



Yiren Digital

Investor Presentation

March, 2024



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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.

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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.

Our Vision

“Our vision is to elevate customers' life quality by delivering AI-powered digital services, while also empowering the technological capabilities of selected sectors.”

Better tech. Better life.

01 Company Overview

A Leading AI-Driven Financial & Lifestyle Services Platform

Diversified Business Lines Driving Innovation and Value



Financial Services

Revolving loan services provide liquidity to individuals, families, and businesses, aiding in financial health by offering balanced repayment and consumption plans.



Life & Property Insurance

Customized insurance services to cater to wide-ranging needs in education, healthcare, retirement planning, asset protection, and business growth.



Consumption and lifestyle

Satisfying diverse quality-of-life needs through membership benefits and various products and services, including entertainment, travel, skincare and more.



Intelligent Customer Service



Intelligent Marketing/Operations

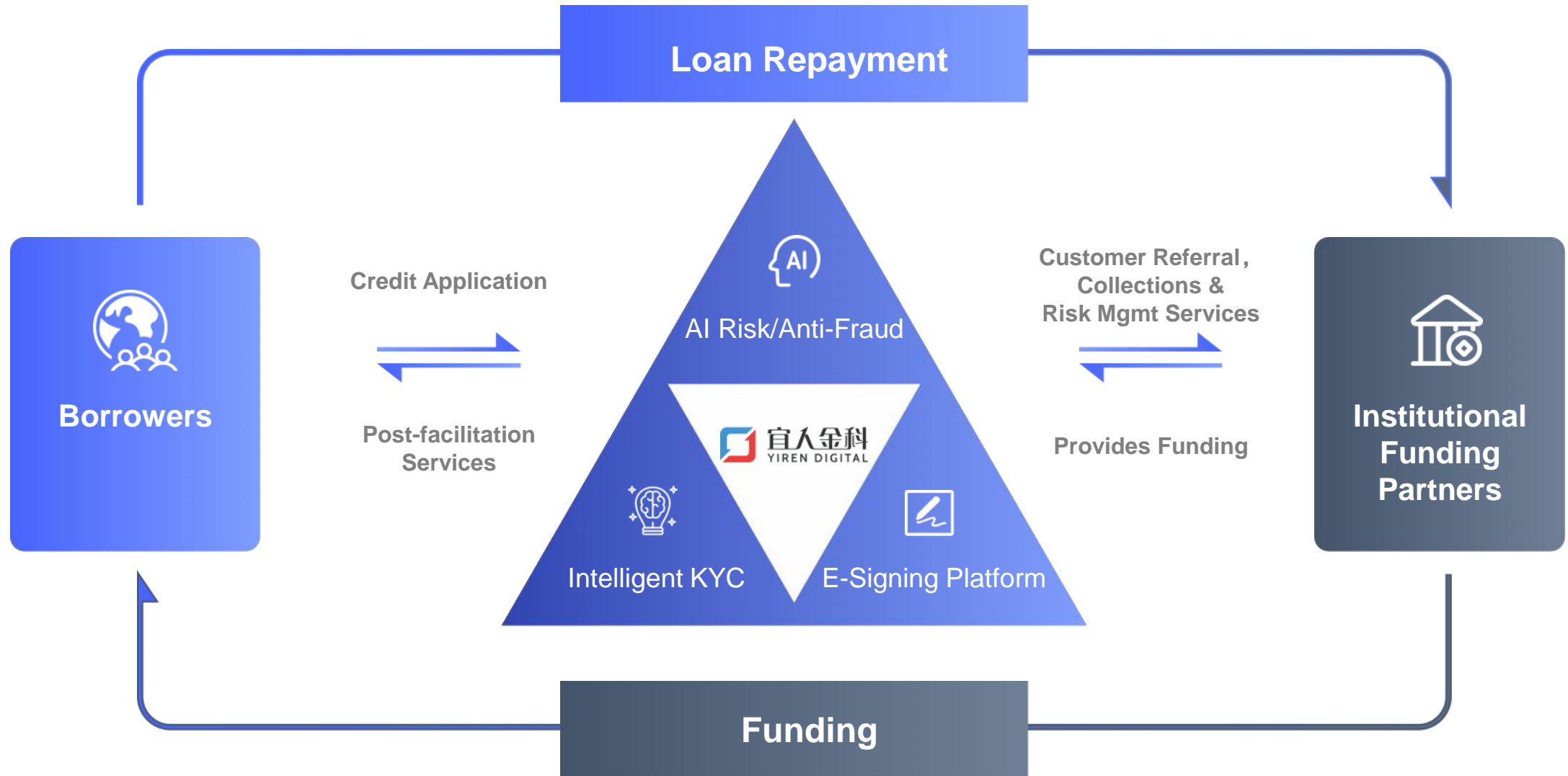


Intelligent Risk Management



Intelligent Product Selection

Financial Services: Technology Driven Loan Facilitation Model



Revolving Financing Services

Precise Targeting, Diverse Acquisition

Precise-targeting Customers

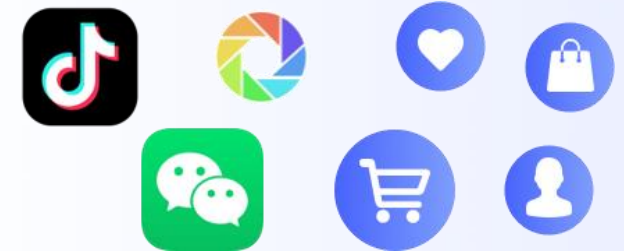
- **100mn+** borrowers served
- Mainly aged 25-40
- Stable salary or self-employed



Revolving loans
ranging from
4-200k

Multi-acquisition Channels

- Social media marketing
- E-commerce & life service platforms
- Offline consumption scenarios



Average Principal
Amt RMB 4k-6k



Loan Tenor
3, 6, 9 or 12 months



Flexible
repayment options

Strong Risk Control Capability

Extensive Data Accumulation

- **17 years** of experience and data accumulation in the credit-tech business
Strong capability to understand data across economic cycles and the lifecycle of loans.
- **Over 100 million** of registered users, and **millions** of customers' database

