Outcomes Statement

Year End April 30th 2021

CROWD2FUND

Introduction

In accordance with COBS 18.12.21R, Crowd2Fund must publish an outcomes statement in order to detail expected and actual default rates by risk category. This document outlines in detail the outcomes statement, defines the methodology used to calculate the forecast default rate and also ongoing work for additional analysis during COVID-19. In line with the requirement of COBS 18.12.21R the platform default rate, default rate by risk category and estimated default rate is published on the Fund Statistics page which can be accessed here: www.crowd2fund.com/fund- statistics.

We adopted a default rate modelling methodology in April 2020 details of which can be found on the 2020 Outcomes Statement. For our 2021 estimates, we have simply looked at changes in the size of the portfolio and taken into account COVID government funding payment obligations likely to fall due for businesses in the next period and also the economic outlook post COVID19.

Outcomes statement comment

It is important to recognise that the rates calculated are not annualised and are a percentage of the all-time total lent. Any change is not necessarily a reflection of the performance over the past year where there have been significant changes to our credit review and recovery methodology.

The default rate has increased on a like for like basis slightly from 6.01% to 6.10% which is less than predicted (6.58%). For April 2021 we have made an adjustment to the defaulted population to include loans which were in administration at year end. Any loans which were in default and in administration over the 12 month period but were written off are included so as to ensure the default rate is not understated as a result of the write offs. We believe this more accurately reflects the defaulted portfolio position.

Consequently, the adjusted actual default balance for the period to April 2021 is 8.41% which is the most prudent default calculation and the write off rate for the period is 1.75%.

We have also included a table which shows the amount written off in that period by risk category.

Outcomes statement

Category	Actual default rate April 2020	Expected default rate April 2021	Actual default balance April 2021	Actual default rate April 2021	Expected default Rate April 2022
Interest Only	0.00%	0.02%	£0.00	0.00%	0.00%
Loans	4.67%	4.90%	£2,078,883	5.99%	5.99%
Revenue Loans	1.00%	1.25%	£739,388	2.13%	2.13%
Venture Debt	0.35%	0.42%	£100,489	0.29%	0.29%
Total	6.01%	6.58%	£2,918,760	8.41%*	8.41%

*This figure includes loans which are in default and administration. It also includes any loans that were in default within the period and were subsequently written off. This higher figure reflects the new calculation methodology. On a like for like basis the default rate is 6.10%.

Category	Actual write offs during 2020/2021	Expected write offs during 2021/2022
Interest Only	0.00%	0.00%
Loans	1.37%	2.21%
Revenue Loans	0.38%	0.61%
Venture Debt	0.00%	0.00%
Total	1.75%	2.82%

Actual write offs are calculated as a percentage of the total loan book as at 30th April 2021, during the period May 2020 to April 2021.

We have looked at the growth in the portfolio for the first three months of the new period which is approximately £500,000 per month and increasing smoothly. Assuming the rate of growth continues, write offs as a percentage of the portfolio at April 2022 is estimated to be 2.82% for the period (May 2021 to April 2022).

This is an increase on the previous year to consider the longer term COVID impacts on selected businesses and also taking into account those businesses that may have repayable COVID loans obligations elsewhere creating potential financial distress when they fall due.

Crowd2Fund has made the following assumptions when reviewing the loan book and applying those insights to expected default rate.

- We assume that economic recovery from COVID-19 continues to progress in line with the current trends.
- We assume there will be no further economic shocks in the next 12 months.
- Given continued COVID-19 recovery and improvements in the underwriting and recoveries processes we do not expect the default rate to increase.

Risk Warning:

Past performance and forecasts are not reliable indicators of future results. Tax treatment of any of the investment offers will depend on the individual circumstances of each investor and may be subject to change in the future. If you are unsure about any aspect of the information provided by the company, you should seek advice from an independent financial adviser. Do not invest more than you can afford to lose. Investing in start-ups and early-stage businesses involves risks, including illiquidity, lack of dividends, loss of investment and dilution, and it should be done only as part of a diversified portfolio. Investing in start-ups may expose the individual concerned to a significant risk of losing all of the money or other assets invested. Peer to business lending through Crowd2Fund is not the same as holding a bank or building society savings account. When making a peer to business loan, your capital lent to a borrower is not covered for compensation in the event of a loss by the Financial Services Compensation Scheme. It may prove impossible to recover all or part of the loan by calling in the business assets held as security on that loan. Reward and Donation funding types are not regulated by the Financial Conduct Authority Crowd2Fund Limited is authorised and regulated by the Financial Conduct Authority (FRN 623683). Crowd2Fund Limited is registered in England and Wales. Registered No. 08472687 Registered Address: 242 Acklam Road, London, W10 5JJ.