REFINITIV STREETEVENTS

# EDITED TRANSCRIPT

Q3 2022 360 DigiTech Inc Earnings Call

EVENT DATE/TIME: NOVEMBER 14, 2022 / 1:00PM GMT

## CORPORATE PARTICIPANTS

**Haisheng Wu** *360 DigiTech, Inc. - CEO & Director*
**Mandy Dong** *IR Director*
**Zuoli Xu** *360 DigiTech, Inc. - CFO & Director*

## CONFERENCE CALL PARTICIPANTS

**Hans Haishuo Fan** *CLSA Limited, Research Division - Research Analyst*
**Leon Qi** *Daiwa Securities Co. Ltd., Research Division - Analyst*
**Thomas Chong** *Jefferies LLC, Research Division - Equity Analyst*
**Yada Li** *China International Capital Corporation Limited, Research Division - Analyst*

## PRESENTATION

**Operator**

Ladies and gentlemen, thank you for standing by, and welcome to the 360 DigiTech Third Quarter 2021 Earnings Conference Call. Please also note today's event is being recorded. At this time, I'd like to turn the conference call over to Ms. Mandy Dang, IR Director. Please go ahead, Mandy.

---

**Mandy Dong** ***IR Director***

Thank you. Hello, everyone, and welcome to our third quarter 2022 Earnings Conference Call. As results were issued earlier today and can be found on our IR website. Joining me today are Mr. Haisheng, our CEO and Director; Mr. Chu, our CFO and Director. Before we begin the remarks, I'd like to remind you of our safe over statement in our earnings press release, which also applies to this call. We may refer to forward-looking statements based on our current plans, estimates and projections. Also, this call includes describe of certain non-GAAP measures. Please refer to our earnings release for a reconciliation between non-GAAP and GAAP one. Thus, unless otherwise stated, our figures mentioned are in RMB. I will now turn the call over to our CEO, Mr. Wu Haisheng.

---

**Haisheng Wu** ***360 DigiTech, Inc. - CEO & Director***

[Interpreted] Hello, everyone. I'm very happy to report another strong quarter. First of all, let me share some recent developments in the market environment. China's consumer finance industry has switched gears from rapid expansion to quality growth in the past two years. Under the new regulatory framework, the industry has achieved substantial gains in preventing systematic risk, protecting consumer rights and benefits, driving compliant business operations and promoting fair competition. This has created a healthy ecosystem for the development of the consumer finance market.

Over the past 2 years, the industry regulatory framework gradually came into shape, and the rectification project of the platform economy continued to progress. Currently, the regulatory landscape has settled down. In an article titled Strengthening and Improving Modern Financial Supervision published in the Guidebook of the 20th National Congress of the Communist Party of China, Mr. Guo Shuqing, the Chairman of CBIRC said financial innovation must be conducted under the premise of prudent supervision. We should impose normalized supervision on the financial business of the Internet platform companies and promote the healthy sustainable development of the platform economy. This implies that the fintech industry enters into the stage of regular supervision.

Since the beginning of 2022, the macroeconomy and Covid controls have put pressure on China's consumer and SME credit markets in terms of market demand and asset quality. However, the market started to slowly improve in Q3 as we saw credit demand began to gradually recover and asset quality became relatively more stable than Q2. Meanwhile, financial institutions demand for high-quality assets continued to inject liquidity into the industry, boosting funding supply efficiency.

Now moving on to our operations. Given the macroenvironment with complexity and uncertainties, we maintained our prudent operating strategy and leveraged technology to drive quality growth. Thanks to our practical, prudent and risk management-first operating philosophy, our business demonstrated resilience and strength in several key areas despite the macro headwinds.

First, we achieved solid progress in balancing growth with asset quality. In Q3, total origination and facilitation volume was RMB 110.7 billion, up 13%, both year-on-year and Q-on-Q. Outstanding loan balance was RMB 160 billion, up 20% year-on-year and 6% Q-on-Q. As a leading brand for credit tech services in China, our 360 Jietiao brand became more and more well-known. As of the end of Q3, the cumulative number of registered users exceeded $200 million for the first time. The cumulative number of users receiving credit lines and conducted drawdown on credit was approximately 43 million and 26.3 million, respectively, up by 17.6% and 12.8% year-over-year.

