

The Right Way Forward

Interim Financial Statements

for the three months ended 31 March 2023
Company Registration Number: PQ 118



Nations Trust Bank PLC delivers a strong 1Q2023, further strengthening Capital Adequacy and Liquidity

- *Operating Income of LKR 11.4Bn, up 52% YoY*
- *Profit Before Tax LKR 5.8 Bn , up 124% YoY*
- *Profit After Tax of LKR 2.8 Bn, up 77% YoY*
- *Total Capital Adequacy Ratio of 18.25%,*
- *Liquidity Ratio of 41%*

Colombo, 12 May 2023 – Nations Trust Bank PLC reported a strong performance in the first 3 months of 2023 posting a Profit Before Tax (PBT) of LKR 5.8 billion, up 124% year-on-year (YoY) and a Profit After Tax (PAT) of 2.8 billion, up 77% YoY, supported by a 52% growth in Operating Income.

Commenting on the results, Hemantha Gunetilleke, Director & Chief Executive Officer of Nations Trust Bank said “The Bank recorded a strong first quarter, highlighting steady growth across our customer segments. The Bank’s strong capital base, healthy liquidity buffers, robust risk management models and focus on digital empowerment are the fundamental strengths that continue to drive the Bank’s performance”.

Underpinning the Bank’s financial performance is its strong capital base with Tier I Capital at 16.26% and Total Capital Adequacy Ratio at 18.25%, which are well above the regulatory requirement of 8.5% and 12.5% respectively.

The Bank also maintained strong liquidity buffers with a Liquidity Ratio of 41% against the regulatory requirement of 20%.

The Bank’s Return on Equity (ROE) rose to a new high of 25.7% in the first quarter, significantly higher than the 17.1% during the same period last year. Accordingly, Earnings Per Share rose to LKR 8.74 compared to LKR 4.93 during the same period last year.

In the first 3 months of 2023, total tax paid by the bank increased by 194% to LKR3Bn, in line with the increase in tax rates compared to previous year coupled with higher profitability.

Nations Trust Bank PLC serves a diverse range of customers across Consumer, Commercial and Corporate segments through an island wide network of 96 branches. 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		
	Three Months Ended 31 March			Three Months Ended 31 March		
	2023	2022	Change	2023	2022	Change
	Rs. '000	Rs. '000	(%)	Rs. '000	Rs. '000	(%)
Gross Income	20,692,856	11,506,962	80	20,750,978	11,558,987	80
Interest Income	17,986,299	8,513,557	111	17,986,299	8,513,422	111
Less: Interest Expense	(9,139,587)	(3,837,669)	(138)	(9,052,558)	(3,804,668)	(138)
Net Interest Income	8,846,712	4,675,888	89	8,933,741	4,708,754	90
Fee and Commission Income	1,846,160	2,036,801	(9)	1,904,282	2,088,961	(9)
Less: Fee and Commission Expense	(291,903)	(226,175)	(29)	(291,904)	(226,175)	(29)
Net Fee and Commission Income	1,554,257	1,810,626	(14)	1,612,377	1,862,786	(13)
Net Gains/(Losses) from Trading	(2,224,972)	9,308,461	(124)	(2,224,972)	9,308,461	(124)
Net Fair Value Gains/(Losses) on Financial Assets at Fair Value through Profit or Loss	47,334	(8,366)	666	47,334	(8,366)	666
Net Gains/(Losses) on Derecognition of Financial Assets at Fair Value through Other Comprehensive Income	67,926	5	1,460,683	67,926	5	1,460,683
Net Other Operating Income/(Loss)	2,970,109	(8,343,496)	136	2,970,109	(8,343,496)	136
Total Operating Income	11,261,366	7,443,118	51	11,406,516	7,528,144	52
Impairment Charges/(Reversals)	2,105,651	2,314,539	9	2,105,651	2,314,539	9
Net Operating Income	9,155,715	5,128,579	79	9,300,865	5,213,606	78
Less: Expenses						
Personnel Expenses	1,827,534	1,349,717	(35)	1,836,781	1,356,072	(35)
Depreciation of Property, Plant and Equipment	51,003	84,877	40	62,040	89,842	31
Depreciation of Right of Use (ROU) Assets	123,397	112,022	(10)	100,765	96,934	(4)
Amortization of Intangible Assets	83,045	84,814	2	83,076	84,845	2
Other Operating Expenses	1,352,914	963,900	(40)	1,359,873	965,839	(41)
Total Operating Expenses	3,437,891	2,595,330	(32)	3,442,535	2,593,532	(33)
Operating Profit before Taxes on Financial Services	5,717,824	2,533,249	126	5,858,331	2,620,073	124
Less: Taxes on Financial Services	1,329,647	589,243	(126)	1,330,338	589,529	(126)
Profit before Income Tax	4,388,178	1,944,006	126	4,527,992	2,030,544	123
Less: Income Tax Expense	1,689,037	439,323	(284)	1,734,828	453,283	(283)
Profit for the Period	2,699,141	1,504,682	79	2,793,165	1,577,261	77
Profit Attributable to:						
Equity Holders of the Parent	2,699,141	1,504,682	79	2,793,165	1,577,261	77
Non-Controlling Interests	-	-	-	-	-	-
Earnings Per Share						
Basic/Diluted Earning Per Share (Rs.)	8.44	4.71	79	8.74	4.93	77

