VIRGIN MONEY UK

Virgin Money UK PLC
Trading update (unaudited)

30 September 2021

BASIS OF PRESENTATION

This announcement provides an update on the Group's acceleration of its Digital First strategy, following the conclusion of the digital strategy review that was announced at the interim results, and constitutes an unaudited trading update for Virgin Money UK PLC for the year ended 30 September 2021. This announcement is not, nor is it intended to be, a preliminary statement of annual results. Due to the results presented in this announcement being unaudited and not having been agreed with the Company's auditors as would be required for a preliminary statement of annual results, further adjustment could arise from the finalisation of the audit which would be reflected in the audited financial statements when published, however Virgin Money UK PLC confirms that it is not aware of, nor has the Company been notified of, any matter which may result in the need to make a change to the information in this update in connection with finalising the audit. The audited financial statements for the year ended 30 September 2021 will be included in the Group's Annual Report and Accounts which is expected to be published on 24 November 2021.

Virgin Money UK PLC ('Virgin Money', 'VMUK' or 'the Company'), together with its subsidiary undertakings (which together comprise 'the Group'), operate under the Clydesdale Bank, Yorkshire Bank, and Virgin Money brands.

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulation No 596/2014. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

The information in this announcement is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 (the "Act"). Statutory accounts for the year ended 30 September 2020 have been delivered to the Registrar of Companies and contained an unqualified audit report under Section 495 of the Act, which did not draw attention to any matters by way of emphasis and did not contain any statements under Section 498 of the Act.

FURTHER DETAILS

Thursday 4th November 2021 8:30AM UK GMT; 7:30PM AEDT: Live conference call and webcast hosted by David Duffy (Group Chief Executive) and Clifford Abrahams (Chief Financial Officer)

Dial in: UK: 0800 640 6441 / AUS: 02 8417 2995 / US: 1 646 664 1960 / Other: +44 20 3936 2999
Access code: 428588
Webcast link: https://webcast.openbriefing.com/vmuk-fy21/

VIRGIN MONEY UK

4th November 2021

Virgin Money UK PLC: Accelerating Digital First strategy and update on expected FY21 results

After concluding a comprehensive review of the Group's strategy, the Board of Virgin Money is today providing an update on the acceleration of its digital strategy and its medium-term growth and efficiency aspirations, as well as providing an update on its expected Full Year results. The commentary and comparisons set out below are based on the anticipated Full Year results as presented in this announcement which are unaudited and have yet to be agreed with Virgin Money's auditors and so could be subject to change ahead of the release of the Group's Annual Report and Accounts which will be published on 24th November.

David Duffy, Chief Executive Officer:

"Following our decision to accelerate the next stage of our Digital First strategy, we are today announcing our medium-term growth, investment and efficiency targets, as well as details on FY21 performance.

"We performed very strongly in FY21, with an expected return to statutory profit before tax underpinned by significant underlying profit growth. We increased our net interest margin, reduced costs, improved impairments and delivered a strong capital progression which enabled the proposed reinstatement of a dividend.

"Our accelerated digital strategy will result in new propositions, including a digital wallet, and will deliver efficiency and agility improvements. The combination of these factors will help us to become a growth-oriented digital bank that offers a best-in-class experience and unique loyalty rewards for customers, and delivers double-digit returns for shareholders."

Virgin Money announces details of its strategy to accelerate digital and growth post-COVID

- Following the substantial conclusion of the Group's integration and rebrand programmes, VMUK has launched its Digital First strategy with key initiatives targeted to drive greater efficiency and strong growth in target segments
- Targeting above market lending growth across Business and Unsecured lending, whilst maintaining Mortgage market share through FY24. Strong growth in PCA and BCA new customer numbers, with growth in AUM alongside abrdn JV
- Investing to drive productivity via greater automation of customer journeys, implementation of Life More Virgin remote working model, rationalisation of property footprint including data centres, as well as 3rd party procurement spend
- Strategic partnership with Microsoft to deliver modern simplified IT infrastructure to create an efficient & agile platform
- Gross cost savings of c.£175m targeted over the next 3 years to FY24; c.50% to be reinvested including offsetting inflation
- Launching a digital wallet: Global Payments to collaborate with Virgin Money to develop unique digital wallet featuring merchant services, full BNPL capability and embedded rewards via Virgin Red loyalty scheme; first iteration expected 2022

