

# NATIONS TRUST BANK PLC AND ITS FULLY OWNED SUBSIDIARIES

## INCOME STATEMENT

	BANK			GROUP		
	2010 Rs. '000	2009 Rs. '000	Change (%)	2010 Rs. '000	2009 Rs. '000	Change (%)
For the three months ended March 31	2,805,757	3,437,413	(18)	2,893,272	3,664,588	(21)
<b>GROSS INCOME</b>						
Interest Income	1,576,953	2,020,349	(22)	1,576,953	2,020,349	(22)
Interest Income on Loans and Advances	814,465	867,994	(6)	822,242	1,031,142	(14)
Interest Income on Other Interest Earning Assets	2,391,358	2,898,343	(17)	2,458,195	3,051,491	(19)
Interest Expense	(802,112)	(925,230)	(13)	(802,112)	(925,230)	(13)
Interest Expense on Deposits	(590,069)	(1,108,412)	(47)	(594,107)	(1,221,486)	(51)
Interest Expense on Other Interest Bearing Liabilities	(1,392,172)	(2,033,642)	(32)	(1,396,219)	(2,146,716)	(35)
<b>NET INTEREST INCOME</b>	999,186	854,701	17	1,062,976	904,775	17
Non-Interest Income	60,415	160,157	(62)	60,415	160,157	(62)
Foreign Exchange Gain/(Loss)	353,384	338,913	(9)	373,862	452,940	(18)
Other Operating Income	414,339	549,070	(25)	434,077	613,097	(29)
<b>NET INCOME</b>	1,413,585	1,403,771	1	1,497,053	1,517,872	(1)
Less: Non-Interest Expenses						
Personnel Costs	337,945	328,890	3	344,079	334,242	3
Provision for Staff Retirement Benefits	11,770	11,599	1	12,095	11,935	1
Premises, Equipment and Establishment Expenses	192,138	182,273	5	195,846	191,235	2
Loss on Trading / Investment Securities	-	-	-	-	-	-
Amortisation of Intangible Assets	297,668	306,433	(3)	300,002	310,608	(3)
Other Operating Expenses	839,520	829,195	1	852,022	848,120	0
<b>Less: Provision for Bad &amp; Doubtful Debts and Loans Written Off</b>						
Provision-General	21,951	6,586	233	17,980	6,586	173
Provision-Specific	96,658	258,587	(63)	96,658	258,587	(63)
	118,609	265,173	(55)	114,638	265,173	(57)
<b>OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXES</b>	455,456	309,403	47	530,393	404,579	31
Less: Value Added Tax on Financial Services	(81,487)	(55,693)	46	(93,767)	(72,773)	29
<b>OPERATING PROFIT BEFORE CORPORATE TAX</b>	373,969	253,710	47	436,626	331,806	32
Less: Tax on Profits on Ordinary Activities	(198,619)	(117,573)	69	(222,566)	(151,669)	47
<b>OPERATING PROFIT FOR THE PERIOD</b>	175,350	136,137	29	214,060	180,137	19
Earnings Per Share - Basic (Rs.)	1.01	0.78	29	1.23	1.04	19

**Explanatory Notes:**

- The Group figures include those of the fully owned subsidiaries, Waldoor Mackenzie Limited, Allied Properties Limited, Mercantile Leasing (Financial Services) Limited and Nations Insurance Brokers Limited (formerly MLL Insurance Brokers Limited).
- 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.
- There are no material changes to contingent assets and liabilities since 31.12.2009 and the balance reflected are due to transactions carried out in the normal course of Banking Business.
- 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.
- No material events have taken place since 31.03.2010 that require disclosure and adjustments in these accounts and all known expenditures have been provided in these financial statements.
- There are no changes in the accounting policies and methods of computation as disclosed in the Annual Report for the year ended 31st December 2009 and these interim financials are presented in accordance with SLAS 35 - Interim Financial Reporting.
- During the 1st quarter 2010 through warrant conversion, 41,928,668 ordinary shares were issued and added to the stated capital. The above figures are provisional and subject to audit.

## DEBENTURE INFORMATION

The unsecured, subordinated, redeemable debentures 2006/11, 2006/12, 2008/13 and 2009/13 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 March 2010.

