

Funding Xchange Ltd – £5m Award

Key Achievements to Date

We continue to make significant progress against our public commitments across a range of initiatives:

- To make finance more accessible, we continue to engage with a range of market participants including funders and Price Comparison Websites (PCWs) to ensure SMEs have access to the right kind of finance for their needs.
 - This has enabled us to engage hundreds of thousands more SMEs and continue to expand our market reach.
 - As part of this, we have launched SmartFinanceHub which enables brokers to efficiently submit compliant proposals to funders on behalf of SMEs.
- To make finance more affordable, we are transforming banks and lenders cost of providing access to finance by providing a digital eligibility journey. Where a bank or funder is unable to provide funding, we seamlessly provide access to our marketplace of more than 70 funders to provide access to alternative solutions:
 - We continue to see a healthy and developed pipeline of commercial conversations including tier 1 banks. This will enable them to provide thousands of SMEs with faster, more efficient, and more accurate decisions.
- To make finance more sustainable, we have successfully delivered our Concessions Management Minimum Viable Product and the Concessions Proof of Concept in conjunction with our partners.

Assessment Period 3 (March 1st, 2021 – May 31st, 2021)

COMMITMENT 1 - Making finance more accessible

Market challenge

'Financially fragile' SMEs have not built fundable profiles and SMEs believe it is too difficult to seek finance.

Commitment

SMEs will have 'frictionless' access to the best finance options. We will work with Price Comparison Websites, Accounting Software Providers, Challenger Banks and key influencers of the SME-lending landscape to completely embed our API-led technology within their infrastructure.

Explicitly, we will:

- extend our integrations with Price Comparison Websites, Accounting Platforms and Challenger Banks to deliver pre-approved offers of finance;
- power the 'Enterprise Nation Finance Portal' by Q1 2021, providing businesses with instant access to finance options, e-learning tools and access to 10,000+ advisors across the UK. We will deliver free online training tools for SMEs and 'train the trainer' programmes for advisors; and
- power the SmartFinance Hub in partnership with the NACFB to enable 1,600 brokers across the UK to use our digital capabilities. The Hub will be available free of charge until the end of 2022 to smaller brokerages.

This will drive greater transparency and competition into the market by providing 1.1 million additional businesses with simple and fast access to sustainable funding. This will generate £560m in Lending to SMEs by the end of 2022.

We remain On Track to achieve this commitment with over half a million SMEs reached.

- We have continued to invest in partnerships with price comparison websites and Enterprise Nation to engage hundreds of thousands more SMEs. New relationships being developed with other price comparison websites to continue to expand our market reach.
- We have made further investment in the Lender Relationships team to continue to expand the suite of lenders on the platform and work with existing and new lenders to optimise lending outcomes for SMEs and lenders alike.
- We have expanded our customer success team to cater for increased reach and SMEs using our services.
- The launch of SmartFinanceHub has expanded reach further by expanding access to asset finance providers, placing our technology at the point of need for even more SMEs.

COMMITMENT 2 - Making finance more affordable

Market challenge

Lending processes remain largely manual, making it expensive and slow with high street banks taking up to six weeks for decision on loan applications.

Commitment

Our Technology Platform provides alternative lenders with a plug-and-play solution to automate their decisioning and connect SMEs to the wider lending ecosystem. This will reduce lenders' operational costs, allow them to handle higher volumes and invest in competitive pricing.

FXE will fully integrate it into 20 lenders and challenger banks by Q4 2022, resulting in 400,000 customers per annum benefitting from faster, more efficient decisions.

We remain On Track to deliver this commitment with over twenty thousand SMEs receiving faster decisions. Our pipeline of commercial opportunities with Tier 1 banks and lenders is developed and healthy. Delivering our technology to these clients will provide thousands of SMEs with faster, more efficient and more accurate decisions. SMEs will see an increased range of products which may be suitable for their needs including options for funding from other funders. This will boost their chances to access financing and also improve the customer experience.

COMMITMENT 3 - Making finance more sustainable

Market challenge

Lenders struggle to support borrowers who become stressed – 60% of Covid-19 SME borrowing is unsustainable making this particularly important.

Commitment

Our data tracks SMEs' financial health, providing real-time insights into lenders' portfolio risk. This enables lenders to adjust repayments in line with SMEs' ability to pay as businesses navigate inevitable ups and downs.

FXE will partner with Shawbrook Bank to develop a real-time monitoring tool for intelligently managing concessions. The tool will be made available to at least 30 lenders, serving 300,000 businesses, thereby avoiding 9,000 insolvencies, and protecting 36,000 jobs by Q4 2022.

We remain On Track to achieve this commitment.

We have delivered both the Concessions Management Minimum Viable Product and the Concessions Proof of Concept in conjunction with our partners and continue to refine this new and exciting proposition. We are continuing to experience the usual challenges of unpredictable commercial contract negotiations, however we believe we remain on track overall.

COMMITMENT 4 - Create 55 new regional positions and aim for 50% of the team from diverse background

By Q3 2021, we will create 55 highly skilled positions, 80% of which linked to our Welsh office which will become our operational headquarters. Building on today's diversity of our senior leadership team, 50+% of Board and Senior Executives are from a diverse background, we aim to achieve the same ratios within our broader team by 2022.

We remain On Track to achieve this commitment.

Our recruitment targets remain on track with a continued focus of recruitment within South Wales. We have recruited over thirty positions with the vast majority regional appointments. We remain in a leading position on diversity with over half of our team from a diverse background.

COMMITMENT 5 - Opportunities for partners

We are at the centre of the SME lending ecosystem, giving us the opportunity to work with new, innovative lenders seeking access to the market. We will invest our analytical resources to support 10 new/emerging lenders refine their product solutions to ensure a strong fit with market needs and help these lenders to bring solutions to market by the end of 2021. We will waive our fee for this service.

We remain On Track to achieve this commitment.

We continue supporting partners to refine their product solutions to provide a strong fit within market needs with 6 new and emerging lenders supported to date. This has included engaging with lenders about developing RLS products and launching other new products into the market. Some of these solutions have gone live in Q2 and others are going live in July.

COMMITMENT 6 – Co-investment

We will match the award on a 1:1 basis.

We remain On Track to achieve this commitment.

We have matched BCR funding 1:1 over this Assessment Period with over £2m co-invested to date.