

Q1 2016 Earnings Conference Call

May 12, 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



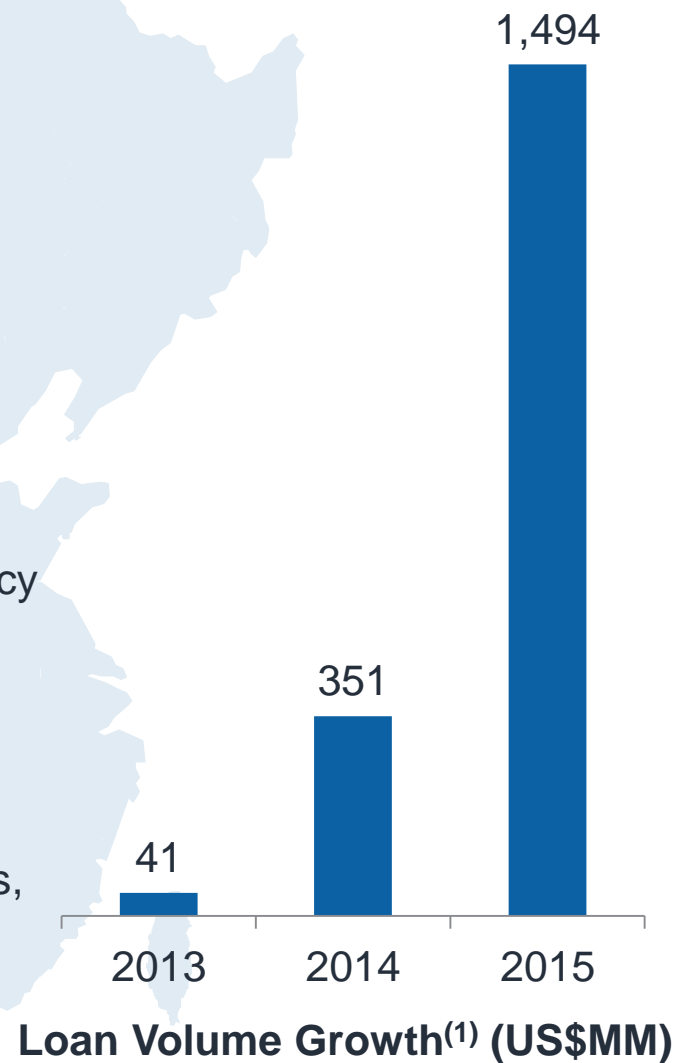
Full end-to-end automation⁽²⁾ from online application through funding and servicing



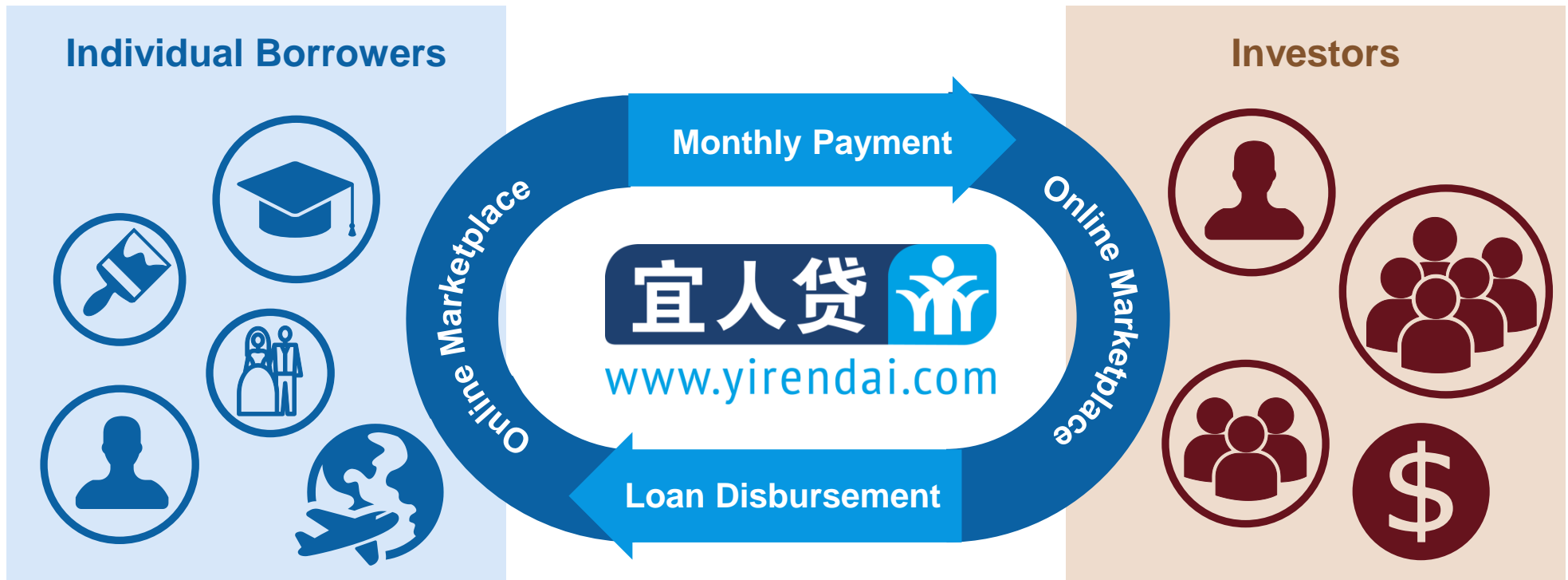
Relationship with CreditEase provides borrower referrals, data sharing, and collection support



