

Yiren Digital Investor Presentation

3Q 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.

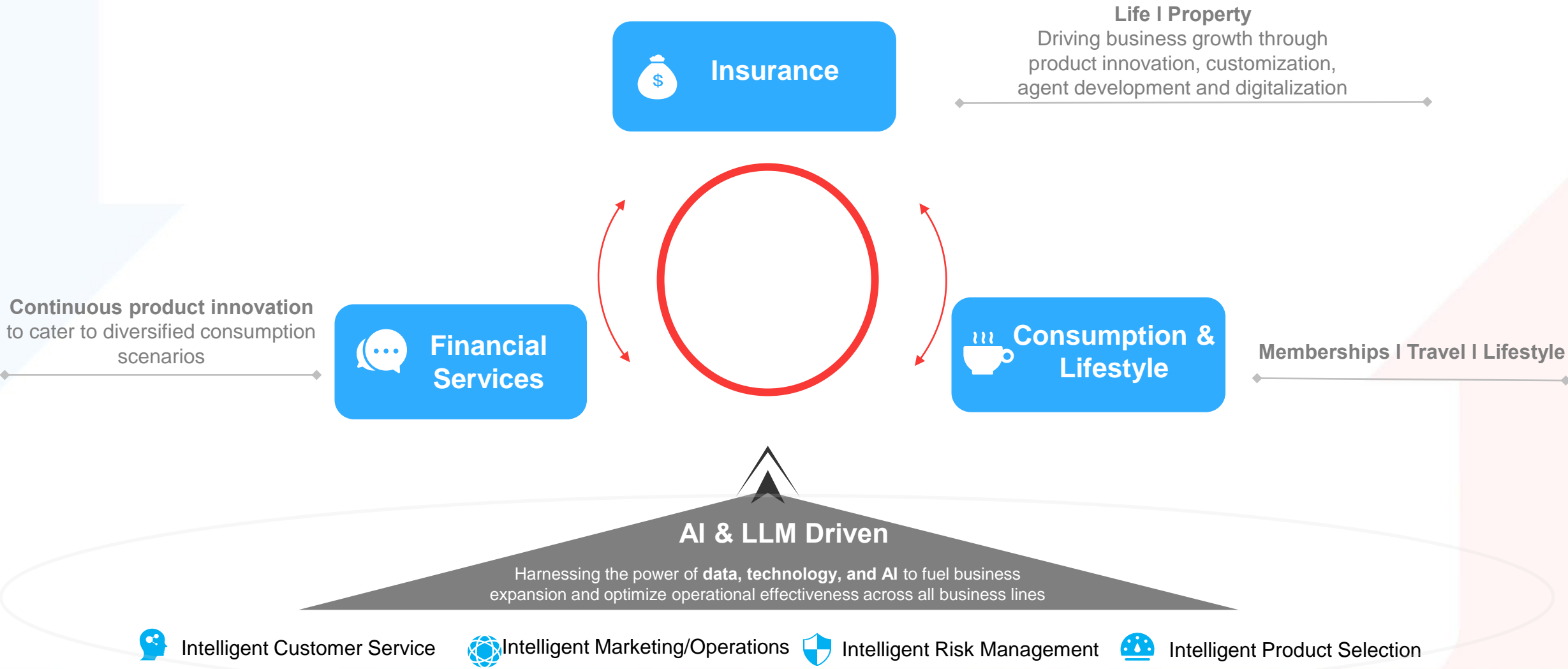
Such statements are based upon management’s current expectations and current market and operating conditions, and relate to events that involve known or unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond Yiren Digital’s control. Forward-looking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

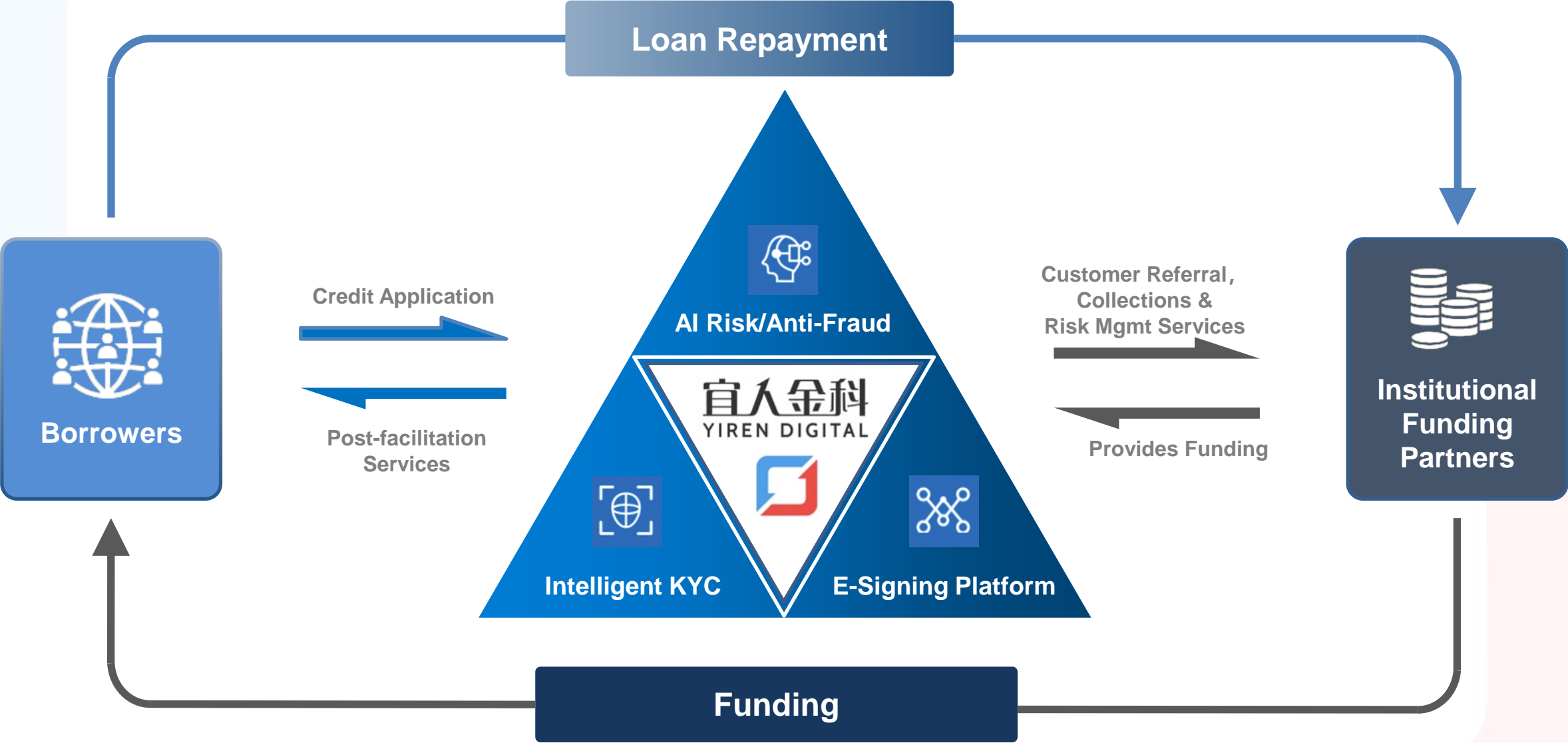
Further information regarding these and other risks, uncertainties or factors is included in Yiren Digital’s filings with the U.S. Securities and Exchange Commission. All information provided in this material is as of the date of this material, and Yiren Digital does not undertake any obligation to update 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



