



Yiren Digital

Investor Presentation

August, 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.

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.

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

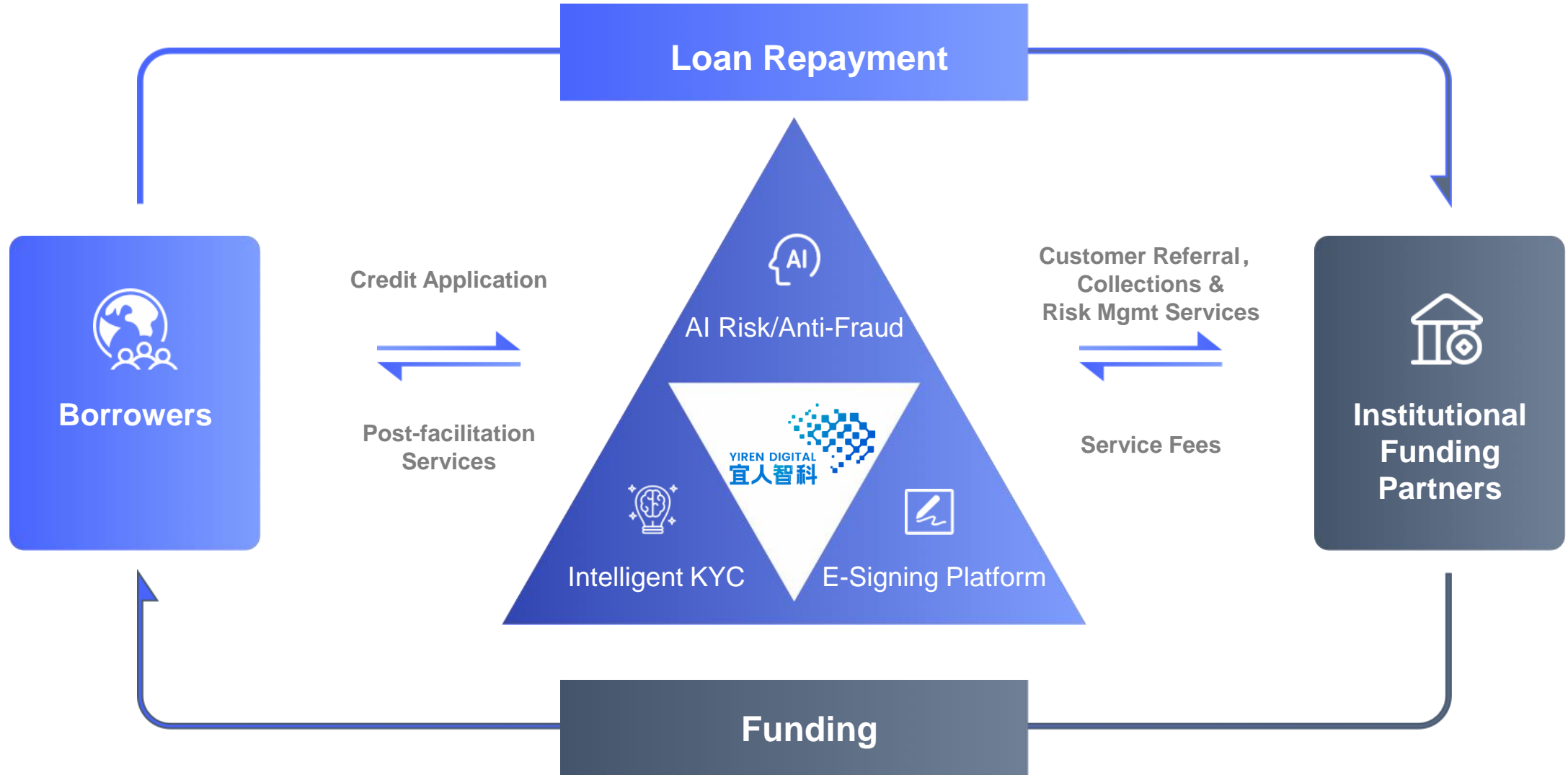


Intelligent Risk Management



Intelligent Product Selection

Financial Services: Technology Driven Loan Facilitation Model



Revolving Financing Services

Precise Targeting, Diverse Acquisition

Precise-targeting Customers

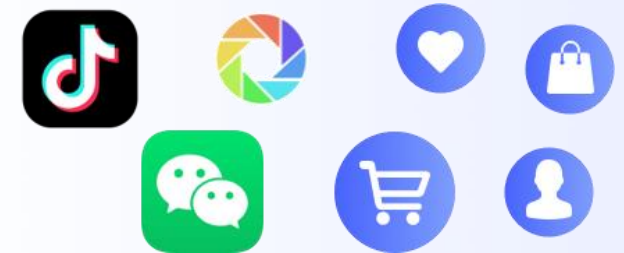
- **100mn+** borrowers served
- Mainly aged 25-40
- Stable salary or self-employed



