

# 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



## INCOME STATEMENT

For the three months ended March 31,	Bank			Group		
	2008 Rs.	2007 Rs.	Change (%)	2008 Rs.	2007 Rs.	Change (%)
<b>GROSS INCOME</b>	<b>2,589,530,709</b>	<b>1,624,565,580</b>	<b>59</b>	<b>2,991,953,350</b>	<b>2,000,478,915</b>	<b>50</b>
<b>Interest Income</b>	<b>1,632,736,680</b>	<b>1,014,380,790</b>	<b>61</b>	<b>1,632,736,680</b>	<b>1,014,380,790</b>	<b>61</b>
Interest Income on Loans and Advances	1,632,736,680	1,014,380,790	61	1,632,736,680	1,014,380,790	61
Interest Income on Other Interest Earning Assets	612,385,685	336,446,596	82	969,776,950	689,766,274	41
<b>Interest Expense</b>	<b>(805,142,960)</b>	<b>(457,557,955)</b>	<b>76</b>	<b>(805,142,960)</b>	<b>(457,557,955)</b>	<b>76</b>
Interest Expense on Deposits	(805,142,960)	(457,557,955)	76	(805,142,960)	(457,557,955)	76
Interest Expense on Other Interest Bearing Liabilities	(838,478,465)	(467,168,017)	79	(1,134,639,964)	(770,977,908)	47
<b>NET INTEREST INCOME</b>	<b>601,500,940</b>	<b>426,101,414</b>	<b>41</b>	<b>662,730,706</b>	<b>475,611,201</b>	<b>39</b>
<b>Non-Interest Income</b>	<b>344,408,344</b>	<b>273,738,194</b>	<b>26</b>	<b>389,439,720</b>	<b>296,331,851</b>	<b>31</b>
Foreign Exchange Income	97,067,138	75,051,744	29	97,067,138	75,051,744	29
Other Operating Income	247,341,206	198,686,450	24	292,372,582	221,280,107	32
<b>NET INCOME</b>	<b>945,909,284</b>	<b>699,839,608</b>	<b>35</b>	<b>1,052,170,426</b>	<b>771,943,052</b>	<b>36</b>
<b>Less: Non-Interest Expenses</b>	<b>241,296,871</b>	<b>191,056,077</b>	<b>26</b>	<b>245,781,330</b>	<b>194,232,704</b>	<b>27</b>
Personnel Costs	241,296,871	191,056,077	26	245,781,330	194,232,704	27
Provision for Staff Retirement Benefits	11,512,860	6,729,333	71	11,659,779	6,906,431	69
Premises, Equipment and Establishment Expenses	117,512,745	109,475,325	7	124,636,521	121,443,816	3
Loss on Trading/Investment Securities	-	-	-	-	-	-
Amortization of Intangible Assets	-	-	-	-	-	-
Other Operating Expenses	253,745,402	192,638,955	32	258,644,885	193,253,221	34
<b>Less: Provision for Bad &amp; Doubtful Debts and Loans Written Off</b>	<b>26,927,177</b>	<b>18,618,404</b>	<b>45</b>	<b>26,927,177</b>	<b>18,618,404</b>	<b>45</b>
Provision - General	26,927,177	18,618,404	45	26,927,177	18,618,404	45
Provision - Specific	96,116,436	39,276,643	145	96,116,436	39,276,643	145
<b>OPERATING PROFIT BEFORE TAXES</b>	<b>198,797,793</b>	<b>142,044,871</b>	<b>40</b>	<b>288,404,298</b>	<b>198,211,833</b>	<b>46</b>
Less: Value Added Tax on Financial Services	(9,769,547)	(15,994,391)	(39)	(25,901,802)	(24,132,365)	7
<b>OPERATING PROFIT BEFORE CORPORATE TAX</b>	<b>189,028,246</b>	<b>126,050,480</b>	<b>50</b>	<b>262,502,496</b>	<b>174,079,468</b>	<b>51</b>
Less: Tax on Profits on Ordinary Activities	(86,968,310)	(53,076,667)	64	(118,294,537)	(72,048,247)	64
<b>OPERATING PROFIT FOR THE PERIOD</b>	<b>102,059,936</b>	<b>72,973,813</b>	<b>40</b>	<b>144,207,959</b>	<b>102,031,221</b>	<b>41</b>
Earnings Per Share - Basic	0.71	0.56	26	1.01	0.79	28

