3 Financial Results
11 Capital, Funding & Liquidity
18 Conclusion
19 Q&A
Delivering our strategy to drive profitable growth

**FY22 achievements**
(✓= key guidance met)

- Delivered £69m of £175m FY24 target cost savings ✓
- Digital transformation on track

- Expanded FY22 NIM of 1.85% per upgraded guidance ✓
- Broadly stable costs delivered ✓

- Unsecured & BAU Business +7%; mortgage growth in H2 ✓
- 13% YoY growth in relationship deposits

- 7bp cost of risk per upgraded guidance ✓
- Robust provision coverage of 62bps; arrears remain low

- 15.0% CET1 ratio; Capital framework launched ✓
- 10p per share dividend; £125m buybacks launched

**Delivering strong financial outcomes**

- **Statutory ROTE**
  - FY22: 10.3%
  - FY21: 10.2%

- **Cost: income**
  - FY22: 52%
  - FY21: 57%

- **Capital distributions announced**
  - £267m
  - FY21: £14m

**Improved FY24 guidance**

- **Statutory ROTE**
  - c.11%

- **Cost: income**
  - <50%

- Return CET1 to target range
Uncertain economic outlook with higher inflation and interest rates

Higher prices

CPI
Sustained pick up in inflation

Source: Oxford Economics Base Case, October and February 2022

Rates
Significant yield curve shift supports income

Source: Bloomberg; quarterly average unless stated (VMUK financial quarter)

GDP
Further downgrades to the outlook

Source: Oxford Economics Base Case, October and February 2022

Unemployment
Predicted to increase, but remain low by historical standards

Source: Oxford Economics Base Case, October and February 2022

Recovery challenged

Higher UK rate environment

Resilient labour market

Recovery challenged

1.7%

1.2%

OE (October)

OE (February)

2.2%

2022 2023 2024 2025 2026

8.9%

6.0%

2022 2023 2024 2025 2026

8.9%

6.0%

2.2%

1.7%

1.2%

Higher prices

CPI
Sustained pick up in inflation

Source: Oxford Economics Base Case, October and February 2022

Rates
Significant yield curve shift supports income

Source: Bloomberg; quarterly average unless stated (VMUK financial quarter)

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Predicted to increase, but remain low by historical standards

Source: Oxford Economics Base Case, October and February 2022

Recovery challenged

Higher UK rate environment

Resilient labour market
Delivering growth in target segments

Mortgages

<table>
<thead>
<tr>
<th></th>
<th>Sep-21</th>
<th>Mar-22</th>
<th>Sep-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>58.1</td>
<td>57.8</td>
<td>58.2</td>
</tr>
</tbody>
</table>

0.1% Continue to be selective in pricing focusing on margin and credit quality

Business

<table>
<thead>
<tr>
<th></th>
<th>Sep-21</th>
<th>Mar-22</th>
<th>Sep-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>8.5</td>
<td>8.3</td>
<td>8.3</td>
</tr>
</tbody>
</table>

(2.7)% BAU growth of 2% in FY22 offsetting run-off of government schemes

Unsecured

<table>
<thead>
<tr>
<th></th>
<th>Sep-21</th>
<th>Mar-22</th>
<th>Sep-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>5.4</td>
<td>5.8</td>
<td>6.2</td>
</tr>
</tbody>
</table>

13.8% Growth in high quality Virgin Money credit card portfolio

7% growth across target segments of BAU Business Lending and Unsecured
Well provisioned for uncertain economic outlook

**Prudent ECL and PMAs drive above pre-Covid provisions**

**ECL - £m**

<table>
<thead>
<tr>
<th></th>
<th>Pre-COVID level</th>
<th>Sep-19</th>
<th>Sep-21</th>
<th>Mar-22</th>
<th>Sep-22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>£313</td>
<td>£297</td>
<td>£300</td>
<td>£372</td>
</tr>
<tr>
<td>ECL</td>
<td></td>
<td>£362</td>
<td>£504</td>
<td>£479</td>
<td>£457</td>
</tr>
<tr>
<td>Other PMAs</td>
<td>49</td>
<td>53</td>
<td>75</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Covid PMAs</td>
<td>49</td>
<td>53</td>
<td>75</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Cost of living PMAs</td>
<td>49</td>
<td>53</td>
<td>75</td>
<td>28</td>
<td></td>
</tr>
</tbody>
</table>

- Worsening macro-economic forecasts drives c.£72m increase in modelled ECL from H1 22
- £154m of Covid-19 PMAs released during FY22
- For additional prudence, £57m total PMAs recognised to cover higher cost of living on retail portfolios and economic resilience for business

**Coverage ratio - (bps)**

<table>
<thead>
<tr>
<th></th>
<th>Sep-19</th>
<th>Sep-21</th>
<th>Mar-22</th>
<th>Sep-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage ratio</td>
<td>50</td>
<td>70</td>
<td>66</td>
<td>62</td>
</tr>
</tbody>
</table>

- Robust coverage maintained, above pre-pandemic levels; asset quality across all portfolios remains robust
- 7bp cost of risk in FY22 reflects continued strong credit performance and release of Covid provisions
- In FY23 expect cost of risk around through the cycle level; of c.30-35bps

**Prudent above pre Covid-19 provision coverage maintained**
Well positioned balance sheet with tightened underwriting

**Portfolio: Defensively positioned book skewed to low-risk mortgages**

- Consistent, prudent risk appetite
- Targeted approach to growth; low arrears
- Resilient performances in recent stresses

**Mortgages: prudent underwriting reduces refinancing risk**

- Low-risk book; affordability stressed to SVR+3%
- Avg. LTI of 3.2x for OO and high ICR cover on BTL
- Low LTVs reflecting risk appetite and HPI

**Business: Key sectors able to manage inflation**

- Majority have passed cost increases into prices
- Close customer monitoring; no issues yet
- 65% fully or partially secured

**Unsecured: Affluent customer base**

- Further tightened underwriting since Covid-19
- Stress affordability of full credit line at 33.9% APR
- Spending remains skewed to discretionary items

---

1 Based on proprietary analysis by VMUK Business team, surveying 200 largest customers, accounting for over 1/3 of the book, see slide 30
2 Customers originated through VM brand since 2015; data as at Sep-22
3 Persistent debt reflects total combined portfolio; data as at Aug-22
Progress made in supporting a more sustainable future

Goals

- **Put our (carbon) foot down**: Reduce the negative impacts of our operations, suppliers and partners on society and the environment.
- **Build a brighter future**: Deliver products and services that help our customers make a positive impact on society and the environment.
- **Open doors**: Work with customers, colleagues & communities to encourage sustainable practices & economic activity that creates shared prosperity.
- **Straight-up ESG**: Align our strategic goals to ESG and embed them in all areas of the business with robust targets, tracking and disclosures.

