

NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES
INCOME STATEMENT



	BANK						GROUP					
	Six months ended 30th June			Quarter ended 30th June			Six months ended 30th June			Quarter ended 30th June		
	2013 Rs. '000	2012 Rs. '000	Change (%)	2013 Rs. '000	2012 Rs. '000	Change (%)	2013 Rs. '000	2012 Rs. '000	Change (%)	2013 Rs. '000	2012 Rs. '000	Change (%)
Interest Income	8,782,970	6,682,025	31	4,471,901	3,503,445	28	8,895,616	6,784,722	31	4,538,381	3,547,599	28
Interest Expense	(5,353,401)	(4,119,078)	30	(2,689,843)	(2,286,332)	18	(5,353,984)	(4,110,982)	30	(2,697,973)	(2,277,798)	18
Net Interest Income	3,429,569	2,562,947	34	1,782,058	1,217,113	46	3,541,632	2,673,740	32	1,840,408	1,269,801	45
Fees and Commission Income	1,159,878	970,193	20	605,980	495,961	22	1,230,185	1,023,245	20	644,320	520,856	24
Fees and Commission Expense	(92,378)	(73,107)	26	(44,048)	(37,129)	19	(92,385)	(73,103)	26	(44,048)	(37,127)	19
Net Fees and Commission Income	1,067,500	897,086	19	561,932	458,832	22	1,137,800	950,142	20	600,272	483,729	24
Net Trading Income / (Expense)	(246,597)	219,514	(212)	(162,296)	132,573	(222)	(242,690)	209,646	(216)	(162,726)	129,137	(226)
Other Operating Income	158,240	66,258	139	90,791	47,362	92	143,570	47,763	201	76,121	28,867	164
Total Operating Income	4,408,712	3,745,805	18	2,272,485	1,855,880	22	4,580,312	3,881,291	18	2,354,075	1,911,534	23
Impairment Charge/(Reversal) for Loans and Advances	281,735	184,750	52	195,822	18,211	975	282,363	183,197	54	198,038	17,541	1,029
Net Operating Income	4,126,977	3,561,055	16	2,076,663	1,837,669	13	4,297,949	3,698,094	16	2,156,037	1,893,993	14
Personnel Expenses	1,140,427	913,025	25	574,665	414,802	39	1,158,193	931,603	24	583,683	424,522	37
Depreciation of Property, Plant and Equipment	114,530	130,227	(12)	59,097	65,454	(10)	120,282	136,532	(12)	61,982	71,759	(14)
Amortization of Intangible Assets	61,424	53,252	15	31,424	26,789	17	62,788	53,252	18	32,106	26,789	20
Other Operating Expenses	1,302,080	1,009,405	29	676,350	532,302	27	1,299,672	1,012,483	28	675,538	531,341	27
Total Operating Expenses	2,618,461	2,105,909	24	1,341,536	1,039,347	29	2,640,935	2,133,870	24	1,353,309	1,054,411	28
Operating Profit before Value Added Tax (VAT)	1,508,516	1,455,146	4	735,127	798,322	(8)	1,657,014	1,564,224	6	802,728	839,582	(4)
Value Added Tax (VAT) on Financial Services	221,496	199,837	11	107,660	107,289	0	230,864	208,901	11	112,521	111,610	1
Profit before Income Tax	1,287,020	1,255,309	3	627,467	691,033	(9)	1,426,150	1,355,323	5	690,207	727,972	(5)
Income Tax Expense	402,466	389,132	3	189,212	215,131	(12)	445,842	422,141	6	211,833	230,479	(8)
Profit for the Period	884,554	866,177	2	438,255	475,902	(8)	980,308	933,182	5	478,374	497,493	(4)
	Rs.			Rs.			Rs.			Rs.		
Earnings Per Share	3.84	3.76	2	1.90	2.06	(8)	4.25	4.05	5	2.07	2.16	(4)

NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES
STATEMENT OF OTHER COMPREHENSIVE INCOME

	BANK						GROUP					
	Six months ended 30th June			Quarter ended 30th June			Six months ended 30th June			Quarter ended 30th June		
	2013 Rs. '000	2012 Rs. '000	Change (%)	2013 Rs. '000	2012 Rs. '000	Change (%)	2013 Rs. '000	2012 Rs. '000	Change (%)	2013 Rs. '000	2012 Rs. '000	Change (%)
Profit for the period	884,554	866,177	2	438,255	475,902	(8)	980,308	933,182	5	478,374	497,493	(4)
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive Income for the period, Net of Tax	884,554	866,177	2	438,255	475,902	(8)	980,308	933,182	5	478,374	497,493	(4)
Attributable to:												
Equity holders of the parent	884,554	866,177	2	438,255	475,902	(8)	980,308	933,182	5	478,374	497,493	(4)

NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES



Explanatory Notes:

- (1) The Group figures include those of the fully owned subsidiaries, Waldock Mackenzie Limited, Allied Properties Limited, Mercantile Leasing (Financial Services) Limited and Nations Insurance Brokers Limited (formerly MLL Insurance Brokers Limited).
- (2) These Financial Statements are prepared in accordance with Sri Lanka Accounting Standards (SLFRS / LKASs) and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange and the Directions issued by the Central Bank of Sri Lanka. Comparative figures have been remeasured / reclassified where necessary to comply with the Central Bank guidelines and SLFRS / LKASs.
- (3) These interim financial statements are presented in accordance with LKAS 34 - Interim Financial Reporting and there are no changes to the accounting policies and methods of computation as against those disclosed in the Annual Report for the year ended 31st December 2012.
- (4) There are no material changes to contingent assets and liabilities since 30.06.2013 and the balances reflected are due to transactions carried out in the normal course of Banking Business.
- (5) No material events have taken place since 30.06.2013 that require disclosure or/and adjustments in these accounts and all known expenditure have been provided in these financial statements.

The above figures are provisional and subject to audit.

**NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION**

As at	BANK			GROUP		
	30.06.2013 Rs. '000	31.12.2012 Rs. '000 Audited	Change %	30.06.2013 Rs. '000	31.12.2012 Rs. '000 Audited	Change %
On Balance sheet Assets						
Cash and Cash Equivalents	3,055,720	2,534,056	21	3,055,760	2,534,155	21
Balances with Central Bank of Sri Lanka	5,368,655	5,089,342	5	5,368,655	5,089,342	5
Placements with Banks	-	-	-	-	-	-
Derivative Financial Instruments	377,289	327,843	15	377,289	327,843	15
Reverse Repurchase Agreements	1,144,472	3,287,274	(65)	508,993	2,711,927	(81)
Other Financial Assets Held-for-Trading	26,518,796	20,253,158	31	27,405,677	21,087,926	30
Other Financial Assets	2,225,173	1,892,922	18	2,225,173	1,892,922	18
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-
Loans & Receivables to Banks	-	-	-	-	-	-
Loans & Receivables to Other Customers	76,155,145	72,643,812	5	77,281,327	73,609,406	5
Financial Investments - Available-for-sale	-	-	-	-	-	-
Financial Investments - Held-to-Maturity	6,583,744	10,237,904	(36)	6,583,744	10,237,904	(36)
Investments in Subsidiaries	678,710	678,710	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-	-
Property, Plant & Equipment	1,450,447	1,395,882	4	1,957,151	1,907,999	3
Investment Properties	-	-	-	-	-	-
Intangible Assets	618,271	625,186	(1)	634,179	642,457	(1)
Deferred Tax Assets	109,193	158,931	(31)	110,181	159,807	(31)
Other Assets	2,444,113	2,385,161	2	2,491,147	2,405,135	4
Total Assets	126,729,728	121,510,181	4	127,999,276	122,606,823	4

NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION



As at	BANK			GROUP		
	30.06.2013 Rs. '000	31.12.2012 Rs. '000 Audited	Change %	30.06.2013 Rs. '000	31.12.2012 Rs. '000 Audited	Change %
On Balance sheet Liabilities						
Due to Banks	2,828,179	2,796,350	1	2,828,179	2,796,350	1
Derivative Financial Instruments	387,824	528,472	(27)	387,824	528,472	(27)
Other Financial liabilities Held-for-Trading	-	-	-	-	-	-
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-
Repurchase Agreements	11,819,353	11,832,692	(0)	11,383,855	11,832,692	(4)
Due to Other Customers	91,811,523	86,597,514	6	91,765,974	86,189,996	6
Other Borrowings	154,731	308,622	(50)	757,827	811,278	(7)
Debt Securities Issued	-	501,041	(100)	-	501,041	(100)
Current Tax Liabilities	772,338	510,155	51	823,391	544,253	51
Deferred Tax Liabilities	363,057	439,812	(17)	363,057	439,962	(17)
Other Liabilities	3,933,020	3,811,943	3	3,996,272	3,846,059	4
Due to Subsidiaries	-	-	-	-	-	-
Subordinated Term Debts	5,097,304	5,021,460	2	5,101,604	5,021,460	2
Total Liabilities	117,167,329	112,348,061	4	117,407,983	112,511,563	4
Equity						
Stated Capital / Assigned Capital (230,607,283 Ordinary Shares)	5,101,369	5,101,369	-	5,101,369	5,101,369	-
Statutory Reserve Fund	313,663	313,663	-	313,663	313,663	-
Retained Earnings	3,371,824	3,153,852	7	4,347,407	4,044,303	7
Other Reserves	775,543	593,236	31	828,854	635,925	30
Total Shareholders' Equity	9,562,399	9,162,120	4	10,591,293	10,095,260	5
Total Equity and Liabilities	126,729,728	121,510,181	4	127,999,276	122,606,823	4
Contingent Liabilities and Commitments	80,798,849	84,914,559	(5)	80,798,849	86,238,642	(6)
Memorandum Information						
Number of Employees	2110	2002		2144	2037	
Number of Branches	62	57		62	57	
Number of Personal Banking Centers	7	7		7	7	

CERTIFICATION :

I certify that these Financial Statements comply with the requirements of the Companies Act No.7 of 2007.

