



Yiren Digital

Investor Presentation

June, 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

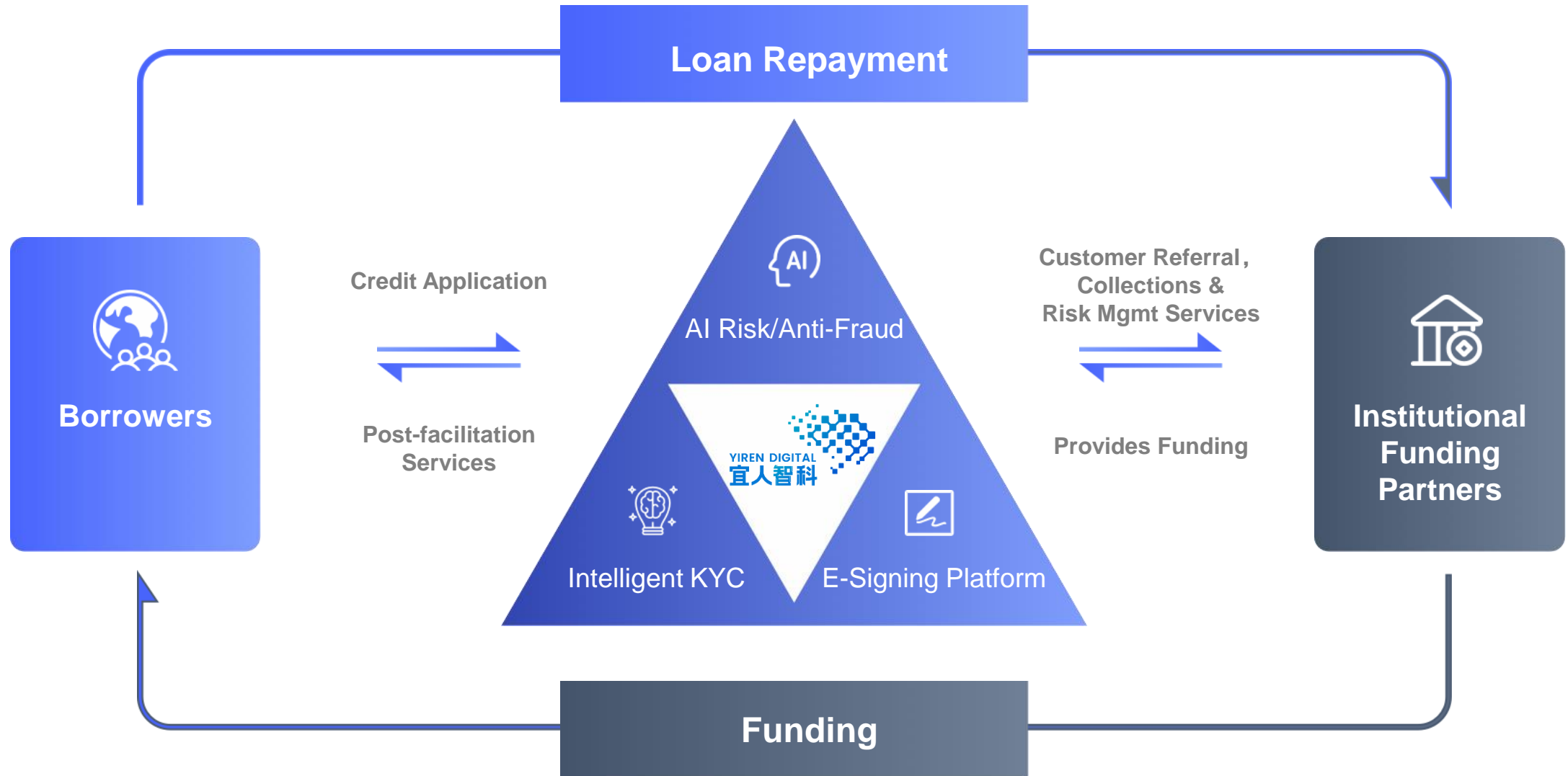


Intelligent Risk Management



Intelligent Product Selection

Financial Services: Technology Driven Loan Facilitation Model



Revolving Financing Services

Precise Targeting, Diverse Acquisition

Precise-targeting Customers

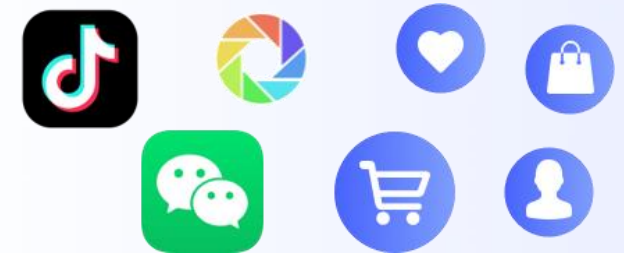
- **100mn+** borrowers served
- Mainly aged 25-40
- Stable salary or self-employed



