

# NATIONS TRUST BANK PLC AND ITS FULLY OWNED SUBSIDIARIES

## INCOME STATEMENT

	BANK						GROUP					
	Nine months ended 30th September			Quarter ended 30th September			Nine months ended 30th September			Quarter ended 30th September		
	2009	2008	Change	2009	2008	Change	2009	2008	Change	2009	2008	Change
	Rs. '000	Rs. '000	(%)	Rs. '000	Rs. '000	(%)	Rs. '000	Rs. '000	(%)	Rs. '000	Rs. '000	(%)
<b>GROSS INCOME</b>	<b>10,310,123</b>	<b>8,609,482</b>	<b>20</b>	<b>3,405,281</b>	<b>3,164,511</b>	<b>8</b>	<b>10,888,357</b>	<b>9,893,899</b>	<b>10</b>	<b>3,516,628</b>	<b>3,607,255</b>	<b>(3)</b>
<b>Interest Income</b>	5,947,938	5,262,214	13	1,956,114	1,880,190	4	5,947,938	5,262,214	13	1,956,114	1,880,190	4
Interest Income on Loans and Advances	3,037,625	2,084,850	46	960,785	759,851	26	3,374,090	3,300,584	2	1,021,207	1,208,036	(15)
Interest Income on Other Interest	8,985,563	7,347,064	22	2,916,899	2,640,041	10	9,322,028	8,562,798	9	2,977,321	3,088,226	(4)
<b>Earning Assets</b>												
Interest Expense	(3,037,167)	(2,478,330)	23	(1,056,539)	(862,460)	23	(3,037,167)	(2,478,330)	23	(1,056,539)	(862,460)	23
Interest Expense on Deposits	(3,340,590)	(2,954,450)	13	(962,814)	(1,106,208)	(13)	(3,524,912)	(4,008,568)	(12)	(976,307)	(1,508,003)	(35)
Interest Expense on Other Interest	(6,377,757)	(5,432,780)	17	(2,019,353)	(1,966,668)	3	(6,562,079)	(6,486,898)	1	(2,032,846)	(2,370,463)	(14)
Bearing Liabilities												
<b>NET INTEREST INCOME</b>	<b>2,607,806</b>	<b>1,914,284</b>	<b>36</b>	<b>897,546</b>	<b>671,373</b>	<b>34</b>	<b>2,759,949</b>	<b>2,075,900</b>	<b>33</b>	<b>944,475</b>	<b>717,763</b>	<b>32</b>
<b>Non-Interest Income</b>												
Foreign Exchange Gain/(Loss)	(589,414)	357,965	(265)	50,867	117,014	(57)	(589,414)	357,965	(265)	50,867	117,014	(57)
Other Operating Income	1,913,974	904,753	112	437,515	407,456	7	2,155,743	973,436	121	488,440	402,015	21
	1,324,560	1,262,418	5	488,382	524,470	(7)	1,566,329	1,331,101	18	539,307	519,029	4
<b>NET INCOME</b>	<b>3,932,366</b>	<b>3,176,702</b>	<b>24</b>	<b>1,385,928</b>	<b>1,195,843</b>	<b>17</b>	<b>4,326,278</b>	<b>3,407,001</b>	<b>27</b>	<b>1,483,782</b>	<b>1,236,792</b>	<b>20</b>
<b>Less: Non-Interest Expenses</b>												
Personnel Costs	841,303	794,386	6	297,252	289,934	3	858,140	807,946	6	303,041	294,755	3
Provision for Staff Retirement Benefits	33,123	31,041	7	10,622	9,506	12	34,941	31,499	11	11,363	9,666	18
Premises, Equipment and Establishment Expenses	589,275	409,599	44	205,758	163,193	26	602,798	429,430	40	201,513	170,348	18
Loss on Trading / Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	972,896	902,149	8	372,449	372,361	0	982,918	918,455	7	375,881	377,389	(0)
	2,436,597	2,137,535	14	886,081	834,994	6	2,478,797	2,187,330	13	891,798	852,158	5
<b>Less: Provision for Bad &amp; Doubtful Debts and Loans Written Off</b>												
Provision-General	(23,241)	41,211	(156)	(13,990)	11,041	(227)	(23,241)	41,211	(156)	(13,990)	11,041	(227)
Provision-Specific	667,981	326,864	104	191,345	93,093	106	667,981	326,864	104	191,345	93,093	106
	644,740	368,075	75	177,355	104,134	70	644,740	368,075	75	177,355	104,134	70
<b>OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXES</b>	<b>851,029</b>	<b>671,092</b>	<b>27</b>	<b>322,492</b>	<b>256,715</b>	<b>26</b>	<b>1,202,741</b>	<b>851,596</b>	<b>41</b>	<b>414,629</b>	<b>280,500</b>	<b>48</b>
Less: Value Added Tax on Financial Services	(102,150)	(54,852)	86	(39,261)	(20,067)	96	(173,119)	(93,349)	85	(62,532)	(30,812)	103
<b>OPERATING PROFIT BEFORE CORPORATE TAX</b>	<b>748,879</b>	<b>616,240</b>	<b>22</b>	<b>283,231</b>	<b>236,648</b>	<b>20</b>	<b>1,029,622</b>	<b>758,247</b>	<b>36</b>	<b>352,097</b>	<b>249,688</b>	<b>41</b>
Less: Tax on Profits on Ordinary Activities	(390,725)	(263,648)	48	(136,502)	(94,272)	45	(524,744)	(337,248)	56	(178,143)	(113,720)	57
<b>OPERATING PROFIT FOR THE PERIOD</b>	<b>358,154</b>	<b>352,592</b>	<b>2</b>	<b>146,729</b>	<b>142,376</b>	<b>3</b>	<b>504,878</b>	<b>420,999</b>	<b>20</b>	<b>173,954</b>	<b>135,968</b>	<b>28</b>
Earnings Per Share - Basic (Rs.)	2.14	2.21	(3)	0.87	0.85	3	3.01	2.64	14	1.04	0.81	28

