

[FINV] - FinVolution Group
Q4 & FY2025 Earnings Conference Call
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Executives

Tiezheng Li, Chief Executive Officer
Jiayuan Xu, Chief Financial Officer
Yam Cheng, Head of Capital Markets

Analysts

Alex Ye, UBS
Cindy Wang, China Renaissance
Yujie Jing, CICC

Presentation

Operator: Hello, ladies and gentlemen. Thank you for participating in the Fourth Quarter and Full Year 2025 Earnings Conference Call for FinVolution Group. (Operator Instructions). After management's prepared remarks, there will be a question-and-answer session. Today's conference call is being recorded.

I will now turn the call over to your host, Yam Cheng, Head of Capital Markets for the Company. Yam, please go ahead.

Yam Cheng: Thank you, Rocco. Welcome to our fourth quarter and full year 2025 earnings conference call. The Company's results were issued via newswire services earlier today and are posted online. You can download the earnings release and sign up for the Company's email alerts by visiting the IR section of our website at: <http://ir.finvgroup.com>.

Mr. Tiezheng Li, our CEO, and Mr. Jiayuan Xu, our CFO, will start the call with their prepared remarks and conclude with a Q&A session.

During this call, we will be referring to several non-GAAP financial measures to review and assess our operating performance. These non-GAAP financial measures are not intended to be considered in isolation, or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. For information about these non-GAAP measures and reconciliation to GAAP measures, please refer to our earnings press release.

Before we continue, please note that today's discussion will contain forward-looking statements made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and

uncertainties. As such, the Company's results may be materially different from the views expressed today. Further information regarding these and other risks and uncertainties are included in the Company's filings with the U.S. SEC.

The Company does not assume any obligation to update any forward-looking statements except as required under applicable law.

Finally, we have posted a slide presentation on our IR website providing details of our results for the quarter.

I will now turn the call over to our CEO, Mr. Tiezheng Li. Tiezheng, please go ahead.

Tiezheng Li: Thanks, Yam. Welcome to our fourth quarter and full year 2025 earnings call. 2025 was a significant year for us; it was FinVolution's 18th anniversary. Much like a person stepping into adulthood, our Company has grown from a passionate Credit-Tech pioneer in China into a regional platform bridging the credit gap across Asia and beyond. This journey has been more than just about scaling; we've learned, adapted, and built something valuable and lasting.

2025's challenging macro environment tested our resilience, but it also reaffirmed our strategic direction to advance our international expansion. To conclude the year, we delivered full-year group revenue of RMB13.6 billion, up 3.8% year-over-year. Net profit also rose to RMB2.5 billion, a 6.6% increase from last year.

The resilient financial performance was achieved despite the regulatory uncertainty in China in the second half of the year, which tampered the full-year transaction volume to RMB200 billion, down 2.9% year-over-year.

Our "Local Excellence Global Outlook" strategy has unlocked diversification value and brought much-needed resilience to our platform. In 2025, our international business grew significantly. Our volume increased by 38.6%, and revenue rose by 32.0% year-over-year.

Most notably, international business contributed 31% of revenue for the quarter, significantly higher than 21% just a year ago. As set out before, we target to grow this number to 50% in 2030, and we are confidently on track to achieve this goal.

Today, we operate across both developing markets and, most recently, developed market with our recent entry into Australia.

Underpinning this momentum is the quiet evolution of our international strategy itself. In our early expansion, we focused on disciplined execution in each individual market. But as we scale across the region, we have learned that strength also lies in connection.

We have deepened our capabilities at the platform level. Instead of each country operating as a standalone effort, we systematically capture the expertise, relationships, and capabilities we develop in one market, and recycle them to accelerate and derisk entry into the next. This means leveraging proven regulatory experience, product development, advanced risk analytics, centralized funding, and regional ecosystem

partnerships across borders. This “LEGO+” strategy transforms our international portfolio from a collection of local wins into an integrated platform with compounded platform-level advantages.

Today, we manage our business through two distinct lenses. The first is our Mature Market, China, which serves as our foundation for consistent profitability and cash generation. The second is our international markets, which include Indonesia, the Philippines, and now Australia. These markets are characterized by high growth, scalable opportunities, and increasing contributions to our overall portfolio.

Now, I would like to walk you through the key achievements and updates across both segments. First, our Mature Market in China. New regulations reshaped the operating landscape in the fourth quarter. As discussed in our Q3 earning session, we prioritized risk over loan origination in Q4. That meant tightened underwriting and enhanced risk controls.

The result is a near-term moderation of loan origination volume to RMB38.7 billion, and loan balance to RMB68.3 billion in the fourth quarter.