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

- **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

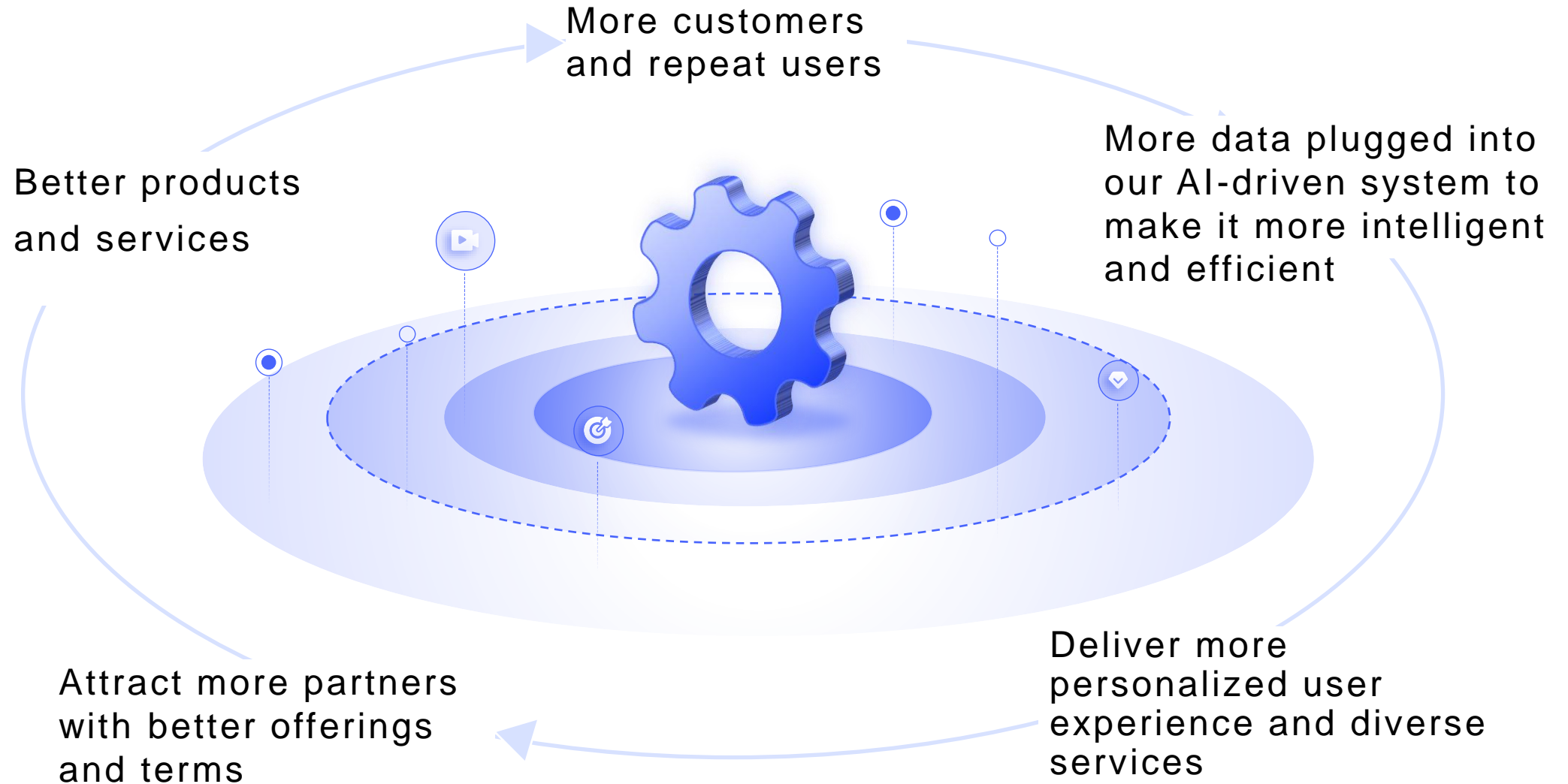
Comprehensive Credit Data

- **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

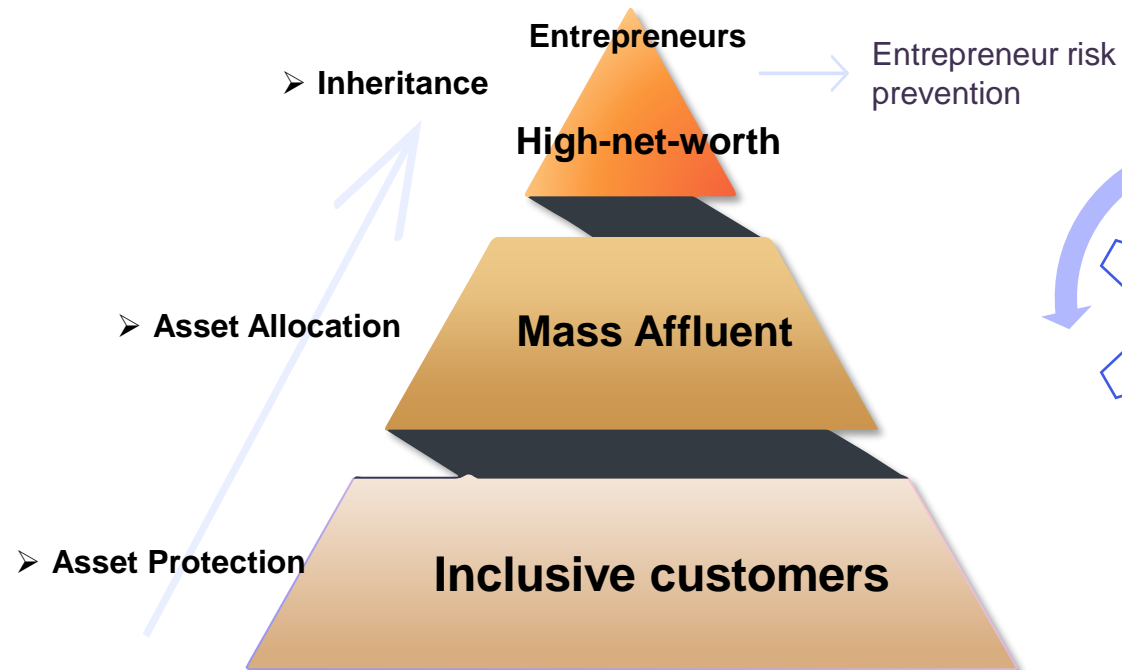
500+ Insurance Agents from
30+ Branches Nationwide

