

Swoop Finance Limited - £5M Award

CIF Key Achievements to Date

- Launch of new virtual CFO where SMEs can access loans, grants, and investment as well as cut costs across utilities, banking, and FX resulting in £179m in finance raised and saved for UK SMEs.
- 19,956 funding applications received through the platform
- 614 funding providers onboarded within the integrated marketplace
- AI powered bot to help with Covid funding eligibility - 1,300 customers have used the tool to date.
- 50,000 SMEs signed up to Swoop Virtual CFO with over 15% integrating their bank accounts via Open Banking.
- Large scale partnership agreements signed that will be activated in Q2 2020 which will ensure a significant increase in customer registrations in 2020.
- 9 new employees in the Midlands with a minimum of 2 more planned for 2020
- Swoop ensured advanced security for our technology, data and processes by achieving ISO27001 certificate.
- Swoop was accepted into HMT's Women in Finance charter this quarter.

Assessment Period 4 (April 1st, 2020 – June 30th, 2020)

COMMITMENT 1

Swoop is committed to supplementing the CIF award with an investment of £3.3m throughout the project.

Swoop is on track to meet this commitment.

COMMITMENT 2

Swoop will further invest in its proprietary, cloud-based technology and API enabled platform to deliver a sophisticated all-in-one SME finance platform. This will include a fully integrated marketplace of lenders, grant agencies, equity investors and finance product providers. Where providers have APIs available, Swoop will integrate these into its platform to deliver real-time finance decisions to customers. Swoop will deliver this integrated marketplace by Q2 2020 and will continually add more finance provider APIs as they become available. This integrated marketplace will lead to increased demand and access to funding for SMEs. Swoop will onboard 540,000 SMEs (15% of the business current account market) with at least 270,000 SMEs applying for external finance generating £11.8 billion in financing secured for those SMEs by Q4 2023. Of these 270,000 SMEs:

- **40,000 will apply for grants and/or R&D Tax Credits through Swoop generating £942m in money awarded to over 6,000 SMEs.**
- **200,000 will apply for debt finance through Swoop generating £9.9 billion in debt finance secured.**
- **30,000 will apply for equity finance generating £1 billion in money raised for 3,000 SMEs.**

Swoop met its commitment of launching an integrated marketplace in Q2 2020. We have also continued our commitment to integrate with finance provider APIs. This quarter we completed one

more API integration with Barclays joining RBS and HSBC as the latest bank to offer instant lending decisions through our marketplace. Swoop also released a dedicated eligibility tool for Covid government backed schemes including Bounce Back loans, CBILS, Future Fund and small business grants.

Swoop is on track to meet its commitment of onboarding 540,000 SMEs by 2023 having reached 63% of its target for this year by end of Q2 2020. Swoop has also scaled its distribution capabilities for future customer acquisition by launching with key partners such as the British Chamber of Commerce with 53 chambers across the UK and over 75,000 members.

Of those SMEs that have on-boarded with Swoop the following was achieved in line with our commitment. 8,371 SMEs applied for external finance with 22,000 applications forecasted for the next two quarters bringing Swoop in line with its annual target. Of these 8,371 applications; 7,741 applied for debt finance generating £105m in lending. 437 applied for grants/R&D tax credits generating £2.43m in funding.

While the demand and success rates for debt and grant finance were significantly higher in Q2 2020, the demand and supply of equity finance plummeted in line with market activity. Equity finance applications decreased by 80% and equity investment closed decreased by 85% as investors focused on shoring up their current portfolio companies rather than invest in new opportunities. However, there was an increase in applications in the second half of the quarter due to the launch of the Future Fund Scheme on May 20th, 2020. We anticipate a slow recovery for the growth stage investment market over the next two to three quarters subject to no second wave of Covid occurring.

