

NATIONS TRUST BANK PLC. AND ITS FULLY OWNED SUBSIDIARIES

Nations Trust Bank PLC.

Head Office and Corporate Branch
No. 242, Union Place, Colombo 2
Tel: 4313131 Fax: 2307854
Email: bank@nationstrust.lk
Web: www.nationstrust.com



We understand you

INCOME STATEMENT

For the Period	Bank						Group					
	Six months ended June 30,			Quarter ended June 30,			Six months ended June 30,			Quarter ended June 30,		
	2007 Rs.	2006 Rs.	Change (%)	2007 Rs.	2006 Rs.	Change (%)	2007 Rs.	2006 Rs.	Change (%)	2007 Rs.	2006 Rs.	Change (%)
Gross Income	3,752,638,420	2,378,711,433	58	2,128,072,841	1,418,786,971	50	4,450,113,116	2,875,566,603	55	2,449,634,203	1,749,717,501	40
Interest Income												
Interest Income on Loans and Advances	2,170,021,848	1,109,383,663		1,155,641,058	699,674,002		2,170,021,848	1,109,383,663		1,155,641,058	699,674,002	
Interest Income on Other Interest Earning Assets	836,763,269	901,418,006		500,316,673	525,262,590		1,681,543,995	1,364,290,998		991,777,722	859,806,108	
	3,006,785,117	2,010,801,669	50	1,655,957,731	1,224,936,592	35	3,851,565,843	2,473,674,661	56	2,147,418,780	1,559,480,110	38
Interest Expense												
Interest Expense on Deposits	(1,033,545,663)	(519,137,417)		(575,987,707)	(292,310,575)		(1,033,545,663)	(519,137,417)		(575,987,707)	(292,310,575)	
Interest Expense on Other												
Interest Bearing Liabilities	(1,111,780,661)	(767,114,538)		(644,612,644)	(562,203,119)		(1,851,064,767)	(1,150,246,849)		(1,080,086,859)	(840,343,216)	
	(2,145,326,324)	(1,286,251,955)	67	(1,220,600,351)	(854,513,694)	43	(2,884,610,430)	(1,669,384,266)	73	(1,656,074,566)	(1,132,653,791)	46
Net Interest Income	861,458,793	724,549,714	19	435,357,380	370,422,898	18	966,955,413	804,290,395	20	491,344,214	426,826,319	15
Non-Interest Income												
Foreign Exchange Income	173,013,771	84,902,708	104	97,962,028	44,191,420	122	173,013,771	84,902,708	104	97,962,028	44,191,420	122
Other Operating Income	572,839,532	283,007,056	102	374,153,082	149,658,959	150	425,533,502	316,989,234	34	204,253,395	146,045,971	40
	745,853,303	367,909,764		472,115,110	193,850,379		598,547,273	401,891,942		302,215,423	190,237,391	
Net Income	1,607,312,096	1,092,459,478	47	907,472,490	564,273,277	61	1,565,502,686	1,206,182,337	30	793,559,637	617,063,710	29
Less: Non-Interest Expenses												
Personnel Costs	361,567,142	252,463,386	43	170,511,065	130,472,890	31	367,968,119	257,914,173	43	173,735,414	133,220,061	30
Provision for Staff Retirement Benefits	12,517,445	9,182,750	36	5,788,111	5,570,826	4	12,941,769	9,523,285	36	6,035,338	5,840,229	3
Premises, Equipment and Establishment Expenses	224,426,216	190,735,170	18	114,950,892	96,922,434	19	249,334,921	219,031,431	14	127,891,103	108,901,781	17
Other Operating Expenses	399,420,742	310,481,986	29	206,781,787	157,635,619	31	402,002,168	315,432,367	27	208,748,945	157,814,017	32
	997,931,545	762,863,292	31	498,031,855	390,601,769		1,032,246,977	801,901,256	29	516,410,800	405,776,088	
Less: Provision for Bad & Doubtful Debts and Loans Written Off												
Provision - General	35,491,266	54,779,219	(35)	23,992,864	18,733,491	28	35,491,266	54,779,219	(35)	23,992,864	18,733,491	28
Provision - Specific	82,226,656	69,865,994	18	35,830,014	26,070,514	37	82,226,656	69,865,994	18	35,830,014	26,070,514	37
	117,717,922	124,645,213	(6)	59,822,878	44,804,005	34	117,717,922	124,645,213	(6)	59,822,878	44,804,005	34
Operating Profit on Ordinary												
Activities Before Taxes	491,662,629	204,950,973	140	349,617,757	128,867,503	171	415,537,787	279,635,868	49	217,325,959	166,483,617	31
Less: Value Added Tax on Financial Services	(62,803,859)	(24,122,925)	160	(46,809,468)	(16,384,164)	186	(78,803,003)	(35,724,159)	121	(54,670,637)	(22,331,363)	145
Operating Profit Before Corporate Tax	428,858,770	180,828,048	137	302,808,289	112,483,339	169	336,734,784	243,911,709	38	162,655,322	144,152,254	13
Less: Tax on Profits on Ordinary Activities	(106,235,293)	(84,926,452)	25	(53,158,625)	(56,127,446)	(5)	(143,524,031)	(111,023,498)	29	(71,475,784)	(69,388,024)	3
Operating Profit for the Period	322,623,477	95,901,596	236	249,649,664	56,355,893	343	193,210,753	132,888,211	45	91,179,538	74,764,230	22
Earnings Per Share -Basic	2.56	0.76		1.98	0.45		1.54	1.06		0.72	0.59	

