

NATIONS TRUST BANK PLC AND ITS FULLY OWNED SUBSIDIARIES

Company Number PQ 118

INCOME STATEMENT

	BANK						GROUP					
	Nine months ended 30th September 2012			Quarter ended 30th September 2012			Nine months ended 30th September 2012			Quarter ended 30th September 2012		
	Rs. '000	Rs. '000	2011 Change (%)	Rs. '000	Rs. '000	2011 Change (%)	Rs. '000	Rs. '000	2011 Change (%)	Rs. '000	Rs. '000	2011 Change (%)
GROSS INCOME	12,516,518	8,682,571	44	4,757,512	3,001,643	5%	12,718,791	8,959,476	42	4,832,760	3,100,326	56
Interest Income												
Interest Income on Loans and Advances	7,617,287	4,822,591	58	2,857,161	1,755,919	63	7,717,580	4,947,025	56	2,892,857	1,795,907	61
Interest Income on Other Interest Earning Assets	2,847,426	2,239,000	27	1,106,547	694,407	59	2,899,553	2,341,255	24	1,120,338	728,430	54
	10,464,713	7,061,591	48	3,963,708	2,450,326	62	10,617,133	7,288,280	46	4,013,195	2,524,337	59
Interest Expense												
Interest Expense on Deposits	(4,876,648)	(2,347,053)	108	(1,919,815)	(860,489)	123	(4,872,768)	(2,347,053)	108	(1,915,936)	(860,489)	123
Interest Expense on Other Interest Bearing Liabilities	(1,985,413)	(1,678,413)	18	(716,094)	(563,805)	27	(1,971,408)	(1,692,988)	16	(710,186)	(567,087)	25
	(6,862,061)	(4,025,466)	70	(2,635,909)	(1,424,294)	85	(6,844,176)	(4,040,041)	69	(2,626,122)	(1,427,576)	84
NET INTEREST INCOME	3,602,652	3,036,125	19	1,327,799	1,026,032	29	3,772,957	3,248,239	16	1,387,073	1,096,761	26
Non-Interest Income												
Foreign Exchange Gain	346,878	261,867	32	97,080	89,140	9	346,878	261,867	32	97,080	89,140	9
Other Operating Income	1,704,927	1,359,113	25	696,724	462,177	51	1,754,780	1,409,329	25	722,485	486,849	48
	2,051,805	1,620,980	27	793,804	551,317	44	2,101,658	1,671,196	26	819,565	575,989	42
NET INCOME	5,654,457	4,657,105	21	2,121,603	1,577,349	35	5,874,615	4,919,435	19	2,206,638	1,672,750	32
Less : Non-Interest Expenses												
Personnel Costs	1,395,841	1,217,707	15	536,367	406,295	32	1,422,085	1,240,102	15	544,826	413,785	32
Provision for Staff Retirement Benefits	47,256	40,538	17	12,980	12,992	(0)	48,378	41,399	17	13,209	13,232	1
Premises, Equipment and Establishment Expenses	644,794	509,021	27	225,482	178,028	27	650,381	516,881	26	225,342	181,270	24
Loss on Trading/investment securities	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation of Intangible Assets	81,096	80,419	1	27,843	26,935	3	82,313	80,419	2	28,552	26,935	6
Other Operating Expenses	1,227,976	1,045,486	17	424,435	316,431	34	1,232,212	1,050,625	17	425,864	317,996	34
	3,396,963	2,893,171	17	1,227,107	940,681	30	3,435,369	2,929,426	17	1,237,893	953,218	30
Less : Provision for Bad & Doubtful Debts and Loans Written Off												
Provision/(Write back)-General	47,289	(32,227)	47	10,064	1,017	890	45,227	(25,890)	75	10,346	3,121	231
Provision/(Write back)-Specific	(86,026)	(111,076)	(23)	(4,582)	(71,922)	(94)	(86,026)	(111,076)	(23)	(4,582)	(71,922)	(94)
	(38,737)	(143,303)	(73)	5,482	(70,905)	(108)	(40,799)	(136,966)	(70)	5,764	(68,801)	(108)
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXES	2,296,231	1,907,237	20	889,014	707,573	26	2,480,405	2,126,975	17	962,981	788,333	22
Less: Value Added Tax on Financial Services	(317,403)	(305,158)	4	(122,746)	(113,212)	8	(331,383)	(340,273)	(3)	(127,663)	(126,090)	1
OPERATING PROFIT BEFORE CORPORATE TAX	1,978,828	1,602,079	24	766,268	594,361	29	2,148,662	1,786,702	20	835,318	662,243	26
Less: Tax on Profits on Ordinary Activities	(636,885)	(553,099)	15	(249,925)	(205,196)	22	(688,929)	(616,745)	12	(268,787)	(228,539)	18
OPERATING PROFIT FOR THE PERIOD	1,341,943	1,048,980	28	516,343	389,165	33	1,459,733	1,169,957	25	566,531	433,704	31
EARNINGS PER SHARE - BASIC (Rs.)	5.82	4.62	26	2.24	1.71	31	6.33	5.15	23	2.46	1.91	29

