



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 Interim Financial Results and Interim Dividend Declaration for the Six Months Ended 31 December 2023

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)



Abridged Statement of Comprehensive Income for the interim period ended 31 December 2023

	6 months ended 31 December 2023 E'000	6 months ended 31 December 2022 E'000
Interest and similar income	409 544	343 008
Interest expense and similar charges	(171 153)	(123 746)
Net interest income before impairment of advances	238 391	219 262
Gains on investment activities	1 987	2 638
Impairment of advances	(12 268)	(12 402)
Net interest income after impairment of advances	228 110	209 498
Non interest revenue	262 534	224 160
Income from operations	490 644	433 658
Operating and administration expenses	(293 002)	(263 475)
Income before tax	197 642	170 183
Indirect tax	(22 743)	(17 589)
Profit before income tax	174 899	152 594
Income tax expense	(48 160)	(41 286)
Profit for the period	126 739	111 308
Total comprehensive income	126 739	111 308
Basic & diluted earnings per share	0.95	0.84

Abridged Statement of Financial Position as at 31 December 2023

	6 months ended 31 December 2023 E'000	12 months ended 30 June 2023 E'000	6 months ended 31 December 2022 E'000
ASSETS			
Cash and cash equivalents	2 069 648	1 129 540	1 784 940
Derivative financial instruments	29 015	12 055	19 872
Investment securities and other investments	1 212 658	1 171 238	1 973 594
Advances	3 743 198	3 485 911	3 253 890
<i>Gross advances</i>	<i>3 914 248</i>	<i>3 635 599</i>	<i>3 433 216</i>
<i>Impairment of advances</i>	<i>(171 050)</i>	<i>(149 688)</i>	<i>(179 326)</i>
Accounts receivable	52 667	156 907	66 979
Amounts due from related parties	2 598 999	2 116 239	2 601 541
Property and equipment	322 393	295 341	234 601
Deferred income tax asset	47 284	47 284	48 622
Total assets	10 075 862	8 414 515	9 984 039
EQUITY			
<i>Capital and reserves attributable to equity holders of the parent</i>			
Share capital	27 642	27 642	27 642
Share premium	2 686	2 686	2 686
Other reserves	300 011	300 010	268 349
Retained earnings	965 554	838 816	894 404
Total equity	1 295 893	1 169 154	1 193 081
LIABILITIES			
Derivative financial instruments	28 816	14 548	17 825
Accounts payable	81 237	341 513	110 484
Current income tax liability	901	9 573	313
Deposits	6 862 963	5 171 237	6 961 749
Lease liability	8 916	12 941	16 642
Provision for other liabilities and charges	28 881	42 383	27 312
Amounts due to related parties	1 759 342	1 644 253	1 647 720
Defined benefit post-employment liability	8 913	8 913	8 913
Total liabilities	8 779 969	7 245 361	8 790 958
Total equity and liabilities	10 075 862	8 414 515	9 984 039

Abridged Statement of Changes in Equity for the interim period ended 31 December 2023

	6 months ended 31 December 2023 E'000	12 months ended 30 June 2023 E'000	6 months ended 31 December 2022 E'000
Balance at the beginning of the period	1 169 154	1 081 773	1 081 773
Profit for the period	126 739	245 325	111 308
Dividends paid	-	(157 944)	-
Balance at the end of the period	1 295 893	1 169 154	1 193 081

Independent Auditor's Review Report on Interim Financial Statements

We have reviewed the condensed interim financial statements of First National Bank of Eswatini Limited in the accompanying interim report, which comprise the condensed statement of financial position as at 31 December 2023 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-months then ended, and selected explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements of First National Bank of Eswatini Limited for the six months ended 31 December 2023 are prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the Eswatini Stock Exchange listing requirements notice and the requirements of the Companies Act of Eswatini.



Commentary on Interim Financial Statements

Solid performance growth continued

Our half-year results show **Profit Before Tax** increasing by 15% to **E174.9 million** (2022: E152.6 million), realizing a **20.3% Return on Equity** (2022: 18.6%). This continues FNB Eswatini's track record of delivering robust shareholder returns and strong earnings. The 14% increase in our Loan book to **E3.9 billion** (2022: E3.4 billion) helped lift Net Interest Income contribution by 9%, compared to the December 2022 half-year results.

