

Annual Report and Accounts

Virgin Money UK PLC

For the year ended 31 March 2026

Company Number: 09595911

Virgin Money UK PLC

Annual Report and Accounts

For the year ended 31 March 2026

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Officers and auditor

Board Chair	Kevin Parry OBE (appointed 30 September 2025) David Bennett (resigned as Board Chair 30 September 2025, resigned as Non-Executive Director 31 December 2025)
Senior Independent Non-Executive Director (SID)	Tracey Graham (appointed as Non-Executive Director on 23 January 2025, appointed as SID 30 September 2025) Tim Wade (resigned 30 September 2025)
Independent Non-Executive Directors	Guy Bainbridge (appointed 1 February 2026) Alan Keir (appointed 30 September 2025) Debbie Klein (appointed 30 September 2025) Sally Orton (appointed 30 September 2025) Tamara Rajah MBE (appointed 30 September 2025) Gillian Riley (appointed 30 September 2025) Phil Rivett (appointed 30 September 2025) Mike Rogers (appointed 1 April 2026) Anand Aithal (appointed 30 September 2025, resigned 31 December 2025) Lucinda Charles-Jones (resigned 30 September 2025) Petra van Hoeken (resigned 30 September 2025) Elena Novokreshchenova (resigned 30 September 2025)
Executive Directors	Dame Debbie Crosbie DBE (appointed 30 September 2025) Muir Mathieson (appointed 30 September 2025) Chris Rhodes Gergely Zaborszky (resigned 30 September 2025)
Company Secretary	Jason Wright (appointed 31 July 2025) Lorna McMillan (resigned 31 July 2025)
Registered office	Jubilee House Gosforth Newcastle upon Tyne NE3 4PL
Independent auditor	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY

Virgin Money UK PLC

Strategic report

The Directors of Virgin Money UK PLC (the Company) present their Strategic report for the year ended 31 March 2026.

Business structure

The Company is incorporated in the United Kingdom (UK) under the Companies Act 2006 (the Act) and registered in England and Wales.

For the year ended 31 March 2026, the Company was a wholly owned subsidiary of Nationwide Building Society (Nationwide), a building society incorporated and registered in England and Wales. Nationwide is the Company's immediate and ultimate parent and controlling party. Nationwide and its subsidiary undertakings comprise the Nationwide Building Society Group (the Group).

Further detail of the Group structure is disclosed in note 1 to the financial statements.

Principal activities

The Company acts as an intermediate holding company and qualifies for the exemptions from preparing consolidated financial statements under Section 400 of the Act. These financial statements are therefore prepared on an individual company basis.

Financial results

Following the acquisition of the Company by Nationwide on 1 October 2024, the Company's accounting reference date was changed from 30 September to 31 March to align to that of Nationwide. Accordingly, the comparative period financial statements are prepared for the 18-month period ended 31 March 2025 and are therefore not entirely comparable to the current 12-month period.

The statement of comprehensive income for the year ended 31 March 2026 is set out on page 14. The Company made a profit after tax of £113m in the current year (18 months ended 31 March 2025: £230m).

Interest income earned on debt instruments held with Clydesdale Bank PLC is offset by interest expense on debt instruments in issue, resulting in net interest income of £1m; this level is in line with the prior period. Other income decreased by £429m from £590m to £161m, primarily reflecting a reduction in both related entity recharges and dividend income received.

Other operating expenses decreased by £317m from £362m to £45m. This reduction was largely attributable to acquisition related costs incurred in the prior period which included one-off charges relating to the TMLA⁽¹⁾ fee and irrecoverable VAT on the first instalment.

The Company's balance sheet as at 31 March 2026 is set out on page 15. Total assets increased by £311m from £9,249m to £9,560m, while total liabilities increased by £33m from £4,400m to £4,433m. The increase in total assets primarily reflects additional investment in Clydesdale Bank PLC, with capital injections of £285m made during the year. The increase in total liabilities arose principally from the replacement of externally issued senior medium term and Tier 2 notes with notes held by Nationwide, which were issued at a higher principal amount. This was partially offset by a reduction in other liabilities following settlement of the TMLA⁽¹⁾ fee in the current year which was outstanding at 31 March 2025.

Key performance indicators

The Directors do not rely on key performance indicators at the individual subsidiary level. The results of the Company are included within the Group's Annual Report and Accounts. The business is managed within the Group and the results are consistent with the Company's status as a fully integrated and wholly owned subsidiary of the Group. For this reason, the Directors believe that providing further performance indicators for the Company itself would not enhance an understanding of the development, performance or position of the Company.

(1) Trademark licence agreement between Virgin Money UK PLC and Virgin Enterprises Limited (Virgin Enterprises).

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Strategic report (continued)

Section 172 (1) statement

In accordance with the Companies Act 2026 (the Act) (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Directors provide this statement describing how they have had regard to the matters set out in section 172(1) of the Act when performing their duty to promote the success of the Company.

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), this statement also provides details of how the Directors have engaged with and had regard to the interests of key stakeholders. In accordance with section 426B of the Act, this statement is also presented in the Group's Annual Report and Accounts. As a building society, Nationwide is not required to follow the Act; however, the Group aims to apply its requirements where appropriate.

As a subsidiary of Nationwide, the Company follows many of the processes and practices of the Group. Further details of these can be found in the Group's Annual Report and Accounts, a copy of which may be obtained from the registered office at Nationwide House, Pipers Way, Swindon, Wiltshire, England, SN38 1NW.

The Company has no employees or customers. Management of customers, government and regulators, and society and environmental stakeholders is overseen by the Group's Board.

Engagement with stakeholders

As an intermediate holding company, engagement with stakeholders is managed predominantly at a Group level.

The Group's Board is responsible for leading stakeholder engagement, ensuring that the Group fulfils its obligations to those impacted by the business. Any decisions made by the Group's Board are considered for their impact on stakeholders and on the Group's success in the long term. Building and maintaining strong relationships with our stakeholders is central and is embedded in the Group's responsibilities and decision making. The Group is mindful of its duty to act in good faith and to promote the success of the Group with regard to the interests of all of its stakeholders including customers, colleagues, investors, the society we operate in and serve, government and regulators, and partners and suppliers.

Principal risks

The Company is exposed to a variety of risks through its normal operations. The most significant risks are described below.

Interest rate risk: the risk from sensitivity of the Company's current and future net interest income and economic value to movements in market interest rates. Interest rate risk is managed at the Nationwide level.

Liquidity and funding risk: the risk that the Company is unable to meet its current and future financial obligations as they fall due at acceptable cost. These obligations include the repayment of borrowings and loan capital as they mature, the payment of operating expenses and tax, and the payment of dividends.

Operational risk: the risk of impacts resulting from inadequate or failed internal processes, compliance management, people and systems, or from external events.

Investment in subsidiary risk: the risk of impairment of the Company's investment in its main trading subsidiary, Clydesdale Bank PLC, following a failure to manage risk appropriately.

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Strategic report (continued)

Non-Financial and Sustainability Information Statement and Streamlined Energy and Carbon Reporting regulations

The Company is required to prepare a Non-financial and Sustainability Information Statement (NFSIS) under Sections 414CA and 414CB of the Companies Act 2006 (the Act) and report under the Streamlined Energy and Carbon Reporting (SECR) regulations in accordance with Part 15 of the Act.

The Company's parent entity, Nationwide, is registered under the Building Societies Act and is the largest building society in the UK. While Nationwide is not subject to the requirements of the Companies Act 2006, its size and standing as a significant and influential financial institution in the UK means it aims to apply the requirements of the Act where appropriate, while aligning to other areas of important parts of environmental and climate-related regulation.

