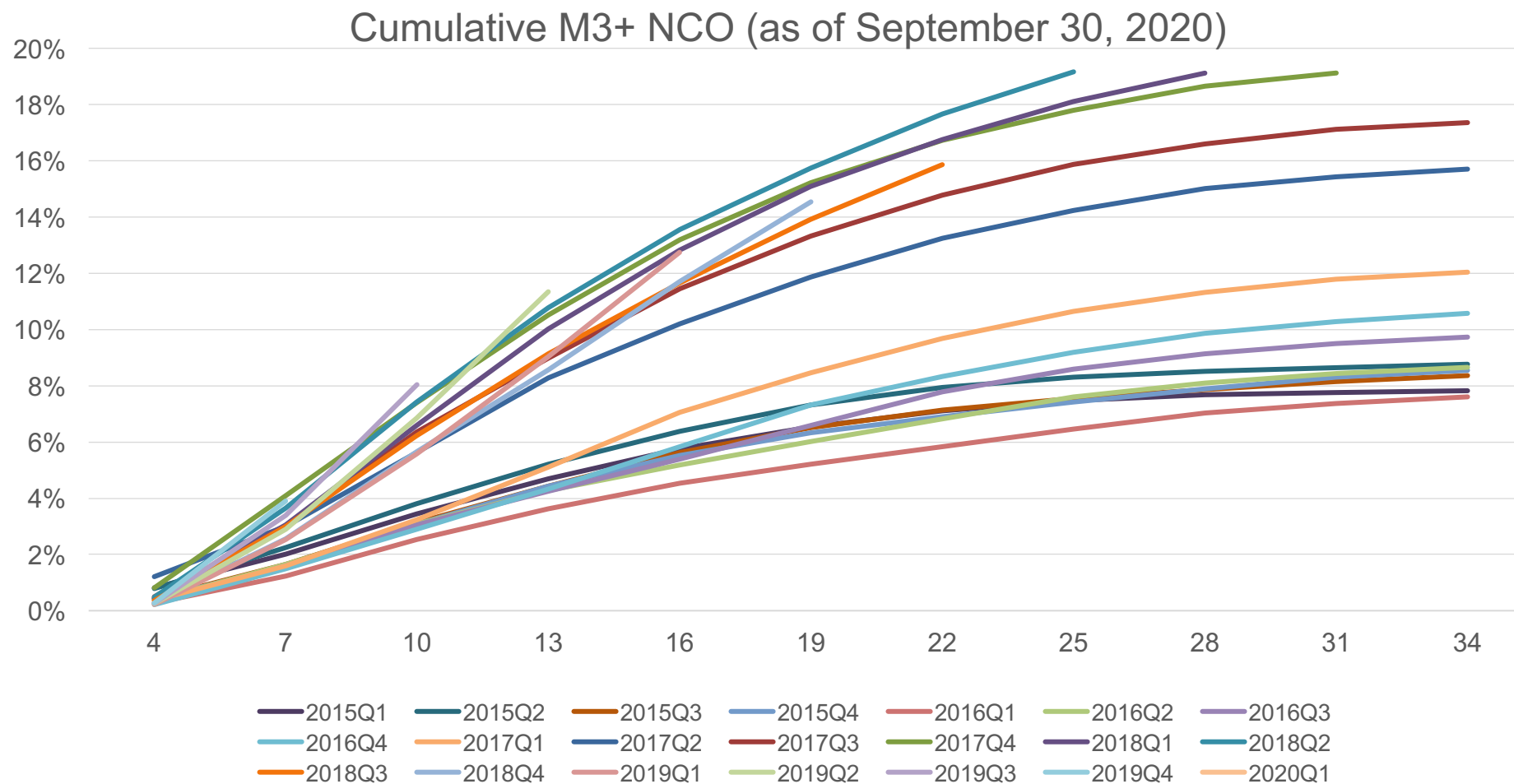
Net Income

(RMB Million)



