

THE RIGHT WAY FORWARD

Interim Financial Statements

For the nine months ended 30 September 2023
Company Registration Number: PQ 118



Nations Trust Bank PLC demonstrates a strong performance in 3Q 2023

- Operating Income of LKR 34.2Bn up 24% YoY
- Profit Before Tax at LKR 19.4Bn, up 108%
- Profit After Taxes at LKR 9.4Bn, up 78%
- Return on Equity increased to 24.3%, Earnings Per Share improved to LKR 29.53
- Liquidity Ratio at 43.49%, Tier 1 Capital Adequacy ratio at 13.95%

Colombo, November 10, 2023 – Nations Trust Bank continued its solid financial performance into the third quarter of 2023, with a Profit Before Tax of LKR 19.4Bn and a Profit After Tax (PAT) of LKR 9.4 Bn, a YoY increase of 78% for the nine months ended 30 September. The bank recorded a 24% YoY growth in Operating Income for the nine months, supported by higher net interest income and fees as well as substantially lower impairment charges.

Hemantha Gunetilleke, Director and Chief Executive Officer of Nations Trust Bank said, “We’re pleased to report a strong result for the 9 months to 30 September 2023, highlighting steady growth across our customer segments and gains in market share. The Bank’s strengths lie in its continued focus on digital empowerment, robust risk management models and a strong capital base, in addition to healthy liquidity buffers”.

Nations Trust Bank’s financial position remained strong with Tier 1 Capital Adequacy ratio at 13.95% and Total Capital Adequacy at 15.61% against regulatory requirements of 8.5% and 12.5% respectively. The Statutory Liquid Asset Ratio was 43.49% as of 30 September, well above the regulatory requirement of 20%.

Proactive investment management, yields from fixed income securities, combined with the efficient cost of fund management, contributed to the growth in Net Interest Income (NII). The utilization of low-cost funds generated through FX Swaps further enhanced interest margins, while Fee-Based Income also experienced steady growth.

The Return on Equity (ROE) increased from 17.1% in December 2022 to 24.3% as at 30 September 2023. The bank’s Earnings Per Share (EPS) also improved significantly, reaching LKR 29.53 for the 9 months ending 30 September of 2023, compared to 16.56 during the same period last year.

Nations Trust Bank PLC serves a diverse range of customers across Consumer, Commercial and Corporate segments through multi-channel customer touch points spanning both physical and digital. The Bank is focused on digital empowerment through cutting-edge digital banking technologies, and pioneered FriMi, Sri Lanka’s leading digital banking experience. Nations Trust Bank PLC is an issuer and sole acquirer of American Express Cards in Sri Lanka with market leadership in the premium segments.

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		
	2023	2022	Change	2023	2022	Change	2023	2022	Change	2023	2022	Change
	Rs. '000	Rs. '000	(%)	Rs. '000	Rs. '000	(%)	Rs. '000	Rs. '000	(%)	Rs. '000	Rs. '000	(%)
Gross Income	61,940,721	44,459,637	39	20,924,714	18,607,911	12	62,104,570	44,622,806	39	20,969,925	18,650,845	12
Interest Income	53,510,474	36,873,028	45	17,587,441	16,177,758	9	53,510,474	36,872,893	45	17,587,441	16,177,758	9
Less: Interest Expense	(27,299,359)	(16,577,530)	(65)	(8,945,126)	(7,555,891)	(18)	(27,032,538)	(16,427,817)	(65)	(8,854,280)	(7,470,945)	(19)
Net Interest Income	26,211,115	20,295,498	29	8,642,315	8,621,867	0	26,477,936	20,445,076	30	8,733,161	8,706,813	0
Fee and Commission Income	5,799,806	5,485,397	6	2,191,499	1,705,487	28	5,963,655	5,648,701	6	2,236,709	1,748,421	28
Less: Fee and Commission Expense	(871,461)	(659,114)	(32)	(317,545)	(237,282)	(34)	(871,464)	(659,114)	(32)	(317,545)	(237,282)	(34)
Net Fee and Commission Income	4,928,345	4,826,283	2	1,873,954	1,468,205	28	5,092,191	4,989,587	2	1,919,164	1,511,139	27
Net Gains/(Losses) from Trading	(882,397)	13,662,028	(106)	2,721,540	698,012	290	(882,397)	13,662,028	(106)	2,721,540	698,012	290
Net Fair Value Gains/(Losses) on Financial Assets at Fair Value through Profit or Loss	62,475	58,344	7	(25,703)	56,117	(146)	62,475	58,344	7	(25,703)	56,117	(146)
Net Gains/(Losses) on Derecognition of Financial Assets at Fair Value through Other Comprehensive Income	257,215	15,685	1,540	73,093	4,542	1,509	257,215	15,685	1,540	73,093	4,542	1,509
Net Other Operating Income/(Loss)	3,193,147	(11,634,845)	127	(1,623,156)	(34,005)	(4,673)	3,193,147	(11,634,845)	127	(1,623,156)	(34,005)	(4,673)
Total Operating Income	33,769,900	27,222,993	24	11,662,043	10,814,738	8	34,200,567	27,535,875	24	11,798,099	10,942,618	8
Impairment Charges/(Reversals)	4,527,979	10,200,046	56	1,567,726	3,428,155	54	4,527,979	10,200,046	56	1,567,726	3,428,155	54
Net Operating Income	29,241,921	17,022,947	72	10,094,317	7,386,583	37	29,672,588	17,335,829	71	10,230,373	7,514,463	36
Less: Operating Expenses												
Personnel Expenses	5,363,193	3,766,110	(42)	1,857,873	1,235,729	(50)	5,390,099	3,785,690	(42)	1,866,791	1,242,554	(50)
Depreciation of Property, Plant and Equipment	152,062	235,222	35	49,610	70,926	30	185,142	266,836	31	60,626	81,398	26
Depreciation of Right of Use (ROU) Assets	371,219	359,866	(3)	128,474	122,550	(5)	303,324	291,971	(4)	105,843	99,918	(6)
Amortization of Intangible Assets	247,703	264,878	6	82,997	88,630	6	247,796	264,971	6	83,027	88,661	6
Other Operating Expenses	4,164,737	3,390,068	(23)	1,422,016	1,306,059	(9)	4,187,027	3,404,078	(23)	1,427,202	1,310,201	(9)
Total Operating Expenses	10,298,914	8,016,144	(28)	3,540,970	2,823,894	(25)	10,313,388	8,013,546	(29)	3,543,489	2,822,732	(26)
Operating Profit before Taxes on Financial Services	18,943,007	9,006,803	110	6,553,347	4,562,689	44	19,359,200	9,322,283	108	6,686,884	4,691,731	43
Less: Taxes on Financial Services	4,147,817	2,061,427	(101)	1,370,451	1,040,402	(32)	4,149,915	2,062,742	(101)	1,371,127	1,040,998	(32)
Profit before Income Tax	14,795,190	6,945,376	113	5,182,896	3,522,287	47	15,209,285	7,259,541	110	5,315,757	3,650,733	46
Less: Income Tax Expense	5,636,673	1,896,993	(197)	1,953,269	1,027,562	(90)	5,770,915	1,968,160	(193)	1,996,396	1,059,447	(88)
Profit for the Period	9,158,517	5,048,383	81	3,229,627	2,494,725	29	9,438,370	5,291,381	78	3,319,361	2,591,286	28
Profit Attributable to:												
Equity Holders of the Parent	9,158,517	5,048,383	81	3,229,627	2,494,725	29	9,438,370	5,291,381	78	3,319,361	2,591,286	28
Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-
Earnings Per Share												
Basic/Diluted Earning Per Share (Rs.)	28.65	15.79	81	10.10	7.81	29	29.53	16.56	78	10.39	8.11	28