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

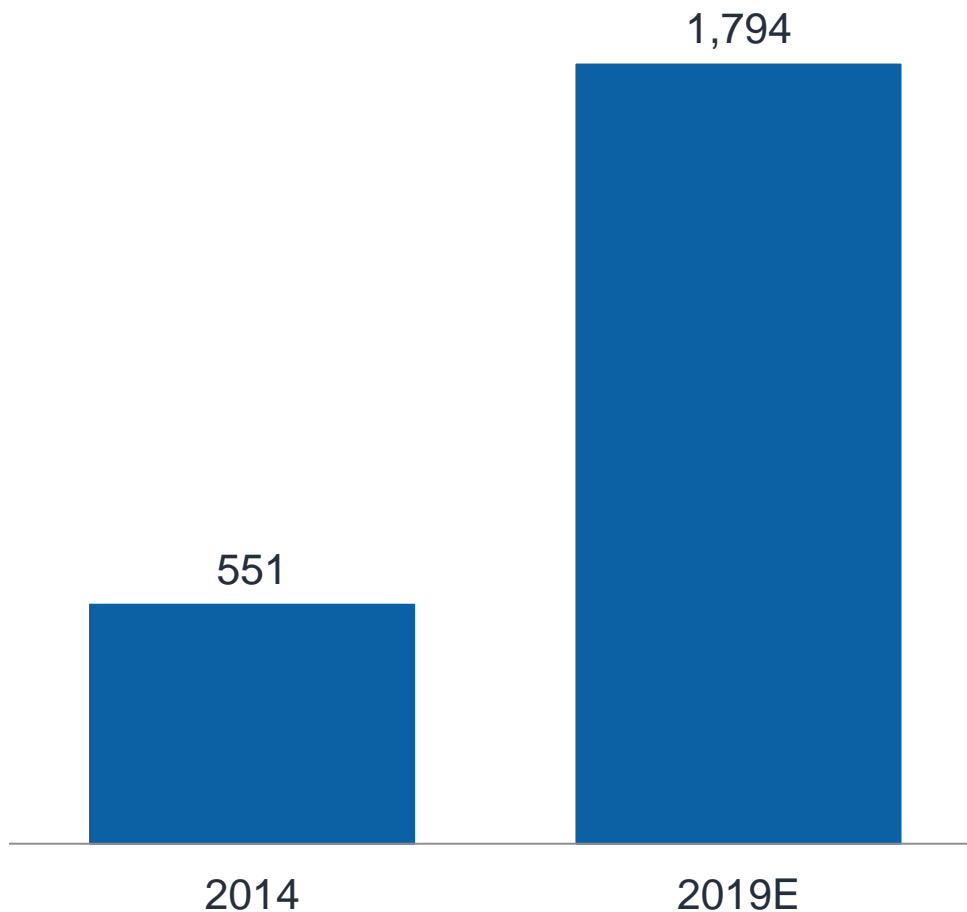


① US\$551 Billion Unsecured Consumer Finance Market ⁽¹⁾



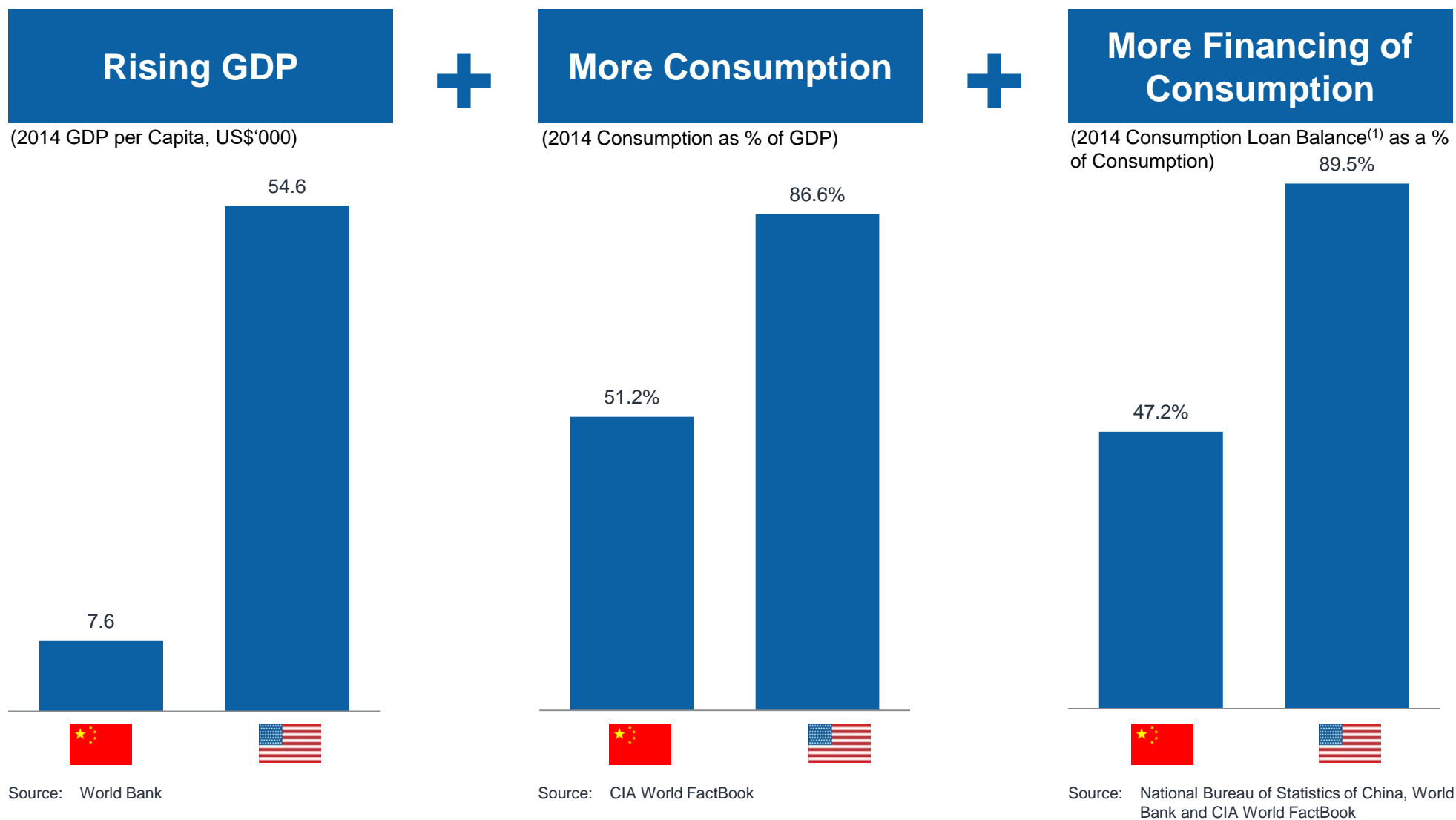
Unsecured Consumer Finance Market in China ⁽¹⁾ ⁽²⁾

(By outstanding loan balance, US\$ 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



