FinVolution Group Second Quarter 2026 Earnings Conference Call
August 27, 2026

Corporate Speakers

- Tim Li; FinVolution Group; Chief Executive Officer
- Alexis Xu; FinVolution Group; Chief Financial Officer
- Yam Cheng; FinVolution Group; Head of Capital Markets

Participants

- Alex Ye; UBS; Analyst
- Cindy Wang; China Renaissance; Analyst
- Yoyo Fan; CICC; Analyst

PRESENTATION

Operator^ Hello ladies and gentlemen. Thank you for participating in the second quarter 2026 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 turn the call over to your host, Yam Cheng, Head of Capital Markets for the Company. Yam, please go ahead.

Yam Cheng^ Hi, all. Thank you for joining our call. Welcome to our second quarter 2026 earnings conference call. The Company's results were issued via newswire services earlier today and are posted online. You can download the earnings release and sign up for the Company's email alerts by visiting the IR section of our website at: http://ir.finvgroup.com.

Mr. Tim Li, our Chief Executive Officer, and Mr. Alexis Xu, 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 presentation on our IR website providing details of our results.

Before I turn over to our CEO, we are dialing in from multiple locations, so if there is any delay in connection, please bear with us. I will now turn the call over to our CEO, Tim. Please go ahead.

Tim Li^ Thanks, Yam, and thanks, everyone, for joining us.

Let me start with the big picture. For years, we have pursued one clear strategy: internationalization. In a world this volatile, that strategy matters more than ever. It let us take what we have learned and put it to work in markets that are ready for fintech, and it helps us diversify away from any single market. That strategy served us well this quarter, and it is exactly where we are headed.

Overall, the second quarter was a solid one. In China, a stable risk backdrop, together with the pre-emptive actions we took in earlier quarters, gave us a constructive environment to operate in. Overseas, momentum in Indonesia and Australia more than offset a deliberate, temporary pullback in the Philippines. That is our diversification strategy working as designed.

Let me turn to the results. Given the reset in China in the fourth quarter of last year, the sequential trend is the more telling measure. Group volume rose 5% sequentially, to RMB45 billion, and revenue moved in step, up 6%, to RMB3.4 billion. Net profit was RMB427 million, up 1%. But the figure we are most encouraged by is overseas: RMB54 million in operating profit, up 17% sequentially. Overseas now accounts for roughly 27% of group revenue, and that share will keep rising for the rest of the year.

Now let me dive into the two segments, starting with our Chinese Mainland.

At a high level, we booked RMB41 billion in loan volume, up 6.5% quarter over quarter, a healthy continuation of the recovery that began at the beginning of 2026. That said, the industry was rattled by an isolated credit incident, which adversely impacted the risk and funding dynamics. I will walk you through in a bit. Right now, we are watching three priorities closely: asset quality, funding, and regulation.

First, asset quality. Coming into 2026, we expected a gradual recovery following the regulatory reset in the fourth quarter of last year. Two quarters in, that played out as we expected through the first half. Risk continued to ease through the second quarter. C-M2 came down again, from 0.68% to 0.56%. So, we grew the book selectively, focusing on the high-quality repeat borrowers we know well. That strategy generated 6% sequential growth in unique borrowers while keeping credit quality firm. Vintage credit cost was steady at roughly 2.7%.

The environment has since turned. In July, an isolated credit event led institutional funding partners to reduce funding for loan facilitation. Many smaller platforms either exited or sharply cut loan origination. Separately, a regulatory campaign around the collection industry has tightened the collection capacity across the industry. Together, these create a risk headwind for us in the coming quarters. While it is in the early stage, we are staying cautious on the risk of our portfolio.

On funding, let me be direct. The same tightening sits behind our funding outlook. Our own funding held up well in the second quarter. But beginning in July, we are seeing the industry as a whole tighten, as institutions turn more cautious. For us, that could mean meaningfully lower origination volume and some upward pressure on funding cost. Here is how we are managing it: our balance sheet and liquidity give us room, and our asset quality and compliance record matter more when funding partners get selective. We've already begun reallocating liquidity toward our China funding base, and we'll prioritize funding stability over near-term growth until the environment normalizes.

On regulation: the new fee-disclosure requirements took effect on August 1st, and we are compliant. The online-marketing rules take effect at the end of September, and we are already working with our partners to be ready.

Now, let’s move on to the Overseas segment.

