

# Yiren Digital Investor Presentation

4Q22



## Safe Harbor Statement

This material contains forward-looking statements. These statements constitute “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “target,” “confident” and similar statements.

Such statements are based upon management’s current expectations and current market and operating conditions, and relate to events that involve known or unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond Yirendai’s control. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those contained in any such statements.

Potential risks and uncertainties include, but are not limited to, uncertainties as to Yiren Digital’s ability to attract and retain borrowers and investors on its marketplace, its ability to introduce new loan products and platform enhancements, its ability to compete effectively, PRC regulations and policies relating to the credit-tech and wealth management business in China, general economic conditions in China, and Yiren Digital’s ability to meet the standards necessary to maintain listing of its ADSs on the NYSE or other stock exchange, including its ability to cure any non-compliance with the NYSE’s continued listing criteria.

Further information regarding these and other risks, uncertainties or factors is included in Yiren Digital’s filings with the U.S. Securities and Exchange Commission. All information provided in this material is as of the date of this material, and Yiren Digital does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under applicable law.

1

**Key Financial Updates**

2

**Business Models and Strategies**

## 4Q22 Highlights

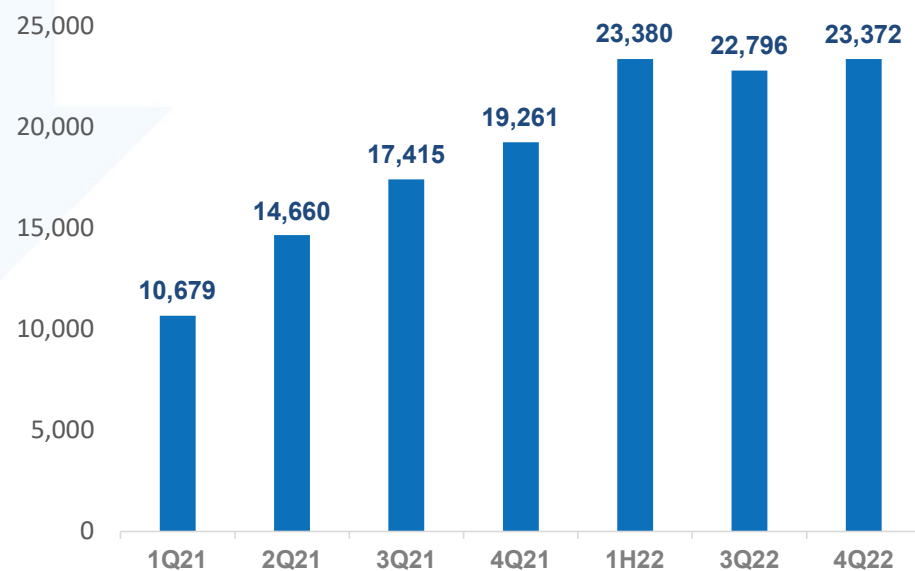


Continued improvement in profitability and recovery in scale growth

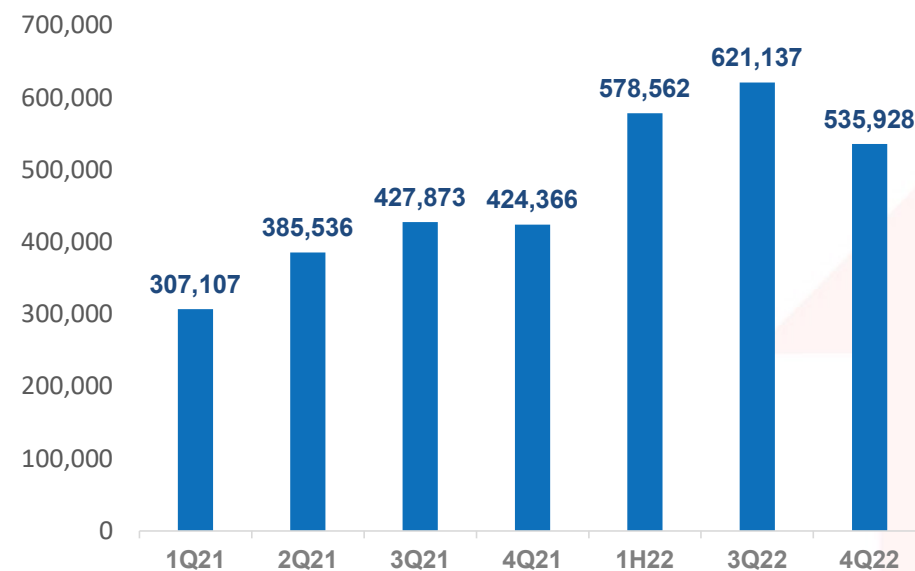
## Wealth Solutions Gaining Traction

**Total Client Asset**

(RMB Million)



**Number of Active clients from Hexiang and Yiren Select**

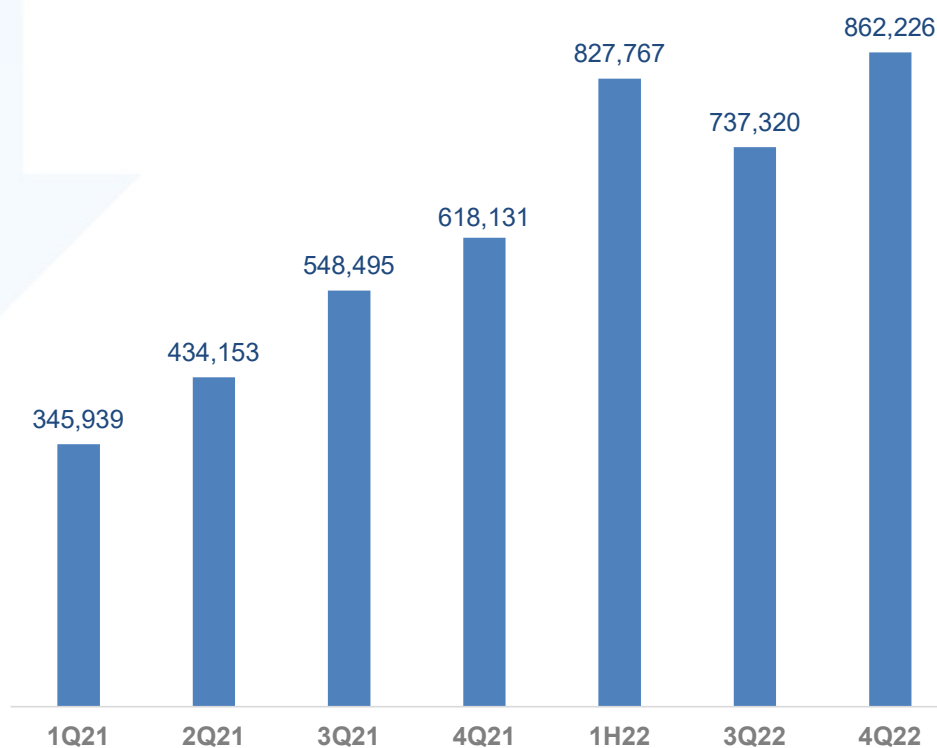


Note 1: Active clients refer to those who have made at least one investment through our holistic wealth ecosystem or have client assets with us above zero in the past twelve months.

Note 2: Client assets refer to the outstanding balance of client asset generated through our platforms, where an asset is counted towards the outstanding balance for so long as it continues to be held by the clients who acquired it through our platform.

