

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

Company Number PQ 118

# INCOME STATEMENT

	BANK						GROUP					
	Six months ended 30th June 2012			Quarter ended 30th June 2012			Six months ended 30th June 2012			Quarter ended 30th June 2012		
	Rs. '000	Rs. '000	Change (%)	Rs. '000	Rs. '000	Change (%)	Rs. '000	Rs. '000	Change (%)	Rs. '000	Rs. '000	Change (%)
<b>GROSS INCOME</b>	<b>7,774,197</b>	<b>5,697,894</b>	<b>36</b>	<b>4,170,549</b>	<b>2,869,645</b>	<b>45</b>	<b>7,911,089</b>	<b>5,893,332</b>	<b>34</b>	<b>4,220,740</b>	<b>2,960,736</b>	<b>43</b>
<b>Interest Income</b>												
Interest Income on Loans and Advances	4,760,126	3,066,672	55	2,534,638	1,593,946	59	4,824,723	3,151,118	53	2,565,961	1,603,498	60
Interest Income on Other Interest Earning Assets	1,740,879	1,544,592	13	982,955	759,243	29	1,779,214	1,612,826	10	996,019	823,402	21
<b>Interest Expense</b>	<b>6,501,005</b>	<b>4,611,264</b>	<b>41</b>	<b>3,517,593</b>	<b>2,353,189</b>	<b>49</b>	<b>6,603,937</b>	<b>4,763,944</b>	<b>39</b>	<b>3,561,980</b>	<b>2,426,900</b>	<b>47</b>
Interest Expense on Deposits	(2,956,832)	(1,486,564)	99	(1,632,182)	(760,066)	115	(2,956,832)	(1,486,564)	99	(1,632,182)	(760,066)	115
Interest Expense on Other Interest Bearing Liabilities	(1,269,318)	(1,114,607)	14	(695,049)	(562,564)	24	(1,261,222)	(1,125,902)	12	(686,515)	(562,580)	22
	(4,226,150)	(2,601,171)	62	(2,327,231)	(1,322,630)	76	(4,218,054)	(2,612,466)	61	(2,318,697)	(1,322,646)	75
<b>NET INTEREST INCOME</b>	<b>2,274,855</b>	<b>2,010,093</b>	<b>13</b>	<b>1,190,362</b>	<b>1,030,559</b>	<b>16</b>	<b>2,385,883</b>	<b>2,151,478</b>	<b>11</b>	<b>1,243,283</b>	<b>1,104,254</b>	<b>13</b>
<b>Non-Interest Income</b>												
Foreign Exchange Gain	249,798	173,754	44	122,453	97,223	26	249,798	173,754	44	122,453	97,223	26
Other Operating Income	1,023,394	912,876	12	530,503	419,233	27	1,057,354	955,634	11	536,307	436,613	23
	1,273,192	1,086,630	17	652,956	516,456	26	1,307,152	1,129,388	16	658,760	533,836	23
<b>NET INCOME</b>	<b>3,548,047</b>	<b>3,096,723</b>	<b>15</b>	<b>1,843,318</b>	<b>1,547,015</b>	<b>19</b>	<b>3,693,035</b>	<b>3,280,866</b>	<b>13</b>	<b>1,902,043</b>	<b>1,638,090</b>	<b>16</b>
<b>Less : Non-Interest Expenses</b>												
