

## Q1 2018 Investor Presentation

# 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.

# Yirendai at a Glance



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



**A leading FinTech company in China**



**Targeting prime consumers**



**Online wealth management for investors**



**Full end-to-end online automation with open technology enabling platform**

# The Leading Fintech Company in China



**FIRST** lending **mobile app** in China at scale



**LARGEST** online platform for consumption loans<sup>(1)</sup>



**WELL-KNOWN brand name** in China for FinTech



**Ranked #1** among 2000+ online lending platforms<sup>(2)</sup>



**RMB**  
**85.9 Billion**

Cumulative Loan  
Facilitations <sup>(3)</sup>



**1.2 M**

Cumulative Number of  
Borrowers <sup>(3)</sup>



Asian Banker  
Award 2017



Asian Banker  
Award 2018



Lendit Industry  
Award 2018



**1.4 M**

Cumulative Number  
of Investors <sup>(3)</sup>

# Addressing China's Consumer Finance Needs




## Traditional Banking




## Yirendai Solution




### Market


 Focus on **Enterprise Lending** and **High Net Worth Individuals**


 Huge Unmet **Consumer Credit** and **Wealth Management** Opportunity



### Business Model


 **Offline Branch Offices**


 **Long** Application Time


 Innovative **Online Marketplace** Model  
Leveraging **Big Data** and **Machine Learning**




### Technology

 **Legacy Systems**

 **Back-end Processing**

 **End-to-end Automation**<sup>(1)</sup>

 **Mobile Leadership**

# Leading Fintech Company



## Consumer Credit



Prime  
Borrowers



Yirendai



Diversified Loan  
Products



Standard  
Loans



Fast Track  
Loans



Insurance  
Policy Loans



Housing  
Provident Fund  
Loans



## Wealth Management



Mass Affluent  
Investors



Yiren Wealth



Personalized Wealth  
Management  
Services



Mutual Funds



Insurance



Robo Advisor



ETF





## Investment Highlights

# Key Investment Highlights



- 1 **Largely Untapped Consumer Credit & Wealth Management Market**
- 2 **Leading FinTech Company in China**
- 3 **Strong Online Credit Business Growth with Leading Market Share**
- 4 **Superior Asset Performance with Leading Online Risk Underwriting Capabilities**
- 5 **Fast Growing Online Wealth Management Platform**
- 6 **Superior Technology Enabling Platform**

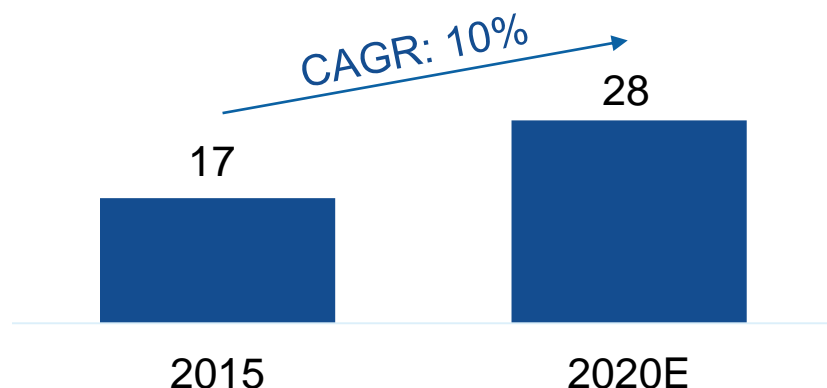


# ① Large Wealth Management Market

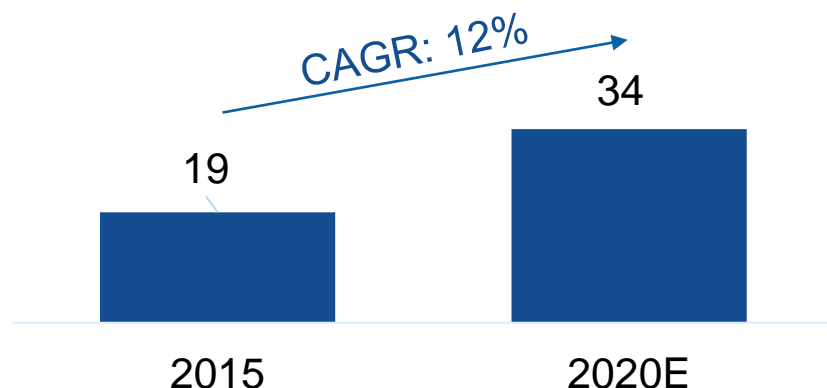


## Wealth Management Market in China

(By population with investable assets of above RMB 600K, million)



(By amount of investable assets, USD trillion)



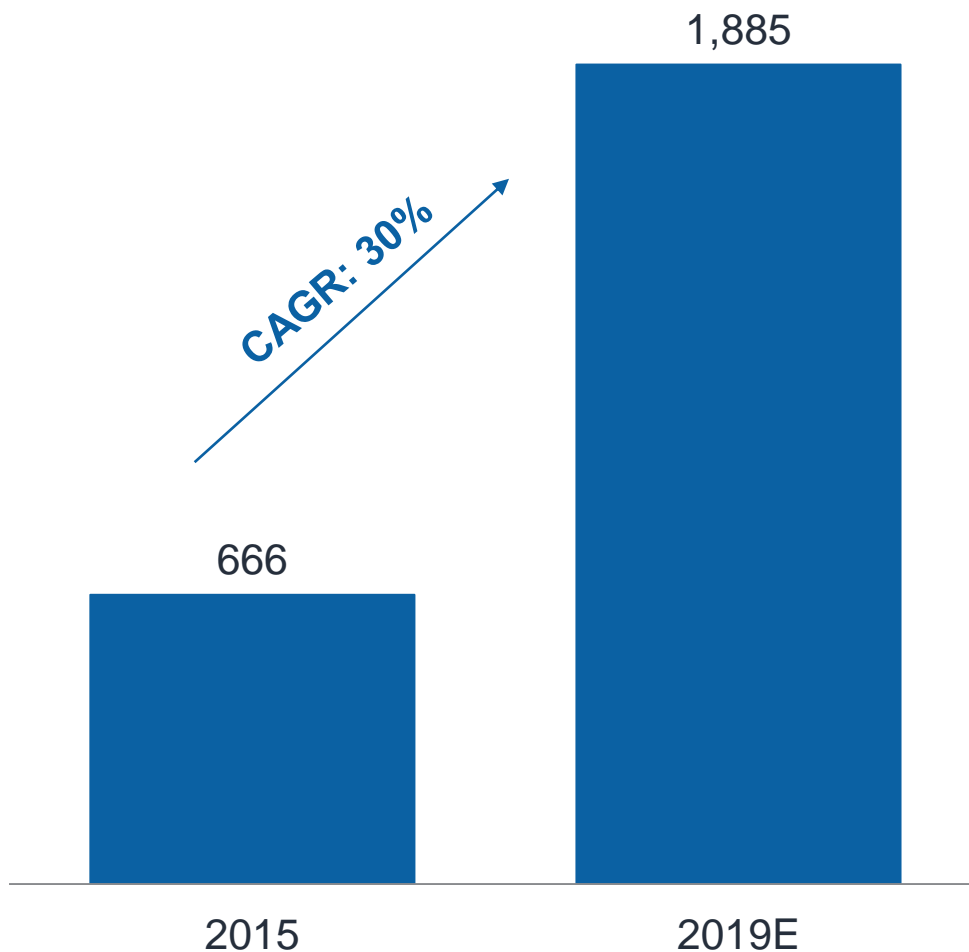
- China's wealth management market is heavily dominated by **retail (over 70%)**
- Individual wealth management market is **just taking off** (individual investable assets expected to increase from **USD 19 trillion in 2015 to USD 34 trillion in 2020**)
- Online wealth management platforms well-positioned to capture the huge market opportunity

# ① Large Unsecured Consumer Credit Demand <sup>(1)</sup>



## Unsecured Consumer Finance Market in China <sup>(1)</sup>

(By outstanding loan balance, USD Billion)



### Immediately addressable market:

prime borrowers with unmet credit needs

- USD 666 billion in 2015
- USD 1,885 billion expected in 2019



### Future target market may extend to broader unmet credit needs

- New products (ie. line of credit product)
- Generation Z (tech-savvy)

