

# **NATIONS TRUST BANK PLC AND ITS FULLY OWNED SUBSIDIARIES**

Company Number PQ 118

# INCOME STATEMENT

	BANK			GROUP		
	2012 Rs. '000	2011 Rs. '000	Change (%)	2012 Rs. '000	2011 Rs. '000	Change (%)
<b>For the three months ended March 31</b>						
<b>GROSS INCOME</b>	3,603,648	2,828,248	27	3,690,349	2,932,595	26
<b>Interest Income</b>						
Interest Income on Loans and Advances	2,225,488	1,472,726	51	2,258,762	1,517,054	49
Interest Income on Other Interest Earning Assets	757,924	785,349	(3)	783,195	819,990	(4)
	2,983,412	2,258,075	32	3,041,957	2,337,044	30
<b>Interest Expense</b>						
Interest Expense on Deposits	(1,324,651)	(726,497)	82	(1,324,651)	(726,497)	82
Interest Expense on Other Interest Bearing Liabilities	(574,269)	(552,044)	4	(574,707)	(563,321)	2
	(1,898,920)	(1,278,541)	49	(1,899,358)	(1,289,818)	47
<b>NET INTEREST INCOME</b>	1,084,492	979,534	11	1,142,599	1,047,226	9
<b>Non-Interest Income</b>						
Foreign Exchange Gain	127,345	76,053	67	127,345	76,530	66
Other Operating Income	492,891	494,120	-	521,047	519,021	-
	620,236	570,173	9	648,392	595,551	9
<b>NET INCOME</b>	1,704,728	1,549,707	10	1,790,991	1,642,777	9
<b>Less : Non-Interest Expenses</b>						
Personnel Costs	398,412	381,119	5	406,835	388,361	5
Provision for Staff Retirement Benefits	17,841	14,247	25	18,276	14,648	25
Premises, Equipment and Establishment Expenses	205,377	168,876	22	207,946	171,577	21
Loss on Trading / Investment Securities	39,938	-	100	46,371	-	100
Amortisation of Intangible Assets	26,464	26,738	(1)	26,464	26,738	(1)
Other Operating Expenses	379,474	398,699	(5)	380,940	396,883	(4)
	1,067,506	989,679	8	1,086,832	998,207	9
<b>Less : Provision for Bad &amp; Doubtful Debts and Loans Written Off</b>						
Provision/(Write back) -General	27,163	(27,105)	200	25,831	(23,070)	212
Provision/ (Write back) -Specific	(26,252)	(16,143)	63	(26,252)	(16,143)	63
	911	(43,248)	(102)	(421)	(39,213)	(99)
<b>OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXES</b>	636,311	603,276	5	704,580	683,783	3
Less: Value Added Tax on Financial Services	(94,174)	(96,605)	(3)	(98,916)	(109,486)	(10)
	542,137	506,671	7	605,664	574,297	5
Less: Tax on Profits on Ordinary Activities	(182,303)	(175,097)	4	(199,963)	(198,443)	1
	359,834	331,574	9	405,701	375,854	8
<b>OPERATING PROFIT FOR THE PERIOD</b>						
Earnings Per Share -Basic (Rs.)	1.56	1.50	4	1.76	1.71	3

