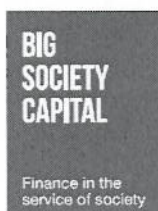




28 July 2011



Big Society Bank launched

The vision for a Big Society came much closer today as the Big Society Bank – now officially named Big Society Capital – became a reality with the establishment of two expert boards. In addition the first investment from dormant accounts has gone to the Private Equity Foundation, an organisation whose mission it is to support disadvantaged young people into employment, education or training.

Sir Ronald Cohen, renowned pioneer of venture capital, has agreed to serve as the unpaid, interim Chair of Big Society Capital Limited, the operating company of the group, until it is fully operational and its Board has conducted a search for a more permanent Chair. Nick O'Donohoe, formerly Global Head of Research at JP Morgan, will take the helm as Big Society Capital's first CEO. An experienced board will be working with them to lead this truly groundbreaking initiative as it transforms the world of social finance for charities and social enterprises:

- Sir Ronald Cohen, Chair (the Portland Trust and Bridges Ventures)
- Nick O' Donohoe, CEO (formerly JP Morgan)
- Dawn Austwick (Esmée Fairbairn Foundation)
- David Carrington (Independent Consultant)
- John Kingston (Association of Charitable Foundations)
- Geoff Mulgan (National Endowment for Science Technology and the Arts)

- Dai Powell (HCT Group)
- Lady Susan Rice (Lloyds Banking Group)
- Danielle Walker Palmour (Friends Provident Foundation)

The Board of the Big Society Trust, responsible for ensuring the group stays true to its mission, has also been appointed. Members represent a wide spread of leaders in the social and financial sectors:

- Sir Richard Lambert (University of Warwick)
- Ian Davis (formerly McKinsey & Co)
- Baroness Pitkeathley (House of Lords)
- David Robinson (Community Links)
- Sir Stephen Bubb (CEO of ACEVO) [*ex officio* in rotation every three years with NCVO]
- Peter Holbrook (CEO of Social Enterprise Coalition) *ex officio*
- Gareth Davies (Cabinet Office) *ex officio*
- Sir Ronald Cohen (Chair of BSC) *ex officio*

Big Society Capital will be run independently from government with decisions around funding being made by an impartial investment committee. It will play a critical role in speeding up the growth of the social investment market. Socially orientated financial organisations will have greater access to affordable capital, using an estimated £400million in unclaimed assets left dormant in bank accounts for over 15 years and £200million from the UK's largest high street banks. Big Society Capital and the four Merlin banks have also come to an agreement on heads of terms for the banks' £200m investment in the company.

Prime Minister, David Cameron, said:

"When I announced the idea of a Big Society Bank, I wanted to help social enterprises and other groups to grow and expand their vital work. I am delighted that with today's announcement of the organisation's first investment, this vision is becoming a reality. I've seen the amazing work that Britain's social enterprises already do to tackle some of our country's most intractable problems. I believe that Big Society Capital will play a major role in injecting significant resources and financial innovation into these social enterprises, while at the same time attracting

further funding from charitable foundations, private individuals and other investors. That's why I wholeheartedly welcome today's launch and the organisation's first investment."

Douglas Flint (Group Chairman, HSBC Holdings plc), Stephen Hester (Group Chief Executive, The Royal Bank of Scotland Group), Antonio Horta-Osorio (Group Chief Executive, Lloyds Banking Group plc), and Bob Diamond (Chief Executive, Barclays plc) said:

"We are delighted to support the Government's efforts to transform the UK social finance market and are investing £200 million collectively to launch Big Society Capital as part of that. This is a ground breaking initiative with the potential to be the catalyst for creating a sustainable social finance model in the UK. This investment evidences our commitment to working with the team at Big Society Capital to make their vision of a sustainable social finance market a reality."

Minister for the Cabinet Office, Francis Maude, said:

"There are few moments like this when something happens that can really change the world. We've all heard about a small charity or social enterprise sweeping away entrenched local social problems. But we have not seen a significant commitment to help social innovations grow and be implemented on the national stage until now. Big Society Capital will undoubtedly change this and unlock the money that charities and social enterprises need to grow when a big opportunity comes along. This government is proud to support this achievement. I want to thank Sir Ronald Cohen and Nick O'Donohoe and everyone else, including the banks, who have made this a reality so quickly".

