

Yiren Digital Investor Presentation

2Q 2023



Disclaimer

This presentation has been prepared by Yiren Digital solely for information purposes. This presentation does not constitute an offer to sell or issue or an invitation or recommendation to purchase or subscribe for any securities of the Company for sale in the United States or anywhere else.

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.

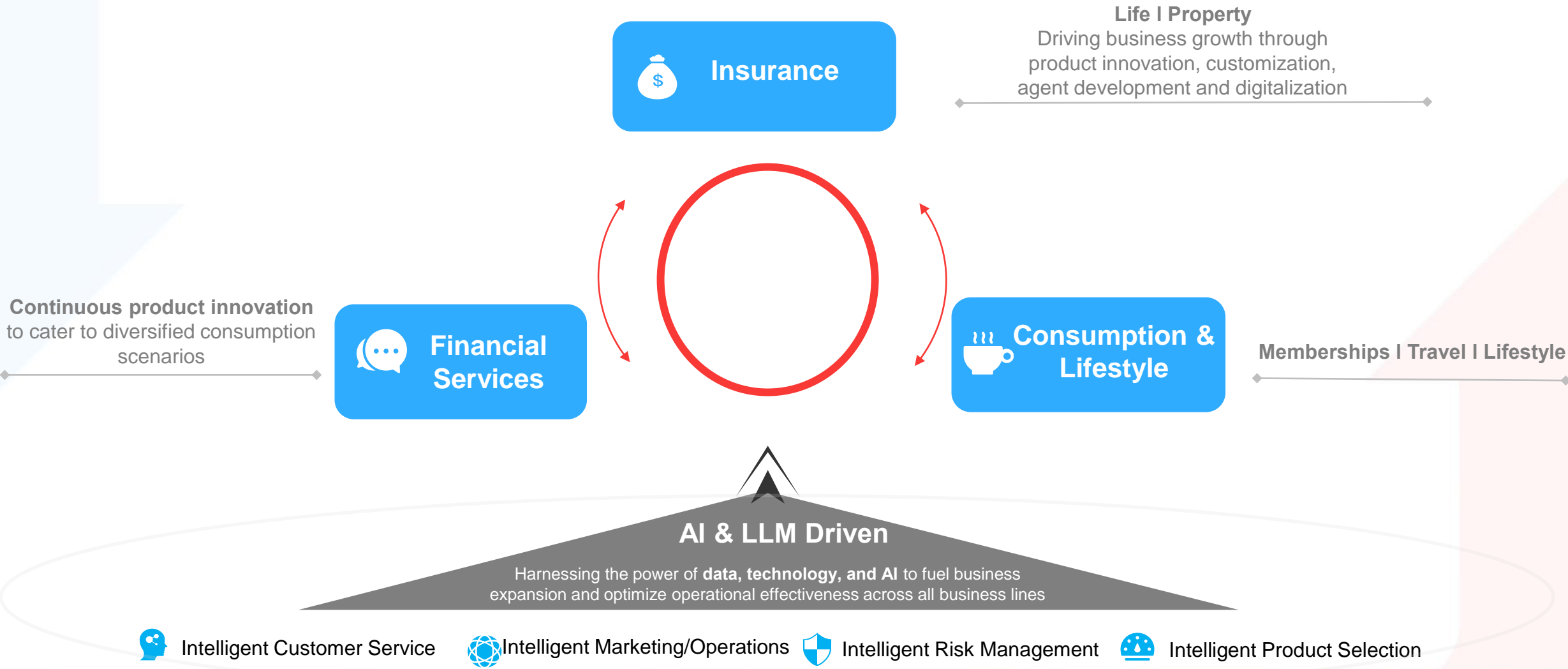
Such statements are based upon management’s current expectations and current market and operating conditions, and relate to events that involve known or unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond Yiren Digital’s control. Forward-looking 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 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.

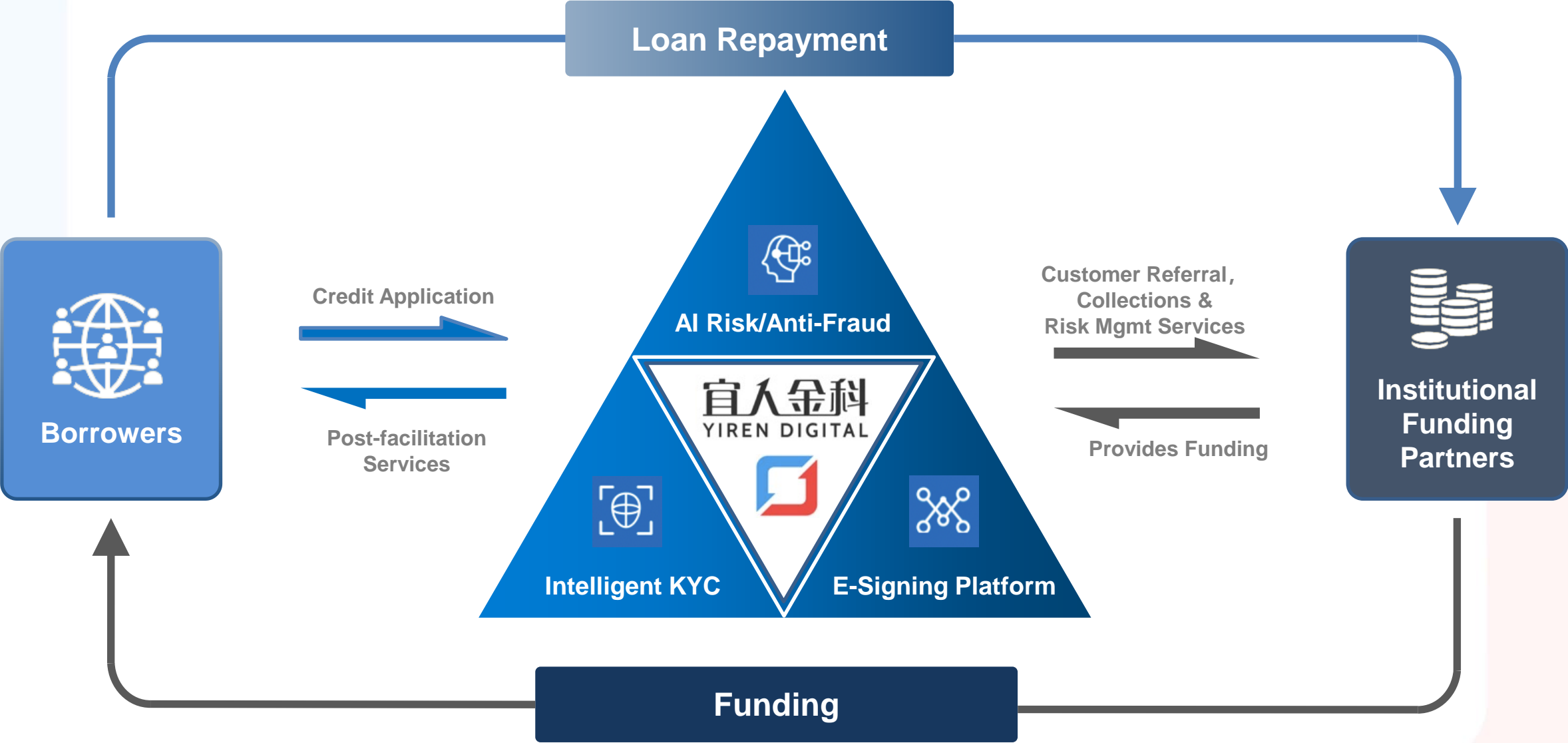
Further information regarding these and other risks, uncertainties or factors is included in Yiren Digital’s filings with the U.S. Securities and Exchange Commission. All information provided in this material is as of the date of this material, and Yiren Digital does not undertake any obligation to update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

