

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL AND LEGAL ADVICE, INCLUDING IN RESPECT OF ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR BROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL, TAX OR LEGAL ADVISER.

Virgin Money Holdings (UK) plc

(incorporated under the laws of England and Wales)

(the "Issuer")

NOTICE OF MEETING

to eligible holders of its outstanding Notes listed in the table below

ISIN	Description	Outstanding principal amount
XS1516312409	£230,000,000 Fixed Rate Resetttable Additional Tier 1 Securities (the "AT1 Notes")	£230,000,000
XS1813150247	£350,000,000 3.375 per cent. Fixed Rate Reset Callable Senior Notes due 24 April 2026 (the "MREL Notes")	£350,000,000

(each a "Series" and together, the "Notes")

NOTICE IS HEREBY GIVEN that separate meetings (each a "Meeting" and together the "Meetings") of the holders of each Series (the "Noteholders") convened by the Issuer will be held at the offices of Clifford Chance LLP at 10 Upper Bank Street, London, E14 5JJ on 15 August 2019 (the "Meetings Date") for the purpose of considering and, if thought fit, passing the applicable resolutions set out below, which will be proposed as an Extraordinary Resolution at the relevant Meeting in accordance with the provisions of: (i) in the case of the AT1 Notes, the conditions and the trust deed dated 10 November 2016 (the "AT1 Notes Trust Deed"); and (ii) in the case of the MREL Notes, the conditions and the trust deed dated 28 March 2018, as amended and/or supplemented at the time of issue of the relevant Series, and as further restated, modified and/or supplemented from time to time insofar as it relates to the relevant Series (the "MREL Notes Trust Deed" and together with the AT1 Notes Trust Deed, the "Trust Deeds" and each a "Trust Deed"), in each case made between the Issuer and (among others) Citicorp Trustee Company Limited as trustee (the "Trustee").

The Meeting in respect of the AT1 Notes will commence at 10.00 a.m. (London time) on the Meetings Date, with the Meeting in respect of the MREL Notes being held at 10.10 a.m. (London time) or after the completion of the Meeting in respect of the AT1 Notes (whichever is the later).

Unless the context otherwise requires, capitalised terms used but not defined in this Notice shall have the meaning given in the relevant Trust Deed, the terms and conditions of the Notes of the relevant Series (in respect of each Series, the "Conditions") or the relevant Extraordinary Resolution, as applicable.

EXTRAORDINARY RESOLUTION IN RESPECT OF THE £230,000,000 FIXED RATE RESETTABLE ADDITIONAL TIER 1 SECURITIES (ISIN: XS1516312409)

THAT this Meeting of the holders (together, the "Noteholders") of the presently outstanding £230,000,000 Fixed Rate Resetttable Additional Tier 1 Securities (the "Notes") of Virgin Money Holdings (UK) plc (the "Issuer"), issued with the benefit of a trust deed dated 10 November 2016 (the "Trust Deed") and made between the Issuer and (among others) Citicorp Trustee Company Limited as trustee:

1. (subject to paragraphs 5 and 6 of this Extraordinary Resolution) acknowledges, authorises and accepts: (i) the substitution of CYBG PLC in place of the Issuer in its capacity as issuer of the Notes (the "Substitution") and effective upon such Substitutions, agrees to release and waive all rights, claims or

entitlements against the Issuer, in its respective capacity as issuer of the Notes, under the Notes and the Trust Deed; (ii) assents to the amendment of the Conditions of the Notes with the New Conditions as laid out in Annex I (*New Conditions to the ATI Notes*) to the Notice of Meetings (as shown in "blackline" form); and (iii) acknowledges and accepts all other consequential amendments made to the Conditions and the Trust Deed in relation to the Substitution;

2. (subject to paragraphs 5 and 6 of this Extraordinary Resolution) authorises, directs, requests and empowers the Issuer, the New Issuer and the Trustee to execute an amended and restated trust deed and an amended and restated agency agreement to effect the modifications referred to in paragraph 1 of this Extraordinary Resolution;
3. (subject to paragraphs 5 and 6 of this Extraordinary Resolution) authorises, directs, requests and empowers the Issuer, the New Issuer and the Trustee to execute, deliver (if applicable) and to do all such other deeds, instruments, acts and things as may be necessary, desirable or expedient in their sole opinion to carry out and to give effect to this Extraordinary Resolution and the implementation of the modifications and arrangements referred to in this Extraordinary Resolution, including but not limited to making any consequential amendments necessary or desirable to any document in respect of the Notes or terminate any such document, agreement or arrangement to provide for such modifications and arrangements;
4. (subject to paragraphs 5 and 6 of this Extraordinary Resolution) sanctions every abrogation, modification, amendment, compromise or arrangement in respect of the rights of the Noteholders appertaining to the Notes against the Issuer, whether or not such rights arise under the Conditions, the Trust Deed, the Agency Agreement or the global certificate relating to the Notes or otherwise, in each case involved in, resulting from or to be effected by the amendments set out in paragraph 1 of this Extraordinary Resolution;
5. discharges and exonerates the Trustee from any and all liability for which it may have become or may become liable under the Trust Deed or otherwise in respect of any act or omission including, without limitation, in connection with this Extraordinary Resolution or its implementation, the Substitution and modifications referred to in this Extraordinary Resolution and any act or omission taken in connection with this Extraordinary Resolution or the implementation of the Substitution and modifications referred to herein;
6. agrees and undertakes fully and effectively to indemnify and hold harmless the Trustee from and against all liability which may be suffered or incurred by the Trustee as a result of any claims, actions, demands or proceedings brought or established (including legal fees) which the Trustee may suffer or incur which in any case arise as a result of the Trustee acting in accordance with this Extraordinary Resolution and the Trust Deed;
7. waives irrevocably any claim Noteholders may have against the Trustee as a result of any liability they may suffer or incur as a result of acting upon this Extraordinary Resolution (including but not limited to circumstances where it is subsequently found that this Extraordinary Resolution is not valid or binding);
8. confirms that the Noteholders have formed their own view in relation to the actions contemplated under the amended and restated trust deed and the amended and restated agency agreement without any reliance on the Trustee;
9. acknowledges that, if the Consent Solicitation is terminated by the Issuer prior to the date of this Meeting in accordance with the terms of the Consent Solicitation Memorandum, even in the event that this Extraordinary Resolution is passed at this Meeting, the amendments set out in paragraph 1 of this Extraordinary Resolution shall not be effective, as such amendments are conditional on the Consent Solicitation not having been terminated;
10. declares that the implementation of this Extraordinary Resolution shall be conditional on:
 - (a) the passing of this Extraordinary Resolution; and
 - (b) the quorum required for, and the requisite majority of votes cast at, the Meeting being satisfied by Eligible Noteholders, irrespective of any participation at the Meeting by Ineligible Noteholders and further resolves that, in the event the Extraordinary Resolution is passed at the Meeting but this condition is not satisfied, the Chairman of the Meeting is hereby authorised, directed, requested and empowered to adjourn this Meeting on the same basis (including

quorum) as for an adjournment of the Meeting where the necessary quorum is not obtained, for the purpose of reconsidering resolutions 1 to 11 of this Extraordinary Resolution (with the exception of resolution 10(b) of this Extraordinary Resolution) at the adjourned Meeting, and in place of the foregoing provisions of resolution 10(b) the relevant condition will be satisfied if the quorum required for, and the requisite majority of votes cast at, the adjourned Meeting are satisfied by Eligible Noteholders irrespective of any participation at the adjourned Meeting by Ineligible Noteholders; and

11. acknowledges that the following terms, as used in this Extraordinary Resolution, shall have the meanings given below:

"**Conditions**" means the terms and conditions of the Notes;

"**Consent Solicitation**" means the invitation by the Issuer to all Noteholders to consent to this Extraordinary Resolution;

"**Consent Solicitation Memorandum**" means the consent solicitation memorandum dated 24 July 2019 prepared by the Issuer in relation to, among other things, the Consent Solicitation;

"**Eligible Noteholder**" means each Noteholder who is: (i) located and resident outside the United States and is not a U.S. person (as defined in Regulation S under the Securities Act) or a dealer or other professional fiduciary in the United States acting only on a discretionary basis for the benefit or account of non-U.S. persons located outside the United States; (ii) not a retail client as defined in Directive 2014/65/EU (as amended); and (iii) otherwise a person to whom the Consent Solicitation can be lawfully made and that may lawfully participate in the Consent Solicitation;

"**Ineligible Noteholder**" means a Noteholder who is not an Eligible Noteholder; and

"**New Conditions**" means the Conditions as so modified to include certain amendments in relation to the Substitution, among other things, as laid out in Annex I (*New Conditions in relation to the ATI Notes*) to the Notice of Meetings (as shown in "blackline" form).

**EXTRAORDINARY RESOLUTION
IN RESPECT OF THE £350,000,000 3.375 PER CENT. FIXED RATE RESET CALLABLE SENIOR
NOTES DUE 24 APRIL 2026 (ISIN: XS1813150247)**

THAT this Meeting of the holders (together, the "**Noteholders**") of the presently outstanding £350,000,000 3.375 per cent. Fixed Rate Reset Callable Senior Notes due 24 April 2026 (the "**Notes**") of Virgin Money Holdings (UK) plc (the "**Issuer**"), issued with the benefit of a trust deed dated 28 March 2018 (the "**Trust Deed**") and made between the Issuer and (among others) Citicorp Trustee Company Limited as trustee:

1. (subject to paragraphs 5 and 6 of this Extraordinary Resolution) acknowledges, authorises and accepts: (i) the substitution of CYBG PLC in place of the Issuer in its capacity as issuer of the Notes (the "**Substitution**") and effective upon such Substitution, agrees to release and waive all rights, claims or entitlements against the Issuer, in its respective capacity as issuer of the Notes, under the Notes and the Trust Deed; (ii) assents to: (A) the amendment of the Conditions of the Notes with the New Conditions; and (B) the amendment of the Final Terms with the Amended and Restated Final Terms, each as laid out in Annex II (*New Conditions and Amended and Restated Final Terms for the MREL Notes*) to the Notice of Meetings (as shown in "blackline" form); and (iii) acknowledges and accepts all other consequential amendments made to the Conditions and the Trust Deed in relation to the Substitution;
2. (subject to paragraphs 5 and 6 of this Extraordinary Resolution) authorises, directs, requests and empowers the Issuer, the New Issuer and the Trustee to execute a supplemental trust deed and a supplemental agency agreement to effect the modifications referred to in paragraph 1 of this Extraordinary Resolution;
3. (subject to paragraphs 5 and 6 of this Extraordinary Resolution) authorises, directs, requests and empowers the Issuer, the New Issuer and the Trustee to execute, deliver (if applicable) and to do all such other deeds, instruments, acts and things as may be necessary, desirable or expedient in their sole opinion to carry out and to give effect to this Extraordinary Resolution and the implementation of the modifications and arrangements referred to in this Extraordinary Resolution, including but not limited to making any consequential amendments necessary or desirable to any document in respect of the Notes or

terminate any such document, agreement or arrangement to provide for such modifications and arrangements;

4. (subject to paragraphs 5 and 6 of this Extraordinary Resolution) sanctions every abrogation, modification, amendment, compromise or arrangement in respect of the rights of the Noteholders appertaining to the Notes against the Issuer, whether or not such rights arise under the Conditions, the Trust Deed, the Agency Agreement or the global certificate relating to the Notes or otherwise, in each case involved in, resulting from or to be effected by the amendments set out in paragraph 1 of this Extraordinary Resolution;
5. discharges and exonerates the Trustee from any and all liability for which it may have become or may become liable under the Trust Deed or otherwise in respect of any act or omission including, without limitation, in connection with this Extraordinary Resolution or its implementation, the Substitution and modifications referred to in this Extraordinary Resolution and any act or omission taken in connection with this Extraordinary Resolution or the implementation of the Substitution and modifications referred to herein;
6. agrees and undertakes fully and effectively to indemnify and hold harmless the Trustee from and against all liability which may be suffered or incurred by the Trustee as a result of any claims, actions, demands or proceedings brought or established (including legal fees) which the Trustee may suffer or incur which in any case arise as a result of the Trustee acting in accordance with this Extraordinary Resolution and the Trust Deed;
7. waives irrevocably any claim Noteholders may have against the Trustee as a result of any liability they may suffer or incur as a result of acting upon this Extraordinary Resolution (including but not limited to circumstances where it is subsequently found that this Extraordinary Resolution is not valid or binding);
8. confirms that the Noteholders have formed their own view in relation to the actions contemplated under supplemental trust deed and the supplemental agency agreement without any reliance on the Trustee;
9. acknowledges that, if the Consent Solicitation is terminated by the Issuer prior to the date of this Meeting in accordance with the terms of the Consent Solicitation Memorandum, even in the event that this Extraordinary Resolution is passed at this Meeting, the amendments set out in paragraph 1 of this Extraordinary Resolution shall not be effective, as such amendments are conditional on the Consent Solicitation not having been terminated;
10. declares that the implementation of this Extraordinary Resolution shall be conditional on:
 - (a) the passing of this Extraordinary Resolution; and
 - (b) the quorum required for, and the requisite majority of votes cast at, the Meeting being satisfied by Eligible Noteholders, irrespective of any participation at the Meeting by Ineligible Noteholders and further resolves that, in the event the Extraordinary Resolution is passed at the Meeting but this condition is not satisfied, the Chairman of the Meeting is hereby authorised, directed, requested and empowered to adjourn this Meeting on the same basis (including quorum) as for an adjournment of the Meeting where the necessary quorum is not obtained, for the purpose of reconsidering resolutions 1 to 11 of this Extraordinary Resolution (with the exception of resolution 10(b) of this Extraordinary Resolution) at the adjourned Meeting, and in place of the foregoing provisions of resolution 10(b) the relevant condition will be satisfied if the quorum required for, and the requisite majority of votes cast at, the adjourned Meeting are satisfied by Eligible Noteholders irrespective of any participation at the adjourned Meeting by Ineligible Noteholders; and
11. acknowledges that the following terms, as used in this Extraordinary Resolution, shall have the meanings given below:

"**Conditions**" means the terms and conditions of the Notes, as completed by the final terms prepared in relation to the Notes;

"**Consent Solicitation**" means the invitation by the Issuer to all Noteholders to consent to this Extraordinary Resolution;

"**Consent Solicitation Memorandum**" means the consent solicitation memorandum dated 24 July 2019 prepared by the Issuer in relation to, among other things, the Consent Solicitation;

"**Eligible Noteholder**" means each Noteholder who is: (i) located and resident outside the United States and is not a U.S. person (as defined in Regulation S under the Securities Act) or a dealer or other professional fiduciary in the United States acting only on a discretionary basis for the benefit or account of non-U.S. persons located outside the United States; (ii) not a retail client as defined in Directive 2014/65/EU (as amended); and (iii) otherwise a person to whom the Consent Solicitation can be lawfully made and that may lawfully participate in the Consent Solicitation;

"**Ineligible Noteholder**" means a Noteholder who is not an Eligible Noteholder; and

"**New Conditions**" means the Conditions as so modified to include certain amendments in relation to the Substitution, among other things, as laid out in Annex II (*New Conditions and Amended and Restated Final Terms for the MREL Notes*) to the Notice of Meetings (as shown in "blackline" form).

BACKGROUND AND PROPOSALS

Background

Acquisition by CYBG of the Issuer

On 15 October 2018, CYBG acquired the entire issued share capital of the Issuer pursuant to the Acquisition. As at the date of this Consent Solicitation Memorandum, CYBG is the ultimate holding company of the Issuer and the Group. A simplified diagram of the current structure of the Group is set out in the Consent Solicitation Memorandum.

In connection with the Acquisition, holders of the AT1 Notes were notified on 15 October 2018 that following the purchase by CYBG of the ordinary shares of the Issuer: (i) a "Qualifying Relevant Event" had occurred; (ii) the "Acquiror" was specified as being CYBG; and (iii) the "New Conversion Price" was set at £2.46 (as each such term is defined in the terms and conditions of the AT1 Notes (the "**AT1 Conditions**"). Consequently, on the occurrence of a Trigger Event (as defined in the AT1 Conditions) the AT1 Notes are convertible into, or exchangeable for, the ordinary shares of CYBG.

