Edited Transcript

Webinar with investors and analysts
National Development Bank PLC
NDB.N0000

Quarterly financial results – H1 2018
30 July 2018, 1330HRS (GMT +0530hrs)

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Forward Looking Statements

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Investor Presentation

Dimantha Seneviratne

Opening Remarks

Good afternoon everyone. Welcome to our investor webinar, where we are going to discuss our second half financials, for the six months ended 30 June.

We just announced our results to the Colombo Stock Exchange [CSE], so some of you would have had the time to go through the numbers.

Slide 06 – Business Overview

Talking about the Bank, we are reaching 40 years in operations. We initially started as a Development Bank where we moved on to the commercial banking activities in 2005. So we are relatively young, in terms of commercial banking operations. We have 107 branches, 125 ATMs and cash recycling machines. We offer a full suite of commercial banking and retail banking activities, SMEs as well as Corporate and Project Finance facilities. Also we are into Digital phase in quite an aggressive manner. Right now our staff strength is around 2,300 and we have seen almost 300 staff growth since June last year.

We have a national long term rating of A+ by Fitch Ratings Limited Sri Lanka. We are now having a Group asset base of LKR 422 bn which just crossed LKR 400 bn. This at the Bank level is LKR 417 bn and at the Group level 422 bn.

Slide 07 - Business Overview

In H1 we were quite pleased to announce that we were recognized by the Global Finance Magazine -USA as the Best Bank in Sri Lanka. Then Global Banking & Finance Review of UK has given us 5 awards for Best Project Finance Bank, Best SME Bank, Best Bank for Credit Cards, [we had tremendous growth in credit cards], and also for Best Retail Banking Product and overall Best Financial Group of the year award. Then Asian Banking and Finance recognized us with 7 awards under Retail Banking, Wholesale Banking, and also for Project Financing.

The Global Customer Engagement Award at the Asian Customer Engagement Forum, here we have been awarded a Silver award for best celebrity endorsement.

Locally CFA Sri Lanka; for the 3rd consecutive year recognized us with the gold award for best investor relationships and I am sure this type of Webinars and tomorrow's press conference would also will help us to ensure that investors are up to date with what's going on in our Bank.

In terms of the Group Companies, NDB Investment Bank was recognized as the Best Investment Bank in Sri Lanka for the 7th consecutive year by Euromoney magazine. Then Finance Asia's Annual Country award again recognized us as the Best Investment Bank in Sri Lanka for the 2nd consecutive year.

Global Brands Magazine also recognized us as the Most Trusted Investment Banking brand in Sri Lanka. Plus Asia Money recognized us as one of the Best Corporate and Investment Banks. So again in the Investment Banking space we are leading through these awards.

In addition to these, NDB Securities was recognized with a Bronze award for one of the research papers they did, at the CFA Sri Lanka Capital Market Awards 2018.

Slide 08 - Business Overview – Strategic Focus – Update

This is very broadly the strategic plan which we devised mid last year, we came up with a strategic plan for three years up to 2020 which we call as Transformation 2020, transforming the Bank into a more rapid, more aggressive, growth oriented Bank keeping in mind by 2020 to be within the top five commercial Banks being a systemically important Bank. With that in mind we have setup the strategic plan and right now we are at the execution stage and I think some of the results that you see are all thanks to the well planning and execution of these strategies.

Slide 10 – H1 2018 – Key Performance Indicators [Bank]

Talking on the profitability, one of the key highlights of performance we had 53% growth in our core banking profits without any equity income to LKR 4.25 bn. NII was up by 43% to LKR 6.8 bn. Again Net Fee and Commission Income also grew by 27% to LKR 1.45 bn and Total Operating Income grew by 30% to LKR 10 bn. On the other hand total Operating Expenses increased by 19%, contained to LKR 3.97 bn.

Profit After Tax grew by 20% to LKR 2.8 bn. More importantly the Group Profit Attributable to Share Holders had a 63% growth to LKR 2.42 bn. We will discuss this in detail on our next few slides.

Talking about the Balance Sheet again Total Assets crossed LKR 400 bn at the Bank level to reach LKR 417 bn. Customer deposits also grew by 9% to LKR 297 bn. Group level total Assets now exceed LKR 421 bn.

In terms of the efficiency and cost management aspects, Cost to Income ratio we had quite a good progress on which improved from 45.5% to 39.4%.