The information that is subject to reporting under NFSIS and SECR is directed, controlled, managed and monitored at Group level. Consequently, for the information required under paragraph A1 of Section 414CB of the Act and SECR, the Directors are satisfied that, notwithstanding the differences that exist between the Companies Act 2006 and the Building Societies Act, the relevant disclosures in the Group's Annual Report and Accounts 2026 (pages 23-25) can be relied upon by the Company to meet the requirements.

The following paragraphs address the separate disclosure requirements for paragraph 2A of Section 414CB of the Act:

- The Directors consider that the climate-related risks and opportunities of the Company are integrated with those of the Group, and that any climate-related impact on the Company itself would originate in the operating businesses of the Group. No material impact has been identified.
- The interests of the Company's stakeholders within and outside the Group are also considered as part of this assessment, when appropriate, and can be found in the s.172 statement on page 4.
- Accordingly, the climate-related risks and opportunities of the Group, and its arrangements for managing them, are discussed further on pages 23-24 of the Group's Annual Report and Accounts 2026, which does not form part of this report.
- As a result of the above, the Directors do not consider that it is necessary for an understanding of the Company's business to include within this report a description of the actual or potential impacts on the business model and strategy or their resilience under different climate-related scenarios, or the targets or key performance indicators used, as these are managed at Group level.

In line with SECR requirements, the Company's scope 1, 2, and 3 emissions are incorporated into the Group's emissions as disclosed within the Group's Annual Report and Accounts 2026, on page 25. Energy efficient measures are managed by the Group and include initiatives such as removal of gas from almost 100% of its Nationwide-branded branches and data centres, and delivery of energy efficient improvements to some of its Virgin Money-branded branches (such as adding or updating insulation and introducing building metering systems). More information is in the Group's Annual Report and Accounts 2026 on page 24, and in the Strategy section of its Climate-related Financial Disclosures 2026 from page 3.

Outlook

On 2 April 2026, the majority of the assets and liabilities of the Company's main trading subsidiary, Clydesdale Bank PLC, were transferred to Nationwide as part of a banking business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (FSMA). This resulted in an impairment of £4.3bn of the Company's investment held in Clydesdale Bank PLC, along with other financial impacts in the post balance sheet period; see note 16 to the financial statements for further details.

Over the next twelve months the Company will continue to operate as an intermediate holding company.

The Strategic report was approved by the Board of Directors (Board) on 20 May 2026 and was signed on its behalf by:



Debbie Crosbie
Director
20 May 2026

Virgin Money UK PLC

Directors' report

The Directors present their Annual Report and Accounts for the Company for the year ended 31 March 2026.

As set out in note 1 to the financial statements, the Company has adopted a new financial reporting framework in the year. The Annual Report and Accounts have been prepared in accordance with applicable law and United Kingdom Accounting Standards (UK GAAP), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Corporate governance

Since 30 September 2025 the Group has operated a mirror board structure whereby the Directors of Nationwide, the Company and Clydesdale Bank PLC are the same, covering their responsibilities in one set of meetings. Although the boards are aligned and meet concurrently, each entity retains its own legal and regulatory duties and responsibilities. This mirror board structure makes decision making more efficient and effective as the Board can oversee the work of the Group by receiving updates on Nationwide, the Company and Clydesdale Bank PLC directly at one meeting, rather than through layers of governance.

The Nationwide Board is the Group's ultimate decision-making body. The Nationwide Board approved the Group Governance Framework, which provides guidance on the Group's governance arrangements to Directors, executives and colleagues. It contains details on the Group's legal entity structure and its boards, board committees and executive management forums, and explains how these bodies operate and interact in accordance with the legal and regulatory requirements applicable to them collectively and individually. This approach promotes the success of the Group as a whole and enables Nationwide to direct and drive the overall strategy and direction of the Group.

The Company voluntarily complies with expectations set for listed companies in accordance with the UK Corporate Governance Code 2024 (the Code), having regard to those provisions the Board considers applicable, with respect to board leadership, responsibilities, composition (including succession and evaluation), audit, risk and internal control, and remuneration, to ensure that the Group is well managed, with appropriate oversight and control. Certain matters, such as remuneration, values, and external audit, are governed at Group level and considered or approved, if appropriate, by the Company. It is considered more appropriate for the purposes of Group-wide consistency that principles are set at Group level and then disseminated through the Group to be approved by subsidiary boards if appropriate.

The Board is supported by four primary committees: Audit Committee; Board Risk Committee; Remuneration Committee and Nomination and Governance Committee (the Committees). Each of the Committees has implemented clear lines of responsibility and policies to support the Board in its effective decision making. The Board and its Committees each have membership with the appropriate balance, skills, background and experience to make a valuable contribution. The principal responsibilities of each committee are as follows:

- The Nomination and Governance Committee is responsible for the oversight and review of board succession and overall board effectiveness;
- The Remuneration Committee oversees the Group's executive and wider workforce remuneration arrangements;
- The Audit Committee is responsible for the oversight and review of financial, audit and internal control and non-financial crime matters; and
- The Board Risk Committee is responsible for the oversight and review of principal risks.

The Committee Chairs report to the Board on the Committees' key areas of focus following each meeting. For further information on how the Committees operate (including in respect of their compliance with the Code), refer to the Governance section of the Group's Annual Report and Accounts 2026.

Profits and appropriations

The profit attributable to the equity holders for the 12 months to 31 March 2026 amounted to £113m (18 months to 31 March 2025: £230m). The results of the Company are discussed in further detail in the Strategic report.

No dividends were recommended by the Directors or paid during the year (18 months to 31 March 2025: £52m paid). The Directors do not propose a final dividend in respect of this financial year (18 months to 31 March 2025: £Nil).

Future developments and financial risk management objectives and policies

Information regarding future developments and financial risk management policies of the Company, in relation to the use of financial instruments that would otherwise be required to be disclosed in the Directors' report, has been included in the Strategic report and is discussed in further detail in note 15 to the financial statements.

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Directors' report (continued)

Directors and Directors' interests

The list of current Directors, together with changes to the composition of the Board, can be found on page 2. Under the terms of the Articles of Association of the Company, no Directors are required to retire by rotation.

Directors' indemnities and insurance

During the year, Nationwide maintained insurance protecting the Directors and Officers of Nationwide, its subsidiaries and controlled entities against personal liabilities which may arise in the course of the performance of their duties. Past Directors had also entered into individual deeds of indemnity with the Company which indemnify the Directors to the maximum extent permissible by law. Each such provision constitutes a 'third-party indemnity provision' and a 'qualifying indemnity provision' for the purposes of the Companies Act 2006.

Directors' remuneration

With the exception of the Chief Executive Officer, the current Directors of the Company are remunerated by Nationwide, and do not receive incremental remuneration in respect of their duties as Directors of the Company. More information on the remuneration of those Directors can be found in the Group's Annual Report and Accounts 2026.

All other Directors were remunerated by Clydesdale Bank PLC, with further information on their remuneration disclosed in the Clydesdale Bank PLC Annual Report and Accounts 2026.

Engagement with stakeholders

Details on engagement with stakeholders are included within the Strategic report shown on page 4.

Employees

The Company does not have any employees.

Political donations

No political donations were made throughout the year (18 months to 31 March 2025: £Nil).

Significant contracts

Details of significant contracts are included within operating and administrative expenses (note 5 to the financial statements).