### 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 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 31st March 2008 that require disclosure or/and adjustments in these accounts.
- During the quarter ended 31st March 2008, the bank purchased the Head Office building at No. 242, Union Place Colombo 02 and concluded the rights issue of shares on the basis of 1 for 3 at a price of Rs. 25/- per share.

The above figures are provisional and subject to audit.

## CASH FLOW STATEMENT

For the three months ended March 31,	Bank		Group	
	2008 Rs.	2007 Rs.	2008 Rs.	2007 Rs.
<b>Cash Flows from Operating Activities</b>	<b>2,245,122,365</b>	<b>1,350,827,386</b>	<b>2,602,513,629</b>	<b>1,704,147,064</b>
Interest Received	2,245,122,365	1,350,827,386	2,602,513,629	1,704,147,064
Interest Paid	(1,643,621,425)	(924,725,972)	(1,939,782,924)	(1,228,535,863)
Foreign Exchange Income Received	97,067,138	75,051,744	97,067,138	75,051,744
Receipts from Other Operating Activities	247,341,206	198,686,450	292,372,582	221,280,107
Gratuity Payments Made	-	(378,450)	-	(1,807,750)
Payments to Employees and Suppliers	(568,236,305)	(453,777,578)	(574,525,834)	(456,528,457)
<b>Operating Profit before Changes in Operating Assets and Liabilities</b>	<b>377,672,979</b>	<b>245,683,580</b>	<b>477,644,591</b>	<b>313,606,845</b>
<b>(Increase)/Decrease in Operating Assets</b>	<b>(866,729,310)</b>	<b>2,185,231,644</b>	<b>(1,785,323,804)</b>	<b>2,564,513,786</b>
Government Securities	(866,729,310)	2,185,231,644	(1,785,323,804)	2,564,513,786
Bills of Exchange	(6,643,600)	(93,068,363)	(6,643,600)	(93,068,363)
Loans & Advances	(2,887,297,699)	(2,036,606,934)	(2,656,473,940)	(2,327,644,831)
Other Assets	(350,821,586)	75,781,481	(743,777,357)	(14,468,379)
<b>(Increase)/(Decrease) in Operating Liabilities</b>	<b>(4,111,492,195)</b>	<b>131,337,828</b>	<b>(5,192,218,701)</b>	<b>129,332,213</b>
Customer Deposits	140,262,029	3,036,179,582	140,262,029	3,049,003,223
Securities Sold under Repurchase Agreements	285,450,932	(473,036,285)	881,551,185	838,650,656
Other Liabilities	524,784,177	(98,705,956)	913,181,265	142,904,142
<b>Net Cash Flow from Operating Activities</b>	<b>(2,783,322,078)</b>	<b>2,841,458,749</b>	<b>(2,779,579,631)</b>	<b>4,473,497,079</b>
<b>Cash Flows from Investing Activities</b>	<b>4,466,625</b>	<b>7,616,667</b>	<b>4,466,625</b>	<b>13,477,743</b>
Proceeds from Sale of Property, Plant & Equipment	4,466,625	7,616,667	4,466,625	13,477,743
Purchase of Property, Plant & Equipment	(11,839,008)	(58,034,871)	(11,839,008)	(58,034,871)
<b>Cash Flows from Financing Activities</b>	<b>607,607,074</b>	<b>(790,217,183)</b>	<b>607,607,074</b>	<b>(2,410,779,238)</b>
Increase/(Decrease) in Refinance Activities	607,607,074	(790,217,183)	607,607,074	(2,410,779,238)
Increase/(Decrease) in Call & Other Borrowings	2,550,397,576	(2,978,071,181)	2,550,397,576	(2,978,071,181)
Dividend Paid	(167,714,672)	-	(167,714,672)	-
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>199,595,517</b>	<b>(977,247,819)</b>	<b>203,337,962</b>	<b>(959,910,468)</b>
Cash and Cash Equivalents at the beginning of the year	5,109,679,442	5,017,496,699	5,110,544,792	5,018,288,183
<b>Cash and Cash Equivalents at the end of the year</b>	<b>5,309,274,959</b>	<b>4,040,248,880</b>	<b>5,313,882,754</b>	<b>4,058,377,715</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>	<b>454,758,812</b>	<b>384,703,513</b>	<b>454,758,812</b>	<b>384,736,513</b>
Cash in Hand & Balances with Banks	454,758,812	384,703,513	454,758,812	384,736,513
Balances with the Central Bank of Sri Lanka	2,072,121,041	1,681,833,651	2,072,121,041	1,681,833,651
Money at Call & Short Notice	2,782,395,106	1,973,711,716	2,786,969,901	1,991,807,551
<b>A. Reconciliation of Operating Profit</b>	<b>198,797,793</b>	<b>142,044,871</b>	<b>288,404,298</b>	<b>198,211,833</b>
Profit before Taxation	198,797,793	142,044,871	288,404,298	198,211,833
Depreciation	44,318,713	39,392,779	54,536,901	52,401,284
Provision for Doubtful Debts	123,043,613	57,895,047	123,043,613	57,895,047
Provision for Gratuity	11,512,860	6,729,333	11,659,779	6,906,431
Gratuity Payments Made	-	(378,450)	-	(1,807,750)
<b>377,672,979</b>	<b>245,683,580</b>	<b>477,644,591</b>	<b>313,606,845</b>	