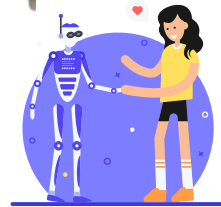
Precise Targeting, Diverse Acquisition

Precise-targeting Customers

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



Revolving loans
ranging from
500-200k



Average Principal Amt: RMB 4k-6k

Loan Tenor: 3, 6, 9 or 12 months

Flexible repayment options

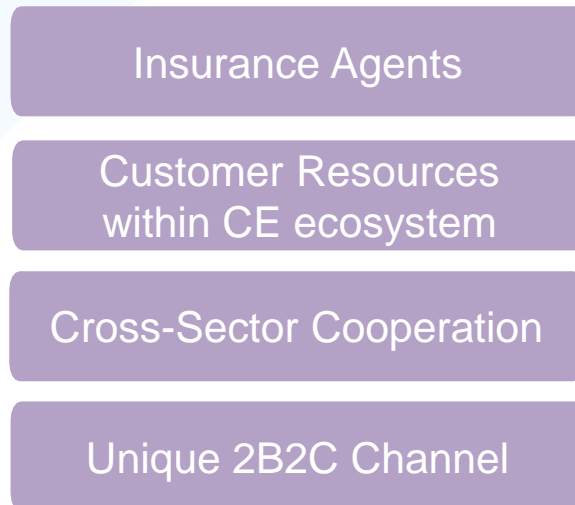
Multi-acquisition Channels

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

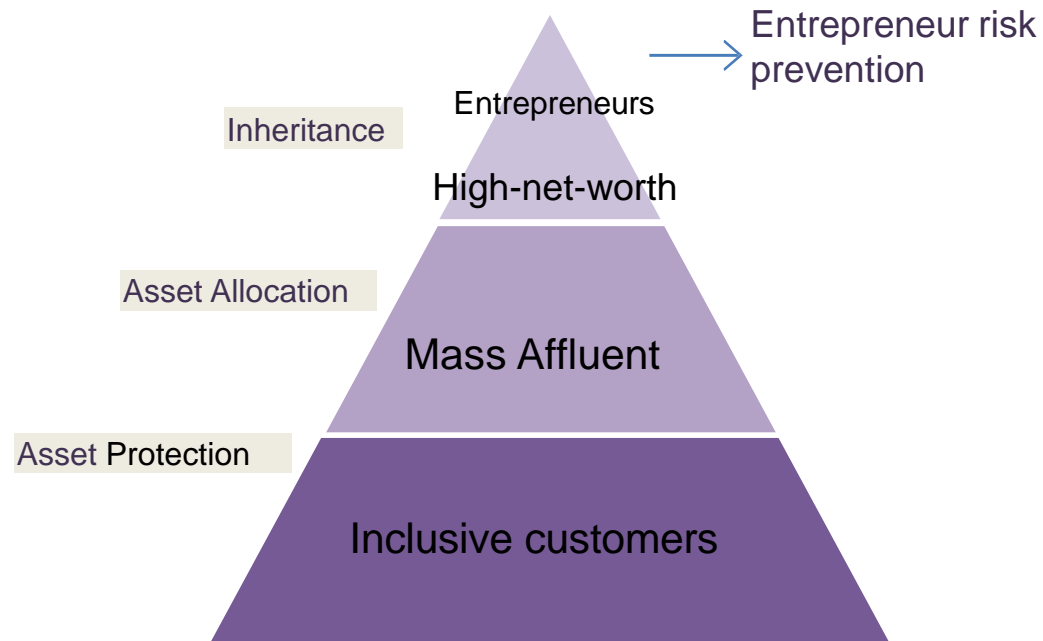


- **Competitive edges:** 1) Nationwide business deployment
2) Experienced teams on property, life insurance and internet industry
3) Strong capacities in market expansion

