



First National Bank of Eswatini Limited

Incorporated in the Kingdom of Eswatini
Registration Number: 24/1988
Listed on the Eswatini Stock Exchange (ESE)
ISIN Code: SZE000331064
ESE Share Code: FNBE

Abridged Annual Financial Statements for the Year Ended 30 June 2024

Abridged Statement of Comprehensive Income for the year ended 30 June 2024

	2024 E'000	2023 E'000
Interest and similar income	843 945	730 568
Interest expense and similar charges	(360 809)	(281 377)
Net interest income before impairment of advances	483 136	449 191
Gains/(losses) on investment activities	5 398	2 118
Impairment of advances	(9 136)	(10 555)
Net interest income after impairment of advances	479 398	440 754
Non interest revenue	528 260	464 813
Income from operations	1 007 658	905 567
Operating and administration expenses	(598 924)	(542 395)
Income before tax	408 734	363 172
Indirect tax	(44 039)	(36 455)
Profit before income tax	364 695	326 717
Income tax expense	(95 891)	(81 392)
Profit for the year	268 804	245 325
Total comprehensive income	268 804	245 325
OTHER COMPREHENSIVE INCOME		
Re-measurements on defined benefit post-employment plans	6 462	-
Actuarial gains for the year	8 913	-
Deferred income tax on gains arising during the year	(2 451)	-
Total comprehensive income for the year	275 266	245 325

Abridged Statement of Cash Flows for the year ended 30 June 2024

	2024 E'000	2023 E'000
Cash flows from operating activities	369 283	318 783
Income tax paid	(107 078)	(75 408)
Net cash flow from operating activities before changes in operating assets and liabilities	262 205	243 375
Net cash outflow from changes in operating assets and liabilities	(2 958)	(2 441 651)
Net cash inflow/(outflow) from operating activities	259 247	(2 198 276)
Net cash (outflow) / inflow from investing activities	(180 053)	706 165
Net cash outflow from financing activities	(97 136)	(74 207)
Net decrease in cash and short-term funds	(17 942)	(1 566 318)
Cash and cash equivalents at beginning of the period	1 129 540	2 695 858
Cash and cash equivalent at end of the year	1 111 598	1 129 540

Abridged Statement of Financial Position as at 30 June 2024

	2024 E'000	2023 E'000
ASSETS		
Cash and cash equivalents	1 111 598	1 129 540
Derivative financial instruments	16 935	12 055
Investment securities and other investments	1 297 020	1 171 238
Advances	4 150 240	3 485 911
Gross advances	4 283 238	3 635 599
Impairment of advances	(132 998)	(149 688)
Accounts receivable	80 577	156 907
Amounts due from related parties	2 666 602	2 116 239
Current income tax asset	5 932	-
Property and equipment	339 055	295 341
Deferred income tax asset	40 515	47 284
Total Assets	9 708 474	8 414 515
EQUITY		
Share capital	26 600	27 642
Share premium	2 686	2 686
Other reserves	339 715	300 011
Retained earnings	989 885	838 816
Total equity	1 358 886	1 169 155
LIABILITIES		
Derivative financial instruments	13 633	14 548
Accounts payable	162 730	341 513
Current income tax liability	-	9 573
Deposits	6 300 557	5 171 237
Lease liability	12 700	12 941
Provision for other liabilities and charges	39 244	42 383
Amounts due to related parties	1 820 724	1 644 253
Defined benefit post-employment liability	-	8 913
Total liabilities	8 349 588	7 245 361
Total Equity and Liabilities	9 708 474	8 414 515

Abridged Statement of Changes in Equity for the year ended 30 June 2024

	2024 E'000	2023 E'000
Balance at the beginning of the period	1 169 154	1 081 773
Repurchase of non-redeemable preference shares	(1 042)	-
Profit for the period	275 266	245 325
Dividends paid	(84 492)	(157 944)
Balance at the end of the period	1 358 886	1 169 154

Independent Auditor's Review Report on Financial Statements

PricewaterhouseCoopers, First National Bank of Eswatini Limited's independent auditors, have audited the financial statements of First National Bank of Eswatini Limited and have expressed an unmodified audit opinion on the financial statements. The abridged financial statements have been derived from the audited financial statements and comprise the abridged statement of financial position as at 30 June 2024, abridged statement of comprehensive income, abridged statement of changes in equity and abridged statement of cash flows for the year ended 30 June 2024.