Revolving loans
ranging from
4-200k

Multi-acquisition Channels

- Social media marketing
- E-commerce & life service platforms



Average Principal
Amt RMB 6k-7k



Loan Tenor
3, 6, 9 or 12 months



Flexible
repayment options

Strong Risk Control Capability

Extensive Data Accumulation

- **18 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

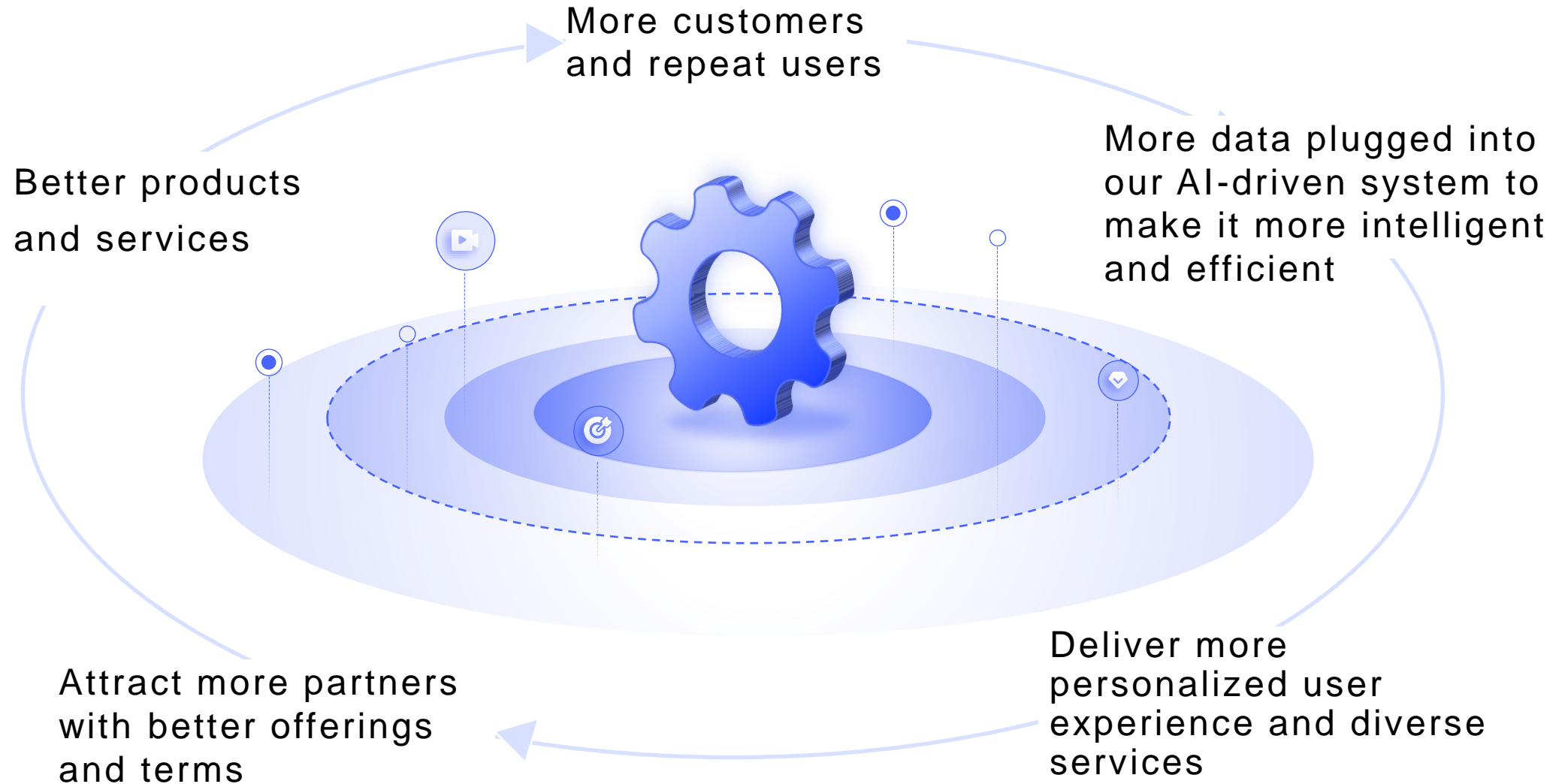
Comprehensive Credit Data

- **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

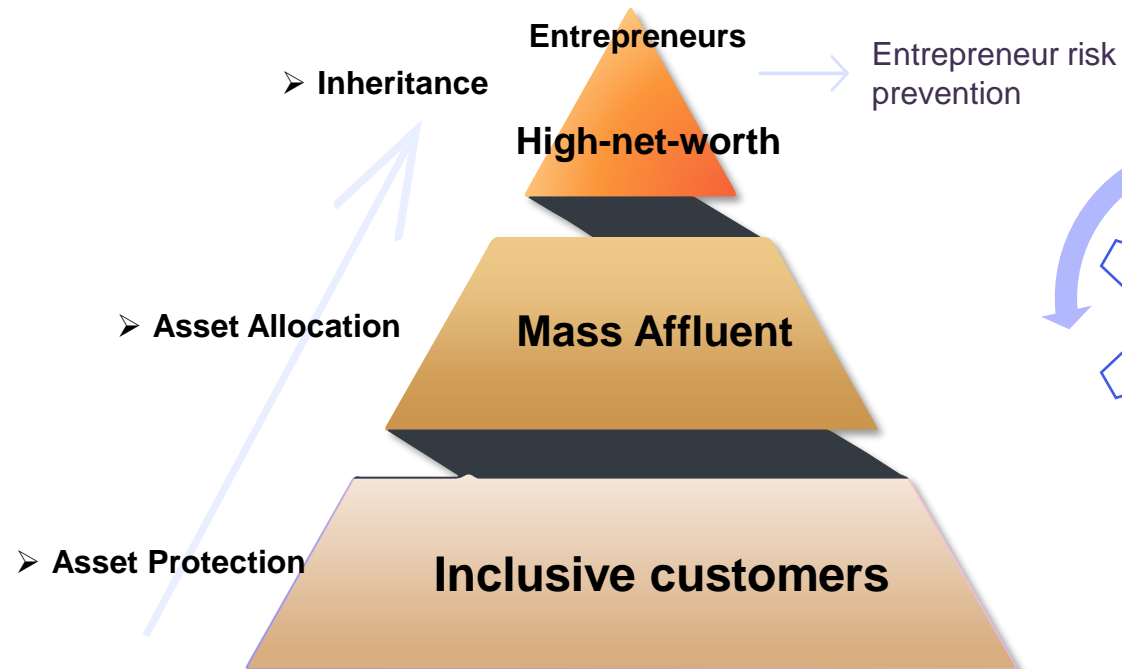
450+ Insurance Agents from
30+ Branches Nationwide

Customer Resources
within CE ecosystem

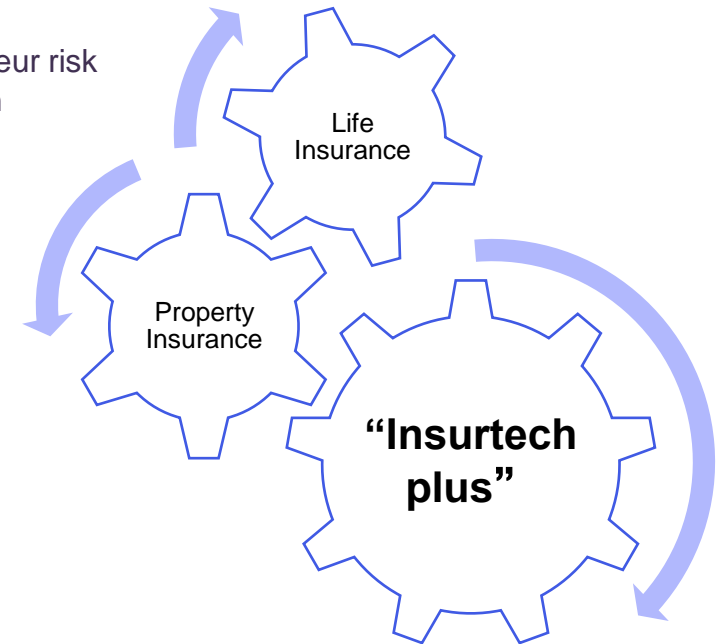
Cross-Sector Cooperation
and Online Marketing

