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# Loan sale nudges NAB nearer to British exit



National Australia Bank moved closer to a possible exit from the UK market yesterday with the sale of a £625 million parcel of non-performing commercial property loans to Cerberus Global Investors.

Although the Australian lender, which owns the Yorkshire and Clydesdale banks in Britain, declined to disclose the price tag, it said the sale would generate a small gain above net book value and would release an estimated £127 million in capital for the group.

The transaction will also produce “a substantial derisking” of its UK commercial property portfolio reducing it by 20 per cent to £2.38 billion.

Andrew Thorburn, the newly appointed group chief executive, said: “We’ve progressively reduced our exposure to UK commercial property loans through organic run-off. As we signalled at the interim results in May, we continue to look at opportunities to optimise return on equity by accelerating the sale of non-core assets.”

In its half-year results, NAB said its UK banking operations made cash earnings before tax of £89 million, compared with £44 million in the same six months last year. However, the UK banks continue to be involved in the issue of past mis-selling of financial products. The interim accounts noted that payment protection insurance provision balances stood at £126 million at March 31, 2014, compared with £152 million at September 30, 2013.

Clydesdale Bank has also been compensating customers since discovering in April 2009 that it had miscalculated repayments on 42,500 mortgages.

“Our broader UK operations still face some challenges, in particular in relation to conduct related costs,” Mr Thorburn said.