



Q2 2016 Earnings Conference Call

August 10, 2016

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 Yirendai’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 peer-to-peer lending service industry in China, general economic conditions in China, and Yirendai’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 Yirendai’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 Yirendai 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 Mission

Offering **borrowers** in China easy
access to unsecured credit and
investors an **attractive investment
opportunity**, by connecting them
directly through our **online
marketplace**

Yirendai At a Glance



Our founders started offline P2P platforms CreditEase in 2006, and **created our online-dedicated business, Yirendai, in 2012**



A leading **online consumer finance marketplace** connecting borrowers and investors



Targeting prime borrowers seeking unsecured credit



Proprietary risk model leveraging **10 years of data** from CreditEase



Capital efficient model with no regulatory capital adequacy requirements



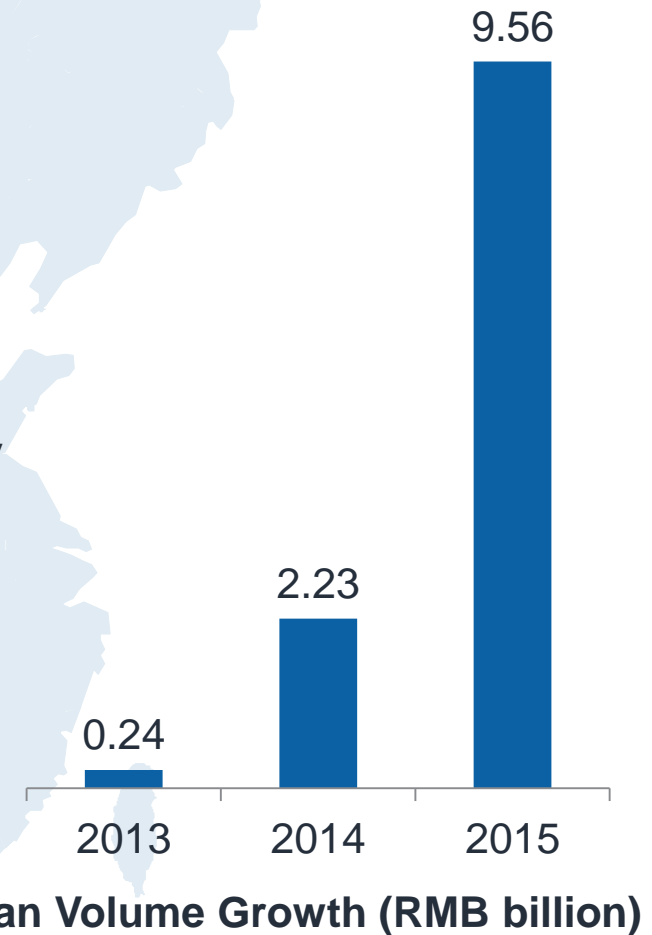
Full end-to-end automation⁽¹⁾ from online application through funding and servicing



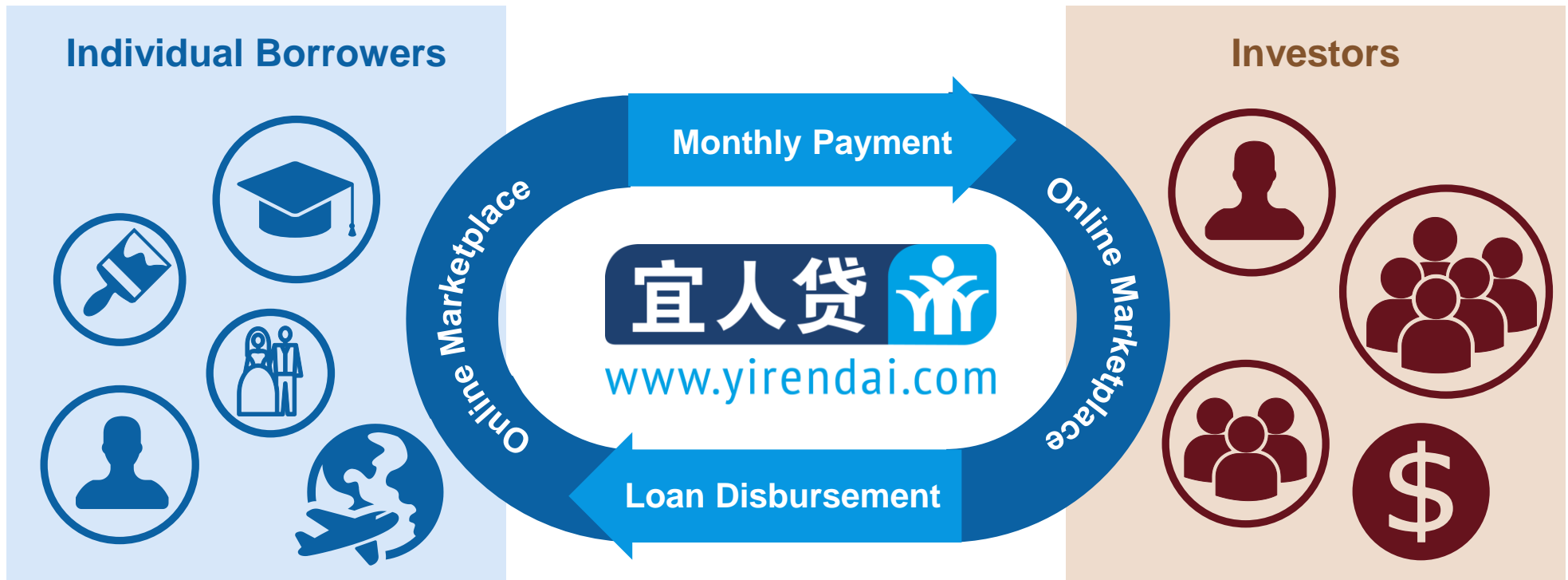
Relationship with CreditEase provides borrower referrals, data sharing, and collection support