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 June.30 2024,

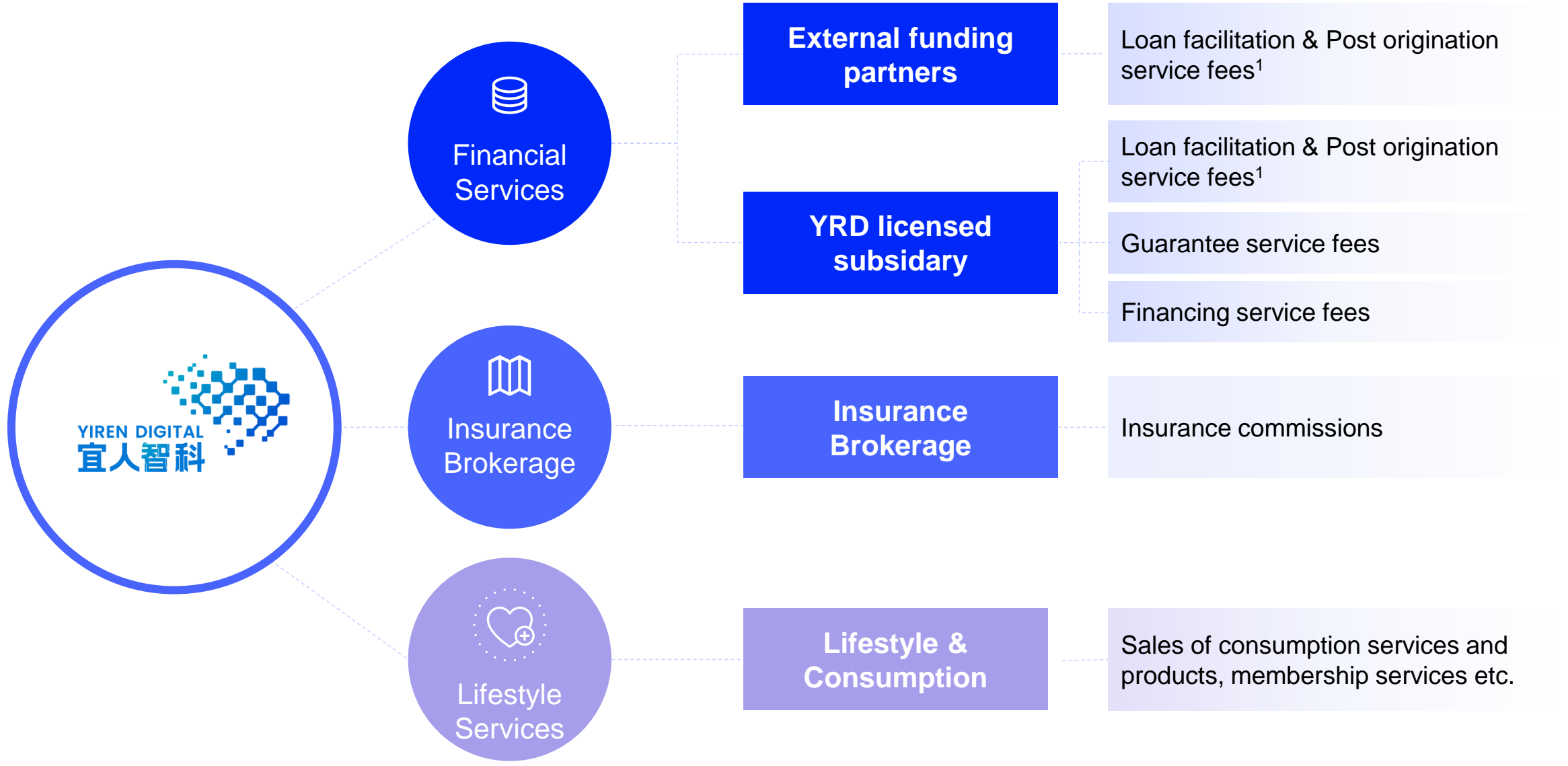
130+ Partner
Institutions
Nationwide

1000+ insurance
products on the shelf



Our Partnering Insurers

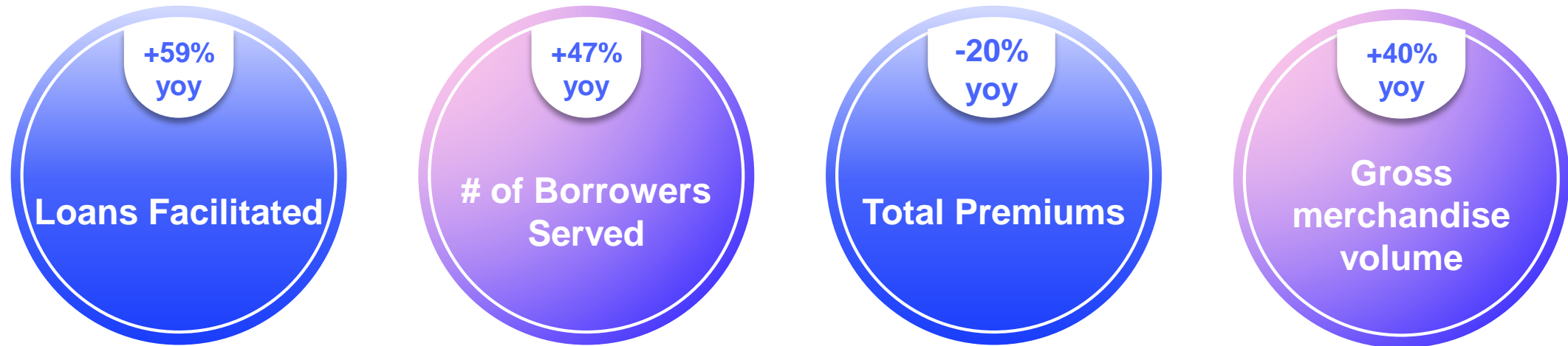
Revenue Models and Monetization



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

02 Key Financial Highlights

