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This announcement is an advertisement for the purposes of the Prospectus Rules of the UK Financial Conduct Authority and not a prospectus and not an offer to sell, or a solicitation of an offer to subscribe for or to acquire, securities in the United States or in any other jurisdiction, including in or into the United States, Australia, Canada, Japan or South Africa. Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Investors should not purchase or subscribe for any ordinary shares referred to in this announcement except on the basis of information in the prospectus (the "Prospectus") which is expected to be published shortly by Virgin Money Holdings (UK) plc in connection with the proposed offer and the proposed admission of its ordinary shares to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange plc's (the "London Stock Exchange") main market for listed securities. A copy of the Prospectus will, following publication, be available from the Company's registered office at Jubilee House, Gosforth, Newcastle upon Tyne NE3 4PL and online at www.virginmoney.com/ipo-prospectus, subject to applicable securities laws.

FOR IMMEDIATE RELEASE

13 November 2014

**Virgin Money Holdings (UK) plc
Announcement of Offer Price**

Virgin Money Holdings (UK) plc ("Virgin Money") today announces the successful pricing of its initial public offering (the "Offer") at 283 pence per Ordinary Share (the "Offer Price").

- Based on the Offer Price, Virgin Money's market capitalisation will be approximately £1.25 billion at the commencement of conditional dealings.
- The Offer is expected to raise total gross proceeds of approximately £312 million (assuming no exercise of the over-allotment option) and approximately £344 million (assuming exercise of the over-allotment option in full). Virgin Money will receive approximately £150 million of gross proceeds from the Offer.
- The selling shareholders comprise Virgin Financial Investments Limited, funds managed by WL Ross & Co, Stanhope Investments and certain directors, members of senior management, the employee benefit trust and other shareholders. In the Offer a total of approximately 57 million Ordinary Shares will be sold by the selling shareholders (assuming no exercise of the over-allotment option), receiving total gross proceeds of approximately £162 million.
- At Admission, the Company will have 441,600,856 Ordinary Shares in issue with a free float of 25% (assuming no exercise of the over-allotment option).
- Following the Offer, it is expected that Virgin Financial Investments Limited will hold approximately 34% of Virgin Money's Ordinary Shares and funds managed by WL Ross & Co will hold approximately 33% of Virgin Money's Ordinary Shares (assuming exercise in full of the over-allotment option). Both holdings are subject to a six month lock-up agreement (from the date of pricing), the terms of which are described in the Prospectus.
- Conditional dealings in Virgin Money Ordinary Shares will commence on the London Stock Exchange at 8.00am today under the ticker "VM." (ISIN: GB00BQ8P0644).
- Admission to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange and the commencement of unconditional dealings in the Ordinary Shares are expected to take place at 8.00am on 18 November 2014.
- As stabilising manager on behalf of the syndicate, BofA Merrill Lynch has been granted an over-allotment option exercisable no later than thirty days from today, over up to approximately 11 million Ordinary Shares, representing 10% of the total number of Ordinary Shares comprised in the Offer.

Jayne-Anne Gadhia, Chief Executive Officer of Virgin Money, said:

"I am delighted to welcome all our new shareholders to Virgin Money. Our capability to deliver growth at meaningful scale, the quality of our balance sheet and the fact that we are unburdened by legacy issues makes us stand apart from other banks, and these strengths give us the potential to deliver on-going returns to our shareholders through both capital growth and progressive dividend payments.

"The completion of our IPO will see us make a final payment to the Government of £50 million as consideration for our acquisition of Northern Rock plc, taking the total paid to over £1 billion.

“As we begin life as a public company, we are committed to maintaining the straightforward, transparent approach to business that we believe helps differentiate us. We are passionate about improving competition in UK retail banking and believe that today’s IPO is another step forward for us as we seek to deliver on that objective.

“I would also like to thank all of my colleagues at Virgin Money for their hard work in bringing us to this point. There are many colleagues, like me, who have spent 20 years working with the Virgin brand. As we previously announced, each employee will be awarded £1,000 worth of shares in the business upon flotation meaning that all colleagues have a stake in our future success.”

Further information

- Subject to certain customary exceptions, a lock-up period will be in place following Admission for the Company (365 days), the selling shareholders (180 days) and the directors and senior management (365 days) prohibiting further sale of Ordinary Shares without the consent of the Joint Global Co-ordinators.
- In relation to the Offer and Admission, BofA Merrill Lynch and Goldman Sachs International are acting as Joint Sponsors, Joint Global Co-ordinators and Joint Bookrunners, Barclays and Citi are acting as Joint Bookrunners and Keefe, Bruyette & Woods is acting as Joint Lead Manager.

