
GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains definitions of certain terms used in this prospectus in connection with our Company and our business. These terms and their definitions may not correspond to standard industry definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

“ABSs”	asset-backed securities, which refer to financial securities backed by specific financial assets such as loans or other receivables, typically issued by a special-purpose vehicle through public or private offerings
“aggregate balance of outstanding principal of all loans to customers”	as of a specified date, the sum of the principal amount of all loans to customers that are not repaid in full, <i>minus</i> the written-off principal amount of loans to customers under which any payment of principal or interest is delinquent for 12 months or more
“alternative data”	any data other than the credit data that can be used to assess credit risk of a natural person, whether or not reported in such natural person’s credit records
“big data”	the use of advanced analytics techniques to process voluminous and diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful information that can help organizations make more-informed business decisions
“binary approve-or-reject decisioning”	a credit decisioning methodology under which loan applicants of a particular product are either approved with credit of the same interest rate or rejected
“CAGR”	compound annual growth rate, calculated by dividing the ending value by the beginning value of a period, raised to the power of one divided by the number of years within the period, and subtracting one from the subsequent result, or in formula form as follows: $\text{CAGR} = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\left(\frac{1}{\text{Number of Years}} \right)} - 1$
“cloud computing”	the shared computing resources and services that can be accessed on demand and deployed quickly with minimal management effort, often over the Internet, to achieve coherence and economies of scale
“cohort”	the set of loans that we grant or facilitate during a specified period of time

GLOSSARY OF TECHNICAL TERMS

“Cohort-Based M3+ Delinquency Ratio”	as of a specified date, the Cohort-Based M3+ Delinquent Loans divided by the aggregate loan origination volume within the applicable cohort
“Cohort-Based M3+ Delinquent Loans”	as of a specified date, the aggregate balance of outstanding principal of all loans within the applicable cohort under which any payment of principal or interest is delinquent for 3 months or more up to 12 months
“credit data”	data with respect to financial history reported in a natural person’s credit records that can be used to assess credit risk of such natural person
“Effective APR”	adjusted annualized internal rate of return at which the net present value of all ordinary cash outflows (e.g., the principal of loans) and ordinary cash inflows (e.g., the principal repayment, the interest income, the loan facilitation service fees, and other income) from a credit product or a group of credit products equals zero, assuming all the cash inflows other than interest income are received at the beginning of the period
“effective variables”	variables that are necessary for, and used in, our credit assessment and risk-based pricing models
“feature engineering”	the process of transforming data into features to act as inputs for machine learning models
“GDP”	gross domestic product, which refers to a monetary measure of the market value of all finished goods and services produced within a country’s border in a specific period of time
“IaaS”	infrastructure as a service, which refers to the delivery of computing resources, complemented by storage and networking capabilities, that are owned and hosted by a service provider and offered to customers on-demand
“ICP License”	Value-added Telecommunications Service Operating Permit for Internet information services
“installment credit”	a type of credit that grants a loan of a fixed principal amount on condition of repayment of the principal at regular intervals over a specified period until paid in full
“IT”	information technology
“loan guarantee”	a type of guarantee used to secure loans under which a guarantor promises to pay a lender principal and interest if the borrower does not

GLOSSARY OF TECHNICAL TERMS

“loan originated by us”	loan granted or facilitated by us
“loan origination volume”	for a specified period of time, the aggregate amount of initial principal of loans that are granted or facilitated by us, funded through our direct lending, trust lending, credit-enhanced loan facilitation and pure loan facilitation structures
“machine learning”	the technology of driving computer systems to “learn” (i.e., progressively improve performance on a specific task) without being explicitly re-programmed by humans
“modular architecture”	the design of a system composed of separate components that can be connected together
“Nominal APR”	annualized rate for borrowing, calculated by dividing average monthly payment from borrowers during the applicable period by the initial loan origination amount, multiplied by 12
“OCR”	optical character recognition, which refers to the recognition of printed or written text characters by a computer
“official credit records”	credit history records maintained by the CCRC
“precision marketing”	a marketing technique that delivers messages to individuals or market segments who are identified as target users for specific products or services
“prime and near-prime borrowers”	as commonly understood and accepted in China’s consumer finance industry, borrowers who are considered having the tendency to make financial repayments on time and in full and possessing official credit records and credit cards in good standing, which indicate prior performance of using credit wisely and handling financial obligations responsibly, typically with above-average credit scores under the relevant credit scoring model (for details of our practice of assigning credit scores under our own credit scoring model, which assigns varying points and weights to a number of credit-assessment factors that we review and consider from time to time to calculate credit scores and which is primarily based on credit data from official credit records, which have a shorter history as compared to those in the United States, see the section headed “Business—Our Borrowers—Borrower Base—Borrower Profile”)
“registered users”	users who are registered with our mobile applications or have applied for our online-to-offline credit products

GLOSSARY OF TECHNICAL TERMS

“repeat borrowers”	borrowers who had repaid at least one loan with us in full and borrowed at least one additional loan on a cumulative basis
“revolving credit”	a type of credit that typically specifies a maximum outstanding amount at any time and permits new borrowing up to that amount on condition that previously borrowed amounts are repaid on time
“risk-based pricing”	a credit-pricing methodology used by lenders that determines the interest and other fee rates of loans based on a prediction of the credit risk of a specific borrower
“SaaS”	software as a service, which refers to a software licensing model in which access to the software owned by a service provider is provided to customers on a subscription basis
“scorecard”	a credit scoring model that quantifies the credit risk of a borrower with the output of a credit score
“user case”	a scenario in which a user interacts with a product or service for a specific motivation
“variable”	a form or type of data used to organize data in a structured way for use as a factor in algorithms or models