Principles

- **Reduce the negative impacts of our operations, suppliers and partners on society and the environment**
- **Deliver products and services that help our customers make a positive impact on society and the environment**
- **Work with customers, colleagues & communities to encourage sustainable practices & economic activity that creates shared prosperity**
- **Align our strategic goals to ESG and embed them in all areas of the business with robust targets, tracking and disclosures**

2030 aspiration

- **Put our (carbon) foot down**: Net zero operational and supplier carbon emissions.
- **Build a brighter future**: At least 50% reduction in our carbon emissions across everything we finance.
- **Open doors**: No VM customers pay a Poverty Premium.
- **Straight-up ESG**: Fully diverse top-quartile of the organisation.

Highlights

- Achieved 12% reduction in Scope 1 and 2 emissions
- Expanded scope and enhanced financed emission calculation (82% of lending)
- Net Zero targets and roadmaps for priority business and mortgage sectors
- 94 of Top 100 Suppliers completed CDP questionnaire
- Sustainable Business Coach embedded in new borrowing >£2.5m
- Launched Agri E Fund with no fee for lending supported by carbon audit
- Greener Mortgage product extended and Green reward launched
- £224m lending to energy and environment customers
- Poverty Premium Turn2us benefits calculator identified more than £1.1m of support
- Cost of Living Hub launched and taskforce established
- Bespoke account opening for Ukrainian refugees and donation to DEC
- c.40% colleagues involved in our six employee-run diversity and inclusion networks
- TCFD disclosure enhancements
- Upgraded to ‘Leader’ status in MSCI ratings and ‘Low Risk’ in Sustainalytics
- Climate Risk elevated to principal risk; Climate policy developed
- Materiality assessment confirmed ESG priorities of our stakeholders
## Medium-term outlook upgraded

<table>
<thead>
<tr>
<th>FY23 outlook</th>
<th>FY24 outlook (subject to no material change in the macro-economic outlook)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NIM</strong>¹</td>
<td>FY23 NIM expected to be 185-190bps</td>
</tr>
<tr>
<td><strong>Cost: Income ratio</strong></td>
<td>Expected to be c.50%</td>
</tr>
<tr>
<td><strong>Cost of risk</strong></td>
<td>In FY23, expect cost of risk around through the cycle level of c.30-35bps</td>
</tr>
<tr>
<td><strong>Restructuring costs</strong></td>
<td>c.£275m across FY22-24, with significant majority of remainder in FY23</td>
</tr>
<tr>
<td><strong>CET1</strong></td>
<td>Maintain CET1 &gt;14% through FY23 during period of heightened macroeconomic uncertainty</td>
</tr>
<tr>
<td><strong>Capital distribution</strong></td>
<td>30% dividend payout; buybacks subject to ongoing assessment of surplus capital, market conditions and regulatory approval</td>
</tr>
<tr>
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</tbody>
</table>

¹ Based on latest market-implied interest rate outlook post Autumn Statement, including BBR peaking at c.4.5% in FY23
Capital, Funding & Liquidity

Justin Fox
Group Treasurer
Robust capital generation supports strong capital distributions

**Transitional CET1 ratio evolution (bps)**

<table>
<thead>
<tr>
<th>Sep-21</th>
<th>Underlying profit</th>
<th>RWAs</th>
<th>AT1 related costs</th>
<th>Underlying adjustments</th>
<th>Dividend</th>
<th>£75m buyback</th>
<th>Removal of software relief</th>
<th>Other</th>
<th>Sep-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.4%</td>
<td>226</td>
<td>(4)</td>
<td>(27)</td>
<td>(38)</td>
<td>(58)</td>
<td>(31)</td>
<td>(53)</td>
<td>(3)</td>
<td>15.0%</td>
</tr>
</tbody>
</table>

**Underlying capital generation 195bps**

- **Software**
  - 14.4%

- **Total capital ratio**
  - 22.0%

- **UK leverage ratio**
  - 5.2%

- **IFRS 9 Fully Loaded CET1 ratio**
  - 14.4%

- **RWAs**
  - £24,232m

- **£24,148m**

---

1. Dividends and buybacks announced (including additional £50m) / Statutory Profit After Tax and AT1 distributions
2. After incorporating £50m buyback announced
Strong capital with significant buffers above regulatory minima

CET1

15.0%¹

- 8.7% 
  - 2.5%
  - 1.7%
  - 4.5%

Sep-22 CET1 Ratio

6.3% / c.£1.5bn buffer

Leverage

5.1%¹

- 3.25%

Sep-22 UK Leverage Ratio

1.88% / c.£1.6bn buffer

Total Capital

22.0%¹

- 13.6% 
  - 2.5%
  - 3.1% *
  - 8.0%

Sep-22 Total Capital Ratio

8.5% / c.£2.0bn buffer

MREL

32.1%¹

- 24.9%

Sep-22 MREL Resources (as % of RWAs)

7.2% / c.£1.7bn buffer

1 IFRS 9 transitional basis

2 The Group’s loss-absorbing capacity requirement is the sum of its MREL plus any applicable buffers

* In October 2022, the PRA has advised the Group it will be subject to a Pillar 2A Total Capital requirement equivalent to 2.97%, of which 1.67% must be met with CET1

The Group’s loss-absorbing capacity requirement is the sum of its MREL plus any applicable buffers.
CET1 outlook – returning to target range by end FY24