Personnel Costs	859,474	811,412	6	461,062	430,293	7	877,259	826,317	6	470,424	437,956	7
Provision for Staff Retirement Benefits	34,275	27,547	24	16,434	13,299	24	35,069	28,168	25	16,793	13,520	24
Premises, Equipment and Establishment Expenses	419,312	330,993	27	213,935	162,117	32	425,039	335,611	27	217,093	164,034	32
Loss on Trading / Investment Securities	15,191	16,967	(10)	(24,747)	16,967	246	25,059	34,181	(27)	(21,312)	34,181	(162)
Amortisation of Intangible Assets	53,252	53,484	-	26,789	26,746	-	53,761	53,484	1	27,297	26,746	2
Other Operating Expenses	803,542	729,054	10	424,068	330,355	28	806,348	732,629	10	425,408	335,746	27
	2,185,046	1,969,457	11	1,117,541	979,777	14	2,222,535	2,010,390	11	1,135,703	1,012,183	12
<b>Less : Provision for Bad &amp; Doubtful Debts and Loans Written Off</b>												
Provision/(Write back)-General	37,226	(33,244)	212	10,062	(6,139)	264	34,881	(29,011)	220	9,050	(5,941)	252
Provision/(Write back)-Specific	(81,443)	(39,154)	108	(55,192)	(23,011)	140	(81,443)	(39,154)	108	(55,192)	(23,011)	140
	(44,217)	(72,398)	(39)	(45,130)	(29,150)	55	(46,562)	(68,165)	(32)	(46,142)	(28,952)	59
<b>OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXES</b>	<b>1,407,218</b>	<b>1,199,664</b>	<b>17</b>	<b>770,907</b>	<b>596,388</b>	<b>29</b>	<b>1,517,062</b>	<b>1,338,641</b>	<b>13</b>	<b>812,482</b>	<b>654,859</b>	<b>24</b>
Less: Value Added Tax on Financial Services	(194,656)	(191,946)	1	(100,482)	(95,341)	5	(203,720)	(214,183)	(5)	(104,804)	(104,697)	-
<b>OPERATING PROFIT BEFORE CORPORATE TAX</b>	<b>1,212,562</b>	<b>1,007,718</b>	<b>20</b>	<b>670,425</b>	<b>501,047</b>	<b>34</b>	<b>1,313,342</b>	<b>1,124,458</b>	<b>17</b>	<b>707,678</b>	<b>550,162</b>	<b>29</b>
Less: Tax on Profits on Ordinary Activities	(386,960)	(347,903)	11	(204,657)	(172,805)	18	(420,142)	(388,206)	8	(220,179)	(189,763)	16
<b>OPERATING PROFIT FOR THE PERIOD</b>	<b>825,602</b>	<b>659,815</b>	<b>25</b>	<b>465,768</b>	<b>328,242</b>	<b>42</b>	<b>893,200</b>	<b>736,252</b>	<b>21</b>	<b>487,499</b>	<b>360,399</b>	<b>35</b>
<b>EARNINGS PER SHARE - BASIC (Rs.)</b>	<b>3.58</b>	<b>2.93</b>	<b>22</b>	<b>2.02</b>	<b>1.49</b>	<b>36</b>	<b>3.87</b>	<b>3.26</b>	<b>19</b>	<b>2.11</b>	<b>1.64</b>	<b>29</b>

