

# Q1 2019 Investor Presentation

July 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.

# Yiren Digital: The New Yirendai

July 2019



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**Yiren Digital Overview**

2

**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

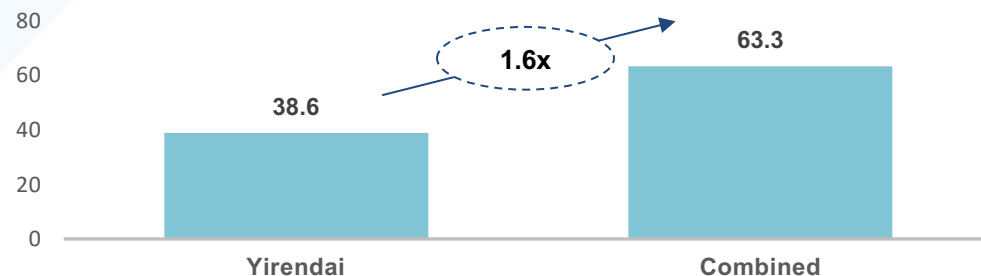
# Yiren Digital: Leading Digital Financial Service Platform



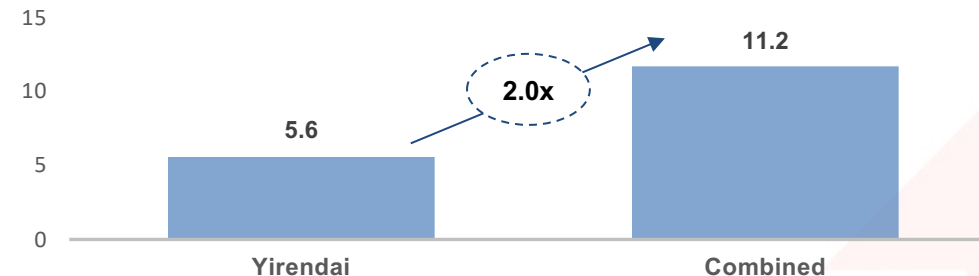
YRD List Co



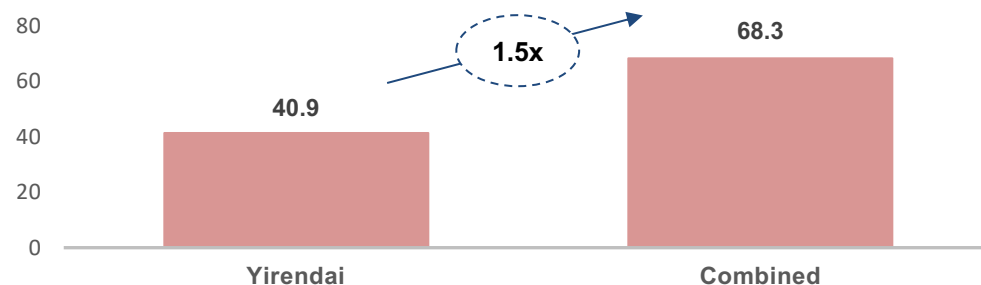
2018 Loan Volume (RMB in billions)



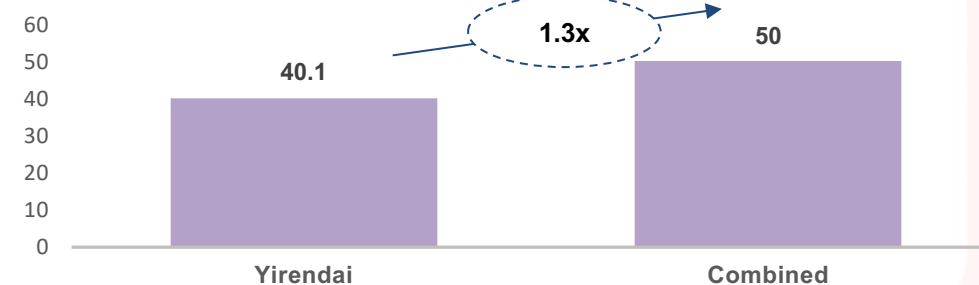
2018 Net Revenue (RMB in billions)



2018 Loan Balance (RMB in billions)



2018 Online Investor AUM (RMB in billions)



# Yiren Digital At A Glance, Q1 2019



## Leading Digital Wealth Management Platform



Investor AUM  
Q1 2019  
**~RMB 47Bn**



No. of Active Investors  
Q1 2019  
**~770K**



Investment Products  
**Full Spectrum**



Accumulatively Served Investors  
As of Q1 2019  
**~ 2.2 Mn**



## Leading Consumer Creditech Player



Loan Balance  
Q1 2019  
**~RMB 63Bn**



No. of Borrowers  
Q1 2019  
**~150K**



Customer Service  
**Online & Offline**



Accumulatively Served Borrowers  
As of Q1 2019  
**~ 4.4 Mn**



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# Business Highlights

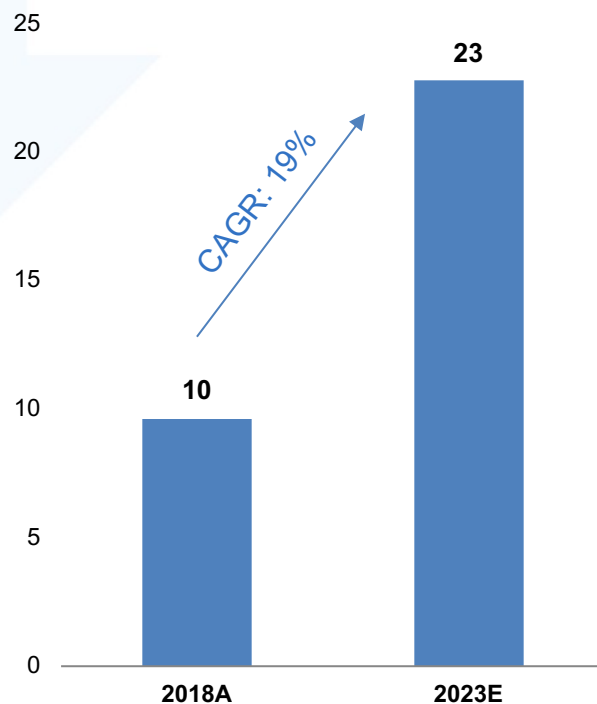


# Leading Digital Personal Financial Service Platform

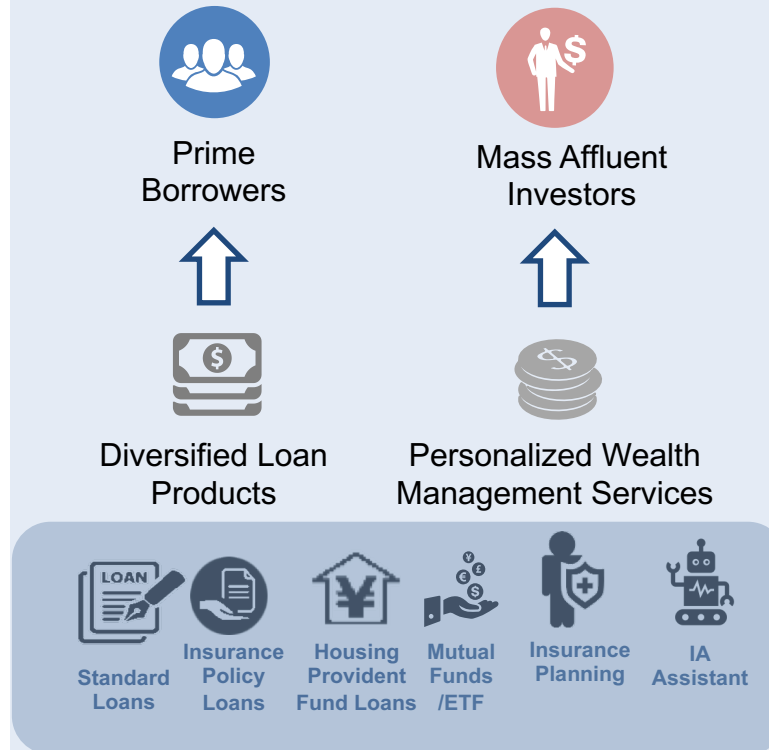
## Consumer Credit

### Unsecured Customer Finance Market in China

(By outstanding balance, RMB trillion)



