



FNB Eswatini

Integrated Report

20
24





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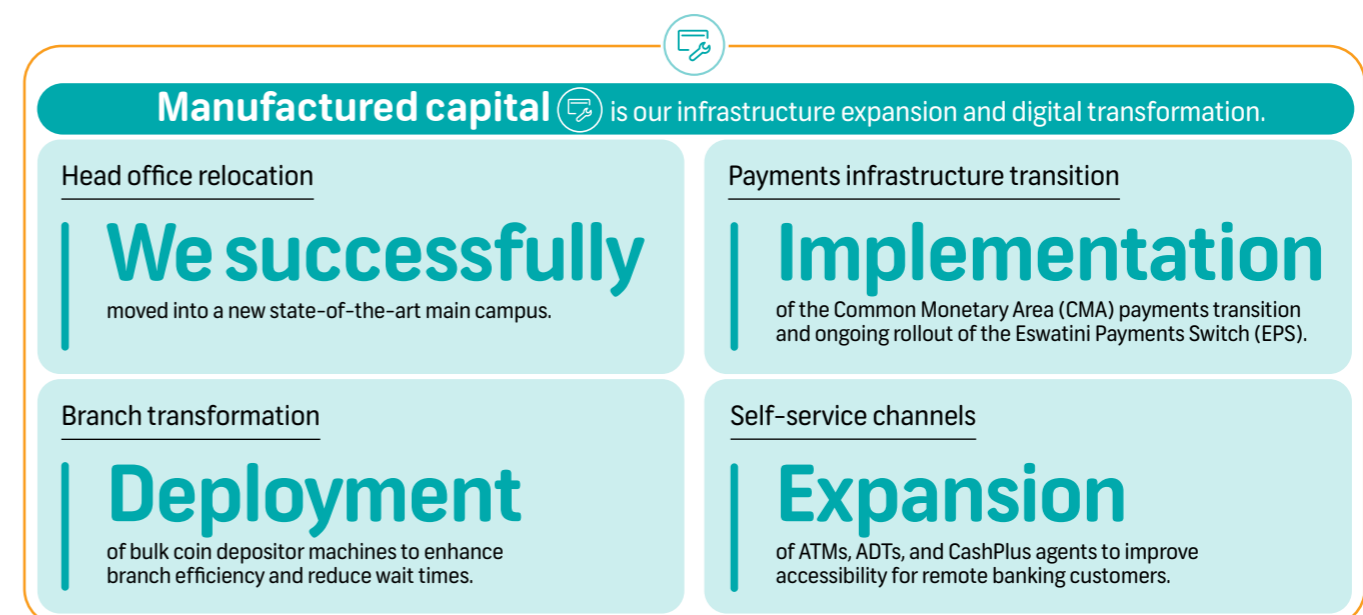
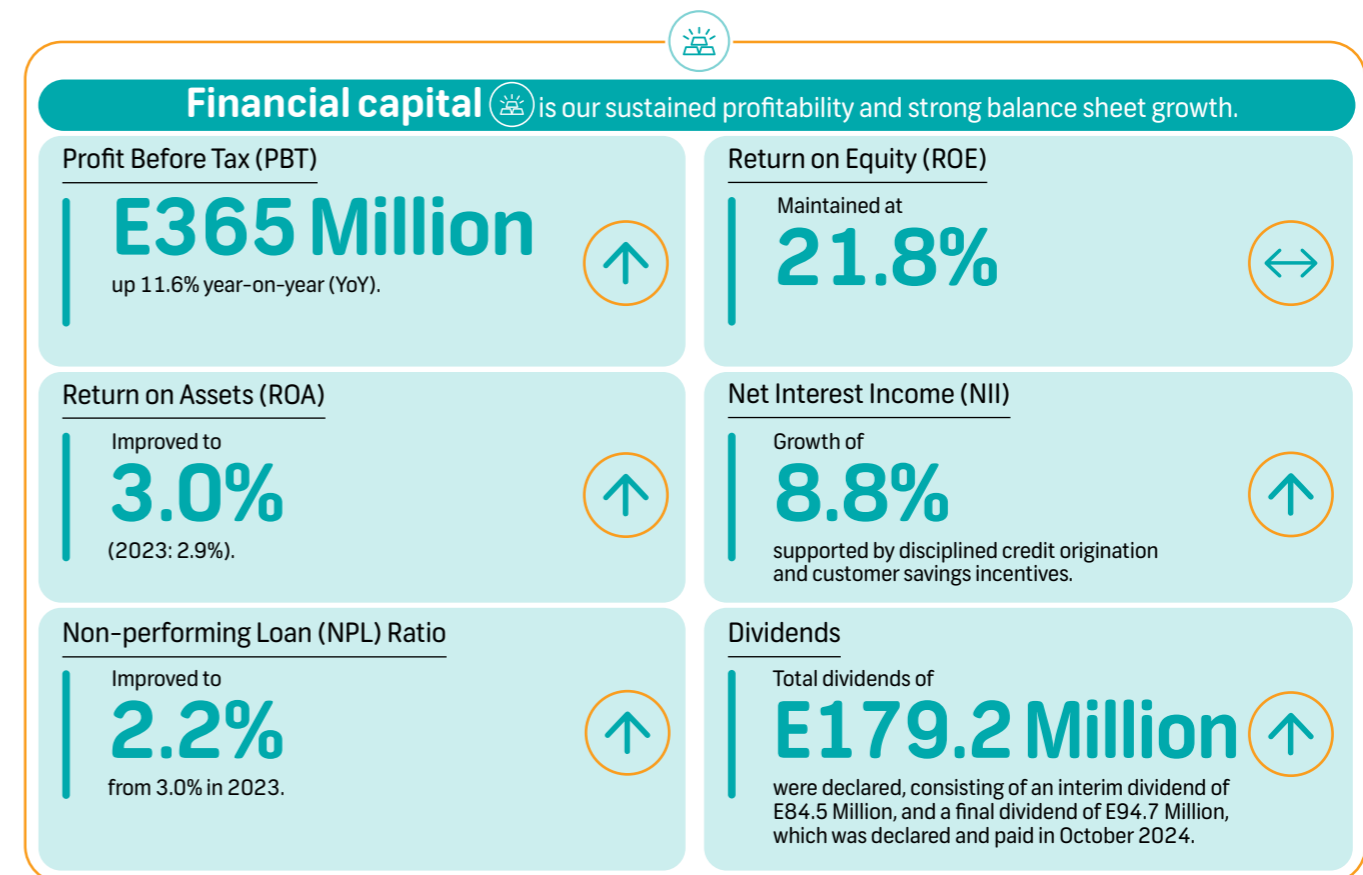
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Introduction to FNB Eswatini

Integrated summary

FNB Eswatini's 2023/24 performance demonstrated sustained profitability (financial capital), digital and infrastructure expansion (manufactured capital), innovation in banking services (intellectual capital), employee development (human capital), strengthened stakeholder relationships (social and relationship capital), and sustainability initiatives (natural capital).





Introduction to FNB Eswatini *continued*

Integrated summary *continued*



Intellectual capital is our innovation and strategic differentiation.

Digital banking acceleration

Enhancements

to the FNB App, mobile banking, and online banking platforms to drive greater customer adoption.

Product innovation

Expansion

into platform-based financial services and integrating fintech capabilities to improve client offerings.

Cybersecurity and data protection

Strengthened

security protocols to mitigate rising cyber threats for customer data privacy.

AI and automation

Increased

deployment of robotics and automation across key banking functions to enhance efficiency and accuracy.



Human capital is our employee growth and workplace enhancement.

Employee headcount

Our headcount increased to

483

(2023: 480).



Employee shareholding

4.99%

of FNB Eswatini's shares were allocated to the Employee Trust.

Upskilling initiatives

Investment

in leadership development, digital training, and compliance education to align with regulatory expectations.

Employee well-being

We strengthened

EX (Employee Experience) programmes to emphasise wellness, flexible work environments, and career development.



Social and relationship capital is our social impact and financial inclusion.

Community investment

Over

E8.5 Million

allocated to social impact programmes.

Local ownership and economic participation

100%

of our shareholding was listed on the Eswatini Stock Exchange. Of this, 24.99% of shares were sold to local investors.

SME credit expansion

We expanded

scored lending to enhance financial access.

Financial inclusion through CashPlus

Over

E1 Billion

in transactions were processed in the financial year.

Local procurement

98%

of E116.5 Million procurement spend directed to local suppliers reinforces economic sustainability.



Natural capital is our sustainable banking and climate resilience.

Energy diversification

We advocated

for renewable energy adoption in Eswatini and supported solar and investments.

Sustainable lending

We expanded

green finance offerings, including tailored loans for renewable energy projects.

Environmental impact reduction

We continued

digitisation of banking processes to minimise paper use and optimise resource efficiency.



Introduction to FNB Eswatini *continued*

About this report

FNB Eswatini's inaugural integrated annual report 2023/24 builds from the bank's well-known Report to Society publications. The bank continues from this precedent to demonstrate transparency in reporting with respect to how integrated thinking drives strategic decisions, stakeholder engagement, and long-term value creation.

Scope and purpose

First National Bank of Eswatini Limited ("FNB Eswatini" or the Bank) is a registered financial services provider that has been operating in Eswatini since 1995. The Bank is part of the FirstRand Group of companies and listed on the Eswatini Stock Exchange. This integrated report provides a comprehensive view of the bank's performance, strategy, governance, risk management, and outlook for the period July 2023 to June 2024. It aims to offer stakeholders a transparent and structured account of how it creates, sustains, and shares value in Eswatini.

The report follows the principles of integrated thinking, which connects financial, operational, and sustainability performance. The objective is to enhance accountability and ensure stakeholders have clear insights into FNB Eswatini's strategic direction, operational resilience, and financial stability.

Reporting standards

FNB Eswatini adheres to internationally recognised integrated reporting principles. The report aligns with the International Sustainability Standards Board's Integrated Reporting Framework, which promotes transparency, connectivity of information, and a future-oriented approach to corporate disclosure.

This report also considers:

- IFRS accounting standards for financial data presentation.
- Sustainability Accounting Standards Board (SASB) guidelines to incorporate environmental, social, and governance (ESG) factors.

The content reflects FNB Eswatini's commitment to materiality, balance, and comparability. The aim of this report is for stakeholders to receive decision-useful information.

Materiality

The report focuses on matters that significantly impact FNB Eswatini's ability to create long-term value. A structured materiality assessment process identifies key financial, operational, and sustainability-related disclosures.

Material matters are selected based on:

- Impact on financial performance and risk exposure.
- Relevance to stakeholder interests.
- Alignment with FNB Eswatini's strategic priorities.
- Regulatory and compliance requirements.

The materiality determination process ensures that both opportunities and risks (including those related to economic uncertainty, digital transformation, and regulatory changes) are fully addressed.

 To read more about our Material matters, refer to pages 19.

 To read more about our Risk Management, refer to page 33.

Reporting boundary

This report covers FNB Eswatini's operations. The reporting boundary includes:

- FNB Eswatini's financial and operational performance across all key business units.
- Material risks, opportunities, and market trends affecting FNB Eswatini's sustainability.
- Stakeholder relationships and governance practices.

The report applies consistent reporting boundaries for both financial and non-financial disclosures. Where relevant, external data sources and third-party validations enhance credibility.

Data assurance

FNB Eswatini employs robust internal controls, audit mechanisms, and external assurance procedures to validate financial and non-financial disclosures.

Data assurance measures include:

- Independent external audits of financial statements.
- Internal governance structures overseeing risk management and compliance.
- Stakeholder engagement processes ensuring data relevance and completeness.

FNB Eswatini maintains an audit trail for key disclosures to ensure transparency and accountability in the reporting process.

Stakeholder feedback

Stakeholder engagement plays a central role in shaping this report. FNB Eswatini actively seeks input from investors, employees, customers, regulators, and community partners for the report to meet diverse information needs.

Engagement methods include:

- Annual investor briefings and financial performance updates.
- Regulatory consultations to align with compliance expectations.
- Customer feedback surveys and digital banking service reviews.
- Employee engagement sessions on workplace culture, performance and strategic goals.

Insights from stakeholder engagement inform FNB Eswatini's strategic priorities and help align business operations with market expectations.

Future outlook for reporting

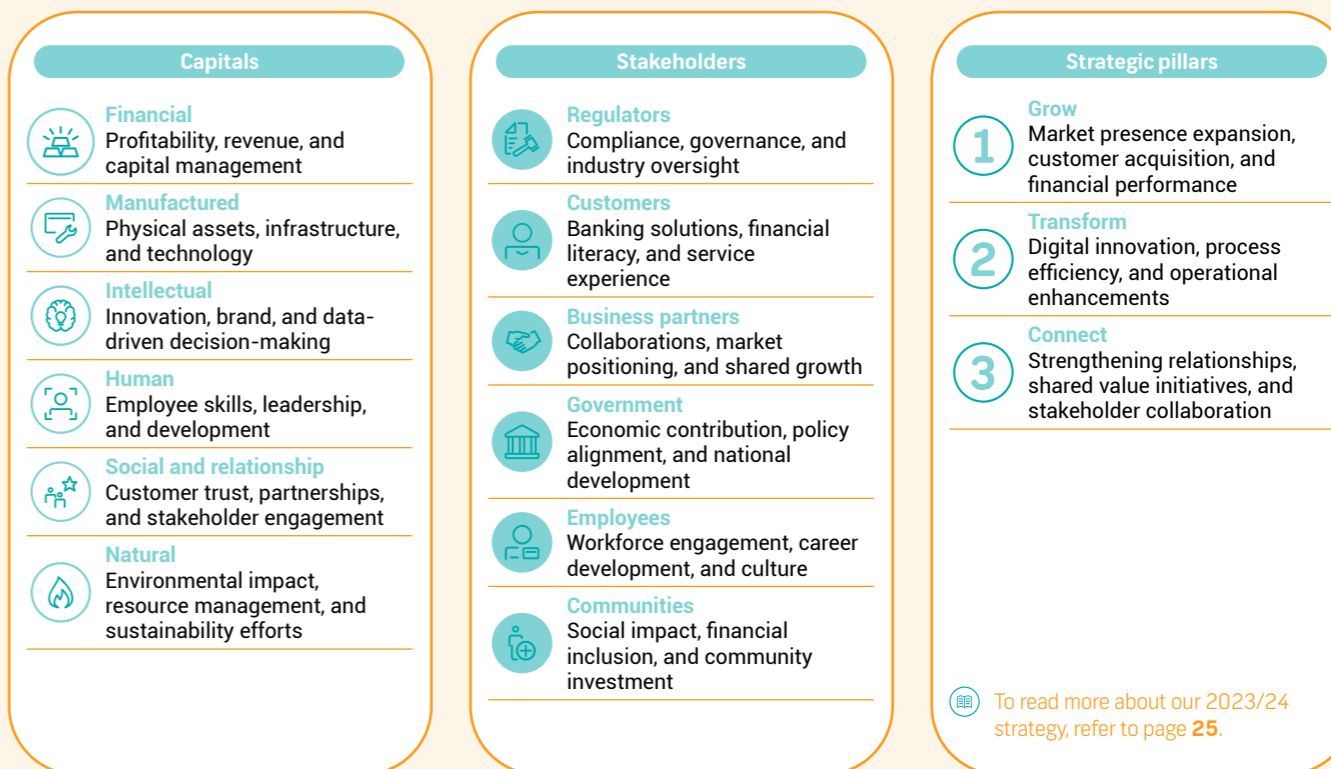
FNB Eswatini is committed to continuous improvement in reporting practices. Future enhancements include:

- Increased integration of ESG metrics to reflect sustainability commitments.
- Enhanced digital reporting capabilities for real-time financial and operational disclosures.
- Expanded stakeholder engagement initiatives ensuring ongoing dialogue on material issues.

Ongoing advancements in data analytics, artificial intelligence, and risk management will further enhance reporting accuracy and strategic decision-making.

Connectivity

This report follows an integrated approach to enable alignment between financial performance, strategy, governance, and sustainability. The following symbols are used throughout to highlight key capitals, stakeholders, and strategic pillars, and to demonstrate their interconnected impact on value creation.





Introduction to FNB Eswatini *continued*

Our corporate identity

Our vision is to build a future of shared prosperity, through enriching the lives of our customers, employees and the societies we serve. This means using business resources and activities to intentionally achieve positive, scalable, and high-impact societal outcomes whilst continuing to deliver growth and returns to shareholders.

FNB Eswatini has played a pivotal role in Eswatini's financial ecosystem since our establishment in 1995. FNB Eswatini continually evolves with a keen focus on digital transformation and customer-centric solutions to meet the dynamic needs of our stakeholders.

As a full-service corporate, commercial, and retail bank, we are committed to driving sustainable economic growth, financial inclusion, and responsible banking innovation. In the financial services context, corporate banking serves large businesses and industries with complex financial needs, commercial banking caters to medium and small enterprises by providing lending, deposits, and transactional services, while retail banking focuses on individual customers by offering personal accounts, loans, and digital banking solutions.

Our vision encapsulates our commitment to accessible, forward-thinking, and secure financial services. We ensure alignment with the interests of customers, investors, employees, and regulators through strategic investment in digital banking, market participation, and regulatory compliance.

For customers, FNB Eswatini delivers a reliable and seamless banking experience by adapting to changing financial needs. Investors benefit from prudent financial management, stable and sound governance, and a growth-oriented strategy. Employees thrive in an environment that fosters professional development, operational efficiency, and ethical decision-making. Regulators engage with a financial institution dedicated to upholding national financial stability and compliance.

Core strategic principles

FNB Eswatini operates on foundational principles that drive our strategic direction and reinforce our commitment to value creation across all stakeholder groups.

Customer-centric innovation

We prioritise the continuous evolution of our financial offerings and services so that they remain responsive to market shifts and customer expectations.

Ethical banking and governance

Adherence to financial regulations and international best practices remains central to our operations.

Sustainable financial growth

We balance risk management with high-impact investments to secure long-term financial sustainability and economic contribution.

Our governance frameworks are designed to ensure accountability in decision-making, with a leadership structure that supports ethical and transparent financial operations.

Corporate culture, ethics, and leadership

The corporate culture at FNB Eswatini is built on principles of responsible banking, ethical leadership, and accountability. This culture is reinforced by our leadership, which ensures governance structures align with long-term financial sustainability.

A performance-driven approach underpins our talent development strategy. Employees operate within a framework that promotes:

- Skills development and digital expertise to enhance capabilities for excelling in the evolving financial sector.
- Ethical conduct and compliance to uphold governance best practices and regulatory adherence.
- Diversity and inclusion to cultivate a fair and inclusive workplace that reflects FNB Eswatini's stakeholder commitments.

The governance structures provide clear accountability, with the Board of Directors and executive management driving strategic decisions that align with our long-term financial objectives.

 To read more about our Human capital, refer to pages 30.

 To read more about our Corporate governance, refer to pages 37.

Alignment with global banking trends

At FNB Eswatini, we address key industry trends in our strategic framework.

Digital transformation

We integrate artificial intelligence, mobile banking, and automation to enhance customer engagement and service delivery.

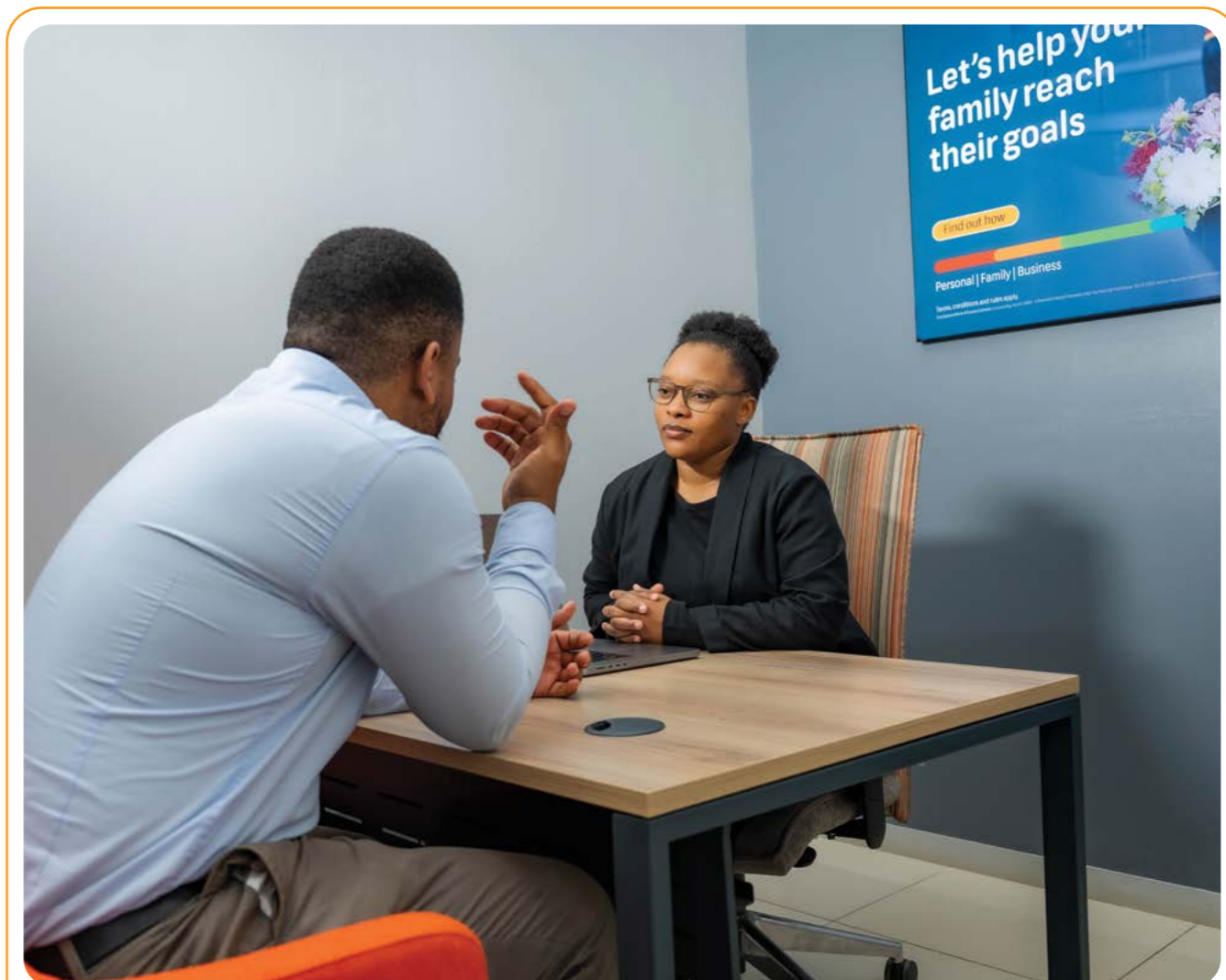
Sustainability and ESG integration

We embed environmental, social, and governance (ESG) principles into operations, investment decisions, and risk management.

Regulatory adaptation

We ensure compliance with evolving financial sector regulations and capital requirements.

At FNB Eswatini, we position our bank as a resilient and futures-ready financial institution capable of anticipating and responding to industry disruptions while delivering value to our stakeholders.



Commercial Relationship Manager engaging with a customer

Introduction to FNB Eswatini *continued*

Our commitment to integrated thinking

“Integrated thinking at FNB Eswatini connects strategic decision-making, governance, and stakeholder engagement to drive sustainable growth and long-term value creation.”

Integrated thinking at FNB Eswatini

FNB Eswatini applies integrated thinking to guide decisions that balance financial strength, operational efficiency, and long-term sustainability. This approach helps us anticipate risks and identify opportunities while keeping business objectives aligned with external developments.

Leadership evaluates financial outcomes alongside regulatory shifts and changing customer expectations. A structured approach to governance and risk management strengthens financial integrity and promotes responsible banking.



Value creation through an integrated approach

FNB Eswatini creates value by integrating financial, social, and environmental priorities into our operations. Business decisions shape our relationships with customers, employees, investors, regulators, and communities.

