



First National Bank of Eswatini Limited

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

Abridged Interim Financial Results for the Six Months Ended 31 December 2024



Profit Before Tax

December 2024
E170.6 mn

December 2023
E174.9 mn

↓
2.5%



Basic and diluted earnings per share (cents)

December 2024
97 cents

December 2023
95 cents

↑
2.1%



Return on Equity

December 2024
↓ 19.0%

December 2023
19.5%



Return on Assets

December 2024
↔ 2.5%

December 2023
2.5%



Cost to Income

December 2024
↑ 63.6%

December 2023
58.3%

Abridged Statement of Comprehensive Income for the interim period ended 31 December 2024

Interest and similar income	489 269	409 544
Interest expense and similar charges	(216 752)	(171 153)
Net interest income before impairment of advances	272 517	238 391
Gains on investment activities	6 409	1 987
Impairment of advances	(18 228)	(12 268)
Net interest income after impairment of advances	260 698	228 110
Non interest revenue	291 515	262 534
Income from operations	552 213	490 644
Operating and administration expenses	(358 608)	(293 002)
Income before tax	193 605	197 642
Indirect tax	(23 044)	(22 743)
Profit before income tax	170 561	174 899
Income tax expense	(41 979)	(48 160)
Profit for the period	128 582	126 739
Total comprehensive income	128 582	126 739
Basic & diluted earnings per share	0.97	0.95

6 months ended
31 December 2024
E'000

6 months ended
31 December 2023
E'000

Abridged Statement of Financial Position as at 31 December 2024

ASSETS	
Cash and cash equivalents	1 537 489
Derivative financial instruments	834
Investment securities and other investments	1 497 573
Advances	4 202 936
Gross advances	4 357 381
Impairment of advances	(154 445)
Accounts receivable	61 783
Amounts due from related parties	2 723 229
Current income tax asset	7 138
Property and equipment	338 433
Deferred income tax asset	40 515
Total assets	10 409 930
EQUITY	
Capital and reserves attributable to equity holders of the parent	
Share capital	26 600
Share premium	2 686
Other reserves	353 315
Retained earnings	1 010 156
Total equity	1 392 757
LIABILITIES	
Derivative financial instruments	3 355
Accounts payable	110 471
Current income tax liability	-
Deposits	6 913 741
Lease liability	10 812
Provision for other liabilities and charges	19 567
Amounts due to related parties	1 959 227
Defined benefit post-employment liability	-
Total liabilities	9 017 173
Total equity and liabilities	10 409 930

31 December 2024
E'000

30 June 2024
E'000

31 December 2023
E'000



Commentary on Interim Financial Statements

Operating Environment

During the review period, annual average inflation has remained steady, however increases in transport and housing inflation has been noted. The forecast suggests that inflation will remain stable, with no immediate indicators of significant increases. However, global geopolitical uncertainty and climate change pose risks to short- and medium-term projections.

GDP projections have been revised upwards, driven by better-than-expected performance in the primary sector. Large infrastructure and energy projects planned for the medium term are expected to support economic growth. Credit extended to the private sector has increased year-on-year, driven by growth in mining, manufacturing, tourism, and real estate. There are indications that credit to SMEs and large enterprises has risen. Credit to households has experienced subdued growth, supported by motor vehicle and housing loans, while unsecured lending has decreased.

FNB Eswatini's Strategic Investment in Payments Platform

In response to significant changes in the regional and domestic payments landscape, FNB Eswatini has prioritized investment in its platforms to ensure a seamless customer experience and to build long-term capabilities. These changes stem from the migration of cross-border transactions within the Common Monetary Area (CMA), which includes South Africa, Eswatini, Namibia, and Lesotho, from EFT channels to SWIFT. Additionally, the implementation of new modules on the Eswatini Payments Switch (EPS), as introduced by the Central Bank of Eswatini.

The full implementation of the EPS is expected to require considerable investment from FNB Eswatini and industry participants with the financial impact expected to be felt over the foreseeable future. In the short term, these efforts have influenced FNB Eswatini's financial performance, with Profit Before Tax dropping by 2.5% to E170.6 million (2023: E174.9 million). The bank's Cost-to-Income ratio has also risen to 63.3% (2023: 57.0%), though the Return on Assets has remained unchanged at 2.5% year on year, reflecting sustained efficiencies from scale.

Resilient Revenue Growth Despite Challenges

Despite the challenging environment, FNB Eswatini has experienced strong revenue growth. Net Interest Revenue increased by 14%, driven by core advances and the placement of excess liquidity in higher-yield financial instruments. Non-Interest Revenue grew by 11%, reflecting the success of the bank's customer acquisition strategies and increased transactional volumes.