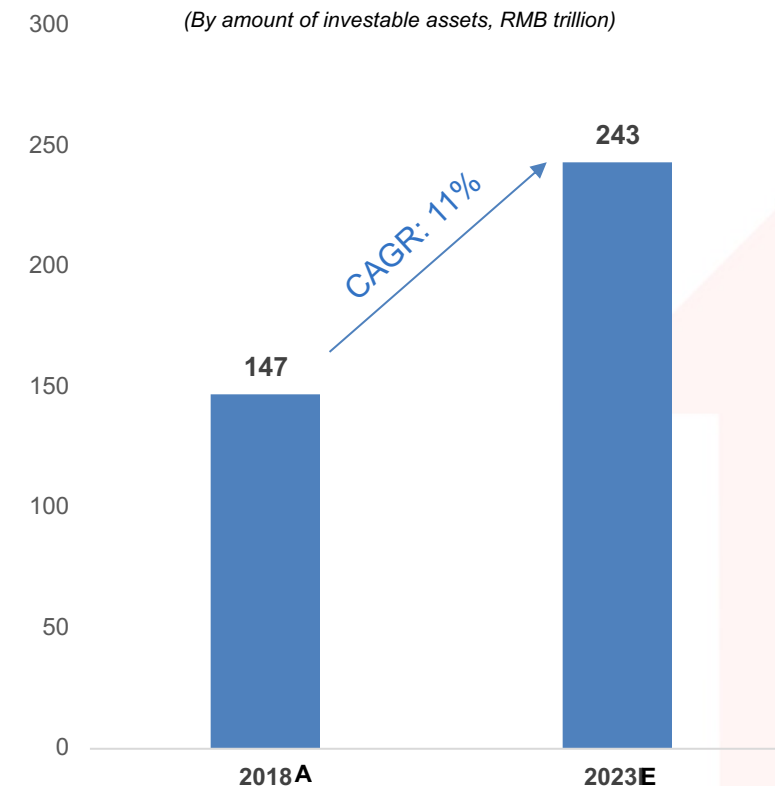
Source: Oliver Wyman report



## Wealth Management

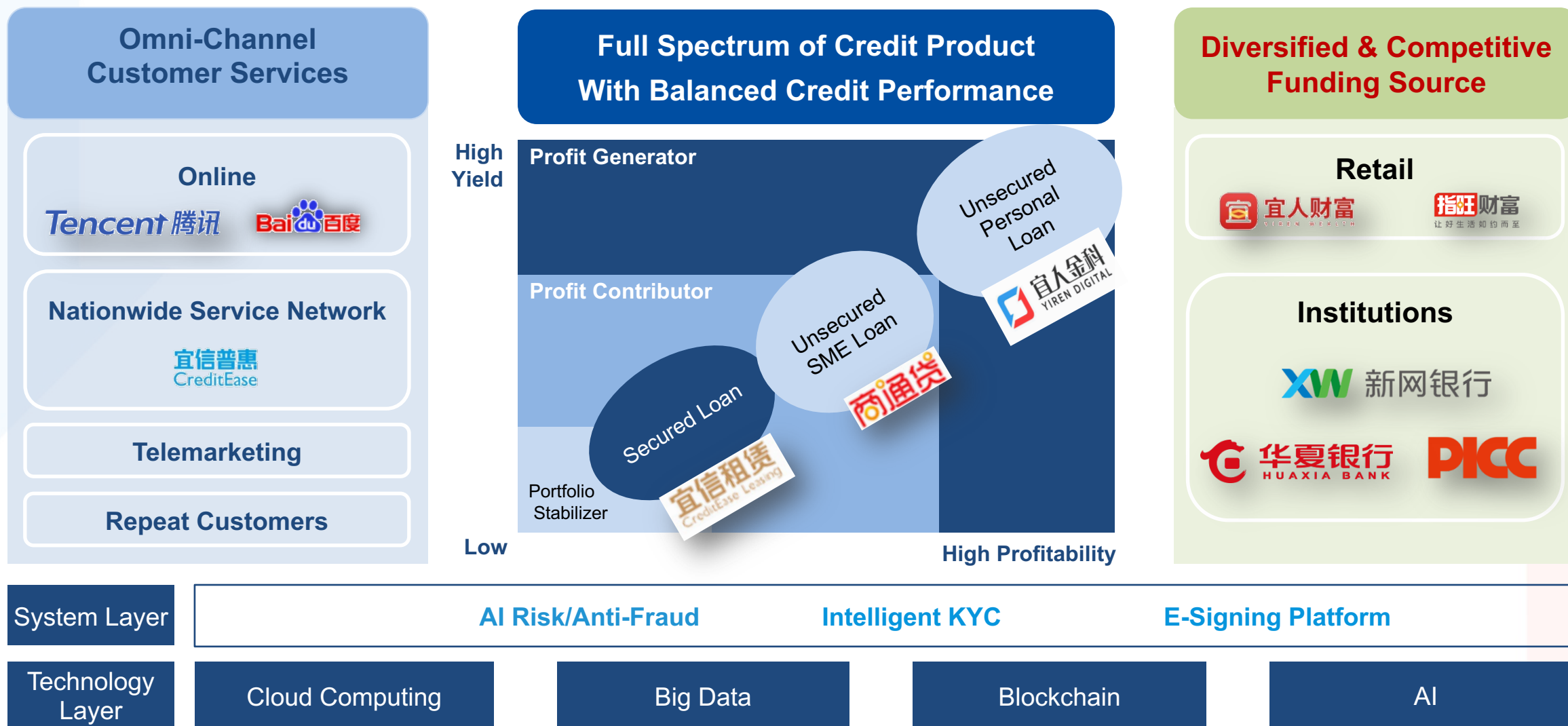
### Wealth Management Market in China

(By amount of investable assets, RMB trillion)

