

NATIONS TRUST BANK PLC AND ITS FULLY OWNED SUBSIDIARIES

INCOME STATEMENT

	BANK						GROUP						
	Twelve months ended 31st December		Quarter ended 31st December		Twelve months ended 31st December		Quarter ended 31st December		Twelve months ended 31st December		Quarter ended 31st December		
	2009	2008 Change	2009	2008 Change	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 (%)	Rs. '000	Rs. '000 (%)	Rs. '000	Rs. '000 (%)	Rs. '000	Rs. '000 (%)
GROSS INCOME	13,285,998	11,965,448	11	2,975,875	3,355,966	(11)	13,955,543	13,877,449	1	3,067,186	3,983,550	(23)	
Interest Income	7,772,925	7,311,055	6	1,824,987	2,048,841	(11)	7,772,924	7,311,055	6	1,824,986	2,048,841	(11)	
Interest Income on Loans and Advances	3,838,029	2,993,471	28	800,404	908,621	(12)	4,255,369	4,783,116	(11)	881,279	1,482,532	(41)	
Interest Income on Other Interest	11,610,954	10,304,526	13	2,625,391	2,957,462	(11)	12,028,293	12,094,171	(1)	2,706,265	3,531,373	(23)	
Earning Assets	3,838,029	2,993,471	28	800,404	908,621	(12)	4,255,369	4,783,116	(11)	881,279	1,482,532	(41)	
Interest Expense	(4,027,201)	(3,379,004)	19	(990,034)	(900,674)	10	(4,027,202)	(3,379,004)	19	(990,035)	(900,674)	10	
Interest Expense on Deposits	(4,014,322)	(4,191,427)	(4)	(673,732)	(1,236,977)	(46)	(4,220,548)	(5,805,918)	(27)	(695,636)	(1,797,350)	(61)	
Interest Expense on Other Interest	(8,014,523)	(7,570,431)	6	(1,663,766)	(2,137,651)	(22)	(8,247,750)	(9,184,922)	(10)	(1,685,671)	(2,698,024)	(38)	
NET INTEREST INCOME	3,569,431	2,734,095	31	961,625	1,148,167	17	3,780,543	2,909,249	30	1,020,594	833,349	22	
Non-Interest Income	(538,792)	(495,546)	(209)	50,622	137,881	(63)	(538,792)	(495,546)	(209)	50,622	137,881	(63)	
Foreign Exchange Gain/(Loss)	2,213,836	1,165,376	90	289,862	260,623	15	2,466,042	1,287,732	92	310,299	314,296	(1)	
Other Operating Income	1,675,044	1,660,922	1	350,484	398,504	(12)	1,927,250	1,783,278	6	360,921	452,177	(20)	
NET INCOME	5,244,475	4,395,017	19	1,312,109	1,286,048	22	5,707,793	4,692,527	22	1,381,515	1,285,526	7	
Less: Non-Interest Expenses	(1,165,120)	(1,135,762)	3	323,817	341,376	(5)	(1,188,241)	(1,159,683)	2	(330,101)	(351,737)	(6)	
Personnel Costs	40,954	36,949	11	7,831	5,908	33	42,149	37,770	12	7,208	6,271	15	
Provision for Staff Retirement Benefits	775,209	598,227	30	185,934	188,268	(1)	776,803	620,894	25	174,005	191,464	(9)	
Premises, Equipment and Establishment Expenses	1,234,190	1,249,742	(1)	261,294	347,593	(25)	1,284,954	1,251,572	3	302,036	333,117	(9)	
Loss on Trading / Investment Securities	3,215,473	3,020,680	6	778,876	883,145	(12)	3,292,147	3,069,919	7	813,950	882,589	(8)	
Amortisation of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	
Less: Provision for Bad & Doubtful Debts and Loans Written Off	(34,483)	(34,882)	(200)	(11,242)	(6,629)	70	(43,615)	(34,582)	(226)	(20,374)	(6,629)	207	
Provision-General	847,262	436,316	94	179,281	109,452	64	847,261	436,316	94	179,280	109,452	64	
Provision-Specific	812,779	470,898	73	168,039	102,823	63	803,646	470,898	71	158,906	102,823	55	
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXES	1,216,223	903,439	35	365,194	232,347	57	1,612,000	1,151,710	40	409,259	300,114	36	
Less: Value Added Tax on Financial Services	(155,479)	(76,118)	104	(53,329)	(21,266)	151	(231,038)	(123,503)	88	(97,519)	(28,554)	94	
OPERATING PROFIT BEFORE CORPORATE TAX	1,060,744	827,321	28	311,865	211,081	48	1,380,962	1,028,207	34	351,340	270,260	30	
Less: Tax on Profits on Ordinary Activities	(58,943)	(350,713)	59	(168,218)	(87,065)	93	(694,891)	(435,388)	60	(170,147)	(98,140)	73	
OPERATING PROFIT FOR THE PERIOD	501,801	476,608	5	143,647	124,016	16	686,071	592,819	16	181,193	172,120	5	
Earnings Per Share - Basic (Rs.)	2.99	2.95	1	0.86	0.74	16	4.09	3.67	11	1.08	1.03	5	