NATIONS TRUST BANK PLC
STATEMENT OF COMPREHENSIVE INCOME



	Bank			Group		
	Three Months Ended 31 March			Three Months Ended 31 March		
	2023 Rs. '000	2022 Rs. '000	Change (%)	2023 Rs. '000	2022 Rs. '000	Change (%)
Profit for the Period	2,699,141	1,504,682	79	2,793,165	1,577,261	77
Other Comprehensive Income/(Expense) that will be Reclassified to Profit or Loss in Subsequent Periods:						
Investments in Debt Instruments at Fair Value through Other Comprehensive Income						
Net Change in Fair Value During the Period	651,036	(1,856,100)	135	651,036	(1,856,100)	135
Changes in Impairment for Expected Credit Losses	30,118	77,885	(61)	30,118	77,885	(61)
Tax (Expenses) / Reversal Related to the Above	(204,346)	426,771	(148)	(204,346)	426,771	(148)
	476,808	(1,351,444)	135	476,808	(1,351,444)	135
Other Comprehensive Income/(Expense) that will not be Reclassified to Profit or Loss in Subsequent Periods:						
Total items that will not be reclassified to the Statement of Profit or Loss	-	-	-	-	-	-
Other Comprehensive Income for the Period, Net of Tax	476,808	(1,351,444)	135	476,808	(1,351,444)	135
Total Comprehensive Income for the Period, Net of Tax	3,175,949	153,239	1,973	3,269,972	225,817	1,348
Attributable to:						
Equity Holders of the Parent	3,175,949	153,239	1,973	3,269,972	225,817	1,348
Non-Controlling Interests	-	-	-	-	-	-

NATIONS TRUST BANK PLC
STATEMENT OF FINANCIAL POSITION



As at	Bank			Group		
	31.03.2023 Rs. '000	31.12.2022 Rs. '000	Change %	31.03.2023 Rs. '000	31.12.2022 Rs. '000	Change %
		(Audited)			(Audited)	
ASSETS						
Cash and Cash Equivalents	44,602,882	58,747,889	(24)	44,603,013	58,747,775	(24)
Balances with Central Bank of Sri Lanka	1,312,247	6,074,330	(78)	1,312,247	6,074,330	(78)
Reverse Repurchase Agreements	-	1,502,266	(100)	-	1,502,266	(100)
Derivative Financial Instruments	391,047	102,730	281	391,047	102,730	281
Financial Assets Recognised through Profit or Loss - Measured at Fair Value	6,098,314	3,733,781	63	6,098,314	3,733,781	63
Financial Assets at Fair Value through Other Comprehensive Income	51,399,544	30,349,526	69	51,399,544	30,349,526	69
Financial Assets at Amortised Cost - Debt Instruments	65,704,102	59,928,294	10	65,704,102	59,928,294	10
Financial Assets at Amortised Cost - Loans and Advances	230,590,676	241,241,061	(4)	230,590,676	241,241,061	(4)
Investments in Subsidiaries	678,710	678,710	-	-	-	-
Property, Plant & Equipment	2,576,707	2,547,745	1	3,512,901	3,494,975	1
Right of Use (ROU) Assets	1,526,840	1,492,460	2	1,368,707	1,311,693	4
Intangible Assets	1,243,820	1,285,108	(3)	1,244,406	1,285,721	(3)
Deferred Tax Assets	3,419,226	3,962,570	(14)	3,227,955	3,771,802	(14)
Other Assets	3,301,872	3,376,120	(2)	3,349,316	3,400,016	(1)
Total Assets	412,845,988	415,022,590	(1)	412,802,227	414,943,970	(1)
LIABILITIES						
Due to Banks	2,726,208	3,989,152	(32)	2,726,208	3,989,152	(32)
Derivative Financial Instruments	938,460	39,481	2,277	938,460	39,481	2,277
Financial Liabilities at Amortised Cost						
Due to Depositors	294,847,619	298,909,543	(1)	293,143,025	297,253,112	(1)
Repurchase Agreements	7,505,919	3,999,649	88	7,314,396	3,861,951	89
Due to Other Borrowers	29,310,562	33,740,900	(13)	29,123,471	33,532,796	(13)
Debt Securities Issued	12,679,952	12,355,121	3	12,679,952	12,355,121	3
Retirement Benefit Obligations	959,698	942,933	2	970,865	953,715	2
Current Tax Liabilities	4,941,768	5,179,372	(5)	5,013,160	5,242,809	(4)
Other Liabilities	11,714,075	11,640,212	1	11,762,507	11,675,175	1
Total Liabilities	365,624,261	370,796,363	(1)	363,672,044	368,903,312	(1)
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	32,143,376	30,650,134	5	33,614,213	32,026,947	5
OCI Reserve	476,864	56	845,359	476,864	56	845,359
Revaluation Reserve	946,133	946,133	-	1,383,751	1,383,751	-
Total Shareholders' Equity	47,221,727	44,226,227	7	49,130,183	46,040,658	7
Total Equity and Liabilities	412,845,988	415,022,590	(1)	412,802,227	414,943,970	(1)
Contingent Liabilities and Commitments	253,916,486	226,253,178	12	253,916,486	226,253,178	12
Memorandum Information						
Number of Employees	2,514	2,455		2,535	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

