

Yiren Digital Investor Presentation

1Q23



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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.

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Company Overview



Credit-Tech



Holistic Wealth



Comprehensive Financial Management Solutions



Cash account
liquidity Management



Insurance account
Wealth Protection



Membership
account

Consumption + Business
Operation



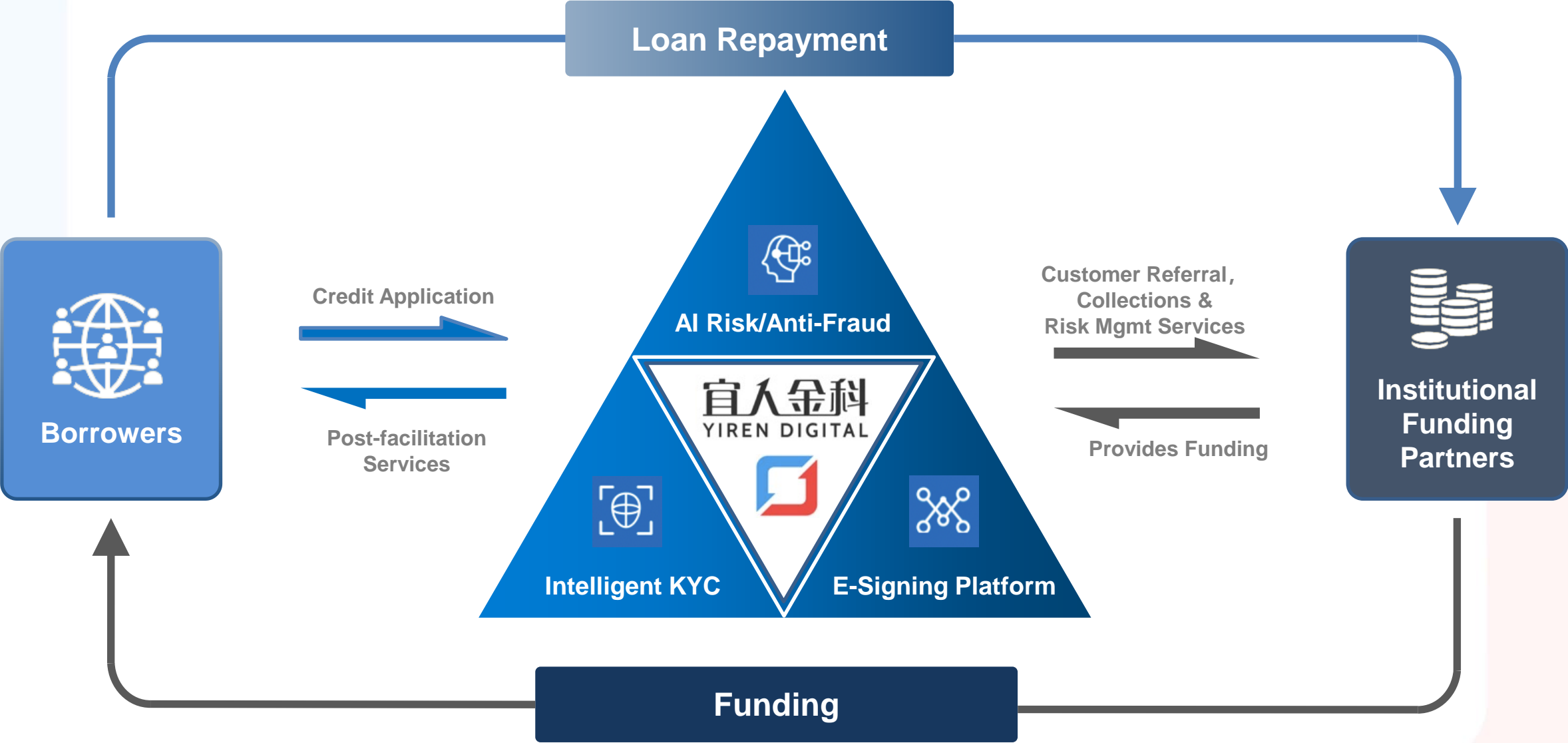
Protection




Others





Credit Tech: Technology Driven Loan Facilitation Model





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

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

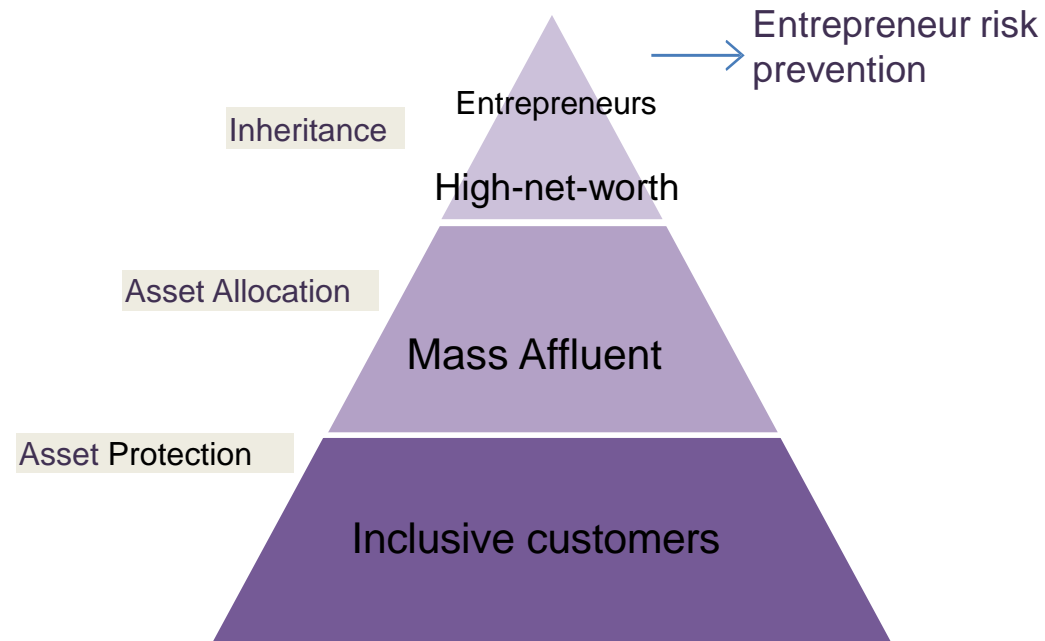
 **Target Customer Base**
Young & Tech-savvy | Small Business Owners

