

**Virgin Money Plc – £35m Award****Assessment Period 1 (September 1<sup>st</sup>, 2020 – November 30<sup>th</sup>, 2020)****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.**

We are on track to launch "Working Capital Health" for SME's bringing dramatically enhanced capability to UK SME's within the 1st year of this programme being set up. The Working Capital Health Programme is now fully operational, with over 100 colleagues fully deployed, including partners from 4 key supplier organisations. Our early design work - informed by SME research - confirms that our initial concept is deliverable on time and will indeed revolutionise working capital management for SME's. Our Board and Leadership Team are engaged and fully committed to delivering this programme.

**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.**

We are on track to acquire 100K new customers by end 2025. Our research with SME's confirms our original views on the specific requirements on which we need to deliver to make the offering sufficiently compelling to attract the target number of new customers.

**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.**

We are on track to increase lending by £2.2Bn by end 2025. We understand from our existing business exactly what drives SME's to need to borrow and our research with SME's for Working Capital Health confirms that our intent to lend will be met by our customers' need to borrow.

**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.**

We are on track to invest an additional 150,000 hours of Relationship Manager time from end 2022 based on work we have undertaken in the area of digitisation.

**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.**

We are on track with our Partner ecosystem, including UK SME Partners. We have announced 2 Partners in our initial 2 months, Strands – a market-leading Fintech company with whom we have partnered to launch Money Management for smaller SME's, and Redspire, a Glasgow-based Microsoft Gold Partner for Cloud Business Applications, who will support the development of our new Digital Solutions. We also have planned proofs of concept with a number of additional Fintechs starting early in January 2021. We are excited about the capability our Partners bring - which are well aligned with the capability that SME's need so badly, which will be addressed by Working Capital Health.

**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.**

We are on track to ensure that more than 80% of our new customers will be based outside London. Our business already serves customers up and down the country and the needs of SME's mean that the customers we acquire will reflect the levelling-up agenda and the reconfiguration of the regional economy.

**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.**

We are on track to enabling customers and colleagues in an inclusive manner. Inclusion remains at the heart of our culture and we use both formal policies and inclusion networks to help support colleagues to be themselves at work. As signatories to the Women in Finance Charter, we are committed to measuring our progress in improving our gender balance. We are pleased to have exceeded our target this year for the composition of our senior leadership team, with 43% of senior roles in the Bank filled by women.

**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.**

We are on track to co-invest £35M of our own funds to this programme. We have already allocated match funding of £35M. Over the past two months, we have begun drawing down on the CIF grant. We expect to phase in co-investment in 2021.