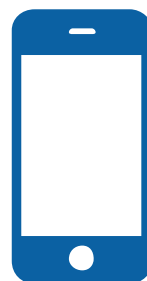
**US\$2.4
Billion**

Total Marketplace Loan
Facilitations ⁽¹⁾



253,673

Borrowers and
Investors
in Q1 2016



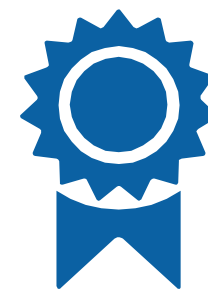
32.8%

Loans facilitated
through Yirendai
Mobile Application ⁽²⁾
in Q1 2016



10 Years

Credit data
supported by
proprietary risk
management
model



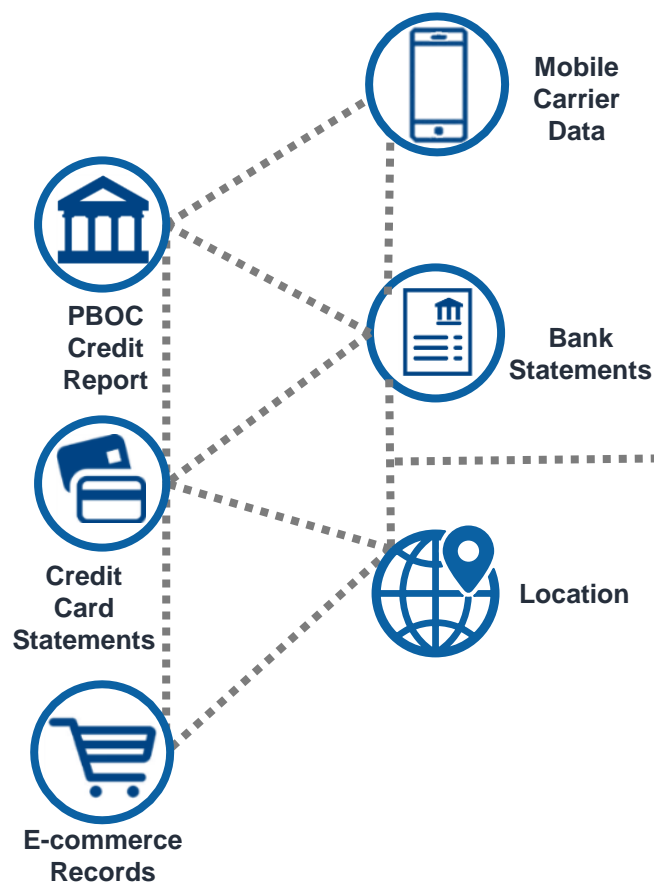
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Brand Amongst
Investors/
Borrowers ⁽³⁾

3 Extensive Data Set and Credit Decisioning Capabilities

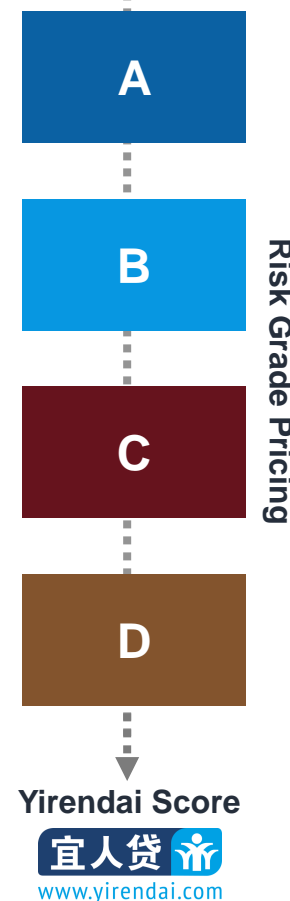


Proprietary Yirendai Score



Proprietary Data Analysis Platform

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



1,000,000+

Fraud Detection Points ⁽¹⁾

250+

Decisioning Rules ⁽¹⁾

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**



55% acquired from online channels in Q1 2016



**50,542 borrowers
in Q1 2016**

4 Our Investors



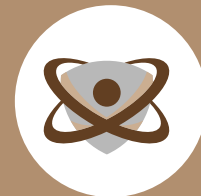
Mass affluent investors



100% invest directly through
online platform in Q1 2016



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



Investor protection service
via Risk Reserve Fund



203,131
Investors in Q1 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

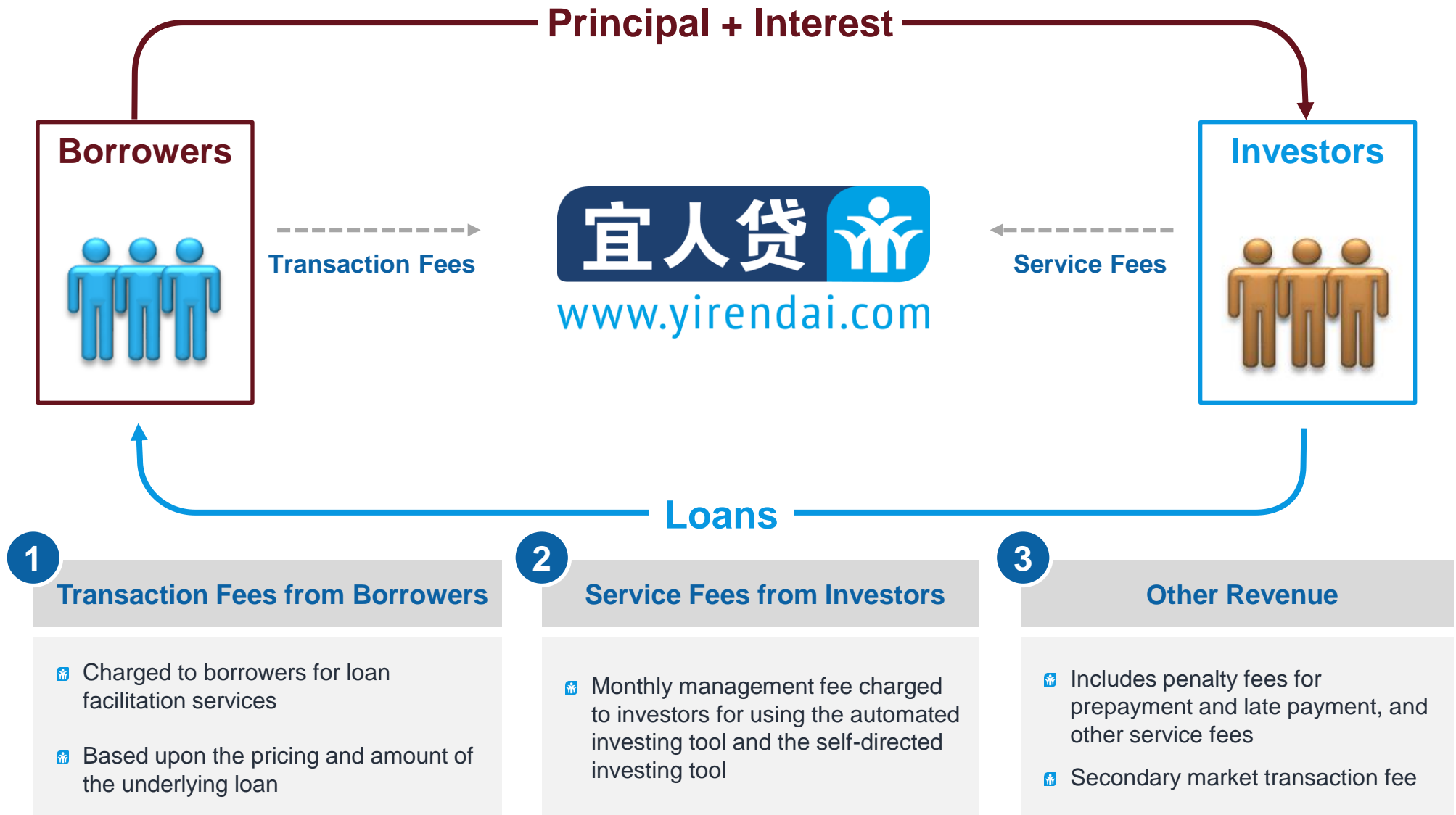
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Proven Credit Performance

