[FINV] - FinVolution Group
Q2 2020 Earnings Conference Call
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Officers
Feng Zhang, CEO
Simon Ho, CFO
Jimmy Tan, Head, IR

Analysts
Alex Ye, UBS
Daphne Poon, Citi
Jacky Zuo, China Renaissance
Yiran Zhong, Credit Suisse
Steven Chan, Haitong International

Presentation

Operator: Hello, ladies and gentlemen. Thank you for participating in the Second Quarter 2020 Earnings Conference Call for FinVolution Group. At this time, all participants are in listen-only mode. After management's prepared remarks, there will be a question-and-answer session. Today's conference call is being recorded.

I will now like to turn the call over to your host, Jimmy Tan, Head of Investor Relations for the Company. Jimmy, please go ahead.

Jimmy Tan: Hello, everyone, and welcome to our second quarter 2020 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 ir.finvgroup.com.

Mr. Feng Zhang, our Chief Executive Officer, and Mr. Simon Ho, our Chief Financial Officer, 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. Securities and Exchange Commission. The Company does not assume any obligation to update any forward-looking statements except as required under applicable law.

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

I will now turn the call over to our CEO, Mr. Feng Zhang. Please go ahead, sir.

Feng Zhang: Hello, everyone, and thank you for joining our second quarter 2020 earnings conference call today. We are pleased to report healthy and solid results for the second quarter, thanks to the timely measures we took in response to the pandemic outbreak, the subsequent gradual economic recovery in China since the beginning of the second quarter, and our unwavering focus on comprehensive credit risk controls. Given the lingering uncertainties due to COVID-19, we remained agile in our operations with a prudent risk management approach in the second quarter.

Encouragingly, numerous operating metrics showed improving trends in the second quarter. In particular, credit risk across our platform has further improved, thanks to our continued investment in risk management technology, our prudent approach to risk management and our strategy to serve better quality borrowers.

In terms of our most recent delinquency trends, our day-1 delinquency rate in recent weeks has further improved to about 7.5%. If you recall, on our previous earnings call, our day-1 delinquency rate was 9.7% for the May period, and 12.4% in the fourth quarter of last year before COVID-19 appeared.

Our 30-day loan collection recovery rate has further improved to about 88%, which is roughly 4 percentage points higher than the levels in May on our last earnings call, and also in the fourth quarter of 2019.

These improving trends can be clearly seen in the delinquency data provided in our earnings release. The delinquency performance for our first quarter 2020 vintage is about 30% to 40% below levels 1 year ago, and at historically low levels.

And lastly, our vertical delinquency rates disclosed showed improvement quarter-on-quarter in almost all time buckets, and the improvement is particularly significant in the early-stage delinquencies – that is for loans that are 15 to 90 days past due. Such early-stage delinquency ratios have fallen back to levels at the end of last June and September. And this is achieved despite our total loan balance contracting by 30% to 40% compared to a year ago, which means that the underlying improvement in credit risk is actually larger than the figures suggest.

These figures all show that our credit risk profile today is significantly better than what it was before the COVID-19 and versus our historical range, thanks to our strategy to serve better-quality borrowers, our continuous investment in risk assessment technology like our Magic Mirror technology system, and our strong risk management capabilities.

Another improving trend in the quarter can be found in funding on our platform. Funding from our institutional partners continues to be stable and ample, and with the shift to higher-quality borrowers, we have seen keen interest by institutions to lend through our platform. One of our big focus this year has been on lowering funding costs. We are pleased to report that the current cost of funds from institutions has recently fallen to around 8.5%, compared to over 9% at the beginning of this year and over 10% last year.

Despite all the challenges in the first half of the year, our business operations remain resilient and profitable, thanks to our technological capabilities and relentless focus on executing our plan and strategy.

Now, let me address the implications of the Supreme Court's latest decision to lower the rate cap on private lending to four times that of the loan prime rate. It appears that the general understanding of the Supreme Court's decision is that firstly, it only applies to private lending, and not to licensed financial institutions, and secondly, the Court's rate cap seems to be defined on a nominal APR basis.

