



Q1 2017 Earnings Conference Call

May 22, 2017

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 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 **11 years of data** from CreditEase



Capital efficient model with no regulatory capital adequacy requirements



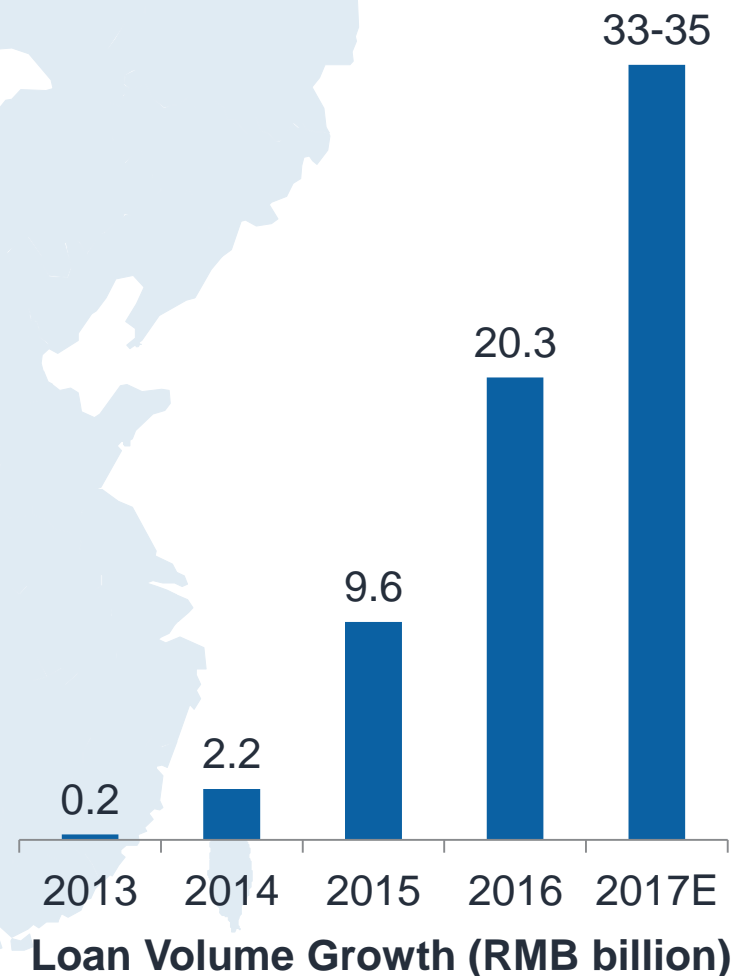
Full end-to-end automation⁽¹⁾ from online application through funding and servicing



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



Profitable since Q4 2014



A Leading Online Consumer Finance Marketplace

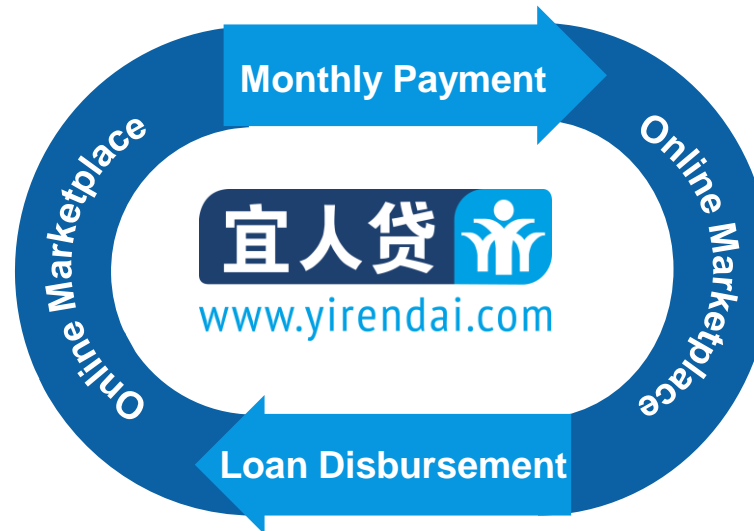


Individual Borrowers

Prime borrowers: credit card holders with salary income

Internet-savvy and more receptive to internet finance solutions

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



Investors

Mass affluent investors

Pilot project for institutional investors

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

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**

Regulatory Requirements



Regulatory Framework

(1 Measure + 3 Guidelines)

Interim **Measures** for the Administration of the Business Activities of Online Lending Information Intermediary Institutions (August 2016)

Guideline for the Recordation and Registration of Online Lending Information Intermediary Institutions (November 2016)

Guideline for the Fund Custody Arrangement of Online Lending Information Intermediary Institutions (February 2017)

Guideline for the Information Disclosure of Online Lending Information Intermediary Institutions (expected)

Key Requirements

Information intermediaries ONLY
(no credit enhancement, no illegal fund-raising, etc.)

Fund custody arrangement with commercial banks

Upper limit of loan size
(200k & 1 million RMB for individual)
(1 million & 5 million RMB for SME)

Required **information disclosure**

Major
Regulatory Authority



中国银行业监督管理委员会
CHINA BANKING REGULATORY COMMISSION



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

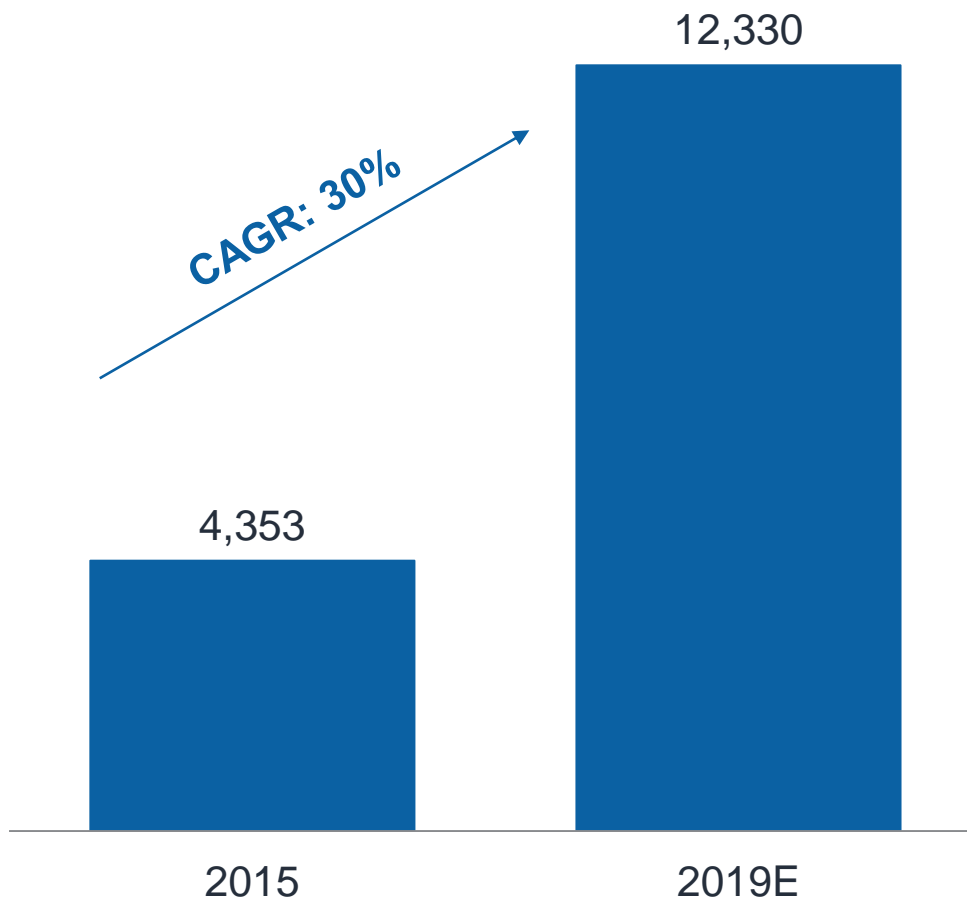


① Huge Unsecured Consumer Finance Market ⁽¹⁾



Unsecured Consumer Finance Market in China ⁽¹⁾

(By outstanding loan balance, RMB Billion)



