

NATIONS TRUST BANK PLC AND ITS FULLY OWNED SUBSIDIARIES

INCOME STATEMENT

For the six months ended June 30,	BANK						GROUP					
	Six months ended 30th June 2008		2007		Change (%)	2008	Six months ended 30th June 2008		2007		Change (%)	2008
	Rs.	(%)	Rs.	(%)			Rs.	(%)	Rs.	(%)		
GROSS INCOME	5,444,923,014	3,752,638,420	45	2,855,441,305	2,128,072,841	34	6,286,644,511	4,450,113,116	41	3,294,691,160	2,449,634,203	34
Interest Income	3,382,023,819	2,170,021,848	56	1,749,287,139	1,155,641,058	51	3,382,023,819	2,170,021,848	56	1,749,287,139	1,155,641,058	51
Interest Income on Loans and Advances	3,382,023,819	2,170,021,848	56	1,749,287,139	1,155,641,058	51	3,382,023,819	2,170,021,848	56	1,749,287,139	1,155,641,058	51
Interest Income on Other Interest Earning Assets	1,324,999,415	836,763,269	58	712,613,731	500,316,673	42	2,092,548,188	1,681,543,995	24	1,122,771,238	991,777,722	13
Interest Expense	4,707,023,234	3,006,785,117	57	2,461,900,870	1,655,957,731	49	5,474,572,007	3,851,565,843	42	2,872,058,377	2,147,418,780	34
Interest Expense on Deposits	(1,615,869,940)	(1,033,545,663)	56	(810,726,979)	(575,987,707)	41	(1,615,869,940)	(1,033,545,663)	56	(810,726,979)	(575,987,707)	41
Interest Expense on Other Interest Bearing Liabilities	(1,848,241,807)	(1,111,780,661)	66	(1,009,763,342)	(644,612,644)	57	(2,500,565,380)	(1,851,064,767)	35	(1,365,925,417)	(1,080,086,859)	26
NET INTEREST INCOME	1,242,911,487	861,458,793	44	641,410,549	435,357,380	47	1,358,136,687	966,955,413	40	695,405,981	491,344,214	42
Non-Interest Income	240,651,196	173,013,771	39	143,584,057	97,962,028	47	240,651,196	173,013,771	39	143,584,057	97,962,028	47
Foreign Exchange Income	497,297,584	572,839,532	(13)	249,956,378	374,153,082	(33)	571,421,308	425,533,502	34	279,048,726	204,253,395	37
Other Operating Income	737,948,780	745,853,303	(1)	393,540,435	472,115,110	(17)	812,072,504	598,547,273	36	422,632,783	302,215,423	40
NET INCOME	1,980,860,267	1,607,312,096	23	1,034,950,984	907,472,490	14	2,170,209,191	1,565,502,686	39	1,118,038,764	793,559,637	41
Less: Non-Interest Expenses	504,451,683	361,567,142	40	263,154,811	170,511,065	54	513,191,075	367,968,119	39	267,409,745	173,735,414	54
Personnel Costs	21,535,338	12,517,445	72	10,022,478	5,788,111	73	21,833,477	12,941,769	69	10,173,698	6,035,338	69
Provision for Staff Retirement Benefits	246,765,868	224,426,216	10	129,253,124	114,950,892	12	259,081,208	249,334,921	4	134,444,687	127,891,103	5
Premises, Equipment and Establishment Expenses	529,787,763	399,420,742	33	276,042,361	206,781,787	33	541,065,607	402,002,168	35	282,420,721	208,748,945	35
Loss on Trading/Investment Securities	1,302,540,652	997,931,545	31	678,472,774	498,031,855	36	1,335,171,367	1,032,246,977	29	694,448,851	516,410,800	34
Amortisation of Intangible Assets	30,170,661	35,491,266	(15)	3,243,485	23,992,864	(86)	30,170,661	35,491,266	(15)	3,243,485	23,992,864	(86)
Other Operating Expenses	233,771,135	82,226,656	184	137,654,700	35,830,014	284	233,771,135	82,226,656	184	137,654,700	35,830,014	284
Less: Provision for Bad & Doubtful Debts and Loans Written Off	263,941,796	117,717,922	124	140,898,185	59,822,878	136	263,941,796	117,717,922	124	140,898,185	59,822,878	136
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXES	414,377,819	491,662,629	(16)	215,580,025	349,617,757	(38)	571,096,028	415,537,787	37	282,691,728	217,325,959	30
Less: Value Added Tax on Financial Services	(34,785,133)	(62,803,859)	(45)	(25,015,586)	(46,809,468)	(47)	(62,537,039)	(78,803,003)	(21)	(36,635,237)	(54,670,637)	(33)
OPERATING PROFIT BEFORE CORPORATE TAX	379,592,686	428,858,770	(11)	190,564,439	302,808,289	(37)	508,558,989	336,734,784	51	246,056,491	162,655,322	51
Less: Tax on Profits on Ordinary Activities	(169,376,001)	(106,235,293)	59	(82,407,691)	(53,158,625)	55	(223,527,841)	(143,524,031)	56	(105,233,304)	(71,475,784)	47
OPERATING PROFIT FOR THE PERIOD	210,216,685	322,623,477	(35)	108,156,748	249,649,664	(57)	285,031,148	193,210,753	48	140,823,187	91,179,538	54
Earnings Per Share - Basic	1.35	2.50	(46)	0.64	1.93	(67)	1.83	1.49	23	0.84	0.71	18