- **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

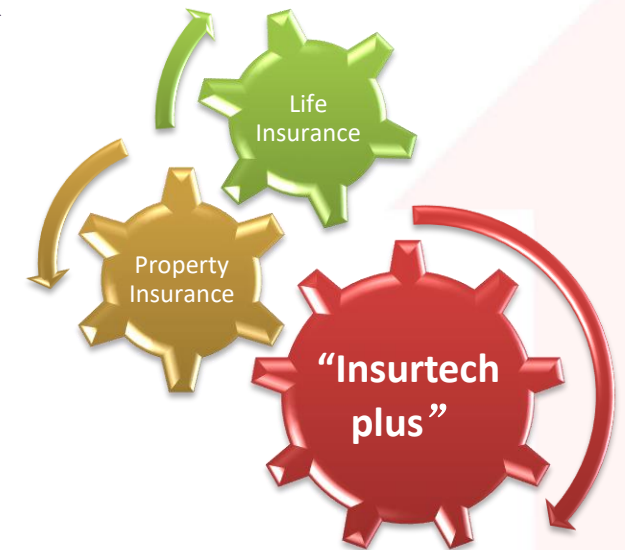
Customer Acquisition



Multi-layer of customer needs



Product Strategy



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



Wealth & Finance



Travel & Leisure



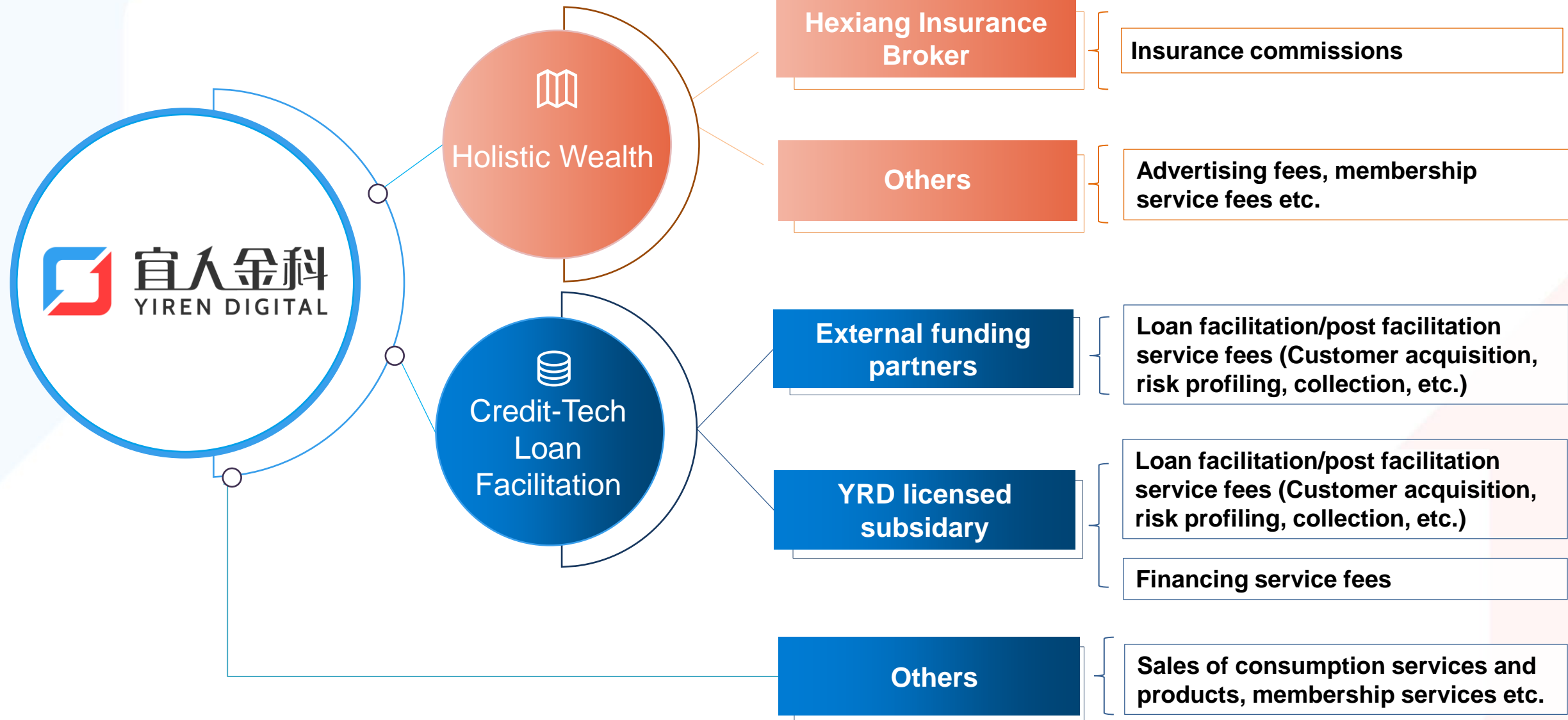
Agriculture & Fisheries



Property Insurance + Life Insurance

Insurance Ecosystem

Revenue Models and Monetization



Four Esstential Growth Pillars

Insurance

Driving business growth through product innovation, customization, agent development and digitalization

01

Credit

- **Continous product innovation** to cater to diversified consumption scenarios
- Expand presence into **emerging markets** and promote financial inclusiveness

02

Membership Services

Better engage existing users - improve retention and activeness

03

Data & Tech

Harnessing the power of **data, technology, and AI** to fuel business expansion and optimize operational effectiveness across all business lines

