

Press Release

For immediate release

15 February 2010

UK Shareholders' Association
1 Bromley Lane
Chislehurst
BR7 6LH

Phone: 020-8468-1027
Email: uksa@uksa.org.uk
Web: www.uksa.org.uk

"BRADFORD & BINGLEY NATIONALISATION WAS UNNECESSARY AND DESTROYED A WELL CAPITALISED AND SOLVENT BANK" CLAIM BRADFORD & BINGLEY SHAREHOLDERS

1. A written submission has been made to Peter Clokey by Charles Fussell & Co, solicitors acting on behalf of the Bradford & Bingley Investor Action Group ("BBAG"), which represents the one million-odd former shareholders and the current bondholders of Bradford & Bingley ("B&B"). The submission has been written with the support of the UK Shareholders Association ("UKSA"). Peter Clokey is the Senior Valuations Partner at PriceWaterhouseCoopers ("PWC") and was appointed by the Treasury (or "HMT") as the B&B Independent Valuer in June 2009.
2. This submission highlights material issues and events which the former shareholders believe need to be considered as part of the valuation exercise that is being conducted in light of the bank's nationalisation in September 2008.
3. In particular, **BBAG does not accept that B&B lacked adequate capital or liquidity prior to its nationalisation and believes it was still a viable business with substantial value immediately prior to the Transfer Time.** The submission contains evidence which supports this position.
4. **BBAG also claims that the Government, the Treasury and the FSA have withheld important information regarding events and decisions leading up to the nationalisation of B&B.** BBAG believes that equal access to all material information is the only way to ensure the valuation process is fair to all parties and not just HMT, the only creditor currently privy to all pertinent information. It is therefore vital that the Government releases all information concerning the decision to nationalise B&B.
5. The Government claims it acted on the advice of the FSA which it says determined that B&B no longer met its threshold conditions to act as an authorised deposit taker on the morning of 27th September 2008. This is **at odds with contemporaneous statements made by the bank's senior management.** For example, on 25th

September 2008, the bank issued a press release, approved by the FSA and Bank of England, stating that it was well capitalised and fit for purpose. Furthermore, in evidence presented to the House of Commons Treasury Select Committee (the "TSC") on 18th November 2008, Rod Kent, B&B's former Chairman, stated in response to TSC Chairman John McFall MP's accusation that B&B was bust: *"That is not correct. At the time when we were transferred into public ownership we were both solvent and well above our regulatory minimum on capital, we were still well capitalised"*.

6. BBAG maintains that if there was a genuine concern about B&B's liquidity, then **funding should have been made available to it under the Bank of England's Special Liquidity Scheme** rather than taking the drastic step of breaking up the bank and nationalising the loan book.
7. The submission concludes that the Government's decision to nationalise B&B was unnecessary and the intervention of the FSA on the morning of Saturday 27th September 2008, ostensibly on the basis that B&B lacked sufficient capital and liquidity, was **misguided and most likely politically motivated**. In addition, splitting up the bank and selling off the retail deposit business to Santander and replacing the retail deposits with loans from the Treasury and the Financial Services Compensation Scheme ("FSCS") was wholly unnecessary and wrong. This approach to "rescuing the bank" effectively rendered it unable to continue as a going concern and placed a huge burden on the bank in the form of the £18 billion "Statutory Debt".
8. To the extent that there was a "run on the bank", which may have caused concern about B&B's liquidity, BBAG maintains that it was **caused or at least substantially contributed to by press rumours about the Tripartite Authorities seeking a purchaser for the bank in the week prior to nationalisation**. It is also clear that the **BBC was responsible for leaking the fact and the details of the Treasury's plans for nationalisation which appears to have accelerated the outflow of depositors' funds on the Friday and Saturday immediately prior to nationalisation and may have prompted the FSA to intervene**. This was certainly the view of B&B's senior management at the time and was confirmed by Messrs Pym and Kent when they gave evidence before the TSC on 18th November 2008. **BBAG also claim that Robert Peston was briefed by senior officials at the Treasury, a view which is shared by certain members of Parliament.**

Commenting on the submission, David Blundell, Chairman of BBAG, said:

"The facts contained within our submission not only demonstrate that the nationalisation of B&B was politically motivated but that B&B was a viable entity at the time it was taken into public ownership. B&B shares had meaningful value at the time of their transfer to the Treasury, something that must be taken into consideration during the valuation process.

"Nationalising B&B was a grossly disproportionate act which has not only destroyed a venerable bank and a large contributor to the local economy of Bradford but impoverished many people who relied upon income from B&B bonds and wiped out the shareholdings of around one million former shareholders."

For further information, please contact:

David Blundell

Bradford & Bingley Shareholders Action Group Chairman

Telephone: 0113 281 3941 or 07821 881641

Email: dwwb@btinternet.com

or

Roger Lawson

Telephone: 020 8467 2686

Email: roger.lawson@btclick.com

or

Tim Grey

Telephone: 0207 520 9455 or 07796 072298

Email: timgrey@millbrookpartnership.com

ENDS