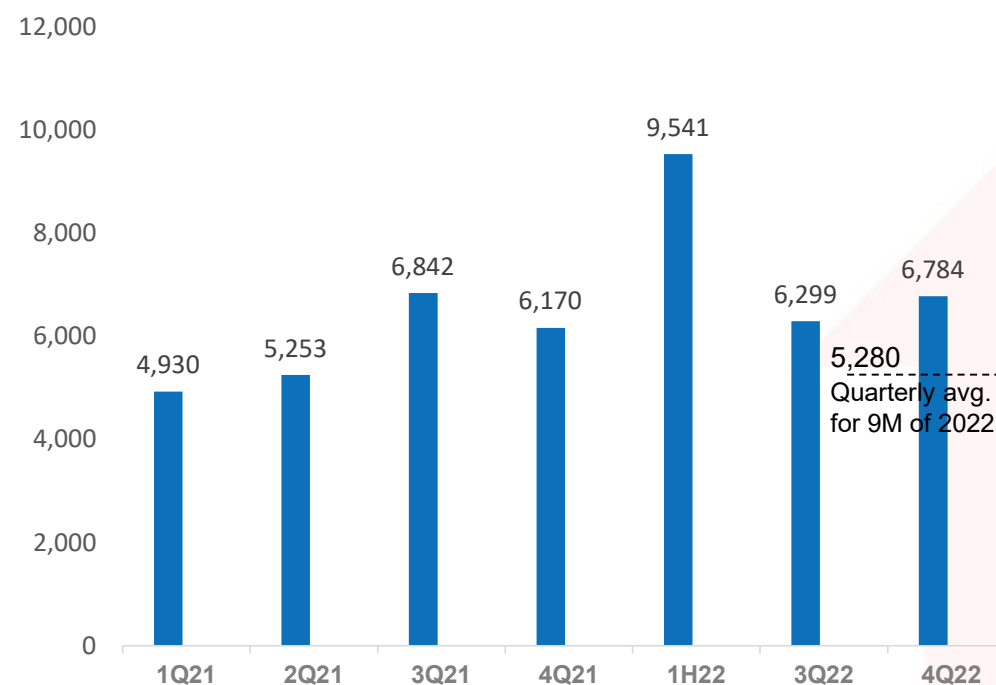
# Loan Volume Driven by Our Borrowers

## Number of Borrowers



## Loans Facilitated

(RMB Million)

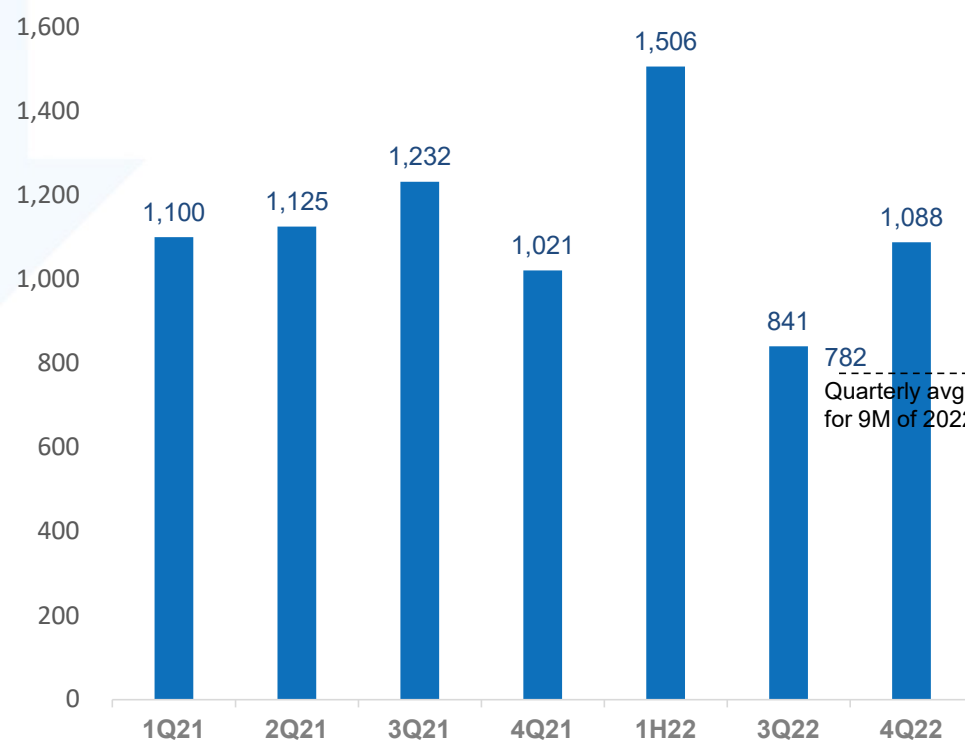


Note 1: 4Q22 loan volume increased by 7.7% quarter over quarter due to the strong demand of our small revolving loan products, despite the Covid resurgence and infection peak in November and December 2022.

## Financial Metrics

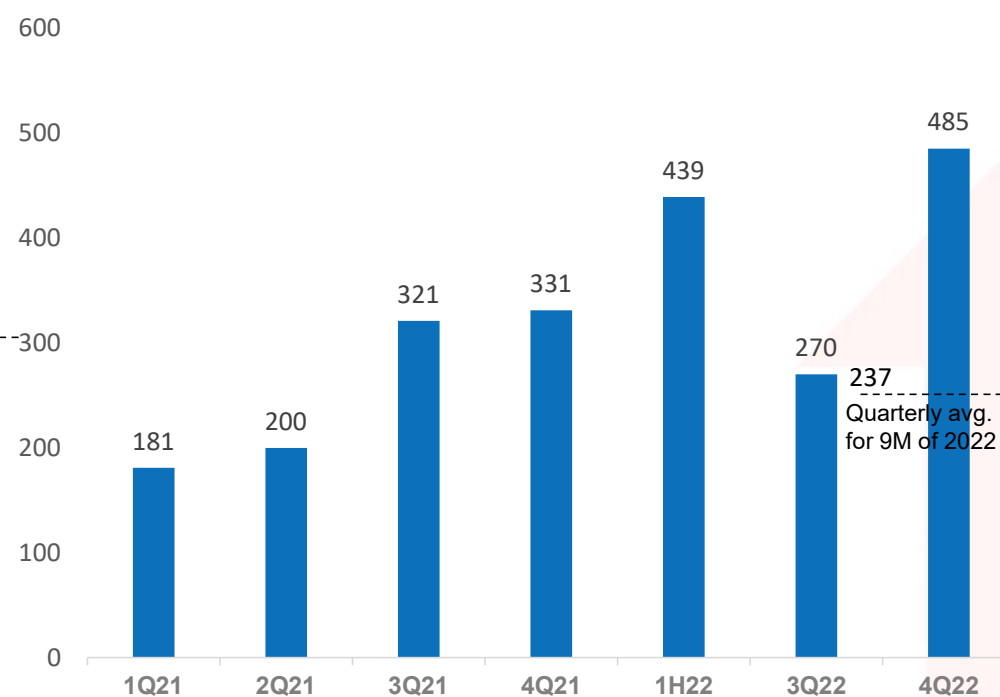
### Net Revenue

(RMB Million)



