

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	
	2010	2009 Change	2010	2009 Change	2010	2009 Change	2010	2009 Change
	Rs. '000	Rs. '000 (%)	Rs. '000	Rs. '000 (%)	Rs. '000	Rs. '000 (%)	Rs. '000	Rs. '000 (%)
GROSS INCOME	5,791,098	6,904,841 (16)	2,985,341	3,467,428 (14)	5,911,481	7,371,729 (20)	3,018,210	3,707,140 (19)
Interest Income	3,150,060	3,991,824 (21)	1,581,107	1,971,475 (20)	3,150,060	3,991,824 (21)	1,581,107	1,971,475 (20)
Interest Income on Loans and Advances	1,700,390	2,039,395 (17)	885,985	1,171,401 (24)	1,842,369	2,315,439 (20)	960,128	1,284,296 (25)
Interest Income on Other Interest Earning Assets	4,850,450	6,031,219 (19)	2,467,092	3,142,876 (22)	5,000,429	6,307,262 (21)	2,541,235	3,255,771 (22)
Interest Expense	(1,504,514)	(1,980,628) (24)	(702,402)	(1,055,399) (33)	(1,504,514)	(1,980,628) (24)	(702,402)	(1,055,399) (33)
Interest Expense on Deposits	(1,273,376)	(2,377,776) (46)	(683,316)	(1,269,364) (46)	(1,280,727)	(2,548,605) (50)	(686,820)	(1,327,119) (48)
Interest Expense on Other Interest Bearing Liabilities	(2,277,890)	(4,358,494) (36)	(1,385,718)	(2,324,763) (40)	(2,280,727)	(4,529,233) (39)	(1,389,022)	(2,382,518) (42)
NET INTEREST INCOME	2,080,560	1,672,815 24	1,081,374	818,113 32	2,215,188	1,778,029 25	1,152,213	873,253 32
Non-Interest Income	120,990	(640,281) 119	80,575	(800,438) 108	120,990	(640,281) 119	80,575	(800,438) 108
Foreign Exchange Gain/(Loss)	811,858	1,513,904 (46)	457,874	1,124,950 (59)	790,862	1,704,747 (54)	416,408	1,251,807 (67)
Other Operating Income	932,648	873,623 7	518,249	324,552 60	911,552	1,064,467 (14)	476,975	451,369 6
NET INCOME	3,013,208	2,546,438 18	1,599,623	1,142,665 40	3,126,240	2,842,496 10	1,629,188	1,324,622 23
Less: Non-Interest Expenses	739,306	544,051 36	401,361	215,161 87	752,080	555,099 35	408,001	220,757 85
Personnel Costs	22,465	22,501 (0)	10,695	10,902 (2)	23,050	23,578 (2)	10,954	11,643 (6)
Provision for Staff Retirement Benefits	376,822	383,517 (2)	184,684	201,244 (8)	384,668	401,284 (4)	188,822	210,050 (10)
Premises, Equipment and Establishment Expenses	580,465	600,447 (3)	282,798	294,014 (4)	584,659	607,038 (4)	284,656	296,429 (4)
Loss on Trading / Investment Securities	1,719,058	1,550,516 (11)	879,538	721,321 (22)	1,744,457	1,586,999 (10)	892,433	738,879 (21)
Amortisation of Intangible Assets								
Other Operating Expenses								
Less: Provision for Bad & Doubtful Debts and Loans Written Off	36,158	(9,251) 491	14,208	(15,838) 190	29,421	(9,251) 418	11,441	(15,838) 172
Provision-General	175,806	476,636 (63)	79,148	218,049 (64)	175,806	476,636 (63)	79,148	218,049 (64)
Provision-Specific	211,964	467,385 (55)	93,356	202,211 (54)	205,227	467,385 (56)	90,589	202,211 (55)
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXES	1,082,186	528,537 105	626,729	219,133 186	1,176,556	788,112 49	646,165	383,532 68
Less: Value Added Tax on Financial Services	(213,299)	(105,704) 102	(131,812)	(50,011) 164	(232,958)	(153,403) 52	(139,191)	(80,630) 73
OPERATING PROFIT BEFORE CORPORATE TAX	868,887	422,833 105	494,917	169,122 193	943,598	634,709 49	506,975	302,902 67
Less: Tax on Profits on Ordinary Activities	(425,191)	(211,407) 101	(226,572)	(93,834) 141	(449,445)	(303,786) 48	(226,879)	(152,117) 49
OPERATING PROFIT FOR THE PERIOD	443,696	211,426 110	268,345	75,288 256	494,153	330,923 49	280,096	150,785 86
Earnings Per Share - Basic (Rs.)	2.31	1.26 83	1.30	0.45 190	2.58	1.97 31	1.34	0.90 49
Earnings Per Share - Diluted (Rs.)	2.25	- - -	- - -	- - -	2.51	- - -	- - -	- - -

