

## **PRESS RELEASE**

### **Issued on behalf of the Administrator of the Presbyterian Mutual Society (In Administration)**

**MONDAY 16<sup>TH</sup> MAY 2011**

#### **PRESBYTERIAN MUTUAL SOCIETY SCHEME OF ARRANGEMENT PASSED BY CREDITORS AND MEMBERS**

Creditors and shareholders of the Presbyterian Mutual Society, which is in administration, have voted overwhelmingly to accept a proposed Scheme of Arrangement which will result in them receiving a total of more than £232m in repayments.

More than 99% of the members and creditors who voted, both in number and by value of their holdings, were in favour of the proposed scheme. There was a valid vote of 87% of all savers.

A third of creditors voting agreed to voluntarily defer some of the funds due to them, which means that shareholders (known as members) with total holdings of less than £20,000 in the Society can now receive all their money back.

The Administrator, Mr Arthur Boyd of Arthur Boyd & Co, has now written to them with details of the voting result.

He said the appeal by the Presbyterian Church in Ireland for individuals and congregations to voluntarily defer an element of the money due to them had met with a strong response.

Some 33% of creditors agreed to participate in the voluntary deferral, which means there is sufficient funding to increase the payment to the so-called "small savers" from 97p to 100p in the £.

Creditors will receive 100p in the £ less a compulsory deferral of 15p. Because the majority of savers have a combination of share and loan certificates, the return to shareholders is based on a sliding scale depending on the size of their total holding in Society. The minimum return that anyone will receive will be 77% of their total holding in the Society.

The Administrator developed the scheme in order to pay out the £225m in financial assistance provided by the government, as well as £1m from the Presbyterian Church in Ireland.

A further sum of over £6m is available from the income accrued by the Society during Administration, making the total proposed payout in excess of £232m. The Society has total liabilities of £279m.

Had the Scheme of Arrangement been rejected, the Administrator would have placed the Society in liquidation which might have returned up to 72p in the £ to creditors but nothing to shareholders.

The PMS was placed in Administration in November 2008 to protect its assets and enable the Administrator to seek a better return than would be possible through liquidation.

Under the proposed Scheme of Arrangement, the scheme supervisors will trade out the Society's assets for a period of up to ten years to enable the government loan of £175m to be repaid with interest, after which the amounts deferred by creditors will be paid to them. The Administrator has pointed out that there is no guarantee that there will be sufficient funds to pay deferred amounts to creditors when the scheme is completed.

The scheme supervisors will be Mr. Arthur Boyd of Arthur Boyd & Co. and Mr. John Hansen of KPMG.

The scheme is required to be formally sanctioned by the Court before the process of repayment can begin. The Administrator hopes repayments can begin in early July.

**Ends**