

NATIONS TRUST BANK PLC AND ITS FULLY OWNED SUBSIDIARIES

Company Number PQ 118

INCOME STATEMENT

Rs. '000	Bank			Group		
	Current Period	Previous Period	Change	Current Period	Previous Period	Change
	From 01/01/2012 to 31/12/2012	From 01/01/2011 to 31/12/2011	(%)	From 01/01/2012 to 31/12/2012	From 01/01/2011 to 31/12/2011	(%)
Interest Income	14,917,427	9,514,024	57	15,113,117	9,795,459	54
Interest Expense	(9,381,686)	(5,382,320)	74	(9,358,378)	(5,391,142)	74
Net Interest Income	5,535,741	4,131,704	34	5,754,739	4,404,317	31
Fees and Commission Income	2,175,861	1,738,812	25	2,285,311	1,849,929	24
Fees and Commission Expense	(163,259)	(144,352)	13	(163,350)	(144,369)	13
Net Fees and Commission Income	2,012,602	1,594,460	26	2,121,961	1,705,560	24
Net Trading Income	295,944	108,804	172	287,668	72,082	299
Other Operating Income	246,278	324,176	(24)	227,809	311,769	(27)
Total Operating Income	8,090,565	6,159,144	31	8,392,177	6,493,728	29
Impairment Charge/(Reversal) for Loans and Advances	430,965	(241,467)	(278)	431,834	(234,765)	(284)
Net Operating Income	7,659,600	6,400,611	20	7,960,343	6,728,493	18
Personnel Expenses	2,059,122	1,863,386	11	2,096,700	1,900,503	10
Depreciation of Property, Plant and Equipment	254,984	218,013	17	266,535	229,732	16
Amortization of Intangible Assets	110,962	95,000	17	112,816	95,121	19
Other Operating Expenses	2,284,015	1,786,810	28	2,282,739	1,791,207	27
Total Operating Expenses	4,709,083	3,963,209	19	4,758,790	4,016,563	18
Operating Profit before Value Added Tax (VAT)	2,950,517	2,437,402	21	3,201,553	2,711,930	18
Value Added Tax (VAT) on Financial Services	416,961	351,460	19	435,396	376,000	16
Profit before Income Tax	2,533,556	2,085,942	21	2,766,157	2,335,930	18
Income Tax Expense	745,138	645,851	15	815,041	728,759	12
Profit for the Year	1,788,418	1,440,091	24	1,951,116	1,607,171	21
Earnings Per Share						
Basic Earnings Per Share (Rs.)	7.76	6.31	23	8.46	7.05	20

STATEMENT OF COMPREHENSIVE INCOME

Rs. '000	Bank			Group		
	Current Period	Previous Period	Change	Current Period	Previous Period	Change
	From 01/01/2012 to 31/12/2012	From 01/01/2011 to 31/12/2011	(%)	From 01/01/2012 to 31/12/2012	From 01/01/2011 to 31/12/2011	(%)
Profit for The Year	1,788,418	1,440,091	24	1,951,116	1,607,171	21
Other Comprehensive Income	-	-	-	-	-	-
Total comprehensive Income for the Year, Net of Tax	1,788,418	1,440,091	24	1,951,116	1,607,171	21
Attributable to:						
Equity holders of the parent	1,788,418	1,440,091	24	1,951,116	1,607,171	21

EXPLANATORY NOTES

- (1) The Group figures include those of the fully owned subsidiaries, Waldock Mackenzie Limited, Allied Properties Limited, Mercantile Leasing (Financial Services) Limited and Nations Insurance Brokers Limited (formerly MLL Insurance Brokers Limited).
- (2) There are no material changes to contingent assets and liabilities since 31.12.2012 and the balances reflected are due to transactions carried out in the normal course of Banking Business.
- (3) No material events have taken place since 31.12.2012 that require disclosure or/and adjustments in these accounts and all known expenditures have been provided in these financial statements.
- (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. 2.10 per share for the year ended 31st December 2012.