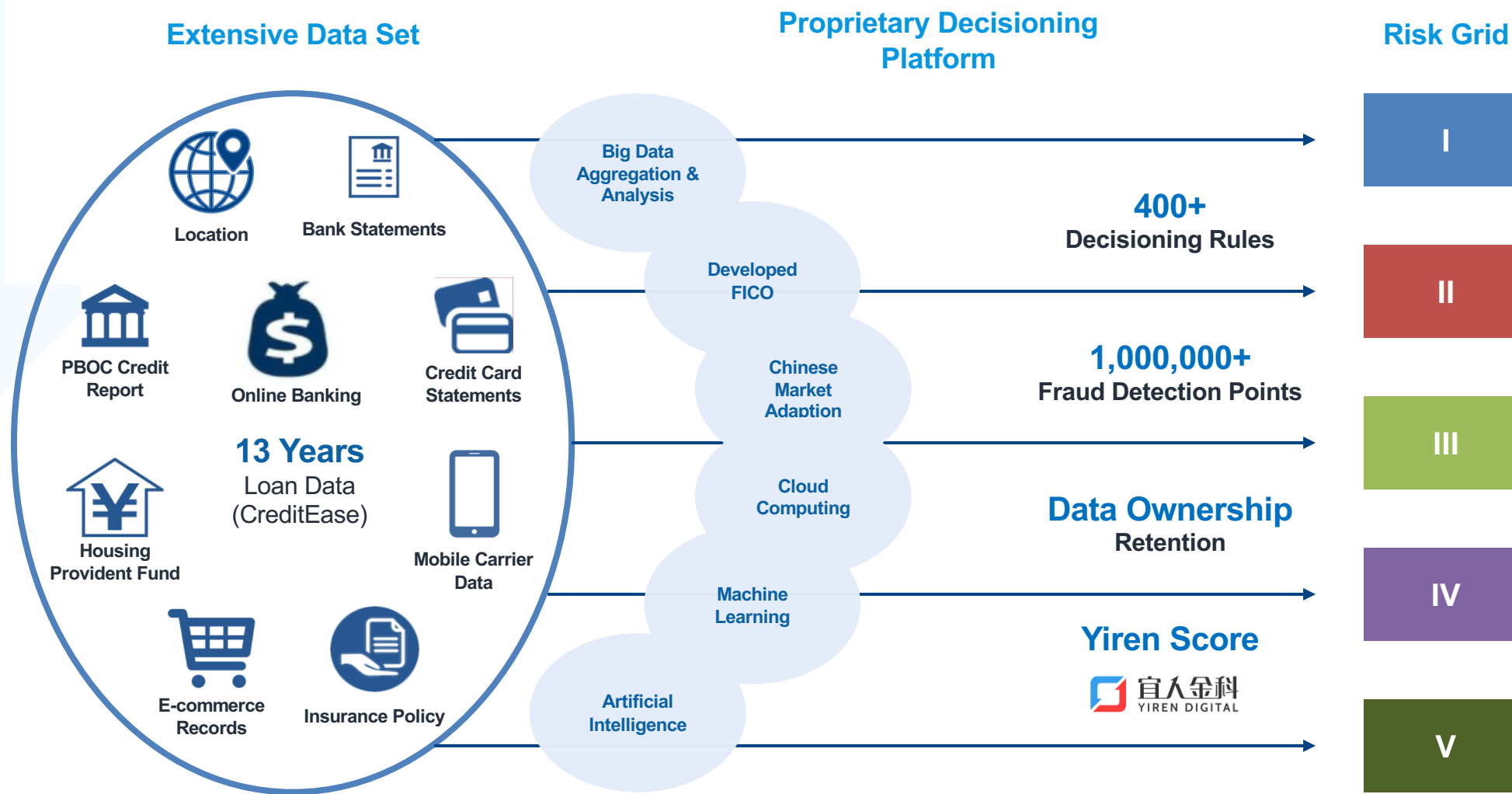


Source: BCG & China Construction Bank, 2019 China Private Bank Report

# Leading Creditech Platform



# Extensive Data Set And Credit Decisioning Capabilities

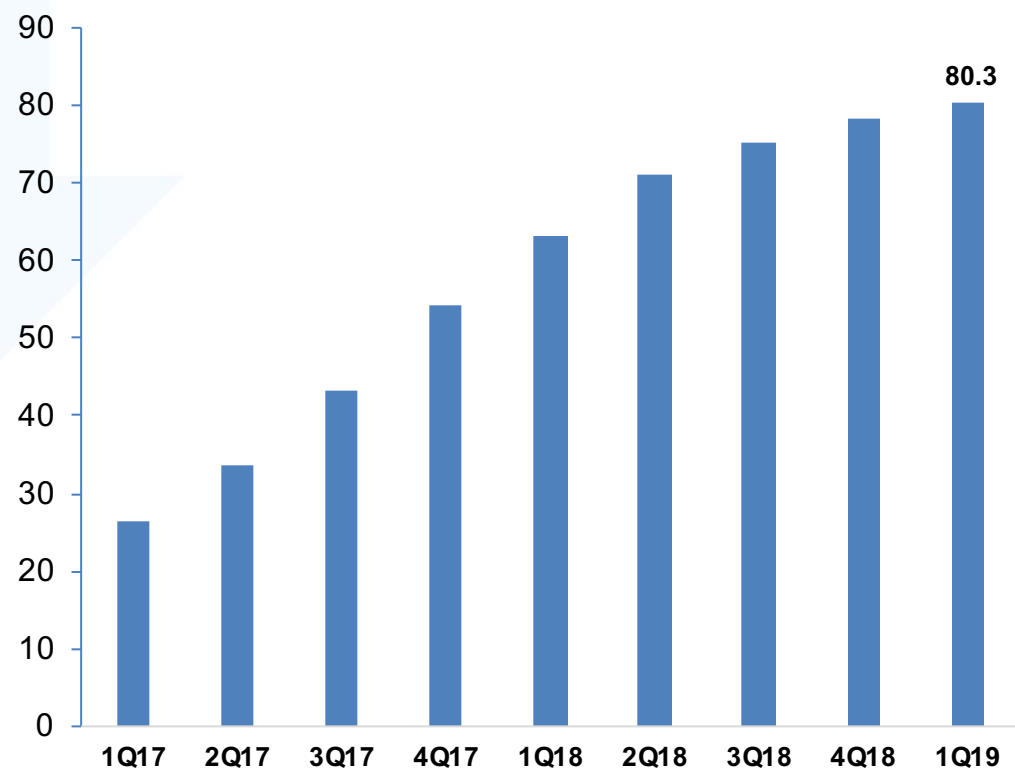




# Expanding Borrowers Base

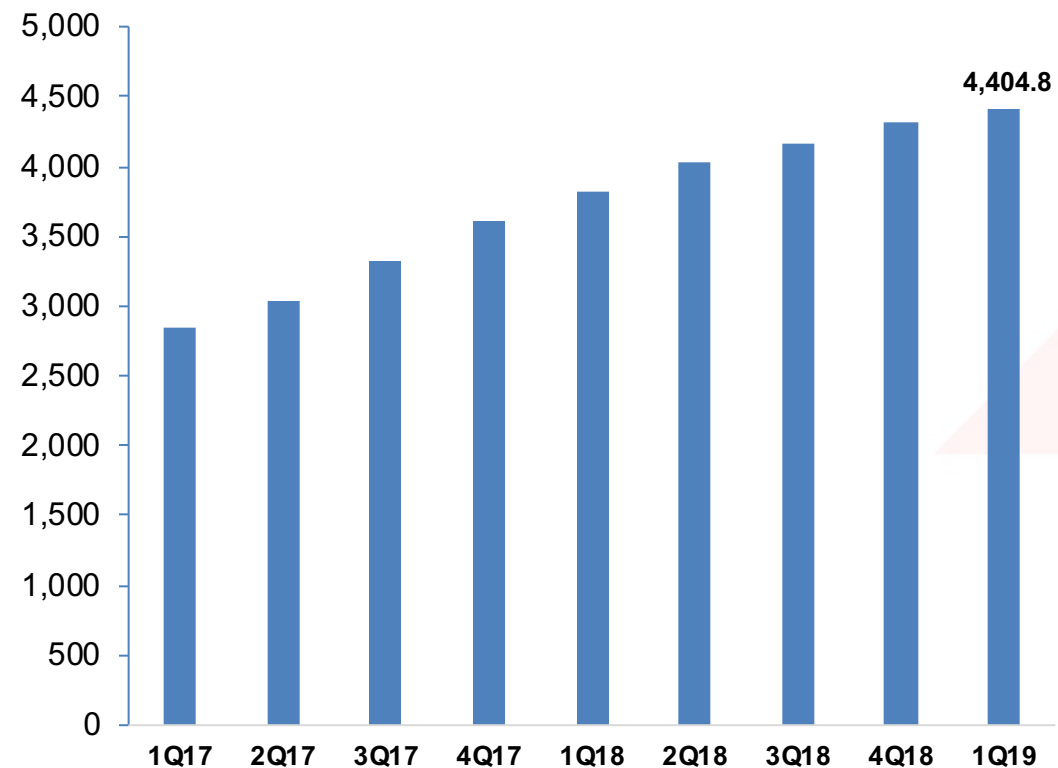
## Cumulative Registered Borrowers

(In millions)



## Cumulative Served Borrowers

(In thousands)



