

Our 2018 gender pay gap report

We are passionate about fairness, equality and inclusion and are committed to reducing our gender pay gap.

Our 2020 commitment

We have committed to achieve 50:50 gender balance (within a 10% tolerance) throughout the business by the end of 2020. Making progress against this commitment should result in reducing our gender pay gap figures.

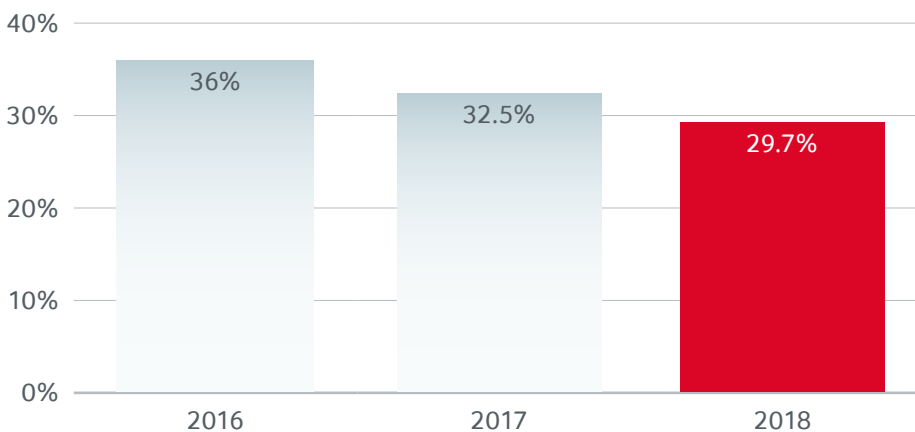
2018 gender pay gap

	Mean difference between men and women	Median difference between men and women
Hourly fixed pay	29.7%	35.0%

The table above shows our overall mean and median gender pay gap based on hourly rates of pay as at the snapshot date (i.e. 5 April 2018).

This is the third year Virgin Money has disclosed its average (mean) gender pay gap, with the gap reducing significantly each year. In April 2016 the mean pay gap was 36%, in April 2017 it had decreased to 32.5% and in April 2018 it was 29.7%. We are delighted with this progress, whilst acknowledging there is much more to do.

Mean Gender Pay Gaps



An analysis of our 29.7% mean gender pay gap showed:

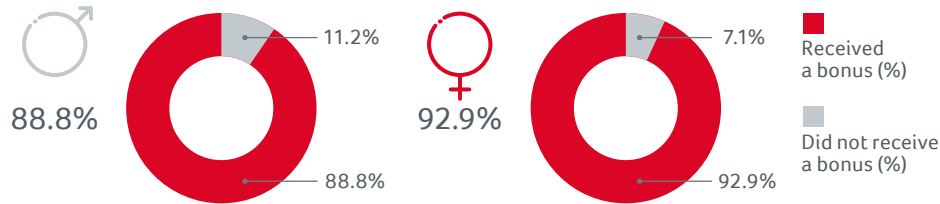
- > A much higher proportion of women compared to men working in our customer facing roles in Stores and contact centres (demonstrated by the 70% female representation in the lowest pay quartile below) accounts for about half of the 29.7% gender pay gap. We have rolled out work to improve the attraction and retention of men in customer facing roles.
- > The progress made on hiring and promoting more women into senior management has been the biggest factor in reducing the gender pay gap. However, the imbalance of representation in senior management still accounts for about a quarter of the gender pay gap. We continue to focus on the hiring and progression of women into senior roles, alongside removal of barriers to fair progression (as reported in the 'Women in Finance' section of our Annual Report & Accounts).

2018 gender bonus gap

	Mean difference between men and women	Median difference between men and women
Bonus paid	48.7%	40.6%

The table above shows the mean and median difference between bonuses and other variable pay paid to men and women at Virgin Money in the year up to 5 April 2018, i.e. for the 2017 performance year.

Proportion of colleagues paid a bonus in 2018



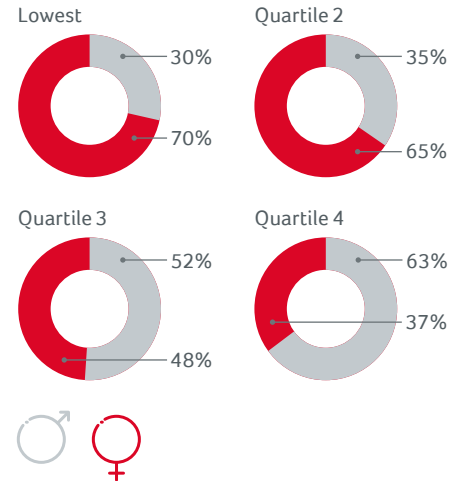
We apply the same bonus eligibility rules to all our colleagues. For example, to be paid a bonus in 2018 a colleague had to start working for us before 1 October 2017 and not be under notice on the date of payment in March 2018.

The year-on-year reduction in gender pay gap has not been mirrored in the bonus figures. The mean gender bonus gap has increased since 2017 from 45.3% to 48.7% and the median gender bonus gap has decreased from 40.7% to 40.6%. A range of factors impact the bonus gap outcome, of which two key factors were:

1. In 2018 a greater proportion of women (93.6%) were paid a bonus compared to 2017 (89%). By contrast the male percentage fell slightly. Whilst more women received a bonus, the effect was to reduce the average female bonus paid, whereas the male average was largely unchanged.
2. The requirement to calculate the gender bonus gap based on actual bonuses paid, without adjustment for part-time working, materially affects the bonus gap. We actively promote flexible working to all colleagues, with over a quarter of our colleagues working part-time. Given over 90% of our part-time colleagues are female this disproportionately affects the gender bonus gap. If the calculation was adjusted for part-time working, the median gender bonus gap would be 32.1% rather than 40.6%.

Gender balance across the pay quartiles

Pay Quartiles



The above image illustrates the gender distribution at Virgin Money across four equally sized quartiles, each containing just under 800 colleagues. We are confident that men and women are paid equally for doing equivalent jobs across our business. However, it confirms that we have more work to do in increasing the number of women in senior management roles and the number of men in our customer facing roles.

Declaration

I confirm the data reported is accurate.

Jayne-Anne Gadhia
Chief Executive

22 August 2018