### GAAP Net Income

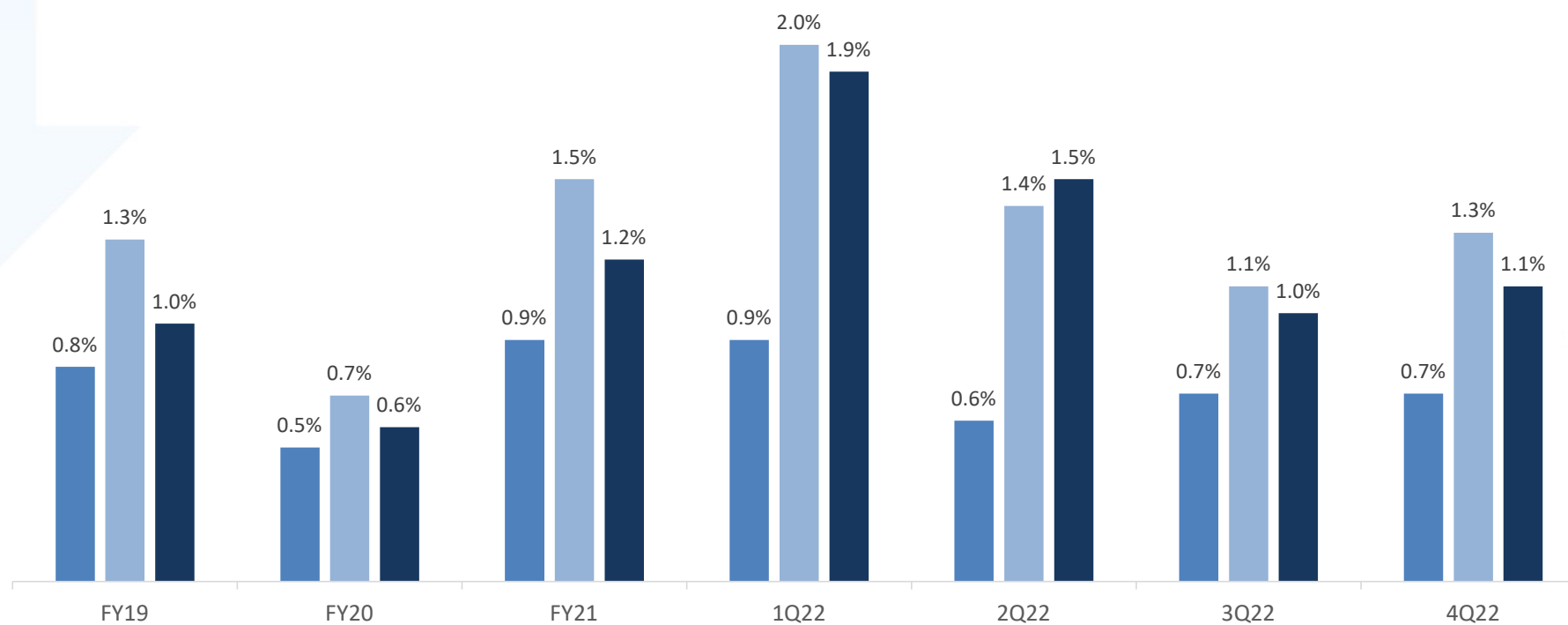
(RMB Million)



Note 1: The fourth quarter of 2022 saw solid business recovery and continued improvement in profitability post our product restructuring, with 4Q22 net revenue increasing by 29% and net income increasing by 80% quarter over quarter and 4Q22 net income margin increasing by 12.4 percentage points compared to 3Q22.

## Delinquency Rates

■ 15-29 days ■ 30-59 days ■ 60-89 days



Note: The slight uptick of delinquency rates in 4Q22 was mainly due to COVID resurgence and infection peak. Early indicators have shown our asset quality continues to improve as our collection ratio increases and borrowers' capacity of repayment recovers.



## Contents

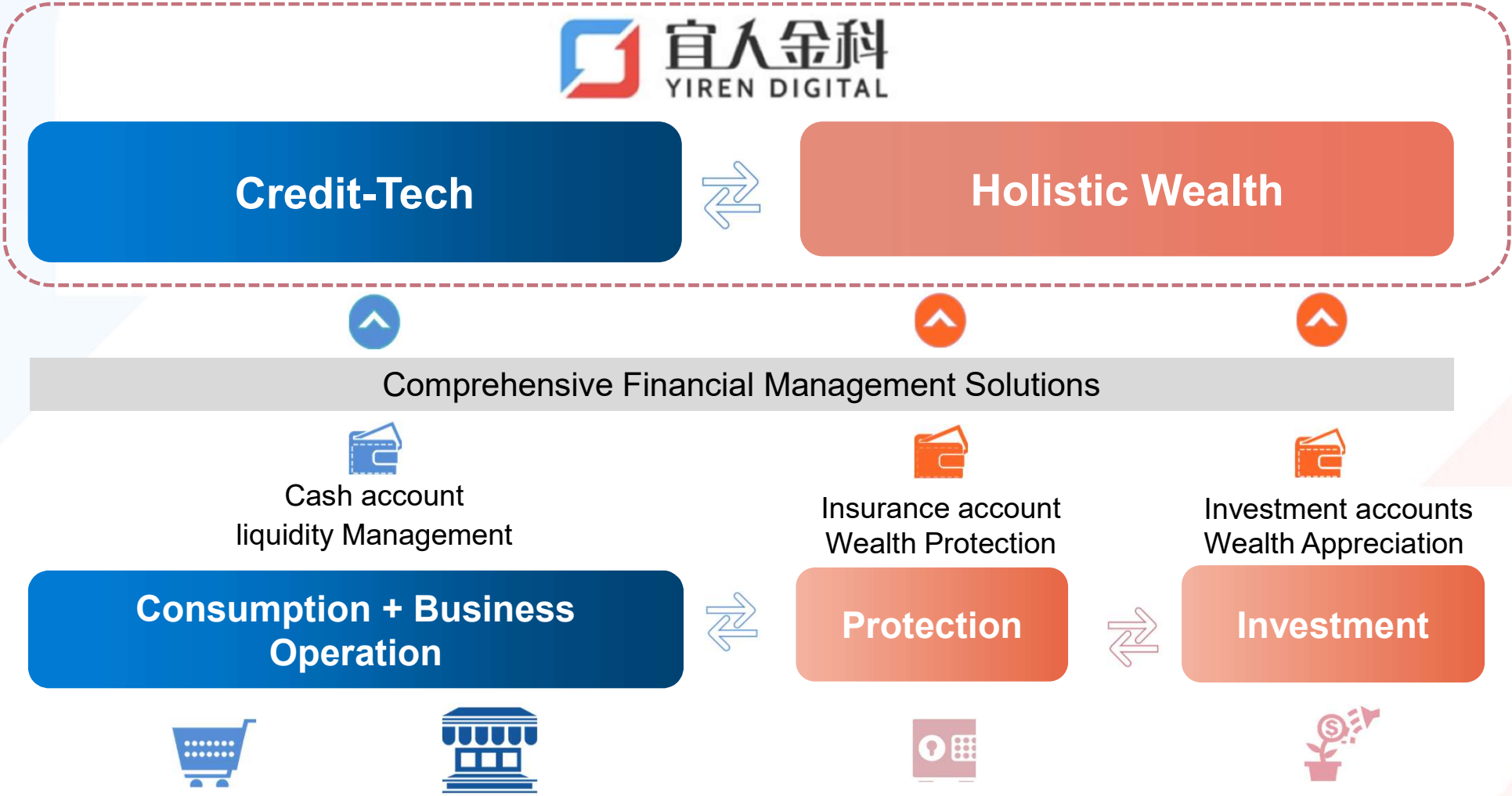
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Key Financial Updates

