

CENTRAL BANK OF ESWATINI

FINANCIAL STATEMENTS
for the year ended 31 March 2026

CENTRAL BANK OF ESWATINI**FINANCIAL STATEMENTS***for the year ended 31 March 2026*

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CENTRAL BANK OF ESWATINI

DIRECTORS' RESPONSIBILITY STATEMENT

for the year ended 31 March 2026

The Directors are responsible for maintaining adequate accounting records and preparing annual financial statements which fairly presents the state of affairs of the Bank at the end of the financial year, and the results of operations, cash flows and changes in equity for the year, in conformity with IFRS® Accounting Standards. The Board is also responsible for the total risk management process within the Bank. Management is accountable to the Board and has established a system of internal control to manage significant risks faced by the Bank. This system supports the Board in discharging its responsibility for ensuring that the wide range of risks associated with the Bank's operations are effectively managed. The system of internal control, which is embedded in all key operations, provides reasonable assurance, rather than absolute assurance, that the Bank's business objectives will be achieved within the risk tolerance levels defined by the Board.

The Board also subscribes to the principles of corporate governance and has maintained and operated an audit committee, Capital projects committee and remuneration committee throughout the year.

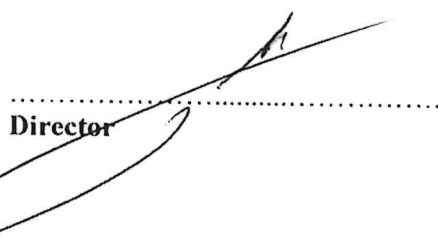
In preparing the financial statements reflected on pages 9 to 102 the Bank has complied with IFRS Accounting Standards and has used appropriate accounting policies supported by reasonable and prudent judgments and estimates. The Directors are of the opinion that these financial statements fairly present the financial position of the Bank at 31 March 2026, and the results of operations, cash flow information and changes in equity for the year then ended.

The Directors have reviewed the Bank's budget for the next 12 months. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the Directors are satisfied that the Central Bank of Eswatini is a going concern and have continued to adopt the going concern basis in preparing these financial statements.

The external auditors, SNG Grant Thornton Chartered Accountants (Eswatini), are responsible for independently auditing and reporting on the financial statements in conformity with International Auditing Standards. Their qualified report on these financial statements appears on pages 3 – 5.

The annual financial statements for the year ended 31 March 2026, as set out in pages 9 to 102, were approved and authorized for issue by the Board of Directors 24 June 2026 and are signed on its behalf by:


Governor


Director

Independent auditors' report

To the Shareholder of Central Bank of Eswatini

Qualified opinion

We have audited the financial statements of Central Bank of Eswatini, ("the bank") set out on pages 9 to 102 which comprise the statement of financial position as at 31 March 2026, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 March 2026, and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation disclosed in Note 1.1.0 to the financial statements and in the manner required by the Central Bank Order of 1974, as amended.

Basis for qualified opinion

As explained in Note 1.1.0 to the financial statements, the bank has stated that its financial statements have been prepared in accordance with IFRS Accounting Standards. However, the bank has departed from the requirements of IAS 21, *The Effects of Changes in Foreign Exchange Rates* and IFRS 9, *Financial Instruments* in accounting for revaluation gains or losses arising from foreign exchange activities and has instead applied the requirements of Section 35 of the Central Bank Order, 1974.

Accordingly, the financial statements do not comply with all the requirements of IFRS Accounting Standards and the statement that the financial statements have been prepared in accordance with IFRS Accounting Standards is contrary to the requirements of IAS 1, *Presentation of Financial Statements*, which requires an entity not to describe financial statements as complying with IFRS Accounting Standards unless they comply with all the requirements of those Standards.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial statements section of our report. We are independent of the bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Eswatini, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the statement of responsibility by the board of directors and the directors report attached to the financial statements. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described below, we have concluded that such a material misstatement of the other information exists. The statement of responsibility by the board of directors and the directors report states that the financial statements have been prepared in accordance with IFRS Accounting Standards. As described in the Basis for qualified opinion section of our report, this statement is materially misstated as the bank has departed from certain requirements of IFRS Accounting Standards and the financial statements therefore do not fully comply with IFRS Accounting Standards.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the basis of preparation disclosed in Note 1.1.0 to the financial statements and in the manner required by the Central Bank Order of 1974, as amended and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SNG Grant Thornton

SNG Grant Thornton Chartered Accountants (Eswatini)

26 August 2026

CENTRAL BANK OF ESWATINI

DIRECTORS' REPORT

for the year ended 31 March 2026

The Board of Directors ("Directors") present their report of the Central Bank of Eswatini ("the Bank") for the year ended 31 March 2026. This report in terms of Section 52(1) of the Central Bank Order, 1974 covers the financial performance of the Bank in terms of the relevant statutory requirements.

NATURE OF BUSINESS

The Bank is the Central Bank of the Kingdom of Eswatini and is regulated in terms of an Act of Parliament. The primary objective of the Bank is the achievement and maintenance of financial and monetary stability.

FINANCIAL RESULTS

The results of the Bank and the state of its affairs at 31 March 2026 are set out in the attached financial statements.

DIRECTORS

Dr. Philemon Mnisi	Governor, Chairman	
HRH. Sicalo Dlamini	Member	
Ms. Felicia Dlamini- Kunene	Deputy Governor	
Ms. Nomusa Dlamini	Member	
Dr. Petros Mashwama	Member	
Dr Neville Curle	Member	
Ms. Odette Sons	Member	(re-appointed, 15 May 2026)
Mr. Vusi Dlamini	Member	
Dr Loreta Mkhonta	Member	(appointed, 1 September 2025)

Board Secretary

Mr. Sikhumbuzo Fakudze

Business address

CBE Complex, Portion 468 of Farm 50
Cnr MR103 & Nshakabili Road
Ezulwini
Eswatini

Postal address

P.O. Box 546
Mbabane
Eswatini

AUDITORS

SNG Grant Thornton Chartered Accountants (Eswatini) are the auditors of the Bank.

Physical address

Umkhiwa House
Lot 195 Kal Grant Street
Mbabane
Eswatini

Postal Address

P.O. Box 331
Mbabane
Eswatini

CENTRAL BANK OF ESWATINI

DIRECTORS' REPORT

for the year ended 31 March 2026 (continued)

Contracts

There were no contracts that were entered into by the Bank during the financial year under review, and in which a board or staff member may have had any direct or indirect interest. The Bank has a process of declaration of interest by board and staff members and no such declarations on contracts entered by the Bank were made.

International Monetary Fund (IMF) Loan

In 2020, the Bank entered into a memorandum of understanding agreement with the Ministry of finance where government acquired a loan from the IMF under the Rapid Financial Instrument (RFI) for USD 110.4 million (E1 956 478 936) towards mitigating the balance of payments needs that arose as a result of the adverse effects of the COVID 19 pandemic on the Eswatini economy.

The loan is a 100% liability of the Kingdom of Eswatini with no financial liability to the Central Bank of Eswatini. The Kingdom of Eswatini Government's quota subscription (SDR 78.5 million) was used as a 100% collateral for the loan received. Refer to note 13 for the Kingdom of Eswatini's equivalent of subscription to the IMF.

In the financial year 2025/26, the IMF loan under the Rapid Financing Instrument (RFI) was fully settled and repaid by the Government of Eswatini, with the final principal repayment made in September 2025.

Going concern

The directors have reviewed the budget and flow of funds forecasts for the next 12 months and considered the Bank's ability to continue as a going concern in light of current and anticipated economic conditions. As part of this assessment, the Board considered the sufficiency of the Bank's financial resources in the context of prevailing and expected macroeconomic and financial market conditions. The management of the Bank's financial resources, which it defines as capital, funding and liquidity, and risk capacity, is a critical enabler of the achievement of the Bank's stated growth targets and achieving its mandate as per the Central Bank Order, 1974.

Based on this review and in light of the current financial position, the directors are satisfied that the Bank has adequate resources to continue operating for the foreseeable future. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the annual financial statements.

The Bank maintains a substantial portfolio of liquid assets that can be promptly liquidated to address any potential liquidity gaps. The Investment Committee regularly reviews the Bank's liquidity position, ensuring proactive management of any challenges. These comprehensive strategies and diligent oversight ensure the Bank's continued stability and ability to meet financial obligations.

CENTRAL BANK OF ESWATINI

DIRECTORS' REPORT

for the year ended 31 March 2026 (continued)

Economic activity performance

Economic activity grew by 5.6 per cent in 2025, up from 3.0 per cent in the previous year, largely supported by positive developments in the tertiary sector. The economy is projected to grow by 5.2 per cent in 2026 and average 3.8 per cent over the medium term (2027–2030), with growth in 2026 expected to be driven mainly by stronger performance in the primary and secondary sectors. In line with global and regional trends, Eswatini's headline inflation decelerated to an average of 3.1 per cent in 2025 from 4.0 per cent in 2024, mainly driven by a notable slowdown in food inflation. However, the country's inflation outlook is expected to trend upward in the near term as underlying price pressures begin to emerge.

Expenditure on capital projects

Significant capital investments encompass a range of major projects, including the construction of the new CBE Headquarters and conference facility, enhancements to the current Ezulwini offices, and the acquisition of armored vehicles. Key initiatives also involve the upgrade of the Central Securities Depository (CSD), implementation of a payment switch support application along with associated infrastructure costs, deployment of Power BI for data analytics, and the migration to SWIPPS compliant with ISO 20022 standards. Additionally, investments cover various office equipment, plant machinery, office furnishings, and a comprehensive surveillance system. As of 31 March 2026, total costs incurred towards capital projects amounted to E854.486 million (2025: E292.488 million).

Subsequent events

The Directors are not aware of any matters or circumstances arising since the reporting date and the date of approval of these financial statements, not otherwise dealt with in this report, which would materially affect the operations of the Bank or the financial position of the Bank.

CENTRAL BANK OF ESWATINI

STATEMENT OF FINANCIAL POSITION

at 31 March 2026

	Notes	2026 E'000	2025 E'000
ASSETS			
Cash and cash equivalents	19	3 114 048	2 631 524
Currency inventory - notes and coins	18	169 347	155 901
Non-current assets held for sale	44	121 204	27 996
Other assets	17	583 227	674 828
Amounts due from Government of Eswatini	16	2 968 398	3 589 979
Loans and advances	15	90 432	116 854
Holdings of Special Drawing Rights	14	38 190	130 050
IMF Quota subscription account	13	1 810 842	1 919 315
Claims on private sector	12	2 082	2 082
External investments	11	7 951 006	7 389 505
Intangible assets	10	73 483	73 297
Property, plant and equipment	9	874 320	500 524
Total assets		17 796 579	17 211 855
EQUITY			
Capital and reserves			
Capital contribution	20	185 768	185 768
Revaluation reserve	21	143 107	486 339
Buildings revaluation reserve	9	106 163	154 423
Building fund reserve	22	50 000	50 000
Contingency reserve	23	73 817	73 817
General reserve	24	896 546	885 794
SDR/IMF underwriting reserve	25	66 868	66 868
Total equity		1 522 269	1 903 009
Liabilities			
Currency in circulation	26	1 560 652	1 482 156
Allocation of Special Drawing Rights	27	2 849 444	3 020 132
Domestic deposits	28	7 555 194	5 774 712
Foreign deposits and liabilities	29	1 346 331	1 328 281
Other liabilities	30	89 179	617 749
Financial liability at fair value through profit or loss	34	1 137 340	1 037 244
Provisions	31	8 497	11 318
Amounts payable to the Consolidated Fund	32	68 039	278 208
IMF Securities Account	33	1 659 634	1 759 046
Total liabilities		16 274 310	15 308 846
Total equity and liabilities		17 796 579	17 211 855

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CENTRAL BANK OF ESWATINI

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2026

	Notes	2026 E'000	2025 E'000
Interest income			
Interest income	4	744 668	787 364
Interest expense	5	<u>(412 948)</u>	<u>(419 686)</u>
Net interest income		<u>331 720</u>	<u>367 678</u>
Non-interest income			
Impairment reversal- financial assets	6	7 266	72 778
Other Revenue	6	<u>325 801</u>	<u>367 073</u>
		<u>333 067</u>	<u>439 851</u>
Total operating income		<u>664 787</u>	<u>807 529</u>
Operating expenses			
Property occupation expenses	2	(30 619)	(24 589)
Salaries and employee benefits	7	(319 659)	(282 840)
Depreciation and amortization expense	2	(40 656)	(40 328)
Currency expenses	3	(28 471)	(21 699)
Other expenses	2	<u>(204 539)</u>	<u>(232 394)</u>
Total operating expenses		<u>(623 944)</u>	<u>(601 850)</u>
Profit for the year	2	40 843	205 679
Other comprehensive income			
Revaluation losses on foreign exchange activities	8	<u>(307 451)</u>	<u>(16 152)</u>
Total comprehensive (loss)/ income		<u>(266 608)</u>	<u>189 527</u>

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CENTRAL BANK OF ESWATINI

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2026

	Capital E'000	General reserve E'000	Building fund reserve E'000	SDR/IMF underwriting reserve E'000	Contingency reserve E'000	Buildings revaluation reserve E'000	Revaluation reserve E'000	Appropriation account E'000	Total E'000
Balance at 31 March 2025	185 768	885 794	50 000	66 868	73 817	154 423	486 339	-	1 903 009
Net loss for the year including revaluation of foreign currency activities (SCI)	-	-	-	-	-	-	-	-	-
Revaluation of foreign currency activities transferred to Revaluation Reserve in terms of Section 35(1) of the Order (<i>refer note 21</i>)	-	-	-	-	-	-	(307 451)	307 451	-
Revaluation (loss) on property plant and equipment (<i>refer to note 9</i>)	-	-	-	-	-	(46 093)	-	-	(46 093)
Transfer of depreciation on revaluation surplus to appropriation account (<i>refer to note 9</i>)	-	-	-	-	-	(2 167)	-	2 167	-
Transfer to general reserve as provided under section 8 (1) of the order (<i>refer to note 24</i>)	-	10 752	-	-	-	-	-	(10 752)	-
Transfer to the Consolidated Fund as provided under Section 8(3) of the order (<i>refer to 32</i>)	-	-	-	-	-	-	-	(32 258)	(32 258)
Transfer to the consolidated fund in terms of Section 35(4) of the order (<i>refer to note 32</i>)	-	-	-	-	-	-	(35 781)	-	(35 781)
Balance at 31 March 2026	185 768	896 546	50 000	66 868	73 817	106 163	143 107	-	1 522 269

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CENTRAL BANK OF ESWATINI
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2026 (continued)

	Capital E'000	General reserve E'000	Building fund reserve E'000	SDR/IMF underwriting reserve E'000	Contingency reserve E'000	Buildings revaluation reserve E'000	Revaluation reserve E'000	Appropriation account E'000	Total E'000
Balance at 31 March 2024	185 768	833 586	50 000	66 868	73 817	157 575	624 076	-	1 991 690
Net profit for the year including revaluation of foreign currency activities (<i>SCI</i>)	-	-	-	-	-	-	-	-	-
Revaluation of foreign currency activities transferred to Revaluation Reserve in terms of Section 35(1) of the Order (<i>refer note 21</i>)	-	-	-	-	-	-	(16 153)	16 153	-
Transfer of depreciation on revaluation surplus to appropriation account (<i>refer to note 9</i>)	-	-	-	-	-	(3 152)	-	3 152	-
Transfer to general reserve as provided under section 8 (1) of the order (<i>refer to note 24</i>)	-	52 208	-	-	-	-	-	(52 208)	-
Transfer to the Consolidated Fund as provided under Section 8(3) of the order (<i>refer to 32</i>)	-	-	-	-	-	-	-	(156 624)	(156 624)
Transfer to the Consolidated Fund as provided under Section 35(4) of the order (<i>refer to 32</i>)	-	-	-	-	-	-	(121 584)	-	(121 584)
Balance at 31 March 2025	185 768	885 794	50 000	66 868	73 817	154 423	486 339	-	1 903 009

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CENTRAL BANK OF ESWATINI
STATEMENT OF CASH FLOWS
for the year ended 31 March 2026

		2026 E'000	2025 E'000
Cash flows from operating activities			
Operating (loss)/profit		(266 608)	189 527
<i>Adjusted for:</i>			
IMF balances		98 723	29 878
Depreciation and amortisation	9,10	40 656	40 328
(Profit)/loss on disposal		(1 938)	830
Unrealised losses		(168 217)	60 385
Revaluation gains on foreign exchange activities		307 451	16 152
Interest income		(744 668)	(787 364)
Interest expense		412 948	419 686
		(321 653)	(30 578)
Changes in funds from operating activities			
Increase in foreign deposits and liabilities		18 050	129 778
(Decrease)/increase in other liabilities and provisions		(531 390)	1 474 724
Decrease/(increase) in loans and advances		26 422	(55 923)
Decrease/(increase) in other assets		91 601	(431 693)
Increase in notes and coins		(13 446)	(38 320)
Decrease/(increase) in amounts due from Government		598 160	(515 443)
Increase in currency in circulation		78 496	137 708
Increase in external investments		(561 501)	(1 092 791)
Increase in domestic deposits		1 780 482	1 761 226
Net increase in operating assets and liabilities		1 486 874	1 369 266
Cash generated from operations		1 165 221	1 338 688
Interest received		618 096	683 422
Interest paid		(400 795)	(412 730)
Net cashflows from operating activities		1 382 522	1 609 380
Cash flows from investing activities			
Purchase of property, plant and equipment and software equipment	9,10	(554 214)	(123 239)
Proceeds from disposal of property, plant, and equipment		2 215	48
Net cash outflows from investing activities		(551 999)	(123 191)
Cash flows from financing activities			
Amounts paid to the Government through the consolidated fund	32	(278 208)	(347 076)
Net cash outflows from financing activities		(278 208)	(347 076)
Net movement in cash and cash equivalents		552 523	1 139 113
Cash and cash equivalent at the beginning of the year		2 631 524	1 512 302
Effects of exchange rate changes on cash balances		(69 791)	(19 891)
Cash and cash equivalent at the end of the year	19	3 114 048	2 631 524

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026

1. General Information

The Bank is the Central Bank of the Kingdom of Eswatini and is regulated in terms of an Act of Parliament domiciled in the Kingdom of Eswatini. The primary objective of the Bank is the achievement and maintenance of financial and monetary stability.