Surplus capital resources available for growth and distribution

Not to scale

1c.£375m surplus capital resources vs. top of target range

15.0%  >14%  13 - 13.5% CET1 range

Capital framework supports ongoing distributions

- 10p FY22 dividend in line with 30% pay-out level
- Announcing £50m additional buyback, total of £125m announced
- Maintain CET1 >14% through FY23 during period of heightened macroeconomic uncertainty
- Given the timing of ACS stress test, the Group does not expect to announce further buybacks until Q4 23
- Return to target CET1 range by end FY24, assuming no material change in the economic outlook
- Expect c.£1-£1.5bn of additional RWAs for hybrid model implementation during H1 23
- Further capital distributions remain subject to approval and potential RWA headwinds:
  - Awaiting PRA Basel 3.1 consultation paper
  - Potential RWA migration depending on macro environment

1 c.£375m is the surplus before deducting the additional £50m buyback announced at FY22
Well established capital stack

Capital stack breakdown

- **22.0%**
  - Tier 2 4.2% (£1.0bn)
  - AT1 2.8% (£0.7bn)
  - CET1 15.0% (£3.6bn)

- **13.6%** Requirement
  - Tier 2 Headroom 1.5%
  - AT1 Headroom 0.7%
  - CET1 Headroom 6.3%

- **10.0%** HoldCo Senior

- **6.3%** CET1 Headroom

MREL significantly in excess of requirement

- **32.1%**
  - HoldCo Senior 10.0%
  - Total Capital 22.0%

- **24.9%** Requirement (as % of RWAs)

FY23 issuance plans:

- No incremental capital issuance required given healthy Total Capital ratio – 2023 issuance will be broadly limited to refinancing
- HoldCo Senior issuance to remain broadly limited to maintaining current surplus to regulatory requirements

---

1 IFRS 9 transitional basis
2 The Group is required to meet its Pillar 1 and Pillar 2A capital requirements with at least 56.25% CET1 capital, no more than 43.75% AT1 capital and no more than 25% Tier 2 capital. From an optimal perspective, the Group would therefore meet its Pillar 1 and Pillar 2A requirements with 56.25% CET1, 18.75% of AT1 and 25.00% Tier 2. “Optimal AT1” is therefore defined as (Pillar 1+Pillar 2A)*18.75% and “Optimal Tier 2” is defined as (Pillar 1+Pillar 2A)*25.00%.
3 The Group’s loss-absorbing capacity requirement is the sum of its MREL plus any applicable buffers.
Continued relationship deposit growth, optimising cost of funds

**Strong growth in relationship deposits**

<table>
<thead>
<tr>
<th>Customer deposit balances £bn</th>
<th>Sep-21</th>
<th>Sep-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term deposits</td>
<td>30.6</td>
<td>34.6</td>
</tr>
<tr>
<td>Non-linked savings</td>
<td>21.3</td>
<td>17.0</td>
</tr>
<tr>
<td>Relationship deposits</td>
<td>15.0</td>
<td>13.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>66.9</strong></td>
<td><strong>65.4</strong></td>
</tr>
<tr>
<td><strong>Change</strong></td>
<td><strong>13%</strong></td>
<td><strong>6.5%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wholesale funding balances £bn</th>
<th>Sep-21</th>
<th>Sep-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Securities</td>
<td>5.9</td>
<td>7.2</td>
</tr>
<tr>
<td>TFS/TFSME</td>
<td>7.7</td>
<td>8.5</td>
</tr>
<tr>
<td>Due to other banks</td>
<td></td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13.6</strong></td>
<td><strong>17.0</strong></td>
</tr>
<tr>
<td><strong>Change</strong></td>
<td></td>
<td><strong>21.5%</strong></td>
</tr>
</tbody>
</table>

Cost (bps)

<table>
<thead>
<tr>
<th></th>
<th>Sep-21</th>
<th>Sep-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term deposits</td>
<td>130</td>
<td>183</td>
</tr>
<tr>
<td>Non-linked savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationship deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>130</strong></td>
<td><strong>183</strong></td>
</tr>
</tbody>
</table>

**Optimised mix & maintained good access to wholesale markets**

- Continuing to optimise funding mix with relationship deposits now 53% of total customer deposits (FY19: c.33%)
- Amidst a challenging environment, successfully issued c.£2.5bn of secured funding across our RMBS and Covered bond programmes in FY22
- As at FY22, the Group had £7.2bn of TFSME outstanding (£0.9bn qualifies for extension), with all TFS repaid. Represents 10% of lending
- Conservative repayment profile in advance of contractual maturity to manage refinancing risk
- Expect £1.5-2.5bn of secured issuance in FY23 subject to deposit flows and relative cost

**Funding & Liquidity Metrics**

<table>
<thead>
<tr>
<th></th>
<th>LCR</th>
<th>Loan-to-deposit ratio</th>
<th>NSFR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>138%</td>
<td>111%</td>
<td>136%</td>
</tr>
</tbody>
</table>

**Continued relationship deposit growth, optimising cost of funds**

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer deposit balances</strong></td>
<td>£bn</td>
</tr>
<tr>
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<td>Non-linked savings</td>
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<tr>
<td>Relationship deposits</td>
<td>15.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>66.9</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost (bps)</strong></td>
<td></td>
</tr>
</tbody>
</table>
Structural hedge will drive higher income at existing rates

**Structural hedge yield improving from higher rates**

<table>
<thead>
<tr>
<th>Hedge Notional - £bn</th>
<th>Sep-21</th>
<th>Mar-22</th>
<th>Sep-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>c.0.3%</td>
<td>c.26</td>
<td>c.32</td>
<td>c.32</td>
</tr>
<tr>
<td>c.0.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c.0.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Increased gross yield during FY22 reflected re-investment of c.1/60th of hedge balance each month; H2 re-investment rate was c.2.7%; Q4 was c.3.0%
- Ongoing NII benefit as maturing balances will re-finance from less than 50bps in H1 23 to prevailing rates
- Gross yield does not reflect income from legacy hedge unwind; contribution was c.£120m in FY22 and will be c.£80m in FY23 (unwound by end FY25)

**Group Interest Rate Sensitivity**

Proforma rate sensitivity to parallel shift in all curves:

