

NATIONS TRUST BANK PLC AND ITS FULLY OWNED SUBSIDIARIES

INCOME STATEMENT

For the nine months ended September 30,	BANK						GROUP						
	Nine months ended 30th September 2008		Quarter ended 30th September 2008		2007 Change (%)		Nine months ended 30th September 2008		Quarter ended 30th September 2008		2007 Change (%)		
	Rs.	(%)	Rs.	(%)	Rs.	(%)	Rs.	(%)	Rs.	(%)	Rs.	(%)	
GROSS INCOME	8,609,482,503		5,873,896,636	47	3,164,510,488	2,121,258,217	49	8,993,898,149	6,360,908,438	56	3,607,253,640	1,910,795,323	89
Interest Income	5,262,213,650		3,471,282,160	52	1,880,189,831	1,301,260,313	44	5,262,213,650	3,471,282,160	52	1,880,189,831	1,301,260,313	44
Interest Income on Loans and Advances	2,084,850,611		1,382,411,093	51	759,851,196	545,647,824	39	3,300,983,736	1,996,675,706	65	1,208,035,548	315,131,711	283
Interest Income on Other Interest	7,347,064,261		4,853,693,253	51	2,640,041,027	1,846,908,137	43	6,562,797,386	5,467,957,866	57	3,088,225,379	1,616,392,024	91
Earning Assets	2,084,850,611		1,382,411,093	51	759,851,196	545,647,824	39	3,300,983,736	1,996,675,706	65	1,208,035,548	315,131,711	283
Interest Expense	(2,478,330,211)		(1,722,196,544)	44	(862,460,270)	(688,650,880)	25	(2,478,330,211)	(1,722,196,544)	44	(862,460,270)	(688,650,880)	25
Interest Expense on Deposits	(2,478,330,211)		(1,722,196,544)	44	(862,460,270)	(688,650,880)	25	(2,478,330,211)	(1,722,196,544)	44	(862,460,270)	(688,650,880)	25
Interest Expense on Other Interest	(2,478,330,211)		(1,722,196,544)	44	(862,460,270)	(688,650,880)	25	(2,478,330,211)	(1,722,196,544)	44	(862,460,270)	(688,650,880)	25
Bearing Liabilities	(2,478,330,211)		(1,722,196,544)	44	(862,460,270)	(688,650,880)	25	(2,478,330,211)	(1,722,196,544)	44	(862,460,270)	(688,650,880)	25
NET INTEREST INCOME	1,914,284,613		1,363,399,197	40	671,373,127	501,940,407	34	2,075,899,193	1,523,732,158	36	717,762,507	556,776,747	29
Non-Interest Income	357,664,755		237,289,858	51	117,013,559	64,276,087	82	357,664,755	237,289,858	51	117,013,559	64,276,087	82
Foreign Exchange Income	904,753,487		782,913,525	16	407,455,903	210,073,993	94	973,436,009	655,660,714	48	402,014,702	230,127,212	75
Other Operating Income	1,262,418,242		1,020,203,383	24	524,469,462	274,500,080	91	1,331,100,764	892,950,572	49	519,028,261	294,403,299	76
NET INCOME	3,176,702,055		2,383,602,580	33	1,195,842,589	776,290,487	54	3,406,999,957	2,416,682,730	41	1,236,790,768	851,180,046	45
Less: Non-Interest Expenses	794,385,522		556,491,938	43	289,833,840	194,924,797	49	807,945,928	566,881,826	43	294,754,853	198,913,707	48
Personnel Costs	31,041,230		17,773,972	75	9,505,892	5,256,528	81	31,499,191	18,494,368	70	9,665,714	5,552,599	74
Provision for Staff Retirement Benefits	409,959,366		349,604,347	17	163,193,498	125,178,131	30	429,429,507	386,597,266	11	170,348,298	137,262,344	24
Premises, Equipment and Establishment Expenses	409,959,366		349,604,347	17	163,193,498	125,178,131	30	429,429,507	386,597,266	11	170,348,298	137,262,344	24
Loss on Trading/Investment Securities	904,753,487		782,913,525	16	407,455,903	210,073,993	94	973,436,009	655,660,714	48	402,014,702	230,127,212	75
Amortisation of Intangible Assets	904,753,487		782,913,525	16	407,455,903	210,073,993	94	973,436,009	655,660,714	48	402,014,702	230,127,212	75
Other Operating Expenses	904,753,487		782,913,525	16	407,455,903	210,073,993	94	973,436,009	655,660,714	48	402,014,702	230,127,212	75
Less: Provision for Bad & Doubtful Debts and Loans Written Off	2,137,535,299		1,532,644,247	39	834,994,648	534,712,704	56	2,187,329,193	1,581,146,986	38	852,157,824	548,900,007	55
Provision - General	41,211,233		43,125,063	(4)	11,040,572	14,753,798	(25)	41,211,233	43,125,063	(4)	11,040,572	14,753,798	(25)
Provision - Specific	326,864,117		109,096,474	200	93,992,981	19,749,817	371	326,864,117	109,096,474	200	93,992,981	19,749,817	371
OPERATING PROFIT BEFORE TAXES	671,092,206		698,736,796	(4)	256,714,388	207,074,168	202	851,995,414	683,314,207	25	280,499,391	267,776,424	5
Less: Value Added Tax on Financial Services	(84,582,496)		(71,978,815)	(24)	(20,067,362)	(9,174,956)	119	(93,349,226)	(97,255,784)	(4)	(30,812,186)	(18,452,781)	67
OPERATING PROFIT BEFORE CORPORATE TAX	616,239,710		626,757,981	(2)	236,647,026	197,899,212	20	758,246,188	586,058,423	29	249,687,205	249,323,643	27
Less: Tax on Profits on Ordinary Activities	(263,647,526)		(172,620,133)	53	(94,271,524)	(66,384,811)	42	(337,247,999)	(332,798,791)	45	(113,719,578)	(89,274,760)	27
OPERATING PROFIT FOR THE PERIOD	352,592,184		454,137,848	(22)	142,375,502	131,514,371	8	420,998,189	353,259,632	19	135,967,627	160,048,883	(15)
Earnings Per Share - Basic	2.21		3.51	(37)	0.85	1.02	(17)	2.64	2.73	(3)	0.81	1.24	(35)

