

Yiren Digital Investor Presentation

1H22



Safe Harbor Statement

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 Yirendai’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.

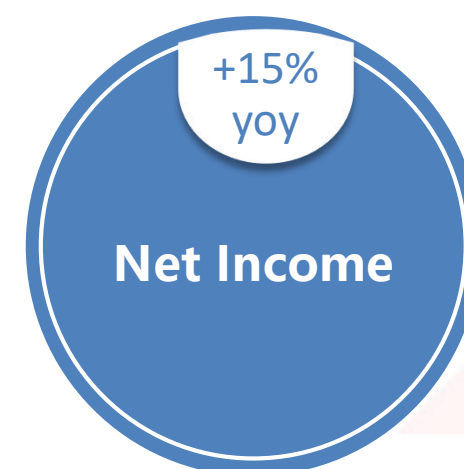
Further information regarding these and other risks, uncertainties or factors is included in Yiren Digital’s filings with the U.S. Securities and Exchange Commission. All information provided in this material is as of the date of this material, and Yiren Digital does not undertake any obligation to update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

1

Key Financial Updates

2

Business Models and Strategies

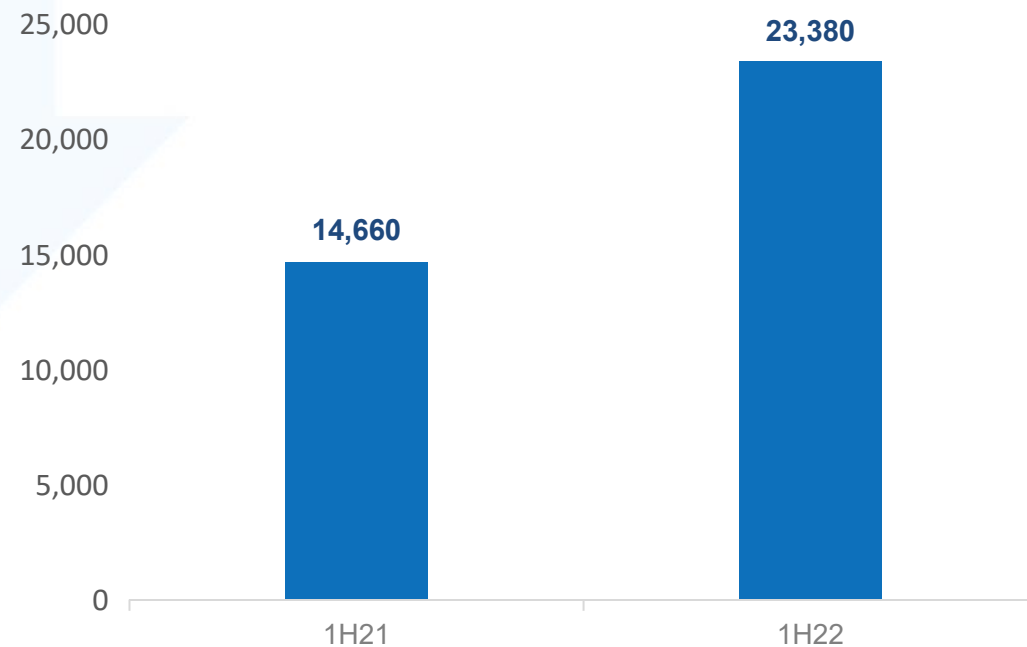


Continued improvement in profitability and resilience in scale growth

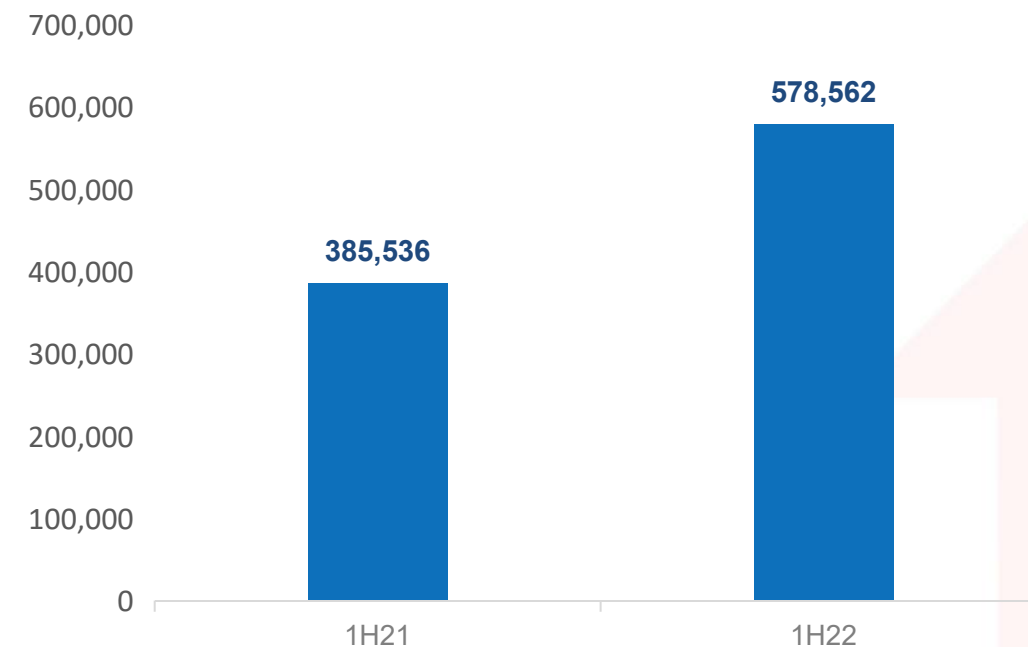
Wealth Solutions Gaining Traction

Total Client Asset

(RMB Million)



