

### Summarised Income Statement

For the Nine Months ended 30th September

	BANK			GROUP		
	2011 Rs. '000	2010 Rs. '000	% Change	2011 Rs. '000	2010 Rs. '000	% Change
<b>Income</b>	<b>35,420,293</b>	<b>38,130,438</b>	<b>(7.1)</b>	<b>36,232,084</b>	<b>39,287,209</b>	<b>(7.8)</b>
<b>Interest Income</b>	<b>31,469,519</b>	<b>32,159,256</b>	<b>(2.1)</b>	<b>32,145,358</b>	<b>32,935,375</b>	<b>(2.4)</b>
Interest Income on Loans and Advances	7,893,196	7,290,859	8.3	7,893,196	7,290,859	8.3
Interest Income on Other Interest Earning Assets	23,576,323	24,868,397	(5.2)	24,252,162	25,644,516	(5.4)
<b>Less: Interest Expenses</b>	<b>21,888,326</b>	<b>23,955,281</b>	<b>(8.6)</b>	<b>22,361,317</b>	<b>24,479,305</b>	<b>(8.7)</b>
Interest Expense on Deposits	21,253,028	23,211,497	(8.4)	21,253,028	23,211,497	(8.4)
Interest Expense on Other Interest Bearing Liabilities	635,298	743,784	(14.6)	1,108,289	1,267,808	(12.6)
<b>Net Interest Income</b>	<b>9,581,193</b>	<b>8,203,975</b>	<b>16.8</b>	<b>9,784,041</b>	<b>8,456,070</b>	<b>15.7</b>
<b>Non-Interest Income - Other Income</b>	<b>3,950,773</b>	<b>5,971,182</b>	<b>(33.8)</b>	<b>4,086,725</b>	<b>6,351,834</b>	<b>(35.7)</b>
Foreign Exchange Income	21,908	15,632	40.1	21,908	15,632	40.1
Amortization of Discount on Treasury Bonds	3,207,990	4,104,923	(21.9)	3,207,990	4,104,923	(21.9)
Others	720,875	1,850,628	(61.0)	856,827	2,231,280	(61.6)
<b>Net Income</b>	<b>13,531,966</b>	<b>14,175,157</b>	<b>(4.5)</b>	<b>13,870,766</b>	<b>14,807,904</b>	<b>(6.3)</b>
<b>Less: Non-Interest Expenses</b>	<b>4,443,519</b>	<b>4,286,521</b>	<b>3.7</b>	<b>4,437,444</b>	<b>4,282,405</b>	<b>3.6</b>
Personnel Costs	2,171,940	2,213,712	(1.9)	2,182,695	2,224,785	(1.9)
Provision for Staff Retirement Benefits	648,714	562,145	15.4	649,042	562,500	15.4
Premises, Equipment and Establishment Expenses	1,036,052	937,388	10.5	1,037,847	938,434	10.6
Loss on Trading Securities	-	-	-	-	-	-
Amortization of Intangible Assets	59,571	41,721	42.8	59,571	41,721	42.8
Other Operating Expenses	527,241	531,555	(0.8)	508,288	514,965	(1.3)
<b>Less: Provision for Bad and Doubtful Debts and Loans</b>	<b>84,058</b>	<b>63,025</b>	<b>33.4</b>	<b>84,058</b>	<b>63,025</b>	<b>33.4</b>
Provisions - General	53,306	68,834	(22.6)	53,306	68,834	(22.6)
Provisions - Specific	34,956	(2,658)	(1,415.1)	34,956	(2,658)	(1,414.9)
Recoveries (-)	(4,205)	(3,151)	33.4	(4,205)	(3,151)	33.4
Loans Written Off	-	-	-	-	-	-
<b>Add: Reversal (Provision) of Decline in Market Value of Investments (Net)</b>	<b>(121,646)</b>	<b>376,699</b>	<b>(132)</b>	<b>(121,646)</b>	<b>332,033</b>	<b>(136.6)</b>
<b>Operating Profit on Ordinary Activities Before Taxes</b>	<b>8,882,744</b>	<b>10,202,311</b>	<b>(12.9)</b>	<b>9,227,619</b>	<b>10,794,508</b>	<b>(14.5)</b>
<b>Less: Value Added Tax on Financial Services</b>	<b>1,289,682</b>	<b>2,406,644</b>	<b>(46.4)</b>	<b>1,344,983</b>	<b>2,527,356</b>	<b>(46.8)</b>
<b>Operating Profit on Ordinary Activities Before Corporate Taxes</b>	<b>7,593,062</b>	<b>7,795,667</b>	<b>(2.6)</b>	<b>7,882,636</b>	<b>8,267,152</b>	<b>(4.7)</b>
<b>Less: Tax on Profits on Ordinary Activities</b>	<b>2,241,478</b>	<b>3,193,999</b>	<b>(29.8)</b>	<b>2,286,570</b>	<b>3,359,019</b>	<b>(31.9)</b>
<b>Operating Profit for the Period</b>	<b>5,351,584</b>	<b>4,601,668</b>	<b>16.3</b>	<b>5,596,066</b>	<b>4,908,133</b>	<b>14.0</b>

