

ClearBank – £60m Award

Key Achievements to Date

- Now one of the leading SME challengers in terms of BCAs; creating a true SME alternative to high street banks.
- Achieved c.8.4% market penetration; 460,820 members.
- Built significant awareness at 50% prompted brand recognition.
- Completed integrating a wide range of business registration options from company to domain registration.
- Easier switching with expedited onboarding and trial switching for established businesses using open banking live.
- Integrated 21 SME solution partners.

Assessment Period 14 (July 1st, 2022 – September 30th, 2022)

COMMITMENT TO OWN FUNDS CONTRIBUTION

CTBB is committed to supplementing the BCR award using our own funds to a value of at least 100% of the BCR grant, throughout the lifespan of the business plan.

On Track. Co-investment now stands at £46m which is 92% of the 2022 cumulative target and 66% of the overall commitment.

COMMITMENT TO MARKET SHARE

Building on its state-of-the-art business banking account, leveraging the SME-only Tide brand and building its current 1% market share, CTBB commits to implementing a powerful transformation initiative to:

ACHIEVE AT LEAST AN 8% BUSINESS CURRENT ACCOUNT MARKET SHARE BY 2023, thereby introducing much needed competition and contributing to breaking up the current oligopoly of the Big 4 banks.

We have delivered this commitment.

COMMITMENT TO THE TRANSFORMATION INITIATIVE

Transformation will require a concerted effort. More of the same business current account offers will not lead to the necessary shifts in market share, even if they are supported by better switching solutions. Recognising this need for a different approach to succeed, CTBB will achieve its market share objective through a set of powerful propositions to remove friction to switching, provide compelling attractors, and raise awareness of the superior CTBB business current account. CTBB will deliver full functionality under all grant

On Track. More of the same business current account offers will not lead to the necessary shifts in market share, even if they are supported by better switching solutions. Recognising this need for a different approach to succeed, CTBB will achieve its market share objective through a set of powerful propositions to remove friction to switching, provide compelling attractors, and raise awareness of

the superior CTBB business current account. Our implementation is continuing to progress as planned.

(1) REMOVE FRICTION to selection of, and switching to, CTBB

- **CTBB already offers a fast onboarding process that allows, for the majority of applicants, the opening of a business current account within minutes.**

We have delivered this commitment.

The SWITCHING PROPOSITION: MAKING BCA SWITCHING SIMPLE will build on Open Banking and CASS infrastructure to allow businesses to switch their current accounts easily. The switching proposition will allow even faster onboarding for existing businesses, trial switching, allowing closed account histories to be maintained, dedicated personal onboarding assistance and temporary pop-up onboarding stores.

On Track. Personal onboarding assistance, pop-up stores and expedited onboarding using open banking are already live. Key building blocks have been put in place with personal onboarding assistance as well as PSD2. Expedited Onboarding feature has been launched. Active development continues on the trial switching proposition to deliver enhancements over the coming quarters. CASS product delivery has completed a prototype and further development is ongoing. We have received confirmation of our testing slot by Pay.UK in March 2023.

(2) PROVIDE COMPELLING ATTRACTORS comprised of strong incentives to select and switch to CTBB

- **CTBB already offers a strong set of solutions (CTBB Version 1) and, building on these, will develop four additional attractor propositions (CTBB Version 2) to make CTBB an even more compelling business current account partner for SMEs.**

- **The STARTING-OUT PROPOSITION: OPENING YOUR BCA AS PART OF SETTING UP YOUR BUSINESS will provide strong incentives for new businesses to set up their business current account with CTBB. The starting-out proposition will allow registrations (company registration, tax registration etc.) to be undertaken as part of the business current account opening process.**

We have delivered this commitment.

- **The ADMINISTRATION PROPOSITION: SAVING YOU TIME BY SEAMLESSLY INTEGRATING TOOLS WITH YOUR BCA will reduce the estimated 48 days p.a. that a small business spends on administration by seamlessly connecting (via API) the BCA to solutions for accounting, payroll, invoicing, expense management, tax and other filings. This is particularly helpful for smaller businesses, which typically operate without a Finance or HR function. As part of the administration proposition, CTBB will offer a range of Tide-branded solutions (Tide Tools) as well as provide highly usable integrations to popular third party solutions (Tide Connect) deeply integrated with the business current account, building on the strong base of its existing functionality.**

We have delivered this commitment.

- **The CREDIT PROPOSITION: OPTIMISING YOUR CASHFLOW USING BCA DATA. According to the British Business Bank, lenders - while increasing net lending to medium-size businesses since**

Q3/14 - have actually reduced lending to smaller businesses despite unmet demand in excess of £5bn p.a. Much of the funding need of smaller businesses centres around cashflow. Recognising this need, the credit proposition will deliver a number of solutions tightly linked to the business current account to avoid cashflow issues (including invoice chasing, next-generation direct debit, and developing a Pay-On-Time rating), to protect against cashflow issues (by integrating with debtor insurance providers) and bridge cashflow (through working capital solutions, integrating the best providers and, with the SMEs' permission, providing lenders with transaction data available from the business current account)

On Track. We have rolled out our Credit Insurance product with our partner Hokodo and our Direct Debit product with our partner GoCardless. Merchant Cash Advances is available to B2C members partnering with Liberis. We have rolled out Selective Invoice Finance to our members partnering with MarketFinance and have agreed to offer Recovery Loan Scheme term loans through Funding Circle. More recently, YouLend was added to the panel. We also rolled out Invoice Finance for our B2B members allowing different segments within Tide to find the right product for them partnering with Bibby Financial Services. Our Cashflow Optimisation Engine (named Cashflow Insights) is now available on mobile to provide multiple insights tools allowing our members to optimise their cashflow and find the right credit solution.

• The ACQUIRING PROPOSITION: SAVING YOU MONEY BY OFFERING CARD ACCEPTANCE AS A BCA FEATURE. Smaller businesses are currently charged excessive amounts for their card acquiring and see their funds settle after substantial delay. With the acquiring proposition, CTBB will deeply integrate acquiring with business current account offerings, at significantly reduced rates and with fast settlement

We have delivered this commitment.

3) RAISE AWARENESS by extensively promoting the superior benefits of the CTBB business current account

- CTBB recognises that the best business current account will only be chosen by SMEs if the appropriate level of awareness is generated.**
- CTBB is committed to spending a total of £70m to match the £60m in BCR grants – in addition to the planned current spend – to promote the business current account to achieve the target market share objective.**

On Track. Marketing activity is continuing, and awareness stands at 50%. Co-investment is progressing as planned. To date, we have contributed £46m of own funds and this now stands above the grant spend.

COMMITMENT TO OPPORTUNITIES FOR PARTNERS

CTBB operates as a platform deploying solutions from the best partners in the industry.

CTBB commits to integrate at least 25 SME solution partners by 2023.

On Track. As at Q3 2022, we have integrated with 21 SME solution partners.