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## GLOSSARY OF TECHNICAL TERMS

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*This glossary of technical terms contains explanations of certain technical terms used in this prospectus in connection with our Group and our business. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.*

“allowance coverage ratio”	equals allowance for loan loss as divided by the balance of impaired loans
“attachment bond”	a type of surety bond used in legal proceedings whereby we guarantee the ability of a party to indemnify the counterparty against damages caused by a wrongful or false attachment by the first party
“average balance”	unless otherwise indicated in this prospectus, average balance means the average month end balance during a given period
“average guarantee and consulting fee rate”	equals guarantee and consulting fee income as divided by the average balance of guarantees
“average interest and handling fee rate”	equals interest and handling fee income as divided by the average balance of loans
“bank financing guarantee”	a type of financing guarantee by which we guarantee a bank that we will repay the bank financing if the borrower we guarantee defaults
“bond insurance”	a form of external credit enhancement that generally increases the credit rating of the bonds issued
“branch network”	includes (i) the credit guarantee network, consisting of our credit guarantee subsidiaries and branch offices; and (ii) the micro and small loan network, consisting of our micro and small loan subsidiaries
“CAGR”	compound annual growth rate
“contract bond”	a type of surety bond mainly used in the construction industry by which we guarantee a project owner that a general contractor will perform its obligations under a contract

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“default payment”	in respect of our credit guarantee business, payments we made on default customer’s behalf
“default payment receivables”	in respect of our credit guarantee business, the balance of the payment we made on default customer’s behalf not yet recovered
“default rate”	equals the default payment we paid on default customer’s behalf as divided by the amount of guarantees released upon maturity or full repayment
“entrusted loan”	a type of loan made from entrusted loan arrangements, in which we deposit our own funds with an intermediary bank which will on-lend the funds to borrowers we select. Upon repayment of the principal and interest on the loan, the intermediary bank transfers such amount to us
“financing guarantee”	a type of guarantee service by which we guarantee the lender that we will repay the debt if the borrower we guarantee defaults. We further divide our financing guarantee services into bank financing guarantees and non-bank financing guarantees
“guarantee insurance”	a type of guarantee we provide to third-party guarantors to share their credit risks by indemnifying them if they repay the debt on behalf of default customers they guarantee
“impaired loans”	any loans we classify as “substandard,” “doubtful” or “loss” based on our loan classification policy
“impaired loan ratio”	equals the balance of impaired loans as divided by the balance of outstanding loans
“loss ratio”	equals impairment losses on default payment receivables as divided by the amount of guarantees released
“loss/revenue ratio”	in respect of our credit guarantee business, equals impairment losses on default payment receivables as divided by segment revenue from our credit guarantee business; in respect of our SME lending business, equals impairment losses on loans and advances to customers as divided by segment revenue from our SME lending business

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“micro and small loan”	our loan product, primarily between RMB0.5 million and RMB3.0 million, which we provide to micro and small enterprises, individual entrepreneurs and individuals through our micro and small loan network
“microenterprise(s)”	microenterprise(s), as defined in the Notice on the Provisions for Classification Standards of Small and Medium-sized Enterprises (關於印發中小企業劃型標準規定的通知) promulgated by the National Bureau of Statistics, the Ministry of Finance, the Ministry of Industry and Information Technology and the NDRC in June 2011. For example, in respect of the retail business, a microenterprise refers to an entity with fewer than ten employees or annual revenue of less than RMB1 million
“non-bank financing guarantee”	a type of financing guarantee by which we guarantee a non-bank financial institution, such as a trust company or financial leasing company, or general investors, that we will repay the debt if the borrower or issuer we guarantee defaults
“non-financing guarantee”	a type of guarantee whereby we act as guarantor to promise to pay one party, the obligee, a certain amount if the principal fails to meet certain obligations. We further divide our existing non-financing guarantee products into contract bonds and attachment bonds
“repurchase transaction”	a transaction by which a seller sells certain financial assets to investors under repurchase agreements and agrees to repurchase such assets at a pre-determined price within a specified period of time
“SME(s)”	small and medium-sized enterprise(s), as defined in the Notice on the Provisions for Classification Standards of Small and Medium-sized Enterprises (關於印發中小企業劃型標準規定的通知). For example, in respect of the retail business, a small enterprise refers to an entity with ten or more employees and annual revenue of RMB1 million or more; and a medium-sized enterprise refers to an entity with 50 or more employees and annual revenue of RMB5 million or more

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“subrogation”	the substitution of one party over the rights, claims or remedies held by another party. For example, in the event that the borrower we guarantee defaults and we repay the lender on the default customer’s behalf, we will become subrogated to the lender’s claims against the borrower
“VaR”	value at risk