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Q4 2023 Qifu Technology Inc Earnings Call

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. And welcome to Qifu Technology fourth-quarter and full-year 2023 earnings conference call. (Operator Instructions)

Please also note that today's event is being recorded. At this time, I'd like to turn the conference call over to Ms. Karen Ji, Senior Director of Capital Markets. Please go ahead, Karen.

Karen Ji ***Qifu Technology Inc - Senior Director of Capital Markets***

Thank you, Emberling. Hello, everyone, and welcome to Qifu Technology fourth-quarter 2023 earnings conference call. Our earnings release was distributed earlier today and is available on our IR website. Joining me today are Mr. Wu Haisheng, our CEO; Mr. Alex Xu, our CFO; and Mr. Zheng Yan, our CRO.

Before we start, I would like to refer you to our Safe Harbor statement in earnings press release, which also applies to this call. During the call, we will be making forward-looking statements, which are predictions, projections, or other statements about future events.

These statements are based on current expectations and assumptions that are subject to risks and uncertainties that could cause actual results to differ materially. For more information, please refer to the risk factors discussed in our most recent Form 20-F filed with SEC.

Also, this call includes discussions of certain non-GAAP financial measures. Please refer to our earnings release, which contains a reconciliation of the non-GAAP financial measures to GAAP financial measures. Also, please note that unless otherwise stated, all figures mentioned in this call are in RMB terms.

Today's prepared remarks from our CEO will be delivered in English using an AI-generated voice. Now I will turn the call over to Mr. Wu Haisheng. Please go ahead.

Haisheng Wu ***Qifu Technology Inc - Chief Executive Officer, Director***

Hello, everyone. Thank you for joining us today. During the quarter, our efforts in optimizing our top- and bottom-line performance started to bear fruit, capping off a solid 2023 for us. As we empowered more financial institutions, total loan facilitation and origination volume on our platform reached RMB119 billion, up 13.8% year over year.

With the ongoing business optimization, our revenue increased 15.1% year over year to approximately RMB4.5 billion, hitting a nine-quarter high. Our non-GAAP net income increased 25.1% year over year to roughly RMB1.15 billion, representing the fastest growth seen over the past nine quarters.

From an annual perspective, total loan facilitation and origination volume on our platform increased 15.4% year over year to a record RMB475.8 billion. Non-GAAP net income increased approximately 6% from last year to roughly RMB4.45 billion.

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In 2023, we promptly adjusted our strategies to navigate market challenges, which allowed us to not only meet the growth target set at the beginning of the year, but also achieve a notable improvement in profitability during the second half of the year. This robust performance underscores our operational resilience and sets a solid foundation for our high-quality development in 2024.

The consumer credit industry entered the post-pandemic era in 2023. As China navigated a bumpy journey towards economic recovery, consumers within the high-quality segment were becoming increasingly cautious about borrowing. Simultaneously, certain user segments started to face pressures on repayments amid elevated youth unemployment rates.

The deceleration in the overall consumer credit market's momentum also led to a decline in the marginal efficiency of incremental growth. After thorough consideration by management, we have set quality growth and profitability as our primary objectives and shifted our operational strategy to prioritize efficiency over scale. By refining every aspect of our operations, we aim to enhance the long-term healthiness and sustainability of our business.

In 2023, we achieved substantial progress in terms of quality growth and profitability. Speaking of quality growth, we extended our market reach to target customers by further diversifying user acquisition channels. Starting in July, we began working with a leading short-form video platform as their only fintech partner through our embedded finance model.

By leveraging our strong user profiling and risk identification capabilities, we quickly ramped up our user base and consistently maintained a leading market share on the platform. Additionally, we have actively pursued and engaged in similar collaborations with industry-leading platforms across other verticals, such as e-commerce, payment, and mobile phone app stores.

In 2023, the percentage of new users with approved credit lines through the embedded finance channel rose to 31%, with 82% increase in loan facilitation and origination volume. Through the ongoing refinement of our profit model, the ROA of our embedded finance business in Q4 increased by roughly 20% from the same period last year.

