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Northern Rock (Asset Management) plc confirms integration with Bradford & Bingley plc under a new holding company

United Kingdom: UK Asset Resolution (UKAR)

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Northern Rock (Asset Management) plc confirms integration with Bradford & Bingley plc under a new holding company

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- **UK Asset Resolution established as the new holding company**
- **New structure will maximise taxpayer value**
- **Customers do not need to take any action**

Further to the announcement of 24 March 2010, UKFI has today announced that UK Asset Resolution Limited (“UKAR”) has been established as the new holding company for Northern Rock (Asset Management) plc (“NRAM”) and Bradford & Bingley plc (“B&B”).

UKAR has been established to facilitate the orderly management of the closed mortgage books of both NRAM and B&B and to maximise taxpayer value. Both companies will remain as separate legal entities, with their own balance sheet and government support arrangements. There will be no changes to existing liability structures. The integration is implemented within European Commission State Aid rules and follows approval by the FSA.

NRAM customers do not need to take any action as a result of this announcement and the company will write to its customers over the coming weeks to keep them informed.

NRAM was created following the legal and capital restructure of the former Northern Rock business, which completed on 1 January 2010, resulting in the creation of two separate companies – NRAM and Northern Rock plc (see Notes to Editors).

Since the restructure NRAM has made good progress, with financial performance improving. NRAM recorded a statutory profit of £350 million in the first six months of 2010 and added a further £780 million to shareholder funds through a debt buyback in the first half of the year. The positive underlying trend in operating performance has been maintained into the second half of the year. Repayments against the Government loan totalling £300 million were also made in the first six months of 2010. Additional repayments made since then have taken the total amount repaid so far during 2010 to £1 billion.

Gary Hoffman, who has been CEO of both NRAM and Northern Rock plc since 1 January 2010, has stepped down as the CEO of NRAM and as a member of the NRAM Board with immediate effect. He remains CEO of Northern Rock plc.

Andy Tate, appointed to the NRAM Board as Chief Operating Officer on 1 January 2010, also steps down from the Board with immediate effect, but remains in a senior management capacity with Northern Rock plc. Philip Remnant, previously Non Executive Director, has also stepped down from the Board.

Richard Banks, CEO of UKAR, has been appointed to the Board of NRAM as CEO. Three new Non-Executive Directors who currently serve on the B&B Board have also been appointed as Non Executive Directors of NRAM. They are Michael Buckley, Louise Patten and John Tattersall. The full NRAM Board composition can be seen in Notes to Editors.

Commenting on today's announcement, Gary Hoffman said:

"Following the successful rescue and restructure of the former Northern Rock business, NRAM returned to profitability in the first half of 2010 as income increased, impairment charges were reduced and arrears continued to stabilise. This trend has continued in the third quarter and I feel NRAM is being handed over in good shape for the future.

"NRAM also has a growing reputation for helping those customers facing financial difficulty. I have stepped down as Chief Executive of NRAM with pride in what we have all achieved.

"This integrated structure, with NRAM and Bradford & Bingley under common management and governance, creates the opportunity to deliver maximum value for the taxpayer and is therefore the right strategy. I wish the new Board well for the future."

ENDS

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Notes to Editors:

The legal and capital restructure of the former Northern Rock completed on 1 January 2010, which resulted in the creation of two separate companies:

Northern Rock (Asset Management) plc – a mortgage provider that holds residential mortgages and unsecured loans. Northern Rock (Asset Management) plc also holds the Government loan and non-deposit wholesale and secured funding instruments. This company does not hold any retail deposits and does not offer any new mortgage lending.

Northern Rock plc – a new savings and mortgage bank that is regulated as a deposit taker and mortgage lender by the FSA, offering new savings products and new mortgage lending.

Northern Rock plc does not form part of the integration strategy outlined above.

Approximately 1,250 Northern Rock employees will transfer under TUPE arrangements to the integrated business in support of NRAM operations.

The Head Office of UKAR will be based in Crossflatts, West Yorkshire and the integrated business will maintain operations located in Gosforth (near Newcastle), Doxford (near Sunderland) and Crossflatts (West Yorkshire).

The full Board of NRAM now comprises:

- Richard Pym (Chairman)
- Richard Banks Chief Executive)
- Kent Atkinson
- Michael Buckley
- Bob Davies

- Sue Langley
- Keith Morgan
- Louise Patten
- John Tattersall

Important Notice

This document contains certain forward-looking statements with respect to the plans and objectives of Northern Rock (Asset Management) plc, its current goals and expectations relating to its future financial condition and performance and the future operations of its business.

Forward-looking statements are sometimes, but not always, identified by the use of a date in the future or by such words as “anticipates”, “aims”, “due”, “could”, “may”, “should”, “expects”, “believes”, “intends”, “plans”, “potential”, “reasonably possible”, “targets”, “goal” or “estimates” (although their absence does not mean that a statement is not forward looking). By their nature, forward-looking statements are unpredictable and involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Northern Rock (Asset Management) plc’s actual future results or developments may differ materially from the results and developments expressed or implied in these forward-looking statements as a result of a variety of factors, including (but not limited to) UK domestic and global economic and business conditions, market related risks such as interest rate and exchange rate volatility, delays in implementing proposals, difficulties with computer systems, legislative, fiscal, competition and regulatory developments and changes, the impact of any legal or other proceedings against Northern Rock (Asset Management) plc, changes in customer preferences and other factors.

All forward-looking statements in this announcement are based on information available to Northern Rock (Asset Management) plc as of the date hereof. All written or oral forward-looking statements attributable to Northern Rock (Asset Management) plc or any person acting on behalf of Northern Rock (Asset Management) plc are expressly qualified in their entirety by the foregoing.

Other than in accordance with its legal or regulatory obligations, neither Northern Rock (Asset Management) plc nor anyone acting on its behalf undertakes any obligation to update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

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