The Board of Directors ("Directors") present their report of the Central Bank of Eswatini ("the Bank") for the year ended 31 March 2026. This report in terms of Section 52 (1) of the Central Bank Order, 1974, covers the financial performance of the Bank in terms of the relevant statutory requirements.

These financial statements were authorized for issue by the Board of Directors on 24 June 2026.

1.1 Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1.0 Statement of compliance and basis of preparation

The financial statements of the Bank have been prepared in accordance with and comply with the IFRS Accounting Standards. The financial statements have been prepared on a historical cost basis, except for financial assets measured at fair value through profit or loss and land and buildings, which are measured at revalued amounts.

The financial statements comprise statement of comprehensive income, the statement of financial position the statement of changes in equity, the cash flow statement, and the notes.

The preparation of financial statements in conformity with IFRS Accounting Standards require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are discussed in note 1.10 of these accounting policies.

1.1.1 Going concern basis

The Bank meets its day-to-day working capital requirements through its investments. The Bank's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Bank should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. The Bank therefore continues to adopt the going concern basis in preparing its financial statements.

1.1.2 Functional and presentation currency

These financial statements are presented in Eswatini Lilangeni, which is the Bank's functional currency. All amounts are rounded to the nearest thousands of Emalangeni (E'000), unless indicated otherwise.

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.2 Foreign currency activities and Revaluation Reserve

The Revaluation reserve has been created in accordance with Section 35 of the Central Bank Order of 1974, as amended, and is used to accommodate any net gain or losses in any financial year of the Bank arising from any change in the book value or realized value of the Bank's assets or liabilities denominated in currencies or units other than the domestic currency, such as special drawing rights and foreign currencies. Any change in the value of such currencies or units of account in terms of the currency on Eswatini, shall be credited to the Revaluation Reserve account before any appropriation to any other reserve.

Assets and liabilities in foreign currencies are translated to Emalangeni at year end exchange rates. Profit and loss items are translated at average rate on the day of the transaction. In terms of section 35 of the Central Bank Order, 1974, as amended, the exchange gains and losses of the Bank are for the account of the Government and are consequently transferred to the Revaluation Reserve Account before appropriation of profits.

1.3 Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired at initial recognition - the Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

In cases of modifications which are not substantial, the Bank revises the estimates of future cash flows and the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.3 Financial assets and liabilities (continued)

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Bank commits to purchase or sell the asset.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

- a) When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:
- b) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

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CENTRAL BANK OF ESATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.3.1 Financial assets

(i) Classification and subsequent measurement

The Bank has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL); or
- Fair value through profit or loss (FVOCI);
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial asset from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

- (ii) the Bank's business model for managing the asset; and
- (iii) the cash flow characteristics of the asset.

Based on these factors, the Bank classifies its debt instruments into one of the following two measurement categories:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for sale represent solely payments of principal and interest (SPPI) are measured at fair value through other comprehensive income. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized. Interest income from these financial assets is included in interest income using the effective interest rate method.

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.3 Financial assets and liabilities (continued)

1.3.1 Financial assets (continued)

Business model: the business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by The Bank in determining the business model for a bank of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Solely Payments of Principal and Interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

(ii) Impairment

The Bank assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instrument assets carried at amortised cost and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

Note 1.10.1 provides more detail of how the expected credit loss allowance is measured.

(iii) Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.3.2 Financial Liabilities

(i) *Financial liabilities at amortised cost*

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost.

(ii) *Financial liabilities at fair value through profit or loss (FVTPL)*

Financial liabilities are classified as at FVTPL when the financial liability is held for trading, or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Derivative financial liabilities are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss, with the exception of derivative financial liabilities designated in a cash flow hedge or a hedge of a net investment in a foreign operation. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the interest income or interest expenses line item in the statement of profit or loss.

(iii) *Derecognition*

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

1.4 Property, Plant and Equipment

All property, plant and equipment other than land and buildings are stated at cost less accumulated depreciation and impairment, except for capital work in progress which is measured at cost. Work in progress is not depreciated and is only capitalized when the asset is ready for use.

Land and buildings are stated at market value based on valuations performed by an external independent valuer. Increases in the carrying value of land and buildings arising from the revaluation are credited directly to a non-distributable revaluation surplus reserve. Valuations are performed every three years by an independent valuer to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Each year the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from the non-distributable revaluation surplus reserve to retained earnings.

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.4 Property, plant and equipment (continued)

On disposal of the previously revalued property, any amount relating to that asset remaining in the non-distributable revaluation surplus reserve is transferred to retained earnings.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset, after taking into consideration the estimated residual value of the asset, as follows:

Asset class	Useful life
Buildings	20 – 50 years
Motor vehicles	3 – 5 years
Office equipment	3 – 10 years
Furniture and Fittings	5 – 15 years
Household furniture	3 – 10 years

The remaining useful lives of assets are reassessed annually.

Land is not depreciated.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank. Major renovations are depreciated over the remaining useful life of the related asset.

Gains or losses on disposals are determined by reference to the carrying amount of the asset and the net proceeds received and are recorded in the income statement on disposal.

1.5 Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.5 Intangible assets (continued)

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives using the straight-line method, over three to ten years.

Intangible assets are stated at cost less accumulated amortisation and impairment.

1.6 Stock of new notes and coins

The cost of new notes and coins purchased in bulk are treated as stock and expensed to the income statement as they are issued to the commercial banks. Cost comprises of printing and minting costs, carriage insurance and freight landed at the Bank's premises. The carrying value of the new notes and coins is the cost of notes determined on the first-in first-out basis.

1.7 Currency in circulation

Currency in circulation represents Eswatini currency that has been issued into the Eswatini economy by the Bank since inception. Currency in circulation is measured at the face value of notes and coins issued. Issued notes and coins held by the Bank are netted off against currency in circulation.

1.8 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Terminal benefits

This is provision made for employees who will be terminating their services with the bank in the near future. The provision is based on the eligibility of each employee based on each employee contracts. The cash flow is expected to occur in the financial year when the contract term is not renewed on expiry. The terminal provision is based on period of service, the basic pay and ex gratia. The ex gratia is one month's pay + 4 days' pay multiplied by number of years worked less one year plus 10 days' pay multiplied by number of years worked less one year plus 6 months.

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.9 Employee Benefits

a) Pension and retirement funds

The expected costs of post-retirement benefits under the defined contribution scheme are charged to income statement. The contribution is expensed on a monthly basis as payments are remitted. The Bank operates a defined contribution plan. The pension plan is generally funded by payments from employees.

b) Short term benefits

Short term benefits consist of salaries, accumulated leave payments, bonuses, and any non-monetary benefits such as medical and contribution and free services. It excludes termination benefits. Short term benefits are fully payable in 12 months after the end of a period in which the employee rendered his or her services.

1.10 Critical accounting estimates and assumptions

1.10.1 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses): Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 1.10.2, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out 1.10.2

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.10 Critical accounting estimates and assumptions (continued)

1.10.2 Measurement of the expected credit loss allowance – Explanation of inputs, assumptions and estimation technique

In computing expected credit losses the bank uses the *explicit probability* of default approach. This is expressed as:

Expected Credit Losses (ECL) = Exposure at Default (EAD) • Probability of Default (PD) • Loss Given Default (LGD)

- Exposure at Default (EAD)- refers to the total value in a security that the Central Bank of Eswatini (CBE) is exposed to when the security of issuer of such security defaults. In this case the CBE calculates EAD as the principal and accrued interest on the principal to the date of default.
- Default-refers to a failure to fulfil an obligation on a financial security including the payment of principal or interest or both.
- Probability of Default (PD)- the likelihood of a security or issuer defaulting. This estimates the probability that an issuer will be unable to meet its debt obligations. The bank uses the explicit probability of default approach. The Central Bank of Eswatini (CBE) impairment model utilizes the Fitch one-year credit transition matrix from 1981 to 2024.
- Loss Given Default (LGD) - is the monetary value that the CBE loses when a security or issuer of a securities default.
- The *explicit probability* of default approach is used in the ECL model, and thus provision for expected credit losses is made on the 12-month probability of default. Where instruments have been assessed to have undergone a significant increase in credit risk, then lifetime expected credit losses are recognized.
- Significant Credit Deterioration or impaired credit - impaired credit occurs when there has been a deterioration in the creditworthiness of a security or issuer. This is usually reflected through a lower credit rating. The CBE defines significant credit deterioration in accordance with the provisions of the Investment Policy.
 - a. Significant Credit Deterioration will mean all assets held with counterparties whose credit rating has been downgraded below 'investment grade', i.e., BBB by any of the three leading credit rating agencies.
 - b. In the case of securities held with South African counterparties, significant credit deterioration will mean all securities held with counterparties whose credit rating has been downgraded below BB- by any of the leading credit rating agencies.
 - The credit rating given to each security is the lowest between the ratings of S&P, Fitch, and Moody's.
 - All securities are loaded into Bloomberg Terminal. This allows for each security to be updated with the most recent market data including interest rate, credit risk profile and interest payment schedule(s).

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.10 Critical accounting estimates and assumptions (continued)

1.10.2 Measurement of the expected credit loss allowance – Explanation of inputs, assumptions and estimation technique (continued)

The bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'recoveries of previously written off loans and advances' in the statement of profit or loss and OCI. Financial assets that are written off could still be subject to enforcement activities in order to comply with the bank's procedures for recovery of amounts due.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment including forward looking information.

Significant increase in credit risk (continued)

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of a default (PD) as at reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

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CENTRAL BANK OF ESWATINI**MATERIAL ACCOUNTING POLICIES***for the year ended 31 March 2026 (continued)***1.10 Critical accounting estimates and assumptions (continued)****1.10.2 Measurement of the expected credit loss allowance – Explanation of inputs, assumptions and estimation technique (continued)***Determining whether credit risk has increased significantly*

The bank assesses whether credit risk has increased significantly at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the bank's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. Such qualitative factors are based on expert judgement and relevant historical experiences.

As a backstop, the bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12 month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist.

In these cases, the bank determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Definition of default

The bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the bank in full, without recourse by the bank to actions such as realising security (if any is held).
- The borrower is more than 90 days past due on any material credit to the bank.
- It is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.10 Critical accounting estimates and assumptions (continued)

1.10.2 Measurement of the expected credit loss allowance - Explanation of inputs, assumptions and estimation technique (continued)

Definition of default (continued)

In assessing whether a borrower is in default, the bank considers indicators that are:

- qualitative: e.g. breaches of covenants;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstance.

Incorporation of forward-looking information

The bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

Periodically, the bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the bank's senior management.

The bank identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The key drivers for credit risk are: GDP growth and interest rates.

1.10.3 Fair value measurements (refer to 39.7)

1.10.4 Impairment of non-financial assets (refer to 1.15)

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CENTRAL BANK OF ESWATINI
MATERIAL ACCOUNTING POLICIES
for the year ended 31 March 2026 (continued)
1.11 Credit risk exposure
1.11.1 Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets.

	2026				
	Stage 1	Stage 2	Stage 3	Purchased	Total
	12-month	Lifetime	Lifetime	Credit	
	ECL	ECL	ECL	Impaired	
	E'000	E'000	E'000	E'000	E'000
31 March 2026					
Loans and Advances	90 432	-	-	-	90 432
Amounts due from the Government of Eswatini		2 989 697	-	-	2 989 697
Cash and Cash Equivalents	3 114 048	-	-	-	3 114 048
IMF Quota subscriptions	1 810 842	-	-	-	1 810 842
Holding of Special Drawing rights	38 190	-	-	-	38 190
Other assets	583 227	-	-	-	583 227
External investments	6 620 347	-	-	-	6 620 347
Gross Carrying amount	12 257 086	2 989 697	-	-	15 246 783
Loans and Advances (Staff loans)					
	-	-	-	-	-
Amounts due from the Government of Eswatini	-	(21 299)	-	-	(21 299)
Cash and Cash Equivalents	-	-	-	-	-
IMF Quota subscriptions	-	-	-	-	-
Holding of Special Drawing rights	-	-	-	-	-
Other assets	-	-	-	-	-
External investments	(2 368)	-	-	-	(2 368)
Loss allowance	(2 368)	(21 299)	-	-	(23 667)
Carrying amount	12 254 718	2 968 398	-	-	15 223 116

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CENTRAL BANK OF ESWATINI
MATERIAL ACCOUNTING POLICIES
for the year ended 31 March 2026 (continued)
1.11 Credit risk exposure (continued)
1.11.1 Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

	2025				
	Stage 1	Stage 2	Stage 3	Purchased	Total
	12-month	Lifetime	Lifetime	Credit	
	ECL	ECL	ECL	Impaired	
	E'000	E'000	E'000	E'000	E'000
31 March 2025					
Loans and Advances	116 854	-	-	-	116 854
Amounts due from the Government of Eswatini	-	3 620 085	-	-	3 620 085
Cash and Cash Equivalents	2 631 524	-	-	-	2 631 524
IMF Quota subscriptions	1 919 315	-	-	-	1 919 315
Holding of Special Drawing rights	130 050	-	-	-	130 050
Other assets	674 828	-	-	-	674 828
External investments	6 349 246	-	-	-	6 349 246
Gross Carrying amount	11 821 817	3 620 085	-	-	15 441 902
Loans and Advances (Staff loans)	-	-	-	-	-
Amounts due from the Government of Eswatini	-	(30 106)	-	-	(30 106)
Cash and Cash Equivalents	-	-	-	-	-
IMF Quota subscriptions	-	-	-	-	-
Holding of Special Drawing rights	-	-	-	-	-
Other assets	-	-	-	-	-
External investments	(828)	-	-	-	(828)
Loss allowance	(828)	(30 106)	-	-	(30 934)
Carrying amount	11 820 989	3 589 979	-	-	15 410 968

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES for the year ended 31 March 2026 (continued)

1.11 Credit risk exposure (continued)

1.11.2 Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;

Reconciliation of allowance for credit losses

	Opening balance E'000	Change in forward looking information E'000	Change in PDs E'000	Transfers within stages E'000	Change in balance E'000	Closing balance E'000
31 March 2026						
Amounts due from the Government of Eswatini	(30 106)	-	-	-	8 807	(21 299)
External investments	(828)	-	-	-	(1 540)	(2 368)
	<u>(30 934)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7 267</u>	<u>(23 667)</u>

31 March 2025

Amounts due from the Government of Eswatini	(102 695)	-	-	-	72 589	(30 106)
External investments	(1 018)	-	-	-	190	(828)
	<u>(103 713)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72 779</u>	<u>(30 934)</u>

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.12 Special Drawing Rights

a) *Gross Method of Presenting General Resources Account Position*

The Bank presents their positions in the GRA by reporting their quota subscriptions as assets in the balance sheet and including the Fund's holdings of the Emalangeni in the Securities Account, No. 1 Account, and the No.2 Account in the Liabilities to Non-Residents section of the balance sheet. Under this method of reporting, neither the member's reserve tranche position in the Fund nor its use of GRA credit is disclosed on the face of the Central Bank balance sheet, but both are disclosed in an explanatory footnote to the financial statements.

b) *Quota subscriptions*

Membership in the Fund is reflected as an asset equal to a member's quota. Quota is determined upon admission to membership and is increased periodically under General Quotas Reviews or ad hoc increases. The quota subscription and subsequent increases are paid in local currency (75 percent) and in reserve assets (25 percent), except for the 1978 increase which was paid entirely in local currencies. The quota is denominated in SDRs but is expressed in local currency on the books of the depository. The IMF No. 1 Account, the IMF No. 2 Account, and the IMF Securities Account are the property of the Fund, even though the Fund's holdings of a member's currency are maintained in the accounts of the depository. Initially the quota subscriptions are recorded at the local currency value based on historical cost. Whenever the Fund revalues its holdings of the member's currency to reflect current exchange rates, and at least once a year at the Fund's financial year-end (April 30), the member's subscription in the Fund should also be revalued at the same rate of exchange.

c) *Holdings and allocation of special drawing rights*

Special Drawing Rights (SDRs) which are the Central Bank of Eswatini's holdings of SDRs are recognised as an asset in the statement of financial position. The units are translated daily using a basket of 4 major currencies which are US dollar, Euro, British Pound, Japanese Yen, and Chinese Yuan. The equivalent value of SDR allocations by the IMF shows the Central Bank of Eswatini's total allocations of SDRs and is recognised as a liability in the statement of financial position. The Central Bank of Eswatini's holdings of SDRs and the equivalent value of SDRs are measured at amortised cost. The Special Drawing Rights were initially recorded by accounting for the Allocation of the Special Drawing Rights as a liability and a corresponding entry as the Holdings of Special Drawing Rights under external assets. As the Special Drawing Rights are utilized by the Government, the Holdings of Special Drawing rights are decreased. The Allocation of Special Drawing Rights accrues interest expense and the Holdings of Special Drawing Rights earn interest income. The interest rate is determined every Friday by the IMF and adjusted by the Bank accordingly.

1.13 Comparatives

Where necessary comparatives have been adjusted to conform with changes in presentation in the current year.