Share capital

Information about share capital is shown in note 10 to the financial statements.

Going concern

As stated in note 1 to the financial statements, the Directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Events after the balance sheet date

Note 16 to the financial statements contains details of events after the balance sheet date.

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Directors' report (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, Directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK GAAP), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

In addition, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies, in accordance with International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors, and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in applicable UK GAAP Standards, including FRS 101, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance;
- state whether applicable UK GAAP Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm, to the best of their knowledge:

- that the financial statements, prepared in accordance with applicable law and UK GAAP, including FRS 101, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- that the Annual Report and Accounts, including the Strategic report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

Auditor

The auditor, Ernst & Young LLP, has expressed its willingness to continue in office.

The Directors who were members of the Board at the time of signing the report are listed on page 2. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- (i) to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditor is unaware; and
- (ii) each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors' report was approved by the Board of Directors on 20 May 2026 and was signed on its behalf by:



Jason Wright
Group Company Secretary
20 May 2026

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Independent Auditor's Report to the Members of Virgin Money UK PLC

Opinion

We have audited the parent company financial statements of Virgin Money UK PLC (the Company) for the year ended 31 March 2026 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and the related notes 1 to 16 including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 Reduced Disclosure Framework (UK GAAP).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2026 and of its profit for the year then ended;
- have been properly prepared in accordance with UK GAAP; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's going concern assessment for the Company and assessed the reasonableness of the Company's cashflow projections for the going concern period covering twelve months from the date the financial statements are authorised for issue.
- We evaluated the impact of the transfer of the majority of assets and liabilities from the Company's main trading subsidiary, Clydesdale Bank PLC, to Nationwide Building Society under Part VII of the Financial Services and Markets Act 2000 (FSMA) (Part VII). We considered how this might impact on the Company's ability to continue as a going concern. We obtained and evaluated representations from management that there is no intention to terminate the businesses of the Company or Clydesdale Bank PLC in the going concern period.
- We assessed the reasonableness of the Company's expected capital and liquidity positions throughout the going concern period.
- We inspected regulatory correspondence and board meeting minutes to identify events or conditions that may impact the Company's ability to continue as a going concern.
- We read and evaluated the adequacy of the disclosures in the Annual Report and Accounts in relation to going concern and considered whether there were other events after the balance sheet date which could have a bearing on the going concern conclusion.
- We evaluated Nationwide Building Society's intention and ability to provide support to the Company during the going concern period, including consideration of financial forecasts and other supporting evidence.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period twelve months from the date the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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Independent Auditor's Report to the Members of Virgin Money UK PLC (continued)

An overview of the scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account the size, risk profile and organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

In the current year, the Company is only required to prepare standalone parent company financial statements, rather than consolidated group financial statements as prepared in the prior period. In addition, the applicable financial reporting framework has changed from UK adopted International Accounting Standards in the prior period to UK GAAP in the current year. The financial statements have been prepared on a 12-month basis (2025: 18-months).

Climate change

Stakeholders are interested in how climate change will impact the Company. The Company's assessment of the impact of climate change is explained on page 5 of the Annual Report and Accounts, which forms part of Other information, rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on Other information.

In planning and performing our audit we assessed the potential impacts of climate change on the Company's business and any consequential material impact on its financial statements.

The Company has explained, in note 1 to the Annual Report and Accounts, that it has made an assessment of the observable effect of the identified climate risk, physical and transition, on the Company. The Company considers the effects of climate change to represent a source of inherent uncertainty, with the effects on estimates and judgements related to financial reporting arising in the medium and longer term. Overall, the Company does not consider there to be a material impact on its estimates and judgements from physical and transition risks of climate change in these financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, and assessing that whether the effects of the climate risks disclosed in note 1 have been appropriately reflected in the financial statements. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter.

Key audit matters

We do not have any key audit matters to report for the Company in the current year.

The principal business activities of the consolidated group financial statements in the prior year were within the Company's subsidiary, Clydesdale Bank PLC. In the prior year, our auditor's report included the following key audit matters: impairment of loans; revenue recognition (effective interest rate method); valuation of defined benefit pension assets; transaction related matters; and access management. The current year financial statements are for the parent company only, and therefore these key audit matters are no longer applicable.

In the context of the nature of the entity, risk assessment performed, and the above changes from the prior year, we have not identified any key audit matters that need to be included in the audit report for the year ended 31 March 2026.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

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Independent Auditor's Report to the Members of Virgin Money UK PLC (continued)

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £51.2 million (18 month period 1 October 2023 to 31 March 2025: £31 million), which is 1% (prior period: 0.6%) of the total equity of the Company of £5,127 million for the year ended 31 March 2026 (prior period: £4,849 million). We believe that this basis is the most useful measure for users of the financial statements given that the entity is primarily a holding company.

During the course of our audit, we reassessed initial materiality and determined that a capital-based measure remains appropriate for the Company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our overall audit risk assessment, our judgement was that performance materiality was 50% (prior period 75%) of our planning materiality, being £25.6 million (prior period: £23 million). In reaching this judgement, we considered several factors, including the level of corrected and uncorrected audit differences identified during prior periods by both management and the audit team.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £2.5 million (prior period: £1.5 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Accounts.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Virgin Money UK PLC

Independent Auditor's Report to the Members of Virgin Money UK PLC (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the financial reporting framework being United Kingdom Accounting Standards including FRS 101 Reduced Disclosure Framework and the Companies Act 2006, and the relevant tax compliance regulations.
- We understood how the Company complied with those frameworks by performing a combination of inquiries of senior management and those charged with governance as required by auditing standards, review of board and certain committee meeting minutes, gaining an understanding of the Company's approach to governance, and engaging with internal and external legal counsel.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. Our procedures to address the risks identified also included incorporation of unpredictability into the nature, timing and/or extent of our testing, challenging assumptions and judgements made by management in their significant accounting estimates and journal entry testing.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of the Company's internal and external legal counsel, compliance function, internal audit, certain senior management executives, and focused testing on a sample basis, including journal entry testing. We also performed inspection of board and key committee meeting minutes.

Virgin Money UK PLC

Independent Auditor's Report to the Members of Virgin Money UK PLC (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- The Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, this included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Gary Adams (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
20 May 2026

Virgin Money UK PLC

Statement of comprehensive income

For the period		12 months to 31 March 2026	18 months to 31 March 2025
	Note	£m	£m
Interest income		236	251
Interest expense and similar charges		(235)	(250)
Net interest income		1	1
Other operating income	4	161	590
Total income		162	591
Operating and administrative expenses	5	(45)	(362)
Profit on ordinary activities before tax		117	229
Tax (expense)/credit	6	(4)	1
Profit for the period attributable to equity holders		113	230
Total comprehensive profit for the period attributable to equity holders		113	230
Attributable to:			
Ordinary shareholders		36	130
Other equity holders		77	100
Profit for the period		113	230

The Company has no recognised gains or losses other than those disclosed above.

All material items dealt with in arriving at the profit before tax for the above periods relate to continuing operations.

The notes on pages 17 to 32 form an integral part of these financial statements.

