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This announcement is an advertisement for the purposes of the Prospectus Rules of the UK Financial Conduct Authority and not a prospectus and not an offer to sell, or a solicitation of an offer to subscribe for or to acquire, securities in the United States or in any other jurisdiction, including in or into the United States, Australia, Canada, Japan or South Africa. Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Investors should not purchase or subscribe for any ordinary shares referred to in this announcement except on the basis of information in the prospectus (the "Prospectus") expected to be published by Virgin Money Holdings (UK) plc in due course in connection with the proposed offer and the proposed admission of its ordinary shares to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange plc's (the "London Stock Exchange") main market for listed securities. A copy of the Prospectus will, following publication, be available from the Company's registered office at Jubilee House, Gosforth, Newcastle upon Tyne NE3 4PL and online at www.virginmoney.com, subject to applicable securities laws.

2 October 2014

Virgin Money Holdings (UK) plc
Announcement of Intention to Float

Virgin Money Holdings (UK) plc ("Virgin Money" or the "Company") today announces its intention to proceed with an initial public offering (the "IPO" or the "Offer"). The Company intends to apply for admission of its ordinary shares ("Ordinary Shares") to the premium listing segment of the Official List of the Financial Conduct Authority (the "Official List") and to trading on the main market for listed securities of the London Stock Exchange (together "Admission").

Virgin Money is a strong, uncomplicated retail-only UK bank which is primarily focused on providing residential mortgages, savings and credit cards. It also offers a range of investment and insurance products and has recently launched its first personal current account.

Virgin Money provides award-winning customer service to its 2.8 million customers through a range of channels, including digital (online and mobile), intermediaries, call centres and a national network of 75 stores and five customer lounges.

Virgin Money is uniquely placed to provide effective competition to the large incumbent banks in the UK. It has potential for significant growth at meaningful scale across a broad range of products and is unburdened by legacy issues.

Offer highlights

- Virgin Money intends to apply for the admission of its Ordinary Shares to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange.

- The Offer comprises a sale by Virgin Financial Investments Limited, funds managed by WL Ross & Co, other minority shareholders, members of the senior management team and other employees of the Company (together, the "Selling Shareholders") of a portion of their existing holding of Ordinary Shares, and an offer of new Ordinary Shares to be issued by the Company. It is expected that the offer of new Ordinary Shares will raise gross proceeds of approximately £150 million and the Offer is expected to result in a free float of at least 25%.

- The Offer and Admission will support the Company's growth plans, support the Company's common equity tier 1 capital ratios, give the Company access to a wider range of capital-raising options and further improve the ability of Virgin Money to recruit, retain and incentivise its key management and employees. The net proceeds of the Offer will also be used for general corporate purposes as well as to satisfy the payment due to HM Treasury in respect of the contingent consideration payable as part of the Company's acquisition of Northern Rock plc in January 2012 (with £10 million of the £50 million payment due to HM Treasury upon the Company's listing yet to be provided for). The Offer will also provide the Selling Shareholders with an opportunity for a partial realisation of their respective shareholdings in the Company.

- Each of the Company, its directors and members of its senior management together with the Selling Shareholders will agree to customary lock-up arrangements in respect of their holding of Ordinary Shares for specified periods of time following Admission.

- Immediately following completion of the Offer, it is expected that the Company will have a free float of at least 25% of the issued share capital of the Company. It is expected that Admission will take place in October 2014 and that, following Admission, the Company will become eligible for inclusion in the FTSE UK indices.

- The Offer will comprise an offer of Ordinary Shares: (i) to certain institutional investors in the United Kingdom and elsewhere outside the United States; and (ii) in the United States only to qualified institutional buyers in reliance on an exemption from the registration requirements of the United States Securities Act of 1933, as amended.

- BofA Merrill Lynch and Goldman Sachs International have been appointed as joint sponsors, joint global co-ordinators and joint bookrunners to the Offer, with Barclays and Citi acting as joint bookrunners and Keefe, Bruyette & Woods acting as joint lead manager.

- Full details of the Offer will be included in the Prospectus, expected to be published in due course.

