

**[FINV] - FinVolution Group**  
**Q3 2025 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 Third Quarter 2025 Earnings Conference Call for FinVolution Group. (Operator Instructions). After management's prepared remarks, there will be an opportunity to ask questions. 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: Hello everyone, welcome to the third quarter 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 e-mail alerts by visiting the IR section of our website.

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 of 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 over the call to our CEO, Mr. Tiezheng Li. Tiezheng, please go ahead.

Tiezheng Li: Thanks, Yam. Hello, everyone. Welcome to our earnings call. In the third quarter of 2025, against a dynamic regulatory backdrop in China, we delivered another resilient result driven by robust growth in our international business. Total revenue grew 6.4% year-over-year to RMB3.5 billion, and net profit came in at RMB641 million, up 2.7% year-over-year. Our China business demonstrated stable revenue.

Meanwhile, our international business continued to shine. Transaction volume was up 33% year-over-year and revenue rose in line with volume, up 37% year-over-year.

Our international segment continues to be an effective natural hedge to our China business, representing a record 25% of total revenue this quarter comparing to 19% a year earlier.

We made meaningful progress in our international expansion. Our borrower base now stands at a cumulative 10 million, with new borrowers up 18% sequentially in the third quarter, reaching 1.3 million.

Notably, our international new borrower count has exceeded China's for 6 straight quarters.

In Indonesia, growth accelerated following the stable interest rate policy announced by the OJK in July 2025. We also succeeded in upgrading customers' quality, which improved risk metrics and take rate.

In the Philippines, we boosted transaction volume by 86% year-over-year to RMB1.6 billion, despite typhoon-related seasonal softness.

Turning to China's regulatory landscape, a new consumer finance regulation framework took effect on October 1, 2025. As expected, we saw transitional effects across the industry in the third quarter. Our response was proactive and disciplined.

We tightened credit standards to keep delinquency in check, prudently managed the loan growth, and maintained close communication with our funding partners to ensure stable funding supply. Our funding cost improved slightly as a result.

We anticipate that full implication of these regulations in the fourth quarter could create short-term uncertainties over volume, revenue and risk metrics, but this is not new to us. As an industry pioneer with 18 years of proprietary data spanning diverse credit profiles and economic cycles, we have built a deeply resilient foundation. We continuously enhance our industry-leading risk assessment and pricing capabilities by leveraging big data analytics and AI to refine our models.

Most importantly, we have the experience of agilely adjusting our operations to dynamic regulatory shifts. We have successfully navigated through interest rate change in China and other developing countries. And we are well prepared to adapt to this new environment.

We also continued to lead on the technology and AI. In the third quarter, we hosted our annual FinVolution Global Data Science Competition, which brought together top AI researchers, engineers and data scientists to develop tools to combat deepfake image detection. Over the past decade, the competition has attracted nearly 10,000 cumulative participants and covered frontier topics including credit assessment, fraud detection, behavioral analytics, dialect recognition and voice authentication.

The competition is winning growing recognition from academic institutions as well, including official tracks at IJCAI International Joint Conference on Artificial Intelligence 2025 and CIKM Conference on Information and Knowledge Management 2025, underscoring the value we're bringing to the global AI ecosystem.

On the ESG front, we adopted AI to improve fulfilment of customer service and enhance consumer right protection. During the quarter, we introduced new upgrade on customer service AI agent to more accurately identify customer intent and automated response to select inquiries based on the level of urgency. This upgrade simplifies the customer service journey, enabling more timely engagement with customers. During the quarter, the enhanced AI-agent had successfully completed over 1 million times of service interactions.

In summary, we deliver a resilient quarter thanks to disciplined execution of our Local Excellence, Global Outlook strategy and an experienced response to changing regulations.

Our diversified portfolio was a key strength. We remain confident in the long-term fundamental of our China business, while our international operations are gaining exciting momentum.

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

Jiayuan Xu: Thank you, Tiezheng. Hello, everyone. Let me go through our key results for the third quarter. Please refer to our third quarter earnings press release for further details. Let's start with China. The economy remains in moderate recovery mode. Domestic demand is still relatively mild amid a complex external environment.