These deliberate efforts began to pay off with risk containment. Vintage loss for new loan origination stabilized at 3.0%. Outstanding loan portfolio saw risk trending up in line with expectations, with C-M2 increased from 0.61% to 0.77% for the quarter.

As we ran down our existing loan book upon repayment, and originated new loans at higher credit standards, we saw the overall portfolio risk start stabilizing in December.

As we gradually exit the regulatory reset with a recalibrated loan portfolio, compliance infrastructure and risk models, long-term profitability would eventually normalize. We anticipate a phase of industry consolidation once the full effect of the regulations is reflected, and we are well-positioned to seize the opportunities. Within our portfolio, China will continue to provide the scale and cash flow foundation that allows us to invest confidently in our growth overseas.

Second, our International Markets, including Indonesia, the Philippines, and now Australia. We have reached an encouraging milestone for Southeast Asia. Both Indonesia and the Philippines achieved full-year profitability and contributed over US\$ 15 million in combined operating profit. Behind this financial outcome is the validation of a respectful, locally-attuned approach of our international playbook.

Our highly localized approach drove strong user growth. We doubled our unique user base to 5.9 million across Indonesia and the Philippines for the full year. We also penetrated deeper into the consumer base with diverse products customized around local consumption preferences. For example, our Buy Now Pay Later solutions have been well received by consumers and ecosystem partners across online and offline channels.

In the fourth quarter, we entered the Australia market with the acquisition of a respected lending platform, Fundo. This new foray is a well-considered move that draws on our experience in maturing regulatory regime in China and operational excellence in oversea

markets. First, our evolving experience in China has prepared us for a mature regulatory environment. Over the years, we have navigated China's transition from high-growth, emerging regulation toward a more rigorous, consumer-focused framework.

Our operating model has similarly matured toward a lower-risk, more sustainable approach. This experience has equipped us with the regulatory maturity, compliance discipline, and consumer-first mindset that align closely with the expectations of developed economies like Australia.

Second, we have a proven track record of building profitable businesses from the ground up overseas. We have successfully executed the "zero-to-one" journey, not just once, but in multiple international markets, scaling operations to profitability. This capability in launching, localizing, and scaling businesses abroad gives us strong conviction in our ability to replicate success in Australia.

Moving on to responsible tech innovation, a core part of how we build a user-first business. In the fourth quarter, we introduced an AI agent into our credit application process. Think of it less as a chatbot and more as an intelligent guide. It's embedded directly into the application flow, breaking the journey into clear, logical steps and offering real-time guidance at each stage. The impact has been tangible. We are seeing fewer users drop off, higher completion rates, and better overall conversation. It's a refinement that may sound small, but it meaningfully improves how users experience our platform.

Localization and support of local communities also play a key role in our success overseas. In Q4, we launched an emergency humanitarian response following the severe flooding that struck Indonesia in late November 2025. We established emergency kitchens and fully equipped sanitation facilities to benefit approximately 1,800 affected residents across 6 locations in Sumatra.

Our ESG efforts like this have driven an increase in our S&P CSA score for 7 consecutive years, reflecting our belief that how we grow is as important as how much we grow.

Our commitment to responsible stewardship extends to our shareholders. We accelerated our buyback program this year with US\$107 million repurchase in 2025. It is a historical record since our IPO. This commitment is personal as well. In December, our Chairman and management team recently invested an additional US\$1.9 million of their own capital in share buyback, a gesture of deep confidence in this journey we are on together.

In addition of buyback, we are also announcing approximately US\$74.5 million in dividend for 2025. This translates to total shareholder return of approximately US\$182 million, equivalent to 50% payout.

As we enter 2026, we do so with clarity, not certainty. We will manage our China business with patience, nurture our international segments with focus, and continue investing in the technologies and partnerships that make sustainable growth possible. Our

long-term vision remains, to build a truly global FinVolution. Thank you for being part of this journey with us.

I will now turn the call over to our CFO, Jiayuan Xu, for a deeper look at the numbers.

Jiayuan Xu: Thank you, Tiezheng, and hello, everyone. Let me go through our key results for the fourth quarter and full year. Please refer to our earnings press release for further details.

On a group level, our fourth quarter results reflect the near-term impact of our disciplined China strategy and continued investment in international expansion. Group net revenue was RMB3 billion.

In 2025, China economy remained largely stable with GDP growth of 5%, maintained within reasonable range while in pursuit of high-quality development.

On the industry front, the regulatory authorities released multiple new guidance for banks, consumer finance and micro-lending companies during the quarter, which aimed at lowering the overall financing cost.

