



Confidentiality Agreement

Virgin Group Holdings Limited ("**Virgin Group**")
Craigmuir Chambers
PO Box 71
Road Town,
Tortola,
BVI

22 May 2018

Dear Sirs

Strictly private and confidential

Project Oldfield

In consideration of each of us making Confidential Information available to the other and the other's Representatives, we each hereby agree to the following.

1. **INTERPRETATION**

1.1 In this agreement:

"**Code**" means the City Code on Takeovers and Mergers, as amended from time to time;

"**Company**" means Virgin Money Holdings (UK) plc;

"**Confidential Information**" means Our Confidential Information or Your Confidential Information (as the context requires);

"**CYBG**" means CYBG PLC;

"**Derivative Information**" means all Information created by any member of such Party's Group or any of its or their respective Representatives, or on its or their behalf, to the extent containing or reflecting or generated from the Other Party's Confidential Information;

"**Group**" means in relation to a Party, that Party and such Party's respective ultimate parent undertaking and such parent undertaking's subsidiary undertakings from time to time, and "member of" such Group shall be construed accordingly;

"**Information**" means all information of any nature and in any form, including, without limitation, in writing or orally or in a visual or an electronic form or in a magnetic or digital form;

"**Other Party's Confidential Information**" means: (a) in your case, Our Confidential Information; and (b) in our case, Your Confidential Information;

"**Our Confidential Information**" means all Information relating directly or indirectly to the Proposed Transaction, including this agreement, the status and content of the discussions and



negotiations between you and us (or our respective Representatives) and all Information relating to any member of our Group, disclosed in any way (directly or indirectly prior to, on or after the date of this agreement) by any member of our Group or any of their respective Representatives. Our Confidential Information includes all copies of any such Information and all Derivative Information.

Our Confidential Information excludes:

- (a) Information that at the date of disclosure to you or your Representatives is publicly known or at any time after that date becomes publicly known (otherwise than as a consequence of any breach of this agreement by you or your Representatives or which you know (or ought reasonably to have known having made reasonable enquiry) to have been disclosed in breach of any duty of confidentiality owed to any member of our Group); and
- (b) Information that was properly and lawfully in your or your Representatives' possession prior to the time that it was disclosed by any member of our Group or any of their respective Representatives;

"Panel" means the UK Panel on Takeovers and Mergers;

"Party" means each of CYBG and Virgin Group and includes a reference to a Party's legal personal representatives, successors and permitted assigns, and **"Parties"** shall be construed accordingly;

"Proposed Transaction" means the proposed entry into of a trade mark licence agreement between a member of our Group and a member of your Group pursuant to which our Group will be granted certain rights to use certain trade marks owned by members of your Group, and any other arrangements between a member of our Group and a member of your Group in connection with the proposed acquisition of the entire issued and to be issued share capital of the Company by a member of our Group however implemented;

"Relevant Laws" means law or regulation or the rules of any applicable regulatory, governmental or supervisory authority to whose jurisdiction any member of a Party's Group is subject, including for the avoidance of doubt, the Code;

"Representatives" means the directors, officers, employees, agents and professional advisers of any member of a Party's Group from time to time;

"Restricted Person" means any director, officer, or employee of any member of a Party's Group with whom the other Party or its Representatives come into contact, or in respect of whom the other Party is provided information, in connection with the Proposed Transaction; and

"Your Confidential Information" means all Information relating directly or indirectly to the Proposed Transaction, including this agreement, the status and content of the discussions and negotiations between you and us (or our respective Representatives) and all Information relating to any member of your Group, disclosed in any way (directly or indirectly prior to, on or after the date of this agreement) by any member of your Group or any of their respective Representatives. Your Confidential Information includes all copies of any such Information and all Derivative Information.

Your Confidential Information excludes:

- (a) Information that at the date of disclosure to us or our Representatives is publicly known or at any time after that date becomes publicly known (otherwise than as a consequence of any breach of this agreement by us or our Representatives or which we know (or ought reasonably to have known having made reasonable enquiry) to have been disclosed in breach of any duty of confidentiality owed to any member of your Group); and



- (b) Information that was properly and lawfully in our or our Representatives' possession prior to the time that it was disclosed by any member of your Group or any of their respective Representatives.

