



# Q3 2016 Earnings Conference Call

November 16, 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



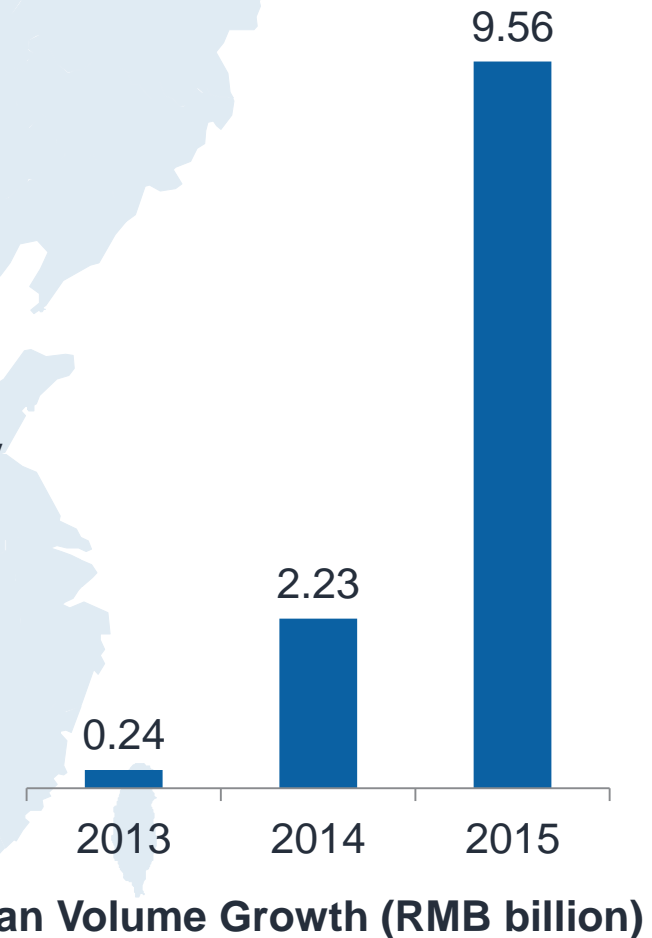
**Full end-to-end automation<sup>(1)</sup>** from online application through funding and servicing



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



**Profitable** since Q4 2014



# Online Marketplace Connecting Borrowers with Investors

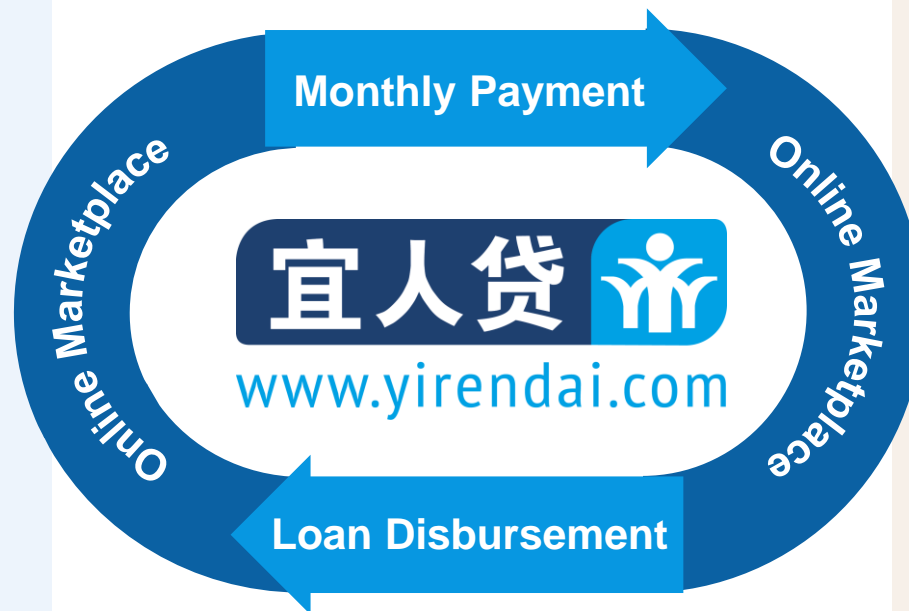


## Individual Borrowers

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**<sup>(1)</sup>  
 **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**

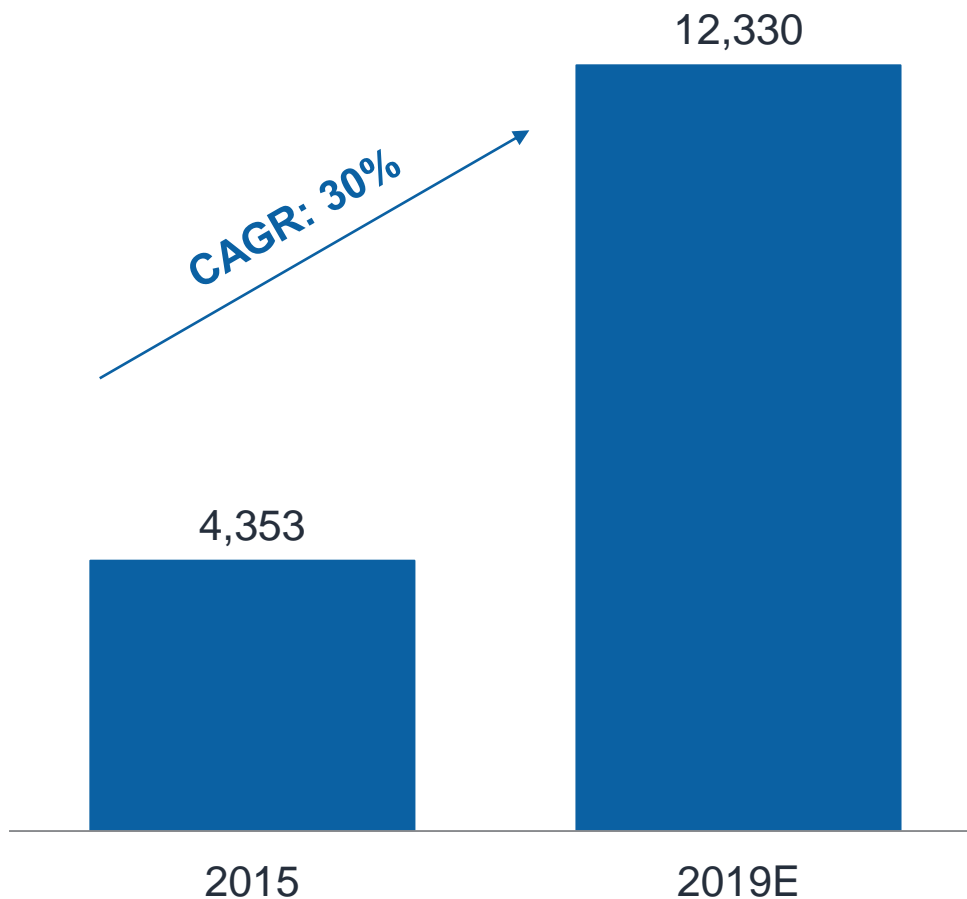



# ① Huge Unsecured Consumer Finance Market <sup>(1)</sup>




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

(By outstanding loan balance, RMB Billion)



