

Regulatory Announcement

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Company North American Banks Fund Ltd
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 North American Banks Fund Ltd
 30 August 2007

North American Banks Fund Limited

Unaudited Interim Results for the six months ended 30 June 2007

Investment Manager's Report

Objective

The objective of the Company is to achieve long-term capital growth through investment in unquoted start-up banks in the United States, which intend to offer banking services to small and medium sized enterprises.

Investment Manager's Report

North Atlantic Value LLP acts as Investment Manager to the Company and has overall responsibility for the Company's day-to-day activities and investment decisions.

Portfolio Overview

Investment Portfolio	Cost (\$)	Valuation 30-Jun-07 (\$)
Bank of Atlanta	4,000,003	4,000,003
FirstAmerican Holdings Inc.	3,882,500	4,000,000
FirstAtlantic Bank of Florida	500,000	500,000
Florida Capital Group (1)	3,420,000	3,450,000
Magnet Bank	3,948,000	3,948,000
Midwest Financial Holdings	1,510,500	-
Mountain Commerce Bank (3)	2,300,000	2,300,000
NHB Holdings Inc.	4,000,000	4,000,000
Metropolitan Bank	500,000	500,000
DirectTex	150,000	150,000
TrustAtlantic Financial Corporation(2) (4)	4,000,000	4,000,000
Cash	8,244,285	8,244,285
Total	36,455,288	35,092,288

(1) Last round at \$11.40 per share, shares currently changing hands at \$11.50 per share. Investment written up accordingly.

(2) Invested 2,500,000 at \$10 per share in second round.

(3) NABF holds 68,833 \$10 Warrants which are currently out of the money.

(4) NABF holds 150,000 \$10 warrants which are currently out of the money.

North American Banks Fund Limited ("NABF" or "the Fund") has continued to execute its investment strategy. The Fund has made one new investment in Metropolitan Bank and follow-on investments in TrustAtlantic and First American Holdings. The Fund will have reached full investment once follow-on investments

have been made in FirstAtlantic Bank of Florida and Metropolitan Bank. NABF has written up Florida Capital Group and First American Holdings following independent transactions in shares at prices higher than the Fund's cost. First Atlantic Bank of Florida is due to be written up following its imminent fundraising. The remainder of the portfolio is held at cost until an event triggers a revaluation. The Fund will experience further growth in its NAV as and when an independent corporate action occurs. Our Investee banks are executing their growth strategies successfully. Two have already reached profitability and we expect this to increase to five within a year and to eight within two years. The remaining investments are currently at a seed stage. NABF's investments have been largely unaffected by the much publicised sub-prime crisis in the US, as none of our banks are involved in lending to the sub-prime sector. However, the current weakness of the U.S. dollar has affected the UK sterling value of the investments, whilst the underlying banks continue to grow steadily.

Magnet Bank, Utah

Magnet Bank has a Utah industrial charter and engages in traditional lending activities, almost exclusively to small and medium-sized businesses in Florida, North Carolina, Utah and Georgia. The bank continues to grow and, after taxes and loan loss provisions, achieved net income of \$1.7m for the first four months of 2007, including \$540k in April. Total assets have increased to \$515m. Magnet Bank has opened a nationwide equipment leasing practice. Bill Fite, previously head of equipment lending for Key Bank, and one of his colleagues have been hired to run this operation. Key Bank built up a \$14 billion portfolio and Magnet Bank's management expect Mr. Fite to deliver \$100m - \$150m in loans in the first year alone. Magnet Bank has recruited Eric Kern to head up the U.S. Small Business Administration (SBA) business, and is opening an office in Houston, Texas. Eric has over 23 years experience and was formerly with Republic National Bank, where he formed an SBA lending department. Prior to that he ran Comerica's nationwide SBA practice. A second-in-command has been recruited who will work out of Dallas, Texas. The \$50m private placement, which received approval in mid January 2007, is expected for Q3 2007. Although the NABF will not participate in this round, the placement will result in a significant write-up of NABF's investment. The additional funds will allow Magnet to continue to build its high-quality loan portfolio.