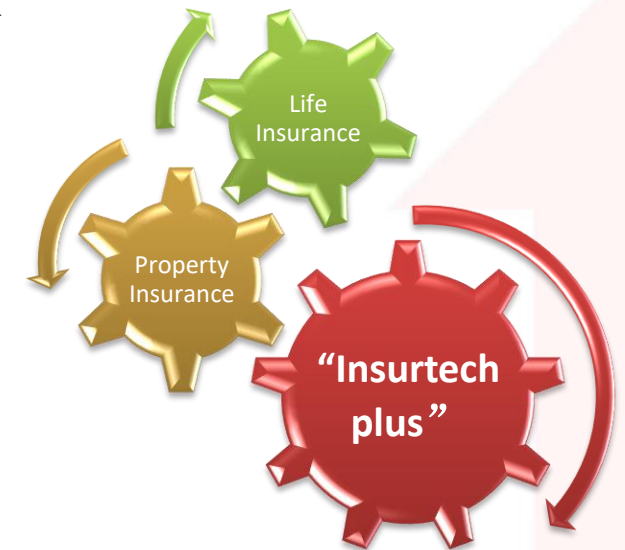
Customer Acquisition



Multi-layer of customer needs



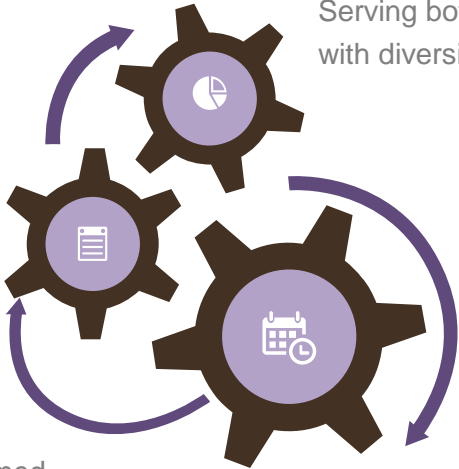
Product Strategy



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

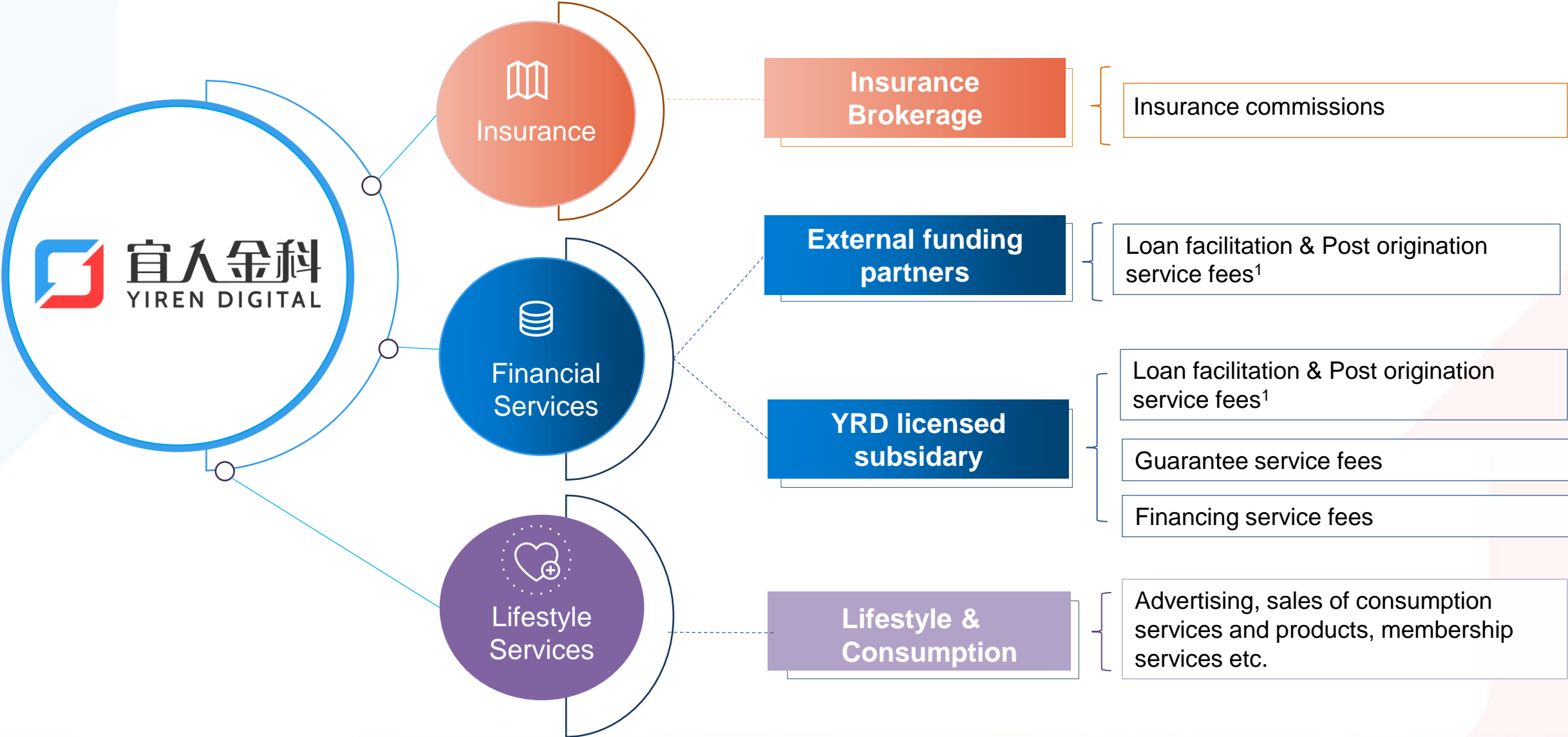
Servicing Capabilities

Tech-driven KYC

Property Insurance + Life Insurance

Insurance Ecosystem





