

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	
	2010	2009 Change	2010	2009 Change	2010	2009 Change	2010	2009 Change
	Rs. '000	(%)	Rs. '000	(%)	Rs. '000	(%)	Rs. '000	(%)
GROSS INCOME	9,827,186	10,310,123 (12)	3,236,089	3,405,281 (5)	9,256,922	10,888,357 (15)	3,345,441	3,516,627 (5)
Interest Income	4,866,029	5,947,938 (18)	1,707,970	1,956,114 (13)	4,866,029	5,947,938 (18)	1,707,970	1,956,114 (13)
Interest Income on Loans and Advances	2,531,545	2,988,175 (15)	831,155	911,334 (9)	2,758,781	3,324,640 (17)	916,412	971,756 (6)
Interest Income on Other Interest Earning Assets	7,977,574	8,936,113 (17)	2,539,125	2,867,448 (11)	7,624,810	9,272,578 (18)	2,624,382	2,927,870 (10)
Interest Expense	(2,211,715)	(3,037,167) (27)	(707,202)	(1,056,539) (33)	(2,211,715)	(3,037,167) (27)	(707,202)	(1,056,539) (33)
Interest Expense on Deposits	(1,962,626)	(3,370,430) (42)	(689,249)	(992,654) (31)	(1,978,480)	(3,554,752) (44)	(697,752)	(1,006,147) (31)
Interest Expense on Other Interest Bearing Liabilities	(4,174,341)	(6,407,597) (35)	(1,398,451)	(2,049,193) (32)	(4,190,195)	(6,591,919) (36)	(1,404,954)	(2,062,686) (32)
NET INTEREST INCOME	3,223,233	2,528,516 27	1,412,674	818,255 40	3,434,615	2,680,659 28	1,219,428	865,184 41
Non-Interest Income	192,069	(589,414) 133	72,079	50,867 42	192,069	(589,414) 133	72,079	50,867 42
Foreign Exchange Gain/(Loss)	1,436,543	1,963,424 (27)	624,885	486,966 28	1,436,543	2,205,193 (35)	648,980	537,890 21
Other Operating Income	1,629,612	1,374,010 19	696,964	537,833 30	1,632,112	1,615,779 1	721,059	588,757 22
NET INCOME	4,852,845	3,902,526 24	1,839,638	1,356,088 36	5,066,727	4,296,438 18	1,940,487	1,453,941 33
Less: Non-Interest Expenses	1,176,398	841,303 40	437,092	297,252 47	1,195,746	858,140 39	443,666	303,041 46
Personnel Costs	33,631	33,123 2	11,166	10,622 5	34,466	34,941 (1)	11,417	11,363 0
Provision for Staff Retirement Benefits	568,982	589,275 (3)	192,160	205,758 (7)	580,356	602,798 (4)	195,689	201,513 (3)
Premises, Equipment and Establishment Expenses	995,440	943,056 6	414,975	342,609 21	1,006,320	953,078 6	421,661	346,041 22
Loss on Trading / Investment Securities	2,714,451	2,406,757 15	1,055,393	856,241 23	2,816,888	2,448,957 15	1,072,433	861,958 24
Amortisation of Intangible Assets	-	-	-	-	-	-	-	-
Other Operating Expenses	-	-	-	-	-	-	-	-
Less: Provision for Bad & Doubtful Debts and Loans Written Off	67,070	(23,241) 389	30,911	(13,990) 321	58,596	(23,241) 352	29,175	(13,990) (309)
Provision-General	170,844	667,981 (74)	(4,963)	191,345 (103)	170,844	667,981 (74)	(4,963)	191,345 (103)
Provision-Specific	237,914	644,740 (63)	25,948	177,355 (85)	229,440	644,740 (64)	24,212	177,355 (86)
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXES	1,840,480	851,029 116	758,297	322,492 135	2,020,399	1,202,741 68	843,842	414,628 104
Less: Value Added Tax on Financial Services	(362,825)	(102,150) 255	(149,526)	(39,261) 281	(400,092)	(173,119) 131	(167,134)	(62,532) 167
OPERATING PROFIT BEFORE CORPORATE TAX	1,477,655	748,879 97	608,771	283,231 115	1,620,307	1,029,622 57	676,708	352,096 92
Less: Tax on Profits on Ordinary Activities	(723,256)	(390,725) 85	(298,065)	(136,502) 118	(771,896)	(524,744) 47	(322,451)	(178,143) 81
OPERATING PROFIT FOR THE PERIOD	754,399	358,154 111	310,706	146,729 112	848,411	504,878 68	354,257	173,953 104
Earnings Per Share - Basic (Rs.)	3.81	2.14 79	1.50	0.87 71	4.29	3.01 42	1.71	1.04 65
Earnings Per Share - Diluted (Rs.)	3.70	-	-	-	4.16	-	-	-