Strong expected FY21 financials: ECL release reflects credit strength, robust capital and dividend plans resumed

- Statutory profit before tax expected to be £417m; statutory RoTE of 10.2% compared to FY20: (6.2)%
- Underlying PBT expected to improve +546% from £124m to expected £801m driven by strong financial momentum and improved macro outlook
- Robust asset quality & improving outlook drives ECL release of £131m (FY20: £501m charge); FY21 cost of risk (18)bps
- Income grew 2% to £1,572m; 5% improvement in net interest income more than offsetting 16% lower other income
- NIM improved 6bps to 162bps for FY21, increasing to 170bps in Q4 as lower deposit costs, structural hedge benefit and growth in higher yielding assets more than offset mortgage spread pressures
- Other income of £160m 16% lower due to reduced activity levels but with improved momentum in Q4
- Costs of £902m were 2% lower YoY driven by the Group's cost savings programme, although this was partly offset by higher variable remuneration in the fourth quarter compared to a year ago
- ECL provisions now £504m (FY20: £735m); total coverage ratio of 70bps (FY20: 102bps) still above pre-pandemic levels
- CET1 ratio increased c150bps to 14.9% (inc. c.50bps software benefit) with strong profitability and benign RWA backdrop
- Dividend intention of 1 pence per share subject to finalisation of Full Year results and shareholder approval; expect an updated capital framework and dividend policy post-SST at H1 22

Strong growth in targeted key segments

- Strong growth from core Virgin Money branded digital propositions: PCA new customer sales increased 95% versus FY20, credit card growth of 4% against weak market backdrop
- Relationship deposits increased 19% to £30.6bn, whilst overall deposits decreased (1)% to £66.9bn as the Group managed the deposit mix and reduced funding costs
- Mortgages were stable YoY at £58.1bn as the Group continued to be selective amidst increasing competition
- Personal lending grew 4% to £5.4bn with strong performance from the cards book as lockdown restrictions were eased
- Business lending was 5% lower at £8.5bn as BAU activity was subdued and Government-backed loans began to amortise

Solid outlook for FY22: benefitting from higher rates, offset by inflation and investment

- NIM expected to be c.170bps supported by ongoing optimisation of funding, expansion of the structural hedge and a rising rate environment
- FY22 underlying operating costs expected to be broadly stable versus FY21 given acceleration of investment
- Expect FY22 cost of risk to rise towards through the cycle range
- Restructuring charges expected to be c.£275m across FY22-24 with around half taken in FY22
- SST outcome around December 2021 and impairment outlook remain key considerations for the Group's long-term capital framework and dividend policy; expect to update at H1 22

New medium-term targets; expect further update on strategic progress & proposition development during H2 22

- Expect to deliver a double-digit statutory RoTE by FY24
- Targeting above market lending growth across Business and Unsecured lending, whilst maintaining Mortgage market share through FY24. Strong growth in PCA and BCA customer numbers, with growth in AUM alongside abrdn JV
- Modest mix-driven NIM expansion in the medium term; expect non-interest income to rise as a proportion of total income
- Targeting gross cost savings of £175m over the next 3 years by FY24 with c.50% reinvested including offsetting inflation
- Targeting a cost: income ratio below 50% by FY24

CEO Overview – Accelerating our Digital First strategy

As we announced at the half year, we have been reviewing options to accelerate our digital strategy. With that review now concluded, I'm pleased to provide an update on our medium-term growth and efficiency targets for the business, as well as providing an update on our expected strong FY21 performance. We made significant strategic progress in the year concluding our integration and rebrand programmes. The delivery of our strategy and the improvement in the backdrop also saw a strengthening of our financials with the Group expecting to report a statutory profit this year, and conclude the year with a strong balance sheet and capital position that leaves us well positioned for the future. Given this stronger performance, the Board intends to recommend the declaration of a final dividend of 1p, subject to shareholder approval and finalisation of the FY20/21 Annual Report and Accounts.