Debenture Category	Interest rate of comparable Govt. security % (31.03.2010)	Interest rate of comparable Govt. security % (31.03.2009)
2006/11	9.68	16.80
2006/12	10.44	16.55
2008/13	11.30	16.80
2009/13	11.02	-

Ratios of Debt	31.03.2010	31.03.2009
Debt/Equity Ratio (%)	34.59	39.26
Interest Cover (Times)	5.18	4.67

## SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 31.03.2010	As at 31.12.2009 (Audited)	As at 31.03.2010	As at 31.12.2009 (Audited)
<b>Regulatory Capital Adequacy</b>				
Core Capital (Tier 1 Capital), Rs. Mn.	5,128	4,184	5,631	4,688
Total Capital Base, Rs. Mn.	6,791	5,903	7,296	6,408
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	11.40%	10.74%	12.38%	11.79%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	15.09%	15.14%	15.94%	16.11%
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non-performing Advances Ratio, % (Net of Interest In Suspense)	7.08%	8.53%	7.02%	8.47%
Net Non-performing Advances Ratio, % (Net of Interest In Suspense and Provisions)	3.81%	4.75%	3.81%	4.74%
<b>Profitability</b>				
Interest Margin, %	5.54%	4.85%	-	-
Return on Assets, % (before Tax)	2.07%	1.44%	2.40%	1.90%
Return on Equity, %	14.78%	12.59%	15.99%	15.20%
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets, Rs. Mn.	15,865	16,849	-	-
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)	26.73%	28.17%	-	-
Domestic Banking Unit (DBU)	42.58%	40.24%	-	-
Foreign Currency Banking Unit (FCBU)	25.30	24.96	-	-
Net Assets Value Per Share (Rs.)	31.03.2010	31.03.2009	28.31	28.48
<b>Market Price Per Share (Rs.)</b>	(Quarter ended)	(Quarter ended)		
Highest	39.75	28.75	-	-
Lowest	34.50	22.00	-	-
Last Traded Price	35.00	23.75	-	-

## SHAREHOLDERS INFORMATION

Twenty largest Shareholders as at 31st March 2010

Name of the Shareholder	No. of Shares	%
John Keells Holdings PLC	41,928,670	20.00
Mackinnon & Keells Financial Services Limited.	20,754,690	9.90
Mr. Y.S.H.K. Silva	20,196,042	9.63
Central Finance Company PLC	19,532,440	9.32
CF Growth Fund Limited	13,466,612	6.42
CF Insurance Brokers (pvt) Limited	8,929,612	4.26
HSBC International Nominees Limited - Credit Suisse AG Zurich - Uma Kumar Sharma	5,660,300	2.70
Mr. A.D. Gunawardene	4,621,272	2.20
HSBC International Nominees Limited - Credit Suisse AG Zurich	4,025,600	1.92
HSBC International Nominees Limited - SSBT - Deutsche Bank AG Singapore A/C 01	2,637,700	1.26
Mr. A.M.A. Almeshal	2,534,425	1.21
Mr. M.J. Fernando	2,150,890	1.03
Mr. M. F. Hashim	2,083,725	0.99
Heramilia Investments Limited	2,025,000	0.97
BNY J.P. Morgan Clearing Corporation	1,899,000	0.91
Renuka City Hotels Limited	1,858,750	0.89
Janashakti Insurance PLC (Shareholders)	1,568,200	0.75
Employee Trust Fund Board	1,513,200	0.72
Bank of Ceylon-NO2 A/C	1,401,700	0.67
Mr. N.R. Somaja	1,320,624	0.63
Others	160,108,412	76.37
Total	49,534,928	23.63
Total	209,643,340	100.00

Percentage of public holding as at 31st March 2010 was 77.69%

Director's holding in shares as at 31st March 2010

Name of Director	No. of Shares
Mr. A.D. Gunawardene	4,621,272
Mr. E.H. Wijenake	9,635
Mr. K.N.J. Balendra	-
Mr. J.R.F. Peiris	-
Mr. A.K. Gunaratne	17,666
Mr. S.G. Rajakaruna (Director / CEO)	-
Mr. C.H.S.K. Piyaratna	83,832
Mr. A.R. Rasiah	16,304
Dr. (Ms.) D. Weerakoon	-
Mr. M.E. Wickremesinghe	-

