

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.  
IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD IMMEDIATELY  
SEEK ADVICE FROM YOUR LEGAL ADVISOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR.**



## **First National Bank of Eswatini Limited**

*(incorporated in Eswatini)*

*(Registration number: 24-1988)*

*ESE Code: FNBE ISIN: SZE000331064*

*(The “Company” or “FNB Eswatini”)*

The definitions and interpretations contained in this Pre-listing Statement apply to this entire document, including this cover page, unless otherwise stated or the context clearly indicates otherwise.

This Pre-listing Statement is prepared and issued in terms of the Listings Requirements (“**Listings Requirements**”) of the Eswatini Stock Exchange (the “**ESE**”) for purposes of providing information to Shareholders relating to the business and affairs of FNB Eswatini and the admission of all the issued ordinary shares (“**Ordinary Shares**”) in FNB Eswatini to listing on the ESE by introduction (“**Listing**”). There will be no stabilisation activity in relation to the Listing.

This Pre-listing Statement is not and shall not constitute an offer, or an invitation or solicitation, to acquire the Ordinary Shares in any jurisdiction (including, without limitation, Eswatini), and is issued in compliance with the Listings Requirements for the purpose of providing information to Shareholders with regard to FNB Eswatini.

The Major Shareholder has sold in aggregate 26 600 000 Ordinary Shares, constituting 20% of the issued Ordinary Shares, to Institutional Investors selected by the Company and the Major Shareholder, at a sale price of E14.83 per Ordinary Share by way of a private placing (“**Private Placing**”). As at the Listing Date, the Private Placing is unconditional and the Institutional Investors have paid for, and the Major Shareholder has transferred to the Institutional Investors, 77.69% of the Ordinary Shares which are subject to the Private Placement. The ESE has granted the Company a dispensation from the Free Float Requirement on the basis that the balance of the Ordinary Shares which are subject to the Private Placement will be paid for by, and transferred to, the Institutional Shareholders by no later than 11 December 2023 (“**Settlement Date**”). Upon implementation of the Private Placing in full on the Settlement Date, FNB Eswatini will meet the Free Float Requirement. The Major Shareholder has also contributed 6 636 700 Ordinary Shares, constituting 4.99% of the issued Ordinary Shares to an employee trust established for the benefit of qualifying employees of FNB Eswatini (“**Employee Share Trust**”). Subject to the condition that the ESE’s Free Float Requirement will be met by the Settlement Date, as set out in the Listings Requirements, a primary listing of all of FNB Eswatini’s issued Ordinary Shares has been granted by the ESE on the Main Board of the ESE under the abbreviated name “First National Bank of Eswatini”, ESE code “FNBE” and ISIN: SZE000331064 with effect from the commencement of trade on 5 December 2023. FNB Eswatini will list its Ordinary Shares as a financial services company in terms of section 5 of the Listings Requirements. FNB Eswatini is incorporated in Eswatini.

The Exchange Control Division of the Central Bank of Eswatini (“**CBE**”) has approved the Listing in terms of Regulation 14 of the Exchange Control Regulations, 1975 (“**Excon Regulations**”) but that consent does not imply that the CBE has investigated or is responsible in any way for the soundness of the proposals set out in this Pre-listing Statement or the correctness of any statements made or opinions or estimates given in connection with such proposals.

FNB Eswatini’s expected issued share capital on the Listing Date is set out in the “Incorporation and Share Capital” section of this Pre-listing Statement. None of the Ordinary Shares will be held in treasury on the Listing Date.

The Directors whose names are given on page 8 of this Pre-listing Statement, collectively and individually accept full responsibility for the accuracy of the information given in this Pre-listing Statement and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by law and the Listings Requirements.

The Transaction Advisor, Sponsor, Attorneys, Independent Reporting Accountants and Auditors, Transfer Secretaries and Company Secretary whose names are included in this Pre-listing Statement, and whose reports are contained in this Pre-listing Statement as relevant, have given and have not withdrawn their written consent to act in the capacities stated, to their names being included in this Pre-listing Statement and to the inclusion of their reports in the form and context in which they appear.

Date of issue: 5 December 2023

**Transaction Advisor to  
FirstRand Group**



**Legal advisor to FNB Eswatini  
as to South African law**



**Auditor and independent  
reporting accountant**



**Legal advisor to FNB Eswatini  
as to Eswatini law**



**Transfer Secretary**



**Sponsor**



Publication of this Pre-listing 5 December 2023.

Expected Listing Date: Tuesday, 5 December 2023.

All references to time in this Pre-listing Statement are to Eswatini standard time (GMT+2).

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended ("US Securities Act") or under any securities law or regulation of any state or other jurisdiction of the United States and may not be offered or sold, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the US Securities Act). For a description of these and certain further restrictions on offers, sales and transfers of the Ordinary Shares and the distribution of this document, see "Selling and Transfer Restrictions".

The distribution of this Pre-listing Statement in certain jurisdictions may be restricted by law. No action has been or will be taken by the Major Shareholder, FNB Eswatini or the Transaction Advisor to permit a public offering of the Ordinary Shares in any jurisdiction (including Eswatini). No action has been, or will be, taken to permit the possession or distribution of this Pre-listing Statement (or any other offering or publicity materials or application form(s) relating to the Ordinary Shares) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Pre-listing Statement, nor any advertisement, nor any other material relating to the Listing may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Pre-listing Statement comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws or regulations of certain jurisdictions. Further information with regard to the restrictions on the distribution of this Pre-listing Statement is set out in "Selling and Transfer Restrictions".

None of the Major Shareholder, FNB Eswatini, the Transaction Advisor or any of their respective representatives, is making any representation to any Shareholder regarding the legality of an investment in the Ordinary Shares under any applicable law. The contents of this Pre-listing Statement should not be construed as legal, financial or tax advice. Each Shareholder should consult its own legal, financial or tax advisor as to the legal, financial, business, tax and related aspects of an acquisition of Ordinary Shares.

No document or information, save for the full three year set of financial statements which include the income statement, balance sheet, statement of changes in equity, cash flow statement, accounting policies and notes, that appears on FNB Eswatini's website shall be, or deemed to be, incorporated into this Pre-listing Statement.

The Transaction Advisor is acting exclusively for the FirstRand Group and no one else in connection with the Listing. It will not regard any other person (whether or not a recipient of this document) as its client in relation to the Listing and will not be responsible to anyone other than the FirstRand Group for providing the protections afforded to its clients nor for giving advice in relation to the Listing or any transaction or arrangement referred to in this Pre-listing Statement.

No representation or warranty, express or implied, is made by any person other than FNB Eswatini, including the Transaction Advisor, as to the accuracy, completeness or verification of the information set out in this Pre-listing Statement, and nothing contained in this Pre-listing Statement is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. No person other than FNB Eswatini, including the Transaction Advisor, assumes any responsibility for this Pre-listing Statement's accuracy, completeness or verification. The Transaction Advisor accordingly disclaims, to the fullest extent permitted by applicable laws and regulations, any and all liability whether arising in delict, tort, contract or otherwise that it might otherwise be found to have in respect of this document or any such statement.

Shareholders: (i) should not rely on the Transaction Advisor or any person affiliated with the Transaction Advisor in connection with any investigation of the accuracy of any information contained in this Pre-listing Statement; (ii) should rely only on the information contained in this Pre-listing Statement; and (iii) are advised that no person has been authorised to give any information or to make any representation concerning FNB Eswatini or its subsidiaries or the Ordinary Shares (other than as contained in this Pre-listing Statement) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Major Shareholder, FNB Eswatini or the Transaction Advisor.

The Ordinary Shares are subject to the restrictions on transferability and resale set out in "Selling and Transfer Restrictions" and may not be transferred or resold except as permitted under applicable laws and regulations. Shareholders should be aware that they may be required to bear the financial risks of their investment in the Ordinary Shares for an indefinite period of time.

Neither the admission of the Ordinary Shares to the ESE nor the approval of the Pre-listing Statement pursuant to the Listings Requirements shall constitute a warranty or representation by the ESE as to the competence of service providers to or any other party connected with FNB Eswatini, the adequacy of information contained in the Pre-listing Statement or the suitability of FNB Eswatini for investment purposes. The business and investment activities of FNB Eswatini will not be regulated or otherwise overseen by the ESE.

This Pre-listing Statement is only available in English and copies thereof may be obtained by Shareholders during normal business hours from 5 December 2023 until 31 January 2024 from FNB Eswatini and the Sponsor at their respective physical addresses which appear in the "Corporate information" section on page 8 of this Pre-listing Statement. This Pre-listing Statement will also be available on FNB Eswatini's website from 5 December 2023 until 31 January 2024.

An investment in the Ordinary Shares involves substantial risks and uncertainties. Shareholders should read this Pre-listing Statement in its entirety and, in particular, see the "Risk Factors" section beginning on page 24 of this Pre-listing Statement when considering an investment in FNB Eswatini.

#### **DISCLAIMER**

**IMPORTANT:** You must read the following disclaimer before continuing.

The following disclaimer applies to the attached document and you are therefore advised to read this carefully before reading, accessing or making any other use of the document. In accessing the document, you agree to be bound by the following terms and conditions, each time you receive any information from us as a result of such access.

The advisors to the Company and the Major Shareholder set out herein are acting exclusively for the Company and/or the Major Shareholder and no-one else in connection with the Listing.

The Transaction Advisor and its affiliates do not accept any responsibility whatsoever or make any representation or warranty, express or implied, in respect of the contents of this Pre-listing Statement, including its accuracy, completeness or verification or for any other statement made or purported to be made by or on behalf of it, FNB Eswatini, the Directors or the Major Shareholder in connection with FNB Eswatini, the Ordinary Shares and the Listing and nothing in this Pre-listing Statement is or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. The Transaction Advisor accordingly disclaims, to the fullest extent permitted by applicable law, all and any liability whatsoever, whether arising in delict, contract or otherwise (save as referred to above) which it might have in respect of this Pre-listing Statement or any such statement.

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## NOTICES

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### **LAST PRACTICABLE DATE**

Unless the context clearly indicates otherwise, all information provided in this Pre-listing Statement is provided as at the Last Practicable Date.

### **SPECIAL NOTE WITH REGARD TO DISTRIBUTION OF THE PRE-LISTING STATEMENT**

The distribution of this Pre-listing Statement may be restricted by law. It is the responsibility of any person into whose possession this Pre-listing Statement comes to inform themselves about, and observe, any such restrictions. Any failure to comply with any of those restrictions may constitute a violation of the applicable laws or regulations of certain jurisdictions. This Pre-listing Statement does not constitute an offer of, or an invitation to acquire, any of the Ordinary Shares.

In making any investment decision, each investor must rely on its own examination, analysis and enquiry of FNB Eswatini, the Ordinary Shares and the terms and conditions of the Listing, including the merits and the risks involved.

Shareholders should not treat the contents of this Pre-listing Statement as advice relating to legal, taxation, investment or any other matters and should consult their own professional advisors concerning the consequences of their acquiring, holding or disposing of Ordinary Shares. Shareholders should inform themselves as to: (i) the legal requirements within their own jurisdictions for the purchase of, holding, transfer or disposal of Ordinary Shares; (ii) any foreign exchange restrictions applicable to the purchase of, holding, transfer or disposal of Ordinary Shares that they might encounter; and (iii) the income and other tax consequences that may apply to them as a result of the purchase of, holding, transfer or disposal of Ordinary Shares. Shareholders must rely upon their own representatives, including their own legal advisors and accountants, and not those of FNB Eswatini or the Transaction Advisor, as to legal, tax, investment or any other related matters concerning FNB Eswatini and an investment in it.

This Pre-listing Statement does not constitute an offer to sell or issue, or the solicitation of any vote or approval or an offer to buy or subscribe for, any security, nor shall there be any sale, issuance, transfer or delivery of the securities referred to in this Pre-listing Statement in any jurisdiction in contravention of applicable law, or where further action is required for such purpose.

### **NOTICE TO INVESTORS IN ESWATINI**

Other than the application for admission of the Ordinary Shares to the main board of the ESE, this Pre-listing Statement has not been filed with or approved or disapproved by any regulatory authority of any country or jurisdiction, nor has any such regulatory authority endorsed the merits the accuracy or adequacy of this Pre-listing Statement. Any representation to the contrary is unlawful.

### **NOTICE TO INVESTORS IN SOUTH AFRICA**

The information contained in this Pre-listing Statement constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act 37 of 2002, as amended (“**FAIS Act**”) and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Ordinary Shares or in relation to the business or future investments of FNB Eswatini is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in this Pre-listing Statement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. FNB Eswatini is not a financial services provider licensed as such under the FAIS Act.

### **NOTICE TO INVESTORS IN THE UNITED STATES**

The Ordinary Shares have not been and will not be registered under the US Securities Act or under any securities law or regulation of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S).

### **NOTICE TO INVESTORS IN AFFECTED JURISDICTIONS**

This Pre-listing Statement does not constitute an offer in or from Australia, Canada, Japan, the United States or any other jurisdiction where the dissemination of this Pre-listing Statement would be unlawful. This Pre-listing Statement is not for distribution into any jurisdiction in which such distribution may be illegal, fails to conform to the laws and regulations of such jurisdiction or would require further action for such purpose. To the extent that this Pre-listing Statement may be sent to any Affected Jurisdiction, it is provided for information purposes only. It shall be the responsibility of any persons resident in a jurisdiction outside Eswatini to inform themselves about, and observe, any applicable legal requirements in the relevant jurisdiction.

## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Pre-listing Statement contains statements that are or may be deemed to be forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industries in which FNB Eswatini may invest; cash costs; operating results; investment prospects; results and performance; return on investment; realisations; valuations; growth prospects and outlook for investments or funds (individually or in the aggregate); liquidity; capital resources and expenditure; and the outcome and consequences of any investment strategy. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “project”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate or investment strategy (including proposed investments), future or expected returns, future realisations, and other economic factors, such as, among other things, interest and exchange rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Actual results, returns, financial and operating conditions, liquidity and the developments within the industries in which FNB Eswatini may invest may differ materially from those made in, or suggested by, the forward-looking statements contained in this Pre-listing Statement. In addition, even if the results of operations and the development of the markets and the industries in which FNB Eswatini operates are consistent with the forward-looking statements contained in this Pre-listing Statement, those results or developments may not be indicative of results or developments in subsequent periods.

All these forward-looking statements are based on estimates and assumptions, all of which estimates and assumptions, although FNB Eswatini may believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to FNB Eswatini, or not currently considered material) could cause the actual results, returns, performance or achievements of FNB Eswatini to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations or advancements in research and development and the factors set out in “*Risk factors*”.

Investors should keep in mind that any forward-looking statement made in this Pre-listing Statement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of FNB Eswatini not to develop as expected or other matters to which such forward-looking statements relate, may emerge from time to time, and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results or matters to differ materially from those contained in any forward-looking statement are not known. FNB Eswatini has no duty, and does not intend, to update or revise the forward-looking statements contained in this Pre-listing Statement after the Last Practicable Date, except as may be required by law.

In considering any performance data contained in this Pre-listing Statement, it should be borne in mind that past or targeted performance is not indicative of future results, and there can be no assurance that FNB Eswatini will achieve comparable results or that target returns will be met. In addition, there can be no assurance that unrealised investments will be realised at the valuations shown as actual. Realised returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained in this Pre-listing Statement are based.

FNB Eswatini does not undertake nor is it subject to any obligation to update the forward-looking statements to reflect actual results or any change in events, conditions or assumptions or other factors unless otherwise required by the ESE Listings Requirements.

FNB Eswatini shareholders should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Pre-listing Statement.

## **MARKET INFORMATION**

Without derogating from the Directors’ responsibility statement below, FNB Eswatini and/or its advisors have obtained market data and certain industry information used in this Pre-listing Statement from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. Similarly, internal surveys, estimates and market research, while believed to be reliable, have not been independently verified, and FNB Eswatini does not make any representation as to the accuracy of

such information and/or the veracity or appropriateness of any research methodology, findings or information. Similarly, while FNB Eswatini believes its internal estimates to be reasonable, they have not been verified by any independent sources, and FNB Eswatini cannot give any assurance as to their accuracy.

#### **SETTLEMENT PROCESS**

Legal Notice No. 269 of 2022 (“**Legal Notice**”) as issued by the Eswatini Minister of Finance directed that, with effect from 1 August 2022, all securities to be traded on the Eswatini Stock Exchange shall be issued in Dematerialised form. However, the Companies Act requires a company to issue to the registered holder of a company’s shares a certificate which shall act as evidence of title in respect of such registered holder’s shares. In order to comply with the relevant provisions of the Legal Notice and the Companies Act, upon implementation of the Listing, each Shareholder shall be required to deliver its Ordinary Shares to a CSDP who shall hold such shares as registered holder and thereafter issue such such Shareholder with Dematerialised Ordinary Shares in the form of a (“**Depository Receipt**”) representing the relevant number of Ordinary Shares deposited with the CSDP. Each Shareholder will be required to hold its Depository Receipts in an electronic custody account with a CSDP or broker registered with the ESE and trading in such Depository Receipts shall be effected in accordance with the agreement between the Shareholder and its CSDP or broker and in accordance with the settlement system of the ESE.

#### **DIRECTORS’ RESPONSIBILITY STATEMENT**

The members of the Board, collectively and individually, accept full responsibility for the accuracy of the information given in this document and certify that, to the best of their knowledge and belief, there are no facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and that the Pre-listing Statement contains all information required by law.

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## TABLE OF CONTENTS

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	<b>Page</b>
NOTICES	1
TABLE OF CONTENTS	4
DEFINITIONS	5
CORPORATE INFORMATION	8
SUMMARY OF THE PRIVATE PLACING AND THE LISTING	9
BUSINESS OF FNB ESWATINI	10
SELECTED FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS	15
OPERATING AND FINANCIAL REVIEW	17
DIVIDENDS AND DIVIDEND POLICY	22
RISK FACTORS	24
MANAGEMENT AND CORPORATE GOVERNANCE	29
INCORPORATION AND SHARE CAPITAL	42
SELLING AND TRANSFER RESTRICTIONS	44
EXCHANGE CONTROL	45
ADDITIONAL INFORMATION	46
IMPORTANT FINANCIAL AND OTHER INFORMATION	50
ANNEX A: SUMMARY OF HISTORICAL FINANCIAL INFORMATION OF FNB ESWATINI	51
ANNEX B: THE DIRECTORS AND MANAGEMENT	54
ANNEX C: EXTRACTS OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF FNB ESWATINI	55
ANNEX D: BEST PRACTICE REGISTER	61

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## DEFINITIONS

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In this Pre-listing Statement and the Annexes hereto, unless the context otherwise indicates, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column hereunder have the meaning stated opposite them in the second column, as follows:

<b>“Affected Jurisdiction”</b>	Australia, Canada, Japan, the United States or any other jurisdiction where the distribution of this Pre-listing Statement may be illegal, fails to conform to the laws of such jurisdiction or would require further action for such purpose;
<b>“Associate Company”</b>	any company in which a Director is beneficially interested, directly or indirectly, or of which he or she is a director;
<b>“Associate Entity”</b>	any partnership, syndicate or other association of which a Director is a member;
<b>“ADT”</b>	an Automated Deposit Terminal, which has the functionality of an ATM and in addition has electronic depositing capabilities that enable customers of FNB Eswatini to deposit funds at any time and without the need for direct interaction with bank staff;
<b>“ATM”</b>	an Automated Teller Machine that enables customers of FNB Eswatini to perform financial transactions, such as cash withdrawals, transfer funds, or obtaining account information, at any time and without the need for direct interaction with bank staff;
<b>“Authorised Dealer”</b>	a person that has been appointed to act as an authorised dealer in terms of the Exchange Control Regulations of Eswatini;
<b>“Bank Your Change”</b>	a savings product offered by FNB Eswatini to its customers;
<b>“Board” or “Directors”</b>	the board of directors of FNB Eswatini;
<b>“Board Charter”</b>	FNB Eswatini’s board charter, which sets out the role, powers, responsibilities and composition of the Board;
<b>“CAGR”</b>	compound annual growth rate;
<b>“CashPlus”</b>	a platform used by agents who are FNB Eswatini banked merchants to offer cash deposit, cash withdrawal, send money and other services including payments for utilities. The target customers are mainly outside urban centres;
<b>“CBE”</b>	the Central Bank of Eswatini;
<b>“CBE Guidelines”</b>	Central Bank of Eswatini Corporate Governance Guidelines of 2017;
<b>“Common Monetary Area”</b>	collectively, Eswatini, South Africa, the Republic of Namibia, and the Kingdom of Lesotho;
<b>“Companies Act”</b>	the Companies Act No. 8 of 2009 of Eswatini;
<b>“CSDP”</b>	a Central Securities Depository Participant appointed by a Shareholder for purposes of, and in regard to, Dematerialisation, and to hold and administer securities or an interest in securities on behalf of such Shareholder;
<b>“Dematerialisation”</b>	the process by which securities held in certificated form are deposited with a CSDP and documents of title evidencing such securities are replaced by an electronic record of such securities in the sub-register maintained by that CSDP; and <b>“Dematerialised”</b> shall have a corresponding meaning;
<b>“Depository Receipt”</b>	Dematerialised Ordinary Shares issued by a CSDP to a Shareholder representing the relevant number of Ordinary Shares deposited by a Shareholder with a CSDP;

<b>“Emalangeni”</b> or <b>“E”</b>	the lawful currency of Eswatini (singular Lilangeni), one Lilangeni comprises 100 cents. Emalangeni are presently linked to the South African Rand on a one-for-one basis. The currency is denoted ‘E’ in domestic use and trades internationally as ‘SZL’ and sometimes the two are used interchangeably;
<b>“Employee Share Trust”</b>	The FNB Eswatini Employee Share Trust;
<b>“E-wallet”</b>	a type of digital wallet which is used for transactions made online through a computer or a smartphone. Its utility is the same as a credit or debit card. An E-wallet needs to be linked with the individual’s bank account to make payments;
<b>“Eswatini”</b>	the Kingdom of Eswatini;
<b>“Eswatini Exchange Control Regulations”</b>	the Exchange Control Order, 1974 and the Exchange Control Regulations issued under Legal Notice No. 2 of 1975;
<b>“Eswatini Stock Exchange”</b> or <b>“ESE”</b>	the exchange operated by the ESE, licensed as an exchange under the Securities Act 9 of 2010;
<b>“FIA”</b>	the Financial Institutions Act No. 6 of 2005 of Eswatini;
<b>“First National Bank”</b> or <b>“FNB”</b>	First National Bank, a division of FirstRand Bank. First National Bank is also the primary licensed trading name for FNB Eswatini;
<b>“FirstRand Bank”</b>	FirstRand Bank Limited, a company incorporated in South Africa, with registration number 1929/001225/06, whose parent company is FirstRand Limited;
<b>“FirstRand Group”</b>	FirstRand Limited, a company incorporated in South Africa, with registration number 1966/010753/06, and all of its subsidiaries from time to time;
<b>“FNB App”</b>	FNB Eswatini’s mobile application for smartphones;
<b>“FNB Eswatini”</b> or the <b>“Company”</b>	First National Bank of Eswatini Limited;
<b>“Free Float Requirement”</b>	means the ESE requirement that a minimum of 20% of the Ordinary Shares are held by the public (as defined in the Listings Requirements);
<b>“Historical Financial Information”</b>	FNB Eswatini’s historical financial information as at and for the financial years ending 30 June 2023, 2022 and 2021, incorporated by reference in this Pre-listing Statement and available for inspection at FNB Eswatini’s head office in Ezulwini and the offices of the Sponsor;
<b>“IFRS”</b>	the International Financial Reporting Standards as issued by the International Accounting Standards Board, as amended from time to time;
<b>“Institutional Investors”</b>	Public Service Pension Fund; Swazi Empowerment Limited; Eswatini National Provident Fund; Old Mutual Swaziland Limited (Old Mutual Life Assurance Company Eswatini Limited and Old Mutual Unit Trusts), Sibaya Umbrella Provident Fund; Sibaya Umbrella Pension Fund; and Swaziland National Association of Teachers;
<b>“JSE”</b>	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the laws of South Africa and licensed to operate a securities exchange under the Financial Markets Act No. 19 of 2002 of South Africa;
<b>“King Code”</b> or <b>“King IV”</b>	the Code of Governance Principles, 2016 as set out in the King Report on Corporate Governance, 2016;
<b>“Last Practicable Date”</b>	4 December 2023;
<b>“Legal Notice”</b>	Legal Notice No. 269 of 2022 issued by the Eswatini Minister of Finance pursuant to the Securities Act No. 9 of 2010 of Eswatini;
<b>“Listing”</b>	the listing of the Ordinary Shares on the main board of the Eswatini Stock Exchange;
<b>“Listing Date”</b>	the date of the Listing, which is expected to be 5 December 2023;



<b>“Listings Requirements”</b>	the listings requirements issued by the ESE to be observed by issuers of equity securities listed on the ESE, as amended;
<b>“Major Shareholder”</b> or <b>“FREMA”</b>	FirstRand EMA Holdings Proprietary Limited;
<b>“Memorandum and Articles of Association”</b>	the Memorandum and Articles of Association of FNB Eswatini;
<b>“Ordinary Shares”</b>	ordinary shares with a par value of 20 cents each in the share capital of FNB Eswatini, and each reference to Ordinary Shares in this Pre-Listing Statement shall (unless otherwise stated or the context clearly indicates otherwise) include Depositary Receipts;
<b>“Pre-listing Statement”</b>	all documents contained in this bound document, including the Annexes hereto dated 5 December 2023, as well as the full three year set of financial statements which include the income statement, balance sheet, statement of changes in equity, cash flow statement, accounting policies and notes as they appear on the FNB Eswatini website;
<b>“Private Placing”</b>	the sale by the Major Shareholder of the Ordinary Shares to the Institutional Investors pursuant to which the Major Shareholder agreed to sell and transfer 26 600 000 Ordinary Shares to the Institutional Investors at a cash consideration of E14.83 per Ordinary Share;
<b>“Regulation S”</b>	Regulation S under the US Securities Act;
<b>“Savings Pocket”</b>	a customer’s Linked Savings Account into which amounts deducted in terms of the Bank Your Change product are deposited;
<b>“Settlement Date”</b>	the date of implementation of the Private Placement and the contribution to the Employee Share Trust, which is expected to be 11 December 2023;
<b>“Shareholders”</b>	the holders of Ordinary Shares from time to time;
<b>“Sponsor”</b>	Alphsz Securities Limited;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“South African Banks Act”</b>	the South African Banks Act 94 of 1990, as amended;
<b>“Transaction Advisor”</b> or <b>“Rand Merchant Bank”</b>	Rand Merchant Bank, a division of FirstRand Bank;
<b>“United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States”</b> or <b>“US”</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
<b>“US Securities Act”</b>	the US Securities Act of 1933, as amended; and
<b>“USSD”</b>	Unstructured Supplementary Service Data is a global system for mobile communication technology that is used to send text between a mobile phone and an application program in the network.