SELECTED PERFORMANCE INDICATORS

Item	BANK		GROUP	
	As at 31.12.2012	As at 31.12.2011	As at 31.12.2012	As at 31.12.2011
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. '000	9,162,118	7,774,970	10,085,759	8,522,089
Total Capital Base, Rs. '000	12,340,942	10,336,893	13,264,583	11,078,559
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	12.81%	12.50%	13.82%	13.42%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	17.25%	16.62%	18.18%	17.44%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio, % (net of interest in suspense)	2.86%	2.83%	2.82%	2.79%
Net-Non Performing Advances, % (net of interest in suspense and provision)	1.43%	1.32%	1.42%	1.31%
Profitability				
Interest Margin, %	4.97%	4.51%	-	-
Return on Assets (before Tax), %	2.28%	2.28%	2.46%	2.52%
Return on Equity, %	21.02%	20.57%	20.84%	20.90%
Regulatory Liquidity				
Statutory Liquid Assets, Rs. '000	25,481,081	17,698,331	-	-
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)	25.91%	21.37%	-	-
Domestic Banking Unit	25.42%	33.79%	-	-
Off-Shore Banking Unit	39.73	34.08	43.78	37.42
Net Assets Value Per Share (Rs.)				
	31.12.2012	31.12.2011		
Market Price Per Share (Rs.)	(Quarter ended)	(Quarter ended)		
Highest	62.90	89.80		
Lowest	52.00	54.00		
Last Traded Price	56.00	57.00		

SHAREHOLDER INFORMATION

Twenty largest Shareholders as at 31st December 2012

Name of the Shareholder	No. of Shares	%
John Keells Holdings PLC.	46,121,536	20.00
DFCC Bank A/C No 01	22,865,356	9.92
Mackinnons & Keells Financial Services Limited	22,830,159	9.90
Central Finance Company PLC A/C No 03	20,715,400	8.98
HSBC International Nominees Limited - Credit Suisse AG Zurich - Uma Kumar Sharma	18,923,104	8.21
CF Growth Fund Limited A/C No 01	14,813,273	6.42
CF Insurance Brokers (Pvt) Limited.	10,592,857	4.59
Mr. A.D. Gunewardene	5,671,164	2.46
Mr.M.F. Hashim	2,583,150	1.12
Employees Trust Fund Board	2,557,553	1.11
Renuka City Hotels PLC	1,858,775	0.81
Sri Lanka Insurance Corporation Limited-General Fund	1,658,529	0.72
HSBC International Nominees Limited - SSBT - Deutsche Bank AG Singapore A/C No 01	1,589,000	0.69
Bank of Ceylon - A/C No 02	1,546,100	0.67
Mr. S.K. Sharma	1,364,148	0.59
Mr. N.R. Somaiya	1,320,624	0.57
Timex (Garments) Limited	1,238,465	0.54
Sri Lanka Insurance Corporation Ltd-Life Fund	1,096,200	0.48
Malship Ceylon Limited	1,063,857	0.46
Mr. M.M. Udeshi	1,020,726	0.44
	181,429,976	78.67
Others	49,177,307	21.33
Total	230,607,283	100.00

Percentage of public shareholding as at 31st December 2012 was 79.85%

Directors' holding in shares as at 31st December 2012

Name of Director	No of Shares
Mr. K.N.J. Balendra	107,700
Mr. A.K. Gunaratne	19,432
Mrs. R.N. K. Fernando (Director / CEO)	68,700
Mr. C.H.S.K. Piyaratna	100,400
Mr. A.R. Rasiah	16,304
Dr. (Ms.) D. Weerakoon	-
Mr. M.E. Wickremesinghe	-
Mr. M. Jafferjee	-
Dr. (Mr.) Kemal De. Soysa	-
Mr. D.P. De Silva	-
Ms. N. S. Panditaratne	-
Mr.K.O.V.S.M.S. Wijesinghe	39,650

STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs. '000	Retained Earnings Rs. '000	Reserve Fund Rs. '000	Investment Fund Account* Rs. '000	Total Rs. '000
BANK					
As At 01 January 2011	4,367,631	1,622,036	155,696	-	6,145,363
Dividend Paid for 2010	-	(461,215)	-	-	(461,215)
Issue of share Capital	733,738	-	-	-	733,738
Total Comprehensive Income	-	1,440,091	-	-	1,440,091
Transfers to the Investment Fund Account*	-	(248,123)	-	248,123	-
Transfers to the Reserve Fund	-	(68,546)	68,546	-	-
As At 31 December 2011	5,101,369	2,284,243	224,242	248,123	7,857,977
Dividend paid for 2011	-	(484,275)	-	-	(484,275)
Total Comprehensive Income	-	1,788,418	-	-	1,788,418
Transfers to the Investment Fund Account*	-	(345,113)	-	345,113	-
Transfers to the Reserve Fund	-	(89,421)	89,421	-	-
As At 31 December 2012	5,101,369	3,153,852	313,663	593,236	9,162,120
	Stated Capital Rs. '000	Retained Earnings Rs. '000	Reserve Fund Rs. '000	Investment Fund Account* Rs. '000	Total Rs. '000
GROUP					
As At 01 January 2011	4,367,631	2,225,398	155,696	-	6,748,724
Dividend Paid for 2010	-	(461,215)	-	-	(461,215)
Issue of share Capital	733,738	-	-	-	733,738
Total Comprehensive Income	-	1,607,171	-	-	1,607,171
Transfers to the Investment Fund Account*	-	(268,761)	-	268,761	-
Transfers to the Reserve Fund	-	(68,546)	68,546	-	-
As At 31 December 2011	5,101,369	3,034,047	224,242	268,761	8,628,419
Dividend paid for 2011	-	(484,275)	-	-	(484,275)
Total Comprehensive Income	-	1,951,116	-	-	1,951,116
Transfers to the Investment Fund Account*	-	(367,164)	-	367,164	-
Transfers to the Reserve Fund	-	(89,421)	89,421	-	-
As At 31 December 2012	5,101,369	4,044,303	313,663	635,925	10,095,260

*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. 533 mn were granted under this scheme.

STATEMENT OF FINANCIAL POSITION

Rs. '000	BANK			GROUP		
	Current Period	Previous Period	Change	Current Period	Previous Period	Change
	From 01/01/2012 to 31/12/2012	From 01/01/2011 to 31/12/2011	(%)	From 01/01/2012 to 31/12/2012	From 01/01/2011 to 31/12/2011	(%)
Assets						
Cash and Cash Equivalents	2,534,056	3,694,381	(31)	2,534,155	3,694,423	(31)
Balances with Central Bank of Sri Lanka	5,089,342	4,284,336	19	5,089,342	4,284,336	19
Placements with Banks	-	-	-	-	-	-
Derivative Financial Instruments	327,843	254,695	29	327,843	254,695	29
Reverse Repurchase Agreements	3,287,274	7,262,949	(55)	2,711,927	6,614,228	(59)
Other Financial Assets Held-for-Trading	20,253,158	6,270,703	223	21,087,926	6,549,788	222
Other Financial Assets	1,892,922	2,898,132	(35)	1,892,922	2,898,132	(35)
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-
Loans & Receivables to Banks	-	-	-	-	-	-
Loans & Receivables to Other Customers	72,458,357	60,238,355	20	73,423,951	61,187,970	20
Financial Investments - Available-for-sale	-	-	-	-	-	-
Financial Investments - Held-to-Maturity	10,237,904	11,197,758	(9)	10,237,904	11,817,619	(13)
Investments in Subsidiaries	678,710	678,710	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-	-
Property, Plant & Equipment	1,395,882	1,367,740	2	1,907,999	1,891,269	1
Investment Properties	-	-	-	-	-	-
Intangible Assets	625,186	599,568	4	642,457	599,941	7
Deferred Tax Assets	158,931	159,927	(1)	159,807	159,927	(0)
Other Assets	2,570,616	2,223,694	16	2,590,590	2,280,207	14
Total Assets	121,510,181	101,130,948	20	122,606,823	102,232,535	20
Liabilities						
Due to Banks	2,796,350	1,277,136	119	2,796,350	1,277,136	119
Derivative Financial Instruments	528,472	315,720	67	528,472	315,720	67
Other Financial liabilities Held-for-Trading	-	-	-	-	-	-
Financial Liabilities Designated at Fair Value through Profit or Loss	-	-	-	-	-	-
Repurchase Agreements	11,832,692	14,760,019	(20)	11,832,692	14,479,508	(18)
Due to Other Customers	86,597,514	67,691,749	28	86,189,996	67,633,066	27
Other Borrowings	308,622	610,369	(49)	811,278	1,211,232	(33)
Debt Securities Issued	501,041	529,891	(5)	501,041	529,891	(5)
Current Tax Liabilities	510,155	234,404	118	544,253	235,255	131
Deferred Tax Liabilities	439,812	395,638	11	439,962	395,638	11
Other Liabilities	3,811,943	3,790,205	1	3,846,059	3,858,830	(0)
Due to Subsidiaries	-	-	-	-	-	-
Subordinated Term Debts	5,021,460	3,667,840	37	5,021,460	3,667,840	37
Total Liabilities	112,348,061	93,272,971	20	112,511,563	93,604,116	20
Equity						
Stated Capital / Assigned Capital	5,101,369	5,101,369	-	5,101,369	5,101,369	-
Statutory Reserve Fund	313,663	224,242	40	313,663	224,242	40
Retained Earnings	3,153,852	2,284,243	38	4,044,303	3,034,047	33
Other Reserves	593,236	248,123	139	635,925	268,761	137
Total Shareholders' Equity	9,162,120	7,857,977	17	10,095,260	8,628,419	17
Non-Controlling Interests	-	-	-	-	-	-
Total Equity	9,162,120	7,857,977	17	10,095,260	8,628,419	17
Total Equity and Liabilities	121,510,181	101,130,948	20	122,606,823	102,232,535	20
Contingent Liabilities and Commitments	84,914,559	75,739,741	12	86,238,642	72,792,124	18

