

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** Part 2 (*Explanatory Statement*) of this document comprises an explanatory statement in compliance with section 897 of the Companies Act. This document relates to a transaction which, if implemented, will result in: (i) the cancellation of the listing of Virgin Money Ordinary Shares on the Official List and of the trading of Virgin Money Ordinary Shares on the main market of the London Stock Exchange; and (ii) the cancellation of the listing of Virgin Money on the Australian Securities Exchange and of the quotation of the Virgin Money CDIs on the Australian Securities Exchange. If you are in any doubt about the Acquisition, the contents of this document or what action you should take, you are recommended to seek your own personal financial, tax and legal advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended from time to time) if you are taking advice in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

Unless the context otherwise requires, references in this document to Virgin Money Shares and Virgin Money Shareholders include Virgin Money CDIs and Virgin Money CDI Holders, as applicable.

If you sell or otherwise transfer or have sold or otherwise transferred all of your Virgin Money Shares, please send this document, together with any accompanying documents (but not the personalised accompanying documents) and any reply paid envelope, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer is or was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded, distributed or transmitted (in whole or in part) in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of that jurisdiction.

If you sell or otherwise transfer or have sold or otherwise transferred only part of your holding of Virgin Money Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer is or was effected. If you have recently purchased or otherwise acquired Virgin Money Shares in certificated form, notwithstanding receipt of this document and any accompanying documents from the transferor, you should contact Computershare to obtain a personalised Form of Proxy.

The release, publication or distribution of this document and the accompanying documents (in whole or in part) in, into or from jurisdictions other than the United Kingdom and Australia may be restricted by the laws of those jurisdictions and therefore persons into whose possession these documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by law, Virgin Money and Nationwide disclaim any responsibility or liability for the violation of any such restrictions by such persons.

Neither this document nor any of the accompanying documents are intended to, and do not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful.

**Recommended cash acquisition of  
Virgin Money UK PLC  
by  
Nationwide Building Society  
to be effected by means of a  
scheme of arrangement under Part 26 of  
the Companies Act 2006**

Virgin Money Shareholders should read carefully the whole of this document, the information incorporated by reference into this document and the accompanying Forms of Proxy, CSN Voting Notification and CDI Voting Instruction Forms (as applicable). Your attention is drawn to the letter from the Board Chair of Virgin Money in Part 1 (*Letter from the Board Chair*) of this document, which contains the unanimous recommendation of (i) the Virgin Money Directors, that Scheme Shareholders vote in favour of the Scheme at the Court Meeting and Virgin Money Shareholders vote in favour of the Acquisition Resolution at the General Meeting; (ii) the Independent Virgin Money Directors, that Independent Virgin Money Shareholders vote in favour of the Virgin Resolution at the General Meeting; and (iii) the Non-Executive Virgin Money Directors, that Virgin Money Shareholders vote in favour of the Remuneration Policy Resolution at the General Meeting. A letter from Goldman Sachs International and J.P. Morgan Cazenove explaining the Scheme in greater detail is set out in Part 2 (*Explanatory Statement*) of this document and constitutes an explanatory statement in compliance with section 897 of the Companies Act.

Notices of the Court Meeting and the General Meeting, both of which are to be held at the Company's registered office at Jubilee House, Gosforth, Newcastle upon Tyne, England, NE3 4PL on 22 May 2024, are set out in Part 9 (*Notice of Court Meeting*) and Part 10 (*Notice of General Meeting*) of this document, respectively. The Court Meeting will start at 1.00 p.m. and the General Meeting will start at 1.15 p.m. (or as soon thereafter as the Court Meeting has concluded or been adjourned).

The actions to be taken by Virgin Money Shareholders in respect of the Court Meeting and General Meeting are set out on pages 12 to 15 and in paragraph 17 of Part 2 (*Explanatory Statement*) of this document.

Virgin Money Ordinary Shareholders are asked to please complete and sign both Forms of Proxy accompanying this document, blue for the Court Meeting and white for the General Meeting, in accordance with the instructions provided thereon and set out in Part 9 (*Notice of Court Meeting*) and Part 10 (*Notice of General Meeting*) of this document, and to return them to Computershare, at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom as soon as possible and, in any event, so as to be received by not later than 1.00 p.m. on 20 May 2024 in the case of the Court Meeting and not later than 1.15 p.m. on 20 May 2024 in the case of the General Meeting or, in the case of any adjournment, by such time as is set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) and in the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document, respectively. Alternatively, the blue Form of Proxy for the Court Meeting (but not the white Form

of Proxy for the General Meeting) may be handed to a representative of Computershare on behalf of the Chair of the Court Meeting or to the Chair of the Court Meeting at the commencement of that meeting. If the white Form of Proxy for the General Meeting is not lodged by the relevant time, it will be invalid. Forms of Proxy returned by fax will not be accepted. You can also submit your proxy electronically at Computershare's website, [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy), so as to be received by not later than 1.00 p.m. on 20 May 2024 in the case of the Court Meeting and not later than 1.15 p.m. on 20 May 2024 in the case of the General Meeting or, in the case of any adjournment, by such time as is set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) and in the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document, respectively.

If you hold your Virgin Money Ordinary Shares in uncertificated form through CREST, you may also vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual. Proxies submitted via CREST (under CREST participant ID 3RA50) must be received by Computershare not later than 1.00 p.m. on 20 May 2024 in the case of the Court Meeting and not later than 1.15 p.m. on 20 May 2024 in the case of the General Meeting or, in the case of any adjournment, by such time as is set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) and the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document, respectively. The return of a completed Form of Proxy, the electronic appointment of a proxy or the submission of a proxy via CREST will not prevent you from attending the Court Meeting and/or the General Meeting (or any adjournment of such meeting) and voting in person if you so wish and if you are entitled to do so.

The actions to be taken by Virgin Money Share Account Holders are set out on page 14 and in paragraph 17 of Part 2 (*Explanatory Statement*) of this document. Virgin Money Share Account Holders are asked to submit their voting instructions in accordance with the instructions set out in the CSN Voting Notification as soon as possible, but in any event so as to be received by the Equiniti Nominee by no later than 1.00 p.m. and 1.15 p.m. on 15 May 2024 (in the case of the Court Meeting and the General Meeting, respectively) or, in the case of an adjourned meeting, not later than five Business Days before the time and date set for the relevant adjourned meeting. In the case of the Court Meeting and the General Meeting, if the relevant voting instruction is not submitted by the relevant time, it will be invalid.

The actions to be taken by Virgin Money CDI Holders are set out on page 13 and paragraph 17 of Part 2 (*Explanatory Statement*) of this document. If you hold Virgin Money CDIs, you may appoint CDN to exercise the voting rights attached to the Virgin Money Ordinary Shares it holds on your behalf by completing Option A of each CDI Voting Instruction Form (blue for the Court Meeting and white for the General Meeting). Alternatively, you may instruct CDN to appoint you (or another person) as its proxy by completing Option B of each CDI Voting Instruction Form. You may submit each CDI Voting Instruction Form by mailing it to Virgin Money's registrars, Computershare Investor Services Pty Limited, at GPO Box 242, Melbourne, Victoria 3001, Australia as soon as possible and, in any event, so as to be received by not later than 10.00 p.m. (AEST) on 17 May 2024 in the case of both the Court Meeting and the General Meeting or, in the case of any adjournment, by such time as is set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) and the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document, respectively. Alternatively, you may submit each CDI Voting Instruction Form electronically by logging on to [www.investorvote.com.au](http://www.investorvote.com.au). CDI Voting Instruction Forms submitted electronically must be submitted as soon as possible and, in any event, so as to be received by not later than 10.00 p.m. (AEST) on 17 May 2024 in the case of both the Court Meeting and the General Meeting or, in the case of any adjournment, by such time as is set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) and the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document, respectively. In order to attend and vote in person at the Shareholder Meetings, you must choose Option B of the relevant CDI Voting Instruction Form and instruct CDN to appoint you as its proxy. If you do not complete Option B in this way you will only be able to attend the relevant Shareholder Meeting and speak but not be able to vote. In each case, unless the relevant CDI Voting Instruction Form is returned by the specified time, it will be invalid.

This document (and any information incorporated into it by reference to another source) will be available, subject to any restrictions relating to persons resident in Restricted Jurisdictions, on Virgin Money's website at [www.virginmoneyukplc.com/investor-relations/announcements/](http://www.virginmoneyukplc.com/investor-relations/announcements/) and on Nationwide's website at [www.nationwide.co.uk/investor-relations/virgin-money-terms-of-access/](http://www.nationwide.co.uk/investor-relations/virgin-money-terms-of-access/) promptly and in any event by no later than 12 noon on 23 April 2024. For the avoidance of doubt, the content of the websites accessible from any hyperlinks referred to in this document are not incorporated into and do not form part of this document.

Virgin Money Shareholders, persons with information rights and participants in the Virgin Money Share Plans may contact Computershare to: (i) request a hard copy of this document (in accordance with Rule 30.3 of the Takeover Code); or (ii) ask any questions about this document, the Court Meeting or the General Meeting or clarify any doubts as to how to complete the Forms of Proxy or CDI Voting Instruction Forms. Virgin Money Ordinary Shareholders can: (i) submit a request in writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom; or (ii) call 0370 707 1172 from within the UK (or +44 (0)370 707 1172 if calling from outside the UK). Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Phone lines are open between 8.30 a.m. and 5.30 p.m. (London time), Monday to Friday (excluding public holidays in England and Wales). Virgin Money CDI Holders can: (i) submit a request in writing to Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, VIC 3067, Australia; or (ii) call 1800 764 308 (or +61 3 9415 4142 if calling from outside of Australia). Calls are charged at the standard geographical rate and will vary by provider. Calls outside Australia will be charged at the applicable international rate. Phone lines are open between 8.30 a.m. and 5.30 p.m. (AEST), Monday to Friday (excluding public holidays in Australia). Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

For persons who receive a copy of this document in electronic form or via a website notification, a hard copy of this document will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.

Capitalised words and phrases used in this document shall have the meanings given to them in Part 8 (*Definitions*) of this document.

You should read the rest of this document and if you are in any doubt as to the action you should take, consult an independent financial adviser. In making any investment decision you must rely on your own examination of the terms of the Scheme and the Acquisition, including the merits and risks involved.

If the Virgin Money Share Plan Account holds the legal title to any Virgin Money Ordinary Shares on your behalf, you will be contacted separately by the Computershare Nominee via EquatePlus, with details on what actions you need to take and any relevant deadlines for completing such actions. You will be able to instruct the Computershare Nominee how to vote in relation to the Virgin Money Ordinary Shares held on your behalf via EquatePlus. If you are in any doubt as to what actions you need to take and/or how to use EquatePlus, you can (i) submit a request in writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom; (ii) call 0370 707 1172 from within the UK (or +44 (0)370 707 1172 if calling from outside the UK); or (iii) use the EquatePlus "HelpChat" function. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Phone lines are open between 8.30 a.m. and 5.30 p.m. (London time), Monday to Friday (excluding public holidays in England and Wales). Please note that, for legal reasons, Computershare is unable to give advice on the merits of the Acquisition or to provide any financial, tax or investment advice.

If you are a Virgin Money Share Account Holder and you are in any doubt as to how to submit your voting instructions in accordance with the instructions set out in the CSN Voting Notification, please call the Virgin Money Share Account helpline between 8.30 a.m. and 5.30 p.m., UK time, Monday to Friday (except public holidays in England and Wales) on +44(0) 371 384 2937. Please use the country code if calling from outside the United Kingdom. For deaf and speech impaired shareholders, we welcome calls via Relay UK. Please see [www.relayuk.bt.com](http://www.relayuk.bt.com) for more information. Calls to the Virgin Money Share Account helpline from outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the Virgin Money Share Account helpline is only able to provide information contained in this document and the CSN Voting Notification, and is unable to give advice on the merits of the Acquisition or to provide any financial, tax or investment advice.

Goldman Sachs International, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting as joint financial adviser for Virgin Money and no one else in connection with the Acquisition and the distribution of this document and will not be responsible to anyone other than Virgin Money for providing the protections afforded to clients of Goldman Sachs International, or for giving advice in connection with the Acquisition or any matter referred to herein.

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**"), is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the PRA and the FCA. J.P. Morgan Cazenove is acting as joint financial adviser exclusively for Virgin Money and no one else in connection with the matters set out in this document and will not regard any other person as its client in relation to the matters in this document and will not be responsible to anyone other than Virgin Money for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to any matter referred to herein.

UBS AG, London Branch ("**UBS**") is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. It is authorised by the PRA and subject to regulation by the FCA and limited regulation by the PRA in the United Kingdom. UBS is acting exclusively for Nationwide and no one else in connection with the Acquisition. In connection with such matters, UBS will not regard any other person as its client, nor will it be responsible to any other person for providing the protections afforded to its clients or for providing advice in relation to the Acquisition, the contents of this document or any other matter referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Goldman Sachs International, J.P. Morgan Cazenove, and UBS by FSMA or the regulatory regime established under that legislation or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Goldman Sachs International, J.P. Morgan Cazenove, and UBS or any person affiliated with any of them assumes any responsibility whatsoever and none of them makes any representation or warranty, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by any of them or on their behalf and nothing contained in this document is, or shall be, relied upon as a promise or representation in this respect whether as to the past or the future, in connection with Virgin Money, the Virgin Money Group, Nationwide, the Nationwide Group, the Acquisition or otherwise. Each of Goldman Sachs International, J.P. Morgan Cazenove, and UBS accordingly disclaims to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise which it might otherwise (save as referred to above) be found to have in respect of this document or any such statement.

## IMPORTANT NOTICE

This document and the accompanying documents have been prepared in connection with a proposal in relation to a scheme of arrangement pursuant to, and for the purposes of complying with, the laws of England and Wales, the Takeover Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if these documents had been prepared in accordance with the laws of jurisdictions outside England and Wales. Nothing in this document or the accompanying documents should be relied upon for any other purpose. The statements contained in this document or the accompanying documents are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this document or the accompanying documents, you should consult your own legal adviser, financial adviser or tax adviser for legal, business, financial or tax advice.

No person has been authorised to make any representations on behalf of Virgin Money or Nationwide concerning the Acquisition or the Scheme which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been so authorised.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Virgin Money, the Virgin Money Group, Nationwide or the Nationwide Group except where otherwise expressly stated. Neither Virgin Money nor Nationwide intends, or undertakes any obligation, to update information contained in this document, except as required by applicable law, the Takeover Code or other regulation.

Prior to the Scheme becoming Effective, applications will be made to the London Stock Exchange and the FCA for the Virgin Money Ordinary Shares to cease to be admitted to trading on the main market of the London Stock Exchange and to cancel their listing on the Official List, respectively. An application will also be made to ASX Limited for Virgin Money to cease to be listed on the Australian Securities Exchange.

### Information for Overseas Shareholders

Unless otherwise determined by Virgin Money and Nationwide or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or form within any Restricted Jurisdiction. Accordingly, copies of this document and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction, and persons receiving this document and all other documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from any Restricted Jurisdiction.

It is the responsibility of each Overseas Shareholder to satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in connection with the Acquisition, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

If Nationwide were to elect to implement the Acquisition by means of an Offer, such Offer will be made in compliance with all applicable laws and regulations, including the US tender offer rules, to the extent applicable.

The financial information included in, or incorporated by reference into, this document has been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to the accounting standards applicable to financial statements of US companies. US generally accepted accounting principles differ in certain respects from International Financial Reporting Standards. None of the financial information in, or incorporated by reference into, this document has been audited in accordance with auditing standards generally accepted in the US or the auditing standards of the Public Company Accounting Standards Oversight Board (United States). US persons should note that the Scheme relates to shares of an English company that is a “foreign private issuer” as defined in Rule 3b-4 under the US Exchange Act, and the Scheme will be governed by the laws of England and Wales. Neither the proxy solicitation rules nor the tender offer rules under the US Securities Exchange Act of 1934 (the “**US Exchange Act**”) will apply to the Scheme. Moreover, the Scheme will be subject to the disclosure requirements and practices applicable in the UK to takeovers implemented by scheme of arrangement, which



differ from the disclosure requirements under US securities laws. It may be difficult for any US holders of Virgin Money Shares to enforce their rights and any claim arising out of the US federal securities laws in connection with the Acquisition, since Nationwide and Virgin Money are located in, and organised under the laws of, a non-US jurisdiction, and some or all of their officers and directors may be residents of non-US jurisdictions. Any US holders of Virgin Money Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the Acquisition, or passed comment upon the adequacy or completeness of this document. Any representation to the contrary is a criminal offence.

### **Notice to Australian Virgin Money Shareholders**

This document is not a disclosure document for the purposes of the Corporations Act 2001 (Cth) (the "**Australian Corporations Act**"), and is not required to, and does not, contain all the information which would be required in a disclosure document under the Australian Corporations Act. This document has not been and will not be lodged or registered with the Australian Securities and Investments Commission, ASX Limited or any other regulatory body or agency in Australia.

### **Share purchases**

To the extent permitted by applicable law, in accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Nationwide and its members or their respective nominees or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Virgin Money securities other than pursuant to the Acquisition (if implemented by way of an Offer) such as in open market or privately negotiated purchases outside the United States during the period in which the Acquisition remains open for acceptance. In accordance with the requirements of Rule 14e-5(b) of the US Exchange Act, such purchases, or arrangements to purchase, must comply with the laws of England and Wales, the Takeover Code and the Listing Rules. Also, in accordance with Rule 14e-5(b) of the US Exchange Act, each of UBS, Goldman Sachs International and J.P. Morgan Cazenove will continue to act as an exempt principal trader in Virgin Money Shares and Virgin Money CDIs on the London Stock Exchange and the Australian Securities Exchange, respectively. If such purchases or arrangements to purchase were to be made, they would occur either in the open market at prevailing prices or in private transactions at negotiated prices and comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

### **Forward-looking statements**

This document (including information incorporated by reference into this document), statements made regarding the Acquisition, and other information to be published by Nationwide and/or Virgin Money, contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and not based on historical facts, but rather on current expectations and projections of the management of Nationwide and/or Virgin Money about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

The forward-looking statements contained in this document include statements with respect to the financial condition, results of operations and business of Virgin Money and certain plans and objectives of Nationwide with respect thereto and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the fact that they do not relate only to historical or current facts and may use words such as "anticipate", "target", "expect", "estimate", "forecast", "intend", "plan", "budget", "scheduled", "goal", "believe", "hope", "aims", "continue", "will", "may", "should", "would", "could", or other words of similar meaning. These statements are based on assumptions and assessments made by Virgin Money and/or Nationwide in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward-looking statements involve known and unknown risk and uncertainty and other factors which may cause actual results, performance or developments to differ materially from those expressed in or implied by such forward-looking statements because they relate to events and depend on circumstances that will occur in the future. Although Nationwide and/or Virgin Money believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to

have been correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. Neither Nationwide nor Virgin Money assumes any obligation to update or correct the information contained in this document (whether as a result of new information, future events or otherwise), except as required by applicable law.

There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include, but are not limited to: the ability to proceed with or complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other conditions on the proposed terms; changes in the global, political, economic, business and competitive environments and in market and regulatory forces; changes in future inflation, deflation, exchange and interest rates; changes in tax and national insurance rates; future business combinations, capital expenditures, acquisitions or dispositions; changes in general and economic business conditions; changes in the behaviour of other market participants; the anticipated benefits of the Acquisition not being realised as a result of changes in general economic and market conditions in the countries in which Nationwide and Virgin Money operate; weak, volatile or illiquid capital and/or credit markets; changes in the degree of competition in the geographic and business areas in which Nationwide and Virgin Money operate; the repercussions of the outbreak of epidemics (including but not limited to the COVID-19 outbreak); changes to the Nationwide Board and/or the Virgin Money Board and/or the composition of their respective workforces; exposures to terrorist activity, IT system failures, cyber-crime, fraud and pension scheme liabilities; risks relating to environmental matters such as climate change, including Nationwide and/or Virgin Money's ability, along with the government and other stakeholders, to measure, manage and mitigate the impacts of climate change effectively; changes to law and/or the policies and practices of the Bank of England, the FCA and/or other regulatory and governmental bodies; changes in the liquidity, capital, funding and/or asset position and/or credit ratings of Nationwide and/or Virgin Money; the repercussions of the UK's exit from the EU (including any change to the UK's currency and the terms of any trade agreements (or lack thereof) between the UK and the EU), Eurozone instability, Russia's invasion of Ukraine, conflicts in the Middle East, any referendum on Scottish independence, and any UK or global cost of living crisis or recession. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in light of such factors.

Neither Nationwide nor Virgin Money, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. Given the risks and uncertainties, you are cautioned not to place any reliance on these forward-looking statements.

Other than in accordance with their legal or regulatory obligations, neither Nationwide nor Virgin Money is under any obligation, and Nationwide and Virgin Money expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

#### **No profit forecasts or estimates or quantified benefits statements**

Nothing in this document is intended, or is to be construed, as a profit forecast, profit estimate, or quantified benefits statement for any period and no statement in this document is to be interpreted to mean that earnings or earnings per share for Virgin Money or Nationwide, as appropriate, for the current or future financial years will necessarily match or exceed the historical published earnings or earnings per share for Virgin Money or Nationwide, as appropriate. No accretion statements or statements as to the effect of the Acquisition should be construed as profit forecasts and are, therefore, not subject to the requirements of Rule 28 of the Takeover Code.

#### **Disclosure requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for,

any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

### **Electronic communications**

Please be aware that addresses, electronic addresses and certain other information provided by Virgin Money Shareholders, persons with information rights and other relevant persons for the receipt of communications from Virgin Money may be provided to Nationwide during the Offer Period as required under Section 4 of Appendix 4 to the Takeover Code.

### **Rounding**

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

### **Registration**

Virgin Money is a public limited company registered in England and Wales (company number: 09595911) and has its registered office at Jubilee House, Gosforth, Newcastle upon Tyne, England, NE3 4PL.

### **Date**

This document is published on 22 April 2024.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| <i>Event</i>   | <i>Time/date <sup>(1)</sup></i>   |
|--|---|
| Latest time for Virgin Money Share Account Holders to submit voting instructions for the Court Meeting   | 1.00 p.m. on 15 May 2024 <sup>(2)</sup>   |
| Latest time for Virgin Money Share Account Holders to submit voting instructions for the General Meeting   | 1.15 p.m. on 15 May 2024 <sup>(3)</sup>   |
| CDI Holder Voting Record Time  | 7.00 p.m. (AEST) on 17 May 2024 <sup>(4)</sup>  |
| Latest time for lodging blue CDI Voting Instruction Forms for the Court Meeting and white CDI Voting Instruction Forms for the General Meeting           | 10.00 p.m. (AEST) on 17 May 2024 <sup>(5)</sup>   |
| Latest time for lodging blue Forms of Proxy for the Court Meeting  | 1.00 p.m. on 20 May 2024 <sup>(6)</sup>   |
| Latest time for lodging white Forms of Proxy for the General Meeting   | 1.15 p.m. on 20 May 2024 <sup>(7)</sup>   |
| Ordinary Shareholder Voting Record Time  | 6.00 p.m. on 20 May 2024 <sup>(8)</sup>   |
| <b>Court Meeting</b>   | <b>1.00 p.m. on 22 May 2024</b>   |
| <b>General Meeting</b>   | <b>1.15 p.m. on 22 May 2024 <sup>(9)</sup></b>  |
| <i>Certain of the following dates are subject to change (please see Note (1) below):</i>   |   |
| Last day of dealings in Virgin Money CDIs on the Australian Securities Exchange  | D-2* <sup>(1)</sup>   |
| Suspension of dealings in Virgin Money CDIs  | 4.00 p.m. (AEST) on D-2* <sup>(1)</sup>   |
| Court Hearing to sanction the Scheme   | A date expected to be in calendar Q4 2024 subject to the satisfaction (or, where applicable, waiver) of the relevant Conditions (“D”) <sup>(10)</sup> |
| Last day of: (i) dealings in, and registration of transfers of, Virgin Money Ordinary Shares; and (ii) registration of transfers of Virgin Money CDIs    | D <sup>(1)</sup>  |
| CDI Record Time  | 7.00 p.m. (AEST) on D <sup>(1)</sup> <sup>(11)</sup>  |
| Scheme Record Time and disablement of Virgin Money Ordinary Shares in CREST  | 6.00 p.m. on D <sup>(1)</sup> <sup>(12)</sup>   |
| <b>Effective Date of the Scheme</b>  | D+1 (“E”)** <sup>(1)</sup>  |
| Suspension of listing of Virgin Money Ordinary Shares on the Official List and of trading of Virgin Money Ordinary Shares on the London Stock Exchange   | 7.30 a.m. on D+1*** <sup>(1)</sup>  |
| Cancellation of listing of Virgin Money Ordinary Shares on the Official List and of trading of Virgin Money Ordinary Shares on the London Stock Exchange | By 8.00 a.m. on E+1*** <sup>(1)</sup>   |
| Cancellation of listing of Virgin Money on the Australian Securities Exchange  | E+1* <sup>(1)</sup>   |

|   |  |
|---|--|
| Latest date for despatch of cheques in respect of the Consideration and for settlement of the Consideration through CREST or other form of payment to Virgin Money Ordinary Shareholders and Virgin Money CDI Holders | Within 14 calendar days of the Effective Date (“NS”) <sup>(1) (13)</sup> |
| Expected date for the crediting to mandated bank accounts in respect of any Consideration due to Virgin Money Share Plan Account Holders  | No later than 5 calendar days after NS <sup>(1) (14)</sup>               |
| Expected date for the crediting to mandated bank accounts of, or issuing of cheques in respect of, any Consideration due to Virgin Money Share Account Holders  | No later than 10 Business Days after NS <sup>(1) (15)</sup>              |
| Long Stop Date  | 11.59 p.m. on 31 January 2025 <sup>(1) (16)</sup>                        |

**The Court Meeting and the General Meeting will each be held at Jubilee House, Gosforth, Newcastle upon Tyne, England, NE3 4PL.**

- (1) These times and dates are indicative only and will depend, among other things, on the date upon which the Conditions are satisfied or, if capable of waiver, waived and the date on which the Court sanctions the Scheme. The timetable is also dependent on when the Court Order sanctioning the Scheme is delivered to the Registrar of Companies. Virgin Money will give notice of any updates or changes to these dates and times, when known, by issuing an announcement through a Regulatory Information Service and the ASX Market Announcements Platform and, if required by the Panel, posting notice of the change(s) to Virgin Money Shareholders and persons with information rights. Virgin Money Share Plan participants will be contacted separately to inform them of the effect of the Acquisition on their Awards.
- (2) Virgin Money Share Account Holders are asked to submit their voting instructions for the Court Meeting in accordance with the instructions set out in the CSN Voting Notification as soon as possible, but in any event so as to be received by the Equiniti Nominee by no later than 1.00 p.m. on 15 May 2024 or, in the case of an adjournment, not later than five Business Days before the time and date set for the adjourned Court Meeting.
- (3) Virgin Money Share Account Holders are asked to submit their voting instructions for the General Meeting in accordance with the instructions set out in the CSN Voting Notification as soon as possible, but in any event so as to be received by the Equiniti Nominee by no later than 1.15 p.m. on 15 May 2024 or, in the case of an adjournment, not later than five Business Days before the time and date set for the adjourned General Meeting.
- (4) If either of the Shareholder Meetings is adjourned, the CDI Holder Voting Record Time for the relevant adjourned meeting will be 7.00 p.m. (AEST) on the date falling three Australian Business Days before the date set for that adjourned meeting.
- (5) It is requested that blue CDI Voting Instruction Forms for the Court Meeting and white CDI Voting Instruction Forms for the General Meeting be lodged not later than 10.00 p.m. (AEST) on 17 May 2024 or, if either of the Shareholder Meetings is adjourned, not later than the time set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) and in the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document, as applicable. In order for a Virgin Money CDI Holder to attend and vote in person at the Court Meeting or the General Meeting, such Virgin Money CDI Holder must choose Option B of the blue CDI Voting Instruction Form or the white CDI Voting Instruction Form (as applicable) and instruct CDN to appoint them as CDN’s proxy. If a Virgin Money CDI Holder does not complete Option B in this way that Virgin Money CDI Holder will only be able to attend the Court Meeting or the General Meeting (as applicable) and speak but not be able to vote.
- (6) It is requested that blue Forms of Proxy for the Court Meeting be lodged not later than 1.00 p.m. on 20 May 2024 or, if the Court Meeting is adjourned, not later than the time set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) of this document. Blue Forms of Proxy not so lodged may be handed to a representative of Computershare on behalf of the Chair of the Court Meeting or to the Chair of the Court Meeting at the commencement of the Court Meeting.
- (7) It is requested that white Forms of Proxy for the General Meeting be lodged not later than 1.15 p.m. on 20 May 2024 or, if the General Meeting is adjourned, not later than the time set out in the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document. White Forms of Proxy cannot be handed to the Chair of the General Meeting at that meeting.
- (8) If either of the Shareholder Meetings is adjourned, the Ordinary Shareholder Voting Record Time for the relevant adjourned meeting will be 6.00 p.m. on the date falling two Business Days before the date set for that adjourned meeting.
- (9) To commence at 1.15 p.m. or as soon thereafter as the Court Meeting has concluded or been adjourned.
- (10) For the purposes of the Condition set out in paragraph 2(C) of Part A of Part 3 (*Conditions to and further terms of the Acquisition*) of this document, the “expected date” shall be the date which is no later than 14 calendar days after the satisfaction or (if capable of waiver) waiver of the Conditions in paragraphs 2(A), 2(B), 3 and 4 of Part A of Part 3 (*Conditions to and further terms of the Acquisition*) of this document.
- (11) Virgin Money CDI Holders who are on the CDI Register as at this time are entitled to receive the Consideration under the Acquisition.
- (12) Scheme Shareholders who are on the register of members of Virgin Money as at this time are entitled to receive the Consideration under the Acquisition.
- (13) The attention of Virgin Money Shareholders is drawn to paragraph 14(A) of Part 2 (*Explanatory Statement*) of this document which provides details on the currency in which payments will be made as well as instructions for any Virgin Money Shareholder who wishes to amend their payment instructions.
- (14) Following the receipt by the Computershare Nominee of the Consideration due to it in respect of the Virgin Money Ordinary Shares it holds on behalf of the Virgin Money Share Plan Account Holders, the Computershare Nominee will distribute to the Virgin Money Share Plan Account Holders the relevant portion of the Consideration to which they are entitled within five calendar days thereafter.
- (15) Following the receipt by the Equiniti Nominee of the Consideration due to it in respect of the Virgin Money Ordinary Shares it holds on behalf of the Virgin Money Share Account Holders, the Equiniti Nominee will distribute to the Virgin Money Share Account Holders the relevant portion of the Consideration to which they are entitled within ten Business Days thereafter, and issue Virgin Money Share Account

statements within five Business Days after the date on which the Equiniti Nominee distributes the Consideration to the Virgin Money Share Account Holders.

(16) This date may be extended to such date (a) as Virgin Money and Nationwide may agree, or (b) (in a competitive situation) as may be specified by Nationwide with the consent of the Panel, and in each case that the Court (if required) may allow.

(\*) These references to “D-2” or “E+1” are to the day falling two Australian Business Days before the actual date which is D or one Australian Business Day after the actual date which is E, respectively.

(\*\*) In the context of the Effective Date, reference to “D+1” is to the day falling one calendar day following the actual date which is D.

(\*\*\*) These references to “D+1” or “E+1” are to the day falling one Business Day following the actual date which is D or E, respectively.

All references in this document to times are to times in London, UK (unless otherwise stated).

## ACTION TO BE TAKEN

The Court Meeting and the General Meeting will be held at the Company's registered office at Jubilee House, Gosforth, Newcastle upon Tyne, England, NE3 4PL on 22 May 2024 at 1.00 p.m. and 1.15 p.m. respectively (or, in the case of the General Meeting, as soon thereafter as the Court Meeting has concluded or been adjourned). The Scheme requires approval of the Scheme at the Court Meeting and approval of the Acquisition Resolution and the Virgin Resolution at the General Meeting. In addition, Virgin Money Shareholders will also be asked to vote on the Remuneration Policy Resolution at the General Meeting. The passing of the Remuneration Policy Resolution is not a Condition to the Scheme or to Completion. The notices convening the Court Meeting and the General Meeting are set out in Part 9 (*Notice of Court Meeting*) and Part 10 (*Notice of General Meeting*) of this document, respectively.

For the reasons set out in this document, the Virgin Money Directors unanimously recommend that Scheme Shareholders vote in favour of the Scheme at the Court Meeting and Virgin Money Shareholders vote in favour of the Acquisition Resolution at the General Meeting, as the Virgin Money Directors who hold Virgin Money Shares have each irrevocably undertaken to do (or procure to be done) in respect of their own beneficial shareholdings in Virgin Money. Further, the Independent Virgin Money Directors unanimously recommend that Independent Virgin Money Shareholders vote in favour of the Virgin Resolution at the General Meeting, as the Independent Virgin Money Directors who hold Virgin Money Shares have each irrevocably undertaken to do (or procure to be done) in respect of their own beneficial shareholdings in Virgin Money. In addition, the Non-Executive Virgin Money Directors unanimously recommend that Virgin Money Shareholders vote in favour of the Remuneration Policy Resolution at the General Meeting.

**IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF THE OPINION OF SCHEME SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO (A) COMPLETE AND RETURN YOUR FORMS OF PROXY (OR MAKE AN ELECTRONIC APPOINTMENT OF A PROXY OR SUBMIT A PROXY VOTE VIA CREST) OR CDI VOTING INSTRUCTION FORMS (OR SUBMIT YOUR INSTRUCTIONS ELECTRONICALLY) (AS APPLICABLE), (B) IN THE CASE OF A VIRGIN MONEY SHARE ACCOUNT HOLDER, INSTRUCT THE EQUINITI NOMINEE TO EXERCISE THE VOTING RIGHTS ATTACHED TO THE VIRGIN MONEY ORDINARY SHARES IT HOLDS ON YOUR BEHALF AS SOON AS POSSIBLE, OR (C) IN THE CASE OF A VIRGIN MONEY SHARE PLAN ACCOUNT HOLDER, INSTRUCT THE COMPUTERSHARE NOMINEE TO EXERCISE THE VOTING RIGHTS ATTACHED TO THE VIRGIN MONEY ORDINARY SHARES IT HOLDS ON YOUR BEHALF AS SOON AS POSSIBLE VIA EQUATEPLUS.**

**Please check you have received the following with this document:**

*In the case of Virgin Money Ordinary Shareholders:*

- a blue Form of Proxy for use in respect of the Court Meeting; and
- a white Form of Proxy for use in respect of the General Meeting.

*In the case of Virgin Money CDI Holders:*

- a blue CDI Voting Instruction Form for use in respect of the Court Meeting; and
- a white CDI Voting Instruction Form for use in respect of the General Meeting.

*In the case of Virgin Money Share Account Holders:*

- a CSN Voting Notification for use in respect of both the Court Meeting and the General Meeting.

**If you have not received these documents (as applicable), please contact Computershare on the Virgin Money Shareholder helpline referred to below, or, if you are a Virgin Money Share Account Holder, the Equiniti Nominee on the Virgin Money Share Account helpline referred to below.**

## **To vote on the Scheme and the Resolutions:**

### **(a) Virgin Money Ordinary Shareholders**

Whether or not you plan to attend the Shareholder Meetings, please complete and sign the enclosed blue and white Forms of Proxy and return them in accordance with the instructions provided thereon as soon as possible but in any event so as to be received by no later than:

- 1.00 p.m. on 20 May 2024 in the case of the Court Meeting (blue form); and
- 1.15 p.m. on 20 May 2024 in the case of the General Meeting (white form),

(or, in the case of any adjournment, by such time as is set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) and the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document, respectively). This will enable your votes to be counted at the Shareholder Meetings in the event of your absence. Alternatively, the blue Form of Proxy for the Court Meeting (but not the white Form of Proxy for the General Meeting) may be handed to a representative of Computershare on behalf of the Chair of the Court Meeting or to the Chair of the Court Meeting at the commencement of that meeting. If the white Form of Proxy for the General Meeting is not lodged by the relevant time, it will be invalid. Forms of Proxy returned by fax will not be accepted.

As an alternative to completing and returning the printed Forms of Proxy, you can also submit your proxy electronically at Computershare's website, [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). You will need to accept the relevant terms and conditions, enter the Control Number, Shareholder Reference Number (SRN) and PIN provided on the Forms of Proxy or email communication and follow the instructions given. For an electronic proxy appointment to be valid, the appointment must be received by Computershare not later than 1.00 p.m. on 20 May 2024 in the case of the Court Meeting and not later than 1.15 p.m. on 20 May 2024 in the case of the General Meeting or, in the case of any adjournment, by such time as is set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) and the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document, respectively. In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to a representative of Computershare on behalf of the Chair of the Court Meeting or to the Chair of the Court Meeting at the commencement of that meeting.

As an alternative to completing and returning the printed Forms of Proxy or appointing a proxy electronically, if you hold your Virgin Money Shares in uncertificated form (i.e. in CREST), you may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual.

CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare (CREST participant ID 3RA50) not later than 1.00 p.m. on 20 May 2024 in the case of the Court Meeting and not later than 1.15 p.m. on 20 May 2024 in the case of the General Meeting (or, in the case of an adjourned meeting, by such time as is set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) and the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document, respectively). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST application host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.



Virgin Money may treat as invalid a CREST Proxy Instruction in the circumstances set out in the Regulations.

The completion and return of a Form of Proxy, the electronic appointment of a proxy or the submission of a proxy via CREST will not prevent you from attending and voting at the Court Meeting or the General Meeting, or any adjournment thereof, in person if you should wish and if you are entitled to do so.

**(b) Virgin Money Share Account Holders**

Each Virgin Money Share Account Holder should follow the instructions set out in the CSN Voting Notification to access the Equiniti Nominee's online voting platform, either by using the relevant unique voting instruction number specified for each of the Court Meeting and General Meeting in the CSN Voting Notification, or by using their personal login information, in order to instruct the Equiniti Nominee to exercise the voting rights attached to the Virgin Money Ordinary Shares that the Equiniti Nominee holds on their behalf at the Court Meeting and the General Meeting. Voting instructions must be submitted in accordance with the instructions set out in the CSN Voting Notification as soon as possible, but in any event so as to be received by the Equiniti Nominee no later than 1.00 p.m. and 1.15 p.m. on 15 May 2024 (in the case of the Court Meeting and the General Meeting, respectively) or, in the case of an adjourned meeting, not later than five Business Days before the time and date set for the adjourned meeting.

If the relevant voting instruction is not returned by the relevant time above and in accordance with the instructions on the CSN Voting Notification, it will be invalid.

**(c) Virgin Money CDI Holders**

Virgin Money CDI Holders should:

- (i) complete, sign and return the blue CDI Voting Instruction Form for use at the Court Meeting, so as to be received no later than 10.00 p.m. (AEST) on 17 May 2024 (or, in the case of an adjourned meeting, by such time as is set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) of this document); and
- (ii) complete, sign and return the white CDI Voting Instruction Form for use at the General Meeting, so as to be received no later than 10.00 p.m. (AEST) on 17 May 2024 (or, in the case of an adjourned meeting, by such time as is set out in the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document).

If you are a Virgin Money CDI Holder, you may appoint CDN to exercise the voting rights attached to the Virgin Money Ordinary Shares it holds on your behalf by completing Option A of each CDI Voting Instruction Form. You may also instruct CDN to appoint you (or another person) as its proxy by completing Option B of each CDI Voting Instruction Form. You may submit each CDI Voting Instruction Form by mailing it to Virgin Money's registrars, Computershare Investor Services Pty Limited, at GPO Box 242, Melbourne, Victoria 3001, Australia. Alternatively, you may submit each CDI Voting Instruction Form electronically by logging on to [www.investorvote.com.au](http://www.investorvote.com.au).

In order to attend and vote in person at the Shareholder Meetings, you must choose Option B of the relevant CDI Voting Instruction Form and instruct CDN to appoint you as its proxy. If you do not complete Option B in this way you will only be able to attend the relevant Shareholder Meeting and speak but not be able to vote.

In each case, unless the relevant CDI Voting Instruction Form is returned by the specified time, it will be invalid.

**(d) Virgin Money Share Plan Account Holders**

If the Virgin Money Share Plan Account holds the legal title to any Virgin Money Ordinary Shares on your behalf, you will be contacted separately by the Computershare Nominee via EquatePlus, with details on what actions you need to take and any relevant deadlines for completing such actions. You will be able to instruct the Computershare Nominee how to vote in relation to the Virgin Money Ordinary Shares held on your behalf via EquatePlus. If you are in any doubt as to what actions you need to take and/or how to use EquatePlus, you can (i) submit a request in writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom; (ii) call 0370 707 1172 from within the UK (or +44 (0)370 707 1172 if calling from outside the UK); or (iii) use the EquatePlus "HelpChat" function. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Phone lines are open between 8.30 a.m. and 5.30 p.m. (London time), Monday to Friday (excluding public holidays in England and Wales). Please note that, for

legal reasons, Computershare is unable to give advice on the merits of the Acquisition or to provide any financial, tax or investment advice.

### **Virgin Money Share Plans**

Virgin Money Share Plan participants will be contacted separately regarding the effect of the Acquisition on their Awards.

### **Virgin Money Shareholder helpline**

If you have any queries and are:

- (a) a Virgin Money Ordinary Shareholder, please call the Virgin Money Shareholder helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales) on 0370 707 1172 from within the UK (or on +44 (0)370 707 1172 if calling from outside the UK). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones; or
- (b) a Virgin Money CDI Holder, please call the Virgin Money Shareholder helpline between 8.30 a.m. and 5.30 p.m. (AEST), Monday to Friday (excluding public holidays in Australia) on 1800 764 308 (or +61 3 9415 4142 if calling from outside of Australia). Calls are charged at the standard geographical rate and will vary by provider. Calls outside Australia will be charged at the applicable international rate.

Calls may be recorded and randomly monitored for security and training purposes. Please note that Computershare cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

### **Virgin Money Share Account helpline**

If you are a Virgin Money Share Account Holder and you are in any doubt as to how to submit your voting instructions in accordance with the instructions set out in the CSN Voting Notification, please call the Virgin Money Share Account helpline between 8.30 a.m. and 5.30 p.m., UK time, Monday to Friday (except public holidays in England and Wales) on +44 (0)371 384 2937. Please use the country code if calling from outside the United Kingdom. For deaf and speech impaired shareholders, we welcome calls via Relay UK. Please see [www.relayuk.bt.com](http://www.relayuk.bt.com) for more information. Calls to the Virgin Money Share Account helpline from outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the Virgin Money Share Account helpline is only able to provide information contained in this document and the CSN Voting Notification, and is unable to give advice on the merits of the Acquisition or to provide any financial, tax or investment advice.