[illegible]

**NATIONS TRUST BANK PLC
STATEMENT OF FINANCIAL POSITION**

As at	Bank			Group		
	30.09.2023 Rs. '000	31.12.2022 Rs. '000 (Audited)	Change %	30.09.2023 Rs. '000	31.12.2022 Rs. '000 (Audited)	Change %
ASSETS						
Cash and Cash Equivalents	50,255,812	58,747,889	(14)	50,255,815	58,747,775	(14)
Balances with Central Bank of Sri Lanka	1,602,215	6,074,330	(74)	1,602,215	6,074,330	(74)
Reverse Repurchase Agreements	-	1,502,266	(100)	-	1,502,266	(100)
Derivative Financial Instruments	94,632	102,730	(8)	94,632	102,730	(8)
Financial Assets Recognised through Profit or Loss - Measured at Fair Value	5,834,076	3,733,781	56	5,834,076	3,733,781	56
Financial Assets at Fair Value through Other Comprehensive Income	70,104,195	30,349,526	131	70,104,195	30,349,526	131
Financial Assets at Amortised Cost - Debt Instruments	66,511,358	59,928,294	11	66,511,358	59,928,294	11
Financial Assets at Amortised Cost - Loans and Advances	256,336,974	241,241,061	6	256,336,974	241,241,061	6
Investments in Subsidiaries	678,710	678,710	-	-	-	-
Property, Plant & Equipment	2,580,379	2,547,745	1	3,494,656	3,494,975	(0)
Right of Use (ROU) Assets	1,356,268	1,492,460	(9)	1,243,398	1,311,693	(5)
Intangible Assets	1,259,001	1,285,108	(2)	1,259,525	1,285,721	(2)
Deferred Tax Assets	2,520,224	3,962,570	(36)	2,329,767	3,771,802	(38)
Other Assets	4,266,498	3,376,120	26	4,289,367	3,400,016	26
Total Assets	463,400,342	415,022,590	12	463,355,978	414,943,970	12
LIABILITIES						
Due to Banks	33,190,394	3,989,152	732	33,190,394	3,989,152	732
Derivative Financial Instruments	332,697	39,481	743	332,697	39,481	743
Financial Liabilities at Amortised Cost						
Due to Depositors	316,483,216	298,909,543	6	314,751,864	297,253,112	6
Repurchase Agreements	4,678,610	3,999,649	17	4,293,911	3,861,951	11
Due to Other Borrowers	22,409,297	33,740,900	(34)	22,271,466	33,532,796	(34)
Debt Securities Issued	9,025,296	12,355,121	(27)	9,025,296	12,355,121	(27)
Retirement Benefit Obligations	1,214,755	942,933	29	1,227,690	953,715	29
Current Tax Liabilities	5,264,985	5,179,372	2	5,323,833	5,242,809	2
Other Liabilities	13,852,381	11,640,212	19	13,895,832	11,675,175	19
Total Liabilities	406,451,631	370,796,363	10	404,312,983	368,903,312	10
EQUITY						
Stated Capital	11,426,882	10,401,432	10	11,426,882	10,401,432	10
Statutory Reserve Fund	2,228,472	2,228,472	-	2,228,472	2,228,472	-
Retained Earnings	38,482,641	30,650,134	26	40,139,307	32,026,947	25
OCI Reserve	3,864,583	56	6,851,639	3,864,583	56	6,851,639
Revaluation Reserve	946,133	946,133	-	1,383,751	1,383,751	-
Total Shareholders' Equity	56,948,711	44,226,227	29	59,042,995	46,040,658	28
Total Equity and Liabilities	463,400,342	415,022,590	12	463,355,978	414,943,970	12
Contingent Liabilities and Commitments	266,023,091	226,253,178	18	266,023,091	226,253,178	18
Memorandum Information						
Number of Employees	2,497	2,455		2,519	2,479	
Number of Branches	96	96		96	96	
Number of Off-Site ATMs & CRMs	36	35		36	35	