The Net Interest Margin again from December figure of 3% it has gone up to 3.43%. Return on equity has improved from 16.27% in December 2017 to 17.15%, almost 80 basis points increase in Return on Equity.

Return on Average Assets improved from 1.21% to 1.28%.

Expansion on the Business Capacity ratios is something which we are very much working on. Tier one capital ratio of the Bank is at 8.48% and Total Capital Ratio at 12.8%.The Liquidity Coverage Ratio is very much above the minimum statutory requirements required by the regulator.

Slide 11 – Income Statement [Bank]

Moving on to the Income Statement, we had 14% growth in Gross Income, where the Net Interest Income [NII] that had 43% growth from LKR 4.7 bn to LKR 6.8 bn about LKR 2 bn growth in Net Interest Income. This is a comparison from 1st half 2017 to 1st half 2018, so a 43% growth in NII.

Net Fee and Commission Income increased from LKR 1.1 bn to LKR 1.4 bn, LKR 300 mn or 27% increase. Total Operating Income recorded a 30% growth from LKR 7.7 bn to LKR 10.01 bn. In impairment charges; this has actually a higher growth from LKR 581 mn in the 1st half last year to LKR 1.3 bn about LKR 733 mn growth in the impairment charges.

There is a separate slide on this so when it comes to that slide I will explain in detail the reasons behind that and as a result the Net Operating Income - we had 23% YoY growth from LKR 7.1 bn to LKR 8.7 bn. Total Operating expenses as I mentioned earlier, the growth was only 19% to LKR 3.9 bn. So the Operating Profit before Taxes - we had a 26% growth from LKR 3.8 bn to LKR 4.8 bn. This is almost a LKR 1 bn growth YoY on Operating Profits Before Tax.

Taxes again showed a 36% increased from LKR 1.5 bn to LKR 2 bn. We have incurred a Tax expense of LKR 2 bn. Profit After Tax recorded a 20% growth YoY from LKR 2.3 bn to LKR 2.7 bn, roughly about LKR 456 mn growth in Profit After Tax.

More importantly the Profit Attributable to the Share Holders which is net of group dividends, had a 63% growth from LKR 1.4 bn in the first half last year to LKR 2.4 bn, again LKR 1 bn increase in Profit Attributable to the Share Holders.

So quite a good growth in terms of the profitability which is in line with our expectations which shows our strategic plan that was launched is reaping benefits specially through clear strategic execution and also all the support coming from the Banks staff. To sum it up I think it’s working well and there is a lot more that we can achieve going forward.

Slide 12 – Revenue Analysis – Fund Based Income

More details on the Income Statement on Revenue Analysis;

On the Fund Based Income side we had 15% growth in Interest Income from LKR 17.7 bn to LKR 20.35 bn. Interest Expenses have only increased by 5% from LKR 12.96 bn to LKR 13.6 bn. So this is actually I would say thanks to proper Balance Sheet management and also repricing our Book where we have very active ALCO where we look at the trends, the forecasting, what is to come in the future and also due to working very actively on managing our Balance Sheet. So the growth in the Balance Sheet has contributed to this situation.

If you see the bar charts in the presentation you would see Interest Income has grown from LKR 17.7 bn to LKR 20.35 bn. In that the NIM has improved from 2.7% [1st half 2018] to 3.43%. So that’s again 69 basis points or in other words 25% increase in NIM which has helped us along with the growth in Assets - we had a loan book growth by LKR 49 bn YoY – almost LKR 50 bn.

The combination of the above two has helped us to get a 15% growth in Interest Income.

On the other side Interest Expenses increase was 5% .This is despite the growth of deposits by LKR 58 bn. Last year June to this year June we had an LKR 58 bn growth in deposits, despite that the increase in interest expenses is only 5%. Apart from deposits we also manage our funding book in terms of our borrowings. We pre-paid some of the high cost borrowings in the third quarter last year and replaced them with some of the other low cost funding avenues and that also has helped us to improve this NIM up to 3.43%.

As a result the Net Interest Income had 43% increase from LKR 4.7 bn to LKR 6.8 bn. So almost LKR 2 bn increase in NII. It is all from Core Banking Income and I want to highlight the potential that NDB is having. Because this is the area that we are working very hard on, it has reaped the benefit that we wanted to.