Consumer confidence index trended up slightly in Q3. Against this softer environment, coupled with the early impact of the new regulation, we saw mild contraction on loan volume and uptick in credit risk in the industry. Our loan origination volume contracted by 6.3% quarter over quarter. Our take rate in China was down from 3.4% in the 2<sup>nd</sup> quarter to 3.0% this quarter, primarily due to higher credit cost. Our expected vintage loss trended from 2.5% to 2.9%. Day-1 delinquency rate showed similar trend, increasing from 4.7% last quarter to 5.0% this quarter, while our 30-day collection rate was down from 89% to 88%. On the bright side, market liquidity has improved while funding cost has been on a downward trend, improving from 3.7% last quarter to 3.6% this quarter. Customer acquisition has also become more reasonable as competition for consumer eased. Looking ahead, we should continue to be vigilant on risk as we manage our business.

On the international front, we delivered robust growth this quarter, underscoring the strength of our regional strategy and the power of our scalable platform. Underpinning this regional performance is our core technological capability. We are systematically replicating our proven playbook, spanning technology, risk modeling, and partnership frameworks, into high-growth economies like those in Southeast Asia. The results speak for themselves.

From the macro standpoint, we saw a touch of softness in the region. Typhoon season lowered PMI to 49.9 in the Philippines while consumer confidence remained similar in the third quarter in Indonesia.

Against this economic climate, we delivered RMB 3.6 billion in total transaction volume, a 33% increase year-over-year. The growth was broad-based, with Indonesia and the Philippines contributing 57% and 43% of volume respectively.

Our unique international borrower base also expanded to 3 million, surging 114% year-over-year, confirming the deep, untapped demand across the region.

Our regional strategy evened out the distinct local conditions and brought about diversification. For example, while our growth was moderated by the seasonal typhoon in the Philippines, we were encouraged by the stabilizing regulatory environment in Indonesia, allowing us to accelerate our user acquisition. This drove transaction volume to RMB2.1 billion, up 14% year-over-year, and loan balance to RMB1.4 billion, up 21% year-over-year in Indonesia.

Across the region, we continue to scale the platform with our operational knowhows. We strategically upgraded our user quality in Indonesia to drive improved unit economics, as evidenced by longer loan tenure, healthy risk metrics and higher take rates.

Furthermore, our partnerships with ecosystem partners continue to expand. Our growing credibility is unlocking premium funding sources and attracted a new institutional bank partner to our franchise in the Philippines.

Our e-commerce partnerships also continue to proliferate, forming 36% of volume in the Philippines, up from 20% a year ago. As a result, transaction volume was up 86% year-over-year to RMB1.6 billion and loan balance surged 101% year-over-year to RMB897 million in the country.

Overall, strong operational execution this quarter produced resilient financial results despite modest external challenges. Group net revenue reached RMB3.5 billion, up 6.4% year-over-year. Net income was RMB641 million, up 2.7% year-over-year, but down 14.7% sequentially partially due to one-off government subsidies in Q2.

Our balance sheet remains healthy, with cash and short-term investments of RMB7 billion and a historical low leverage ratio of 2.4x. We also maintained a prudent provision coverage ratio of 570%.

Furthermore, we remain committed to shareholder return. In the third quarter, we repurchased a total of approximately US\$2.6 million. As of September 30, 2025, we have repurchased a total value of approximately US\$66.5 million, bringing cumulative share repurchase amount to US\$437 million since 2018. Since October, we further accelerated our buyback efforts amid market price dislocation.

In short, we continue to demonstrate strong execution of our Local Excellence, Global Outlook strategy. While our financial performance for the first 9 months ended September 30, 2025 remains generally in line with our revenue forecast for this period, the recent regulatory changes in China have introduced near-term uncertainties.

We now expect full-year 2025 total revenue guidance to be in the range of approximately RMB 13.1 billion to RMB 13.7 billion, representing year-over-year growth of approximately 0% to 5%.

Thank you. Now let me hand over the call to the moderator. Operator, can you continue?

## Questions and Answers

Operator: Okay. We will now begin the question-and-answer session. (Operator Instructions). Alex Ye with UBS.

Alex Ye: (Speaking Foreign Language). So I will translate my question. My first question is regarding -- so given the current regulatory changes, it has introduced some volatility in the near-term risk, as well as impairment charges, which impact our earnings as well. So I'm just wondering how should we expect our normalized take rate next year, which settle in the next few quarters after assuming the asset quality gradually stabilized?

The second question is regarding our buyback plan. So can you remind us what are the current unused quota that we have in place? And given the current elevated uncertainties and depressed share price, do you have any more specific guidance in terms of the pace and scale that you're going to implement those buyback plan in the next 12 months?

