



Yiren Digital Reports Fourth Quarter and Fiscal Year 2020 Financial Results

04/01/21

BEIJING, April 1, 2021 /PRNewswire/ -- Yiren Digital Ltd. (NYSE: YRD) ("Yiren Digital" or the "Company"), a leading comprehensive personal financial service platform in China, today announced its unaudited financial results for the fourth quarter and the fiscal year ended December 31, 2020.

On December 31, 2020, the Company entered into definitive agreements in relation to a business restructuring with CreditEase Holdings (Cayman) Limited ("CreditEase"), the controlling shareholder of the Company, to streamline the Company's service lines and reposition the Company as a comprehensive personal financial service platform (the "Restructuring"). Upon the completion of the Restructuring, the Company has ceased control over the business (the "Disposed Business") currently operated by Hengcheng Technology Development (Beijing) Co., Ltd. ("Hengcheng"), a variable interest entity of the Company, and CreditEase has, through its subsidiaries and affiliates, obtained control over Hengcheng and the Disposed Business operated by Hengcheng, and paid the designated subsidiaries of the Company an aggregate amount of RMB 67.0 million in cash.

Fourth Quarter 2020 and Fiscal Year 2020 Operational Highlights

Wealth Management

- Cumulative number of investors served reached 2,326,169 as of December 31, 2020, representing an increase of 1.9% from 2,283,828 as of September 30, 2020 and compared to 2,210,530 as of December 31, 2019.
- Number of active investors^[1] of current investment products^[2] was 163,593 as of December 31, 2020, representing a decrease of 4% from 170,907 as of September 30, 2020, and compared to 88,015 as of December 31, 2019.
- Total client assets^[3] for current investment products was RMB 8,550.7 million (US\$1,310.5) as of December 31, 2020, representing an increase of 71.2% from 4,994.6 million as of September 30, 2020, and compared to RMB 1,063.6 million as of December 31, 2019.
- Sales volume of current investment products amounted to RMB 6,836.9 million (US\$ 1,047.8 million) in the fourth quarter of 2020, representing an increase of 48.8% from RMB 4,593.3 million in the third quarter of 2020 and compared to RMB 2,548.4 million in the same period of 2019. For the fiscal year 2020, sales volume of current investment products reached RMB 15,779.7 million (US\$ 2,418.3 million), compared to RMB 3,929.1 million in 2019.

Consumer Credit

- Total loan originations in the fourth quarter of 2020 reached RMB 4.2 billion (US\$0.6 billion), representing an increase of 31.0% from RMB 3.2 billion in the third quarter of 2020 and compared to RMB 8.0 billion in the fourth quarter of 2019.
- Cumulative number of borrowers served reached 5,249,936 as of December 31, 2020, representing an increase of 3.7% from 5,060,824 as of September 30, 2020 and compared to 4,695,487 as of December 31, 2019.
- Number of borrowers served in the fourth quarter of 2020 was 189,117, representing an increase of 32.0% from 143,238 in the third quarter of 2020 and compared to 125,622 in the fourth quarter of 2019. Total number of borrowers served was 525,320 in 2020.
- Total outstanding principal balance of performing loans reached RMB 23,593.1 million (US\$3,615.8 million) as of December 31, 2020, representing a decrease of 15.8% from RMB 28,007.2 million as of September 30, 2020.

[1] 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.

[2] Current investment products include wealth management products the Company source from financial institutions, which do not include any of the Company's legacy products. Legacy products refer to the unsecured credit products the Company offered historically under its retail credit facilitation business which have been phased out for strategic reasons.

[3] Client assets refer to the outstanding balance of client assets generated through our platforms, where an asset is counted towards the outstanding balance for so long as it continues to be held by the investor who acquired it through our platform.

"Despite the unusual operating environment in 2020, we are pleased to see significant progresses in our strategic transitions, with wealth management growing into a main business pillar and with our new credit products continuing to ramp up in volume," said Mr. Ning Tang, Chairman and Chief Executive Officer of Yiren Digital. "We have successfully completed our legacy business restructuring at year-end, which will allow Yiren Digital to solely focus on the growth of our wealth management and loan facilitation-based credit businesses. With that, I believe Yiren Digital is well positioned to transition into China's leading digital financial service platform."

"On wealth management, we continue to see impressive growth momentum in the fourth quarter of 2020, and the demand remains strong going into the new year. More importantly, revenue generated from our current investment products is becoming a significant driver of revenue, increasing to 31% of our total net revenue from 12% last quarter. As of December 31, 2020, total client assets for our current investments products increased by 71% from prior quarter to RMB 8.6 billion. Notably, our insurance business has been growing at a better-than-expected rate, bringing in strong synergies to our other wealth management products and services, and will provide strong revenue contribution in 2021."

"On credit business, the two loan products that we started to shift towards in early 2020 have now grown into our main revenue contributor. In the fourth quarter of 2020, our small revolving loans and secured auto loans together accounted for 87% of total loans originated as compared to 67% last quarter. Compared with our unsecured standard loan products, these two products show better risk performance and enjoy higher unit economics, which enables us to further drive up profitability going forward."