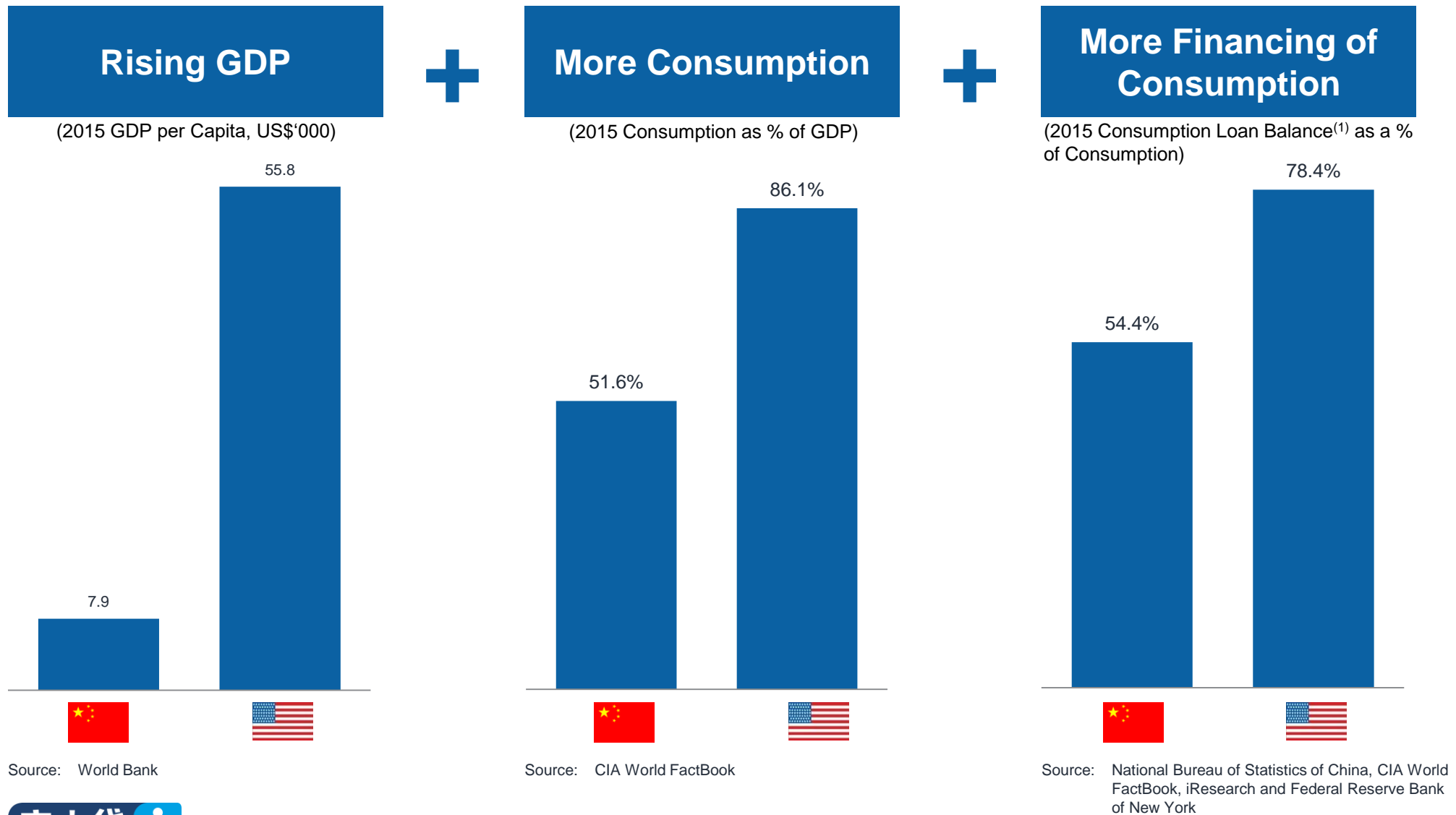
 **Immediately addressable market:**  
prime borrowers with unmet  
unsecured credit needs

- RMB 4.4 trillion in 2015

 **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  
25.7 Billion**

Cumulative Loan  
Facilitations <sup>(1)</sup>



**RMB  
17.0 Billion**

Remaining Principal of  
Performing Loans <sup>(2)</sup>



**92,479**

New Borrowers  
in Q3 2016



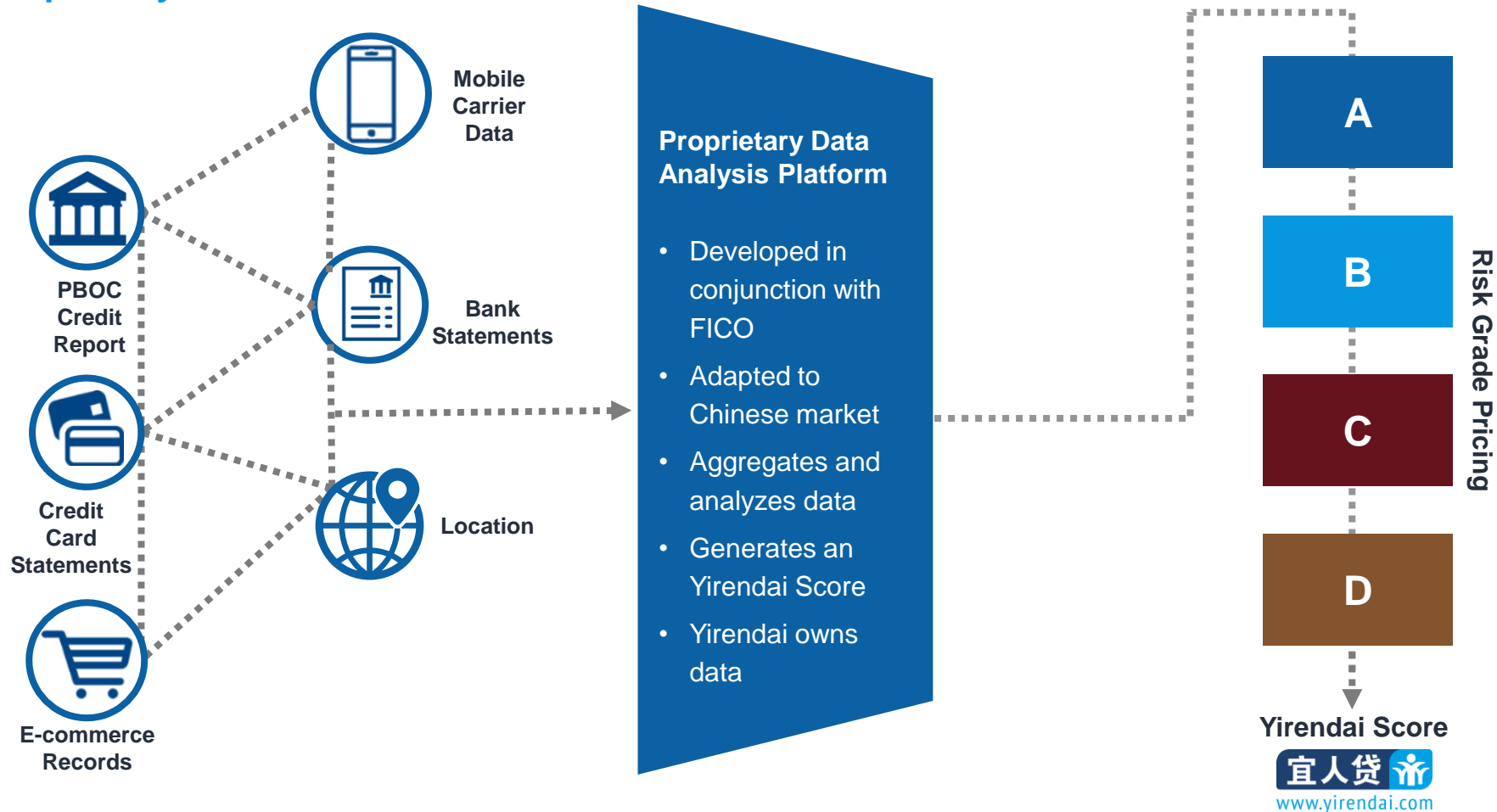
**171,460**

New Investors  
in Q3 2016

### ③ Extensive Data Set and Credit Decisioning Capabilities



#### Proprietary Yirendai Score



**1,000,000+**

Fraud Detection Points

**250+**

Decisioning Rules

**10 Years**

Loan Data (CreditEase)