Further payment to the UK Government

- Successful completion of the Offer will lead to a final payment of £50 million being made to HM Treasury by Virgin Money in respect of the contingent consideration payable as part of Virgin Money's acquisition of Northern Rock plc. When Virgin Money agreed to buy Northern Rock plc in late 2011, it was agreed that this payment would be made in the event of a successful IPO of the combined businesses before the end of 2016. This payment will take the total paid by Virgin Money to HM Treasury for Northern Rock plc to £1.02 billion.

Dividend policy

- The Company intends to adopt a progressive dividend policy and will seek to pay a dividend in its first full financial year following Admission reflecting the strength of the Company's capital position and franchise.

- The Virgin Money Board is targeting an initial payout ratio of 10% to 20% of statutory profit after tax less any coupons paid on any Additional Tier 1 securities in issue. The Company's objective is to support dividend distributions in line with the larger, listed UK banks once the business has grown its earnings base and balance sheet.

- Dividend payments will be made on an approximate one-third:two-thirds split for interim and final dividends, respectively. The Directors intend to commence dividend payments with an interim dividend in respect of 2015, which will be payable in the fourth quarter of 2015.

Business highlights

- Virgin Money is a retail bank operating across the UK at meaningful scale to provide effective competition to the large incumbent banks.

- Since Virgin Money completed its acquisition of Northern Rock plc on 1 January 2012, it has transformed and revitalised the business and has created a platform for future growth:
    - Mortgage balances have increased from £14.1 billion to £20.3 billion, a CAGR of 16% vs 1% market growth.
    - Deposit balances have increased from £16.3 billion to £21.1 billion, a CAGR of 11% vs 6% market growth.
    - The Company has acquired £1 billion of credit cards from MBNA and has substantially completed the build of its own credit card operations.
    - The Company has launched the first Virgin Money personal current account and has built its own current account operations.
    - Over 450 jobs have been created to support business growth.
    - The Company has grown Virgin Money Giving, its not-for-profit online fundraising website, to a position where it is now being used by fundraisers to raise over £80 million per year (including Gift Aid) for charities.
    - The Company has delivered a 1H 2014 underlying profit of £59.7 million, against £53.4 million for 2013 as a whole. In 2011, Northern Rock made an underlying loss of £111 million for the full year.

- Virgin Money's success is supported by its powerful brand. Virgin Money is front of mind for 1 in 4 consumers and is considered as a banking provider by over 50% of UK consumers, demonstrating its significant headroom for market share growth.

- The Company's strategy is focused on creating a business that can continue to grow strongly, maintain a high quality balance sheet, and deliver shareholder returns through both capital growth and progressive dividend payments.

- The strategy is underpinned by Virgin Money's core business strengths:
  1. A high-quality balance sheet, set within a strong risk management framework, unburdened by legacy issues such as PPI mis-selling
  2. A differentiated approach to banking and a brand that provides mass consumer appeal
  3. A capacity for organic growth at meaningful scale
  4. A significant potential to improve returns through operational leverage and positive margin development
  5. A strong management team with a track record of delivering organic and inorganic growth, supported by highly-engaged colleagues

- Given its core business strengths and positive growth momentum, the Company is targeting a mid-teens return on tangible equity by the end of 2016, with continued improvement targeted beyond this date.

Jayne-Anne Gadhia, Chief Executive Officer of Virgin Money, said:

"We are delighted to be announcing our intention to float Virgin Money. Over the last three years we have transformed our business. We have expanded our product range, increased our customer numbers, grown our balance sheet and enhanced our profitability. Our decision to take the business public marks just how far the Company has come.

We look forward to being a listed company and remain committed to delivering positive outcomes for all of our stakeholders. Our capability to deliver growth at meaningful scale, the quality of our balance sheet and our absence of legacy issues makes us stand apart from other banks, and these strengths give us the potential to deliver ongoing returns to our shareholders through both capital growth and progressive dividend payments.

In addition, and in recognition of their hard work to-date and their contribution to the future value of the business, I am also delighted to announce that each employee will be awarded £1,000 worth of shares in the business upon flotation."