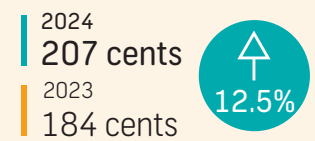
The audited financial statements and audit report thereon are available for inspection at First National Bank of Eswatini Limited's registered office. The audited financial statements do not necessarily report on all the information contained in this announcement. For a better understanding of the bank's financial position and the statements of its operations for the year, these abridged financial statements should be read in conjunction with the audited financial statements from which the abridged financial statements were derived, and the audit report thereon.

PricewaterhouseCoopers

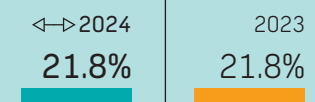
Profit Before Tax



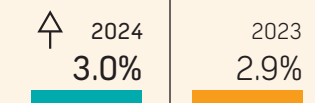
Basic and Diluted Earnings Per Share (cents)



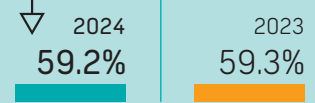
Return on Equity



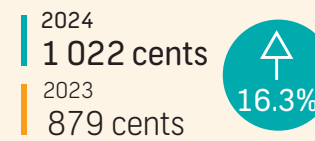
Return on Assets



Cost to Income



Net Asset Value Per Share (cents)



The abridged financial statements have been approved by the Board of Directors on 16 August 2024 and are signed on its behalf by:

Dennis Tikhalo Mbingo
Chief Executive Officer

Njabulo Dlamini
Chief Financial Officer

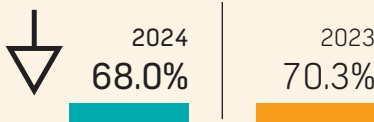
The Annual General Meeting (AGM) is scheduled for 01 November 2024. The AGM Notice with the Audited Annual Financial Statements will be distributed to shareholders by 08 October 2024.

The Board of Directors and Management of FNB Eswatini confirm their commitment to the principles of good corporate governance as stated in the King IV Report and the Central Bank of Eswatini Corporate Governance Guidelines, 2017.

Directors: JV Ndlangamandla (Chairman), DT Mbingo (CEO), S de Sousa, DE Wright, SL Balsdon, EB Arden, JM Gule, LJ Haynes, S Gumbi, VJ Monadjem

Company Secretary: H Msibi

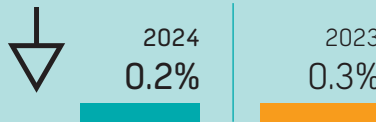
Loans to Deposits Ratio



Loans to Customers before Impairments



Credit Loss Ratio



Customer Deposits



Auditors

PricewaterhouseCoopers
Rhus Office Park
Karl Grant Street
Mbabane

Sponsoring Broker

Alphsz Securities Limited
1st Floor
Office Suite 101
New Mall
Dr Sishayi Road
Mbabane
Eswatini

Transfer Secretaries

SNG Grant Thornton
SNG Grant Thornton Eswatini
Proprietary Limited
Umkhwa House
Lot 195
Karl Grant Street
Mbabane
Eswatini

Registered office

First National Bank of Eswatini Limited, Company Reg. No: 24/1988 - A Financial Institution licensed under the Financial Institutions Act of 2005, and an Insurance Services Provider licensed under the Insurance Act of 2005.



First National Bank of Eswatini Limited

Commentary on Financial Performance for the Year Ended 30 June 2024

Positive earnings growth continues to be sustained

FNB Eswatini's **Profit Before Tax** for the 2024 financial year increased **11.6%** to **E364.7 million** (2023: E326.7 million), matched by a **12.2%** improvement in **Total Comprehensive Income For The Year**, which closed at **E275.3 million** (2023: E245.3 million). The **12.2%** improvement is well ahead of the combined economic growth and inflation estimates, which demonstrates positive economic value accretion to shareholders. This performance also represents a strong **Return On Equity** ('ROE') of **21.8%**, which is similar to the prior year's outcome. These results have been achieved in an operating environment that has shown growing signs of stability across key economic indicators that traditionally impact performance. In the past year, inflation has mostly remained within the 4% to 4.5% range, which has been relatively lower than some of the country's regional peers. Gross domestic product has continued to improve, with 2023 national estimates reported at about 4.8%, in real terms. The benchmark lending rates have remained stable, and overall banking sector credit growth has been solid at 11.7%, year on year. Whilst these standard metrics demonstrate a sustained recovery of the Eswatini economy from the global disruption of recent years, the bank remains awake to contra-indicators that may highlight potential headwinds. We remain concerned that unemployment still appears high, especially amongst the youth, which is a critical demographic; and that the slower average price growth of between 4% and 4.5% in the last year, whilst providing much needed relief, is still on the back of price acceleration witnessed in prior years. In a highly integrated society like ours, these two variables have, amongst others, continued to put consumers' spending power under pressure.