Although this cap seems to apply only to private lending, and since the fourth quarter of 2019, all the fundings on our platform has been from institutions, we decided to move proactively and swiftly after the Supreme Court decision and adjust our cap on total borrowing for new loan originations to 15.4% on a nominal APR basis. This proactive approach supports the regulatory direction for lower lending rates.

The cap is equivalent to around 27% IRR for our loan tenor profile, and is lower than the average borrowing cost previously on our platform, which prior to the adjustments was running at around 33% IRR.

To meet the Court's rate cap, we will discontinue service to some borrowers. However, we believe the vast majority of our customers, roughly 90%, can continue to be serviced profitably. And our loan volume guidance for the third quarter of 15 billion to 16 billion RMB, representing an increase of 15% to 22% over the second quarter, shows that we can and will continue to service the vast majority of our borrowers under the new cap.

Profitability will inevitably be lower than before, but as a result of the great progress we have made in improving risk performance and operating efficiency in the past year, we believe we will be able to continue to operate the business in a profitable and sustainable way.

We have a number of levers to pull. Firstly, with a higher quality borrower base, credit risk will be lower, and we expect vintage delinquency rates for this borrower profile to be below 4.5%. Secondly, we expect funding costs to further decline to below 8%. These targets are expected to be reached by the end of this year. And thirdly, we will continue to drive operating efficiency.

In addition, we will also collaborate more closely with our institutional partners to explore capital-light lending models. The significantly improved credit profiles of our borrowers and our strong technological capabilities make this new model an attractive proposition to our institutional partners.

Our timely and successful transition of funding on our platform from P2P to institutions demonstrates our agility and the core strengths in our technology and management capability.

Let me now update you on where we are on P2P – our back book of P2P funded loans has shrunk to 2 million RMB in July, so effectively none. P2P is not a hinderance for us anymore.

Finally, let me update you on other strategic initiatives, in particular how we are leveraging our technology capabilities to enable new businesses in financial services. Our international business is one example with Indonesia as our earliest and most developed international market. Our operations there was severely affected by the pandemic, especially between February and May.

But as the Indonesian economy re-opened, we have seen some very encouraging signs of recovery, and we are pleased to report that delinquency rates and loan volumes in our Indonesia business are back to levels at the start of the year.

We also continue to leverage our technology and operational experience to empower banks and financial institutions in their consumer finance operations. We expect an increasing number of institutional funding partners to deploy our technologies.

Another example of how we are leveraging our technology is our new wealth management business. Some of you who were individual investors on our platform previously may have received text messages about our wealth management offering, called 羚羊财富 or LY Fortune in English. Our new wealth management business focuses on servicing the huge mass affluent segment in China. Drawing on our technology and extensive experience in acquiring customers online and in serving retail investors, we are confident in our ability to succeed in this new business initiative.

Although the worst of the pandemic seems to be behind us, especially in China, we will remain vigilant towards the lingering risks from COVID-19, given that the situation internationally is still fairly severe.

With a long and proven track record in technology, innovation, and managing risk prudently and responsively through credit and economic cycles, we believe our innovative and vigorous culture will enable us to navigate challenges and unlock the vast potential in China's enormous consumer finance and fintech markets.

With that, I will now turn the call over to our CFO, Simon Ho, who will discuss our financial results for the quarter.

Simon Ho: Thank you, Feng, and hello, everyone. In the second quarter, despite the challenging Covid-19 environment, we delivered non-GAAP operating profit of RMB 576 million representing a sequential quarter on quarter increase of 24.2%, further demonstrating the sustained profitability of our core business model.

Our balance sheet and liquidity remain strong with RMB3.4 billion in unrestricted cash and short term liquidity. Leveraging on our strong technology, we look to capture new opportunities and expand our relationships with business partners.

Now, turning to the financial results for the second quarter. In the interest of time, I will not walk through each item line-by-line on this call. Please refer to our Earnings Release for more details.

Net revenue for the second quarter of 2020 increased by 10.3% to approximately 1.8 billion RMB from 1.6 billion RMB in the same period of 2019, primarily due to the adoption of ASC 326.

Loan facilitation service fees decreased by 57% to 405 million RMB for the second quarter of 2020 from 940 million RMB in the same period of 2019, primarily due to the decline in loan origination volume and a decrease in the average rate of transaction fees.

