

NATIONS TRUST BANK PLC. AND ITS FULLY OWNED SUBSIDIARIES

INCOME STATEMENT

	Bank					Group						
	For the Year ended December 31,		Quarter ended December 31,		Change (%)	For the Year ended December 31,		Quarter ended December 31,		Change (%)		
	2007	2006	2007	2006		2007	2006	2007	2006			
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.			
Gross Income	8,313,290,138	5,033,574,054	65	2,439,393,502	1,206,260,469	102	9,149,984,991	5,922,346,839	54	2,789,076,554	1,334,983,728	109
Interest Income	5,007,854,426	2,713,254,926		1,536,572,266	579,591,911		5,007,854,426	2,847,837,629		1,536,572,266	714,174,614	
Interest Income on Loans and Advances	5,007,854,426	2,713,254,926		1,536,572,266	579,591,911		5,007,854,426	2,847,837,629		1,536,572,266	714,174,614	
Interest Income on Other Interest Earning Assets	1,885,491,805	1,457,727,479		503,800,712	348,087,947		2,818,590,295	2,142,994,049		821,914,589	324,819,475	
	6,893,346,231	4,170,982,405	65	2,039,652,978	927,679,858	120	7,826,444,721	4,990,831,678	57	2,358,486,855	1,038,994,089	127
Interest Expense	(2,448,551,516)	(1,163,068,172)		(726,354,971)	(316,092,922)		(2,448,551,516)	(1,163,068,172)		(726,354,971)	(316,092,922)	
Interest Expense on Deposits	(2,448,551,516)	(1,163,068,172)		(726,354,971)	(316,092,922)		(2,448,551,516)	(1,163,068,172)		(726,354,971)	(316,092,922)	
Interest Expense on Other	(2,550,911,994)	(1,461,145,097)		(782,814,472)	(193,072,113)		(3,259,800,859)	(2,116,688,716)		(1,037,771,695)	(260,020,857)	
Interest Expense on Other Interest Bearing Liabilities	(4,993,463,500)	(2,624,213,269)	91	(1,509,169,443)	(509,165,035)	196	(5,708,352,375)	(3,279,756,886)	74	(1,764,126,666)	(576,113,779)	206
	1,893,882,731	1,546,769,136	22	530,483,535	418,514,823	27	2,118,092,346	1,711,074,790	24	594,360,189	462,880,310	28
Net Interest Income	3,294,894,715	1,907,914,233		1,313,297,507	591,586,937		3,294,894,715	1,907,914,233		1,313,297,507	591,586,937	
Non-Interest Income	1,000,699,243	670,750,674	63	307,785,717	214,483,137	44	994,295,606	739,674,186	34	338,634,892	231,892,165	46
Foreign Exchange Income	329,244,664	191,840,975	72	91,954,807	64,097,474	43	329,244,664	191,840,975	72	91,954,807	64,097,474	43
Other Operating Income	1,000,699,243	670,750,674	63	307,785,717	214,483,137	44	994,295,606	739,674,186	34	338,634,892	231,892,165	46
	1,419,943,907	862,591,649	19	282,203,425	278,580,611	10	1,323,540,270	931,515,161	24	430,589,699	295,989,639	23
Net Income	3,313,826,638	2,409,360,785	38	930,224,059	697,095,434	33	3,441,632,616	2,642,589,951	30	1,024,949,888	758,869,949	35
Less: Non-Interest Expenses	795,888,315	590,773,503	35	239,396,377	187,483,398	28	809,525,982	602,995,374	34	242,644,156	191,755,469	27
Personnel Costs	33,000,851	17,517,618	88	15,226,879	3,364,941	353	34,134,377	17,744,043	92	15,640,009	3,071,293	409
Provision for Staff Retirement Benefits	76,928,159	381,230,830	25	127,323,812	81,204,348	57	524,040,515	386,433,355	36	137,443,248	52,333,087	163
Premises, Equipment and Establishment Expenses	990,977,415	749,360,304	19	282,203,425	257,485,241	10	882,757,761	804,714,306	10	273,584,236	296,879,137	83
Other Operating Expenses	2,196,794,740	1,738,882,255	26	664,150,493	529,537,928	25	2,250,456,635	1,811,887,078	24	669,311,649	544,038,986	23
Less: Provision for Bad & Doubtful Debts and Loans Written Off	88,526,755	64,214,149	38	52,521,693	17,935,492	193	88,526,755	64,214,149	38	52,521,693	17,935,492	193
Provision - General	128,519,018	150,478,269	(15)	12,302,945	47,463,035	(74)	128,519,018	150,478,269	(15)	12,302,945	47,463,035	(74)
Provision - Specific	217,045,773	214,692,418	1	64,248,238	65,998,527	(1)	217,045,773	214,692,418	1	64,248,238	65,998,527	(1)
Operating Profit on Ordinary Activities before Tax	899,986,125	455,786,112	97	201,249,328	102,158,979	97	974,128,208	616,010,455	58	290,814,001	149,432,436	95
Less: Value Added Tax on Financial Services	(95,177,560)	(55,564,870)	71	(23,198,845)	(15,467,495)	50	(126,734,396)	(77,506,886)	64	(29,478,613)	(19,803,635)	49
Operating Profit before Corporate Tax	804,808,465	400,221,242	101	178,050,483	86,691,484	105	847,393,808	538,503,569	57	261,335,388	129,628,801	102
Less: Tax on Profits on Ordinary Activities	(251,129,480)	(150,735,817)	67	(78,509,354)	(12,518,466)	527	(342,575,443)	(215,183,115)	59	(109,776,651)	(37,391,925)	194
Operating Profit for the Period	553,678,977	249,485,425	122	99,541,129	74,173,018	34	504,818,365	323,320,454	56	151,558,737	92,236,876	64
Earnings Per Share - Basic	4.40	1.98		0.79	0.59		4.01	2.57		1.20	0.73	