Explanatory Notes:

- The Group figures include those of the fully owned subsidiaries, Waldoek 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 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, 2008 that require disclosure or/and adjustments in these accounts.
- During the quarter ended March 31, 2008, the Bank purchased the Head Office building at No. 242, Union Place Colombo 02, and concluded the rights issue of shares of Rs. 25/- per share.
- Other Operating Income of the Bank for year 2007 includes dividend income of Rs. 186 Mn. received from Waldoek Mackenzie Ltd and Allied Properties Ltd. This dividend income has been eliminated as inter-company transactions in the Group accounts.
- 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.
- Specific provisions for the period include certain prudential provisions made on account of several customer exposures over and above the provisioning policy of the Bank which is more stringent than the guidelines of the Central Bank of Sri Lanka.
- The Bank is planning to issue by way of a private placement, 10,000,000 Unsecured Subordinated Redeemable Debentures of Rs.100/= each (with an option to issue a further 5,000,000 debentures in case of over-subscription). Central Bank of Sri Lanka has permitted funds to be raised through this issue of Rs.1,000,000,000/= (or Rs.1,500,000,000/= in case of over-subscription) to be included in the Tier II capital of the Bank. These debentures will be listed on the Colombo Stock Exchange.

The above figures are provisional and subject to audit.

BALANCE SHEET

As at	BANK			GROUP		
	30.06.2008	31.12.2007	Change (%)	30.06.2008	31.12.2007	Change (%)
	Rs.	Rs. (Audited)	(%)	Rs.	Rs. (Audited)	(%)
On-Balance Sheet Assets						
Cash in Hand	505,991,925	346,128,097	46	506,024,925	346,161,097	46
Balances with Central Bank of Sri Lanka	1,909,263,146	1,964,032,208	(3)	1,909,263,146	1,964,032,208	(3)
Due from Banks and Other Financial Institutions	9,013,895,690	2,799,519,138	222	9,019,481,441	2,800,351,488	222
Investments - Trading Account						
Government Securities	4,087,361,414	2,449,723,529	67	6,550,894,801	4,238,102,140	55
Investments - Held-to-Maturity						
Government Securities	9,003,496,629	6,836,613,428	32	12,611,507,196	9,010,424,738	40
Other Securities	427,590,000	474,590,000	(10)	427,590,000	474,590,000	(10)
Investments in Subsidiaries	678,710,461	678,710,461	-	-	-	-
Total Loans and Advances						
Total Performing Loans and Advances						
Bills of Exchange	818,429,402	560,955,678	46	818,429,402	560,955,678	46
Overdrafts	4,875,880,515	4,209,080,347	16	4,875,880,515	4,209,078,436	16
Lease Rentals Receivable within One Year	2,962,471,941	2,613,429,689	13	2,963,410,190	2,616,252,076	13
Lease Rentals Receivable after One Year	4,906,100,576	4,365,744,204	12	4,906,100,576	4,365,744,204	12
Other Loans	21,534,901,022	20,178,410,724	7	22,871,471,576	22,168,488,933	3
31,097,783,456	31,927,620,602	10	36,435,292,243	33,920,519,327	7	
Total Non-performing Loans and Advances						
Overdrafts	244,849,950	168,770,536	45	244,849,950	168,770,536	45
Lease Rentals Receivable	622,709,247	437,254,623	42	622,709,247	437,254,623	42