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## CORPORATE INFORMATION

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### **Directors**

#### **Independent non-executive Directors**

JV Ndlangamandla (Chairperson)  
EBJ Arden  
S de Sousa  
DE Wright  
JM Gule

#### **Non-executive Directors**

SL Balsdon  
LJ Haynes

#### **Executive Director**

DT Mbingo  
(Chief Executive Officer)

#### **Company Secretary**

H Msibi  
The Offices Complex  
Corner MR103 Road & Swaki Street  
Ezulwini  
Eswatini  
(PO Box 261, Eveni, Mbabane, Eswatini)

#### **Registered office**

First National Bank of Eswatini Limited  
The Offices Complex  
Corner MR103 Road & Swaki Street  
Ezulwini  
Eswatini  
(PO Box 261, Eveni, Mbabane, Eswatini)  
(Registration number: 24/1988)

#### **Major Shareholder**

FirstRand EMA Holdings Proprietary Limited  
4 Merchant Place  
Cnr Fredman Drive and Rivonia Road  
Sandton  
Johannesburg  
2196  
South Africa  
(PO Box 650149, Benmore, 2010, South Africa)  
(Registration number: 1971/009695/07)

#### **Transfer Secretary**

SNG Grant Thornton Eswatini Proprietary Limited  
Umkhiwa House  
Lot 195  
Karl Grant Street  
Mbabane  
Eswatini  
(PO Box 331, Mbabane, Eswatini)  
(Registration number: 295/1987)

#### **Transaction Advisor to FirstRand Group**

Rand Merchant Bank, a division of  
FirstRand Bank Limited  
1 Merchant Place  
Cnr Fredman Drive and Rivonia Road  
Sandton  
Johannesburg  
2196  
South Africa  
(PO Box 786273, Sandton, 2146, South Africa)  
(Registration number: 1929/001225/06)

#### **Legal advisor to FNB Eswatini as to South African law**

DLA Piper Advisory Services Proprietary Limited  
6<sup>th</sup> Floor, 61 Katherine Street  
Sandton  
Johannesburg  
2196  
South Africa  
(Private Bag X17, Benmore, Gauteng, 2010, South Africa)  
(Registration number: 2015/222271/07)

#### **Legal advisor to FNB Eswatini as to Eswatini law**

Robinson Bertram  
Ingcongwane Building  
Lot Nos. 44 & 45  
Gwamile Street  
Mbabane  
Eswatini  
(PO Box 24, Mbabane, Eswatini)  
(TIN number: 100233450)

#### **Auditor and independent reporting accountant**

PricewaterhouseCoopers Services Proprietary Limited  
Rhus Office Park  
Karl Grant Street  
Mbabane  
Eswatini  
(PO Box 569, Mbabane, Eswatini)  
(Registration number: 418/1998)

#### **Sponsor**

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

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## SUMMARY OF THE PRIVATE PLACING AND THE LISTING

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- Pre-Listing** Prior to the Listing, the Major Shareholder entered into and concluded certain sale agreements with the Institutional Investors pursuant to which the Major Shareholder agreed to sell and transfer 26 600 000 Ordinary Shares to the Institutional Investors at a cash consideration of E14.83 per Ordinary Share. As at the Listing Date, the Private Placing is unconditional and the Institutional Investors have paid for, and the Major Shareholder has transferred to the Institutional Investors, 77.69% of the Ordinary Shares which are subject to the Private Placement. The balance of the cash consideration not yet paid by the Institutional Investors as at the Listing Date shall be paid by the relevant Institutional Investors by no later than the Settlement Date, immediately upon receipt of which, the Major Shareholder will transfer the balance of the Ordinary Shares which are subject to the Private Placement.
- Employee Share Trust** The Company has established an Employee Share Trust for the benefit of its employees. 6 636 700 Ordinary Shares have been contributed to the Employee Share Trust by the Major Shareholder.
- Purpose of the Listing** The main purposes of the Listing are to:
- (i) diversify and increase the local ownership of FNB Eswatini in Eswatini;
  - (ii) boost the corporate profile of FNB Eswatini; and
  - (iii) contribute to the development and expansion of the capital markets in Eswatini.
- Stabilisation** There will be no stabilisation activities in relation to the Ordinary Shares.
- Indicative timetable** The following table provides the expected dates of certain important steps related to the Private Placing and the Listing:
- |   |                 |
|---|-----------------|
| Publication of this Pre-listing Statement:            | 5 December 2023 |
| Expected Listing Date on the Eswatini Stock Exchange: | 5 December 2023 |
- Notes:**
- Any change will be announced on the ESE website and published in the Eswatini press.
- All references to time in this Pre-listing Statement are to Eswatini standard time (GMT+2).
- Admission and Listing** The ESE has conditionally approved the Listing of all the issued Ordinary Shares on the Listing Date on the main board of the ESE subject to the condition that the balance of the Ordinary Shares which are subject to the Private Placement which have not been transferred as at the Listing Date will be paid for by, and transferred to, the Institutional Shareholders by no later than the Settlement Date.
- Free Float Requirement** The Listing is subject to the Free Float Requirement being met by no later than the Settlement Date. This Free Float Requirement requires FNB Eswatini to ensure that a minimum of 20% of the Ordinary Shares are held by the public (as defined in the Listings Requirements). Upon implementation of the Private Placement in full on the Settlement Date, FNB Eswatini will achieve the Free Float Requirement. The ESE has granted the Company a dispensation from meeting the Free Float Requirement as at the Listing Date.
- Lock-up arrangements** The Major Shareholder and FNB Eswatini are subject to certain lock-up arrangements under which they have agreed not to, directly or indirectly, offer, issue, lend, sell or contract to sell, options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or sale of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, other than certain limited exceptions, without the consent of Rand Merchant Bank. These limitations will apply for a minimum period of 180 days after the Listing Date.

### RISK FACTORS

See “*Risk factors*”, which describe certain risk factors that should be considered together with all the other information in this Pre-listing Statement before deciding to purchase any Ordinary Shares. A prospective investor in Ordinary Shares should use its own judgement and seek advice from an independent advisor as to the appropriate value of the Ordinary Shares and other information relevant to its investment decision.

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## BUSINESS OF FNB ESWATINI

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### Introduction

FNB Eswatini is a full-service corporate, commercial and retail bank in Eswatini. FNB Eswatini is one of Eswatini's largest financial institutions with a long history, having operated in Eswatini under the FNB brand since 1995. FNB Eswatini is the most profitable and return generative bank in Eswatini with 37% share of the total profits of the Eswatini banking sector, using innovation and technology to create solutions for its customers. Through an increasingly technology-focused approach, FNB Eswatini aims to modernise its offering to meet increasing expectations on quality customer experience and ultimately grow its customer base in Eswatini.

FNB Eswatini's vision is to be a great financial services business that positively and consistently impacts Eswatini and her people. In seeking a listing of its Ordinary Shares on the ESE, FNB Eswatini is looking to introduce local ownership in the Company and contribute to the development and expansion of the local capital markets.

### Business overview

FNB Eswatini provides comprehensive corporate, commercial and retail services to customers in the Eswatini market. The Company's business activities can be divided into four key pillars: transactional banking; lending; insurance, and savings and investment.

### Transactional banking

A strong transactional banking platform underpins FNB Eswatini's product and service offering. FNB Eswatini is the largest transactional bank in Eswatini by transaction volume, operating a well-established and innovative digital banking platform. This service offering accounts for approximately 50% of FNB Eswatini's income. The non-interest revenue generated from this segment is derived from, *inter alia*, monthly account fees, withdrawal fees, point-of-sale commissions, ADT deposit fees, E-wallet fees and exchange commissions.

FNB Eswatini is committed to continuously improving the products and services offered to its customers and utilises technology as a key enabler to achieve this. FNB Eswatini's transactional products extend beyond standard debit card and withdrawal/deposit facilities. Technology-focused transactional products include a mobile banking platform (USSD cell phone banking), the FNB App and an extensive ATM and ADT network that is supplemented by a growing network of selected merchants who operate as agents of the bank under a 'CashPlus' brand, offering basic cash deposit, cash withdrawal and other utility services mainly for customers outside of urban centres.

A key strategy of FNB Eswatini is the continued development of its electronic banking offering and encouraging the increased use of such technologies by its customers. The strategy involves encouraging the increased use of self-service platforms by customers (i.e. remote banking vs. branch-based banking) through its ATM and ADT network, as well as promoting its strong mobile banking solutions and the FNB App.

### Lending

FNB Eswatini's lending pillar extends across the retail, commercial and corporate segments. Lending products include: (i) personal loans, overdraft facilities, home loans and vehicle and asset finance in the retail segment; (ii) term loans, overdraft facilities, vehicle and asset finance and commercial property finance in the commercial segment; and (iii) term loans, vehicle and asset finance and structured lending in the corporate segment.

FNB Eswatini's gross loan book as at 30 June 2023 was E3.636 billion with E1.027 billion in term loans, E895 million in overdrafts, E559 million in lease payments receivable, E545 million in home loans, E338 million in personal loans and E257 million in commercial property finance.

FNB Eswatini emphasises prudent and responsible lending growth. This is achieved through a conservative risk framework and is evidenced by the low credit loss ratio of 0.3% reported by FNB Eswatini as at 30 June 2023.

Retail lending focuses on prudent, well-priced advances and FNB Eswatini has limited risk appetite for unsecured lending. Data analytics, on the back of transactional activity, is used extensively to enhance the credit vetting process. It also speeds up the granting of credit, particularly to lower end customers. FNB continues to leverage the power of data analytics to increase quality and speed of credit decisions across all high-volume segments, specifically retail and lower commercial.

FNB Eswatini continues to grow its existing commercial customer base, with particular focus on delivering lending solutions to the larger Swati exporters and agriculture businesses.

FNB Eswatini's primary lending in the corporate segment focuses on bespoke structured financial solutions for its large corporate customers. This book continues to grow as FNB Eswatini adds to its existing customer base.

### **Insurance**

FNB Eswatini's nascent insurance business provides an opportunity to grow and diversify revenue streams.

A range of insurance products are offered across the retail, commercial and corporate segments including homeowners' insurance, funeral plans, life insurance, comprehensive motor cover, keyman insurance and agricultural insurance.

FNB Eswatini has identified strategic partners with the expertise and flexibility to collaborate in creating tailored products for FNB's customer base, growing FNB Eswatini's commission income. Efforts are focussed on improving pricing and profit-sharing arrangements on current products. Simplification and automation of customer processes leads to improved turnaround times. The strategy is to develop insurance into a core business that is independently measurable and is a strong contributor to earnings.

### **Savings and investment**

The savings and investment pillar provides customers access to basic savings products such as call accounts, fixed deposits, and term deposits.

FNB Eswatini also offers new and innovative savings products to promote a savings culture amongst its customers. As an example, "Bank Your Change" is a popular savings choice amongst existing customers. With Bank Your Change, FNB Eswatini rounds up the amount charged on each successful point-of-sale transaction a customer performs on their debit or cheque card, to the nearest Lilangeni. These rounded up amounts are then transferred to the Savings Pocket on a weekly basis. Customers can also elect to save an additional amount with every purchase. The new savings products link to transactional activity and offer 'self-reward' opportunities for customers.

The savings and investment strategy seeks to grow saving and investment products that are unique to FNB Eswatini and address critical customer needs. Over E3.6 billion of the funding is from corporate and commercial clients, with the balance over E1.5 billion coming from retail customers.

### **Customer segments**

FNB Eswatini is a customer led business with differentiated client strategies. FNB Eswatini operates under three primary customer segments: retail; commercial and corporate.

#### **Retail banking**

The retail banking segment provides transactional, lending, saving and investment and insurance products and services to over 191 420 individual customers.

Retail clients are segmented into specific categories to allow for a refined product offering to best meet the customers' requirements. A combination of historical information and in-house developed algorithms assist in determining the credit profiles of customers to responsibly extend credit. The E1.122 billion retail loan book comprised 30.9% of FNB Eswatini's total loan book as at 30 June 2023.

Deposits within the retail segment are opportunistic and leverage off the saving and investment products offered to retail clients. The E1.503 billion retail deposit book comprised 29.1% of FNB Eswatini's total deposit base as at 30 June 2023.

The retail segment aims to migrate customer behaviour from branch banking, towards digital-based banking facilities through the use of products such as online banking and FNB App products.

FNB Eswatini's retail segment contributed 44% of income (E406 million) in the year to 30 June 2023. FNB Eswatini's strategy of developing a robust transactional banking platform with technology-led innovations seeks to grow and attract retail deposits whilst generating transactional banking fees.

#### **Commercial banking**

The commercial segment provides transactional, lending, asset finance, saving and investment and insurance products and services to businesses in Eswatini. The segment currently banks around 7 200 small, medium and large businesses, with a strong presence in the timber and agriculture sectors.

FNB Eswatini is a market leader in agriculture loans, a highly specialised and focused offering requiring industry insight and expertise. FNB Eswatini also plans to grow its commercial property finance book given the opportunities arising in the market from the significant growth in retail development. The E1.690 billion commercial loan book comprised 46.5% of FNB Eswatini's total loan book as at 30 June 2023.

The E621 million commercial deposit book comprised 12.0% of FNB Eswatini's total deposit base as at 30 June 2023.

FNB Eswatini operates the largest online banking platform in Eswatini which is being extended to include the major foreign currencies. The FNB online platform has been highly successful with commercial customers.

A key strategy in the commercial segment is to grow FNB Eswatini's market share by pursuing primary banker status and banking the entire ecosystem/value chain of the customer. This is achieved through a compelling service model, coupled with increased visibility and presence in the market.

FNB Eswatini's commercial banking segment contributed 32% of income (E294 million) in the year ended 30 June 2023. FNB Eswatini is significantly improving its commercial banking services suite to attract businesses of varying size in Eswatini and is actively pursuing new client acquisitions.

### **Corporate banking**

The corporate segment provides integrated receipt and payment solutions, liquidity management, structured lending, asset finance, investment and insurance products to corporates and multi-national companies. This segment currently banks c. 95 well-established, mostly multinational customers and is continuing to grow.

Corporate banking serves customers across all the larger industry groups in Eswatini, with a strong focus on large, established corporate customers in the resources and retail sectors.

The E824 million corporate loan book comprised 22.7% of FNB Eswatini's total loan book as at 30 June 2023 and is expected to lead strong balance growth for the bank in the medium term.

The Corporate segment is currently the largest contributor to FNB Eswatini's deposits with a solid and stable customer base. The E3.047 billion Corporate deposit book comprised 58.9% of FNB Eswatini's total deposit base as at 30 June 2023.

FNB Eswatini's corporate banking segment contributed 13% of income (E118 million) in the year ended 30 June 2023.

### **Customer channels**

FNB Eswatini provides services to its customers using multiple channels. This enables customers to utilise the channel that best suits them and their banking needs, thereby enhancing customer experience. FNB Eswatini has a network of 12 branches across Eswatini that caters for individual and corporate customers in key urban and peri-urban areas. FNB Eswatini's branches serve as physical customer interaction points, particularly for services where documentation is required, or for customer queries that require face to face interaction. FNB Eswatini has deployed free Wi-Fi in and around its branches to improve speed and convenience for customers.

FNB Eswatini is focused on growing a winning e-strategy by promoting customer access to its banking services on electronic and digital platforms. To this end, FNB Eswatini operates 87 full-service ATM's and 26 ADT's. There is an active strategy to redirect branch transactions through ATM's and ADT's which facilitates client convenience and leads to a reduction in branch operating costs. FNB Eswatini grew the ATM network extensively over the past two years and was the first bank in Eswatini to introduce ADT's. Cash volumes through the branches are down approximately 3% year-on-year, while cash volumes through ADT's are up 21% for the year ended 30 June 2023, illustrating the successful take up and adoption of this channel by customers.

The digital strategy actively promotes mobile solutions, encouraging customers to utilise their mobile devices instead of the branch network. Mobile banking solutions operate across smart phones and feature phones. Utilisation of the FNB smartphone application as at 30 June 2023 is up 49% year-on-year and serves as a primary interface with FNB Eswatini. A key feature of this channel is that it provides customers with the ability to make payments, transact and transfer funds without having to go to a branch. FNB Eswatini differentiates itself from other banks in Eswatini as it operates an integrated technology platform that allows customers to transfer funds across different territories in the CMA.

FNB Eswatini is expanding its agency banking channel and works together with partners across Eswatini. Cash Plus is a convenient way for both FNB & non-FNB customers to deposit and withdraw cash at an FNB Cash Plus agent. It requires a mobile device and allows the customer to transact with ease. The agency channel effectively decentralises cash to where customers need it while eliminating the costs traditionally associated with transporting cash. The agent is typically a retail outlet contracted by FNB Eswatini to process clients' transactions, including transfers, withdrawals and deposits.

These mobile channels provide customers with convenient and immediate access to banking services from any location. The diversified channel offering and digital e-strategies result in increased customer acquisition and a reduction in overhead costs.

## **Investment highlights**

### **Most profitable and return generative bank in Eswatini**

FNB Eswatini ranks first in the industry for profit before tax and return on assets and is the second largest bank in Eswatini by loans and deposits as at 30 June 2023, based on the most recently published annual financial statements of FNB Eswatini and its competitor banks. FNB Eswatini's business strategy targets profitability and returns over the size of balance sheet. Its key strategic growth plans are directed toward stable balance sheet growth with a strong uplift in profitability.

Over the past two financial years FNB Eswatini's return on equity has exceeded 20% per annum with a return on assets greater than 2% per annum. FNB Eswatini has demonstrated a strong dividend pay-out over the past seven years and will continue to apply a sustainable dividend strategy while remaining well capitalised.

### **Strong transactional platform**

FNB Eswatini currently provides a range of banking services to over 191 000 customers via its broad distribution network of branches, ATMs, online and mobile banking platforms.

The management team of FNB Eswatini is modernising the bank to meet increasingly high customer expectations of a quality experience. FNB Eswatini is driving customer migration to self-service platforms and modernising the infrastructure to enable the self-service capability. This customer focus and modernisation has resulted in significant increases in volumes and transactional values across the digital channels.

The adoption of digital platforms and channels allows FNB Eswatini to use data analytics to increase speed and quality of decision making. This has led to process simplification and efficiencies, including infrastructure sharing.

### **Track record in delivering growth**

FNB Eswatini's gross loan book has grown at a CAGR of 12.8% per annum over the past three financial years. The diversified loan book generates predictable, lower risk returns on the back of a more conservative provisioning model. Responsible credit growth is targeted at the more resilient and export-oriented sectors.

The deposit book has grown at a rate commensurate with the loan book providing a diverse funding mix to support client lending opportunities. Income from operations (excluding impairments) is comprised of net interest income and non-interest revenues and has grown at a CAGR of 16.5% per annum over the past three financial years.

### **Supported by a strong shareholder of reference**

FNB Eswatini is part of FNB, Africa's most profitable commercial and retail bank. FNB has consistently outperformed its peers on the back of innovative and market leading digital platforms, deep customer relationships, sophisticated data analytics, and appropriate risk appetite. FNB's parent, FirstRand Group, has consistently delivered superior growth and returns to its shareholders.

FirstRand is a portfolio of integrated financial services businesses operating in South Africa, certain markets in sub-Saharan Africa and the United Kingdom. Many of these businesses are leaders in their respective segments and markets, and offer a universal set of transactional, lending, investment and insurance products and services. The group provides its customers with differentiated and competitive value propositions due to its unique and highly flexible model of leveraging the most appropriate brand, distribution channel, licence and operating platform available within the portfolio. This approach, which is underpinned by the disciplined allocation of financial resources and enabled by disruptive digital and data platforms, allows the group to fully optimise the franchise value of its portfolio. This has resulted in a long track record of consistent growth in high quality earnings, and superior and sustainable returns for shareholders.

The group's management of financial resources, which is defined as capital, funding and liquidity, and risk capacity, is critical to successful execution of the group's objectives and supportive to the achievement of FirstRand group's stated growth and return targets.

FNB Eswatini leverages off the broader FirstRand group's frameworks, expertise and platforms in executing its strategies.

### **Accomplished, Swati-led management team**

FNB Eswatini has a highly accomplished Swati-led board and management team. An owner/manager culture places primary responsibility for strategy development and operational control in the hands of the in-country management and Board, with support from the broader FirstRand group as required. The executive management team of 13 people is 100% Emaswati of which, 46% are female, with over 140 years of collective financial services and corporate experience. FNB Eswatini employs a workforce of 480 people, all of whom are Emaswati citizens for the first time in the bank's history, demonstrating the bank's continued commitment to growing and developing the Eswatini economy.

## **Key strategies**

### **Continued customer growth through enhanced customer experience**

One of the core strategies for FNB Eswatini is to improve the customer experience. This is achieved by using the digital strategy and educating customers to use digital channels and platforms to transact. The convenience provided by digital channels has led to an increase in the acquisition of clients and helps the bank achieve primary banker status. As primary banker, FNB Eswatini is able to obtain a fuller understanding of the client's ecosystem. This allows the bank to tailor its products and service offering to further enhance the client experience while at the same time improving affordability.

### **Migration to digital platforms**

Over the past three financial years, FNB Eswatini has invested heavily in infrastructure modernisation. The use of its digital platforms provides FNB Eswatini with additional customer information. The bank uses data analytics to increase the speed and quality of decision making, thereby improving the customer experience.

### **Prudent and responsible loan book growth**

FNB Eswatini has a diversified loan book that generates predictable, lower risk returns. This is executed through the alignment of pricing, liability, business strategy and keeping within applicable risk appetite setting as supported by the bank's Financial Resources Management Committee. The bank is focussed on responsible credit growth targeted at the more resilient corporate and export orientated sectors. The growth in the credit book across all segments is underpinned by data analytics which are used to increase the speed and quality of credit decisions.

### **Disciplined allocation of financial resources**

FNB Eswatini aims to deliver sustainable growth and deliver attractive returns to shareholders. This is achieved through a disciplined approach to the allocation and pricing of financial resources. Financial resources are defined as capital, funding and liquidity, and risk capacity.

### **Stringent focus on cost control**

Cost leadership forms a critical part of FNB Eswatini's strategy. Despite the heavy investment in technology for the development of the digital platforms, FNB Eswatini has actively managed its cost base. The investment in digital platforms has resulted in a lowering of overhead costs and allowed for process simplification and efficiencies.



## SELECTED FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS

The selected financial information and key performance indicators presented in this section has been extracted without adjustment from, and should be read in conjunction with, the Historical Financial Information of FNB Eswatini incorporated by reference in this Pre-listing Statement. Further summary extracts from FNB Eswatini's Historical Financial Information are set out in Annex A to this Pre-listing Statement.

### Selected Financial Information – The Summary Financial Position and Summary Comprehensive Income:

The summary financial position and summary comprehensive income information tables below present selected financial information of FNB Eswatini for the years ended 30 June 2023, 2022 and 2021 (the “**Summary Financial Position Information**” and the “**Summary Comprehensive Income Information**”). The Summary Financial Position and Summary Comprehensive Income have been extracted from the Historical Financial Information of FNB Eswatini without adjustment.

### Key Performance Indicators:

Some of the key performance indicators presented below for the years ended 30 June 2023, 2022 and 2021 are measures that are not defined under IFRS, nor have these measures been reviewed by FNB Eswatini's auditors. These measures are derived from FNB Eswatini's audited IFRS financial statements for the years ended 30 June 2023, 2022 and 2021. Some of these measures are defined by, and calculated in accordance with, applicable banking regulations, but those regulations often provide FNB Eswatini with certain discretion in making its calculations. Because of the discretion that FNB Eswatini and other financial institutions have in defining these measures and calculating the reported amounts, care should be taken in comparing these various measures with similar measures used by other financial institutions.