Post-facilitation service fees decreased by 52% to 153 million RMB for the second quarter of 2020 from 316 million RMB in the same period of 2019, primarily due to a decline in outstanding loans serviced by the company and the rolling impact of deferred transaction fees.

Net interest income was 333 million RMB, compared to 274 million RMB in the same period of 2019, mainly due to the increased interest income from the expansion in outstanding loan balances of consolidated trusts.

Guarantee Income was 821 million RMB for the second quarter of 2020 due to the adoption of ASC 326.

Non-GAAP adjusted operating profit, which excludes share-based compensation expenses before tax, was 576 million RMB for the second quarter of 2020, representing a decrease of 26% from 779 million RMB in the same period of 2019.

Other income increased by 24% to 34 million RMB for the second quarter of 2020, compared with 28 million RMB in the same period of 2019, primarily due to government subsidies.

Net profit was 454 million RMB for the second quarter of 2020 compared to 661 million RMB in the same period of 2019.

Turning to the balance sheet, we have a solid and conservatively positioned balance sheet, in particular our cash position remains strong with approximately 3.4 billion RMB of unrestricted cash and short-term investments as at the end of June 2020.

I also want to make two additional points about our balance sheet. First, our capital leverage is conservative. If you compare the total outstanding loans on our platform of 21 billion RMB by our shareholders' equity, the leverage ratio across the business was only 2.8x.

Second, credit risks are well reserved. We have 2 billion RMB of restricted cash set aside specifically to cover quality assurance protection and guarantees given to our institutional funding partners. This restricted cash alone just about fully covers the expected credit losses from such guarantees, which were 2.1 billion RMB.

On top of the restricted cash, we also have 1.3 billion RMB of quality assurance receivables that will be available from borrowers as they repay to cover such credit risks.

We have continued to buyback our shares. Between May 2020 and August 2020, we repurchased approximately 15.1 million ADSs. As of August 24, 2020, we have cumulatively deployed approximately 111 million USD to repurchase the Company's ADSs. Since the amount repurchased is close to the prior authorized amount of 120 million USD, our board has approved a new share repurchase program of 60 million USD, bringing the cumulative value of ADSs that can be bought back through our share repurchase programs up to 180 million USD.

In closing, with strong technology, management capabilities and a conservative balance sheet, FinVolution is well positioned to adjust to the new environment and develop a sustainable business for the long-term.

With that, I will conclude my prepared remarks. We will now open the call to questions. Operator, please continue.

Questions and Answers

Operator: Yes, thank you. We will now begin the question-and-answer session. (Operator Instructions). For the benefit of all participants on today's call, if you wish to ask your question to management in Chinese, we ask that you please kindly repeat your question in English. (Operator Instructions).

The first question comes from Alex Ye with UBS.

Alex Ye: Hi. Good evening, management. Thanks for taking my question. So my first question is on the new interest rate cap. So given the new 15.4% nominal APR will be equivalent to 27% IRR, could you share what's the current portion of your new loan that is priced above and below that cap? And so you mentioned that you are now moving towards level 1 to level 3 of better-quality customers. So could you also share what's the pricing levels for those better-quality customers you are currently serving? That's the first question.

And second question is related to debt. So do you see any volatility to your asset quality, lately, over the past few days, after the new interest rate cap news, given some borrowers may decide that they do not need to repay their debts. That is about the cap currently.

And my last question is on your loan growth outlook. So given we are on a great track to improving asset quality, when would you be more comfortable to resume better growth going forward? Thanks.

Simon Ho: Sure. Thanks, Alex, for your questions. Actually, as Feng mentioned on the call on his part just now, prior to the Supreme Court decision, our average IRR was running at 33%. And this consists the average blended number, but we were running roughly around, at that point, around 20% of our loan originations were priced at 24% IRR. We've been working to increase the percentage of 24% IRR loans.

And our original plan was to further increase this going forward. But of course, the Supreme Court decision accelerated those plans obviously fairly rapidly as a result. So we were pretty much along that path already. And essentially, obviously, the loans that for the customers that we continue to service, the pricing for those that we will continue to service will have to be adjusted in line with the 15.4% nominal APR limit. So that's the first question.