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.14 Non interest revenue

Type of service	Nature and timing of satisfaction of performance obligations	Revenue recognitions under IFRS 15
Compensation for rand in circulation	Compensation for rand in circulation comprise of income received from the South African Reserve Bank as a compensation paid to the Central Bank of Eswatini for allowing the use of the South African Rand circulation in the country. The receipt is received once a year and recognized overtime as Eswatini people are using the South African Rands in their day-to-day purchases and sale of commodities. The income is computed using a pre- agreed formular between the South African Reserve Bank and the Central Bank of Eswatini.	Revenue from rand compensation is recognised over time as the services are provided.
Recoveries and other income	Recoveries and other income comprise of staff canteen income received from employees who buy food from the Bank's canteen. Revenue is recognized as and when services are render to the employees.	Revenue from this is recognized at a point in time

Rental income- Income represents operating lease income and is accounted for under IFRS 16. Rental income is received from rental of the bank's houses to staff members.

1.15 Impairment of non-financial assets

The carrying amounts of the bank's assets excluding inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.16 Assets held for sale

Non current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

1.17 Summary of new standards amendments effective

There were no new standards and or interpretations that were effective in the current financial year that were adopted and had a material impact on the operations of the bank.

1.17.1 Summary of new standards amendments and interpretations not yet effective

The standards and amendments listed below will be effective in future reporting periods. It is expected that the Bank will adopt the pronouncements on their respective effective dates.

IFRS Accounting Standards, interpretations and amendments issued but not effective		
Number	Effective date	Executive summary
Amendment to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	Annual periods beginning on or after 1 January 2026 (Published July 2025)	These amendments clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled via electronic transfer. The requirement for assessing contractual cashflow characteristics if financial assets and the characteristics of non-recourse loans and contractually linked instruments. The amendment also introduces certain disclosure requirements for financial instruments. The bank will continue to derecognise its trade payable on the settlement date as the conditions to derecognise earlier than settlement date may not be met. .
Contracts Referencing Nature – dependent Electricity (Amendments to IFRS 9 and IFRS 7)	Annual periods beginning on or after 1 January 2026 (Published January 2026)	These amendments impact an entity that buy and sell non-financial items in the course of business. The standard is to help companies to avoid the unintended volatility in earnings. There is no impact to the bank.

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CENTRAL BANK OF ESWATINI
MATERIAL ACCOUNTING POLICIES
for the year ended 31 March 2026 (continued)
1.17 Summary of new standards amendments effective (continued)
1.17.1 Summary of new standards amendments and interpretations not yet effective (continued)

IFRS Accounting Standards, interpretations and amendments issued but not effective (continued)		
Number	Effective date	Executive summary
IFRS 18 Presentation and Disclosure in Financial Statements	Annual periods beginning on or after 1 January 2027 (Published November 2025)	The standard replaces IAS 1 Presentation of Financial Statements. The new standard introduces the following key new requirements: • Entities are required to classify all income and expenses into five categories in statement of comprehensive income namely the operating, investing and financing categories. Entities are also required to present a newly-defined operating profit subtotal. Entities net profit will not change. • Management defined performance measures (MPMs) are disclosed in a single note in the financial statements. • Enhanced guidance is provided on how to group information in the financial statements. In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cashflows under the indirect method. The bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the bank' statement of profit or loss, the statement of cash flows and the additional disclosures required for (MPMs).
Annual Improvements to IFRS Accounting Standards – Volume 11	Effective for annual reporting periods on or after 1 January 2026	In this volume of improvements, the IASB makes minor amendments to IFRS 9 Financial Instruments and to a further four accounting standards¹. The amendments to IFRS 9 address: • a conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers over the initial measurement of trade receivables; and • how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9. The amendments to IFRS 9 require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. They also clarify that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss. ¹ IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures; IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows. There is no impact to the bank.

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CENTRAL BANK OF ESWATINI

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2026 (continued)

1.17 Summary of new standards amendments effective (continued)

1.17.1 Summary of new standards amendments and interpretations not yet effective (continued)

IFRS Accounting Standards, interpretations and amendments issued but not effective (continued)		
Number	Effective date	Executive summary
IFRS 19 Subsidiaries without Public Accountability: Disclosures	Effective for annual reporting periods on or after 1 January 2027	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date: • it does not have public accountability; • its parent produces consolidated financial statements under IFRS Accounting Standards. A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted. There is no impact to the bank.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026

	2026 E'000	2025 E'000
2. PROFIT FOR THE YEAR		
Profit for the year has been arrived at after charging/(crediting) the following items:		
Auditors' remuneration		
Audit fees	<u>1921</u>	<u>1 651</u>
Directors' remuneration		
For services as directors	<u>1 710</u>	<u>1 771</u>
Depreciation:		
Buildings	7 672	9 083
Furniture and fittings	981	800
Office equipment	16 724	16 311
Motor vehicles	5 566	4 226
Household furniture	<u>316</u>	<u>267</u>
	<u>31 259</u>	<u>30 687</u>
Amortization:		
Computer software	<u>9 397</u>	<u>9 641</u>
Loss on sale of property, plant and equipment	<u>221</u>	<u>1 307</u>
Staff costs (note 7)	<u>303 972</u>	<u>282 840</u>
Repairs and maintenance on property, plant, and equipment	<u>24 710</u>	<u>18 582</u>
Property occupation expenses	<u>30 619</u>	<u>24 589</u>

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

	2026 E'000	2025 E'000
2. PROFIT FOR THE YEAR (continued)		
Other expenses		
Advertising	2 250	2 591
Audit fees	1 921	1 651
Director fees	1 710	1 771
General telephone	2 691	2 130
Contribution to International Organization	2 113	6 287
Other professional fees	8 490	10 015
Computer software license	21 305	40 114
Traveling expenses	15 673	13 938
Fund managers fees	9 633	9 694
Repairs and maintenance on property, plant and equipment	24 710	18 582
Insurance	8 999	1 343
Loss on sale of property, plant and equipment	221	1 307
Interest subsidy on staff loans	6 299	5 882
Staff welfare expenses	8 928	5 370
Security service contracts	2 279	3 564
Staff training expenses	4 112	8 273
Internet subscription	6 426	6 828
Other admin costs*	76 779	93 054
	<u>204 539</u>	<u>232 394</u>

* Other admin costs includes swift and Bloomberg expenses, entertainment, motor vehicle expenses.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

	2026 E'000	2025 E'000
3. CURRENCY EXPENSES		
Notes and coins issuing expenses (Refer to Note 18)	23 546	16 516
Rand repatriation expenses	4 925	5 183
	<u>28 471</u>	<u>21 699</u>
The currency expenses above include the costs to issue notes and coins into circulation and rand repatriation expenses.		
4. INTEREST INCOME		
Banks in South Africa	276 059	317 471
Income from Eswatini Government	219 174	207 145
Fund Managers	128 294	127 976
Overseas Investments	79 632	84 126
Local Investments	6 044	3 433
Local Advances and Staff Loans	3 486	3 037
SDR Holdings	31 979	44 176
	<u>744 668</u>	<u>787 364</u>
Comprising of:		
Interest accrued	126 572	103 942
Interest received	618 096	683 422
	<u>744 668</u>	<u>787 364</u>
5. INTEREST EXPENSE		
Interest expense on SDR Holding	82 683	106 682
Interest paid to the Government of Eswatini	134 822	145 760
Interest paid to banks	177 648	159 545
Interest paid to Capital Investment Fund	1	1
Other	17 794	7 698
	<u>412 948</u>	<u>419 686</u>
Comprising of:		
Interest accrued	12 153	6 956
Interest paid	400 795	412 730
	<u>412 948</u>	<u>419 686</u>
6. NON-INTEREST INCOME		
Compensation for Rands in circulation	310 740	352 306
Rental income	1 802	1 904
Profit of sale of property, plant and equipment	2 163	477
Other revenue*	11 096	12 386
	<u>325 801</u>	<u>367 073</u>
Impairment reversal- financial assets	7 266	72 778
	<u>333 067</u>	<u>439 851</u>

*Other revenue pertains to canteen income, sundry receipts as well as unutilised provisions.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

6. NON-INTEREST INCOME (continued)

On 4 March 2004, the Declaration of Legal Tender Notice, 2004 was legislated and deemed to have come into force on 19 September 2003. Under this declaration, South African Rand notes were declared legal tender in Eswatini. In terms of the Multilateral Monetary Agreement between the Government of Eswatini and the Government of Republic of South Africa. The Central Bank of Eswatini is compensated by the Government of Republic of South African for Rands in circulation in Eswatini on a calendar year basis with effect from 19 September 2003. Compensation of E310 739 604 (2025: E352 306 204) due for the period from 1 April 2025 to 31 March 2026 has been included in Non-Interest Income in the Statement of Comprehensive Income.

2026	2025
E'000	E'000

7. SALARIES AND EMPLOYEE BENEFITS

Wages and salaries	266 288	250 629
Termination benefits	9 021	9 280
Defined contribution plan contributions	23 450	21 165
Leave pay provision movement	2 263	1 153
Staff uniform expenses	2 950	613
	<u>303 972</u>	<u>282 840</u>

8. REVALUATION LOSSES ON FOREIGN EXCHANGE ACTIVITIES

Foreign exchange losses on translation of foreign currency balances	<u>(307 451)</u>	<u>(16 152)</u>
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In terms of Section 35(1) of the Central Bank of Eswatini Order of 1974, revaluation of foreign exchange transactions are to be transferred to the Revaluation Reserve.

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CENTRAL BANK OF ESATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

9. PROPERTY, PLANT AND EQUIPMENT

	2026 E'000			2025 E'000		
	Cost/ revalued cost	Accumulated depreciation	Carrying value	Cost/ revalued cost	Accumulated depreciation	Carrying value
Buildings	256 931	(63 928)	193 003	346 155	(135 193)	210 962
Land	102 226	-	102 226	136 674	-	136 674
Furniture and fittings	27 696	(19 519)	8 177	24 917	(19 575)	5 342
Office equipment	236 864	(178 199)	58 665	218 178	(162 533)	55 645
Motor vehicles	46 762	(26 929)	19 833	36 134	(24 783)	11 351
Household furniture	4 055	(2 516)	1 539	4 036	(2 292)	1 744
Work in progress	490 877	-	490 877	78 806	-	78 806
Total	1 165 411	(291 091)	874 320	844 900	(344 376)	500 524

31 March 2026 E'000

	Carrying value at beginning of year	Revaluation loss	Transfer**	Transfer to non- current assets held for sale	Additions	Disposals	Depreciation	Carrying value at end of year
Buildings	210 962	(20 870)	21 008	(83 984)	73 559	-	(7 672)	193 003
Land	136 674	(25 223)	-	(9 224)	-	-	-	102 226
Furniture and fittings	5 342	-	-	-	4 045	(229)	(981)	8 177
Office equipment	55 645	-	1 653	-	18 134	(44)	(16 724)	58 665
Motor vehicles	11 351	-	-	-	14 048	-	(5 566)	19 833
Household furniture	1 744	-	64	-	48	(1)	(316)	1 539
Work in progress	78 806	-	(21 072)	-	433 143	-	-	490 877
Total	500 524	(46 093)	1 653	(93 208)	542 977	(274)	(31 259)	874 320

**A transfer of E1.653 million has been done between Office equipment and Computer software in relation to assets which were capitalised in computer software (refer to note 10) instead of office equipment.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

9. PROPERTY, PLANT AND EQUIPMENT (continued)

31 March 2025 E'000

	Carrying value at beginning of year	Revaluation gain	Transfer to non- current assets held for sale	Additions	Disposals	Depreciation	Carrying value at end of year
Buildings	193 657	-	(141)	26 529	-	(9 083)	210 962
Land	140 040	-	(3 366)	-	-	-	136 674
Furniture and fittings	3 612	-	2	2 528	-	(800)	5 342
Office equipment	61 742	-	-	10 465	(251)	(16 311)	55 645
Motor vehicles	10 614	-	-	4 963	-	(4 226)	11 351
Household furniture	1 060	-	(2)	953	-	(267)	1 744
Work in progress	2 752	-	3 507	73 813	(1 266)	-	78 806
Total	413 477	-	-	119 251	(1 517)	(30 687)	500 524

The land and buildings would have a carrying amount of E320 744 (2025: E359 358) if these were recognised at cost model.

	2026 E'000	2025 E'000
A Reconciliation of the Capital work in progress costs as at 31 March 2026 are summarized as follows:		
Opening balance	78 806	2 752
Additional costs of actual work done	433 143	73 813
Write-off (disposal)	-	(1 266)
Reclassification from/(to) other property, plant and equipment to work in progress	(21 072)	3 507
Net carrying amount	490 877	78 806

The work in progress relates to reconstruction of Ezulwini complex.
Included in property, plant and equipment are assets with zero net book values which are still being used by the Bank.
Summarized details of these assets are as follows:

Cost	161 700	141 742
Accumulated depreciation	(161 700)	(141 742)
	-	-

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Registers containing details of land and buildings are available for inspection by members at the registered offices of the Bank. The land and buildings was valued as at 31 March 2026 by The Built Environment Group (Pty) Ltd who is an independent external and qualified property valuer using the discounted cashflows method. This will be revalued after 3 years from the last revaluation date. The fair value measurement for all land and buildings has been categorized at a level 3 fair value based on the inputs to the valuation technique used. The loss on the revaluation was debited to a building's revaluation reserve. The movement in the building's revaluation surplus is as follows:

	2026 E'000	2025 E'000
Revaluation reserve on land and buildings		
Opening balance	154 423	157 575
Current year revaluation loss	(46 093)	-
Transfer of depreciation on revaluation surplus to appropriation account	(2 168)	(3 152)
	<u>106 162</u>	<u>154 423</u>

Measurement of fair values

The following table shows the valuation technique used in measuring the fair value of land and buildings, as well as the significant unobservable inputs used:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income method/discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the land and buildings taking into account expected rental growth rates, void periods occupancy rate, lease incentive costs such as rent-free periods, and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of the building and its location (prime vs secondary), tenant credit quality and lease terms.	- Capitalization rate of 12% - Revenue projections of approximately E3 million - Immediate capital expenditure	The estimated fair value would increase/(decrease) if: Capitalization rate was higher /(lower);

Sensitivity analysis

31 March 2026

	Revaluation loss E'000	Effect of +1% E'000	Effect of -1% E'000
Capitalisation rate	46 093	46 554	45 632

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

10. INTANGIBLE ASSETS

	2026 E'000			2025 E'000		
	Cost/ revalued cost	Accumulated Amortisation	Carrying value	Cost/ revalued cost	Accumulated Amortisation	Carrying value
Computer software	173 031	(144 603)	28 428	171 360	(135 206)	36 154
Work in progress*	45 055	-	45 055	37 143	-	37 143
Total	218 086	(144 603)	73 483	208 503	(135 206)	73 297

The significant portion of computer software relates to SAP software with a carrying amount of E11 million (2025: E18 million). The remaining amortisation period is 3 years.

The carrying amounts of intangible assets can be reconciled as follows:

31 March 2026

	Carrying value at beginning of year	Transfers**	Additions	Disposal	Amortisation	Carrying value at end of year
Computer software	36 154	(1 654)	3 325	-	(9 397)	28 428
Work in progress*	37 143	-	7 912	-	-	45 055
Total	73 297	(1 654)	11 237	-	(9 397)	73 483

31 March 2025

	Carrying value at beginning of year	Transfers	Additions	Disposal	Amortization	Carrying value at end of year
Computer software	45 304	-	491	-	(9 641)	36 154
Work in progress*	33 645	-	3 498	-	-	37 143
Total	78 949	-	3 989	-	(9 641)	73 297

* Work in progress represents capitalised development costs and other intangible assets that are not yet available for use.

**A transfer of E1.653 million has been done between Office Equipment and Computer software in relation to assets which were capitalised in computer software instead of office equipment.

Included in the entity's intangibles are assets with zero net book value which are still being used by the bank.

Summarized details of these assets are as follows:

	2026 E'000	2025 E'000
Cost	74 271	63 236
Accumulated	(74 271)	(63 236)
Net carrying amount	-	-

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)

	2026 E'000	2025 E'000
11. EXTERNAL INVESTMENTS		
Assets held at amortized cost		
Investments in term deposits	1 665 168	960 502
Investment in securities	929 612	1 203 166
Less: Allowance for credit losses	<u>(2 368)</u>	<u>(828)</u>
Total held at amortized cost	<u>2 592 412</u>	<u>2 162 840</u>
Assets held at Fair value through Other comprehensive income		
Investments with external fund managers	4 025 567	4 185 578
Equity investment in clearing house	693	693
Investment in Gold Holdings	<u>192 624</u>	<u>-</u>
	<u>4 218 884</u>	<u>4 186 271</u>
Assets held at Fair value through profit or loss		
Equity Linked Note	<u>1 139 710</u>	<u>1 040 394</u>
Total held at fair value through profit or loss	<u>1 139 710</u>	<u>1 040 394</u>
Total external investments	<u>7 951 006</u>	<u>7 389 505</u>

The Bank as the investor entered into a 5-year equity linked note (ELN) investment with Standard Bank South Africa in October 2024 to match returns on a liability contracted under a private placement. The ELN investment provides a fixed annual coupon return of 2.00% and a variable return based on the performance of the underlying equity index and the movement of the dollar-rand (USD-ZAR) exchange rate. The equity linked return is payable once at maturity based on the final fixings of the MSCI World Index and the USD-ZAR exchange rate relative to the initial fixings on the start date of the transaction.

The ELN is classified and measured at Fair Value Through Profit and Loss (FVTPL). The fair value of the investment asset held with Standard Bank South Africa is determined using the month-end valuation statement provided by the bank, which includes the clean market value.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

	2026 E'000	2025 E'000
11. EXTERNAL INVESTMENTS (continued)		
Maturity analysis:		
On demand	715 892	412 293
Within 1 month	282 965	208 224
From 2 months to 1 year	1 025 372	950 305
Over 1 year	5 929 145	5 819 511
	<u>7 953 374</u>	<u>7 390 333</u>

The maturity analysis is based on the remaining period from year-end to contractual maturity. The amounts disclosed in the analysis above are the contractual undiscounted cash flows.