Virgin Money UK PLC

Balance sheet

As at 31 March		2026	2025
	Note	£m	£m
Assets			
Investments in controlled entities	7	5,197	4,906
Due from related entities		4,356	4,334
Due from other banks and similar institutions		7	7
Financial assets at fair value through profit or loss (FVTPL)		-	1
Other assets		-	1
Total assets		9,560	9,249
Liabilities			
Debt securities in issue	8	301	3,394
Due to related entities		4,007	756
Due to other banks and similar institutions		107	107
Other liabilities		18	143
Total liabilities		4,433	4,400
Equity			
Share capital and share premium	10	1,226	941
Other equity instruments	11	698	693
Merger reserve	12	2,128	2,128
Other reserves	13	20	22
Retained earnings		1,055	1,065
Total equity		5,127	4,849
Total liabilities and equity		9,560	9,249

The notes on pages 17 to 32 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 20 May 2026 and were signed on its behalf by:



Debbie Crosbie
Director



Muir Mathieson
Chief Financial Officer

Company name: Virgin Money UK PLC, Company number: 09595911

Virgin Money UK PLC

Statement of changes in equity

	Share capital and share premium	Other equity instruments	Merger reserve	Other reserves				Retained earnings	Total equity
				Own shares held	Capital redemption reserve	Deferred shares reserve	Equity-based comp' reserve		
	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 1 October 2023	143	594	2,128	(2)	10	6	11	1,044	3,934
Profit for the period	-	-	-	-	-	-	-	230	230
AT1 distributions paid	-	-	-	-	-	-	-	(100)	(100)
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	(52)	(52)
Ordinary shares issued	803	-	-	-	-	-	-	-	803
Share buyback	(5)	-	-	-	5	-	-	(63)	(63)
Purchase of own shares	-	-	-	(11)	-	-	-	-	(11)
Sale of own shares to Nationwide on acquisition	-	-	-	5	-	-	-	2	7
Transfer from equity-based compensation reserve	-	-	-	-	-	-	(10)	10	-
Equity-based compensation expensed	-	-	-	-	-	-	7	-	7
Settlement of Virgin Money Holdings (UK) PLC share awards	-	-	-	8	-	(5)	-	(5)	(2)
Acceleration of equity-based compensation expense on court sanction date	-	-	-	-	-	-	5	-	5
Impact of share schemes moving from equity settled to cash settled on court sanction date	-	-	-	-	-	(1)	(6)	(1)	(8)
AT1 issuance	-	346	-	-	-	-	-	-	346
AT1 redemption	-	(247)	-	-	-	-	-	-	(247)
As at 31 March 2025	941	693	2,128	-	15	-	7	1,065	4,849
Profit for the year	-	-	-	-	-	-	-	113	113
AT1 distributions paid	-	-	-	-	-	-	-	(77)	(77)
Ordinary shares issued	285	-	-	-	-	-	-	-	285
Transfer from equity-based compensation reserve	-	-	-	-	-	-	(2)	2	-
AT1 issuance	-	520	-	-	-	-	-	-	520
AT1 redemption	-	(515)	-	-	-	-	-	(48)	(563)
As at 31 March 2026	1,226	698	2,128	-	15	-	5	1,055	5,127

The notes on pages 17 to 32 form an integral part of these financial statements.

Virgin Money UK PLC

Notes to the financial statements

1 Basis of preparation

Reporting entity

The Company is incorporated in the UK and registered in England and Wales. It is a wholly owned subsidiary of Nationwide Building Society (Nationwide), a building society incorporated and registered in England and Wales. Nationwide is the Company's immediate and ultimate parent and controlling party. The results of the Company are included in the consolidated financial statements of Nationwide, which is the parent undertaking of the smallest and largest group to consolidate these results.

Nationwide is registered at Nationwide House, Pipers Way, Swindon, SN38 1NW. Nationwide's consolidated Annual Report and Accounts can be obtained from this address or at nationwide.co.uk.

Following the acquisition of the Company by Nationwide on 1 October 2024, the Company's accounting reference date was changed from 30 September to 31 March to align to that of Nationwide. Accordingly, the comparative period financial statements are prepared for the 18-month period ended 31 March 2025 and are therefore not entirely comparable to the current 12-month period.

As permitted by section 400 of the Act, the Company has not prepared consolidated financial statements.

Statement of compliance

As detailed in note 2, the Company has adopted a new financial reporting framework in the year to align with other subsidiaries within the Group. The financial statements, which should be read in conjunction with the Strategic report and the Directors' report, have been prepared in accordance with applicable law and UK GAAP, including FRS 101. This is a change from previous financial statements, which were prepared under UK adopted International Accounting Standards (IAS). The application of FRS 101, instead of IAS, does not result in any material differences in accounting policies or in the figures reported in the financial statements.

Basis of measurement

The financial information has been prepared under the historical cost convention. A summary of the key accounting policies is set out in note 2.

Going concern

The Company's business activities, together with the factors likely to affect its future development, financial position and its exposure to risk, are described in the Strategic report.

The Company has access to funding from its parent undertaking, Nationwide Building Society. Nationwide has confirmed that it will continue to fund the Company's activities for a period of at least 12 months from the date of approval of these financial statements. It is therefore appropriate to continue to adopt the going concern basis in preparing these financial statements.

Climate change

The potential impact of climate-related risks on the Company's financial position and performance has been considered in preparing the financial statements.

This involved undertaking an assessment at a Group level over the assets (both financial and non-financial) and evaluating whether the observable effects of physical and transition risk of climate change would have a material impact on the financial position and performance in the current period. While the effects of climate change represent a source of uncertainty, the Group does not consider there to be a material impact on its judgements and estimates from physical and transition risks of climate change in the short to medium term.

Virgin Money UK PLC

Notes to the financial statements (continued)

2 Accounting policies

Accounting standards, amendments and interpretations

There were no significant mandatory International Accounting Standards Board (IASB) pronouncements adopted by the Company in the current financial year.

Change in accounting framework

During the year, the Company adopted Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). FRS 101 allows exemptions from specific disclosures in the financial statements of qualifying entities that would otherwise apply UK adopted International Accounting Standards (IAS). The disclosure exemptions adopted by the Company are the requirements to:

- disclose share-based payment arrangements (FRS 101.8(a));
- disclose certain IFRS 7 'Financial Instruments: Disclosures' (FRS 101.8(d));
- disclose information relating to the management of capital (FRS 101.8(g));
- prepare a cash flow statement (FRS 101.8 (h));
- disclose related party transactions within a group (FRS 101.8 (k)); and
- disclose future relevant accounting standards that are not yet effective (FRS 101.8 (i)).

Other than the disclosure exemptions noted above, the application of FRS 101 has no impact on transactions or balances reported by the Company.

The following material accounting policies have been applied in preparing these financial statements.

Revenue recognition

Net interest income

Interest income is reflected in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of recognising interest income and expense using the effective interest rate (EIR) of a financial asset or financial liability. The EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset or liability.

When calculating the EIR, the cash flows are estimated considering all contractual terms of the financial instrument (e.g. prepayment, call and similar options) excluding future credit losses.

The calculation of the EIR includes all fees paid or received between parties to the contract that are an integral part of the EIR, transaction costs, and all other premiums or discounts. Where it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments) are used.

Financial instruments

Recognition and derecognition

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual cash flows from the asset expire, or it transfers the right to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Financial liabilities are derecognised when the Company has discharged its obligation to the contract, or the contract is cancelled or expires.

Classification and measurement

The Company measures a financial asset or liability on initial recognition at its fair value, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability (with the exception of financial assets or liabilities at fair value through profit or loss, where transaction costs are recognised directly in the statement of comprehensive income as they are incurred).

Virgin Money UK PLC

Notes to the financial statements (continued)

2 Accounting policies (continued)

Financial assets

Subsequent accounting for a financial asset is determined by the classification of the asset depending on the underlying business model and contractual cash flow characteristics. This results in classification within one of the following categories: i) amortised cost; ii) fair value through other comprehensive income; or iii) fair value through profit or loss. The Company does not hold any financial assets classified at fair value through other comprehensive income or fair value through profit or loss.