As the industry reconfigured assets and funding in line with the new regulatory framework, we saw contraction in loan volume and pickup in risk in the second half of 2025. We are refining our underwriting parameters to focus on the high-quality borrowers, and have gradually phased out marginal assets that used to be credible before the new regulation. This provided protection to the unit economics.

Our IRR remained stable. As Tiezheng mentioned, the vintage loss of the newly-originated cohort began to stabilize around 3% in Q4. More importantly, early risk indicators began to show sign of peaking in middle-December, with Day 1 delinquency rate and D30 collection rate improving afterwards.

We continue to deepen our engagement with funding partners as the funding supply dynamics started to normalize. In Q4, we added new funding partners and further reduced funding cost by 20 basis points quarter-on-quarter to 3.4%.

Overall, our take rate held steady at around 3%.

Closing the quarter, we booked RMB2.1 billion revenue for China.

In our International Markets, we maintained strong growth momentum in Q4 with the consolidation of our new Australia business, complemented by broad-based performance across our established markets in Indonesia and the Philippines.

From a regional macro perspective, we navigated a period of moderate economic growth, with accelerated GDP growth in Indonesia offset by slower growth in the Philippines due to seasonal floods.

Overall, we delivered robust results. Our international transaction volume reached RMB4.1 billion or US\$0.6 billion for the quarter, up 41% year-over-year. And unique borrowers grew to 3.8 million, a 133.8% increase year-over-year.

Across the region, we are benefiting from a clearer regulatory environment. In Indonesia, the regulatory clarity provided by July's announcement to maintain the interest rate cap provided a stable framework. We proactively increased our customer acquisition investment, which drove transaction volume to a historical high of US\$0.3 billion, equivalent to 10% growth quarter-over-quarter.

In the Philippines, a new interest rate cap is scheduled to take effect in April 2026. We believe this upcoming change will favor players with strong technology and operational capabilities, areas where we excel. We are already preparing in advance to accommodate the new pricing structure.

Drawing on our relevant experience navigating similar regulatory transitions in multiple markets, we are confident in managing a smooth adaptation, even as we anticipate some near-term moderation during the transition period.

We continued to upgrade customer quality and expand our diversified product offerings to credible consumers. During the quarter, we have added 1.6 million new borrowers, up 26% quarter-over-quarter.

In Indonesia, our offline consumption finance initiatives boosted customer quality and engagement. Buy Now Pay Later solutions in mobile phone stores and other small-ticket items drew an influx of new users, growing new borrower base by more than 3x year-over-year.

In the Philippines, embedded e-commerce partnerships now contribute 43% of the country's volume, compared to 30% a year ago. Total transaction volume in the Philippines reached US\$0.2 billion, a 64% of growth year-over-year.

On new market, our recent entry into Australia marks a significant strategic expansion into a developed market. Australia represents a high-value English-speaking market with a mature regulatory framework that provides long-term operating stability. The combination of near-prime customers' unmet demand for digital lending, stable pricing structures, and an under-digitalized market creates a significant opportunity for superior risk-adjusted returns.

The Fundo acquisition allows us to leverage our core strengths in data-driven risk pricing, operational efficiency, and low-cost capital to grow in Australia efficiently, while building a durable and diversified revenue stream for FinVolution Group.

Moving on to shareholder return. We maintained our commitment to meaningful shareholder returns in 2025. We executed US\$40.7 million of buybacks in the fourth quarter alone, which is our largest quarterly buyback ever if we exclude the buyback concurrent with convertible issue in Q2.

We also increased our dividend per share by 10.5% to US\$0.306 for the year. The progressive dividend and buyback for 2025 highlights our commitment to our shareholder during a year of volatility.

In short, we navigated a complex environment and delivered resilient results in 2025.

In light of the recent regulatory changes in China, we expect full year 2026 group revenue to decline between 5% and 15% year-over-year.

Our long-term goal remains to be 50% of revenue coming from international markets by 2030.

We are stepping into the new year not with grand promises, but with a quiet, steady confidence in the resilience of our model, the dedication of our teams, and the solid partnerships we've built along the way.

Thank you. I'll now hand the call back to the moderator for Q&A.

Questions and Answers

Operator: Thank you. We will now begin the question-and-answer session. (Operator Instructions). Our first question today comes from Alex Ye at UBS.

Alex Ye: (Speaking Foreign Language). I will translate for my question. I have two questions here. The first one is about the company's shareholder return policy. So it's good to see the accelerated buyback pace since Q4. So can we expect this momentum to sustain in the near term, given there is still a lot of uncertainty on the regulatory front?