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).
- With the new Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) coming into effect from 01 January 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 January 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 of 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 31st December 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 30.09.2012 and the balances reflected are due to transactions carried out in the normal course of Banking Business.
- No material events have taken place since 30.09.2012 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 September 30, 2012	Impact to statement of income (pre-tax) for the 09 months ended September 30, 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.245 Mn	Increase by Rs. 50 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. 121 Mn	Increase by Rs. 12 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. 43 Mn	Increase by Rs. 34 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
Others	Mainly due to fair value adjustments for operating lease agreements	Decrease by Rs. 23 Mn	Decrease by Rs. 3 Mn
Total		Increase by Rs. 300 Mn	Increase by Rs. 93 Mn

SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 30.09.2012	As at 31.12.2011 (Audited)	As at 30.09.2012	As at 31.12.2011 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs.Mn.	7,291	7,775	8,038	8,522
Total Capital Base, Rs.Mn.	9,357	10,337	10,098	11,079
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	10.30%	12.50%	11.27%	13.42%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	13.22%	16.62%	14.15%	17.44%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-performing Advances Ratio, % (Net of Interest In Suspense)	2.98%	2.83%	2.97%	2.79%
Net Non-performing Advances Ratio, % (Net of Interest In Suspense and Provisions)	1.64%	1.32%	1.64%	1.30%
Profitability				
Interest Margin, %	4.26%	4.49%	-	-
Return on Assets, % (before Tax)	2.34%	2.15%	2.52%	2.40%
Return on Equity, %	22.24%	19.50%	21.78%	19.70%
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn.	23,130	17,698	-	-
Statutory Liquid Assets Ratio, (%) (Minimum Requirement, 20%)				
Domestic Banking Unit (DBU)	24.08%	21.37%	-	-
Foreign Currency Banking Unit (FCBU)	22.14%	33.79%	-	-
Net Assets Value Per Share (Rs.)	37.43	33.72	41.57	37.34
	30.09.2012	30.09.2011		
Market Price Per Share (Rs.)	(Quarter ended)	(Quarter ended)		
Highest	63.60	70.00		
Lowest	45.80	57.00		
Last Traded Price	61.90	61.10		

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
Bank						
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
Transfers to Investment Fund*	-	-	-	178,533	(178,533)	-
Net Profit for the Period	-	-	-	-	1,048,980	1,048,980
Balance as at 30.09.2011	5,101,369	-	155,696	178,533	2,017,424	7,453,022
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 *	-	-	-	254,509	(254,509)	-
Net Profit for the Period	-	-	-	-	1,341,943	1,341,943
Balance as at 30.09.2012	5,101,369	-	224,242	502,632	2,804,395	8,632,638
Group						
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
Transfers to Investment Fund*	-	-	-	193,266	(193,266)	-
Net Profit for the Period	-	-	-	-	1,169,957	1,169,957
Balance as at 30.09.2011	5,101,369	9,500	155,696	193,266	2,787,080	8,246,911
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 *	-	-	-	271,889	(271,889)	-
Net Profit for the Period	-	-	-	-	1,459,733	1,459,733
Transfer during the year	-	-	-	-	-	-
Balance as at 30.09.2012	5,101,369	9,500	224,242	540,650	3,710,546	9,586,307

* 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. 411 mn were granted under this scheme.