**Explanatory Notes:**

- (1) The Group figures include those of the fully owned subsidiaries, Waldock Mackenzie Limited, Allied Properties Limited, Mercantile Leasing (Financial Services) Limited and Nations Insurance Brokers Limited (formerly MLL Insurance Brokers Limited).
- (2) With the new Sri Lanka Financial Reporting Standards (SLFRSs) and Sri Lanka Accounting Standards (LKASs) coming into effect from 01/01/2012, interim results shall be required to be reported by entities in accordance with LKAS 34, Interim Financial Reporting. However, The Institute of Chartered Accountants of Sri Lanka has granted the option of preparing the Interim Financial Statements during the first year commencing on or after 01/01/2012 in accordance with the Sri Lanka Accounting Standards that existed immediately prior to 01/01/2012 (SLASs), with disclosures on impact to the Income Statement for period and net assets based on SLFRS/LKAS. Accordingly, these Interim Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards that existed immediately prior to 01/01/2012 (SLASs) and the impact if these Financial Statements are prepared in accordance with SLFRS/LKAS is given in Appendix A.
- (3) These interim financial statements are presented in accordance with SLAS 35 - Interim Financial Reporting which existed immediately prior to 01/01/2012 (SLASs) and there are no changes to the accounting policies and methods of computation as against those disclosed in the Annual Report for the year ended 31/12/2011. These financial statements also provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange and the Directions issued by the Central Bank of Sri Lanka. Comparative figures have been restated where necessary to comply with the Central Bank guidelines.
- (4) Specific provisions for the period include certain prudential provisions made over and above the provisioning policy of the Bank which is more stringent than the guidelines of the Central Bank of Sri Lanka.
- (5) There are no material changes to contingent assets and liabilities since 31/03/2012 and the balances reflected are due to transactions carried out in the normal course of Banking Business.
- (6) No material events have taken place since 31/03/2012 that require disclosure or/and adjustments in these accounts and all known expenditures have been provided in these financial statements.

**The above figures are provisional and subject to audit.**

**Appendix A - Impact of application of SLFRSs / LKASs**

Area	Description	Impact to Net Assets (pre-tax) as at Mar 31, 2012	Impact to statement of income (pre-tax) for the Quarter ended Mar 31, 2012
Impairment of Loans and Receivables	Time- based CBSL provision will be replaced with collective and individual impairment. All individually significant loans with objective evidences will be individually tested while other loans will be tested collectively for impairment.	Increase by Rs.256 Mn	Decrease by Rs. 17 Mn
Effective Interest rate (EIR) impact on longer maturity assets and liabilities	Interest income and expenses will be recognized on effective interest basis rather than on straight line method.	Increase by Rs. 122 Mn	Increase by Rs.13 Mn
Measurement of Staff loans at fair value	All staff loans are to be recognized initially at fair value. Subsequent interest recognition should be on EIR. Day 1 difference is treated as pre-paid staff cost and to be amortised.	No significant Impact	No significant Impact
Fair valuation of derivatives and Financial Guarantees	All derivatives and financial guarantees should be fair valued and reported as on-balance sheet items.	Decrease by Rs. 33 Mn	Increase by Rs. 6 Mn
Investments	Investment to be classified either as Fair value through profit and loss (FVTPL), Held to maturity (HTM), Available for sale (AFS). Measurement should be either at fair value or amortised cost using effective interest rate, based on the classification.	No significant Impact	No significant Impact
Total		Increase by Rs. 345 Mn	Increase by Rs. 2 Mn

# DEBENTURE INFORMATION

## Debenture Information

The unsecured, Subordinated, Redeemable Debentures 2008/13 and 2009/13 of the Bank are listed in the Colombo Stock Exchange. However, these debentures have not been traded from the date of listing up to 31st March 2012. Further 2011/16 debentures will be listed in the near future.

Debenture categories	CSE Listing	Interest Payable Frequency	Balance as at 31.03.2012  Rs. '000	Market Values			Interest Rates		Interest rate of Comparable Government Security		Other Ratios as at date of last trade	
				Highest Rs.	Lowest Rs.	Year End Rs.	Coupon Rate %	Effective Annual Yield %	31.03.2012 %	31.03.2011 %	Interest Yield %	Yield to Maturity %
<b>Fixed Rate</b>												
Fixed Rate	NTBD0145	Semi-Annually	500,000		Not traded		20.53	21.58	10.92	7.68		Not traded
Fixed Rate	NTBD0131	Annually	1,000,000		Not traded		21.00	21.00	11.33	7.79		Not traded
Fixed Rate	Not Listed	Semi-Annually	200,000		Not traded		11.00	11.30	11.88	-		Not traded
Fixed Rate	Not Listed	Semi-Annually	1,800,000		Not traded		11.50	11.83	11.88	-		Not traded
<b>Total Debentures</b>			<b>3,500,000</b>									

Ratios of Debt	31.03.2012	31.03.2011
* Debt / Equity Ratio %	49.27%	30.79%
Interest Cover (Times)	4.71	6.23
* All Subordinated debt and listed Senior debt are considered as Debt (numerator)		

# SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 31.03.2012	As at 31.12.2011 (Audited)	As at 31.03.2012	As at 31.12.2011 (Audited)
<b>Regulatory Capital Adequacy</b>				
Core Capital (Tier 1 Capital), Rs.Mn.	7,290	7,775	8,037	8,522
Total Capital Base, Rs.Mn.	9,685	10,337	10,425	11,079
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	10.78%	12.50%	11.74%	13.42%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	14.33%	16.62%	15.23%	17.44%
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non-performing Advances Ratio, % (Net of Interest In Suspense)	2.83%	2.83%	2.81%	2.79%
Net Non-performing Advances Ratio, % (Net of Interest In Suspense and Provisions)	1.40%	1.32%	1.40%	1.30%
<b>Profitability</b>				
Interest Margin, %	4.11%	4.39%	-	-
Return on Assets, % (before Tax)	2.06%	2.10%	2.28%	2.34%
Return on Equity, %	18.35%	19.36%	18.68%	19.56%
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets, Rs. Mn.	19,807	17,698	-	-
Statutory Liquid Assets Ratio, (%) (Minimum Requirement, 20%)	24.85%	21.37%	-	-
Domestic Banking Unit (DBU)	26.97%	33.79%	-	-
Foreign Currency Banking Unit (FCBU)	33.18	33.72	37.00	37.34
Net Assets Value Per Share (Rs.)				
	31.03.2012 (Quarter ended)	31.03.2011 (Quarter ended)		
Highest	64.60	89.80		
Lowest	51.50	73.00		
Last Traded Price	56.90	76.30		

## STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs. '000	Capital Reserve Rs. '000	Reserve Fund Rs. '000	Investment Fund* Rs. '000	Revenue Reserve Rs. '000	Total Rs. '000
<b>Bank</b>						
Balance as at 01.01.2011	4,367,631	-	155,696	-	1,608,192	6,131,519
Dividend Paid for 2010	-	-	-	-	(461,215)	(461,215)
Shares issued on '2011 Warrants' exercised	733,738	-	-	-	-	733,738
Net Profit for the Period	-	-	-	-	331,574	331,574
Balance as at 31.03.2011	5,101,369	-	155,696	-	1,478,551	6,735,616
Balance as at 01.01.2012	5,101,369	-	224,242	248,123	2,201,236	7,774,970
Dividend Paid for 2011	-	-	-	-	(484,275)	(484,275)
Transfers to Investment Fund *	-	-	-	70,003	(70,003)	-
Net Profit for the Period	-	-	-	-	359,834	359,834
Balance as at 31.03.2012	5,101,369	-	224,242	318,126	2,006,792	7,650,529
<b>Group</b>						
Balance as at 01.01.2011	4,367,631	9,500	155,696	-	2,271,604	6,804,431
Dividend Paid for 2010	-	-	-	-	(461,215)	(461,215)
Shares issued on '2011 Warrants' exercised	733,738	-	-	-	-	733,738
Net Profit for the Period	-	-	-	-	375,854	375,854
Balance as at 31.03.2011	5,101,369	9,500	155,696	-	2,186,243	7,452,808
Balance as at 01.01.2012	5,101,369	9,500	224,242	268,761	3,006,977	8,610,849
Dividend Paid for 2011	-	-	-	-	(484,275)	(484,275)
Transfers to Investment Fund *	-	-	-	76,319	(76,319)	-
Net Profit for the Period	-	-	-	-	405,701	405,701
Balance as at 31.03.2012	5,101,369	9,500	224,242	345,080	2,852,084	8,532,275

\* Investment Fund Account is established and operated based on the Guidelines on the Operations of the Investment Fund Account issued by the Central Bank of Sri Lanka on April 29, 2011 with the concurrence of the Commissioner - General of Inland Revenue.

\* Tax saving on the reduction of tax rates transferred to the Investment Fund as per the guidelines issued by the Department of Inland Revenue and Central Bank of Sri Lanka. Loans amounting to Rs. 253mn were granted under this scheme.