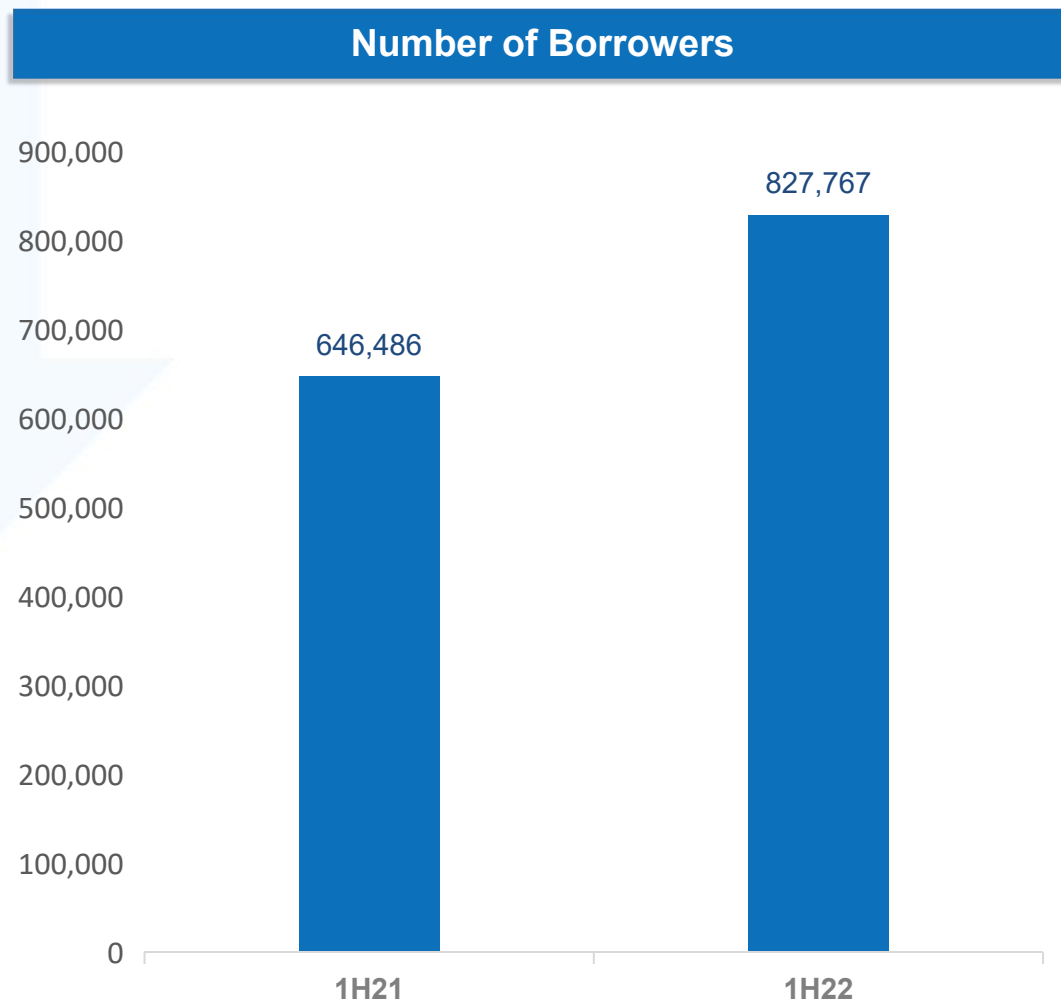
Number of Active clients from Hexiang and Yiren Select



Note 1: Active clients refer to those who have made at least one investment through our holistic wealth ecosystem or have client assets with us above zero in the past twelve months.

Note 2: Client assets refer to the outstanding balance of client asset generated through our platforms, where an asset is counted towards the outstanding balance for so long as it continues to be held by the clients who acquired it through our platform.

Loan Volume Driven by Our Borrowers

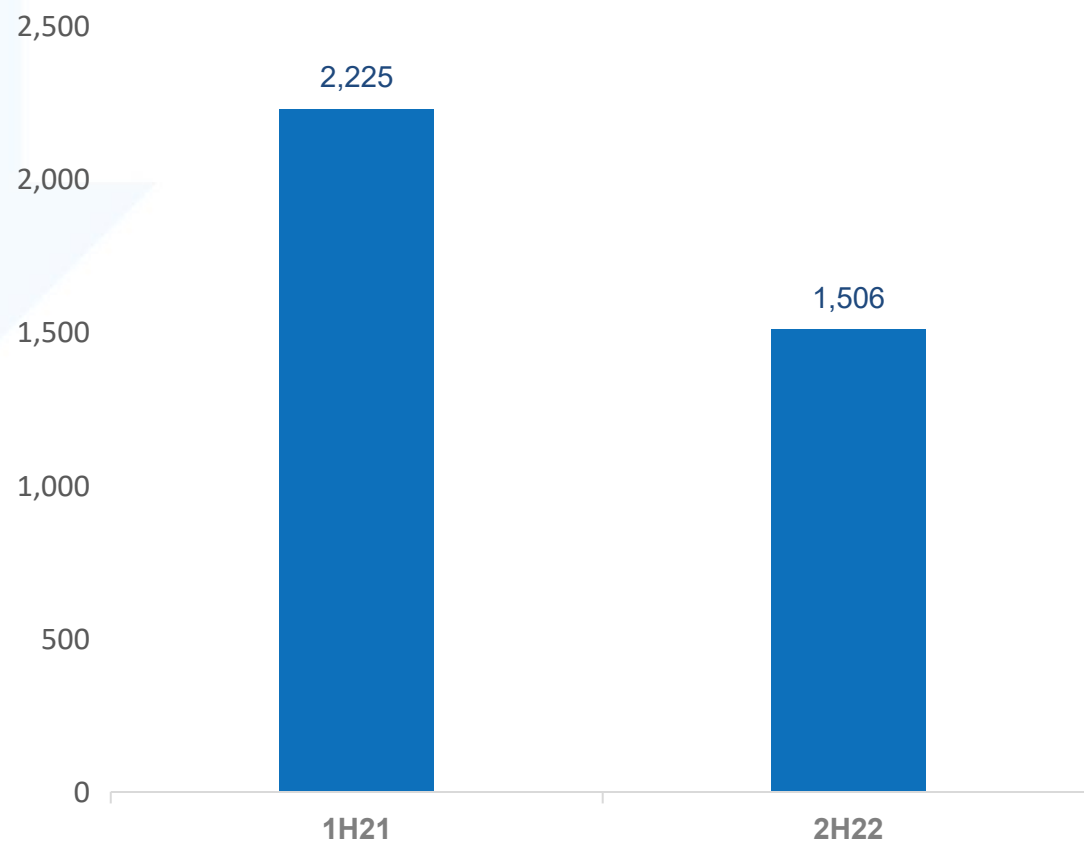


Note 1: The decline in loan volumes facilitated in 1H22 was partially due to the scale back of our offline business as part of our business optimization process, which was offset by the rapid growth of small revolving loans and SME loans.