### **Payment currency of the Consideration and the FY 2024 Dividend**

The Consideration and the FY 2024 Dividend will be paid to each Virgin Money Shareholder entitled thereto in the same currency as dividend payments that such Virgin Money Shareholder would receive from the Company in the ordinary course and in accordance with any existing Electronic Payment Mandate held by Computershare at the relevant record time.

Where the FY 2024 Dividend or the Consideration (as applicable) is to be paid to a Virgin Money Shareholder in Australian Dollars or New Zealand Dollars: (i) the FY 2024 Dividend will be converted from pounds sterling to Australian Dollars or New Zealand Dollars at the relevant exchange rate on the date which is expected to be one Business Day (provided such Business Day is also an Australian Business Day) after the relevant dividend record date and in line with past practice; and (ii) the Consideration will be converted from pounds sterling to the relevant currency at the Consideration Exchange Rate.

The attention of Virgin Money Shareholders is drawn to paragraph 14(A) of Part 2 (*Explanatory Statement*) of this document which provides further details on the applicable exchange rates and instructions for any Virgin Money Shareholder who wishes to amend their payment instructions.

## PART 1

### LETTER FROM THE BOARD CHAIR

#### VIRGIN MONEY UK PLC

(incorporated in England and Wales with registered number 09595911)

*Virgin Money Directors:*

David Bennett (Board Chair)  
David Duffy (Executive Director and Chief Executive Officer)  
Clifford Abrahams (Executive Director and Chief Financial Officer)  
Tim Wade (Senior Independent Non-Executive Director)  
Lucinda Charles-Jones (Independent Non-Executive Director)  
Geeta Gopalan (Independent Non-Executive Director)  
Elena Novokreshchenova (Independent Non-Executive Director)  
Darren Pope (Independent Non-Executive Director)  
Sara Weller CBE (Non-Executive Director)

*Registered office:*

Jubilee House  
Gosforth  
Newcastle upon Tyne  
England  
NE3 4PL

22 April 2024

*To all Virgin Money Shareholders and, for information only, to participants in the Virgin Money Share Plans and persons with information rights*

Dear Shareholder

#### RECOMMENDED CASH ACQUISITION OF VIRGIN MONEY UK PLC BY NATIONWIDE BUILDING SOCIETY

##### 1. Introduction

On 21 March 2024, the Virgin Money Board and the Nationwide Board announced that they had agreed the terms of a recommended cash acquisition of Virgin Money by Nationwide pursuant to which Nationwide will acquire the entire issued and to be issued share capital of Virgin Money.

I am writing to you today, on behalf of the Virgin Money Board, to set out the background to the Acquisition and the reasons why the Virgin Money Directors consider the terms of the Acquisition to be fair and reasonable and unanimously recommend that you vote in favour of (a) the Scheme at the Court Meeting and (b) the Acquisition Resolution at the General Meeting. The Independent Virgin Money Directors (which for this purpose does not include Sara Weller, the representative of Virgin Enterprises on the Virgin Money Board) further unanimously recommend that Independent Virgin Money Shareholders vote in favour of the Virgin Resolution at the General Meeting.

I draw your attention to the letter from Goldman Sachs International and J.P. Morgan Cazenove set out in Part 2 (*Explanatory Statement*) of this document which gives further details about the Acquisition and to the additional information set out in Part 6 (*Additional Information*) of this document.

In order to approve the terms of the Acquisition, the required majorities of:

- (i) Scheme Shareholders will need to vote in favour of the Scheme at the Court Meeting;
- (ii) Virgin Money Shareholders will need to vote in favour of the Acquisition Resolution at the General Meeting; and
- (iii) Independent Virgin Money Shareholders will need to vote in favour of the Virgin Resolution at the General Meeting,

each such meeting to be held on 22 May 2024 at Jubilee House, Gosforth, Newcastle upon Tyne, England, NE3 4PL, with the Court Meeting starting at 1.00 p.m. and the General Meeting starting at 1.15 p.m. (or as soon thereafter as the Court Meeting has concluded or been adjourned).

Virgin Money licenses certain rights to use the “Virgin Money” brand from Virgin Enterprises pursuant to a brand licence agreement between Virgin Money and Virgin Enterprises, to which Virgin Money became a party on 18 June 2018 (the “TMLA”). As described further in paragraph 4 of this Part 1, Nationwide and Virgin Enterprises have entered into the TMLA Amendment Agreement

pursuant to which they agreed that, amongst other things, the TMLA would be terminated automatically on the fourth anniversary of Completion, following which the Virgin Money business will have a two-year period to re-brand. The TMLA Amendment Agreement will take effect on and from Completion. In addition, Nationwide has entered into the Virgin Red Exclusivity Agreement with Virgin Red pursuant to which the parties have agreed to engage in discussions for a six-month period following Completion with respect to a potential partnership relating to the expansion of the “Virgin Red” loyalty programme to customers of the Combined Group. Certain exclusivity commitments from each party apply from the date of the Virgin Red Exclusivity Agreement until the end of the discussion period noted above.

The TMLA Amendment Agreement and the Virgin Red Exclusivity Agreement are arrangements between Nationwide and Virgin Enterprises and Virgin Red respectively, each an indirect subsidiary of Virgin Group (a Virgin Money Shareholder), that are not capable of being extended to all Virgin Money Shareholders. Therefore, at the General Meeting (the notice of which is set out in Part 10 (*Notice of General Meeting*) of this document), Virgin Money will seek the specific approval of the Virgin Resolution in relation to each of the TMLA Amendment Agreement and the Virgin Red Exclusivity Agreement from the Independent Virgin Money Shareholders for the purposes of Note 2 on Rule 16.1 of the Takeover Code.

In connection with the TMLA Amendment Agreement and Virgin Red Exclusivity Agreement, Sara Weller, the representative of Virgin Enterprises on the Virgin Money Board, has not been involved in Virgin Money Board discussions relating to aspects of the Acquisition specifically concerning the TMLA, the TMLA Amendment Agreement, the “Virgin Money” brand, the Virgin Red Exclusivity Agreement or the Independent Virgin Money Directors’ recommendation in respect of the Virgin Resolution.

Further details of the TMLA Amendment Agreement and the Virgin Red Exclusivity Agreement are set out in paragraph 4 of this Part 1.

In addition, Virgin Money Shareholders are being asked to approve an amendment to the current Virgin Money directors’ remuneration policy, which was approved by Virgin Money Shareholders on 21 February 2023, with application from 1 October 2022 (the “**Directors’ Remuneration Policy**”). Approval of this amendment is not a Condition to the Scheme or to Completion. Further details on these proposals are set out in paragraph 16 of this Part 1.

Unless the context otherwise requires, references in this document to Virgin Money Shares and Virgin Money Shareholders include Virgin Money CDIs and Virgin Money CDI Holders, as applicable.

## 2. Summary of the terms of the Acquisition

The Acquisition will be implemented by way of a scheme of arrangement under Part 26 of the Companies Act, which requires the approval of relevant Virgin Money Shareholders and the sanction of the Court.

Under the terms of the Acquisition, which is subject to the Conditions and further terms set out in Part 3 (*Conditions to and further terms of the Acquisition*) of this document, the Scheme Shares will be transferred to Nationwide and Scheme Shareholders will be entitled to receive:

|                                    |                          |
|------------------------------------|--------------------------|
| <b>for each Virgin Money Share</b> | <b>220 pence in cash</b> |
|------------------------------------|--------------------------|

comprising:

- 218 pence per Virgin Money Share in cash consideration (the “**Consideration**”) to be paid to Scheme Shareholders (as appearing on the register of members of Virgin Money at the Scheme Record Time); and
- a proposed dividend of 2 pence per Virgin Money Share (the “**FY 2024 Dividend**”), to be paid (subject to the approval of the Virgin Money Board) as part of Virgin Money’s ordinary course FY 2024 dividend calendar or, if earlier, shortly prior to Completion to Scheme Shareholders on the relevant dividend record date.

For the avoidance of doubt, Virgin Money CDI Holders who are on the CDI Register at the relevant record time and date will receive the Consideration and/or FY 2024 Dividend set out above in respect of the Virgin Money Ordinary Shares underlying Virgin Money CDIs to the exclusion of CDN, the holder of those Virgin Money Ordinary Shares as depositary nominee.

The Acquisition values the entire issued and to be issued share capital of Virgin Money at approximately £2.9 billion on a fully diluted basis. The Acquisition represents a premium of approximately:

- 38 per cent. to the Closing Price of 159.1 pence per Virgin Money Ordinary Share on 6 March 2024 (being the last Business Day prior to the commencement of the Offer Period); and
- 40 per cent. to the volume-weighted average Closing Price of 157.5 pence per Virgin Money Ordinary Share for the three-month period ended 6 March 2024.

If, on or after 21 March 2024 (being the date of the Announcement) and before the Effective Date, other than the FY 2024 Dividend, any dividend, distribution and/or other return of capital or value is announced, declared, made or paid by Virgin Money or becomes payable by Virgin Money in respect of the Virgin Money Shares, Nationwide shall be entitled to reduce the Consideration that would be payable for the Virgin Money Shares pursuant to the Acquisition by an amount up to the amount of such dividend and/or distribution and/or other return of capital or value. In such circumstances, Virgin Money Shareholders would be entitled to receive and retain any such dividend and/or other distribution and/or return of capital or value to which they are entitled.

The Consideration and the FY 2024 Dividend will be paid to Virgin Money Shareholders entitled thereto in the same currency as dividend payments that such Virgin Money Shareholder would receive from the Company in the ordinary course and in accordance with any existing Electronic Payment Mandate held by Computershare at the relevant record time. Accordingly, such payments will be made to the Virgin Money Shareholders entitled to the relevant payment as follows:

- to Virgin Money CDI Holders in respect of whom Computershare holds an Electronic Payment Mandate as at the relevant record time, in either Australian Dollars, New Zealand Dollars or pounds sterling, as specified in such Electronic Payment Mandate;
- to Virgin Money CDI Holders in respect of whom Computershare does not hold an Electronic Payment Mandate as at the relevant record time:
  - where such Virgin Money CDI Holder has a registered address in the United Kingdom entered on the CDI Register, in pounds sterling;
  - to all other Virgin Money CDI Holders, in Australian Dollars; and
- to all Virgin Money Ordinary Shareholders (other than CDN, the holder of the Virgin Money Ordinary Shares underlying the Virgin Money CDIs as depositary nominee), Virgin Money Share Account Holders who hold Virgin Money Ordinary Shares through the Equiniti Nominee, and Virgin Money Share Plan Account Holders who hold Virgin Money Ordinary Shares through the Computershare Nominee, in pounds sterling.

Where the FY 2024 Dividend or the Consideration (as applicable) is to be paid to a Virgin Money Shareholder in Australian Dollars or New Zealand Dollars: (i) the FY 2024 Dividend will be converted from pounds sterling to Australian Dollars or New Zealand Dollars at the relevant exchange rate on the date which is expected to be one Business Day (provided such Business Day is also an Australian Business Day) after the relevant dividend record date and in line with past practice; and (ii) the Consideration will be converted from pounds sterling to the relevant currency at the Consideration Exchange Rate.

The Consideration Exchange Rate includes a deduction for any applicable and properly incurred transaction and dealing costs associated with the conversion. The direct cost of conversion to Virgin Money Shareholders who receive the Consideration to which they are entitled in Australian Dollars or New Zealand Dollars is expected to be minimal but amounts payable to such Virgin Money Shareholders will be subject to the Consideration Exchange Rate actually obtained by or on behalf of Nationwide (which may be a lesser rate of exchange than the official pounds sterling to Australian Dollars or New Zealand Dollars exchange rate published by the Bank of England on the relevant payment date).

For any Virgin Money Shareholder who receives the Consideration to which they are entitled in Australian Dollars or New Zealand Dollars, the amount per Virgin Money Share received may, depending on the Consideration Exchange Rate, result in a payment at, below or above 218 pence per Virgin Money Share.



The relevant record date and payment date for the FY 2024 Dividend will be announced in Virgin Money's interim results, which are expected to be released on 13 June 2024. In addition, a separate announcement will be made in due course regarding the timing of Completion and the timing of settlement of the Consideration.

Further information on currency and settlement of the Consideration and the FY 2024 Dividend, as well as further details on the applicable exchange rates and instructions for any Virgin Money Shareholder who wishes to amend their payment instructions, are set out in paragraph 14(A) of Part 2 (*Explanatory Statement*) of this document.

### **3. Background to, and reasons for, the recommendation**

#### ***Introduction***

The Nationwide Board and Virgin Money Board believe that the Acquisition will combine two complementary businesses. The Acquisition will create a combined group with total assets of approximately £366.3 billion and total lending and advances of approximately £283.5 billion, representing the second largest provider of mortgages and savings in the UK.

Since the 2018 merger of Virgin Money UK PLC (previously called CYBG PLC) and Virgin Money Holdings (UK) Limited (previously called Virgin Money Holdings (UK) plc) to create the Virgin Money Group (the "**2018 Merger**"), the business has pursued a purpose-led ambition to disrupt the status quo in UK banking, and, since 2021, to become the UK's best digital bank. Virgin Group has supported the Virgin Money Group throughout its evolution and remains the largest shareholder of Virgin Money.

Virgin Money's strategy for the initial period following the 2018 Merger included a focus on integration, rebranding and growth in target segments, which supported a significant improvement in financial performance despite the disruption from the global pandemic. The Virgin Money Group moved from a statutory loss before tax of £(232) million in FY 2019 to a statutory profit before tax of £417 million in FY 2021, which facilitated capital distributions to shareholders.

Since FY 2021, the Virgin Money Group has made progress in delivering a three-year programme of change and investment towards the ambition of becoming the UK's best digital bank, while targeting profitable growth, further cost-efficiency and capital distributions. Despite the uncertain backdrop, including significantly higher inflation, the Virgin Money Group increased operating income from £1.6 billion in FY 2021 to £1.9 billion in FY 2023 supported by the interest rate environment and continued growth in key target segments.

Since the 2018 Merger, Virgin Money became the first new tier 1 bank since the global financial crisis in 2008, requiring further investment in its capabilities. The Virgin Money Group has also adopted additional measures to drive strong and sustainable returns, including enhancing digital capabilities, new products and propositions, and a further strengthened Executive Leadership Team. This includes announcing an approximately £130 million investment over three years in its Financial Crime Prevention Programme, offset by increasing the target for the existing three-year cost savings programme to approximately £200 million. Since the launch of the digital strategy in FY 2021, the Virgin Money Group's underlying cost:income ratio has reduced from 58 per cent. in FY 2021 to 52 per cent. in FY 2023, benefiting from income growth and cost saving actions which have mitigated higher inflation and investment.

#### ***Proposals for Virgin Money***

In late January 2024, Nationwide approached the Virgin Money Board with a non-binding proposal to acquire Virgin Money which was rejected. Following a series of revised proposals from Nationwide, Virgin Money and Nationwide jointly announced on 7 March 2024 a potential acquisition of Virgin Money by Nationwide at a total value of 220 pence per Virgin Money Share.

The Virgin Money Directors remain confident in the prospects of the Virgin Money Group and the resulting value opportunity for all shareholders. The Virgin Money Directors carefully assessed the Acquisition against a number of criteria, including:

- the value from delivery of the strategy and forecasts for Virgin Money, including in the context of the broader operating environment in UK banking;
- execution risk and upsides from delivery of the Virgin Money Group's strategy;

- an assessment of both fundamental value as well as market-based value, reflecting valuation levels for the UK banking sector as of now and over time; and
- the feasibility of delivering other strategic outcomes for Virgin Money including alternative business combinations.

The Virgin Money Directors, supported by its two independent financial advisers, unanimously recommend the Acquisition to Virgin Money Shareholders. Amongst other factors, the Virgin Money Directors note:

- that the Acquisition will compensate shareholders for the fundamental value of the Virgin Money Group;
- that the Acquisition will provide an opportunity for Virgin Money Shareholders to realise the medium-term value from delivery of the standalone strategy on an accelerated basis, in cash;
- the inherent uncertainty in delivering the standalone strategy, including macro-economic risks, lower interest rate environment, a competitive banking landscape with rising regulatory expectations, and execution risks within the stated strategy;
- the premium offered of 38 per cent. to the Closing Price per Virgin Money Ordinary Share on 6 March 2024 (the last Business Day before the commencement of the Offer Period) and 40 per cent. to the three-month volume-weighted average Closing Price per Virgin Money Ordinary Share on the same date; and
- the implied multiple of 0.7x Virgin Money's tangible book value as at 31 December 2023, which represents a significant premium to Virgin Money's equivalent median multiple of 0.5x over the period from 15 October 2018 (being the completion of the 2018 Merger) to 6 March 2024 (being the last Business Day before the commencement of the Offer Period). The Virgin Money Directors considered the prospects for an increase in this multiple for a listed Virgin Money Group, as well as the uncertainty of the scale and timing of any such increase.

In addition to the financial terms of the Acquisition, the Virgin Money Directors also considered their wider responsibilities to stakeholders of Virgin Money including customers, employees, regulators and shareholders. Further details in this regard are set out in paragraph 7 of this Part 1 and also in paragraph 5 of Part 2 (*Explanatory Statement*) of this document.

### ***Recommendation***

Following careful consideration of the above factors, the Virgin Money Directors unanimously recommend that Scheme Shareholders approve the Acquisition and vote in favour of the Scheme at the Court Meeting and that Virgin Money Shareholders vote in favour of the Acquisition Resolution at the General Meeting. The Independent Virgin Money Directors further unanimously recommend that Independent Virgin Money Shareholders vote in favour of the Virgin Resolution at the General Meeting.

#### **4. TMLA Amendment Agreement and Virgin Red Exclusivity Agreement**

Virgin Money licenses certain rights to use the "Virgin Money" brand from Virgin Enterprises pursuant to the TMLA. As described further below, Nationwide and Virgin Enterprises, have entered into the TMLA Amendment Agreement pursuant to which they agreed that, amongst other things, the TMLA would be terminated automatically on the fourth anniversary of Completion, following which the Virgin Money business will have a two-year period to re-brand. The TMLA Amendment Agreement will take effect on and from Completion.

In addition, Nationwide has entered into the Virgin Red Exclusivity Agreement with Virgin Red pursuant to which the parties have agreed to engage in discussions for a six-month period following Completion with respect to a potential partnership relating to the expansion of the "Virgin Red" loyalty programme to customers of the Combined Group. Certain exclusivity commitments from each party apply from the date of the Virgin Red Exclusivity Agreement until the end of the discussion period noted above.

### ***TMLA Amendment Agreement***

Nationwide recognises the significant role that the “Virgin Money” brand has played in the development of Virgin Money over time. However, as part of its longer-term integration strategy, Nationwide intends for the Virgin Money business to re-brand over time.

Accordingly, on 7 March 2024, Nationwide and Virgin Enterprises entered into the TMLA Amendment Agreement pursuant to which they agreed to procure that the TMLA is amended shortly following Completion. The amendment will be deemed to take effect from Completion.

The key terms of the TMLA (as it will be amended pursuant to the TMLA Amendment Agreement) include:

- **Termination:** In substitution for the termination right that Virgin Money would have been entitled to exercise under the terms of the existing TMLA within 60 days of Completion, the TMLA will terminate automatically on the fourth anniversary of Completion, following which the Virgin Money business will have a two-year period to re-brand (the “**Cessation Period**”).
- **Exit fee:** In substitution for the exit fee arrangements under the existing TMLA, an exit fee of £250 million will be payable by Virgin Money to Virgin Enterprises in two tranches: £125 million will be payable within 12 Business Days of Completion, with a second instalment of £125 million payable no later than the first anniversary of Completion. The new aggregate exit fee is less than the exit fee that Virgin Money would have been required to pay to Virgin Enterprises pursuant to the exit fee arrangements under the existing TMLA.
- **Royalties:** Virgin Money will continue to pay royalties to Virgin Enterprises at the current rate until the start of the first calendar quarter following Completion, from which point annual royalties will be fixed at £15 million (paid quarterly). This fixed annual royalty is lower than the annual royalty payment that was paid by Virgin Money to Virgin Enterprises pursuant to the terms of the existing TMLA in the financial year ended 30 September 2023 and is expected to be lower than the annual royalty payments that would have been due under the terms of the existing TMLA going forward. No royalties will be payable during the Cessation Period, save where the TMLA is terminated prior to the fourth anniversary of Completion. In that case, whether royalties are payable during the Cessation Period will be determined based on the circumstances of that early termination (in line with certain provisions of the existing TMLA).
- **Commitments to the Virgin Money business:** From Completion until termination of the amended TMLA, Virgin Money will assume certain obligations to promote and enhance the Virgin Money Group’s business carried on under the “Virgin Money” brand by continuing to evolve product lines and accept new customers, by enhancing the Virgin Money customer experience and by dedicating a budget of £20 million for each year of the four year term to the enhancement of the Virgin Money Group’s business, focussing on enhancing the customer experience, improving the digital customer proposition and marketing. This commitment would represent an ongoing investment for the benefit of Virgin Money and its customers and not a payment to Virgin Group or Virgin Enterprises. In addition, Virgin Money and Virgin Enterprises will form a “rebrand & migration” committee, whose members will include the CEO of Nationwide, to provide oversight over the rebranding of certain Virgin Money assets and accounts between Completion and the start of the Cessation Period, as well as their migration to other Combined Group entities as part of any post-Completion reorganisation. Plans for pre-Cessation Period rebranding and migration activities will require approval from Virgin Enterprises (which may only be withheld if Virgin Enterprises, acting reasonably, determines that the activities could have an adverse effect on the Virgin brands (including the “Virgin Money” brand), the reputation of Virgin Enterprises and its group or the customer experience for any of their customers).
- **Financial services flexibility for Virgin Red:** From Completion, certain exclusivity provisions of the TMLA that currently operate to restrict Virgin Red’s freedom to use the “Virgin Red” and “Virgin Points” brands in relation to financial services and products will end immediately, save that: (i) Virgin Red will not be permitted to use the “Virgin Red” or “Virgin Points” brands directly on the following core products: mortgages, savings accounts and ISAs, investment products, loans, current accounts and business banking products; (ii) if Virgin Red wishes to use the “Virgin Red” or “Virgin Points” brands directly on any financial services or products that are not the core products listed in (i) above but which require a financial services partner, the Combined Group will be given a reasonable opportunity to pitch for that role; and (iii) in using

the “Virgin Red” or “Virgin Points” brands directly on any financial services or products, Virgin Red will seek to minimise customer confusion. To ensure consistency with the amendments to the TMLA described above, it has also been agreed that, from Completion, Virgin Money will not enforce any term of its co-brand agreement with Virgin Atlantic Airways Limited relating to co-branded credit cards so as to prevent: (i) any use of the “Virgin Red” or “Virgin Points” brands that is permitted under the amended TMLA; or (ii) certain arrangements that allow the conversion of loyalty points between schemes or the earning or spending of loyalty points in the purchase of goods or services.

- **Governance:** From Completion, Virgin Enterprises will cease to have a right to appoint a director to the Virgin Money Board, but will instead be entitled to appoint an observer to the Virgin Money Board until termination of the amended TMLA.

#### ***Virgin Red Exclusivity Agreement***

Prior to the date of the Announcement, Nationwide and Virgin Enterprises held discussions regarding a potential partnership relating to the expansion of the “Virgin Red” loyalty programme to customers of the Combined Group. Nationwide and Virgin Enterprises have not entered into any definitive agreement relating to any such partnership; however, they remain excited by the opportunity to harness the appeal of the “Virgin Red” brand in connection with a loyalty points programme for the enlarged customer base of the Combined Group and intend to resume their discussions following Completion, once Nationwide has assumed control of the Virgin Money business. For the avoidance of doubt, in light of the Scheme process and the requirements of the Takeover Code, Nationwide, Virgin Enterprises and Virgin Red are restricted in their ability to negotiate or agree definitive agreements prior to Completion.

As a result, Nationwide and Virgin Red entered into the Virgin Red Exclusivity Agreement on 21 March 2024. The key terms of the Virgin Red Exclusivity Agreement include:

- **Exclusivity:** For the period from the date of the Virgin Red Exclusivity Agreement until the date that is six months following Completion (the “**Exclusivity Period**”), the parties will not enter into any agreement with any third party for a fee-based personal current account loyalty points programme in the United Kingdom. During the Exclusivity Period Nationwide also agrees: (i) not to launch any new loyalty points programme in the United Kingdom for fee-based personal current accounts; and (ii) to inform Virgin Red of any proposed cashback programme and give Virgin Red a reasonable opportunity to submit a proposal to, following Completion, partner with Nationwide with respect to such cashback programme.
- **Blackout period:** During the period from the date of the Virgin Red Exclusivity Agreement until Completion (the “**Blackout Period**”), the parties will not agree or negotiate (or seek to agree or negotiate) the commercial terms of any definitive agreement for a loyalty programme (or for any associated marketing collaboration or the supply by Virgin Red of loyalty technology or services) nor enter into any such definitive agreement.
- **Feasibility assessment:** During the Blackout Period, the parties will be permitted to discuss, and each party agrees to dedicate appropriate time and resources to the assessment of, certain matters relating to a loyalty programme for the Combined Group, including: (i) the design and development of a points-based customer rewards programme; (ii) research regarding customer sentiment towards such a programme; (iii) discussing cashback programmes where Virgin Red may provide loyalty technology and services (where available); (iv) considering and developing options for collaboration in respect of certain marketing activities; and (v) developing an understanding of the required technical systems and architecture.
- **Good faith negotiations:** During the period from Completion until the end of the Exclusivity Period, the parties will work together in good faith, and use reasonable endeavours, to agree and enter into a definitive agreement for a points-based loyalty programme relating to certain fee-based personal current accounts of the Combined Group in the United Kingdom. If the parties so agree, a definitive agreement may also include: (i) the parties collaborating in relation to certain marketing activities; (ii) opportunities for certain points-based offers or incentives for customers; and/or (iii) Virgin Red supplying certain loyalty technology or services to Nationwide.
- **Termination:** The Virgin Red Exclusivity Agreement will terminate, amongst other things: (i) if the Acquisition is withdrawn or lapses in accordance with its terms; (ii) if the parties enter into a definitive agreement with respect to a fee-based personal current account loyalty points

programme in the United Kingdom; (iii) if the end of the Exclusivity Period is reached without the parties entering into any such definitive agreement; or (iv) upon notice from Nationwide, if Virgin Enterprises does not enter into the deed of amendment in respect of the TMLA (as attached to the TMLA Amendment Agreement in agreed form) on or before the 10<sup>th</sup> Business Day following Completion or otherwise materially breaches the TMLA Amendment Agreement. Virgin Red will also be entitled to terminate the Virgin Red Exclusivity Agreement at any time upon 10 Business Days' notice to Nationwide.

At this stage, there can be no certainty that any definitive agreement relating to a relevant loyalty programme will be entered into following Completion, nor as to the terms of any such agreement.

The amendment of the TMLA pursuant to the TMLA Amendment Agreement and the Virgin Red Exclusivity Agreement are conditional on (a) the approval by Independent Virgin Money Shareholders of the Virgin Resolution for the purposes of Note 2 on Rule 16.1 of the Takeover Code and (b) the Scheme becoming Effective.

### ***Virgin Resolution***

The Virgin Resolution will be proposed as a separate ordinary resolution at the General Meeting and will be required to be passed by a simple majority of the Independent Virgin Money Shareholders voting by way of a poll, in person or by proxy.

Since Virgin Enterprises (the licensor under the TMLA) is a subsidiary of Virgin Group, which holds 14.6 per cent. of the Virgin Money Shares, Virgin Group and Vieco Investments (an entity controlled by Sir Richard Branson) will not be permitted to vote on the Virgin Resolution. To the extent Virgin Enterprises or any of its affiliates acquire a stake in Virgin Money prior to the date of the General Meeting, they will not be able to vote on the Virgin Resolution either.

The passing of the Virgin Resolution is a non-waivable condition to the Scheme and if the Virgin Resolution is not passed, the Acquisition will lapse and the Acquisition will not proceed to Completion. It is also a condition to the Acquisition that the TMLA has not been terminated (and notice to terminate it has not been served) prior to the Scheme becoming Effective.

The terms of the TMLA Amendment Agreement and the Virgin Red Exclusivity Agreement are considered by Goldman Sachs International and J.P. Morgan Cazenove to be fair and reasonable. In forming this view, Goldman Sachs International and J.P. Morgan Cazenove have taken into account the commercial assessments of the Independent Virgin Money Directors.

The recommendation of the Independent Virgin Money Directors that Independent Virgin Money Shareholders vote in favour of the Virgin Resolution is set out at paragraph 18 of this Part 1.

Sara Weller, the representative of Virgin Enterprises on the Virgin Money Board, has not been involved in Virgin Money Board discussions relating to aspects of the Acquisition specifically concerning the TMLA, the TMLA Amendment Agreement, the "Virgin Money" brand, the Virgin Red Exclusivity Agreement or the Independent Virgin Money Directors' recommendation in respect of the Virgin Resolution.

## **5. Irrevocable undertakings**

Nationwide has received irrevocable undertakings from the Virgin Money Directors who are interested in Virgin Money Shares, Virgin Group and Vieco Investments to vote (or procure the voting) in favour of the Scheme at the Court Meeting and the Acquisition Resolution at the General Meeting in respect of a total of 190,797,677 Virgin Money Shares, representing, in aggregate, approximately 14.7 per cent. of the total issued share capital of Virgin Money.

In addition, the Independent Virgin Money Directors who are interested in Virgin Money Shares have irrevocably undertaken to vote (or procure the voting) in favour of the Virgin Resolution in respect of their entire beneficial holdings of 1,920,304 Virgin Money Shares, representing, in aggregate, approximately 0.15 per cent. of the total issued share capital of Virgin Money.

Under the terms of all the irrevocable undertakings received by Nationwide, if the Acquisition is implemented by way of an Offer, the relevant shareholders have also committed to accept (or procure the acceptance of) such Offer. Further details of these irrevocable undertakings (including the circumstances in which they fall away) are set out in paragraph 8 of Part 6 (*Additional Information*) of this document.



## 6. Nationwide's intentions for the Virgin Money business and the Combined Group

### *Strategic plans for Virgin Money*

Following Completion, Nationwide intends to remain a building society and a modern mutual that will be better placed than before to deliver sustainable financial benefits to its customers and members. The Nationwide Board expects the Combined Group to bring the benefits of fairer banking and mutual ownership to more people in the UK.

Nationwide will seek to integrate Virgin Money gradually, over multiple years, into the Combined Group, bringing together the best of both organisations. Nationwide will prioritise good customer outcomes and effective oversight, following the completion of comprehensive planning and engagement with relevant stakeholders. In the medium term, Virgin Money will continue to operate as a separate legal entity within the Combined Group, with a separate board of directors and a separate banking licence held by Clydesdale Bank. Nationwide intends that the Combined Group will retain the "Virgin Money" brand in the medium term, for the purposes of Virgin Money Group products and services, but has agreed with Virgin Enterprises that it will cease doing so over a six-year period from Completion, by which point Nationwide will have re-branded the Virgin Money business (as further set out in paragraph 4 of this Part 1).

It is the Nationwide Board's intention that, over time, some of the key benefits of Nationwide's mutual business model will also become available to Virgin Money's customers, including through enhanced service performance. In the medium term, customers of the Combined Group will benefit from Nationwide's continuing commitment to, and investment in, existing branches, and leading levels of customer service. Nationwide's 'Branch Promise', coupled with the addition of Virgin Money's branches, will preserve customers' ability to access cash and continue to provide them with a choice as to how to transact.

Nationwide does not intend for customers of Virgin Money to automatically become members of Nationwide for at least the twelve months following Completion, although Virgin Money customers who open a Nationwide member-eligible product will become Nationwide members. Nationwide intends to consider options for transferring certain Virgin Money customers to Nationwide over the medium to long term, whilst avoiding customer disruption; following any such transfer, those qualifying Virgin Money customers would become Nationwide members.

Nationwide is committed to maintaining its breadth of coverage and over time, the Combined Group's customers are expected to benefit from the enlarged range of products and propositions on offer. In the long term, Nationwide will consider options to optimise the product range of, and make available business banking, accounts for clubs and charities and wider credit card offerings to customers of, the Combined Group.

Nationwide remains committed to the delivery of existing regulatory, operational resilience, and core service programmes across both Nationwide and Virgin Money. During integration, Nationwide will explore opportunities to achieve cost synergies across the Combined Group where possible (including through the expected headcount reductions referred to below, as well as the rationalisation of technology and systems), whilst maintaining its focus on good customer outcomes. As a mutual, any savings will contribute to Nationwide's financial strength, helping it to deliver value for its customers and members. That financial strength will also support Nationwide's commitment to share its success with its customers and members, including through future 'Fairer Share Payments' to eligible Nationwide members.

Prior to the date of this document, and consistent with market practice, Nationwide has been granted access to Virgin Money's senior management for the purposes of confirmatory due diligence. However, as is customary, Nationwide has not yet had access to sufficiently detailed information to finalise its plans regarding the integration of the Combined Group. Nationwide expects to formulate these specific plans only following comprehensive consultation with relevant stakeholders.

Therefore, following Completion, Nationwide intends to work with Virgin Money's management to undertake a detailed evaluation of the Virgin Money Group (the "**Review**"). The Review will include, among other considerations, an appraisal of the short and long-term objectives, strategy, and potential of the Virgin Money Group.

The aim of the Review will be to validate Nationwide's assumptions and understandings regarding the business of the Virgin Money Group which have been developed through the management meetings held as part of its confirmatory due diligence exercise.

Clydesdale Bank and the other members of its ring-fenced sub-group are subject to restrictions on their business that are similar to those imposed on Nationwide and other building societies by the Building Societies Act 1986. As part of the Review, Nationwide will take appropriate measures to ensure that the activities of the Virgin Money Group following Completion are aligned with those restrictions, which could include changes to certain risk management products offered by the Virgin Money Group to corporate customers.

Nationwide expects that the Review will be completed within approximately 18 months from Completion.

### *Employees and management*

Nationwide values the skills and experience of Virgin Money's approximately 7,300 full time equivalent workforce and believes the Acquisition represents an opportunity to harness the talent of this group. Nationwide's workforce, including members of its management team, comprises people who joined the business as part of prior acquisitions, demonstrating the opportunity to build a strong and diverse employee base by bringing two organisations together. Nationwide is committed to helping Virgin Money's people be at their best and thrive, building on the existing culture of Virgin Money which seeks to promote high performance, and to help colleagues feel supported and develop rewarding careers.

As part of the Review, Nationwide intends to assess the workforce requirements of the Combined Group. Nationwide expects the Combined Group's headcount and resources to be well-positioned to meet the demands and expectations of its customer base, and does not anticipate any material change in the balance of skills and functions of employees and management of the Combined Group. Nationwide does not intend to make any material changes to the size of the Virgin Money employee base during the twelve months following Completion. However, over that period, it is currently expected that there may be some limited workforce changes to reduce the size of overlapping central functions relating to Virgin Money ceasing to be a standalone publicly listed company, as part of the broader integration of the Combined Group. The evaluation of any further workforce changes will form part of the Review and would only be implemented over the medium term. All workforce changes would be subject to comprehensive planning and engagement with affected employees and their representatives, including as required by applicable law.

Nationwide confirms that, following Completion, it will safeguard the existing contractual and statutory rights of Virgin Money employees, including pension arrangements and redundancy policies, and that Nationwide will recognise the continuous service of Virgin Money employees. As part of the Review, an assessment of the differences between Virgin Money's and Nationwide's employment terms, conditions and policies will be undertaken. The outcome of that assessment will be used to inform any alignment of terms, with any alignment only taking place following comprehensive consultation with affected employees and their representatives.

Nationwide values the importance of effective governance and independent oversight. The Nationwide Board and Board-level committees will serve as those of the Combined Group, with responsibilities expanded to provide governance and oversight on a consolidated basis.

David Duffy, CEO of Virgin Money, will step down from his position, effective from Completion. Chris Rhodes, CFO of Nationwide, will take on the position of CEO of Virgin Money, with Muir Mathieson, Deputy CFO and Treasurer of Nationwide, becoming CFO of Nationwide. Both appointments are subject to regulatory approval and will report directly into Debbie Crosbie as CEO.

As announced by Virgin Money on 6 February 2024, in line with the board succession plan of Virgin Money, Ms Gopalan will step down from the Virgin Money Board upon reaching her nine-year tenure, on 30 June 2024.

In order to compensate for unvested Virgin Money LTIP awards that lapse on the Court Sanction Date, Nationwide has agreed that, conditional upon Completion, it will grant awards (the "**Replacement Awards**") to Virgin Money employees (including the Virgin Money Executive Directors) who: (i) hold unvested awards granted under the Virgin Money LTIP that vest in connection with the Acquisition on the Court Sanction Date (the "**LTIP Awards**"); and (ii) are employed (and not under notice of termination of employment) with the Virgin Money Group on the Effective Date. Such Replacement Awards will be granted by Nationwide as soon as practical after the Effective Date under Nationwide's incentive arrangements, which include leaver arrangements and provisions relating to deferral and malus and clawback as required by regulation. The value of each eligible Virgin Money

employee's Replacement Award(s) will be calculated by reference to a formula to be determined by Nationwide, taking into account the value of the Virgin Money Shares underlying any portion of the employee's LTIP Award(s) that lapsed on the Court Sanction Date due to the application of time pro-rating (as determined at the discretion of the Virgin Money Remuneration Committee in accordance with the rules of the Virgin Money LTIP).

In addition to the Replacement Awards, Nationwide intends to put in place appropriate ongoing incentive arrangements for Virgin Money employees following Completion. A review of remuneration structures across the Combined Group will be undertaken and it is expected that, at the appropriate time, incentive awards across the Combined Group will be granted under Nationwide's arrangements.

### ***Pensions***

Clydesdale Bank sponsors the Yorkshire & Clydesdale Bank Pension Scheme, a defined benefit occupational pension scheme, which is closed to new members but remains open to future accrual for a small number of employees (the "DB Scheme"). Nationwide's intention is for employer contributions to the DB Scheme and current arrangements for the accrual of benefits to continue in line with current requirements, and it intends to work constructively with the trustees of the DB Scheme going forward.

The Virgin Money Group also currently operates a defined contribution pension scheme. Nationwide's intention is to maintain contribution rates in relation to Virgin Money's defined contribution pension scheme for at least the twelve months following Completion.

### ***Locations of business, headquarter functions and fixed assets***

Nationwide has the largest single-brand branch network in the UK and is committed to maintaining its breadth of coverage. Nationwide will extend its 'Branch Promise', and as a result it will retain a Nationwide branch everywhere one is present, until at least the start of 2028. In addition, from Completion, Nationwide intends to retain a Virgin Money branch everywhere one is present, until at least the start of 2028. This will be subject to any circumstances beyond Nationwide's control and any relevant plans and proposals for branch closures that have already been approved by Virgin Money, and which are ongoing as at Completion. Nationwide intends initially to operate the Nationwide and Virgin Money branch networks separately, with the potential for integration informed by the outcomes of the Review and subsequent integration activities.

Nationwide values Virgin Money's ongoing office presence in Glasgow and Newcastle, and it intends to maintain a presence there in the medium term. Over that period, Nationwide intends to explore the scope for operational synergies through the simplification and optimisation of the Combined Group's office buildings, in order to drive efficiencies and effectiveness across the Combined Group.

Save for its technology estate (referred to below), Virgin Money does not have any other material fixed assets.

### ***Technology***

Nationwide will take a customer-centric and safety-first approach to the use and integration of Virgin Money's technology. Nationwide intends, over the medium term, to assess the systems of both organisations and rationalise those towards an optimal solution, to fulfil service commitments to the Combined Group's customers. A detailed assessment as to the nature of this rationalisation is expected as part of the Review.

### ***Research and development***

Virgin Money does not currently have a dedicated research and development function and Nationwide has no plans in this regard.

### ***Trading facilities***

Virgin Money Ordinary Shares are currently traded on the London Stock Exchange main market, and Virgin Money CDIs are currently traded on the Australian Securities Exchange. Nationwide intends to cancel these arrangements with effect from or shortly after Completion.

### ***No post-offer undertakings***

No statements in this paragraph 6 or in this document are "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

## **7. Virgin Money Board's views on Nationwide's intentions for Virgin Money**

In considering the recommendation of the Acquisition to Virgin Money Shareholders, the Virgin Money Directors have taken into account the statements and assurances made by Nationwide, as set out in paragraph 6 above, regarding its future intentions for the business, employees, customers and community of Virgin Money. In considering those statements and assurances, the Virgin Money Directors have focused on the interests of Virgin Money employees and have considered the commitments made by Nationwide to protect employees' rights with regard to employment terms, redundancies and pension obligations. Further, the Virgin Money Directors place value on Nationwide's commitment to maintaining its breadth of coverage and service, with customers benefitting over time from the enlarged range of products and propositions on offer.

In addition, recognising the period of potential uncertainty for Virgin Money employees and the importance of retaining relevant Virgin Money employees within the business, the Virgin Money Board is proposing to put in place retention bonus arrangements for key employees below the board and leadership team level, up to a maximum of £10 million in aggregate (the "**Retention Awards**"). Nationwide acknowledges that Virgin Money currently intends that the Retention Awards will be granted up to a maximum of six months' base salary per eligible Virgin Money employee, subject to Virgin Money reserving the right to exceed this level in exceptional circumstances and with the approval of the Virgin Money Remuneration Committee. The Retention Awards are payable within 30 days of Completion, subject to applicable regulations, conditional on the relevant employee being employed by the Virgin Money Group and not under notice of termination of employment (other than by reason of redundancy) on the payment date. Nationwide has confirmed to Virgin Money that it is supportive of this proposal for the purposes of Rule 21.1 of the Takeover Code.