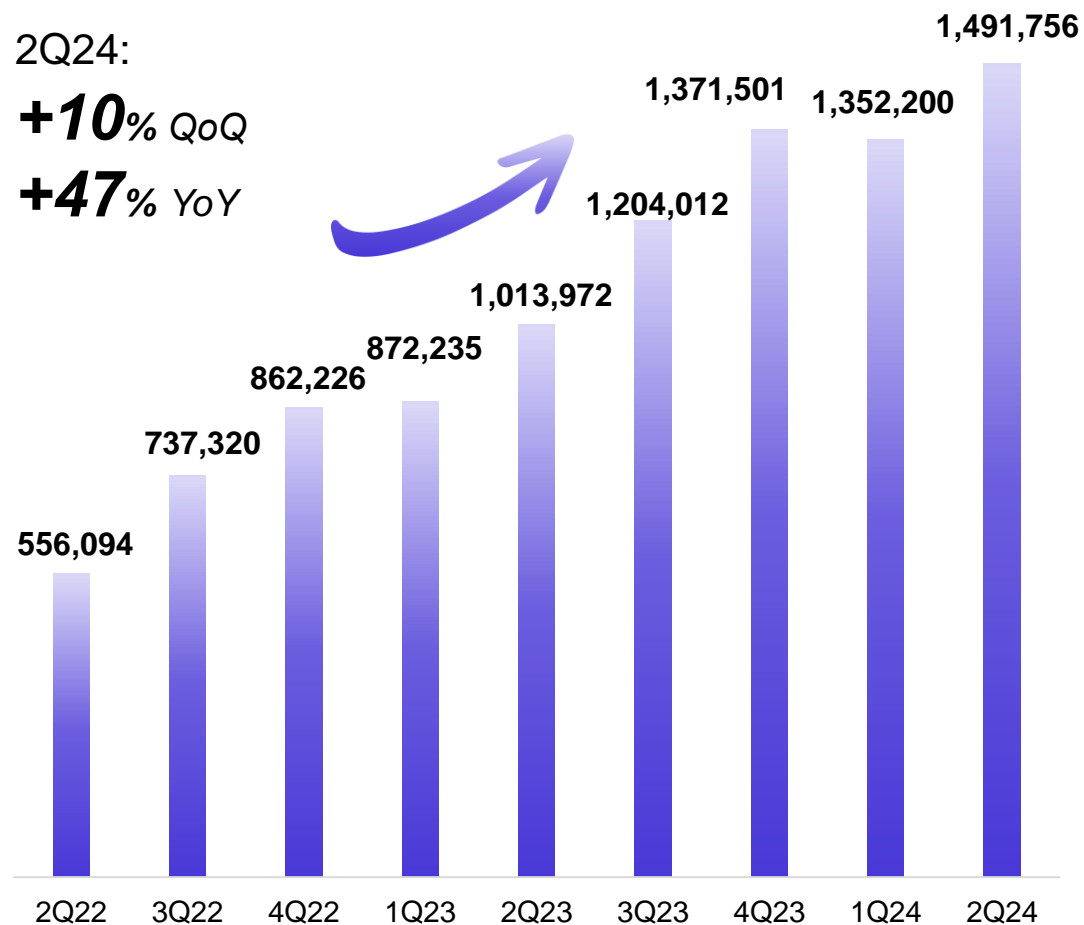
What We Achieved in 2Q24



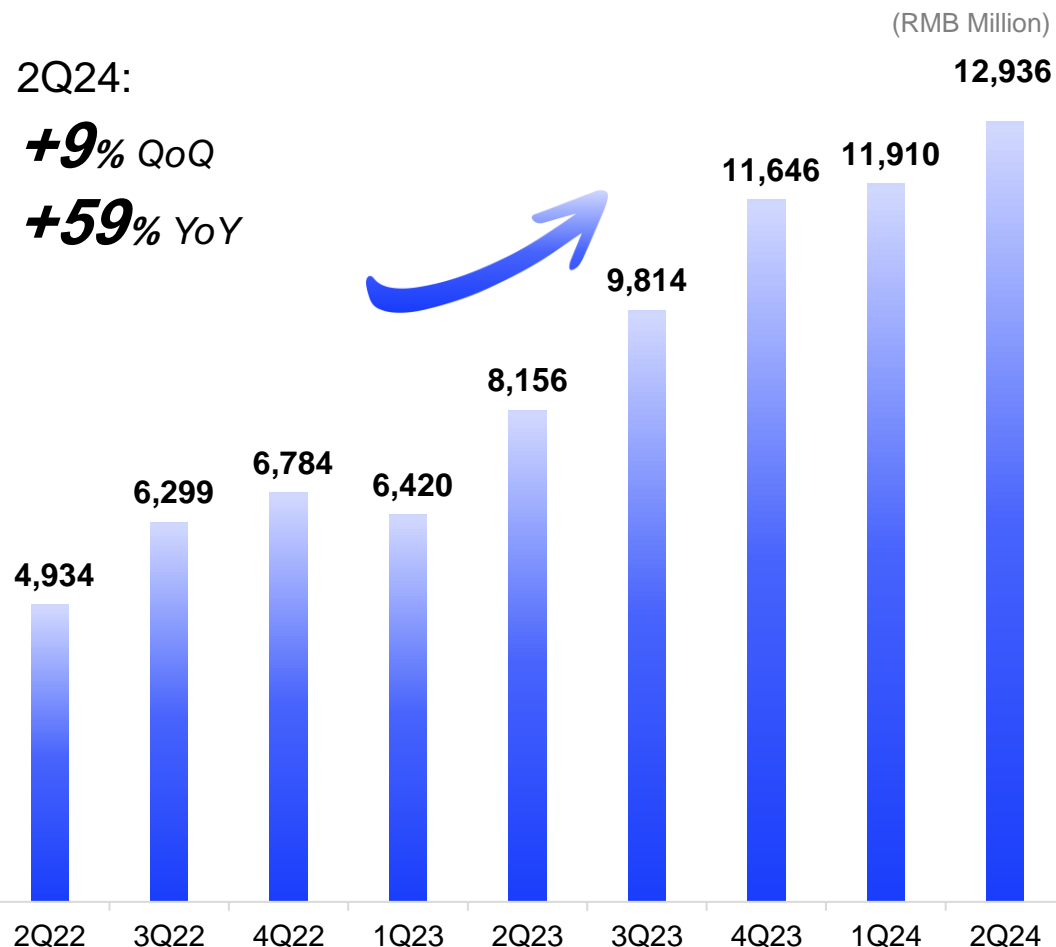
- Sustainable growth in revenue and business scale
- Strong cash position and ample free cash flow
- Declared semi-annual dividends of no less than 10% of net income
- 'AI Lab' enhances core competitive advantages across all operations

