



NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES

Company Number PQ 118

**INTERIM FINANCIAL STATEMENTS
For the Nine months ended September 30, 2020**

Financial results for the 9 months ended 2020

Nations Trust Bank continues to support the revival of the economy

The Group ended the 3rd quarter with an Operating profit before all taxes of LKR 5.8Bn, a marginal 3% drop over last year amidst the unprecedented disruptions brought about by the COVID-19 pandemic.

Nations Trust Bank recognised the importance of contributing to assisting adversely affected businesses with a view to supporting the revival of the national economy. Towards this cause, the Bank allocated Rs. 7 Billion of internally generated funds dedicated to extending financial support to key industries, thereby enabling them to recommence their businesses. Further, special payment relief schemes and special repayment plans for existing borrowers were also offered in addition to the Central Bank mandated moratorium schemes by lowering interest rates and charges on identified portfolios.

The Bank actively engaged in providing working capital loans under “Saubhagya” scheme introduced by the government and took proactive measures to extend necessary assistance to customers across all segments those who required special attention.

However, stressed macro-economic conditions caused a lack of growth in the overall loan book. This coupled with interest concessions granted as explained above and low yields on surplus liquid assets resulted the Net Interest income to drop by 9%. Nevertheless, with effective fund management strategies supported by current and savings account balances growth of 20%, the drop in Net Interest margin was curtailed to 20 bps.

In line with reduced business volumes due to the disruption caused by the COVID-19 pandemic and the waiver of fees and charges, the fee based income dropped by 18%. Cards income resulted in the highest drop of 26% with the drop in card spend due to changes in customer spending pattern owing to the pandemic. The restrictions on non-essential imports and an overall decline in exports caused a 7% drop in the trade fee. However, gains on trading FX increased as a result of FX funding swaps with the depreciation of the rupee during the current period in contrast to the appreciation experienced during the same period last year. The Bank continued to benefit from the low cost funding Swaps compared to the cost of rupee deposits. The bank also benefited with trading profits on its' fixed income securities portfolio with the drop in market rates.

In line with constrained operating conditions due to the restriction in movement which also hampered collections to an extent, the non-performing loans ratio of the Bank increased to 7.2% compared to 6.2% in December 2019 resulting higher provisions in impairment over last year. The Bank also made additional provisions on impairment for identified customer segments on possible cash flow delays based on available information and on relief packages offered in the form of debt moratoriums.

Through various cost saving strategies and initiatives, the operating expenses were curtailed by LKR 759Mn. This is a 10% saving in expenses over last year. Designating cost champions, productivity and efficiency drives along with more focus on some of the large cost pools were the main strategies adopted in achieving these savings. Accordingly, the cost to Income ratio as of September 2020 was 45.7%, an improvement from 47.9% reported in 2019.

With the removal of the Debt Repayment Levy (DRL) and Nation Building Tax (NBT) from January 2020 and December 2019 respectively, the Group recorded a profit after tax of LKR 3.1 Bn, an improvement of 22% over the previous year.

The financial position of the Group remained strong as its Tier I Capital and Total Capital Adequacy ratios as at 30th September 2020 stood well above the regulatory levels at 12.69% and 16.4% respectively. The Statutory Liquid Asset Ratio (SLAR) for the Domestic Banking Unit and the Off-Shore Banking Unit was at 35.32% and 24.51% respectively as at the reporting date.

With digital banking and e-commerce being the way forward in the “new normal”, the Bank made multiple upgrades to its platforms during the last few months whilst placing digitization at its core, enabling many customers to stay connected and reach the bank at customers’ convenience ensuring they stay safe in the aftermath of the pandemic.

The Bank will also continue to support both the Sri Lankan Government with all the initiatives taken in reviving the economy, and the customers to overcome the current difficulties and survive the pandemic together.

Fitch Ratings Lanka has affirmed the National Long-Term Rating on Nations Trust Bank PLC at 'A(Ika)' and the Outlook as Stable on Oct 6, 2020.

The Bank is confident in facing any potential impact that may arise as a result of the current on-going crisis with its strong capital base, healthy liquidity buffers and the robust risk management models that are in place. The Bank also keeps abreast of the current developments in the operating environment and seeks opportunities for growth to maximize stakeholder returns.