Immediately addressable market:

prime borrowers with unmet unsecured credit needs

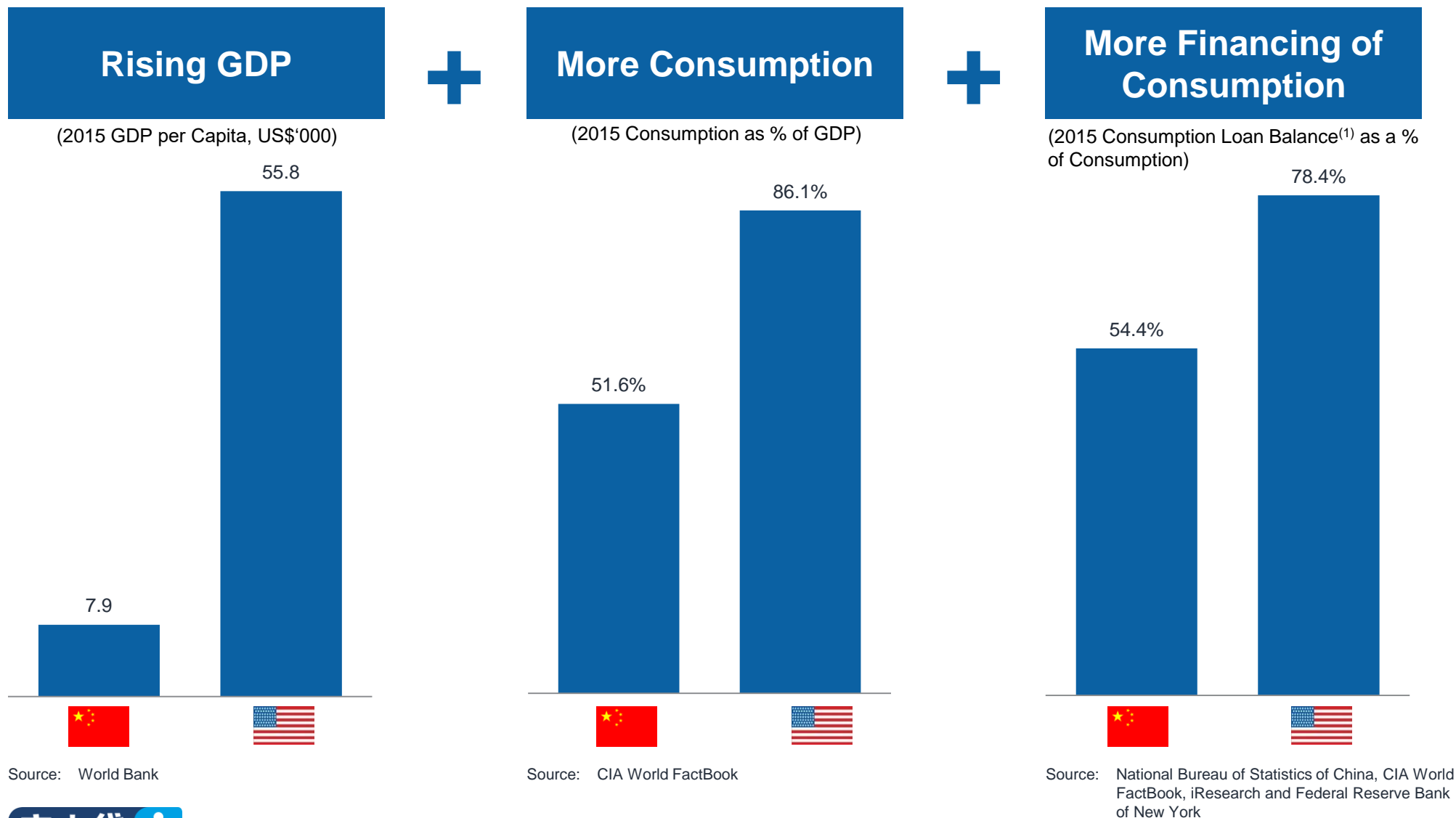
- RMB 4.4 trillion in 2015
- RMB 12.3 trillion expected in 2019



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

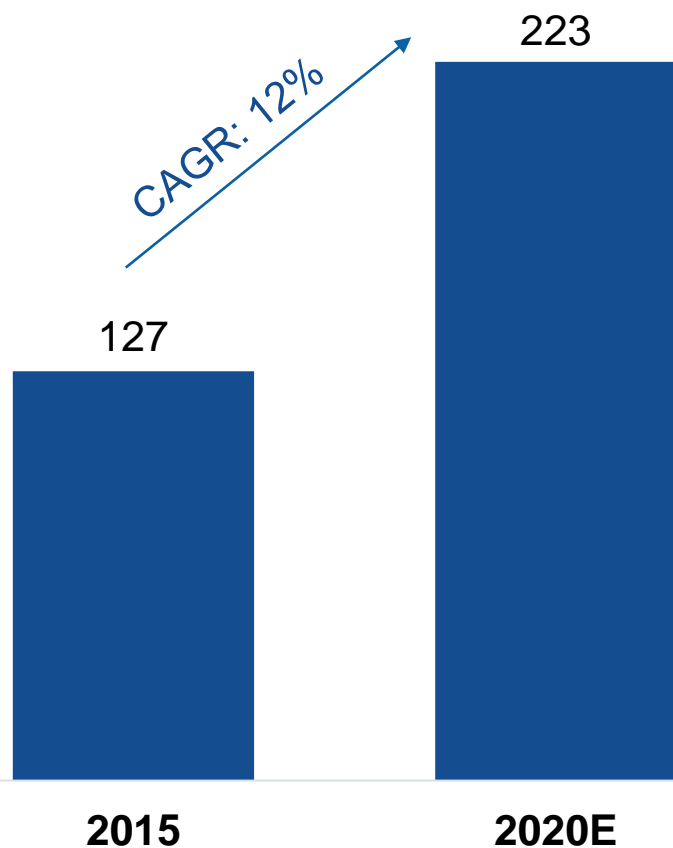


① Huge Wealth Management Market



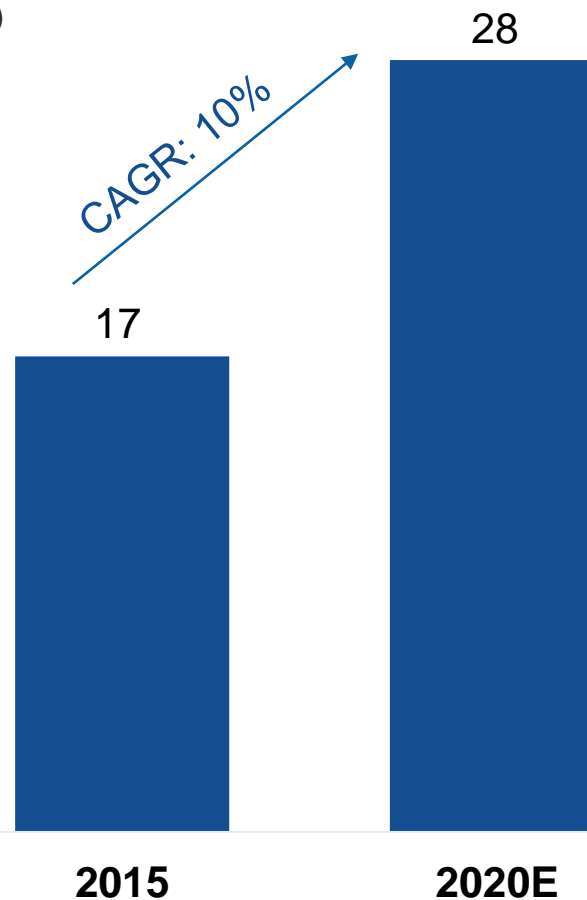
Wealth Management Market in China

(By amount of investable assets, RMB trillion)



Wealth Management Market in China

(By population with investable assets of above RMB 600,000, million)



② A Leading Online Consumer Finance Marketplace



Ranked No. 1 in the *Online Lending Platform Development Index* by wdzj.com in April 2017. ⁽¹⁾