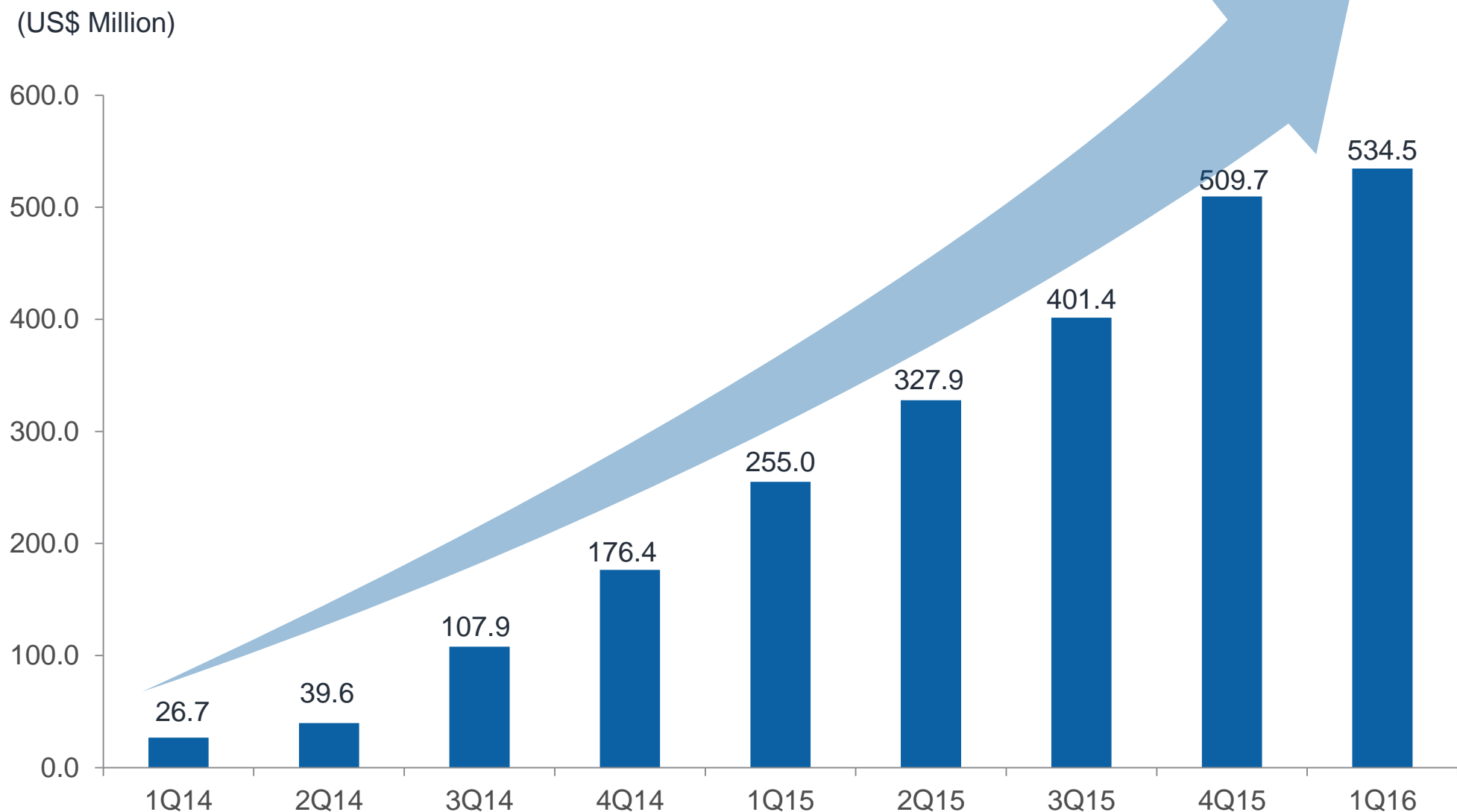
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Business Outlook

① Marketplace Model



② Disciplined Growth of Loan Facilitations ⁽¹⁾



3 Q1 2016 Loan Facilitation Breakdown



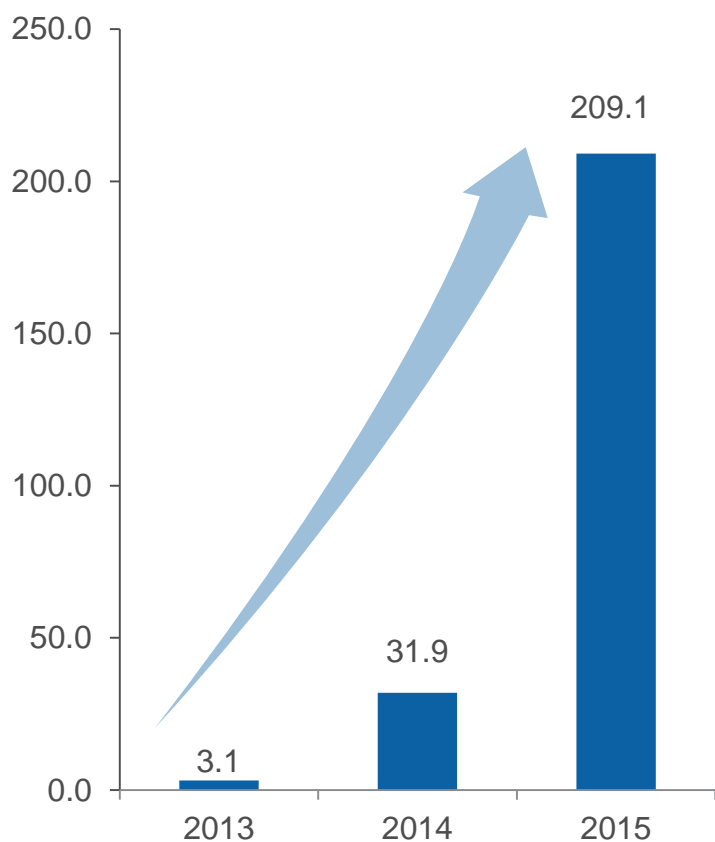
	% Q1 2016 Loan Facilitation Volume	Average Transaction Fee ⁽¹⁾
A Excellent Credit	6%	5.6%
B Very Good Credit	3%	18.5%
C Good Credit	7%	26.4%
D Fair Credit	84%	28.2%