Explanatory Notes:
 (1) The Group figures include those of the fully owned subsidiaries, Waldox Mackenzie Limited, Allied Properties Limited, Mercantile Leasing (Financial Services) Limited and Nations Insurance Brokers Limited (formerly M.L.I. 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 preferential 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 30.09.2010 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 compilation as disclosed in the Annual Report for the year ended 31st December 2009 and these interim financial statements are presented in accordance with SLAS 35 - Interim Financial Reporting.
 (7) During the 1st quarter 2010 through warrant conversion, 41,926,668 ordinary shares were issued and added to the Statistal capital.
 The above figures are provisional and subject to audit.

Debtenture Information
 The unsecured, Subordinated, Redeemable Debtentures 2006/11, 2006/12 2008/13 and 2009/13 of the Bank are listed in the Colombo Stock Exchange. However, these debtentures have not been traded from the date of listing up to 30th September 2010

Debtenture category	Interest rate of comparable Govt. security % (30.09.2010)	Interest rate of comparable Govt. security % (30.09.2009)	Ratios of Debt	30.09.2010	30.09.2009
2006/11	7.50	11.15	Debt/Equity Ratio (%)	31.19	49.50
2006/12	7.77	11.29	Interest Cover (Times)	6.56	3.95
2008/13	8.10	11.48			
2009/13	8.03	11.38			

SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 30.09.2010	As at 31.12.2009 (Audited)	As at 30.09.2010	As at 31.12.2009 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs.Mn.	5,127	4,184	5,631	4,688
Total Capital Base, Rs.Mn.	6,426	5,903	6,914	6,408
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	10.47%	10.74%	11.32%	11.79%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	13.12%	15.14%	13.89%	16.11%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-performing Advances Ratio, % (Net of Interest in Suspense)	4.52%	8.53%	4.47%	8.47%
Net Non-performing Advances Ratio, % (Net of Interest in Suspense and Provisions)	1.80%	4.75%	1.82%	4.74%
Profitability				
Interest Margin, %	5.46%	4.85%	-	-
Return on Assets, % (before Tax)	2.50%	1.44%	2.72%	1.90%
Return on Equity, %	19.03%	12.59%	19.08%	15.20%
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn.	15,232	16,849	-	-
Statutory Liquid Assets Ratio, (%) (Minimum Requirement, 20%)	23.95%	28.17%	-	-
Domestic Banking Unit (DBU)	43.09%	40.24%	-	-
Foreign Currency Banking Unit (FCBU)	28.07	24.96	31.33	28.48
Net Assets Value Per Share (Rs.)	30.09.2010 (Quarter ended)	30.09.2009 (Quarter ended)		
Highest	114.70	34.50		
Lowest	50.50	29.75		
Last Traded Price	94.90	32.75		

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	3,935,958
Dividend Paid for 2008	-	-	(251,572)	(251,572)
Exchange Equalisation Reserve	-	-	(2,473)	(2,473)
Net Profit for the Year	3,109,771	80,509	852,260	4,040,867
Balance as at 30.09.2009	3,109,771	105,599	970,817	4,186,187
Dividend Paid for 2009	-	-	(314,465)	(314,465)
2010 Warrant Conversion	1,257,860	-	-	1,257,860
Net Profit for the Period	-	-	754,399	754,399
Balance as at 30.09.2010	4,367,631	105,599	1,410,751	5,883,981
Group				
Balance as at 01.01.2009	3,109,771	9,500	80,509	1,142,532
Dividend Paid for 2008	-	-	-	(251,572)
Exchange Equalisation Reserve	-	-	(2,473)	(2,473)
Net Profit for the Year	3,109,771	9,500	80,509	4,040,867
Balance as at 30.09.2009	3,109,771	9,500	105,599	1,551,941
Dividend Paid for 2009	-	-	-	(314,465)
2010 Warrant Conversion	1,257,860	-	-	1,257,860
Net Profit for the Period	-	-	-	848,411
Balance as at 30.09.2010	4,367,631	9,500	105,599	2,085,887