The information in the tables below has been sourced directly from the published, audited financial statements. No amendments or restatements have been made to the financial information, as originally published, and no material differences exist in respect of the basis of the presentation of the financial statements during the period presented.

### SUMMARY FINANCIAL POSITION INFORMATION

The following table sets out certain financial position information of FNB Eswatini.

	As at 30 June			CAGR
	2023	2022	2021	2021-2023
	E'000	E'000	E'000	%
Gross advances	3 635 599	2 996 970	2 855 507	12.8%
Impairments	(149 688)	(158 769)	(187 249)	(10.6%)
Advances	3 485 911	2 838 201	2 668 258	14.3%
Cash and cash equivalents	1 129 540	2 695 858	2 750 815	(35.9%)
Investment securities	1 183 293	2 020 496	1 812 557	(19.2%)
Amounts due from related parties	2 116 239	786 494	313 068	160.0%
Accounts receivable	156 907	69 070	283 386	(25.6%)
Other assets <sup>(1)</sup>	342 625	213 567	158 073	47.2%
<b>Total Assets</b>	<b>8 414 515</b>	<b>8 623 686</b>	<b>7 986 157</b>	<b>2.6%</b>
Deposits	5 171 237	6 586 885	6 204 598	(8.7%)
Amounts due to related parties	1 644 253	595 152	95 177	315.6%
Accounts payable	341 513	264 886	602 603	(24.7%)
Other liabilities <sup>(2)</sup>	88 358	94 990	72 326	10.5%
<b>Total Liabilities</b>	<b>7 245 361</b>	<b>7 541 913</b>	<b>6 974 704</b>	<b>1.9%</b>
Ordinary share capital	26 600	26 600	26 600	0.0%
Preference share capital	1 041	1 041	1 041	0.0%
Share premium	2 686	2 686	2 686	0.0%
Other reserves	300 010	268 349	245 070	10.6%
Retained earnings	838 816	783 096	736 055	6.8%
<b>Total Equity</b>	<b>1 169 154</b>	<b>1 081 773</b>	<b>1 011 453</b>	<b>7.5%</b>

(1) “Other assets” is comprised of deferred income tax asset and property and equipment. Refer to Annex A for further information.

(2) “Other liabilities” is comprised of derivative financial instruments, current income tax liability, lease liability, provision for other liabilities and charges and defined benefit post-employment liability. Refer to Annex A for further information.

## SUMMARY COMPREHENSIVE INCOME INFORMATION

The following table sets out certain comprehensive income information of FNB Eswatini.

	For the year ended 30 June			CAGR
	2023	2022	2021	2021-2023
	E'000	E'000	E'000	%
Interest and similar income	730 568	463 809	404 546	34.4%
Interest expense and similar charges	(281 377)	(122 172)	(103 353)	65.0%
<b>Net interest income before impairment of advances</b>	<b>449 191</b>	<b>341 637</b>	<b>301 193</b>	<b>22.1%</b>
Expected credit (losses) on investment securities	2 118	(2 604)	(19 384)	
<b>Net interest income<sup>(3)</sup></b>	<b>451 309</b>	<b>339 033</b>	<b>281 809</b>	<b>26.5%</b>
Non-interest revenue	464 813	428 087	393 173	8.7%
<b>Income from operations</b>	<b>916 122</b>	<b>767 120</b>	<b>674 982</b>	<b>16.5%</b>
Operating and administration expenses	(542 395)	(479 803)	(427 549)	12.6%
<b>Pre-provision operating profit<sup>(3)</sup></b>	<b>373 727</b>	<b>287 317</b>	<b>247 433</b>	<b>22.9%</b>
Impairments	(10 555)	32 338	(59 949)	(58.0%)
<b>Income before tax</b>	<b>363 172</b>	<b>319 655</b>	<b>187 484</b>	<b>39.2%</b>
Indirect tax expense	(36 455)	(32 333)	(26 980)	16.2%
Income tax expense	(81 392)	(78 106)	(38 581)	45.2%
<b>Net profit for the year</b>	<b>245 325</b>	<b>209 216</b>	<b>121 923</b>	<b>41.8%</b>

Notes:

(3) Adjusted to align to industry norm that analyses net interest income excluding impairments.

## KEY PERFORMANCE INDICATORS

The following table sets out key financial and operating measures used by FNB Eswatini to track the performance of its business.

Performance indicator	For the year ended 30 June		
	2023	2022	2021
Gross yield <sup>(4)</sup>	9.0%	5.8%	6.0%
Cost of funding <sup>(5)</sup>	4.79%	1.91%	1.89%
Net interest margin <sup>(6)</sup>	13.6%	11.6%	10.4%
Cost to income ratio <sup>(7)</sup>	59.2%	62.5%	63.3%
Credit loss ratio <sup>(8)</sup>	0.3%	(1.1%)	2.1%
Return on assets <sup>(9)</sup>	2.9%	2.5%	1.7%
Return on equity <sup>(10)</sup>	21.8%	20.0%	11.8%
Loans to deposits ratio <sup>(11)</sup>	67.4%	43.1%	43.0%
NPL ratio <sup>(12)</sup>	3.0%	3.5%	3.3%
Coverage ratio <sup>(13)</sup>	138.6%	150.4%	195.8%
Capital adequacy ratio <sup>(14)</sup>	21.4%	24.8%	20.4%

Notes:

(4) Gross yield is calculated as interest income (income for the current year) as a percentage of average interest-earning assets (consisting of the average of loans and advances, investment in securities, deposits with related parties, and cash for the current and prior financial year).

(5) Cost of funding is calculated as annualised interest expense divided by average interest-bearing liabilities (average deposits for the current and prior financial year).

(6) Net interest margin is calculated as net interest income as a percentage of average gross advances and loans.

(7) Cost to income ratio is calculated as operating and administration expenses as a percentage of income from operations (net interest income and non-interest revenue).

(8) Credit loss ratio, or cost of risk, is calculated as credit impairments as a percentage of average gross loans.

(9) Return on assets is calculated as profit after tax as a percentage of average total assets.

(10) Return on equity is calculated as profit after tax as a percentage of average total equity.

(11) Loans to deposits ratio is calculated as net loans and advances to customers as a percentage of deposits from customer.

(12) NPL ratio is calculated as non-performing loans as a percentage of gross loans.

(13) Coverage ratio is calculated as total impairment provision as a percentage of non-performing loans.

(14) Capital adequacy ratio is calculated as total Tier 1 capital and Tier 2 capital, divided by total risk-weighted assets.

## OPERATING AND FINANCIAL REVIEW

The following discussion summarises the significant factors and events affecting the financial position and results of operations of FNB Eswatini for the financial years ended 30 June 2023, 2022 and 2021. This section should be read in conjunction with the summary financial data set out in Annex A to this Pre-listing Statement, which has been extracted from the Historical Financial Information of FNB Eswatini and incorporated by reference in this Pre-listing Statement. Further, this section should be read in conjunction with the business and operations overview provided in the “Business of FNB Eswatini” section in this Pre-listing Statement.

### FINANCIAL POSITION

#### Loans and advances to customers

The retail banking segment reported steady loan book growth at 2.2% for the financial year to 30 June 2023 to E1.122 billion, with growth of 6.4% and 4.9% in vehicle finance and personal loans, respectively.

The commercial banking segment experienced strong loan book growth over the financial year to 30 June 2023, reporting 13.1% growth from E1.494 billion to R1.690 billion.

The corporate banking segment experienced robust loan book growth for the financial year to 30 June 2023, reporting 103.1% growth from E406 million to E824 million.

The following table sets out a breakdown of loans and advances to customers as at 30 June 2023:

By Segment	E'000	%
Residential mortgages	544 623	15.0%
Wesbank VAF	221 940	6.1%
Personal loans	338 237	9.3%
Retail other	16 840	0.5%
FNB commercial	1 338 265	36.8%
Wesbank commercial	351 280	9.7%
RMB corporate banking	824 414	22.7%
<b>Gross advances</b>	<b>3 635 599</b>	<b>100.0%</b>

By Product	E'000	%
Overdrafts and managed accounts	895 386	24.6%
Term loans	1 026 958	28.2%
Lease payments receivable	559 195	15.4%
Home loans	544 623	15.0%
Property finance	257 176	7.1%
Personal loans	338 237	9.3%
Floor plans	14 024	0.4%
<b>Gross advances</b>	<b>3 635 599</b>	<b>100.0%</b>

By Industry Sector	E'000	%
Agriculture	1 051 873	28.9%
Financial institutions	110 697	3.0%
Building and property management	65 449	1.8%
Public sector	38 282	1.1%
Individuals	1 121 640	30.9%
Manufacturing	1 056 439	29.1%
Transport and communication	127 956	3.5%
Other services	60 867	1.7%
Mining	2 396	0.1%
<b>Gross advances</b>	<b>3 635 599</b>	<b>100.0%</b>

## Impairments and provisions

The following table sets out a breakdown of gross loans and advances to customers as at 30 June 2023:

<b>By Credit Quality</b>	<b>E'000</b>	<b>%</b>
Neither past due nor impaired	3 249 112	89.4%
Past due but not impaired	278 492	7.7%
Individually impaired	107 995	3.0%
<b>Gross loans and advances</b>	<b>3 635 599</b>	<b>100.0%</b>

## Deposits

The top 20 clients of FNB Eswatini accounted for 30% of total depositors as at 30 June 2023.

Deposits from customers as at 30 June 2023 were E5.171 billion, a 21.5% decrease compared with E6.587 billion as at 30 June 2022. Deposits have seasonal movements and were impacted by client repatriation needs in June 2023. However, they have subsequently recovered post year-end to historical trends.

The retail deposits grew by 7.7% for the financial year to 30 June while the deposits in the commercial banking segment declined by 44.9%. Management continues to drive a liability strategy within each segment, with a preference towards deposits which are cheaper and whose contractual maturity is overnight, but behaviourally the deposits may have a much longer tenor.

The following table sets out a breakdown of deposits as at 30 June 2023:

<b>By Division</b>	<b>E'000</b>	<b>%</b>
Retail	1 502 963	29.2%
Commercial	621 334	12.0%
Corporate	3 046 940	58.9%
<b>Total deposits</b>	<b>5 171 237</b>	<b>100.0%</b>

<b>By Maturity Profile</b>	<b>E'000</b>	<b>%</b>
Call – 3 months	4 850 134	93.8%
4 – 12 months	320 449	6.2%
>12 months	654	0.0%
<b>Total deposits</b>	<b>5 171 237</b>	<b>100.0%</b>

## Equity

FNB Eswatini's total equity as at 30 June 2023 was E1.169 million, an increase of 8.1% over the prior year, and comprising ordinary share capital, preference share capital, share premium, retained earnings and other reserves. The increase in equity over the period was primarily supported by a strong contribution from non-interest revenue and the overall revenue diversification strategy. A dividend of E158 million was declared, which translates into a dividend payout ratio of 64.4%.

In December 2018 FNB Eswatini implemented a 5-for-1 share split in terms of which the authorised ordinary share capital of the Company was split from 30 000 000 Ordinary Shares of 100 cents each into 150 000 000 authorised Ordinary Shares of 20 cents each and the issued ordinary share capital of the Company was split from 26 600 000 issued Ordinary Shares of 100 cents each into 133 000 000 issued Ordinary Shares of 20 cents each.

As at 30 June 2023, FNB Eswatini had 1 041 944 authorised preference shares of 100 cents each in issue and held by the Major Shareholder. An issued preference share of 100 cents was entitled to five times the dividend on an ordinary share with a par value of 20 cents each. All the issued preference shares were repurchased by FNB Eswatini after the end of the 2023 financial year. The preference shares have been cancelled as authorised share capital by amendment of the Memorandum and Articles of Association.

## Return on equity

Return on equity improved to 21.8% in the year ended 30 June 2023 and has averaged 17.9% over the past three financial years as the bank recovered from severe disruptions caused by the novel coronavirus (Covid-19) pandemic and social unrest.

The Directors are targeting a return on equity of 22% per year in the medium term, as FNB Eswatini optimises its capital and its strategic growth initiatives to begin to deliver increased profitability.

## Capital adequacy

The Directors of FNB Eswatini have approved and delegated the Capital Management Framework and Strategy to the Asset, Liability and Capital Committee and the Financial Resource Management Committees of FNB Eswatini. These committees are responsible for managing and monitoring the solvency, capital adequacy and leverage ratios. FNB Eswatini's treasury function is responsible for the implementation and monitoring of the capital strategy.

The Capital Management Framework and Strategy seeks to: (i) actively manage the structure of the bank's capital base to create shareholder value and remain cost effective; (ii) provide management with tools to manage the total capital adequacy position to uphold the bank's sound capitalisation levels (regulator and debt holders); and (iii) fulfil key stakeholders requirements and maintain an efficient capital structure with limited excesses to support the organic growth requirements of FNB Eswatini.

In addition to the above, and as part of the Internal Capital Adequacy Assessment Process, a document prepared in line with the CBE Guidelines under Pillar 2 of the Basel II Framework, FNB Eswatini informs the Board of Directors of the ongoing assessment of FNB Eswatini's risks, how FNB Eswatini identifies, measures, aggregates and monitors material risk, to ultimately build a risk profile that would form the basis for capital allocation.

FNB Eswatini is fully committed to maintaining a prudent level of capitalisation from a regulatory and shareholder perspective. FNB Eswatini continuously monitors and adjusts the overall supply and demand of capital in an effort to achieve an appropriate balance of the regulatory considerations at all times and from all perspectives. These perspectives include book equity based on IFRS accounting standards and regulatory capital as well as specific capital requirements. This statement is supported by a report from the Auditor and independent reporting accountant.

FNB Eswatini's key principle is that it must be adequately capitalised. FNB Eswatini's regulatory capital position as at 30 June 2023 and as at 30 June 2022 was as follows:

	As at 30 June 2023	As at 30 June 2022
	E'000	E'000
<b>Core capital (Tier 1)</b>		
Ordinary share capital	26 600	26 600
Preference share capital	1 042	1 042
Share premium	2 686	2 686
Statutory credit risk reserve and other reserves	251 329	226 054
Retained earnings	838 815	783 096
	1 120 472	1 039 478
<b>Supplementary capital (Tier 2)</b>		
General provision	36 355	29 970
Actuarial gains on defined benefit fund	12 556	12 556
	48 911	42 526
<b>Total capital (Tier 1 and Tier 2)</b>	1 169 383	1 082 004
Capital adequacy ratio	21.4%	24.8%
Central Bank of Eswatini minimum capital adequacy ratio requirement	8.0%	8.0%

As at 30 June 2023, FNB Eswatini was well capitalised, above the CBE minimum capital adequacy requirements of 8.0% and well in excess of the FNB Eswatini's internal capital threshold of 18.0%. The Directors expect FNB Eswatini to maintain a minimum capital adequacy ratio of at least 18.0%.

## RESULTS OF OPERATIONS

### Interest and similar income

FNB Eswatini's interest income rose by 57.5% from E464 million for the year ended 30 June 2022 to E731 million for the year ended 30 June 2023.

The increase in interest income was primarily due to the 325bps increase in the prime lending rate as well as strong growth in gross loans and advances during the financial year ended 30 June 2023.

For the year ended 30 June 2023, the average gross yield that FNB Eswatini earned on its loans and advances to customers was 9.0%, compared to 5.8% for the year ended 30 June 2022. The expansion in gross yield was primarily due to improvements in pricing discipline and endowment benefit of the interest rate hikes during the period.

### Interest expense and similar charges

FNB Eswatini's interest expense increased by 130.3% from E122 million for the year ended 30 June 2022 to E281 million for the year ended 30 June 2023.

The increase in interest expense was primarily due to the introduction of a new liability product, called the Non-Maturing Deposit, which minimises margin volatility and mitigates asset-liability management risk.

For the year ended 30 June 2023, FNB Eswatini's average cost of funding was 4.8% compared to 1.9% for the year ended 30 June 2022.

### Net interest income before impairment of advances

Net interest income before impairment of advances is the difference between interest income generated on loans and advances made by FNB Eswatini to customers and other interest-bearing assets and the amount of interest that FNB Eswatini has paid on funding its liabilities (such as customer deposits and borrowings).

FNB Eswatini's ability to increase its net interest income for any given period depends on both balance sheet growth and the spread of asset and liability margins that it can achieve.

FNB Eswatini's net interest income rose by 31.5% from E342 million for the year ended 30 June 2022 to E449 million for the year ended 30 June 2023.

The increase in net interest income was due a) a high interest rate environment that drove higher net interest margins over the period and b) growth in advances.

For the year ended 30 June 2023, the average net interest margin that FNB Eswatini earned was 13.6%, compared to 11.6% for the year ended 30 June 2022.

### Non-interest revenue

Non-interest revenue comprises banking fee and commission income and other fees and commissions (excluding other gains and losses).

FNB Eswatini's non-interest revenue for the year ended 30 June 2023 rose by 8.6%, from E428 million for the year ended 30 June 2022 to E465 million for the year ended 30 June 2023.

The increased non-interest revenue was primarily due to fee income from the strong performance of FNB's digital platforms which are showing double-digit growth both in value and volume, as well as strong insurance commission earned over the period. This is a deliberate effort by management to modernise the bank to meet increasing expectations on quality customer experience.

### Operating and administration expenses

	For the year ended 30 June		
	2023	2022	2021
	E'000	E'000	E'000
Employee costs	224 355	196 628	188 303
Technical and operational support costs	191 178	159 353	130 459
Depreciation of property and equipment	33 696	32 175	30 186
Marketing	9 666	8 772	5 513
Operating leases	2 014	2 909	2 101
Other costs	81 486	79 966	70 987
<b>Total operating and administration expenses</b>	<b>542 395</b>	<b>479 803</b>	<b>427 549</b>

Employee costs increased by 14.1% in the year ended 30 June 2023. The increase was mainly driven by head count growth. Furthermore, the Chief Operations Officer role was split into two positions with the formation of the Chief Information Officer role.

Intercompany support costs for the year ended 30 June 2023 (excluding cross border remittance charges) are 20.0% up year-on-year. The increase reflects the continued technological investment in digital platforms to boost transactional volumes and increase operational efficiencies. There are also costs incurred to ensure adherence with evolving regulations. There is management focus to ensure that benefits are realised from the platform investments.

Depreciation charges for the year ended 30 June 2023 increased by 4.7%. This is mainly driven by FNB Eswatini's modernisation of its points of presence across the country. Operating lease charges decreased by 30.8% driven by consolidation of bank branches.

Marketing costs were up 10.2% for the year ended 30 June 2023 due to the brand refresh and increased activity to promote the bank's product offerings.

Other operating costs for the year ended 30 June 2023 increased marginally by 1.9%. Other operating costs are primarily made up of communication costs, property expenses (including utilities), repairs and maintenance costs.

**Cost to income ratio**

FNB Eswatini's cost to income ratio decreased to 59.2% for the year ended 30 June 2023 from 62.5% for the year ended 30 June 2022. Continued efforts have been made to invest in online and the digital platform, resulting in improved efficiencies. The cost-to-income ratio is expected to remain around historical levels.

**Impairments**

FNB Eswatini's impairments reported at E10.6 million for the year ended 30 June 2023 from a R32.3 million impairment reversal for the year ended 30 June 2022. This resulted in the credit loss ratio increasing from -1.1% to 0.3%, albeit the non-performing ratio decreasing from 3.5% to 3.0%. The impairment reversal is reflective of the adequate provisions covering the loan book, with a current coverage ratio of 139%.

**Profit after tax**

FNB Eswatini's profit after tax increased by 17.3% to E245 million for the year ended 30 June 2023 from E209 million for the year ended 30 June 2022 (noting a depressed 2021 base). This highlights the business's resilience despite more challenging macroeconomic conditions.

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## **DIVIDENDS AND DIVIDEND POLICY**

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FNB Eswatini aims to maintain sustainable dividend cover of two times net profit, based on sustainable normalised earnings taking into account: (i) volatile earnings brought on by fair value accounting; (ii) anticipated earnings yield on capital employed (earnings); and (iii) organic growth requirements and a margin of safety for unexpected fluctuations in business plans.

FNB Eswatini also considers the following at each dividend date (as part of the capital plan): (i) growth expectations given the prevailing market conditions and the resulting budgets and forecasts; (ii) the solvency of the bank before and after such dividend declaration given growth and expansion expectations or potential acquisition outflow; and (iii) whether excesses above the regulatory limit inclusive of the buffer should be considered for distribution to shareholders or for specific retention purposes.

FNB Eswatini will seek to protect shareholders from any unnecessary volatility in dividends and will annually assess the appropriate level of pay-out considering the following inputs: (i) actual performance; (ii) forward-looking macros; (iii) demand for capital; and (iv) potential regulatory and accounting changes.

In accordance with the requirements of the Income Tax Order, 1975, as amended, dividends form part of gross income and are taxable in the Kingdom of Eswatini. FNB Eswatini shall withhold tax at the rate of 10% of the gross amount of any dividend paid, in accordance with the requirements of section 32D of the Income Tax Order 1975, as amended.

FNB Eswatini anticipates paying two dividends per year, being an interim dividend payable in April and a final dividend payable in October. It is anticipated, subject to the above considerations, that FNB Eswatini will declare its first post-listing dividend in or around April 2024 following the release of its financial results for the interim period ended 31 December 2023.

No dividend shall be declared or paid unless the Directors are satisfied or have reasonable grounds to believe that immediately after the dividend, the realisable value of FNB Eswatini's assets will exceed its liabilities and FNB Eswatini will be able to pay its debts as they fall due.

### **Historical dividends**

In the 2021 financial year, the Board declared a c.E176 million dividend, which amounted to a dividend of E1.27 per Ordinary Share based on 133 000 000 Ordinary Shares and 1 041 944 preference shares in issue at the time of the declaration. In the 2022 financial year, the Board declared a c.E139 million dividend, which amounted to a dividend of E1.00 per Ordinary Share based on 133 000 000 Ordinary Shares and 1 041 944 preference shares in issue at the time of the declaration.

Total shares in issue at the time included both 133 000 000 Ordinary Shares and 1 041 944 non-cumulative, non-redeemable preference shares which participated in dividends declared on a *pari passu* basis based on nominal value.

### **Current year dividend declarations and payments**

In August 2023, the Board declared a c.E158 million dividend based on the full year 2023 profits, which amounted to a dividend of E1.14 per Ordinary Share based on 133 000 000 Ordinary Shares and 1 041 944 preference shares in issue at the time of the declaration. This dividend was paid in September 2023.

### **Unclaimed dividends**

There are no unclaimed dividends.

### **RELATED PARTY TRANSACTIONS**

FNB Eswatini is, and will be until the Settlement Date, a wholly owned subsidiary of the FirstRand Group. FNB Eswatini has a related party relationship with its parent company, FREMA and with other FirstRand Group subsidiaries. FREMA is the holding company for the Group's broader Africa subsidiaries.

Several banking transactions are entered into with related parties in the ordinary course of business. These transactions are carried out under normal commercial terms and conditions at market rates. These include loans, deposits, and foreign currency transactions.

FirstRand Bank is the main South African operating subsidiary of the FirstRand Group and conducts business in the banking and financial services industry in South Africa and in certain other countries in Africa. On 1 July 2023, FNB Eswatini and FirstRand Bank entered into a Master Service Level Agreement in terms of which FirstRand Bank provides FNB Eswatini with various banking support services to meet its operational and business needs. FNB Eswatini derives benefit from these services that are provided by FirstRand Bank and these services are not duplicated. Pricing and repayment terms are set on an arm's length basis, with services charged at cost plus 8%.



Either party is entitled to terminate this Master Service Level Agreement by giving the other party three months written notice. The Master Service Level Agreement automatically terminates if FNB Eswatini ceases to be a member of the FirstRand Group.

The volume of related party transactions, outstanding as at 30 June 2023 and 30 June 2022, and related expense and income for the period are as follows:

	<b>As at 30 June 2023</b>	<b>As at 30 June 2022</b>
	E'000	E'000
<b>A. Balances due from related parties:</b>		
Due from FirstRand Group Limited – deposits	142 508	257 838
Due from First National Bank of Lesotho – accounts receivable	310	–
Due from FirstRand Limited – accounts receivable	357 960	–
Loans granted under resale agreements	1 615 461	528 656
	<b>2 116 239</b>	<b>786 494</b>
<b>B. Interest income received</b>		
Resale agreements with FirstRand Limited	108 846	2 621
Placements with FirstRand Limited	12 358	–
Deposits in FirstRand Limited	26 508	14 009
	<b>147 712</b>	<b>16 630</b>
<b>C. Balances due to related parties:</b>		
Due to FirstRand Limited – loans	26 458	66 694
Deposits received under repurchase agreements with FirstRand Limited	1 617 795	528 142
Due to First National Bank of Lesotho – accounts payable	–	316
	<b>1 644 253</b>	<b>595 152</b>
<b>D. Fees and commissions earned:</b>		
FirstRand Limited	2 082	1 898
	<b>2 082</b>	<b>1 898</b>
<b>E. Costs paid:</b>		
FirstRand Limited	323 341	187 344
	<b>323 341</b>	<b>187 344</b>

#### **MATERIAL CHANGES**

The Directors report that to their knowledge there have been no material changes in the financial or trading position of FNB Eswatini since the date of last published interim financial statements, other than in the ordinary course of business or as set out in this Pre-listing Statement.