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 Chairperson, Director 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.
Sherin Cader
Chairperson

Sgd.
Rachini Rajapaksa
Director

Sgd.
Hemantha Gunetilleke
Director/Chief Executive Officer

10 November 2023
Colombo

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 2022	6,309,792	3,098,343	1,882,111	(503,404)	26,911,909	840,085	38,538,836
Charge related to Surcharge Tax	-	-	-	-	(1,803,385)	-	(1,803,385)
As at 01 January 2022 (Adjusted)	6,309,792	3,098,343	1,882,111	(503,404)	25,108,524	840,085	36,735,451
Total Comprehensive Income for the Period	-	-	-	-	5,048,383	-	5,048,383
Profit for the Period	-	-	-	-	5,048,383	-	5,048,383
Other Comprehensive Income	-	-	-	109,765	-	-	109,765
Total Comprehensive Income for the Period	-	-	-	109,765	5,048,383	-	5,158,148
Transactions with Equity Holders, Recognised Directly in Equity							
Scrip Dividend paid for 2021	857,796	135,501	-	-	(993,297)	-	-
Fractions of shares paid in cash for 2021	-	-	-	-	(184)	-	(184)
Conversion of Non-Voting Shares to Voting Shares	276	(276)	-	-	-	-	-
As at 30 September 2022	7,167,864	3,233,568	1,882,111	(393,639)	29,163,426	840,085	41,893,415
As at 01 January 2023	7,167,872	3,233,560	2,228,472	56	30,650,134	946,133	44,226,227
Total Comprehensive Income for the Period	-	-	-	-	9,158,517	-	9,158,517
Profit for the Period	-	-	-	-	9,158,517	-	9,158,517
Other Comprehensive Income	-	-	-	3,864,527	(120,112)	-	3,744,415
Total Comprehensive Income for the Period	-	-	-	3,864,527	9,038,405	-	12,902,932
Transactions with Equity Holders, Recognised Directly in Equity							
Scrip dividend paid for 2022	885,820	139,630	-	-	(1,025,450)	-	-
Fractions of shares paid in cash for 2022	-	-	-	-	(175)	-	(175)
Conversion of Non-Voting Shares to Voting Shares	27	(27)	-	-	-	-	-
Withholding tax on dividends - 2022	-	-	-	-	(180,273)	-	(180,273)
As at 30 September 2023	8,053,719	3,373,163	2,228,472	3,864,583	38,482,641	946,133	56,948,711
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 2022	6,309,792	3,098,343	1,882,111	(503,404)	28,072,893	1,299,257	40,158,992
Charge related to Surcharge Tax	-	-	-	-	(1,889,179)	-	(1,889,179)
As at 01 January 2022 (Adjusted)	6,309,792	3,098,343	1,882,111	(503,404)	26,183,714	1,299,257	38,269,813
Total Comprehensive Income for the Period	-	-	-	-	5,291,381	-	5,291,381
Profit for the Period	-	-	-	-	5,291,381	-	5,291,381
Other Comprehensive Income	-	-	-	109,765	-	-	109,765
Total Comprehensive Income for the Period	-	-	-	109,765	5,291,381	-	5,401,146
Transactions with Equity Holders, Recognised Directly in Equity							
Scrip Dividend paid for 2021	857,796	135,501	-	-	(993,297)	-	-
Fractions of shares paid in cash for 2021	-	-	-	-	(184)	-	(184)
Conversion of Non-Voting Shares to Voting Shares	276	(276)	-	-	-	-	-
As at 30 September 2022	7,167,864	3,233,568	1,882,111	(393,639)	30,481,614	1,299,257	43,670,775
As at 01 January 2023	7,167,872	3,233,560	2,228,472	56	32,026,947	1,383,751	46,040,658
Total Comprehensive Income for the Period	-	-	-	-	9,438,370	-	9,438,370
Profit for the Period	-	-	-	-	9,438,370	-	9,438,370
Other Comprehensive Income	-	-	-	3,864,527	(120,112)	-	3,744,415
Total Comprehensive Income for the Period	-	-	-	3,864,527	9,318,258	-	13,182,785
Transactions with Equity Holders, Recognised Directly in Equity							
Scrip dividend paid for 2022	885,820	139,630	-	-	(1,025,450)	-	-
Fractions of shares paid in cash for 2022	-	-	-	-	(175)	-	(175)
Conversion of Non-Voting Shares to Voting Shares	27	(27)	-	-	-	-	-
Withholding tax on dividends - 2022	-	-	-	-	(180,273)	-	(180,273)
As at 30 September 2023	8,053,719	3,373,163	2,228,472	3,864,583	40,139,307	1,383,751	59,042,995