Financial capital is allocated to expand digital banking and improve our service offerings. Workforce development and financial inclusion

efforts strengthen our social capital. Environmental policies address energy efficiency, responsible lending, and climate-related financial risks. Embedding integrated thinking in our core operations allows us to manage risk while positioning FNB Eswatini for long-term growth.

Governance and leadership

Corporate governance structures ensure that financial and non-financial considerations influence our decision-making. The Board and executive leadership assess how key business choices affect financial stability, stakeholder confidence, and future growth.

Risk oversight at FNB Eswatini incorporates internal capabilities, economic conditions, and regulatory developments. Our performance reviews combine financial and operational indicators to guide investment decisions and resource allocation.

[To read more about our Corporate governance, refer to page 37.](#)

[To read more about our Risk Management, refer to page 33.](#)

Committees focused on risk, audit, and sustainability contribute insights that enhance decision-making. Transparent reporting strengthens trust among investors, regulators, and customers.

Stakeholder engagement and decision-making

FNB Eswatini maintains strong relationships with key stakeholders to remain responsive to evolving expectations. A structured engagement framework provides clear channels for dialogue with customers, investors, employees, and regulators.

Customer feedback informs product development and service improvements. Investor input shapes financial strategies and growth plans. Employee contributions support workforce development and operational efficiency. Regulatory engagement helps us align with compliance requirements and governance standards.

Integrated thinking in strategic planning

Strategic decisions at FNB Eswatini reflect financial data, economic conditions, and regulatory requirements. We balance capital investment with revenue growth and risk management to maintain financial stability.

Technology investments improve banking accessibility at the same time as strengthening security. Economic conditions, including interest rate changes and currency fluctuations, are continuously assessed to manage financial risk.

Our sustainability initiatives address climate risks, support green financing, and incorporate ESG-aligned investment strategies. At FNB Eswatini, financial and non-financial goals are aligned to help us adapt to changing market conditions and stakeholder expectations.

Long-term outlook

FNB Eswatini's strategy prioritises technology, customer-focused banking, and sustainable financial solutions. Market growth is supported by goals to expand digital platforms and strengthen cybersecurity, while strategic partnerships enhance service offerings and improve customer experience. Support for SMEs remains central to economic growth efforts.

To promote broader financial resilience, it is critically important to strengthen financial solutions. As the financial sector evolves, we remain committed to responsible banking, financial stability, and innovation. Integrated thinking allows FNB Eswatini to manage external challenges while sustaining long-term growth.



A member of the branch staff attending to a customer



Messages from Leadership

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Profit Before Tax (PBT)

2024

E365 Million

(2023: E327 Million)

This section addresses various:

Capitals



Stakeholders



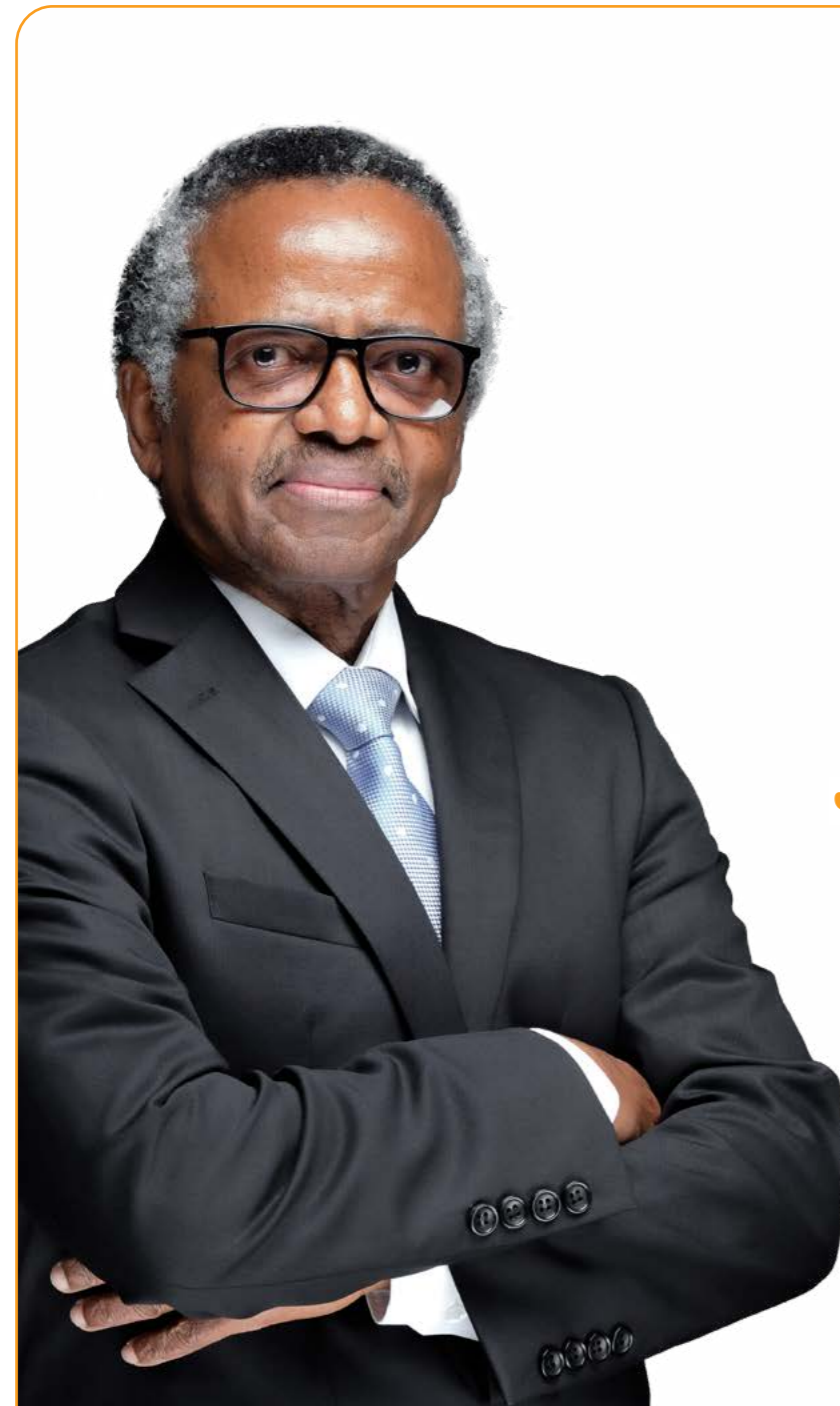
Strategic pillars





Messages from Leadership *continued*

Chairperson's perspective



**Joseph Vusumuzi
Ndlangamandla**

FNB Eswatini achieved strong financial growth, successfully listed on the Eswatini Stock Exchange, completed its new Head Office, adapted to regulatory changes, and advanced shared prosperity initiatives to reinforce its long-term market position.

The 2023/24 financial year has been a period of significant challenges and opportunities for Eswatini. Despite global economic uncertainties, the country has demonstrated resilience and a commitment to sustainable growth and development. The political environment remained stable, with successful general elections held on 29 September 2023, leading to the appointment of a new Prime Minister. These peaceful elections further reinforced confidence in the country's governance.

The economy has shown promising signs of recovery, recording a gross domestic product (GDP) growth of 5% in 2023 and an estimated 3.6% growth in 2024. Key sectors such as agriculture, manufacturing, and services have contributed to this positive trajectory. Additionally, the Central Bank of Eswatini maintained a stable monetary policy, cutting interest rates by 25 basis points to 7% in July 2023 and maintaining this level throughout the financial year.

From a regulatory perspective, the year saw key changes, including the migration of cross-border Common Monetary Area (CMA) transactions from an Electronic Funds Transfer (EFT) system to a SWIFT rail and commencement of the implementation of the Eswatini Payment Switch. These reforms aim to enhance efficiency and security in financial transactions while supporting the continued growth of the banking sector.

Board highlights

The Board of Directors remains the custodian of corporate governance that ensures strategic oversight and sustainable growth.

[To read more about our Corporate governance, refer to page 37.](#)

Among the key highlights of the year:

- FNB Eswatini achieved a Profit Before Tax (PBT) of E364.7 Million, an 11.6% increase from the previous year. This reflects our robust strategic execution and financial soundness.
- A major milestone was the successful listing of the bank on the Eswatini Stock Exchange by introduction. As part of this process, 20% of FNB Eswatini's ordinary shares were sold to local entities to ensure broad representation among Emaswati. Additionally, 4.99% of the shares were allocated to the FNB Employee Share Trust. This reinforces our commitment to fostering local ownership and empowering employees.
- FNB Eswatini successfully completed the construction of the new Head Office in Ezulwini. This landmark project signifies our long-term commitment to growth, innovation, and strengthening our footprint in the local financial sector.
- The Board welcomed two new members that bring diverse expertise to enhance governance, Dr Sibongile Gumbi and Mr Vahid Monadjem. A strategic leadership transition was also implemented, with Mr Thokozani Dlamini assuming the role of Chief Executive Officer (CEO) on 1 January 2025, succeeding Mr Dennis Mbingo, who served for nearly ten years and transitioned to a new role within FirstRand's Broader Africa Portfolio. This well-planned succession ensures continuity in leadership while positioning FNB Eswatini for future success.

Governance, risk, and compliance

The Board remains committed to upholding the highest standards of corporate governance for transparency, accountability, and regulatory

compliance. Key regulatory initiatives overseen during the year include:

- CMA cross-border payments directives that ensure seamless migration to a new payment infrastructure.
- Commencement of the implementation of the Eswatini Payment Switch to enhance the efficiency of local digital transactions.
- Data protection and security that addresses concerns around data leaks and strengthens stakeholder confidence in information security.

Commitment to shared prosperity

FNB Eswatini remains dedicated to delivering value to its stakeholders through strategic initiatives that promote economic, social, and environmental value creation. The Board approved key programmes under FNB Eswatini's shared prosperity model, including:

- 1% of Profit After Tax (PAT) contribution to the FNB Foundation to support various social impact projects.
- Local procurement (Buy Swati initiative) that prioritises local suppliers, particularly in constructing the new Head Office.
- Scored lending for SMEs that expands access to credit for small businesses.
- Entrepreneurial development support, such as sponsoring the Entrepreneur of the Year Awards in collaboration with the Ministry of Commerce.

[To read more about Sustainability, refer to page 43](#)

Outlook for the future

The outlook for FNB Eswatini remains promising, though the industry is expected to face increased competition as new entities enter the market. The socio-economic landscape rate remains a concern, with high unemployment levels contributing to rising crime and corruption. Additionally, regulatory payment projects will require significant capital investment, further shaping the financial landscape.

Despite these challenges, we are well-positioned to navigate the evolving economic and regulatory environment. We remain committed to innovation, customer experience, and long-term sustainability, with many growth opportunities and technological advancements to introduce in the coming years.

Acknowledgements

I extend my deepest gratitude to my fellow Board members, the executive leadership, and the dedicated employees of FNB Eswatini. Your commitment and expertise have been instrumental in achieving these remarkable results. I also thank our valued customers, regulators, and stakeholders for their continued trust and partnership.

As we look to the future, FNB Eswatini remains steadfast in its mission to drive financial inclusion, foster economic growth, and create lasting value for all stakeholders.

Joseph Vusumuzi Ndlangamandla
Chairperson



Messages from Leadership *continued*

Chairperson's perspective



**Joseph Vusumuzi
Ndlangamandla**

Chairperson
Independent Non-Executive Director



**Dennis
Mbingo**

CEO
Executive Director



**Thokozani
Dlamini**

CEO Designate
Executive Director – designate



**Vahid
Monadjem**

Independent Non-Executive Director



**Dr Sibongile
Gumbi**

Independent Non-Executive Director



**Leonard Jack
Haynes**

Non-Executive Director



**Elizabeth Busisiwe
Jane Arden**

Independent Non-Executive Director



**Sharon
de Sousa**

Independent Non-Executive Director



**David Ellis
Wright**

Independent Non-Executive Director



**Dr Jeremiah
Majaheni Gule**

Independent Non-Executive Director



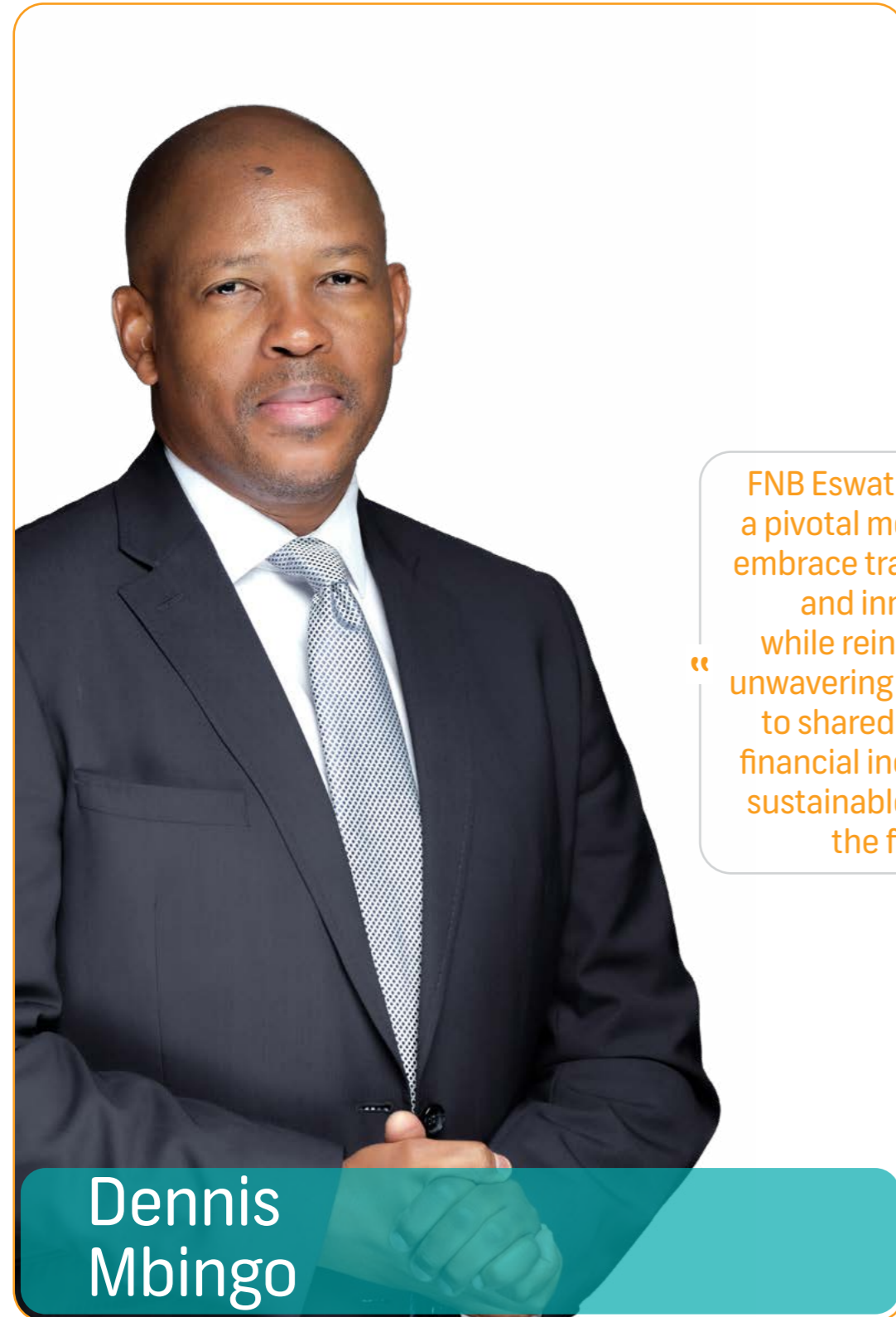
**Samantha
Lee Balsdon**

Non-Executive Director



Messages from Leadership *continued*

CEO's reflections



**Dennis
Mbingo**

FNB Eswatini stands at a pivotal moment as we embrace transformation and innovation while reinforcing our unwavering commitment to shared prosperity, financial inclusivity, and sustainable growth for the future.

FNB Eswatini stands at a pivotal moment in its journey. This year marked a significant transition in leadership, which underscored the strength and resilience of our institution. The transition began during the 2023/24 financial year and is a continuation of our unwavering commitment to innovation, stakeholder engagement, and financial excellence.

Over nearly three decades, we have evolved into Eswatini's leading financial institution and we consistently deliver value to our customers, employees, regulators, and shareholders. It is my pleasure to highlight key developments, challenges, and strategic priorities that define our path forward and reinforce our dedication to shared prosperity and sustainable growth.

The business environment and key developments

The past year has been shaped by economic, regulatory, and technological changes that have influenced the financial sector. While Eswatini has seen positive growth indicators, global economic uncertainties and inflationary pressures have posed challenges, particularly for small and medium enterprises (SMEs). The financial sector remains resilient, with monetary policy adjustments aimed at balancing economic growth and financial stability.

A major development has been the localisation of the payments system. This regulatory shift, driven by regional and local authorities, is set to enhance financial sovereignty while posing initial operational challenges. In response, FNB Eswatini has embarked on a payments modernisation journey to ensure seamless and secure transactions for our clients.

The competitive landscape has also seen the rise of fintechs and mobile network operators venturing into financial services. While this brings opportunities for financial inclusion, it necessitates a continuous evolution of our digital offerings. We have intensified investment in digital banking solutions so that our customers have access to innovative and secure financial services.

FNB Eswatini's strategic growth pillars

FNB Eswatini remains committed to its three strategic pillars: Grow, Transform, and Connect.

To read more about our 2023/24 strategy, refer to page 25.

Grow ¹

Customer base expansion remains central to our growth strategy. In the 2023/24 financial year, we achieved significant milestones such as recording a 10.6% increase in active customer growth. This was enabled by a focus on contextual solutions tailored to different market segments.

Our lending business has continued to expand responsibly. We have leveraged data analytics to enhance credit decision-making, particularly in the SME sector, where transactional behaviour now plays a key role in credit approvals. We have widened access to financing for previously underserved businesses by integrating scored lending models.

Digital banking adoption has surged, with nearly 200 000 customers now actively engaging with our mobile and online banking platforms. We have deepened financial inclusion through initiatives such as CashPlus, which enables transactions in remote areas without the need for physical branches.

Transform ²

Another key focus area was the modernisation of our banking infrastructure. The successful completion of our new head office marks a major milestone by enhancing operational efficiency while reaffirming our long-term commitment to Eswatini.

Process automation and digitalisation continue to shape the transformation agenda. We have enhanced remote account opening, introduced coin automation, and streamlined loan processing. With the financial services landscape evolving, we have strengthened risk management and compliance frameworks. Investments in cybersecurity and data protection remain paramount as we transition to platform-based financial services.

To read more about our Risk Management, refer to page 33.

Connect ³

FNB Eswatini is deeply committed to fostering strong relationships with customers, employees, and the broader community. Our stakeholder engagement strategy ensures that we align with evolving needs while reinforcing trust and transparency.

A major highlight has been our continued investment in initiatives that contribute to the delivery of shared prosperity. In the 2023/24 financial year, we allocated E8.5 Million towards initiatives spanning entrepreneurship, education, sports development, gender diversity, and environmental sustainability. Our partnership with the Central Bank in SME financing has also facilitated access to capital for businesses that would otherwise struggle with collateral requirements.

To read more about Sustainability, refer to page 43.

Messages from Leadership *continued*

CEO's reflections *continued*

FNB Eswatini's strategic growth pillars *continued*

Internally, we have prioritised employee engagement and well-being. The expansion of our workforce to support regulatory projects and digital transformation reflects our commitment to developing talent. We have also introduced structured training programmes so that our people are equipped for the demands of a modern banking environment.

To read more about our Human capital, refer to page 30.

Financial performance and operational achievements

Despite economic headwinds, FNB Eswatini delivered robust financial performance in FY 2024. Our PBT grew by 11.6%, reaching E365 Million. Return on equity remained stable at 21.8%, while return on assets improved to 3%. The strategic shift towards digital banking has also driven improvements in cost-to-income ratios. Through operational efficiencies, we reduced this ratio from 59.3% in 2023 to 59.2% in 2024.

Our transactional banking segment, which accounts for 50% of our income, has witnessed strong growth. The migration of branch transactions to digital channels has improved service accessibility while reducing operational costs.

Stakeholder engagement and shared prosperity

FNB Eswatini's success is deeply intertwined with the well-being of its stakeholders. We have maintained strong relationships with regulators through proactive compliance and engagement initiatives. Our customer-centric approach has driven product innovation, particularly in digital banking and credit solutions.

Our employees remain a cornerstone of our success. Continuous investments in training and leadership development have positioned us as an employer of choice in the financial sector.

In our community engagement efforts, we have prioritised financial literacy to combat rising incidents of fraud and pyramid schemes. Our financial inclusion strategy has expanded access to banking services. This means that more underserved communities can participate in the formal financial system.

Challenges and strategic priorities

As we move forward, several challenges remain on our radar. Cybersecurity threats continue to evolve and this necessitates continuous investment in protective measures. Regulatory changes, particularly in payments modernisation, require ongoing adaptation and innovation.

Energy security remains a key concern, with Eswatini's reliance on hydro and imported electricity posing risks to business continuity. We are actively exploring solutions that support energy diversification and sustainability.

The acquisition and retention of skilled talent is another critical area. As banking evolves towards digital and data-driven solutions, we are focused on building local expertise and creating new value from regional and global best practices.

Acknowledgements

FNB Eswatini remains committed to delivering sustainable growth and value for all stakeholders. Going forward, I believe our focus on innovation, transformation, and shared prosperity will continue to drive our success.

I extend my gratitude to our employees for their dedication and resilience, our customers for their unwavering trust, and our regulators and shareholders for their invaluable support. I look forward to the next chapter in FNB Eswatini's journey, and I am confident in our ability to meet the challenges and opportunities ahead.



Lutsango before leaving for the Baganu Festival 2024



Messages from Leadership *continued*

Incoming CEO's outlook



Thokozani
Dlamini

FNB Eswatini's future will be defined by adaptability, digital transformation, financial inclusion, and sustainable growth to enable resilience and deliver shared prosperity in an evolving financial landscape.

As I prepare to step into the role of CEO at FNB Eswatini, I am keenly aware of the dynamic and evolving landscape that defines banking in our region. I view this leadership transition as an opportunity to refine and strengthen our strategic vision. It is critical for FNB Eswatini to remain resilient, agile, and deeply connected to the communities we serve.

Global economic shifts, evolving customer expectations, technological disruption, and sustainability concerns all signal a future that demands adaptability rather than certainty. In this outlook, I will outline strategic pathways, opportunities, and uncertainties that FNB Eswatini must face to remain the market leader while advancing financial inclusion, operational excellence, and shared prosperity.

The future landscape of banking in Eswatini

The coming years will present both challenges and opportunities. On a macroeconomic level, Eswatini's financial sector has shown resilience, yet it remains susceptible to global economic fluctuations. While economic growth indicators suggest stability, the uneven distribution of economic benefits, inflationary pressures, and rising unemployment create a complex environment.

One of the most pressing issues will be financial inclusion. Despite significant progress, a considerable portion of the population remains underserved. The increasing penetration of mobile technology presents an opportunity to extend banking services beyond traditional urban centres. However, this must be balanced with regulatory shifts that aim to modernise payments while ensuring security and compliance.

The role of banks is also evolving beyond conventional financial services. Stakeholders increasingly expect financial institutions to contribute meaningfully to sustainable development. As businesses and individuals demand ethical banking, FNB Eswatini must integrate ESG principles into its long-term strategy.

Strategic pathways for growth

FNB Eswatini's growth will hinge on acquiring new customers while strengthening relationships with existing ones. The formalisation of workplace banking, targeted engagement in high-growth sectors, and utilisation of data insights will allow us to serve new segments effectively. We will maintain a key focus around increasing accessibility through digital and agent banking models.

Our competitive advantage will be defined by the quality of engagement with customers. A data-driven approach to customer relationship management will help us provide unique banking experiences. We aim to shift from transactional relationships to becoming a holistic financial partner for individuals and businesses.

