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CAPITALISED TERMS DEFINED IN THE CIRCULAR HAVE THE SAME MEANING WHEN USED IN THIS ANNOUNCEMENT, UNLESS OTHERWISE DEFINED IN THIS ANNOUNCEMENT.

FOR IMMEDIATE RELEASE

31 July 2018

Transaction Documents published by CYBG PLC

On 18 June 2018, Virgin Money Holdings (UK) plc ("**Virgin Money**") and CYBG PLC ("**CYBG**") announced that they had reached agreement on the terms of a recommended all-share offer for the entire issued and to be issued ordinary share capital of Virgin Money by CYBG (the "**Offer**"). As outlined in the announcement made pursuant to Rule 2.7 of the City Code on Takeovers and Mergers (the "**Takeover Code**") in relation to the Offer (the "**Rule 2.7 Announcement**"), the Offer is intended to be implemented by means of a scheme of arrangement of Virgin Money (the "**Scheme**").

CYBG is pleased to announce that a circular has been published today, having received approval from the UK Listing Authority, containing information on the background and reasons for the Offer, the financial benefits, CYBG's intentions and strategic plans and the actions to be taken by CYBG Shareholders (the "**Circular**"). The Circular will be sent or made available to CYBG Shareholders shortly.

The Circular contains a notice convening a general meeting of CYBG Shareholders to be held at Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ at 10:00 a.m. on 10 September 2018 (the "**CYBG General Meeting**").

CYBG has also published a prospectus today relating to the new shares (the "**New CYBG Shares**") to be issued to eligible Virgin Money Shareholders by CYBG in connection with the Offer, and the application for admitting new shares to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, which has also been approved by the UK Listing Authority (the "**Prospectus**").

CYBG also notes that a scheme circular in relation to the Offer is being sent or made available to Virgin Money Shareholders today (the "**Scheme Document**"). The Scheme Document contains, amongst other things, notices convening a meeting of the Virgin Money Shareholders convened at the direction of the Court (the "**Virgin Money Scheme Court Meeting**") and a general meeting of Virgin Money Shareholders (the "**Virgin Money General Meeting**") and an expected timetable of principal events. The Virgin Money Scheme Court Meeting and the Virgin Money General Meeting will take place on the same day as the CYBG General Meeting. The Scheme Document will be made available on the Virgin Money website <https://uk.virginmoney.com/virgin/investor-relations/offer-from-cybg/>.

Copies of the Prospectus and Circular have been submitted to the National Storage Mechanism by CYBG and will shortly be available for inspection at www.morningstar.co.uk/uk/NSM. In addition, copies of each of these documents and the Scheme Document will be available for inspection in electronic form, free of charge, at <https://www.cybg.com/cybg-update/> up to and including the date upon which the Offer becomes effective.

Action to be taken by CYBG Shareholders

CYBG Shareholders are encouraged to vote on the CYBG Resolutions contained in the Circular but should carefully read the Circular in its entirety before making any decisions.

CYBG PLC is registered in England and Wales (company number: **09595911**) and as a foreign company in Australia (**ARBN 609 948 281**) and has its registered office at 20 Merrion Way, Leeds, West Yorkshire LS2 8NZ

A Form of Proxy or a CDI Voting Instruction Form (as applicable) for use in connection with the CYBG General Meeting is enclosed with the Circular, or will be sent separately to those CYBG Shareholders who have elected, or are deemed to have elected, to receive documents and notices from CYBG electronically.

CYBG Shareholders are requested to complete and sign the Form of Proxy or the CDI Voting Instruction Form in accordance with the instructions printed on it. CYBG Shareholders who hold their CYBG Shares through CREST may appoint a proxy electronically or by completing and transmitting a CREST Proxy Instruction, and holders of CDIs in CYBG may submit a CDI Voting Instruction Form electronically.

Timetable

Subject to the approval of CYBG Shareholders and Virgin Money Shareholders as well as the satisfaction or, where permitted, waiver of the other Conditions set out in the Scheme Document and the approval of the Court, completion of the Offer is expected to occur in calendar Q4 2018.

The expected timetable of principal events for the implementation of the Offer is set out below.