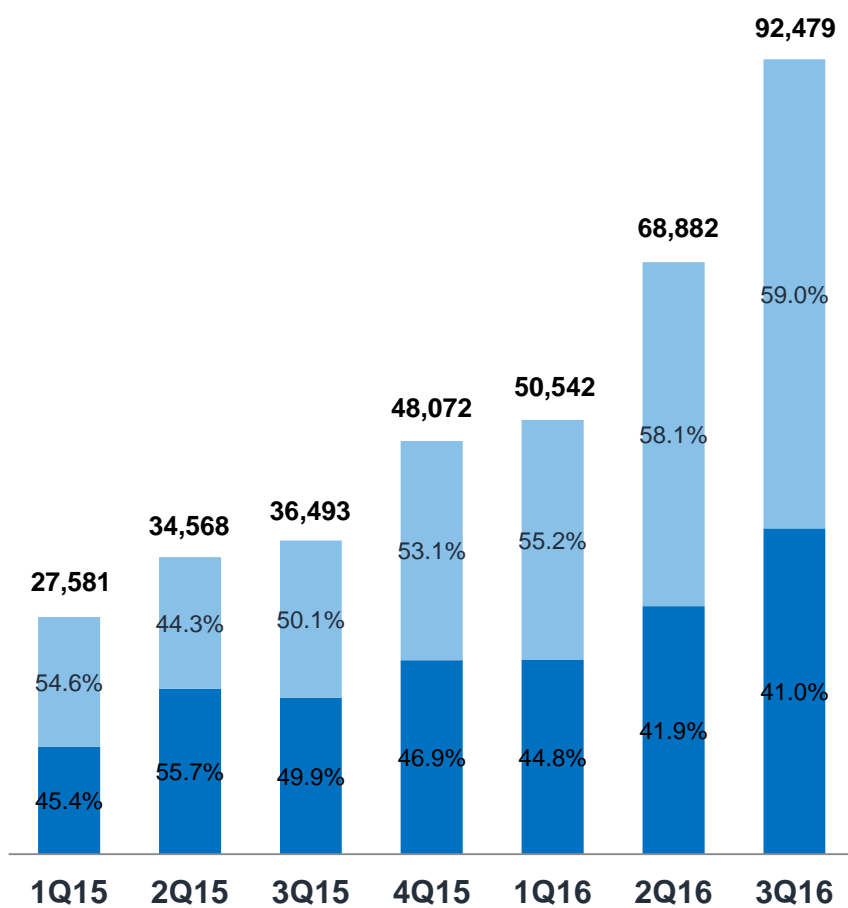


## 4 Our Borrowers



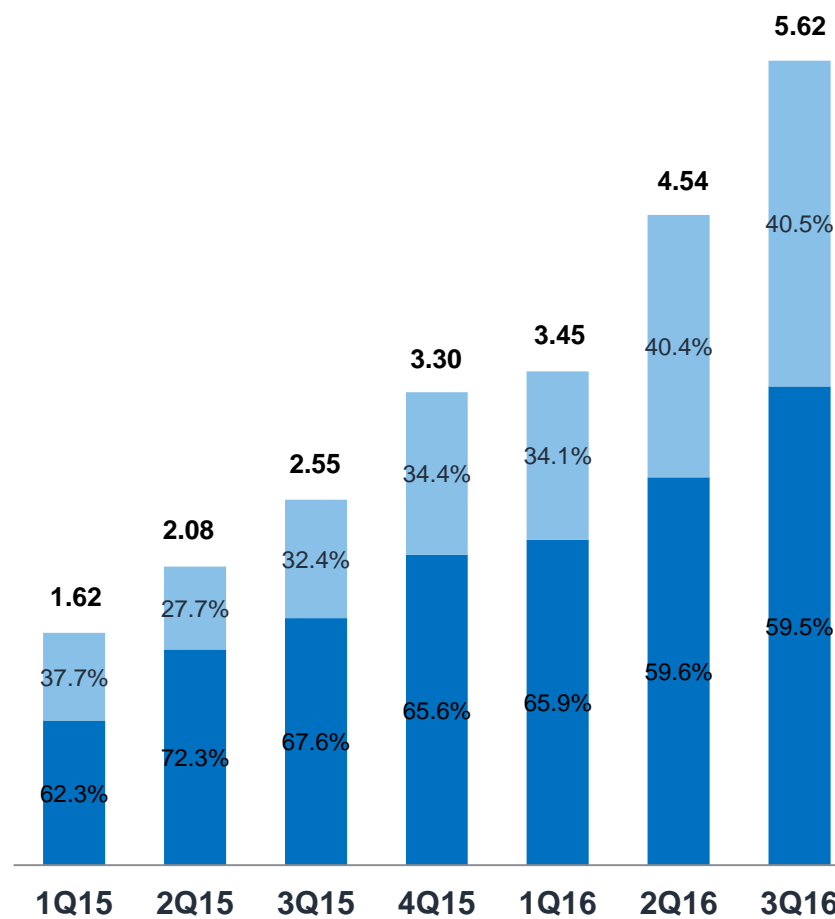
No. of Borrowers

Offline Online



Loan Origination Volume (RMB billion)