"We continue to deliver solid financial results in the fourth quarter of 2020, increasing our total net revenue by 14% quarter over quarter to RMB 1.2 billion" said Ms. Na Mei, Chief Financial Officer of Yiren Digital. "On the balance sheet side, our cash position remains strong with RMB 2.6 billion of cash and short-term investment as of December 31, 2020. The restructuring has impacted our fourth quarter and fiscal year 2020 results and excluding the one-time loss recognized, our non-GAAP net income was RMB 96.2 million, increasing by 21% quarter over quarter. "

Fourth Quarter 2020 Financial Results

Total net revenue in the fourth quarter of 2020 was RMB 1,160.9 million (US\$177.9 million), compared to RMB 2,363.6 million in the same period last year due to decreased loan volume. Revenue from wealth management business reached RMB 413.1 million (US\$63.3 million), representing a decrease of 20.8% from RMB 521.8 million in the fourth quarter of 2019. Revenue from credit business reached RMB 747.8 million (US\$114.6 million), representing a decrease of 59.4% from RMB 1,841.8 million in the fourth quarter of 2019.

Sales and marketing expenses in the fourth quarter of 2020 were RMB 295.1 million (US\$45.2

million), compared to RMB 960.4 million in the same period last year. The decrease was primarily due to internal restructuring to optimize operating efficiencies.

Origination, servicing and other operating costs in the fourth quarter of 2020 were RMB 596.9 million (US\$91.5 million), compared to RMB 173.9 million in the same period last year. The increase was primarily due to an increase in loan servicing costs of disposed business and commission expenses as insurance volume expands.

General and administrative expenses in the fourth quarter of 2020 were RMB 149.3 million (US\$22.9 million), compared to RMB 139.9 million in the same period last year.

Provision for contract assets, receivables and others in the fourth quarter of 2020 were RMB 34.5 million (US\$5.3 million), compared to RMB 588.3 million in the same period last year due to decreased loan volume and improved risk performance as the loan product mix changed with the evolution of the Company's credit business model.

Loss of disposal in the fourth quarter of 2020 were RMB 655.8 million (US\$100.5 million). The loss was attributable to the Restructuring in which a one-time difference between the disposal consideration and the book value of the disposed businesses was recognized. The disposal consideration factored in the future expected losses of the disposed business.

Income tax benefit in the fourth quarter of 2020 was RMB 53.3 million (US\$8.2 million).

Net loss in the fourth quarter of 2020 was RMB 559.6 million (US\$85.8 million), as compared to net income of RMB 404.0 million in the same period last year.

Adjusted net income^[4](non-GAAP) in the fourth quarter of 2020 was RMB 96.2 million (US\$14.7 million), excluding the loss of disposal from Restructuring.

Adjusted EBITDA^[4] (non-GAAP) in the fourth quarter of 2020 was RMB 48.9 million (US\$7.5 million), compared to RMB 508.1 million in the same period last year.

Basic and diluted loss per ADS in the fourth quarter of 2020 was RMB 6.7 (US\$1.0), compared to a basic income per ADS of RMB 4.4 and a diluted income per ADS of RMB 4.3 in the same period last year.

Net cash used in operating activities in the fourth quarter of 2020 was RMB 219.1 million (US\$33.6 million), compared to net cash generated from operating activities of RMB 88.1 million in the same period last year.

Net cash used in investing activities in the fourth quarter of 2020 was RMB 981.1 million (US\$150.4 million), compared to net cash provided by investing activities of RMB 1,197.2 million in the same period last year.

[4] "Adjusted net income(Loss)", "Adjusted EBITDA" and "Adjusted EBITDA margin" are non-GAAP financial measures. For more information on this non-GAAP financial measure, please see the section of "Operating Highlights and Reconciliations of GAAP to Non-GAAP Measures" and the table captioned "Reconciliation of Adjusted Net Income/(Loss)" and "Reconciliations of Adjusted EBITDA" set forth at the end of this press release.

As of December 31, 2020, cash and cash equivalents was RMB 2,469.9 million (US\$378.5 million), compared to RMB 2,836.2 million as of September 30, 2020. As of December 31, 2020, the balance of held-to-maturity investments was RMB 3.3 million (US\$0.5 million), compared to RMB 2.3 million as of September 30, 2020. As of December 31, 2020, the balance of available-for-sale investments was RMB 175.5 million (US\$26.9 million), compared to RMB 511.3 million as of September 30, 2020.

Delinquency rates. As of December 31, 2020, the delinquency rates for loans that are past due for 15-29 days, 30-59 days and 60-89 days were 1.2%, 1.7% and 1.4% respectively, compared to 1.2%, 2.0% and 1.7% respectively as of December 31, 2019. As of December 31, 2020, the delinquency rates for loans originated under loan facilitation model that are past due for 15-29 days, 30-59 days and 60-89 days were 0.5%, 0.7% and 0.6% respectively, compared to 0.8%, 1.3% and 1.0% respectively as of December 31, 2019.