Note:-  
i) The financial statements are prepared in accordance with the Sri Lanka Accounting Standards. The Accounting policies and methods of computation adopted to draw up the financial statements are consistent with those followed during the financial year ended 31st, December 2010.  
ii) There have been no material events subsequent to 30th September 2011 that require disclosure.  
iii) Comparative figures of 2010 have been restated based on the Actual where applicable.  
iv) As required by the Government Budget 2011, with effect from January 1, 2011 the bank is required to transfer an amount equivalent to 8% of the VAT on Financial services and 5% of the Income Tax to an Investment Fund Account. The amounts so derived for the nine months ended 30th September 2011 was Rs. 860 Mn. and Rs.400 Mn. respectively.

### Selected Performance Indicators

	BANK		GROUP	
	30.09.2011	2010 (Audited)	30.09.2011	2010 (Audited)
<b>Regulatory Capital Adequacy</b>				
Core Capital (Tier 1 Capital), Rs. Mn	16,448	16,423	17,446	17,346
Total Capital Base, Rs. Mn	13,968	14,187	15,041	15,110
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	19.7	22.2	19.9	22.7
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	16.7	19.2	17.2	19.8
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	3.4	2.5	3.4	2.5
Net Non - Performing Advances Ratio, % (net of interest in suspense and provisions)	2.6	1.7	2.6	1.8
<b>Profitability</b>				
Interest Margin, %	4.0	4.4	4.0	4.4
Return on Assets (before Tax) %	2.4	2.6	2.4	2.6
Return on Equity, %	31.5	27.5	31.1	26.9
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets, Rs. Mn. (average)	299,093	278,043	-	-
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)	78.1	80.9	-	-

Certification:  
We, the undersigned, being the General Manager/CEO and Deputy General Manager (Finance & Planning) of National Savings Bank 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 have been extracted from the unaudited provisional financial statements of the bank unless indicated as audited.

Sgd. H.M.Hennayake Bandara  
General Manager / CEO  
17th November, 2011, Colombo

Sgd. K.B.Wijeyaratne  
Deputy General Manager (Finance & Planning)