A financial asset is measured at amortised cost when (i) the asset is held within a business model whose objective is achieved by collecting contractual cash flows; and (ii) the contractual terms give rise to cash flows on specified dates which are solely payments of principal and interest on the principal amount outstanding.

Offsetting

Offsetting can only occur, and the net amount be presented on the balance sheet, when the Company has a current legally enforceable right to set off the recognised amounts and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Financial liabilities

Financial liabilities are measured at amortised cost except for financial liabilities at fair value through profit or loss.

Debt securities in issue

Debt securities comprise short and long-term debt issued by the Company, including medium-term notes and subordinated debt.

Debt securities are initially recognised at fair value, being the issue proceeds net of transaction costs incurred. These instruments are subsequently measured at amortised cost using the effective interest method, resulting in premiums, discounts and associated issuance costs being recognised in the statement of comprehensive income over the life of the instrument.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Where no such active market exists for the particular asset or liability, the Company uses a valuation technique to arrive at the fair value. This technique includes the use of transaction prices obtained in recent arm's length transactions where possible, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. This enables fair value to be estimated using a valuation technique that makes maximum possible use of market inputs and that places minimal possible reliance upon entity-specific inputs.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Where that does not exist, the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises profits or losses on the transaction date.

Investments in controlled entities

Investments in controlled entities are valued at cost or valuation less any provision for impairment. These are reviewed annually for potential evidence of impairment, or more frequently when there are indications that impairment may have occurred. Losses relating to impairment in the value of shares in controlled entities are recognised in the statement of comprehensive income.

Virgin Money UK PLC

Notes to the financial statements (continued)

3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with applicable UK GAAP Standards, including FRS 101, requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses reported in these financial statements. Assumptions made at each balance sheet date are based on best estimates at that date and are reviewed by the Directors at each reporting date. Although the Company has internal control systems in place to ensure that estimates can be reliably measured, actual amounts may differ from those estimates. This is reviewed at each reporting date by the Directors. There have been no critical accounting estimates or judgements applied in the preparation of the financial statements.

4 Other operating income

	12 months to 31 March 2026	18 months to 31 March 2025
	£m	£m
Related entity recharges	43	307
Dividends received	77	283
Gain on AT1 instruments and debt securities in issue	41	-
	<u>161</u>	<u>590</u>

Related entity recharges includes costs arising on the brand licence agreement with Virgin Enterprises Limited (VEL) (note 5) that are recharged to other Group companies.

During the year, Clydesdale Bank PLC purchased and reissued the AT1 instruments held by the Company in order to align the terms to the AT1 instruments issued by the Company to Nationwide, resulting in a net gain of £43m. A £2m loss was recognised following the Company's repurchase of its external debt securities in issue and subsequent reissuance to Nationwide (note 8).

5 Operating and administrative expenses

	12 months to 31 March 2026	18 months to 31 March 2025
	£m	£m
Related entity recharges for administrative expenses	2	6
Impairment of investment in Clydesdale Bank PLC	-	6
Other operating expenses	43	350
	<u>45</u>	<u>362</u>

Related entity recharges for administrative expenses include audit fees of £29k (18 months to 31 March 2025: £28k) and non-audit fees of £14k (18 months to 31 March 2025: £Nil) paid on behalf of the Company by Clydesdale Bank PLC. The non-audit fees related to interim profit verification reviews.

Other operating expenses include £25m (18 months to 31 March 2025: £275m) relating to a one-off fee payable under the brand licence agreement with VEL, which governs the use of the 'Virgin Money' brand. The prior period cost of £275m included the fee of £250m which was payable in two equal instalments following the acquisition by Nationwide, together with irrecoverable VAT on the first payment instalment of £25m. The irrecoverable VAT payable on the second instalment of £25m has been recognised in the current year in line with the scheduled payment made in October 2025. The remaining operating expenses in both the current year and prior period relate to recurring royalties due under the brand licence agreement.

Virgin Money UK PLC

Notes to the financial statements (continued)

6 Taxation

	12 months to 31 March 2026 £m	18 months to 31 March 2025 £m
Current tax		
UK Corporation tax at 25% (31 March 2025: 25%)		
Current period	5	(1)
Adjustment in respect of prior period	(1)	-
Tax expense/(credit) for the period	4	(1)

The tax assessed for the year differs from that arising from applying the standard rate of corporation tax in the UK (25%) (31 March 2025: 25%). A reconciliation from the expense implied by the standard rate to the actual tax expense/(credit) is as follows:

	12 months to 31 March 2026 £m	18 months to 31 March 2025 £m
Profit on ordinary activities before tax	117	229
Tax expense based on the standard rate of corporation tax in the UK of 25% (31 March 2025: 25%)	29	57
Effects of:		
Adjustment in respect of prior periods	(1)	-
Non-deductible expenditure	-	13
Non-taxable dividend income	-	(46)
AT1 repurchase loss in equity	(12)	-
Group continuity adjustment on T2 and senior debt	7	-
AT1 distribution	(19)	(25)
Tax expense/(credit) for the period	4	(1)

Virgin Money UK PLC

Notes to the financial statements (continued)

7 Investments in controlled entities

	2026	2025
	£m	£m
At 31 March	<u>5,197</u>	<u>4,906</u>

During the year, the Company benefitted from capital injections of £85m and £200m from Nationwide, which were subsequently invested in Clydesdale Bank PLC. On 25 June 2025, Clydesdale Bank PLC issued 39m ordinary shares to the Company for cash consideration of £85m. On 21 August 2025, Clydesdale Bank PLC issued 92m ordinary shares to the Company for cash consideration of £200m.

The table below represents the wholly-owned subsidiary undertakings of the Company as at 31 March 2026. All entities have a 31 March accounting reference date.

Wholly-owned subsidiary undertakings	Nature of business	Class of share held	Proportion held	Country of incorporation	Registered office
Direct holdings					
Clydesdale Bank PLC	Banking	Ordinary	100%	Scotland	177 Bothwell Street, Glasgow, G2 7ER
CYB Investments Limited ⁽¹⁾	Non-trading company	Ordinary	100%	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Virgin Money Retirement Savings Plan Trustee Limited	Dormant	Ordinary	100%	Scotland	177 Bothwell Street, Glasgow, G2 7ER
YCBPS Property Nominee Company Limited	Dormant	Ordinary	100%	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Yorkshire and Clydesdale Bank Pension Trustee Limited	Dormant	Ordinary	100%	Scotland	177 Bothwell Street, Glasgow, G2 7ER
Indirect holdings⁽²⁾					
CGF No. 9 Limited ⁽¹⁾	Leasing	Ordinary	100%	Scotland	177 Bothwell Street, Glasgow, G2 7ER
Clydesdale Bank Asset Finance Limited ⁽¹⁾	Non-trading company	Ordinary	100%	Scotland	177 Bothwell Street, Glasgow, G2 7ER
CYB Intermediaries Limited	Insurance intermediary	Ordinary	100%	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
St Vincent (Equities) Limited ⁽¹⁾	Investment company	Ordinary	100%	Scotland	177 Bothwell Street, Glasgow, G2 7ER
Virgin Money Holdings (UK) Limited ⁽¹⁾	Intermediate holding company	Ordinary	100%	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Virgin Money Limited ⁽¹⁾	Non-trading company	Ordinary	100%	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Virgin Money Personal Financial Service Limited ⁽¹⁾	Non-trading company	Ordinary	100%	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Yorkshire Bank Home Loans Limited	Mortgage finance	Ordinary	100%	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
C.B. Nominees Limited	Dormant	Limited by guarantee	100%	Scotland	177 Bothwell Street, Glasgow, G2 7ER
CYB SSP Trustee Limited	Dormant	Ordinary	100%	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Virgin Money Giving Limited	Dormant	Ordinary	100%	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Yorkshire Bank Limited	Dormant	Ordinary	100%	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL

(1) For the year ended 31 March 2026, advantage has been taken of the audit exemption available under Section 479A of the Companies Act 2006. Nationwide guarantee all outstanding liabilities of the exempted subsidiary undertakings.