NATIONS TRUST BANK PLC
INCOME STATEMENT



	Bank						Group					
	Nine Months ended 30 September			Quarter ended 30 September			Nine Months ended 30 September			Quarter ended 30 September		
	2020 Rs. '000	2019 Rs. '000	Change (%)	2020 Rs. '000	2019 Rs. '000	Change (%)	2020 Rs. '000	2019 Rs. '000	Change (%)	2020 Rs. '000	2019 Rs. '000	Change (%)
Gross Income	30,690,686	34,560,485	(11)	10,932,385	11,625,966	(6)	30,906,241	34,784,044	(11)	11,018,694	11,693,646	(6)
Interest Income	25,892,565	29,983,869	(14)	8,851,125	9,911,686	(11)	25,892,765	29,984,407	(14)	8,851,160	9,911,840	(11)
Less: Interest Expense	(15,129,545)	(18,119,135)	16	(4,719,342)	(5,827,931)	19	(15,076,081)	(18,068,482)	17	(4,702,333)	(5,811,189)	19
Net Interest Income	10,763,020	11,864,734	(9)	4,131,783	4,083,755	1	10,816,684	11,915,925	(9)	4,148,827	4,100,651	1
Fee and Commission Income	3,585,914	4,524,294	(21)	1,378,579	1,641,127	(16)	3,801,211	4,747,301	(20)	1,464,853	1,708,643	(14)
Less: Fee and Commission Expense	(130,529)	(245,865)	47	5,822	(71,464)	108	(130,529)	(245,865)	47	5,822	(71,464)	108
Net Fee and Commission Income	3,455,385	4,278,429	(19)	1,384,401	1,569,663	(12)	3,670,682	4,501,436	(18)	1,470,675	1,637,179	(10)
Net Gains/(Losses) from Trading	1,302,526	(1,515,014)	186	767,870	467,723	64	1,302,526	(1,515,014)	186	767,870	467,723	64
Net Fair Value Gains/(Losses) on:												
Financial Assets at Fair Value through Profit or Loss	(34,319)	(22,228)	(54)	(221,514)	(56,187)	(294)	(34,319)	(22,228)	(54)	(221,514)	(56,187)	(294)
Financial Liabilities at Fair Value through Profit or Loss	-	-	-	-	-	-	-	-	-	-	-	-
Net Gains/(Losses) on Derecognition of Financial Assets:												
At Fair Value through Profit or Loss	-	-	-	-	-	-	-	-	-	-	-	-
At Amortised Cost	-	-	-	-	-	-	-	-	-	-	-	-
At Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Net Other Operating Income/(Loss)	(56,000)	1,589,564	(104)	156,325	(338,383)	146	(55,942)	1,589,578	(104)	156,325	(338,373)	146
Total Operating Income	15,430,612	16,195,485	(5)	6,218,865	5,726,571	9	15,699,631	16,469,697	(5)	6,322,183	5,810,993	9
Impairment Charges/(Reversals)	2,665,344	2,493,643	(7)	1,440,667	648,568	(122)	2,669,467	2,495,523	(7)	1,443,651	650,437	(122)
Loans and Advances	2,548,891	2,536,349	(0)	1,223,226	711,892	(72)	2,548,891	2,536,349	(0)	1,223,226	711,892	(72)
Guarantees & Commitments	(85,930)	(59,940)	(43)	58,897	(3,644)	(1,716)	(85,930)	(59,940)	(43)	58,897	(3,644)	(1,716)
Other Financial Assets	202,383	17,234	(1,074)	158,544	(59,680)	(366)	206,506	19,114	(980)	161,528	(57,811)	(379)
Net Operating Income	12,765,268	13,701,842	(7)	4,778,198	5,078,003	(6)	13,030,164	13,974,174	(7)	4,878,532	5,160,556	(5)
Less: Expenses												
Personnel Expenses	3,246,589	3,238,805	(0)	1,124,118	1,051,160	(7)	3,268,707	3,260,060	(0)	1,131,632	1,058,340	(7)
Depreciation of Property, Plant and Equipment	339,971	325,713	(4)	110,823	109,544	(1)	371,538	349,066	(6)	121,350	117,373	(3)
Depreciation of Right of Use (ROU) Assets	388,356	426,186	9	131,968	125,436	(5)	321,027	362,001	11	109,525	104,041	(5)
Amortization of Intangible Assets	290,710	255,975	(14)	97,233	88,105	(10)	290,848	257,043	(13)	97,279	88,151	(10)
Other Operating Expenses	2,900,747	3,667,604	21	913,182	1,232,890	26	2,918,541	3,700,337	21	920,713	1,241,813	26
Total Operating Expenses	7,166,373	7,914,283	9	2,377,324	2,607,135	9	7,170,661	7,928,507	10	2,380,499	2,609,719	9
Operating Profit before Taxes on Financial Services	5,598,895	5,787,559	(3)	2,400,874	2,470,868	(3)	5,859,503	6,045,667	(3)	2,498,033	2,550,837	(2)
Less: Value Added Tax (VAT) on Financial Services	1,138,861	1,144,226	0	453,864	442,516	(3)	1,139,521	1,144,994	0	454,028	442,769	(3)
Nation Building Tax (NBT) on Financial Services	-	156,845	100	-	60,587	100	-	156,987	100	-	60,634	100
Debt Repayment Levy (DRL)	-	624,747	100	-	241,614	100	-	624,747	100	-	241,614	100
Profit before Income Tax	4,460,034	3,861,741	15	1,947,010	1,726,151	13	4,719,982	4,118,939	15	2,044,005	1,805,820	13
Less: Income Tax Expense	1,556,043	1,519,899	(2)	666,019	660,238	(1)	1,611,622	1,576,440	(2)	688,132	677,379	(2)
Profit for the Period	2,903,991	2,341,842	24	1,280,991	1,065,913	20	3,108,360	2,542,499	22	1,355,873	1,128,441	20
Profit Attributable to:												
Equity Holders of the Parent	2,903,991	2,341,842	24	1,280,991	1,065,913	20	3,108,360	2,542,499	22	1,355,873	1,128,441	20
Non-Controlling Interests	-	-	-	-	-	-	-	-	-	-	-	-
Earnings Per Share												
Basic/Diluted Earnings Per Share (Rs.)	10.23	8.25	24	4.51	3.76	20	10.95	8.96	22	4.78	3.98	20