Customer Resources
within CE ecosystem

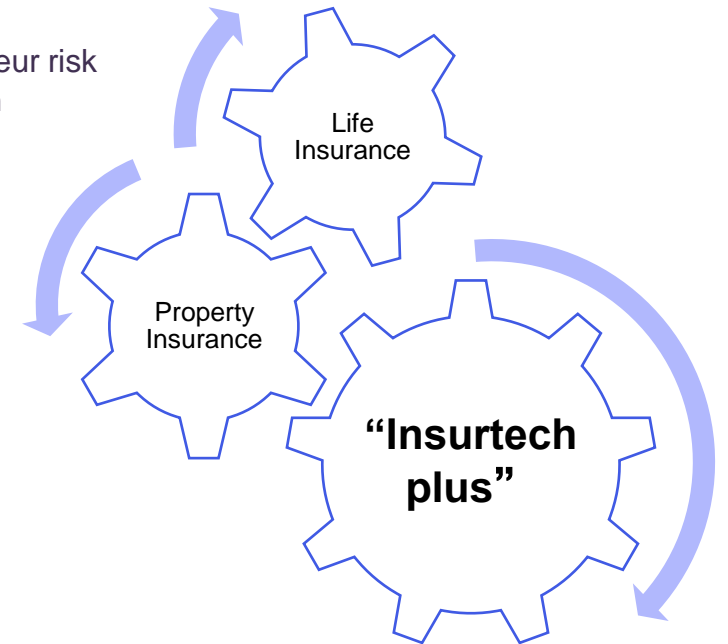
Cross-Sector Cooperation
and Online Marketing