#### **LISTING OF ORDINARY SHARES ON THE ESWATINI STOCK EXCHANGE**

The ESE has conditionally approved the Listing of all the issued Ordinary Shares on the Listing Date on the main board of the ESE, subject to meeting the Free Float Requirement, as prescribed by the Listings Requirements, by no later than the Settlement Date. Should such a condition be fulfilled, the Listing is expected to be effective from the commencement of trading on the ESE on 5 December 2023.

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## RISK FACTORS

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*An investment in FNB Eswatini will involve substantial risks and is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who are able to bear a loss of their investment. You should carefully consider the following factors in addition to the other information set out in this Pre-listing Statement before you decide to purchase any Ordinary Shares. The risks described below are those of which FNB Eswatini is currently aware of and which FNB Eswatini believes, as at the date of this Pre-listings Statement, may materially adversely affect FNB Eswatini. Additional risks and uncertainties that the Major Shareholder or FNB Eswatini do not currently know about or currently believe are immaterial may, individually or cumulatively, also adversely impact FNB Eswatini's business, financial condition, results of operations, investments, returns, realisations or the value of an investment in FNB Eswatini. If any of the circumstances outlined in the following risk factors actually occur, FNB Eswatini's business, financial condition, results of operations, investments, returns, realisations, the price of the Ordinary Shares and the value of an investment in FNB Eswatini would be adversely affected and Shareholders may lose all or a part of their investment. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence or of their severity or significance.*

*Prospective investors should carefully read and review the entire Pre-listing Statement and should form their own views before making an investment decision with respect to the Ordinary Shares. Furthermore, before making an investment decision with respect to any Ordinary Shares, prospective investors should consult their own professional advisers and carefully review the risks associated with an investment in the Ordinary Shares and consider such an investment decision in light of their personal circumstances.*

### **RISKS RELATED TO THE BUSINESS OF FNB ESWATINI**

#### ***Adverse macroeconomic, political and social conditions may materially adversely affect FNB Eswatini, its business and financial condition***

In recent years there have been several serious macro-economic, political and social disruptions which have affected Eswatini; including the outbreak of the novel coronavirus pandemic (Covid-19). The Covid-19 pandemic had a material impact on FNB Eswatini's performance during FY2020 and FY2021 impacting household disposable income levels thus placing notable strain on business operations. Future developments in relation to the Covid-19 pandemic, including if the Eswatini government were to impose regulations such as lockdown measures, or if there was another outbreak of Covid-19 or similar pandemic, could result in an adverse effect on FNB Eswatini's business operations, financial condition or prospects.

The social unrest that occurred in Eswatini in June and July 2021 also heavily impacted FNB Eswatini's performance during FY2021 resulting in business disruption, damages to physical assets, stolen cash from ATMs and processing delays in payments and reconciliations. A further outbreak of social unrest could adversely impact FNB Eswatini's business operations or financial condition. The inability of the government in Eswatini to achieve political, social and economic stability may result in a decline in market and investor confidence and could impact demand for FNB Eswatini's products by putting economic pressure on its customers, further adversely affecting FNB Eswatini's business operations, financial condition or prospects. FNB Eswatini is particularly exposed to this risk as a result of the ways in which it interacts with the Eswatini government: as a retail bank to government employees or banker to government suppliers.

Political and social uncertainty in the countries surrounding Eswatini has had and may in the future have a knock-on effect on economic stability in the region. In certain instances, this may negatively affect social, economic or political conditions in Eswatini. If the political and social environment in Eswatini becomes unstable, this will have a material adverse effect on FNB Eswatini's business, financial condition, results of operations or prospects.

#### ***Global events such as climate change, natural disasters, wars and social and public health crises may adversely affect businesses in Eswatini with consequent adverse effects on FNB Eswatini's operations***

Changes in regional, or global climate, adverse weather conditions like droughts and floods, wars such as the war in Ukraine, and social and public health crises may affect the operational capacity, transportation infrastructure and points of sale in global trade networks, which could negatively impact on the quality and availability of essential raw materials in Eswatini, disrupt distribution and supply chains, or lead to a limitation on productivity among Eswatini's customers, which may have a negative impact on FNB Eswatini's business, financial condition, results of operations or prospects.

#### ***FNB Eswatini's operations in Eswatini may experience disruptions from electricity shutdowns***

FNB Eswatini depends on Eskom for c.70% to 80% of its electricity supply which is supplied pursuant to a contractual arrangement between the government of Eswatini and Eskom. The agreement is up for renewal in 2025. Whilst FNB Eswatini has no reason to believe that the contract will not be renewed, there can be no

guarantee of such renewal or, in the event of non-renewal, that the country will be able to secure an alternate source of baseload electricity to replace the Eskom supply. Interruptions to Eswatini's electricity supply may materially impact on the macroeconomic stability of Eswatini, may increase FNB Eswatini's operating costs and may impact its ability to operate at full capacity. In addition, there are periodic electricity rationing and scheduled blackouts (which are also known as "load shedding") implemented by Eskom. Prolonged blackouts could impact FNB Eswatini's ability to operate its business at full capacity. Any extended period of planned or unplanned blackout could result in significantly higher energy costs associated with operating backup power generators. The prolonged blackouts may increase operating costs implications for FNB Eswatini.

#### ***Deterioration in Eswatini's GDP growth and country credit rating***

FNB Eswatini's earnings as reported in accordance with the IFRS are sensitive to perceptions around the country's credit risk rating. The adjustments on opening retained earnings of E86.6 million may need to be supplemented further through additional charges against earnings should the country's credit rating deteriorate.

#### ***FNB Eswatini is subject to the risk of an extreme loss of confidence in the banking industry the occurrence of which could have a material adverse effect on FNB Eswatini's business, results of operations, financial condition and prospects***

As a retail and commercial banking business, FNB Eswatini is significantly dependent upon deposits for liquidity and to fund business operations. Generally, deposits are a relatively stable and cost-effective source of funding for banks. Changes in deposit levels can be influenced substantially by many factors, including customer satisfaction and the interest rates offered to deposit customers as well as changes in banking regulation such as the net stable funding ratio that requires a bank to hold a certain amount of stable funding and confidence in other systemically important financial institutions. Those interest rates, in turn, generally reflect prevailing market conditions. Moderate reductions in deposits can adversely affect banks; however, extreme forms of deposit reduction, sometimes referred to as a "run on the bank", would reduce a bank's liquidity and adversely affect its capital position. While regulators have measures in place to address such occurrences, there can be no assurance that such measures will be implemented or will be sufficient. If FNB Eswatini experienced a dramatic decrease in its deposits, it could have a material adverse effect on its business, results of operations, financial condition and prospects.

#### ***Costs of compliance and failure to comply with existing and new local, global and regional regulations.***

Failure to comply with applicable existing and new laws and regulations may trigger regulatory intervention which may harm FNB Eswatini's reputation and could have a material adverse effect on FNB Eswatini's licence to operate, business, results of operations and future prospects of FNB Eswatini.

FNB Eswatini is subject to comprehensive banking and other financial services related regulations, and to supervision by many regulatory authorities including those outside of Eswatini. The laws and regulations to which FNB Eswatini is subject relate, amongst other things, to: capital adequacy requirements; liquidity requirements; privacy and confidentiality; recordkeeping and financial reporting; price regulation; and tax and exchange controls. Failure to comply with any laws and regulations could lead to the imposition of administrative fines and/or revocation of a licence or authorisation necessary for the conduct of FNB Eswatini's business or civil liability, all or any of which could have a materially adverse effect on FNB Eswatini's business, operations and financial condition. In addition, compliance with increasing levels of regulation requires considerable investment and increased overheads which may not be recoverable from customers.

In addition to existing legislation, there are draft bills before the parliament of Eswatini which, if enacted into law could increase FNB Eswatini's cost of doing business and could have a negative effect on the business of FNB Eswatini. An example of proposed legislation which, if enacted, could result in re-pricing of FNB Eswatini's cost of doing business is the National Pension Fund Bill of 2018 which proposes to convert the existing National Provident Fund into a mandatory Eswatini National Pension Fund for all persons who are required to contribute. It is proposed that existing occupational and private schemes will be deemed supplementary schemes.

#### ***The financial services industry in which FNB Eswatini operates is competitive***

The financial services industry in which FNB Eswatini's business operates is highly competitive. FNB Eswatini competes on the basis of a number of factors, including customer services and quality, technological advancement, transaction execution, its products and services, innovation, reputation and price. New competitors, including companies other than banks, may disintermediate the market thus impacting market share. FNB Eswatini is vulnerable to revenue loss due to mobile telecommunication companies which operate services akin to banking, without being subjected to the same regulatory requirements as a bank. Many of the banks operating in the market compete for substantially the same customers as FNB Eswatini. An increase in competition in some or all of FNB Eswatini's principal markets may have an adverse effect on its financial condition and results of operations.

***Deteriorations in the soundness of other financial institutions may have an adverse effect on FNB Eswatini's business and results of operations***

Due to the nature of the global financial system, financial institutions are interdependent as a result of trading and counterparty and other relationships. Other financial institutions with which FNB Eswatini conducts business act as counterparties to FNB Eswatini in such capacities as clearing advisors, exchanges, clearing houses, brokers and dealers, counterparties under swaps and credit and other derivative contracts, commercial banks and investment banks. In any of these capacities, a financial institution acting as a counterparty may not perform its obligations due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security it provides may prove inadequate to cover its obligations at the time of or following the default.

FNB Eswatini is also exposed to systemic risk, which is the risk that the failure of a sufficiently large and influential financial institution could cause severe market declines or volatility resulting in a chain of defaults by counterparties. This risk is exacerbated in Eswatini due to exchange control restrictions operated by the Exchange Control Division of the CBE that limit the ability of Eswatini residents to access international capital. Systemic risk could adversely impact product sales as a result of a loss of confidence in the insurance and banking industries. It could also adversely affect FNB Eswatini's results of operations because of market declines and write-downs of assets and claims on third parties.

***FNB Eswatini possesses highly sensitive data in relation to its customers and employees. Any information security breach, data theft, cyber-attack or an IT systems failure could damage FNB Eswatini's reputation and have a material adverse effect on its business, financial condition, results of operations and prospects***

FNB Eswatini stores, retrieves, evaluates and utilises a range of data and information about its customers, including customers' bank details, and relies on industry-standard commercial technologies to maintain the security of those systems. FNB Eswatini relies heavily on its operational processes and communication and information systems to conduct its business, including (without limitation) to determine the pricing of its products, the required level of provisions and the acceptable level of risk exposure, as well as to maintain accurate records and the confidentiality, integrity and availability of information and data, and to ensure compliance with its reporting obligations. Despite the security measures FNB Eswatini has in place to comply with applicable laws, regulations and standards, its facilities and systems, and those of its third-party providers may be vulnerable to security breaches, acts of cyber terrorism, vandalism or theft, computer viruses, misplaced or lost data, programming and human errors or other similar events. Login credentials of customers, intermediaries and employees may be intercepted by cyber criminals, which could lead to abuse of information. The risks associated with cyber-attacks, where an individual or group seeks to exploit vulnerabilities in IT systems for financial gain or to disrupt services, are a material risk to FNB Eswatini and the financial systems in which FNB Eswatini operates, which have a high degree of interconnectedness between market participants, centralised market infrastructure and in some cases complex legacy IT systems.

Consistent with global and local trends, FNB Eswatini is susceptible to cyber-attacks, threats and incidents either from third parties or malicious insiders. FNB Eswatini manages these incidents through its security protocols, and the business continuity plans it has in place. A breach of any aspect of FNB Eswatini's IT infrastructure, especially a breach involving the misappropriation, loss or other unauthorised disclosure of sensitive or confidential member information, including the use of such information for direct marketing purposes, whether by FNB Eswatini or of its sub-contractors or service providers, may harm FNB Eswatini's reputation, deter purchases of its products, subject FNB Eswatini to heightened regulatory scrutiny or significant civil and criminal liability, and require that FNB Eswatini incur significant technical, legal and other expenses. In addition, there can be limited assurance that FNB Eswatini will successfully detect on a timely basis that a cyber-attack has occurred. As a result, there can be no assurance that such attacks will not be successful and result in a material adverse effect on FNB Eswatini's business, financial condition, results of operations and prospects or damage its reputation. If FNB Eswatini is a victim of a cyber-attack, it may have to shut down its systems in order to appropriately protect its systems to prevent a future security breach, which could have a further material adverse effect on FNB Eswatini's business, financial condition, results of operations and prospects. Any interruption, including as a result of human error or catastrophic events, to FNB Eswatini's ability to rely on its internal or outsourced IT services or deterioration in the performance of these services could impair the timing and quality of FNB Eswatini's services to its customers and result in a loss of customers, inefficient or detrimental transaction processing, weaknesses or errors in internal controls over financial reporting, and regulatory non-compliance, all of which could also damage FNB Eswatini's reputation. In the event that FNB Eswatini is subject to any of the above, this may have a material adverse effect on FNB Eswatini's business, financial condition, results of operations and prospects.

***FNB Eswatini's business may be exposed to the adverse effects of unpredictable weather patterns***

Some of FNB Eswatini's largest corporate clients are major operators in agriculture. These clients are in the business of growing and exporting agribusiness products, including sugar and timber products. This sector is vulnerable to drought and unpredictable weather patterns, which would have an adverse impact on clients' ability to produce and export their products and consequently, affect the business of FNB Eswatini.

***Changes in interest rates could have a material adverse effect on FNB Eswatini's business and results of operations.***

Interest rate risk generally arises from changes in interest rates, either upwards or downwards, and a mismatch in the duration of assets and liabilities. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, financial deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of FNB Eswatini in respect of its banking operations. In FNB Eswatini's banking businesses, while increases in interest rates may increase revenues in the short term, in the medium term they create the risk that FNB Eswatini may incur rising defaults and higher impairments.

If FNB Eswatini is unable to effectively manage its exposure to changes in interest rates, such changes may have a material adverse effect on FNB Eswatini's business operations or financial condition.

***The performance of the Lilangeni is dependent on the performance of the South African Rand***

The Lilangeni has been pegged to the South African Rand through a one-for-one exchange rate since its introduction in 1974. Any decline in exchange rates for the South African Rand will lead to a commensurate decline in the Lilangeni. This could ultimately have a negative impact on the performance of FNB Eswatini. There can be no assurance that the South African Rand will not decline following the Listing and accordingly that FNB Eswatini will not be negatively affected given the Lilangeni dependency.

A de-pegging of the Lilangeni and the South African Rand, while a remote possibility, would have a material impact on the macroeconomic stability of Eswatini and may negatively affect the business, operations and profitability of FNB Eswatini.

***The loss of senior management and key personnel and the failure to attract and retain Senior Management and key personnel, including investment professionals, could have a material adverse effect on FNB Eswatini's business and impair its ability to implement its business strategy.***

FNB Eswatini's performance depends on, among other things, its ability to attract and retain senior management and key personnel with appropriate knowledge and skills, particularly financial reporting, investment/portfolio management, sales, IT, risk management, compliance, actuarial and other specialist skills, experience and other competencies as may be required to remain a competitive business and to achieve its business strategy. Competition for senior managers as well as personnel with these skills is intense among financial services companies, and FNB Eswatini is focused on maintaining a high quality of staff. FNB Eswatini may incur significant costs to attract and retain such personnel or may fail to do so. Its ability to attract and retain senior management and key personnel depends on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. The loss of important senior management and key personnel within FNB Eswatini, as well as any failure to attract and retain qualified personnel, could lead to deficiencies in internal controls, risk management and on operational performance and have an adverse impact on the implementation of FNB Eswatini's strategic objectives and regulatory commitments. This could have a material adverse effect on its business, results of operations or financial condition.

## **RISKS RELATED TO THE LISTING**

### ***Liquidity and instability risk***

Although the Ordinary Shares will be listed on the ESE, there is no guarantee that an active trading market for the Ordinary Shares will develop and be sustained after Listing. This could have a material adverse effect on the liquidity and consequently the market price of the Ordinary Shares. Instability and volatility in the securities markets may also increase the risks inherent in FNB Eswatini.

### ***The market price of the Ordinary Shares may prove to be volatile and is subject to fluctuations, including significant decreases***

The market price of the Ordinary Shares could be volatile and subject to significant fluctuations due to a variety of factors, some of which do not relate to FNB Eswatini's financial performance and many of which are beyond the FNB Eswatini's control, including but not limited to changes in general market conditions, the general performance of the exchange operated by the ESE, changes in sentiment in the market regarding the Ordinary Shares (or securities similar to them), potential or actual sales of Ordinary Shares in the market by any Shareholder either voluntarily or in forced transactions as a result of restrictions on the types of securities they can hold in their portfolios, regulatory changes affecting FNB Eswatini's operations, variations in FNB Eswatini's operating results, business developments for FNB Eswatini or its competitors, the operating and share price performance of other companies in the industries and markets in which FNB Eswatini operates, exchange rate fluctuations, perceptions of economic and political risk or speculation about FNB Eswatini's business in the press, media or the investment community. Furthermore, FNB Eswatini's operating results and prospects from time to time may be below the expectations of market analysts and investors. The market price of Ordinary Shares could also be adversely affected by developments unrelated to the Company's operating performance, such as the operating and share price performance of other companies that investors

may consider comparable to the Company, speculation, whether or not well founded about the Company in the press or the investment community, including those regarding the intentions of the Shareholders or significant sales of shares by any Shareholders or short selling of the Ordinary Shares, significant issues of Ordinary Shares by the Company, possible changes in the Company's management team and about mergers, acquisitions and/or major divestments involving the Company, unfavourable press, and/or strategic actions by competitors (including acquisitions and restructurings). Any of these events or others could result in a decline in the market price of the Ordinary Shares.

***The payment of any future dividends will depend on the Company's financial condition and results of operations the Company's ability to declare and pay dividends in the future is contingent on a variety of factors, including its financial performance and capital needs.***

There can be no assurance that the Company's historic performance will be repeated in the future, and its profits and cash flow may not be sufficient to allow it to pay dividends or at the level expected by the market. Any decision to declare and pay dividends will be made at the discretion of the Board and: (i) will mainly depend on the requirements of the Companies Act, the Company's financial position, results of operations, capital requirements, investment prospects, the existence of distributable reserves and available liquidity, finance costs, general economic conditions and such other factors as the Board may deem relevant from time to time; and (ii) is subject to factors that are beyond the Company's control. The Directors recognise the importance of maintaining a consistent and transparent dividend policy and will endeavour to avoid volatile swings in the dividend profile by ensuring high quality, medium-term strategic and financial planning. However, there is no assurance that a dividend will be paid in respect of any financial period.

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## MANAGEMENT AND CORPORATE GOVERNANCE

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### DIRECTORS

The following section provides a description of FNB Eswatini's Directors and its corporate governance structure.

FNB Eswatini is led by an experienced, independent Board that has final oversight and responsibility in respect of FNB Eswatini's business, including responsibility for ultimate decision-making on investments and reporting. The majority of the Directors are Eswatini nationals, and Board meetings are held at FNB Eswatini's head office in Ezulwini.

As at the date of this Pre-listing Statement, the Board consists of eight Directors, comprising one Executive Director and seven non-executive Directors, five of whom are independent. Approximately 60% of the Directors are Emaswati citizens, including the Chairperson of the Board and the Chief Executive Officer who is an executive Director.

The Board is responsible for FNB Eswatini's business strategy and financial soundness, key personnel decisions, internal organisation and governance structures and practices, and risk management and compliance obligations. The Board may delegate some of its functions, though not its responsibilities, to Board sub-committees where appropriate, but the Board retains full and effective control.

Accordingly, the Board: (i) actively engages in the affairs of FNB Eswatini and keeps up with material changes in FNB Eswatini's business, the external environment and seeks to act in a timely manner to protect the long-term interests of FNB Eswatini; (ii) oversees the development of and approves FNB Eswatini's business objectives and strategy and monitors their implementation; (iii) plays a lead role in establishing FNB Eswatini's corporate culture and values; (iv) oversees the implementation of FNB Eswatini's governance framework and periodically reviews it to ensure that it remains appropriate in the light of material changes to FNB Eswatini's size, complexity, succession plan, geographical footprint, business strategy, markets and regulatory requirements; (v) establishes, along with senior management and the Chief Risk Officer, FNB Eswatini's risk appetite, considering the competitive and regulatory landscape and FNB Eswatini's long-term interests, risk exposure and ability to manage risk effectively; (vi) oversees FNB Eswatini's adherence to its risk appetite statement, risk policy and risk limits; (vii) approves the approach and oversees the implementation of key policies pertaining to FNB Eswatini's capital adequacy assessment process, capital and liquidity plans, compliance policies and obligations, and the internal control system; (viii) requires that FNB Eswatini maintains a robust finance function responsible for accounting and financial data; (ix) approves the annual financial statements and requires a periodic independent review of critical areas; (x) approves the selection and oversees the performance of the Chief Executive Officer, key members of senior management and heads of the control functions; (xi) oversees FNB Eswatini's approach to compensation, including monitoring and reviewing executive compensation and assessing whether it is aligned with FNB Eswatini's risk culture and risk appetite; (xii) ensures that transactions with related parties (including internal group transactions) are reviewed to assess risk and are subject to appropriate restrictions (e.g. by requiring that such transactions be conducted on arm's length terms) and that corporate or business resources of FNB Eswatini are not misappropriated or misapplied; and (xiii) oversees the integrity, independence and effectiveness of FNB Eswatini's policies and procedures for whistleblowing.

The Board is responsible for the process of monitoring the practice of risk management within FNB Eswatini, overseeing a strong risk governance framework, as set out in FNB Eswatini's business performance and risk management framework and overseen by FNB Eswatini's risk, capital management and compliance committee. The Board ensures that a risk assessment is undertaken at least annually for the purposes of making its public statement on risk management as well as ensuring that at appropriately considered intervals it receives and reviews reports on the risk management process. An effective, ongoing process is in place to identify risks, measure their impact and proactively manage and monitor these.

The Board receives regular reports from senior management on: (i) FNB Eswatini's risk profile, including risks related to the governance of information technology; and (ii) compliance with legislation pertaining to risk and risk management.

The Board provides oversight of senior management. It holds members of senior management accountable for their actions and enumerates the possible consequences (including dismissal) if those actions are not aligned with the Board's performance expectations. This includes adhering to FNB Eswatini's values, risk appetite and risk culture, under all circumstances.

In so doing, the Board: (i) monitors that senior management's actions are consistent with the strategy and policies approved by the Board, including the risk appetite; (ii) questions and critically reviews explanations and information provided by senior management; (iii) sets appropriate performance and remuneration standards for senior management consistent with the long-term strategic objectives and the financial soundness of FNB

Eswatini; (iv) assesses whether senior management’s collective knowledge and expertise remain appropriate given the nature of the business and FNB Eswatini’s risk profile; and (v) is actively engaged in succession plans for the Chief Executive Officer and other key positions, as appropriate, and ensures that appropriate succession plans are in place for senior management positions.

The Board is responsible for ensuring that an adequate and effective process of corporate governance is established and maintained, and that application of the King Code, as well as any other current and pertinent legislative frameworks whose provisions have significant bearing on FNB Eswatini, are met. The process of corporate governance is consistent with the nature and complexity of FNB Eswatini’s business activities, as well as the risks inherent in those activities. The process of corporate governance includes the governance of technology and information governance and compliance governance. The Board is responsible for overseeing the effectiveness of the governance framework.

The Board will ensure that reports issued by FNB Eswatini enable stakeholders to make an informed assessment of FNB Eswatini’s performance and its short-, medium- and long-term prospects. The Board is responsible for reporting significant risks that affect decisions of stakeholders in their dealings with FNB Eswatini. The Board establishes formal and transparent arrangements for maintaining relationships with the external and internal auditors and ensure timely and accurate disclosure to the shareholders of any information that would be of material importance. The Board makes a statement in the annual report on the Board’s terms of reference, the membership of the Board, number of meetings held and attendance of members over the course of the year. The Board submits to the relevant regulator a compliance statement, for each financial year certifying that FNB Eswatini has complied with relevant provisions of the law and regulations and guidelines. The compliance statement discloses instances of non-compliance as well as steps undertaken to address the non-compliance.