Since the Q3 of 2021, we have proactively reduced pricing and optimized user structure in response to market and regulatory changes. The decent progress in these areas effectively mitigated the negative impact of the macroenvironment. As our existing loans gradually reached maturity, our average price decreased slightly from Q2. Our asset quality significantly improved as D1 delinquency rate went down to 4.5% in Q3 from 4.9% in Q2 and it's still improving. The M1 collection rate increased to 86.4% in Q3 from 85.2% in Q2.

While upgrading customer base, we continued to optimize business operations on high-quality users to increase their lifetime value. Based on our experience, high-quality users are usually more stable in credit demand and repayment capability. Therefore, they generate more considerable long-term value for our business. In terms of key operating metrics, the average credit line per user and average ticket per drawdown in Q3 were more than RMB 14,000 and RMB 8,000, respectively, up by 19.3% and 39.8% year-on-year. The average loan tenor also increased to 12 months in Q3, roughly 1 month longer compared to the same period last year. We believe that an upgraded customer base will translate into enhanced operating efficiency and a more stable business performance in the long run.

On the customer front, as we upgraded our customer mix and accumulated better know-how about our high-quality users, we optimized the structure of our customer acquisition channels. This greatly improved our capability and efficiency to acquire targeted users. In Q3, the number of new users with granted credit lines increased to 1.71 million, up by 19% Q-on-Q, while our marketing expenses remained almost flat compared to Q2. The acquisition cost per user with granted credit lines declined by 15% from Q2. Meanwhile, we further expanded and diversified the customer acquisition channels by working with different types of traffic platforms, including short- and long-form videos, social media, search engines and food delivery, et cetera. In addition, we improved our ability to identify users, especially high-quality users and enhanced efficiency of user acquisition by upgrading our RTA models and jointly developing models with these partner platforms. For instance, empowered by our upgraded RTA models, our ability to identify devices improved to 90% in Q3. And our ability to identify high-quality user improved by more than 20% Q-on-Q. This greatly magnified the effectiveness of our online advertising. We also applied such capabilities to other channels, such as app stores, which will further improve our efficiency in these channels as well.

As we continued to advance our tech upgrading strategy, our capital-light and other tech solutions business accounted for more portion in Q3. We are a tech-driven company empowered by innovation. With cyber security in our DNA and strong capabilities in big data intelligence, we help financial institutions establish their credit infrastructure and empower them in the full business operation flow with our big data analytics and tech solutions. In Q3, loans originated and facilitated under the capital-light model and other tech solutions accounted for 58.4% of the total loan volume, up by 2.6 percentage points from Q2. As of the end of Q3, we accumulatively partnered with 58 financial institutions under the capital-light model. We also refined and upgraded our fintech SaaS product line. We transformed our end-to-end credit system into modularized products based on functionality. Additionally, we innovatively support a hybrid cloud model where financial cloud services and the local deployment work side-by-side. Featuring "setup of retail credit infrastructure from spread in 20 days", "online and off-line coverage" and "system deployment in full compliance", our new solutions offer small and medium-sized banks one-stop solutions of transforming and growing their retail credit business. Going forward, as we facilitate more transactions on our platform with stable asset quality in good track records, we will expand our collaboration with financial institutions in depth and breadth. This will further boost the percentage of our capital light and tech solutions business in the total mix in the long run.

Thirdly, our funding structure and funding costs both improved significantly. With ample liquidity in China's financial system this year, financial institutions have strong demand for high-quality assets. As a leading credit tech service provider, our assets are in high demand given our strength in scale, data and risk management. This allowed us to optimize the mix of our funding partners, obtain more flexible funding options and reduce funding costs. As of the end of Q3, we partnered with 141 financial institutions, including more than 10 joint-stock banks and major rural and urban commercial banks with over RMB 1 trillion AUM, giving us highly diversified funding sources. Our funding cost for credit-driven loans decreased by roughly 30 basis points sequentially to 6.5%, and we expect it to sustain at a low level in Q4. We issued RMB 2.7 billion of ABSs in Q3 at an average funding cost of 5.0%. As we continue to optimize our customer mix, our funding advantage will bring out more.

Fourthly, on the regulatory front, the rectification project of the platform economy has entered the ending phase. We maintained close communication with the regulators as we implemented our recitation plan. As of the end of Q3, we had completed most of the required rectification items and received positive feedback from regulators. For the credit agency reform or Duanzhilian in Chinese, we are implementing the transforming plans together with credit agencies and our funding partners. In Q3, we facilitated the very first loan in the new credit rating system namely Duanzhilian and received recognition from the regulator. We are now proactively implementing the plan.