4 Net Revenue Growth



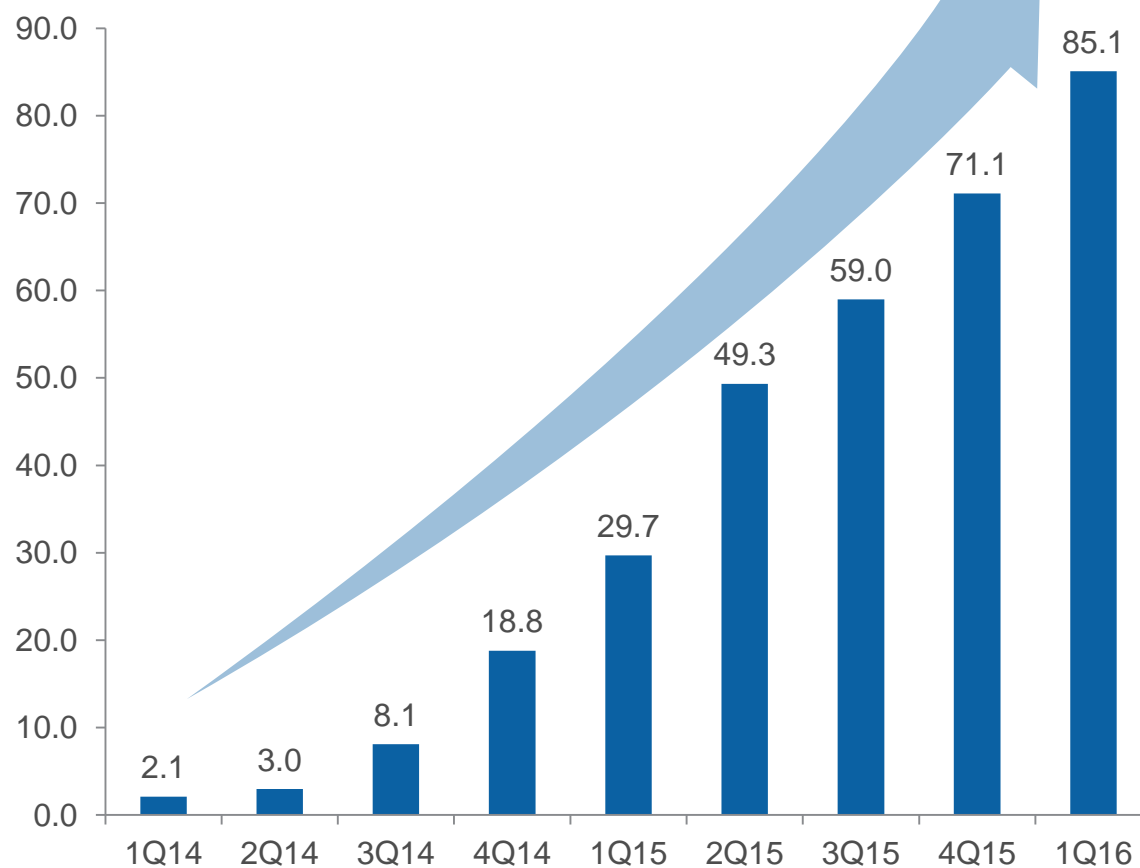
Annual

(US\$ Million)

