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4-26-2018

UK Asset Resolution announces sale of Bradford & Bingley assets for £5.3bn, enabling full repayment of the FSCS loan

United Kingdom: UK Asset Resolution (UKAR)

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UK Asset Resolution announces sale of Bradford & Bingley assets for £5.3bn, enabling full repayment of the FSCS loan

26 Apr 2018

Following an open and competitive process, Bradford & Bingley plc (B&B), part of UK Asset Resolution Limited (UKAR), today confirms that it has agreed to sell two separate portfolios of buy to let and residential owner-occupied mortgages to an investor group led by Barclays Bank PLC for a total of £5.3bn.

Financial completion is expected within the next few weeks and will enable total loan repayments of £5.3bn to HM Treasury, which includes the remaining £4.7bn of the Financial Services Compensation Scheme (FSCS) loan. This follows the repayment of £10.9bn in 2017 and means that the £15.65bn FSCS loan extended to Bradford & Bingley when it was nationalised in 2008 will have been repaid in full.

The sale is based on the portfolio position as at 30 September 2017, from which point the purchaser will acquire the risks and rewards of ownership of approximately 45,000 Bradford & Bingley and Mortgage Express mortgages.

A key consideration in selecting the successful bidder was the continued fair treatment of customers and there will be no changes to the terms and conditions of the loans as a result of this transaction. The mortgages will continue to be administered by the same company, providing continuity of service. Customers do not need to take any action. Those included in the transaction will be contacted in due course to explain the change in ownership.

Ian Hares, Chief Executive Officer, commented:

“This marks a significant moment in B&B’s history with all £15.65bn returned to the FSCS and ultimately the taxpayer. When complete, this sale will reduce UKAR’s balance sheet to £14.5bn, an 87% reduction since its formation. The transaction delivers against our overarching objective to develop and execute divestment strategies which protect and maximise value for the taxpayer whilst treating customers fairly.”

Notes to Editors:

- When B&B was taken into public ownership in 2008 its customer deposit book was transferred to Santander UK and replaced by loans from HM Treasury and the FSCS. In turn the FSCS borrowed £15.65bn from HM Treasury to fund its loan to B&B.
- These mortgages will continue to be serviced for an interim period of up to 9 months by Computershare Mortgage Services, an FCA regulated company, operating under the trading name of Computershare Loan Services (CLS). The purchaser has agreed that CLS will continue to service the customer loans following the interim period.
- The residential owner-occupied portfolio comprises mortgages originated by B&B and Mortgage Express. The buy-to-let portfolio comprises mortgages originated by B&B and Mortgage Express, or acquired from GMAC-RFC Limited, Kensington Mortgage Company Limited and Close Brothers Limited.
- The mortgages in this transaction will be sold to two wholly-owned subsidiaries of Barclays Bank PLC with equity funding from funds managed by PIMCO.
- A finance package in the form of a commitment to buy investment grade bonds has been made available to the purchasers by a consortium made up of Barclays Bank UK PLC, HSBC, Lloyds, Nationwide, NatWest Bank and Santander UK.
- Morgan Stanley acted as financial advisor to UKAR in this process.

UK Asset Resolution Limited (UKAR)

UKAR, the holding company for Bradford & Bingley plc (B&B) and NRAM Limited (NRAM), was established on 1 October 2010 to facilitate the orderly management of the closed mortgage books of both B&B and NRAM to maximise value for taxpayers, while ensuring that both companies continue to treat customers fairly, deliver consistently high levels of service and support those customers facing financial difficulty. Further information about UKAR is available at www.ukar.co.uk.

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