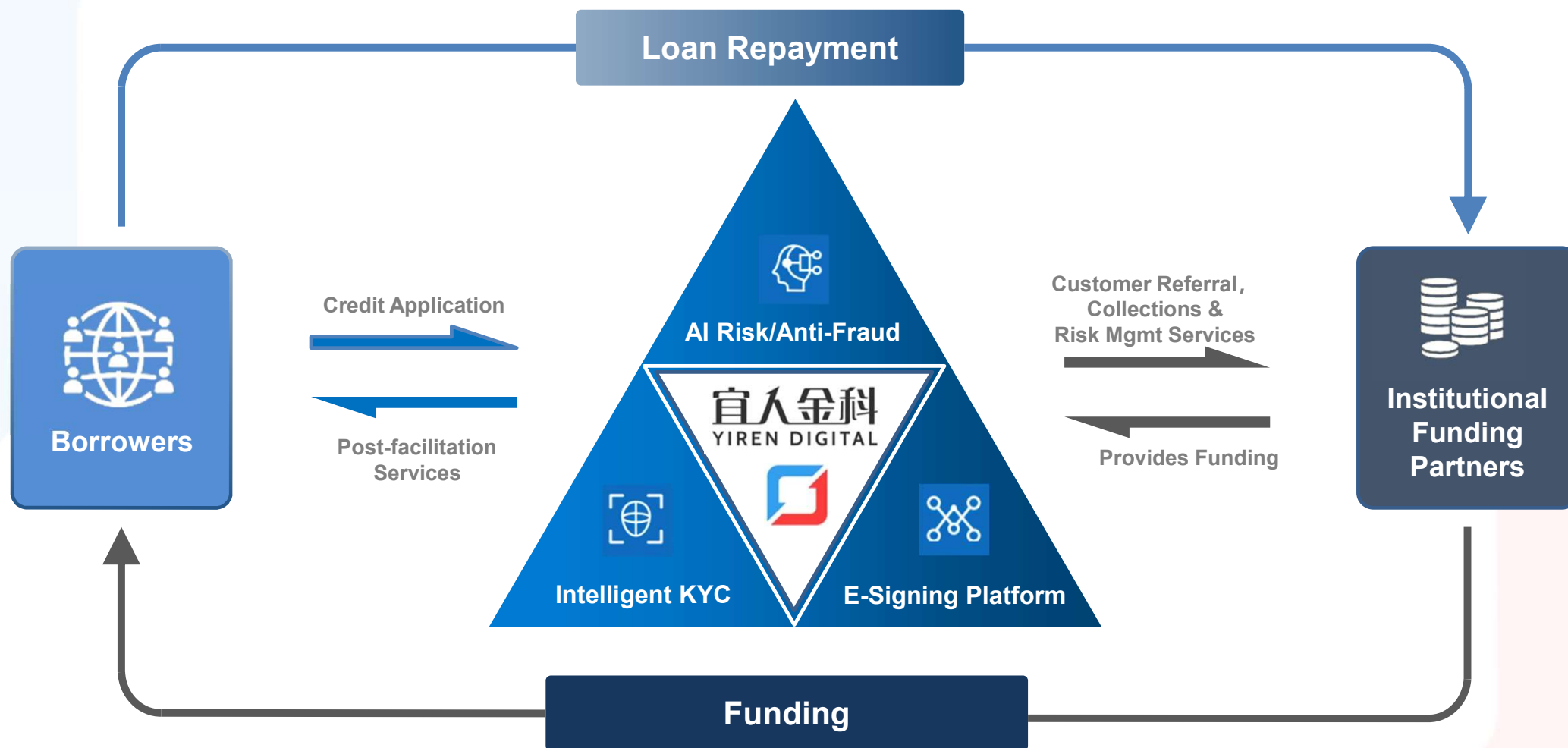
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Business Models and Strategies

# Yiren Digital: A Leading Digital Personal Financial Management Platform



## Credit Tech: Technology Driven Loan Facilitation Model



## Diversified product matrix, covering different scenarios

### Unsecured revolving loans



Young Internet customers/  
employees with stable income

Covering a variety of life scenarios  
and flexible credit needs

High frequency & small amount  
0.5K-200K

### SME loans



Small business  
owners  
with recurring  
operating revenue

Small and Micro Business  
10K-4,000K

Online

Online

# Full Spectrum of Credit Products : Small Revolving Loans



**Average Principal Amt**  
~RMB4k-6k



**Loan Tenure**  
3, 6, 9 or 12 months



**Target Customer Base**  
Young & Tech-savvy

# Full Spectrum of Credit Products : SME loans

## SMEs Across Varied Industries



Accumulatively Served  
**40,000+** SMEs

## Diversified Channel Partners

SaaS



E-commerce



Yixianghua



## Tech-driven Credit Service



Machine Learning &  
Model Building



Data-driven Risk Pricing



Cross-platform  
Customized Service

Offers fast-track installment-based  
payment options



**Average Principal Amt**  
RMB160k -170k



**Loan Tenure**  
3, 4, 6, 12 months



**Target Customer Base**  
Small Business Owners

# Holistic Wealth Solutions

## Customer Spectrum

Retail Clients	Corporates
----------------	------------

Mass	Mass Affluent	HNW	UHNW
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 Under the listco

## Positioning

◆ One-stop holistic wealth solutions platform targeting the mass affluent

◆ Comprehensive national insurance broker

## Products

- Partnering with varied corporates/institutions
- Catering to the comprehensive needs of mass affluent group
- 840+ products from 100+ insurers
- Life and health insurance and P&C insurance products