Part VII Transfer

The CYBG Group intends to seek court approval for the legal transfer of the business of Virgin Money plc to Clydesdale Bank PLC pursuant to Part VII of FSMA (the "**Part VII Transfer**"). The court hearing to approve the Part VII Transfer is expected to be held on 26 September 2019. Providing that the court approves the Part VII Transfer, it is expected that the Part VII Transfer scheme effective date (the "**Scheme Effective Date**") will be 21 October 2019. Following the Part VII Transfer, the Virgin Money plc business and the Clydesdale Bank PLC business will be combined in a single banking entity. The target simplified group structure post Part VII is set out in the Consent Solicitation Memorandum.

The Part VII Transfer forms part of the wider integration plan that CYBG has developed to integrate Virgin Money plc into the CYBG Group. A phased migration of systems and customers and re-branding approach will be adopted. This will be separated into several distinct phases aligned to transaction events that seeks to minimise the complexity to deliver and any impact on customers. This will be achieved in particular by leveraging product maturities and limiting the use of large-scale automated transfers, thereby avoiding any large migration events within the process.

It should be noted, however, that there can be no assurance that the proposed Part VII Transfer will be implemented in its current proposed form, or at all. See the risk factor titled "*There are risks relating to the proposed Part VII Transfer (as defined below) of all or substantially all of the business, operations, assets, liabilities and obligations of Virgin Money plc*" in the "*Risks Relating to the Group*" section of the CYBG Base Prospectus incorporated by reference into the Consent Solicitation Memorandum.

On 19 June 2019, CYBG announced its intention to change its name from CYBG PLC to Virgin Money UK PLC by the end of 2019 and it is expected that the brand for the CYBG Group will transition to "Virgin Money" using a phased approach until the end of 2021. All of Virgin Money plc's products and customers will be migrated in phases over time to CYBG's IT platform, with the exception of credit cards where Clydesdale Bank card customers will be migrated to Virgin Money plc's platform.

Implications for Notes post-Part VII Transfer

It is expected that the Part VII Transfer will be completed for a nominal consideration. Following the Part VII Transfer, Virgin Money plc will no longer have material assets or liabilities and the Issuer's investment in Virgin Money plc will be materially written-down. This is expected to result in the Issuer having negative retained earnings and available distributable items (solely as determined by reference to the Issuer's individual financial statements prepared in accordance with the Companies Act 2006). The Issuer will also have limited cash resources.

Rationale for the Substitutions

In order to protect investor interests, the Issuer is proposing to transfer its obligations as principal debtor under the Notes to CYBG. In contrast to the expected position for the Issuer, CYBG is expected to maintain adequate reserves to facilitate interest payments on the Notes, should the board of directors of CYBG choose to exercise its discretion to make such payments in the case of the AT1 Notes. For information on CYBG's distributable reserves, see "*Risk management – Financial risk*" on page 33 of the Issuer's 2019 Interim Financial Report which is incorporated by reference into the Consent Solicitation Memorandum.

The transfer of the Issuer's obligations in respect of the Notes to CYBG will consolidate all of the Group's capital and holding company senior debt issuance into one entity (CYBG) and thereby facilitate the Bank of England's preferred "single point of entry" resolution strategy.

Proposals

The purpose of each Consent Solicitation is to invite Eligible Noteholders to consider and, if thought fit, approve certain modifications to the Conditions and the related documents of each Series and in particular, to provide that the Noteholders:

- (i) acknowledge, authorise and accept the substitution of CYBG in place of the Issuer in its capacity as issuer and principal debtor under the Notes and agree to release and waive all rights, claims or entitlements against the Issuer in its capacity as former issuer and principal debtor under the relevant Notes (the "**Substitutions**" and each a "**Substitution**");
- (ii) direct the Trustee to enter into the Supplemental Trust Deed and the Supplemental Agency Agreement (in respect of the MREL Notes) and the Amended and Restated Agency Agreement and the Amended and Restated Trust Deed (in respect of the AT1 Notes);
- (iii) acknowledge and accept the relevant New Conditions (and in respect of the AT1 Notes only, with the aim that AT1 Notes will qualify as "hybrid capital instruments" under the Finance Act 2019) from the Implementation Date; and
- (iv) acknowledge and accept other consequential amendments to the relevant Conditions, Trust Deed and Agency Agreement in relation to the Substitutions,

(together, the "**Proposals**").

For the avoidance of doubt, there is no inter-conditionality between the Extraordinary Resolutions in respect of either Series or the implementation of the Part VII Transfer.

Drafts of the New Conditions showing the changes to be made (in "blackline" form) with respect to each Series are annexed to this Notice.

Results of Consultation with the IA Special Committee

The Proposals have been considered by a special committee (the "**Special Committee**") of The Investment Association at the request of the Issuer. The members of the Special Committee, who hold in aggregate approximately: (i) 18.58 per cent. of the current principal amount outstanding of the AT1 Notes; and (ii) 41.95 per cent. of the current principal amount outstanding of the MREL Notes, have examined the Proposals. They have informed the Issuer: (i) that they find the Proposals acceptable; and (ii) that, subject to client and other approvals, they intend to vote in favour of the Proposals in respect of their holdings of the relevant Notes.

The Special Committee has advised the Issuer that this recommendation relates only to the proposals set out in the Consent Solicitation Memorandum with respect to the Notes and not to any future offers or proposals which the Issuer may make.

Documents Incorporated by Reference

This Notice should be read and construed in conjunction with the following documents, each of which is expressly incorporated by reference herein and available (or, in the case of the third quarter trading update of CYBG, will be available) on CYBG PLC's ("**CYBG**" or the "**New Issuer**") website (www.cybg.com). Other than as set forth below, information on such website does not form part of this document and is not incorporated by reference herein. References to this Notice shall mean this document together with each document listed below:

- the following parts of CYBG's interim financial report for the six months ended 31 March 2019 (the "**2019 Interim Financial Report**"):
 - "*Risk management – Financial risk*", set out on pages 28 to 36 (inclusive) but excluding the column entitled "*Pro forma - 30 Sep 2019*" found in the "*Capital position and CET1 (unaudited)*" table on page 32;
 - the unaudited consolidated financial statements and the independent auditor's review report of CYBG dated 15 May 2019, confirming CYBG's trading results in respect of the six months ended 31 March 2019, set out on pages 42 to 79 (inclusive); and
 - "*Glossary*", set out on pages 81 to 82 (inclusive);
- the audited consolidated financial statements and the independent auditor's audit report of CYBG in respect of the year ended 30 September 2018 and glossary set out on pages 172 to 254 (inclusive) of CYBG's 2018 Annual Report and Accounts (the "**2018 Audited Financial Statements**");
- the "*Risks Relating to the Group*" and "*Regulatory Risks*" sections of the base prospectus dated 1 July 2019 prepared by CYBG in relation to its £10,000,000,000 Global Medium Term Note Programme (the "**CYBG Base Prospectus**");
- upon its release (which is expected to be on 30 July 2019), the third quarter trading update of CYBG; and
- the audited financial statements and the independent auditor's audit report of the Issuer in respect of the year ended 31 December 2018.

In addition, the following documents (as applicable) are available for inspection and/or collection: (a) at any time during normal business hours on any weekday (Saturdays, Sundays and bank and other public holidays excepted) prior to and during the relevant Meetings, at the office of the Issuer at Jubilee House, Gosforth, Newcastle upon Tyne NE3 4PL, United Kingdom and at the office of the Tabulation Agent at Tankerton Works, 12 Argyle Walk, London WC1H 8HA, United Kingdom; and (b) at the relevant Meetings and at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ for 15 minutes before the relevant Meeting:

- the Consent Solicitation Memorandum (available only to Eligible Noteholders);
- this Notice;
- each Trust Deed;
- each Agency Agreement;
- the current draft of the Amended and Restated Trust Deed;
- the current draft of the Amended and Restated Agency Agreement;
- the current draft of the Supplemental Trust Deed (attaching the New Conditions and the Amended and Restated Final Terms); and
- the current draft of the Supplemental Agency Agreement.

Any revised version of the draft Supplemental Trust Deed, the draft Supplemental Agency Agreement, the draft Amended and Restated Trust Deed and the draft Amended and Restated Agency Agreement will be made available as described above and marked to indicate changes to the draft made available on the date of this Notice and will supersede the previous drafts of the relevant documents and Noteholders will be deemed to have notice of any such changes.

Such information shall be incorporated in, and form part of, this Notice, save that any statement contained in the information which is incorporated by reference herein shall be modified or superseded for the purpose of this Notice to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Notice.

Those parts of the documents specified above which are not specifically incorporated by reference in this Notice should not form part of this Notice and are either not relevant for investors in relation to the Consent Solicitations or the relevant information is included elsewhere in this Notice.

CONSENT SOLICITATIONS - ELIGIBLE NOTEHOLDERS

The Consent Solicitations are only being made, and the Consent Solicitation Memorandum and any other documents or materials relating to the Consent Solicitations are only for distribution or to be made available to Eligible Noteholders.

Eligible Noteholders may obtain, from the date of this Notice, a copy of the Consent Solicitation Memorandum from the Tabulation Agent, the contact details for which are set out below. In order to receive a copy of the Consent Solicitation Memorandum, a Noteholder will be required to provide confirmation as to his or her status as an Eligible Noteholder.

Pursuant to each Consent Solicitation, each Noteholder from whom a valid Electronic Voting Instruction (as defined in the Consent Solicitation Memorandum) is received by the Tabulation Agent by the deadline specified in the Consent Solicitation Memorandum will, subject to the conditions set out in the Consent Solicitation Memorandum, be eligible to receive payment of an amount equal to: (i) in the case of the AT1 Notes, 5.00 per cent. of the principal amount of the AT1 Notes; and (ii) in the case of the MREL Notes, 5.00 per cent. of the principal amount of the MREL Notes, in each case that are the subject of the relevant Electronic Voting Instruction (the "**Early Participation Fee**"), all as more fully described in the Consent Solicitation Memorandum.

INELIGIBLE NOTEHOLDER PAYMENT

Ineligible Noteholder Payment

Any Noteholder who is not eligible to participate in the Consent Solicitations, on the basis that such Noteholder is either: (i) located and resident outside the United States and is a U.S. person (as defined in Regulation S under the Securities Act) or a dealer or other professional fiduciary in the United States acting only on a discretionary basis for the benefit or account of non-U.S. persons located outside the United States; (ii) a retail client as defined in Directive 2014/65/EU (as amended); (iii) otherwise a person to whom the Consent Solicitations cannot lawfully be made and that may not lawfully participate in the Consent Solicitations (each an "Ineligible Noteholder") may be eligible, to the extent permitted by applicable laws and regulations, to receive an amount equivalent to the applicable Early Participation Fee (which is an amount equal to: (i) in the case of the AT1 Notes, 5.00 per cent. of the principal amount of the AT1 Notes; and (ii) in the case of the MREL Notes, 5.00 per cent. of the principal amount of the MREL Notes, in each case that are the subject of the relevant Ineligible Noteholder Instruction (as defined below)) (the "Ineligible Noteholder Payment").

To be eligible for the Ineligible Noteholder Payment, an Ineligible Noteholder must deliver, or arrange to have delivered on its behalf, a valid Ineligible Noteholder Instruction that is received by the Tabulation Agent by 4:00 p.m. (London time) on 7 August 2019 (the "**Ineligible Instruction Deadline**") and is not subsequently revoked.

Only an Ineligible Noteholder may submit Ineligible Noteholder Instructions and be eligible to receive the Ineligible Noteholder Payment. By delivering, or arranging for the delivery on its behalf, of an Ineligible Noteholder Instruction in accordance with the procedures described below, a Noteholder shall be deemed to agree, acknowledge and represent to the Issuer, New Issuer, the Trustee, the Registrar, the Principal Paying Agent, the Tabulation Agent and the Solicitation Agents that it is an Ineligible Noteholder. Eligibility for the Ineligible

Noteholder Payment is subject in each case to the Extraordinary Resolutions being passed at the relevant Meeting (or any adjourned such Meeting) and implemented.

Where payable, Ineligible Noteholder Payments are expected to be paid by the Issuer to the relevant Ineligible Noteholder as soon as reasonably practicable following the passing of the relevant Extraordinary Resolution at the relevant Meeting or (if applicable) adjourned relevant Meeting and no later than the Implementation Date.

By submitting an Ineligible Noteholder Instruction by the Ineligible Instruction Deadline, an Ineligible Noteholder may either confirm only its status as an Ineligible Noteholder and waive its right to attend and vote (or be represented at) the relevant Meeting (which is all that is required for that Ineligible Noteholder to be eligible for the Ineligible Noteholder Payment) or appoint the Tabulation Agent as their proxy to attend the relevant Meeting (and any adjourned such Meeting) and will be deemed to represent that: (a) it is an Ineligible Noteholder, (b) it is not a person that is, or is directly or indirectly owned or controlled by a person that is, described or designated in (i) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: http://eeas.europa.eu/cfsp/sanctions/consol-list/index_en.htm); or that is otherwise the subject of any sanctions administered or enforced by the United States government, the United Nations; the European Union (or any of its member states including, without limitation, the United Kingdom); any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; or the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the US Department of the Treasury, the United States Department of State, the United States Department of Commerce and Her Majesty's Treasury, other than solely by virtue of their inclusion in: (I) the most current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the "**SSI List**"), (II) Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the "**EU Annexes**"), or (III) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes; (b) none of the Issuer, New Issuer, the Trustee, the Registrar, the Principal Paying Agent, the Solicitation Agents and the Tabulation Agent have given it any information with respect to the relevant Extraordinary Resolution save as expressly set out in this Notice nor has any of them expressed any opinion about the term of any Extraordinary Resolution or made any recommendation to it as to whether it should participate at the relevant Meeting or whether to vote in favour of or against (or how to vote in respect of) the relevant Extraordinary Resolution and it has made its own decision based on financial, tax or legal advice it has deemed necessary to seek and is assuming all the risks inherent in voting on the relevant Extraordinary Resolution; and (c) no information has been provided to it by the Issuer, the New Issuer, the Trustee, the Registrar, the Principal Paying Agent, the Solicitation Agents or the Tabulation Agent, or any of their respective directors or employees, with regard to the tax consequences for Noteholders arising from the implementation of any Extraordinary Resolution or the receipt by it of the Ineligible Noteholder Payment (if applicable), and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its receipt of any Ineligible Noteholder Payment, and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Issuer, the New Issuer, the Trustee, the Registrar, the Principal Paying Agent, the Solicitation Agents or the Tabulation Agent, or any of their respective directors or employees, or any other person in respect of such taxes and payments.

Submission of Ineligible Noteholder Instructions

The submission of Ineligible Noteholder Instructions will be deemed to have occurred upon receipt by the Tabulation Agent from Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), as applicable, of a valid instruction (an "**Ineligible Noteholder Instruction**") submitted in accordance with the requirements of Euroclear or Clearstream, Luxembourg, as applicable. Each such Ineligible Noteholder Instruction must specify, among other things, the aggregate principal amount of the Notes to which such Ineligible Noteholder Instruction relates, and that the Ineligible Noteholder wishes to abstain from voting, or instruct the Tabulation Agent to attend the relevant Meeting (and any adjourned such relevant Meeting) and to vote in favour of the relevant Extraordinary Resolution. The receipt of such Ineligible Noteholder Instruction by Euroclear or Clearstream, Luxembourg, as applicable, will be acknowledged in accordance with the standard practices of Euroclear or Clearstream, Luxembourg, as applicable, and will result in the blocking of the relevant Notes in the relevant Ineligible Noteholder's account with Euroclear or Clearstream, Luxembourg, as applicable, so that no transfers may be effected in relation to such Notes until the earlier of (i) the date on which the relevant Ineligible Noteholder Instruction is validly revoked (including their automatic revocation on the termination of

the related Consent Solicitation) and (ii) the conclusion of the relevant Meeting (or, if applicable, any adjourned such Meeting).