The collaborative nature of this business model allows us to complement the platforms and capitalize on their rapid expansion to quickly achieve scalable profitability. We are optimistic about maintaining another strong growth performance in embedded finance this year.

In 2023, we saw a notable improvement in our overall acquisition efficiency. While the number of total new users with approved credit lines increased 7% compared to 2022, our sales and marketing expenses decreased 12%, leading to an impressive 18% year-over-year decline in acquisition cost per credit line user.

In 2023, we improved our profitability meaningfully while sustaining solid growth. Thanks to a stronger funding position, greater asset allocation efficiency, and our enhanced products and services.

On the funding front, we further optimized our funding structure and reduced our annual funding costs by more than 1 percentage point year over year in 2023. We issued RMB12.5 billion ABSs, representing a year-over-year increase of 56%. Benefiting from the robust demand from state-owned and joint stock banks, as well as major securities firms, our ABS issuance costs decreased 75 basis points. Additionally, we have secured the first-ever AAA international rating for exchange-traded ABSs. This will help us attract more funding from reputable overseas institutions, allowing us to further boost issuance volume and optimize issuance costs.

In terms of asset allocation, with the accuracy of user profiling and identification continuously improving, we onboarded a more diversified spectrum of financial institution partners, strengthening our ability to serve various loan asset segments. By aligning assets based on the risk appetites of different institutions, we optimized our asset allocation and increased overall returns on our loan portfolio.

In 2023, our loan facilitation and origination volume under the ICE model steadily increased. The enhanced precision in asset allocation increased the underwriting efficiency from financial institution partners, resulting in a notable improvement in our take rate. In Q4, our revenue take rate as a percentage of loan volume for ICE improved by 54% from the same period last year.

On the product front, we launched a loyalty program catering to various user needs and improving the engagement of our existing users.

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By offering a wide range of value-added services, we improved our user retention. Going forward, we will continue to enrich our product offerings and implement differentiated strategies to create value for users, ultimately boosting our users' LTV.

Risk management is the cornerstone of our business. In the second half of the year, we encountered notable volatility in our asset quality due to the broader macro headwinds. The stricter line controls by China's telecom carriers in Q4 added further pressure to our overall risk profile.

In response to these challenges, starting in Q3, we have gradually tightened our credit standards and iterated risk strategies across the loan facilitation, credit operation, and post-credit process to improve our risk metrics.

First, we further enhanced our credit approval system, which allowed us to extend a greater proportion of credit lines to high-quality users. Second, we revamped our strategic framework for existing borrowers and introduced external data sources such as ByteDance, Tencent, and Umeng for joint modeling and scoring, thereby enhancing our ability to identify and intercept high-risk customer segments.

Third, we fine-tuned our collection strategies and incentive schemes to increase our collection efficiency. With these measures in place, we began to see a steady improvement in risk metrics for new loans in November and onwards, and a gradual recovery in risk performance for overall loan portfolio starting in January and February of this year. As our historical loan assets gradually mature and new loans make up a higher percentage of our portfolio, we expect our overall risk performance to further improve this year.

Our technology solutions business continued to make solid progress in 2023. We further optimized our product offerings and entered into partnerships with a number of financial institutions covering different categories, including joint stock, Internet, private, and municipal banks. We tailored our deployment models to cater to their specific needs and remain committed to providing them with end-to-end technology solutions. We expect more clients will be ready to deploy our solutions on a broader scale throughout this year.

In 2023, we strategically allocated more resources to artificial intelligence and large language models, and took the initiative in exploring applications of large language models in the financial sector.

Our financial large language model outperforms all the open-source financial large language models, with comparable parameters in knowledge proficiency according to open source benchmarks. Within our intelligent marketing, a total of 600 images and 100 videos are generated by AIGC per day. Based on performance testing over the past five months, our AIGC-generated image placements have shown the potential to reduce unit acquisition costs by roughly 9%.

Taking a longer-term view, utilizing AIGC-generated images along with automated placements will enable us to make quick updates and optimize placement strategies, significantly boosting marketing efficiency. We have also used our large language model to empower the telemarketing team, facilitating communication with approximately 13 million users to date. By providing lead refinement, semantic analysis, and suggested talking points, the drawdown per credit line user increased by roughly 5%.