<table>
<thead>
<tr>
<th>NII impact</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>+25bps parallel</td>
<td>c.£20m</td>
<td>c.£20m</td>
<td>c.£35m</td>
</tr>
<tr>
<td>-25bps parallel</td>
<td>c.£5m</td>
<td>c.£(20)m</td>
<td>c.£(35)m</td>
</tr>
</tbody>
</table>

- Updated sensitivity in year 1 is based on assumed commercial response at current base rate
- Assumes the balance sheet is constant; Y 2 & 3 impacts driven by hedge re-investment; asymmetry reflects difference in pass-through at +/-25bps
- Size of structural hedge is calibrated to an assumed level of deposit pass-through; actual level of pass-through could be different in practice
Virgin Money Fixed Income Investment Proposition

Key points

- Currently trade wide of peers in unsecured debt markets; focused on reducing differential supported by;
- Defensive lending portfolio, 80% UK secured mortgages
- Stable asset quality maintained across portfolios with robust coverage above pre pandemic levels
- Strong capital base and returning to target CET1 range by end of FY24
- Robust funding and liquidity position with strong growth in relationship deposits, now 53% of total customer deposits
- Tier 1 firm for regulatory purposes - subject to enhanced governance and oversight requirements, identical to that of larger UK peers

<table>
<thead>
<tr>
<th>Asset Quality</th>
<th>Capital &amp; Leverage ¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Risk 7bps</td>
<td>CET1 Ratio 15.0%</td>
</tr>
<tr>
<td>Total Credit Provisions</td>
<td>13-13.5% CET1 target range</td>
</tr>
<tr>
<td>Coverage Ratio 62bps</td>
<td>MREL Ratio 32.1%</td>
</tr>
<tr>
<td>Cost of Living PMAs 57m</td>
<td>UK Leverage Ratio 5.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liquidity &amp; Funding</th>
<th>Sustainable Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity Coverage Ratio 138%</td>
<td>AA Leader MSCI 18.1</td>
</tr>
<tr>
<td>Loan to Deposit Ratio 111%</td>
<td>Low Risk Sustainalytics</td>
</tr>
<tr>
<td>Increase in Relationship Deposits in FY22 13%</td>
<td>50/100 Moody’s ESG Solutions²</td>
</tr>
<tr>
<td>NSFR 136%</td>
<td>2030</td>
</tr>
</tbody>
</table>

1 IFRS 9 transitional basis ² Formerly Vigeo-Eris (V.E)
Q&A
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https://www.virginmoneyukplc.com/investor-relations/debt-investors/
Appendix
Virgin Money has 180 years of banking expertise

Customer focused, UK retail bank with a refreshed strategy

CYBG (now VMUK) acquired Virgin Money in 2018

6th largest bank in UK

c.6.6m customers

Total assets of £91.9bn

Strong customer proposition with a highly trusted brand

Part of the wider Virgin family

Group-wide loyalty and rewards programme

Iconic Virgin brand with widespread awareness

National coverage and scale with innovative digital platform

National coverage with complementary presence

Delivering retail and SME customers an innovative digital platform

Automation of key customer journeys

Wide range of retail and business products

Customer Lending mix:

- 80% mortgages
- 12% business
- 8% personal

Customer deposits of £65.4 billion

Loan to Deposit ratio of 111%
The Group has a simple, vertical structure, comprising its holding company and resolution entity, Virgin Money UK PLC, and main operating subsidiary and ring-fenced bank, Clydesdale Bank PLC.

• All external regulatory capital and MREL issued by Virgin Money UK PLC
  • Virgin Money UK PLC does not have any legacy capital securities
  • All external regulatory capital and MREL instruments are downstreamed internally to Clydesdale Bank PLC via back-to-back issuance
  • All secured issuance is via Clydesdale Bank PLC; programmes rationalised post acquisition:
    • Future issuance will be from the Regulated Covered Bond Programme or Lanark Master Issuer

1 RMBS issuance via SPVs consolidated as part of Clydesdale Bank PLC  
2 Clydesdale Bank PLC also issues external ‘OpCo’ Senior Unsecured, but currently has none outstanding
**Good progress towards our net zero commitments**

### Progress against operational targets

<table>
<thead>
<tr>
<th>Scope</th>
<th>Actual 2022</th>
<th>2022 outcome (vs target)</th>
<th>Future goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope 1 emissions</strong> Direct emissions from sources owned e.g. gas burned for fuel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location-based (1)</td>
<td>3,395</td>
<td>-17% (target: -10%)</td>
<td>50% reduction by 2025</td>
</tr>
<tr>
<td>Market-based</td>
<td>748</td>
<td>-77% (target: -80%)</td>
<td>10% reduction in 2023</td>
</tr>
<tr>
<td><strong>Scope 2 emissions</strong> Indirect emissions from purchased electricity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location-based (2)</td>
<td>6,891</td>
<td>-10% (target: -10%)</td>
<td>50% reduction by 2025</td>
</tr>
<tr>
<td>Market-based</td>
<td>989</td>
<td>+9%</td>
<td>Targets under development</td>
</tr>
<tr>
<td><strong>Scope 3 emissions</strong> Indirect emissions not controlled by VM e.g. in supply chain</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 3(3)</td>
<td>1,719</td>
<td>-56%</td>
<td>Targets under development</td>
</tr>
</tbody>
</table>

- Significant progress against execution of Operational levers to meet 2030 net zero operational and supplier emissions
- 100% green gas and electricity now powers all buildings directly within our control
- Roadmap to deliver additional Scope 3 baselines and associated targets with a negative impact on the environment progressed in FY23

### Net zero targets covering 82% of lending

<table>
<thead>
<tr>
<th>Intensity metric</th>
<th>Mortgages(5)</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whole portfolio (c.£58bn)</td>
<td>kgCO2e/m2 financed</td>
<td>39</td>
</tr>
<tr>
<td>Agriculture (c.£1bn)</td>
<td>tCO2e/£m customer revenue</td>
<td>712</td>
</tr>
<tr>
<td>Resources (Oil &amp; Gas) (c.£0.1bn)</td>
<td>tCO2e/£m lending</td>
<td>1,520</td>
</tr>
<tr>
<td>Transport – Shipping (~£0.1bn)</td>
<td>tCO2e/£m lending</td>
<td>1,881</td>
</tr>
<tr>
<td>Transport - Road (~£0.1bn)</td>
<td>gCO2e/passenger km travelled</td>
<td>148</td>
</tr>
</tbody>
</table>