NATIONS TRUST BANK PLC
STATEMENT OF CASH FLOWS

	Bank		Group	
	Nine Months ended 30 September 2023 Rs. '000	2022 Rs. '000	Nine Months ended 30 September 2023 Rs. '000	2022 Rs. '000
Cash Flows from Operating Activities				
Receipts of Interest Income	59,046,063	37,484,537	59,046,063	37,484,402
Payments of Interest Expense	(26,379,856)	5,599,081	(26,192,964)	5,762,384
Receipts of Fees and Commission Income	6,001,993	(12,887,917)	6,165,842	(12,738,204)
Payments of Fees and Commission Expense	(871,461)	(659,225)	(871,461)	(659,225)
Net Trading Income / (Loss)	(581,083)	14,048,287	(581,083)	14,048,287
Realised gain on sale of financial assets at FVOCI	257,215	-	257,215	-
Receipts from Other Operating Income	(3,154,204)	2,418,899	(3,154,204)	2,418,899
Gratuity Payments Made	(130,481)	(99,852)	(130,481)	(99,852)
Payments for Operating Expenses	(8,866,048)	(6,333,359)	(8,913,093)	(6,366,950)
Payments for VAT and SSC on Financial Services	(4,296,027)	(1,508,142)	(4,298,118)	(1,507,573)
Operating Profit before Change in Operating Assets and Liabilities	21,026,111	38,062,309	21,327,716	38,342,168
(Increase)/Decrease in Operating Assets				
Balances with Central Bank of Sri Lanka	4,472,434	1,108,167	4,472,434	1,108,167
Reverse Repurchase Agreements	1,500,000	1,000,000	1,500,000	1,000,000
Financial Assets - At Fair Value through Profit or Loss	(1,982,905)	2,215,596	(1,982,905)	2,215,596
Financial Assets - At Amortized Cost - Debt Instruments	(8,891,117)	(32,394,037)	(8,891,117)	(32,394,037)
Financial Assets - At Fair Value through Other Comprehensive Income	(37,704,793)	38,182,495	(37,704,793)	38,182,495
Financial Assets - At Amortized Cost - Loans & Advances	(24,672,534)	15,798,559	(24,672,534)	15,798,688
Other Assets	(848,498)	(215,109)	(849,525)	(210,904)
(Increase)/Decrease in Operating Assets	(68,127,413)	25,695,671	(68,128,440)	25,700,005
Increase/(Decrease) in Operating Liabilities				
Repurchase Agreements	32,498,412	(3,985,633)	32,237,109	(2,648,338)
Financial Liabilities - At Amortized Cost - Due to Depositors	26,530,243	(5,031,894)	26,526,225	(6,575,216)
Money market borrowing	(1,172,500)	1,500,000	(1,172,500)	1,500,000
Other Liabilities	1,714,170	4,175,338	1,705,684	4,165,760
Increase/(Decrease) in Operating Liabilities	59,570,325	(3,342,189)	59,296,518	(3,557,794)
Net Cash Generated from Operating Activities before Income Tax	12,469,023	60,415,791	12,495,794	60,484,380
Income Tax Paid	(5,713,463)	(2,502,222)	(5,825,188)	(2,548,870)
Surcharge Tax Paid	-	(1,803,385)	-	(1,889,176)
Net Cash (Used in)/from Operating Activities	6,755,560	56,110,184	6,670,606	56,046,334
Cash Flows from Investing Activities				
Purchase of Property, Plant and Equipment	(184,696)	(192,320)	(184,821)	(192,320)
Purchase of Intangible Assets	(221,596)	(364,294)	(221,596)	(364,294)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	283	-	283	-
Net Cash (Used in)/from Investing Activities	(406,009)	(556,614)	(406,134)	(556,614)
Cash Flows from Financing Activities				
Receipt in Other Borrowed Funds	2,370,766	1,469,200	2,370,766	1,469,200
Repayment of Other Borrowed Funds	(10,753,450)	(18,539,062)	(10,753,450)	(18,475,212)
Redemption of Debentures	(3,500,000)	-	(3,500,000)	-
Operating Lease Rentals Paid	(492,705)	(500,600)	(407,509)	(500,600)
Interest Paid on Subordinated Debt	(673,817)	(613,583)	(673,817)	(613,583)
Dividends Paid to Equity Holders of the Parent	(180,448)	(184)	(180,448)	(184)
Net Cash (Used in)/from Financing Activities	(13,229,654)	(18,184,229)	(13,144,458)	(18,120,379)
Net Increase/(Decrease) in Cash and Cash Equivalents	(6,880,103)	36,261,173	(6,879,987)	36,261,172
Cash and Cash Equivalents at the Beginning of the Period	56,603,146	11,810,112	56,603,033	11,810,193
Cash and Cash Equivalents at the End of the Period	49,723,043	48,071,285	49,723,046	48,071,365
Reconciliation of Cash and Cash Equivalents				
Cash in Hand	9,635,343	9,948,260	9,635,346	9,948,283
Balances with Banks	36,398,870	37,473,178	36,398,870	37,473,235
Money at Call and Short Notice	4,230,410	1,819,944	4,230,410	1,819,944
Deposits from Other Banks	(541,580)	(1,170,097)	(541,580)	(1,170,097)
	49,723,043	48,071,285	49,723,046	48,071,365

NATIONS TRUST BANK PLC
ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

(1) Product-wise Gross Loans and Advances

	Bank/Group	
	30.09.2023 Rs. '000	31.12.2022 Rs. '000 (Audited)
Domestic Currency		
Bills of Exchange	20,261	50,289
Trade Finance	66,385,756	48,945,339
Overdrafts	39,014,647	41,128,362
Term Loans	71,582,059	64,427,340
Staff Loans	3,415,332	3,510,156
Leases	24,115,330	26,482,193
Credit Cards	25,803,630	28,686,834
Pawning	1,741	36,167
Other Advances	262,917	262,950
	230,601,673	213,529,630
Foreign Currency		
Trade Finance	19,557,748	16,331,188
Overdrafts	3,037,726	4,405,790
Term Loans	24,182,023	26,472,863
	46,777,497	47,209,841
Total	277,379,170	260,739,471

(2) Product-wise Commitments and Contingencies

	Bank/Group	
	30.09.2023 Rs. '000	31.12.2022 Rs. '000 (Audited)
Domestic Currency		
Guarantees	801,921	50,367
Bonds	18,176,585	17,333,566
Acceptances	2,540,061	951,064
Letters of Credit	4,880,719	3,055,108
Forward Contracts to buy/sell -Fixed Income Securities	7,856,458	92,757
Undrawn Credit Lines	152,875,606	133,207,182
	187,131,350	154,690,044
Foreign Currency		
Guarantees	217,992	517,987
Bonds	2,268,280	2,551,500
Acceptances	1,410,805	792,073
Letters of Credit	930,409	1,521,454
Forward Exchange Contracts	53,112,992	44,629,612
Undrawn Credit Lines	20,951,263	21,550,509
	78,891,741	71,563,135
Total	266,023,091	226,253,179