We are proud of what we have achieved in 2023. Looking ahead to 2024, as the macro uncertainties persist, we will continue to take a prudent approach in our execution. Our focus will be on pursuing quality growth by optimizing risk performance and operational efficiency to improve overall profitability.

Meanwhile, we will consistently make strategic investments in long-term growth opportunities. This will involve broadening our strategic partnerships across various sectors to further the success of our embedded finance collaboration model and pursuing collaborative user management with our financial partners.

Moreover, we will explore a more open platform model, leveraging our extensive industry know-how and user insights to enable more effective connections between users and financial institutions. Through our technology solutions business, we aim to facilitate the digital transformation of more financial institutions. In a word, we're widening the top of our funnel while keeping a watchful eye on its bottom.

In 2023, our return on equity on a non-GAAP basis reached approximately 22%, outperforming most financial and Internet companies.

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We returned substantial value to our shareholders by distributing USD170 million in cash dividends for 2023 and repurchasing USD132 million worth of shares since we launched the buyback program in June 2023. The aggregate amount accounted for 50% of our net income for the year, representing a significant boost in our shareholder returns. In 2024, we remain committed to further optimizing our capital allocation. After careful consideration from our Board, we will maintain our current dividend policy for 2024.

Additionally, starting in April 2024, we will implement a new share repurchase program. We are convinced that our company's shares are significantly undervalued, and the current market valuation does not reflect the company's intrinsic value. We are confident about our future prospects and, therefore, have decided to substantially step up our share repurchase efforts.

Later, our CFO will go through the plan in detail. With that, I will now turn the call over to Alex Xu.

Alex Xu *Qifu Technology Inc - Chief Financial Officer & Director*

Thank you, Haisheng. Good morning and good evening, everyone. Welcome to our fourth-quarter earnings call. While the fourth quarter was a fairly challenging period for our operation as macroeconomic recovery progressed slower than we hoped and the consumer sentiment remained muted, we still delivered another solid quarter of financial performance.

During the quarter, we took proactive actions to fine-tune our product and service offerings, strengthen relationship with users and key partners, optimize business mixes, and trim exposure to underperforming assets.

Total net revenue for Q4 was RMB4.5 billion versus RMB4.3 billion in Q3 and RMB3.9 billion a year ago.

Revenue from credit-driven services, capital heavy, was RMB3.2 billion in Q4 compared to RMB3.1 billion in Q3 and RMB2.8 billion a year ago. The year-on-year growth was mainly due to longer effective duration, growth in on-balance sheet loans, and contribution from other value-added services, partially offset by decline in off-balance sheet loans.

The sequential increase reflected the growth in on-balance sheet loans and contribution from other value-added services. On-balance sheet loan accounted for over 20% of the total loan volume in Q4. Overall funding cost further declined by roughly 20 bps sequentially and over 100 bps year on year, with the help of a strong relationship with financial institution partners and record-breaking ABS issuance.

Revenue from platform services, capital light, was RMB1.2 billion in Q4 compared to RMB1.2 billion in Q3 and RMB1.1 billion a year ago. The year-on-year growth was mainly due to strong contribution from ICE and other value-added services, substantially offsetting the decline in capital-light loan facilitation.

For Q4, capital-light loan facilitation, ICE, and other tech solutions combined accounted for roughly 57% of the total loan volume, compared to roughly 56% in the prior quarter. We expect this ratio to be gradually trending up through 2024 as we try to strike an optimal mix between risk-bearing and non-risk-bearing assets in an uncertain macro environment.

In Q4, we saw continued sequential improvement in revenue take rate for both cap-heavy and cap-light business, mainly driven by better asset mix. During the quarter, average IRR of the loans we originated and/or facilitated was 21.3% compared to 21.7% in the prior quarter, as we purposely trimmed our direct exposure to high-priced, high-risk assets in response to the macro uncertainty.

Looking forward, we expect pricing to be fluctuating in a narrow band around this level for the coming quarters. Sales and marketing expenses increased 4% Q-on-Q and 33% year on year. Please note that year-on-year comp is somewhat misleading, as sales marketing activities were severely depressed by the sudden outbreak of COVID cases in Q4 of 2022.