SEGMENTAL INFORMATION

	BANKING		INVESTMENT BANKING		OTHERS		ELIMINATION/ALLOCATED		GROUP	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009	30.09.2010	30.09.2009	30.09.2010	30.09.2009	30.09.2010	30.09.2009
Total Revenue	9,827,186	10,310,123	492,831	1,282,991	67,438	68,752	(330,533)	(773,509)	9,256,922	10,888,357
Segment Results										
Profit before Taxation	1,477,655	748,879	150,943	279,363	35,683	34,968	(43,974)	(33,588)	1,620,307	1,029,622
Taxation	(723,256)	(390,725)	(67,434)	(121,868)	(10,369)	(12,151)	29,163	-	(771,896)	(524,744)
Net Profit for the Year	754,399	358,154	83,509	157,495	25,313	22,817	(14,810)	(33,588)	848,411	504,878
Segment Assets	83,884,287	71,151,255	4,560,117	4,475,434	790,532	764,540	(4,888,914)	(4,881,169)	84,346,022	71,510,060
Goodwill	-	-	-	-	-	-	79,261	79,261	79,261	79,261
Total Assets	83,884,287	71,151,255	4,560,117	4,475,434	790,532	764,540	(4,809,653)	(4,801,908)	84,425,283	71,589,321
Segment Liabilities	77,718,161	66,946,448	4,084,408	4,059,053	65,272	63,828	(4,293,319)	(4,237,893)	77,574,522	66,831,436
Deferred Tax Liabilities	282,145	164,740	-	-	-	-	-	-	282,145	164,740
Total Liabilities	78,000,306	67,111,188	4,084,408	4,059,053	65,272	63,828	(4,293,319)	(4,237,893)	77,856,667	66,996,176

BALANCE SHEET

As at	BANK			GROUP		
	30.09.2010		31.12.2009	30.09.2010		31.12.2009
	Rs. '000	Rs. '000	Change (%)	Rs. '000	Rs. '000	Change (%)
On-Balance Sheet Assets						
Cash in Hand	811,375	865,510	(6)	811,383	865,510	(6)
Balances with Central Bank of Sri Lanka	2,240,192	2,043,624	10	2,240,192	2,043,624	10
Due from Banks and Other Financial Institutions	6,454,494	9,488,118	(32)	4,303,465	6,875,107	(37)
Investments-Trading Account	17,719,593	9,638,564	84	18,979,132	11,437,873	66
Government Securities	8,921,376	8,939,492	(0)	10,035,891	10,030,393	0
Investments-Held-to-Maturity	240,066	355,215	(32)	240,066	355,215	(32)
Other Securities	678,710	678,710	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-	-
Total Loans and Advances	279,716	145,116	93	279,716	145,116	93
Bills of Exchange	9,578,818	5,416,991	77	9,578,818	5,416,991	77
Overdrafts	3,098,014	3,310,695	(6)	3,098,014	3,310,695	(6)
Lease Rentals Receivable within One Year	4,725,121	3,975,597	19	4,725,121	3,975,597	19
Lease Rentals Receivable after One Year	25,194,307	20,485,748	23	25,002,372	20,748,272	23
Other Loans	42,875,976	33,334,183	29	43,284,041	33,396,732	29
Total Non-performing Loans and Advances	554,608	621,589	(11)	554,608	621,589	(11)
Overdrafts	801,517	1,116,049	(28)	801,517	1,116,049	(28)
Lease Rentals Receivable	1,147,425	1,736,090	(34)	1,147,425	1,736,090	(34)
Other Loans	309,389	288,610	7	309,389	288,610	7
Interest Receivable	2,812,939	3,762,338	(25)	2,812,939	3,762,338	(25)
Total Gross Loans and Advances	45,688,915	37,0				