Company Overview

We are an AI- Driven One-stop Financial & Lifestyle Services Platform



Financial Services: Technology Driven Loan Facilitation Model



Acquire High-Quality Borrowers through Diversified Consumption Scenarios



Average Principal Amt
~RMB4k-6k



Loan Tenure
3, 6, 9 or 12 months



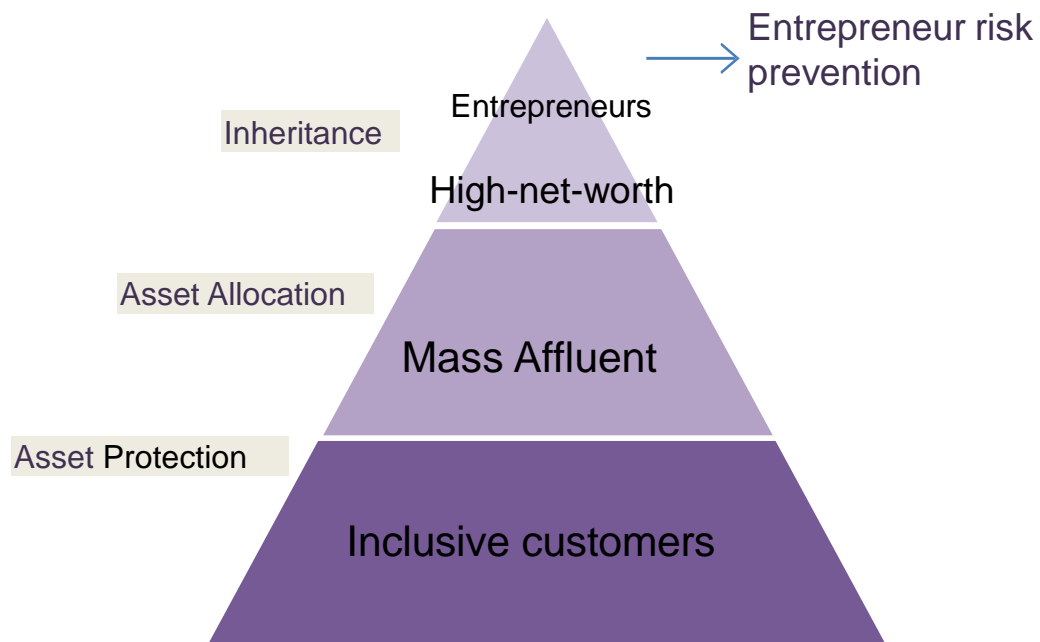
Target Customer Base
Young & Tech-savvy | Small Business Owners

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

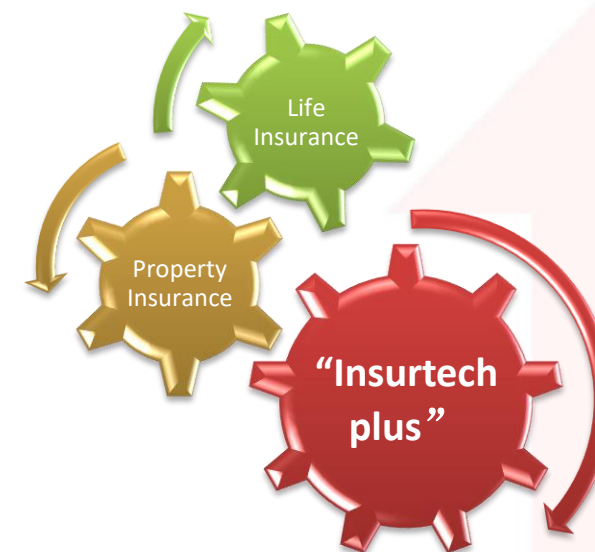
Customer Acquisition



Multi-layer of customer needs



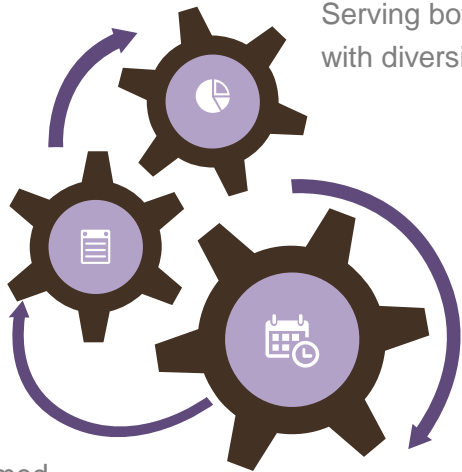
Product Strategy



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.