Sir David Clementi, Chairman of Virgin Money, said:

"I am pleased we have reached the point where Virgin Money is ready to start life as a listed company. We have built a safe, sound and secure bank supported by a strong Board. The Company has an extremely positive future and I am delighted the business is in such a good position."

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Charles Lucas / Gareth Hunt

Strategy

Virgin Money's strategy is focused on creating a business that can continue to **grow** strongly, maintain a high **quality** balance sheet, and deliver shareholder **returns** through both capital growth and progressive dividend payments.

- **Growth:** Virgin Money plans to continue to deliver strong growth in its mortgages, savings and credit cards businesses, to enhance its activities in investments and insurance and to extend its product range over time:

    - Virgin Money plans to continue to achieve a market share of gross mortgage lending of over 3%, and to benefit from expected growth in the market. The Company intends to build upon its existing high-quality mortgage business and to expand its mortgage product range to new segments of the market it does not currently serve, without significantly increasing its risk appetite.

    - Virgin Money plans to continue to build upon its proven deposit gathering capability, attracting new customers as well as additional funds from existing customers.

    - Virgin Money plans to expand its credit card business, extending both its product range and its distribution channels, and is seeking to grow its cards book from £1 billion to around £3 billion by 2018.

    - Virgin Money also plans to grow its non-interest income by extending the range of investment and insurance products that it offers to its customer base. The Company believes that it is particularly well-positioned in the investments market given the regulatory changes introduced through the Retail Distribution Review.

    - Virgin Money also plans to extend its current account product offering, carefully controlling volumes ahead of expected future market changes such as those that might be introduced following the provisional decision of the Competition and Markets Authority to commence a market investigation reference in relation to both PCA and SME banking.

- **Quality**: Virgin Money will maintain its focus on building a high-quality balance sheet, underpinned by robust asset quality and a conservative risk appetite.

    - Virgin Money is committed to maintaining a strong capital base. On a fully-loaded Basel III basis, Virgin Money's common equity tier 1 ratio was 14.4% and its tier 1 capital ratio was 17.1% at 30 June 2014. Virgin Money plans to operate to a minimum 12.0% fully-loaded Basel III common equity tier 1 ratio and 15.0% Basel III total capital ratio. Virgin Money's leverage ratio was 3.8% at 30 June 2014. Over its planning period, the business plans to operate to a leverage ratio comfortably above a floor of 3.75%, a level it believes is safe and conservative.

    - Virgin Money's focus on maintaining a high-quality balance sheet is supported by its conservative risk appetite and its robust approach to risk management. The risk appetite set by the Board imposes tight controls on a range of criteria, including, for mortgages, loan-to-value ratios and business mix and, for credit cards, application scores. As a result of this approach, Virgin Money's credit quality is significantly better than the industry average in each of mortgages and credit cards.

- **Returns**: Virgin Money is targeting a mid-teens return on tangible equity by the end of 2016, with continued improvement targeted beyond this date. To achieve this:

    - Virgin Money will continue to take advantage of its operational leverage, building upon its track record of income growth from 31 December 2012 to 30 June 2014 of 26.7% against total operating expenses growth of only 8.2%. The Company believes it can deliver on its planned growth while tightly managing costs because of its scalable operations and systems, with the mortgage platform acquired in January 2012 having previously supported mortgage volumes over four times those held in 2013. Given its operational leverage, the Company is aiming to deliver a cost:income ratio of around 50% by 2017.

    - Virgin Money will continue to maximise its net interest margin within its prudent risk appetite. This is supported by the Company's planned growth of its credit card business on its in-house cards platform, which it is building in partnership with TSYS.

    - Virgin Money will also continue to grow its non-interest income by extending its range of investments and insurance products through partnership arrangements which optimise capital and balance sheet efficiency and help to drive returns.