Other Loans	1,425,761,632	860,479,225	66	1,425,761,632	860,479,225	66
Interest Receivable	303,485,366	253,328,240	20	339,161,671	298,758,497	14
Total Gross Loans and Advances	37,694,589,651	33,647,453,246	12	39,067,774,743	35,685,782,208	9
Less:						
Interest in Suspense	(391,795,585)	(366,871,525)	7	(391,795,585)	(366,871,525)	7
Specific Loan Loss Provisions	(707,653,548)	(540,008,924)	31	(707,653,548)	(540,008,924)	31
General Loan Loss Provisions	(309,006,632)	(279,003,088)	11	(309,006,632)	(279,003,088)	11
Net Loans and Advances	36,286,133,886	32,461,569,709	12	37,659,318,978	34,499,898,671	9
Other Assets	1,959,129,139	1,301,342,613	51	2,052,633,009	1,209,329,590	70
Intangible Assets	-	-	-	79,261,214	79,261,214	-
Property, Plant and Equipment	1,147,323,159	482,676,703	138	1,718,395,070	1,065,426,212	61
Total On-Balance Sheet Assets	65,018,895,449	49,794,905,886	31	72,534,369,780	55,687,577,358	30
On-Balance Sheet Liabilities						
Total Deposits						
Demand Deposits	3,493,030,606	3,356,314,968	4	3,493,030,606	3,356,314,968	4
Savings Deposits	5,225,262,283	3,902,706,989	34	5,225,262,283	3,902,706,989	34
Time Deposits	22,659,426,929	21,406,735,623	6	22,659,426,929	21,406,735,623	6
Margin Deposits	149,055,856	198,202,912	(25)	149,055,856	198,202,912	(25)
31,526,775,674	28,863,960,392	9	31,526,775,674	28,863,960,392	9	
Total Borrowings						
Borrowings from the Central Bank of Sri Lanka	15,515,406	18,693,094	(17)	15,515,406	18,693,094	(17)
Borrowings from Banks and Financial Institutions in Sri Lanka	5,814,211,378	1,546,492,037	276	5,814,211,378	1,546,492,037	276
Borrowings from Banks and Financial Institutions Abroad	6,665,873,560	3,121,334,324	114	6,665,873,560	3,121,334,324	114
Securities Sold Under Repurchase Agreements	8,296,755,020	6,603,899,895	26	14,788,766,863	11,636,873,586	27
Subordinated Term Debt	673,250,000	673,250,000	-	673,250,000	673,250,000	-
Other Borrowings	4,448,365,421	2,885,696,258	54	4,448,365,421	2,885,696,258	54
25,914,970,785	14,849,365,608	75	32,406,982,628	19,882,339,300	63	
Deferred Taxation	151,819,537	114,148,018	33	154,319,537	116,648,018	32
Current Taxation	95,387,331	103,424,665	(8)	150,700,658	147,814,793	2
Other Liabilities	3,660,374,984	3,285,158,778	11	4,261,366,665	3,808,123,413	12
Total On-Balance Sheet Liabilities	61,349,328,311	47,216,057,461	30	68,500,145,162	52,818,885,916	30
Equity Capital and Reserves						
Stated Capital (167,714,672 Ordinary Shares)	3,109,770,691	2,061,553,991	51	3,109,770,691	2,061,553,991	51
(125,786,004 Ordinary Shares-2007)						
Statutory Reserve Fund	56,679,148	56,679,148	-	56,679,148	56,679,148	-
Total Other Reserves	503,117,299	460,615,286	9	867,774,779	750,458,303	16
3,669,567,138	2,578,848,425	42	4,034,224,618	2,868,691,442	41	
Total On-Balance Sheet Liabilities and Equity Capital and Reserves	65,018,895,449	49,794,905,886	31	72,534,369,780	55,687,577,358	30
Off-Balance Sheet Items and Contra Accounts						
Contingencies	22,500,728,922	18,138,461,278	24	22,500,728,922	18,138,461,278	24
Commitments and Contra Accounts	482,918,865	790,809,649	(39)	482,918,865		