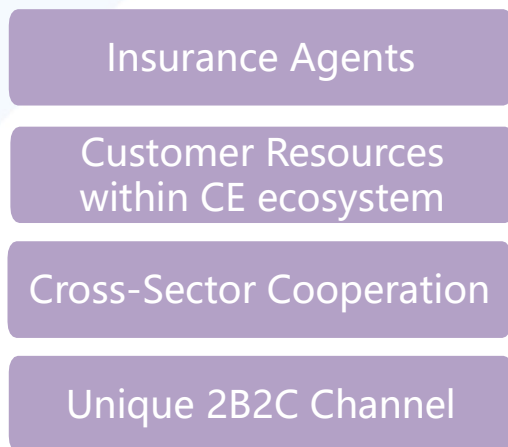
## Tech-driven platforms

Rich Resources from CreditEase Wealth Management Ecosystem

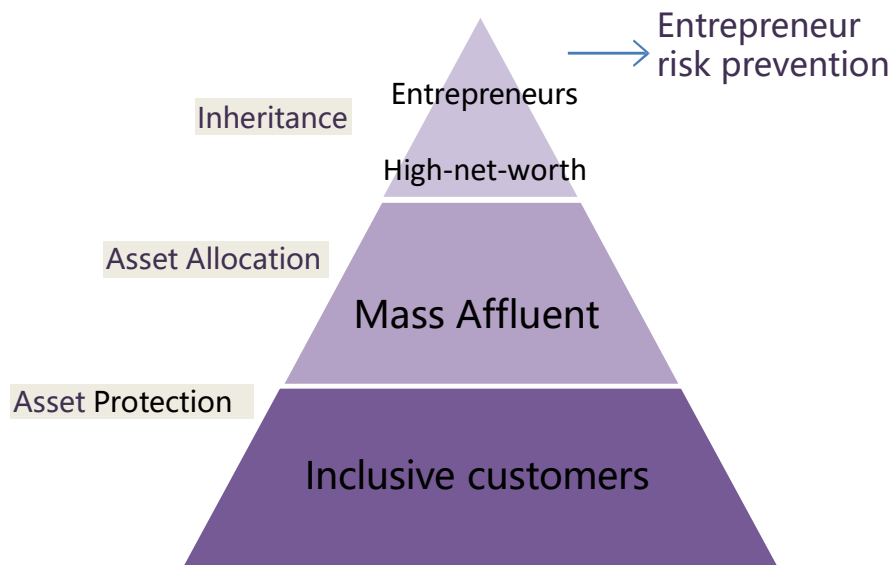
## Hexiang Insurance: Business Highlight and Differentiation

- **Differentiated positioning:** Providing comprehensive customized and scenario-based insurance services
- **Competitive edges:**
  - 1) Nationwide business deployment
  - 2) Experienced teams on property, life insurance and internet industry
  - 3) Strong capacities in market expansion

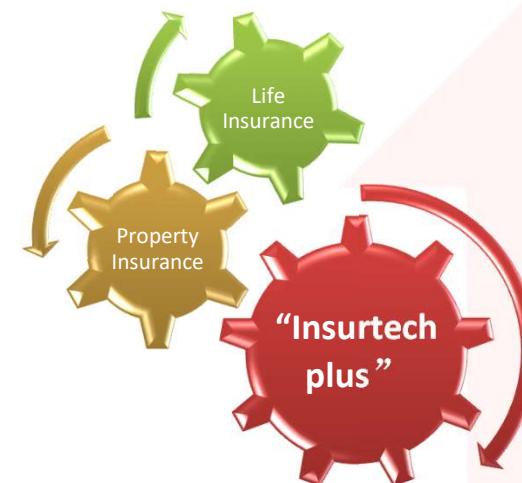
### Customer Acquisition



### Multi-layer of customer needs



### Product Strategy



Note: As a licensed insurance broker, Hexiang does not take any underwriting risks.



# Hexiang Growth Strategy: 2B2C Model

## Customized Scenario-based Insurance products under 2B2C model

### 2B Corporate Clients

After being served by Hexiang, working with Hexiang to design tailor-made insurance products for its own customers, realizing additional revenue stream.

Partially transformed into 2B corporate clients by Hexiang



### Hexiang Insurance

Serving both 2B and 2C clients with diversified products.

### Corporate's Customers

Provided with Hexiang's scenario-based insurance products embedded into related consumption platforms.