Only Direct Participants (as defined under "Voting and Quorum" below) may submit Ineligible Noteholder Instructions. Each beneficial owner of Notes who is an Ineligible Noteholder and is not a Direct Participant, must arrange for the Direct Participant through which such beneficial owner of Notes who is an Ineligible Noteholder holds its Notes to submit an Ineligible Noteholder Instruction on its behalf to Euroclear or Clearstream, Luxembourg, as applicable, before the deadlines specified by the relevant clearing system.

Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold their Notes when such intermediary would need to receive instructions from a Noteholder in order for such Noteholder to submit an Ineligible Noteholder Instruction by the deadline specified above. The deadlines set by any such intermediary and each clearing system for the submission and revocation of Ineligible Noteholder Instructions will be earlier than the deadline specified above.

SELLING RESTRICTIONS

If an Extraordinary Resolution is passed and implemented in respect of the Notes, until the expiry of the period of 40 days after the date of the Supplemental Trust Deed and the Amended and Restated Trust Deed, sales of the Notes may not be made in the United States or to U.S. persons unless made outside the United States pursuant to Rule 903 and 904 of Regulation S.

GENERAL

Copies of the Trust Deeds (as amended, restated and/or supplemented as at the issue date of each Series of Notes) are available for inspection by Noteholders: (i) on and from the date of this Notice up to and including the date of the Meetings, at the specified offices of the Tabulation Agent during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) up to and including the date of the Meetings; and (ii) at the Meetings, and at the offices of Clifford Chance LLP at 10 Upper Bank Street, London, E14 5JJ for 15 minutes before the Meetings.

The attention of Noteholders is particularly drawn to the procedures for voting, quorum and other requirements for the passing of the Extraordinary Resolutions at the Meetings or any meeting held following any adjournment of any Meeting, which are set out in "Voting and Quorum" below. Having regard to such requirements, Noteholders are strongly urged either to attend the relevant Meeting or to take steps to be represented at the relevant Meeting (including by way of submitting Electronic Voting Instructions) as soon as possible.

VOTING AND QUORUM

Noteholders who have submitted and not revoked (in the limited circumstances in which revocation is permitted) a valid Electronic Voting Instruction in respect of the relevant Extraordinary Resolution by 10.00 a.m. (London Time) on 13 August 2019 (the "Expiration Deadline"), by which they will have given instructions for the appointment of the Tabulation Agent by the Registrar as their proxy under a block voting instruction to vote in favour of or against (as specified in the relevant Electronic Voting Instruction) the relevant Extraordinary Resolution at the relevant Meeting (or any adjourned such Meeting) need take no further action to be represented at the relevant Meeting (or any such adjourned such Meeting). Noteholders are advised to read the Consent Solicitation Memorandum for details of the process when submitting Electronic Voting Instructions.

Noteholders who have not submitted or have submitted and subsequently revoked (in the limited circumstances in which such revocation is permitted) an Electronic Voting Instruction in respect of the relevant Extraordinary Resolution (and therefore do not qualify for an Early Participation Fee) should take note of the provisions set out below detailing how such Noteholders can attend or take steps to be represented at the relevant Meeting (references to which, for the purpose of such provisions, include, unless the context otherwise requires, any adjourned such Meeting).

1. Subject as set out below, the provisions governing the convening and holding of each Meeting are set out: (i) in the case of the AT1 Notes, in schedule 3 to the AT1 Notes Trust Deed; and (ii) in the case of the MREL Notes, in schedule 4 to the MREL Notes Trust Deed; and in each case copies of which are available from the date of this Notice to the conclusion of the Meetings (or any adjourned Meetings) as referred to above. For the purposes of the Meetings, a "Noteholder" means a Direct Participant.

2. The AT1 Notes are represented by a global certificate registered in the name of a nominee of a common depositary for Euroclear and/or Clearstream, Luxembourg and the MREL Notes are represented by a global certificate registered in the name of a nominee for a common safekeeper for Euroclear and/or Clearstream, Luxembourg. For the purposes of this Notice, a "**Direct Participant**" means each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of the relevant Notes.

A Direct Participant or beneficial owner of Notes wishing to attend the relevant Meeting in person must produce at the relevant Meeting a valid voting certificate issued by the Registrar relating to the Notes in respect of which it wishes to vote.

A Direct Participant or beneficial owner of the Notes not wishing to attend and vote at the relevant Meeting in person may either deliver its valid voting certificate(s) to the person whom it wishes to attend on its behalf or the Direct Participant may (or the beneficial owner of the Notes may arrange for the relevant Direct Participant on its behalf to) give a voting instruction (by giving voting and blocking instructions to Euroclear or Clearstream, Luxembourg (a "**Euroclear/Clearstream Instruction**") in accordance with the procedures of Euroclear or Clearstream, Luxembourg, as applicable) requiring the Registrar to include the votes attributable to its Notes in a block voting instruction issued by the Registrar for the relevant Meeting or any adjourned such Meeting, in which case the Registrar shall appoint the Tabulation Agent as proxy to attend and vote at such Meeting in accordance with such Direct Participant or beneficial owner's instructions.

A Direct Participant must request the relevant clearing system to block the relevant Notes in its account not later than 48 hours before the time appointed for holding the relevant Meeting in order to obtain voting certificates or give voting instructions in respect of such Meeting. In the case of Euroclear/Clearstream Instructions, such blocking instructions are part of the electronic instructions that must be given. Notes so blocked will not be released until the earlier of:

- (a) the conclusion of the relevant Meeting (or, if applicable, any adjourned such Meeting); and
- (b)
 - (i) in respect of voting certificate(s), the surrender to the relevant Registrar of such voting certificate(s) and notification by the relevant Registrar to the relevant clearing system of such surrender or the compliance in such any other manner with the rules of the relevant clearing system relating to such surrender; or
 - (ii) in respect of block voting instructions, not less than 48 hours before the time for which the relevant Meeting (or, if applicable, any adjourned such Meeting) is convened, the notification in writing of any revocation of a Direct Participant's previous instructions to the Registrar, in each case at least 24 hours before the time appointed for holding the relevant Meeting and such Notes ceasing in accordance with the procedures of the relevant clearing system and with the agreement of the relevant Registrar to be held to its order or under its control.

Noteholders should note that voting instructions (unless validly revoked) given and voting certificates obtained or block voting instructions issued in respect of a Meeting shall remain valid for any adjourned such Meeting.

3. Quorum for Meetings

AT1 Notes

In respect of the Meeting convened for the AT1 Notes, the quorum required to pass the Extraordinary Resolution is one or more persons present holding Notes or voting certificates or being proxies or representatives and holding or representing not less than 66 2/3 per cent. of the aggregate principal amount of the outstanding AT1 Notes (such quorum being a "special quorum resolution" as defined in the AT1 Notes Trust Deed).

MREL Notes

In respect of the Meeting convened for the MREL Notes, the quorum required to pass the Extraordinary Resolution is one or more persons present holding Notes or voting certificates or being proxies or representatives and holding or representing more than half of the aggregate principal amount of the outstanding MREL Notes.

4. If a quorum is not present within 15 minutes after the time appointed for the relevant Meeting, such Meeting will be adjourned for: (i) not less than 13 days and not more than 42 days (in the case of the AT1 Notes); and (ii) not less than 14 days and not more than 42 days (in the case of the MREL Notes), and in each case at a place appointed by the Chairman and the relevant Extraordinary Resolution will be considered at such adjourned Meeting (notice of which will be given to the Noteholders in accordance with the relevant Conditions and the relevant Trust Deed). At an adjourned Meeting, one or more persons present and holding or representing: (i) not less than 33 1/3 per cent. of the aggregate principal amount outstanding of the Notes (in the case of the AT1 Notes only); and (ii) the fraction of the aggregate principal amount of the outstanding Notes represented or held by the voters actually present at the adjourned Meeting (in the case of the MREL Notes only), will form a quorum. The holding of any adjourned Meeting will be subject to the Issuer giving at least 10 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) in accordance with the relevant Conditions and the relevant Trust Deed that such adjourned Meeting is to be held.
5. The implementation of the relevant Extraordinary Resolution is conditional on the quorum required for, and the requisite majority of votes cast at, the relevant Meeting being satisfied by Eligible Noteholders, irrespective of any participation at the Meeting by Ineligible Noteholders.
6. Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is (before or at the time that the result is declared) demanded by the Chairman, the Trustee, the Issuer or any Noteholder present or proxy or representative representing one fiftieth/2 per cent. of the principal amount of the relevant Notes the for the time being outstanding, a declaration by the Chairman that a resolution has been passed or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the relevant Extraordinary Resolution.

At each Meeting: (i) on a show of hands every person who is present in person and produces a voting certificate or is a proxy or representative shall have one vote; and (ii) on a poll every person who is so present shall have one vote in respect of each £1 (as applicable) in principal amount of the outstanding Notes of the relevant Series so represented by the voting certificate or in respect of which that person is a proxy or representative.
7. To be passed at the relevant Meeting, an Extraordinary Resolution requires a majority in favour consisting of not less than 75 per cent. of the votes cast. If passed, an Extraordinary Resolution will be binding on all Noteholders of the relevant Series, whether or not present at the relevant Meeting and whether or not voting.
8. The Issuer shall give notice of the passing of the Extraordinary Resolutions to Noteholders within 14 days but failure to do shall not invalidate the Extraordinary Resolutions.

This Notice is given by Virgin Money Holdings (UK) plc. Noteholders should contact the following for further information:

The Solicitation Agents

Barclays Bank PLC

1 Churchill Place
Canary Wharf
London E14 5HP
United Kingdom

Telephone: +44 (0) 20 3134 8515
Attention: Liability Management Group
Email: eu.lm@barclays.com

Deutsche Bank AG, London Branch

Winchester House

1 Great Winchester Street
London EC2N 2DB
United Kingdom

Telephone: +44 (0) 207 545 8011
Attention: Liability Management Team

The Solicitation Agents are not acting through a U.S. broker-dealer affiliate and, accordingly, will not discuss the Consent Solicitations or the contents of this Notice with any Noteholder who is unable to confirm it is not located or resident in the United States.

Tabulation Agent

Lucid Issuer Services Limited

Tankerton Works
12 Argyle Walk
London WC1H 8HA
United Kingdom

Telephone: +44 20 7704 0880
Attention: David Shilson
Email: virginmoney@lucid-is.com

Dated: 24 July 2019

ANNEX I
NEW CONDITIONS FOR THE AT1 NOTES

[see next page]

TERMS AND CONDITIONS OF THE SECURITIES

The £230,000,000 Fixed Rate Resetable Additional Tier 1 Securities (the "Securities," which expression shall in these Conditions, unless the context otherwise requires, include any further Securities issued pursuant to Condition 17 which are consolidated and form a single series with the Securities) of ~~Virgin Money Holdings (UK) plc~~ CYBG PLC (the "Issuer") are constituted by a trust deed dated 10 November 2016 (as amended and/or restated and/or supplemented from time to time, the "Trust Deed") made between the Issuer and Citicorp Trustee Company Limited (the "Trustee," which expression shall include all persons from time to time being trustee or trustees appointed under the Trust Deed) as trustee for the Securityholders.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the agency agreement dated 10 November 2016 (as amended and/or restated and/or supplemented from time to time, the "Agency Agreement") made between the Issuer, the Registrar and other Agents and the Trustee are available for inspection during normal business hours by the Securityholders at the registered office for the time being of the Trustee, being at the date of issue of the Securities at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. The Securityholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

1.1 Form and denomination

The Securities are in registered form and are available and transferable in minimum principal amounts of £200,000 and integral multiples of £1,000 in excess thereof. ~~A security certificate~~ ("Certificate") will be issued to each Securityholder in respect of its registered holding of Securities. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Securityholders which the Issuer will procure to be kept by the Registrar.

1.2 Title

Title to the Securities passes only by registration in the register of Securityholders (the "Register"). The holder of any Security will (except as otherwise required by law) be treated as its absolute owner for all purposes (regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions **Securityholder** and (in relation to a Security) **holder** means the person in whose name a Security is registered in the Register (or, in the case of a joint holding, the first named thereof).

2. TRANSFERS OF SECURITIES AND ISSUE OF CERTIFICATES

2.1 Transfers

Subject as provided in Condition 2.4, a Security may be transferred by depositing the Certificate issued in respect of that Security, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar together with such evidence as the Registrar may reasonably require to prove title to the Securities that are the subject of the transfer and the authority of the individuals who have executed the form of transfer. ~~Legal title to the Securities will pass upon registration of such transfer in the Register.~~

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Securities will, within five business days of receipt by the Registrar of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Security to the address specified in the form of transfer. For the purposes of this Condition, **business day** shall mean a day on which banks are open for business in London.

Where some but not all of the Securities in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the principal amount of Securities not so transferred will, within 10

business days of receipt by the Registrar of the original Certificate, be mailed by uninsured mail at the risk of the holder of the

Securities not so transferred to the address of such holder appearing on the Register (or, in the case of a joint holding, the first named thereof).

2.3 Formalities free of charge

Registration of transfer of Securities will be effected without charge by or on behalf of the Issuer or the Registrar but upon payment (or the giving of such indemnity as the Issuer or the Registrar may reasonably require) in respect of any tax or other governmental charges which may be imposed on the Issuer or the Registrar (as the case may be) in relation to such transfer.

2.4 Closed periods

No Securityholder may require the transfer of a Security to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that Security.

2.5 Regulations

All transfers of Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. -A copy of the current regulations will be mailed (free of charge) by the Registrar to any Securityholder who requests one.

3. STATUS AND SUBORDINATION

3.1 Status of the Securities

The Securities constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu*, without any preference among themselves.

On ~~31 July 2014~~ 18 February 2016, the Issuer issued ~~£160,450,000~~ £450,000,000 8 per cent. Fixed Rate ~~Resettable Additional Tier 1 Securities~~ Reset Perpetual Subordinated Contingent Convertible Notes (the ~~2014 AT1 Securities~~ "2016 Notes") and on 13 March 2019, the Issuer issued £250,000,000 9.25 per cent. Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes (the "2019 Notes"). For as long as ~~any 2014 AT1 Securities~~ they are outstanding, ~~such securities~~ the 2016 Notes and the 2019 Notes shall rank *pari passu* with the Securities.

3.2 Solvency Condition

Subject to Condition 4, payments in respect of or arising from (including any damages awarded for breach of any obligation under) the Securities are, in addition to the right or obligation of the Issuer to cancel payments under Condition 5.1, Condition 5.9 and Condition 8.1(a), conditional upon the Issuer being solvent at the time of payment by the Issuer and no payments shall be due and payable in respect of or arising from the Securities except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the **Solvency Condition**).

In these Conditions, the Issuer shall be considered to be solvent at a particular time if (x) the Issuer is able to pay its debts to its Senior Creditors as they fall due and (y) the Issuer's Assets exceed its Liabilities. A report as to the solvency of the Issuer by two Authorised Signatories shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee and the Securityholders as correct and sufficient evidence thereof.

3.3 No set-off

Subject to applicable law, no Securityholder may exercise or claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Securities and each Securityholder will, by virtue of their holding of any Security, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Securityholder by the Issuer in respect of, or arising under or in connection with the Securities is discharged by set-off, such Securityholder shall,

subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-Up, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

4. WINDING-UP

4.1 Winding-Up prior to a Trigger Event

In the event of a Winding-Up prior to the occurrence of a Trigger Event, there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer, but subject as provided in this Condition ~~4~~,4.1), such amount, if any, as would have been payable to the Securityholder if, on the day prior to the commencement of the Winding-Up and thereafter, such Securityholder were the holder of one of a class of preference shares in the capital of the Issuer (**Notional Preference Shares**) ranking *pari passu* as to a return of assets on a Winding-Up with the holders of Parity Tier 1 Instruments and the holders of that class or classes of preference shares (if any) from time to time issued or which may be issued by the Issuer which have a preferential right to a return of assets in the Winding-Up over, and so rank ahead of, the holders of all other classes of issued shares for the time being in the capital of the Issuer (including, for the avoidance of doubt, any ordinary share capital of the Issuer), but ranking junior to the claims of Senior Creditors, on the assumption that the amount that such Securityholder was entitled to receive in respect of each Notional Preference Share on a return of assets in such Winding-Up was an amount equal to the principal amount of the relevant Security and any accrued but unpaid interest thereon and any damages awarded for breach of any obligations.

