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Press Release

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Bradford & Bingley plc and Northern Rock (Asset Management) plc

London, 24 March 2010. Following the announcement made by the Chancellor of the Exchequer today, UKFI confirms the intention to integrate Northern Rock (Asset Management) plc ("NR(AM)") and Bradford & Bingley plc ("B&B") under a single holding company.

This proposal will maximise value for the taxpayer and create a solid platform for the orderly management of both companies' closed mortgage books.

The proposed integration has the full support of HM Treasury and the Boards of NR(AM) and B&B. UKFI is working with both companies to fully develop a plan for the integration. This will be an extensive process and no firm timescale can yet be confirmed.

It is proposed that a single holding company will combine NR(AM) and B&B under common governance and management. The integrated businesses will be committed to providing excellent customer service, leading arrears management and efficient operations. Both companies will remain as separate legal entities under the new holding company, each with its own balance sheet and government support arrangements. There will be no changes to existing liability structures and customers do not need to take any action.

The proposal will be implemented within European Commission State aid rules and will be subject to regulatory approval from the FSA.

Keith Morgan, Head of Wholly-Owned Investments at UKFI, said: "We believe that bringing these businesses together under a single holding company with a common management team is the natural outcome and the right solution to maximise value for the taxpayer. NR(AM) and B&B are now similar companies and operating under this new structure will help deliver efficient management of both companies' closed mortgage books."

Notes to editors:

UKFI was set up on 3 November 2008 to manage the Government's investments in financial institutions. Its overarching objective is to develop and execute a strategy for disposing of the investments in the context of protecting and creating value for the taxpayer as shareholder and as provider of financial support, paying due regard to the maintenance of financial stability and acting in a way that promotes competition.

The legal and capital restructure of the former Northern Rock was successfully completed on 1 January 2010, following approval for State aid which was granted by the European Commission on 28 October 2009. This resulted in the creation of two separate companies, Northern Rock (Asset Management) plc and Northern Rock plc.

On 27 March 2009, Bradford & Bingley submitted its Business Plan and application for State aid to the European Commission, in accordance with State aid rules after having been taken into public ownership on 29 September 2008. This Business Plan outlined the Group's objectives to repay HM Treasury and the Financial Services Compensation Scheme (FSCS) as soon as market conditions allow, and protect taxpayers, whilst treating customers and creditors fairly. A summary of the Business Plan is available at www.bbg.co.uk. On 25 January 2010 the European Commission approved the Business Plan and application for State aid, a decision that ratifies the strategy and approach that is outlined in the Business Plan and is an essential requirement that will help the Group achieve its business objectives.