

Swoop Finance Limited - £5M Award

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 £1.5bn in finance raised and saved for UK SMEs.
- 396k funding applications received through the platform.
- 1,534 funding providers onboarded within the integrated marketplace.
- Released online education platform 'RISE' for advisors on SME funding landscape.
- Accountant and Broker Software as a Service offering is up 120% on Q1 2022 leading to the growth in applications and funding secured through the platform.
- Launched new lender API with RetailCap.
- 623k SMEs utilising Swoop Virtual CFO marketplace.
- 36 new employees in the Midlands.

Assessment Period 12 (April 1st, 2022 – June 30th, 2022)

COMMITMENT 1

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

We are on track to meet this commitment. To date, we have contributed £2.9m.

Original 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.**

Rationale for change:

We set out our business case and public commitments regarding market impact in 2019. Our modelling did not model or foresee the major economic events that prevailed during the last three years, namely

COVID, a hard Brexit, supply chain events and more recently the Russian invasion and the energy crisis. To date, COVID has had the most significant negative impact to the business case forecasts. However, the energy crisis and the Russian invasion may yet overshadow those impacts. As a result, while maintaining our ambition, we requested a reduction in the impact numbers set out in the original business case to reflect this impact. We accept that our targets were highly ambitious from the outset, but we believe when economic stability returns, we will consistently deliver and will reach these targets within 5 years.

We increased the number of SME applications and secured applications for grants and R&D Tax Credits because during Covid-19, we had seen a major spike in customer applications across grants as well as loans and had experienced a 700% increase in customer demand within the first week of lockdown as businesses sought to apply for BBLS and CIBLS. However, we decreased targets for value (£) of loans, equity, and grants because despite seeing an increase in applications for grants and loans during early 2021, the value of grant funding achieved required a reduction in forecast due to: (1) Covid-19 impact funds being restricted to certain sectors and on first come first served basis; and (2) the delay and overall reduction in replacement grant funding for the European Regional Development Grant Funds ('ERDF'). Additionally, the UK Shared Prosperity Fund has not only been delayed by over two years, but the replacement amount is currently averaging 30% of ERDF, leaving a substantial gap.

Overall, we are fulfilling our commitments on delivering our propositions to SMEs.

New 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 £4.5billion in financing secured for those SMEs by Q4 2025. Of these 270,000 SMEs will apply for a number of finance products as follows:

- **60,000 will apply for grants and/or R&D Tax Credits through Swoop generating £540m in money awarded to 6,000 SMEs.**
- **202,500 will apply for debt finance through Swoop generating £3.475billion in debt finance secured for 40,500 SMEs**
- **30,000 will apply for equity finance generating £480m in money raised for 1050 SMEs.**

We are on track to meet this commitment. Swoop has assisted 623k SMEs in accessing the virtual CFO product. Through Swoop and our associated white label platforms, 323k SMEs have applied for funding with 38,900 SMEs securing funding across loans, equity, grants and R&D generating £1.3bn in funding secured.

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.

This commitment has been met.

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.

This commitment has been met.

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.

This commitment has been met.

Original Commitment:**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.

Rationale for change:

As mentioned above, the reduction of impact targets for saving funds across FX is because Covid-19, Brexit and the energy crisis have slowed down our progress on achieving savings benefits for customers. One of our main goals was to reduce the cost of FX for SMEs. These savings come from opening better accounts to serve foreign purchase transactions and payment for imports/exports. Foreign purchase card transactions plummeted during lockdown and with it, the demand for better priced solutions. Additionally, import/export trades also plummeted with the same effect on demand. While FX is

becoming a more relevant business expense line, it will take time to reach the levels initially assumed by us. As a result, we requested for a decrease in our forecasted FX savings.

New Commitment:

COMMITMENT 6

Swoop commits to helping UK SMEs save £108m on 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 91,500 SMEs to move their FX to an independent provider generating £108million in savings by Q4 2025.

We are on track to meet this commitment. To date, we have successfully assisted 21,220 SMEs switch their FX to an independent provider generating £39.5m in savings for those SMEs.

Original Commitment:

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.**

Rationale for change:

As noted above, the same trajectory occurred with insurance as both premium demands fell. Furthermore, commercial insurance premiums continue to rise due to social inflation, cyber risk and a challenging market for Directors and Officers liability insurance and business interruption. As a result, we sought to reduce our forecasted impact for insurance savings. Additionally, with regards to energy, several of our suppliers did not survive the energy crisis and the ability to make savings on current contracts for business customers was challenging and therefore, as a result, we sought a reduction in forecasted savings impact for utilities.

New Commitment:

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 82,000 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 £196m in savings.
- Swoop will assist 25,770 SMEs to open additional accounts to perform particular functions such as fast payments and deposits generating £62m in savings.
- 24,000 SMEs will switch their utilities provider through Swoop generating £49m in savings.
- 13,500 SMEs will move their business insurance provider through Swoop generating £2m savings for those SMEs. These savings will be achieved across all categories by Q4 2025.

We are on track to meet this commitment. To date, we have helped to unlock £133.4m in savings across banking, overdrafts, FX, insurance and utilities across the platform and associated white label platforms.

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.

This commitment has been met.

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](https://www.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.

We are on track to meet this commitment. In Q2 2022, Swoop added a further 201 providers onto its platform across debt, lender API, equity, grants, banking, FX and insurance.

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.

This commitment has been met.

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.

We are on track to meet this commitment. In Q2 2022, we welcomed 7 new team members, taking the total new hires to 36.