Sir Ronald Cohen, Big Society Capital, Non-Executive Chair commented:

"Today's launch of Big Society Capital Group marks the culmination of ten years of thought and effort by many individuals and organisations. It is the first of a new kind of organisation devoted to providing finance in the interest of society. The depth and breadth of The Big Society Trust and Big Society Capital boards, combined with an anticipated £600m in initial funding will enable BSC to attract additional capital to the social sector from charitable foundations, institutional investors, companies and private individuals.

"Innovations such as social impact bonds and a burgeoning array of organisations operating across the social sector suggest that we are on the cusp of a revolution. The social sector now has the prospect of attracting funding in the UK to support social entrepreneurs, much as venture capital and private equity did to support business some three decades ago. We very much welcome the equity investment by the Merlin banks and a strategic relationship with them in developing the market for social investment in Britain."

This is just one of the many efforts that government is leading to build the UK's social investment market. We will say more about innovative products coming to fruition, such as Social Impact Bonds, in the next few weeks.

To support the early development of Big Society Capital, the Big Lottery Fund has set up an Investment Committee to make some initial investments. Its first investment is an in principle award of up to £1m to the Private Equity Foundation.

John Kingston, Chair of the Investment Committee and until recently Director of CAF Venturesome said: "The Investment Committee's call for proposals has generated a high level of interest, with 40 proposals in so far. The Committee met on Tuesday and I am very pleased to say has agreed in principle to make its first investment: up to £1m in a social investment fund run by the Private Equity Foundation to help disadvantaged young people into employment, education or training."

Applications for investment should be initially made to the Investment Committee, details of the fund and application process can be found on the Big Fund website www.biglotteryfund.org.uk

Notes To Editors

(1) The organisation formally referred to as the 'Big Society Bank' will now be known as Big Society Capital Group, and will be constituted as a group of three entities: the Big Society Trust, which is responsible for ensuring that the group is true to its mission; Big Society Capital Limited, which is the operating company of the group; and Big Society Foundation, which will be a charitable foundation able to receive philanthropic donations. Big Society Capital will be a financial institution that aims to increase investment in society. It will do this by supporting organisations that invest in the sector, helping them:

- Provide a greater range of financial services to social sector organisations;
- Raise more money for onward investment into the sector; and
- Become more sustainable and resilient themselves.

Big Society Capital will also be a champion for social investment with policy makers, investors, stakeholders in the sector and the public at large.

(2) The big four banks will commit to provide equity investment over 4 years to be drawn down alongside the dormant accounts monies as they are received. The banks will have rights to income proportional to their contribution to BSC's total capital and senior rights in the event of liquidation of the company. The Big Society Trust will control 80 % of the voting rights of BSC and the Merlin Banks 20%. The Banks will be nominating one representative to the Board of BSC. The Merlin Banks have also agreed to provide BSC with an interest-free loan to assist with its establishment. Completion of a transaction is subject to conditions including agreement on formal documentation, receipt of FSA authorisation and State Aid approval and approval of HM Government.

(3) The Big Society Capital group ("BSC group") has been established to become the social investment wholesaler as defined in Section 18 of the Dormant Bank and Building Society Accounts Act 2008 (the "Act"). On 9 May 2011, Francis Maude, Minister for the Cabinet Office, formally endorsed the outline proposals for the development of the Big Society Bank presented by Sir Ronald Cohen and Nick O'Donohoe and announced that the Government would expect to capitalise the proposed organisation with money from dormant accounts subject to further development work on organisational design including investment guidelines and selection process, agreement on the founding legal documents of all the entities within the BCS group, and assurance that public funds will be appropriately safeguarded. Capitalisation with public funds will also be dependent on getting state aid approval from the European Commission and FSA authorisation.

(4) The BSC group comprises a holding company called The Big Society Trust ("BST"), a company limited by guarantee and its operating subsidiary Big Society Capital Limited ("BSC"), a private company limited by shares. It is intended to establish a charitable foundation which could receive donations from third parties and BSC from time to time, whose purpose would be to put charitable funds to work in direct support of BSC's mission.

(5) The purpose of the BSC group is to support the growth of a market for social investment in the UK - investments made for social as well as financial returns; to be able to attract greater levels of capital from a more diverse range of sources to address social issues; and to be able to allocate capital more effectively to achieve greater social impact. By supporting the growth of this market, BSC aims to improve very significantly the social sector's ability to access capital and deliver positive benefits to society.

(6) The Outline Proposal for a "Big Society Bank" submitted by Sir Ronald Cohen and Nick O'Donohoe in May 2011 can be found at www.cabinetoffice.gov.uk/resource-library/big-society-bank-outline-proposal

(7) The Big Lottery Fund (BIG), the largest distributor of National Lottery good cause funding, is responsible for giving out 46% of the money raised for good causes by the National Lottery. It also uses its expertise in grant-giving to distribute funding other than Lottery funding. BIG has been directed by government to distribute £5 million of dormant accounts funding through the Big Society Social Investment Fund.