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							
Profit for the Period	-	-	-	-	1,504,681	-	1,504,681
Other Comprehensive Income	-	-	-	(1,351,444)	-	-	(1,351,444)
Total Comprehensive Income for the Period	-	-	-	(1,351,444)	1,504,681	-	153,237
Transactions with Equity Holders, Recognised Directly in Equity							
Scrip Dividend paid for 2021	857,796	135,501	-	-	(993,298)	-	(1,000.00)
Fractions of shares paid in cash for 2021	-	-	-	-	(184)	-	(184)
As at 31 March 2022	7,167,588	3,233,844	1,882,111	(1,854,848)	25,619,724	840,085	36,888,504
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							
Profit for the Period	-	-	-	-	2,699,141	-	2,699,141
Other Comprehensive Income	-	-	-	476,808	-	-	476,808
Total Comprehensive Income for the Period	-	-	-	476,808	2,699,141	-	3,175,949
Transactions with Equity Holders, Recognised Directly in Equity							
Scrip Dividend paid for 2022	885,820	139,630	-	-	(1,025,451)	-	-
Fractions of shares paid in cash for 2022	-	-	-	-	(175)	-	(175)
Withholding Tax on dividends 2022	-	-	-	-	(180,273)	-	(180,273)
As at 31 March 2023	8,053,692	3,373,190	2,228,472	476,864	32,143,376	946,133	47,221,727
GROUP							
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	-	-	-	-	(1,803,385)	-	(1,803,385)
As at 01 January 2022 (Adjusted)	6,309,792	3,098,343	1,882,111	(503,404)	26,269,508	1,299,257	38,355,607
Total Comprehensive Income for the Period							
Profit for the Period	-	-	-	-	1,577,261	-	1,577,261
Other Comprehensive Income	-	-	-	(1,351,444)	-	-	(1,351,444)
Total Comprehensive Income for the Period	-	-	-	(1,351,444)	1,577,261	0	225,817
Transactions with Equity Holders, Recognised Directly in Equity							
Scrip Dividend paid for 2021	857,796	135,501	-	-	(993,298)	-	0
Fractions of shares paid in cash for 2021	-	-	-	-	(184)	-	(184)
As at 31 March 2022	7,167,588	3,233,844	1,882,111	(1,854,848)	26,853,287	1,299,257	38,581,240
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							
Profit for the Period	-	-	-	-	2,793,165	-	2,793,165
Other Comprehensive Income	-	-	-	476,808	-	-	476,808
Total Comprehensive Income for the Period	-	-	-	476,808	2,793,165	-	3,269,971
Transactions with Equity Holders, Recognised Directly in Equity							
Scrip Dividend paid for 2022	885,820	139,630	-	-	(1,025,451)	-	-
Fractions of shares paid in cash for 2022	-	-	-	-	(175)	-	(175)
Withholding Tax on dividends 2022	-	-	-	-	(180,273)	-	(180,273)
As at 31 March 2023	8,053,692	3,373,190	2,228,472	476,864	33,614,213	1,383,751	49,130,183