RMB
39.3 Billion

Cumulative loan
facilitations ⁽²⁾



RMB
6.9 Billion

Loan facilitations
in Q1 2017



124,953

Number of borrowers
in Q1 2017



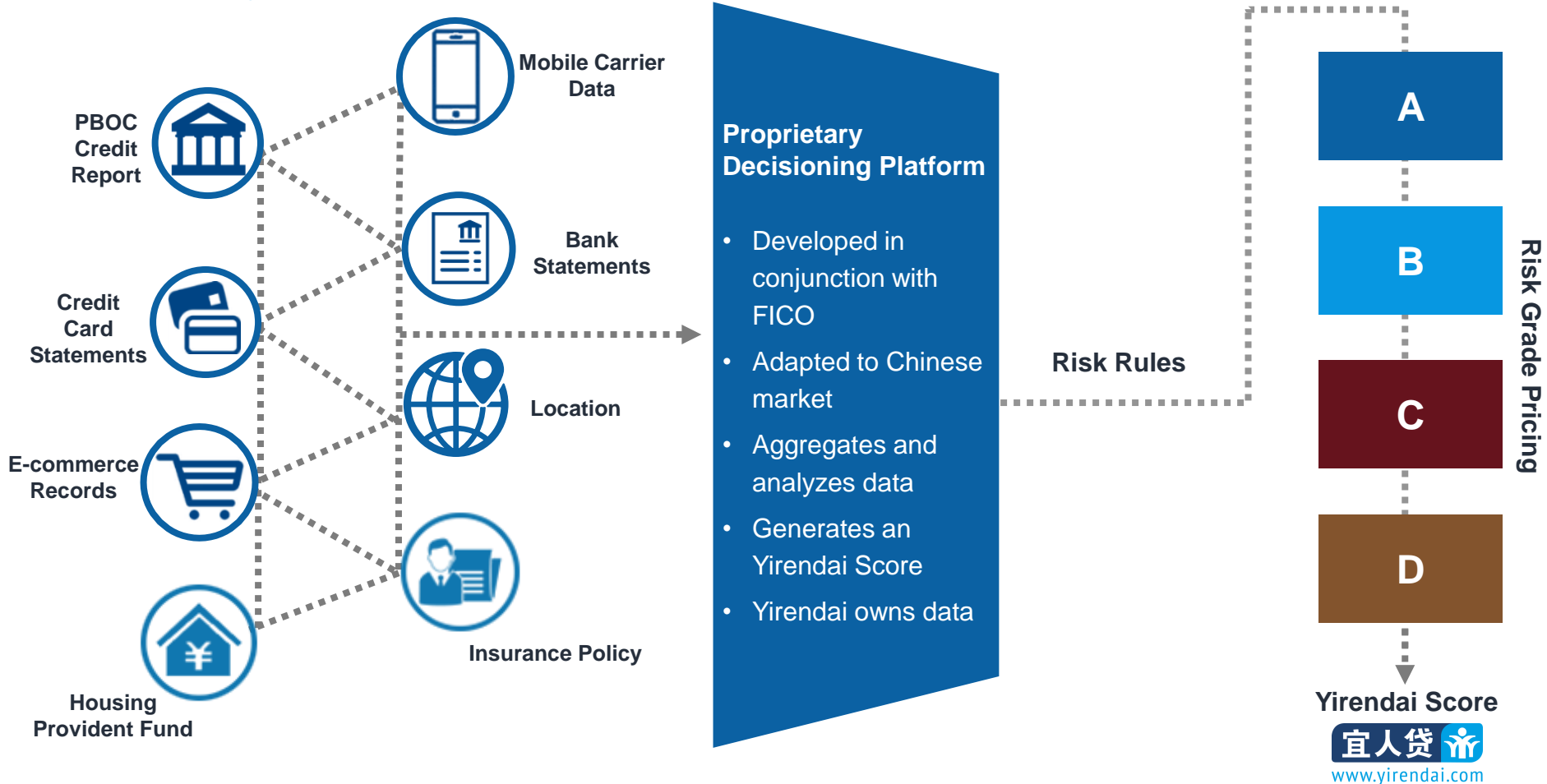
192,505

Number of investors
in Q1 2017

③ Extensive Data Set and Credit Decisioning Capabilities



Proprietary Yirendai Score



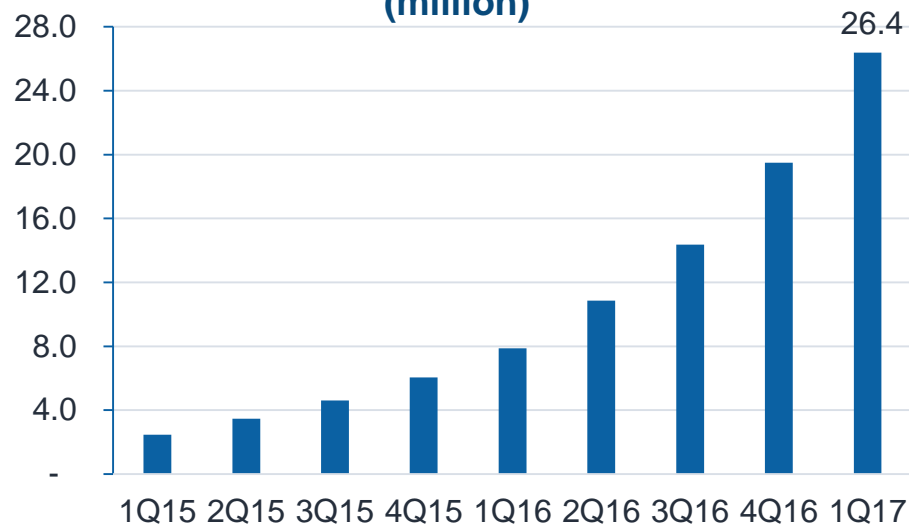
1,000,000+
Fraud Detection Points

250+
Decisioning Rules

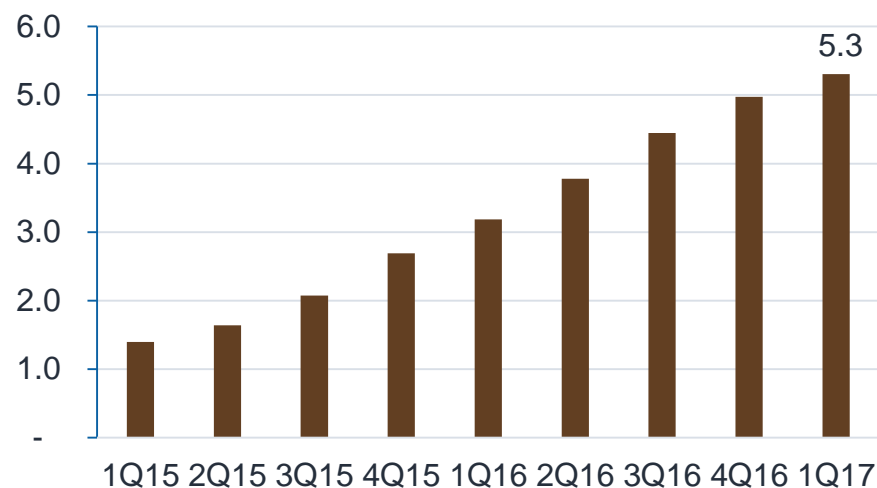
11 Years
Loan Data (CreditEase)



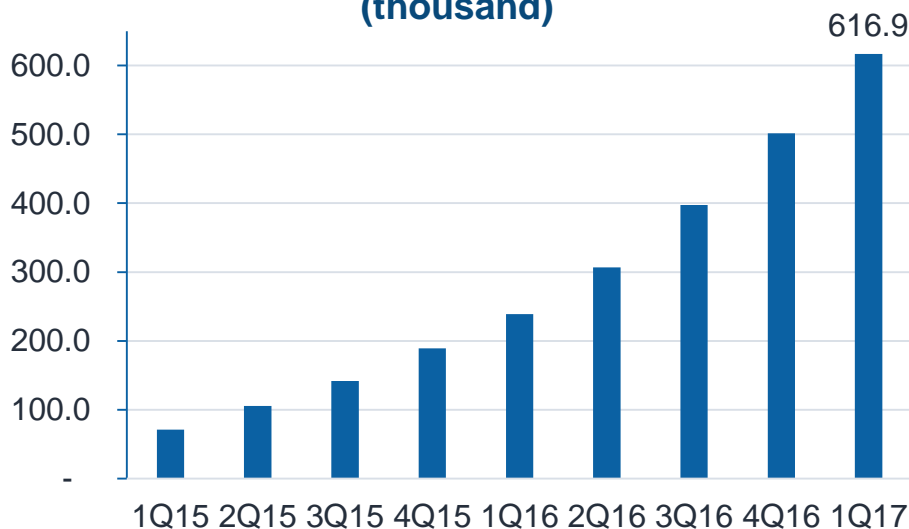
**Cumulatively Registered Borrowers
(million)**



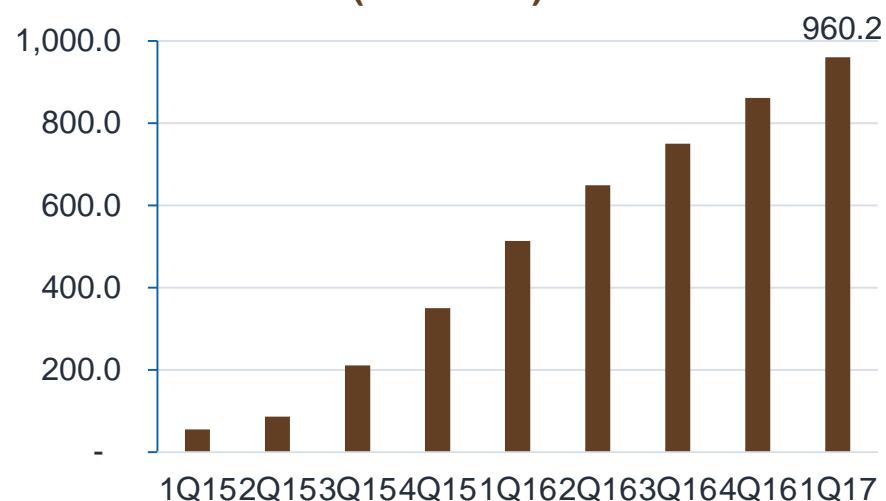
**Cumulatively Registered Investors
(million)**