NATIONS TRUST BANK PLC
STATEMENT OF FINANCIAL POSITION



As at	Bank			Group		
	30.09.2020 Rs. '000	31.12.2019 Rs. '000 (Audited)	Change %	30.09.2020 Rs. '000	31.12.2019 Rs. '000 (Audited)	Change %
ASSETS						
Cash and Cash Equivalents	8,019,606	8,755,848	(8)	8,019,688	8,755,930	(8)
Balances with Central Bank of Sri Lanka	2,198,266	8,377,478	(74)	2,198,266	8,377,478	(74)
Placements with Banks	-	-	-	-	-	-
Derivative Financial Instruments	75,675	192,714	(61)	75,675	192,714	(61)
Financial Assets Recognised through Profit or Loss						
Measured at Fair Value	5,002,583	634,075	689	5,002,583	634,075	689
Designated at Fair Value	-	-	-	-	-	-
Financial Assets at Amortised Cost						
Loans and Advances	214,878,047	226,791,569	(5)	214,878,478	226,794,190	(5)
Reverse Repurchase Agreements	4,873,658	13,827,423	(65)	4,873,658	13,827,423	(65)
Debt Instruments	22,671,505	19,062,606	19	22,671,505	19,062,606	19
Financial Assets at Fair Value through Other Comprehensive Income	70,834,464	38,315,147	85	70,834,464	38,315,147	85
Investments in Subsidiaries	678,710	678,710	-	-	-	-
Property, Plant & Equipment	2,758,800	3,023,776	(9)	3,776,198	4,072,538	(7)
Right of Use (ROU) Assets	1,590,391	1,870,729	(15)	1,567,948	1,780,957	(12)
Intangible Assets	1,274,791	1,375,581	(7)	1,275,234	1,376,159	(7)
Other Assets	2,534,966	2,134,422	19	2,583,779	2,180,238	19
Total Assets	337,391,462	325,040,078	4	337,757,476	325,369,455	4
LIABILITIES						
Due to Banks	3,380,243	6,484,157	(48)	3,380,243	6,484,157	(48)
Derivative Financial Instruments	481,015	311,971	54	481,015	311,971	54
Financial Liabilities Recognized through Profit or Loss						
Measured at Fair Value	-	-	-	-	-	-
Designated at Fair Value	-	-	-	-	-	-
Financial Liabilities at Amortised Cost						
Repurchase Agreements	9,270,423	11,033,047	(16)	8,405,333	10,186,828	(17)
Due to Depositors	239,811,472	226,880,034	6	239,581,919	226,871,563	6
Due to Debt Securities Holders	-	-	-	-	-	-
Due to Other Borrowers	27,631,327	27,380,678	1	27,606,372	27,284,828	1
Debt Securities Issued	13,954,134	13,263,434	5	13,954,134	13,263,434	5
Retirement Benefit Obligations	722,387	652,473	11	730,761	659,454	11
Current Tax Liabilities	1,368,223	1,337,499	2	1,399,005	1,362,108	3
Deferred Tax Liabilities	1,220,313	995,073	23	1,383,801	1,159,506	19
Other Provisions	-	-	-	-	-	-
Other Liabilities	5,690,535	6,358,395	(11)	5,716,805	6,389,960	(11)
Due to Subsidiaries	-	-	-	-	-	-
Total Liabilities	303,530,072	294,696,761	3	302,639,388	293,973,809	3
EQUITY						
Stated Capital	9,408,135	9,408,135	-	9,408,135	9,408,135	-
Statutory Reserve Fund	1,371,853	1,371,853	-	1,371,853	1,371,853	-
OCI Reserve	1,568,917	301,976	420	1,568,917	301,976	420
Retained Earnings	20,716,615	18,465,483	12	21,538,308	19,082,807	13
Revaluation Reserve	795,870	795,870	-	1,230,875	1,230,875	-
Total Shareholders' Equity	33,861,390	30,343,317	12	35,118,088	31,395,646	12
Total Equity and Liabilities	337,391,462	325,040,078	4	337,757,476	325,369,455	4
Contingent Liabilities and Commitments	184,713,594	199,355,131	(7)	184,714,066	199,359,256	(7)
Memorandum Information						
Number of Employees	2,918	3,122		2,946	3,151	
Number of Branches	96	96		96	96	
Number of Off-Site ATMs & CRMs	43	47		43	47	

Note: Amounts stated are net of impairment and depreciation.

CERTIFICATION :

I certify that these financial statements comply with the requirements of the Companies Act No. 07 of 2007.

sgd.
Ajith Akmeemana
Chief Financial Officer

We, the undersigned being the Directors and Director/Chief Executive Officer of Nations Trust Bank PLC certify jointly that:

- (a) the above financial 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 financial statements has been extracted from the unaudited financial statements of the Bank and the Group, unless indicated as audited.

sgd.
Suran Wijesinghe
Director

sgd.
Rachini Rajapaksa
Director

sgd.
Priyantha Talwatte
Director/Chief Executive Officer

NATIONS TRUST BANK PLC
STATEMENT OF CHANGES IN EQUITY



BANK	Stated Capital		Statutory Reserve Fund Rs. '000	OCI Reserve Rs. '000	Retained Earnings Rs. '000	Revaluation Reserve Rs. '000	Total Rs. '000
	Voting Rs. '000	Non-Voting Rs. '000					
As at 01 January 2019	5,739,916	3,125,607	1,199,130	(98,082)	15,820,900	674,631	26,462,102
Total Comprehensive Income for the Period							
Profit for the Period	-	-	-	-	2,341,842	-	2,341,842
Other Comprehensive Income	-	-	-	441,995	(42,212)	-	399,783
Total Comprehensive Income for the Period	-	-	-	441,995	2,299,630	-	2,741,625
Transactions with Equity Holders, Recognised Directly in Equity							
Scrip Dividend for 2018	466,410	76,202	-	-	(583,269)	-	(40,657)
Conversion of Non-Voting Shares to Voting Shares	53,017	(53,017)	-	-	-	-	-
As at 30 September 2019	6,259,343	3,148,792	1,199,130	343,913	17,537,261	674,631	29,163,070
As at 01 January 2020	6,289,307	3,118,828	1,371,853	301,976	18,465,483	795,870	30,343,317
Total Comprehensive Income for the Period							
Profit for the Period	-	-	-	-	2,903,991	-	2,903,991
Other Comprehensive Income	-	-	-	1,266,941	-	-	1,266,941
Total Comprehensive Income for the Period	-	-	-	1,266,941	2,903,991	-	4,170,932
Transactions with Equity Holders, Recognised Directly in Equity							
Dividend for 2019	-	-	-	-	(652,859)	-	(652,859)
As at 30 September 2020	6,289,307	3,118,828	1,371,853	1,568,917	20,716,615	795,870	33,861,390
GROUP							
	Stated Capital		Statutory Reserve Fund Rs. '000	OCI Reserve Rs. '000	Retained Earnings Rs. '000	Revaluation Reserve Rs. '000	Total Rs. '000
	Voting Rs. '000	Non-Voting Rs. '000					
As at 01 January 2019	5,739,916	3,125,607	1,199,130	(98,082)	16,179,448	912,691	27,058,710
Total Comprehensive Income for the Period							
Profit for the Period	-	-	-	-	2,542,499	-	2,542,499
Other Comprehensive Income	-	-	-	441,995	(42,906)	-	399,089
Total Comprehensive Income for the Period	-	-	-	441,995	2,499,592	-	2,941,588
Transactions with Equity Holders, Recognised Directly in Equity							
Scrip Dividend for 2018	466,410	76,202	-	-	(583,269)	-	(40,657)
Conversion of Non-Voting Shares to Voting Shares	53,017	(53,017)	-	-	-	-	-
As at 30 September 2019	6,259,343	3,148,792	1,199,130	343,913	18,095,771	912,691	29,959,640
As at 01 January 2020	6,289,307	3,118,828	1,371,853	301,976	19,082,807	1,230,875	31,395,646
Total Comprehensive Income for the Period							
Profit for the Period	-	-	-	-	3,108,360	-	3,108,360
Other Comprehensive Income	-	-	-	1,266,941	-	-	1,266,941
Total Comprehensive Income for the Period	-	-	-	1,266,941	3,108,360	-	4,375,301
Transactions with Equity Holders, Recognised Directly in Equity							
Dividend for 2019	-	-	-	-	(652,859)	-	(652,859)
As at 30 September 2020	6,289,307	3,118,828	1,371,853	1,568,917	21,538,308	1,230,875	35,118,088