### Summarised Balance Sheet

	BANK			GROUP		
	30.09.2011 Rs. '000	31.12.2010 Rs. '000 Audited	% Change	30.09.2011 Rs. '000	31.12.2010 Rs. '000 Audited	% Change
<b>On-Balance Sheet Assets</b>						
Cash in Hand	519,838	340,572	52.6	519,843	340,577	52.6
Balances with Central Bank of Sri Lanka	-	-	-	619	368	68.2
Due from Banks and Other Financial Institutions	3,270,976	7,995,499	(59.1)	3,270,976	7,997,158	(59.1)
<b>Investments - Trading Account</b>	<b>13,765,655</b>	<b>17,075,019</b>	<b>(19.4)</b>	<b>26,083,816</b>	<b>27,518,824</b>	<b>(5.2)</b>
Government Securities	5,958,791	11,608,618	(48.7)	18,275,952	22,051,423	(17.1)
Other Securities	7,806,864	5,466,401	42.8	7,807,864	5,467,401	42.8
<b>Investments - Held-to-Maturity (Net of Provisions Made for Decline in Value of Investments)</b>	<b>305,285,618</b>	<b>275,579,631</b>	<b>10.8</b>	<b>305,285,618</b>	<b>275,579,631</b>	<b>10.8</b>
Government Securities	291,510,959	263,506,015	10.6	291,510,959	263,506,015	10.6
Other Securities	13,774,658	12,073,615	14.1	13,774,658	12,073,615	14.1
Investment in NSB Fund Management Co. Ltd.	150,000	150,000	-	-	-	-
<b>Total Loans and Advances</b>	<b>98,534,783</b>	<b>84,480,098</b>	<b>16.6</b>	<b>98,534,823</b>	<b>84,480,108</b>	<b>16.6</b>
<b>Total Performing Loans and Advances</b>						
Bills of Exchange	-	-	-	-	-	-
Overdrafts	-	-	-	-	-	-
Lease Rentals Receivable	-	-	-	-	-	-
Loans & Advances	85,102,941	79,987,429	6.4	85,102,981	79,987,439	6.4
Loans to Banks and Other Financial Institutions	10,551,700	1,976,700	433.8	10,551,700	1,976,700	433.8
Interest Receivable	2,880,142	2,515,969	14.5	2,880,142	2,515,969	14.5
<b>Total Non-performing Loans and Advances</b>	<b>3,712,033</b>	<b>2,350,959</b>	<b>57.9</b>	<b>3,712,033</b>	<b>2,350,959</b>	<b>57.9</b>
Bills of Exchange	-	-	-	-	-	-
Overdrafts	-	-	-	-	-	-
Lease Rentals Receivable	-	-	-	-	-	-
Loans and Advances	3,426,538	2,136,580	60.4	3,426,538	2,136,580	60.4
Loans to Banks and Other Financial Institutions	-	-	-	-	-	-
Interest Receivable	285,496	214,379	33.2	285,496	214,379	33.2
<b>Total Gross Loans and Advances</b>	<b>102,246,817</b>	<b>86,831,057</b>	<b>17.8</b>	<b>102,246,857</b>	<b>86,831,067</b>	<b>17.8</b>
<b>Less:</b>						
Interest in Suspense	285,496	214,379	33.2	285,496	214,379	33.2
Specific Loan Loss Provisions	72,109	41,324	74.5	72,109	41,324	74.5
General Loan Loss Provisions	658,159	604,852	8.8	658,159	604,852	8.8
<b>Net Loans and Advances</b>	<b>101,231,053</b>	<b>85,970,501</b>	<b>17.8</b>	<b>101,231,093</b>	<b>85,970,511</b>	<b>17.8</b>
Other Assets	10,236,921	11,896,839	(14.0)	10,472,672	12,242,147	(14.5)
Property, Plant & Equipment	4,900,525	4,612,632	6.2	4,901,883	4,613,690	6.2
Leasehold Land	187,757	193,178	(2.8)	187,757	193,178	(2.8)
Intangible Assets	130,351	165,432	(21.2)	130,671	165,752	(21.2)
<b>Total on Balance Sheet Assets</b>	<b>439,678,696</b>	<b>403,979,303</b>	<b>8.8</b>	<b>452,084,950</b>	<b>414,621,836</b>	<b>9.0</b>
<b>LIABILITIES</b>						
<b>Total Deposits</b>	<b>388,709,670</b>	<b>355,364,179</b>	<b>9.4</b>	<b>388,709,670</b>	<b>355,364,179</b>	<b>9.4</b>
Demand Deposits	-	-	-	-	-	-
Savings Deposits	106,074,278	96,410,996	10.0	106,074,278	96,410,996	10.0
Time Deposits	282,635,392	258,953,183	9.1	282,635,392	258,953,183	9.1
Margin Deposits	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-
<b>Total Borrowings</b>	<b>11,883,611</b>	<b>11,286,960</b>	<b>5.3</b>	<b>22,658,153</b>	<b>20,407,692</b>	<b>11.0</b>
Borrowings from CBSL	-	-	-	-	-	-
Borrowings from Banks and Financial Institutions in Sri Lanka	-	-	-	-	-	-
Borrowings from Banks and Financial Institutions Abroad	-	-	-	-	-	-
Securities Sold Under Repurchase Agreements	11,738,056	11,164,103	5.1	22,511,176	20,284,835	11.0
Bank Overdrafts	145,555	122,857	18.5	146,977	122,857	19.6
Deferred Taxation	26,999	26,999	-	26,827	26,827	-
Tax Payable	-	653,310	(100)	-	847,805	(100)
Other Liabilities	15,130,919	15,230,047	(0.7)	15,310,920	15,350,126	(0.3)
<b>Total on Balance Sheet Liabilities</b>	<b>415,751,199</b>	<b>382,561,493</b>	<b>8.7</b>	<b>426,705,570</b>	<b>391,996,627</b>	<b>8.9</b>
<b>Minority Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity Capital and Reserves</b>	<b>23,927,497</b>	<b>21,417,810</b>	<b>11.7</b>	<b>25,379,380</b>	<b>22,625,211</b>	<b>12.2</b>
Stated Capital	3,200,000	3,200,000	-	3,200,000	3,200,000	-
Statutory Reserve Fund	1,606,122	1,338,543	20.0	1,606,122	1,338,543	20.0
Total Other Reserves	19,121,375	16,879,267	13.3	20,573,258	18,086,668	13.7
<b>Total on Balance Sheet Liabilities and Equity Capital and Reserves</b>	<b>439,678,696</b>	<b>403,979,303</b>	<b>8.8</b>	<b>452,084,950</b>	<b>414,621,836</b>	<b>9.0</b>
<b>Commitments and Contingencies</b>	<b>1,439,559</b>	<b>1,426,845</b>		<b>1,439,559</b>	<b>1,426,845</b>	
<b>Number of :-</b>						
Employees	2,937	3,050				
Branches	194	186				