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

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 median strip of trees runs through the city. In the background, a tall, slender skyscraper stands out against the horizon. 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 Nine Months Ended		
	September 30, 2019	June 30, 2020	September 30, 2020	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2020
	RMB	RMB	RMB	USD	RMB	RMB	USD
Net revenue:							
Loan facilitation services	1,286,923	171,084	406,413	59,858	3,579,687	936,038	137,865
Post-origination services	103,073	126,477	195,570	28,804	640,673	468,567	69,012
Account management services	489,673	300,720	157,327	23,172	1,527,037	871,213	128,316
Others	176,439	156,408	263,452	38,802	505,759	525,293	77,367
Total net revenue	2,056,108	754,689	1,022,762	150,636	6,253,156	2,801,111	412,560
Operating costs and expenses:							
Sales and marketing	1,160,365	508,466	485,055	71,441	3,496,957	1,609,962	237,122
Origination, servicing and other operating costs	156,073	165,183	239,655	35,297	491,141	507,756	74,784
General and administrative	168,092	172,568	159,670	23,517	601,333	481,279	70,885
Allowance for contract assets and receivables	344,742	168,708	25,016	3,684	1,036,707	337,109	49,651
Total operating costs and expenses	1,829,272	1,014,925	909,396	133,939	5,626,138	2,936,106	432,442
Other income/(expenses):							
Interest income, net	13,825	16,950	11,003	1,621	62,913	53,069	7,816
Fair value adjustments related to Consolidated ABFE	(1,323)	(32,957)	(30,905)	(4,552)	39,462	(89,882)	(13,238)
Others, net	7,112	(3,510)	2,726	401	184,815	11,400	1,679
Total other income/(expenses)	19,614	(19,517)	(17,176)	(2,530)	287,190	(25,413)	(3,743)
Income/(loss) before provision for income taxes	246,450	(279,753)	96,190	14,167	914,208	(160,408)	(23,625)
Share of results of equity investees	1,505	-	-	-	(4,268)	-	-
Income tax expense/(benefit)	19,924	(47,558)	16,353	2,408	158,314	(27,269)	(4,016)
Net income/(loss)	228,031	(232,195)	79,837	11,759	751,626	(133,139)	(19,609)
Weighted average number of ordinary shares outstanding, basic	185,548,214	185,613,735	186,784,192	186,784,192	185,095,873	186,002,493	186,002,493
Basic income/(loss) per share	1.2290	(1.2510)	0.4274	0.0630	4.0607	(0.7158)	(0.1054)
Basic income/(loss) per ADS	2.4580	(2.5020)	0.8548	0.1260	8.1214	(1.4316)	(0.2108)
Weighted average number of ordinary shares outstanding, diluted	186,351,678	185,613,735	187,370,892	187,370,892	186,433,058	186,002,493	186,002,493
Diluted income/(loss) per share	1.2237	(1.2510)	0.4261	0.0628	4.0316	(0.7158)	(0.1054)
Diluted income/(loss) per ADS	2.4474	(2.5020)	0.8522	0.1256	8.0632	(1.4316)	(0.2108)

Cash Flow Data

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 Nine Months Ended		
	September 30,	June 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	2019	2020	2020	2020	2019	2020	2020
	RMB	RMB	RMB	USD	RMB	RMB	USD
Unaudited Condensed Consolidated Cash Flow Data(Recast*)							
Net cash generated from/(used in) operating activities	808,148	(64,721)	3,098	455	186,065	501,097	73,803
Net cash (used in)/provided by investing activities	(78,146)	(186,670)	(99,460)	(14,649)	(87,181)	(815,567)	(120,120)
Net cash (used in)/provided by financing activities	(839,114)	39,905	81,693	12,032	(419,110)	55,961	8,242
Effect of foreign exchange rate changes	3,193	(86)	(3,389)	(498)	2,529	(2,269)	(334)
Net decrease in cash, cash equivalents and restricted cash	(105,919)	(211,572)	(18,058)	(2,660)	(317,697)	(260,778)	(38,409)
Cash, cash equivalents and restricted cash, beginning of period	2,822,706	3,237,994	3,026,422	445,744	3,034,484	3,269,142	481,493
Cash, cash equivalents and restricted cash, end of period	2,716,787	3,026,422	3,008,364	443,084	2,716,787	3,008,364	443,084

Balance Sheet

Unaudited Condensed Consolidated Balance Sheets (in thousands)

	As of			
	December 31, 2019	June 30, 2020	September 30, 2020	September 30, 2020
	RMB	RMB	RMB	USD
Cash and cash equivalents	3,198,086	2,935,543	2,836,229	417,731
Restricted cash	71,056	90,879	172,135	25,353
Accounts receivable	3,398	27,309	100,657	14,825
Contract assets, net	2,398,685	1,356,886	1,231,190	181,335
Contract cost	160,003	145,809	124,005	18,264
Prepaid expenses and other assets	1,333,221	1,134,257	986,747	145,332
Loans at fair value	418,492	246,475	180,058	26,520
Financing receivables	29,612	54,876	267,938	39,463
Amounts due from related parties	988,853	1,560,376	1,584,084	233,310
Held-to-maturity investments	6,627	4,126	2,349	346
Available-for-sale investments	460,991	513,013	511,267	75,301
Property, equipment and software, net	195,855	184,957	163,696	24,110
Deferred tax assets	45,407	49,051	50,175	7,390
Right-of-use assets	334,134	224,067	160,825	23,687
Total assets	9,644,420	8,527,624	8,371,355	1,232,967
Accounts payable	43,583	40,324	24,757	3,646
Amounts due to related parties	106,645	184,325	293,620	43,246
Liabilities from quality assurance program and	4,397	2,660	2,065	304
Deferred revenue	358,203	190,712	135,590	19,970
Accrued expenses and other liabilities	2,338,745	1,981,040	1,993,273	293,577
Refund liability	1,801,535	1,501,318	1,285,109	189,276
Deferred tax liabilities	218,888	162,016	150,486	22,164
Lease liabilities	282,334	205,056	135,544	19,963
Total liabilities	5,154,330	4,267,451	4,030,320	593,601
Ordinary shares	121	121	121	18
Additional paid-in capital	5,038,691	5,050,226	5,059,529	745,188
Treasury stock	(37,097)	(37,097)	(40,147)	(5,913)
Accumulated other comprehensive income	21,855	23,474	18,595	2,739
Accumulated deficit	(533,480)	(776,551)	(697,063)	(102,666)
Total equity	4,490,090	4,260,173	4,341,035	639,366
Total liabilities and equity	9,644,420	8,527,624	8,371,355	1,232,967