Financial Metrics

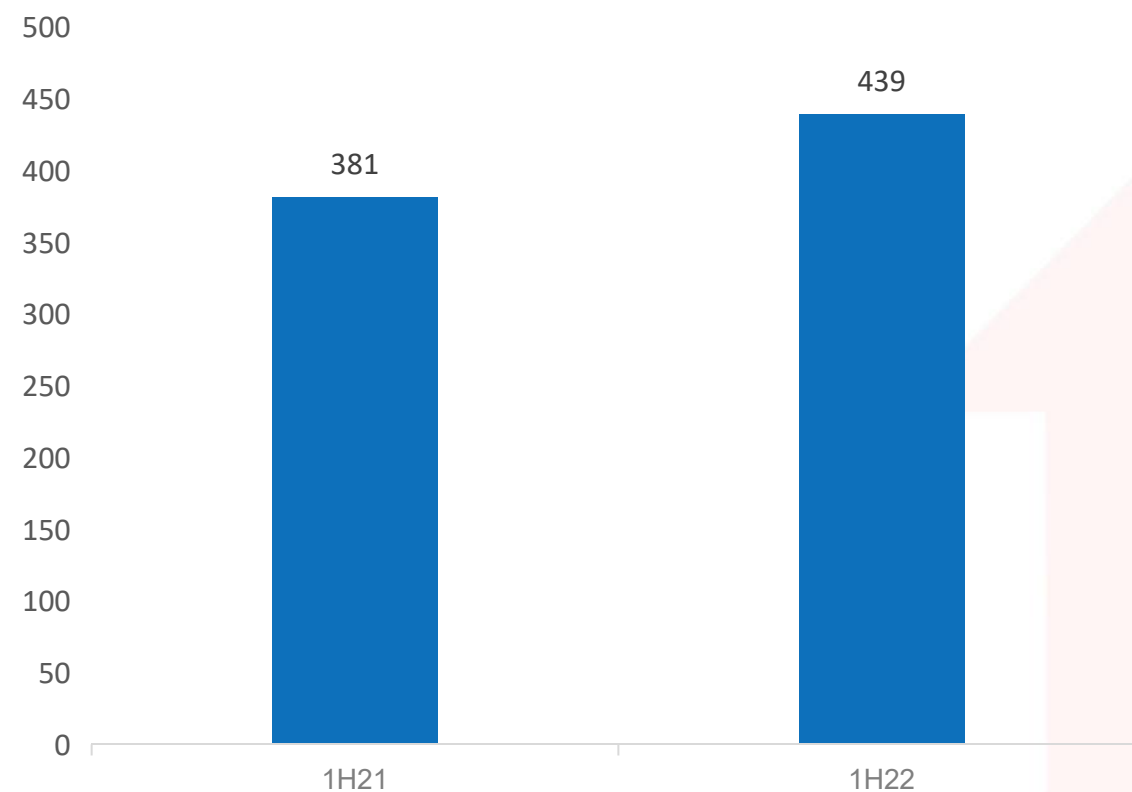
Net Revenue

(RMB Million)



GAAP Net Income

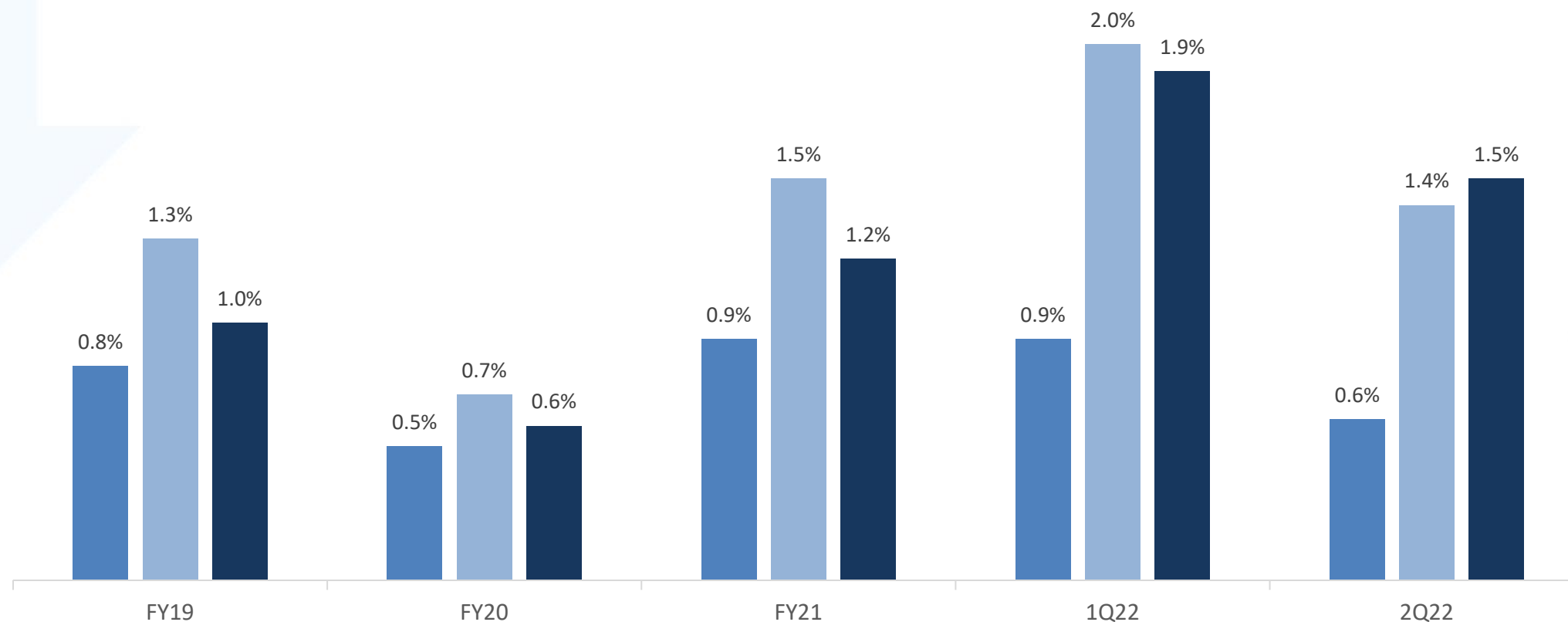
(RMB Million)



Note 1: The company has been proactively optimizing its product structure and shifting towards a shorter-tenor loan portfolio with lower lending rate, resulting in a decline in net revenue in 1H22. Yet due to the continued optimization of acquisition channels and cost efficiencies, net income saw quarterly growth in 2Q22.

Delinquency Rates

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



Note: Delinquency rate uptick in 1Q22 was driven by the deterioration of offline asset amid the pandemic. The Company started to optimize its offline business from the second half of 2021. Early indicators show a continued improvement in asset quality from June 2022 onwards.