Memorandum Information

Number of Employees	2002	1817	2037	1853
Number of Branches	57	48	57	48
Number of Personal Banking Centers	7	7	7	7

CERTIFICATION:

I certify that these financial statements comply with the requirements of the Companies Act No: 7 of 2007.

(Sgd.) **Ajith Akmeemana**

Chief Financial Officer

We, the undersigned being the Chairman, Director and Director/Chief Executive Officer of Nations Trust Bank PLC., certify jointly that,

(a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.

(b) the information contained in these statements has been extracted from the audited financial statements of the Bank and its Subsidiaries.

(Sgd.) **A. K. Gunaratne**

Chairman

22 February 2013

Colombo

(Sgd.) **M. E. Wickremesinghe**

Director

(Sgd.) **Renuka Fernando**

Director/Chief Executive Officer

STATEMENT OF CASH FLOWS

Rs. '000	BANK		GROUP	
	Current Period	Previous Period	Current Period	Previous Period
	From 01/01/2012 to 31/12/2012	From 01/01/2011 to 31/12/2011	From 01/01/2012 to 31/12/2012	From 01/01/2011 to 31/12/2011
Cash Flows from Operating Activities				
Receipts of Interest Income	15,234,777	9,451,262	15,430,937	9,718,158
Receipts of Fees and Commission Income	2,158,910	1,760,918	2,260,086	1,852,900
Payments of Interest Expense	(8,537,241)	(4,807,151)	(8,512,767)	(4,808,749)
Payments of Fees and Commission Expense	(163,259)	(143,966)	(161,147)	(143,966)
Net Trading Income	187,421	(122,997)	187,421	(122,997)
Receipts from Other Operating Income	247,656	318,906	229,161	360,855
Gratuity Payments Made	(15,911)	(7,420)	(16,780)	(8,340)
Payments for Operating Expenses	(4,714,552)	(3,944,860)	(4,773,179)	(4,015,277)
Net Cash Flow from Operating Activities before Income Tax (A)	4,397,801	2,504,692	4,643,732	2,832,584
Income Tax paid	(211,215)	(542,441)	(247,364)	(600,087)
Operating Profit before Changes in Operating Assets and Liabilities	4,186,586	1,962,251	4,396,368	2,232,497
(Increase)/Decrease in Operating Assets				
Reverse Repurchase Agreements	3,951,384	(2,585,683)	4,158,536	(2,866,097)
Derivative Financial Instruments	(73,148)	(192,623)	(73,148)	(192,623)
Financial Investments Held for Trading	(14,053,822)	9,070,795	(14,610,988)	9,234,703
Financial Investments-Held to Maturity	514,886	(3,524,855)	1,136,229	(3,524,855)
Other Financial Assets	1,005,536	209,839	1,005,081	209,839
Loans and Advances to Customers	(12,682,952)	(16,842,913)	(12,699,644)	(17,133,896)
Other Assets	(346,210)	(421,953)	(345,076)	(231,791)
(Increase)/Decrease in Operating Assets	(21,684,326)	(14,287,393)	(21,429,010)	(14,504,720)
Increase/(Decrease) in Operating Liabilities				