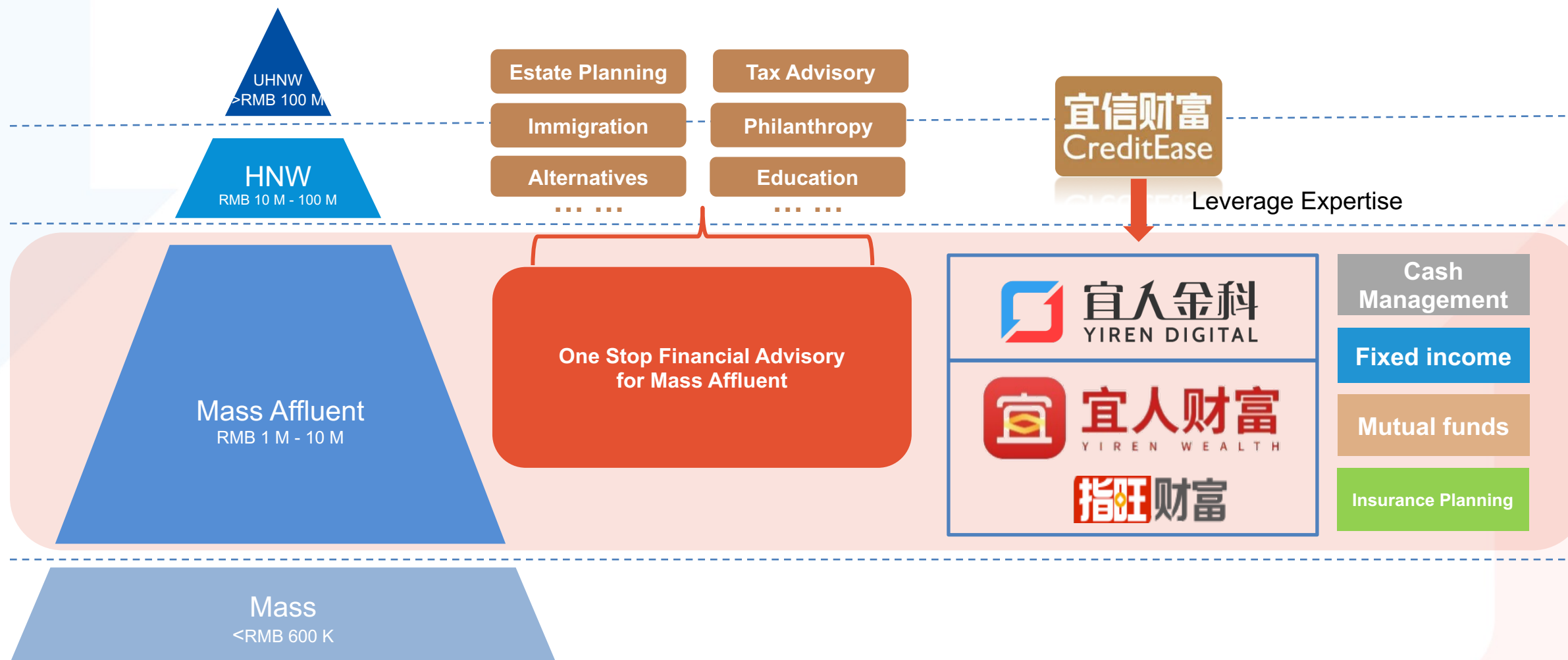
# Our Wealth Management Strategy

Total Investable Asset

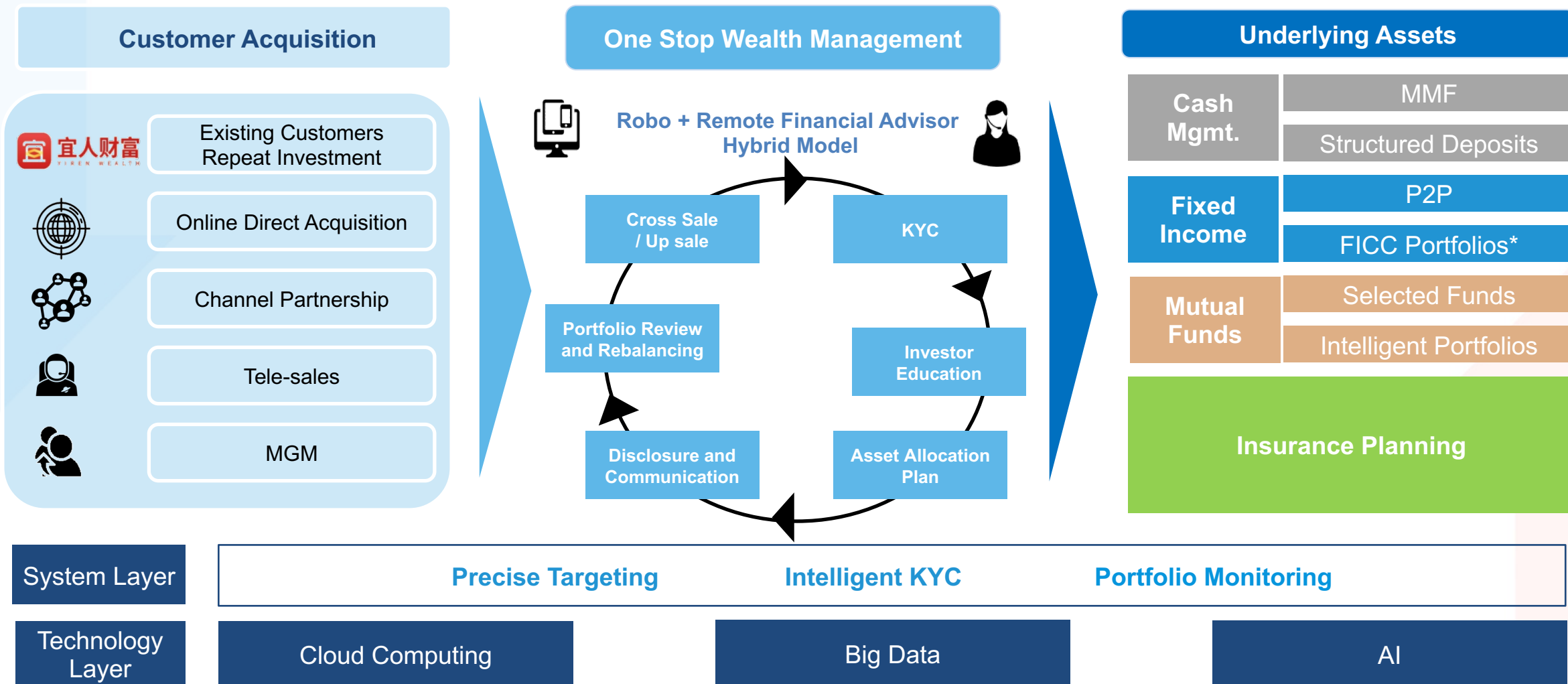
Service Needs

Disruptive Wealth Model

Assets

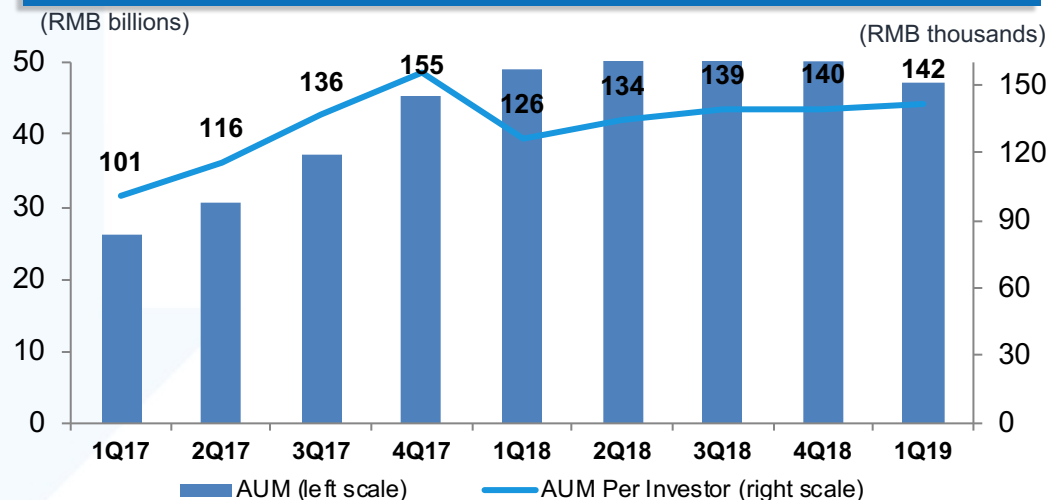


# Yiren Wealth Business

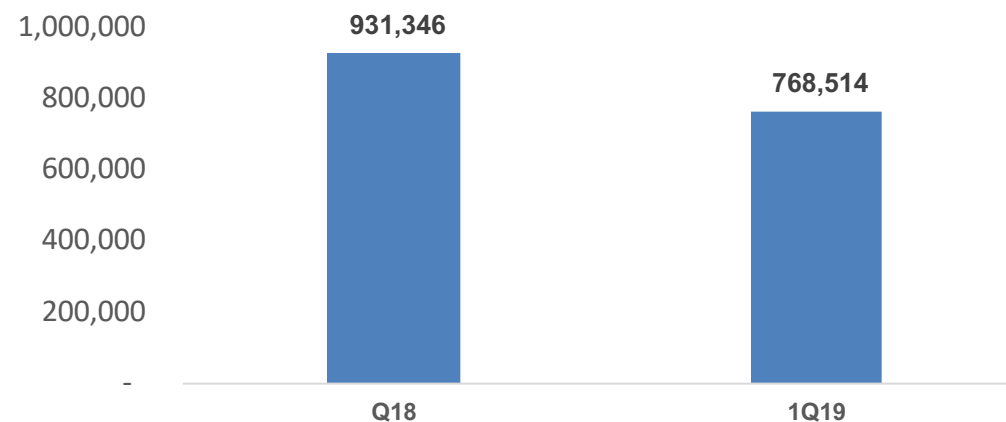


# Yiren Wealth's AUM & Investor Base

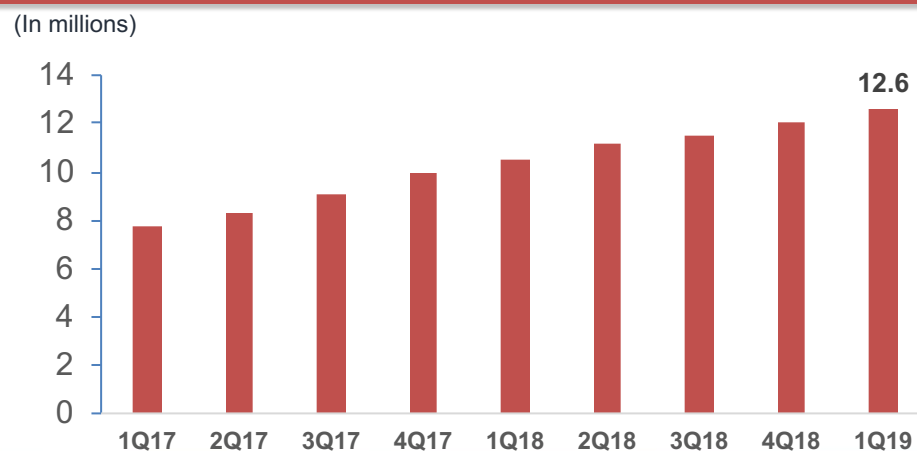
## AUM Per Investor



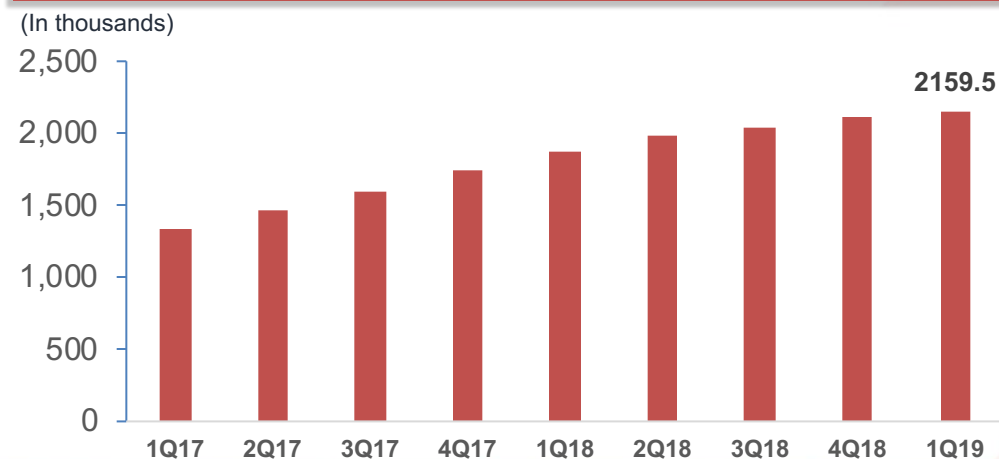