Continuous Expansion in Borrower Base Driving Stable Volume Growth

Number of Borrowers



Loans Facilitated



Insurance Brokerage Business : Key Strategic Pillar

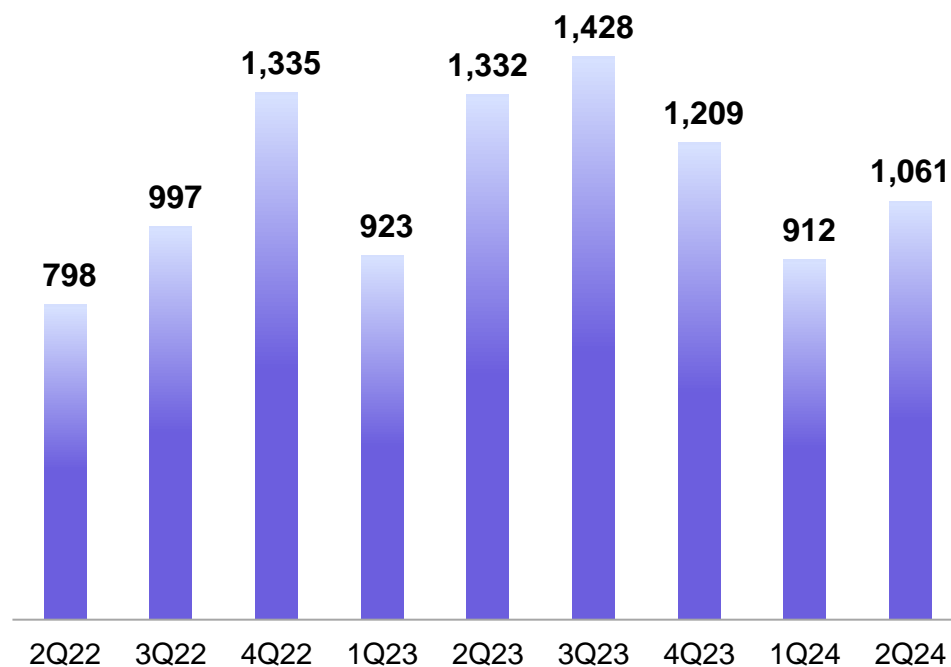
Gross Written Premiums

2Q24:

+16% QoQ

-20% YoY

(RMB Million)

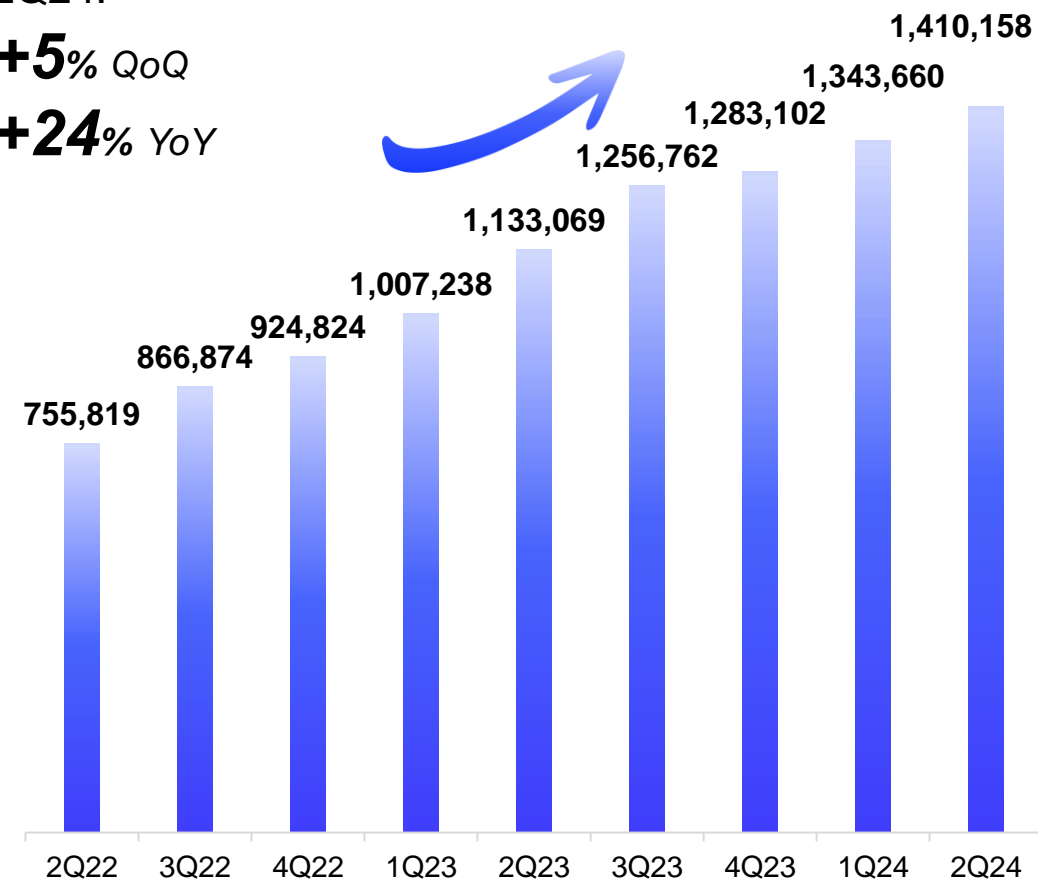


Cumulative Number of Insurance Clients

2Q24:

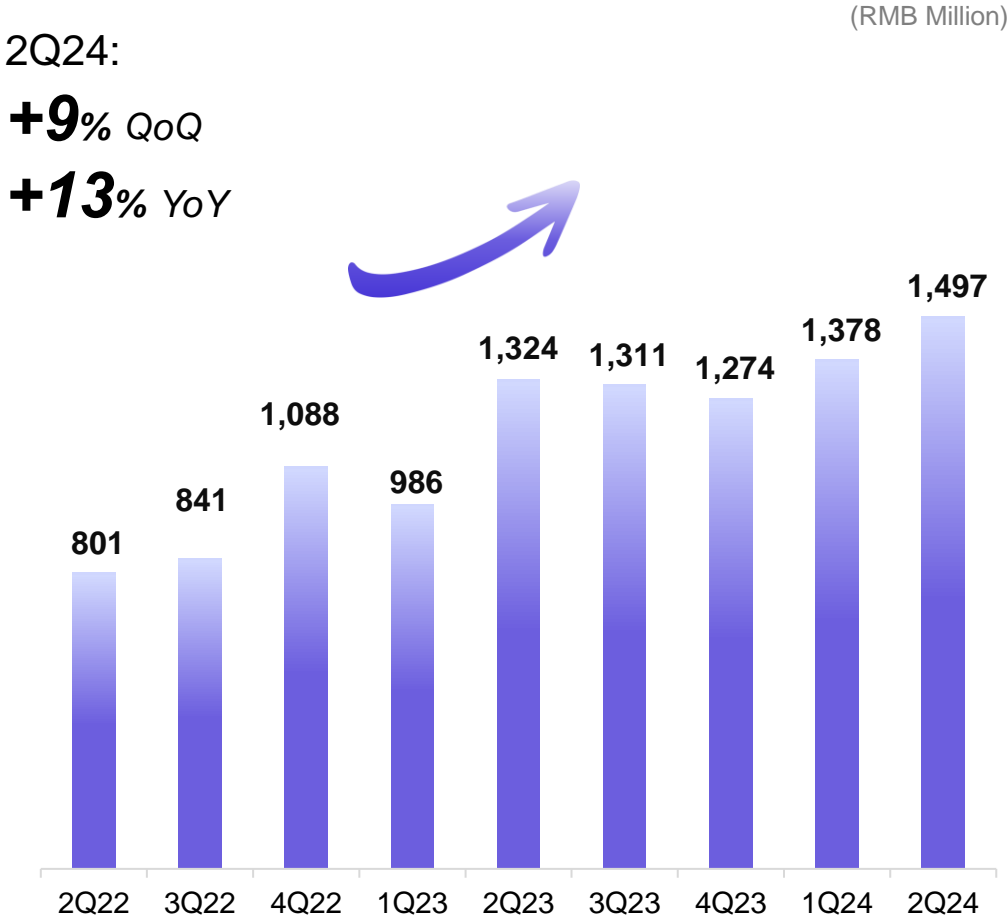
+5% QoQ

+24% YoY

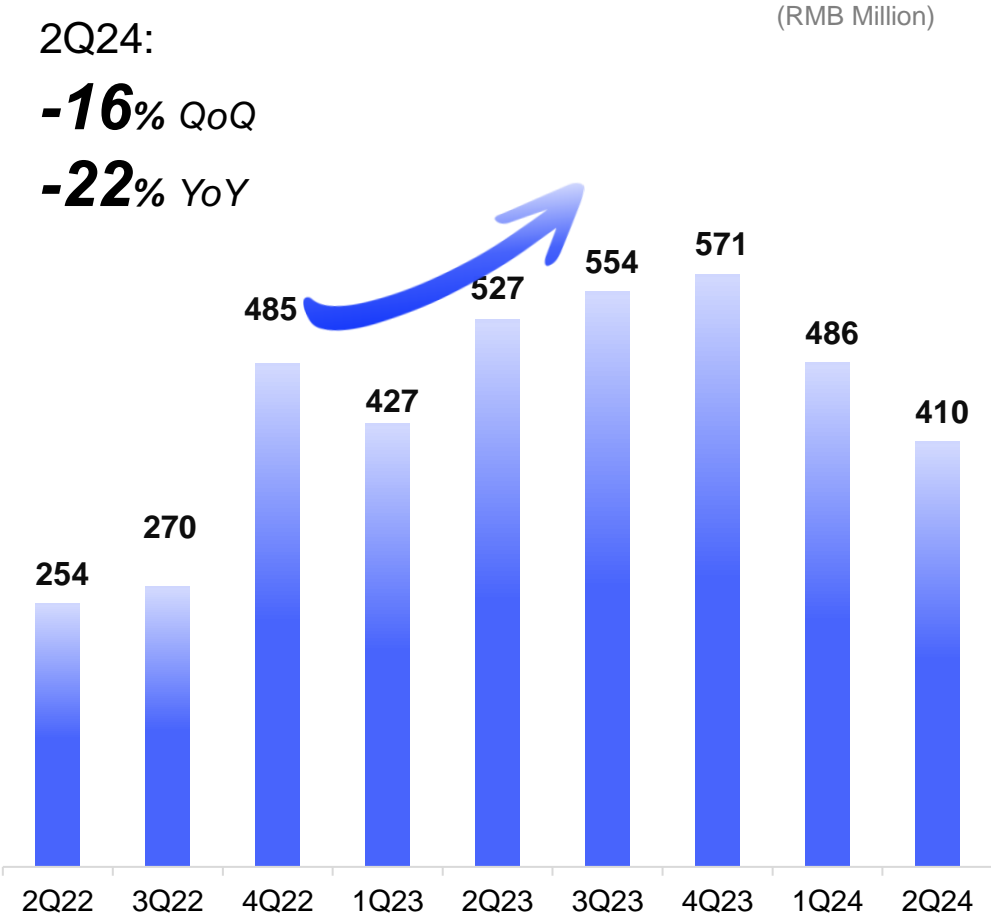


Resilient Business Structure Driving Sustainable Growth

Net Revenue

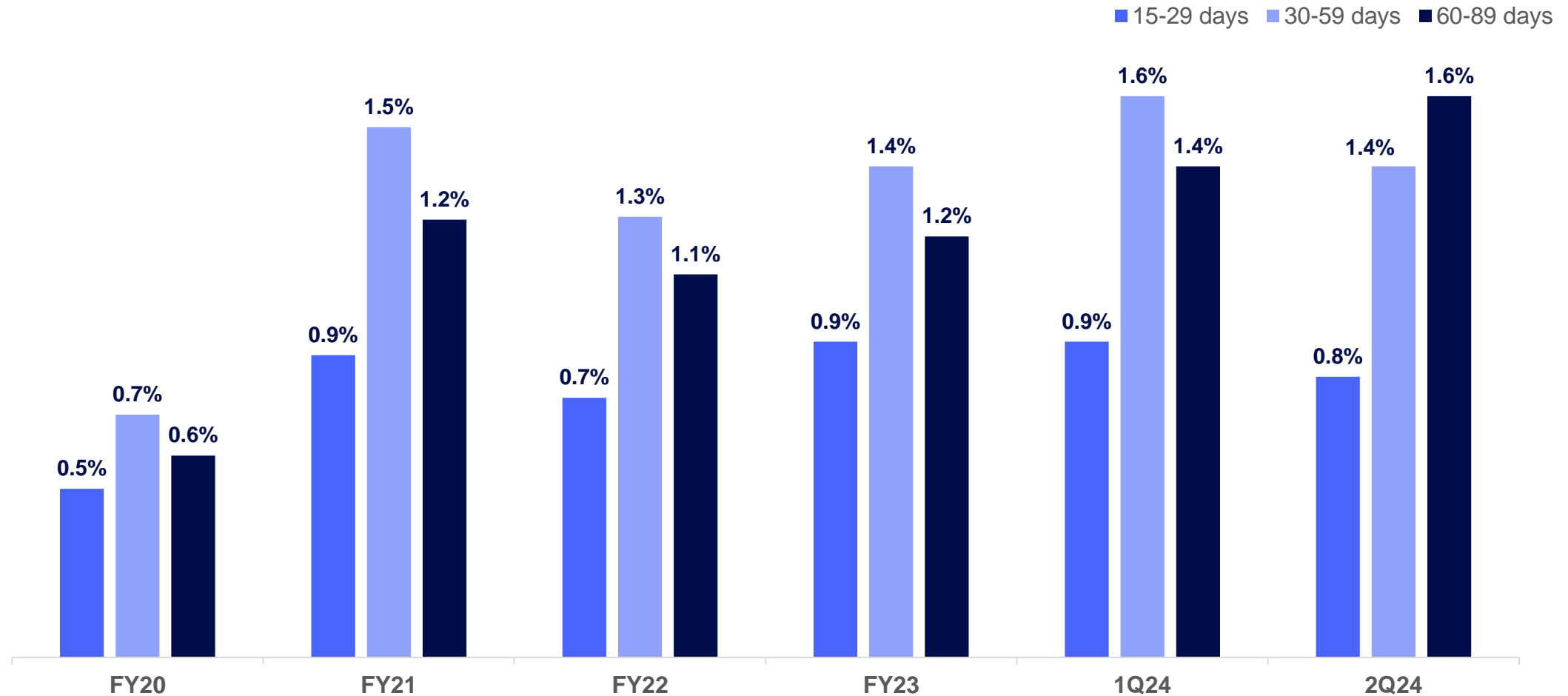


GAAP Net Income



Note: The decline in net profit margin in 2Q24 was attributed to: 1) continued growth in loan volume under the risk-taking model, resulting in substantial provisions under current accounting principles; 2) decreased profitability in the insurance brokerage business due to regulatory changes; 3) increased marketing expenses from ongoing investment in upgrading our customer mix.

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

18 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 Six Months Ended		
	June 30, 2023	March 31, 2024	June 30, 2024	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2024
	RMB	RMB	RMB	USD	RMB	RMB	USD
Net revenue:							
Loan facilitation services	514,353	676,295	695,532	95,708	931,518	1,371,827	188,770
Post-origination services	5,273	1,772	1,290	178	11,589	3,062	421
Insurance brokerage services	404,695	124,926	91,526	12,594	601,053	216,452	29,785
Financing services	14,896	10,666	19,574	2,693	37,473	30,240	4,161
Electronic commerce services	287,725	502,936	523,641	72,055	530,583	1,026,577	141,262
Guarantee services	6,343	16,853	68,934	9,486	12,102	85,787	11,805
Others	90,921	44,636	96,039	13,216	186,231	140,675	19,357
Total net revenue	1,324,206	1,378,084	1,496,536	205,930	2,310,549	2,874,620	395,561
Operating costs and expenses:							
Sales and marketing	148,947	277,223	285,101	39,231	255,159	562,324	77,378
Origination, servicing and other operating costs	346,367	233,270	246,542	33,925	546,112	479,812	66,024
Research and development	33,018	40,521	55,812	7,680	62,187	96,333	13,256
General and administrative	63,723	83,674	68,670	9,449	127,104	152,344	20,963
Allowance for contract assets, receivables and others	48,865	102,334	123,285	16,965	88,271	225,619	31,047
Provision for contingent liabilities	11,975	67,258	278,925	38,382	17,474	346,183	47,636
Total operating costs and expenses	652,895	804,280	1,058,335	145,632	1,096,307	1,862,615	256,304
Other (expenses)/income:							
Interest income, net	10,535	27,713	24,668	3,394	25,054	52,381	7,208
