

To Bradford & Bingley Shareholders

08 September 2009

UK Shareholders Association
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Bradford & Bingley Action Group – Update No. 17

Public Meeting

All former Bradford & Bingley shareholders are invited to attend a meeting on Saturday the 10th October in London – commencing at 11.00 am (at St. Columba's Church, Pont Street). Everyone is welcome and we have a strong line-up of speakers including Peter Clokey of PWC who is the appointed independent valuer. More details are present on this page of our web site: www.uksa.org.uk/B&B_Meeting.htm (click on to access). Send an email to uksa1@btconnect.com please, or call Deborah Newman on 020-8468-1027, if you plan to attend the meeting so we get an idea of the possible numbers.

Subordinated Debt Default

The Government has now defaulted on its interest payments on the subordinated debt of Northern Rock so Bradford & Bingley holders can no longer claim they are being treated differently. See the Northern Rock page of the UKSA web site for more information. In brief, the EU commission seems to have decided that all banks which are in receipt of Government aid must cease paying interest on subordinated debt. Their thinking seems to be that all private sources of money available to a bank must be utilised before Government money can be made available, so the interest due must be retained by the bank for its own use regardless of whether a bank can pay or wishes to pay.

Book Review

There have been a plethora of books on the banking crisis and the events at Northern Rock which were the first indication of major problems in this sector in the UK. Often these tomes were rushed out and contained a superficial analysis, or even "populist" approach to the subject. As a result the underlying research was frequently inadequate and the conclusions erroneous. Now we have a publication which is more thoughtful and more comprehensive in a book by Bill Brown ("The Decline and Fall of Banking" by Bill Penman-Brown).

Mr Brown had a lifetime career in international banking, working for several major firms, and subsequently became Financial Services Commissioner for Gibraltar responsible for regulating financial services and investment firms. So he has seen banking from both sides of the fence.

His book entitled "The Decline and Fall of Banking" stretches to 500 pages and is a comprehensive analysis of the banking scene from a UK perspective over the last couple of years with a detailed analysis of the events at Northern Rock.

If you don't understand the causes of the crisis, then this is an invaluable work as it covers the sub-prime crisis that arose in the USA, the growth of securitisation and covered bonds, the rise and fall of monoline insurers, the impact of credit rating agencies and the other factors that combined to create the crisis. Incidentally the book contains a number of references to the activities of the UK Shareholders Association (UKSA).

In summary, an invaluable work that any investor who wishes to understand the banking sector and what went wrong should peruse. The book is available at the list price of £34.95 from any good book store or direct from the publisher (Troubadour – see www.troubador.co.uk/shop.asp) but you can buy it direct from the author at a specially discounted price of only £26.95 (including post and packing) arranged by UKSA. Please send orders to Bill Brown at 79 Whitehouse Road, Edinburgh EH4 6PB (contact details in case of queries: bilbro@talktalk.net , telephone 0131 336 3131). Cheques should be made payable to W.P. Brown and please send a cheque with your order.

Tax Position

For those former shareholders in B&B who are unclear on their capital gains tax position, HMRC have issued a note on the subject which is present on this web page: www.hmrc.gov.uk/briefs/cgt/brief1609.htm

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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