## Number of Active Investor



## Cumulative Registered Investors



## Cumulative Served Investors



# Tech Driven Approach To User Retention & Conversion

## Yiri: AI-Based Financial Assistant

Education

Financial Literacy

Investment Q&A

Products

P2P

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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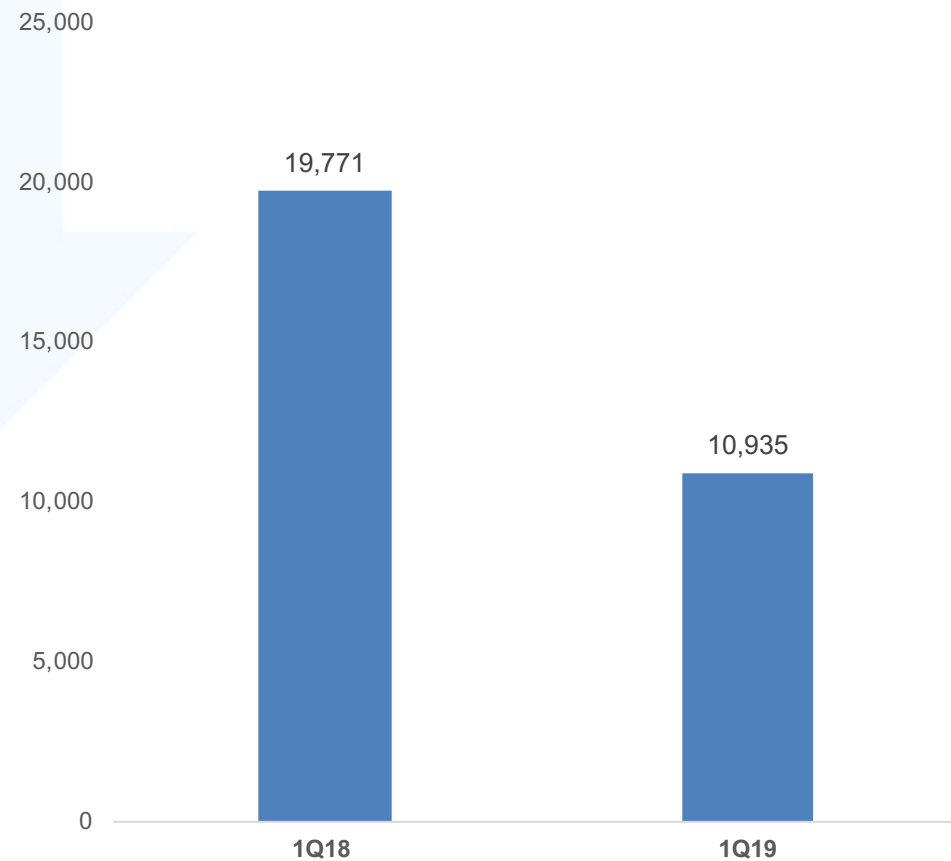
3