- Inaugural Science-based targets set against key GHG-intensive Commercial portfolios in line with NZBA commitments
- Supported by key strategic levers to reduce in-line with external decarbonisation pathways, including the acceleration of greener lending
- Targets and transition plans against remaining sectors set in FY23, against ambition to halve emissions across everything we finance

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1. Generated from the gas and oil used in all buildings where the Group operates; emissions generated from Group-owned and leased vehicles used for business travel; and fugitive emissions arising from the use of air conditioning and chiller/refrigeration plant to service the Group’s property portfolio
2. Generated from the use of electricity in all buildings from which the Group operates
3. Related to business travel undertaken by all colleagues using rail, private vehicles, hired vehicles, contracted taxi services, air travel, waste, water and paper
4. The Market-based Scope 1 emissions target was not met this year, despite the Group’s reduction in energy consumption. This is due to an increase in the UK Government’s emissions factor, which is used in the calculation.
5. Calculated on Mortgage loan level data as at 31 March 2022
**Improved Credit & ESG Ratings**

<table>
<thead>
<tr>
<th>Credit Ratings</th>
<th>Senior Unsecured</th>
<th>Issuer Credit Rating</th>
<th>Short-term</th>
<th>Tier 2</th>
<th>AT1</th>
<th>Outlook</th>
<th>Latest update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody’s</td>
<td>VMUK</td>
<td>Baa1</td>
<td>P-2</td>
<td>Baa2</td>
<td>Ba1</td>
<td>Stable</td>
<td>June 2022</td>
</tr>
<tr>
<td></td>
<td>CB</td>
<td>(P) A3</td>
<td>A3¹</td>
<td>P-2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard &amp; Poor’s</td>
<td>VMUK</td>
<td>BBB-</td>
<td>A-3</td>
<td>BB</td>
<td>B</td>
<td>Stable</td>
<td>March 2022</td>
</tr>
<tr>
<td></td>
<td>CB</td>
<td>BBB-</td>
<td>A-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fitch</td>
<td>VMUK</td>
<td>BBB+</td>
<td>F2</td>
<td>BBB-</td>
<td>BB</td>
<td>Stable</td>
<td>July 2022</td>
</tr>
<tr>
<td></td>
<td>CB</td>
<td>BBB+</td>
<td>A-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- In-year upgrade from Moody’s reflecting strong capital, funding & liquidity position underpinned by robust asset quality

<table>
<thead>
<tr>
<th>ESG Ratings</th>
<th>Latest Score (↑ = FY22 move)</th>
<th>Scale</th>
<th>Rank</th>
<th>Latest update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainalytics</td>
<td>18.1 (was 25.7)</td>
<td>0-100</td>
<td>Low Risk (was Medium)</td>
<td>June 2022</td>
</tr>
<tr>
<td>MSCI</td>
<td>AA (was A)</td>
<td>AAA to CCC</td>
<td>Leader (was Average)</td>
<td>September 2022</td>
</tr>
<tr>
<td>Moody’s ESG Solutions²</td>
<td>50/100 (was 49/100)</td>
<td>100-0</td>
<td>Robust (was Limited)</td>
<td>February 2022</td>
</tr>
</tbody>
</table>

- Material in-year improvement in all ESG Ratings reflecting significant recent focus, including enhanced disclosures

1 Long-term bank deposit rating  
2 Formerly Vigeo-Eris (V.E)
Updated IFRS9 scenarios & weightings; prudent overlays applied

Conservative economic scenarios

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Measure ¹</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upside</td>
<td>GDP</td>
<td>3.9%</td>
<td>2.8%</td>
<td>3.2%</td>
<td>3.4%</td>
</tr>
<tr>
<td></td>
<td>Unemployment</td>
<td>3.8%</td>
<td>4.2%</td>
<td>4.0%</td>
<td>3.7%</td>
</tr>
<tr>
<td></td>
<td>HPI</td>
<td>8.3%</td>
<td>(2.3)%</td>
<td>(1.8)%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Base</td>
<td>GDP</td>
<td>3.6%</td>
<td>0.3%</td>
<td>2.1%</td>
<td>2.7%</td>
</tr>
<tr>
<td></td>
<td>Unemployment</td>
<td>3.9%</td>
<td>4.6%</td>
<td>4.4%</td>
<td>3.8%</td>
</tr>
<tr>
<td></td>
<td>HPI</td>
<td>6.8%</td>
<td>(4.6)%</td>
<td>(3.0)%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Downside</td>
<td>GDP</td>
<td>2.6%</td>
<td>(5.6)%</td>
<td>0.8%</td>
<td>2.1%</td>
</tr>
<tr>
<td></td>
<td>Unemployment</td>
<td>4.0%</td>
<td>6.0%</td>
<td>7.1%</td>
<td>7.3%</td>
</tr>
<tr>
<td></td>
<td>HPI</td>
<td>3.5%</td>
<td>(13.3)%</td>
<td>(11.6)%</td>
<td>(2.7)%</td>
</tr>
<tr>
<td>Weighted average</td>
<td>GDP</td>
<td>3.3%</td>
<td>(1.5)%</td>
<td>1.7%</td>
<td>2.5%</td>
</tr>
<tr>
<td></td>
<td>Unemployment</td>
<td>3.9%</td>
<td>5.0%</td>
<td>5.3%</td>
<td>5.0%</td>
</tr>
<tr>
<td></td>
<td>HPI</td>
<td>5.8%</td>
<td>(7.4)%</td>
<td>(5.9)%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Prudently applied post-model adjustments

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Mar-22 ECL</th>
<th>o/w PMA</th>
<th>Sep-22 ECL</th>
<th>o/w PMA</th>
<th>Change in PMAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages</td>
<td>£66m</td>
<td>£42m</td>
<td>£56m</td>
<td>£34m</td>
<td>(£8)m</td>
</tr>
<tr>
<td>Unsecured</td>
<td>£221m</td>
<td>£44m</td>
<td>£284m</td>
<td>£32m</td>
<td>(£11)m</td>
</tr>
<tr>
<td>Business</td>
<td>£192m</td>
<td>£93m</td>
<td>£117m</td>
<td>£18m²</td>
<td>(£75)m</td>
</tr>
<tr>
<td>Total</td>
<td>£479m</td>
<td>£179m</td>
<td>£457m</td>
<td>£85m</td>
<td>(£95)m</td>
</tr>
</tbody>
</table>