COMMITMENT 3

Swoop will enhance its award-winning comparison and business intelligence tools to deliver AI based advisory features. Examples include monitoring spending habits and identifying the best providers based on usage; notifying customers when they can refinance to more favourable lending terms; automated reading of loan documentation; and real time monitoring of business performance against covenants. Expert help will be available whenever a customer needs support including virtual assistance, expert help on demand via video chat, and instant scheduling for an appointment with a specialist. Swoop will deliver these intelligent tools with the first feature release in Q2 2020.

Swoop is currently on track with this commitment with the first feature release in Q2 consisting of an AI powered chat bot with a current focus on quickly assisting SMES to understand their eligibility and apply for a Covid related scheme. 1300 customers have engaged with the bot and 224 have applied for a product through this channel. Swoop has also introduced instant scheduling and video chat.

Spending analysis features have also been released for bank account charges and comparison. Automated pre-population of loan application features have been released which will greatly increase the speed and ease of applying for a loan. In this quarter Swoop has processed 3,959 documents through this system.

COMMITMENT 4

Swoop will build digital features that are beautifully designed, and secure to use. SME customers will be able to move effortlessly between finance products and accounts to manage their finances on the go. Swoop understands that many SMEs wish to manage their finances through mobile applications as well as online, so to support this, it will launch its mobile applications in H1 2020.

Swoop released its responsive mobile application in H1 2020 as set out in this commitment. Swoop also ensured advanced security for our technology, data and processes by achieving ISO27001 certification this quarter. Swoop also continued its development on on-boarding and AML features to reduce friction as well as releasing additional easy to use features such as the CBILS cash flow forecast tool and SALIE pre-populated document forms. Swoop is on track to deliver all digital features set out by the allocated timetable.

COMMITMENT 5

Swoop will continue to work with all UK banks and CASS to deliver an end-to-end automated process for business current account opening to remove the hassle from BCA switching.

Swoop currently offers SMEs the ability to compare, open or switch their business current account to one of seventeen UK banks. Swoop has also achieved terms with three more challenger banks to onboard in Q3. Swoop is on course with its development plans as we had anticipated different levels of readiness, legacy system challenges and varying degrees of engagement from the variety of banks. Swoop has managed to achieve fully digitised journeys with four banks which is ahead of schedule.

COMMITMENT 6

Swoop commits to helping UK SMEs save over £4bn FX charges - mainly on market spread charged by banks. Swoop will end this practice by analysing the bespoke cost to SMEs of making international payments with their banks. We will compare bank rates received with independent provider rates in real time via API integration and identify the best value option for our customers. SMEs will be able to open and manage an independent FX account within Swoop and will be able to take advantage of currency trend notifications. Swoop will assist 270,000 SMEs to move their FX to an independent provider generating £1.62 billion in savings by Q4 2023.

Swoop has added two more providers to the platform this quarter - MoneyCorp and TransferMate. The API integration roadmap is on schedule so that comparing and switching can be automated. Despite the significant decrease in international payment activity due to lockdown (FX savings decreased by 35%) 672 SMEs achieved savings of £166,000 this quarter. As international trade improves and SMEs transact and travel more frequently we expect that this outlook along with a fully automated process will enable Swoop to meet its targets by Q4 2023.

COMMITMENT 7

Swoop commits to helping SMEs reduce overdraft, unsecured loan rates, and bank fees by enabling SMEs to see the value of their account and easily switch away when rates are uncompetitive - overcharges are estimated at £650m pa. Swoop's virtual CFO will be continuously scanning the market for better rates and service and will automate switching for individual or all financial products.

- Swoop will assist 135,000 SMEs to either switch their business current account with an overdraft to a new provider, or replace with a better value invoice finance facility, generating £158m in savings.
- Swoop will assist 162,000 SMEs to open additional accounts to perform particular functions such as fast payments and deposits generating £243m in savings.
- 216,000 SMEs will switch their utilities provider through Swoop generating £222m in savings.
- 108,000 SMEs will move their business insurance provider through Swoop generating £47m in savings for those SMEs. These savings will be achieved across all categories by Q4 2023.