Key Financial Highlights

# Consolidated Loans Facilitated & Net Revenue

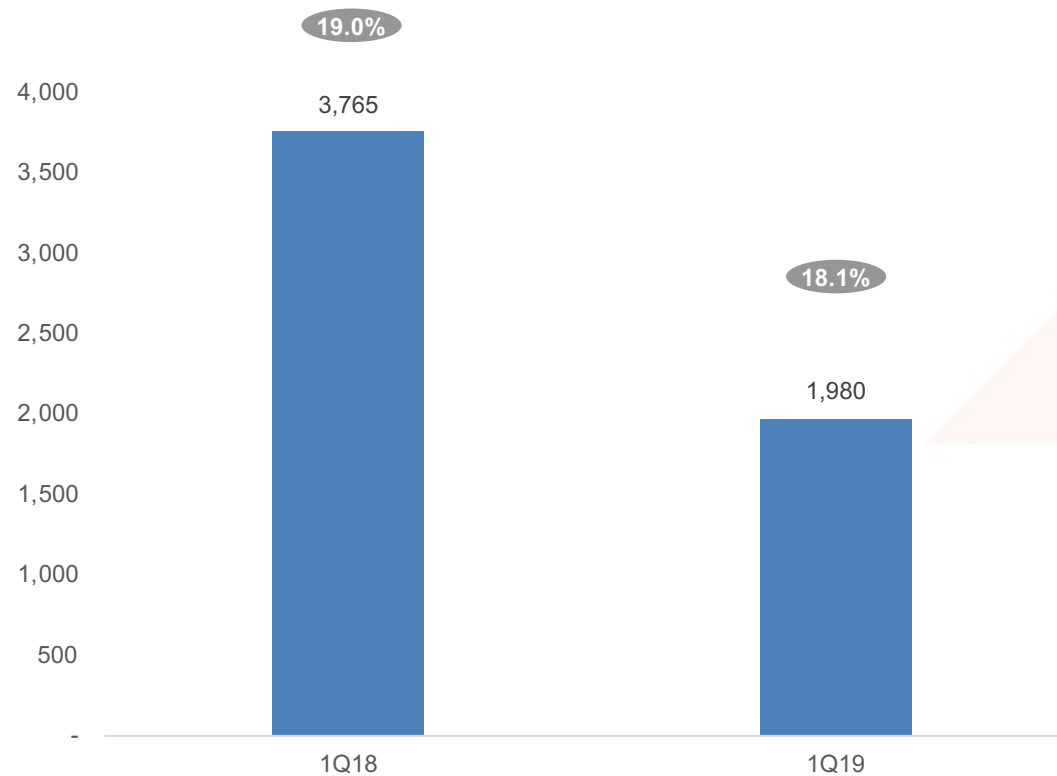
## Loans Facilitated

(RMB Million)



## Net Revenue

(RMB Million)

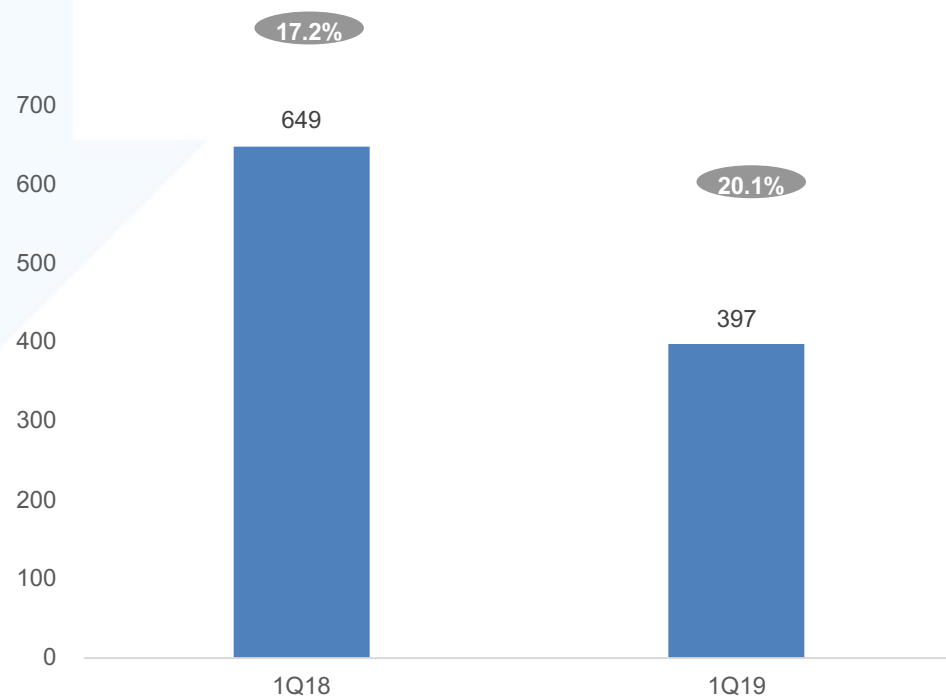


(1) Take rate is calculated as net revenue (net of allowance of contract assets) divided by amount of loans originated.

# Consolidated EBITDA & Net Income

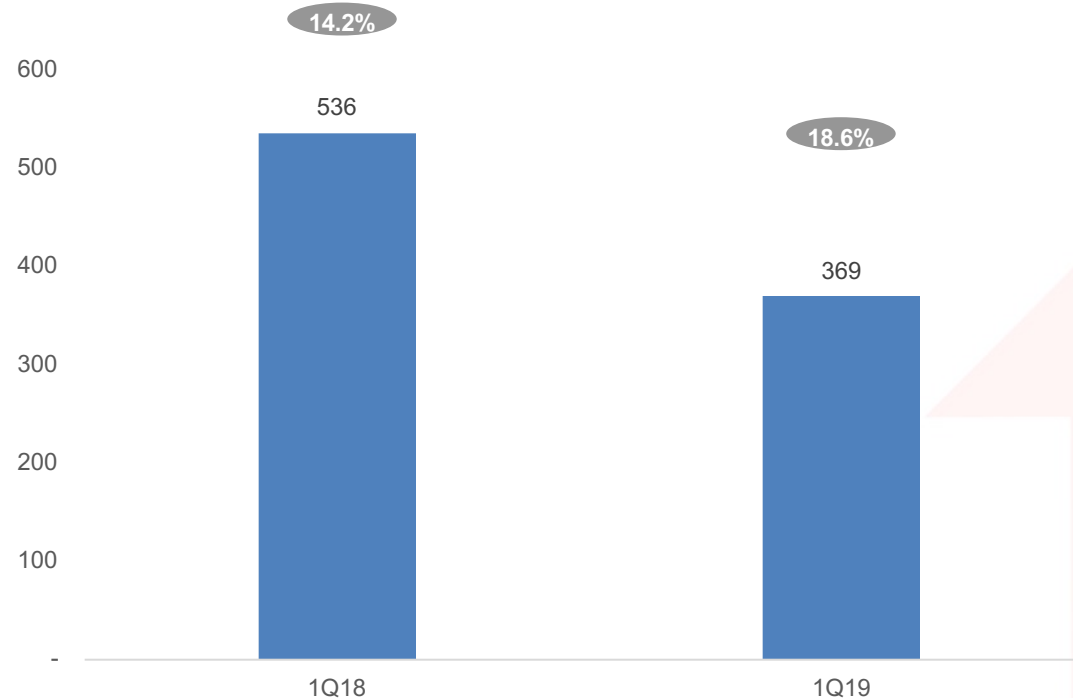
## EBITDA

(RMB Million)



## Net Income

(RMB Million)