Explanatory Notes:
 (1) Other Operating Income of the Bank for year 2007 includes dividend income of Rs. 186 Mn. received from Waldo Mackenzie Ltd. and Allied Properties Ltd. The corresponding figure for 2008 is Rs. 37.88 Mn received from Waldo Mackenzie Ltd. Allied Properties Ltd. and Nations Insurance Brokers Ltd. These have been eliminated as intercompany transactions in the Group accounts.
 (2) The Group figures include those of the fully owned subsidiaries, Waldo Mackenzie Limited, Allied Properties Limited, Mercantile Leasing (Financial Services) Limited and Nations Insurance Brokers Limited (formerly MLL Insurance Brokers Limited).
 (3) These Financial Statements are prepared in accordance with Sri Lanka Accounting Standards and provide the information as required in terms of Rule 8.3 of the Colombo Stock Exchange and the Directions issued by the Central Bank of Sri Lanka.
 (4) No material events have taken place since September 30, 2008 that require disclosure or adjustments in these accounts.
 (5) During the quarter ended March 31, 2008, the Bank purchased the Head Office building at No. 242, Union Place, Colombo 02, and concluded the rights issue of shares on the basis of 1 for 3 at a price of Rs. 25/- per share.
 (6) A full provision was made in the books in April 2007 against equity for the goodwill of Rs. 372,052,672/-, that arose from the merger of Mercantile Leasing Ltd. with the Bank in order to be in line with the provisions contained in Section 22 of the Banking Act, before the payment of the dividend for the year ended December 31, 2006.
 (7) Specific provisions for the period include certain prudential provisions made on account of several customer exposures over and above the provisioning policy of the Bank which is more stringent than the guidelines of the Central Bank of Sri Lanka.
 (8) The Bank issued by way of a private placement, 10,000,000 Unsecured Subordinated Redeemable Debentures of Rs. 100/- each. Central Bank of Sri Lanka has permitted funds raised through this issue of Rs. 1,000,000,000/- to be included in the Tier II capital of the Bank. These debentures will be listed on the Colombo Stock Exchange.

The above figures are provisional and subject to audit.

SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 30.09.2008	As at 31.12.2007 (Audited)	As at 30.09.2008	As at 31.12.2007 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. Mn.	3,458	2,579	3,660	2,789
Total Capital Base, Rs. Mn.	5,505	3,830	5,811	4,044
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	8.18%	7.08%	8.19%	7.20%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	13.02%	10.52%	13.01%	10.44%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-performing Advances Ratio, % (Net of Interest in Suspense)	6.10%	4.07%	6.09%	3.96%
Net Non-performing Advances Ratio, % (Net of Interest in Suspense and Provisions)	3.37%	1.60%	3.43%	1.64%
Profitability				
Interest Margin, %	4.30%	4.24%	-	-
Return on Assets, % (before Tax)	1.38%	1.81%	1.53%	1.69%
Return on Equity, %	13.81%	22.42%	15.00%	18.39%
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn.	16,565	11,220		
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)	20.62%	20.60%		
Domestic Banking Unit (DBU)	74.78%	119.43%		
Foreign Currency Banking Unit (FCBU)	22.73	20.50		
Net Assets Value Per Share (Rs.)	24.86	22.81		
Market Price Per Share (Rs.)				
Highest	35.50	37.50		
Lowest	29.75	29.50		
Last Traded Price	30.00	35.00		

STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.	Capital Reserve Rs.	Reserve Fund Rs.	Revenue Reserve Rs.	Total Rs.
Bank					
Balance as at 01.01.2007	2,061,553,991	-	28,995,199	432,458,929	2,523,008,119
Net Profit for the Period	-	-	-	454,137,848	454,137,848
Dividend Paid for 2006	-	-	-	(125,786,004)	(125,786,004)
Provision for Goodwill on Business Combination	-	-	-	(372,052,672)	(372,052,672)
Balance as at 30.09.2007	2,061,553,991	-	28,995,199	386,758,101	2,479,307,291
Balance as at 01.01.2008	2,061,553,991	9,500,000	56,679,148	460,615,286	2,578,748,425
Rights Issue of Shares	1,048,216,700	-	-	-	1,048,216,700
Net Profit for the Period	-	-	-	352,592,184	352,592,184
Dividend Paid for 2007	-	-	-	(167,714,672)	(167,714,672)
Balance as at 30.09.2008	3,109,770,691	9,500,000	56,679,148	645,492,798	3,811,942,637
Group					
Balance as at 01.01.2007	2,061,553,991	-	28,995,199	771,162,560	2,861,711,750
Net Profit for the Period	-	-	-	353,259,632	353,259,632
Dividend Paid for 2006	-	-	-	(125,786,004)	(125,786,004)
Provision for Goodwill on Business Combination	-	-	-	(372,052,672)	(372,052,672)
Capitalisation of reserves on the Issue of Bonus Shares by a Subsidiary	-	9,500,000	-	(9,500,000)	-
Balance as at 30.09.2007	2,061,553,991	9,500,000	28,995,199	617,083,516	2,717,132,706
Balance as at 01.01.2008	2,061,553,991	9,500,000	56,679,148	740,958,303	2,868,691,442
Rights Issue of Shares	1,048,216,700	-	-	-	1,048,216,700
Net Profit for the Period	-	-	-	420,998,589	420,998,589
Dividend Paid for 2007	-	-	-	(167,714,672)	(167,714,672)
Balance as at 30.09.2008	3,109,770,691	9,500,000	56,679,148	994,242,220	4,170,192,059

SEGMENTAL INFORMATION

In Rs. '000	BANKING		INVESTMENT BANKING		OTHERS		ELIMINATION/ALLOCATED		GROUP	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007	30.09.2008	30.09.2007	30.09.2008	30.09.2007	30.09.2008	30.09.2007
Total Revenue	8,609,483	5,873,897	2,159,684	1,351,122	68,964	72,930	(944,231)	(937,041)	9,893,898	6,360,908
Segment Results										
Profit before Taxation	616,240	626,758	150,710	123,498	29,096	21,802	(37,800)	(186,000)	758,246	586,058
Taxation	(263,648)	(172,620)	(62,724)	(52,754)	(10,876)	(7,425)	-	-	(337,248)	(232,799)
Net Profit for the Year	352,592	454,138	87,985	70,743	18,220	14,377	(37,800)	(186,000)	420,999	353,259
Segment Assets	68,057,489	44,119,218	15,140,805	11,956,696	741,472	729,720	(9,298,867)	(6,973,081)	74,640,898	49,832,553
Goodwill	-	-	-	-	-	79,261	79,261	79,261	79,261	79,261
Total Assets	68,057,489	44,119,218	15,140,805	11,956,696	741,472	729,720	(9,219,606)			