

Virgin Money Plc – £35m Award

Key Achievements to Date

- Our delivery team is now working at full capacity across four programme themes; Onboarding, Wellness, Solutions and Enablement, the latter of which is nearing the end of the initial discovery phase, prioritising the opportunities that will deliver capacity creation for front line colleagues.
- The new digital onboarding solution is now live with customers for “new to bank” applications for single director limited companies, our most significant customer cohort.
- We have conducted 134 hours of testing and research with UK SMEs, which validated our approach and helped us shape our wellness and solutions proposition. As we move to development, this ensures that we are alert to improvement ideas and fully addressing historic customer pain points. Additionally, we conducted over 25 hours of colleague research to further validate that the proposition will meet the needs of both our customers and customer facing colleagues.
- We are making great progress, the underlying technology to support the solutions marketplace is taking shape, and we are in advanced negotiations with a variety of potential capability and solutions partners to develop and enhance the marketplace.
- We have created a FinTech Incubator, equipped with a new streamlined onboarding process, to manage the engagement of FinTechs and prove the value of both proposition and partnership. Currently we have 3 FinTechs who have graduated from the Incubator, 6 FinTechs undergoing Proof of Values and 20 in the pipeline. We have also deployed a new and dedicated sandbox environment to support FinTech and systems testing, which is greatly enhancing incubator outcomes.
- Across Virgin Money, we continue to evolve a significant communications programme, building excitement about the business transformation activity underway by hosting various events for colleagues to increase awareness of our future vision for the delivery of SME business banking. This includes the sharing of updates across internal communication channels, video content and ‘drop-in’ sessions for colleagues to learn more about the capabilities being deployed.

Assessment Period 4 (June 1st, 2021 – August 31st, 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 are on track and making good progress against our commitment to launch our working capital health proposition for SMEs in 2021. We've seen a growing number of customers experience our recently launched digital onboarding account opening journey for single director limited companies and remain on track to extend this capability to new entity types in the following reporting period. Currently, c.22% of new accounts opened have been via the new onboarding journey. Work on our

Working Capital Wellness tracker is progressing well with build complete and final testing schedules in plan prior to customer and market launch.

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.

Overall, we are on track with this commitment. Our underlying business as usual growth has remained subdued, reflective of wider market conditions. However, we remain confident in our planned series of initiatives, including the market launch of new products, together with the other ongoing developments (Wellness, Solutions Marketplace, Onboarding). We remain confident in meeting our customer acquisition target of 355K SME Customers by end 2025 (up from 190K at the time of submission in July 2020).

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 with this commitment.

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 with this commitment. Our Enablement Theme has embarked upon a discovery phase to identify and prioritise the backlog capabilities that will deliver Relationship Manager process efficiencies (capacity) as well as enhanced customer insights. The 3 key squads are focused on the following:

- 1) Credit Transformation (opportunities for automation, policy, lending)
- 2) RM Digital enablement (including data; workflow deployment to drive material efficiencies)
- 3) Digital Customer Management (surfacing new data-led insights for RMs to leverage)

These squads supported by teams both internally and externally, are on track to scope and define the capabilities required and leveraging our fintech partners to deliver 150,000 hours of Relationship Manager time. To date, approximately 7,000 hours have already been identified and released through the implementation of quick-wins.

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 with this commitment and have added a further partner - 9Spokes, taking our total partners announced thus far to 8.

9Spokes' technology will provide Virgin Money's business customers with a comprehensive view of their business, pulling all relevant information into a bespoke and customisable dashboard. This unique data-driven insight will be delivered through the 9Spokes business management platform, which includes its proprietary track, connect, and explore management tools.

This partnership will be at the heart of Virgin Money's working capital health proposition, which is set to launch later this year. The new proposition will transform its existing business current account offering and provide customers with a personalised business dashboard to support them and their business.

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, c. 96% of new customers have been acquired from outside London.

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, and we are currently at our committed target of 40% of senior roles filled by women. We continue to work through a series of programmes which include:

- 1) On-going review of our approach to recruitment, ensuring we are using a diverse range of attraction approaches and working with a broad range of recruitment partners

- 2) We have launched our Springboard programme designed for female colleagues to provide tailored support for their career journeys and have a 2nd programme planned for later this year
- 3) We have launched the 'EveryWoman' learning platform to empower women and provide them with unique learning and development content to support personal and career progression
- 4) We have specific actions in place to support our aim to ensure gender balance in the top 3 layers of the organisation by the end of 2022 and we have also linked this goal to executive pay

Having achieved a silver award in 2020, our submission to this year's annual ENEI (Employers Network for Equality & Inclusion) TIDE (Talent, Inclusion & Diversity Evaluation) has been awarded Gold. Out of 136 entries only 12 attained the highest Gold level so it is a brilliant achievement and recognition of the progress we continue to make in this space.

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, having spent c.£9m to date.