## **DIRECTORS AND SENIOR MANAGEMENT**

Details of the Directors are set out below:

<b>Name, age and nationality</b>	<b>Business address</b>	<b>Occupation/function</b>	<b>Date of appointment as Director</b>
Joseph Vusumuzi Ndlangamandla, 67, Swati	The Offices Complex, corner MR103 Road & Swaki Street Ezulwini, Eswatini	Independent Non-executive Director (Chairperson)	3 February 2016
Elizabeth Busisiwe Jane Arden, 59, Swati	The Offices Complex, corner MR103 Road & Swaki Street Ezulwini, Eswatini	Independent Non-executive Director	24 April 2018
Sharon de Sousa, 53, Swati	The Offices Complex, corner MR103 Road & Swaki Street Ezulwini, Eswatini	Independent Non-executive Director	5 February 2010
David Ellis Wright, 68, South African	The Offices Complex, corner MR103 Road & Swaki Street Ezulwini, Eswatini	Independent Non-executive Director	3 February 2016
Samantha Lee Balsdon, 55, Irish and South African	The Offices Complex, corner MR103 Road & Swaki Street Ezulwini, Eswatini	Non-executive Director	21 April 2017
Dennis Tikhalo Mbingo, 47, Swati	The Offices Complex, corner MR103 Road & Swaki Street Ezulwini, Eswatini	Executive Director (Chief Executive Officer)	6 February 2015
Jeremiah Majaheni Gule, 67, Swati	The Offices Complex, corner MR103 Road & Swaki Street Ezulwini, Eswatini	Independent Non-executive Director	8 December 2020
Leonard Jack Haynes, 61, South African	The Offices Complex, corner MR103 Road & Swaki Street Ezulwini, Eswatini	Non-executive Director	11 November 2021

Further particulars of the Directors including details of other directorships held in the preceding five years, are set out in Annex B.



Short biographies of all Directors are set out below:

### **NON-EXECUTIVE DIRECTORS**

#### ***Joseph Vusumuzi Ndlangamandla – Licentiate Diploma in banking, Associate Diploma in banking – Independent Non-executive Director (Chairperson)***

Joseph is an independent non-executive Director and the Chairperson. He has over 44 years' experience in banking and financial services. He worked at Swazi Bank as a branch accountant from 1975 to 1988. Thereafter he joined Swaziland Building Society until 2012, during which period he served as area manager for Manzini, operations manager, general manager and ultimately managing director. He has previously served as Chairperson of the board of Swazi Air Link, the Eswatini Bankers Association and a board member of the Eswatini Industrial Development Company. He has served as the Chairperson of the Eswatini National and Localisation and Labour Migration Committee. He was previously a board member of Swaziland Chamber of Commerce & Industry and a member of the Appeals Tribunal of the Financial Services Regulatory Authority. He is a director and shareholder of Bendla Holdings (Pty) Ltd, Affordable Car Hire (Pty) Ltd and T.M.C (Pty) Ltd. He is also the Chairperson of the National Agricultural Marketing Board. He holds a Licentiate Diploma in banking and an Associate Diploma in banking from the Institute of Bankers in South Africa.

#### ***Elizabeth Busisiwe Jane Arden – BCom, ACCA – Independent Non-executive Director***

Elizabeth has over 25 years' experience in banking and financial services. She worked at Coopers & Lybrand from 1987 to 1992, when she left as a senior auditor responsible for supervising company audits. She worked at PricewaterhouseCoopers as an audit manager from 1995 to 2000. She worked at Standard Bank Eswatini from 2000 to 2004 as a financial controller and, from 2006 to 2008, as head of risk and special projects, and head of credit. She was the Chief Financial Officer at SwaziBank from August 2008 to June 2012. From July 2012 to December 2016 she was the general manager at Swaziland Building Society. She served as a director of Swazi Empowerment Ltd, Metropolitan Swaziland, Lutheran Development Service and the Rotary Club of Mbabane. She was a finance committee member of the Federation of Swaziland Employers until December 2016. She is currently on the Waterford Kamhlaba College Governing Council as a member and Chairperson of the finance committee. She is a director of Kaspersnek Orchards (Pty) Ltd. She holds a BCom degree from the University of Eswatini and an ACCA – (UK) Fellowship qualification as well as an ACCA qualification from the Malawi College of Accountants.

#### ***Sharon de Sousa – BCom – Independent Non-executive Director***

Sharon has over 26 years' experience in banking and financial services. She worked at the Swaziland Sugar Association as a trainee accountant from 1992 to 1994 and as an accountant from 1994 to March 1995. From April 1995 she worked as a financial accountant at Swaziland Sugar Association and was a financial manager from April 2001 to June 2004. She served as the financial director at Swaziland Sugar Association from July 2004 to October 2008. She was a commercial director at Swaziland Sugar Association. She is a non-executive director of Alpha Eswatini (formerly known as Sanlam Investment Management Swaziland Ltd). She holds a BCom Accounting degree from the University of Eswatini.

#### ***David Ellis Wright – various leadership and executive development programs – Independent Non-executive Director***

David has 39 years' experience in banking. He worked for the FirstRand Group from January 1975 to March 2013, in various capacities including branch accountant, manager and senior manager. Most notably, from February 2003 to January 2009 he served as deputy Chief Executive Officer of First National Bank Botswana and then as Chief Executive Officer of First National Bank Eswatini from February 2009 to March 2013, when he retired.

#### ***Samantha Lee Balsdon – BCom (Fin), CFA – Non-executive Director***

Samantha has over 25 years' experience in banking. She worked at Rand Merchant Bank Asset Management, the asset management arm of the FirstRand Group, as an assistant portfolio manager from 1993 to 1997 and as equity analyst between 1997 and 2001. She worked as a financial sector financial analyst in London at FirstRand International Asset Management in 2001. She worked as a banks and specialty finance analyst at Cazenove South Africa from 2002 to 2005. She has worked in various capacities for the FirstRand Group from February 2005, including the strategic business development division, as head of equity, head of capital and performance measurement, head of financial resources management and broader Africa portfolio executive. She is a CFA charter holder and also holds a BCom Business Economics degree from the University of the Witwatersrand.

***Jeremiah Majaheni Gule – BA(Humanities) Dip Ed, Med, EdD – non-executive Director***

Jeremiah has 3 years' of experience in banking. He worked at the University of Eswatini from 1982 to 1992 as a lecturer in management education. He worked as a training and development manager from November 1992 to April 1995, as a personnel manager from May 1995 to June 1996 and as a human resources manager from July 1996 to October 1997 all at Sappi Usutu Pulp Company Limited. He joined Standard Bank of South Africa as a development programmes manager from November 1997 to October 1999. He joined Bromer Foods (Pty) Ltd as a senior employment equity/organisational development from November 1999 to March 2022. He joined PricewaterhouseCoopers as a senior human resource consulting manager from April 2002 to August 2003. He held various positions at Total South Africa (Pty) Ltd from August 2003 to May 2016. He is currently Chief Executive Officer at the Institute of People Management as well as the founder and executive coach at Gule Executive Coaching (Pty) Ltd.

***Leonard Jack Haynes – BCom, Hons BCom, Hons B (B&A) – non-executive Director***

Leonard has almost 38 years of experience in banking. He started his formal working career in the retail banking sectors and has also worked in corporate at various levels. He has worked in executive management in diverse economies in various parts of South Africa and the rest of Africa. He has held the position of Chief Executive Officer of FNB Namibia, the largest (and listed) commercial bank in the Republic of Namibia. From February 2009 he worked as the Chief Operating Officer for FNB Africa. From August 2016 until July 2020 he held the position of Chief Executive Officer of FNB Zambia Limited. He is retired.

**EXECUTIVE DIRECTORS**

***Dennis Tikhalo Mbingo – CA(SA), Hons BCompt, B.Com (Acc), Diploma in Auditing – executive Director (Chief Executive Officer)***

Dennis has over 18 years' experience in banking and financial services. He worked at African Alliance from May 1998 to June 1999, where he left as a securities dealer. He worked at PricewaterhouseCoopers from July 1999 to July 2005, where he left as an assistant audit manager. He worked at FNB Eswatini from August 2005 to February 2008 as the Chief Financial Officer. Thereafter he joined First National Bank of Lesotho as the deputy Chief Executive Officer. He then joined FirstRand Africa from November 2009 to March 2010 where he worked as a project manager responsible for Africa expansion. He worked at First National Bank Mozambique as deputy Chief Executive Officer from April 2010 to November 2012. Thereafter, he re-joined FirstRand Africa as a project executive responsible for Africa expansion. He worked as First National Bank International's head of operations and integration from April 2014 to February 2015. From March 2015 he re-joined FNB Eswatini as Chief Executive Officer. He is a Chartered Accountant (SA) and holds a BCom degree from the University of Eswatini, an Honours degree from the University of South Africa and a diploma in auditing from the University of South Africa.

**DIRECTORS' DECLARATIONS**

None of the Directors of FNB Eswatini referred to in this Pre-listing Statement:

- has been declared bankrupt, insolvent or sequestered or at any time been a party to a scheme of arrangement or made any other form of compromise with their creditors in any jurisdiction;
- has ever been involved in any receiverships, compulsory liquidations, administrations, company voluntary arrangements or any composition or arrangement with creditors generally or any class of creditors of any company where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, such events;
- has entered into compulsory liquidations, administration or partnerships, voluntary arrangements of any partnerships where such Directors are or were partners during the preceding 12 months;
- has entered into creditors' voluntary liquidations of any company where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding such events;
- has been involved in any compulsory liquidation, administration or voluntary arrangements of any partnership where such person is or was a partner at the time of, or within the 12 months preceding, such events;
- has had receivership of any of the assets of such person or of a partnership of which he or she is or was a partner at the time of, or within 12 months preceding, such events;
- has been the subject of public criticism by any statutory or regulatory authorities, including recognised professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- has ever been convicted of or committed any offence involving dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement committed by such person;
- has ever been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities committed by such person; or
- has ever been removed from an office of trust on the grounds of misconduct and involving dishonesty.

## APPOINTMENT, QUALIFICATION, REMUNERATION AND BORROWING POWERS OF DIRECTORS

Annex C contains extracts of the relevant provisions of the Memorandum and Articles of Association, regarding:

- the qualification, appointment, terms of office and remuneration of Directors;
- particulars of any right held by any person relating to the appointment of a Director;
- the borrowing powers of FNB Eswatini exercisable by the Directors (the borrowing powers may be varied by an amendment of the Memorandum and Articles of Association);
- powers enabling Directors to vote on a proposal, arrangement or contract in which they are materially interested and to vote remuneration to themselves or any member of the Board; and
- retirement of Directors by rotation.

In terms of the Memorandum and Articles of Association, the directors to retire by rotation at an annual general meeting shall be those non-executive directors who have been in office the longest and so that as between persons who became or were last re-elected directors on the same day as those to retire shall (unless otherwise agreed amongst themselves) be determined by lot. The length of time during which a director has been in office shall be computed from the time when he was elected or re-elected. A retiring director shall be eligible for re-election.

The Directors' borrowing powers have not been exceeded in the past three years prior to the publication of this Pre-listing Statement, and there have not been any exchange control or other restrictions on the borrowing powers of FNB Eswatini or any of its subsidiaries, other than restrictions generally applicable under the Exchange Control Regulations.

### REMUNERATION OF DIRECTORS

The following remuneration, as fees, was paid to the non-executive Directors during the past three years ended 30 June 2023:

	As at 30 June (E'000)		
	2023	2022	2021
<b>Directors fees</b>	<b>2 464</b>	<b>1 800</b>	<b>1 800</b>
For services rendered as a director	2 464	1 800	1 800
Remuneration	–	–	–
<b>Key management personnel</b>	<b>22 612</b>	<b>24 163</b>	<b>24 718</b>
Remuneration	15 931	17 775	18 430
Post-employment obligations	162	1 416	1 858
Share based payments	6 519	4 972	4 430
<b>Total</b>	<b>25 076</b>	<b>25 963</b>	<b>26 518</b>

The remuneration payable to the Directors will not be varied in consequence of the Listing, save in respect of the Directors who will receive fees as Directors as approved by the Board and Shareholders prior to Listing, which will be reviewed in line with best practice after Listing.

In the three years preceding this Pre-listing Statement, no payments were made to, or have been agreed to be paid to, any Director of FNB Eswatini or any Associate Company or Associate Entity either to induce him/her to become, or to qualify him/her as a Director of FNB Eswatini or otherwise for the services rendered by him/her or by the Associate Company or the Associate Entity in connection with the promotion or formation of FNB Eswatini.

### DIRECTORS' INTERESTS

As at the date of this Pre-listing Statement none of the Directors hold any shares in FNB Eswatini.

### DIRECTORS' INTERESTS IN TRANSACTIONS

As at the date of this Pre-listing Statement, the Directors have no material beneficial interests in transactions that were effected by FNB Eswatini in the three years preceding the date of this Pre-listing Statement. None of the Directors have been granted any share options or awards or any other right for the Ordinary Shares (see "Director's remuneration").

None of the Directors have any potential conflict of interest between their duties to FNB Eswatini and their private interests.

## **CORPORATE GOVERNANCE**

### ***Commitment***

FNB Eswatini is committed to the principles of sound governance and application of the highest ethical standards in the conduct of its business and affairs. The Board is committed to the principles of diligence, honesty, integrity, transparency, accountability, responsibility and fairness. The Directors accept full responsibility for the application of these principles to ensure that the principles of good corporate governance are effectively practised throughout FNB Eswatini. Furthermore, the Board understands and accepts its responsibility to the Shareholders of FNB Eswatini and endeavours to ensure that FNB Eswatini conducts its business in the best interests of these Shareholders.

### ***Approach***

The Board is responsible for ensuring that FNB Eswatini complies with all of its statutory obligations as specified in the Memorandum and Articles of Association, the Listings Requirements and all other applicable regulatory requirements. The Directors endorse the King Code and recognise the need to conduct the affairs of FNB Eswatini with integrity and in accordance with generally accepted best practice in corporate governance. In discharging this responsibility, the intention is to apply the principles of the King Code in both letter and spirit. The Directors recognise that they are ultimately responsible for the financial performance of FNB Eswatini. The Directors have proactively taken steps to ensure compliance with the Listings Requirements (save as exempted or where the ESE may provide dispensation) and the application of the principles of the King Code. A full analysis of the steps taken by FNB Eswatini to comply with the King Code and the best practice in corporate governance is set out in Annex D.

### ***Joseph Vusumuzi Ndlangamandla, Chairperson***

The Board is chaired by Joseph Vusumuzi Ndlangamandla, an independent Non-executive Director in accordance with the Board Charter. The Chairperson provides leadership to the Board and is responsible for its effective overall functioning, including maintaining relationship of trust with Board members. The Chairperson ensures that Board decisions are taken on a sound and well-informed basis and the Chairperson encourages and promotes critical discussion and ensures that dissenting views can be freely expressed and discussed within the decision-making processes. The Chairperson possesses the requisite experience competencies and personal qualities to fulfil these responsibilities.

### ***Dennis Tikhalo Mbingo, Chief Executive Officer***

The Chief Executive Officer of FNB Eswatini is Dennis Tikhalo Mbingo. Dennis is an experienced executive with both audit and banking experience of over 18 years spanning mostly across the FirstRand Group and an international professional audit and advisory firm.

### ***Board***

FNB Eswatini has adopted a Board Charter evidencing a clear balance of power and authority at board level to ensure that no one Director has unfettered powers of decision making. The Board meets at least four times per year at such venue and at such time as the Board deems appropriate, with additional meetings called by the Chairperson or any other Board member if necessary or desirable. Information relevant to a meeting is supplied on a timely basis to the Board, ensuring Directors can make informed decisions. The Directors have unrestricted access to information about FNB Eswatini and its management and, where appropriate, may seek independent professional advice on matters concerning the affairs of FNB Eswatini, at FNB Eswatini's expense.

FNB Eswatini has a unitary Board of Directors comprising of (i) not less than five and not more than 15 Directors in total, as stated in the FIA, the CBE Guidelines and the Memorandum and Articles of Association, of which at least 50% shall be Eswatini citizens including the Chairperson of the Board; (ii) not less than one executive Director (Chief Executive Officer) at any one time, who shall be the member of the Board; and (iii) a Chairperson, whose roles must be separate. There must at all times be: (i) a clearly defined division of responsibilities in both offices to ensure a balance of authority and power; (ii) an independent Chairperson, alternatively an independent deputy Chairperson; (iii) a sufficient number of Non-executive Directors to facilitate effective oversight, with a majority of the Non-executive Directors being independent; (iv) the composition of the Board will reflect the responsibilities that it is vested with and the duty that it has to discharge and perform as representative of the interests of FNB Eswatini shareholders and all other stakeholders; (v) the size of the Board will be periodically reviewed to ensure the presence of a wide range of skills without compromising common purpose, involvement, participation and a sense of responsibility amongst the members necessary to meet FNB Eswatini's objectives; and (vi) both executive and Non-executive Directors carry full fiduciary responsibility and owe a duty of care and skill and a duty of loyalty to FNB Eswatini in terms of the Companies Act and the Bank Directors' Code of Ethics.

## **Board committees**

In terms of the Memorandum and Articles of Association, the Board is empowered to appoint Board committees and to delegate powers to such committees without relinquishing its own responsibilities, to increase efficiency and allow deeper focus in specific areas. The committees should be created and mandated by the full Board. The number and nature of committees depend on the Board, taking into consideration the business areas of FNB Eswatini and its risk profile.

Each committee shall have a charter or other instrument that sets out its mandate, scope and working procedures. The Board will consider the occasional rotation of members and of the chair of such committees (where practical), as this will help avoid undue concentration of power and promote fresh perspective.

Delegation by the Board is formal and involves the following: (i) formal terms of reference are established and approved for each committee of the Board; (ii) the committees' terms of reference are reviewed once a year; (iii) the committees are appropriately constituted with due regard to the skills required by each committee; (iv) the Board establishes a framework for the delegation of authority to management; and (v) the Board notes reports from and/or minutes of the meetings of each committee of the Board.

The Board is required at a minimum, to establish the following committees: (i) an Audit Committee; (ii) a Risk, Capital Management and Compliance Committee; (iii) a Directors' Affairs and Governance Committee; (iv) a Remuneration Committee; and (v) an Independent Loan Review Committee.

The chairperson of each committee reports back to the Board at least on a quarterly basis, on the deliberations of such committee in terms of general principles of transparency and full disclosure. The roles, functions, responsibilities of each committee are contained in the respective committee charter.

### **DIRECTORS' AFFAIRS AND GOVERNANCE COMMITTEE**

The Directors' Affairs and Governance Committee (the "**DAG Committee**") is chaired by Joseph Vusumuzi Ndlangamandla, the Chairperson, and its other members are Sharon de Sousa, David Ellis Wright, Elizabeth Busisiwe Jane Arden and Jeremiah Majaheni Gule, all independent non-executive Directors, and Samantha Lee Balsdon and Leonard Jack Haynes, both non-executives as well as Dennis Tikhalo Mbingo, an Executive Director and Chief Executive Officer.

The DAG Committee is a sub-Committee of the Board and is appointed in terms of its Memorandum and Articles of Association, Central Bank Guidelines on Corporate Governance and King IV Principles on Corporate Governance.

The DAG Committee's prime objectives are to assist the Board in discharging its responsibilities relative to (a) its determination and evaluation of the adequacy, efficiency and appropriateness of the corporate governance structures and practices in FNB Eswatini; (b) Board and Board Committee structures; and (c) the maintenance of a directorship continuity programme including: (i) the continuity of Non-executive Directors; (ii) the regular review of the competence of the Board of Directors, including the skills, experience and other qualities required to enhance the effectiveness of the Board; (iii) the selection and appointment of new Directors; (iv) the balance between Executive and Non-executive Directors appointed to the Board; (v) maintaining an appropriate gender balance of Directors; (d) the annual assessment of the effectiveness of the Board as a whole and the contribution of each Director; (e) ensuring that appropriate policies and procedures are put in place to avoid conflicts of interest; (f) determining whether the appointment of any Director shall be terminated; (g) ensuring that the Board is at all times in compliance with all applicable laws, regulations and codes of conduct and practices; and (h) any further functions as may be prescribed.

In terms of the Board Charter the Board shall appoint the DAG Committee and its Chairperson. The DAG Committee Chairperson shall be the Chairperson of the Board if he/she is an independent non-executive Director or, failing which, an independent Non-executive Director shall be appointed as Chairperson. The DAG Committee shall comprise at least three non-executive Directors, at least two of whom shall be independent, and one shall be a representative of the holding company. The Chief Executive Officer is not a member of the DAG Committee but should attend by invitation.

The DAG Committee meets at least twice a year with additional meetings when required at the request of the Board or any Committee member or as often as the DAG Committee deems necessary to achieve its objectives as set out in its charter. The quorum is at least two members, one of whom must be a representative of the Major Shareholder. A meeting may be conducted by way of electronic media such as video or telephone conferencing, which enables all members necessary to form a quorum to participate simultaneously. Decisions are made by majority of votes, and in case of an equality of votes the Chairperson shall have a second or casting vote.

The DAG Committee must make a statement in the annual report on its terms of reference and activities, the processes used in discharging its responsibility, the membership of the DAG Committee, the number of DAG Committee meetings held and attendance of members over the course of the year.

Any member of the Board, or of a Board Committee, or of the executive Committee may bring to the notice of the DAG Committee or its Chairperson, any material matter that he/she deems appropriate.

## **AUDIT COMMITTEE**

The Audit Committee is chaired by Elizabeth Busisiwe Jane Arden, an independent non-executive Director, and its other members are three independent non-executives, namely Sharon de Sousa, Jeremiah Majaheni Gule and David Ellis Wright. Dennis Tikhalo Mbingo, an Executive Director and Chief Executive Officer is a permanent invitee. Samantha Balsdon, a Non-executive Director, is a permanent invitee.

The Audit Committee charter is subject to the provisions of the FIA, the Companies Act, the CBE Guidelines, the South African Banks Act, the South African Companies Act 71 of 2008, as amended, the King Code and any other applicable law, best practice or regulatory provision, as deemed appropriate.

This committee meets at least four times a year and is responsible for performing the functions required of it in terms of its mandate. Its prime objective is to assist the Board in discharging its responsibilities relative to: (i) internal controls; (ii) financial control and reporting; (iii) shareholder reporting; and (iv) compliance with accounting standards and tax legislation.

The Board appoints the committee and its Chairperson. The committee must comprise a minimum of four members, a majority of whom must be independent Non-executive Directors. *Ex officio* members who are executives of the FirstRand Group may be appointed from time to time. The Chief Executive Officer of FNB Eswatini is not eligible to chair the committee. The quorum for the transaction of business is three members of the committee present in person whom at least one is a non-executive director and the other be a representative of the Major Shareholder. The Board shall at its discretion from time to time review and revise the composition of the committee taking account of the need for adequate financial and banking skills to be represented thereon.

The Board assigns the following duties and responsibilities to the committee: (i) evaluate: (a) the adequacy and effectiveness of FNB Eswatini's internal control systems, receiving also evidence of such adequacy and effectiveness; (b) the effectiveness of FNB Eswatini's assurance functions and services, with particular focus on combined assurance arrangements, including external assurance service providers, internal audit and the finance function; (c) the adequacy and effectiveness of FNB Eswatini's accounting practices, information systems and audit processes; (d) the quality of the financial information produced to ensure integrity of reporting and ensure that measures necessary, in the committee's opinion are introduced to enhance the integrity of such reporting; and (e) any significant findings and recommendations of the external or internal auditors; (ii) review and approve the annual financial statements prior to submission to the Board; (iii) from time to time, at its discretion, consider the procedures in place in FNB Eswatini to identify and monitor business risk, prioritise each risk in terms of likelihood of crystallisation and the potential impact, adopt a risk-based approach to controls, allocate appropriate resources for early warning, control or mitigation and plan for contingency; (iv) annually obtain and evaluate internal and external auditors' methods for risk assessments and the results of those assessments, and proposed changes in the scope of the audit as a result of such risk assessments; (v) ensure that significant risks or exposures (other than those which require reporting in terms of prudential guidelines or the statutes) which it has identified by enquiry or from reports presented to it, are, after assessment of management steps taken to minimise such risks, reported to the Board; (vi) ensure that any matters, which have come to its notice, which may significantly affect the financial condition or affairs of FNB Eswatini, are reported to the Board; (vii) ensure that the board is apprised of its activities generally; (viii) promote communication by and provide an open avenue of communication between the external auditors, internal auditors and the committee; (ix) consider the audit plans for the external and internal auditors to ensure *inter-alia* completeness of coverage, reduction of redundant effort and the effective use of audit resources; (x) shall evaluate the performance of the external auditors; (xi) recommend to the board, the appointment of external auditors, annually; (xii) consider other matters as directed by the board from time to time; (xiii) at its sole discretion, investigate any activity/matter, which it considers to fall within the scope of its authority; (xiv) assess annually whether it satisfied its responsibilities during the prior year in compliance with its charter; and (xv) annually review and update, in the light of international corporate governance developments, its charter.

Any member of the Board, senior partner of the external auditors, head of internal audit or any member of executive management may bring to the notice of the committee or its Chairperson, the Chief Executive Officer or the Chief Financial Officer of FNB Eswatini any matter which he/she deems appropriate and which falls within the ambit of the committee's charter.

## **RISK, CAPITAL AND COMPLIANCE COMMITTEE**

The Risk, Capital and Compliance Committee (the "**Risk Committee**") is chaired by David Ellis Wright, an independent Non-executive Director, its other members are two other independent Non-executive Directors, namely Joseph Vusumuzi Ndlangamandla and Sharon de Sousa, two Non-executive Directors, namely Samantha Lee Balsdon and Leonard Jack Haynes and an executive Director, Dennis Tikhalo Mbingo.