## 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)
- With the new Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) 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 the 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 Interim Financial Statements are prepared in accordance with SLFRS/LKAS is given in Appendix A.
- 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.
- 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.
- There are no material changes to contingent assets and liabilities since 30.06.2012 and the balances reflected are due to transactions carried out in the normal course of Banking Business.
- No material events have taken place since 30.06.2012 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.



# SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 30.06.2012	As at 31.12.2011 (Audited)	As at 30.06.2012	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.	9,532	10,337	10,272	11,079
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	10.38%	12.50%	11.31%	13.42%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	13.57%	16.62%	14.46%	17.44%
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non-performing Advances Ratio, % (Net of Interest In Suspense)	2.92%	2.83%	2.91%	2.79%
Net Non-performing Advances Ratio, % (Net of Interest In Suspense and Provisions)	1.61%	1.32%	1.61%	1.30%
<b>Profitability</b>				
Interest Margin, %	4.14%	4.49%	-	-
Return on Assets, % (before Tax)	2.21%	2.15%	2.37%	2.40%
Return on Equity, %	21.04%	19.50%	20.48%	19.70%
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets, Rs. Mn.	20,872	17,698	-	-
Statutory Liquid Assets Ratio, (%) (Minimum Requirement, 20%)	21.74%	21.37%	-	-
Domestic Banking Unit (DBU)	36.13%	33.79%	-	-
Foreign Currency Banking Unit (FCBU)	35.20	33.72	39.11	37.34
Net Assets Value Per Share (Rs.)				
	30.06.2012 (Quarter ended)	30.06.2011 (Quarter ended)		
<b>Market Price Per Share (Rs.)</b>				
Highest	56.50	80.00		
Lowest	43.50	62.00		
Last Traded Price	47.00	66.20		

