

Funding Xchange (E) – £5m Award

Public Commitments Update – Q1 2023

Key Achievements to Date

- In partnership with Shawbrook, we won ‘the best digital Innovation award’ for the Asset Finance category.
- We have successfully deployed both CIF and our committed co-investment of £5m.
- Since BCR funding, FXE onboarded 30 additional lenders to offer the suite of liquidity options across the platform.
- Our CIF funded portfolio monitoring solution is live with multiple banks and lenders.
- We have created 55 highly skilled positions and embedded a hybrid working arrangements linked to regional offices to support at least 60% of our staff.
- We remain in a market leading position with respect to diversity at >50%
- To date, we have 30 lenders as part of our Access to Funding Platform.

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; and**
- **power the SmartFinance Hub in partnership with the industry bodies 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.**

We are on track with respect to our “reach” commitments in terms of the number of new SMEs with Access to Funding. The market adoption of our technology products by banks and lenders continues to support our expanding reach, placing our technology at the point of need to SMEs whether they are seeking funding directly through FXE or via any of our partners.

We are progressing in line with our plan with respect to expanding our Lender Relationships and the suite of liquidity options across the platform having onboarded an additional 30 lenders since BCR funding. We continue to align lending options we have available with the demand we are seeing and are supporting several new and emerging lenders in this regard.

We are in negotiation with two Price Comparison Websites; however, the process is taking longer than anticipated. Therefore, the target originally set for Q4 2022 is now pushed back by 12 months to Q4 2023. Our financing offered/intermediated KPIs are on track.

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.

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 2024, resulting in 400,000 customers per annum benefitting from faster, more efficient decisions.

We are on track with this commitment. We are strategically focused to deliver our solutions to tier 1 bank where we will have the largest positive impact for SMEs seeking funding.

We are actively working with several banks to deliver our solutions by year-end. Those relationships will provide thousands of SMEs with faster, more efficient and accurate decisions.

SMEs are already seeing an increased range of products that are suitable for their needs including options for funding from other funders. This visibility is especially critical in the current economic turmoil where lending costs are increasing – a KPI that is outside of our control.

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 by Q4 2024, and help avoiding insolvencies, and protecting jobs.

We are on track with this commitment. Delivery of our BCR funded Portfolio Monitoring solution is gathering pace including Shawbrook solutions which are now live with 4 clients and a further 3 are lined up for early 2023. Having recently won in partnership with Shawbrook 'the best digital Innovation award' for the Asset Finance category, the level of interest in the market and strength of the current pipeline continues to build across asset categories.