As a result of COVID, the pace of digital change has accelerated with multi-year developments now achieved in just one year, competition is increasing and customer expectations are rising rapidly. As we move in to FY22, the Group is accelerating its digital investment to drive further efficiency and growth. We are pleased with the strength of our brand in the growth shown by our existing propositions and our focus is now firmly on delivering the growth opportunities presented by the next phase of our strategy as we continue to disrupt the status quo.

Strong financial performance throughout FY21

Our strategy has continued to deliver improved financial momentum throughout the year, with support from an improved economic backdrop. Underlying profit is expected to be stronger at £801m (2020: £124m) and the Group expects to return to statutory profit in FY21, delivering £417m of PBT. This drove a significant improvement in statutory RoTE to 10.2% versus FY20: (6.2)%. Overall income improved 2% compared to a year ago driven by stronger net interest income and more than offsetting a weaker non-interest income performance. NIM is expected to improve to 1.62% (FY20: 1.56%) with positive trajectory through the year, demonstrated by the fourth quarter NIM of 1.70%. Operating costs were 2% lower than the prior year as the improvement in underlying costs was partially offset by higher variable remuneration in the fourth quarter. Overall the Group expects to deliver a 7% improvement in pre-provision profit. Impairments significantly improved in FY21 as the Group released £131m (2020: charge of £501m) given the improving economic outlook and robust asset quality.

Lending balances finished 1% lower at £72.0bn as the Group managed volumes carefully through the year with a strong performance in unsecured balances, broadly stable mortgage balances and a reduction in business lending given a reduction in Government schemes. Deposit balances reduced 1% to £66.9bn with relationship deposits increasing by 19%, as we improved the mix of our deposit base, reducing our cost of funds. The improving economic outlook drove a reduction in credit provisions, however the balance sheet remains robust with total coverage now at 70bps (2020: 102bps), ahead of pre-pandemic levels. Capital strengthened further in the period, with the transitional CET1 ratio improving c150bps to 14.9% (14.4% excluding software benefit). Given the significant improvement in financial performance and the robust capital position, the Board intends to recommend a 1p dividend on finalisation of the Annual Report and Accounts and subject to shareholder approval. It is pleasing to be in a position to resume capital returns, although we await the outcome of the SST and clarity on the broader impairment backdrop before giving further guidance on our capital and dividend framework.

Accelerating Digital First

The benefits of a digital-led approach are already visible in the business today, with strong growth in our targeted segments from our established digital-led propositions. PCA sales totaling c135k increased 95% compared to last year with a strong profile of more affluent and geographically diverse customers. Credit cards also continued to perform strongly following the launch of our credit card cashback proposition, with c.230k customers already signed up. The Group reported card balance growth of 4% in FY21 resulting in a higher market share; our customers continue to be affluent and of high quality, and we're well placed to grow further with a scale, established franchise and a strong market share.

As we conclude our Integration and rebranding programmes, the Group has delivered c.£130m of gross annual savings since FY18 with exit rate savings of c.£180m. Headwinds such as COVID, higher inflation and 3rd party supplier costs, as well as digital development and regulatory costs have reduced the net savings. Following the review announced at H1 results, we've already launched key initiatives to accelerate the next phase of our strategy. Our digital acceleration focuses on 3 key areas (i) customers and propositions, (ii) colleagues and property and (iii) digital.