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Keefe, Bruyette & Woods, a Stifel Company
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Disclaimer / Forward looking statements

Important notice

This announcement has been prepared by and is the responsibility of Virgin Money, and has been approved by Goldman Sachs International and Merrill Lynch International solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 (“FSMA”).

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its completeness, accuracy or fairness.

Neither this announcement nor any copy of it may be made or transmitted into the United States, or distributed, directly or indirectly, in the United States. Neither this announcement nor any copy of it may be taken or transmitted directly or indirectly into Australia, Canada, South Africa or Japan or to any persons in any of those jurisdictions, except in compliance with applicable securities laws. Any failure to comply with this restriction may constitute a violation of United States, Australian, Canadian, South Africa or Japanese securities laws. The Offer and the distribution of this announcement in other jurisdictions may be restricted by law and persons into whose possession this announcement or other information referred to herein comes should inform themselves about, and observe, any such restrictions. This announcement is not an offer of securities for sale, or a solicitation of an offer to purchase securities in the United States, Australia, Canada, South Africa or Japan or in any jurisdiction to whom or in which such offer or solicitation is unlawful.

The securities to which this announcement relates have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any regulating authority or under any applicable securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States unless registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable state law. There will be no public offer of the securities in the United States.

The securities referred to herein have not been registered under the applicable securities laws of Australia, Canada or Japan and, subject to certain exceptions, may not be offered or sold within Australia, Canada or Japan or to any national, resident or citizen of Australia, Canada, South Africa or Japan.

In any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive") other than the United Kingdom, this announcement is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive. In addition, in the United Kingdom, this announcement is addressed and directed only at Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order and (iii) to persons to whom it may otherwise be lawful to communicate it to (all such persons being referred to as "relevant persons"). Any investment or investment activity to which this announcement relates is available only to relevant persons in the United Kingdom and Qualified Investors in any member state of the EEA other than the United Kingdom and will be engaged in only with such persons. Other persons should not rely or act upon this announcement or any of its contents.

This announcement is an advertisement and not a prospectus. Investors should not subscribe for or purchase any transferable securities referred to in this announcement except on the basis of information in the Prospectus intended to be published by Virgin Money in due course in connection with the proposed admission of its Ordinary Shares to the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange. Copies of the Prospectus will, following publication, be available from www.virginmoney.com/ipo-prospectus, subject to applicable securities laws, and at the Company's registered office. Any purchase of Ordinary Shares in the proposed Offer should be made solely on the basis of the information contained in the final Prospectus to be issued by the Company in connection with the Offer. Before purchasing any Ordinary Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus when published. The information in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any Ordinary Shares or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

This announcement does not constitute a recommendation concerning the Offer. The price and value of securities and any income from them can go down as well as up. Past performance is not a guide to future performance. Before purchasing any Ordinary Shares, persons viewing this announcement should ensure that they fully understand and accept the risks that will be set out in the Prospectus, when published. Information in this announcement or any of the documents relating to the Offer cannot be relied upon as a guide to future performance. There is no guarantee that Admission will occur and you should not base your financial decisions on Virgin Money's intentions in relation to Admission at this stage. Acquiring Ordinary Shares to which this announcement relates may

expose an investor to a significant risk of losing all of the amount invested. Potential investors should consult a professional advisor as to the suitability of the Offer for the entity or person concerned.

Goldman Sachs International, Merrill Lynch International, Barclays Bank PLC, Citigroup Global Markets Limited ("Citi") and Stifel Nicolaus Europe Limited (trading as Keefe, Bruyette & Woods) (together, the "Banks") are (i) authorised and regulated by the FCA in the United Kingdom and (ii) authorised by the Prudential Regulatory Authority (the "PRA") (other than Stifel Nicolaus Europe Limited (trading as Keefe, Bruyette & Woods)). The Banks are acting exclusively for Virgin Money and no-one else in connection with the Offer. They will not regard any other person as their respective clients in relation to the Offer and will not be responsible to anyone other than Virgin Money for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offer, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the Offer, each of the Banks and any of their respective affiliates, acting as investors for their own accounts, may subscribe for or purchase Ordinary Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of Virgin Money or related investments in connection with the Offer or otherwise. Accordingly, references in the Prospectus, once published, to the Ordinary Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Banks or any of their respective affiliates acting as investors for their own accounts. In addition they may enter into financing arrangements and swaps with investors in connection with which they may from time to time acquire, hold or dispose of Ordinary Shares. The Banks and their respective affiliates do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Banks by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Banks or any of their respective affiliates, directors, officers, employees, advisers or agents accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Offer and nothing in this announcement will be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of the Banks and their respective affiliates accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this announcement or any such statement.