## **8. Current trading of Virgin Money**

Following the Announcement, Virgin Money has continued to perform broadly as anticipated in the remainder of Q2 FY 2024. Over H1 FY 2024, Virgin Money delivered continued growth in relationship deposits and target lending segments, whilst maintaining a broadly stable margin, with ongoing cost efficiencies mitigating inflation. Net interest margin continued to be resilient, despite competition and the interest rate backdrop, supported by ongoing effective interest rate outperformance in the credit cards portfolio. Costs in Q2 FY 2024 reflected the timing of annual wage rises and the new bank levy in the quarter. Asset quality trends remain broadly consistent with those set out as part of the Q1 FY 2024 trading statement and Virgin Money has progressed its review of the application of SICR (significant increases in credit risk) on the credit cards portfolio in line with expectations. During Q2 FY 2024, Virgin Money maintained a robust liquidity and funding position, with a strong capital position which, relative to Q1 FY 2024, benefited from the cancellation of the Virgin Money Group's share buyback programme.

Over the remainder of FY 2024, lower interest rates and competitive market dynamics are expected to be a headwind to net interest margin, offset by reinvestment of the structural hedge, growth in target segments and ongoing credit cards effective interest rate outperformance. The impact of persistent inflation and ongoing investment are expected to be headwinds to cost performance, partially mitigated by Virgin Money's existing cost saving programme.

The Virgin Money Group's half year performance remains subject to the usual ongoing finalisation and review process. The Virgin Money Board is in the process of finalising the appointment of Ernst & Young LLP as Virgin Money's auditors and following that change, full interim results are expected to be released on 13 June 2024 with an unaudited trading update on first half performance on 14 May 2024.

## **9. Dividends**

Under the terms of the Acquisition, if, on or after 21 March 2024 (being the date of the Announcement) and before the Effective Date, other than the FY 2024 Dividend and any dividend, distribution and/or other return of capital or value is announced, declared, made or paid by Virgin Money or becomes payable by Virgin Money in respect of the Virgin Money Shares, Nationwide shall be entitled to reduce the Consideration that would be payable for the Virgin Money Shares pursuant to the Acquisition by an amount up to the amount of such dividend and/or distribution and/or other return of capital or value. In such circumstances, Virgin Money Shareholders would be entitled to receive and retain any such dividend and/or other distribution and/or return of capital or value to which they are entitled.

## 10. Virgin Money Share Plans

Information relating to the effect of the Acquisition on participants in the Virgin Money Share Plans is set out in paragraph 12 of Part 2 (*Explanatory Statement*) of this document. Virgin Money Share Plan participants will be contacted separately regarding the effect of the Acquisition on their Awards.

## 11. The Scheme and the Shareholder Meetings

The Acquisition is being implemented by means of a scheme of arrangement between Virgin Money and its shareholders under Part 26 of the Companies Act (although Nationwide reserves the right to effect the Acquisition by way of an Offer subject to Panel consent, where necessary, and the terms of the Co-operation Agreement). The Scheme is an arrangement between Virgin Money and Scheme Shareholders and is subject to the approval of the Court. The procedure involves, among other things, an application by Virgin Money to the Court to sanction the Scheme, which will involve the Scheme Shares being transferred to Nationwide, in consideration for which Scheme Shareholders will receive the Consideration from Nationwide (on the basis described in paragraph 2 of this Part 1). The purpose of the Scheme is to provide for Nationwide to become the holder of the entire issued and to be issued ordinary share capital of Virgin Money not already directly or indirectly owned by Nationwide.

To become Effective, the Scheme requires, among other things, the approval of a majority in number of the Scheme Shareholders present and voting (and entitled to vote) in person or by proxy at the Court Meeting, representing not less than 75 per cent. in value of the relevant Scheme Shares voted, and the passing of the Acquisition Resolution and the Virgin Resolution at the General Meeting.

The Scheme is not subject to any condition relating to the passing of a resolution by Nationwide's members.

Following the Court Meeting and the General Meeting and the satisfaction (or, where applicable, waiver) of the other Conditions, the Scheme must also be sanctioned by the Court. The Scheme will only become Effective upon a copy of the Court Order being delivered to the Registrar of Companies. Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders holding Scheme Shares at the Scheme Record Time, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting (and, if they attended or voted, whether or not they voted in favour).

**It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the opinion of Scheme Shareholders. You are therefore strongly urged to (a) complete and return your Forms of Proxy (or make an electronic appointment of a proxy or submit a proxy vote via CREST) or CDI Voting Instruction Forms (or submit your instructions electronically) (as applicable) (b) in the case of a Virgin Money Share Account Holder, instruct the Equiniti Nominee to exercise the voting rights attached to the Virgin Money Ordinary Shares it holds on your behalf as soon as possible, or (c) in the case of a Virgin Money Share Plan Account Holder, instruct the Computershare Nominee to exercise the voting rights attached to the Virgin Money Ordinary Shares it holds on your behalf as soon as possible via EquatePlus.**

At the General Meeting, the Virgin Money Board is also proposing to amend the Directors' Remuneration Policy as further described in paragraph 16 below. The passing of the Remuneration Policy Resolution is not a Condition to the Scheme or to Completion.

Further details of the Scheme and the Shareholder Meetings are set out in paragraphs 10 and 16 of Part 2 (*Explanatory Statement*) of this document.

## 12. Suspension and delisting

Your attention is drawn to paragraph 14 of Part 2 (*Explanatory Statement*) of this document in relation to Nationwide's intentions regarding the de-listing of, and cancellation of trading in, Virgin Money Shares following the Effective Date.

Dealings in Virgin Money Ordinary Shares are expected to be suspended from 7.30 a.m. on the Business Day following the Court Hearing. It is intended that the London Stock Exchange and the FCA will be requested, respectively, to cancel trading in Virgin Money Ordinary Shares on the London Stock Exchange's main market for listed securities and to remove the listing of the Virgin Money Ordinary Shares from the Official List, in each case by 8.00 a.m. on the Business Day following the Effective Date.



On the Effective Date, each certificate representing a holding of Virgin Money Ordinary Shares subject to the Scheme will cease to be valid. Following settlement of the Consideration to which a Scheme Shareholder is entitled under the Scheme, Scheme Shareholders will be bound on the request of Virgin Money either (i) to destroy such Virgin Money Ordinary Share certificates; or (ii) to return such Virgin Money Ordinary Share certificates to Virgin Money, or to any person appointed by Virgin Money, for cancellation.

Dealings in Virgin Money CDIs are expected to be suspended from 4.00 p.m. (AEST) on the date falling two Australian Business Days prior to the Court Hearing. It is intended that ASX Limited will be requested to remove the listing of Virgin Money from the Australian Securities Exchange on the Australian Business Day following the Effective Date.

### 13. Overseas Shareholders

Overseas Shareholders should refer to paragraph 15 of Part 2 (*Explanatory Statement*) of this document, which contains important information relevant to such holders.

### 14. United Kingdom and Australian taxation

Your attention is drawn to paragraph 5 of Part 6 (*Additional Information*) of this document headed “United Kingdom taxation” and to paragraph 6 of Part 6 (*Additional Information*) of this document headed “Australian taxation”, which contain a summary of limited aspects of the United Kingdom and Australian tax treatment of the Scheme. Although this document contains certain tax-related information, it does not constitute tax advice and does not purport to be a complete analysis of all potential UK and Australian tax consequences of the Scheme.

**If you are in any doubt about your own tax position or you are subject to taxation in any jurisdiction other than the UK or Australia, you should consult an appropriately qualified independent professional adviser immediately.**

### 15. Financing in connection with the Acquisition

The Consideration payable to Virgin Money Shareholders pursuant to the Acquisition will be funded from Nationwide’s existing cash resources.

UBS, in its capacity as financial adviser to Nationwide, is satisfied that sufficient resources are available to Nationwide to satisfy in full the Consideration payable by Nationwide to Virgin Money Shareholders pursuant to the Acquisition.

### 16. Amendment to the Directors’ Remuneration Policy

In respect of the payment in lieu of notice (“**PILON**”) made to departing executive directors, the Directors’ Remuneration Policy confirms that any such payment is subject to an obligation on the departing executive director to mitigate their loss such that any PILON will be reduced by the earnings earned through any alternative employment obtained following the termination of their employment and prior to the expiry of their PILON period.

As set out in paragraph 6 of this Part 1, David Duffy will step down from his role as Chief Executive Officer of Virgin Money on Completion. Mr Duffy will receive a PILON in respect of his contractual notice period which is to be paid on an equal monthly basis in accordance with his service agreement dated 25 November 2015. Further details of the payments due to Mr Duffy upon the termination of his employment are set out in paragraph 12 of Part 6 (*Additional Information*) of this document.

It is noted that the PILON provisions within Mr Duffy’s service agreement (which are the standard PILON provisions for Virgin Money’s executive directors) contain a wider mitigation provision than the Directors’ Remuneration Policy and in particular provides that in the event that, after the termination of employment but before all the instalments of the PILON have been paid, Mr Duffy is engaged to provide his services by any other third party (whether under a service agreement, consultancy or any other engagement or arrangement) (each an “**Other Engagement**”) then each subsequent instalment of PILON due to be paid after the commencement of the Other Engagement shall be reduced by an amount equal to any monthly remuneration received directly or indirectly from that Other Engagement. The Directors’ Remuneration Policy further provides that the Remuneration Committee will comply with the contractual terms agreed.

The provisions of Mr Duffy's service agreement and of the Directors' Remuneration Policy relating to mitigation of the PILON are considered by the Virgin Money Remuneration Committee and the Non-Executive Virgin Money Directors (being the Virgin Money Directors excluding Mr Abrahams and Mr Duffy) to operate in a manner that results in an inequitable outcome in the context of the Acquisition in circumstances where Mr Duffy is seeking to retire from full time executive employment and instead to seek non-executive roles with companies that do not compete with the Virgin Money Group. In this context it is noted that: (a) Mr Duffy is subject to post termination restrictive covenants (as summarised in paragraph 12 of Part 6 (*Additional Information*) of this document); (b) the Directors' Remuneration Policy more generally permits existing executive directors to: (i) accept non-executive roles outside of the Virgin Money Group; and (ii) retain the fees for that non-executive role, when such role has been approved by the Board Chair in advance and subject to compliance with any applicable regulator limits on the number of such roles; and (c) Virgin Money has previously waived the requirement for earnings from non-executive roles to be off-set against departing leadership team members' payments in lieu of notice.

In light of the above and to address this perceived inequitable outcome in the context of the Acquisition and to promote stability of the leadership of Virgin Money in the period through to Completion by ensuring parity of treatment between departing and non-departing executive directors, Virgin Money is proposing to Virgin Money Shareholders at the General Meeting, as a separate resolution, an amendment to the Directors' Remuneration Policy. The proposed amendment is to allow the Virgin Money Remuneration Committee discretion to waive the requirement (under the current Directors' Remuneration Policy and any requirement in a departing executive director's service agreement) to reduce the monthly instalments of the PILON that would otherwise be payable to a departing executive director by the amount of earnings earned from one non-competing non-executive director role with a third party (such role being subject to pre-approval by the Board Chair).

The Remuneration Policy Resolution, being Resolution 3 as set out in the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document will be proposed as an ordinary resolution to approve this amendment to the Directors' Remuneration Policy. This proposal has been discussed with, and agreed by, Nationwide.

The Remuneration Policy Resolution will require the approval of a simple majority of Virgin Money Shareholders present and voting (and entitled to vote) either in person or by proxy at the General Meeting.

If the Remuneration Policy Resolution is passed by a simple majority of Virgin Money Shareholders as described above, the Virgin Money Remuneration Committee and the Board Chair of Virgin Money intend to exercise such discretion to waive the requirement that fees from one pre-approved (by the Board Chair) non-competing non-executive director role obtained by Mr Duffy, following the termination of his employment and prior to the expiry of his PILON period, are to be set off against PILON payments due to Mr Duffy. This would, however, be subject to continued compliance by Mr Duffy with the post termination restrictive covenants that will apply to him following the termination of his employment.

The passing of the Remuneration Policy Resolution is not a Condition to the Scheme or to Completion.

## **17. Action to be taken**

Eligible Virgin Money Shareholders are therefore being asked to vote on the following resolutions:

- (a) at the Court Meeting, the resolution to approve the Scheme, which requires the approval of a majority in number of the Scheme Shareholders present and voting (and entitled to vote) in person or by proxy at the Court Meeting, representing not less than 75 per cent. in value of the relevant Scheme Shares voted; and
- (b) at the General Meeting:
  - (i) the special resolution of Virgin Money Shareholders to approve: (A) the authorisation of the Virgin Money Directors to take all such actions as they may consider necessary or appropriate to give effect to the Scheme; and (B) the amendment of the Virgin Money Articles in the manner described in paragraph 10(B) of Part 2 (*Explanatory Statement*) of this document;

- (ii) the ordinary resolution of the Independent Virgin Money Shareholders to approve the TMLA Amendment Agreement and Virgin Red Exclusivity Agreement for the purposes of Note 2 on Rule 16.1 of the Takeover Code; and
- (iii) the ordinary resolution of Virgin Money Shareholders to approve the amendment to the Directors' Remuneration Policy described in paragraph 16 of this Part 1.

Further details of the approvals being sought at the Court Meeting and the General Meeting and details of the actions to be taken by Virgin Money Shareholders in respect of the Acquisition are set out in paragraphs 16 and 17 of Part 2 (*Explanatory Statement*) of this document.

## **18. Recommendation**

### ***The Scheme and the Acquisition***

The Virgin Money Directors, who have been so advised by Goldman Sachs International and J.P. Morgan Cazenove as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their advice to the Virgin Money Directors, Goldman Sachs International and J.P. Morgan Cazenove have taken into account the commercial assessments of the Virgin Money Directors. Goldman Sachs International and J.P. Morgan Cazenove are acting as the independent financial advisers to Virgin Money for the purposes of providing independent advice to the Virgin Money Directors on the Acquisition under Rule 3 of the Takeover Code. In addition, the Virgin Money Directors consider the Acquisition to be in the best interests of Virgin Money and Virgin Money Shareholders as a whole.

Accordingly, the Virgin Money Directors recommend unanimously that Scheme Shareholders vote in favour of the Scheme at the Court Meeting and the Virgin Money Shareholders vote in favour of the Acquisition Resolution at the General Meeting (or in the event that the Acquisition is implemented by way of an Offer, accept such Offer) as the Virgin Money Directors who are interested in Virgin Money Shares have irrevocably undertaken to do in respect of their entire beneficial holdings of 1,945,304 Virgin Money Shares representing, in aggregate, approximately 0.15 per cent. of Virgin Money's total issued share capital.

### ***Approval of the TMLA Amendment Agreement and the Virgin Red Exclusivity Agreement for the purposes of Note 2 on Rule 16.1 of the Takeover Code***

The terms of the TMLA Amendment Agreement and the Virgin Red Exclusivity Agreement are considered by Goldman Sachs International and J.P. Morgan Cazenove to be fair and reasonable. In forming this view, Goldman Sachs International and J.P. Morgan Cazenove have taken into account the commercial assessments of the Independent Virgin Money Directors.

The Independent Virgin Money Directors consider that the Virgin Resolution is in the best interests of Virgin Money and the Virgin Money Shareholders as a whole, and therefore recommend unanimously that the Independent Virgin Money Shareholders vote in favour of the Virgin Resolution at the General Meeting as the Independent Virgin Money Directors who are interested in Virgin Money Shares have irrevocably undertaken to do in respect of their entire beneficial holdings of 1,920,304 Virgin Money Shares representing, in aggregate, approximately 0.15 per cent. of Virgin Money's total issued share capital.

The passing of the Virgin Resolution forms a non-waivable condition to the Acquisition and, if not passed, the Acquisition will lapse and will not proceed to Completion.

Sara Weller, the representative of Virgin Enterprises on the Virgin Money Board, has not been involved in Virgin Money Board discussions relating to aspects of the Acquisition specifically concerning the TMLA, the TMLA Amendment Agreement, the "Virgin Money" brand, the Virgin Red Exclusivity Agreement or the Independent Virgin Money Directors' recommendation in respect of the Virgin Resolution.

### ***The Remuneration Policy Resolution***

The Non-Executive Virgin Money Directors consider that the Remuneration Policy Resolution is in the best interests of Virgin Money and the Virgin Money Shareholders as a whole. Accordingly, the Non-Executive Virgin Money Directors unanimously recommend that Virgin Money Shareholders vote in favour of the Remuneration Policy Resolution at the General Meeting.

Since David Duffy, as Chief Executive Officer of Virgin Money, and Clifford Abrahams, as Chief Financial Officer of Virgin Money, have a conflict of interest with respect to the proposed amendment to the Directors' Remuneration Policy, they did not take part in the Non-Executive Virgin Money Directors' discussions relating to the amendment to the Directors' Remuneration Policy or the recommendation in respect of the Remuneration Policy Resolution.

The passing of the Remuneration Policy Resolution is not a Condition to the Scheme or to Completion.

**19. Further information**

Your attention is drawn to the letter from Goldman Sachs International and J.P. Morgan Cazenove set out in Part 2 (*Explanatory Statement*) of this document (being the explanatory statement made in compliance with section 897 of the Companies Act), which gives further details about the Acquisition and the Scheme that is set out in full in Part 4 (*The Scheme of Arrangement*) of this document. Please note that reading the information in this Part 1 is not a substitute for reading the remainder of this document.

Yours faithfully

*David Bennett*  
*Board Chair*

## PART 2

### EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act)

**Goldman  
Sachs**

**J.P.Morgan CAZENOVE**

22 April 2024

*To all Virgin Money Shareholders and, for information only, to participants in the Virgin Money Share Plans and persons with information rights*

Dear Shareholder

#### **RECOMMENDED CASH ACQUISITION OF VIRGIN MONEY UK PLC BY NATIONWIDE BUILDING SOCIETY**

##### **1. Introduction**

On 21 March 2024, the Virgin Money Board and the Nationwide Board announced that they had agreed the terms of a recommended cash acquisition of Virgin Money by Nationwide pursuant to which Nationwide will acquire the entire issued and to be issued ordinary share capital of Virgin Money. The Acquisition is to be implemented by means of a scheme of arrangement of Virgin Money under Part 26 of the Companies Act, which requires, among other things, the approval of eligible Virgin Money Shareholders and the sanction of the Court.

**Your attention is drawn to the letter from the Board Chair of Virgin Money set out in Part 1 (*Letter from the Board Chair*) of this document, which forms part of this Explanatory Statement. That letter contains, among other things, information on the background to and reasons for the recommendations made by the Virgin Money Directors, the Independent Virgin Money Directors and the Non-Executive Virgin Money Directors respectively to eligible Virgin Money Shareholders to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting.**

**Your attention is also drawn to Part 3 (*Conditions to and further terms of the Acquisition*), Part 5 (*Financial Information*) and Part 6 (*Additional Information*) of this document. The Scheme is set out in full in Part 4 (*The Scheme of Arrangement*) of this document.**

The Virgin Money Directors, who have been so advised by Goldman Sachs International and J.P. Morgan Cazenove, Virgin Money's joint financial advisers, as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing advice to the Virgin Money Directors, Goldman Sachs International and J.P. Morgan Cazenove have taken into account the commercial assessments of the Virgin Money Directors. The terms of the TMLA Amendment Agreement and Virgin Red Exclusivity Agreement are considered by Goldman Sachs International and J.P. Morgan Cazenove to be fair and reasonable. In forming this view, Goldman Sachs International and J.P. Morgan Cazenove have taken into account the commercial assessments of the Independent Virgin Money Directors.

We have been authorised by the Virgin Money Directors to write to you to explain the terms of the Acquisition and the Scheme and to provide you with other relevant information. This Explanatory Statement contains a summary of the provisions of the Scheme. The Scheme is set out in full in Part 4 (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the other parts of this document, which are deemed to form part of this Explanatory Statement, including Part 1 (*Letter from the Board Chair*), the Conditions and certain further terms set out in Part 3 (*Conditions to and further terms of the Acquisition*) and the additional information set out in Part 6 (*Additional Information*) of this document.

Virgin Money Shareholders should read the whole of this document before deciding whether or not to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting.





- (ii) to Virgin Money CDI Holders in respect of whom Computershare does not hold an Electronic Payment Mandate as at the relevant record time:
  - a. where such Virgin Money CDI Holder has a registered address in the United Kingdom entered on the CDI Register, in pounds sterling; and
  - b. to all other Virgin Money CDI Holders, in Australian Dollars; and
- (iii) to all Virgin Money Ordinary Shareholders (other than CDN, the holder of the Virgin Money Ordinary Shares underlying the Virgin Money CDIs as depositary nominee), Virgin Money Share Account Holders who hold Virgin Money Ordinary Shares through the Equiniti Nominee, and Virgin Money Share Plan Account Holders who hold Virgin Money Ordinary Shares through the Computershare Nominee, in pounds sterling.

Where the FY 2024 Dividend or the Consideration (as applicable) is to be paid to a Virgin Money Shareholder in Australian Dollars or New Zealand Dollars: (i) the FY 2024 Dividend will be converted from pounds sterling to Australian Dollars or New Zealand Dollars at the relevant exchange rate on the date which is expected to be one Business Day (provided such Business Day is also an Australian Business Day) after the relevant dividend record date and in line with past practice; and (ii) the Consideration will be converted from pounds sterling to the relevant currency at the Consideration Exchange Rate.

The Consideration Exchange Rate includes a deduction for any applicable and properly incurred transaction and dealing costs associated with the conversion. The direct cost of conversion to Virgin Money Shareholders who receive the Consideration to which they are entitled in Australian Dollars or New Zealand Dollars is expected to be minimal but amounts payable to such Virgin Money Shareholders will be subject to the Consideration Exchange Rate actually obtained by or on behalf of Nationwide (which may be a lesser rate of exchange than the official pounds sterling to Australian Dollars or New Zealand Dollars exchange rate published by the Bank of England on the relevant payment date).

For any Virgin Money Shareholder who receives the Consideration to which they are entitled in Australian Dollars or New Zealand Dollars, the amount per Virgin Money Share received may, depending on the Consideration Exchange Rate, result in a payment at, below or above 218 pence per Virgin Money Share.

The relevant record date and payment date for the FY 2024 Dividend will be announced in Virgin Money's interim results, which are expected to be released on 13 June 2024. In addition, a separate announcement will be made in due course regarding the timing of Completion and the timing of settlement of the Consideration.

Further information on currency and settlement of the Consideration and the FY 2024 Dividend, as well as further details on the applicable exchange rates and instructions for any Virgin Money Shareholder who wishes to amend their payment instructions, are set out in paragraph 14(A) of this Part 2.

#### **4. Conditions**

The Acquisition and, accordingly, the Scheme is subject to the Conditions (set out in full in Part 3 (*Conditions to and further terms of the Acquisition*) of this document).

To become Effective, the Scheme requires, among other things, (a) the approval of a majority in number of the Scheme Shareholders present and voting (and entitled to vote) in person or by proxy at the Court Meeting, representing not less than 75 per cent. in value of the relevant Scheme Shares voted, (b) the approval of the Acquisition Resolution (being a special resolution) by Virgin Money Shareholders present and voting (and entitled to vote) in person or by proxy at the General Meeting, representing not less than 75 per cent. of the votes cast and (c) the approval of the Virgin Resolution (being an ordinary resolution) by the Independent Virgin Money Shareholders present and voting (and entitled to vote) in person or by proxy at the General Meeting, representing a simple majority of the votes cast. The Scheme must also be sanctioned by the Court. The Scheme can only become Effective if all Conditions to the Scheme, including shareholder approvals and the sanction of the Court, have been satisfied (unless, where applicable, the relevant Condition is waived).

The circumstances in which the approval of Nationwide's members would be required in relation to the Acquisition are set out under the Building Societies Act 1986. Having taken appropriate legal and

financial advice, the Nationwide Board has determined that no such member approval is required. Accordingly, the Acquisition and the Scheme are not subject to any condition relating to the passing of a resolution by Nationwide's members to approve the Acquisition. Further, no additional conditionality is permitted to be introduced in relation to the Acquisition under the Takeover Code, including any conditionality relating to the approval of the Acquisition by Nationwide's members.

The Conditions in paragraphs 1 and 2 of Part A of Part 3 (*Conditions to and further terms of the Acquisition*) of this document provide that the Scheme will lapse if:

- the Court Meeting and the General Meeting are not held by 13 June 2024 (being the 22<sup>nd</sup> day after the expected dates of the Court Meeting and General Meeting, respectively) or such later date, if any, (a) as Nationwide and Virgin Money may agree, or (b) (in a competitive situation) as may be specified by Nationwide with the consent of the Panel, and in each case that (if so required) the Court may allow;
- the Court Hearing to sanction the Scheme is not held by the 22<sup>nd</sup> day after the expected date of the Court Hearing as set out in this document or such later date, if any, (a) as Nationwide and Virgin Money may agree, or (b) (in a competitive situation) as may be specified by Nationwide with the consent of the Panel, and in each case that (if so required) the Court may allow; and
- the Scheme has not become Effective by 11.59 p.m. on the Long Stop Date.

The Shareholder Meetings and the nature of the approvals required to be given at them are described in more detail in paragraph 16 of this Part 2. All Scheme Shareholders are entitled to attend the Court Hearing in person or through representation to support or oppose the sanctioning of the Scheme.

In addition to these approvals, the Scheme is subject to (among other things) the receipt of certain regulatory clearances.

If any Condition in paragraphs 2(A) and 2(B) of Part A of Part 3 (*Conditions to and further terms of the Acquisition*) of this document is not capable of being satisfied by the date specified therein, or any Condition in paragraphs 3 and 4 of Part A of Part 3 (*Conditions to and further terms of the Acquisition*) of this document is not capable of being satisfied by 11.59 p.m. on the Long Stop Date, Nationwide shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by not later than 8.00 a.m. on the Business Day following the relevant date, stating whether Nationwide has invoked that Condition, (where applicable) waived that Condition or, with the agreement of Virgin Money (or as the case may be, the Panel), specified a new date by which that Condition must be satisfied.

The Scheme will become Effective in accordance with its terms upon a copy of the Court Order being delivered to the Registrar of Companies. Subject to the sanction of the Scheme by the Court, this is expected to occur during calendar Q4 of 2024. Unless the Scheme becomes Effective by no later than 11.59 p.m. on the Long Stop Date, the Scheme will not become Effective and the Acquisition will not proceed.

Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders holding Scheme Shares at the Scheme Record Time, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting (and if they attended or voted, whether or not they voted in favour); and (ii) share certificates in respect of Virgin Money Shares will cease to be valid and entitlements to Virgin Money Shares held within the CREST system will be cancelled. On or shortly after the Effective Date, the Virgin Money CDIs will be cancelled and the Scheme Shares (including those underlying the Virgin Money CDIs) will be transferred to Nationwide.

## **5. Strategic rationale for the Acquisition**

The Nationwide Board and Virgin Money Board believe that the Acquisition will combine two complementary businesses. The Acquisition will create a combined group with total assets of approximately £366.3 billion and total lending and advances of approximately £283.5 billion, representing the second largest provider of mortgages and savings in the UK.

Nationwide has grown over time through a series of historical acquisitions to become the UK's largest building society. It remains wholly committed to being a building society and a modern mutual that meets its customers' and members' banking needs to a high standard.

The Nationwide Board believes that the Acquisition will enable Nationwide to accelerate its strategy, and broaden and deepen its products and services faster than could be achieved organically, whilst

providing a return that will further support Nationwide's financial strength and deliver greater value to its customers and members. In particular:

- **Customers, lending and deposits:** Virgin Money is the UK's sixth largest bank by total assets, with a customer base of approximately 6.6 million and total lending of £72.8 billion, comprising a high-quality mortgage portfolio of approximately £57.1 billion and deposit portfolio of approximately £67.3 billion. The Acquisition will enable Nationwide to increase its scale in its core lending and deposit markets and strengthen Nationwide's position as one of the UK's leading providers of mortgages, savings and current accounts.
- **Credit cards:** Virgin Money has a strong unsecured lending business, with £6.7 billion of balances, including an estimated 8.6 per cent. market share of UK credit cards, which the Nationwide Board believes will complement Nationwide's existing product offering and unsecured lending.
- **Business banking:** The Nationwide Board believes that Virgin Money's £9.0 billion of existing business lending balances and 'Business Current Account' will enable Nationwide to build on its existing business savings proposition, with a broader business banking offering to support Nationwide's growth and diversify its sources of funding.

The Nationwide Board believes that the Acquisition of Virgin Money represents a compelling opportunity to deploy capital for the benefit of its current and future members, and that Virgin Money's purpose and principles are well aligned with those of Nationwide.

The Acquisition is expected to create a combined group with enhanced financial strength, including through access to greater diversity of funding, notably from business deposits, and the opportunity to generate improved returns. Nationwide expects to be able to capitalise on this financial strength to support the continued provision of its 'Fairer Share Payment' to eligible Nationwide members, and member financial benefits via mortgage and savings rates that are, on average, better than the market average, along with other incentives.

## 6. Arrangements with Virgin Enterprises and Virgin Red

A summary of the material provisions of each of the TMLA (as it will be amended pursuant to the TMLA Amendment Agreement) and the Virgin Red Exclusivity Agreement are set out at paragraph 4 of Part 1 (*Letter from the Board Chair*) of this document.

## 7. Information on Virgin Money

Virgin Money is a Tier 1 bank with c.6.6 million retail and business customers across the UK, bringing the best of the "Virgin Money" brand to make banking better and enable customers to achieve their financial goals. Led by its purpose of 'making you happier about money', Virgin Money offers a range of straightforward, award-winning products including current accounts, credit cards, savings, investments, mortgages, pensions, loans and more.

Rewarding, digital-first customer experiences are central to its ambition of becoming the UK's best digital bank, supported by a network of stores, contact centres and relationship managers. Through the Virgin Money Foundation and key partnerships, the bank also delivers positive change in society as part of its progressive sustainability and ESG agenda.

An inclusive and ambitious culture for approximately 7,300 full time equivalent colleagues is fostered throughout the organisation, encouraging colleagues to work in a healthy, flexible, digitally led environment. Headquartered in Glasgow with major offices in Newcastle upon Tyne and London, Virgin Money is a FTSE 250 company, dual-listed on the London Stock Exchange (VMUK) and the Australian Securities Exchange (VUK).

## 8. Information on Nationwide

Nationwide is the world's largest building society, with over 17 million customers, 16 million of whom have a current account, mortgage or savings product, and are therefore members of Nationwide. Nationwide is owned by its members and focuses on providing banking products and services to its customers. Nationwide has over 18,000 employees, including those based in its headquarters in Swindon, and those working in its network of over 600 branches across the UK. The combination of its mutual ownership model and scale puts Nationwide in a unique position within the UK financial services ecosystem.

Following the Acquisition, Nationwide will remain a building society.

Nationwide is the UK's third largest mortgage provider and holds almost £1 in every £10 saved in the UK, as well as one in ten of the UK's current accounts. It also supports landlords and those who rely on the private rented sector for their long-term housing needs through its buy to let business, The Mortgage Works. In addition, Nationwide offers a comprehensive range of wider retail financial services and products, including credit cards, personal loans and insurance. These offerings diversify its income, and help it give value back to its customers, through better product pricing than the market average and better service than its peers.

Nationwide's purpose is 'Banking – but fairer, more rewarding, and for the good of society'. The Nationwide Board believes that its mutual ownership model enables it to balance its need to retain sufficient profit to remain financially strong, with its commitment to share its success with its customers and members. It aims to achieve this through its four strategic drivers:

- More rewarding relationships – developing deeper, broader, more lifelong relationships that provide value in banking;
- Simply brilliant service – providing personalised, trusted service, at every touchpoint;
- Beacon for mutual good – having a meaningful impact on customers, members, communities and society, by being bigger and doing better; and
- Continuous improvement – operating simply and efficiently, to respond to customer and member needs at pace.

In 2023, Nationwide gave 3.4 million eligible members a share of its profits through its 'Fairer Share Payment'. The provision of future 'Fairer Share Payments' will depend on Nationwide's ongoing financial performance. Nationwide will confirm the level of any 'Fairer Share Payment' in respect of its current financial year, as well as the relevant member eligibility criteria, after its financial year-end.

## **9. Capital structure and pro-forma prudential ratios**

Nationwide expects the Combined Group to have a strong pro-forma capital position with a common equity tier 1 ratio of approximately 20 per cent. and a leverage ratio of approximately 5 per cent., both comfortably above regulatory minimums. Nationwide also expects the Combined Group's liquidity ratios to be well in excess of regulatory minimums.

These estimated pro-forma positions are illustrative only and have been calculated using unaudited estimates of the position as at 30 September 2024 prepared by Nationwide. More information in relation to these estimates is set out in Part 7 (*Sources of Information and Bases of Calculation*) of this document.

The Combined Group will be subject to the consolidated supervision of the PRA under the UK Capital Requirements Regulation. It is not anticipated that the Acquisition will require any immediate changes to the capital structure of the Virgin Money Group or the Combined Group as a whole. Nationwide and Virgin Money intend to simplify and align their capital structures over time as part of broader integration planning.

## **10. Further information in respect of the Scheme**

### **(A) The Scheme**

It is proposed that, under the Scheme, the Scheme Shares will be transferred to Nationwide (or its nominee(s)) so that the entire issued share capital of Virgin Money is held by Nationwide (or its nominee(s)).

Scheme Shareholders (other than CDN, the holder of the Scheme Shares underlying the Virgin Money CDIs as depositary nominee) whose names appear on the register of Virgin Money at the Scheme Record Time, which is currently expected to be 6.00 p.m. on the Business Day immediately prior to the Effective Date, will receive the Consideration for each Scheme Share held by them.

Virgin Money CDI Holders whose names appear on the CDI Register at the CDI Record Time, which is currently expected to be 7.00 p.m. (AEST) on the Australian Business Day immediately prior to the Effective Date, will receive the Consideration for the Scheme Share underlying each Virgin Money CDI held by them.



**(B) Amendments to the Virgin Money Articles**

Currently, Virgin Money Shares issued after the Scheme Record Time will not be subject to the Scheme. Accordingly, it is proposed, as part of the Acquisition Resolution at the General Meeting, to amend the Virgin Money Articles to ensure that:

- any Virgin Money Ordinary Shares issued under the Virgin Money Share Plans or otherwise between the Ordinary Shareholder Voting Record Time and the Scheme Record Time will be subject to the Scheme; and
- subject to the Scheme becoming Effective, any Virgin Money Ordinary Shares issued to any person other than Nationwide (or its nominee(s)) after the Scheme Record Time will be immediately transferred to Nationwide on the same terms as under the Scheme (other than terms as to timing and formalities, and subject to an adjustment to the Consideration per Virgin Money Ordinary Share in the event of any reorganisation of, or material alteration to, the share capital of Virgin Money after the Effective Date so as to reflect such reorganisation or alteration).

These provisions will avoid any person other than Nationwide (or its nominee(s)) holding Virgin Money Ordinary Shares after the Scheme Record Time.

Paragraph (b) of the special resolution set out in the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document seeks the approval of Virgin Money Shareholders for such amendment.

**(C) Offer-related arrangements**

Details of the offer-related arrangements are set out in paragraph 11 of Part 6 (*Additional Information*) of this document.

**11. Virgin Money Directors and the effect of the Scheme on their interests**

Details of the interests of the Virgin Money Directors in Virgin Money Shares are set out in paragraph 4 of Part 6 (*Additional Information*) of this document. In common with the other participants in the Virgin Money Share Plans, the Virgin Money Directors will receive shares under Awards, to the extent such Awards vest.

The Virgin Money Directors who hold Virgin Money Shares have irrevocably undertaken to vote in favour of the Scheme and the Acquisition Resolution. The Independent Virgin Money Directors who hold Virgin Money Shares have irrevocably undertaken to vote in favour of the Virgin Resolution. Further details of these undertakings (including the circumstances in which they fall away) are set out in paragraph 8 of Part 6 (*Additional Information*) of this document.

As described in paragraph 6 of Part 1 (*Letter from the Board Chair*) of this document, David Duffy will step down from his positions as Executive Director and CEO of Virgin Money with effect from Completion.

As announced by Virgin Money on 6 February 2024, in line with the board succession plan of Virgin Money, Ms Gopalan will step down from the Virgin Money Board upon reaching her nine-year tenure on 30 June 2024.

Particulars of the service contracts (including termination provisions) and appointment letters of the Virgin Money Directors and the settlement agreement entered into by David Duffy and Virgin Money are set out in paragraph 12 of Part 6 (*Additional Information*) of this document.

Your attention is drawn to paragraphs 6 and 16 of Part 1 (*Letter from the Board Chair*) of this document which set out (i) the Replacement Awards to be granted to the relevant holders of the LTIP Awards (which includes Virgin Money Executive Directors) and (ii) the proposed amendment to the Directors' Remuneration Policy, respectively.

Save as set out above, the effect of the Scheme on the interests of Virgin Money Directors does not differ from its effect on the like interests of any other Scheme Shareholder.

**12. Virgin Money Share Plans**

Virgin Money operates the Virgin Money Share Plans to reward and retain its employees.

Participants in the Virgin Money Share Plans will be contacted separately regarding the effect of the Acquisition on their Awards and with the details of the arrangements applicable to them. A summary of the effect of the Acquisition on outstanding Awards is set out below. In the event of any conflict between the summary set out below and the rules of the relevant Virgin Money Share Plan, the Directors' Remuneration Policy (where applicable) and/or the communications to participants in the Virgin Money Share Plans regarding the effect of the Acquisition on their Awards and the details of the arrangements applicable to them (the "**Share Plan Notices**"), the rules of the relevant Virgin Money Share Plan, the Directors' Remuneration Policy (where applicable) or the terms of the relevant Share Plan Notices (as the case may be) will prevail.

The Scheme will extend to any Virgin Money Shares issued or transferred pursuant to the vesting of Awards at or before the Scheme Record Time.

The Scheme will not extend to Virgin Money Ordinary Shares issued after the Scheme Record Time. However, it is proposed to amend the Virgin Money Articles at the General Meeting to provide that, if the Acquisition becomes Effective, any Virgin Money Ordinary Shares issued to any person other than Nationwide and/or its nominees after the Scheme Record Time (including in satisfaction of the vesting of Awards under the Virgin Money Share Plans) will be immediately transferred to Nationwide in consideration for the payment by Nationwide to such persons of an amount equal to the Consideration for each Virgin Money Share so transferred (subject to a deduction for any applicable tax and national insurance or social security contributions and an adjustment in the event of a reorganisation of, or material alteration to, the share capital of Virgin Money after the Effective Date).

Further information on the proposed amendments to the Virgin Money Articles is contained in the notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document.

Awards granted under the Virgin Money LTIP, the Virgin Money DEP and, after the 2018 Merger, the Virgin Money Legacy Deferred Bonus Share Plan which are unvested immediately before the Court Sanction Date will vest on the Court Sanction Date to the extent and on the basis determined by the Virgin Money Remuneration Committee in accordance with the Virgin Money LTIP, the Virgin Money DEP and the Virgin Money Legacy Deferred Bonus Share Plan rules (as applicable), the Directors' Remuneration Policy (as applicable) and regulatory requirements.

The Awards that were granted prior to the 2018 Merger (the "**Virgin Money Legacy Awards**") conditionally vested on 12 October 2018, the date the Court sanctioned the 2018 Merger, and Virgin Money and Nationwide acknowledge that these Virgin Money Legacy Awards will continue to be released in line with their deferral schedules and terms.

The Virgin Money Shares which will vest on the Court Sanction Date under the Virgin Money LTIP, the Virgin Money DEP and the Virgin Money Legacy Deferred Bonus Share Plan, together with the Virgin Money Legacy Awards that conditionally vested on 12 October 2018, will remain subject to deferral, malus, clawback and other regulatory requirements as applicable under the PRA's remuneration rules.

Virgin Money Shares held in the Virgin Money Share Incentive Plan trust will participate in the Scheme on the same terms as other Virgin Money Shareholders.

### **13. Financing in connection with the Acquisition**

The Consideration payable to Virgin Money Shareholders pursuant to the Acquisition will be funded from Nationwide's existing cash resources.

UBS, in its capacity as financial adviser to Nationwide, is satisfied that sufficient resources are available to Nationwide to satisfy in full the Consideration payable by Nationwide to Virgin Money Shareholders pursuant to the Acquisition.

### **14. Dealing and settlement**

The last day of dealings in, and registration of transfers of, Virgin Money Ordinary Shares on the London Stock Exchange is expected to be the date of the Court Hearing (and the Business Day immediately before the Effective Date) and no transfers will be registered after 6.00 p.m. on that date. Prior to the Effective Date, Virgin Money will apply to the FCA and the London Stock Exchange, respectively, for the listing of the Virgin Money Ordinary Shares on the Official List to be cancelled and for the Virgin Money Ordinary Shares to cease to be admitted to trading on the London Stock Exchange's main market for listed securities. Such cancellation is expected to take effect by 8.00 a.m.

one Business Day after the Effective Date. On the Effective Date, share certificates in respect of Virgin Money Ordinary Shares will cease to be valid and entitlements to Virgin Money Ordinary Shares held within the CREST system will be cancelled.

Dealings in Virgin Money CDIs are expected to be suspended from 4.00 p.m. (AEST) on the date falling two Australian Business Days prior to the Court Hearing. It is intended that ASX Limited will be requested to remove the listing of Virgin Money from the Australian Securities Exchange on the Australian Business Day following the Effective Date. On or shortly after the Effective Date, the Virgin Money CDIs will be cancelled and the Scheme Shares (including those underlying the Virgin Money CDIs) will be transferred to Nationwide.

Subject to the Scheme becoming Effective, settlement of the Consideration to which any Scheme Shareholder is entitled under the Scheme will be effected in the manner described below.

**(A) Payment currency, exchange rates and payment instructions**

The Consideration and the FY 2024 Dividend will be paid to each Virgin Money Shareholder entitled thereto in the same currency as dividend payments that such Virgin Money Shareholder would receive from the Company in the ordinary course and in accordance with any existing Electronic Payment Mandate held by Computershare at the relevant record time. Accordingly, such payments will be made to the Virgin Money Shareholders entitled to the relevant payment as follows:

- (i) to Virgin Money CDI Holders in respect of whom Computershare holds an Electronic Payment Mandate as at the relevant record time, in either Australian Dollars, New Zealand Dollars or pounds sterling, as specified in such Electronic Payment Mandate;
- (ii) to Virgin Money CDI Holders in respect of whom Computershare does not hold an Electronic Payment Mandate as at the relevant record time:
  - a. where such Virgin Money CDI Holder has a registered address in the United Kingdom entered on the CDI Register, in pounds sterling and (in the case of cheques) drawn on the branch of a clearing bank in the United Kingdom; and
  - b. to all other Virgin Money CDI Holders, in Australian Dollars and (in the case of cheques) drawn on the branch of an Australian clearing bank; and
- (iii) to all Virgin Money Ordinary Shareholders (other than CDN, the holder of the Virgin Money Ordinary Shares underlying the Virgin Money CDIs as depositary nominee), Virgin Money Share Account Holders who hold Virgin Money Ordinary Shares through the Equiniti Nominee, and Virgin Money Share Plan Account Holders who hold Virgin Money Ordinary Shares through the Computershare Nominee, in pounds sterling.