Profitable since Q4 2014



Online Marketplace Connecting Borrowers with Investors



End to End Automated Online Business Process



Addressing China's Consumer Finance Needs




Traditional Banking




Yirendai Solution



Market

 Focus on **Enterprise Lending**

 Huge Unmet **Consumer Finance** Opportunity



Business Model

 **Offline Branch Offices**

 **Long** Application Time

 Innovative **Online Consumer Finance Marketplace** Model



Technology

 **Legacy Systems**

 **Back-end Processing**

 **End-to-end** Automation⁽¹⁾

 **Mobile Leadership**

Capital Efficient Marketplace Model



**No Regulatory Capital
Adequacy or Liquidity
Requirements**



No Co-Investing



No Deposits



**Matched Assets and
Liabilities**



Investment Highlights

Key Investment Highlights



1

Huge Market Opportunity



2

A Leading Online Consumer Finance Marketplace



3

Extensive Data Set and Credit Decisioning Capabilities



4

Expanding Borrower Universe and Investor Base



5

Synergistic Relationship with CreditEase

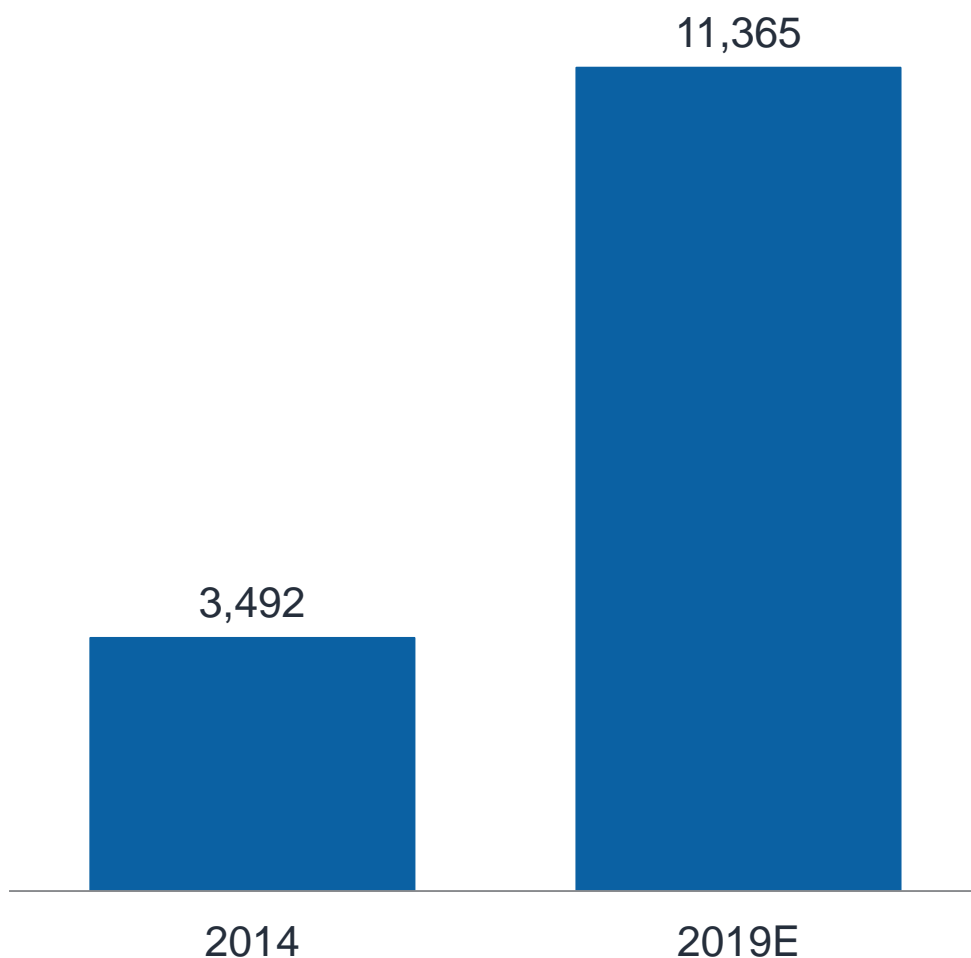


① Huge Unsecured Consumer Finance Market ⁽¹⁾



Unsecured Consumer Finance Market in China ⁽¹⁾

(By outstanding loan balance, RMB Billion)



Immediately addressable market:

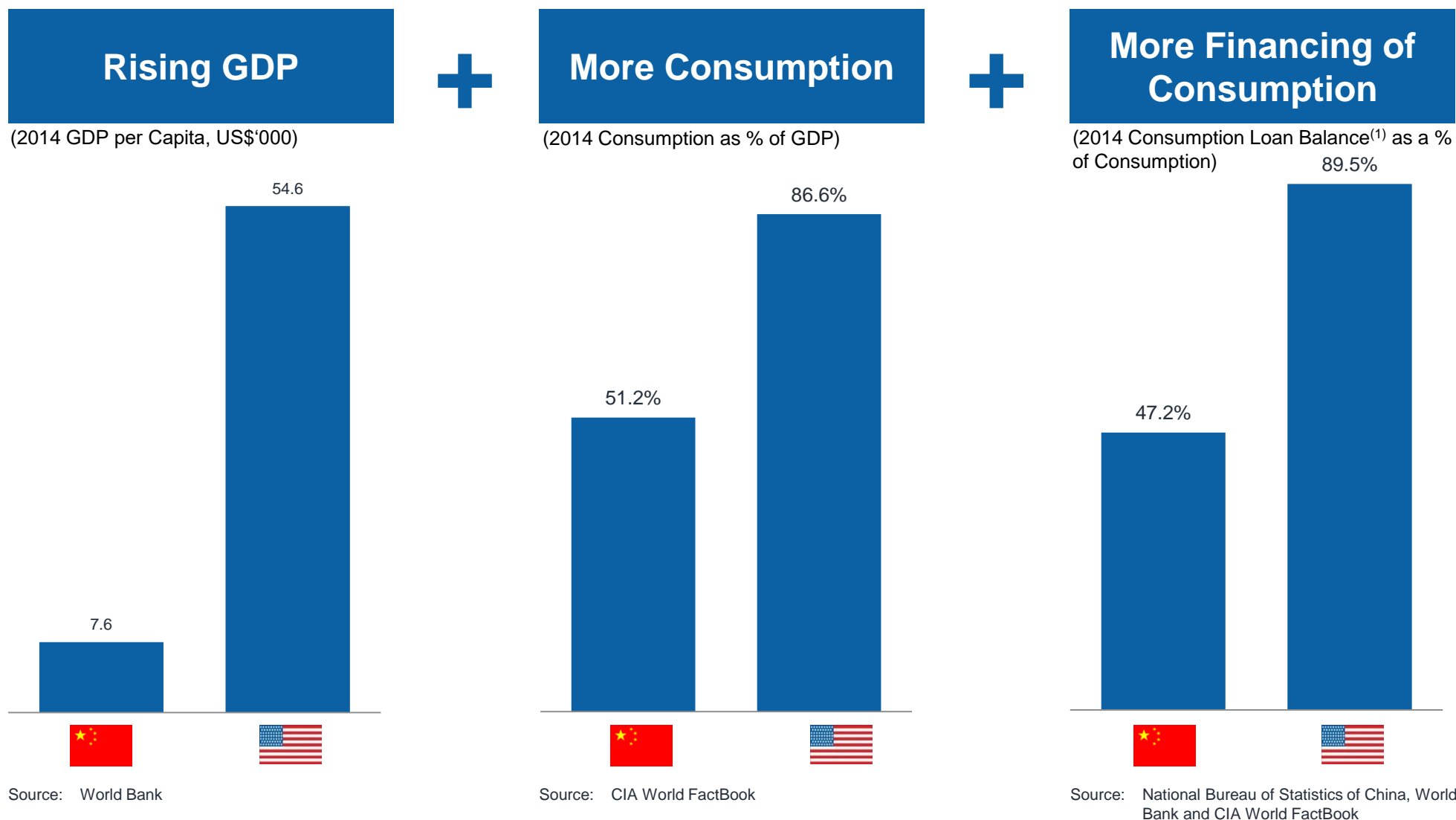
prime borrowers with unmet unsecured credit needs

Deepening loan database and continued **improvement in risk assessment algorithms**

Future target market may extend to broader unmet unsecured credit needs

- New borrower groups beyond prime borrowers
- New industry verticals
- Other unsecured loan products

