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Virgin Money Holdings (UK) plc

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If you are in any doubt as regards the contents of this letter, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor or other independent adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom. If you have sold or otherwise transferred all of your ordinary shares in Virgin Money Holdings (UK) plc, please send this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or transferred only part of your holding of ordinary shares in Virgin Money Holdings (UK) plc, you should retain this document and consult the bank, stockbroker or other agent through whom the sale was effected. However, this document should not be forwarded or transmitted into any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of that jurisdiction.

8 May 2018

To: Virgin Money Holdings (UK) plc (“**Virgin Money**”) shareholders, persons with information rights and holders of securities convertible into, rights to subscribe for and/or options over Virgin Money shares.

ANNOUNCEMENT OF POSSIBLE OFFER FOR VIRGIN MONEY

On 7 May 2018, Virgin Money announced that it had received a preliminary and conditional proposal from CYBG plc (the “**Bidder**”) regarding a possible offer for the entire issued and to be issued share capital of Virgin Money (the “**Possible Offer**”). The Board of Virgin Money is in the process of reviewing this proposal.


In accordance with Rule 2.11(a) of the City Code on Takeovers and Mergers (the “**Code**”), I enclose a copy of the announcement referring to the Possible Offer (the “**Announcement**”). A copy of this letter and the Announcement has been made readily available to you on Virgin Money’s website at <https://uk.virginmoney.com/virgin/investor-relations/possible-offer/>. For the avoidance of doubt, the content of Virgin Money’s website is not incorporated into, and does not form part of, this letter. This letter is not to be taken as a summary of the information in the Announcement and should not be regarded as a substitute for reading the Announcement in full.

Although the Announcement has put Virgin Money into what is known as an “offer period” under the Code, there can be no certainty that the Bidder will proceed to make an offer for Virgin Money, nor as to the terms on which any such offer might be made. A further announcement will be made in due course as appropriate.

Please be aware that addresses, electronic addresses and certain other information provided by you for the receipt of communications from Virgin Money may be provided to the Bidder during the offer period as required under Section 4 of Appendix 4 of the Code.

If you wish to contact Virgin Money regarding administrative matters in view of the Announcement, please contact Katie Marshall, the Company Secretary, at katie.marshall@virginmoney.com during normal London business hours.

Yours faithfully,



Irene Dorner
Chair
Virgin Money Holdings (UK) plc

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Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% 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 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (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 Code, any person who is, or becomes, interested in 1% 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 pm (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 Takeover Panel's website at 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.

Hard copy available

If you have received this document in electronic form, you may request a copy of the document, the announcement enclosed and any information incorporated into it by reference to another source, in hard copy form and may also request that all future documents, announcements and information sent to you in relation to the Possible Offer should be in hard copy form. Any request should be sent to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or by calling Equiniti on 0371 384 2937 (or +44 (0) 121 415 0857 from overseas). Lines are open 8.30 am (London time) – 5.30 pm, Monday to Friday (excluding public holidays in England and Wales).

A hard copy of the document, announcement or information will not be sent to you unless so requested.