Our overseas segment is performing well. Volume rose 19% year over year, and revenue reached RMB930 million, up 18%. More important, these numbers are backed by real demand: our unique borrowers more than doubled from a year ago, to 5.3 million. Over the past two years, we have reached several important milestones. We have built a diversified portfolio of markets, where temporary weakness in any one country can be offset by strength in the others. Last year, we absorbed an interest-rate cap in Indonesia on the strength of the Philippines; this quarter, we deliberately dialed back origination as a new rate cap took effect in the Philippines, and that gap was filled by structural growth in Indonesia and the progress we keep making in our newest market, Australia. As the country mix grows more balanced, and as we add more profitable markets, our growth trajectory would be increasingly predictable and certain.

Our playbook remains the same: product expansion and customer upgrade. We use broad portfolio of easy-to-use financing products to attract customers to try out, and progressively cross-sell other credit solution to build better unit economics over time.

In Indonesia, offline BNPL continues to lead the growth. Our partnership in various offline consumption scenarios continues to proliferate. Offline BNPL is now around 25% of the volume, comparing to single digit contribution a year ago.

In the Philippines, the rate cap took effect this quarter. We slowed down deliberately to protect quality, the same approach we have taken through past transitions, and growth has typically returned once the new pricing settles in.

In Australia, we further expanded our offerings to larger ticket sizes, lower interest rate products to attract consumers with strong credit profiles for higher credit limit. While this is still preliminary, we plan to continue to pursue customer upgrade as core strategy. We also made further investment in building the opening banking infrastructure, giving us direct access to bank-statement data and a far sharper read on each borrower.

Finally, ESG. In our business, trust is everything. In June, we published our eighth annual ESG report. On fraud prevention, we made 60 upgrades to our anti-fraud systems, flagged more than 9,000 suspicious activities each day, and blocked over 17,000 fraud attempts. We also launched our own consumer-protection system, Golden Sentinel. It systematically integrates early risk warning, complaint analysis, compliance review, and data dashboards to drive consumer protection governance from post-incident handling toward proactive warning, and thus resolves 74.5% of cases on first contact, with customer satisfaction at 98.5%.

With that, let me hand it to Alexis for a closer look at the numbers.

Alexis Xu^ Thank you, Tim. Hello, everyone. Let me walk you through our key results for the second quarter, and please refer to our earnings press release for the full detail.

Now, let me discuss each of the segments.

First, China. Macro in China remains in a gradual recovery mode. China's real GDP growth slowed down from 5.0% in Q1 to 4.3% in Q2, on the back of subdued household consumer confidence.

For us in Q2, revenue was RMB2.4 billion, up 8% sequentially, a direct result of recovering loan volume during the quarter. Take rate stabilized at about 3.2%, in line with the first quarter. On risk, asset quality on new loans held steady at 2.7%. Early risk indicators showed signs of improvement on outstanding loan: Day-1 delinquency ticked up slightly, from 5.2% to 5.3%, while the 30-day collection rate strengthened, from 87% to 89%. Overall C-M2 improved to 0.56% from 0.68%, below the Q3 2025 level. While these point to a portfolio of improving credit quality, we are vigilant on the risk uptick following various industry events since July. Separately, funding cost rose a further 30 basis points sequentially, to 3.7%. Institutional funding supply began to tighten toward the end of the quarter, and we expect further upward pressure on funding costs in the coming quarters.

On customer acquisition, we raised our risk appetite for repeat borrowers. Combined with acquisition cost holding at an attractive level, that brought our overall customer acquisition cost down quarter over quarter. As a result, China's operating profit grew 4.3% sequentially, to RMB625 million.

Turning to overseas.

Overseas revenue rose 18% year over year, to RMB930 million, partially dragged by our deliberate pullback in loan origination in the Philippines. One priority for our overseas segment is to balance profitability with growth. By its nature, this business recognizes customer-acquisition cost and credit loss upfront, while revenue is earned over time. That means profit is inherently backloaded, and rapid growth on its own would leave the early years deeply unprofitable. We manage deliberately against that dynamic, ensuring we deliver profit even as we scale. The second quarter was a case in point: RMB54 million in operating profit, up 17% quarter over quarter and more than double year over year. Earlier this year we guided to US$30 million of full-year EBITDA, doubling from last year. We remain confident in delivering it.

During the quarter, we added 2.2 million new borrowers in the quarter, up 29% sequentially. Offline BNPL in Indonesia drove most of the new borrower momentum, a sign that our offline expansion is translating directly into new customers rather than just brand awareness. The Philippines continues to absorb the impact of the industry's new rate cap. We pre-emptively scaled back origination there over the past two quarters; but the momentum should soon restart. In Australia, unique borrowers grew 22% sequentially, driven by effective online marketing, a wider product range, and a cleaner app experience. Going into the next quarter, we continue to be mindful of the macros such as oil price may impose on currency as well as credit quality in markets we operate.