(2) Indirect holdings were transferred to Nationwide on 2 April 2026.

Virgin Money UK PLC

Notes to the financial statements (continued)

7 Investments in controlled entities (continued)

Impairment of investment in Clydesdale Bank PLC

No impairment indicators have been identified as at 31 March 2026. Following the Part VII transfer, an impairment loss has been recognised following the transfer of the assets and liabilities at the Scheme Effective Date on 2 April 2026. Refer to note 16 for further details.

Structured entities

The Company also has an indirect interest in a number of structured entities. All entities have a 31 March accounting reference date:

Other controlled entities as at 31 March 2026 ⁽¹⁾	Nature of business	Country of incorporation	Registered office
Eagle Place Covered Bonds LLP	Acquisition of mortgage loans	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Lanark Funding Limited	Funding company	England	Suite 2, Seventh Floor, 50 Broadway, London, SW1H 0DB
Lanark Master Issuer PLC	Issuer of securitised notes	England	Suite 2, Seventh Floor, 50 Broadway, London, SW1H 0DB
Lanark Holdings Limited	Dormant	England	Suite 2, Seventh Floor, 50 Broadway, London, SW1H 0DB
Lanark Trustees Limited	Dormant	England	Suite 2, Seventh Floor, 50 Broadway, London, SW1H 0DB
Lannraig Funding Limited (in liquidation)	Funding company	England	18a Capricorn Centre Cranes Farm Road, Basildon, Essex, SS14 3JJ
Lannraig Holdings Limited (under strike-off)	Holding company	England	5 Churchill Place, 10th Floor, London, United Kingdom, United Kingdom, E14 5HU
Lannraig Master Issuer PLC (in liquidation)	Issuer of securitised notes	England	18a Capricorn Centre Cranes Farm Road, Basildon, Essex, SS14 3JJ

(1) Other controlled entities were transferred to Nationwide on 2 April 2026.

8 Debt securities in issue

	2026 £m	2025 £m
Medium-term notes	301	2,612
Subordinated debt	-	782
	<u>301</u>	<u>3,394</u>

Key movements in the year are shown in the tables below⁽¹⁾.

	12 months to 31 Mar 2026			
	Issuances		Redemptions	
	Denomination	£m	Denomination	£m
Medium-term notes	-	-	EUR, GBP	(2,338)
Subordinated debt	-	-	GBP	(775)
	-	-		<u>(3,113)</u>

	18 months to 31 Mar 2025			
	Issuances		Redemptions	
	Denomination	£m	Denomination	£m
Medium-term notes	EUR	641	EUR, GBP	(748)
Subordinated debt	-	-	GBP	(250)
	641	-		<u>(998)</u>

(1) Other movements relate to foreign exchange, hedging adjustments and the capitalisation and amortisation of issuance costs. Further details of all notes in issue can be found at <https://www.virginmoneyukplc.com/investor-relations/debt-investors/>. This is supplementary, unaudited information not required by FRS 101.

Virgin Money UK PLC

Notes to the financial statements (continued)

8 Debt securities in issue (continued)

The following tables provide a breakdown of the medium-term notes and subordinated debt by instrument (excluding accrued interest):

Medium-term notes

	2026 £m	2025 £m
VM UK 4% fixed rate reset callable senior notes due 2026	-	493
VM UK 3.375% fixed rate reset callable senior notes due 2026	-	349
VM UK 4% fixed rate reset callable senior notes due 2027	-	379
VM UK 4.625% fixed rate reset callable senior notes due 2028	-	424
VM UK 7.625% fixed rate reset callable senior notes due 2029	298	307
VM UK 4% fixed rate reset callable senior notes due 2028	-	634
	298	2,586

Subordinated debt

	2026 £m	2025 £m
VM UK 5.125% fixed rate reset callable subordinated notes due 2030	-	461
VM UK 2.625% fixed rate reset callable subordinated notes due 2031	-	285
	-	746

Hedge accounting is not applicable to the debt securities in issue at the Company level.

During the year, two senior medium-term notes issued by the Company were called at their contractual call dates. Subsequently, the Company issued new medium-term notes to Nationwide at current market value.

The Company conducted a consent solicitation with noteholders to exchange four senior medium-term notes for new Nationwide senior non-preferred instruments. Three of the instruments were successfully exchanged, with the 7.625% instrument remaining in issue.

Noteholders also approved a separate consent solicitation to change the issuer of the external subordinated debt from the Company to Nationwide, resulting in the transfer of all external subordinated debt in issue. The Company paid consideration equal to the fair value of the instruments to Nationwide in exchange for the external obligations.

Following the consent solicitation the Company issued new medium-term notes and subordinated debt to Nationwide at current market rates under the Group's internal capital framework. These instruments are classified as due to related entities on the balance sheet.

Virgin Money UK PLC

Notes to the financial statements (continued)

9 Fair value of financial instruments

The table below shows a comparison of the carrying amounts of financial assets and liabilities as reported on the balance sheet and their fair values where these are not approximately equal.

There are various limitations inherent in this fair value disclosure as not all of the Company's financial instruments can be exchanged in an active trading market.

	2026					2025				
	Carrying value £m	Fair value £m	Fair value measurement using:			Carrying value £m	Fair value £m	Fair value measurement using:		
			Level 1 £m	Level 2 £m	Level 3 £m			Level 1 £m	Level 2 £m	Level 3 £m
Financial assets										
Due from related entities	4,356	4,393	-	4,393	-	4,334	4,385	-	4,385	-
Financial liabilities										
Debt securities in issue	301	319	-	319	-	3,394	3,434	-	3,434	-
Due to related entities	4,007	4,023	-	4,023	-	756	747	-	747	-

The fair value disclosures use a hierarchy that reflects the significance of inputs used in measuring fair value. The level in the fair value hierarchy within which a fair value measurement is categorised is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The fair value measurement hierarchy is as follows:

- Level 1 - quoted prices (unadjusted) in active markets for an identical financial asset or liability.
- Level 2 - inputs other than quoted prices within Level 1 that are observable for the financial asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 - inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

The fair values disclosed for financial instruments are based on the following methodologies and assumptions:

Due from related entities – for debt securities, the fair value is derived from quoted market prices of comparable instruments in issue after accounting for differences in credit spread. All other amounts due from related entities are redeemable at call or within 30 days and therefore carrying value approximates fair value.

Debt securities in issue – derived from quoted market prices where available or determined from a discounted cash flow model using current market rates for instruments of similar terms and maturity.

Due to related entities - derived from quoted market prices of the related debt security in issue after accounting for differences in credit spread. All other amounts due to related entities are redeemable at call and therefore carrying value approximates fair value.