Offline Online



## 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



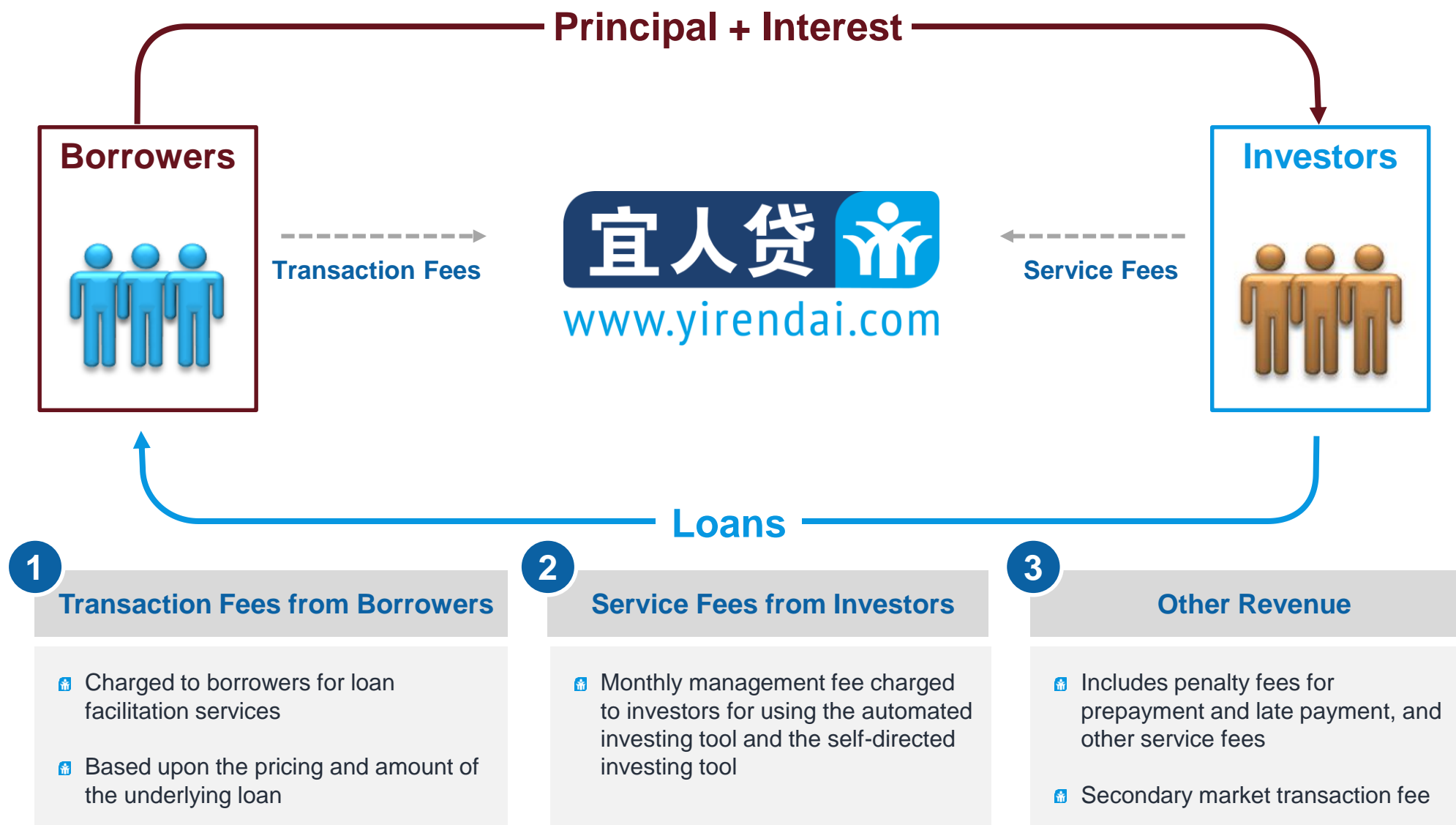
## Financial Highlights

# 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

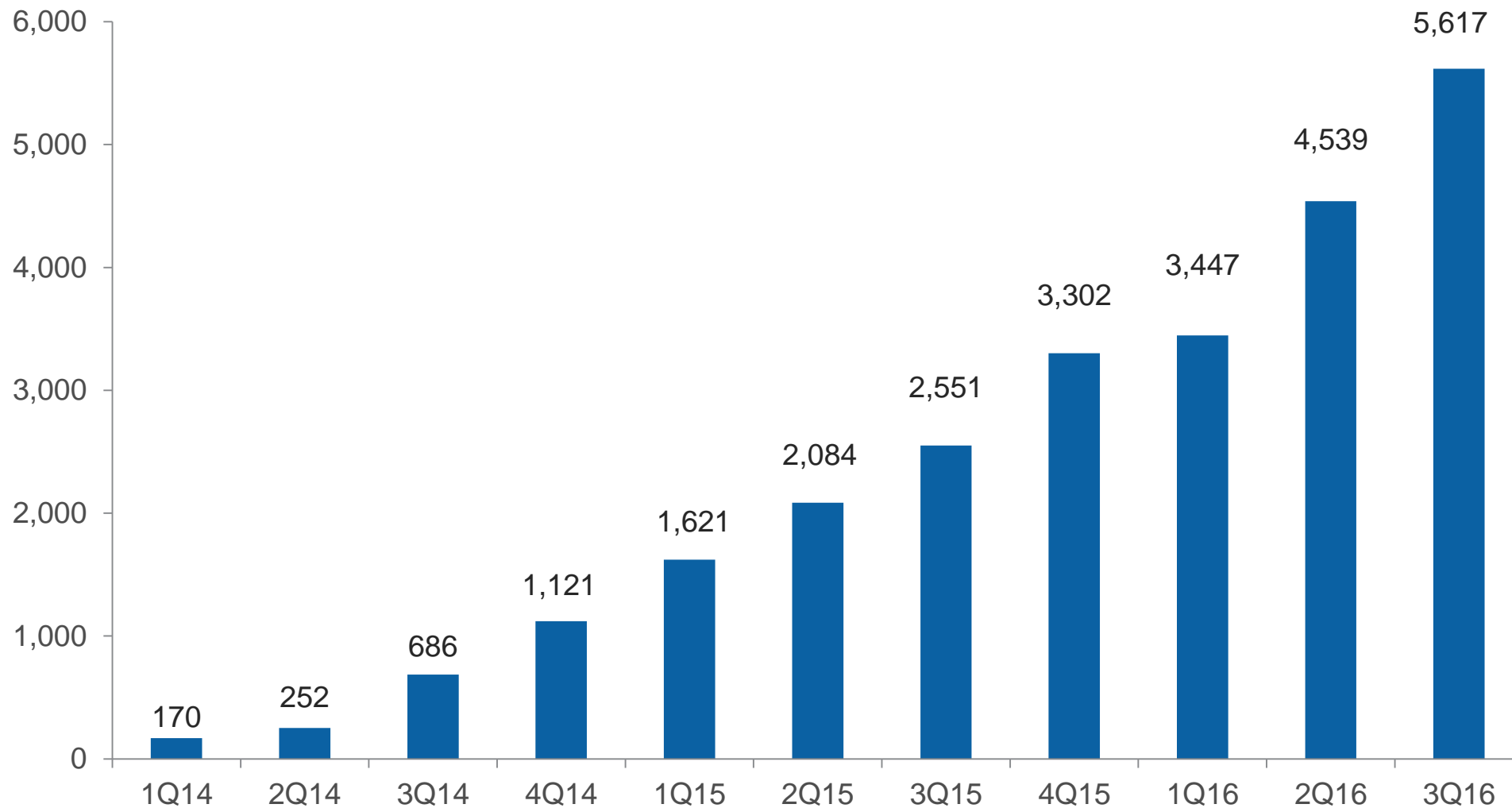




## ② Disciplined Growth of Loan Facilitations



(RMB Million)



### 3 Q3 2016 Loan Facilitation Breakdown



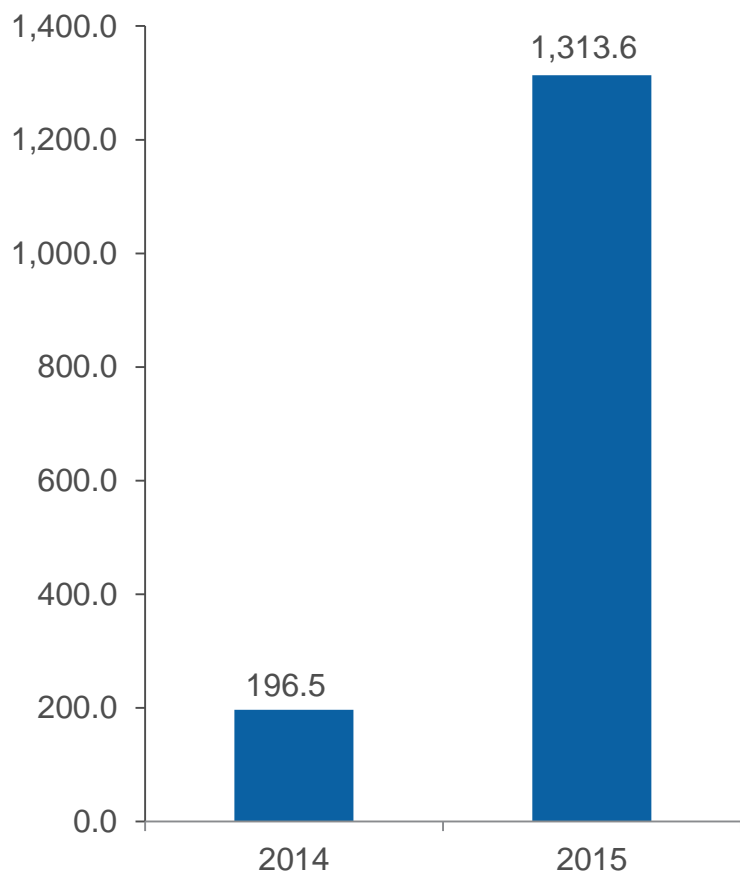
	% Q3 2016 Loan Facilitation Volume	Average Transaction Fee Rate <sup>(1)</sup>
<b>A</b> Excellent Credit	7.0%	5.6%
<b>B</b> Very Good Credit	4.7%	17.3%
<b>C</b> Good Credit	8.9%	24.8%
<b>D</b> Fair Credit	79.4%	27.6%