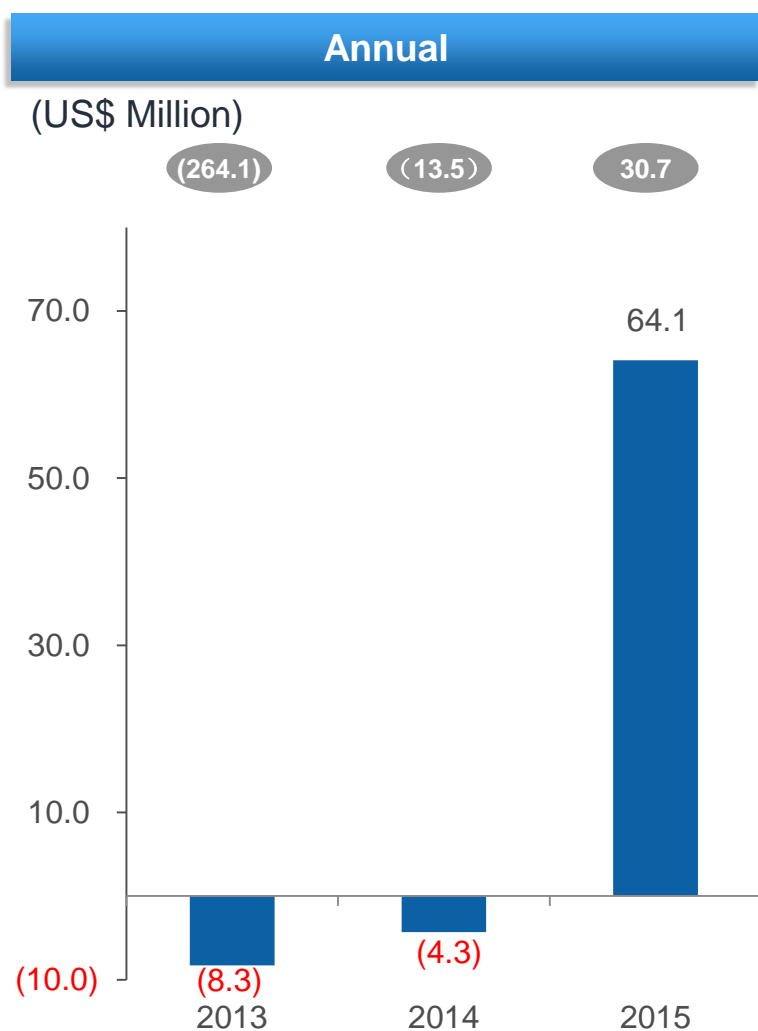


Quarterly

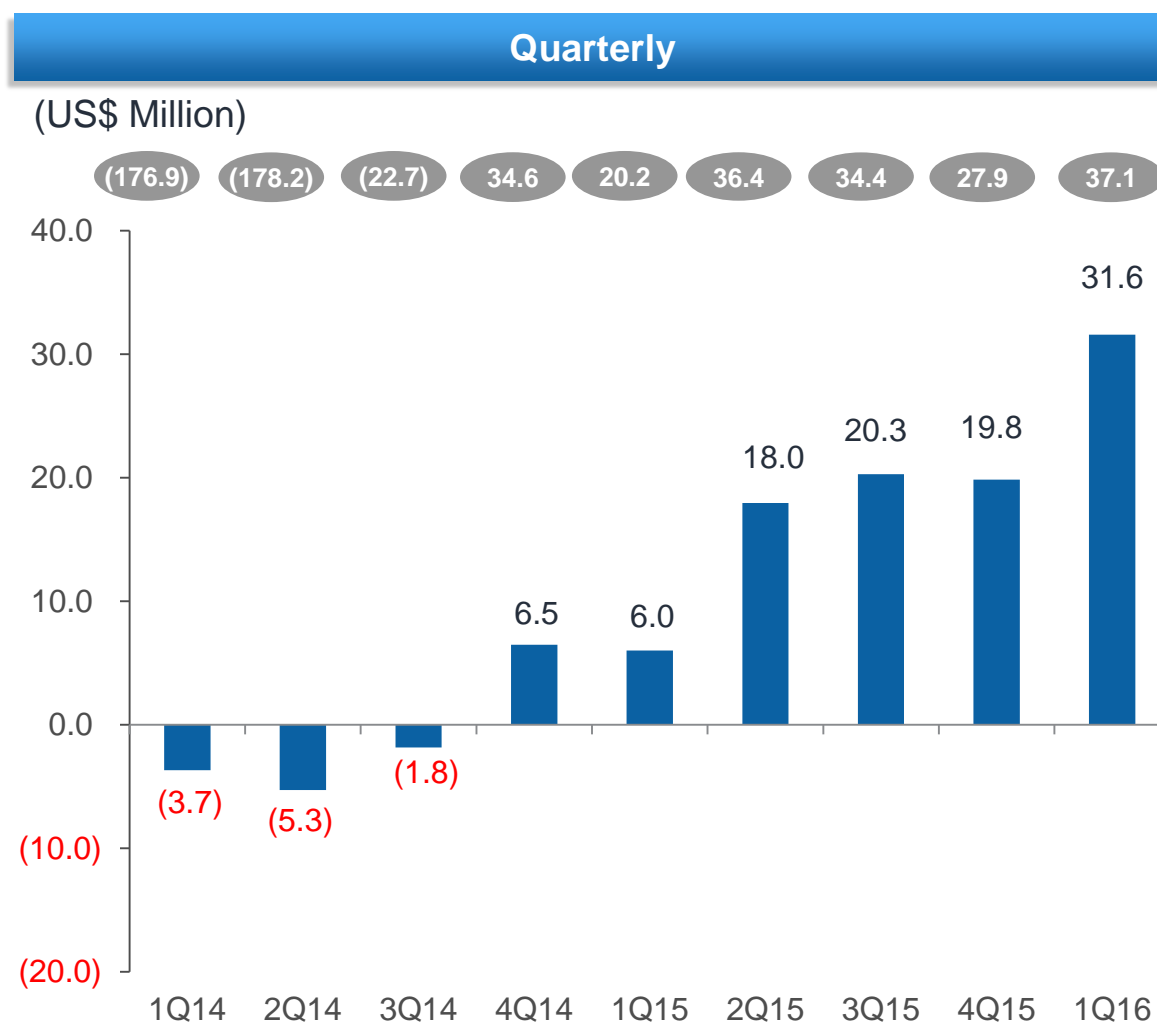
(US\$ Million)



4 EBITDA Margin



EBITDA Margin (%)

