



NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES

Company Number PQ 118

INTERIM FINANCIAL STATEMENTS

For the Six months ended June 30, 2016

Nations Trust Bank records a steady performance

Nations Trust Bank closed the first half of the year ending 30th June 2016 recording a post-tax profit of LKR 1,278Mn, a relatively slower growth of 2% over the corresponding period. Narrowing of Net Interest Margins (NIM) coupled with unfavourable impact arising from foreign exchange funding SWAPs slowed revenue growth. NIM impact was partly off-set by loan portfolio growth which saw accelerated traction in the 2Q thereby setting the pace for the year 2016.

Net interest income recorded a marginal growth due to the NIM compression as cost of deposits increased at a faster rate than re-pricing of loans. The resultant increase in interest expense of 39% over the previous period was only partly offset by the increase in interest income of 18%. However, a more positive trend was seen during the second quarter which saw higher growth in NII underpinned by improved NIM and higher growth in loan volumes. Core non-fund based income recorded a growth of 13% which narrowed to 4% due to unfavourable impact arising from foreign exchange funding SWAPs. Cards, trade and customer FX contributed well towards the growth in core fee based income. Further, the impact arising from the FIS portfolio on net trading positions was minimal for the period under review.

Impairment charges recorded a 55% decrease mainly on account of individual impairment, with collective impairment also showing an improvement across most of the portfolios. Significant drop in individual impairment is mainly due to a one-off provision made on account of specific facilities in the previous period.

Expenses recorded a growth of 13% as the current period witnessed a higher proportion of investments being made towards technology, people and branding which resulted in the underlying expenses increasing fairly rapidly over the previous period. Bank introduced the Life Cycle Training concept for all managers and banking assistants during the year aiming to enhance their soft skills, ethics, compliance and functional knowledge with the expectation of completing the full training for their respective grade within a period of two years. This initiative will allow staff to acquire necessary skills & competencies to move to the next job grade and a significant amount of resources have been deployed to make it a success. Cost management initiatives coupled with the implementation of lean concepts across the organization has assisted in rationalizing expenditure and minimizing increases over previous year in some of the key cost lines. The increase in the Cost: Income ratio for the current period is mainly owing to the slow growth in revenue as a result of the narrowing NIMs. The Cost: Income ratio is expected to trend down in the 2H of the year with higher revenue growth driven by stabilizing NIMs, enhanced volumes coupled with a more evenly distributed operational expenditure base. Bank is committed towards driving its Cost: Income ratio below 50% in the medium term.

SME loan portfolios recorded an impressive growth of 17% for the first half, however contraction in the corporate book coupled with a subdued growth in the leasing portfolio moderated overall loan book growth for the Bank to 6%. The pending disbursements in the corporate book are expected to boost the loan growth in the ensuing quarter. Similarly, in tandem with the loan book growth deposits too recorded a growth of 6%. Mobilization of term deposits took the forefront as CASA growth slowed down with a notable shift from low cost to term deposits seen partly due to increasing interest rates. Bank continued to focus on CASA acquisitions and promotions across the branch network to build volume.

The capital position was sound at Rs. 15.5Bn with Capital Adequacy Ratios both at Tier 1 and 2 maintained at comfortable levels. ROE recorded a drop over the level reported previously due to the narrowing of NIMs. The Bank has consistently posted above industry average returns in the recent past.

Review of Operations

Consumer

Kandy City Centre Branch was opened during the year with 3 additional off-site ATMs thereby expanding the Bank network to 93 branches and 135 ATMs to provide unparalleled customer experience across the geographies. Consumer deposits surpassed Rs.100Bn recording a YoY growth of 19%. Growth was supported by the launch of the Inner Circle product proposition for the salaried segment, which allows customers to make the most of their salaries and enjoy special benefits. “Nations Cruise” propaganda bus was rolled out to support effective customer acquisitions and geographic penetration. Nations Home Centre was opened to cater to the housing loan requirements of customers under one roof.

SME

The Bank continued to strengthen the on-going support for the growth and development of SMEs in the economy as SME loan portfolio reached Rs.33Bn, recording a significant growth of 17% in the first 6 months. Sixteen road-shows and ten business seminars were conducted at various locations which allowed the Bank to acquire new relationships, provide business advice and enhance customer engagement levels.

Leasing

New business volumes reached Rs.7.6Bn for the first 6 months amidst a challenging interest rate environment. Alternate avenues for customer acquisition were explored with good responses coming from branches and consumer sales teams. Salaried and professional lease product was revamped to give added flexibility to the customer. Leasing

business also partnered successfully for a number of road-shows and campaigns during the year.

Corporate Banking

Corporate Banking revenue improved significantly during the period due to better management of NIM and enhanced fee income despite the loan book recording a contraction for the period. Initiatives were taken to expand wallet share across large corporates which is aptly mirrored in the revenue growth for the period. Unit conducted an international trade seminar to existing and potential customers, covering important aspects of international trade. A Corporate internet banking portal inclusive of a cash management solution is expected in the forthcoming quarter which will undoubtedly add value and further strengthen the customer experience.

Treasury

Challenges ensuing from increased market interest rates and the depreciating rupee during the year were well managed by Treasury. Unfavourable M2M impact on the FIS portfolio for the current period was minimal compared to the previous period. Improved customer centric focus and market volatility also contributed to the improved customer FX recorded for the period.

Digital Channels

Bank rolled out Cash Deposit Machines (CDMs) in 11 locations giving customers immediate credit on deposits made to the account without the hassle of having to wait in queues. The Bank opened the second smart branch in Kandy city to offer a range of superior digital banking facilities. The first digital acquisition program on Social Media was carried out with the re-launch of the Inner Circle for salaried segment.

