towards online in small business lending as a result of Covid and this has opened up an enlarged opportunity for Funding Circle.

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Loans under Management (LuM)	3,722	4,214	4,214	3,731	13%

25% year-on-year.

- Record loans under management of £4.21 billion (2019: £3.73 billion) up 13% and record originations of £2.74

Operating and Strategic Summary:

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scalability. H2 2020 UK originations were up 91% year-on year, without adding additional headcount.

we are well placed to capture this enlarged opportunity.

- Since the start of the pandemic, Governments have stepped in to support SMEs, demonstrating their strategic importance to the economic recovery and include:

- Globally, in 2020, lending through Funding Circle helped generate £10bn in GDP while creating and profitability skewed towards H1 2021.

Board changes:

globally.

Forward looking statements and other important information:

has resulted in strong customer satisfaction scores and high repeat rates, helping us to grow alongside our small businesses.

Developing Markets	**184**	266	(31%)

Loan Scheme in the UK, and SBA loans on behalf of banks in the US, as well as continuing to operate our referral model for other borrower needs, will commence during Q2.

CBILS loans.

Despite the fair value loss in H1 2020 AEBITDA for the UK business for full year 2020 was positive at £6.5 million. AEBITDA profit in H2 2020 was £28.6 million compared to an

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lending product in December and continued to offer our referral model during the second half of the year. Overall for the year, loans under management decreased by 14% to impact of Covid-19, the Group decided not to scale up the new model and headcount numbers in London, which resulted in a limited number of loans originated. Costs

Transaction fees	122.5	-	122.5	121.2

Loan repurchase charge	(6.2)	-	(6.2)	(6.5)

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historic loan purchase commitment.

Net investment income represents the investment income, less investment expense, on loans invested within Funding Circle's investment vehicles and was £66.3 million (2019:

2020

£m

%

arrangements to buyback certain defaulted loans from certain financial institutions under a loan purchase commitment. In return the business has received a fee premium (reflected in Other fees). Under IFRS 9 this

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Total income	152.9	63.0	6.1	222.0	**111.6**

security
costs

SME loans

Cash	64.4	-	18.9	20.0

deterioration in the expected level of defaults when these investments were revalued at 31 December 2020.

The table below provides a further breakdown of Funding Circle's investment in these vehicles:

not feasible due to Covid-19.

4. Securitisation SPVs (horizontal): Once loans are securitised, we temporarily hold the residual horizontal

Adjusted EBITDA	(63.8)	(27.5)

The Funding Circle Report and Accounts for year end 31 December 2020 contains a responsibility statement in the following form:

December

2020

31
December

3
D

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Depreciation, amortisation	3	(17.2)	(13.7)	(30.9)	('

comprehensive
income/(loss)

comparative year ended 31 December 2019 was re-presented accordingly for comparability.

All amounts relate to continuing activities.

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other liabilities

Lease liabilities	9	23.5	29.8

Balance at 1 January 2019	0.3	291.8	15.7	6.0

Other comprehensive income

operating activities

Interest received	0.4	1.8

Cash and cash equivalents at the end of the year	14	103.3	164.5

The financial statements are prepared on a going concern basis as the Directors are satisfied that the Group has the resources to continue in business for the foreseeable future higher fair value losses and lower cash flows to the warehouse and horizontal tranches of investments it owns.

States and Developing Markets, plus the two centralised cost segments: global product development and corporate costs. The Developing Markets segment includes the Group's less mature businesses in Germany and the Netherlands.

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loss

Net income by type

items £m | £m | £m | exceptional items £m | ite £n

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Exceptional items are the items of income or expense that the Group considers are material, one-off in nature and of

2020 | 2019

Number | Number

Share-based payments	6.6	(1.0)	5.6	8.0

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Weighted average number of ordinary shares in issue (million)	347.0	347.6

At 31 December 2020	-

£29.0 million in FCCE).

8. Intangible assets

At 31 December	21.3	0.7	1.0	23.0

Reconciliation of amount recognised in the balance sheet

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At 31 December	6.1	3.6	2.8	46.8

differences

At 31 December	3.7	3.2	1.7	22.0

Amounts recognised in the statement of comprehensive income were as follows:

Prepayments	3.6	4.2
Accrued income[2]	43.7	7.3

Other taxes and social security costs	3.7	3.1

Amount utilised	-	(4.1)	(4.9)	((

Under IFRS 9, the Group is required to provide for these loan repurchases under the expected credit loss ("ECL") model.

At 1 January 2019	2.1	0.8	0.2	3.1

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loans transferred from performing

Non-performing (90+ days overdue)	100	Lifetime ECL	-	-

interest rates, GDP and inflation.

Macroeconomic scenarios are probability weighted within the model and include stress scenarios of: i) low losses, a high GDP, market confidence and political stability; ii) normal framework.

The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk

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£m

Bank borrowings	-	(195.5)	(195.5)

	754.8	142.1	896.9

classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement.

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receivables

(level 1) £m	(level 2) £m	(level 3) £m

million at 31 December 2020 (2019: £342.0 million).

The fair value of investment in SME loans (securitised) represents loan assets in the securitisation vehicles and has

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Investment in SME loans

Investment in SME loans

Bonds (unrated)

Inves In tru

Repayments	(146.9)	(211.7)	4.2	-
Disposal	-	-	(4.0)	-

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item)

Net cash inflow/(outflow) from operating activities	33.1	(27.0)

originations restarting with new borrower products as detailed below and the temporary cessation of non-government-guaranteed lending. The Group's exposure to ABS products resulted in significant fair value losses as

The Group continued its bond programmes which commenced in the prior year in the UK and US, investing in SME loans during the "warehousing phase" of the programme using both its own cash and amounts borrowed

The Group has adopted the following new and amended IFRSs and interpretations from 1 January 2020 on a full retrospective basis.

to Regulation (EC) No 1606/2002 as it applies in the European Union and have not been early adopted by the Group as follows:

are not consolidated by the Group.

Investments in trusts are classified at fair value through profit and loss. They are initially recognised at fair value on the

Judgement is required in determining who is most exposed to the variability of returns and who has the ability to affect those returns and therefore who should consolidate these vehicles and subsequently deconsolidate them. Where the

Dutch businesses (Funding Circle Continental Europe or "FCCE"). These assets are assessed annually for impairment or when indicators of impairment are identified. Following

- Fifth-year cost growth of 16.0%. A 520bps increase in projected fifth-year cost growth rate with no income increase would decrease the recoverable amount by £16.2 million to be equal to the carrying value.

Sensitivities to the default rates and discount rates are illustrated below.

decrease/increase fair value by £2.6 million.

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loans (securitised) UK: 7.8% +/-100 bps would decrease/ increase fair value by £3.7 million.

information including macroeconomic forecasts such as changes in interest rates, GDP and inflation in each market together with the impact of loan defaults. It is estimated that