## 2 A Leading Fintech Company in China



**1.4 M**

Cumulative  
number of investors<sup>(1)</sup>

**214,231**

Number of investors  
in Q1 2018



**1.2 M**

Cumulative  
number of borrowers<sup>(1)</sup>

**174,128**

Number of borrowers  
in Q1 2018



**RMB  
85.9 Billion**

Cumulative loan  
facilitations <sup>(1)</sup>

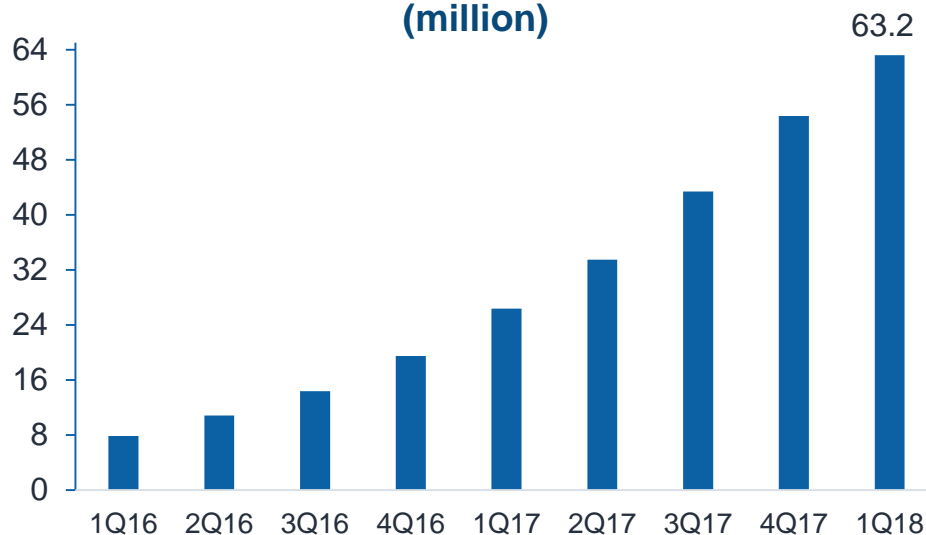
**RMB  
43.8 Billion**

Remaining principal of  
performing loans<sup>(2)</sup>

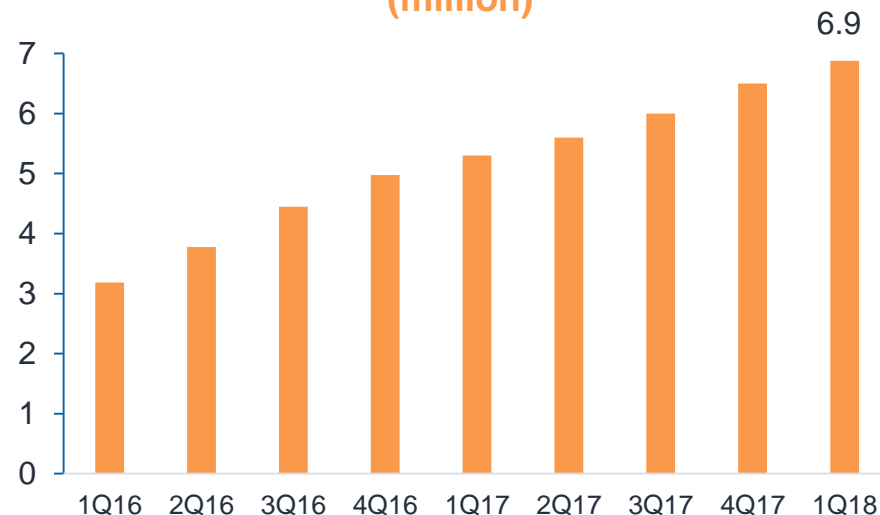
### 3 Expanding Borrower Universe and Investor Base



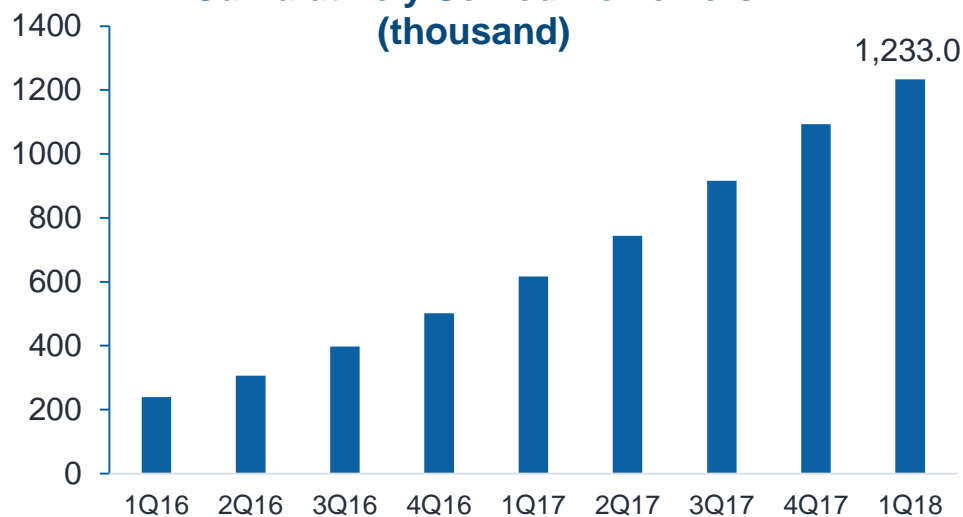
**Cumulatively Registered Borrowers  
(million)**



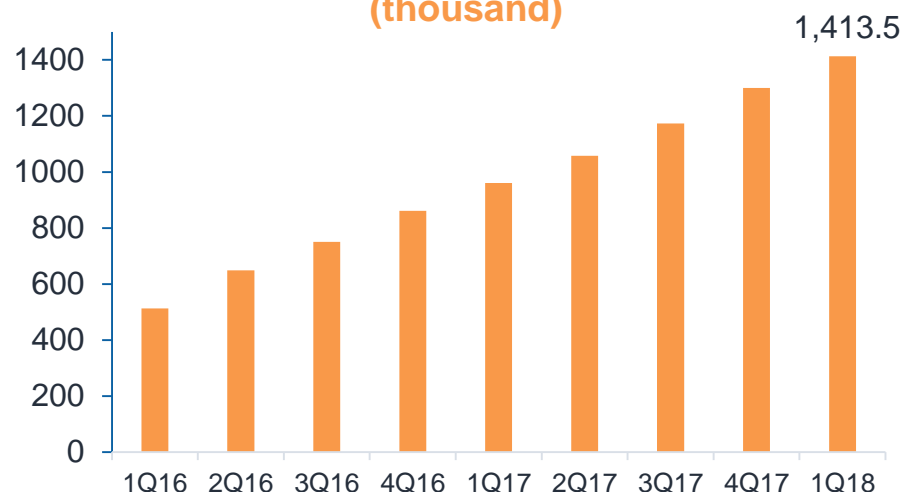
**Cumulatively Registered Investors  
(million)**



**Cumulatively Served Borrowers  
(thousand)**



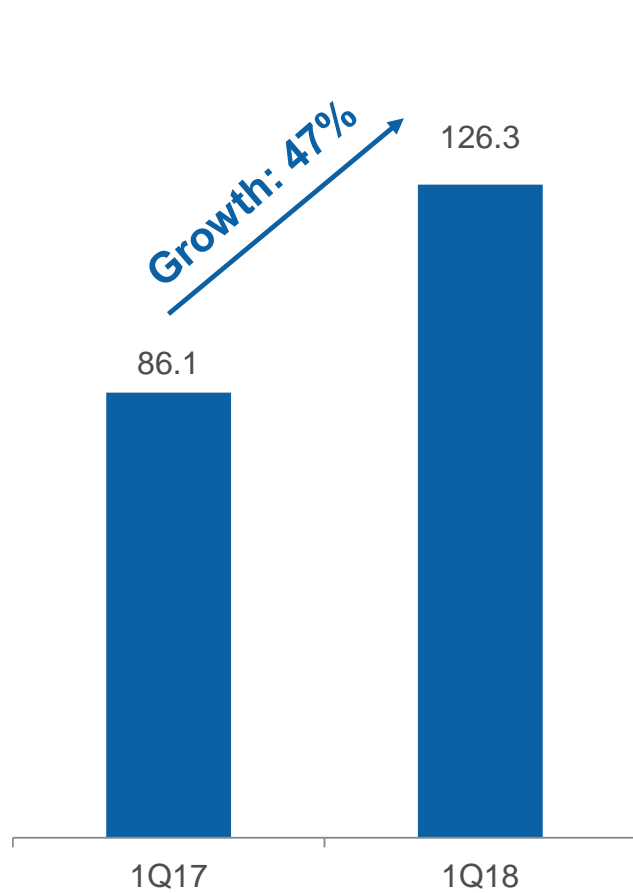
**Cumulatively Served Investors  
(thousand)**





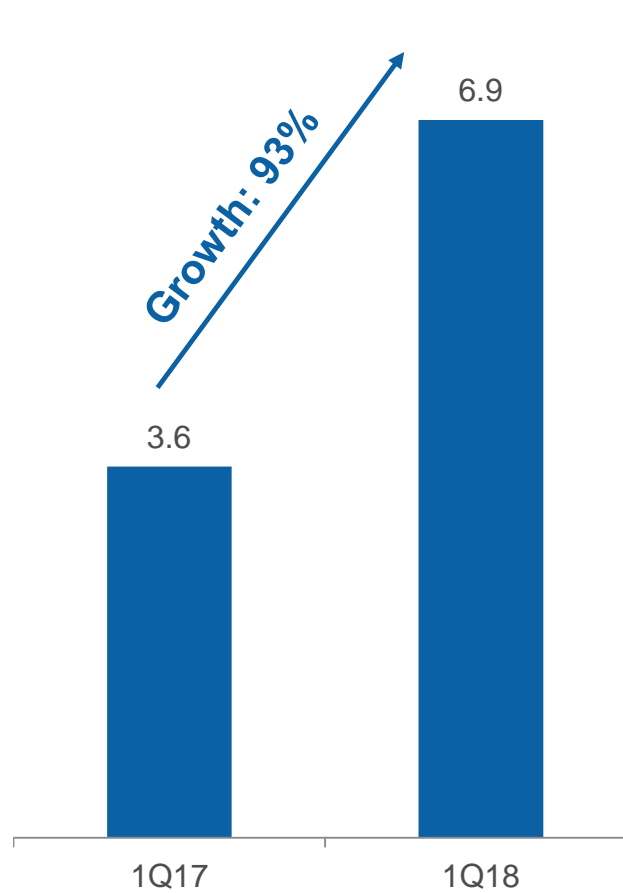
## Number of Online Borrowers

(Thousand)