- Remain prudently positioned given uncertain economic environment
- Maintained conservative coverage levels via PMAs
- Latest BoE forecasts sit between our base and downside scenarios
- 100% weighting to downside would lead to c.£80m increase in modelled ECL, in line with PMAs
- Reduction in Business reflects removal of Covid sector stress PMA

¹ GDP (yoy %), Unemployment (average), HPI growth (Q4 to Q4); ² Reflects net PMA position, including £12m negative PMA for LGD model changes

Source: Oxford Economics (September 2022) and company data
Stable asset quality and provision coverage

### Stage 2 reduction; Stage 3 proportion unchanged

<table>
<thead>
<tr>
<th>Gross loans and advances</th>
<th>£bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-22</td>
<td></td>
</tr>
<tr>
<td>Stage 1</td>
<td>1.0</td>
</tr>
<tr>
<td>Stage 2</td>
<td>7.9</td>
</tr>
<tr>
<td>Stage 3</td>
<td>63.5</td>
</tr>
</tbody>
</table>

| Sep-22                  |    |
| Stage 1                 | 1.0 |
| Stage 2                 | 5.7 |
| Stage 3                 | 66.4|

- Stage 2 reduction reflects the effect of releasing COVID-related PMAs relating to payment holidays, with customers moving back to stage 1
- Stage 3 remained stable at 1%

### Provision coverage remains strong

<table>
<thead>
<tr>
<th>Mar-22 Coverage Ratio</th>
<th>Sep-22 Gross Loans</th>
<th>Sep-22 ECL</th>
<th>Sep-22 Coverage Ratio</th>
<th>Sep-22 Cost of Risk</th>
<th>FY22 Cost of Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages</td>
<td>11bps</td>
<td>£58.4bn</td>
<td>£56m</td>
<td>9bps</td>
<td>(5)bps</td>
</tr>
<tr>
<td>Unsecured</td>
<td>404bps</td>
<td>£6.5bn</td>
<td>£284m</td>
<td>466bps</td>
<td>322bps</td>
</tr>
<tr>
<td>o/w cards</td>
<td>422bps</td>
<td>£5.6bn</td>
<td>£246m</td>
<td>481bps</td>
<td>347bps</td>
</tr>
<tr>
<td>o/w loans &amp; overdrafts</td>
<td>297bps</td>
<td>£0.9bn</td>
<td>£38m</td>
<td>388bps</td>
<td>161bps</td>
</tr>
<tr>
<td>Business</td>
<td>258bps¹</td>
<td>£8.2bn</td>
<td>£117m</td>
<td>159bps¹</td>
<td>(112)bps</td>
</tr>
<tr>
<td>Total</td>
<td>66bps</td>
<td>£73.1bn</td>
<td>£457m</td>
<td>62bps</td>
<td>7bps</td>
</tr>
</tbody>
</table>

- Refreshed economics reflect updated economic outlook, driving higher modelled ECL
- Covid PMAs removed, impacting coverage; PMAs added for cost of living
- Low cost of risk in FY22 reflective of no material credit deterioration

¹ Government-guaranteed loan balances excluded for purposes of calculating the Business division coverage ratio
Mortgages: Low LTV, high quality portfolio

Prime mortgage book weighted towards owner occupied

- Consistent, post-MMR prudent underwriting; no sub-prime/self-cert
- Appropriate, tailored buffers for living costs in affordability assessment
- 22% of the mortgage book has a maturing fixed rate in FY23
- Mortgages underwritten at SVR+3% allowing affordability headroom to higher rates

Owner-occupied (74%)
- Average LTV is 52.7%; 0.5% is >90% LTV
- Prudent average LTI; 3.2x in 2022
- Arrears lower than industry (0.6% v 0.8%\(^1\))

Buy-to-let (26%)
- Average LTV is 52.4%; max LTV of 80% for new lending
- Conservative rental and borrower income requirements
- Arrears lower than industry (0.3% v 0.4%\(^1\))

Low LTV and geographically diversified

- Low LTV, high quality portfolio

Loan-to-value of all mortgage lending

- >90% LTV: 54%
- 80-90% LTV: 65%
- 50-80% LTV: 12%
- <50% LTV: 3%

Mortgage stock lending location\(^2\)

- England North: 17%
- England Midlands: 10%
- Greater London: 30%
- Rest of South: 32%
- Scotland: 8%
- Other: 3%

\(^1\) Source: Sep '22 UK Finance, 3m+ arrears by volume
\(^2\) Excludes loans where data is not currently available due to front book data matching still to be completed and historic data capture requirements.
Other includes Wales, Northern Ireland, Channel Islands and those new accounts where the region might be unknown until collateral matching has occurred.
Business lending: Defensively positioned, granular book

Business lending portfolio by industry sector

- Agriculture: 16%
- Business services: 15%
- Gov’t, health & education: 13%
- CRE: 7%
- Hospitality: 8%
- Manufacturing: 9%
- Transport & storage: 4%
- Entertainment: 1%
- Construction: 3%
- Other: 13%

Business lending portfolio

- Other: 93%
- Top 5: 2%
- 6-20 largest: 5%

% of book by collateral cover

- Fully secured: 48%
- Largely/fully unsecured: 35%
- Partially secured: 17%
- Fully unsecured: 1%

% of book by customer exposure

- Larger SMEs / mid-market: c.£6.9bn
- Micro / smaller SMEs: c.£1.4bn
- Top 5: 2%
- 6-20 largest: 5%

Business banking drawdowns (£bn)

- H1 21: 0.99
- H2 21: 0.72
- H1 22: 0.91
- H2 22: 1.04

1 Sector allocations per ONS Standard Industrial Classification (SIC) codes
2 Other includes Utilities, Post & Telecommunications, Personal Services, Finance and other unassigned businesses
3 Excludes the HM Government backed Portfolio
4 Total funds advanced to customers from agreed lending facilities during the period

- c.10% of lending customers
- c.83% of balances
- Turnover typically >£2m - £100m
- Average loan size c.£1m
- c.90% of lending customers
- c.17% of balances
- Turnover typically <£2m
- Average loan size c.£30k
Business lending: Sectoral analysis suggests protection vs inflation

- Surveyed top 200 business borrowers (those with >£8m loans, total value of £3bn, so >1/3 of the portfolio)
- Analysis tested businesses resilience to inflation, and ability to protect profitability

**Council funded Care Homes** less able to pass on cost increases, but some Local Authorities have put through out of cycle increases. Homes with mix of private/funded places more able to manage price increases.

