

November 19 - 23, 2018 Weekly Index Research Update

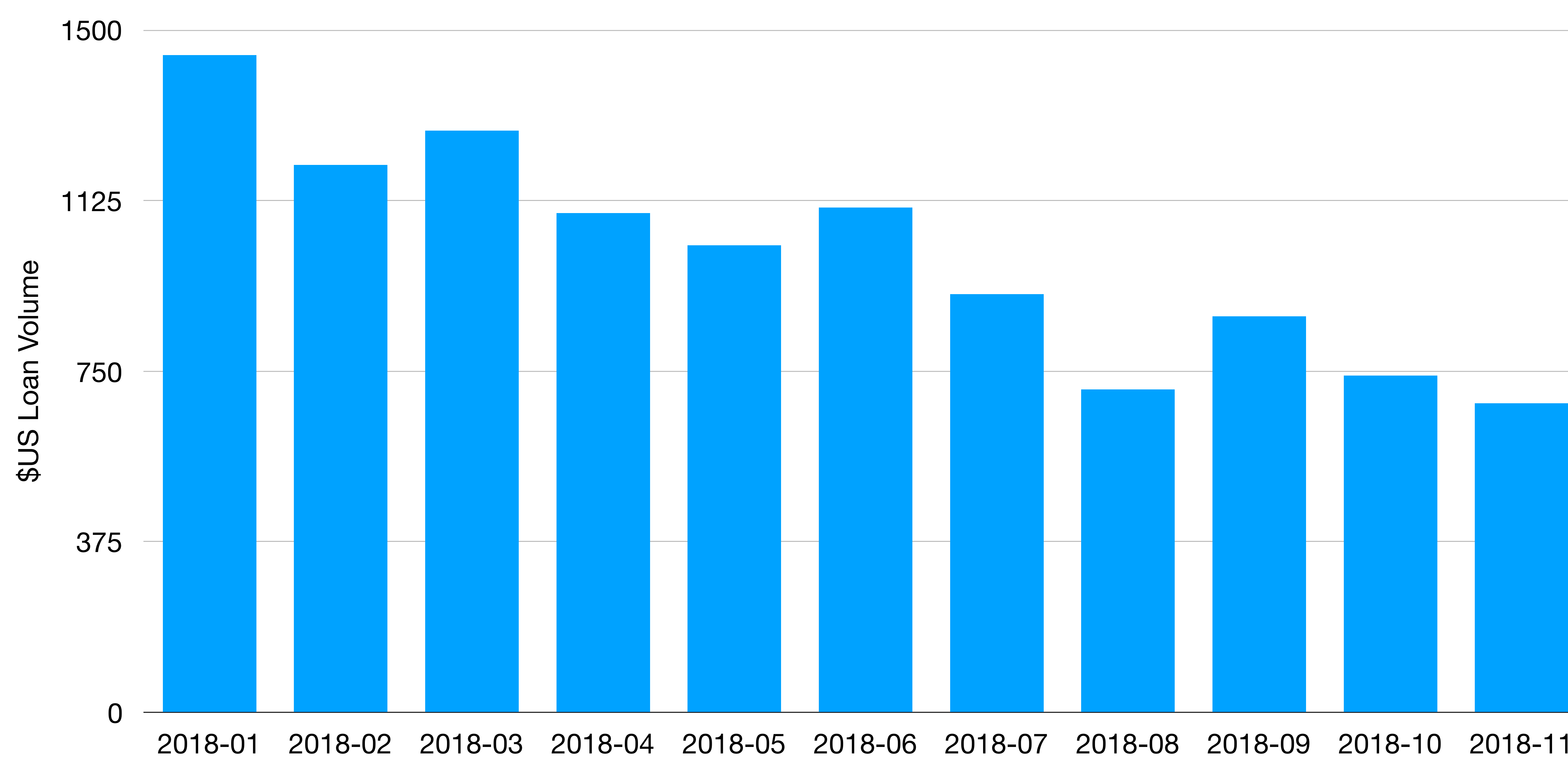
CONCERNS ABOUT RISING INTEREST RATES AND ECONOMIC GROWTH DROVE DOWN MARKET SENTIMENT FOR THE CROWDBUREAU PEER-TO-PEER LENDING AND EQUITY CROWDFUNDING INDEX (CBP2PTR) POSTED - 2.34%

The CrowdBureau Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR) posted -2.34% during this holiday-shortened week as concerns about rising interest rates and economic growth drove market sentiment. This, over a four-day trading interval when the broad stock market sold off as the S&P 500 Index posted a drop of -3.79% and Nasdaq recorded an even wider -4.26% pull-back.

Weakening home builder confidence for new single family homes combined with softer retail sales served as the backdrop for sequential back-to-back market declines early in the week while more generally, the markets have been hit by volatility due to worries over economic growth, rising interest rates and trade tensions between the US and China, among other factors.

Battered by disappointing financial results released by four China-based P2P lenders this week, the CrowdBureau Index ended lower again, giving up 2.34% versus the prior week's -2.0%. X-Financial (XYF) led off the week, reporting lower quarter-over-quarter top line net revenues, and in the process, set the pace for the other three China-based firms. Acknowledging an uncertain near-term outlook and a challenging credit environment, the firm reported that it was focusing on strengthening its risk controls across its platform, leveraging its strong big data analysis, financial modeling, credit assessment and fraud detection capabilities. Along with the other three reporting firms, including PPD AI Group Inc. (PPDF), China Rapid Finance Ltd. (XRF) and Qudian, Inc. (QD), combined net revenues declined by 19.7% and reflected lower loan volumes across the industry. Qudian, the largest of the P2P lenders based on net revenues, but which relies on institutional funding sources rather than individual lenders, reported a 20.16% decline in net revenue. The firm, which recently severed its referral relationship with Ant Financial, has benefited from sales linked to Dabai Auto, a financial leasing service platform for auto buyers. Launched in late November 2017, sales income generated from Dabai Auto grew rapidly and generated \$85.3 million, or 30.4% of Qudian's third quarter revenues. That said, Qudian has scaled back its budget car financing business to focus on profitability but it may also experience some headwinds in the auto segment as auto sales turn lower due to slowing economic growth and persistent trade tensions with the US. Based on data compiled by the China Association Automobile Manufacturers (CAAM), China has experienced an 11.7% year-over-year decline of automobile sales. This has also impacted the financing of automobile loans on P2P lending platforms in China. This is illustrated in the Chart of the Week below that portrays an average monthly decline in automobile loan extensions through the end of November 2018 for a cohort of lending platforms tracked by CrowdBureau.

CHART OF THE WEEK CROWDBUREAU INDEX TOTAL RETURNS NOVEMBER 19-23, 2018



Notes of Explanation. Data sourced to 17 P2P platforms operating in China. 2 platforms, Touna and Weidai, account for 93% of the Y-T-D auto loan volume. Source: CrowdBureau Corporation

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