On a group basis, net revenue reached RMB3.4 billion, up 6% sequentially on the back of higher loan volume. Operating profit came in at RMB529 million, which included a one-off intangible assets impairment of RMB64 million; excluding that impact, operating profit was up 8% sequentially. Net income was RMB427 million, up 1% sequentially. We held RMB6.4 billion in cash and short-term investments, and leverage sat at 2.1 times, near historical lows. That balance sheet strength gives us the flexibility to navigate a tighter funding environment in China.

On shareholder returns, our capital allocation is clear: we prioritize business growth first and use buybacks as our flexible lever, sized to market conditions, trading volume, and the share price. In the second quarter we repurchased US$27.4 million of shares, bringing first-half 2026 repurchases to US$66.8 million.

Now to our outlook. We're reiterating our full-year revenue guidance of RMB11.5 to RMB12.9 billion, based on information currently available. We set that range conservatively at the start of the year given industry volatility. Our first-half performance tracked ahead of our internal plan. That gives us a cushion: the outperformance we delivered in H1 helps absorb the softer second half we now expect as funding and credit conditions tighten. Given that near-term pressure, we'd expect to land in the lower part of the range, unless the operating environment substantially changes.

To sum up: China is moving through a transition that we believe will favor players with strong compliance and operational know-how. Overseas is becoming a second, growing source of profit. We go into the third quarter clear-eyed about the funding and regulatory pressures ahead and committed to the same disciplined execution that has carried us this far. Across both capital allocation and operations, we are focused on one goal: lasting, compounding returns for our shareholders.

Thank you. I will now hand the call back to the moderator for questions.

That concludes my prepared remarks. We will now open the call to questions. Operator, please continue …

QUESTIONS AND ANSWERS

Operator^ Thank you. We will now begin the question-and-answer session. If you would like to ask a question, please dial star 1 and wait for your name to be announced.

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.

The first question will come from the line of Cindy Wang of China Renaissance. Please go ahead.

Cindy Wang^ Thanks for taking my call. I have two questions here. First, following the industry incident, what business adjustments did the company make to ensure risk control? What is the current funding supply situation? And will the recent exit of small- and medium-sized platforms lead to a resurgence of industry risk? And what are the recent changes in the company’s early-risk indicators? Second, what is the current interest-rate adjustment situation in the Philippines, and will it affect the growth rate of overseas new loan volume this year? Thank you.

Alexis Xu^ Thank you, Cindy. I will take your questions. I think you have two questions, and your first question is a very big and multi-part question, so I will break it into different pieces.

Let's start with what we are seeing on the funding side.

The credit and liquidity issues at the individual platform did trigger some broader volatility in funding across the loan-facilitation industry.

The first impact is the tightening of the risk appetite of the financial institutions. The event raised concerns among the financial institutions about fund-flow safety and the compliance of the platforms. Since July, a lot of institutions have launched full internal compliance self-checks and did some reviews of their partner platforms; some of them paused business during that process and took a wait-and-see approach. That led to a fairly sharp near-term pullback in funding supply across the whole market.

The impact of this has been broad across the industry. I think most of the small- and medium-sized platforms have either exited or pulled back sharply on lending. And we are relatively less impacted, but our China volume was down around 50% in July. Looking at August, we believe institutional confidence has started to stabilize, but the funding recovery is still coming back at a slower pace.

And what we have done to adjust our business for the challenges:

First is on transparency. We have worked very closely with our financial-institution partners, giving them full visibility into our fund flows and the repayment paths, keeping everything in a very clear, closed loop compliance process. We believe it will help to ease their concerns.

Second, during this period we have prioritized quality over scale: we further refined our customer segmentation, raised the underwriting bar, and prioritized funding for our highest-quality customers.

And then, turning to the funding outlook. I think over the longer term, financial institutions will keep reducing their exposure to those small platforms and focus on the big platforms that are compliant, well-capitalized, and have a strong risk track record. That is where we sit.

I can show some figures. In the second quarter, we had RMB6.4 billion in cash and short-term investments. Cash flows stayed solid through July and August, and the latest number is RMB7.5 billion. On top of that, we have got roughly RMB5 billion in highly liquid assets that we can recover very quickly in the near term. So, the aggregate number is RMB12.5 billion in total. That gives us real resilience and forms the foundation for our leading position in the industry and our long-term relationships with our funding partners.