Ratios of Debt	30.09.2012	30.09.2011
* Debt / Equity Ratio %	42.88%	53.76%
Interest Cover (Times)	5.54	6.01

* All Subordinated debt and listed Senior debt are considered as Debt (numerator)

SHAREHOLDERS INFORMATION

Twenty largest Shareholders as at 30th September 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	2,583,150	1.12
Employees Trust Fund Board	2,543,501	1.10
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	1,650,000	0.72
Bank of Ceylon - A/C No 2	1,546,100	0.67
Mr. N.R. Somaiya	1,320,624	0.57
Mr.S.K.Sharma	1,275,625	0.55
Seylan Bank PLC / Thirugnanasambandar Senthilveri	1,257,626	0.55
Timex Garments (Pvt) Limited	1,238,465	0.54
Sri Lanka Insurance Corporation Limited-Life Fund	1,096,200	0.48
Malship Ceylon Limited	1,063,857	0.46
	181,015,297	78.50
Others	49,591,986	21.50
Total	230,607,283	100.00

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

Directors' holding in shares as at 30th September 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
Mrs. R.N.K. Fernando (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	-
Mr. Suran Wijesinghe **	39,650

Mr. J. R. F. Peiris, Chairman ceased to hold office on 31st October, 2012*

Mr. Suran wijesinghe was appointed as a Non-Executive Director with effect from 01st November, 2012**

SEGMENTAL INFORMATION

In Rs. '000	BANKING		INVESTMENT BANKING		OTHERS		ELIMINATION/ALLOCATED		GROUP	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011	30.09.2012	30.09.2011	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Total Revenue	12,516,518	8,682,571	267,152	410,568	130,795	102,159	(195,674)	(235,822)	12,718,791	8,959,476
Segment Results										
Profit before Taxation	1,978,828	1,602,079	109,698	170,068	75,461	51,881	(15,325)	(37,326)	2,148,662	1,786,702
Taxation	(636,885)	(553,099)	(34,562)	(53,275)	(17,482)	(11,962)	-	1,591	(688,929)	(616,745)
Net Profit for the Year	1,341,943	1,048,980	75,136	116,793	57,979	39,919	(15,325)	(35,735)	1,459,733	1,169,957
Segment Assets	121,416,824	95,660,614	2,290,304	3,426,732	918,233	837,205	(2,608,583)	(3,572,880)	122,016,778	96,351,671
Intangible Assets	568,093	608,690	-	-	18,245	-	79,261	79,261	665,599	687,951
Total Assets	121,984,917	96,269,304	2,290,304	3,426,732	936,478	837,205	(2,529,322)	(3,493,619)	122,682,377	97,039,622
Segment Liabilities	112,698,918	88,316,774	1,608,115	2,829,402	69,686	61,181	(1,942,145)	(2,922,057)	112,434,575	88,285,300
Deferred Liabilities	653,361	499,508	2,874	2,800	5,260	5,102	-	-	661,495	507,410
Total Liabilities	113,352,279	88,816,282	1,610,989	2,832,202	74,946	66,283	(1,942,145)	(2,922,057)	113,096,070	88,792,710