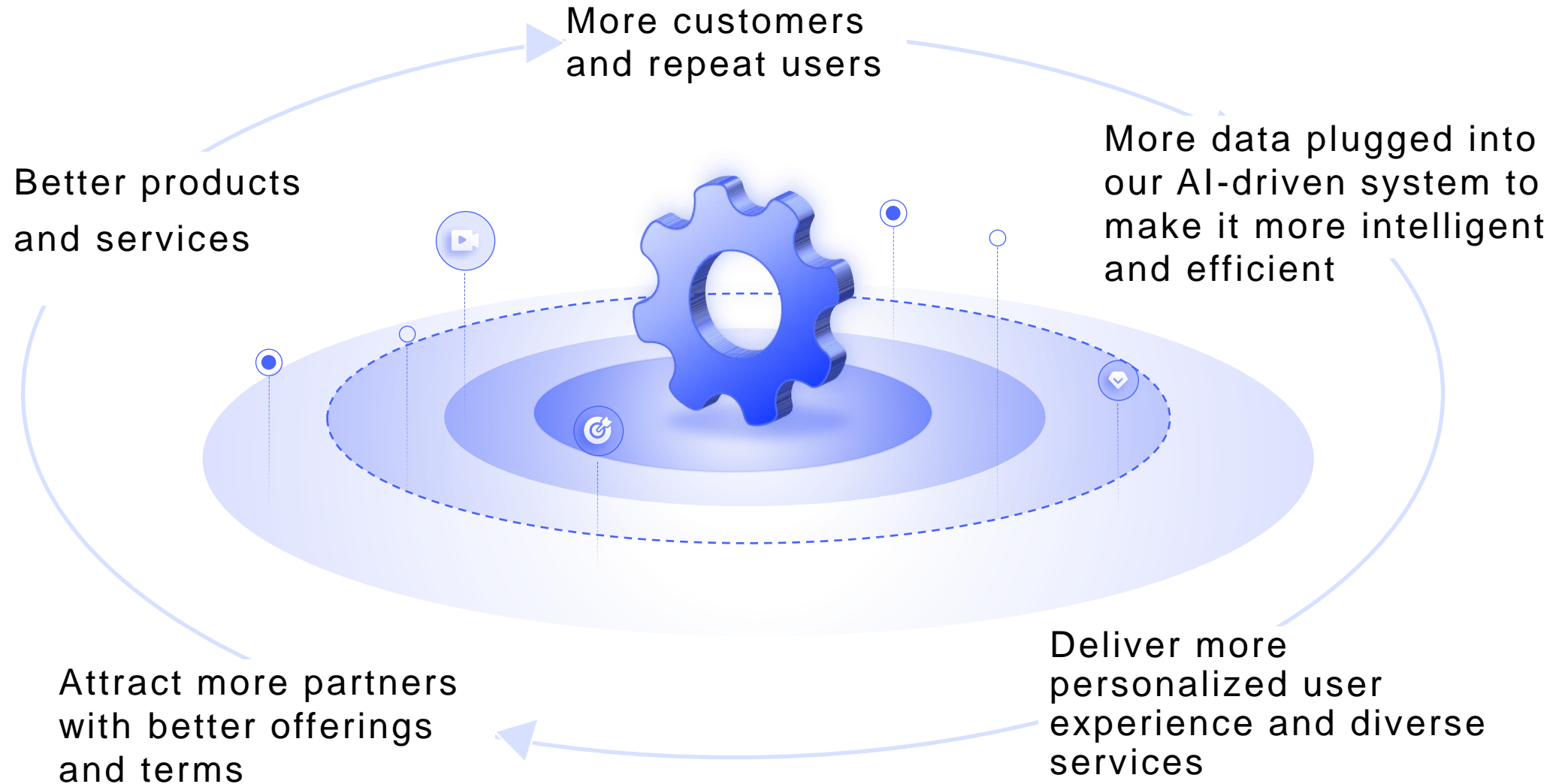
Comprehensive Credit Data

- **20+** Credit Enhancement Agencies , **50+** Products.
Over **5,000 dimensions** of external data are incorporated.
- Rich data pool covering credit records, income details, bank statements, consumption records, shopping behaviors, anti-fraud info etc.
- Identified approx. **10,000** features based on the second-generation credit reports

Anti-fraud and Blacklist Database

- Implemented a social-network-based anti-fraud monitoring system.
- Owns a **600 million-entry** blacklist, covering high-bit IDs, phone numbers, devices, and IP addresses.

Data-powered Flywheel to Drive Growth



Insurance: Providing Full Spectrum Products and Services

- Competitive edges:**
- 1) Nationwide business deployment
 - 2) Experienced teams on property, life insurance and internet industry
 - 3) Strong capacities in product innovation and market expansion

Customer Acquisition

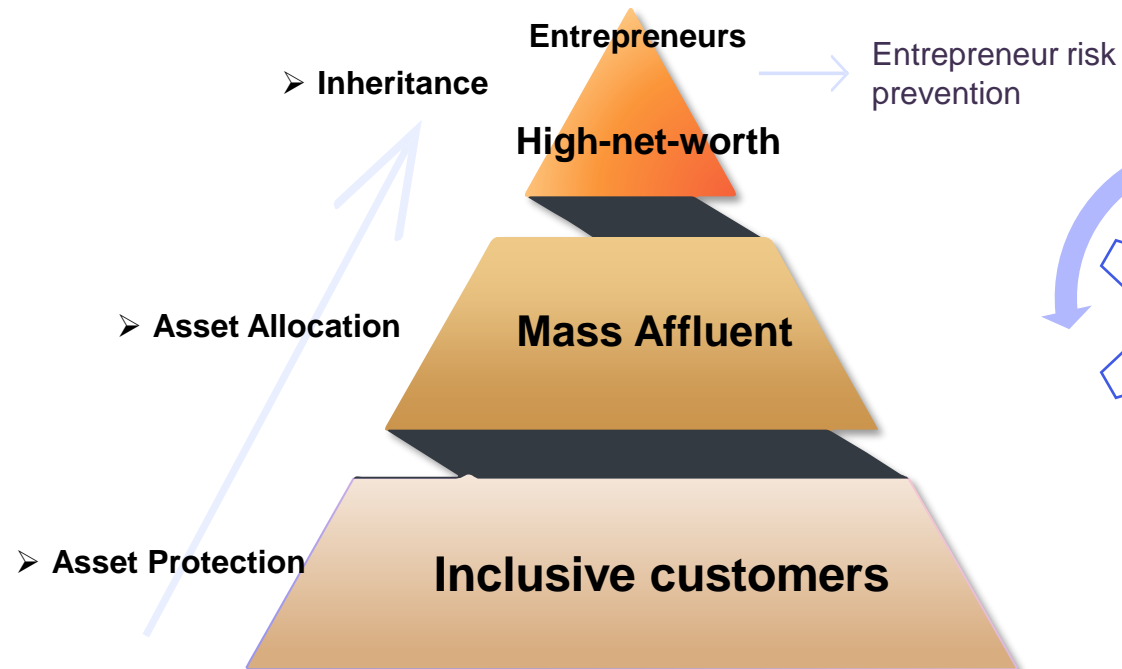
500+ Insurance Agents from
30+ Branches Nationwide

Customer Resources
within CE ecosystem

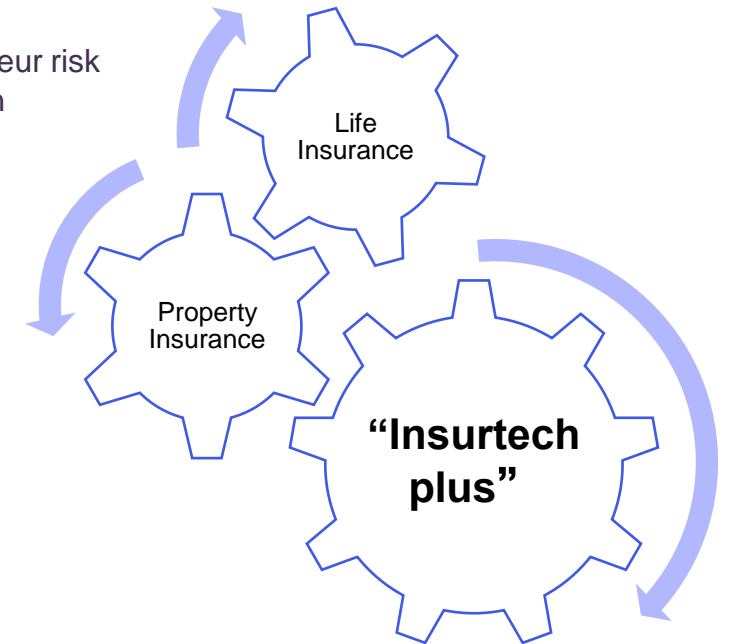
Cross-Sector Cooperation
and Online Marketing