The financial services landscape is moving toward platform-based models. The next frontier for FNB Eswatini involves integrating financial services into digital ecosystems to offer banking and non-banking solutions seamlessly. Fintech collaborations, AI-driven insights, and an omnichannel customer experience will be central to this transformation.

SMEs remain the backbone of Eswatini's economy, yet they face significant barriers in accessing credit and financial services. Our strategic focus will be on adaptive lending solutions, using transactional data for scored lending, and enhancing risk-sharing mechanisms to expand SME financing.

Internal transformation and operational excellence

An agile and automated banking environment is essential for future success. The transition toward cloud-based infrastructure, process automation, and enhanced data management will improve efficiency and customer experience.

The workforce of the future must be digitally fluent, agile, and customer-focused. Investment in upskilling programmes, leadership development, and digital augmentation will redefine roles and enhance productivity.

With digital expansion comes an increased need for cybersecurity. Non-negotiables will include the strengthening of fraud detection mechanisms, aligning with global best practices, and maintaining regulatory compliance.

Emerging uncertainties

Eswatini's reliance on hydroelectric and imported energy necessitates a strategic shift toward sustainability. FNB Eswatini will explore financing mechanisms for renewable energy projects and offer green banking solutions that align with national sustainability goals.

The Eswatini Payment Switch and CMA integration present opportunities to enhance transaction efficiency but also pose transitional challenges. It will be critical to adapt swiftly to evolving transaction models and ensure seamless customer experiences.

Regulation will continue to shape the financial landscape. Our approach will be defined by proactive engagement with regulators, investment in compliance technologies, and agile adaptation to policy changes.

Messages from Leadership *continued*

Incoming CEO's outlook *continued*

The role of shared prosperity and stakeholder partnerships

Banking should be a catalyst for economic, social, and environmental value creation. Initiatives such as CashPlus and alternative lending models will remain central to our inclusion agenda.

Public-private partnerships and cross-industry collaborations will enable innovative financial solutions. It will be key to strengthen alliances with fintechs, regulatory bodies, and international institutions.

Sustainable finance will be at the heart of FNB Eswatini's long-term strategy. This includes integrating ESG into our credit assessments, reducing our carbon footprint, and supporting community-driven sustainability initiatives.

Over and above these initiatives, we believe we have an obligation to leverage our core business activities more effectively, including our role in allocating capital to the economy and profitably adding value to society at scale.

A vision for the future

As I take on the role of CEO, my commitment is to ensure that we remain at the forefront of innovation, customer engagement, and sustainable growth. We will prepare for multiple possibilities to build resilience and adaptability so that FNB Eswatini continues to lead the way in shaping the country's financial landscape.

Together with our employees, customers, regulators, and partners, we will create a future that is not only financially prosperous but also inclusive and sustainable.



FNB Eswatini Executive Management



FNB Employee with former FNB SA CEO Jacques Celliers



Messages from Leadership *continued*

Financial and strategic highlights by the CFO and Treasurer



**Njabulo
Dlamini**

FNB Eswatini's financial strength, strategic investments, and commitment to innovation have positioned us for sustainable growth, regulatory adaptability, and shared prosperity as we drive long-term value creation for all stakeholders.

Profit Before Tax (PBT)

2024

E365 Million

(2023: E327 Million)



Return on Equity (ROE)

2024

21.8%

(2023: 21.8)



Return on Assets (ROA)

2024

3.0%

(2023: 2.9%)



Cost-to-Income

2024

59.2%

(2023: 59.3%)



Net Income After Cost of Capital

2024

E52.6 Million

(2023 Q4: E50.05 Million)



Credit Loss Ratio

2024

0.2%

(2023: 0.3%)



Non-performing Loan Ratio

2024

2.2%

(2023: 3%)



Loans to Deposits Ratio (Normal)

2024

68.3%

(2023: 70.7%)



Profit After Tax (PAT)

2024

E268.8 Million

(2023: E245.3 Million)



Full-time Employee Headcount

2024

483

(2023: 480)





Messages from Leadership *continued*

Financial and strategic highlights by the CFO and Treasurer *continued*



Camilla
Paiva

“During the financial year, we invested in ensuring that the bank optimised its asset and liability management, diversified its depositor base, and enhanced compliance efforts in order to strengthen our financial stability.”

Financial performance

FNB Eswatini delivered a strong financial performance that reflects continued growth across all key metrics.

- Profit Before Tax (PBT) of E365 Million represents an 11.6% increase from E327 Million in 2023.
- Return on Equity (ROE) maintained at 21.8%.
- Return on Assets (ROA) increased slightly to 3.0% from 2.9% in the previous year.
- Cost-to-Income Ratio improved to 59.2%, down from 59.3%.
- Profit After Tax (PAT) of E268.8 Million, a 9.5% increase from E245.3 Million in 2023.

Earnings were positively impacted by higher customer balances and better transaction volumes. Strong advances growth of 18% and deposit growth of 22% further supported profitability, with all product houses experiencing growth. Customer acquisition remained robust across all segments, with total active customer growth reaching 10.6%.

Treasury performance and risk management

The Treasury function focused on asset and liability management, depositor risk reduction, and compliance. Strategic goals included:

- Reduction of depositor concentration risks – Progress was made in diversifying the depositor base, although further improvements are needed.
- Enhancement of liquidity and funding stability – Growth in stable deposits improved liquidity risk metrics.
- Diversification of the investment portfolio – Progress was made in enhancing yield and duration, though full diversification is ongoing.
- Improvement of exchange control compliance – Regulatory requirements were successfully met throughout the year.

Despite external risks, FNB Eswatini's hedging strategy ensured earnings stability through the cycle. This approach balances interest rate fluctuations to protect long-term profitability.

Strategic investments and key initiatives

Branch transformation

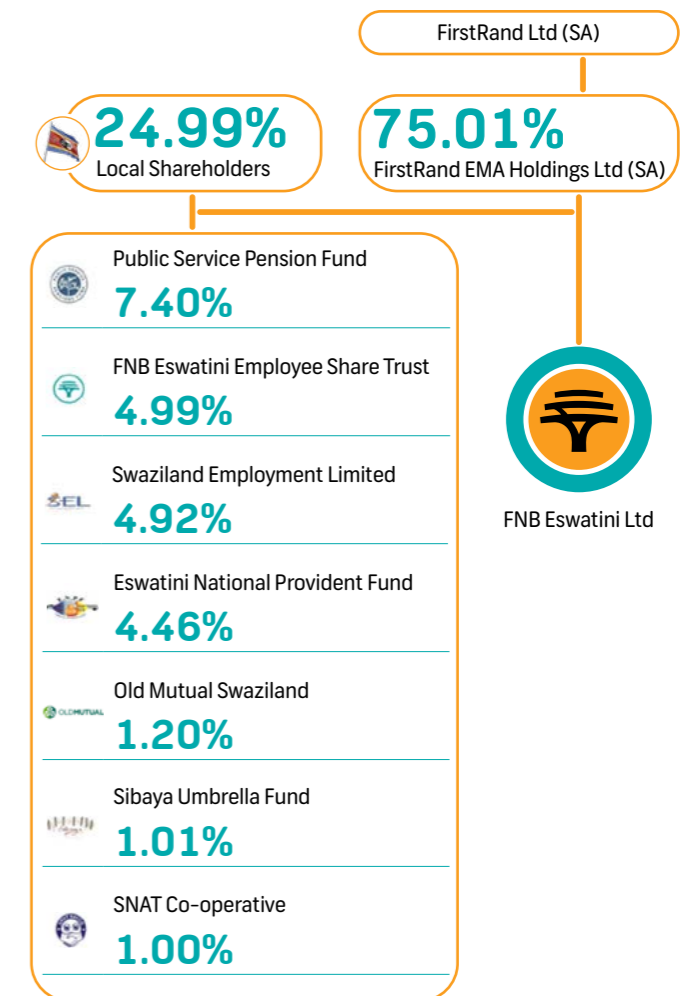
This initiative is aimed at enhancing customer experience, reducing queues, and improving service efficiency. Self-service devices such as coin depositors were deployed.

Main campus move

The transition to the new headquarters in Ezulwini was completed and reinforces our long-term commitment to growth in Eswatini.

Listing on the Eswatini Stock Exchange

This was a major milestone, with 20% of shares sold to local entities and 4.99% allocated to our Employee Share Trust.





Messages from Leadership *continued*

Financial and strategic highlights by the CFO and Treasurer *continued*

Strategic investments and key initiatives *continued*

Brand / CSR and sponsorship initiatives

Over E8.5 Million was invested in societal impact programmes, including entrepreneurship (E2.77 Million), sports development (E2.05 Million), gender diversity and inclusion (E1.43 Million), and education support (E1.38 Million).

Regulatory and payments landscape

The year saw significant regulatory changes, particularly in the payments landscape:

- Common Monetary Area (CMA) payments transition – Customers now use FNB Forex for transactions to CMA countries.
- Eswatini Payment Switch implementation – This is aimed at enhancing digital interoperability, with industry-wide effects expected over the next three years. Cost provisions for these changes range between E70 Million and E100 Million.

Outlook and future priorities

Looking ahead, FNB Eswatini remains committed to:

- Strengthening its balance sheet to support sustainable growth.
- Investing in technology to further enhance digital banking capabilities.

We remain confident in FNB Eswatini's ability to adapt to evolving challenges and capitalise on emerging opportunities to sustain long-term value creation.

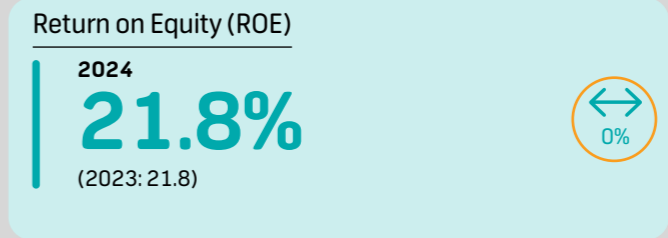


Matsapha main branch



Value Creation at FNB Eswatini

- 17 Business model overview
- 19 Material matters and value drivers
- 20 Stakeholders
- 22 Market trends and strategic responses



This section addresses various:

Capitals

Stakeholders

Strategic pillars **1** **2** **3**



Value Creation at FNBE *continued*

Business model overview

“FNB Eswatini’s business model integrates digital transformation, customer-centric innovation, and regulatory adaptation while balancing growth, risk management, and sustainability to drive long-term financial and societal impact.”

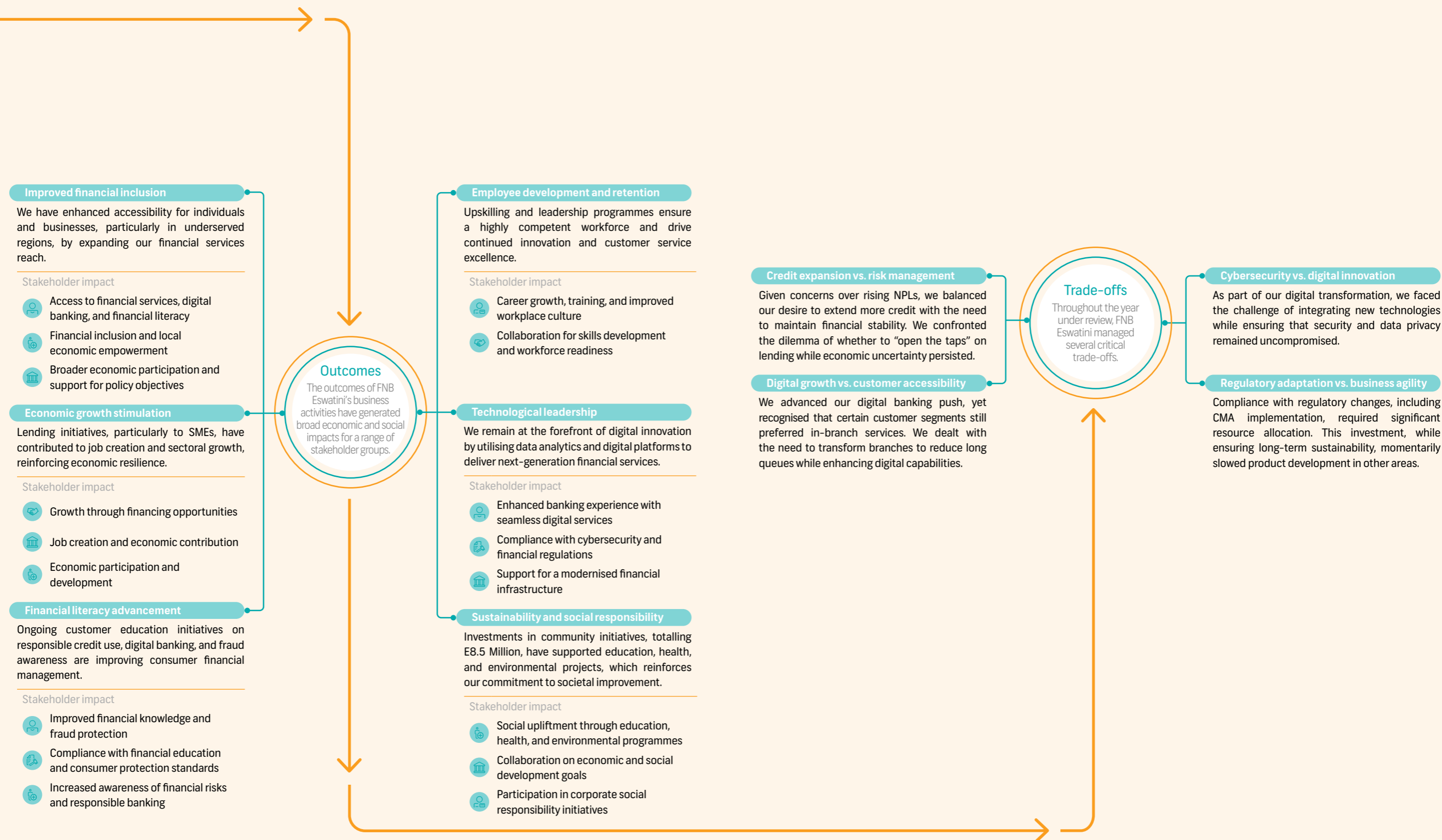
Building on a foundation of financial resilience and technological advancement, this section delves into the key elements that define FNB Eswatini’s business model. It examines the inputs that drive value, the activities that sustain growth, the outputs and outcomes that measure success, and the trade-offs made to balance innovation, risk, and long-term sustainability.





Value Creation at FNBE *continued*

Business model overview *continued*



Value Creation at FNBE *continued*

Material matters and value drivers

“At FNB Eswatini, we identify and address key material matters and strategic value drivers to ensure long-term sustainability and competitive growth.”

We operate in a dynamic economic and regulatory environment where understanding material matters and aligning them with key value drivers is essential for resilience and sustained success. In this section, we represent and explain the most significant external and internal factors impacting our operations and growth strategies.

Materiality Determination Process

The materiality determination process is conducted as part of a comprehensive multi-functional review. This review assesses the risks, opportunities, and challenges that could significantly impact FNB Eswatini's ability to achieve its organisational purpose and strategy, as well as its capacity to create and/or preserve value in the short-, medium-, and long-term.

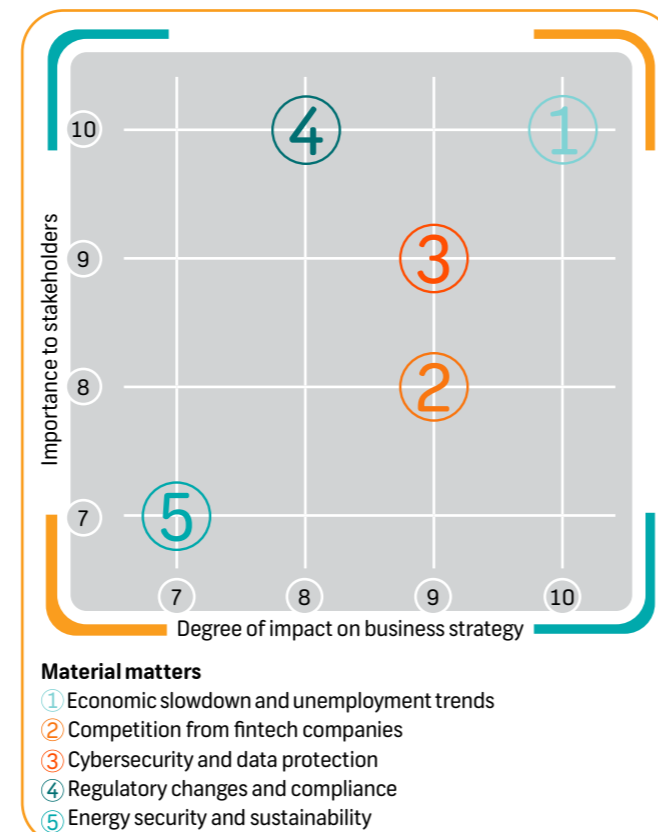
The material matters are influenced by both the internal and external context, the expectations and concerns of the Bank's stakeholders, and the social, economic, governance, and environmental conditions in which it operates. These material matters are then prioritised according to their potential impact on FNB Eswatini's ability to create value, and forms a critical part of our strategy formulation and risk management processes.



Materiality matrix

FNB Eswatini's material matters reflect the key external and internal factors that significantly impact business strategy and stakeholder expectations. The matrix visually positions these material matters based on their importance to stakeholders and their degree of impact on our strategic objectives. Addressing these issues effectively ensures resilience and sustained value creation.

To read more about our 2023/24 strategy, refer to page 25.



Material matters

- 1 Economic slowdown and unemployment trends
- 2 Competition from fintech companies
- 3 Cybersecurity and data protection
- 4 Regulatory changes and compliance
- 5 Energy security and sustainability

Material matter 1: Economic slowdown and unemployment trends

One of the most pressing material matters impacting FNB Eswatini is the global economic slowdown and the resultant unemployment trends. There is an uneven distribution of economic growth across different sectors in Eswatini. While the overall economic indicators may show positive movement, certain pockets of the economy, particularly small and medium enterprises (SMEs), are experiencing significant strain. This slowdown directly affects the banking sector through rising non-performing loans (NPLs) and reduced demand for credit. These are both critical elements of our revenue model. Despite a relatively stable NPL situation compared to our peers, we must balance risk management with strategic lending expansion to support economic activity without overexposure to defaults.

To read more about our Risk Management, refer to page 33.



Material matter 2: Competition from fintech companies

The financial services landscape in Eswatini is witnessing rapid transformation due to the entry and expansion of fintech companies. Traditional banking models are being challenged by digital-first solutions that offer convenience, agility, and accessibility. In response, FNB Eswatini is making intentional investments in digital transformation. We have embarked on a journey to move away from legacy systems and embrace platform-based financial services. We aim to offer seamless, technology-driven banking solutions that cater to evolving customer expectations by decoupling various capabilities. However, this digital evolution comes with its own challenges, including the need for enhanced cybersecurity, data privacy, and regulatory compliance.

To read more about our Digital transformation, refer to page 22.



Material matter 3: Cybersecurity and data protection

As FNB Eswatini transitions towards a digital and platform-based banking model, cybersecurity emerges as a crucial material matter. There is a clear need to fortify the institution against cyber threats and data breaches, especially as online transactions become the norm. With regulatory oversight on data privacy tightening, we must ensure robust compliance frameworks while maintaining customer trust. The presence of a dedicated regulator for data protection in Eswatini provides an additional layer of oversight, and this reinforces our commitment to secure digital banking.

To read more about our Risk Management, refer to page 33.

To read more about our Digital transformation, refer to page 22.



Material matter 4: Regulatory changes and compliance

The evolving regulatory landscape is another material matter that FNB Eswatini is actively managing. Key regulatory initiatives, including the CMA-EFT migration project and the Eswatini Payment Switch (EPS), are reshaping the financial ecosystem. The CMA-EFT initiative introduces jurisdictional ring-fencing of funds for stricter compliance and enhanced accountability for cross-border transactions. Similarly, the EPS modernises the financial infrastructure by improving the efficiency and security of payment systems. These changes, while beneficial for financial stability, require significant operational adjustments and strategic alignment.

To read more about our Operational performance, refer to page 28.

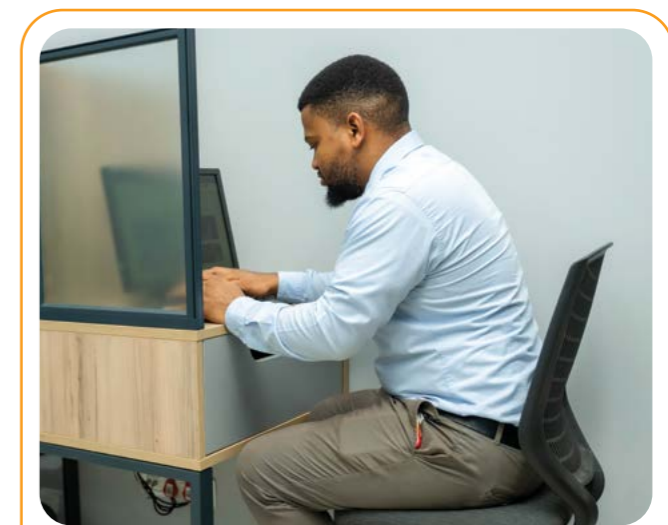
To read more about our 2023/24 strategy, refer to page 25.



Material matter 5: Energy security and sustainability

Energy security is an increasingly important consideration, particularly given Eswatini's dependence on hydroelectric power and electricity imports from South Africa. There is an urgent need to diversify the country's energy sources to achieve long-term sustainability. Government policy must evolve to facilitate independent power generation and encourage investment in renewable energy projects. FNB Eswatini recognises this challenge as both a risk and an opportunity, particularly in financing renewable energy ventures and supporting the transition to a greener economy.

To read more about Sustainability, refer to page 43.



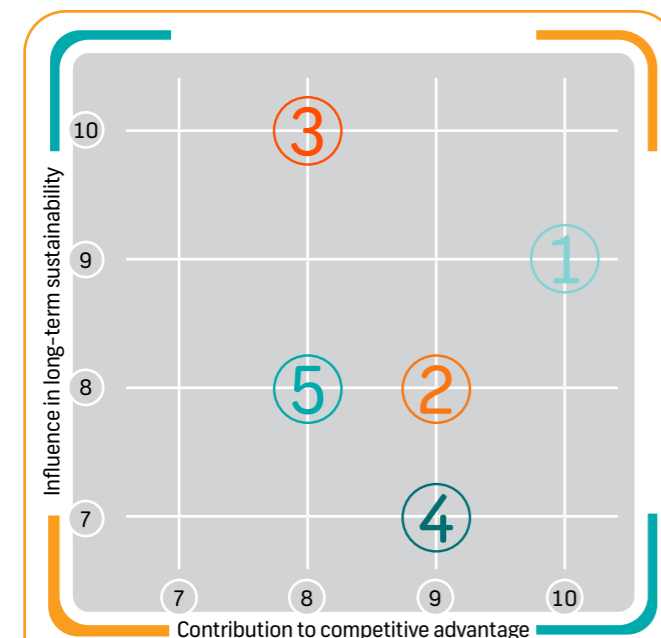
Online banking self service desk in branch

Value Creation at FNBE *continued*

Material matters and value drivers *continued*

Value driver matrix

FNB Eswatini's value drivers represent the strategic pillars that support long-term sustainability and competitive advantage. This matrix visually maps the key drivers based on their relative contribution to competitive positioning and their influence on long-term business success. We continue to enhance operational efficiency, expand market presence, and strengthen stakeholder engagement by responding to these drivers effectively.



