

NATIONS TRUST BANK PLC AND ITS FULLY OWNED SUBSIDIARIES

Company Number PQ 118

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	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
GROSS INCOME	11,893,412	11,954,249	3,197,772	2,927,062	12,272,730	12,247,011	0	3,276,085	2,990,089	10		
Interest Income	6,692,957	6,478,344	1,870,367	1,612,315	6,982,388	6,718,082	4	1,933,744	1,685,904	15		
Interest Income on Loans and Advances	2,978,894	3,352,585	(11)	739,895	821,040	(10)	2,971,366	3,372,094	(12)	731,729	779,462	(6)
Interest Income on Other Interest Earning Assets	9,671,851	9,830,929	(2)	2,610,262	2,433,355	7	9,953,754	10,090,176	(1)	2,665,473	2,465,366	8
Interest Expense	(3,392,195)	(2,932,580)	16	(1,045,142)	(720,864)	45	(3,392,195)	(2,932,580)	16	(1,045,142)	(720,864)	45
Interest Expense on Deposits	(2,180,918)	(2,583,881)	(16)	(502,505)	(625,610)	20	(2,196,365)	(2,592,489)	(15)	(503,376)	(618,366)	(19)
Interest Expense on Other Interest Bearing Liabilities	(5,573,113)	(5,516,461)	1	(1,547,647)	(1,346,474)	15	(5,586,560)	(5,525,069)	1	(1,548,518)	(1,339,230)	16
NET INTEREST INCOME	4,098,738	4,314,468	(5)	1,062,615	1,086,881	(2)	4,365,194	4,565,107	(4)	1,116,955	1,126,136	(1)
Foreign Exchange Gain	343,351	314,824	9	79,889	121,755	(34)	343,351	314,824	9	79,889	121,755	(34)
Other Operating Income	1,878,210	1,808,496	4	507,621	371,952	36	1,975,625	1,842,011	7	532,723	402,968	32
2,221,561	2,123,320	5	587,510	493,707	19	2,318,976	2,156,835	8	612,612	524,723	17	
NET INCOME	6,320,299	6,437,788	(2)	1,650,125	1,580,588	4	6,684,170	6,721,942	(1)	1,729,567	1,650,859	5
Less: Non-Interest Expenses												
Personnel Costs	1,742,752	1,604,492	9	525,045	428,094	23	1,778,732	1,630,097	9	538,630	434,278	24
Provision for Staff Retirement Benefits	55,321	44,941	23	14,783	11,309	31	56,905	46,691	22	15,506	12,225	27
Premises, Equipment and Establishment Expenses	694,897	621,013	12	185,877	170,198	9	705,065	636,437	11	188,165	174,246	8
Loss on Trading / Investment Securities	186,066	-	100	172,995	100	100	222,785	31,810	600	187,620	29,774	530
Amortisation of Intangible Assets	95,000	147,994	(36)	14,580	29,828	(51)	95,000	147,994	(36)	14,580	29,828	(51)
Other Operating Expenses	1,463,044	1,474,653	(1)	417,559	474,855	(12)	1,461,285	1,471,373	(1)	416,660	462,805	(11)
4,237,080	3,893,093	9	1,330,839	1,114,284	19	4,319,775	3,964,402	1	1,355,181	1,143,156	19	
Less: Provision for Bad & Doubtful Debts and Loans Written Off												
Provision (Write back) - General	(53,505)	31,035	(272)	(21,278)	(36,034)	(41)	(42,718)	24,836	(272)	(16,828)	(33,759)	(50)
Provision (Write back) - Specific	(165,491)	178,027	(183)	(54,414)	7,182	(858)	(165,491)	177,971	(183)	(54,414)	7,127	(864)
(218,996)	209,062	(205)	(75,692)	(28,852)	162	(208,209)	202,807	(203)	(71,242)	(26,632)	168	
OPERATING PROFIT BEFORE TAXES	2,302,215	2,335,633	(1)	394,978	495,156	(29)	2,572,604	2,554,733	1	445,628	534,335	(17)
Less: Value Added Tax on Financial Services	(38,182)	(482,010)	(30)		(119,185)	(72)	(362,722)	(526,165)	(31)	(223,479)	(126,073)	(82)
OPERATING PROFIT BEFORE CORPORATE TAX	1,964,033	1,853,623	6	361,954	375,971	(4)	2,209,882	2,028,568	9	422,149	408,262	4
Less: Tax on Profits on Ordinary Activities	(593,105)	(851,686)	(30)	(40,006)	(128,430)	(69)	(675,987)	(944,343)	(28)	(59,242)	(172,447)	(66)
OPERATING PROFIT FOR THE PERIOD	1,370,928	1,001,937	37	321,948	247,541	30	1,533,895	1,084,225	41	363,937	235,815	54
Earnings Per Share - Basic (Rs.)	6.01	4.66	29	1.41	1.15	23	6.73	5.04	33	1.60	1.10	45