Explanatory Notes:

- The Group figures include those of the fully owned subsidiaries, Waldo Mackenzie Limited, Allied Properties Limited, Mercantile Leasing (Financial Services) Limited and Nations Insurance Brokers Limited (Formerly M.L. Insurance Brokers Limited).
 - These Financial Statements are prepared in accordance with 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 31st December 2007 that require disclosure and/or adjustments in these accounts, except for the following:
 - The Bank purchased the Head Office building at No. 242, Union Place, Colombo 2.
 - At an Extraordinary General Meeting held on 17th January 2008, shareholders approved a rights issue of shares on the basis of one-for-three at a price of Rs. 25/- per share and attaching of two tranches of warrants to the rights which can be converted to shares upon exercise of warrants in 2010 and 2011. The prices of a share on conversion of 2010 and 2011 warrants are Rs. 30/- and Rs. 35/- respectively. The 2010 warrants will be attached to the rights on the basis of one-for-one while 2011 warrants will be attached on the basis of one-for-two.
 - There are no changes in the accounting policies and methods of computation as disclosed in the Annual Report for the year ended 31st December 2006 and these interim financials are presented in accordance with SLAS 35 - Interim Financial Reporting.
 - The Bank figures include dividend income of Rs.186 Mn. received from Waldo 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 31st December 2006.
- The above figures are provisional and subject to audit finalization.

