

Funding Circle and Alcentra announce strategic partnership to lend \$1 billion to U.S. small businesses

Funding Circle, the leading small and medium enterprise (“SME”) loans platform in the UK, U.S., Germany and the Netherlands¹, and Alcentra Limited and Alcentra NY, LLC (collectively “Alcentra Group”), an alternative fixed income specialist for BNY Mellon Investment Management (IM), today announced a strategic partnership to support the growth of thousands of U.S. small businesses.

The partnership will see Alcentra, a global asset management firm with assets under management of approximately \$37.7 billion², on behalf of its clients purchase up to \$1 billion in business loans originated through Funding Circle’s U.S. platform (Funding Circle U.S.) over a period of up to three years, with financing from Credit Suisse. In total, the deal is expected to fund loans to approximately 8,000 U.S. businesses, creating thousands of new jobs across the country.

Today’s news follows a record first half of the year, with Funding Circle facilitating more than \$1.4 billion in lending globally in the first half of 2018³. Despite playing an important role in the American economy, including employing roughly half of the country’s private workforce⁴, small businesses continue to face challenges accessing finance through traditional channels. Funding Circle links this demand with supply, supporting access to finance for small businesses and enabling economic growth. In total, Funding Circle has facilitated \$1.5 billion of loans to U.S. small businesses.

A recent analysis by Oxford Economics found that lending through Funding Circle contributed \$2 billion to the American economy in 2017 (measured in Gross Value Added)⁵. Globally, this lending enabled more than 75,000 jobs globally in 2017, including 28,000 jobs in the United States.

Samir Desai, Funding Circle co-founder and CEO, said: “This partnership is further validation of the attractive risk-adjusted returns that are being generated by investors lending through Funding Circle. By opening up a new asset class for investors, we are helping to channel much-needed finance through to local small businesses who use these funds to create jobs and generate economic growth around the world.”

Alcentra joins a wide range of individual and institutional investors lending to small businesses through Funding Circle, including more than 80,000 retail investors, banks, asset management companies, insurance companies, government-backed entities and funds across Funding Circle’s geographies.

David Forbes-Nixon, Alcentra Chairman and Chief Executive Officer, said: “With the shrinking of traditional lending channels, businesses of all sizes are facing similar challenges in securing financing.

¹ By Q1 2018 originations for the United Kingdom and the Netherlands, and cumulative originations for the United States and Germany, according to OC&C analysis and estimates.

² As of 31 July 2018

³ £1.043 billion at an exchange rate of 1.377 dollars to the British pound.

⁴ U.S. Small Business Administration Office of Advocacy. United States Small Business Profile, 2018.

<https://www.sba.gov/advocacy/2018-small-business-profiles-states-and-territories>

⁵ The Economic Impact of Lending Through Funding Circle. Research commissioned by Funding Circle from Oxford Economics, June 2018. <http://www.fundingcircle.com/us/impact>



Alcentra's global expertise across syndicated loans, direct lending and structured credit, makes us ideally positioned to partner with Funding Circle and broadens the suite of credit strategies and solutions Alcentra is able to offer investors."

Hiram Hamilton, Alcentra's Global Head of Structured Credit, said: "Alcentra is excited to partner with Funding Circle to extend our lending capabilities with large and middle market companies into small business loans in the U.S. The partnership will align the lending requirements of Funding Circle's clients with the potential to provide attractive investment returns for Alcentra's fund investors in this growing asset class."

Bernardo Martinez, Funding Circle U.S. managing director, said: "We're continually encouraged by the high degree of investor interest we see in this asset class. This significant funding commitment will help small businesses across the country access the finance they need to expand and grow."

Through its platform, Funding Circle is expanding access to finance for small businesses at competitive and transparent pricing. Using cutting-edge technology, proprietary credit models and sophisticated data analytics borrowers can complete a quick and simple initial application in minutes and typically receive a decision within 24 hours in the United States.

Alcentra Group is a global asset management firm with assets under management of approximately \$37.7 billion as of 31 July 2018. Alcentra Group has an investment track record that dates back to 1998. Strategies include: senior loans, high yield bonds, direct lending, structured credit, distressed debt, and multi-strategy credit. Alcentra Group is majority owned by The Bank of New York Mellon Corporation and is headquartered in London, with offices in New York, Boston and San Francisco as well as representatives in Singapore and Hong Kong.

BNY Mellon Investment Management is one of the world's leading investment management organizations and one of the top U.S. wealth managers, with \$1.8 trillion in assets under management as of June 30, 2018. It encompasses BNY Mellon's affiliated investment management firms, wealth management services and global distribution companies. BNY Mellon Investment Management is a division of BNY Mellon, which has \$33.6 trillion in assets under custody and/or administration as of June 30, 2018. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on www.bnymellon.com. Follow us on Twitter @BNYMellon or visit our newsroom at www.bnymellon.com/newsroom for the latest company news.

Funding Circle (www.fundingcircle.com) is a global SME loans platform, connecting SMEs who want to borrow with investors who want to lend in the UK, U.S., Germany and the Netherlands. Since launching in 2010, investors across Funding Circle's geographies – including more than 80,000 retail investors, banks, asset management companies, insurance companies, government-backed entities and funds – have lent more than £5 billion to over 50,000 businesses globally. Funding Circle has raised approximately £250 million in equity capital from some of the same investors that backed Facebook, Twitter and Airbnb.

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