4.2 Winding-Up on or after the occurrence of a Trigger Event

In the event of a Winding-Up concurrently with or after the occurrence of a Trigger Event, and where Conversion has not yet been effected, there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer, but subject as provided in this Condition 4.2), such amount, if any, as would have been payable to the Securityholder if, on the day prior to the commencement of the Winding-Up and thereafter, such Securityholder were the holder of such number of Ordinary Shares as that Securityholder would have been entitled to receive in accordance with Condition 8.1(b).

5 INTEREST

5.1 Cancellation of interest

The Issuer will cancel any Interest Amount otherwise scheduled to be paid on an Interest Payment Date to the extent that such Interest Amount, when aggregated together with any interest payments or distributions which have been paid or made or which are required to be paid or made during the then current financial year on all other own funds items of the Issuer (excluding any such interest payments or distributions paid or made on Tier 2 Capital items or which have already been provided for, by way of deduction, in calculating the amount of Distributable Items), exceeds the amount of the Distributable Items of the Issuer as at such Interest Payment Date.

The Issuer shall be responsible for determining compliance with the restriction above and neither the Trustee nor any Agent shall be required to monitor such compliance or to perform any calculations in connection therewith.

Further, the Issuer may elect at its full discretion to cancel (in whole or in part) the Interest Amount otherwise scheduled to be paid on an Interest Payment Date. Notice of any cancellation of payment of a scheduled Interest Amount must be given to Securityholders (in accordance with Condition 13), the Trustee, the Agents and (if and for so long as the Securities are listed on the Luxembourg Stock Exchange) to the Luxembourg Stock Exchange as soon as possible prior to the relevant Interest Payment Date (provided that any failure to give such notice shall not affect the cancellation of any Interest Amount in whole or in part by the Issuer and shall not constitute a default for any purpose).

The cancellation of any Interest Amount in accordance with Condition 3.2, Condition 5.9, Condition 8.1(a) or this Condition 5.1 shall not constitute a default for any purpose on the part of the Issuer. For the avoidance of doubt, interest payments are non-cumulative and the Securityholders shall have no right to

- (A) has a term of five years commencing on the relevant Reset Date;
 - (B) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
 - (C) has a floating leg based on 6-month LIBOR rate (calculated on an Actual/365 (Fixed) day count basis);
- (iii) **Business Day** means a day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;
 - (iv) **Margin** means 7.930 per cent. per annum;
 - (v) **Reset Determination Date** means, in relation to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences;
 - (vi) **Reset Reference Bank Rate** means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Agent Bank at approximately 12:00 p.m. (London time) on such Reset Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate for the relevant Reset Period will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the 5-year Mid-Swap Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Date, an amount equal to the Initial Interest Rate less the Margin;
 - (vii) **Reset Reference Banks** means six leading swap dealers in the interbank market selected by the Agent Bank (excluding the Agent Bank or any of its affiliates) on the directions of the Issuer; and
 - (viii) **Screen Page** means Reuters page “ICESWAP4” or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the 5-year Mid-Swap Rate.

5.5 Publication of Reset Interest Rate

The Issuer shall cause the Agent Bank to give notice of the relevant Reset Interest Rate to the Issuer, the Agents, the Trustee and to any stock exchange or other relevant authority on which the Securities are at the relevant time listed (by no later than the relevant Reset Determination Date) and to be notified to Securityholders in accordance with Condition 13 as soon as possible after their determination, but in no event later than the relevant Reset Date. The Reset Interest Rate so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of manifest error.

5.6 Determination by the Trustee

The Trustee (or an agent appointed by the Trustee at the expense of the Issuer) shall be entitled but shall not be obliged, if the Agent Bank defaults at any time in its obligation to determine the Reset Interest Rate in accordance with the above provisions, to determine the Reset Interest Rate, at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and the determination shall be deemed to be a determination by the Agent Bank.

If at any time a Capital Disqualification Event has occurred, the Issuer may, in its sole discretion but subject to Condition 7.6, having given not less than 30 nor more than 60 days' notice to the Securityholders in accordance with Condition 13, the Trustee and the Agents (which notice shall, subject to Condition 7.6, be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Securities at their principal amount together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the date of redemption.

A **Capital Disqualification Event** shall occur if, as a result of any change (or pending change which the Supervisory Authority considers to be sufficiently certain) in the regulatory classification of the Securities under the Regulatory Capital Requirements that occurs on or after the Issue Date and (where such redemption occurs prior to the fifth anniversary of the Issue Date) that the Issuer demonstrates to the satisfaction of the Supervisory Authority was not reasonably foreseeable as at the Issue Date, the whole or any part of the Securities are (or would be) excluded from the Issuer Group's Tier 1 Capital.

Prior to the publication of any notice of redemption pursuant to this Condition 7.3, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the conditions precedent for redeeming the Securities pursuant to this Condition 7.3 have been met and the Trustee shall accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

7.4 Redemption for tax reasons

If at any time a Tax Event has occurred, the Issuer may, in its sole discretion but subject to Condition 7.6, having given not less than 30 nor more than 60 days' notice to Securityholders in accordance with Condition 13, the Trustee and the Agents (which notice shall, subject to Condition 7.6, be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Securities at their principal amount together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the date of redemption.

A **Tax Event** shall occur if, as a result of any change or amendment to the laws or regulations of the United Kingdom or any authority or political subdivision therein or thereof having power to tax, including any treaty to which such jurisdiction is a party, or any change in the official application of those laws or regulations (including a holding by a court or tribunal of competent jurisdiction) having effect after the Issue Date, such change being material and which (where such redemption occurs prior to the fifth anniversary of the Issue Date) the Issuer demonstrates to the satisfaction of the Supervisory Authority was not reasonably foreseeable as at the Issue Date:

- (a) the Issuer has paid, or would on the next Interest Payment Date be required to pay, Additional Amounts in respect of the Securities;
- (b) the Issuer is not or would not be entitled to claim a deduction in computing its taxable profits and losses in respect of interest payable on the Securities, or such a deduction is or would be reduced or deferred;
- (c) the Issuer is not or would not be able to treat the Securities as loan relationships for the purposes of Part 5 of the Corporation Tax Act 2009;
- (d) the Issuer treats or would be required to treat the Securities or any part thereof as a derivative or an embedded derivative for tax purposes, or the Issuer otherwise is or would be required to take changes in or re-estimates of the value of the Securities or any part of the Securities, or of the present value of the cashflows arising in respect of the Securities or any part of the Securities, into account in computing its taxable profits and losses;
- (e) the Issuer would be required to bring into account any amount of income, profit or gain or other tax credit or taxable item for tax purposes, or any other liability to tax would arise, in respect of the write-down of the Securities, the ~~delivery of shares to CYBG as contemplated by Condition 8.1(b)~~ conversion of the Securities into Ordinary Shares or both; or
- (f) the Securities are not or would not be treated as "normal commercial loans" for the purposes of Chapter 6 of Part 5 of the Corporation Tax Act 2010, or the Securities otherwise are or would be required to be taken into account for the purposes of determining any group for tax purposes, such that there is or would be a change in the membership of any group for

Authority may require). The Conversion Trigger Notice shall specify (i) that the Trigger Event has occurred and the Common Equity Tier 1 Capital Ratio resulting in such Trigger Event, (ii) the Conversion Date, (iii) the then prevailing Conversion Price (which Conversion Price shall remain subject to any subsequent adjustment pursuant to Condition 8.3 up to the Conversion Date), (iv) the contact details of the Settlement Shares Depository (or, if ~~CYBG~~the Issuer has been unable to appoint a Settlement Shares Depository, such other arrangements for the issuance and/or delivery of the Ordinary Shares or any Alternative Consideration as ~~CYBG~~the Issuer shall consider reasonable in the circumstances), the Notice Cut-Off Date and the Long- Stop Date, (v) that ~~CYBG~~the Issuer has the option, at its sole and absolute discretion, to elect that a Conversion Shares Offer be conducted and that ~~CYBG~~the Issuer will, if it so elects, issue a Conversion Shares Offer Election Notice in accordance with Condition 13 within ten London business days following the Conversion Date notifying Securityholders of its decision as to such election and (vi) that the Securities shall remain in existence until the applicable Settlement Date (or, if earlier, the Long-Stop Date), with a principal amount of zero, for the sole purpose of evidencing the Securityholder's right to receive Ordinary Shares or Alternative Consideration, as applicable, from the Settlement Shares Depository.

If the Trigger Event occurs, the Securities will be converted in whole and not in part on the Conversion Date as provided below, at which point all of ~~CYBG's~~the Issuer's obligations under the Securities shall be automatically and irrevocably discharged and satisfied by ~~CYBG's~~the Issuer's issuance and delivery of the relevant Ordinary Shares to the Settlement Shares Depository on the Conversion Date.

~~The Issuer's obligations in respect of the Securities shall be automatically and irrevocably discharged by the delivery by the Issuer, to or to the order of CYBG, on the Conversion Date of a number of ordinary voting shares of the Issuer in respect of each Security determined by dividing the principal amount of such Security by a conversion price of £2.96, rounded down (if necessary) to the nearest whole number of ordinary voting shares of the Issuer.~~

~~In the Trust Deed, CYBG has undertaken and covenanted to issue and deliver Ordinary Shares on the Conversion Date in accordance with the provisions of this Condition 8.~~

- (c) ~~CYBG~~The Issuer shall issue and deliver to the Settlement Shares Depository on the Conversion Date a number of Ordinary Shares in respect of each Security determined by dividing the principal amount of such Security by the Conversion Price prevailing on the Conversion Date, rounded down (if necessary) to the nearest whole number of Ordinary Shares.

Once a Security has been converted into Ordinary Shares, there is no provision for the reconversion of such Ordinary Shares back into Securities.

If ~~CYBG~~the Issuer has been unable to appoint a Settlement Shares Depository, it shall make such other arrangements for the issuance and delivery of the Ordinary Shares to be issued and delivered upon

Conversion (or of the Alternative Consideration, as applicable) to the Securityholders as it shall consider reasonable in the circumstances, which may include issuing and delivering the Ordinary Shares to another independent nominee or to the Securityholders directly, which issuance and delivery of the Ordinary Shares or any Alternative Consideration, as applicable, shall irrevocably and automatically release all of ~~CYBG's~~the Issuer's obligations under the Securities as if the relevant Ordinary Shares had been issued and delivered to the Settlement Shares Depository and, in which case, where the context so admits, references in these Conditions to the issue and delivery of Ordinary Shares to the Settlement Shares Depository shall be construed accordingly and apply *mutatis mutandis*.

With effect from and on the Conversion Date no Securityholder will have any rights against the Issuer with respect to the repayment of the principal amount of the Securities or the payment of interest or any other amount on or in respect of such Securities and the principal amount of the Securities shall equal zero at all times thereafter. If ~~CYBG~~the Issuer fails to issue Ordinary Shares on the Conversion Date, or there is any delay in the issue or delivery

of such Ordinary Shares to the Settlement Shares Depository or any Securityholder, the only right of the Trustee or (in the circumstances described in Condition 11(d)) the Securityholders in respect of such failure or delay will be to claim against ~~CYBG~~the Issuer to have such Ordinary Shares so issued and to participate in the liquidation proceeds of the Issuer as if the Ordinary Shares had been issued.

- (d) Upon the occurrence of a Trigger Event, the Issuer shall immediately inform the Supervisory Authority and shall, prior to giving the Conversion Trigger Notice, deliver to the Trustee a certificate signed by two authorised signatories of the Issuer stating that the Trigger Event has occurred and the Trustee shall accept such certificate without any further enquiry as sufficient evidence of such matters, in which event such certificate will be conclusive and binding on the Trustee and the Securityholders.
- (e) The Ordinary Shares to be issued and delivered on Conversion shall (except where ~~CYBG~~the Issuer has been unable to appoint a Settlement Shares Depository as contemplated in Condition 8.1(b) and 8.1(c)) initially be registered in the name of the Settlement Shares Depository, which (subject to the provisions of Condition 8.2(c)) shall hold such Ordinary Shares on behalf of the Securityholders. By virtue of its holding of any Security, each Securityholder shall be deemed to have irrevocably directed ~~CYBG~~the Issuer to issue and deliver such Ordinary Shares to the Settlement Shares Depository.

Provided that ~~CYBG~~the Issuer so issues and delivers the Ordinary Shares to be issued and delivered on Conversion to the Settlement Shares Depository, with effect on and from the Conversion Date, Securityholders shall have recourse only to the Settlement Shares Depository for the delivery to them of such Ordinary Shares or, subject to and as provided in Condition 8.2(c), the Alternative Consideration on the applicable Settlement Date. ~~If~~ ~~CYBG~~Subject Condition 4.2 (Winding-Up on or after the occurrence of a Trigger Event), if the Issuer fails to issue and deliver the Ordinary Shares to be issued and delivered on Conversion to the Settlement Shares Depository on the Conversion Date, a Securityholder's only right under the Securities against ~~CYBG~~the Issuer for any such failure will be to claim to have such Ordinary Shares so issued and delivered ~~and the Securityholders shall not have any rights against the Issuer for any such failure.~~

Following the issuance and delivery of the Ordinary Shares to be delivered on Conversion to the Settlement Shares Depository on the Conversion Date, the Securities shall remain in existence with a principal amount of zero until the applicable Settlement Date (or, if earlier, the Long-Stop Date) for the purpose only of evidencing the Securityholders' right as aforesaid to receive such Ordinary Shares or the Alternative Consideration, as the case may be, to be delivered by the Settlement Shares Depository.

- (f) Subject to and as provided in Condition 8.2(c), the Settlement Shares Depository shall hold the Ordinary Shares to be issued and delivered on Conversion on behalf of the Securityholders who shall, for so long as such Ordinary Shares are held by the Settlement Shares Depository, be entitled to direct the Settlement Shares Depository to exercise on their behalf all rights of an ordinary shareholder (including voting rights and rights to receive dividends) except that Securityholders shall not be able to sell or otherwise transfer such Ordinary Shares unless and until such time as they have been delivered to Securityholders in accordance with Condition 8.2.
- (g) Fractions of Ordinary Shares will not be delivered to the Settlement Shares Depository or to Securityholders upon a Conversion and no cash payment will be made in lieu thereof. However, if one or more Conversion Notices and relevant Certificates are delivered to the Settlement Shares Depository such that any Ordinary Shares (or any Ordinary Share component of any Alternative Consideration, as applicable) to be issued and delivered to a Securityholder on Conversion are to be registered in the same name, the number of Ordinary Shares to be issued and delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Securities to be converted.

