

NATIONS TRUST BANK PLC. AND ITS FULLY OWNED SUBSIDIARIES

INCOME STATEMENT

For the Period	Bank						Group					
	Nine months ended September 30,			Quarter ended September 30,			Nine months ended September 30,			Quarter ended September 30,		
	2007	2006	Change	2007	2006	Change	2007	2006	Change	2007	2006	Change
Rs.	Rs.	(%)	Rs.	Rs.	(%)	Rs.	Rs.	(%)	Rs.	Rs.	(%)	
Gross Income	5,873,896,636	3,827,313,585	53	2,121,258,217	1,448,602,152	46	6,360,908,438	4,587,363,112	39	1,910,795,323	1,711,796,506	12
Interest Income												
Interest Income on Loans and Advances	3,471,282,160	2,133,663,015		1,301,260,313	1,219,976,600		3,471,282,160	2,133,663,015		1,301,260,313	1,219,976,600	
Interest Income on Other Interest Earning Assets	1,382,411,093	1,109,639,532		545,647,824	12,524,279		1,996,675,706	1,818,174,575		315,131,711	258,186,329	
	4,853,693,253	3,243,302,547	50	1,846,908,137	1,232,500,879	50	5,467,957,866	3,951,837,590	38	1,616,392,024	1,478,162,929	9
Interest Expense												
Interest Expense on Deposits	(1,722,196,544)	(846,975,250)		(688,650,880)	(327,837,833)		(1,722,196,544)	(846,975,250)		(688,650,880)	(327,837,833)	
Interest Expense on Other Interest Bearing Liabilities	(1,768,097,512)	(1,268,072,984)		(656,316,580)	(500,958,446)		(2,222,029,164)	(1,856,667,859)		(370,964,397)	(706,421,010)	
	(3,490,294,056)	(2,115,048,234)	65	(1,344,967,460)	(828,796,279)	62	(3,944,225,708)	(2,703,643,109)	46	(1,059,615,277)	(1,034,258,843)	2
Net Interest Income	1,363,399,197	1,128,254,313	21	501,940,677	403,704,600	24	1,523,732,158	1,248,194,481	22	556,776,747	443,904,086	25
Non-Interest Income												
Foreign Exchange Income	237,289,858	127,743,501	86	64,276,087	42,840,792	50	237,289,858	127,743,501	86	64,276,087	42,840,792	50
Other Operating Income	782,913,525	456,267,537	72	210,873,993	173,260,481	21	655,660,714	507,782,021	29	230,127,212	190,792,785	21
	1,020,203,383	584,011,038	74	275,150,080	216,101,273	27	892,950,572	635,525,522	29	294,403,299	233,633,577	25
Net Income	2,383,602,580	1,712,265,351	39	776,290,487	619,805,873	25	2,416,682,730	1,883,720,003	28	851,180,046	677,537,663	26
Less: Non-Interest Expenses												
Personnel Costs	556,491,938	403,290,104	38	194,924,797	150,826,718	29	566,881,826	411,239,905	38	198,913,707	153,325,732	30
Provision for Staff Retirement Benefits	17,773,972	14,152,677	26	5,256,528	4,969,927	6	18,494,368	14,672,749	26	5,552,599	5,149,465	8
Premises, Equipment and Establishment Expenses	349,604,347	300,026,482	17	125,178,131	109,291,312	15	386,597,266	334,100,267	16	137,262,344	115,068,836	19
Other Operating Expenses	608,773,990	491,875,063	24	209,353,248	181,393,077	15	609,173,526	507,835,168	20	207,171,357	192,402,801	8
	1,532,644,247	1,209,344,266	27	534,712,704	446,481,034	20	1,581,146,986	1,267,848,089	25	548,900,007	465,946,834	18
Less: Provision for Bad & Doubtful Debts and Loans Written Off												
Provision - General	43,125,063	46,278,657	(7)	14,753,798	(8,500,562)	(274)	43,125,063	46,278,657	(7)	14,753,798	(8,500,562)	(274)
Provision - Specific	109,096,474	103,015,235	6	19,749,817	33,149,241	(40)	109,096,474	103,015,235	6	19,749,817	33,149,241	(40)
	152,221,537	149,293,892	2	34,503,615	24,648,679	40	152,221,537	149,293,892	2	34,503,615	24,648,679	40
Operating Profit before Tax	698,736,796	353,627,133	98	207,074,168	148,676,160	39	683,314,207	466,578,022	46	267,776,424	186,942,150	43
Less: Value Added Tax on Financial Services	(71,978,815)	(40,097,375)	80	(9,174,956)	(15,974,450)	(43)	(97,255,784)	(57,703,251)	69	(18,452,781)	(21,979,092)	(16)
Operating Profit before Corporate Tax	626,757,981	313,529,758	100	197,899,212	132,701,710	49	586,058,423	408,874,771	43	249,323,643	164,963,058	51
Less: Tax on Profits on Ordinary Activities	(172,620,133)	(138,217,350)	25	(66,384,841)	(53,290,898)	25	(232,798,791)	(177,791,189)	31	(89,274,760)	(66,767,691)	34
Operating Profit for the Period	454,137,848	175,312,408	159	131,514,371	79,410,812	66	353,259,632	231,083,582	53	160,048,883	98,195,367	63
Earnings Per Share - Basic	3.61	1.39		1.05	0.63		2.81	1.84		1.27	0.78	

Explanatory Notes:

- 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.L. 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 September 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 Waldox Mackenzie Limited and Allied Properties Limited. This dividend income has been eliminated as inter-company 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 Limited, 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.