NATIONS TRUST BANK PLC
STATEMENT OF CASH FLOWS



	Bank		Group	
	Nine Months ended 30 September		Nine Months ended 30 September	
	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000
Cash Flows from Operating Activities				
Receipts of Interest Income	24,084,227	28,941,230	24,084,427	28,941,767
Receipts of Fees and Commission Income	3,517,219	4,451,000	3,709,252	4,666,687
Payments of Interest Expense	(14,283,696)	(16,942,183)	(14,225,699)	(16,890,395)
Payments of Fees and Commission Expense	(135,854)	(246,013)	(135,855)	(246,013)
Net Trading Income	1,588,610	306,796	1,588,610	306,796
Receipts from Other Operating Income	577,276	1,589,572	(57,276)	1,589,572
Gratuity Payments Made	(39,197)	(50,824)	(39,197)	(52,120)
Payments for Operating Expenses	(6,267,394)	(7,008,272)	(6,286,682)	(7,074,477)
Payments for VAT & NBT on Financial Services	(1,131,527)	(1,251,443)	(1,132,228)	(1,252,386)
Payments for Debt Repayment Levy	(87,122)	(602,690)	(87,122)	(602,690)
Operating Profit before Change in Operating Assets and Liabilities (A)	7,187,990	9,187,173	7,418,232	9,386,741
(Increase)/Decrease in Operating Assets				
Reverse Repurchase Agreements	8,949,177	(131,811)	8,949,177	(131,811)
Financial Assets - At Fair Value through Profit or Loss	(3,961,320)	(3,013,340)	(3,961,320)	(3,013,340)
Financial Assets - At Amortized Cost - Debt Instruments	(3,839,380)	(2,957,067)	(3,839,380)	(2,957,067)
Financial Assets - At Fair Value through Other Comprehensive Income	(30,962,593)	14,069,374	(30,962,593)	14,069,374
Financial Assets - At Amortized Cost - Loans & Advances	11,033,779	(15,527,886)	11,035,968	(15,526,241)
Other Assets	(375,789)	(399,014)	(354,071)	(404,582)
(Increase)/Decrease in Operating Assets	(19,156,127)	(7,959,744)	(19,132,219)	(7,963,667)
Increase/(Decrease) in Operating Liabilities				
Repurchase Agreements	(441,902)	(207,013)	(469,919)	(880,964)
Financial Liabilities - At Amortized Cost - Due to Depositors	13,836,836	(3,478,524)	13,615,754	(3,016,170)
Other Liabilities	(281,973)	(1,419,021)	(323,288)	(1,422,547)
Increase/(Decrease) in Operating Liabilities	13,112,961	(5,104,558)	12,822,547	(5,319,681)
Net Cash Generated from Operating Activities before Income Tax	1,144,825	(3,877,129)	1,108,559	(3,896,607)
Income Tax Paid	(1,788,634)	(1,500,690)	(1,828,062)	(1,547,895)
Tax Paid on Dividends	-	(40,430)	-	(40,430)
Net Cash (Used in)/from Operating Activities	(643,809)	(5,418,249)	(719,504)	(5,484,932)
Cash Flows from Investing Activities				
Purchase of Property, Plant and Equipment	(77,538)	(266,554)	(77,899)	(269,530)
Purchase of Intangible Assets	(189,884)	(143,481)	(190,274)	(143,481)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	3,784	71	3,990	85
Net Cash (Used in)/from Investing Activities	(263,638)	(409,964)	(264,183)	(412,926)
Cash Flows from Financing Activities				
Net Change in Other Borrowed Funds	(4,143,715)	2,927,560	(4,143,715)	2,927,560
Proceeds from the Issue of Subordinated Debt	-	-	-	-
Repayment of Subordinated Debt	-	-	-	-
Operating Lease Rentals Paid	(467,981)	(473,338)	(391,740)	(403,668)
Interest Paid on Subordinated Debt	(552,467)	(550,790)	(552,467)	(550,790)
Dividends Paid to Equity Holders of the Parent	(650,181)	(228)	(650,181)	(228)
Net Cash (Used in)/from Financing Activities	(5,814,343)	1,903,204	(5,738,102)	1,972,874
Net Increase/(Decrease) in Cash and Cash Equivalents	(6,721,789)	(3,925,008)	(6,721,789)	(3,924,980)
Cash and Cash Equivalents at the Beginning of the Period	16,486,991	19,113,358	16,487,072	19,113,412
Cash and Cash Equivalents at the End of the Period	9,765,202	15,188,350	9,765,283	15,188,432
Reconciliation of Cash and Cash Equivalents				
Cash in Hand	6,709,324	6,541,907	6,709,347	6,541,930
Balances with Central Bank of Sri Lanka *	2,198,266	7,880,903	2,198,266	7,880,903
Balances with Banks	1,310,800	835,184	1,310,858	835,243
Money at Call and Short Notice	-	273,190	-	273,190
Deposits from Other Banks	(453,188)	(342,834)	(453,188)	(342,834)
	9,765,202	15,188,350	9,765,283	15,188,432
A. Reconciliation of Operating Profit				
Profit before Taxation	4,460,034	3,861,741	4,719,982	4,118,939
(Profit)/Loss on Disposal of Property, Plant and Equipment and Intangible Assets	(1,276)	8	(1,334)	(7)
Impairment Charge/(Reversal)	2,665,344	2,493,644	2,669,467	2,495,524
Day 1 Impact - Moratorium Loan	275,716	-	275,716	-
Provision for Gratuity	111,418	99,643	112,810	100,641
(Increase)/Decrease in Interest Receivable	(3,393,394)	(2,161,447)	(3,393,394)	(2,161,447)
Increase/(Decrease) in Interest Payable	204,050	500,242	213,931	501,378
Increase/(Decrease) in Financial Guarantee Liabilities & Deferred Income	(79,759)	(112,388)	(80,507)	(113,546)
(Increase)/Decrease in Fees & Commission Receivable and Prepayments of Operating Expenses	(65,340)	39,095	(89,626)	32,933
Increase/(Decrease) in Fees & Commission and Operating Expenses Payable	(708,166)	(603,307)	(634,731)	(611,071)
Other Non Cash Items	2,738,113	4,096,638	2,720,909	4,121,059
Operating Lease Rentals Paid	467,981	473,338	391,740	403,668
Interest Paid on Subordinated Debt	552,467	550,790	552,467	550,790
Gratuity Payments Made	(39,197)	(50,824)	(39,197)	(52,120)
	7,187,990	9,187,173	7,418,232	9,386,741