NATIONS TRUST BANK PLC
STATEMENT OF CASH FLOWS



	Bank		Group	
	Three Months ended 31 March		Three Months ended 31 March	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash Flows from Operating Activities				
Receipts of Interest Income	24,162,485	8,604,105	24,162,485	8,603,971
Receipts of Fees and Commission Income	2,034,030	2,036,801	2,034,030	2,088,961
Payments of Interest Expense	(6,977,021)	(2,785,314)	(6,977,021)	(2,759,924)
Payments of Fees and Commission Expense	(291,903)	(226,067)	(291,904)	(226,066)
Net Trading Income	(1,614,309)	4,081,890	(1,614,309)	4,081,890
Realised gain on sale of FI at FVOCI	67,926	-	67,926	-
Receipts from Other Operating Income	925,846	2,135,751	1,074,549	2,135,751
Gratuity Payments Made	(34,417)	(23,672)	(34,417)	(23,670)
Payments for Operating Expenses	(2,231,198)	(2,077,393)	(2,247,404)	(2,076,528)
Payments for VAT and SSC on Financial Services	(1,461,290)	(712,312)	(1,461,982)	(712,688)
Operating Profit before Change in Operating Assets and Liabilities (A)	14,580,149	11,033,789	14,711,953	11,111,697
(Increase)/Decrease in Operating Assets				
Reverse Repurchase Agreements	1,500,000	3,000,000	1,500,000	3,000,000
Financial Assets - At Fair Value through Profit or Loss	(3,051,934)	2,275,727	(3,051,934)	2,275,727
Financial Assets - At Amortized Cost - Debt Instruments	(8,096,757)	(351,377)	(8,096,757)	(351,377)
Financial Assets - At Fair Value through Other Comprehensive Income	(23,401,765)	(13,906,366)	(23,401,765)	(13,906,366)
Financial Assets - At Amortized Cost - Loans & Advances	4,395,445	(12,267,758)	4,395,445	(12,267,758)
Other Assets	151,609	(241,397)	128,061	(242,946)
(Increase)/Decrease in Operating Assets	(28,503,402)	(21,491,171)	(28,526,950)	(21,492,720)
Increase/(Decrease) in Operating Liabilities				
Repurchase Agreements	3,457,810	8,486,436	3,403,985	8,414,350
Financial Liabilities - At Amortized Cost - Due to Depositors	(995,400)	2,550,030	(1,043,563)	2,546,765
Money market borrowing	(1,822,500)	-	(1,822,500)	-
Other Liabilities	(1,073,942)	3,378,649	(1,145,584)	3,379,420
Increase/(Decrease) in Operating Liabilities	(434,032)	14,415,115	(607,663)	14,340,535
Net Cash Generated from Operating Activities before Income Tax	(14,357,285)	3,957,735	(14,422,660)	3,959,510
Income Tax Paid	(1,587,644)	(929,007)	(1,620,823)	(940,763)
Surcharge Tax Paid	-	-	-	-
Net Cash (Used in)/from Operating Activities	(15,944,929)	3,028,728	(16,043,483)	3,018,747
Cash Flows from Investing Activities				
Purchase of Property, Plant and Equipment	(80,939)	(10,391)	(81,354)	(10,391)
Purchase of Intangible Assets	(320,454)	-	(320,454)	-
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	974	(123,415)	974	(123,420)
Net Cash (Used in)/from Investing Activities	(400,419)	(133,806)	(400,833)	(133,811)
Cash Flows from Financing Activities				
Receipt in Other Borrowed Funds	12,199	1,417,579	12,199	1,417,579
Repayment of Other Borrowed Funds	(2,830,431)	-	(2,761,953)	-
Proceeds from the Issue of Subordinated Debt	-	-	-	-
Operating Lease Rentals Paid	(290,901)	(135,643)	(260,166)	(125,654)
Interest Paid on Subordinated Debt	(20,250)	(22,092)	(20,250)	(22,092)
Dividends Paid to Equity Holders of the Parent	(175)	(184)	(175)	(184)
Net Cash (Used in)/from Financing Activities	(3,129,558)	1,259,660	(3,030,345)	1,269,649
Net Increase/(Decrease) in Cash and Cash Equivalents	(19,474,905)	4,154,582	(19,474,662)	4,154,586
Cash and Cash Equivalents at the Beginning of the Period	62,677,477	19,833,478	62,677,364	19,833,557
Cash and Cash Equivalents at the End of the Period	43,202,571	23,988,061	43,202,702	23,988,144
Reconciliation of Cash and Cash Equivalents				
Cash in Hand	9,288,043	8,409,411	9,288,066	8,409,434
Balances with Central Bank of Sri Lanka *	1,312,247	8,336,083	1,312,247	8,336,083
Balances with Banks	34,414,423	11,815,243	34,414,532	11,815,301
Money at Call and Short Notice	914,065	(3,000,616)	914,065	(3,000,616)
Deposits from Other Banks	(2,726,208)	(1,572,059)	(2,726,208)	(1,572,059)
	43,202,571	23,988,061	43,202,702	23,988,144
A. Reconciliation of Operating Profit				
Profit before Taxation	4,388,178	1,944,006	4,527,992	2,030,545
(Profit)/Loss on Disposal of Property, Plant and Equipment and Intangible Assets	-	-	-	-
Impairment Charge/(Reversal)	2,105,651	2,314,539	2,105,651	2,314,539
Provision for Gratuity	51,182	43,008	51,565	43,332
(Increase)/Decrease in Interest Receivable	6,177,422	194,581	6,177,422	194,581
Increase/(Decrease) in Interest Payable	2,086,771	981,882	2,086,771	981,882
Increase/(Decrease) in Financial Guarantee Liabilities & Deferred Income	187,870	-	187,870	-
Increase/(Decrease) in Fees & Commission and Operating Expenses Payable	765,334	36,358	765,187	55,090
Other Non Cash Items **	(1,168,092)	5,520,995	(1,176,339)	5,493,304
Interest Paid on Subordinated Debt	20,250	22,092	20,250	22,092
Gratuity Payments Made	(34,417)	(23,672)	(34,417)	(23,670)
	14,580,149	11,033,789	14,711,953	11,111,697

* Above balance includes the period end balance held for Statutory Reserve Requirement (SRR) purposes with Central Bank of Sri Lanka (CBSL). The SRR needs to be maintained based on average balance with CBSL for a two-weeks period. The SRR requirement for the period ended 31 March 2023 was Rs. 6,331 Mn (2022 - Rs.6,612 Mn) has been maintained by the Bank.