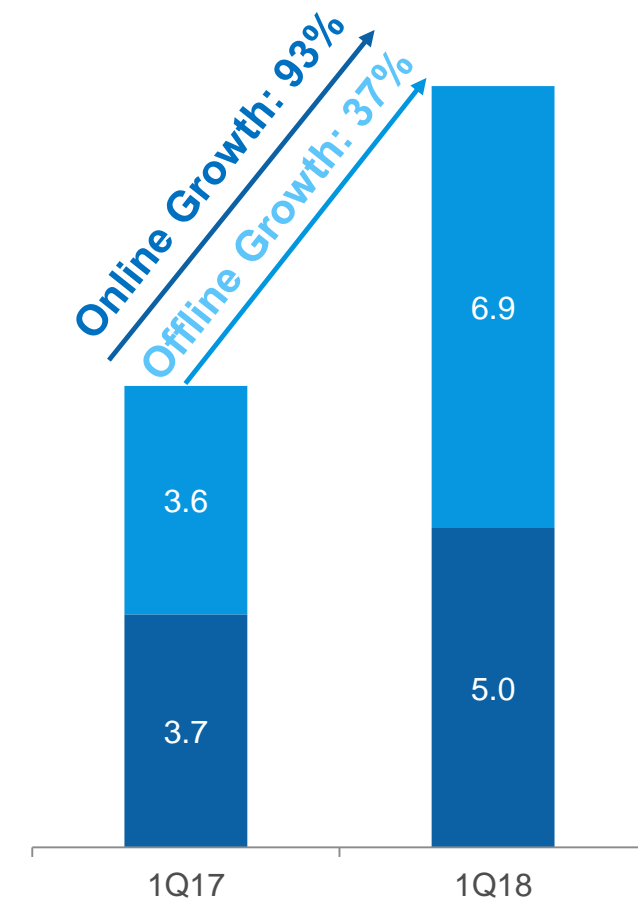
## Online Loan Volume

(RMB Bn)



## Online vs. Offline Loan Volume

(RMB Bn)



■ Online loan volume ■ Offline loan volume

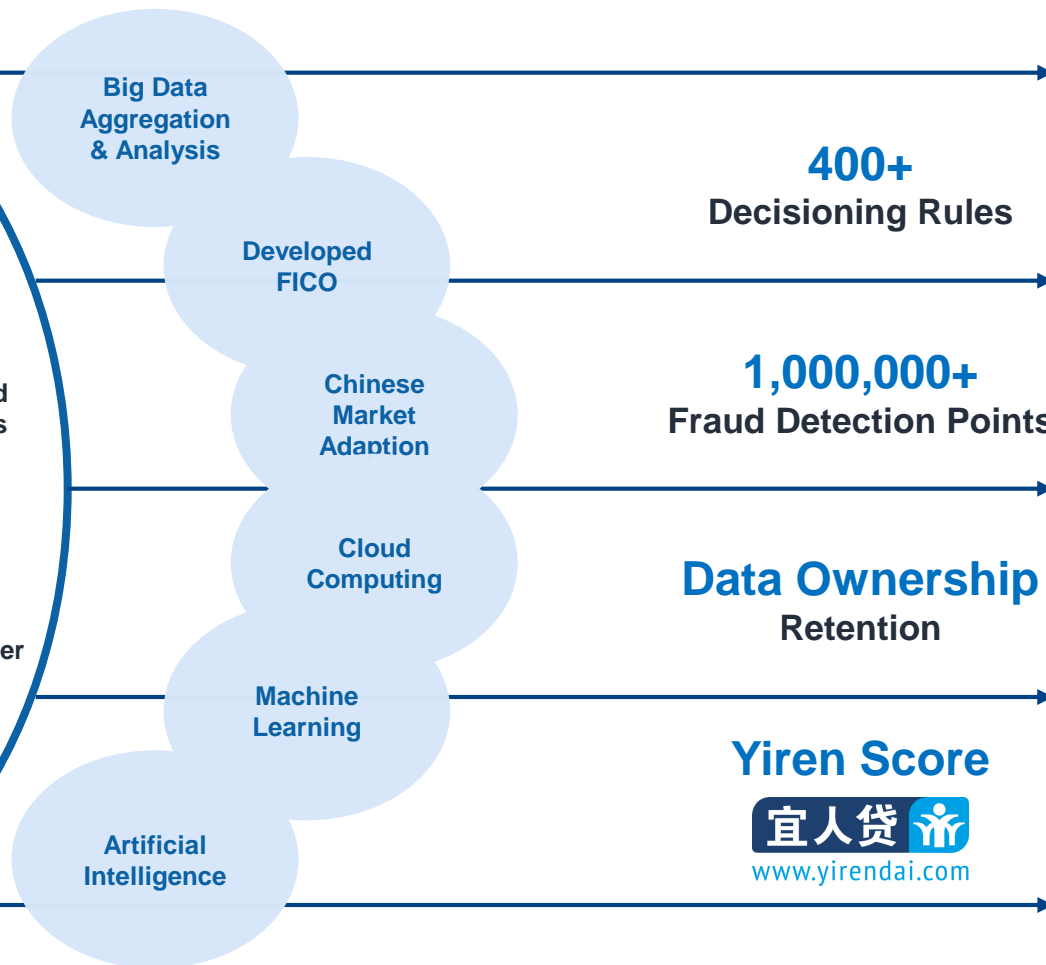
## 4 Extensive Data Set and Credit Decisioning Capabilities