We added approximately 1.7 million new credit line users in Q4, roughly flat Q-on-Q. Unit cost to acquire new credit line user also increased modestly Q-on-Q to RMB326 from RMB306, mainly due to the seasonality.

For full-year 2023, unit CAC was approximately RMB304 compared to RMB369 in 2022. We will continue to adjust the pace of new user

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acquisition based on the macro conditions from time to time. Meanwhile, as Haisheng mentioned, we have made noticeable progress in diversifying our user acquisition channels during the quarter.

Overall, we expect to see modestly lower customer acquisition costs in 2024, with improved efficiency and controlled pace. Furthermore, we will continue to focus on re-energizing existing user base, as repeat borrowers historically contributed a vast majority of our business.

In Q4, we continued to experience the volatility in asset quality as key leading risk metrics worsened sequentially. Day-one delinquency was 5.0% in Q4 versus 4.6% in Q3. The uptick in day-one delinquency mainly reflected continued negative sentiment among the borrowers as they face more economic uncertainties.

30-day collection rate was 84.9% in Q4 versus 86.7% in Q3. In addition to macro conditions, 30-day collection rate was further impacted by unexpected line control by telecom carriers since November, that resulted in industry-wide lower connection rates of outbound phone lines for collection operations. Although we have taken actions to find alternatives and we believe that such line control issues can be resolved eventually, the impact to our Q4 risk metrics is still quite visible.

We have further optimized our risk management model and applied even more restrictive standard on new applications to mitigate potential risks throughout the quarter. We also proactively adjusted our business mix to further reduce our exposure to high-risk assets. By January, we already started to see stable credit quality of overall portfolio as new loans quality improved and old loan gradually matured.

Although economic conditions remain challenging and we may continue to see some fluctuation of these metrics in the near future, we believe overall risk performance of the loan portfolio will be relatively stable in 2024 compared to the full-year performance of 2023.

As macro uncertainties persist and credit quality fluctuates, we will continue to take a prudent approach to book provisions against potential credit losses. Total new provisions for risk-bearing loans in Q4 were approximately RMB2.0 billion, and the write-backs of previous provisions were approximately RMB341 million. On a sequential basis, new provision booking ratio increased while the write-backs declining, as expected risk of the assets moved higher.

Provision coverage ratio, which is defined as total outstanding provisions divided by total outstanding delinquent asset-heavy loan balance between 90 and 180 days, was 481% in Q4 compared to 534% in Q3. The provision coverage ratio was still near the high end of our historical range.

Non-GAAP net profit was RMB1.15 billion in Q4 compared to RMB1.18 billion in Q3. For full-year 2023, non-GAAP net profit was RMB4.45 billion compared to RMB4.21 billion in 2022. Effective tax rate for 2023 was 18.5% compared to our typical ETR of approximately 15%. The higher ETR was mainly due to additional withholding tax provision related to cash distribution from onshore to offshore for dividend payment and share repurchase.

With solid operating results and higher contribution from cap-light model, our leverage ratio, which is defined as risk-bearing loan balance divided by shareholders' equity, was 3.3x in Q4, at historical low. We expect to see leverage ratio fluctuate around this level in the near future.

We generated approximately RMB2.4 billion cash from operations in Q4 compared to RMB1.2 billion in Q3. The record-breaking operating cash flow was in part due to the changes in working capital related to the long national holiday at the beginning of the quarter.

Total cash and cash equivalent was RMB7.8 billion in Q4 compared to RMB8.2 billion in Q3. Non-restricted cash was approximately RMB4.2 billion in Q4 compared to RMB4.9 billion in Q3. The sequential decline in cash position was mainly due to increased cash usage in our on-balance sheet lending.

As we continue to generate healthy cash flow from operations, we believe our current cash position is sufficient to support our business development and to return to our shareholders. In accordance with our current dividend policy, our Board has approved a dividend of

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USD0.29 per class A ordinary share or USD0.58 per ADS for the second half of 2023 to holders of record of class A ordinary shares and ADSs as of the close of the business on April 15, 2024, Hong Kong time and New York time, respectively.