1.2 In this agreement, a reference to:

1.2.1 "**subsidiary undertaking**" or "**parent undertaking**" is to be construed in accordance with s.1162 (and Schedule 7) of the Companies Act 2006 and for the purposes of this definition, a subsidiary undertaking shall include any person the shares or ownership interests in which are subject to security and where the legal title to the shares or ownership interests so secured are registered in the name of the secured party or its nominee pursuant to such security; and

1.2.2 a "**person**" includes a reference to a body corporate, association or partnership.

1.3 The *ejusdem generis* principle of construction shall not apply to this agreement. Accordingly, general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words. Any phrase introduced by the terms "other", "including", "include" and "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

1.4 The undertakings in this agreement given by you are given by you for our benefit and for the benefit of each other member of our Group (and our and their respective Representatives) who may enforce relevant provisions of this agreement in accordance with paragraph 12. The undertakings in this agreement given by us are given by us for your benefit and for the benefit of each other member of your Group (and your and their respective Representatives) who may enforce relevant provisions of this agreement in accordance with paragraph 12.

2. **CONFIDENTIAL INFORMATION**

2.1 Each Party shall treat and keep the Other Party's Confidential Information as confidential and shall not, without the other Party's prior written consent, directly or indirectly disclose the Other Party's Confidential Information to any other person other than as permitted by paragraph 3.1. Each Party shall ensure that the Other Party's Confidential Information is protected with the same security measures and degree of care that would apply to that Party's own confidential information.

2.2 You shall only use Our Confidential Information for the purpose of the Proposed Transaction.

2.3 We shall only use Your Confidential Information for the purpose of the Proposed Transaction.

3. **PERMITTED DISCLOSURE OF CONFIDENTIAL INFORMATION**

3.1 The restrictions in paragraph 2.1 do not apply to the disclosure by a Party of the Other Party's Confidential Information:

3.1.1 to its Representatives who are directly concerned with assessment and/or implementation of the Proposed Transaction; or

3.1.2 to the extent required by Relevant Laws (subject to paragraph 4).

3.2 Each Party shall ensure that each person to whom any of the Other Party's Confidential Information is disclosed by that Party in accordance with paragraph 3.1.1. complies with all the provisions of this



agreement as if it were a party to this agreement and had undertaken the same obligations as are undertaken by that Party (save that neither Party shall have an obligation to ensure that its professional advisers comply with paragraph 6.3.2), and, save as aforesaid, each Party shall be responsible for any breach of the provisions of this agreement by any such person.

4. ANNOUNCEMENTS AND DISCLOSURE

4.1 Subject to paragraphs 4.2 and 4.3, we shall not make any announcement relating to the Proposed Transaction following the date of this agreement without the prior written consent of you. Subject to paragraph 4.2, you shall not make any announcement relating to the Proposed Transaction following the date of this agreement without the prior written consent of us.

4.2 If a Party is required by Relevant Laws to make an announcement relating to the Proposed Transaction or to disclose any of the Other Party's Confidential Information, that Party shall, where and to the extent not prohibited by such Relevant Laws, only make such announcement or disclosure after consultation with the other Party and after taking into account the other Party's reasonable requirements as to its timing, content and manner of making. If a Party is unable to consult with the other Party before the announcement or disclosure is made (including, without limitation, because the other Party did not make itself reasonably available to be consulted with), that Party shall to the extent not prohibited by such Relevant Laws inform the other Party of the circumstances, timing, content and manner of making of the announcement or disclosure immediately after such announcement or disclosure is made.

