



Virgin Money/ Aberdeen Standard Investments new JV

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Virgin Money Holdings (UK) PLC

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VIRGIN MONEY HOLDINGS (UK) PLC (the "*Company*" or "*Virgin Money*")

VIRGIN MONEY AND ABERDEEN STANDARD INVESTMENTS AGREE TO ESTABLISH A NEW JOINT VENTURE FOR THE PROVISION OF ASSET MANAGEMENT SERVICES TO CUSTOMERS

- **The proposed joint venture will combine Virgin Money's brand and retail distribution expertise with Aberdeen Standard Investment's (ASI) strength in asset management together with access to the market-leading technology and digital expertise of ASI**
- **The joint venture is expected to transform Virgin Money's retail investment proposition, driving significant growth in assets under management and capital-light returns**
- **It is anticipated that ASI will acquire 50 per cent of Virgin Money Unit Trust Managers Limited¹ with the transaction expected to complete by the end of 2018**

Virgin Money and ASI are delighted to announce that they have agreed in principle to enter into a new strategic joint venture for the provision of asset management services to Virgin Money customers. As part of the joint venture, ASI will provide fund management services and access to its state-of-the-art digital technology.

Virgin Money currently has over 200,000 retail investment customers and £3.7 billion in assets under management. The proposed joint venture with ASI will broaden Virgin Money's retail investment proposition.

It will also extend ASI's strength and depth in providing customer focused diversified solutions to Virgin Money's existing investor base and leverage the strength of both brands to increase assets under management over time.

Jayne-Anne Gadhia, Chief Executive at Virgin Money, said: "Our new partnership with Aberdeen Standard Investments will bring together two outstanding innovative brands. We look forward to using our brand and customer reach, combined with ASI's strength in asset management and its digital capability, to provide a market-leading customer proposition.

"This mutually beneficial relationship will give our customers a broader fund choice and the tools and capability to invest for the future with confidence. As a result, it offers a compelling proposition for our customers and offers excellent value for our shareholders. It is expected to generate significant growth in assets under management, drive additional capital-light returns and to be game-changing for our investment business over the longer term."

Martin Gilbert, Co-Chief Executive at Aberdeen Standard Investments, said: "We're delighted to be partnering with Virgin Money to develop their retail investment business. Their customer focus mirrors that of Aberdeen Standard Investments and we look forward to working together and sharing a strong and profitable relationship over many years to come."

Under the terms agreed in principle, and subject to further mutual due diligence, regulatory and other relevant approvals and agreement of definitive contracts, ASI is expected to acquire 50 per cent of Virgin Money Unit Trust Managers Limited ("VMUTM") for an upfront cash payment in excess of £40 million which is expected to result in an increase of approximately 40 basis points in Virgin Money's CET1 ratio.

Benefits of the strategic partnership

- Aberdeen Standard Investments will provide Virgin Money with access to their fund management expertise and market-leading digital capability, with a view to broadening Virgin Money's retail investment proposition.
- This joint venture will enable Virgin Money to provide customers with access to a broader range of funds and solutions at a competitive cost.
- The new joint venture provides a considerable opportunity for Virgin Money to develop deeper relationships with its existing customers, and use its brand to attract new customers and deliver significant growth in assets under management.
- The combination of Virgin Money's brand and scale and Aberdeen Standard Investment's market-leading investment solutions will provide a compelling proposition for customers and excellent value for shareholders.

Completion of the transaction is expected to take place by the end of 2018.

In 2017, VMUTM recorded revenues of £33.1 million and profit after tax of £10.8 million. Once concluded, Virgin Money expects to account for the strategic partnership using the equity accounting method. With closing expected by the end of 2018, there is expected to be no material impact on 2018 underlying earnings.

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NOTES TO EDITORS:

¹ Virgin Money Unit Trust Managers Limited (VMUTM) is the entity which holds Virgin Money's Investments and Pensions business.

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 its approach to business by offering good value to customers, treating employees well, making a positive contribution to society and delivering a profit to shareholders.
- Over 13,900 charities have registered with Virgin Money Giving and, by the end of 2017, over £600 million had been donated to charities through the service since its launch in 2009, resulting in an estimated £19 million more donated to charities because of its not-for-profit model.

About ASI

- Aberdeen Standard Investments is a leading global asset manager dedicated to creating long-term value for their clients, and is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.
- With over 1,000 investment professionals they manage €638 billion* of assets worldwide. They have clients in 80 countries supported by 50 relationship offices. This ensures they are close to their clients and the markets in which they invest.
- They are high-conviction; long-term investors who believe teamwork and collaboration are the key to delivering repeatable, superior investment performance. They are resolute in their commitment to active asset management.
- Aberdeen Standard Investments is the asset management business of Standard Life Aberdeen plc, one of the world's largest investment companies.
- Standard Life Aberdeen plc is headquartered in Scotland. It has around 1.2 million shareholders and is listed on the London Stock Exchange. The Standard Life Aberdeen group was formed by the merger of Standard Life plc and Aberdeen Asset Management PLC on 14 August 2017.

*Standard Life AUM/AUA data as at 30 September 2017.

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

Forward looking statements

This announcement contains certain forward looking statements with respect to the business, strategy and plans of Virgin Money Holdings (UK) plc ("Virgin Money" or the "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's or its directors' and/or management's beliefs and expectations, are forward looking statements.

Examples of forward looking statements include, without limitation, any statements preceded or followed by or that include the words "targets", "should", "continue", "plans", "proposes", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects"

or words or terms of similar substance or the negative of any such words or terms. Forward looking statements include, without limitation, statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, capital ratios, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; and (ii) business and management strategies and the expansion and growth of Virgin Money's operations resulting from the proposed transaction.

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 and are based on certain key assumptions, estimates, judgements or interpretations. Many factors could cause the actual results or position to differ materially from those projected or implied in any forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements.

Any forward looking statements made in this announcement speak only as of the date they are made and it should not be assumed that they have been, or will be, 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 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 announcement 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.

If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser, duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser.

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