***Relevant exchange rates***

Where the FY 2024 Dividend or the Consideration (as applicable) is to be paid to a Virgin Money Shareholder in Australian Dollars or New Zealand Dollars: (i) the FY 2024 Dividend will be converted from pounds sterling to Australian Dollars or New Zealand Dollars at the relevant exchange rate on the date which is expected to be one Business Day (provided such Business Day is also an Australian Business Day) after the relevant dividend record date and in line with past practice; and (ii) the Consideration will be converted from pounds sterling to the relevant currency at the Consideration Exchange Rate.

Nationwide intends to obtain the amount of Australian Dollars and New Zealand Dollars required in respect of the Consideration through one or more market transactions carried out over one or more Business Days following the Scheme Record Time. The number of transactions, time period required, exchange rate obtained and level of transaction and dealing costs associated with the conversion will depend on market conditions and the number of Virgin Money Shares in respect of which the Consideration is due to be paid in Australian Dollars or New Zealand Dollars. However, Nationwide will use all reasonable endeavours to obtain the best rate reasonably available in the market (including taking account of the size of the transactions and the time frames within which they are to be executed) at the relevant times and to ensure that the applicable transaction and dealing costs are on arm's-length market terms. The Consideration Exchange Rate obtained by or on behalf of Nationwide will be applied such that all Virgin Money Shareholders who are to receive the Consideration in Australian Dollars or New Zealand Dollars will receive the same amount of Australian Dollars or New Zealand Dollars (as applicable) for each of their Virgin Money Shares.

The Consideration Exchange Rate includes a deduction for any applicable and properly incurred transaction and dealing costs associated with the conversion. The direct cost of conversion to Virgin Money Shareholders who receive the Consideration to which they are entitled in Australian Dollars or New Zealand Dollars is expected to be minimal but amounts payable to such Virgin Money Shareholders will be subject to the Consideration Exchange Rate actually obtained by or on behalf of Nationwide (which may be a lesser rate of exchange than the official pounds sterling to Australian Dollars or New Zealand Dollars exchange rate published by the Bank of England on the relevant payment date).

For any Virgin Money Shareholder who receives the Consideration to which they are entitled in Australian Dollars or New Zealand Dollars, the amount per Virgin Money Share received may, depending on the Consideration Exchange Rate, result in a payment at, below or above 218 pence per Virgin Money Share.

Nationwide will announce the Consideration Exchange Rate that it obtains in accordance with the terms of the Scheme and the aggregate Australian Dollar and New Zealand Dollar amounts payable to applicable Virgin Money CDI Holders.

In all cases, fluctuations in the pound sterling/Australian Dollar and pound sterling/ New Zealand Dollar exchange rate (as the case may be) are at the risk of Virgin Money Shareholders. Any Virgin Money CDI Holder who wishes to receive a certain, fixed cash amount in pounds sterling in respect of their Consideration should ensure they have submitted an Electronic Payment Mandate to Computershare to receive their Consideration in pounds sterling.

#### ***Electronic Payment Mandate***

All Virgin Money Shareholders (other than those holding Virgin Money Ordinary Shares in CREST) are strongly encouraged to set up an Electronic Payment Mandate (if they have not already done so) to receive their Consideration and FY 2024 Dividend by electronic means rather than cheque. Virgin Money Shareholders who wish to amend their existing Electronic Payment Mandate to receive payments by electronic means and, in respect of Virgin Money CDI Holders only, who wish to amend their existing Electronic Payment Mandate to receive payments in a different currency (with the relevant options being Australian Dollars, New Zealand Dollars or pounds sterling), must, in each case, notify Computershare: (i) in respect of receipt of the FY 2024 Dividend, by the relevant dividend record date, and (ii) in respect of receipt of the Consideration, by the Scheme Record Time for Virgin Money Ordinary Shareholders, and by the CDI Record Time for Virgin Money CDI Holders. Details of how to do this can be found on the Company's website, at <http://www.virginmoneyukplc.com/investor-relations/shareholder-information/manage-your-shareholding/> or you can contact Computershare using the contact details set out in paragraph 17 of this Part 2.

#### ***Transmutation between Virgin Money Ordinary Shares and Virgin Money CDIs***

Virgin Money Shareholders can also convert (transmute) their holdings from Virgin Money Ordinary Shares into Virgin Money CDIs, and from Virgin Money CDIs into Virgin Money Ordinary Shares, by following the instructions set out on the Company's website, at <http://www.virginmoneyukplc.com/investor-relations/shareholder-information/manage-your-shareholding/> or by contacting Computershare by email at (i) [uk.globaltransactions@computershare.com](mailto:uk.globaltransactions@computershare.com), for conversions from Virgin Money Ordinary Shares to Virgin Money CDIs, and (ii) [au.globaltransactions@computershare.com](mailto:au.globaltransactions@computershare.com), for conversions from Virgin Money CDIs to Virgin Money Ordinary Shares. In either case, instructions for such conversion must be submitted no later than:

- (i) in respect of the receipt of the FY 2024 Dividend, the date which is two Business Days (provided such Business Days are also Australian Business Days) prior to the relevant dividend record date for the FY 2024 Dividend, in order for the conversion into either Virgin Money Ordinary Shares or Virgin Money CDIs to be reflected on the relevant registers held by Computershare at the relevant dividend record date; and
- (ii) in respect of the receipt of Consideration, the date which is two Business Days (provided such Business Days are also Australian Business Days) prior to the CDI Record Time, in order for the conversion into either Virgin Money Ordinary Shares or Virgin Money CDIs to be reflected on the relevant registers held by Computershare at the CDI Record Time or Scheme Record Time (as applicable).

Once any conversion into Virgin Money CDIs has been effected, the holder of the converted Virgin Money CDIs can instruct Computershare as to the currency in which they wish to receive the Consideration and the FY 2024 Dividend, in the manner and subject to the deadlines described above.

**(B) Scheme Shares in uncertificated form (that is, in CREST)**

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, except with the consent of the Panel, settlement of the Consideration to which such Scheme Shareholder is entitled will be paid through CREST in pounds sterling as soon as practicable after the Effective Date (and in any event within 14 calendar days or within such other time period as may be approved by the Panel), in accordance with the CREST payment arrangements.

As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course.

Nationwide reserves the right to pay any Consideration to all or any Scheme Shareholders who hold Scheme Shares in uncertificated form at the Scheme Record Time in the manner referred to in subparagraph (C) below if, for any reason, it wishes to do so.

**(C) Scheme Shares in certificated form (that is, not in CREST)**

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares (other than Scheme Shares underlying the Virgin Money CDIs) in certificated form, and such holder has set up an Electronic Payment Mandate, settlement of the Consideration due pursuant to the Scheme will be effected as soon as practicable after the Effective Date, and in any event within 14 calendar days of the Effective Date, by way of an electronic transfer in pounds sterling to the bank or building society account indicated in such Electronic Payment Mandate. In the absence of an Electronic Payment Mandate, settlement of the Consideration due pursuant to the Scheme will be effected by cheque. All such cheques will be in pounds sterling drawn on the branch of a clearing bank in the United Kingdom.

**(D) Virgin Money CDIs**

Where, at the CDI Record Time, a holder of Virgin Money CDIs has set up an Electronic Payment Mandate, settlement of the Consideration due pursuant to the Scheme in respect of the Scheme Shares represented by the relevant holding of Virgin Money CDIs will be effected as soon as practicable after the Effective Date, and in any event within 14 calendar days of the Effective Date, by way of an electronic transfer in the currency (being either Australian Dollars, New Zealand Dollars or pounds sterling) and to the bank or other payment account, each as indicated in such Electronic Payment Mandate as recorded by the Company's registrars, Computershare, at the CDI Record Time. In the absence of an Electronic Payment Mandate, settlement of the Consideration due pursuant to the Scheme will be effected by cheque in Australian Dollars (drawn on the branch of an Australian clearing bank), unless the Virgin Money CDI Holder has a registered address in the United Kingdom entered on the CDI Register, in which case settlement of the Consideration due pursuant to the Scheme will be effected by cheque in pounds sterling (and drawn on the branch of a clearing bank in the United Kingdom).

**(E) General**

Cheques in respect of the Consideration will be despatched by first class post (or a service similar to first class post) or air mail, if overseas, (or by such other method as may be approved by the Panel) at the risk of the person entitled thereto as soon as practicable (and in any event within 14 calendar days or within such other time period as may be approved by the Panel) after the Effective Date. Cheques will be sent to Scheme Shareholders at the address appearing in Virgin Money's register of members at the Scheme Record Time or, in the case of Virgin Money CDI Holders, at the address appearing in the CDI Register at the CDI Record Time (or, in the case of joint holders, to the holder whose name appears first in the relevant register in respect of the joint holding concerned at the Scheme Record Time or the CDI Record Time (as applicable)).

Any Virgin Money Shareholder who is recorded in the books of Computershare as "gone away" will not have their cheque issued until they contact, and provide an updated address to, Computershare for security reasons.



If any Scheme Shareholders have not encashed their respective cheques (or otherwise claimed their Consideration) within six months of the Effective Date, Virgin Money and Nationwide will procure that the Consideration due to such Scheme Shareholders under the Scheme shall be held on trust for such Scheme Shareholders for a period of 12 years from the Effective Date, and such Scheme Shareholders may claim the Consideration due to them (net of any expenses and taxes) by written notice to Computershare or Virgin Money (or its nominee or agent) in a form which Virgin Money reasonably determines evidences their entitlement to such Consideration at any time during the period of 12 years from the Effective Date.

If any Virgin Money CDI Holders have not encashed their respective cheques (or otherwise claimed their Consideration), Virgin Money and Nationwide will procure that the Consideration due to such Virgin Money CDI Holders under the Scheme shall be held on trust for such Virgin Money CDI Holders for a period of six years from the Effective Date, and such Virgin Money CDI Holders may claim the Consideration due to them by written notice to Computershare Investor Services Pty Limited or Virgin Money (or its nominee or agent) in a form which Virgin Money reasonably determines evidences their entitlement to such Consideration at any time during the period of six years from the Effective Date.

On the Effective Date, each certificate representing a holding of Virgin Money Shares subject to the Scheme will cease to be valid. Following settlement of the Consideration to which a Scheme Shareholder is entitled under the Scheme, Scheme Shareholders will be bound on the request of Virgin Money either (i) to destroy such Virgin Money Share certificates; or (ii) to return such Virgin Money Share certificates to Virgin Money, or to any person appointed by Virgin Money, for cancellation.

All documents and remittances sent to Scheme Shareholders in accordance with this paragraph 14 will be sent at the risk of the person entitled thereto.

Save with the consent of the Panel, settlement of the Consideration due to any Scheme Shareholder under the Scheme will be implemented in full in accordance with the terms set out in this Part 2 without regard to any lien, right of set off, counterclaim or analogous right to which Nationwide may otherwise be, or claim to be, entitled against any Scheme Shareholder.

**(F) Virgin Money Share Account Holders**

Following the receipt by the Equiniti Nominee of the Consideration due to it in respect of the Virgin Money Ordinary Shares it holds on behalf of the Virgin Money Share Account Holders, the Equiniti Nominee will arrange, subject to the terms and conditions of the Virgin Money Share Account, for settlement of the relevant portion of the Consideration due to be paid to each Virgin Money Share Account Holder according to the respective electronic mandates in place for the purpose of receiving dividend payments (or, failing such electronic payment, by way of cheque), within ten Business Days thereafter.

**(G) Virgin Money Share Plan Account Holders**

Following the receipt by the Computershare Nominee of the Consideration due to it in respect of the Virgin Money Ordinary Shares it holds on behalf of the Virgin Money Share Plan Account Holders, the Computershare Nominee will arrange, subject to the terms and conditions of the Virgin Money Share Plan Account, for settlement of the relevant portion of the Consideration due to be paid to each Virgin Money Share Plan Account Holder according to the bank details held on record (or, where the Computershare Nominee does not hold bank details on record, the relevant portion of Consideration will be allocated to EquatePlus for relevant Virgin Money Share Plan Account Holders to claim) within five calendar days thereafter. Each Virgin Money Share Plan Account Holder is responsible for ensuring their bank account details are correct at all times as per the Virgin Money Share Plan Account terms and conditions.

**(H) Virgin Money Share Plans**

In the case of Scheme Shares issued or transferred pursuant to the Virgin Money Share Plans after the Court Sanction Date and prior to the Scheme Record Time, the Consideration due under the Scheme in respect of those Scheme Shares will be settled by such method as shall be determined by Virgin Money (including, but not limited to, procuring that payments are made through payroll as soon as practicable subject to the deduction of applicable income taxes and employee National Insurance contributions). For the avoidance of doubt, the payment of any Consideration by Virgin Money

through payroll shall be effected reasonably promptly after the Effective Date (but is not required to be effected within 14 calendar days of the Effective Date).

## 15. Overseas Shareholders

The release, publication or distribution of this document in, into or from jurisdictions other than the United Kingdom and Australia may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document and any accompanying documents come should inform themselves about, and observe, any applicable restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of such jurisdictions.

Neither this document nor the accompanying documents are intended to, and do not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any Restricted Jurisdiction. Nothing in this document or the accompanying documents should be relied upon for any other purpose.

The implications of the Acquisition for persons resident in, or citizens of, jurisdictions outside the United Kingdom and Australia may be affected by the laws of the relevant jurisdictions. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document and the accompanying documents have been prepared for the purposes of complying with the laws of England and Wales, the Takeover Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if these documents had been prepared in accordance with the laws of jurisdictions outside England and Wales, including Australia. **Overseas Shareholders should consult their own legal and tax advisers with regard to the legal and tax consequences of the Scheme for their particular circumstances.**

All Virgin Money Shareholders (including, without limitation, nominees, trustees or custodians) who would, or otherwise intend to, forward this document and its accompanying documents to any jurisdiction outside the United Kingdom and Australia, should seek appropriate independent professional advice before taking any action.

## 16. The Scheme and the Shareholder Meetings

The Scheme will require, amongst other things, the approval of the Scheme by Scheme Shareholders at the Court Meeting and the approval of the Acquisition Resolution by Virgin Money Shareholders at the separate General Meeting. The Scheme will also require the approval of the Virgin Resolution by Independent Virgin Money Shareholders at the General Meeting (as the passing of the Virgin Resolution is a non-waivable Condition to the Scheme).

The Scheme is not subject to any condition relating to the passing of a resolution by Nationwide's members.

The Court Meeting and the General Meeting will each be held on 22 May 2024 at the Company's registered office, Jubilee House, Gosforth, Newcastle upon Tyne, England, NE3 4PL. The Court Meeting will start at 1.00 p.m. on that date and the General Meeting will start at 1.15 p.m. on that date or as soon thereafter as the Court Meeting has concluded or been adjourned.

The Court Meeting is being held at the direction of the Court to seek the approval of Scheme Shareholders for the Scheme. The General Meeting is being convened to seek the approval of: (a) Virgin Money Shareholders to enable the Virgin Money Directors to implement the Scheme and to amend the Virgin Money Articles as described in paragraph 10 of this Part 2; (b) Independent Virgin Money Shareholders of the TMLA Amendment Agreement and Virgin Red Exclusivity Agreement for the purposes of Note 2 on Rule 16.1 of the Takeover Code; and (c) Virgin Money Shareholders of the Remuneration Policy Resolution as described in paragraph 16 of Part 1 (*Letter from the Board Chair*) of this document. The passing of the Remuneration Policy Resolution is not a Condition to the Scheme or to Completion.

The Scheme is set out in full in Part 4 (*The Scheme of Arrangement*) of this document.

Notices of both the Court Meeting and the General Meeting, which set out in full the resolutions to be considered and, if thought fit, approved at the relevant meetings, are set out at the end of this document. Entitlement to attend and vote at these meetings and the number of votes which may be cast thereat will be determined by reference to the register of members of Virgin Money at the Ordinary Shareholder Voting Record Time.

**If the Scheme becomes Effective, it will be binding on all Scheme Shareholders holding Scheme Shares at the Scheme Record Time, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting (and irrespective of whether or not they voted in favour of the resolutions at such Shareholder Meetings).**

Any Virgin Money Shares which Nationwide or any other member of the Nationwide Group (or their respective nominees) may acquire before the Court Meeting are not Scheme Shares and therefore none of Nationwide or any other member of the Nationwide Group (or their respective nominees) is entitled to vote at the Court Meeting in respect of the Virgin Money Shares held or acquired by it and will not exercise the voting rights attaching to such Virgin Money Shares at the General Meeting. Nationwide will undertake to be bound by the Scheme.

**(A) Court Meeting**

The Court Meeting has been convened at the direction of the Court for 1.00 p.m. on 22 May 2024 to enable the Scheme Shareholders who are registered as members of Virgin Money at the Ordinary Shareholder Voting Record Time to consider and, if thought fit, approve the Scheme. At the Court Meeting (or any adjournment of the Court Meeting), voting will be by poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held at the Ordinary Shareholder Voting Record Time. The approval required at the Court Meeting is a simple majority in number of the Scheme Shareholders present and voting (and entitled to vote) in person or by proxy at the Court Meeting, representing not less than 75 per cent. in value of the relevant Scheme Shares voted.

**It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the opinion of Scheme Shareholders. You are therefore strongly urged to (a) complete and return your blue Form of Proxy (or make an electronic appointment of a proxy or submit a proxy vote via CREST) or blue CDI Voting Instruction Form (or submit it electronically) (as applicable), (b) in the case of a Virgin Money Share Account Holder, instruct the Equiniti Nominee to exercise the voting rights attached to the Virgin Money Ordinary Shares it holds on your behalf as soon as possible, or (c) in the case of a Virgin Money Share Plan Account Holder, instruct the Computershare Nominee to exercise the voting rights attached to the Virgin Money Ordinary Shares it holds on your behalf as soon as possible via EquatePlus.**

You will find the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) of this document.

**(B) General Meeting**

In addition, the General Meeting has been convened for the same date as the Court Meeting (to be held at 1.15 p.m. on 22 May 2024 or as soon thereafter as the Court Meeting has concluded or been adjourned) to consider and, if thought fit, pass:

- (a) the Acquisition Resolution, being a special resolution to approve:
  - (i) the authorisation of the Virgin Money Directors to take all such actions as they may consider necessary or appropriate to give effect to the Scheme; and
  - (ii) the amendment of the Virgin Money Articles in the manner described in paragraph 10(B) of this Part 2;
- (b) the Virgin Resolution, being an ordinary resolution of the Independent Virgin Money Shareholders to approve the TMLA Amendment Agreement and Virgin Red Exclusivity Agreement for the purposes of Note 2 on Rule 16.1 of the Takeover Code; and
- (c) the Remuneration Policy Resolution, being an ordinary resolution to approve the amendment to the Directors' Remuneration Policy described in Paragraph 16 of Part 1 (*Letter from the Board Chair*) of this document.

The Acquisition Resolution, which is proposed as a special resolution, will require votes in favour representing at least 75 per cent. of the votes cast at the General Meeting in person (including by corporate representative) or by proxy. Approval of the Virgin Resolution by Independent Virgin Money Shareholders is required by the Takeover Code, as the TMLA Amendment Agreement and Virgin Red Exclusivity Agreement are arrangements between Nationwide and Virgin Enterprises and Virgin Red respectively, each an indirect subsidiary of Virgin Group (a Virgin Money Shareholder), that are not capable of being extended to all Virgin Money Shareholders. Virgin Group and its affiliates (and Vieco Investments, an entity controlled by Sir Richard Branson) will not be entitled to vote on the Virgin Resolution. The Virgin Resolution will require votes in favour representing a simple majority of the votes cast at the General Meeting by Independent Virgin Money Shareholders in person (including by corporate representative) or by proxy. Both the Acquisition Resolution and the Virgin Resolution are Conditions to the Acquisition.

The Remuneration Policy Resolution will require votes in favour representing a simple majority of the votes cast at the General Meeting in person (including by corporate representative) or by proxy. The Remuneration Policy Resolution is not a Condition to the Scheme or to Completion.

The vote of the Virgin Money Shareholders (and, in respect of the Virgin Resolution, Independent Virgin Money Shareholders) at the General Meeting will be held by way of a poll. Each Virgin Money Ordinary Shareholder who is entered on the register of members of Virgin Money at the Ordinary Shareholder Voting Record Time present, in person or by proxy, and eligible to vote on the relevant Resolution, will be entitled to one vote for each Virgin Money Ordinary Share so held. Each Virgin Money CDI Holder who is entered on the CDI Register at the CDI Holder Voting Record Time will be entitled to instruct CDN as to how to exercise the voting rights attached to the relevant Virgin Money Ordinary Shares underlying their Virgin Money CDIs. Virgin Group (and any group undertakings of, or person or undertaking under common control with, Virgin Group that acquire Virgin Money Shares prior to the General Meeting) will not be entitled to vote on the Virgin Resolution.

You will find the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document.

#### **(C) Sanction of the Scheme**

Following the Shareholder Meetings, the Scheme must be sanctioned by the Court. Virgin Money will give adequate notice of the date and time of the Court Hearing, once known, by issuing an announcement through a Regulatory Information Service. The Court Hearing is to be held on a date to be agreed between Virgin Money, Nationwide and the Court. All Virgin Money Shareholders are entitled to attend the Court Hearing in person or through counsel to support or oppose the sanctioning of the Scheme.

The Scheme will become Effective in accordance with its terms on delivery of a copy of the Court Order to the Registrar of Companies.

If the Scheme becomes Effective: (i) it will be binding on all Scheme Shareholders holding Scheme Shares at the Scheme Record Time, irrespective of whether or not they attended the Shareholder Meetings or voted in favour of the Scheme at the Court Meeting or in favour of the Resolutions at the General Meeting; and (ii) share certificates in respect of Virgin Money Ordinary Shares and Virgin Money CDIs, respectively, will cease to be valid and will be cancelled. Settlement of the Consideration due to eligible Virgin Money Ordinary Shareholders and Virgin Money CDI Holders will be effected no later than 14 calendar days after the Effective Date.

Unless the Scheme becomes Effective by no later than 11.59 p.m. on the Long Stop Date, the Scheme will not become Effective and the Acquisition will not proceed.

#### **(D) Modifications to the Scheme**

The Scheme contains a provision for Nationwide and Virgin Money to consent jointly on behalf of all persons concerned, to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or addition to, or impose a condition on, the Scheme which might be material to the interests of Virgin Money Shareholders unless Virgin Money Shareholders were informed of such modification, addition or condition and given the opportunity to vote on that basis. It would be a matter for the Court to

decide, in its discretion, whether or not a further meeting of Virgin Money Shareholders should be held in these circumstances.

In accordance with the Takeover Code, modifications or revisions to the Scheme may only be made: (i) more than 14 calendar days prior to the date of the Shareholder Meetings (or any later day to which such Shareholder Meetings are adjourned); or (ii) at a later date, with the consent of the Panel. A switch to an Offer is not a modification or revision for the purposes of this paragraph.

**(E) Alternative means of implementing the Acquisition**

Nationwide has reserved the right (with the consent of the Panel (where necessary) and subject to the terms of the Co-operation Agreement) to implement the Acquisition by way of an Offer as an alternative to the Scheme, in which case additional documents will be required to be sent to Virgin Money Shareholders. Where Virgin Money provides its prior written consent to the switch to an Offer, the Offer will (unless otherwise agreed with Virgin Money or required by the Panel) be made on substantially the same terms (subject to appropriate amendments, including an acceptance condition set at 90 per cent. of the shares to which such Offer relates or such other percentage as may be agreed between the parties in writing after (to the extent necessary) consultation with the Panel) as those which would apply to the Scheme. Whether the Acquisition proceeds by way of the Scheme or an Offer, the Virgin Resolution must be passed by more than 50 per cent. of the votes validly cast, whether in person or by proxy, by Independent Virgin Money Shareholders at the General Meeting in order for the Acquisition to proceed to Completion.

**17. Action to be taken**

The Court Meeting and the General Meeting will be held at the Company's registered office at Jubilee House, Gosforth, Newcastle upon Tyne, England, NE3 4PL on 22 May 2024 at 1.00 p.m. and 1.15 p.m. respectively (or, in the case of the General Meeting, as soon thereafter as the Court Meeting has concluded or been adjourned). The Scheme requires approval of the Scheme at the Court Meeting and approval of the Acquisition Resolution and the Virgin Resolution at the General Meeting as set out in paragraph 16 of this Part 2. The notices convening the Court Meeting and the General Meeting are set out in Part 9 (*Notice of Court Meeting*) and Part 10 (*Notice of General Meeting*) of this document, respectively.

**It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the opinion of Scheme Shareholders. You are therefore strongly urged to (a) complete and return your Forms of Proxy (or make an electronic appointment of a proxy or submit a proxy vote via CREST) or CDI Voting Instruction Forms (or submit your instructions electronically) (as applicable), (b) in the case of a Virgin Money Share Account Holder, instruct the Equiniti Nominee to exercise the voting rights attached to the Virgin Money Ordinary Shares it holds on your behalf as soon as possible, or (c) in the case of a Virgin Money Share Plan Account Holder, instruct the Computershare Nominee to exercise the voting rights attached to the Virgin Money Ordinary Shares it holds on your behalf as soon as possible via EquatePlus.**

**Please check you have received the following with this document:**

*In the case of Virgin Money Ordinary Shareholders:*

- a blue Form of Proxy for use in respect of the Court Meeting; and
- a white Form of Proxy for use in respect of the General Meeting.

*In the case of Virgin Money CDI Holders:*

- a blue CDI Voting Instruction Form for use in respect of the Court Meeting; and
- a white CDI Voting Instruction Form for use in respect of the General Meeting.

*In the case of Virgin Money Share Account Holders:*

- a CSN Voting Notification for use in respect of both the Court Meeting and the General Meeting.



**If you have not received these documents (as applicable), please contact Computershare on the Virgin Money Shareholder helpline referred to below, or, if you are a Virgin Money Share Account Holder, the Equiniti Nominee on the Virgin Money Share Account helpline referred to below.**

**To vote on the Scheme and the Resolutions:**

**(a) Virgin Money Ordinary Shareholders**

Whether or not you plan to attend the Shareholder Meetings, please complete and sign the enclosed blue and white Forms of Proxy and return them in accordance with the instructions provided thereon as soon as possible but in any event so as to be received by no later than:

- 1.00 p.m. on 20 May 2024 in the case of the Court Meeting (blue form); and
- 1.15 p.m. on 20 May 2024 in the case of the General Meeting (white form),

(or, in the case of any adjournment, by such time as is set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) and the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document, respectively). This will enable your votes to be counted at the Shareholder Meetings in the event of your absence. Alternatively, the blue Form of Proxy for the Court Meeting (but not the white Form of Proxy for the General Meeting) may be handed to a representative of Computershare on behalf of the Chair of the Court Meeting or to the Chair of the Court Meeting at the commencement of that meeting. If the white Form of Proxy for the General Meeting is not lodged by the relevant time, it will be invalid. Forms of Proxy returned by fax will not be accepted.

As an alternative to completing and returning the printed Forms of Proxy, you can also submit your proxy electronically at Computershare's website, [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). You will need to accept the relevant terms and conditions, enter the Control Number, Shareholder Reference Number (SRN) and PIN provided on the Forms of Proxy or email communication and follow the instructions given. For an electronic proxy appointment to be valid, the appointment must be received by Computershare not later than 1.00 p.m. on 20 May 2024 in the case of the Court Meeting and not later than 1.15 p.m. on 20 May 2024 in the case of the General Meeting or, in the case of any adjournment, by such time as is set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) and the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document, respectively. In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to a representative of Computershare on behalf of the Chair of the Court Meeting or to the Chair of the Court Meeting at the commencement of that meeting.

As an alternative to completing and returning the printed Forms of Proxy or appointing a proxy electronically, if you hold your Virgin Money Shares in uncertificated form (i.e. in CREST), you may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual.

CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare (CREST participant ID 3RA50) not later than 1.00 p.m. on 20 May 2024 in the case of the Court Meeting and not later than 1.15 p.m. on 20 May 2024 in the case of the General Meeting (or, in the case of an adjourned meeting, by such time as is set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) and the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document, respectively). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST application host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that

Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings. Virgin Money may treat as invalid a CREST Proxy Instruction in the circumstances set out in the Regulations.

The completion and return of a Form of Proxy, the electronic appointment of a proxy or the submission of a proxy via CREST will not prevent you from attending and voting at the Court Meeting or the General Meeting, or any adjournment thereof, in person if you should wish and if you are entitled to do so.

**(b) Virgin Money Share Account Holders**

Each Virgin Money Share Account Holder should follow the instructions set out in the CSN Voting Notification to access the Equiniti Nominee's online voting platform, either by using the relevant unique voting instruction number specified for each of the Court Meeting and General Meeting in the CSN Voting Notification, or by using their personal login information, in order to instruct the Equiniti Nominee to exercise the voting rights attached to the Virgin Money Ordinary Shares that the Equiniti Nominee holds on their behalf at the Court Meeting and the General Meeting. Voting instructions must be submitted in accordance with the instructions set out in the CSN Voting Notification as soon as possible, but in any event so as to be received by the Equiniti Nominee no later than 1.00 p.m. and 1.15 p.m. on 15 May 2024 (in the case of the Court Meeting and the General Meeting, respectively) or, in the case of an adjourned meeting, not later than five Business Days before the time and date set for the adjourned meeting.

If the relevant voting instruction is not returned by the relevant time above and in accordance with the instructions on the CSN Voting Notification, it will be invalid.

**(c) Virgin Money CDI Holders**

Virgin Money CDI Holders should:

- (i) complete, sign and return the blue CDI Voting Instruction Form for use at the Court Meeting, so as to be received no later than 10.00 p.m. (AEST) on 17 May 2024 (or, in the case of an adjourned meeting, by such time as is set out in the Notice of Court Meeting in Part 9 (*Notice of Court Meeting*) of this document); and
- (ii) complete, sign and return the white CDI Voting Instruction Form for use at the General Meeting, so as to be received no later than 10.00 p.m. (AEST) on 17 May 2024 (or, in the case of an adjourned meeting, by such time as is set out in the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document).

If you are a Virgin Money CDI Holder, you may appoint CDN to exercise the voting rights attached to the Virgin Money Ordinary Shares it holds on your behalf by completing Option A of each CDI Voting Instruction Form. You may also instruct CDN to appoint you (or another person) as its proxy by completing Option B of each CDI Voting Instruction Form. You may submit each CDI Voting Instruction Form by mailing it to Virgin Money's registrars, Computershare Investor Services Pty Limited, at GPO Box 242, Melbourne, Victoria 3001, Australia. Alternatively, you may submit each CDI Voting Instruction Form electronically by logging on to [www.investorvote.com.au](http://www.investorvote.com.au).

In order to attend and vote in person at the Shareholder Meetings, you must choose Option B of the relevant CDI Voting Instruction Form and instruct CDN to appoint you as its proxy. If you do not complete Option B in this way you will only be able to attend the relevant Shareholder Meeting and speak but not be able to vote.

In each case, unless the relevant CDI Voting Instruction Form is returned by the specified time, it will be invalid.

**(d) Virgin Money Share Plan Account Holders**

If the Virgin Money Share Plan Account holds the legal title to any Virgin Money Ordinary Shares on your behalf, you will be contacted separately by the Computershare Nominee via EquatePlus, with details on what actions you need to take and any relevant deadlines for completing such actions. You will be able to instruct the Computershare Nominee how to vote in relation to the Virgin Money Ordinary Shares held on your behalf via EquatePlus. If you are in any doubt as to what actions you need to take and/or how to use EquatePlus, you can (i) submit a request in writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom; (ii) call 0370 707 1172 from within the UK (or +44 (0)370 707 1172 if calling from outside the UK); or (iii) use the EquatePlus “HelpChat” function. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Phone lines are open between 8.30 a.m. and 5.30 p.m. (London time), Monday to Friday (excluding public holidays in England and Wales). Please note that, for legal reasons, Computershare is unable to give advice on the merits of the Acquisition or to provide any financial, tax or investment advice.

**(e) Virgin Money Share Plans**

Virgin Money Share Plan participants will be contacted separately regarding the effect of the Acquisition on their Awards.

**Virgin Money Shareholder helpline**

If you have any queries and are:

- (a) a Virgin Money Ordinary Shareholder, please call the Virgin Money Shareholder helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except public holidays in England and Wales) on 0370 707 1172 from within the UK (or on +44 (0)370 707 1172 if calling from outside the UK). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones; or
- (b) a Virgin Money CDI Holder, please call the Virgin Money Shareholder helpline between 8.30 a.m. and 5.30 p.m. (AEST), Monday to Friday (excluding public holidays in Australia) on 1800 764 308 (or +61 3 9415 4142 if calling from outside of Australia). Calls are charged at the standard geographical rate and will vary by provider. Calls outside Australia will be charged at the applicable international rate.

Calls may be recorded and randomly monitored for security and training purposes. Please note that Computershare cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

**Virgin Money Share Account helpline**

If you are a Virgin Money Share Account Holder and you are in any doubt as to how to submit your voting instructions in accordance with the instructions set out in the CSN Voting Notification, please call the Virgin Money Share Account helpline between 8.30 a.m. and 5.30 p.m., UK time, Monday to Friday (except public holidays in England and Wales) on +44 (0)371 384 2937. Please use the country code if calling from outside the United Kingdom. For deaf and speech impaired shareholders, we welcome calls via Relay UK. Please see [www.relayuk.bt.com](http://www.relayuk.bt.com) for more information. Calls to the Virgin Money Share Account helpline from outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the Virgin Money Share Account helpline is only able to provide information contained in this document and the CSN Voting Notification, and is unable to give advice on the merits of the Acquisition or to provide any financial, tax or investment advice.

**Payment currency of the Consideration and the FY 2024 Dividend**

The Consideration and the FY 2024 Dividend will be paid to each Virgin Money Shareholder entitled thereto in the same currency as dividend payments that such Virgin Money Shareholder would receive from the Company in the ordinary course and in accordance with any existing Electronic Payment Mandate held by Computershare at the relevant record time.

Where the FY 2024 Dividend or the Consideration (as applicable) is to be paid to a Virgin Money Shareholder in Australian Dollars or New Zealand Dollars: (i) the FY 2024 Dividend will be converted from pounds sterling to Australian Dollars or New Zealand Dollars at the relevant exchange rate on the date which is expected to be one Business Day (provided such Business Day is also an Australian Business Day) after the relevant dividend record date and in line with past practice; and (ii) the Consideration will be converted from pounds sterling to the relevant currency at the Consideration Exchange Rate.

The attention of Virgin Money Shareholders is drawn to paragraph 14(A) of this Part 2 which provides further details on the applicable exchange rates and instructions for any Virgin Money Shareholder who wishes to amend their payment instructions.

**18. Further information**

The terms of the Scheme are set out in full in Part 4 (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the further information contained in, or incorporated by reference into, this document which forms part of this Explanatory Statement.

Yours faithfully

**Ronan Breen**  
*Managing Director*

For and on behalf of  
**Goldman Sachs International**

**Claire Brooksby**  
*Managing Director*

For and on behalf of  
**J.P. Morgan Cazenove**

## PART 3

### CONDITIONS TO AND FURTHER TERMS OF THE ACQUISITION

#### Part A: Conditions to the Scheme and the Acquisition

##### *Long Stop Date*

1. The Acquisition is conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Takeover Code, by no later than 11.59 p.m. on the Long Stop Date.

##### *Scheme approval condition*

2. The Scheme is subject to the following conditions:
  - (A) (i) its approval by a majority in number representing not less than 75 per cent. in value of the Scheme Shareholders who are on the register of members of Virgin Money (or the relevant class or classes thereof, if applicable) at the Ordinary Shareholder Voting Record Time, present and voting (and entitled to vote), whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting; and (ii) such Court Meeting and any such separate class meeting or any adjournment of any such meeting being held on or before 13 June 2024, being the 22<sup>nd</sup> day after the expected date of the Court Meeting (or such later date, if any, (a) as Nationwide and Virgin Money may agree, or (b) (in a competitive situation) as may be specified by Nationwide with the consent of the Panel, and in each case that (if so required) the Court may allow);
  - (B) (i) the Acquisition Resolution being duly passed by the requisite majority or majorities at the General Meeting or at any adjournment of that meeting; and (ii) such General Meeting or any adjournment of such meeting being held on or before 13 June 2024, being the 22<sup>nd</sup> day after the expected date of the General Meeting (or such later date, if any, (a) as Nationwide and Virgin Money may agree, or (b) (in a competitive situation) as may be specified by Nationwide with the consent of the Panel, and in each case that (if so required) the Court may allow); and
  - (C) (i) the sanction of the Scheme by the Court with or without modification (but subject to any such modification being acceptable to Nationwide and Virgin Money) and the delivery of the Court Order to the Registrar of Companies; and (ii) the Court Hearing being held on or before the 22<sup>nd</sup> day after the expected date of the Court Hearing set out in the expected timetable of principal events on pages 9 to 11 of this document (or such later date, if any, (a) as Nationwide and Virgin Money may agree, or (b) (in a competitive situation) as may be specified by Nationwide with the consent of the Panel, and in each case that (if so required) the Court may allow).

##### *Virgin Resolution*

3. The Acquisition is conditional upon:
  - (A) the Virgin Resolution being duly passed by the requisite majority of Independent Virgin Money Shareholders at the General Meeting or at any adjournment of that meeting for the purposes of Note 2 on Rule 16.1 of the Takeover Code; and
  - (B) the TMLA not being terminated and notice not being served to terminate the TMLA.

