

# ABRIDGED AUDITED FINANCIAL STATEMENTS

For the year ended 31 March 2024

(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 2024	2024 E'000	2023 E'000
Interest and similar income	314 228	259 096
Interest expense and similar charges	(141 122)	(103 077)
<b>Net interest income before impairment losses on loans and advances</b>	<b>173 106</b>	<b>156 019</b>
Impairment losses (raised)/released on loans and advances to customers	(23 078)	3 958
Recoveries of previously written-off loans and advances	2 666	1 682
<b>Net interest income after impairment losses and recoveries on loans and advances</b>	<b>152 694</b>	<b>161 659</b>
Fee income and commission	124 980	124 853
Impairment (loss)/gain on other financial instruments	(160)	910
Other operating income	1 180	1 647
<b>Income from operations before operating and administrative expenses</b>	<b>278 694</b>	<b>289 069</b>
Operating and administrative expenses	(326 567)	(277 749)
<b>Operating (Loss)/Profit</b>	<b>(47 873)</b>	<b>11 320</b>
Share of profit of equity-accounted investees, net of tax	4 874	3 320
<b>(Loss)/Profit for the year</b>	<b>(42 999)</b>	<b>14 640</b>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024	2024 E'000	2023 E'000
<b>Cash flows from operating activities</b>		
Interest and similar income	314 228	259 096
Interest expense and similar charges	(141 122)	(103 077)
Fee and commission income	124 980	124 853
Cash from other operating income	1 180	1 647
Recoveries of previously written off loans and advances	2 666	1 682
Cash payments to employees and suppliers	(302 863)	(258 005)
Operating (loss)/profit before changes in operating assets	(931)	26 196
Changes in operating assets	(80 980)	93 473
Net cash (used in)/generated from operating activities	(81 911)	119 669
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	(35 417)	(15 576)
Acquisition of intangible assets	(6 185)	(7 678)
Acquisition of investment securities	(98 967)	(58 172)
Redemption of investment securities	80 750	40 000
Net cash (used in) investing activities	(59 819)	(41 426)
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(87 500)	(50 000)
Lease repayments	(6 457)	(5 582)
Dividend paid	(2 300)	(4 754)
Loan received	200 000	-
Net cash from/(used in) financing activities	103 743	(60 336)
<b>Net decrease in cash balances and balances with Central Bank</b>	<b>(37 987)</b>	<b>(17 907)</b>
Cash balances and balances with Central Bank at the beginning of the year	270 386	252 479
<b>Cash balances and balances with Central Bank at the end of the year</b>	<b>232 399</b>	<b>270 386</b>

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2024	2024 E'000	2023 E'000
<b>ASSETS</b>		
Cash and cash equivalents	232 399	270 386
Amounts due from other banks	155 025	158 681
Other assets	49 357	45 221
Investment securities	347 228	323 031
Loans and advances to customers	2 053 928	1 846 146
Investment in associate	22 529	17 655
Property and equipment	239 823	205 263
Intangible assets	53 424	56 006
<b>Total assets</b>	<b>3 153 713</b>	<b>2 922 389</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to equity holders of the Bank</b>		
Share capital	54 800	54 800
Capital grant	135 000	135 000
Other reserves	126 758	126 758
Statutory reserve	49 073	49 073
Retained earnings	187 743	233 042
<b>Total equity</b>	<b>553 374</b>	<b>598 673</b>
<b>Liabilities</b>		
Customers' deposits and current accounts	1 823 764	1 836 013
Employee liabilities and charges	2 154	2 184
Other liabilities	451 241	277 491
Borrowings	323 180	208 028
<b>Total liabilities</b>	<b>2 600 339</b>	<b>2 323 716</b>
<b>Total equity and liabilities</b>	<b>3 153 713</b>	<b>2 922 389</b>

## Independent Auditors' Report on the abridged Financial Statements

### To the shareholder of Eswatini Development and Savings Bank

#### Opinion

The accompanying abridged financial statements of Eswatini Development and Savings Bank which comprise the abridged statement of financial position as at 31 March 2024 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 2024.