8.2 Consequences of a Conversion and procedures for delivery

- (a) Upon Conversion, the principal amount of the Securities will be written down in full. Securityholders shall be deemed to have waived all rights and claims in respect of the principal amount by which the Securities are written down and shall be deemed irrevocably to have directed and authorised the Issuer to apply such amount on their behalf in paying up the relevant fully-paid ~~ordinary voting shares of the Issuer~~ Ordinary Shares to be issued and delivered to ~~CYBG~~the Settlement Shares Depository on Conversion of their Securities.
- (b) In order to obtain delivery from the Settlement Shares Depository of Ordinary Shares or, as applicable, the relevant Alternative Consideration following a Conversion, Securityholders will be required to deliver a Conversion Notice and the relevant Certificate representing the relevant Security to the Settlement Shares Depository (or an agent designated for the purpose in the Conversion Trigger Notice) on or before the Notice Cut-off Date in accordance with this Condition 8.2. If Securityholders fail to make such delivery on or before the Notice Cut-off Date, or the relevant Conversion Notice shall have been determined by the Settlement Shares Depository to be null and void, then, subject to Condition 8.2(e), the Settlement Shares Depository shall continue to hold the relevant Ordinary Shares or the relevant Alternative Consideration, as the case may be, until a valid Conversion Notice (and the Certificate representing the relevant Securities) is so delivered.
- (c) Not later than the tenth London business day following the Conversion Date, ~~CYBG~~ the Issuer may, in its sole and absolute discretion, elect by giving notice to the Securityholders in accordance with Condition 13 and to the Trustee and Agents (a "Conversion Shares Offer Election Notice") that the Settlement Shares Depository (or an agent on its behalf) will make an offer, in ~~CYBG's~~ the Issuer's sole and absolute discretion, of all or some of the Ordinary Shares that were delivered on Conversion to, in ~~CYBG's~~ the Issuer's sole and absolute discretion, all or some of the ~~CYBG's~~ Issuer's Shareholders at such time, such offer to be at a cash price per Ordinary Share being no less than the Conversion Price, all in accordance with the following provisions (the "Conversion Shares Offer");

If so elected, a Conversion Shares Offer Election Notice shall specify: (i) the period of time for which the Conversion Shares Offer will be open (the **Conversion Shares Offer Period**); (ii) the new Notice Cut-off Date; and (iii) the new Long-Stop Date. The Conversion Shares Offer Period shall end no later than 40 London business days after the delivery of the Conversion Shares Offer Election Notice by ~~CYBG~~ the Issuer.

Upon expiry of the Conversion Shares Offer Period, the Settlement Shares Depository will provide notice to the Securityholders in accordance with Condition 13 and to the Trustee and the Principal Paying Agent of the composition of the Alternative Consideration (and of the deductions to the cash component, if any, of the Alternative Consideration (as set out in the definition of Alternative Consideration)) per Calculation Amount. The Alternative Consideration shall be held by the Settlement Shares Depository on behalf of the Securityholders. The cash component of any Alternative Consideration shall be payable by the Settlement Shares Depository to the Securityholders in Sterling and whether or not the conditions referred to in Condition 3 are satisfied.

~~CYBG~~ The Issuer reserves the right, in its sole and absolute discretion, to elect that the Settlement Shares Depository terminate the Conversion Shares Offer at any time during the Conversion Shares Offer Period. If ~~CYBG~~ the Issuer makes such election, it will provide at least three London business days' notice to the Securityholders in accordance with Condition 13 and to the Trustee and the Principal Paying Agent. The Settlement Shares Depository may then, in its sole and absolute discretion, take steps to deliver to Securityholders the Ordinary Shares to be delivered on Conversion at a time that is earlier than the time at which they would have otherwise received the Alternative Consideration had the Conversion Shares Offer been completed.

By virtue of its holding of any Security, each Securityholder acknowledges and agrees that if ~~CYBG~~ the Issuer elects, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Settlement Shares Depository, such Holder shall be deemed to have: (i) irrevocably consented to any Conversion Shares Offer and, notwithstanding that such Ordinary Shares are held by the Settlement Shares Depository on behalf of the Securityholders, to the Settlement Shares Depository using the Ordinary Shares delivered to it on Conversion to settle

any Conversion Shares Offer; (ii) irrevocably consented to the transfer of the interest such Holder has in the Ordinary Shares delivered on Conversion to the Settlement Shares Depository to one or more purchasers identified by the Settlement Shares Depository in connection with the Conversion Shares Offer; (iii) irrevocably agreed that ~~CYBG~~the Issuer and the Settlement Shares Depository may take any and all actions necessary to conduct the Conversion Shares Offer in accordance with the terms of the Securities; and (iv) irrevocably agreed that none of the Issuer, ~~CYBG~~, the Trustee or the Settlement Shares Depository shall, to the extent permitted by applicable law, incur any liability to the Securityholders in respect of the Conversion Shares Offer (except for the obligations of the Settlement Shares Depository in respect of the Securityholders' entitlement to, and the subsequent delivery of, any Alternative Consideration).

~~CYBG~~The Issuer or the purchasers of the Conversion Shares sold in any Conversion Shares Offer shall bear the costs and expenses of any Conversion Shares Offer (other than the taxes referred to in the definition of Alternative Consideration), including the fees of the Settlement Shares Depository. If a prospectus or other offering document is required to be prepared in connection with a Conversion Shares Offer, ~~CYBG~~the Issuer will facilitate the preparation of such prospectus or other offering document, and ~~CYBG~~the Issuer and/or its directors will take responsibility for such prospectus or other offering document, in each case, if and to the extent then required by applicable laws and regulations then in effect.

The Trustee shall not be responsible for monitoring any Conversion Shares Offer, nor for monitoring or enforcing the obligations of the Settlement Shares Depository in respect thereof. Following Conversion and delivery of the Ordinary Shares to the Settlement Shares Depository, Securityholders must look to the Settlement Shares Depository for any Ordinary Shares or Alternative Consideration due to them at the relevant time. ~~No costs relating to the Conversion Shares Offer shall be borne by the Trustee.~~

- (d) Subject as provided in Condition 8.2(e) below, in order to obtain delivery of the relevant Ordinary Shares or the Alternative Consideration, as applicable, following a Conversion of the Securities, the relevant Securityholder must deliver a duly completed Conversion Notice, together with the relevant Certificates representing the Securities to the Settlement Shares Depository or the specified office of its agent(s) designated for the purpose in the Conversion Trigger Notice by the Notice Cut-off Date.

If such delivery is made or notice is given after the end of normal business hours at the specified office of the Settlement Shares Depository or, as appropriate, its designated agent as aforesaid or on a day which is not a business day in such place, such delivery or notice shall be deemed for all purposes of these Conditions to have been made or given on the next following business day.

Subject as otherwise provided herein, the relevant Ordinary Shares (or the Ordinary Share component of any Alternative Consideration) will be delivered by or on behalf of the Settlement Shares Depository in accordance with the instructions given in the relevant Conversion Notice.

Any cash component of any Alternative Consideration shall be paid by transfer to a sterling account with a bank in London (as may be specified in the relevant Conversion Notice) in accordance with the instructions contained in the relevant Conversion Notice.

- (e) If not previously cancelled on the relevant Settlement Date, the relevant Securities shall be cancelled on the Long-Stop Date and any Securityholder delivering a Conversion Notice after the Notice Cut-off Date but before the Long-Stop Date will have to provide evidence of its entitlement to the relevant Ordinary Shares or the relevant Alternative Consideration, as applicable, satisfactory to the Settlement Shares Depository in its sole and absolute discretion in order to receive delivery of such Ordinary Shares or such Alternative Consideration, as applicable. ~~Neither the~~The Issuer ~~nor~~CYBG shall have ~~any~~no liability to any Securityholder for any loss resulting from such Securityholder not receiving any Ordinary Shares or the relevant Alternative Consideration, as applicable, or from any delay in the receipt thereof, in each case as a result of such Securityholder failing to submit a valid Conversion Notice and the relevant Certificate, on a timely basis or at all.

- (f) Any determination as to whether any Conversion Notice has been properly completed and delivered together with the relevant Certificate(s) as provided in these Conditions, or whether any evidence of entitlement to Ordinary Shares or Alternative Consideration, as applicable, is satisfactory, shall be made by the Settlement Shares Depository in its sole and absolute discretion and shall be conclusive and binding on the relevant Securityholders.
- (g) The Issuer ~~and CYBG~~ will maintain all corporate authorities necessary to issue and allot a sufficient number of ~~Issuer ordinary voting shares (in the case of the Issuer) and~~ Ordinary Shares ~~(in the case of CYBG)~~ pursuant to this Condition 8.
- (h) The Securities are not convertible into Ordinary Shares at the option of the Securityholders at any time.

8.3 Adjustments to the Conversion Price

- (a) If and whenever there shall be consolidation, subdivision or reclassification/redesignation affecting the number of Ordinary Shares the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately prior to such consolidation, subdivision or reclassification/redesignation, as the case may be; and

B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, subdivision or reclassification/redesignation, as the case may be.

Such adjustment shall become effective on the date such consolidation, subdivision or reclassification/redesignation takes effect.

- (b) If and whenever ~~CYBG~~ the Issuer shall issue any Ordinary Shares credited as fully paid up to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than where:
 - (i) any such Ordinary Shares are issued instead of the whole or part of a Cash Distribution which the Shareholders would or could otherwise have received;
 - (ii) the Shareholders may elect to receive a Cash Distribution in lieu of such Ordinary Shares; or
 - (iii) any such Ordinary Shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Distribution equivalent or amount is announced or would otherwise be payable to the Shareholders, whether at their election or otherwise),

the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately prior to such issue; and

B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date on which any such newly issued Ordinary Shares are issued.

- (c) If and whenever CYBG the Issuer shall pay any Extraordinary Distribution in cash to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Extraordinary Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A means the Current Market Price of one Ordinary Share on the first date on which the Ordinary Shares are traded ex- the Extraordinary Distribution on the primary stock exchange on which the Ordinary Shares are listed; and

B means the portion of the aggregate Extraordinary Distribution attributable to one Ordinary Share, with such portion being determined by dividing the aggregate Extraordinary Distribution by the number of Ordinary Shares entitled to receive the Extraordinary Distribution.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex- the Extraordinary Distribution on the primary stock exchange on which the Ordinary Shares are listed.

- (d) If and whenever CYBG the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or CYBG the Issuer or (at the direction or request or pursuant to any arrangements with CYBG the Issuer) any other company, person or entity shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Ordinary Shares, or any securities (including, without limitation, shares in the capital of CYBG the Issuer, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of CYBG the Issuer) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to acquire, any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Ordinary Share which is less than 95% of the Current Market Price per Ordinary Share on the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the primary stock exchange on which the Ordinary Shares are listed,

(the **Ex- Date**), then, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Ex-Date by the following fraction:

$$\frac{A + B}{A + C}$$

$$A + C$$

where:

A is the number of Ordinary Shares in issue on the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the primary stock exchange on which the Ordinary Shares are listed;

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the securities (including, without limitation, shares in the capital of CYBG the Issuer, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of CYBG the Issuer) issued by way of rights, or for the options or warrants or other rights issued or granted by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share on the Ex-Date; and

C is the number of Ordinary Shares to be issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase or other rights of acquisition in respect thereof at the initial conversion, exchange, subscription, purchase or acquisition price or rate,

provided that if at the Ex- Date such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 8.3(d), C shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Ex- Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Ex- Date.

Such adjustment shall become effective on the Ex- Date.

- (e) Notwithstanding paragraphs (a) to (d) above, and (f) below, no adjustment to the Conversion Price will be made:
- (i) as a result of the payment of any Cash Distribution (other than an Extraordinary Distribution);
 - (ii) to the extent Ordinary Shares or other securities (including rights, warrants or options in relation to Ordinary Shares and other securities) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, directors or employees or former directors or employees (including directors holding or formerly holding executive or non-executive office or the personal service company of any such person) or their spouses or relatives, in each case, of [CYBG the Issuer](#) or any of its subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person in any such case pursuant to any employee share or option scheme or pursuant to any dividend reinvestment plan or similar plan or scheme;
 - (iii) if an increase in the Conversion Price would result from such adjustment, except in case of a consolidation of Ordinary Shares; or
 - (iv) if it would result in the Conversion Price being reduced below the par value of an Ordinary Share.

and provided further that: (A) where the events or circumstances giving rise to any adjustment pursuant to this Condition 8.3 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of [CYBG the Issuer](#), a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall, subject to compliance with the then prevailing Regulatory Capital Requirements, be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate to give the intended result; and (B) such modification shall, subject to compliance with the prevailing Regulatory Capital Requirements, be made to the operation of these Conditions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once.

- (f) If any doubt shall arise as to whether an adjustment is required to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price (including, without limitation, as to the determination of any effective date), and following consultation between [CYBG the Issuer](#) and an Independent Adviser, a written determination of such Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of

manifest error.

- (g) On any adjustment, the resultant Conversion Price, if not an integral multiple of £0.001, shall be rounded down to the nearest integral multiple of £0.001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Conversion Price then in effect. Any adjustment not required to be made and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made. Notice of any adjustments to the Conversion Price shall be given by ~~CYBG~~the Issuer to Securityholders in accordance with Condition 13 promptly after the determination thereof.
- (h) The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists or may happen or exist and which requires or may require an adjustment to be made to the Conversion Price and will not be responsible or liable to any person for any loss arising from any failure by it to do so, nor shall the Trustee be responsible or liable to any person for any determination of whether or not an adjustment to the Conversion Price is required or should be made nor as to the determination or calculation of any such adjustment.

8.4 Qualifying Relevant Event

- (a) If a Qualifying Relevant Event shall occur, the Securities shall, where the Conversion Date (if any) falls on or after the New Conversion Condition Effective Date, be converted on such Conversion Date into Relevant Shares of the Approved Entity (save as provided below in this Condition 8.4 *mutatis mutandis* as provided in this Condition 8) at a Conversion Price that shall be the New Conversion Price. Such conversion shall be effected by the delivery by ~~CYBG~~the Issuer of such number of Ordinary Shares as is determined in accordance with Condition 8.1(c) to, or to the order of, the Approved Entity. Such delivery, ~~together with the delivery by the Issuer of its ordinary voting shares pursuant to Condition 8.1(b),~~ shall irrevocably discharge and satisfy all of the ~~Issuer's and CYBG's respective~~Issuer's obligations under the Securities (but shall be without prejudice to the rights of the Trustee and (in the circumstances described in Condition 11(d)) the Securityholders against the Approved Entity in connection with its undertaking to deliver Relevant Shares as provided in the definition of ~~"New Conversion Condition"~~ in Condition 8.4(e)(iv) below). Such delivery shall be in consideration of the Approved Entity irrevocably undertaking, for the benefit of the Securityholders, to deliver the Relevant Shares to or to the order of the Securityholders as aforesaid.
- (b) The New Conversion Price shall be subject to adjustment in the circumstances provided in Condition

8.3 (with such modifications and amendments as an Independent Adviser acting in good faith shall determine to be appropriate) and the Issuer shall give notice to the Securityholders (in accordance with Condition 13), the Trustee and the Agents of the New Conversion Price and of any such modifications and amendments.

- (c) In the case of a Qualifying Relevant Event:
 - (i) the Issuer ~~and CYBG~~ shall, on or prior to the New Conversion Condition Effective Date, enter into such agreements and arrangements, which may include deeds supplemental to the Trust Deed, and such amendments to the Trust Deed and these Conditions shall be made to ensure that, with effect from the New Conversion Condition Effective Date, the Securities shall (following the occurrence of a Trigger Event) be convertible into, or exchangeable for, the Relevant Shares of the Approved Entity, *mutatis mutandis* in accordance with and subject to, this Condition 8 (as may be so supplemented, amended or modified) at the New Conversion Price; and

- (ii) the Issuer ~~and CYBG~~ shall, where the Conversion Date falls on or after the New Conversion Condition Effective Date, procure the issue and/or delivery of the relevant number of Relevant Shares in the manner provided in this Condition 8, as may be supplemented, amended or modified as provided above.

The Trustee shall (at the expense of the Issuer ~~or CYBG~~ and provided that the Trustee has satisfied itself that the effect of such amendments will be only that the Securities shall be convertible into, or exchangeable for, the Relevant Shares of the Approved Entity as provided in Condition 8.4(c)(i) above) concur with the Issuer ~~and CYBG~~ in making any such amendments to the Trust Deed and these Conditions, and execute any such deeds supplemental to the Trust Deed, provided further that the Trustee shall not be bound to do so if any such amendments, modifications or deeds would, in the opinion of the Trustee, have the effect of (i) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) changing, increasing or adding to the obligations or duties of the Trustee or (iii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, the Conditions and/or the Securities.