##### *General conditions*

4. In addition, Nationwide and Virgin Money have agreed that the Acquisition is conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied, or, where relevant, waived:



### **Regulatory**

(A) in respect of Nationwide and each other person (if any) required to give a notice under section 178(1) FSMA in connection with the Acquisition, the appropriate regulator (as defined in section 178(2A) FSMA) of each UK authorised person (as defined in section 191G FSMA) with respect to whom the Acquisition contemplates an acquisition of or increase in control (within the meaning of Part XII FSMA):

- (i) having given notice for the purposes of section 189(4)(a) or section 189(7) FSMA that it has determined to approve such acquisition of or increase in control on terms (if any) that are reasonably satisfactory to Nationwide; or
- (ii) being treated, by virtue of section 189(6) FSMA, as having approved such acquisition of or increase in control,

where references to FSMA are read, where applicable, with the Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009 (as amended from time to time);

### **Competition**

(B) either:

- (i) on terms reasonably satisfactory to Nationwide:
  - (A) the CMA confirming that the Acquisition or any matter arising therefrom or related thereto or any part of it will not be subject to a Phase 2 reference under section 33 of the Enterprise Act 2002 or on any other statutory basis (a “**Phase 2 CMA Reference**”), or the applicable time period for the CMA to make a Phase 2 CMA Reference having expired without the CMA having made such a Phase 2 CMA Reference; and
  - (B) if the relevant Secretary of State (the “**SoS**”) has made a public interest intervention in respect of the Acquisition or any matter arising therefrom or related thereto or any part of it under Chapter 2 of the Enterprise Act 2002 or on any other statutory basis, the SoS confirming that: (a) the Acquisition can proceed; and (b) the Acquisition or any matter arising therefrom or related thereto or any part of it will not be subject to a reference to the chair of the CMA under section 45 of the Enterprise Act 2002 or on any other statutory basis (a “**Phase 2 SoS Reference**”); or
- (ii) in the event that there is a Phase 2 CMA Reference or a Phase 2 SoS Reference and the Condition set out in paragraph 4(B)(i) above is waived or not invoked by Nationwide: (i) confirmation from the CMA and/or (if applicable) the SoS that the Acquisition and any matter arising therefrom and related thereto, and all parts of it, may proceed on terms reasonably satisfactory to Nationwide; and (ii) to the extent relevant, all conditions or obligations to which such confirmation(s) is or are (as applicable) subject and which are required to be satisfied and/or complied with prior to Completion having been satisfied or complied with;

### **General Third Party clearances**

- (C) other than in respect of or in connection with the Conditions set out in paragraphs 4(A) and 4(B) above, the waiver (or non-exercise within any applicable time limits) by any relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction (each a “**Third Party**”) of any termination right, right of pre-emption, first refusal or similar right (which is material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition) arising as a result of or in connection with the Scheme or the Acquisition;
- (D) other than in respect of or in connection with the Conditions set out in paragraphs 4(A) and 4(B) above, all notifications, filings or applications which are necessary having been made in connection with the Acquisition and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Acquisition or the acquisition by any member of the Wider Nationwide Group of any shares or other securities in, or control of, Virgin Money and all authorisations, orders, recognitions, grants, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals deemed necessary or appropriate by Nationwide or any member of the Wider Nationwide Group (in each such case, acting reasonably) for or in respect of the

Acquisition including without limitation, its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control of, Virgin Money or any member of the Wider Virgin Money Group by any member of the Wider Nationwide Group having been obtained in terms and in a form reasonably satisfactory to Nationwide from all appropriate Third Parties or persons with whom any member of the Wider Virgin Money Group has entered into contractual arrangements and all such authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals reasonably considered necessary or appropriate to carry on the business of any member of the Wider Virgin Money Group which are material in the context of the Wider Nationwide Group or the Wider Virgin Money Group as a whole or for or in respect of the Acquisition including, without limitation, its implementation or financing remaining in full force and effect and all filings necessary for such purpose having been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Acquisition becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;

- (E) other than in respect of or in connection with the Conditions set out in paragraphs 4(A) and 4(B) above, no Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and, in each case, not having withdrawn the same), or having required any action to be taken, or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision or order or change to published practice, and there not continuing to be outstanding any statute, regulation, decision or order or having taken any other action or step which would or might reasonably be expected to:
- (i) require, prevent or delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Nationwide Group or any member of the Wider Virgin Money Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof which, in any such case, is material in the context of the Wider Nationwide Group or the Wider Virgin Money Group in either case taken as a whole or in the context of the Acquisition;
  - (ii) require, prevent or delay the divestiture by any member of the Wider Nationwide Group of any shares or other securities in Virgin Money;
  - (iii) impose any material limitation on, or result in a delay in, the ability of any member of the Wider Nationwide Group directly or indirectly to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider Virgin Money Group or the Wider Nationwide Group or to exercise voting or management control over any such member;
  - (iv) otherwise adversely affect the business, assets, profits or prospects of any member of the Wider Nationwide Group or of any member of the Wider Virgin Money Group to an extent which is material in the context of the Wider Nationwide Group or the Wider Virgin Money Group in either case taken as a whole or in the context of the Acquisition;
  - (v) make the Scheme or Acquisition or, in each case, its implementation or the acquisition or proposed acquisition by Nationwide or any member of the Wider Nationwide Group of any shares or other securities in, or control of Virgin Money void, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay, challenge or otherwise interfere with the same, or impose additional conditions or obligations with respect thereto;
  - (vi) require any member of the Wider Nationwide Group or the Wider Virgin Money Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider Virgin Money Group or the Wider Nationwide Group owned by any third party;
  - (vii) impose any limitation on the ability of any member of the Wider Virgin Money Group to co-ordinate its business, or any part of it, with the businesses of any other members which is adverse to and material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition; or

(viii) result in any member of the Wider Virgin Money Group ceasing to be able to carry on business under any name under which it presently does so,

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Scheme or the Acquisition, or the acquisition or proposed acquisition of any Virgin Money Shares having expired, lapsed or been terminated;

***Certain matters arising as a result of any arrangement, agreement etc.***

(F) save as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Virgin Money Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, or any circumstance which in consequence of the Acquisition, or the acquisition or proposed acquisition of any shares or other securities (or equivalent) in Virgin Money or because of a change in the control or management of Virgin Money or otherwise, could or might reasonably be expected to result in any of the following (to an extent which is material and adverse in the context of the Wider Virgin Money Group or the Wider Nationwide Group, in either case, taken as a whole or in the context of the Acquisition):

- (i) any moneys borrowed by or any other indebtedness or liabilities (actual or contingent) of, or grant available to any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
- (ii) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or adversely modified or affected or any obligation or liability arising or any action being taken or arising thereunder;
- (iii) any asset or interest of any such member being or failing to be disposed of or charged or ceasing to be available to any such member or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any such member otherwise than in the ordinary course of business;
- (iv) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interest of any such member;
- (v) the rights, liabilities, obligations or interests of any such member, or the business of any such member with, any person, firm, company or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
- (vi) the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected;
- (vii) any such member ceasing to be able to carry on business under any name under which it presently does so; or
- (viii) the creation or acceleration of any liability, actual or contingent, by any such member (including any material tax liability or any obligation to obtain or acquire any material authorisation, order, grant, recognition, determination, confirmation, consent, licence, clearance, permission, exemption, approval, notice, waiver, concession, agreement or exemption from any Third Party or any person) other than trade creditors or other liabilities incurred in the ordinary course of business or in connection with the Acquisition,

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Virgin Money Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in subparagraphs (i) to (viii) (inclusive) of this paragraph 4(F), in each case to the extent material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;

*Certain events occurring since 30 September 2023*

- (G) save as Disclosed, no member of the Wider Virgin Money Group, since 30 September 2023 having:
- (i) save as between Virgin Money and wholly-owned subsidiaries of Virgin Money or for Virgin Money Shares issued under or pursuant to the exercise of options and vesting of Awards, issued, or agreed to issue, authorised or proposed the issue of additional shares of any class;
  - (ii) save as between Virgin Money and wholly-owned subsidiaries of Virgin Money or for the grant of options and awards and other rights granted under the Virgin Money Share Plans or pursuant to existing trading arrangements in relation to Virgin Money CDIs, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
  - (iii) other than to another member of the Virgin Money Group, prior to the Acquisition becoming Effective, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus issue, dividend or other distribution whether payable in cash or otherwise;
  - (iv) save for intra-Virgin Money Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business and, in each case, to the extent material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;
  - (v) save for intra-Virgin Money Group transactions or in the ordinary course of business, made or authorised or proposed or announced an intention to propose any change in its loan capital in each case, to the extent material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;
  - (vi) save for intra-Virgin Money Group transactions or in the ordinary course of business, issued, authorised or proposed the issue of, or made any changes in or to, any debentures or incurred or increased any indebtedness or become subject to any contingent liability;
  - (vii) save as between Virgin Money and wholly-owned subsidiaries of Virgin Money, purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in subparagraphs (i) or (ii) of paragraph 4(G) above, made any other change to any part of its share capital in each case, to the extent material in the context of the Wider Virgin Money Group taken as a whole;
  - (viii) save for intra-Virgin Money Group transactions, implemented, or authorised, proposed or announced its intention to implement, any reconstruction, merger, demerger, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business;
  - (ix) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which involves or could involve an obligation of such nature or magnitude (save in the ordinary course of business) and is material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;
  - (x) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or steps or had any legal proceedings started or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, or petition presented or order made for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, manager, trustee or similar officer of all or any part of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed in each case to the extent material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;

- (xi) waived or compromised any claim otherwise than in the ordinary course of business which is material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;
- (xii) made any material alteration to its memorandum or articles or other incorporation documents;
- (xiii) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business, in each case, to the extent that is material to the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;
- (xiv) entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or proposed to, effect any of the transactions, matters or events referred to in this paragraph 4(G);
- (xv) made or agreed or consented to any change to:
  - (A) the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider Virgin Money Group for its directors, employees or their dependents;
  - (B) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;
  - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made,
 in each case, to the extent material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;
- (xvi) save as agreed by the Panel (if required) and Nationwide, proposed, agreed to provide or modified the terms of any of the Virgin Money Share Plans or other benefit constituting a material change relating to the employment or termination of employment of a material category of persons employed by the Wider Virgin Money Group or which constitutes a material change to the terms or conditions of employment of any senior employee of the Wider Virgin Money Group;
- (xvii) taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Virgin Money Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;
- (xviii) save as agreed by the Panel (if required) and Nationwide, entered into or varied in a material way (or offered to enter into or vary in a material way) the terms of, any contracts, agreement or arrangement with any of the directors or senior executives of any members of the Wider Virgin Money Group;
- (xix) waived or compromised any claim which is material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition, otherwise than in the ordinary course; or
- (xx) been subject to the exercise of any stabilisation power or mandatory reduction instrument under the Banking Act 2009;

***No adverse change, litigation or regulatory enquiry***

- (H) save as Disclosed, since 30 September 2023:
  - (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits, operational performance or prospects of any member of the Wider Virgin Money Group which, in any such case, is material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition and no circumstances have arisen which would or might reasonably be expected to result in such adverse change or deterioration;



- (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Virgin Money Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no enquiry, review or investigation by, or complaint or reference to, any Third Party or other investigative body against or in respect of any member of the Wider Virgin Money Group having been instituted announced, implemented or threatened by or against or remaining outstanding in respect of any member of the Wider Virgin Money Group which in any such case has or might reasonably be expected to adversely affect any member of the Wider Virgin Money Group in a way that is material to the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;
- (iii) no contingent or other liability of any member of the Wider Virgin Money Group having arisen or become apparent to Nationwide or increased which has or might reasonably be expected to adversely affect any member of the Wider Virgin Money Group in a way that is material to the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;
- (iv) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or remaining outstanding against or in respect of any member of the Wider Virgin Money Group which in any case is material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;
- (v) no member of the Wider Virgin Money Group having conducted its business in breach of any applicable laws and regulations which is material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;
- (vi) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence or permit held by any member of the Wider Virgin Money Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which has had, or would reasonably be expected to have, an adverse effect which is material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;

***No discovery of certain matters***

- (I) save as Disclosed, Nationwide not having discovered:
  - (i) that any financial, business or other information concerning the Wider Virgin Money Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Wider Virgin Money Group is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not misleading, and which was not subsequently corrected before the date of this document by disclosure either publicly or otherwise to Nationwide or its professional advisers, in each case, to the extent material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;
  - (ii) that any member of the Wider Virgin Money Group or partnership, company or other entity in which any member of the Wider Virgin Money Group has a significant economic interest and which is not a subsidiary undertaking of Virgin Money is subject to any liability (contingent or otherwise), other than in the ordinary course of business and in each case, to the extent material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition; or
  - (iii) any information which affects the import of any information Disclosed at any time by or on behalf of any member of the Wider Virgin Money Group and which is material in the context of the Wider Virgin Money Group taken as a whole or in the context of the Acquisition;

***Anti-corruption, economic sanctions, criminal property and money laundering***

- (J) save as Disclosed, Nationwide not having discovered that:
  - (i) any:
    - (A) past or present member, director, officer or employee of the Wider Virgin Money Group, in connection with their position in the Wider Virgin Money Group, is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable

anti-corruption or anti-bribery law, rule or regulation or any other applicable law, rule, or regulation concerning improper payments or kickbacks; or

- (B) person that performs or has performed services for or on behalf of the Wider Virgin Money Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery law, rule or regulation or any other applicable law, rule, or regulation concerning improper payments or kickbacks; or
- (ii) any asset of any member of the Wider Virgin Money Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition) or proceeds of crime under any other applicable law, rule, or regulation concerning money laundering or proceeds of crime or any member of the Wider Virgin Money Group is found to have engaged in activities constituting money laundering under any applicable law, rule, or regulation concerning money laundering;
- (iii) any past or present member, director, officer or employee of the Wider Virgin Money Group, or any other person for whom any such person may be liable or responsible, is or has engaged in any conduct which would violate applicable economic sanctions or dealt with, made any investments in, made any funds or assets available to or received any funds or assets from:
  - (A) any government, entity or individual in respect of which US, UK or EU persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US, UK or EU laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Revenue and Customs; or
  - (B) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the US, the United Kingdom, the EU or any of their respective member states, save that this shall not apply if and to the extent that it is or would be unenforceable by reason of breach of any applicable Blocking Law;
- (iv) any past or present member, director, officer or employee of the Wider Virgin Money Group, or any other person for whom any such person may be liable or responsible:
  - (A) has engaged in conduct which would violate any relevant anti-terrorism laws, rules, or regulations, including but not limited to the U.S. Anti-Terrorism Act;
  - (B) has engaged in conduct which would violate any relevant anti-boycott law, rule, or regulation or any applicable export controls, including but not limited to the Export Administration Regulations administered and enforced by the U.S. Department of Commerce or the International Traffic in Arms Regulations administered and enforced by the U.S. Department of State;
  - (C) has engaged in conduct which would violate any relevant laws, rules, or regulations concerning human rights, including but not limited to any law, rule, or regulation concerning false imprisonment, torture or other cruel and unusual punishment, or child labour; or
  - (D) is debarred or otherwise rendered ineligible to bid for or to perform contracts for or with any government, governmental instrumentality, or international organization or found to have violated any applicable law, rule, or regulation concerning government contracting or public procurement; or
- (v) any member of the Wider Virgin Money Group is or has been engaged in any transaction which would cause Nationwide or any member of the Wider Nationwide Group to be in breach of any law or regulation upon its offer of Virgin Money, including but not limited to the economic sanctions of the United States Office of Foreign Assets Control, or HM Revenue and Customs, or any other relevant government authority.

## **Part B: Further terms of the Acquisition**

1. Subject to the requirements of the Panel and the Takeover Code, Nationwide reserves the right in its sole discretion to waive:
  - (A) the deadline set out in paragraph 1 of Part A of this Part 3, and any of the deadlines set out in paragraph 2 of Part A of this Part 3 for the timing of the Court Meeting, the General Meeting and the Court Hearing. If any such deadline is not met, Nationwide shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Virgin Money (or, as the case may be, the Panel) to extend the deadline in relation to the relevant Condition; and
  - (B) in whole or in part, all or any of the Conditions set out in paragraphs 3(B) and 4(A) to 4(J) (inclusive) of Part A of this Part 3. For the avoidance of doubt, Nationwide may not waive the Conditions set out in paragraphs 2(A)(i), 2(B)(i), 2(C)(i) and 3(A) of Part A of this Part 3.
2. Conditions 2(A) and 2(B) and Conditions 3 and 4 (inclusive) must each be satisfied or (if capable of waiver) be waived by Nationwide by no later than 11.59 p.m. on the date immediately preceding the date of the Court Hearing. Nationwide shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as satisfied any of the Conditions set out in paragraphs 3(B) and 4(A) to 4(J) (inclusive) of Part A of this Part 3 that it is entitled (with the consent of the Panel and subject to the requirements of the Takeover Code) to invoke, by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such Conditions may not be capable of fulfilment.
3. Under Rule 13.5(a) of the Takeover Code, Nationwide may not invoke a Condition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Nationwide in the context of the Acquisition. Conditions 1, 2(A), 2(B), 2(C) and 3(A) of Part A of this Part 3, and if applicable, any acceptance condition if the Acquisition is implemented by means of an Offer, are not subject to Rule 13.5(a) of the Takeover Code. Nationwide may only invoke a Condition that is subject to Rule 13.5(a) with the consent of the Panel and any Condition that is subject to Rule 13.5(a) may be waived by Nationwide.
4. If Nationwide is required by the Panel to make an offer for Virgin Money Shares under the provisions of Rule 9 of the Takeover Code, Nationwide may make such alterations to any of the above Conditions and the terms of the Acquisition as are necessary to comply with the provisions of Rule 9.
5. Nationwide reserves the right to elect to implement the Acquisition by way of an Offer as an alternative to the Scheme (subject to the Panel's consent (where necessary) and the terms of the Co-operation Agreement). In such an event, the Acquisition will be implemented on the same terms and conditions (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at 90 per cent. of the Virgin Money Shares to which such Offer relates (or such lesser percentage as Nationwide and Virgin Money may, subject to the rules of the Takeover Code and the terms of the Co-operation Agreement and with the consent of the Panel, decide, being in any case more than 50 per cent. of the Virgin Money Shares), or any amendments required by, or deemed appropriate by, Nationwide under applicable law or any amendments necessary to reflect the Offer) as those that would apply to the Scheme. Further, if sufficient acceptances of such Offer are received and/or sufficient Virgin Money Shares are otherwise acquired, it is the intention of Nationwide to apply the provisions of the Companies Act to acquire compulsorily any outstanding Virgin Money Shares to which such Offer relates.
6. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
7. Virgin Money Shares which will be acquired pursuant to the Acquisition will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid or any other return of capital or value (whether by reduction of share capital or share premium account or otherwise) by reference to a record date after the Effective Date.

8. If, on or after 21 March 2024 (being the date of the Announcement) and before the Effective Date, other than the FY 2024 Dividend, any dividend, distribution or other return of capital or value is announced, declared, made or paid by Virgin Money or becomes payable by Virgin Money in respect of the Virgin Money Shares, Nationwide reserves the right (without prejudice to any right of Nationwide, with the consent of the Panel, to invoke the Condition set out in paragraph 4(G)(iii) of Part A to this Part 3) to reduce the Consideration that would be payable under the terms of the Acquisition for the Virgin Money Shares by an amount up to the amount of such dividend and/or distribution and/or other return of capital or value. In such circumstances, Virgin Money Shareholders would be entitled to receive and retain any such dividend and/or other distribution and/or return of capital or value to which they are entitled. Any exercise by Nationwide of its rights referred to in this paragraph 8 shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition.
9. The Acquisition is governed by the laws of England and Wales and is subject to the jurisdiction of the English courts and to the Conditions and further terms set out in this Part 3. The Acquisition is subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange (including pursuant to the Listing Rules), the FCA and the Registrar of Companies.
10. The Acquisition is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, internet or e-mail) of interstate or foreign commerce of, or of any facility of, any Restricted Jurisdiction.
11. The availability of the Acquisition to persons not resident in the United Kingdom or Australia may be affected by the laws of the relevant jurisdictions. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom or Australia should inform themselves about and observe any applicable requirements.

**PART 4**  
**THE SCHEME OF ARRANGEMENT**  
**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**COMPANIES COURT (ChD)**

Claim No. CR-2024-002171

**IN THE MATTER OF VIRGIN MONEY UK PLC**  
**and**  
**IN THE MATTER OF THE COMPANIES ACT 2006**

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**SCHEME OF ARRANGEMENT**

(under Part 26 of the Companies Act 2006)

between  
**Virgin Money UK PLC**  
and  
**the Scheme Shareholders**  
(as hereinafter defined)

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**PRELIMINARY**

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

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| <b>“Acquisition”</b>                            | the acquisition of the entire issued and to be issued share capital of Virgin Money by Nationwide to be implemented by way of this Scheme (and, where the context admits, any subsequent revision, variation, extension or renewal of this Scheme); |
| <b>“AEST”</b>                                   | Australian Eastern Standard Time;   |
| <b>“Announcement”</b>                           | the announcement of a firm intention to make an offer for the entire issued and to be issued share capital of Virgin Money pursuant to Rule 2.7 of the Takeover Code made by Virgin Money and Nationwide on 21 March 2024;                          |
| <b>“ASX Limited”</b>                            | ASX Limited (ABN 98 008 624 691);   |
| <b>“Australian Business Day”</b>                | a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in Melbourne and Sydney, Australia;  |
| <b>“Awards”</b>                                 | the awards granted under the Virgin Money Share Plans;  |
| <b>“Business Day”</b>                           | a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London, United Kingdom;   |
| <b>“CDI Record Time”</b>                        | 7.00 p.m. (AEST) on the Australian Business Day immediately prior to the Effective Date or such other date and/or time as Nationwide and Virgin Money may agree;  |
| <b>“CDI Register”</b>                           | the register of Virgin Money CDI Holders established and maintained on behalf of Virgin Money;  |
| <b>“CDN”</b>                                    | CHES Depositary Nominees Pty Limited;   |
| <b>“certificated” or “in certificated form”</b> | a share or other security which is not in uncertificated form (that is, not in CREST);  |
| <b>“CHES”</b>                                   | the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd;  |



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| <b>“Companies Act”</b>               | the Companies Act 2006, as amended from time to time;  |
| <b>“Company” or “Virgin Money”</b>   | Virgin Money UK PLC, a public limited company incorporated in England and Wales with registered number 09595911 and whose registered office is at Jubilee House, Gosforth, Newcastle upon Tyne, England, NE3 4PL;  |
| <b>“Completion”</b>                  | the Acquisition becoming Effective in accordance with its terms;   |
| <b>“Computershare”</b>               | either or both of Computershare Investor Services PLC or Computershare Investor Services Pty Limited, as the context requires;   |
| <b>“Conditions”</b>                  | the conditions to the implementation of the Acquisition, as set out in Part A of Part 3 ( <i>Conditions to and further terms of the Acquisition</i> ) of the Scheme Document and <b>“Condition”</b> means such one or more of them as the context may require;   |
| <b>“Consideration”</b>               | the cash consideration of 218 pence per Virgin Money Share payable by Nationwide to Scheme Shareholders (as appearing on the register of members of Virgin Money at the Scheme Record Time) pursuant to the Acquisition;   |
| <b>“Consideration Exchange Rate”</b> | either (as applicable): <ul style="list-style-type: none"> <li>(i) the average pounds sterling to Australian Dollars exchange rate achieved by or on behalf of Nationwide upon the conversion into Australian Dollars (through one or more market transactions over one or more Business Days between the Scheme Record Time and the relevant payment date) of the total amount of the Consideration in pounds sterling to be converted into Australian Dollars for relevant Virgin Money CDI Holders; or</li> <li>(ii) the average pounds sterling to New Zealand Dollars exchange rate achieved by or on behalf of Nationwide upon the conversion into New Zealand Dollars (through one or more market transactions over one or more Business Days between the Scheme Record Time and the relevant payment date) of the total amount of the Consideration in pounds sterling to be converted into New Zealand Dollars for relevant Virgin Money CDI Holders, in each case, less any applicable and properly incurred transaction and dealing costs associated with such conversion;</li> </ul> |
| <b>“Court”</b>                       | the High Court of Justice of England and Wales;  |
| <b>“Court Meeting”</b>               | the meeting of the Scheme Shareholders convened by order of the Court pursuant to Part 26 of the Companies Act to consider and, if thought fit, approve this Scheme (with or without modification), including any adjournment, postponement or reconvention thereof;   |
| <b>“Court Order”</b>                 | the order of the Court sanctioning the Scheme under Part 26 of the Companies Act;  |
| <b>“CREST”</b>                       | the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations);   |
| <b>“CREST Manual”</b>                | the CREST Manual published by Euroclear, as amended from time to time;   |
| <b>“Effective”</b>                   | the Scheme having become effective pursuant to its terms;  |
| <b>“Effective Date”</b>              | the date on which the Scheme becomes Effective;  |
| <b>“Electronic Payment Mandate”</b>  | a standing electronic payment mandate with Computershare for the purpose of receiving payments from Virgin Money;  |
| <b>“Encumbrances”</b>                | liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature;   |

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| <b>“Euroclear”</b>               | Euroclear UK & International Limited (formerly known as CRESTCo Limited);  |
| <b>“Excluded Shares”</b>         | any Virgin Money Shares which are: (a) registered in the name of, or beneficially owned by, any member of the Nationwide Group (or any person as nominee for any such member of the Nationwide Group); or (b) held by Virgin Money in treasury, in each case, as at the Scheme Record Time;      |
| <b>“FCA”</b>                     | the Financial Conduct Authority of the United Kingdom or its successor from time to time;  |
| <b>“FSMA”</b>                    | the Financial Services and Markets Act 2000, as amended from time to time;   |
| <b>“FY 2024 Dividend”</b>        | the proposed Virgin Money dividend of 2 pence per Virgin Money Share, to be paid (subject to the approval of the Virgin Money Board) as part of Virgin Money’s ordinary course dividend calendar for its financial year ending on 30 September 2024 or, if earlier, shortly prior to Completion; |
| <b>“gone away”</b>               | registered with an address from which communications are consistently returned to the Company by post;   |
| <b>“holder”</b>                  | a registered holder and includes a person entitled by transmission;  |
| <b>“Latest Practicable Date”</b> | close of business on 18 April 2024;  |
| <b>“Long Stop Date”</b>          | 31 January 2025, or such later date, if any, (a) as Nationwide and Virgin Money may agree, or (b) (in a competitive situation) as may be specified by Nationwide with the consent of the Panel, and in each case that (if so required) the Court may allow;                                      |
| <b>“members”</b>                 | members of the Company on the register of members at any relevant date;  |
| <b>“Nationwide”</b>              | Nationwide Building Society, a building society authorised by the PRA and regulated by the FCA and the PRA under registration number 106078;   |
| <b>“Nationwide Group”</b>        | Nationwide and its subsidiary undertakings;  |
| <b>“Panel”</b>                   | the Panel on Takeovers and Mergers in the United Kingdom or its successor from time to time;   |
| <b>“PRA”</b>                     | the Prudential Regulation Authority, as defined in FSMA, or its successor from time to time;   |
| <b>“Registrar of Companies”</b>  | the Registrar of Companies in England and Wales;   |
| <b>“Regulations”</b>             | the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;   |
| <b>“Scheme”</b>                  | this scheme of arrangement in its present form or with or subject to any modification, addition or condition which Virgin Money and Nationwide may agree and which the Court may approve or impose;  |
| <b>“Scheme Document”</b>         | the circular dated 22 April 2024 sent by Virgin Money to Virgin Money Shareholders and persons with information rights of which this Scheme forms a part;  |
| <b>“Scheme Record Time”</b>      | 6.00 p.m. on the Business Day immediately prior to the Effective Date or such other date and/or time as Nationwide and Virgin Money may agree;   |
| <b>“Scheme Shareholders”</b>     | a registered holder of Scheme Shares;  |
| <b>“Scheme Shares”</b>           | all Virgin Money Ordinary Shares (including, for the avoidance of doubt, those Virgin Money Ordinary Shares underlying the Virgin  |

Money CDIs) which remain in issue at the Scheme Record Time and are:

- (i) in issue at the date of the Scheme Document;
- (ii) (if any) issued after the date of the Scheme Document but before the Voting Record Time; and
- (iii) (if any) issued at or after the Voting Record Time but before the Scheme Record Time in respect of which the original or any subsequent holder thereof is, or shall have agreed in writing to be, bound by the Scheme, in each case other than any Excluded Shares;

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| <b>“subsidiary undertaking”</b>                     | shall be construed in accordance with the Companies Act;   |
| <b>“Takeover Code”</b>                              | the City Code on Takeovers and Mergers, as amended from time to time;  |
| <b>“uncertificated” or “in uncertificated form”</b> | a share or other security which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;                                     |
| <b>“Virgin Money Board”</b>                         | the board of directors of Virgin Money as at the date of this Scheme or, where the context so requires, the board of directors of Virgin Money from time to time;  |
| <b>“Virgin Money CDI Holders”</b>                   | the holders of Virgin Money CDIs;  |
| <b>“Virgin Money CDIs”</b>                          | CHES depositary interests of Virgin Money, each representing a unit of beneficial ownership in one Virgin Money Ordinary Share, registered in the name of the depository nominee, CDN, and which are listed on the Australian Securities Exchange; |
| <b>“Virgin Money Group”</b>                         | Virgin Money and its subsidiary undertakings;  |
| <b>“Virgin Money Ordinary Shareholders”</b>         | the holders of Virgin Money Ordinary Shares;   |
| <b>“Virgin Money Ordinary Shares”</b>               | the ordinary shares of 10 pence each in the capital of Virgin Money;   |
| <b>“Virgin Money Share Plans”</b>                   | the Virgin Money Long Term Incentive Plan, the Virgin Money Deferred Equity Plan, the Virgin Money Share Incentive Plan, the Virgin Money Legacy Deferred Bonus Share Plan and the Virgin Money Legacy Long Term Incentive Plan;                   |
| <b>“Virgin Money Shareholders”</b>                  | Virgin Money Ordinary Shareholders and Virgin Money CDI Holders, unless the context requires otherwise;  |
| <b>“Virgin Money Shares”</b>                        | Virgin Money Ordinary Shares and Virgin Money CDIs, unless the context requires otherwise; and   |
| <b>“Voting Record Time”</b>                         | 6.00 p.m. on 20 May 2024 or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two Business Days before the date of such adjourned meeting,   |

and where the context so admits or requires, the plural includes the singular and vice versa.

References to clauses and sub-clauses are to clauses and sub-clauses of this Scheme, and references to times are to times in London, UK (unless otherwise stated).

- (B) The issued ordinary share capital of Virgin Money as at the Latest Practicable Date was £129,647,269 divided into 1,296,472,686 Virgin Money Ordinary Shares, all of which are credited as fully paid up. Virgin Money does not hold any Virgin Money Ordinary Shares in treasury.

- (C) As at the Latest Practicable Date, share awards to acquire up to 28,731,873 Virgin Money Shares have been awarded and remain outstanding pursuant to the Virgin Money Share Plans and the employee benefit trusts operated by the Virgin Money Group hold in aggregate 3,843,247 Virgin Money Shares that can be used to satisfy outstanding Awards.
- (D) As at the Latest Practicable Date, no Virgin Money Shares are registered in the name of or beneficially owned by Nationwide and other members of the Nationwide Group.
- (E) Nationwide has, subject to the satisfaction or, where capable, waiver of the Conditions (other than the Condition set out in paragraph 2(C) of Part A of Part 3 (*Conditions to and further terms of the Acquisition*) of the Scheme Document) prior to 11.59 p.m. on the Long Stop Date, agreed to appear by counsel at the hearing to sanction this Scheme and to undertake to the Court to be bound by the terms of this Scheme in so far as they relate to Nationwide and to do, or procure to be executed and done, all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

## THE SCHEME

### 1. Transfer of the Scheme Shares

- 1.1 On and with effect from the Effective Date, Nationwide and/or its nominee(s) shall acquire all of the Scheme Shares, fully paid up with full title guarantee, free from all Encumbrances and together with all rights attaching or accruing to them at the date of this Scheme or thereafter, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions declared, paid or made, or any other return of capital or value (whether by reduction of share capital or share premium account or otherwise), made by reference to a record date after the Effective Date, save that Nationwide and/or its nominee(s) shall not be entitled to the FY 2024 Dividend.
- 1.2 For the purposes of such acquisition, the Scheme Shares shall be transferred to Nationwide and/or its nominee(s) and such transfer shall be effected by means of a form or forms of transfer or other instrument or instruction of transfer, and to give effect to such transfer(s) any person may be appointed by Nationwide as attorney and/or agent and/or otherwise on behalf of each Scheme Shareholder, and shall be authorised as such attorney and/or agent and/or otherwise on behalf of each Scheme Shareholder to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer (whether as a deed or otherwise) of, or otherwise give any instructions to transfer, all of the Scheme Shares and every form, instrument or instruction of transfer so executed or instruction so given shall be as effective as if it had been executed or given by the Scheme Shareholder(s). Such form, instrument or instruction of transfer shall be deemed to be the principal instrument of transfer and the equitable or beneficial interest in the Scheme Shares shall only be transferred to Nationwide and/or its nominee(s) together with the legal interest in such Scheme Shares, pursuant to such form, instrument or instruction of transfer.
- 1.3 With effect from the Effective Date and until the register of members of the Company is updated to reflect the transfer of the Scheme Shares pursuant to clauses 1.1 and 1.2, Nationwide or its agents shall be entitled to direct the exercise of any voting rights and any or all other rights and privileges attaching to any Scheme Shares, and each Scheme Shareholder irrevocably:
  - (a) appoints Nationwide (and/or its nominee(s)) as its attorney and/or agent and/or otherwise to exercise on behalf of such Scheme Shareholder (in place of and to the exclusion of that Scheme Shareholder): (i) any voting rights attached to its Scheme Shares (including in relation to any proposal to convert the Company to a private limited company); and (ii) any or all rights and privileges attaching to its Scheme Shares, including, without limitation, the right to receive any distribution or other benefit accruing or payable in respect thereof (other than the FY 2024 Dividend) and the right to requisition the convening of a general meeting of the Company or of any class of its shareholders;
  - (b) appoints Nationwide (and/or its nominee(s)) as its attorney and/or agent and/or otherwise to sign on behalf of such Scheme Shareholder any documents, and to do any such things, as may in the opinion of Nationwide (and/or its nominee(s)) be necessary or desirable in connection with the exercise of any votes or any other rights or privileges attaching to its Scheme Shares, including, without limitation, an authority to sign any consent to short notice of any general or separate class meeting of Virgin Money (including in relation to any proposal to convert Virgin Money to a private limited company) and to execute, on behalf of such Scheme Shareholder, a form of proxy in respect of its Scheme Shares appointing any person nominated by Nationwide (and/or its nominee(s)) to attend any general and separate class meetings of Virgin Money (or any adjournment thereof) and to exercise or refrain from exercising the votes attaching to the relevant Scheme Shares on such Scheme Shareholder's behalf;
  - (c) authorises Nationwide (and/or its nominee(s)) to take such action as Nationwide or its nominee sees fit in relation to any dealings with or disposal of its Scheme Shares (or any interest in such Scheme Shares) and authorises the Company and/or its agents to send to Nationwide (and/or its nominee(s)) at Nationwide's registered office any notice, circular, warrant or other document or communication which the Company may be required to send to such Scheme Shareholder as a member of the Company in respect of its Scheme Shares (including any share certificate(s) or other document(s) of title issued as a result of conversion of the relevant Scheme Shares into certificated form); and
  - (d) undertakes not to, without the consent of Nationwide: (i) exercise any votes or (subject to clause 2.2) any other rights or privileges attaching to the relevant Scheme Shares; or (ii) appoint



a proxy or representative for, or to attend, any general meeting or separate class meeting of the Company.

- 1.4 The authorities granted pursuant to clauses 1.2 and 1.3 shall be treated for all purposes as having been granted by deed.

## **2. Consideration for the transfer of the Scheme Shares**

- 2.1 In consideration for the transfer of the Scheme Shares to Nationwide (and/or its nominee(s)) as provided in clause 1, Nationwide shall (subject to, and in accordance with, the remaining provisions of this Scheme) pay, or procure that there shall be paid, to or for the account or benefit of each Scheme Shareholder (as appearing in the register of members of the Company at the Scheme Record Time):

**for each Scheme Share**

**218 pence in cash**

- 2.2 If, on or after 21 March 2024 (being the date of the Announcement) and before the Effective Date, other than the FY 2024 Dividend, any dividend, distribution and/or other return of capital or value is announced, declared, made or paid by the Company or becomes payable by the Company in respect of the Virgin Money Shares, Nationwide shall be entitled to reduce the Consideration that would be payable for the Virgin Money Shares pursuant to the Acquisition by an amount up to the amount of such dividend and/or distribution and/or other return of capital or value.
- 2.3 If Nationwide exercises its right to reduce the Consideration in accordance with the terms of clause 2.2:
- (a) Scheme Shareholders will be entitled to receive and retain that dividend, distribution and/or other return of capital or value (or the relevant part of it) in respect of the Virgin Money Ordinary Shares they held at the record time for such dividend, distribution and/or other return of capital or value;
  - (b) any reference in this Scheme and the Scheme Document to the Consideration payable under the Scheme shall be deemed to be a reference to the Consideration as so reduced; and
  - (c) the exercise of such rights shall not be regarded as constituting any revision or variation of the terms of this Scheme.
- 2.4 To the extent that any dividend, distribution and/or other return of capital or value is authorised, announced, declared, made or paid by the Company or becomes payable by the Company in respect of the Virgin Money Shares and: (i) the Scheme Shares are transferred pursuant to this Scheme on a basis which entitles Nationwide to receive such dividend, distribution and/or other return of capital or value and to retain it; or (ii) it is cancelled in full before payment by the Company, the Consideration will not be subject to change in accordance with clause 2.2 of this Scheme.

## **3. Settlement of Consideration**

- 3.1 Not more than 14 calendar days after the Effective Date (or such other period as may be approved by the Panel), Nationwide shall settle the Consideration due to the relevant Scheme Shareholders as follows:
- (a) subject to clause 3.1(c) and 3.1(d), in the case of Scheme Shares which at the Scheme Record Time are held in certificated form (other than Scheme Shares underlying the Virgin Money CDIs): (i) where such Scheme Shareholder has set up an Electronic Payment Mandate, make or procure the making of an electronic transfer to the bank or building society account indicated in such Electronic Payment Mandate; and (ii) where such Scheme Shareholder has not set up an Electronic Payment Mandate, despatch or procure the despatch to the persons entitled thereto, or as they may direct, of cheques for the sums payable to them respectively in accordance with clause 2, save that cheques due to any Scheme Shareholder who is recorded by Computershare as “gone away” will not be issued until such Scheme Shareholder contacts, and provides an updated address to, Computershare;
  - (b) in the case of Scheme Shares which at the Scheme Record Time are held in uncertificated form, instruct, or procure the instruction of, Euroclear to create a CREST assured payment obligation in favour of the persons entitled thereto in accordance with clause 2 and with the CREST assured payment arrangements (as set out in the CREST Manual) provided that Nationwide may

(if, for any reason, it wishes to do so) make payment of the said sums in accordance with clause 3.1(a);

- (c) in the case of Scheme Shares issued or transferred pursuant to the Virgin Money Share Plans after the making of the Court Order and prior to the Scheme Record Time, pay, or procure the payment of, the amount due in respect of such Scheme Shares to the relevant Virgin Money Group employer by such method as may be agreed with the Company, and the Company shall then procure that payments are made to the relevant Scheme Shareholders via payroll (or in the case of Scheme Shareholders who are no longer employed with the Virgin Money Group, into such account as they may specify) as soon as practicable, subject to the deduction of any applicable income taxes, national insurance or social security contributions or any other required withholding in any relevant jurisdiction. For the avoidance of doubt, the payment of the Consideration to relevant Scheme Shareholders through payroll pursuant to this sub-clause shall be effected reasonably promptly after the Effective Date but is not required to be effected within 14 calendar days of the Effective Date;
  - (d) in the case of Scheme Shares underlying Virgin Money CDIs: (i) where a Virgin Money CDI Holder has set up an Electronic Payment Mandate, make or procure the making of an electronic transfer in the currency (being either Australian Dollars, New Zealand Dollars or pounds sterling) and to the bank or other payment account indicated in such Electronic Payment Mandate as recorded by the Company's registrars, Computershare, at the CDI Record Time; and (ii) where a Virgin Money CDI Holder has not set up an Electronic Payment Mandate, despatch or procure the despatch to the persons entitled thereto, or as they may direct, of cheques for the sums payable to them respectively in accordance with clauses 2 and 3.5, save that cheques due to any Virgin Money CDI Holder who is recorded by Computershare as "gone away" will not be issued until such Virgin Money CDI Holder contacts, and provides an updated address to, Computershare; or
  - (e) by such other method as may be approved by the Panel.
- 3.2 With effect from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares will be removed from CREST in due course.
- 3.3 All deliveries of notices, documents of title, cheques, certificates or statements of entitlement required to be made pursuant to this Scheme shall be effected by posting the same by first class post (or a service similar to first class post) in pre-paid envelopes, or by air mail, if overseas, (or by such other method as may be approved by the Panel) addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of the Company at the Scheme Record Time or, in the case of Virgin Money CDI Holders, at their respective addresses as appearing in the CDI Register at the CDI Record Time (or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in the relevant register in respect of such joint holding at the Scheme Record Time or the CDI Record Time (as applicable)), and no member of the Virgin Money Group or of the Nationwide Group, or their respective nominees or agents or Computershare, will be responsible for any loss or delay in the transmission of Consideration (or any notices, documents of title, cheques, certificates, statements of entitlement or payment) sent in any manner described above which shall be sent at the risk of the person or persons entitled thereto.
- 3.4 Subject to clause 3.5, all payments to Scheme Shareholders shall be in pounds sterling and (in the case of cheques) drawn on the branch of a clearing bank in the United Kingdom.
- 3.5 All payments to Virgin Money CDI Holders under clause 3.1(d) will be made as follows:
- (a) payments to Virgin Money CDI Holders in respect of whom Computershare holds an Electronic Payment Mandate as at the CDI Record Time shall be in either Australian Dollars, New Zealand Dollars or pounds sterling, as specified in such Electronic Payment Mandate; and
  - (b) payments to Virgin Money CDI Holders in respect of whom Computershare does not hold an Electronic Payment Mandate as at the CDI Record Time:
    - (i) where such Virgin Money CDI Holder has a registered address in the United Kingdom entered on the CDI Register, shall be in pounds sterling and (in the case of cheques) drawn on the branch of a clearing bank in the United Kingdom; and

- (ii) to all other Virgin Money CDI Holders, shall be in Australian Dollars and (in the case of cheques) drawn on the branch of an Australian clearing bank,

and the exchange rates to be applied for the conversion of the Consideration from pounds sterling to Australian Dollars or New Zealand Dollars for the purposes of any payments under this clause 3 will be determined by reference to the Consideration Exchange Rate. The Consideration Exchange Rate includes a deduction for any applicable and properly incurred transaction and dealing costs associated with the relevant conversion.

- 3.6 In each case, payments shall be made to the persons entitled thereto or, in the case of joint holders, to that one of the joint holders whose name stands first (in the case of Scheme Shareholders) in the register of members of Virgin Money in respect of such joint holding at the Scheme Record Time or (in the case of Virgin Money CDI Holders) in the CDI Register in respect of such joint holding at the CDI Record Time, or to such other persons (if any) as such persons may direct in writing and the encashment of any such cheque, the instruction of Euroclear to create any such CREST assured payment obligation or the making of any such electronic transfer as is referred to in clause 3.1 shall be a complete discharge of Nationwide's obligations under this Scheme to pay the monies represented thereby.
- 3.7 If any Scheme Shareholders have not encashed their respective cheques (or otherwise claimed their Consideration) within six months of the Effective Date, Virgin Money and Nationwide will procure that the Consideration due to such Scheme Shareholders under this Scheme shall be held on trust for such Scheme Shareholders for a period of 12 years from the Effective Date, and such Scheme Shareholders may claim the Consideration due to them (net of any expenses and taxes) by written notice to Computershare or Virgin Money (or its nominee or agent) in a form which Virgin Money reasonably determines evidences their entitlement to such Consideration at any time during the period of 12 years from the Effective Date.
- 3.8 If any Virgin Money CDI Holders have not encashed their respective cheques (or otherwise claimed their Consideration), Virgin Money and Nationwide will procure that the Consideration due to such Virgin Money CDI Holders under this Scheme shall be held on trust for such Virgin Money CDI Holders for a period of six years from the Effective Date, and such Virgin Money CDI Holders may claim the Consideration due to them by written notice to Computershare Investor Services Pty Limited or Virgin Money (or its nominee or agent) in a form which Virgin Money reasonably determines evidences their entitlement to such Consideration at any time during the period of six years from the Effective Date.
- 3.9 The provisions of this clause 3 shall take effect subject to any prohibition or condition imposed by law.

#### **4. Certificates and cancellations**

With effect from and including the Effective Date:

- 4.1 all certificates representing Scheme Shares shall cease to be valid as documents of title to the shares represented thereby and every holder thereof shall be bound, at the request of the Company, to deliver up the same to the Company (or to any person appointed by the Company to receive the same) or, as it may direct, to destroy the same;
- 4.2 the Company shall procure that Euroclear be instructed to cancel or transfer the entitlements to Scheme Shares of Scheme Shareholders in uncertificated form;
- 4.3 following the cancellation of the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form, Virgin Money's registrars, Computershare, shall be authorised to rematerialise entitlements to such Scheme Shares; and
- 4.4 subject to the completion, delivery and, if applicable, stamping of any transfers, forms, instruments or instructions as may be required in accordance with clause 1, the Company shall make, or procure to be made, the appropriate entries in its register of members to reflect the transfer of the Scheme Shares to Nationwide and/or its nominees in accordance with clause 1.

#### **5. Mandates**

Save in relation to the settlement of Consideration pursuant to the terms of this Scheme in accordance with an Electronic Payment Mandate, all mandates (including, without limitation, relating to the

payment of dividends on any Scheme Shares) and other instructions (including communication preferences) given to Virgin Money or Computershare by Scheme Shareholders and Virgin Money CDI Holders in force at the Scheme Record Time relating to Scheme Shares shall, as from the Effective Date, cease to be valid.

**6. The Effective Date**

- 6.1 This Scheme shall become Effective as soon as a copy of the Court Order shall have been delivered to the Registrar of Companies.
- 6.2 Unless this Scheme has become effective at or before 11.59 p.m. on the Long Stop Date, this Scheme shall never become effective.

**7. Modification**

Nationwide and the Company may jointly consent on behalf of all persons concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose. Any such modification or addition shall require the consent of the Panel where such consent is required under the Takeover Code.

**8. Governing law**

This Scheme is governed by the laws of England and Wales and is subject to the exclusive jurisdiction of the English courts. The rules of the Takeover Code apply to this Scheme on the basis provided in the Takeover Code.