In connection with the Offer, a stabilising manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares or effect other transactions with a view to supporting the market price of the Ordinary Shares at a higher level than that which might otherwise prevail in the open market. The stabilising manager will not be required to enter into such transactions and such transactions may be effected on any stock market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the stabilising manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilising measures, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Ordinary Shares above the offer price. Save as required by law or regulation, neither the stabilising manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

In connection with the Offer, the stabilising manager may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 10 per cent. of the total number of Shares comprised in the Offer. For the purposes of allowing the stabilising manager to cover short positions resulting from any such over-allotments and/or from sales of Ordinary Shares effected by it during the stabilisation period, it is expected that certain existing shareholders (the "Over-Allotment Shareholders") will grant to the stabilising manager, on behalf of the Banks, an option (the "Over-Allotment Option") pursuant to which the stabilising manager may purchase or procure purchasers for additional Ordinary Shares up to a maximum of 10 per cent. of the total number of Ordinary Shares comprised in the Offer (the "Over-Allotment Shares") at the offer price. The Over-Allotment Option will be exercisable in whole or in part, upon notice by the stabilising manager, at any time for 30 calendar days after the commencement of conditional trading of the Shares on the London Stock Exchange. Any Over-Allotment Shares made available pursuant to the Over-Allotment Option will be sold on the same terms and conditions as the Ordinary Shares being sold or issued in the Offer and will form a single class for all purposes with the other Ordinary Shares. Save as required by law or regulation, neither the stabilising manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly with the total figure given.

Certain information contained in this announcement, including any information as to Virgin Money's strategy, market position, plans or future financial or operating performance, constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believe", "expect", "anticipate", "contemplate", "target", "plan", "intend", "continue", "budget", "project", "aim", "estimate", "may", "will", "could", "should", "seeks", "predicts", "schedule" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plan, objectives, goals, future events or intentions. In particular, statements in this announcement regarding targets and expectations in respect of Virgin Money's expected retail NIM development, operating cost evolution, growth in return on tangible equity and return on assets, mortgage market share and credit card volume growth and in the development of Virgin Money's cost of risk and its cost:income, capital and leverage ratios, as well as other expressions of Virgin Money's targets and expectations, should be considered forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Virgin Money, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: general economic and business conditions in the UK and internationally; inflation, deflation, interest rates and policies of the Bank of England, the European Central Bank and other G8 central banks; fluctuations in exchange rates, stock markets and currencies; changes to Virgin Money's credit ratings; changing demographic developments, including mortality and changing customer behaviour, including consumer spending, saving and borrowing habits; changes in customer preferences; changes to borrower or counterparty credit quality; instability in the global financial markets, including Eurozone instability and the impact of any sovereign credit rating downgrade or other sovereign financial issues; technological changes; natural and other disasters, adverse weather and similar contingencies outside Virgin Money's control; inadequate or failed internal or external processes, people and systems; terrorist acts and other acts of war or hostility and responses to those acts; geopolitical, pandemic or other such events; changes in laws, regulations, taxation, accounting standards or practices; regulatory capital or liquidity requirements and similar contingencies outside Virgin Money's control; the policies and actions of Governmental or regulatory authorities in the UK, the European Union, the US or elsewhere; the implementation of the draft EU crisis management framework directive and banking reform, following the recommendations made by the Independent Commission on Banking; the ability to attract and retain senior management and other employees; the extent of any future impairment charges or write-downs caused by depressed asset valuations, market disruptions and illiquid markets; market relating trends and developments; exposure to regulatory scrutiny, legal proceedings, regulatory investigations or complaints; changes in competition and pricing environments; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services and lending companies; and the success of Virgin Money in managing the risks of the foregoing.

Investors are cautioned that forward-looking statements are not guarantees of future performance. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this announcement speak only as at the date of this announcement, reflect the Virgin Money Board's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Virgin Money's operations, results of operations, growth strategy, capital and leverage ratios and the availability of new funding. Investors should specifically consider the factors identified in this announcement that could cause actual results to differ before making any investment decision. All of the forward-looking statements made in this announcement are qualified by these cautionary statements.