Currency analysis:		
ZAR	1 262 126	1 041 326
USD	5 246 472	4 877 014
EUR	298 571	303 656
JPN	97 272	123 596
GBP	211 447	213 803
CNH	837 486	830 938
	<u>7 953 374</u>	<u>7 390 333</u>

Credit risk management is based on the policies by the Bank's investment committee, in terms of which counterparty limits and security arrangements are set. According to the policies investment funds may only be placed with institutions accredited with ratings of a least B by the Moody, Fitch, and Standard and Poor's ratings. The change in fair value of investments due to changes in credit quality or spreads is not material and therefore has not been disclosed separately.

12. CLAIMS ON PRIVATE SECTOR

Swaziland Building Society	<u>2 082</u>	<u>2 082</u>
Total claims on private sector	<u>2 082</u>	<u>2 082</u>

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)

	2026 E'000	2025 E'000
13. IMF QUOTA SUBSCRIPTION ACCOUNT		
Opening balance	1 919 315	1 967 419
Revaluation loss	(108 473)	(48 104)
	<u>1 810 842</u>	<u>1 919 315</u>

The subscription account reflects the initial and subscription quota payment made by the Eswatini Government as a member in the International Monetary Fund. The quota is allocated based on the country's relative economic size and determines the member's relative voting power, access to financing and share in SDR allocations. It is initially recorded at the local currency rate based on historical cost. Whenever the Fund revalues its holdings of the member's currency to reflect the current exchange rate, the member's subscription in the IMF is also revalued at the same exchange rate. The Eswatini Government quota is SDR 78 500 000,00 (2025: SDR 78 500 000) converted at the SDR rate of 23.0681 (2025: 24.4499) at year end. This quota subscription has been 100% used as a collateral in the event government defaults in the settlement of the loan it acquired. Refer to directors' report section for more details over the loan.

14. HOLDINGS OF SPECIAL DRAWING RIGHTS

Opening balance	130 050	310 892
Interest charge	(86 288)	(14 533)
Revaluation loss	(5 572)	(166 309)
	<u>38 190</u>	<u>130 050</u>

The holdings of special drawing rights (SDR's) are an interest-bearing international asset created by the IMF to supplement existing reserve assets. The interest rate is 2.84% (2025: 3.624%). Allocations of SDRs were initially made to all members of the IMF who are participants of the SDR department. Holders of SDR's are allowed to use SDR's with other participants, prescribed holders, and the IMF. SDR allocations are subject to charges while SDR holdings earn interest.

15. LOANS AND ADVANCES

Staff personal loans	73 356	64 672
Staff study loans	6 460	5 333
Ex staff loans	611	844
Other staff loans	5	5
Overnight loan	10 000	46 000
	<u>90 432</u>	<u>116 854</u>

The repayment for staff loans is between 1 years and 25 years. Interest on loans is charged at an average of 6% and overnight loans is approximately 9%.

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)

	2026 E'000	2025 E'000
16. AMOUNTS DUE FROM GOVERNMENT OF ESWATINI		
Treasury Bills and Bonds	642 902	626 178
Advances to the Eswatini Government	2 346 795	2 993 907
Opening balance	2 993 907	2 121 734
Advance	8 051 751	9 003 126
Repayments	(8 722 283)	(8 151 485)
Interest accrued	23 420	20 532
Less: Allowance for credit losses	(21 299)	(30 106)
	<u>2 968 398</u>	<u>3 589 979</u>
Maturity analysis (Gross amounts): *		
From 1 month to 6 months	2 382 435	3 024 476
From 6 months to 12 months	604 154	-
Over 12 months	3 108	595 609
	<u>2 989 697</u>	<u>3 620 085</u>

*Maturity analysis excludes the allowances for credit losses. The maturity analysis is based on the remaining period from year-end to contractual maturity. The amounts disclosed in the analysis above are the contractual undiscounted cash flows.

17. OTHER ASSETS

Compensation for Rands in circulation	80 538	91 950
Uncleared effects	135 140	566 433
Prepayments	357 643	6 838
Sundry debtors	9 906	9 607
	<u>583 227</u>	<u>674 828</u>

Compensation for Rands circulating in Eswatini is due from the Government of the Republic of South Africa. This amount represents outstanding payments from the Government of the Republic of South Africa for the period from January to March 2026 and will be settled within one year. (refer to note 6 on page 38). Uncleared effects relate to items in course of collection between local and foreign banks and to the expatriation of notes and coins with South Africa.

Prepayments relate to money paid in advance to suppliers. Prepayments are made as the construction project for Ezulwini Complex as detailed in note 9 progresses.

Sundry debtors are miscellaneous debtors.

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)

	2026 E'000	2025 E'000
18. CURRENCY INVENTORY – NOTES AND COINS		
Opening stock	155 901	117 581
Purchases – current year	33 906	55 211
Currency issued during the year	(20 344)	(16 737)
Obsolete stock	(116)	(154)
	<u>169 347</u>	<u>155 901</u>

The currency inventory is issued into circulation using the FIFO method.

The obsolete stock relates to notes with the old design.

19. CASH AND CASH EQUIVALENTS

Notes and coins	2 806 628	192 826
Balances with banks	<u>307 420</u>	<u>2 438 698</u>
Total cash and cash equivalents	<u>3 114 048</u>	<u>2 631 524</u>

Balances with banks, notes and coins consist of the following currencies:

	2026 E'000	Spot Rate @ 31 March 2026	2025 E'000	Spot Rate @ 31 March 2025
Euro	38 392	19.5984	91 934	19.8858
US Dollar	321 396	17.00335	54 654	18.4053
Rand/Emalangen	2 711 519	1	2 437 829	1
Japanese Yen	2 870	99.361	9 305	8.1376
British Pound	35 134	22.5327	31 909	23.7935
Swiss Franc	394	21.25835	4 171	20.83095
Botswana Pula	2 256	1.19315	38	1.3409
Chinese Yuan	1 775	2.4664	1 556	2.5369
Australian Dollar	111	11.6944	26	11.4657
Danish Krone	201	2.6246	102	2.6654
	<u>3 114 048</u>		<u>2 631 524</u>	

	2026 E'000	2025 E'000
20. CAPITAL CONTRIBUTION		
Capital Contribution	<u>185 768</u>	<u>185 768</u>

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)

	2026 E'000	2025 E'000
21. REVALUATION RESERVE		
Opening Balance	486 339	624 076
Revaluation of foreign currency activities in terms of sections 35 (1) of the order	(307 451)	(16 153)
Transfer to Government of Eswatini consolidation account in terms of section 35 (4) of the Order	(35 781)	(121 584)
	<u>143 107</u>	<u>486 339</u>

As per the Central Bank Order Section 35 (1) gains arising from any change in the valuation of the Bank's assets or liabilities in or denominated in, gold, special drawing rights of foreign currencies as a result of any change in the values, parities or exchange rates of gold, special drawing rights or foreign currencies in terms of Emalangeni shall be credited to a revaluation reserve account. The revaluation loss for the year amounted to E 307 million (2025: E16 million). To the extent that an exchange loss does not create a negative revaluation reserve balance, any excess loss shall be transferred to general reserves as provided under section 8 (2) of the order.

22. BUILDING FUND RESERVE

Building reserve fund	<u>50 000</u>	<u>50 000</u>
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This reserve was created in the financial year 2008/2009 to provide for the construction of the Bank's Disaster Recovery Building and a centralized cash center in Matsapha. The Disaster Recovery Building is expected to host the Bank's disaster recovery equipment as well as have adequate space to accommodate the Bank's employees in the event of a disaster situation.

23. CONTINGENCY RESERVE FUND

Contingency reserve fund	<u>73 817</u>	<u>73 817</u>
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This reserve was created in the financial year 2008/2009 to strengthen the capital base of the Bank and to provide for future unbudgeted costs.

24. GENERAL RESERVE

Opening balance	885 794	833 586
Transfer to general reserve (section 8 (1))	10 752	52 208
	<u>896 546</u>	<u>885 794</u>

As per section 8 (1) of the Central Bank Order, 1974, as amended, up to 25% of net profit of the bank shall be transferred to the general reserve at the end of each financial year. To the extent that an exchange loss does not create a negative revaluation reserve balance, any excess loss shall be transferred to general reserves as provided under section 8 (2) of the order.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

	2026 E'000	2025 E'000
25. SDR/IMF UNDERWRITING RESERVE		
Opening balance	66 868	66 868
Transfer to SDR/IMF underwriting reserve	-	-
Closing balance	<u>66 868</u>	<u>66 868</u>

As at 1 April 2023 the Bank held a negative position in Special Drawing Rights Holdings amounting to E51.795 Million. In accordance with the guidance from IMF the Bank is a fiscal agent and responsible for carrying out all operations and transactions with the Fund on behalf of the member, that is the Government. The Government through the Bank is ultimately responsible for the Holdings in Special Rights as the member of IMF.

26. CURRENCY IN CIRCULATION

Notes	1 442 924	1 374 322
Coins	122 900	114 085
Teller	<u>(5 172)</u>	<u>(6 251)</u>
Total currency in circulation	<u>1 560 652</u>	<u>1 482 156</u>

The liability for notes and coins issued is the net liability after offsetting notes and coins held by the Bank as cash on hand as this does not represent currency in circulation.

27. ALLOCATION OF SPECIAL DRAWING RIGHTS

123 523 389 Special Drawing Rights translated at 23.0681
(2025: 24.4499)

	2 849 444	3 020 132
Total	<u>2 849 444</u>	<u>3 020 132</u>
Opening balance	3 020 132	3 114 726
Accrued interest	12 436	15 345
Revaluation gain	<u>(183 124)</u>	<u>(109 939)</u>
	<u>2 849 444</u>	<u>3 020 132</u>

Upon joining the International Monetary Fund (IMF), Eswatini was allocated a special drawing right of 6,432,000 units. The Central Bank of Eswatini administers the Special Drawing Rights on behalf of Government and accounts for the allocation in the financial records of the Bank. The units are translated daily using a basket of 4 major currencies which are US dollar, Euro, British Pound, Japanese Yen, and Chinese Yuan. Over the years, the Central Bank received an additional allocation of 117 091 389 units from the International Monetary Fund (IMF).

The Special Drawing Rights were initially recorded by accounting for the Allocation of the Special Drawing Rights as a liability and a corresponding entry as the Holdings of Special Drawing Rights under external assets. As the Special Drawing Rights are utilized by the Government, the Holdings of Special Drawing rights are decreased.

The Allocation of Special Drawing Rights accrues interest expense at an average rate of 2.84% (2025:3.624%) and the Holdings of Special Drawing Rights earn interest income of 2.84% (2025:3.624%). The interest rate is determined every Friday by the IMF and adjusted by the Bank accordingly.

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)

	2026 E'000	2025 E'000
28. DOMESTIC DEPOSITS		
Interest bearing deposits Government of Eswatini	3 046 406	3 725 659
Capital Investment Fund	1 273	1 188
Banks in Eswatini	4 399 629	1 989 962
Funds administered by the Bank	20 325	4 731
Other*	87 561	53 172
Total	<u>7 555 194</u>	<u>5 774 712</u>

* Amounts held on behalf of entities which are in the process of being liquidated.

Domestic deposits balances include the following balances in foreign currencies:

	2026 E'000	Spot Rate @ 31 March 2026	2025 E'000	Spot Rate @ 31 March 2025
ZAR/SZL	7 398 204	1	5 646 221	1
Euro	8	19.5984	8	18.8858
US Dollar	156 982	17.0034	128 483	18.4053
	<u>7 555 194</u>		<u>5 774 712</u>	

	2026 E'000	2025 E'000
29. FOREIGN DEPOSITS AND LIABILITIES		
Eswatini Government Debt service	22 610	25 225
Eswatini Government IFAD account	7 774	41
Eswatini Government ADB Grant account-NERCHA and HIV and TB projects	1 447	1 567
International Bank of Reconstruction and Development	2	2
Eswatini Government Road construction projects	1 532	4 710
Eswatini Government Pig Industry Enhancement	-	433
Other*	1 312 966	1 296 303
	<u>1 346 331</u>	<u>1 328 281</u>

*Other Eswatini government projects and foreign bank accounts.

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)

	2026 E'000	2025 E'000
30. OTHER LIABILITIES		
Financial liabilities		
Disbursements	89 180	615 834
Uncleared effects	-	1 915
	<u>89 180</u>	<u>617 749</u>
Maturity analysis:		
From 1 month to 12 months	<u>89 180</u>	<u>617 749</u>
	<u>89 180</u>	<u>617 749</u>

The maturity analysis is based on the remaining period from year end to contractual maturity. The amounts disclosed in the analysis above are the contractual undiscounted cash flows.

31. PROVISIONS

	Provision for Gratuity E'000	Provision Other E'000	Provision for staff terminal benefits E'000	Total E'000
As at 31 March 2025	1 043	5 137	5 138	11 318
Additional provision for the year	921	637	25 773	27 331
Used/adjustment during the year	(1 584)	(116)	(28 452)	(30 152)
As at 31 March 2026	<u>380</u>	<u>5 658</u>	<u>2 459</u>	<u>8 497</u>
As at 31 March 2024	665	4 683	10 021	15 369
Additional provision for the year	735	-	41 819	42 554
Used/adjustment during the year	(357)	454	(46 702)	(46 605)
As at 31 March 2025	<u>1 043</u>	<u>5 137</u>	<u>5 138</u>	<u>11 318</u>
			2026 E'000	2025 E'000
Analysis of total provisions:				
Non-current			2 840	6 181
Current			<u>5 657</u>	<u>5 137</u>
			<u>8 497</u>	<u>11 318</u>

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

31. PROVISIONS (continued)

Provision other

This relates to provisions for loans and advances as well as currency inventory provision. The loans and advances provision relates to 1% of the 6% interest charged on the personal loans taken by employees of the Bank. This provision is to cover the loan amount should the employee terminate their employment when their terminal benefits are lower than the loan balance. The currency inventory provision relates to banknotes that were provided for as they were slow moving inventory due to lower demand from the public. The banknotes are still in circulation and as they are monetized, they are charged against the provision account.

Gratuity provision

This provision is made for payments in accordance with the contract basis renewable every three years. The provision is calculated at the rate of 25% of the value of total annual remuneration package of the contractor as at terminal date multiplied by the number of completed year of service. The cash flow is expected to occur in the financial year when the contract term is not renewed on expiry.

Terminal benefits

This is a provision made for employees who will be terminating their services with the bank in the near future. The provision is based on the eligibility of each employee based on each employee contracts. The cash flow is expected to occur in the financial year when the contract term is not renewed on expiry. The terminal provision is based on period of service, the basic pay and ex gratia. The ex gratia is one month's pay + 4 days' pay multiplied by number of years worked less one year plus 10 days' pay multiplied by number of years worked less one year plus 6 months.

32. AMOUNTS PAYABLE TO THE CONSOLIDATED FUND

	2026 E'000	2025 E'000
Opening balance	278 208	347 076
Transfer to the Government of Eswatini current account	(278 208)	(347 076)
Transfer to the Consolidated Fund in terms of Section 35 (4) of the Order	35 781	121 584
Transfer to the Consolidated Fund as provided under Section 8 (3) of the Order	32 258	156 624
	<u>68 039</u>	<u>278 208</u>

Amounts relate to transfers made in terms of Section 8(3) and Section 35(4) of the Order which require that the balance remaining in the appropriation account and 20% of the amount remaining in the revaluation reserve shall be paid to the consolidated Fund respectively at the end of each financial period.

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)
33. IMF SECURITIES ACCOUNT

	2026 E'000	2025 E'000
IMF Securities Account		
Opening balance	1 759 046	1 803 135
Revaluation loss	<u>(99 412)</u>	<u>(44 089)</u>
	<u>1 659 634</u>	<u>1 759 046</u>

The IMF securities account represents accumulated revaluation gains on the IMF quota subscription account on the initial and quota payments made by the Eswatini Government. Settlement of the currency valuation payable to the Fund must be affected promptly after each April 30 or at the initiative of the IMF. Included in this balance is the reserve tranche position which is the difference between the IMF quota and the Fund's holdings of a member's currency. The IMF securities account was converted at the SDR rate of 23.0681 at year end (2025: 24.4499).

General resources account		
IMF Quota Subscription (refer to Note 13)	1 810 842	1 919 315
Currency Holdings	(1 659 477)	(1 764 240)
IMF securities account No.2	<u>(156)</u>	<u>(168)</u>
Reserve Tranche position	<u>151 209</u>	<u>154 907</u>

The reserve tranche equals the Fund's holdings of the Bank's currency (excluding holdings which reflect the member's use of Fund credit) that is less than the member's quota. The reserve tranche is a part of the member's external reserves and may be purchased at any time.

34. FINANCIAL LIABILITIES THROUGH PROFIT AND LOSS

Financial liabilities		
Equity Linked Note	<u>1 137 340</u>	<u>1 037 244</u>
	<u>1 137 340</u>	<u>1 037 244</u>
Maturity analysis:		
From 1 month to 12 months	-	-
From 13 months to 5 years	<u>1 137 340</u>	<u>1 037 244</u>
	<u>1 137 340</u>	<u>1 037 244</u>

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

34. FINANCIAL LIABILITIES THROUGH PROFIT AND LOSS (continued)

Equity linked note

During March 2025 period the bank issued an equity linked note to the Public Service Pensions Fund (PSPF) for E1billion. The liability is repayable at maturity and offers a return linked to the MSCI world index, as quoted on Bloomberg.

The liability is designated at fair value through profit or loss and incorporates an embedded derivative that is not separated due to the FTPL designation. Fair value was placed on the liability using the Income Approach.

The liability is measured using level 2 inputs which include the following:

- The MSCI world index level and expected volatility
- The US\$/ZAR forward curve has been used for projecting the future US\$/ZAR exchange movements.
- The US\$/ZAR forward curve up to 5 years has been used. The forward points beyond 5 years have been extrapolated linearly.