Here, let me provide an update on our secondary listing in Hong Kong stock market. This morning, we submitted a Post Hearing Information Pack(PHIP)to the website of the Hong Kong Stock Exchange. We have taken the interest of our current shareholders into full consideration in pursuing this listing. We believe that we will be able to optimize our investor structure and boost liquidity through the Hong Kong secondary listing.

While enhancing our operations, we always keep in mind our social responsibility. Our mission is to enable a better life for people by providing safe, convenient and inclusive fintech services to consumers and households through technology innovation. By empowering financial institutions through a suite of tech solutions powered by our AI and cloud computing, we help to improve the quality and efficiency of financial services. We extend fintech service to consumers, whose needs used to be underserved or unmatched. While maintaining the high standard of risk management, we aim to make financial services accessible to all in a more fair and efficient manner and to better serve the real economy.

We're bear in mind of our social responsibility by giving back to society and providing support to the disadvantaged. As part of our efforts to drive rural revitalization and common prosperity in China, in September this year, we donated RMB 1 million to Luquan Yi and Miao Autonomous County in Yunnan Province. The funds will be used to build the county into a demonstration model for rural revitalization.

Looking back at the past three quarters, we navigated through a constantly changing market by preemptive planning and a prudent operating strategy. Despite multiple headwinds in the macroenvironment, we achieved solid growth and improved our risk performance, demonstrating the strong resilience of our business. Key metrics show that our business is on track, and we are confident we will meet our guidance for 2022.

Going forward, despite the ongoing challenges in the macro environment, long-term themes remain unchanged, that is promoting financial inclusiveness through technology to better support the real economy and create more value for society. There is still tremendous demand for credit from both consumers and financial institutions. We believe based on our prudent approach to operations and risk management, our business can ride through the current business cycle and capitalize on the growing momentum once the market recovers. Only under the prudent strategy, we can navigate the fluctuations and achieve steady and sustainable long-term prosperity. Moving ahead, we will continue to generate value for our shareholders through our solid performance. (foreign language)

**Zuoli Xu *360 DigiTech, Inc. - CFO & Director***

Okay. Thank you, Haisheng. Good morning and good evening, everyone. Welcome to our third quarter earnings call. Before I start my regular update, let me first introduce a new member of our capital markets team, Ms. Karen Ji, Ji Yun, who recently joined us as a Senior Director of Capital Market. She will be providing valuable insights, experience and leadership to our capital market and IR team. With our upcoming listing in the Hong Kong Stock Exchange, we really look forward to having Karen and other team members offer better services to our shareholders and the broader investment community.

As Haisheng discussed earlier, we delivered another solid quarter in a changing macro environment. From July to September, demand for consumer credit through our platform grew sequentially each and every month, although the velocity and the magnitude of such improvement were modest. During the quarter, we continued to push for steady improvement in the overall asset quality by further engaging high-quality new borrower base. Overall day 1 delinquency has been on a steady declining trend month after month so far in 2022 against a difficult macro trend early in the year. It was 4.5% for Q3 versus 4.9% in Q2 and further declined to 4.3% in October. The continued improvement in day 1 delinquency further validated our strategic focus on high-quality user segment. 30-day collection rate also improved in Q3 and reached the best level in 2022. During the quarter, we resumed most standard collection activity to the pre-COVID lockdown level, which drove the improvement of the metrics. Once again, we see clear outperformance by new borrowers versus existing borrowers.

Total net revenue for Q3 was CNY 4.1 billion versus CNY 4.2 billion in Q2 and CNY 4.6 billion a year ago. Revenue from credit-driven service, capital heavy, was CNY 2.9 billion compared to CNY 2.9 billion in Q2 and CNY 2.6 billion a year ago. The year-on-year growth was mainly due to growth in on-balance sheet loan volume, more than offsetting the negative impact from decline in average pricing of the loans. Capital heavy facilitation revenue take rates improved slightly versus Q2, mainly due to lower funding cost and longer loan tenor. Revenue from platform service, capital light, was CNY 1.2 billion compared to CNY 1.2 billion in Q2 and CNY 2 billion a year ago.

The year-on-year decline was mainly due to product mix change in platform services and decline of average pricing of capital-light loan facilitation. During the quarter, capital light loan facilitation, ICE and other technology solutions combined accounted for roughly 58% of total loan volume. Given the still changing macro environment, we continued to increase the portion of the loans processed through ICE and other technology solutions to further mitigate potential risks. These solutions normally have different commercial terms compared to the regular capital-light loan facilitation. In the long run, we will continue to pursue tech-driven business model while striking a balance between various forms of non-risk-bearing solutions based on macro environment and operational conditions.