Despite the economic uncertainty in this quarter, there was a 30% increase in customers comparing and switching bank accounts with 1,119 customers achieving £3.2m in savings across bank charges and overdraft fees. The average fee saved from switching a business current account was £1,613 with the biggest savings achieved across account fees, automated debits and foreign payments.

Swoop anticipates further growth in BCA switching as SMEs unhappy with the service they received from their bank during Covid seek out a new alternative. Swoop continued to find savings for businesses across other verticals as set out in our commitment. 235 SMEs switched their utilities this quarter with an average amount of £578 saved. Construction, property management and retail were the most common sectors switching their utilities during this quarter with the highest annual saving of 46.6% for one SME. Swoop anticipates an increase in customers seeking to save money across utilities and other services with cash flow under pressure during recovery from Covid.

Swoop's automated insurance offering will go live in Q3 which will significantly increase the number of insurance quotes and applications in H2 2020 through to Q4 2023.

COMMITMENT 8

Swoop commits to reducing the funding disparity between London and the rest of the UK particularly for equity finance. Swoop will deliver access and SAAS workflows for customers to not only be matched to investors but to build quality investor documents.

Swoop has continued to increase its diverse geographic customer reach both directly and through key partners such as the British Chamber of Commerce with 53 chambers across the UK. Swoop has also continued its development plans for enabling customers to become investor ready by partnering with Virgin Start up and Seedlegals to ensure a user friendly digital and offline education journey to achieving investment success. Swoop will continue its product development plans as set out in our commitments.

COMMITMENT 9

Swoop will continue expanding the breadth and depth of its market network with funding and service providers. Swoop will onboard at least 90% of UK funding providers by H2 2020. This will include investors registered with the EIS Association and the BVCA as well as the regional and sectoral funds supported by the British Business Bank. Swoop will onboard all government grant schemes as set out by gov.uk. Swoop will onboard all UK bank loan products and at least 90% of all alternative finance providers as set out by the Peer-to-Peer Finance Association.

Despite the volatility in the alternative finance market this quarter, Swoop continued to add more providers and products to its marketplace. For lending products, Swoop onboarded 28 new providers and 45 products covering Covid related finance such as CBILs while also adding new products across invoice, bridging, asset, supply chain, and trade finance as well as R&D tax credit and merchant cash advance lines. Swoop has also on-boarded investors to enable our customers to avail of the Future Fund Scheme with five new investors on-boarded.

Swoop also released a reporting tool feature for service partners and advisors on referrals made to Swoop delivering real time updates on the progress of their referrals.

COMMITMENT 10

Swoop will continue its collaborative approach to delivering innovation. It has identified seven UK SME tech partners to assist on this initiative. Swoop will engage with four of these partners in H2 2019 and three of these partners in H1 2020.

Swoop has met and surpassed this commitment with partnerships in place with 9 UK SMEs from API integration suppliers to AML and KYC providers to cashflow forecasting tools for CBILS applications. Swoop has built a collaborative ecosystem where each partner not only supplies a service, but Swoop also services their customer base with much needed finance solutions. The collaboration has strengthened during Covid as we worked fast to ship a secure, compliant and easy to use solution to deliver government backed funding schemes to those SMEs that most needed it. This collaborative approach will continue as we face the next challenge of assisting SMEs to recover and thrive.

COMMITMENT 11

Swoop commits to building on its culture of diversity and inclusion as it grows its workforce by 50 in the Midlands. We are proud that Swoop is led by a female CEO, with a 49:51 gender workforce.

Swoop has continued to maintain its gender balance as the team has grown. Swoop was also accepted into HMT's Women in Finance charter this quarter. The Charter is a commitment by HM Treasury and signatory firms to work together to build a more balanced and fairer financial services industry. Swoop has also increased its commitment to diversity and inclusion by expanding our Charter beyond gender to all underrepresented groups in society.