Unique 2B2C Channel

Multi-layer of customer needs



Product Strategy



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

Insurance 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



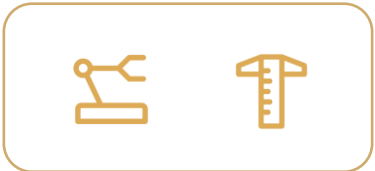
Travel & Leisure



Wealth & Finance



Engineering & Construction



Property Insurance + Life Insurance

Insurance Ecosystem

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

Insurance: Diverse and Rich Resources and Networks

► As of Dec.31 2023,

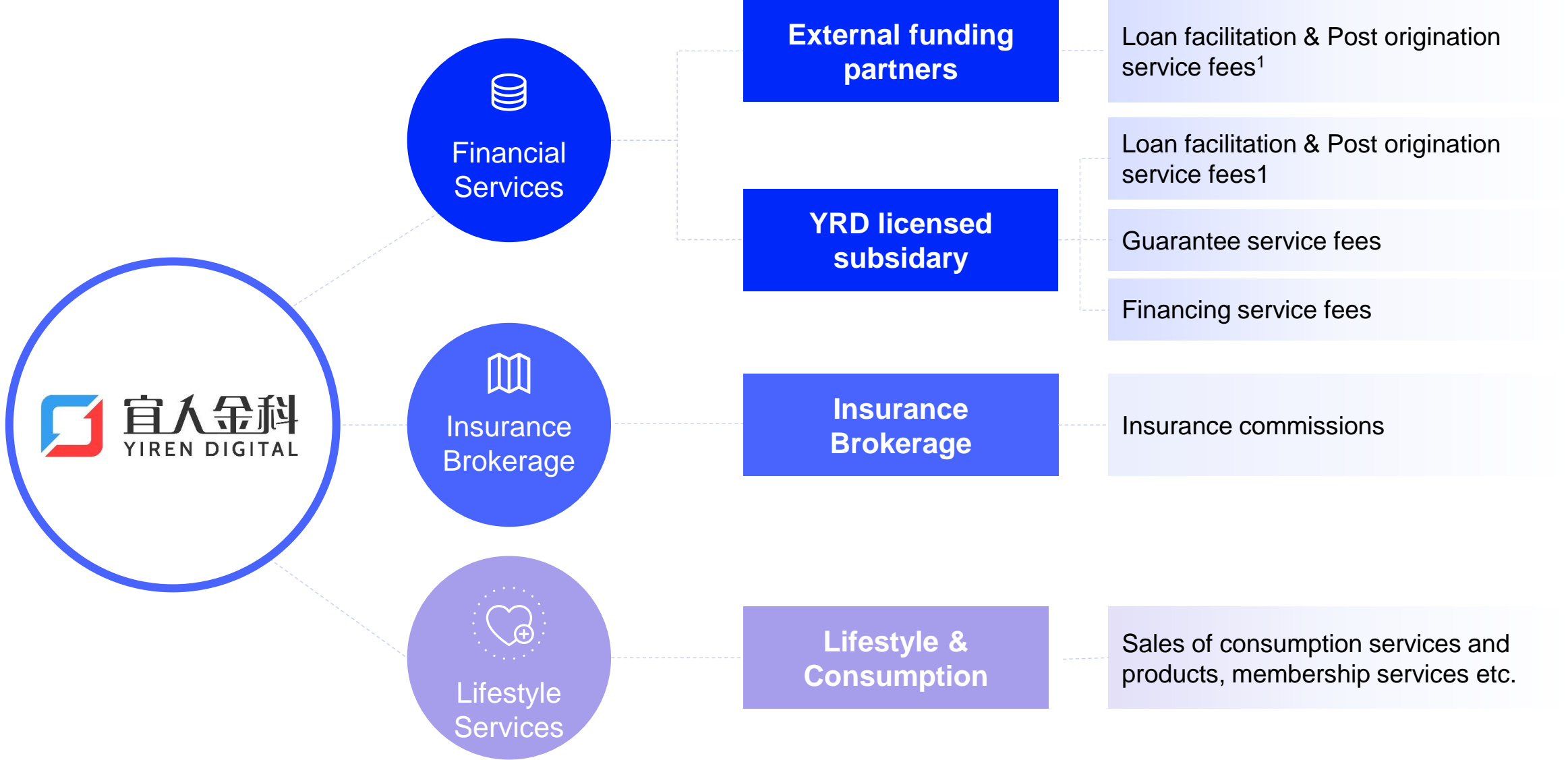
130+ Partner
Institutions
Nationwide

1000+ insurance
products on the shelf



Our Partnering Insurers

Revenue Models and Monetization



Note1: Including customer acquisition, risk profiling, collection, etc.

02 Key Financial Highlights

What We Achieved in FY2023



- Substantial double-digit expansion in business size
- Increasing profitability with improved operational efficiency
- Strong cash position with ample free cash flow

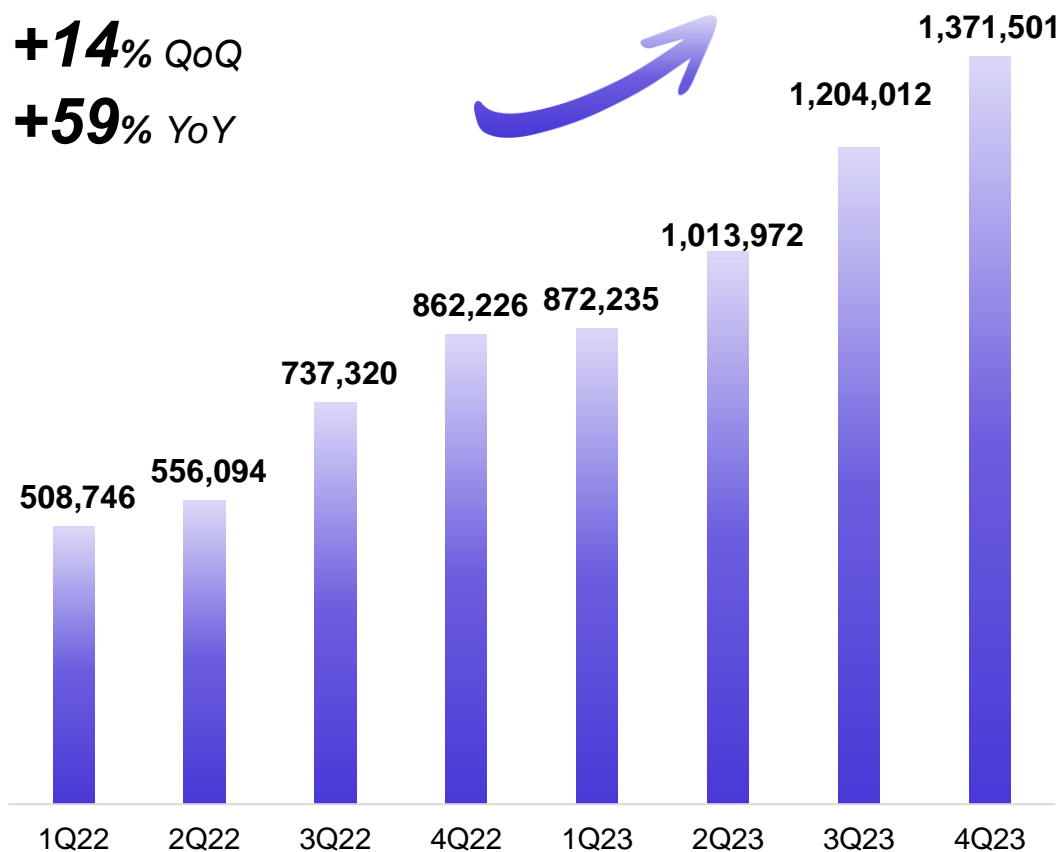
Continuous Expansion in Borrower Base Driving Stable Volume Growth