Customization & Digitalization

Servicing Capabilities

Tech-driven KYC

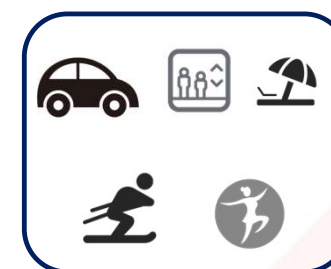


## Rich Application Scenarios

### Medicine & Healthcare



### Travel & Leisure



### Wealth & Finance



### Agriculture & Fisheries

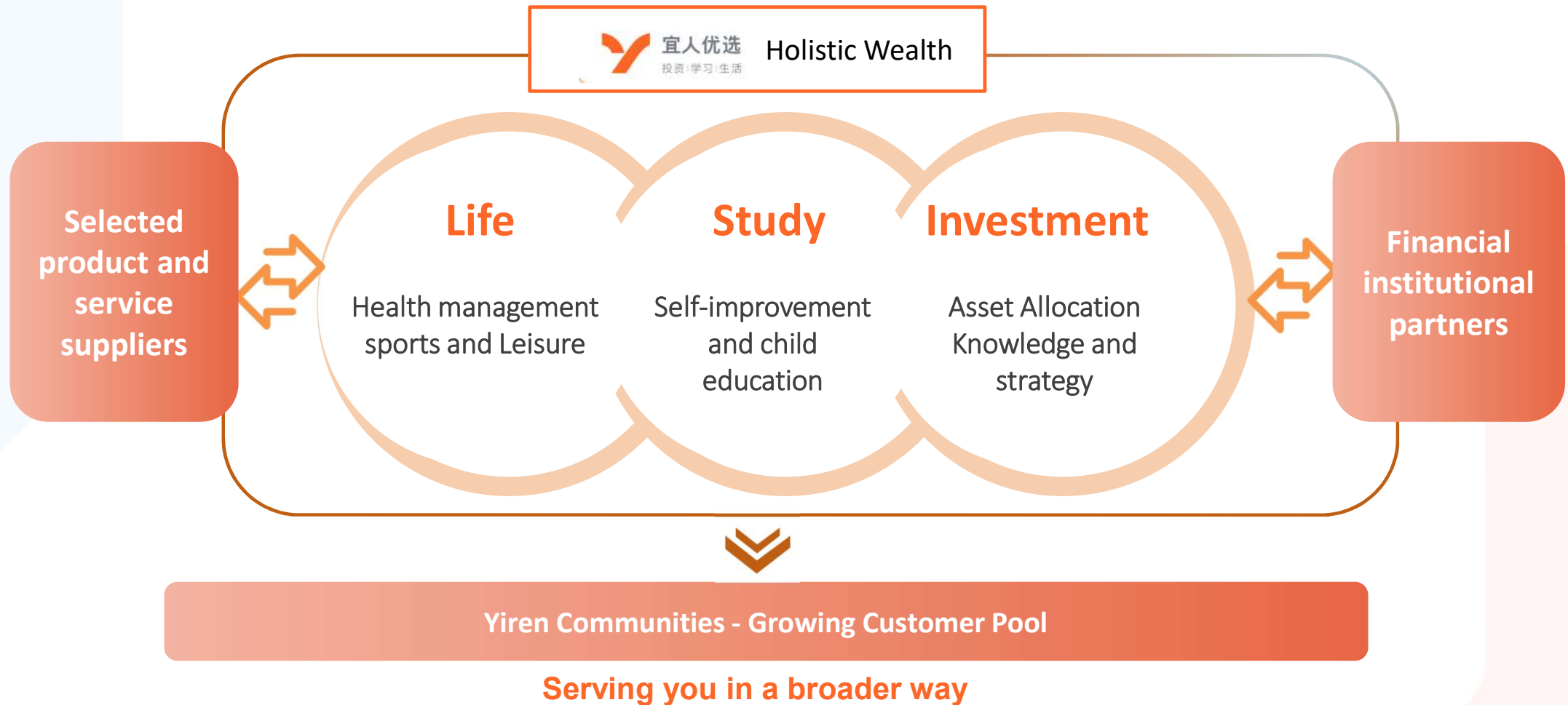


Property Insurance + Life Insurance

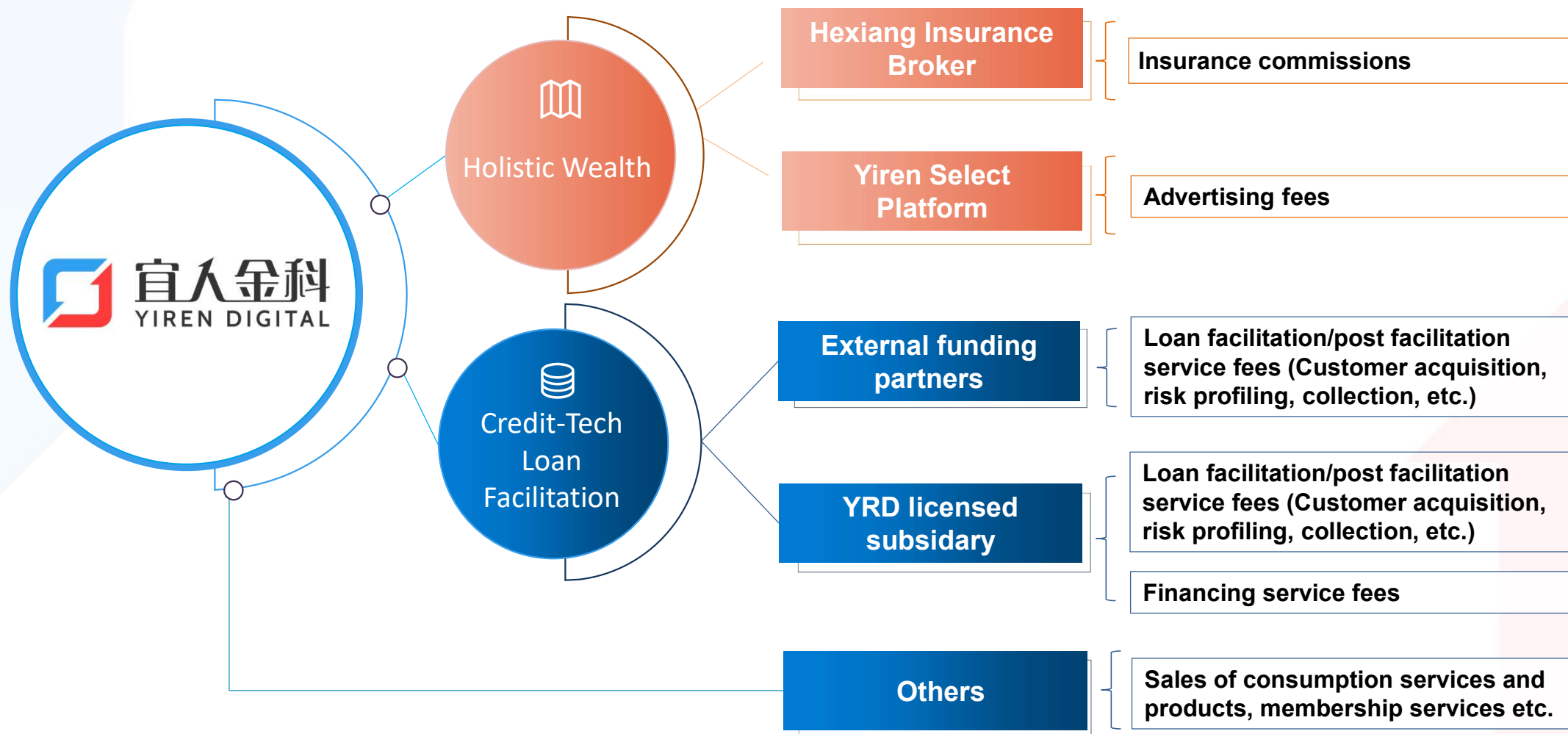
Insurance Ecosystem

Note: As a licensed insurance broker, Hexiang does not take any underwriting risks.

# Yiren Select: One-stop Holistic Wealth Solution Platform



## Revenue Models and Monetization



## Growth Strategy



**1** Integrating different business lines to explore customers' long-term comprehensive financial management needs

### Wealth Solutions



**2** Holistic Wealth solutions: scaling up through increasingly enriched products and Hexiang and Yiren Select service networks

### Consumption



### Protection



**3** Credit-tech: In response to regulatory direction, transitioning to C (moving to 24% APR customers)+ B strategy (SMEs)



**4** Driving up synergies within Yiren Digital business ecosystem



**5** Strengthen data and technology capabilities to support growth

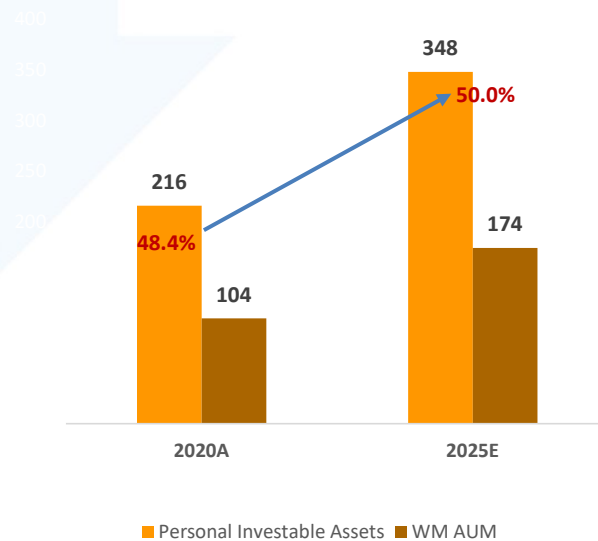
# Massive Opportunity in China's Personal Financial Services Industry



## Wealth Solution

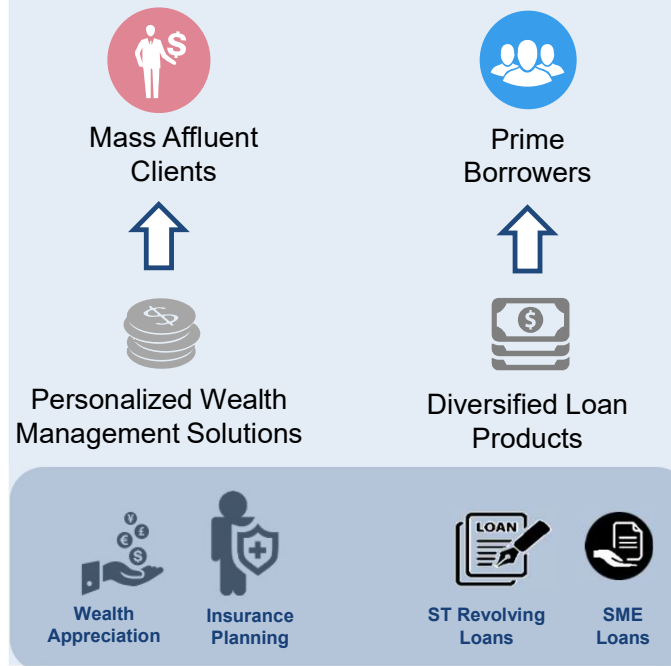
### Increasing Investment Needs

(in RMB trillion)