① Multiple Drivers of Growth



② A Leading Online Consumer Finance Marketplace



**RMB
20 Billion**

Total Loan Facilitations ⁽¹⁾



**RMB
13.8 Billion**

Remaining Principal of
Performing Loans ⁽²⁾



306,723

Total Borrowers ⁽¹⁾



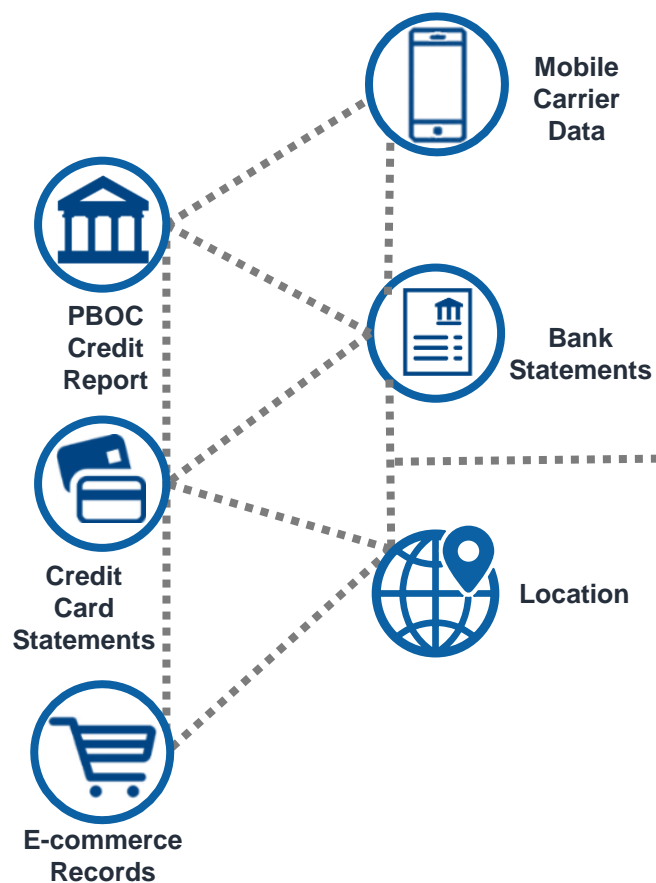
649,103

Total investors ⁽¹⁾

3 Extensive Data Set and Credit Decisioning Capabilities

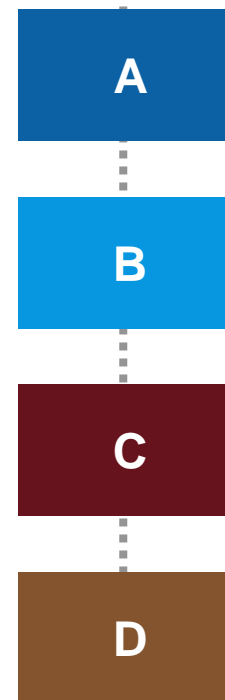


Proprietary Yirendai Score



Proprietary Data Analysis Platform

- Developed in conjunction with FICO
- Adapted to Chinese market
- Aggregates and analyzes data
- Generates an Yirendai Score
- Yirendai owns data



Yirendai Score



1,000,000+

Fraud Detection Points

250+

Decisioning Rules

10 Years

Loan Data (CreditEase)

4 Our Borrowers



Prime borrowers: credit card holders with salary income



Internet-savvy and more receptive to internet finance solutions



100% applications processed through online platform



Primary purpose: "life events" e.g., wedding, education, travel, home remodeling



58% of borrowers were acquired from online channels in Q2 2016



68,882 borrowers in Q2 2016

4 Our Investors



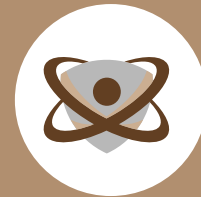
Mass affluent investors



100% invest directly through
online platform in Q2 2016



Majority invest via automated
investing tool which allocates
funds across a diversified pool of
loans



Investor protection service
via Risk Reserve Fund



196,059
investors in Q2 2016



Pilot project for institutional
investors

5 Synergistic Relationship with CreditEase



Current model suitable for nascent Chinese unsecured consumer finance market



Receive borrower referrals from CreditEase's sales network across 200+ locations in China



Leverage CreditEase's loan data to help advance Yirendai's risk algorithms



Utilize CreditEase's collections team



Financial Highlights



1

Marketplace Model

2

Disciplined Growth of Loan Facilitations

3

Sophisticated Risk Pricing Product Portfolio

4

Robust Growth and Profitability

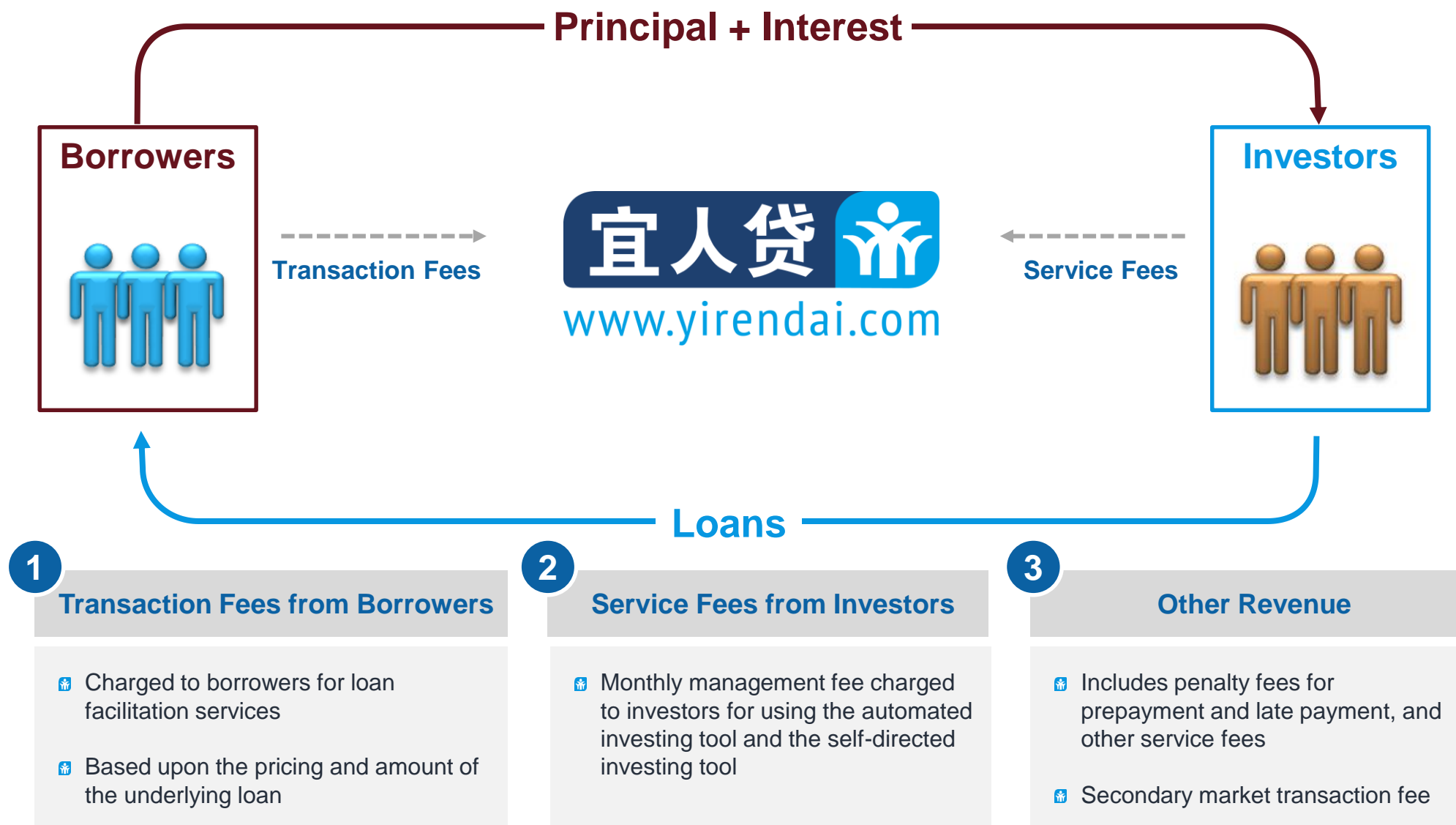
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Proven Credit Performance