Our focus on ***customers and propositions*** will ensure we have best-in-class customer propositions targeting growth in our key segments across unsecured balances and business lending. The launch of a national digital business bank, an expansion of unsecured credit into BNPL and an innovative unsecured credit model for newer to credit customers will be important propositions. We remain focused on increasing PCA and BCA customer numbers, with refreshed Brighter Money Bundles, which will include debit card cashback, and in mortgages, we will deliver straight-through mortgage processing to drive further efficiency. The Group will also look to accelerate the growth of our Investment proposition as part of our Joint Venture with abrdn.

Colleagues and property will focus on embedding a Life More Virgin remote working model, supporting the rationalisation of our property footprint over time, including stores and offices. The Group will use offices as hubs for collaborative working and invest in these sites. This plan will also invest in our colleagues with improvements in technology, greater flexibility to working location and harmonisation of contracts ensuring we have an efficient bank with motivated, productive colleagues.

Digital investment will drive automation throughout the business, delivering productivity gains and will provide the enabling platform for our commercial growth aspirations. As part of our strategic partnership with Microsoft, we will invest to deliver a simpler technology platform with modern architecture, creating a scalable, secure, and resilient infrastructure platform. This modern platform will allow for faster and leaner delivery capabilities, drive improved product agility and reduce operating costs. This agile, modern banking system will enable us to address ever changing customer product needs, supporting a better customer experience, and a more efficient bank in the future.

Launching a digital wallet

Alongside our work to develop a range of unique propositions, VMUK will be developing a digital wallet collaborating with our strategic partner Global Payments. This will offer integrated payments, with BNPL capability and the potential for customers to earn and utilise Virgin Red's points, creating a differentiated offering amongst UK banks. The wallet will be available to all UK consumers, providing them with the opportunity to bring together payment solutions, Virgin Money cashback, rewards and credit facilities. The Group's improved digital merchant services proposition will be fully integrated into the business bank with customer data and insights, and the Group expects to provide a further update on these developments in 2022.

Medium-term Outlook

Accelerating our Digital First strategy will enable the Group to deliver valuable and differentiated propositions and experiences, to target digital-driven growth in key segments. These key segments are aligned to the Group's existing strategy to diversify the balance sheet, targeting above market growth in higher yielding Business and Unsecured lending, whilst maintaining Mortgage market share out to FY24. The Group is also targeting strong growth in new PCA and BCA customer numbers across the period as we continue to optimise our cost of funds.

The continued diversification of both sides of the balance sheet will deliver a modest mix-driven NIM expansion over the medium term whilst other income is targeted to grow as a proportion of total income.

Digital investment will also drive efficiency, with the Group targeting significant gross savings of c.£175m by FY24, with c.50% of these being either reinvested in the business or used to absorb the impact of inflation. Overall, the programme will see an acceleration of investment into FY22, where costs are now expected to be broadly stable, before the additional efficiency savings drive cost reductions out to FY24. The Group expects to deliver a Cost: Income ratio of <50% by FY24. In order to deliver these savings, the Group will also be investing an additional c.£275m, which will be taken as restructuring charges across FY22-24 with around half the total amount taken in year FY22. The Group expects its effective tax rate to increase towards low 20's by FY24.

Overall the Group has a clear path to deliver double digit returns by FY24 and is well placed to deliver strong, profitable growth through the acceleration of our digital strategy.

We will provide further updates on the Group's long-term capital framework and dividend policy at H1 22, with a Capital Markets Day on our strategic opportunities and proposition developments during H2 22.

FY21 Expected Summary Financials (unaudited)

Summary income statement & related key performance indicators	2021 £m	2020 £m	Change %
Underlying net interest income	**1,412**	1,351	5
Underlying non-interest income	**160**	191	(16)
Total underlying operating income	**1,572**	1,542	2
Underlying operating and administrative expenses	**(902)**	(917)	(2)
Underlying operating profit before impairment losses	**670**	625	7
Impairment credit/(losses) on credit exposures	**131**	(501)	n/a
Underlying profit on ordinary activities before tax	**801**	124	546
- Integration and transformation costs	**(146)**	(139)	5
- Acquisition accounting unwinds	**(88)**	(113)	(22)
- Legacy conduct costs	**(76)**	(26)	192
- Other items	**(74)**	(14)	429
Statutory profit/(loss) on ordinary activities before tax	**417**	(168)	n/a
Tax credit	**57**	27	111
Statutory profit/(loss) after tax	**474**	(141)	n/a