1

Key Financial Updates

2

Business Models and Strategies



Credit-Tech



Holistic Wealth



Comprehensive Financial Management Solutions



Cash account
liquidity Management



Insurance account
Wealth Protection



Investment accounts
Wealth Appreciation

Consumption + Business
Operation



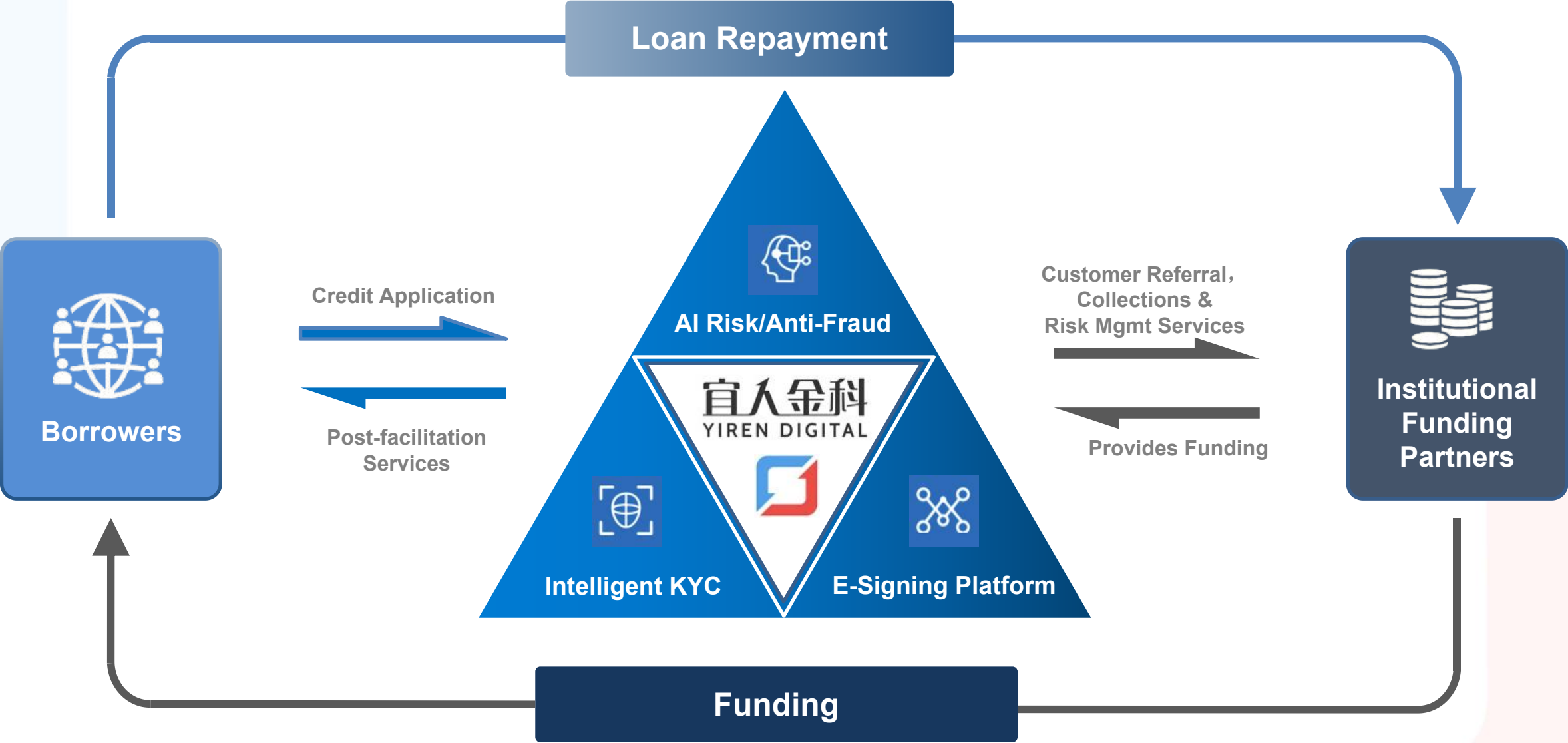
Protection



Investment



Credit Tech: Technology Driven Loan Facilitation Model

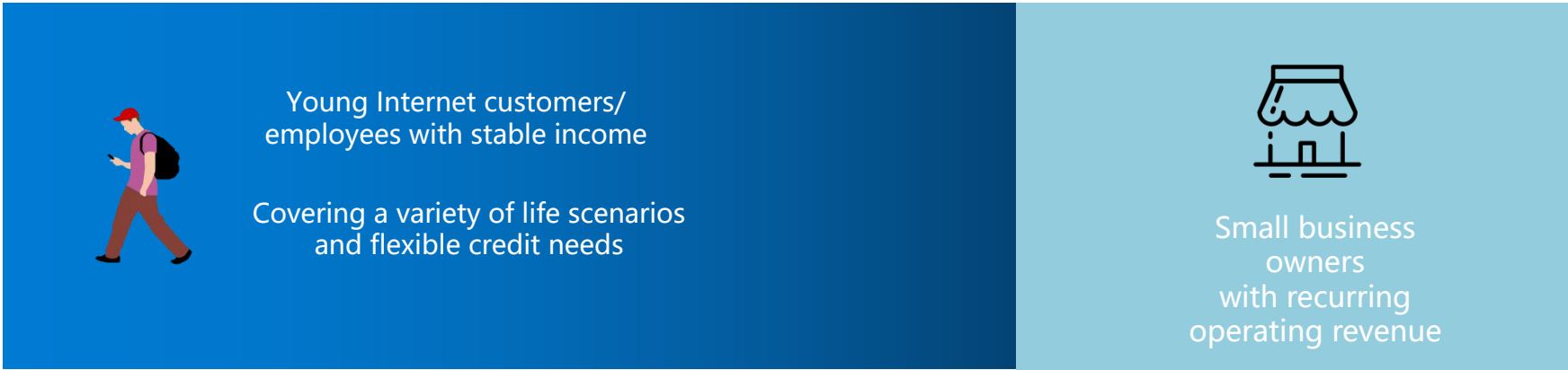


Diversified product matrix, covering different scenarios

Unsecured revolving loans

SME loans

Online
↕ ↔
Offline



Online
↕ ↔
Offline

Full Spectrum of Credit Products : Small Revolving Loans



Average Principal Amt
~RMB4k-6k



Loan Tenure
3, 6, 9 or 12 months



Target Customer Base
Young & Tech-savy

Full Spectrum of Credit Products : SME loans

SMEs Across Varied Industries



Accumulatively Served
40,000+ SMEs

Diversified Channel Partners

SaaS



E-commerce



Offline Stores



Tech-driven Credit Service



Machine Learning &
Model Building



Data-driven Risk Pricing



Cross-platform
Customized Service

Offers fast-track installment-based
payment options



Average Principal Amt
RMB160k -170k



Loan Tenure
3, 4, 6, 12 months



Target Customer Base
Small Business Owners

Holistic Wealth Solutions

Customer Spectrum

Retail Clients	Corporates
----------------	------------

Mass	Mass Affluent	HNW	UHNW
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Under the listco