Rich Application Scenarios

Medicine & Healthcare



Travel & Leisure



Wealth & Finance



Agriculture & Fisheries



Customization & Digitalization

Servicing Capabilities

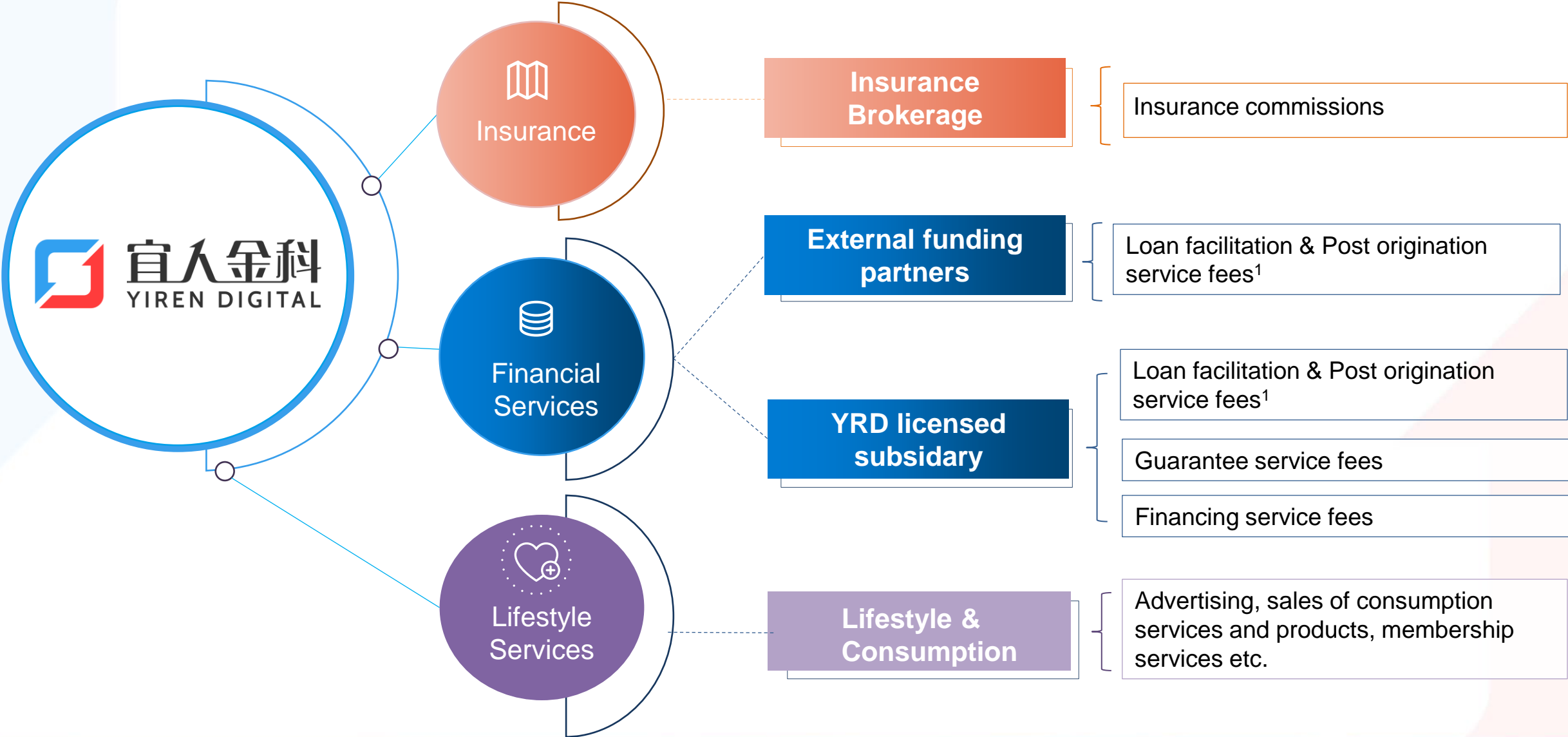
Tech-driven KYC

Property Insurance + Life Insurance

Insurance Ecosystem



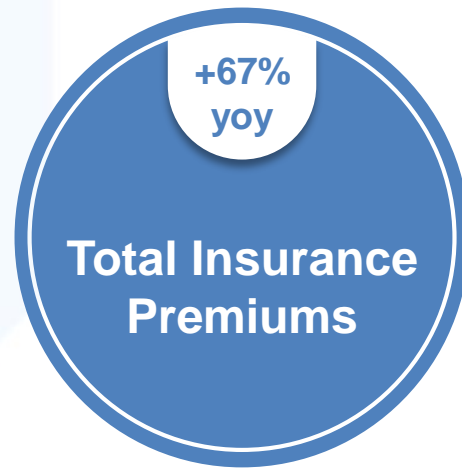