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

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

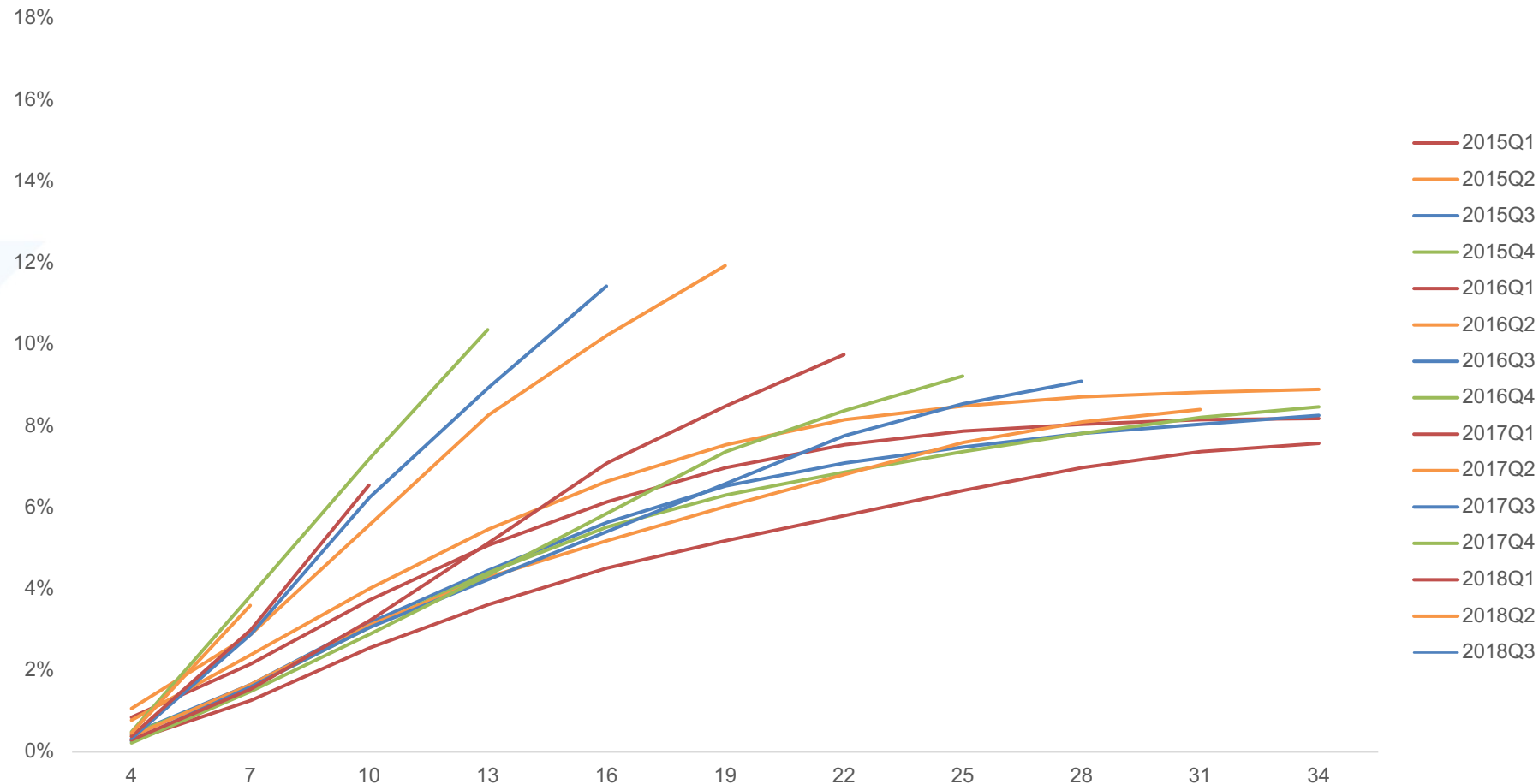
# Unit Economics Comparison

	2018 YRD	2018 Combined	2019 Q1 Combined
<b>Net Revenue</b>	14.56%	17.76%	18.11%
<b>Sales and marketing</b>	6.54%	10.52%	10.32%
<b>Origination and servicing</b>	1.67%	1.68%	1.57%
<b>General and administrative</b>	2.45%	2.77%	2.36%
<b>Allowance for contract assets</b>	1.73%	1.57%	1.75%
<b>Other Expenses/Income</b>	0.84%	1.58%	1.96%
<b>Tax</b>	0.50%	0.31%	0.70%
<b>Net Income</b>	2.50%	2.50%	3.38%
<b>Weighted average number of ordinary shares outstanding, basic</b>	122,244,231	184,225,643	185,126,457
<b>Basic income per share</b>	7.9072	8.5762	1.9937
<b>Basic income per ADS</b>	15.8144	17.1524	3.9874



# Proven Credit Performance

Cumulative M3+Net Charge-Off Rates (as of March 31,2019)



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. In the background, a tall, slender skyscraper stands out against the horizon. The overall mood is serene and celebratory.

THANKS!



# APPENDIX

An aerial photograph of a city skyline at dusk. 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, pyramid-shaped roof is prominent. To its right, a wide road with multiple lanes and some greenery runs through the city. In the background, several tall skyscrapers are visible, including one with a distinctive red antenna on top. The overall scene is a vibrant urban landscape at twilight.



# Income Statement (1/2)

	(in thousands, except for share, per share and per ADS data, and percentages)			
	For the Three Months Ended			For the Year Ended
	March 31,	March 31,	March 31,	December 31,
	2018	2019	2019	2018
	RMB	RMB	USD	RMB
Net revenue:				
Loan facilitation services	2,997,463	1,055,046	157,207	7,309,403
Post-origination services	281,118	296,279	44,147	1,601,424
Account management services	361,742	488,340	72,765	1,806,732
Others	124,348	140,743	20,971	526,560
Total net revenue	3,764,671	1,980,408	295,090	11,244,119
Operating costs and expenses:				
Sales and marketing	2,155,962	1,127,945	168,069	6,658,270
Origination and servicing	264,613	172,123	25,647	1,061,289
General and administrative	522,091	257,705	38,399	1,755,655
Allowance for contract assets	235,014	191,105	28,476	992,592
Total operating costs and expenses	3,177,680	1,748,878	260,591	10,467,806
Gain on disposal of loan receivable and other beneficial rights	-	84,511	12,592	655,884
Interest income, net	28,269	95,569	14,240	81,899
Fair value adjustments related to Consolidated ABFE	7,071	34,998	5,215	243,122
Non-operating (expenses)/ income, net	(576)	4,614	688	26,323
Income before provision for income taxes	621,755	451,222	67,234	1,783,541
Share of results of equity investees	(2,324)	(5,603)	(835)	(9,295)
Income tax expense	83,578	76,534	11,404	194,287
Net income	535,853	369,085	54,995	1,579,959

# Income Statement (2/2)

	(in thousands, except for share, per share and per ADS data, and percentages)			
	For the Three Months Ended			For the Year Ended
	March 31,	March 31,	March 31,	December 31,
	2018	2019	2019	2018
	RMB	RMB	USD	RMB
Weighted average number of ordinary shares outstanding, basic	183,349,505	185,126,457	185,126,457	184,225,643
Basic income per share	2.9226	1.9937	0.2971	8.5762
Basic income per ADS	5.8452	3.9874	0.5942	17.1524
Weighted average number of ordinary shares outstanding, diluted	185,754,475	186,578,885	186,578,885	186,270,515
Diluted income per share	2.8847	1.9782	0.2948	8.4821
Diluted income per ADS	5.7694	3.9564	0.5896	16.9642