Mountain Commerce Bank, Tennessee

Mountain Commerce participates in the affluent East Tennessee, Western North Carolina and Virginia banking marketplace (Knoxville, Ashville, and Bristol respectively). The bank is growing steadily and total assets have increased to in excess of \$190m. Mountain Commerce Bank has continued its expansion and maintains its focus on the high end of the market. Management have bought a small bank in Erwin, Tennessee; will be opening another branch in Johnson City, Tennessee in July 2007; and has acquired land in Farragat, Tennessee as the site for another branch. A private banking team has been hired from SunTrust to complement the existing team. Management report that their first seven months of operation are ahead of target and they expect to be GAAP profitable by mid 2008. A further round of financing at \$15-\$18 per share, versus our purchase price of \$10, is expected to occur by current year end. An IPO is forecast for 2009/2010.

NHB Holdings Inc., Utah & Florida

Incorporated as a Florida corporation in 2004 by 14 relocation companies and a group of highly experienced bank executives, NHB Holdings, through its wholly owned subsidiary Proficio Bank, provides specialised banking and mortgage services to middle market corporate relocation companies. NHB is implementing their business plan and preparing to ramp up activity. The bank has made solid progress with the buildout of the lending operating platform. The core team is in place and a full complement of lenders at the commercial lending office in Salt Lake City is actively working on the pipeline of business with relocation companies, homebuilders and developers. Management plan to open a loan production office in Jacksonville, Florida, later this quarter and at least one additional commercial lending office this year. Profitability is forecast by

December 2007. Total assets are in excess of \$40m and this should increase significantly as the bank executes its growth strategy.

Bank of Atlanta, Georgia

Bank of Atlanta offers a broad range of lending, deposit and other traditional banking services to individuals and businesses within the Atlanta metropolitan area. The Bank's assets have grown to in excess of \$140million. GAAP profitability is expected in Q1 2008, whilst it is currently breakeven before loan loss and non-cash stock expenses. Bank of Atlanta has recently opened a new loan office and recruited staff in the affluent Gwynett County, Georgia. The bank has suffered minor exposure to non-performing real estate debts, a situation which is being resolved with an estimated loss of \$1m. It is planning to roll out Panini remote cheque deposit machines, which enable customers to bank cheques without visiting a branch, in the next quarter; this is expected to contribute to deposit growth. An IPO is planned in three years' time.

Florida Capital Group, Florida

Florida Capital Bank N.A. was launched in 2004 when CEO and Director Charles Hughes, formerly of Florida Banks, raised \$12 million in initial start-up capital. Florida Capital is now a nationally chartered, state-wide bank serving the business community of Florida. Growth continues with assets reaching \$625 million. GAAP breakeven is forecast in Q3 2007 whilst Cash profitability was achieved in Q1 2007. Cash earnings were up 113% in Q1 2007 against Q4 2006. Florida Capital Group has reduced loan growth by utilising very conservative lending criteria. Management have put Panini remote cheque deposit machines into 80 new customers. Thus far \$42 million in deposit transactions have been created. An IPO is envisaged for late 2008 early 2009. Management have invested at \$11.50 per share, and shares have been changing hands between investors at the same price. Consequently, NABF has marked the price up to \$11.50.

FirstAmerican Holdings Inc., Tennessee

FirstAmerican Holdings was formed when a Nashville based management team from the former Regions Bank acquired a small Planters Bank of Maury City, Tennessee. They have added new capital, relocated the headquarters to Nashville and recruited the top bankers in the Nashville area. The bank focuses on real estate, middle market lending and the entertainment industry. FirstAmerican Holdings has now opened its first branch at Music Row in Nashville, and is ready to start accelerating growth. One of the key attractions of NABF's investment in FirstAmerican Holdings is the management team and the Board of Directors. The Private Bank Department that it plans to build, which will service the \$8.0 billion entertainment industry in Nashville, will benefit from two board members in particular - the presidents of Sony Records and of Universal Records. NABF has invested \$3,530,000 in the second round at \$10 per share. The Fund was able to write its original investment at \$7.50 per share up from \$352,500 to \$470,000. It does not expect another financing for circa five years, when an IPO is forecast.