Performance driven by strong customer acquisition and volume growth from very high customer activity

For several years now, the bank has continued to show double-digit growth in customer acquisition, with **Total Active Customers growing 10.6%** (2023: 13%) during the year. This is further endorsement of the attractiveness of FNB's value proposition in the market, and especially the broad range of our offerings.

Customer borrowings helped drive by good topline growth as **Net Interest Income** increased by **8.8%**, supported by a **17.8%** growth in **Gross Advances to E4.3 billion** (2023: E3.6 billion). **Credit loss ratios** remain well below industry averages at **0.2%** (2023: 0.3%), despite strong credit extension during the period. This is a result of a strong collections programme and very good recovery in credit impairments recorded in prior years, and projections are that these loss ratios should normalise in future years. The low credit loss experience and the high capital base, leave the bank in a very strong position to pursue lending opportunities.

Customer deposits recovered from the prior year position, to close **21.9%** higher at **E6.3 billion** (2023: E5.2 billion). Deposits will remain a major focus growth area for the bank, to meet increasing demand for funding development opportunities across multiple sectors.

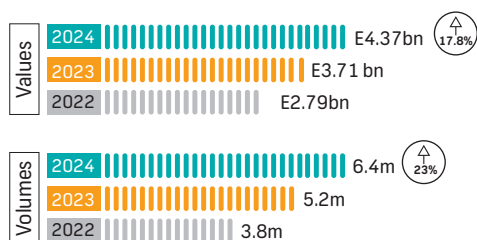
Our positioning of the **FNB Banking App** as a primary transaction platform continues to yield strong results, with the Banking App now handling over **E12.2 billion** (2023: E9.07 billion) in value annually from over **53 million** (2023: 41 million) transactions. For the second year running, the Banking App now handles almost 50% more transactions than all our branches combined. This trend is expected to continue as the Banking App becomes a preferred channel for cross-border flows through the **Forex on App** module. Despite the strong growth from the Banking App, our **Online Banking** remains the dominant platform for businesses, processing nearly **E110 billion** (2023: E107 billion) annually. **ATM** and **ADT** activity has also been very strong, with an expanded network processing over **E11 billion** (E10.09 billion) annually.

The **CashPlus Agency Model** has finally crossed the **E1 billion** mark (2023: E850 million) in transaction values, all being managed by over **660** (2023: 502) associate merchants around the country. FNB's **eWallet** remains very popular, helping Emaswati send support funds and low value domestic payments of over **E3.25 billion** (2023: E2.76 billion) in a single year, from **4.1 million** (2023: 3.5 million) sends. Despite being overtaken by smartphone-based payment products that have migrated transactions away, our **Cellphone Banking** channel retains a loyal customer base that still handles about **E1.76 billion** (2023: E1.83 billion) in value annually. This remains a very key strategic channel for the bank's customers, notwithstanding the slight drop in transaction values.

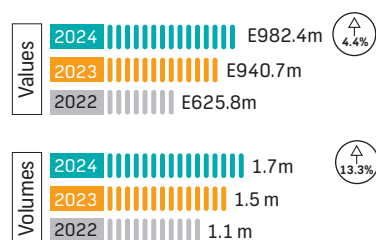
FNB's **Fuel Rewards** programme helped customers swipe **1.7 million** times (2023: 1.5 million) to spend just under a billion Emalangeni in fuel purchases at **E982.4 million** (2023: E940.7 million). This represents an over 50% improvement since 2022, when we first rolled out FNB Fuel Rewards.

The overall customer acquisition drive and very high customer activity lifted **Non-Interest Revenue** by **13.7%** to **E528.3 million** (2023: E464.8 million).