## 4 Net Revenue Growth



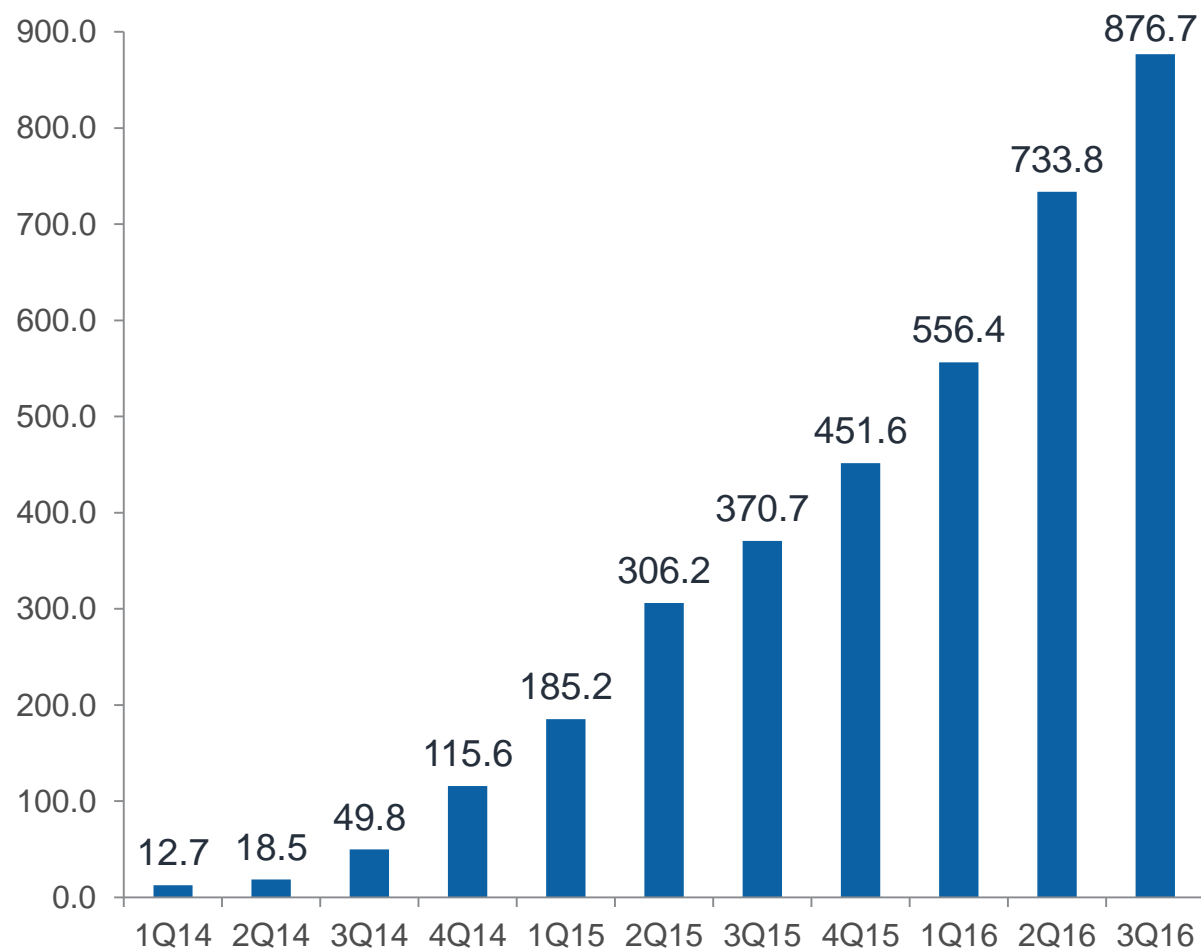
Annual

(RMB Million)



Quarterly

(RMB Million)

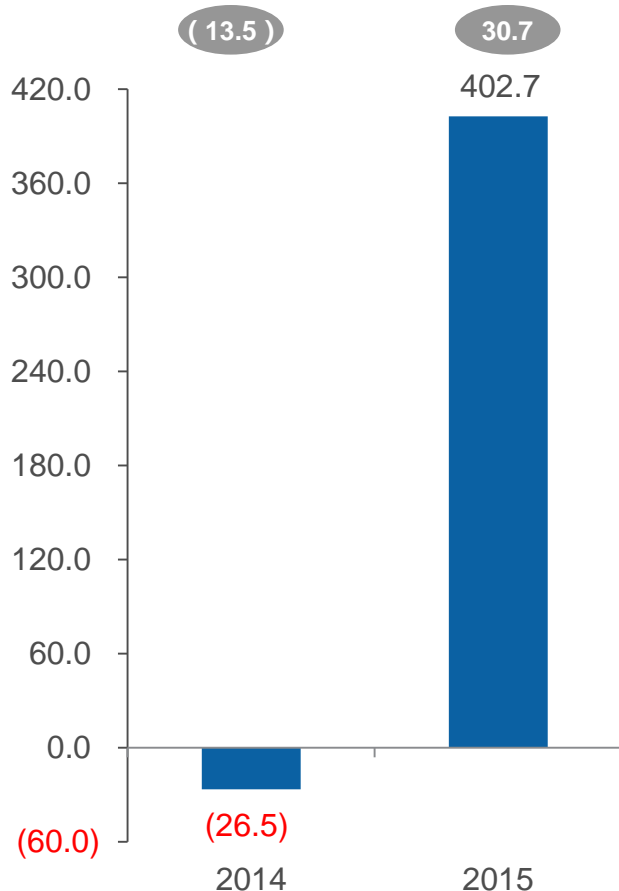


## 4 Adjusted EBITDA



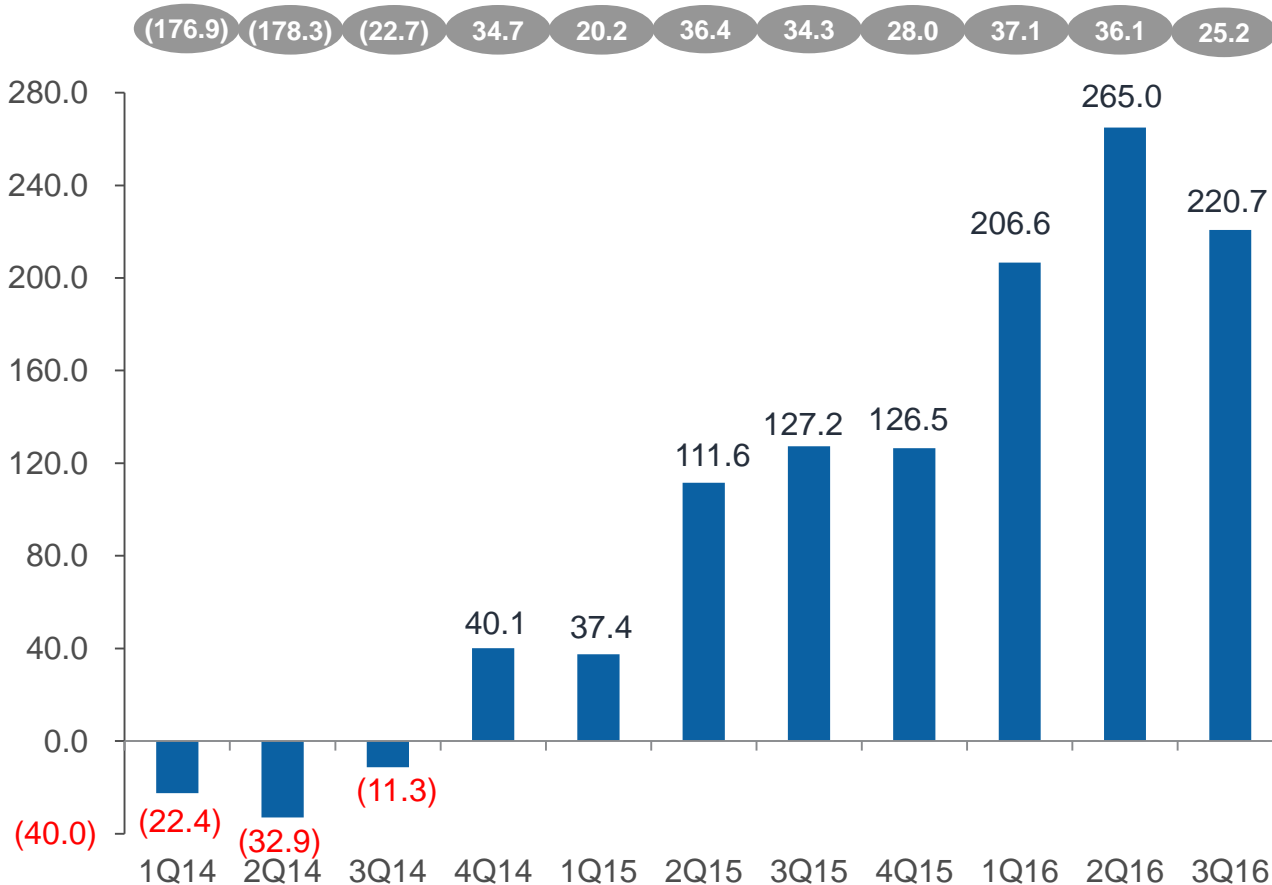
### Annual

(RMB Million)