Explanatory Notes:

- The Group figures include those of the fully owned subsidiaries, Waldock Mackenzie Limited, Allied Properties Limited, Mercantile Leasing (Financial Services) Limited and MLL Insurance Brokers Limited.
- These Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards and provide the information as required in terms of Rule 8.3 of the Colombo Stock Exchange and the Directions issued by the Central Bank of Sri Lanka.
- No material events have taken place since June 30, 2007 that require disclosure or/and adjustments in these accounts.
- There are no changes in the accounting policies and methods of computation as disclosed in the Annual Report for the year ended December 31, 2006 and these interim financial statements are presented in accordance with SLAS 35 - Interim Financial Reporting.
- The Bank figures include dividend income of Rs.186 Mn. received from Waldock Mackenzie Limited and Allied Properties Ltd. This dividend income has been eliminated as intercompany transactions in the Group accounts.
- Consequent to the Companies Act No. 7 of 2007, Share Capital and Share Premium have been combined and restated as Stated Capital.
- A full provision was made in the books in April 2007 against equity for the goodwill of Rs. 372,052,672/-, that arose from the merger of Mercantile Leasing Ltd. with the Bank in order to be in line with the provisions contained in Section 22 of the Banking Act, before the payment of the dividend for the year ended December 31, 2006.

The above figures are provisional and subject to audit.

