

Financial Performance



National Reserve Bank of Tonga Profit Transfer to Ministry of Finance and National Planning, Minister Dr. 'Aisake Valu Eke

The gross income from operations for the year ended 30 June 2017 amounted to \$10.41 million, compared to \$12.144 million of the previous year. The 14% decline in gross income for 2016/2017 was significantly driven by the one-off sales of the bank's leased property to BSP last year, the 79% decrease in sales of numismatic currency, and the decline of income from foreign exchange dealings due to lower volume of transaction during the year.

Income from overseas investments however, continued to increase from last year, although at a slower pace. This is mainly due to the declining yields in NZD and AUD investments build up during the year which offset the anticipated hike in USD rates.

Total Expenses amounted to \$7.548 million compared to \$8.009 million in the previous year. The 6% decrease is mainly attributed to the lower cost of currency issued during the year. On the other hand, the administration

cost, staff cost and interest expense from foreign and domestic currency accounts increased during the year but was insignificant to offset the 42% drop in cost of currency issue.

The net profit for the year ending 30 June 2017 was \$2.853 million, compared to \$4.135 million of the previous year. The financial result for 2016/2017 surpassed the corporate plan's annual target of \$1 million net profit per year, reflecting the investment and income strategies implemented during the year coupled with the well managed bank expenses. The National Reserve Bank of Tonga in compliance with section 8(1) of the NRBT (Amendment) Act 2014, which indicates that 30 percent of the profit shall be transferred to the Bank's General Reserves and 70 percent of the profit for the year is payable to the Government. In this regard, T\$1.997 million will be transferred to the Ministry of Finance and National Planning account.