### Quarterly

(RMB Million)



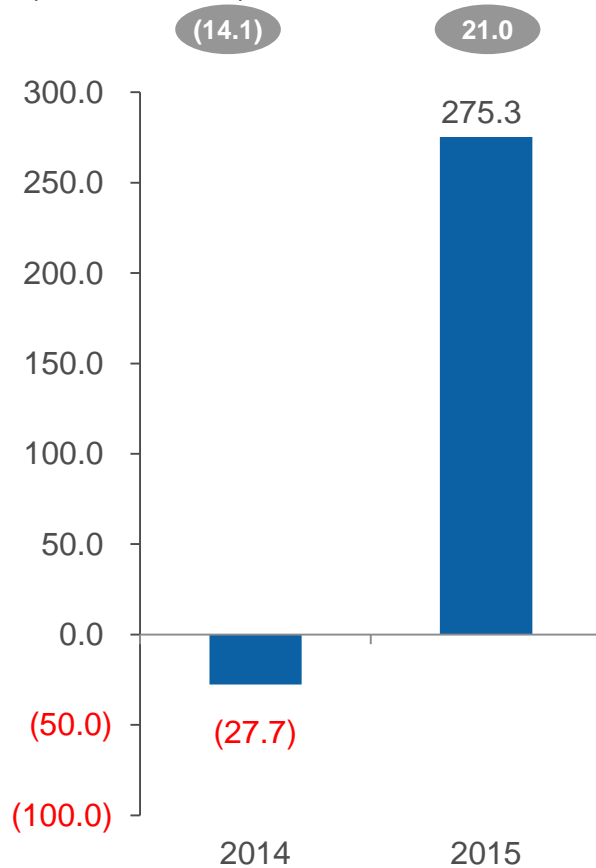
Adjusted EBITDA Margin (%) <sup>(1)</sup>

## 4 Net Income



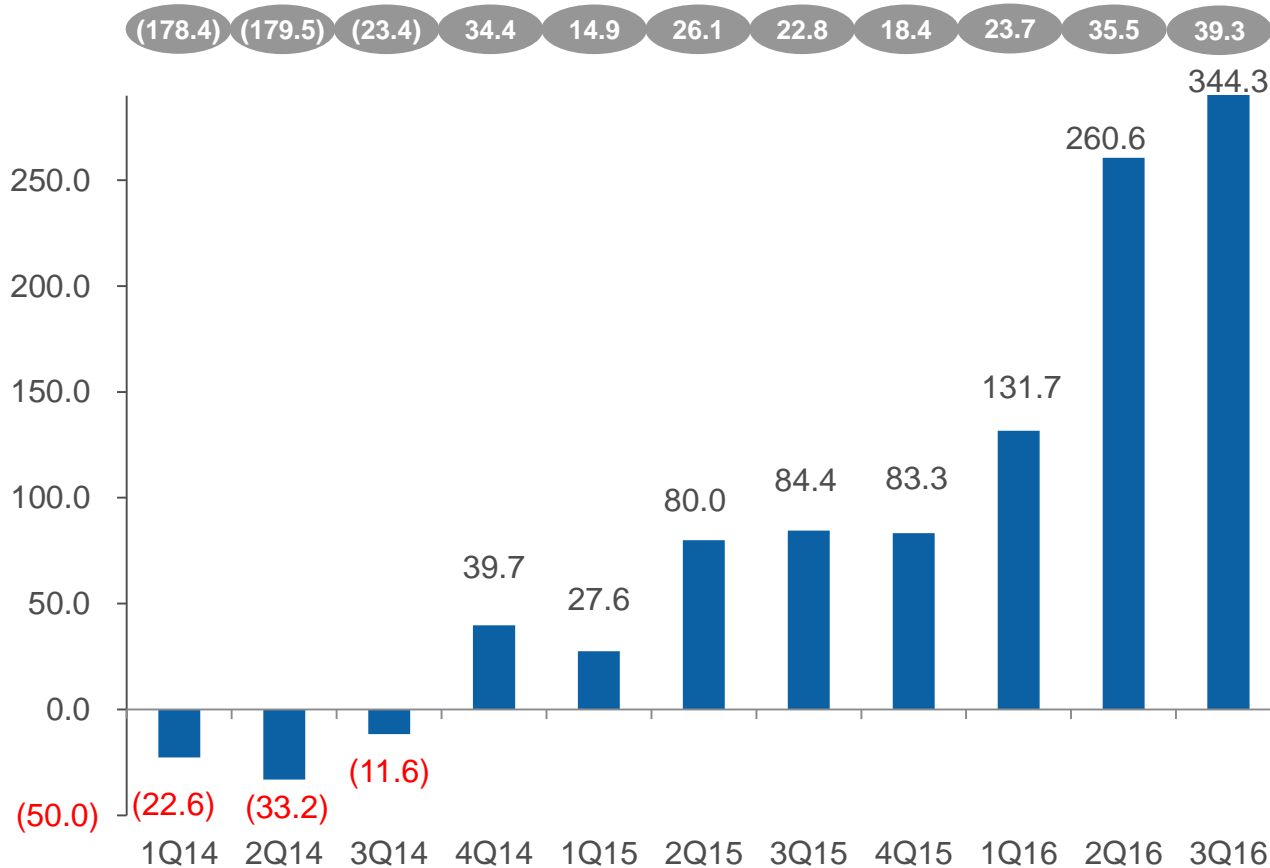
### Annual

(RMB Million)



### Quarterly

(RMB Million)



