

Board Paper 01/2018
National Bank of Tuvalu
Financial Review
Fourth Quarter ending 31st December, 2017

Overview

At the end the fourth Quarter, the bank achieved a profit before tax of \$2,035,787 which exceeds our forecasted profit for the period of \$970,980

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

Income Statement

Period ending 31st December, 2017

	Plan	Actual	Variance	Plan	Actual	Variance
			\$	Dec-16	Dec-16	Sep-16
Interest Income	1,440,000	1,632,617	192,617	1,620,000	1,454,566	- 165,43
Interest Expenses	336,000	519,912	- 183,912	252,000	455,815	- 203,81
Net Interest Income	1,104,000	1,112,705	- 8,705	1,368,000	998,751	- 369,24
Non Interest Income	2,292,000	3,244,087	952,087	2,100,000	3,971,544	1,871,54
Net Operating income	3,396,000	4,356,792	960,792	3,468,000	4,970,295	1,502,29
Personnel	981,820	970,441	11,379	881,600	880,364	1,23
Depreciation	72,000	57,189	14,811	64,000	59,150	4,85
Operating	1,371,200	1,293,375	77,825	1,349,600	879,683	469,91
Total operating Expenses	2,425,020	2,321,005	104,015	2,295,200	1,819,197	476,00
Bad Debts Recovered	-	-	-	-	-	-
Operating Profit before tax	970,980	2,035,787	1,064,807	1,172,800	3,151,098	1,978,29
Income tax Expenses	291,294	610,736	- 319,442	351,840	930,890	- 579,05
Net profit for the period	679,686	1,425,051	745,365	820,960	2,220,208	1,399,24

Highlights for the period ending 31st December, 2017 are as follows:

	Plan	Actual	Variance	Plan 2016	Actual 2016	Variance
	000's	000's	000's	000's	000's	000's
Int Income from Loans & investment	1440.00	1632.62	192.62	1620.00	1454.57	-165.43
FX Trading	1980.00	2702.52	722.52	1800.00	3194.22	1394.22
Non Risk fees	312.00	541.57	229.57	300.00	425.19	125.19
Int Paid on savings,term Deposits	336.00	519.92	-183.92	252.00	455.82	-203.82

All categories of income exceeded the target plan while the Interest paid exceeds the estimated figures.

Expenditures

	Plan	Actual	Variance	Plan 2016	Actual 2016	Variance
	000's	000's	000's	000's	000's	000's
Personnel	981.82	970.44	11.38	881.60	880.37	1.23
Operating	1371.20	1293.38	77.83	1349.60	879.68	469.92
Depreciation	72.00	57.19	14.81	64.00	59.15	4.85
Total	2425.02	2321.01	104.02	2295.20	1819.20	476.00

All expenses categories are within the budgeted figures.

Specific Provision

We haven't raised nor reverse any amount from the Specific provision as we await the final figure after the Audit is completed.

Net Financing Cost

	Plan	Actual	Variance	Plan 2016	Actual 2016	Variance
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Interest Income						
Loans & Overdrafts	840.00	971.63	131.63	1140.00	781.42	-358.58
Investments	600.00	660.99	60.99	480.00	673.15	193.15
Total	1440.00	1632.62	192.62	1620.00	1454.57	-165.43
Interest Expenses:						
interest paid Savings	120.00	195.20	-75.20	84.00	178.93	-94.93
interest Term Deposits	156.00	180.58	-24.58	120.00	191.88	-71.88
interest paid others	60.00	144.13	-84.13	48.00	85.01	-37.01
	336.00	519.91	-183.91	252.00	455.82	-203.82
Net Financing Cost	1104.00	1112.71	8.71	1368.00	998.75	-369.25

The Actual net financing cost slightly exceeded the budget by \$8.71K. This is due to the negative variance in the budget and actual in interests expenses.

Key Performance Indicators	Dec-17	Sep-17	Jun-17	Mar-17	Year to D	Year to D	Last Year to
					Actual	Budget	date Actua
Return on Equity (Annualised)	11.98	10.18	10.87	8.50	11.98	3.07	4.14
Return on Total Assets	3.02	3.00	2.08	1.46	3.02	4.39	3.33
Interest margin	5.57	4.39	0.68	0.62	5.57	3.05	1.29
Expenses as % of Revenue	58.25	41.74	39.55	30.04	58.25	70.15	32.02
Loans in Default more than 90days	242	257	265	280	242	350	292
Prov for D/Debts as a % of loans	39.61	33.73	39.21	43.82	39.61	49	45.12
Equity as a percentage of total assets	17.66	20.63	19.13	19.42	17.66	24.56	20.65

There is a slight improvement in the Provision for doubtful debts compare to last year.

Conclusion

The Bank continues to realise profit, and we anticipate the same for the year 2018.

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