### Extensive Data Set



### Proprietary Decisioning Platform



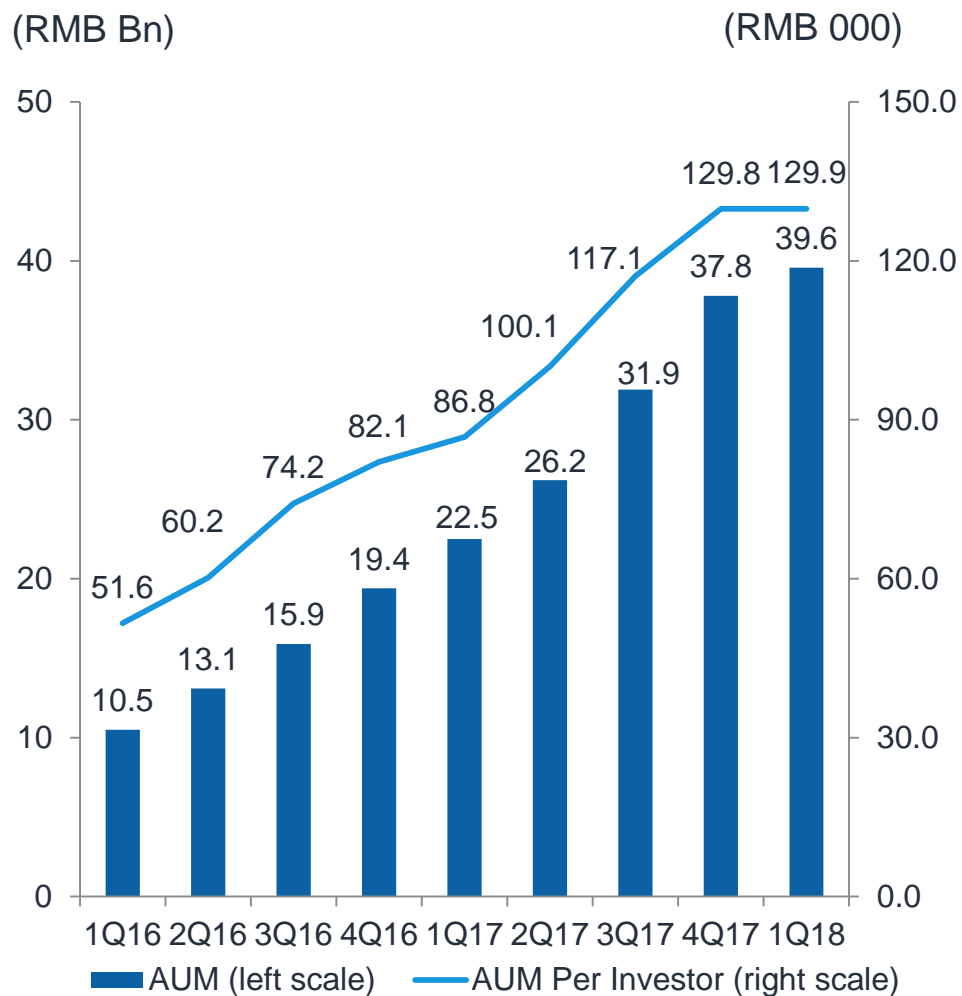
### Risk Grid



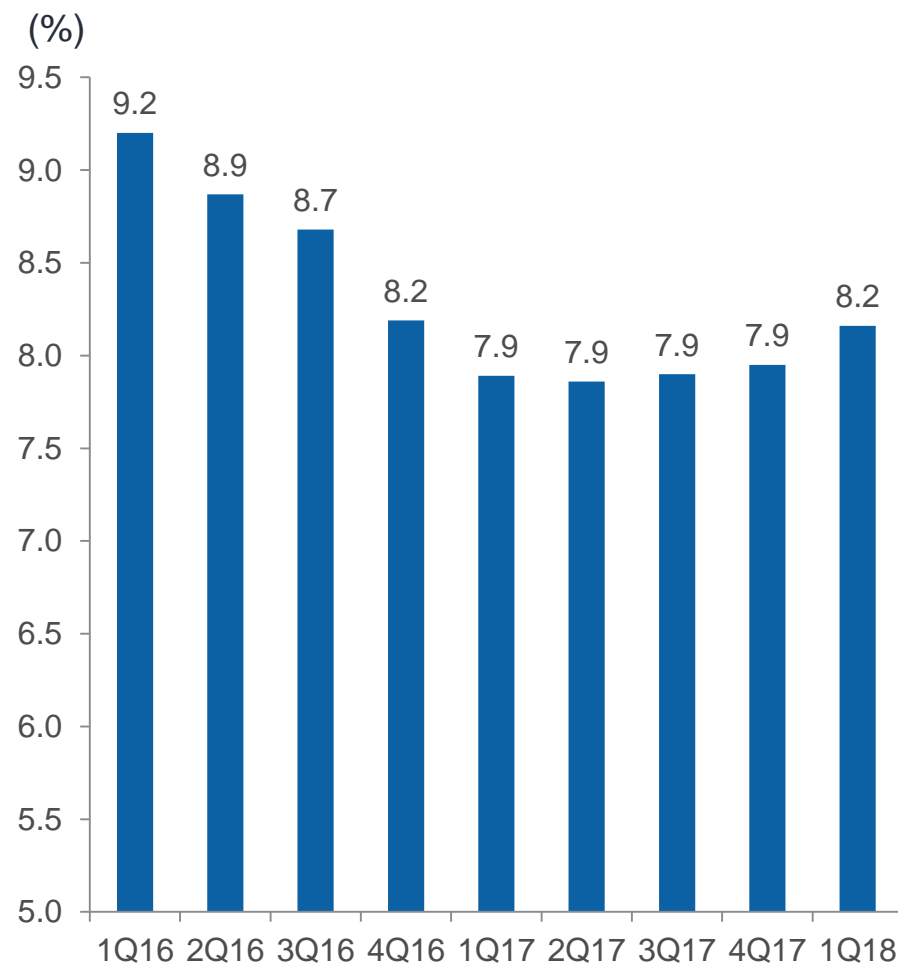
## 5 Yiren Wealth: Strong Growth Momentum



### AUM Per Investor <sup>(1)</sup>

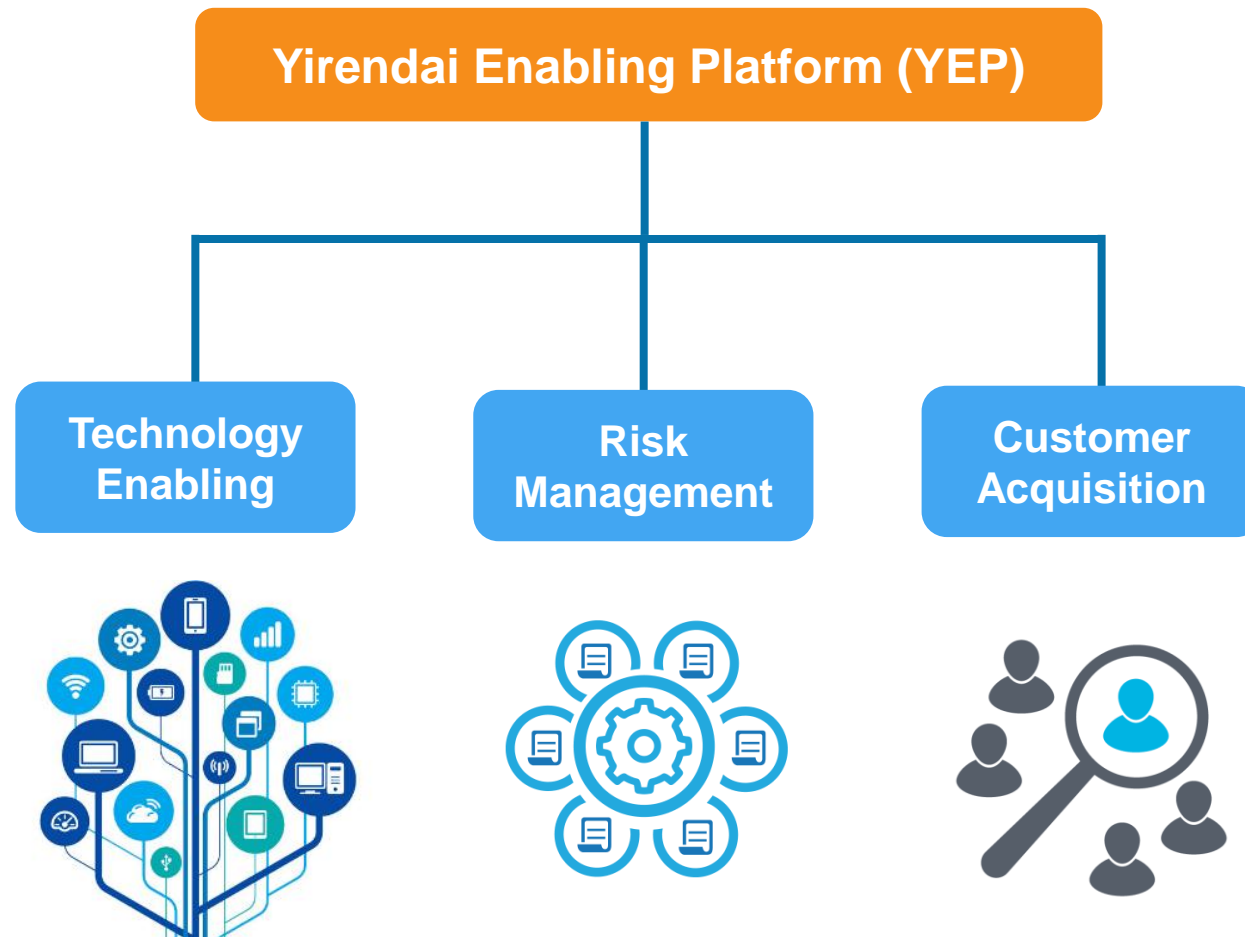


### Investment Yield <sup>(1)</sup>





## 6 Superior Technology Enabling Platform



Launched in **March 2017**

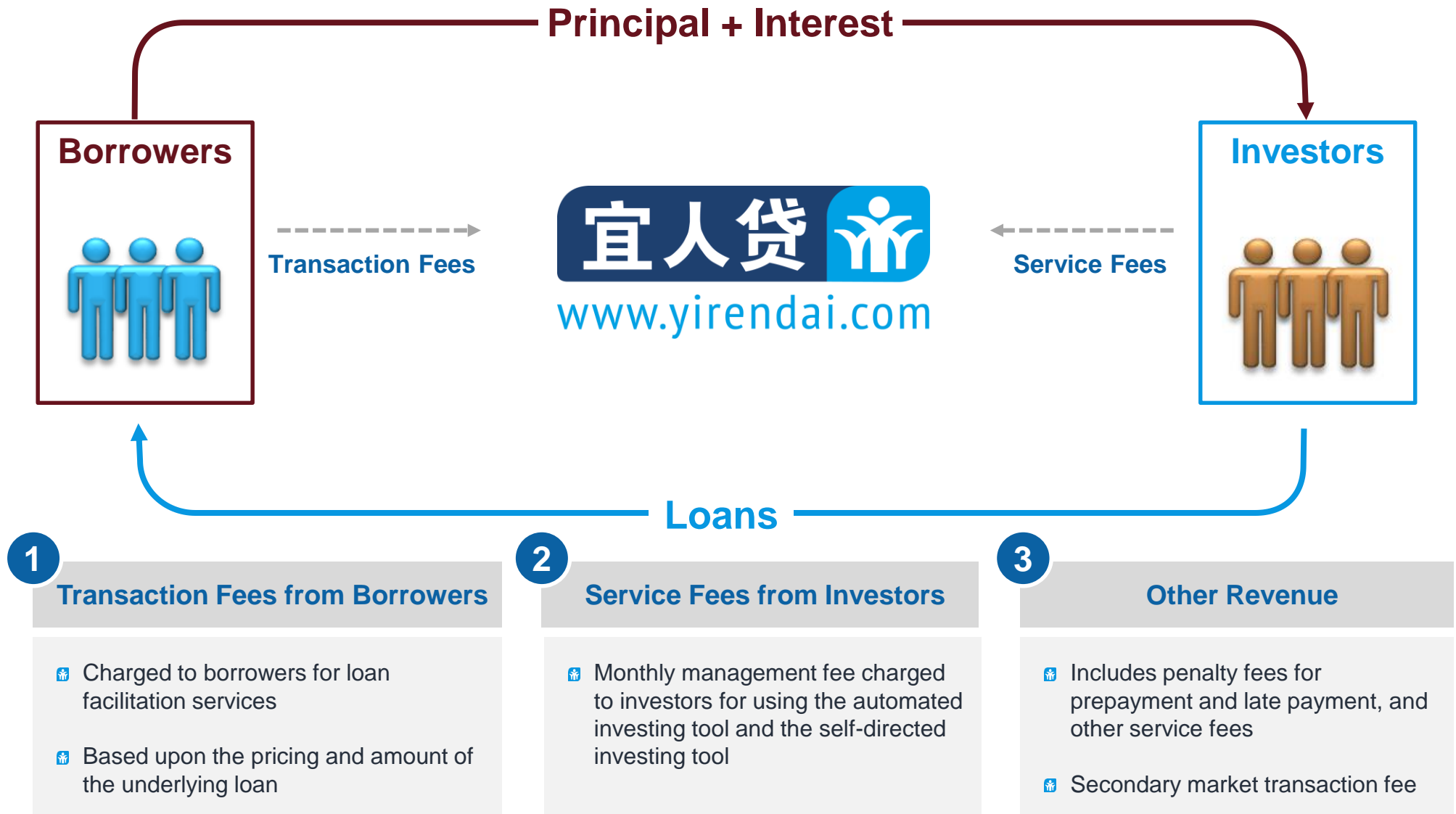
**76 industry partners**  
connected as of March 31, 2018