TrustAtlantic Financial Corporation, North Carolina

TrustAtlantic Financial Corporation was formed to capitalise on the talent, experience and track record of Jim Beck, the President and CEO, and to take advantage of the upheaval and growth in the regional banking market of Raleigh-Durham, North Carolina. TrustAtlantic Financial is the holding company for TrustAtlantic Bank. The acquisition of Millennia Community Bank in Greenville, North Carolina, has been agreed by its shareholders. Jim Beck has appointed ten members to the Board of Directors, the majority of whom have invested personally in the seed round. He now has four executive officers in place. The Chief Loans Officer is recruiting three of his previous personnel from SunTrust, who last year produced \$450m in loans. TrustAtlantic forecast that this new personnel will produce \$300m in their first 12 months. Management forecast reaching profitability no later than Q2 2009. Sandler O'Neil & Partners have commitments for just over \$40m in the private placement at \$10.00 per share. The Chairman is investing a further \$2m to bring his total personal investment to \$2.75m. A second Board member is investing \$1.5m. NABF has agreed with the U.S. federal regulator that the aggregate of the Fund's warrants and

equity post the current round will not be considered in excess of 10%. NABF have invested \$2,500,000 in the latest round.

FirstAtlantic Bank of Florida, Florida

FirstAtlantic Bank of Florida is a Thrift, headquartered in Jacksonville and operating along the Northeast Florida coastline. This mid-market bank will specialise in single family construction lending and SBA lending (a government guarantee program). It expects to build four to five offices over the next five years and will headquarter in downtown Jacksonville. The private placement is expected to proceed in July/August 2007 and is expected to raise \$30-40m. The stock price on the offering at \$10 per share gives the fund a 100% uplift on NABF's initial investment of \$500,000. FirstAtlantic Bank is buying a stripped down banking charter with no contingent liabilities and \$3m in deposits. They expect to have \$10 million in loans in their first 60 days. Breakeven is forecast for Q2 2009.

Metropolitan Bank, Mississippi/Tennessee

Metropolitan Bank is a seed investment in the establishment of a new bank in the lucrative Jackson, Mississippi and Memphis, Tennessee markets. The CEO, Curt Gabardi, is bringing in an experienced management team from Regions Bank. They have a letter of intent to acquire Bank of the South of Jackson, Mississippi. Management will then expand the business in Jackson and Memphis. NABF is part of a syndicate of several specialist institutional investors who have together contributed a seed round totalling in excess of \$2.5m.

DirectTex

DirectTex is a seed investment in a start-up direct bank that will focus on the state of Texas. The management team previously launched ING Direct Bank in the US.

North Atlantic Value LLP

Investment Manager

Date : 30 August 2007

Income Statement

	Six months ended 30 June 2007 US\$	Six months ended 30 June 2006 US\$	Year ended 31 December 2006 US\$
Income			
Interest income	306,709	198,858	641,491
Unrealised gains on investments	147,500	-	-
Total income	454,209	198,858	641,491
Impairment loss on investments	-	-	(1,510,500)
Gain / (Loss) from investments	454,209	198,858	(869,009)
Expenses			
Administration fees	59,546	55,152	113,659
Audit fees	3,982	20,844	38,913
Bank charges	1,721	1,791	3,727
Insurance	9,248	10,773	20,046

Custody fees	5,199	5,444	10,870
Listing fees	6,113	4,732	11,116
FT prices fees	2,085	1,454	3,467
Directors' fees	77,754	57,148	113,531
Disbursements	494	752	2,739
Investment management fees	216,631	235,548	460,388
Printing costs	6,000	4,340	10,340
Regulatory fees	3,099	2,766	5,516
Registrar fees	8,798	38,495	49,902
Travel costs	8,098	13,270	24,272
Broker fees	15,091	13,913	27,923
Legal fees	3,612	1,096	8,511
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Total expenses	427,471	467,518	904,920
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Net income / (loss) for the period / year	26,738	(268,660)	(1,773,929)
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Basic and diluted earnings per share	US\$ 0.007	US\$(0.071)	US\$ (0.467)
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All items in the above statement are derived from continuing operations.