- (d) Within 10 days following the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Securityholders (a "**Relevant Event Notice**") in accordance with Condition 13. The Relevant Event Notice shall specify:

- (i) the identity of the Acquiror;
- (ii) whether the Relevant Event is a Qualifying Relevant Event or a Non-Qualifying Relevant Event;
- (iii) in the case of a Qualifying Relevant Event, the New Conversion Price;
- (iv) in the case of a Non-Qualifying Relevant Event, that, with effect from the occurrence of the Relevant Event and unless the Trigger Event shall have occurred prior to the date of such Relevant Event, outstanding Securities shall not be subject to Conversion into Shares of the Acquiror at any time notwithstanding that a Trigger Event may occur subsequently but that, instead, upon the occurrence of a subsequent Trigger Event (if any) the ~~full principal amount of each Security will automatically be written down to zero, each Security will be cancelled, the Securityholders will be automatically deemed to have irrevocably waived their right to receive, and no longer have any rights against the Issuer or CYBG with respect to repayment of the aggregate principal amount of the Securities written down pursuant to this Condition 8 and all accrued but unpaid interest and any other amounts payable on each Security will be cancelled, irrespective of whether such amounts have become due and payable prior to the occurrence of the Trigger Event~~ Securities shall be converted into Ordinary Shares in the Issuer in accordance with Condition 8.1(a) as if no Relevant Event had occurred.

- (e) As used in these Conditions:

- (i) "**Acquiror**" means the person which, following a Relevant Event, controls ~~CYBG~~ the Issuer;
- (ii) "**Approved Entity**" means a body corporate that is incorporated or established under the laws of an OECD member state and which, on the occurrence of the Relevant Event, has in issue Relevant Shares;
- (iii) "**EEA Regulated Market**" means a market as defined by Article 4.1(14) of Directive 2004/39/EC of the European Parliament and of the Council on markets on financial instruments;
- (iv) the "**New Conversion Condition**" shall be satisfied if (a) by not later than seven days following the occurrence of a Relevant Event where the Acquiror is an Approved Entity, the Issuer ~~and CYBG~~ shall have entered into arrangements to its satisfaction with the Approved Entity pursuant to which the Approved Entity

irrevocably undertakes to the Trustee, for the benefit of the Securityholders, to deliver the Relevant Shares to or to the order of the Securityholders upon a Conversion of the Securities, all as contemplated in Condition 8.4(a) and (b) the Issuer ~~and CYBG, each~~, in its sole and absolute discretion, has determined that such arrangements are in the best interests of the Issuer, ~~CYBG~~ and ~~their respective~~its shareholders taken as a whole having regard to the interests of ~~their respective~~its stakeholders (including, but not limited to, the Securityholders) and are consistent with applicable law and regulation (including, but not limited to, the guidance of any applicable regulatory body);

- (v) **"New Conversion Condition Effective Date"** means the date with effect from which the New Conversion Condition shall have been satisfied;
- (vi) **"New Conversion Price"** means the higher of (A) the New Conversion Price and (B) the nominal amount of one Relevant Share, where the **New Conversion Price** is the amount determined by the Issuer in accordance with the following formula:

$$\text{NCP} = \text{ECP} \times (\text{VWAPRS}/\text{VWAPOS})$$

where:

NCP is the New Conversion Price;

ECP is the Conversion Price in effect on the dealing day immediately prior to the New Conversion Condition Effective Date;

VWAPRS means the average of the VWAP of the Relevant Shares (translated, if necessary, into pounds sterling at the Prevailing Rate on the relevant Trading Day) on each of the 10 Trading Days ending on the Trading Day prior to the date the Relevant Event shall have occurred (and where references in the definitions of **"VWAP"** and **"Trading Day"** to **"Ordinary Shares"** shall be construed as a reference to the Relevant Shares); and

VWAPOS is the average of the VWAP of the Ordinary Shares (translated, if necessary into pounds sterling at the Prevailing Rate on the relevant Trading Day) on each of the 10 Trading Days ending on the Trading Day prior to the date the Relevant Event shall have occurred;

- (vii) **"Non-Qualifying Relevant Event"** means a Relevant Event that is not a Qualifying Relevant Event;
- (viii) **"Qualifying Relevant Event"** means a Relevant Event where: (A) the Acquiror is an Approved Entity; and (B) the New Conversion Condition is satisfied;
- (ix) **"Regulated Market"** means an EEA Regulated Market or another regulated, regularly operating, recognised stock exchange or securities market in an OECD member state;
- (x) a **"Relevant Event"** shall occur if any person or persons acting in concert (as defined in the Takeover Code of the United Kingdom Panel on Takeovers and Mergers) acquires control of ~~CYBG~~the Issuer (other than as a result of a Newco Scheme). For the purposes of this definition of Relevant Event, **control** means, directly or indirectly:
 - (A) the acquisition or holding of legal or beneficial ownership of more than 50 per cent. of the Ordinary Shares of the Issuer; or
 - (B) the right to appoint and/or remove all or the majority of the members of the board of directors of ~~CYBG~~the Issuer, whether obtained directly or indirectly and whether obtained by ownership of share capital, contract or otherwise,

and **controlled** shall be construed accordingly; and

- (xi) **"Relevant Shares"** means ordinary ~~share~~ shares in the capital of the Approved Entity a body corporate that constitutes equity share capital or the equivalent (or depositary or other receipts representing the same) which ~~is~~ are listed and admitted to trading on a Regulated Market provided that ordinary shares shall not be Relevant Shares if the conversion, or possible conversion, of the Securities into those ordinary shares would have an effect of the kind referred to in either of paragraphs (b) or (c) of Condition 7.4 on the Issuer (an "Adverse Tax Effect") and such Adverse Tax Effect arises as a consequence of the fact that the Notes would not be "hybrid capital instruments" for the purposes of section 475C of the Corporation Tax Act 2009; and ordinary shares shall cease to be Relevant Shares if such ordinary shares are initially Relevant Shares, but subsequently would have an Adverse Tax Effect on or before the Conversion Date.

8.5 Covenants

Whilst any Security remains outstanding, ~~CYBG~~ the Issuer shall (if and to the extent permitted by the Regulatory Capital Requirements from time to time and only to the extent that such covenant would not cause a Capital Disqualification Event to occur) in the event of a Newco Scheme, save with the approval of an Extraordinary Resolution, take (or shall procure that there is taken) all necessary action to ensure that the Newco Scheme is an Exempt Newco Scheme and that immediately after completion of the Scheme of Arrangement ~~the Issuer and CYBG shall make~~ such amendments are made to these Conditions and the Trust Deed as are necessary to ensure that the Securities may be converted into or exchanged for ordinary shares or units or the equivalent in Newco *mutatis mutandis* in accordance with and subject to these Conditions. -The Trustee shall (at the expense of the Issuer ~~or CYBG~~ and provided that the Trustee has satisfied itself that the effect of such amendments will be only that the Securities may be converted into or exchanged for ordinary shares or units or the equivalent in Newco *mutatis mutandis* in accordance with and subject to these Conditions) concur in effecting such amendments, provided that the Trustee shall not be bound to concur if to do so would (i) expose the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) change, increase or add to the obligations or duties of the Trustee or (iii) remove or amend any protection or indemnity afforded to, or any other provisions in favour of, the Trustee under the Trust Deed, the Conditions and/or the Securities.

8.6 Taxes etc.

~~Subject to what follows in this Condition 8.6, neither~~ Neither the Trustee, ~~nor~~ the Issuer ~~nor CYBG~~ shall be liable for any taxes or capital, stamp, issue, registration or transfer taxes or duties arising on Conversion or that may arise or be paid as a consequence of the delivery of Ordinary Shares upon Conversion. ~~CYBG must pay any taxes and capital, stamp, issue, registration and transfer taxes and duties arising for or in connection with the issue and delivery by the Issuer to CYBG of ordinary voting shares as contemplated in Condition 8.1(b).~~ -A Securityholder must pay any taxes and capital, stamp, issue, registration and transfer taxes and duties arising for it on Conversion in connection with the issue and delivery of Ordinary Shares or the Ordinary Shares component of any Alternative Consideration to the Settlement Shares Depository on behalf of such Securityholder and the delivery of Ordinary Shares or the Ordinary Shares component of any Alternative Consideration by the Settlement Shares Depository to such Securityholder and such Securityholder must pay all, if any, such taxes or duties arising by reference of any disposal or deemed disposal of its Securities (or any interest therein) and/or the issue or delivery to it of any Ordinary Shares or the Ordinary Shares component of any Alternative Consideration (or any interest therein).

8.7 Delivery

The Ordinary Shares to be delivered on Conversion will be issued and delivered to the Settlement Shares Depository (or as otherwise provided in these Conditions) on behalf of the Securityholders on the Conversion Date. Ordinary Shares (or the Ordinary Share component of any Alternative Consideration) will be delivered to Securityholders in uncertificated form through the dematerialised securities trading system operated by Euroclear UK & Ireland Limited, known as CREST, unless at the relevant time the Ordinary Shares are not a participating security in CREST, in which case Ordinary Shares will be

delivered either in the form required by the relevant clearing system in which the Ordinary Shares are a participating security or in certificated form.

Where any Ordinary Shares (or the Ordinary Share component of any Alternative Consideration) are to be delivered to Securityholders through CREST, they will be delivered to the account specified by the relevant Securityholders to ~~CYBG~~the Issuer in accordance with the instructions to be contained in the Conversion Notice. Where any Ordinary Shares (or the Ordinary Share component of any Alternative Consideration) are to be delivered to Securityholders in certificated form, a certificate in respect thereof will be dispatched by mail free of charge to the relevant Securityholder or as it may direct ~~CYBG~~the Issuer in accordance with the instructions to be contained in the Conversion Notice within 28 days following receipt by ~~CYBG~~the Issuer of such direction from the Securityholder.

The Ordinary Shares (or the Ordinary Share component of any Alternative Consideration) will not be available for issue or delivery (i) to, or to a nominee for, Euroclear or Clearstream, Luxembourg or any other person providing a clearance service within the meaning of Section 96 of the Finance Act 1986 of the United Kingdom or (ii) to a person, or nominee or agent for a person, whose business is or includes issuing depository receipts within the meaning of Section 93 of the Finance Act 1986 of the United Kingdom, in each case at any time prior to the ~~"abolition day"~~ as defined in Section 111(1) of the Finance Act 1990 of the United Kingdom or (iii) to the CREST account of such a person described in (i) or (ii).

8.8 Ordinary Shares

Ordinary Shares issued upon Conversion will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the Conversion Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such Ordinary Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments as of any applicable record date or other due date for the establishment of entitlement for which falls prior to the Conversion Date.

9. TAXATION

9.1 Payment without withholding

All payments by or on behalf of the Issuer in respect of the Securities shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (~~"Taxes"~~) imposed or levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. If any such withholding or deduction for or on account of any Taxes is required by law, the Issuer will pay such additional amounts (~~"Additional Amounts"~~) in respect of the payment of any interest on (but not, for the avoidance of doubt, in respect of the payment of the principal amount of) the Securities as may be necessary in order that the net amounts in respect of any interest received by the Securityholders after the withholding or deduction shall equal the amounts of any interest which would have been receivable in respect of the Securities in the absence of any withholding or deduction, except that no additional amounts shall be payable in relation to any payment in respect of any Security:

- (a) held by or on behalf of a Securityholder who is liable to such Taxes in respect of such Security by reason of it having some connection with the United Kingdom other than the mere holding of the Security;
- (b) where (in the case of a payment of principal or interest on redemption) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the Securityholder would have been entitled to such additional amounts on surrendering such Certificate for payment on the last day of such period of 30 days; or
- (c) where the Securityholder is able to avoid such withholding or deduction by complying, or procuring that a third party complies with, any applicable statutory requirements or by making, or procuring that any third party makes, a declaration of non-residence or other similar claim for exemption to any tax authority.

9.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Securities shall be deemed also to refer to any Additional Amounts which may be payable under this Condition 9 or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed. The restrictions on interest payments in Condition 5.1 shall apply to any Additional Amounts *mutatis mutandis*.

10. PRESCRIPTION

Securities will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Securities, subject to the provisions of Condition 6.

11. ENFORCEMENT

- (a) In the event of a Winding-Up, or if the Issuer has not made payment of any amount in respect of the Securities for a period of seven days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Securities and, unless proceedings for a Winding-Up have already commenced, the Trustee may institute proceedings for a Winding-Up. The Trustee may prove in a Winding-Up (whether or not instituted by the Trustee) such claim as is set out in Condition 4.1 or 4.2, as applicable.
- (b) Without prejudice to Condition ~~11(a)(a)~~, the Trustee may, at its discretion, and without notice, institute such proceedings and/or take any other steps or action against the Issuer ~~and/or CYBG~~ as it may think fit to enforce any term or condition binding on the Issuer ~~and/or CYBG~~ (including, without limitation, proceedings, actions or steps to enforce obligations of the Issuer ~~and/or CYBG~~ in connection with a Conversion) under the Trust Deed (other than any payment obligation of the Issuer under or arising from the Securities or the Trust Deed, including, without limitation, payment of any principal or interest in respect of the Securities, including any damages awarded for breach of any obligations but excluding any amount due to the Trustee, other than amounts due to the Trustee on behalf of Securityholders, in accordance with the Trust Deed) provided that in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions or the Trust Deed. Nothing in this Condition ~~11(b)(b)~~ shall, however, prevent the Trustee instituting proceedings for the Winding-Up, proving in any Winding-Up or exercising rights under Condition 4.1 or, as applicable, Condition 4.2 in respect of any payment obligations of the Issuer arising from or in respect of the Securities or the Trust Deed (including any damages awarded for breach of any obligations).
- (c) The Trustee shall not be bound to take any of the actions referred to in Condition ~~11(a)(a)~~ or ~~11(b)(b)~~ against the Issuer ~~and/or CYBG~~ to enforce the terms of the Securities or the Trust Deed or any other action under or pursuant to the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution of the Securityholders or in writing by the holders of at least one-quarter in principal amount of the Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.
- (d) No Securityholder shall be entitled to proceed directly against the Issuer ~~or CYBG~~ or to institute proceedings for a Winding-Up or to prove in a Winding-Up unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, in which case the Securityholder shall have only such rights against the Issuer ~~or CYBG~~ as those which the Trustee is entitled to exercise as set out in this Condition 11.
- (e) No remedy against the Issuer ~~or CYBG~~, other than as referred to in this Condition 11, shall be available to the Trustee or the Securityholders, whether for the recovery of amounts owing in respect of the Securities or under the Trust Deed or in respect of any breach by the Issuer ~~or CYBG~~ of any of its other obligations under or in respect of the Securities or the Trust Deed.

12. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or any Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer and/or the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. NOTICES

All notices regarding the Securities shall be valid if sent by post to the Securityholders at their respective addresses in the Register and, if and for so long as the Securities are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, published in a daily newspaper of general circulation in Luxembourg or on the Luxembourg Stock ~~Exchange's website, www.bourse.lu~~~~.Exchange's website, www.bourse.lu~~. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Securities are for the time being listed. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

14. MEETINGS OF SECURITYHOLDERS, MODIFICATION AND WAIVERS

14.1 Meetings of Securityholders

The Trust Deed contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting of Securityholders for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. of the aggregate principal amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Securities held or represented by him or them, except that at any meeting the business of which includes Reserved Matters, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third of the aggregate principal amount of the Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Securityholders will be binding on all Securityholders, whether or not they are present at the meeting and whether or not they voted on the resolution.