Undrawn liquidity facility commitment

As part of the equity linked note issued on 1 October 2024, the Bank has committed to provide a short term liquidity facility of up to E800million to PSPF. The facility was undrawn as at 31 March 2026.

The facility operates on a repo basis, with collateral provided by PSPF. The key terms of the collateral arrangement are as follows:

Collateral Type	Government bonds and Treasury bills
Collateral Eligibility	Subject to Central Bank of Eswatini acceptance
Haircut	10% minimum
Collateral Coverage	At least 110% of cash advanced

Given the over-collateralised nature of the arrangement and the high credit quality of the securities, the bank has determined that the facility has low credit risk and therefore no ECL has been recognised on the undrawn commitment

The change in fair value attributable to credit risk during the year is estimated at E 99.3160m, with a cumulative change of E 99.3160m.

The carrying amount of the financial liability as at 31 March 2026 is E1 137 340 (2025: E1 037 244, while the contractually required amount payable at maturity is E1 Billion (2025: E1 Billion), resulting in a difference of E137m (2025: E37.244m.) which represents the cumulative fair value adjustment recognised on the liability.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

35. GOVERNMENT GUARANTEE SCHEMES

35.1 SMALL SCALE ENTERPRISE LOAN GUARANTEE SCHEME

	2026 E'000	2025 E'000
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Government of Eswatini has financial guarantee under this scheme, limited to five times the balance of the Special Fund maintained under Section 41 (bis) of the Act, as amended.

Guarantees outstanding	<u>93 703</u>	<u>87 076</u>
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The Government of Eswatini has a financial guarantee that is dependent on the event the enterprise whose liability is covered under the scheme defaults to the lenders, that is, the local commercial banks and Non-Bank Financial Institutions (NBFIs). The Bank acts solely as administrator of the scheme. The guarantees are issued by the Government of Eswatini and do not constitute obligations of the Bank.

Balance of funds

Capital	34 000	32 400
Deficit	<u>(4 236)</u>	<u>(1 834)</u>
	<u>29 764</u>	<u>30 566</u>

The Bank has also disclosed above the net asset position of the scheme. The capital contribution was made by the Ministry of Finance at the inception of the scheme and the loss has been incurred in the normal operations of the fund as dictated by the Order.

35.2 EXPORT CREDIT GUARANTEE SCHEME

The Government of Eswatini has a financial guarantee under this scheme, limited to five times the cash balance available to the Fund in the books of the bank and that no single exporter may be guaranteed for an amount in excess of E2.97 million.

Guarantees outstanding	<u>-</u>	<u>-</u>
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The Government of Eswatini financial guarantee is dependent on the event the enterprise whose liability is covered under the scheme defaults to the lenders, that is, the local commercial banks. There were no guarantees outstanding as at 31 March 2026.

Balance of funds

Capital	1 100	1 100
Profit	<u>315</u>	<u>329</u>
	<u>1 415</u>	<u>1 429</u>

The Bank has also disclosed above the net asset position of the scheme. The capital contribution was made by the Ministry of Finance at the inception of the scheme and the profit or loss has been incurred in the normal operations of the fund as dictated by the Order.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

36. RELATED PARTY DISCLOSURES

The related party disclosure is required in terms of IAS 24, Related Parties Disclosures. The related party transactions are not at arm's length.

The following transactions were carried out with related parties;

36.1 Transactions with the Eswatini Government

The Bank is wholly owned and controlled by the Eswatini Government, which own 100% of its capital contribution.

36.1.1 Eswatini Government schemes

	2026 E'000		2025 E'000	
	Interest paid	Deposit balance	Interest paid	Deposit balance
Small Scale Enterprise Loan Guarantee Scheme	1 345	17 817	1 063	18 695
Export Credit Guarantee Scheme	315	2 508	324	5 594
Government of Eswatini deposits (Note 5 and 28)	134 822	3 046 406	145 761	3 725 659
Capital Investment Fund (Note 5 and 28)	1	1 273	1	1 188
	136 483	3 068 004	147 149	3 751 136

The above Schemes are administered by the Bank on behalf of the Government of Eswatini. Funds are deposited with the Bank and interest is paid on these balances. The Government of Eswatini deposits are government funds held by the Central Bank as a Government bank.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

36. RELATED PARTY DISCLOSURES (continued)

36.1 Transactions with the Eswatini Government (continued)

36.1.2 Eswatini Government

	2026 E'000	2025 E'000
i) Amounts payable to the consolidated fund (refer to note 32)	<u>68 039</u>	<u>278 208</u>
The amount is payable to the government's current account in accordance with section 35(4) and section 8 (3) of the Order.		
ii) Amounts due from the Eswatini Government (refer to note 16)	2 989 697	3 620 085
- Treasury bills and bonds purchased by the Bank from the Eswatini Government	<u>642 902</u>	626 178
- Advances to the Eswatini Government	<u>2 346 795</u>	<u>2 993 907</u>
iii) Eswatini Government domestic deposits held with the Bank (refer to note 28).	<u>(3 046 406)</u>	<u>(3 725 659)</u>
iv) Eswatini Government foreign deposits held with the bank (refer to note 29)	<u>(1 346 331)</u>	<u>(1 328 281)</u>
This balance comprises of Government Bank accounts held with the Bank earning interest and variable rates.		
Equity Linked Note (refer to note 34)	<u>1 137 340</u>	1 037 244
Equity Linked Note interest accrued (refer to note 34)	<u>7 110</u>	<u>6 329</u>
Equity Linked Note fair value gain (refer to note 34)	<u>130 231</u>	<u>30 915</u>
Eswatini Bank overnight loan	<u>-</u>	<u>46 000</u>
Eswatini Bank domestic deposit	<u>249 695</u>	<u>174 269</u>

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

36. RELATED PARTY DISCLOSURES (continued)

36.1 Transactions with the Eswatini Government (continued)

36.1.3 Interest income (refer to note 4)

	2026 E'000	2025 E'000
Income from Eswatini Government of Eswatini	<u>219 174</u>	<u>207 145</u>

This is interest earned on amounts due from Government of Eswatini.

36.1.4 Interest expenses (refer to note 5)

Interest paid to the Government of Eswatini	<u>134 822</u>	<u>145 760</u>
Interest expense- equity linked note	<u>15 000</u>	<u>6 329</u>

36.1.5 Expected Credit Losses (refer to note 16.)

	<u>21 299</u>	<u>30 106</u>
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36.2 Key Management compensation

Key management are those charged with planning, directing, and controlling the activities of the Bank, directly or indirectly. Transactions with key management personnel include salaries, gratuities, and director's fees. Compensation paid to key management is shown below:

	2026 E'000	2025 E'000
Board and related fees (refer to note 2)	<u>1 710</u>	<u>1 771</u>
Remuneration -total cost to the bank	<u>34 661</u>	<u>32 419</u>
The remuneration to management is in accordance with the employer contracts with the management.		
Loans and advances	<u>2 953</u>	<u>3 006</u>
The loans and advances are made to key management in accordance with the Bank's human resource policy. Loans are charged an interest rate averaging 5% per annum and are repayable in 1-5 years.		
Gratuity provision (refer to note 31)	<u>380</u>	<u>1 043</u>
This provision is made for payments in accordance with the contract basis renewable every three years. The provision is calculated at the rate of 25% of the value of total annual remuneration package.		

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

37. EMPLOYEE RETIREMENT BENEFITS OBLIGATION

	2026 E'000	2025 E'000
Employee contributions to defined contribution plan (refer to note 7)	<u>23 450</u>	<u>21 165</u>

The Bank makes contributions to a defined contribution plan that provides pension benefits for permanent employees upon retirement.

38. TAXATION

In terms of Section 56 of the Order the Bank is exempt from taxation in respect of its profits and operations.

39. CAPITAL COMMITMENTS

Contracted	93 093	-
Not contracted	<u>30 000</u>	<u>95 596</u>
	<u>123 093</u>	<u>95 596</u>

Significant investments in capital projects include renovations and new developments at the Ezulwini Complex, the replacement of decommissioned motor vehicles in the Bank's fleet, office machines (including laptops for graduate trainees), the SWIPPS migration system, payments switch system, office furniture, staff canteen equipment, a coin processing machine, and a forklift. As of 31st March 2026, the total cost incurred towards capital projects amounted to E 607.176 million (2025: E292.488 million).

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Bank's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow), interest rate risk, credit risk and liquidity risk.

The Bank's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Bank.

Risk Management at the Central Bank of Eswatini, forms an integral part of reserves management within the governance structures of the Bank starting from the level of the Board. Risk management is carried out under policies approved by the Board of Directors of the Bank. The Board defines the investment guidelines and the Bank's strategic asset allocation. The Investment committee formulates the investment mandate and monitors compliance with the Investment guidelines. The Board provides written principles for overall risk management, as well as for specific areas such as foreign exchange risk and interest rate risk, credit risk, use of derivative financial instruments, and investing excess liquidity. The types of risk that the foreign currency reserves are exposed to, and the Bank's risk management approaches, are stated below.

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CENTRAL BANK OF ESWATINI**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**40.1 Market risk**

Market price risk is the risk of loss resulting from changes in market conditions and prices. The Bank follows a passive investment strategy, whereby the Bank tracks a customized benchmark. The Bank's instruments are marking to market and thus the portfolio reflects market value at the time of reporting.

40.1.1 Interest rate risks

Interest rate risk refers to the risk of loss arising from adverse changes in interest rates. The Bank's investment portfolios are managed following the risk management parameters, governance, and control frameworks as approved in the Bank's Investment Policy and Guidelines as well as Strategic Asset Allocation.

A key source of interest rate risk exposure for the Bank relates to the sensitivity of the value of its investment assets to interest rate changes. The Bank mitigates this interest rate risk exposure on a portion of the investment portfolio through allocation to a hold-to-maturity strategy. Risk management preferences in the investment assets are expressed through an externally compiled benchmark, against which the investment portfolios are measured and managed. The interest rate risk of the Bank's investment portfolios is calculated and managed using modified duration which quantifies the sensitivity of the value of an investment portfolio to changes in bond yields.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.1 Interest rate risks (continued)

The sensitivity analysis tables below measure the impact of an increase in interest rates by 0.25% (25bp) on the Bank's USD and EURO and an increase in interest rates by 0.5% (50 bp) on the Bank's ZAR portfolios, comparing the years ended 31 March 2026 and March 2025:

IMPACT OF 25 BASIS POINTS SHOCK ON USD PORTFOLIO 2026

Instrument	Amount invested	Actual Portfolio Weights	Interest Rate / Yield	Yield after 25bps Shock	Yield after 25bps Shock	Exchange Rate	SZL equivalent	25 basis points increase SZL equivalent	25 basis points decrease SZL equivalent
Overnight	27 813 162	23,96	3,50	3,75	3,25	17,0034	472 916 930	3 284	(3 284)
1 week deposit	10 007 292	8,62	3,75	4,00	3,50	17,0034	170 157 483	8 272	(8 272)
3m deposit	22 838 665	19,68	3,80	4,05	3,55	17,0034	388 333 822	242 709	(242 709)
US Treasury Portfolio (0-3 year)	55 409 400	47,74	3,75	4,00	3,50	17,0034	942 145 421	3 156 187	(3 156 187)
	116 068 519	100,00					1 973 553 656	3 410 452	(3 410 452)

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.1 Interest rate risks (continued)

The sensitivity analysis tables below measure the impact of an increase in interest rates by 0.25% (25bp) on the Bank's USD and EURO and an increase in interest rates by 0.5% (50 bp) on the Bank's ZAR portfolios, comparing the years ended 31 March 2026 and March 2025:

IMPACT OF 25 BASIS POINTS SHOCK ON USD PORTFOLIO 2025

Instrument	Amount invested	Actual Portfolio Weights	Interest Rate / Yield	Yield after 25bps Shock	Yield after 25bps Shock	Exchange Rate	SZL equivalent	25 basis points increase SZL equivalent	25 basis points decrease SZL equivalent
Overnight	22 400 000	23.28	4.25	4.50	4.00	18,4053	412 278 720	2 863	(2 863)
3m deposit	21 586 246	22.44	5.06	5.31	4.81	18,4053	397 301 333	248 313	(248 313)
US Treasury Portfolio (0-3 year)	52 214 400	54.28	4.00	4.25	3.75	18,4053	961 021 696	3 219 423	(3 219 423)
	96 200 646	100.00					1 770 601 749	3 470 599	(3 470 599)

The above impact analysis has the same effect on income statement and equity.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.1 Interest rate risks (continued)

IMPACT OF 25 BASIS POINTS SHOCK ON EURO PORTFOLIO 2026								
Instrument	Amount invested	Actual Portfolio Weights	Interest Rate	Yield after 25bps Shock	Yield after 25bps Shock	Exchange Rate	SZL equivalent	25 basis points increase SZL equivalent
Overnight	491 999	3,88	1,49	1,74	1,24	19,60	9 642 388	67
3m deposit	12 202 926	96,12	2,27	2,52	2,02	19,60	239 157 822	149 474
	12 694 925	100,00					248 800 210	149 541
								(149 541)

IMPACT OF 50 BASIS POINTS SHOCK ON ZAR PORTFOLIO 2026

Instrument	Amount invested	Actual Portfolio Weights	Interest Rate	Yield after 50bps Shock	Yield after 50bps Shock	Exchange Rate	SZL equivalent	50 basis points increase SZL equivalent	50 basis points decrease SZL equivalent
Overnight	2 687 662 234	72,88	6,80	7,30	6,30	1,00	2 687 662 234	36 817	(36 817)
3-5 years deposit	1 000 000 000	27,12	2,00	2,50	1,50	1,00	1 000 000 000	15 000 000	(15 000 000)
	3 687 662 234	100,00					3 687 662 234	15 036 817	(15 036 817)

The above impact analysis has the same effect on income statement and equity.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.1 Interest rate risks (continued)

IMPACT OF 25 BASIS POINTS SHOCK ON GBP PORTFOLIO 2026

Instrument	Amount invested	Actual Portfolio Weights	Interest Rate	Yield after 25bps Shock	Yield after 25bps Shock	Exchange Rate	SZL equivalent	25 basis points increase SZL equivalent	25 basis points decrease SZL equivalent
Overnight	306 935	10,08	0,93	1,18	0,68	22,53	6 916 082	47	(47)
1m deposit	2 736 742	89,92	3,83	4,08	3,58	22,53	61 666 188	38 013	(38 013)
	3 043 677	100,00					68 582 270	38 060	(38 060)

IMPACT OF 25 BASIS POINTS SHOCK ON CNH HOLDINGS 2026

Instrument	Amount invested	Actual Portfolio Weights	Interest Rate	Yield after 25bps Shock	Yield after 25bps Shock	Exchange Rate	SZL equivalent	25 basis points increase SZL equivalent	25 basis points decrease SZL equivalent
Overnight	1 753	0,00	0,70	0,95	0,45	2,47	4 322	-	-
3m deposit	35 068 479	100,00	1,45	1,70	1,20	2,47	86 443 802	54 027	(54 027)
	35 070 232	100,00					86 448 124	54 027	(54 027)

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.1 Interest rate risks (continued)

IMPACT OF 25 BASIS POINTS SHOCK ON GBP PORTFOLIO 2025

Instrument	Amount invested	Actual Portfolio Weights	Interest Rate	Yield after 25bps Shock	Yield after 25bps Shock	Exchange Rate	SZL equivalent	25 basis points increase SZL equivalent	25 basis points decrease SZL equivalent
Overnight	1 255 543	32.46	3.75	4.00	3.50	23.79	29 873 755	205	(205)
1m deposit	2 612 969	67.54	4.84	5.09	4.59	23.79	62 171 668	12 775	(12 775)
	3 868 512	100.00					92 045 423	12 980	(12 980)

IMPACT OF 25 BASIS POINTS SHOCK ON CNH HOLDINGS 2025

Instrument	Amount invested	Actual Portfolio Weights	Interest Rate	Yield after 25bps Shock	Yield after 25bps Shock	Exchange Rate	SZL equivalent	25 basis points increase SZL equivalent	25 basis points decrease SZL equivalent
Overnight	556 296	1.59	0.70	0.95	0.45	2.54	1 411 268	10	(10)
3m deposit	34 479 116	98.41	3.34	3.59	3.09	2.54	87 470 068	54 669	(54 669)
	35 035 412	100.00					88 881 336	54 679	(54 679)

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.1 Interest rate risks (continued)

IMPACT OF 25 BASIS POINTS SHOCK ON EURO PORTFOLIO 2025

Instrument	Amount invested	Actual Portfolio Weights	Interest Rate	Yield after 25bps Shock	Yield after 25bps Shock	Exchange Rate	SZL equivalent	25 basis points increase SZL equivalent	25 basis points decrease SZL equivalent
Overnight	3 469 567	22.51	1.98	2.23	1.73	19.89	68 995 106	479	(479)
3m deposit	11 940 825	77.49	2.50	2.75	2.25	19.89	237 452 866	148 408	(148 408)
	15 410 392	100.00					306 447 972	148 887	(148 887)

IMPACT OF 50 BASIS POINTS SHOCK ON ZAR PORTFOLIO 2025

Instrument	Amount invested	Actual Portfolio Weights	Interest Rate	Yield after 50bps Shock	Yield after 50bps Shock	Exchange Rate	SZL equivalent	50 basis points increase SZL equivalent	50 basis points decrease SZL equivalent
Overnight	2 272 939 472	69.45	7.50	8.00	7.00	1.00	2 272 939 472	31 136	(31 136)
3-5 years deposit	1 000 000 000	30.55	2.00	2.50	1.50	1.00	1 000 000 000	20 000 000	(20 000 000)
	3 272 939 472	100.00					3 272 939 472	20 031 136	(20 031 136)

The above impact analysis has the same effect on income statement and equity.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.2 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The country's FX reserves are held in two major currencies: the South African rand, and the US dollar. This by implication means that there is exposure to currency risk arising from adverse movements in foreign exchange rates. By assessing the pattern of government short and long-term debt as well as general expenditure a currency composition was formulated to act as a natural hedge against currency risk as it matches the liabilities against the assets. The Bank usually holds about ZAR 2 billion in its liquidity tranche at the beginning of each quarter for liquidity management purposes. The Bank's currency composition is typically held as follows: 85% in ZAR and 15% in USD-deviations of up to 5% are allowed.