04

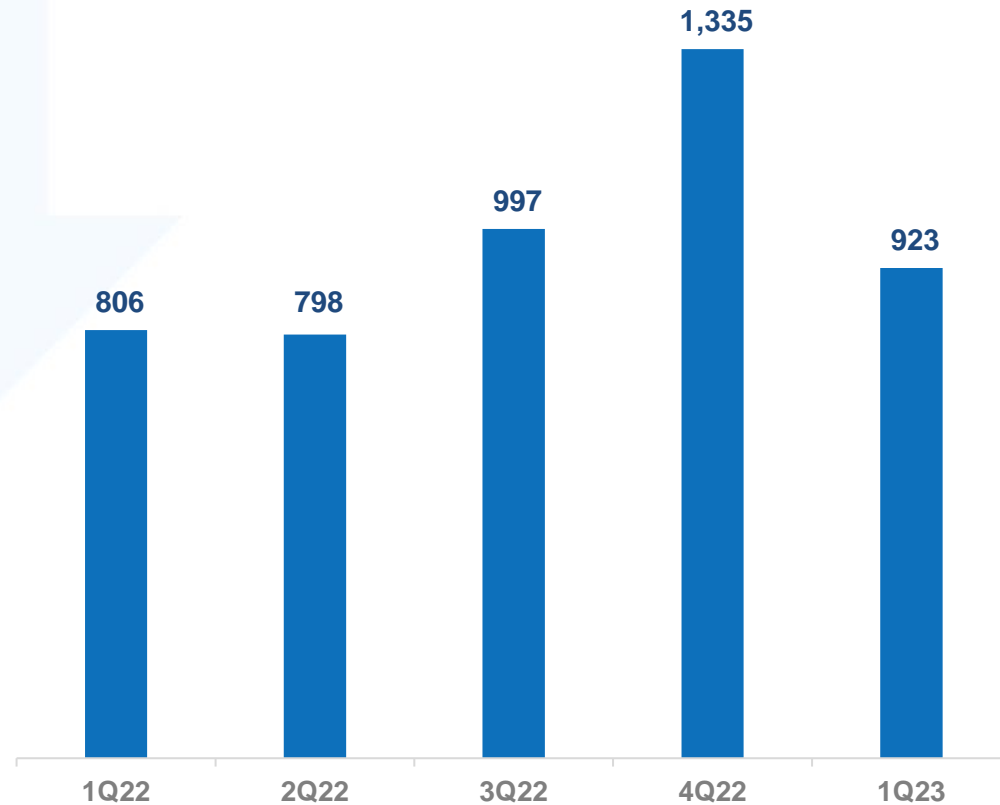
Key Financial & Operational Highlights

What We Achieved in 1Q23

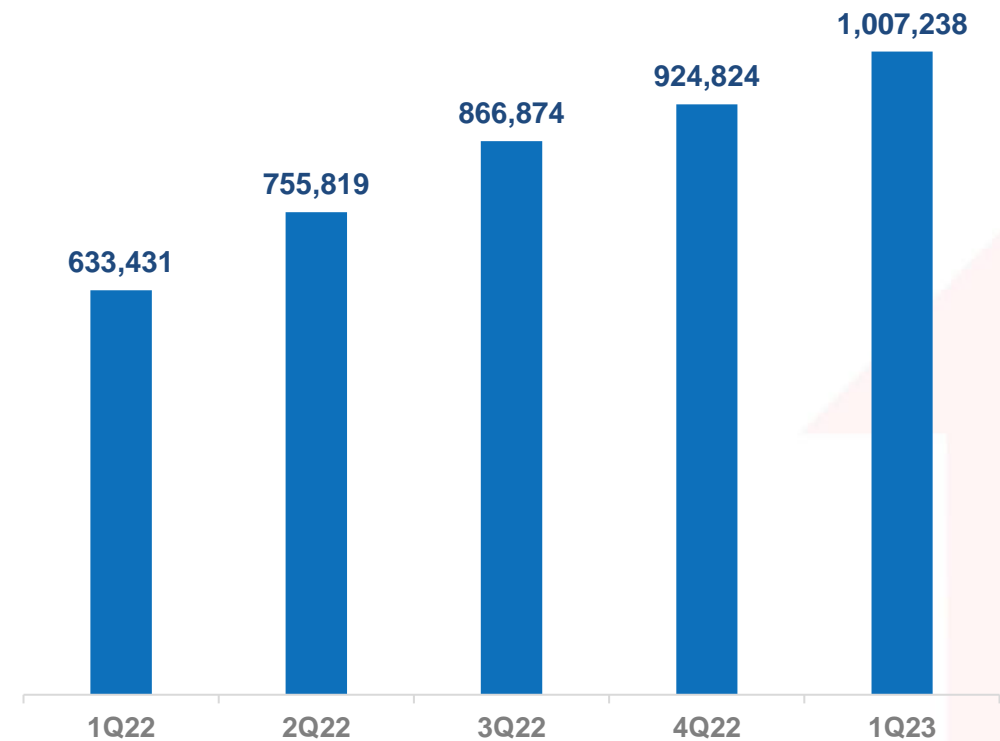


Gross Written Premiums

(RMB Million)



