

VISION

Making life simple by being the benchmark of convenience.

NATIONS TRUST BANK PLC AND ITS OWNED SUBSIDIARIES

Company Number PQ 118



**Nations
TrustBank**

MISSION

Be innovative in continuously developing customer centric solutions. Unleash the talent of our team to be the best in the industry. Consistently grow market share and be the most profitable and respected Sri Lankan bank by 2015.

NATIONS TRUST BANK PLC AND ITS OWNED SUBSIDIARIES

Company Number PQ 118



**Nations
TrustBank**

INCOME STATEMENT

For the three months ended March 31	Bank			Group		
	2014 Rs'000	2013 Rs'000	Change (%)	2014 Rs'000	2013 Rs'000	Change (%)
Gross Income	5,024,622	4,848,116	4	5,125,245	4,930,585	4
Interest Income	4,304,510	4,311,069	(0)	4,371,032	4,357,235	0
Less : Interest Expense	(2,280,353)	(2,663,559)	(14)	(2,289,144)	(2,656,011)	(14)
Net Interest Income	2,024,157	1,647,510	23	2,081,888	1,701,224	22
Fees and Commission Income	672,580	553,899	21	706,023	585,865	21
Less : Fees and Commission Expense	(55,273)	(48,330)	14	(55,096)	(48,337)	14
Net Fees and Commission Income	617,307	505,569	22	650,927	537,528	21
Net Trading Income / (Expense)	7,782	(84,301)	109	8,440	(79,964)	111
Other Operating Income	39,750	67,449	(41)	39,750	67,449	(41)
Total Operating Income	2,688,996	2,136,227	26	2,781,005	2,226,237	25
Impairment Charge /(Reversal) for Loans and Receivables	307,042	85,913	257	306,183	84,325	263
Individual Impairment	(104,102)	14,359	(825)	(104,102)	14,359	(825)
Collective Impairment	411,144	71,554	475	410,285	69,966	486
Net Operating Income	2,381,954	2,050,314	16	2,474,822	2,141,912	16
Less : Expenses						
Personnel Expenses	656,919	565,762	16	665,344	574,511	16
Depreciation of Property, Plant and Equipment	69,514	55,433	25	72,425	58,300	24
Amortization of Intangible Assets	37,767	30,000	26	38,465	30,682	25
Other Operating Expenses	753,485	625,729	20	752,181	624,135	21
Total Operating Expenses	1,517,685	1,276,924	19	1,528,416	1,287,628	19
Operating Profit before Value Added Tax (VAT)	864,269	773,390	12	946,406	854,284	11
Less : Value Added Tax (VAT) on Financial Services	137,334	113,836	21	143,718	118,343	21
Profit before Income Tax	726,935	659,554	10	802,688	735,941	9
Less : Income Tax Expense	233,124	213,254	9	253,021	234,008	8
Profit for the Period	493,811	446,300	11	549,667	501,933	10
Earnings Per Share						
Basic Earnings Per Share (Rs.)	2.14	1.94	11	2.38	2.18	10

STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31	Bank			Group		
	2014 Rs'000	2013 Rs'000	Change (%)	2014 Rs'000	2013 Rs'000	Change (%)
Profit for the period	493,811	446,300	11	549,667	501,933	10
Total other Comprehensive income	-	-	-	-	-	-
Total Comprehensive Income for the Period, Net of Tax	493,811	446,300	11	549,667	501,933	10
Attributable to:						
Equity holders of the parent	493,811	446,300	11	549,667	501,933	10