Our reserves portfolio was managed in 3 broad tranches-The investment Tranche (USD- managed by the World Bank and Crown Agents Investment Management), Liquidity Tranche (USD Liquidity & ZAR Liquidity), and IMF SDR Portfolio. The USD liquidity and ZAR liquidity portfolios were fully invested in the money market instruments and cash. The investment horizon for the liquidity portfolios ranges from zero to six months in accordance with projected outflows. This is done to match short-term liabilities with short-term assets and eliminate in the process any currency risk that may arise from mismatched positions, forcing us to buy or sell hard currencies to meet short-term obligations.

Cash Balances

The Bank has about seven major Nostro accounts used for making government payments as well as CBE payments. These accounts are purely operational and hence balances are always kept at the most minimal levels. These accounts also form a negligible percentage of the whole portfolio and hence they are not taken as part of the investment portfolio. The stipulated balances to be held in these accounts are contained in the investment policy guidelines. The risk that arises on these accounts is related to foreign exchange movements leading to either revaluation loss or profit, which is also minimal considering the weight of these accounts on total assets.

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)
40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)
40.1 Market risk (continued)
40.1.2. Currency risk (continued)

As at 31 March 2026 the bank had the following currency position exposure:

	ZAR/E E'000	AUD E'000	BWP E'000	DKK E'000	CHF E'000	EURO E'000	CNY E'000	JPY E'000	USD E'000	GBP E'000	SDR E'000	TOTAL E'000
FINANCIAL ASSETS												
External investments	1 262 125	-	-	-	-	298 571	837 487	97 272	5 246 472	211 447	-	7 953 374
IMF Quota Subscription	-	-	-	-	-	-	-	-	-	-	1 810 842	1 810 842
Claims on private sector	2 082	-	-	-	-	-	-	-	-	-	-	2 082
Loans and advances	90 432	-	-	-	-	-	-	-	-	-	-	90 432
Amount due from Govt of Eswatini	2 989 697	-	-	-	-	-	-	-	-	-	-	2 989 697
Holdings of special drawing rights	-	-	-	-	-	-	-	-	-	-	38 190	38 190
Other assets	583 227	-	-	-	-	-	-	-	-	-	-	583 227
Cash and cash equivalents	2 711 519	111	2 256	201	394	38 392	1 775	2 870	321 396	35 134	-	3 114 048
	7 639 082	111	2 256	201	394	336 963	839 262	100 142	5 567 868	246 581	1 849 032	16 581 892
FINANCIAL LIABILITIES												
Allocation of special drawing rights	-	-	-	-	-	-	-	-	-	-	2 849 444	2 849 444
Domestic deposits	7 398 204	-	-	-	-	8	-	-	156 982	-	-	7 555 194
External liabilities	752 578	-	-	1	998	4 181	-	11 985	576 588	-	-	1 346 331
Other liabilities and financial liability through P/L	1 226 519	-	-	-	-	-	-	-	-	-	-	1 226 519
IMF Accounts	1 659 634	-	-	-	-	-	-	-	-	-	-	1 659 634
Amounts payable to the consolidated fund	68 039	-	-	-	-	-	-	-	-	-	-	68 039
	11 104 974	-	-	1	998	4 189	-	11 985	733 570	-	2 849 444	14 705 161

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.2 Currency risk (continued)

As at 31 March 2025 the bank had the following currency position exposure:

	ZAR/E E'000	AUD E'000	BWP E'000	DKK E'000	CHF E'000	EURO E'000	CNY E'000	JPY E'000	USD E'000	GBP E'000	SDR E'000	TOTAL E'000
FINANCIAL ASSETS												
External investments	1 041 326	-	-	-	-	303 656	830 939	123 596	4 877 013	213 803	-	7 390 333
IMF Quota Subscription	-	-	-	-	-	-	-	-	-	-	1 919 315	1 919 315
Claims on private sector	2 082	-	-	-	-	-	-	-	-	-	-	2 082
Loans and advances	116 854	-	-	-	-	-	-	-	-	-	-	116 854
Amount due from Govt of Eswatini	3 620 085	-	-	-	-	-	-	-	-	-	-	3 620 085
Holdings of special drawing rights	-	-	-	-	-	-	-	-	-	-	130 050	130 050
Other assets	674 824	-	-	-	-	-	-	-	-	-	-	674 824
Cash and cash equivalents	2 437 829	26	38	102	4 171	91 934	1 556	9 305	54 654	31 909	-	2 631 524
	7 893 000	26	38	102	4 171	395 590	832 495	132 901	4 931 667	245 712	2 049 365	16 485 067

FINANCIAL LIABILITIES

Allocation of special drawing rights	-	-	-	-	-	-	-	-	-	-	3 020 132	3 020 132
Domestic deposits	5 646 221	-	-	-	-	8	-	-	128 483	-	-	5 774 712
External liabilities	993 298	-	-	-	976	20 518	-	13 635	299 854	-	-	1 328 281
Other liabilities	1 604 352	-	-	-	-	-	-	-	-	-	-	1 604 352
IMF Accounts	1 759 046	-	-	-	-	-	-	-	-	-	-	1 759 046
Amounts payable to the consolidated fund	278 208	-	-	-	-	-	-	-	-	-	-	278 208
	10 281 125	-	-	-	976	20 526	-	13 635	428 337	-	3 020 132	13 764 731

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.2 Currency risk (continued)

The effect of exchange rate fluctuations on the Bank's income statement is analysed as follows:

EXTERNAL INVESTMENTS 2026

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of 3% increase on the income statement/equity	Effect of 1% decrease on the income statement/equity
USD							
USD- Nostro	15 895 286	17.0034	17.5135	16.8334	270 273 906	8 108 185	(2 702 199)
USD- Cash	2 121 451	17.0034	17.5135	16.8334	36 071 880	1 082 152	(360 647)
USD- Securities	55 409 400	17.0034	17.5135	16.8334	942 148 192	28 264 335	(9 419 598)
USD- Term deposits	60 245 957	17.0034	17.5135	16.8334	1 024 386 105	30 731 463	(10 241 813)
USD-External fund Managers	173 854 969	17.0034	17.5135	16.8334	2 956 125 580	88 683 420	(29 555 345)
USD- Fund Managers cash	274 656	17.0034	17.5135	16.8334	4 670 086	140 102	(46 692)
	307 801 719				5 233 675 749	157 009 657	(52 326 294)

	Balance in foreign currency	Rate at year end	-1%	+3%	SZL equivalent	Effect of 1% decrease on the income statement/equity	Effect of 3% increase on the income statement/equity
JPY							
JPY- Nostro	23 975 499	9.3610	9.2674	9.6418	2 561 211	25 868	(74 590)
JPY- Fund Managers	1 106 572 760	9.3610	9.2674	9.6418	118 210 956	1 193 921	(3 442 680)
	1 130 548 259				120 772 167	1 219 789	(3 517 270)

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)
40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)
40.1 Market risk (continued)
40.1.2 Currency risk (continued)

The effect of exchange rate fluctuations on the Bank's income statement is analysed as follows:

EXTERNAL INVESTMENTS 2026 (continued)

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of +3% increase on the income statement/equity	Effect of -1% decrease on the income statement/equity
EUR							
EUR- Nostro	809 297	19.5984	20.1864	19.4024	15 860 925	475 867	(158 622)
EUR -Cash/Travellers cheques	1 149 575	19.5984	20.1864	19.4024	22 529 831	675 950	(225 317)
EUR - Term deposits	12 202 926	19.5984	20.1864	19.4024	239 157 825	7 175 320	(2 391 773)
EUR- BIS MTI's	30 244 614	19.5984	20.1864	19.4024	592 746 043	17 783 833	(5 927 944)
	44 406 412				870 294 624	26 110 970	(8 703 656)

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of +3% increase on the income statement/equity	Effect of -1% decrease on the income statement/equity
GBP							
Call account	-	22.5327	23.2087	22.3074	-	-	-
GBP- Nostro	1 471 417	22.5327	23.2087	22.3074	33 154 998	994 678	(331 550)
Cash/travellers' cheques	6 541 596	22.5327	23.2087	22.3074	147 399 820	4 422 119	(1 473 822)
Term deposits	2 736 742	22.5327	23.2087	22.3074	61 666 186	1 850 038	(616 588)
	10 749 755				242 221 004	7 266 835	(2 421 960)

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.2 Currency risk (continued)

EXTERNAL INVESTMENTS 2026 (continued)

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of 3% increase on the income statement/equity	Effect of 1% decrease on the income statement/equity
CHF							
CHF- Nostro	29 198	21.2584	21.8961	21.0458	620 711	18 621	(6 207)
	29 198				620 711	18 621	(6 207)

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of 3% increase on the income statement/equity	Effect of 1% decrease on the income statement/equity
CNY							
CNY- Nostro	709 840	2.4650	2.5390	2.4404	1 749 756	52 528	(17 462)
CNY- Fund Managers	87 131 325	2.4650	2.5390	2.4404	214 778 716	6 447 718	(2 143 431)
CNY- Term Deposit	35 068 479	2.4650	2.5390	2.4404	86 443 802	2 595 067	(862 685)
	122 909 644				302 972 274	9 095 313	(3 023 578)

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.2 Currency risk (continued)

Deposits and External Liabilities 2026

	Balance in foreign currency	Rate at year end	+1%	-3%	SZL equivalent	Effect of 1% increase on the income statement/equity	Effect of 3% decrease on the income statement/equity
Euro							
Capital Investment Fund EUR	92	19.5984	19.7944	19.0104	1 803	18	(54)
Replenishment On Govt Reserve EUR	303	19.5984	19.7944	19.0104	5 938	59	(178)
Eswatini Govt Debt Service EUR	161 121	19.5984	19.7944	19.0104	3 157 714	31 580	(94 739)
S.I.D.C.	1 900	19.5984	19.7944	19.0104	37 237	372	(1 117)
Network reinforcement and access project EUR	366	19.5984	19.7944	19.0104	7 173	72	(215)
Lower usuthu smallholder irrigation 11 project	50 000	19.5984	19.7944	19.0104	979 920	9 800	(29 400)
	213 782				4 189 785	41 901	(125 703)

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.2 Currency risk (continued)

Deposits and External Liabilities 2026 (continued)

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of 3% increase on the income statement/equity	Effect of 1% decrease on the income statement/equity
US Dollar							
Eswatini Govt USD General Account	2 811 994	17.0034	17.5135	16.8334	47 813 459	1 434 398	(50)
Capital Investment Fund USD	292	17.0034	17.5135	16.8334	4 965	149	(134)
Replenishment On Govt Reserve USD	787	17.0034	17.5135	16.8334	13 382	401	(14)
Fund Managers' Fees	85	17.0034	17.5135	16.8334	1 445	43	(62 657)
Eswatini Govt Debt Service USD	368 571	17.0034	17.5135	16.8334	6 266 960	188 008	(5 700 891)
Eswatini Govt Project Accounts Total USD	33 534 653	17.0034	17.5135	16.8334	570 203 119	17 106 026	(1 052 810)
Standard Bank Reserve Requirement USD	6 193 000	17.0034	17.5135	16.8334	105 302 056	3 159 049	(1 002)
SADC/HRD Ext. Dep. Non. Int. Earn USD	5 892	17.0034	17.5135	16.8334	100 184	3 006	(184)
SADC/HRD Ext. Dep. Non Int. Earn	1 084	17.0034	17.5135	16.8334	18 432	553	(478 039)
Total	42 916 358				729 724 002	21 891 633	(7 295 781)

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)
40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)
40.1 Market risk (continued)
40.1.2 Currency risk (continued)
Deposits and External Liabilities 2026 (continued)

	Balance in foreign currency	Rate at year end	+1%	-3%	SZL equivalent	Effect of 1% increase on the income statement/equity	Effect of -3% decrease on the income statement/equity
JPY							
Eswatini Govt Debt Service JPY	112 188 397	9.3610	9.2674	9.6418	11 984 659	121 045	(349 031)
	112 188 397				11 984 659	121 045	(349 031)

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of 3% increase on the income statement/equity	Effect of 1% decrease on the income statement/equity
CHF							
Eswatini Govt Debt Service CHF	46 949	21.2584	21.8961	21.0458	998 061	29 939	(9 981)
	46 949				998 061	29 939	(9 981)

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)
40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)
40.1 Market risk (continued)
40.1.2 Currency risk (continued)
EXTERNAL INVESTMENTS 2025

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of 3% increase on the income statement/equity	Effect of 1% decrease on the income statement/equity
USD							
USD- Nostro	1 600 774	18.4053	18.9574	18.2213	29 462 726	776 207	(396 190)
USD- Cash	1 226 601	18.4053	18.9574	18.2213	22 575 959	594 773	(303 583)
USD- Securities	52 214 400	18.4053	18.9574	18.2213	961 021 696	25 318 505	(12 923 011)
USD- Derivatives	43 986 246	18.4053	18.9574	18.2213	809 580 050	21 328 714	(10 886 551)
USD-Term deposits	168 521 290	18.4053	18.9574	18.2213	3 101 684 891	81 715 143	(41 708 849)
USD- Fund managers	329 303	18.4053	18.9574	18.2213	6 060 914	159 677	(81 502)
	267 878 614				4 930 386 236	129 893 019	(66 299 686)

	Balance in foreign currency	Rate at year end	-1%	+3%	SZL equivalent	Effect of 1% increase on the income statement/equity	Effect of -3% decrease on the income statement/equity
JPY							
JPY- Nostro	22 795 827	8.1376	8.0562	8.3817	2 801 296	28 296	(81 591)
JPY- Fund Managers	1 058 728 321	8.1376	8.0562	8.3817	130 103 264	1 314 174	(3 789 415)
	1 081 524 148				132 904 560	1 342 470	(3 871 006)

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.2 Currency risk (continued)

The net effect of the movements on the revaluation gains in the income statement and equity would be as follows:

	Net increase on the income statement/equity	Net decrease on the income statement/equity	Total effect
US dollar	178 901 290	(59 622 075)	119 279 215
Euro	26 152 871	(8 829 359)	17 323 512
British Pound	7 266 835	(2 421 926)	4 844 875
Swiss Franc	48 560	(16 188)	32 372
Japanese Yen	(3 396 225)	870 758	(2 525 467)
Chinese Yuan	9 095 313	(3 023 578)	6 071 735
	<u>218 068 644</u>	<u>(73 042 402)</u>	<u>145 026 242</u>

The sensitivity rates are determined based on historical volatility and economic forecast. A 1% increase represents an assessment of a reasonably possible upward shift and 3% decrease reflects a historical high downside volatility in the local market.

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)
40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)
40.1 Market risk (continued)
40.1.2 Currency risk (continued)
EXTERNAL INVESTMENTS 2025

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of +3% increase on the income statement/equity	Effect of -1% decrease on the income statement/equity
EUR							
EUR- Nostro	3 469 567	19.8858	20.4823	19.686	68 995 106	689 951	(2 069 853)
EUR -Cash/Travellers cheques	1 153 525	19.8858	20.4823	19.686	22 938 767	229 387	(688 163)
EUR - Term deposits	11 940 825	19.8858	20.4823	19.686	237 452 866	2 374 528	(7 123 585)
EUR- BIS MTI's	29 881 328	19.8858	20.4823	19.686	594 214 115	5 942 141	(17 826 423)
	46 445 245				923 600 854	9 236 007	(27 708 025)

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of +3% increase on the income statement/equity	Effect of -1% decrease on the income statement/equity
GBP							
Call account	-	23.7935	24.5073	23.5556	-	-	-
GBP- Nostro	1 255 543	23.7935	24.5073	23.5556	29 873 755	896 213	(298 738)
Cash/travellers' cheques	6 575 433	23.7935	24.5073	23.5556	156 452 563	4 693 577	(1 564 526)
Term deposits	2 612 969	23.7935	24.5073	23.5556	62 171 668	1 865 150	(621 717)
	10 443 945				248 497 986	7 454 940	(2 484 989)

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.2 Currency risk (continued)

EXTERNAL INVESTMENTS 2025 (continued)

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of 3% increase on the income statement/equity	Effect of 1% decrease on the income statement/equity
CHF							
Call account	-	20.8310	21.4559	20.6226	-	-	-
CHF- Nostro	200 232	20.8310	21.4559	20.6226	4 171 030	125 131	(41 710)
Term deposits	-	20.8310	21.4559	20.6226	-	-	-
	200 232				4 171 030	125 131	(41 710)

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of 3% increase on the income statement/equity	Effect of 1% decrease on the income statement/equity
CNY							
CNY- Nostro	6 659	2.5369	2.6130	2.5115	16 894	506	(169)
CNY- Fund Managers	85 219 080	2.5369	2.6130	2.5115	216 192 285	6 485 769	(2 161 923)
CNY- Term Deposit	34 479 116	2.5369	2.6130	2.5115	87 470 068	2 624 102	(874 701)
	119 704 855				303 679 247	9 110 377	(3 036 793)

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.2 Currency risk (continued)

Deposits and External Liabilities 2025

	Balance in foreign currency	Rate at year end	+1%	-3%	SZL equivalent	Effect of 1% increase on the income statement/equity	Effect of 3% decrease on the income statement/equity
Euro							
Capital Investment Fund EUR	91	19.8858	20.0847	19.2892	1 803	18	(54)
Replenishment On Govt Reserve EUR	297	19.8858	20.0847	19.2892	5 905	59	(177)
Eswatini Govt Debt Service EUR	187 156	19.8858	20.0847	19.2892	3 721 741	37 217	(111 652)
S.I.D.C.	1 900	19.8858	20.0847	19.2892	37 790	378	(1 134)
Network reinforcement and access project EUR	792 801	19.8858	20.0847	19.2892	15 765 482	157 655	(472 964)
Lower Usuthu smallholder irrigation 11 project	50 000	19.8858	20.0847	19.2892	994 290	9 943	(29 829)
	1 032 245				20 527 011	205 270	(615 810)