Jiayuan Xu: Okay. Thanks, Alex. I will take your questions. Your first question is about the normalized situation and the 24%, but our risk-bearing loan stays within 24%. In Q3, the average rate is around 21.9%. So following the 24% cap, there were several factors to consider. First, risk may fluctuate across cycle, and is the most important factor in the current environment. Based on our experience in the previous cycles, it would be mostly back to the normal level.

And on the funding side, subject to the demand and supply of liquidity, now we are seeing more liquidity changing after high-quality assets, as there should be some room for the optimization of funding costs. So overall, for our risk-bearing portfolio, the take rate should likely track where it was during the normal period.

However, the new regulation may impact some parts of our business, such as the traffic referral business. Some customers will no longer be served. Also, we expect the take rate for this service should narrow accordingly. It depends on the factors like the market liquidity, funding costs and the risk appetite of our partners.

Below the revenue take rate, we also need to factor in operation efficiency. On the user acquisition front, we have noticed that reduced competition in the market. There should also be some room to optimize the acquisition costs. We will continue to adjust our acquisition pace dynamically based on price, funding availability and the risk strategy.

As the business scales up and the technology becomes more deeply embedded across our operations, we also see further potential to optimize the fixed cost. In the short term, we do anticipate some P&L impact from the risk. This risk uptick will tighten our new loan origination and impact the volume.

At the same time, the historical cohort will likely underperform when risk increase. It results in the high provision cost. Both elements could reduce the near-term profit level. As the risk metrics are still volatile, it may be too early to say how risk may evolve, but we will continue to monitor this closely.

And your second question is about the shareholder return. On the buyback front, so we have been actively repurchasing our shares. As of November 14, we have bought back USD78.4 million worth of shares. Notably, the pace picked up in the fourth quarter. We did \$12 million in the Q4 so far, which is nearly 5x what we did in the third quarter. So given the momentum, we are on track for a full year total that looks a lot like last year.

And for the dividends, in 2024, we paid out \$0.277 per share, representing 17% year-over-year increase. And it marks 5 straight years of growth. Average is an 18% CAGR. And looking ahead, our focus remains on delivering the steady growth of our DPS.

Let me reiterate our shareholder return strategies. Even with all the short-term fluctuations in the market, our core commitment to our shareholders remains solid. When we think about the returning value, we will look at the whole picture, including the dividend and the share buyback program. We will weigh the benefits of each.

And right now, with our stock trading at just 0.6x of our net book value, and only 1.5x of our short-term liquidity, in this situation, buying back our own shares is an effective way to create the value for our shareholders. That's why we are ramping up our buyback activity. Okay. Thanks.

Operator: Cindy Wang with China Renaissance.

Cindy Wang: (Speaking Foreign Language). I have two questions here. First one, could you tell us what's your day-1 delinquency rate, and also the 30-day loan collection rate in third quarter? And based on the early risk indicators since July, have you seen a stabilization in October and November? And how do you determine the inflection point of credit risk?

Second, looking ahead, will the growth momentum in overseas market accelerate? And what are the main product driving growth in Indonesia and the Philippines?

Jiayuan Xu: Okay. Thank you, Cindy. I will take your first question, and Tiezheng will take your second question.

Your first question is about the risk in our domestic business. Well, the new regulation has tightened the industry-wide liquidity and increased the credit risk. And this was reflected in our Q3 results with the day-1 delinquency rate increasing by 30 bps quarter-over-quarter to 5%, and the 30-day collection rate softened to 88%.

This trend persisted in the early October, driven by the regulatory changes and the seasonal effect on the National Day holiday. We saw a further uptick on risk in the first half of October. Now we have begun to see early signs of stabilization.

By November, the day-1 delinquency rate decreased by 4% from its October peak, though it remains by 8% above the Q3 average. While this is a positive development, we believe it's too early to draw a conclusion here and if we can see the sustained improvement over 2 consecutive months, it could be a turning point.

Our response to this cycle has been shifting and strategic. We focus on the key risk management areas like risk underwriting, collection. We have proactively refined our risk models, leveraging the insights from past downturns to simulate various scenarios to more precisely calibrate credit exposure.

Furthermore, we are deploying advanced AI to enhance our early warning alert capabilities for individual borrower stress. This analytical approach has been translated into concrete measures. We have tightened the underwriting standards, reduced exposure to high-risk profiles and scaled back customer acquisition spending on lower-quality channels.

On the collection front, we have adopted a more refined and dynamic strategy, customizing repayment reminders based on user categories and enhancing our communication approach.