BALANCE SHEET

As at	BANK			GROUP		
	30.09.2012 Rs. '000	31.12.2011 Rs. '000 (Audited)	Change (%)	30.09.2012 Rs. '000	31.12.2011 Rs. '000 (Audited)	Change (%)
On-Balance Sheet Assets						
Cash in Hand	2,054,635	1,370,877	50	2,054,643	1,370,885	50
Balances with Central Bank of Sri Lanka	5,580,773	4,284,336	30	5,580,773	4,284,336	30
Due from Banks and Other Financial Institutions	2,324,374	8,523,588	(73)	2,128,850	7,875,177	(73)
Investments-Trading Account						
Government Securities	23,035,765	6,270,703	267	23,293,236	6,549,788	256
Investments-Held-to-Maturity						
Government Securities	10,791,043	12,336,758	(13)	10,981,926	12,956,619	(15)
Other Securities	1,675,433	1,749,106	(4)	1,675,433	1,749,106	(4)
Investments in Subsidiaries	678,710	678,710	-	-	-	-
Total Loans and Advances						
Total Performing Loans and Advances						
Bills of Exchange	609,828	648,777	(6)	609,828	648,777	(6)
Overdrafts	15,857,656	14,064,059	13	15,857,656	14,064,059	13
Lease Rentals Receivable within One Year	5,933,329	4,053,144	46	5,933,329	4,053,144	46
Lease Rentals Receivable after One Year	12,027,954	9,523,464	26	12,027,954	9,523,464	26
Other Loans	36,654,425	32,977,875	11	37,082,983	33,924,480	9
	71,083,192	61,267,319	16	71,511,750	62,213,924	15
Total Non-performing Loans and Advances						
Bills of Exchange	-	2,814	(100)	-	2,814	(100)
Overdrafts	792,319	615,714	29	792,319	615,714	29
Lease Rentals Receivable	736,681	484,588	52	736,681	484,588	52
Other Loans	1,207,517	1,126,948	7	1,207,517	1,126,948	7
Interest Receivable	186,701	96,417	94	186,701	96,417	94
	2,923,218	2,326,481	26	2,923,218	2,326,481	26
Total Gross Loans and Advances	74,006,410	63,593,800	16	74,434,968	64,540,405	15
Less:						
Interest In Suspense	(738,048)	(540,487)	37	(738,048)	(540,487)	37
Specific Loan Loss Provisions	(677,676)	(694,965)	(2)	(677,676)	(694,965)	(2)
General Loan Loss Provisions	(307,174)	(257,609)	19	(300,567)	(253,064)	19
Net Loans and Advances	72,283,512	62,100,739	16	72,718,677	63,051,889	15
Other Assets	1,529,092	1,480,030	3	1,604,764	1,537,799	4
Deferred Assets	73,035	62,430	17	73,035	62,430	17
Intangible Assets	568,093	599,568	(5)	665,599	679,200	(2)
Property, Plant and Equipment	1,390,452	1,364,795	2	1,905,441	1,888,323	1
Total On-Balance Sheet Assets	121,984,917	100,821,640	21	122,682,377	102,005,552	20
On-Balance Sheet Liabilities						
Total Deposits						
Demand Deposits	7,408,018	6,952,725	7	7,358,579	6,894,040	7
Savings Deposits	10,415,889	9,367,874	11	10,415,889	9,367,874	11
Time Deposits	66,310,347	50,177,028	32	65,961,106	50,177,028	31
Margin Deposits	227,846	481,175	(53)	227,846	481,175	(53)
	84,362,100	66,978,802	26	83,963,420	66,920,117	25
Total Borrowings						
Borrowings from Banks and Financial Institutions in Sri Lanka	1,385,435	520,449	166	1,385,435	520,449	166
Borrowings from Banks and Financial Institutions Abroad	684,983	705,791	(3)	684,983	705,791	(3)
Securities Sold Under Repurchase Agreements	16,028,700	14,297,692	12	16,028,700	14,017,181	14
Subordinated Term Debt	3,201,975	3,506,625	(9)	3,201,975	3,506,625	(9)
Other Borrowings	954,300	1,119,133	(15)	954,300	1,119,133	(14)
	22,255,393	20,149,690	10	22,255,393	20,469,179	9
Deferred Taxation	392,522	395,638	(1)	392,522	395,638	(1)
Current Taxation	604,333	203,843	196	626,434	205,615	205
Other Liabilities	5,737,931	5,318,697	8	5,858,301	5,404,154	8
Total on-Balance Sheet Liabilities	113,352,279	93,046,670	22	113,096,070	93,394,703	21
Equity Capital and Reserves						
Stated Capital (230,607,283 Ordinary Shares)	5,101,369	5,101,369	-	5,101,369	5,101,369	-
Reserve Funds	726,874	472,365	54	764,892	493,003	55
Total Other Reserves	2,804,395	2,201,236	27	3,720,046	3,016,477	23
	8,632,638	7,774,970	11	9,586,307	8,610,849	11
Total On Balance Sheet Liabilities and Equity Capital and Reserves	121,984,917	100,821,640	21	122,682,377	102,005,552	20
Off-Balance Sheet Items and Contra Accounts						
Contingencies	35,124,392	41,582,815	(16)	35,124,392	41,582,815	(16)
Commitments and Contra Accounts	40,935,646	43,835,632	(7)	40,935,646	43,356,374	(6)
	76,060,038	85,418,447	(11)	76,060,038	84,939,189	(10)
Memorandum Information						
Number of Employees	1988	1817		2023	1853	
Number of Branches	56	48		56	48	
Number of Leasing Centers	-	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.

