



Update on Capital

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Virgin Money Holdings (UK) PLC
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FOR IMMEDIATE RELEASE

5 July 2018

Update on Capital

At the time of its Q1 trading update, Virgin Money Holdings (UK) plc ("Virgin Money") indicated that it had made a submission to the Prudential Regulation Authority ("PRA") seeking approval for improvements to its mortgage risk-weight models and that it was in ongoing discussions with the PRA in relation to its 2018 Supervisory Review and Evaluation Process ("SREP").

Virgin Money has received a decision on mortgage risk-weight models from the PRA. We estimate that the impact at 30 June 2018 of the model improvements which have been agreed, all else being equal, will result in an increase of over 250 basis points in our Common Equity Tier 1 ratio to approximately 16%.

Virgin Money expects the leverage ratio to be 3.8% at 30 June 2018.

Virgin Money has also been notified by the PRA of the outcome of its 2018 SREP. The revised Pillar 2A capital requirement, which includes fixed and variable elements, takes effect from 5 July 2018. Had it applied at 30 June 2018, we estimate it would have equated to a Pillar 2A capital add-on of 5.4%.

The agreed improvements to mortgage risk-weight models will be reflected in Virgin Money's interim financial statements which are due to be published on 26 July 2018.

The person responsible for arranging for the release of this announcement on behalf of Virgin Money is Katie Marshall.

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About Virgin Money

- Virgin Money offers savings, mortgages, credit cards, current accounts, currency services, pensions, investments and protection products to customers across the UK
- Virgin Money's business ambition is to make "everyone better off" - this philosophy underpins our approach to business by offering good value to customers, treating employees well, making a positive contribution to society and delivering a profit to shareholders
- More than 13,900 charities have registered with Virgin Money Giving and, by the end of 2017, over £600 million had been raised for charity through the service since its launch in 2009, resulting in an estimated £19 million more raised for charity because of its not-for-profit model.

Note: all figures contained in this announcement are unaudited and the information in this announcement relates to Virgin Money as a standalone business and does not take into account the impact of the offer for Virgin Money from CYBG PLC which was announced on 18 June 2018.

Forward looking statements

This document contains certain forward looking statements with respect to the business, strategy and plans of Virgin Money Group and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about Virgin Money Group's or its directors' and/or management's beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, plans and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements made by the Group or on its behalf 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; the ability to access sufficient sources of capital, liquidity and funding when required; changes to Virgin Money's credit ratings; the ability to derive cost savings; 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, the exit by the UK from the European Union (EU) and the potential for one or more other countries to exit the Eurozone or EU, and the impact of any sovereign credit rating downgrade or other sovereign financial issues; technological changes and risks to cyber security; 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, including as a result of the exit by the UK from the EU, 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 EU, the US or elsewhere including the implementation and interpretation of key legislation and regulation; the ability to attract and retain senior management and other employees; the extent of any future impairment charges or write-downs caused by, but not limited to, 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. Any forward-looking statements made in this document speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information of future events. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange plc, the Takeover Panel (as Virgin Money is in an offer period) or applicable law, Virgin Money expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in Virgin Money's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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