So the cumulative impact of this volume and risk management adjustment is that while overall risk levels remain on a higher level, the rate of increase has begun to moderate. As a market leader with a consistent prudent risk culture and deep cyclical experience, we are confident in our positioning. We maintain strong risk resilience supported by ample cash reserves and consecutive provision coverage ratio of 570%.

This solid financial foundation positions us to not only withstand the current market fluctuations, but to emerge from this cycle in a strengthened competitive position. Thank you.

Tiezheng Li: I will share some information about the growth and products on our international markets. Our international business is growing very fast right now, and from 2020 to 2024, the transaction volume grew at a CAGR of over 70%. And in Indonesia, after interest rate cap adjustments, the business has bounced back and is now growing very quick. And the Philippine market has kept up high double-digit growth year-on-year.

Looking ahead to 2025, we expect transaction volume for both markets grow at current trajectory, and profitability should also stay solid.

And from the product side, we have a diverse product to meet different consumption scenarios. And in Indonesia, we are not just doing online cash loans, we've also been pushing into buy-now-pay-later in offline retail. And we got most finance license last year, and we are rolling out installment finance for products like phones and e-bikes and appliance and furnitures.

And we have built partnership with leading electronic brands to attach our financing solutions to select 3C products in their store. Right now, the buy-now-pay-later product still makes a small part of our overall business, but they are growing very fast. It's 6x in transaction volume year-over-year.

And in Philippines, we built attractive e-commerce partnerships. It's contributed 36% of the transaction volume. We started TikTok Shop partnership in February last year, and now the transaction volume was triple of what it was a year earlier. This helped us reach a whole different kind of customer cohort, a smaller ticket size, a higher repurchase frequency, and a lot of them are female customers. And these users tend to be lower risk, and it will balance out our online loan portfolio.

Building on the success, we are expanding similar solutions to daily consumption in broader industry. For example, we recently partnered with Smart. It's a Philippine local telecom provider, provides consumer with buy-now-pay-later solution.

As we keep expanding into more offline scenarios, we'll be able to reach even more people who aren't active online. So we expect our customer base to keep getting broader and higher quality over time. Thank you, Cindy.

Operator: Yujie Jing with CICC.

Yujie Jing: (Speaking Foreign Language). With the current uncertain regulatory situation, what measures has the company taken to address it? And what are the key priorities for the future development?

Tiezheng Li: Thanks, Yujie Jing. For over 18 years, FinVolution has successfully navigated multiple market cycles. In China, we have upgraded from a P2P model to a loan facilitation model, adapted to an evolving regulatory landscape, and managed through several interest rate cap adjustments.

Our international business has similarly matured through its own cycle of regulatory change. This experience made us a more resilient and stronger company.

In China, we took preemptive action early this year in response to initial signs of market volatility, and decisively prioritized quality over quantity. In recent months, we have proactively upgraded our borrower base, and we raised our underwriting standard to target higher-quality customers. And we also adjusted our user acquisition spend to maximize risk-reward efficiency from a lifetime value perspective. This strategy allowed us to reduce both near-term risk and the user acquisition cost.

As a direct result of these efforts, our sales and marketing expense decreased by 12% quarter-over-quarter. Looking forward, we remain vigilant in our risk management discipline.

And turning to our international markets, since our expansion began in 2018, we have built one of the few scaled overseas platforms in our sector. We reached a significant milestone this quarter, and as our international revenue contributed 25% of group revenue for the first time.

Today, our international business has built a strong foundation. We have over 15 institutional funding partners, a diverse network of online and offline partnerships, flexible product offerings and a complete licensing portfolio across multi countries. So our playbook has proven successful in Southeast Asia, and we are well positioned to replicate this model further.

And looking ahead, the China market will continue to be a major bedrock of our business. We will focus on the right balance between risk and growth, solidifying the foundation for profitable, long-term sustainable business. And our international operations are already profitable, and we will continue to enhance the profitability as we scale.

Our strategic target is to build a balanced portfolio with 50% of our business coming from international markets by 2030. Thank you.

Operator: As there are no further questions, I'd like to turn the call back over to management for any closing remarks.

Yam Cheng: Thank you once again for joining us today. Apologies for the disconnection of the call. If you have any further questions after this call, please feel free to let us know and contact the FinVolution IR team. Thank you so much.

Operator: This concludes the conference today. You may now disconnect your lines. Thank you.