CASH FLOW STATEMENT

	Bank		Group	
	For the year ended December 31,		For the year ended December 31,	
	2007	2006	2007	2006
	Rs.	Rs.	Rs.	Rs.
Cash Flows from Operating Activities	6,893,346,231	4,170,982,405	7,826,444,721	4,990,831,678
Interest Received	(4,999,463,501)	(2,624,213,269)	(5,708,352,375)	(3,279,756,886)
Interest Paid	329,244,664	191,840,975	329,244,664	191,840,975
Foreign Exchange Income Received	1,090,699,243	670,750,674	994,295,606	739,674,186
Receipts from Other Operating Activities	(2,379,250)	(5,639,845)	(3,808,550)	(523,700)
Gratuity Payments made	(1,976,097,045)	(1,566,249,775)	(1,988,963,347)	(1,603,073,846)
Payments to Employees and Suppliers				
Operating Profit before Changes in Operating Assets and Liabilities	1,335,350,342	837,471,166	1,448,860,719	1,038,992,405
(Increase)/Decrease in Operating Assets	(2,492,817,380)	(5,153,697,131)	(1,297,856,989)	(5,071,120,732)
Government Securities	(269,606,124)	44,617,237	(269,606,124)	44,617,237
Bills of Exchange	(7,209,437,553)	(7,520,083,722)	(7,235,753,717)	(6,408,078,958)
Loans & Advances	(736,020,278)	(271,183,731)	(1,008,746,602)	(1,618,826,876)
Other Assets	(10,707,881,335)	(12,900,347,347)	(9,811,963,192)	(12,654,416,990)
Increase/(Decrease) in Operating Liabilities	7,859,641,007	6,378,563,491	7,871,276,648	6,376,458,820
Customer Deposits	1,136,512,933	3,285,636,482	1,361,468,869	6,408,078,958
Securities Sold under Repurchase Agreements	461,352,313	437,963,578	1,055,053,268	579,757,922
Other Liabilities	9,457,506,253	10,102,153,551	10,287,798,805	13,364,295,700
Net Cash Flow from Operating Activities	84,975,260	(1,960,722,631)	1,924,696,333	1,748,872,015
Cash Flows from Investing Activities	(479,397,666)	51,247,138	(479,397,666)	55,745,896
Investments in Other Securities	186,076,397	-	76,500	-
Dividend Received	5,149,469	11,428,004	21,994,634	23,124,339
Proceeds from Sale of Property, Plant & Equipment	(156,287,006)	(192,987,995)	(205,714,771)	(194,487,995)
Purchase of Property, Plant & Equipment	(444,458,806)	(130,312,853)	(663,041,303)	(115,617,760)
Cash Flows from Financing Activities	496,934,272	543,116,937	(1,123,627,793)	543,116,937
Increase/(Decrease) in Refinance Activities	(995,913,893)	4,196,579,292	(995,913,893)	472,113,090
Increase/(Decrease) in Call & Other Borrowings	(125,786,004)	-	(125,786,004)	-
Dividend Paid	(624,765,625)	4,739,696,229	(2,245,327,690)	1,015,230,027
Net Increase in Cash & Cash Equivalents	(884,249,171)	2,648,660,745	(883,672,660)	2,648,484,283
Cash and Cash Equivalents at the beginning of the year	5,017,496,699	2,368,835,954	5,018,288,183	2,369,803,900
Cash and Cash Equivalents at the end of the year	4,033,247,528	5,017,496,699	4,034,615,523	5,018,288,183
Reconciliation of Cash & Cash Equivalents	346,128,097	209,005,892	346,161,097	209,797,376
Cash in Hand & Balances with Banks	1,964,032,208	1,314,915,247	1,964,032,208	1,314,915,247
Balances with the Central Bank of Sri Lanka	1,723,087,223	3,493,575,260	1,724,422,218	3,493,575,260
Money at Call & Short Notice	4,033,247,528	5,017,496,699	4,034,615,523	5,018,288,183
A. Reconciliation of Operating Profit	899,986,124	455,786,112	974,128,205	616,010,455
Profit before Taxation	187,696,844	155,114,863	227,360,914	191,069,189
Depreciation	217,045,773	214,692,418	217,045,773	214,692,418
Provision for Doubtful Debts	33,000,851	17,517,618	34,134,377	17,744,043
Provision for Gratuity	(2,379,250)	(5,639,845)	(3,808,550)	(523,700)
Gratuity Payments Made	1,335,350,342	837,471,166	1,448,860,719	1,038,992,405

BALANCE SHEET

As at	Bank			Group		
	31.12.2007		Change (%)	31.12.2007		Change (%)
	Rs.	Rs. (Audited)		Rs.	Rs. (Audited)	
On-Balance Sheet Assets	346,128,097	305,570,337	13	346,161,097	305,603,337	13
Cash in Hand	1,964,032,208	1,314,915,247	49	1,964,032,208	1,314,915,247	49
Balances with the Central Bank of Sri Lanka	2,799,519,139	4,473,443,031	(37)	2,800,854,134	4,474,201,515	(37)
Due from Banks and Other Financial Institutions	2,449,723,529	243,360,486	907	8,321,393,564	1,440,894,670	478
Investments - Trading Account	6,836,613,426	7,029,556,758	(3)	4,927,133,314	10,509,775,220	(53)
Government Securities	480,987,666	1,590,000	30,151	480,987,666	1,590,000	30,151
Investments - Held-to-Maturity	682,205,961	682,205,961	-	-	-	-
Other Securities						
Total Loans and Advances	560,955,678	291,349,554	93	560,955,678	291,349,554	93
Total Performing Loans and Advances	4,209,080,347	4,310,777,608	(2)	4,209,080,347	4,310,777,608	(2)
Bills of Exchange	2,612,019,740	1,833,410,443	42	2,612,019,740</		