



**VIRGIN MONEY UK PLC**  
**(Group or Virgin Money UK)**

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## **Virgin Money UK updates on the acceleration of its digital strategy**

As outlined at Virgin Money UK's H1 results in May, the Group has been evaluating the opportunities to accelerate its digital strategy enabling greater efficiency and driving up levels of digitisation across the bank to further develop a strong, scalable platform for future growth.

Emerging from the pandemic, the Group continues to see greater appetite for digital self-service, with customers increasingly adopting digital channels. The Group also continues to evolve its operating model to reduce real estate costs along with giving colleagues more flexibility, and to take opportunities to increase automation, leveraging technology throughout key processes.

As Virgin Money UK comes to the end of its Integration and Transformation programmes, the Group is accelerating the next phase of its strategy and increasing the level of investment in digital initiatives. As a result, restructuring charges for FY21 are now expected to be c.£145m in total with an additional c.£45m booked in Q4, as the Group launches the initial actions in order to deliver on its strategic ambition to be the UK's best digital bank.

There are three key elements to be accelerated:

- **Store closures:** During COVID-19 the Group has seen a shift in sales volumes and communications to digital and mobile channels, with lower branch footfall. As part of its review, the Group has identified 31 stores out of the 162 in its network which will be closed over the coming months. As a result, the Group will take a c.£25m restructuring charge in Q4.
- **Life More Virgin target operating model changes:** The Group's Life More Virgin working model aims to give colleagues greater flexibility around working patterns and location, seeking to support colleagues to achieve a better work-life balance and boost well-being and productivity. The changes also mean the Group will have lower office space requirements, with infrastructure and office hubs re-purposed to fit new ways of working. After applying valuation adjustments and including other operating model changes, the Group will incur a c.£20m restructuring charge in Q4.
- **Greater automation:** Having delivered Integration, the Group is now aiming to further simplify the IT estate by moving to cloud-based infrastructure which will streamline and automate key processes. These changes will further enable agile delivery, increasing the pace of change and delivering efficiency benefits over time.

The steps announced today are the first phase of the acceleration of Virgin Money UK's digital strategy, which will drive further productivity gains and build capacity for ongoing re-investment, further digitisation and in time, greater cost efficiency.

Virgin Money UK PLC is registered in England and Wales (company number: 09595911) and as a foreign company in Australia (ARBN 609 948 281) and has its registered office at Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL

The Group's digital strategy will further develop a strong, scalable platform for future growth. In the near term, cost savings from improved productivity delivered by Virgin Money UK's digital initiatives will be reinvested into the business to further accelerate the pace of platform development. Virgin Money UK will also leverage the capabilities of its key strategic partnerships, such as those announced with Global Payments and Capita, to deliver additional features and differentiated propositions for customers. The Group will provide additional detail on the efficiency benefits and investment opportunities as well as its growth ambitions alongside its Full Year results.

Announcement authorised for release by Lorna McMillan, Group Company Secretary.

For further information, please contact:

<b><u>Investors and Analysts</u></b>	
Richard Smith	+44 7483 399 303
Head of Investor Relations	<a href="mailto:richard.smith@virginmoneyukplc.com">richard.smith@virginmoneyukplc.com</a>
Amil Nathwani	+44 7702 100 398
Senior Manager, Investor Relations	<a href="mailto:amil.nathwani@virginmoneyukplc.com">amil.nathwani@virginmoneyukplc.com</a>
Martin Pollard	+44 7894 814 195
Senior Manager, Investor Relations	<a href="mailto:martin.pollard@virginmoneyukplc.com">martin.pollard@virginmoneyukplc.com</a>
<b><u>Company Secretary</u></b>	
Lorna McMillan	07834 585 436
Group Company Secretary	<a href="mailto:lorna.mcmillan@virginmoneyukplc.com">lorna.mcmillan@virginmoneyukplc.com</a>
<b><u>Media Relations</u></b>	
Matt Magee	+44 7411 299477
Head of Media Relations	<a href="mailto:matthew.magee@virginmoneyukplc.com">matthew.magee@virginmoneyukplc.com</a>
Simon Hall	+44 7855 257 081
Senior Media Relations Manager	<a href="mailto:simon.hall@virginmoneyukplc.com">simon.hall@virginmoneyukplc.com</a>
Press Office	0800 066 5998
	<a href="mailto:press.office@virginmoneyukplc.com">press.office@virginmoneyukplc.com</a>

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