Profitability:			
Net interest margin	**1.62%**	1.56%	6bps
Underlying cost to income ratio (CIR)	**57%**	59%	(2)%pts
Underlying return on tangible equity (RoTE)	**17.8%**	0.6%	17.2%pts
Underlying earnings per share (EPS)	**47.9p**	1.4p	46.5p
Statutory return on tangible equity (RoTE)	**10.2%**	(6.2)%	16.4%pts
Statutory earnings per share (EPS)	**27.3p**	(15.3)p	42.6p
Asset quality:			
Cost of risk	**(0.18)%**	0.68%	(86)bps

	As at		
Selected balance sheet items & related key performance indicators	2021 £m	2020 £m	Change %
Customer loans	**71,996**	72,457	(0.6)
of which Mortgages	**58,104**	58,290	(0.3)
of which Personal	**5,415**	5,219	3.8
of which Business(1)	**8,477**	8,948	(5.3)
Total assets	**89,100**	90,259	(1.3)
Customer deposits	**66,870**	67,511	(0.9)
of which relationship deposits(2)	**30,596**	25,675	19.2
of which non-linked savings	**21,285**	20,729	2.7
of which term deposits	**14,989**	21,107	(29.0)
Wholesale funding	**13,596**	14,227	(4.4)
of which TFS	**1,244**	4,108	(69.7)
of which TFSME	**4,650**	1,300	257.7
Total liabilities	**83,627**	85,327	(2.0)
Equity	**5,473**	4,932	11.0
Total liabilities and equity	**89,100**	90,259	(1.3)

Regulatory Capital:			
Common equity tier 1 (CET1) ratio (IFRS 9 transitional)	**14.9%**	13.4%	1.5%pts
CET1 ratio (IFRS 9 fully loaded)	**14.4%**	12.2%	2.2%pts
Total capital ratio	**22.0%**	20.2%	1.8%pts
Minimum requirement for own funds and eligible liabilities (MREL) ratio	**31.9%**	28.4%	3.5%pts
RWAs (£m)	**24,232**	24,399	(0.7)%
UK leverage ratio	**5.2%**	4.9%	0.3%pts
Tangible net asset value (TNAV) per share	**289.8p**	244.2p	45.6p
Funding and Liquidity:			
Loan to deposit ratio (LDR)	**108%**	107%	1%pt
Liquidity coverage ratio (LCR)	**151%**	140%	11%pts

(1) Of which, £1,318m government lending (FY20: £1,163m)
(2) Current account and linked savings balances.

Review of expected FY21 performance (unaudited)

The figures, commentary and comparisons set out in this trading update are based on anticipated FY21 results, which are unaudited and have yet to be agreed with Virgin Money's auditors and so could be subject to change.

Net interest income increased by £61m (5%), driven mainly by NIM expanding 6bps to 1.62% for the year and finishing at 1.70% in Q4. The improvement was delivered through liability optimisation with liability rates down c35bps relative to FY20 driven by lower term deposit and wholesale funding costs, and a higher proportion of current accounts. Asset yields declined 25bps compared to FY20 primarily reflecting the ongoing competitiveness of the mortgage market. The Group reinitiated its £25bn structural hedging programme in the third quarter at an average yield of c30bps. After subsequent analysis of rate sensitive balances and behavioural lives the Group has increased the hedge capacity to c.£32bn in Q1 taking the overall average yield for the hedge to an anticipated c45bps in FY22.

Non-interest income declined by £31m (16%) driven by fair value movements (£10m), and lower customer transaction activity coupled with the impacts of the High Cost of Credit Review. Non-interest income includes the benefit of £16m of one-off gains in the year related to equity disposals in the debt restructuring unit. The lifting of lockdown restrictions in the fourth quarter saw positive momentum in the second half of the year with an underlying increase compared to H1.

