

**Assessment Period 1 (July 1<sup>st</sup>, 2019 – September 30<sup>th</sup>, 2019)****The Co-operative Bank PLC - £15M Grant**

In the three months since receiving funding from the Capability and Innovation Fund, The Co-operative Bank has made good progress in preparations for the transformation of our SME proposition in line with our plan. This has included mobilising the teams to deliver our transformation and commencing the selection of our specialist partners who will help us to improve our SME proposition. We remain committed to increasing competition in the market through our transformation to become the ethical, digital bank for UK SMEs and we are making good progress against our public commitments:

**PUBLIC COMMITMENT - TRANSFORMING OUR SME PROPOSITION**

**"We commit £17m of the Bank's own funds to supplement £15m from the Capability and Innovation Fund."**

We remain committed to investing £17m of the Co-operative Bank's own funds alongside the £15m grant from the Capability and Innovation Fund as we accelerate the transformation of our proposition to better support the changing needs of UK SMEs.

**PUBLIC COMMITMENT - MODERNISING OUR DIGITAL SERVICE FOR SMES**

**"We commit to modernising the way our SME customers are able to bank with us by enhancing our digital service."**

We are on track to deliver our new mobile app for SME customers in Q3 2020. This will complement our existing online banking service and our award winning telephony service and branch network. We remain committed to delivering this in Q3 2020 and will iterate this over time in line with our plan to enable customers to view their personal accounts and to integrate accounting software and smart invoicing capability.

**PUBLIC COMMITMENT - HELPING SMES THRIVE**

**"We commit to helping SMEs thrive by launching a new business credit card proposition and building a suite of personalised business support tools."**

We have begun our engagement with FinTech's and specialist providers to build a suite of personalised business support tools as outlined in our plans. We are in advanced discussions with a Manchester-based fintech to provide accounting software and smart invoicing to our customers and we are also identifying partners who will offer our SME customers other tools and services which will remove overheads and effort. This is part of our exciting plans to build a range of value added services which can help our SME customers' businesses to flourish. We are also in discussions with card providers to explore how they could support our new business credit card proposition and we remain on track to deliver this for customers in the second quarter of 2021.

**PUBLIC COMMITMENT - MAKING BANKING FASTER PACED FOR SMES**

**"We commit to making banking faster paced for SMEs by digitised our onboarding journey and common account servicing tasks to provide SMEs with a frictionless customer experience."**

We are on track to introduce same day account opening for SME customers and we will deliver this in a phased approach. We expect to introduce this next year for sole traders and single director companies in the first instance and will then enable this for other types of organisations. This is earlier than outlined in our original plans. We are in detailed discussions with our preferred partner

for our new Customer Relationship Management platform which will be a key enabler for our one-day onboarding journey and the digitisation and automation of key account servicing tasks for our SME customers.

**PUBLIC COMMITMENT - OUR AMBITION FOR OUR CUSTOMERS AND THE MARKET**

**"We commit to growing our market share to 5% of the banked SME market by 2025, more than doubling our current share of 2.3%."**

Our customer base has remained broadly stable over the past 3 months. We are in the mobilisation period for our transformation and as we start to deliver exciting changes to our proposition we expect our market share to grow in line with our commitments as we transform to become the digital, ethical bank for UK SMEs.

**PUBLIC COMMITMENT - ONGOING SUPPORT**

**"We aim to create ~270 new jobs, of which ~180 will be frontline staff focused on serving our SME customers."**

We are on track with our planned recruitment to support the sustainable growth of our SME customer base. We expect this recruitment to continue as we make improvements for SME customers and continue to grow our customer base and market share.