Dated 22 April 2024

## PART 5

### FINANCIAL INFORMATION

#### Part A: Financial information relating to Virgin Money

The following sets out the financial information in respect of Virgin Money as required by Rule 24.3 of the Takeover Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated by reference into this document pursuant to Rule 24.15 of the Takeover Code:

| <b>Financial Information</b>                                   | <b>Reference</b>  |
|--|---|
| Audited consolidated accounts for the last two financial years | <p><a href="https://www.virginmoneyukplc.com/downloads/pdf/virgin-money-uk-plc-2023-annual-report-and-accounts.pdf">https://www.virginmoneyukplc.com/downloads/pdf/virgin-money-uk-plc-2023-annual-report-and-accounts.pdf</a></p> <p>The audited consolidated accounts for Virgin Money for the financial year ending 30 September 2023 are set out on pages 283 to 287 (both exclusive) in Virgin Money’s annual report for the financial year ended on 30 September 2023 available from Virgin Money’s website (at the link referred to above).</p> <p><a href="https://www.virginmoneyukplc.com/downloads/pdf/virgin-money-uk-plc-2022-annual-report-and-accounts.pdf">https://www.virginmoneyukplc.com/downloads/pdf/virgin-money-uk-plc-2022-annual-report-and-accounts.pdf</a></p> <p>The audited consolidated accounts for Virgin Money for the financial year ending 30 September 2022 are set out on pages 273 to 277 (both exclusive) in Virgin Money’s annual report for the financial year ended on 30 September 2022 available from Virgin Money’s website (at the link referred to above).</p> |
| First quarter 2024 trading update                              | <p><a href="https://www.virginmoneyukplc.com/downloads/pdf/q1-trading-update-2024.pdf">https://www.virginmoneyukplc.com/downloads/pdf/q1-trading-update-2024.pdf</a></p> <p>The trading update for Virgin Money for the first quarter of FY 2024 is available from Virgin Money’s website (at the link referred to above).</p>  |

#### Part B: Virgin Money ratings information

Prior to the commencement of the Offer Period, the long-term Issuer Default Rating assigned to Virgin Money by Fitch Ratings (“**Fitch**”) was BBB+, outlook Positive, the long-term Issuer Credit Rating assigned to Virgin Money by S&P Global Ratings UK Limited was BBB-, outlook Stable, and the long-term Issuer rating assigned to Virgin Money by Moody’s Investors Service (“**Moody’s**”) was Baa1, outlook Stable.

In addition, the long-term Issuer Default Rating assigned to Clydesdale Bank by Fitch was A-, outlook Positive, and the long-term Issuer Credit Rating assigned to Clydesdale Bank by S&P Global Ratings UK Limited was A-, outlook Stable. Clydesdale Bank also had a long-term Bank Deposit rating of A3 from Moody’s, outlook Stable.

Following the Announcement, Fitch placed Virgin Money’s long-term Issuer Default Rating on Rating Watch Positive, while affirming the A-, outlook Positive, long-term Issuer Default Rating of Clydesdale Bank. On 22 March 2024, S&P Global Ratings UK Limited placed the long-term Issuer Credit Ratings of Virgin Money and Clydesdale Bank on CreditWatch with positive implications. On 22 March 2024, Moody’s placed the long-term ratings of Virgin Money and Clydesdale Bank on review for upgrade.



### **Part C: Financial information relating to Nationwide**

The following sets out the financial information in respect of Nationwide as required by Rule 24.3 of the Takeover Code. The documents referred to below are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code:

| <b>Financial Information</b>                                   | <b>Reference</b>  |
|--|---|
| Audited consolidated accounts for the last two financial years | <p><a href="https://www.nationwide.co.uk/about-us/governance-reports-and-results/results-and-accounts/">https://www.nationwide.co.uk/about-us/governance-reports-and-results/results-and-accounts/</a></p> <p>The audited accounts of Nationwide for the financial year ended 4 April 2022 are set out on pages 232 to 316 (both inclusive) of Nationwide’s annual report and accounts for the financial year ended 4 April 2022 available from Nationwide’s website (at the link referred to above).</p> <p><a href="https://www.nationwide.co.uk/about-us/governance-reports-and-results/results-and-accounts/">https://www.nationwide.co.uk/about-us/governance-reports-and-results/results-and-accounts/</a></p> <p>The audited accounts of Nationwide for the financial year ended 4 April 2023 are set out on pages 234 to 317 (both inclusive) of Nationwide’s annual report and accounts for the financial year ended 4 April 2023 available from Nationwide’s website (at the link referred to above).</p> |
| Half-yearly results  | <p><a href="https://www.nationwide.co.uk/about-us/governance-reports-and-results/results-and-accounts/">https://www.nationwide.co.uk/about-us/governance-reports-and-results/results-and-accounts/</a></p> <p>The unaudited accounts of Nationwide for the financial half year ended 30 September 2023 are set out on pages 63 to 89 (both inclusive) of Nationwide’s interim results for the period ended 30 September 2023 available from Nationwide’s website (at the link referred to above).</p>   |

### **Part D: Nationwide ratings and outlooks**

Immediately prior to the commencement of the Offer Period, Nationwide had an S&P Global Ratings short-term issuer credit rating of A-1 and long-term issuer credit rating of A+ (with a Stable outlook), a Moody’s short-term issuer credit rating of P-1 and long-term issuer credit rating of A1 (with a Stable outlook) and a Fitch short-term default rating of F1 and long-term issuer default rating of A (with a Stable outlook).

Since the Offer Period began, on 8 March 2024 Moody’s affirmed Nationwide’s existing long-term (and short-term) issuer ratings with a Stable outlook. Subsequently, following the Announcement on 21 March 2024, S&P Global Ratings and Fitch both affirmed Nationwide’s existing long-term (and short-term) issuer ratings with a Stable outlook.

### **Part E: Financial effects of the Acquisition on Nationwide**

Following the Scheme becoming Effective, the earnings, assets and liabilities of the Virgin Money Group would be consolidated into the earnings, assets and liabilities of the Nationwide Group. The earnings, assets and liabilities of the Nationwide Group would thereby be increased. In addition, the cash and cash equivalents position of the Nationwide Group would be decreased to reflect the payment of the Consideration to Scheme Shareholders in connection with the Acquisition.

## PART 6

### ADDITIONAL INFORMATION

#### 1. Responsibility

- (a) The Virgin Money Directors, whose names are set out in paragraph 2(a) of this Part 6, accept responsibility for the information contained in this document (including any expressions of opinion) other than the information for which responsibility is taken by others pursuant to paragraph 1(b), 1(c) and 1(d) of this Part 6. To the best of the knowledge and belief of the Virgin Money Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The Independent Virgin Money Directors, being all of the Virgin Money Directors other than Sara Weller, accept responsibility for the information contained in this document (including any expressions of opinion) relating to their recommendation that Independent Virgin Money Shareholders vote in favour of the Virgin Resolution at the General Meeting. To the best of the knowledge and belief of the Independent Virgin Money Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (c) The Non-Executive Virgin Money Directors, being all of the Virgin Money Directors other than David Duffy and Clifford Abrahams, accept responsibility for the information contained in this document (including any expressions of opinion) relating to their recommendation that Virgin Money Shareholders vote in favour of the Remuneration Policy Resolution at the General Meeting. To the best of the knowledge and belief of the Non-Executive Virgin Money Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (d) The Nationwide Directors, whose names are set out in paragraph 2(b) of this Part 6, accept responsibility for the information contained in this document (including any expressions of opinion) relating to Nationwide, the Nationwide Group, the Nationwide Directors and their respective close relatives, related trusts and persons connected with them, and persons deemed to be acting in concert with Nationwide (as such term is defined in the Takeover Code) and statements of intention or opinion of Nationwide (together “**Nationwide Information**”). To the best of the knowledge and belief of the Nationwide Directors (who have taken all reasonable care to ensure that such is the case), the Nationwide Information is in accordance with the facts and does not omit anything likely to affect the import of such information.

## 2. Directors

- (a) The Virgin Money Directors and their respective positions are as follows:

| <u>Name</u>            | <u>Position</u>                                |
|------------------------|--|
| David Bennett          | Board Chair                                    |
| David Duffy            | Executive Director and Chief Executive Officer |
| Clifford Abrahams      | Executive Director and Chief Financial Officer |
| Tim Wade               | Senior Independent Non-Executive Director      |
| Lucinda Charles-Jones. | Independent Non-Executive Director             |
| Geeta Gopalan.         | Independent Non-Executive Director             |
| Elena Novokreshchenova | Independent Non-Executive Director             |
| Darren Pope            | Independent Non-Executive Director             |
| Sara Weller CBE.       | Non-Executive Director                         |

The registered office of Virgin Money is Jubilee House, Gosforth, Newcastle upon Tyne, England, NE3 4PL. The business address of each of the Virgin Money Directors is 177 Bothwell Street, Glasgow, G2 7ER.

- (b) The Nationwide Directors and their respective positions are as follows:

| <u>Name</u>      | <u>Position</u>                    |
|------------------|------------------------------------|
| Kevin Parry OBE  | Society Chairman                   |
| Debbie Crosbie   | Chief Executive Officer            |
| Chris Rhodes     | Chief Financial Officer            |
| Tracey Graham    | Senior Independent Director        |
| Albert Hitchcock | Independent Non-Executive Director |
| Alan Keir        | Independent Non-Executive Director |
| Debbie Klein     | Independent Non-Executive Director |
| Sally Orton      | Independent Non-Executive Director |
| Tamara Rajah MBE | Independent Non-Executive Director |
| Gillian Riley    | Independent Non-Executive Director |
| Phil Rivett      | Independent Non-Executive Director |

The registered office of Nationwide and the business address of each of the Nationwide Directors is Nationwide House, Pipers Way, Swindon, SN38 1NW.

## 3. Market quotations

Set out below are the Closing Prices of Virgin Money Ordinary Shares taken from Bloomberg on:

- (a) the first dealing day in each of the six months immediately before the date of this document;  
(b) 6 March 2024 (the last dealing day before the commencement of the Offer Period); and  
(c) the Latest Practicable Date.

| <u>Date</u>     | <u>Virgin Money<br/>Ordinary<br/>Shares<br/>(pence)</u> |
|-----------------|---|
| 1 November 2023 | 152.2   |
| 1 December 2023 | 145.7   |
| 2 January 2024  | 163.3   |
| 1 February 2024 | 151.1   |
| 1 March 2024    | 158.8   |
| 6 March 2024    | 159.1   |
| 2 April 2024    | 216.2   |
| 18 April 2024   | 213.6   |

#### 4. Interests and dealings

For the purposes of this paragraph 4:

“**acting in concert**” has the meaning given to it in the Takeover Code;

“**close relative**” has the meaning given to it in the Takeover Code;

“**dealing**” has the meaning given to it in the Takeover Code and “**dealt**” has the corresponding meaning;

“**derivative**” has the meaning given to it in the Takeover Code;

“**disclosure period**” means the period commencing on 7 March 2023 (being the date that is twelve months prior to the commencement of the Offer Period) and ending on the Latest Practicable Date;

“**financial collateral arrangements**” are arrangements of the kind referred to in Note 3 on Rule 4.6 of the Takeover Code;

“**interest**” or “**interests**” in relevant securities shall have the meanings given to those terms in the Takeover Code and references to interests of the Nationwide Directors or interests of the Virgin Money Directors in relevant securities shall include all interests of any other person whose interests in such securities the Nationwide Directors or the Virgin Money Directors (as applicable) are taken to be interested in pursuant to Part 22 of the Companies Act;

“**Note 11 arrangement**” means any indemnity or other dealing arrangement, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant Virgin Money securities which may be an inducement to deal or refrain from dealing (other than irrevocable commitments to vote in favour of the Scheme and/or related resolutions, details of which are set out in paragraph 8 of this Part 6);

“**relevant Nationwide securities**” means relevant securities (such term having the meaning given to it in the Takeover Code in relation to an offeror) of Nationwide, including equity share capital of Nationwide and securities convertible into and rights to subscribe for such equity share capital;

“**relevant securities**” means relevant Nationwide securities and relevant Virgin Money securities;

“**relevant Virgin Money securities**” means relevant securities (such term having the meaning given to it in the Takeover Code in relation to an offeree) of Virgin Money, including Virgin Money Ordinary Shares and securities convertible into and rights to subscribe for Virgin Money Ordinary Shares (including Virgin Money CDIs); and

“**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

(a) *Persons acting in concert with Nationwide*

In addition to the Nationwide Directors (together with their close relatives and related trusts) and members of the Wider Nationwide Group, the persons who are acting in concert with Nationwide for the purposes of the Takeover Code and the Acquisition and which are required to be disclosed are:

| <u>Name</u>           | <u>Type of company</u> | <u>Registered Office</u>        | <u>Relationship with Nationwide</u> |
|-----------------------|------------------------|---------------------------------|-------------------------------------|
| UBS AG, London Branch | Financial Services     | 5 Broadgate,<br>London EC2M 2QS | Financial Adviser                   |

(b) *Persons acting in concert with Virgin Money*

In addition to the Virgin Money Directors (together with their close relatives and related trusts) and members of the Virgin Money Group (and their related pension schemes), the persons acting in concert with Virgin Money for the purposes of the Takeover Code and the Acquisition and which are required to be disclosed are:

| <u>Name</u>                    | <u>Type of company</u> | <u>Registered Office</u>                             | <u>Relationship with Nationwide</u> |
|--------------------------------|------------------------|--|-------------------------------------|
| J.P. Morgan Cazenove           | Financial Services     | 25 Bank Street,<br>Canary Wharf,<br>London, E14 5JP  | Financial Adviser                   |
| Goldman Sachs<br>International | Financial Services     | Plumtree Court, 25<br>Shoe Lane,<br>London, EC4A 4AU | Financial Adviser                   |

(c) *Interests and dealings in Relevant Securities of Virgin Money*

(i) As at the Latest Practicable Date, Nationwide Directors held the following interests in relevant Virgin Money securities:

| <u>Name</u>                   | <u>Number of<br/>Virgin<br/>Money<br/>Ordinary<br/>Shares</u> | <u>% of Virgin<br/>Money's<br/>existing share<br/>capital</u> |
|-------------------------------|---|---|
| Close relative of Sally Orton | 274   | 0.00  |
| Debbie Crosbie                | 927   | 0.00  |

(ii) As at the Latest Practicable Date, Virgin Money Directors held the following interests in relevant Virgin Money securities:

*Virgin Money Shares*

| <u>Name</u>                     | <u>Number of<br/>Virgin<br/>Money<br/>Shares</u> | <u>% of Virgin<br/>Money's<br/>existing share<br/>capital</u> |
|---------------------------------|--|---|
| Clifford Abrahams               | 254,176  | 0.02  |
| David Bennett                   | 40,388   | 0.00  |
| David Duffy                     | 1,585,518*                                       | 0.12  |
| Geeta Gopalan                   | 7,932  | 0.00  |
| Darren Pope                     | 11,785   | 0.00  |
| Tim Wade and his close relative | 50,505**   | 0.00  |
| Sara Weller                     | 25,000   | 0.00  |

\* Inclusive of 661 ordinary shares held via the Virgin Money Group Share Incentive Plan and 4,080 Virgin Money CDIs.

\*\* Inclusive of 20,505 Virgin Money Ordinary Shares held by Tim Wade and 30,000 Virgin Money Ordinary Shares held by his close relative.



### Awards

| <u>Name</u>       | <u>Virgin Money Share Plan</u> | <u>Maximum Number of Virgin Money Ordinary Shares under option</u> | <u>Date of grant</u> | <u>Exercise price per Virgin Money Share (£)</u> | <u>Vesting Date</u>                  |
|-------------------|--------------------------------|--|----------------------|--|--------------------------------------|
| Clifford Abrahams | Virgin Money LTIP              | 748,936  | 9 December 2021      | Nil  | 9 December 2024 to 9 December 2028   |
|                   |                                | 782,100  | 9 December 2022      | Nil  | 9 December 2025 to 9 December 2029   |
|                   |                                | 980,300  | 8 December 2023      | Nil  | 9 December 2026 to 9 December 2030   |
| David Duffy       | Virgin Money LTIP              | 38,375   | 24 November 2017     | Nil  | 20 June 2024 to 20 June 2025         |
|                   |                                | 274,180  | 20 December 2018     | Nil  | 20 December 2024 to 20 December 2025 |
|                   |                                | 243,255  | 9 December 2019      | Nil  | 9 December 2024 to 9 December 2026   |
|                   |                                | 535,418  | 9 December 2020      | Nil  | 9 December 2024 to 9 December 2027   |
|                   |                                | 1,280,425  | 9 December 2021      | Nil  | 9 December 2024 to 9 December 2028   |
|                   |                                | 1,337,130  | 9 December 2022      | Nil  | 9 December 2025 to 9 December 2029   |
|                   |                                | 1,666,520  | 8 December 2023      | Nil  | 9 December 2026 to 9 December 2030   |

- (iii) As at the Latest Practicable Date, persons acting in concert with Virgin Money (excluding the Virgin Money Directors) held the following interests in relevant Virgin Money securities:

### Virgin Money Shares

| <u>Name</u>                             | <u>Number of Virgin Money Shares</u> | <u>% of Virgin Money's existing share capital</u> |
|---|--------------------------------------|---|
| Goldman Sachs Financial Markets Pty Ltd | 1,009,583                            | 0.08  |

**Cash-settled derivatives**

| <b>Name</b>                             | <b>Nature of Interest</b> | <b>Number of Virgin Money Shares</b> | <b>% of Virgin Money's existing share capital</b> |
|---|---------------------------|--------------------------------------|---|
| Goldman Sachs & Co. LLC                 | long position             | 1                                    | 0.00  |
| Goldman Sachs Financial Markets Pty Ltd | long position             | 370,822                              | 0.03  |
| Goldman Sachs Financial Markets Pty Ltd | short position            | 1,329,032                            | 0.10  |

**Securities borrowed and lent**

| <b>Name</b>                             | <b>Nature of Interest</b> | <b>Number of Virgin Money Shares</b> | <b>% of Virgin Money's existing share capital</b> |
|---|---------------------------|--------------------------------------|---|
| Goldman Sachs Financial Markets Pty Ltd | Borrowed                  | 0                                    | 0.00  |
| Goldman Sachs Financial Markets Pty Ltd | Lent*                     | 1,009,583                            | 0.08  |

\* including securities subject to a security financial collateral arrangement with right of use or a title transfer collateral arrangement

- (iv) As at the Latest Practicable Date, the following dealings in relevant Virgin Money Securities by the Nationwide Directors have taken place during the disclosure period:

| <b>Name</b>    | <b>Date</b>      | <b>Transaction</b> | <b>Number of Virgin Money Ordinary Shares</b> | <b>Price per Virgin Money Ordinary Share (£)</b> |
|----------------|------------------|--------------------|---|--|
| Debbie Crosbie | 21 July 2023     | Disposal           | 40,000  | 1.774507   |
| Debbie Crosbie | 20 November 2023 | Disposal           | 49,429  | 1.650811   |

- (v) During the Offer Period, the following dealings in relevant Virgin Money Securities (shown in aggregated format with the consent of the Panel) by persons acting in concert with Virgin Money have taken place:

**Purchases and sales**

| <b>Name</b>                             | <b>Date</b>                   | <b>Transaction</b> | <b>Number of Virgin Money CDIs</b> | <b>Price per Virgin Money CDI (AUD)</b> |
|---|-------------------------------|--------------------|------------------------------------|---|
| Goldman Sachs Financial Markets Pty Ltd | 7 March 2024 to 18 April 2024 | Purchases          | 2,208,591                          | 3.0521 – 4.0852                         |
|   |                               | Sales              | 165,332                            | 3.0635 – 4.0900                         |

**Cash-settled derivatives**

| <u>Name</u>                             | <u>Date</u>                   | <u>Product</u> | <u>Transaction</u>                        | <u>Number of Virgin Money CDIs</u> | <u>Price per Virgin Money CDI (AUD)</u> |
|---|-------------------------------|----------------|---|------------------------------------|---|
| Goldman Sachs Financial Markets Pty Ltd | 7 March 2024 to 18 April 2024 | CFD            | <i>Opening/increasing a long position</i> | 134,946                            | 3.0400 – 4.1100                         |
|   |                               | CFD            | Reducing a long position                  | 2,134,603                          | 3.0400 – 4.0900                         |
|   |                               | CFD            | Opening/increasing a short position       | 1,403,444                          | 3.0400 – 4.0879                         |
|   |                               | CFD            | Reducing a short position                 | 1,411,466                          | 3.0400 – 4.0900                         |

**Securities borrowing and lending**

| <u>Name</u>                             | <u>Date</u>                   | <u>Nature of Transaction</u> | <u>Number of Virgin Money Shares</u> |
|---|-------------------------------|------------------------------|--------------------------------------|
| Goldman Sachs Financial Markets Pty Ltd | 7 March 2024 to 18 April 2024 | Borrow (New)                 | 11,836                               |
|   |                               | Borrow (Return)              | 1,137,474                            |
|   |                               | Loan (New)                   | 7,779,008                            |
|   |                               | Loan (Return)                | 6,769,425                            |

(d) *General*

(i) Save as disclosed above, as at the Latest Practicable Date:

- (A) no member of the Nationwide Group has any interest in, any short position in relation to, or any right to subscribe in respect of, any relevant Virgin Money securities nor has any member of the Nationwide Group dealt in any relevant Virgin Money securities during the disclosure period;
- (B) none of the Nationwide Directors has any interest in, any short position in relation to, or any right to subscribe in respect of, any relevant Virgin Money securities, nor has any such person dealt in any relevant Virgin Money securities during the disclosure period;
- (C) no person acting in concert with Nationwide has any interest in, any short position in relation to, or any right to subscribe in respect of, any relevant Virgin Money securities, nor has any such person dealt in any relevant Virgin Money securities during the disclosure period;
- (D) neither Nationwide, nor any person acting in concert with Nationwide, has any Note 11 arrangement with any other person, nor has any such person dealt in any relevant Virgin Money securities during the disclosure period; and
- (E) neither Nationwide, nor any person acting in concert with Nationwide, has borrowed or lent any relevant Virgin Money securities (including any financial collateral arrangements), save for any borrowed shares which have been either on-lent or sold.

(ii) Save as disclosed above, as at the Latest Practicable Date:

- (A) neither Virgin Money, nor any of the Virgin Money Directors has any interest in, any short position in relation to, or any right to subscribe in respect of, any relevant securities, nor has any such person dealt in any relevant securities during the Offer Period;
- (B) no person acting in concert with Virgin Money has any interest in, or any short position in relation to, or any right to subscribe in respect of, any relevant Virgin Money securities, nor has any such person dealt in any relevant Virgin Money securities during the Offer Period;

- (C) neither Virgin Money, nor any person acting in concert with Virgin Money, has any Note 11 arrangement with any other person, nor has any such person dealt in any relevant Virgin Money securities during the Offer Period; and
- (D) neither Virgin Money, nor any person acting in concert with Virgin Money, has borrowed or lent any relevant Virgin Money securities (including any financial collateral arrangements), save for any borrowed shares which have been either on-lent or sold.

## 5. United Kingdom taxation

The comments set out below summarise certain limited aspects of the UK taxation treatment of certain Virgin Money Shareholders under the Scheme and in respect of the FY 2024 Dividend and do not purport to be a complete analysis of all tax considerations relating to the Scheme. They are based on current UK legislation as applied in England and Wales and what is understood to be current HM Revenue and Customs (“HMRC”) practice (which may not be binding on HMRC), both of which are subject to change, possibly with retrospective effect. They are not, and should not be taken as being, advice.

The comments are intended as a general guide and do not deal with certain categories of Virgin Money Shareholder such as: persons subject to special tax regimes (such as collective investment schemes and persons subject to UK tax on the remittance basis) or able to benefit from specific reliefs or exemptions (such as charities); brokers, dealers in securities, intermediaries, insurance companies, trustees of certain trusts; persons holding their Scheme Shares as part of hedging or commercial transactions; persons who have or could be treated for tax purposes as having acquired their Virgin Money Shares in connection with a trade, profession or vocation carried out in the UK (whether through a branch or agency or otherwise) or who have or could be treated for tax purposes as having acquired their Virgin Money Shares by reason of employment (including pursuant to the Virgin Money Share Plans) or as holding their Virgin Money Shares as carried interest. Nothing in these paragraphs should be taken as providing personal tax advice. In particular, the following paragraphs do not refer to UK inheritance tax.

References in this paragraph 5 to “UK Holders” are to Virgin Money Shareholders who: (a) are resident for tax purposes in, and only in, the UK at all relevant times and, in the case of individuals, to whom “split year” treatment does not apply, and who are domiciled, or deemed domiciled, for tax purposes only in the UK; (b) hold their Virgin Money Shares as an investment (other than under a self-invested personal pension plan or individual savings account); and (c) are the absolute beneficial owners of their Virgin Money Shares.

**IF YOU ARE IN ANY DOUBT ABOUT YOUR TAX POSITION, AND IN PARTICULAR IF YOU ARE SUBJECT TO TAXATION IN ANY JURISDICTION OTHER THAN THE UNITED KINGDOM, YOU SHOULD CONSULT AN APPROPRIATELY QUALIFIED INDEPENDENT PROFESSIONAL ADVISER IMMEDIATELY.**

### (a) United Kingdom taxation of chargeable gains

Under the Scheme, Scheme Shareholders will be entitled to receive the Consideration of 218 pence for each Virgin Money Share. The transfer of the Virgin Money Shares under the Scheme for the Consideration (which, for the avoidance of doubt, excludes the FY 2024 Dividend which is subject to UK tax as dividend income as described below under “Taxation of the FY 2024 Dividend”) should be treated as a disposal of a UK Holder’s Virgin Money Shares which may, depending on the UK Holder’s circumstances (including the availability of exemptions, reliefs or allowable losses), give rise to a liability to UK CGT or UK corporation tax on chargeable gains (as applicable) or an allowable capital loss.

#### (i) *Individual UK Holders*

An individual UK Holder whose total taxable gains and income in the relevant tax year, including any gains made on the disposal of their Virgin Money Shares, are less than or equal to the upper limit of the income tax basic rate band applicable to them in respect of that tax year (the “Band Limit”) will generally be subject to capital gains tax at the flat rate of 10 per cent. (for the tax year 2024/2025) in respect of any gain (after taking advantage of the annual tax-free allowance (described below) and deducting any available capital losses) arising on a disposal of their Virgin Money Shares.

An individual UK Holder whose total taxable gains and income in the relevant tax year, including any gains made on the disposal of their Virgin Money Shares, are more than the Band Limit will generally be subject to capital gains tax at the flat rate of 10 per cent. (for the tax year 2024/2025) in respect of any gain (after taking advantage of the annual tax-free allowance (described below) and deducting any available capital losses) arising on the disposal of their Virgin Money Shares (to the extent that, when added to the UK Holder's other taxable gains and income in that tax year, the gain is less than or equal to the Band Limit) and at the flat rate of 20 per cent. (for the tax year 2024/2025) in respect of the remainder.

No indexation allowance will be available to an individual UK Holder in respect of the disposal of Virgin Money Shares. However, the annual tax-free allowance for UK capital gains tax (£3,000 for the tax year 2024/2025) may be available to individual UK Holders, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure.

(ii) *Corporate UK Holders*

Where a UK Holder is within the charge to UK corporation tax, a disposal of Virgin Money Shares may, depending on the circumstances and subject to any available exemptions, reliefs or allowable losses, give rise to a chargeable gain (or an allowable loss) for the purposes of corporation tax.

The main rate of corporation tax is 25 per cent. for the tax year 2024/2025.

(b) **Taxation of the FY 2024 Dividend**

(i) *Withholding Tax*

Virgin Money will not be required to deduct or withhold amounts on account of UK tax at source from the FY 2024 Dividend, irrespective of the residence or particular circumstances of the Virgin Money Shareholder receiving such dividend payment.

(ii) *Individual UK Holders*

A nil rate of income tax will apply for the first £500 of dividend income (for the tax year 2024/2025) received by individual UK Holders in a tax year (the “**Nil Rate Band**”).

The rate of tax applicable to dividend income in excess of the Nil Rate Band will depend on the wider tax position of the UK Holder. Broadly speaking, after taking into account the amount (if any) of a shareholder's personal allowance, and any other allowances, exemptions and reliefs, the shareholder's taxable income up to the basic rate limit will fall within the basic rate band; taxable income between the basic rate limit and the higher rate limit will fall within the higher rate band; and taxable income above the higher rate limit will fall within the additional rate band. For the tax year running 6 April 2024 to 5 April 2025 the basic rate limit is £37,700 and the higher rate limit is £125,140 (although, these limits can be increased in certain circumstances).

The rates of income tax on dividends received above the Nil Rate Band are (a) 8.75 per cent. for dividends in the basic rate band; (b) 33.75 per cent. for dividends in the higher rate band; and (c) 39.35 per cent. for dividends in the additional rate band.

In determining the tax band in which any dividend income over the Nil Rate Band falls, dividend income is treated as the top slice of a shareholder's income and dividend income within the Nil Rate Band is still taken into account.

Because dividend income (including income within the Nil Rate Band) is taken into account in assessing whether a shareholder's overall income is above the higher or additional rate limits, the receipt of such income may also affect the amount of personal allowances to which the UK Holder is entitled.

(iii) *Corporate UK Holders*

UK Holders within the charge to UK corporation tax which are “small companies” for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not generally be subject to UK corporation tax on the FY 2024 Dividend, provided certain conditions are met.



UK Holders within the charge to UK corporation tax that are not “small companies” for this purpose will not be subject to UK corporation tax on the FY 2024 Dividend so long as it falls within an exempt class and certain conditions are met. For example, (i) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to the Company’s assets on its winding up, and (ii) dividends paid to a person holding less than 10 per cent. of the issued share capital of the Company (or any class of that share capital in respect of which the FY 2024 Dividend is paid) and who is entitled to less than 10 per cent. of the profits available for distribution to holders of the same class of shares and would be entitled to less than 10 per cent. of the assets available for distribution to holders of the same class of shares on a winding-up, should generally fall within an exempt class. However, the exemptions mentioned above are not comprehensive and are subject to certain targeted and general anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, or such a UK Holder elects for an otherwise exempt dividend to be taxable, the UK Holder will be subject to UK corporation tax on the FY 2024 Dividend, at the rate of corporation tax applicable to that UK Holder (the main rate of corporation tax is currently 25 per cent.).

(c) **UK stamp duty and SDRT**

No UK stamp duty or SDRT should be payable by Virgin Money Shareholders on the transfer of their Virgin Money Shares under the Scheme.

**6. Australian taxation**

The following is a general description of the Australian tax consequences of the Scheme (assuming it becomes Effective) for Virgin Money Shareholders. It does not constitute tax advice and should not be relied upon as such.

The description is based upon the Australian law and administrative practice in effect as at the Latest Practicable Date but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a Virgin Money Shareholder. Virgin Money Shareholders should seek independent professional advice in relation to their own particular circumstances.

The comments set out below are relevant only to those Virgin Money Shareholders who hold their Virgin Money Shares on capital account. The description does not address the Australian tax consequences for Virgin Money Shareholders who:

- (a) hold their Virgin Money Shares for the purposes of speculation or a business of dealing in securities (for example, as trading stock);
- (b) acquired their Virgin Money Shares pursuant to an employee share, option or rights plan;
- (c) are financial institutions, insurance/life insurance companies, partnerships, superannuation funds, tax exempt organisations or temporary residents;
- (d) are Australian residents who hold their Virgin Money Shares as part of an enterprise carried on at or through a permanent establishment in a foreign country;
- (e) change their tax residence while holding Virgin Money Shares;
- (f) invest indirectly into Virgin Money Shares through directed portfolio services, master funds or other portfolio administration services;
- (g) are dealers in Virgin Money Shares; or
- (h) are subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to gains and losses on their Virgin Money Shares.

***Australian capital gains tax***

(a) **Australian tax residents**

Under the Scheme, Scheme Shareholders will be entitled to receive the Consideration of 218 pence for each Virgin Money Share. The transfer of the Virgin Money Shares under the Scheme in consideration for the Consideration (but not, for the avoidance of doubt, the FY 2024 Dividend which should be subject to Australian tax as dividend income as described below

under “Taxation of the FY 2024 Dividend”) should be treated as a disposal of an Australian resident’s Virgin Money Shares which may, depending on the Shareholder’s circumstances, give rise to a capital gain or a capital loss for Australian CGT purposes.

The disposal of Virgin Money Shares by Virgin Money Shareholders under the Scheme will occur for CGT purposes on the Effective Date. Please note that if the Acquisition is effected by way of the Offer (rather than the Scheme), the disposal for CGT purposes may occur on a different date.

An Australian resident Virgin Money Shareholder will generate a capital gain if the capital proceeds from the disposal of their Virgin Money Shares are greater than the cost base of the Virgin Money Shares, or a capital loss if the capital proceeds from the disposal of their Virgin Money Shares are less than the reduced cost base of the Virgin Money Shares.

The capital proceeds received for the disposal of a Virgin Money Shareholder’s Virgin Money Shares is the Consideration. In the circumstances, it is considered that the capital proceeds should not include the FY 2024 Dividend. Consequently, the FY 2024 Dividend should not be received in respect of the disposal of the Virgin Money Shares and therefore should not form part of the capital proceeds.

The cost base (and reduced cost base) of the Virgin Money Shares should generally be their cost of acquisition and certain incidental costs of acquisition, ownership and disposal.

Australian resident individuals, complying superannuation entities or trustees that have held Virgin Money Shares for at least 12 months prior to the disposal of their Virgin Money Shares may be entitled to discount the amount of any capital gain (after application of capital losses) from the disposal of Virgin Money Shares by 50 per cent. in the case of individuals and trustees or by 33.3 per cent. for complying superannuation entities. For trustees, the ultimate availability of the discount for beneficiaries of the trusts will depend on the particular circumstances of the beneficiaries. Companies that hold Virgin Money Shares are not eligible for the CGT discount.

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain. Any net capital gain is included in the assessable income of a relevant Virgin Money Shareholder and is subject to income tax in Australia. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

**(b) Non-Australian tax residents**

Non-Australian tax residents should not be subject to Australian taxation in respect of the Scheme (though they may be subject to foreign taxation, depending on their personal circumstances). This is because non-Australian tax residents would only be subject to Australian taxation if, among other things, the “principal asset test” is satisfied in relation to Virgin Money Shares. The principal asset test requires the market value of Virgin Money’s direct and indirect interests in Australian land (including leases) to be more than the market value of its other assets at the Effective Date. It is not expected that the principal asset test will be satisfied.

***Australian foreign resident capital gains withholding tax***

Under the foreign resident capital gains tax withholding (“**FRCGW**”) rules in Subdivision 14-D of Schedule 1 to the Taxation Administration Act 1953 (Cth), if the principal asset test is satisfied in relation to Virgin Money Shares, Nationwide may have an obligation to withhold an amount of up to 12.5 per cent. of the Consideration payable to Virgin Money Shareholders and pay such amount to the Australian Taxation Office. It is not expected that a FRCGW obligation will apply to Nationwide, as the principal asset test is not expected to be satisfied.

***Taxation of the FY 2024 Dividend***

Australian resident Virgin Money Shareholders who receive the FY 2024 Dividend (if any) should include the amount of that dividend in their assessable income in the income year in which the dividend is paid. There will be no franking credits which attach to the FY 2024 Dividend.

## 7. Bases of calculation and sources of information

In this document, unless otherwise stated or the context otherwise requires, the bases and sources used are as set out in Part 7 (*Source of Information and Bases of Calculation*) of this document.

## 8. Irrevocable undertakings

### *Virgin Money Directors*

Nationwide has received irrevocable undertakings from those Virgin Money Directors who own Virgin Money Shares, in respect of their entire beneficial holdings of 1,945,304 Virgin Money Shares, representing in aggregate approximately 0.15 per cent. of the existing issued ordinary share capital of Virgin Money. These undertakings require each person listed below to vote (or procure the voting, as applicable) in favour of the Scheme at the Court Meeting and each of the Acquisition Resolution and Virgin Resolution at the General Meeting (save for Sara Weller whose irrevocable undertaking excludes the Virgin Resolution) or to accept, or procure the acceptance of, the Offer (if the Acquisition is implemented as an Offer), in respect of their beneficial holdings of Virgin Money Shares.

| <b>Name</b>       | <b>Number of<br/>Virgin Money<br/>Shares in<br/>respect of<br/>which<br/>undertaking is<br/>given</b> | <b>Percentage of<br/>Virgin<br/>Money's<br/>issued share<br/>capital</b> |
|-------------------|---|--|
| Clifford Abrahams | 254,176   | 0.02%  |
| David Bennett     | 40,388  | 0.00%  |
| David Duffy       | 1,585,518   | 0.12%  |
| Geeta Gopalan     | 7,932   | 0.00%  |
| Darren Pope       | 11,785  | 0.00%  |
| Tim Wade          | 20,505  | 0.00%  |
| Sara Weller       | 25,000  | 0.00%  |

The obligations of the Virgin Money Directors under the irrevocable undertakings shall cease to have effect on and from the earlier of the following occurrences:

- (a) on the date on which the Acquisition (whether implemented by way of a Scheme or an Offer) is withdrawn or lapses in accordance with its terms, provided that this shall not apply where the Acquisition is withdrawn or lapses as a result of Nationwide exercising its right, in accordance with the Takeover Code, to implement the Acquisition by way of an Offer rather than by way of a Scheme or vice versa;
- (b) if Nationwide announces that it does not intend to proceed with the Acquisition and no new, revised or replacement Scheme or Offer is announced by Nationwide in accordance with Rule 2.7 of the Takeover Code at the same time;
- (c) any third party offer for the Virgin Money Shares is declared unconditional or, if implemented by way of a scheme of arrangement, becomes effective; or
- (d) the Acquisition has not become effective in accordance with its terms, or been declared unconditional, by 11.59 p.m. on the Long Stop Date.

### ***Virgin Money Shareholders***

In addition to the Virgin Money Directors, Virgin Group and Vieco Investments have each given to Nationwide an irrevocable undertaking to vote in favour (or procure the voting in favour, as applicable) of the Scheme at the Court Meeting and the Acquisition Resolution at the General Meeting (or in the event that the Acquisition is implemented by way of an Offer, to accept or procure the acceptance of such Offer) in respect of their beneficial holdings of Virgin Money Shares:

| <b>Name</b>       | <b>Number of Virgin Money Shares in respect of which undertaking is given</b> | <b>Percentage of Virgin Money's issued share capital</b> |
|-------------------|---|--|
| Virgin Group      | 188,083,550   | 14.5%  |
| Vieco Investments | 768,823   | 0.1%   |

The irrevocable undertakings given by Virgin Group and Vieco Investments will cease to be binding, *inter alia*:

- (a) on the date on which the Acquisition (whether implemented by way of a Scheme or an Offer) is withdrawn or lapses in accordance with its terms, provided that this shall not apply where the Acquisition is withdrawn or lapses as a result of Nationwide exercising its right, in accordance with the Takeover Code, to implement the Acquisition by way of an Offer rather than by way of a Scheme or vice versa;
- (b) if the Scheme or the Offer (as applicable) has not become Effective, or become or been declared unconditional in all respects (as the case may be), on or before 11.59 p.m. on the Long Stop Date, provided that this shall not apply where the Scheme or Offer failing to become Effective, or to become or have been declared unconditional in all respects (as applicable), is as a result of Nationwide exercising its right, in accordance with the Takeover Code, to implement the Acquisition by way of an Offer rather than by way of a Scheme or vice versa;
- (c) if Nationwide announces that it does not intend to proceed with the Acquisition and no new, revised or replacement Scheme or Offer is announced by Nationwide in accordance with Rule 2.7 of the Takeover Code at the same time;
- (d) if: (i) a third party announces a firm intention to make an offer for Virgin Money under Rule 2.7 of the Takeover Code (a “**Competing 2.7 Announcement**”) (whether by way of takeover offer or scheme of arrangement) which represents an improvement of at least 7.5 per cent. on the total Acquisition value of 220 pence per share (a “**Competing Offer**”); and (ii) following such Competing 2.7 Announcement, Virgin Money announces that the Virgin Money Board withdraws, qualifies or adversely modifies its recommendation of the Acquisition; or
- (e) upon any Competing Offer becoming or being declared unconditional in all respects or otherwise becoming effective.

### **9. Financing and cash confirmation**

The Consideration payable to Virgin Money Shareholders pursuant to the Acquisition will be funded from Nationwide's existing cash resources.

UBS, in its capacity as financial adviser to Nationwide, is satisfied that sufficient resources are available to Nationwide to satisfy in full the Consideration payable by Nationwide to Virgin Money Shareholders pursuant to the Acquisition.

### **10. Material contracts**

#### **(a) Nationwide**

Save for the TMLA Amendment Agreement and Virgin Red Exclusivity Agreement described in paragraph 4 of Part 1 (*Letter from the Board Chair*) of this document and the offer-related arrangements described at paragraph 11 of this Part 6, no member of the Nationwide Group has,

during the period commencing on 7 March 2022 (being the date that is two years before the commencement of the Offer Period) and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

(b) **Virgin Money**

Save as disclosed below, and save for the offer-related arrangements described at paragraph 11 of this Part 6, no member of the Virgin Money Group has, during the period commencing on 7 March 2022 (being the date that is two years before the commencement of the Offer Period) and ending on the Latest Practicable Date, entered into any material contract other than in the ordinary course of business.

***Agreements in relation to the acquisition of abrdn's shareholding in VMUTM and the termination of the joint venture arrangements with abrdn***

On 13 February 2024, Clydesdale Bank and abrdn Holdings Limited (“**abrdn**”) entered into a share purchase agreement (the “**UTM SPA**”) pursuant to which the parties agreed the terms on which Clydesdale Bank would purchase abrdn's entire shareholding in Virgin Money Unit Trust Manager Limited (“**VMUTM**”), being 50 per cent. less one share of VMUTM's entire issued share capital. The purchase completed on 2 April 2024 and, as a consequence, VMUTM became a wholly owned subsidiary of Clydesdale Bank. The consideration paid by Clydesdale Bank to abrdn under the terms of the UTM SPA was a cash payment of £20 million, funded entirely from the Virgin Money Group's existing capital resources. The parties provided each other with customary representations, warranties and/or indemnities in connection with the acquisition.