* As at 30 September 2020, Rs. 2,053.00 Mn (2019 - Rs. 8,260.40 Mn) was not available for use by the Bank due to mandatory deposit at Central Bank of Sri Lanka.

(1) Product-wise Gross Loans and Advances

	Bank		Group	
	30.09.2020 Rs. '000	31.12.2019 Rs. '000 (Audited)	30.09.2020 Rs. '000	31.12.2019 Rs. '000 (Audited)
By Product - Domestic Currency				
Bills of Exchange	93,911	14,670	93,911	14,670
Trade Finance	34,727,005	33,660,590	34,727,005	33,660,590
Overdrafts	33,337,105	40,929,279	33,337,105	40,929,279
Term Loans	57,393,693	57,183,054	57,393,693	57,183,054
Staff Loans	3,870,782	3,652,422	3,870,782	3,652,422
Leases	41,713,433	44,142,733	41,713,433	44,142,733
Credit Cards	28,114,965	28,188,516	28,114,965	28,188,516
Pawning	306,114	420,931	306,114	420,931
Other Advances	262,950	250,975	263,251	253,465
Sub Total	199,819,958	208,443,170	199,820,259	208,445,660
By Product - Foreign Currency				
Trade Finance	6,658,112	9,330,623	6,658,112	9,330,623
Overdrafts	528,122	1,156,393	528,122	1,156,393
Term Loans	17,702,806	16,220,734	17,702,806	16,220,734
Sub Total	24,889,040	26,707,750	24,889,040	26,707,750
Total	224,708,998	235,150,920	224,709,299	235,153,410

(2) Product-wise Commitments and Contingencies

	Bank		Group	
	30.09.2020 Rs. '000	31.12.2019 Rs. '000 (Audited)	30.09.2020 Rs. '000	31.12.2019 Rs. '000 (Audited)
By Product - Domestic Currency				
Guarantees	2,511,402	388,605	2,511,402	388,605
Bonds	13,685,802	14,240,081	13,685,802	14,240,081
Acceptances	12,929	36,878	12,929	36,878
Letters of Credit	321,703	302,417	321,703	302,417
Undrawn Credit Lines	106,332,607	116,274,337	106,333,080	116,278,461
Sub Total	122,864,443	131,242,318	122,864,916	131,246,442
By Product - Foreign Currency				
Guarantees	49,643	235,489	49,643	235,489
Bonds	2,828,179	3,164,981	2,828,179	3,164,981
Acceptances	6,058,884	3,499,771	6,058,884	3,499,771
Letters of Credit	8,221,860	7,456,443	8,221,860	7,456,443
Undrawn Credit Lines	6,934,599	14,715,630	6,934,599	14,715,630
Sub Total	24,093,165	29,072,314	24,093,165	29,072,314
Total	146,957,608	160,314,632	146,958,081	160,318,756

(3) Stage-wise Impairment on Loans & Advances, Commitments and Contingencies

	Bank		Group	
	30.09.2020 Rs. '000	31.12.2019 Rs. '000 (Audited)	30.09.2020 Rs. '000	31.12.2019 Rs. '000 (Audited)
Gross Loans and Advances, Commitments and Contingencies	371,666,606	395,465,552	371,667,380	395,472,166
(Less): Accumulated impairment under; (Note 3.1)				
Stage 1	(1,780,853)	(1,410,099)	(1,780,723)	(1,409,969)
Stage 2	(313,464)	(372,536)	(313,464)	(372,536)
Stage 3	(7,351,061)	(6,229,840)	(7,351,061)	(6,229,840)
Net Value of Loans and Advances, Commitments and Contingencies	362,221,228	387,453,077	362,222,132	387,459,821

(3.1) Movement in impairment during the period

	Bank		Group	
	2020 Rs. '000	2019 Rs. '000 (Audited)	2020 Rs. '000	2019 Rs. '000 (Audited)
Stage 1				
Opening balance as at 01 January	1,410,099	1,473,513	1,409,969	1,473,383
Charge/(Write back) to income statement	370,754	(63,414)	370,754	(63,414)
Write-off during the period	-	-	-	-
Closing balance	1,780,853	1,410,099	1,780,723	1,409,969
Stage 2				
Opening balance as at 01 January	372,536	336,463	372,536	336,463
Charge/(Write back) to income statement	(59,072)	36,073	(59,072)	36,073
Write-off during the period	-	-	-	-
Closing balance	313,464	372,536	313,464	372,536
Stage 3				
Opening balance as at 01 January	6,229,840	4,419,564	6,229,840	4,419,564
Transferred from financial assets at amortised cost - debt instruments	-	42,373	-	42,373
Charge/(Write back) to income statement	1,870,338	3,288,523	1,870,338	3,288,523
Write-off during the period	(749,117)	(1,520,620)	(749,117)	(1,520,620)
Closing balance	7,351,061	6,229,840	7,351,061	6,229,840

* An amortised cost in relation to loans and advances amounting to LKR 280.941 mn has been directly written off to the Profit or Loss in 3 Q 2020.