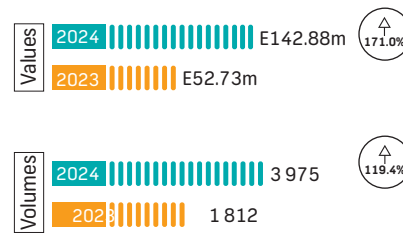
Speedpoint



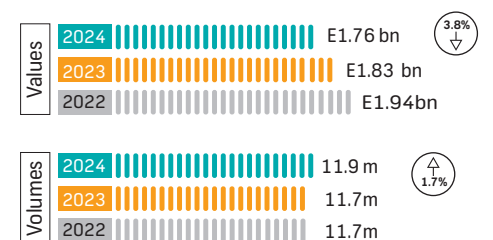
Fuel Swipes



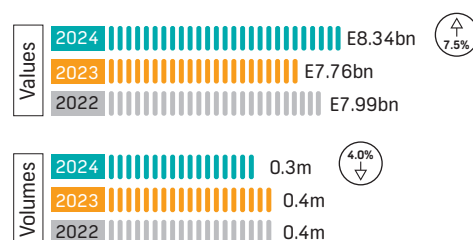
Forex on App



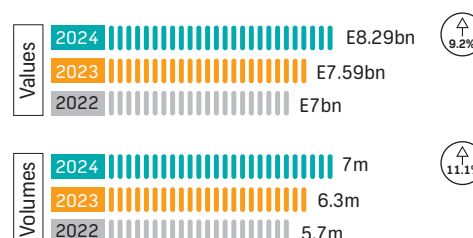
Cellphone Banking



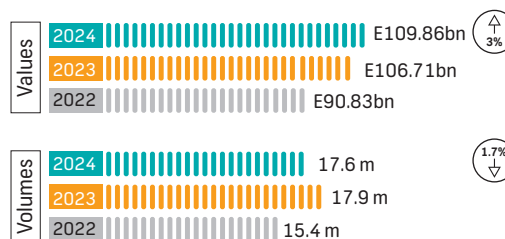
Branch Cash



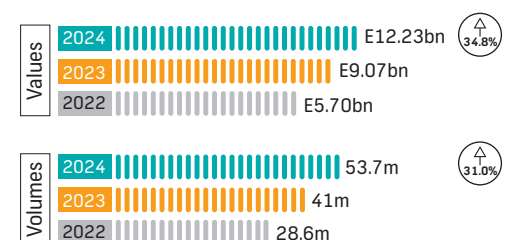
ATM



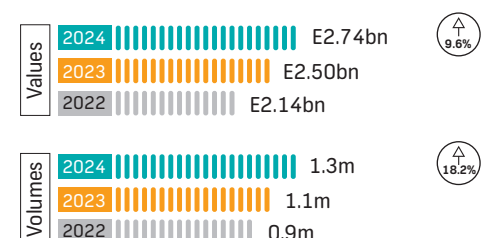
Online Banking



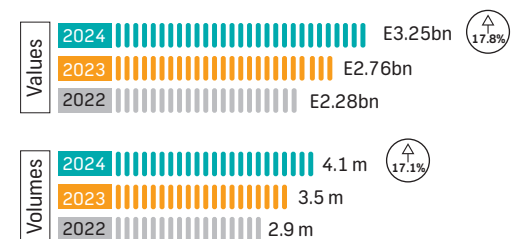
FNB App



ADT



eWallet

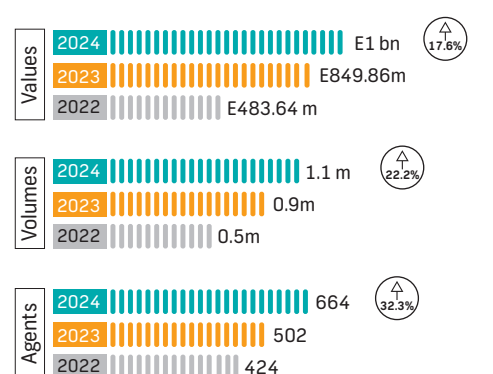


Continuous investment in improved Customer Experience

With a relatively high customer base, and increased demands by customers on a seamless banking experience, the bank has continued to invest substantial resources in initiatives meant to scale self-service capabilities and to improve in-branch experience, where a branch visit is warranted. As part of this drive, several initiatives have been rolled out during the year. These include the following:

- Deployment of Coin Depositor Devices and Bulk Note Depositors to compliment the ADT & ATM network and reduce queues.
- Improvement in capabilities to open bank accounts remotely through our Customer Support Centre
- Digitization of account Confirmation Letters and Bank Statements
- Remote Personal Loan application through our Customer Support Centre of the FNB Banking App
- Addition of two new service centres, one at the Matsapha Lifestyle Centre and a mobile agency at Buhleni in Hhohho

CashPlus



Payments changes may impact the sector for several reporting periods

Significant changes to our Payments platforms at a regional and domestic level started landing in the 2023 calendar year, with more being effected this year and into the medium-term. These specifically relate to the migration of Common Monetary Area / CMA (South Africa, Eswatini, Namibia and Lesotho) cross-border transactions from EFT channels to SWIFT, and the implementation of multiple modules that will enable the new Eswatini Payments Switch under the Central Bank of Eswatini. Customer impact will be managed through extensive communication. The bank also expects that these transformative projects will require substantial funding to be set aside by industry participants, and especially FNB Eswatini. Their financial impact should start reflecting in the 2025 financial year, and indicative amounts will be disclosed by the bank as progress is made.