6

Business Outlook

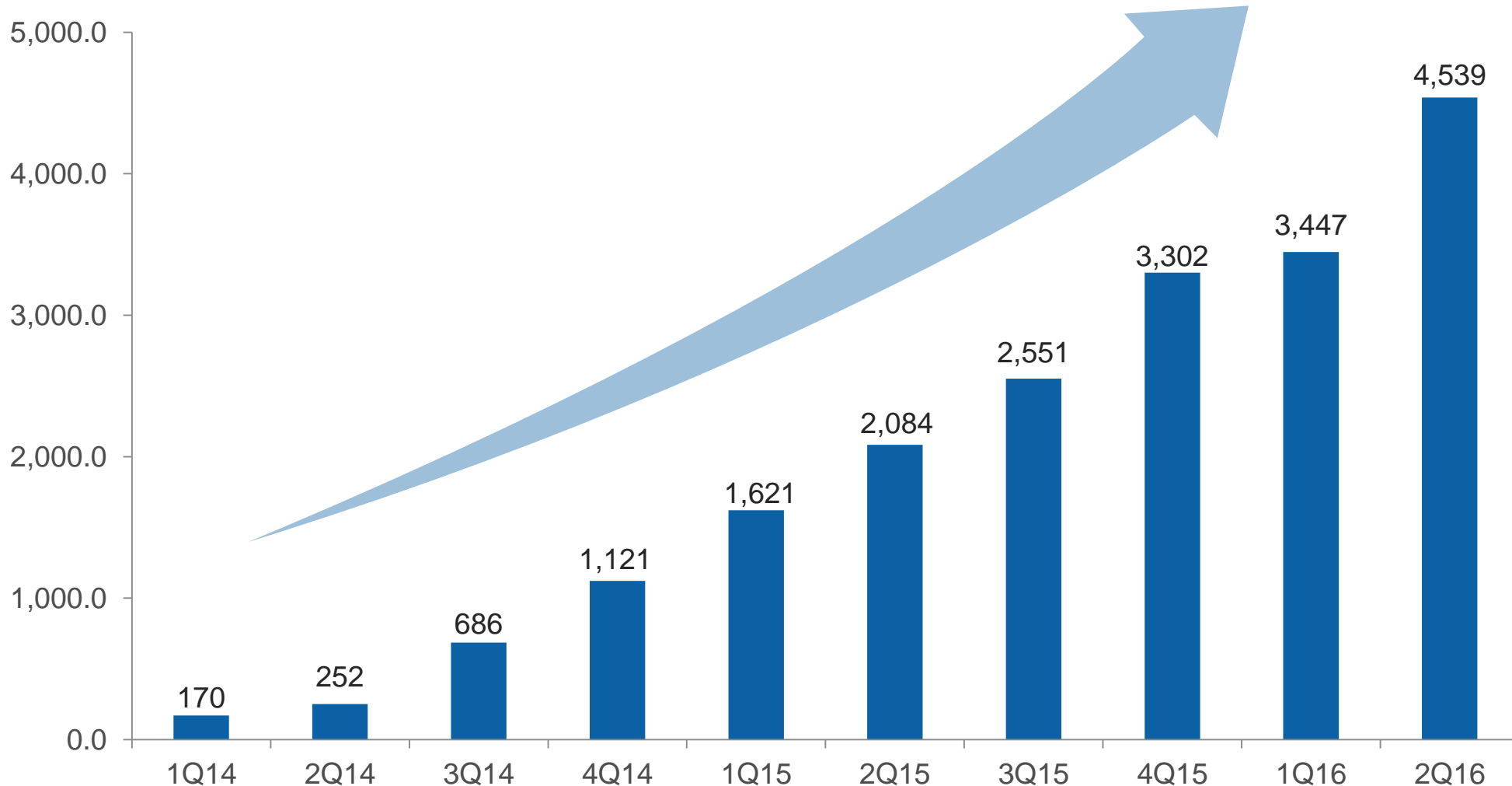
① Marketplace Model



② Disciplined Growth of Loan Facilitations



(RMB Million)



3 Q2 2016 Loan Facilitation Breakdown



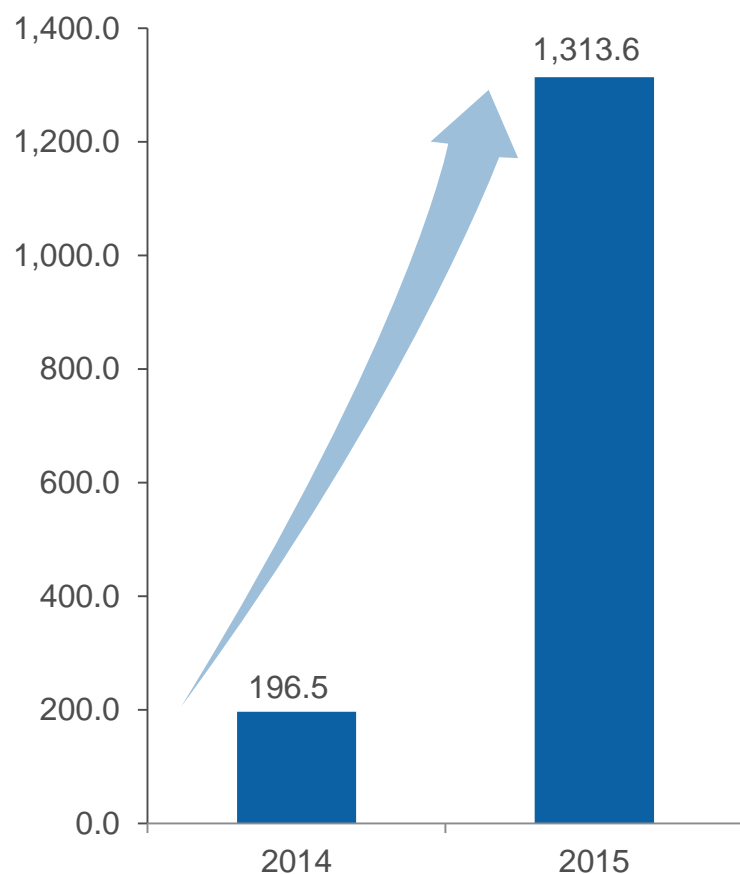
	% Q2 2016 Loan Facilitation Volume	Average Transaction Fee ⁽¹⁾
A Excellent Credit	5.5%	5.6%
B Very Good Credit	3.8%	17.3%
C Good Credit	7.6%	24.8%
D Fair Credit	83.1%	27.6%