Value drivers

- 1 Strategic growth initiatives
- 2 Enhancing operational efficiency
- 3 Commitment to shared prosperity
- 4 Expanding footprint and market presence
- 5 The role of employees in driving value

Value driver 1: Strategic growth initiatives

FNB Eswatini's strategy is centred on three key pillars: Grow, Transform, and Connect. Our approach to the Grow pillar focuses on expanding its customer base while deepening engagement with existing clients through contextual and tailored solutions. This has resulted in notable financial performance, with FNB Eswatini achieving a Profit Before Tax, Return on Equity, Return on Assets growth of 11.6% in 2023/24, reaching E365 Million. Additionally, key financial metrics such as return on equity (ROE) and return on assets (ROA) have remained robust at 21.8% and 3%, respectively.

[To read more about our 2023/24 strategy, refer to page 25.](#)

Value driver 2: Enhancing operational efficiency

Operational efficiency remains a key value driver, with FNB Eswatini successfully improving its cost-to-income ratio from 59.3% in 2022/23 to 59.2% in 2023/24. Investments in technology, automation, and digital banking infrastructure have contributed to this efficiency drive. Initiatives such as bulk note and coin automation, remote account opening, and branch transformation are enhancing service delivery while optimising resource utilisation.

[To read more about our Performance, refer to page 27.](#)

Value driver 3: Commitment to shared prosperity

FNB Eswatini's strategic focus extends beyond financial performance to encompass shared prosperity. This involves maximising economic, social, and environmental value creation from core activities and operations. This commitment underscores our role as a corporate citizen dedicated to economic growth, financial inclusion, as well as addressing the impacts of climate change.

Value driver 4: Expanding footprint and market presence

Our expansion strategy includes careful selection of new locations to ensure that infrastructure investments align with local needs. Two new areas were added to our footprint in 2023/24. The focus is on physical expansion as well as the delivery of digital solutions that cater to diverse customer segments.

[To read more about our 2023/24 strategy, refer to page 25.](#)

Value driver 5: The role of employees in driving value

FNB Eswatini recognises that employees are integral to service excellence. We place equal emphasis on Customer Experience and Employee Experience so that staff members are equipped with the necessary skills, training, and work-life balance to drive our strategic goals.

[To read more about our Human capital, refer to page 30.](#)

Stakeholders

FNB Eswatini understands its duty to cultivate meaningful relations with its stakeholders to ensure healthy, long-lasting, and mutually beneficial relationships with all groups we interact with. In this section, we outline our stakeholder groups, how we engage, matters of concern to each group, our responses, and the state of each stakeholder relationship.

Regulators

How we engage	Matters of concern to stakeholder	How we respond	State of relationship
<ul style="list-style-type: none"> Annual briefing meetings with the Governor of the Central Bank of Eswatini on strategy and business performance Annual bilateral meetings with key regulators on status of compliance Participate in monthly Governor's meeting Participate in industry meetings, conferences and workshops on financial sector developments 	<ul style="list-style-type: none"> Financial Inclusion and Market Conduct Adherence with regulatory obligations Sustainable banking sector 	<ul style="list-style-type: none"> Proactive and transparent engagements maintained on remediating regulatory concerns Proactive disclosures made on matters not achieving expected compliance standards 	Healthy relationships are maintained with our regulators. Targeted engagements have been held where necessary to address emerging issues.

Customers

How we engage	Matters of concern to stakeholder	How we respond	State of relationship
<ul style="list-style-type: none"> Branch and customer service centre interactions Digital platforms Traditional media Customer events Relationship Banking Press briefings and engagements 	<ul style="list-style-type: none"> Accessibility to credit Competitive interest rates Digital banking capabilities Pricing Customer experience (long queues) Fraud 	<ul style="list-style-type: none"> Introduction of new products Tailored loan products Digitisation Ongoing financial literacy awareness and education campaigns Branch transformation 	Strong – Our relationship with customers remains solid due to our customer-centric approach, continuous improvements in service delivery, and commitment to addressing their financial needs proactively.

Employees

How we engage	Matters of concern to stakeholder	How we respond	State of relationship
<ul style="list-style-type: none"> Townhalls Connect sessions Meetings Internal communication Branch visits 	<ul style="list-style-type: none"> Workload Career development and growth Reward Human-Wellbeing-Culture Two-way engagement platforms 	<ul style="list-style-type: none"> Employee recognition Diversified wellbeing offering Better headcount management Introduction of anonymous feedback mechanisms Introduction of talent development programmes 	Good. With the response initiatives in place, we anticipate progress toward 70%+ engagement score by the next survey cycle. Success will be measured through: <ul style="list-style-type: none"> Increased leadership trust, respect and workload scores. Higher participation in career development programs. Stronger employee sentiment in recognition and well-being areas.



Value Creation at FNBE *continued*

Stakeholders *continued*

Government

What does “value” mean to this stakeholder group (in the context of the organisation)	How we engage	Matters of concern to stakeholder	How we respond	State of relationship
For the government, value means , contribution to economic development, job creation, broadening tax base, consumer protection, bringing services to communities and social responsibility. The government looks for banks that support public policies, contribute to economic stability, and promote community welfare.	We engage with the government by, participating in public policy consultations, and collaborating on economic development initiatives. Our engagement also includes lobbying and advocacy efforts to support financial policies and regulations.	The government is concerned with economic development, tax contributions, and the bank’s impact on society and the environment. They also focus on job creation, financial stability, and the promotion of economic participation.	We ensure compliance with laws and regulations, provide transparent financial reports, and actively participate in community development initiatives. Regular dialogue with government stakeholders helps us address their concerns and align our activities with public policies.	Our relationship with the government is stable and cooperative. We maintain a proactive approach to compliance and community engagement, which fosters a positive rapport and mutual trust.

Communities

What does “value” mean to this stakeholder group (in the context of the organisation)	How we engage	Matters of concern to stakeholder	How we respond	State of relationship
Value to communities means social and economic benefits, environmental sustainability, and improved quality of life. They seek partnerships that contribute positively to their well-being and support local development.	<ul style="list-style-type: none">• CSI projects• Sponsorships• Owned channels• Media• Fit-for-context financial services• Outreach programs• Environmental initiatives	<ul style="list-style-type: none">• Access to banking services• Financial awareness and inclusion• Local development and social upliftment• Environmental impact• Job opportunities, and contribution to local development• Health and safety standards• Business sustainability	<ul style="list-style-type: none">• FNB Eswatini Foundation• Sponsoring aligned initiatives• Financial Inclusion (CashPlus)• Hiring local• Skills development and sharing• Increased access to SME funding• Financial inclusion and empowering local communities through the CashPlus agency banking model	Growing – Our engagement with communities continues to strengthen as we expand our financial support initiatives, deepen partnerships, and enhance our role in economic development.

Business Partners

What does “value” mean to this stakeholder group (in the context of the organisation)	How we engage	Matters of concern to stakeholder	How we respond	State of relationship
For our business partners, value is defined by mutual growth, profitability, sustainable contributions to the local economy, and long-term collaboration. They seek opportunities that enhance their market position, financial returns, and contribute to sustainable development.	We engage with our business partners through regular meetings, joint ventures, and strategic alliances. Transparent communication and alignment of goals are key to our interactions.	Business partners are primarily concerned with economic and market trends, competitive positioning, and growth. They also value the reliability and integrity of our partnership.	Co-create solutions to problems that collectively affect us. Ensure regular updates and open communication channels to maintain trust and confidence.	Our relationship with business partners is strong, characterised by mutual respect and shared objectives. We continuously strengthen this bond through collaboration and consistent performance.

Suppliers

How we engage	Matters of concern to stakeholder	How we respond	State of relationship
<ul style="list-style-type: none">• Purchase Orders• Contracts (SLA’s)• Supplier reviews• Meetings• Emails	<ul style="list-style-type: none">• Payment terms• Timely payments• Supplier base onboarding• WHT (Withholding Tax)	<ul style="list-style-type: none">• Prioritisation of local suppliers for procurement through the Buy Swati initiative• Creation of centralised procurement processes• Allocation of business partners• Process communication	Medium to Strong – There is ongoing process awareness to service providers as well as constant communication to better understand any changes within our procurement processes.



Value Creation at FNBE *continued*

Market trends and strategic responses

“ FNB Eswatini strategically approaches economic shifts by embracing digital transformation, strengthening risk management, and expanding financial inclusion to ensure sustainable growth and resilience in an evolving financial landscape. ”

FNB Eswatini operates in a dynamic and evolving economic landscape influenced by both global and local macroeconomic conditions. The financial year under review was characterised by a global economic slowdown, inflationary pressures, and persistent disruptions to the supply chain. Domestically, the economy showed resilience, with moderate growth recorded. However, this growth has not been evenly distributed across economic sectors, and small and medium enterprises (SMEs) have continued to face significant challenges. Unemployment trends remain a concern and impact disposable income and credit demand.

The banking sector in Eswatini has seen a notable shift in consumer behaviour, with an increasing preference for digital banking solutions. Regulatory changes, particularly in compliance and financial security, have introduced new challenges and opportunities for financial institutions. Competition within the sector has intensified with the entry and expansion of fintech firms, necessitating a more agile and technology-driven approach to banking.

To capitalise on these market trends, FNB Eswatini has adopted a multi-faceted strategic approach aimed at ensuring sustainable growth, resilience, and continued value creation for all stakeholders.



Digital transformation and innovation

We have accelerated our digital transformation journey to meet the evolving needs of customers. Significant investments were made in technology infrastructure, including the enhancement of mobile banking platforms, automation of cash-handling systems, and the introduction of remote account opening services. These advancements have improved customer experience, increased efficiency, and positioned us competitively in the digital banking space.

Moreover, we are shifting towards a platform-based financial institution model where we can build shared capabilities and expand these service offerings to clients and fintechs. FNB Eswatini aims to remain at the forefront of digital banking in the country by embracing technological disruption.

Strengthening credit risk management

With the economic slowdown and general rise in non-performing loans (NPLs) in Eswatini, we have reinforced our prudent credit risk management framework. We continue to adopt a conservative lending approach to maintain a balanced credit portfolio while exploring opportunities to expand lending to resilient sectors, including agriculture and export-oriented businesses. The application of data analytics in credit assessment has enhanced decision-making and improved loan approval efficiency.

Expanding financial inclusion

As part of our commitment to broadening financial inclusion, we have rolled out innovative solutions to communities that have remained underserved by traditional banking models. The expansion of the CashPlus agency banking model has increased accessibility to financial services. We create opportunities for empowering local communities by providing them with an opportunity to become CashPlus agents.

Financial literacy programmes have also been intensified to educate customers on responsible financial management, digital banking security, and investment opportunities.

Regulatory compliance and risk management

With increasing regulatory scrutiny and evolving financial regulations, FNB Eswatini has prioritised compliance and risk management. We actively engage with regulators to ensure adherence to financial policies, anti-money laundering (AML) regulations, and cybersecurity protocols. Recent regulatory developments, such as the implementation of the Common Monetary Area (CMA) framework and the Eswatini Payment Switch, have been seamlessly integrated into our operations.

Cybersecurity remains a critical area of focus, with continuous investments in data protection measures, fraud detection systems, and customer awareness initiatives to mitigate digital banking risks.

Sustainable growth and ESG commitments

FNB Eswatini has integrated Environmental, Social, and Governance (ESG) principles into its strategic planning. We are actively exploring opportunities in green financing, including funding renewable energy projects and climate adaptation initiatives. We have also strengthened our Corporate Social Investment (CSI) efforts by channelling resources into education, gender diversity, entrepreneurship development, and community upliftment projects.

Workforce and operational efficiency

We acknowledge that our employees are central to achieving our strategic goals. We have enhanced employee development programmes and upskilled staff in digital banking, compliance, and customer service. Employee well-being initiatives have also been prioritised to maintain high engagement and productivity levels.

Operational efficiency remains a key strategic pillar, with continued efforts to streamline processes, optimise resource allocation, and reduce costs without compromising service delivery.



Strategic Foundations

24 Operating environment and key market dynamics

25 2023/24 strategy

26 Strategy outlook

Return on Assets (ROA)

2024
3.0%
(2023: 2.9%)



This section addresses various:

- Capitals      
- Stakeholders      
- Strategic pillars **1** **2** **3**



Strategic Foundations *continued*

Operating environment and key market dynamics

“ FNB Eswatini operates in a dynamic market shaped by economic fluctuations, regulatory developments, technological advancements, and evolving customer expectations, requiring agility and strategic adaptation to remain competitive and drive growth. ”

Macroeconomic influences

The financial year 2023/24 was marked by a largely stable policy environment and an improved operational landscape, though certain sustainability concerns persisted. The Eswatini economy demonstrated resilience, with GDP growing by 5% in 2023, up from -0.1% in 2022. Inflation also showed improvement, averaging 4.3% for the period ended June 2023, compared to 5.7% for the period ended June 2022.

A more stable interest rate environment and increased SACU revenues contributed to economic optimism, although global conflicts and El Niño risks required close monitoring. The discount rate settled at 7.5% at the end of June 2024, slightly lower than the previous year's 7.75%. The Central Bank of Eswatini maintained a stable monetary policy, cutting interest rates by 25 basis points to 7% in July 2023 and maintaining this level throughout the financial year.

Eswatini's financial system operates in a regionally interconnected environment, where macroeconomic stability is closely linked to external economic conditions. The country's currency, the Lilangeni, is pegged to the South African Rand at a one-to-one exchange rate. As a result, fluctuations in the value of the Rand directly impact Eswatini's financial sector, including FNB Eswatini's performance. A decline in the Rand could lead to inflationary pressures and higher import costs. This can affect the purchasing power of consumers and the overall banking industry.

Economic conditions in Eswatini also depend on regional trade policies and foreign investment levels. Political and economic instability in South Africa or other neighbouring economies could negatively affect Eswatini's growth trajectory. Furthermore, Eswatini's dependence on imported electricity from Eskom (South Africa's state-owned power utility) exposes it to potential energy disruptions, increased operating costs, and productivity constraints.

In recent years there have been several serious macroeconomic, political, and social disruptions which have affected Eswatini. At the reporting date, we have identified certain matters that could in future have an adverse effect on FNB Eswatini:

1. Global events

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

2. Regional events

- FNB Eswatini's operations in Eswatini may experience disruptions from electricity shutdowns.
- The financial services industry in which FNB Eswatini operates is competitive.
- Deteriorations in the soundness of other financial institutions may have an adverse effect on FNB Eswatini's business and results of operations.
- Abrupt changes in interest rates could have a material adverse effect on FNB Eswatini's business and results of operations.
- The performance of the Lilangeni is dependent on the performance of the South African Rand.

3. GDP events

- Deterioration in Eswatini's GRP growth and country credit rating.

4. Regulatory/compliance matters

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

5. Cybersecurity

- 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.

6. People risk

- The loss of and failure to attract and retain senior management and key personnel could have a material adverse effect on FNB Eswatini's business, and impair its ability to implement its business strategy.

Legislative and regulatory landscape

FNB Eswatini operates within a well-regulated financial services industry, where compliance with local and international banking laws is necessary to ensure operational stability. As a subsidiary of FirstRand Group, FNB Eswatini is regulated by the Central Bank of Eswatini and the South African Reserve Bank. The financial sector in Eswatini is supervised by the Central Bank of Eswatini and governed by regulations such as:

- The Financial Institutions Act No. 6 of 2005, which sets prudential requirements for financial entities.
- Exchange Control Regulations issued under Legal Notice No. 2 of 1975, which influence cross-border financial transactions.

A significant regulatory development is the National Pension Fund Bill of 2018, which aims to convert the existing National Provident Fund into a mandatory pension scheme. If implemented, this law could alter the structure of private pension savings, requiring financial institutions, including FNB Eswatini, to adjust their service offerings and investment portfolios.

Failure to comply with banking regulations could result in fines, reputational damage, and potential operational restrictions. Additionally, global financial regulations influence FNB Eswatini's capital adequacy and liquidity management strategies.

Market competition and industry shifts

The financial services sector in Eswatini is becoming increasingly competitive, with FNB Eswatini facing challenges from both traditional banks and non-bank financial service providers. Mobile money services and fintech platforms are key disruptors, as they provide financial solutions that do not require a brick-and-mortar banking presence.

Mobile telecommunication companies are entering the financial sector with services that provide customers with faster and more convenient banking-alternative options. The new offerings may potentially reduce the demand for traditional banking services. Unlike licensed banks, some fintech firms operate outside strict banking regulations. This may give them a competitive advantage in terms of cost structure and product flexibility.

To remain competitive, FNB Eswatini is investing in:

- Digital transformation, including enhanced mobile banking applications and automated service offerings.
- Customer experience improvements, through AI-driven banking solutions and data analytics to personalise services.
- Expanded SME and corporate banking solutions that let business clients receive tailored financial products.

Changing customer behaviour

Consumer expectations in the banking industry are evolving, driven by trends in technology adoption, service accessibility, and financial literacy. Customers now demand:

- Seamless digital banking experiences that integrate with mobile wallets and payment platforms.
- Flexible banking products, such as low-cost transaction accounts, instant credit facilities, and tailored wealth management solutions.
- Stronger cybersecurity measures to protect personal and financial data.

As a response, FNB Eswatini is enhancing digital onboarding processes to help new customers open and manage accounts remotely. Investments in AI-powered fraud detection and biometric authentication also reinforce customer trust in online banking security.

The post-pandemic recovery period has influenced banking behaviour, with increased preference for contactless payments and digital lending services. FNB Eswatini's ability to adapt to these shifts while maintaining regulatory compliance will be critical for long-term sustainability.



CEO Connects Manzini

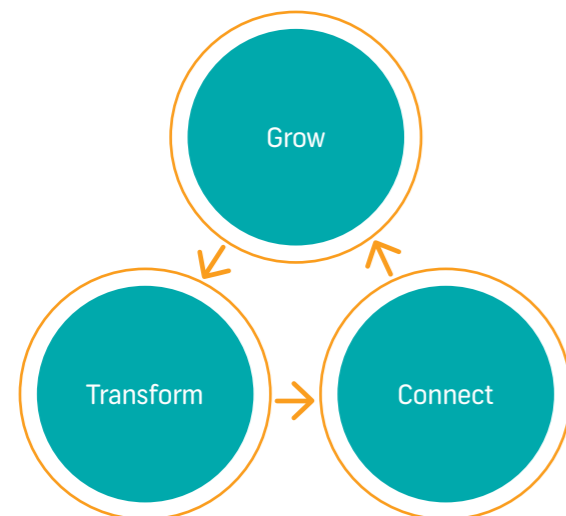


Strategic Foundations *continued*

2023/24 strategy

“FNB Eswatini’s 2023/24 strategy delivered strong growth, operational transformation, and deeper stakeholder connections while reinforcing our leadership through customer expansion, digital innovation, and sustainable financial resilience.”

FNB Eswatini implemented a structured strategy to grow market leadership, enhance operational efficiencies, and strengthen stakeholder relationships. The 2023/24 strategy was anchored in three pillars: Grow ①, Transform ②, and Connect ③. Its execution focused on customer acquisition, digital expansion, risk management, and operational streamlining. Financial resilience remained a priority, alongside efforts to improve service delivery and corporate governance.



Grow ①: Expanding market leadership and financial resilience

The Grow strategy focused on attracting high-value clients, expanding transactional banking, and ensuring prudent credit growth. Despite challenging economic conditions, we delivered strong financial performance while maintaining a disciplined approach to risk.

Customer acquisition and retention

- The active customer base increased by 10.6%, supported by targeted engagement strategies and new service points.
- Investments in digital banking and product diversification improved retention and customer lifetime value.

Credit growth and balance sheet management

- The loan book expanded while maintaining a low credit loss ratio.
- Lending remained aligned with economic conditions for sustainable growth without excessive exposure.

Transactional banking and revenue diversification

- Transactional volumes remained strong, even with regulatory shifts CMA-EFT cross border transactions.
- The transactional banking platform remained the largest by volume in Eswatini, which reinforced FNB’s leadership position.
- Non-interest revenue sources continued to evolve, allowing us to reduce reliance on traditional fees.

Transform ②: Strengthening operational efficiencies and digital evolution

This pillar focused on modernising infrastructure, improving process efficiencies, and enhancing compliance frameworks. Digitalisation and automation played a key role in achieving operational improvements.

Infrastructure and digital advancements

- The transition to a new head office was completed within budget. Multiple teams were consolidated into a centralised workspace.
- A dedicated technology function led by the Chief Information Officer (CIO) was established to unify IT, data analytics, AI, and application development.
- Bulk cash counting automation streamlined service delivery, with E3.6 Million worth of coins processed.

Process optimisation and compliance

- A revised risk management framework strengthened governance and regulatory alignment.
- The bank successfully executed the CMA cross-border EFT migration. This minimised potential client disruption.
- The branch transformation programme enhanced in-person banking experiences, with 196 accounts successfully opened.

Cost efficiency and automation

- The adoption of a Shared Services model optimised operational processes across business units.
- Cybersecurity measures improved. We ensured compliance with best practices and safeguarded customer data.
- The financial strategy prioritised cost rationalisation to balance innovation with prudent spending.

Connect ③: Strengthening engagement with our stakeholders and ensuring shared prosperity

The Connect pillar focused on deepening engagement with customers, employees, and the broader community. Stronger relationships with key stakeholders reinforced our role in economic development.

Customer-centric enhancements

- We expanded financial inclusion through CashPlus agent banking and increased accessibility in underserved regions.
- We strengthened advisory and engagement efforts with corporate and commercial clients and improved alignment with their financial needs.

Employee experience and culture

- Long-standing human capital issues were resolved, including the signing of the reviewed Collective Agreement between the Bank and the Union, and the migration of the managerial base from a defined benefit pension scheme to a defined contribution scheme, in line with market developments around pension schemes.
- Organisational culture initiatives enhanced professional development and strengthened leadership pipelines.
- Employee engagement platforms were expanded. This improved our internal communication and strategic alignment.

Community development

- Investments in social impact initiatives totalled E8.5 Million. We supported entrepreneurship, education, gender diversity, and climate adaptation.
- The FNB Eswatini Foundation played a key role in corporate social responsibility efforts and reinforced our commitment to community upliftment.
- Shareholding diversification continued, with the Employee Share Trust (4.99%) and increased local ownership (20%) deepening investor confidence.

Key challenges and areas for improvement

Several strategic gaps were identified during execution. These challenges prompted targeted refinements for sustained momentum.

Workforce and organisational structure

- Employee engagement and talent retention required further focus, especially in aligning individual accountability with increased delegation.
- Stakeholder management with the Union and employee financial well-being initiatives needed reinforcement.

Operational and regulatory adjustments

- Delays in executing mid-size infrastructure projects affected branch renovations and relocations.
- The decommissioning of outdated systems and processes progressed slower than anticipated.
- Integration with regulatory bodies (Home Affairs, Tax Authority) required acceleration, given increasing compliance pressures.

Customer experience and market positioning

- Service responsiveness emerged as a challenge, particularly in high-volume transactional banking.
- Concerns regarding pricing competitiveness highlighted the need for a stronger value proposition across customer segments.
- Retail banking engagement required enhancement, with a greater emphasis on understanding and addressing evolving customer needs.



Strategic Foundations *continued*

Strategy outlook

“FNB Eswatini’s 2024/25 strategy focuses on expanding financial inclusion, accelerating digital transformation, and enhancing operational efficiency to drive sustainable growth, superior customer experience, and long-term stakeholder value.”

FNB Eswatini’s strategic direction for 2024/25 builds upon the successes and lessons of the previous financial year while focusing on enhancing customer experience, driving digital transformation, and fostering financial inclusion. We aim to expand our customer base, increase efficiency, and deepen market penetration so that sustainable growth, regulatory compliance, and stakeholder value remain at the core of our operations.

This strategy is structured around six key pillars. Each pillar is designed to support long-term competitiveness, drive revenue diversification, and strengthen resilience against emerging economic and technological challenges.



More customers: Expanding market share and strengthening customer relationships

Customer acquisition remains a top priority, with an emphasis on targeted quality growth and retention strategies that improve customer lifetime value. We aim to deepen our market penetration by embracing digital banking innovations, strategic partnerships, and improved financial access models.