STATEMENT OF FINANCIAL POSITION

As at	BANK			GROUP		
	31-03-2014	31-12-2013	Change	31-03-2014	31-12-2013	Change
	Rs'000	Rs'000	(%)	Rs'000	Rs'000	(%)
		(Audited)		(Audited)		
On Balance Sheet Assets						
Cash and Cash Equivalents	3,313,548	3,019,735	10	3,313,489	3,019,774	10
Balances with Central Bank of Sri Lanka	4,001,709	4,031,763	(1)	4,001,709	4,031,763	(1)
Placements with Banks	-	-	-	-	-	-
Derivative Financial Instruments	83,444	121,491	(31)	83,444	121,491	(31)
Reverse Repurchase Agreements	1,534,675	1,459,506	5	590,813	552,236	7
Other Financial Assets Held-for-Trading	21,220,821	23,365,388	(9)	22,342,118	24,460,493	(9)
Other Financial Assets	3,013,026	2,198,582	37	3,013,026	2,198,582	37
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-
Loans & Receivables to Banks	300,199	-	100	300,199	-	100
Loans & Receivables to Other Customers	82,791,172	81,128,760	2	83,676,446	82,327,255	2
Financial Investments - Available-for-sale	-	-	-	-	-	-
Financial Investments - Held-to-Maturity	20,209,968	19,734,821	2	20,272,761	19,794,014	2
Investments in Subsidiaries	678,710	678,710	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-	-
Property, Plant & Equipment	1,534,659	1,545,426	(1)	2,034,794	2,048,442	(1)
Investment Properties	-	-	-	-	-	-
Intangible Assets	630,638	665,130	(5)	644,818	680,007	(5)
Deferred Tax Assets	91,777	156,376	(41)	93,057	157,541	(41)
Other Assets	3,522,071	2,813,219	25	3,581,854	2,893,700	24
Total Assets	142,926,417	140,918,907	1	143,948,528	142,285,298	1
On Balance Sheet Liabilities						
Due to Banks	2,704,691	1,401,473	93	2,704,691	1,401,473	93
Derivative Financial Instruments	527,143	633,625	(17)	527,143	633,625	(17)
Other Financial liabilities Held-for-Trading	-	-	-	-	-	-
Financial Liabilities Designated at Fair Value through Profit or Loss	-	-	-	-	-	-
Repurchase Agreements	16,261,221	18,101,824	(10)	15,947,098	18,067,817	(12)
Due to Other Customers	98,166,052	96,036,198	2	98,139,172	95,729,533	3
Other Borrowings	985,700	1,358,291	(27)	1,236,229	1,961,325	(37)
Debt Securities Issued	1,200,000	1,200,000	-	1,200,000	1,200,000	-
Current Tax Liabilities	402,676	332,732	21	455,827	383,318	19
Deferred Tax Liabilities	401,822	498,138	(19)	401,822	498,138	(19)
Other Liabilities	5,893,534	4,924,811	20	5,946,340	5,027,145	18
Due to Subsidiaries	-	-	-	-	-	-
Subordinated Term Debts	5,583,365	5,641,137	(1)	5,586,651	5,644,761	(1)
Total Liabilities	132,126,204	130,128,230	2	132,144,973	130,547,135	1
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	419,305	419,305	-	419,305	419,305	-
Retained Earnings	4,131,882	4,183,983	(1)	5,066,831	5,067,107	-
Other Reserves	1,147,657	1,086,020	6	1,216,050	1,150,382	6
Total Shareholders' Equity	10,800,213	10,790,677	-	11,803,555	11,738,163	1
Total Equity and Liabilities	142,926,417	140,918,907	1	143,948,528	142,285,298	1
Contingent Liabilities and Commitments	84,420,503	90,180,741	(6)	84,930,781	90,266,632	(6)
Memorandum Information						
Number of Employees	2,388	2228		2,423	2262	
Number of Branches	73	72		73	72	
Number of Off-Site ATMs	29	29		28	28	

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 Executive Director 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.) **K.N.J.Balendra**
Chairman

(Sgd.) **M. E. Wickremesinghe**
Director

(Sgd.) **C.H.S.K.Piyaratna**
Executive Director

07th May 2014
Colombo

SELECTED PERFORMANCE INDICATORS (as per regulatory reporting)

Item	BANK		GROUP	
	31.03.2014	31.12.2013 (Audited)	31.03.2014	31.12.2013 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. '000	10,306,402	10,790,677	11,244,387	11,728,663
Total Capital Base, Rs. '000	14,252,578	14,931,939	15,190,563	15,869,926
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	12.38%	13.91%	13.30%	14.78%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	17.12%	19.25%	17.97%	20.00%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio, % (net of interest in suspense)	4.36%	3.52%	4.23%	3.51%
Net-Non Performing Advances, %(net of interest in suspense and provision)	2.87%	2.14%	2.79%	2.13%
Profitability				
Interest Margin, %	5.70%	5.69%	-	-
Return on Assets (before Tax), %	2.05%	2.30%	2.24%	2.38%
Return on Equity, %	18.30%	21.34%	18.68%	19.49%
Regulatory Liquidity				
Statutory Liquid Assets, Rs. '000	33,245,943	33,620,716	-	-
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	28.74%	25.26%	-	-
Off-Shore Banking Unit	38.00%	41.92%	-	-
Net Assets Value Per Share (Rs.)	46.83	46.79	51.18	50.90
Market Price Per Share (Rs.)	31.03.2014	31.03.2013		
	(Quarter ended)	(Quarter ended)		
Highest	69.00	65.00		
Lowest	62.00	56.00		
Last Traded Price	64.90	61.00		

STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Retained Earnings	Statutory Reserve Fund	Investment Fund Account*	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
BANK					
As at 01 January 2013	5,101,369	3,153,852	313,663	593,236	9,162,120
Profit For the Period	-	446,300	-	-	446,300
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	446,300	-	-	446,300
Dividend paid for 2012	-	(484,275)	-	-	(484,275)
Transfers to the Investment Fund Account*	-	(86,436)	-	86,436	-
As at 31 March 2013	5,101,369	3,029,441	313,663	679,672	9,124,145
As at 01 January 2014	5,101,369	4,183,983	419,305	1,086,020	10,790,677
Profit For the Period	-	493,811	-	-	493,811
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	493,811	-	-	493,811
Dividend paid for 2013	-	(484,275)	-	-	(484,275)
Transfers to the Investment Fund Account*	-	(61,637)	-	61,637	-
As at 31 March 2014	5,101,369	4,131,882	419,305	1,147,657	10,800,213
	Stated Capital	Retained Earnings	Statutory Reserve Fund	Investment Fund Account*	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
GROUP					
As at 01 January 2013	5,101,369	4,044,303	313,663	635,925	10,095,260
Profit For the Period	-	501,933	-	-	501,933
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	501,933	-	-	501,933
Dividend paid for 2012	-	(484,275)	-	-	(484,275)
Transfers to the Investment Fund Account*	-	(91,939)	-	91,939	-
As at 31 March 2013	5,101,369	3,970,022	313,663	727,864	10,112,918
As at 01 January 2014	5,101,369	5,067,107	419,305	1,150,382	11,738,163
Profit For the Period	-	549,667	-	-	549,667
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	549,667	-	-	549,667
Dividend paid for 2013	-	(484,275)	-	-	(484,275)
Transfers to the Investment Fund Account*	-	(65,668)	-	65,668	-
As at 31 March 2014	5,101,369	5,066,831	419,305	1,216,050	11,803,555

* 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. 953 Mn. were granted under this scheme.