Virgin Money UK PLC

Notes to the financial statements (continued)

10 Share capital and share premium

As at	2026 £m	2025 £m
Share capital	180	166
Share premium	1,046	775
Share capital and share premium	1,226	941

	2026 Number of shares	2025 Number of shares	2026 £m	2025 £m
Ordinary shares of £0.10 each – authorised, allotted, called up and fully paid				
Opening ordinary share capital	1,664,681,837	1,344,640,968	166	134
Issued under employee share schemes	1,303,857	2,053,416	-	-
Share buyback programme	-	(48,985,025)	-	(5)
Issued to immediate parent	130,733,945	366,972,478	14	37
Closing ordinary share capital	1,796,719,639	1,664,681,837	180	166

The holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders of the Company. All shares in issue at 31 March 2026 rank equally regarding the Company's residual assets.

Ordinary share issuance

The following ordinary share issuances were made to Nationwide during the year:

- On 25 June 2025, 39m ordinary shares were issued for cash consideration of £85m (allocated as share capital of £4m and share premium of £81m); and
- On 21 August 2025, 92m ordinary shares were issued for cash consideration of £200m (allocated as share capital of £10m and share premium of £190m).

Dividends

No dividends were declared or paid in the current year (18 months to 31 March 2025: £52m paid).

Share premium

Share premium represents the aggregate of all amounts that have ever been paid above par value to the Company when it has issued ordinary shares.

11 Other equity instruments

Other equity instruments are the Company's AT1 capital instruments and consist of the following Perpetual Contingent Convertible Notes:

Instrument	Issuance date	Next reset date	Reset rate	2026 £m	2025 £m
8.25% AT1	17 June 2022	8 December 2027	Benchmark gilts + 6.357%	10	350
11.00% AT1	8 December 2023	8 June 2029	Benchmark gilts + 6.993%	170	350
SONIA ⁽¹⁾ + 3.99% AT1	11 June 2025	20 June 2030	SONIA + 3.99%	520	-
				700	700
Issuance costs				(2)	(7)
				698	693

(1) Sterling Over Night Indexed Average.

The issuances are treated as equity instruments in accordance with IAS 32 'Financial instruments: presentation' with the proceeds included in equity, net of transaction costs.

AT1 distributions of £77m were paid in the year (18 months ended 31 March 2025: £100m).

Virgin Money UK PLC

Notes to the financial statements (continued)

12 Merger reserve

A merger reserve of £633m was recognised on the issuance of the Company's ordinary shares in February 2016 in exchange for the acquisition of the entire share capital of the Company's previous parent company, CYB Investments Limited (CYBI). An additional £1,495m was recognised on the issuance of the Company's ordinary shares in October 2018 in exchange for the acquisition of the entire share capital of Virgin Money Holdings (UK) Limited. The merger reserve reflects the difference between the consideration for the issuance of the Company's shares and the nominal value of the shares issued.

13 Other reserves

Capital redemption reserve

In accordance with the Act, when shares are redeemed or purchased wholly or partly out of a company's profits, the amount by which the company's issued share capital is diminished must be transferred to the capital redemption reserve. The capital maintenance provisions of UK companies legislation apply to the capital redemption reserve as if it were part of the company's paid up share capital. The nominal value of the shares repurchased and cancelled under the Company's buyback programmes has been transferred to the capital redemption reserve.

Equity-based compensation reserve

The Company's equity-based compensation reserve relates to the value of equity settled share-based payment benefits previously granted by the Company to the Virgin Money group's⁽¹⁾ employees (with Clydesdale Bank PLC being the employing entity). This is facilitated through an employee benefit trust.

All equity settled awards conditionally vested on the change in control of the Virgin Money group⁽¹⁾ to Nationwide. For more senior employees, while the awards conditionally vested, they are still deferred in line with regulatory requirements. As the awards are settled through the issuance of the Company's shares at the end of the deferral periods, the related equity-based compensation reserve amount is released to retained earnings.

Nationwide is then required to redeem the shares from the employees in cash at a fixed price of 218 pence per share at the end of the award deferral periods.

Virgin Money UK PLC

Notes to the financial statements (continued)

14 Related party transactions

Transactions with Directors, key management and their close family members

There were no amounts outstanding at 31 March 2026 (2025: £Nil) for transactions between the Company and its Directors, key management and their close family members.

Directors' remuneration

The Directors of the Company are remunerated by other Group companies and do not receive incremental remuneration or pension scheme benefits in respect of their duties as Directors of the Company. The principal activities of the Directors are not specific to the business of the Company and it is not possible to make an accurate apportionment of their emoluments to the Company.

The remuneration paid to the Directors by other Group companies, for qualifying services provided to those companies, is detailed below.

Directors' remuneration paid by Nationwide

The total remuneration paid to Directors by Nationwide in respect of qualifying services to the Group in the year was £10m. £0.2m was paid by Nationwide to two Directors in the prior period, in relation to qualifying services provided to the Group from the date of the Company's acquisition by Nationwide on 1 October 2024 to 31 March 2025.

Directors' remuneration paid by Clydesdale Bank PLC

The total remuneration paid to Directors by Clydesdale Bank PLC was £4m (18 months to 31 March 2025: £8m). Included within this are payments in lieu of notice receivable by Directors in the next 12 months of £0.7m (18 months to 31 March 2025: £0.6m) and a £9k payment for loss of office (18 months to 31 March 2025: £10k).

One of the Directors was a member of the Clydesdale Bank PLC defined contribution scheme during the year for which the Clydesdale Bank PLC made contributions of £8k (18 months to 31 March 2025: £Nil). No Directors are members of the Clydesdale Bank PLC defined benefit pension scheme. None of the Directors hold share options and therefore no share options were exercised during the period (18 months to 31 March 2025: Nil).

Highest paid Director

The highest paid Director, who was paid by Clydesdale Bank PLC, received aggregate remuneration of £2m in the year (18 months to 31 March 2025: £4m). Aggregate remuneration includes amounts paid for the period to 31 March 2026 and amounts received or receivable. This includes a PILON payment of £0.5m receivable in FY27 (18 months to 31 March 2025: £0.6m). The highest paid Director does not hold any share options.

Compensation of key management personnel

All compensation received by key management personnel relates to their duties on behalf of other Group companies and is borne by other Group companies. Thus, no disclosure is presented in these financial statements.

Other transactions with related entities

Interest expenses of £171m (2025: £6m) were paid during the year to related entities.

(1) Virgin Money UK PLC, together with its subsidiary undertakings (which together comprise 'the Virgin Money group')

Virgin Money UK PLC

Notes to the financial statements (continued)

15 Management of risk and capital

Management of risk

The Company's operations expose it to market risk which includes interest rate risk. The Company does not have a trading book and therefore is only exposed to non-traded market risk. The primary objective for the management and oversight of market risk is to maintain the risk profile within approved risk appetite and limits, while implementing strategies that optimise stable current and future earnings from the impact of market volatility.

The Company operates under Nationwide's Group Risk Management Framework, which ensures that risks are managed consistently and effectively. The framework is underpinned by a comprehensive suite of processes, policies and standards which detail the precise activities undertaken to manage each individual risk, and which focus on the responsibilities of key executives and risk practitioners.

Liquidity and funding risk

Liquidity risk relates to the risk of the Company being unable to meet its current and future financial obligations as they fall due at acceptable cost. These obligations include the repayment of borrowings and loan capital as they mature, the payment of operating expenses and tax, and the payment of dividends.

The Company's funding requirement is monitored by both Group Treasury and Company management and, when required, additional funding is provided to meet the Company's lending volumes and financial obligations.