Number of Borrowers

4Q23:

+14% QoQ

+59% YoY



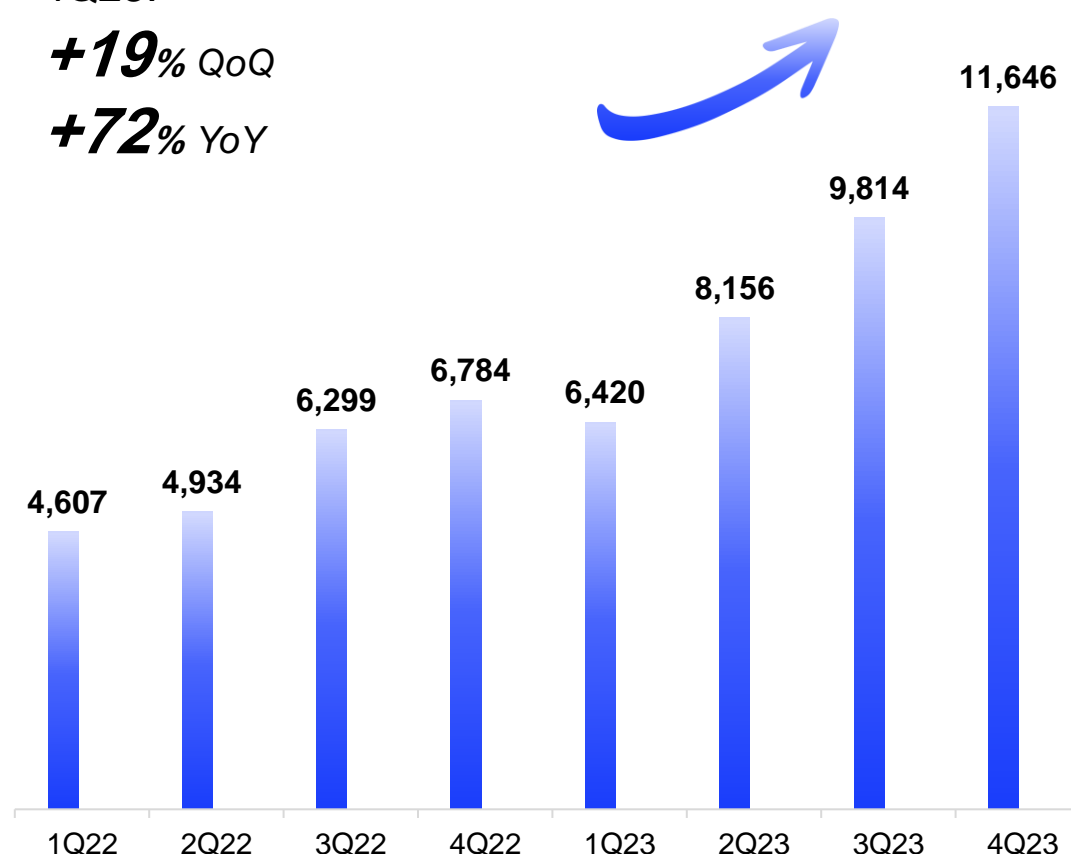
Loans Facilitated

(RMB Million)

4Q23:

+19% QoQ

+72% YoY



Insurance Brokerage Business : Key Strategic Pillar

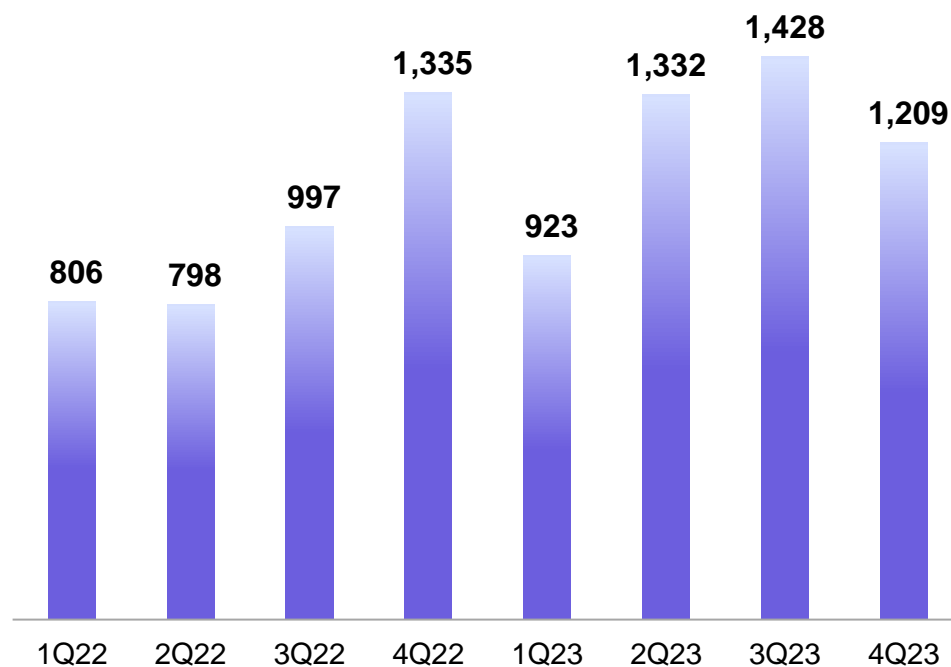
Gross Written Premiums

4Q23:

-15% QoQ¹

-9% YoY¹

(RMB Million)