STATEMENT OF CASH FLOWS

	BANK		GROUP	
	2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000
For the period ended 31st March				
Cash Flows from Operating Activities				
Receipts of Interest Income	4,589,234	4,304,114	4,647,790	4,350,281
Receipts of Fees and Commission Income	674,573	566,034	723,349	602,363
Payments of Interest Expense	(1,994,093)	(2,428,150)	(2,003,169)	(2,420,602)
Payments of Fees and Commission Expense	(55,273)	(48,330)	(55,273)	(46,982)
Net Trading Income	13,688	(80,990)	13,688	(80,990)
Receipts from Other Operating Income	37,559	67,070	38,217	67,070
Gratuity Payments Made	(4,419)	(10,496)	(4,419)	(10,496)
Payments for Operating Expenses	(1,517,984)	(1,285,392)	(1,532,420)	(1,298,297)
Net Cash Flow from Operating Activities before Income Tax (A)	1,743,285	1,083,860	1,827,763	1,162,347
Income Tax paid	(111,602)	(128)	(121,507)	(13,506)
Operating Profit before Changes in Operating Assets and Liabilities	1,631,683	1,083,732	1,706,256	1,148,841
(Increase)/Decrease in Operating Assets				
Reverse Repurchase Agreements	(73,136)	803,016	(36,541)	849,303
Derivative Financial Instruments	38,047	111,773	38,047	111,773
Financial Investments Held for Trading	1,531,721	(2,327,732)	1,505,530	(2,352,525)
Financial Investments-Held to Maturity	(306,405)	3,159,265	(310,005)	3,139,327
Other Financial Assets	(827,027)	(299,080)	(793,034)	(298,514)
Loans & Receivables to Banks	(300,199)	-	(300,199)	-
Loans & Receivables to Other Customers	(1,945,165)	(4,765,645)	(1,619,628)	(4,292,537)
Other Assets	(707,416)	(129,665)	(716,434)	(179,208)
(Increase)/Decrease in Operating Assets	(2,589,580)	(3,448,068)	(2,232,264)	(3,022,381)
Increase/(Decrease) in Operating Liabilities				
Repurchase Agreements	(1,817,266)	2,961,407	(2,167,984)	2,915,120
Due to Other Customers	2,023,235	430,015	2,303,020	400,245
Derivative Financial Instruments	(106,482)	(128,740)	(106,482)	(128,740)
Other Liabilities	969,287	1,132,300	918,211	1,175,723
Increase/(Decrease) in Operating Liabilities	1,068,774	4,394,982	946,765	4,362,348
Net Cash Flows from Operating Activities	110,877	2,030,646	420,757	2,488,808
Cash Flows from Investing Activities				
Purchase of Property, Plant and Equipment	(59,844)	(54,696)	(59,873)	(55,036)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	926	183	926	183
Purchase of Intangible Assets	(2,634)	(49,847)	(2,635)	(49,847)
	(61,552)	(104,360)	(61,582)	(104,700)
Cash Flows from Financing Activities				
Net change in Debt issued and other Borrowed Funds	891,315	288,225	581,465	(165,487)
Repayment of Subordinated Debt	(67,325)	(67,325)	(67,325)	(67,325)
Interest paid on Subordinated Debt	(162,910)	11,125	(162,910)	11,125
Dividends paid to Equity Holders of the Parent	(484,275)	(484,275)	(484,275)	(484,275)
	176,805	(252,250)	(133,045)	(705,962)
Net Increase in Cash and Cash Equivalents	226,130	1,674,036	226,130	1,678,146
Cash and Cash Equivalents at the beginning of the period	6,960,012	7,510,041	6,960,051	7,510,139
Cash and Cash Equivalents at the end of the period	7,186,142	9,184,077	7,186,181	9,188,285
Reconciliation of Cash and Cash Equivalents				
Cash on Hand	2,957,289	2,455,130	2,977,355	2,455,138
Statutory Deposit with the Central Bank of Sri Lanka	4,001,709	5,133,753	4,001,709	5,133,753
Balances with Banks	356,259	1,843,311	336,232	1,847,511
Deposits from Other Banks	(129,115)	(248,117)	(129,115)	(248,117)
	7,186,142	9,184,077	7,186,181	9,188,285
A. Reconciliation of Operating Profit				
Profit before Taxation	726,935	659,554	802,688	735,941
(Profit) / Loss on disposal of Property, Plant and Equipment and Intangible Assets	(710)	(379)	(710)	(379)
Impairment charge / (Reversal) for Loans and Receivables	307,042	85,913	306,183	84,325
Provision for Gratuity	26,872	19,934	27,528	20,408
(Increase) / Decrease in Interest Receivable	423,984	(6,955)	420,031	(6,955)
Increase/ (Decrease) in Interest Payable	286,260	235,409	283,825	235,409
Increase / (Decrease) in Financial Guarantee Liabilities	1,992	12,136	1,992	12,136
Other Receivables	(1,197)	-	(1,197)	-
Other Payables	(18,543)	-	(18,543)	-
Other Non cash items	(4,931)	88,744	10,385	91,958
Gratuity Payments Made	(4,419)	(10,496)	(4,419)	(10,496)
	1,743,285	1,083,860	1,827,763	1,162,347

EXPLANATORY NOTES

(1) The Group figures include those of the Subsidiaries, Waldock Mackenzie Limited, Allied Properties Limited, Nations Insurance Brokers Limited (formerly MLL Insurance Brokers Limited). Further a Liquidator has been appointed on 03 June 2013 to wind up Mercantile Leasing (Financial Services)Limited, Subsidiary of the Bank.

(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 2013.

(4) There are no material changes to contingent assets and liabilities since 31.03.2014 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 31.03.2014 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.