**Cumulatively Served Borrowers
(thousand)**



**Cumulatively Served Investors
(thousand)**



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

30,000 sales personnel



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

3,000,000+ borrowers



Utilize CreditEase's
collections team



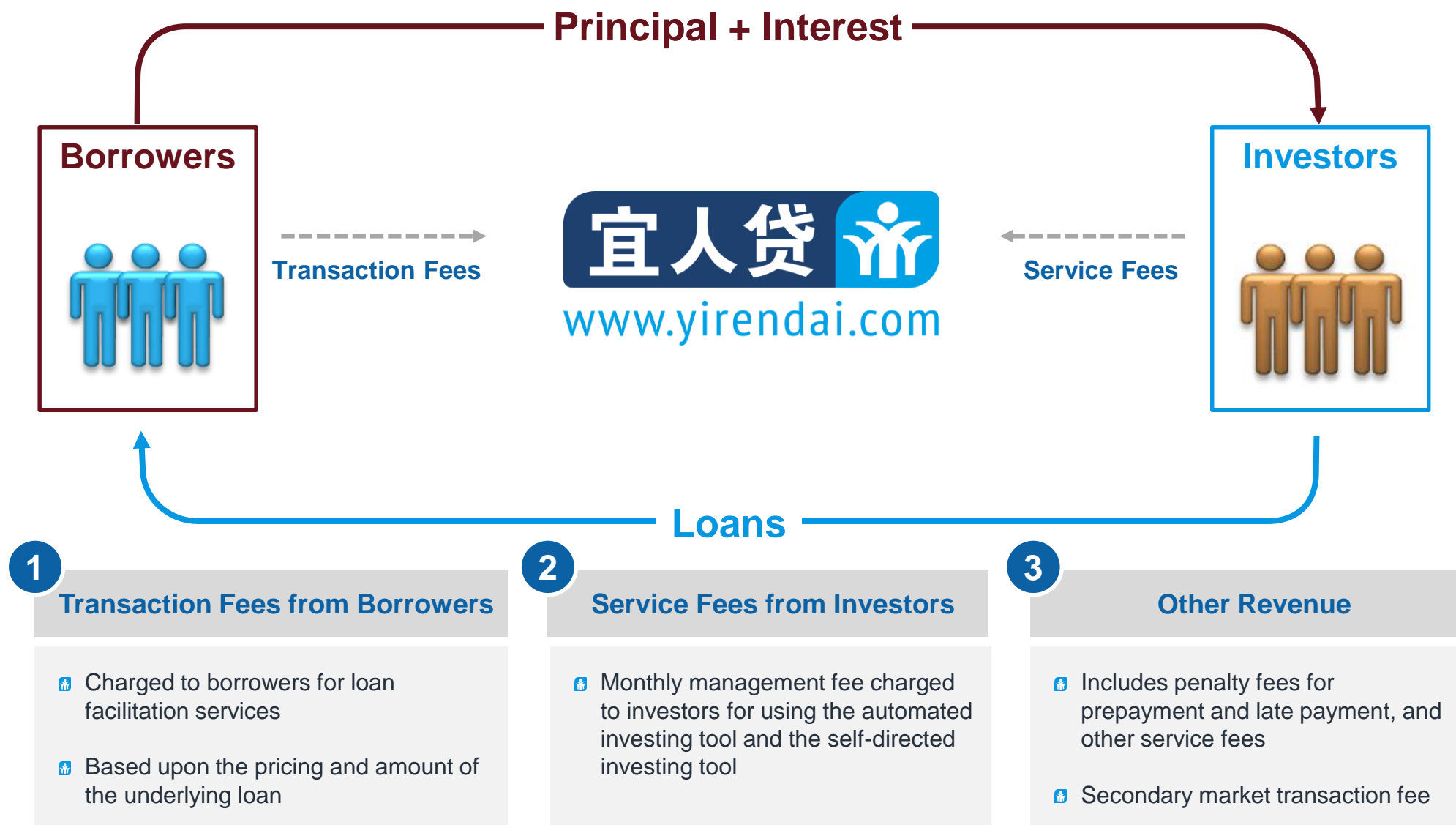
Financial Highlights

Financial Highlights



- 1 **Marketplace Model**
- 2 **Disciplined Growth of Loan Facilitations**
- 3 **Sophisticated Risk Pricing Product Portfolio**
- 4 **Robust Growth and Profitability**
- 5 **Proven Credit Performance**
- 6 **Business Outlook**

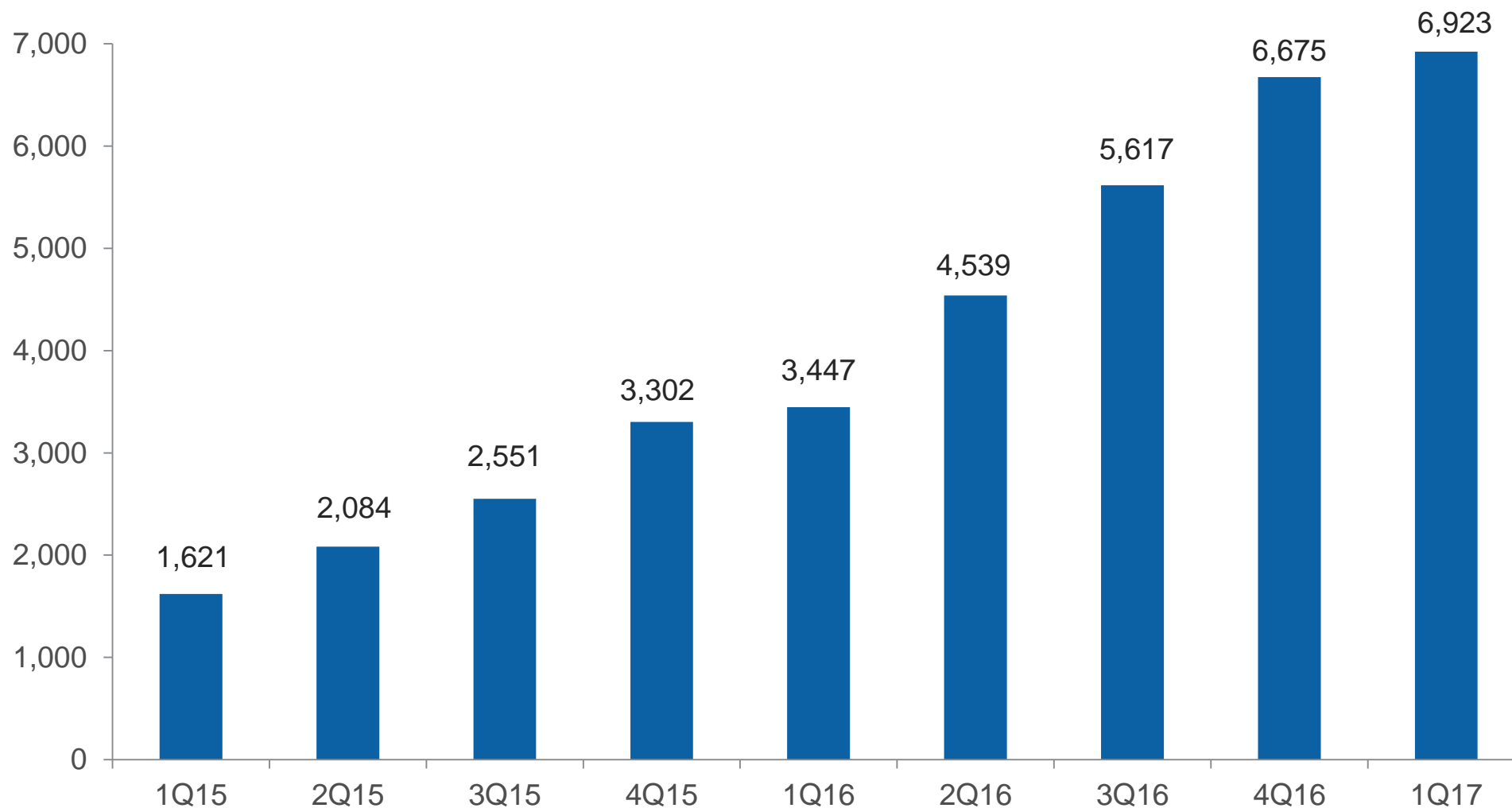
① Marketplace Model



② Disciplined Growth of Loan Facilitations



(RMB Million)