Costs reduced by 2% through continued delivery of savings from the Group's transformation programme, partially offset by a normalisation of variable remuneration. Much of the underlying cost reductions came from lower personnel and property & infrastructure costs, both down 10%, as the Group continued to generate cost efficiencies and remove duplication.

Impairments – robust credit quality has been maintained across all portfolios, with no significant specific provisions and little evidence of asset deterioration. Borrowers have continued to benefit from Government support and the economic forecasts from our 3rd party provider Oxford Economics have also continued to improve. The strength of the portfolio and improved outlook drove an ECL release to the income statement of £131m for FY21 (FY20: £501m charge). ECL provisions finished at £504m (FY20: £735m) providing coverage of 70bps (FY20: 102bps).

Exceptional items of £384m were incurred in the year (FY20: £292m) and consisted of the following:

- **Integration and transformation costs (FY21: £146m; FY20: £139m)** – final year of the 3-year integration programme and the acceleration of the digital strategy covering store closures, operating model changes and property footprint. The Group now expects a further c.£275m of restructuring costs to accelerate digital with around half incurred in FY22.
- **Acquisition accounting unwinds (FY21: £88m; FY20: £113m)** – unwinds of fair value adjustments arising on the Virgin Money acquisition, with a further c.£50m of charges remaining to unwind over the next three years (mainly in FY22).
- **Legacy conduct (FY21: £76m; FY20: £26m)** – the charge in the current year primarily reflects finalisation of the Group's PPI programme, including settlement with the Official Receiver and costs associated with the closure of the operation.
- **Other items (FY21: £74m; FY20: £14m)** – following a review of capitalisation practices, intangible assets and work in progress undertaken in the second half, the Group has taken a £68m write down of internally developed software.

Tax credit of £57m in FY21 reflects the recognition of additional historic tax losses and the impact of the substantive enactment of the corporation tax rate change from 19% to 25%, effective 1 April 2023, on the valuation of these historic losses.

Customer lending and deposits – Group lending reduced by 1% to £72.0bn primarily due to a contraction in the Business book. Customer deposits reduced 1% to £66.9bn reflecting management actions to improve the mix and cost of deposits.

- **Mortgage balances** broadly stable as pricing discipline was maintained, with margin prioritised over volume growth in an uncertain and increasingly competitive environment. Balances contracted overall in the second half of the year as strong market competition resulted in reduced customer rates, alongside higher swap rates and eroded spreads.
- **Personal balances** grew by 3.8% in the year to £5.4bn reflecting a recovery in consumer spending as restrictions were gradually eased, with balances growing above market in the second half of the year.
- **Business lending** reduced by 5%, with weaker demand due to government-guaranteed lending scheme usage. The Group lent £1.3bn to businesses through these schemes which have now closed to new lending and have begun to reduce as businesses start to make repayments.
- Reduction in **customer deposits** driven by a 29% reduction in TDs; 19% growth in Relationship deposit balances.

Wholesale funding and liquidity remain strongly positioned with £13.6bn (FY20: £14.2bn) and no reliance on short-term wholesale funding. TFS and TFSME drawings were optimised, with the longer-dated TFSME scheme used to repay TFS drawings and a reduction in the overall level of wholesale funding. LDR and LCR increased, with LCR comfortably exceeding both regulatory requirements and more prudent internal risk appetite metrics, ensuring a substantial buffer in the event of any sudden outflows and significant potential to support any increase in lending as the economy recovers.

Capital position remains robust with a CET1 ratio (IFRS 9 transitional basis) of 14.9% (FY20: 13.4%), or 14.4% excluding software intangible assets, and a total capital ratio of 22.0% (FY20: 20.2%). Total underlying capital generation of 212bps was driven by 216bps of underlying profit and 19bps benefit from lower RWAs, offset by 23bps of AT1 distributions. Exceptional items consumed 108bps while there was 6bps of accrual for expected dividends. To date RWA pro-cyclicality has remained low, although the risk still remains with the timing of any increase uncertain. The move to IRB for the credit card portfolio and the adoption of hybrid mortgage models are no longer expected in FY22.