④ Net Revenue Growth



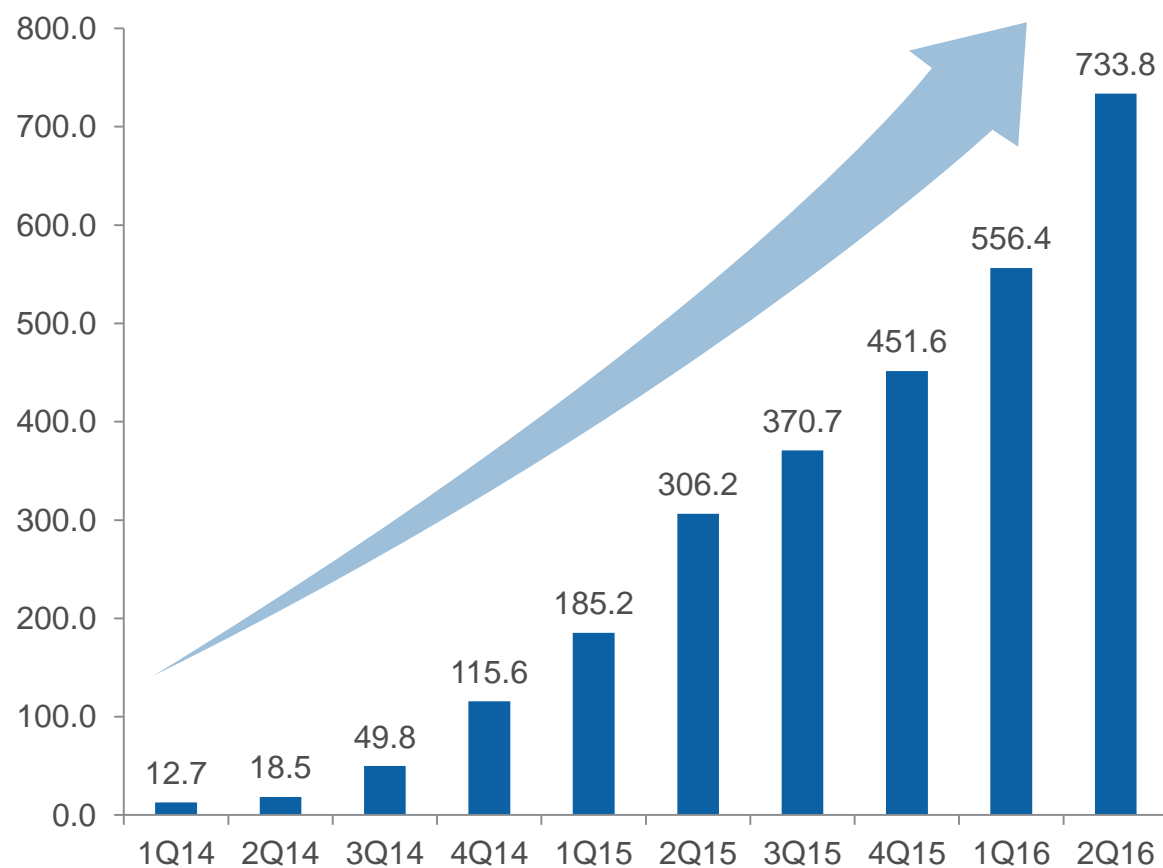
Annual

(RMB Million)



Quarterly

(RMB Million)

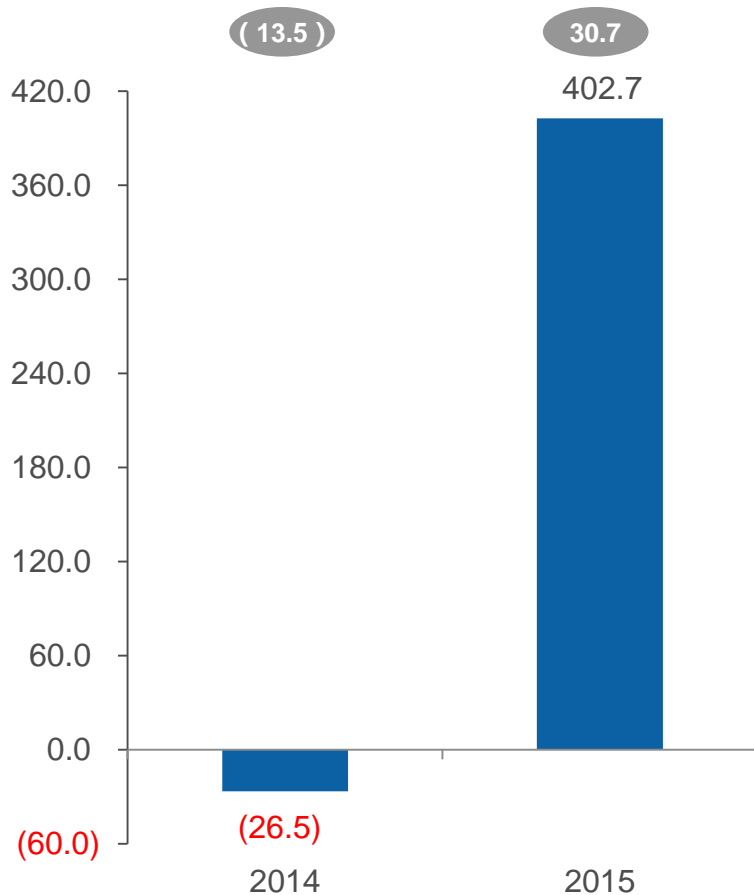


4 EBITDA Margin



Annual

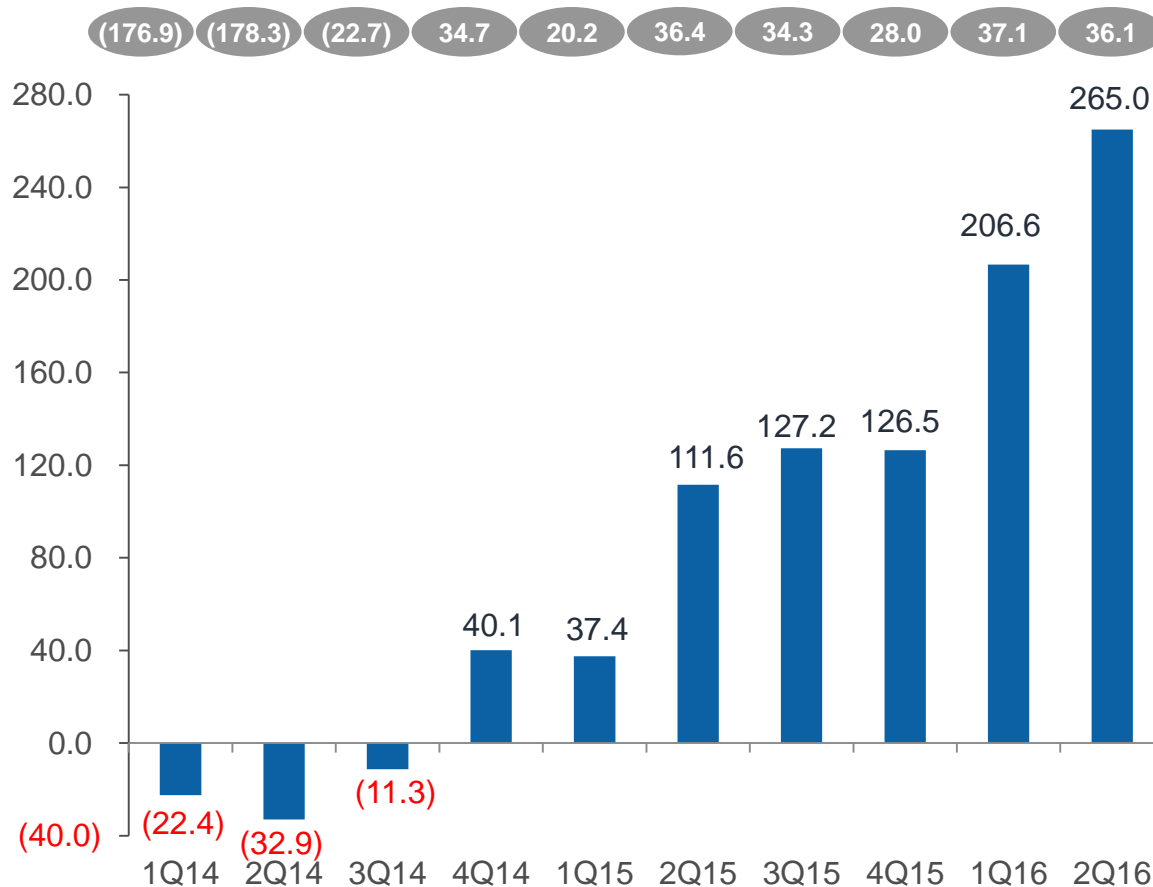
(RMB Million)



EBITDA Margin (%)

Quarterly

(RMB Million)

