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26 July 2024

VIRGIN MONEY – DEFERRED EQUITY PLAN – COMMENCEMENT AWARDS

Dear Colleague

Recommended cash acquisition of Virgin Money UK PLC ("Virgin Money") by Nationwide Building Society ("Nationwide")

On 21 March 2024, the boards of Nationwide and Virgin Money announced that they had reached agreement on the terms of the Acquisition. On 22 April 2024, a Scheme Document was sent or made available to Virgin Money Shareholders and, for information purposes only, to persons with information rights and participants in the Virgin Money share plans, which contained some information on the effects of the Acquisition on outstanding awards granted under the Virgin Money share plans.

This Letter tells you more about the impact of the Acquisition on the awards you hold under the Virgin Money Deferred Equity Plan ("DEP") (the "**Awards**"). If there is a conflict between the information in this Letter and the rules of the DEP or any relevant law or regulation, the rules, law and regulation will prevail.

Assuming the Acquisition proceeds, all of your Awards will vest automatically on the Court Order (unless they vest earlier in the ordinary course) which is expected to occur during calendar Q4 of 2024 and the Virgin Money Shares you receive will be bought by Nationwide for 218 pence in cash for each Virgin Money Share. Please review the question and answer ("**Q&A**") summaries in this Letter for more information. You do not need to take any action.

At the back of this Letter, you will find a definitions section which explains the key defined terms used in this Letter. A copy of this Letter can also be found on Virgin Money's website at <https://www.virginmoneyukplc.com/investor-relations/announcements/accept/#section-2024>.

Questions

If you have any questions on the contents of this Letter, please direct these to remuneration@virginmoney.com but please be aware that no legal, tax, financial or investment advice on the Acquisition, the DEP and/or your Awards can be provided by Virgin Money, Nationwide or any of their respective employees and nothing in this Letter should be construed as legal, business, financial or tax advice.


Yours faithfully



Syreeta Brown
Group Chief People & Communications Officer

For and on behalf of
Virgin Money UK PLC

Yours faithfully



Lynn McManus
Chief People Officer

For and on behalf of
Nationwide Building Society

A. IMPACT ON YOUR AWARDS

1. When will my Awards vest?

All of your Awards will automatically vest on the Court Order (unless they vest earlier in the ordinary course).

2. Will my Awards vest in full?

Yes. Your Awards will vest in full and you will receive a cash payment of 218 pence for each Virgin Money Share under the Acquisition.

3. Will I be entitled to receive dividends?

The consideration for Virgin Money Shares under the Acquisition is 220 pence for each Virgin Money Share, comprising 218 pence in cash consideration per Virgin Money Share to be paid to Virgin Money Shareholders as soon as practicable after the Acquisition completes and a proposed dividend of 2 pence per Virgin Money Share to be paid to Virgin Money Shareholders (subject to the approval of the Virgin Money Board) as part of Virgin Money's ordinary course FY2024 dividend calendar or, if earlier, shortly prior to completion of the Acquisition.

For clarification, the Virgin Money Shares that you acquire as a result of your Awards vesting will not qualify for the 2 pence dividend as you will not hold the Virgin Money Shares at the time of the dividend record date and you will not receive dividend equivalents.

If you hold other Virgin Money Shares you should refer to the Scheme Document which contains the relevant information in respect of the treatment of those Virgin Money Shares.

4. When will I receive my cash consideration after my Awards vest?

If the Acquisition goes ahead, the cash consideration will be payable by Nationwide within 14 days of the Acquisition completing. This consideration will be received on your behalf and then paid to you (less deductions for income tax and Employee's NICs required to be deducted by Virgin Money) through the next practicable payroll after the cash consideration has been paid by Nationwide.

5. How do I pay the income tax and Employee's NICs?

Income tax and Employee's NICs will be payable on the market value of the Virgin Money Shares you receive on vesting of your Award. We expect the market value of a Virgin Money Share to be the same as the cash consideration payable by Nationwide for each Virgin Money Share under the Acquisition.

Virgin Money will withhold the income tax and Employee's NICs due from the cash consideration payable to you by Nationwide.

Current income tax rates in England for the 2024/25 tax year are 20% for basic rate taxpayers, 40% for higher rate taxpayers and 45% for additional rate taxpayers. Employee's NICs rates are 8% of earnings between £242 - £967 per week; and 2% of earnings above £967 per week.

Current income tax rates in Scotland for the 2024/25 tax year are 19% for starter rate taxpayers, 20% for basic rate taxpayers, 21% for intermediate rate taxpayers, 42% for higher rate taxpayers, 45% for advanced rate taxpayers and 48% for top rate taxpayers. Employee's NICs rates are 8% of earnings between £242 - £967 per week; and 2% of earnings above £967 per week.

What about capital gains tax?

You should not have capital gains tax ("CGT") to pay when the Virgin Money Shares received under your Awards are sold because the market value of a Virgin Money Share should be the same as the cash consideration payable to you by Nationwide for each Virgin Money Share under the Acquisition. Therefore, you should not make any taxable "gain" for these purposes.