Repurchase Agreements	(2,733,376)	(2,659,617)	(2,660,127)	(1,600,903)
Due to Other Customers	18,059,496	18,229,654	17,711,228	18,170,971
Derivative Financial Instruments	212,752	(44,136)	212,752	(44,136)
Other Liabilities	(10,147)	(329,014)	(6,851)	(279,265)
Increase/(Decrease) in Operating Liabilities	15,528,725	15,196,887	15,257,002	16,246,667
Net Cash Flows from Operating Activities	(1,969,015)	2,871,745	(1,775,640)	3,974,443
Cash Flows from Investing Activities				
Purchase of Property, Plant and Equipment	(283,456)	(319,300)	(283,596)	(321,239)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	914	7,297	914	8,528
Purchase of Intangible Assets	(138,542)	(54,706)	(157,630)	(54,706)
	(421,084)	(366,709)	(440,312)	(367,417)
Cash Flows from Financing Activities				
Proceeds from Exercise of Share warrants	-	733,738	-	733,738
Net change in Debt issued and other Borrowed Funds	3,081,635	(230,225)	2,907,545	(1,369,353)
Proceeds from the issue of Subordinated Debentures	-	2,000,000	-	2,000,000
Repayment of Subordinated Debt	(304,650)	(299,650)	(304,650)	(299,650)
Interest paid on Subordinated Debt	(5,569)	(83,712)	(5,569)	(83,712)
Dividends paid to Equity Holders of the Parent	(484,275)	(461,215)	(484,275)	(461,215)
	2,287,141	1,658,936	2,113,051	519,808
Net Increase in Cash and Cash Equivalents	(102,958)	4,163,972	(102,901)	4,126,834
Cash and Cash Equivalents at the beginning of the year	7,612,999	3,449,027	7,613,041	3,486,207
Cash and Cash Equivalents at the end of the year	7,510,041	7,612,999	7,510,140	7,613,041
Reconciliation of Cash and Cash Equivalents				
Cash on Hand	1,836,568	1,370,877	1,836,576	1,370,885
Statutory Deposit with the Central Bank of Sri Lanka	5,089,342	4,284,336	5,089,342	4,284,336
Balances with Banks	395,146	674,843	395,237	674,877
Money at Call and Short Notice	302,342	1,648,661	302,342	1,648,661
Due to Banks	(113,357)	(365,718)	(113,357)	(365,718)
	7,510,041	7,612,999	7,510,140	7,613,041
A. Reconciliation of Operating Profit				
Profit before Taxation	2,533,556	2,085,942	2,766,157	2,335,930
(Profit) / Loss on disposal of Property, Plant and Equipment	1,378	(5,269)	1,378	(5,876)
Impairment charge / (Reversal) for Loans and Advances	430,965	(241,467)	431,834	(234,765)
Provision for Gratuity	45,545	55,321	45,195	56,905
(Increase) / Decrease in Interest Receivable	317,350	(62,762)	317,626	(59,013)
Increase/ (Decrease) in Interest Payable	844,446	577,030	844,445	584,199
Increase / (Decrease) in Financial Guarantee Liabilities	(16,951)	22,105	(16,951)	22,105
Other Non cash items	257,423	81,212	270,828	141,439
Gratuity Payments Made	(15,911)	(7,420)	(16,780)	(8,340)
	4,397,801	2,504,692	4,643,732	2,832,584

