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FOR IMMEDIATE RELEASE

4 OCTOBER 2018

RECOMMENDED ALL-SHARE OFFER
for
Virgin Money Holdings (UK) plc ("Virgin Money")
by
CYBG PLC ("CYBG")
to be effected by means of a scheme of arrangement under
Part 26 of the Companies Act 2006

Announcement of Regulatory Approval and Timetable Update

On 18 June 2018, the boards of Virgin Money and CYBG announced that they had reached agreement on the terms of a recommended all-share offer by CYBG for the entire issued and to be issued share capital of Virgin Money (the "**Offer**"). The Offer is being implemented by means of a scheme of arrangement under Part 26 of the Companies Act 2006 to be sanctioned by the Court (the "**Scheme**"). On 10 September 2018, the Scheme was approved by the Scheme Shareholders at the Court Meeting and the Offer was approved by the CYBG Shareholders at the CYBG General Meeting.

The Offer was made subject to the Conditions set out in Part 3 of the scheme document published on 31 July 2018 (the "**Scheme Document**"), including the receipt of the relevant approvals from the Financial Conduct Authority (the "**FCA**") and the Prudential Regulation Authority (the "**PRA**").

Virgin Money and CYBG are pleased to confirm that, on 3 October 2018, the FCA and the PRA gave written notice to CYBG, Virgin Group Holdings Limited and each other person required to give a notice under section 178 of FSMA in connection with the Offer in accordance with Part XII of FSMA of their approval of the acquisition of control of each UK authorised person (as defined in section 191G FSMA) over which the Offer contemplates an acquisition of or increase in control.

Capitalised terms in this announcement, unless otherwise defined, have the same meaning as set out in the Scheme Document.

Next steps and timetable

The Scheme remains subject to certain conditions including sanction by the Court at the Court Hearing (expected to take place on 12 October 2018) and the delivery of a copy of the Court Order to the Registrar of Companies. Subject to the Scheme receiving the sanction of the Court and the delivery of a copy of the Court Order to the Registrar of Companies and the satisfaction or (if capable of waiver) the waiver of the remaining Conditions to the Scheme (as set out in the Scheme Document) the Scheme is expected to become effective on 15 October 2018.

The expected timetable of principal events for the implementation of the Scheme is set out below. If any changes to the key dates and/or times set out in the timetable are made, Virgin Money and CYBG will give notice of this change by issuing an announcement through a Regulatory Information Service and by making such announcement available on Virgin Money's website

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

at: <https://uk.virginmoney.com/virgin/investor-relations/offer-from-cybg/> and CYBG's website at: <https://www.cybg.com/cybg-update/>.

Event	Expected time and/or date⁽¹⁾
Court Hearing (to sanction the Scheme)	12 October 2018
Last day of dealings in, and for registrations of transfers of, and disablement in CREST of, Virgin Money Shares	12 October 2018
Scheme Record Time	6.00 p.m. on 12 October 2018
Effective Date of the Scheme	15 October 2018⁽²⁾
New CYBG Shares issued to Virgin Money Shareholders	By 8.00 a.m. on 15 October 2018
Admission and commencement of dealings in New CYBG Shares on the London Stock Exchange	By 8.00 a.m. on 15 October 2018
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 15 October 2018
CREST accounts of Virgin Money Shareholders credited with New CYBG Shares	Within 14 days of the Effective Date
CREST accounts credited with any cash due to Restricted Shareholders under the Scheme and in relation to the sale of fractional entitlements	Within 14 days of the Effective Date
Despatch of share certificates for New CYBG Shares and of cheques for the 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
Despatch of opening account statements in respect of New CYBG Shares received by participants in the Virgin Money Nominee Service	Within 14 days of the Effective Date

(1) All times shown are London time unless otherwise stated. The dates and times given are indicative only and are based on current expectations and subject to change.

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

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Further Information

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

Important Notices

*Goldman Sachs International ("**Goldman Sachs**"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting for Virgin Money and no one else in connection with the Offer and the Related Party Transaction or any other matter set out in this announcement and will not be responsible to anyone other than Virgin Money for providing the protections afforded to clients of Goldman Sachs, or for giving advice in connection with the Offer or any matter or arrangement referred to in this document.*

*Citigroup Global Markets Limited ("**Citi**"), which is authorised by the Prudential Regulation Authority and regulated in the UK by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for Virgin Money and no one else in connection with the matters set out in the Offer or any other matter set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Virgin Money for providing the protections afforded to clients of Citi nor for providing advice in relation to any matter referred to herein.*

*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.*

Restrictions in overseas jurisdictions

The distribution of this announcement in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of such jurisdiction.

This announcement has been prepared for the purposes of complying with English law, the Takeover Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside England and Wales.

Copies of this announcement and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction and persons receiving this announcement and all documents relating to the Offer (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdiction where to do so would violate the laws of that jurisdiction.

Notice to United States Virgin Money Shareholders

The Offer relates to the shares of an English company and is being effected by means of a Scheme under the laws of England and Wales. A transaction effected by means of a Scheme is not subject to the proxy solicitation or tender offer rules under the US Securities Exchange Act of 1934, as amended (the US Exchange Act). Accordingly, the Offer is subject to the disclosure requirements, rules and practices applicable in the United Kingdom to schemes of arrangement, which differ from the disclosure requirements, style and format of US proxy solicitation or tender offer rules. If in the future, CYBG exercises the right, subject to the prior consent of the Panel and in accordance with the Co-operation Agreement, to elect to implement the Offer by means of a Takeover Offer for the entire issued and to be issued ordinary share capital of Virgin Money, as an alternative to the Scheme, it shall be made in compliance with all applicable laws and regulations. If such a Takeover Offer is required to be made in the United States, it will be done in compliance with the applicable tender offer rules under the US Exchange Act, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. In addition to any such Takeover Offer, CYBG certain affiliated companies or their nominees or brokers (acting as agents) may, in accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, make certain purchases of, or arrangements to purchase, Virgin Money Shares outside the Takeover Offer, during the period in which such Takeover Offer would remain open for acceptance and/or the Scheme becomes Effective, lapses or is withdrawn. If such purchases or arrangements to purchase were to be made, they would be made outside the United States and would comply with applicable law, including the US Exchange Act. Such purchases or arrangements to purchase may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the United Kingdom, will be reported to the Regulatory News Service of the London Stock Exchange and will be available on the London Stock Exchange website at <http://www.londonstockexchange.com/prices-and-news/prices-news/home.htm>.

Forward-looking statements

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. 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.

No profit forecast or estimates

No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per ordinary share, for Virgin Money or CYBG, respectively for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per ordinary share for Virgin Money or CYBG, respectively.

Publication on website

A copy of this announcement will be made available (subject to certain restrictions relating to persons resident in Restricted Jurisdictions), on Virgin Money's website at <https://uk.virginmoney.com/virgin/investor-relations/offer-from-cybg/> and on CYBG's website at <https://www.cybg.com/cybg-update/> by no later than 12.00 noon (London time) on 5 October 2018 (being the business day following the date of this announcement) in accordance with Rule 26.1(a) of the Code. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Registration

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