BALANCE SHEET

As at	Bank			Group		
	30.06.2007 Rs.	31.12.2006 Rs. (Audited)	Change (%)	30.06.2007 Rs.	31.12.2006 Rs. (Audited)	Change (%)
On-Balance Sheet Assets						
Cash in Hand	330,213,145	305,570,337	8	330,246,145	305,603,337	8
Balances with the Central Bank of Sri Lanka	1,852,218,112	1,314,915,247	41	1,852,218,112	1,314,915,247	41
Due from Banks and Other Financial Institutions	2,652,005,721	4,473,443,031	(41)	2,657,615,731	4,474,201,515	(41)
Investments - Trading Account						
Government Securities	1,278,115,618	243,360,486	425	1,278,115,618	1,440,894,670	(11)
Investments - Held-to-Maturity						
Government Securities	6,660,534,747	7,029,556,758	(5)	9,862,084,265	10,509,775,220	(6)
Other Securities	4,590,000	1,590,000	189	4,590,000	1,590,000	189
Investments in Subsidiaries	682,205,961	682,205,961	-	-	-	-
Total Loans and Advances						
Total Performing Loans and Advances						
Bills of Exchange	456,638,982	291,349,554	57	456,638,982	291,349,554	57
Overdrafts	4,030,314,688	4,310,777,608	(7)	4,030,314,688	4,310,777,608	(7)
Lease Rentals Receivable within one year	2,311,136,191	1,833,410,443	26	2,315,341,636	1,837,441,065	26
Lease Rentals Receivable after one year	3,738,691,126	3,132,941,447	19	3,738,691,126	3,132,941,447	19
Other Loans	18,235,851,711	15,059,311,315	21	20,086,138,746	17,052,977,881	18
	28,772,632,698	24,627,790,367	17	30,627,125,178	26,625,487,555	15
Total Non-Performing Loans and Advances						
Overdrafts	204,173,307	341,445,965	(40)	204,173,307	341,445,965	(40)
Lease Rentals Receivable	337,608,394	377,450,586	(11)	337,608,394	377,450,586	(11)
Other Loans	917,218,571	572,850,741	60	917,218,571	587,168,502	56
Interest Receivable	199,148,843	124,526,327	60	199,148,843	124,526,328	60
Total Gross Loans and Advances	30,430,781,813	26,044,063,986	17	32,285,274,293	28,056,078,936	15
Less: Interest in Suspense	(333,334,979)	(300,927,916)	11	(333,334,979)	(300,927,916)	11
Specific Loan Loss Provisions	(522,051,882)	(539,920,113)	(3)	(522,051,882)	(539,920,113)	(3)
General Loan Loss Provisions	(256,045,836)	(222,099,876)	15	(256,045,836)	(222,099,876)	15
Net Loans and Advances	29,319,349,116	24,981,116,081	17	31,173,841,596	26,993,131,031	15
Other Assets	866,605,158	1,089,773,102	(20)	738,064,528	997,977,333	(26)
Intangible Assets	-	372,052,672	(100)	79,261,211	451,313,886	(82)
Property, Plant and Equipment	493,896,365	504,993,674	(2)	1,101,372,391	1,132,657,513	(3)
Total On-Balance Sheet Assets	44,139,733,943	40,998,577,349	8	49,077,409,597	47,622,059,752	3
On-Balance Sheet Liabilities						
Total Deposits						
Demand Deposits	3,223,063,402	2,999,631,739	7	3,223,063,402	2,997,527,068	8
Savings Deposits	3,653,063,949	3,409,494,894	7	3,653,063,949	3,409,494,894	7
Time Deposits	19,068,166,898	14,263,332,915	34	19,068,166,898	14,263,332,915	34
Margin Deposits	114,885,357	266,414,775	(57)	125,604,327	266,414,775	(53)
	26,059,179,606	20,938,874,323	24	26,069,898,576	20,936,769,652	25
Total Borrowings						
Borrowings from the Central Bank of Sri Lanka	21,741,688	25,072,469	(13)	21,741,688	25,072,469	(13)
Borrowings from Banks and Financial Institutions						
in Sri Lanka	578,506,582	5,086,198,636	(89)	578,506,582	5,086,198,636	(89)
Borrowings from Banks and Financial Institutions Abroad	1,415,140,662	538,750,000	163	1,415,140,662	538,750,000	163
Securities Sold under Repurchase Agreements	7,753,860,279	5,467,386,962	42	12,150,940,479	10,275,404,717	18
Subordinated Term Debt	673,250,000	673,250,000	-	673,250,000	673,250,000	-
Other Borrowings	2,645,889,555	2,388,761,986	11	2,645,889,555	4,009,324,040	(34)
	13,088,388,766	14,179,420,053	(8)	17,485,468,966	20,607,999,862	(15)
Deferred Taxation	101,905,845	120,223,629	(15)	120,263,156	138,580,940	(13)
Current Taxation	94,329,424	104,557,426	(10)	46,948,517	130,417,155	(64)
Other Liabilities	2,448,137,382	3,132,493,799	(22)	2,797,746,555	2,946,580,393	(5)
Total On-Balance Sheet Liabilities	41,791,941,023	38,475,569,230	9	46,520,325,770	44,760,348,002	4
Equity Capital and Reserves						
Stated Capital	2,061,553,991	2,061,553,991	-	2,061,553,991	2,061,553,991	-
Statutory Reserve Fund	28,995,199	28,995,199	-	28,995,199	28,995,199	-
Total Other Reserves	257,243,730	432,458,929	(41)	466,534,637	771,162,560	(40)
	2,347,792,920	2,523,008,119	(7)	2,557,083,827	2,861,711,750	(11)
Total On-Balance Sheet Liabilities and Equity Capital and Reserves	44,139,733,943	40,998,577,349	8	49,077,409,597	47,622,059,752	3
Off-Balance Sheet Items and Contra Accounts						
Contingencies	5,684,394,410	5,385,747,067	6	5,684,394,410	5,385,747,067	6
Commitments and Contra Accounts	42,800,215	66,601,552	(36)	42,800,215	66,601,552	(36)
	5,727,194,625	5,452,348,619	5	5,727,194,625	5,452,348,619	5
Memorandum Information						
Number of Employees	1,157	802		1,178	820	
Number of Branches	31	30		31	30	
Number of Leasing Centers	8	5		8	5	

CERTIFICATION

I certify that the above financial statements give a true and fair view of the state of affairs as at June 30, 2007 and of its profits for the period then ended.

(Sgd.) **Raja Senanayake**
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 unaudited financial statements of the Bank unless indicated as audited.