.....
(sgd.) Ajith Akmeemana
Chief Financial Officer

We, the undersigned being the Chairman, Director and Director/Chief Executive Officer of Nations Trust Bank PLC., certify jointly that,
(a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.
(b) the information contained in these statements has been extracted from the unaudited financial statements of the Bank and its Subsidiaries unless indicated as audited.

.....
(sgd.)A.K Gunaratne
Chairman

.....
(sgd.)M.E. Wickremesinghe
Director

.....
(sgd.)Renuka Fernando
Director/Chief Executive Officer

NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY



BANK	Stated Capital	Retained Earnings	Reserve Fund	Investment Fund Account*	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At 01 January 2012	5,101,369	2,284,243	224,242	248,123	7,857,977
Dividend paid for 2011	-	(484,275)	-	-	(484,275)
Total Comprehensive Income	-	866,177	-	-	866,177
Transfers to the Investment Fund Account*	-	(155,602)	-	155,602	-
At 30 June 2012	5,101,369	2,510,543	224,242	403,725	8,239,879
At 01 January 2013	5,101,369	3,153,852	313,663	593,236	9,162,120
Dividend paid for 2012	-	(484,275)	-	-	(484,275)
Total Comprehensive Income	-	884,554	-	-	884,554
Transfers to the Investment Fund Account*	-	(182,307)	-	182,307	-
At 30 June 2013	5,101,369	3,371,824	313,663	775,543	9,562,399
GROUP	Stated Capital	Retained Earnings	Reserve Fund	Investment Fund Account*	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At 01 January 2012	5,101,369	3,034,047	224,242	268,761	8,628,419
Dividend paid for 2011	-	(484,275)	-	-	(484,275)
Total Comprehensive Income	-	933,182	-	-	933,182
Transfers to the Investment Fund Account*	-	(167,782)	-	167,782	-
At 30 June 2012	5,101,369	3,315,172	224,242	436,543	9,077,326
At 01 January 2013	5,101,369	4,044,303	313,663	635,925	10,095,260
Dividend paid for 2012	-	(484,275)	-	-	(484,275)
Total Comprehensive Income	-	980,308	-	-	980,308
Transfers to the Investment Fund Account*	-	(192,929)	-	192,929	-
At 30 June 2013	5,101,369	4,347,407	313,663	828,854	10,591,293

*Investment Fund Account is established and operated based on the Guidelines on the Operations of the Investment Fund Account issued by the Central Bank of Sri Lanka on April 29, 2011 with the concurrence of the Commissioner - General of Inland Revenue.

* Tax saving on the reduction of tax rates transferred to the Investment Fund as per the guidelines issued by the Department of Inland Revenue and Central Bank of Sri Lanka. Loans amounting to Rs. 729 Mn. were granted under this scheme.

NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOW



Six months ended 30th June	BANK		GROUP	
	2013 Rs.' 000	2012 Rs.' 000	2013 Rs.' 000	2012 Rs.' 000
Cash Flows from Operating Activities				
Receipts of Interest Income	8,720,976	6,726,464	8,826,004	6,828,341
Receipts of Fees and Commission Income	1,162,696	957,192	1,222,717	997,288
Payments of Interest Expense	(5,266,475)	(3,468,288)	(5,263,094)	(3,460,192)
Payments of Fees and Commission Expense	(101,814)	(80,945)	(99,154)	(80,945)
Net Trading Income	(318,660)	212,857	(318,660)	212,857
Receipts from Other Operating Income	157,826	65,718	143,156	47,223
Gratuity Payments Made	(14,792)	(5,228)	(14,792)	(5,228)
Payments for Operating Expenses	(2,611,709)	(2,055,042)	(2,642,877)	(2,087,529)
Net Cash Flow from Operating Activities before Income Tax (A)	1,728,048	2,352,728	1,853,300	2,451,815
Income Tax paid	(22,109)	(71,036)	(43,758)	(86,397)
Operating Profit before Changes in Operating Assets and Liabilities	1,705,939	2,281,692	1,809,542	2,365,418
(Increase)/Decrease in Operating Assets				
Reverse Repurchase Agreements	2,136,257	6,134,992	1,760,597	6,557,728
Derivative Financial Instruments	(49,446)	(169,648)	(49,446)	(169,648)
Financial Investments Held for Trading	(6,370,655)	(14,930,351)	(6,370,780)	(14,461,678)
Financial Investments-Held to Maturity	3,559,284	1,413,948	3,507,295	1,413,948
Other Financial Assets	(305,457)	62,874	(303,958)	62,874
Loans and Advances to Customers	(3,692,960)	(9,269,733)	(3,853,185)	(9,660,506)
Other Assets	(59,428)	(1,137,547)	(84,072)	(648,849)
(Increase)/Decrease in Operating Assets	(4,782,405)	(17,895,465)	(5,393,549)	(16,906,131)
Increase/(Decrease) in Operating Liabilities				
Repurchase Agreements	114,251	2,187,510	54,413	1,719,774
Due to Other Customers	5,163,555	14,606,582	5,524,958	14,665,265
Derivative Financial Instruments	(140,648)	(318,605)	(140,648)	(318,605)
Other Liabilities	87,735	840,407	135,222	814,721
Increase/(Decrease) in Operating Liabilities	5,224,893	17,315,894	5,573,945	16,881,155
Net Cash Flows from Operating Activities	2,148,427	1,702,121	1,989,938	2,340,442
Cash Flows from Investing Activities				
Purchase of Property, Plant and Equipment	(154,708)	(115,274)	(155,048)	(115,274)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	218	1,452	218	1,311
Purchase of Intangible Assets	(65,669)	(27,389)	(65,669)	(46,479)
	(220,159)	(141,211)	(220,499)	(160,442)
Cash Flows from Financing Activities				
Net change in Debt issued and other Borrowed Funds	108,710	543,233	267,480	(54,908)
Repayment of Subordinated Debt	(567,325)	(237,325)	(567,325)	(237,325)
Interest paid on Subordinated Debt	(148,851)	(119,141)	(148,851)	(119,141)
Dividends paid to Equity Holders of the Parent	(484,275)	(484,275)	(484,275)	(484,275)
	(1,091,741)	(297,508)	(932,971)	(895,649)
Net Increase in Cash and Cash Equivalents	836,527	1,263,402	836,468	1,284,351
Cash and Cash Equivalents at the beginning of the year	7,510,041	7,612,998	7,510,139	7,613,041
Cash and Cash Equivalents at the end of the year	8,346,568	8,876,400	8,346,607	8,897,392
Reconciliation of Cash and Cash Equivalents				
Cash on Hand	2,496,584	1,855,362	2,496,594	1,876,320
Statutory Deposit with the Central Bank of Sri Lanka	5,368,655	5,182,891	5,368,655	5,182,891
Balances with Banks	559,137	956,051	559,166	956,085
Money at Call and Short Notice	-	1,075,099	-	1,075,099
Due to Banks	(77,808)	(193,003)	(77,808)	(193,003)
	8,346,568	8,876,400	8,346,607	8,897,392
A. Reconciliation of Operating Profit				
Profit before Taxation	1,287,020	1,255,309	1,426,150	1,355,323
(Profit) / Loss on disposal of Property, Plant and Equipment and Intangible Assets	(414)	(540)	(414)	(540)
Impairment charge / (Reversal) for Loans and Advances	281,735	184,750	282,363	183,197
Provision for Gratuity	42,856	55,321	44,102	55,830
(Increase) / Decrease in Interest Receivable	(61,994)	48,503	(61,857)	46,506
Increase/ (Decrease) in Interest Payable	86,928	652,650	87,929	652,650
Increase / (Decrease) in Financial Guarantee Liabilities	2,818	(13,000)	2,818	(13,000)
Other Non cash items	103,891	174,963	87,001	177,077
Gratuity Payments Made	(14,792)	(5,228)	(14,792)	(5,228)
	1,728,048	2,352,728	1,853,300	2,451,815

NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS



	HFT at Fair Value		Financial Derivatives at Fair Value		HTM at Amortised Cost		L & R at Amortised Cost		Total	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
BANK										
Rs. '000										
Assets										
Cash and Cash Equivalents	-		-		-		3,055,720	2,534,056	3,055,720	2,534,056
Balances with Central Bank of Sri Lanka	-		-		-		5,368,655	5,089,342	5,368,655	5,089,342
Derivative Financial Instruments	-		377,289	327,843	-		-		377,289	327,843
Reverse Repurchase Agreements	-		-		-		1,144,472	3,287,274	1,144,472	3,287,274
Financial Assets - Held for Trading	26,518,796	20,253,158	-		-		-		26,518,796	20,253,158
Other Financial Assets	-		-		-		2,225,173	1,892,922	2,225,173	1,892,922
Loans and Advances to Customers	-		-		-		76,155,145	72,643,812	76,155,145	72,643,812
Financial Assets - Held to Maturity	-		-		6,583,744	10,237,904	-		6,583,744	10,237,904
Total Financial Assets	26,518,796	20,253,158	377,289	327,843	6,583,744	10,237,904	87,949,165	85,447,406	121,428,994	116,266,311