3 Q1 2017 Loan Facilitation Breakdown

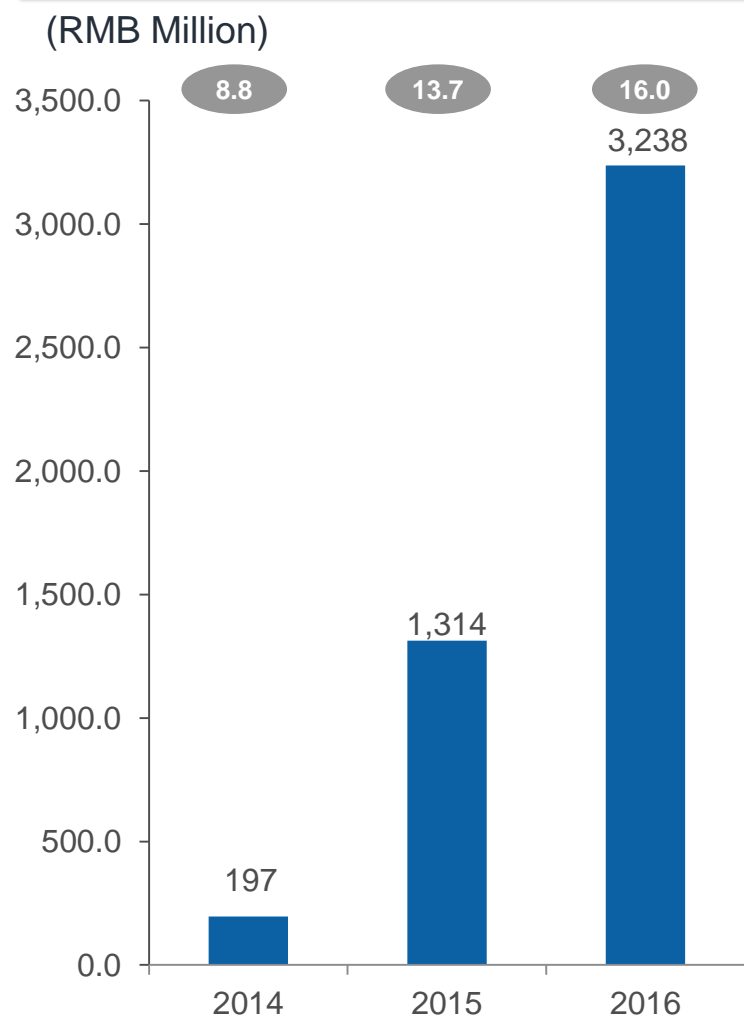


	% Q1 2017 Loan Facilitation Volume	Average Transaction Fee Rate ⁽¹⁾
A Excellent Credit	3.5%	5.6%
B Very Good Credit	5.8%	17.3%
C Good Credit	7.4%	24.8%
D Fair Credit	83.3%	27.6%