ADDITIONAL QUARTERLY DISCLOSURE

	Bank		Group	
	31.03.2014 Rs. '000	31.12.2013 Rs. '000	31.03.2014 Rs. '000	31.12.2013 Rs. '000
1) Loans and Receivables to Other Customers				
Gross Loans and Receivables	83,395,026	81,533,347	84,278,490	82,730,891
(Less) : Individual Impairment	(516,877)	(620,978)	(516,877)	(620,978)
Collective Impairment	(1,441,344)	(1,154,216)	(1,439,534)	(1,153,265)
Net Loans and Advances including those designated at Fair Value through Profit or Loss	81,436,805	79,758,153	82,322,079	80,956,648
(Less) : Loans and Advances designated at Fair Value through Profit or Loss	-	-	-	-
Net Loans and Advances	81,436,805	79,758,153	82,322,079	80,956,648
Staff Loans	2,181,640	2,181,943	2,181,640	2,181,943
Less : Allowance for Day 1 Difference	(827,273)	(811,336)	(827,273)	(811,336)
	1,354,367	1,370,607	1,354,367	1,370,607
	82,791,172	81,128,760	83,676,446	82,327,255
2) Gross Loans and Receivables to Other Customers-By Product	31.03.2014 Rs. '000	31.12.2013 Rs. '000	31.03.2014 Rs. '000	31.12.2013 Rs. '000
By Product - Domestic Currency				
Bills of Exchange	105,219	66,229	105,219	66,229
Overdrafts	18,780,701	17,739,197	18,780,701	17,739,197
TermLoans	20,569,992	20,606,186	20,569,992	20,606,185
Staff Loans	2,181,640	2,181,943	2,181,640	2,181,943
Leases	22,093,400	21,738,216	22,093,400	21,738,216
Credit Cards	10,185,840	9,997,774	10,185,840	9,997,774
Pawning Advance	2,112,687	2,422,265	2,112,687	2,422,265
Corporate Debt Securities	1,778,455	1,578,457	1,778,455	1,578,457
Housing	978,059	985,152	978,059	985,152
Other Advances	2,660,362	2,171,617	3,543,826	3,369,162
Sub Total	81,446,355	79,487,036	82,329,819	80,684,580
By Product - Foreign Currency				
Bills of Exchange	498,132	368,743	498,132	368,743
Overdrafts	125,537	70,329	125,537	70,329
TermLoans	1,554,665	2,190,703	1,554,665	2,190,703
Other Advances	1,951,977	1,598,479	1,951,977	1,598,479
Sub Total	4,130,311	4,228,254	4,130,311	4,228,254
Total	85,576,666	83,715,290	86,460,130	84,912,834

3) Movements in Individual and Collective Impairment during the period for Loans and Receivables to Banks & Other Customers

Individual Impairment

Individual Impairment
As at 01 January
Charge/ (Reversal) to Income Statement
As at 31 December

31.03.2014 Rs. '000	31.12.2013 Rs. '000	31.03.2014 Rs. '000	31.12.2013 Rs. '000
620,978	1,120,502	620,978	1,120,502
(104,102)	(499,524)	(104,102)	(499,524)
516,876	620,978	516,876	620,978

Collective Impairment

As at 01 January
Charge/ (Reversal) to Income Statement
Amounts written off during the Period
As at 31 December

31.03.2014 Rs. '000	31.12.2013 Rs. '000	31.03.2014 Rs. '000	31.12.2013 Rs. '000
1,154,216	704,788	1,153,265	702,646
411,144	937,638	410,285	938,829
(123,557)	(488,210)	(123,557)	(488,210)
1,441,803	1,154,216	1,439,993	1,153,265

Total Impairment

1,958,679	1,775,194	1,956,869	1,774,243
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4) Due to Other Customers - By Product

By Product - Domestic Currency

Demand Deposits
Savings Deposits
Call Deposits
Fixed Deposits
Certificate of Deposits
Sub Total

31.03.2014 Rs. '000	31.12.2013 Rs. '000	31.03.2014 Rs. '000	31.12.2013 Rs. '000
9,392,037	8,715,316	9,365,157	8,664,708
12,287,907	11,687,808	12,287,907	11,687,808
399,835	492,697	399,835	492,697
60,648,797	56,437,719	60,648,797	56,181,662
2,038,210	2,867,362	2,038,210	2,867,362
84,766,786	80,200,902	84,739,906	79,894,237

By Product -Foreign Currency

Demand Deposits
Savings Deposits
Call Deposits
Fixed Deposits
Sub Total

31.03.2014 Rs. '000	31.12.2013 Rs. '000	31.03.2014 Rs. '000	31.12.2013 Rs. '000
382,740	770,891	382,740	770,891
3,198,373	3,190,449	3,198,373	3,190,449
10,693	239,381	10,693	239,381
9,807,460	11,634,575	9,807,460	11,634,575
13,399,266	15,835,296	13,399,266	15,835,296

Total

98,166,052	96,036,198	98,139,172	95,729,533
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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	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013
BANK										
Rs. '000	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013
Assets										
Cash and Cash Equivalents	-	-	-	-	-	-	3,313,548	3,019,735	3,313,548	3,019,735
Balances with Central Bank of Sri Lanka	-	-	-	-	-	-	4,001,709	4,031,763	4,001,709	4,031,763
Derivative Financial Instruments	-	-	83,444	121,491	-	-	-	-	83,444	121,491
Reverse Repurchase Agreements	-	-	-	-	-	-	1,534,675	1,459,506	1,534,675	1,459,506
Financial Assets - Held for Trading	21,220,821	23,365,388	-	-	-	-	-	-	21,220,821	23,365,388
Other Financial Assets	-	-	-	-	-	-	3,013,026	2,198,582	3,013,026	2,198,582
Loans & Receivables to Banks	-	-	-	-	-	-	300,199	-	300,199	-
Loans & Receivables to Other Customers	-	-	-	-	-	-	82,791,172	81,128,760	82,791,172	81,128,760
Financial Assets - Held to Maturity	-	-	-	-	20,209,968	19,734,821	-	-	20,209,968	19,734,821
Total Financial Assets	21,220,821	23,365,388	83,444	121,491	20,209,968	19,734,821	94,954,329	91,838,346	136,468,562	135,060,046