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

Key Financial & Operational Highlights

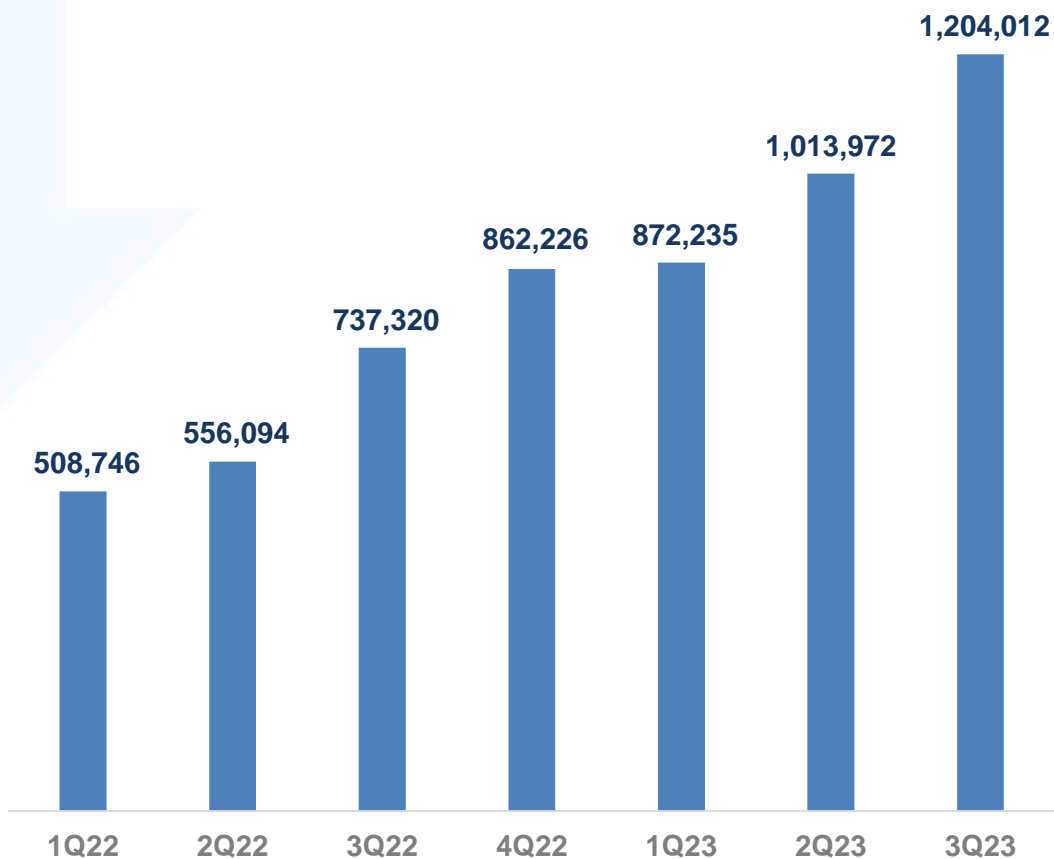
What We Achieved in 3Q23



Continuous Expansion in Borrower Base Driving Stable Volume Growth

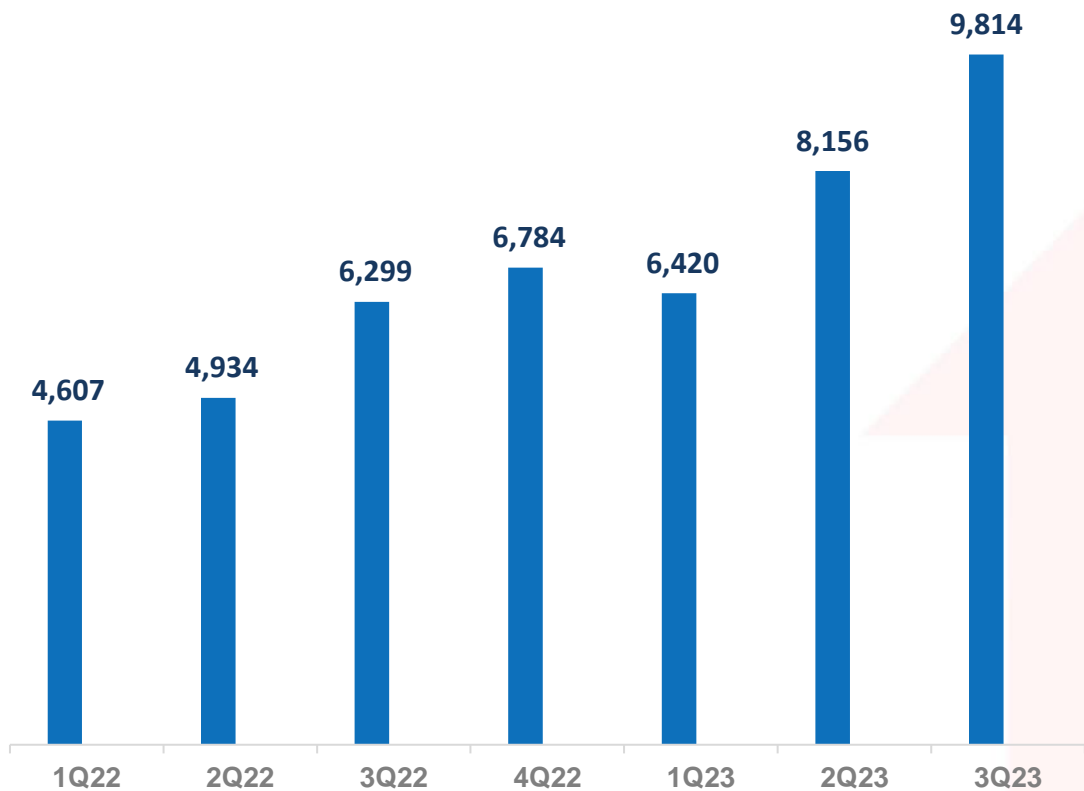


Number of Borrowers



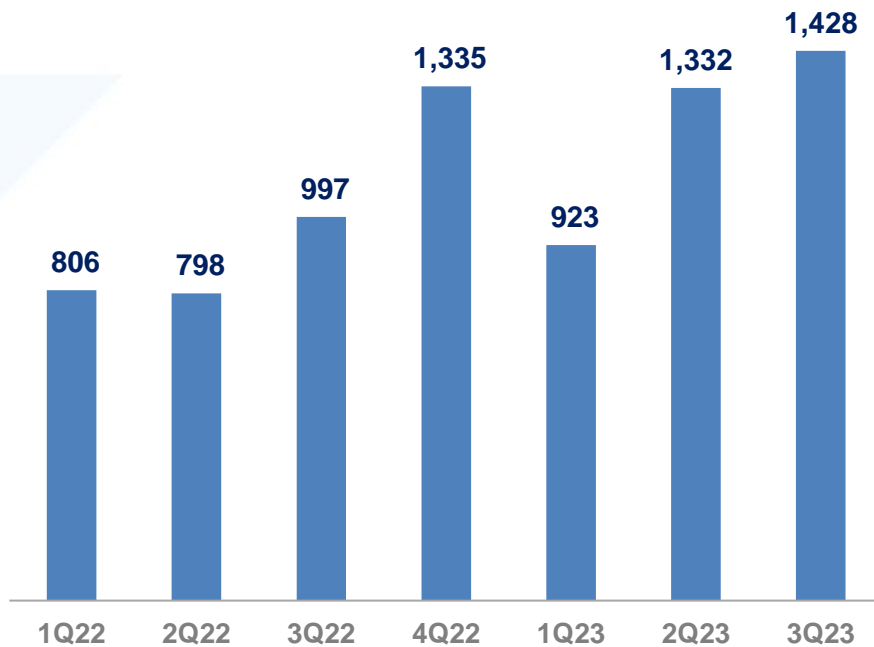
Loans Facilitated

(RMB Million)