All references to time in this announcement are to London time unless otherwise stated.

<i>Event</i>	<i>Time and/or date</i>
Publication of the Prospectus, Circular and Scheme Document	31 July 2018
Latest time and date for receipt of Form of Proxy for the CYBG General Meeting	10.00 a.m. on 6 September 2018
Latest time and date for receipt of CDI Voting Instruction Forms for the CYBG General Meeting	7.00 p.m. (AEST) on 6 September 2018
Voting record time for the CYBG General Meeting	7.00 p.m. on 6 September 2018
CDI voting instruction record time for the CYBG General Meeting	11.00 p.m. (AEST) on 6 September 2018
CYBG General Meeting	10.00 a.m. on 10 September 2018
Virgin Money Scheme Court Meeting	11.00 a.m. on 10 September 2018
Virgin Money General Meeting	11.15 a.m. on 10 September 2018 ⁽¹⁾
Court Hearing at which Virgin Money will seek an order sanctioning the Scheme	A date expected to be in calendar Q4 2018 subject to satisfaction (or, where applicable, waiver) of the relevant Conditions (" D ") ⁽²⁾
Last day of dealings in, for registrations of transfers of, and disablement in CREST of, Virgin Money Shares	D ⁽²⁾
Scheme Record Time	6.00 p.m. on D ⁽²⁾
Effective Date	D+1* ⁽²⁾⁽³⁾

New CYBG Shares issued to Virgin Money Shareholders	By 8.00 a.m. on D+1 ^{*(2)}
Admission and commencement of dealings in New CYBG Shares on the London Stock Exchange	By 8.00 a.m. on D+1 ^{*(2)}
Cancellation of listing of Virgin Money Shares on the premium segment of the Official List and the Main Market of the London Stock Exchange	By 8.00 a.m. on D+1 ^{*(2)}
CREST accounts of Virgin Money Shareholders credited with New CYBG Shares	On or soon after 8.00 a.m. on D+1 ^{*(2)} but no later than 14 days after the Effective Date
CREST accounts credited with any cash due to Restricted Shareholders under the Scheme and in relation to fractional entitlements	Within 14 days of the Effective Date ⁽²⁾
Despatch of share certificates for New CYBG Shares and cheques for any cash due to Restricted Shareholders under the Scheme and in relation to the sale of fractional entitlements for those Virgin Money Shareholders who do not hold their Virgin Money Shares in CREST	Within 14 days of the Effective Date ⁽²⁾
Long Stop Date	31 January 2019 ⁽⁴⁾

Notes:

(1) To commence at the time fixed or, if later, immediately after the conclusion or adjournment of the Virgin Money Scheme Court Meeting.

(2) The date of the Court Hearing to sanction the Scheme and each of the subsequent dates set out in the timetable will depend on, among other things, the date on which: (i) the relevant Conditions to the Scheme are satisfied or, if capable of waiver, waived; (ii) the Court sanctions the Scheme; and (iii) a copy of the Court Order sanctioning the Scheme is delivered to the Registrar of Companies.

(3) Scheme to become Effective by 8.00 a.m. and before the subsequent events set out in the timetable.

(4) This is the latest date by which the Scheme may become Effective. However, the Long Stop Date may be extended to such later date as may be agreed in writing by CYBG and Virgin Money (with the Panel's consent and as the Court may approve (if required)).

(*) All references to "D+1" are to the day falling one Business Day after the actual date which is "D".

Appointment of directors following completion

Earlier today, CYBG announced that Geeta Gopalan, Darren Pope and Amy Stirling (the "**Proposed Directors**") will be appointed to the board of CYBG and Clydesdale Bank PLC on completion of the Offer, subject to the usual regulatory approvals.

Biographical details of the Proposed Directors and details of their other appointments are included in the Prospectus. Other than the information stated in the Prospectus, there are no additional matters relating to the Proposed Directors that require disclosure under Listing Rule 9.6.13.

Enquiries

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Clifford Chance LLP is retained as legal adviser to CYBG.