Explanatory Notes:
 (1) The Group figures include those of the fully owned subsidiaries: Widdow Mackenzie Limited, Allied Properties Limited, Mercantile Leasing (Financial Services) Limited and Nations 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. Comparative figures have been restated where necessary to comply with the Central Bank guidelines.
 (3) Non-interest income - Foreign exchange gain / (loss) for the twelve months ended 31.12.2009 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 twelve months ended 31.12.2009 has shown a significant increase due to income earned on trading in government securities and increase in business volumes of other banking activities.
 (4) Subject to approval of the Shareholders at the forthcoming Annual General Meeting, the Directors recommended the payment of a first and final dividend of Rs. 1.50 per share for the year ended 31st December 2009.
 (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 31.12.2009 that require disclosure or adjustments in these accounts and all known expenditures have been provided in these financial statements.

Debt Information
 As at 31.12.2009, the Bank had debentures amounting to Rs. 2.0 Bn in issue (1.50 Bn as at 31.12.2008). The unsecured, Subordinated, Redeemable Debentures 2006/10, 2006/11, 2006/12, 2008/13 and 2009/13 (unsubordinated) of the Bank are listed in the Colombo Stock Exchange. However, these debentures have not been traded from the date of listing up to 31st December 2009.

Debt category	Interest rate of comparable Govt. security (%) (31.12.2009)	Interest rate of comparable Govt. security (%) (31.12.2008)	Ratios of Debt	31.12.2009	31.12.2008	
2006/10	9.34	20.28	Debt/Equity Ratio (%)	47.78	38.11	
2006/11	10.54	19.94		Interest Cover (Times)	4.03	6.58
2006/12	10.92	19.99				
2008/13	11.65	18.62				
2009/13	11.65	-				

SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 31.12.2009	As at 31.12.2008	As at 31.12.2009	As at 31.12.2008
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs.Mn.	4,184	3,934	4,688	4,254
Total Capital Base, Rs.Mn.	5,903	6,155	6,408	6,476
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	10.74%	9.73%	11.79%	10.31%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	15.14%	15.22%	16.11%	15.70%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-performing Advances Ratio, % (Net of Interest In Suspense)	8.53%	4.81%	8.47%	4.74%
Net Non-performing Advances Ratio, % (Net of Interest In Suspense and Provisions)	4.75%	1.86%	4.74%	1.83%
Profitability				
Interest Margin, %	4.85%	4.33%	-	-
Return on Assets, % (before Tax)	1.44%	1.31%	1.90%	1.49%
Return on Equity, %	12.59%	12.73%	15.20%	14.43%
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn.	16,849	13,558	-	-
Statutory Liquid Assets Ratio, (%) (Minimum Requirement, 20%)	28.17%	21.40%	-	-
Domestic Banking Unit (DBU)	40.24%	37.89%	-	-
Foreign Currency Banking Unit (FCBU)	24.96	23.47	28.48	25.89
Net Assets Value Per Share (Rs.)	31.12.2009 (Quarter ended)	31.12.2008 (Quarter ended)		
Market Price Per Share (Rs.)	39.50	30.00		
Highest	33.00	21.00		
Lowest	36.75	22.25		