During the quarter, average IRR prices of the loans we originated and/or facilitated declined modestly to just below 22%, well within the 24% rate cap requirement. We expect pricing to be relatively stable for the coming quarters. Sales and marketing expenses increased by approximately 2% sequentially in Q3. The slower pace of increase reflects our continued effort to improve the efficiency or effectiveness of our user acquisition system and drive cost efficiency. Please note, during the quarter, we added approximately 1.7 million new credit line users compared to approximately 1.4 million in Q2. Unit cost to acquire a new credit line user declined approximately 15% sequentially. As such, average cost per dollar amount new credit line also declined by a similar magnitude Q-on-Q. As always, we will continue to use life cycle ROI and LTV as key metrics to determine the pace and scope of our user acquisition strategy to ensure the sustainability and the profitability of our operations.

Overall, risk profile of our loan portfolio continued to improve in Q3 due to the contributions from new loans from higher-quality users. But impacts from macro uncertainty and the latest outbreak of COVID cases across the nation were still somewhat visible. Although we continue to take a prudent approach in booking provisions against the potential credit loss, reevaluation of previous quarter's provision yields sizable write-backs as macro conditions improved Q-on-Q. Total new provisions across 4 different categories for loans originated and facilitated during the quarter was approximately CNY 1.8 billion, while approximately CNY 300 million previous provisions were written back.

With strong operating results and increased contribution from capital-light model, our leverage ratio, which is defined as risk-bearing loan balance divided by shareholders' equity was at a historical low of 3.8x in Q3 compared to 4.3x a year ago. We expect to see rather stable leverage ratio for the time being until capital-light contribution grow beyond current range bound in the future.

We generate approximately CNY 1.6 billion cash from operations in Q3 compared to CNY 1.1 billion in Q2. The significant sequential increase in operating cash flow was mainly driven by better working capital management. If you recall, last quarter, due to some COVID-related administrative procedure delays, we were unable to collect certain receivables in time. Those receivables were eventually settled in Q3, boosting our cash flow. Total cash and cash equivalents was CNY 10.8 billion in Q3 compared to CNY 11.4 billion in Q2. Non restricted cash was approximately CNY 7.2 billion in Q3 versus $7 billion in Q2. In the last couple of quarters, we took a more conservative approach to deploy our cash in day-to-day business, mainly due to macro uncertainty. Ideally, a significant portion of our cash would normally be allocated to support the security deposit with our institution partners or to fund on balance sheet lending in normal business course.

Non-GAAP net profit was CNY 1.04 billion compared to CNY 1.02 billion in Q2.

As we continue to generate healthy cash flow from operations, we believe our current cash position is sufficient to support the growth of our business to invest in key technologies, to satisfy potential regulatory requirements and to return to our shareholders. In accordance with the dividend policy approved by our Board last year, we declared another quarterly dividend of USD 16 per ADS for Q3.

Finally, regarding our outlook for the fourth quarter. Although we managed to deliver solid operating and financial results so far this year in a very challenging macro environment, we still want to maintain a prudent approach to plan our business for the near term, particularly given the recent resurgence of COVID cases nationwide and the subsequent restriction measures taken by local authorities. At this junction, we expect total loan volume for Q4 to be between RMB 102.5 billion and RMB 112.5 billion, representing year-on-year growth of 6% to 16%. As always, this forecast reflects the company's current and preliminary views, which is subject to material change. With that, I would like to conclude my prepared remarks. Operator, we can now take some questions.

## QUESTIONS AND ANSWERS

**Operator**

Thank you. (Operator Instructions) For those who can speak Chinese, please kindly ask you questions in Chinese first followed by English translation. In addition, in order to have enough time to address everyone on the call, please keep it to one question and one follow-up and return to the queue if you have more questions. (Operator Instructions) Your first question comes from Yada Li. Please go ahead.

**Yada Li** ***China International Capital Corporation Limited, Research Division - Analyst***

[Interpreted] Okay then, I will do the translation part. So the first one is about the loan structure of the origination volume. So I noticed that we've disclosed origination volume of the risk management SaaS. And I was wondering if you could elaborate more about the growth trend and its contribution out of the total in the future and how we balance the contribution between the capital light and the risk management SaaS when we cooperate with a new financial institution. This is the first one. And the second one is about the customer acquisition. I notice that the cost control of sales and marketing expenses this quarter being effective and the average customer acquisition cost on the new users with credit lines has dropped a lot. So can you give us more color on what have been done differently on the customer acquisition strategy this quarter compared with before? And what is the trend in the future?