Slide 13 – Revenue Analysis – Other Income

On Other Income analysis, again we have a good story of 27% growth in Net Fee and Commission Income from LKR 1.1 bn to LKR 1.4 bn. Apart from that net trading income grew by 10% LKR 533 mn to LKR 588 mn, about LKR 50 mn growth. And also on Net gain from Financial Investments, where you have the Bills and Bonds Investments - about LKR 220 mn growth in that. In Other operating income, there is over LKR 100 mn growth. So in total, non -interest Income from Core Banking Operations, without the equity Income we had a 41% growth, from LKR 1.97 bn to LKR 2.77 bn. So again LKR 700 mn growth YoY in Non-Interest Income there. LKR 2 bn increase in Interest Income and LKR 700 mn increase in Non-Interest Income both have helped us to achieve these numbers.

Apart from that the other operating income from equity Investments; there is a reduction there. This is actually because, in last year 1st half, we had LKR 1 bn dividend from the Investment Banking cluster and this year it has come down to LKR 500 mn, almost half. We are aware of that, we purposely did that as well, rather than taking exposure there. We have other plans to make use of from those funds. So the reduction in equity income is the main reason for LKR 500 mn drop in Income from equity investments.

So in total Non-Interest income we had a 10% growth, purely due to LKR 500 mn decline in the dividend income i.e from LKR 2.99 bn to LKR 3.297 bn.

Some of the reasons for the improvements in Fee based Income I would say that moving in to more retail based products such as credit cards. Plus some of the structuring that we did brought us new fee based income. All that have contributed including the trade side, as there is quite a good growth. All that has contributed to improve on the Fee & Commission Income.

Slide 14 – Operating Expenses [Bank]

Operating expenses; again to share a good story with you - overall 19% increase in operating expenses and in that bulk of the increase is coming from the personal expenses, i.e. from LKR 1.7 bn to LKR 2.1 bn about 26% increase in personal expenses. Reasons are mainly due to the staff increase of around 300 which is for a good purposes to grow the numbers to actively work on asset growth of the Bank, where YoY we see approx. 300 growth plus the increments and also the remuneration arrangements.

This includes the training expenses of staff where we consider them as investments for the future. So still we can say that the increase in personal expenses are justifiable based on the results we have achieved. Then on the other expenses about 13% growth from LKR 1.4 bn to LKR 1.6 bn.

Despite the 19% growth the Cost to income ratio was contained very well below 40% to 39.4%. Thanks to the improvements in the Banking Income, and other one is better Cost Management where we have also appointed Cost champions to work on controllable cost elements so that cost can be optimized.

Also most importantly the cost to income ratio was achieved despite having certain network expansions, investment in cash recycling and ATM network. We have also opened 5 NDB Privilege banking centers and 3 branches were relocated. In addition to all these expenses a dedicated Business Banking unit was established.

Slide 15 – Balance Sheet [Bank]

Moving on to the Balance Sheet, there is 9% growth in the Balance Sheet from LKR 383 bn to LKR 417 bn [December 2017 to June 2018]. If you compare this with the 1st half of 2017 it's a quantum growth of LKR 52 bn or 14% growth from LKR 365 bn to LKR 417 bn.

Of this the loan growth for the six months was 10% from LKR 274 bn to LKR 301 bn which is about a LKR 27 bn growth. If you compare this YoY it is a LKR 49 bn growth in loans, which roughly is about 19% growth in the loan book.

In terms of the deposits, so far this year there is a 9% growth or LKR 24 bn growth in deposits up to LKR 297 Bn. If you compare with 1st half of 2017 it is a LKR 58 bn growth in deposits which clearly shows that our focus is more on liabilities. LKR 58 bn over the LKR 49 bn of last 1 year clearly show our focus on broad basing our fund base and also going on a more aggressive despot drive.

Total equity - from LKR 28.7 bn to LKR 30.9 bn is around LKR 2 bn increase. But YoY it is a LKR 3.5 bn growth in total equity.

At the Group level, total assets we had 9% growth from December to June 2018 from LKR 389 bn - we crossed LKR 400 Bn mark and now are LKR at 422 Bn.

Slide 16 – Loans & Receivables [Bank]

More details on the loan book, the Bar Chart shows the growth in our loan book which crossed LKR 301 bn as at June 2018. Of that roughly LKR 72 bn is in FCY and LKR 235 bn in LCY. The adjoining bar shows the first half 2017 figure and there again you would see about LKR 10 bn worth of Rupees growth in FCY lending and about LKR 40 bn growth in the Rupee Book. This is one of our strategies to improve our focus on LKR based Balance Sheet and that is shown in the growth of LKR 40 bn vs LKR 10 bn growth in FCY loans.

