CROWDSTACKER®

Outcome Statement 2025

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OUTCOME STATEMENT – Financial Year Ending 31 March 2025

Background

Crowdstacker operates an electronic lending platform authorised under Part 4A of the Financial Services and Markets Act (FSMA) 2000 and Article 36H of the Regulated Activities Order (RAO) 2001. Through this platform, lenders like yourself have the opportunity to fund borrowers – either Property Development Loans (PDLs) or historically Business loans. These loans are structured as peer-to-peer contracts entered directly between lenders and borrowers.

In line with the Financial Conduct Authority's Policy Statement PS19/14 and as required by COBS rule 18.12.21R, Crowdstacker is required to publish an Outcomes Statement within four months of the end of each financial year (our year-end is 31 March).

This Outcomes Statement is particularly relevant for monitoring the performance of your loan investments. It provides a breakdown of expected versus actual default rates for all loans originated during the financial year, grouped by either Property Development Loans or Business loans.

The statement also compares actual returns against the expected returns at the time of investment.

Business loan portfolio is now closed to new lending, the Outcomes Statement as per regulatory requirements will still track the historic performance.

Loan Structure & Oversight

Crowdstacker evaluates risk on a loan-by-loan basis based on consideration of a variety of factors. These factors are but not limited to:

- Macroeconomic conditions and general outlook for interest rates
- Market factors such as competition and investor appetite
- Risk Rating from Crowdstacker's internal Credit Assessment process
- The Loan purpose
- Interest & capital repayment profile
- Tenor

Property development is a moving target and each development has its unique challenges, timescales can change due to a plethora of reasons, including weather conditions, planning issues, utility installation, cost overruns, the economic outlook and property market fluctuations. Furthermore, PDLs are second in line to be repaid from a development and given these characteristics we classify every loan as high risk.

By categorising PDL loans as high risk it is easier for investors to understand the underlying risk, allowing them to make investment decisions based on their risk appetite and acceptance of risk. Pricing differences between PDLs are not reflective of all the risks, investors should diversify across all loans to mitigate an individual loan having an outsized impact on returns.

PDLs are monitored on an ongoing basis. Crowdstacker will regularly post updates to Lenders on a loan-by-loan basis via email, online dashboards, social media platforms and through our online Blog.

Default Rates

As per the FCA's updated definition of default for secured property loans, a Borrower must have missed a payment for more than 180 days or they are unlikely to meet their obligations without the enforcement of a security. As such, **the default rate numbers detailed in this Outcomes Statement are reflective of the FCA's definition of a default as detailed above, i.e. loans which are more than 180 days past due.**

However, from a Crowdstacker perspective, given PDLs are second charge loans and are only repaid once the senior lender is fully repaid, timescales may change and therefore a loan is classified as in arrears and in "default" only if the security trustee places the loan into default and starts a formal legal process to recover the loan.

Bad debt rate is defined as the actual or expected loss to investors (if any), on a loan in 'default' after recoveries of the loan amount have been achieved and/or expected.

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Property Development Loans (PDLs)

	Property Development Loans Performance				
FY Year[1]	Loans Funded[2]	Expected Default Rate[3]	Actual Default Rate[4]	Realised Principal[5]	Bad Debt Rate[6]
2022	5	6.5%[3a]	20.0%	67.4%	0.0%
2023	16	20.0%	56.3%	56.8%	0.0%
2024	10	47.6%	45.5%	17.9%	0.0%
2025	13	46.9%	23.1%	23.5%	0.0%

1. Crowdstacker Financial Year runs from 1st April to 31st March

2. For PDLs, each borrower is treated as having a single loan, even if the total amount was raised in multiple tranches, as these tranches were typically raised within a short period and formed part of the same overall facility.

3. Crowdstacker forecasts future default rate as per the FCAs definition (i.e. the number of loans which are more than 180 days past due) by taking a weighted average of previous years' default rates.

3a. As no historical default data was available for the first year of loan originations, the default rate for that period was estimated using industry benchmarks.

