

ABRIDGED AUDITED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(Published in terms of Section 35 of the Financial Institutions Act, 2005)



| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023 | 2023 E'000 | 2022 E'000 | STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023 | 2023 E'000 | 2022 E'000 |
|---|---------------|---------------|--|---------------|---------------|
| Interest and similar income | 259 096 | 202 343 | Cash flows from operating activities | | |
| Interest expense and similar charges | (103 077) | (69 311) | Interest and similar income | 259 096 | 202 343 |
| Net interest income before impairment losses on loans and advances | 156 019 | 133 032 | Interest expense and similar charges | (103 077) | (69 311) |
| Impairment losses released on loans and advances to customers | 3 958 | 16 804 | Fee and commission income | 124 853 | 122 617 |
| Recoveries of previously written-off loans and advances | 1 682 | 1 331 | Cash from other operating income | 1 647 | 1 058 |
| Net interest income after impairment losses and recoveries on loans and advances | 161 659 | 151 167 | Recoveries of previously written off loans and advances | 1 682 | 1 331 |
| Fee income and commission | 124 853 | 122 617 | Cash payments to employees and suppliers | (258 005) | (229 953) |
| Impairment reversal on other financial instruments | 910 | 3 085 | Operating profit before changes in operating assets | 26 196 | 28 085 |
| Other operating income | 1 647 | 1 058 | Changes in operating assets | 93 473 | (42 543) |
| Income from operations before operating and administrative expenses | 289 069 | 277 927 | Net cash generated from/(used by) operating activities | 119 669 | (14 458) |
| Operating and administrative expenses | (277 749) | (250 980) | Cash flows from investing activities | | |
| Operating profit | 11 320 | 26 947 | Acquisition of property and equipment | (15 576) | (7 180) |
| Share of profit of equity-accounted investees, net of tax | 3 320 | 2 289 | Acquisition of intangible assets | (7 678) | (21 116) |
| Profit for the year | 14 640 | 29 236 | Acquisition of investment securities | (58 172) | (20 146) |
| Other Comprehensive Income | | | Redemption of investment securities | 40 000 | 20 000 |
| Items that will not be reclassified to profit or loss: | | | Net cash used in investing activities | (41 426) | (28 442) |
| Revaluation gain on property and equipment | 5 989 | - | Cash flows from financing activities | | |
| Total other comprehensive income for the year | 5 989 | - | Repayment of borrowings | (50 000) | (62 500) |
| Total Comprehensive income for the year | 20 629 | 29 236 | Lease repayments | (5 582) | (6 438) |
| | | | Dividend paid | (4 754) | - |
| | | | Loan received | - | 150 000 |
| | | | Net cash (used in)/from financing activities | (60 336) | 81 062 |
| | | | Net increase in cash balances and balances with Central Bank | 17 907 | 38 162 |
| | | | Cash balances and balances with Central Bank at the beginning of the year | 252 479 | 214 317 |
| | | | Cash balances and balances with Central Bank at the end of the year | 270 386 | 252 479 |

| STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023 | 2023 E'000 | 2022 E'000 |
|--|---------------|---------------|
| ASSETS | | |
| Cash and cash equivalents | 270 386 | 252 479 |
| Amounts due from other banks | 158 681 | 216 057 |
| Other assets | 45 221 | 31 113 |
| Loans and advances to customers | 1 846 146 | 1 773 361 |
| Investment securities | 323 031 | 307 415 |
| Investment in associate | 17 655 | 14 335 |
| Property and equipment | 205 263 | 184 419 |
| Intangible assets | 56 006 | 69 219 |
| Total assets | 2 922 389 | 2 848 398 |
| EQUITY AND LIABILITIES | | |
| Capital and reserves attributable to equity holders of the Bank | | |
| Share capital | 54 800 | 54 800 |
| Capital grant | 135 000 | 135 000 |
| Other reserves | 126 758 | 120 769 |
| Statutory reserve | 49 073 | 47 609 |
| Retained earnings | 233 042 | 224 620 |
| Total equity | 598 673 | 582 798 |
| Liabilities | | |
| Customers' deposits and current accounts | 1 836 013 | 1 586 861 |
| Employee liabilities and charges | 2 184 | 1 676 |
| Other liabilities | 277 491 | 421 070 |
| Borrowings | 208 028 | 255 993 |
| Total liabilities | 2 323 716 | 2 265 600 |
| Total equity and liabilities | 2 922 389 | 2 848 398 |

Independent Auditors' Report on the abridged Financial Statements

To the shareholder of Eswatini Development and Savings Bank

Development and Savings Bank for the year ended 31 March 2023.

Opinion

The accompanying financial statements of Eswatini Development and Savings Bank which comprise the abridged Statement of Financial Position at 31 March 2023 and the related abridged Statement of Profit or Loss and Other Comprehensive Income and the abridged Statement of Cash Flows for the year then ended are derived from the financial statements of Eswatini Development and Savings Bank for the year ended 31 March 2023.

In our opinion the abridged financial statements present fairly, in all material respects, the financial position of the Bank as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Eswatini Development and Savings Bank Order 1973, as amended and the Financial Institutions Act, 2005.