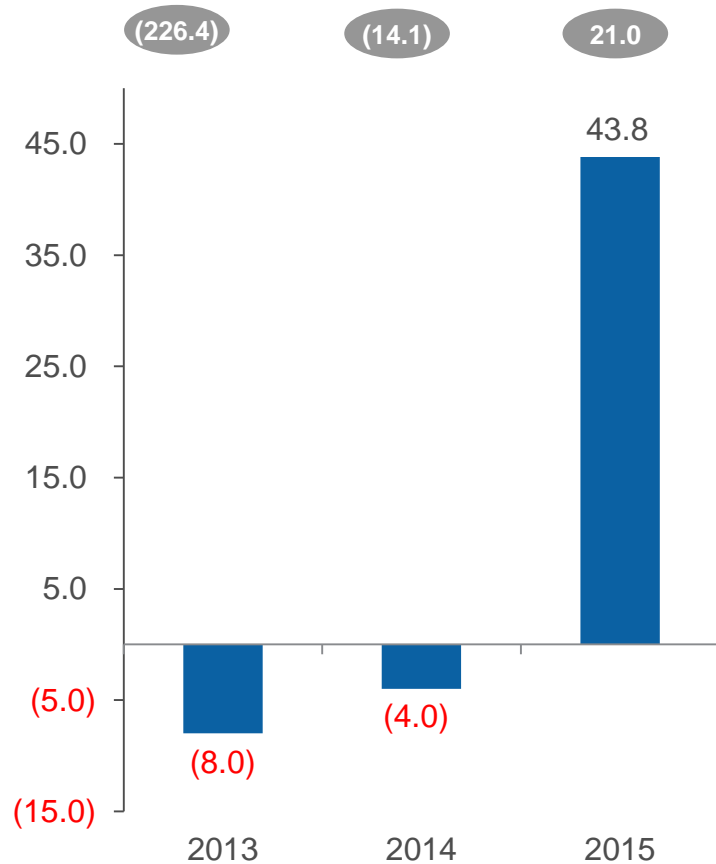


4 Net Income



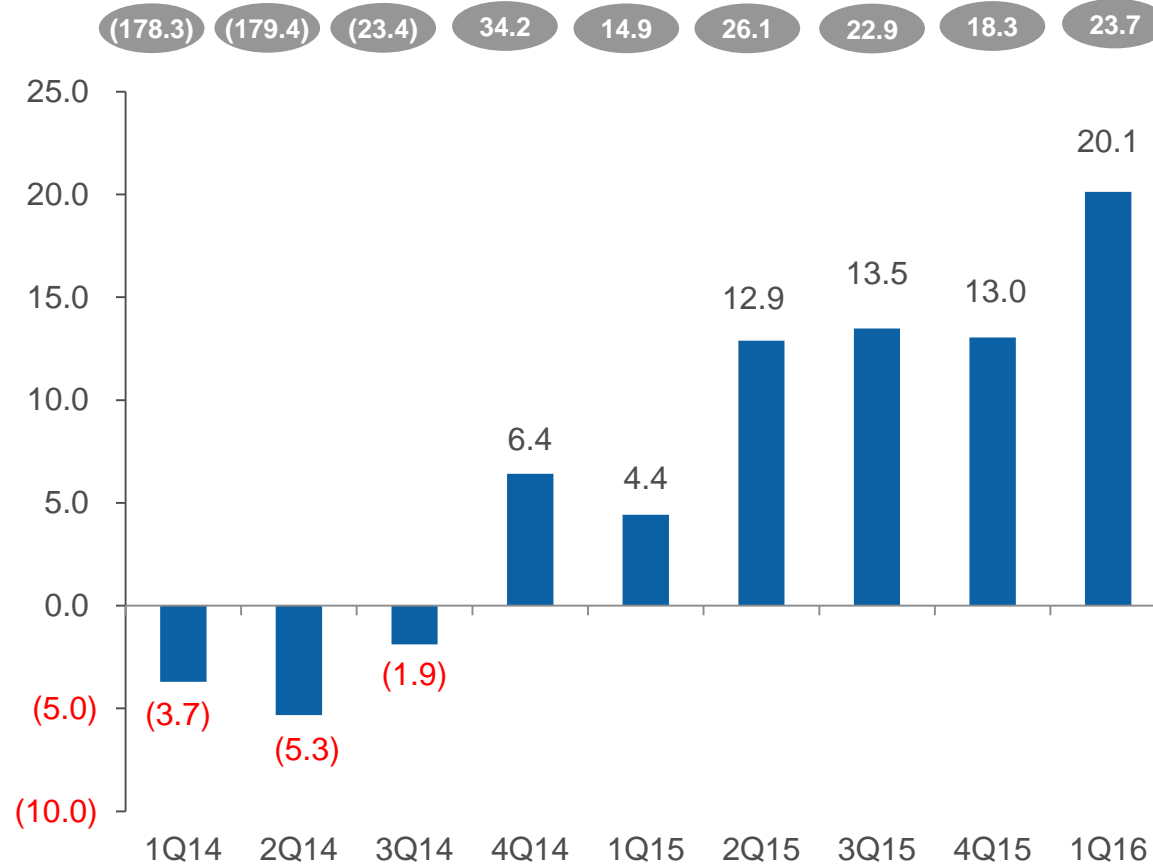
Annual

(US\$ Million)



Quarterly

(US\$ Million)

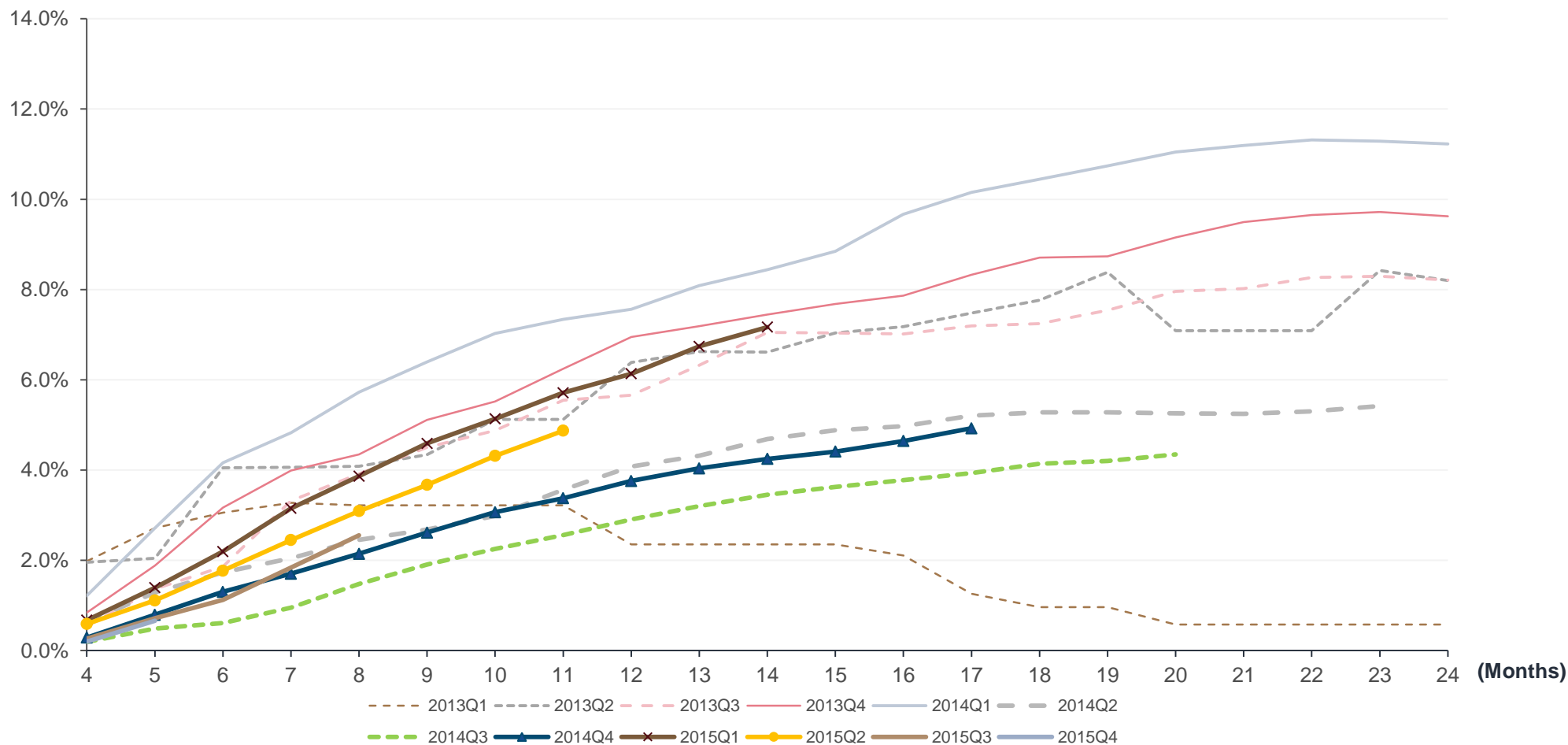


Net Income Margin (%)

5 Proven Credit Performance






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









Second Quarter 2016

-  **Total loans facilitated** in the range of US\$640 million to US\$650 million
-  **Total net revenue** in the range of US\$95 million to US\$100 million
-  **EBITDA (non-GAAP)** in the range of US\$20 million to US\$25 million

Full Year 2016

-  **Total loans facilitated** in the range of US\$2,800 million to US\$2,900 million
-  **Total net revenue** in the range of US\$400 million to US\$410 million
-  **EBITDA (non-GAAP)** in the range of US\$100 million to US\$105 million
-  **No Change** from previous guidance