Lean

The inaugural Lean Yellow Belt training was launched in the 1st half of 2016 with the aim of doing more with less. The first batch of participants successfully completed the training by implementing Lean projects which will eliminate waste and create value to our customers. Several branches and departments commenced the implementation of 5S with the objective of improving the productivity, quality and safety.

Looking forward

It has been a very challenging first 6 months for the Bank, particularly with the narrowing of net interest margins impacting its core fund base income. As the Bank

become a larger player in the industry reaching out to a larger market segment, narrowing of NIMs is inevitable. Also as an industry, Banking is now gradually moving to a low NIM

environment hence the immediate impact comes as no surprise, nevertheless significant when comparisons are drawn against the previous period. The Bank remains undeterred in its quest to build market share on assets, focusing on industries and geographies that the Bank wants to become relevant in. With customer centricity at the core of all its dealings, the Bank is quite optimistic of achieving its goals set for the year.

NATIONS TRUST BANK PLC
INCOME STATEMENT



	Bank						Group					
	Six months ended 30 June			Quarter ended 30 June			Six months ended 30 June			Quarter ended 30 June		
	2016 Rs. '000	2015 Rs. '000	Change (%)	2016 Rs. '000	2015 Rs. '000	Change (%)	2016 Rs. '000	2015 Rs. '000	Change (%)	2016 Rs. '000	2015 Rs. '000	Change (%)
Gross Income	11,264,471	9,750,961	16	5,813,899	4,954,141	17	11,368,320	9,866,005	15	5,875,563	4,999,821	18
Interest Income	9,530,974	8,057,229	18	5,032,746	4,066,508	24	9,583,441	8,121,536	18	5,060,760	4,095,806	24
Less : Interest Expense	(4,995,608)	(3,581,807)	(39)	(2,652,127)	(1,800,789)	(47)	(4,975,278)	(3,576,372)	(39)	(2,640,443)	(1,795,226)	(47)
Net Interest Income	4,535,366	4,475,422	1	2,380,619	2,265,719	5	4,608,163	4,545,164	1	2,420,317	2,300,580	5
Fees and Commission Income	1,665,790	1,565,952	6	837,391	758,050	10	1,717,158	1,635,643	5	871,035	792,580	10
Less : Fees and Commission Expense	(95,144)	(124,156)	23	(32,352)	(63,890)	49	(98,488)	(124,165)	21	(34,024)	(62,543)	46
Net Fees and Commission Income	1,570,646	1,441,796	9	805,039	694,160	16	1,618,670	1,511,478	7	837,011	730,037	15
Net Trading Income / (Expense)	(82,981)	(21,838)	(280)	(141,428)	53,386	(365)	(82,981)	(23,303)	(256)	(141,428)	52,727	(368)
Other Operating Income	150,688	149,618	1	85,190	76,197	12	150,702	132,129	14	85,196	58,708	45
Total Operating Income	6,173,719	6,044,998	2	3,129,420	3,089,462	1	6,294,554	6,165,468	2	3,201,096	3,142,052	2
Impairment Charge /(Reversal) for Loans and Receivables and Available for Sale on Financial Assets	310,548	732,978	58	110,319	198,494	44	326,300	731,764	55	125,716	196,444	36
Individual Impairment - Loans and Advances	99,809	448,022	78	18,318	52,626	65	99,809	448,022	78	18,318	52,626	65
Collective Impairment - Loans and Advances	211,150	280,135	25	93,456	145,967	36	226,902	278,921	19	108,853	143,917	24
Others - Charges Receivable	(411)	4,821	109	(1,455)	(99)	1,372	(411)	4,821	109	(1,455)	(99)	1,372
Net Operating Income	5,863,171	5,312,020	10	3,019,101	2,890,968	4	5,968,254	5,433,704	10	3,075,380	2,945,608	4
Less : Expenses												
Personnel Expenses	1,505,058	1,347,303	(12)	735,614	689,617	(7)	1,517,993	1,361,193	(12)	742,124	695,968	(7)
Depreciation of Property, Plant and Equipment	174,542	183,240	5	87,831	96,328	9	181,660	190,123	4	91,391	99,774	8
Amortization of Intangible Assets	129,832	117,436	(11)	64,642	56,663	(14)	131,419	118,824	(11)	65,451	57,354	(14)
Other Operating Expenses	1,804,365	1,530,892	(18)	920,589	765,208	(20)	1,786,258	1,524,238	(17)	911,725	763,687	(19)
Total Operating Expenses	3,613,797	3,178,871	(14)	1,808,676	1,607,816	(12)	3,617,330	3,194,378	(13)	1,810,691	1,616,783	(12)
Operating Profit Before Value Added Tax (VAT) & NBT	2,249,374	2,133,149	5	1,210,425	1,283,152	(6)	2,350,924	2,239,326	5	1,264,689	1,328,825	(5)
Less : Value Added Tax (VAT) on Financial Services & NBT	408,182	360,078	(13)	214,814	198,323	(8)	413,903	366,096	(13)	217,945	201,288	(8)
Profit Before Income Tax	1,841,192	1,773,071	4	995,611	1,084,829	(8)	1,937,021	1,873,230	3	1,046,744	1,127,537	(7)
Less : Income Tax Expense	631,168	583,460	(8)	343,667	345,169	-	658,916	615,457	(7)	360,860	362,484	-
Profit for the Period	1,210,024	1,189,611	2	651,944	739,660	(12)	1,278,105	1,257,773	2	685,884	765,053	(10)
Earnings Per Share												
Basic / Diluted Earnings Per Share (Rs.)	5.25	5.16	2	2.83	3.21	(12)	5.54	5.45	2	2.97	3.32	(10)