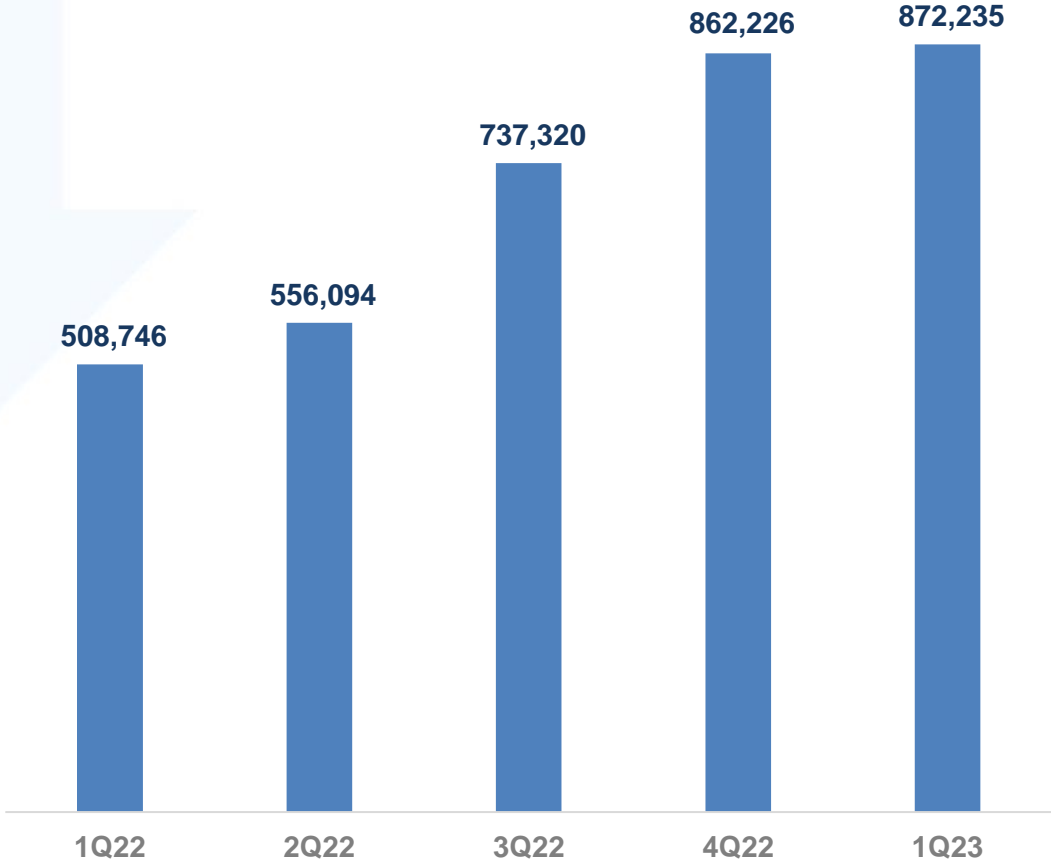
Cumulative Number of Insurance Clients



Continuous Expansion in Borrower Base Driving Stable Volume Growth