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

	Bank/Group	
	30.09.2023 Rs. '000	31.12.2022 Rs. '000 (Audited)
Gross Loans and Advances, Commitments and Contingencies	543,402,261	486,992,650
(Less): Accumulated impairment under; (Note 3.1)		
Stage 1	(2,866,460)	(2,440,147)
Stage 2	(5,096,086)	(6,983,159)
Stage 3	(13,449,731)	(10,377,706)
Net Value of Loans and Advances, Commitments and Contingencies	521,989,984	467,191,638

(3.1) Movement in impairment during the period*

	Bank/Group	
	2023 Rs. '000	2022 Rs. '000 (Audited)
Stage 1		
Opening balance as at 01 January	2,440,147	1,873,120
Charge/(Write back) to income statement	433,977	549,607
Write-off during the period	-	-
Effect on Change in Exchange rates	(7,664)	17,420
Closing balance	2,866,460	2,440,147
Stage 2		
Opening balance as at 01 January	6,983,159	1,722,235
Charge/(Write back) to income statement	(1,824,919)	5,238,633
Write-off during the period	-	-
Effect on Change in Exchange rates	(62,154)	22,291
Closing balance	5,096,086	6,983,159
Stage 3		
Opening balance as at 01 January	10,377,706	7,907,260
Charge/(Write back) to income statement	5,494,734	4,536,551
Write-off during the period	(2,422,709)	(2,066,105)
Effect on Change in Exchange rates	-	-
Closing balance	13,449,731	10,377,706

* 2023 reflects the figures for 9 months ended 30.09.2023 and 2022 reflects the figures for 12 months ended 31.12.2022.

NATIONS TRUST BANK PLC
ANALYSIS OF DEPOSITS

(4) Due to Depositors - By Product

	Bank		Group	
	30.09.2023 Rs. '000	31.12.2022 Rs. '000 (Audited)	30.09.2023 Rs. '000	31.12.2022 Rs. '000 (Audited)
Domestic Currency				
Demand Deposits	24,579,056	23,189,942	24,558,460	23,180,969
Savings Deposits	46,284,459	43,594,910	46,284,459	43,594,910
Time Deposits	145,428,450	138,882,719	143,717,694	137,235,261
	216,291,965	205,667,571	214,560,613	204,011,140
Foreign Currency				
Demand Deposits	4,895,574	6,318,687	4,895,574	6,318,687
Savings Deposits	17,649,381	20,895,405	17,649,381	20,895,405
Time Deposits	77,646,296	66,027,880	77,646,296	66,027,880
	100,191,251	93,241,972	100,191,251	93,241,972
Total	316,483,216	298,909,543	314,751,864	297,253,112

NATIONS TRUST BANK PLC
Fair Value of Financial Instruments

Fair Value of Financial Instruments

Fair Values of Financial Instruments are determined according to the following hierarchy as described below:

Level 1 – quoted market price (unadjusted): financial instruments with quoted prices in active markets

Level 2 – valuation techniques using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments are valued using models where all significant inputs are observable.

Level 3 – valuation techniques with significant unobservable inputs: This category includes all instruments valued using valuation techniques where one or more significant inputs are unobservable.

There were no material changes in the fair value of financial assets categorised under Level 3 compared to the values reported as at 31 December 2022. The Group has not changed the valuation models and assumptions used to measure the fair values of Level 03 financial instruments during the period ended 30 September 2023.

Financial Instruments Carried at Fair Value

Bank/Group	As at 30.09.2023				As at 31.12.2022 (Audited)			
	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial Assets Measured at Fair Value								
Derivative Financial Instruments	-	94,632	-	94,632	-	102,730	-	102,730
Financial Assets at Fair Value through Profit or Loss	3,764,966	2,069,110	-	5,834,076	3,733,781	-	-	3,733,781
Financial Assets at Fair Value through Other Comprehensive Income	59,776,719	10,302,944	24,532	70,104,195	29,924,678	397,827	27,021	30,349,526
	<u>63,541,685</u>	<u>12,466,686</u>	<u>24,532</u>	<u>76,032,903</u>	<u>33,658,459</u>	<u>500,557</u>	<u>27,021</u>	<u>34,186,037</u>
Financial Liabilities								
Derivative Financial Instruments	-	332,697	-	332,697	-	39,481	-	39,481
	<u>-</u>	<u>332,697</u>	<u>-</u>	<u>332,697</u>	<u>-</u>	<u>39,481</u>	<u>-</u>	<u>39,481</u>

Fair Value of Financial Instruments Carried at Amortised Cost

	Bank As at 30.09.2023					Group As at 30.09.2023				
	Amortised Cost LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total Fair Value LKR '000	Amortised Cost LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total Fair Value LKR '000
Financial Assets										
Debt Instruments	66,511,358	37,871,539	37,994,615	-	75,866,154	66,511,358	37,871,539	37,994,615	-	75,866,154
Loans and Advances to Customers- Gross	<u>277,379,170</u>	<u>-</u>	<u>277,648,970</u>	<u>-</u>	<u>277,648,970</u>	<u>277,379,170</u>	<u>-</u>	<u>277,648,970</u>	<u>-</u>	<u>277,648,970</u>
	<u>343,890,528</u>	<u>37,871,539</u>	<u>315,643,585</u>	<u>-</u>	<u>353,515,124</u>	<u>343,890,528</u>	<u>37,871,539</u>	<u>315,643,585</u>	<u>-</u>	<u>353,515,124</u>
Financial Liabilities										
Due to Customers	316,483,216	-	316,267,553	-	316,267,553	314,751,864	-	314,536,201	-	314,536,201
Due to Other Borrowers	22,409,297	-	22,382,083	-	22,382,083	22,271,466	-	22,244,253	-	22,244,253
Debt Securities Issued	<u>9,025,296</u>	<u>-</u>	<u>8,567,994</u>	<u>-</u>	<u>8,567,994</u>	<u>9,025,296</u>	<u>-</u>	<u>8,567,994</u>	<u>-</u>	<u>8,567,994</u>
	<u>347,917,809</u>	<u>-</u>	<u>347,217,630</u>	<u>-</u>	<u>347,217,630</u>	<u>346,048,626</u>	<u>-</u>	<u>345,348,448</u>	<u>-</u>	<u>345,348,448</u>