Cumulative M3+ net charge-off rates. As of December 31, 2020, the cumulative M3+ net charge-off rate for loans originated in 2017 was 16.9%, compared to 17.0% as of September 30, 2020. As December 31, 2020, the cumulative M3+ net charge-off rate for loans originated in 2018 was 18.6%, compared to 18.3% as of September 30, 2020. As of December 31, 2020, the cumulative M3+ net charge-off rate for loans originated in 2019 was 13.6%, compared to 11.9% as of September 30, 2020. Particularly, as of December 31, 2020, the cumulative M3+ net charge-off rate for loans originated in 2017, 2018 and 2019 under loan facilitation model was 10.6%, 10.2% and 8.5% respectively.

Fiscal Year 2020 Financial Results

Total net revenue in 2020 was RMB 3,962.0 million (US\$607.2 million), compared to RMB 8,616.8 million in 2019 due to decreased loan volume. Revenue from wealth management business in 2020 reached RMB 1,432.4 million (US\$219.5 million), representing a decrease of 34.2% from RMB 2,176.2 million in 2019. Revenue from credit business in 2020 was RMB 2,529.6 million (US\$387.7 million), representing a decrease of 60.7% from RMB 6,440.6 million in 2019.

Sales and marketing expenses in 2020 was RMB 1,905.1 million (US\$292.0 million), compared to RMB 4,457.4 million in 2019 due to decreased marketing campaigns in 2020 as a result of the COVID-19 outbreak.

Origination, servicing and other operating costs in 2020 was RMB 1,104.7 million (US\$169.3 million), compared to RMB 665.1 million in 2019, mainly due to increased commission expenses as insurance volume expands.

General and administrative expenses in 2020 was RMB 630.6 million (US\$96.6 million), compared to RMB 741.3 million in 2019.

Provision for contract assets, receivables and others in 2020 were RMB 371.6 million (US\$57.0 million), compared to RMB 1,625.1 million in 2019, due to decreased loan volume and better risk performance as the loan product mix changed with the evolution of the Company's credit business model.

Income tax benefit in 2020 was RMB 80.6 million (US\$12.4 million).

Net loss in 2020 was RMB 692.7 million (US\$106.2 million), compared to net income of RMB1,155.6 million in 2019. The loss was mainly due to a one-time loss on disposal of RMB 655.8 million post Restructuring.

Adjusted net loss (non-GAAP) in 2020 was RMB 36.9 million (US 5.7 million), excluding the loss of disposal from the Restructuring. The loss was mainly attributable to the concessions that were granted in 2020 to provide relief to borrowers who were significantly impacted by COVID-19 outbreak.

Adjusted EBITDA (non-GAAP) in 2020 was a loss of RMB 73.2 million (US\$11.2 million), compared to an adjusted EBITDA of RMB 1,491.3 million in 2019. Adjusted EBITDA margin^[4](non-GAAP) in 2020 was a loss of 1.8%, compared to 17.3% in 2019.

Basic and diluted loss per ADS in 2020 was RMB 7.7 (US\$1.2), compared to a basic income per ADS of RMB 12.5 and a diluted income per ADS of RMB 12.4 in 2019.

Net cash generated from operating activities in 2020 was RMB 282.0 million (US\$43.2 million), compared to net cash generated from operating activities of RMB 274.2 million in 2019.

Business Outlook

Based on the Company's preliminary assessment of business and market conditions, the Company's guidance for 2021 is as follows:

- For wealth management business, total sales volume of current products to be between RMB 20 billion and RMB 30 billion;
- For credit-tech business, total loan originations to be between RMB 20 billion and RMB 25 billion.

This is the Company's current and preliminary view, which is subject to changes and uncertainties.

Non-GAAP Financial Measures

In evaluating the business, the Company considers and uses several non-GAAP financial measures, such as adjusted Net Income/(Loss), adjusted EBITDA and adjusted EBITDA margin as supplemental measures to review and assess operating performance. We believe these non-GAAP measures provide useful information about our core operating results, enhance the overall understanding of our past performance and prospects and allow for greater visibility with respect to key metrics used by our management in our financial and operational decision-making. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The non-GAAP financial measures have limitations as analytical tools. Other companies, including peer companies in the industry, may calculate these non-GAAP measures differently, which may reduce their usefulness as a comparative measure. The Company compensates for these limitations by reconciling the non-GAAP financial measures to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating our performance. See "Operating Highlights and Reconciliation of GAAP to Non-GAAP measures" at the end of this press release.

Currency Conversion

This announcement contains currency conversions of certain RMB amounts into US\$ at specified rates solely for the convenience of the reader. Unless otherwise noted, all translations from RMB to US\$ are made at a rate of RMB 6.5250 to US\$1.00, the effective noon buying rate on December 31, 2020, as set forth in the H.10 statistical release of the Federal Reserve Board.

