

## Regulatory Announcement

[Go to market news section](#)



<b>Company</b>	North American Banks Fund Ltd
<b>TIDM</b>	NAM
<b>Headline</b>	Final Results
<b>Released</b>	17:10 04-May-06
<b>Number</b>	4858C

RNS Number:4858C  
North American Banks Fund Ltd  
04 May 2006

North American Banks Fund Limited

Preliminary Results for the period 5 May 2005 to 31 December 2005

### Chairman's Statement

I welcome shareholders of North American Banks Fund Limited on the occasion of the publication of our first Annual Report and Financial Statements of the Company.

North American Banks Fund Limited (the "Fund") was admitted to AIM on 10 June 2005. During the Fund's first seven months of trading, to 31 December 2005, the company made three investments, all of which are held at fair value equivalent to their original cost. The net asset value of a share in the Fund has moved marginally in the first seven months to reflect ongoing expenses.

The first transaction, a US\$1.5million seed investment in Midwest Financial Holdings, was finalised on 14 July 2005. The fund has backed an experienced management team previously with Provident Bank, looking to launch a de novo bank, providing banking products and services to middle market companies and commercial real estate investors/developers in Ohio.

The second transaction a US\$4.0 million investment in Magnet Bank, was completed on 16 September 2005. Magnet Bank has been set up by Darrell Pittard, an Atlanta based banker who previously served as founder, Chairman and CEO of Premier Bancshares, Inc.. Magnet will engage in traditional lending activities to small and medium-sized businesses. Since September it has opened loan production offices in Orlando (Florida), Raleigh (North Carolina), Salt Lake City (Utah) and Atlanta (Georgia).

The third transaction, a small seed investment of US\$100,000 in Mountain Commerce (previously Mountain Peak), closed on 1 December 2005. Mountain Commerce is being established to exploit opportunities in the East Tennessee, Western North Carolina and Virginia banking marketplace. The management team led by Bill Edwards, previously of SunTrust, has significant support from the local community and their second round of financing is already fully subscribed.

Deal flow has been strong over the first seven months and the outlook is good for the coming year. The Fund's current deal pipe line includes two imminent deals that will expand the Fund's footprint into Atlanta and Houston. At year end we had a cash position of just over US\$11 million and we aim to have fully invested these funds by the end of the third quarter. We will call down the second instalment of our funding according to the exact timing of these investments.

The board is encouraged by the progress we have made, and continues to work closely with the investment team to take full advantage of the attractive opportunities that exist for small banks in our target area.

Anthony Robin Dominic Monro-Davies  
 Chairman  
 4 May 2006

#### Investment Manager's Report

North American Banks Fund Limited (the "Fund") has the investment objective of achieving long-term capital growth, through investment in unquoted start-up banks, which intend to offer banking services to small and medium sized enterprises. The banks will be based in certain regions of the United States ("US"), for example Georgia, Florida, Texas, California and the South Carolina coast, where favourable economic, demographic and market factors are expected to contribute to the growth of banks.

The Fund's typical investment in a start-up bank would be made in two phases. During the first phase, the Fund would invest somewhat in the region of US\$1-2 million of seed capital in order to facilitate the process of acquiring banking charters and setting up the new bank. The second phase of the investment would be approximately US\$2-4 million to assist the bank in completing the process of acquiring banking charters and to provide the regulatory capital it requires to commence trading.

Pursuant to the Investment Management Agreement dated 03 June 2005, North Atlantic Value LLP acts as Investment Manager to the Fund and has overall responsibility for the Fund's day-to-day activities and investment decisions. We manage the Fund's portfolio of investments, actively seek new opportunities and communicate with shareholders, subject to the overriding supervision of the Directors.

Since its admission to AIM in June 2005, the Company has completed three transactions, details of which are contained in the Chairman's statement.

With further transactions in the immediate pipeline, deal flow has been steady throughout the year. Although to date we have fair valued these investments at their original cost we are satisfied with their performance and optimistic for the coming year.

North Atlantic Value LLP  
 Investment Manager  
 4 May 2006

#### Income Statement

	05 May 2005 to 31 December 2005* US\$
Income	
Interest income	251,929
Gain on disposal of investments	40,841
	-----
Total income	292,770
	-----
Expenses	
Administration fees	58,337
Audit fees	34,416
Bank charges	1,529
Insurance	12,964
Custody fees	6,200
Listing fees	12,253
Directors' fees	72,689
Disbursements	1,661

Investment manager fees	266,781
Regulatory fees	8,429
Registrar fees	28,133
Travel costs	14,607
Broker fees	15,227
Legal fees	6,155
	-----
Total expenses	539,381
	-----
Net loss for the period	(246,611)
	-----
Basic and diluted earnings per share	(0.065)
	-----

\* Commencement of operations 10 June 2005.

All items in the above statement are derived from continuing operations.

#### Statement of Changes in Equity

05 May 2005 to  
31 December  
2005\*  
US\$

Equity at 05 May 2005	-
Loss for the period	(246,611)
Issue of ordinary shares	38,000
Premium arising on issue of ordinary shares	37,962,000
Issue costs	(1,068,498)
	-----
Equity at 31 December 2005	36,684,891
	-----

\* Commencement of operations 10 June 2005.

#### Balance Sheet

31 December  
2005  
US\$

Non-current assets	
Available for sale investments	5,558,500
Current assets	
Prepayments	11,083
Accrued interest receivable	31,252
Receivable for shares subscribed	19,000,000
Cash and cash equivalents	12,307,996
	-----
	31,350,331
	-----
Total assets	36,908,831
	-----
Current liabilities	
Creditors	223,940
	-----
	223,940
	-----
Net assets	36,684,891

Shareholders equity	
Share capital	38,000
Share premium	36,893,502
Accumulated deficit	(246,611)
Total equity	36,684,891
Net Asset Value per Share	9.65

## Cash Flow Statement

05 May 2005 to  
31 December  
2005\*  
US\$

Operating Activities	
Net loss for the period	(246,611)
Increase in receivables	(42,335)
Increase in payables	223,940
Cash flow from operating activities	(65,006)
Investing Activities	
Proceeds from sale of investments	17,552,000
Purchases of investments	(23,110,500)
Cash flow from investing activities	(5,558,500)
Financing Activities	
Issue costs paid on issuance of ordinary shares	(1,068,498)
Shares issued	19,000,000
Cash flow from financing activities	17,931,502
Net increase in cash and cash equivalents at 31 December 2005	12,307,996

\* Commencement of operations 10 June 2005.

## Notes

North American Banks Fund Limited is a closed-ended investment company registered and incorporated in Guernsey. The Company has been established to invest predominantly in start-up banks based in the US.

The functional currency of the Company is US dollars because that is the currency of the primary economic environment in which the Company operates. These financial statements are presented in US Dollars.

The above results comprise an abridged version of the Company's full accounts for the period to 31 December 2005. Copies of the accounts will be sent to shareholders shortly and will be available from the Company's Registered Office at Royal Bank Place, 1 Glategny Esplanade, St Peter Port, Guernsey GY1 2HS.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards and Standing

Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, together with applicable legal and regulatory requirements of Guernsey Law.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. The preparation of financial statements in conformity with International Financial Reporting Standards requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The basic and diluted earnings per share is based on the net loss for the period of US\$246,611 and a weighted average number of Ordinary Shares in issue during the period of 3,800,000.

The net asset value per ordinary share is based on net assets at the year end and on 3,800,000 ordinary shares, being the number of ordinary shares in issue at the year end.

The Directors do not propose the payment of a dividend for the period.

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