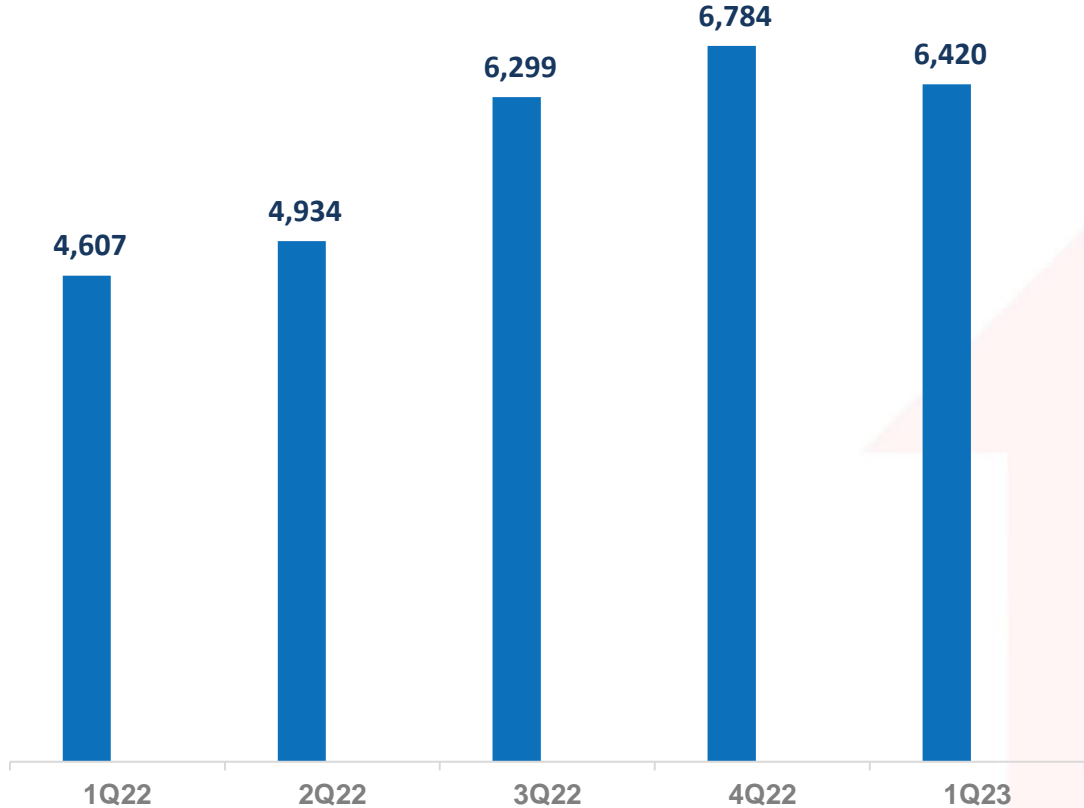


Number of Borrowers



Loans Facilitated

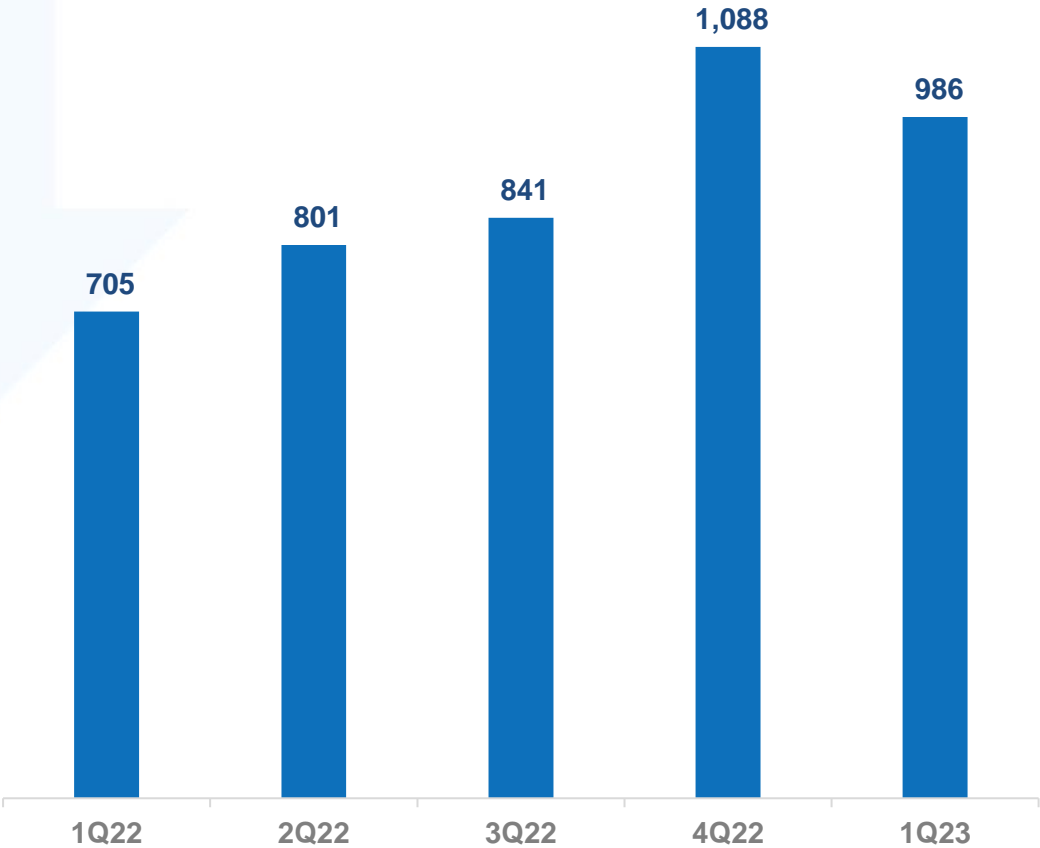
(RMB Million)