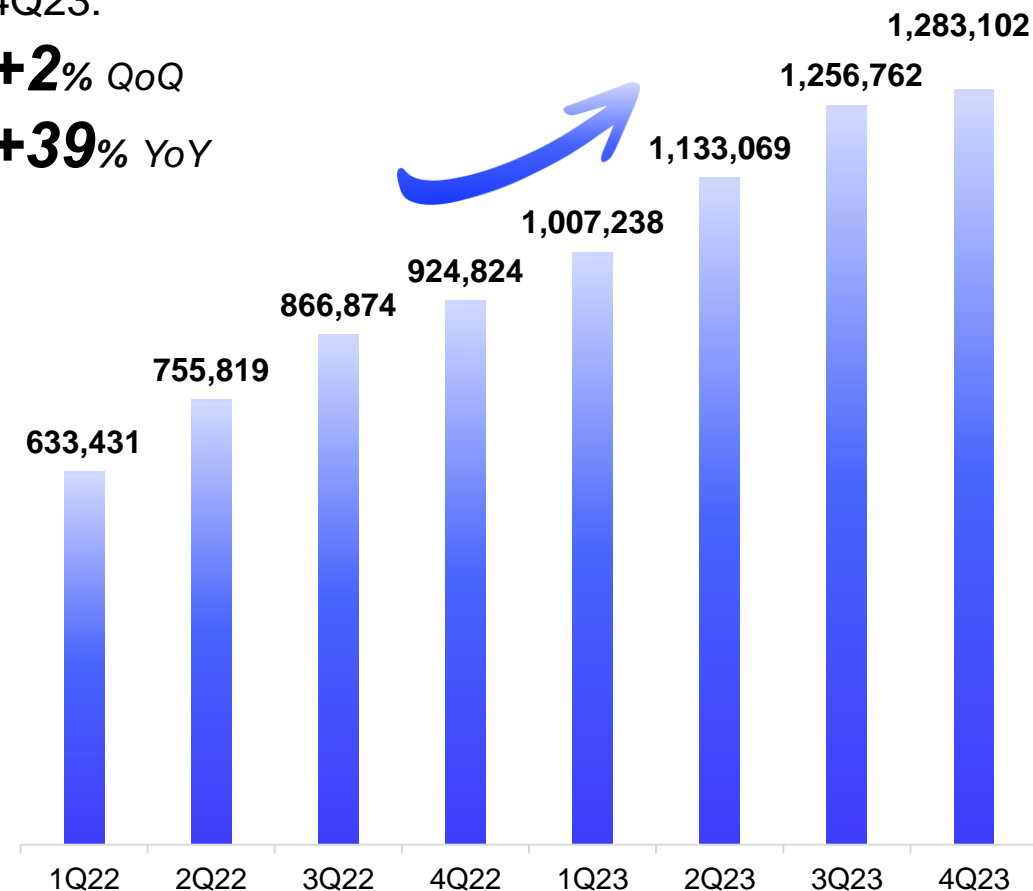


Cumulative Number of Insurance Clients

4Q23:

+2% QoQ

+39% YoY



Note1: The decrease in gross written premium in 4Q23 was due to the decreased volume of life insurance following product changes under the new regulations.

Robust Revenue Growth with Increased Business Scale

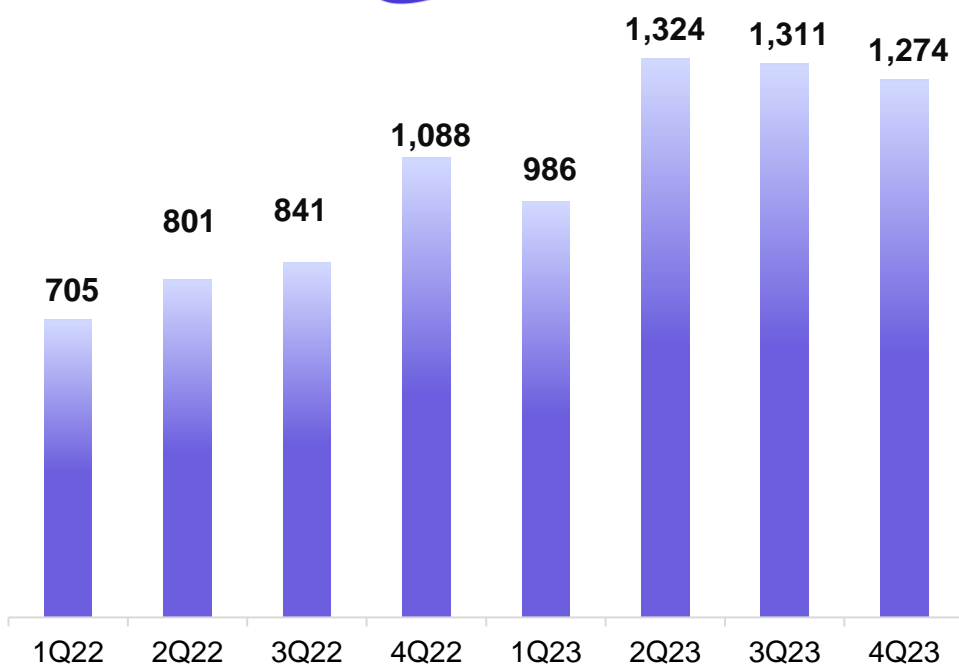
Net Revenue

(RMB Million)

4Q23:

-3% QoQ

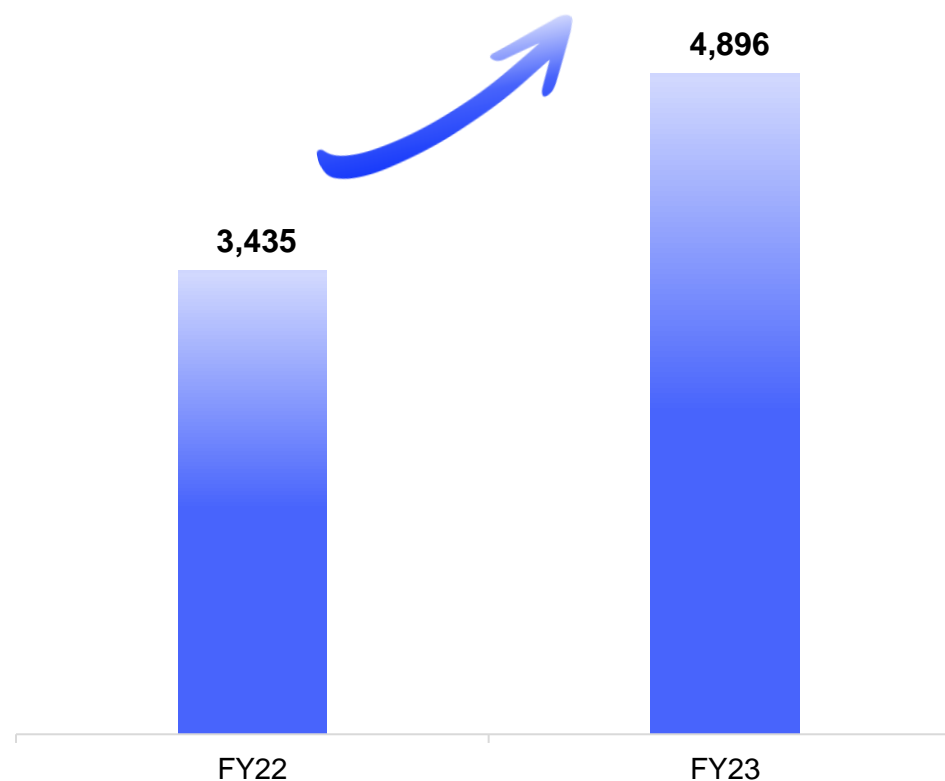
+17% YoY



(RMB Million)