**RMB 13.5m**  
of revenue in Q1 2018



## Financial Highlights

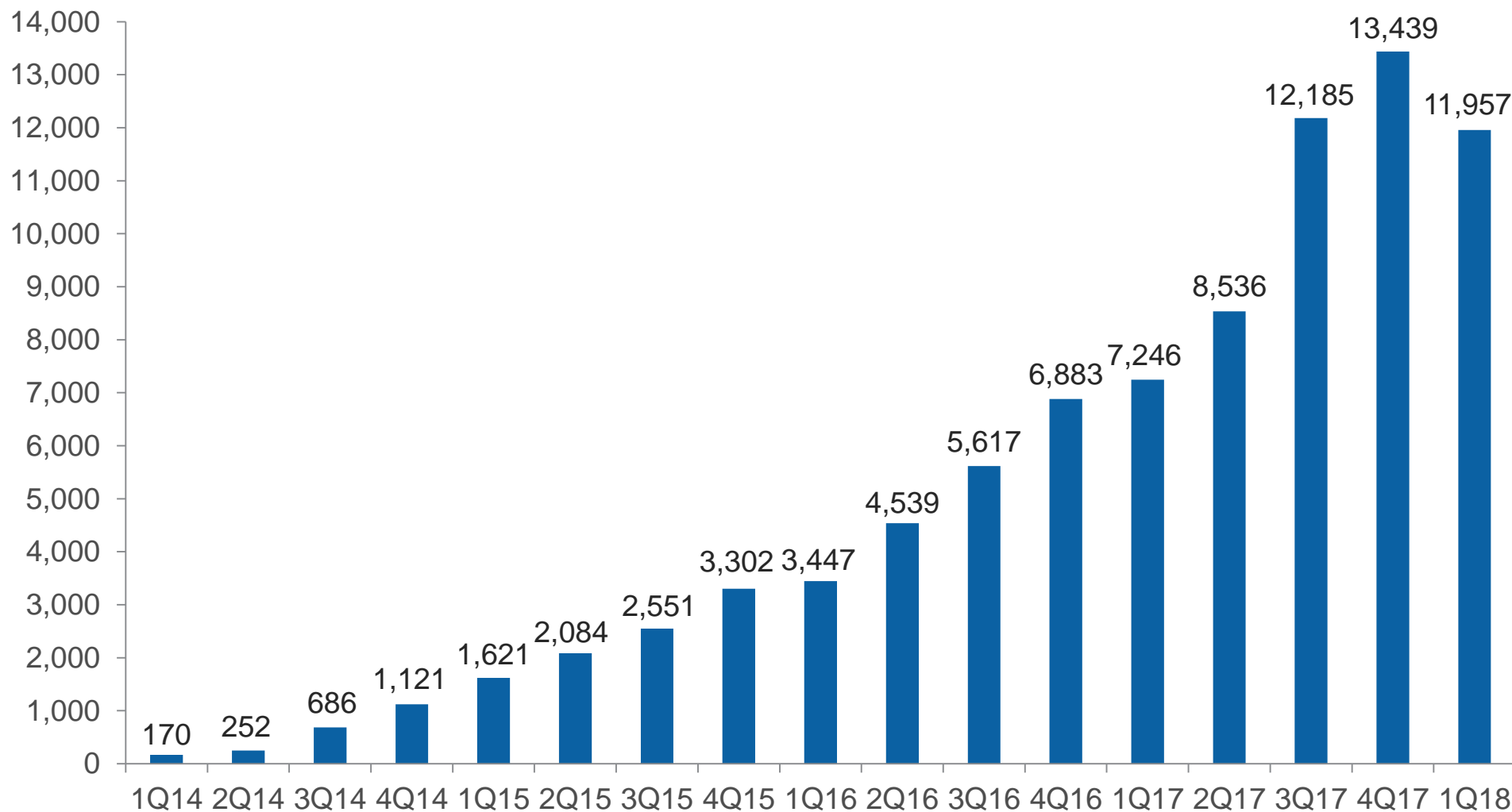
# ① Marketplace Model



## ② Disciplined Growth of Loan Facilitations



(RMB Million)



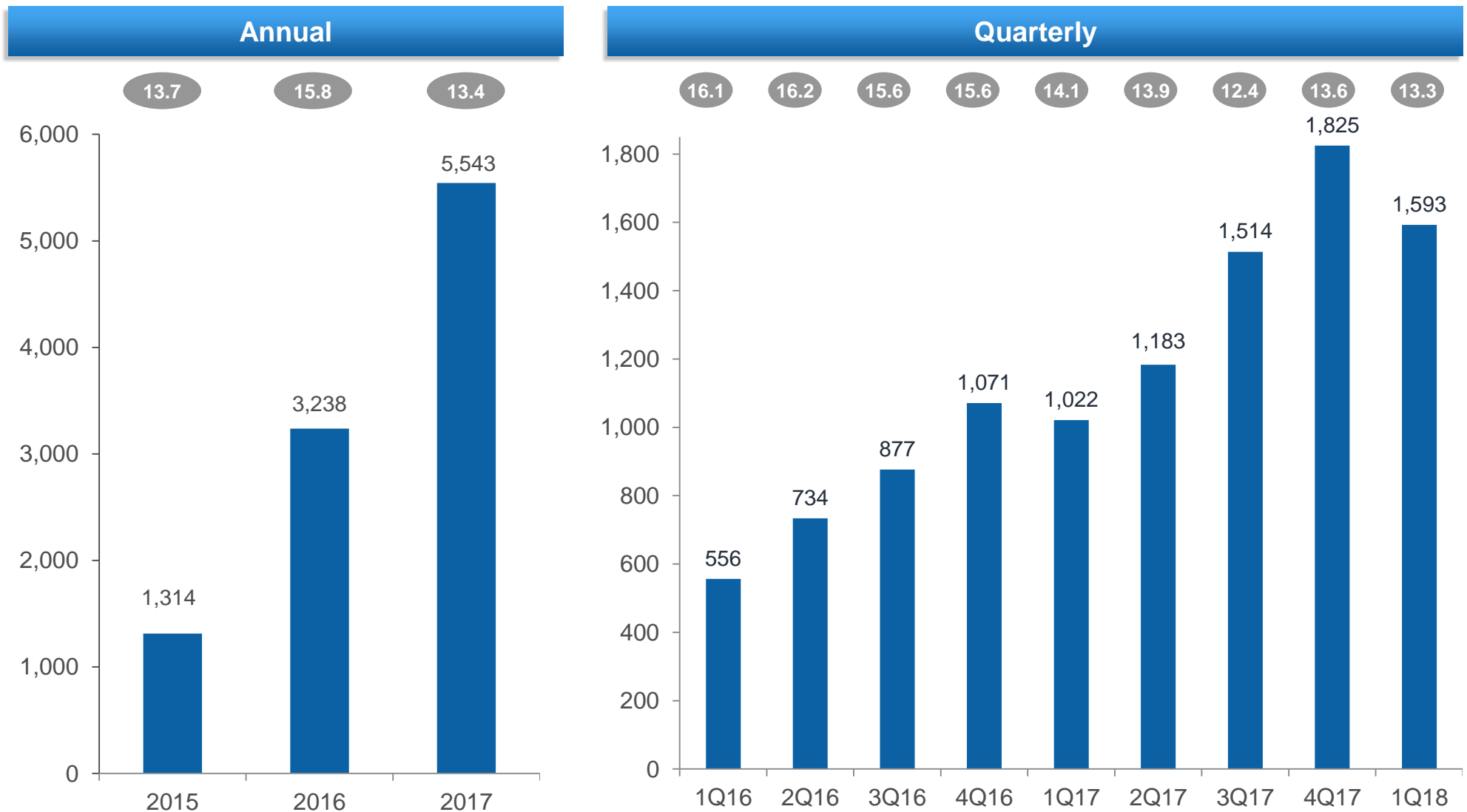


Risk Grade	2018 Q1 Volume (RMB billion)	%
I	1.1	9%
II	3.0	25%
III	3.0	26%
IV	3.4	28%
V	1.5	12%
Total	12.0	100%

## 4 Net Revenue Growth



(RMB Million)