** This mainly includes the net translation difference on the foreign currency assets and liabilities except the cash and cash equivalents.

	Bank/Group	
	31.03.2023 Rs. '000	31.12.2022 Rs. '000 (Audited)
(1) Product-wise Gross Loans and Advances		
Domestic Currency		
Bills of Exchange	8	50,289
Trade Finance	53,857,316	48,945,339
Overdrafts	36,753,931	41,128,362
Term Loans	64,960,466	64,427,340
Staff Loans	3,480,707	3,510,156
Leases	25,464,217	26,482,193
Credit Cards	26,560,874	28,686,834
Pawning	14,034	36,167
Other Advances	262,917	262,950
	211,354,471	213,529,630
Foreign Currency		
Trade Finance	14,281,817	16,331,188
Overdrafts	3,470,002	4,405,790
Term Loans	22,240,424	26,472,863
	39,992,243	47,209,841
Total	251,346,714	260,739,471

	Bank/Group	
	31.03.2023 Rs. '000	31.12.2022 Rs. '000 (Audited)
(2) Product-wise Commitments and Contingencies		
Domestic Currency		
Guarantees	286,425	50,367
Bonds	16,531,757	17,333,566
Acceptances	1,442,309	951,064
Letters of Credit	2,141,306	3,055,108
Forward Contracts to buy/sell -Fixed Income Securities	171,157	92,757
Undrawn Credit Lines	140,864,384	133,207,182
	161,437,337	154,690,044
Foreign Currency		
Guarantees	699,471	517,987
Bonds	2,292,500	2,551,500
Acceptances	1,474,415	792,073
Letters of Credit	1,702,894	1,521,454
Forward Exchange Contracts	65,281,929	44,629,612
Undrawn Credit Lines	21,027,941	21,550,509
	92,479,149	71,563,135
Total	253,916,486	226,253,178

	Bank/Group	
	31.03.2023 Rs. '000	31.12.2022 Rs. '000 (Audited)
(3) Stage-wise Impairment on Loans & Advances, Commitments and Contingencies		
Gross Loans and Advances, Commitments and Contingencies	505,263,200	486,992,649
(Less): Accumulated impairment under; (Note 3.1)		
Stage 1	(2,375,159)	(2,440,147)
Stage 2	(5,381,771)	(6,983,159)
Stage 3	(13,240,928)	(10,377,706)
Net Value of Loans and Advances, Commitments and Contingencies	484,265,343	467,191,637

	Bank/Group	
	2023 Rs. '000	2022 Rs. '000 (Audited)
(3.1) Movement in impairment during the period*		
Stage 1		
Opening balance as at 01 January	2,440,147	1,873,120
Charge/(Write back) to income statement	(57,980)	549,607
Write-off during the period	-	-
Effect on Change in Exchange rates	(7,009)	17,420
Closing balance	2,375,159	2,440,147
Stage 2		
Opening balance as at 01 January	6,983,159	1,722,235
Charge/(Write back) to income statement	(1,544,550)	5,238,633
Write-off during the period	-	-
Effect on Change in Exchange rates	(56,838)	22,291
Closing balance	5,381,771	6,983,159
Stage 3		
Opening balance as at 01 January	10,377,706	7,907,260
Charge/(Write back) to income statement	3,714,330	4,536,551
Write-off during the period	(851,107)	(2,066,105)
Effect on Change in Exchange rates	-	-
Closing balance	13,240,928	10,377,706

* 2023 reflects the figures for 3 months ended 31.03.2023 and 2022 reflects the figures for 12 months ended 31.12.2022.

(4) Due to Depositors - By Product

	Bank		Group	
	31.03.2023 Rs. '000	31.12.2022 Rs. '000 (Audited)	31.03.2023 Rs. '000	31.12.2022 Rs. '000 (Audited)
Domestic Currency				
Demand Deposits	23,999,173	23,189,942	23,989,025	23,180,969
Savings Deposits	43,947,824	43,594,910	43,947,824	43,594,910
Time Deposits	140,207,830	138,882,719	138,513,383	137,235,261
	208,154,827	205,667,571	206,450,233	204,011,140
Foreign Currency				
Demand Deposits	3,991,236	6,318,687	3,991,236	6,318,687
Savings Deposits	16,784,985	20,895,405	16,784,985	20,895,405
Time Deposits	65,916,572	66,027,880	65,916,572	66,027,880
	86,692,792	93,241,972	86,692,792	93,241,972
Total	294,847,619	298,909,543	293,143,025	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 31 March 2023.