For further information on Big Society Capital please see the Cabinet Office

website: www.cabinetoffice.gov.uk/content/big-society-bank

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Big Society Capital Limited Board biographies

Dawn Austwick – Chief Executive of the Esmée Fairbairn Foundation, one of the UK's largest grant making trusts, where she has worked since 2005. She has had a distinguished career in the museum and heritage sector, serving as Project Director at Tate Modern before becoming Deputy Director at the British Museum. She is also Chair of Foundations Forum, a trustee of Historic Royal Palaces and a Board Member of the Philanthropy Review. She was a member of the Social Investment Task Force.

Dai Powell – Chief Executive of HCT Group - one of the UK's leading social enterprises. HCT employs 630 people and has a turnover over £28 million. HCT uses profits from commercial transport work in London and Yorkshire to fund additional transport for community groups and people with disabilities, also providing training and jobs for hundreds of long-term unemployed people. He is currently Chair of the Disabled Persons Transport Advisory Committee, Chair of the Social Enterprise Mark Company and a Social Enterprise Committee Board Member.

Lady Susan Rice – Managing Director of Lloyds Banking Group Scotland which was created in January 2009. A Chartered Banker, she became the first woman to head a UK clearing bank in 2000, as Chief Executive, and then Chairman, of Lloyds TSB Scotland plc (2000-2009). She is Senior Independent Director of Scottish and Southern Energy and sits on the Court of the Bank of England, where she chairs the Audit and Risk Committee. She also chairs the Edinburgh International Book festival and Edinburgh's Festivals forum and she chairs the board of a new UK-wide initiative to create professional standards for bankers.

She has worked for years in both the UK and US on issues of financial and social inclusion, helping create and guide Community Development Finance institutions and advising governments. She was a founding Director of Charity bank, Honorary President of the cdfa, helped establish Social Investment Scotland and sat on the HMT Financial Inclusion Taskforce.

Danielle Walker Palmour – Director of the Friends Provident Foundation, an independent grant-making and social investment foundation. Prior to joining the Foundation in 2004 she was Director of Policy and Practice at the Joseph Rowntree Foundation having also worked in senior policy and research roles throughout the non-governmental sector including as the

Head of Policy of what is now The Big Lottery Fund, and roles with the Commission for Racial Equality and the Law Society of England and Wales. She was a Member of the Commission on Unclaimed Assets.

John Kingston – Chair of the Investment Committee for the Big Society Investment Fund and until recently Chair of the Association of Charitable Foundations. He was Founder Director of CAF Venturesome: 2001-2011. Previously he was Director of Marketing at Save the Children UK and before that he worked at 3i Group for 15 years, becoming Regional Director.

Geoff Mulgan – Chief Executive of NESTA (National Endowment for Science Technology and the Arts). He was Chief Executive of the Young Foundation 2004-2011. Between 1997 and 2004 he had various roles in the UK Government including Director of the Government's Strategy Unit and Head of Policy in the Prime Minister's office. He was also founder and Director of the thinktank Demos.

David Carrington – Independent Consultant working on the funding and governance of charities and social enterprises, in particular the development of social investment.

He is a member of the Supervisory Board of Triodos Bank in the Netherlands, a director of the company that publishes Alliance, the global journal on philanthropy and social investment, and a member of the Advisory Board of the Center for Effective Philanthropy in the USA. He has 25 years' experience of senior management positions in the charity sector and board membership of more than a dozen civil society organisations. He was a member of the Social Investment Task Force and the Commission on Unclaimed Assets.

Sir Ronald Cohen – Founder Chairman of The Portland Trust (2003-) and Bridges Ventures (2002-). Founder Director of Social Finance Ltd (2007-2011) and Social Finance USA (2010-) and Adviser to the Government on setting up the Big Society Bank.

Sir Ronald was the founding partner and former chairman of Apax Partners. Founded in 1972, Apax Partners is one of the world's leading private equity investment groups. He is a member of the University of Oxford Investment Committee, the Harvard Board of Overseers, a Vice-Chairman of Ben Gurion University and a Trustee of the British Museum.

He was a founder director and past chairman of the British Venture Capital Association and a founder director of the European Venture Capital Association. He was also a founder and former Vice-Chairman of EASDAQ and former director of NASDAQ Europe.