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



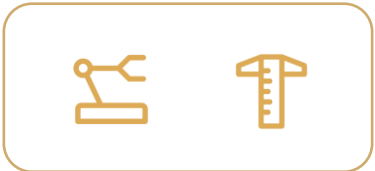
Travel & Leisure



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 Mar.31 2024,

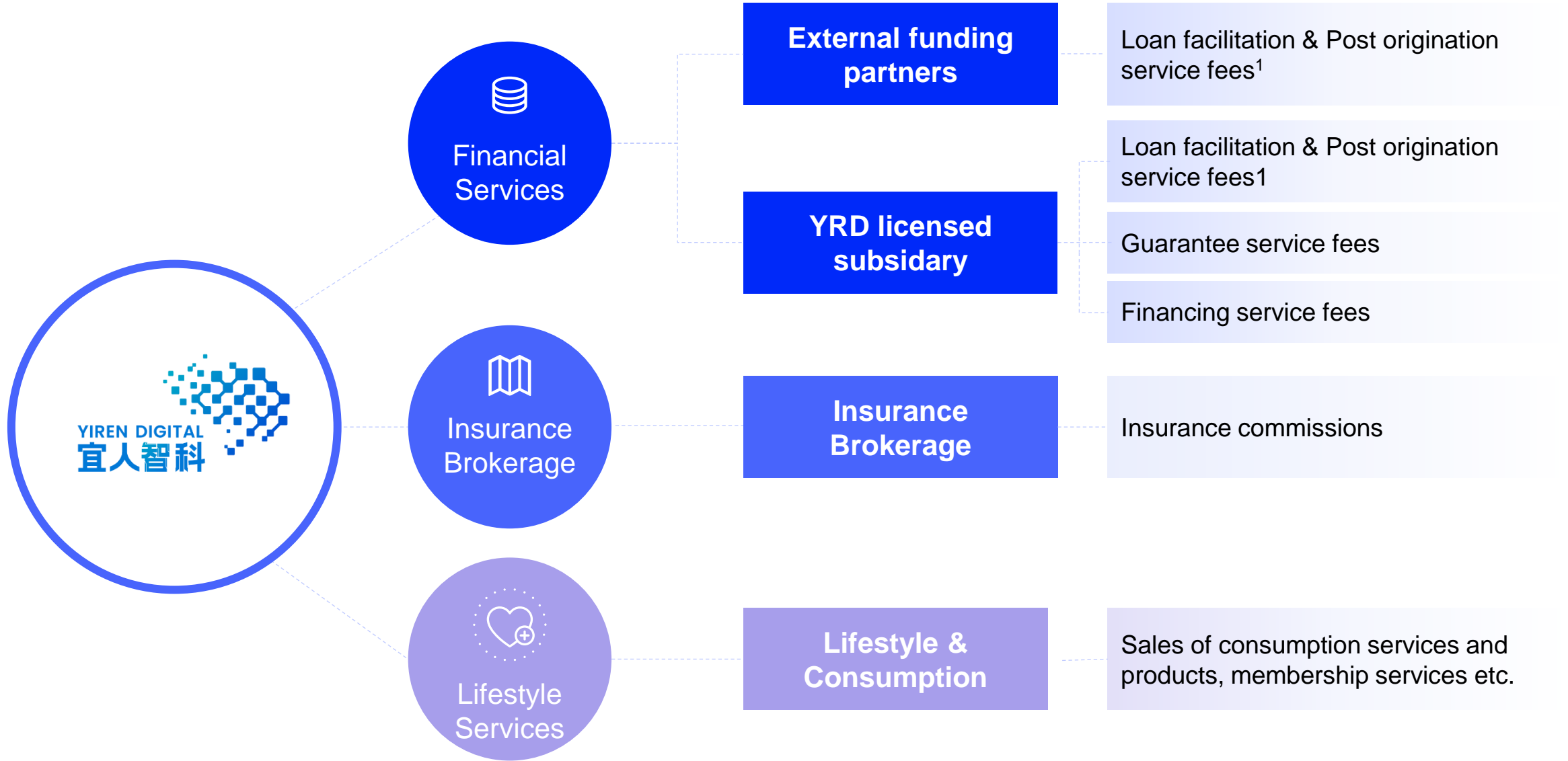
130+ Partner
Institutions
Nationwide

1000+ insurance
products on the shelf



Our Partnering Insurers

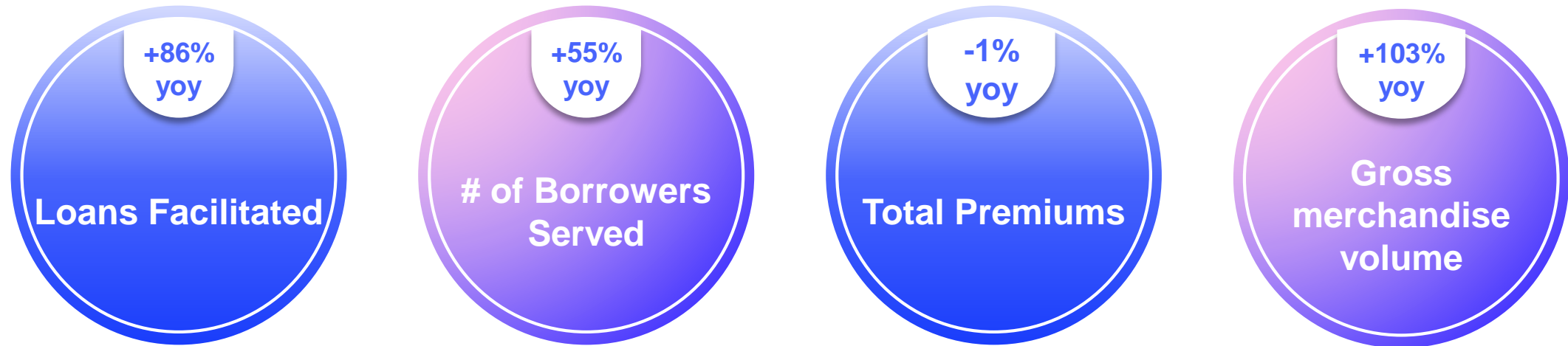
Revenue Models and Monetization



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

02 Key Financial Highlights

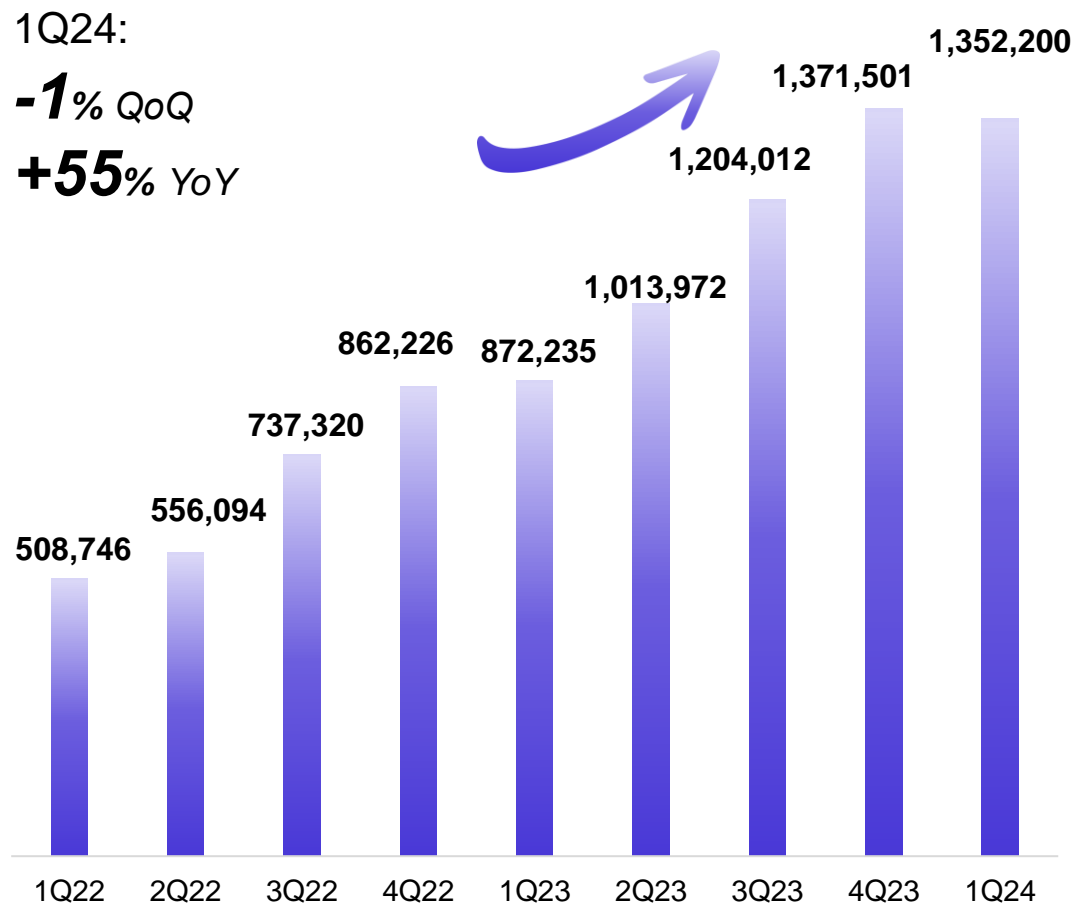