This committee meets at least four times a year and is responsible for performing the functions required of it in terms of its mandate. The Risk Committee is constituted pursuant to the requirements of the Financial Institutions Act 6 of 2005, the Companies Act, the Money Laundering and Terrorist financing (Prevention) Act of 2011, as amended, the CBE Guidelines, the South African Banks Act, the South African Companies Act 71

of 2008, as amended, the Memorandum and Articles of Association, the King Code and any other applicable law, best practice or regulatory provision, as deemed appropriate. The Risk Committee is a sub-committee of the Board and is appointed in terms of FNB Eswatini's Memorandum and Articles of Association.

The prime objective of the Risk Committee is to assist the Board in discharging its responsibilities in terms of the management of risk across FNB Eswatini as determined by: (i) the Business Performance and Risk Management Framework of FNB Eswatini; (ii) the FIA and regulations thereto; (iii) the South African Banks Act and regulations thereto; and (iv) global best practice guidelines. The Risk Committee is accountable for the delegation of authority to divisions and business units of FNB Eswatini, the approval of risk exposure limits for submission to the Board and the monitoring of excesses not rectified according to agreed procedures.

The following individuals attend the meeting by invitation: the Chief Risk Officer, the Chief Compliance Officer, the Chief Financial Officer, the Head of Internal Audit, the Company Secretary and/or one or more executives nominated by the Chief Executive Officer as well as appropriate FNB Eswatini officials to provide such input as may be required; and any other professional advisors, at the discretion of the Risk Committee Chairperson.

The functions of the Risk Committee is to: (i) assist the Board in its evaluation of the adequacy and efficiency of the risk policies, procedures, practices and controls applied within FNB Eswatini in the day-to-day management of its business; (ii) assist the Board in the identification of the build-up and concentration of various risks to which FNB Eswatini is exposed; (iii) assist the Board in developing risk mitigation strategy to ensure that FNB Eswatini manages the risks in an optimal manner; (iv) assist the Board in ensuring that a formal risk assessment is undertaken at least annually; (v) assist the Board in identifying and regularly monitoring all key risks and key performance indicators to ensure that its decision-making capability and accuracy of its reporting and financial results are maintained at a high level; (vi) facilitate and promote communication, through reporting structures regarding the matters referred to in sub-paragraph (i) above or any other related matter, between the Board and the executive officers of FNB Eswatini; (vii) ensure the establishment of an independent risk management function, and in the case where FNB Eswatini forms part of a group risk management function, the head of which shall act as the reference point for all aspects relating to risk management within FNB Eswatini, including the responsibility to arrange training to members of the Board in the different risk areas that FNB Eswatini is exposed; (viii) introduce such measures as may serve to enhance the adequacy and efficiency of the risk management policies, procedures, practices and controls applied within FNB Eswatini; (ix) co-ordinate the monitoring of risk management on a globalised basis; and (x) perform such further functions as may be prescribed.

The Risk Committee monitors that formal risk assessments are done by the Board at least annually with an interim review. The Risk Committee receives a report annually on the effectiveness of risk management for review prior to presentation to the Board and assesses and documents whether the process of corporate governance, which includes the maintenance of effective risk management, implemented by FNB Eswatini successfully achieved the objectives determined by the Board, which document shall also be annually presented to the Board in terms of regulation 39 of the South African Banks Act. The Risk Committee receives reports on significant incidences of breakdown in the execution of the risk control policies and processes of FNB Eswatini and monitor that adequate corrective actions have been implemented.

In terms of regulation 40(4) of the South African Banks Act, the Risk Committee shall (i) annually or more frequently at its discretion review the definition of material malfunction; (ii) annually review the reporting threshold; and (iii) forward a quarterly report to the Board at its scheduled meetings, which shall enable the Board to report annually to the South African Registrar of Banks in terms of Regulation 40(4). The aforementioned report must include, *inter alia*, a confirmation that there were no instances of material malfunction or details of reportable instances, as determined by the definition of material malfunction.

In terms of regulations 49(4)(d) and (e) of the South African Banks Act, the Risk Committee receives reports from the compliance officer of FNB Eswatini on non-compliance with laws and regulations or supervisory requirements. The Risk Committee shall receive reports from the compliance officer of FNB Eswatini on the level of compliance with laws and regulations or supervisory requirements. The Risk Committee must receive and approve the annual compliance plan.

The Risk Committee receives and considers reports incorporating the following: (i) the ethical conduct of the FNB Eswatini, its executives and senior officials; (ii) any statements on ethical standards or requirements for the FNB Eswatini; (iii) compliance with the Memorandum and Articles of Association; (iv) violations of ethical conduct; (v) environmental and social issues; and (vi) potential conflict of interest or questionable situations of a material nature. The Risk Committee shall forward an annual report to the Board incorporating the above information. The DAG Committee will investigate, for report and recommendation to the Board any contravention of codes of conduct or ethics, personal trading, or unethical behaviour by any of the Directors.

#### **INDEPENDENT LOAN REVIEW COMMITTEE**

The Independent Loan Review Committee ("**Loan Review Committee**") is chaired by Sharon de Sousa, an independent Non-executive Director, and its other members are Elizabeth Busisiwe Jane Arden and David Ellis Wright, who are independent Non-executive Directors and Leonard Jack Haynes who is a Non-executive Director. Dennis Mbingo who is an Executive Director and Chief Executive Officer, is a permanent invitee.

The Independent Loan Review Committee is a sub-committee of the Board, established in terms of Circular 08 of the CBE. The Loan Review Committee meets at least four times a year. Its prime objective is to assist the Board in discharging its responsibilities relative to: (i) overseeing management's execution of FNB Eswatini's credit strategy as articulated in FNB Eswatini's strategic plan. The Loan Review Committee shall evaluate management's implementation of strategy, including its credit policies and loan performance; (ii) monitoring economic and competitive trends and assessing impact of such trends on the bank's ability to execute its credit strategy while maintaining credit risk within established tolerances; (iii) overseeing credit monitoring processes; (iv) reviewing loans exceeding supervisory limits; and (v) monitoring loan concentration limits.

It also assists the Board to ensure that (i) credit activities are conducted within the risk strategy, policies and tolerances approved by the Board; (ii) FNB Eswatini operates within sound and well-defined credit-granting criteria; (iii) all extensions of credit are made on an arm's length basis; (iv) senior management is fully capable of managing the credit activities conducted by FNB Eswatini; (v) credit activities are subject to adequate internal controls and appropriate internal audit coverage; and (vi) FNB Eswatini has adequate capital for the risks that it assumes.

Any member of the Board, senior partner of the external auditors, head of internal audit or sub-credit committee may bring to the notice of the Loan Review Committee or its Chairperson, the Chief Executive Officer or the Chief Financial Officer of FNB Eswatini any matter which he/she deems appropriate and which falls within the ambit of the Loan Review Committee's charter.

### **REMUNERATION COMMITTEE**

The Remuneration Committee is chaired by Jeremiah Majaheni Gule, an independent Non-executive Director, and its other members are two independent Non-executive Directors, Joseph Vusumuzi Ndlangamandla and Elizabeth Busisiwe Jane Arden and a Non-executive Director and Samantha Lee Balsdon. Dennis Mbingo who is an Executive Director and Chief Executive Officer, is a permanent invitee.

The Remuneration Committee is established to assist and support the Board of FNB Eswatini. The Remuneration Committee does not relieve the Board of any of its responsibilities but assists them to fulfil these responsibilities. It determines the parameters, which shall be applied for identifying the remuneration packages of individual employees, which it (or its sub-committees) shall approve. The Remuneration Committee determines the parameters which shall be applied for identifying those remuneration packages of individual employees which it shall approve (collectively, "the employees over which it exercises discretion") and approves remuneration packages for employees over which it has discretion. The Remuneration Committee meets not less than three times per annum.

Its prime objectives are to assist the Board in discharging their responsibilities relative to: (i) the remuneration, bonus and share incentive schemes policies and practices of FNB Eswatini and (ii) reviewing of proposals to the Board and shareholders on Non-executive Director remuneration.

The Remuneration Committee on behalf of the Board shall: (i) ensure alignment of the remuneration strategy and policy of FNB Eswatini with the FirstRand Group's business strategy and the desired culture of FNB Eswatini; (ii) provide remuneration packages needed to attract, retain and motivate high performing Executive Directors and management, but avoid paying more than is necessary for this purpose; (iii) ensure that remuneration is pitched at levels relative to other comparable companies taking relative performance into account; (iv) be sensitive to the wider environment, including pay and employment conditions elsewhere in the FirstRand Banking Group so that decisions may, as far as is appropriate, be fair; taking into account the different pay policy needs of the different business units; (v) ensure the adequacy of retirement and health care schemes for Executive Directors, management and staff; and (vi) consider the pension consequences and associated costs to FNB Eswatini of basic salary increases.

The Remuneration Committee shall, where necessary, prepare and submit formal reports, which may take the form of extracts from minutes, on its activities to the Board (and to other Boards where relevant) with such recommendations as the Remuneration Committee may deem appropriate. Committee members have unrestricted access to all FNB Eswatini's information, records, documents and property, which they may require to make competent decisions and Non-executive Directors shall have access to management and may meet separately with management.

### **CONFLICT OF INTEREST**

The disclosure required in terms of the Board Charter: (i) relates to a personal financial interest in relation to an existing contract or matter which has been approved by the Board; and (ii) requires a Director to disclose his or her personal financial interest in an existing contract or a related person's personal financial interest in an existing contract – regardless of whether such personal financial interest is material to him/her so long as it relates to a matter in which FNB Eswatini has a material interest.

All Directors must refer to FNB Eswatini's Declaration of Interest Policy for guidance on truthful, accurate and timely declarations of personal financial interests. This includes guidance on the appropriate methods of declaration and to whom declarations should be made. On first appointment, quarterly before each Board meeting, annually and/or at any time when circumstances change, all Board members will be requested by



the Company Secretary to disclose, in good faith, to the Board for recording any business or other interest that is likely to create a potential conflict of interest, including: (i) all business interests, direct or indirect in any other financial services company, partnership or business venture; (ii) membership to trade, business or other economic activities; (iii) shareholding and/or other interests in FNB Eswatini; (iv) any direct or indirect interest in any transaction with FNB Eswatini, and (v) any gifts, monies, commissions, benefits or other favours extended or received from any party in respect of or in relation to any business dealings with FNB Eswatini.

Any Director will be at liberty to accept appointments on other boards, provided that the Director shall not be involved as a director in more than five organisations and that such appointment as director does not result in a situation giving rise to any conflict of interest with FNB Eswatini.

Executive directors must distinguish between their role as Director and that of manager. If these roles conflict, they shall withdraw from the discussion and the voting at the Board.

### **COMPANY SECRETARY**

Hlengiwe Msibi (ACIS awarded by the Southern African Institute of Chartered Secretaries, Johannesburg) is the FNB Eswatini Company Secretary and an admitted attorney in Eswatini. She holds an LLB degree from the University of Eswatini. She holds a post graduate certificate in Company Secretary and Governance Practice from the Chartered Institute of Governance Southern Africa and a post graduate diploma in General Management and a Master of Business Administration both from the Gordon Institute of Business Science Business School and has over thirteen years work experience, three years spent in private practice and ten years in banking. She is suitably qualified, competent and experienced to discharge the role of Company Secretary and is appropriately empowered to fulfil duties with regard to assistance to the Board, in particular, in relation to applicable Eswatini law and regulation. The company secretary is not a Director of FNB Eswatini.

The Company Secretary of FNB Eswatini is required to provide input on board or committee meeting agendas and meeting packs to ensure good corporate governance. The Company Secretary is also required to: (i) ensure that minutes of shareholder/Board meetings and committees are timeously and correctly recorded, prepared and distributed to the relevant stakeholders; (ii) ensure the accurate and timely reporting of Board and committee proceedings and the appropriate preparation of Board and committee papers; (iii) ensure that Board decisions and instructions are clearly communicated to the relevant persons; (iv) assist with the induction, orientation, training and education of new and existing Directors; (v) provide expertise, advice and support, in relation to the Companies Act, to the Board and executive management; (vi) ensure that appropriate guidelines, procedures and processes are in place to promote compliance with the Companies Act, Corporate Governance Code and other related requirements; (vii) ensure that the Board and relevant committees' charters and terms of reference are relevant and updated; (viii) arrange Board and committee meetings as required by law, company procedure and corporate governance requirements; (ix) provide support with Board secretarial correspondence, collate information and write reports; and (x) provide Directors collectively and individually with detailed guidance on duties, responsibilities, powers, matters of ethics and good governance, as required.

In relation to legal advisory responsibilities, the Company Secretary is required to: (i) provide advice to FNB Eswatini on the implementation and training needs relating to emerging and new legislation and regulations; (ii) actively participate in the lobbying and preparation of commentaries to influence new legislation; (iii) development of strategies to protect the Company against potential losses arising from legal issues (legal suits) and contractual obligations; (iv) advise Directors and managers on relevant company laws and agreements affecting FNB Eswatini; (v) participate in relevant meetings, identify and inform on the Company's risks in accordance with statutory and requirements and recommend appropriate action; (vi) embed a culture of consciousness and transparency for legal risk management and ensures that the nature and size of risks are well understood; (vii) establish appropriate legal risk governance structures and ensure that they are fully functional; (viii) manage legal risks on a day-to-day basis, which includes monitoring and reporting to relevant levels of governance structures within FNB Eswatini; (ix) identify legal control weaknesses and corrective action to be implemented, including the evaluation of cost effective solutions to reduce a risk to an acceptable level; (x) provide legal advice to the business relating to legal complaints as well as project support; (xi) attend to litigation matters and ensure that FNB Eswatini's interests are served and protected; (xii) vetting and drafting of contracts and ensuring that FNB Eswatini's policies are adhered to in respect of the inception of contracts; and (xiii) ensure that a healthy library of contracts and service level agreements is maintained within FNB Eswatini.

The Company Secretary is required to keep and maintain a record of declarations of interest by Directors.

### **SENIOR MANAGEMENT**

Senior management of FNB Eswatini consists of the Chief Operations Officer, Head of Human Capital, Chief Risk Officer, Head of Corporate and Commercial Investment Banking (corporate), Head of Retail, Executive Head of Credit, Chief Marketing Officer, Executive Head of Internal Audit and Chief Compliance Officer.

***Siboniso Edison Mdluli – (CA (SA)) (Hons BCompt) (Hons B.Com) (BCom (Acc)) – Chief Operations Officer***

Siboniso Edison Mdluli is an experienced finance professional with over 16 years' experience in auditing and financial services. He is a qualified Chartered Accountant. He has previously worked for PricewaterhouseCoopers, where he left as a manager (assurance and business advisory) and lectured at Regent Business School. He has a Diploma in Commerce as well as a Bachelor of Commerce in Accounting from the University of Eswatini, a Bachelor of Commerce Honours in Accounting from the University of KwaZulu-Natal, an Honours Bachelor of Accounting Science from the University of South Africa, an Advanced Certificate in Auditing from Accounting Professional Training South Africa. He has completed an International Executive Development Program through Duke Corporate Education and BankSeta. He has also completed a Future-Fit-Finance Program (FirstRand) with the Gordon Institute of Business Science Business School.

***Njabulo Dlamini – (CA(SA)) (BCom (Hons) Acc) – Chief Financial Officer***

Njabulo Dlamini has 16 years' experience in the banking and financial services. He is a qualified Chartered Accountant. He obtained a Bachelor of Accounting Science (Honours) from the University of Pretoria. He obtained a post graduate diploma in General Management as well as a Master of Business Administration both from the Gordon Institute of Business Science Business School. He also holds an advanced certificate in auditing. Before joining FNB Eswatini he worked at Oracle Life Eswatini & Oracle Insure Eswatini (formerly Metropolitan Life Swaziland and Momentum Insurance Eswatini) as a Chief Financial Officer.

***Lobesutfu Dlamini – (BA Industrial Psychology) (Hons) – Executive Head of Human Capital***

Lobesutfu Dlamini has 10 years' experience in Human Resources and five of which are with FNB Eswatini. She has a Bachelor of Arts degree in Industrial Psychology acquired at the University of Witwatersrand, a Stellenbosch University Post Graduate Certificate in Management Development Program, an Advanced Certificate in Personal and Human Resources Management Programme from the Mananga College Eswatini and a Post Graduate Certificate in General Management from the Gordon Institute of Business Science Business School. She has over the years acquired extensive experience in Human Capital.

***Gugu Matiwane – (LLB, PGDip & MBA) – Chief Risk Officer***

Gugu Matiwane holds an LLB qualification from the University of Eswatini, a Postgraduate Diploma in Business Administration and a Master of Business Administration both from the Gordon Institute of Business Science Business School. She holds a qualification of certified risk management practitioner from the Institute of Risk Management South Africa. She is an admitted attorney with the Law of Society of Swaziland Bar. She joined the Financial Services Regulatory Authority in 2010 as a legal officer. In 2016 she joined Standard Bank Eswatini as the head of risk governance and remained in this position until 2019. She joined Eswatini Development Finance Corporation as a senior manager for risk and compliance from 2019 until 2022 and then joined MTN Fintech Services (Pty) Ltd as a senior manager AML, risk and compliance in April 2022 until August 2023. On 1 September 2023 she joined FNB Eswatini as a Chief Risk Officer.

***Ncamiso Dlamini – (ACCA) (BCom Accounting) – Executive Head of Corporate and Commercial Investment Banking (Corporate)***

Ncamiso Dlamini worked at PricewaterhouseCoopers for almost six years, where he left as an assistant manager. He then worked at Old Mutual Eswatini before joining FNB Eswatini. He has over 11 years' experience in financial services and holds a Bachelor of Commerce degree with a major in Accounting as well as a Diploma in Commerce with majors in Accounting, Finance, Business Administration and Marketing which he received from the University of Eswatini. He holds a Postgraduate Diploma in Accounting Science from the University of South Africa and has completed his Chartered Accountant qualification.

***Mncedzi Ngomane – (LLB) (Master (Law)), (MBA) (PhD) – Executive Head of Retail***

Mncedzi Ngomane previously worked at MTN Eswatini as head of human resources, then later as a general manager for its human resources operations and then finally as its Chief Marketing Officer before joining FNB Eswatini in June 2023. He holds a LLB qualification from the University of Eswatini, a Post Graduate Certificate in Management Advancement Program from Wits Business School, a Masters Degree in Law from the University of South Africa, a Masters of Business Administration from the University of Stellenbosch Business School and a Post Graduate Diploma in Business Administration from the Gordon Institute of Business Science Business School.

***Thandeka Dlamini – (CA (SA)) (Hons B Compt) (BCom (Hons) Acc) – Executive Head of Credit***

Thandeka Dlamini previously worked at PricewaterhouseCoopers for 13 years, where she left as an associate director, and at Standard Bank Eswatini as their head of operations. She has over 16 years banking and finance experience. She is a qualified Chartered Accountant. She is a member of the Eswatini Institute of Accountants as well as of the South African Institute of Chartered Accountants. She has a Bachelor of Commerce degree in Accounting and a Diploma in Commerce both from the University of Eswatini. She obtained a Bachelor of Accounting Science (Honours) as well as a Postgraduate Diploma in Auditing from the University of South Africa.

**Zethu Dlamini – (Masters (Entrepreneurship and New Venture Creation)) (BA (Hons) Media Studies) (BA (Soc Sci) Media & Communications) – Chief Marketing Officer**

Zethu Dlamini previously worked at Eswatini Television Authority for 4 years, at the University of Cape Town and at Rosebank College as a lecturer in Journalism and at Limkokwing University of Creative Technology as a lecturer in events management. She has also worked at Corporate Gap as an executive director for 10 years. She has experience in marketing, brand management, sales, project management and business operations management. She holds a Master's degree in Management from Wits Business School. She obtained a Bachelor of Sciences in Media & Communications from the University of KwaZulu-Natal, a Bachelor of Arts in Media Theory & Practice, a certificate in Internet Marketing and a certificate in Events Management from the University of Cape Town and a Masters in Management from the Wits Business School.

**Mxolisi Mboniswayini Gumedze – (ACCA candidate) (BCom (Acc)) (Internal Audit Technician) – Executive Head of Internal Audit**

Mxolisi Mboniswayini Gumedze has previously worked at Cargo Carriers (Pty) Ltd for a period of eight years and has worked at the Royal Eswatini Sugar Corporation for 11 years. He has over 16 years of experience in accounting. He obtained a Bachelor of Commerce in Accounting and a Diploma in Commerce both from the University of Eswatini and is a candidate for an ACCA at professional level from the Eswatini Institute of Accountants. He holds an Internal Audit Technician certificate from the Institute of Internal Auditors (South Africa) and a Senior Management Development Program certificate from the University of Stellenbosch Business School.

**Panuel Mangaliso Gwebu – (BA (Law)) (LLB) – Chief Compliance Officer**

Panuel Mangaliso Gwebu is an admitted attorney of the High Court of Swaziland. He holds a Bachelor of Arts in Law and a LLB qualification both from the University of Eswatini. In addition to his legal qualifications Panuel obtained a certificate in Money Laundering Control, a certificate in Board Governance and a certificate in Compliance Management all from the University of Johannesburg. Panuel also holds a post-graduate diploma in Compliance Management from the University of Johannesburg. He holds the following certified courses: a Middle Management Programme from the Gordon Institute of Business Science Business School, a Market Culture and Conduct Programme from Nedbank Group and an Ethics Officer Certification from the University of Stellenbosch Business School. He commenced his career practising law as a litigation attorney from 2000 until 2004 and thereafter he joined Nedbank Eswatini Limited as a compliance officer from May 2004 until May 2008. From June 2008 to January 2020 Panuel was Nedbank Eswatini Limited's company secretary and head of legal. He joined FNB Eswatini as a Chief Compliance Officer in January 2020.

**Nozipho Zwane – (BSc (chemistry, biology)) – Treasurer**

Nozipho Zwane obtained a Bachelor of Science (chemistry, biology) degree from the University of Eswatini. From June 2001 until March 2002 she worked as a high school teacher teaching mathematics and pure chemistry. From April 2002 until April 2011 Nozipho worked for African Alliance Swaziland Limited working across various portfolios including, securities trading, asset management and corporate finance. She worked for Nedbank Eswatini Limited as the head of treasury from April 2011 until August 2013. She worked for Transnet Group Limited from August 2013 until July 2019.

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## INCORPORATION AND SHARE CAPITAL

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### INCORPORATION

FNB Eswatini was registered and incorporated in Eswatini on 26 April 1995 with registration number 24/1988 under the Companies Act. The registered address and head office of FNB Eswatini is Corner MR103 Road & Swaki Street, Ezulwini, Eswatini.

### SHARE CAPITAL AND STATED CAPITAL

#### *Share capital on the Last Practicable Date*

The issued share capital of FNB Eswatini on the Last Practicable Date is as follows: **E' 000**

#### **Authorised share capital**

300 000 000 Ordinary Shares with a par value of 20 cents each **60 000**

#### **Issued share capital**

133 000 000 Ordinary Shares with a par value of 20 cents each **26 600**

#### *Share capital on the Listing Date*

No new Ordinary Shares will be issued on the Listing Date.

Accordingly, the issued share capital of FNB Eswatini on the Listing Date is expected to be:

	<b>As adjusted E'000</b>
133 000 000 Ordinary Shares	<b>26 600</b>

On the Listing Date, FNB Eswatini will not have founder or deferred shares. None of the Shares will be held in treasury on the Listing Date.

### DESCRIPTION OF SECURITIES

The Ordinary Shares, which are voting shares with full economic rights, will be listed on the Eswatini Stock Exchange on the Listing Date.

A special resolution of the holders of the Ordinary Shares will be required to vary any rights attaching to those Ordinary Shares.

### VARIATION OF RIGHTS OF SECURITIES

Subject to the provisions of legislation, all or any of the special rights or privileges for the time being attached to any class of shares for the time being issued may from time to time be varied or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of such holders (but not otherwise) and may be so varied or abrogated whilst FNB Eswatini is a going concern or during or in contemplation of a winding-up. To every such separate general meeting all the provisions of the Memorandum and Articles of Association relating to general meetings of FNB Eswatini shall mutatis mutandis apply, except that the necessary quorum shall be three persons at least holding or representing by proxy not less than one-third in nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined be not present those of such holders who are present shall be a quorum). Notwithstanding the aforementioned, if at any time there are cumulative and/or non-cumulative preference shares in the capital of FNB Eswatini, the following right shall attach to such shares: no further securities ranking in priority to or *pari passu* with existing preference shares of any class shall be created or issued without the consent in writing of the holders of 75% of existing preference shares of such class or the sanction of a resolution of the holders of such class of preference shares passed at a separate general meeting of such holders and at which members holding in the aggregate not less than 1/4 of the total votes of all the members holding securities in that class entitled to vote in that meeting are present in person or by proxy and the resolution has been passed by not less than 3/4 of the total votes to which the members of that class present in person or by proxy are entitled.

### LISTING ON OTHER STOCK EXCHANGES

No securities issued by FNB Eswatini have been listed on any other stock exchange.

## **OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES**

FNB Eswatini is not party to any contract or arrangement (or proposed contract or arrangement), whereby an option or preferential right of any kind is (or is proposed to be) given to any person regarding any Ordinary Shares in FNB Eswatini. FNB Eswatini is not contemplating any share issuance.