	HFT at Fair Value		Financial Derivatives at Fair Value		HTM at Amortised Cost		L & R at Amortised Cost		Total	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013
GROUP										
Rs. '000	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013
Assets										
Cash and Cash Equivalents	-	-	-	-	-	-	3,313,489	3,019,774	3,313,489	3,019,774
Balances with Central Bank of Sri Lanka	-	-	-	-	-	-	4,001,709	4,031,763	4,001,709	4,031,763
Derivative Financial Instruments	-	-	83,444	121,491	-	-	-	-	83,444	121,491
Reverse Repurchase Agreements	-	-	-	-	-	-	590,813	552,236	590,813	552,236
Financial Assets - Held for Trading	22,342,118	24,460,493	-	-	-	-	-	-	22,342,118	24,460,493
Other Financial Assets	-	-	-	-	-	-	3,013,026	2,198,582	3,013,026	2,198,582
Loans & Receivables to Banks	-	-	-	-	-	-	300,199	-	300,199	-
Loans and Advances to Customers	-	-	-	-	-	-	83,676,446	82,327,255	83,676,446	82,327,255
Financial Assets - Held to Maturity	-	-	-	-	20,272,761	19,794,014	-	-	20,272,761	19,794,014
Total Financial Assets	22,342,118	24,460,493	83,444	121,491	20,272,761	19,794,014	94,895,682	92,129,610	137,594,005	136,505,608

	Financial Derivatives at Fair Value		Other Financial Liabilities at Amortised Cost		Total	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013
Rs. '000	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013
Liabilities						
Due to Banks	-	-	2,704,691	1,401,473	2,704,691	1,401,473
Derivative Financial Instruments	527,143	633,625	-	-	527,143	633,625
Repurchase Agreements	-	-	16,261,221	18,101,824	16,261,221	18,101,824
Due to Other Customers	-	-	98,166,052	96,036,198	98,166,052	96,036,198
Debt Issued and Other Borrowed Funds	-	-	7,769,065	8,199,428	7,769,065	8,199,428
Total Financial Liabilities	527,143	633,625	124,901,029	123,738,923	125,428,172	124,372,548

	Financial Derivatives at Fair Value		Other Financial Liabilities at Amortised Cost		Total	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013
Rs. '000	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013
Liabilities						
Due to Banks	-	-	2,704,691	1,401,473	2,704,691	1,401,473
Derivative Financial Instruments	527,143	633,625	-	-	527,143	633,625
Repurchase Agreements	-	-	15,947,098	18,067,817	15,947,098	18,067,817
Due to Other Customers	-	-	98,139,172	95,729,533	98,139,172	95,729,533
Debt Issued and Other Borrowed Funds	-	-	8,022,880	8,806,086	8,022,880	8,806,086
Total Financial Liabilities	527,143	633,625	124,813,841	124,004,909	125,340,984	124,638,534