Key strengths

The Company's strategy is underpinned by Virgin Money's core business strengths:

- **A high-quality balance sheet, set within a strong risk management framework, unburdened by legacy issues such as PPI mis-selling**
    - o Virgin Money has a high-quality balance sheet and a strong capital position. On a fully-loaded Basel III basis, the Company's common equity tier 1 ratio was 14.4% and its tier 1 capital ratio was 17.1% at 30 June 2014, while its leverage ratio was 3.8%.
    - o Virgin Money has a stable and efficient funding platform with the ability to access retail and wholesale markets. The Company's liquid assets are of a high quality and are well-diversified. Lending is predominantly funded through retail savings products and the Company had a loan-to-deposit ratio of 100% at 30 June 2014.
    - o Virgin Money's high-quality balance sheet is supported by a conservative risk appetite and a strong risk management framework. The Company operates with prudent underwriting standards and lending criteria and this is reflected in Virgin Money's high-quality mortgage portfolio. At 30 June 2014, the Company's indexed loan-to-value ratio ("LTV") on its mortgage portfolio was 58.7%. The proportion of mortgage loans with arrears of greater than three months was 0.33%, much lower than the UK average of 1.51%.
    - o Virgin Money's credit card business also benefits from high asset quality. At 30 June 2014, credit card balances 30 days and over in arrears were 1.88% of the total portfolio, well below the industry average.
    - o Virgin Money is unburdened by the recent legacy conduct issues related to material risk and governance failures which have adversely affected many of its UK competitors.
- **A differentiated approach to banking and a brand that provides mass consumer appeal**
    - o Virgin Money's corporate ambition is to make 'everyone better off', delivering good value to its customers, treating employees well, making a positive contribution to society, building positive relationships with its partners and delivering sustainable profits to shareholders. This ambition underpins the Company's differentiated approach to banking.
    - o Virgin Money's differentiated approach is manifested in its simple, transparent product range and its approach to pricing. Examples include, in savings, the Company's 'catch-free' products, where customers benefit from consistent pricing across all distribution channels, equal or better pricing for tax-free ISAs compared to easy access savings accounts, and simple and straightforward pricing as opposed to short-term introductory bonus rates.
    - o In support of its simple, transparent product range, Virgin Money is focused on delivering outstanding customer service and has achieved significant success, continually increasing the Company's Net Promoter Score (NPS) such that it is now amongst the highest of any UK bank.
    - o Virgin Money's brand has mass consumer appeal and is a powerful platform upon which to grow its business. According to research by Consumer Insight (May 2014), the Virgin Money brand is front of mind for 1 in every 4 UK consumers and the brand has been voted "the coolest" brand in banking for each of the past two years.
    - o Over half of UK consumers would consider using Virgin Money as a banking provider, a level of brand consideration significantly in excess of the Company's market share in each of the product lines it operates, demonstrating the strong growth potential available to the business.

- **A capacity for organic growth at meaningful scale**

    - Virgin Money has achieved strong growth momentum in both mortgages and savings. However, its market shares are only 1.6% for mortgages and 1.4% for savings, offering substantial headroom for future growth. Virgin Money previously built a successful credit card business in partnership with MBNA, is confident that it can repeat this success and is targeting to build a credit card book of £3 billion by 2018. Its share of the credit card market was only 1.8% at 30 June 2014.

    - In achieving organic growth, Virgin Money expects to benefit from its strong brand, and its simple and transparent product range and approach to pricing. These features appeal strongly to a broad range of UK consumers and the Company expects to continue to extend its product range.

    - Virgin Money also expects to benefit from its efficient distribution capabilities. The Company has strong positions in digital and intermediary distribution, both of which are low-cost and scalable, and a store network that 40% of UK consumers can reach easily.

    - As well as growing its new business volumes, Virgin Money expects to benefit from high levels of customer retention, helping to support balance growth. In mortgages, customer retention rates at maturity have been maintained at around 70% over recent years, despite increased switching levels in a growing market. In savings, the Company offers products without introductory bonus rates, and this leads to improved retention. In credit cards, the Company can demonstrate high levels of card utilisation by its customers, helping support retention.

    - In addition, Virgin Money expects to benefit from positive economic growth, improving consumer confidence and expected market growth in mortgages, savings and credit cards.

