

# CREATING THE FIRST TRUE NATIONAL COMPETITOR TO THE STATUS QUO

<b>BANKING IS CHANGING</b> Customers expect better service Customer behaviour is changing New entrants are looking to disrupt	<b>2 CHALLENGERS CREATING A NATIONAL COMPETITOR</b> National iconic brand Scale and product range Proven technology	<b>A TRUE ALTERNATIVE TO THE STATUS QUO IN BANKING</b> Scale, technology and brand Customer-focused cultures and award-winning service Potential to transform UK banking
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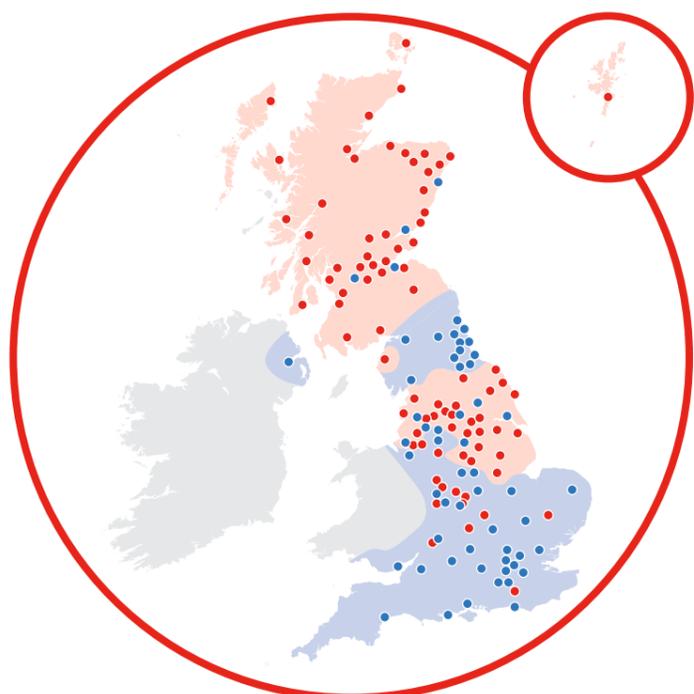
## KEY FACTS

<p><b>A recommended all-share offer</b></p> <p><b>c. £1.7 billion</b> Virgin Money valuation</p> <p><b>19% premium</b> to Virgin Money's closing price on 4 May 2018</p> <p><b>c. 62% / 38%</b> CYBG / Virgin Money shareholder ownership post combination</p>	<p><b>The scale to complete</b></p> <p><b>c. £69.5 billion</b> Total customer assets</p> <p><b>c. 6 million</b> Customers</p> <p><b>c. 9,500</b> Employees</p> <p><b>c. 250</b> Branches</p>	<p><b>One team, the best service</b></p> <p><b>Iconic national brand</b> Virgin Money brand to be used combining customer-focused cultures and award-winning service<sup>1</sup></p> <p><b>Proven technology</b> Supporting all products and services across mobile, digital, branch and phone</p>	<p><b>Supporting our local communities</b></p> <p><b>HQ</b> Glasgow to be Combined Group's headquarters and to continue to operate from Virgin Money's Gosforth office for at least 3 years</p> <p><b>£1 million</b> annual donation of at least £1m to continue for at least 3 years</p>
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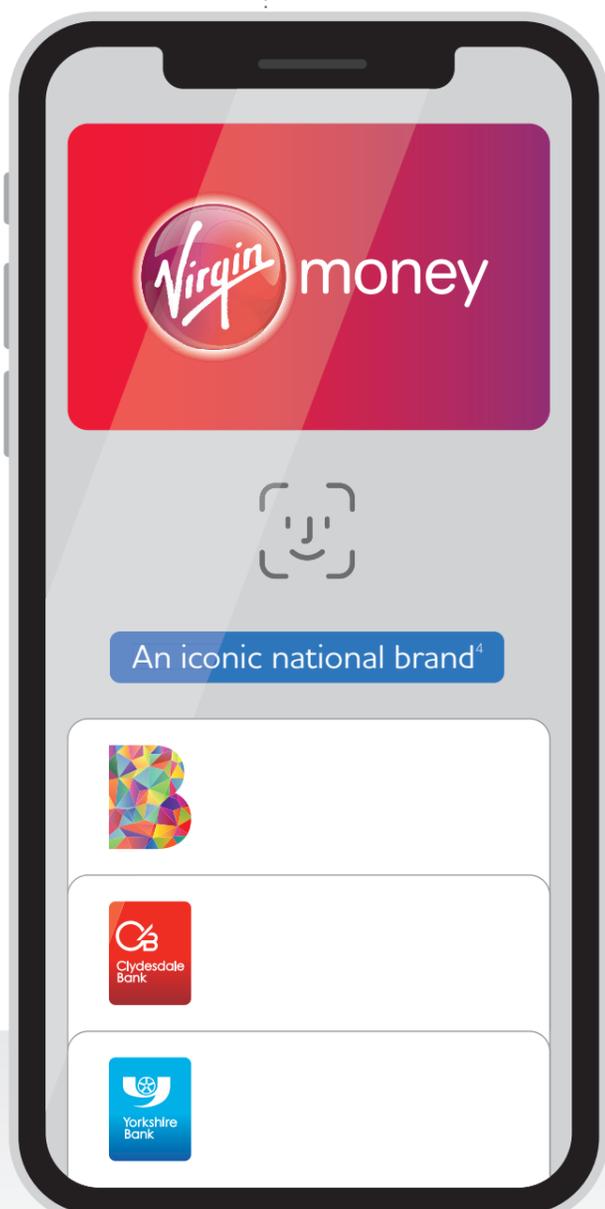
**A low-complexity integration plan**

## A COMPELLING COMBINATION

<p><b>Shareholders</b></p> <p><b>c. £120 million</b> pre-tax cost synergies expected in FY 30 Sept 2021</p> <p><b>Strong capital</b> CET1 ratio &gt;12% - expected day 1 pro forma capital position<sup>2</sup></p> <p><b>Material EPS accretion</b> for all shareholders expected over the medium term</p> <p><b>Reinforces</b> delivery of financial targets</p>	<p><b>Customers</b></p> <p><b>Brand</b> An iconic national brand with net promoter score +40</p> <p><b>Proven technology</b> fit for future digital and Open Banking landscape</p> <p><b>Customer service</b> Ambition to be a leading consumer champion</p> <p><b>National</b> Across England, Scotland, Northern Ireland &amp; Wales</p>	<p><b>Colleagues</b></p> <p><b>Culture</b> Strong alignment between teams</p> <p><b>Talent</b> Leveraging the best talent across both businesses</p> <p><b>Diverse &amp; inclusive</b> Supporting equality, inclusion and diversity at all levels, including ongoing support for Women in Finance Charter</p>	<p><b>UK economy</b></p> <p><b>Growth</b> Driver of local economic growth</p> <p><b>£6 billion</b> Maintaining SME lending commitment to 2019<sup>3</sup></p>
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**Key**  
 ● Clydesdale and Yorkshire Banks  
 ● Virgin Money



For further information, please see [www.cybg.com](http://www.cybg.com)

1. Retail customers expected to move to Virgin Money in phased approach over 36 month period  
 2. On an underlying earnings per share basis (including run rate cost synergies) in the first full financial year  
 3. Existing CYBG commitment to lend £6bn to SMEs between 2017-2019, as referred to across CYBG financial results  
 4. Expected to transition over 36 month period

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