



Office of the Chief Executive  
David J Duffy  
Level 15, The Leadenhall Building, 122 Leadenhall Street  
London EC3V 4AB  
E: [david.duffy@cybg.com](mailto:david.duffy@cybg.com)

Chi Onwurah, MP  
24, 7-15 Pink Lane  
Newcastle upon Tyne  
NE1 5DW

BY EMAIL: [chi.onwurah.mp@parliament.uk](mailto:chi.onwurah.mp@parliament.uk)

29 July 2018

Dear Ms Onwurah

Thank you for your letter regarding our announcement on the recommended all-share offer to be made by CYBG for Virgin Money.

I know you have spoken on the phone and met face to face with members of our team over the past week and hope those conversations were useful and that the team made clear we are keen to maintain engagement with you as our recommended offer progresses.

As you know, our offer is subject to shareholder as well as regulatory approvals and a great deal of the detail regarding the combination of the two businesses is still to be decided. Therefore, while I have tried to answer your questions below as fully as I can, I hope you will appreciate that I am unable to provide all of the information and assurances you are looking for at this time.

#### Jobs

You asked if we could confirm how many employees are currently located at Virgin Money's Gosforth office. Whilst it would be for Virgin Money to confirm the precise numbers, we understand there are approximately 2,000 employees currently based in Gosforth.

Across the Combined Group, we have indicated that the proposed role reductions will take place over a period of time removing duplication of senior management roles and central function roles and we have indicated that some of this will take place via natural attrition. However, we are at a very early stage regarding the integration plan for the two businesses and as such I am unable to provide an assurance that all reductions will be made in this way.

CYBG has a close and positive working relationship with our trade union colleagues at Unite, with a strong track record of constructive engagement. We have already been in contact with senior Unite officers following the announcement and we will be consulting closely with them as our integration plans progress.



### Newcastle Gosforth Base

We appreciate the importance of the Virgin Money base in Gosforth both to the Newcastle and wider North East economy. A key factor in our offer is our confidence in the strength of the Virgin Money business and the talent of the people who have helped build it, including those teams based in Gosforth. Obviously, you have seen the commitment we have made to maintaining a substantial base in Gosforth for at least three years. This time period is in line with the timescale for the integration of the two businesses laid out across a number of areas in our announcement.

### Virgin Money Foundation

Again, we have made a number of specific commitments to maintaining support for the Virgin Money Foundation, both in maintaining the annual £1m charitable donation for at least three years, but also in providing significant operational support. It would be too early to discuss specific details relating to the Foundation, but we have noted the importance with which you place on the Foundation supporting specific projects in the North East.

I understand from the discussions you have had with my team that you have a particular focus on support for vulnerable customers and access to financial services (especially in relation to housing) and we would be very happy to discuss this further with you in the future.

### Systems Integration

You rightly identify the delivery of a smooth integration for customers as a key issue in bringing our two businesses together. In order to minimise the risks of customers being adversely affected, we are developing a detailed, phased migration and re-branding plan, that will be delivered by a highly capable team drawn from two organisations with strong track records in large-scale transformation over a period of time.

The integration of Virgin Money with CYBG is inherently less complex than some other recent bank integration and migration projects due to the relatively low complexity of the Virgin Money product offering, and in particular the small number of Virgin Money personal current accounts and our ability to transfer customers' products over time.

The proposed three year phased migration and re-branding approach will be separated into several distinct phases aligned to transaction events that minimise the complexity to achieve and any impact on customers. This will be achieved in particular, by leveraging product maturities and limiting the use of large-scale automated transfers, thereby avoiding any large migration events within the process.

All Virgin Money products and customers will be migrated in phases over time to CYBG's robust IT platform, with the exception of credit cards where CYBG card customers will be migrated to the TSYS platform used by Virgin Money.



Newcastle United

Unfortunately, as I am sure you will appreciate, I am unable to say at this point if we would consider sponsoring Newcastle United.

We are very committed to engaging with you over the coming months and to keep you informed as plans for the combined business develop and I would be very happy to meet with you in the near future if that would be helpful.

If we can be of any further assistance in the meantime, please do not hesitate to let me know.

Yours sincerely

A handwritten signature in black ink that reads 'David J. Duffy'.

**David J Duffy**  
**Chief Executive Officer**

cc Jamie Maxton

cc Jayne-Anne Gadhia