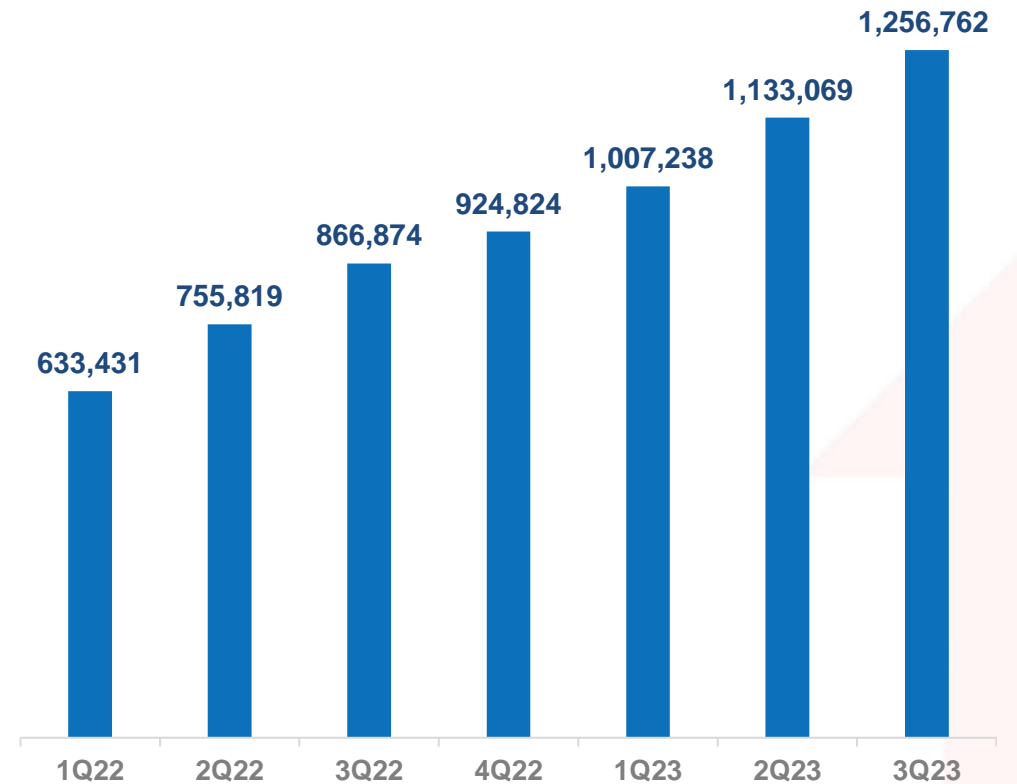


Gross Written Premiums

(RMB Million)