Segmental mix of the loan book; roughly commercial banking 35% of the exposure, 24% project finance, 22% in Middle Market and 17% on Retail with 3% on other Assets. So it's a quite well-mixed chart which covers the whole spectrum of the clientele in our loan book. I would say that for the growth in this year all business segments have equally contributed towards improving the Bank's loan book which helped us to improve on our margin and also spread our risk base.

Slide 17 – Asset Quality

Moving on to asset quality and impairment,

Impairment ratio as at end of June was 2.54%. Of course it has deteriorated from 1.83% in December 2017. However, we are very much below the industry average of 3.3% as per May numbers. This reflects a relatively high NPL where NPLs have grown up from LKR 581 mn to LKR 1.3 bn.

LKR 581 mn is the 1st half last year. In 2018 first half we recorded LKR 1.3 bn of NPLs, roughly about LKR 733 mn increase in the NPL figure. But actually this is due to a couple of reasons. You would see the collective impairment has grown up from LKR 196 mn to LKR 544 mn. This is purely attributable to the growth in the lending book. As I mentioned earlier we had LKR 49 bn YoY growth in the loan book. So that is reflected in the collective impairment and also this is predictive impairment, so based on the impairment models, we see a growth in assets have contributed towards higher impairments.

Individual impairment - the growth is from LKR 338 mn in 1st half last year to LKR 749 mn in H1 2018, roughly about LKR 400 mn. This is due to some of the individual impairments that we took as precautionary measures to cover up a potential credit losses. Still I would consider under SLFRS 9, the new impairment requirements, we have contained this NPL figure and it is justified by the increase in portfolio and the industry wide deterioration in the credit matrix.

However, we expect this to be improved going forward, through some robust and focused recovery mechanism; we have also strengthened the area in recovery structure – the management with more credit savvy people handling this to ensure that proactive action is taken rather than reactive actions to manage the loan book. This will be strengthened and we are looking forward for further improvements in the second half.

Slide 18 – Customer Deposits

Moving on to the deposit base

Quite a good growth in terms of the growth in deposits – LKR 24 bn, and of that the low cost CASA base had a growth of LKR 6.5 bn. So roughly 25% of the growth came from CASA and key attributable reasons for the CASA growth I would say are because we came with some CASA products. We coordinated very well with the marketing strategies and the retail branch banking staff in growing the CASA plus the digital platforms that we have introduced. The digital initiatives helped us to get some customer convenience and have access points in more reachable areas which also helped us to grow our CASA base.

So in 5 years we have maintained a 20% customer deposit growth rate. Last year we had the highest growth about LKR 70 bn in quantum in deposits. So far for the 1st half it is about LKR 24 bn. I would say the second half will be about concentrating on growing deposits more because in the 1st half we also got some non-deposit funding to support our growth. The next slide would be more about some of the non-deposit funding which supported this growth.

Slide 19 – Institutional Borrowings

We had some institutional borrowings with very competitive rates again showcasing NDB's Balance Sheet and leveraging on our Balance Sheet capacity plus leveraging on our Corresponding Banking relationships. We got a loan up to USD 75 Mn from Commerzbank Germany which was announced last week.

We also entered into an agreement with the IFC - a part of the World Bank group to borrow up to USD 50 mn in LKR at a very competitive rate - roughly about LKR 8 bn. This is of course to lend into SME and the smart agri-sector.

So both these funding arrangements would also help us to manage this loan growth in the next 6 months.

Slide 20 – Capital Management

In terms of capital management the equity capital ratios; common equity Tier 1 ratio stood at 8.48% whereas the minimum requirement is 7.875% and the Total Capital Ratio, minimum requirement is 11.875% we are almost 100 basis point above that at 12.8%.

Furthermore, to support this quantum growth in advances and asset growth we have announced our plans to raise equity through a right issue. It was announced in Mid-June. The rights issue is 1 share for each 3 shares held. This will result in issuing up to 59.1 mn shares coming at LKR 105/-, which will help us to raise approximately LKR 6.2 bn in capital which should take us to comfortable ratio of about 13.5% by the end of the year. This is including the growth which we have planned for the next 6 months.

So capital-wise we are quite comfortable and we are looking forward to the rights issue that is coming up during the next couple of months.