## BALANCE SHEET

As at	BANK			GROUP		
	31.03.2010 Rs. '000	31.12.2009 Rs. '000	Change (%)	31.03.2010 Rs. '000	31.12.2009 Rs. '000	Change (%)
<b>On-Balance Sheet Assets</b>						
Cash in Hand	832,019	865,510	(4)	832,052	865,518	(4)
Balances with Central Bank of Sri Lanka	2,134,073	2,043,624	4	2,134,073	2,043,624	4
Due from Banks and Other Financial Institutions	7,616,418	9,488,118	(20)	5,036,872	6,875,107	(27)
Investments-Trading Account						
Government Securities	11,916,645	9,638,564	24	13,662,859	11,437,873	19
Investments-Held-to-Maturity						
Government Securities	9,698,155	8,939,492	8	10,800,974	10,030,393	8
Other Securities	357,609	355,215	1	357,609	355,215	1
Investments in Subsidiaries	678,710	678,710	-	-	-	-
<b>Total Loans and Advances</b>	357,609	355,215	1	357,609	355,215	1
<b>Total Performing Loans and Advances</b>	678,710	678,710	-	-	-	-
Bills of Exchange	285,448	145,116	97	285,448	145,116	97
Overdrafts	7,120,085	5,416,991	31	7,120,085	5,416,991	31
Lease Rentals Receivable within One Year	2,610,879	3,310,695	(21)	2,610,940	3,310,756	(21)
Lease Rentals Receivable after One Year	4,388,444	3,975,597	10	4,388,444	3,975,597	10
Other Loans	21,882,583	20,485,784	5	21,882,138	20,748,271	5
<b>Total Non-performing Loans and Advances</b>	35,987,439	33,334,183	8	36,267,055	33,596,731	8
Overdrafts	562,899	621,589	(9)	562,899	621,589	(9)
Lease Rentals Receivable	1,381,945	1,116,049	24	1,381,945	1,116,049	24
Other Loans	1,338,878	1,736,990	(23)	1,338,878	1,736,990	(23)
Interest Receivable	288,461	288,610	(3)	288,461	288,610	(3)
<b>Total Gross Loans and Advances</b>	39,551,622	37,096,521	7	39,831,238	37,359,069	7
Less:						
Interest In Suspense	(824,143)	(654,810)	26	(824,143)	(654,810)	26
Specific Loan Loss Provisions	(963,585)	(1,097,573)	(12)	(963,585)	(1,097,573)	(12)
General Loan Loss Provisions	(302,044)	(280,130)	8	(288,941)	(270,998)	7
<b>Net Loans and Advances</b>	37,461,850	35,064,008	7	37,754,569	35,335,688	7
Other Assets	1,572,162	904,609	74	1,648,931	935,537	76
Deferred Assets	307,363	307,363	-	307,363	307,363	-
Intangible Assets	-	-	-	-	-	-
Property, Plant and Equipment	1,637,857	1,693,017	(3)	2,180,700	2,238,768	(3)
<b>Total on Balance Sheet Assets</b>	74,212,881	69,978,230	6	74,795,103	70,504,348	6
<b>On Balance Sheet Liabilities</b>						
<b>Total Deposits</b>						
Demand Deposits	5,978,331	4,722,675	27	5,978,331	4,722,675	27
Savings Deposits	5,717,864	5,631,952	2	5,717,864	5,631,952	2
Time Deposits	32,204,566	33,866,945	(5)	32,204,566	33,866,945	(5)
Margin Deposits	171,567	203,563	(16)	171,567	203,563	(16)
<b>Total Deposits</b>	44,072,348	44,425,135	(1)	44,072,348	44,425,135	(1)
<b>Total Borrowings</b>						
Borrowings from the Central Bank of Sri Lanka	4,490	5,853	(23)	4,490	5,853	(23)
Borrowings from Banks and Financial Institutions in Sri Lanka	118,050	1,311,398	(91)	118,050	1,311,398	(91)
Borrowings from Banks and Financial Institutions Abroad	513,391	348,369	47	513,391	348,369	47
Securities Sold Under Repurchase Agreements	14,196,828	10,475,037	36	14,196,828	10,475,037	36
Subordinated Term Debt	1,940,925	2,105,925	(8)	1,940,925	2,105,925	(8)
Other Borrowings	2,600,485	2,775,055	(6)	2,600,485	2,775,055	(6)
<b>Total Borrowings</b>	19,374,169	17,021,637	14	19,374,169	17,021,635	14
Deferred Taxation	291,130	291,130	-	291,130	291,130	-
Current Taxation	629,334	493,554	28	629,334	493,554	28
Other Liabilities	4,450,458	3,560,587	28	4,439,390	3,441,892	29
<b>Total on Balance Sheet Liabilities</b>	68,907,949	65,792,043	5	68,860,837	65,727,537	5
<b>Equity capital and reserves</b>						
Statutory Reserve	4,367,631	3,109,771	40	4,367,631	3,109,771	40
Statutory Reserve Fund	105,599	105,599	-	105,599	105,599	-
Total Other Reserves	831,702	970,817	(14)	1,461,036	1,561,441	(6)
<b>Total on Balance Sheet Liabilities and equity capital and reserves</b>	5,304,932	4,186,187	27	5,934,266	4,776,811	24
<b>On Balance Sheet Items and contra accounts</b>						
Contingencies	27,035,808	23,969,018	13	27,035,808	23,969,018	13
Commitments and Contra Accounts	26,527,878	27,546,572	(7)	26,527,878	27,546,572	(7)
	52,563,363	51,515,590	2	5		