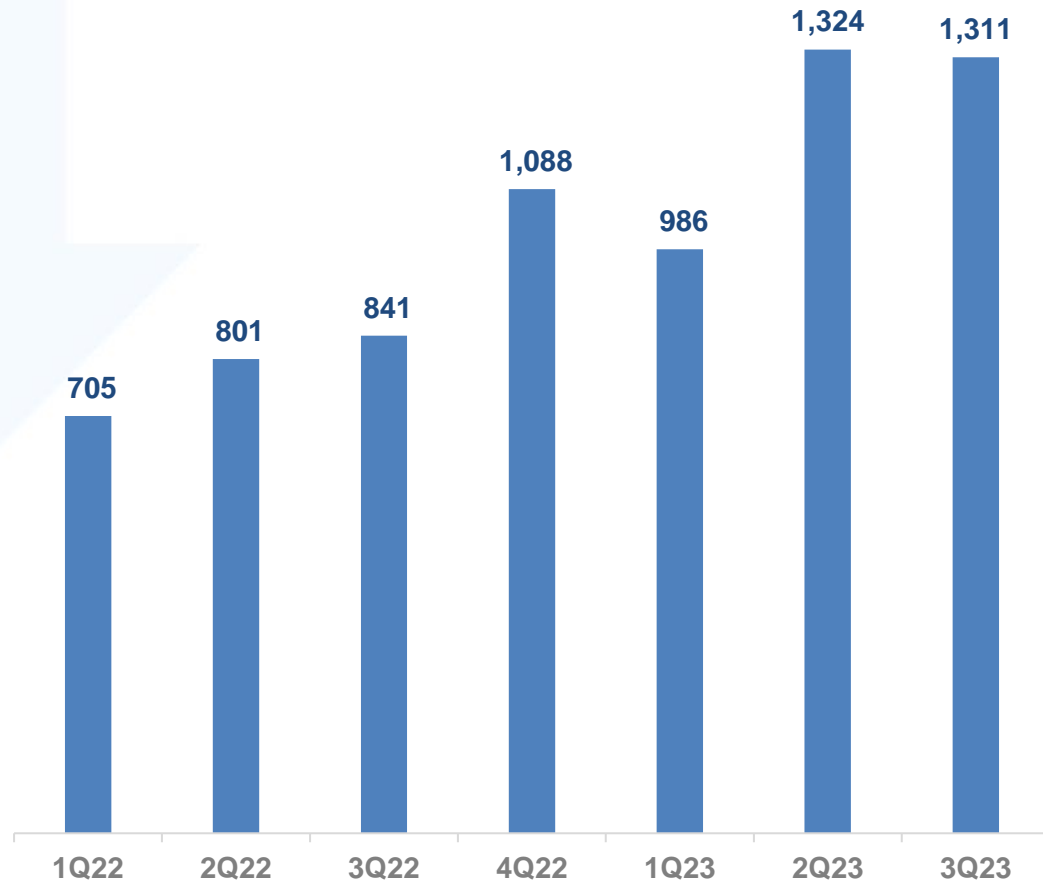
Cumulative Number of Insurance Clients



Robust Revenue and Profitability through Challenging Environments

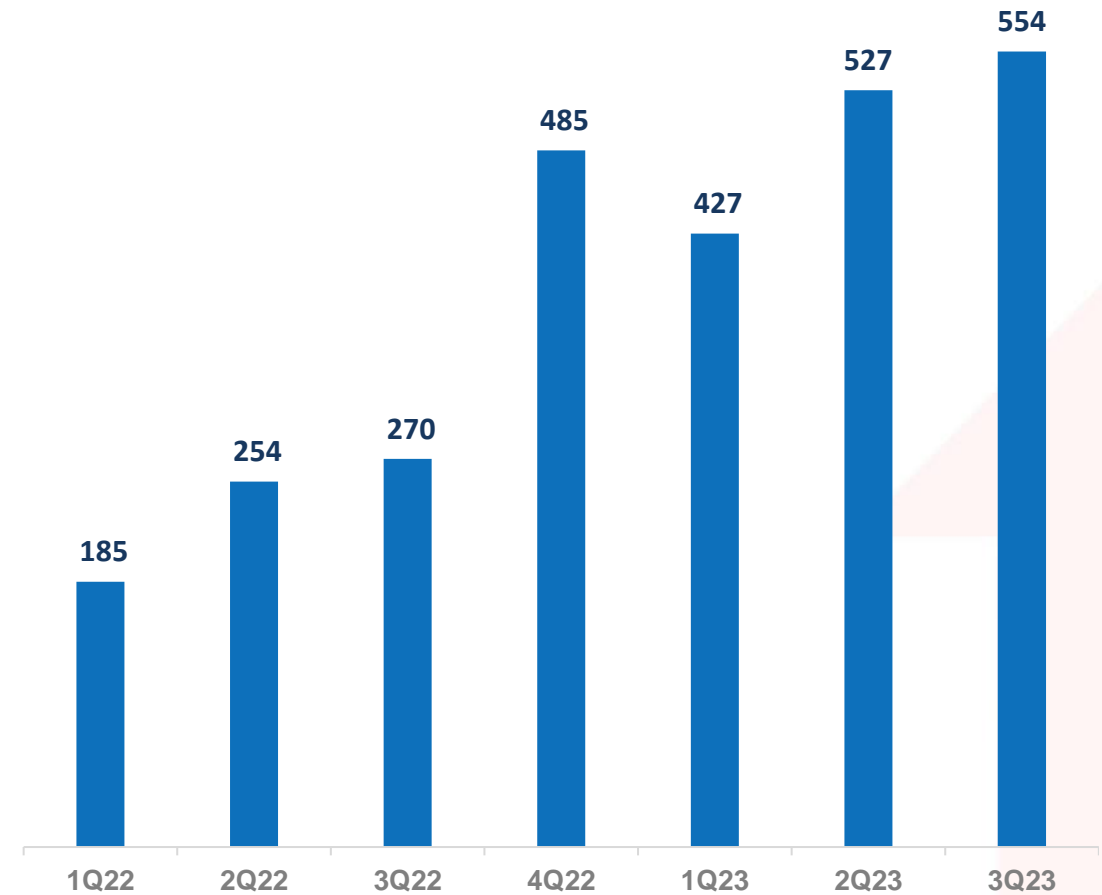
Net Revenue

(RMB Million)