- **A significant potential to improve returns through operational leverage and positive margin development**

    - Virgin Money has significant operational leverage. Its mortgage and savings platforms, its new credit card platform and its principal distribution channels, online and intermediary, are all readily scalable at a relatively low incremental cost. Evidence of the Company's scalability is demonstrated by the improvement in its cost:income ratio from 97% in 2012 to 76% in 2013 and to 71% for the six months ended 30 June 2014.

    - There is also an opportunity for Virgin Money to grow its net interest margin as it builds its credit card business and broadens its mortgage product range within its conservative risk appetite. The Company's underlying net interest margin has improved from 0.54% in 2012 to 1.26% in 2013 and to 1.43% for the six months ended 30 June 2014.

- **A strong management team with a track record of delivering organic and inorganic growth, supported by highly-engaged colleagues**

    - Virgin Money's management team previously held senior positions both in large established banks and in challenger banks. Together at Virgin Money, they have a proven track record of achieving profitable and sustainable organic growth and delivering successful acquisitions.

    - As a result of strong growth in business volumes and in total income, along with strict control of costs, Virgin Money reported an underlying profit of £59.7 million for the first half of 2014, against £53.4 million for the whole of 2013, and an underlying loss of £2.5 million for 2012.

    - The management team's proven track record in acquisition and project execution is demonstrated by the successful acquisition and integration of Northern Rock, the purchase and migration of £466 million of mortgage assets from Northern Rock (Asset Management) plc, and the acquisition of a £1 billion credit card portfolio from MBNA and the build of an in-house cards platform in partnership with TSYS.

    - Virgin Money's employees are experienced and committed. In a recent survey, Virgin Money's staff engagement score was 86%, that of a global high-performing company. Staff turnover was 6.5% in 2013 compared to an industry average of 16%, according to the CIPD (Chartered Institute of Personnel and Development) in a recent survey.

Notes to Editors

About Virgin Money

Virgin Money is a retail bank operating across the UK. Its main activities are in residential mortgages, savings and credit cards. It also offers a range of insurance and investment products and has recently launched its first personal current account.

Virgin Money has 2.8 million customers. It provides access to its products and services through a range of channels, including digital (online and mobile), call centres, mortgage intermediaries and a national network of 75 stores and five customer lounges.

Virgin Money has 2,800 employees. Of these, about 1,800 are based in the operational centre at Gosforth, while the others are located in Edinburgh, London, Norwich, Chester and Milton Keynes and across the network of stores and lounges.

At 30 June 2014, Virgin Money had customer deposits of £21.1 billion and loans and advances to customers of £21.0 billion. In the first half of 2014, Virgin Money made an underlying profit before tax of £59.7 million.

Board of Directors

Sir David Clementi, Chairman

Sir David is chair of the Nomination Committee and he also sits on the Remuneration Committee. Sir David was chairman of Prudential plc from 2002 to 2008. Before joining the Prudential, Sir David was Deputy Governor of the Bank of England from 1997 to 2002. In addition to his membership of the Monetary Policy Committee, Sir David was responsible for the day-to-day management of the Bank of England and had specific responsibility for the Bank of England's work on financial stability. During this period, he was also a non-executive director of the Financial Services Authority. Prior to this, Sir David worked at Kleinwort Benson for 22 years including as chief executive and subsequently vice chairman.

Sir David will step down as Chairman and as a Non-Executive Director of the Company in mid-2015, at which point Glen Moreno will assume the Chairmanship, subject to regulatory approval.

Glen Moreno, proposed Independent Non-Executive Director and Chairman Designate

Glen Moreno is to join the Board of Virgin Money as an Independent Non-Executive Director and Chairman Designate, with effect from January 2015, subject to regulatory approval.

Glen Moreno is presently chairman of Pearson PLC and a non-executive director of Fidelity International Limited. He has more than four decades experience in business and finance. His earlier positions include serving as deputy chairman of the Financial Reporting Council, senior independent director at Lloyds Banking Group plc, senior independent director of Man Group plc and acting chairman of UK Financial Investments Limited, the company set up by HM Treasury to manage the government's shareholdings in UK banks.