More to customers: Expanding product offerings and service innovation

A significant opportunity exists to increase the share of wallet among existing customers. This will be achieved through enhancing product relevance, restructuring accountability for product lines, and deepening customer engagement strategies.

Internal efficiencies: Simplifying operations and strengthening cost control

We are committed to rebuilding internal processes, streamlining governance, and outsourcing non-core banking functions to improve efficiency and long-term sustainability.

Lead with customer experience: Digital and in-person service optimisation

A superior customer experience remains a core differentiator for FNB Eswatini. We will prioritise frictionless, high-quality customer interactions across both digital and physical touchpoints.

Lead with employee experience: Strengthening organisational culture and workforce capacity

Investing in employees remains fundamental to long-term success. A focus on talent retention, leadership development, and operational empowerment will create a high-performance work environment.

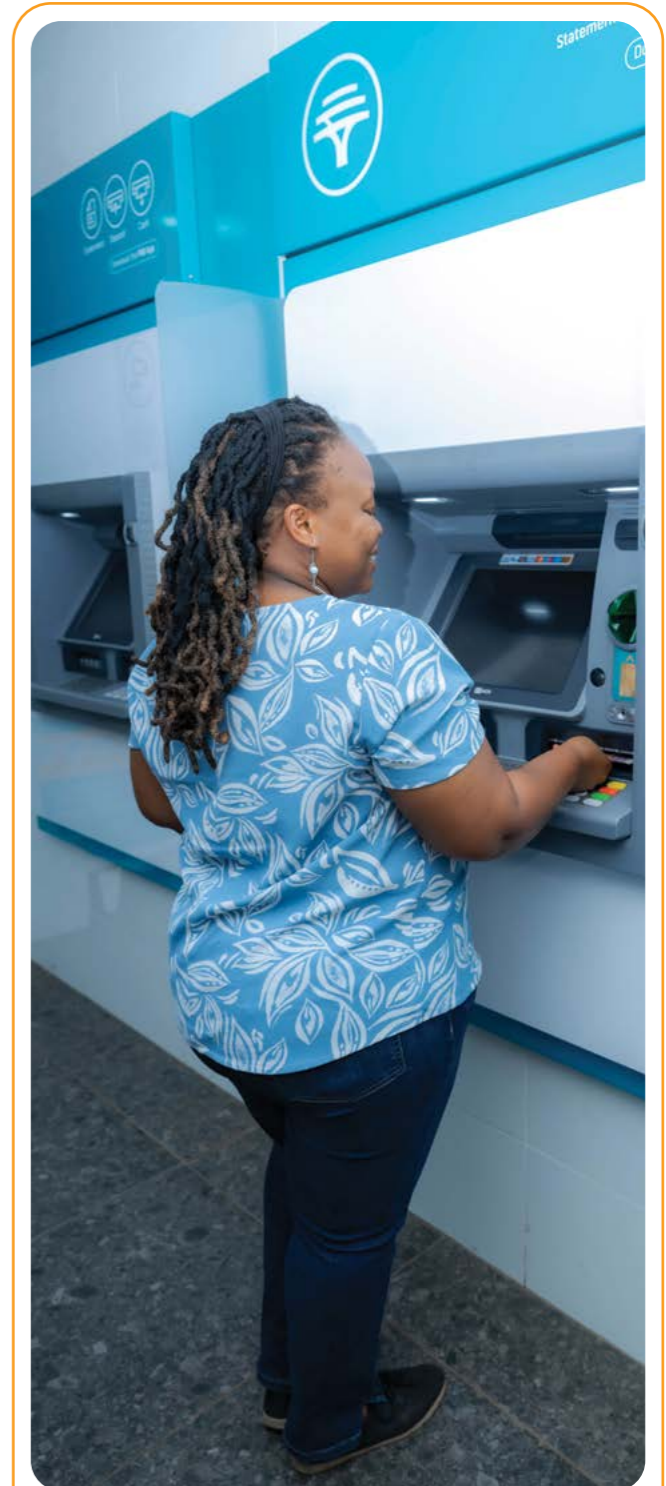
Shared prosperity: Expanding societal impact

FNB Eswatini is increasingly using its core business resources and activities to intentionally achieve positive, scalable, and high-impact societal outcomes while continuing to deliver on its growth and returns commitments to shareholders.

Key management priorities for 2025

In the 2024/25 financial year, management will prioritise addressing:

- Liquidity concentration.
- Revenue diversification.
- Optimisation of physical and digital channels.
- Regulatory and risk resilience.
- Engagement of employees and other stakeholders.



ATM lobby at The Gables



Performance Overview

28

Operational achievements

30

Human capital driving connection with our people

Cost-to-Income

2024

59.2%

(2023: 59.3%)



This section addresses various:

Capitals



Stakeholders



Strategic pillars



Introduction to
FNB Eswatini

Messages from
Leadership

Value Creation at
FNB Eswatini

Strategic
Foundations

Performance
Overview

Risk Management

Governance and
Accountability

Sustainability

Future Outlook and
Opportunities

Abridged Financial
Statements

Operational achievements

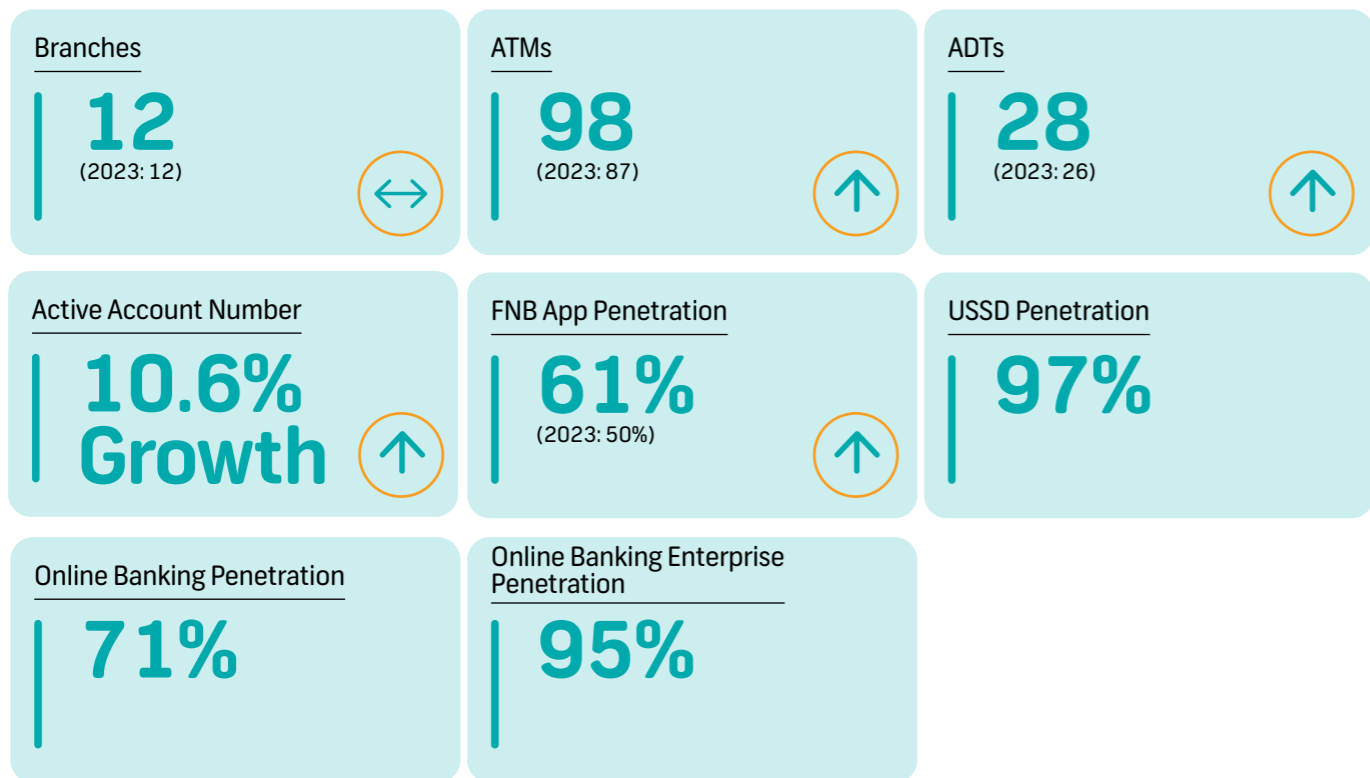
Human capital driving connection
with our people



Performance Overview *continued*

Operational achievements

“ FNB Eswatini achieved strong financial growth, advanced digital transformation, expanded customer reach, invested in human capital and sustainability, and enhanced regulatory compliance, reinforcing its position as a leader in Eswatini’s banking sector. ”



Financial and strategic growth ①

In the 2023/24 financial year, FNB Eswatini recorded significant progress in financial performance and strategic expansion. We achieved a Profit Before Tax (PBT) of E365 Million, an 11.6% increase from the previous year, which reinforces our position as Eswatini’s most profitable financial institution. This growth was supported by strong advances in lending, with a credit loss ratio reduction to 0.2%, which demonstrated effective risk management and prudent credit policies. The successful listing on the Eswatini Stock Exchange and localisation of shareholding further strengthened our local ownership structure, with 20% of shares allocated to local institutions and 4.99% placed in our Employee Share Trust. This supports long-term community and employee participation in financial success.

To read more about our Financial growth, refer to page 50.

Technology and digital transformation ②

Investment in digital transformation and automation played a pivotal role in improving operational efficiency and customer experience. The deployment of self-service banking technologies, including coin depositors, has streamlined branch operations, reduced waiting times, and enhanced transactional convenience. Additionally, the branch transformation initiative has optimised service delivery through a redesigned customer engagement model that enables a more seamless in-branch experience. We have also progressed in our platform modernisation journey to build a future-ready organisation while addressing current challenges and laying the foundations for long-term growth, resilience, and innovation. These advancements have strengthened our capacity to support secure, real-time transactions while enabling interoperability in the banking sector.

To read more about our Digital transformation, refer to page 22.

Customer and market expansion ①

Customer growth remains a cornerstone of FNB Eswatini’s success, with a 10.6% increase in active customers. This includes retail growth of 10.5%, commercial growth of 13.3%, and corporate growth of 9.5%, which demonstrates broad-based expansion across all market segments. A key focus was enhancing financial inclusion, particularly through scored lending for SMEs and the CashPlus agency banking model, which has extended essential banking services to remote and underserved communities. Our partnership with the Central Bank on SME credit guarantees has further improved access to funding for small businesses and supports economic resilience and entrepreneurship.

To read more about our 2023/24 strategy, refer to page 25.

Human capital and workforce development ②

FNB Eswatini remains committed to building a highly skilled workforce, with employee headcount reaching 483 during the financial year. Strategic investments in training, digital competency development, and employee well-being have been key to sustaining performance and building a culture of continuous learning. Our automation strategy, while enhancing operational efficiency, has been implemented alongside proactive workforce redeployment initiatives to ensure that employees are reskilled and transitioned into new roles rather than being displaced.

To read more about our Human capital, refer to page 30.

Sustainability and societal impact ②

Aligned with our vision of shared prosperity, we invested E8.5 Million in social impact programmes. These initiatives spanned entrepreneurship (E2.77 Million), sports development (E2.05 Million), gender diversity and inclusion (E1.43 Million), education (E1.38 Million), environment and climate adaptation (E550 000), and health and arts (E350 000). We also demonstrated a strong commitment to local economic empowerment, with 98% of our total procurement spend (E116.5 Million) directed to Eswatini businesses to reinforce our “Buy Swati” initiative and support local supply chains. In response to climate change risks, FNB Eswatini actively engaged with agriculture clients on renewable energy solutions to drive sustainability-focused lending in climate-smart farming and alternative energy projects.

To read more about Sustainability, refer to page 43.

Regulatory compliance and risk management ②

FNB Eswatini remained at the forefront of regulatory compliance. The implementation of the CMA payments transition and the Eswatini Payment Switch (EPS) has modernised transaction processes, improved efficiency, and strengthened security in domestic and cross-border payments. Enhanced cybersecurity and data privacy frameworks have also been prioritised to mitigate financial crime risks and safeguard consumer data.

To read more about our Risk Management, refer to page 33.



Performance Overview *continued*

Operational achievements *continued*

Performance by segment

Corporate

The corporate segment has sustained growth by focusing on expanding the balance sheet, increasing share of wallet per client, and gaining market share. A healthy deal pipeline has facilitated diversification into renewable energy, while maintaining a strong presence in agriculture, SOEs, and forestry. Banking strategic clients in key industries such as sugar and manufacturing has strengthened portfolio resilience. Positive momentum in primary banked clients continues, driven by tailored offerings and new client acquisitions.

CIB strategy

Grow primary banker status

We aim to add and maintain existing clients, offer bespoke solutions, and acquire captains of industry who influence the ecosystem as well as clients with multinational footprints.

People/activity concentration

This involves enrolling the team in trainings in South Africa for cross skilling, and to ensure business continuity and work-life balance.

Book diversification

We collaborate with new shareholders on funding opportunities, encourage strategic term deposits, and dilute our agriculture-concentrated book while maintaining our current base.

Community participation

We build on existing CSI initiatives while focusing on events that give a positive return on investment and a positive impact on the environment.

Revenue diversification

We target clients, sectors, and industries that are economic drivers while also offering more structured foreign exchange (FX) solutions to remain a significant player in the trade space.

Customer experience

We use data to inform business insights, play an advisory role, build a one-stop customer experience desk, and digitise our entire customer base.

Renewable energy book

We acquire new deals in line with the bank's ESG strategy initiatives and leverage the RMB finance team to unlock more green loan opportunities.

Commercial

A 12% year-on-year (YoY) increase in active base through ecosystem banking has contributed to growth in deposits and transactional non-interest revenue (NIR), with NIR rising 10% YoY. The WesBank portfolio turnaround has led to an 11% YoY growth in the lending book. Merchant Services (MS) and foreign exchange product house (FXPH) have posted 9% and 27% YoY growth in turnover, respectively. Strong 16% YoY growth in deposits, supported by strategic acquisitions, has further strengthened the segment's financial position.

Current growth drivers

Products/VPs

Growth in Active Base through the ecosystem has contributed to the deposits' balances and transactional NIR. The WesBank portfolio has turned around and has contributed to Lending Book growth. MS and FXPH continue to perform well with a healthy growth in turnover. There was strong performance in deposits, driven by strategic acquisitions.

Initiatives and campaigns

- WesBank Scored Credit expects growth in both scored and judgmental deals processed.
- Pan African Sales Campaign (Mission to the Max)
- Pro-active attrition model with a 78% predictive power launched last year to identify and engage customers most likely to attrite in the next six months.
- A campaign targeting clients with a product VSI of one aimed at offering personalised propensity solutions to ensure stickiness.
- "Siphila Ngemhlaba", an agriculture campaign targeting small holder growers.

Current challenges

- Regulatory: Payments disruptions with changes to CMA payments as well as implementation of EPS.
- Fintech disruption: The presence of fintechs offering financial services continue to disrupt the banking industry.
- Compliance demands: The international review of Eswatini's AML laws and practices has created immense pressure on the State and regulators to demonstrate commitment and consequences management.
- Macroeconomics: Despite the resilient growth in the economy, several concerns remains, such as limited FDI potential, small population, high unemployment, weakened long-term political stability prognosis, and regulatory developments.
- Highly competitive environment: There is a small pool of trophy clients in the market and price war-reduced margins.

Retail

Customer base expansion remains crucial for growth and competitive positioning. The current main-banked customer strategy has driven a 10% YoY increase in customer base. All the Segment's strategic portfolios recorded strong growth. Advances grew by 10% while Transact grew by 15% with deposits growing by 15%. App usage has improved by 20%, which reflects increased adoption of digital banking solutions. CashPlus turnover grew by 15% YoY, surpassing E1 Billion, fuelled by the addition of new agents and enhanced agent activity. Funeral insurance penetration has reached 13%, supported by successful market campaigns and enhanced branch collaboration with the insurance product house.

Flat growth YoY is observed on PBT(+0.2%). The main contributors to the growth in PBT is highlighted below:

- Favourable interest rate movements have largely improved the net interest income. The prime rates have remained stable between June 2023 to June 2024.
- Lending growth advances improved by 10% YoY, mainly driven by an increase of 33% growth in overdrafts, 29% growth in Umkhaya, and 27% growth in retail leases (VAF). Growth has been driven by targeted campaigns for overdrafts and Umkhaya and improved efficiencies in the VAF sales model.
- NIR has increased by 15% YoY driven by growth in transaction volumes, timely implementation of pricing, and increase in insurance profit share.
- The operating costs increase is due to growth in SLA costs, volume-driven costs linked to transaction volumes growth, and an increase in customer and employee engagements. Additional costs are from the new head office, such as depreciation, security, utilities, and cleaning.



Branch Service Consultants



Performance Overview *continued*

Human capital driving connection with our people

“FNB Eswatini’s human capital strategy focuses on fostering a strong connection with employees through talent development, employee well-being initiatives, and a culture of engagement, which supports business growth and enhances customer experience.”

At FNB Eswatini, our people are core to our long-term success. We believe that strategic investment into our people will not only yield positive results for us as a business but for the community we serve. During the 2023/24 financial year, we focused on connecting deeply with our people to ensure collective ownership of our business goals. Ultimately, connection creates partnership and enables us to ‘walk the journey’ together towards the attainment of organisational outcomes.

Our human capital strategy

Our human capital purpose is to attract, develop and retain deeply invested employees who contribute towards a future of shared prosperity. This purpose is driven through the business through the six strategic pillars of:

1. Attract best-in-class talent
2. Exceptional career experiences
3. Great place to work
4. Enable the journey to platform
5. Effective organisation
6. High performance culture

Attract and retain best-in-class talent

Our intent is to recognise and grow our talent base. FNB Eswatini boasts a low employee attrition rate compared to industry standards, which indicates that we are able to retain key skills and the critical talent required to deliver on customer needs, today and in the future. From a talent acquisition perspective, we successfully onboarded new employees, who were strategic appointments to further our growth strategy.

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Exceptional career experiences

We seek to create enterprise-driven people leaders who create an enabling environment that supports intentional career development and career development experiences. This has been demonstrated through our learning and development initiatives, where we have developed tailored growth plans for high potential employees to reinforce the succession pipeline and ensure leadership continuity.

Our subscription to e-learning platform Udeemy was renewed to ensure that the growth and learning needs of employees can be met continuously. As a future-fit bank operating in a rapidly evolving financial landscape, on-demand learning via a digital learning offering is a key prerequisite for remaining relevant to the needs of an evolving workforce.

Great place to work

Our aspiration is to create best-in-market employee experiences. This means that our leaders are focused on creating a work environment where our employees are able to be the best version of themselves at work and, therefore, deliver discretionary effort to achieve outperformance. We continually strive to create a culture of respect, collaboration, and appreciation.

We take a holistic approach to employee engagement and well-being to consider employees in their entirety and provide an enhanced employee wellness offering, including physical, mental, and financial well-being.

Enable the journey to platform

We focused on implementing a wide-scale digital enablement platform by changing our enterprise resource planning (ERP) software from Oracle to Workday. This was a critical step towards building a platform business and implementing a system to enhance operational efficiency, streamline processes, and strengthen data analytics capabilities.

The first phase of the Workday implementation included digitising of key employee record interfaces. Further enhancements will be made to the system to allow business leaders to make strategic data-driven decisions about human capital.



Staff Townhall 2024

Effective organisation

Disciplined management of financial resources and efficient organisational design are critical to creating a best-in-class organisation. We continuously challenge ourselves to be a market-leading financial services business. Our human capital strategies strive to achieve a workforce that is optimised to deliver on customer needs.

High-performance culture

FNB Eswatini is supported by a high-performance culture. A new performance philosophy was introduced during this period to shift the performance philosophy from a performance management to a performance enablement philosophy.

The practical application of the philosophy resulted in a change in the performance rating scale shifting from a quantitative to a qualitative scale. It introduced real-time feedback conversation channels between employees and line managers so that performance improvement could be a flexible and agile process in alignment with the dynamic nature of FNB Eswatini. A more supportive and developmental approach was also taken to performance delivery.

Talent management and development

At FNB Eswatini, we believe in investing in our talent to ensure that employee skills continually align with market needs and our expectations, as well as each individual staff member’s growth aspirations. Thus, careful consideration is made to ensure that our people are supported throughout their journey with us. Various initiatives were rolled out in 2023/24 to ensure that our people drew value in their work and environment while being supported to grow with us:

- We undertook the Departmental Talent Health Assessments to guide targeted action planning in talent management and development.
- Performance enablement was launched to foster a culture of ongoing two-way engagement between supervisors and staff in managing performance.
- Learning support continued to be a key offering for staff, with three employees completing their studies during the year (one BCom and two Senior Management Development Programme graduates).

- Leadership development training was offered to EXCO, including enneagram assessments and leadership workshops for EXCO and senior management, as well as executive coaching.
- A talent and organisational readiness assessment was launched to inform the bank of required talent initiatives.
- We completed succession planning for EXCO, to be cascaded to the rest of the senior management positions.
- We held the Leadership Talent and Development Masterclasses, which were attended by 105 managers.

Increasing employee engagement

Engagement activities were prioritised in 2023/24, with a focus on connecting employees to the leadership. The engagement initiatives championed during the year were:

- We prioritise ongoing communication and engagement with our employees by utilising facilitated feedback mechanisms, including pulse surveys. These efforts reflect our commitment to fostering a positive workplace culture and ensuring employees feel heard and valued. Our employee engagement score currently stands at 62%, providing us with valuable insights and opportunities for growth. We are dedicated to building upon this score and driving continuous improvement in employee satisfaction and engagement.
- Recognition and Reward awards continued to be held at the Annual Townhall, celebrating excellence demonstrated by employees across a variety of categories and roles.

Well-being and culture

We believe that fostering a supportive, healthy, and motivating work environment is key to driving both individual and organisational growth. Our wellbeing strategy is rooted in the belief that the wellbeing of our employees directly impacts the wellbeing of our business. We are committed to fostering a positive workplace culture where all employees feel valued, supported, and empowered to thrive in both their professional and personal lives.



Performance Overview *continued*

Human capital driving connection to our people *continued*

Well-being and culture *continued*

Open space for more collaboration

This commitment begins with ushering in more efficient ways of working for our people. Our new campus was carefully designed with limited enclosed offices to allow for greater collaboration and connection among our employees. In an increasingly connected world, we understand that the need to champion collaboration among individual employees and departments more than before. Our new campus has also helped to transition employees to adopt ways of working that reduce manual processes and paper.

Work from home

Our work from home policy is one of the ways in which we are supporting our employees towards achieving a healthy work-life balance. Non-customer-facing employees have the flexibility to work from home, provided that it aligns with business needs and is mutually agreed upon with their line managers. This approach ensures that productivity remains a priority while also supporting employees in achieving a healthy work-life balance. Through this arrangement, we are committed to fostering a dynamic and adaptable work environment that benefits both the bank and our people.

Employee Share Trust

Our people are a key part of who we are and what we do. Our Employee Trust underscores the value we place on our employees. This initiative, launched in the 2023/24 financial year, puts 4.99% of FNB Eswatini Shares in a trust for the ongoing benefit of permanent employees who have been in the employ of the bank for a minimum of 12 months. This ensures that our success continues to be a shared adventure.

Pension Fund transfer completion and stabilisation for managerial employees

Taking into account the complexities and uncertainties around a Defined Benefit (DB) scheme, management sought to transfer the entire employee base from a DB fund to a Defined Contribution (DC) scheme. We have been successful in transferring the managerial base while continuing with negotiations with our social partners, with prospects of transferring employees within the bargaining unit to the DC scheme.

The assets transfer from the FNB Eswatini Pension Fund (DB) into the Sibaya Umbrella Pension Fund: First National Bank of Eswatini Ltd (DC) was successfully completed. Transfer certificates confirming transfer values and membership in the DC scheme were issued in January 2024.