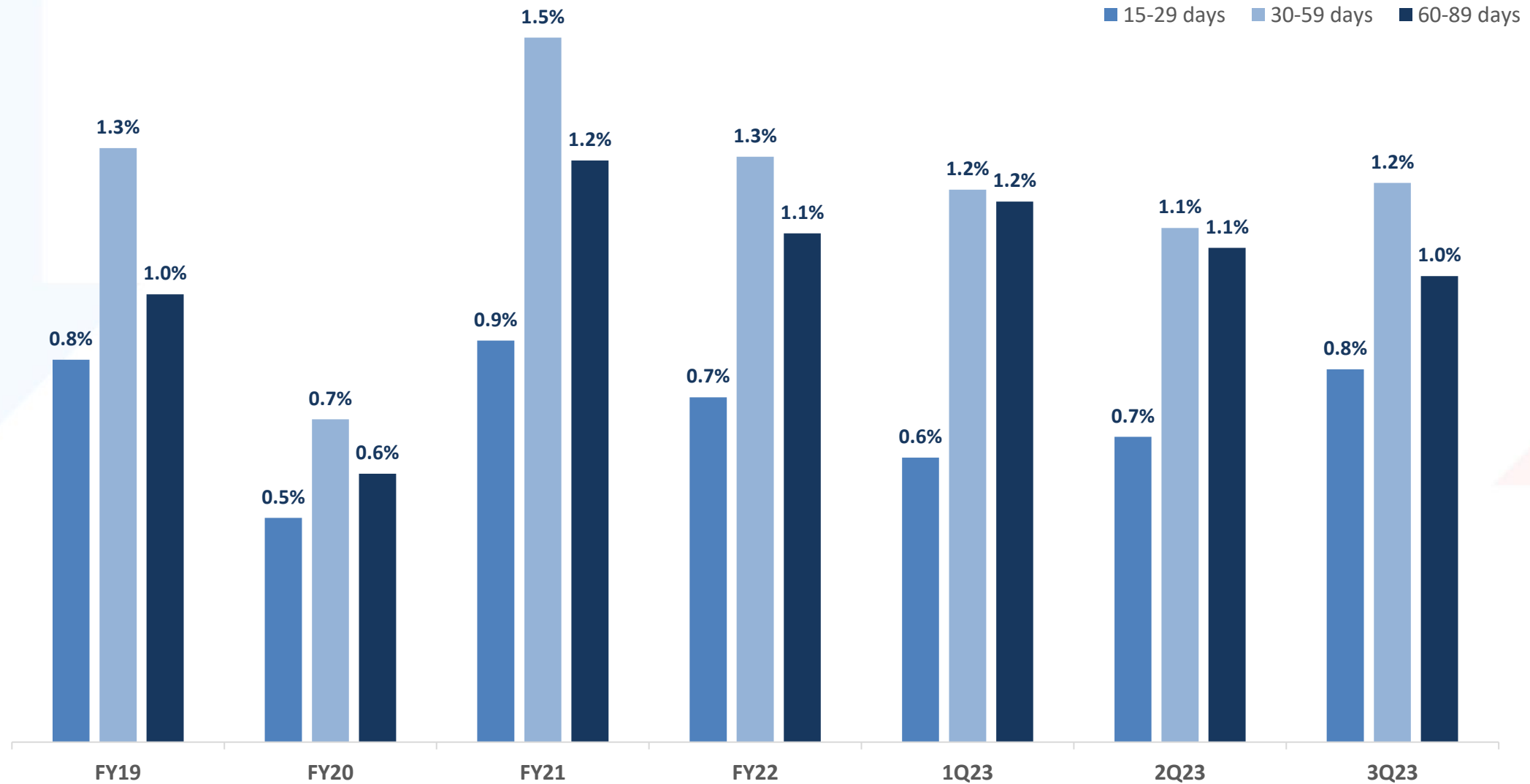


GAAP Net Income

(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 Nine Months Ended		
	September 30, 2022	June 30, 2023	September 30, 2023	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2023
	RMB	RMB	RMB	USD	RMB	RMB	USD
Net revenue:							
Loan facilitation services	334,162	514,353	586,883	80,439	837,548	1,518,401	208,114
Post-origination services	74,433	5,273	984	135	166,720	12,573	1,723
Insurance brokerage services	189,019	404,695	264,611	36,268	532,770	865,664	118,649
Financing services	54,702	14,896	9,937	1,362	242,843	47,410	6,498
Electronic commerce services	52,954	287,725	350,635	48,058	173,742	881,218	120,781
Others	135,385	97,264	97,724	13,395	392,921	296,057	40,579
Total net revenue	840,655	1,324,206	1,310,774	179,657	2,346,544	3,621,323	496,344
Operating costs and expenses:							
Sales and marketing	136,406	148,947	195,714	26,825	470,547	450,873	61,797
Origination, servicing and other operating costs	223,622	346,367	245,360	33,629	565,250	791,472	108,480
Research and development expenses	33,422	33,018	38,981	5,343	118,987	101,168	13,866
General and administrative	76,525	63,723	53,519	7,335	219,472	180,623	24,756
Allowance for contract assets, receivables and others	35,074	60,840	83,756	11,480	132,476	189,501	25,974
Total operating costs and expenses	505,049	652,895	617,330	84,612	1,506,732	1,713,637	234,873
Other (expenses)/income:							
Interest (expense)/income, net	(378)	10,535	25,815	3,538	(29,741)	50,869	6,972
Fair value adjustments related to Consolidated ABFE	2,077	(17,470)	(8,104)	(1,111)	21,862	(36,777)	(5,041)
Others, net	3,035	2,730	5,177	709	18,930	11,496	1,575
Total other income/(expenses)	4,734	(4,205)	22,888	3,136	11,051	25,588	3,506
Income before provision for income taxes	340,340	667,106	716,332	98,181	850,863	1,933,274	264,977
Income tax expense	70,020	139,758	161,917	22,192	141,227	424,345	58,161
Net income	270,320	527,348	554,415	75,989	709,636	1,508,929	206,816
Weighted average number of ordinary shares outstanding, basic	179,409,525	176,929,176	176,866,653	176,866,653	173,174,370	177,189,206	177,189,206
Basic income per share	1.5067	2.9806	3.1346	0.4296	4.0978	8.5159	1.1672
Basic income per ADS	3.0134	5.9612	6.2692	0.8592	8.1956	17.0318	2.3344
Weighted average number of ordinary shares outstanding, diluted	179,841,065	179,124,032	178,366,565	178,366,565	173,962,494	179,220,434	179,220,434
Diluted income per share	1.5031	2.9440	3.1083	0.4260	4.0792	8.4194	1.1540
Diluted income per ADS	3.0062	5.8880	6.2166	0.8520	8.1584	16.8388	2.3080

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 Nine Months Ended		
	September	June 30,	September	September	September	September	September
	30,	2023	30,	30,	30,	30,	30,
	2022		2023	2023	2022	2023	2023
	RMB	RMB	RMB	USD	RMB	RMB	USD
Unaudited Condensed Consolidated Cash Flow Data							
Net cash generated from operating activities	342,888	718,058	645,416	88,462	1,377,540	1,753,781	240,375
Net cash (used in)/provided by investing activities	(835,064)	(19,988)	(393,919)	(53,991)	(230,586)	360,376	49,394
Net cash used in financing activities	(276,198)	(6,120)	(502,636)	(68,892)	(434,572)	(901,587)	(123,573)
Effect of foreign exchange rate changes	2,284	329	2,395	328	3,592	2,543	349
Net increase in cash, cash equivalents and restricted cash	(766,090)	692,279	(248,744)	(34,093)	715,974	1,215,113	166,545
Cash, cash equivalents and restricted cash, beginning of period	4,427,408	5,132,273	5,824,552	798,321	2,945,344	4,360,695	597,683
Cash, cash equivalents and restricted cash, end of period	<u>3,661,318</u>	<u>5,824,552</u>	<u>5,575,808</u>	<u>764,228</u>	<u>3,661,318</u>	<u>5,575,808</u>	<u>764,228</u>

Balance Sheets

Unaudited Condensed Consolidated Balance Sheets

(in thousands)