Positioning

◆ One-stop holistic wealth solutions platform targeting the mass affluent

◆ Comprehensive national insurance broker

Products

- Partnering with over 200 corporates/institutions
- Catering to the comprehensive needs of mass affluent group
- 520+ products from 100+ insurers
- Life and health insurance and P&C insurance products

Tech-driven platforms

Rich Resources from CreditEase Wealth Management Ecosystem

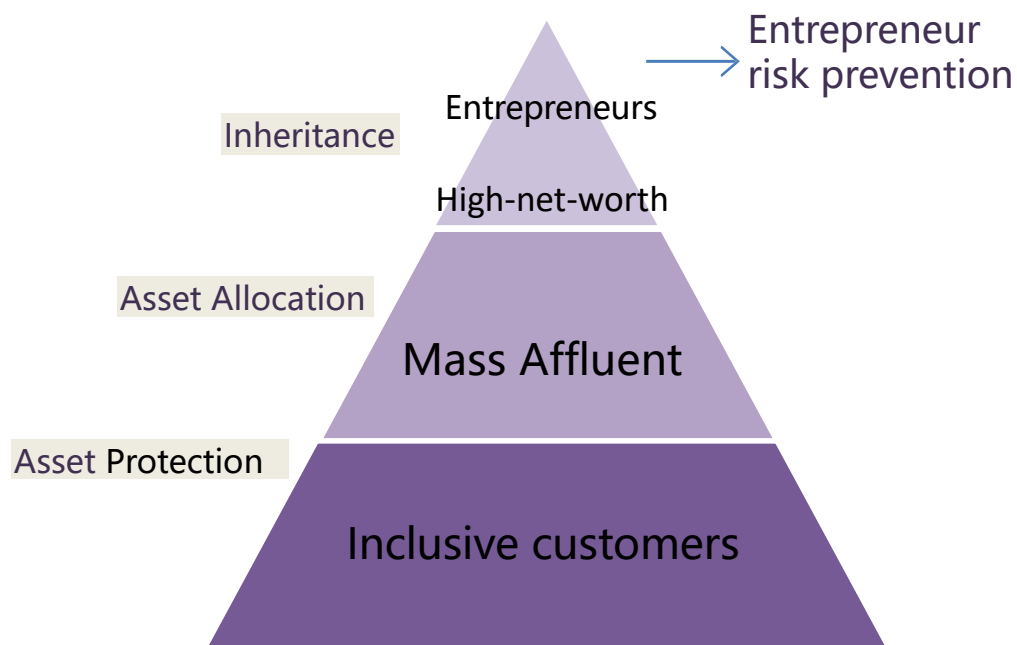
Hexiang Insurance: Business Highlight and Differentiation