CASH FLOW STATEMENT

For the nine months ended September 30,	Bank			Group		
	2007	2006	Change	2007	2006	Change
	Rs.	Rs.	(%)	Rs.	Rs.	(%)
Cash Flows from Operating Activities						
Interest Received	4,853,693,253	3,243,302,547		4,853,693,253	3,243,302,547	
Interest Paid	(3,490,294,056)	(2,115,048,234)		(3,490,294,056)	(2,115,048,234)	
Foreign Exchange Income Received	237,289,858	127,743,501		237,289,858	127,743,501	
Receipts from Other Operating Activities	782,913,525	456,267,537		782,913,525	456,267,537	
Gratuity Payments made	(2,379,250)	(523,700)		(2,379,250)	(523,700)	
Payments to Employees and Suppliers	(1,372,584,908)	(1,154,808,160)		(1,372,584,908)	(1,154,808,160)	
Operating Profit before Changes in Operating Assets and Liabilities	1,008,638,422	556,933,491		1,008,638,422	556,933,491	
(Increase)/Decrease in Operating Assets						
Government Securities	300,957,867	(1,484,462,306)		1,157,821,209	(1,043,476,953)	
Bills of Exchange	(82,482,501)	(104,801,023)		(82,482,501)	(104,801,023)	
Loans & Advances	(5,841,291,822)	(9,787,464,311)		(5,700,860,069)	(8,732,217,732)	
Other Assets	(241,571,284)	(379,964,346)		(425,996,760)	(439,108,021)	
	(5,864,387,740)	(11,756,691,986)		(5,051,518,121)	(10,319,603,729)	
Increase/(Decrease) in Operating Liabilities						
Customer Deposits	6,589,625,806	6,777,537,096		6,601,261,447	6,778,493,905	
Securities Sold under Repurchase Agreements	(152,823,046)	2,203,839,672		(169,218,287)	634,484,829	
Other Liabilities	(437,292,153)	2,506,899,426		524,151,038	3,171,103,896	
	5,999,510,607	11,488,276,194		6,956,194,198	10,584,082,630	
Net Cash Flow from Operating Activities	1,143,761,289	288,517,699		2,936,847,076	944,311,969	
Cash Flows from Investing Activities						
Investments in Other Securities	(3,000,000)	-		(3,000,000)	-	
Dividend Received	166,076,397	-		76,500	-	
Proceeds from Sale of Property, Plant & Equipment	5,149,469	-		21,994,634	-	
Purchase of Property, Plant & Equipment	(131,105,078)	(97,435,665)		(131,613,681)	(746,932,808)	
	57,120,788	(97,435,665)		(112,542,547)	(746,932,808)	
Cash Flows from Financing Activities						
Increase/(Decrease) in Refinance Activities	50,956,127	700,000,000		(1,569,605,939)	700,000,000	
Increase/(Decrease) in Call & Other Borrowings	(2,981,691,417)	-		(2,981,691,417)	-	
Dividend Paid	(125,786,004)	-		(125,786,004)	-	
	(3,056,521,294)	700,000,000		(4,677,083,360)	700,000,000	
Net Increase in Cash & Cash Equivalents	(1,855,639,217)	891,082,034		(1,852,778,831)	897,379,161	
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	3,161,857,482	3,479,506,909		3,165,509,352	3,485,815,172	
Reconciliation of Cash & Cash Equivalents						
Cash in Hand & Balances with Banks	432,730,448	237,713,562		432,730,448	237,713,562	
Balances with the Central Bank of Sri Lanka	1,951,200,263	1,317,463,626		1,951,200,263	1,317,463,626	
Money at Call & Short Notice	777,926,771	1,924,329,721		781,545,641	1,930,604,984	
	3,161,857,482	3,479,506,909		3,165,509,352	3,485,815,172	
A. Reconciliation of Operating Profit						
Profit before Taxation	698,736,796	353,627,133		683,314,207	466,578,022	
Depreciation	142,285,367	40,383,489		181,949,437	49,812,105	
Provision for Doubtful Debts	152,221,537	149,293,892		152,221,537	149,293,892	
Provision for Gratuity	17,773,972	14,152,677		18,494,368	14,672,749	
Gratuity Payments Made	(2,379,250)	(523,700)		(3,808,550)	(523,700)	
	1,008,638,422	556,933,491		1,032,170,999	679,833,068	

BALANCE SHEET

As at	Bank			Group		
	30.09.2007	31.12.2006	Change	30.09.2007	31.12.2006	Change
	Rs.	Rs. (Audited)	(%)	Rs.	Rs. (Audited)	(%)
On-Balance Sheet Assets						
Cash in Hand	432,730,448	305,570,337	42	432,730,448	305,570,337	42
Balances with the Central Bank of Sri Lanka	1,951,200,263	1,314,915,247	48	1,951,200,263	1,314,915,247	48
Due from Banks and Other Financial Institutions	1,854,358,687	4,473,443,031	(59)	1,857,977,557	4,474,201,515	(58)
Investments - Trading Account	302,411,151	243,360,486	24	4,111,374,480	1,440,894,670	185
Government Securities	6,689,548,225	7,029,556,758	(5)	6,681,474,201	10,509,775,220	(36)
Investments - Held-to-Maturity	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	373,832,05					