Appendix

Income Statement



Unaudited Condensed Consolidated Statement of Operations
(in US\$ thousands, except for share, per share and per ADS data, and percentages)

	For the Three Months Ended				
	March 31, 2015	June 30, 2015	September 31, 2015	December 31, 2015	March 31, 2016
Net revenue:					
Loan facilitation services	29,103	48,126	57,603	68,669	81,814
Post-origination services	477	943	901	1,990	2,813
Others	112	246	464	454	443
Total net revenue	29,692	49,315	58,968	71,113	85,070
Operating costs and expenses:					
Sales and marketing	16,518	24,372	29,001	38,306	38,964
Origination and servicing	2,044	3,037	4,364	6,104	5,620
General and administrative	5,214	4,062	5,457	7,088	9,202
Total operating costs and expenses	23,776	31,471	38,822	51,498	53,786
Interest income	11	29	230	493	770
Income/(loss) before provision for income taxes	5,927	17,873	20,376	20,108	32,054
Income tax expense	1,507	4,989	6,899	7,061	11,926
Net income/(loss)	4,420	12,884	13,477	13,047	20,128
Net income margin	14.9%	26.1%	22.9%	18.3%	23.7%
Weighted average number of ordinary shares used in computing basic and diluted net income/(loss) per share	100,000,000	100,000,000	100,000,000	102,586,957	117,000,000
Basic and diluted income/(loss) per share	0.0442	0.1288	0.1348	0.1272	0.1720
Basic and diluted income/(loss) per ADS	0.0884	0.2576	0.2696	0.2544	0.3440

Balance Sheet and Cash Flow Data



Unaudited Condensed Consolidated Balance Sheet and Cash Flow Data
(in US\$ thousands, except for share, per share and per ADS data, and percentages)

	For the Three Months Ended				
	March 31, 2015	June 30, 2015	September 31, 2015	December 31, 2015	March 31, 2016
Unaudited Condensed Consolidated Balance Sheet					
Cash and cash equivalents	1,757	17,764	19,861	130,641	172,160
Restricted cash	15,587	33,682	49,355	74,724	100,841
Loans at fair value	-	-	-	34,164	30,920
Other assets	94,565	110,241	96,171	98,607	104,802
Total assets	111,909	161,687	165,387	338,136	408,723
Liabilities from risk reserve fund guarantee	18,202	39,658	59,196	84,354	111,806
Payable to fund at fair value	-	-	-	39,049	39,916
Other liabilities	53,223	68,652	40,788	63,906	85,352
Total liabilities	71,425	108,310	99,984	187,309	237,074
Total equity	40,484	53,377	65,403	150,827	171,649
Unaudited Condensed Consolidated Cash Flow Data:					
Net cash (used in)/generated from operating activities	1,828	16,474	15,709	26,166	49,225
Net cash (used in)/provided by investing activities	(302)	(513)	(13,218)	(30,946)	(6,092)
Net cash provided by financing activities	-	-	10	117,011	(2,509)
Effect of foreign exchange rate changes	9	46	(404)	(1,451)	895
Net increase in cash and cash equivalents	1,535	16,007	2,097	110,780	41,519
Cash and cash equivalents, beginning of period	222	1,757	17,764	19,861	130,641
Cash and cash equivalents, end of period	<u>1,757</u>	<u>17,764</u>	<u>19,861</u>	<u>130,641</u>	<u>172,160</u>

Operating Highlights



Operating Highlights

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

For the Three Months Ended

	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016
Operating Highlights:					
Amount of loans facilitated	255,015	327,896	401,428	509,671	534,509
Loans generated from online channels	96,264	90,969	130,075	175,305	182,286
Loans generated from offline channels	158,751	236,927	271,353	334,366	352,223
Fees billed	50,005	77,461	93,499	121,897	129,569
Remaining principal of performing loans	547,814	799,548	1,057,442	1,384,398	1,709,570
Number of borrowers	27,581	34,568	36,493	48,072	50,542
Borrowers from online channels	15,072	15,319	18,299	25,506	27,902
Borrowers from offline channels	12,509	19,249	18,194	22,566	22,640
Number of investors	25,124	44,000	144,107	177,501	203,131
Investors from online channels	21,015	38,399	143,607	177,501	203,131
Investors from offline channels	4,109	5,601	500	-	-
EBITDA	6,000	17,957	20,296	19,847	31,579
EBITDA margin	20%	36%	34%	28%	37%

Reconciliation of GAAP to Non-GAAP Measures



Reconciliation of GAAP to Non-GAAP Measures

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

	For the Three Months Ended				
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016
Reconciliation of Net Revenues					
Fees billed:					
Transaction fees billed to borrowers	51,233	79,210	94,285	122,194	127,961
Service fees billed to investors	1,281	2,791	4,232	7,265	9,870
Others	117	261	492	481	469
VAT	(2,626)	(4,801)	(5,510)	(8,043)	(8,731)
Total fees billed	50,005	77,461	93,499	121,897	129,569
Stand-ready liabilities associated with risk reserve fund	(18,193)	(23,506)	(28,395)	(38,498)	(42,158)
Deferred revenue	(1,953)	(2,218)	(2,937)	(11,592)	(3,114)
Cash incentives	(1,149)	(3,878)	(4,415)	(3,443)	(1,790)
VAT	982	1,456	1,216	2,749	2,563
Net revenues	29,692	49,315	58,968	71,113	85,070
Reconciliation of EBITDA					
Net (loss)/income	4,420	12,884	13,477	13,047	20,128
Interest income	(11)	(29)	(230)	(493)	(770)
Income tax expense	1,507	4,989	6,899	7,061	11,926
Depreciation and amortization	84	113	150	232	295
EBITDA	6,000	17,957	20,296	19,847	31,579

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%
March 31, 2016	0.5%	0.8%	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%
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%

Net Charge-off Rates



Loan issued period	Pricing grade	Net Charge-Off Rate		Total Net Charge-Off Rate as of March 31, 2016
		Amount of loans facilitated during the period (in RMB thousands)	Accumulated M3+ Net Charge-Off as of March 31, 2016 (in RMB thousands)	
2013	A	258,322	23,133	9.0%
	B	-	-	-
	C	-	-	-
	D	-	-	-
	Total	258,322	23,133	9.0%
2014	A	1,917,542	96,678	5.0%
	B	303,030	16,127	5.3%
	C	-	-	-
	D	7,989	517	6.5%
	Total	2,228,561	113,322	5.1%
2015	A	873,995	29,605	3.4%
	B	419,630	11,988	2.9%
	C	557,414	17,888	3.2%
	D	7,706,575	191,406	2.5%
	Total	9,557,613	250,888	2.6%



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