

# Nations Trust Bank Records Growth In 1H



The Bank closed the first half with a post tax profit of Rs 893 million, surpassing the comparative period of last year by 21 percent. Core-earnings posted growth over 2011 with revenue increasing at a rate of 13 percent, compared to an expense growth of 11 percent. The performance was driven by four strategic business units comprising of Retail and SME, Credit Cards, Corporate Banking and Treasury, which recorded both volume growth and profit growth for the period. Leasing also performed well and the Bank continued to progress in diversifying its portfolio and earnings base, while optimising returns in a controlled growth environment.

While maintaining net Interest Margins across the businesses were challenging, timely intervention in pricing the asset and liability portfolios and growth in business volumes mitigated margin pressure to a great extent and resulted in net interest income recording a growth of 11 percent.

Non fund based income recorded a growth of 16 percent while changes to import tax regulations and the depreciation of the rupee, curtailed imports volume and impacted the Bank's Trade Finance income. Credit cards income recorded a 32 percent growth while both local and destination spend increased by over 25 percent compared to the 1H of previous year. Forex income also recorded a notable growth as a result of currency volatility in the market.

The Bank continued to manage costs, curtailing the increase in expenses to 11 percent. Group cost income ratio stood at 59 percent on par with the previous

period. A number of projects to improve the cost efficiency has been commenced across the organisation.

A sound credit risk management framework in the Bank ensured a NPL ratio of 2.91 percent while loan loss provisions which comprises of specific provision write-back and a general provision charge in line with the asset growth for the quarter, was higher than the previous period which recorded reversals on both categories.

The Bank also managed to grow its loan book by 13 percent and deposits by 22 percent. A significant portion of the funding of the asset book was through deposits which also improved the Loans to Deposit ratio.

Low cost deposits recorded only 11 percent of the growth recorded for the six months period. The capital position was at a sound Rs 9.0 billion with Capital Adequacy Ratios both at Tier one and two maintained at comfortable levels.

The branch network of NTB expanded by opening four new branches in Nellyadi, Kaduruwela, Aluthgama and Wennappuwa. Two SME business centres were also opened in Kurunegala and Anuradhapura, with the SME Toolkit being offered at these centres. Several ties-up were established with remittance houses across the globe and the retail team made numerous visits to the Middle Eastern and European countries to enhance relationships and promote the Nations Trust brand as a key player to the Sri Lankan expatriate population.

The Bank also received recognition during the six months under review. NTB was the recipient of the Award for the Best Private Bank in Sri Lanka, presented by World Finance. NTB Annual Report for 2012 won the Silver Award in the Banks (Asia Pacific) category for the third consecutive year at the US based LACP Vision Awards.

Commenting on the results and achievements, Renuka Fernando, Deputy Chief Executive Officer/CEO Designate stated, "we have achieved exponential growth in this 13 years. Our strategy has been too prompt, we have grown through generic means as well as through selective strategic partnerships and mergers on specialised areas. In our generic growth, we have identified opportunities in selective customer segments and geographies and exploited those opportunities by differentiating ourselves from the rest of the industry."