Revenue Models and Monetization



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

Key Financial & Operational Highlights

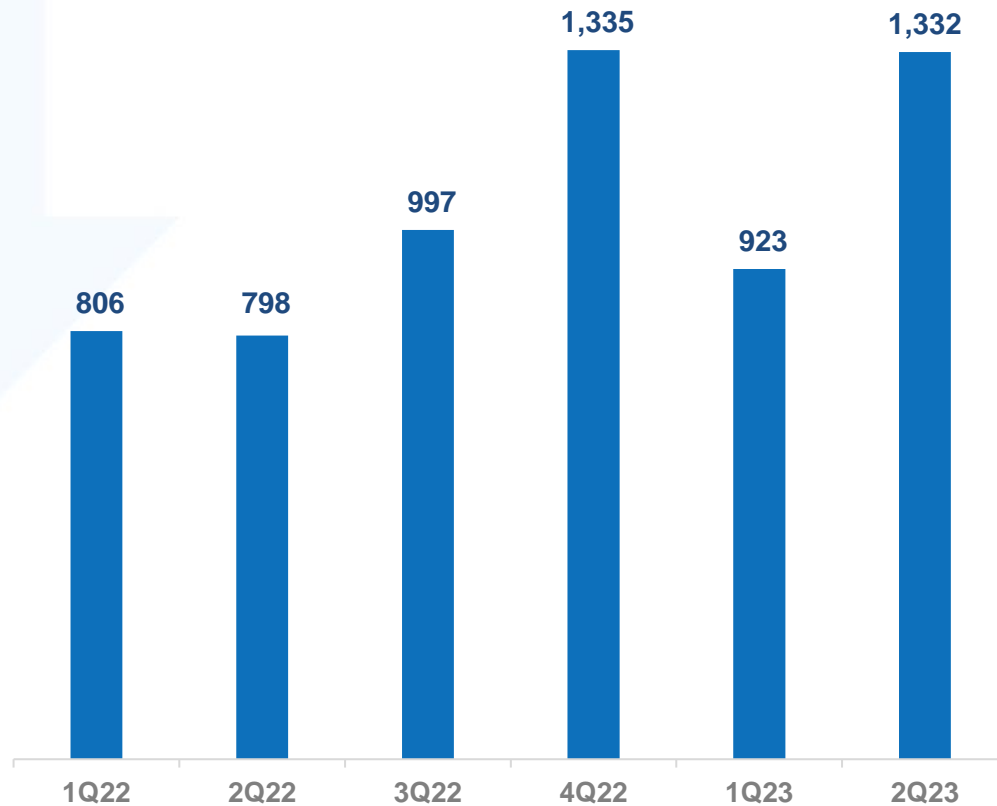
What We Achieved in 2Q23



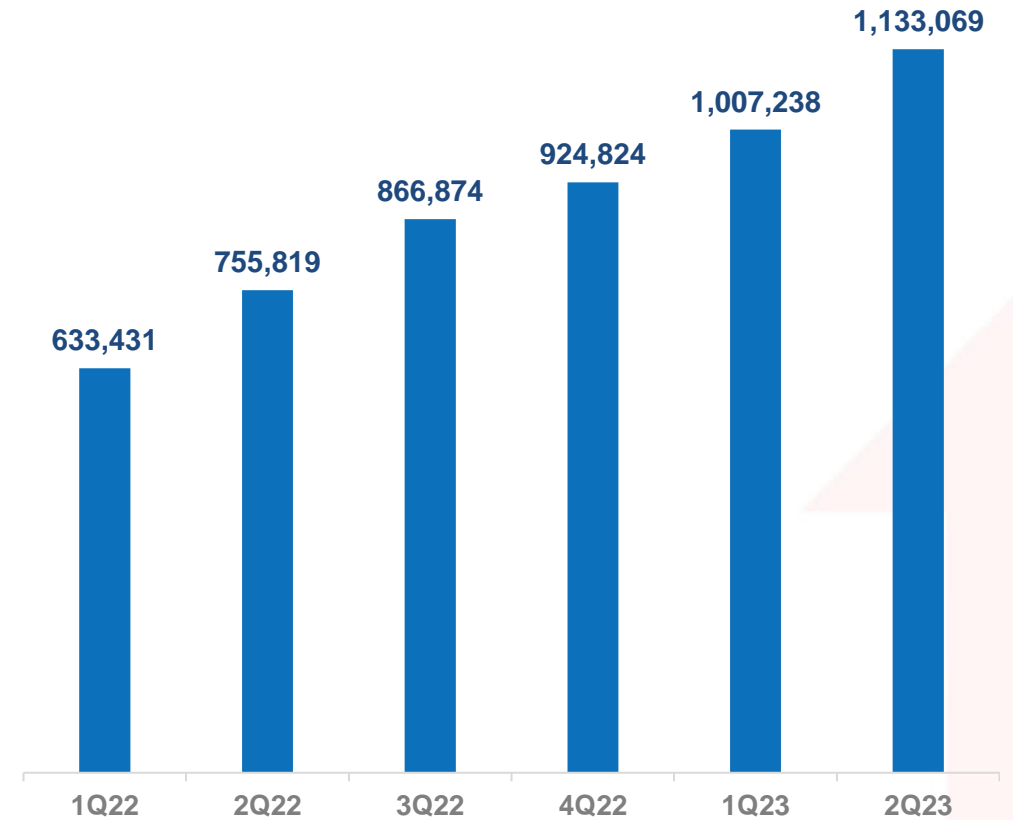
Insurance Business : Key Growth Pillar

Gross Written Premiums

(RMB Million)