Customer acquisition and increased transactional volumes a major contributor to earnings growth

Strong effort has been maintained in acquiring new customers, leading to an increase of **13%** in the bank's **Active Customer Base** compared to the same half-year period in December 2022. The bank's customer base continues to increase usage of our digital platforms, and the combined growth in active customer numbers and transaction volumes is reflected in the **17%** increase in **Non-Interest Revenue** recorded in December 2023. This is a significant improvement considering that price adjustments during the reporting period were well within reported inflation. The bank will continue to identify measures to improve affordability as digital migration continues.

Quality of lending will remain a priority

Despite some indicators of strain in consumer capacity to borrow, impairments of Loans & Advances has been managed within acceptable levels, with **E12.3 million** charged against income for the half-year, compared to a similar number in the previous reporting period (2022: 12.4 million).

Credit loss ratios have improved to **0.36%** (2022: 0.44%), reflecting focus on the quality of credit extended, and the increased use of artificial intelligence tools in assisting with the management of high volume credit applications and decisions. The bank has also been deliberate in helping customers that have reported strain by finding ways to improve their affordability.

Infrastructure investment has continued to help improve customer and employee experience

Significant investment has been made in modernising experience centres for both customers and employees. This is reflected in the completion of the new head office at Ezulwini in the first quarter of this financial year and the construction of a branch at the Matsapha Lifestyle Centre, which is expected to be completed in the third quarter. Furthermore, the bank plans to establish the presence in growing towns like Buhleni in Hhohho.

These infrastructure projects will be followed by deliberate efforts to increase self-service opportunities for FNB customers who still use branch services, the centralisation of some functions that customers traditionally visited branch services for, through leveraging technology, and finding more efficient ways to manage the continued high use of cash in some customer sub-segments. Whilst the Cost to Income ratio has improved to **58.3%** (2022: 59.1%), there will be pressure going forward as these major projects are completed.

The bank will continue to find means to extract required efficiencies from the technology and infrastructure investment to lower operational costs.

Listing of FNB Eswatini on the Eswatini Stock Exchange and Local Participation in Shareholding

On 5th December 2023, FNB Eswatini successfully listed on the Eswatini Stock Exchange ("ESE"), with a 20% in shareholding sold to local institutional investors who represent a broad base of working class & pensioned Emaswati.

This development not only gave local investors access to what is now the largest listing on the ESE by market capitalization, it also marked a significant step for the bank to cement its identity as a strong contributor to the local economy and demonstrates our commitment to Shared Prosperity values.

Abridged Statement of Cash Flows for the interim period ended 31 December 2023

	6 months ended 31 December 2023 E'000	12 months ended 30 June 2023 E'000
Cash flows from operating activities	162 157	318 783
Income tax paid	(56 832)	(75 408)
Net cash flow from operating activities before changes in operating assets and liabilities	105 325	243 375
Net cash inflow/(outflow) from changes in operating assets and liabilities	897 867	(2 441 651)
Net cash inflow/(outflow) from operating activities	1 003 192	(2 198 276)
Net cash (outflow) / inflow from investing activities	(63 084)	706 165
Net cash outflow from financing activities	-	(74 207)
Net increase / (decrease) in cash and short-term funds	940 108	(1 566 318)
Cash and cash equivalents at beginning of the period	1 129 540	2 695 858
Cash and cash equivalents at end of the period	2 069 648	1 129 540

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

Dennis Tikhalo Mbingo
Chief Executive Officer

Njabulo Dlamini
Chief Financial Officer

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

Company Secretary: H Msibi

Registered office

First National Bank of Eswatini Limited
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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.

Loans to Deposit Ratio



Credit Loss Ratio



Loans to Customers Before Provisions



Customer Deposits



Declaration of interim dividend

Notice is hereby given that an interim ordinary dividend of 63.5 cents per ordinary share, totalling E84,491,859, be and is hereby declared for the six months ended 31 December 2023 and payable to all ordinary shareholders registered in the books of the company on 22 March 2024. The transfer books and register of members will be closed from 22 March 2024 to 28 March 2024, both days inclusive, for the purpose of determining those Shareholders to whom the dividend shall be paid. Payment of dividend is expected to be on or about 02 April 2024.

Normal and withholding tax will be deducted from dividends paid to local shareholders and non-resident shareholders respectively, where applicable.

Auditors

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