Second question is regarding the Chinese market. So based on the various regulatory tightening measures since last year, can you give us an update on some of your operational targets for this year for the domestic market, such as the loan volume growth, average loan pricing, and sales and marketing budget?

Jiayuan Xu: Okay. Thanks, Alex. I will take your questions. Well, your first question is about our share buybacks, yes. As we have mentioned, we stepped up significantly in the fourth quarter, reached about US\$40.7 million, and this is a quarterly record for us; and for the full year 2025, total repurchase come in at US\$107 million.

Despite the domestic regulatory headwinds, our China business has remained resilient, and our international business continued to deliver a very strong growth with improving profitability. So at the current valuation level, we see still the very attractive opportunities for us, so we are maintaining that repurchase momentum.

Just to give you some sense, in the first quarter so far, we have already executed another US\$38 million in buybacks. As of year-end 2025, we had about US\$74 million remaining under our current US\$150 million buyback authorization. We will continue to review the program regularly to ensure our buyback policy remains consistent and sustainable.

And beyond the corporate-level activity, I also want to highlight the personal commitment from our Chairman and senior management team. They have repurchased about US\$1.9 million worth of ADS, around 370,000 ADSs, using their own personal funds. This is a very clear signal of the long-term confidence in the company's core value.

And your second question is about our forecast for our domestic business. In 2026, our China business will focus on what we call the “high-quality operations”. That means greater focus on sustainability, compliance and serving better-quality customers. We are also extensively embracing the use of AI to drive efficiencies across customer acquisition, risk, and the various key functions within our organizations.

Here are some of our key priorities for information. As for the transaction volume in the first quarter, we typically would expect lower transaction volume due to Chinese New Year, and this year should follow the same pattern. And for the full year, it will really depend on the risk, the macro, the regulation, which we are closely tracking. At this point, we are focusing on strengthening our business operation and we will adapt as the conditions become clearer.

And for price, our price is shaped by funding partners and the regulator guidance. We are continuously refining our models to balance risk and return with a compliance framework. We are also offering the better pricing to high-quality borrowers. This aligns with the regulator expectation and is good for building a stronger customer base in the long term.

As for the customer acquisition, actually last year, the reset in China market led to relatively moderate competition in marketing activities. Customer acquisition costs came down as a result. In Q4, our cost per new borrower declined by 15% quarter-over-quarter, while our acquisition expense ratio declined by 22%.

Now we consider the current acquisition cost is quite attractive, especially when you compare the lifetime value a new customer can potentially bring. So we maintain a relatively proactive customer acquisition in the first quarter 2026, and we will keep a close eye on our customer acquisition strategy dynamically. Okay. Thank you, Alex.

Operator: Cindy Wang at China Renaissance.

Cindy Wang: (Speaking Foreign Language). I have two questions. First, could you give us the trend in Q4 and January to March for day-1 delinquency rate and 30-day loan collection rate? Based on the changes in early risk indicators, how do you see this round of the credit cycle, has it approached to the end or are still in the middle of the cycle?

Second, the revenue contribution from overseas market increased significantly in Q4. How do you view the revenue contribution from overseas market this year? And what customer acquisition strategy are employed in Indonesia and Philippines?

Jiayuan Xu: Okay. Thank you, Cindy. And I will take your questions. Well, your first question is about the risk metrics for our domestic business. Yes, actually, we have seen an increase in risk overall, but it appears to be contained, especially from the current vintage point. And during the quarter, we saw risk picking up from the end of September, accelerating in October, moderating but still trending up in November, and finally peaking in the middle of December.

Average early risk indicators in Q4 increased slightly from Q3. Day-1 delinquency rate was up from 5% to 5.5%, and the 30-day loan collection rate down from 88% to 86%. So the C-M2 flow rate as a result increased from 0.61% in Q3 to 0.77% in Q4.

And in the first quarter 2026, following the gradual runoff of our legacy loans from the tail-end customers, the quality of the existing loan portfolio continued to improve.

Meanwhile, the new loans are originated at high-credit standard and have better credit quality. So as a result, our day-1 delinquency rate has trended down in January and February for 2 consecutive months. For example, the early risk indicators show initial signs of recovery, returned to the level somewhat closer to the end of September last year. Now the day-1 delinquency rate has lowered to around 5%. Having said that, we continue to be vigilant on risk until the sign of recovery is clear.

And your second question is about our overseas market. Yes, in terms of the 2026 international revenue contribution, we expect our international business to maintain its rapid growth momentum this year. And for this year, we are guiding international revenue to account for roughly 30% of our full year total, and the profitability should scale nicely as well. We are looking at a meaningful step up from the US\$15 million operating profit we delivered in 2025.

