

## Press Notice

31 March 2017

### **UKAR announces £11.8 billion sale of Bradford & Bingley assets**

UK Financial Investments Limited (UKFI), today confirms that following an open and competitive sales process, UK Asset Resolution Limited (UKAR), the holding company for the government owned businesses of Bradford & Bingley plc (B&B) and NRAM Limited (NRAM), has agreed to sell two separate asset portfolios of performing buy-to-let loans from B&B to Prudential plc and to funds managed by Blackstone for £11.8 billion.

The price achieved reflects the strong credit quality of the portfolio and the outcome of a highly competitive sale process. It delivers value for money for the taxpayer and compares favourably with the 'fair value' of the B&B loan book disclosed in B&B's accounts last year. The fair value of the B&B loan book is less than its book value, reflecting the low interest rates payable on the loans.

There will be no changes to the terms and conditions of the buy-to-let loans involved in this transaction. Borrowers do not need to take any action at this time and all those impacted will be contacted directly in due course to explain the change of ownership.

The sale brings the total UKAR balance sheet reduction to £94 billion (81%) since formation in 2010.

Financial completion is expected within the next few weeks and will enable total loan repayments to HM Treasury of £11.8 billion including £10.9 billion of the £15.65 billion Financial Services Compensation Scheme (FSCS) loan.

Subject to market conditions and value for money, UKAR expect to launch the next phase of the programme of sales later this year with the aim of repaying the remainder of the FSCS loan in full by March 2018.

Further information can be found in the HM Treasury and UKAR press releases:

<https://www.gov.uk/government/news/bradford-bingley-asset-sale-to-raise-118-billion-for-uk-taxpayers>

<http://www.ukar.co.uk/media-centre/press-releases/2017/31-03-2017?page=1>

### Notes to Editors

- 1) Following financial completion, UKAR's balance sheet will have reduced from £116 billion to £22 billion since its formation in 2010.
- 2) A finance package has been underwritten for the purchasers by a consortium made up of Barclays, HSBC, Lloyds, Nationwide, RBS and Santander UK.
- 3) UKFI were independently advised by Moelis on the divestment.