As of

	December 31, 2022	June 30, 2023	September 30, 2023	September 30, 2023
	RMB	RMB	RMB	USD
Cash and cash equivalents	4,271,899	5,808,775	5,437,972	745,336
Restricted cash	88,796	15,777	137,836	18,892
Trading securities	-	-	74,185	10,168
Accounts receivable	221,004	490,680	432,824	59,323
Contract assets, net	626,739	694,507	826,088	113,225
Contract cost	787	356	271	37
Prepaid expenses and other assets	321,411	297,018	272,577	37,360
Loans at fair value	54,049	412,389	534,687	73,285
Financing receivables	514,388	252,878	162,411	22,260
Amounts due from related parties	1,266,232	1,098,164	940,472	128,902
Held-to-maturity investments	2,700	5,820	4,820	661
Available-for-sale investments	972,738	102,594	338,069	46,336
Property, equipment and software, net	77,256	73,991	73,446	10,067
Deferred tax assets	84,187	92,359	88,231	12,093
Right-of-use assets	33,909	25,424	27,352	3,749
Total assets	8,536,095	9,370,732	9,351,241	1,281,694
Accounts payable	14,144	66,738	38,025	5,211
Amounts due to related parties	227,724	338,779	27,664	3,792
Deferred revenue	65,539	32,450	27,150	3,721
Accrued expenses and other liabilities	1,315,006	1,427,016	1,483,190	203,288
Secured borrowings	767,900	392,100	-	-
Deferred tax liabilities	79,740	100,178	118,543	16,248
Lease liabilities	35,229	26,930	27,709	3,798
Total liabilities	2,505,282	2,384,191	1,822,235	249,758
Ordinary shares	129	130	130	18
Additional paid-in capital	5,160,783	5,168,632	5,169,821	708,583
Treasury stock	(46,734)	(66,914)	(81,501)	(11,171)
Accumulated other comprehensive income	7,765	23,748	25,873	3,546
Retained earnings	908,870	1,860,945	2,414,683	330,960
Total equity	6,030,813	6,986,541	7,529,006	1,031,936
Total liabilities and equity	8,536,095	9,370,732	9,351,241	1,281,694

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 Nine Months Ended		
	September 30,	June 30,	September	September	September	September	September
	2022	2023	30, 2023	30, 2023	30, 2022	30, 2023	30, 2023
	RMB	RMB	RMB	USD	RMB	RMB	USD
Operating Highlights							
Gross written premiums	996,864	1,332,458	1,428,484	195,790	2,601,100	3,684,325	504,979
First year premium	767,250	1,101,928	914,839	125,389	2,071,610	2,644,082	362,402
Renewal premium	229,614	230,530	513,645	70,401	529,490	1,040,243	142,577
Number of insurance clients	156,294	135,449	123,693	123,693	352,175	293,254	293,254
Cumulative number of insurance clients	866,874	1,133,069	1,256,762	1,256,762	866,874	1,256,762	1,256,762
Amount of loans facilitated	6,298,522	8,156,201	9,814,359	1,345,170	15,839,577	24,390,773	3,343,034
Number of borrowers	737,320	1,013,972	1,204,012	1,204,012	1,228,435	2,128,924	2,128,924
Remaining principal of performing loans	10,630,352	12,768,448	15,090,800	2,068,366	10,630,352	15,090,800	2,068,366
Gross merchandise volume	249,624	395,820	563,224	77,196	395,762	1,267,611	173,740
Segment Information							
Insurance brokerage business:							
Revenue	189,019	404,695	264,611	36,268	532,770	865,664	118,649
Sales and marketing expenses	2,565	3,845	3,175	435	14,783	9,309	1,276
Origination, servicing and other operating costs	152,983	289,851	176,182	24,148	387,511	599,650	82,189
Financial services business:							
Revenue	493,369	581,974	667,966	91,552	1,320,565	1,733,813	237,639
Sales and marketing expenses	88,714	103,164	146,369	20,062	325,934	311,751	42,729
Origination, servicing and other operating costs	39,951	38,961	59,300	8,128	113,454	145,870	19,993
Consumption & lifestyle business and others:							
Revenue	158,267	337,537	378,197	51,837	493,209	1,021,846	140,056
Sales and marketing expenses	45,127	41,938	46,170	6,328	129,830	129,813	17,792
Origination, servicing and other operating costs	30,688	17,555	9,878	1,353	64,285	45,952	6,298
Reconciliation of Adjusted EBITDA							
Net income	270,320	527,348	554,415	75,989	709,636	1,508,929	206,816
Interest expense/(income), net	378	(10,535)	(25,815)	(3,538)	29,741	(50,869)	(6,972)
Income tax expense	70,020	139,758	161,917	22,192	141,227	424,345	58,161
Depreciation and amortization	8,514	1,778	1,664	228	23,893	5,310	728
Share-based compensation	15,760	3,321	513	70	20,642	5,923	812
Adjusted EBITDA	364,992	661,670	692,694	94,941	925,139	1,893,638	259,545
Adjusted EBITDA margin	43.4%	50.0%	52.8%	52.8%	39.4%	52.3%	52.3%

	Delinquency Rates		
	15-29 days	30-59 days	60-89 days
All Loans			
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%

Net Charge-Off Rate			
Loan Issued Period	Amount of Loans Facilitated During the Period (in RMB thousands)	Accumulated M3+ Net Charge-Off as of September 30, 2023 (in RMB thousands)	Total Net Charge-Off Rate as of September 30, 2023
2019	3,431,443	390,347	11.4%
2020	9,614,819	761,411	7.9%
2021	23,195,224	1,502,598	6.5%
2022	22,623,101	1,019,963	4.5%
2023H1	14,576,413	249,378	1.7%

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%	7.3%	7.8%	7.9%	7.9%
2020Q2	0.5%	2.5%	4.2%	5.3%	6.1%	6.7%	7.6%	8.1%	8.2%	8.3%	8.2%
2020Q3	1.1%	3.3%	5.1%	6.3%	7.1%	8.1%	8.7%	8.9%	8.9%	8.8%	8.7%
2020Q4	0.3%	1.8%	3.2%	4.6%	6.0%	7.1%	7.4%	7.6%	7.6%	7.5%	
2021Q1	0.4%	2.3%	3.9%	5.5%	6.7%	7.0%	7.2%	7.3%	7.2%		
2021Q2	0.4%	2.4%	4.5%	5.9%	6.4%	6.7%	6.8%	6.7%			
2021Q3	0.5%	3.1%	5.0%	5.9%	6.3%	6.4%	6.4%				
2021Q4	0.6%	3.2%	4.6%	5.3%	5.4%	5.4%					
2022Q1	0.6%	2.5%	3.8%	4.5%	4.5%						
2022Q2	0.4%	2.2%	3.6%	4.1%							
2022Q3	0.5%	2.7%	4.1%								
2022Q4	0.6%	3.0%									
2023Q1	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. 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 center of the image.

THANKS!