As a % of PIA

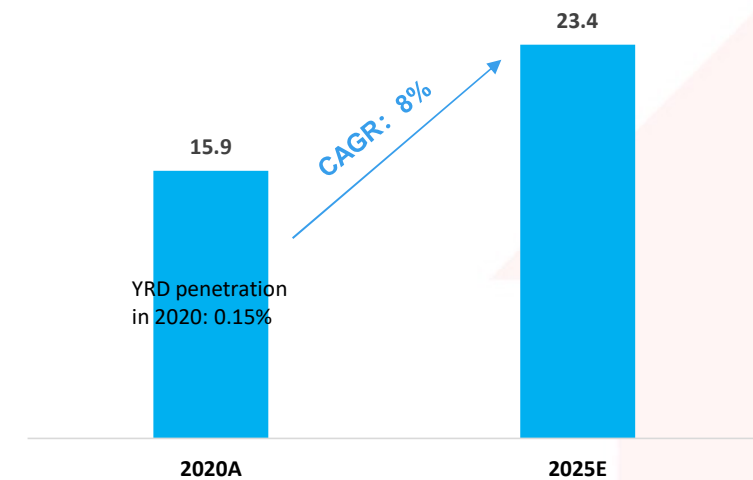
Source: KPMG



## Consumer Credit

### Consumer Finance Market in China

(By outstanding balance, RMB trillion)



Source: iResearch



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, resembling light trails or searchlight beams. The city below is densely packed with skyscrapers and buildings, many of which are illuminated with lights. A prominent building with a golden, pyramid-shaped roof is visible in the center. The word "APPENDIX" is written in large, white, sans-serif capital letters across the middle of the image.

# APPENDIX

# Income Statement

**Unaudited Condensed Consolidated Statements of Operations**  
(in thousands, except for share, per share and per ADS data, and percentages)

	For the Three Months Ended				For the Year Ended		
	December 31, 2021	September 30, 2022	December 31, 2022	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2022
	RMB	RMB	RMB	USD	RMB	RMB	USD
Net revenue:							
Loan facilitation services	410,988	334,162	525,137	76,138	2,105,776	1,362,685	197,571
Post-origination services	49,861	74,433	37,616	5,454	174,255	204,336	29,626
Insurance brokerage services	244,780	189,019	199,027	28,856	755,691	731,797	106,101
Financing services	140,027	54,702	35,940	5,211	524,840	278,783	40,420
Electronic commerce services	33,114	52,954	129,154	18,725	33,114	302,896	43,916
Others	142,170	135,385	161,202	23,372	884,253	554,123	80,339
Total net revenue	1,020,940	840,655	1,088,076	157,756	4,477,929	3,434,620	497,973
Operating costs and expenses:							
Sales and marketing	304,114	136,406	103,427	14,995	1,553,344	573,974	83,218
Origination, servicing and other operating costs	216,751	223,622	211,591	30,678	760,858	776,841	112,631
General and administrative	119,364	109,947	85,259	12,361	506,240	423,718	61,433
Allowance for contract assets, receivables and others	51,911	35,074	55,747	8,083	370,154	188,223	27,291
Total operating costs and expenses	692,140	505,049	456,024	66,117	3,190,596	1,962,756	284,573
Other (expenses)/income:							
Interest (expense)/income, net	(18,056)	(378)	3,439	499	(73,383)	(26,302)	(3,813)
Fair value adjustments related to Consolidated ABFE	11,720	2,077	(2,962)	(429)	(37,442)	18,900	2,740
Others, net	2,935	3,035	11,991	1,738	26,665	30,921	4,483
Total other (expenses)/income	(3,401)	4,734	12,468	1,808	(84,160)	23,519	3,410
Income before provision for income taxes	325,399	340,340	644,520	93,447	1,203,173	1,495,383	216,810
Income tax (benefit)/expense	(5,366)	70,020	159,285	23,095	170,189	300,512	43,570
Net income	330,765	270,320	485,235	70,352	1,032,984	1,194,871	173,240
Weighted average number of ordinary shares outstanding, basic	169,967,125	179,409,525	179,211,437	179,211,437	169,029,826	174,695,959	174,695,959
Basic income per share	1.9461	1.5067	2.7076	0.3926	6.1113	6.8397	0.9917
Basic income per ADS	3.8922	3.0134	5.4152	0.7852	12.2226	13.6794	1.9834
Weighted average number of ordinary shares outstanding, diluted	171,171,951	179,841,065	179,628,555	179,628,555	170,590,203	175,391,332	175,391,332
Diluted income per share	1.9324	1.5031	2.7013	0.3917	6.0554	6.8126	0.9877
Diluted income per ADS	3.8648	3.0062	5.4026	0.7834	12.1108	13.6252	1.9754



## 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 Year Ended		
	December 31, 2021 RMB	September 30, 2022 RMB	December 31, 2022 RMB	December 31, 2022 USD	December 31, 2021 RMB	December 31, 2022 RMB	December 31, 2022 USD
<b>Unaudited Condensed Consolidated Cash Flow Data</b>							
Net cash generated from operating activities	189,377	342,888	471,890	68,418	158,192	1,849,430	268,142
Net cash provided by/(used in) investing activities	381,870	(835,064)	283,145	41,052	(346,507)	52,559	7,620
Net cash (used in)/provided by financing activities	(45,831)	(276,198)	(54,551)	(7,909)	427,446	(489,123)	(70,916)
Effect of foreign exchange rate changes	(283)	2,284	(1,107)	(160)	(936)	2,485	360
Net increase/(decrease) in cash, cash equivalents and restricted cash	525,133	(766,090)	699,377	101,401	238,195	1,415,351	205,206
Cash, cash equivalents and restricted cash, beginning of period	2,420,210	4,427,408	3,661,318	530,840	2,707,148	2,945,344	427,035
Cash, cash equivalents and restricted cash, end of period	2,945,343	3,661,318	4,360,695	632,241	2,945,343	4,360,695	632,241



## Balance Sheet

### Unaudited Condensed Consolidated Balance Sheets (in thousands)



	As of			
	December 31, 2021	September 30, 2022	December 31, 2022	December 31, 2022
	RMB	RMB	RMB	USD
Cash and cash equivalents	2,864,543	3,612,972	4,271,899	619,367
Restricted cash	80,800	48,346	88,796	12,874
Accounts receivable	305,018	274,623	221,004	32,044
Contract assets, net	1,105,905	502,936	626,739	90,869
Contract cost	9,959	1,610	787	114
Prepaid expenses and other assets	352,015	361,258	321,411	46,600
Loans at fair value	73,734	11,109	54,049	7,836
Financing receivables	1,697,962	713,411	514,388	74,579
Amounts due from related parties	879,256	1,124,738	1,266,232	183,586
Held-to-maturity investments	2,200	1,800	2,700	391
Available-for-sale investments	177,360	1,109,408	972,738	141,034
Property, equipment and software, net	102,548	82,184	77,256	11,201
Deferred tax assets	7,388	102,934	84,187	12,206
Right-of-use assets	80,752	39,133	33,909	4,916
<b>Total assets</b>	<b>7,739,440</b>	<b>7,986,462</b>	<b>8,536,095</b>	<b>1,237,617</b>
Accounts payable	19,065	31,711	14,144	2,050
Amounts due to related parties	434,127	244,185	227,724	33,017
Deferred revenue	12,379	526	65,539	9,502
Payable to investors at fair value	50,686	39,598	-	-
Accrued expenses and other liabilities	1,182,783	1,234,738	1,315,006	190,658
Secured borrowings	1,028,600	767,900	767,900	111,335
Refund liability	5,732	351	-	-
Deferred tax liabilities	112,535	78,819	79,740	11,561
Lease liabilities	72,101	40,968	35,229	5,108
<b>Total liabilities</b>	<b>2,918,008</b>	<b>2,438,796</b>	<b>2,505,282</b>	<b>363,231</b>
Ordinary shares	123	129	129	19
Additional paid-in capital	5,100,486	5,158,676	5,160,783	748,243
Treasury stock	(42,897)	(42,897)	(46,734)	(6,776)
Accumulated other comprehensive income	11,553	7,509	7,765	1,126
Accumulated deficit	(247,833)	424,249	908,870	131,774
<b>Total equity</b>	<b>4,821,432</b>	<b>5,547,666</b>	<b>6,030,813</b>	<b>874,386</b>
<b>Total liabilities and equity</b>	<b>7,739,440</b>	<b>7,986,462</b>	<b>8,536,095</b>	<b>1,237,617</b>