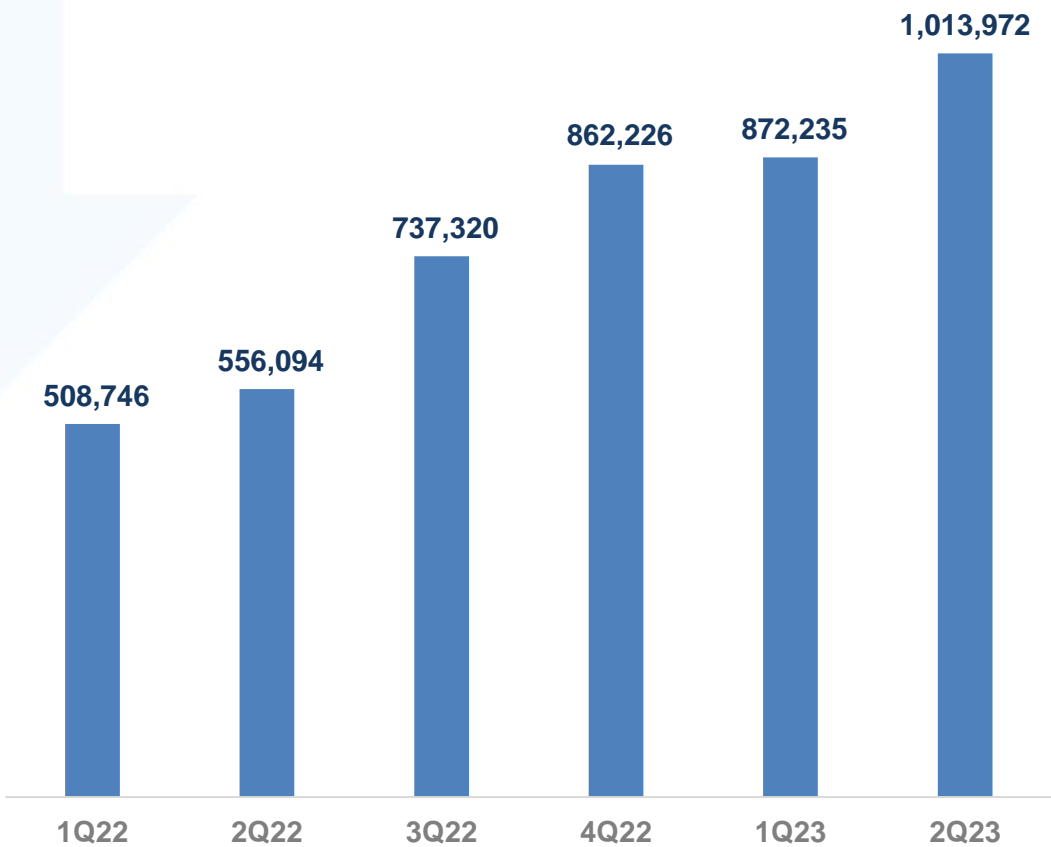


Cumulative Number of Insurance Clients



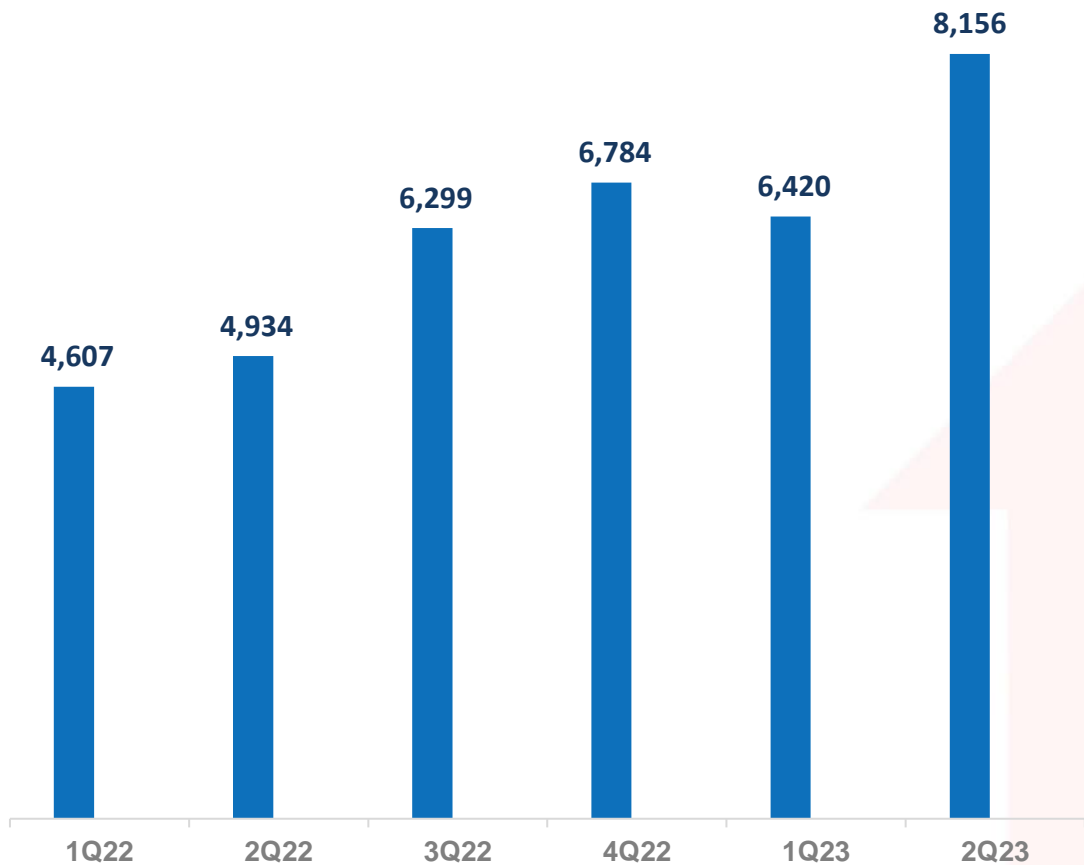
Continuous Expansion in Borrower Base Driving Stable Volume Growth

Number of Borrowers



Loans Facilitated

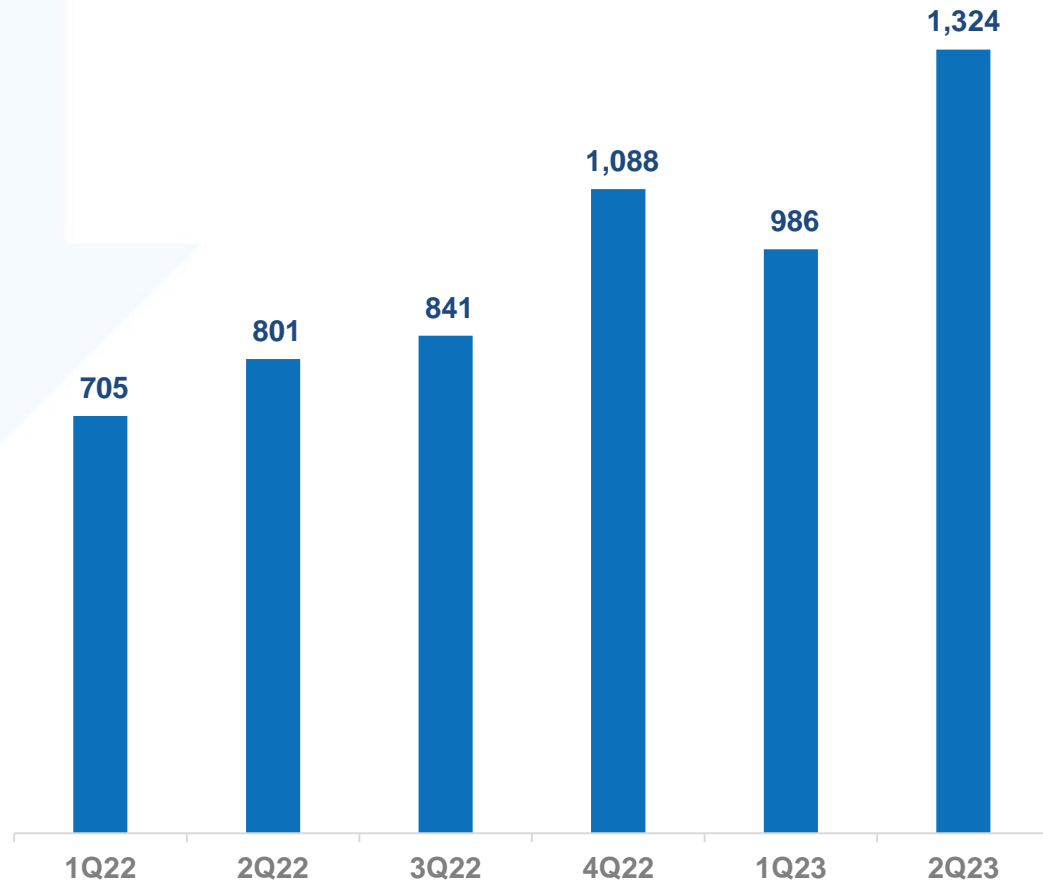
(RMB Million)