Conference Call

Yiren Digital's management will host an earnings conference call at 8:00 a.m. U.S. Eastern Time on April 1, 2021 (or 8:00 p.m. Beijing/Hong Kong Time on April 1, 2021).

Participants who wish to join the call should register online in advance of the conference at:

<http://apac.directeventreg.com/registration/event/5099352>

Please note the Conference ID number of 5099352.

Once registration is completed, participants will receive the dial-in information for the conference call, an event passcode, and a unique registrant ID

number.

Participants joining the conference call should dial-in at least 10 minutes before the scheduled start time.

A replay of the conference call may be accessed by phone at the following numbers until April 8, 2020:

International +61 2-8199-0299
 U.S. +1 646-254-3697
 Replay Access Code:5099352

Additionally, a live and archived webcast of the conference call will be available at ir.yirendai.com.

Safe Harbor Statement

This press release 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 Yiren Digital'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 press release is as of the date of this press release, 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.

About Yiren Digital

Yiren Digital Ltd. is a leading personal financial services platform in China. The Company provides customized asset allocation services and wealth management solutions to China's mass affluent population as well as utilizes online and offline channels to provide retail credit facilitation services to individual borrowers and small business owners.

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 | September | December 31, | December 31, | December 31, | December | December |
| | 31, 2019 | 30, 2020 | 2020 | 2020 | 2019 | 31, 2020 | 31, 2020 |
| | RMB | RMB | RMB | USD | RMB | RMB | USD |
| Net revenue: | | | | | | | |
| Loan facilitation services | 1,602,341 | 406,413 | 393,682 | 60,334 | 5,182,028 | 1,329,720 | 203,789 |
| Post-origination services | 117,110 | 195,570 | 201,873 | 30,938 | 757,783 | 670,440 | 102,750 |
| Account management services | 489,641 | 157,327 | 50,566 | 7,750 | 2,016,678 | 921,779 | 141,269 |
| Others | 154,536 | 263,452 | 514,730 | 78,886 | 660,295 | 1,040,023 | 159,391 |
| Total net revenue | <u>2,363,628</u> | <u>1,022,762</u> | <u>1,160,851</u> | <u>177,908</u> | <u>8,616,784</u> | <u>3,961,962</u> | <u>607,199</u> |
| Operating costs and expenses: | | | | | | | |
| Sales and marketing | 960,396 | 485,055 | 295,133 | 45,231 | 4,457,353 | 1,905,095 | 291,969 |
| Origination, servicing and other operating costs | 173,942 | 239,655 | 596,926 | 91,483 | 665,083 | 1,104,682 | 169,300 |
| General and administrative | 139,935 | 159,670 | 149,276 | 22,878 | 741,268 | 630,555 | 96,637 |
| Provision for contract assets, receivables and others | 588,344 | 25,016 | 34,520 | 5,290 | 1,625,051 | 371,629 | 56,955 |
| Loss of disposal | - | - | 655,839 | 100,512 | - | 655,839 | 100,512 |
| Total operating costs and expenses | <u>1,862,617</u> | <u>909,396</u> | <u>1,731,694</u> | <u>265,394</u> | <u>7,488,755</u> | <u>4,667,800</u> | <u>715,373</u> |
| Other income/(expenses): | | | | | | | |
| Interest income, net | 10,454 | 11,003 | 8,554 | 1,311 | 73,367 | 61,623 | 9,444 |
| Fair value adjustments related to Consolidated ABFE | (35,596) | (30,905) | (54,106) | (8,292) | 3,866 | (143,988) | (22,067) |
| Others, net | 6,942 | 2,726 | 3,444 | 528 | 191,757 | 14,844 | 2,275 |
| Total other (expenses)/income | <u>(18,200)</u> | <u>(17,176)</u> | <u>(42,108)</u> | <u>(6,453)</u> | <u>268,990</u> | <u>(67,521)</u> | <u>(10,348)</u> |
| Income/(loss) before provision for income taxes | <u>482,811</u> | <u>96,190</u> | <u>(612,951)</u> | <u>(93,939)</u> | <u>1,397,019</u> | <u>(773,359)</u> | <u>(118,522)</u> |
| Share of results of equity investees | 2,088 | - | - | - | (2,180) | - | - |
| Income tax expense/(benefit) | 80,914 | 16,353 | (53,342) | (8,175) | 239,228 | (80,611) | (12,354) |
| Net income/(loss) | <u>403,985</u> | <u>79,837</u> | <u>(559,609)</u> | <u>(85,764)</u> | <u>1,155,611</u> | <u>(692,748)</u> | <u>(106,168)</u> |

| | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Weighted average number of ordinary shares outstanding, basic | 185,586,690 | 182,144,192 | 167,964,040 | 167,964,040 | 185,219,586 | 180,301,898 | 180,301,898 |
| Basic income/(loss) per share | 2.1768 | 0.4383 | (3.3317) | (0.5106) | 6.2391 | (3.8422) | (0.5888) |
| Basic income/(loss) per ADS | 4.3536 | 0.8766 | (6.6634) | (1.0212) | 12.4782 | (7.6844) | (1.1776) |

| | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Weighted average number of ordinary shares outstanding, diluted | 186,322,276 | 182,730,892 | 167,964,040 | 167,964,040 | 186,535,464 | 180,301,898 | 180,301,898 |
| Diluted income/(loss) per share | 2.1682 | 0.4369 | (3.3317) | (0.5106) | 6.1951 | (3.8422) | (0.5888) |
| Diluted income/(loss) per ADS | 4.3364 | 0.8738 | (6.6634) | (1.0212) | 12.3902 | (7.6844) | (1.1776) |

Unaudited Condensed Consolidated Cash Flow Data

| | | | | | | | |
|---|-----------|-----------|-----------|-----------|-------------|-------------|-----------|
| Net cash generated from/(used in) operating activities | 88,104 | 3,098 | (219,069) | (33,576) | 274,168 | 282,028 | 43,222 |
| Net cash provided by/(used in) investing activities | 1,197,182 | (99,460) | (981,096) | (150,359) | 1,110,001 | (1,796,663) | (275,351) |
| Net cash (used in)/provided by financing activities | (730,595) | 81,693 | 899,487 | 137,853 | (1,149,705) | 955,448 | 146,429 |
| Effect of foreign exchange rate changes | (2,336) | (3,389) | (538) | (82) | 193 | (2,807) | (430) |
| Net decrease in cash, cash equivalents and restricted cash | 552,355 | (18,058) | (301,216) | (46,164) | 234,657 | (561,994) | (86,130) |
| Cash, cash equivalents and restricted cash, beginning of period | 2,716,787 | 3,026,422 | 3,008,364 | 461,052 | 3,034,485 | 3,269,142 | 501,018 |
| Cash, cash equivalents and restricted cash, end of period | 3,269,142 | 3,008,364 | 2,707,148 | 414,888 | 3,269,142 | 2,707,148 | 414,888 |

Unaudited Condensed Consolidated Balance Sheets (in thousands)

| | As of | | | |
|--|-------------------|--------------------|-------------------|-------------------|
| | December 31, 2019 | September 30, 2020 | December 31, 2020 | December 31, 2020 |
| | RMB | RMB | RMB | USD |
| Cash and cash equivalents | 3,198,086 | 2,836,229 | 2,469,909 | 378,530 |
| Restricted cash | 71,056 | 172,135 | 237,239 | 36,358 |
| Accounts receivable | 3,398 | 100,657 | 122,742 | 18,811 |
| Contract assets, net | 2,398,685 | 1,231,190 | 750,174 | 114,969 |
| Contract cost | 160,003 | 124,005 | 65,529 | 10,043 |
| Prepaid expenses and other assets | 1,333,221 | 986,747 | 278,591 | 42,697 |
| Loans at fair value | 418,492 | 180,058 | 192,156 | 29,449 |
| Financing receivables | 29,612 | 267,938 | 1,253,494 | 192,106 |
| Amounts due from related parties | 988,853 | 1,584,084 | 884,006 | 135,480 |
| Held-to-maturity investments | 6,627 | 2,349 | 3,286 | 504 |
| Available-for-sale investments | 460,991 | 511,267 | 175,515 | 26,899 |
| Property, equipment and software, net | 195,855 | 163,696 | 147,193 | 22,558 |
| Deferred tax assets | 45,407 | 50,175 | 16,745 | 2,566 |
| Right-of-use assets | 334,134 | 160,825 | 105,674 | 16,195 |
| Total assets | 9,644,420 | 8,371,355 | 6,702,253 | 1,027,165 |
| Accounts payable | 43,583 | 24,757 | 9,903 | 1,517 |
| Amounts due to related parties | 106,645 | 293,620 | 970,309 | 148,706 |
| Liabilities from quality assurance program and guarantee | 4,397 | 2,065 | 22,783 | 3,492 |
| Deferred revenue | 358,203 | 135,590 | 50,899 | 7,801 |
| Payable to investors at fair value | - | 9,876 | 52,623 | 8,065 |
| Accrued expenses and other liabilities | 2,338,745 | 1,993,273 | 1,686,632 | 258,488 |
| Refund liability | 1,801,535 | 1,285,109 | 10,845 | 1,662 |
| Deferred tax liabilities | 218,888 | 150,486 | 38,741 | 5,937 |
| Lease liabilities | 282,334 | 135,544 | 81,854 | 12,545 |
| Total liabilities | 5,154,330 | 4,030,320 | 2,924,589 | 448,213 |
| Ordinary shares | 121 | 121 | 121 | 19 |
| Additional paid-in capital | 5,038,691 | 5,059,529 | 5,058,176 | 775,199 |
| Treasury stock | (37,097) | (40,147) | (40,147) | (6,153) |
| Accumulated other comprehensive income | 21,855 | 18,595 | 17,108 | 2,622 |
| Accumulated deficit | (533,480) | (697,063) | (1,257,594) | (192,735) |
| Total equity | 4,490,090 | 4,341,035 | 3,777,664 | 578,952 |