Explanatory Notes:
 (1) The Group figures include those of the fully owned subsidiaries, Widdow Macdonald Limited, Allied Properties Limited, Mercantile Leasing (Financial Services) Limited and Nations Insurance Brokers Limited (Formerly M.L. 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) There are no material changes to contingent assets and liabilities since 31.12.2009 and the balances reflected are due to transactions carried out in the normal course of banking business.
 (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 30.06.2010 that require disclosure or adjustments in these accounts and all known expenditures have been provided in these financial statements.
 (6) 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.
 (7) During the 1st quarter 2010 through warrant conversion, 41,828,668 ordinary shares were issued and added to the Stated Capital.
 The above figures are provisional and subject to audit.

Debt category	Interest rate of comparable Govt. security % (30.06.2010)		Interest rate of comparable Govt. security % (30.06.2009)		Ratios of Debt	
	30.06.2010	31.12.2009 Audited	30.06.2010	31.12.2009 Audited	30.06.2010	30.06.2009
2006/11	9.10	12.94			Debt/Equity Ratio (%)	32.87
2006/12	9.47	13.13			Interest Cover (Times)	5.91
2008/13	9.80	13.24				
2009/13	9.75	13.10				

SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 30.06.2010	As at 31.12.2009 Audited	As at 30.06.2010	As at 31.12.2009 Audited
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs.Mn.	5,128	4,184	5,631	4,688
Total Capital Base, Rs.Mn.	6,536	5,903	7,025	6,408
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	11.37%	10.74%	12.27%	11.79%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	14.49%	15.14%	15.31%	16.11%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-performing Advances Ratio, % (Net of Interest In Suspense)	6.12%	8.53%	6.07%	8.47%
Net Non-performing Advances Ratio, % (Net of Interest In Suspense and Provisions)	3.17%	4.75%	3.19%	4.74%
Profitability				
Interest Margin, %	5.47%	4.85%	-	-
Return on Assets, % (before Tax)	2.28%	1.44%	2.46%	1.90%
Return on Equity, %	17.58%	12.59%	17.40%	15.20%
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn.	17,227	16,849		
Statutory Liquid Assets Ratio, (%) (Minimum Requirement, 20%)	30.14%	28.17%		
Domestic Banking Unit (DBU)	41.81%	40.24%		
Foreign Currency Banking Unit (FCBU)	26.63	24.96	29.69	28.48
Net Assets Value Per Share (Rs.)	30.06.2010 (Quarter ended)	30.06.2009 (Quarter ended)		
Highest	57.50	36.50		
Lowest	34.00	23.75		
Last Traded Price	55.00	30.50		

STATEMENT OF CHANGES IN EQUITY

	Bank		Group	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Bank				
Balance as at 01.01.2009	3,109,771	80,509	745,678	3,935,959
Dividend Paid for 2009	-	-	(251,572)	(251,572)
Exchange Equalisation of Reserve	-	-	(2,473)	(2,473)
Net Profit for the Year	3,109,771	80,509	(2,473)	211,426
Balance as at 30.06.2009	3,109,771	80,509	705,532	3,893,339
Balance as at 01.01.2010	3,109,771	105,599	970,817	4,186,187
Dividend Paid for 2009	1,257,860	-	(314,465)	(314,465)
2010 Warrant Conversion	-	-	443,696	443,696
Net Profit for the Year	-	-	8,962	8,962
Exchange Equalisation of Reserve	-	-	8,962	8,962
Balance as at 30.06.2010	4,367,631	105,599	1,100,048	5,582,240
Group				
Balance as at 01.01.2009	3,109,771	9,500	1,142,532	4,342,312
Dividend Paid for 2009	-	-	(251,572)	(251,572)
Exchange Equalisation of Reserve	-	-	(2,473)	(2,473)
Net Profit for the Year	3,109,771	9,500	330,923	330,923
Balance as at 30.06.2009	3,109,771	9,500	1,221,883	4,419,190
Balance as at 01.01.2010	3,109,771	9,500	1,551,941	4,778,811
Dividend Paid for 2009	-	-	(314,465)	(314,465)
2010 Warrant Conversion	1,257,860	-	494,153	494,153
Net Profit for the Year	-	-	8,962	8,962
Exchange Equalisation of Reserve	-	-	8,962	8,962
Balance as at 30.06.2010	4,367,631	9,500	1,731,829	6,223,321