Robust Revenue and Profitability through Challenging Environments

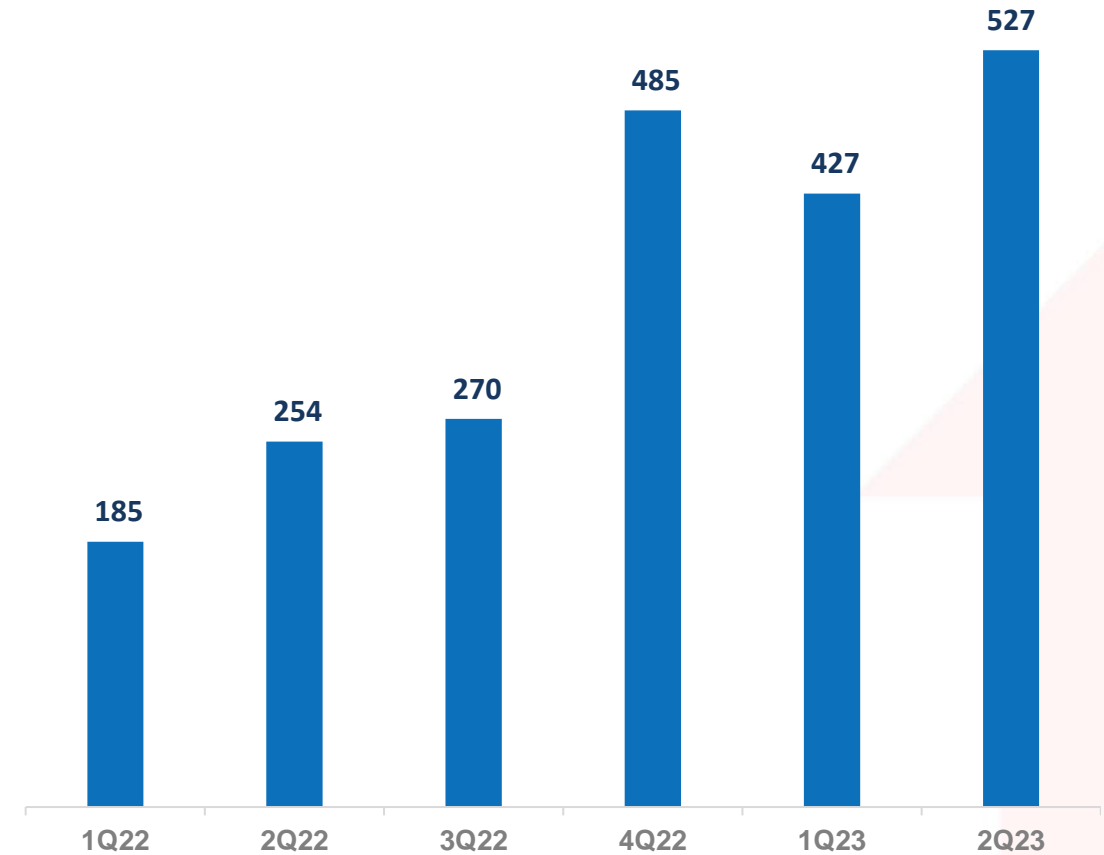
Net Revenue

(RMB Million)