	Financial Derivatives at Fair Value		Other Financial Liabilities at Amortised Cost		Total	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Liabilities						
Due to Banks	-		2,828,179	2,796,350	2,828,179	2,796,350
Derivative Financial Instruments	387,824	528,472	-	-	387,824	528,472
Repurchase Agreements	-		11,819,353	11,832,692	11,819,353	11,832,692
Due to Other Customers	-		91,811,523	86,597,514	91,811,523	86,597,514
Debt Issued and Other Borrowed Funds	-		5,252,036	5,831,123	5,252,036	5,831,123
Total Financial Liabilities	387,824	528,472	111,711,091	107,057,679	112,098,915	107,586,151

HFT -Held for Trading

HTM - Held-to-Maturity

L&R- Loans and Receivables

NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

GROUP	HFT at Fair Value		Financial Derivatives at Fair Value		HTM at Amortised Cost		L & R at Amortised Cost		Total	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Rs. '000										
Assets										
Cash and Cash Equivalents	-		-		-		3,055,760	2,534,155	3,055,760	2,534,155
Balances with Central Bank of Sri Lanka	-		-		-		5,368,655	5,089,342	5,368,655	5,089,342
Derivative Financial Instruments			377,289	327,843	-		-		377,289	327,843
Reverse Repurchase Agreements	-		-		-		508,993	2,711,927	508,993	2,711,927
Financial Assets - Held for Trading	27,405,677	21,087,926	-		-		-		27,405,677	21,087,926
Other Financial Assets	-		-		-		2,225,173	1,892,922	2,225,173	1,892,922
Loans and Advances to Customers	-		-		-		77,281,327	73,609,406	77,281,327	73,609,406
Financial Assets - Held to Maturity	-		-		6,583,744	10,237,904	-		6,583,744	10,237,904
Total Financial Assets	27,405,677	21,087,926	377,289	327,843	6,583,744	10,237,904	88,439,908	85,837,752	122,806,618	117,491,425

Liabilities	Financial Derivatives at Fair Value		Other Financial Liabilities at Amortised Cost		Total	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Due to Banks	-		2,828,179	2,796,350	2,828,179	2,796,350
Derivative Financial Instruments	387,824	528,472	-	-	387,824	528,472
Repurchase Agreements	-		11,383,855	11,832,692	11,383,855	11,832,692
Due to Other Customers	-		91,765,974	86,189,996	91,765,974	86,189,996
Debt Issued and Other Borrowed Funds	-		5,859,431	6,333,779	5,859,431	6,333,779
Total Financial Liabilities	387,824	528,472	111,837,439	107,152,817	112,225,263	107,681,289

HFT -Held for Trading

HTM - Held-to-Maturity

L&R- Loans and Receivables

NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES
SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

Item	BANK		GROUP	
	30.06.2013	31.12.2012 (Audited)	30.06.2013	31.12.2012 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. '000	8,677,845	9,162,120	9,601,484	10,085,760
Total Capital Base, Rs. '000	11,390,067	12,340,942	12,313,706	13,264,583
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	11.34%	12.81%	12.30%	13.82%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	14.89%	17.25%	15.77%	18.18%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio, % (net of interest in suspense)	3.97%	2.83%	3.94%	2.79%
Net-Non Performing Advances,%(net of interest in suspense and provision)	2.53%	1.32%	2.52%	1.31%
Profitability				
Interest Margin, %	5.49%	4.97%	-	-
Return on Assets (before Tax), %	2.06%	2.28%	2.26%	2.46%
Return on Equity, %	19.06%	21.02%	19.10%	20.84%
Regulatory Liquidity				
Statutory Liquid Assets, Rs. '000	27,554,366	25,481,081	-	-
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	25.44%	25.91%	-	-
Off-Shore Banking Unit	34.88%	25.42%	-	-
Net Assets Value Per Share (Rs.)	41.47	39.73	45.93	43.78
Market Price Per Share (Rs.)	30.06.2013 (Quarter ended)	30.06.2012 (Quarter ended)		
Highest	68.90	56.50		
Lowest	57.50	43.50		
Last Traded Price	63.10	47.00		

NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES
SEGMENT INFORMATION



	Bank		Treasury Functions		Others		Unallocated/ Eliminations		Total Group	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012	30.06.2013	30.06.2012	30.06.2013	30.06.2012	30.06.2013	30.06.2012
Operating Segments										
Rs. '000										
Operating income	3,919,024	3,311,333	450,391	334,920	206,710	172,896	4,186	62,142	4,580,312	3,881,291
Credit Loss Expense	282,363	183,197	-	-	-	-	-	-	282,363	183,197
Net Operating income	3,636,661	3,128,136	450,391	334,920	206,710	172,896	4,186	62,142	4,297,949	3,698,094
Extracts of results										
Interest Income	6,505,162	5,481,406	2,191,871	1,150,815	232,906	192,602	(34,323)	(40,102)	8,895,616	6,784,722
Inter Segment	172,283	(53,088)	(172,283)	53,088	-	-	-	-	-	-
Interest Expense	(3,953,993)	(3,000,683)	(1,308,698)	(1,016,376)	(120,608)	(87,207)	29,315	(6,716)	(5,353,984)	(4,110,982)
Net Interest Income	2,723,452	2,427,635	710,890	187,527	112,299	105,395	(5,008)	(46,817)	3,541,632	2,673,740
Fees and Commission Income	1,134,571	923,193	-	-	90,762	67,501	4,852	32,551	1,230,185	1,023,245
Fees and Commission Expense	(78,190)	(65,129)	(11,318)	(7,886)	(2,757)	-	(119)	(87)	(92,385)	(73,103)
Net fee and commission income	1,056,381	858,063	(11,318)	(7,886)	88,005	67,501	4,733	32,464	1,137,800	950,142
Net Trading Income	-	-	(252,567)	133,150	6,407	-	3,470	76,495	(242,690)	209,646
Other Operating Income	139,192	25,635	3,387	22,128	-	-	991	-	143,570	47,763
Depreciation of Property, Plant and Equipment	65,354	58,076	55,723	84,932	5,752	6,305	(6,547)	(12,780)	120,282	136,532
Amortization of Intangible Assets	29,908	26,186	24,969	14,286	1,364	-	6,547	12,780	62,788	53,252
Segment Profit / (Loss) before Value Added Tax	1,532,100	1,327,762	261,662	131,640	153,741	118,984	(290,491)	(14,163)	1,657,012	1,564,224
Value Added Tax & Income Tax Expense					(43,376)	(42,245)	(633,330)	(588,796)	(676,706)	(631,042)
Profit for the year	1,532,100	1,327,762	261,662	131,640	110,365	76,739	(923,820)	(602,959)	980,308	933,182
Capital Expenditures										
Property and Equipment	108,818	89,443	49,317	25,831	-	-	-	-	158,134	115,274
Other Intangible Assets	43,295	8,319	22,371	19,069	-	-	-	-	65,666	27,389
Total Assets	77,158,217	69,281,684	47,435,041	43,570,862	3,599,496	3,149,171	(193,478)	4,157,185	127,999,276	120,158,903
Total Liabilities	94,117,289	83,076,908	23,510,496	24,021,725	1,910,101	1,676,517	(2,129,902)	2,306,426	117,407,983	111,081,576

DEBENTURE INFORMATION

The rated unsecured subordinated redeemable debentures 2008/13 ,2009/13 and 2011/16 of the Bank are listed in the Colombo Stock Exchange. However, these debentures have not been traded from the date of listing up to 30th June 2013.



Debenture Categories	CSE Listing	Interest Payable Frequency	Balance as at 30.06.2013 Rs. '000	Balance as at 30.06.2012 Rs. '000	Market Values			Interest Rates		Interest rate of Comparable Government Security		Other Ratios as at date of last trade	
					Highest Rs.	Lowest Rs.	Year End Rs.	Coupon Rate %	Effective Annual Yield %	30.06.2013 %	30.06.2012 %	Interest Yield %	Yield to Maturity %
Fixed Rate													
Fixed Rate	NTBD0145	Semi -Annually	-	500,000	Not traded			20.53	21.58	14.54	12.55	Not traded	
Fixed Rate	NTBD0131	Annually	1,000,000	1,000,000	Not traded			21.00	21.00	9.61	12.90	Not traded	
Fixed Rate	NTBD0163	Semi -Annually	1,525,000	1,525,000	Not traded			11.50	11.83	16.68	14.03	Not traded	
Fixed Rate	NTBD0164	Semi -Annually	200,000	200,000	Not traded			11.00	11.30	11.12	14.03	Not traded	
Fixed Rate	NTBD0165	Semi -Annually	275,000	275,000	Not traded			11.50	11.83	11.12	14.03	Not traded	
Total Debentures			3,000,000	3,500,000									

Ratios of Debt	30.06.2013	30.06.2012
* Debt / Equity Ratio %	50.52%	45.74%
Interest Cover (Times)	5.84	5.32

* All Subordinated debt and listed Senior debt are considered as Debt (numerator)