The aggregate amount of dividend distribution for fiscal year 2023 will be approximately USD170 million. On June 20, 2023, we announced a share repurchase plan to repurchase up to $150 million over a 12-month period. As of March 12, 2024, we have already bought approximately $132 million worth of our ADS in open market at the average price around USD15.7.

We expect to fully execute the current share repurchase plan around the end of March, roughly three months ahead of initial schedule. To further enhance returns to our shareholders, our Board has approved a new share repurchase plan to repurchase up to $350 million worth of our ADS over a 12-month period starting April 1, 2024.

By our estimate, the above-mentioned two share repurchase plans combined would repurchase nearly 20% of the company's total outstanding shares upon fully execution at the current share price. The share repurchase plan further demonstrates management's confidence and commitment to the future of the company, and the management intends to consistently use share repurchase plans to achieve additional EPS accretion in the long run.

Meanwhile, our Board also reaffirmed our current dividend policy, upon which we will continue to distribute 20% to 30% of our GAAP net income as cash dividends to shareholders on a semi-annual basis. With the full execution of the new share repurchase program and a dividend plan, the combined payout ratio could well exceed 70% in 2024, and the combined yield based on current market cap will be over 17%, an extremely attractive investment by any measure.

Now, regarding our business outlook. As macroeconomic uncertainties reduce visibility into long-term trends, we want to maintain a prudent approach to strike a balance between loan volume growth and profitability. We have purposely trimmed our exposure to underperforming assets and improved overall ROA levels.

With the changes of asset mix and quality of growth, the company does not view the growth in overall loan volume as an appropriate indicator to reflect the underlying drivers for its operating results. Therefore, the company will no longer provide loan volume guidance in its earnings release for the foreseeable future.

Meanwhile, under the current market condition, the company will continue to focus on enhancing profitability and efficiency of its operations. We believe that an outlook of near-term profitability, combined with detailed discussion of other key efficiency metrics in earnings conference call, would be more appropriate to reflect management's operational priority and execution efforts.

And finally, numbers. For the first quarter of 2024, the company expects to generate non-GAAP net income between RMB1.15 billion and RMB1.2 billion, representing a year-on-year growth between 17% and 22%. This outlook reflects the company's current and preliminary view, which is subject to material changes.

With that, I would like to conclude our prepared remarks. Operator, we can now take some questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Richard Xu from Morgan Stanley.

Richard Xu *Morgan Stanley - Analyst*

(interpreted) Two questions. First of all, it sounds like management still has a relatively conservative outlook for the year. So what's the expected loan growth for the full year? What are the key considerations and also, how the loans will be allocated through the different quarters?

Secondly is, what's the credit quality trend at the moment and outlook for the provisions for the year? Thank you.

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Haisheng Wu ***Qifu Technology Inc - Chief Executive Officer, Director***

(interpreted) Okay. Thanks, Richard. As you can see, given the macro uncertainties at this stage, we will continue to maintain a prudent approach in our operations, at least, in the first half of 2024. Therefore, the overall loan volume growth is not our primary goal. Instead, our primary goal will be the quality of our growth and the quality of earnings.

Based on this strategy, I think, to some extent, will impact our overall loan volume growth. But as we trimmed our loan exposure to the assets with lower marginal profit or even loss-making assets, we are actually making positive impact on our profitability.

In terms of internal and external data we are looking at, so far, we have seen positive trend in the macro data, such as the CPI has improved in February and the first two-month import and export data also increased by 8.7%. And our own risk metric is also trending better, which makes us more comfortable about the near-future trend.

As for quarterly planning, Q1 is usually a slack season for our business. Plus, we made a lot of efforts in optimizing our risk performance in this quarter. We expect our loan volume for Q1 will be the lowest level for this year and then, gradually ramp up in Q2 and Q3.

Yan Zheng ***Qifu Technology Inc - Chief Risk Officer***

(interpreted) Regarding the asset quality, we made more proactive adjustments to improve asset quality in Q4 and Q1 through tightening our credit standard for new loans and cutting back longer-duration loans to mitigate the uncertainties. Based on our observation, the FPD30 delinquency rate of our new loans originated in December improved by 13% compared to Q3. And then the FPD30 delinquency rate of the new loans for early January further improved by 10% from December.