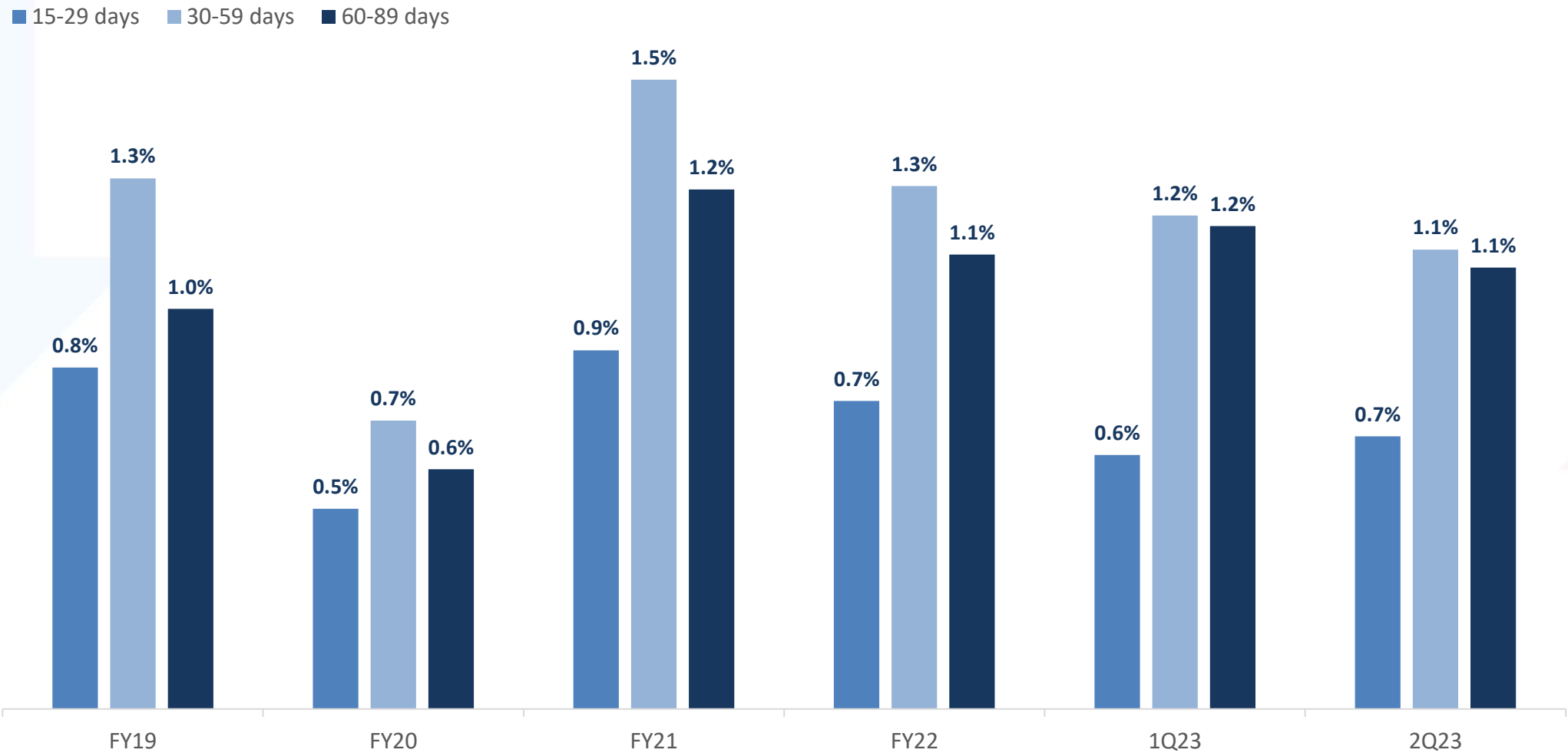


GAAP Net Income

(RMB Million)



Delinquency Rates



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 skyscrapers and buildings. Some buildings have their lights on, and a few have distinctive architectural features like a pyramid-shaped roof. A river or body of water is visible on the left side of the image.

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 Six Months Ended		
	June 30, 2022	March 31, 2023	June 30, 2023	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2023
	RMB	RMB	RMB	USD	RMB	RMB	USD
Net revenue:							
Loan facilitation services	273,725	417,165	514,353	70,933	503,386	931,518	128,462
Post-origination services	55,311	6,316	5,273	727	92,287	11,589	1,598
Insurance brokerage services	188,570	196,358	404,695	55,810	343,751	601,053	82,889
Financing services	78,530	22,577	14,896	2,054	188,141	37,473	5,168
Electronic commerce services	70,977	242,858	287,725	39,679	120,788	530,583	73,171
Others	134,011	101,069	97,264	13,413	257,536	198,333	27,351
Total net revenue	801,124	986,343	1,324,206	182,616	1,505,889	2,310,549	318,639
Operating costs and expenses:							
Sales and marketing	157,958	106,212	148,947	20,541	334,141	255,159	35,188
Origination, servicing and other operating costs	188,687	199,745	346,367	47,766	341,628	546,112	75,312
General and administrative	111,964	92,550	96,741	13,341	228,512	189,291	26,104
Allowance for contract assets, receivables and others	65,575	44,905	60,840	8,390	97,402	105,745	14,584
Total operating costs and expenses	524,184	443,412	652,895	90,038	1,001,683	1,096,307	151,188
Other (expenses)/income:							
Interest (expense)/income, net	(3,790)	14,519	10,535	1,453	(29,363)	25,054	3,455
Fair value adjustments related to Consolidated ABFE	15,020	(11,203)	(17,470)	(2,409)	19,785	(28,673)	(3,954)
Others, net	8,481	3,589	2,730	376	15,895	6,319	872
Total other income/(expenses)	19,711	6,905	(4,205)	(580)	6,317	2,700	373
Income before provision for income taxes	296,651	549,836	667,106	91,998	510,523	1,216,942	167,824
Income tax expense	42,163	122,670	139,758	19,273	71,207	262,428	36,190
Net income	254,488	427,166	527,348	72,725	439,316	954,514	131,634
Weighted average number of ordinary shares outstanding, basic	170,008,652	177,782,059	176,929,176	176,929,176	170,005,103	177,353,262	177,353,262
Basic income per share	1.4969	2.4028	2.9806	0.4110	2.5841	5.3820	0.7422
Basic income per ADS	2.9938	4.8056	5.9612	0.8220	5.1682	10.7640	1.4844
Weighted average number of ordinary shares outstanding, diluted	170,871,232	180,180,975	179,124,032	179,124,032	170,932,908	179,650,148	179,650,148
Diluted income per share	1.4894	2.3708	2.9440	0.4060	2.5701	5.3132	0.7327
Diluted income per ADS	2.9788	4.7416	5.8880	0.8120	5.1402	10.6264	1.4654

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 Six Months Ended		
	June 30, 2022	March 31, 2023	June 30, 2023	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2023
	RMB	RMB	RMB	USD	RMB	RMB	USD
Unaudited Condensed Consolidated Cash Flow Data							
Net cash generated from operating activities	666,901	390,307	718,058	99,026	1,034,652	1,108,365	152,852
Net cash provided by/(used in) investing activities	255,693	774,283	(19,988)	(2,757)	604,478	754,295	104,022
Net cash used in financing activities	(50,166)	(392,831)	(6,120)	(844)	(158,374)	(398,951)	(55,018)
Effect of foreign exchange rate changes	1,580	(181)	329	45	1,308	148	20
Net increase in cash, cash equivalents and restricted cash	874,008	771,578	692,279	95,470	1,482,064	1,463,857	201,876
Cash, cash equivalents and restricted cash, beginning of period	3,553,400	4,360,695	5,132,273	707,773	2,945,344	4,360,695	601,367
Cash, cash equivalents and restricted cash, end of period	4,427,408	5,132,273	5,824,552	803,243	4,427,408	5,824,552	803,243