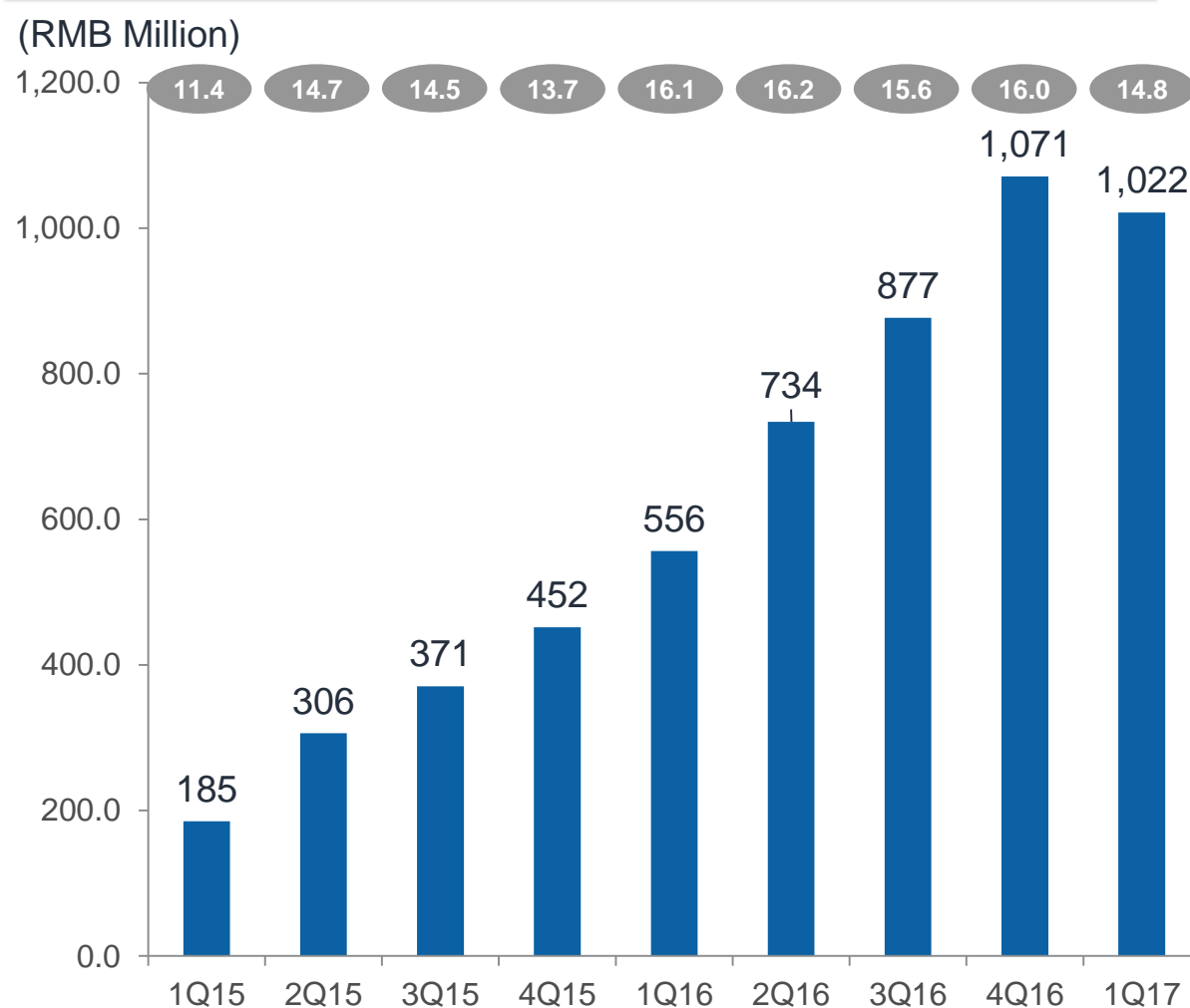
4 Net Revenue Growth



Annual



Quarterly

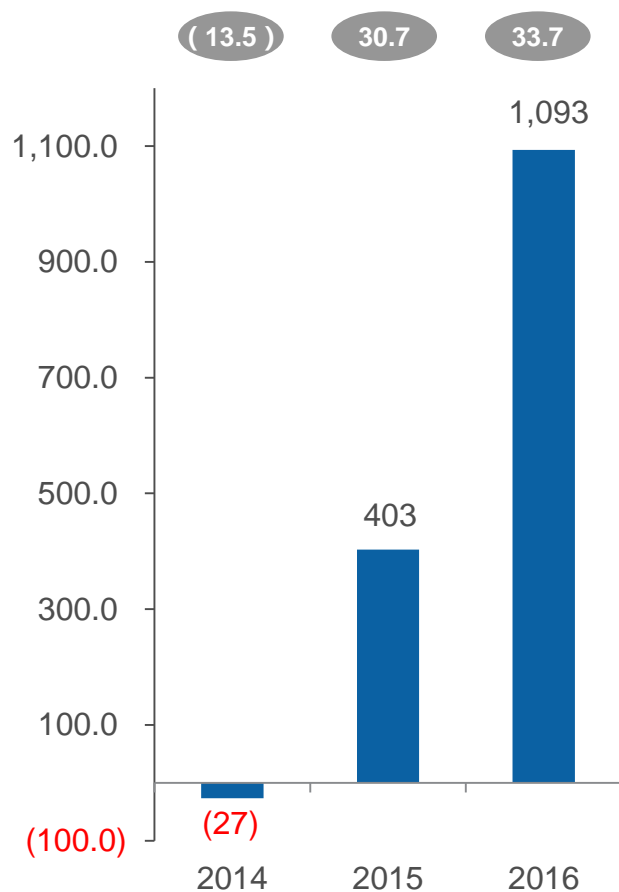


4 Adjusted EBITDA



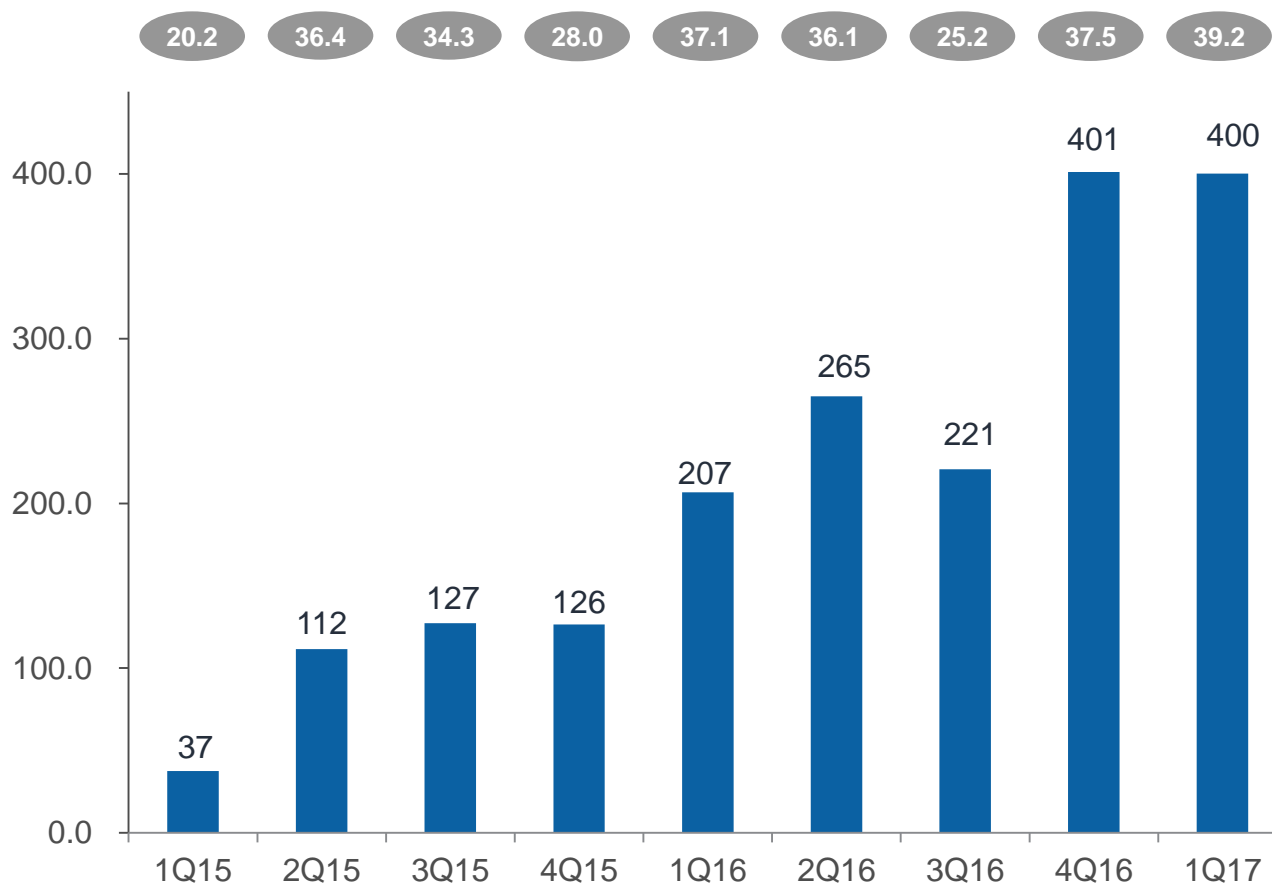
Annual

(RMB Million)



Quarterly

(RMB Million)



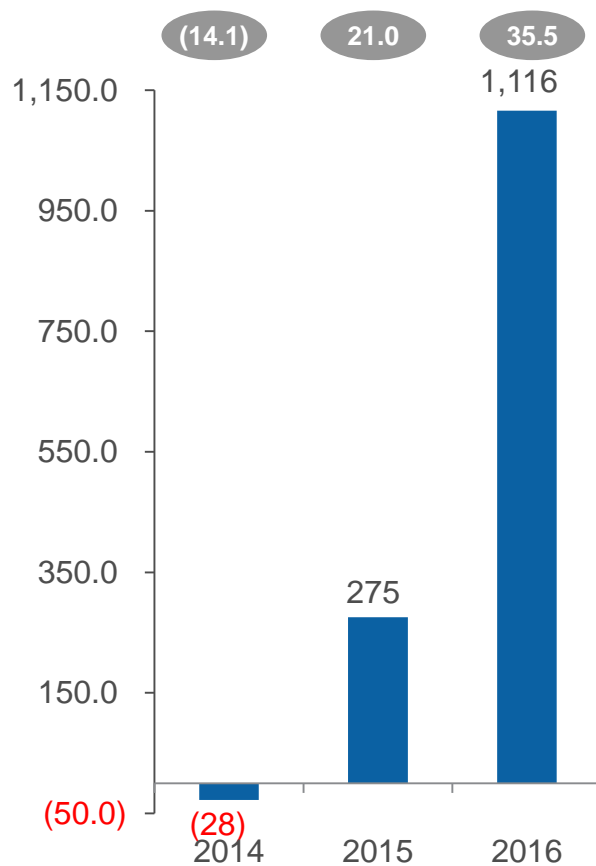
Adjusted EBITDA Margin (%) ⁽¹⁾

4 Net Income



Annual

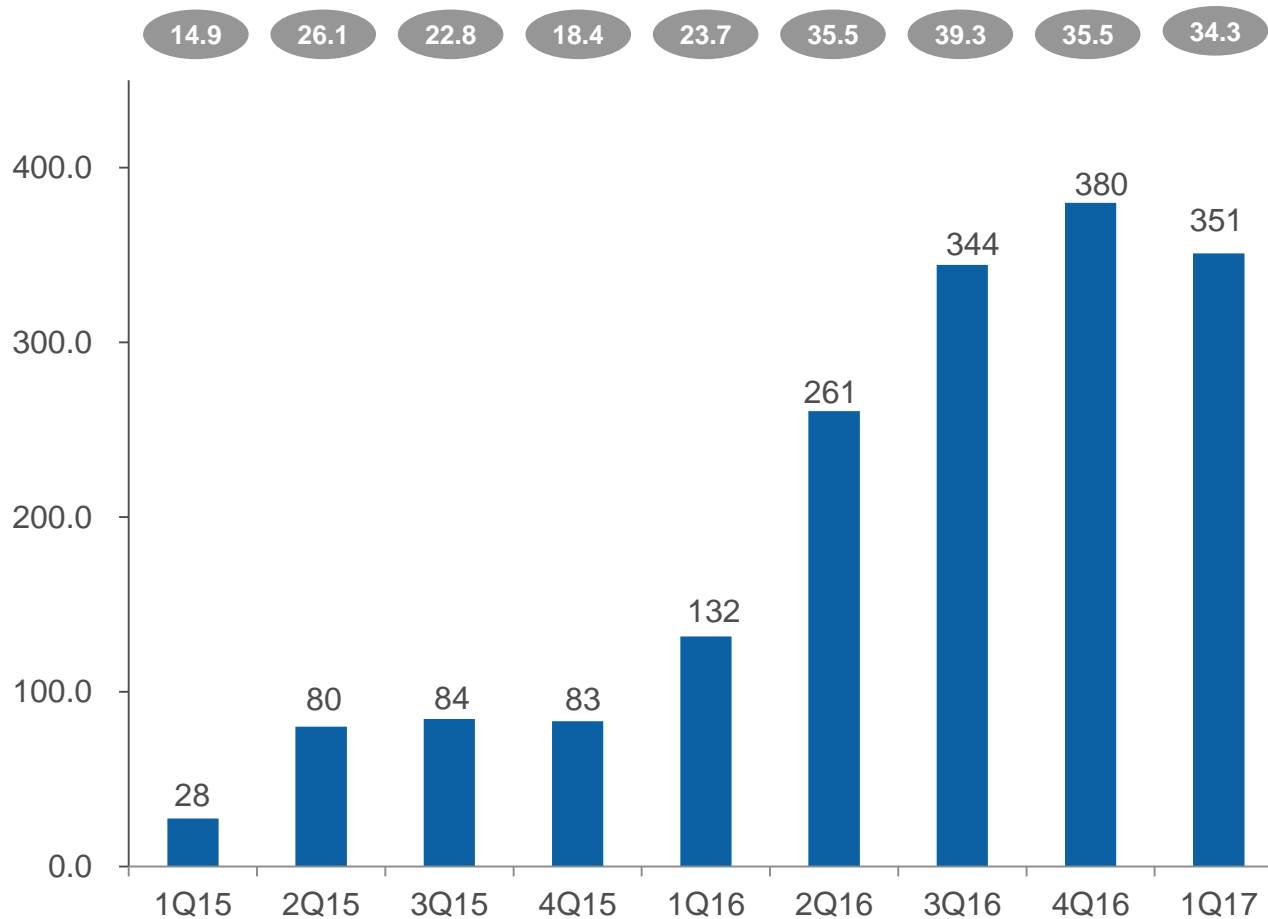
(RMB Million)



Net Income Margin (%) ⁽¹⁾

Quarterly

(RMB Million)