Balance Sheet

	30 June 2007	30 June 2006	31 December 2006
	US\$	US\$	US\$
Non-current assets			
Investments at fair value through profit or loss	26,848,003	16,758,503	20,170,503
	-----	-----	-----
Current assets			
Prepayments	12,633	9,813	10,129
Accrued interest receivable	5,048	12,434	20,097
Receivable for shares subscribed	-	50,000	-
Cash and cash equivalents	8,244,285	19,736,063	14,845,652
	-----	-----	-----
	8,261,966	19,808,310	14,875,878
	-----	-----	-----
Total assets	35,109,969	36,566,813	35,046,381
	-----	-----	-----
Current liabilities			
Creditors	172,269	150,582	135,419
	-----	-----	-----
	172,269	150,582	135,419
	-----	-----	-----
	-----	-----	-----

Net assets	34,937,700	36,416,231	34,910,962
	-----	-----	-----
Shareholders equity			
Share capital	38,000	38,000	38,000
Share premium	-	36,893,502	-
Distributable reserve	36,893,502	-	36,893,502
Accumulated deficit	(1,993,802)	(515,271)	(2,020,540)
	-----	-----	-----
Total equity	34,937,700	36,416,231	34,910,962
	-----	-----	-----
Net Asset Value per Share	US\$ 9.19	US\$ 9.58	US\$ 9.19
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Statement of Changes in Equity

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
	US\$	US\$	US\$
Equity at 1 January	34,910,962	36,684,891	36,684,891
	-----	-----	-----
Profit / (loss) for the period / year	26,738	(268,660)	(1,773,929)
	-----	-----	-----
Total recognized income and expenses	26,738	(268,660)	(1,773,929)
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Equity at 30 June / 31 December	34,937,700	36,416,231	34,910,962
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Cash Flow Statement

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
	US\$	US\$	US\$
Operating Activities			
Net profit / (loss) for the period / year	26,738	(268,660)	(1,773,929)
Impairment loss on investments	-	-	1,510,500
Unrealised gains on investments	(147,500)	-	-

Decrease in receivables	12,545	20,088	12,109
Increase/(decrease) in payables	36,850	(73,358)	(88,521)
	-----	-----	-----
Cash flow from operating activities	(71,367)	(321,930)	(339,841)
	-----	-----	-----
Investing Activities			
Purchases of investments	(6,530,000)	(11,200,003)	(16,122,503)
	-----	-----	-----
Cash flow from investing activities	(6,530,000)	(11,200,003)	(16,122,503)
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Financing Activities			
Shares issued	-	18,950,000	19,000,000
	-----	-----	-----
Cash flow from financing activities	-	18,950,000	19,000,000
	-----	-----	-----
Net (decrease) / increase in cash and cash equivalents	(6,601,367)	7,428,067	2,537,656
	-----	-----	-----
Cash and cash equivalents at 1 January	14,845,652	12,307,996	12,307,996
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Cash and cash equivalents at 30 June / 31 December	8,244,285	19,736,063	14,845,652
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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 unaudited financial statements of the Company have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. The principal accounting policies are set out below. 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.

In the current financial year, the Company will adopt International Financial Reporting Standard 7 "Financial Instruments and Disclosures" ("IFRS7") for the first time. As IFRS 7 is a disclosure standard, there is no impact of that change in accounting policy on the half-yearly financial report. Full details of the change will be disclosed in the annual report for the year ended 31 December 2007.

The basic and diluted earnings per share is based on the net profit for the period of US\$26,738 (six months ended 30 June 2006 - loss of US\$268,660, year ended 31 December 2006 - loss of US\$ 1,773,929) and a weighted average number of Ordinary Shares in issue during the period of 3,800,000 (six months ended 30 June 2006 & year ended 31 December 2006 - 3,800,000).

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

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

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