# 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>						
<b>Balance as at 01.01.2011</b>	<b>4,367,631</b>	-	<b>155,696</b>	-	<b>1,608,192</b>	<b>6,131,519</b>
Dividend Paid for 2010	-	-	-	-	(461,215)	(461,215)
Shares issued on '2011 Warrants' exercised	733,738	-	-	-	-	733,738
Transfers to Investment Fund*	-	-	-	91,545	(91,545)	-
Net Profit for the Period	-	-	-	-	659,815	659,815
<b>Balance as at 30.06.2011</b>	<b>5,101,369</b>	-	<b>155,696</b>	<b>91,545</b>	<b>1,715,247</b>	<b>7,063,857</b>
<b>Balance as at 01.01.2012</b>	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 *	-	-	-	155,602	(155,602)	-
Net Profit for the Period	-	-	-	-	825,602	825,602
<b>Balance as at 30.06.2012</b>	<b>5,101,369</b>	-	<b>224,242</b>	<b>403,725</b>	<b>2,386,961</b>	<b>8,116,297</b>
<b>Group</b>						
<b>Balance as at 01.01.2011</b>	<b>4,367,631</b>	<b>9,500</b>	<b>155,696</b>	-	<b>2,271,604</b>	<b>6,804,431</b>
Dividend Paid for 2010	-	-	-	-	(461,215)	(461,215)
Shares issued on '2011 Warrants' exercised	733,738	-	-	-	-	733,738
Transfers to Investment Fund*	-	-	-	91,545	(91,545)	-
Net Profit for the Period	-	-	-	-	736,252	736,252
<b>Balance as at 30.06.2011</b>	<b>5,101,369</b>	<b>9,500</b>	<b>155,696</b>	<b>91,545</b>	<b>2,455,096</b>	<b>7,813,206</b>
<b>Balance as at 01.01.2012</b>	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 *	-	-	-	167,782	(167,782)	-
Net Profit for the Period	-	-	-	-	893,200	893,200
<b>Balance as at 30.06.2012</b>	<b>5,101,369</b>	<b>9,500</b>	<b>224,242</b>	<b>436,543</b>	<b>3,248,120</b>	<b>9,019,774</b>

\* 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. 320mn were granted under this scheme.

<b>Ratios of Debt</b>	<b>30.06.2012</b>	<b>30.06.2011</b>
* Debt / Equity Ratio %	46.44%	29.36%
Interest Cover (Times)	5.17	6.29
* All Subordinated debt and listed Senior debt are considered as Debt (numerator)		

## SHAREHOLDERS INFORMATION

### Twenty largest Shareholders as at 30th June 2012

<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
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	2,583,150	1.12
Seylan Bank PLC / Thirugnanasambandar Senthilveri	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. M. M. Udeshi	1,271,334	0.55
Timex Garments (Pvt) Limited	1,238,465	0.54
Sri Lanka Insurance Corporation Limited-Life Fund	1,096,200	0.48
Mr. S. K. Sharma	1,069,400	0.46
	180,532,322	78.29
Others	50,074,961	21.71
Total	230,607,283	100.00

Percentage of public shareholding as at 30th June 2012 was 79.89%

### Directors' holding in shares as at 30th June 2012

<b>Name of Director</b>	<b>No. of Shares</b>
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

	<b>BANKING</b>		<b>INVESTMENT BANKING</b>		<b>OTHERS</b>		<b>ELIMINATION/ALLOCATED</b>		<b>GROUP</b>	
In Rs. '000	<b>30.06.2012</b>	30.06.2011	<b>30.06.2012</b>	30.06.2011	<b>30.06.2012</b>	30.06.2011	<b>30.06.2012</b>	30.06.2011	<b>30.06.2012</b>	30.06.2011
<b>Total Revenue</b>	<b>7,774,197</b>	5,697,894	<b>186,179</b>	275,307	<b>82,639</b>	64,170	<b>(131,926)</b>	(144,039)	<b>7,911,089</b>	5,893,332
<b>Segment Results</b>										
Profit before Taxation	<b>1,212,562</b>	1,007,718	<b>70,626</b>	110,199	<b>45,539</b>	31,262	<b>(15,385)</b>	(24,721)	<b>1,313,342</b>	1,124,458
Taxation	<b>(386,960)</b>	(347,903)	<b>(22,393)</b>	(34,746)	<b>(10,789)</b>	(5,557)	-	-	<b>(420,142)</b>	(388,206)
Net Profit for the Year	<b>825,602</b>	659,815	<b>48,233</b>	75,453	<b>34,750</b>	25,705	<b>(15,385)</b>	(24,721)	<b>893,200</b>	736,252
<b>Segment Assets</b>	<b>117,789,688</b>	87,098,774	<b>2,253,965</b>	3,900,091	<b>896,833</b>	818,800	<b>(2,609,534)</b>	(3,881,899)	<b>118,330,952</b>	87,935,766
Intangible Assets	<b>586,899</b>	628,221	-	-	<b>18,954</b>	475	<b>79,261</b>	79,261	<b>685,114</b>	707,957
Total Assets	<b>118,376,587</b>	87,726,995	<b>2,253,965</b>	3,900,091	<b>915,787</b>	819,275	<b>(2,530,273)</b>	(3,802,638)	<b>119,016,066</b>	88,643,723
<b>Segment Liabilities</b>	<b>109,645,769</b>	80,204,128	<b>1,598,849</b>	3,344,177	<b>76,775</b>	58,906	<b>(1,947,585)</b>	(3,243,529)	<b>109,373,808</b>	80,363,682
Deferred Liabilities	<b>614,521</b>	459,010	<b>2,703</b>	2,723	<b>5,260</b>	5,102	-	-	<b>622,484</b>	466,835
Total Liabilities	<b>110,260,290</b>	80,663,138	<b>1,601,552</b>	3,346,900	<b>82,035</b>	64,008	<b>(1,947,585)</b>	(3,243,529)	<b>109,996,292</b>	80,830,517

