No Service 09:47 23%
online.wsj.com
Apple Disney ESPN Yahoo!
NAB to Sell Parcel of U.... | Glen Clova Hotel (Angus, S... | Clydesdale owner sells £62... | NPS

£1 A WEEK FOR 12 WEEKS
▸SUBSCRIBE NOW

TOP STORIES IN MARKETS
1 of 12 Heeding 1994's Bond-Market Lesson
2 of 12 Cloudy Summer for Tech IPOs
3 of 12 Car Makers in China Lack Pricing Luxury
Herbalife Feud Gets Personal

MARKETS

NAB to Sell Parcel of U.K. Commercial Real-Estate Loans

NAB to Sell £625 Million Basket of Mainly Distressed Loans

Email Print 0 Comments A A

£1 A WEEK FOR 12 WEEKS ▸SUBSCRIBE NOW Premium access to trusted global news

By ROBB M. STEWART CONNECT

Updated July 27, 2014 9:14 p.m. ET

MELBOURNE, Australia— National Australia Bank Ltd. NAB.AU +0.29% has agreed to sell a £625 million (US$1.06 billion) basket of mainly distressed U.K. loans to private-equity firm Cerberus Global Investors, further distancing the Australian bank from a business that has weighed on it for years.

When the deal is settled, it is expected to release about £127 million in capital for NAB, which had taken on the commercial real-estate portfolio of its British banking units about two years ago as the country's economy continued to struggle.

"This sale represents a substantial de-risking," Andrew Thorburn, who takes over as chief executive of Melbourne-based NAB at the start of August, said in a statement Monday.

The U.K. operations of NAB—Australia's largest bank by assets, but the smallest of the country's four big lenders by market value—were hard hit by soured property loans and rising funding costs as Britain struggled through the worst recession in a generation. When Britain's recovery stalled in 2012, NAB refocused its Clydesdale Bank and Yorkshire Bank units on retail operations and business lending and transferred most of the commercial real-estate portfolio to the parent company.

NAB bought Scotland's Clydesdale in 1987 and Yorkshire Bank in 1990. Departing CEO Cameron Clyne for years has said the U.K. banks needed greater scale and NAB would either need to beef up the operations or exit. Some analysts have speculated the move by Lloyds Banking Group PLC to list TSB Banking Group PLC in June could encourage NAB to unload its U.K. operations.

Mr. Thorburn said the Australian bank continued to look at opportunities to accelerate the sale of noncore assets, although didn't offer further details.

Omkar Joshi, an investment analyst at Watermark Funds Management in Sydney, said the sale only leads to a marginal capital release, so isn't t material to NAB in itself, but it would be positive if the bank can pull off more sales.

"The question remains why they didn't sell a bigger portfolio of loans," Mr. Joshi said.

The loans being sold to Cerberus are either in default, or passed or near maturity.

NAB said the deal will reduce its U.K. commercial real-estate portfolio by 20% to £2.38 billion and cut impaired loans by 48%. Because the sale isn't subject to regulatory or any other approval, the assets will immediately be taken off NAB's balance sheet.

NAB narrowed the loss before one-time items and certain costs in its U.K. commercial real-estate portfolio to £7 million in the six months through March, from a £149 million loss a year earlier, thanks in part to a slowdown in the emergence of new impaired loans and as the bank continued to run down the portfolio, reducing it by £700 million in the six-month period.

The U.K. business has been a drag on NAB while Australia's big lenders have seen record earnings on the back of low interest rates, strong mortgage lending, and sharp cuts in costs and bad debts. NAB's net profit rose 16% to 2.86 billion Australian dollars (US$2.68 billion) in the first half of its fiscal year as revenue increased 2.6% and its charge for bad and doubtful debts fell by more than 50%.

Write to Robb M. Stewart at robb.stewart@wsj.com

Email Print 0 Comments Order Reprints

telefonate potrebbero essere registrate. BlackRock è la denominazione commerciale di BlackRock Investment Management (UK) Limited. © 2014 BlackRock, Inc. Tutti i diritti riservati. BLACKROCK, BLACKROCK SOLUTIONS, ALADDIN, iSHARES, LIFEPATH, SO WHAT DO I DO WITH MY MONEY, INVESTING FOR A NEW WORLD e BUILT FOR THESE TIMES sono marchi commerciali registrati e non registrati di BlackRock, Inc. o delle sue affiliate negli Stati Uniti o in altri paesi. Tutti gli altri marchi commerciali appartengono ai rispettivi proprietari. Pubblicato il 28 maggio 2014.

Popular Now What's This?

ARTICLES
1 Villages Traumatized by MH17 Crash
2 Islamic State Erases Iraq's Cultural Heritage
3 Google's Moonshot: the Human Body
4 At Crash Site, Parents Seek Answers
5 Boko Haram Blamed in New Capture

VIDEO
1 North Korea is Furious Over Seth Rogen's Movie, Rogen Not Surprised
2 Militants Blow Up Iraq's Shrine of Yunus Mosque
3 D.C. Metro Opens New Silver Line Rail in Virginia