NATIONS TRUST BANK PLC
STATEMENT OF COMPREHENSIVE INCOME



	Bank						Group					
	Six months ended 30 June			Quarter ended 30 June			Six months ended 30 June			Quarter ended 30 June		
	2016 Rs. '000	2015 Rs. '000	Change (%)	2016 Rs. '000	2015 Rs. '000	Change (%)	2016 Rs. '000	2015 Rs. '000	Change (%)	2016 Rs. '000	2015 Rs. '000	Change (%)
Profit for the period	1,210,024	1,189,611	2	651,944	739,660	(12)	1,278,105	1,257,773	2	685,884	765,053	(10)
Other Comprehensive Income to be reclassified to profit or loss in subsequent period:												
Net gains / (loss) on re-measuring available-for-sale financial assets	(292,131)	56,125	(621)	186,279	100,692	85	(292,131)	56,125	(621)	186,279	100,692	85
Net income tax charge / (reversal) relating to components of re-measuring available-for-sale financial assets	81,797	(15,715)	621	(52,158)	(28,194)	(85)	81,797	(15,715)	621	(52,158)	(28,194)	(85)
	<u>(210,334)</u>	<u>40,410</u>	621	<u>134,121</u>	<u>72,498</u>	85	<u>(210,334)</u>	<u>40,410</u>	621	<u>134,121</u>	<u>72,498</u>	85
Other Comprehensive Income not to be reclassified to profit or loss in subsequent period:												
Actuarial gain / (loss) on defined benefit plan	-	-	-	-	-	-	-	-	-	-	-	-
Net income tax charge / (reversal) relating to components of defined benefit plan	-	-	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>-</u>	-
Other Comprehensive Income for the Period, Net of Tax	<u>(210,334)</u>	<u>40,410</u>	(621)	<u>134,121</u>	<u>72,498</u>	85	<u>(210,334)</u>	<u>40,410</u>	(621)	<u>134,121</u>	<u>72,498</u>	85
Total Comprehensive Income for the Period, Net of Tax	<u>999,690</u>	<u>1,230,021</u>	(19)	<u>786,065</u>	<u>812,158</u>	(3)	<u>1,067,771</u>	<u>1,298,183</u>	(18)	<u>820,005</u>	<u>837,551</u>	(2)
Attributable to:												
Equity holders of the parent	<u>999,690</u>	<u>1,230,021</u>	(19)	<u>786,065</u>	<u>812,158</u>	(3)	<u>1,067,771</u>	<u>1,298,183</u>	(18)	<u>820,005</u>	<u>837,551</u>	(2)

NATIONS TRUST BANK PLC
STATEMENT OF FINANCIAL POSITION



As at	Bank			Group		
	30.06.2016 Rs. '000	31.12.2015 Rs. '000 (Audited)	Change %	30.06.2016 Rs. '000	31.12.2015 Rs. '000 (Audited)	Change %
On Balance Sheet Assets						
Cash and Cash Equivalents	4,540,241	6,392,393	(29)	4,540,285	6,392,437	(29)
Balances with Central Bank of Sri Lanka	7,075,197	5,283,866	34	7,075,197	5,283,866	34
Placements with Banks	-	-		-	-	
Derivative Financial Instruments	207,276	554,030	(63)	207,276	554,030	(63)
Reverse Repurchase Agreements	44,059	302,249	(85)	44,059	302,249	(85)
Other Financial Assets Held-for-Trading	2,894,903	2,044,144	42	2,894,903	2,044,144	42
Other Financial Assets	6,528,228	6,511,361	-	6,528,228	6,511,361	-
Financial Assets Designated at Fair Value through Profit or Loss	-	-		-	-	
Loans & Receivables to Banks	-	-		-	-	
Loans & Receivables to Other Customers	127,908,605	120,277,483	6	128,754,039	121,105,981	6
Financial Investments - Available-for-Sale	24,542,192	16,570,002	48	24,542,192	16,570,002	48
Financial Investments - Held-to-Maturity	12,929,378	12,675,717	2	12,998,095	12,743,763	2
Investments in Subsidiaries	678,710	678,710	-	-	-	
Investments in Associates and Joint Ventures	-	-		-	-	
Property, Plant & Equipment	1,596,088	1,672,448	(5)	2,059,906	2,143,187	(4)
Investment Properties	-	-		-	-	
Intangible Assets	1,167,583	1,214,095	(4)	1,177,343	1,224,158	(4)
Deferred Tax Assets	429,332	428,313	-	430,396	429,068	-
Other Assets	1,755,270	1,339,553	31	1,798,786	1,386,357	30
Total Assets	192,297,062	175,944,364	9	193,050,705	176,690,602	9

NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION



As at	Bank			Group		
	30.06.2016 Rs. '000	31.12.2015 Rs. '000 (Audited)	Change %	30.06.2016 Rs. '000	31.12.2015 Rs. '000 (Audited)	Change %
On Balance Sheet Liabilities						
Due to Banks	5,775,559	2,275,840	154	5,775,559	2,275,840	154
Derivative Financial Instruments	257,878	53,327	384	257,878	53,327	384
Other Financial liabilities Held-for-Trading	-	-		-	-	
Financial Liabilities Designated at Fair Value through Profit or Loss	-	-		-	-	
Repurchase Agreements	15,066,459	10,874,122	39	14,553,009	10,405,880	40
Due to Other Customers	137,106,900	129,240,876	6	137,037,193	129,158,190	6
Other Borrowings	6,896,268	6,004,700	15	6,896,268	6,004,700	15
Debt Securities Issued	-	-		-	-	
Current Tax Liabilities	432,282	396,396	9	461,047	426,466	8
Deferred Tax Liabilities	1,178,500	1,161,866	1	1,178,317	1,161,647	1
Other Liabilities	4,083,432	4,978,921	(18)	4,142,067	5,064,058	(18)
Due to Subsidiaries	-	-		-	-	
Subordinated Term Debts	6,994,183	6,968,130	-	6,994,431	6,969,054	-
Total Liabilities	177,791,461	161,954,178	10	177,295,769	161,519,162	10
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	660,840	660,840	-	660,840	660,840	-
Retained Earnings	8,880,444	8,154,695	9	10,129,779	9,335,949	9
AFS Reserve	(137,052)	73,282	(287)	(137,052)	73,282	(287)
Other Reserves	-	-		-	-	
Total Shareholders' Equity	14,505,601	13,990,186	4	15,754,936	15,171,440	4
Total Equity and Liabilities	192,297,062	175,944,364	9	193,050,705	176,690,602	9
Contingent Liabilities and Commitments	113,242,583	96,818,431	17	110,485,505	96,791,786	14
Memorandum Information						
Number of Employees	2,746	2,671		2,768	2,695	
Number of Branches	93	92		93	92	
Number of Off-Site ATMs	40	39		40	39	

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 Directors 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.) Shalini Panditaratne
Director

.....
(Sgd.) Kumar Jayasuriya
Director

.....
(Sgd.) Suran Wijesinghe
Director

August 11 , 2016
Colombo

NATIONS TRUST BANK PLC
SELECTED PERFORMANCE INDICATORS (As per Regulatory Reporting)

Item	Bank		Group	
	30.06.2016	31.12.2015 (Audited)	30.06.2016	31.12.2015 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. '000	12,267,381	13,919,237	13,428,554	15,090,171
Total Capital Base, Rs. '000	14,310,738	16,644,603	15,471,911	17,815,536
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	9.89%	12.26%	10.72%	13.15%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	11.54%	14.67%	12.35%	15.53%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio, % (net of interest in suspense)	2.82%	2.77%	2.80%	2.76%
Net-Non Performing Advances, % (net of interest in suspense and provision)	0.89%	1.07%	0.88%	1.06%
Profitability				
Interest Margin, %	4.95%	5.46%	-	-
Return on Assets (before Tax), %	2.01%	2.24%	2.11%	2.36%
Return on Equity, %	17.20%	18.07%	16.72%	17.72%
Regulatory Liquidity				
Statutory Liquid Assets, Rs. '000	35,060,072	31,179,949	-	-
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	21.47%	21.77%	-	-
Off-Shore Banking Unit	35.52%	33.23%	-	-
Net Assets Value Per Share (Rs.)	62.90	60.67	68.32	65.79
Market Price Per Share (Rs.)	30.06.2016 (Quarter ended)	30.06.2015 (Quarter ended)		
Highest	88.90	107.00		
Lowest	73.00	95.00		
Last Traded Price	75.10	97.20		

NATIONS TRUST BANK PLC
STATEMENT OF CHANGES IN EQUITY

BANK	Stated Capital	Retained Earnings	Available for Sale Reserve	Statutory Reserve Fund	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 01 January 2015	5,101,369	7,037,084	111,897	538,205	12,788,555
Profit For the Period	-	1,189,611	-	-	1,189,611
Other Comprehensive Income	-	-	40,410	-	40,410
Total Comprehensive Income	-	1,189,611	40,410	-	1,230,021
Dividend paid for 2014	-	(484,275)	-	-	(484,275)
As at 30 June 2015	5,101,369	7,742,420	152,307	538,205	13,534,301
As at 01 January 2016	5,101,369	8,154,695	73,282	660,840	13,990,186
Profit For the Period	-	1,210,024	-	-	1,210,024
Other Comprehensive Income	-	-	(210,334)	-	(210,334)
Total Comprehensive Income	-	1,210,024	(210,334)	-	999,690
Dividend paid for 2015	-	(484,275)	-	-	(484,275)
As at 30 June 2016	5,101,369	8,880,444	(137,052)	660,840	14,505,601
GROUP	Stated Capital	Retained Earnings	Available for Sale Reserve	Statutory Reserve Fund	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 01 January 2015	5,101,369	8,143,054	111,897	538,205	13,894,525
Profit For the Period	-	1,257,773	-	-	1,257,773
Other Comprehensive Income	-	-	40,410	-	40,410
Total Comprehensive Income	-	1,257,773	40,410	-	1,298,183
Dividend paid for 2014	-	(484,275)	-	-	(484,275)
As at 30 June 2015	5,101,369	8,916,552	152,307	538,205	14,708,433
As at 01 January 2016	5,101,369	9,335,949	73,282	660,840	15,171,440
Profit For the Period	-	1,278,105	-	-	1,278,105
Other Comprehensive Income	-	-	(210,334)	-	(210,334)
Total Comprehensive Income	-	1,278,105	(210,334)	-	1,067,770
Dividend paid for 2015	-	(484,275)	-	-	(484,275)
As at 30 June 2016	5,101,369	10,129,779	(137,052)	660,840	15,754,936

Nations Trust Bank PLC and Its Subsidiaries
Statement of Cash Flows
For the Period Ended 30 Jun



