

NATIONAL DEVELOPMENT BANK

Abridged Unaudited Financial Statements for the period ended 30 September 2016

STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Unaudited September 2016 P'000	Unaudited September 2015 P'000	Audited March 2016 P'000
ASSETS			
Cash and balances with banks	48,000	27,750	17,211
Placements with financial institutions	50,000	85,000	1,280
Investments in associate	1,086	1,255	1,086
Other assets	28,432	32,354	25,532
Loans and advances to customers	1,042,921	1,291,414	1,198,473
Intangible assets	17,993	17,993	17,993
Property, plant and equipment	104,533	112,581	102,453
Total assets	1,292,965	1,568,347	1,364,028
EQUITY AND LIABILITIES			
Equity			
Un-recallable capital	77,689	77,689	77,689
Reserves	45,637	55,674	45,637
Retained earnings	424,239	488,449	430,395
Total equity	547,565	621,812	553,721
Liabilities			
Bank overdraft and callable borrowings	26,574	98,953	99,113
Borrowings	687,153	825,156	677,188
Accruals and liabilities	31,673	22,426	34,006
Total liabilities	745,400	946,535	810,307
Total liabilities and equity	1,292,965	1,568,347	1,364,028

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STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2016

	Unaudited September 2016 P'000	Unaudited September 2015 P'000	Audited March 2016 P'000
Interest income	96,261	116,377	222,136
Interest expense	(32,181)	(37,734)	(72,981)
Net interest income	64,080	78,643	149,155
Fee and commission income	707	1,609	2,934
Total income from banking activities	64,787	80,252	152,089
Non-interest income	1,327	2,411.4	3,817
Revaluation loss on property plant and equipment	-	-	(2,854)
Operating income	66,114	82,663	153,052
Impairment on loans to customers	(26,761)	(30,254)	(59,878)
Personnel expenses	(29,975)	(31,031)	(76,787)
Depreciation and amortisation	(2,798)	(1,914)	(5,410)
Other expenses	(12,736)	(17,065)	(32,031)
Operating loss	(6,156)	2,400	(21,054)
Share of loss of associate	-	-	(164)
Total loss/profit before income tax	(6,156)	2,400	(21,218)
Income tax	-	-	-
Total comprehensive loss/profit for the period	(6,156)	2,400	(21,218)

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STATEMENT OF CHANGES IN EQUITY
For the period ended 30 September 2016

	Un- recallable capital P'000	Fixed property revaluation reserve P'000	General risks- reserve P'000	Retained earnings P'000	Total P'000
Balance as at 31 March 2015	77,689	35,955	9,682	451,613	574,939
Loss for the year	-	-	-	(21,218)	(21,218)
Balance as at 31 March 2016	77,689	35,955	9,682	430,395	553,721
Loss for the period	-	-	-	(6,156)	(6,156)
Balance as at 31 September 2016	77,689	35,955	9,682	424,239	547,565

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STATEMENT OF CASHFLOWS

For the period ended 30 September 2016

	Unaudited September 2016 P'000	Unaudited September 2015 P'000	Audited March 2016 P'000
Cash flow from operating activities			
Operating loss for the period:	(6,156)	2,400	(21,054)
Changes in operating assets and liabilities	61,740	69,902	140,372
Net cash inflow before changes in operating assets and liabilities	55,584	72,302	119,318
(Increase)/Decrease in placements with financial institutions	(48,720)	(41,105)	(68)
Decrease/(Increase) in advances to customers	198,532	72,681	116,243
Decrease/(Increase) in other assets	(2,900)	(3,955)	15,333
(Decrease)/Increase in provisions and other liabilities	(2,333)	4,697	(14,245)
Net cash generated from operating activities	200,163	104,620	236,580
Net cash used in investing activities	(2,080)	(12,823)	(10,724)
Net cash used in financing activities	(94,755)	(90,197)	(164,249)
Net Increase/(decrease) in cash and bank balances	103,328	1,600	61,607
Cash and bank balances at beginning of period	(81,902)	(78,203)	(143,509)
Cash and bank balances at end of period	21,426	(76,603)	(81,902)

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FINANCIAL PERFORMANCE

The Bank's performance reported herein is for the half year ended 30 September 2016.

For the first half of the financial year the Bank recorded a loss of P6.2 million compared to a profit of P2.4 million for the same prior period. During the period reported herein, the Bank like other industry players experienced challenges with regards to increasing defaulters and tight liquidity. Further to this the Bank had to ensure adequate data clean-up following the implementation of the new Banking system. For the reported period, net loans and advances and loan interest income reduced by 19% and 17% respectively.

On the other hand, the Bank managed to reduce spending by inculcating a cost saving culture. Other expenses were 25% lower than in September 2015. This has been achieved through consultation, education and automation resulting in cost containment and improved efficiencies.

STATEMENT OF FINANCIAL POSITION

The Bank's total assets decreased from P1.568 Billion as at 30 September 2015 to P1.293 Billion. The decrease was at the backdrop of contraction in loans and advances over the same period.

The Bank embarked on a turnaround strategy geared towards growing and improving the quality of the loan book. This will enhance returns on investment. While the Bank continues to show signs of recovery from a profitability perspective there is still a need to implement edge cutting initiatives to continue collecting from Non-Performing Loans and enhance the Bank's asset quality.

It is expected that these interventions will improve the Bank's performance going forward.

On behalf of the Board, I would like to thank Management and Staff for the hard work and dedication during this difficult period.



Lorato C. Morapedi
Chief Executive Officer

Date: 08 December 2016