### Statement of Changes in Equity and Reserves – Bank

For the Nine Months ended 30th September, 2011	Stated Capital Rs. '000	Revaluation Reserve Rs. '000	Special Reserve Rs. '000	Unclaimed Deposits Reserve Rs. '000	Special Risk Reserve Rs. '000	General Reserve Rs. '000	Statutory Reserve Rs. '000	Investment Fund A/C Rs. '000	Income Statement Rs. '000	Total Rs. '000
Balance as at 01.01.2011	3,200,000	1,583,340	2,174	247,360	-	15,046,393	1,338,543	-	-	21,417,810
Net Profit for the Period	-	-	-	-	-	-	-	-	5,351,584	5,351,584
Unclaimed Deposits Transferred	-	-	-	(5,981)	-	-	-	-	-	(5,981)
Contribution to the Consolidated Fund	-	-	-	-	-	-	-	-	(2,835,916)	(2,835,916)
Transfers to Reserves	-	-	-	-	-	988,037	267,579	1,260,052	(2,515,668)	-
Balance as at 30.09.2011	3,200,000	1,583,340	2,174	241,379	-	16,034,430	1,606,122	1,260,052	-	23,927,497

### Statement of Changes in Equity and Reserves – Group

For the Nine Months ended 30th September, 2011	Stated Capital Rs. '000	Revaluation
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