In addition, a resolution in writing signed by or on behalf of the holders of at least 75 per cent. in aggregate principal amount of the outstanding Securities who for the time being are entitled to receive notice of a meeting of Securityholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

14.2 Modification and waiver

- (a) Subject as provided in Condition ~~14.2(b)~~(b) below, except where the Trustee is bound pursuant to Conditions 8.4(c)(i) and 8.5 to give effect to the amendments described therein, the Trustee may agree (other than in respect of a Reserved Matter), without the consent of the Securityholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Securityholders) or may agree, without any such consent as aforesaid and irrespective of whether the same constitutes a Reserved Matter, to any modification which, in its opinion, is of a formal, minor or technical nature or is to correct a manifest error.
- (b) Any modification or waiver of these Conditions and the Trust Deed shall be subject to the Issuer obtaining Regulatory Approval. If the Trustee is requested to consider any modification or waiver of the Conditions or Trust Deed or to convene a meeting of Securityholders in respect thereof, the Issuer shall provide to the Trustee a certificate signed

16.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, inter alia, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Securityholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16.3 Reliance by Trustee on reports, confirmations, certificates and advice

The Trustee may rely without liability to Securityholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institutions or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice in which event such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Securityholders.

16.4 Mandatory modifications

When implementing any modification pursuant to Condition 8.4(c)(i) or 8.5, the Trustee shall not consider the interests of the Securityholders or any other person. The Trustee shall not be liable to the Securityholders or any other person for so acting, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person and/or is or may be a Reserved Matter.

17. FURTHER ISSUES

The Issuer may from time to time without the consent of the Securityholders create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of interest, if any, on them and/or the issue price thereof) so that the same shall be consolidated and form a single series with the Securities. Any further securities which are to form a single series with the Securities constituted by the Trust Deed or any supplemental deed shall be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Securityholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing law

The Trust Deed and the Securities and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law.

18.2 Jurisdiction of English courts

~~Each of the~~ The Issuer ~~and CYBG~~ has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee and the Securityholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Securities (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Securities) and accordingly has submitted to the exclusive jurisdiction of the English courts.

~~Each of the~~ The Issuer ~~and CYBG~~ has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee and the Securityholders may take any suit, action or proceeding arising out of or in connection with the Trust Deed or the Securities respectively (including any suit, action or proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Securities) (together referred to as "Proceedings") against the Issuer ~~or CYBG~~ in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

19. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Security, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. DEFINITIONS

In these Conditions:

"5-year Mid-Swap Rate" has the meaning given to it in Condition 5.4(b)(i).

"5-year Mid-Swap Rate Quotations" has the meaning given to it in Condition 5.4(b)(ii).

"Accrual Date" has the meaning given to it in Condition 5.3.

"Acquiror" has the meaning given to it in Condition 8.4(e)(i).

"Additional Amounts" has the meaning given to it in Condition 9.1.

"Agency Agreement" has the meaning given to it in the preamble to these Conditions.

"Agent" means the Registrar, the Principal Paying Agent and each of the other agents appointed pursuant to the Agency Agreement.

"Agent Bank" means an independent investment bank or financial institution to be appointed by the Issuer no later than the First Reset Date (unless the Securities are to be redeemed on that date pursuant to Condition 7.2) to perform the functions expressed to be performed by the Agent Bank under these Conditions.

Alternative Consideration means in respect of each Security and as determined by **CYBG the Issuer** (i) if all of the Ordinary Shares to be issued and delivered on Conversion are sold in the Conversion Shares Offer, the *pro rata* share of the cash proceeds from the sale of such Ordinary Shares attributable to such Security (less an amount equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid in connection with the issue and delivery of Ordinary Shares to the Settlement Shares Depository pursuant to the Conversion Shares Offer), (ii) if some but not all of such Ordinary Shares to be issued and delivered upon Conversion are sold in the Conversion Shares Offer, (x) the *pro rata* share of the cash proceeds from the sale of such Ordinary Shares attributable to such Security (less an amount equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid in connection with the delivery of Ordinary Shares to the Settlement Shares Depository pursuant to the Conversion Shares Offer) and (y) the *pro rata* share of such Ordinary Shares not sold pursuant to the Conversion Shares Offer attributable to such Security rounded down to the nearest whole number of Ordinary Shares and (iii) if no Ordinary Shares are sold in the Conversion Shares Offer, the relevant number of Ordinary Shares that would have been received had **CYBG the Issuer** not elected that the Settlement Shares Depository should carry out a Conversion Shares Offer.

"Approved Entity" has the meaning given to it in Condition 8.4(e)(ii).

"Assets" means the unconsolidated gross assets of the Issuer, as shown in its latest published audited balance sheet, but adjusted for subsequent events in such manner as the Directors of the Issuer may determine.

"Authorised Signatory" has the meaning given to it in the Trust Deed.

"Business Day" has the meaning given to it Condition 5.4(b)(iii).

"Calculation Amount" means £1,000 in principal amount of Securities.

"Capital Disqualification Event" has the meaning given to it in Condition 7.3.

"Cash Distribution" means any dividend or distribution in respect of the Ordinary Shares which is to be paid or made to Shareholders as a class in cash (whatever the currency) and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders upon or in connection with a reduction of capital.

"Certificate" has the meaning given to it in Condition 1.1.

"Code" has the meaning given to it in Condition 6.2.

"Common Equity Tier 1" means, as at any date, the sum, expressed in pounds sterling, of all amounts that constitute common equity tier 1 capital (as that term is used in the Regulatory Capital Requirements) of the Issuer Group as at such date, less any deductions from common equity tier 1 capital required to be made as of such date, in each case as calculated by the Issuer on a consolidated basis, in accordance with the then prevailing Regulatory Capital Requirements but without applying the transitional provisions set out in Part Ten of the CRD IV Regulation.

"Common Equity Tier 1 Capital Ratio" means, as of any date, the ratio of Common Equity Tier 1 of the Issuer Group as of such date to the Risk Weighted Assets of the Issuer Group as of the same date, expressed as a percentage and on the basis that all measures used in such calculation shall be calculated without applying the transitional provisions set out in Part Ten of the CRD IV Regulation.

"Conditions" means these terms and conditions of the Securities, as amended from time to time.

"Conversion" means the write down of the principal amount of the Securities and the issuance and delivery of Ordinary Shares pursuant to Condition 8, and **convert** and **converted** shall be construed accordingly.

"Conversion Date" means the date specified as such in the Conversion Trigger Notice and, in accordance with Condition 8.1, in any event no later than one month (or such shorter period as the Supervisory Authority may then require) from the occurrence of the Trigger Event.

"Conversion Notice" means a notice in the form for the time being currently available from the specified office of any Principal Paying Agent and which is required to be delivered to the Settlement Shares Depository (or its agent(s) designated for the purpose in the Conversion Trigger Notice) in connection with a Conversion of the Securities.

"Conversion Price" means £2.46, subject to any adjustment pursuant to Condition 8.3.

"Conversion Shares Offer" has the meaning given to it in Condition 8.2(c).

"Conversion Shares Offer Election Notice" has the meaning given to it in Condition 8.2(c).

"Conversion Shares Offer Period" has the meaning given to it in Condition 8.2(c).

"Conversion Trigger Notice" has the meaning given to it in Condition 8.1.

"CRD IV Regulation" means Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time.

"Current Market Price" means, in respect of an Ordinary Share as of any date the average daily VWAP of an Ordinary Share on each of the 5 consecutive dealing days ending on the dealing day immediately preceding such date.

~~CYBG means CYBG PLC~~

"Day-Count Fraction" has the meaning given to it in Condition 5.3.

"Distributable Items" means, subject as otherwise defined in the Regulatory Capital Requirements, in relation to interest otherwise scheduled to be paid on an Interest Payment Date, the amount of the profits of the Issuer as at the end of the financial year immediately preceding such Interest Payment Date plus:

(a) any profits brought forward and reserves available for that purpose before distributions to holders of other own funds items (other than Tier 2 Capital items) of the Issuer; less

(b) any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the Issuer's articles of association and sums placed to non-distributable reserves in accordance with the Companies Act 2006 or the articles of association of the Issuer,

those profits, losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of its consolidated accounts.

"EEA Regulated Market" has the meaning given to it in Condition 8.4(e)(iii).

"Ex- Date" has the meaning given to it in Condition 8.3(d).

"Exempt Newco Scheme" means a Newco Scheme where immediately after completion of the relevant Scheme of Arrangement the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are (i) admitted to trading on a Recognised Stock Exchange or (ii) admitted to listing on such other regulated market as **CYBG** the Issuer or Newco may determine.

"Extraordinary Distribution" means any Cash Distribution that is expressly declared by **CYBG** the Issuer to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to Shareholders as a class or analogous or similar term, in which case the Extraordinary Distribution shall be such Cash Distribution.

"Extraordinary Resolution" has the meaning given to it in the Trust Deed.

"First Reset Date" has the meaning given to it in Condition 5.2(a).

"Independent Adviser" means any independent financial institution of international standing or independent financial adviser with appropriate expertise, the identity of which has been approved by the Trustee, appointed by the **CYBG** Issuer at its own expense from time to time for the purposes of carrying out the duties described in one or more of these Conditions and in performing such role such entity shall have regard to the interests of **CYBG** the Issuer and the Securityholders alike.

"Initial Interest Rate" has the meaning given to it in Condition 5.2(a).

"Interest Amount" means the amount due on each Security on an Interest Payment Date.

"Interest Payment Date" has the meaning given to it in Condition 5.2.

"Interest Period" has the meaning given to it in Condition 5.2.

"Interest Rate" means the Initial Interest Rate and/or the applicable Reset Interest Rate, as the case may be.

"Issue Date" means 10 November 2016.

"Issuer" has the meaning given to it in the preamble to these Conditions.

"Issuer Group" means the Issuer and each entity which is part of the UK prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements) of which the Issuer is part from time to time.

"Liabilities" means the unconsolidated gross liabilities of the Issuer, as shown in its latest published audited balance sheet, but adjusted for contingent and prospective liabilities and for subsequent events in such manner as the Directors of the Issuer may determine.

"Long-Stop Date" means the date on which any Securities in relation to which no Conversion Notice has been received by the Settlement Shares Depository (or its designated agent(s)) on or before the Notice Cut-off Date shall be cancelled, which date is expected to be no more than 12 London business days following the Notice Cut-off Date and which will be notified to Securityholders in the Conversion Trigger Notice and/or the Conversion Shares Offer Election Notice (as applicable).

"Margin" has the meaning given to it in Condition 5.4(b)(iv).

"New Conversion Condition" has the meaning given to it in Condition 8.4(e)(iv).

"New Conversion Condition Effective Date" has the meaning given to it in Condition 8.4(e)(v).

"New Conversion Price" has the meaning given to it in Condition 8.4(e)(vi).

"Newco Scheme" means a scheme of arrangement or analogous proceeding (**"Scheme of Arrangement"**) which effects the interposition of a limited liability company (**"Newco"**) between the Shareholders of [CYBG the Issuer](#) immediately prior to the Scheme of Arrangement (the **"Existing Shareholders"**) and [CYBG the Issuer](#); provided that: (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders; (ii) immediately after completion of the Scheme of Arrangement the only holders of ordinary shares, units or equivalent of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco, are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement; (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of [CYBG the Issuer](#); (iv) all Subsidiaries of [CYBG the Issuer](#) immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of [CYBG the Issuer](#)) are Subsidiaries of [CYBG the Issuer](#) (or of Newco) immediately after completion of the Scheme of Arrangement; and (v) immediately after completion of the Scheme of Arrangement [CYBG the Issuer](#) (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the [CYBG Issuer](#) immediately prior to the Scheme of Arrangement.

"Non-Qualifying Relevant Event" has the meaning given to it in Condition 8.4(e)(vii).

"Notice Cut-off Date" means: (i) where [CYBG the Issuer](#) has not elected for the Settlement Shares Depository to carry out a Conversion Shares Offer, the date specified as such in the Conversion Trigger Notice, which date shall be at least 20 London business days following the Conversion Date; or (ii) where [CYBG the Issuer](#) has elected for the Settlement Shares Depository to carry out a Conversion Shares Offer, the date specified as such in any Conversion Shares Offer Election Notice, which date shall be at least 20 London business days following the expiry of the Conversion Shares Offer Period.

"Notional Preference Share" has the meaning given to it in Condition [44.1](#).

"Ordinary Shares" means ordinary voting shares in the capital of [CYBG the Issuer](#).

"Parity Tier 1 Instruments" means any obligations of the Issuer which rank or are expressed to rank on a Winding-Up or in respect of a distribution or payment of dividends or any other payments thereon *pari passu* with the Issuer's obligations in respect of the Securities (for the avoidance of doubt, excluding any ordinary share capital of the Issuer and, for so long as they are outstanding, including the ~~Issuer's £160,000,000 Fixed Rate Resetable Additional Tier 1 Securities issued on 31 July 2014~~ [2016 Notes and 2019 Notes](#)).

"Paying Agent" means each entity appointed as a paying agent from time to time pursuant to the Agency Agreement.

"Relevant Distribution" has the meaning given to it in the definition of Extraordinary Distribution.

"Relevant Event" has the meaning given to it in Condition 8.4(e)(x).

"Relevant Event Notice" has the meaning given to it in Condition 8.4(d).

"Relevant Shares" has the meaning given to it in Condition 8.4(e)(xi).

"Relevant Year" has the meaning given to it in the definition of Extraordinary Distribution.

"Reset Date" means the First Reset Date and each date that falls five, or a multiple of five, years following the First Reset Date.

"Reset Determination Date" has the meaning given to it Condition 5.4(b)(v).

"Reset Interest Rate" has the meaning given to it in Condition 5.4(a).

"Reset Period" means the period from and including the First Reset Date to but excluding the next Reset Date, and each successive period from and including a Reset Date to but excluding the next succeeding Reset Date.

"Reset Reference Bank Rate" has the meaning given to it in Condition 5.4(b)(vi).

"Reset Reference Banks" has the meaning given to it in Condition 5.4(b)(vii).

"Reserved Matter" has the meaning given to it in the Trust Deed.

"Risk Weighted Assets" means, as at any date, the aggregate amount, expressed in pounds sterling, of the risk weighted assets of the Issuer Group as at such date, as calculated by the Issuer on a consolidated basis, in accordance with the then prevailing Regulatory Capital Requirements.

"Scheme of Arrangement" has the meaning given to it in the definition of Newco Scheme.

"Screen Page" has the meaning given to it in Condition 5.4(b)(viii). Securities has the meaning given to it in the preamble to these Conditions. Securityholder has the meaning given to it in Condition 1.2.

"Senior Creditors" means creditors of the Issuer: (a) who are unsubordinated creditors of the Issuer; (b) whose claims are, or are expressed to be, subordinated (whether only in the event of a Winding-Up or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise; or (c) whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Securityholders in a Winding-Up occurring prior to the Trigger Event (and, for the avoidance of doubt, Senior Creditors shall include holders of Tier 2 Capital instruments).

"Settlement Date" means:

(a) with respect to any Security in relation to which a Conversion Notice is received by the Settlement Shares Depositary or its designated agent on or before the Notice Cut-off Date where **CYBG the Issuer** has not elected that the Settlement Shares Depositary will carry out a Conversion Shares Offer, the date that is two London business days after the latest of (a) the Conversion Date, (b) the date on which **CYBG the Issuer** announces that it will not elect for the Settlement Shares Depositary to carry out a Conversion Shares Offer (or, if no such announcement is made, the last date on which **CYBG the Issuer** is entitled to give the Conversion Shares Offer Election Notice) and (c) the date on which the relevant Conversion Notice has been received by the Settlement Shares Depositary or its designated agent;

(b) with respect to any Security in relation to which a Conversion Notice is received by the Settlement Shares Depositary or its designated agent on or before the Notice Cut-off Date where **CYBG the Issuer** has elected that the Settlement Shares Depositary will carry out a Conversion Shares

Offer, the date that is two London business days after the latest of (a) the date on which the Conversion Shares Offer Period expires or is terminated and (b) the date on which the Conversion Notice has been received by the Settlement Shares Depository or its designated agent; and

(c) with respect to any Security in relation to which a Conversion Notice is not so received by the Settlement Shares Depository or its designated agent on or before the Notice Cut-off Date, the date on which the Settlement Shares Depository delivers the relevant Ordinary Shares or the relevant Alternative Consideration, as applicable, to the relevant Securityholder.