In addition, longer-duration loans accounted for 18% of our new loans in second half last year, while the contribution has been reduced to less than 10% so far in 2024, as we shortened the duration for those macro-sensitive users. So far, we have seen improvements in the risk performance of our overall loan portfolio in January and February, and expect to see further improvements throughout the year with the legacy loans gradually mature.

Alex Xu ***Qifu Technology Inc - Chief Financial Officer & Director***

Okay. Regarding the provision booking, as you know, historically, we have been on a pretty prudent approach to book the provision. As Zheng Yan mentioned, we are expecting the risk metrics will gradually improve throughout this year. But still, we probably will take the similar kind of a booking ratio to book our provision just to be conservative.

At the same time, please note that, overall, the capital-heavy loan as a percentage of a total, as well as the absolute volume for this year, will most likely be lower than last year. As we mentioned, we are shifting towards more capital-light segments.

So the base for those provisions is getting lower for this year, which means the absolute provision amount will most likely drop versus last year. But the booking ratio will most likely be still the same on the conservative side.

Thank you, Richard.

Operator

Our next question comes from the line of Alex Ye from UBS.

Alex Ye ***UBS - Analyst***

(interpreted) So I have two questions. First one is on the take rate and profitability. So previously, management has guided that going forward, we should probably expect better earnings growth than loan volume growth.

I'm wondering, is that statement still valid, and how confident is management on this? Can you share with us some of the drivers, given there's lots of moving part and given we should know the downside risk from asset quality and your current strategy of shifting more to work from capital-heavy to capital-light model?

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Second question is on asset quality outlook. Management has just discussed about the factors from both macro front and some temporary factors, such as the call-out capacity. So I'm wondering which could be the dominant driver. And if we look at this from a vintage loss perspective, what's the expectation for 2024 vintage loss versus 2023? Thank you.

Haisheng Wu ***Qifu Technology Inc - Chief Executive Officer, Director***

(interpreted) Thanks, Alex. Regarding the drivers for profitability improvement, since last Q3, we have made substantial efforts to improve our overall profitability, creating positive impact on our last Q3 and Q4. We expect the trend will continue in 2024.

For this year, we believe our profit will increase as we continue to work on our risk, funding, asset allocation, and product fronts. Number one, on the risk front, we will cut back the lower-quality or lower-efficiency assets to improve the ROA of our overall loan portfolio.

Second, on funding side, last year, we have seen substantial decline in our funding cost. Given the still ample market liquidity this year, we will continue to push more ABS issuance and reduce our funding cost further.

Third, on asset allocation, we will collaborate with more financial institutions this year to match their risk appetite with appropriate assets to improve the asset allocation efficiency and our profitability as well.

Fourth, on the product side, we will further enhance and differentiate our product offerings to increase user stickiness and their long-term LTV.

Fifth, we will improve our operational efficiency through larger language model empowerment. For example, we applied AIGC-generated pictures to our intelligent marketing, which reduced our unit acquisition cost by roughly 9%.

With larger language model empowering our telemarketing team, our average drawdown per user increased by roughly 5%. Currently, AI programming has replaced 15% of our coding. And all these efforts, we believe, will eventually improve our efficiency in the near term and the long run.

In summary, we have seen some positive signs from the latest published macro data. And our continuous efforts in improving our profitability is also bearing fruit. At this time point, we are confident to achieve our goal to generating better profit growth than loan volume growth.

Regarding the asset quality, as our CRO just mentioned, we fine-tuned our risk strategies in Q4 and Q1, leading to a better FPD30 delinquency rate performance of the new loans issued in the last two months. Considering the marginally better macro conditions, we believe our asset quality is also generally manageable.

Yan Zheng ***Qifu Technology Inc - Chief Risk Officer***

(interpreted) Okay, I will comment on the risk front. The weaker-than-expected macro environment in Q3 continued its momentum in Q4. As a result of underperforming macro statistics, liquidity tension in credit markets, and the stricter line control by telecom carriers, our risk metrics for the overall loan portfolio were further trending up in Q4.

