

ABRIDGED AUDITED FINANCIAL STATEMENTS

For the year ended 31 March 2025

(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 2025	2025 E'000	2024 E'000
Interest income	308 700	314 228
Interest expense	(147 018)	(141 122)
Net interest income before impairment losses on loans and advances	161 682	173 106
Impairment losses raised on loans and advances to customers	(7 144)	(23 078)
Recoveries of previously written-off loans and advances	1 071	2 666
Net interest income after impairment losses and recoveries on loans and advances	155 609	152 694
Fees income and commission	134 783	124 980
Impairment gain / (loss) on other financial instruments	3 986	(160)
Other operating income	3 326	1 180
Income from operations before operating and administrative expenses	297 704	278 694
Operating and administrative expenses	(351 480)	(326 567)
Operating loss	(53 776)	(47 873)
Share of profit of equity-accounted investees, net of tax	7 830	4 874
Loss for the year	(45 946)	(42 999)

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2025	2025 E'000	2024 E'000
ASSETS		
Cash and cash equivalents	239 687	232 399
Amounts due from other banks	73 264	155 025
Other assets	58 212	49 357
Investment securities	318 082	347 228
Loans and advances to customers	2 036 466	2 053 928
Investment in associate	27 056	22 529
Property and equipment	256 977	239 823
Intangible assets	59 569	53 424
Total assets	3 069 313	3 153 713
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	126 758
Statutory reserve	49 073	49 073
Retained earnings	141 797	187 743
Total equity	507 428	553 374
Liabilities		
Customers' deposits and current accounts	1 911 550	1 823 764
Employee liabilities and charges	1 630	2 154
Other liabilities	402 966	451 241
Borrowings	245 739	323 180
Total liabilities	2 561 885	2 600 339
Total equity and liabilities	3 069 313	3 153 713

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025	2025 E'000	2024 E'000
Cash flows from operating activities		
Interest income	308 700	314 228
Interest expense	(147 018)	(141 122)
Fees and commission income	134 783	124 980
Cash from other operating income	3 326	1 180
Recoveries of previously written off loans and advances	1 071	2 666
Cash payments to employees and suppliers	(323 404)	(302 863)
Operating (loss) before changes in operating assets	(22 542)	(931)
Changes in operating assets	117 247	(80 980)
Net cash inflow/(outflow) from operating activities	94 705	(81 911)
Cash flows from investing activities		
Acquisition of property and equipment	(23 858)	(35 417)
Acquisition of intangible assets	(13 412)	(6 185)
Acquisition of investment securities	(57 540)	(98 967)
Dividend received	3 303	-
Redemption of investment securities	90 000	80 750
Net cash outflow from investing activities	(1 507)	(59 819)
Cash flows from financing activities		
Repayment of borrowings	(75 000)	(87 500)
Lease repayments	(10 370)	(6 457)
Dividend paid	-	(2 300)
Loan received	-	200 000
Net cash (outflow)/inflow from financing activities	(85 370)	103 743
Net increase/(decrease) in cash balances and balances with Central Bank	7 828	(37 987)
Cash balances and balances with Central Bank at the beginning of the year	232 399	270 386
Effect of exchange rate fluctuations on cash balances	(540)	-
Cash balances and balances with Central Bank at the end of the year	239 687	232 399

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 2025 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 2025.

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 2025 in accordance IFRS Accounting 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 IFRS Accounting 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 2025.

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.

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 (Revised), *Engagements to Report on Summary Financial Statements*.

SNG Grant Thornton

29 June 2025

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

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COMMENTARY ON THE ABRIDGED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

OVERVIEW

The Bank is pleased to present its financial results for the year ended 31 March 2025.

The Bank closed the year with a loss of E45.946 million. Gross income rose by 2.63% year-on-year to E459.696 million (FY2024: E447.928 million), driven by higher fees and commissions, interest income, and share of profits from associate investments.

However, the substantial increase in operating expenses primarily related to IT systems licensing, card processing and related costs outpaced revenue growth, resulting in the financial year's loss. The Bank remains committed to implementing cost containment measures while continuing to pursue revenue generating opportunities. A notable improvement in performance is anticipated going forward.

Credit impairments declined significantly in the current year, reflecting improved loan performance across multiple portfolios. This was largely the result of stronger credit quality and the implementation of robust loan review and collection processes.

STATEMENT OF FINANCIAL POSITION

Total Assets decreased by 2.7% from E3.153 billion in the previous year to E3.069 billion. The statement of financial position shows a decline which was largely driven by the decrease in long term borrowings and special funds.

Customer deposits increased by 5% to E1.911 billion mainly in transactor and savings accounts. The Bank remains focused on expanding its deposit base to further enhance liquidity.

Net loans and advances decreased by 0.9% from E2.053 billion in the previous year to E2.036 billion in the current year. During the year, the Bank prioritized collections in the corporate portfolio. Growth was recorded in the SME, agriculture, and retail segments, supporting economic growth efforts.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

a) Net Interest Income

The Bank experienced growth in interest income from loans and advances; however, interest income from investments declined, resulting in an overall decrease in total interest income. Additionally, higher funding costs contributed to a 7% decline in Net Interest Income.

b) Credit Impairments

Credit impairments dropped by 69%, reflecting better loan performance and strengthened collection efforts. The credit loss ratio improved by 2% year-on-year. The Bank continues to foster responsible lending while contributing to multiple sectors of the economy.

c) Non-Interest Revenue

Non-interest revenue increased by 13% to E142 million, driven by higher transactional volumes particularly within digital channels. This reflects ongoing customer utilization of digital platforms, aligned with the Bank's strategy to enhance service accessibility and customer experience.

d) Total Operating Expenses

Total operating expenses increased by 8% from prior year. The significant increase in costs was largely driven by the investments in the digital platforms to improve operational efficiencies and enhance the Bank's competitiveness.

CAPITAL

The loss in the current year has impacted capital levels, however, the bank remains adequately capitalised and has maintained capital ratios above the regulatory minimum.

AUDIT OPINION

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

FUTURE OUTLOOK

The bank has concluded the development of its 2025-2028 strategy aimed at ensuring balance sheet growth, revenue growth, improved credit risk management and cost containment efforts. A turnaround in the financial performance of the Bank is anticipated going forward.

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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