(Sgd.) **A.D. Gunewardene**
Chairman

(Sgd.) **E. H. Wijenaik**
Director

(Sgd.) **Z.H. Zavahir**
Director/Chief Executive Officer

July 23, 2007 Colombo

CASH FLOW STATEMENT

<i>For the six months ended June 30,</i>	Bank		Group	
	2007 Rs.	2006 Rs.	2007 Rs.	2006 Rs.
Cash Flows from Operating Activities				
Interest Received	3,006,785,117	2,010,801,669	3,851,565,843	2,473,674,661
Interest Paid	(2,145,326,324)	(1,286,251,955)	(2,884,610,430)	(1,669,384,266)
Foreign Exchange Income Received	173,013,771	84,902,708	173,013,771	84,902,708
Receipts from Other Operating Activities	572,839,532	283,007,056	425,533,502	316,989,234
Gratuity Payments made	(2,097,500)	(523,700)	(3,526,800)	(523,700)
Payments to Employees and Suppliers	(904,226,683)	(713,297,053)	(911,887,053)	(742,565,866)
Operating Profit before Changes in Operating Assets and Liabilities	700,987,913	378,638,725	650,088,833	463,092,771
(Increase)/Decrease in Operating Assets				
Government Securities	(665,733,122)	(2,582,535,051)	810,470,006	(1,693,030,462)
Bills of Exchange	(165,289,428)	(51,652,061)	(165,289,428)	(51,652,061)
Loans & Advances	(4,172,943,607)	(10,232,708,698)	(4,015,421,136)	(7,753,820,152)
Other Assets	(243,410,385)	(682,373,855)	(210,638,528)	(883,869,257)
	(5,247,376,542)	(13,549,269,665)	(3,580,879,086)	(10,382,371,932)
Increase/(Decrease) in Operating Liabilities				
Customer Deposits	5,120,305,283	4,129,641,960	5,133,128,924	4,130,598,769
Securities Sold under Repurchase Agreements	2,286,473,317	3,699,591,993	1,875,535,762	1,415,591,363
Other Liabilities	(712,902,203)	5,145,483,779	(124,834,256)	4,789,800,729
	6,693,876,397	12,974,717,732	6,883,830,430	10,335,990,861
Net Cash Flow from Operating Activities	2,147,487,768	(195,913,208)	3,953,040,177	416,711,700
Cash Flows from Investing Activities				
Investments in Other Securities	(3,000,000)	(10,000)	(3,000,000)	(10,000)
Dividend Received	186,076,397	-	76,500	-
Proceeds from Sale of Property, Plant & Equipment	5,149,469	-	11,010,549	-
Purchase of Property, Plant & Equipment	(91,914,664)	(115,391,264)	(91,914,664)	(721,561,171)
	96,311,202	(115,401,264)	(83,827,615)	(721,571,171)
Cash Flows from Financing Activities				
Increase/(Decrease) in Refinance Activities	257,127,570	700,000,000	(1,363,434,496)	700,000,000
Increase/(Decrease) in Call & Other Borrowings	(3,634,632,173)	-	(3,634,632,173)	-
Dividend Paid	(125,786,004)	-	(125,786,004)	-
	(3,503,290,607)	700,000,000	(5,123,852,673)	700,000,000
Net Increase in Cash & Cash Equivalents	(1,259,491,637)	388,685,528	(1,254,640,111)	395,140,529
Cash and Cash Equivalents at the beginning of the year	5,017,496,699	2,588,424,875	5,018,288,183	2,588,436,011
Cash and Cash Equivalents at the end of the year	3,758,005,062	2,977,110,403	3,763,648,072	2,983,576,540
Reconciliation of Cash & Cash Equivalents				
Cash in Hand & Balances with Banks	330,213,145	257,009,398	330,246,145	257,159,225
Balances with the Central Bank of Sri Lanka	1,852,218,112	1,242,624,889	1,852,218,112	1,242,624,889
Money at Call & Short Notice	1,575,573,805	1,477,476,116	1,581,183,815	1,483,792,426
	3,758,005,062	2,977,110,403	3,763,648,072	2,983,576,540
A. Reconciliation of Operating Profit				
Profit before Taxation	491,662,629	204,950,973	415,537,787	279,635,868
Depreciation	81,187,417	40,383,489	107,418,155	49,812,105
Provision for Doubtful Debts	117,717,922	124,645,213	117,717,922	124,645,213
Provision for Gratuity	12,517,445	9,182,750	12,941,769	9,523,285
Gratuity Payments Made	(2,097,500)	(523,700)	(3,526,800)	(523,700)
	700,987,913	378,638,725	650,088,833	463,092,771