# SHAREHOLDERS INFORMATION

## Twenty largest Shareholders as at 31st March 2012

Name of the Shareholder	No. of Shares	%
John Keells Holdings PLC	46,121,536	20.00
DFCC Bank A/C No 1	22,865,356	9.92
Mackinnons & Keells Financial Services Limited	22,830,159	9.90
Central Finance Company PLC A/C No 3	20,715,400	8.98
HSBC International Nominees Limited - Credit Suisse AG Zurich - Uma Kumar Sharma	18,313,100	7.94
CF Growth Fund Limited A/C No 1	14,813,273	6.42
CF Insurance Brokers (Pvt) Limited	10,592,857	4.59
Mr. A.D. Gunewardene	5,671,164	2.46
Mr.M.F. Hashim	2,512,199	1.09
Seylan Bank PLC / Thirugnanasambandar Senthilverl	2,000,000	0.87
Renuka City Hotels Limited	1,858,775	0.81
Sri Lanka Insurance Corporation Limited-General Fund	1,658,529	0.72
HSBC International Nominees Limited - SSBT - Deutsche Bank AG Singapore A/C No 1	1,600,000	0.69
Bank of Ceylon - A/C No 2	1,546,100	0.67
Employees Trust Fund Board	1,366,900	0.59
Mr. N.R. Somaiya	1,320,624	0.57
Mr.Udeshi	1,271,334	0.55
Timex (Garments) Limited	1,238,465	0.54
Sri Lanka Insurance Corporation Limited-Life Fund	1,096,200	0.48
Mr.Sharma	1,069,400	0.46
	<u>180,461,371</u>	<u>78.25</u>
Others	50,145,912	21.75
Total	<u>230,607,283</u>	<u>100.00</u>

Percentage of public shareholding as at 31st March 2012 was 79.89%

## Directors' holding in shares as at 31st March 2012

Name of Director	No. of Shares
Mr. K.N.J.Balendra	107,700
Mr. J.R.F. Peiris	-
Mr. A.K. Gunaratne	19,432
Mr. S.G. Rajakaruna (Director / CEO)	-
Mr. C.H.S.K. Piyaratna	100,400
Mr. A.R. Rasiah	16,304
Dr. (Ms.) D. Weerakoon	-
Mr. M.E. Wickremesinghe	-
Mr. M Jafferjee	-
Dr. (Mr.) Kemal De. Soysa	-
Mr. D.P. De Silva	-
Ms. N. S. Panditaratne	-

# SEGMENTAL INFORMATION

	BANKING		INVESTMENT BANKING		OTHERS		ELIMINATION/ALLOCATED		GROUP	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
In Rs. '000										
<b>Total Revenue</b>	<b>3,603,648</b>	2,828,248	<b>102,942</b>	132,282	<b>42,051</b>	32,489	<b>(58,292)</b>	(60,424)	<b>3,690,349</b>	2,932,595
<b>Segment Results</b>										
Profit before Taxation	<b>542,137</b>	506,671	<b>37,429</b>	63,705	<b>24,427</b>	16,409	<b>1,671</b>	(12,488)	<b>605,664</b>	574,297
Taxation	<b>(182,303)</b>	(175,097)	<b>(11,856)</b>	(19,084)	<b>(5,804)</b>	(3,907)	<b>-</b>	(355)	<b>(199,963)</b>	(198,443)
Net Profit for the Year	<b>359,834</b>	331,574	<b>25,573</b>	44,621	<b>18,623</b>	12,502	<b>1,671</b>	(12,843)	<b>405,701</b>	375,854
<b>Segment Assets</b>	<b>109,576,263</b>	88,365,801	<b>2,604,160</b>	3,511,843	<b>877,586</b>	810,525	<b>(2,864,579)</b>	(3,527,880)	<b>110,193,428</b>	89,160,288
Intangible Assets	<b>590,409</b>	654,170	<b>-</b>	-	<b>345</b>	-	<b>79,261</b>	79,261	<b>670,016</b>	733,431
Total Assets	<b>110,166,672</b>	89,019,971	<b>2,604,160</b>	3,511,843	<b>877,931</b>	810,525	<b>(2,785,318)</b>	(3,448,619)	<b>110,863,444</b>	89,893,719
<b>Segment Liabilities</b>	<b>101,914,921</b>	81,931,966	<b>1,956,619</b>	2,977,132	<b>67,606</b>	58,425	<b>(2,217,503)</b>	(2,979,942)	<b>101,721,643</b>	81,987,581
Deferred Liabilities	<b>601,222</b>	352,389	<b>3,289</b>	2,652	<b>5,015</b>	4,953	<b>-</b>	-	<b>609,526</b>	453,330
Total Liabilities	<b>102,516,143</b>	82,284,355	<b>1,959,908</b>	2,979,784	<b>72,621</b>	63,379	<b>(2,217,503)</b>	(2,979,942)	<b>102,331,169</b>	82,440,911