- Vast majority of businesses are seeing input cost inflation
- c.90% confirmed they have put price increases through
- Key areas of future risk are labour costs and interest rates
- Import / export risks for our portfolios are limited
- Energy costs are less material, most businesses have fixed contracts in place
- Businesses remain well-collateralized reflecting prudent credit underwriting

---

<table>
<thead>
<tr>
<th>Least Exposed</th>
<th>Moderate Exposure</th>
<th>Most exposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>c.£4.6bn, 55%</td>
<td>c.£2.7bn, 33%</td>
<td>c.£1.0bn, 12%</td>
</tr>
</tbody>
</table>

**Agriculture (£1.3bn)**
- Dairy Cattle and Rest of Agri £0.5bn: Increased output prices offsetting inflationary pressures; labour availability remains a challenge in dairy and horticulture sector
- Arable - £0.3bn: Higher sale prices more than offsetting higher input costs
- **Healthcare (£1bn):** Resilient revenues and performance to date, with strong collateral
  - Self funded homes and specialist care have greater capacity to pass on increased input costs

**Business Services, ex Professional Sectors (£0.8bn):** Diverse sector.
- CRE (£0.5bn): Diverse tenant base, generally lean operating models. Legacy CRE lending is 3% of total portfolio and stable. Funding cost is a more material factor than inflation
- Hotels (£0.5bn): UK customer base holding up, weaker sterling attracting tourists. Valuations and collateral strong
- Utilities (£0.4bn): includes c.£200m lending to renewable energy providers, minimal impact
- Housing Associations (£0.2bn): stable, low risk
- Other sectors (£1bn): lower exposed include Finance, Forestry & Fishing, Professional Services, Education and Government

**Mixed farming with Beef & Sheep - £0.4bn:** Increased costs not entirely offset by higher sale prices. Medium-term issues from changes to subsidy regime are affecting smaller farmers depending on degree of reliance on subsidy income

- Council funded Care Homes less able to pass on cost increases, but some Local Authorities have put through out of cycle increases. Homes with mix of private/funded places more able to manage price increases
- Wholesale (£0.5bn): More capacity to pass on increased input costs although is downstream risk of customers failing to make payments. More exposed to import/export risk
- Construction (£0.2bn): Availability of products, rising prices of raw materials and inability to pass on inflation where fixed price tender in place
- Other sectors (£1.2bn): Assessed as more exposed are rest of Manufacturing, Resources and Transport & Storage

- **Retail £0.4bn and Hospitality £0.3bn:** Consumer affordability pressure is reducing discretionary spend
- **Entertainment £0.1bn:** Labour costs are significant proportion of input costs, also at risk from reducing discretionary spend
- **Energy Intensive Manufacturing <£0.1bn:** Drinks manufacturing and any form of metal manufacturing which is more energy intensive. Minimal exposure however
Unsecured: asset quality and origination discipline

Affluent customers able to absorb higher living costs

Credit Cards:
- c.1.9m active accounts in total
- VMUK arrears at 1.3% (FY21: 1.1%) vs industry¹ of 1.6%; VMUK BT arrears of 1.3%; non-BT arrears of 1.6%
- Balance transfers c.2/3s (62% at 0%) of cards portfolio; c.16% balances maturing from promo periods in next 6 months
- Prudent risk appetite reflected in high acquisition cut-offs, focus on high resilience segments; affordability stressed on fully drawn line at 33.9% APR
- Diversification strategy has seen limited acquisition (1.2% FY22 card lending) of customers with historic impaired credit, via appropriate pricing for risk
- Appropriate, tailored buffers for current and expected living cost increases are factored into affordability assessments

Personal Loans:
- c.100k direct customers, prime loan book
- FY22 new sales remained only to existing customers; limited appetite for potentially lower resilience segments i.e. self-employed & higher indebtedness
- Strong customer profiles (c.72% homeowners and low% self employed)
- Loan and overdraft 2+ arrears at 1.7% (FY21: 1.2%)

High quality, well-positioned cards book

Strong arrears performance: when benchmarked to industry

Benchmarked delinquency by vintage (accounts 2+ in arrears), Q2-22

<table>
<thead>
<tr>
<th>Year</th>
<th>Virgin Money</th>
<th>Industry Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre 2018</td>
<td>0.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>2018</td>
<td>0.5%</td>
<td>1.0%</td>
</tr>
<tr>
<td>2019</td>
<td>1.0%</td>
<td>1.5%</td>
</tr>
<tr>
<td>2020</td>
<td>1.5%</td>
<td>2.0%</td>
</tr>
<tr>
<td>2021</td>
<td>2.0%</td>
<td>2.5%</td>
</tr>
<tr>
<td>2022</td>
<td>2.5%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Source: Industry data Verisk Financial | Argus. Q2-22; Industry comparators covering c.90-95% of the UK cards market and verified vs. UK Finance published figures

Credit cards customer profile

<table>
<thead>
<tr>
<th>Metric</th>
<th>VM²</th>
<th>Industry average³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average customer age</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>Average income</td>
<td>£42k</td>
<td></td>
</tr>
<tr>
<td>% homeowners</td>
<td>71%</td>
<td>64%</td>
</tr>
<tr>
<td>% self-employed</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>% debt to income</td>
<td>24%</td>
<td>34%</td>
</tr>
<tr>
<td>% persistent debt</td>
<td>3.4%⁴</td>
<td>10%</td>
</tr>
</tbody>
</table>