# Balance Sheet

	(in thousands)		
	As of		
	December 31, 2018 RMB	March 31, 2019 RMB	March 31, 2019 USD
Cash and cash equivalents	2,605,926	2,519,040	375,349
Restricted cash	427,546	97,888	14,586
Accounts receivable	40,310	70,281	10,472
Contract assets, net	3,909,263	3,431,014	511,237
Contract cost	145,460	143,323	21,356
Prepaid expenses and other assets	2,552,319	1,192,574	177,699
Loans at fair value	1,375,221	851,406	126,863
Amounts due from related parties	1,357,305	270,626	40,325
Held-to-maturity investments	329,597	312,768	46,604
Available-for-sale investments	835,565	1,187,588	176,956
Long term investments	194,121	143,864	21,436
Property, equipment and software, net	266,002	239,822	35,735
Deferred tax assets	184,136	156,322	23,293
Right-of-use assets		389,299	58,007
<b>Total assets</b>	<b>14,222,771</b>	<b>11,005,815</b>	<b>1,639,918</b>
Accounts payable	307,046	53,667	7,997
Amounts due to related parties	8,246,300	258,038	38,449
Liabilities from quality assurance program and guarantee	9,950	8,384	1,249
Deferred revenue	569,469	459,806	68,513
Payable to investors at fair value	626,207	7,386	1,101
Accrued expenses and other liabilities	2,193,575	2,154,914	321,092
Refund liability	2,145,748	2,137,835	318,546
Deferred tax liabilities	486,773	417,629	62,229
Lease liabilities		348,176	51,880
Contingent consideration		2,626,734	391,396
<b>Total liabilities</b>	<b>14,585,068</b>	<b>8,472,569</b>	<b>1,262,452</b>
Ordinary shares	77	77	11
Shares to be issued		2,754,444	410,425
Additional paid-in capital	1,293,968	1,080,395	160,984
Treasury stock	(254)	(5,694)	(848)
Accumulated other comprehensive income	16,390	13,160	1,961
Accumulated deficit	(1,672,478)	(1,309,136)	(195,067)
<b>Total (deficit)/ equity</b>	<b>(362,297)</b>	<b>2,533,246</b>	<b>377,466</b>
<b>Total liabilities and equity</b>	<b>14,222,771</b>	<b>11,005,815</b>	<b>1,639,918</b>



# Cash Flow Data

	(in thousands, except for share, per share and per ADS data, and percentages)			
	For the Three Months Ended			For the Year Ended
	March 31,	March 31,	March 31,	December 31,
	2018	2019	2019	2018
	RMB	RMB	USD	RMB
<b>Unaudited Condensed Consolidated Cash Flow Data</b>				
Net cash used in operating activities	(817,030)	(658,306)	(98,090)	(3,959,107)
Net cash (used in)/ provided by investing activities	(262,560)	(225,931)	(33,665)	3,302,148
Net cash provided by/ (used in) financing activities	236,574	469,889	70,016	(793,472)
Effect of foreign exchange rate changes	(10,976)	(2,196)	(327)	3,631
Net decrease in cash, cash equivalents and restricted cash	(853,992)	(416,544)	(62,066)	(1,446,800)
Cash, cash equivalents and restricted cash, beginning of period	4,480,272	3,033,472	452,001	4,480,272
Cash, cash equivalents and restricted cash, end of period	3,626,280	2,616,928	389,935	3,033,472

# Operating Highlights (1/2)

	(in thousands, except for number of borrowers, number of investors and percentages)			
	For the Three Months Ended			For the Year Ended
	March 31,	March 31,	March 31,	December 31,
	2018	2019	2019	2018
	RMB	RMB	USD	RMB
<b>Operating Highlights</b>				
Amount of investment	18,027,655	11,435,588	1,703,956	70,667,346
AUM of investment	72,733,920	67,251,285	10,020,754	71,091,980
Number of investors	331,519	200,780	200,780	745,799
Amount of loans facilitated	19,771,068	10,934,923	1,629,354	63,303,236
Number of borrowers	287,166	149,715	149,715	922,593
Remaining principal of performing loans	75,271,466	63,213,843	9,419,156	68,345,361

## Operating Highlights (2/2)

	(in thousands, except for number of borrowers, number of investors and percentages)			
	For the Three Months Ended			For the Year Ended
	March 31,	March 31,	March 31,	December 31,
	2018	2019	2019	2018
	RMB	RMB	USD	RMB
<b>Reconciliation of EBITDA</b>				
Net income	535,853	369,085	54,995	1,579,959
Interest income, net	(28,269)	(95,569)	(14,240)	(81,899)
Income tax expense	83,578	76,534	11,404	194,287
Depreciation and amortization	38,253	32,502	4,843	147,992
Share-based compensation	19,533	14,699	2,190	119,998
Adjusted EBITDA	648,948	397,251	59,192	1,960,337
<i>Adjusted EBITDA margin</i>	17.2%	20.1%	20.1%	17.4%



# Delinquency Rates

	Delinquency Rates		
	Delinquent for		
	15-29 days	30-59 days	60-89 days
<b>All Loans</b>			
December 31, 2014			
December 31, 2015	0.7%	1.2%	1.0%
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%

# 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 March 31, 2019 (in RMB thousands)	Total Net Charge-Off Rate as of March 31, 2019
2015	I	4,894,936	204,034	4.2%
	II	17,502,449	779,071	4.5%
	III	11,272,838	716,717	6.4%
	IV	11,283,656	1,365,938	12.1%
	V	11,199,563	1,734,289	15.5%
	Total	56,153,444	4,800,049	8.5%
2016	I	5,858,473	229,860	3.9%
	II	12,781,372	514,171	4.0%
	III	9,951,614	711,424	7.1%
	IV	8,652,543	891,251	10.3%
	V	16,981,990	2,539,120	15.0%
	Total	54,225,993	4,885,827	9.0%
2017	I	11,223,886	604,798	5.4%
	II	12,270,230	1,201,390	9.8%
	III	13,837,922	1,804,614	13.0%
	IV	13,663,558	1,975,100	14.5%
	V	19,680,365	3,400,179	17.3%
	Total	70,675,961	8,986,081	12.7%
2018	I	9,604,220	251,825	2.6%
	II	14,656,703	610,073	4.2%
	III	13,903,094	756,058	5.4%
	IV	13,812,989	1,021,518	7.4%
	V	11,326,230	1,085,458	9.6%
	Total	63,303,236	3,724,932	5.9%

# Net Charge-off Rates (2/2)

## M3+ Net Charge-Off Rate

Loan issued period	Month on Book										
	4	7	10	13	16	19	22	25	28	31	34
2015Q1	0.8%	2.2%	3.7%	5.1%	6.2%	7.0%	7.5%	7.9%	8.1%	8.1%	8.2%
2015Q2	0.8%	2.4%	4.0%	5.4%	6.6%	7.5%	8.2%	8.5%	8.7%	8.8%	8.9%
2015Q3	0.4%	1.6%	3.2%	4.5%	5.6%	6.5%	7.1%	7.5%	7.8%	8.1%	8.3%
2015Q4	0.4%	1.6%	3.1%	4.4%	5.5%	6.3%	6.9%	7.4%	7.8%	8.2%	8.5%
2016Q1	0.3%	1.3%	2.5%	3.6%	4.5%	5.2%	5.8%	6.4%	7.0%	7.3%	7.6%
2016Q2	0.4%	1.7%	3.1%	4.3%	5.2%	6.0%	6.8%	7.6%	8.1%	8.4%	
2016Q3	0.3%	1.6%	3.0%	4.2%	5.4%	6.6%	7.8%	8.6%	9.1%		
2016Q4	0.2%	1.5%	2.9%	4.3%	5.9%	7.4%	8.4%	9.2%			
2017Q1	0.3%	1.5%	3.2%	5.1%	7.1%	8.5%	9.7%				
2017Q2	1.1%	2.9%	5.6%	8.3%	10.2%	11.9%					
2017Q3	0.3%	2.9%	6.3%	9.0%	11.4%						
2017Q4	0.5%	3.8%	7.2%	10.4%							
2018Q1	0.4%	3.0%	6.5%								
2018Q2	0.5%	3.6%									
2018Q3	0.3%										