In our view, the macro uncertainties as well as the line control issue may continue to put pressure on our risk management in this year. But we do see improvement in the latest economic data and the market liquidity. Our day-one delinquency ratio has been consistently trending lower from the peak level in last November.

From our business planning perspective, we will take a more prudent approach in terms of risk appetite. With all these efforts, we aim to lower our vintage loss for 2024 new loans by 10% to 15% compared to 2023.

Haisheng Wu ***Qifu Technology Inc - Chief Executive Officer, Director***

Operator, (multiple speakers)

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Operator

Our next question comes from the line of Emma Xu from Bank of America Securities.

Emma Xu ***BofA Global Research - Analyst***

(interpreted) So we noticed that you keep your dividend payout ratio at 20% to 30% and announced a new share buyback plan of USD350 million. You mentioned some of the considerations behind.

I'm just wondering if such shareholder return is sustainable in the long term. Could you share more consideration with us? Thank you.

Alex Xu ***Qifu Technology Inc - Chief Financial Officer & Director***

Thanks, Emma. I think as we mentioned in prepared remarks, we consider the combination of dividend and the share repurchase as a lasting kind of measure we're going to take to return to our shareholders. In terms of the mix between the two, from time to time, depending on the market condition, may change.

But the intensity of this kind of a return program will probably be similar to what we see in 2024, which was announced. In other words, if we consistently do the repurchase and the dividend for the next, say, three years, it could be possible we see the shrink of our total share count by roughly 30% or even more based on current share price.

So basically, what we're trying to say is that given our current cash flow position, we view that returning to shareholders is a very important long-term tool to the company. And so we'll continue to do that year by year.

Emma Xu ***BofA Global Research - Analyst***

Thank you. This is very encouraging.

Alex Xu ***Qifu Technology Inc - Chief Financial Officer & Director***

All right. Thank you.

Operator

Our next question comes from the line of Yada Li from CICC.

Yada Li ***China International Capital Corporation (Hong Kong) Limited - Analyst***

(interpreted) Then I will do my translation. First, I was wondering, what are the percentage trends of different facilitation models, including the microcredit, the guaranteed model, and the capital-light model, in the volume going forward? And considering the microenvironment, which one is preferred by the financial institutions?

And secondly, I've noticed that there was a notable growth of the ICE, both in volume and percentage. And during this year, what can we expect regarding the ICE? That's all. Thank you.

Haisheng Wu ***Qifu Technology Inc - Chief Executive Officer, Director***

(interpreted) Okay. Thank you, Yada. Regarding your question about the loan mix, I think at this stage, basically, we won't set a target for our loan mix structure. Instead, we target to diversify the funding partnership structure, adjust our loan mix and asset allocation strategy to improve our overall take rate.

In the meantime, we strive to improve the asset matching and allocation efficiency, reduce the partnership cost, and boost our take rate for each of those categories. As you mentioned, let's take ICE for instance. We managed to diversify our funding partnership and optimize asset allocation under ICE in last year, which resulted in an overall 50% year-over-year increase in our revenue take rate for ICE in Q4, 2023.

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So with ICE contributing more in the loan mix, our overall profitability is also improving. This year, we will continue to conduct this strategy to improve our operational efficiency under different models and make dynamic adjustments to our loan mix to improve our overall take rate. Thank you.

Yada Li ***China International Capital Corporation (Hong Kong) Limited - Analyst***

(spoken in foreign language)

Operator

Thank you, Yada. We have reached the end of the question-and-answer session. Thank you very much for all your questions. And now, I'd like to turn the conference back to the management team for any additional closing comments.

Alex Xu ***Qifu Technology Inc - Chief Financial Officer & Director***

Thanks again for joining us for the conference call. If you have any additional questions, please feel free to contact us offline. Thank you.

Operator

Thank you. That concludes today's conference call. Thank you for participating. You may now disconnect.

Editor^ Portions of this transcript that are marked (interpreted) were spoken either by an interpreter present on the live call or by the speakers themselves. The interpreter was provided by the company sponsoring this event.

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