

Virgin Money Plc – Public Commitments

£35 Million Award

At Virgin Money Business our purpose is to ‘help business owners realise their potential and achieve their dreams’. In a time of unprecedented change and challenge for SMEs, the CIF award presents us with an unparalleled opportunity to truly help business owners with the challenges they are facing, and to cause significant disruption to the Business Banking market. The tsunami of events globally and in the UK (e.g. COVID-19, Brexit, supply chain transformation and localisation, global trade wars and dynamic automation) means that, now, more than ever, SMEs are under pressure. We believe that SMEs need clarity and confidence that they can meet their commitments, but presently they have to construct views on their liquidity and viability from a myriad of disparate sources.

With the CIF Pool E award, Virgin Money will tackle this challenge head on with our “Working Capital Health” solution, giving SMEs control over the financial health of their business. This solution evolves the Business Current Account (BCA) to become the “Working Capital Wellness Tracker” that SMEs need. It combines historical, current and future views of liquidity and working capital across the whole business cycle, extending into a set of working capital solutions. These solutions help SMEs to change their working practices to optimise their cashflows and returns and will be provided by both the bank and a newly- created marketplace of providers.

With a credible and experienced track record of growing and expanding SME banking, with this investment we will:

COMMITMENT 1 – Launch “Working Capital Health” for SMEs in 2021

With digital onboarding and the Working Capital Wellness tracker delivered within the first year of receiving investment. This new BCA will provide SMEs with real time insight into current and forecasted working capital requirements, helping them improve margins and providing them with predictability and confidence over their financing. The BCA will be supported by fintech partners, providing access to a business and financial services marketplace. Some 90% of customers are ultimately likely to be able to be onboarded and underwritten with a wholly digital experience. We commit that 50% of all new customers will be digitally onboarded and credit-approved from end 2022, and 75% by end 2025.

COMMITMENT 2 – Acquire 100K new SME customers by the end of 2025 (of which 20K will be acquired by end 2022)

That is a 52% increase on our established customer base and combined with our inflight initiatives will give us 355K SME customers and a market share of 6.1%. But crucially we don’t see this as a numbers game, which is why we’re proud to serve - and committed to support - SME customers of all sizes. From those at scale right through to the very small businesses that make up the beating heart of the UK economy. Customer acquisition will be enabled by smart digitisation of onboarding and credit decisioning, and customers will be drawn in groups as Working Capital Health will target businesses through their trading and sector networks. 90% of new customers will be digitally onboarded and credit-approved from end 2022.

COMMITMENT 3 – Increase lending by an extra £2.2Bn by the end 2025 (of which £0.5Bn by end 2022)

Providing a much-needed capital boost to the SME market during the difficult years ahead. Within this, more than £100M of our new lending will be to clients pursuing environmental, social and governance aims.

COMMITMENT 4 – Invest an additional 150,000 hours of Relationship Manager time per annum from end 2022 to advise clients on how they can improve their working capital health

This will be enabled through an investment in data infrastructure, process digitisation and Working Capital analytics from the BCA.

COMMITMENT 5 - Develop a partner ecosystem, enabling initially 10 solution partners to launch services by 2022

We will power our solutions through a unique partnership network, spending at least 30% of the CIF Grant on UK based SMEs, and working with our partners to develop their businesses through ours, supporting their business growth and development. These partners will both deliver innovation and enable the platform and marketplace to launch at a rapid pace. We will release media announcements on at least one new Partner every month from October 2020 until April 2021.

COMMITMENT 6 - More than 80% of our new customers will be based outside of London at all points through to end 2025

We will push beyond our existing regional heritage and strengths to serve customers up and down the country. Digitisation will remove our geographical barriers to entry, and we will play our full part in the UK government's drive towards the 'levelling-up' agenda, reconfiguring our regional economy post COVID-19/Brexit.

COMMITMENT 7 – We commit to enabling business customers and colleagues in an inclusive manner. It's not only written in our values; diversity and inclusion is at the heart of our culture.

That's why we will continue to support the Race at Work and Women in Finance charters. We are "Disability Confident" and a proud Stonewall diversity champion. We commit that we will maintain over 40% of our senior roles in the Bank being filled by women, and we will maintain and publish stretching targets for other dimensions of diversity. For customers - and with our enhanced capabilities - we will measure and report the diversity and inclusion characteristics of newly acquired customers. Our aspiration is to ensure alignment between the growth of our business with the diversity of the people and communities we serve, taking action to improve and learn. This capability will be in place from end 2021.

COMMITMENT 8 – Co-investment

We are so committed to this ambition that, distinct from our own investment plans, we will match the CIF award pound for pound through our own investment, taking the total investment to £70M.