(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**
Chairman
07, November, 2012 - Colombo

(Sgd.) **M. E. Wickremesinghe**
Director

(Sgd.) **Renuka Fernando**
Director/Chief Executive Officer

CASH FLOW STATEMENT

For the nine months ended 30th September

	BANK		GROUP	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
Cash Flows from Operating Activities				
Interest Received	10,502,976	7,167,617	10,741,781	7,512,518
Interest Paid	(6,231,607)	(4,034,083)	(6,209,418)	(4,053,722)
Foreign Exchange Income Received	194,900	201,071	194,900	201,071
Receipts from Other Operating Activities	1,651,823	1,365,320	1,632,706	1,359,369
Gratuity Payments made	(9,381)	(6,711)	(9,549)	(7,632)
Payments to Employees and Suppliers	(3,391,583)	(2,941,061)	(3,444,921)	(3,009,542)
Net Cash Flow from Operating Activities before Income Tax (A)	2,717,128	1,752,153	2,905,499	2,002,062
Income Tax paid	(103,036)	(422,441)	(117,534)	(460,931)
Operating Profit before Changes in Operating Assets and Liabilities	2,614,092	1,329,712	2,787,965	1,541,131
(Increase)/Decrease in Operating Assets				
Investments in Treasury Bills, Bonds & Reverse Repurchases	(9,677,411)	1,312,677	(9,622,120)	702,765
Investments and other placements	45,735	8,812	(22,994)	8,812
Bills of Exchange	41,665	151,111	41,665	151,111
Loans and Advances including Leases	(10,260,576)	(12,578,242)	(9,743,258)	(12,033,844)
Other Assets	(70,138)	(486,423)	(88,029)	(293,036)
	(19,920,725)	(11,592,065)	(19,434,736)	(11,464,192)
Increase/(Decrease) in Operating Liabilities				
Customer Deposits	16,673,394	11,908,708	16,604,568	11,908,707
Securities sold under Repurchase Agreements	1,827,147	(1,297,395)	1,824,586	(3,135,621)
Other Liabilities	420,016	(203,448)	249,651	1,497,773
	18,920,557	10,407,865	18,678,805	10,270,859
Net Cash Flow from Operating Activities	1,613,924	145,512	2,032,034	347,798
Cash Flows from Investing Activities				
Purchase of Intangible Assets	(51,912)	(10,053)	(52,053)	(10,053)
Proceeds from sale of Property, Plant & Equipment	914	5,269	(18,176)	6,501
Purchase of Property, Plant & Equipment	(220,090)	(154,150)	(220,090)	(156,036)
	(271,088)	(158,934)	(290,319)	(159,588)
Cash Flows from Financing Activities				
Issuance of Ordinary Share Capital - Warrants	-	733,738	-	733,738
Increase / (Decrease) in Refinance Activities	-	(421)	-	(421)
Increase / (Decrease) in Call & Other Borrowings	940,820	(72,786)	528,375	(277,288)
Net Issue / (Redemption) of Debentures	(170,000)	1,835,000	(170,000)	1,835,000
Dividend Paid	(484,275)	(461,215)	(484,275)	(461,215)
	286,545	2,034,316	(125,900)	1,829,814
Net Increase in Cash and Cash Equivalents	1,629,381	2,020,894	1,615,815	2,018,024
Cash and Cash Equivalents at the beginning of the year	7,609,414	3,446,951	7,662,549	3,484,131
Cash and Cash Equivalents at the end of the year	9,238,795	5,467,845	9,278,364	5,502,156
Reconciliation of Cash and Cash Equivalents				
Cash in Hand, Balances with Banks & Due to Banks	2,721,737	2,024,966	2,761,306	2,059,276
Balance with the Central Bank of Sri Lanka	5,580,773	3,442,879	5,580,773	3,442,879
Money at Call and Short Notice	936,285	-	936,285	-
	9,238,795	5,467,845	9,278,364	5,502,156
A. Reconciliation of Operating Profit				
Profit before taxation	1,978,828	1,602,079	2,148,662	1,786,702
Depreciation/Amortization	275,529	242,872	285,427	251,786
(Profit) / Loss on disposal of Property, Plant & Equipment	1,378	(5,269)	1,378	(5,269)
Provision/ (Reversal) for Doubtful Debts	(38,737)	(143,303)	(40,799)	(136,966)
Provision for Gratuity	47,256	40,538	48,378	41,399
(Increase) / Decrease in Interest Receivable	38,262	106,025	43,706	147,442
Increase / (Decrease) in Interest Payable	630,452	(8,617)	634,755	(13,681)
Other Non cash items	(206,459)	(75,461)	(206,459)	61,719
Gratuity payments made	(9,381)	(6,711)	(9,549)	(7,632)
	2,717,128	1,752,153	2,905,499	2,002,062

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

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**Nations
TrustBank**