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 Nine Months Ended		
	September 30,	June 30,	September 30,	September 30,	September 30,	September 30,	September
	2019	2020	2020	2020	2019	2020	30,
	RMB	RMB	RMB	USD	RMB	RMB	USD
Operating Highlights							
Amount of p2p investment	9,037,670	4,017,751	2,620,252	385,921	32,412,841	11,841,750	1,744,101
Number of p2p investors	113,955	63,066	41,851	41,851	319,538	119,929	119,929
Amount of non-p2p investment	767,226	2,186,210	4,593,256	676,514	1,380,717	8,942,780	1,317,129
Number of non-p2p investors	12,235	30,392	76,707	76,707	26,101	90,888	90,888
Amount of loans facilitated	10,496,261	2,402,494	3,206,977	472,337	31,105,001	7,448,925	1,097,108
Number of borrowers	150,280	107,568	143,238	143,238	423,414	360,170	360,170
Remaining principal of performing loans	54,553,702	33,454,423	28,007,249	4,125,022	54,553,702	28,007,249	4,125,022
Segment Information							
Wealth management:							
Revenue	540,554	322,381	281,050	41,394	1,654,366	1,019,307	150,129
Sales and marketing expenses	219,390	45,454	43,879	6,463	576,462	156,659	23,074
Consumer credit:							
Revenue	1,515,554	432,308	741,712	109,242	4,598,790	1,781,804	262,431
Sales and marketing expenses	940,975	463,012	441,176	64,978	2,920,495	1,453,303	214,048
Reconciliation of Adjusted EBITDA							
Net income/(loss)	228,031	(232,195)	79,837	11,759	751,626	(133,139)	(19,609)
Interest income, net	(13,825)	(16,950)	(11,003)	(1,621)	(62,913)	(53,069)	(7,816)
Income tax expense/(benefit)	19,924	(47,558)	16,353	2,408	158,314	(27,269)	(4,016)
Depreciation and amortization	32,153	24,368	23,404	3,447	95,767	74,943	11,038
Share-based compensation	7,954	2,954	8,952	1,319	40,385	16,447	2,422
Adjusted EBITDA	274,237	(269,381)	117,543	17,312	983,179	(122,087)	(17,981)
Adjusted EBITDA margin	13.3%	-35.7%	11.5%	11.5%	15.7%	-4.4%	-4.4%

*The Company reclassified 22.0 million payments made in the second quarter of 2020 related to financing receivables from cash used in operating activities to cash used in investing activities.

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%
March 31, 2020		1.6%		4.1%		3.2%
June 30, 2020		1.4%		2.0%		2.1%
September 30, 2020		1.1%		1.7%		1.6%
Online Channels						
December 31, 2015		0.5%		0.8%		0.6%
December 31, 2016		0.6%		1.0%		0.8%
December 31, 2017		1.3%		1.2%		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%
September 30, 2020		1.2%		2.2%		2.1%
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%
March 31, 2020		1.6%		3.7%		3.1%
June 30, 2020		1.4%		1.8%		2.0%
September 30, 2020		1.0%		1.5%		1.5%

M3+ NCO by Vintage

Loan Issued Period	Net Charge-Off Rate		
	Amount of Loans Facilitated During the Period	Accumulated M3+ Net Charge-Off as of September 30, 2020	Total Net Charge-Off Rate as of September 30, 2020
	(in RMB thousands)	(in RMB thousands)	
2015	53,143,029	4,426,384	8.3%
2016	53,805,112	5,035,620	9.4%
2017	69,883,293	11,848,179	17.0%
2018	63,176,149	11,551,234	18.3%
2019	39,103,048	4,654,088	11.9%
2020H1	3,574,487	6,815	0.2%

M3+ NCO by Vintage

M3+ Net Charge-Off Rate

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