	Bank As at 31.12.2022 (Audited)					Group As at 31.12.2022 (Audited)				
	Amortised Cost LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total Fair Value LKR '000	Amortised Cost LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total Fair Value LKR '000
Financial Assets										
Debt Instruments	59,928,294	24,882,157	26,181,346	-	51,063,503	59,928,294	24,882,157	26,181,346	-	51,063,503
Loans and Advances to Customers	<u>260,739,471</u>	<u>-</u>	<u>251,638,561</u>	<u>-</u>	<u>251,638,561</u>	<u>260,739,471</u>	<u>-</u>	<u>251,638,561</u>	<u>-</u>	<u>251,638,561</u>
	<u>320,667,765</u>	<u>24,882,157</u>	<u>277,819,907</u>	<u>-</u>	<u>302,702,064</u>	<u>320,667,765</u>	<u>24,882,157</u>	<u>277,819,907</u>	<u>-</u>	<u>302,702,064</u>
Financial Liabilities										
Due to Customers	298,909,543	-	296,895,988	-	296,895,988	297,253,112	-	295,239,557	-	295,239,557
Due to Other Borrowers	33,740,900	-	33,439,445	-	33,439,445	33,532,796	-	33,231,341	-	33,231,341
Debt Securities Issued	<u>12,355,121</u>	<u>-</u>	<u>9,619,305</u>	<u>-</u>	<u>9,619,305</u>	<u>12,355,121</u>	<u>-</u>	<u>9,619,305</u>	<u>-</u>	<u>9,619,305</u>
	<u>345,005,564</u>	<u>-</u>	<u>339,954,738</u>	<u>-</u>	<u>339,954,738</u>	<u>343,141,029</u>	<u>-</u>	<u>338,090,203</u>	<u>-</u>	<u>338,090,203</u>

Assets and Liabilities where fair value approximates carrying value

For below listed financial assets and liabilities with short-term maturities or with short-term re-pricing intervals, it is assumed that the carrying amounts approximate to their fair value.

Financial Assets	Financial Liabilities
Cash and Cash equivalents	Due to banks
Balances with Central Bank of Sri Lanka	Repurchase agreements
Reverse Repurchase Agreements	
Sri Lanka Development Bonds, net of impairment	

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

Item	Bank		Group	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Regulatory Capital (Rs. '000)				
Common Equity Tier 1	39,320,398	38,032,394	40,887,147	39,599,360
Core (Tier 1) Capital	39,320,398	38,032,394	40,887,147	39,599,360
Total Capital Base	44,175,778	43,662,516	45,742,527	45,229,482
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (%) (Minimum Requirement – 7.00%)	13.45	14.21	13.95	14.76
Tier 1 Capital Ratio (%) (Minimum Requirement – 8.50%)	13.45	14.21	13.95	14.76
Total Capital Ratio (%) (Minimum Requirement – 12.50%)	15.11	16.31	15.61	16.86
Leverage Ratio (Minimum Requirement – 3%)	8.23	8.94	8.56	9.30
Regulatory Liquidity				
Statutory Liquid Assets (Rs. '000)	159,499,845	130,802,268		
Statutory Liquid Assets Ratio (%) (Minimum Requirement – 20%)				
Domestic Banking Unit (%)	44.88	35.87		
Off-Shore Banking Unit (%)	19.04	25.68		
Consolidated (%)	43.49	35.55		
Total Stock of High-Quality Liquid Assets (Rs. '000)	115,441,813	80,523,205		
Liquidity Coverage Ratio (%) (Minimum Requirement: 2023 – 100%, 2022 – 90%)				
Rupee	724.23	279.63		
All Currency	354.56	222.88		
Net Stable Funding Ratio (%) (Minimum Requirement : 2023 – 100%, 2022 – 90%)	150.27	146.23		
Assets Quality (Quality of Loan Portfolio)				
Impaired Loans (Stage 3) Ratio %	3.26	2.56		
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	50.88	50.69		
Profitability				
Interest Margin (%)	8.13	6.98		
Return on Assets (before tax) (%)	4.59	2.41	4.72	2.51
Return on Equity (%)	24.51	17.08	24.30	17.10
Net Assets Value Per Share (Rs.)	178.18	146.70	184.73	152.72

Market Price Per Share (Rs.)

	Voting		Non-Voting	
	30.09.2023 (Quarter ended)	31.12.2022 (Quarter ended)	30.09.2023 (Quarter ended)	31.12.2022 (Quarter ended)
Highest	125.00	52.40	121.50	60.00
Lowest	75.00	45.00	69.30	44.60
Last Traded Price	109.75	46.20	110.00	57.40

DEBENTURE INFORMATION

The rated, unsecured, subordinated redeemable debentures 2019/24 & 2019/26 of the Bank are listed on the Colombo Stock Exchange.