Total liabilities and equity 9,644,420 8,371,355 6,702,253 1,027,165

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, 2019 | September 30, 2020 | December 31, 2020 | December 31, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2020 |
| | RMB | RMB | RMB | USD | RMB | RMB | USD |
| Operating Highlights | | | | | | | |
| Amount of investment in legacy products | 8,790,755 | 2,620,252 | 531,062 | 81,389 | 41,203,595 | 12,372,812 | 1,896,216 |
| Number of investors in legacy products | 105,849 | 41,851 | 15,610 | 15,610 | 348,832 | 122,085 | 122,085 |
| Amount of investment in current investment products | 2,548,414 | 4,593,256 | 6,836,906 | 1,047,802 | 3,929,131 | 15,779,685 | 2,418,343 |
| Number of investors in current investment products | 13,896 | 76,707 | 99,112 | 99,112 | 32,668 | 153,700 | 153,700 |
| Amount of loans facilitated under loan facilitation model | 1,086,746 | 3,148,367 | 4,202,538 | 644,067 | 3,431,443 | 9,614,819 | 1,473,535 |
| Amount of loans facilitated | 7,998,046 | 3,206,977 | 4,202,538 | 644,067 | 39,103,048 | 11,651,463 | 1,785,665 |
| Number of borrowers | 125,622 | 143,238 | 189,117 | 189,117 | 541,955 | 525,320 | 525,320 |
| Remaining principal of performing loans facilitated under loan facilitation model | 3,627,706 | 6,250,343 | 8,863,461 | 1,358,385 | 3,627,706 | 8,863,461 | 1,358,385 |
| Remaining principal of performing loans | 51,157,313 | 28,007,249 | 23,593,103 | 3,615,801 | 51,157,313 | 23,593,103 | 3,615,801 |
| Segment Information | | | | | | | |
| Wealth management: | | | | | | | |
| Revenue | 521,849 | 281,050 | 413,057 | 63,303 | 2,176,215 | 1,432,364 | 219,520 |
| Sales and marketing expenses | 67,080 | 43,879 | 39,012 | 5,979 | 643,542 | 195,671 | 29,988 |
| Origination, servicing and other operating costs | 3,061 | 105,522 | 266,492 | 40,842 | 87,477 | 442,507 | 67,817 |
| Consumer credit: | | | | | | | |
| Revenue | 1,841,779 | 741,712 | 747,794 | 114,605 | 6,440,569 | 2,529,598 | 387,679 |
| Sales and marketing expenses | 893,316 | 441,176 | 256,121 | 39,252 | 3,813,811 | 1,709,424 | 261,981 |
| Origination, servicing and other operating costs | 170,881 | 134,133 | 330,434 | 50,641 | 577,606 | 662,175 | 101,483 |
| Reconciliation of Adjusted Net Income/(Loss) | | | | | | | |
| Net income/(loss) | 403,985 | 79,837 | (559,609) | (85,764) | 1,155,611 | (692,748) | (106,168) |
| Loss of disposal | - | - | 655,839 | 100,512 | - | 655,839 | 100,512 |
| Adjusted net income/(loss) | 403,985 | 79,837 | 96,230 | 14,748 | 1,155,611 | (36,909) | (5,656) |
| Reconciliation of Adjusted EBITDA | | | | | | | |
| Net income/(loss) | 403,985 | 79,837 | (559,609) | (85,764) | 1,155,611 | (692,748) | (106,168) |
| Interest income, net | (10,454) | (11,003) | (8,554) | (1,311) | (73,367) | (61,623) | (9,444) |
| Loss of disposal | - | - | 655,839 | 100,512 | - | 655,839 | 100,512 |
| Income tax expense/(benefit) | 80,914 | 16,353 | (53,342) | (8,175) | 239,228 | (80,611) | (12,354) |
| Depreciation and amortization | 30,083 | 23,404 | 16,829 | 2,579 | 125,850 | 91,772 | 14,065 |
| Share-based compensation | 3,556 | 8,952 | (2,274) | (349) | 43,941 | 14,173 | 2,172 |
| Adjusted EBITDA | 508,084 | 117,543 | 48,889 | 7,492 | 1,491,263 | (73,198) | (11,217) |
| Adjusted EBITDA margin | 21.5% | 11.5% | 4.2% | 4.2% | 17.3% | -1.8% | -1.8% |

Delinquency Rates **Including: Loan Facilitation Model**
15-29 days 30-59 days 60-89 days 15-29 days 30-59 days 60-89 days