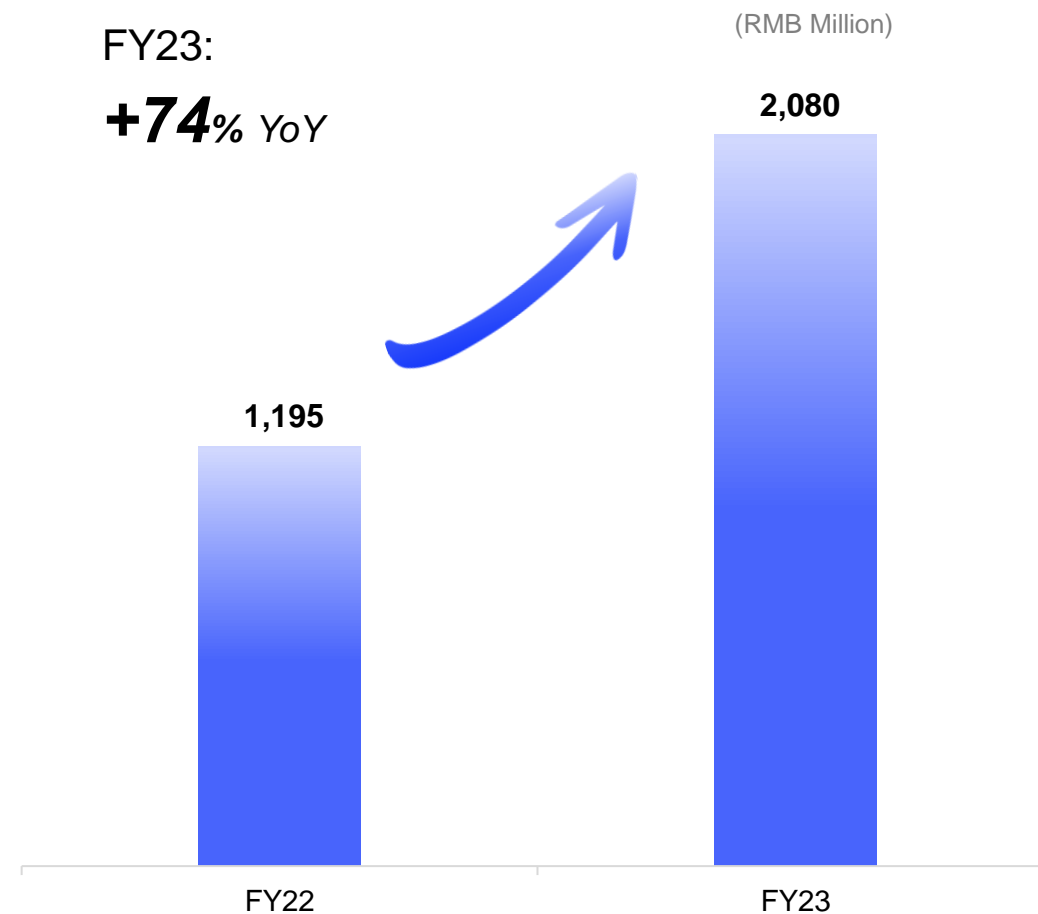
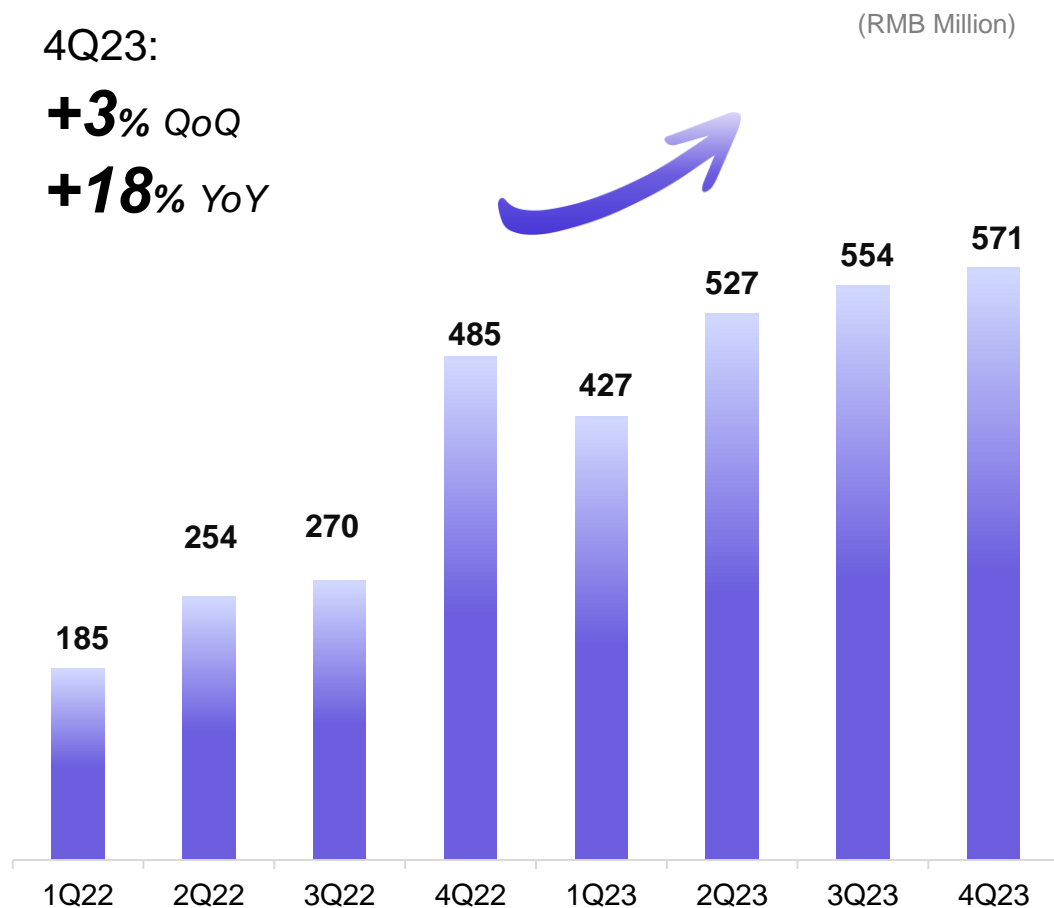
FY23:

+43% YoY

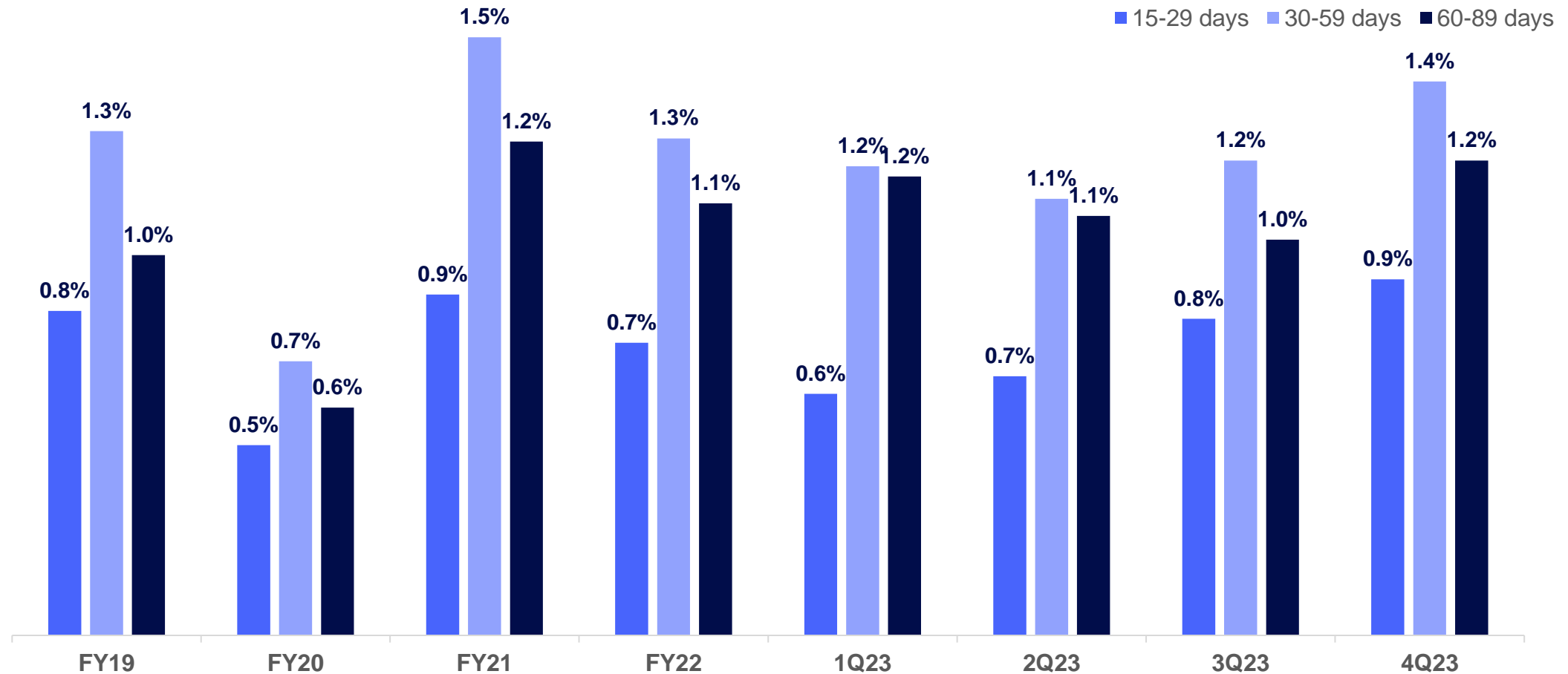


Improved Profitability

GAAP Net Income



Delinquency Rates



Future Strategies

01

Financial service business

Expanding customer base and increasing line of credits for high quality borrowers through constantly-evolving AI systems and improved services

02

Insurance brokerage

Proactively adapting products and partnerships to embrace new regulations in the short-term, and enhancing partnerships via both 2B2C and B2B models while expanding market reach through long-term product innovation and customization

03

International expansion

The financial services business in Southeast Asia is thriving and strategically expanding into global markets, capitalizing on insights and expertise acquired from its business activities in the Philippines

04

AI upgrade

Developing an LLMOps platform and LLMs for fintech and selected sectors, fostering a leading AI-powered service platform for both individuals and businesses.

Investment Highlights

Diversified Business Lines Driving Innovation and Value

Comprehensive services covering a wide range of financial needs and consumption demands, strong synergies, healthy unit economics with multiple growth drivers

A Leading AI Business in the Making

Harnessing AI expertise from fintech verticals to extend services to selected sectors, a highly scalable LLMOps platform with open-source functionalities, and an expanding AI ecosystem through strategic partnerships



01

02

03

04

High Profitability and Sufficient Cash Reserve

Continued growth in profitability with improved operational efficiency, strong cash position ready to seize any new opportunities ahead

17 Years of Operation & Strong Management Team

Strong management team with decades of experience in the industry, solid operation fully tested by external changing environment

03 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,	September 30,	December 31,	December 31,	December 31,	December 31,	December 31,
	2022	2023	2023	2023	2022	2023	2023
	RMB	RMB	RMB	USD	RMB	RMB	USD
Net revenue:							
Loan facilitation services	525,137	586,883	722,451	101,755	1,362,685	2,240,852	315,617
Post-origination services	37,616	984	4,630	652	204,336	17,203	2,423
Insurance brokerage services	199,027	264,611	98,158	13,825	731,797	963,822	135,751
Financing services	35,940	9,937	8,564	1,206	278,783	55,974	7,884
Electronic commerce services	129,154	350,635	385,886	54,351	302,896	1,267,104	178,468
Others	161,202	97,724	54,621	7,694	554,123	350,678	49,392
Total net revenue	1,088,076	1,310,774	1,274,310	179,483	3,434,620	4,895,633	689,535
Operating costs and expenses:							
Sales and marketing	103,427	195,714	205,730	28,977	573,974	656,603	92,481
Origination, servicing and other operating costs	211,591	245,360	184,700	26,014	776,841	976,172	137,491
Research and development	32,936	38,981	47,586	6,702	151,924	148,754	20,952
General and administrative	52,323	53,519	50,512	7,115	271,794	231,135	32,555
Allowance for contract assets, receivables and others	55,747	83,756	98,686	13,899	188,223	288,187	40,589
Total operating costs and expenses	456,024	617,330	587,214	82,707	1,962,756	2,300,851	324,068
Other income/(expenses):							
Interest income/(expense), net	3,439	25,815	29,880	4,209	(26,302)	80,749	11,373
Fair value adjustments related to Consolidated ABFE	(2,962)	(8,104)	(13,394)	(1,887)	18,900	(50,171)	(7,066)
Others, net	11,991	5,177	8,504	1,197	30,921	20,000	2,817
Total other income	12,468	22,888	24,990	3,519	23,519	50,578	7,124
Income before provision for income taxes	644,520	716,332	712,086	100,295	1,495,383	2,645,360	372,591
Income tax expense	159,285	161,917	140,818	19,833	300,512	565,163	79,601
Net income	485,235	554,415	571,268	80,462	1,194,871	2,080,197	292,990
Weighted average number of ordinary shares outstanding, basic	179,211,437	176,866,653	175,445,539	175,445,539	174,695,959	176,749,706	176,749,706
Basic income per share	2.7076	3.1346	3.2561	0.4586	6.8397	11.7692	1.6577
Basic income per ADS	5.4152	6.2692	6.5122	0.9172	13.6794	23.5384	3.3154
Weighted average number of ordinary shares outstanding, diluted	179,628,555	178,366,565	177,106,305	177,106,305	175,391,332	178,688,319	178,688,319
Diluted income per share	2.7013	3.1083	3.2256	0.4543	6.8126	11.6415	1.6397
Diluted income per ADS	5.4026	6.2166	6.4512	0.9086	13.6252	23.2830	3.2794