"Settlement Shares Depository" means a reputable financial institution, trust company or similar entity (which in each such case is wholly independent of [CYBG the Issuer](#)) to be appointed by [CYBG the Issuer](#) on or prior to any date when a function given to the Settlement Shares Depository in these Conditions is required to be performed, to perform such functions and that will hold the Ordinary Shares (and any Alternative Consideration) on behalf of the Securityholders in one or more segregated accounts, unless otherwise required to be transferred out of such accounts for the purposes of the Conversion Shares Offer, and otherwise on terms consistent with these Conditions provided that the Settlement Shares Depository will not act as a person issuing depository receipts for the purposes of Section 93 of the Finance Act 1986.

"Shareholders" means the holders of Ordinary Shares.

"Solvency Condition" has the meaning given to it in Condition 3.2.

"Subsidiary" means each subsidiary undertaking (as defined under section 1159 of the Companies Act) for the time being of the Issuer.

"Supervisory Authority" means the United Kingdom Prudential Regulation Authority and any successor or replacement thereto or such other authority having primary responsibility for the prudential oversight and supervision of the Issuer and/or the Issuer Group.

"Tax Event" has the meaning given to it in Condition 7.4.

"Taxes" has the meaning given to it in Condition 9.1.

"Tier 1 Capital" has the meaning given to it (or any successor term) from time to time in the Regulatory Capital Requirements.

"Tier 2 Capital" has the meaning given to it (or any successor term) from time to time in the Regulatory Capital Requirements.

"Trading Day" means any day (other than a Saturday or a Sunday) on which the primary stock exchange on which the Ordinary Shares are listed is open for business and the Ordinary Shares may be traded.

"Trigger Event" means, at any time, the Common Equity Tier 1 Capital Ratio of the Issuer Group falls below 7.00 per cent.

"Trustee" means Citicorp Trustee Company Limited or such other trustee appointed by the Issuer from time to time in respect of the Securities in accordance with the Conditions.

"Trust Deed" has the meaning given to it in the preamble to these Conditions.

"VWAP" in relation to an Ordinary Share on any Trading Day means the order book volume weighted average price of such Ordinary Share on such Trading Day (rounded to the nearest second decimal place) published by or derived from the relevant Bloomberg page or, if there is no such relevant page, such other source as shall be determined by an Independent Adviser to be appropriate on such Trading Day, provided that if on any such Trading Day such price is not available or cannot otherwise be determined as provided above, the VWAP of an Ordinary Share in respect of such Trading Day shall be the VWAP, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

"Winding-Up" means:

ANNEX II
NEW CONDITIONS AND AMENDED AND RESTATED FINAL TERMS FOR THE MREL NOTES

[see next page]

SCHEDULE 1 TERMS AND CONDITIONS OF THE NOTES

1. Introduction

~~(a)~~ *Programme:* Virgin Money Holdings (UK) plc ("**HoldCo**") and Virgin Money plc (the "**Bank**" and, together with HoldCo, the "**Issuers**", and each an "**Issuer**") have established a Global Medium Term Note Programme (the "**Programme**") for the issuance of up to £3,000,000,000 in aggregate principal amount of notes (the "**Notes**"). ~~In these conditions, references to the "Issuer" are to HoldCo or the Bank~~ On [•] August 2019 (the "Substitution Date"), CYBG PLC ("CYBG") was substituted in place of HoldCo as the issuer of the £350,000,000 3.375 per cent. Fixed Rate Reset Callable Senior Notes due 24 April 2026 (the "2026 Notes") pursuant to a supplemental trust deed between HoldCo, the Bank, CYBG PLC and the Trustee (as defined below) dated [•] August 2019 (the "2026 Supplemental Trust Deed"). In these conditions, references to the "Issuer" are to HoldCo or the Bank or, in respect of the 2026 Notes, CYBG, as the case may be, as the Issuer of the Notes under the Programme and references to the "relevant Issuer" and "Issuers" shall be construed accordingly.

~~(b)~~ (a) *Final Terms or Drawdown Offering Circular:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of either (i) a final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**") or (ii) a separate drawdown offering circular (the "**Drawdown Offering Circular**") which supplements, amends and/or replaces the Conditions. The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms or as supplemented, amended and/or replaced by the relevant Drawdown Offering Circular. In the event of any inconsistency between these Conditions and the relevant Final Terms or Drawdown Offering Circular, the relevant Final Terms or Drawdown Offering Circular (as applicable) shall prevail. In the case of a Tranche of Notes which is the subject of a Drawdown Offering Circular, each reference in these Conditions to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Offering Circular.

~~(c)~~ (b) *Trust Deed:* The Notes are constituted by, are subject to, and have the benefit of, a trust deed dated 28 March 2018 (as amended or supplemented from time to time, including, in the case of the 2026 Notes only, the 2026 Supplemental Trust Deed, the "**Trust Deed**") between the Issuers and Citicorp Trustee Company Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed).

~~(d)~~ (c) *Agency Agreement:* The Notes are the subject of an issue and paying agency agreement dated 27 March 2015 (as amended or supplemented from time to time, including, in the case of the 2026 Notes only, a supplemental agency agreement dated the Substitution Date, the "**Agency Agreement**") between the Issuers, Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), Citibank, N.A., London Branch as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying

Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), the transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes), the other agents named therein and the Trustee. In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.

~~(e)~~(d) *The Notes*: The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms or Drawdown Offering Circular (as the case may be). Copies of the relevant Final Terms or Drawdown Offering Circular are available for viewing at the registered office of the ~~Issuers~~HoldCo and the Bank at Jubilee House, Gosforth, Newcastle upon Tyne NE3 4PL, United Kingdom other than the Final Terms in respect of the 2026 Notes which are available for viewing at the registered office of CYBG at 20 Merrion Way, Leeds, LS2 8NZ.

~~(e)~~(e) *Summaries*: Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Noteholders (as defined below) and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

2. **Definitions and Interpretation**

(a) *Definitions*: In these **Conditions** the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Bank Group**" means the Bank and its subsidiaries;

"**Broken Amount**" means, in respect of any Notes, the amount (if any) that is specified in the relevant Final Terms;

"**Business Day**" means:

(a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Capital Regulations**" means, at any time, the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity for credit institutions of either (i) the Supervisory Authority and/or (ii) any other national or European authority, in each case then in effect in the United Kingdom (or in such other jurisdiction in which the relevant Issuer may be organised or domiciled) and applicable to the relevant Issuer and/or (where the Issuer is HoldCo) the HoldCo Group and/or (where the Issuer is the Bank) the Bank Group and/or (where the Issuer is CYBG) the CYBG Group, including, ~~as at the date of this Offering Circular~~, CRD IV and related technical standards;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**CRD IV**" means the legislative package consisting of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time, and the CRD IV Regulation;

"**CRD IV Regulation**" means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time;

"**CYBG Group**" means CYBG and each entity which is part of the UK prudential consolidation group (as that term, or its successor, is used in the Capital Regulations) of which CYBG is part from time to time.

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if "**Actual/Actual (ICMA)**" is so specified, means:
 - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

"**Group**" means (i) in respect of HoldCo, the HoldCo Group ~~and (ii)~~ in respect of the Bank, the Bank Group, and (iii) in respect of CYBG, the CYBG Group;

"**HoldCo Group**" means the HoldCo and each entity which is part of the UK prudential consolidation group (as that term, or its successor, is used in the Capital Regulations) of which the HoldCo is part from time to time;

"**Holder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

"**Initial Rate of Interest**" has the meaning specified in the relevant Final Terms;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" shall mean the date specified as such in the relevant Final Terms or, if none is so specified:

- (a) if the Reference Rate is EURIBOR, the second TARGET Settlement Day prior to the start of each Interest Period; and
- (b) if the Reference Rate is LIBOR, the second London Business Day prior to the start of each Interest Period;

"**Interest Payment Date**" means the First Interest Payment Date and any other date or dates specified as such in the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the First Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**ISDA Definitions**" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in

"**Subsequent Reset Date**" means the date or dates specified in the relevant Final Terms;

"**Subsequent Reset Period**" means the period from (and including) the first Subsequent Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date;

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 6(d) (*Reset Note Provisions - Fallbacks*), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the relevant Subsequent Margin;

"**Subsidiary**" means each subsidiary undertaking (as defined under section 1159 of the Companies Act) for the time being of the relevant Issuer;

"**Supervisory Authority**" means the United Kingdom Prudential Regulation Authority and/or any successor or replacement thereto or such other authority having primary responsibility for the prudential oversight and supervision of the relevant Issuer and/or the HoldCo Group; and/or the CYBG Group;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Tier 2 Capital**" means Tier 2 Capital for the purposes of the Capital Regulations;

"**Winding-up Event**" means with respect to the Notes if (i) a court of competent jurisdiction in England (or such other jurisdiction in which the relevant Issuer may be organised) makes an order for its winding-up which is not successfully appealed within 30 days of the making of such order, (ii) the relevant Issuer's shareholders adopt an effective resolution for its winding-up (other than, in the case of either (i) or (ii) above, under or in connection with a scheme of reconstruction, merger or amalgamation not involving a bankruptcy or insolvency) or (iii) following the appointment of an administrator of the relevant Issuer, the administrator gives notice that it intends to declare and distribute a dividend; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) *Interpretation*

In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

FINAL TERMS

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (~~as amended, "MiFID II"~~); or (ii) a customer within the meaning of Directive 2002/92/EC, ~~(as amended or superseded)~~, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. No key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

~~MiFID II product governance/Professional investors and ECPs only target market~~ **MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Final Terms dated 20 April 2018, as amended on [•] August 2019

~~VIRGIN MONEY HOLDINGS (UK)~~ CYBG PLC

~~Issue of~~ £350,000,000 3.375 per cent. Fixed Rate Reset Callable Senior Notes due 24 April 2026

~~under the £3,000,000,000 Global Medium Term Note Programme~~

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the ~~offering circular dated 28 March 2018 (the "Offering Circular") which constitutes listing particulars for the purposes of Chapter 4 of the listing rules of the United Kingdom Financial Conduct Authority, supplemental trust deed dated [•] August 2019 between, inter alios, CYBG PLC and Citicorp Trustee Company Limited to effect the substitution of CYBG PLC as issuer in place of Virgin Money Holdings (UK) plc, effective from [•] August 2019 (the "Substitution").~~ This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the ~~Offering Circular~~ Trust Deed.

~~Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing at www.londonstockexchange.com/exchange/news/market_news/market_news_home.html and during normal business hours at the registered office of the Issuer at Jubilee House, Gosforth, Newcastle upon Tyne NE3 4PL, United Kingdom.~~

~~No prospectus is required under Directive 2003/71/EC (as amended) for this issue of the Notes described herein.~~

- | | | |
|----|--|---|
| 1. | Issuer: | Virgin Money Holdings (UK) plc <u>CYBG PLC</u> |
| 2. | (i) Series Number: | <u>2A</u> |
| | (ii) Tranche Number: | 1 |
| | (iii) Date on which the Notes become fungible: | Not Applicable |

3.	Specified Currency or Currencies:	Pounds Sterling ("£")
4.	Aggregate Nominal Amount:	£350,000,000
5.	Issue Price:	99.614 per cent. of the Aggregate Nominal Amount
6.	(i) Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof
	(ii) Calculation Amount:	£1,000
7.	(i) Issue Date:	24 April 2018
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	24 April 2026
9.	Interest Basis:	Reset Notes (see paragraphs 14 and 15 below)
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount-
11.	Change of Interest or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Issuer Call (see paragraph 18 below)
13.	(i) Status of the Notes:	Senior Notes
	(ii) Senior Notes Waiver of Set-off:	Applicable
	(iii) Senior Notes Events of Default:	Condition 14(b): Applicable
	(iv) Date Board of Virgin Money Holdings (UK) plc approval for issuance of Notes obtained:	24 January 2018 and 22 February 2018
	(v) Date Board approval of CYBG PLC for substitution as Issuer of Notes obtained:	28 November 2018

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions	Not Applicable
15.	Reset Note Provisions	Applicable
	(i) Initial Rate of Interest:	3.375 per cent. per annum payable in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s):	24 April in each year up to and including the Maturity Date
	(iii) Fixed Coupon Amount up to (but excluding) the First Reset Date:	£33.75 per Calculation Amount

	Minimum Redemption Amount:	Not Applicable
	Maximum Redemption Amount	Not Applicable
(v)	Notice period:	As per the Conditions
19.	Put Option	Not Applicable
20.	Final Redemption Amount of each Note	£1,000 per Calculation Amount
21.	Optional Redemption Amount (Regulatory Event)	Not Applicable
22.	Loss Absorption Disqualification Event Redemption of Senior Notes:	Condition 10(e) applies
(i)	Optional Redemption Amount (Loss Absorption Disqualification Event):	£1,000 per Calculation Amount
23.	Early Redemption Amount (Tax)	£1,000 per Calculation Amount
24.	Early Termination Amount	£1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	Registered Notes: Unrestricted Global Note Certificate exchangeable for Unrestricted Individual Note Certificates in the limited circumstances specified in the Unrestricted Global Note Certificate Unrestricted Global Note Certificate (£350,000,000 nominal amount) registered in the name of a nominee for a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))
26.	New Global Note:	Not Applicable
27.	New Safekeeping Structure:	Yes
28.	Additional Financial Centre(s) or other special provisions relating to payment dates:	Not Applicable
29.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	No

Signed on behalf of Virgin Money Holdings (UK) plc

By: /s/ **PETER BOLE**
Duly authorised

PART B – OTHER INFORMATION

30. LISTING AND ADMISSION TO TRADING

(i) Admission to Trading: Application ~~has been~~was made by ~~the Issuer~~Virgin Money Holdings (UK) plc (or on its behalf) for the Notes to be admitted to trading on the Professional Securities Market of the London Stock Exchange with effect from 24 April 2018.

Application was made for the issuer of the Notes to be changed from Virgin Money Holdings (UK) plc to CYBG PLC following the Substitution

(ii) Estimate of total expenses related to admission to trading: £3,600

31. RATINGS

The Notes ~~to be issued~~are ~~expected to be~~rated:

Fitch Ratings Limited ("**Fitch**"): BBB+

Moody's Investor Services ("**Moody's**"): Baa3

Each of Fitch and Moody's is established in the EEA and registered under Regulation (EU) No.1060/2009, as amended (the "**CRA Regulation**")~~;~~)

~~32. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE~~

~~Save for any fees payable to Barclays Bank PLC, Citigroup Global Markets Limited, HSBC Bank plc and Morgan Stanley & Co. International plc (together, the "**Managers**"), so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.~~

~~33. USE OF PROCEEDS~~

~~It is the Issuer's intention to use the proceeds of the issue of the Notes issued by it to initially make an investment in the Bank in the form of subordinated debt intended to qualify as eligible liabilities of the Bank. The Issuer retains the discretion to restructure any investment made with the proceeds at any time.~~

~~34~~3 YIELD

Indication of yield: 3.438 per cent.

The yield is calculated at the Issue Date as the yield to the Optional Redemption Date on the basis of the Issue Price. It is not an indication of future yield~~.~~

~~35~~3 OPERATIONAL INFORMATION

ISIN:	XS1813150247
CUSIP:	Not Applicable
Common Code:	181315024
Any clearing system(s) other than Euroclear and/or Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable
Delivery:	Delivery against payment
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
Intended to be held in a manner which would allow Eurosystem eligibility:	Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

363 DISTRIBUTION

(i) Method of Distribution <u>for initial issuance</u> :	Syndicated
(ii) If syndicated:	
(a) Names of Dealers:	Barelays Bank PLC Citigroup Global Markets Limited HSBC Bank plc Morgan Stanley & Co. International plc
(b) Stabilising Manager(s) (if any):	Not Applicable
(iii) If non-syndicated, name of Dealer:	Not Applicable
(iviii) U.S. Selling Restrictions <u>for initial issuance</u>:	Reg. S Compliance Category 2; TEFRA not applicable – Not Rule 144A Eligible
(vii) Prohibition of Sales to EEA Retail Investors:	Applicable
(viii) Prohibition of Sales to Belgian Consumers:	Applicable