Jayne-Anne Gadhia CBE, Chief Executive Officer

Jayne-Anne is a chartered accountant and qualified with Ernst and Young. She then spent seven years in management roles in Norwich Union (now Aviva) before becoming one of the three founders of Virgin Direct in 1995. Jayne-Anne launched the market leading Virgin One account in 1998. That business was acquired by RBS in 2001 after which Jayne-Anne went on to lead a number of RBS business units, ultimately joining the RBS retail executive board where she was responsible for RBS group's mortgage business. Jayne-Anne returned to lead Virgin Money in 2007.

Lee Rochford, Chief Financial Officer

Lee spent ten years at BNP Paribas, becoming head of Northern European securitisation before moving to Credit Suisse for seven years, where he was head of European asset finance. In 2007, Lee joined RBS where he was head of the financial institution group for EMEA, responsible for providing advisory, capital markets and risk solutions for financial institutions. Lee joined Virgin Money in October 2013 as Chief Financial Officer.

Norman McLuskie, Senior Independent Non-Executive Director

Norman is chair of the Audit Committee and of the Balance Sheet Committee. He also sits on the Risk Committee, the Remuneration Committee and the Nomination Committee. A chartered accountant, Norman retired from the board of the RBS group in 2004. During his career of more than 25 years at RBS, he was deputy chief executive prior to its takeover of NatWest, and after the acquisition he became chief executive of Retail Direct which comprised Tesco Personal Finance, Virgin One account and Direct Line Financial Services, as well as the RBS credit card business. Norman has also served as chairman of the board of MasterCard Europe.

Colin Keogh, Independent Non-Executive Director

Colin is chair of the Risk Committee. He also sits on the Audit Committee, the Nomination Committee and the Balance Sheet Committee. A qualified barrister, Colin spent 24 years working at Close Brothers Group plc, including eight years as Group chief executive from 2002 to 2009. Outside Virgin Money, Colin is also a non-executive director of a number of companies including Brait SE, a specialist investment company listed in Johannesburg and Luxembourg.

James B. Lockhart III, Non-Executive Director

Jim sits on the Nomination Committee. Jim has been vice chairman of WL Ross & Co since 2009 where, as a member of the investment committee, he oversees US$9 billion in private equity investments. Prior to his appointment, Jim was CEO and chairman of the US Federal Housing Finance Agency, and deputy commissioner and chief operating officer of the Social Security Administration Agency. He also served as executive director (CEO) of the US Pension Benefit Guaranty Corporation. In the private sector Jim has held senior positions in major investment banking, insurance and oil companies.

Patrick McCall, Non-Executive Director

Patrick is a senior partner at the Virgin group. Patrick has worked for the Virgin group for over 15 years and he first joined the Virgin Money Board in September 2005. He is the co-chairman of Virgin Rail and chairman of Virgin Galactic. He is also a director of Virgin Active. Prior to joining the Virgin group, Patrick was an investment banker at S.G.Warburg and then at SBC Warburg.

Marilyn H. Spearing, Independent Non-Executive Director

Marilyn sits on the Risk Committee, the Audit Committee, the Balance Sheet Committee and the Remuneration Committee. Marilyn has over 35 years' experience in financial services, specialising in payments and information technology. She was the global head of trade finance and cash management at Deutsche Bank for six years, building the business to a global scale covering 35 markets. She previously spent 11 years at HSBC as the global head of payments and cash management, and prior to that spent 15 years at Barclays.

Gordon McCallum, Non-Executive Director

Gordon sits on the Nomination Committee. Gordon is a senior partner at the Virgin Group and is a director of several Virgin Group companies including Virgin Atlantic and Virgin Enterprises as well as acting as a non-executive director for companies outside the Virgin Group. He led the strategic development of the Virgin Group from 1998 to 2012, first as group strategy director and then as chief executive officer of Virgin Management Limited. Gordon has been involved in the development of Virgin Money since 1998. Prior to joining Virgin Management, Gordon was a management consultant at McKinsey.