	Bank		Group	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Cash Flows from Operating Activities				
Receipts of Interest Income	9,252,831	7,121,010	9,352,980	7,231,856
Receipts of Fees and Commission Income	1,663,540	1,556,323	1,737,236	1,638,621
Payments of Interest Expense	(4,312,365)	(954,515)	(4,343,706)	(998,295)
Payments of Fees and Commission Expense	(95,144)	(124,156)	(92,041)	(118,583)
Net Trading Income	(91,340)	146,207	(91,340)	146,207
Receipts from Other Operating Income	150,688	149,120	144,935	128,996
Gratuity Payments Made	(35,992)	(17,992)	(35,992)	(18,134)
Payments for Operating Expenses	(3,169,040)	(3,146,732)	(3,177,286)	(3,180,027)
Net Cash Flow from Operating Activities before Income Tax (A)	3,363,178	4,729,265	3,494,786	4,830,642
Income Tax paid	(376,694)	(209,294)	(403,648)	(240,195)
Operating Profit before Changes in Operating Assets and Liabilities	2,986,484	4,519,971	3,091,138	4,590,447
(Increase)/Decrease in Operating Assets				
Reverse Repurchase Agreements	258,231	10,677,489	(135,406)	10,198,739
Derivative Financial Instruments	346,754	86,064	346,754	86,064
Financial Investments Held for Trading	(957,679)	4,466,492	(957,679)	4,465,173
Financial Investments-Held to Maturity	(338,982)	(1,782,193)	(339,667)	(1,782,789)
Financial Investments-Available for Sale	(8,191,063)	(10,108,977)	(8,191,063)	(10,108,977)
Other Financial Assets	8,920	(1,281,021)	(36,080)	(1,312,181)
Loans & Receivables to Other Customers	(7,766,263)	(5,934,693)	(7,922,027)	(5,734,617)
Other Assets	(347,631)	(458,061)	(343,477)	(433,862)
(Increase)/Decrease in Operating Assets	(16,987,713)	(4,334,900)	(17,578,644)	(4,622,450)
Increase/(Decrease) in Operating Liabilities				
Repurchase Agreements	4,256,799	(707,800)	4,650,436	(229,050)
Due to Other Customers	7,507,336	210,480	7,431,795	219,304
Derivative Financial Instruments	204,551	(42,636)	204,551	(42,636)
Other Liabilities	(1,262,865)	20,695	(1,315,995)	(10,798)
Increase/(Decrease) in Operating Liabilities	10,705,821	(519,261)	10,970,786	(63,180)
Net Cash Flows from Operating Activities	(3,295,408)	(334,190)	(3,516,720)	(95,183)
Cash Flows from Investing Activities				
Purchase of Property, Plant and Equipment	(211,449)	(97,231)	(211,647)	(101,745)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	-	584	-	584
Purchase of Intangible Assets	(83,320)	(73,159)	(84,604)	(73,159)
	(294,767)	(169,806)	(296,250)	(174,320)
Cash Flows from Financing Activities				
Net change in Debt issued and other Borrowed Funds	3,842,850	(652,533)	3,981,970	(875,400)
Repayment of Subordinated Debt	-	-	-	-
Interest paid on Subordinated Debt	(355,893)	(347,760)	(355,893)	(347,760)
Dividends paid to Equity Holders of the Parent	(484,275)	(484,275)	(484,275)	(484,275)
	3,002,682	(1,484,568)	3,141,803	(1,707,435)
Net Increase in Cash and Cash Equivalents	(587,493)	(1,988,564)	(671,168)	(1,976,938)
Cash and Cash Equivalents at the beginning of the period	11,569,479	10,491,563	11,569,523	10,479,982
Cash and Cash Equivalents at the end of the period	10,981,986	8,502,999	10,898,355	8,503,044
Reconciliation of Cash and Cash Equivalents				
Cash on Hand	3,840,602	3,610,301	3,840,615	3,610,314
Statutory Deposit with the Central Bank of Sri Lanka	7,075,197	4,424,822	7,075,197	4,424,822
Balances with Banks	699,636	454,539	615,992	454,571
Money at Call and Short Notice	-	357,059	-	357,059
Deposits from Other Banks	(633,449)	(343,722)	(633,449)	(343,722)
	10,981,986	8,502,999	10,898,355	8,503,044
A. Reconciliation of Operating Profit				
Profit before Taxation	1,841,192	1,773,071	1,937,022	1,873,230
(Profit) / Loss on disposal of Property, Plant and Equipment and Intangible Assets	-	(499)	-	(499)
Impairment charge / (Reversal) for Loans and Receivables	310,548	732,978	326,301	731,764
Provision for Gratuity	71,983	53,434	72,549	53,807
(Increase) / Decrease in Interest Receivable	(181,475)	(763,402)	(181,670)	(762,868)
Increase/ (Decrease) in Interest Payable	683,244	2,627,291	683,200	2,625,496
Increase / (Decrease) in Financial Guarantee Liabilities	(2,251)	(9,629)	(2,251)	(9,629)
Other Receivables	(622)	(383)	(6,383)	(2,957)
Other Payables	340,332	8,195	340,334	8,195
Other Non cash items	336,217	326,201	361,674	332,236
Gratuity Payments Made	(35,992)	(17,992)	(35,992)	(18,134)
	12 3,363,178	4,729,265	3,494,786	4,830,642

