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Virgin Money starts search for new chairman Jim Pettigrew to retire by September 2021

Jim Pettigrew. of Ashmore Group PLC

Jim Pettigrew helped transform CYBG, renamed as Virgin Bank in November, into the UK's sixth-largest lender

Virgin Money, the UK lender formerly known as CYBG, has begun the search for its first new chairman since it became an independent bank and bought the old Virgin Money.

Current chairman Jim Pettigrew helped steer CYBG, which operated the Yorkshire and Clydesdale Bank brands, through its separation from former owner National Australia Bank in 2016 and the takeover of Virgin Money two years later, transforming it into the UK's sixth-largest bank.

The lender, which was renamed Virgin in November, said on Friday that Mr Pettigrew would retire before September 2021, when he will reach the nine-year recommended time limit for independent board members.

It said it had started a search process to "allow time to identify his successor and enable an orderly handover".

The announcement came days before Mr Pettigrew faces investors at what is expected to be a contentious general meeting, with the bank under pressure over its generous executive pay policy. Advisory group ISS has criticised the amount paid to chief executive David Duffy, who stands to earn up to £5.1m this year if he hits all performance targets. That compares with a maximum of £4.2m in 2019, although his total remuneration was £3.4m, despite the bank falling to its second consecutive annual loss due to unexpectedly high costs related to the PPI scandal.

More than a third of voting shareholders opposed the bank's pay policy at last year's meeting. Virgin has also ignored pressure to cut the amount it pays bosses in lieu of pension contributions. All of the bank's larger rivals have responded to new corporate governance guidelines that say pension payments should be in line with other staff, but Virgin has continued to give executives an allowance worth up to 20 per cent of salary, compared with the 13 per cent received by the majority of staff.

Mr Pettigrew said in the bank's annual report in November that "we have listened carefully to our shareholders" but stressed that "it is clear from . . . discussions that there is majority support for our approach".