All Loans

| | | | | | | |
|-------------------|------|------|------|------|------|------|
| December 31, 2015 | 0.7% | 1.2% | 0.9% | 1.3% | 1.9% | 1.5% |
| December 31, 2016 | 0.6% | 0.9% | 0.8% | 0.6% | 0.8% | 0.7% |
| December 31, 2017 | 0.8% | 1.0% | 0.8% | 0.5% | 0.8% | 0.6% |
| December 31, 2018 | 1.0% | 1.8% | 1.7% | 1.0% | 1.8% | 1.7% |
| December 31, 2019 | 1.2% | 2.0% | 1.7% | 0.8% | 1.3% | 1.0% |
| December 31, 2020 | 1.2% | 1.7% | 1.4% | 0.5% | 0.7% | 0.6% |

Online Channels

| | | | | | | |
|-------------------|------|------|------|------|------|------|
| December 31, 2015 | 0.5% | 0.8% | 0.6% | 0.4% | 0.7% | 0.5% |
| December 31, 2016 | 0.5% | 0.9% | 0.8% | 0.8% | 1.1% | 1.7% |
| December 31, 2017 | 1.3% | 1.2% | 0.9% | 0.3% | 0.2% | 0.0% |
| December 31, 2018 | 1.2% | 2.3% | 2.2% | 0.9% | 1.7% | 1.5% |
| December 31, 2019 | 1.6% | 2.9% | 2.5% | 1.0% | 2.1% | 1.6% |
| December 31, 2020 | 0.9% | 1.5% | 1.6% | 0.6% | 1.0% | 1.1% |

Offline Channels

| | | | | | | |
|-------------------|------|------|------|------|------|------|
| December 31, 2015 | 0.7% | 1.2% | 1.0% | 1.3% | 2.0% | 1.6% |
| December 31, 2016 | 0.6% | 0.9% | 0.8% | 0.6% | 0.8% | 0.7% |
| December 31, 2017 | 0.6% | 0.9% | 0.7% | 0.5% | 0.9% | 0.7% |
| December 31, 2018 | 0.9% | 1.6% | 1.5% | 1.1% | 1.9% | 1.8% |
| December 31, 2019 | 1.0% | 1.7% | 1.5% | 0.7% | 0.9% | 0.7% |
| December 31, 2020 | 1.3% | 1.8% | 1.3% | 0.4% | 0.6% | 0.4% |

Net Charge-Off Rate

Including: Loan Facilitation Model

| Loan Issued Period | Amount of Loans Facilitated During the Period (in RMB thousands) | Accumulated M3+ Net Charge-Off as of December 31, 2020 (in RMB thousands) | Total Net Charge-Off Rate as of December 31, 2020 | Amount of Loans Facilitated During the Period (in RMB thousands) | Accumulated M3+ Net Charge-Off as of December 31, 2020 (in RMB thousands) | Total Net Charge-Off Rate as of December 31, 2020 |
|--------------------|---|--|---|---|--|---|
| 2015 | 53,143,029 | 4,409,316 | 8.3% | 4,530,824 | 253,460 | 5.6% |
| 2016 | 53,805,112 | 5,024,432 | 9.3% | 3,749,815 | 321,396 | 8.6% |
| 2017 | 69,883,293 | 11,815,925 | 16.9% | 5,043,494 | 535,515 | 10.6% |
| 2018 | 63,176,149 | 11,725,429 | 18.6% | 4,211,573 | 427,707 | 10.2% |
| 2019 | 39,103,048 | 5,305,343 | 13.6% | 3,431,443 | 293,272 | 8.5% |
| 2020Q1-Q3 | 6,781,464 | 45,840 | 0.7% | 5,412,281 | 44,695 | 0.8% |