4.3 Without prejudice to our ability to make any announcement pursuant to, and in accordance with, paragraph 4.2 above, we shall not be restricted under the terms of either paragraph 4.1 or paragraph 4.2 above from making any announcement relating to the offer or possible offer by us to acquire the entire issued and to be issued share capital of the Company (including, without limitation, any announcement under Rule 2.8 of the Code) which contains information relating to the Proposed Transaction to the extent that such information: (i) is in all material respects consistent with, and provides no further comment or opinion in relation to, the information relating to the Proposed Transaction that was contained in the announcement made by CYBG on 7 May 2018 and titled "Announcement regarding Virgin Money Holdings (UK) plc ("Virgin Money")"; (ii) is in all material respects consistent with, and provides no further comment or opinion in relation to, any information relating to the Proposed Transaction that is contained in any announcement made by the Company on and from the date of this agreement; (iii) is a factual statement that a mutually satisfactory agreement could not be reached in relation to the Proposed Transaction and such statement is contained in an announcement made pursuant to Rule 2.8 of the Code; and/or (iv) is contained within an announcement of a firm intention to make an offer for the Company under Rule 2.7 of the Code in circumstances where such offer will be recommended by the board of the Company, provided that any disclosure or announcement contemplated under sub-paragraphs (ii), (iii) or (iv) is made only after consultation with you in relation to the content of any information relating to the Proposed Transaction that is to be disclosed in such announcement and after taking into account your reasonable requirements as to the content of such disclosure. If we are unable to consult with you before the announcement or disclosure is made because you did not make yourself reasonably available to be consulted with, we shall not be prevented by the foregoing from making the relevant announcement or disclosure, but shall to the extent not prohibited by Relevant Laws inform you of the circumstances, timing, content and manner of making of the announcement or disclosure immediately after such announcement or disclosure is made.

5. RETURN OF CONFIDENTIAL INFORMATION

5.1 Each Party shall, upon request by the other Party at any time:



- 5.1.1 immediately destroy or return (at its option) to the other Party all hard copy documents and other materials which are in a form reasonably capable of delivery containing or reflecting the Other Party's Confidential Information and all copies thereof and ensure the destruction of all Derivative Information and confirm to the other Party in writing that it has complied with this paragraph 5.1.1; and
- 5.1.2 ensure that all reasonable steps are taken to erase from any computer under its control any document, disk or file to the extent containing, reflecting or generated from the Other Party's Confidential Information and that, following such erasure, no steps will be taken to access or recover such material,

save that a Party will be entitled to retain such copies of the Other Party's Confidential Information to the extent it deems reasonably necessary to comply with Relevant Laws or its internal compliance procedures.

- 5.2 Notwithstanding paragraph 11, any of the Other Party's Confidential Information which is retained in compliance with paragraph 5.1 will continue to be held subject to the terms of this agreement and a Party shall not further use or disclose to any person any of the Other Party's Confidential Information except to the extent required by Relevant Laws or by its internal compliance procedures.

6. CONTACT BETWEEN YOU, US AND OTHERS

- 6.1 All communications and questions regarding the Proposed Transaction shall be directed by you only to David Duffy, Ian Smith, Enda Johnson, Nick Walford or James Peirson of CYBG and by us only to Josh Bayliss, Ian Woods or Rob Blok of Virgin Group or otherwise through communications between our respective advisers.
- 6.2 Any consent or authorisation required under this agreement shall only be given on our behalf by David Duffy, Ian Smith, Enda Johnson, Nick Walford or James Peirson or on your behalf by Josh Bayliss, Ian Woods or Rob Blok .
- 6.3 Other than as agreed in or pursuant to any transaction document, each Party agrees that it will not directly or indirectly, without the other Party's prior written consent, at any time during the period of 12 months from the date of this agreement:
 - 6.3.1 except in the ordinary course of business, initiate or engage in or have any contact of any kind whatsoever in connection with the Proposed Transaction with any major customer or supplier of or provider of finance to any member of the other Party's Group; or
 - 6.3.2 actively solicit, engage or employ (whether paid or unpaid) any Restricted Person. For the avoidance of doubt this restriction shall not prohibit a Party from engaging or employing any Restricted Person who:
 - (a) has, prior to the date of this agreement, approached that Party in respect of such engagement or employment;
 - (b) has, prior to the date of this agreement, been served or been in receipt of notice to terminate their employment; or
 - (c) has responded to a bona fide recruitment advertisement or campaign not specifically targeted at such Restricted Person.