¹ Arrears defined as 2+ cycles past due; Industry data Verisk Financial | Argus to Aug-22
² Customers originated through VM brand since 2015; data as at Sep-22
³ Sources: TUC and Verisk Financial | Argus
⁴ Persistent debt reflects total combined portfolio; data as at Aug-22
Unsecured: spending, payments & underwriting support resilience

Portfolio performance characteristics provide confidence
- Repayment rates stable; no signs of customers reducing repayments
- Retail Interest bearing balances broadly stable; additional retail spend is manageable
- Performance as expected given affluent nature of customer base and significant affordability headroom built in through underwriting

Prudent, proactive management of risk over time
- Introduced risk based pricing at origination pre COVID
- Credit criteria tightened significantly during COVID, only normalised Sep-21; vintages written under these criteria expected to perform strongly
- Further tightening through 2022 reflecting inflation, and squeeze on customer affordability
- Updated economic vulnerability segmentation to manage risk

Spend tracking reflects affluence of customer base

Pre-emptive tightening of underwriting supports credit quality

Portfolio performance characteristics provide confidence
- Repayment rates stable; no signs of customers reducing repayments
- Retail Interest bearing balances broadly stable; additional retail spend is manageable
- Performance as expected given affluent nature of customer base and significant affordability headroom built in through underwriting

Prudent, proactive management of risk over time
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- Further tightening through 2022 reflecting inflation, and squeeze on customer affordability
- Updated economic vulnerability segmentation to manage risk

1 Core reflects analysis of seasoned customer accounts which are outside of initial promotional periods
Emerging arrears normalising from low levels

Emerging arrears show limited stress

- Arrears performance during the pandemic has reflected additional government support
- Increase in early arrears reflect normalisation to pre-COVID levels
  - Business – low emerging arrears reflecting quality of portfolio and government support
  - Credit Cards – small increase in early arrears, remain below pre-pandemic Sep-19
  - Mortgages – limited change in Q4; trending to pre-pandemic levels
Pension Scheme risk managed prudently

Strong funding position and reducing LDI portfolio

Summary

- The Scheme’s de-risking plan has delivered resilience to stress and improvements in Group and Trustee valuations and funding levels:
  - **IAS19** – the basis for the bank’s P&L, balance sheet and capital reporting. A continued surplus provides a buffer against the requirement to hold capital against the Scheme
  - **Trustee** – a valuation completed on an actuarial basis for the next Triennial Valuation, due by end FY23 (effective date 30 September 2022)
- LDI scheme assets prudently reduced c.50% since Q2 2022 insulating from recent volatility
- At 30 September 2022 there was £613m of surplus collateral in the LDI portfolio, sufficient to cover +350bps in interest rates
- Trustee has also taken additional steps to reduce the LDI risk

<table>
<thead>
<tr>
<th>Date</th>
<th>End Q2 FY22</th>
<th>End Q3 FY22</th>
<th>End FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>LDI portfolio value</td>
<td>£2,540m</td>
<td>£1,883m</td>
<td>£963m</td>
</tr>
<tr>
<td>% scheme assets</td>
<td>57%</td>
<td>53%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Pension Scheme – Surplus / Deficit (£m)
## Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>at Sep 2022</th>
<th>at Sep 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mortgages</strong></td>
<td>58,155</td>
<td>58,104</td>
</tr>
<tr>
<td><strong>Business</strong></td>
<td>8,247</td>
<td>8,477</td>
</tr>
<tr>
<td><strong>Unsecured</strong></td>
<td>6,163</td>
<td>5,414</td>
</tr>
<tr>
<td><strong>Total customer loans</strong></td>
<td>72,565</td>
<td>71,996</td>
</tr>
<tr>
<td><strong>Other financial assets</strong></td>
<td>17,545</td>
<td>15,035</td>
</tr>
<tr>
<td><strong>Other non-financial assets</strong></td>
<td>1,797</td>
<td>2,069</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>91,907</td>
<td>89,100</td>
</tr>
<tr>
<td><strong>Customer deposits</strong></td>
<td>65,360</td>
<td>66,870</td>
</tr>
<tr>
<td><strong>Wholesale funding (excl. TFS / TFSME)</strong></td>
<td>9,812</td>
<td>7,700</td>
</tr>
<tr>
<td><strong>TFS / TFSME</strong></td>
<td>7,200</td>
<td>5,895</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td>3,195</td>
<td>3,161</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>85,567</td>
<td>83,626</td>
</tr>
<tr>
<td><strong>Equity and reserves</strong></td>
<td>6,340</td>
<td>5,473</td>
</tr>
<tr>
<td><strong>Liabilities and equity</strong></td>
<td>91,907</td>
<td>89,100</td>
</tr>
</tbody>
</table>
## Risk weighted assets

<table>
<thead>
<tr>
<th></th>
<th>at Sep 2022</th>
<th>at Sep 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages</td>
<td>9,155</td>
<td>10,010</td>
</tr>
<tr>
<td>Business</td>
<td>6,196</td>
<td>6,040</td>
</tr>
<tr>
<td>Unsecured</td>
<td>4,817</td>
<td>4,311</td>
</tr>
<tr>
<td>Other</td>
<td>914</td>
<td>1,182</td>
</tr>
<tr>
<td><strong>Total credit risk</strong></td>
<td><strong>21,082</strong></td>
<td><strong>21,543</strong></td>
</tr>
<tr>
<td>Credit valuation adjustment</td>
<td>258</td>
<td>103</td>
</tr>
<tr>
<td>Operational risk</td>
<td>2,623</td>
<td>2,481</td>
</tr>
<tr>
<td>Counterparty risk</td>
<td>185</td>
<td>105</td>
</tr>
<tr>
<td><strong>Total RWAs</strong></td>
<td><strong>24,148</strong></td>
<td><strong>24,232</strong></td>
</tr>
<tr>
<td>Total loans</td>
<td>72,565</td>
<td>71,996</td>
</tr>
<tr>
<td>Credit RWAs / total loans</td>
<td><strong>29%</strong></td>
<td><strong>30%</strong></td>
</tr>
<tr>
<td>Total RWAs / assets</td>
<td><strong>26%</strong></td>
<td><strong>27%</strong></td>
</tr>
</tbody>
</table>
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