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.2 Currency risk (continued)

DEPOSITS AND EXTERNAL LIABILITIES 2025

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of 3% increase on the income statement/equity	Effect of 1% decrease on the income statement/equity
US Dollar							
Swd Govt USD General Account	2 811 994	18.8819	19.4484	18.6931	53 095 790	1 592 874	(530 909)
Capital Investment Fund USD	267	18.8819	19.4484	18.6931	5 041	151	(50)
Replenishment On Govt Reserve USD	721	18.8819	19.4484	18.6931	13 614	408	(136)
Fund Managers' Fees	85	18.8819	19.4484	18.6931	1 605	48	(16)
Swaziland Govt Debt Service USD	352 598	18.8819	19.4484	18.6931	6 657 720	199 732	(66 571)
ADB US Dollar Special Account	25	18.8819	19.4484	18.6931	472	14	(5)
IFAD Grant No 935-Sz USD	644	18.8819	19.4484	18.6931	12 160	365	(122)
ADB Grant Nercha USD	85 116	18.8819	19.4484	18.6931	1 607 152	48 215	(16 069)
LUSIP IFAD GEF Project USD	149	18.8819	19.4484	18.6931	2 813	84	(28)
Swd IFAD Loan No. 57452 USD	1 511	18.8819	19.4484	18.6931	28 531	856	(285)
Swd Govt Stats Capacity Building USD	38 945	18.8819	19.4484	18.6931	735 356	22 061	(7 353)
ADB Mz-Mba Highway Proj Loan Comp	1 783	18.8819	19.4484	18.6931	33 666	1 010	(336)
ADB Mz-Mbandlane Highway Proj Comp	91 934	18.8819	19.4484	18.6931	1 735 889	52 077	(17 357)
Private Sector Compe Project Account USD	142 473	18.8819	19.4484	18.6931	2 690 161	80 705	(26 899)
Pig Industry Enhancement Project USD	23 529	18.8819	19.4484	18.6931	444 272	13 328	(4 442)
International Convention Centre Project USD	78 013	18.8819	19.4484	18.6931	1 473 034	44 191	(14 729)
Swd Govt United Nations Environment Program	65	18.8819	19.4484	18.6931	1 227	37	(12)
Swd Govt Sixth National Report to UN Convention on Biological	45 000	18.8819	19.4484	18.6931	849 686	25 491	(8 496)
Five Star Hotel Project Loan	215 203	18.8819	19.4484	18.6931	4 063 442	121 903	(40 630)
Development of Manzini golf course interchange project loan	33 683	18.8819	19.4484	18.6931	635 999	19 080	(6 359)
Financial inclusion cluster development account	57 610	18.8819	19.4484	18.6931	1 087 786	32 634	(10 877)
International convention centre - Taiwan project	57 122	18.8819	19.4484	18.6931	1 078 572	32 357	(10 785)
Eswatini Water Supply and Sanitation Access Project	4 489 728	18.8819	19.4484	18.6931	84 774 595	2 543 431	(847 661)
Health system strengthening for human capital development PR	45 361	18.8819	19.4484	18.6931	856 502	25 695	(8 564)
Additional financing for eswatini covid-19 emergency	640 095	18.8819	19.4484	18.6931	12 086 210	362 614	(120 850)
Health emergency preparedness and response fund usd	100 704	18.8819	19.4484	18.6931	1 901 483	57 044	(18 013)
Emergency food productions programme	957 738	18.8819	19.4484	18.6931	18 083 913	542 517	(180 821)
ESWATINI OFFICE OF AUDITOR GENERAL	29 985	18.8819	19.4484	18.6931	566 174	16 985	(5 661)
Strengthening early childhood dev&basic education proj. USD	2 294 783	18.8819	19.4484	18.6931	43 329 863	1 299 995	(433 255)
Standard bank reserve requirement usd	4 750 000	18.8819	19.4484	18.6931	89 689 025	2 690 875	(896 800)
SADC / HRD ext. Dep.non.int.Earn USD	5 892	18.8819	19.4484	18.6931	111 252	3 338	(1 112)
SADC / HRD Ext Dep.Non Int.Earn USD	1 084	18.8819	19.4484	18.6931	20 468	614	(205)
	17 353 840				327 673 473	9 830 729	(3 275 408)

CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.1 Market risk (continued)

40.1.2 Currency risk (continued)

DEPOSITS AND EXTERNAL LIABILITIES 2025 (continued)

	Balance in foreign currency	Rate at year end	-1%	+3%	SZL equivalent	Effect of 1% increase on the income statement/equity	Effect of -3% decrease on the income statement/equity
JPY							
Eswatini Govt Debt Service JPY	110 955 125	8.1376	8.0562	8.3817	13 634 871	137 726	(397 132)
	110 955 125				13 634 871	137 726	(397 132)

	Balance in foreign currency	Rate at year end	+3%	-1%	SZL equivalent	Effect of 3% increase on the income statement/equity	Effect of 1% decrease on the income statement/equity
CHF							
Eswatini Govt Debt Service CHF	46 835	20.8310	21.4559	20.6226	975 620	29 269	(9 756)
	46 835				975 620	29 269	(9 756)

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

40.1 Market risk continued

40.1.2 Currency risk continued

DEPOSITS AND EXTERNAL LIABILITIES 2025

The net effect of the movements on the revaluation gains in the income statement and equity would be as follows:

The net effect of the movements on the revaluation gains in the income statement and equity would be as follows:

	Net increase on the income statement/equity	Net decrease on the income statement/equity	Total effect
US dollar	141 144 718	(72 042 751)	69 101 967
Euro	9 441 277	(28 323 835)	(18 882 558)
British Pound	7 454 940	(2 484 981)	4 969 959
Swiss Franc	154 400	(51 466)	102 934
Japanese Yen	1 480 196	(4 268 138)	(2 787 942)
Chinese Yuan	9 110 377	(3 036 793)	6 073 584
	168 785 908	(110 207 964)	58 577 944

Price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as fair value through profit or loss FVTPL. A 10 per cent increase in the value of the Bank's equities at FVTPL at 31 March 2026 would have increased profit or loss and equity by E574 933 700 (2025: E522 667 000).

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

40.2 Liquidity Risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows which is inherent to the Bank's operations and investments.

The Bank's board of directors sets the Bank's strategy for managing liquidity risk and oversight is administered by the Investment Committee of the Bank. The Bank maintains a substantial portfolio of liquid assets that can be promptly liquidated to address any potential liquidity gaps. The Investment Committee regularly reviews the Bank's liquidity position, ensuring proactive management of any challenges. These comprehensive strategies and diligent oversight ensure the Bank's continued stability and ability to meet financial obligations.

Maturity analysis

The amounts included in the table are the contractual undiscounted cash flows. As a result, these amounts will not reconcile to the amounts disclosed on the statement of financial position except for short-term payables and receivables to be settled within 12 months where discounting is not applied.

The table below presents a maturity analysis of the bank's financial assets and liabilities. The sum of the balances depicted in the maturity analysis do not reconcile with the carrying amount of the assets/liabilities as disclosed in the statement of financial position. This is because the maturity analysis incorporates, on an undiscounted basis, all cash flows relating to principal and future coupon payments. The amount for undrawn loan facilities is the maximum amount that may be drawn down under the loan commitment.

For financial instruments that do not have fixed contractual maturities, management has applied judgment in allocating the balances across maturity bands. These assumptions are based on:

- Historical customer behaviour (e.g. average duration of holding for demand deposits),
- Expected redemption patterns under normal market conditions,
- Risk management practices and liquidity forecasting models.

Where no reliable basis exists for allocation, such balances may be presented in the on demand or "greater than 5 years."

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.2 Liquidity Risk

The Liquidity Risk Analysis statement as at 31 March 2026 is as follows:

Liquidity analysis	On demand E'000	1 month E'000	2-6 months E'000	7-12 months E'000	Over 12 months E'000	Over 5 years E'000	Total E'000
31 March 2026							
FINANCIAL ASSETS							
External investments	715 892	282 965	878 589	146 783	5 929 145	-	7 953 374
Claims on private sector	-	-	-	2 082	-	-	2 082
Loans and advances	90 432	-	-	-	-	-	90 432
IMF Quota subscription account	-	-	-	-	-	1 810 842	1 810 842
Holding of Special Drawing Rights	38 190	-	-	-	-	-	38 190
Amounts due from the Government of Eswatini	72 827	1 094 925	1 214 663	604 174	1 368	1 740	3 012 463
Other assets	-	-	-	583 227	-	-	583 227
Cash and cash equivalents	3 114 048	-	-	-	-	-	3 114 048
	4 031 389	1 377 890	2 093 252	1 336 266	5 930 513	1 812 582	16 581 892
FINANCIAL LIABILITIES							
Currency in circulation	1 560 652	-	-	-	-	-	1 560 652
Domestic deposits	5 773 705	439 487	1 342 002	-	-	-	7 555 194
Other liabilities	89 179	-	-	-	-	-	89 179
Financial liability at fair value through P/L	-	-	-	-	1 137 340	-	1 137 340
IMF securities account	-	-	-	-	-	1 659 634	1 659 634
Foreign deposits and liabilities	22 941	-	1 323 305	-	85	-	1 346 331
Amount payable to the Consolidated Fund	-	68 039	-	-	-	-	68 039
Allocation of special drawing rights	-	-	-	-	-	2 849 444	2 849 444
Undrawn facility	-	800 000	-	-	-	-	800 000
	7 446 477	1 307 526	2 665 307	-	1 137 425	4 509 078	17 065 813
Liquidity sensitivity gaps	(3 415 088)	70 364	(572 055)	1 336 266	4 793 088	(2 696 494)	(483 921)
Cumulative liquidity sensitivity gap	(3 415 088)	(3 344 724)	(3 916 779)	(2 580 513)	2 212 575	(483 921)	-

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

40.2 Liquidity Risk continued

The Liquidity Risk Analysis statement as at 31 March 2025 is as follows:

Liquidity analysis	On demand E'000	1 month E'000	2-6 months E'000	7-12 months E'000	Over 12 months E'000	Over 5 years E'000	Total E'000
31 March 2025							
FINANCIAL ASSETS							
External investments	413 210	209 928	768 298	182 007	5 816 890	-	7 390 333
Claims on private sector	-	-	-	2 082	-	-	2 082
Loans and advances	-	-	-	-	116 854	-	116 854
IMF Quota subscription account	-	-	-	-	-	1 919 315	1 919 315
Holding of Special Drawing Rights	130 050	-	-	-	-	-	130 050
Amounts due from the Government of Eswatini	-	2 470 532	553 944	-	595 609	-	3 620 085
Other assets	-	-	674 828	-	-	-	674 828
Cash and cash equivalents	2 631 524	-	-	-	-	-	2 631 524
	3 174 784	2 680 460	1 997 070	184 089	6 529 353	1 919 315	16 485 071
FINANCIAL LIABILITIES							
Currency in circulation	1 482 156	-	-	-	-	-	1 482 156
Domestic deposits	5 774 712	-	-	-	-	-	5 774 712
Other Liabilities	-	-	1 573 438	-	30 914	-	1 604 352
IMF securities account	-	-	-	-	-	1 759 046	1 759 046
Foreign deposits and liabilities	25 093	-	1 302 651	-	537	-	1 328 281
Amount payable to the Consolidated Fund	-	278 208	-	-	-	-	278 208
Allocation of special drawing rights	3 020 132	-	-	-	-	-	3 020 132
Undrawn facility	-	800 000	-	-	-	-	800 000
	10 302 093	1 078 208	2 876 089	-	31 451	1 759 046	16 046 887
Liquidity sensitivity gaps	(7 127 309)	1 602 252	(879 019)	184 089	6 497 902	160 269	438 184
Cumulative liquidity sensitivity gap	(7 127 309)	(5 525 057)	(6 404 076)	(6 219 987)	277 915	438 184	-

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.3 Credit Risk

This is the risk that the Bank's counterparties will default on their obligations as they fall due. The Bank mitigates this risk by investing with reputable institutions which are rated by Fitch, Moody's and Standard & Poor's rating agencies. The Bank also minimizes this risk by investing in money market instruments issued by counterparties with short-term minimum rating of F3 and long-term rating of BBB-, with the exception of the major South African banks. The counterparties for debt issuers must have a short-term rating of F3 and a long-term rating of BBB-, with the exception of the Republic of South Africa.

Counterparties are grouped into three categories to determine limits in respect of investments, and are set at an equivalence of E1,44 billion for category 1, E1,08 billion and E720 million for Category 2 and 3, respectively.

Detailed below is a table which provides rating information on institutions where the Bank invests its funds:

Counterparty	Correspondence Bank	Short Term Rating	Long Term Rating
Australia	Reserve Bank of Australia	F1+	AAA
Botswana	Bank of Botswana	A-2	BBB+
Canada	Bank of Montreal	F1+	AA-
	Bank of Canada	F1+	AA+
France	Banque de France	F1+	AA-
	NATIXIS Paris	F1	A
	Societe Generale	F1	A-
	ICBC Asia	F1+	A
Hong Kong	Bank of China Hong Kong	F1+	A
Mauritius	Bank of Mauritius	A-3	BBB-
Japan	Bank of Japan	F1+	A
Netherlands	Rabobank	F1	A+
Singapore	DBS Bank	F1+	AA-
Republic of South Africa	SARB	B	BB-
	ABSA	B	BB-
	First Rand Bank	B	BB-
	Standard Bank of SA	B	BB-
	Nedbank	B	BB-
	Investec	B	BB-

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.3 Credit Risk (continued)

Counterparty	Correspondence Bank	Short Term Rating	Long Term Rating
Switzerland	Swiss National Bank UBS AG	F1+ F1+	AAA A+
United Kingdom	Bank of England Barclays PLC Crown Agents Bank Citi Bank London First Rand Bank of London	F1+ F1 B F1 B	AA- A+ BB A BB-
United State of America	Federal Reserve Bank JP Morgan chase Citibank NY Goldman Sachs	F1+ F1+ F1 F1	AA+ AA A+ A+

Debt Issuers

Sovereign and sovereign Guaranteed

Australia	Australia	F1+	AAA
Austria	Republic of Austria	F1+	AA+
Belgium	Kingdom of Belgium	F1+	AA-
Canada	Government of Canada	F1+	AA+
Denmark	Kingdom of Denmark	F1+	AAA
France	Republic of France	F1+	AA-
	Govt Guaranteed Agencies	F1+	AA-

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.3 Credit Risk (continued)

Counterparty	Correspondence Bank	Short Term Rating	Long Term Rating
Germany	Republic of Germany Govt Guarantee Agencies	F1+	AAA
Italy	Republic of Italy	F1+	AAA
		F2	BBB
Japan	Government of Japan	F1+	A
Netherlands	Govt Guaranteed Agencies Kingdom of Netherlands	F1+	A
		F1+	AAA
Switzerland	Government of Switzerland	F1+	AAA
United Kingdom	UK Government	F1+	AA-
	Govt Guaranteed Agencies	F1+	AA-
USA	USA Government	F1+	AA+
	Govt Guaranteed Agencies	F1+	AA+
South Africa	Republic of South Africa	B	BB-
	Govt Guaranteed Agencies	B	BB-
Supranational			
African Development Bank ADB		F1+	AAA
Inter-American Development Bank		F1+	AAA
IBRD		F1+	AAA
Council of European Development Bank		F1+	AAA
European Bank for Reconstruction & Development		F1+	AAA
Africa Export-Import Bank		F1+	AAA
Africa Finance Corporation		F2	BBB
		F1+	A

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)
40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)
40.3 Credit Risk continued

The table below shows the maximum exposures to credit risk for the financial instruments held the maximum exposure is shown gross, before the effect of mitigating factors:

Counterparty	Correspondence Bank	Currency	Short Term Rating	Long Term Rating	Balances Held	
					2026 E'000	2025 E'000
Cash and Cash Equivalents						
Australia	Reserve bank of Australia	Australian Dollar	F1+	AAA	111	25
Botswana	Bank of Botswana	Pula	A-2	BBB+	2 256 1 899	38
Mauritius	Bank of Mauritius	Euro	A-3	BBB-	2 089	1 927
Republic of South Africa	Bank of Mauritius	Dollar	A-3	BBB-		2 169
	SARB	Rands	B	BB-	2 437 662	2 272 248
	ABSA	Rands	B	BB-	492	3 031
Switzerland	Bank of international Settlements	Euro	F1+	AAA		19
		Dollar	F1+	AAA	113	1 153
	Bank National Suisse	Swiss Francs	F1+	AAA	394	4 171
						<i>SNG</i>

CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)
40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)
40.3 Credit Risk (continued)

Counterparty	Correspondence Bank	Currency	Short Term Rating	Long Term Rating	Balances Held	
					2026	2025
					E'000	E'000
United Kingdom	Bank of England	Pounds	F1+	AA-	21 940	23 962
	Citibank London	Euro	F1	A+	9 643	66 341
	Citibank London	Pounds	F1	A+	6 916	1 090
	Crown Agents Bank	Japanese Yen	B	BB	2 561	2 801
	Crown Agents Bank	Danish Krona	B	BB	201	103
United States of America	Federal Reserve Bank	Dollars	F1+	AA+	5 913	5 533
	Citibank NY	Dollars	F1	A	259 799	21 516
	World Bank	Dollars	F1+	AAA	4 670	6 725
Hong Kong	ICBC Asia	Chinese Yuan	F1+	A	4	17
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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.3 Credit Risk (continued)

Counterparty	Correspondence Bank	Short Term Rating	Long Term Rating	Balances Held 2026 E'000	2025 E'000
External Investments					
France	Natixis CE and BP	F1	A+	-	-
	Societe Generale	F1	A-	61 666	-
Netherlands	Rabobank	F1	A+	-	-
Republic of South Africa	ABSA	B	BB-	250 000	-
	Standard Bank of South Africa	B	BB-	1 000 000	1 040 394
	South African Reserve Bank	B	BB-	-	-
	Nedbank	B	BB-	239 158	59 559
	First Rand Bank	B	BB-	388 334	397 300
Switzerland	BIS	F1+	AAA	86 493	87 470
	Union Bank of Switzerland	F1	A+	-	-
United Kingdom	Bank of England	F1+	AA-	-	-
	Barclays Bank	F1	A+	-	-
	Goldman Sachs Group Inc	F1	A+	-	-
	Crown Agents Bank	B	BB	-	-
	Citibank of London	F1	A+	-	-
	First Rand Bank London	B	BB-	-	-
United States of America	Federal Reserve Bank	F1+	AA+	465 892	412 278
	US Treasury	F1+	AA+	922 667	952 563
Hong Kong	ICBC Asia	F1+	A	-	-
	Bank of China Hong Kong	F1+	A	-	237 453
Africa	African Export-Import Bank	F2	BBB	-	3 146 623
	African Finance Corporation	F1+	A	170 157	-
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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.3 Credit Risk continued

The table below shows the maximum exposures to credit risk for the financial instruments held the maximum exposure is shown gross, before the effect of mitigating factors:

Counterparty	Correspondence Bank	Short Term Rating	Long Term Rating	Balances Held	
				2026 E'000	2025 E'000
World Bank Ramp, Asset Manager		F1+	AAA	2 148 448	2 216 082
Crown Agents Investment Managers		B	BB	1 901 656	1 926 036
Oz Fund Managers		NR	NR	15	17

40.4 Settlement Risk

This is the risk that the Bank is exposed to when settling or clearing transactions. In its day-to-day operations in financial markets, the Bank is exposed to the risk that one of the parties to a deal may fail to honor its part in the contract. Settlement risk is present in the case of all trades where the exchange of cash or securities is not immediate. This risk is of particular significance as foreign exchange transactions are settled only two days after the deal date, and uncertain events within these two days could have a negative impact on the Bank.