4. Actual default rate as per the FCAs definition (i.e. the number of loans which are more than 180 days past due).

5. The proportion of the original principal amount for loans originated in a given year that has been repaid to investors as at the reporting date.

6. Bad Debt (Net of Recoveries) as a percentage of Loans originated in the year: Loans in default are not classified as bad debt until recovery processes have been initiated. Until such procedures commence, these loans are considered collectible and expected to be repaid in full.

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Business Loans

	Business Loans Performance				
FY Year[1]	Loans Funded[2]	Expected Default Rate[3]	Actual Default Rate[4]	Realised Principal[5]	Bad Debt Rate[6]
2016	18	1.0%	16.7%	96.1%	3.9%
2017	76	16.7%	39.5%	57.7%	42.3%
2018	25	35.1%	56.0%	46.3%	53.7%
2019	72	39.5%	25.0%	73.2%	26.8%
2020	64	34.0%	0.0%	100.0%	0.0%
2021	20	25.5%	0.0%	100.0%	0.0%
2022	7	23.6%	85.7%	25.2%	74.8%
2023	22	25.2%	100.0%	20.0%	80.0%
2024	14	30.6%	100.0%	39.6%	60.4%

1. Crowdstacker Financial Year runs from 1st April to 31st March

2. For Business loans, each tranche is recorded as a separate loan. This is because business borrowers often raised funds in multiple tranches over an extended period - in some cases over two or three years. Each tranche was subject to a separate offer, acceptance, and disbursement process, and therefore represents a distinct lending arrangement with its own term and repayment schedule.

3. Crowdstacker forecasts future default rate as per the FCAs definition (i.e. the number of loans which are more than 90 days past due) by taking a weighted average of previous years' default rates.

3a. As no historical default data was available for the first year of loan originations, the default rate for that period was estimated using data from Creditsafe, including the historical amounts of bad debts experienced in similar businesses .

4. Actual default rate as per the FCAs definition (i.e. the number of loans which are more than 90 days past due).

5. The proportion of the original principal amount for loans originated in a given year that has been repaid to investors as at the reporting date.

6. Bad Debt (Net of Recoveries) as a percentage of Loans originated in the year: Loans in default are not classified as bad debt until recovery processes have been initiated. Until such procedures commence, these loans are considered collectible and expected to be repaid in full.

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1. Risk Management

In accordance with FCA rules and guidelines Crowdstacker has in place a robust Risk Management Framework (RMF) which is appropriate to the nature, scale and complexity of its business. The aim of the Risk Management Framework is to ensure Crowdstacker pay due consideration to the associated risks when underwriting a new loan and the ongoing monitoring thereof to proactively minimise any potential risk of default, and harm to its Lenders. Should a loan encounter servicing issues, more frequent monitoring of the loan may be required, at the decision and discretion of the Credit Committee.

When determining the most appropriate course of remedial action, Crowdstacker considers all factors pertaining to the Borrower, the asset, the economic climate all with a view to ensure recoveries are maximised for all Lenders in the loan.

2. Summary

The Consumer Duty, introduced by the Financial Conduct Authority (FCA), came into full effect on 31 July 2023 for both new and existing financial products and services. This regulation establishes higher and clearer standards of consumer protection across the financial services industry, requiring firms to prioritise customer needs in all aspects of their operations.

At Crowdstacker, delivering good outcomes for retail customers remains a core component of our risk management framework. Investments in Peer-to-peer should be diversified, and past performance is not an indication of future returns.

IMPORTANT

Actual returns may vary, as past performance is no guarantee or indication of future performance.

Risk Warning: Don’t invest unless you’re prepared to lose money. This is a high-risk investment. You may not be able to access your money easily and are unlikely to be protected if something goes wrong. Take 2 mins to learn more.

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Best P2P Provider

Best Innovative Finance ISA Provider

Best Peer to Peer Lending Platform

Best Alternative Finance Company

FY 2025