Balance Sheets

Unaudited Condensed Consolidated Balance Sheets				
(in thousands)				
	As of			
	December 31, 2022	March 31, 2023	June 30, 2023	June 30, 2023
	RMB	RMB	RMB	USD
Cash and cash equivalents	4,271,899	5,077,211	5,808,775	801,067
Restricted cash	88,796	55,062	15,777	2,176
Accounts receivable	221,004	320,440	490,680	67,666
Contract assets, net	626,739	609,969	694,507	95,777
Contract cost	787	480	356	49
Prepaid expenses and other assets	321,411	258,786	297,018	40,961
Loans at fair value	54,049	175,411	412,389	56,871
Financing receivables	514,388	371,196	252,878	34,874
Amounts due from related parties	1,266,232	1,281,348	1,098,164	151,444
Held-to-maturity investments	2,700	3,320	5,820	803
Available-for-sale investments	972,738	250,788	102,594	14,148
Property, equipment and software, net	77,256	75,726	73,991	10,204
Deferred tax assets	84,187	90,855	92,359	12,737
Right-of-use assets	33,909	29,606	25,424	3,506
Total assets	8,536,095	8,600,198	9,370,732	1,292,283
Accounts payable	14,144	19,887	66,738	9,203
Amounts due to related parties	227,724	247,717	338,779	46,720
Deferred revenue	65,539	36,555	32,450	4,475
Accrued expenses and other liabilities	1,315,006	1,342,251	1,427,016	196,795
Secured borrowings	767,900	392,100	392,100	54,073
Deferred tax liabilities	79,740	84,824	100,178	13,815
Lease liabilities	35,229	30,274	26,930	3,714
Total liabilities	2,505,282	2,153,608	2,384,191	328,795
Ordinary shares	129	129	130	18
Additional paid-in capital	5,160,783	5,164,104	5,168,632	712,787
Treasury stock	(46,734)	(61,046)	(66,914)	(9,228)
Accumulated other comprehensive income	7,765	8,599	23,748	3,275
Retained earnings	908,870	1,334,804	1,860,945	256,636
Total equity	6,030,813	6,446,590	6,986,541	963,488
Total liabilities and equity	8,536,095	8,600,198	9,370,732	1,292,283

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 Six Months Ended		
	June 30, 2022	March 31, 2023	June 30, 2023	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2023
	RMB	RMB	RMB	USD	RMB	RMB	USD
Operating Highlights							
Gross written premiums	797,881	923,382	1,332,458	183,754	1,604,236	2,255,841	311,095
First year premium	764,318	627,314	1,101,928	151,962	1,304,360	1,729,243	238,474
Renewal premium	33,563	296,068	230,530	31,792	299,876	526,598	72,621
Number of insurance clients	132,727	80,856	135,449	135,449	266,199	212,414	212,414
Cumulative number of insurance clients	755,819	1,007,238	1,133,069	1,133,069	755,819	1,133,069	1,133,069
Amount of loans facilitated	4,934,167	6,420,213	8,156,201	1,124,792	9,541,056	14,576,413	2,010,179
Number of borrowers	556,094	872,235	1,013,972	1,013,972	827,767	1,457,736	1,457,736
Remaining principal of performing loans	10,613,125	11,129,221	12,768,448	1,760,850	10,613,125	12,768,448	1,760,850
Gross merchandise volume	87,117	308,567	395,820	54,586	146,138	704,387	97,139
Segment Information							
Insurance Brokerage Business:							
Revenue	188,570	196,358	404,695	55,810	343,751	601,053	82,889
Sales and marketing expenses	7,046	2,289	3,845	530	12,218	6,134	846
Origination, servicing and other operating costs	141,338	133,617	289,851	39,972	234,528	423,468	58,399
Financial Services Business:							
Revenue	436,723	483,873	581,974	80,258	827,196	1,065,847	146,987
Sales and marketing expenses	99,661	62,218	103,164	14,227	237,220	165,382	22,807
Origination, servicing and other operating costs	33,833	47,609	38,961	5,373	73,503	86,570	11,940
Consumption & Lifestyle Business and others:							
Revenue	175,831	306,112	337,537	46,548	334,942	643,649	88,763
Sales and marketing expenses	51,251	41,705	41,938	5,784	84,703	83,643	11,535
Origination, servicing and other operating costs	13,516	18,519	17,555	2,421	33,597	36,074	4,973
Reconciliation of Adjusted EBITDA							
Net income	254,488	427,166	527,348	72,725	439,316	954,514	131,634
Interest expense/(income), net	3,790	(14,519)	(10,535)	(1,453)	29,363	(25,054)	(3,455)
Income tax expense	42,163	122,670	139,758	19,273	71,207	262,428	36,190
Depreciation and amortization	9,119	1,868	1,778	245	15,379	3,646	503
Share-based compensation	3,382	2,089	3,321	458	4,882	5,410	746
Adjusted EBITDA	312,942	539,274	661,670	91,248	560,147	1,200,944	165,618
Adjusted EBITDA margin	39.1%	54.7%	50.0%	50.0%	37.2%	52.0%	52.0%

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%		

Net Charge-Off Rate			
Loan Issued Period	Amount of Loans Facilitated During the Period	Accumulated M3+ Net Charge-Off as of June 30, 2023	Total Net Charge-Off Rate as of June 30, 2023
	(in RMB thousands)	(in RMB thousands)	
2019	3,431,443	392,882	11.4%
2020	9,614,819	767,540	8.0%
2021	23,195,224	1,520,740	6.6%
2022	22,623,101	871,590	3.9%
2023Q1	6,420,213	38,654	0.6%

Loan Issued Period	M3+ Net Charge-Off Rate										
	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%	7.8%
2020Q2	0.5%	2.5%	4.2%	5.3%	6.1%	6.7%	7.5%	8.1%	8.2%	8.2%	8.2%
2020Q3	1.1%	3.3%	5.1%	6.3%	7.1%	8.1%	8.7%	8.8%	8.8%	8.7%	
2020Q4	0.3%	1.8%	3.2%	4.6%	6.0%	7.0%	7.4%	7.5%	7.5%		
2021Q1	0.4%	2.3%	3.9%	5.5%	6.6%	6.9%	7.1%	7.1%			
2021Q2	0.4%	2.4%	4.5%	5.9%	6.4%	6.5%	6.6%				
2021Q3	0.5%	3.1%	5.0%	5.9%	6.1%	6.2%					
2021Q4	0.6%	3.2%	4.6%	5.1%	5.2%						
2022Q1	0.6%	2.6%	3.4%	4.1%							
2022Q2	0.4%	1.6%	3.0%								
2022Q3	0.5%	2.7%									
2022Q4	0.6%										

An aerial photograph of a dense urban 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 filled with numerous skyscrapers and buildings, many of which are illuminated with lights. A prominent building with a golden, pyramid-shaped roof is visible in the lower center. A wide road with traffic is visible in the lower right. The word "THANKS!" is written in large, white, sans-serif capital letters across the middle of the image.

THANKS!