And let me share some updates for the customer acquisition in Indonesia and Philippines. Well, we have built a pretty systematic approach to customer acquisition. It really comes down to three things: the precision traffic acquisition, embedding ourselves into high-frequency spending scenarios, and then locking in user loyalty through brand and experience. Those combination helps us move beyond just acquiring users; it's about capturing deeper lifetime value.

In terms of the online acquisition channels, across our international markets, we use mainstream channels like Google, Facebook, Instagram and TikTok. Backed by our data models and years of execution experience, we can reach our target audiences pretty efficiently. Those channels are not easy to master. They have high operating barriers, but once you crack the code, they can help you build a strong brand recognition and capture full user lifetime value. And once our model is validated, it becomes a sustainable growth engine for the local business.

And second, moving beyond the traditional online advertisement, we focus on deeper integration with local ecosystem. For example, in Indonesia, our Multi-Finance license was an important channel for our ecosystem expansion. It allowed us to expand from pure online cash loans into offline installment lending; cover things like 3C products,

home appliances and furniture. We are now showing up where people actually spend the money.

The results speak for themselves. We crossed 3 million new customers in 2025, 3 times of last year. This year, we will keep expanding that offline footprint and build out a true multiple channel acquisition network.

And in the Philippines, our approach is partnership-driven. We have integrated with lending e-commerce platforms to offer Buy Now Pay Later product at online checkout. That now accounts for 36% of our volume in 2025.

We have also teamed up with Smart, a major telecom operator for Buy Now Pay Later products on mobile top-ups. And also, we are working with Carousell, the regional secondhand marketplace, to embed financial services into their platform. The thinking is simple: meet users in their daily routines, make the financial service part of experience and the customer acquisition happens naturally. Okay. Thank you, Cindy.

Operator: Yujie Jing with CICC.

Yujie Jing: (Speaking Foreign Language.)] Let me translate my questions. which is about overseas market expansion. You mentioned in the meeting that we plan to enter developed markets, such as Australia. Could you share the strategic thinking behind this decision? And what's the current competitive and regulatory environment in developed markets? Also, could you briefly talk about the company's full development plans?

Tiezheng Li: Thanks, Yujie. I will take your question. I will answer your question in three parts. First is why developed markets. Let's think of it this way, we are taking the mature experience we have built in China. It's actually aligned pretty close with developed market regulations, and combining it with a scalable growth engine, we've proven in Southeast Asia. So we are exporting our capabilities to a new frontier.

We think developed markets offer something really valuable: large, established personal loan markets that are ripe for digital transformation. By entering this market, we are not just chasing growth; we are building resilience. A more balanced geographic portfolio helps us hedge against volatility in a new single market. And frankly, being one of the new fintech platforms that can credibly operate across both emerging and developed markets evaluates our global brand and influence.

And second, why Australia? Australia presented a clear structural opportunity. The unsecured personal loan market there is around AUD 33.5 billion. It is sizable, and we watched non-bank players steadily gain shares from traditional banks over the past few years. So as one of the first Chinese players to enter, we have first-mover advantage.

And looking at the general operating landscape, we see a somewhat moderate competition. Digitalization level remains moderate; there's no major dominant player in the space. So for a technology-driven platform like FinVolution, it's an ideal entry point. And added to that, a regulatory environment that's both robust and transparent, giving us

the clarity and the stability we need for long-term sustainable operation. So Australia became the natural first choice for our push into high-income, highly-regulated markets.

Third, why Fundo? Fundo has an ACL license. It typically requires a long expensive process to get, and ongoing compliance costs are significant. By acquiring Fundo, we effectively bought ourselves a fast pass to Australia market. It lets us enter faster at lower cost, and with the ability to immediately upgrade an existing operation rather than starting from the scratch. And the Fundo business already self-sustaining and profitable with strong risk controls in place. And more importantly, Fundo's level of digitalization and automation already put it ahead of most local competitors. That made it an ideal candidate to plug into our LEGO+ global platform.

Looking ahead to 2026, our focus is straightforward, sharpen our risk models and refine operations, and optimize funding costs to keep improving the unit economics. We are confident we can help Fundo to accelerate its growth, both in origination volume and revenue. Thanks.

Operator: Thank you. That concludes our question-and-answer session. I'd like to turn the conference back over to the company for any closing remarks.

Yam Cheng: Okay. Thank you. Thank you once again for joining us today. If you have any further questions, please feel free to contact FinVolution Group's IR team. This concludes the conference call. You may now disconnect your line. Thank you so much.

Operator: Thank you. Once again, that does conclude the conference call. You may disconnect your line at this time, and have a wonderful day.