SEGMENT INFORMATION FOR THE PERIOD ENDED 31/12/2012

Operating Segments Rs. '000	Corporate Banking	Retail, SME and Consumer Banking	Leasing	Treasury Functions	Investment Banking	Insurance Brokering	Property Management	Unallocated Eliminations	Total Group
Operating income	1,426,721	5,110,723	750,385	802,735	174,806	89,337	92,719	(55,250)	8,392,177
Credit Loss Expense	118,786	266,543	45,636	-	-	-	-	869	431,834
Net Operating income	1,307,935	4,844,180	704,749	802,735	174,806	89,337	92,719	(56,119)	7,960,343
Extracts of results									
Interest Income	2,999,204	5,281,582	2,802,846	3,651,255	378,700	9,662	27,643	(37,774)	15,113,117
Inter Segment	(381,603)	3,059,417	(2,104,009)	(573,805)	-	-	-	-	-
Interest Expense	(1,463,176)	(5,163,989)	-	(2,571,982)	(195,370)	-	(1,166)	37,304	(9,358,378)
Net Interest Income	1,154,426	3,177,011	698,837	505,468	183,330	9,662	26,477	(470)	5,754,739
Fees and Commission Income	272,190	1,776,569	49,209	77,893	1,929	79,676	66,242	(38,397)	2,285,311
Fees and Commission Expense	-	(96,640)	(20,063)	(46,556)	(2,180)	-	-	2,089	(163,350)
Net Trading Income	-	-	-	295,944	(8,276)	-	-	-	287,668
Other Income	105	253,784	22,402	(30,013)	4	-	-	(18,471)	227,809
Depreciation of Property and Equipment	1,773	113,689	4,721	134,800	-	567	10,985	-	266,535
Amortization of Intangible Assets	824	42,995	1,336	65,806	-	1,854	-	-	112,816
Segment profit / (loss) before Tax	679,165	1,437,049	267,649	545,692	143,690	58,412	48,413	(413,913)	2,766,157
Income Tax Expense	-	-	-	-	(44,990)	(15,848)	(9,065)	(745,138)	(815,041)
Profit for the year	679,165	1,437,049	267,649	545,692	98,700	42,564	39,349	(1,159,050)	1,951,116
Capital Expenditures									
Property and Equipment	899	234,976	3,628	43,952	-	141	-	-	283,597
Other Intangible Assets	8,904	31,581	53	98,002	-	19,090	-	-	157,630
Total assets	19,670,280	33,795,034	19,382,735	48,503,201	2,550,082	155,014	793,643	(2,402,973)	122,447,016
Total liabilities	16,753,990	69,843,524	271,977	25,319,639	1,847,203	28,162	28,044	(1,740,782)	112,351,756