SELECTED PERFORMANCE INDICATORS

	Bank		Group	
	As at	As at	As at	As at
	30.06.2007	31.12.2006 (Audited)	30.06.2007	31.12.2006 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. Mn.	2,025	2,151	2,285	2,410
Total Capital Base, Rs. Mn.	3,289	3,379	3,549	3,639
Core Capital Adequacy Ratio, as a % of Risk Weighted Assets (Minimum Requirement, 5%)	6.50%	7.57%	6.90%	7.86%
Total Capital Adequacy Ratio, as a % of Risk Weighted Assets (Minimum Requirement, 10%)	10.55%	11.89%	10.71%	11.86%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-performing Advances Ratio, % (Net of Interest in Suspense)	4.40%	4.33%	4.15%	4.07%
Net Non-performing Advances Ratio, % (Net of Interest in Suspense and Provisions)	1.82%	1.37%	1.71%	1.32%
Profitability				
Interest Margin	4.14%	4.70%		
Return on Assets	1.10%	0.76%		
Return on Equity	18.76%	9.89%		
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn.	8,951	7,316		
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit (DBU)	20.59%	20.64%		
Foreign Currency Banking Unit (FCBU)	81.79%	65.36%		
Net Asset Value Per Share (Rs.)	18.66	20.06	20.33	22.75
Market Price Per Share (Rs.)				
	30.06.2007 (Quarter ended)	30.06.2006 (Quarter ended)		
Highest	35.00	25.75		
Lowest	29.00	19.75		
Last Traded Price	30.50	20.25		

STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.	Reserve Fund Rs.	Revenue Reserve Rs.	Total Rs.
Bank				
Balance as at 01.01.2006	994,999,986	16,520,928	175,121,830	1,186,642,744
Net Profit for the Period	-	-	95,901,596	95,901,596
Shares Issued during the period	1,066,554,005	-	-	1,066,554,005
Balance as at 30.06.2006	2,061,553,991	16,520,928	271,023,426	2,349,098,345
Balance as at 01.01.2007	2,061,553,991	28,995,199	432,458,929	2,523,008,119
Net Profit for the Period	-	-	322,623,477	322,623,477
Dividend Paid for 2006	-	-	(125,786,004)	(125,786,004)
Provision for Goodwill on Business Combination	-	-	(372,052,672)	(372,052,672)
Balance as at 30.06.2007	2,061,553,991	28,995,199	257,243,730	2,347,792,920
Group				
Balance as at 01.01.2006	994,999,986	16,520,928	451,809,163	1,463,330,077
Net Profit for the Period	-	-	132,888,211	132,888,211
Shares Issued during the period	1,066,554,005	-	-	1,066,554,005
Balance as at 30.06.2006	2,061,553,991	16,520,928	584,697,374	2,662,772,293
Balance as at 01.01.2007	2,061,553,991	28,995,199	771,162,560	2,861,711,750
Net Profit for the Period	-	-	193,210,753	193,210,753
Dividend Paid for 2006	-	-	(125,786,004)	(125,786,004)
Provision for Goodwill on Business Combination	-	-	(372,052,672)	(372,052,672)
Balance as at 30.06.2007	2,061,553,991	28,995,199	466,534,637	2,557,083,827

SEGMENTAL INFORMATION

	Banking		Investment Banking		Others		Elimination/Allocated		Group	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006	30.06.2007	30.06.2006	30.06.2007	30.06.2006	30.06.2007	30.06.2006
In Rs. ' 000										
Total Revenue	3,752,638	2,378,711	838,268	450,848	50,101	54,198	(190,894)	(8,192)	4,450,113	2,875,565
Segment Results										
Profit before Taxation	428,859	180,828	78,087	56,456	15,789	6,628	(186,000)	-	336,735	243,912
Taxation	-	-	-	-	-	-	-	-	(143,524)	(111,023)
Net Profit for the period									193,211	132,889
Segment Assets	44,139,734	34,867,053	11,377,794	8,614,278	748,779	810,250	(7,268,159)	(6,920,838)	48,998,148	37,370,743
Goodwill	-	-	-	-	-	-	79,261	403,604	79,261	403,604
Total Assets	44,139,734	34,867,053	11,377,794	8,614,278	748,779	810,250	(7,188,898)	(6,517,234)	49,077,409	37,774,347
Segment Liabilities	41,690,035	32,344,082	11,210,103	7,374,041	85,520	810,250	(6,585,596)	(5,590,672)	46,400,062	34,937,701
Deferred Tax Liabilities	101,906	173,873	-	-	-	-	18,358	-	120,264	173,873
Total Liabilities	41,791,941	32,517,955	11,210,103	7,374,041	85,520	810,250	(6,567,238)	(5,590,672)	46,520,326	35,111,574