In the near term, there will still be some volatility as institutions need time to rebuild their risk appetite and work through their process reviews. Maybe for the next one or two quarters it comes down to two things.

First, how fast institutions get through their self-checks and system fixes — the pace varies a lot case by case, so industry-wide recovery hasn't quite caught up yet.

Second, whether the broader credit environment stays stable, as tail-end assets keep exiting, and assuming there is no new extreme event. In that case, I would expect risk appetite and confidence to gradually come back once the self-checks wrap up.

Lastly, I will talk about our early-risk indicators. This round of funding tightening also overlapped with regulatory action in the collection industry at the end of July. So, collection capacity got tighter, and recovery efficiency took a bit of a hit too. That added some challenges on top. Actually, we have seen some movement in our early-risk indicators as a result, and our latest reading is up around 20% versus the second quarter.

Given all of that, we are staying profit focused rather than chasing scale. We are also taking a more conservative posture on risk — sharpening how we identify higher-risk borrowers, speeding up model iteration, and tightening acquisition spend. Our goal is to protect our unit economics. That is my answer to your first question.

Your second question is about the Philippines.

The Philippines rolled out a new interest-rate cap effective from April 1. Heading into that, we took a pretty deliberate cautious approach in the first half; we actually slowed down originations on purpose to give ourselves room to adjust the business.

Short-term volume in the Philippines did take a hit, as we have mentioned before. But based on our experience navigating similar pricing adjustments in Indonesia before, we believe this kind of recovery typically takes about two or three quarters. So, we expect the Philippines business will return to growth in the third quarter. After that adjustment, as the new regulatory framework settles in, and as our mix shifts further toward higher-quality borrowers, we still have room to optimize both credit costs and funding costs, and growth picks back up from there.

To be clear, in the Philippines, I think we are not just cutting prices to comply with the new rules. We are using this as a chance to push a deeper structural upgrade across the business.

For example, on the risk side, we have raised our underwriting bar and pulled back on the marginal segment where risk and returns were not lining up well, while growing the share of higher-quality borrowers — the ones with more stable repayment behavior and better repeat-borrowing performance.

On the product side, we are continuing to diversify. Beyond online cash-loan products, we have been expanding into more scenario-based products, such as our BNPL partnerships with leading telecom operator Smart and online marketplace Carousell. That lets us move beyond a single cash-loan product into a broader range of consumption and payment use cases, so we can match better-quality customers with the right credit line, tenure, and product, and build lifetime value through repeat borrowings.

Zooming out to the overseas business as a whole, the fee adjustment in the Philippines in the first half does not change the overall growth trajectory for our overseas markets. That is thanks to our multi-market footprint. The Q2 pullback in the Philippines was largely offset by strong growth in our Indonesia and Australia markets.

Heading into the second half, we expect the momentum in Indonesia and Australia to continue, and we also expect the Philippines to work through this adjustment period and get back to sequential growth. For the full year, we are confident to expect the overseas volume to grow at a double-digit rate year-over-year. Thank you.

Operator^ Please hold for our next question. The next question will come from the line of Alex Ye of UBS. Please go ahead.

Alex Ye^ Thanks for the opportunity. I have two questions. The first one is about funding cost — what has been the latest funding cost in recent months compared with the second quarter, and what is your expectation for the coming one to two quarters? The second question is that, given funding supply has become a major bottleneck at the moment, is there any adjustment the company is going to make with regard to the utilization of your own capital? And in relation to that, how should we think about the pace of buyback in the coming one to two quarters? Thank you.

Alexis Xu^ Thank you, Alex.

Your first question is about funding. We are seeing funding costs tick up in the third quarter relative to the second quarter, up around 30 basis points in July. And we expect the gradual upward trend to continue over the next quarter or two, given the broader funding environment in China right now.

We believe short-term funding volatility is largely a matter of confidence. So, over the long run, we don’t see the competitiveness of the quality assets changing; if anything, it will only get stronger.

Your second question is about capital deployment and the buyback pace.

Recently, the funding tightness from the industry event has made a lot of financial institutions more focused on compliance and capital strength. On our side, we are leaning into our own strong balance sheet and ample cash reserves. We have shown the figures before — we are offering a solid safety cushion and credit enhancement in our funding partnerships, working with them to build institutional confidence and speed up funding recovery. We are also exploring the possibility of capital injections into our licensed business, for example the micro-lending company, as a way to diversify our funding sources and improve stability. That is for our China business.