The second question is fairly simple. Have we seen any sort of volatility in delinquencies and credit risks? And the answer is no, we haven't detected any issues with credit risk at the moment at all.

And finally, your question on the loan volume outlook, now because I just want to mention because of the adjustments we are making right after the Supreme Court's decisions, our loan volume in September will come down moderately versus August, because as Feng said, we are not servicing 100% of all the customers, our plan is to run at this level for the fourth quarter, let the business fully adjust. So this could mean that fourth quarter loan volume could be flat to slightly below the third quarter. But our goal is to use the time we have in the rest of the year to fully adjust to this new environment, and start 2021 on a clean slate and resume growth. So that's our plan.

I hope that that answers your questions, Alex.

Alex Ye: Sure. Sure. That's clear, thank you.

Operator: Thank you. And the next question comes from Daphne Poon with Citi.

Daphne Poon: Hi. Good evening, management. Thanks for taking my questions. So my question is also regarding your pricing adjustments. So first, can you share your take rate outlook other than yield pricing that you lowered the IRR to 27%? And also in terms of the pricing range going forward, is it accurate to say that I guess going forward, it will be a narrow range, I guess, with most of the loans being concentrated around this 2 or 3 ceiling of this cap?

And also so you mentioned earlier that most of your borrowers I think 90% of your borrowers continue to be served under this new APR cap. So just wondering does that mean that previously, you were charging too much for these borrowers? And if it's mostly the same group of borrowers with a lower APR, then does that mean that credit cost will not come down as much, that will be similar to before?

And also one more question is regarding your longer-term credit cost outlook. So do you see that more room to decline and, yes, therefore, you expected the credit cost to stabilize? Thank you.

Simon Ho: Sure. Thanks, Daphne, all very great questions. I think firstly, on the take rates, just FYI, in the first half of 2020, our take rate was relatively stable throughout. It was running at about 4.4%. As we have mentioned under the new limits, the profitability will inevitably be lower, but we will have room to improve on credit risk, funding cost and operating efficiency.

And I think with the forward guidance, that Feng gave, which is by the end of the year, funding cost below 8, vintage delinquency below 4.5, you can get a pretty good sense of the potential economics that we're thinking of, and that our business can and will continue to operate profitably.

But I do want to warn that this is not a static exercise, that this is very dynamic. There are obviously several parts that are adjusting at the same time. And the end results are very, very much dependent on our own efforts and our management team. And we will strive to continuously improve and drive the profitability.

And I think going into next year, obviously, we will look to try and improve those metrics even further. And if you've looked at how we've transitioned from the P2P business over to the institutional funds, I think we do have a clear track record of managing such processes.

In terms of your question about whether we are over-charging our customers, I think it's all a bit dynamic again because what we have found and if you just compare what we said in the May earnings call about credit risk and what we are saying now I think the first half of the year overall has been it has turned out to be far better than we expected on the credit risk side.

So if you look at in May, we were saying the second half vintage delinquency rates could be around 6%; now we're saying 4.5% by the end of this year. So I think that's really the gap. I think, again, it's all a moving process, and what we've found is that actually, the risk of our borrower base is lower than we had expected. And long-term credit cost outlook, as I've said, look, 4.5% by the end of this year. And look, depending on the profile, I think we'd like to do better if we can.

Feng Zhang: Yes, I'll just add that we are optimistic that in the long term, that the risk profile, the vintage delinquency rate will be even better than the 4.5% guidance number we put out there. I think, Daphne, you followed us long enough, and we have a pretty solid track record of being relatively conservative in our last guidance on that front.

Daphne Poon: Understood. So maybe just one follow-up. So on the cost side, in terms of operating expense, do you also see moving to reduce that? Because currency is still at around 7% to 8% of your operational balance, which looks still higher than some of your peers. Yes, so just wondering on that front, do you see more room for cost optimization?

Simon Ho: Yes, Daphne, thanks for that. I think one of the results of that is we have been relatively quite conservative during the last 6 months, 6 to 9 months, and our loan origination volume has come off. I think a lot of sort of the cost concerns that you're flagging is related to our conservatism and prudence over the last 6 to 9 months. Our loan balance, FYI, would have declined about 30% to 40% versus 1 year ago. So I think once we adjust to the new environment and we resume growth, I believe you will definitely see quite a fair amount of operating and a fair amount of cost improvement come through.