Robust Credit Extension and Diversification of Deposits

The bank's gross advances rose by 11%, reaching E4.357 billion (2023: E3.914 billion). This growth reflects solid origination strategies, particularly in key sectors, and is evident in the increased use of overdrafts and term loan drawdowns. The credit impairment ratio remained low at 0.4%, consistent with 2023, despite some pressure in the retail book. FNB Eswatini's deposit base remained stable at E6.914 billion (2023: E6.863 billion), with improvements in the funding mix, including a rise in fixed deposits.

Focus on customer experience

To minimize disruptions to customer's ability to transact during this transitory period, FNB Eswatini has devoted dedicated resources to enable self service solutions and improve the branch banking experience. This includes the bolstering of the Customer Support Centre capacity in order to attend to the increased number of forex relates queries and support remote account opening. The bank has also rolled out digital solutions onto the FNB App including the bank confirmation letter.

Prospects

The bank will continue to invest significantly in its platforms to comply with regulatory changes and enhance the customer experience, which will increase costs in the medium term. Management has implemented initiatives to address cost growth and improve operational efficiencies by eliminating manual processes and leveraging automation. There will be a greater focus on optimizing channels and encouraging customers to use the bank's self-service options. Talent Management is a key enabler to high performance and as such, people matters remain a principal focus for management particularly the development of critical skills to meet business needs.

The bank remains well capitalized with total equity growing to E1.392 billion (2023: E1.296 billion). This will support growth prospects while being well above regulatory requirements. The bank expects steady performance for rest of the financial year incorporating its sustainability and shared value prosperity principles into its plans.

Abridged Statement of Cash Flows for the interim period ended 31 December 2024

Profit before tax with non-cash adjustments	165 972	369 282
Cash received from customers	737 603	1 326 730
Cash paid to customers, suppliers and employees	(571 631)	(957 448)
Income tax paid	(43 185)	(107 078)
Net cash flow from operating activities before changes in operating assets and liabilities	122 787	262 204
Net cash inflow from changes in operating assets and liabilities	573 597	80 780
Net cash inflow from operating activities	696 384	342 984
Net cash outflow from investing activities	(169 614)	(180 053)
Net cash outflow from financing activities	(100 879)	(180 873)
Net increase / (decrease) in cash and short-term funds	425 891	(17 942)
Cash and cash equivalents at beginning of the period	1 111 598	1 129 540
Cash and cash equivalents at end of the period	1 537 489	1 111 598

6 months ended
31 December 2024
E'000

12 months ended
30 June 2024
E'000

Abridged Statement of Changes in Equity for the interim period ended 31 December 2024

Balance at the beginning of the period	1 358 886	1 169 154
Profit for the period	128 582	268 804
Other comprehensive income	-	6 462
Repurchase of non-redeemable preference shares	-	(1 042)
Dividends paid	(94 711)	(84 492)
Balance at the end of the period	1 392 757	1 358 886

6 months ended
31 December 2024
E'000

12 months ended
30 June 2024
E'000

6 months ended
31 December 2023
E'000

Independent Auditor's Review Report on Interim Financial Statements

These abridged interim financial results are extracted from the reviewed condensed interim financial statements but is not itself reviewed. The condensed interim financial statements were reviewed by PricewaterhouseCoopers, who expressed an unmodified review conclusion thereon. The reviewed condensed interim financial statements and the auditor's report thereon are available for inspection at the company's registered office.

The directors take full responsibility for the preparation of the abridged interim financial results and that the financial information has been correctly extracted from the underlying condensed interim financial statements.

Thokozani Dlamini
Chief Executive Officer

Njabulo Dlamini
Chief Financial Officer

Directors: JV Ndlangamandla (Chairman), TH Dlamini (CEO), DE Wright, SL Balsdon, EB Arden, JM Gule, LJ Haynes, S Gumbi, VJ Monadjem

Company Secretary: H Msibi



Registered office

First National Bank of Eswatini Limited
The Offices Complex
Corner, MR103 Road & Swaki Street
Ezulwini, Eswatini

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



Loans to Deposit Ratio

December 2024
↑ 63.6%

December 2023
57.0%



Credit Loss Ratio

December 2024
↑ 0.42%

December 2023
0.31%



Loans to Customers Before Provisions

December 2024
E4.357 billion

December 2023
E3.914 billion

↑
11.3%



Customer Deposits

December 2024
E6.914 Billion

December 2023
E6.863 Billion

↑
0.7%

Auditor



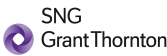
PricewaterhouseCoopers
Rhus Office Park
Karl Grant Street
Mbabane

Sponsoring Broker



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

Transfer Secretaries



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