

## May 20 - 24, 2019 Weekly Index Research Update

### Fluctuating investor sentiment nudged the CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index down 1.06% for the week.

During a week when investor sentiment fluctuated in response to geopolitical concerns, the CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR) ended lower, giving up -1.06% and recording its third straight weekly drop as stock laggards outnumbered gainers by a ratio of about 3:1. Month-to-date, the index is down 3.46%, but since the start of the year the benchmark continues to post strong gains with its total return of 45.86% through May 24.

Investor sentiment fluctuated ahead of the Memorial Day weekend amid U.S. and China trade tensions as well as concerns regarding the outcome of EU elections and the potential rise of populist parties—factors that led the Dow Jones Industrial Average (DJI) to record its fifth straight weekly decline and its longest but not the steepest drop since June 2011. The DJIA ended the week down -0.69% to close at 25,585.69. The S&P 500 dipped -1.17%, closing 2,826.06, while the Nasdaq Composite dropped -2.29%, finishing the week at 7,637.0. At the same time, small cap stocks, as measured by the Russell 2000, declined -1.41%. Outside the US, the MSCI China (CNYA) decreased -1.45%. China's industrial profits posted the biggest decline in nearly three-and-a half years with April's level dropping 3.7%, their largest decline since December 2015.

In other segments of the capital markets, 10-year U.S. Treasury yields fell to their lowest level since 2017. The 10-Year Treasury yield ended the week at 2.32%, compared to 2.31% the previous market day and 2.69% at the close of last year. At the same time, the U.S. dollar declined while slowing durable goods orders were slightly below estimates. Crude oil prices rose after Thursday's sharp drop, and gold prices were up.

The CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index was buoyed somewhat by the performance of Qudian (QD) that gained 7.60% due to better than expected earnings results, but that was not enough to offset the negative results recorded for the week by about two-thirds of the Index constituents. Qudian was one of four China-based P2P marketplace lenders to release first quarter 2019 earnings reports. One of the leading providers of online small consumer credit products in China, Qudian reported that total revenues increased by 22.2% year-on-year to \$312.4 million while net income increased by 200.7% year-on-year to \$141.5 million. The company beat the I/B/E/S consensus analyst EPS estimate by \$0.93 for the quarter. 360 Finance (QFIN), a digital consumer finance platform offering financing to underserved borrower's, experienced a share price decrease of -0.06% for the week upon announcing that total revenue was \$299.3 million, an increase of 235% relative to the same 12-month period of 2018. QFIN's Q1 2019 net income reached \$107.3 million, increasing 340% year-on-year. X Financial (XYF), a technology-driven personal finance company reported a revenue decrease of 11.7% to \$115.7 million while net income increased by 50.2% from Q1 2018 to \$31.8 million. Its share price declined -2.05%. Lastly, CN Finance Holdings (CNF), a home equity loan service provider in China, declined -2.72% for the week, after releasing unaudited financial results for the first quarter ended March 31, 2019. Total loan origination volume was RMB997.6 million (US\$148.6 million) during the first quarter of 2019. While total outstanding loan principal was RMB14.4 billion as of March 31, 2019, compared to RMB15.8 billion as of December 31, 2018. (See Table of the Week)

After disclosing in a regulatory filing last week that one of firm's bank partners, Regions Financial, would not renew its funding relationship with GreenSky at the end of the year, the company's stock dropped almost 11% on significantly higher than normal volume. While GreenSky's CEO downplayed the impact of the termination on the basis of adequate funding headroom, it is not entirely surprising that subsequent earnings announcements and accompanying earnings calls by P2P lenders should focus on funding sources to finance future growth. Indeed, 3 of the four P2P companies that announced earnings last week made references to their expanding sources of capital.