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

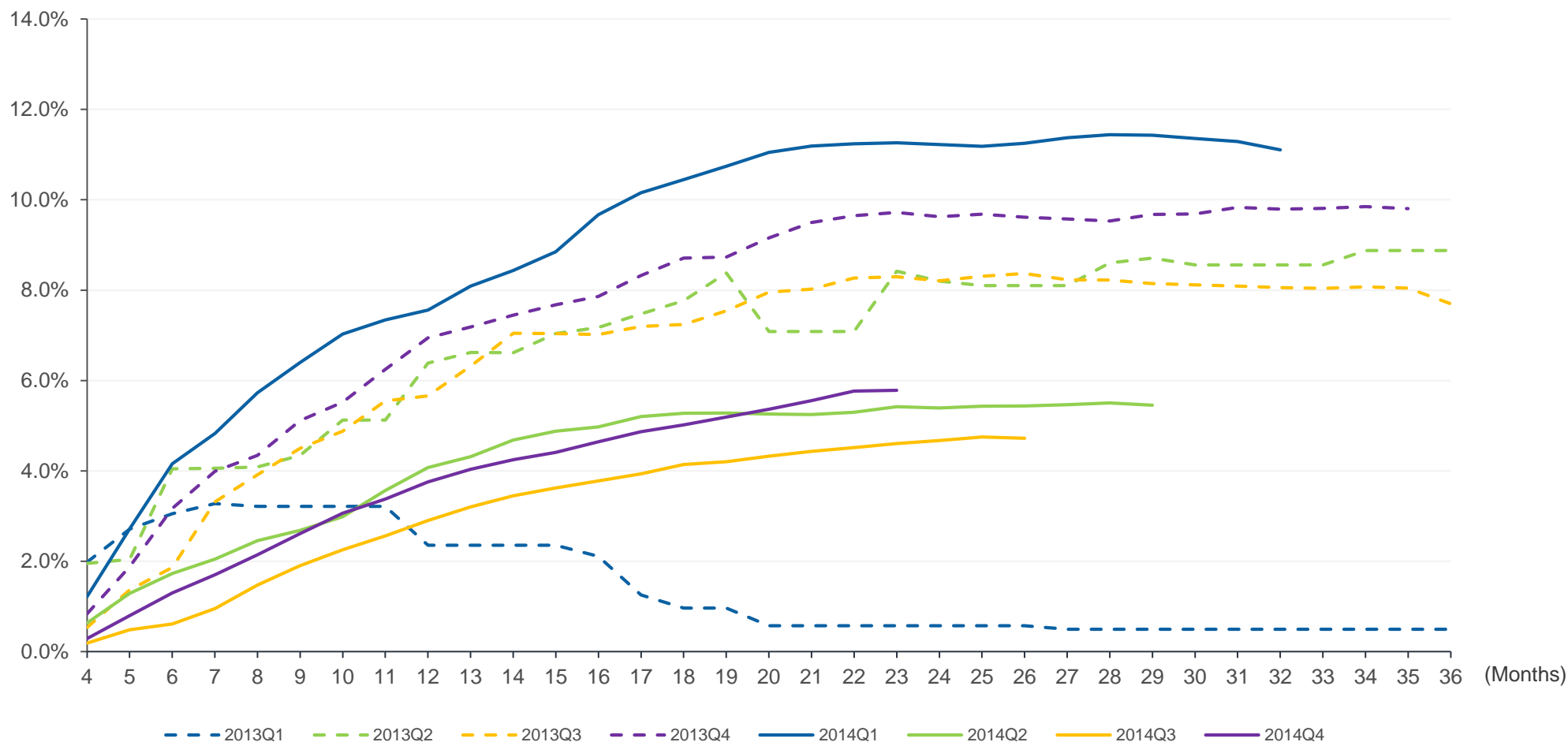


# 5 Proven Credit Performance



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

### Loans Facilitated Before 2015 (Guarantee Model) <sup>(3)</sup>



(1) As of September 30, 2016

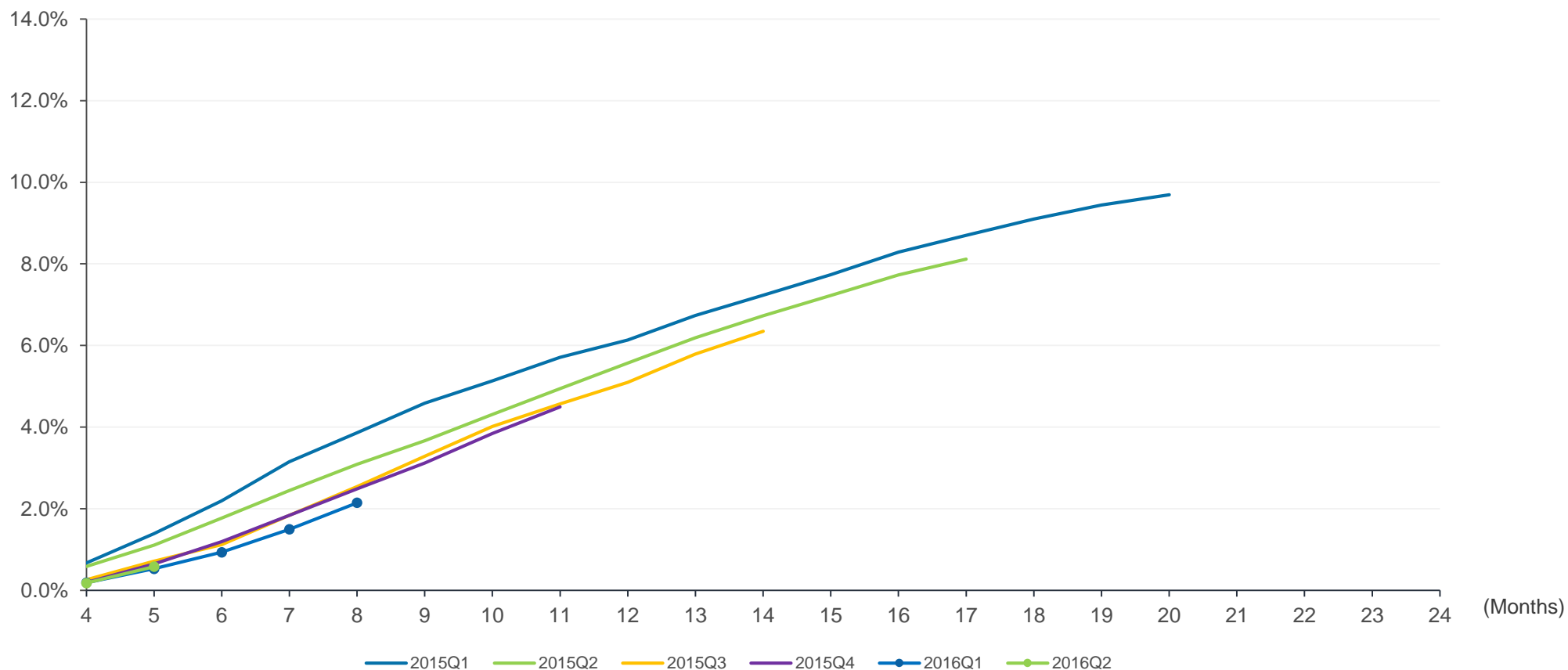
(2) "M3+ Net Charge Off Rate", with respect to loans facilitated during a specified time period, which we refer to as a vintage, as the difference between (i) the total balance of outstanding principal of loans that become over three months delinquent during a specified period and the remainder of the 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) 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 <sup>(1) (2)</sup>  
Loans Facilitated Since 2015 (Risk Reserve Model) <sup>(3)</sup>



(1) As of September 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) 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



### Full Year 2016 <sup>(1)</sup>

-  **Total loans facilitated** in the range of RMB 19,750 million to RMB 20,000 million
-  **Total net revenue** in the range of RMB 3,080 million to RMB 3,120 million
-  **Adjusted EBITDA (non-GAAP)** in the range of RMB 910 million to RMB 930 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 Nine Months Ended		
	September 30, 2015	June 30, 2016	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2016
	RMB	RMB	RMB	USD	RMB	RMB	USD
Net revenue:							
Loan facilitation services	362,080	713,383	848,322	127,213	842,389	2,096,793	314,432
Post-origination services	5,671	17,232	23,487	3,522	14,500	59,115	8,865
Others	2,909	3,176	4,902	735	5,134	10,973	1,645
Total net revenue	370,660	733,791	876,711	131,470	862,023	2,166,881	324,942
Operating costs and expenses:							
Sales and marketing	182,350	355,246	423,003	63,433	436,656	1,033,085	154,920
Origination and servicing	27,415	42,653	62,449	9,364	59,012	141,856	21,273
General and administrative	34,599	73,330	188,961	28,336	92,305	322,397	48,346
Total operating costs and expenses	244,364	471,229	674,413	101,133	587,973	1,497,338	224,539
Interest income	1,435	7,253	9,778	1,466	1,685	22,065	3,309
Non operating income, net	-	91	259	39	-	350	53
Income before provision for income taxes	127,731	269,906	212,335	31,842	275,735	691,958	103,765
Income tax expense	43,287	9,286	(131,946)	(19,786)	83,686	(44,659)	(6,697)
Net income	84,444	260,620	344,281	51,628	192,049	736,617	110,462



# 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 Nine Months Ended		
	September 30, 2015	June 30, 2016	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2016
	RMB	RMB	RMB	USD	RMB	RMB	USD
Weighted average number of ordinary shares used in computing basic net income per share	100,000,000	117,000,000	119,441,029	119,441,029	100,000,000	117,819,616	117,819,616
Basic income per share	0.8444	2.2275	2.8824	0.4322	1.9205	6.2521	0.9376
Basic income per ADS	1.6888	4.4550	5.7648	0.8644	3.8410	12.5042	1.8752
Weighted average number of ordinary shares used in computing diluted net income per share	100,000,000	117,000,000	120,861,971	120,861,971	100,000,000	118,293,263	118,293,263
Diluted income per share	0.8444	2.2275	2.8485	0.4272	1.9205	6.2270	0.9338
Diluted income per ADS	1.6888	4.4550	5.6970	0.8544	3.8410	12.4540	1.8676