HFT - Held for Trading
HTM - Held-to-Maturity
L&R - Loans and Receivables

SEGMENT INFORMATION

Operating Segments Rs. '000	BANK		TREASURY FUNCTIONS		OTHERS		UNALLOCATED/ELIMINATIONS		TOTAL GROUP	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.12.2013	31.03.2014	31.03.2014	31.03.2014
Operating income	2,051,528	1,926,783	631,161	180,356	102,379	100,112	(4,063)	18,986	2,781,005	2,226,237
Impairment Charge /(Reversal) for Loans and Receivables	307,042	84,325	-	-	-	-	(859)	-	306,183	84,325
Net Operating income	1,744,486	1,842,458	631,161	180,356	102,379	100,112	(3,204)	18,986	2,474,822	2,141,912
Extracts of results										
Interest Income	3,124,253	3,270,193	1,175,094	991,202	100,623	116,867	(28,938)	(21,027)	4,371,032	4,357,235
Inter Segment	54,064	141,767	(54,064)	(141,767)	-	-	-	-	-	-
Interest Expense	(1,784,930)	(2,026,898)	(491,614)	(590,236)	(42,776)	(63,152)	30,176	24,275	(2,289,144)	(2,656,011)
Net Interest Income	1,393,387	1,385,062	629,416	259,199	57,847	53,715	1,238	3,248	2,081,888	1,701,224
Fees and Commission Income	668,352	526,104	-	-	45,249	43,443	(7,578)	16,318	706,023	585,865
Fees and Commission Expense	(48,021)	(34,799)	(6,795)	-	(1,375)	(1,382)	1,095	(12,156)	(55,096)	(48,337)
Net Fee and Commission Income	620,331	491,305	(6,795)	-	43,874	42,061	(6,483)	4,162	650,927	537,528
Net Trading Income	-	-	7,782	(84,370)	658	4,336	-	70	8,440	(79,964)
Other Operating Income	37,811	50,417	757	5,526	-	-	1,182	11,506	39,750	67,449
Depreciation of Property, Plant and Equipment	39,800	32,076	243	23,511	-	2,867	32,382	(154)	72,425	58,300
Amortization of Intangible Assets	15,858	14,024	3,070	15,821	-	682	19,537	155	38,465	30,682
Segment Profit / (Loss) Before Value Added Tax	418,339	799,231	319,151	123,596	80,058	78,972	128,858	(147,515)	946,406	854,284
Value Added Tax and Income Tax Expense					(64,851)	(25,261)	(331,888)	(327,090)	(396,739)	(352,351)
Profit for the Period	418,339	799,231	319,151	123,596	15,207	53,710	(203,030)	(474,604)	549,667	501,933
Capital Expenditures										
Property and Equipment	45,868	33,273	-	21,423	-	340	14,004	-	59,873	55,036
Intangible Assets	89	34,180	-	15,667	-	-	2,546	-	2,635	49,847
Total Assets	83,687,971	77,119,521	56,085,827	49,431,427	3,770,637	2,708,974	404,093	(2,036,951)	143,948,528	127,222,971
Total Liabilities	101,009,223	89,126,773	30,561,968	28,300,031	2,118,952	1,981,166	(1,545,170)	(2,297,917)	132,144,973	117,110,053

DEBENTURE INFORMATION

The rated unsecured subordinated redeemable debentures 2011/16 and 2013/18 of the Bank are listed in the Colombo Stock Exchange.

Debenture Categories	CSE Listing	Interest Payable Frequency	Balance as at 31-03-2014 Rs. '000	Balance as at 31-03-2013 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 %	31-03-2014 %	31-03-2013 %	Interest Yield %	Yield to Maturity %
Fixed Rate													
Fixed Rate	NTBD0145	Semi-Annually	-	500,000		Not traded		20.53	21.58	-	14.54		Not traded
Fixed Rate	NTBD0131	Annually	-	1,000,000		Not traded		21.00	21.00	-	15.26		Not traded
Fixed Rate	NTBD0163	Semi-Annually	1,525,000	1,525,000	1,026.11	1,010.72	1,026.11	11.50	11.83	7.58	16.68	11.21	10.30
Fixed Rate	NTBD0164	Semi-Annually	200,000	200,000		Not traded		11.00	11.30	7.58	16.68		Not traded
Fixed Rate	NTBD0165	Semi-Annually	275,000	275,000		Not traded		11.50	11.83	7.58	16.68		Not traded
Fixed Rate	NTBD0266	Semi-Annually	3,000,000	-		Not traded		13.00	13.42	9.04	-		Not traded
Total Debentures			5,000,000	3,500,000									
Ratios of Debt	31.03.2014	31.03.2013											
* Debt/Equity Ratio % Interest Cover (Times)	62.03% 5.12	57.91% 5.00	* All Subordinated debt and listed Senior debt are considered as Debt (numerator)										

SHAREHOLDERS INFORMATION

Twenty largest Shareholders as at 31 March 2014

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 Limited	22,830,159	9.90
HWIC Asia Fund	21,849,298	9.47
Central Finance Company PLC A/C No 03	20,715,400	8.98
CF Growth Fund Limited A/C No 01	14,813,273	6.42
CF Insurance Brokers (Pvt) Limited.	10,592,857	4.59
Employees Trust Fund Board	3,153,850	1.37
Mr.M.F. Hashim	2,600,000	1.13
The Ceylon Investment PLC A/C #02	2,542,368	1.10
The Ceylon Guardian Investment Trust PLC A/C #02	2,463,350	1.07
Trading Partners (Pvt) Limited	2,139,417	0.93
Renuka City Hotels PLC	1,858,775	0.81
Bank of Ceylon - A/C No 02	1,546,100	0.67
Janashakthi Insurance PLC	1,410,081	0.61
Mr. N.R. Somaiya	1,320,624	0.57
Timex (Garments) Limited	1,238,465	0.54
Deutsche Bank AG as Trustee for Namal Acuity Value Fund	1,200,000	0.52
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
	183,413,766	79.54
Others	47,193,517	20.46
Total	230,607,283	100.00