Fair value adjustments related to Consolidated ABFE	(17,470)	15,468	38,706	5,326	(28,673)	54,174	7,455
Others, net	2,730	677	(11)	(1)	6,319	666	91
Total other (expenses)/income	(4,205)	43,858	63,363	8,719	2,700	107,221	14,754
Income before provision for income taxes	667,106	617,662	501,564	69,017	1,216,942	1,119,226	154,011
Income tax expense	139,758	131,779	92,036	12,664	262,428	223,815	30,798
Net income	527,348	485,883	409,528	56,353	954,514	895,411	123,213
Weighted average number of ordinary shares outstanding, basic	176,929,176	174,282,443	172,831,722	172,831,722	177,353,262	173,557,082	173,557,082
Basic income per share	2.9806	2.7879	2.3695	0.3261	5.3820	5.1592	0.7099
Basic income per ADS	5.9612	5.5758	4.7390	0.6522	10.7640	10.3184	1.4198
Weighted average number of ordinary shares outstanding, diluted	179,124,032	176,202,571	174,711,554	174,711,554	179,650,148	175,457,062	175,457,062
Diluted income per share	2.9440	2.7575	2.3440	0.3225	5.3132	5.1033	0.7022
Diluted income per ADS	5.8880	5.5150	4.6880	0.6450	10.6264	10.2066	1.4044

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 Six Months Ended		
	June 30,	March 31,	June 30,	June 30,	June 30,	June 30,	June 30,
	2023	2024	2024	2024	2023	2024	2024
	RMB	RMB	RMB	USD	RMB	RMB	USD
Unaudited Condensed Consolidated Cash Flow Data							
Net cash generated from operating activities	718,058	631,743	368,908	50,763	1,108,365	1,000,651	137,693
Net cash (used in)/provided by investing activities	(19,988)	(683,697)	(536,883)	(73,878)	754,295	(1,220,580)	(167,957)
Net cash used in financing activities	(6,120)	(14,774)	(125,884)	(17,322)	(398,951)	(140,658)	(19,355)
Effect of foreign exchange rate changes	329	1,340	(896)	(123)	148	444	61
Net increase/(decrease) in cash, cash equivalents and restricted cash	692,279	(65,388)	(294,755)	(40,560)	1,463,857	(360,143)	(49,558)
Cash, cash equivalents and restricted cash, beginning of period	5,132,273	6,058,604	5,993,216	824,694	4,360,695	6,058,604	833,692
Cash, cash equivalents and restricted cash, end of period	5,824,552	5,993,216	5,698,461	784,134	5,824,552	5,698,461	784,134

Balance Sheets

Unaudited Condensed Consolidated Balance Sheets (in thousands)