In our opinion the abridged financial statements are consistent, in all material respects, with the audited financial statements of the Bank for the year ended 31 March 2024 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

Development and Savings Bank for the year ended 31 March 2024.

#### The audited financial statements and our report thereon

We expressed an unqualified audit opinion on the audited financial statements in our report.

#### 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.

#### Auditor's 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 (Revised), Engagements to Report on Summary Financial Statements.

*SNG Grant Thornton*

12 July 2024

**SNG Grant Thornton Chartered Accountants (Eswatini)**

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Mbabane, Eswatini



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# COMMENTARY ON THE ABRIDGED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

## OVERVIEW

The Bank is pleased to present its financial results for the year ended 31 March 2024. The Bank achieved good growth in its' total assets and increased the loan book in line with improvement in economy.

The Bank closed the year with a loss of E42.999 million. Gross income generated during the year amounted to E445.262 million, reflecting an increase of E56.346 million from the E388.916 million realised in the previous year. Gross income increased by 14% and this is mainly due to growth in interest income, investment income and share of profit from associate investments.

The Bank experienced a significant increase in credit costs and operating costs, hence the closing net loss position. This was largely a result of significant impairments raised in respect of a few facilities which have remained in non-performing status for an extended period of time. The Bank continues to pursue the respective customers whilst efforts to collect from collateral are also being made.

Operating costs also increased significantly due to increased IT systems licensing and related costs. The Bank is continuously exploring ways to contain the operating costs whilst focusing on revenue generating initiatives and implementing new revenue generating projects which are nearing completion. Significant improvement in performance is anticipated going forward.

## STATEMENT OF FINANCIAL POSITION

Total assets increased by 7.9% from E2.922 billion in the previous year to E3.153 billion. The statement of financial position growth was driven by an increase in funding balances and special funds which enables the Bank to fund its increase in loans and advances.

Net loans and advances increased by 11.3% from E1.846 billion in the previous year to E2.054 billion in the current year. Portfolios contributing to the loan book growth were corporate mortgage loans, SMME and Agri-business.

The Bank's NPL ratio improved from 13.53% in 2023 to 11.1% in 2024 mainly due to improvement in loan performance coupled with collection efforts.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### a) Net Interest Income

Gross Interest Income performed well during the year as it increased by 21% from prior year underpinned by the good growth in the loans and advances book. There was a substantial increase in the banks interest expense from high funding costs dropping the Banks NII to a growth of 11%.

### b) Credit Impairments

The Bank Credit Impairments charge from loans & advances amounted to E23 million in the year, a significant charge compared to the release it

had in the prior year. Through heightened credit measures the Bank saw an improvement in its performing loan book in the year, however, must raise substantial provisions for significant non-performing loans which are due to customer business failures. The Bank continues to actively manage all customer relationships.

### c) Non-Interest Revenue

The Bank delivered on key initiatives aimed at growing our customer base and income in the coming years. As a result, this saw delivery of new digital products, such as ShareSha digital wallet. This ensued a positive uptake from customers, growth in overall customer base, and increases in card and digital fees. However, the Bank experienced insignificant improvement in its non-interest revenue but believes that such investments and driving product knowledge with customers and the public, will yield positive results in the coming periods.

### d) Total Operating Expenses

Total operating expenses increased by 17.6% from prior year. The significant increase in costs was largely driven by the Bank's investment on its people, streamlining internal processes and improving digital platforms and accessibility for customers. The Bank experienced significant hikes in IT systems and maintenance fees to reduce downtime, customization requirements due to implementation of new business requirements, cybersecurity and, expertise and innovation for specialized projects. There were also hikes in the card and digital space, coupled with an inflationary increase in other operating costs.

## CAPITAL

The loss in the current year has impacted our Capital levels, however, the bank remains adequately capitalised above the Regulatory minimum.

## AUDIT OPINION

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

## FUTURE OUTLOOK

The bank has embarked on both a medium and long-term strategy to establish a strong IT base geared towards improvements in our digital platforms and products to align with the ever-changing banking environment.

In line with the development mandate the Bank shall continue to actively participate in and support all sectors in the economy.



Ms Nozizwe Mulela  
(Managing Director)



Mr Dumisani Mahlinza  
(Board Chairperson)



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