Percentage of public shareholding as at 31 March 2014 was 49.79% . The drop from 79.85% public shareholding as at 31 Dec 2013 is due to the revision in direction issued by the Securities and Exchange Commission of Sri Lanka on classifications of Public shareholding.

Directors' holding in shares as at 31st March 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	-

Mr. Krishan Balendra was appointed as the Chairman of the Board of Directors with effect from 1st May, 2014.

Mr. Arjuna Gunaratne resigned from the Board of Directors w.e.f. 30th April, 2014.

Mr. Kumar Jayasuriya & Mr. Gihan Cooray were appointed as Directors of the Bank with effect from 1st May, 2014.

Nations Trust commence the year with a commendable performance

The Bank closed the first quarter ending 31st March 2014 with a post-tax profit of Rs 550Mn, a growth of 10% over the corresponding period in 2013. First quarter achievement was driven by good growth in top line revenue which was somewhat hindered by higher impairment charges and slower growth in customer advances which mirrored industry performance.

The year commenced with private credit growth falling further, despite market interest rates continuing to trend downwards following further easing of monetary policy. Share of pawning advances in total advances further reduced whilst significant increase in NPLs was also noted for the industry during first quarter of the year.

Net interest income recorded a growth of 22% over previous period with improved NIMs. Higher yielding asset portfolios grew moderately to partly off-set declining commercial loan interest rates whilst cost of liabilities reduced further with the re-pricing of shorter tenor deposits. Continuous efforts to grow low cost deposits improved the deposit mix which assisted in reducing the cost of liabilities. The low interest rate operating environment brought many challenges on our corporate portfolio with spreads thinning considerably coupled with a lackluster demand for new credit. Leasing and credit card portfolios grew remarkably to ease off the pressure on declining yields. Net fees and commission income recorded a growth of 21% for the period under review. Credit cards contributed considerably towards this growth whilst new products launched during previous year such as Nations Shopping card and Master card also showing great support for fee generation. Net trading income recorded exceptionally higher growth due to SWAP premiums favorably impacting FX income which in previous period recorded a loss.

Impairment charge for the current period amounted to Rs. 307Mn with the major impact arising from the pawning portfolio. There was no impairment on the pawning portfolio in the 1st quarter of 2013 since the sharp decline in the market price of gold began in April 2013. However since then, the Bank's exposure to pawning has been managed at 2.4% of the overall loan book whilst the loan to value ratio has been appropriately adjusted to reflect the market value and no further significant impairment charges are expected from the pawning portfolio.

Operating expenses recorded an increase of 19% over previous period stemming mainly from the expansion of the branch network, accelerated growth in the offsite ATMs and corresponding increase in head count in branches and sales areas. Execution of the key initiatives of the 5 year strategic road map rolled out last year is in full swing, consuming resources and increasing operating costs. However, since revenue growth for the quarter has been at a higher rate of 25% in comparison to the 19% growth in operating expenses, Bank has considerably improved its operating margin whilst lowering its cost income ratio from 58% to 55%. The Bank is firmly committed towards driving its C:I ratio below 50% in the medium term.

The capital position was sound at Rs.15.2Bn with Capital Adequacy Ratios both at Tier 1 and 2 maintained at comfortable levels.

While striving to achieve the financial targets set for the quarter, Bank continued pursuing its strategic initiatives of opening new branches and launching new products. Kottawa branch and Kolonnawa offsite ATM was added during the quarter taking the ATM network to 102. "Nations Savings Month" was launched in January with the objective of creating awareness of the range of savings products that are on offer. "Leasing Plus" product was launched to all leasing customers to enhance cross selling where every new lease facility entitled the customer to a pre-approved overdraft. Sri Lanka's first Chip and PIN protected USD Travel Card was launched providing an array of benefits and convenience for Cardholders travelling overseas.

The Bank remained focused on the five year strategy and much work is being done to drive it forward. On the business front, the Bank remains optimistic of a possible turn around in demand for credit whilst acknowledging fresh challenges that may arise in a slow credit growth, low interest rate environment.