	As of			
	December 31,	March 31,	June 30,	June 30,
	2023	2024	2024	2024
	RMB	RMB	RMB	USD
Cash and cash equivalents	5,791,333	5,903,995	5,496,932	756,403
Restricted cash	267,271	89,221	201,529	27,731
Trading securities	76,053	77,967	83,889	11,544
Accounts receivable	499,027	610,745	654,698	90,089
Guarantee receivable	2,890	36,787	260,759	35,882
Contract assets, net	978,051	994,116	962,482	132,442
Contract cost	32	18	206	28
Prepaid expenses and other assets	423,621	1,273,040	1,662,654	228,789
Loans at fair value	677,835	655,058	473,311	65,130
Financing receivables	116,164	73,383	30,501	4,197
Amounts due from related parties	820,181	726,991	1,509,651	207,735
Held-to-maturity investments	10,420	10,420	5,087	700
Available-for-sale investments	438,084	379,489	329,829	45,386
Equity investments	-	-	2,500	344
Property, equipment and software, net	79,158	77,777	77,970	10,729
Deferred tax assets	73,414	59,260	44,309	6,097
Right-of-use assets	23,382	18,758	19,462	2,678
Total assets	10,276,916	10,987,025	11,815,769	1,625,904
Accounts payable	30,902	41,484	43,710	6,015
Amounts due to related parties	14,414	1,122	2,485	342
Guarantee liabilities-stand ready	8,802	40,583	278,656	38,344
Guarantee liabilities-contingent	28,351	81,921	336,190	46,261
Deferred revenue	54,044	46,807	38,843	5,345
Payable to investors at fair value	445,762	445,762	350,000	48,162
Accrued expenses and other liabilities	1,463,369	1,595,052	1,727,182	237,668
Deferred tax liabilities	122,075	114,222	55,520	7,640
Lease liabilities	23,648	19,025	19,280	2,653
Total liabilities	2,191,367	2,385,978	2,851,866	392,430
Ordinary shares	130	130	130	18
Additional paid-in capital	5,171,232	5,172,942	5,175,653	712,194
Treasury stock	(94,851)	(109,444)	(139,380)	(19,179)
Accumulated other comprehensive income	23,669	66,671	47,798	6,576
Retained earnings	2,985,369	3,470,748	3,879,702	533,865
Total equity	8,085,549	8,601,047	8,963,903	1,233,474
Total liabilities and equity	10,276,916	10,987,025	11,815,769	1,625,904

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, 2023	March 31, 2024	June 30, 2024	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2024
	RMB	RMB	RMB	USD	RMB	RMB	USD
Operating Highlights							
Amount of loans facilitated	8,156,201	11,910,367	12,936,017	1,780,055	14,576,413	24,846,384	3,418,976
Number of borrowers	1,013,972	1,352,200	1,491,756	1,491,756	1,457,736	2,439,778	2,439,778
Remaining principal of performing loans	12,768,448	20,156,161	21,827,634	3,003,582	12,768,448	21,827,634	3,003,582
Cumulative number of insurance clients	1,133,069	1,343,660	1,410,158	1,410,158	1,133,069	1,410,158	1,410,158
Number of insurance clients	135,449	73,687	88,766	88,766	212,414	153,807	153,807
Gross written premiums	1,332,458	912,431	1,060,885	145,983	2,255,841	1,973,316	271,537
First year premium	1,101,928	514,141	577,387	79,451	1,729,243	1,091,528	150,199
Renewal premium	230,530	398,290	483,498	66,532	526,598	881,788	121,338
Gross merchandise volume	395,820	625,120	554,574	76,312	704,387	1,179,695	162,331
Segment Information							
Financial services business:							
Revenue	581,974	738,117	851,031	117,106	1,065,847	1,589,148	218,674
Sales and marketing expenses	103,164	251,922	253,103	34,828	165,382	505,025	69,494
Origination, servicing and other operating costs	38,961	85,787	113,234	15,582	86,570	199,021	27,386
Allowance for contract assets, receivables and others	45,754	101,127	124,765	17,168	85,976	225,892	31,084
Provision for contingent liabilities	11,975	67,258	278,925	38,382	17,474	346,183	47,636
Insurance brokerage business:							
Revenue	404,695	124,926	91,526	12,594	601,053	216,452	29,785
Sales and marketing expenses	3,845	3,565	4,263	587	6,134	7,828	1,077
Origination, servicing and other operating costs	289,851	136,883	122,358	16,837	423,468	259,241	35,673
Allowance for contract assets, receivables and others	3,614	1,012	(1,502)	(207)	3,626	(490)	(67)
Consumption & lifestyle business and others:							
Revenue	337,537	515,041	553,979	76,230	643,649	1,069,020	147,102
Sales and marketing expenses	41,938	21,736	27,735	3,816	83,643	49,471	6,807
Origination, servicing and other operating costs	17,555	10,600	10,950	1,506	36,074	21,550	2,965
Allowance for contract assets, receivables and others	(753)	9	(11)	(2)	(1,232)	(2)	-
Reconciliation of Adjusted EBITDA							
Net income	527,348	485,883	409,528	56,353	954,514	895,411	123,213
Interest income, net	(10,535)	(27,713)	(24,668)	(3,394)	(25,054)	(52,381)	(7,208)
Income tax expense	139,758	131,779	92,036	12,664	262,428	223,815	30,798
Depreciation and amortization	1,778	1,892	2,026	279	3,646	3,918	539
Share-based compensation	3,321	1,207	2,136	294	5,410	3,343	460
Adjusted EBITDA	661,670	593,048	481,058	66,196	1,200,944	1,074,106	147,802
Adjusted EBITDA margin	50.0%	43.0%	32.1%	32.1%	52.0%	37.4%	37.4%

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%
December 31, 2023	0.9%	1.4%	1.2%
March 31, 2024	0.9%	1.6%	1.4%
June 30, 2024	0.8%	1.4%	1.6%

NCOs

Loan Issued Period	Net Charge-Off Rate		
	Amount of Loans Facilitated	Accumulated M3+ Net Charge-Off	Total Net Charge- Off Rate
	During the Period (in RMB thousands)	as of June 30, 2024 (in RMB thousands)	as of June 30, 2024
2019	3,431,443	381,533	11.1%
2020	9,614,819	723,686	7.5%
2021	23,195,224	1,418,075	6.1%
2022	22,623,101	1,033,743	4.6%
2023	36,036,301	2,126,589	5.9%
2024Q1	11,910,367	105,205	0.9%

NCOs by Vintage

[illegible]



THANKS!

For more information, please contact our IR team at ir@yiren.com

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