Robust Revenue and Profitability through Challenging Environments

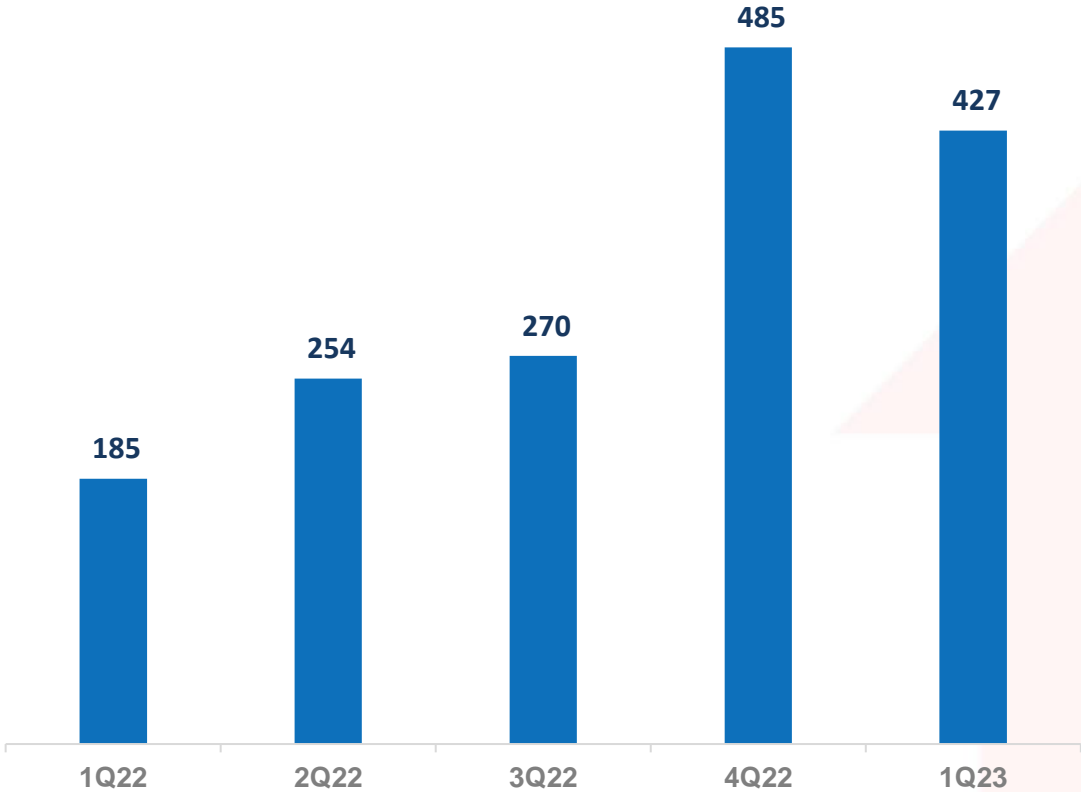
Net Revenue

(RMB Million)