## **SHARES ISSUED OR TO BE ISSUED OTHER THAN FOR CASH**

No Shares have been, since the date of incorporation of FNB Eswatini, issued, or agreed to be issued, by FNB Eswatini or any of its subsidiaries to any person, other than for cash.

## **PREVIOUS OFFERS AND ISSUES**

There have been no offers for subscription or sale of any Shares or any securities in FNB Eswatini made by FNB Eswatini since the date of its incorporation to the date of issue of this Pre-listing Statement.

## **SHAREHOLDING**

### ***Controlling Shareholders***

As at the date of the Pre-listing Statement, the Major Shareholder held 133 000 000 million Ordinary Shares (100% of the issued Ordinary Shares). The Major Shareholder will sell up to 26 600 000 Ordinary Shares in the Private Placing.

As at the Last Practicable Date, FNB Eswatini is in the process of establishing a trust for the benefit of qualifying employees. The Major Shareholder has contributed 6 636 700 Ordinary Shares which constitutes 4.99% of the Company's total Ordinary Shares in issue. The contribution by the Major Shareholder to the trust does not form part of the Private Placing.

Accordingly, as at the Last Practicable Date, the Major Shareholder was the only person known to FNB Eswatini who, directly or indirectly, could exercise or does exercise control over FNB Eswatini. On implementation of the Private Placing and Listing, the Major Shareholder will continue to exercise control over FNB Eswatini.

### ***Major Shareholders***

As at the Last Practicable Date, the shareholders of FNB Eswatini holding 5% or more of the issued Ordinary Shares are as follows:

<b>Shareholder name</b>	<b>Number of Ordinary Shares held at the date of this Pre-listing Statement</b>	<b>Percentage of Ordinary Shares held at the date of this Pre-listing Statement</b>	<b>Number of Ordinary Shares expected to be held on the Listing Date</b>	<b>Percentage of Ordinary Shares expected to be held on the Listing Date</b>
FirstRand EMA Holdings Proprietary Limited	133 000 000	100%	99 763 300	75.01%
Public Service Pension Fund			9,842,000	7.40%
<b>Total</b>	<b>133 000 000</b>	<b>100%</b>	<b>109,605,300</b>	<b>82.41%</b>

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## SELLING AND TRANSFER RESTRICTIONS

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*Because of the following restrictions, you are advised to consult your legal advisor prior to making any offer, resale, pledge or other transfer of Ordinary Shares.*

The distribution of this Pre-listing Statement may be restricted by law. It is the responsibility of any person into whose possession this Pre-listing Statement comes to inform themselves about, and observe, any such restrictions. Any failure to comply with any of those restrictions may constitute a violation of the applicable laws or regulations of certain jurisdictions. This Pre-listing Statement does not constitute an offer of, or an invitation to acquire any of the Ordinary Shares in any jurisdiction in which such offer or purchase would be unlawful or require further action for such purpose.

Other than the application for admission of the Ordinary Shares to the main board of the ESE, the offering of securities in terms of this Pre-listing Statement has not been filed with or approved or disapproved by any regulatory authority of any country or jurisdiction, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Pre-listing Statement. Any representation to the contrary is unlawful.

In making an investment decision, each Shareholder must rely on its own examination, analysis and enquiry of FNB Eswatini and the Ordinary Shares, including the merits and the risks involved.

Shareholders should not treat the contents of this Pre-listing Statement as advice relating to legal, taxation, investment or any other matters and should consult their own professional advisors concerning the consequences of their acquiring, holding or disposing of Ordinary Shares. Shareholders should inform themselves as to:

- the legal requirements within their own jurisdictions for the purchase of, holding, transfer or disposal of Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase of, holding, transfer or disposal of Ordinary Shares that they might encounter; and
- the income and other tax consequences that may apply to them as a result of the purchase of, holding, transfer or disposal of Ordinary Shares. Shareholders must rely upon their own representatives, including their own legal advisors and accountants, and not those of FNB Eswatini or Rand Merchant Bank, as to legal, tax, investment or any other related matters concerning FNB Eswatini and an investment in it.

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## **EXCHANGE CONTROL**

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### **EXCHANGE CONTROL LIMITATIONS**

The Eswatini Exchange Control Regulations provide for restrictions on exporting capital from the Common Monetary Area (“**CMA**”). Transactions between residents of the CMA on the one hand are permitted, and persons (i.e. natural persons or legal entities) whose normal place of residence, domicile or registration is outside the CMA (“**Non-residents**”) on the other hand, are subject to these Exchange Control Regulations.

Currency and shares are not freely transferable from Eswatini to any jurisdiction outside the CMA. These transfers must comply with the Exchange Control Regulations.

Investors who are Non-residents should seek independent advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an investor to acquire and/or hold shares.

Set out below is a summary of the exchange control conditions applicable to the purchase of Ordinary Shares in terms of the Private Placing in Eswatini only. The exchange control conditions are derived from the permissions granted by the CBE to Authorised Dealers in terms of section 3 of the Exchange Control Regulations.

**This summary of the Eswatini Exchange Control conditions is intended as a guide only and is not comprehensive. If you are in any doubt, you should consult an appropriate professional advisor.**

### **ESWATINI PRIVATE INDIVIDUALS**

The acquisition of Ordinary Shares on the market by a private individual or resident of Eswatini will not affect such person’s foreign capital allowance under the Eswatini Exchange Control Regulations.

An Eswatini individual need not take any additional administrative actions and can instruct a broker to accept, buy and sell Ordinary Shares on their behalf as they would with other listed security on the ESE. The Ordinary Shares are in an Eswatini register and are Emalangenzi denominated.

### **ESWATINI INSTITUTIONAL INVESTORS**

Eswatini institutional investors may invest in the Ordinary Shares without affecting their allowable foreign portfolio investments or foreign exposure limits.

### **NON-RESIDENTS OF THE CMA**

Non-residents of the CMA may acquire Ordinary Shares on the market, provided that payment is received in foreign currency or Lilangeni from a non-resident account held in the books of an Authorised Dealer in Eswatini.

Non-residents may sell the Ordinary Shares on the market and repatriate the proceeds without restriction provided the Ordinary Shares have been acquired in an approved manner.

Residents outside the Common Monetary Area should note that, where Ordinary Shares are subsequently re-materialised and issued in certificated form, such share certificates will be endorsed ‘Non-Resident’ in terms of the Exchange Control Regulations.

### **EMIGRANTS FROM THE CMA**

Former residents of the CMA who have emigrated may use funds in their emigrant capital accounts to acquire the Ordinary Shares on the market. The Ordinary Shares will be credited to their share accounts at the CSDP controlling their remaining portfolios. The sale proceeds derived from the sale of the Ordinary Shares will be transferred to the Authorised Dealer controlling the emigrants’ remaining assets for credit to the emigrants’ capital account.

Shares subsequently re-materialised and issued in certificated form, will be endorsed ‘Non-Resident’ and will be sent to the Authorised Dealer through whom the payment was made.

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## ADDITIONAL INFORMATION

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### **GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAWS**

As at the Last Practicable Date, FNB Eswatini does not benefit from any government protection or investment encouragement law affecting its business.

### **PRINCIPAL IMMOVABLE PROPERTY OWNED OR LEASED**

As at the Last Practicable Date, FNB Eswatini owns Portion 71 of Farm 188, Dalriach Mbabane in the district of Hhohho and Lots No. 2 and 3 of The Offices Township, situated in the district of Hhohho, Eswatini, measuring 3,788 and 3,235 square metres in extent, respectively.

### **PROPERTY ACQUIRED OR TO BE ACQUIRED**

FNB Eswatini will not receive any proceeds from the Private Placing, therefore no property has been acquired or is to be acquired by FNB Eswatini arising from the Private Placing.

### **DISPOSAL OF PROPERTY**

FNB Eswatini has not made any material disposals (as categorised by the Listings Requirements) of property since the date of its incorporation. As at the date of this Pre-listing Statement, there are no proposed material disposals by FNB Eswatini of any property and there are no options to dispose of any such property.

### **INTERESTS OF ADVISORS AND PROMOTERS AND AMOUNTS PAID OR PAYABLE TO PROMOTERS**

None of the advisors hold any Ordinary Shares nor have they agreed to acquire any Ordinary Shares. The Transaction Advisor is a division of FirstRand Bank, which is part of the FirstRand Group of which the Major Shareholder is part.

FNB Eswatini has not paid any amount (whether in cash or in securities), nor given any benefit, to any promoters or any partnership, syndicate or other association of which the promoter was a member, not being a Director since the date of its incorporation.

No promoter, Director or officer of FNB Eswatini has any material beneficial interest, direct or indirect, in the Transaction Advisor.

### **EMPLOYEE PARTICIPATION**

As at the date of this Pre-listing Statement, FNB Eswatini is in the process of establishing a trust for the benefit of qualifying employees. The Major Shareholder has contributed 6 636 700 Ordinary Shares which constitutes 4.99% of the Company's total issued Ordinary Shares. The purpose of the proposed initiative is to retain and attract high calibre employees at all levels within FNB Eswatini, to create a sense of ownership amongst the employees of FNB Eswatini and engender an ownership culture. The Ordinary Shares will be held by the trust for the benefit of the employees.

### **MATERIAL CONTRACTS**

Save for the agreements contemplated below, as at the Last Practicable Date, FNB Eswatini has not entered into any material contracts, including a restrictive funding arrangement and/or a contract entered into (whether verbally or in writing) otherwise than in the ordinary course of business carried on, or proposed to be carried on, by FNB Eswatini up to the Last Practicable Date, or entered into at any time and containing an obligation or settlement that is material to FNB Eswatini.

#### ***Master Service Level Agreement***

On 27 June 2023 FNB Eswatini and FirstRand Bank entered into a Master Service Level Agreement, which agreement was effective from 1 July 2023. FirstRand Bank is the main South African operating subsidiary of the FirstRand Group and conducts business in the banking and financial services industry in South Africa and in certain countries in Africa. FNB Eswatini, a subsidiary company in the FirstRand Group, requires FirstRand Bank to provide it with various banking support services to meet its operational and business needs. FNB Eswatini derives benefit from these services that are provided by FirstRand Bank and these services are not duplicated. Pricing is set on an arm's length basis, with services charged at cost plus 8%.

The Master Service Level Agreement entitles either party to terminate the Master Service Level Agreement by giving the other party three months written notice. The Master Service Level Agreement automatically terminates if FNB Eswatini ceases to be a member of the FirstRand Group.

Upon termination, FNB Eswatini shall immediately discontinue any use of any and all intellectual property related to the FirstRand Group segment that provided the services to FNB Eswatini and FNB Eswatini shall within ten days from the date of termination of this Master Service Level Agreement make the necessary



changes to its advertising material so as to distinguish its business from the subject matter of the Master Service Level Agreement.

**Lock-up Agreements**

On or about the date of this Pre-listing Statement, the Major Shareholder and FNB Eswatini entered into a lock-up agreement under which they have agreed not to, directly or indirectly, offer, issue, lend, sell or contract to sell, options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or sale of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, other than certain limited exceptions, without the consent of Rand Merchant Bank. These limitations will apply for a minimum period of 180 days after the Listing Date.

**THIRD-PARTY MANAGEMENT**

FNB Eswatini's business is not managed by a third party.

**MATERIAL COMMITMENTS**

As at the Last Practicable Date, FNB Eswatini has no material capital commitments.

**CONTINGENT LIABILITIES**

As at the Last Practicable Date, FNB Eswatini has no contingent liabilities.

**LEASE PAYMENTS**

As at the Last Practicable Date FNB Eswatini has no material lease payments.

**LOAN CAPITAL AND MATERIAL BORROWINGS**

The Company does not have any outstanding loan capital and there are no material borrowings other to be disclosed.

**MATERIAL CHANGES**

There have been no changes in the trading objectives of FNB Eswatini and its subsidiaries or material changes in the business of FNB Eswatini since the date of its incorporation.

**ISSUED CAPITAL STATEMENT**

The Directors are of the opinion that the issued capital of FNB Eswatini is adequate for purposes of FNB Eswatini's business and its subsidiaries for at least 18 months following the date of this Pre-listing Statement.

**WORKING CAPITAL STATEMENT**

The Directors are of the opinion that, subject to the implementation of the Private Placing, the working capital available to FNB Eswatini will be sufficient for FNB Eswatini's current and foreseeable requirements, that is, for at least 18 months following the date of this Pre-listing Statement.

## LITIGATION STATEMENT

Save for the matters disclosed below, no legal or arbitration proceedings have been instituted that may have, or have had in the last 12 months, a material effect on FNB Eswatini's financial position nor is FNB Eswatini aware of any such proceedings that are pending or threatened.

<b>Matter</b>	<b>Brief Description</b>	<b>Amount Claimed</b>
<b>Litigation</b>	<p>The customer is suing FNB Eswatini for an alleged loss of income because FNB Eswatini allegedly failed to comprehensively insure a trailer on his behalf.</p> <p><b>Status:</b></p> <p>The customer has not been able progress the matter to trial since 2017 and its merits have not yet been tested.</p>	<p>E23 449 435 made up as follows:</p> <p>E17 073 314 for failure to make payment of the purchase of the vehicle and trailer;</p> <p>E6 376 121 for failure to keep the trailer comprehensively insured; and</p> <p>interest on both amounts at the rate of 9% per annum.</p>
	<p>E12 million is claimed against FNB Eswatini for the alleged transfer without mandates and E5 million for loss of interest. FNB Eswatini is alleged to have transferred E12 million from the business account of a now former customer of FNB Eswatini to the account of a current FNB Eswatini customer.</p> <p><b>Status:</b></p> <p>The claimant has not been able to progress the matter after FNB Eswatini filed opposing papers and requested further particulars in 2015.</p>	<p>E12 000 000</p>

## EXPENSES

FNB Eswatini has not incurred any preliminary expenses (within the meaning of the Listings Requirements) since the date of its incorporation.

The expenses of the Listing, which are estimated to be in the sum of E3 017 873 shall be paid by FNB Eswatini.

The following table sets out the total estimated expenses of the Private Placing and the Listing:

	E
Legal advisor to FNB Eswatini as to South African law – DLA Piper Advisory Services Proprietary Limited	1 800 000
Legal advisor to FNB Eswatini as to Eswatini law – Robinson Bertram	120 000
Sponsor – Alphsz Securities Limited	300 000
Auditor and independent reporting accountant – PricewaterhouseCoopers Services Proprietary Limited	70 000
Transfer Secretary – SNG Grant Thornton Eswatini	107 525
Printing, publication and distribution costs	80 000
ESE listing and document inspection fees	510 348
Other expenses and disbursements	30 000
<b>Total</b>	<b>3 017 873</b>

Fees payable to Rand Merchant Bank in its capacity as Transaction Advisor to the FirstRand Group will be for the account of the Major Shareholder.

## COMMISSIONS PAID OR PAYABLE

Other than as set out above and below, no consideration has been paid since the date of incorporation of FNB Eswatini or is payable to any person by FNB Eswatini (including commission so paid or payable to any sub-underwriter that is the holding company, promoter, Director or officer of FNB Eswatini) for agreeing to procure buyers for any of the Ordinary Shares. No commissions, discounts, brokerage or other special terms has been granted by FNB Eswatini since incorporation in connection with the issue of any securities, stock or debentures in the capital of FNB Eswatini.

## CONSENTS

The auditor and independent reporting accountant, whose reports are contained in this Pre-listing Statement, have given and have not, prior to the date of this Pre-listing Statement, withdrawn its written consents to the inclusion of its reports in the form and context in which they appear in this Pre-listing Statement. Each of the legal advisors, the auditor and independent reporting accountant, the Sponsor named in this Pre-listing Statement have consented in writing to act in those capacities as stated in this Pre-listing Statement, and to their names being stated in this Pre-listing Statement, and have not withdrawn their consent prior to the publication of this Pre-listing Statement.

## DOCUMENTS AND CONSENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at FNB Eswatini's registered office set out on the "*Corporate Information*" page during normal business hours (Saturdays, Sundays and official Swati public holidays excepted, as applicable) for 14 days from the date of issue of this Pre-listing Statement:

- a certified copy the Memorandum and Articles of Association of FNB Eswatini;
- a certified copy of the certificate of incorporation of FNB Eswatini;
- a certified copy of the shareholder and board resolutions authorising the Private Placing;
- approval from the ESE for the Listing of the Ordinary Shares;
- the Historical Financial Information of FNB Eswatini, incorporated by reference in this Pre-listing Statement;
- the audit reports on the annual financial statements of FNB Eswatini for the years ended 30 June 2023, 2022 and 2021 being incorporated by reference; and
- the written consents of each of the service providers whose reports appear in the Pre-listing Statement.

Signed at Ezulwini on 5 December 2023:



Joseph Vusumuzi Ndlangamandla



Dennis Tikhalo Mbingo

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## **IMPORTANT FINANCIAL AND OTHER INFORMATION**

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### **CERTAIN DEFINITIONS**

The definitions and interpretations contained in the Definitions section of this Pre-listing Statement apply to this entire document, unless otherwise stated or the context clearly indicates otherwise.

References to any “financial year” are to the 12 months ended 30 June.

### **PRESENTATION OF FINANCIAL INFORMATION**

Incorporated by reference in this Pre-listing Statement is the Historical Financial Information of FNB Eswatini as at, and for the three financial years ended, 30 June 2023, 2022 and 2021. The Historical Financial Information of FNB Eswatini and the audit reports on the annual financial statements of FNB Eswatini for the years ended 30 June 2023, 2022 and 2021 being incorporated by reference and may be found on the FNB Eswatini website and are available at the Company’s head office.

The Historical Financial Information of FNB Eswatini has been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board, as amended from time to time, the Companies Act and in accordance with the Listings Requirements.

FNB Eswatini publishes its financial statements in Emalangenani.

Certain financial information presented in this Pre-listing Statement, including in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. Therefore, when presented in a table, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Pre-listing Statement reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

## ANNEX A: SUMMARY OF HISTORICAL FINANCIAL INFORMATION OF FNB ESWATINI

Presented below is a summary of the Historical Financial Information of FNB Eswatini as at and for the three financial years ended 30 June 2023, 2022 and 2021, which has been extracted by the Directors of FNB Eswatini without adjustment from the Historical Financial Information. The Historical Financial Information of FNB Eswatini has been incorporated by reference in this Pre-listing Statement and the audit reports on the annual financial statements of FNB Eswatini for the years ended 30 June 2023, 2022 and 2021 can be found on the FNB Eswatini website and at the Company's head office. FNB Eswatini publishes its financial statements in Emalangeni.

The Historical Financial Information of FNB Eswatini is the responsibility of the Directors. The Historical Financial Information has been rounded to the nearest whole number place. Therefore, when presented in a table, the sum of the numbers in a column may not conform exactly to the total figure given for that column.

### STATEMENT OF COMPREHENSIVE INCOME OF FNB ESWATINI

For the financial years ended 30 June 2023, 2022 and 2021:

	2023 E'000	2022 E'000	2021 E'000
Interest and similar income	730 568	463 809	404 546
Interest expense and similar charges	(281 377)	(122 172)	(103 353)
<b>Net interest income before impairment of advances</b>	<b>449 191</b>	341 637	301 193
Expected credit (losses) on investment securities	2 118	(2 604)	(19 384)
Impairment of advances	(10 555)	32 338	(59 949)
<b>Net interest income after impairment of advances</b>	<b>440 754</b>	371 371	221 860
Non-interest revenue	464 813	428 087	393 173
<b>Income from operations</b>	<b>905 567</b>	799 458	615 033
Operating and administration expenses	(542 395)	(479 803)	(427 549)
<b>Income before tax</b>	<b>363 172</b>	319 655	187 484
Indirect tax	(36 455)	(32 333)	(26 980)
<b>Profit before tax</b>	<b>326 717</b>	287 322	160 504
Income tax expense	(81 392)	(78 106)	(38 581)
<b>Profit for the year</b>	<b>245 325</b>	209 216	121 923
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that may not subsequently be reclassified to profit or loss</b>			
<b>Re-measurement on defined benefit post-employment plans gain</b>			
Actuarial gains for the year	-	-	5 000
Deferred income tax on gains arising during the year	-	-	(1 375)
	-	-	3 625
<b>Total other comprehensive income for the year</b>	<b>245 325</b>	209 216	125 548

## STATEMENT OF FINANCIAL POSITION OF FNB ESWATINI

as at 30 June 2023, 2022 and 2021:

	<b>2023</b>	2022	2021
	<b>E'000</b>	E'000	E'000
<b>ASSETS</b>			
Cash and cash equivalents	<b>1 129 540</b>	2 695 858	2 750 815
Advances	<b>3 485 911</b>	2 838 201	2 668 258
Investment securities	<b>1 171 238</b>	2 001 993	1 808 085
Derivative financial instruments	<b>12 055</b>	18 503	4 472
Accounts receivable	<b>156 907</b>	69 070	283 386
Current income tax asset			11 661
Amounts due from related parties	<b>2 116 239</b>	786 494	313 068
Deferred income tax asset	<b>47 284</b>	48 622	54 121
Property and equipment	<b>295 341</b>	164 945	92 291
<b>Total assets</b>	<b>8 414 515</b>	8 623 686	7 986 157
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the parent</b>			
Ordinary share capital	<b>26 600</b>	26 600	26 600
Preference share capital	<b>1 042</b>	1 042	1 042
Share premium	<b>2 686</b>	2 686	2 686
Other reserves	<b>300 010</b>	268 349	245 070
Retained earnings	<b>838 816</b>	783 096	736 055
<b>Total equity</b>	<b>1 169 154</b>	1 081 773	1 011 453
<b>LIABILITIES</b>			
Deposits	<b>5 171 237</b>	6 586 885	6 204 598
Derivative financial instruments	<b>14 548</b>	21 685	2 142
Defined benefit post-employment liability	<b>8 913</b>	8 913	8 913
Accounts payable	<b>341 513</b>	264 886	602 603
Lease liability	<b>12 941</b>	20 438	24 097
Provision for other liabilities and charges	<b>42 383</b>	39 026	37 174
Current income tax liability	<b>9 573</b>	4 928	–
Amounts due to related parties	<b>1 644 253</b>	595 152	95 177
<b>Total liabilities</b>	<b>7 245 361</b>	7 541 913	6 974 704
<b>Total equity and liabilities</b>	<b>8 414 515</b>	8 623 686	7 986 157

## STATEMENT OF CASH FLOWS

for the financial years ended 30 June 2023, 2022 and 2021:

	2023 E '000	2022 E '000	2021 E'000
<b>Cash flows from operating activities</b>	<b>318 783</b>	249 983	254 609
<i>Cash received from customers</i>	<b>1 140 466</b>	849 718	780 949
Interest and similar income	<b>700 274</b>	438 180	404 546
Fee and commission income	<b>437 980</b>	403 041	371 977
Recoveries	<b>2 212</b>	8 497	4 426
<i>Cash paid to customers, suppliers and employees</i>	<b>(821 683)</b>	(599 736)	(526 340)
Interest expense and similar charges	<b>(278 978)</b>	(119 774)	(101 996)
Total other operating expenditure	<b>(506 249)</b>	(447 629)	(397 570)
Indirect tax paid	<b>(36 456)</b>	(32 333)	(26 774)
Income tax paid	<b>(75 408)</b>	(56 018)	(55 737)
<i>Net cash flow from operating activities before changes in operating asset and liabilities</i>	<b>243 375</b>	193 965	198 872
<b>Cash flow from changes in operating assets and liabilities</b>			
Net (increase) in advances	<b>(647 710)</b>	(138 645)	(299 614)
Net decrease/(increase) in amounts due from related parties	<b>(1 329 745)</b>	(473 426)	(59 914)
Net (increase)/decrease in accounts receivable	<b>(87 837)</b>	214 315	(195 360)
Net (decrease)/increase in term deposits	<b>(1 415 648)</b>	382 288	1 449 748
Net increase/(decrease) increase in amounts due to related parties	<b>1 049 101</b>	499 975	4 252
Net increase/(decrease) in accounts payable	<b>(7 110)</b>	(319 806)	352 479
Net increase/(decrease) in provisions for other liabilities and charges	<b>3 357</b>	(1 808)	5 311
Net increase/(decrease) in derivative instruments	<b>(689)</b>	5 511	(5 927)
<i>Net cash flow from changes in operating assets and liabilities</i>	<b>(2 436 281)</b>	168 404	1 250 975
<i>Net cash inflow from operating activities</i>	<b>(2 192 906)</b>	362 369	1 449 847
<b>Cash flows from investing activities</b>			
Acquisition of assets	<b>(160 120)</b>	(96 227)	(20 374)
Acquisition of investment securities	<b>(861 497)</b>	(2 383 808)	(2 170 061)
Investment securities matured	<b>1 742 126</b>	2 132 856	1 494 240
Proceeds from sale of fixed assets	<b>349</b>	50	–
<i>Net cash outflow from investing activities</i>	<b>720 858</b>	(347 129)	(696 195)
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders	<b>(74 206)</b>	(56 926)	(100 000)
Lease liability payments	<b>(14 210)</b>	(13 838)	(13 759)
<i>Net cash outflow from financing activities</i>	<b>(88 416)</b>	(70 764)	(113 759)
<b>Net increase in cash and short-term funds</b>	<b>(1 560 464)</b>	(55 524)	639 893
Cash and cash equivalents at beginning of the year	<b>2 695 858</b>	2 750 815	2 110 922
Effect of exchange rate changes on cash and cash equivalents	<b>(5 854)</b>	567	–
<b>Cash and cash equivalents at end of the year</b>	<b>1 129 540</b>	2 695 858	2 750 815

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## ANNEX B: THE DIRECTORS AND MANAGEMENT

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### Other directorships held by the Directors

The names of all companies and partnerships of which the Directors have been a director or partner at any time in the five years preceding the Last Practicable Date are listed below:

Name	Position	Company	Position still held (Y/N)
Joseph Vusumuzi Ndlangamandla	Director	Affordable Car Hire (Pty) Ltd	Yes
	Director	Bendla Holdings (Pty) Ltd	Yes
	Director	National Agricultural Marketing Board	Yes
	Director	Industrial Development Company of Eswatini	No
	Director	T.M.C (Pty) Ltd	Yes
Sharon de Sousa	Commercial director	Swaziland Sugar Association	No
	Director	Alpha Eswatini formerly known as Sanlam Investment Management Swaziland Limited	Yes
	Director	Sousa-Agri Investments	Yes
David Ellis Wright	Director	First National Bank of Botswana Limited	No
	Director	Swaziland Empowerment Limited	Yes
Elizabeth Busisiwe Jane Arden	Director	Kaspersnek Orchards (Pty) Ltd	Yes
Samantha Lee Balsdon <sup>1</sup>	Director	N/A	N/A
Dennis Tikhalo Mbingo	Chairperson	Eswatini Bankers Association	Yes
	Director	Eswatini Bankers Association	Yes
		Federation of Eswatini Employers	Yes
		EK Farms (Pty) Ltd	Yes
		Angela Investments (Pty) Ltd	Yes
	Chairperson	South African Employers for Disability (SAE4D)	No
	Executive Director	Institute of People Management (IPM)	Yes
	Chairperson	Love Trust Association	Yes
	Non-executive directors and advisor, remuneration committee	The Aurum Institute	Yes
	Chairperson	Aurum Innova (Pty) Ltd	Yes
Director	Maccauvlei Learning Academy (Pty) Ltd	Yes	
Leonard Jack Haynes	Director	Aurum Institute NPC	Yes
	Director	First National Bank Tanzania Limited	Yes

**Note:**

<sup>1</sup> Samantha Lee Balsdon has not been a director or partner of a company or partnership at any time in the five years preceding the Last Practicable Date.