Further information

This announcement is for information purposes only and not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise. The Offer will be implemented solely by means of the Scheme Document or any document by which the Offer is made, which will contain the full terms and conditions of the Offer, including details of how to vote in respect of the Offer. Any vote or other response to the Offer should be made only on the basis of the information in the Scheme Document and/or the Circular and Prospectus as appropriate.

CYBG urges Virgin Money Shareholders to read the Scheme Document and the Prospectus carefully because they contain important information in relation to the Offer, the New CYBG Shares and the Combined Group. CYBG urges CYBG Shareholders to read the Circular and the Prospectus carefully before making any decisions. Any vote in respect of the resolutions to be proposed at the Virgin Money Meetings or the CYBG General Meeting to approve the Offer, the Scheme or related matters, should

be made only on the basis of the information contained in the Scheme Document, the Prospectus and, in the case of CYBG Shareholders, the Circular.

The New CYBG Shares are not being offered to the public by means of this announcement.

This announcement does not constitute a prospectus or prospectus equivalent document.

Important notices relating to financial advisers and corporate brokers

Morgan Stanley & Co. International plc ("**Morgan Stanley**") which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK is acting as financial adviser exclusively for CYBG and no one else in connection with the matters set out in this announcement. In connection with such matters, Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in connection with the contents of this announcement or any other matter referred to herein.

Deutsche Bank AG is authorised under German Banking Law (competent authority: European Central Bank) and, in the United Kingdom, by the Prudential Regulation Authority. It is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the Prudential Regulation Authority and FCA. Details about the extent of its authorisation and regulation by the Prudential Regulation Authority, and regulation by the FCA, are available on request or from www.db.com/en/content/eu_disclosures.htm. Deutsche Bank AG, acting through its London branch ("**Deutsche Bank**") is acting as financial adviser to CYBG and no other person in connection with this announcement or any of its contents. Deutsche Bank will not be responsible to any person other than CYBG for providing any of the protections afforded to clients of Deutsche Bank, nor for providing any advice in relation to the matters set out in this announcement. Neither Deutsche Bank nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Deutsche Bank in connection with the matters set out in this announcement, any statement contained herein or otherwise.

Macquarie Capital (Europe) Limited ("**Macquarie**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for CYBG and no-one else in connection with the matters set out in this announcement and will not be responsible to anyone other than CYBG for providing the protections afforded to customers of Macquarie or for providing advice in relation to the matters set out in this announcement.

Restricted Jurisdictions

This announcement has been prepared in accordance with English law, the Takeover Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.

Copies of this announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. If the Offer is implemented by way of a Takeover Offer (unless otherwise determined by CYBG and permitted by applicable law and regulation), the Takeover Offer may not be communicated, directly or indirectly, in or into or by the use of the mails of, or by any other means or instrumentality (including, without limitation, by mail, telephonically or electronically by way of internet or otherwise) of interstate or foreign commerce of, or any facilities of a national, state or securities exchange of, any Restricted Jurisdiction and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or otherwise.

The availability of the Offer to Virgin Money Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are

not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

The New CYBG Shares may not be offered, sold or delivered, directly or indirectly, in, into or from any Restricted Jurisdiction or to, or for the account or benefit of, any persons resident in Restricted Jurisdictions except pursuant to an applicable exemption from, or in a transaction not subject to, applicable securities laws of those jurisdictions.

Further details in relation to Virgin Money Shareholders in overseas jurisdictions are contained in the Scheme Document.

Forward-looking statements

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Offer, and other information published by CYBG and Virgin Money contain statements which are, or may be deemed to be, "forward-looking statements". All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on assumptions, expectations, valuations, targets, estimates, forecasts and projections of CYBG and Virgin Money about future events, and are therefore subject to risks and uncertainties which could cause actual results, performance or events to differ materially from those expressed or implied by the forward-looking statements. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Offer on the CYBG Group, the Virgin Money Group and the Combined Group, the expected timing and scope of the Offer and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects", "budget", "targets", "aims", "scheduled", "estimates", "forecast", "intends", "anticipates", "seeks", "prospects", "potential", "possible", "assume" or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although CYBG and Virgin Money believe that the expectations reflected in such forward-looking statements are reasonable, CYBG and Virgin Money can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risks (known and unknown) and uncertainties (and other factors that are in many cases beyond the control of CYBG and/or Virgin Money) because they relate to events and depend on circumstances that may or may not occur in the future.