SEGMENT INFORMATION FOR THE PERIOD ENDED 31/12/2011

Operating Segments Rs. '000	Corporate Banking	Retail, SME and Consumer Banking	Leasing	Treasury Functions	Investment Banking	Insurance Brokering	Property Management	Unallocated Eliminations	Total Group
Operating income	1,024,308	3,470,439	593,446	1,070,951	242,189	65,471	76,929	(50,005)	6,493,728
Credit Loss Expense	(195,056)	74,806	(121,217)	-	-	-	-	6,701	(234,765)
Net Operating income	1,219,364	3,395,633	714,663	1,070,951	242,189	65,471	76,929	(56,706)	6,728,493
Extracts of results									
Interest Income	1,681,677	3,122,375	1,982,306	2,499,777	497,662	4,257	14,499	(7,094)	9,795,459
Inter Segment	(488,113)	1,497,036	(1,433,634)	424,711	-	-	-	-	-
Interest Expense	(503,351)	(2,696,311)	-	(1,954,768)	(243,336)	-	-	6,625	(5,391,142)
Net Interest Income	690,213	1,923,099	548,671	969,720	254,326	4,257	14,499	(469)	4,404,317
Fees and Commission Income	333,915	1,357,188	37,835	9,873	24,596	61,214	62,430	(37,122)	1,849,929
Fees and Commission Expense	-	(92,261)	(13,376)	(38,716)	(17)	-	-	-	(144,369)
Net Trading Income	-	-	-	108,804	(36,722)	-	-	(1)	72,082
Other Income	180	282,412	20,315	21,268	6	-	-	(12,413)	311,769
Depreciation of Property and Equipment	2,935	90,089	5,195	119,794	-	735	10,985	-	229,732
Amortization of Intangible Assets	79	25,150	1,323	68,447	-	121	-	-	95,121
Segment profit / (loss) before Tax	459,563	616,850	270,371	1,090,618	205,530	38,493	31,535	(377,031)	2,335,931
Income Tax Expense	-	-	-	-	(64,589)	(4,594)	(5,311)	(654,265)	(728,759)
Profit for the year	459,563	616,850	270,371	1,090,618	140,941	33,899	26,223	(1,031,296)	1,607,171
Capital Expenditures									
Property and Equipment	1,678	159,868	9,800	147,955	-	1,939	-	-	321,239
Other Intangible Assets	27	9,080	107	45,493	-	-	-	-	54,706
Total assets	19,922,785	26,376,907	14,084,213	40,587,117	2,810,645	97,412	753,767	(2,560,239)	102,072,608
Total liabilities	16,235,577	51,456,172	374,904	25,046,391	2,191,967	9,874	24,717	(1,895,412)	93,444,189

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 31 DECEMBER 2012

BANK

	HFT at Fair Value	Financial Derivatives at Fair Value	HTM at Amortised Cost	L & R at Amortised Cost	Total
Rs. '000					
Assets					
Cash and Cash Equivalents	-	-	-	2,534,056	2,534,056
Balances with Central Bank of Sri Lanka	-	-	-	5,089,342	5,089,342
Derivative Financial Instruments	-	327,843	-	-	327,843
Reverse Repurchase Agreements	-	-	-	3,287,274	3,287,274
Financial Assets - Held for Trading	20,253,158	-	-	-	20,253,158
Other Financial Assets	-	-	-	1,892,922	1,892,922
Loans and Advances to Customers	-	-	-	72,458,357	72,458,357
Financial Assets - Held to Maturity	-	-	10,237,904	-	10,237,904
Total Financial Assets	20,253,158	327,843	10,237,904	85,261,951	116,080,855

	Financial Derivatives at Fair Value	Other Financial Liabilities at Amortised Cost	Total
Liabilities			
Due to Banks	-	2,796,350	2,796,350
Derivative Financial Instruments	528,472	-	528,472
Repurchase Agreements	-	11,832,692	11,832,692
Due to Other Customers	-	86,597,514	86,597,514
Debt Issued and Other Borrowed Funds	-	5,831,123	5,831,123
Total Financial Liabilities	528,472	107,057,679	107,586,151

GROUP

	HFT at Fair Value	Financial Derivatives at Fair Value	HTM at Amortised Cost	L & R at Amortised Cost	Total
Rs. '000					
Assets					
Cash and Cash Equivalents	-	-	-	2,534,155	2,534,155
Balances with Central Bank of Sri Lanka	-	-	-	5,089,342	5,089,342
Reverse Repurchase Agreements	-	-	-	2,711,927	2,711,927
Derivative Financial Instruments	-	327,843	-	-	327,843
Financial Assets - Held for Trading	21,087,926	-	-	-	21,087,926
Other Financial Assets	-	-	-	1,892,922	1,892,922
Loans and Advances to Customers	-	-	-	73,423,951	73,423,951
Financial Assets - Held to Maturity	-	-	10,237,904	-	10,237,904
Total Financial Assets	21,087,926	327,843	10,237,904	85,652,298	117,305,970

	Financial Derivatives at Fair Value	Other Financial Liabilities at Amortised Cost	Total
Liabilities			
Due to Banks	-	2,796,350	2,796,350
Derivative Financial Instruments	528,472	-	528,472
Repurchase Agreements	-	11,832,692	11,832,692
Due to Other Customers	-	86,189,996	86,189,996
Debt Issued and Other Borrowed Funds	-	6,333,779	6,333,779
Total Financial Liabilities	528,472	107,152,817	107,681,289