What We Achieved in 1Q24



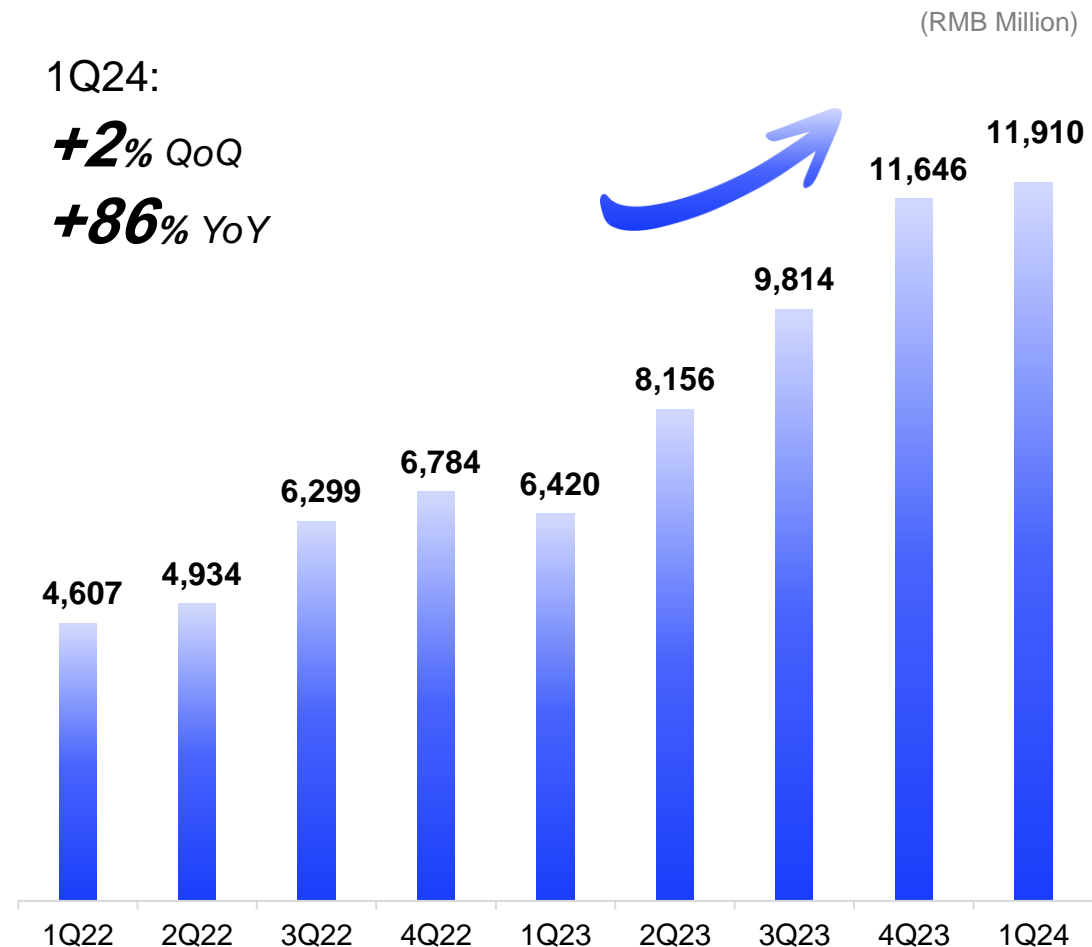
- Stable growth in revenue and business scale with strong profitability
- Strong cash position and ample free cash flow
- 'AI Lab' enhances core competitive advantages across all operations

Continuous Expansion in Borrower Base Driving Stable Volume Growth

Number of Borrowers



Loans Facilitated



Insurance Brokerage Business : Key Strategic Pillar

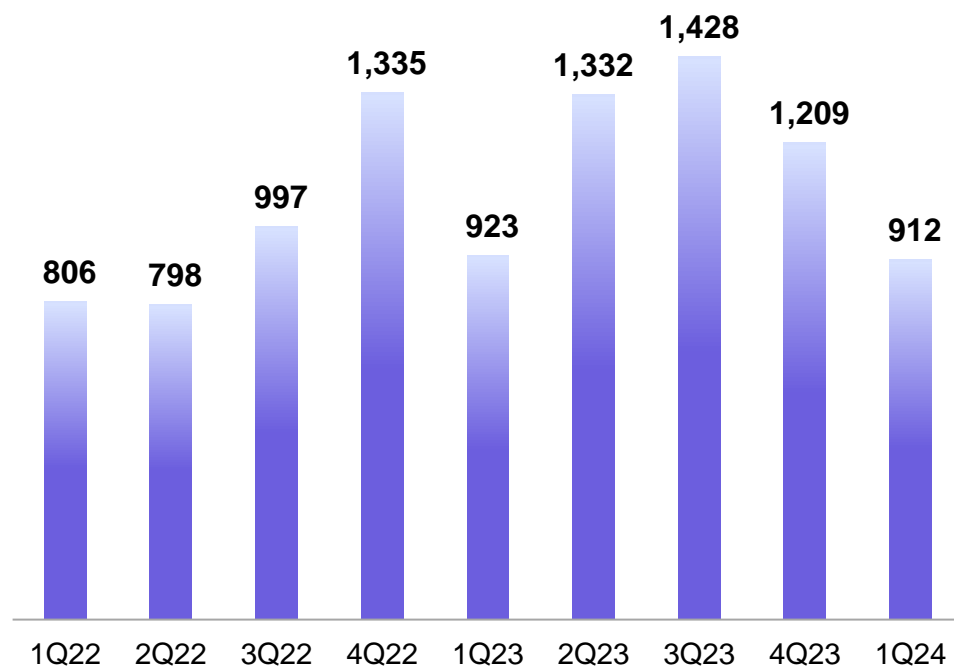
Gross Written Premiums

1Q24:

-25% QoQ¹

-1% YoY¹

(RMB Million)