Abridged financial statements

The abridged financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the financial statements of Eswatini Development and Savings Bank. Reading the abridged financial statements, therefore, is not a substitute for reading the financial statements of Eswatini

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 30 June 2023.

Directors' responsibility for the abridged financial statements

The directors' are responsible for the preparation of the abridged financial statements of Eswatini Development and Savings Bank in accordance with the requirements of the Central Bank of Eswatini.

Auditors' responsibility

Our responsibility is to express an opinion on the abridged financial statements derived from the financial statements of Eswatini Development and Savings Bank based on our procedures, which were conducted in accordance with International Standards on Auditing 810, *Engagements to report on summary financial statements*.

SNG Grant Thornton

Auditors
30 June 2023
SNG Grant Thornton Chartered Accountants (Eswatini)
Umkhiwa house
Lot 195 Kal Grant Street
Mbabane, Eswatini

COMMENTARY ON THE ABRIDGED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

1. INTRODUCTION

The Bank is pleased to present its financial results for the financial year ended 31 March 2023. The year saw the local economy going through a slump largely emanating from domestic supply challenges and higher inflationary pressures and an elevated strain in the cost of living. Both inflation and interest rates increased during the year.

The Bank achieved growth in total assets, however profits declined year on year due to increased interest and operating costs which outweighed the growth in revenues.

2. OVERVIEW OF FINANCIAL PERFORMANCE

The Bank realised a profit of E14.640 million during the year which is largely a result of positive growth mainly in interest income driven by prior year and current year growth in the loan book. Total assets increased by E73.991 million (2.6%) from E2.848 billion in the previous year to E2.922 billion in the current year. The total assets growth was driven by an increase in new funding balances.

2.1 Statement of Financial Position

Net Loans & Advances

Net loans and advances increased by 4.1% (E72.785 million) from E1.773 billion in the previous year to E1.846 billion in the current year. Portfolios contributing to the loan book growth were corporate business and asset finance. An E3.958 million reversal of loan impairments was realised due improved performance on key loan facilities. The Bank continues to monitor the loan book performance closely.

Funding Balances

Funding balances comprise customer deposits and long-term borrowings. Funding balances closed at E2.044 billion and have increased by E201.187 million (10.9%) from the prior year E1.843 billion. The Bank realised growth on both corporate and retail deposits.

Special Funds

The Bank was tasked with hosting the Reconstruction Fund in the prior financial year. Current year focus was on disbursements in respect of approved claims, hence the reduction in special funds balances from E355.941 million prior year to E200.668 million in the current year.

2.2 Statement of Profit or Loss and Other Comprehensive Income

The Bank generated a profit of E14.640 million during the year. Gross income generated during the year amounted to E386.506 million, reflecting an increase of E57.403 million from the E329.103 million realised in the previous year. Gross income increased by 17.4% and this is mainly due to growth in interest income in line with the growth in interest earning assets over the two reporting periods.

Net Interest Income

Net Interest Income generated during the year amounted to E156.019 million (2022: E133.032 million) Interest Income increased by E56.753 million (28.0%) in line with the growth in interest earning assets. Interest expense also increased by E33.766 million in line with the increase in funding balances.

Credit Impairments

The Bank had a write-back in credit impairments amounting to E3.958 million. This is mainly due to improvements in the performance of the loan book. The Bank continues to strengthen both its credit processes and customer relations.

Non-Interest Revenue

Non-Interest Revenue generated during the year amounted to E127.410 million (2022: E126.760 million). The increase in Non-Interest Revenue is mainly due to growth in fees and commissions partly offset by a reduction in net impairments on other financial instruments.

Total Operating Expenses

Total operating expenses were E277.749 million and have increased by E26.769 million (10.7%) from the E250.980 million incurred prior year. The increase was due mainly to contractual and inflationary increases in operating costs and cost of living adjustments on salaries.

2.3 Summary of Salient Features of the Financial Statements

| | 2023 E'000 | % Change 2023/2022 | 2022 E'000 | % Change 2022/2021 |
|---------------------|---------------|--------------------------|---------------|--------------------------|
| Total Assets | 2 922 389 | 2.6% | 2 848 398 | 15.0% |
| Customer Deposits | 1 836 013 | 15.7% | 1 586 861 | 7.9% |
| Net Advances | 1 846 146 | 4.1% | 1 773 361 | 18.5% |
| Interest Income | 259 096 | 28.0% | 202 343 | (2.1%) |
| Interest Expense | 103 077 | 48.7% | 69 311 | (0.3%) |
| Profit for the Year | 14 640 | (49.9%) | 29 236 | (14.0%) |

2.4 Regulatory Requirements

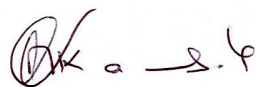
The Bank complied with all regulatory requirements throughout the year.

2.5 Audit Opinion

The Bank has received an unmodified audit opinion from the external auditors.

3. FUTURE OUTLOOK

In line with our development mandate, the Bank shall continue to actively participate in and support all sectors of the economy. Continuous enhancements of our product offerings remains a key focus area as this will enable the Bank to effectively respond to all customer needs.



Dr S. V. Nkambule
Board Chairperson (A)



Nozizwe P. Mulela
Managing Director

Unlock your business potential with optimised working capital, order financing, stock acquisition and asset financing through Eswatini Bank's Business Banking for SMMEs