Financial Instruments Carried at Fair Value

Bank/Group	As at 31.03.2023				As at 31.12.2022			
	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	-	391,047	-	391,047	-	102,730	-	102,730
Financial Assets at Fair Value through Profit or Loss	6,098,314	-	-	6,098,314	3,733,781	-	-	3,733,781
Financial Assets at Fair Value through Other Comprehensive Income	50,748,375	626,425	24,744	51,399,544	29,924,678	397,827	27,021	30,349,526
	<u>56,846,688</u>	<u>1,017,472</u>	<u>24,744</u>	<u>57,888,905</u>	<u>33,658,459</u>	<u>500,557</u>	<u>27,021</u>	<u>34,186,038</u>
Financial Liabilities								
Derivative Financial Instruments	-	938,460	-	938,460	-	39,481	-	39,481
	<u>-</u>	<u>938,460</u>	<u>-</u>	<u>938,460</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 31.03.2023					Group As at 31.03.2023				
	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	65,704,102	33,912,916	25,012,565	-	58,925,482	65,704,102	33,912,916	25,012,565	-	58,925,482
Loans and Advances to Customers- Gross	251,346,714	-	243,600,485	-	243,600,485	251,346,714	-	243,600,485	-	243,600,485
	<u>317,050,817</u>	<u>33,912,916</u>	<u>268,613,051</u>	<u>-</u>	<u>302,525,967</u>	<u>317,050,817</u>	<u>33,912,916</u>	<u>268,613,051</u>	<u>-</u>	<u>302,525,967</u>
Financial Liabilities										
Due to Customers	294,847,619	-	293,248,188	-	293,248,188	293,143,025	-	291,543,594	-	291,543,594
Due to Other Borrowers	29,310,562	-	29,161,144	-	29,161,144	29,123,471	-	28,974,053	-	28,974,053
Debt Securities Issued	12,679,952	-	10,137,097	-	10,137,097	12,679,952	-	10,137,097	-	10,137,097
	<u>336,838,133</u>	<u>-</u>	<u>332,546,430</u>	<u>-</u>	<u>332,546,430</u>	<u>334,946,449</u>	<u>-</u>	<u>330,654,744</u>	<u>-</u>	<u>330,654,744</u>

	Bank As at 31.12.2022					Group As at 31.12.2022				
	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	-	51,063,504	59,928,294	24,882,157	26,181,346	-	51,063,504
Loans and Advances to Customers	260,739,471	-	251,638,561	-	251,638,561	260,739,471	-	251,638,561	-	251,638,561
	<u>320,667,765</u>	<u>24,882,157</u>	<u>277,819,907</u>	<u>-</u>	<u>302,702,065</u>	<u>320,667,765</u>	<u>24,882,157</u>	<u>277,819,907</u>	<u>-</u>	<u>302,702,065</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	12,355,121	-	9,619,305	-	9,619,305	12,355,121	-	9,619,305	-	9,619,305
	<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	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
Regulatory Capital (Rs. '000)				
Common Equity Tier 1	38,616,849	38,032,394	40,184,350	39,599,360
Core (Tier 1) Capital	38,616,849	38,032,394	40,184,350	39,599,360
Total Capital Base	43,536,736	43,662,516	45,104,237	45,229,482
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (%) (Minimum Requirement - 8.50%)	15.66%	14.21%	16.26%	14.76%
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.50%)	15.66%	14.21%	16.26%	14.76%
Total Capital Ratio (%) (Minimum Requirement - 12.50%)	17.66%	16.31%	18.25%	16.86%
Leverage Ratio (Minimum Requirement - 3%)	9.10%	8.94%	9.47%	9.30%
Regulatory Liquidity				
Statutory Liquid Assets (Rs. '000)	154,038,911	130,802,268		
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)				
Domestic Banking Unit (%)	40.69%	35.87%		
Off-Shore Banking Unit (%)	37.24%	25.68%		
Consolidated	41.22%	35.55%		
Total Stock of High-Quality Liquid Assets (Rs. '000)	109,051,208	80,523,205		
Liquidity Coverage Ratio (%) (Minimum Requirement - 90%)				
Rupee	274.17%	279.63%		
All Currency	259.73%	222.88%		
Net Stable Funding Ratio (%) (Minimum Requirement - 90%)	153.92%	146.23%		
Assets Quality				
Impaired Loans (Stage 3), net of Stage 3 impairment Ratio (%)	3.39%	2.56%		
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	50.98%	50.69%		
Profitability				
Interest Margin (%)	8.49%	6.98%	-	-
Return on Assets (before tax) (%)	4.21%	2.41%	4.34%	2.51%
Return on Equity (%)	25.88%	17.08%	25.71%	17.10%
Net Assets Value Per Share (Rs.)	147.74	146.70	153.71	152.72

Market Price Per Share (Rs.)

