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UK Shareholders' Association

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Bradford & Bingley Action Group – Update No. 24 Response to Subordinated Bonds Redemption Offer

The Bradford & Bingley Action Group established by UKSA notes the offer by Bradford & Bingley, under the control of UK Financial Investments (UKFI), to buy back certain of the outstanding Subordinated Bonds at discounts of between 53% to 75% of their face value.

Bradford & Bingley has, of course, halted all interest payments, citing the Statutory Debt as taking precedence ahead of the bonds.

We note from the most recent set of published accounts that, even after provisions for loan book losses, there is currently shareholders' equity of circa £1.4bn. This shareholders' equity assumes redemption of the bonds at 'par' (100% of face value). UKSA's submission on behalf of the shareholders and bondholders asserts that there was and is meaningful value in the equity and given this stance we believe that the redemption offer on the bonds was opportunistic on the part of B&B/UKFI.

We cannot advise on individual bondholders' circumstances, but believe the tender offer woefully undervalues the bonds and that, as the accounts presently illustrate, there should be redemption at 100% of face value in the future as the mortgage book is paid down as well as ultimate payment of the interest accruals.

Valuation of the equity by Peter Clokey, the Independent Valuer, is expected imminently and all issues will then be considered by the Action Group and further information will follow.

Bradford & Bingley Shareholders Action Group
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The Bradford & Bingley Shareholders Action Group is a group set up under the auspices of the UK Shareholders' Association (UKSA). The opinions expressed on its behalf are those of the Bradford & Bingley Shareholders Action Group which takes full responsibility for them and are not necessarily those of UKSA itself.

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