# BALANCE SHEET

As at	BANK			GROUP		
	31.03.2012 Rs. '000	31.12.2011 Rs. '000 (Audited)	Change (%)	31.03.2012 Rs. '000	31.12.2011 Rs. '000 (Audited)	Change (%)
<b>On-Balance Sheet Assets</b>						
Cash in Hand	1,393,363	1,370,877	2	1,393,371	1,370,885	2
Balances with Central Bank of Sri Lanka	4,738,125	4,284,336	11	4,738,125	4,284,336	11
Due from Banks and Other Financial Institutions	4,577,431	8,523,588	(46)	3,895,389	7,875,177	(51)
Investments-Trading Account						
Government Securities	13,742,401	6,270,703	119	14,051,083	6,549,788	115
Investments-Held-to-Maturity						
Government Securities	11,828,614	12,322,586	(4)	12,453,823	12,942,447	(4)
Other Securities	1,852,902	1,749,106	6	1,852,902	1,749,106	6
Investments in Subsidiaries	678,710	678,710	-	-	-	-
<b>Total Loans and Advances</b>						
<b>Total Performing Loans and Advances</b>						
Bills of Exchange	496,816	648,777	(23)	496,816	648,777	(23)
Overdrafts	16,724,944	14,064,059	19	16,724,944	14,064,059	19
Lease Rentals Receivable within One Year	4,948,484	4,053,144	22	4,948,484	4,053,144	22
Lease Rentals Receivable after One Year	10,236,276	9,523,464	7	10,236,276	9,523,464	7
Other Loans	33,937,460	32,977,875	3	34,319,826	33,924,480	1
	66,343,980	61,267,319	8	66,726,346	62,213,924	7
<b>Total Non-performing Loans and Advances</b>						
Bills of Exchange	3,162	2,814	12	3,162	2,814	12
Overdrafts	676,286	615,714	10	676,286	615,714	10
Lease Rentals Receivable	537,494	484,588	11	537,494	484,588	11
Other Loans	1,189,582	1,126,948	6	1,189,582	1,126,948	6
Interest Receivable	192,310	96,417	99	192,310	96,417	99
	2,598,834	2,326,481	12	2,598,834	2,326,481	12
<b>Total Gross Loans and Advances</b>						
Less:						
Interest In Suspense	(666,196)	(540,487)	23	(666,196)	(540,487)	23
Specific Loan Loss Provisions	(692,065)	(694,965)	(-)	(692,065)	(694,965)	(-)
General Loan Loss Provisions	(286,829)	(257,609)	11	(280,952)	(253,064)	11
<b>Net Loans and Advances</b>	67,297,724	62,100,739	8	67,685,967	63,051,889	7
Other Assets	2,058,303	1,494,202	38	2,193,448	1,551,971	41
Deferred Assets	66,946	62,430	7	66,946	62,430	7
Intangible Assets	590,409	599,568	(2)	670,016	679,200	(1)
Property, Plant and Equipment	1,341,744	1,364,795	(2)	1,862,374	1,888,323	(1)
<b>Total on Balance Sheet Assets</b>	110,166,672	100,821,640	9	110,863,444	102,005,552	9
<b>On-Balance Sheet Liabilities</b>						
<b>Total Deposits</b>						
Demand Deposits	7,373,536	6,952,725	6	7,348,257	6,894,040	7
Savings Deposits	10,235,146	9,367,874	9	10,235,146	9,367,874	9
Time Deposits	57,384,191	50,177,028	14	57,384,191	50,177,028	14
Margin Deposits	317,437	481,175	(34)	317,438	481,175	(34)
	75,310,310	66,978,802	12	75,285,032	66,920,117	12
<b>Total Borrowings</b>						
Borrowings from Banks and Financial Institutions in Sri Lanka	526,806	520,449	1	526,806	520,449	1
Borrowings from Banks and Financial Institutions Abroad	1,354,613	705,791	92	1,354,613	705,791	92
Securities Sold Under Repurchase Agreements	13,816,682	14,297,692	(3)	13,516,682	14,017,181	(4)
Subordinated Term Debt	3,269,300	3,506,625	(7)	3,269,300	3,506,625	(7)
Other Borrowings	1,113,333	1,119,133	(1)	1,113,333	1,719,133	(35)
	20,080,734	20,149,690	(-)	19,780,734	20,469,179	(3)
Deferred Taxation	362,128	395,638	(8)	362,128	395,638	(8)
Current Taxation	364,534	203,843	79	370,551	205,615	80
Other Liabilities	6,398,437	5,318,697	20	6,532,724	5,404,154	21
<b>Total on-Balance Sheet Liabilities</b>	102,516,143	93,046,670	10	102,331,169	93,394,703	10
<b>Equity Capital and Reserves</b>						
Stated Capital (230,607,283 Ordinary Shares)	5,101,369	5,101,369	-	5,101,369	5,101,369	-
Reserve Funds	542,368	472,365	15	569,322	493,003	15
Total Other Reserves	2,006,792	2,201,236	(9)	2,861,584	3,016,477	(5)
	7,650,529	7,774,970	(2)	8,532,275	8,610,849	(1)
<b>Total On Balance Sheet Liabilities and Equity Capital and Reserves</b>	110,166,672	100,821,640	9	110,863,444	102,005,552	9
<b>Off-Balance Sheet Items and Contra Accounts</b>						
Contingencies	39,322,686	41,582,815	(5)	39,322,686	41,582,815	(5)
Commitments and Contra Accounts	41,160,088	43,835,632	(6)	40,668,938	43,356,374	(6)
	80,482,774	85,418,447	(6)	79,991,624	84,939,189	(6)
<b>Memorandum Information</b>						
Number of Employees	1920	1817		1955	1853	
Number of Branches	49	48		49	48	
Number of Leasing Centers	1	1		1	1	
Number of Personal Banking Centers	7	7		7	7	