# 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,	September 30,	December 31,	December 31,	December 31,	December 31,	December 31,
	2021	2022	2022	2022	2021	2022	2022
	RMB	RMB	RMB	USD	RMB	RMB	USD
<b>Operating Highlights</b>							
Amount of investment in current investment products	5,391,760	4,476,390	6,502,061	942,710	21,588,645	21,897,031	3,174,771
Number of investors in current investment products	144,987	176,787	107,692	107,692	409,281	506,310	506,310
Amount of loans facilitated under loan facilitation model	6,170,158	6,298,522	6,783,523	983,518	23,195,224	22,623,101	3,280,041
Number of borrowers	618,131	737,320	862,226	862,226	1,297,046	1,606,893	1,606,893
Remaining principal of performing loans facilitated under loan facilitation model	14,102,279	10,630,352	11,259,763	1,632,512	14,102,279	11,259,763	1,632,512
Gross merchandise volume	61,619	249,624	292,086	42,348	61,619	687,848	99,729
<b>Segment Information</b>							
<b>Holistic Wealth:</b>							
Revenue	372,304	294,332	319,755	46,360	1,260,513	1,171,992	169,923
Sales and marketing expenses	75,842	46,698	44,661	6,475	199,336	187,141	27,133
Origination, servicing and other operating	156,243	165,605	157,342	22,812	598,606	561,080	81,349
<b>Consumer credit:</b>							
Revenue	615,522	493,369	639,167	92,671	3,184,302	1,959,732	284,134
Sales and marketing expenses	227,508	88,714	58,016	8,412	1,353,244	383,950	55,668
Origination, servicing and other operating	53,396	39,951	38,085	5,522	155,140	151,539	21,971
<b>Others:</b>							
Revenue	33,114	52,954	129,154	18,725	33,114	302,896	43,916
Sales and marketing expenses	764	994	750	108	764	2,883	417
Origination, servicing and other operating	7,112	18,066	16,164	2,344	7,112	64,222	9,311
<b>Reconciliation of Adjusted EBITDA</b>							
Net income	330,765	270,320	485,235	70,352	1,032,984	1,194,871	173,240
Interest expense/(income), net	18,056	378	(3,439)	(499)	73,383	26,302	3,813
Income (benefit)/tax expense	(5,366)	70,020	159,285	23,095	170,189	300,512	43,570
Depreciation and amortization	7,466	8,514	2,537	368	43,236	26,430	3,832
Share-based compensation	2,497	15,760	1,494	217	19,089	22,136	3,209
Adjusted EBITDA	353,418	364,992	645,112	93,533	1,338,881	1,570,251	227,664
Adjusted EBITDA margin	34.6%	43.4%	59.3%	59.3%	29.9%	45.7%	45.7%

## Delinquency Rates

**Delinquency Rates (Loan Facilitation Model)**

	15-29 days	30-59 days	60-89 days
<b>All Loans</b>			
December 31, 2019	0.8%	1.3%	1.0%
December 31, 2020	0.5%	0.7%	0.6%
December 31, 2021	0.9%	1.5%	1.2%
March 31, 2022	0.9%	2.0%	1.9%
June 30, 2022	0.6%	1.4%	1.5%
September 30, 2022	0.7%	1.1%	1.0%
December 31, 2022	0.7%	1.3%	1.1%
<b>Online Channels</b>			
December 31, 2019	1.0%	2.1%	1.6%
December 31, 2020	0.6%	1.0%	1.1%
December 31, 2021	0.8%	1.3%	1.1%
March 31, 2022	0.7%	1.5%	1.3%
June 30, 2022	0.6%	1.1%	1.2%
September 30, 2022	0.6%	0.9%	0.8%
December 31, 2022	0.7%	1.1%	0.9%
<b>Offline Channels</b>			
December 31, 2019	0.7%	0.9%	0.7%
December 31, 2020	0.4%	0.6%	0.4%
December 31, 2021	1.0%	1.8%	1.4%
March 31, 2022	1.1%	2.7%	2.9%
June 30, 2022	0.8%	2.0%	2.3%
September 30, 2022	1.3%	1.9%	1.9%
December 31, 2022	1.2%	2.2%	2.3%

## M3+ NCO by Vintage

Net Charge-Off Rate (Loan Facilitation Model)

<b>Loan Issued Period</b>	<b>Amount of Loans Facilitated During the Period</b> (in RMB thousands)	<b>Accumulated M3+ Net Charge-Off as of December 31, 2022</b> (in RMB thousands)	<b>Total Net Charge-Off Rate as of December 31, 2022</b>
2019	3,431,443	398,602	11.6%
2020	9,614,819	780,798	8.1%
2021	23,195,224	1,513,766	6.5%
2022Q1-Q3	15,839,577	316,444	2.0%



## M3+ NCO by Vintage

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

Loan Issued Period	Month on Book										
	4	7	10	13	16	19	22	25	28	31	34
2019Q1	0.0%	0.8%	2.0%	3.4%	5.3%	5.9%	6.3%	6.3%	6.3%	6.3%	6.3%
2019Q2	0.1%	1.5%	4.5%	7.5%	8.8%	9.2%	9.9%	10.3%	10.6%	10.6%	10.6%
2019Q3	0.2%	2.9%	6.8%	9.0%	10.4%	12.0%	13.2%	13.8%	14.4%	14.6%	14.6%
2019Q4	0.4%	3.1%	4.9%	6.3%	7.2%	7.9%	8.4%	8.9%	9.5%	9.8%	9.8%
2020Q1	0.6%	2.3%	4.1%	5.2%	6.0%	6.2%	6.6%	7.2%	7.7%	7.9%	
2020Q2	0.5%	2.5%	4.2%	5.3%	6.1%	6.7%	7.5%	8.1%	8.2%		
2020Q3	1.1%	3.3%	5.1%	6.3%	7.1%	8.1%	8.7%	8.8%			
2020Q4	0.3%	1.8%	3.2%	4.6%	6.0%	7.0%	7.4%				
2021Q1	0.4%	2.3%	3.9%	5.5%	6.6%	6.9%					
2021Q2	0.4%	2.4%	4.5%	5.9%	6.4%						
2021Q3	0.5%	3.1%	5.0%	5.9%							
2021Q4	0.6%	3.2%	4.6%								
2022Q1	0.6%	2.6%									
2022Q2	0.4%										

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, resembling light trails or searchlights. The city below is densely packed with buildings, many of which are illuminated with lights. A prominent building with a golden, pyramid-shaped roof is visible in the center. The word "THANKS!" is written in large, white, sans-serif capital letters across the middle of the image.

THANKS!