# BALANCE SHEET

As at	BANK			GROUP		
	30.06.2012 Rs. '000	31.12.2011 Rs. '000 (Audited)	Change (%)	30.06.2012 Rs. '000	31.12.2011 Rs. '000 (Audited)	Change (%)
<b>On-Balance Sheet Assets</b>						
Cash in Hand	1,855,362	1,370,877	35	1,855,370	1,370,885	35
Balances with Central Bank of Sri Lanka	5,182,891	4,284,336	21	5,182,891	4,284,336	21
Due from Banks and Other Financial Institutions	2,296,487	8,523,588	(73)	2,115,908	7,875,177	(73)
Investments-Trading Account						
Government Securities	21,182,447	6,270,703	238	21,465,110	6,549,788	228
Investments-Held-to-Maturity						
Government Securities	10,765,696	12,322,586	(13)	10,913,305	12,942,447	(16)
Other Securities	1,755,522	1,749,106	-	1,755,522	1,749,106	-
Investments in Subsidiaries	678,710	678,710	-	-	-	-
<b>Total Loans and Advances</b>						
<b>Total Performing Loans and Advances</b>						
Bills of Exchange	286,767	648,777	(56)	286,767	648,777	(56)
Overdrafts	16,099,394	14,064,059	14	16,099,394	14,064,059	14
Lease Rentals Receivable within One Year	5,514,310	4,053,144	36	5,514,310	4,053,144	36
Lease Rentals Receivable after One Year	11,240,704	9,523,464	18	11,240,704	9,523,464	18
Other Loans	36,384,703	32,977,875	10	36,783,176	33,924,480	8
	69,525,878	61,267,319	13	69,924,351	62,213,924	12
<b>Total Non-performing Loans and Advances</b>						
Bills of Exchange	3,304	2,814	17	3,304	2,814	17
Overdrafts	771,399	615,714	25	771,399	615,714	25
Lease Rentals Receivable	610,961	484,588	26	610,961	484,588	26
Other Loans	1,210,689	1,126,948	7	1,210,689	1,126,948	7
Interest Receivable	192,325	96,417	99	192,325	96,417	99
	2,788,678	2,326,481	20	2,788,678	2,326,481	20
<b>Total Gross Loans and Advances</b>	72,314,556	63,593,800	14	72,713,029	64,540,405	13
Less:						
Interest In Suspense	(694,974)	(540,487)	29	(694,974)	(540,487)	29
Specific Loan Loss Provisions	(644,748)	(694,965)	(7)	(644,748)	(694,965)	(7)
General Loan Loss Provisions	(297,730)	(257,609)	16	(290,841)	(253,064)	15
<b>Net Loans and Advances</b>	70,677,104	62,100,739	14	71,082,466	63,051,889	13
Other Assets	1,965,771	1,494,202	32	2,012,809	1,551,971	30
Deferred Assets	70,564	62,430	13	70,564	62,430	13
Intangible Assets	586,899	599,568	(2)	685,114	679,200	1
Property, Plant and Equipment	1,359,134	1,364,795	(0)	1,877,007	1,888,323	(1)
<b>Total On-Balance Sheet Assets</b>	<b>118,376,587</b>	<b>100,821,640</b>	<b>17</b>	<b>119,016,066</b>	<b>102,005,552</b>	<b>17</b>
<b>On-Balance Sheet Liabilities</b>						
<b>Total Deposits</b>						
Demand Deposits	7,509,262	6,952,725	8	7,478,215	6,894,040	8
Savings Deposits	10,478,753	9,367,874	12	10,478,753	9,367,874	12
Time Deposits	63,089,211	50,177,028	26	63,089,211	50,177,028	26
Margin Deposits	343,649	481,175	(29)	343,649	481,175	(29)
	<b>81,420,875</b>	<b>66,978,802</b>	<b>22</b>	<b>81,389,828</b>	<b>66,920,117</b>	<b>22</b>
<b>Total Borrowings</b>						
Borrowings from Banks and Financial Institutions in Sri Lanka	452,524	520,449	(13)	452,524	520,449	(13)
Borrowings from Banks and Financial Institutions Abroad	1,172,079	705,791	66	1,172,079	705,791	66
Securities Sold Under Repurchase Agreements	16,478,927	14,297,692	15	16,153,749	14,017,181	15
Subordinated Term Debt	3,269,300	3,506,625	(7)	3,269,300	3,506,625	(7)
Other Borrowings	958,200	1,119,133	(14)	958,200	1,719,133	(4)
	<b>22,331,030</b>	<b>20,149,690</b>	<b>11</b>	<b>22,005,852</b>	<b>20,469,179</b>	<b>8</b>
Deferred Taxation	362,508	395,638	(8)	362,508	395,638	(8)
Current Taxation	467,770	203,843	129	477,672	205,615	132
Other Liabilities	5,678,107	5,318,697	7	5,760,432	5,404,154	7
<b>Total on-Balance Sheet Liabilities</b>	<b>110,260,290</b>	<b>93,046,670</b>	<b>18</b>	<b>109,996,292</b>	<b>93,394,703</b>	<b>18</b>
<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	627,967	472,365	33	660,785	493,003	34
Total Other Reserves	2,386,961	2,201,236	8	3,257,620	3,016,477	8
	<b>8,116,297</b>	<b>7,774,970</b>	<b>4</b>	<b>9,019,774</b>	<b>8,610,849</b>	<b>5</b>
<b>Total On Balance Sheet Liabilities and Equity Capital and Reserves</b>	<b>118,376,587</b>	<b>100,821,640</b>	<b>17</b>	<b>119,016,066</b>	<b>102,005,552</b>	<b>17</b>
<b>Off-Balance Sheet Items and Contra Accounts</b>						
Contingencies	36,015,098	41,582,815	(13)	36,015,098	41,582,815	(13)
Commitments and Contra Accounts	41,365,489	43,835,632	(6)	41,365,489	43,356,374	(5)
	<b>77,380,587</b>	<b>85,418,447</b>	<b>(9)</b>	<b>77,380,587</b>	<b>84,939,189</b>	<b>(9)</b>
<b>Memorandum Information</b>						
Number of Employees	1984	1817		2019	1853	
Number of Branches	52	48		52	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 Directors and Deputy 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.

(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.) **A. K. Gunaratne**  
Director  
August 09, 2012 - Colombo

