

To Bradford & Bingley Shareholders

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UK Shareholders Association
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Bradford & Bingley Action Group – Update No. 12

Meeting Report

About 200 people attended the meeting in Bingley that we organised for B&B shareholders. Some interesting information came out of the meeting, and it also proved to be a good opportunity to explain to shareholders our view on what happened and why. Also we covered what the Shareholder Action Group committee had done so far and what we planned to do going forward. A full report is present and some photographs of the event are present on our web site at: www.uksa.org.uk/B&B_Meeting.htm

Loan Frauds

The Daily Telegraph reported that the recently announced arrest by the police of nine people on suspicion of a £40 million buy-to-let mortgage fraud was just the tip of the iceberg. There are likely to be many other similar frauds according to industry sources and one of the prime targets of those frauds was apparently Bradford & Bingley who were one of the biggest operators in the buy-to-let sector.

This problem might have a significant impact on the bad debts and provisions arising in Bradford & Bingley going forward. There are two key questions here of course: 1) Was the company aware of this problem when it published the rights issue prospectus; and 2) Was the FSA and the Government aware of it when they were considering the position of the company just prior to nationalisation?

Independent Valuer

The Treasury has now advertised the position of “independent valuer” for the compensation payable to B&B shareholders. See www.hm-treasury.gov.uk/valuer for details. Interviews for the position will not take place until May, so you can see that this process will take many months before we see any prospective valuation.

There has also been an amendment to the “Compensation Order” that enables the valuer to obtain confidential information – see www.opsi.gov.uk/si/si2009/draft/ukdsi_9780111474648_en_1. But one danger is that the valuer may obtain information which is used to influence his valuation, but may then refuse disclosure of that information to people like us wishing to make representations on the valuation or understand how he arrived at the result. This is likely to be a significant area of dispute if the valuation is not done on an open basis with full disclosure of all relevant information.

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Note that all previous information issued by UKSA in respect of Bradford & Bingley is present on the following web site page: www.uksa.org.uk/BradfordBingley.htm