He chaired the Social Investment Task Force (2000-2010) and the Commission on Unclaimed Assets (2005-2007).

Nick O'Donohoe – Adviser to the Government on the establishment of the Big Society Bank. Prior to taking this role he was at JP Morgan (1996-2011) latterly as Global Head of Research. He was responsible for the firm's Equity, Credit, Interest Rate, FX and Commodities research groups in addition to the Economics research department. He was also a member of the Management Committee of the Investment Bank and the Executive Committee of JP Morgan Chase as well as the senior sponsor for JP Morgan's Social Finance Unit, which invests in and delivers capital markets services to social enterprises around the world. He co-authored "Impact investments: An Emerging Asset Class", published by JP Morgan and the Rockefeller Foundation in November 2010.

After joining JP Morgan he assumed overall responsibility for European and Japanese Cash Equities in 2000. Following the merger with Chase, he became Head of Cash Equities for Europe, Middle East and Africa. He was appointed Global Head of Equity Research in 2002. Prior to JP Morgan he worked at Goldman Sachs 1981-1996.

He is a board member of the Global Impact Investing Network (GIIN).

The Big Society Trust Board biographies

Baroness Jill Pitkeathley – Member of the House of Lords since 1997. She worked in the voluntary sector as Chief Executive of Carers National Association (now CarersUK) from 1988-1998. She has been Chair of the Council for Healthcare Regulatory Excellence since

2009. She has also chaired the Office for Civil Society's Advisory Board (2008-2011), the Children and Family Court Advisory and Support Service (2003-2008) and the New Opportunities Fund (1998-2004). She was also a member of the Commission on Unclaimed Assets (2005-07).

David Robinson – Founder of Community Links and now its Senior Adviser. Community Links works with more than 30,000 people a year through an extensive network of community development projects in East London and it shares the learning internationally through publications, training and consultancy. He is founder and Chair of We Are What We Do, co-founder of the Children's Discovery Centre and currently leads the Early Action Task Force. He is also a Non-Executive Director of Social Finance Ltd. He was appointed by Gordon Brown to lead the Council on Social Action (2007-2009).

Sir Stephen Bubb – Chief Executive of the Association of Chief Executives of Voluntary Organisations (ACEVO) since 2000. In 2007 he became Secretary General of Euclid Network, the European body for Third Sector leaders. He is Chair of the Social Investment business and has been in major national roles in TGWU, NUT and AMA and was Founding Personnel Director of the National Lottery Charities Board. He was a Councillor in Lambeth and an active member of the health authorities for Guys and St Thomas' over two decades. In 2011 he chaired the choice and competition workstream of the Government's NHS Future Forum.

Ian Davis – Non-Executive Director of BP plc and Johnson & Johnson Inc. He is also a Senior Adviser to Apax Partners LLP, a Non-Executive Member of the Cabinet Office and a Non-Executive Director of Teach For All. Having spent his early career at Bowater he moved to McKinsey and Co in 1979. He was Managing Partner of McKinsey's practice in the UK and Ireland (1996-2003) and subsequently became Chair and Worldwide Managing Director of McKinsey (2003-2009) retiring as senior partner in 2010.

Peter Holbrook – Chief Executive Officer of the UK Social Enterprise Coalition (2010-). Prior to taking this role he was the founding CEO of Sunlight Development Trust, an award winning social enterprise that works to tackle long-standing health and social inequalities in Medway and across Kent. He was appointed a Social Enterprise Ambassador in 2007 and won the Leadership in Regeneration Award in 2008. Previously he worked for a number of commercial and charitable organisations including Marks and Spencer PLC, Oxfam and Greenpeace.

Sir Richard Lambert – Chancellor of University of Warwick. Most recently he has been Director General of the Confederation of British Industry (CBI) (2006-2011). He was a member of the Bank of England's Monetary Policy Committee (2003-2006) before which he worked at the Financial Times (1966-2001) serving as Editor (1991-2001) during this time the successful US version of the newspaper was launched.

He was commissioned by the Government to write the Lambert Review of Business-University Collaboration (2003).

Gareth Davies - Executive Director for Civil Society.

Over the last seven years he has held a number of roles in Whitehall. He was the Senior Policy Advisor in Downing Street, where he took through reforms of pensions, Incapacity Benefit and the Child Support Agency.

Prior to joining the Civil Service, Gareth worked for PricewaterhouseCoopers. He worked on privatisations in Eastern Europe, process re-engineering in the Post Office and the RBS takeover of NatWest.