7. COSTS

Each Party agrees that it will be responsible for its own costs whether incurred by such Party or such Party's Representatives in connection with the Proposed Transaction (whether or not it proceeds) and in complying with the terms of this agreement.

8. NO REPRESENTATIONS; NO OFFER

8.1 You acknowledge that no member of our Group nor their respective Representatives:

8.1.1 accepts any responsibility for or makes any representation or warranty, express or implied, as to the truth, accuracy, completeness or reasonableness of any of Our Confidential Information or any other Information provided to you;

8.1.2 will be liable to you or to any other person in respect of any of Our Confidential Information or any other Information provided to you or its use; or

8.1.3 is obliged to update any of Our Confidential Information or any other Information provided to you or to notify you of or to correct any inaccuracies in any such information (even if such inaccuracies are discovered subsequent to the provision of such information).

8.2 We acknowledge that no member of your Group nor their respective Representatives:

8.2.1 accepts any responsibility for or makes any representation or warranty, express or implied, as to the truth, accuracy, completeness or reasonableness of any of Your Confidential Information or any other Information provided to us;

8.2.2 will be liable to us or to any other person in respect of any of Your Confidential Information or any other Information provided to us or its use; or

8.2.3 is obliged to update any of Your Confidential Information or any other Information provided to us or to notify us of or to correct any inaccuracies in any such information (even if such inaccuracies are discovered subsequent to the provision of such information).

8.3 Each Party agrees that it will not place any reliance on any statement, representation, warranty or undertaking (written or oral or in any other form) made by any member of the other Party's Group or their respective Representatives in connection with the Other Party's Confidential Information, any other Information provided by any member of the other Party's Group or their respective Representatives or the Proposed Transaction.

8.4 Each Party acknowledges that it will be responsible for making its own decisions on the Other Party's Confidential Information, any other Information provided by any member of the other Party's Group or their respective Representatives, and the Proposed Transaction.

8.5 Each Party acknowledges and agrees that neither the provision of any Confidential Information nor the discussions, negotiations or any other matter in relation to the Proposed Transaction constitutes an offer, inducement or invitation to acquire the Company (or any shares in the capital of the Company) or any part of its Group, nor will they form the basis of, or any representation or warranty in relation to, any agreement in relation to the Proposed Transaction or any agreement to acquire the Company or any of its shares or any part of its Group.

8.6 Each Party acknowledges that no ownership, title or rights (including intellectual property rights) to the Other Party's Confidential Information and/or other materials, equipment and tools, drawings,



specifications and data supplied by or on behalf of each Party shall be granted or transferred by virtue of this agreement.

8.7 The statements in paragraphs 8.1 to 8.6 inclusive are made subject to the terms of any definitive written agreement or agreements entered into between the Parties (or members of their respective Groups) relating to the Proposed Transaction (if and when signed).

8.8 Nothing in this paragraph 8 shall have the effect of limiting or restricting any liability arising as a result of fraud.

8.9 Nothing in this agreement shall oblige any Party to take any action or not take any action which the Panel determines is not permitted by Rule 21.2 of the Code.

9. **INSIDE INFORMATION AND MARKET ABUSE**

9.1 Each Party acknowledges that some or all of the Information disclosed pursuant to this agreement may be information which is not public or otherwise generally available and is of a kind such that a person who has that information would be prohibited or restricted from using it to deal in the securities of the other Party under Part V Criminal Justice Act 1993 or other applicable insider dealing, market abuse or similar law. Neither Party shall use any of the Information disclosed pursuant to this agreement, while it is not public or generally available, to deal, or to encourage anyone else to deal, in any of those securities. Neither Party shall otherwise use or disclose any Information disclosed pursuant to this agreement in a way that amounts to market abuse under the EU Market Abuse Regulation or contravenes Part V Criminal Justice Act 1993 or any other applicable insider dealing, market abuse or similar law.