Olivia Dickson, Independent Non-Executive Director

Olivia is chair of the Remuneration Committee. She also sits on the Risk Committee, the Balance Sheet Committee and the Nomination Committee. Olivia is also a non-executive director and chair of the risk committee of Canada Life Limited and a non-executive director and chair of the Actuarial Council of the Financial Reporting Council. Olivia's executive career was at Kleinwort Benson and JP Morgan where she was a managing director and head of European exchange traded derivatives brokerage.

Award of Virgin Money shares to employees upon flotation

Upon the flotation of Virgin Money, all permanent employees with the exception of Directors and senior management will be awarded £1,000 of shares in the Company. Employees must be employed at the flotation date and remain with the business for one year at which point the shares will be transferred to the employee. The objectives of the scheme are to reward employees for their hard work and loyalty which have enabled the Company's success and to give all employees a stake in the future success of Virgin Money.

Disclaimer / Forward looking statements

Important notice

This announcement has been prepared by and is the responsibility of Virgin Money, and has been approved by Goldman Sachs International and Merrill Lynch International solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 ("FSMA")

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In any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive") other than the United Kingdom, this announcement is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive. In addition, in the United Kingdom, this announcement is addressed and directed only at Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order and (iii) to persons to whom it may otherwise be lawful to communicate it to (all such persons being referred to as "relevant persons"). Any investment or investment activity to which this announcement relates is available only to relevant persons in the United Kingdom and Qualified Investors in any member state of the EEA other than the United Kingdom and will be engaged in only with such persons. Other persons should not rely or act upon this announcement or any of its contents.

This announcement is an advertisement and not a prospectus. Investors should not subscribe for or purchase any transferable securities referred to in this announcement except on the basis of information in the Prospectus intended to be published by Virgin Money in due course in connection with the proposed admission of its Ordinary Shares to the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange. Copies of the Prospectus will, following publication, be available from http://www.virginmoney.com/, subject to applicable securities laws, and at the Company's registered office. Any purchase of Ordinary Shares in the proposed Offer should be made solely on the basis of the information contained in the final Prospectus to be issued by the Company in connection with the Offer. Before purchasing any Ordinary Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus when published. The information in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any Ordinary Shares or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

This announcement does not constitute a recommendation concerning the Offer. The price and value of securities and any income from them can go down as well as up. Past performance is not a guide to future performance. Before purchasing any Ordinary Shares, persons viewing this announcement should ensure that they fully understand and accept the risks that will be set out in the Prospectus, when published. Information in this announcement or any of the documents relating to the Offer cannot be relied upon as a guide to future performance. There is no guarantee that Admission will occur and you should not base your financial decisions on Virgin Money's intentions in relation to Admission at this stage. Acquiring Ordinary Shares to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Potential investors should consult a professional advisor as to the suitability of the Offer for the entity or person concerned.

Goldman Sachs International, Merrill Lynch International, Barclays Bank PLC, Citigroup Global Markets Limited ("Citi") and Stifel Nicolaus Europe Limited (trading as Keefe, Bruyette & Woods) (together, the "Banks") are (i) authorised and regulated by the FCA in the United Kingdom and (ii) authorised by the Prudential Regulatory Authority (the "PRA") (other than Stifel Nicolaus Europe Limited (trading as Keefe, Bruyette & Woods)). The Banks are acting exclusively for Virgin Money and no-one else in connection with the Offer. They will not regard any other person as their respective clients in relation to the Offer and will not be responsible to anyone other than Virgin Money for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offer, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the Offer, each of the Banks and any of their respective affiliates, acting as investors for their own accounts, may subscribe for or purchase Ordinary Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of Virgin Money or related investments in connection with the Offer or otherwise. Accordingly, references in the Prospectus, once published, to the Ordinary Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Banks or any of their respective affiliates acting as investors for their own accounts. In addition they may enter into financing arrangements and swaps with investors in connection with which they may from time to time acquire, hold or dispose of Ordinary Shares. The Banks and their respective affiliates do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Banks by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Banks or any of their respective affiliates, directors, officers, employees, advisers or agents accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Offer and nothing in this announcement will be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of the Banks and their respective affiliates accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this announcement or any such statement.