(Sgd.) **Krishan Balendra**  
Director

(Sgd.) **Renuka Fernando**  
Deputy Chief Executive Officer



# CASH FLOW STATEMENT

For the six months ended 30th June

	BANK		GROUP	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
<b>Cash Flows from Operating Activities</b>				
Interest Received	6,513,312	4,429,641	6,665,787	4,669,663
Interest Paid	(3,653,318)	(2,321,274)	(3,641,326)	(2,334,938)
Foreign Exchange Income Received	(174,315)	152,010	(174,315)	152,010
Receipts from Other Operating Activities	1,024,846	912,785	1,006,444	906,166
Gratuity Payments made	(5,228)	(4,421)	(5,228)	(4,421)
Payments to Employees and Suppliers	(2,155,293)	(1,990,329)	(2,194,745)	(2,038,367)
<b>Net Cash Flow from Operating Activities before Income Tax (A)</b>	<b>1,550,004</b>	<b>1,178,412</b>	<b>1,656,617</b>	<b>1,350,113</b>
Income Tax paid	(71,036)	(258,900)	(83,868)	(280,446)
<b>Operating Profit before Changes in Operating Assets and Liabilities</b>	<b>1,478,968</b>	<b>919,512</b>	<b>1,572,749</b>	<b>1,069,667</b>
<b>(Increase)/Decrease in Operating Assets</b>				
Investments in Treasury Bills, Bonds & Reverse Repurchases	(7,478,845)	1,549,856	(7,455,907)	2,591,391
Investments and other placements	27,684	(10,839)	27,684	(10,839)
Bills of Exchange	361,916	179,459	361,916	179,459
Loans and Advances including Leases	(8,953,193)	(5,396,978)	(8,405,408)	(3,540,134)
Other Assets	(484,928)	(526,392)	(499,143)	(647,773)
	<b>(16,527,366)</b>	<b>(4,204,894)</b>	<b>(15,970,858)</b>	<b>(1,427,896)</b>
<b>Increase/(Decrease) in Operating Liabilities</b>				
Customer Deposits	13,924,771	5,308,906	13,924,771	5,308,906
Securities sold under Repurchase Agreements	2,213,056	(688,871)	2,166,141	(3,899,530)
Other Liabilities	720,265	(461,678)	574,654	1,555,188
	<b>16,858,092</b>	<b>4,158,357</b>	<b>16,665,566</b>	<b>2,964,564</b>
<b>Net Cash Flow from Operating Activities</b>	<b>1,809,694</b>	<b>872,975</b>	<b>2,267,457</b>	<b>2,606,335</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of Intangible Assets	(27,389)	(2,649)	(27,530)	(2,649)
Proceeds from sale of Property, Plant & Equipment	(1,452)	91	(20,542)	1,323
Purchase of Property, Plant & Equipment	(115,274)	(84,699)	(115,274)	(85,862)
	<b>(144,115)</b>	<b>(87,257)</b>	<b>(163,346)</b>	<b>(87,188)</b>
<b>Cash Flows from Financing Activities</b>				
Issuance of Ordinary Share Capital - Warrants	-	733,738	-	733,738
Increase / (Decrease) in Refinance Activities	-	(421)	-	(421)
Increase / (Decrease) in Call & Other Borrowings	249,807	(163,347)	(219,060)	(1,867,199)
Net Issue / (Redemption) of Debentures	(170,000)	(165,000)	(170,000)	(165,000)
Dividend Paid	(484,275)	(461,215)	(484,275)	(461,215)
	<b>(404,468)</b>	<b>(56,245)</b>	<b>(873,335)</b>	<b>(1,760,097)</b>
Net Increase in Cash and Cash Equivalents	1,261,111	729,473	1,230,776	759,050
Cash and Cash Equivalents at the beginning of the year	7,609,414	3,446,951	7,662,549	3,484,131
<b>Cash and Cash Equivalents at the end of the year</b>	<b>8,870,525</b>	<b>4,176,424</b>	<b>8,893,325</b>	<b>4,243,181</b>
<b>Reconciliation of Cash and Cash Equivalents</b>				
Cash in Hand, Balances with Banks & Due to Banks	2,614,357	1,085,717	2,637,157	1,152,474
Balance with the Central Bank of Sri Lanka	5,182,891	3,090,707	5,182,891	3,090,707
Money at Call and Short Notice	1,073,277	-	1,073,277	-
	<b>8,870,525</b>	<b>4,176,424</b>	<b>8,893,325</b>	<b>4,243,181</b>
<b>A. Reconciliation of Operating Profit</b>				
Profit before taxation	1,212,562	1,007,718	1,313,342	1,124,458
Depreciation/Amortization	183,480	160,495	189,785	166,441
(Profit) / Loss on disposal of Property, Plant & Equipment	1,452	(91)	1,452	(1,323)
Provision/ (Reversal) for Doubtful Debts	(44,217)	(72,398)	(46,562)	(68,165)
Provision for Gratuity	34,275	27,547	35,069	28,168
(Increase) / Decrease in Interest Receivable	12,307	(181,624)	9,488	(142,334)
Increase / (Decrease) in Interest Payable	572,829	279,897	576,727	278,759
Other Non cash items	(417,456)	(38,711)	(417,456)	(31,470)
Gratuity payments made	(5,228)	(4,421)	(5,228)	(4,421)
	<b>1,550,004</b>	<b>1,178,412</b>	<b>1,656,617</b>	<b>1,350,113</b>

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**Nations  
Trust Bank**