

NATIONS TRUST BANK PLC AND ITS FULLY OWNED SUBSIDIARIES

INCOME STATEMENT

	BANK						GROUP					
	Six months ended 30th June			Quarter ended 30th June			Six months ended 30th June			Quarter ended 30th June		
	2009 Rs. '000	2008 Rs. '000	Change (%)	2009 Rs. '000	2008 Rs. '000	Change (%)	2009 Rs. '000	2008 Rs. '000	Change (%)	2009 Rs. '000	2008 Rs. '000	Change (%)
GROSS INCOME	6,904,842	5,444,972	27	3,467,427	2,855,441	21	7,371,729	6,286,644	17	3,707,140	3,294,691	13
Interest Income	3,991,824	3,382,024	18	1,971,475	1,749,287	13	3,991,824	3,382,024	18	1,971,475	1,749,287	13
Interest Income on Loans and Advances	2,076,840	1,324,999	57	1,208,845	712,614	70	2,352,883	2,092,548	12	1,321,741	1,122,771	18
Interest Income on Other Interest Earning Assets	6,066,664	4,707,023	29	3,100,320	2,461,901	29	6,344,707	5,474,572	16	3,293,216	2,872,058	15
Interest Expense	(1,980,628)	(1,615,870)	23	(1,055,399)	(810,727)	30	(1,980,628)	(1,615,870)	23	(1,055,399)	(810,727)	30
Interest Expense on Deposits	(2,377,776)	(1,848,242)	29	(1,269,364)	(1,009,763)	26	(2,548,605)	(2,500,565)	2	(1,327,119)	(1,365,925)	(3)
Interest Expense on Other Interest Bearing Liabilities	(4,358,404)	(3,464,112)	26	(2,324,763)	(1,820,490)	28	(4,529,233)	(4,116,435)	10	(2,382,518)	(2,176,652)	9
NET INTEREST INCOME	1,710,260	1,242,911	38	855,557	641,411	33	1,815,474	1,358,137	34	910,698	695,406	31
Less: Non-Interest Income	(640,281)	240,651	(366)	(800,438)	143,584	(657)	(640,281)	240,651	(366)	(800,438)	143,584	(657)
Foreign Exchange Income	1,476,459	497,298	197	1,087,545	249,956	335	1,667,303	571,421	192	1,214,362	279,049	335
Other Operating Income	836,178	737,949	13	287,107	393,540	(27)	1,027,022	812,072	26	413,924	422,633	(2)
NET INCOME	2,546,438	1,980,860	29	1,142,664	1,034,951	11	2,942,496	2,170,209	31	1,324,622	1,118,039	18
Less: Non-Interest Expenses	544,051	504,451	8	215,161	263,156	(18)	555,099	513,191	8	220,757	267,410	(17)
Personnel Costs	22,501	21,535	4	10,902	10,022	9	23,578	21,833	8	11,643	10,174	14
Provision for Staff Retirement Benefits	383,517	246,766	55	201,244	129,253	56	401,284	259,081	55	210,050	134,445	56
Premises, Equipment and Establishment Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Loss on Trading / Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation of Intangible Assets	600,447	529,788	13	294,014	276,042	7	607,038	541,066	12	296,429	282,421	5
Other Operating Expenses	1,550,516	1,302,540	19	721,321	678,473	6	1,586,999	1,335,171	19	738,879	694,450	6
Less: Provision for Bad & Doubtful Debts and Loans Written Off	(9,251)	30,171	(131)	(15,838)	3,243	(588)	(9,251)	30,171	(131)	(15,838)	3,243	(588)
Provision-General	478,636	233,771	104	218,048	137,655	58	478,636	233,771	104	218,048	137,655	58
Provision-Specific	467,385	268,942	77	202,211	140,898	44	467,385	268,942	77	202,211	140,898	44
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXES	528,537	414,378	28	219,132	215,580	2	788,112	571,096	38	383,532	282,691	36
Less: Value Added Tax on Financial Services	(195,704)	(34,785)	204	(50,011)	(25,016)	100	(153,403)	(62,537)	145	(80,630)	(36,635)	120
OPERATING PROFIT BEFORE CORPORATE TAX	422,833	379,593	11	169,121	190,564	(11)	634,709	508,559	25	302,902	246,056	23
Less: Tax on Profits on Ordinary Activities	(211,407)	(169,376)	25	(93,834)	(82,408)	14	(303,786)	(223,528)	36	(102,117)	(105,233)	45
OPERATING PROFIT FOR THE PERIOD	211,426	210,217	1	75,287	108,156	(30)	330,923	285,031	16	190,785	140,823	7
Earnings Per Share - Basic (Rs.)	1.26	1.35	(7)	0.45	0.64	(30)	1.97	1.83	8	0.90	0.84	7