NATIONS TRUST BANK PLC
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		AFS		Other Financial Liabilities at Amortised Cost		Total	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
BANK														
Rs. '000	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Assets														
Cash and Cash Equivalents	-	-	-	-	-	-	4,540,241	6,392,393	-	-	-	-	4,540,241	6,392,393
Balances with Central Bank of Sri Lanka	-	-	-	-	-	-	7,075,197	5,283,866	-	-	-	-	7,075,197	5,283,866
Derivative Financial Instruments	-	-	207,276	554,030	-	-	-	-	-	-	-	-	207,276	554,030
Reverse Repurchase Agreements	-	-	-	-	-	-	44,059	302,249	-	-	-	-	44,059	302,249
Financial Assets - Held for Trading	2,894,903	2,044,144	-	-	-	-	-	-	-	-	-	-	2,894,903	2,044,144
Other Financial Assets	-	-	-	-	-	-	6,528,228	6,511,361	-	-	-	-	6,528,228	6,511,361
Loans & Receivables to Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans & Receivables to Other Customers	-	-	-	-	-	-	127,908,605	120,277,483	-	-	-	-	127,908,605	120,277,483
Financial Investments - Available-for-Sale	-	-	-	-	-	-	-	-	24,542,192	16,570,002	-	-	24,542,192	16,570,002
Financial Assets - Held to Maturity	-	-	-	-	12,929,378	12,675,717	-	-	-	-	-	-	12,929,378	12,675,717
Total Financial Assets	2,894,903	2,044,144	207,276	554,030	12,929,378	12,675,717	146,096,330	138,767,352	24,542,192	16,570,002	-	-	186,670,079	170,611,245
Liabilities														
Due to Banks	-	-	-	-	-	-	-	-	-	-	5,775,559	2,275,840	5,775,559	2,275,840
Derivative Financial Instruments	-	-	257,878	53,327	-	-	-	-	-	-	-	-	257,878	53,327
Repurchase Agreements	-	-	-	-	-	-	-	-	-	-	15,066,459	10,874,122	15,066,459	10,874,122
Due to Other Customers	-	-	-	-	-	-	-	-	-	-	137,106,900	129,240,876	137,106,900	129,240,876
Debt Issued and Other Borrowed Funds	-	-	-	-	-	-	-	-	-	-	13,890,450	12,972,830	13,890,450	12,972,830
Total Financial Liabilities	-	-	257,878	53,327	-	-	-	-	-	-	171,839,368	155,363,668	172,097,246	155,416,995

GROUP

	HFT at Fair Value		Financial Derivatives at Fair Value		HTM at Amortised Cost		L & R at Amortised Cost		AFS		Other Financial Liabilities at Amortised Cost		Total	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Rs. '000	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Assets														
Cash and Cash Equivalents	-	-	-	-	-	-	4,540,285	6,392,437	-	-	-	-	4,540,285	6,392,437
Balances with Central Bank of Sri Lanka	-	-	-	-	-	-	7,075,197	5,283,866	-	-	-	-	7,075,197	5,283,866
Derivative Financial Instruments	-	-	207,276	554,030	-	-	-	-	-	-	-	-	207,276	554,030
Reverse Repurchase Agreements	-	-	-	-	-	-	44,059	302,249	-	-	-	-	44,059	302,249
Financial Assets - Held for Trading	2,894,903	2,044,144	-	-	-	-	-	-	-	-	-	-	2,894,903	2,044,144
Other Financial Assets	-	-	-	-	-	-	6,528,228	6,511,361	-	-	-	-	6,528,228	6,511,361
Loans & Receivables to Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and Advances to Customers	-	-	-	-	-	-	128,754,039	121,105,981	-	-	-	-	128,754,039	121,105,981
Financial Investments - Available-for-Sale	-	-	-	-	-	-	-	-	24,542,192	16,570,002	-	-	24,542,192	16,570,002
Financial Assets - Held to Maturity	-	-	-	-	12,998,095	12,743,763	-	-	-	-	-	-	12,998,095	12,743,763
Total Financial Assets	2,894,903	2,044,144	207,276	554,030	12,998,095	12,743,763	146,941,808	139,595,894	24,542,192	16,570,002	-	-	187,584,274	171,507,833
Liabilities														
Due to Banks	-	-	-	-	-	-	-	-	-	-	5,775,559	2,275,840	5,775,559	2,275,840
Derivative Financial Instruments	-	-	257,878	53,327	-	-	-	-	-	-	-	-	257,878	53,327
Repurchase Agreements	-	-	-	-	-	-	-	-	-	-	14,553,009	10,405,880	14,553,009	10,405,880
Due to Other Customers	-	-	-	-	-	-	-	-	-	-	137,037,193	129,158,190	137,037,193	129,158,190
Debt Issued and Other Borrowed Funds	-	-	-	-	-	-	-	-	-	-	13,890,699	12,973,753	13,890,699	12,973,753
Total Financial Liabilities	-	-	257,878	53,327	-	-	-	-	-	-	171,256,460	154,813,663	171,514,338	154,866,990

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

(AS PER THE CIRCULAR NO.02/17/900/0001/004 DATED ON OCTOBER 11, 2013 ISSUED BY THE CENTRAL BANK OF SRI LANKA)