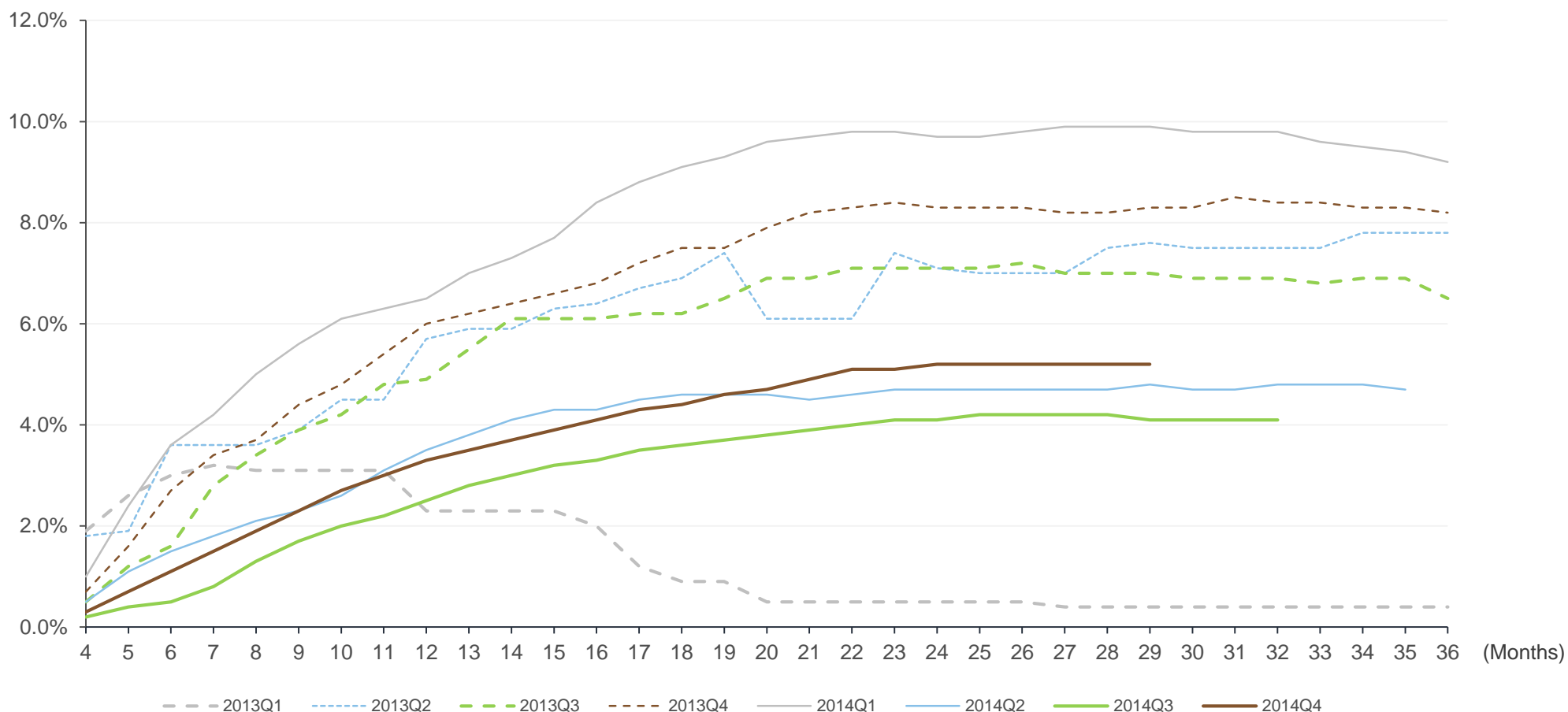


5 Proven Credit Performance



Cumulative M3+ Net Charge Off Rates ^{(1) (2)}

Loans Facilitated Before 2015 (Guarantee Model) ⁽³⁾



(1) As of March 31, 2017

(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.

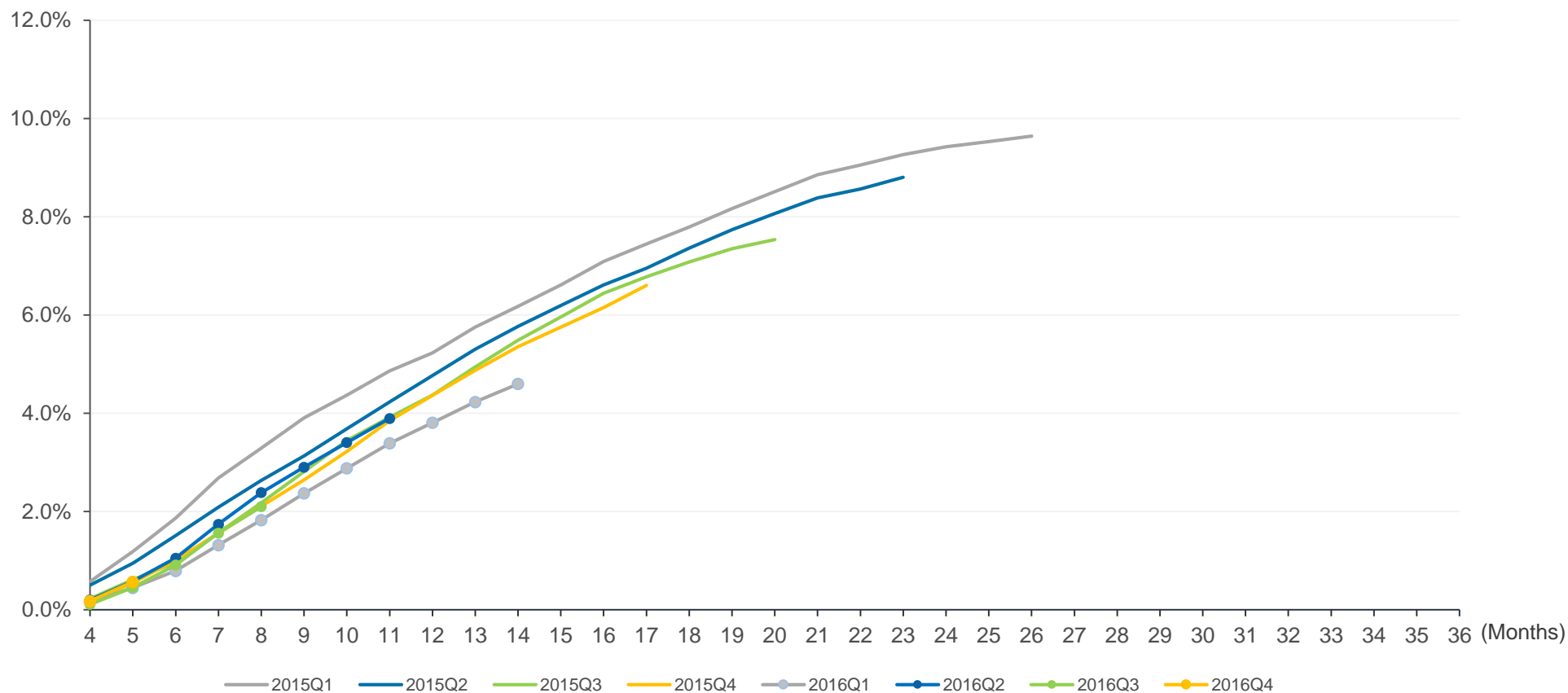
(3) Before January 2015, Yirendai worked with a guarantee company to provide investors with the option of purchasing the assurance that their principal and interest would be repaid if their loans defaulted, and the guarantee company charged investors 10% of the loan interest for the guarantee service.

5 Proven Credit Performance



Cumulative M3+ Net Charge Off Rates ^{(1) (2)}

Loans Facilitated Since 2015 (Quality Assurance Program Model) ⁽³⁾



(1) As of March 31, 2017




(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.

(3) In January 2015, Yirendai launched the risk reserve fund arrangement, under which we set aside a certain amount of cash at the inception of each loan in an interest-bearing custody account. If a loan originated on or after January 1, 2015 defaults, we will withdraw funds from the risk reserve fund to repay the principal and accrued interest for the defaulted loan, unless the risk reserve fund is depleted.




6 Business Outlook



Second Quarter 2017 ⁽¹⁾

-  **Total loans facilitated** in the range of RMB 7.7 billion to RMB 7.9 billion
-  **Total net revenue** in the range of RMB 1,070 million to RMB 1,090 million
-  **Adjusted EBITDA margin ⁽²⁾ (non-GAAP)** in the range of 24% to 26%

Full Year 2017 ⁽¹⁾

-  **Total loans facilitated** in the range of RMB 33 billion to RMB 35 billion
-  **Total net revenue** in the range of RMB 4.4 billion to RMB 4.6 billion
-  **Adjusted EBITDA margin ⁽²⁾ (non-GAAP)** in the range of 23% to 26%

(1) The business outlook reflects the Company's current and preliminary view and is subject to change. The business outlook does not take into consideration the impact of stock-based compensation.

(2) The adjusted EBITDA margin is calculated as adjusted EBITDA divided by total net revenue.