M3+ Net Charge-Off Rate

Including: Loan Facilitation Model

| Loan Issued Period | Month on Book | | | | | | | | | | | | Month on Book | | | | | | | | | | | |
|--------------------|---------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|------|---------------|------|------|-------|-------|-------|-------|-------|-------|-------|--|--|
| | 4 | 7 | 10 | 13 | 16 | 19 | 22 | 25 | 28 | 31 | 34 | 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% | 1.0% | 1.9% | 2.7% | 3.6% | 4.3% | 4.8% | 5.1% | 5.3% | 5.3% | 5.2% | 5.2% | | |
| 2015Q2 | 0.8% | 2.3% | 3.8% | 5.2% | 6.4% | 7.3% | 7.9% | 8.3% | 8.5% | 8.7% | 8.8% | 1.1% | 2.8% | 4.2% | 5.3% | 6.2% | 6.7% | 7.0% | 7.0% | 6.9% | 6.8% | 6.8% | | |
| 2015Q3 | 0.4% | 1.6% | 3.1% | 4.4% | 5.6% | 6.5% | 7.1% | 7.6% | 7.9% | 8.1% | 8.4% | 0.6% | 2.2% | 3.8% | 5.0% | 5.9% | 6.5% | 6.7% | 6.8% | 6.7% | 6.7% | 6.7% | | |
| 2015Q4 | 0.4% | 1.6% | 3.1% | 4.4% | 5.5% | 6.3% | 6.9% | 7.4% | 7.9% | 8.3% | 8.5% | 1.0% | 1.5% | 2.2% | 2.8% | 3.1% | 3.4% | 3.7% | 4.0% | 4.2% | 4.4% | 4.4% | | |
| 2016Q1 | 0.3% | 1.2% | 2.5% | 3.6% | 4.5% | 5.2% | 5.8% | 6.4% | 7.0% | 7.4% | 7.6% | 0.6% | 0.9% | 1.3% | 1.7% | 2.0% | 2.2% | 2.4% | 2.7% | 2.9% | 3.0% | 3.2% | | |
| 2016Q2 | 0.4% | 1.6% | 3.1% | 4.3% | 5.2% | 6.0% | 6.8% | 7.6% | 8.1% | 8.4% | 8.7% | 0.6% | 1.4% | 2.3% | 3.0% | 3.6% | 4.2% | 4.8% | 5.4% | 5.8% | 6.0% | 6.2% | | |
| 2016Q3 | 0.3% | 1.6% | 3.1% | 4.3% | 5.4% | 6.6% | 7.8% | 8.6% | 9.2% | 9.5% | 9.8% | 0.4% | 1.7% | 2.7% | 4.1% | 5.3% | 6.5% | 7.7% | 8.6% | 9.3% | 9.3% | 9.5% | | |
| 2016Q4 | 0.2% | 1.5% | 2.9% | 4.4% | 5.9% | 7.4% | 8.4% | 9.3% | 10.0% | 10.4% | 10.7% | 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% | 3.3% | 5.1% | 7.1% | 8.5% | 9.7% | 10.7% | 11.3% | 11.8% | 12.1% | 0.3% | 1.6% | 3.4% | 5.3% | 7.5% | 8.9% | 10.0% | 10.9% | 11.6% | 12.1% | 12.3% | | |
| 2017Q2 | 1.1% | 3.0% | 5.7% | 8.3% | 10.2% | 11.9% | 13.3% | 14.3% | 15.1% | 15.5% | 15.8% | 4.1% | 5.8% | 7.9% | 9.6% | 11.3% | 12.5% | 13.2% | 13.9% | 14.6% | 14.9% | 15.1% | | |
| 2017Q3 | 0.4% | 3.1% | 6.4% | 9.0% | 11.5% | 13.4% | 14.8% | 15.9% | 16.7% | 17.2% | 17.4% | 0.3% | 1.6% | 3.5% | 4.9% | 6.5% | 7.6% | 8.4% | 8.9% | 9.4% | 9.9% | 10.1% | | |
| 2017Q4 | 0.7% | 4.1% | 7.5% | 10.6% | 13.3% | 15.3% | 16.8% | 17.9% | 18.7% | 19.2% | 19.2% | 0.2% | 2.3% | 5.1% | 6.5% | 7.9% | 9.0% | 9.7% | 10.2% | 10.7% | 11.2% | 10.6% | | |
| 2018Q1 | 0.4% | 3.1% | 6.6% | 10.0% | 12.9% | 15.1% | 16.8% | 18.1% | 19.1% | 19.3% | | 0.2% | 2.9% | 5.1% | 6.8% | 7.2% | 7.9% | 8.4% | 8.7% | 9.0% | 8.6% | | | |
| 2018Q2 | 0.5% | 3.7% | 7.4% | 10.8% | 13.6% | 15.8% | 17.7% | 19.2% | 19.6% | | | 0.7% | 4.1% | 7.1% | 9.4% | 11.2% | 12.4% | 13.4% | 14.1% | 14.3% | | | | |
| 2018Q3 | 0.4% | 3.0% | 6.2% | 9.1% | 11.7% | 13.9% | 15.9% | 16.6% | | | | 0.2% | 2.8% | 3.6% | 4.5% | 5.2% | 6.4% | 7.0% | 7.0% | | | | | |
| 2018Q4 | 0.3% | 2.5% | 5.6% | 8.6% | 11.7% | 14.5% | 15.8% | | | | | 0.6% | 2.2% | 3.4% | 5.2% | 6.9% | 9.0% | 9.7% | | | | | | |
| 2019Q1 | 0.2% | 2.5% | 5.6% | 9.0% | 12.7% | 14.6% | | | | | | 0.0% | 0.8% | 2.0% | 3.4% | 5.3% | 5.9% | | | | | | | |
| 2019Q2 | 0.3% | 2.9% | 6.9% | 11.3% | 13.7% | | | | | | | 0.1% | 1.5% | 4.5% | 7.5% | 8.8% | | | | | | | | |

2019Q3 0.3%3.4%8.0%10.9%
2019Q4 0.3%3.9%7.0%
2020Q1 0.5%2.4%
2020Q2 0.4%

0.2%2.9%6.8%9.0%
0.4%3.1%4.9%
0.6%2.3%
0.5%

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