- **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

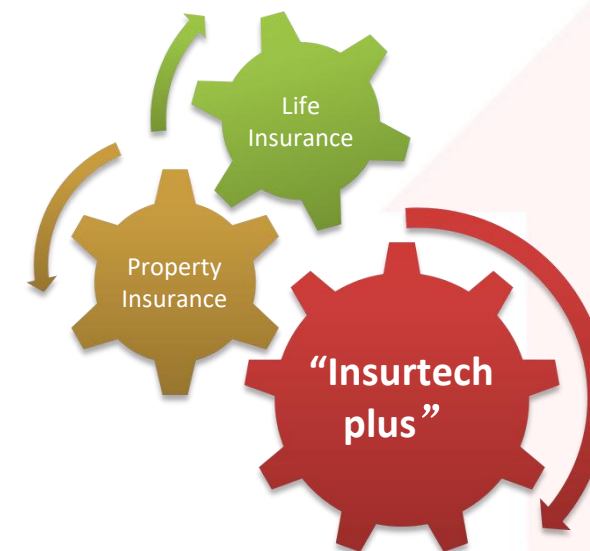
Customer Acquisition



Multi-layer of customer needs



Product Strategy



Hexiang 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

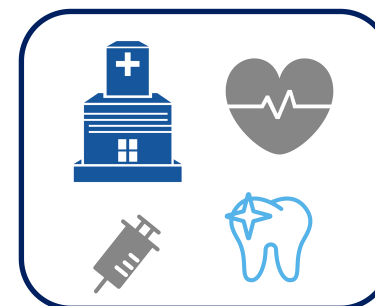
Servicing Capabilities

Tech-driven KYC



Rich Application Scenarios

Medicine & Healthcare



Travel & Leisure



Wealth & Finance



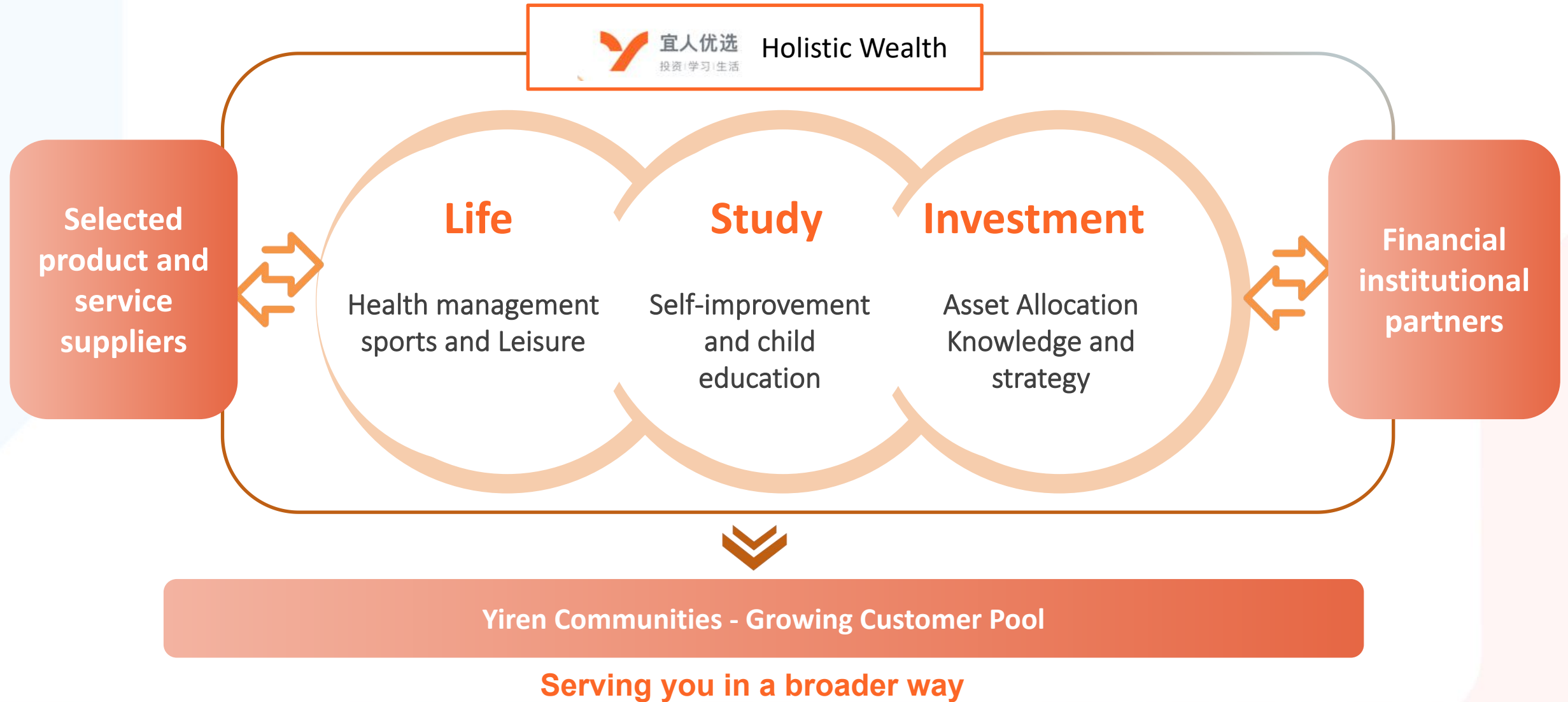
Agriculture & Fisheries



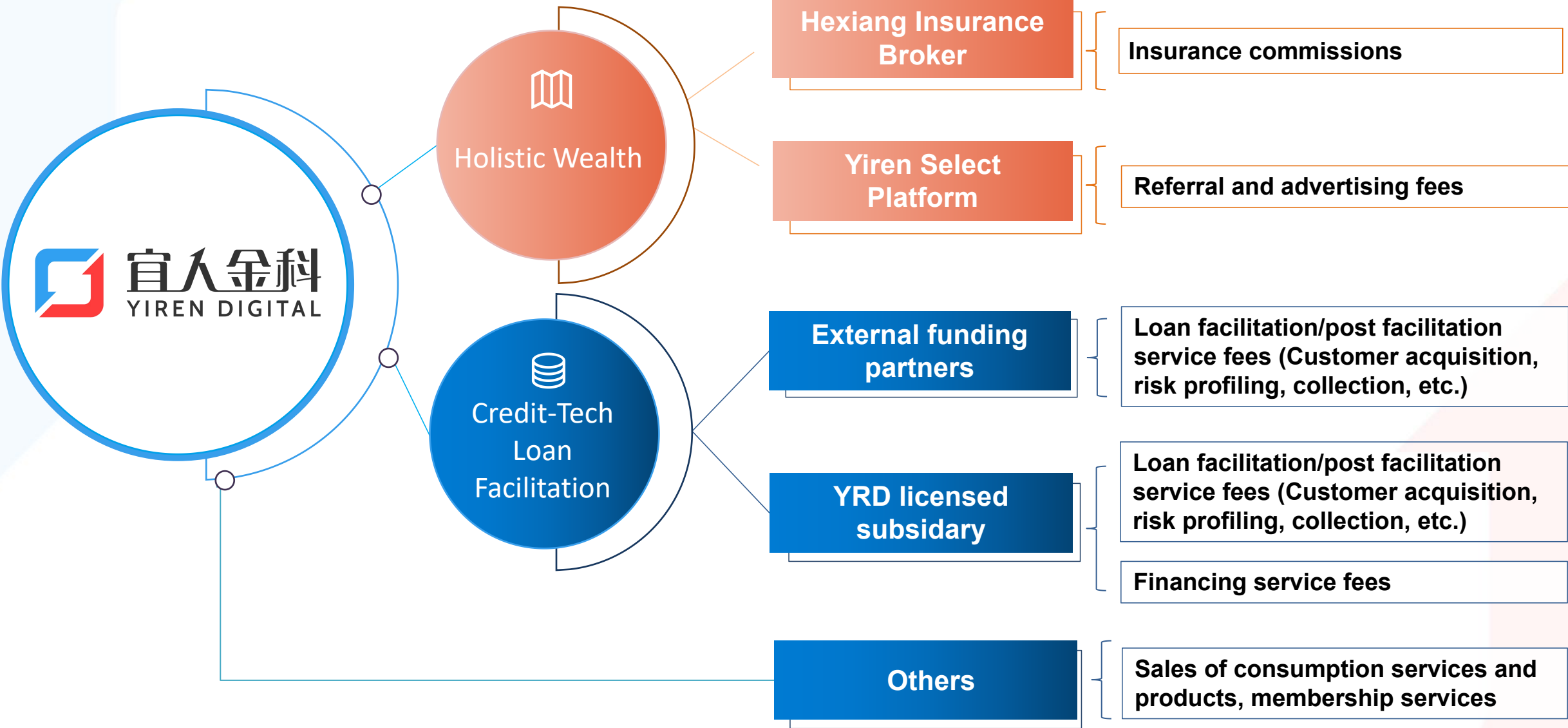
Property Insurance + Life Insurance

Insurance Ecosystem

Yiren Select: One-stop Holistic Wealth Solution Platform



Revenue Models and Monetization





1 Integrating different business lines to explore customers' long-term comprehensive financial management needs

Wealth Solutions



2 Holistic Wealth solutions: scaling up through increasingly enriched products and Hexiang and Yiren Select service networks

Consumption



Protection



3 Credit-tech: In response to regulatory direction, transitioning to C (moving to 24% APR customers)+ B strategy (SMEs)



4 Driving up synergies within Yiren Digital business ecosystem

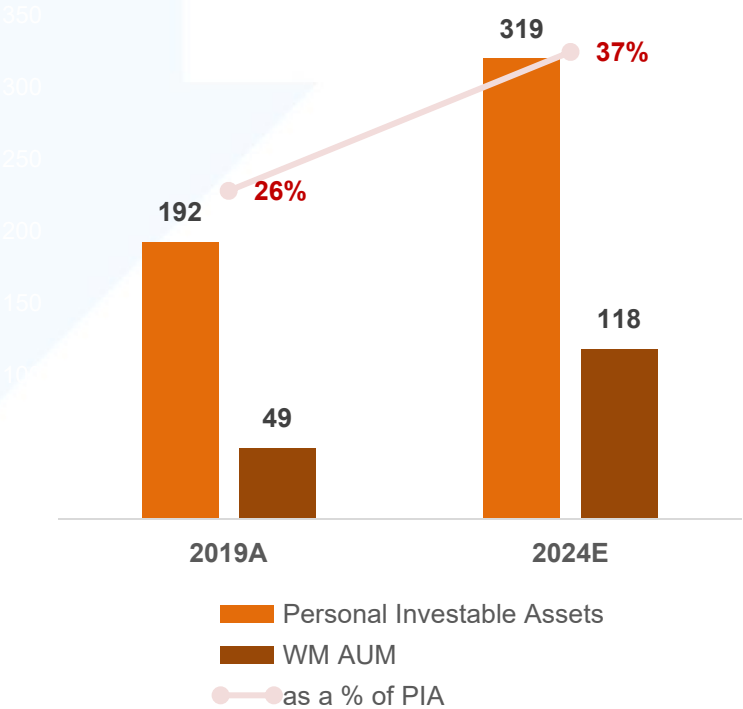


5 Strengthen data and technology capabilities to support growth

Wealth Solution

Increasing Investment Needs

(in RMB trillion)