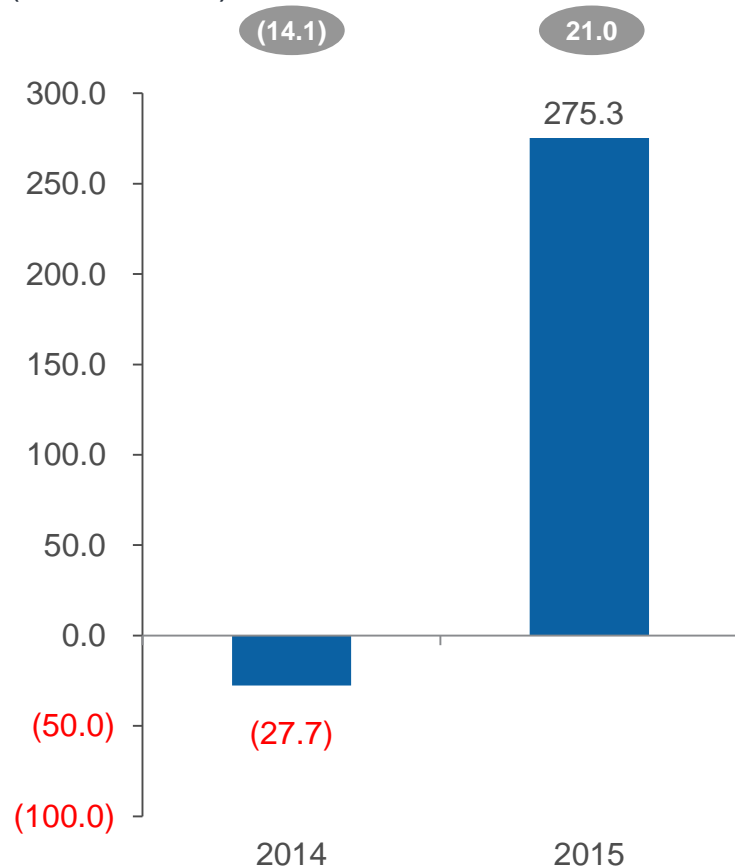


4 Net Income



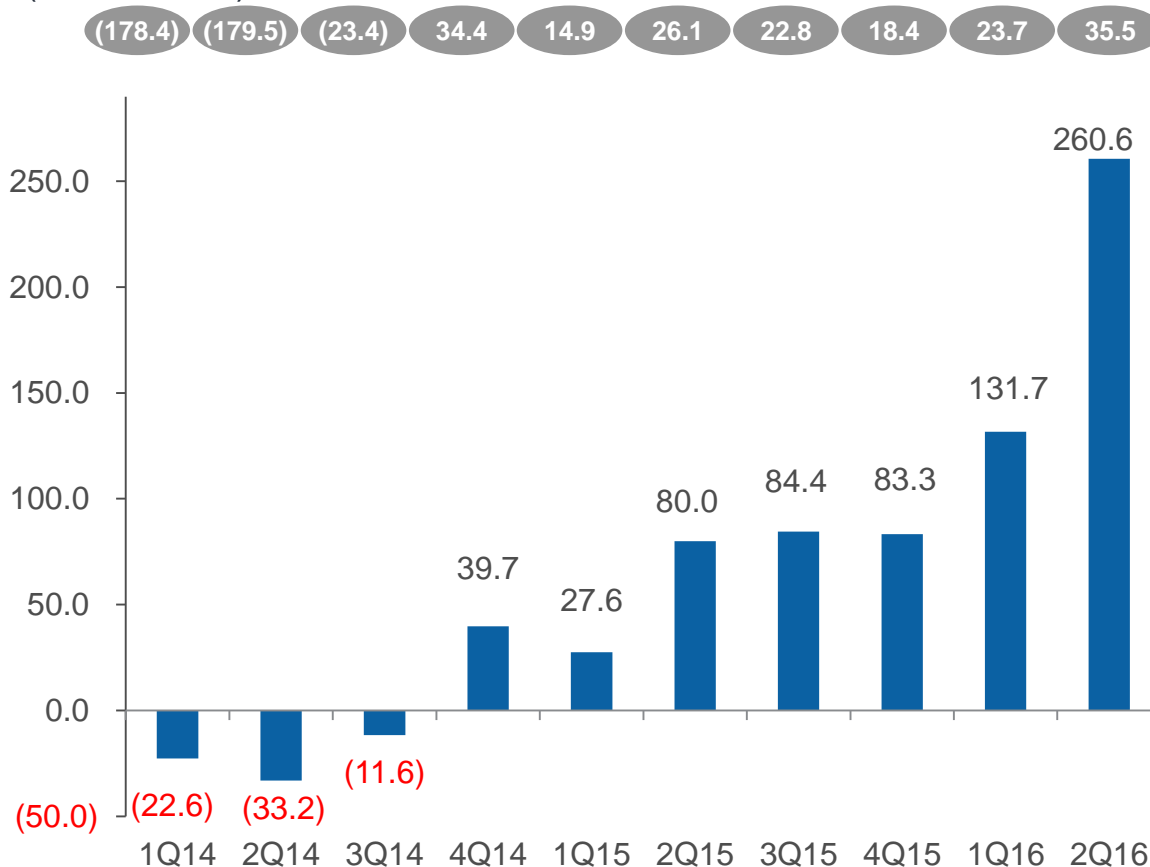
Annual

(RMB Million)



Quarterly

(RMB Million)