### Table of the Week: 1Q 2019 Earnings Conference Call Disclosures Covering Funding Sources

Company	1Q 2019 Earnings Conference Call Disclosures
<b>Qudian (QD)</b>	Company disclosed that it further diversified its institutional funding base and expect to secure sufficient funding for this year (2019). During this quarter, Qudian reported that it added 5 more institutional funding partners and also deepened their cooperation with existing partners in scale.
<b>360 Finance (QFIN)</b>	<p>Through the firm's internal stress testing, even the rumored restriction on regional banks ability to disperse loans nationally came into effect immediately, our funding availability and the funding costs shouldn't be adversely affected. We're very pleased to report that on February 1st, we issued our first ABS at Shanghai Stock Exchange at a funding cost of approximately 5%.</p> <p>In Q1, we gained approval for RMB10 billion of such securities in 2019 at both Shanghai and Shenzhen Stock Exchange. Thanks to the stimulating financial and liquidity environment in China, we observed downward trend in funding costs with our financial institution partners and we believe the trend will materialize into noticeable funding cost reduction in Q2 and the rest of the year.</p> <p>In terms of institutional funding what we look at is not the actual composition, what we're focused on is among all the funding partners working with us now how many of them are national, how many of them are regional. As I said earlier, from what we can see now, our demand for funding this year are multiple times covered by national FIs who have relatively lower cost of funding.</p> <p>So, unless something dramatic happens to the overall financial liquidity situation in China where we're pretty positive about our funding availability and funding costs for the rest of the year.</p>
<b>X Financial (XYF)</b>	We also made solid progress during the quarter to strengthen our reputation in the market and improving our ability to attract more institutional investors. As of April 30, we actually secured over CNY 10 billion in credit line approval from financial institutions to serve loans -- to serve to the loans facilitated in our platform. We will continue to develop deeper relations with institutional investors to fortify our position in the market as the leading fintech player in China.
<b>CN Finance Holdings (CNF)</b>	No references

Sources: Based on each firms' transcriptions of earnings conference calls.

## May 20 - 24, 2019 Weekly Index Research Update

---

### ABOUT CROWDBUREAU CORPORATION

CrowdBureau Corporation research-based indexes and analytics seeks to help market players understand and manage better alternative asset classes in peer-to-peer lending and securities based crowdfunding. Clients rely on our offerings for deeper insights into the drivers of performance and risk indicators for their decision making, through our global peer-to-peer lending asset class coverage using a series of benchmarks and innovative research. Our line of products and services includes a centralized database with indexes, analytical models, data, a peer-to-peer lending series of benchmarks by sectors such as consumer loans, business loans, real estate, student automobile loans, agriculture and other. CrowdBureau Corporation serves money managers, banks, insurance companies, traders and universities. For more information, visit us at <https://www.crowdbureau.com>

The information contained herein (the "Information") may not be reproduced or disseminated in whole or in part without prior written permission from CrowdBureau Corporation. The Information may not be used to verify or correct other data, to create indexes, risk models, or analytics, or in connection with issuing, offering, sponsoring, managing or marketing any securities, portfolios, financial products or other investment vehicles. Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the Information or CrowdBureau index or other product or service constitutes an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product or trading strategy. Further, none of the Information or any CrowdBureau index is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. The Information is provided "as is" and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF CROWDBUREAU CORPORATION, OR ANY OF ITS SUBSIDIARIES OR ITS OR THEIR DIRECT OR INDIRECT SUPPLIERS OR ANY THIRD PARTY INVOLVED IN THE MAKING OR COMPILING OF THE INFORMATION (EACH, AN "CROWDBUREAU PARTY") MAKES ANY WARRANTIES OR REPRESENTATIONS AND, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH CROWDBUREAU PARTY HEREBY EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING ANY OF THE FOREGOING AND TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT SHALL ANY OF THE CROWDBUREAU PARTIES HAVE ANY LIABILITY REGARDING ANY OF THE INFORMATION FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL (INCLUDING LOST PROFITS) OR ANY OTHER DAMAGES EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited.

© 2018 - 2019 CrowdBureau Corporation. All rights reserved.