Explanatory Notes
 (1) The Group figures include those of the fully owned subsidiaries, Watsook Mackenzie 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 by Part 7 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) These interim financial statements are prepared in accordance with SLAS 35 - Interim Financial Reporting and there are no changes to the accounting policies and methods of computation as against those disclosed in the Annual Report for the year ended 31st December 2011.
 (4) Specific provisions for the period include certain 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) There are no material changes to contingent assets and liabilities since 31.12.2011 and the balances reflected are due to transactions carried out in the normal course of banking business.
 (6) During the 1st quarter 2011 through warrant conversion, 20,893,942 ordinary shares were issued and added to the Statutory Capital.
 (7) During the 3rd quarter, the bank issued Two million, rated, unsecured, subordinated redeemable debentures for an aggregate value of Rs. 2 billion by way of a Private Placement. The debentures will be listed in the Colombo Stock Exchange in due course.
 (8) No material events have taken place since 31.12.2011 that require disclosure or adjustments in these accounts and known expenditures have been provided in these financial statements.

Debt Information
 The unsecured, subordinated, Redeemable Debentures 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 December 2011.

Debt categories	CSE Listing	Interest Payable Frequency	Balance as at 31.12.2011 Rs. '000	Market Values			Interest Rates	Interest rate of Comparable Government Security 31.12.2011	Interest rate of Comparable Government Security 31.12.2010	Other Ratios as at date of last trade	
				Highest	Lowest	Year End				Interest Yield %	Yield to Maturity %
Fixed Rate	NTB0145	Semi-Annually	500,000	Not traded during the current period		20.53	21.58	9.47	10.50	Not traded during the current period	
Fixed Rate	NTB0121	Annually	1,000,000	Not traded during the current period		11.00	11.00	10.00	10.00	Not traded during the current period	
Fixed Rate	Not Listed	Semi-Annually	200,000	-	-	11.50	11.50	10.00	10.00	-	-
Fixed Rate	Not Listed	Semi-Annually	1,800,000	-	-	11.50	11.50	10.00	10.00	-	-
Floating Rate	NTB0104	Quarterly	170,000	Not traded during the current period		9.39	9.73	8.32	6.85	Not traded during the current period	
Total Debentures			3,970,000								

SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 31.12.2011 (Audited)	As at 31.12.2010 (Audited)	As at 31.12.2011 (Audited)	As at 31.12.2010 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs.Mn.	7,775	6,132	8,522	6,716
Total Capital Base, Rs.Mn.	10,337	7,302	11,079	7,869
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	12.50%	12.52%	13.42%	13.43%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	16.82%	14.91%	17.44%	15.74%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-performing Advances Ratio, % (Net of Interest In Suspense)	2.83%	4.88%	2.79%	4.82%
Net Non-performing Advances Ratio, % (Net of Interest In Suspense and Provisions)	1.32%	2.36%	1.30%	2.36%
Profitability				
Interest Margin, %	4.39%	5.42%	-	-
Return on Assets, % (before Tax)	2.10%	2.33%	2.34%	2.53%
Return on Equity, %	19.36%	18.30%	19.56%	17.70%
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn. (Minimum Requirement, 20%)	17,698	14,386	-	-
Domestic Banking Unit (DBU)	21.37%	22.13%	-	-
Foreign Currency Banking Unit (FCBU)	33.79%	42.97%	-	-
Net Assets Value Per Share (Rs.)	33.72	29.25	37.34	32.46
Market Price Per Share (Rs.)				
Highest	89.80	114.70	-	-
Lowest	54.00	34.00	-	-
Last Traded Price	57.00	83.40	-	-