(1) The Group figures include those of the fully owned subsidiaries, Waddock Mackenzie Limited, Allied Properties Limited, Mercantile Leasing (Financial Services) Limited and Nations Insurance Brokers Limited (formerly MLL Insurance Brokers Limited).
 (2) These Financial Statements are prepared in accordance with Sri Lanka Accounting Standards and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange and the Directors issued by the Central Bank of Sri Lanka.
 (3) Comparative figures have been restated where necessary to comply with the Central Bank guidelines.
 (4) Non-interest income - Foreign exchange income for the current period is negative due to losses arising from a branch in Operating Procedures in the FCBU which have been fully accounted for during the period. Other operating income has shown a significant increase due to income earned on trading in government securities and increases in business volumes of other banking activities.
 (5) Specific provisions for the period include certain prudential provisions made over and above the provisioning policy of the Bank which is more stringent than the guidelines of the Central Bank of Sri Lanka.
 (6) No material events have taken place since June 30, 2009 that require disclosure or/and adjustments in these accounts and all known expenditures have been provided in these financial statements.
 The above figures are provisional and subject to audit.

Debtenture Information		As at 30.06.2009, the Bank had debtentures amounting to Rs. 2.0 Bn in issue (0.50 Bn as at 30.06.2008) which are listed in the Colombo Stock Exchange. There were no transactions on the debtentures for the periods ended 30.06.2009 & 2008	
Debtenture category	Interest rate of comparable Govt. security % (30.06.2009)	Interest rate of comparable Govt. security % (30.06.2008)	Ratios of Debt
2006/10	12.55	18.22	Debt / Equity Ratio (%)
2006/11	12.94	17.87	51.37
2006/12	13.13	17.59	Interest Cover (Times)
2008/13	13.24	16.79	3.69
2009/13	13.10	16.90	

SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 30.06.2009	As at 31.12.2008 (Audited)	As at 30.06.2009	As at 31.12.2008 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. Mn.	3,683	3,934	4,002	4,254
Total Capital Base, Rs. Mn.	5,828	6,155	6,149	6,476
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	8.24%	9.73%	8.83%	10.31%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	13.04%	15.22%	13.57%	15.70%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-performing Advances Ratio, % (Net of Interest in Suspense)	6.57%	4.81%	6.36%	4.74%
Net Non-performing Advances Ratio, % (Net of Interest in Suspense and Provisions)	3.82%	1.86%	3.70%	1.83%
Profitability				
Interest Margin, %	4.46%	4.33%	-	-
Return on Assets, % (before Tax)	1.10%	1.31%	1.71%	1.49%
Return on Equity, %	10.96%	12.73%	15.23%	14.43%
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn.	18,870	14,928		
Statutory Liquid Assets Ratio, (%) (Minimum Requirement, 20%)	54.95%	37.85%		
Domestic Banking Unit (DBU)	25.36%	24.39%		
Foreign Currency Banking Unit (FCBU)	23.21%	23.47	26.35	25.89
Net Assets Value Per Share (Rs.)	30.06.2009 (Quarter ended)	30.06.2008 (Quarter ended)		
Highest	36.50	34.00		
Lowest	23.75	33.75		
Last Traded Price	30.50	34.00		