10. **DATA PROTECTION**

Each Party shall, and shall ensure that each of its Representatives shall, comply with the General Data Protection Regulation ((EU) 2016/679) to the extent applicable in connection with the Proposed Transaction and the Other Party's Confidential Information.

11. **DURATION**

This agreement shall continue for 24 months from the date of this agreement.

12. **THIRD PARTY RIGHTS**

The provisions of this agreement confer benefits on the persons referred to in paragraph 1.4 (other than the Parties) (each, a "**Third Party**") and each Third Party will have the right under the Contracts (Rights of Third Parties) Act 1999 (the "**1999 Act**") to enforce its respective rights under this agreement. The Parties to this agreement do not require the consent of any Third Party to rescind or vary this agreement (other than paragraphs 8, 12 and 15) at any time. No other person who is not a party to this agreement has any right under the 1999 Act to enforce any term of this agreement but this does not affect any right or remedy of a third party which exists or is available apart from the 1999 Act.

13. **GENERAL**

13.1 Each Party acknowledges and agrees that damages alone may not be an adequate remedy for a breach of this agreement or breach of confidence and that either Party shall be entitled to seek the remedies of injunction, specific performance and other equitable relief for any threatened or actual breach of this agreement or breach of confidence.



- 13.2 The failure to exercise or delay in exercising a right or remedy provided by this agreement or by law does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of any other rights or remedies. No single or partial exercise of any right or remedy provided by this agreement or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.
- 13.3 A variation of this agreement or a waiver granted by any member of a Party's Group or any of their respective Representatives in respect of any action taken by the other Party is valid only if it is in writing and signed by the relevant Party or Parties.
- 13.4 To the extent that any Confidential Information is covered or protected by privilege, disclosing such Confidential Information to the other Party or otherwise permitting disclosure of it in accordance with this agreement does not constitute a waiver of privilege or any other rights which the disclosing Party or any other member of the disclosing Party's Group or any of their respective Representatives may have in respect of such Confidential Information.
- 13.5 The rights and remedies contained in this agreement are cumulative and not exclusive of any rights or remedies provided by law.
- 13.6 Each Party acknowledges and agrees that no right or licence is granted to the other Party in relation to Confidential Information except as expressly set out in this agreement.
- 13.7 The invalidity, illegality or unenforceability of any provision of this agreement does not affect the continuation in force of the remainder of this agreement.

14. **ASSIGNMENT**

Neither Party shall assign, transfer, declare a trust of the benefit of or in any other way alienate any of its rights under this agreement whether in whole or in part without the prior written consent of the other Party, except that either Party may assign this agreement to another member of its Group.

15. **GOVERNING LAW AND JURISDICTION**

- 15.1 This agreement and any non-contractual or other obligations arising out of or in connection with it are governed by English law.
- 15.2 The courts of England have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this agreement, including a dispute or proceeding regarding the existence, validity or termination of this agreement or relating to any non-contractual or other obligation arising out of or in connection with this agreement or regarding the consequences of its nullity (respectively, "**Proceedings**" and "**Disputes**"), and for these purposes, each Party irrevocably submits to the jurisdiction of the courts of England.
- 15.3 Each Party irrevocably waives any objection which it might at any time have to the courts of England being nominated as the forum to hear and decide any Proceedings and to settle any Disputes and agrees not to claim that the courts of England are not a convenient or appropriate forum.

16. **COUNTERPARTS**

This agreement may be executed in any number of counterparts, each of which is an original and all of which together evidence the same agreement. This agreement shall not come into effect until each Party has executed at least one counterpart.



Please acknowledge your entry into this agreement by signing, dating and returning the enclosed copy of this agreement to us.

Yours faithfully



for and on behalf of
CYBG PLC



for and on behalf of
CYBG PLC

Agreed and accepted by

for and on behalf of
Virgin Group Holdings Limited

Date: 22 May 2018



Please acknowledge your entry into this agreement by signing, dating and returning the enclosed copy of this agreement to us.

Yours faithfully

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Date: 22 May 2018