STATEMENT OF CHANGES IN EQUITY

	Capital		Reserve		Investment Fund		Revenue Reserve		Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Bank									
Balance as at 01.01.2010	3,109,771	-	105,599	-	970,817	-	4,186,187	-	4,186,187
Dividend Paid for 2009	-	-	-	-	(314,465)	-	(314,465)	-	(314,465)
Shares issued on 2010 Warrants exercised	1,257,860	-	-	-	1,257,860	-	1,257,860	-	1,257,860
Net Profit for the Period	-	-	-	-	1,001,937	-	1,001,937	-	1,001,937
Transfers during the Year	-	-	50,097	-	(50,097)	-	-	-	-
Balance as at 31.12.2010	4,367,631	-	155,696	-	1,668,192	-	6,031,519	-	6,031,519
Balance as at 01.01.2011	4,367,631	-	155,696	-	1,668,192	-	6,031,519	-	6,031,519
Dividend Paid for 2010	-	-	-	-	(461,215)	-	(461,215)	-	(461,215)
Shares issued on 2011 Warrants exercised	733,738	-	-	-	733,738	-	733,738	-	733,738
Transfers to Investment Fund*	-	-	-	248,123	(248,123)	-	-	-	-
Net Profit for the Period	-	-	-	-	1,370,928	-	1,370,928	-	1,370,928
Transfers during the Year	-	-	68,546	-	(68,546)	-	-	-	-
Balance as at 31.12.2011	5,101,369	-	224,242	248,123	2,091,299	-	7,774,970	-	7,774,970
Group									
Balance as at 01.01.2010	3,109,771	9,500	105,599	-	1,553,841	4,776,611	10,545,221	-	10,545,221
Dividend Paid for 2009	-	-	-	-	(314,465)	-	(314,465)	-	(314,465)
Shares issued on 2010 Warrants exercised	1,257,860	-	-	-	1,257,860	-	1,257,860	-	1,257,860
Net Profit for the Period	-	-	-	-	1,001,937	-	1,001,937	-	1,001,937
Transfers during the Year	-	-	50,097	-	(50,097)	-	-	-	-
Balance as at 31.12.2010	4,367,631	9,500	155,696	-	2,271,064	6,804,431	12,549,433	-	12,549,433
Balance as at 01.01.2011	4,367,631	9,500	155,696	-	2,271,064	6,804,431	12,549,433	-	12,549,433
Dividend Paid for 2010	-	-	-	-	(461,215)	-	(461,215)	-	(461,215)
Shares issued on 2011 Warrants exercised	733,738	-	-	-	733,738	-	733,738	-	733,738
Transfers to Investment Fund*	-	-	-	248,123	(248,123)	-	-	-	-
Net Profit for the Period	-	-	-	-	1,370,928	-	1,370,928	-	1,370,928
Transfers during the Year	-	-	68,546	-	(68,546)	-	-	-	-
Balance as at 31.12.2011	5,101,369	9,500	224,242	248,123	3,006,977	8,616,646	14,248,544	-	14,248,544

*Investment Fund Account is established and operated based on the Guidelines on the Operations of the Investment Fund Account issued by the Central Bank of Sri Lanka on April 29, 2011 with the concurrence of the Commissioner - General of Inland Revenue.
 * Tax saving on the reduction of tax rates transferred to the Investment Fund as per the guidelines issued by the Department of Inland Revenue and Central Bank of Sri Lanka. Loans amounting to Rs 215m were granted under this scheme.

Ratios of Debt

	31.12.2011	31.12.2010
* Debt / Equity Ratio %	51.53%	37.61%
Interest Cover (Times)	5.18	5.31

* All subordinated debt and listed Senior debt are considered as Debt (numerator)

SHAREHOLDERS INFORMATION

Twenty largest Shareholders as at 31st December 2011

Name of the Shareholder	No. of Shares	%
John Keells Holdings PLC	46,121,536	20.00
DFCC Bank A/C No. 01	22,265,356	9.92
Mackinnon & Keells Financial Services Limited	22,830,159	9.90
Central Finance Company PLC A/C No. 03	20,715,400	8