And obviously, we will continue to drive work to improve operating efficiency using the various technologies we have, particularly we continue to optimize particularly a lot of the more labor-intensive functions in the company like loan collections, etc. So I think there is definitely room for us to improve on that front as well.

Daphne Poon: Okay. Got it. Thanks.

Operator: Thank you. (Operator Instructions). And the next question comes from Jacky Zuo with China Renaissance.

Jacky Zuo: Good evening, management. Thanks for taking my question. Just a follow-up question on regulation so from my understanding, the Supreme Court actually issued a document in October last year saying that the IRR above 36% will be illegal. So will that document still valid from your understanding? So how do we view for the loan pricing above 15.4% APR and below 36% IRR to that range? Will you consider continue doing that range?

If not, maybe another follow-up question is so what do you think about that pricing range? And if everyone is exceeding that pricing range, do you see some contingent risk from these segments of borrowers if there's no credit supplied to them? Thank you.

Simon Ho: Jacky, thanks for your question. I think the answer is fairly simple. And as we laid out on the call, we have moved very very swiftly, after the Supreme Court's decision to cap all of our new originations on the platform to the 15.4% nominal APR. So that's what we're doing. We are not going to be as far as we know today, we're not operating up to the 36% IRR limit, obviously, unless we have very concrete and very firm legal opinion that that is obviously possible. So as of today, we have capped all of our new originations at the 15.4% APR, nominal APR level.

Now with regards to what happens if there are other people lending between that below 36% IRR, but above 15.4% APR, I think you're better off, ask a lawyer. We are not planning to operate in that at this point, but I think there might be some time required to sort of for these full opinions and to come out.

Now as we mentioned, we haven't seen any issues with credit risk. But to be honest, even if there when there was a 36% IRR cap or requirement, actually, as you probably know and you know the sector pretty well, there are still many players out there that do 36% nominal APR, which is much higher than the 36% IRR.

So there will always be other people out there that will take that additional risk, I think. But no, but we're not, and we are very focused on compliance within the company. So we are very strict on this. Thanks.

Jacky Zuo: Maybe a follow-up so for the new loans originated, you mentioned you plan to do 15.4% APR. So for existing borrowers, probably priced at higher than the price currently, so how soon you will offer this cheaper price loan to them? Will that be like instantly or like fourth quarter of this year? Thank you.

Simon Ho: So Jacky, we are applying this new rate cap on all new loan originations, right? So I think if a borrower has an outstanding loan that is above that, that was obviously made prior to the Supreme Court's decisions, then I think that will continue to stay. And then for all of the new originations that we facilitate, it will be capped at that new level.

Feng Zhang: Yes, I'd just add that will include new draw-downs from existing borrowers if they have additional credit line. So in essence, from yesterday, that essentially after the decision, all of the loans we issue, either for completely new customers or for existing customers, new draw-down will be capped at a 15.4% nominal APR. I want to be very clear on that.

Jacky Zuo: Okay. Thanks, good. Thank you so much.

Operator: Thank you. (Operator Instructions). And the next question comes from Yiran Zhong with Credit Suisse.

Yiran Zhong: Hi. Good evening management. Just a follow-up on your customer acquisition as you continue to upgrade your customer base. I think given the current conservative originations volume, it seems you are sticking with existing customers for now with very high repeat borrowing rates and slow new customer acquisition. But going forward, what's your customer acquisition strategy when you do decide to be more aggressive to ramp up your volume? And do you expect a more intense competitive landscape in the new targeted borrower segment compared to your previous borrower base? Thank you.

Simon Ho: Thanks, Yiran. I think you're right, if you look at you're right in some respect that we service a lot of existing customers. And I think that is in part because we've been more conservative, but also we have a large pool of existing customers as well, a very large base. We have not completely stopped new customer acquisition at all at any time and point this year. It has been less, but actually lately, it has been actually picking up.

