

## Virgin Money Plc – £35m Award

### Key Achievements to Date

- Mobilised a delivery team, comprised of three programme themes (Onboarding, Wellness and Solutions) and 10 delivery squads
- In Onboarding, we have completed eight sprint cycles, and are on track to deliver our pilot for first customer use in mid-April
- In both Wellness and Solutions, we have completed our first phase of design (referred to as Sprint Zero) and have now moved from 'design to build'.
- We have conducted over 100 hours of testing and research with UK SMEs (Virgin Money and non-Virgin Money customers), which has led to us validating and refining the original Wellness and Solutions proposition. This research and testing has also allowed us to shape the proposition as we move into development, to ensure that we are fully addressing customer pain points. In addition to customer research and testing, we have also conducted over 25 hours of colleague research to once again validate that the proposition will meet the needs of both our customers and customer facing colleagues. This investment will ensure the working capital wellness proposition has maximum benefit to the business customer and supports the public commitment targets.
- We have also created a Fintech incubator, to manage the onboarding and proving of FinTechs. Currently we have one FinTech onboarded through the incubator, 3 FinTechs undergoing Proof of Value and 17 in the pipeline
- Across Virgin Money, we've also commenced a significant communications programme, building excitement about the transformation by hosting various events for colleagues to increase awareness of our future vision for the delivery of SME business banking. The mobilisation of this programme has also been timed to leverage from our recent rebrand activity

### Assessment Period 2 (December 1<sup>st</sup>, 2020 – February 28<sup>th</sup>, 2021)

#### 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 continue to be on track to launch Working Capital Health for SMEs in 2021. In the last reporting period, the target architecture has been fully approved internally. This is a significant milestone given the extent of new Technologies being leveraged. Detailed deployment planning is now underway targeting go live readiness in August.

The day 1 initial customer launch (MVP) was approved by our Project Control Board and Steering Committee members and includes capabilities for both Wellness Tracker and Solutions including account aggregation, financial dashboarding, scenario planning, customer insights.

**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 continue to be on track to acquire 100K new customers by end 2025 (and 20K by end 2022). Our 1st phase launch plan over the next month or so has been researched extremely well with SMEs who have given us invaluable guidance on modifications along the way. We remain confident of the value and impact of our planned offering for UK SMEs.

**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 continue to be on track to increase lending by £2.2Bn by end 2025. We understand from our existing business exactly what drives SMEs to need to borrow and our research with SMEs 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 continue to be on track through digitisation to release 150,000 hours of Relationship Manager time from the end of 2022 in line with our commitments. During the last reporting period we have identified two workstreams aligned to credit and customer relationship management that will help us accelerate our progress towards delivering this commitment. Initial work to define the scope of the workstreams has commenced with a view to mobilising squads within the forthcoming period ahead, and a targeted approach to process digitisation to release capacity.

**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 continue to be on track in developing a partner ecosystem and have announced a further 3 Partners (Waracle, Codat and Life Moments) in this reporting period and 5 in total since October 2020.

- At the heart of Waracle's company ethos is delivering work with value, created by people with purpose for clients with vision. Their expert teams will assist us in delivering mobile digital solutions.
- Codat are market leaders in the provision of financial insight. They will help us aggregate both accountancy software and open banking data, providing SMEs real time insight into the financial health of their business, information that is extremely valuable given the current economic climate.
- Life Moments are a leading provider of digital coaching propositions and tools to improve customer experience and generate data insight. We will use Life Moments initially to capture the data needed to provide Sustainability Linked Loans before considering what other value they can add to our proposition.

**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 continue to be on track with this commitment.

**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 continue to be on track in enabling customers and colleagues in an inclusive manner. Whilst we are pleased to be on target with 40% of senior roles in the Bank being filled by women, our focus on driving inclusion remains. Through our inclusion networks, formal policies and dedicated People Plan workstreams, we are implementing initiatives and indeed providing education to ensure we enhance our inclusive culture. In addition to being signatories to the Women in Finance Charter, we are also signatories to an open letter instigated by "diversity and inclusion in business" campaigners Audeliss & INvolve committing to reporting on the sustainable and long term actions we are taking to address Black inclusion in the workplace.

**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 continue to be on track and remain committed to co-invest £35M of our own funds to this programme.