(4) Due to Depositors - By Product

	Bank		Group	
	30.09.2020 Rs. '000	31.12.2019 Rs. '000 (Audited)	30.09.2020 Rs. '000	31.12.2019 Rs. '000 (Audited)
By Product -Domestic Currency				
Demand Deposits	19,707,139	15,384,132	19,699,606	15,375,661
Savings Deposits	42,392,289	34,865,677	42,392,289	34,865,677
Call Deposits	37,160	42,415	37,160	42,415
Fixed Deposits	143,001,636	145,077,904	142,779,615	145,077,904
Certificate of Deposits	47,724	48,449	47,724	48,449
Sub Total	205,185,948	195,418,577	204,956,394	195,410,106
By Product -Foreign Currency				
Demand Deposits	3,464,640	2,416,477	3,464,640	2,416,477
Savings Deposits	8,023,796	8,944,720	8,023,796	8,944,720
Call Deposits	-	1,526	-	1,526
Fixed Deposits	23,137,088	20,098,734	23,137,089	20,098,734
Sub Total	34,625,524	31,461,457	34,625,525	31,461,457
Total	239,811,472	226,880,034	239,581,919	226,871,563

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



Item	Bank		Group	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
Regulatory Capital (Rs. '000)				
Common Equity Tier 1	27,818,148	28,561,701	28,435,030	29,178,446
Core (Tier 1) Capital	27,818,148	28,561,701	28,435,030	29,178,446
Total Capital Base	36,131,059	38,785,371	36,747,941	39,402,116
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (%) (Minimum Requirement - 6.50%- 30-09-2020 , 7.00%- 31-12-2019)	12.41%	12.99%	12.69%	13.30%
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.00%- 30-09-2020 , 8.50%- 31-12-2019)	12.41%	12.99%	12.69%	13.30%
Total Capital Ratio (%) (Minimum Requirement - 12.00%- 30-09-2020 , 12.50%- 31-12-2019)	16.12%	17.64%	16.40%	17.96%
Leverage Ratio (Minimum Requirement - 3%)	7.94%	8.47%	8.11%	8.64%
Regulatory Liquidity				
Statutory Liquid Assets (Rs. '000)	106,490,044	69,577,675		
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)				
Domestic Banking Unit (%)	35.32%	23.78%		
Off-Shore Banking Unit (%)	24.51%	24.34%		
Total Stock of High-Quality Liquid Assets (Rs. '000)	85,940,647	47,734,687		
Liquidity Coverage Ratio (%) (Minimum Requirement - 90%- 30-09-2020 , 100%- 31-12-2019)				
Rupee	381.36%	400.77%		
All Currency	358.00%	295.15%		
Net Stable Funding Ratio (%) (Minimum Requirement - 90%- 30-09-2020 , 100%- 31-12-2019)	146.86%	134.48%		
Assets Quality				
Gross Non-Performing Advances Ratio (%) (net of interest in suspense)	7.18%	6.17%	7.18%	6.17%
Net Non-Performing Advances (%) (net of interest in suspense and provisions)	2.70%	2.65%	2.70%	2.65%
Profitability				
Interest Margin (%)	4.33%	4.86%	-	-
Return on Assets (before tax) (%)	1.79%	1.65%	1.90%	1.75%
Return on Equity (%)	12.33%	12.21%	12.76%	12.78%
Net Assets Value Per Share (Rs.)	119.29	106.90	123.72	110.61

Market Price Per Share (Rs.)

	Voting		Non-Voting	
	30.09.2020 (Quarter ended)	30.09.2019 (Quarter ended)	30.09.2020 (Quarter ended)	30.09.2019 (Quarter ended)
Highest	65.00	92.00	87.00	88.70
Lowest	57.00	76.00	61.00	80.00
Last Traded Price	62.00	77.40	75.00	80.00

DEBENTURE INFORMATION


The rated unsecured subordinated redeemable debentures 2016/21, 2018/23, 2019/24 & 2019/26 of the Bank are listed in the Colombo Stock Exchange.

Debenture Categories	CSE Listing	Interest Payable Frequency	Issued Date	Maturity Date	Balance as at 30.09.2020 Rs. '000	Balance as at 31.12.2019 Rs. '000	Market Values for the Quarter Ended 30.09.2020			Interest Rates		Interest Rate of Comparable Government Securities			Other Ratios as at Date of Last Trade	
							Highest Rs.	Lowest Rs.	Period End Rs.	Coupon Rate %	Effective Annual Yield %	30.09.2020 %	31.12.2019 %	As at Issue Date %	Interest Yield %	Yield to Maturity %
Floating	NTB-BD-08/11/21-C2363	Semi -Annually	08-Nov-16	08-Nov-21	2,410	2,410	Not traded during the current period			8.40 Last Repriced	8.57	4.96**	8.65**	11.71**	Not traded	
Fixed Rate	NTB-BD-08/11/21-C2365-12.65	Semi -Annually	08-Nov-16	08-Nov-21	3,885,800	3,885,800	103.24	103.24	103.24	12.65	13.05	4.96	8.65	11.71	12.25	9.63
Fixed Rate	NTB-BD-08/11/21-C2364-12.8	Annually	08-Nov-16	08-Nov-21	1,111,790	1,111,790	Not traded during the current period			12.80	12.80	4.96	8.65	11.71	Not traded	
Fixed Rate	NTB-BD-20/04/23-C2402-12.65	Semi -Annually	20-Apr-18	20-Apr-23	2,213,000	2,213,000	Not traded during the current period			12.65	13.05	5.91	9.33	9.99	Not traded	
Fixed Rate	NTB-BD-20/04/23-C2401-13	Annually	20-Apr-18	20-Apr-23	1,287,000	1,287,000	Not traded during the current period			13.00	13.00	5.91	9.33	9.99	Not traded	
Fixed Rate	NTB-BD-23/12/24 - C2441 - 12.8	Annually	23-Dec-19	23-Dec-24	2,700,000	2,700,000	Not traded during the current period			12.80	12.80	6.43	9.74	9.89	Not traded	
Fixed Rate	NTB-BD-23/12/26 - C2442 - 12.9	Annually	23-Dec-19	23-Dec-26	1,800,000	1,800,000	Not traded during the current period			12.90	12.90	6.95	9.87	10.11	Not traded	
Total Debentures					13,000,000	13,000,000										

Ratios of Debt	30.09.2020	31.12.2019
* Debt/Equity Ratio (%)	89.43	110.18
Interest Cover (Times)	3.08	3.24
Quick Asset Ratio (%)	156	125

* Borrowings of which original maturity with five years or more are considered for debt.