	Voting		Non-Voting	
	31.03.2023 (Quarter ended)	31.12.2022 (Quarter ended)	31.03.2023 (Quarter ended)	31.12.2022 (Quarter ended)
Highest	72.00	52.40	72.50	60.00
Lowest	45.70	45.00	49.00	44.60
Last Traded Price	64.00	46.20	56.80	57.40

NATIONS TRUST BANK PLC
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS



Bank/Group

As at 31 March 2023

As at 31 December 2022

	As at 31 March 2023			As at 31 December 2022		
	FVPL Rs. '000	FVOCI Rs. '000	Total Rs. '000	FVPL Rs. '000	FVOCI Rs. '000	Total Rs. '000
Assets						
Derivative Financial Instruments	391,047	-	391,047	102,730	-	102,730
Government Securities	6,098,314	51,374,800	57,473,114	3,733,781	30,322,505	34,056,286
Equity Instruments	-	24,744	24,744	-	27,021	27,021
Total Financial Assets	6,489,361	51,399,544	57,888,905	3,836,511	30,349,526	34,186,037
	FVPL Rs. '000	FVOCI Rs. '000	Total Rs. '000	FVPL Rs. '000	FVOCI Rs. '000	Total Rs. '000
Liabilities						
Derivative Financial Instruments	938,460	-	938,460	39,481	-	39,481
Total Financial Liabilities	938,460	-	938,460	39,481	-	39,481

Note

All other Financial assets and Financial liabilities are classified at amortised cost.

FVPL – Financial assets/liabilities measured at fair value through profit or loss

FVOCI – Financial assets measured at fair value through other comprehensive income

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 31.03.2023	Balance as at 31.12.2022	Market Values for the Quarter Ended 31.03.2023			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 %	31.03.2023 %	31.12.2022 %	As at Issue Date %	Interest Yield %	Yield to Maturity %
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	24.13	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	1,287,000	Not traded during the current period			13.00	13.00	24.13	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	26.57	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	26.55	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	26.55	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	26.55	28.20	7.45	N/A	
Total Debentures					12,000,000	12,000,000										

Ratios of Debt	31.03.2023	31.12.2022
* Debt/Equity Ratio (%)	74.30	83.35
Interest Cover (Times)	6.16	4.21
Quick Asset Ratio (%)	131.57	136.31

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

NATIONS TRUST BANK PLC
SEGMENT INFORMATION



For the Three months ended 31 March

	Banking		Treasury Functions		Others		Unallocated/ Eliminations		Total Group	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	31.03.2023 Rs. '000	31.03.2022 Rs. '000	31.03.2023 Rs. '000	31.03.2022 Rs. '000	31.03.2023 Rs. '000	31.03.2022 Rs. '000	31.03.2023 Rs. '000	31.03.2022 Rs. '000
Net Interest Income	3,659,521	3,109,705	5,170,780	1,597,511	81,067	24,766	22,374	(23,228)	8,933,741	4,708,754
Inter Segment	2,072,801	(261,161)	(2,072,801)	261,161	-	-	-	-	-	-
Total revenue from external customers	5,732,322	2,848,544	3,097,979	1,858,672	81,067	24,766	22,374	(23,228)	8,933,741	4,708,754
Net Fee and Commission Income	1,578,362	1,782,384	9,455	47,249	88,768	83,126	(64,207)	(49,973)	1,612,377	1,862,786
Net Gains/(Losses) from Trading	496,088	151,748	(2,721,060)	9,156,976	-	-	-	(263)	(2,224,972)	9,308,461
Net Fair Value Gains/(Losses) on Financial Assets at Fair Value through Profit or Loss	-	-	47,334	(8,366)	-	-	-	-	47,334	(8,366)
Net Gains/(Losses) on Derecognition of Financial Assets at Fair Value through Other Comprehensive Income	-	-	67,926	5	-	-	-	-	67,926	5
Net Other Operating Income/(Loss)	401,848	224,552	2,566,548	(8,574,065)	-	-	1,713	6,017	2,970,109	(8,343,496)
Operating Income	8,208,620	5,007,228	3,068,181	2,480,471	169,835	107,892	(40,121)	(67,447)	11,406,516	7,528,144
Impairment Charge/(Reversal)	2,112,671	1,309,899	(7,020)	990,990	-	-	-	13,650	2,105,651	2,314,539
Net Operating Income	6,095,950	3,697,329	3,075,201	1,489,481	169,835	107,892	(40,121)	(81,097)	9,300,865	5,213,605
Depreciation of Property, Plant and Equipment	48,990	81,615	1,672	2,625	4,906	(600)	6,473	6,202	62,040	89,842
Depreciation of Right of Use (ROU) Assets	123,397	91,069	-	-	1,409	22,036	(24,040)	(16,171)	100,765	96,934
Amortization of Intangible Assets	70,113	78,095	12,611	6,366	31	31	322	353	83,076	84,845
Capital Expenditures										
Property and Equipment	14,943	6,005	-	104	-	-	17,157	1,600	32,099	7,709
Other Intangible Assets	-	-	-	-	-	-	432	586	432	586
Total Assets (as at)	250,940,705	287,268,969	169,258,224	143,510,088	2,362,538	2,045,026	(9,759,240)	3,325,831	412,802,227	436,149,914
Total Liabilities (as at)	298,848,529	300,116,008	339,575,686	85,890,238	137,822	77,745	(274,889,993)	9,681,299	363,672,044	395,765,290