Slide 21 – Investor Ratios

In terms of the investor ratios the EPS has improved from LKR 24.52 to LKR 28.81, about LKR 4.30 increase. ROE as I mentioned from 16.27% to 17.15% whereas Group ROE has improved from 11.09% to 14.38%.

ROA has improved from 1.21% to 1.28% and the book value per share from LKR 167.58 to LKR 174.14. Unfortunately this is not reflected in our share price, one is after rights and also showcasing the current market conditions. But I would say it is a good value for money in terms of price earning 5.56 vs 4.19 and this time price to book value is 0.69 time, which I would say is a good opportunity for whoever who wants to invest considering the rights issue that is also coming up.

So dividend payout ratio - we have maintained consistently across the board and we are quite attractive in terms of the Price to Book Value which is below 1.

Questions and Answers Session

(Answered by the CEO, unless specifically mentioned)

Q1: What is the outlook on the loan growth in the next year?

I think, before talking about next year, we would like to talk about this year, next six months. In terms of NDB the outlook is very positive. We see a lot of opportunities. Yes, there is a low economic growth rate - 3.5%. But we have explored a lot of areas, especially the middle income, business banking sector, we have seen some growth coming in. I would also contribute this to the fact that the 107 branches that we have; where about 50% of those branches are about 3-5 years in those respective areas. So that also helps them to grow new business. So all in all, our pipeline is quite sound, in terms of NDB. So I would say that is the outlook for the loan growth.

Q2: Is there a slowdown in retail deposits with tightened fiscal measures?

Sanjaya Perera: I do not think there is a slow-down in retail deposits. It is the competition that we have among the banks and the finance companies. Because the investor always look for the best rate. We manage it very well. We are conscious of the cost as well as the volumes that we need to grow. So with a sound ALCO that we have we manage the interest rates as well as the volumes.

Q3: What are the reasons behind your non-interest income decline, given that you have recorded growth in fee & commission income in the quarter?

This is the dividend income, which I explained earlier. Last year first half we had almost LKR 1 bn - i.e. dividend coming from the NDB Investment Banking Group. This year, the dividend income coming from that is about LKR 500 mn. So that is a LKR 500 mn drop, this is the main reason for low growth in non-interest income.

Q4: What were the main sectors that grew in the loan book in the second quarter?

There again, I would say they are coming from all the sectors, Corporate, Project Finance, Retail and Middle Market - Business Banking. All contributed equally. So we had a healthy Balance Sheet growth which was shown in the pie chart as well. That helped us to improve the margin and spread our risk – so it is coming from all sectors.

Q5: Given that CBSL is running a parallel Net Stable Funding Ratio [NSFR], what is your NSFR for Q2 2018?

Lalith T Fernando: Currently it is 101. The requirement is 90. So we are well above the requirement. So there is no problem there.

Q6: On leverage, what is the rule for Basel III as it is likely to come in to force soon as per CBSL Annual Report?

Lalith T Fernando: That again, the requirement as of now is 3%. If you look at our book, we are well above that. We can maintain it. Even if it comes in to force, we are within that.

Q7: What are the key drivers for the industry wide-downward trend in loan quality? What is your outlook at the industry level?

There is deterioration of credit quality at the industry level. As at May the Banking Industry ratio is at 3.3%. This is actually deterioration from around 2.5% end of last year. Couple of reasons for this I think because of the;

1. Low economic growth in the country – at around 3.5%.
2. Other one is the agricultural sector which was severely affected from the weather conditions of both floods and droughts. We have not seen this for many years. Agriculture is a major driver of our economy. So the banks that have a large exposure to this sector, agri-based lending had a big impact on NPL.
3. Apart from that the flow of money circulation with the growth rate coming down.

I would say that combination of all these factors affected the NPL ratio.

I think going forward, as the regulator is fully aware, the banks are also tightening their underwriting standards, free credit growth will also get curtailed. As a result overall industry level NPLs should come down by having these measures to control the growth in NPL.

NDB has also strengthened the underwriting standards, strengthened the network on the recovery process, we have reviewed our Delegated Limits to ensure that at underwriting level we are at optimum levels.

When it comes to recoveries we have very well strengthened our function so a combination of all this will further help us to improve our NPLs. We are below the industry average and this will help us improve the trend.

Q8: What you mentioned as the 40-50% increase in the provision as impact of IFRS 9, is this the percentage increase in the Income Statement for first half 2018, vs. H1 2017?

