

DFCC nets Rs. 842 m gain from NTB exit; Fairfax ups stake to near 15%

DFCC Bank on Friday exited Nations Trust Bank (NTB) pocketing Rs. 842 million in capital gain whilst foreign investor Fairfax upped the stake to near 15%.

DFCC divested 9.92% stake amounting to 22.86 million shares for Rs. 2.172 billion or Rs. 95 per share. It said the cost of original investment was Rs. 1.33 billion resulting in a realised gain of Rs. 842 million.

NTB closed the week at Rs. 93.90, up by Rs. 3.90 from the previous week. Net asset value per share is Rs. 49. Foreign holding in NTB rose by 12.75 million to 16.95% from the previous week.

Around 5.5% of the traded stake was acquired by Fairfax HWIC Asia Fund, which previously held 9.47% stake or 21.85 million shares. With Friday's purchase, HWIC becomes the second largest shareholder in NTB. It entered NTB in April last year acquiring over 20 million shares at Rs. 58 each.

HWIC is owned by Fairfax Financial a financial holding company based in Toronto, Ontario, which is engaged in property, casualty, and life insurance and reinsurance, investment management, and insurance claims management. The JKH Group holds near 30% stake in NTB whilst the other major shareholder is the Central Finance Group. NTB closed the first 6 months ending 30th June 2014 with a post-tax profit of Rs.1.15 billion recording a growth of 18% over the corresponding period in 2013.

NTB said the first half results for Nations Trust demonstrates a resilient performance which has withstood multiple industry challenges.

"We anticipate a possible turn around in demand for credit in the 2H of the year with the positive outlook on key macro-economic indicators. A significant amount of resources and effort across the organization have been deployed for the core banking upgrade project and much progress have been made thus far. The completion of it will give us the technological capabilities to steer Nations Trust Bank through its next phase of growth in a digitalized environment. Our medium term strategy remains unchanged and we remain optimistic about our prospects for the remainder of the year," NTB added.