

UKAR Update

26 Feb 2021

UK Asset Resolution Ltd (UKAR) confirms that it has agreed to sell the issued share capital of Bradford & Bingley plc (“B&B”) and NRAM Ltd (“NRAM”) and their remaining mortgage and loan portfolios to a consortium comprising Davidson Kempner Capital Management LP (Davidson Kempner) and Citibank (Citi). The majority of the financing for the transaction is being provided by funds managed by Pacific Investment Management Company LLC (PIMCO).

A key consideration in selecting the successful bidder was the continued fair treatment of customers. This transaction involves a change in ownership of B&B and NRAM but does not involve any customers moving to a new lender. Customers do not need to take any action and can be assured that there will be no changes to the terms and conditions of any loans as a result of this transaction. They will continue to receive the same protections for the lifetime of their mortgage as they do today and their ability to re-mortgage will be unaffected.

This sale brings to a close the Government’s ownership of B&B and NRAM, including their loans, with the taxpayer fully repaid and the legal and regulatory responsibility for the operating companies returned to the private sector.

The transaction will complete in two stages. The first stage is the sale of the loans to Citi which is expected to complete within the next few weeks. The second stage is completion of the sale of the companies to Davidson Kempner, which is subject to the receipt of regulatory approvals and is expected to take place in the summer. At this point Davidson Kempner will take ownership of B&B and NRAM, whose team of colleagues based in West Yorkshire will continue to be responsible for overseeing the service that customers receive. Total proceeds of the sale for the Government will be c.£5bn.

UKAR Ltd will remain in government ownership and will be responsible for meeting ongoing contractual obligations to the buyer of the companies and managing other remaining liabilities. It will have no employees and this activity will be undertaken on an outsourced basis by PricewaterhouseCoopers LLP (“PwC”), who were appointed following a competitive tender process in line with public sector procurement requirements.

Ian Hares, Chief Executive Officer, commented:

UKAR’s objective is to facilitate the orderly wind down of NRAM and B&B whilst treating customers fairly. This transaction marks the end of the government’s ownership of these companies and is a significant step towards the completion of that objective and I would like to thank all those who have been involved over the ten years since we were formed.

Note to Editors

B&B and NRAM are directly owned by UKAR, whilst Mortgage Express is a subsidiary of B&B. Following regulatory approval Davidson Kempner will become the direct owner of B&B and NRAM and indirectly take ownership of Mortgage Express. The protection package applies to all customers.

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26 UKAR Update
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11
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