In connection with the Offer, a stabilising manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, overallot Ordinary Shares or effect other transactions with a view to supporting the market price of the Ordinary Shares at a higher level than that which might otherwise prevail in the open market. The stabilising manager will not be required to enter into such transactions and such transactions may be effected on any stock market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the stabilising manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilising measures, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Ordinary Shares above the offer price. Save as required by law or regulation, neither the stabilising manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

In connection with the Offer, the stabilising manager may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 10 per cent. of the total number of Shares comprised in the Offer. For the purposes of allowing the stabilising manager to cover short positions resulting from any such over-allotments and/or from sales of Ordinary

Shares effected by it during the stabilisation period, it is expected that certain existing shareholders (the "Over-Allotment Shareholders") will grant to the stabilising manager, on behalf of the Banks, an option (the "Over-Allotment Option") pursuant to which the stabilising manager may purchase or procure purchasers for additional Ordinary Shares up to a maximum of 10 per cent. of the total number of Ordinary Shares comprised in the Offer (the "Over-Allotment Shares") at the offer price. The Over-Allotment Option will be exercisable in whole or in part, upon notice by the stabilising manager, at any time for 30 calendar days after the commencement of conditional trading of the Shares on the London Stock Exchange. Any Over-Allotment Shares made available pursuant to the Over-Allotment Option will be sold on the same terms and conditions as the Ordinary Shares being sold or issued in the Offer and will form a single class for all purposes with the other Ordinary Shares. Save as required by law or regulation, neither the stabilising manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

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

Certain information contained in this announcement, including any information as to Virgin Money's strategy, market position, plans or future financial or operating performance, constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believe", "expect", "anticipate", "contemplate", "target", "plan", "intend", "continue", "budget", "project", "aim", "estimate", "may", "will", "could", "should", "seeks", "predicts", "schedule" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plan, objectives, goals, future events or intentions. In particular, statements in this announcement regarding targets and expectations in respect of Virgin Money's expected retail NIM development, operating cost evolution, growth in return on tangible equity and return on assets, mortgage market share and credit card volume growth and in the development of Virgin Money's cost of risk and its cost:income, capital and leverage ratios, as well as other expressions of Virgin Money's targets and expectations, should be considered forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Virgin Money, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: general economic and business conditions in the UK and internationally; inflation, deflation, interest rates and policies of the Bank of England, the European Central Bank and other G8 central banks; fluctuations in exchange rates, stock markets and currencies; changes to Virgin Money's credit ratings; changing demographic developments, including mortality and changing customer behaviour, including consumer spending, saving and borrowing habits; changes in customer preferences; changes to borrower or counterparty credit quality; instability in the global financial markets, including Eurozone instability and the impact of any sovereign credit rating downgrade or other sovereign financial issues; technological changes; natural and other disasters, adverse weather and similar contingencies outside Virgin Money's control; inadequate or failed internal or external processes, people and systems; terrorist acts and other acts of war or hostility and responses to those acts; geopolitical, pandemic or other such events; changes in laws, regulations, taxation, accounting standards or practices; regulatory capital or liquidity requirements and similar contingencies outside Virgin Money's control; the policies and actions of Governmental or regulatory authorities in the UK, the European Union, the US or elsewhere; the implementation of the draft EU crisis management framework directive and banking reform, following the recommendations made by the Independent Commission on Banking; the ability to attract and retain senior management and other employees; the extent of any future impairment charges or write-downs caused by depressed asset valuations, market disruptions and illiquid markets; market relating trends and developments; exposure to regulatory scrutiny, legal proceedings, regulatory investigations or complaints; changes in competition and pricing environments; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services and lending companies; and the success of Virgin Money in managing the risks of the foregoing.

Investors are cautioned that forward-looking statements are not guarantees of future performance. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this announcement speak only as at the date of this announcement, reflect the Virgin Money Board's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Virgin Money's operations, results of operations, growth strategy, capital and leverage ratios and the availability of new funding. Investors should specifically consider the factors identified in this announcement that could cause actual results to differ before making any investment decision. All of the forward-looking statements made in this announcement are qualified by these cautionary statements.