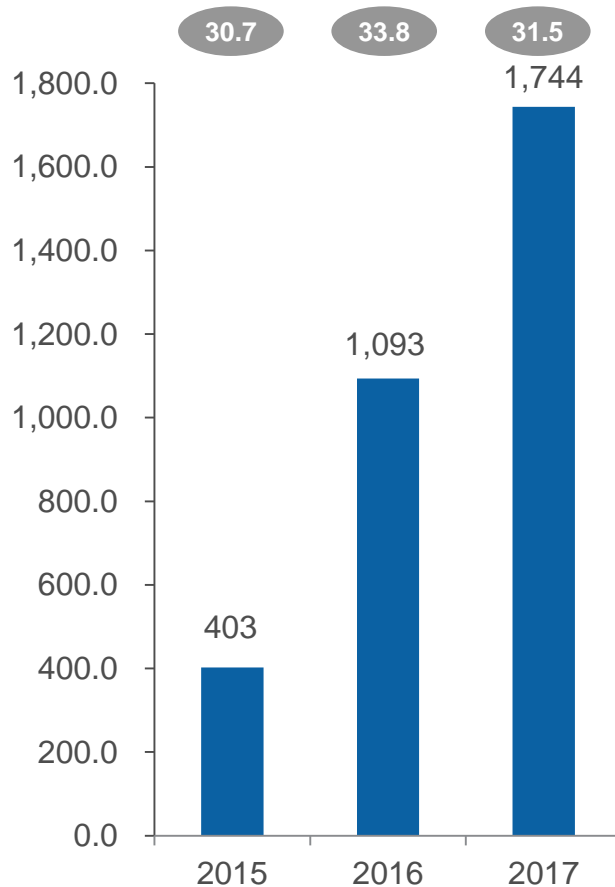


## 4 Adjusted EBITDA



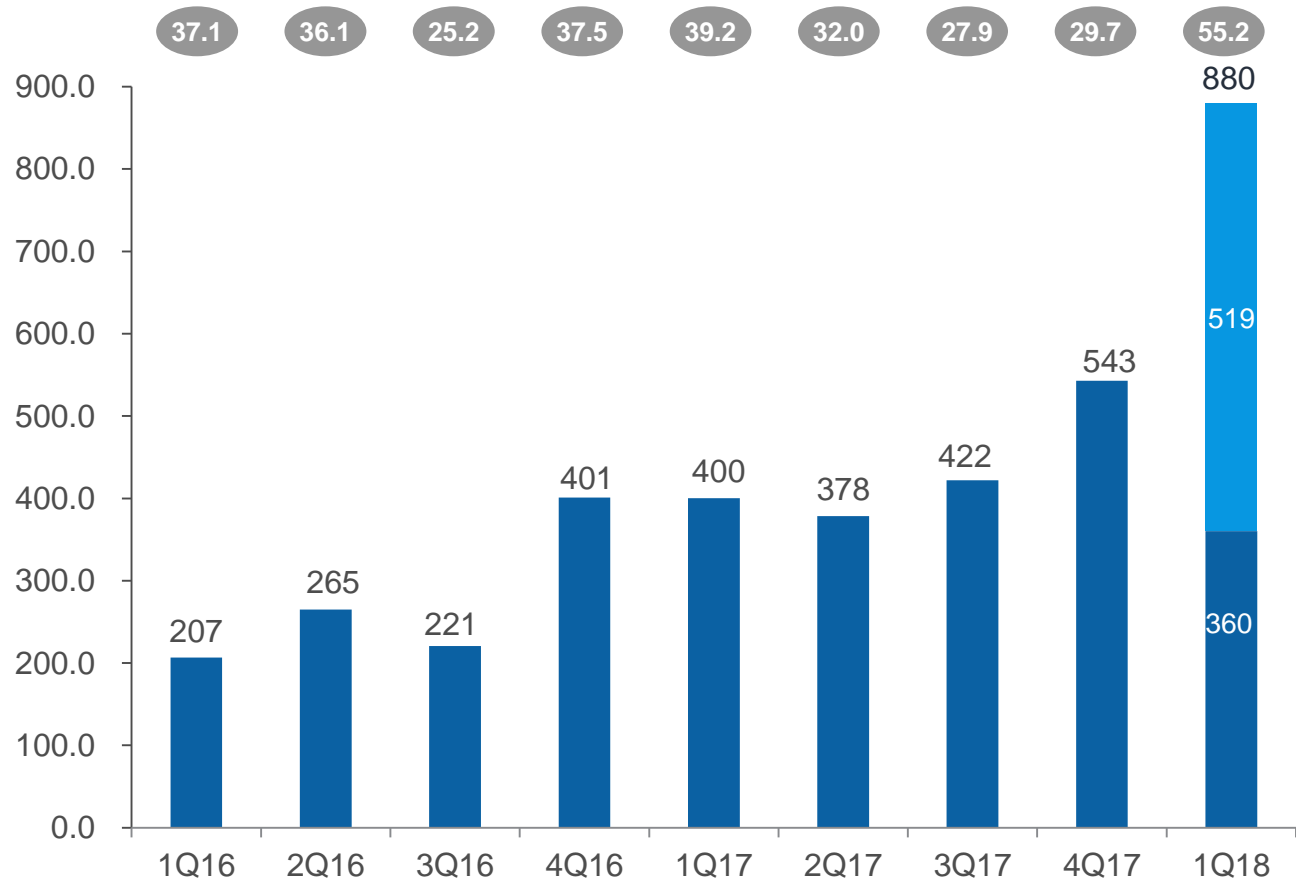
### Annual

(RMB Million)



### Quarterly

(RMB Million)



Adjusted EBITDA Margin (%) <sup>(1)</sup>

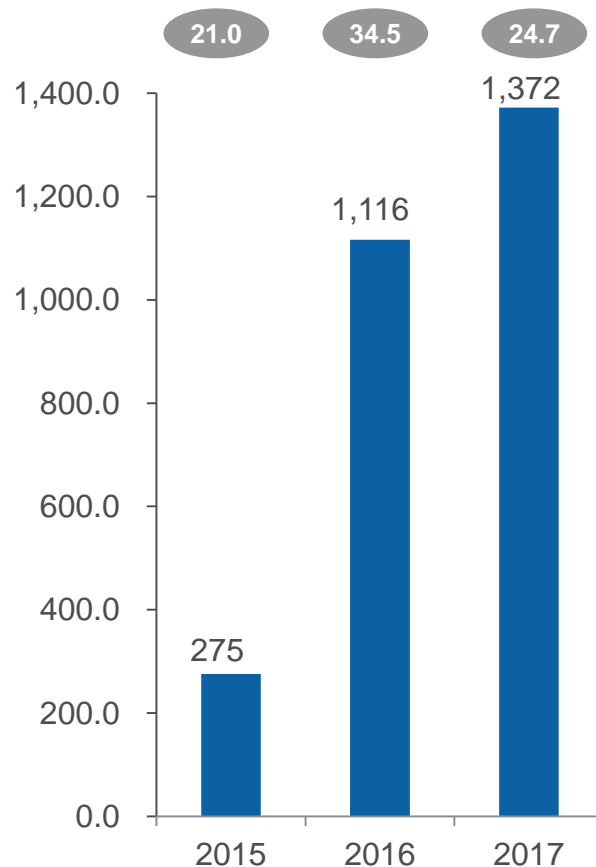
■ Adjustment on pre-tax income earned from loans facilitated prior to 2018, if ASC 606 was not adopted.





## Annual

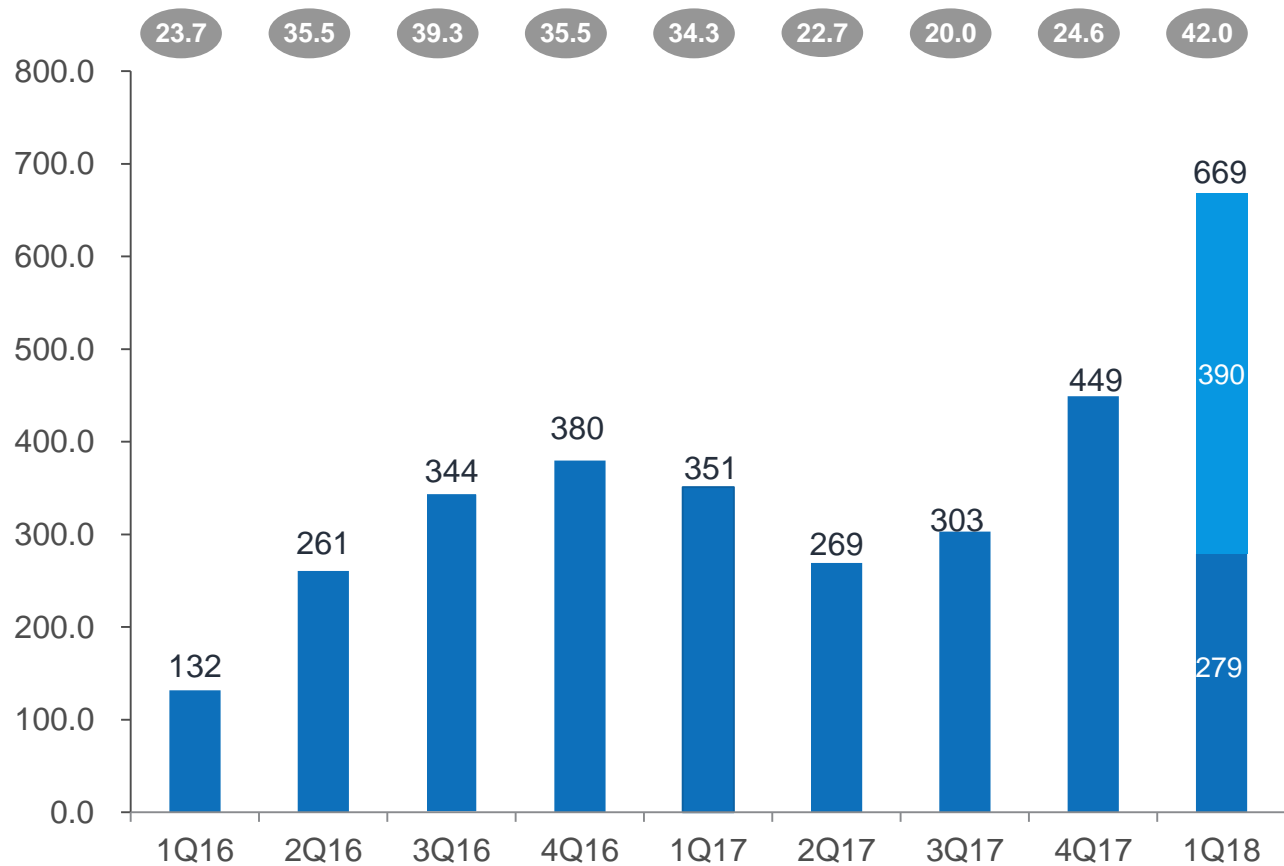
(RMB Million)