**Explanatory Notes:**  
 (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 MLI 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 Directions issued by the Central Bank of Sri Lanka. Comparative figures have been restated where necessary to comply with the Central Bank guidelines.  
 (3) Non interest income - Foreign exchange gain/(loss) for the nine months ended 30.09.2009 is negative due to losses arising from a breach in operating procedures in the FCBU which have been fully accounted for during the 2nd quarter. Other operating income for the nine months ended 30.09.2009 has shown a significant increase due to income earned on trading in government securities and increases in business volumes of other banking activities.  
 (4) 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.  
 (5) No material events have taken place since Sep 30, 2009 that require disclosure or adjustments in these accounts and all known expenditures have been provided in these financial statements.  
 The above figures are provisional and subject to audit.

Debt category	Interest rate of comparable Govt. security (%) (30.09.2009)		Interest rate of comparable Govt. security (%) (30.09.2008)		Ratios of Debt	
	30.09.2009	31.12.2008 (Audited)	30.09.2009	31.12.2008 (Audited)	30.09.2009	30.09.2008
2006/10	10.59	18.11	18.11	18.11	49.50	13.12
2006/11	11.15	17.94	17.94	17.94	3.95	8.93
2006/12	11.29	17.58	17.58	17.58		
2008/13	11.48	16.79	16.79	16.79		
2009/13	11.38	16.88	16.88	16.88		

Regulatory Capital Adequacy	As at 30.09.2009		As at 31.12.2008 (Audited)	
	As at 30.09.2009	As at 31.12.2008 (Audited)	As at 30.09.2009	As at 31.12.2008 (Audited)
Core Capital (Tier 1 Capital), Rs.Mn.	3,683	3,934	4,002	4,254
Total Capital Base, Rs.Mn.	5,814	6,155	5,935	6,476
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	8.68%	9.73%	9.13%	10.31%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	13.23%	15.22%	13.54%	15.70%
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non-performing Advances Ratio, % (Net of Interest In Suspense)	7.45%	4.81%	7.43%	4.74%
Net Non-performing Advances Ratio, % (Net of Interest In Suspense and Provisions)	4.13%	1.86%	4.11%	1.83%
<b>Profitability</b>				
Interest Margin, %	4.65%	4.33%	-	-
Return on Assets, % (before Tax)	1.33%	1.31%	1.87%	1.49%
Return on Equity, %	12.19%	12.73%	15.20%	14.43%
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets, Rs. Mn.	16,817	14,928		
Statutory Liquid Assets Ratio, (%) (Minimum Requirement, 20%)				
Domestic Banking Unit (DBU)	25.88%	24.39%		
Foreign Currency Banking Unit (FCBU)	47.63%	37.85%		
Net Assets Value Per Share (Rs.)	24.09	23.47	27.39	25.89
<b>Market Price Per Share (Rs.)</b>				
Highest	30.09.2009 (Quarter ended)	30.09.2008 (Quarter ended)		
Lowest	34.50	35.50		
Last Traded Price	29.75	29.75		
	32.75	30.00		