**CERTIFICATION:**

I certify that the above financial statements comply with the requirements of the Companies Act No: 7 of 2007.

(Sgd.) **Ajith Akmeemana**  
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 dated 30/09/2005.  
In terms of the convergence to LKAS/SLFRS, these Interim Financial Statements have been prepared in terms of section 3.1(b) of the Central Bank of Sri Lanka draft guidelines dated 05/04/2012.  
(b) the information contained in these statements has been extracted from the unaudited financial statements of the Bank and its Subsidiaries unless indicated as audited.

(Sgd.) **J.R.F. Peiris**  
Chairman  
May 11, 2012 - Colombo

(Sgd.) **A.K. Gunaratne**  
Director

(Sgd.) **Saliya Rajakaruna**  
Director/Chief Executive Officer



# CASH FLOW STATEMENT

For the three months ended 31st March

	BANK		GROUP	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
<b>Cash Flows from Operating Activities</b>				
Interest Received	3,042,639	2,170,762	3,142,307	2,310,003
Interest Paid	(1,580,218)	(1,182,055)	(1,576,533)	(1,185,390)
Foreign Exchange Income Received	(217,635)	91,488	(217,635)	91,488
Receipts from Other Operating Activities	492,350	458,315	491,326	461,420
Gratuity Payments made	(1,713)	(1,116)	(1,713)	(1,116)
Payments to Employees and Suppliers	(1,092,541)	(991,936)	(1,113,250)	(1,001,662)
<b>Net Cashflow from Operating Activities before Income Tax (A)</b>	<b>642,882</b>	<b>545,458</b>	<b>724,502</b>	<b>674,743</b>
Income Tax paid	(30,000)	(109,800)	(39,410)	(127,306)
<b>Operating Profit before Changes in Operating Assets and Liabilities</b>	<b>612,882</b>	<b>435,658</b>	<b>685,092</b>	<b>547,437</b>
<b>(Increase)/Decrease in Operating Assets</b>				
Investments in Treasury Bills ,Bonds & Reverse Repurchases	(2,868,105)	(4,249,657)	(2,978,600)	(4,319,469)
Investments and other placements	31,632	(30,449)	31,632	(30,449)
Bills of Exchange	152,354	218,398	152,354	218,398
Loans and Advances including Leases	(5,316,802)	(1,327,330)	(5,284,240)	(744,879)
Other Assets	(573,158)	(316,528)	(665,273)	(351,534)
	(8,574,079)	(5,705,566)	(8,744,127)	(5,227,933)
<b>Increase/(Decrease) in Operating Liabilities</b>				
Customer Deposits	8,113,124	3,093,025	8,113,124	3,093,025
Securities sold under Repurchase Agreements	(493,739)	1,016,428	(409,735)	(1,091,533)
Other Liabilities	1,354,408	1,283,666	1,069,707	3,060,497
	8,973,793	5,393,119	8,773,096	5,061,989