	Bank		Group	
	30.06.2016 Rs. '000	31.12.2015 Rs. '000 (Audited)	30.06.2016 Rs. '000	31.12.2015 Rs. '000 (Audited)
(1) Loans and Receivables To Other Customers				
Gross Loans and Receivables	128,062,033	120,348,390	128,907,338	121,176,338
(Less) : Individual Impairment	(799,057)	(699,248)	(799,057)	(699,248)
Collective Impairment	(1,440,333)	(1,398,171)	(1,440,204)	(1,397,621)
Net Loans and Advances including those designated at Fair Value through Profit or Loss	125,822,643	118,250,971	126,668,077	119,079,469
(Less) : Loans and Advances designated at Fair Value through Profit or Loss	-	-	-	-
Net Loans and Advances	125,822,643	118,250,971	126,668,077	119,079,469
Staff Loans	2,630,091	2,596,464	2,630,091	2,596,464
Less : Allowance for Day 1 Difference	(544,129)	(569,952)	(544,129)	(569,952)
	2,085,962	2,026,512	2,085,962	2,026,512
	127,908,605	120,277,483	128,754,039	121,105,981
(2) Gross Loans and Receivables to Other Customers -By Product				
By Product -Domestic Currency				
Bills of Exchange	144,526	30,810	144,526	30,810
Overdrafts	22,894,741	24,210,450	22,894,741	24,210,450
Term Loans	44,475,478	40,179,106	44,475,478	40,179,106
Staff Loans	2,630,091	2,596,464	2,630,091	2,596,464
Leases	29,780,298	28,936,324	29,780,298	28,936,324
Credit Cards	14,198,529	13,960,650	14,198,529	13,960,650
Pawning Advance	507,265	655,734	507,265	655,734
Corporate Debt Securities	1,668,483	1,427,994	1,668,483	1,427,994
Housing Loans	1,967,980	1,376,117	1,967,980	1,376,117
Other Advances	8,586,873	5,414,738	9,432,178	6,242,685
Sub Total	126,854,264	118,788,387	127,699,569	119,616,334
By Product -Foreign Currency				
Overdrafts	84,478	71,682	84,478	71,682
Term Loans	1,452,917	1,290,988	1,452,917	1,290,988
Other Advances	2,300,465	2,793,797	2,300,465	2,793,797
Sub Total	3,837,860	4,156,467	3,837,860	4,156,467
Total	130,692,124	122,944,854	131,537,429	123,772,801

NATIONS TRUST BANK PLC
ADDITIONAL QUARTERLY DISCLOSURES (Contd')

(AS PER THE CIRCULAR NO.02/17/900/0001/004 DATED ON OCTOBER 11, 2013 ISSUED BY THE CENTRAL BANK OF SRI LANKA)

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

	Bank		Group	
	30.06.2016 Rs. '000	31.12.2015 Rs. '000 (Audited)	30.06.2016 Rs. '000	31.12.2015 Rs. '000 (Audited)
Individual Impairment				
Opening Balance	699,248	420,322	699,248	383,237
Charge/ (Reversal) to Income Statement	99,809	278,926	99,809	316,011
Closing Balance	799,057	699,248	799,057	699,248
Collective Impairment				
Opening Balance	1,398,171	1,553,360	1,397,621	1,553,088
Charge/ (Reversal) to Income Statement	211,150	636,546	226,902	636,268
Amounts written off during the Period	(168,988)	(791,735)	(184,319)	(791,735)
Closing Balance	1,440,333	1,398,171	1,440,204	1,397,621
Total Impairment	2,239,390	2,097,419	2,239,261	2,096,869

(4) Due to Other Customers -By Product

	Bank		Group	
	30.06.2016 Rs. '000	31.12.2015 Rs. '000 (Audited)	30.06.2016 Rs. '000	31.12.2015 Rs. '000 (Audited)
By Product -Domestic Currency				
Demand Deposits	13,085,768	13,788,379	13,016,061	13,705,693
Savings Deposits	23,105,000	22,372,361	23,105,000	22,372,361
Call Deposits	160,220	274,272	160,220	274,272
Fixed Deposits	81,811,866	74,297,798	81,811,866	74,297,798
Certificate of Deposits	2,269,818	2,391,765	2,269,818	2,391,765
Sub Total	120,432,672	113,124,575	120,362,965	113,041,889
By Product -Foreign Currency				
Demand Deposits	1,190,430	1,226,066	1,190,430	1,226,066
Savings Deposits	4,634,571	4,386,356	4,634,571	4,386,356
Call Deposits	876	858	876	858
Fixed Deposits	10,848,351	10,503,021	10,848,351	10,503,021
Sub Total	16,674,228	16,116,301	16,674,228	16,116,301
Total	137,106,900	129,240,876	137,037,193	129,158,190

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 30.06.2016 Rs. '000	Balance as at 30.06.2015 Rs. '000	Market Values for the Quarter ended 30.06.2016			Interest Rates		Interest Rate of Comparable Government Security		Other Ratios as at date of last trade	
					Highest Rs.	Lowest Rs.	Period End Rs.	Coupon Rate %	Effective Annual Yield %	30.06.2016 %	30.06.2015 %	Interest Yield %	Yield to Maturity %
Fixed Rate	NTBD0163	Semi -Annually	1,525,000	1,525,000	Not traded			11.50	11.83	8.91	6.55	Not traded	
Fixed Rate	NTBD0164	Semi -Annually	200,000	200,000	Not traded			11.00	11.30	8.91	6.55	Not traded	
Fixed Rate	NTBD0165	Semi -Annually	275,000	275,000	Not traded			11.50	11.83	8.91	6.55	Not traded	
Fixed Rate	NTBD0266	Semi -Annually	3,000,000	3,000,000	Not traded			13.00	13.42	11.25	7.79	Not traded	
Total Debentures			5,000,000	5,000,000									

Ratios of Debt	30.06.2016	30.06.2015
* Debt / Equity Ratio %	48.22%	50.40%
Interest Cover (Times)	6.09	6.04
Quick Asset Ratio	80%	91%

* All Subordinated debt are considered as Debt (numerator)