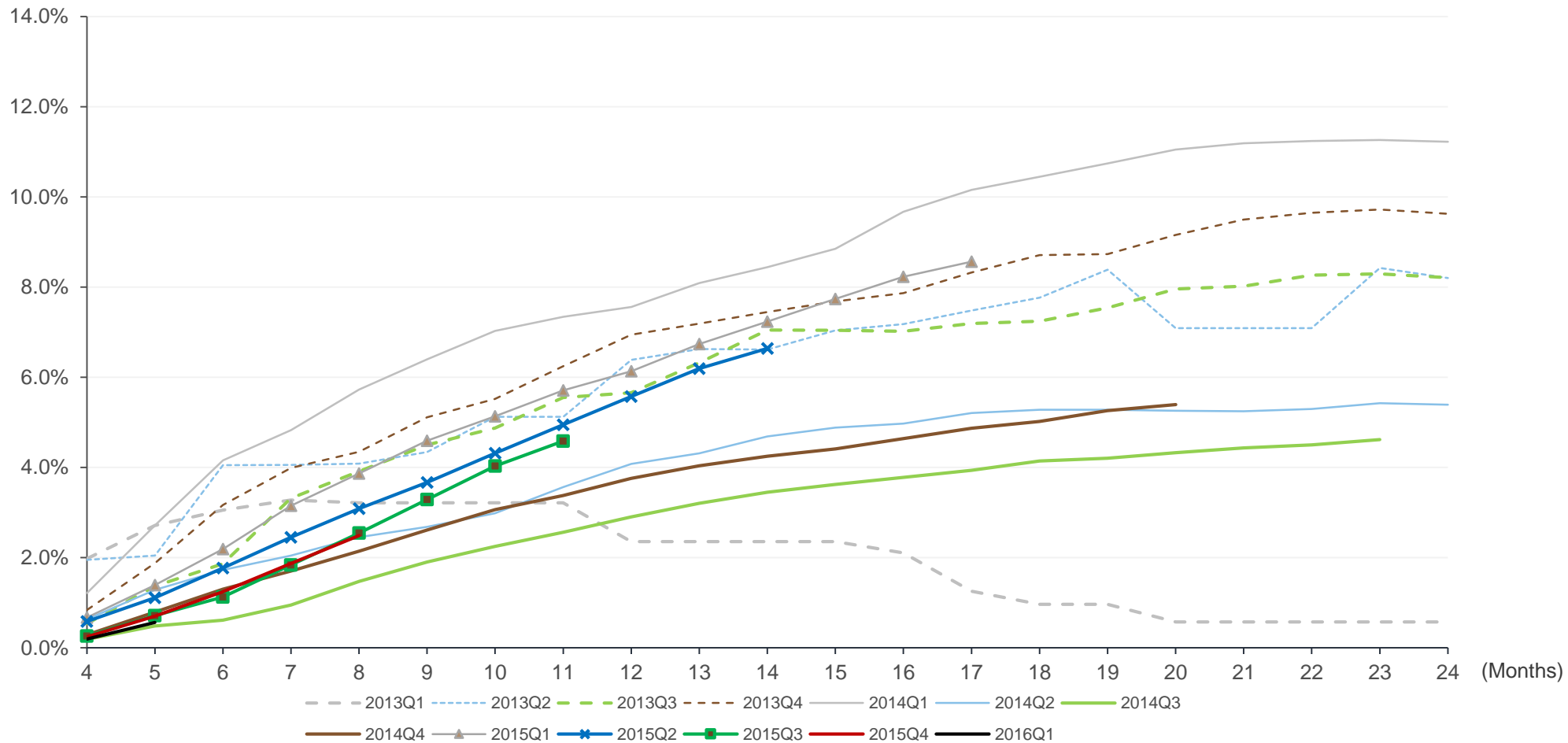


Net Income Margin (%)

5 Proven Credit Performance



Yirendai Cumulative M3+ Net Charge Off Rates (1) (2) (3)



(1) As of June 30, 2016




(2) "M3+ Net Charge Off Rate", with respect to loans facilitated during a specified time period, which we refer to as a vintage, as the difference between (i) the total balance of outstanding principal of loans that become over three months delinquent during a specified period and the remainder of the expected interest for the life of such loans, and (ii) the total amount of recovered past due payments of principal and accrued interest in the same period with respect to all loans in the same vintage that have ever become over three months delinquent, divided by (iii) the total initial principal of the loans facilitated in such vintage.

(3) The beginning point of the 2016Q1 curve reflects the NCO performance of loans facilitated in January and February of 2016; the ending point of the 2016 Q1 curve reflects the NCO performance of only loans facilitated in January 2016.




6 Business Outlook



Third Quarter 2016 ⁽¹⁾

-  **Total loans facilitated** in the range of RMB 5.2 billion to RMB 5.4 billion
-  **Total net revenue** in the range of RMB 800 million to RMB 850 million
-  **EBITDA (non-GAAP)** in the range of RMB 140 million to RMB 160 million

Full Year 2016 ⁽¹⁾

-  **Total loans facilitated** in the range of RMB 19 billion to RMB 20 billion
-  **Total net revenue** in the range of RMB 3.0 billion to RMB 3.1 billion
-  **EBITDA (non-GAAP)** in the range of RMB 800 million to RMB 850 million



Appendix

Income Statement



Unaudited Condensed Consolidated Statement 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, 2015	March 31, 2016	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2016
	RMB	RMB	RMB	USD	RMB	RMB	USD
Net revenue:							
Loan facilitation services	298,818	535,087	713,383	107,341	480,309	1,248,470	187,856
Post-origination services	5,852	18,397	17,232	2,593	8,829	35,629	5,361
Others	1,529	2,895	3,176	478	2,225	6,071	913
Total net revenue	306,199	556,379	733,791	110,412	491,363	1,290,170	194,130
Operating costs and expenses:							
Sales and marketing	151,302	254,836	355,246	53,453	254,306	610,082	91,798
Origination and servicing	18,849	36,754	42,653	6,418	31,597	79,407	11,948
General and administrative	25,195	60,106	73,330	11,034	57,706	133,436	20,078
Total operating costs and expenses	195,346	351,696	471,229	70,905	343,609	822,925	123,824
Interest income	182	5,034	7,253	1,091	250	12,287	1,849
Non operating income, net	-	-	91	14	-	91	14
Income before provision for income taxes	111,035	209,717	269,906	40,612	148,004	479,623	72,169
Income tax expense	31,004	78,001	9,286	1,397	40,399	87,287	13,134
Net income	80,031	131,716	260,620	39,215	107,605	392,336	59,035
Weighted average number of ordinary shares used in computing basic and diluted net income per share	100,000,000	117,000,000	117,000,000	117,000,000	100,000,000	117,000,000	117,000,000
Basic and diluted income per share	0.8003	1.1258	2.2275	0.3352	1.0761	3.3533	0.5046
Basic and diluted income per ADS	1.6006	2.2516	4.4550	0.6704	2.1522	6.7066	1.0092

Cash Flow Data



Unaudited Condensed Consolidated Cash Flow Data
(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, 2015	March 31, 2016	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2016
	RMB	RMB	RMB	USD	RMB	RMB	USD
Net cash generated from operating activities	102,580	322,017	196,108	29,508	113,978	518,125	77,961
Net cash (used in)/provided by investing activities	(3,186)	(39,844)	105,411	15,861	(5,072)	65,567	9,866
Net cash used in financing activities	-	(16,409)	(87,914)	(13,228)	-	(104,323)	(15,697)
Effect of foreign exchange rate changes	(78)	(1,893)	12,733	1,916	(78)	10,840	1,631
Net increase in cash and cash equivalents	99,316	263,871	226,338	34,057	108,828	490,209	73,761
Cash and cash equivalents, beginning of period	10,890	846,120	1,109,991	167,019	1,378	846,120	127,315
Cash and cash equivalents, end of period	<u>110,206</u>	<u>1,109,991</u>	<u>1,336,329</u>	<u>201,076</u>	<u>110,206</u>	<u>1,336,329</u>	<u>201,076</u>

Balance Sheet



Unaudited Consolidated Balance Sheet (in thousands, except for share, per share and per ADS data, and percentages)

	As of			
	June 30, 2015	March 31, 2016	June 30, 2016	June 30, 2016
	RMB	RMB	RMB	USD
Cash and cash equivalents	110,206	1,109,991	1,336,329	201,076
Restricted cash	208,816	650,167	792,637	119,267
Accounts receivable	121,002	66,090	50,496	7,598
Prepaid expenses and other assets	403,012	235,401	272,977	41,074
Loans at fair value	-	199,358	175,614	26,424
Amounts due from related parties	81,684	95,792	105,809	15,921
Short-term investments	-	32,500	2,500	376
Property, equipment and software, net	7,268	20,269	22,281	3,353
Deferred tax asset	70,485	225,655	282,700	42,538
Total assets	1,002,473	2,635,223	3,041,343	457,627
Accounts payable	412	9,572	5,176	779
Amounts due to related parties	52,716	14,289	18,799	2,829
Liabilities from risk reserve fund service	245,863	720,861	928,166	139,660
Deferred revenue	24,471	132,252	141,330	21,266
Payable to investors/ the Fund, at fair value	-	257,354	166,193	25,007
Accrued expenses and other liabilities	348,015	394,129	401,560	60,421
Total liabilities	671,477	1,528,457	1,661,224	249,962
Ordinary shares	62	73	73	12
Additional paid-in capital	313,819	791,841	791,841	119,147
Retained earnings	17,193	316,643	577,263	86,860
Accumulated other comprehensive (loss)/ income	(78)	(1,791)	10,942	1,646
Total equity	330,996	1,106,766	1,380,119	207,665
Total liabilities and equity	1,002,473	2,635,223	3,041,343	457,627