There are a number of factors that could affect the future operations of the CYBG Group, the Virgin Money Group and/or the Combined Group and that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction (or, where permitted, waiver) of the Conditions, as well as additional factors, such as: domestic and global business and economic conditions; asset prices; market related risks such as fluctuations in interest rates and exchange rates, industry trends, competition, changes in government and regulation, changes in the policies and actions of governments and/or regulatory authorities (including changes related to capital and tax), changes in political and economic stability (including exposures to terrorist activities, the repercussions of the UK's referendum vote to leave the European Union (EU), the UK's exit from the EU (including any changes to the UK currency), Eurozone instability, any referendum on Scottish independence), disruption in business operations due to reorganisation activities, interest rate, inflation, deflation and currency fluctuations, the timing impact and other uncertainties of future or planned acquisitions or disposals or offers, the inability of the Combined Group to realise successfully any anticipated synergy benefits when the Offer is implemented (including changes to the board and/or employee composition of the Combined Group), the inability of the CYBG Group to integrate successfully the Virgin Money Group's operations and programmes when the Offer is implemented, the Combined Group incurring and/or experiencing unanticipated costs and/or delays (including IT system failures, cyber-crime, fraud and pension scheme liabilities), or difficulties relating to the Offer when the Offer is implemented. In particular, the capital position of the Combined Group is subject to confirmation of the regulatory treatment of the existing capital instruments issued by CYBG and Virgin Money post completion of the Offer, which is dependent on the final legal structure of the Combined Group. Other unknown or unpredictable factors could affect future operations and/or cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors.

Each forward-looking statement speaks only as of the date of this announcement. Neither CYBG Group nor Virgin Money Group, nor any of their respective associates or directors, officers or advisers, provides any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Forward looking statements involve inherent risks and uncertainties. All forward-looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations (including under the Takeover Code, the Listing Rules and the Disclosure Guidance and Transparency Rules), neither the CYBG Group nor the Virgin Money Group is under or undertakes any obligation, and each of the foregoing expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional Information for US Investors

US holders of Virgin Money Shares should note that the Offer relates to the securities of an English company with a listing on the London Stock Exchange and is proposed to be implemented pursuant to a scheme of arrangement provided for under English company law. An offer effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Offer will be subject to UK procedural and disclosure requirements and practices applicable to a scheme of arrangement involving a target company in England listed on the London Stock Exchange, which are different from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this announcement and other documentation related to the Offer has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If CYBG exercises its right, in the circumstances provided for in this announcement, to implement the Offer by way of a Takeover Offer, such Takeover Offer will only be made in the United States if an exemption from the registration requirements of the US Securities Act is available.

The New CYBG Shares to be issued pursuant to the Offer have not been registered under the US Securities Act or under any laws or with any securities regulatory authority of any state, district or other jurisdiction, of the United States, and may only be offered or sold in the United States in reliance on an exemption from registration requirements of the US Securities Act including in the case of the proposed scheme of arrangement, Section 3(a)(10) thereunder. Holders of Virgin Money Shares who will be affiliates of CYBG after the Effective Date will be subject to certain US transfer restrictions relating to the New CYBG Shares received pursuant to the Scheme.

Neither the SEC nor any US state securities commission has approved or disapproved of the New CYBG Shares to be issued in connection with the Offer or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

It may be difficult for US holders of Virgin Money Shares to enforce their rights and claims arising out of the US federal securities laws, since CYBG and Virgin Money are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. US holders of Virgin Money Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

Publication on a website

This announcement and the documents required to be published pursuant to Rule 26 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on CYBG's website at <https://www.cybg.com/cybg-update/> promptly and in any event by no later than 12 noon on the business day after the date of this announcement. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Registration

CYBG is registered in England and Wales (company number: 09595911) and as a foreign company is Australia (ARBN 609 948 281) and has its registered office at 20 Merrion Way, Leeds, West Yorkshire LS2 8NZ.