NATIONS TRUST BANK PLC
SEGMENT INFORMATION



Operating Segments Rs. '000	Banking Operations		Treasury Functions		Others		Unallocated/ Eliminations		Total Group	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Operating income	5,113,422	4,669,681	1,080,463	1,373,521	155,986	159,835	(55,317)	(37,569)	6,294,554	6,165,468
Impairment Charge/(Reversal) for Loans and Receivables	223,624	732,978	90,000	-	-	-	12,676	(1,214)	326,300	731,764
Net Operating income	4,889,798	3,936,703	990,463	1,373,521	155,985	159,835	(67,991)	(36,354)	5,968,254	5,433,704
Extracts of results										
Interest Income	7,491,153	6,228,537	2,051,195	1,845,014	78,173	88,306	(37,079)	(40,321)	9,583,441	8,121,536
Inter Segment	(213,715)	(403,019)	213,715	403,019	-	-	-	-	-	-
Interest Expense	(3,921,796)	(2,743,977)	(1,093,278)	(847,672)	(6,050)	(19,240)	45,846	34,517	(4,975,278)	(3,576,372)
Net Interest Income	3,355,642	3,081,540	1,171,631	1,400,361	72,123	69,066	8,765	(5,803)	4,608,163	4,545,164
Fees and Commission Income	1,699,132	1,578,162	-	-	90,477	97,824	(72,450)	(40,342)	1,717,158	1,635,643
Fees and Commission Expense	(80,163)	(109,624)	(6,568)	(4,954)	(6,616)	(5,651)	(5,142)	(3,937)	(98,488)	(124,165)
Net Fee and Commission Income	1,618,969	1,468,538	(6,568)	(4,954)	83,861	92,173	(77,592)	(44,279)	1,618,670	1,511,478
Net Trading Income	-	-	(84,600)	(25,958)	-	(1,405)	1,619	4,059	(82,981)	(23,303)
Other Operating Income	138,811	119,603	-	4,071	-	-	11,891	8,455	150,702	132,129
Depreciation of Property, Plant and Equipment	112,709	108,052	831	514	7,118	6,884	61,001	74,674	181,660	190,123
Amortization of Intangible Assets	70,612	15,459	5,995	6,116	1,588	1,388	53,225	95,861	131,419	118,824
Other Expenses										
Segment Profit / (Loss) before Value Added Tax	1,717,639	1,123,058	863,162	1,087,636	116,627	121,297	(346,504)	(92,665)	2,350,924	2,239,326
Value Added Tax & Income Tax Expense					(33,469)	(36,058)	(1,039,350)	(945,494)	(1,072,818)	(981,553)
Profit for the year	1,717,639	1,123,058	863,162	1,087,636	83,158	85,238	(1,385,854)	(1,038,159)	1,278,105	1,257,773
Capital Expenditures										
Property and Equipment	72,433	68,473	260	718	-	3,991	41,369	28,563	114,063	101,745
Other Intangible Assets	34,743	1,370	-	-	-	-	48,576	71,789	83,320	73,159
Total Assets	128,810,365	104,309,225	58,014,127	52,107,244	2,085,410	2,663,568	4,140,803	2,683,463	193,050,705	161,763,500
Total Liabilities	139,567,581	116,685,162	38,916,462	30,906,343	159,762	828,502	(1,348,037)	(1,364,940)	177,295,769	147,055,067

Explanatory Notes:

- (1) The Group figures include those of the Subsidiaries, Waldock Mackenzie Limited, Allied Properties Limited and Nations 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 31 December 2015.
- (4) There are no material changes to contingent assets and liabilities since 30 June 2016 and the balances reflected are arising from transactions carried out in the normal course of Banking Business.
- (5) No material events have taken place since 30 June 2016 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
FOR THE PERIOD ENDED 30 JUNE 2016



Twenty largest Shareholders

Name of the Shareholder	No. of Shares	%
John Keells Holdings PLC	46,121,536	20.00%
HWIC Asia Fund	34,591,092	15.00%
Mackinnons Keells Limited.	22,830,159	9.90%
Central Finance Company PLC A/C No 03	20,715,400	8.98%
Janashakthi General Insurance Limited	18,582,682	8.06%
CF Growth Fund Ltd A/C No.01	14,813,273	6.42%
HSBC Intl Nom Ltd-SSBT-National Westminster Bank PLC As Depository Of First State Asia Pacific Fund	12,634,225	5.48%
CF Insurance Brokers (Pvt) Ltd	10,592,857	4.59%
Janashakthi Insurance PLC (Policy Holders)	4,091,107	1.77%
Hatton National Bank PLC A/C No 1	3,703,543	1.61%
Mr. M.F. Hashim	2,600,000	1.13%
Bank Of Ceylon-No2 A/C	1,546,100	0.67%
Mr. N.R. Somaiya	1,320,624	0.57%
Timex Garments (Pvt) Ltd	1,238,465	0.54%
Deutsche Bank Ag As Trustee For Namal Acuity Value Fund	1,200,000	0.52%
Malship Ceylon Ltd	1,063,857	0.46%
Mr. D.J.M. Blackler	1,000,000	0.43%
HSBC Intl Nom Ltd-SSBT-Parametric Tax-Managed Emerging Markets Fund	934,186	0.41%
Deutsche Bank Ag-National Equity Fund	842,134	0.37%
Mr. P.P. Arachchi	820,000	0.36%
	201,241,240	87.27%
Others	29,366,043	12.73%
Total	230,607,283	100.00%

	30.06.2016	
Number of shareholders representing the public holding	6,462	34.84%

Directors' holding in shares as at 30 June 2016

Name of Director	No of Shares
Mr. K.N.J.Balendra	107,700
Mrs. R.N. K. Fernando (Director / CEO)	68,700
Mr.K.O.V.S.M.S. Wijesinghe	39,650
Mr. J.G.A. Cooray	8,400
Mr. M Jafferjee	-
Dr. K. De. Soysa	-
Mr. D.P. De Silva	-
Mrs. N. S. Panditaratne	-
Mr. C.L.K.P. Jayasuriya	-
Mr. H Raghavan	-
Mr. J.C.A.D' Souza	-
Ms. R.D. Rajapaksa	-
Mr. N. I. R. De Mel	-