(Adjusted) Net Income Margin (%) <sup>(1)</sup>

## Quarterly

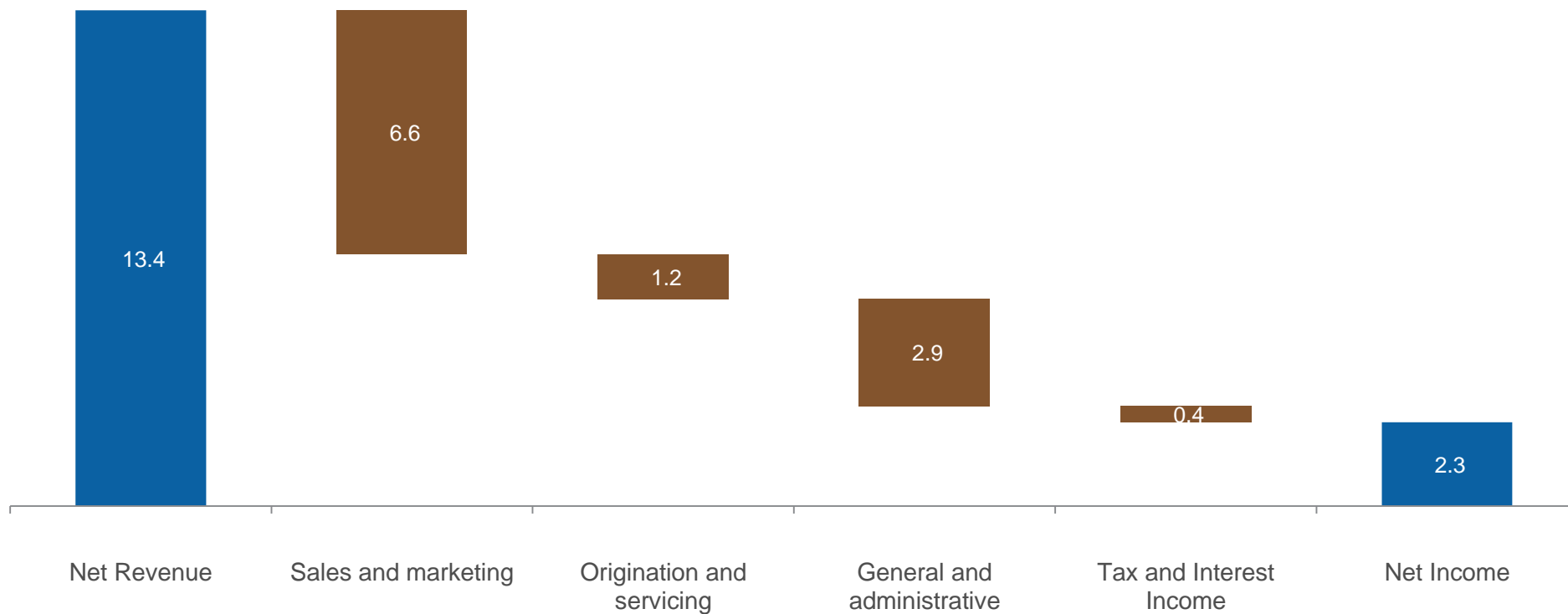
(RMB Million)



■ Adjustment on income earned from loans facilitated prior to 2018, if ASC 606 was not adopted

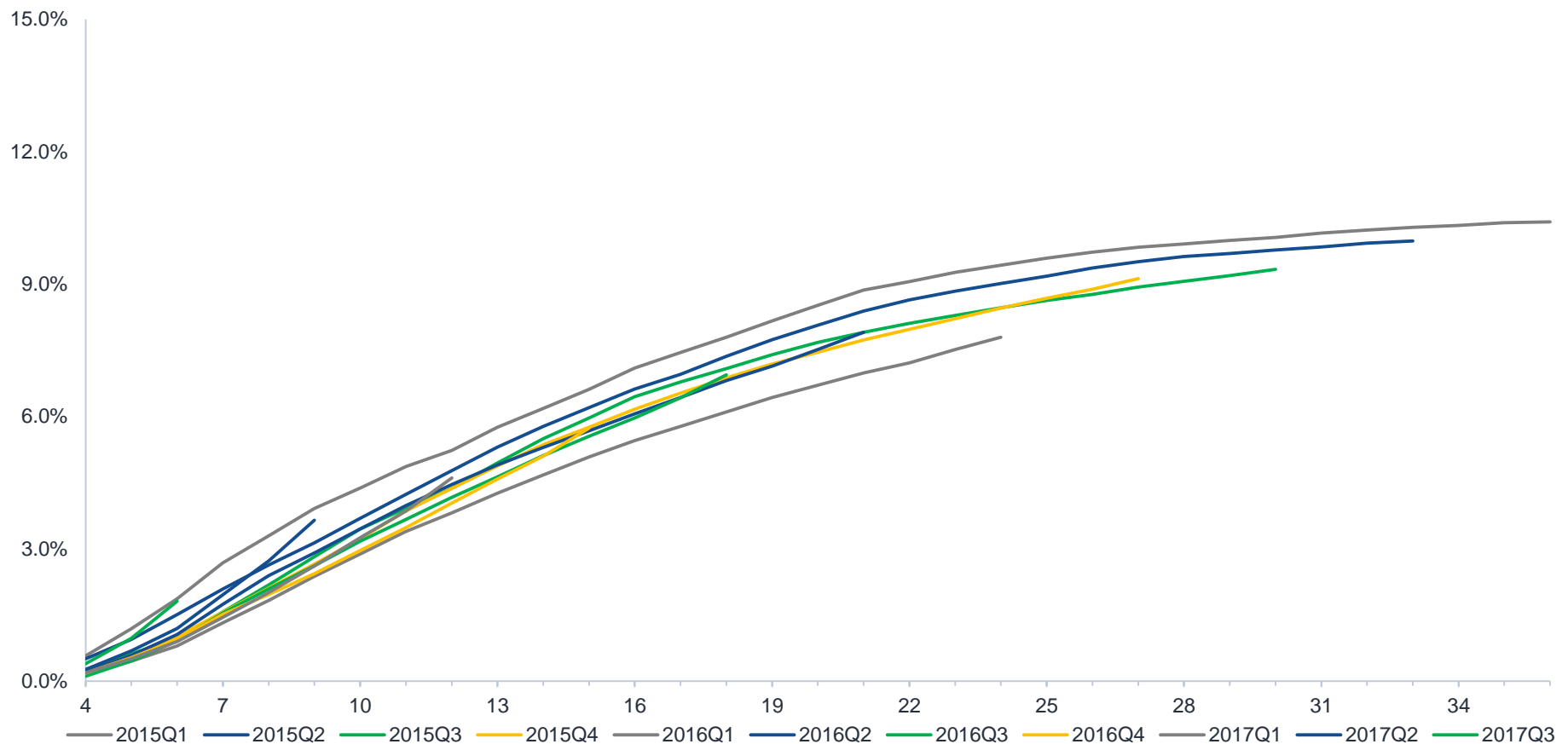
2018Q1 Economics <sup>(1)</sup>

(Per US\$ 100 loan originated)



Cumulative M3+ Net Charge Off Rates <sup>(1)</sup> <sup>(2)</sup>

Loans Facilitated Since 2015



(1) As of March 31, 2018

(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 (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.