## BALANCE SHEET

As at	Bank			Group		
	31.03.2008 Rs.	31.12.2007 Rs. (Audited)	Change (%)	31.03.2008 Rs.	31.12.2007 Rs. (Audited)	Change (%)
<b>On-Balance Sheet Assets</b>	<b>454,758,812</b>	<b>346,128,097</b>	<b>31</b>	<b>454,758,812</b>	<b>346,128,097</b>	<b>31</b>
Cash in Hand	454,758,812	346,128,097	31	454,758,812	346,128,097	31
Balances with Central Bank of Sri Lanka	2,072,121,041	1,964,032,208	6	2,072,121,041	1,964,032,208	6
Due from Banks and Other Financial Institutions	2,782,395,106	2,799,519,138	(1)	2,786,969,901	2,800,351,488	-
Investments - Trading Account	2,115,245,994	2,449,723,529	(14)	4,459,045,619	4,238,102,141	5
Government Securities	2,115,245,994	2,449,723,529	(14)	4,459,045,619	4,238,102,141	5
Investments - Held-to-Maturity	8,037,820,273	6,836,613,428	18	10,574,805,064	9,010,424,738	17
Government Securities	8,037,820,273	6,836,613,428	18	10,574,805,064	9,010,424,738	17
Other Securities	474,590,000	474,590,000	-	474,590,000	474,590,000	-
Investments in Subsidiaries	678,710,461	678,710,461	-	-	-	-
<b>Total Loans and Advances</b>	<b>567,599,278</b>	<b>560,955,678</b>	<b>1</b>	<b>567,599,278</b>	<b>560,955,678</b>	<b>1</b>
<b>Total Performing Loans and Advances</b>	<b>4,773,956,387</b>	<b>4,209,080,347</b>	<b>13</b>	<b>4,773,956,387</b>	<b>4,209,080,347</b>	<b>13</b>
Bills of Exchange	4,773,956,387	4,209,080,347	13	4,773,956,387	4,209,080,347	13
Overdrafts	2,763,254,193	2,613,429,689	6	2,763,254,193	2,613,429,689	6
Lease Rentals Receivable within One Year	4,635,028,315	4,365,744,204	6	4,635,028,315	4,365,744,204	6
Lease Rentals Receivable after One Year	21,777,359,888	20,178,410,704	8	23,529,125,957	22,168,488,933	6
Other Loans	34,517,196,061	31,927,620,622	8	36,270,803,656	33,920,519,327	7
<b>Total Non-performing Loans and Advances</b>	<b>180,791,743</b>	<b>168,770,536</b>	<b>7</b>	<b>180,791,743</b>	<b>168,770,536</b>	<b>7</b>
Overdrafts	180,791,743	168,770,536	7	180,791,743	168,770,536	7
Lease Rentals Receivable	601,787,207	437,254,623	38	601,787,207	437,254,623	38