Even if you have a capital gain, you will have no CGT to pay in practice if your capital gains (from all sources) do not exceed the annual exempt amount (£3,000 for the 2024/25 tax year).

If your capital gains (from all sources) are more than the exempt amount, you will pay CGT at 10% or 20% depending on your income tax rate.

Virgin Money will not withhold any CGT due and it is your responsibility to pay and report this to HMRC through a self-assessment tax return.

This is not tax advice to any individual participant. If you are in any doubt about your tax position, or you are a resident or otherwise subject to tax outside the United Kingdom and in particular if your tax residency has changed during the period between grant and release, you should consult your own tax adviser immediately.

6. Are my employment rights affected by anything in this Letter?

No.

7. What happens if I leave employment with the Virgin Money Group?

The treatment of your Awards will depend on several factors, including (a) when you leave the Virgin Money Group; and (b) your reason for leaving, as set out below:

Before the Court Order

If you are a Good Leaver before the Court Order, all of your Awards will vest in full on the Court Order in accordance with the DEP rules as set out above.

If you have left the Virgin Money Group for any other reason on the Court Order and are therefore not a Good Leaver (e.g. you resign or are dismissed), your Awards will have lapsed on the date you left the Virgin Money Group.

After the Court Order

If you leave the Virgin Money Group after the Court Order, all of your Awards will have already vested in full in accordance with the DEP rules on the Court Order as set out above. You will keep all of the Awards that vested on the Court Order.

B. ACQUISITION SUMMARY

1. How does the Acquisition work?

The Acquisition will be carried out through what is called a "scheme of arrangement". The Scheme has been approved by Virgin Money Shareholders and has to be approved by the Court. If you want to read more about this, please go to <https://www.virginmoneyukplc.com/investor-relations/announcements/accept/#section-2024> on the Virgin Money website where you will find the Scheme Document about the Acquisition that was sent or made available to Virgin Money Shareholders on 22 April 2024. A copy of this Letter is also available on the same Virgin Money website.

2. What can Virgin Money Shareholders receive under the Acquisition?

For each Virgin Money Share sold to Nationwide through the Scheme, a Virgin Money Shareholder will receive 220 pence in cash for each Virgin Money Share they own, comprising 218 pence per Virgin Money Share in cash consideration to be paid as soon as practicable after the Acquisition completes and a proposed 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 FY2024 dividend calendar or, if earlier, shortly prior to completion of the Acquisition. However, as per Q&A 3 of *Section A* above, you will not be entitled to receive the 2 pence dividend and you will not receive dividend equivalents.

3. When will the Acquisition take place?

The timing for the Acquisition completing (known as the Effective Date) is expected to be the day after the Court Order, which is expected to be before the end of calendar Q4, 2024. **This is an estimated time-frame, so please do not rely on the Scheme taking place before the end of calendar Q4, 2024 or at all.**

4. What will happen if the Acquisition does not complete?

If the Acquisition does not complete, your Awards will continue unaffected as before and remain subject to the rules of the DEP.

DEFINITIONS

"Acquisition"	the proposed recommended cash acquisition by Nationwide of the entire issued and to be issued ordinary share capital of Virgin Money by means of the Scheme
"Awards"	your awards granted under the DEP
"CGT"	capital gains tax
"Companies Act"	the Companies Act 2006, as amended from time to time
"Court"	the High Court of Justice in England and Wales
"Court Order"	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act
"DEP"	the Virgin Money Deferred Equity Plan
"Effective Date"	the date on which the Scheme becomes effective in accordance with its terms
"Employee's NICs"	Employee's National Insurance Contributions
"Good Leaver"	a participant ceasing to be a director or employee of the Virgin Money Group as a result of death, retirement, ill health, injury, disability, redundancy, transfer out of the Virgin Money Group or for any other reason the Virgin Money Remuneration Committee determines (although the precise meaning shall be as provided for in the DEP rules)
"Letter"	the letter dated 26 July 2024 from Virgin Money and Nationwide explaining the impact of the Acquisition on Awards under the DEP
"Nationwide"	Nationwide Building Society, a building society authorised by the PRA and regulated by the FCA and the PRA under registration number 106078
"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 Virgin Money Shareholders, as set out in the Scheme Document
"Scheme Document"	the document dated 22 April 2024 sent or made available to Virgin Money Shareholders to explain the Scheme
"Virgin Money"	Virgin Money UK PLC, a public limited company incorporated under the laws of England and Wales with registered number 09595911
"Virgin Money Board"	the directors of Virgin Money as at the date of this Letter
"Virgin Money Group"	Virgin Money and its subsidiaries and subsidiary undertakings from time to time
"Virgin Money Remuneration Committee"	the remuneration committee of the Virgin Money Board as constituted prior to the Effective Date
"Virgin Money Shareholders"	the holders of Virgin Money Shares
"Virgin Money Shares"	means the ordinary shares of £0.10 each in the capital of Virgin Money from time to time