

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF THAT JURISDICTION

FOR IMMEDIATE RELEASE

15 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**

**SCHEME BECOMES EFFECTIVE**

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**").

Virgin Money and CYBG are pleased to announce that all the Conditions set out in the scheme document published by Virgin Money on 31 July 2018 (the "**Scheme Document**") have been satisfied or waived and the Scheme has today become Effective in accordance with its terms. This follows the Court's sanction of the Scheme at the Court Hearing held on 12 October 2018.

Commenting on the Offer completing in accordance with its terms, Jim Pettigrew, Chairman of CYBG, said:

"I am delighted we have completed the acquisition of the Virgin Money business.

It is clear to us that the Combined Group can transform the UK banking landscape and offer real benefits to customers and communities throughout the UK.

Since our IPO in 2016, the CYBG Board and leadership team has established CYBG as a strong and sustainable business, with a track record of delivery and the credentials to deliver a transformational combination with Virgin Money. This transaction can deliver real value for all shareholders and create a powerful force in UK banking."

**Admission of New CYBG Shares and delisting of Virgin Money**

Scheme Shareholders on the register at the Scheme Record Time, being 6.00 p.m. on 12 October 2018, will receive 1.2125 New CYBG Shares for each Virgin Money Share held.

Applications have been made to the UK Listing Authority and the London Stock Exchange in relation to:

- (i) the admission of 540,856,644 New CYBG Shares to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities; and
- (ii) the cancellation of Virgin Money's listing on the premium listing segment of the Official List and the trading of Virgin Money Shares on the London Stock Exchange's Main Market,

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

each of which are expected to take place by 8.00 a.m. on 15 October 2018.

Following the admission to trading of the New CYBG Shares and pursuant to the FCA's Disclosure and Transparency Rules, CYBG's issued share capital will consist of 1,426,936,603 ordinary shares of £0.10 each (held as ordinary shares and CHESSE Depository Interests ("CDIs") (each CDI representing 1 ordinary share)). There are no shares held in treasury. The total number of voting rights in CYBG will therefore be 1,426,936,603.

The above total number of voting rights may be used by shareholders as the denominator for the calculation by which they will determine if they are required to notify their interest in, or a change in their interest in CYBG under the FCA's Disclosure and Transparency Rules.

### **Settlement of the Offer consideration**

As set out in the Scheme Document, for Scheme Shareholders who held their Scheme Shares in uncertificated form, New CYBG Shares will be credited to their CREST account as soon as practicable after 8.00 a.m. on the date of this announcement, being the Effective Date. For Scheme Shareholders who held their Scheme Shares in certificated form, share certificates representing the New CYBG Shares will be despatched by post within 14 days of the Effective Date.

Cash consideration due under the Scheme in relation to the sale of fractional entitlements will be settled via CREST (for uncertificated Scheme Shareholders) or by cheque (for certificated Scheme Shareholders) within 14 days of the Effective Date.

### **Resignations and appointments of directors**

Given the above, Virgin Money announces that the resignations of each of Irene Dorner (Chair), Jayne-Anne Gadhia (Chief Executive Officer), Peter Bole (Chief Financial Officer), Norman McLuskie (Senior Independent Director), Colin Keogh (Independent Non-Executive Director), Geeta Gopalan (Independent Non-Executive Director), Eva Eisenschimmel (Independent Non-Executive Director), Darren Pope (Independent Non-Executive Director), Patrick McCall (Non-Executive Director) and Amy Stirling (Non-Executive Director) from the Virgin Money Board are now effective.

Furthermore, the following resignations from the board of Virgin Money plc are now effective: Irene Dorner, Jayne-Anne Gadhia, Peter Bole, Eva Eisenschimmel, Colin Keogh, Norman McLuskie and Marian Martin. The appointments of Jim Pettigrew, David Duffy, Ian Smith, Clive Adamson, David Bennett, Paul Coby, Debbie Crosbie, Adrian Grace, Fiona MacLeod, Dr Teresa-Robson-Capps, Amy Stirling and Tim Wade to the board of Virgin Money plc are now effective.

CYBG announces that, further to its announcement on 31 July 2018, the appointments of Geeta Gopalan and Darren Pope to the board of Clydesdale Bank PLC and as independent non-executive directors of CYBG and the appointment of Amy Stirling to the board of Clydesdale Bank PLC and as a non-executive director of CYBG are now effective.

### **Other**

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

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

## Enquiries

### CYBG

#### Investors and Analysts

Andrew Downey  
Head of Investor Relations

+44 20 3216 2694  
+44 7823 443 150  
[andrew.downey@cybg.com](mailto:andrew.downey@cybg.com)

#### CYBG Media (UK)

Jennifer Devlin  
Media Relations Manager

+44 7484 908 519  
[jennifer.devlin@cybg.com](mailto:jennifer.devlin@cybg.com)

Press Office

+44 800 066 5998  
[press.office@cybg.com](mailto:press.office@cybg.com)

#### Morgan Stanley & Co. International plc (Financial Adviser and Corporate Broker to CYBG)

William Chalmers  
Sam McLennan (Corporate Broking)  
Shirav Patel

Tel: +44 2074 258 000

#### Deutsche Bank AG, London Branch (Financial Adviser to CYBG)

Nicholas Hunt  
James Arculus

Tel: +44 2075 458 000

#### Macquarie Capital (Corporate Broker to CYBG)

Paul Donnelly (Australia)  
Jonny Allison  
Alex Reynolds

Tel: +44 2030 372 000

#### Powerscourt (CYBG Media UK)

Victoria Palmer-Moore  
Justin Griffiths

Tel: +44 2072 501 446 /  
+44 7725 565 545  
Tel: +44 7899 967 719

#### Citadel Magnus (CYBG Media Australia)

James Strong

Tel: +61 448 881 174

Clifford Chance LLP is retained as legal adviser to CYBG.

### Virgin Money

#### Goldman Sachs International (Lead Financial Adviser and Corporate Broker to Virgin Money)

Anthony Gutman  
John Brennan  
Nimesh Khiroya  
James A Kelly  
Ronan Breen

Tel: +44 2077 741 000

### **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](http://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 16 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**

CYBG 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.