Lalith T Fernando: Actually this percentage increase will come and hit the equity at the year end. It is not a P&L hit and will not be taken either in 1st or 2nd half. So by doing this we will adjust the opening balances of the reserves.

For Capital purposes CBSL has given us over three years to take this in, which means 1/3 of this will come for capital planning purpose. So in the P&L there is no direct impact in this year.

Q9: There is close to LKR 800 mn individual impairment during the quarter? What is the reason for this? Are these Government related loan?

No we do not have any Government related exposure which has been impaired or provided for. As I mentioned earlier the reasons for the recent increase in impairment were the growth in loan book and slight deterioration of credit quality. So predictive models naturally throw up certain numbers, so we have to be precautionary in impairment numbers. Apart from that few write offs but those were fully provided exposures where we have basically written off looking at the chances of recoverability and those were written off against full provisions that we have built up over the years.

I think NDB's approach is very conservative, we build up our provisions if it is appropriate to keep in our books we take that call and write-off against the provisions, so that way we keep cleaning our Balance Sheet as we move along, always to reflect a cleaner Balance Sheet. That is the policy we maintain.

In terms of the provision cover we have a very good provision cover. We have been a very conservative bank when it comes to under-writing, as well as provision cover.

Q10: Can you please tell us in what sector the industry NPLs are rising, and outlook for the year? Net NPLs have increased considerably and the provision cover seems to be declining. Could you explain why?

I think one is the impairment modelling, which is new to the entire industry. Not only NDB, all the banks are now getting used to these models and it's a learning cycle that we are going through. Plus the deterioration in credit quality as well. I don't think there is any specific sector that contributed. As I mentioned, probably agriculture sector – but not in NDB's case, we do not have that much of exposure to the agriculture sector or none of our clients in the agriculture sector got affected.

But when looking at the industry - broader picture I would say that agriculture sector would have contributed for the high industry NPL numbers.

Q11: What are the developments with respect to Fintechs in NDB?

We are making some headway in terms of digital banking. We have set-up a new function - Digital Financial Services, and in that we are working on couple of projects. Some are basically launched on pilot basis where we see some good progress. Based on the success NDB Board would also take a view on that and make some investments further.

In terms of the mobile banking App, I would say we are the market leader. Close to LKR 4 bn transactions so far using the mobile app, quite a good usage in the mobile app. Like that I think NDB is in a quite a good position to develop these digital strategies. Compared to a larger financial institution I think we are nimble enough; a mid-sized bank which can work with certain digital strategies compared to a larger bank. We are aware of this, we have setup a separate function under digital financial services to work on that and you would hear more of that in time to come.

Q12: Why is NDB looking at foreign loan facilities in the midst of higher LKR depreciation and rising global rates? What is the rate offered for your loan of USD 75mn, and what was the part disbursed in the first half?

We can't disclosed the rate at which we borrowed but I can say it is a very competitive rate and we are quite happy with our ability to get those competitive rates. Major part of those funds have already being disbursed and we are working on the second half.

Those funding has gone to replace some of the high cost foreign currency loans and to fund our book. So all in all, I would say it is a good Net Interest benefit that we are going to have by having this facility.

Same with IFC arranged facility which is not coming in USD, but in Rupees, with a SWAP provided by IFC again at very competitive rate, long term, again we can make use of these funds in a very competitive manner to deploy to the sectors ear marked for this loan.

Q13: What is the largest risk in the banking sector currently?

I would say Cyber Risk and also operational risk as the key risks that the Bank is exposed to. Because for credit risk and market risk, there are quite good time tested arrangements. The skill-sets are there. But what is lacking in the industry I would say, is on the cyber side and also properly monitoring the operational risk. Those two can be areas that the banking sector should be more mindful about and prepare for – especially the cyber security side.

In terms of NDB side we have done our internal testing, we got our external consultants also to do vulnerability assessments and reports have been given, we are working on that. So we are also getting ready for any eventuality as we are mindful of that. I think for the industry also, it would be a key risk going forward.

Q14: Could you please explain the increase in NDB's overall exposure to Government.

We do not have any direct exposure to Government or I do not think that we have an increase in the exposure.

End of Q&A.

Closing Remarks

Thank You very much for taking part and for raising some good questions in our webinar. We are looking forward to similar interaction tomorrow at the press conference where all the local analyst are also invited. Thank you again for your active participation. If you have any more questions, please feel free to reach us through our email investor.relations@ndbbank.com and from our contact numbers given.

End of edited transcript.