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, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	March 31, 2017
	RMB	RMB	RMB	RMB	RMB	USD
Net revenue:						
Loan facilitation services	535,087	713,383	848,322	1,036,630	976,398	141,852
Post-origination services	18,397	17,232	23,487	25,039	33,312	4,840
Others	2,895	3,176	4,902	9,441	11,889	1,727
Total net revenue	556,379	733,791	876,711	1,071,110	1,021,599	148,419
Operating costs and expenses:	-	-	-	-	-	-
Sales and marketing	254,836	355,246	423,003	537,953	469,380	68,192
Origination and servicing	33,359	42,535	47,514	56,668	58,784	8,540
General and administrative	60,106	73,330	188,961	79,714	100,498	14,600
Total operating costs and expenses	348,301	471,111	659,478	674,335	628,662	91,332
Interest income	5,034	7,253	9,778	14,778	24,149	3,508
Fair value adjustments related to Consolidated ABFE	(3,395)	(118)	(14,935)	(1,287)	1,355	197
Non-operating income, net	-	91	259	225	207	30
Income before provision for income taxes	209,717	269,906	212,335	410,491	418,648	60,822
Income tax expense/(benefit)	78,001	9,286	(131,946)	30,710	67,747	9,842
Net income	131,716	260,620	344,281	379,781	350,901	50,980

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, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	March 31, 2017
	RMB	RMB	RMB	RMB	RMB	USD
Weighted average number of ordinary shares outstanding, basic	<u>117,000,000</u>	<u>117,000,000</u>	<u>119,441,029</u>	<u>119,493,662</u>	<u>119,560,832</u>	<u>119,560,832</u>
Basic income per share	<u>1.1258</u>	<u>2.2275</u>	<u>2.8824</u>	<u>3.1783</u>	<u>2.9349</u>	<u>0.4264</u>
Basic income per ADS	<u>2.2516</u>	<u>4.4550</u>	<u>5.7648</u>	<u>6.3566</u>	<u>5.8698</u>	<u>0.8528</u>
Weighted average number of ordinary shares outstanding, diluted	<u>117,000,000</u>	<u>117,000,000</u>	<u>120,861,971</u>	<u>120,859,390</u>	<u>120,842,350</u>	<u>120,842,350</u>
Diluted income per share	<u>1.1258</u>	<u>2.2275</u>	<u>2.8485</u>	<u>3.1423</u>	<u>2.9038</u>	<u>0.4219</u>
Diluted income per ADS	<u>2.2516</u>	<u>4.4550</u>	<u>5.6970</u>	<u>6.2846</u>	<u>5.8076</u>	<u>0.8438</u>

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					
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	March 31, 2017
	RMB	RMB	RMB	RMB	RMB	USD
Unaudited Condensed Consolidated Cash Flow Data						
Net cash generated from operating activities	434,323	392,474	450,583	836,055	564,504	82,012
Net cash provided by/(used in) investing activities	14,052	51,515	(679,486)	(807,744)	(427,686)	(62,135)
Net cash (used in)/provided by financing activities	(16,409)	(87,914)	179,221	60,400	(44,841)	(6,515)
Effect of foreign exchange rate changes	(1,893)	12,733	1,323	17,193	(3,779)	(549)
Net increase/(decrease) in cash and cash equivalents	430,073	368,808	(48,359)	105,904	88,198	12,813
Cash, cash equivalents and restricted cash, beginning of period	1,330,085	1,760,158	2,128,966	2,080,607	2,186,511	317,659
Cash, cash equivalents and restricted cash, end of period	<u>1,760,158</u>	<u>2,128,966</u>	<u>2,080,607</u>	<u>2,186,511</u>	<u>2,274,709</u>	<u>330,472</u>

Balance Sheet



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

For the Three Months Ended

	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	March 31, 2017
	RMB	RMB	RMB	RMB	RMB	USD
Unaudited Condensed Consolidated Balance Sheets						
Cash and cash equivalents	1,109,991	1,336,329	1,106,262	968,225	864,361	125,575
Restricted cash	650,167	792,637	974,345	1,218,286	1,410,348	204,897
Loans at fair value	199,358	175,614	367,949	371,033	319,984	46,488
Held-to-maturity investments	32,500	2,500	172,500	98,917	494,847	71,892
Available-for-sale investments	-	-	298,000	1,158,000	1,232,260	179,024
Other assets	643,207	734,263	1,111,946	968,927	1,055,039	153,278
Total assets	2,635,223	3,041,343	4,031,002	4,783,388	5,376,839	781,154
Liabilities from quality assurance program	720,861	928,166	1,238,689	1,471,000	1,701,519	247,199
Payable to investors at fair value	257,354	166,193	355,340	418,686	380,048	55,214
Other liabilities	550,242	566,865	695,907	753,783	806,609	117,185
Total liabilities	1,528,457	1,661,224	2,289,936	2,643,469	2,888,176	419,598
Total equity	1,106,766	1,380,119	1,741,066	2,139,919	2,488,663	361,556

Operating Highlights



Operating Highlights

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

For the Three Months Ended

	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	March 31, 2017
	RMB	RMB	RMB	RMB	RMB	USD
Operating Highlights:						
Amount of loans facilitated	3,446,516	4,538,687	5,617,485	6,675,240	6,922,678	1,005,735
Loans generated from online channels	1,175,382	1,832,078	2,275,473	2,462,791	3,515,727	510,769
Loans generated from offline channels	2,271,134	2,706,609	3,342,012	4,212,449	3,406,951	494,966
Fees billed	847,413	1,110,849	1,322,598	1,630,358	1,583,537	230,058
Remaining principal of performing loans	11,026,236	13,771,180	17,028,346	20,780,617	24,037,078	3,492,137
Remaining principal of performing loans covered by quality assurance program	9,986,485	12,963,604	16,204,583	20,103,043	23,524,227	3,417,629
Number of borrowers	50,542	68,882	92,479	110,785	124,953	124,953
Borrowers from online channels	27,902	40,033	54,585	63,010	86,095	86,095
Borrowers from offline channels	22,640	28,849	37,894	47,775	38,858	38,858
Number of investors	212,318	206,706	177,499	194,505	192,505	192,505
Investors from online channels	212,318	206,706	177,499	194,505	192,505	192,505
Investors from offline channels	-	-	-	-	-	-
Adjusted EBITDA	206,613	264,962	220,716	401,146	400,297	58,157
Adjusted EBITDA margin	37.1%	36.1%	25.2%	37.5%	39.2%	39.2%

Reconciliation of GAAP to Non-GAAP Measures



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, 2016 RMB	June 30, 2016 RMB	September 30, 2016 RMB	December 31, 2016 RMB	March 31, 2017 RMB	March 31, 2017 USD
Reconciliation of Net Revenues						
Fees billed:						
Transaction fees billed to borrowers	836,896	1,095,749	1,298,247	1,599,674	1,507,754	219,048
Upfront fees billed to borrowers	773,292	1,016,393	1,192,449	1,468,330	1,334,688	193,905
Monthly fees billed to borrowers	63,604	79,356	105,798	131,344	173,066	25,143
Service fees billed to investors	64,552	88,068	110,943	135,747	177,132	25,734
Others	3,069	3,366	5,196	10,007	12,602	1,831
Value-added tax	(57,104)	(76,334)	(91,788)	(115,070)	(113,951)	(16,555)
Total fees billed	847,413	1,110,849	1,322,598	1,630,358	1,583,537	230,058
Stand-ready liabilities associated with quality assurance program	(275,721)	(363,095)	(430,569)	(528,852)	(553,816)	(80,459)
Deferred revenue	(20,366)	(15,857)	(16,553)	(18,545)	(9,662)	(1,404)
Cash incentives	(11,707)	(19,556)	(24,074)	(42,836)	(30,355)	(4,410)
Value-added tax	16,760	21,450	25,309	30,985	31,895	4,634
Net revenues	556,379	733,791	876,711	1,071,110	1,021,599	148,419
Reconciliation of EBITDA						
Net income	131,716	260,620	344,281	379,781	350,901	50,980
Interest income	(5,034)	(7,253)	(9,778)	(14,778)	(24,149)	(3,508)
Income tax expense	78,001	9,286	(131,946)	30,710	67,747	9,842
Depreciation and amortization	1,930	2,309	2,816	3,554	4,176	607
Share-based compensation	-	-	15,343	1,879	1,622	236
Adjusted EBITDA	206,613	264,962	220,716	401,146	400,297	58,157

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%
March 31, 2017	0.4%	0.8%	0.6%
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%
March 31, 2017	0.5%	1.0%	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%
December 31, 2016	0.4%	0.6%	0.4%
March 31, 2017	0.4%	0.6%	0.5%

Net Charge-off Rates (1/2)



Net Charge-Off Rate

Loan issued period	Loan grade	Amount of loans facilitated during the period (in RMB thousands)	Accumulated M3+ Net Charge-Off as of March 31, 2017 (in RMB thousands)	Total Net Charge-Off Rate as of March 31, 2017
2014	A	1,917,542	93,895	4.9%
	B	303,030	19,883	6.6%
	C	-	-	-
	D	7,989	501	6.3%
	Total	2,228,561	114,279	5.1%
2015	A	873,995	48,054	5.5%
	B	419,630	30,477	7.3%
	C	557,414	52,040	9.3%
	D	7,706,575	591,279	7.7%
	Total	9,557,614	721,850	7.6%
2016	A	1,109,094	7,418	0.7%
	B	745,508	11,189	1.5%
	C	1,398,721	34,263	2.4%
	D	16,919,079	342,364	2.0%
	Total	20,172,402	395,233	2.0%

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%	
2014Q4	0.3%	1.5%	2.7%	3.5%	4.1%	4.6%	5.1%	5.2%	5.2%		
2015Q1	0.6%	2.7%	4.4%	5.8%	7.1%	8.2%	9.1%	9.5%			
2015Q2	0.5%	2.1%	3.7%	5.3%	6.6%	7.7%	8.6%				
2015Q3	0.2%	1.6%	3.4%	4.9%	6.4%	7.3%					
2015Q4	0.2%	1.6%	3.2%	4.9%	6.2%						
2016Q1	0.2%	1.3%	2.9%	4.2%							
2016Q2	0.2%	1.7%	3.4%								
2016Q3	0.1%	1.6%									
2016Q4	0.2%										



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