# 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 Nine Months Ended		
	September 30, 2015	June 30, 2016	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2016
	RMB	RMB	RMB	USD	RMB	RMB	USD
Net cash generated from operating activities	98,832	196,108	268,875	40,320	212,810	787,000	118,018
Net cash (used in)/provided by investing activities	(82,599)	105,411	(679,486)	(101,894)	(87,671)	(613,919)	(92,063)
Net cash (used in)/provided by financing activities	-	(87,914)	179,221	26,876	-	74,898	11,232
Effect of foreign exchange rate changes	(180)	12,733	1,323	198	(258)	12,163	1,824
Net increase in cash and cash equivalents	16,053	226,338	(230,067)	(34,500)	124,881	260,142	39,011
Cash and cash equivalents, beginning of period	110,206	1,109,991	1,336,329	200,394	1,378	846,120	126,883
Cash and cash equivalents, end of period	<u>126,259</u>	<u>1,336,329</u>	<u>1,106,262</u>	<u>165,894</u>	<u>126,259</u>	<u>1,106,262</u>	<u>165,894</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				For the Nine Months Ended		
	September 30, 2015	June 30, 2016	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2016
	RMB	RMB	RMB	USD	RMB	RMB	USD
Cash and cash equivalents	126,259	1,336,329	1,106,262	165,894	126,259	1,106,262	165,894
Restricted cash	313,766	792,637	974,345	146,112	313,766	974,345	146,112
Loans at fair value	-	175,614	367,949	55,177	-	367,949	55,177
Held-to-maturity investments	80,000	2,500	172,500	25,868	80,000	172,500	25,868
Available-for-sale investments	-	-	298,000	44,688	-	298,000	44,688
Other assets	531,385	734,263	1,111,946	166,745	531,385	1,111,946	166,745
<b>Total assets</b>	<b>1,051,410</b>	<b>3,041,343</b>	<b>4,031,002</b>	<b>604,484</b>	<b>1,051,410</b>	<b>4,031,002</b>	<b>604,484</b>
Liabilities from risk reserve fund guarantee	376,328	928,166	1,238,689	185,752	376,328	1,238,689	185,752
Payable to investors at fair value	-	166,193	355,340	53,286	-	355,340	53,286
Other liabilities	259,822	566,865	695,907	104,358	259,822	695,907	104,358
<b>Total liabilities</b>	<b>636,150</b>	<b>1,661,224</b>	<b>2,289,936</b>	<b>343,396</b>	<b>636,150</b>	<b>2,289,936</b>	<b>343,396</b>
<b>Total equity</b>	<b>415,260</b>	<b>1,380,119</b>	<b>1,741,066</b>	<b>261,088</b>	<b>415,260</b>	<b>1,741,066</b>	<b>261,088</b>

# Operating Highlights



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

	For the Three Months Ended				For the Nine Months Ended		
	September 30, 2015	June 30, 2016	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2016
	RMB	RMB	RMB	USD	RMB	RMB	USD
<b>Operating Highlights:</b>							
Amount of loans facilitated	2,551,320	4,538,687	5,617,485	842,391	6,256,065	13,602,688	2,039,842
Loans generated from online channels	826,703	1,832,078	2,275,473	341,227	2,016,681	5,282,933	792,222
Loans generated from offline channels	1,724,617	2,706,609	3,342,012	501,164	4,239,384	8,319,755	1,247,620
Fees billed	587,781	1,110,849	1,322,598	198,335	1,380,518	3,280,861	491,994
Remaining principal of performing loans	6,720,677	13,771,180	17,028,346	2,553,550	6,720,677	17,028,346	2,553,550
Remaining principal of performing loans covered by risk reserve fund	5,432,918	12,963,604	16,204,583	2,430,019	5,432,918	16,204,583	2,430,019
Number of borrowers	36,493	68,882	92,479	92,479	98,546	211,458	211,458
Borrowers from online channels	18,299	40,033	54,585	54,585	48,645	122,221	122,221
Borrowers from offline channels	18,194	28,849	37,894	37,894	49,901	89,237	89,237
Number of investors	144,107	196,059	171,460	171,460	185,704	473,984	473,984
Investors from online channels	143,607	196,059	171,460	171,460	176,700	473,984	473,984
Investors from offline channels	500	-	-	-	9,004	-	-
Adjusted EBITDA	127,240	264,962	220,716	33,099	276,218	692,291	103,815
EBITDA margin	34.3%	36.1%	25.2%	25.2%	32.0%	31.9%	31.9%

# Reconciliation of GAAP to Non-GAAP Measures



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

### For the Three Months Ended

### For the Nine Months Ended

September 30, 2015	June 30, 2016	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2016
RMB	RMB	RMB	USD	RMB	RMB	USD

### Reconciliation of Net Revenues

#### Fees billed:

Transaction fees billed to borrowers	592,777	1,095,749	1,298,247	194,683	1,404,031	3,230,892	484,501
Upfront fees billed to borrowers	569,227	1,016,393	1,192,449	178,818	1,364,213	2,982,135	447,198
Monthly fees billed to borrowers	23,550	79,356	105,798	15,865	39,818	248,757	37,303
Service fees billed to investors	26,558	88,068	110,943	16,637	51,880	263,563	39,524
Others	3,083	3,366	5,196	779	5,436	11,631	1,744
VAT	(34,637)	(76,334)	(91,788)	(13,764)	(80,829)	(225,225)	(33,775)
<b>Total fees billed</b>	<b>587,781</b>	<b>1,110,849</b>	<b>1,322,598</b>	<b>198,335</b>	<b>1,380,518</b>	<b>3,280,861</b>	<b>491,994</b>
Stand-ready liabilities associated with risk reserve fund	(178,592)	(363,095)	(430,569)	(64,568)	(437,924)	(1,069,386)	(160,364)
Deferred revenue	(18,471)	(15,857)	(16,553)	(2,482)	(44,410)	(52,776)	(7,914)
Cash incentives	(27,725)	(19,556)	(24,074)	(3,610)	(58,988)	(55,337)	(8,298)
VAT	7,667	21,450	25,309	3,795	22,827	63,519	9,524
<b>Net revenues</b>	<b>370,660</b>	<b>733,791</b>	<b>876,711</b>	<b>131,470</b>	<b>862,023</b>	<b>2,166,881</b>	<b>324,942</b>

### Reconciliation of EBITDA

Net income	84,444	260,620	344,281	51,628	192,049	736,617	110,462
Interest income	(1,435)	(7,253)	(9,778)	(1,466)	(1,685)	(22,065)	(3,309)
Income tax expense	43,287	9,286	(131,946)	(19,786)	83,686	(44,659)	(6,697)
Depreciation and amortization	944	2,309	2,816	422	2,168	7,055	1,058
Share-based compensation	-	-	15,343	2,301	-	15,343	2,301
<b>Adjusted EBITDA</b>	<b>127,240</b>	<b>264,962</b>	<b>220,716</b>	<b>33,099</b>	<b>276,218</b>	<b>692,291</b>	<b>103,815</b>

# Delinquency Rates



	Delinquency Rates		
	15-29 days	Delinquent for 30-59 days	60-89 days
<b>All Loans</b>			
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%
September 30, 2016	0.5%	0.8%	0.6%
<b>Online Channels</b>			
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%
September 30, 2016	0.5%	0.8%	0.8%
<b>Offline Channels</b>			
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%
September 30, 2016	0.5%	0.7%	0.5%

# 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 September 30, 2016 (in RMB thousands)	Total Net Charge-Off Rate as of September 30, 2016
2013	A	258,322	23,071	8.9%
	B	-	-	-
	C	-	-	-
	D	-	-	-
	Total	258,322	23,071	8.9%
2014	A	1,917,542	107,415	5.6%
	B	303,030	20,787	6.9%
	C	-	-	-
	D	7,989	515	6.5%
	Total	2,228,561	128,718	5.8%
2015	A	873,995	44,922	5.1%
	B	419,630	24,716	5.9%
	C	557,414	41,913	7.5%
	D	7,706,575	470,091	6.1%
	Total	9,557,613	581,642	6.1%
Q1-Q3 2016	A	826,114	758	0.1%
	B	541,098	1,302	0.2%
	C	1,102,524	5,216	0.5%
	D	11,132,951	57,560	0.5%
	Total	13,602,687	64,835	0.5%



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