And within the new customers we acquire in the market, a significant percentage has been in the higher-quality segments, the 24% IRR segment, in fact. So I think a likely scenario is that we will probably run, roughly speaking, 15% of volume with new customers, 85% existing. That's been roughly where things have been over the last 12 months, and I think that's sort of the norm for the time being until we fully adjust the business.

So we will continue to acquire. We have been and we will continue to acquire new customers, and we are acquiring in the higher-quality segment, okay? So this is not a new thing for us at all. And if you sort of calculate our acquisition costs for new borrower, they have been drifting up, and this is a reflection of what we're doing on the acquisition front. And the trend will, I think, will continue.

And I think we will but overall, I think acquisition costs, the higher acquisition costs, for the new segment is paid for by the better quality, the lower credit risk. And we will also and the ticket size will also be somewhat larger than in the past. Of course, someone who has much better credentials don't want to be borrowing just RMB2,000, RMB3,000. So you see these trends, I think, progressing going forward.

Our acquisition strategy as a result, I think it's going to be an ongoing optimization and gradual ongoing improvement. We have mainly been relying on a range of social media platforms, information feeds and on advertising. And we will continue to optimize and expand these channels to reach our target segment.

So far in our efforts to acquire customers in this new segment, we actually haven't come across competition that is not manageable. I think there will always be competition. I think we're pretty confident that we could be acquiring at the volumes that we need in the segment.

Yiran Zhong: Okay. Thank you.

Operator: Thank you. And the next question comes from Steven Chan with Haitong International.

Steven Chan: Two quick questions. First one, we heard about you're quite confident about lowering funding cost, improving operating efficiency and then lower delinquency. So based on your new scenario, what will be your breakeven point? That means that the breakeven lending rate under your new business scenario. Will for example, you mentioned about 24%, some of your customers, are those customers making profit? So this is my first question.

Second question is about you mentioned about the wealth management business. So could you elaborate more about this new business? What sort of license are you getting on? Is it legal to sell wealth management products on the internet platform? So basically these two questions.

Simon Ho: Steven, thank you for your questions. Firstly, at the IRR 24% level, those customers are profitable; otherwise, we wouldn't be operating in that space at all. They are profitable and have been rising as a percentage of our business.

And in terms of your question about breakeven rate, again, I don't want to directly give a number and that's it, because as I said, profitability is not a static exercise; it's actually a dynamic process, right? So you can't say, look, on your spreadsheet, funding cost is fixed, and then credit risk is fixed, and then just lower the yield, and then it goes to zero, right? Clearly, if it goes down too fast, then yes, but if the yield goes down, quality goes up, right? Risk goes down and funding costs potentially will also go down because they are all actually inter-related at the same time.

So I think we'll leave it at that at this stage. And clearly, if you wanted to go into more details, we'd be very happy to sit down and walk you through in more details on that topic.

In terms of the wealth management business, I think just to give you some color on what we're doing, first of all, we think the wealth management market in China is huge, particularly the mass affluent sector. We have natural synergies to do this because we are leveraging again the technologies we have, and we have also very good experience in servicing retail investors, which we gained back in the P2P days. I think as of right now, we have had about RMB1.4 billion of investment facilitated through LY Fortune. And it's still early days, but we will provide updates as obviously, our business develops.

The model itself is we're not a manufacturer; we're not an asset manufacturer. In a sense, we are introducing customers, introducing traffic to our partners, the partners who are obviously selling these, providing these products. So actually, if you open up the app, or go to the LY Fortune website, you see that, for example, bank deposits is one area that we are active in, and we don't need a license to be distributing that. We are actually just referring customers to the banks.

And for fund sales, we are at the moment partnering with a third-party company that has a fund distribution license. So the business that we're doing is fully compliant, and there are no regulatory issues around our business model.

I hope that helps to answer your questions, Steven.

Steven Chan: Thank you, thank you, very clear. Thanks.

Operator: Thank you. (Operator Instructions). As there are no further questions now, I'd like to turn the call back over to the company for closing remarks.

Jimmy Tan: Okay. Thank you once again for joining us today. If you have further questions, please feel free to contact FinVolution Investor Relations team. And good night everybody, and happy Valentine's Day.

Operator: Thank you. This concludes this conference call. You may now disconnect your lines. Thank you.