Debenture Categories	CSE Listing	Interest Payable Frequency	Issued Date	Maturity Date	Balance as at 30.09.2023	Balance as at 31.12.2022	Market Values for the Quarter Ended 30.09.2023			Interest Rates		Interest Rate of Comparable Government Securities			Other Ratios as at Date of Last Trade	
							Highest	Lowest	Period End	Coupon Rate	Effective Annual Yield	30.09.2023	31.12.2022	As at Issue Date	Interest Yield	Yield to Maturity
					Rs. '000	Rs. '000	Rs.	Rs.	Rs.	%	%	%	%	%	%	%
Fixed Rate	NTB-BD-20/04/23-C2402-12.65	Semi -Annually	20-Apr-18	20-Apr-23	-	2,213,000	Not traded during the current period			12.65	13.05	-	25.16	9.99	Not traded	
Fixed Rate	NTB-BD-20/04/23-C2401-13	Annually	20-Apr-18	20-Apr-23	-	1,287,000	Not traded during the current period			13.00	13.00	-	25.16	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	15.09	27.38	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	14.57	27.15	10.11	Not traded	
Fixed Rate	N/A	Semi -Annually	9-Jul-21	9-Jul-26	449,760	449,760	N/A			8.90	9.10	15.14	28.20	7.45	N/A	
Fixed Rate	N/A	Annually	9-Jul-21	9-Jul-26	3,550,240	3,550,240	N/A			9.15	9.15	15.14	28.20	7.45	N/A	
Total Debentures					8,500,000	12,000,000										

Ratios of Debt	30.09.2023	31.12.2022
* Debt/Equity Ratio (%)	48.41	83.35
Interest Cover (Times)	7.80	4.21
Quick Asset Ratio (%)	133.56	136.31

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

**NATIONS TRUST BANK PLC
SEGMENT INFORMATION**

	Banking		Treasury Functions		Others		Unallocated/ Eliminations		Total Group	
<i>For the Nine months ended 30 September</i>	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Net Interest Income	10,994,762	14,244,675	15,186,543	6,169,114	250,015	126,055	46,616	(94,768)	26,477,936	20,445,076
Inter Segment	5,671,896	865,153	(5,671,896)	(865,153)	-	-	-	-	-	-
Total revenue from external customers	16,666,658	15,109,828	9,514,647	5,303,961	250,015	126,055	46,616	(94,768)	26,477,936	20,445,076
Net Fee and Commission Income	4,978,958	4,835,983	33,407	32,226	253,949	253,407	(174,123)	(132,029)	5,092,191	4,989,587
Net Gains/(Losses) from Trading	1,165,618	749,349	(2,048,015)	12,913,746	-	-	-	(1,067)	(882,397)	13,662,028
Net Fair Value Gains/(Losses) on Financial Assets at Fair Value through Profit or Loss	-	-	62,475	58,344	-	-	-	-	62,475	58,344
Net Gains/(Losses) on Derecognition of Financial Assets at Fair Value through Other Comprehensive Income	-	-	257,215	15,685	-	-	-	-	257,215	15,685
Net Other Operating Income/(Loss)	1,279,966	662,289	1,890,900	(12,300,662)	-	-	22,281	3,528	3,193,147	(11,634,845)
Operating Income	24,091,200	21,357,449	9,710,629	6,023,300	503,964	379,462	(105,226)	(224,336)	34,200,567	27,535,875
Impairment Charge/(Reversal)	4,131,620	7,425,009	396,359	2,775,037	-	-	-	-	4,527,979	10,200,046
Net Operating Income	19,959,580	13,932,440	9,314,270	3,248,263	503,964	379,462	(105,226)	(224,336)	29,672,588	17,335,829
Depreciation of Property, Plant and Equipment	146,215	225,923	4,829	7,503	14,683	14,919	19,415	18,491	185,142	266,836
Depreciation of Right of Use (ROU) Assets	371,219	278,529	-	-	4,226	72,064	(72,121)	(58,622)	303,324	291,971
Amortization of Intangible Assets	209,089	192,440	37,678	15,913	93	93	936	56,525	247,796	264,971
Capital Expenditures										
Property and Equipment	32,364	21,001	-	2,273	-	-	89,289	79,716	121,653	102,990
Other Intangible Assets	25,717	-	-	-	-	-	90,170	54,478	115,887	54,478
Total Assets (as at)	277,666,487	271,659,326	194,433,590	153,990,397	2,556,128	2,153,942	(11,300,227)	(6,081,525)	463,355,978	421,722,140
Total Liabilities (as at)	321,782,500	306,502,554	69,304,673	59,231,498	131,863	93,974	13,093,947	12,223,339	404,312,983	378,051,365