Risk and compliance awareness

In November 2023, FNB Eswatini held a well-attended Risk Townhall coordinated by the CRO as part of International Fraud Awareness Week. There was good support from Compliance, Group Fraud, the Police Services Fraud wing, the National Prosecution Office and the Eswatini Bankers' Association.

Encouraging physical health

FNB Eswatini sports clubs were formed during the period under review, arising from annual health screenings conducted in 2022 to ascertain the health profile of employees across the business. The sports clubs are aimed at encouraging staff to remain physically active and include soccer, athletics, golf, and cycling.

Mental health

The Employee Assistance Programme (EAP) was formed post Covid-19 in partnership with Eswatini Business Health (EBH) to offer confidential support for mental health challenges, stress, and personal difficulties. Our staff continued receiving this support during the period under review.

Social wellbeing

We promoted a sense of community and inclusion within the workplace through team buildings, multi-team Christmas parties, the Kudliwa Inhloko men's health engagement, and Spring Day.

Financial well-being

We raised awareness to support employees' financial stability, including financial wellbeing initiatives. We engaged with third-party entities for financial literacy, conducting roadshows for employees on responsible lending, retirement planning and consultations, and encouragement of group savings through the bank's stokvel account offers.

Key challenges

There are key challenges that FNB Eswatini had to navigate during this period, particularly from an industrial relations perspective.

Threat of industrial action

The threat of industrial action arose primarily from disagreements during the Cost of Living (COL) negotiations between FNB Eswatini and SUFIAW (the Union) for employees within the bargaining unit. To mitigate future threats of industrial action, the following initiatives were addressed:

- Conclusion of a revised Collective Agreement between FNB Eswatini and the Union in accordance with legislative requirements.
- Focused efforts to restore trust and strengthen relationships with employees and social partners.
- Developing a compelling employee value proposition (EVP) to better align with employee needs and expectations.
- Conducting a thorough review of salary structures to address employee concerns and ensure alignment with market standards.
- During the reporting period, FNB Eswatini identified the need to recruit for a dedicated Reward Lead to design and implement a sustainable reward framework tailored to Eswatini's unique market context, improving our ability to attract and retain talent.

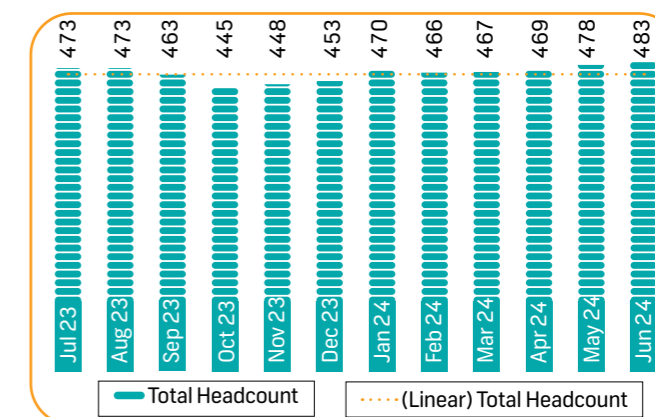
Comprehensive review of human capital function

The leadership vacancy in the human capital department also caused prolonged delays in the resolution of issues. The unit was reorganised and is now fully capacitated to working towards addressing human capital challenges. A new operational model was designed for the human capital function aimed at positioning it as a business partner committed to supporting employees' wellbeing, as well as professional growth and development.

Key human capital statistics

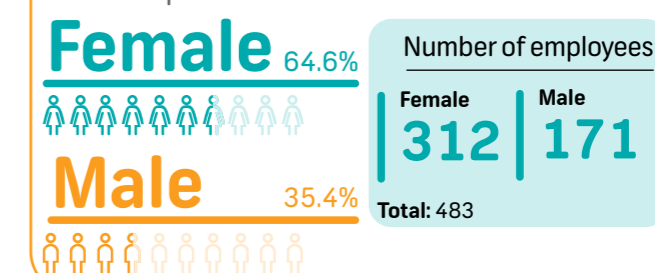
Headcount trend

2023/24 Headcount trend

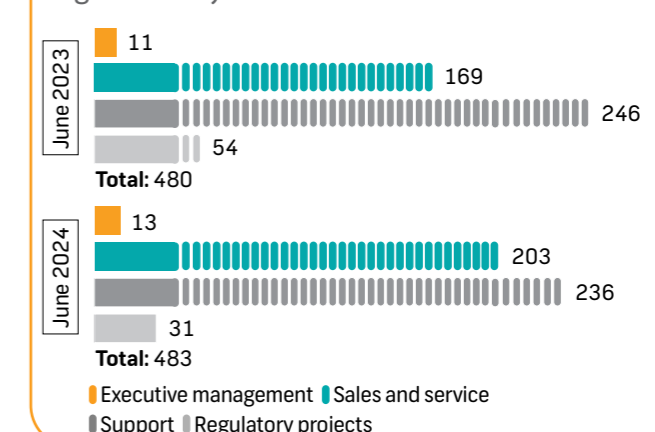


Gender diversity

Staff complement - June 2024



Segmented by function



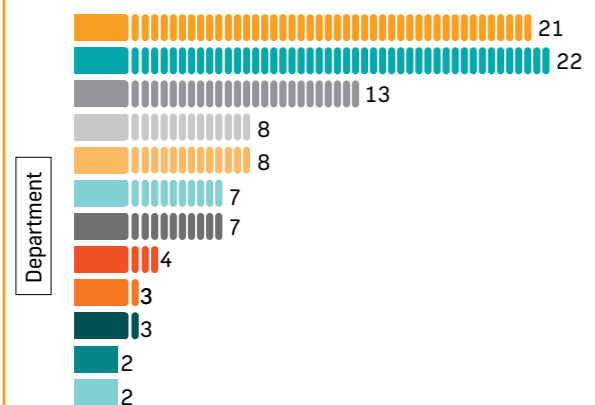


Performance Overview *continued*

Human capital driving connection to our people *continued*

Key human capital statistics *continued*

Promotions



Grand Total: 100%

■ Retail ■ Information, technology, and data
■ Corporate and investment banking ■ Operations
■ Human capital ■ Treasury ■ Enterprise risk management
■ Commercial ■ Finance ■ Compliance ■ Credit ■ Marketing

Employee engagement

Survey participation rate:

88%

Employee engagement score:

62%

For more on Employee engagement, please refer to page 30.



FNB Eswatini employees

Remuneration report

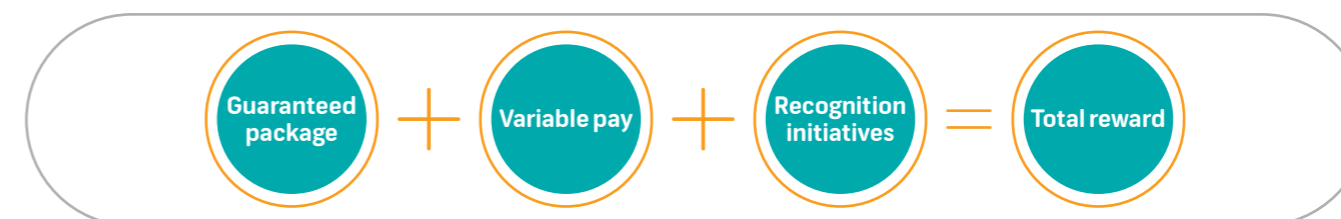
Reward philosophy

We believe that employees are motivated by more than just financial compensation. To truly engage and retain our top talent, it is essential to adopt a total reward approach. This approach integrates all elements of compensation, benefits, recognition, and development opportunities to create a holistic and fulfilling work experience.

The purpose of FNB Eswatini's reward philosophy and practices are to:

- Contribute to attracting and retaining talented and high-performing employees.
- Reward and recognise innovation and performance.
- Inspire and motivate people to outperform against the business strategy, targets, and objectives.

Reward structure



The above remuneration elements consist of the following:

- **Guaranteed package** – Basic pay, 13th cheque, car allowance, medical aid fund, and pension fund contribution.
- **Recognition initiatives** – The bank aims to recognise employees and teams for high performance and implementation of innovative ideas through recognition initiatives such as the annual employee recognition Townhall Awards.
- **Variable pay:**
 - **STI** – The bank pays a discretionary short-term incentive performance bonus, to recognise employees for a good company and employee performance.
 - **LTI** – The bank may award shares to high potential high-performance employees in senior leadership, critical roles, and those with scarce and specialist skills.

Salary scales review

A salary benchmarking exercise was conducted in the 2023/24 financial year to align our salaries to the market. Where gaps were identified (salaries falling below the minimum of the grade scale), adjustments were implemented in April 2024. We continue to ensure proper governance and implementation of compensation and benefits to ensure that they are fair and responsible.

Staff shuttle

While the service may not accommodate all employees, it represents a significant commitment to easing the commute for many team members traveling between Mbabane and the new office.

The Employee Share Trust

FNB Eswatini listed on the Eswatini Stock Exchange in December 2023. The registration was followed by FirstRand EMA Holdings (Pty) Ltd donating 4.99% of shares to The FNB Employee Trust for the benefit of qualifying employees through distribution of the Trusts' dividend income.

Fair and responsible remuneration

In a high-performance culture, supported by rigorous evaluation, it is inevitable that pay gaps will emerge. It is important that employees know that outperformance will be rewarded. We aim to ensure that we pay competitive salaries that are aligned to the external market, provided that performance expectations are met.



Risk Management

34

Key risks and mitigation strategies

Net Income After Cost of Capital

2024

E52.6 Million

(2023 Q4: E50.05 Million)



This section addresses various:

Capitals



Stakeholders



Strategic pillars



Risk Management *continued*

Key risks and mitigation strategies

“FNB Eswatini addresses key risks, including economic volatility, cybersecurity threats, regulatory changes, and competitive pressures, through proactive risk management, strategic investments in technology, and a strong governance framework to maintain stability and growth.”

FNB Eswatini's enterprise risk management framework

FNB Eswatini's Enterprise Risk Management (ERM) Framework is a structured approach to managing risk that enables us to achieve our strategic objectives while maintaining financial and operational stability. This framework integrates risk management into our governance structure for the proactive identification, assessment, monitoring, and mitigation of risks.

The ERM framework establishes a systematic approach to balancing risk and reward for compliance with regulatory requirements, protection of shareholder value, and the securing sustainable business growth. The Board and executive management oversee risk governance and embed a culture of risk awareness throughout the organisation.

Risk governance and accountability

The Board of Directors is responsible for risk oversight, setting FNB Eswatini's risk appetite, and ensuring that risk management aligns with business strategy. It provides direction on risk-related matters through structured governance, policies, and strategic risk objectives.

To read more about our Corporate governance, refer to page 37.

The Risk, Capital, and Compliance Committee (RCCC) is a subcommittee of the Board that ensures effective risk management. It oversees the implementation of risk policies, monitors risk exposure, and ensures compliance with regulatory standards.

The Executive Committee (EXCO) and Management Risk and Compliance Committee (MRiskCCo) manage risk at an operational level and ensure alignment with our strategic goals. The committee assesses risks across business units and makes recommendations for mitigation strategies.

The three lines of defence model underpins risk governance:

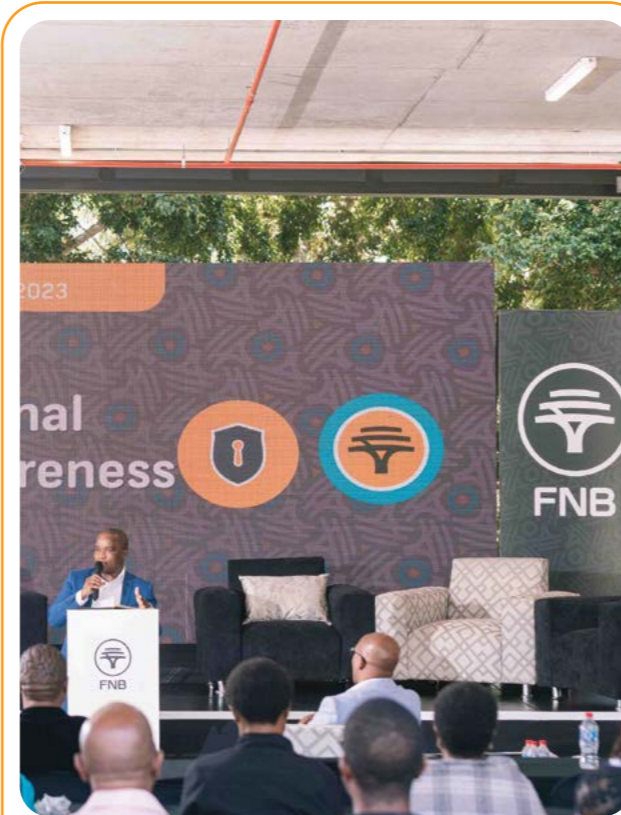
1. First line – Risk Ownership: Business unit heads identify and manage risks within their operations.
2. Second line – Risk Oversight: Risk management and compliance teams provide independent oversight and guidance.
3. Third line – Independent Assurance: Internal and external auditors assess the effectiveness of risk controls and governance.

Risk appetite and strategic alignment

Risk appetite is the level and type of risk that we are willing to accept in pursuit of our objectives. It is designed to:

- Deliver long-term value creation.
- Ensure financial resilience.
- Maintain regulatory compliance.
- Support sustainable economic returns.

Risk appetite measures are set for various scenarios, including normal and stressed conditions. We ensure that business decisions align with risk appetite through strategic planning, financial resource allocation, and risk assessment processes.



FNB Risk Manager at the Risk townhall



FNB employees at the Head Office



Risk Management *continued*

Key risks and mitigation strategies *continued*

Top non-financial risks

RISK: STRATEGIC/BUSINESS PERFORMANCE RISK

Risk description

This is the risk that affect the bank’s strategic objectives and are manifested by failed or inadequate business decisions that ultimately affect earnings/profit and business capital. The bank’s exposure to factors that may eliminate and/or reduce profitability and business/ financial goals.

Mitigating actions

Executive Committee reviews and aligns Business strategy periodically and presents it to Board for approval. Monthly review of performance against targets across segments are reported through various Governance Committees.

RISK: AML/FINANCIAL CRIME RISK

Risk description

This is the risk of money laundering and financing of terrorist activities through the bank’s channels by customers and criminal/ terrorist elements and/or organisations leading to regulatory fines and penalties/sanctions.

Mitigating actions

The bank maintains zero tolerance for willful non-compliance to any law or regulations governing financial crime. The necessary frameworks and oversight is well embedded across the bank.

RISK: OPERATIONAL RISK

Risk description

This is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external natural events. Inclusive are Fraud (internal and external), Physical Security risk, Project risk, Legal risk, Information Governance & IT risk, Cybersecurity risk, People risk, Outsourcing/Vendor risk and Business Continuity Management risk, payments risk, to mention a few.

Mitigating actions

Performance/Attestation of Operational risk data via (i.e., process risk and control assessments, KRIs tracking, Loss Events tracking versus appetite). Audit Findings and Operational Losses are tracked and managed by Business Unit Heads; breaches escalated to respective Governance Committee inclusive of Board. Business resilience programme is in place and tracked monthly with regular simulations/ validation to ensure plan relevance. Fraud Risk Awareness is undertaken, and controls are in place.

RISK: MARKET CONDUCT RISK

Risk description

The risk to fair market conduct and delivery of fair customer outcomes throughout the product life cycle and services. Failure to manage this risk result in customers losing confidence in the business and trust being eroded.

Mitigating actions

The bank has set up a Customer Service Centre with relevant policies, processes and a system to ensure that customer complaints and queries are resolved timely. The bank has zero tolerance to the unfair treatment of customers and non-adherence to Treating Customers Fairly (TCF) principles.

RISK: REGULATORY RISK

Risk description

The risk of statutory or regulatory sanctions and material financial loss or reputational damage because of failure to comply with any applicable laws, regulations, or supervisory requirements.

Mitigating actions

The bank has zero tolerance for willful non-compliance to any law or prudential regulatory regulations. The Regulatory Risk Framework is in place and well embedded across the bank.

RISK: REPUTATIONAL RISK

Risk description

The risk of potential loss of the bank’s financial capital, social capital, and/or market share as a result of damage to its reputation caused directly by its actions and/or employees or the public.

Mitigating actions

Customer Perspective: The bank seeks to always enhance customers’ experience when doing business and address any issues in a timely and effective manner.
Employee Perspective: The bank strives to be the employer of choice in the industry to maintain a high level of employee satisfaction.
Shareholder Perspective: The bank delivers acceptable shareholder returns and create significant shareholder value by allocating capital to the highest risk-adjusted return opportunities.
Public and Media Coverage: The bank closely monitors coverage in the press, social media, and other public forums to monitor reputational risk levels.



Risk Management *continued*

Key risks and mitigation strategies *continued*

Top non-financial risks *continued*

RISK: DATA PRIVACY RISK

Risk description

The risk of the potential loss of the bank’s data and information as a result of hacking and data breaches resulting in financial loss and reputational damage.

Mitigating actions

IT support ensures systems patching is undertaken periodically and that relevant governance structures have been put in place to ensure Data privacy issues are well managed. The bank has zero appetite for data privacy breaches, as such, both preventative and corrective controls have been put in place to manage this risk.

RISK: CREDIT RISK

Risk description

Credit risk is the risk of loss due to non-performance of a counterparty in respect to any financial or other obligation. These also include credit default risk, concentration risk and securitisation risk.

Mitigating actions

All Credit risk metrics and limit threshold are managed through governance structures that include the Board. The bank manages this risk carefully and responsibly through a pre-defined credit risk appetite duly approved by the Board.

RISK: SUSTAINABILITY RISK

Risk description

The risk cuts across multiple disciplines as more fully appears below i.e.,
Environmental risk: The bank may be negatively impacted because of failure to comply with the relevant environmental laws, regulations and rules. Environmental risks can be grouped into two areas of impact for the bank; namely direct environmental risk (own operations and climate resilience), and indirect environmental and climate risk (lending, financing, and investment). **Climate risk,** a subset of environmental risk, is defined as a risk resulting from climate change, which causes an increase in physical risks. **Social Risk** is another critical pillar to sustainability where the impact on society needs to be assessed when considering financing.

Mitigating actions

The bank has set out a sustainability road map and the relevant governance structures to support mitigation of this risk, i.e., The bank has rolled out tangible shared prosperity through the FNB Eswatini Foundation and has ensured that environmental and social risks are managed through well embedded credit risk management processes. Internally, the bank tracks own emissions and continues to advance sustainability as a key strategic pillar.

RISK: LIQUIDITY RISK

Risk description

This is the risk that the bank will not be able to meet current and future cash flows as they fall due affecting its reputation, daily operations, and/or financial position.

Mitigating actions

Liquidity risk metrics have been set and monitoring is done daily and reported through respective internal Governance Structures inclusive of the Board.



Governance and Accountability

38 Leadership and oversight structures

42 Application of King IV

New Board Directors

2024
2

This section addresses various:

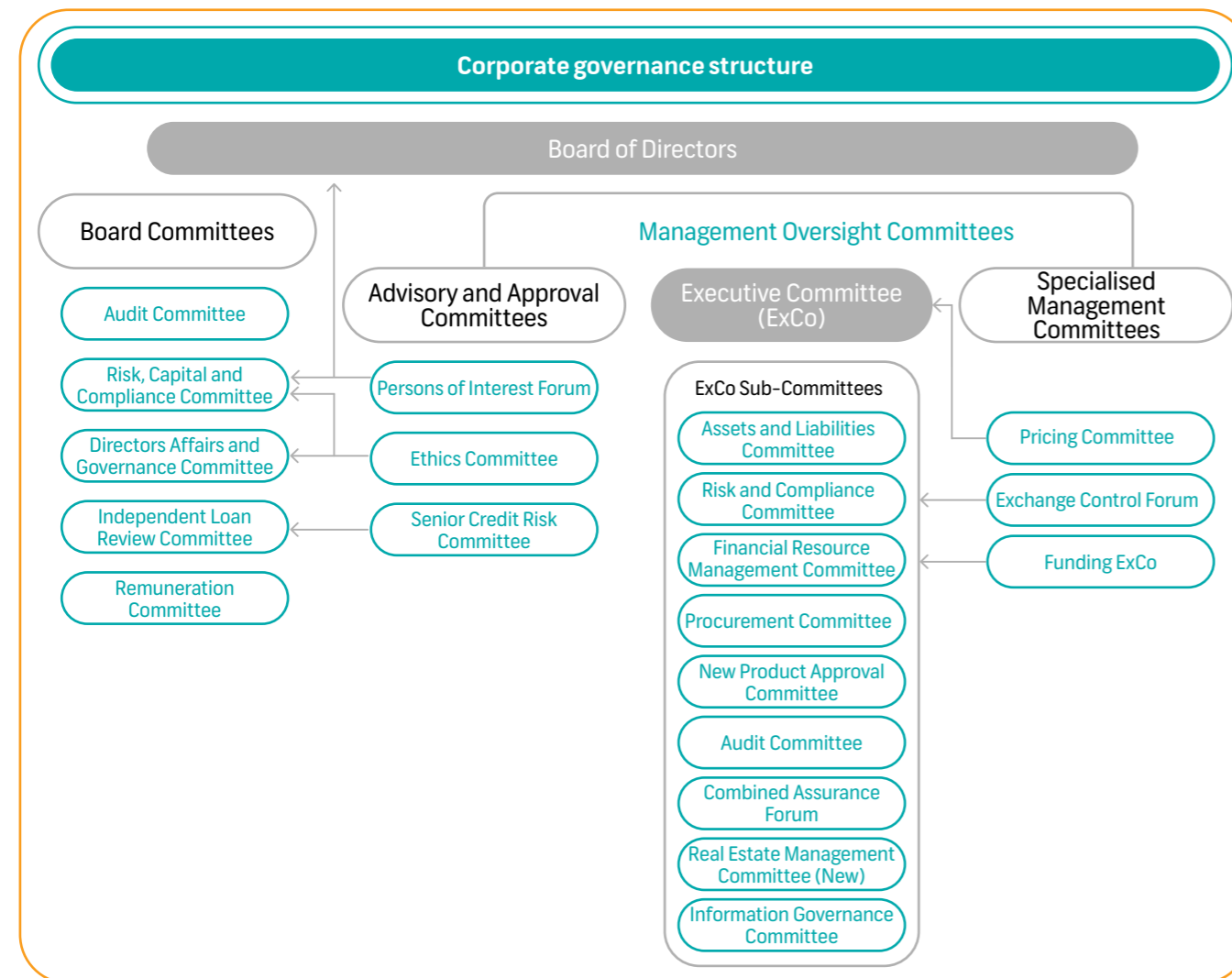
- Capitals
- Stakeholders
- Strategic pillars

Governance and Accountability *continued*

Leadership and oversight structures

Effective governance and accountability at FNB Eswatini are upheld through a robust leadership and oversight structure, which provides strategic direction, maintains regulatory compliance, manages risk, and drives sustainable value creation across all stakeholder engagements.

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.



The Board of Directors

The Board is responsible for ensuring that FNB Eswatini complies with all of its statutory obligations as specified in the Memorandum, Articles of Association, and 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.

FNB Eswatini has 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:

- Not less than five and not more than 15 Directors in total, as stated in the Financial Institutions Act, 2005, 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.
- Not less than one Executive Director (Chief Executive Officer) at any one time, who shall be the member of the Board.
- A Chairperson, whose roles must be separate to the Executive Director (Chief Executive Officer).