On the other side, even in the short term there is some pressure in the China market. Our long-term overseas build-out is already paying off — we are moving into our profit-release phase. Frankly, we have also noticed a lot of our peers accelerating their own overseas business lately. But for us, that validates two things: that we were ahead of the curve on this, and that the strategy itself was the right one. So, with a mature, scaled overseas business already in place, we have got a lot more patience and confidence to navigate the bumps in China. If anything, that has made us even more committed to accelerating investment overseas. For example, the Fundo acquisition in Australia in the fourth quarter last year also gave us valuable experience entering a new market through M&A. Going forward, replicating that playbook through capital allocation may be a smart move and can really help us to drive a healthy and fast-growing overseas business.

Last, on the buyback pace. As we have mentioned, we will prioritize the steady operations of the business first — the steady operations in China and the fast-growing business in the overseas markets. From there, we will keep the flexibility to execute the buyback plan based on our share price and market liquidity. But it will not change our long-term direction on shareholder returns. We will remain committed to returning capital to maximize long-term shareholder value. Thank you. Operator, please continue.

Operator^ One moment for our next question. Our next question will come from the line of Yoyo Fan from CICC. Please go ahead.

Yoyo Fan^ Thanks for taking my question. This is Yoyo Fan from CICC. My question is on overseas business. We can see that overseas business is well on track based on the first-half data. So, looking ahead to the second half of this year, what will be the key drivers of our overseas profit growth? Thank you.

Alexis Xu^ Thank you, Yoyo. Before I get into the specific drivers for the second half, let me give you a bit of context.

Looking back at how our overseas business has developed, I would say it has been marked by real foresight and a proactive strategy from the start. Back in 2018, eight years ago, when our China business was still enjoying strong growth, the group had already made global expansion a long-term strategic priority.

Over the past eight years, we have steadily built up our overseas foundation: securing licenses, establishing local operations, and building out our funding ecosystem. We proved the model from zero to one in Indonesia, then replicated the playbook in the Philippines and then, through acquiring Fundo and entering Australia, upgraded the whole approach into what we now call “LEGO+”. It was years of deliberate groundwork and sustained investment that allowed our overseas business to become what it is today: a material second profit engine delivering steady and meaningful profit for the group.

Now let me get into the details in the second half.

We expect our three major overseas markets to work together in a fairly complementary way: Indonesia contributing the bulk of the incremental growth, the Philippines gradually recovering, and Australia continuing its rapid expansion.

For Indonesia, which is the largest one, it already accounts for more than 50% of both our overseas volume and revenue. Even with the seasonal drag from Ramadan, we still delivered solid 13% volume growth versus 2H25 in the first half, and the second half tends to benefit from the traditional peak season, so we would expect further improvement in growth. We are also continuing to build out offline BNPL products through our multi-finance license, and that customer segment tends to be higher-quality, longer-tenure, and larger ticket size, which helps us keep improving our overall customer mix and ultimately drive healthier returns. OK, that is Indonesia.

On the Philippines: in the first half, we made a deliberate choice to tighten up in response to the new interest-rate cap, raising our underwriting standards and cleaning up our customer mix. As the new pricing environment stabilizes, we would expect the Philippines' volume to start recovering sequentially in the second half; and as the share of higher-quality customers keeps rising, that will continue to bring risk down and support ongoing improvement in unit economics.

And on Australia, as the new entrant in our overseas expansion, it is a very high-compliance, high-value developed market, and growth has been fast since we consolidated it at the end of last year. In the second quarter, unique borrowers were up 22% quarter over quarter, which drove volume up 17% sequentially. So, we would expect Australia to keep putting up double-digit sequential growth in the second half. Given that Australian customers tend to have larger ticket size and better risk performance overall, we think Australia's contribution to overseas profit will keep increasing as the customer base grows and as more of our acquisition shifts to our proprietary app. So that is for our three major overseas markets.

In summary, our overseas business is no longer dependent on any single market. It is built on three things working together, and maybe in the near future it will be more countries added in — broader product diversification, continued customer-mix upgrade, and our "LEGO+" global platform — Together we have built a cross-regional growth structure that is truly resilient through the cycle. That is what gives us the ability to better navigate regulatory shifts in any single market and stay on track towards our long-term goal — we expect the overseas business to reach 50% of total group revenue by 2030. That is all for my answer. Thank you.

Operator^ As there are no further questions, now, I'd like to turn the call back over to the Company for closing remarks.

Yam Cheng^ Thank you once again for joining us today. If you have further questions, please feel free to contact FinVolution Group's investor relations team.

Operator^ This concludes this conference call. You may now disconnect your line. Thank you.