** Floating rate debenture repricing at 6 months T-Bill rate + 1.5%

NATIONS TRUST BANK PLC
SEGMENT INFORMATION



Operating Segments (for the Nine months ended)	Bank		Treasury Functions		Others		Unallocated/ Eliminations		Total Group	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Rs. '000										
Operating Income	11,449,559	14,413,162	4,042,713	2,167,893	339,558	336,455	(132,199)	(447,813)	15,699,631	16,469,697
Impairment Charge/(Reversal)	2,489,163	2,489,374	176,183	63,875	4,121	1,881	-	(59,607)	2,669,467	2,495,523
Net Operating Income	8,960,396	11,923,788	3,866,530	2,104,018	335,435	334,574	(132,198)	(388,205)	13,030,164	13,974,174
Extracts of Results										
Interest Income	20,080,612	24,378,550	5,710,790	5,902,795	49,087	43,714	52,276	(340,652)	25,892,765	29,984,407
Inter Segment	(1,312,557)	(1,859,607)	1,312,557	1,859,607	-	-	-	-	-	-
Interest Expense	(11,600,827)	(13,414,001)	(3,486,895)	(4,866,876)	-	(1,879)	11,641	214,274	(15,076,081)	(18,068,482)
Net Interest Income	7,167,228	9,104,942	3,536,452	2,895,526	49,087	41,835	63,917	(126,376)	10,816,684	11,915,925
Fees and Commission Income	3,644,799	4,699,089	81,319	75,027	296,527	300,336	(221,434)	(327,151)	3,801,211	4,747,301
Fees and Commission Expense	(111,525)	(224,749)	(16,504)	(21,116)	(6,056)	(5,716)	3,556	5,716	(130,529)	(245,865)
Net Fee and Commission Income	3,533,274	4,474,340	64,815	53,911	290,471	294,620	(217,878)	(321,435)	3,670,682	4,501,436
Net Gains/(Losses) from Trading	408,199	446,716	894,327	(1,961,730)	-	-	-	-	1,302,526	(1,515,014)
Net Fair Value Gains/(Losses) on:										
Financial Assets at Fair Value through Profit or Loss	-	-	(34,319)	(22,228)	-	-	-	-	(34,319)	(22,228)
Financial Liabilities at Fair Value through Profit or Loss	-	-	-	-	-	-	-	-	-	-
Net Gains/(Losses) on Derecognition of Financial Assets:										
At Fair Value through Profit or Loss	-	-	-	-	-	-	-	-	-	-
At Amortised Cost	-	-	-	-	-	-	-	-	-	-
At Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Net Other Operating Income/(Loss)	340,858	387,164	(418,563)	1,202,414	-	-	21,763	-	(55,942)	1,589,578
Depreciation of Property, Plant and Equipment	315,136	156,870	19,851	6,321	18,844	18,580	17,707	167,295	371,538	349,066
Depreciation of Right of Use (ROU) Assets	303,773	352,661	-	-	-	-	17,254	9,340	321,027	362,001
Amortization of Intangible Assets	266,278	238,752	22,829	17,223	138	1,068	1,603	-	290,848	257,043
Profit before Income Tax	2,129,622	3,819,927	3,544,958	1,784,134	256,309	265,517	(1,210,907)	(1,750,639)	4,719,982	4,118,939
Income Tax Expense	-	-	-	-	55,580	56,541	1,556,042	1,519,899	1,611,622	1,576,440
Profit for the Period	2,129,622	3,819,927	3,544,958	1,784,134	200,729	208,976	(2,766,950)	(3,270,538)	3,108,360	2,542,499
Capital Expenditures										
Property and Equipment	31,435	107,968	-	512	-	294	34,091	106,993	65,526	215,767
Other Intangible Assets	252,616	17,529	2,264	-	-	-	23,897	229,841	278,777	247,370
Total Assets (as at)	222,789,589	241,068,387	113,663,251	84,544,043	1,601,054	1,327,278	(296,418)	831,377	337,757,476	327,771,086
Total Liabilities (as at)	239,007,786	225,705,102	57,109,742	66,026,774	62,665	71,384	6,459,196	6,008,186	302,639,388	297,811,446

- (1) The Group figures include those of the subsidiaries; Waldock Mackenzie Limited, Allied Properties Limited and Nations Insurance Brokers Limited. These financial statements are prepared in accordance with LKAS 34 - Interim Financial Reporting 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. The information contained in these financial statements has been extracted from the unaudited financial statements of the Bank and the Group, unless indicated as audited.
- (2) 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 2019. There are no material changes to contingent assets and liabilities since 30 September 2020 and the balances reflected are arising from transactions carried out in the normal course of banking business. There are no material events that took place since 30 September 2020 which require adjustment to and/or disclosure in these financial statements.
- (3) The Director of Bank Supervision of the Central Bank of Sri Lanka (CBSL) has by letter dated 07 November 2017 informed the Bank that the Monetary Board of the CBSL has permitted the John Keells Group and Central Finance Group to retain their respective current shareholdings in the Bank till 31 December 2020 and to reduce it to 15% each with effect from that date. The Monetary Board has also required the Bank to limit the voting rights of John Keells Group and Central Finance Group to 10% each with effect from 31 March 2018.
- (4) As per the Inland Revenue Department announcement dated 12 February 2020, the income tax rate applicable for the banking sector will be reduced to 24% from the year of assessment 2020/21. Since the above amendment is yet to be enacted, existing rate of 28% is applied in ascertaining the Income tax liability and deferred tax liability as at 30 September 2020. Had we considered the proposed rate;

for Bank : the deferred tax liability as at 30 September 2020 would have decreased by Rs. 174 Mn resulting in an increase of Rs. 102 Mn in profit after tax and Rs. 72 Mn increase in OCI & Others .
for Group : the deferred tax liability as at 30 September 2020 would have decreased by Rs. 197 Mn resulting in an increase of Rs. 101 Mn in profit after tax and Rs. 96 Mn increase in OCI & Others.

(5) **COVID-19 Impact**

The debt moratorium announced by the government to provide relief to individuals and businesses impacted by the COVID-19 pandemic, related lock down along with the announcement of interest rate ceilings, had a negative impact on the earnings and contractual cash flows of the Bank. However, the Bank is of the view that the aforementioned negative impact did not pose a significant stress to the Bank's liquidity and financial position as explained below.