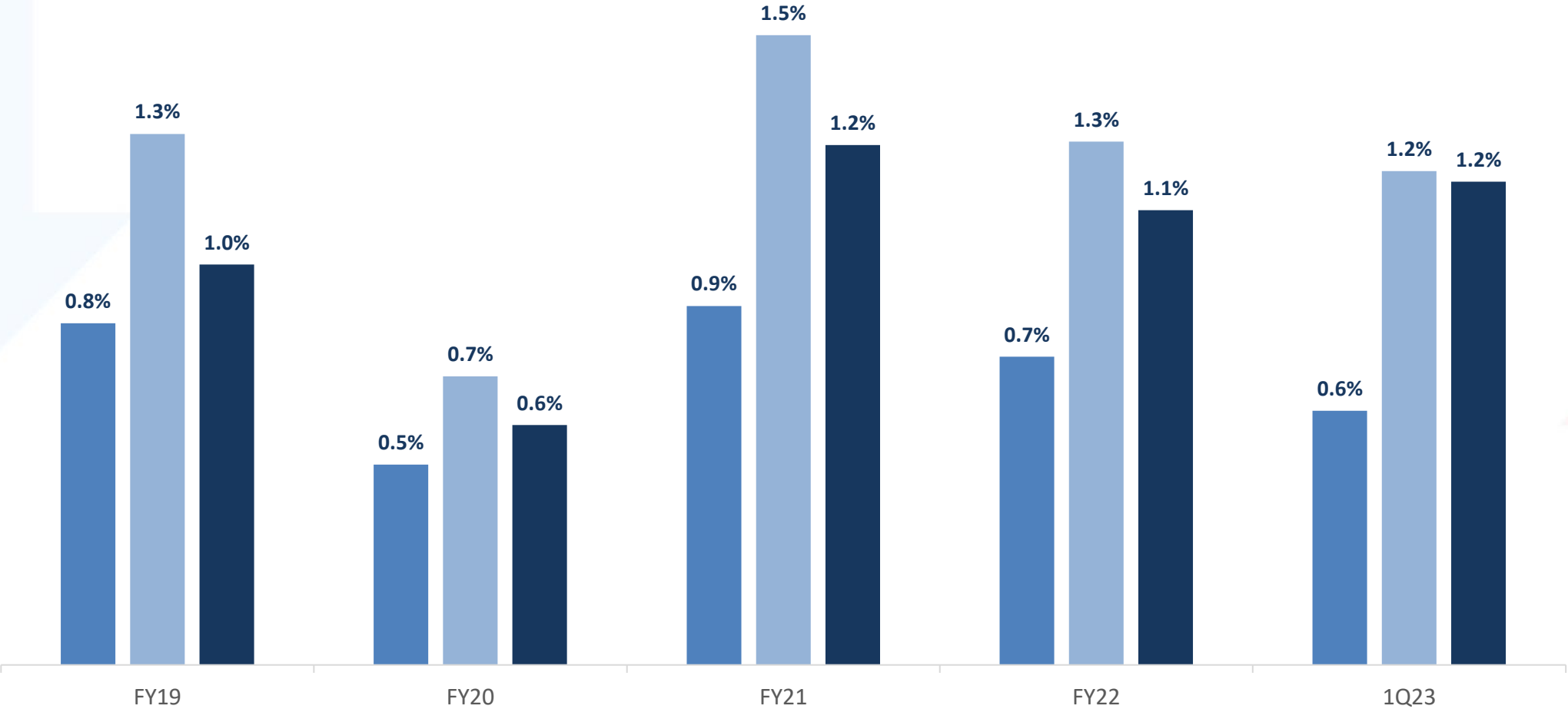
GAAP Net Income

(RMB Million)



Delinquency Rates

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



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.

Unaudited Condensed Consolidated Statements of Operations			
(in thousands, except for share, per share and per ADS data, and percentages)			
	For the Three Months Ended		
	March 31, 2022	March 31, 2023	March 31, 2023
	RMB	RMB	USD
Net revenue:			
Loan facilitation services	229,661	417,165	60,744
Post-origination services	36,976	6,316	920
Insurance brokerage services	155,181	196,358	28,591
Financing services	109,611	22,577	3,288
Electronic commerce services	49,811	242,858	35,363
Others	123,525	101,069	14,717
Total net revenue	704,765	986,343	143,623
Operating costs and expenses:			
Sales and marketing	176,183	106,212	15,466
Origination, servicing and other operating costs	152,941	199,745	29,085
General and administrative	116,548	92,550	13,476
Allowance for contract assets, receivables and others	31,827	44,905	6,539
Total operating costs and expenses	477,499	443,412	64,566
Other (expenses)/income:			
Interest (expense)/income, net	(25,573)	14,519	2,114
Fair value adjustments related to Consolidated ABFE	4,765	(11,203)	(1,631)
Others, net	7,414	3,589	522
Total other (expenses)/income	(13,394)	6,905	1,005
Income before provision for income taxes	213,872	549,836	80,062
Income tax expense	29,044	122,670	17,862
Net income	184,828	427,166	62,200
Weighted average number of ordinary shares outstanding, basic	170,001,178	177,782,059	177,782,059
Basic income per share	1.0872	2.4028	0.3499
Basic income per ADS	2.1744	4.8056	0.6998
Weighted average number of ordinary shares outstanding, diluted	171,071,430	180,180,975	180,180,975
Diluted income per share	1.0804	2.3708	0.3452
Diluted income per ADS	2.1608	4.7416	0.6904

Unaudited Condensed Consolidated Statements of Operations			
(in thousands, except for share, per share and per ADS data, and percentages)			
	For the Three Months Ended		
	March 31, 2022	March 31, 2023	March 31, 2023
	RMB	RMB	USD
Unaudited Condensed Consolidated Cash Flow Data			
Net cash generated from operating activities	367,751	390,307	56,834
Net cash provided by investing activities	348,785	774,283	112,744
Net cash used in financing activities	(108,208)	(392,831)	(57,201)
Effect of foreign exchange rate changes	(272)	(181)	(26)
Net increase in cash, cash equivalents and restricted cash	608,056	771,578	112,351
Cash, cash equivalents and restricted cash, beginning of period	2,945,344	4,360,695	634,966
Cash, cash equivalents and restricted cash, end of period	3,553,400	5,132,273	747,317