On 2 April 2024 VMUTM, Clydesdale Bank, Virgin Money Holdings (UK) Limited and abrdn also entered into a deed of termination pursuant to which they agreed to terminate the joint venture agreement dated 31 July 2019 between VMUTM, Clydesdale Bank and abrdn and other joint venture arrangements between the parties.

***Agreements in relation to the joint venture with Salary Finance***

On 24 February 2023, Clydesdale Bank, Salary Finance Limited (“**SF**”) and Salary Finance Loans Limited (“**SFLL**”) entered into a deed of amendment and restatement to, amongst other things, amend and restate (a) a joint venture agreement between Clydesdale Bank, SF and SFLL (the “**SF JVA**”), (b) a facility agreement between Clydesdale Bank and SFLL (the “**SF FA**”), and (c) a servicing agreement between Clydesdale Bank, SF and SFLL (the “**SF SA**”). Clydesdale Bank and SF each own 50 per cent. of the entire issued share capital of SFLL.

The amended and restated SF JVA contains the terms on which Clydesdale Bank and SF agree to operate their joint venture relating to the provision, by SFLL, of personal loans in the UK by way of salary deduction and direct debit and the rights and obligations of Clydesdale Bank and SF as shareholders of SFLL (in addition to those set out in SFLL's articles of association). The SF JVA will terminate when (a) all of the shares in SFLL become beneficially owned by either Clydesdale Bank or SF (or all shareholders in SFLL are affiliates of each other), (b) all shareholders in SFLL agree in writing to terminate the SF JVA, or (c) SFLL passes a resolution for its winding up, is subject to an order or notice issued by a court or other authority of competent jurisdiction for its winding up or striking off or has an administrator appointed in respect of it.

SFLL will enter into “run-off” on 31 December 2025, or earlier if Clydesdale Bank or SF issue a run-off notice following the occurrence of certain events, after which SFLL will not be permitted to issue new customer loans and its activities will be restricted to the administration, servicing and repayment of outstanding customer loans and the winding up of the affairs of SFLL. Completion of the Acquisition would constitute a change of control of Clydesdale Bank under the terms of the SF JVA, giving SF the right to trigger run-off, acquire Clydesdale Bank's shareholding in SFLL and/or acquire SFLL's loan book, all in accordance with the terms of the SF JVA.

The amended and restated SF FA contains the terms on which Clydesdale Bank provides SFLL with a sterling rolling credit facility (the “**Facility**”). A fixed rate of interest applies to each loan made under the Facility, and accrued interest is payable monthly. The Facility must be fully repaid when the SF JVA terminates.



The amended and restated SF SA contains the terms on which SF provides SFLL with certain services, in particular cash management, customer management, corporate and loan intermediation services. In return, SF receives a monthly fee for the corporate services, a loan intermediation fee based on a percentage of the aggregate current balance of active SFLL customer agreements (less the fee for corporate services) and a cash and customer management fee based on a percentage of the aggregate current balance of active customer agreements. Fees will reduce and be subject to deductions in certain circumstances such as following termination of SF's appointment as servicer for SFLL. The SF SA will terminate when the SF JVA terminates or if SFLL issues a termination notice upon the occurrence of certain events, including but not limited to if SF (a) passes a resolution for its winding up, is subject to an order or notice issued by a court or other authority of competent jurisdiction for its winding up or striking off or has an administrator appointed in respect of it, (b) ceases to hold the necessary permissions and authorisation in connection with the performance of its obligations under the SF SA, or (c) commits a material breach of the SF SA which is not effectively remedied.

## **11. Offer-related arrangements**

### ***Confidentiality agreement between Nationwide and Virgin Money***

On 29 February 2024, Nationwide and Virgin Money entered into a confidentiality agreement in connection with the Acquisition pursuant to which, amongst other things, the parties gave certain undertakings to: (i) subject to certain exceptions, keep information relating to the Acquisition and each other party's group confidential and not to disclose it to third parties; and (ii) use such confidential information only in connection with the Acquisition. These confidentiality obligations will remain in force until the earlier of: (i) the second anniversary of the date of the confidentiality agreement; or (ii) the date of Completion.

### ***Clean team and joint defence agreement between Nationwide, Virgin Money and their respective external counsel***

Nationwide, Virgin Money and their respective external counsel have entered into a clean team and joint defence agreement dated 4 March 2024, the purpose of which is to ensure that the exchange and/or disclosure of certain materials relating to the parties, in particular, in relation to the anti-trust and regulatory workstream only takes place between their respective external counsel and external experts, and does not diminish in any way the confidentiality of such materials and does not result in a waiver of any privilege, right or immunity that might otherwise be available.

### ***Clean team agreement between Nationwide and Virgin Money***

Nationwide and Virgin Money have entered into a clean team agreement dated 15 March 2024 which sets out, among other things, how confidential information that is competitively sensitive can be disclosed, used or shared between Nationwide's clean team individuals and/or external advisers retained by Nationwide and Virgin Money's clean team individuals and/or external advisers retained by Virgin Money.

### ***Co-operation Agreement between Nationwide and Virgin Money***

On 21 March 2024, Nationwide and Virgin Money entered into the Co-operation Agreement in relation to the Acquisition. Pursuant to the Co-operation Agreement:

- Nationwide has agreed to use all reasonable endeavours to obtain, and make any necessary filings in relation to, the regulatory clearances and authorisations necessary or advisable to satisfy the Conditions set out in paragraphs 4(A), 4(B) and 4(D) (inclusive) of Part A of Part 3 (*Conditions to and further terms of the Acquisition*) of this document as soon as reasonably practicable and in any event by 11.59 p.m. on the Long Stop Date, subject to certain customary carve-outs;
- the parties have agreed to (i) implement certain arrangements with respect to the Virgin Money Share Plans and bonus arrangements; (ii) certain provisions if the Acquisition should switch to an Offer; and (iii) Virgin Money's redundancy policy (as it applies to Virgin Money's management and employees) applying for a period of 12 months from the Effective Date; and
- Nationwide has agreed to certain restrictions applicable to Nationwide during the Offer Period relating to the entry into or amendment of agreements or arrangements with Virgin Group (or any of its subsidiaries, including Virgin Enterprises) relating to the "Virgin Money" brand.

The Co-operation Agreement shall terminate, amongst other things:

- if agreed in writing between Nationwide and Virgin Money at any time prior to the Effective Date;
- upon written notice served by Nationwide to Virgin Money if (i) the Virgin Money Board recommends or announces that it intends to recommend a competing proposal or a competing proposal becomes effective or is declared unconditional; and/or (ii) the Virgin Money Board's recommendation in respect of the Acquisition changes in a manner that is adverse in the context of the Acquisition; or
- upon written notice by either Nationwide or Virgin Money to the other if (i) a competing offer becomes effective or is declared or becomes unconditional; (ii) the Acquisition is withdrawn, terminates or lapses in accordance with its terms; (iii) prior to 11.59 p.m. on the Long Stop Date, a Condition which is either not capable of being waived or, where capable of being waived, Nationwide has confirmed that it will not waive said Condition, becomes incapable of satisfaction by 11.59 p.m. on the Long Stop Date in circumstances where invocation of the relevant Condition is permitted by the Panel; (iv) unless the Acquisition has switched to an Offer: (a) the Scheme is not approved at the Court Meeting and/or the Acquisition Resolution and/or Virgin Resolution are not approved at the General Meeting or the Court definitively refuses to sanction the Scheme at the Court Hearing; or (b) the General Meeting, the Court Meeting or the Court Hearing is/are not held on or before the 22nd day after the expected date of such meeting or hearing as set out in the expected timetable of principal events on pages 9 to 11 of this document (or such later date, if any, as Nationwide and Virgin Money may agree, or (in a competitive situation) as may be specified by Nationwide with the consent of the Panel, and in each case that (if so required) the Court may allow); (v) if the Acquisition is implemented by way of an Offer, the Acquisition Resolution and/or Virgin Resolution are not passed at the General Meeting; or (vi) if the Effective Date has not occurred by 11.59 p.m. on the Long Stop Date (unless otherwise agreed by the parties in writing, or required by the Panel).

## 12. Service contracts and remuneration

Save as disclosed below, there are no service contracts in force between any director or proposed director of Virgin Money and Virgin Money or any of its subsidiaries and no such contract has been entered into or amended during the six months preceding the date of this document:

### *Executive directors*

The particulars of the executive director service contracts between Virgin Money and the executive directors of Virgin Money are set out below. Save as set out below, no such contract has been entered into or amended during the six months preceding publication of this document.

Virgin Money maintains directors' and officers' liability cover for executive directors. Executive directors have the benefit of indemnity coverage under the Virgin Money Articles for liabilities incurred in the course of their duties.

#### (a) *David Duffy*

David Duffy is the CEO of Virgin Money. He is employed under a service agreement made with Clydesdale Bank dated 25 November 2015. He is entitled to an annual base salary of £1,104,000, with a maximum annual bonus opportunity of 118 per cent. of salary and is eligible to participate in the Virgin Money DEP, Virgin Money LTIP and Virgin Money Share Incentive Plan. Taken together, the total variable remuneration opportunity (under the annual bonus plan, Virgin Money DEP, Virgin Money LTIP and Virgin Money Share Incentive Plan) in respect of a financial year must not exceed a 2:1 ratio to fixed pay, including the impact of any discount factor, with Awards under the Virgin Money LTIP making up at least half of the total variable pay opportunity.

Under the terms of the service agreement, Mr Duffy is entitled to receive private medical insurance, an annual car allowance of £30,000, and an annual pension allowance of £126,116.

Mr Duffy's service agreement is terminable by either party on not less than 12 months' written notice. Mr Duffy may be put on garden leave for a period not exceeding six months. Mr Duffy's appointment may be terminated with immediate effect by his employer by making a PILON equal to the base salary only which would be received by him during the unexpired notice

period – such PILON being payable in equal monthly instalments paid over the unexpired part of the notice period and subject to mitigation.

Mr Duffy is subject to a confidentiality undertaking without limitation in time, and to the following restrictive covenants applicable for six months after the termination of his employment: non-competition, non-solicitation and non-dealing with certain current or prospective clients, non-solicitation and non-hiring of certain employees and non-interference with suppliers.

Mr Duffy has entered into a settlement agreement with Virgin Money in relation to his early termination as CEO of Virgin Money on Completion. Under the terms of the settlement agreement, Mr Duffy is entitled to certain payments and awards. This includes a termination payment comprising a PILON payment of £1,104,000, a statutory redundancy payment of £9,450, a contribution to invoiced outplacement services of up to £30,000 plus VAT and a contribution to invoiced legal fees of up to £20,000 plus VAT. His annual bonus and Awards under the Virgin Money LTIP will be treated in the same way as for other executives and employees under the Acquisition. The PILON payment will be paid in equal monthly instalments for a 12 month period following Completion. The service agreement for Mr Duffy provides that if, after the termination of his employment but before all the instalments of the PILON have been paid, Mr Duffy is engaged to provide his services by any other third party (whether under a service agreement, consultancy or any other engagement or arrangement), each subsequent instalment of the PILON to be paid after the commencement date of the relevant engagement shall be reduced by an amount equal to any monthly remuneration received directly or indirectly from such other engagement. However, Virgin Money proposes to waive this requirement in relation to Mr Duffy specifically in relation to one pre-approved non-executive director role with a third party, subject to continued compliance with the post-termination restrictive covenants which apply to Mr Duffy (summarised above). Virgin Money's proposal is contingent on the amendment to the Directors' Remuneration Policy described in paragraph 16 of Part 1 (*Letter from the Board Chair*) of this document being approved by the Virgin Money Shareholders.

(b) *Clifford Abrahams*

Clifford Abrahams is the Chief Financial Officer of Virgin Money. He is employed under a service agreement with Clydesdale Bank dated 31 January 2021. He is entitled to an annual base salary of £650,000, with a maximum annual bonus opportunity of 118 per cent. of salary and is eligible to participate in the Virgin Money DEP, Virgin Money LTIP and Virgin Money Share Incentive Plan. Taken together, the total variable remuneration opportunity (under the annual bonus plan, Virgin Money DEP, Virgin Money LTIP and Virgin Money Share Incentive Plan) in respect of a financial year must not exceed a 2:1 ratio to fixed pay, including the impact of any discount factor, with Awards under the Virgin Money LTIP making up at least half of the total variable pay opportunity. Under the terms of the service agreement, Mr Abrahams is entitled to receive private medical insurance, an annual car allowance of £9,340, and an annual pension allowance of £74,253.

Mr Abrahams' service agreement is terminable by either party on not less than 12 months' written notice. Mr Abrahams may be put on garden leave for the full length of the notice period. Mr Abraham's appointment may be terminated with immediate effect by his employer by making a PILON equal to the base salary only which would be received by him during the unexpired notice period – such PILON being payable in equal monthly instalments paid over the unexpired part of the notice period and subject to mitigation.

Mr Abrahams is subject to a confidentiality undertaking without limitation in time, and to the following restrictive covenants applicable for six months after the termination of his employment: non-competition, non-solicitation and non-dealing with certain current or prospective clients, non-solicitation and non-hiring of certain employees and non-interference with suppliers.

***Non-executive directors***

The particulars of the non-executive directors' appointment letters are set out below. Each non-executive director serves on the Virgin Money Board and on the board of Clydesdale Bank. Save as set out below, no such contract has been entered into or amended during the six months preceding publication of this document. It is noted that a draft appointment letter has been shared with the preferred candidate to succeed Geeta Gopalan, who is stepping down from the Virgin Money Board on 30 June 2024.

The non-executive directors are entitled to receive any fees that may have accrued to the date of termination (including during the notice period, or if Virgin Money elects to terminate the appointment immediately, to be paid a PILON for the unexpired notice period). Otherwise, no additional severance payment is due under their appointment letters.

The non-executive directors are not entitled to participate in any share, bonus or pension schemes. Virgin Money has directors' and officers' liability insurance in place. Non-executive directors have the benefit of a deed of indemnity for liabilities incurred in the course of their duties.

All fees are subject to periodic review by the Virgin Money Board and, in the case of the Board Chair fee, by the Remuneration Committee. Non-executive directors are paid one fee for their combined roles in respect of the boards of Virgin Money and Clydesdale Bank.

Non-executive directors are entitled to be reimbursed for reasonable and properly documented expenses incurred in performing their duties.

(a) *David Bennett*

David Bennett is the Non-Executive Chair of the Virgin Money Board and the Clydesdale Bank board, Chair of the Governance and Nomination Committee, and a member of the Remuneration Committee. He is entitled to receive annual fees of £412,500 for being Board Chair (inclusive of being Chair of the Governance and Nomination Committee) and £16,500 for membership of the Remuneration Committee. He is engaged under a letter of appointment with Virgin Money and Clydesdale Bank dated 4 May 2020 (as amended on 8 April 2022).

Mr Bennett's Board Chair appointment was for an initial term of three years from 6 May 2020. On 6 February 2024, Virgin Money announced that Mr Bennett will continue as Board Chair for a further period up to October 2026. His appointment is subject to re-election at each annual general meeting and is terminable by either party on not less than six months' prior written notice. Mr Bennett is subject to a confidentiality undertaking without limitation in time.

(b) *Tim Wade*

Tim Wade is the Senior Independent Non-Executive Director of the Virgin Money Board and the Clydesdale Bank board, Chair of the Audit Committee, and member of the Governance and Nomination Committee, the Remuneration Committee, and the Risk Committee. He is entitled to receive annual fees of £82,500 for being a Non-Executive Director, £33,000 for the appointment of Senior Independent Non-Executive Director, £38,500 for Chair of the Audit Committee, and £16,500 for each membership of the Governance and Nomination Committee, the Remuneration Committee, and the Risk Committee. He is engaged under a letter of appointment with Virgin Money and Clydesdale Bank dated 8 September 2016 (as amended on 16 September 2019, 4 May 2020, 15 June 2020, 10 March 2021, and 8 April 2022).

Mr Wade's directorship appointment was for an initial term of three years from 12 September 2016, which was extended annually by the Virgin Money Board through recommending Mr Wade for re-election as a director at each annual general meeting and then for a further term of three years from 13 September 2022. His appointment is subject to re-election as a director at each annual general meeting and is terminable by either party on not less than three months' prior written notice. Mr Wade is subject to a confidentiality undertaking without limitation in time.

(c) *Lucinda Charles-Jones*

Lucinda Charles-Jones is a Non-Executive Director of the Virgin Money Board and the Clydesdale Bank board, Chair of the Remuneration Committee and a member of the Audit Committee, the Governance and Nomination Committee, and the Risk Committee. She is entitled to receive annual fees of £82,500 for being a Non-Executive Director, £38,500 for the appointment of Chair of the Remuneration Committee, and fees of £16,500 for each membership of the Audit Committee, the Governance and Nomination Committee, and the Risk Committee. She is engaged under a letter of appointment with Virgin Money and Clydesdale Bank dated 20 December 2023.

Ms Charles-Jones' directorship appointment is for an initial term of three years from 22 January 2024. Her appointment is subject to re-election as a director at each annual general meeting and

is terminable by either party on not less than three months' prior written notice. Ms Charles-Jones is subject to a confidentiality undertaking without limitation in time.

(d) *Geeta Gopalan*

Geeta Gopalan is a Non-Executive Director of the Virgin Money Board and the Clydesdale Bank board, Chair of the Risk Committee and a member of the Audit Committee, the Governance and Nomination Committee, and the Remuneration Committee. She is entitled to receive annual fees of £82,500 for being a Non-Executive Director, £38,500 for being Chair of the Risk Committee, and fees of £16,500 for each membership of the Audit Committee, the Governance and Nomination Committee, and the Remuneration Committee. She is engaged under a letter of appointment with Virgin Money and Clydesdale Bank dated 24 July 2018 (as amended on 28 November 2019, 15 June 2020, and 8 April 2022).

Ms Gopalan's directorship appointment was for an initial three years from 15 October 2018, which has been extended annually by the Virgin Money Board through recommending Ms Gopalan for re-election as a director at each annual general meeting. Her appointment is subject to re-election at each annual general meeting and is terminable by either party on not less than three months' prior written notice. Ms Gopalan is subject to a confidentiality undertaking without limitation in time. As announced by Virgin Money on 6 February 2024, Ms Gopalan will step down from the Virgin Money Board on 30 June 2024.

(e) *Elena Novokreshchenova*

Elena Novokreshchenova is a Non-Executive Director of the Virgin Money Board and the Clydesdale Bank board and a member of the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee, and the Risk Committee. She is entitled to receive annual fees of £82,500 for the being a Non-Executive Director, and £16,500 for each membership of the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee, and the Risk Committee. She is engaged under a letter of appointment with Virgin Money and Clydesdale Bank dated 3 March 2021 (as amended on 27 July 2021, 8 April 2022, and 27 September 2023).

Ms Novokreshchenova's directorship appointment was for an initial term of three years from 22 March 2021, which was extended for a further term of three years from 22 March 2024. Her appointment is subject to re-election at each annual general meeting and is terminable by either party on not less than three months' prior written notice. Ms Novokreshchenova is subject to a confidentiality undertaking without limitation in time.

(f) *Darren Pope*

Darren Pope is a Non-Executive Director of the Virgin Money Board and the Clydesdale Bank board and a member of the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee, and the Risk Committee. He is entitled to receive annual fees of £82,500 for being a Non-Executive Director, and £16,500 for each membership of the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee, and the Risk Committee. He is engaged under a letter of appointment with Virgin Money dated 26 July 2018 (as amended on 27 November 2019, 3 February 2020, 31 March 2020, 15 June 2020, 08 April 2022, and 1 March 2024).

Mr Pope's directorship appointment was for an initial term of three years from 15 October 2018, which was extended annually by the Virgin Money Board through recommending Mr Pope for re-election as a director at each annual general meeting and then for a further term of three years from 1 March 2023. His appointment is subject to re-election at each annual general meeting and is terminable by either party on not less than three months' prior written notice. Mr Pope is subject to a confidentiality undertaking without limitation in time.

(g) *Sara Weller CBE*

Sara Weller is a Non-Executive Director of the Virgin Money Board and the Clydesdale Bank board (and a representative director of Virgin Enterprises) and is a member of the Governance and Nomination Committee. Given her position as a representative director of Virgin Enterprises, Ms Weller is not paid any fees by Virgin Money. She is engaged under a letter of appointment with Virgin Money and Clydesdale Bank dated 8 September 2022.



Ms Weller's directorship appointment is for an initial term of three years from 3 October 2022. Her appointment is subject to re-election at each annual general meeting and is terminable by either party on not less than three months' prior written notice. Ms Weller is subject to a confidentiality undertaking without limitation in time.

### 13. Other information

- (a) Except as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Nationwide or any concert party of Nationwide and any of the directors, recent directors, shareholders or recent shareholders of Virgin Money or any person interested or recently interested in shares of Virgin Money having any connection with or dependence on the Acquisition.
- (b) Except as disclosed in this document, there is no agreement, arrangement or understanding by which any securities acquired in pursuance of the Acquisition will be transferred to any other person, but Nationwide reserves the right to transfer any such shares to any member of the Nationwide Group.
- (c) Goldman Sachs International and J.P. Morgan Cazenove have given and not withdrawn their written consent to the issue of this document with the inclusion of their advice and names in the form and context in which it and they appear.
- (d) UBS has given and not withdrawn its consent to the issue of this document with the inclusion of its advice in the form and context in which it appears.
- (e) Except as disclosed in this document, there has been no significant change in the financial or trading position of Virgin Money since 30 September 2023 (the date to which the latest audited accounts of Virgin Money were prepared).
- (f) No management incentivisation arrangements, as envisaged by Rule 16.2 of the Takeover Code, are proposed in connection with the Acquisition.

### 14. Fees and expenses

#### *Nationwide fees and expenses*

Nationwide estimates that the aggregate fees and expenses expected to be incurred by Nationwide in connection with the Acquisition will be approximately £41.33 million (excluding any applicable VAT and other taxes), comprising:

|                                 | <b>£ (excluding any<br/>applicable VAT and other<br/>taxes)</b> |
|---------------------------------|---|
| (a) financial advice            | 15.50 million <sup>(1)</sup>                                    |
| (b) legal advice                | 12.07 million <sup>(1), (2)</sup>                               |
| (c) accounting and tax advice   | 450,000 <sup>(2)</sup>  |
| (d) public relations advice     | 1.44 million <sup>(1)</sup>                                     |
| (e) other professional services | 1.80 million <sup>(3)</sup>                                     |
| (f) other costs and expenses    | 10.07 million <sup>(4)</sup>                                    |

<sup>1</sup> The total amount payable in respect of the aggregate fees and expenses for these services depends on whether the Acquisition proceeds to Completion.

<sup>2</sup> Certain of these services are provided by reference to hourly rates. Amounts included here reflect the time incurred up to the Latest Practicable Date and an estimate of the further time required.

<sup>3</sup> Includes amounts related to fees and expenses payable in connection with: (i) regulatory business plan preparation; (ii) integration planning; and (iii) other regulatory support.

<sup>4</sup> Includes PRA fees of up to £6 million in connection with the section 178 FSMA notice and amounts related to fees and expenses payable in connection with: (i) printing and mailing of materials for engagement and communications with members related to the Acquisition; and (ii) the CMA merger notice.

In addition, any stamp duty payable on the Consideration in accordance with applicable law will be payable by Nationwide.

#### *Virgin Money fees and expenses*

Virgin Money estimates that the aggregate fees and expenses expected to be incurred by Virgin Money in connection with the Acquisition will be £38 million (excluding applicable VAT and disbursements).

Set out below are the estimates of fees and expenses (excluding applicable VAT and disbursements) expected to be incurred in relation to:

|  | <u>£</u>                     |
|--|------------------------------|
| (a) financial and corporate broking advice | £30.5 million <sup>(1)</sup> |
| (b) legal advice                           | £5.7 million <sup>(2)</sup>  |
| (c) public relations advice                | £950,000                     |
| (d) other costs and expenses               | £900,000                     |

<sup>1</sup> The total amount payable is linked to the value of the Acquisition and otherwise depends on whether the Acquisition proceeds to Completion.

<sup>2</sup> Certain of these services are provided by reference to hourly rates. Amounts included here reflect the time incurred up to the Latest Practicable Date and an estimate of the further time required. The total amount payable in respect of certain aspects of these services depends on whether the Acquisition proceeds to Completion. Amounts do not include disbursements.

## 15. Documents

Copies of the following documents are available, subject to any restrictions relating to persons resident in certain jurisdictions, at [www.nationwide.co.uk/investor-relations/virgin-money-terms-of-access/](http://www.nationwide.co.uk/investor-relations/virgin-money-terms-of-access/) and [www.virginmoneyukplc.com/investor-relations/announcements/](http://www.virginmoneyukplc.com/investor-relations/announcements/) respectively until the Effective Date or the date the Scheme lapses or is withdrawn, whichever is earlier:

- (a) this document, the Forms of Proxy, the CDI Voting Instruction Forms, and the CSN Voting Notification;
- (b) the Memorandum and Rules of Nationwide;
- (c) the Virgin Money Articles;
- (d) the financial information about Virgin Money set out in Part A of Part 5 (*Financial Information*) of this document;
- (e) the financial information about Nationwide set out in Part C of Part 5 (*Financial Information*) of this document;
- (f) the unaggregated dealings of Goldman Sachs International referred to in paragraph 4 of this Part 6;
- (g) the irrevocable undertakings to vote in favour of the Acquisition referred to in paragraph 8 of this Part 6;
- (h) those material contracts described in paragraph 10(a) of this Part 6 which were entered into in connection with the Acquisition;
- (i) the offer-related arrangements referred to in paragraph 11 of this Part 6;
- (j) the written consents referred to in paragraphs 13(c) and 13(d) of this Part 6; and
- (k) a draft of the amended Virgin Money Articles to be approved at the General Meeting pursuant to the Acquisition Resolution.

Save as expressly referred to in this document, the contents of the websites referred to in this document are not incorporated into and do not form part of this document.

Virgin Money Shareholders, persons with information rights and any other person to whom a copy of this document has been sent will not automatically be sent a copy of any document incorporated into this document by reference. Virgin Money will, however, upon written or oral request of any such person, provide without charge a copy of any documents incorporated by reference into this document. Exhibits to documents incorporated by reference into this document or documents referred to in documents incorporated by reference into this document are not incorporated into and do not form part of this document and, accordingly, will not be provided unless they are specifically incorporated by reference into this document.

Requests for copies of any such documents should be made in writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom or, in the case of Virgin Money CDI Holders, to Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, VIC 3067, Australia.

## PART 7

### SOURCE OF INFORMATION AND BASES OF CALCULATION

Unless otherwise stated or the context otherwise requires, in this document the following bases and sources have been used:

1. Virgin Money's fully diluted equity value has been calculated on the basis of a fully diluted issued ordinary share capital of 1,321,361,312 Virgin Money Ordinary Shares, calculated as:
  - 1,296,472,686 Virgin Money Ordinary Shares in issue as at the Latest Practicable Date; plus
  - 28,731,873 Virgin Money Ordinary Shares which may be issued on or after the Latest Practicable Date pursuant to the Virgin Money Share Plans; less
  - 3,843,247 Virgin Money Ordinary Shares as at the Latest Practicable Date, held by the employee benefit trusts operated by the Virgin Money Group that can be used to satisfy the vesting of Awards.
2. References to proportions of Virgin Money's share capital in this document are with respect to the issued ordinary share capital as at the close of business on the Latest Practicable Date.
3. The premium calculations to the price per Virgin Money Ordinary Share used in this document have been calculated based on the total value of 220 pence per Virgin Money Ordinary Share, and by reference to:
  - the Closing Price on 6 March 2024 (being the last Business Day before the commencement of the Offer Period) of 159.1 pence per Virgin Money Ordinary Share; and
  - the three-month volume weighted average Closing Price of 157.5 pence per Virgin Money Ordinary Share as at 6 March 2024.
4. A value of approximately £2.9 billion for the entire issued and to be issued share capital of Virgin Money is based on:
  - the total value of 220 pence per Virgin Money Ordinary Share; and
  - Virgin Money's fully diluted issued ordinary share capital of 1,321,361,312 Virgin Money Ordinary Shares, as set out in paragraph 1 of this Part 7.
5. Unless otherwise stated, the Closing Price of Virgin Money Ordinary Shares and the volume weighted average Closing Price of Virgin Money Ordinary Shares has been derived from Bloomberg.
6. Unless otherwise stated, balance sheet financial information relating to the Virgin Money Group has been extracted (without material adjustment) from the annual report and audited accounts of the Virgin Money Group for the 12 months ended 30 September 2023 and balance sheet financial information relating to Nationwide has been extracted (without material adjustment) from the unaudited consolidated financial statements of Nationwide for the six months ended 30 September 2023.
7. In paragraph 3 of Part 1 (*Letter from the Board Chair*) of this document, the implied multiple of 0.7x Virgin Money's tangible book value as at 31 December 2023 is based on:
  - the total value of 220 pence per Virgin Money Ordinary Share under the Acquisition; and
  - tangible net asset value ("TNAV") per Virgin Money Ordinary Share of 337 pence as at 31 December 2023 (as set out in Virgin Money's Q1 FY 2024 trading update on 6 February 2024).
8. In paragraph 3 of Part 1 (*Letter from the Board Chair*) of this document, the median multiple of 0.5x Virgin Money's tangible book value over the period from 15 October 2018 to 6 March 2024 is calculated as the median multiple over this period based on:
  - the daily Closing Price per Virgin Money Ordinary Share during this period, derived from FactSet; and
  - for each Business Day, the most recently reported TNAV per Virgin Money Ordinary Share as reported by Virgin Money in its quarterly, interim and annual financial results over the period.
9. The information regarding the estimated pro-forma capital, liquidity and leverage position of the Combined Group, as set out in paragraph 9 of Part 2 (*Explanatory Statement*) of this document,

represents unaudited estimates prepared by Nationwide using relevant information relating to Nationwide and Virgin Money as at 30 September 2023, adjusted to reflect relevant estimated Acquisition-related costs, including the payment of the exit fee to Virgin Enterprises in respect of the termination of the TMLA and Nationwide management's unaudited estimates of the position as at 30 September 2024, and Acquisition-related adjustments, including expected fair value and credit adjustments. These estimates have been prepared for illustrative purposes only and, by their nature, they do not necessarily represent the actual positions which will exist following Completion.

10. Certain figures included in this document have been subject to rounding adjustments.

## PART 8

### DEFINITIONS

The following definitions apply throughout this document, other than in the Scheme set out in Part 4 (*The Scheme of Arrangement*) of this document unless the context requires otherwise:

|  |   |
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| “ <b>2018 Merger</b> ”                   | the 2018 merger of Virgin Money UK PLC (previously called CYBG PLC) and Virgin Money Holdings (UK) Limited (previously called Virgin Money Holdings (UK) plc) to create the Virgin Money Group  |
| “ <b>Acquisition</b> ”                   | the acquisition of the entire issued and to be issued share capital of Virgin Money by Nationwide to be implemented by way of the Scheme or, should Nationwide so elect (with the consent of the Panel and subject to the terms of the Co-operation Agreement) by way of the Offer, and, where the context admits, any subsequent revision, variation, extension or renewal thereof                       |
| “ <b>Acquisition Resolution</b> ”        | the special resolution to be put to the Virgin Money Shareholders in relation to the authorisation of the Virgin Money Directors to take all such actions as they may consider necessary or appropriate to give effect to the Scheme and the amendment of the Virgin Money Articles, being resolution 1 in the Notice of General Meeting in Part 10 ( <i>Notice of General Meeting</i> ) of this document |
| “ <b>AEST</b> ”                          | Australian Eastern Standard Time  |
| “ <b>Announcement</b> ”                  | the announcement of a firm intention to make an offer for the entire issued and to be issued share capital of Virgin Money pursuant to Rule 2.7 of the Takeover Code made by Virgin Money and Nationwide on 21 March 2024   |
| “ <b>associated undertaking</b> ”        | has the meaning given to it in paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, other than paragraph 19(1)(b) of Schedule 6 to those regulations which shall be excluded for this purpose   |
| “ <b>ASX Limited</b> ”                   | ASX Limited (ABN 98 008 624 691#)   |
| “ <b>Australian Business Day</b> ”       | a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in Melbourne and Sydney, Australia   |
| “ <b>Australian Dollars</b> ”            | the lawful currency of Australia  |
| “ <b>Awards</b> ”                        | the awards granted under the Virgin Money Share Plans   |
| “ <b>Blocking Law</b> ”                  | (i) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union or the United Kingdom); or (ii) any similar blocking or anti-boycott law   |
| “ <b>Business Day</b> ”                  | a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London, United Kingdom  |
| “ <b>CDI Holder Voting Record Time</b> ” | 7.00 p.m. (AEST) on 17 May 2024 or, if the relevant Shareholder Meeting is adjourned, 7.00 p.m. (AEST) on the day which is three Australian Business Days before the date of such adjourned Shareholder Meeting   |
| “ <b>CDI Record Time</b> ”               | 7.00 p.m. (AEST) on the Australian Business Day immediately prior to the Effective Date or such other date and/or time as Nationwide and Virgin Money may agree   |
| “ <b>CDI Register</b> ”                  | the register of Virgin Money CDI Holders established and maintained on behalf of Virgin Money   |



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| <b>“CDI Voting Instruction Forms”</b>           | the blue voting instruction form for use by Virgin Money CDI Holders in respect of the Court Meeting and the white voting instruction form for use by Virgin Money CDI Holders in respect of the General Meeting and a <b>“CDI Voting Instruction Form”</b> means either of them as the context requires   |
| <b>“CDN”</b>                                    | CHES Depositary Nominees Pty Limited   |
| <b>“certificated” or “in certificated form”</b> | a share or other security which is not in uncertificated form (that is, not in CREST)  |
| <b>“Cessation Period”</b>                       | has the meaning given to it in paragraph 4 of Part 1 ( <i>Letter from the Board Chair</i> ) of this document   |
| <b>“CGT”</b>                                    | means capital gains tax  |
| <b>“CHES”</b>                                   | the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd  |
| <b>“Closing Price”</b>                          | the closing middle market quotation for a Virgin Money Share on the day to which such price relates, as derived from Bloomberg   |
| <b>“Clydesdale Bank”</b>                        | Clydesdale Bank PLC, a public limited company incorporated in Scotland with registered number SC001111 and whose registered office is at 177 Bothwell Street, Glasgow, Scotland, G2 7ER  |
| <b>“CMA”</b>                                    | the Competition and Markets Authority of the UK or its successor from time to time   |
| <b>“Co-operation Agreement”</b>                 | the co-operation agreement entered into between Nationwide and Virgin Money dated 21 March 2024, a summary of which is set out in paragraph 11 of Part 6 ( <i>Additional Information</i> ) of this document  |
| <b>“Combined Group”</b>                         | the Nationwide Group, including the Virgin Money Group, following the Acquisition becoming Effective   |
| <b>“Companies Act”</b>                          | the Companies Act 2006, as amended from time to time   |
| <b>“Company” or “Virgin Money”</b>              | Virgin Money UK PLC, a public limited company incorporated in England and Wales with registered number 09595911 and whose registered office is at Jubilee House, Gosforth, Newcastle upon Tyne, England, NE3 4PL   |
| <b>“Completion”</b>                             | the Acquisition becoming Effective in accordance with its terms  |
| <b>“Computershare”</b>                          | either or both of Computershare Investor Services PLC or Computershare Investor Services Pty Limited, as the context requires  |
| <b>“Computershare Nominee”</b>                  | Computershare Investor Services PLC, being the FCA authorised and regulated entity that provides and manages the Virgin Money Share Plan Account   |
| <b>“Conditions”</b>                             | the conditions to the implementation of the Acquisition as set out in Part A of Part 3 ( <i>Conditions to and further terms of the Acquisition</i> ) of this document and <b>“Condition”</b> means such one or more of them as the context may require   |
| <b>“Consideration”</b>                          | has the meaning given to it in paragraph 2 of Part 1 ( <i>Letter from the Board Chair</i> ) of this document   |
| <b>“Consideration Exchange Rate”</b>            | either (as applicable): <ul style="list-style-type: none"> <li>(i) the average pounds sterling to Australian Dollars exchange rate achieved by or on behalf of Nationwide upon the conversion into Australian Dollars (through one or more market transactions over one or more Business Days between the Scheme Record Time and the relevant payment date) of the total amount of the Consideration in pounds sterling to be converted into Australian Dollars for relevant Virgin Money CDI Holders; or</li> </ul> |

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|---|---|
|   | (ii) the average pounds sterling to New Zealand Dollars exchange rate achieved by or on behalf of Nationwide upon the conversion into New Zealand Dollars (through one or more market transactions over one or more Business Days between the Scheme Record Time and the relevant payment date) of the total amount of the Consideration in pounds sterling to be converted into New Zealand Dollars for relevant Virgin Money CDI Holders,   |
|   | in each case, less any applicable and properly incurred transaction and dealing costs associated with such conversion   |
| <b>“Court”</b>                          | the High Court of Justice of England and Wales  |
| <b>“Court Hearing”</b>                  | the hearing of the Court to sanction the Scheme under Part 26 of the Companies Act  |
| <b>“Court Meeting”</b>                  | the meeting of the Scheme Shareholders convened by order of the Court pursuant to Part 26 of the Companies Act to consider and, if thought fit, approve the Scheme (with or without modification), including any adjournment, postponement or reconvention thereof  |
| <b>“Court Order”</b>                    | the order of the Court sanctioning the Scheme under Part 26 of the Companies Act  |
| <b>“Court Sanction Date”</b>            | the date on which the Court sanctions the Scheme  |
| <b>“CREST”</b>                          | the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations)   |
| <b>“CREST Manual”</b>                   | the CREST Manual published by Euroclear, as amended from time to time   |
| <b>“CREST Proxy Instructions”</b>       | a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of a Virgin Money Shareholder at the Court Meeting and/or the General Meeting and containing the information required to be contained in the CREST Manual   |
| <b>“CSN Voting Notification”</b>        | the notification to Virgin Money Share Account Holders in respect of how to instruct the Equiniti Nominee to exercise the voting rights attached to the Virgin Money Ordinary Shares held by the Equiniti Nominee on their behalf at the Shareholder Meetings   |
| <b>“Dealing Disclosure”</b>             | has the meaning given to it in Rule 8 of the Takeover Code  |
| <b>“Directors’ Remuneration Policy”</b> | has the meaning given to it in paragraph 1 of Part 1 ( <i>Letter from the Board Chair</i> ) of this document  |
| <b>“Disclosed”</b>                      | <p>(a) disclosed by, or on behalf of, Virgin Money in Virgin Money’s annual report and financial statements for the year ended 30 September 2023;</p> <p>(b) fairly disclosed prior to 21 March 2024 (being the date of the Announcement) by, or on behalf of, Virgin Money to Nationwide (or its respective officers, employees, agents or advisers in their capacity as such), including (without limitation) via the virtual data room operated on behalf of Virgin Money in respect of the Acquisition or via email;</p> <p>(c) as otherwise publicly announced by Virgin Money prior to 21 March 2024 (being the date of the Announcement) (by delivery of an announcement to a Regulatory Information Service); or</p> <p>(d) disclosed in the Announcement</p> |
| <b>“Effective”</b>                      | in the context of the Acquisition, either: (i) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Acquisition is implemented  |

by way of an Offer, the Offer having been declared or having become unconditional in accordance with the requirements of the Takeover Code

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|--|--|
| <b>“Effective Date”</b>                        | the date on which the Acquisition becomes Effective  |
| <b>“Electronic Payment Mandate”</b>            | a standing electronic payment mandate with Computershare for the purpose of receiving payments from Virgin Money   |
| <b>“EquatePlus”</b>                            | a web-based platform operated by Computershare through which individuals are able to take action in relation to any Virgin Money Share Plan, or Virgin Money Ordinary Shares held on their behalf in the Virgin Money Share Plan Account   |
| <b>“Equiniti Nominee”</b>                      | Equiniti Financial Services Limited, a private company registered in England and Wales with registered number 06208699 whose registered office is Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, being the FCA authorised and regulated entity that provides and manages the Virgin Money Share Account |
| <b>“EU”</b>                                    | the European Union   |
| <b>“Euroclear”</b>                             | Euroclear UK & International Limited (formerly known as CRESTCo Limited)   |
| <b>“Excluded Shares”</b>                       | any Virgin Money Shares which are: (a) registered in the name of, or beneficially owned by, any member of the Nationwide Group (or any person as nominee for any such member of the Nationwide Group); or (b) held by Virgin Money in treasury, in each case, as at the Scheme Record Time                           |
| <b>“Exclusivity Period”</b>                    | has the meaning given to it in paragraph 4 of Part 1 ( <i>Letter from the Board Chair</i> ) of this document   |
| <b>“Explanatory Statement”</b>                 | the explanatory statement (in compliance with Part 26 of the Companies Act) relating to the Scheme, as set out in Part 2 ( <i>Explanatory Statement</i> ) of this document   |
| <b>“FCA”</b>                                   | the Financial Conduct Authority of the United Kingdom or its successor from time to time   |
| <b>“FCA Handbook”</b>                          | means the FCA’s Handbook of rules and guidance as amended from time to time  |
| <b>“Forms of Proxy”</b>                        | the blue form of proxy for use by Virgin Money Ordinary Shareholders in respect of the Court Meeting and the white form of proxy for use by Virgin Money Ordinary Shareholders in respect of the General Meeting and a <b>“Form of Proxy”</b> means either of them as the context requires                           |
| <b>“FSMA”</b>                                  | the Financial Services and Markets Act 2000 (as amended from time to time)   |
| <b>“FY”</b>                                    | a financial year of Virgin Money, ending on 30 September   |
| <b>“FY 2024 Dividend”</b>                      | has the meaning given to it in paragraph 2 of Part 1 ( <i>Letter from the Board Chair</i> ) of this document   |
| <b>“General Meeting”</b>                       | the general meeting of Virgin Money Shareholders convened for the purposes of considering and, if thought fit, approving the Resolutions (with or without amendment), including any adjournment, postponement or reconvening thereof   |
| <b>“group undertaking”</b>                     | has the meaning given to it in section 1161 of the Companies Act   |
| <b>“Independent Virgin Money Directors”</b>    | the Virgin Money Directors excluding Sara Weller   |
| <b>“Independent Virgin Money Shareholders”</b> | the Virgin Money Shareholders excluding Virgin Group, any of its group undertakings and any person or undertaking under common   |