Statement of Changes in Equity	Bank		Group	
	As at 30.09.2009	As at 31.12.2008 (Audited)	As at 30.09.2009	As at 31.12.2008 (Audited)
Balance as at 01.01.2008	2,061,554	2,061,554	2,061,554	2,061,554
Rights Issue of Shares	1,048,217	-	1,048,217	-
Dividend Paid for 2007	-	-	-	-
Net Profit for the Year	-	-	-	-
Balance as at 30.09.2008	3,109,771	56,679	3,109,771	56,679
Balance as at 01.01.2009	3,109,771	80,509	3,109,771	80,509
Dividend Paid for 2008	-	-	-	-
Exchange Equalisation of Reserve	-	-	(2,473)	(2,473)
Net Profit for the Year	-	-	358,154	358,154
Balance as at 30.09.2009	3,109,771	80,509	3,826,260	4,040,067
<b>Group</b>				
Balance as at 01.01.2008	2,061,554	9,500	2,061,554	9,500
Rights Issue of Shares	1,048,217	-	1,048,217	-
Dividend Paid for 2007	-	-	-	-
Net Profit for the Year	-	-	-	-
Balance as at 30.09.2008	3,109,771	9,500	3,109,771	9,500
Balance as at 01.01.2009	3,109,771	80,509	3,109,771	80,509
Dividend Paid for 2008	-	-	-	-
Exchange Equalisation of Reserve	-	-	(2,473)	(2,473)
Net Profit for the Year	-	-	504,878	504,878
Balance as at 30.09.2009	3,109,771	9,500	4,059,053	4,593,145

Segmental Information	Banking		Investment Banking		Others		Elimination/Allocated		Group	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008	30.09.2009	30.09.2008	30.09.2009	30.09.2008	30.09.2009	30.09.2008
<b>Total Revenue</b>	<b>10,310,123</b>	<b>8,609,482</b>	<b>1,282,991</b>	<b>2,159,684</b>	<b>68,752</b>	<b>68,964</b>	<b>(773,509)</b>	<b>(944,231)</b>	<b>10,888,357</b>	<b>9,893,899</b>
<b>Segment Results</b>										
Profit before Taxation	748,879	616,240	279,363	150,710	34,968	29,097	(33,588)	(37,800)	1,029,622	758,247
Taxation	(390,725)	(263,648)	(121,868)	(62,724)	(12,151)	(10,876)	-	-	(524,744)	(337,248)
Net Profit for the Year	358,154	352,592	157,495	87,986	22,817	18,221	(33,588)	(37,800)	504,878	420,999
<b>Segment Assets</b>	<b>71,151,255</b>	<b>68,057,489</b>	<b>4,475,434</b>	<b>15,140,805</b>	<b>764,540</b>	<b>741,472</b>	<b>(4,881,169)</b>	<b>(9,298,867)</b>	<b>71,510,060</b>	<b>74,640,899</b>
Goodwill	-	-	-	-	-	-	79,261	79,261	79,261	79,261
Total Assets	71,151,255	68,057,489	4,475,434	15,140,805	764,540	741,472	(4,801,908)	(9,219,606)	71,589,321	74,720,160
<b>Segment Liabilities</b>	<b>66,946,448</b>	<b>64,081,663</b>	<b>4,059,053</b>	<b>14,878,690</b>	<b>63,828</b>	<b>62,233</b>	<b>(4,237,893)</b>	<b>(8,638,999)</b>	<b>66,831,436</b>	<b>70,383,587</b>
Deferred Tax Liabilities	164,740	163,883	-	2,500	-	-	-	-	164,740	166,383
Total Liabilities	67,111,188	64,245,546	4,059,053	14,881,190	63,828	62,233	(4,237,893)	(8,638,999)	66,996,176	70,549,970

## BALANCE SHEET

As at	BANK			GROUP		
	30.09.2009		31.12.2008	30.09.2009		31.12.2008
	Rs. '000	Rs. '000 (Audited)	Change (%)	Rs. '000	Rs. '000 (Audited)	Change (%)
<b>On-Balance Sheet Assets</b>						
Cash in Hand	896,022	613,391	46	896,055	613,424	46
Balances with Central Bank of Sri Lanka	1,828,596	1,716,713	7	1,828,596	1,716,713	7
Due from Banks and Other Financial Institutions	8,175,868	13,087,245	(38)	5,441,831	8,179,103	(33)
Investments-Trading Account	9,198,396	1,160,103	693	11,186,788	8,054,497	39
Government Securities						
Investments-Held-to-Maturity	8,957,395	3,838,309	133	10,049,244	4,911,599	105
Government Securities	355,215	425,715	(17)	355,215	425,715	(17)
Other Securities	678,710	678,710	-	-	-	-