Operating Highlights



Operating Highlights

(in thousands, except for number of borrowers, number of investors 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,
	2015	2016	2016	2016	2015	2016	2016
	RMB	RMB	RMB	USD	RMB	RMB	USD
Operating Highlights:							
Amount of loans facilitated	2,083,975	3,446,516	4,538,687	682,930	3,704,745	7,985,203	1,201,524
Loans generated from online channels	578,164	1,175,382	1,832,078	275,670	1,189,978	3,007,460	452,529
Loans generated from offline channels	1,505,811	2,271,134	2,706,609	407,260	2,514,767	4,977,743	748,995
Fees billed	480,904	847,413	1,110,849	167,147	792,736	1,958,262	294,657
Remaining principal of performing loans	4,957,195	11,026,236	13,771,180	2,072,132	4,957,195	13,771,180	2,072,132
Number of borrowers	34,568	50,542	68,882	68,882	62,131	119,305	119,305
Borrowers from online channels	15,319	27,902	40,033	40,033	30,384	67,849	67,849
Borrowers from offline channels	19,249	22,640	28,849	28,849	31,747	51,456	51,456
Number of investors	44,000	203,131	196,059	196,059	59,617	356,259	356,259
Investors from online channels	38,399	203,131	196,059	196,059	50,193	356,259	356,259
Investors from offline channels	5,601	-	-	-	9,424	-	-
EBITDA	111,551	206,613	264,962	39,868	148,978	471,575	70,958
EBITDA margin	36.4%	37.1%	36.1%	36.1%	30.3%	36.6%	36.6%

Reconciliation of GAAP to Non-GAAP Measures



Reconciliation of GAAP to Non-GAAP Measures (in thousands)

	For the Three Months Ended				For the Six Months Ended		
	June 30, 2015 RMB	March 31, 2016 RMB	June 30, 2016 RMB	June 30, 2016 USD	June 30, 2015 RMB	June 30, 2016 RMB	June 30, 2016 USD
Reconciliation of Net Revenues							
Fees billed:							
Transaction fees billed to							
borrowers	491,763	836,896	1,095,749	164,876	811,254	1,932,645	290,803
Service fees billed to investors	17,333	64,552	88,068	13,251	25,322	152,620	22,964
Others	1,621	3,069	3,366	506	2,352	6,435	968
VAT	(29,813)	(57,104)	(76,334)	(11,486)	(46,192)	(133,438)	(20,078)
Total fees billed	480,904	847,413	1,110,849	167,147	792,736	1,958,262	294,657
Stand-ready liabilities associated							
with risk reserve fund	(145,878)	(275,721)	(363,095)	(54,634)	(259,332)	(638,816)	(96,122)
Deferred revenue	(13,762)	(20,366)	(15,857)	(2,386)	(25,939)	(36,223)	(5,450)
Cash incentives	(24,101)	(11,707)	(19,556)	(2,943)	(31,263)	(31,263)	(4,704)
VAT	9,036	16,760	21,450	3,228	15,161	38,210	5,749
Net revenues	306,199	556,379	733,791	110,412	491,363	1,290,170	194,130
Reconciliation of EBITDA							
Net income	80,031	131,716	260,620	39,215	107,605	392,336	59,035
Interest income	(182)	(5,034)	(7,253)	(1,091)	(250)	(12,287)	(1,849)
Income tax expense	31,004	78,001	9,286	1,397	40,399	87,287	13,134
Depreciation and amortization	698	1,930	2,309	347	1,224	4,239	638
EBITDA	111,551	206,613	264,962	39,868	148,978	471,575	70,958

Delinquency Rates

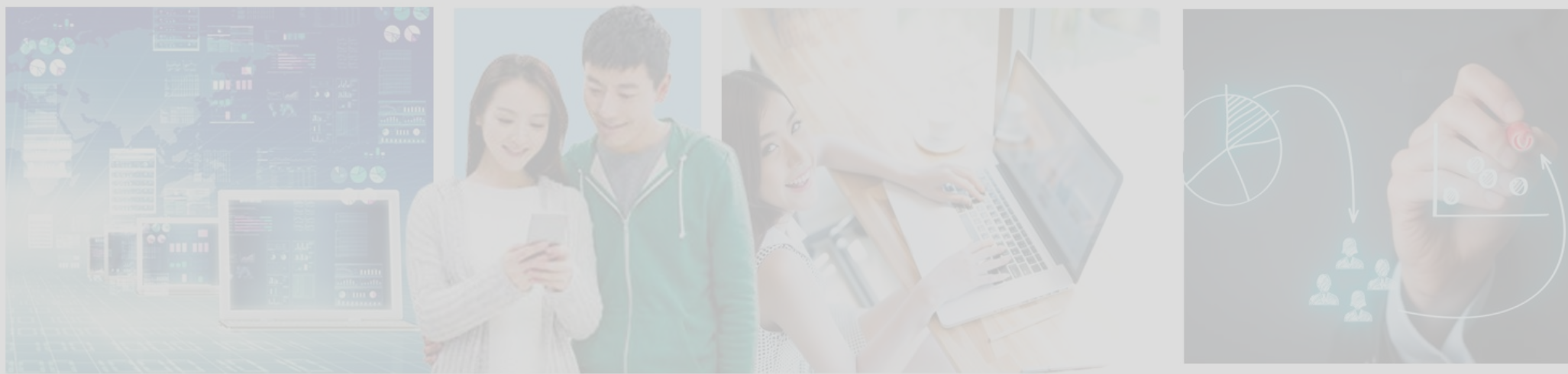


	Delinquency Rates		
	15-29 days	Delinquent for 30-59 days	60-89 days
All Loans			
December 31, 2013	0.2%	0.4%	0.3%
December 31, 2014	0.3%	0.2%	0.2%
December 31, 2015	0.4%	0.5%	0.4%
March 31, 2016	0.5%	0.8%	0.5%
June 30, 2016	0.5%	0.7%	0.5%
Online Channels			
December 31, 2013	0.1%	0.9%	0.3%
December 31, 2014	0.4%	0.3%	0.2%
December 31, 2015	0.6%	0.8%	0.6%
March 31, 2016	0.6%	1.2%	0.8%
June 30, 2016	0.6%	0.8%	0.7%
Offline Channels			
December 31, 2013	0.3%	0.2%	0.2%
December 31, 2014	0.3%	0.2%	0.2%
December 31, 2015	0.3%	0.4%	0.3%
March 31, 2016	0.5%	0.7%	0.4%
June 30, 2016	0.5%	0.6%	0.4%

Net Charge-off Rates



Net Charge-Off Rate				
Loan issued period	Pricing grade	Amount of loans facilitated during the period (in RMB thousands)	Accumulated M3+ Net Charge-Off as of June 30, 2016 (in RMB thousands)	Total Net Charge-Off Rate as of June 30, 2016
2013	A	258,322	23,481	9.1%
	B	-	-	-
	C	-	-	-
	D	-	-	-
	Total	258,322	23,481	9.1%
2014	A	1,917,542	103,003	5.4%
	B	303,030	18,408	6.1%
	C	-	-	-
	D	7,989	548	6.9%
	Total	2,228,561	121,959	5.5%
2015	A	873,995	39,232	4.5%
	B	419,630	18,766	4.5%
	C	557,414	32,025	5.7%
	D	7,706,575	326,535	4.2%
	Total	9,557,613	416,558	4.4%
1H 2016	A	435,253	75	0.0%
	B	275,601	117	0.0%
	C	603,093	574	0.1%
	D	6,671,256	9,073	0.1%
	Total	7,985,203	9,839	0.1%



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A Leading Online Consumer Finance Marketplace in China