The Directors do not believe there is a significant exposure to liquidity or funding risk due to the related party nature of funding and liability exposures with fellow Group companies.

Maturity analysis of assets and liabilities

The following tables represent a breakdown of the balance sheet by contractual maturity:

2026

	At call £m	3 months or less £m	3 to 12 months £m	1 to 5 years £m	Over 5 years £m	No specific maturity £m	Total £m
Assets							
Due from related entities	44	25	1,025	3,262	-	-	4,356

Liabilities

Debt securities in issue	-	-	2	299	-	-	301
Due to related entities	-	22	1,021	2,964	-	-	4,007
Due to other banks and similar institutions	-	-	-	-	-	107	107
	-	22	1,023	3,263	-	107	4,415

2025

	At call £m	3 months or less £m	3 to 12 months £m	1 to 5 years £m	Over 5 years £m	No specific maturity £m	Total £m
Assets							
Due from related entities	47	379	1,112	2,796	-	-	4,334

Liabilities

Debt securities in issue	-	367	986	2,041	-	-	3,394
Due to related entities	-	5	3	748	-	-	756
Due to other banks and similar institutions	-	-	-	-	-	107	107
	-	372	989	2,789	-	107	4,257

Virgin Money UK PLC

Notes to the financial statements (continued)

15 Management of risk and capital (continued)

Cash flows payable under financial liabilities by contractual maturity:

2026	At call	3 months or less	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total
	£m	£m	£m	£m	£m	£m	£m
Liabilities							
Debt securities in issue	-	-	22	334	-	-	356
Due to related entities	-	72	1,176	3,257	-	-	4,505
Due to other banks and similar institutions	-	-	-	-	-	107	107
	-	72	1,198	3,591	-	107	4,968

2025	At call	3 months or less	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total
	£m	£m	£m	£m	£m	£m	£m
Liabilities							
Debt securities in issue	-	374	1,088	2,179	-	-	3,641
Due to related entities	-	16	32	858	-	-	906
Due to other banks and similar institutions	-	-	-	-	-	107	107
	-	390	1,120	3,037	-	107	4,654

Interest rate risk

Interest rate risk comprises the sensitivity of the Company's current and future net interest income and economic value to movements in market interest rates. Interest rate risk is managed at the Group level.

Management of capital

Capital comprises retained earnings, share capital, share premium, other equity instruments, merger reserve and other reserves. Capital is managed on a Group basis. Further details about the Group's capital position can be found in the Capital risk section of the Risk report in the Group's Annual Report and Accounts.

Virgin Money UK PLC

Notes to the financial statements (continued)

16 Events after the balance sheet date

On 2 April 2026, the majority of the assets and liabilities of the Company's main trading subsidiary, Clydesdale Bank PLC, were transferred to Nationwide for a cash consideration of £140m as part of a banking business transfer scheme under Part VII of the Financial Services and Markets Act 2000.

The transfer had a significant impact in respect of the Company's:

- i) investment in Clydesdale Bank PLC;
- ii) merger reserve; and
- iii) intercompany funding.

Investment in Clydesdale Bank PLC

Following the transfer of substantially all of Clydesdale Bank PLC's assets and liabilities to Nationwide on 2 April 2026, the remaining business activities within Clydesdale Bank PLC relate solely to Scottish banknote issuance. The retail and commercial business banking activities now sit directly within Nationwide. As a result, the Company has reassessed the carrying value of its investment in Clydesdale Bank PLC based on the future cash flows expected from the remaining banknote business. This assessment resulted in a reduction to the carrying value, with £4.3bn being recognised in reserves in April 2026.

Merger reserve

The Company's £2.1bn merger reserve (note 12) has an economic relationship with its investment in Clydesdale Bank PLC. Consequently, the Company released the merger reserve against the related £4.3bn impairment loss as highlighted above, resulting in a net impact of £(2.2bn) to retained earnings.

Intercompany funding

As a result of the Part VII transfer, the Company's investment in AT1 instruments of Clydesdale Bank PLC became an investment in AT1 instruments of Nationwide. Accordingly, these investments were reclassified from an investment in equity of a subsidiary held at cost to financial assets at fair value through profit and loss, and were remeasured to fair value on 2 April 2026⁽¹⁾ prior to their subsequent derecognition as a result of the transactions described below.

The Part VII transfer created equal and offsetting asset, liability and AT1 equity positions between the Company and Nationwide which were no longer required for funding purposes. An internal restructuring exercise took place to rationalise the structure on 3 April 2026 which included the following activities:

- The repurchase of intercompany debt and AT1 instruments issued by Nationwide⁽²⁾ to the Company, and the instruments with equivalent terms issued by the Company to Nationwide. This resulted in the derecognition of equal and offsetting positions⁽³⁾.
- The repurchase of existing intercompany debt and AT1 instruments held by the Company issued by Nationwide⁽²⁾, and replacement of these instruments with new debt instruments with economically similar terms. The existing instruments currently fund the remaining external debt and AT1 issuances of the Company⁽⁴⁾.

The consideration to be paid/received in each of these transactions was based on the fair value of the respective instruments at the transaction date, and any accrued interest and distributions settled to the date of the transaction.

(1) Reflected in column 'Reclassification of AT1 note assets' in the impact table below.

(2) Originally issued by Clydesdale Bank PLC but transferred by Clydesdale Bank PLC to Nationwide at Part VII.

(3) Reflected in column 'Intercompany funding #1' in the impact table below.

(4) Reflected in column 'Intercompany funding #2' in the impact table below.

Virgin Money UK PLC

Notes to the financial statements (continued)

16 Events after the balance sheet date (continued)

The combined impact of these post balance sheet transactions is illustrated below:

	Investment in Clydesdale Bank PLC £m	Merger reserve £m	Reclassification of AT1 note assets £m	Intercompany funding #1 £m	Intercompany funding #2 £m	Total £m
Assets						
Investments in controlled entities	(4,280)	-	(698)	-	-	(4,978)
Due from related entities	-	-	-	(4,004)	207	(3,797)
Financial assets at FVTPL	-	-	724	(522)	(202)	-
<i>Assets total</i>	<i>(4,280)</i>	<i>-</i>	<i>26</i>	<i>(4,526)</i>	<i>5</i>	<i>(8,775)</i>
Liabilities						
Due to related entities	-	-	-	(4,004)	-	(4,004)
Equity						
Other equity instruments	-	-	-	(520)	-	(520)
Merger reserve	-	(2,128)	-	-	-	(2,128)
Retained earnings	(4,280)	2,128	26	(2)	5	(2,123)
<i>Liabilities and equity total</i>	<i>(4,280)</i>	<i>-</i>	<i>26</i>	<i>(4,526)</i>	<i>5</i>	<i>(8,775)</i>

The impact to retained earnings in the table above includes pre-tax income of £32m which will be recognised within the statement of comprehensive income for the year ending 31 March 2027.

While the Company continues to have a positive total equity and net asset position following the impacts noted above, it has a deficit in retained earnings⁽¹⁾, offset by substantial share capital and share premium balances⁽²⁾.

A capital reduction exercise, as allowed under the Companies Act 2006, is planned to be undertaken in 2026. This will restore the Company to a positive retained earnings position.

There have been no other significant events between 31 March 2026 and the date of approval of the Annual Report and Accounts which would require a change to or additional disclosure in the financial statements.

(1) The Company had positive retained earnings of £1,055m at 31 March 2026.

(2) The Company's total share capital and share premium balances at 31 March 2026 was of £1,226m.