Expected Credit Loss (ECL)

When assessing the ECL, the Bank considered the potential impact for identified customer segments impacted due to COVID-19 related developments by, projecting potential delays to the cash flow expectations based on available information. In addition to that, the Bank continues to apply an Economic Factor Adjustment with a higher weight on the worst-case scenario for the collective impairment assessment.

Fair Value

Fair Value of Treasury Bills, Treasury Bonds and International Sovereign Bonds issued by Government of Sri Lanka in the FVPL and FVOCI categories was arrived at by using the secondary market rates published by the Central Bank of Sri Lanka and Bloomberg respectively, as at 30 September 2020 in line with the method of computation adopted in previous year.

Liquidity

Currently, the Bank maintains a healthy Statutory Liquid Asset Ratio, both in the DBU and the FCBU and which is above the minimum required level as stipulated by the Central Bank of Sri Lanka. A simulation model to forecast and monitor the liquidity position of the Bank has been developed which also sets triggers for pro-active action. This helps the Bank to have proactive actions on loans and deposit rollovers and in prioritizing loan drawdowns. Funding concentrations are monitored through dashboards. Contingency funding lines are established while discussions are underway to secure additional DFI facilities.

Supported by a strong capital base, healthy liquidity buffers and with robust risk management models, the Bank is confident that it has the required resources to withstand the potential impacts arising from this crisis as currently foreseen. The Bank will continue to proactively assess the developments in the environment in order to implement required actions while providing necessary support to the measures taken by the government to revive the economy.

The recommended accounting treatment for COVID-19 impact as per the guidelines issued by Central Bank of Sri Lanka and Institute of Chartered Accountants of Sri Lanka were considered in preparation of these financial statements.

NATIONS TRUST BANK PLC
SHAREHOLDERS' INFORMATION



Twenty Largest Shareholders as at 30 September 2020

Name of the Shareholder	Voting Shares	
	No. of Shares	%
John Keells Holdings PLC	48,347,078	19.74%
HWIC Asia Fund	36,731,826	15.00%
Central Finance Company PLC A/C No 03	24,124,933	9.85%
Mackinnons Keells Limited	23,931,802	9.77%
Janashakthi Insurance PLC - Shareholders	19,479,368	7.95%
CF Insurance Brokers (Pvt) Ltd	12,152,256	4.96%
CF Growth Fund Ltd A/C No.01	12,069,880	4.93%
Sri Lanka Insurance Corporation Ltd - Life Fund	8,995,332	3.67%
Sri Lanka Insurance Corporation Ltd - General Fund	5,685,021	2.32%
Janashakthi Insurance PLC - Non Par.	4,288,517	1.75%
Hatton National Bank PLC A/C No 1	3,882,252	1.59%
Mr. M.F. Hashim	2,640,548	1.08%
National Savings Bank	2,201,061	0.90%
Mr. Premalal Brahmanage	2,152,839	0.88%
Mr. N.R. Somaiya	1,384,348	0.57%
Timex Garments (Pvt) Ltd	1,298,225	0.53%
Mrs. H.K.S.R Perera	1,153,763	0.47%
Deutsche Bank AG As Trustee To Assetline Income Plus Growth Fund	1,120,824	0.46%
J.B. Cocoshell (Pvt) Ltd	826,972	0.34%
Askold (Pvt) Ltd	782,478	0.32%
	213,249,323	87.08%
Others	31,629,518	12.92%
Total	244,878,841	100.00%

Name of the Shareholder	Non-Voting Shares	
	No. of Shares	%
John Keells Holdings PLC	16,000,788	41.06%
Central Finance Company PLC A/C No 03	8,121,765	20.84%
HWIC Asia Fund	5,846,912	15.00%
Mackinnons Keells Limited	4,170,662	10.70%
CF Insurance Brokers (Pvt) Ltd	2,117,807	5.43%
CF Growth Fund Ltd A/C No.01	2,103,451	5.40%
Mrs. A.M. Moonesinghe	210,083	0.54%
Mr. M. G. H. I. Jafferjee	140,055	0.36%
The Incorporated Trustees of the Church of Ceylon	25,118	0.06%
Mr. K.N.J.Balendra	19,673	0.05%
Mr. S. J. Hirdaramani	18,267	0.05%
Mr. D. C. Fernando	15,542	0.04%
Vinik (Pvt) Ltd	12,786	0.03%
People's Leasing & Finance PLC/Mr. A.B.K. Weeraman	10,503	0.03%
Mr. J. B. Hirdaramani	10,467	0.03%
Mrs. E.M. Dias Bandaranaike	8,303	0.02%
Jafferjee Brothers (Exports) Limited	7,584	0.02%
Mr. K.O.V.S.M.S.Wijesinghe	7,242	0.02%
Miss. T.T. Weerasinghe	6,392	0.02%
Mr. I.A.H. Esufally	5,724	0.01%
	38,859,124	99.71%
Others	113,907	0.29%
Total	38,973,031	100.00%

	30.09.2020	
	Number	%
Number of shareholders representing the public holding (Voting)	6,571	35.71%
Number of shareholders representing the public holding (Non-Voting)	253	1.54%
Compliant under Option 3 - Float Adjusted Market Capitalization	Rs. 5.47 Bn	

Directors' Holding in Shares as at 30 September 2020

Name of the Director	No of Shares	
	Voting	Non-Voting
Mr. J.G.A. Cooray	8,804	1,532
Mr. D.P. De Silva	-	-
Mr. K.O.V.S.M.S. Wijesinghe	41,562	7,242
Mr. J.C.A.D' Souza	-	-
Ms. R.D. Rajapaksa	-	-
Mr. N.I.R. De Mel	-	-
Mr. S. Maheshwari	-	-
Mr. S.L. Sebastian	-	-
Ms. R.S. Cader	-	-
Mr. C.H.A.W. Wickramasuriya	-	-
Mr. A.R. Fernando	-	-
Mr. L.P.B. Talwatte (Director/CEO) (Appointed as Director w.e.f 19 June 2020)	-	-
	50,366	8,774