**Fiscal Year 2018 <sup>(1)</sup>**



**Total loans facilitated** in the range of RMB 48 billion to RMB 52 billion



## Appendix

# Income Statement (1/2)



## 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, 2017 RMB	March 31, 2018 RMB	March 31, 2018 USD
Net revenue:			
Loan facilitation services	976,398	1,402,052	223,520
Post-origination services	33,312	143,466	22,872
Others	11,889	47,173	7,521
Total net revenue	1,021,599	1,592,691	253,913
Operating costs and expenses:			
Sales and marketing	469,380	781,726	124,625
Origination and servicing	58,784	142,740	22,756
General and administrative	100,498	338,030	53,890
Total operating costs and expenses	628,662	1,262,496	201,271
Interest income	24,149	28,276	4,508
Fair value adjustments related to Consolidated ABFE	1,355	4,463	711
Non-operating income, net	207	(452)	(72)
Income before provision for income taxes	418,648	362,482	57,789
Income tax expense/(benefit)	67,747	83,578	13,324
Net income	350,901	278,904	44,465

# Income Statement (2/2)



## 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, 2017	March 31, 2018	March 31, 2018
	RMB	RMB	USD
Weighted average number of ordinary shares outstanding, basic	<u>119,560,832</u>	<u>121,368,093</u>	<u>121,368,093</u>
Basic income per share	<u>2.9349</u>	<u>2.2980</u>	<u>0.3664</u>
Basic income per ADS	<u>5.8698</u>	<u>4.5960</u>	<u>0.7328</u>
Weighted average number of ordinary shares outstanding, diluted	<u>120,842,350</u>	<u>123,773,063</u>	<u>123,773,063</u>
Diluted income per share	<u>2.9038</u>	<u>2.2533</u>	<u>0.3592</u>
Diluted income per ADS	<u>5.8076</u>	<u>4.5066</u>	<u>0.7184</u>



# Balance Sheet



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

	As of		
	December 31, 2017 RMB	March 31, 2018 RMB	March 31, 2018 USD
Cash and cash equivalents	1,857,175	1,666,866	265,737
Restricted cash	1,805,693	1,219,932	194,486
Accounts receivable	21,368	10,956	1,747
Prepaid expenses and other assets	1,062,484	1,191,191	189,904
Loans at fair value	791,681	888,786	141,693
Amounts due from related parties	117,222	129,229	20,602
Held-to-maturity investments	9,944	9,679	1,543
Available-for-sale investments	969,759	990,873	157,968
Property, equipment and software, net	82,249	83,279	13,277
Deferred tax assets	801,089	747,697	119,201
Contract assets	-	2,848,676	454,146
<b>Total assets</b>	<b>7,518,664</b>	<b>9,787,164</b>	<b>1,560,304</b>
Accounts payable	33,841	35,747	5,699
Amounts due to related parties	76,544	70,875	11,299
Liabilities from quality assurance program and guarantee	2,793,948	2,745,530	437,702
Deferred revenue	222,906	-	-
Payable to investors at fair value	113,445	75,983	12,114
Accrued expenses and other liabilities	1,296,650	1,179,850	188,096
Deferred tax liability	11,277	736,818	117,467
Contract liabilities	-	98,253	15,664
<b>Total liabilities</b>	<b>4,548,611</b>	<b>4,943,056</b>	<b>788,041</b>
Ordinary shares	76	76	12
Additional paid-in capital	1,123,443	1,149,698	183,288
Accumulated other comprehensive income	11,478	(1,502)	(240)
Retained earnings	1,835,056	3,695,836	589,203
<b>Total equity</b>	<b>2,970,053</b>	<b>4,844,108</b>	<b>772,263</b>
<b>Total liabilities and equity</b>	<b>7,518,664</b>	<b>9,787,164</b>	<b>1,560,304</b>



## 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, 2017	March 31, 2018	March 31, 2018
	RMB	RMB	USD
<b>Unaudited Condensed Consolidated Cash Flow Data</b>			
Net cash generated from/(used in) operating activities	564,504	(337,727)	(53,842)
Net cash used in investing activities	(427,686)	(382,191)	(60,930)
Net cash used in financing activities	(44,841)	(45,176)	(7,202)
Effect of foreign exchange rate changes	(3,779)	(10,976)	(1,750)
Net increase/(decrease) in cash, cash equivalents and restricted cash	88,198	(776,070)	(123,724)
Cash, cash equivalents and restricted cash, beginning of period	2,186,511	3,662,868	583,947
Cash, cash equivalents and restricted cash, end of period	2,274,709	2,886,798	460,223

# Operating Highlights (1/2)



## Operating Highlights and Reconciliation of GAAP to Non-GAAP Measures

(in thousands, except for number of borrowers, number of investors and percentages)

	For the Three Months Ended		
	March 31, 2017 RMB	March 31, 2018 RMB	March 31, 2018 USD
<b>Operating Highlights</b>			
Amount of loans facilitated	7,246,085	11,956,720	1,906,182
Loans generated from online channels	3,590,130	6,940,343	1,106,454
Loans generated from offline channels	3,655,955	5,016,377	799,728
Number of borrowers	124,953	174,128	174,128
Borrowers from online channels	86,095	126,276	126,276
Borrowers from offline channels	38,858	47,852	47,852
Number of investors	192,505	214,231	214,231
Investors from online channels	192,505	214,231	214,231
Adjusted EBITDA	400,297	879,714	140,248
Adjusted EBITDA margin	39.2%	55.2%	55.2%

# Operating Highlights (2/2)



## Operating Highlights

(in thousands)

	As of		
	December 31, 2017	March 31, 2018	March 31, 2018
	RMB	RMB	USD
<b>Operating Highlights</b>			
Remaining principal of performing loans	40,616,167	43,843,775	6,989,729
Remaining principal of performing loans covered by quality assurance program and guarantee	39,717,029	40,855,141	6,513,271

# Delinquency Rates



Delinquency Rates			
	Delinquent for		
	15-29 days	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%
December 31, 2016	0.4%	0.7%	0.6%
December 31, 2017	0.8%	0.9%	0.7%
March 31, 2018	0.8%	1.6%	1.3%
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%
December 31, 2016	0.6%	1.0%	0.8%
December 31, 2017	1.2%	1.2%	0.9%
March 31, 2018	1.0%	2.2%	1.8%
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%
December 31, 2016	0.4%	0.6%	0.4%
December 31, 2017	0.5%	0.7%	0.5%
March 31, 2018	0.6%	1.1%	0.8%

# Net Charge-off Rates (1/2)



Net Charge-Off Rate for Upgraded Risk Grid

Loan issued period	Customer grade	Amount of loans facilitated during the period (in RMB thousands)	Accumulated M3+ Net Charge-Off as of March 31, 2018 (in RMB thousands)	Total Net Charge-Off Rate as of March 31, 2018
2014	I	-	-	-
	II	1,921,372	88,935	4.6%
	III	303,276	20,243	6.7%
	IV	-	-	-
	V	3,913	518	13.2%
	Total	2,228,561	109,696	4.9%
2015	I	146,490	3,606	2.5%
	II	1,614,354	89,853	5.6%
	III	2,521,705	203,123	8.1%
	IV	2,506,107	251,706	10.0%
	V	2,768,957	377,809	13.6%
	Total	9,557,613	926,097	9.7%
2016	I	497,220	10,813	2.2%
	II	3,137,889	103,629	3.3%
	III	3,763,081	178,508	4.7%
	IV	5,183,233	330,967	6.4%
	V	7,799,180	875,525	11.2%
	Total	20,380,603	1,499,442	7.4%
2017	I	2,701,162	22,188	0.8%
	II	9,079,647	151,933	1.7%
	III	10,611,451	280,844	2.6%
	IV	10,263,135	339,982	3.3%
	V	8,750,663	444,412	5.1%
	Total	41,406,058	1,239,359	3.0%

# Net Charge-off Rates (2/2)



## M3+ Net Charge-Off Rate

Loan issued period	Month on Book										
	4	7	10	13	16	19	22	25	28	31	34
2013Q1	1.9%	3.2%	3.1%	2.3%	2.0%	0.9%	0.5%	0.5%	0.4%	0.4%	0.4%
2013Q2	1.8%	3.6%	4.5%	5.9%	6.4%	7.4%	6.1%	7.0%	7.5%	7.5%	7.8%
2013Q3	0.5%	2.8%	4.2%	5.5%	6.1%	6.5%	7.1%	7.1%	7.0%	6.9%	6.9%
2013Q4	0.7%	3.4%	4.8%	6.2%	6.8%	7.5%	8.3%	8.3%	8.2%	8.5%	8.3%
2014Q1	1.0%	4.2%	6.1%	7.0%	8.4%	9.3%	9.8%	9.7%	9.9%	9.8%	9.5%
2014Q2	0.5%	1.8%	2.6%	3.8%	4.3%	4.6%	4.6%	4.7%	4.7%	4.7%	4.8%
2014Q3	0.2%	0.8%	2.0%	2.8%	3.3%	3.7%	4.0%	4.2%	4.2%	4.1%	4.1%
2014Q4	0.3%	1.5%	2.7%	3.5%	4.1%	4.6%	5.1%	5.2%	5.2%	5.3%	5.3%
2015Q1	0.6%	2.7%	4.4%	5.8%	7.1%	8.2%	9.1%	9.6%	9.9%	10.2%	10.3%
2015Q2	0.5%	2.1%	3.7%	5.3%	6.6%	7.7%	8.6%	9.2%	9.6%	9.8%	
2015Q3	0.2%	1.6%	3.4%	4.9%	6.4%	7.4%	8.1%	8.6%	9.1%		
2015Q4	0.2%	1.6%	3.2%	4.9%	6.2%	7.2%	8.0%	8.7%			
2016Q1	0.2%	1.3%	2.9%	4.3%	5.4%	6.4%	7.2%				
2016Q2	0.2%	1.7%	3.4%	4.9%	6.1%	7.1%					
2016Q3	0.1%	1.5%	3.2%	4.6%	6.0%						
2016Q4	0.2%	1.5%	3.0%	4.6%							
2017Q1	0.2%	1.4%	3.2%								
2017Q2	0.3%	2.0%									
2017Q3	0.4%										





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