NATIONS TRUST BANK PLC
EXPLANATORY NOTES

- (1) There are no changes to the accounting policies and methods of computation since the publication of the annual report for the year ended 31 December 2022.
- (2) During the quarter, there were no material changes in the composition of assets, liabilities and/or contingent liabilities. All known expenditure items have been provided for.
- (3) The Group Financial Statements comprise a consolidation of the Bank and its fully owned subsidiaries; Waldock Mackenzie Limited, Allied Properties Limited and Nations Insurance Brokers Limited.
- (4) These interim financial statements are presented 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.
- (5) **Impairment of financial assets**
Loans and Advances – ECL assessment
 A comprehensive assessment was carried out when assessing the Expected Credit Loss (ECL) with respect to individually significant customers by projecting potential delays on the expected cash flows considering the impact arising from current macro-economic environment. Adequate provisions were recognized in the financial statements to ensure such potential impact to the Bank's loan portfolio is adequately covered. Customers recognized with an increased credit risk were classified into Stage 2 or Stage 3 as appropriate. Further, provisions recognised by way of management overlays for exposures on specific risk elevated industries continued without any change along with the other assumptions used in the economic factor adjustment.
Other Financial Assets
 The Bank continued the impairment provisions on the foreign currency denominated government securities during the period under review in consistent with the previous year.
- (6) **Reclassification of Investment in Treasury Bonds issued by Sri Lanka Government**
 Considering the unprecedented changes in the macro-economic conditions and resulted changes to the business model of managing the assets, in June 2022, the Bank re-classified part of its investment in Treasury Bonds issued by the Government of Sri Lanka amounting to LKR 20,960 Mn from Fair Value Through Other Comprehensive Income (FVOCI) to Amortized Cost with effect from 1 April 2022, in accordance with the "Statement of Alternative Treatment (SoAT) on Re-classification of Debt Portfolio" issued by the Institute of Chartered Accountants of Sri Lanka.
 Had these investments continued to be carried at fair value through other comprehensive income, the fair value of the remaining portfolio as at 30 September 2023 would have amounted to Rs 11.3 Bn and would have resulted in a cumulative mark to market loss of LKR 0.5 Bn as at the reporting date.
- (7) The Director of Bank Supervision of the Central Bank of Sri Lanka (CBSL) has informed that in terms of a decision of the Monetary Board of the CBSL, John Keells Group and Central Finance Group were granted further time till 31 December 2021 to reduce their shareholding in the voting shares of the Bank to 20% and 15%, respectively. Further, John Keells Group was required to reduce its shareholding in the Bank to 15% on or before 31 December 2022. Restriction on voting rights at 10% each is applicable to John Keells Group and Central Finance Group until the shareholding is reduced to 15% each. As disclosed by the two companies in their market announcement on 31st December 2021, they have sought approval from CBSL to continue their shareholding.
- (8) The funds raised through debentures were fully utilized for the objectives mentioned in the prospectuses.
- (9) There are no material events that took place after the reporting date which require adjustment to or disclosure in these Financial Statements.

NATIONS TRUST BANK PLC
SHAREHOLDERS' INFORMATION

Twenty Largest Shareholders as at 30 September 2023

Name of the Shareholder	Voting Shares	
	No. of Shares	% holding
John Keells Holdings PLC	54,483,737	19.72%
HWIC Asia Fund	41,437,500	15.00%
Central Finance Company PLC A/C No 03	27,187,092	9.84%
Mackinnons Keells Limited	26,969,447	9.76%
Amaliya Private Limited	16,519,249	5.98%
CF Insurance Brokers (Pvt) Ltd	13,694,732	4.96%
CF Growth Fund Ltd A/C No.01	13,601,900	4.92%
Thread Capital (Pvt) Ltd	10,286,887	3.72%
Hatton National Bank PLC A/C No 1	4,375,023	1.58%
Mr. G.B.D. Tilakaratne	4,057,010	1.47%
Mr. W.G.D.C. Ranaweera	3,408,621	1.23%
J.B. Cocoshell (Pvt) Ltd	3,264,173	1.18%
Mr. M.F. Hashim	2,901,121	1.05%
EMFI Capital Limited	2,058,974	0.75%
Mr. P. Brahmanage	1,804,999	0.65%
Mr. N.R. Somaiya	1,560,061	0.56%
Mr. Y.S.H.R.S. SILVA	1,367,576	0.50%
Timex Garments (Pvt) Ltd	1,321,322	0.48%
Odyssey Capital Partners (Pvt) Ltd	1,000,000	0.36%
Peoples Leasing & Finance PLC/ MRS. M.E.Amarasinghe	961,592	0.35%
	232,261,016	84.06%
Others	4,398,365	15.94%
Total	276,247,381	100.00%

Name of the Shareholder	Non-Voting Shares	
	No. of Shares	% holding
John Keells Holdings PLC	17,926,596	41.33%
Central Finance Company PLC A/C No 03	9,099,276	20.98%
HWIC Asia Fund	6,507,550	15.00%
Mackinnons Keells Limited	4,672,630	10.77%
CF Insurance Brokers (Pvt) Ltd	2,372,699	5.47%
CF Growth Fund Ltd A/C No.01	2,356,615	5.43%
Mr. M. G. H. I. Jafferjee	156,911	0.36%
The Incorporated Trustees of the Church of Ceylon	28,140	0.06%
Mr. K.N.J.Balendra	22,040	0.05%
Mr. S. J. Hirdaramani	20,465	0.05%
Mr. D. C. Fernando	17,412	0.04%
Vinik (Pvt) Ltd	14,324	0.03%
People's Leasing & Finance PLC/Mr. A.B.K. Weeraman	11,766	0.03%
Mr. J. B. Hirdaramani	11,726	0.03%
Mr. K.O.V.S.M.S.Wijesinghe	8,113	0.02%
Miss. T.T. Weerasinghe	7,161	0.02%
Seylan Bank PLC /Shermal Hemaka Jayasuriya	7,117	0.02%
Mr. H.P. Savindu	5,623	0.01%
Mr. K.S.N. Hirdaramani	4,688	0.01%
Mr. A.K. Gunaratne	3,974	0.01%
	43,254,826	99.72%
Others	117,753	0.28%
Total	43,372,579	100.00%

	30.09.2023	
	Number	%
Number of shareholders representing the public holding (Voting)	6,137	35.79%
Number of shareholders representing the public holding (Non-Voting)	344	1.00%
Compliant under Option 1 - Float Adjusted Market Capitalization	Rs. 10.90 Bn	

Directors' Holding in Shares as at 30 September 2023

Name of the Director	No of Shares	
	Voting	Non-Voting
Mrs. R.S. Cader	-	-
Mr. R.J.C.A. D'Souza	-	-
Ms. R.D. Rajapaksa	-	-
Mr. N.I.R. De Mel	-	-
Mr. S.L. Sebastian	-	-
Mr. C.H.A.W. Wickramasuriya	-	-
Mr. A.R. Fernando	-	-
Dr. R. Shanmuganathan	-	-
Mr. C.K.Hettiarachchi	-	-
Mr. H.D.Gunetilleke (Director/CEO)	-	-
Mr. S. Jha	-	-
Mr. K.C. Subasinghe	-	-
	-	-