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Disclosure regarding impact of COVID-19 on the business and operations of Nations Trust Bank PLC

With reference to your circular dated 20th April, 2020, Nations Trust Bank PLC wishes to provide an insight into how the organization is navigating through the ongoing COVID-19 pandemic. The Bank has taken all recommended measures to ensure the safety and wellbeing of its employees, customers and all other stakeholders during these challenging times and continues to adhere to the guidelines issued by the Government and health authorities.

Macro environment and operating conditions

Subsequent to the identification of COVID-19 patients in Sri Lanka, curfew was declared by the government from 20th March to curtail the risk of infection. Banking has been declared as an essential service in order to support critical activities of the economy such as facilitating importation of essential items. The customer requirements have generally been limited to essential transactions and access to cash. Communication lines with customers have been kept open throughout and there has been many clarifications and requests for debt moratorium and concessions being sought by customers. The Bank has initiated necessary measure to accommodate the increase in transaction volumes with the gradual easing of curfew restrictions and resumption of business activity.

Impact of COVID-19 and Bank's response

The Bank has been able to operate all of its branches alternating between locations within its island wide network. All operations are carried out strictly in accordance with the guidelines issued by the Government and with the health and safety of our staff and customers being paramount. Business continuity arrangements were initiated in order to facilitate essential business transactions and provide continued services to customers through our various channels during this period. Maximizing the benefits of investments in technology, many staff members have been able to work from home with secure access to operating systems.

The Bank continued to encourage customers to use digital platforms to perform transactions as an alternative to visiting branches/ service points. Arrangements are being made to closely monitor the evolving conditions within the organization as well as externally.

One of the key priorities of the Bank has been ensuring that it maintains a strong liquidity position during these challenging times, enabling it to meet ongoing commitments without any hindrance. Managing fund outflows, facility rollovers and utilization levels as well as arranging for additional funding lines were given priority and implemented. With a fairly well diversified funding base and de-risking of treasury portfolios, the Bank is well equipped to manage the expected stress levels that may arise during the upcoming months.

The Bank has also undertaken a detailed review of its cost structures and have put in place control measures to manage costs while improving productivity.

In light of the existing unprecedented crisis situation in the country, GOSL through the CBSL has provided a debt moratorium and has allocated a LKR 50 Billion re-financing facility to support the economy. We have begun implementing the directives and are currently in the process of receiving and processing of moratorium and extension applications.

Outlook

The impact on the financial year 2020 cannot be ascertained at this point of time given the uncertain and evolving landscape. However, the bank expects a negative impact to its revenue during the short term.

Prudent credit risk management practices will be strictly adhered to in this challenging environment to ensure credit quality does not deteriorate. Cost management and greater emphasis towards digital channels will be given prominence. Further, evolution of a work from home culture and changing operating model is also expected to increase efficiencies.

Supported by a strong capital base, healthy liquidity buffers and with robust risk management models, the Bank is confident that it has all the resources to withstand the potential impacts arising from this crisis as currently foreseen. The Bank will continue to proactively assess the developments in the environment in order to implement required action while providing all necessary support to the measures taken by the Government to revive the economy.

Yours Faithfully



Priyanka Talwate
Chief Executive Officer
Nations Trust Bank PLC