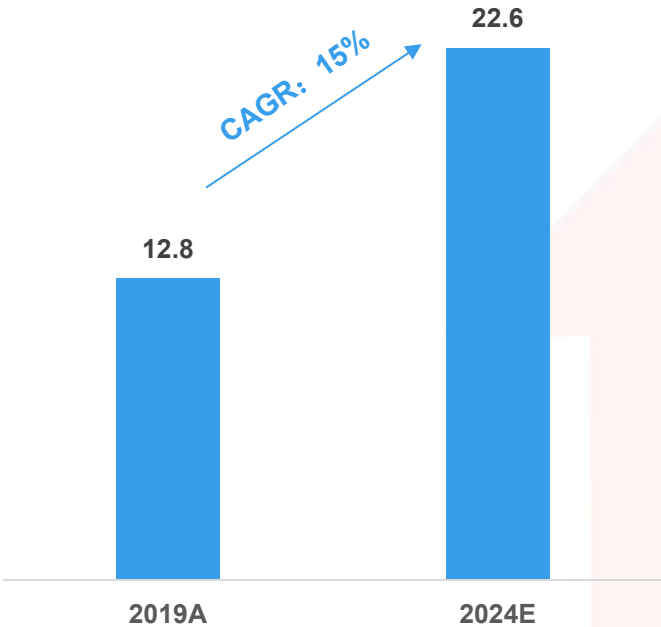


Source: Oliver Wyman

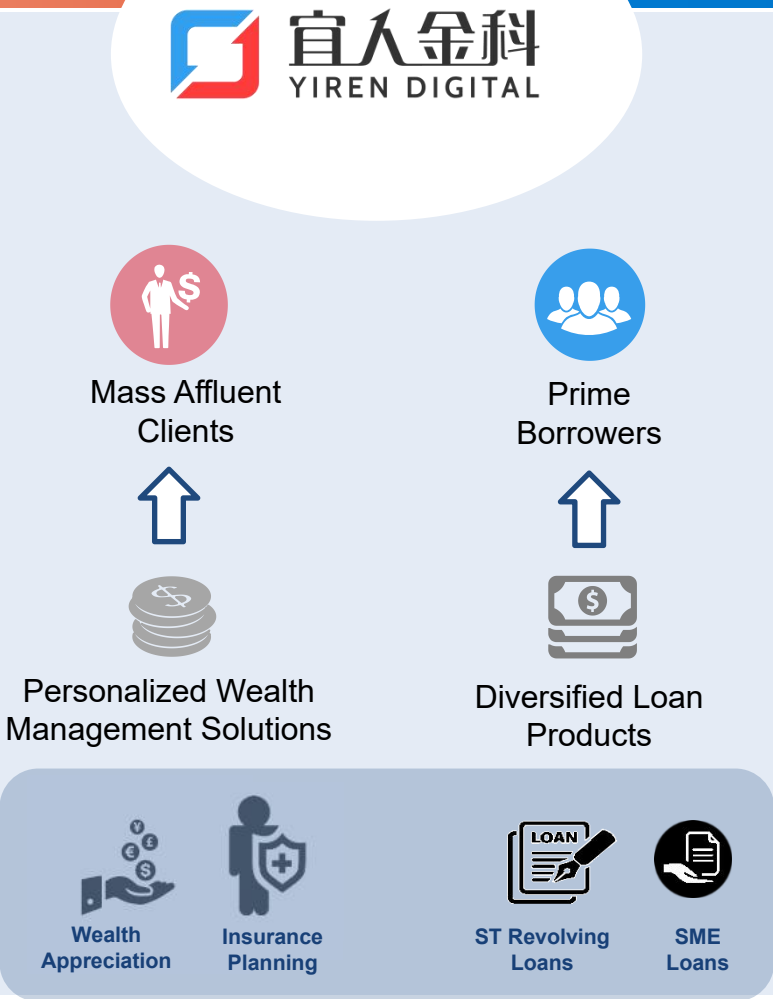
Consumer Credit

Consumer Finance Market in China

(By outstanding balance, RMB trillion)



Source: Oliver Wyman



APPENDIX

An aerial photograph of a city skyline at sunset. The sky is a mix of orange, pink, and purple. 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 median strip of trees runs through the city. The overall scene is a vibrant, high-angle view of a modern urban landscape.

Income Statement

Unaudited Condensed Consolidated Statements of Operations (in thousands, except for share, per share and per ADS data, and percentages)

	For the Six Months Ended		
	June 30, 2021	June 30, 2022	June 30, 2022
	RMB	RMB	USD
Net revenue:			
Loan facilitation services	1,093,505	503,386	75,154
Post-origination services	85,370	92,287	13,778
Insurance brokerage services	311,505	343,751	51,321
Financing services	240,199	188,141	28,089
Electronic commerce services	-	120,788	18,033
Others	494,419	257,536	38,448
Total net revenue	2,224,998	1,505,889	224,823
Operating costs and expenses:			
Sales and marketing	842,058	334,141	49,886
Origination, servicing and other operating costs	357,192	341,628	51,004
General and administrative	247,555	228,512	34,116
Allowance for contract assets, receivables and others	234,665	97,402	14,541
Total operating costs and expenses	1,681,470	1,001,683	149,547
Other (expenses)/income:			
Interest expense, net	(33,762)	(29,363)	(4,384)
Fair value adjustments related to Consolidated ABFE	(48,636)	19,785	2,954
Others, net	19,796	15,895	2,373
Total other expenses	(62,602)	6,317	943
Income before provision for income taxes	480,926	510,523	76,219
Income tax expense	99,632	71,207	10,631
Net income	381,294	439,316	65,588
Weighted average number of ordinary shares outstanding, basic	167,970,515	170,005,103	170,005,103
Basic income per share	2.2700	2.5841	0.3858
Basic income per ADS	4.5400	5.1682	0.7716
Weighted average number of ordinary shares outstanding, diluted	169,160,565	170,932,908	170,932,908
Diluted income per share	2.2540	2.5701	0.3837
Diluted income per ADS	4.5080	5.1402	0.7674