**Haisheng Wu** ***360 DigiTech, Inc. - CEO & Director***

[Interpreted] Tech upgrading has always remained our long-term strategy for our company. In the recent years, we gradually advanced to more tech solutions, starting from capital light to ICE to RM SaaS models. Recently, we are rolling out a hybrid new business model that provides both our leading credit tech system and operation agent service. All of these tech service caters to customized needs of different financial institutions.

In this year, we are exploring different models together with various financial institutions. Going forward, as we serve more financial institution customers and transact more loan volumes under this new model, we can further hone on our products, pursuing higher take rate model and serve more customers. This new tech model cannot only boost our tech solution business portion and sustain our business sustainability, but also open additional markets for our long-term growth.

The reason to our capital acquisition effectiveness is starting from the end of last year, we spent a lot of efforts on upgrading our IT infrastructure for online customer acquisition, which start to bear fruit recently.

Moreover, we also further expanded and diversified our customer acquisition channels. For example, we not only upgrade our online advertising channels, but also apply RTA model on app store channels. And also we cooperate with a lot of traffic platforms, including the takeout platforms, app stores, et cetera. In addition, we pay close attention to the market. For example, this year, there is a very popular mobile game in Chinese Yanglegeyang, on WeChat. We closely watch the market, and seized that opportunity to acquire our good quality customers. As far as we know, we are the only credit tech firm that seized the traffic benefit of the Yanglegeyang game. Overall, we'll continue to take the prudent business approach and prioritize that long-term lifetime value of customers in our operations. We not only just care about the short-term cost for current marketization. We expect good quality customers will bring down cost and create more value.

**Operator**

Thank you. Your next question comes from Hans Fan from CLSA. Please go ahead.

**Hans Haishuo Fan** ***CLSA Limited, Research Division - Research Analyst***

[Interpreted] So I have 2 questions. This is Hans Fan from CLSA. The first one is regarding the Hong Kong listing plan. Congratulations to that because it is the first online lender in ADR of China to go back to Hong Kong for re-listing. Just wondering about the details regarding timelines, and also, is there any plan to go for primary listing because currently is the secondary. So that's the first question. The second one is more about APR. Currently, we have seen in the past few quarters, our APR has been on a down trend. But just wondering what's the trend of ADR -- sorry, APR, if we consider the demand side and also regulatory direction and also our strategy. Thank you very much.

---

**Zuoli Xu** ***360 DigiTech, Inc. - CFO & Director***

Okay, sure. So for the Hong Kong listing time table, as you know, we just released the PHIP this morning. And basically, our intention is to follow the normal procedure of the Hong Kong Exchange to push for the final official prospectus release and then the marketing roadshow and then the listing. So that's our intention. In terms of exactly how many days or how long it will take, you can refer to some other cases. I believe the normal course in a regular basis somewhere within 2 weeks' time frame. So that's roughly. And secondly, it's about the dual primary listing in the future. That certainly is the area or the direction we're kind of looking at seriously because there are certain benefits to become a dual primary listing company in Hong Kong. But I guess, firstly, you need to finish the secondary listing and then when you meet certain criteria, then you can apply for the dual primary. So it's kind of a step-by-step thing, we are just right now trying to finish the first step and somewhere down the road when the condition is ready, we will pursue the next one.

---

**Hans Haishuo Fan** ***CLSA Limited, Research Division - Research Analyst***

(foreign language)

---

**Haisheng Wu** ***360 DigiTech, Inc. - CEO & Director***

[Interpreted] In Q3, we see the overall pricing lower a little bit compared to Q2. This is mainly due to our existing loan gradually ran through the maturity. Going forward, as we see the loan mix from our new customers and the old customers are relatively stable, we expect this pricing to remain relatively stable.

---

**Operator**

Thank you. The next question comes from Leon Qi from Daiwa. Please go ahead.