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## **ANNEX C: EXTRACTS OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF FNB ESWATINI**

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### **EXTRACT FROM THE MEMORANDUM OF ASSOCIATION**

“3. The objects for which the Company is established are:–

- (a) (i) *To carry on the business of Banking in all its branches, and to transact and do all matters and things incidental thereto, or which may at any time hereafter, at any place where the company shall carry on business, be usual in connection with the business of banking or dealing in money or securities for money;*
- (ii) *To carry on the business of discounting, dealing in exchanges, in specie and securities;*
- (iii) *To deal in and assay precious metals;*
- (iv) *To invest money in such manner as may from time to time be thought proper;*
- (v) *To act as agents for the sale and purchase of any stocks, shares or securities, or for any other monetary or mercantile transaction;*
- (vi) *To promote, effect, insure, guarantee, underwrite, participate in, manage, and carry out any issue, public or private, of state, municipal or other, loans, or of shares, stock, debenture or debenture stock of any company, corporation or association, and to lend money for the purposes of any such issue.*
- (b) *To carry on any other business, trade, occupation or activity whatsoever which may be conveniently, usefully or profitably carried on in conjunction with the above objects or which may directly or indirectly benefit the Company in any way.*
- (c) *To acquire by purchase, lease, exchange or in any other manner whatsoever, immovable and movable property of any nature and kind whatsoever and wheresoever situate, or any right or interest whatsoever in any immovable or movable property of any nature or kind whatsoever and wheresoever situate, including any business or undertaking together with its liabilities.*
- (d) *To construct, maintain, develop, alter or improve any buildings or works.*
- (e) *To accept appointment and hold office as executors, administrators, trustees, curators, nominees, agents and the like and to manage and administer the estates, concerns and affairs of persons and corporations.*
- (f) *To purchase or acquire any patents, brevets invention, licences, concession and the like, conferring any exclusive or non-exclusive or limited rights which may seem capable of being used or made profitable for or in connection with any of the objects of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit this Company, and to use, exercise, develop or grant. licences in respect of or otherwise turn to account the property and rights so acquired.*
- (g) *To lend money, either with or without security, and with or without interest, to such persons and upon such terms and conditions as the Company may think fit.*
- (h) *To enter into partnership or any arrangement for amalgamation, sharing profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise, with any person or company carrying on or engaged in any business or transaction which this Company is authorised to carry on or engage in, or any business transaction capable of being conducted so as directly or indirectly to benefit this Company, and to lend money to, guarantee the contracts of or otherwise assist any such person or company. And to take or otherwise acquire shares and securities of any such Company, and to sell, hold, re-issue, with or without guarantee, or otherwise deal with the same.*
- (i) *To promote or assist in the flotation and/or promotion of any company or companies for the purpose of its or their acquiring all or any of the property, rights and liabilities of the Company, or for any other purpose which may seem directly or indirectly calculated to benefit this Company.*
- (j) *To invest and deal with the moneys of the Company not immediately required upon such securities and in such manner as the Board may from time to time determine.*

- (k) *To raise or borrow or secure the payment of money, or the performance of any obligation, in such manner and on such terms as may seem expedient, and in particular by the grant and passing of mortgage and other bonds charged upon all or any of the Company's assets, movable and immovable, present and future, including its uncalled capital (if any), the issue of debentures or debenture stock, and to confer any special rights and privileges on the holders of such bonds, debentures or debenture stock.*
- (l) *To give any guarantee for the payment of money or the performance of any undertaking or condition in relation to debentures, debenture stock, bonds, obligations, shares, stock, loans, investments and other securities placed, made or effected through the Company's agency, or in which the Company may be in any wise interested, or which it may be deemed expedient in the Company's interest to guarantee, and also to guarantee the performance of any contract or obligation of any Company, corporation, authority, firm or person in which the Company is interested in such manner and on such terms as may be considered desirable in the interests of the Company or otherwise assist any such person or Company and to sign and execute Deeds and Bonds of Suretyship, to undertake and execute any trusts, to carry on business as underwriters, and to discount or purchase bills of exchange and hire purchase agreements and other debts and engagements.*
- (m) *To enter into any arrangements with any Governments or authorities, supreme, municipal, local or otherwise that may seem conducive to the Company's objects or any of them, and to obtain from any such Government or authority any rights, privileges or concessions which the Company may think it desirable to obtain, and to carry out, exercise and comply with such arrangements, rights, privileges and concessions.*
- (n) *To promote or assist in promoting any company or companies for the purpose of its or their acquiring all or any of the property, rights and liabilities of the Company, or for any other purpose which may seem directly or indirectly calculated to benefit the Company, and to buy, sell, dispose of and deal in stocks, shares, debentures and securities of all kinds.*
- (o) *To sell the undertaking of the Company, or any part thereof for such consideration as the Company may think fit, and in particular for shares or debentures, debenture stock or other securities of any other Company and generally to sell, improve, develop, exchange, lease, mortgage, dispose of or otherwise deal with all or any part of the property or rights of the Company.*
- (p) *To open and operate bank accounts and savings accounts and to draw, accept, endorse, discount, execute and issue bills of exchange, cheques, promissory notes, debentures, bills of lading and other negotiable or transferable instruments, and to guarantee the payment of any money.*
- (q) *To establish and support, or to aid in the establishment and support of associations, institutes, clubs, hospitals, trust funds or conveniences calculated to benefit employees or ex-employees of the Company, or the dependants or connections of such persons, and to make donations to any person and for any purposes, and grant pensions and allowances, and to make payments towards insurance, and to subscribe or guarantee money for charitable or benevolent objects, or for any exhibition, or for any public, general or useful object.*
- (r) *To remunerate by payment in cash, by shares or debentures of the Company or of any Company, by the grant of rights to require the Company to sell any number of its shares for the par value or any amount in excess thereof or by the shares of any Company at an agreed upon price, by goods or otherwise, as may seem expedient, any person or Company for any services rendered or consideration given to the Company and particularly for services rendered or to be rendered as an officer, servant, agent or underwriter, or for placing or for assisting to place or guaranteeing the placing of or finding subscribers for or for underwriting or finding underwriters of any of the shares of the Company's capital or of its debentures of any Company or in or about the formation or promotion of the Company or of any Company in which the Company has any interest or the conduct otherwise of the Company's business.*
- (s) *To distribute, by way of dividend or bonus, amongst shareholders of the Company, such specific assets belonging to the Company as may be determined from time to time, and in particular shares, stocks, debentures, or securities of any other Company held by or otherwise belonging to the Company, but so that no distribution amounting to a reduction of capital be made, except with the sanction (if any) for the time being required by Law.*
- (t) *To pay all expenses of and incidental to the registration and promotion of the Company and of all preliminary contracts and negotiations.*
- (u) *To do all or any of the above things in any part of the world, and either as principals or agents, and either alone or in conjunction with others.*

- (v) *To assume the rights and obligations of any person or corporation under any contract entered into in contemplation of the formation of this Company and purporting or intended to be for the benefit of this Company and to indemnify such person or corporation against any claims arising out of such contract and to accept the profits and liabilities from any such contract already completed.*
- (w) *To do all such other things as are incidental or conducive to the attainment of the above objects.*
- (x) *The objects set forth in any sub-section of this section shall not be restrictively construed, but the widest interpretation shall be given thereto, and they shall not, except when the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-section or by the name of the Company. None of such sub-sections or the object or objects therein specified or the powers thereby conferred shall be deemed subsidiary or ancillary to the objects or powers mentioned in any other sub-section, but the Company shall have full power to exercise all or any of the powers and to achieve or to endeavour to achieve all or any of the objects conferred by and provided in any one or more of the said subsections.”*

**EXTRACTS FROM THE ARTICLES OF ASSOCIATION:**

*“3. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued (which special rights may be varied or abrogated only in the manner provided by Article 5) any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine or failing such determination as the Board may under authority of any ordinary resolution of the Company determine. Subject to the provisions of The Statutes, the Company may issue preference shares that are, or at the option of the Company, are liable to be redeemed on such terms and in such manner as the Company before the issues thereof may be special resolution determine and be in compliance with the provisions of Article 6.*

*Notwithstanding the aforementioned, if at any time there are cumulative and/or non-cumulative preference shares in the capital of the Company, the following right shall attach to such shares: No further securities ranking in priority to or pari passu with the existing preference shares of any class shall be created or issued without the consent in writing of the holders of 75% of the existing preference shares of such class or the sanction of a resolution of the holders of such class of preference shares passed at a separate general meeting of such holders and at which Members holding in the aggregate not less than 1/4 of the total votes of the Members holding securities in that class entitled to vote in that meeting are present in person or by proxy and the resolution has been passed by not less than 3/4 of the total votes to which the Members of that class present in person or by proxy are entitled.*

*4. The Company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person or for any shares of the Company or its holding company, nor shall the Company make a loan for any purpose whatever on the security of its shares or of the shares of its holding company, but nothing in this article shall prohibit transactions permitted by The Statutes.”*

**“9. SHARES**

*9.1 Subject to the provisions of Article 11.3, shares, whether in the initial or any increased capital, shall be issued to such person or persons and on such terms and conditions as the Company in general meeting may determine; provided that the Company may by resolution direct that the shares shall, subject to the provisions of The Statutes, be issued by the Board to such person or persons on such terms and conditions as the Board may determine, but so that no shares shall be issued at a discount except in accordance with The Statutes. As regards all allotments of shares from time to time made, the Board shall comply with The Statutes and the Act.*

*9.2 In the case of an acquisition and/or transfer and/or disposal of shares in the Company such transaction shall be effective and validated only upon such acquisition and/or transfer and/or disposal being effected in compliance with the provisions of the Act.*

*9.3 Subject to any waiver by shareholders of their pre-emptive rights, all unissued or new shares shall be offered to existing shareholders pro-rata to their shareholding, unless these are issued for the acquisition of assets.*

*9.4 Subject to the provisions of The Statutes the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares in the Company, and any such commission may be paid agreed to be paid out of profits, whether current or carried forward, but so that the commission shall not exceed ten per centum on the shares in each case subscribed or to be subscribed and the statutory conditions and requirements shall be observed and complied with in respect*

thereof. Any such commission shall be calculated on the price at which shares are issued, and may be satisfied in whole or in part in fully paid-up shares in the Company provided that no such commission nor any portion thereof shall be paid in shares without the sanction of the Company in special general meeting first having been obtained. The Company may also on any issue of shares pay such brokerage as may be lawful.

9.5 In the case of any share registered in the name of two or more persons as joint holders, the person first named in the register shall, save as may otherwise be provided in these present, be the only person recognised by the Company as having any title to such share and to the certificate thereof.

9.6 Upon the death, insolvency or placing under curatorship by reason of insanity or prodigality of any joint holder of any share, the sole remaining joint holder or the first named of two or more remaining joint holders, as the case may be, shall be the only person recognised by the Company as having any title to such share. Nothing herein contained shall release the estate of the deceased, insolvent, insane or prodigal joint holder from any liability in respect of any share jointly held by him.

9.7 Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share or (except only as these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute rights to the entirety thereof in the registered holder.”

#### **“11. TRANSFER OF SHARES**

11.1. All transfers of shares may be effected by transfer in writing in any usual or common form or in such other form as the Board may approve. There shall be no restriction on the transfer of any securities of the Company. The instrument of transfer shall be signed by or on behalf of the transferor. The transferor shall remain the holder of the share concerned until the name of the transferee is entered in the register in respect thereof.”

#### **“19. DIRECTORS**

19.1. The first directors shall be nominated and appointed by the majority of the subscribers to the Memorandum and Articles of Association of the Company. The maximum number of directors shall be fifteen and the minimum shall be five, as provided by Section 56(1) of the Financial Institutions Act, 2005.

...

19.4. The directors shall be paid out of the funds of the Company by way of remuneration for their services such sum, as the Company in general meeting shall from time to time determine.

19.5. If any director shall devote to the business of the Company either his whole time and attention, or more of his time and attention than in the opinion of the Board would usually be so devoted by a person holding such office, or shall undertake or perform any duties or services other than those which, in the opinion of the Board, would usually be undertaken or performed by a person holding such office, or shall be called upon to perform and shall perform extra services or reside abroad or make any special exertions for any of the purposes of the Company, then and in any of such cases the Board may remunerate the director concerned either by a fixed sum, annual or otherwise, or in such other manner as shall be determined by the Board, and such remuneration may at the discretion of the Board be either in addition to or in substitution for all or any part of any other remuneration to which such director may be entitled under these Articles.

19.6. The Board shall repay to any director all such travelling, hotel and other expenses as he may properly incur in attending and returning from meetings of the Board or of any committee of the Board or general meetings or otherwise in or about the business of the Company.

...

19.14 The Board shall from time to time appoint the Chief Executive Officer or other executive director on such terms as to remuneration, pension and otherwise as it may think fit and for such period as the Board may determine (but with a maximum period of five years at any one time) and, subject to the terms of any contract entered into in any particular case, may at any time revoke any such appointment. A director so appointed shall, subject to the terms of any agreement between him and the Company, be subject to the same provisions as to resignation or removal as the other directors and, without prejudice to any claim for damages or compensation to which he may be entitled, his appointment shall be automatically determined if he ceases from any cause to be a director of the Company.

19.15 The Board may entrust to and confer upon a Chief Executive Officer and/or other Executive Director, any of the powers and authorities vested in it upon such terms and conditions and with such restrictions as it thinks fit and either collaterally with or to the exclusion of, and in substitution for, all or any of its powers, and may from time to time (subject to the terms of any agreement entered into in any particular case) revoke, withdraw, alter or vary all or any of such powers and authorities. In exercising the powers and/or authorities entrusted to or conferred upon him, the Chief Executive Officer or other executive officer shall conform to any board charter that may from time to time be imposed by the Company's holding company.”

## **“20. DISQUALIFICATION OF DIRECTORS**

20.1 Without prejudice to the provisions for retirement by rotation or otherwise herein contained, the office of a director shall ipso facto be vacated upon the happening of any of the following events, namely —

- a. if he shall become prohibited by law, as provided in Section 49 of the Financial Institutions Act, 2005, from acting as a director;
- b. if he shall resign by writing under his hand left at the office or if he shall tender his resignation and the Board shall resolve to accept the same;
- c. if he shall become insolvent, or assign his estate for the benefit of his creditors or suspend payment or file a petition for the liquidation of his affairs, or compound with his creditors;
- d. if he shall become of unsound mind;
- e. if any executive director be absent from meetings of the Board for a continuous period of six months without special leave from the Board, and is not represented at any such meetings by an alternate, and the Board resolves that the office be vacated: provided that the Board may grant to any director not resident in Eswatini leave of absence for any or an indefinite period;
- f. he does not within two months from the date of his appointment obtain his qualification or if after the expiration of such period he ceases at any time to hold his qualification;
- g. if he is removed from office by a resolution of the Board in favour of which at least two-thirds of the total number of directors for the time being shall have voted.”

## **“21. APPOINTMENT AND RETIREMENT OF DIRECTORS**

21.1. Subject as hereinafter mentioned, at the first annual general meeting all the directors shall retire from office and at the annual general meeting in each subsequent year one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office.

21.2. The directors to retire by rotation at an annual general meeting shall be those non-executive directors who have been longest in office and so that as between persons who became or were last re-elected directors on the same day those to retire shall (unless they otherwise agree amongst themselves) be determined by lot. The length of time during which a director has been in office shall be computed from the time when he was last elected or re-elected. A retiring director shall be eligible for re-election.

21.3. The Company at the meeting at which a director retires in the manner aforesaid may by ordinary resolution fill up the office being vacated by electing thereto a person eligible for appointment and in default the retiring director shall if willing to continue to act be deemed to have been re-elected unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such director shall have been put to the meeting and lost.

21.4. The Company, in a general meeting, shall elect to be a director any person eligible for appointment in terms of Section 56 of the Financial Institutions Act, 2005, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of directors shall not at any time exceed the maximum or be below the minimum number fixed by the Articles. The power to elect directors at a special general meeting shall be exercised only by special resolution.

...

21.7. The Company may in accordance with and subject to the provisions of The Statutes by ordinary resolution of which special notice has been given remove any director from office notwithstanding any provision of the Articles or of any agreement between the Company and such director, but without prejudice to any claim he may have for damages for breach of any such agreement, and elect another person in place of a director so removed from office.

21.8. Without prejudice to the power of the Company in general meeting under the Articles, the Board shall have power at any time and from time to time, subject to The Statutes, to appoint any person to be a director either to fill the casual vacancy or as an additional director, but so that the total number of directors shall not at any time exceed the maximum number fixed by the Articles. Any director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining either the directors or the number of directors who are to retire by rotation at such meeting.”

**“23. GENERAL POWERS OF DIRECTORS**

*23.1 The business of the Company shall be managed by the Board, which may exercise all such powers of the Company as are not by The Statutes or by the Articles required to be exercised by the Company in general meeting, subject nevertheless to the Articles, to the provisions of The Statutes and to such resolutions (being not inconsistent with the aforesaid articles of provisions) as may be passed by the Company in general meeting; but no resolution so passed by the Company shall invalidate any prior act of the Board which would have been valid if such resolution had not been passed. The general powers given by this article shall not be limited or restricted by any special authority or power given to the Board by any other article. In exercising all such powers as aforesaid, however, the Board shall conform to any Board charter that may from time to time be imposed by the Company’s holding company.*

...

*23.8. The Board may in its discretion borrow or raise from time to time such amounts as it deems fit for the Company’s purposes...”*

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## ANNEX D: BEST PRACTICE REGISTER

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The Board of FNB Eswatini recognises the link between effective governance, sustainable performance and the creation of long-term value for all of its stakeholders. The Board is committed to the principles of transparency, integrity, fairness and accountability, and recognises the need to implement good corporate governance principles. The Board, therefore, seeks to apply the principles as set out in the King Code.

FNB Eswatini has performed an assessment of the application of the principles set out in the King Code. The assessment is reflected below together with key actions envisaged to achieve application, where gaps exist.

Principle	Applied	Comments
1 The governing body should lead ethically and effectively.	Applied	As set out in the Board Charter, the Directors, overseen by the Chairperson, hold each another accountable for decision-making and ethical behaviour.
2 The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Applied	As set out in the Board Charter, the Board is responsible for the monitoring and governance of the ethics of FNB Eswatini.  FNB Eswatini's code of ethics guides the interaction between employees, clients, stakeholders, suppliers and the communities within which it operates.
3 The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Applied	The Board is responsible for monitoring the overall responsible corporate citizenship performance of FNB Eswatini.
4 The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Applied	FNB Eswatini's ability to create value in a sustainable manner is illustrated throughout its business model.  The Risk Committee assists the Board with the governance of risk and continuously monitors risks and ensures the implantation of various risk controls.
5 The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	Applied	FNB Eswatini's annual report will provide an assessment of its performance, measured against its objectives.
6 The governing body should serve as the focal point and custodian of the corporate governance in the organisation.	Applied	The Board is the focal point and custodian of corporate governance of FNB Eswatini. Its role and responsibilities and the way that it executes its duties and decision making are documented and are set out in the Board Charter. Further aspects of governance are addressed with greater impetus through the established Board sub-committees i.e. Risk Committee and Remuneration Committee.

<b>Principle</b>	<b>Applied</b>	<b>Comments</b>
7 The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	Applied	<p>The Board and its sub-committees consider on an annual basis, its composition in terms of balance of skills, experience, diversity, independence and knowledge and whether this enables it to effectively discharge its role and responsibilities. The Board is satisfied that there is a balance of skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities.</p> <p>Through the annual self-assessment of the Board and its sub-committees, the knowledge and skills set are evaluated and improved where required. Furthermore, where necessary the subject matter experts are available for matters requiring specialised guidance.</p>
8 The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	Applied	<p>The Board and its sub-committees complies with the requirements of King IV. There is a clear balance of power to ensure that no individuals have undue decision-making powers.</p> <p>The Audit Committee is satisfied that the auditor is independent and non-audit services are not performed and the audit firm has been appointed with the designated audit partner having oversight of the audit. The Audit Committee oversees the finance function.</p>
9 The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	Applied	<p>The Board and all sub-committees' charters include the onus of annual assessments. Assessments of the performance by the Board, its sub-committees and the Company Secretary are conducted annually by way of internal evaluation process.</p>
10 The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	Applied	<p>The Board is satisfied that FNB Eswatini is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.</p>
11 The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	Applied	<p>The Risk Committee assists the Board with the governance of risk. The Board is aware of the importance of risk management as it is linked to the strategy, performance and sustainability of the business are identified and managed within acceptable parameters.</p> <p>The Risk Committee delegates to management to continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are in place to address these risks which are monitored on a continuous basis.</p>
12 The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	Applied	<p>The Board, together with the Risk Committee, oversees the governance of information technology. The Board is aware of the importance of technology and information in relation to FNB Eswatini's strategy.</p>



<b>Principle</b>	<b>Applied</b>	<b>Comments</b>
13 The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.	Applied	The Board is assisted by the Company Secretary to monitor compliance with the various regulations FNB Eswatini is subject to.
14 The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in short, medium and long term.	Applied	The Board, assisted by the Remuneration Committee, ensures that staff are remunerated fairly, responsibly, transparently and in line with industry standards so as to promote the creation of value in a sustainable manner. This responsibility is contained in the Remuneration Committee's charter.
15 The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	Applied	The Board is satisfied that the assurance results indicate an adequate and effective control environment and integrity of reports for better decision-making. This responsibility is contained in the Board Charter and the Risk Committee charter.
16 In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	Applied	Various stakeholder groups have been identified and the Board balances their legitimate and reasonable needs, interests and expectations.

**REGISTERED OFFICE OF FNB ESWATINI**

Corner MR103 Road & Swaki Street  
Ezulwini  
Eswatini

**TRANSACTION ADVISOR TO FIRSTRAND GROUP**

Rand Merchant Bank, a division of FirstRand Bank Limited  
1 Merchant Place  
Cnr Fredman Drive and Rivonia Road  
Sandton  
Johannesburg  
South Africa

**LEGAL ADVISORS TO FNB ESWATINI**

*As to South African law*  
DLA Piper Advisory Services Proprietary Limited  
6th Floor  
61 Katherine Street  
Sandton  
Johannesburg  
South Africa

*As to Eswatini law*  
Robinson Bertram Attorneys  
Ingcongwane Building  
Lot Nos. 44 & 45  
Gwamile Street  
Mbabane  
Eswatini

**AUDITOR AND INDEPENDENT REPORTING ACCOUNTANT**

PricewaterhouseCoopers Services Proprietary Limited  
Rhus Office Park  
Karl Grant Street  
Mbabane  
Eswatini

**SPONSOR**

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

**TRANSFER SECRETARY**

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