Unaudited Condensed Consolidated Statements of Operations
(in thousands, except for share, per share and per ADS data, and percentages)

	For the Six Months Ended		
	June 30,	June 30,	June 30,
	2021	2022	2022
	RMB	RMB	USD
Unaudited Condensed Consolidated Cash Flow Data			
Net cash (used in)/generated from operating activities	(355,004)	1,034,652	154,471
Net cash (used in)/provided by investing activities	(494,595)	604,478	90,246
Net cash provided by/(used in) financing activities	423,507	(158,374)	(23,645)
Effect of foreign exchange rate changes	(396)	1,308	195
Net (decrease)/increase in cash, cash equivalents and restricted cash	(426,488)	1,482,064	221,267
Cash, cash equivalents and restricted cash, beginning of period	2,707,148	2,945,344	439,728
Cash, cash equivalents and restricted cash, end of period	2,280,660	4,427,408	660,995

Balance Sheet

Unaudited Condensed Consolidated Balance Sheets (in thousands)



	As of		
	December 31,	June 30,	June 30,
	2021	2022	2022
	RMB	RMB	USD
Cash and cash equivalents	2,864,543	4,354,487	650,108
Restricted cash	80,800	72,921	10,887
Accounts receivable	305,018	297,939	44,481
Contract assets, net	1,105,905	634,079	94,665
Contract cost	9,959	2,545	380
Prepaid expenses and other assets	352,015	266,636	39,808
Loans at fair value	73,734	19,812	2,958
Financing receivables	1,697,962	960,238	143,360
Amounts due from related parties	879,256	935,714	139,698
Held-to-maturity investments	2,200	102,200	15,258
Available-for-sale investments	177,360	136,362	20,358
Property, equipment and software, net	102,548	92,714	13,842
Deferred tax assets	7,388	75,555	11,280
Right-of-use assets	80,752	48,151	7,189
Total assets	7,739,440	7,999,353	1,194,272
Accounts payable	19,065	30,903	4,613
Amounts due to related parties	434,127	411,530	61,440
Deferred revenue	12,379	1,713	256
Payable to investors at fair value	50,686	49,605	7,406
Accrued expenses and other liabilities	1,182,783	1,242,139	185,446
Secured borrowings	1,028,600	869,300	129,783
Refund liability	5,732	5,390	805
Deferred tax liabilities	112,535	80,200	11,974
Lease liabilities	72,101	49,724	7,424
Total liabilities	2,918,008	2,740,504	409,147
Ordinary shares	123	123	18
Additional paid-in capital	5,100,486	5,107,095	762,469
Treasury stock	(42,897)	(42,897)	(6,404)
Accumulated other comprehensive income	11,553	4,772	712
Accumulated deficit	(247,833)	189,756	28,330
Total equity	4,821,432	5,258,849	785,125
Total liabilities and equity	7,739,440	7,999,353	1,194,272

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 Six Months Ended		
	June 30, 2021	June 30, 2022	June 30, 2022
	RMB	RMB	USD
Operating Highlights			
Amount of investment in current investment products	11,166,657	10,918,580	1,630,101
Number of investors in current investment	203,472	305,975	305,975
Amount of loans facilitated under loan facilitation model	10,183,146	9,541,056	1,424,442
Number of borrowers	646,486	827,767	827,767
Remaining principal of performing loans facilitated under loan facilitation model	12,543,745	10,613,125	1,584,498
Gross merchandise volume	-	146,138	21,818
Segment Information			
Holistic Wealth:			
Revenue	550,582	557,905	83,293
Sales and marketing expenses	68,031	95,782	14,300
Origination, servicing and other operating costs	283,015	238,133	35,552
Consumer credit:			
Revenue	1,674,416	827,196	123,497
Sales and marketing expenses	774,027	237,220	35,416
Origination, servicing and other operating costs	74,177	73,503	10,974
Others:			
Revenue	-	120,788	18,033
Sales and marketing expenses	-	1,139	170
Origination, servicing and other operating costs	-	29,992	4,478
Reconciliation of Adjusted EBITDA			
Net income	381,294	439,316	65,588
Interest expense, net	33,762	29,363	4,384
Income tax expense	99,632	71,207	10,631
Depreciation and amortization	27,321	15,379	2,296
Share-based compensation	4,850	4,882	729
Adjusted EBITDA	546,859	560,147	83,628
Adjusted EBITDA margin	24.6%	37.2%	37.2%

Delinquency Rates (Loan Facilitation Model)			
	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%
March 31, 2022	0.9%	2.0%	1.9%
June 30, 2022	0.6%	1.4%	1.5%
Online Channels			
December 31, 2019	1.0%	2.1%	1.6%
December 31, 2020	0.6%	1.0%	1.1%
December 31, 2021	0.8%	1.3%	1.1%
March 31, 2022	0.7%	1.5%	1.3%
June 30, 2022	0.6%	1.1%	1.2%
Offline Channels			
December 31, 2019	0.7%	0.9%	0.7%
December 31, 2020	0.4%	0.6%	0.4%
December 31, 2021	1.0%	1.8%	1.4%
March 31, 2022	1.1%	2.7%	2.9%
June 30, 2022	0.8%	2.0%	2.3%

Net Charge-Off Rate (Loan Facilitation Model)			
Loan Issued Period	Amount of Loans Facilitated During the Period	Accumulated M3+ Net Charge-Off as of June 30, 2022	Total Net Charge-Off Rate as of June 30, 2022
2019	3,431,443	402,684	11.7%
2020	9,614,819	746,922	7.8%
2021	23,195,224	1,222,254	5.3%
2022Q1	4,606,889	30,001	0.7%

M3+ Net Charge-Off Rate (Loan Facilitation Model)

Loan Issued	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%	
2019Q4	0.4%	3.1%	4.9%	6.3%	7.2%	7.9%	8.4%	8.9%	9.5%		
2020Q1	0.6%	2.3%	4.1%	5.2%	6.0%	6.2%	6.6%	7.2%			
2020Q2	0.5%	2.5%	4.2%	5.3%	6.1%	6.7%	7.5%				
2020Q3	1.1%	3.3%	5.1%	6.3%	7.1%	8.1%					
2020Q4	0.3%	1.8%	3.2%	4.6%	6.0%						
2021Q1	0.4%	2.3%	3.9%	5.5%							
2021Q2	0.4%	2.4%	4.5%								
2021Q3	0.5%	3.1%									
2021Q4	0.6%										

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THANKS!