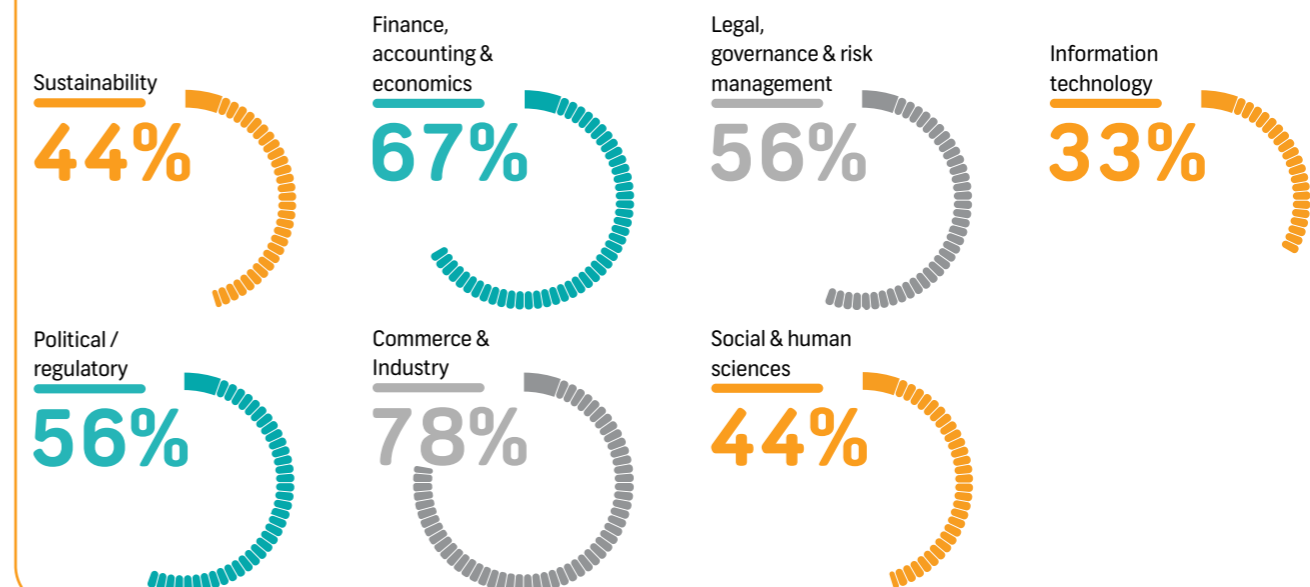
There must at all times be:

- A clearly defined division of responsibilities in both offices to ensure a balance of authority and power.
- An independent Chairperson.
- A sufficient number of Non-executive Directors to facilitate effective oversight, with a majority of the Non-executive Directors being independent.
- The composition of the Board reflects 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.
- The size of the Board is periodically reviewed to ensure the presence of a wide range of skills without compromising common purpose, involvement, participation, and a sense of responsibility among the members necessary to meet FNB Eswatini's objectives.
- 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.

There were two new board appointments made in the year under review:

- Dr Sibongile Gumbi – 31 January 2024
- Mr Vahid Monadjem – 14 February 2024

Skills and expertise of Directors





Governance and Accountability *continued*

Leadership and oversight structures *continued*



Joseph Vusumuzi Ndlangamandla
Swati

Dennis Mbingo
Swati

Thokozani Dlamini
Swati

Elizabeth Busisiwe Jane Arden
Swati

Sharon de Sousa
Swati

Vahid Monadjem
British and American

Dr Sibongile Gumbi
Swati and South African

Leonard Jack Haynes
South African

David Ellis Wright
South African

Dr Jeremiah Majaheni Gule
Swati and South African

Samantha Lee Balsdon
South African and Irish

Chairperson
Independent
Non-Executive Director
Date of appointment as Director:
3 February 2016
Board Committees:
● Board
● Directors' Affairs & Governance Committee (DAGC)
● Risk, Capital & Compliance Committee (RCCC)
● Remuneration Committee (REMCO)
Qualifications:
● Licentiate Diploma in banking
● Associate Diploma in banking
Career highlights:
● 44 years in banking and financial services
● Managing Director of Swaziland Building Society
● Board Chairperson of Swazi Air Link, the Eswatini Bankers Association, and National Agriculture Marketing Board
● Board member of various organisations

CEO Executive Director
Date of appointment as Director:
06 February 2015
Date of termination as Director:
31 December 2024
Board Committees:
● Board
● Directors' Affairs & Governance Committee (DAGC)
● Audit Committee
● Risk, Capital & Compliance Committee (RCCC)
● Independent Loan Review Committee (LRC)
Qualifications:
● CA(SA)
● Hons BCompt -UNISA
● BCom Accounting - University of Eswatini
Career highlights:
● 18 years in banking and financial services
● Former CFO of FNB Eswatini
● Former Deputy CEO of FNB Lesotho
● Former Deputy CEO of FNB Mozambique

CEO Designate
Executive Director – designate
Date of appointment as Director:
1 January 2025
Qualifications:
● MBA
● MSc (Civil Engineering)
● BSc (Civil Engineering)
● BSc (Mathematics and Environmental Science)
Career highlights:
● 20+ years in financial services and manufacturing
● CEO Merchant Services, FNB South Africa
● COO FNB Merchant Services, FNB South Africa

Independent
Non-Executive Director
Date of appointment as Director:
24 April 2018
Board Committees:
● Board
● Directors' Affairs & Governance Committee (DAGC)
● Audit Committee
● Independent Loan Review Committee (LRC)
● Remuneration Committee (REMCO)
Qualifications:
● BCom – University of Eswatini
● ACCA – (UK) Fellowship
● ACCA – Malawi College of Accountants
Career highlights:
● 25 years in banking and financial services
● General manager of Swaziland Building Society
● Chief financial officer of SwaziBank
● Board member of various organisations

Independent
Non-Executive Director
Date of appointment as Director:
5 February 2010
Date of termination as Director:
31 August 2024
Board Committees:
● Independent Loan Review Committee (LRC) until May 2024
● Board
● Directors' Affairs & Governance Committee (DAGC)
● Audit Committee
● Risk, Capital & Compliance Committee (RCCC)
● Independent Loan Review Committee (LRC)³
Qualifications:
● BCom Accounting – University of Eswatini
Career highlights:
● 26 years in banking and financial services
● Financial Director of Swaziland Sugar Corporation
● Non-Executive Director of Alpha Eswatini

Independent
Non-Executive Director
Date of appointment as Director:
14 February 2024
Board Committees:
● Board¹
● Directors' Affairs & Governance Committee (DAGC)²
● Audit Committee²
● Risk, Capital & Compliance Committee (RCCC)²
Qualifications:
● Mini-MBA (In-house programme), McKinsey & Company, Kitzbuhel, Austria, 2010
● BCom (Financial Analysis), UCT, South Africa, 2008
● BSc (Electromechanical Engineering) – First Class Honours, UCT, South Africa, 2004
Career highlights:
● Founder and Non-Executive Director of Nomanini (SA) (Pty) Ltd
● Non-Executive Director of Inclusivity Solutions (PTY)Ltd

Independent
Non-Executive Director
Date of appointment as Director:
31 January 2024
Board Committees:
● Board¹
● Directors' Affairs & Governance Committee (DAGC)²
● Audit Committee²
● Independent Loan Review Committee (LRC)²
Qualifications:
● PhD in Pharmacology – University of Cape Town
● EMBA – IMD, Switzerland
Career highlights:
● Founder and CEO of Smart Biotech
● Board member of various organisations

Non-Executive Director
Date of appointment as Director:
11 November 2021
Board Committees:
● Board
● Directors' Affairs & Governance Committee (DAGC)
● Risk, Capital & Compliance Committee (RCCC)
● Independent Loan Review Committee (LRC)⁴
Qualifications:
● BCom
● Hons BCom
● Hons B (B&A)
Career highlights:
● 38 years in banking
● CEO of FNB Namibia
● COO of FNB Africa
● CEO of FNB Zambia

Independent
Non-Executive Director
Date of appointment as Director:
3 February 2016
Board Committees:
● Board
● Directors' Affairs & Governance Committee (DAGC)
● Audit Committee
● Risk, Capital & Compliance Committee (RCCC)
● Independent Loan Review Committee (LRC).
Qualifications:
● Various leadership and executive development programmes
Career highlights:
● 39 years in banking
● Deputy CEO of FNB Botswana
● CEO of FNB Eswatini

Independent
Non-Executive Director
Date of appointment as Director:
8 December 2020
Board Committees:
● Board
● Directors' Affairs & Governance Committee (DAGC)
● Audit Committee
● Remuneration Committee (REMCO)
Qualifications:
● BA (Humanities)
● Dip Ed
● Med
● EdD
Career highlights:
● three years in banking
● CEO of the Institute of People Management

Non-Executive Director
Date of appointment as Director:
21 April 2017
Board Committees:
● Board
● Directors' Affairs & Governance Committee (DAGC)
● Audit Committee
● Risk, Capital & Compliance Committee (RCCC)
● Remuneration Committee (REMCO)
Qualifications:
● BCom Business Economics – University of the Witwatersrand
● CFA
Career highlights:
● 25 years in banking
● Various roles at FirstRand Group

© Committee Chair

¹ 31 Jan and 14 Feb

² Approved in May 2024

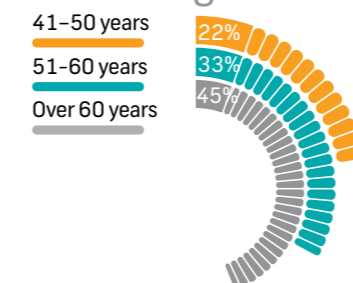
³ Last chaired meeting May 2024

⁴ Chairperson, effective 15 August 2024

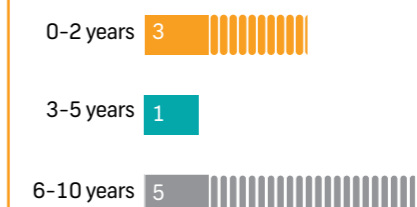
Director gender diversity



Director age



Director tenure














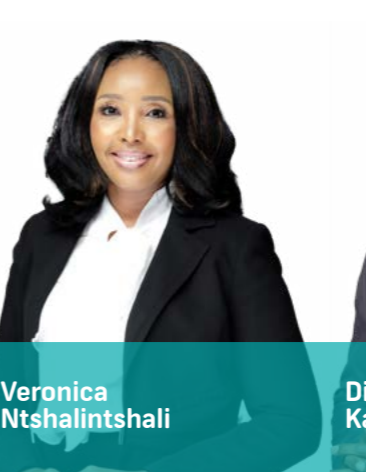






Governance and Accountability *continued*

Leadership and oversight structures *continued*

Management

							
Dennis Mbingo	Thokozani Dlamini	Njabulo Dlamini	Siboniso Mdluli	Hlengiwe Msibi	Thandeka Dlamini	Mxolisi Gumedze	Camilla Paiva
Chief Executive Officer	CEO Designate Executive Director – Designate	Chief Financial Officer	Chief Operations Officer	Company Secretary	Executive Head – Credit	Executive Head – Internal Audit	Treasurer
							
Chantell Littler	Gugu Mawane	Zethu Dlamini	Panuel Gwebu	Mncedzi Ngomane	Veronica Ntshalintshali	Dido wa Kalonji	Ncamiso Dlamini
Executive Head – Commercial	Chief Risk Officer	Chief Marketing Officer Resigned: Effective 30 November 2024	Chief Compliance Officer	Executive Head – Retail	Chief People Officer Appointed: 1 November 2024	Chief Information Officer	Executive Head – Corporate



Governance and Accountability *continued*

Leadership and oversight structures *continued*

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:

- Formal terms of reference are established and approved for each committee of the Board.
- The committees' terms of reference are reviewed once a year.
- The committees are appropriately constituted with due regard to the skills required by each committee.
- The Board establishes a framework for the delegation of authority to management.
- 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:

- An Audit Committee.
- A Risk, Capital Management and Compliance Committee (RCCC).
- A Directors' Affairs and Governance Committee (DAGC).
- A Remuneration Committee (RemCo).
- An Independent Loan Review Committee (LRC).

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.

DAGC ●

The Directors Affairs and Governance Committee (DAGC) ensures that our corporate governance practices are appropriate and effective. This includes evaluating and enhancing governance structures, policies, and procedures to align with best corporate governance practices, relevant laws, and regulatory requirements. The DAGC also maintains the Board's continuity programme, ensuring a balance of skills, experience, and diversity, and conducts regular assessments to maintain high standards of accountability and transparency. Additionally, the committee implements measures to prevent conflicts of interest thereby fostering a culture of ethical leadership and sound decision-making within FNB Eswatini.

Audit Committee ●

The Audit Committee's responsibilities include evaluating the adequacy and effectiveness of FNB Eswatini's internal control systems, assurance functions, accounting practices, information systems, and audit processes. It ensures the quality and integrity of financial reporting, reviews and approves annual financial statements, and monitors business risks. The committee also evaluates internal and external auditors' risk assessments, reports significant risks to the Board, and promotes communication between auditors and the committee. Additionally, it considers audit plans, evaluates external auditors' performance, recommends their appointment, investigates relevant matters, and annually reviews its charter and compliance with responsibilities.

RCCC ●

The Risk Committee assists the Board in managing risk across FNB Eswatini as outlined by the Business Performance and Risk Management Framework by evaluating risk policies, identifying and mitigating risks, ensuring annual risk assessments, monitoring key risks, facilitating communication between the Board and executives, establishing an independent risk management function, and coordinating global risk monitoring. The committee also approves risk exposure limits, monitors the resolution excesses, and enhances risk management measures.

 To read more about our Risk Management, refer to page 33.

LRC ●

The Independent Loan Review Committee (LRC) assists the Board by overseeing the execution of FNB Eswatini's credit strategy, monitoring economic trends, reviewing loans exceeding supervisory limits, and ensuring credit activities align with Board-approved policies. The LRC also ensures credit activities are managed by capable senior management, subject to adequate internal controls, and that FNB Eswatini maintains adequate capital for assumed risks.

RemCo ●

The Remuneration Committee ensures that FNB Eswatini's remuneration strategy aligns with the FirstRand Group's business strategy and desired culture. It provides competitive remuneration packages to attract and retain high-performing executives and management, ensures fairness relative to comparable companies, and considers the wider pay environment within the FirstRand Banking Group. The committee also ensures the adequacy of retirement and healthcare schemes, evaluates the pension consequences of salary increases, reviews contributions to benefit schemes, and approves the employee taxation risk profile related to remuneration.

Company secretary

The company secretary ensures the bank complies with the Eswatini Stock Exchange Listings Requirements and other relevant regulations, maintaining an arm's-length relationship with the Board and ensuring decisions are properly documented and implemented. The company secretary provides guidance to directors on their duties, responsibilities, and powers, prepares agendas, circulates meeting packs, takes minutes, and maintains records of Board and committee meetings. The company secretary also ensures compliance with statutory and regulatory requirements, facilitates effective communication between FNB Eswatini and its shareholders, and oversees the implementation of key policies to ensure the governance framework remains appropriate and effective. These responsibilities are crucial for maintaining the integrity and efficiency of our governance and compliance processes.

Board evaluation

An annual Board evaluation is conducted to assess various aspects of governance and effectiveness. In the year under review, an internal evaluation was carried out to examine the performance and effectiveness of the Board, its committees, individual Board members, and the company secretary.

The evaluation focused on the following key areas:

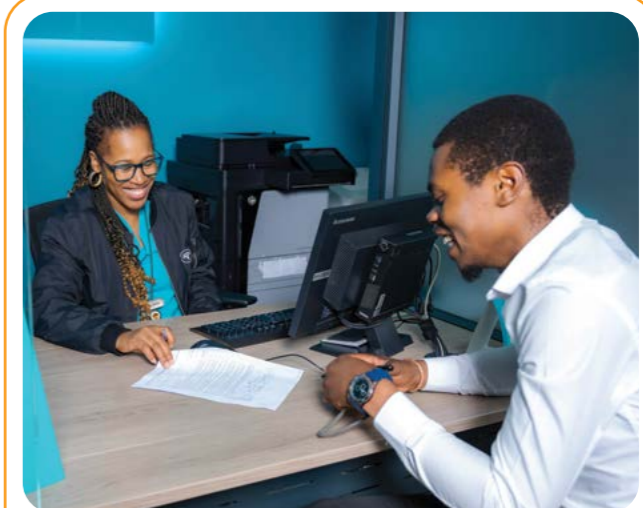
- Governance, performance, and effectiveness of the Board and its committees.
- Performance and effectiveness of the Board chairperson.
- Performance and effectiveness of individual non-executive directors.
- Performance and effectiveness of the company secretary.

The DAGC reviewed the evaluation results and found no material concerns in the assessed areas. However, succession at a Board level does remain a critical area. The Board has fulfilled its responsibilities in overseeing the evaluation process and is confident that it continues to contribute effectively to the bank's performance and governance.

Additionally, the evaluation confirmed that the company secretary:

- Is competent, suitably qualified, and experienced.
- Possesses the skills, knowledge, and expertise to advise the Board on good governance practices.
- Maintains an independent and professional relationship with the Board and its members.
- Has effectively discharged her responsibilities during the year under review.

This thorough evaluation underscores the Board's commitment to maintaining high standards of governance and effectiveness.



Customer help desk in branch



Governance and Accountability *continued*

Application of King IV

The Board of FNB Eswatini recognises the link between effective governance, sustainable performance and the creation of long-term value for all 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.

Below are highlights of how the Board applied the King Code IV principles:

	Principle	Comments
1	The governing body should lead ethically and effectively.	Board members are assessed on ethics and integrity as part of the annual Board Evaluation. They attest to the Bank's Code of Ethics and declare their interests as a standing governance practice quarterly, annually, and as and when changes occur, as per the Code of Ethics policy and Conflict of Interest Management Policy.
2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The Board is responsible for the monitoring and governance of the ethics of FNB Eswatini through the Directors Affairs and Governance Committee (DAGC). Management, through the Ethics Committee, submits a quarterly ethics report to the DAGC.
3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Board is responsible for monitoring the overall responsible corporate citizenship performance of FNB Eswatini. This includes the corporate social investment initiatives through the FNB Eswatini Foundation. Refer to page 87 for more.
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.	FNB Eswatini's ability to create value in a sustainable manner is illustrated throughout its business model. The Risk, Capital & Compliance Committee (RCCC) assists the Board with the governance of risk and continuously monitors risks and ensures the implementation 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.	This report aligns with applicable frameworks and provides an assessment of its performance, measured against its objectives, to ensure that stakeholders can make an informed assessment of the Bank's performance. Refer to page 4 for the reporting framework informing this report.
6	The governing body should serve as the focal point and custodian of the corporate governance in the organisation.	The Board is the focal point and custodian of corporate governance of FNB Eswatini, as outlined in the Bank's Governance Framework.
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.	Information on the Board composition and the profiles of its members is provided on page 39.
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.	Information on how the board delegates its powers effectively across the different board committees is shown on page 41.
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.	The Board and all subcommittees' Terms of reference include the requirement of annual assessments. Information on the Board evaluation is provided on page 41.

	Principle	Comments
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.	The Board delegates its powers annually to management through the Chief Executive Officer. The Board, through the DAGC, is also responsible for Executive Management succession planning.
11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The RCCC assists the Board with the governance of risk. The RCCC delegates to management to continuously identify, assess, mitigate and manage risks within the existing operating environment. Information on risk governance is provided on page 42.
12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The Board, together with the RCCC, oversee the governance of information technology. The Board underscores the importance of technology and information in relation to FNB Eswatini's strategy.
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.	The Board is assisted by the RCCC and the DACG to monitor compliance with the various regulations. Refer to pages 68 and 41 for more information.
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.	The Board is assisted by the Remuneration Committee (RemCo), to ensure that staff are remunerated fairly, responsibly, transparently and in line with industry standards to promote the creation of value in a sustainable manner. The Board annually assesses the effectiveness of the Remuneration Committee in this regard.
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.	The Audit Committee provides an oversight role on the assurance function on behalf of the Board within the Bank. This assurance function is performed through the risk and compliance function, audit functions (internal and external audits), as well as the Combined Assurance Forum.
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.	Various stakeholder groups have been identified, and the Board balances their legitimate and reasonable needs, interests and expectations.



Sustainability




44 Community engagement and social investments

45 Building long-term sustainability

Investment in social impact programmes

2024
E8.5 Million

This section addresses various:

- Capitals 
- Stakeholders 
- Strategic pillars 

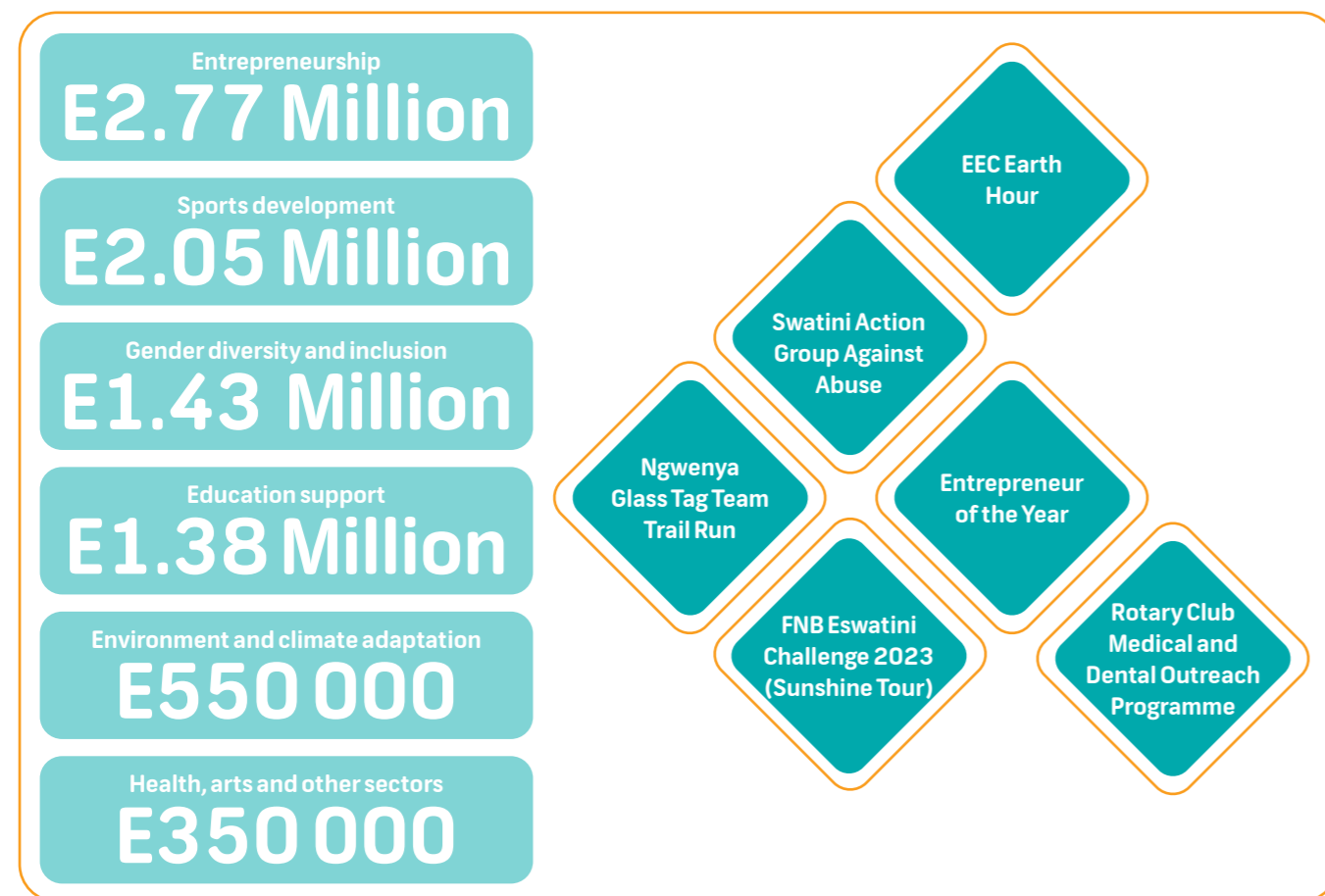


Sustainability *continued*

Community engagement and social investments

“ Through various strategic investments, FNB Eswatini continues to make a lasting impact, drive positive change, and fuel sustainable development across Eswatini. ”

At FNB Eswatini, one of the ways we provide help that works is by creating lasting and impactful change in our communities. This is driven by our corporate social investment (CSI) and our FNB Eswatini Foundation activities. During the year under review, E8.5 Million was invested in shared prosperity through social impact programmes.