Balance Sheet

Unaudited Condensed Consolidated Balance Sheets			
(in thousands)			
	As of		
	December 31, 2022	March 31, 2023	March 31, 2023
	RMB	RMB	USD
Cash and cash equivalents	4,271,899	5,077,211	739,299
Restricted cash	88,796	55,062	8,018
Accounts receivable	221,004	320,440	46,660
Contract assets, net	626,739	609,969	88,818
Contract cost	787	480	70
Prepaid expenses and other assets	321,411	258,786	37,682
Loans at fair value	54,049	175,411	25,542
Financing receivables	514,388	371,196	54,050
Amounts due from related parties	1,266,232	1,281,348	186,579
Held-to-maturity investments	2,700	3,320	483
Available-for-sale investments	972,738	250,788	36,518
Property, equipment and software, net	77,256	75,726	11,027
Deferred tax assets	84,187	90,855	13,229
Right-of-use assets	33,909	29,606	4,311
Total assets	8,536,095	8,600,198	1,252,286
Accounts payable	14,144	19,887	2,897
Amounts due to related parties	227,724	247,717	36,070
Deferred revenue	65,539	36,555	5,323
Accrued expenses and other liabilities	1,315,006	1,342,251	195,447
Secured borrowings	767,900	392,100	57,094
Deferred tax liabilities	79,740	84,824	12,351
Lease liabilities	35,229	30,274	4,408
Total liabilities	2,505,282	2,153,608	313,590
Ordinary shares	129	129	19
Additional paid-in capital	5,160,783	5,164,104	751,952
Treasury stock	(46,734)	(61,046)	(8,889)
Accumulated other comprehensive income	7,765	8,599	1,251
Accumulated deficit	908,870	1,334,804	194,363
Total equity	6,030,813	6,446,590	938,696
Total liabilities and equity	8,536,095	8,600,198	1,252,286

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		
	March 31, 2022	March 31, 2023	March 31, 2023
	RMB	RMB	USD
Operating Highlights			
Gross written premiums	806,355	923,382	134,455
—First year premium	540,043	627,314	91,344
—Renewal premium	266,313	296,068	43,111
Number of insurance clients	120,968	80,856	80,856
Cumulative number of insurance clients	633,431	1,007,238	1,007,238
Amount of loans facilitated	4,606,889	6,420,213	934,855
Number of borrowers	508,746	872,235	872,235
Remaining principal of performing loans	12,421,001	11,129,221	1,620,540
Gross merchandise volume	59,021	308,567	44,931
Segment Information			
Insurance Brokerage:			
Revenue	155,181	196,358	28,592
Sales and marketing expenses	5,172	2,289	333
Origination,servicing and other operating costs	93,190	133,617	19,456
Consumer credit:			
Revenue	390,473	483,873	70,457
Sales and marketing expenses	137,559	62,218	9,060
Origination,servicing and other operating costs	39,670	47,609	6,933
Others:			
Revenue	159,111	306,112	44,574
Sales and marketing expenses	33,452	41,705	6,073
Origination,servicing and other operating costs	20,081	18,519	2,696
Reconciliation of Adjusted EBITDA			
Net income	184,828	427,166	62,200
Interest expense/(income), net	25,573	(14,519)	(2,114)
Income tax expense	29,044	122,670	17,862
Depreciation and amortization	6,260	1,868	272
Share-based compensation	1,500	2,089	304
Adjusted EBITDA	247,205	539,274	78,524
Adjusted EBITDA margin	35.1%	54.7%	54.7%

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%

Net Charge-Off Rate				
Loan Issued Period	Amount of Loans Facilitated During the Period		Accumulated M3+ Net Charge-Off as of March 31, 2023	Total Net Charge-Off Rate as of March 31, 2023
	(in RMB thousands)		(in RMB thousands)	
2019	3,431,443		395,872	11.5%
2020	9,614,819		778,668	8.1%
2021	23,195,224		1,537,956	6.6%
2022	22,623,101		598,837	2.6%

M3+ Net Charge-Off Rate											
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%	7.8%	7.9%
2020Q2	0.5%	2.5%	4.2%	5.3%	6.1%	6.7%	7.5%	8.1%	8.2%	8.2%	
2020Q3	1.1%	3.3%	5.1%	6.3%	7.1%	8.1%	8.7%	8.8%	8.9%		
2020Q4	0.3%	1.8%	3.2%	4.6%	6.0%	7.0%	7.4%	7.6%			
2021Q1	0.4%	2.3%	3.9%	5.5%	6.6%	6.9%	7.2%				
2021Q2	0.4%	2.4%	4.5%	5.9%	6.4%	6.7%					
2021Q3	0.5%	3.1%	5.0%	5.9%	6.2%						
2021Q4	0.6%	3.2%	4.6%	5.3%							
2022Q1	0.6%	2.5%	3.8%								
2022Q2	0.4%	2.2%									
2022Q3	0.5%										

An aerial photograph of a city skyline at sunset. The sky is a mix of purple, pink, and orange. Several bright, white, diagonal lines cross the sky from the top left. The city below is densely packed with skyscrapers and buildings. In the foreground, a large building with a golden, pyramid-shaped roof is prominent. To its right, a wide road with a green median runs through the city. The word "THANKS!" is written in large, white, sans-serif capital letters across the center of the image.

THANKS!