STATEMENT OF CHANGES IN EQUITY

	Capital Reserve		Reserve Fund		Exchange Equalisation Reserve		Revenue Reserve		Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Bank									
Balance as at 01.01.2008	2,061,554	-	56,679	-	460,615	-	2,578,848	-	5,147,096
Rights Issue of Shares	1,048,217	-	-	-	-	-	1,048,217	-	2,096,434
Dividend Paid for 2007	-	-	-	-	(167,715)	-	(167,715)	-	(335,430)
Net Profit for the Year	3,109,771	-	56,679	-	593,117	-	3,699,567	-	7,368,134
Balance as at 30.06.2008	3,109,771	-	56,679	-	893,017	-	7,625,034	-	11,634,491
Balance as at 01.01.2009	3,109,771	-	80,509	-	745,678	-	3,935,358	-	7,941,756
Dividend Paid for 2008	-	-	-	-	(251,572)	-	(251,572)	-	(503,144)
Exchange Equalisation of Reserve	-	-	-	(2,473)	-	-	(2,473)	-	(2,473)
Net Profit for the Year	3,109,771	-	80,509	-	211,426	-	3,392,706	-	6,794,406
Balance as at 30.06.2009	3,109,771	-	80,509	(2,473)	705,532	-	4,119,190	-	8,003,400
Group									
Balance as at 01.01.2008	2,061,554	9,500	56,679	-	740,958	-	2,868,691	-	5,666,722
Rights Issue of Shares	1,048,217	-	-	-	-	-	1,048,217	-	2,096,434
Dividend Paid for 2007	-	-	-	-	(167,715)	-	(167,715)	-	(335,430)
Net Profit for the Year	3,109,771	9,500	56,679	-	285,031	-	3,450,981	-	6,856,562
Balance as at 30.06.2008	3,109,771	9,500	56,679	-	859,274	-	4,034,224	-	7,994,774
Balance as at 01.01.2009	3,109,771	9,500	80,509	-	1,142,532	-	4,342,312	-	8,644,122
Dividend Paid for 2008	-	-	-	-	(251,572)	-	(251,572)	-	(503,144)
Exchange Equalisation of Reserve	-	-	-	(2,473)	-	-	(2,473)	-	(2,473)
Net Profit for the Year	3,109,771	9,500	80,509	-	330,923	-	3,440,203	-	6,979,906
Balance as at 30.06.2009	3,109,771	9,500	80,509	(2,473)	1,221,883	-	4,419,190	-	8,623,596

SEGMENTAL INFORMATION

	BANKING		INVESTMENT BANKING		OTHERS		ELIMINATION/ALLOCATED		GROUP	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008	30.06.2009	30.06.2008	30.06.2009	30.06.2008	30.06.2009	30.06.2008
Total Revenue	6,904,842	5,444,972	958,584	1,360,041	45,766	47,204	(537,463)	(565,571)	7,371,729	6,286,644
Segment Results										
Profit before Taxation	422,833	379,593	187,828	108,919	24,048	20,047	-	-	634,709	508,559
Taxation	(211,407)	(169,376)	(83,924)	(47,747)	(8,455)	(6,405)	-	-	(303,786)	(223,528)
Net Profit for the Year	211,426	210,217	103,904	61,172	15,593	13,642	-	-	330,923	285,031
Segment Assets	77,294,976	65,018,895	6,894,836	19,400,428	770,040	742,546	(9,838,163)	(12,706,761)	75,121,688	72,455,108
Goodwill	-	-	-	-	79,261	79,261	-	-	79,261	79,261
Total Assets	77,294,976	65,018,895	6,894,836	19,400,428	770,040	742,546	(9,758,902)	(12,627,500)	75,200,949	72,534,369
Segment Liabilities	73,202,904	61,197,508	6,502,546	19,165,126	67,455	67,885	(9,189,879)	(12,084,693)	70,583,026	68,345,826
Deferred Tax Liabilities	198,733	151,819	-	2,500	-	-	-	-	198,733	154,319
Total Liabilities	73,401,637	61,349,327	6,502,546	19,167,626	67,455	67,885	(9,189,879)	(12,084,693)	70,781,759	68,500,145

BALANCE SHEET

As at	BANK			GROUP		
	30.06.2009	31.12.2008	Change	30.06.2009	31.12.2008	