SHAREHOLDERS INFORMATION

Twenty largest Shareholders as at 31st December 2009

Name of the Shareholder	No. of Shares	%
John Keells Holdings PLC.	33,542,937	20.00
Mackinnon & Keells	16,603,752	9.90
Financial Services Limited	16,491,250	9.83
Central Finance Company P.L.C.	16,005,214	9.54
Mr. Y.S.H.I K Silva.	10,773,290	6.42
CF Growth Fund Limited	6,278,122	3.74
CF Insurance Brokers (pvt) Ltd.	4,025,600	2.40
HSBC International Nominees Limited	3,842,600	2.29
- Credit Suisse AG Zurich	2,560,025	1.53
First Capital Treasuries Ltd	2,521,486	1.50
Mr. A.M.A. Alimshaal	2,000,000	1.19
Herayim Investments Ltd	1,899,000	1.13
BNY J.P. Morgan Clearing Corporation	1,756,000	1.05
M.M.F. Hashim.	1,746,700	1.04
HSBC International Nominees Limited	1,720,680	1.03
- SSBF - Deutsche Bank AG Singapore A/C 01	1,632,000	0.97
Mr. M.J. Fernando.	1,301,100	0.78
Renuka City Hotels Limited	1,197,000	0.71
Freudenberg Shipping Agencies Limited	1,170,033	0.70
Employee Trust Fund Board	1,028,200	0.61
Mrs. B. Thapar	128,095,259	78.38
Janashakti Insurance PLC (Shareholders)	39,619,413	23.62
Others	167,714,672	100.00

Percentage of public holding as at 31st December 2009 was 78.39%

Director's holding in shares as at 31st December 2009

Name of Director	No. of Shares
Mr. A.D. Gunewardene	2,583,366
Mr. E.H. Wijenaike	15,414
Mr. J.R.F. Peiris	-
Mr. A.K. Gunaratne	14,133
Mr. A.R. Rasiah	16,304
Dr. D. Weerakoon	-
Mr. E. Wickremasinghe	-
Mr. K.N.J. Balendra	-
Mr. S.G. Rajakaruna	-
Mr. C.H.S.K. Piyaratna	67,066

STATEMENT OF CHANGES IN EQUITY

	BANK		GROUP	
	Stated Capital	Capital Reserve	Reserve Fund	Revenue Reserve
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Bank				
Balance as at 31st December 2007	2,061,554	-	56,679	460,615
Rights Issue of Shares	1,048,217	-	-	2,578,848
Dividend Paid for 2007	-	-	-	(167,715)
Profit for the Year	-	-	-	476,608
Transfers during the Year	-	-	23,830	476,608
Balance as at 31st December 2008	3,109,771	-	80,509	745,678
Dividend Paid for 2008	-	-	-	(251,572)
Profit for the Year	-	-	-	501,801
Transfers during the Year	-	-	25,090	(25,090)
Balance as at 31st December 2009	3,109,771	-	105,599	970,817
Group				
Balance as at 31st December 2007	2,061,554	9,500	56,679	740,958
Rights Issue of Shares	1,048,217	-	-	2,868,691
Dividend Paid for 2007	-	-	-	(167,715)
Profit for the Year	-	-	-	593,119
Transfers during the Year	-	-	23,830	(23,830)
Balance as at 31st December 2008	3,109,771	9,500	80,509	1,142,532
Dividend Paid for 2008	-	-	-	(251,572)
Profit for the Year	-	-	-	686,071
Transfers during the Year	-	-	25,090	(25,090)
Balance as at 31st December 2009	3,109,771	9,500	105,599	1,551,941

SEGMENTAL INFORMATION

	BANKING		INVESTMENT BANKING		OTHERS		ELIMINATION/ALLOCATED		GROUP	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
In Rs. '000	13,285,998	11,965,448	1,451,218	3,013,586	106,631	90,860	(888,304)	(1,192,445)	13,955,543	13,877,449
Total Revenue	13,285,998	11,965,448	1,451,218	3,013,586	106,631	90,860	(888,304)	(1,192,445)	13,955,543	13,877,449
Segment Results										
Profit before Taxation	1,060,744	827,321	299,360	186,987	45,314	39,578	(24,456)	(25,379)	1,380,962	1,028,507
Taxation	(58,943)	(350,713)	(120,545)	(70,232)</						