- (1) 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. 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 and the Directions issued by the Central Bank of Sri Lanka.
- (2) **Expected Credit Loss (ECL)**
When assessing the Expected Credit Loss (ECL), the Bank considered the potential impact for identified customer segments impacted due to current economic uncertainties by projecting potential delays to the cash flow expectations based on the available information. In addition, the Bank continues to assess the Economic Factor Adjustment (EFA) to reflect the economic environment when assessing collective impairment provisions in the subsequent periods. The recommended treatments as per the guidelines issued by the Central Bank of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka were considered in assessing the above-mentioned Expected Credit Losses (ECL).

The concession scheme announced by the government to provide relief to affected borrowers amidst the prevailing extraordinary macroeconomic circumstances is expected to have a negative impact on the earnings and contractual cash flows of the Bank. However, the Bank believes that the aforementioned negative impact would not pose significant stress to the Bank's liquidity and financial position.
- (3) 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 the CBSL to continue their shareholding.
- (4) The funds raised through debentures were fully utilized for the objectives mentioned in the prospectuses.
- (5) There are no changes to the accounting policies and methods of computation since the publication of annual accounts for the year ended 31st December 2022. There are no material changes to contingent assets and liabilities since 31st March 2023 and the balances reflected are arising from transactions carried out in the normal course of banking business.
- (6) Mr. Gihan Cooray retired from the Board of Nations Trust Bank PLC on 30th April 2023 in compliance with Direction No. 3(2)(ii) (A) of the Rules of Corporate Governance for Licensed Commercial Banks issued by the Central Bank of Sri Lanka which provides that the period of service of a Director of a commercial bank shall not exceed nine (9) years. Ms. Sherin Cader was appointed as the Chairperson with effect from 1st May 2023.
- (7) There are no material events that took place after the reporting date which require adjustment to or disclosure in these Financial Statements.
- (8) The information contained in these statements have been extracted from the unaudited Financial Statements of the Bank and its Subsidiary companies unless indicated as audited.

**NATIONS TRUST BANK PLC
SHAREHOLDERS' INFORMATION**



Twenty Largest Shareholders as at 31 March 2023

Name of the Shareholder	Voting Shares	
	No. of Shares	%
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%
Sri Lanka Insurance Corporation Ltd - Life Fund	10,124,507	3.67%
Sri Lanka Insurance Corporation Ltd - General Fund	6,429,458	2.33%
Hatton National Bank PLC A/C No 1	4,375,023	1.58%
Mr. M.F. Hashim	2,901,121	1.05%
J.B. Cocoshell (Pvt) Ltd	2,692,051	0.97%
Mr. P. Brahmanage	2,424,102	0.88%
EMFI Capital Limited	2,234,702	0.81%
Mr. N.R. Somaiya	1,560,061	0.56%
Timex Garments (Pvt) Ltd	1,351,322	0.49%
Mrs. H.K.S.R. Perera	1,315,059	0.48%
Hatton National Bank PLC - Arpico Ataraxia Equity Income Fund	1,224,876	0.44%
Mr. M.A. Jafferjee	941,129	0.34%
	241,753,955	87.50%
Others	34,493,080	12.50%
Total	276,247,035	100.00%

Name of the Shareholder	Non-Voting Shares	
	No. of Shares	%
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%
Mrs. E.M. Dias Bandaranaike	9,302	0.02%
Mr. K.O.V.S.M.S.Wijesinghe	8,113	0.02%
Miss. T.T. Weerasinghe	7,161	0.02%
Mr. H.P. Savindu	5,623	0.01%
Mr. W.K. Jayathilake	5,304	0.01%
Mr. K.S.N. Hirdaramani	4,688	0.01%
	43,258,341	99.72%
Others	114,584	0.28%
Total	43,372,925	100.00%

	31.03.2023	
	Number	%
Number of shareholders representing the public holding (Voting)	6,309	35.77%
Number of shareholders representing the public holding (Non-Voting)	319	1.00%
Compliant under Option 3 - Float Adjusted Market Capitalization	Rs. 6.35 Bn	

Directors' Holding in Shares as at 31 March 2023

Name of the Director	No of Shares	
	Voting	Non-Voting
Mr. J.G.A. Cooray (Retired on 30 April 2023)	9,921	1,716
Mr. J.C.A. D'Souza	-	-
Ms. R.D. Rajapaksa	-	-
Mr. N.I.R. De Mel	-	-
Mr. S.L. Sebastian	-	-
Mrs. R.S. Cader	-	-
Mr. C.H.A.W. Wickramasuriya	-	-
Mr. A.R. Fernando	-	-
Dr. R. Shanmuganathan	-	-
Mr. C.K.Hettiarachchi	-	-
Mr. H.D.Gunetilleke (Director/CEO)	-	-
Mr. Sanjeev Jha	-	-
	9,921	1,716