**NATIONS TRUST BANK
FOR THE PERIOD ENDED 30 JUNE 2013**



Twenty largest Shareholders

Name of the Shareholder	No. of Shares	%
John Keells Holdings PLC.	46,121,536	20.00
DFCC Bank A/C No 01	22,865,356	9.92
Mackinnons & Keells Financial Services Limited	22,830,159	9.90
Central Finance Company PLC A/C No 03	20,715,400	8.98
HWIC Asia Fund	19,048,765	8.26
CF Growth Fund Limited A/C No 01	14,813,273	6.42
CF Insurance Brokers (Pvt) Limited.	10,592,857	4.59
Mr. A.D. Gunewardene	5,671,164	2.46
Employees Trust Fund Board	3,153,850	1.37
Mr.M.F. Hashim	2,583,150	1.12
Renuka City Hotels PLC	1,858,775	0.81
Seylan Bank PLC. / ARC Capital (Pvt) Ltd.	1,630,373	0.71
Bank of Ceylon - A/C No 02	1,546,100	0.67
Mr. N.R. Somaiya	1,320,624	0.57
Timex (Garments) Limited	1,238,465	0.54
Deutsche Bank AG as Trustee for Namal AcuityValue Fund	1,200,000	0.52
Seylan Bank PLC. / Capital Trust Holdings (Pvt) Ltd.	1,140,233	0.49
HSBC International Nominees Limited - SSBT - Deutsche Bank AG Singapore A/C No 01	1,089,000	0.47
Malship Ceylon Limited	1,063,857	0.46
Mr. D.J.M.Blackler	1,000,000	0.43
	<u>181,482,937</u>	<u>78.70</u>
Others	49,124,346	21.30
Total	<u>230,607,283</u>	<u>100.00</u>

Percentage of public shareholding as at 30th June 2013 was 79.85%

Directors' holding in shares as at 30th June 2013

Name of Director	No of Shares
Mr. K.N.J.Balendra	107,700
Mr. A.K. Gunaratne	19,432
Mr. A.R. Rasiah	16,304
Mr. C.H.S.K. Piyaratna	100,400
Mrs. R.N. K. Fernando (Director / CEO)	68,700
Mr.K.O.V.S.M.S. Wijesinghe	39,650
Dr. (Ms.) D. Weerakoon	-
Mr. M.E. Wickremesinghe	-
Mr. M Jafferjee	-
Dr. (Mr.) Kemal De. Soysa	-
Mr. D.P. De Silva	-
Ms. N. S. Panditaratne	-

Performance Review – 2Q 2013

Nations Trust Bank Group recorded a profit after tax of Rs. 980Mn for the 6 months ended 30 June 2013 compared with Rs. 933Mn in the corresponding period of the previous year. The performance was evenly balanced across the business pillars with results demonstrating good underlying momentum despite industry challenges faced in a subdued macro-economic environment. The modest financial performance recorded by the Bank was underpinned by a well diversified business mix minimizing earnings volatility and offsetting economic headwinds seen in multiple areas. The year commenced with weakening credit demand leading to higher liquidity and loan growth falling below anticipated levels in the banking system. The policy rate cuts affected at frequent intervals, to fuel credit growth led to a gradual decline in interest rates as the year progressed.

Net interest income recorded a 32% increase over previous period with corresponding NIMs improving modestly. Yields on loans and advances came under stress due to low credit demand. However the gradual decline in cost of deposits towards the latter part of the period under review coupled with improved spreads on the FIS portfolio positively impacted NIM movement. Bank continued its efforts to grow low cost balances which reaped good results recording an 11% growth and thereby improving low cost mix.

Net fees and other operating income recorded a 28% growth, with an excellent contribution coming from credit card related fees and commission. Trade finance income was at previous year levels despite a decline of import and export volumes in the market by 9% and 7% respectively for the first five months of the year in comparison to previous period. Net trading income amounted to a loss of Rs. 242Mn for the current year mainly due to losses recorded in FX income which was partly off set by gains attributed to the FIS portfolio. FX income for 1H 2012 was exceptionally high due to the currency devaluation. Current year market activity on FX front has been low with falling trading volumes, however the larger blow came from the adverse movement in forward premiums resulting in negative marked to market impact on funding SWAPS.

Operating expenses recorded a growth of 24% as implementation of the initiatives identified in the 5 year strategic plan took place across the Bank. Investments in people, products, branding and technology were channeled towards the expansion of the distribution network including digital channels. The bank also invested in technology to support the roll out of Lean Management concepts across the key areas of the Bank, bringing higher customer value and leaner processes. As the Bank gradually transforms into a lean environment in the medium term, we anticipate considerable reduction in costs and increased productivity.

The Bank's NPLs ratio stood at 3.9% which recorded an increase over 2.8% reported in December 2012 which is in part due to the slower growth in the loan book whilst absolute NPLs

also increased similar to the rest of the industry. Impairment charge for the 6 months increased by 100Mn over the previous period mainly attributable to the Pawning portfolio

Review of Operations

Retail and SME

The push for CASA growth gathered momentum through customer acquisition and engagement and the launch of the Nations Salary Saver product. Initiatives were rolled out to scale up remittances business. A promotional tour with the brand ambassador Kumar Sangakkara to Qatar and Bahrain was an unprecedented success and led to the establishment of the Nations Trust Brand in these markets. The Banking industry faced significant challenges due to the falling gold prices impacting pawning related provisions and profitability. As the Nations Trust pawning portfolio is at its infancy and accounts for only 3% of the total loan book, the adverse impact of such price reductions had only a marginal impact to provisions and profitability. The consumer lending portfolio which was straddled with slow volume growth due to increased interest rates during 2012 emerged as a winning proposition for the Bank during 2013 as disbursements picked-up steadily with good asset margins and payment experience.