---

**Leon Qi** ***Daiwa Securities Co. Ltd., Research Division - Analyst***

[Interpreted] Thanks management, this is Leon Qi from Daiwa. I have 2 questions regarding the results itself. The first question is regarding the loan pricing. I just want to know what exactly is the new loan pricing for the loans granted throughout the third quarter this year? And second question is regarding the loan demand. As Mr. Xu just mentioned, we've seen better loan demand in the third quarter compared with the second quarter. So in our view, what is the typical borrower profile that is demanding more new loans? Where are the better loan demand come from, for example, which sectors or segments? Thanks a lot.

---

**Haisheng Wu** ***360 DigiTech, Inc. - CEO & Director***

[Interpreted] Yes. Overall price in Q3 is a little bit lower than 22%. In terms of the business nature, actually, consumer loan is quite noncyclical. We see this demand gradual recovery comes from the customers in the area that were previously hard hit by COVID.

---

**Zuoli Xu** ***360 DigiTech, Inc. - CFO & Director***

Okay. I just want to probably add a little bit of color on that. So Leon, to your question, really on the consumer side, we don't really particularly track their professionals, the kind of categories and everything. So that's not kind of the focus point. And then also that's not that kind of data we can provide in terms of which professional getting better in terms of improvement. But just like Haisheng mentioned, you sort of can imagine that for those areas that have been locked down, for example, in Shanghai during the March, April and May period, when the lockdown get released, that certainly would be a pretty notable rebound in demand. So that's kind of driven, at least in part, driven this recovery in the third quarter.

---

**Leon Qi** ***Daiwa Securities Co. Ltd., Research Division - Analyst***

Okay. Understood.

---

**Operator**

Thank you. The next question comes from Thomas Chong from Jefferies. Please go ahead.

**Thomas Chong** ***Jefferies LLC, Research Division - Equity Analyst***

[Interpreted] Thanks, management. My first question is about the competitive environment. Given that the APR is trending down for a lot of the fintech companies. I just want to get a sense about how we should think about the landscape in the future? And the second question is about the ticket side. Can management comment about the trend in recent quarters? And my third question is about the Q4 guidance. Given the contestation is very dynamic, I just want to get a sense about the high end and the low end of the guidance? And under what scenario should we expect it to hit the low end? Should we expect pandemic to worsen from the current situation? Thank you.

**Haisheng Wu** ***360 DigiTech, Inc. - CEO & Director***

[Interpreted] First of all, from the point of regulatory, since the "429" in last year, we believe the 14 platforms that were summoned for this meeting are more competitive in compliance fields in the future. Secondly, if you look at the 14 platforms, I want to point out, number one, the credit market is a large market with multiple layers. Different players may cross over across the different layers a little bit. Secondly, this is a vast market that we do not see that different players will compete directly head-to-head.

There are 2 factors when we consider ticket size. #1 factor, considering the macro environment, since we took the prudent approach, that risk management strategy will not drive up our ticket size. Second point, as we are continuously upgrading our customer base this year, we are seeing the good customers can bring more value, create longer loan lifetime value and a larger ticket size.

As for our outlook for Q4, there are several factors we take into consideration. Number one, there is usually seasonality in funding supply in Q4 due to the operation of banking industry. However, as everyone knows, there is sufficient fund in China financial system this year, we do not see this factor come into effect this year. Second reason is the macro environment and the COVID. This one we think is the major concern for our guidance.

**Zuoli Xu** ***360 DigiTech, Inc. - CFO & Director***

Thomas, I just want to add a little bit to your last question regarding the Q4 guidance. Basically, the guidance reflects our view of the current sort of macro condition. Obviously, the Chinese market these days are very dynamic, given the COVID-related policy changing or pending changing as well as a reaction by the local authorities to those kind of new COVID policies. We heard different kind of messages. Some certain local areas are more aggressive to kind of a reopening while some others still maintain kind of restrictive kind of stance there. So it's kind of a changing dynamic. But based on what we can see today, I think the guidance we provided in the Q4 is within a comfortable level. Then obviously, if say, for the second half of this quarter seems getting better, then we'll probably see a better performance and vice versa. So that's only based on information we get today.

**Thomas Chong** ***Jefferies LLC, Research Division - Equity Analyst***

Thank you.

**Operator**

Thank you very much. There are no more questions to your management. Back to you for the conclusion remarks. Okay.

**Zuoli Xu** ***360 DigiTech, Inc. - CFO & Director***

Thank you, again, everyone, to join us for this conference call. If you have any additional questions, please feel free to contact us off-line. Thank you. Have a good day. Bye-bye.

**Operator**

Ladies and gentlemen, this concludes today's call. You may now disconnect.