Corporate social investment

We invested over E3.6 million in strategic sponsorships across key sectors, including entrepreneurship, sports, education, health, and environmental sustainability. The key initiatives included:

Economic growth and entrepreneurship

FNB Eswatini played a pivotal role in fostering business excellence by supporting the Entrepreneur of the Year Awards (E1 563 063) and the Eswatini International Trade Fair (E400 000). These created opportunities for local enterprises to thrive.

Sports development and inclusion

Through major sporting events such as the FNB Eswatini Challenge 2023 (E1 637 606) and the EPGA Sunshine Tour Pre-Qualifiers (E125 000), FNB Eswatini contributed to the growth of professional and amateur golf. Additionally, sponsorships for the Mbabane Municipal Council Half Marathon (E50 000), Nomads Eswatini Golf Development Programme (E165 000), and the Mayor's Cup Golf Tournament (E8 000) encouraged active lifestyles and youth engagement in sports.

Community wellbeing and social impact

FNB Eswatini supported vital health and social initiatives, including Autism Eswatini (E10 000), Hope House (E10 000), Eswatini Hospice at Home (E10 000), and the Cheshire Homes Annual Fundraising Walk (E10 000). These contributions ensured continued support for vulnerable communities.

Education and youth empowerment

We championed knowledge sharing and skills development through SANU Entrepreneurship Day (E13 150), the SNAT Electorate Conference (E20 000), and the donation of a ladies' soccer kit to Good Shepherd Catholic College SRC (E10 000). These social investments reinforced our commitment to education and gender inclusion in sports.

Environmental and cultural sustainability

Sponsorships such as Eswatini Electricity Company (EEC) Earth Hour (E50 000), Ngwenya Glass Tag Team Trail Run (E15 000), and the MTN Bushfire Festival official banking partner (E150 000 in-kind sponsorship for banking enablement) showcased FNB Eswatini's dedication to climate action and the arts.

FNB Foundation

Through the FNB Eswatini Foundation, we disbursed E3 940 846 to initiatives advancing the knowledge economy, gender diversity and inclusion, environment and climate change, and humanitarian support, while also committing E878 318 to child-headed households and entrepreneurship.

UNESWA Cyber Space

The FNB Eswatini Foundation invested E1 381 033 to rehabilitate the UNESWA Cyber Space, enhancing digital learning for 1 100 students weekly. Our support included: procurement of 40 desktops and three laptops (59% of total investment), upgrading desks, air conditioning, and ICT infrastructure, and repainting and replacing louvre windows with aluminium for a modern, conducive environment.

Medical and dental outreach

The FNB Eswatini Foundation contributed E60 000 to the Rotary Club of Mbabane's Medical and Dental Outreach Project. This was focused in the Shiselweni region, with collaborative effort from the Rotary Foundation, government ministries, and partner NGOs. The assistance helped strengthen healthcare access in underserved communities, reaching 1 858 individuals and delivering 11 144 services.

Gender diversity and inclusion

The Foundation allocated E944 000 to the Swatini Action Group Against Abuse (SWAGAA) to support survivors of gender-based violence through counselling, legal assistance, and community education programmes, aiming to foster a safer environment for vulnerable individuals.

We invested E483 000 in Kwakha Indvodza to promote men's mental health, positive masculinity, and youth empowerment. This initiative provides structured mentorship, skills training, and community dialogues that encourage mental well-being, responsible leadership, and constructive social engagement among young men.

Environment and climate change

E500 000 was disbursed to the Eswatini Environment Authority to support sustainability efforts, including waste management and climate resilience initiatives.

Entrepreneurship

The Khutsala Employment Activation Programme (KEAP) SME Fund was allocated E791 309 to support small businesses and create jobs.



Sustainability *continued*

Building long-term sustainability

FNB Eswatini is committed to building long-term sustainability through strategic digital innovation, responsible financial growth, and impactful social and environmental initiatives.

FNB Eswatini is committed to adhering to the highest standard of sustainability approaches. We do this through a variety of initiatives that are embedded within our systems to ensure that we live in harmony with the environment we operate in while protecting our clients and stakeholders.

Incorporation of ESG factors in credit analysis

We have incorporated an environmental and social risk assessment (ESRA) transactional due diligence process as part of the credit origination process. The process is applicable to all corporate, commercial, and business-related transactions. The process further acts as a risk management control process to manage and mitigate environmental and social risks related to activities of clients who may be causing or contributing to environmental and social issues or may be operating in an environmentally or socially insensitive manner.

We have established a governance process for environmental and social risk which includes the adoption of a policy and reporting to key governance committees. Furthermore, risks are managed through conducting a due diligence process through the ESRA tool, in alignment with the Equator Principles (EP).

Business ethics

FNB Eswatini has an Ethics Code which, at onboarding, all staff members are apprised of and attest to. This is premised on two fundamental principles:

- Always do the right thing.
- Have courage: Speak your mind and encourage others to do the same.

We have also established a policy and process for reporting ethical conduct. This is done with the strictest confidentiality and safety for employees and all whistleblowers. The established process ensures anonymity with an ethics line managed by an external service provider. Employees, customers, and all stakeholders are encouraged to use this line for reporting any unethical conduct at their purview. The ethics line details are:

- Eswatini line: 001 833 789 2491 (US call forward)
- firststrandbank.ethicspoint.com
- firststrandbankmobile.ethicspoint.com
- firststrandbank.navexone.eu/peoplehub

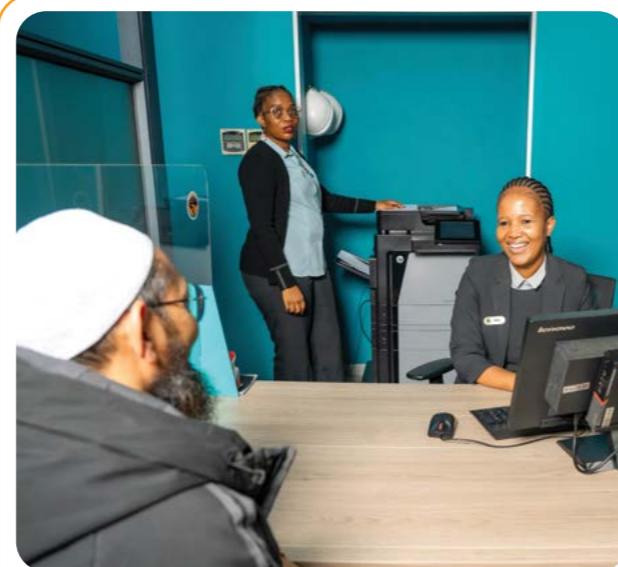
Systemic risk management

Stress testing is used by FNB Eswatini to provide management and the Group with a comprehensive view on our likely position in the future, considering the impact of various macroeconomic conditions and idiosyncratic stresses on our earnings, stability, and capital adequacy position. The requirement to perform stress testing is also a regulatory requirement.

The macroeconomic scenarios are provided by FNB Eswatini and FirstRand economic research teams. These risk scenarios are translated into financial and capital impacts to inform the capital buffer.

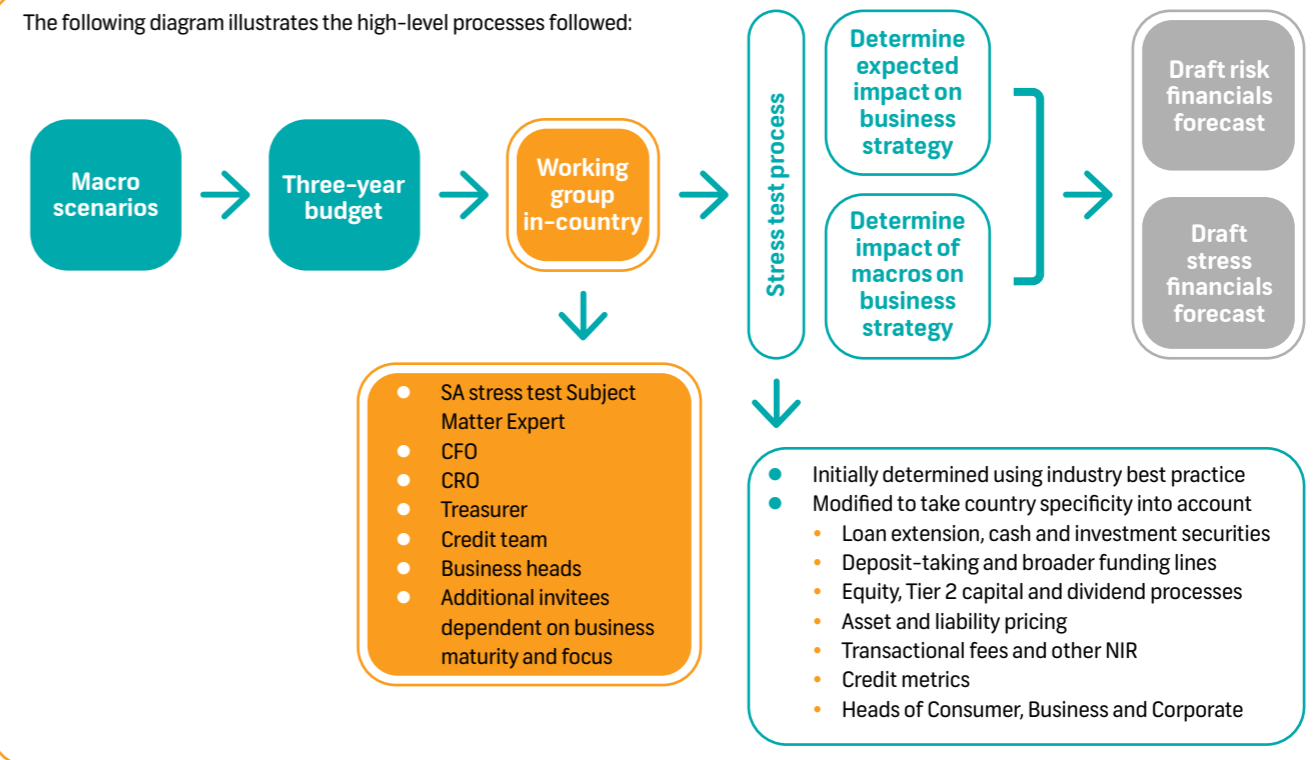
Event scenarios are also included in the analysis to highlight specific aspects of our risk profile and cater for risks excluded from the macroeconomic scenarios. The event risk scenarios can also be used to identify reputational risk events. Thus, event risk scenarios are meant to cater for idiosyncratic risks facing FNB Eswatini, or for any *ad hoc* scenario we plan to run.

Given the standardised methodology, change in volumes (rather than the migration of credit) account for changes in risk-weighted assets (RWA). At the same time, change in earnings is expected to have a greater impact on our capital adequacy ratio (CAR) than RWA.



Customer service provision by branch team

The following diagram illustrates the high-level processes followed:



The stress test and scenario analysis (including event scenarios) aim to assess the impact of different macroeconomic scenarios on:

- Income streams (or supply of capital).
- RWA (or demand for capital).
- Overall impact on the capital adequacy position (Tier 1 and CAR).

From a data privacy perspective, training and awareness is done for all staff to identify potential data privacy incidents and report with the Data Privacy and Protection Office. Following the process set out in the privacy incident management standard, an incident response team responds based on the incident category.

A data privacy breach may be in one of the following incident categories:

- Accidental or unintended leakage of personal information (PI).
- Deliberate act of leakage of PI.
- Externally raised by the regulator or data subject.
- Cybersecurity incident which involves PI.

Potential data privacy compromises are investigated and determined by the response team if they are indeed data breaches/compromise and a notification to the regulator and/or data subject is required.

Data breaches

Number of data breaches: 1
Percentage that are personal data breaches: 100%
Number of account holders affected: 1 account holder

Data security

Description of approach to identifying and addressing data security risks

FNB Eswatini has in place an IT incident management standard to ensure all IT incidents are properly identified, logged, and handled. We also have a data privacy incident management standard to ensure that potential data privacy and protection compromises are reported, and corresponding privacy risks are well-managed and appropriately mitigated.

Sustainability *continued*

Building long-term sustainability *continued*

Financial inclusion and capacity building

Loans outstanding that qualify for programmes designed to promote small business and community development

FNB Eswatini had 341 loans outstanding, amounting to E151 Million as of June 2024. These loans are specifically targeted at SMEs and community development projects to ensure financial accessibility for businesses with an annual turnover between E0 and E10 Million. This initiative supports financial inclusion by providing capital to underserved entrepreneurs and helps them grow their businesses, creates jobs, and contributes to economic development. The focus on small business lending aligns with our commitment to supporting grassroots economic expansion and sustainable business growth.

Past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development

As of June 2024, 16 loans have fallen into the past due or nonaccrual category, amounting to E7.96 Million. These loans belong to businesses that are facing financial distress and are currently under forbearance programmes. This indicates a small proportion (about 5% of the total loan book in this category) of SMEs struggling with repayment. FNB Eswatini has a robust recoveries and rehabilitation strategy which is employed for restructuring mechanisms, grace periods, and advisory support to help businesses recover where possible. The data highlights the importance of robust risk management strategies while reinforcing financial literacy and business resilience programmes for SME borrowers.

To read more about our Risk Management, refer to page 33.

No-cost retail accounts provided to previously unbanked or underbanked customers

We helped our customers open 7 517 Sicalo Zero accounts in 2023/24, bringing the number of active Sicalo accounts to 11 234 by the end of the financial year. This is an account with zero monthly account fees designed for people who bank below E5 000 per month and are looking for basic banking to perform daily transactions. It was launched as a financial inclusion enabler for the unbanked population in Eswatini.



FNB Mataspha Lifestyle Branch




Future Outlook and Opportunities











48 Our approach to economic uncertainty

49 New frontiers in digital finance and innovation

Profit After Tax (PAT)

2024
E268.8 Million  9.5%
(2023: E245.3 Million)

This section addresses various:

- Capitals    
- Stakeholders   
- Strategic pillars   

Future Outlook and Opportunities *continued*

Our approach to economic uncertainty

“ FNB Eswatini responds to economic uncertainty with proactive risk management, financial inclusion, digital innovation, and strategic regulatory collaboration to support long-term stability and resilience. ”

FNB Eswatini adopts a proactive and adaptive approach to economic uncertainty. We employ a robust risk management strategy to address these challenges and sustain growth, recognising that macroeconomic volatility can significantly impact financial markets, businesses, and households.

 To read more about our Risk Management, refer to page 33.

We actively monitor global and regional economic trends, including inflation rates, interest rate fluctuations, currency stability, and trade dynamics. We remain well-positioned to anticipate economic shifts and adjust our strategic direction accordingly by using data-driven insights.

A key aspect of our approach is diversified financial solutions that ensure resilience across different business segments. We have strengthened our lending framework to prioritise prudent credit risk management and maintain a healthy loan book. The expansion of digital banking services provides customers with secure, flexible, and accessible financial solutions to reduce dependency on traditional banking methods and ensure financial continuity during economic downturns.

FNB Eswatini's commitment to financial inclusion plays a pivotal role in mitigating economic uncertainty at a national level. We enhance access to capital, particularly for underserved communities and businesses that are critical to economic stability and job creation, through initiatives such as SME lending programmes, scored lending models, and CashPlus agency banking.

We actively collaborate with regulatory authorities and policymakers to align financial strategies with national economic policies. This partnership helps corporate and retail clients benefit from stable monetary policies, transparent regulations, and secure financial infrastructures.

Investment in technology and innovation ensures that FNB Eswatini remains agile in responding to economic disruptions. Whether through enhanced cybersecurity measures, data-driven decision-making, or automated banking services, we continue to lead in digital transformation.



Digital Migrants in branch



Future Outlook and Opportunities *continued*

New frontiers in digital finance and innovation

“FNB Eswatini is at the forefront of digital finance innovation, using technology to enhance financial inclusion, modernise infrastructure, strengthen cybersecurity, and explore emerging opportunities to drive sustainable growth.”

The financial sector is undergoing rapid transformation driven by digital innovation, and FNB Eswatini remains at the forefront of this shift. The evolving landscape presents new opportunities for efficiency, customer engagement, and financial inclusion while also introducing challenges that require strategic adaptation.

The digital transformation journey

FNB Eswatini continues to make significant strides in digital transformation, a strategic imperative that enhances our ability to serve customers effectively. Key to this transformation is our commitment to platform-based financial services, which allow for seamless integration of banking and non-banking solutions. The move towards a platform-based ecosystem will enable agility in responding to customer needs and provides a more connected financial experience.

The technology department played a crucial role in advancing the Transform strategic pillar, modernising infrastructure, and optimising IT operations while ensuring IT resiliency. A robust disaster recovery programme was implemented to strengthen business continuity.

 To read more about our 2023/24 strategy, refer to page 25.

Key initiatives in the technology department included:

- Building systems to interface with the Eswatini Payment Switch for compliance and seamless transaction flow.
- Implementation of IT and network infrastructure for new sites, disaster recovery data centres, and the new Head Office in Ezulwini.
- Virtualisation of physical server infrastructure to optimise resources and reduce costs.
- Rolling out the Enterprise Teller Solution to all branches, modernising front-office operations.

Fintech collaboration and competitive landscape

The financial services industry is witnessing a growing convergence between traditional banking and fintech innovations. While fintech companies were once seen as disruptors, we recognise the immense value of strategic partnerships in enhancing service offerings. Rather than viewing fintechs as competitors, FNB Eswatini is exploring 'coopetition', a model where collaboration creates stronger, more diversified financial solutions.

Financial inclusion through digital channels

One of the most significant impacts of digital finance is the expansion of financial inclusion. Our CashPlus agency banking model has transformed accessibility by enabling customers to deposit, withdraw, and transact via local merchant partners. In 2024, this model surpassed E1 Billion in transactions, which reinforces its role in broadening financial reach. Furthermore, our commitment to remote account opening and mobile-driven banking solutions is removing traditional barriers to entry for unbanked and underbanked communities.

The adoption of scored lending for SMEs, a model that uses transactional and behavioural data to extend credit, has been another game-changer. This initiative has allowed us to provide working capital to businesses that may not have had access to traditional financing options, further strengthening the backbone of Eswatini's economy.

Cybersecurity and data protection

As we advance in digital finance, cybersecurity remains a top priority. With increased digital transactions, the risk of cyber threats has escalated, necessitating a robust security framework. FNB Eswatini has implemented enhanced security measures, including biometric authentication, advanced fraud detection algorithms, and continuous monitoring systems to safeguard customer data. We remain fully compliant with regulatory requirements on data privacy and protection and remain aligned with mandates from the Eswatini Data Protection Authority.

Central Bank Digital Currencies (CBDCs)

Central Bank Digital Currencies offer a digital alternative to traditional fiat currencies. Central banks worldwide are exploring CBDCs to enhance financial inclusion, improve transaction efficiency, and strengthen monetary policy implementation.

In Eswatini, discussions around CBDC adoption continue, with regulators assessing its potential benefits and challenges. A well-structured CBDC could provide seamless cross-border transactions, reduce dependency on cash, and improve transparency in financial flows. However, considerations around security, privacy, and technological infrastructure remain key factors in determining the viability of CBDC implementation.

FNB Eswatini remains engaged in ongoing dialogues with stakeholders to evaluate the opportunities presented by CBDCs. As digital finance evolves, our focus will be on integrating emerging technologies that enhance transactional efficiency while maintaining compliance with regulatory frameworks.

IT achievements and challenges

Key IT achievements during the year included:

- Automation of processes, reducing branch traffic and improving turnaround times for remote statement and bank confirmation letters.
- Platform enhancements, with new FNB App features such as remote account opening, digital bank statements, confirmation letters, and ChatPay.
- Improved IT support services, achieving a 98% service level agreement.
- Stability improvements, with IT system incidents reduced by 50%.

Challenges included unreliable connectivity in Eswatini which at times impacted system availability and customer experience. Outsourcing ATM support and maintenance also limited internal servicing capabilities. Regulatory changes, such as the revised timelines and scope of the Eswatini Payment Switch, required additional resourcing.

Strategic IT focus for the future

Looking ahead, IT will play a pivotal role in furthering digital transformation and operational efficiency. Key initiatives for the coming year include:

- Completion of the EPS fast-payment project, integrating it with FNB core systems and customer channels.
- Use of data as a strategic asset to deliver unique services to customers.
- Expansion of AI and chatbot capabilities for customer interactions.
- Rolling out a new Customer Engagement and Telephony system to enhance contact centre experience.



Teller with client in Branch



Abridged Financial Statements

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- 53 Commentary on Financial Performance

Loans to Deposits Ratio (Normal)

2024
68.3%
(2023: 70.7%)



This section addresses various:

- Capitals
- Stakeholders
- Strategic pillars **1** **2**



Abridged Financial Statements *continued*

Independent Auditor’s Review Report on Financial Statements

for the year ended 30 June 2024

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

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

PricewaterhouseCoopers

Abridged Statement of Comprehensive Income

for the year ended 30 June 2024

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



Abridged Financial Statements *continued*

Abridged Statement of Financial Position

as at 30 June 2024

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

Abridged Statement of Cash Flows

for the year ended 30 June 2024

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

Abridged Statement of Change in Equity

for the year ended 30 June 2024

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



Abridged Financial Statements *continued*

Commentary on Financial Performance

for the year ended 30 June 2024

Positive earnings growth continues to be sustained

FNB Eswatini's **Profit Before Tax (PBT)** for the 2024 financial year increased **11.6%** to **E364.7 Million** (2023: E326.7 Million), matched by a **12.2%** improvement in **Total Comprehensive Income For The Year**, which closed at **E275.3 Million** (2023: E245.3 Million). The **12.2%** improvement is well ahead of the combined economic growth and inflation estimates, which demonstrates positive economic value accretion to shareholders. This performance also represents a strong **Return On Equity (ROE)** of **21.8%**, which is similar to the prior year's outcome. These results have been achieved in an operating environment that has shown growing signs of stability across key economic indicators that traditionally impact performance. In the past year, inflation has mostly remained within the 4% to 4.5% range, which has been relatively lower than some of the country's regional peers. Gross domestic product has continued to improve, with 5% growth in 2023. The benchmark lending rates have remained stable, and overall banking sector credit growth has been solid at 11.7%, year-on-year. While these standard metrics demonstrate a sustained recovery of the Eswatini economy from the global disruption of recent years, the bank remains awake to contra-indicators that may highlight potential headwinds. We remain concerned that unemployment still appears high, especially among the youth, which is a critical demographic; and that the slower average price growth of between 4% and 4.5% in the last year, while providing much needed relief, is still on the back of price acceleration witnessed in prior years. In a highly integrated society like ours, these two variables have, among others, continued to put consumers' spending power under pressure.

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

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

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

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

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

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

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

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

Glossary

Abbreviation	Full name
ADT	Automated Deposit Teller
AI	Artificial Intelligence
AML	Anti-Money Laundering
APBT	Attributable Profit Before Tax
ATM	Automated Teller Machine
AV	Antivirus
BU	Business Unit
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFT	Combatting Financing of Terrorism
CMA	Common Monetary Area
COO	Chief Operations Officer
CRO	Chief Risk Officer
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
CX	Customer Experience
EFT	Electronic Funds Transfer
EPS	Eswatini Payment Switch
ESG	Environmental, Social, and Governance
EX	Employee Experience
FNB	First National Bank
FNBE	First National Bank Eswatini
FX	Foreign Exchange
GDP	Gross Domestic Product
IFRS	International Financial Reporting Standards
KRIs	Key Risk Indicators
Ltd	Limited
NII	Net Interest Income
NPL	Non-Performing Loan
OPSCO	Operations Committee
PAT	PROFIT AFTER TAX
PBT	Profit Before Tax
ROA	Return On Assets
ROE	Return On Equity
SA	South Africa
SASB	Sustainability Accounting Standards Board
SME	Small and Medium-sized Enterprise
SWIFT	Society for Worldwide Interbank Financial Telecommunication
YoY	Year-on-Year