The Group retained a significant CET1 buffer of c.£1.4bn in excess of its CRD IV regulatory requirement as at 30th September 2021, providing robust potential loss-absorbing capacity. From 4th October 2021, the Group's Pillar 2A total capital requirement has reduced from 3.9% to 3.05%. As a result, the Group's CRD IV minimum CET1 capital requirement (or MDA threshold) has reduced from 9.2% to 8.7%. Given the strong capital generation in the year and improving financial momentum of the business, the Board intends to recommend a dividend of 1p on finalisation of the Annual Report and Accounts, and subject to shareholder approval. The Group's MREL ratio increased to 31.9%, comfortably exceeding its expected 2022 end-state MREL requirement. Given the surplus to end state requirements and with no maturities in FY22, the Group is not planning any MREL issuance in FY22, with future MREL issuance focused on building a prudent management buffer over the end-state requirement.

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Announcement authorised for release by Lorna McMillan, Group Company Secretary.

Forward looking statements

The information in this announcement may include forward looking statements, which are based on assumptions, expectations, valuations, targets, estimates, forecasts and projections about future events. These can be identified by the use of words such as 'expects', 'aims', 'targets', 'seeks', 'anticipates', 'plans', 'intends', 'prospects', 'outlooks', 'projects', ‘forecasts’ 'believes', 'estimates', 'potential', 'possible', and similar words or phrases. These forward looking statements, as well as those included in any other material discussed at any presentation, are subject to risks, uncertainties and assumptions about the Group and its securities, investments, and the environment in which it operates, including, among other things, the development of its business and strategy, any acquisitions, combinations, disposals or other corporate activity undertaken by the Group (including but not limited to the integration of the business of Virgin Money Holdings (UK) plc and its subsidiaries into the Group), trends in its operating industry, changes to customer behaviours and covenant, macroeconomic and/or geopolitical factors, the repercussions of the outbreak of coronaviruses (including but not limited to the COVID-19 outbreak), changes to its board and/ or employee composition, exposures to terrorist activity, IT system failures, cyber-crime, fraud and pension scheme liabilities, changes to law and/or the policies and practices of the Bank of England, the FCA and/or other regulatory and governmental bodies, inflation, deflation, interest rates, exchange rates, changes in the liquidity, capital, funding and/or asset position and/or credit ratings of the Group, future capital expenditures and acquisitions, the repercussions of the UK’s exit from the EU (including any change to the UK’s currency and the terms of any trade agreements (or lack thereof) between the UK and the EU), Eurozone instability, and any referendum on Scottish independence.

In light of these risks, uncertainties and assumptions, the events in the forward looking statements may not occur. Forward looking statements involve inherent risks and uncertainties. Other events not taken into account may occur and may significantly affect the analysis of the forward looking statements. No member of the Group or their respective directors, officers, employees, agents, advisers or affiliates gives any assurance that any such projections or estimates will be realised or that actual returns or other results will not be materially lower than those set out in this announcement and/ or discussed at any presentation. All forward looking statements should be viewed as hypothetical. No representation or warranty is made that any forward looking statement will come to pass. No member of the Group or their respective directors, officers, employees, agents, advisers or affiliates undertakes any obligation to update or revise any such forward looking statement following the publication of this announcement nor accepts any responsibility, liability or duty of care whatsoever for (whether in contract, tort or otherwise) or makes any representation or warranty, express or implied, as to the truth, fullness, fairness, merchantability, accuracy, sufficiency or completeness of the information in this announcement or the materials used in and/ or discussed at, any presentation.

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Certain figures contained in this announcement, including financial information, may have been subject to rounding adjustments and foreign exchange conversions. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly to the total figure given.