

Outcomes Statement

Year End April 2023

1. Introduction

In accordance with COBS 18.12.21R and COBS 18.12.23R, Crowd2Fund publishes this Outcomes Statement for the financial year ended 30 April 2023. This report sets out the actual and expected default rates by risk category, and the actual and expected write-off rates by risk category, using a consistent methodology applied in prior years. The methodology measures defaults and write-offs as a proportion of the total amount lent to date, which we believe provides a clear representation of performance over the lifetime of our lending. Historical figures are provided for comparison, and the potential impact of alternative calculation methods is disclosed for transparency.

2. Methodology

2.1 Definitions

Default: A loan is classified as in default if it is: 90 or more days past due; in administration, insolvency, or liquidation

Write-off: The full or partial loan balance permanently removed from recoverable assets after all recovery avenues are exhausted.

Risk Categories: Fixed Loans – Loans with fixed repayment schedules; Revenue Loans – Loans repaid as a percentage of borrower revenue.

2.2 Calculation Formulas

Actual Default Rate (%) = (Default Balance at year-end ÷ Total Amount Lent to date) × 100

Actual Write-off Rate (%) = (Cumulative written-off balance ÷ Total Amount Lent to date) × 100

2.3 Expected Rate Methodology

Expected default and write-off rates are estimated using a weighted analysis of the performance of outstanding loans, historical cohort performance, the impact of credit policy changes introduced in January 2021, and macroeconomic considerations such as SME sector forecasts and interest rate trends. These estimates are intended to provide investors with an informed expectation of future portfolio behaviour.

2.4 Disclosure

Alternative calculation methods, such as measuring defaults as a proportion of the outstanding loan balance at year-end, can produce materially different results. We have chosen to continue with our Total Amount Lent basis for consistency and to present performance over the lifetime of our lending activity.

3. Worked Example – Actual Default Rate

Example (YE Apr-2023)

Default Balance	£4,511,042
Total Amount Lent to date	£43,862,647
Actual Default Rate	$(4,511,042 \div 43,862,647) \times 100 = 10.3\%$

4. Results – Default Rates

Risk Category	Actual Rate Apr-2023	Default Rate Apr-2023	Expected Default Rate Apr-2024
Fixed Loans	6%		8%
Revenue Loans	19%		17%
Total	10.3%		10.8%

5. Results – Write-off Rates

Risk Category	Actual Write-off Rate Apr-2023	Expected Write-off Rate Apr-2024
Total	6.8%	6.8%

6. Portfolio Commentary

The portfolio's actual default rate at April 2023 was 10.3% using the Total Amount Lent methodology, compared with 6.3% at April 2022. The change of +4 percentage points reflects some deterioration in older vintages alongside macroeconomic pressures on SMEs. Expected default rates for April 2024 are forecast at 9–12%, reflecting both economic conditions and the impact of our strengthened underwriting standards.

The write-off rate during the year was 6.8%, and is expected to remain within the 6–8% range.

7. Consumer Duty Statement

This Outcomes Statement has been prepared in line with the FCA's Consumer Duty requirements, specifically to ensure that communications are clear, fair, and not misleading, and to support investor understanding of platform performance.

8. Access and Archiving

This statement and all previous Outcomes Statements are available via our website for a minimum of 10 years from publication, in accordance with COBS 18.12.22R. Historical portfolio data is also available at: <https://www.crowd2fund.com/platform-statistics>

9. Risk Warning

Capital at risk. Past performance and forecasts are not reliable indicators of future results. Peer-to-peer loans are not protected by the Financial Services Compensation Scheme (FSCS). You may lose all or part of your investment.