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|---|--|
|   | control with Virgin Group (including Vieco Investments) and any entity holding Virgin Money Shares on their behalf to the extent of such holding   |
| <b>“J.P. Morgan Cazenove”</b>                                 | J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove  |
| <b>“Latest Practicable Date”</b>                              | close of business on 18 April 2024   |
| <b>“Listing Rules”</b>  | the listing rules, made by the FCA under Part 6 of FSMA and contained in the FCA Handbook, as amended from time to time or (as applicable) any set of rules and regulations replacing the same from time to time   |
| <b>“London Stock Exchange”</b>                                | London Stock Exchange plc  |
| <b>“Long Stop Date”</b>                                       | 31 January 2025, or such later date, if any, (a) as Nationwide and Virgin Money may agree, or (b) (in a competitive situation) as may be specified by Nationwide with the consent of the Panel, and in each case that (if so required) the Court may allow   |
| <b>“Nationwide”</b>   | Nationwide Building Society, a building society authorised by the PRA and regulated by the FCA and the PRA under registration number 106078  |
| <b>“Nationwide Board”</b> or<br><b>“Nationwide Directors”</b> | the board of directors of Nationwide as at the date of this document as set out in paragraph 2(b) of Part 6 ( <i>Additional Information</i> ) of this document or, where the context so requires, the board of directors of Nationwide from time to time   |
| <b>“Nationwide Group”</b>                                     | Nationwide and its subsidiary undertakings   |
| <b>“New Zealand Dollars”</b>                                  | the lawful currency of New Zealand   |
| <b>“Non-Executive Virgin Money Directors”</b>                 | the Virgin Money Directors, other than Clifford Abrahams and David Duffy   |
| <b>“Notice of Court Meeting”</b>                              | the notice of the Court Meeting, as set out in Part 9 ( <i>Notice of Court Meeting</i> ) of this document  |
| <b>“Notice of General Meeting”</b>                            | the notice of the General Meeting, as set out in Part 10 ( <i>Notice of General Meeting</i> ) of this document   |
| <b>“Offer”</b>  | should Nationwide elect to implement the Acquisition by way of a takeover offer (as defined in section 974 of the Companies Act), the offer to be made by or on behalf of Nationwide to acquire all of the Virgin Money Shares and, where the context admits, any subsequent revision, variation, extension or renewal of such offer |
| <b>“Offer Period”</b>   | the offer period (as defined in the Takeover Code) relating to Virgin Money which commenced on 7 March 2024  |
| <b>“Official List”</b>  | the official list maintained by the FCA pursuant to Part 6 of FSMA   |
| <b>“Opening Position Disclosure”</b>                          | has the meaning given to it in Rule 8 of the Takeover Code   |
| <b>“Ordinary Shareholder Voting Record Time”</b>              | 6.00 p.m. on 20 May 2024 or, if the relevant Shareholder Meeting is adjourned, 6.00 p.m. on the day which is two Business Days before the date of such adjourned Shareholder Meeting   |
| <b>“Overseas Shareholders”</b>                                | Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom  |
| <b>“Panel”</b>  | the Panel on Takeovers and Mergers in the United Kingdom or its successor from time to time  |
| <b>“PILON”</b>  | has the meaning given to it in paragraph 16 of Part 1 ( <i>Letter from the Board Chair</i> ) of this document  |
| <b>“pounds sterling”, “pence” and “£”</b>                     | the lawful currency of the United Kingdom  |

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| “PRA”  | the Prudential Regulation Authority, as defined in FSMA, or its successor from time to time  |
| “Registrar of Companies”                                 | the Registrar of Companies in England and Wales  |
| “Regulations”  | the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time  |
| “Regulatory Information Service”                         | a regulatory information service as defined in the FCA Handbook  |
| “Remuneration Policy Resolution”                         | the ordinary resolution to be put to the Virgin Money Shareholders in relation to the proposed amendment to the Directors’ Remuneration Policy, being resolution 3 as set out in the Notice of General Meeting in Part 10 ( <i>Notice of General Meeting</i> ) of this document  |
| “Replacement Awards”                                     | has the meaning given to it in paragraph 6 of Part 1 ( <i>Letter from the Board Chair</i> ) of this document   |
| “Resolutions”  | the Acquisition Resolution, the Virgin Resolution and the Remuneration Policy Resolution   |
| “Restricted Jurisdiction”                                | any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning, or Consideration payable under, the Acquisition (including this document) is sent or made available to Virgin Money Shareholders in that jurisdiction   |
| “Review”   | has the meaning given to it in paragraph 6 of Part 1 ( <i>Letter from the Board Chair</i> ) of this document   |
| “Scheme”   | the scheme of arrangement proposed to be made under Part 26 of the Companies Act to effect the Acquisition between Virgin Money and the Scheme Shareholders, as set out in Part 4 ( <i>The Scheme of Arrangement</i> ) of this document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Virgin Money and Nationwide  |
| “Scheme Record Time”                                     | 6.00 p.m. on the Court Sanction Date or such other date and/or time as Nationwide and Virgin Money may agree   |
| “Scheme Shareholders”                                    | a registered holder of Scheme Shares   |
| “Scheme Shares”  | all Virgin Money Ordinary Shares (including, for the avoidance of doubt, those Virgin Money Ordinary Shares underlying the Virgin Money CDIs) which remain in issue at the Scheme Record Time and are: (i) in issue at the date of this document; (ii) (if any) issued after the date of this document but before the Ordinary Shareholder Voting Record Time; and (iii) (if any) issued at or after the Ordinary Shareholder Voting Record Time but before the Scheme Record Time in respect of which the original or any subsequent holder thereof is, or shall have agreed in writing to be, bound by the Scheme, in each case other than any Excluded Shares |
| “SDRT”   | United Kingdom stamp duty reserve tax  |
| “Shareholder Meetings”                                   | the Court Meeting and the General Meeting and “ <b>Shareholder Meeting</b> ” means either of them as the context requires  |
| “significant interest”                                   | means a direct or indirect interest in 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act)  |
| “subsidiary”, “subsidiary undertaking” and “undertaking” | shall be construed in accordance with the Companies Act  |
| “Takeover Code”  | the City Code on Takeovers and Mergers, as amended from time to time   |



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| “Third Party”                                    | has the meaning give to it in paragraph 4(C) of Part A of Part 3 ( <i>Conditions to and further terms of the Acquisition</i> ) of this document  |
| “TMLA”   | has the meaning given to it in paragraph 1 of Part 1 ( <i>Letter from the Board Chair</i> ) of this document   |
| “TMLA Amendment Agreement”                       | the agreement entered into between Nationwide and Virgin Enterprises on 7 March 2024 (as amended by a side letter dated 21 March 2024) pursuant to which the parties have agreed to procure that a deed of amendment in respect of the TMLA is entered into shortly following Completion |
| “UBS”  | UBS AG, London Branch  |
| “uncertificated” or “in uncertificated form”     | a share or other security which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST  |
| “United Kingdom” or “UK”                         | the United Kingdom of Great Britain and Northern Ireland   |
| “United States” or “US” or “USA”                 | the United States of America, its territories and possessions, any state or political sub-division of the United States of America and the District of Columbia  |
| “Vieco Investments”                              | Vieco Investments Limited, a company limited by shares incorporated in the British Virgin Islands with registered number 1875318 and whose registered office is at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands, VG 1110, controlled by Sir Richard Branson            |
| “Virgin Enterprises”                             | Virgin Enterprises Limited, a private limited company incorporated in England and Wales with registered number 01073929 and whose registered office is at 66 Porchester Road, London, United Kingdom, W2 6ET   |
| “Virgin Group”                                   | Virgin Group Holdings Limited, a company limited by shares incorporated in the British Virgin Islands with registered number 650373 and whose registered office is at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands, VG 1110  |
| “Virgin Money Articles”                          | the articles of association of Virgin Money in force from time to time   |
| “Virgin Money Board” or “Virgin Money Directors” | the board of directors of Virgin Money as at the date of this document as set out in paragraph 2(a) of Part 6 ( <i>Additional Information</i> ) of this document or, where the context so requires, the board of directors of Virgin Money from time to time                             |
| “Virgin Money CDI Holders”                       | the holders of Virgin Money CDIs   |
| “Virgin Money CDIs”                              | CHESS depositary interests of Virgin Money, each representing a unit of beneficial ownership in one Virgin Money Ordinary Share, registered in the name of the depository nominee, CDN, and which are listed on the Australian Securities Exchange                                       |
| “Virgin Money DEP”                               | the Virgin Money Deferred Equity Plan  |
| “Virgin Money Executive Directors”               | the executive directors of Virgin Money  |
| “Virgin Money Group”                             | Virgin Money and its subsidiary undertakings   |
| “Virgin Money LTIP”                              | the Virgin Money Long-Term Incentive Plan  |
| “Virgin Money Ordinary Shareholders”             | the holders of Virgin Money Ordinary Shares  |
| “Virgin Money Ordinary Shares”                   | the ordinary shares of 10 pence each in the capital of Virgin Money  |
| “Virgin Money Remuneration Committee”            | the remuneration committee of the Virgin Money Board as constituted from time to time prior to the Effective Date  |

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| <b>“Virgin Money Share Account”</b>              | the nominee service operated by the Equiniti Nominee on behalf of Virgin Money to hold Virgin Money Ordinary Shares in CREST on behalf of Virgin Money Share Account Holders   |
| <b>“Virgin Money Share Account Holders”</b>      | persons beneficially holding Virgin Money Ordinary Shares through the Virgin Money Share Account   |
| <b>“Virgin Money Share Plan Account”</b>         | the nominee service operated by the Computershare Nominee on behalf of Virgin Money to hold the legal interest in Virgin Money Ordinary Shares on behalf of certain individuals  |
| <b>“Virgin Money Share Plan Account Holders”</b> | persons beneficially holding Virgin Money Ordinary Shares through the Virgin Money Share Plan Account  |
| <b>“Virgin Money Share Plans”</b>                | the Virgin Money DEP, the Virgin Money LTIP, the Virgin Money Share Incentive Plan, the Virgin Money Legacy Long Term Incentive Plan and the Virgin Money Legacy Deferred Bonus Share Plan   |
| <b>“Virgin Money Shareholders”</b>               | Virgin Money Ordinary Shareholders and Virgin Money CDI Holders, unless the context requires otherwise   |
| <b>“Virgin Money Shares”</b>                     | Virgin Money Ordinary Shares and Virgin Money CDIs, unless the context requires otherwise  |
| <b>“Virgin Red”</b>                              | Virgin Red Limited, a private limited company incorporated in England and Wales with registered number 11490861 and whose registered office is at 66 Porchester Road, London, United Kingdom, W2 6ET   |
| <b>“Virgin Red Exclusivity Agreement”</b>        | the exclusivity agreement entered into between Nationwide and Virgin Red on 21 March 2024, a summary of which is set out in paragraph 4 of Part 1 ( <i>Letter from the Board Chair</i> ) of this document  |
| <b>“Virgin Resolution”</b>                       | the ordinary resolution to be put to the Independent Virgin Money Shareholders in relation to the TMLA Amendment Agreement (including the amendment of the TMLA to be effected pursuant to it) and the Virgin Red Exclusivity Agreement for the purposes of Note 2 on Rule 16.1 of the Takeover Code, being resolution 2 in the Notice of General Meeting in Part 10 ( <i>Notice of General Meeting</i> ) of this document |
| <b>“Wider Nationwide Group”</b>                  | Nationwide and its subsidiary undertakings, associated undertakings and any other undertaking in which Nationwide and/or such undertakings (aggregating their interests) have a significant interest   |
| <b>“Wider Virgin Money Group”</b>                | Virgin Money and its subsidiary undertakings, associated undertakings and any other undertaking in which Virgin Money and/or such undertakings (aggregating their interests) have a significant interest   |

Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

All references in this document to times are to times in London, UK (unless otherwise stated).

**PART 9**  
**NOTICE OF COURT MEETING**  
**VIRGIN MONEY UK PLC**

IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
COMPANIES COURT (ChD)

Claim No. CR-2024-002171

Mr Justice Meade

IN THE MATTER OF VIRGIN MONEY UK PLC

AND

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order dated 19 April 2024 made in the above matters, the Court has directed that Virgin Money UK PLC (the “**Company**” or “**Virgin Money**”) convene a meeting (the “**Court Meeting**”) of the holders of Scheme Shares as at the Voting Record Time (as each such term is defined in the Scheme of Arrangement hereinafter mentioned) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement proposed to be made pursuant to Part 26 of the Companies Act 2006 between (i) Virgin Money and (ii) the holders of Scheme Shares (as defined in the Scheme of Arrangement hereinafter mentioned) and that the Court Meeting will be held at 1.00 p.m. on 22 May 2024 at Jubilee House, Gosforth, Newcastle upon Tyne, England, NE3 4PL at which place and time all Scheme Shareholders (as defined in the Scheme of Arrangement hereinafter mentioned) are requested to attend.

At the Court Meeting, the following resolution will be proposed:

“That the scheme of arrangement dated 22 April 2024 (the “**Scheme of Arrangement**”), between the Company and the Scheme Shareholders (as defined in the Scheme of Arrangement), a copy of which has been produced to this meeting and, for the purposes of identification, signed by the chair hereof, in its original form or with, or subject to, any modification, addition or condition approved or imposed by the Court and jointly consented to by the Company and Nationwide Building Society, be approved and the directors of the Company be authorised to take all such actions as they consider necessary or appropriate for carrying the Scheme of Arrangement into effect.”

Voting on the resolution will be by poll which may be conducted as the Chair of the Court Meeting shall determine. For the Court Meeting (or any adjournment thereof) to be properly convened a quorum of two persons entitled to vote on the business to be transacted, each being a Scheme Shareholder, the proxy of a Scheme Shareholder or (where the Scheme Shareholder is a corporation) a duly authorised representative, must be present.

A copy of the said Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to Part 26 of the Companies Act 2006 are incorporated in the document of which this notice forms part.

Unless the context requires otherwise, any capitalised term used but not defined in this notice shall have the meaning given to such term in the document of which this notice forms part.

**Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person, whether or not a member of Virgin Money, as their proxy to attend and vote in their stead. A proxy need not be a member of the Company. A holder of Scheme Shares may appoint more than one proxy in relation to the Court Meeting provided that each proxy is appointed to exercise the rights attached to different Scheme Shares held by that holder.**

*Virgin Money Ordinary Shareholders*

Virgin Money Ordinary Shareholders will find a blue Form of Proxy for use at the Court Meeting enclosed with this notice or sent in a separate mailing to those Virgin Money Ordinary Shareholders who have elected or are deemed to have elected to receive documents and notices from Virgin Money electronically.

Virgin Money Ordinary Shareholders may submit their Form of Proxy by mailing it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom. Alternatively,

Virgin Money Ordinary Shareholders may submit their proxy electronically at Computershare's website, [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy).

It is requested that the blue Form of Proxy be returned in accordance with the instructions provided thereon as soon as possible, and in any event so as to be received not later than 1.00 p.m. on 20 May 2024 or, (a) in the case of an adjournment for not more than 48 hours, not later than the time appointed for the adjourned Court Meeting, or, (b) in the case of an adjournment for less than 28 days but more than 48 hours, not less than 24 hours (excluding any part of a day that is not a Business Day) before the day fixed for the holding of the adjourned Court Meeting, or (c) in the case of an adjournment for 28 days or more, not less than 48 hours (excluding any part of a day that is not a Business Day) before the day fixed for the holding of the adjourned Court Meeting. In each case, if the blue Form of Proxy is not so returned, it may be handed to a representative of Computershare on behalf of the Chair of the Court Meeting or to the Chair of the Court Meeting at the commencement of the Court Meeting. Holders of Virgin Money Ordinary Shares held through CREST may also appoint a proxy or proxies using CREST by following the instructions set out on pages 49 to 50 of the document of which this notice forms part. Completion and return of a Form of Proxy, the electronic appointment of a proxy or the submission of a proxy via CREST will not prevent a Virgin Money Ordinary Shareholder from attending and voting at the Court Meeting.

In the case of joint holders of Virgin Money Ordinary Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names stand in the register of members of Virgin Money in respect of the joint holding.

#### *Virgin Money CDI Holders*

Virgin Money CDI Holders will find a blue CDI Voting Instruction Form for use at the Court Meeting enclosed with this notice or sent in a separate mailing to those Virgin Money CDI Holders who have elected, or are deemed to have elected, to receive documents and notices from Virgin Money electronically.

Virgin Money CDI Holders may submit their CDI Voting Instruction Form by mailing it to Virgin Money's registrars, Computershare Investor Services Pty Limited, at GPO Box 242, Melbourne, Victoria 3001, Australia. Alternatively, Virgin Money CDI Holders may submit their CDI Voting Instruction Form electronically by logging on to [www.investorvote.com.au](http://www.investorvote.com.au).

The CDI Voting Instruction Form must be received not later than 10.00 p.m. (AEST) on 17 May 2024, or (a) in the case of an adjournment for not more than 48 hours, not later than 24 hours (excluding any part of a day that is not an Australian Business Day) before the time appointed for the adjourned Court Meeting, or, (b) in the case of an adjournment for less than 28 days but more than 48 hours, not less than 48 hours (excluding any part of a day that is not an Australian Business Day) before the day fixed for the holding of the adjourned Court Meeting, or (c) in the case of an adjournment for 28 days or more, not less than 72 hours (excluding any part of a day that is not an Australian Business Day) before the day fixed for the holding of the adjourned Court Meeting. Virgin Money CDI Holders who wish to attend and vote in person at the Court Meeting must complete Option B of the blue CDI Voting Instruction Form and instruct CDN to appoint them as their proxy. A Virgin Money CDI Holder who does not complete Option B in this way will only be able to attend the Court Meeting and speak but not be able to vote.

#### *Virgin Money Share Account Holders*

Virgin Money Share Account Holders will find a CSN Voting Notification enclosed with this notice or sent in a separate mailing to those Virgin Money Share Account Holders who have elected or are deemed to have elected to receive documents and notices from Virgin Money electronically.

Each Virgin Money Share Account Holder should follow the instructions set out in the CSN Voting Notification to access the Equiniti Nominee's online voting platform, either by using the relevant unique voting instruction number specified for the Court Meeting in the CSN Voting Notification, or by using their personal login information, in order to instruct the Equiniti Nominee to exercise the voting rights attached to the Virgin Money Ordinary Shares the Equiniti Nominee holds on their behalf at the Court Meeting. Voting instructions must be submitted in accordance with the instructions set out in the CSN Voting Notification as soon as possible, but in any event so as to be received by the Equiniti Nominee no later than 1.00 p.m. on 15 May 2024 or, in the case of an adjourned Court Meeting, not later than five Business Days before the time and date set for the adjourned Court Meeting.

*Virgin Money Share Plan Account Holders*

Virgin Money Share Plan Account Holders will be contacted separately by the Computershare Nominee via EquatePlus, with details on what actions they need to take and any relevant deadlines for completing such actions in respect of the meeting. Each Virgin Money Share Plan Account Holder will be able to instruct the Computershare Nominee how to vote in relation to the Virgin Money Ordinary Shares held on their behalf via EquatePlus.

*Voting record time*

Virgin Money Ordinary Shareholders

Only those Virgin Money Ordinary Shareholders registered in the register of members of Virgin Money as at 6.00 p.m. (London time) on 20 May 2024 or, in the event that the Court Meeting is adjourned, 6.00 p.m. on the date two Business Days before the date set for the adjourned meeting shall be entitled to attend and vote in respect of the number of Virgin Money Ordinary Shares registered in their name at the relevant time. Changes to entries in the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the Court Meeting.

Virgin Money CDI Holders

Only those Virgin Money CDI Holders registered in the CDI Register as at 7.00 p.m. (AEST) on 17 May 2024 or, in the event that the Court Meeting is adjourned, 7.00 p.m. (AEST) on the date three Australian Business Days before the date set for the adjourned meeting shall be entitled to instruct CDN as to how to exercise the voting rights attached to the relevant Virgin Money Ordinary Shares underlying their Virgin Money CDIs at the Court Meeting.

By the said order, the Court has appointed David Bennett or, failing him, Tim Wade or failing him, any other director of Virgin Money to act as Chair of the Court Meeting and has directed the Chair to report the result of the Court Meeting to the Court.

The Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED: 22 April 2024

Clifford Chance LLP  
10 Upper Bank Street  
London E14 5JJ

Solicitors for Virgin Money



## PART 10

### NOTICE OF GENERAL MEETING

#### VIRGIN MONEY UK PLC

*(incorporated in England and Wales with registered number 09595911)*

NOTICE IS HEREBY GIVEN that a general meeting of Virgin Money UK PLC (the “**Company**”) will be held at 1.15 p.m. on 22 May 2024 at Jubilee House, Gosforth, Newcastle upon Tyne, England, NE3 4PL (or as soon thereafter as the meeting of Scheme Shareholders of the Company convened by direction of the Court for the same place and date shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as a special resolution of all Virgin Money Shareholders, Resolution 2 will be proposed as an ordinary resolution of the Independent Virgin Money Shareholders and Resolution 3 will be proposed as an ordinary resolution of all Virgin Money Shareholders.

Unless the context requires otherwise, any capitalised term used but not defined in this notice (including the notes hereto) shall have the meaning given to such term in the document of which this notice forms part.

#### SPECIAL RESOLUTION

1. THAT, for the purpose of giving effect to the scheme of arrangement dated 22 April 2024 between the Company and the holders of the Scheme Shares (as defined in the said scheme of arrangement), a copy of which has been produced to this meeting and for the purposes of identification signed by the Chair of this meeting, in its original form or subject to such modification, addition or condition agreed between the Company and Nationwide and approved or imposed by the Court (the “**Scheme**”):
  - (a) the directors of the Company (or a duly authorised committee of the directors) be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and
  - (b) with effect from the passing of this resolution, the articles of association of the Company be and are amended by the adoption and inclusion of the following new article 129A after article 129:

#### “129A. SCHEME OF ARRANGEMENT

- 129A.1 In this article 129A, references to the “Scheme” are to the scheme of arrangement dated 22 April 2024 between the Company and the holders of Scheme Shares (as defined in the Scheme) under Part 26 of the Companies Act 2006 in its original form or with or subject to any modification, addition or condition agreed by the Company and Nationwide Building Society (“**Nationwide**”, which expression includes any other name which Nationwide may adopt from time to time) and which the Court (as defined in the Scheme) may approve or impose and (save as defined in this article 129A) terms defined in the Scheme or, if not so defined in the Scheme, defined in the circular dated 22 April 2024 containing the explanatory statement required pursuant to section 897 of the Companies Act 2006 and circulated with the Scheme, shall have the same meanings where used in this article 129A.
- 129A.2 Notwithstanding any other provision(s) of these articles or the terms of any resolution, whether ordinary or special, passed by the Company in general meeting, if the Company issues or transfers out of treasury any shares (other than to Nationwide or its nominee(s)) on or after the Ordinary Shareholder Voting Record Time and on or prior to the Scheme Record Time, such shares shall be issued, transferred or registered subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holder or holders of such shares shall be bound by the Scheme accordingly.
- 129A.3 Notwithstanding any other provision of these articles and provided the Scheme has become Effective, if any shares in the Company are issued, transferred out of treasury or transferred pursuant to article 129A.4 to any person (other than under the Scheme or to Nationwide and/or its nominee(s)) (a “**New Member**”) after the Scheme Record Time, such shares (the “**Disposal Shares**”) shall be issued or transferred on terms that they shall be immediately transferred (on the Effective Date or, if later, on the issue or transfer (but subject to articles 129A.4 and 129A.5)) to Nationwide and/or its nominee(s) (as Nationwide may otherwise direct) (the “**Purchaser**”), who shall be obliged to acquire each Disposal Share in consideration of and

conditional upon the payment by or on behalf of the Purchaser to the New Member of an amount in cash for each Disposal Share equal to the consideration to which a New Member would have been entitled had such Disposal Share been a Scheme Share (as applicable, after deduction of any tax and national insurance or social security contributions which an employer or any other company is required to withhold or account for in respect of either that consideration or the issue or transfer of such shares (the “**Relevant Deductions**”)).

- 129A.4 Any person who is beneficially entitled to shares issued or transferred to a New Member (other than, for the avoidance of doubt, a person who becomes beneficially entitled to shares by virtue of a transfer pursuant to this article 129A.4) may, prior to the issue or transfer of any Disposal Shares to the New Member pursuant to the satisfaction of an award under one of the Company’s employee share plans, give not less than two Business Days’ written notice to the Company in such manner as the board shall prescribe of his or her intention to transfer the beneficial ownership of some or all of such Disposal Shares to his or her spouse or civil partner and may, if such notice has been validly given, on or before such Disposal Shares being issued or transferred to him or her, immediately transfer to his or her spouse or civil partner beneficial ownership of any such Disposal Shares, provided that such Disposal Shares (including both legal and beneficial ownership thereof) will then be immediately transferred to the Purchaser pursuant to article 129A.3. If notice has been validly given pursuant to this article 129A.4 but the beneficial owner does not immediately transfer to his or her spouse or civil partner the beneficial ownership of the Disposal Shares in respect of which notice was given, both the legal and beneficial ownership of the Disposal Shares in respect of which notice was given will be transferred to the Purchaser pursuant to article 129A.3. If notice is not given pursuant to this article 129A.4, both the legal and beneficial ownership of the Disposal Shares will be immediately transferred to the Purchaser pursuant to article 129A.3.
- 129A.5 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) carried out after the Effective Date, the value of the consideration per Disposal Share to be paid under article 129A.3 shall be adjusted by the Company in such manner as the auditors of the Company or an independent investment bank selected by the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this article 129A to shares in the Company shall, following such adjustment, be construed accordingly.
- 129A.6 To give effect to any transfer of Disposal Shares required pursuant to article 129A.3 and/or 129A.4, the Company may appoint any person as attorney and/or agent for the New Member to transfer the Disposal Share(s) to the Purchaser and to do all such other things and execute and deliver all such documents and deeds as may, in the opinion of such attorney and/or agent, be necessary or desirable to vest the Disposal Shares in the Purchaser and, pending such vesting, to exercise all such rights attaching to the Disposal Shares as the Purchaser may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that such attorney or agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Disposal Shares unless so agreed in writing by the Purchaser. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member (or any subsequent holder) in favour of the Purchaser and the Company may give good receipt for the consideration for the Disposal Shares and may register the Purchaser as holder thereof and issue to it certificate(s) for the same. The Company shall not be obliged to issue a certificate to the New Member for any Disposal Shares. The Purchaser shall settle the consideration due to the New Member pursuant to article 129A.3 by sending a cheque drawn on the branch of a clearing bank in the United Kingdom or an electronic payment (or procuring that such a cheque or electronic payment is sent) in favour of the New Member (or any subsequent holder), or by any other method communicated by the Purchaser to the New Member (or subsequent holder), for the consideration payable in respect of the Disposal Shares within 14 calendar days after the date on which such shares are issued or transferred to the New Member. Where the payment of any consideration for Disposal Shares to a New Member requires Relevant Deductions to be made and the Company determines that such payment is to be made through payroll to the relevant New Member, such payment shall be effected reasonably promptly after the Effective Date but is not required to be effected within 14 calendar days of the Effective Date.

- 129A.7 Notwithstanding any other provision of these articles, neither the Company nor the directors shall register the transfer of any shares effected between the Scheme Record Time and the Effective Date other than to the Purchaser pursuant to the Scheme.
- 129A.8 If the Scheme shall not have become Effective by the date referred to in (or otherwise set in accordance with) clause 6.2 of the Scheme, this article 129A shall be of no effect.”

#### **ORDINARY RESOLUTION**

2. THAT for the purposes of Note 2 on Rule 16.1 of the City Code on Takeovers and Mergers:
- (a) the amendment and restatement of the brand licence agreement as made between the Company and Virgin Enterprises Limited, to which the Company became a party on 18 June 2018, pursuant to, and in the form attached to, an amendment and restatement agreement between Nationwide Building Society (“**Nationwide**”) and Virgin Enterprises Limited dated 7 March 2024 (and as amended by a side letter dated 21 March 2024); and
  - (b) the exclusivity agreement entered into between Nationwide and Virgin Red Limited on 21 March 2024,
- be and are hereby approved.
3. THAT, the directors’ remuneration policy, approved by Virgin Money Shareholders on 21 February 2023, be amended as follows:
- (a) in the section of the policy headed “Policy on payments for loss of office”, add the following as a new sentence to the end of the first paragraph:  
“This is subject to the discretion set out in the table below.”
  - (b) in the table set out in the section of the policy headed “Policy on payments for loss of office”, in the row entitled “Compensation for loss of office”, in the cell “Details”, add the following words to the end of the first sentence:  
“, save that the Remuneration Committee has the discretion to waive the requirement contained in this Directors’ remuneration policy and in a departing Executive Director’s service agreement that earnings earned by a departing Executive Director from one non-competing non-executive director role with a third party (such role to be pre-approved by the Board Chair) reduce the monthly instalments of the payment in lieu of notice that would otherwise be payable to that departing Executive Director.”

*Registered Office*  
Jubilee House  
Gosforth  
Newcastle upon Tyne  
England  
NE3 4PL

*By order of the Virgin Money Board*  
  
*Lorna McMillan*  
*Secretary*

Dated: 22 April 2024

#### Notes for Virgin Money Ordinary Shareholders:

1. Only those Virgin Money Ordinary Shareholders entered in the relevant register of members of the Company at 6.00 p.m. (London time) on 20 May 2024 or, in the event that the meeting is adjourned, in the register of members of the Company at 6.00 p.m. on the date falling two Business Days before the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of Virgin Money Ordinary Shares registered in their name at that time. Changes to entries on the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting or any adjourned meeting.
2. A Virgin Money Ordinary Shareholder entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to exercise all or any of his/her rights to attend, speak and vote on his/her behalf at the meeting. A white Form of Proxy which may be used to make such appointment and give proxy instructions is enclosed with this notice, or will be sent separately to those Virgin Money Ordinary Shareholders who have elected, or are deemed to have elected, to receive documents and notices from the Company electronically. If you think you may not be able to attend the meeting in person, please complete and return the white Form of Proxy. Please indicate how you wish your votes to be cast by inserting an "X" in the appropriate box. In the event that you wish to appoint a person other than the Chair of the meeting as your proxy, delete the reference to the Chair and insert the name and address of the person you wish to appoint in the space provided. A proxy need not be a shareholder of the Company. Instructions for use are shown on the white Form of Proxy. Completion and return of a Form of Proxy, an electronic proxy or any CREST Proxy Instruction (as described in notes 6 to 8 below) will not preclude a shareholder from attending the meeting and voting there in person. If you submit more than one valid proxy appointment, the appointment last received before the latest time for receipt of proxies will take precedence.
3. If a shareholder appoints the Chair of the meeting as their proxy and does not direct the Chair how to vote on a resolution, then when the Chair votes as proxy on a poll, the Chair's current intention is to vote in favour of each of the proposed resolutions. The Chair will also have discretion as to how to vote on any other resolution which may properly come before the meeting (e.g. a request for an adjournment). The Chair's intention necessarily expresses his intention at the date this notice was printed and prior to circulation to shareholders and therefore, in exceptional circumstances, the Chair's intention may change subsequently.
4. A Virgin Money Ordinary Shareholder entitled to attend and vote at the meeting may appoint more than one proxy provided that each proxy is appointed to exercise the rights attaching to a different share or shares held by him/her. A proxy need not be a shareholder of the Company but must attend the meeting to represent you. A separate Form of Proxy should be used for each proxy appointment. If you intend to appoint additional proxies, an additional form can be requested from the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom. A shareholder appointing more than one proxy should indicate the number of shares for which each proxy is authorised to act on his/her holding. Failure to specify the number of shares to which each Form of Proxy relates or specifying a number which, when taken together with the number of shares set out in the other proxy appointments, is in excess of the number of shares held by the member may result in the proxy appointment being invalid.
5. To be effective, you should complete and return your Form of Proxy (together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority) to the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom as soon as possible, but in any event so as to arrive no later than 1.15 p.m. (London time) on 20 May 2024 (or, (a) in the event of an adjournment for not more than 48 hours, not later than the time appointed for the adjourned meeting, or, (b) in the event of an adjournment for more than 48 hours but less than 28 days, so as to arrive no later than 24 hours (excluding any part of a day that is not a Business Day) before the time appointed for the adjourned meeting, or (c) in the case of an adjournment for 28 days or more, not less than 48 hours (excluding any part of a day that is not a Business Day) before the time appointed for the adjourned meeting).
6. Virgin Money Ordinary Shareholders who would prefer to register the appointment of their proxy electronically can do so by logging onto Computershare's website: [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) using their Control Number, Shareholder Reference Number (SRN) and PIN (printed on the Form of Proxy). Full details of the procedures are given on the Computershare website. Electronic appointments and/or voting instructions must be received by Computershare no later than 1.15 p.m. (London time) on 20 May 2024, (or, (a) in the event of an adjournment for not more than 48 hours, not later than the time appointed for the adjourned meeting, or, (b) in the event of an adjournment for more than 48 hours but less than 28 days, so as to arrive no later than 24 hours (excluding any part of a day that is not a Business Day) before the time appointed for the adjourned meeting, or (c) in the case of an adjournment for 28 days or more, not less than 48 hours (excluding any part of a day that is not a Business Day) before the time appointed for the adjourned meeting). Please note that any electronic communication sent to the Company or Computershare that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the meeting is governed by Computershare's conditions of use set out on the website [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and may be read by logging on to that site.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual by logging onto the website [www.euroclear.com/CREST](http://www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear UK & International Limited's specifications, and must contain the information required for such instructions as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare (participant ID 3RA50) by 1.15 p.m. (London time) on 20 May 2024 (or, (a) in the event of an adjournment for not more than 48 hours, not later than the time appointed for the adjourned meeting, or, (b) in the event of an adjournment for more than 48 hours but less than 28 days, so as to arrive no later than 24 hours (excluding any part of a day that is not a Business Day) before the time appointed for the adjourned meeting, or (c) in the case of an adjournment for 28 days or more, not less than 48 hours (excluding any part of a day that is not a Business Day) before the time appointed for the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST application host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting

system providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001, as amended from time to time.
10. In the case of joint holders of a share, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.
11. Any person who is not a member of the Company, but has been nominated under section 146 of the Companies Act 2006 by a member of the Company (the “**relevant member**”) to enjoy information rights, (the “**nominated person**”) does not have a right to appoint any proxies under note 2 above. A nominated person may have a right under an agreement with the relevant member to be appointed or to have somebody else appointed as a proxy for the meeting. If a nominated person does not have such a right, or has such a right and does not wish to exercise it, he or she may have a right under an agreement with the relevant member to give instructions as to the exercise of voting rights.
12. The “Vote Withheld” option is provided to enable you to abstain on the specified resolution. However, it should be noted that a “Vote Withheld” is not a vote in law and will not be counted in the calculation of the proportion of votes “For” and “Against” the specified resolution.
13. Any member attending the meeting has a right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided that, where more than one is appointed, they do not do so in relation to the same shares. A corporate representative letter is available from Computershare on request.

#### **Notes for Virgin Money CDI Holders:**

15. Only those Virgin Money CDI Holders entered in the CDI Register as at 7.00 p.m. (AEST) on 17 May 2024 or, in the event that the meeting is adjourned, in the CDI Register by 7.00 p.m. (AEST) on the date falling three Australian Business Days before the date of any adjourned meeting, are entitled to provide voting instructions to CHES Depository Nominees Pty Limited (“**CDN**”) in respect of the number of Virgin Money CDIs registered in their name at that time. Changes to entries on the CDI Register after the relevant deadline shall be disregarded in determining the rights of any person to provide voting instructions to CDN in regard to the meeting.
16. To provide your voting instructions to CDN you must complete and return the white CDI Voting Instruction Form. There are two different options on the white CDI Voting Instruction Form and you must choose one if you want to provide your voting instruction:

#### **Option A: Appoint CDN to exercise voting rights**

##### **Do not select this option if you wish to attend and vote at the meeting in person**

Appoint CDN to exercise the voting rights attached to the Virgin Money Ordinary Shares it holds on your behalf. If you choose this option, you must direct CDN how to vote on the resolutions by completing Section C of the white CDI Voting Instruction Form.

#### **Option B: Instruct CDN to appoint you or another person as its proxy**

Instruct CDN to appoint you or any other person (e.g. the Chair of the meeting) as its proxy in respect of the Virgin Money Ordinary Shares it holds on your behalf so that you or that other person can attend the meeting in person and vote on the resolutions. If you choose this option, you may direct the person you instruct CDN to appoint (as its proxy) how to vote on the resolutions by completing Section C of the white CDI Voting Instruction Form. If you do not direct the person how to vote on a resolution, they may vote as they choose on the resolution. The person you direct CDN to appoint as its proxy does not need to be a shareholder of the Company but must attend the meeting for their vote to count.

If you instruct CDN to appoint the Chair of the meeting as its proxy but do not direct the Chair how to vote on a resolution, when the Chair votes as proxy on a poll, his current intention is to vote in favour of the proposed resolution. The Chair will also have discretion as to how to vote on any other resolution which may properly come before the meeting (e.g. a request for an adjournment). The Chair’s intention necessarily expresses his intention at the date this notice was printed and prior to circulation to shareholders and therefore, in exceptional circumstances, the Chair’s intention may change subsequently.

**You must choose Option B on the white CDI Voting Instruction Form and instruct CDN to appoint you as its proxy if you wish to attend and vote at the meeting in person. If you do not complete Option B in this way you will only be able to attend the meeting and speak but not be able to vote.**

17. CDI Voting Instruction Forms can be submitted by mail to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001, Australia. Alternatively, CDI Voting Instruction Forms can be submitted online at [www.investorvote.com.au](http://www.investorvote.com.au). Please note that any electronic communication sent to the Company or Computershare that is found to contain a computer virus will not be accepted.
18. To be valid, your white CDI Voting Instruction Form must be received by Computershare Investor Services Pty Limited no later than 10.00 p.m. (AEST) on 17 May 2024, or (a) in the case of an adjournment for not more than 48 hours, not later than 24 hours (excluding any part of a day that is not an Australian Business Day) before the time appointed for the adjourned meeting, or, (b) in the case of an adjournment for less than 28 days but more than 48 hours, not less than 24 hours (excluding any part of a day that is not an Australian Business Day) before the day fixed for the holding of the adjourned meeting, or (c) in the case of an adjournment for 28 days or more, not less than 72 hours (excluding any part of a day that is not an Australian Business Day) before the day fixed for the holding of the adjourned meeting. If your CDI Voting Instruction Form is not received by then, it will be disregarded.
19. Voting instructions given under authority on behalf of a Virgin Money CDI Holder must be submitted by mailing a CDI Voting Instruction Form. If the CDI Voting Instruction Form is signed under a power of attorney or other authority on behalf of a CDI holder, then the attorney must make sure that either the original power of attorney or other authority, or a certified copy thereof, is sent to Computershare Investor Services Pty Limited by the deadline set out in note 18 above.



#### **Virgin Money Share Account Holders**

20. Each Virgin Money Share Account Holder should follow the instructions set out in the CSN Voting Notification to access the Equiniti Nominee's online voting platform, either by using the relevant unique voting instruction number specified for the meeting in the CSN Voting Notification, or by using their personal login information, in order to instruct the Equiniti Nominee to exercise the voting rights attached to the Virgin Money Ordinary Shares that the Equiniti Nominee holds on their behalf at this meeting. Voting instructions must be completed and returned in accordance with those instructions so as to be received by the Equiniti Nominee no later than 1.15 p.m. on 15 May 2024 or, in the case of an adjourned meeting, not later than five Business Days before the time and date set for the adjourned meeting. If the voting instruction is not returned by the relevant time above and in accordance with the instructions on the CSN Voting Notification, it will be invalid.

#### **Virgin Money Share Plan Account Holders**

21. Virgin Money Share Plan Account Holders will be contacted separately by the Computershare Nominee via EquatePlus, with details on what actions they need to take and any relevant deadlines for completing such actions in respect of the meeting. Each Virgin Money Share Plan Account Holder will be able to instruct the Computershare Nominee how to vote in relation to the Virgin Money Ordinary Shares held on their behalf via EquatePlus.

#### **General notes:**

22. As at 18 April 2024 (being the latest practicable date prior to the publication of this notice), the Company's share capital consisted of 1,296,472,686 ordinary shares of £0.10 each, carrying one vote each. The Company does not hold any ordinary shares in treasury and, therefore, the total voting rights in the Company as at 18 April 2024 were 1,296,472,686.
23. A copy of this notice, and other information required by s.311A of the Companies Act 2006, can be found at <https://www.virginmoneyukplc.com/investor-relations/announcements/>.
24. Copies of the Company's existing articles of association as proposed to be amended by the special resolutions set out in this notice are available at <https://www.virginmoneyukplc.com/investor-relations/announcements/> and the offices of the Company's solicitors, Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ, during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays), until the opening of business on the day on which the meeting is held, and will also be available for inspection at the place of the meeting for at least 15 minutes prior to and during the meeting.
25. Virgin Money Shareholders are advised that they may not use any electronic address provided in this notice or any related documents (including the Form of Proxy or CDI Voting Instruction Form) to communicate with the Company for any purpose other than those expressly stated.
26. Voting on resolutions at this meeting will be conducted on a poll rather than a show of hands.
27. The venue is wheelchair accessible. Please let us know in advance if you will need wheelchair assistance or if you have any other needs to ensure appropriate arrangements are in place. Anyone accompanying a member in need of assistance will be admitted to the meeting. Other guests will only be admitted at the discretion of the Company.
28. We thank you in advance for your co-operation with our security staff and the security staff at the venue. You may be asked to pass through the security systems before entering the meeting. We do not permit cameras or recording equipment at the meeting and we would be grateful if you would ensure you switch off your mobile telephone before the start of the meeting. We will not permit behaviour which may interfere with anyone's safety or the orderly conduct of the meeting.
29. If you wish to receive a post-meeting confirmation of how your vote was applied at a poll then you can make a request to the Company's registrar, Computershare, by emailing [webqueries@computershare.co.uk](mailto:webqueries@computershare.co.uk), no later than 30 days following the date of the meeting. In line with the requirements of the Companies Act 2006 the confirmation will be provided to the Virgin Money Shareholder no later than 15 days from the day following the announcement of the poll results or receipt of the request, whichever is the later. The confirmation will be provided in the manner stipulated by Computershare. Requests for confirmations must include the Virgin Money Shareholder's name, address and shareholder or CDI holder reference number, and confirm the name of the issuer (in this case Virgin Money UK PLC) and the date of the meeting they wish to receive a confirmation for (in this case 22 May 2024).