<b>Net Cash Flow from Operating Activities</b>	<b>1,012,596</b>	<b>123,211</b>	<b>714,061</b>	<b>381,493</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of Intangible Assets	(17,305)	(1,852)	(17,305)	(1,852)
Proceeds from sale of Property, Plant & Equipment	540	15	540	15
Purchase of Property, Plant & Equipment	(41,723)	(19,275)	(41,723)	(20,438)
	(58,488)	(21,112)	(58,488)	(22,275)
<b>Cash Flows from Financing Activities</b>				
Issuance of Ordinary Share Capital - Warrants	-	733,738	-	733,738
Increase / (Decrease) in Refinance Activities	-	(211)	-	(211)
Increase / (Decrease) in Call & Other Borrowings	556,129	109,139	822,655	(182,320)
Net Issue / (Redemption) of Debentures	(170,000)	-	(170,000)	-
Dividend Paid	(484,275)	(461,215)	(484,275)	(461,215)
	(98,146)	381,451	168,380	89,992
<b>Net Increase in Cash and Cash Equivalents</b>	<b>855,962</b>	<b>483,549</b>	<b>823,953</b>	<b>449,210</b>
Cash and Cash Equivalents at the beginning of the year	7,609,413	3,446,951	7,662,548	3,484,131
<b>Cash and Cash Equivalents at the end of the year</b>	<b>8,465,375</b>	<b>3,930,500</b>	<b>8,486,501</b>	<b>3,933,341</b>
<b>Reconciliation of Cash and Cash Equivalents</b>				
Cash in Hand, Balances with Banks & Due to Banks	2,645,906	1,070,901	2,667,032	1,073,742
Balance with the Central Bank of Sri Lanka	4,738,125	2,859,599	4,738,125	2,859,599
Money at Call and Short Notice	1,081,344	-	1,081,344	-
	8,465,375	3,930,500	8,486,501	3,933,341
<b>A. Reconciliation of Operating Profit</b>				
Profit before taxation	542,137	506,671	605,664	574,297
Depreciation	91,237	71,842	93,824	74,808
(Profit) / Loss on disposal of Property, Plant & Equipment	(540)	-	(540)	-
Provision/ (Reversal) for Doubtful Debts	911	(43,248)	(421)	(39,213)
Provision for Gratuity	17,841	14,247	18,276	14,648
(Increase) / Decrease in Interest Receivable	59,226	(87,312)	71,507	(52,053)
Increase / (Decrease) in Interest Payable	318,702	96,486	322,825	108,852
Other Non cash items	(384,919)	(12,112)	(384,920)	(5,480)
Gratuity Payments Made	(1,713)	(1,116)	(1,713)	(1,116)
	<b>642,882</b>	<b>545,458</b>	<b>724,502</b>	<b>674,743</b>

Nations Trust Bank PLC Head Office and Corporate Branch, No. 242, Union Place, Colombo 2.

Tel: 4313131 Fax: 2307854 Email: [customerservice@nationstrust.com](mailto:customerservice@nationstrust.com) Web: [www.nationstrust.com](http://www.nationstrust.com)



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