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,	September 30,	December 31,	December 31,	December 31,	December 31,	December 31,
	2022	2023	2023	2023	2022	2023	2023
	RMB	RMB	RMB	USD	RMB	RMB	USD
Unaudited Condensed Consolidated Cash Flow Data							
Net cash generated from operating activities	471,890	645,416	417,232	58,765	1,849,430	2,171,013	305,780
Net cash provided by/(used in) investing activities	283,145	(393,919)	(260,331)	(36,667)	52,559	100,045	14,091
Net cash (used in)/provided by financing activities	(54,551)	(502,636)	332,309	46,805	(489,123)	(569,278)	(80,181)
Effect of foreign exchange rate changes	(1,107)	2,395	(6,414)	(903)	2,485	(3,871)	(545)
Net increase in cash, cash equivalents and restricted cash	699,377	(248,744)	482,796	68,000	1,415,351	1,697,909	239,145
Cash, cash equivalents and restricted cash, beginning of period	3,661,318	5,824,552	5,575,808	785,336	2,945,344	4,360,695	614,191
Cash, cash equivalents and restricted cash, end of period	4,360,695	5,575,808	6,058,604	853,336	4,360,695	6,058,604	853,336

Balance Sheets

Unaudited Condensed Consolidated Balance Sheets (in thousands)

	As of			
	December 31, 2022	September 30, 2023	December 31, 2023	December 31, 2023
	RMB	RMB	RMB	USD
Cash and cash equivalents	4,271,899	5,437,972	5,791,333	815,692
Restricted cash	88,796	137,836	267,271	37,644
Trading securities	-	74,185	76,053	10,712
Accounts receivable	221,004	432,824	499,027	70,287
Contract assets, net	626,739	826,088	978,051	137,756
Contract cost	787	271	32	4
Prepaid expenses and other assets	321,411	272,577	426,511	60,073
Loans at fair value	54,049	534,687	677,835	95,471
Financing receivables	514,388	162,411	116,164	16,361
Amounts due from related parties	1,266,232	940,472	820,181	115,520
Held-to-maturity investments	2,700	4,820	10,420	1,468
Available-for-sale investments	972,738	338,069	438,084	61,703
Property, equipment and software, net	77,256	73,446	79,158	11,149
Deferred tax assets	84,187	88,231	73,414	10,340
Right-of-use assets	33,909	27,352	23,382	3,293
Total assets	8,536,095	9,351,241	10,276,916	1,447,473
Accounts payable	14,144	38,025	30,902	4,353
Amounts due to related parties	227,724	27,664	14,414	2,030
Deferred revenue	65,539	27,150	54,044	7,612
Payable to third-party credit assurance program	-	-	-	-
Payable to investors at fair value	-	99,954	445,762	62,784
Accrued expenses and other liabilities	1,315,006	1,483,190	1,500,522	211,344
Secured borrowings	767,900	-	-	-
Deferred tax liabilities	79,740	118,543	122,075	17,194
Lease liabilities	35,229	27,709	23,648	3,331
Total liabilities	2,505,282	1,822,235	2,191,367	308,648
Ordinary shares	129	130	130	18
Additional paid-in capital	5,160,783	5,169,821	5,171,232	728,353
Treasury stock	(46,734)	(81,501)	(94,851)	(13,359)
Accumulated other comprehensive income	7,765	25,873	23,669	3,333
Retained earnings	908,870	2,414,683	2,985,369	420,480
Total equity	6,030,813	7,529,006	8,085,549	1,138,825
Total liabilities and equity	8,536,095	9,351,241	10,276,916	1,447,473

Operating Highlights

Operating Highlights and Reconciliation of GAAP to Non-GAAP Measures

(in thousands, except for number of borrowers, number of insurance clients, cumulative number of insurance clients 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,
	2022	2023	2023	2023	2022	2023	2023
	RMB	RMB	RMB	USD	RMB	RMB	USD
Operating Highlights							
Amount of loans facilitated	6,783,523	9,814,359	11,645,528	1,640,238	22,623,101	36,036,301	5,075,607
Number of borrowers	862,226	1,204,012	1,371,501	1,371,501	1,606,893	2,891,901	2,891,901
Remaining principal of performing loans	11,259,763	15,090,800	18,251,550	2,570,677	11,259,763	18,251,550	2,570,677
Cumulative number of insurance clients	924,824	1,256,762	1,283,102	1,283,102	924,824	1,283,102	1,283,102
Number of insurance clients	85,314	123,693	102,556	102,556	431,701	358,278	358,278
Gross written premiums	1,335,488	1,428,484	1,208,717	170,244	3,936,588	4,893,042	689,171
First year premium	665,452	914,839	536,252	75,529	2,737,062	3,180,334	447,941
Renewal premium	670,036	513,645	672,465	94,715	1,199,526	1,712,708	241,230
Gross merchandise volume	292,086	563,224	692,733	97,569	687,848	1,960,344	276,109
Segment Information							
Financial services business:							
Revenue	639,167	667,966	781,306	110,045	1,959,732	2,515,119	354,247
Sales and marketing expenses	58,016	146,369	186,304	26,240	383,950	498,055	70,150
Origination, servicing and other operating costs	38,085	59,300	77,598	10,929	151,539	223,468	31,475
Insurance brokerage business:							
Revenue	199,027	264,611	98,158	13,825	731,797	963,822	135,751
Sales and marketing expenses	2,634	3,175	3,578	504	17,417	12,887	1,815
Origination, servicing and other operating costs	137,256	176,182	98,019	13,806	524,767	697,669	98,265
Consumption & lifestyle business and others:							
Revenue	249,882	378,197	394,846	55,613	743,091	1,416,692	199,537
Sales and marketing expenses	42,777	46,170	15,848	2,233	172,607	145,661	20,516
Origination, servicing and other operating costs	36,250	9,878	9,083	1,279	100,535	55,035	7,751
Reconciliation of Adjusted EBITDA							
Net income	485,235	554,415	571,268	80,462	1,194,871	2,080,197	292,990
Interest (income)/expense, net	(3,439)	(25,815)	(29,880)	(4,209)	26,302	(80,749)	(11,373)
Income tax expense	159,285	161,917	140,818	19,833	300,512	565,163	79,601
Depreciation and amortization	2,537	1,664	1,806	254	26,430	7,116	1,002
Share-based compensation	1,494	513	828	117	22,136	6,751	951
Adjusted EBITDA	645,112	692,694	684,840	96,457	1,570,251	2,578,478	363,171
Adjusted EBITDA margin	59.3%	52.8%	53.7%	53.7%	45.7%	52.7%	52.7%

Delinquency Rates

	Delinquency Rates		
	15-29 days	30-59 days	60-89 days
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%
December 31, 2022	0.7%	1.3%	1.1%
March 31, 2023	0.6%	1.2%	1.2%
June 30, 2023	0.7%	1.1%	1.1%
September 30, 2023	0.8%	1.2%	1.0%
December 31, 2023	0.9%	1.4%	1.2%

NCOs

Net Charge-Off Rate			
Loan Issued Period	Amount of Loans Facilitated During the Period (in RMB thousands)	Accumulated M3+ Net Charge-Off as of December 31, 2023 (in RMB thousands)	Total Net Charge- Off Rate as of December 31, 2023
2019	3,431,443	387,239	11.3%
2020	9,614,819	746,687	7.8%
2021	23,195,224	1,481,751	6.4%
2022	22,623,101	1,070,819	4.7%
2023Q1-Q3	24,390,773	694,391	2.8%

NCOs by Vintage

M3+ Net Charge-Off Rate

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THANKS!

For more information, please contact our IR team at ir@yiren.com
Welcome to follow us on our LinkedIn and X accounts **@Yiren Digital Ltd.**