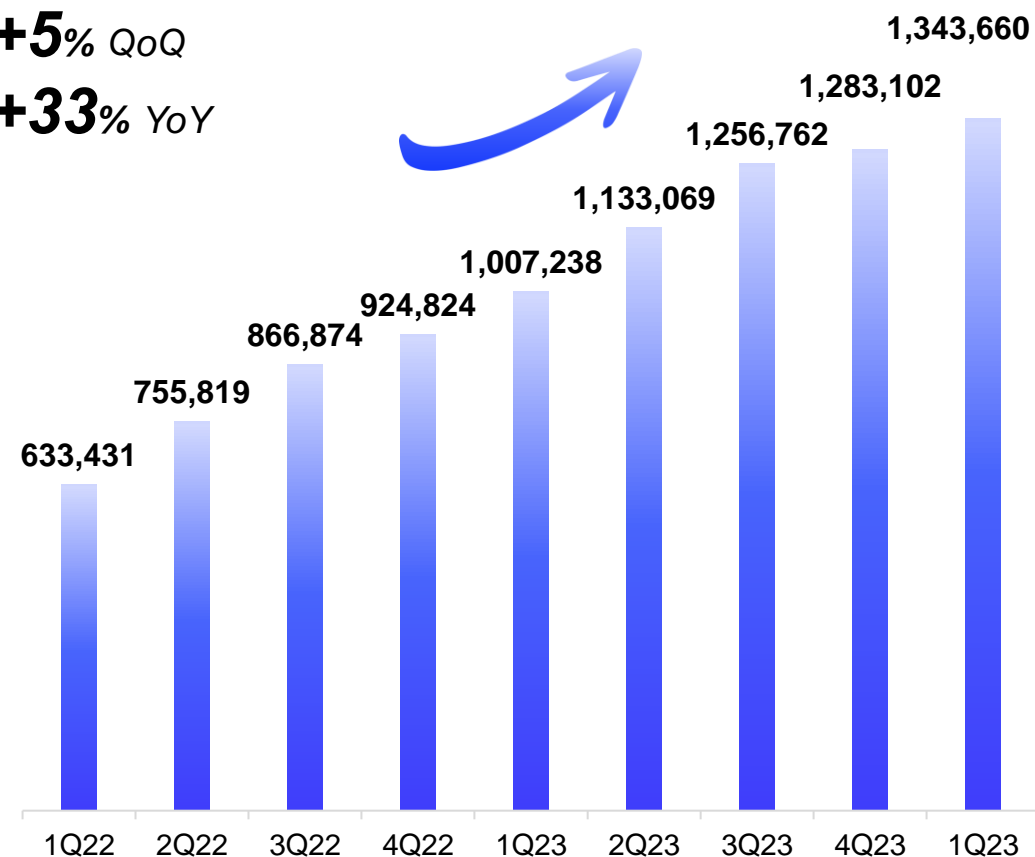


Cumulative Number of Insurance Clients

1Q24:

+5% QoQ

+33% YoY



Note1: The decrease in gross written premium in 1Q24 was due to the decreased volume of life insurance following product changes under the new regulations.

Stable Growth with Increased Business Scale

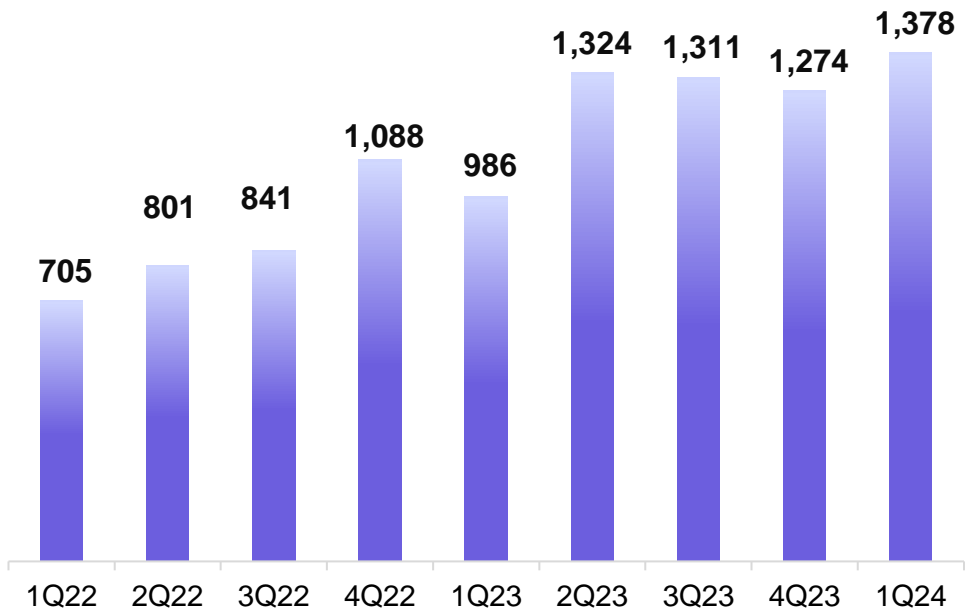
Net Revenue

(RMB Million)

1Q24:

+8% QoQ

+40% YoY



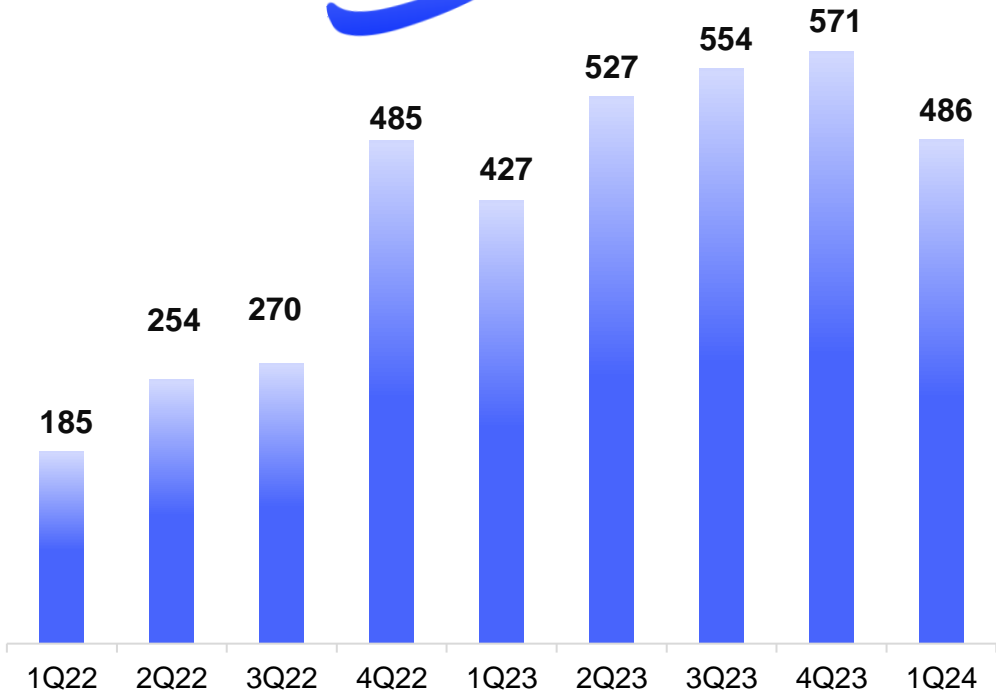
GAAP Net Income

(RMB Million)

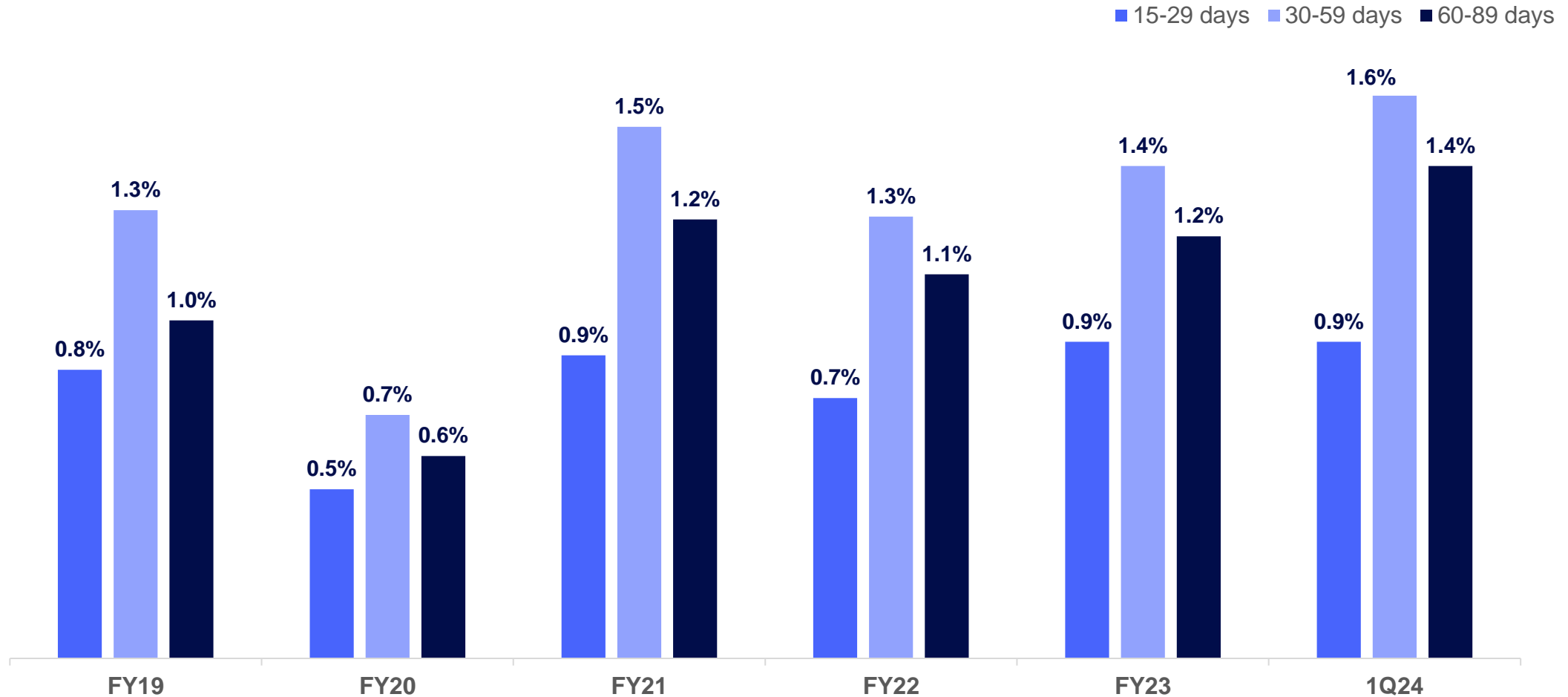
1Q24:

-15% QoQ

+14% YoY



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		
	March 31, 2023	March 31, 2024	March 31, 2024
	RMB	RMB	USD
Net revenue:			
Loan facilitation services	417,165	676,295	93,666
Post-origination services	6,316	1,772	245
Insurance brokerage services	196,358	124,926	17,302
Financing services	22,577	10,666	1,477
Electronic commerce services	242,858	502,936	69,656
Guarantee services	5,759	16,853	2,334
Others	95,310	44,636	6,182
Total net revenue	986,343	1,378,084	190,862
Operating costs and expenses:			
Sales and marketing	106,212	277,223	38,395
Origination, servicing and other operating costs	199,745	233,270	32,308
Research and development	29,169	40,521	5,612
General and administrative	63,381	83,674	11,589
Allowance for contract assets, receivables and others	39,406	102,334	14,173
Provision for contingent liabilities	5,499	67,258	9,315
Total operating costs and expenses	443,412	804,280	111,392
Other income/(expenses):			
Interest income, net	14,519	27,713	3,838
Fair value adjustments related to Consolidated ABFE	(11,203)	15,468	2,142
Others, net	3,589	677	95
Total other income	6,905	43,858	6,075
Income before provision for income taxes	549,836	617,662	85,545
Income tax expense	122,670	131,779	18,251
Net income	427,166	485,883	67,294
Weighted average number of ordinary shares outstanding, basic	177,782,059	174,282,443	174,282,443
Basic income per share	2.4028	2.7879	0.3861
Basic income per ADS	4.8056	5.5758	0.7722
Weighted average number of ordinary shares outstanding, diluted	180,180,975	176,202,571	176,202,571
Diluted income per share	2.3708	2.7575	0.3819
Diluted income per ADS	4.7416	5.5150	0.7638

