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Another Banksia refund expected

Banksia Securities investors have been told to expect a further repayment of 5¢ to 10¢ in the dollar by the end of this year.

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Banksia Securities investors have been told to expect a further repayment of 5¢ to 10¢ in the dollar before the end of this year.

Investors have received 65¢ in the dollar to date and the overall repayment is still expected to be 80¢ to 85¢.

In a circular sent to investors, receivers McGrathNicol said the additional payment would be subject to the sale of Banksia's impaired loans and the outcome of the Banksia Mortgage Fund sale process.

Remaining funds of \$12million, from the sale of Banksia's performing loan portfolio to Deutsche Bank, are on hold, but are expected to be released before the end of next month.

Some \$30 million has been recovered from the impaired loan portfolio, while 74 impaired loans with a total face value of \$131million continue to be managed.

McGrathNicol said 23 of these loans, valued at \$22million, have no remaining security and claims against parties are being considered to recover the shortfall.

Banksia also has about a \$57million loan exposure through Banksia Mortgage Fund, which has agreed for the receiver to carry out a loan portfolio sale. However, that process will require court approval before it can occur.

The receiver is also monitoring the recovery progress of an \$11million loan made to Banksia's parent company, Securities Holdco.

Securities Holdco recently repaid \$3.1million, but McGrathNicol has warned there is likely to be a significant shortfall on the overall repayment of that loan.

Other assets the receiver is aiming to sell are four Banksia-owned freehold properties.

They include three former branch offices, which are expected to go on the market in the next month, and Banksia's head office that is expected to be put up for sale once closed. However, that is not expected until at least next year.

Public examinations of 20 people including Banksia directors, senior staff members and third parties, including representatives from company auditors RSD, were completed on August 22.

McGrathNicol intends to get legal advice on potential claims and the prospects of success from such actions, before it announces its strategy for this part of the recovery to investors.

The receiver's statement said it was continuing to work with the Debenture Holder Committee and the latest of five meetings took place on August 22.

The class action launched against BSL by Kyabram resident Laurie Bolitho last December is also continuing. The next court hearing for the class action was scheduled to take place yesterday.

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