In the SME sector the lending proposition was further strengthened with the completion of the first ever SME score card calibration which undoubtedly would provide a robust process to grow lending to the smaller SMEs in the market. The bank also undertook a comprehensive review of the Branch led SME loan application, approval and collection processes through the bank wide lean management exercise to considerably reduce customer delivery times and strengthen the collections management in this sector. Implementation of these initiatives will continue throughout the second half of 2013.

Cards

The Unit recorded a commendable performance for the first 6 months. The business model which is set up to drive growth saw accelerated scaling up of business on both issuing and acquiring. Card base expanded by 17% with spend growing by 17% and receivables by 11%. Moderation of consumer spend was seen during the current period particularly in destination spend. Several large scale spend promotions were carried out across the full spectrum of consumer lifestyle needs to keep the momentum. The business is also expected to face new challenges with the recent reduction in the interest rate cap. However there would be some respite with the anticipated decline in funding costs to keep the unfavorable impact to manageable levels. Business would continue to leverage on scale and brand name to deliver superior economics in the forthcoming period.

Leasing

Nations Leasing expanded its reach with the branch roll out plan and currently operates with dedicated leasing counters in 35 branches. Lack of credit demand prevalent in the economy directly impacted leasing activities and the demand for finance leases slumped heavily. Despite

market forces being non conducive for this business, the unit pulled off a notable performance with new business volumes surpassing the Rs. 6Bn mark and the portfolio growing by 6% in the 6 months period. Leasing business broad based its customer segments and increased market share by focusing on the middle SME customer segment and commercial vehicle category. With the demand for Finance Leases dropping the HP mix increased in the new leases booked. The business also successfully implemented a new risk based pricing policy which reaped good results with portfolio NIMs improving considerably. The Unit also enhanced its capabilities in its processing and recoveries division to create a robust and a comprehensive control and collections environment.

Corporate Banking

Opportunities for growth in the Corporate lending book was limited due to low demand for credit coupled with a drop in import and export volumes and intense price competition among the industry resulting from excess liquidity in the market. As demand for credit from existing customers diminished the unit aggressively pursued new customer acquisitions. Risk management was tightened and ensured the diversification of the portfolio across industry segments. Despite the challenging backdrop, bottom line performance continued to be resilient.

Treasury

The Forex Desk was impacted negatively by market movement on funding SWAPS which was somewhat mitigated by a moderate increase in customer volumes. Treasury was also proactively engaged in re-pricing assets and liabilities and managing the pressure on interest rate risks and liquidity in a timely manner whilst actively supporting growth of the banking book. As credit appetite was low the unit did not actively pursue alternative funding sources but managed funding requirements through raising of deposits. The unit also explored opportunities to expand its product offering on corporate debt and derivatives.

Distribution

Branch expansion continued with 5 new branches being opened in identified key strategic geographies taking the network to 62 branches. The bank commenced a branch transformation initiative to significantly change the role of the branch to be a one stop selling point for all the products of the bank and to be the primary contact point for building a holistic relationship with customers. The bank continued with the first phase implementation of its digital strategy, through a focused approach to on-boarding and activating customers to its mobile banking platform. There has been an encouraging response to this channel from a cross section of geographies.

Lean Management

With the view of enhancing customer value and productivity the Bank undertook the implementation of lean concepts across the entire organization, an exercise which was facilitated by the Boston Consultancy Group. Reviews of high impact, critical processes of the bank were undertaken in a phased out plan during the year. This would result in processes being streamlined using enhanced technology, to bring significantly improved customer

delivery times and process efficiencies across the entire value chain. So far, roll out of Lean has commenced in the areas of Credit approval and recoveries of Leasing and Retail/SME lending, branch sales, branch transaction processing and Cards Underwriting. Lean will continue to be rolled out to other areas of the bank throughout the year.

Looking forward

First half results for Nations Trust demonstrate strong underlying fundamentals which has withstood multiple industry challenges. We are optimistic on a possible turn around in demand for credit towards the latter part of the 2H with declining interest rates fueling credit demand. The full impact of the 24% interest rate ceiling introduced by CBSL coupled with the ceiling on penal interest rates especially with respect to the leasing book will come into full effect in the 2H, throwing fresh challenges especially in the Leasing and Cards businesses. Anticipated earning volatility will be mitigated to some extent by the balanced mix in the banks lending portfolio, strong focus towards strengthening and effectively managing the collections across all businesses and stringent management of the banks Assets/ Liabilities and its pricing policies. Execution of our 5 year strategic plan including the commencement of the implementation process of a new core banking system would gather momentum in the 2H which would put further pressure on our resources and financials. The bank remains well equipped to handle these challenges, with a young committed team and a dynamic business model.