HFT -Held for Trading
HTM - Held-to-Maturity
L&R- Loans and Receivables

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 31 DECEMBER 2011

BANK

	HFT at Fair Value	Financial Derivatives at Fair Value	HTM at Amortised Cost	L & R at Amortised Cost	Total
Rs. '000					
Assets					
Cash and Cash Equivalents	-	-	-	3,694,381	3,694,381
Balances with Central Bank of Sri Lanka	-	-	-	4,284,336	4,284,336
Reverse Repurchase Agreements	-	-	-	7,262,949	7,262,949
Derivative Financial Instruments	-	254,695	-	-	254,695
Financial Assets - Held for Trading	6,270,703	-	-	-	6,270,703
Other Financial Assets	-	-	-	2,898,132	2,898,132
Loans and Advances to Customers	-	-	-	60,238,355	60,238,355
Financial Assets - Held to Maturity	-	-	11,197,758	-	11,197,758
Total Financial Assets	6,270,703	254,695	11,197,758	78,378,152	96,101,308

	Financial Derivatives at Fair Value	Other Financial Liabilities at Amortised Cost	Total
Liabilities			
Due to Banks	-	1,277,136	1,277,136
Derivative Financial Instruments	315,720	-	315,720
Repurchase Agreements	-	14,760,019	14,760,019
Due to Other Customers	-	67,691,749	67,691,749
Debt Issued and Other Borrowed Funds	-	4,808,100	4,808,100
Total Financial Liabilities	315,720	88,537,004	88,852,724

GROUP

	HFT at Fair Value	Financial Derivatives at Fair Value	HTM at Amortised Cost	L & R at Amortised Cost	Total
Rs. '000					
Assets					
Cash and Cash Equivalents	-	-	-	3,694,423	3,694,423
Balances with Central Bank of Sri Lanka	-	-	-	4,284,336	4,284,336
Reverse Repurchase Agreements	-	-	-	6,614,228	6,614,228
Derivative Financial Instruments	-	254,695	-	-	254,695
Financial Assets - Held for Trading	6,549,788	-	-	-	6,549,788
Other Financial Assets	-	-	-	2,898,132	2,898,132
Loans and Advances to Customers	-	-	-	61,187,973	61,187,973
Financial Assets - Held to Maturity	-	-	11,817,619	-	11,817,619
Total Financial Assets	6,549,788	254,695	11,817,619	78,679,092	97,301,194

	Financial Derivatives at Fair Value	Other Financial Liabilities at Amortised Cost	Total
Liabilities			
Due to Banks	-	1,277,136	1,277,136
Derivative Financial Instruments	315,720	-	315,720
Repurchase Agreements	-	14,479,508	14,479,508
Due to Other Customers	-	67,633,066	67,633,066
Debt Issued and Other Borrowed Funds	-	5,408,963	5,408,963
Total Financial Liabilities	315,720	88,798,672	89,114,393

HFT -Held for Trading
HTM - Held-to-Maturity
L&R- Loans and Receivables

DEBENTURES

STOCK EXCHANGE LISTING

The rated unsecured subordinated redeemable debentures 2008/13, 2009/13 and 2011/16 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 2012.

Debenture Category	Amount Rs. '000	Interest Payable Frequency	Interest Rate % Coupon Rate	Int. Rate of Comparable Effective Annual Yield	Govt. Security% Effective Annual Yield
2008/13	1,000,000	Annually	21.00	21.00	11.08
2009/13	500,000	Semi Annually	20.53	21.58	10.49
2011/16	200,000	Semi Annually	11.00	11.30	12.03
2011/16	1,800,000	Semi Annually	11.50	11.83	12.03
	<u>3,500,000</u>				

As at 31st December

2012

2011

Debt / Equity Ratio *

58.54%

50.99%

Interest Cover (Times)

5.37

5.44

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

Nations Trust Bank PLC Head Office and Corporate Branch, No. 242, Union Place, Colombo 2.

Tel: 4313131 Fax: 2307854 Email: customerservice@nationstrust.com Web: www.nationstrust.com



**Nations
TrustBank**