

National Bank of Tuvalu  
Financial Review  
First Six months ending 30<sup>th</sup> June, 2017

**Overview**

At the end the first six months, the bank achieved a profit before tax of \$1,536,470 which exceeds our forecasted profit for the period of \$589,620

The financial performance at the end of June 2017 is summarized below.

**Income Statement**

**Financial Year ending 30<sup>th</sup> June, 2017**

	Plan	Actual	Variance	Plan	Actual	Variance
			\$	Jun-16	Jun-16	Jun-
Interest Income	720,000	568,160	- 151,840	810,000	694,700	- 115,300
Interest Expenses	158,000	100,240	57,760	126,000	108,480	17,520
Net Interest Income	562,000	467,920	94,080	684,000	586,220	97,780
Non Interest Income	1,146,000	1,973,370	827,370	1,056,000	2,084,490	1,028,490
Net Operating income	1,708,000	2,441,290	733,290	1,740,000	2,670,710	930,710
Personnel	406,760	429,420	- 22,660	422,500	394,330	28,170
Depreciation	36,000	-	36,000	32,000	-	32,000
Operating	675,620	475,400	200,220	664,820	370,530	294,290
Total operating Expenses	1,118,380	904,820	213,560	1,119,320	764,860	354,460
Bad Debts Recovered	-	-	-	-	-	-
Operating Profit before tax	589,620	1,536,470	946,850	620,680	1,905,850	1,285,170
Income tax Expenses	176,886	460,941	- 284,055	186,204	571,755	- 385,551
Net profit for the period	412,734	1,075,529	662,795	434,476	1,334,095	899,619

Highlights for the period ending 30<sup>th</sup> June, 2017 are as follows:

	<b>Plan</b>	<b>Actual</b>	<b>variance</b>	<b>Plan 2016</b>	<b>Actual 2016</b>	<b>Variance</b>
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Interest income from loans & investme	720.00	568.16	-151.84	810.00	694.70	-115.3
FX Trading	990.00	1754.83	764.83	900.00	1887.08	987.0
Non Risk fees	156.00	218.54	62.54	150.00	197.42	47.4
Int paid on savings and term deposits	158.00	100.24	57.76	126.00	108.46	17.5

FX trading category generated most of the non-interest revenues. Our interest income received from loans and offshore investments are still below the estimated figures because of the decline in the interest rate for our overseas investments.

#### **Expenditures**

	<b>Plan</b>	<b>Actual</b>	<b>Variance</b>	<b>Plan 2016</b>	<b>Actual 2016</b>	<b>Variance</b>
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Personnel	406.76	429.42	-22.66	422.5	394.33	28.17
Operating	675.62	475.40	200.22	664.82	370.54	294.28
Depreciation	36.00	0.00	36.00	32.00	0.00	32.00
<b>Total</b>	<b>1,118.38</b>	<b>904.82</b>	<b>213.56</b>	<b>1,119.32</b>	<b>764.87</b>	<b>354.45</b>

Personnel expenses exceed the budget figure because the overtime and relieving allocation busted.

#### **Net Financing Cost**

	Plan	Actual	Variance	Plan 2016	Actual 2016	Variance
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
<b>Interest Income</b>						
Loans & Overdrafts	420.00	384.66	-35.34	570.00	358.28	-211.72
Investments	300.00	183.49	-116.51	240.00	336.42	96.42
<b>Total</b>	<b>720.00</b>	<b>568.15</b>	<b>-151.85</b>	<b>810.00</b>	<b>694.70</b>	<b>-115.30</b>
<b>Interest Expenses:</b>						
interest paid Savings	60.00	0.14	59.86	42.00	0.01	-41.99
interest Term Deposits	78.00	74.6	3.40	60.00	77.9	17.90
interest paid others	20.00	25.50	-5.50	24.00	30.57	6.57
	158.00	100.24	57.76	126.00	108.48	-17.52
<b>Net Financing Cost</b>	<b>562.00</b>	<b>467.91</b>	<b>-94.09</b>	<b>684.00</b>	<b>586.22</b>	<b>-97.78</b>

Our Net Financing Cost still falls below the estimated figure, and this is mainly due to the low interest income received from our offshore investments and from our loans.

#### Ratio Analysis

	Standard	2nd Qtr. 2017 Current Period
Total Assets		81,744,232
Total Loans		14,607,958
Total Loans to Assets ratio	70 - 80%	18
Specific Provision		6,727,578
Ratio Specific Provision/ Total Loans	<5%	46
Net Loans		7,880,380
Savings & NBI		49,769,254
Term Deposits		6,524,801
Ratio: Total Deposits/Assets	70 - 80%	73
Cash		1,486,993

Ratio: Operating Liquidity Cash/ Assets	5 - 10%	1.8
Statutory Reserve		6,000,000
Ratio: Reserves/ Assets	>10%	7.34
Operating Liquidity		1,486,993
Ratio: Cash/Deposits	<5%	2.50
Operating Expenses		475,400
Ratio: Operating Expenses/ Assets	<5%	0.58
Net Income		1,536,470
Ratio: ROA Net Income/ Assets	1%	1.88
Total Capital		12,706,046
Ratio: Capital + Earnings + Reserves / Assets	>10%	15.54

The Specific provision ratio is still our major concern and our recovery people are trying hard to recover as much as they can. We need injections to our reserves to boost the ratio above the 10% guideline.

### **Conclusion**

The Bank continues to realise profit, and we anticipate the same for the rest of the year.

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