SEGMENTAL INFORMATION

	BANKING		INVESTMENT BANKING		OTHERS		ELIMINATION/ALLOCATED		GROUP	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009	30.06.2010	30.06.2009	30.06.2010	30.06.2009	30.06.2010	30.06.2009
Total Revenue	5,791,098	6,904,841	319,411	958,584	44,201	45,766	(243,230)	(537,463)	5,911,481	7,371,729
Segment Results										
Profit before Taxation	868,887	422,833	93,577	187,828	23,534	24,048	(42,400)	-	943,598	634,709
Taxation	(425,191)	(211,407)	(41,941)	(83,924)	(6,690)	(8,455)	24,377	-	(449,445)	(303,786)
Net Profit for the Year	443,696	211,426	51,636	103,904	16,844	15,593	(18,023)	-	494,153	330,923
Segment Assets	78,058,360	77,294,976	4,474,125	6,894,836	780,382	770,040	(4,758,494)	(9,838,163)	78,554,373	75,121,688
Goodwill	-	-	-	-	-	-	79,261	79,261	79,261	79,261
Total Assets	78,058,360	77,294,976	4,474,125	6,894,836	780,382	770,040	(4,679,233)	(9,758,902)	78,633,634	75,200,949
Segment Liabilities	72,219,275	73,202,904	4,030,290	6,502,546	63,584	67,455	(4,159,681)	(9,189,879)	72,153,468	70,583,026
Deferred Tax Liabilities	256,845	198,733	-	-	-	-	-	-	256,845	198,733
Total Liabilities	72,476,120	73,401,637	4,030,290	6,502,546	63,584	67,455	(4,159,681)	(9,189,879)	72,410,313	70,781,759

BALANCE SHEET

As at	BANK			GROUP		
	30.06.2010		31.12.2009 Change	30.06.2010		31.12.2009 Change
	Rs. '000	Rs. '000 (%)	(Audited)	Rs. '000	Rs. '000 (%)	
On-Balance Sheet Assets						
Cash in Hand	836,869	865,510 (3)	836,902	865,518 (3)		
Balances with Central Bank of Sri Lanka	2,378,066	2,043,624 (16)	2,378,066	2,043,624 (16)		
Due from Banks and Other Financial Institutions	5,406,126	9,488,118 (43)	3,101,999	6,875,107 (55)		
Investments-Trading Account	16,260,607	9,638,564 (69)	17,725,709	11,437,873 (55)		
Government Securities	9,701,659	8,939,492 (9)	10,803,532	10,030,393 (8)		
Investments-Held-to-Maturity	240,097	355,215 (32)	240,097	355,215 (32)		
Government Securities	678,710	678,710 -	-	- -		
Other Securities	-	- -	-	- -		
Investments in Subsidiaries	-	- -	-	- -		
Total Loans and Advances	253,832	145,116 75	253,832	145,116 75		
Total Performing Loans and Advances	8,590,711	5,416,991 59	8,590,711	5,416,991 59		
Bills of Exchange	2,862,417	3,310,695 (14)	2,862,417	3,310,756 (14)		
Overdrafts	4,053,772	3,975,597 2	4,053,772	3,975,597 2		
Lease Rentals Receivable within One Year	22,498,604	20,485,784 (10)	22,818,157	20,748,271 (10)		
Lease Rentals Receivable after One Year	38,259,336	33,334,183 (15)	38,576,889	33,596,732 (15)		
Other Loans	524,582	621,589 (16)	524,582	621,589 (16)		
Lease Rentals Receivable	1,122,294	1,116,049 1	1,122,294	1,116,049 1		
Other Loans	1,330,110	1,736,090 (23)	1,330,110	1,736,090 (23)</		