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		
	March 31,	March 31,	March 31,
	2023	2024	2024
	RMB	RMB	USD
Unaudited Condensed Consolidated Cash Flow Data			
Net cash generated from operating activities	390,307	631,743	87,495
Net cash provided by/(used in) investing activities	774,283	(683,697)	(94,691)
Net cash used in financing activities	(392,831)	(14,774)	(2,046)
Effect of foreign exchange rate changes	(181)	1,340	186
Net increase/(decrease) in cash, cash equivalents and restricted cash	771,578	(65,388)	(9,056)
Cash, cash equivalents and restricted cash, beginning of period	4,360,695	6,058,604	839,107
Cash, cash equivalents and restricted cash, end of period	5,132,273	5,993,216	830,051

Balance Sheets

Unaudited Condensed Consolidated Balance Sheets (in thousands)

	As of		
	December 31, 2023	March 31, 2024	March 31, 2024
	RMB	RMB	USD
Cash and cash equivalents	5,791,333	5,903,995	817,694
Restricted cash	267,271	89,221	12,357
Trading securities	76,053	77,967	10,798
Accounts receivable	499,027	610,745	84,588
Guarantee receivable	2,890	36,787	5,095
Contract assets, net	978,051	994,116	137,683
Contract cost	32	18	2
Prepaid expenses and other assets	423,621	1,273,040	176,314
Loans at fair value	677,835	655,058	90,725
Financing receivables	116,164	73,383	10,163
Amounts due from related parties	820,181	726,991	100,687
Held-to-maturity investments	10,420	10,420	1,443
Available-for-sale investments	438,084	379,489	52,559
Property, equipment and software, net	79,158	77,777	10,772
Deferred tax assets	73,414	59,260	8,207
Right-of-use assets	23,382	18,758	2,598
Total assets	10,276,916	10,987,025	1,521,685
Accounts payable	30,902	41,484	5,745
Amounts due to related parties	14,414	1,122	155
Guarantee liabilities-stand ready	8,802	40,583	5,621
Guarantee liabilities-contingent	28,351	81,921	11,346
Deferred revenue	54,044	46,807	6,483
Payable to investors at fair value	445,762	445,762	61,737
Accrued expenses and other liabilities	1,463,369	1,595,052	220,912
Deferred tax liabilities	122,075	114,222	15,820
Lease liabilities	23,648	19,025	2,635
Total liabilities	2,191,367	2,385,978	330,454
Ordinary shares	130	130	18
Additional paid-in capital	5,171,232	5,172,942	716,444
Treasury stock	(94,851)	(109,444)	(15,158)
Accumulated other comprehensive income	23,669	66,671	9,234
Retained earnings	2,985,369	3,470,748	480,693
Total equity	8,085,549	8,601,047	1,191,231
Total liabilities and equity	10,276,916	10,987,025	1,521,685

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		
	March 31, 2023	March 31, 2024	March 31, 2024
	RMB	RMB	USD
Operating Highlights			
Amount of loans facilitated	6,420,213	11,910,367	1,649,567
Number of borrowers	872,235	1,352,200	1,352,200
Remaining principal of performing loans	11,129,221	20,156,161	2,791,596
Cumulative number of insurance clients	1,007,238	1,343,660	1,343,660
Number of insurance clients	80,856	73,687	73,687
Gross written premiums	923,382	912,431	126,370
First year premium	627,314	514,141	71,208
Renewal premium	296,068	398,290	55,162
Gross merchandise volume	308,567	625,120	86,578
Segment Information			
Financial services business:			
Revenue	483,873	738,117	102,228
Sales and marketing expenses	62,218	251,922	34,891
Origination, servicing and other operating	47,609	85,787	11,882
Allowance for contract assets, receivables and others	40,222	101,127	14,006
Provision for contingent liabilities	5,499	67,258	9,315
Insurance brokerage business:			
Revenue	196,358	124,926	17,302
Sales and marketing expenses	2,289	3,565	494
Origination, servicing and other operating	133,617	136,883	18,958
Allowance for contract assets, receivables and others	12	1,012	140
Consumption & lifestyle business and others:			
Revenue	306,112	515,041	71,332
Sales and marketing expenses	41,705	21,736	3,010
Origination, servicing and other operating	18,519	10,600	1,468
Allowance for contract assets, receivables and others	(479)	9	1
Reconciliation of Adjusted EBITDA			
Net income	427,166	485,883	67,294
Interest income, net	(14,519)	(27,713)	(3,838)
Income tax expense	122,670	131,779	18,251
Depreciation and amortization	1,868	1,892	262
Share-based compensation	2,089	1,207	167
Adjusted EBITDA	539,274	593,048	82,136
Adjusted EBITDA margin	54.7%	43.0%	43.0%

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%

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 March 31, 2024 (in RMB thousands)	Total Net Charge- Off Rate as of March 31, 2024
2019	3,431,443	384,442	11.2%
2020	9,614,819	734,218	7.6%
2021	23,195,224	1,451,220	6.3%
2022	22,623,101	1,059,319	4.7%
2023	36,036,301	1,396,260	3.9%

NCOs by Vintage

[illegible]



THANKS!

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

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