Other Loans	1,184,443,859	860,479,225	38	1,184,443,859	860,479,225	38
Interest Receivable	256,267,781	253,328,240	1	310,167,389	298,758,497	4
<b>Total Gross Loans and Advances</b>	<b>36,740,488,651</b>	<b>33,647,453,246</b>	<b>9</b>	<b>38,547,993,856</b>	<b>35,685,782,208</b>	<b>8</b>
<b>Less:</b>	<b>(444,769,130)</b>	<b>(366,871,525)</b>	<b>21</b>	<b>(444,769,130)</b>	<b>(366,871,525)</b>	<b>21</b>
Interest In Suspense	(444,769,130)	(366,871,525)	21	(444,769,130)	(366,871,525)	21
Specific Loan Loss Provisions	(634,418,501)	(540,008,924)	17	(634,418,501)	(540,008,924)	17
General Loan Loss Provisions	(305,790,015)	(279,003,088)	10	(305,790,015)	(279,003,088)	10
<b>Net Loans and Advances</b>	<b>35,355,511,005</b>	<b>32,461,569,709</b>	<b>9</b>	<b>37,163,016,210</b>	<b>34,499,898,671</b>	<b>8</b>
Other Assets	1,668,469,838	1,301,342,613	28	1,969,412,583	1,209,329,589	63
Intangible Assets	-	-	-	79,261,214	-	-
Property, Plant and Equipment	1,090,784,720	482,676,703	126	1,666,948,969	1,065,426,212	56
<b>Total On-Balance Sheet Assets</b>	<b>54,730,407,250</b>	<b>49,794,905,886</b>	<b>10</b>	<b>61,700,962,413</b>	<b>55,687,577,358</b>	<b>11</b>
<b>On-Balance Sheet Liabilities</b>	<b>3,493,021,670</b>	<b>3,356,314,968</b>	<b>4</b>	<b>3,493,021,670</b>	<b>3,356,314,968</b>	<b>4</b>
<b>Total Deposits</b>	<b>4,384,285,163</b>	<b>3,902,706,989</b>	<b>12</b>	<b>4,384,285,163</b>	<b>3,902,706,989</b>	<b>12</b>
Demand Deposits	20,911,421,957	21,406,735,523	(2)	20,911,421,957	21,406,735,523	(2)
Savings Deposits	215,493,631	198,202,912	9	215,493,631	198,202,912	9
Time Deposits	29,004,222,421	28,863,960,392	-	29,004,222,421	28,863,960,392	-
Margin Deposits	-	-	-	-	-	-
<b>Total Borrowings</b>	<b>17,104,250</b>	<b>18,693,094</b>	<b>(8)</b>	<b>17,104,250</b>	<b>18,693,094</b>	<b>(8)</b>
Borrowings from the Central Bank of Sri Lanka	17,104,250	18,693,094	(8)	17,104,250	18,693,094	(8)
Borrowings from Banks and Financial Institutions in Sri Lanka	2,936,755,063	1,546,492,037	90	2,936,755,063	1,546,492,037	9