To mitigate settlement risk, the Bank implemented a policy of dealing only with reputable counterparties that are highly rated by professional rating agencies, currently Fitch Rating. The ratings are monitored by the Bank very closely and total trades with each counterparty are within set limits. To diminish the risk of failure to deliver on the Bank's part, all effort is made to comply with international practice and internal procedures.

40.5 Operational Risk

This is a risk of financial losses or damage to the Bank's reputation as a result of non-financial factors relating to its business. The non-financial or operational risk factors include systems breakdowns, human factors, fraud, and natural disasters.

As part of the Bank's overall risk management program to minimize the occurrence and effect of unpleasant factors associated with operational risk, there are internal controls, policies, and procedures in place. Current measures to mitigate the risk factors are as follows:

Systems breakdown: daily backup of all systems and data, as a part of a bank-wide Business Continuity Plan BCP.

Human factors: replacement of key positions, continuous capacitating of human resource to align with banking and financial environment, signing of code of conducts to be abreast with the ethical conducts and the oaths of secrecy.

Fraud: segregation of duties in all operations, coupled with controlled access to all sensitive areas and systems and the internal department flagging any issues which any lead to fraud.

Natural disasters: Disaster Recovery Plan DRP/BCP and insurance policies covering lives and property.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.5 Operational Risk (continued)

The operational risk at the Bank is managed by having a suitable operational organizational structure with clear segregation of duties as well as defined built - in systematic controls. Bank wide operation manuals are in place to be followed by staff. In as for the treasury operations are concerned, the bank ensures that the dealers are well trained in instruments in which they are trading and that the systems they need to operate on is in place. The Bank also makes sure that all investment officers are aware of procedures in place and have access to relevant documents.

40.6 Financial instruments by category

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost. The summary of accounting policies in note 1.3 describes how the classes of financial instruments are measured and how income and expenses, including fair value gains are recognised. The following table analyses the carrying amounts of the financial assets and liabilities by category:

	Financial assets at Amortised cost E'000	At fair value through profit and loss E'000	At fair value through OCI	Financial liabilities at Amortised cost E'000	Gross Carrying amount E'000	Net carrying amount E'000
2026						
Financial Assets						
External Investments	2 594 780	1 139 710	4 218 884	-	7 953 374	7 951 006
Loans and advances	90 432	-	-	-	90 432	90 432
Amounts due from the Government of Eswatini	2 989 697	-	-	-	2 989 697	2 968 398
IMF Quota subscription account	1 810 842	-	-	-	1 810 842	1 810 842
Holding of Special Drawing rights	38 190	-	-	-	38 190	38 190
Other assets	583 227	-	-	-	583 227	583 227
Cash and Cash equivalents	3 114 048	-	-	-	3 114 048	3 114 048
	11 221 216	1 139 710	4 218 884	-	16 579 810	16 556 143
Financial Liabilities						
Domestic Deposits	-	-	-	7 555 194	7 555 194	7 555 194
Allocation of special drawing rights	-	-	-	2 849 444	2 849 444	2 849 444
Foreign Deposits	-	-	-	1 346 331	1 346 331	1 346 331
Liabilities	-	-	-	89 179	1 226 519	1 226 519
Other Liabilities	-	1 137 340	-	1 659 634	1 659 634	1 659 634
IMF securities account	-	-	-	-	-	-
Amounts payable to the consolidated fund	-	-	-	68 039	68 039	68 039
		1 137 340	-	13 567 821	14 705 161	14 705 161

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)
40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)
40.6 Financial instruments by category (continued)

	Financial assets at Amortised cost E'000	At fair value through profit and loss E'000	Financial Liabilities at Amortised cost E'000	Gross Carrying amount E'000	Net carrying amount E'000
2025					
Financial Assets					
External Investments	2 163 668	5 226 665	-	7 390 333	7 389 505
Loans and advances	116 854	-	-	116 854	116 854
Amounts due from the Government of Eswatini	3 620 085	-	-	3 620 085	3 589 979
IMF Quota subscription account	1 919 315	-	-	1 919 315	1 919 315
Holding of Special Drawing rights	130 050	-	-	130 050	130 050
Other assets	674 828	-	-	674 828	674 828
Cash and Cash equivalents	2 631 524	-	-	2 631 524	2 631 524
	<u>11 256 324</u>	<u>5 226 665</u>	<u>-</u>	<u>16 482 989</u>	<u>16 452 055</u>
Financial Liabilities					
Domestic Deposits	-	-	5 774 712	5 774 712	5 774 712
Allocation of special drawing rights	-	-	3 020 132	3 020 132	3 020 132
Foreign Deposits Liabilities	-	-	1 328 281	1 328 281	1 328 281
Other Liabilities	-	1 037 244	567 108	1 604 352	1 604 352
IMF securities account	-	-	1 759 046	1 759 046	1 759 046
Amounts payable to the consolidated fund	-	-	278 208	278 208	278 208
	<u>-</u>	<u>1 037 244</u>	<u>12 727 487</u>	<u>13 764 731</u>	<u>13 764 731</u>

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market which the bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the bank measures the fair value of an instrument using the quoted price in an active market for the instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in price transaction.

The best evidence of the fair value of the financial instrument on initial recognition is normally the transaction price. If the bank determines that the fair value on the initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor relation to the difference, then the financial instrument is initially measured at the fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit and loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the bank on the basis of the exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position or paid to transfer a short position for the particular risk exposure.

The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Fair value hierarchy disclosures

The table below analyses financial instruments carried at fair value by the level of fair value hierarchy. The fair value hierarchy depends on the extent to which quoted prices are used in determining the fair value of the specific instruments. The different levels are defined as follows:

- Level 1: Inputs that are quoted market prices unadjusted in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within level 1 that are observable either directly as price or indirectly derived from prices.
- Level 3: Inputs that are unobservable. This includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instruments valuation.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

40.7 Fair value measurement (continued)

Fair value hierarchy disclosures (continued)

	Level 1 E'000	Level 2 E'000	Level 3 E'000	Total E'000
2026				
Assets				
Investments in term deposits	1 665 168	-	-	1 665 168
Amounts due from government	-	-	2 989 698	2 989 698
Investments with external fund managers	-	4 025 567	-	4 025 567
Investments in Securities	-	929 612	-	929 612
Equity Linked Note	-	1 139 710	-	1 139 710
Monetary Gold	192 624	-	-	192 624
	<u>1 857 792</u>	<u>6 094 889</u>	<u>2 989 698</u>	<u>10 942 379</u>
Liabilities				
Financial liability at fvtpl	-	1 137 340	-	1 137 340
	<u>-</u>	<u>1 137 340</u>	<u>-</u>	<u>1 137 340</u>
	Level 1 E'000	Level 2 E'000	Level 3 E'000	Total E'000
2025				
Assets				
Investments in term deposits	960 502	-	-	960 502
Amounts due from government	-	-	3 620 085	3 620 085
Investments with external fund managers	-	4 186 271	-	4 186 271
Investments in Securities	-	1 203 166	-	1 203 166
Equity Linked Note	-	1 040 394	-	1 040 394
	<u>960 502</u>	<u>6 429 831</u>	<u>3 620 085</u>	<u>11 010 418</u>
Liabilities				
Financial liability at fvtpl	-	1 037 244	-	1 037 244
	<u>-</u>	<u>1 037 244</u>	<u>-</u>	<u>1 037 244</u>

The fair value for amounts due from Government are determined using valuation models such as discounted cash flows techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates ranging 5 to 10% and discount rates of 7%.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

41. REPAYMENT TERMS AND INTEREST RATES APPLICABLE TO FINANCIAL ASSETS AND LIABILITIES

The repayment terms and the applicable interest of the financial assets and liabilities are as follows:

2026	Fixed or Floating Interest rates	Average Interest rates (%)	Terms of interest payment
ASSETS			
External investments:			
Investments in Term deposits – ZAR	Floating and Fixed	8.65%	At maturity
Investments in Term deposits – USD	Floating and Fixed	4.85%	At maturity
Investments in Term Deposits – GBP	Floating and Fixed	5.05%	At maturity
Investments in Term Deposits – EUR	Floating and Fixed	3.50%	At maturity
Investments in Securities – Non-ZAR	Fixed	3.25%	Semi-annual coupon payments
Holding of Special Drawing Rights	Floating	3.63%	Quarterly
Claims on private sector			
Advances to staff	Fixed	6.00%	Monthly
Advances to Eswatini Government	Fixed	7.35%	At maturity
Swaziland Building Society Deposits	Fixed	3.5%	At maturity
Private Placement	Fixed	2.00%	Annual coupon payment
Eswatini Government T-Bills	Fixed	9.40%	Discount payment
Eswatini Government Bonds	Fixed	10.50%	Semi-annual coupon payments
Cash and cash equivalents			
Balances with banks – ZAR	Floating	8.00%	Monthly
Balances with banks – Other foreign	Floating	4.50%	Monthly
LIABILITIES			
Allocation of Special Drawing Rights	Floating	3.63%	Quarterly
Domestic deposits			
Government of Eswatini – replenishment reserve	Floating	Weekly reference rates	Monthly
Government of Eswatini – current account	None	1.00%	Monthly
Government of Eswatini – call account	Floating	4.30%	Monthly
Government of Eswatini – fixed deposit	None	n/a	At maturity
Banks in Eswatini	Floating	8.05%	Monthly
Private Placement	Fixed	1.50%	Annual interest payments
Other domestic deposits	Floating	1.70%	At maturity

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

41. REPAYMENT TERMS AND INTEREST RATES APPLICABLE TO FINANCIAL ASSETS AND LIABILITIES (continued)

The repayment terms and the applicable interest of the financial assets and liabilities are as follows:

2025	Fixed or Floating Interest rates	Average Interest rates (%)	Terms of interest payment
ASSETS			
External investments:			
Investments in Term deposits – ZAR	Floating and Fixed	7.5%	At maturity
Investments in Term deposits – USD	Floating and Fixed	3.95%	At maturity
Investments in Term Deposits - GBP	Floating and Fixed	4.1%	At maturity
Investments in Term Deposits - EUR	Floating and Fixed	2.18%	At maturity
Investments in Securities – Non-ZAR	Fixed	3.15%	Semi-annual coupon payments
Holding of Special Drawing Rights	Floating	2.84%	
Claims on private sector			
Advances to staff	Fixed	6.00%	Monthly
Advances to Eswatini Government	Fixed	7.05%	At maturity
Swaziland Building Society Deposits	Fixed	3.75%	At maturity
Private Placement	Fixed	2.00%	Annual coupon payment
Eswatini Government T-Bills	Fixed	8.5%	Discount payment
Eswatini Government Bonds	Fixed	10.40%	Semi-annual coupon payments
Cash and cash equivalents			
Balances with banks – ZAR	Floating	7.00%	Monthly
Balances with banks – Other foreign	Floating	3.3 %	Monthly
LIABILITIES			
Allocation of Special Drawing Rights	Floating	2.84%	Quarterly
Domestic deposits			
Government of Eswatini – replenishment reserve	Floating	Weekly reference rates	Monthly
Government of Eswatini – current account	None	1.00%	Monthly
Government of Eswatini – call account	Floating	4.30%	Monthly
Government of Eswatini – fixed deposit	None	n/a	At maturity
Banks in Eswatini	Floating	7.05%	Monthly
Private Placement	Fixed	1.50%	Annual interest payments
Other domestic deposits	Floating	1.70%	At maturity

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CENTRAL BANK OF ESWATINI
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2026 (continued)
42. LITIGATIONS AND CLAIMS

In the ordinary course of business, the Bank is exposed to various actual and potential claims, lawsuits and other proceedings amounting to approximately E28 million as at 31 March 2026. The cases relate to unfair dismissals, claims on services rendered and a prospective intellectual property rights claim.

Based on management's assessment, supported by external legal counsel and a review of the status of the matters, an outflow of economic resources in respect of these claims is considered possible but not probable. Accordingly, the recognition criteria for a provision in terms of IAS 37 Provisions, Contingent Liabilities and Contingent Assets have not been met and no provision has been recognised in the financial statements.

43. EVENTS AFTER THE REPORTING DATE

The Directors are not aware of any matters or circumstances arising since the reporting date and the date of approval of these financial statements, not otherwise dealt with in this report, which would materially affect the operations of the Bank or the financial position of the Bank.

44. NON-CURRENT ASSETS HELD FOR SALE

	2026 E'000			2025 E'000		
	Cost/ revalued cost	Accumulated depreciation	Carrying value	Cost/ revalued cost	Accumulated depreciation	Carrying value
Land	37 220	-	37 220	27 996	-	27 996
Buildings	162 863	(78 879)	83 984	-	-	-
Total	200 083	(78 879)	121 204	27 996	-	27 996

31 March 2026

	Carrying value at beginning of year	Transfers from Property, Plant and Equipment	Disposals	Depreciation	Carrying value at end of year
Land	27 996	9 224	-	-	37 220
Buildings	-	83 984	-	-	83 984
Total	27 996	93 208	-	-	121 204

31 March 2025

	Carrying value at beginning of year	Transfers from Property, Plant and Equipment	Disposals	Depreciation	Carrying value at end of year
Land	27 996	-	-	-	27 996
Total	27 996	-	-	-	27 996

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

44. NON-CURRENT ASSETS HELD FOR SALE (continued)

The Bank finally signed an agreement of sale with the Government in December 2025, incorporating the terms for repayment, for the previous Head Office Buildings and a vacant plot located in Mbabane during the year ending March 2026. The agreement of sale further provides that settlement of the purchase consideration for the properties will commence in the 2025/26 financial year through the appropriation amounts due to the Government. The Bank, as a consequence, relocated all its operations to Ezulwini whilst the Judiciary took occupation of the buildings. Due to delays in some property consolidation issues, the transfer of these properties to the Government could not be concluded in the current year. The sale of the property to government is expected to be concluded within the 2027 financial period. The bank remains committed to the sale. No impairment loss has been recognised as the fair value less costs to sell continues to exceed the carrying amount of land. As at 31 March 2026, E 121 204 076 relating to land and buildings was recorded as assets held for sale.

Measurement of fair values

The following table shows the valuation technique used in measuring the fair value of land and buildings, as well as the significant unobservable inputs used:

<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Inter-relationship between key unobservable inputs and fair value measurement</i>
Income method/discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the land and buildings taking into account expected rental growth rates, void periods occupancy rate, lease incentive costs such as rent-free periods, and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of the building and its location prime vs secondary, tenant credit quality and lease terms.	▪ Capitalization rate of 8-10% ▪ Revenue projections ▪ Immediate capital expenditure	The estimated fair value would increase/decrease if: ▪ Capitalization rate was higher /lower;

The land and buildings were valued on 31 March 2026 by the Built Environment Group (Pty) Ltd who are independent external and qualified property valuer using the valuation technique described above. The fair value measurement for all land and buildings has been categorized at a level 3 fair value based on the inputs to the valuation technique used.

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CENTRAL BANK OF ESWATINI

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026 (continued)

45. DEPARTURE FROM IFRS

In terms of section 35 of the CBE Order, revaluation gains are presented in other comprehensive income. IAS 21 requires foreign exchange gains or losses to be recognised in profit or loss. The Bank has applied the requirements of the CBE Order to present the revaluation gains or losses as other comprehensive income. Another deviation due to the Central Bank Order, 1974 is the presentation of other comprehensive income that does not fully comply with IFRS Accounting Standards. IFRS 9, Financial Instruments, prescribes the circumstances under which gains and losses may be recognised in other comprehensive income and requires certain amounts, including foreign exchange gains and losses, to be recognised in profit or loss. The Bank has recognised these amounts in OCI in accordance with the Central Bank Order. Had the Bank applied the requirements of IAS 21 and IFRS 9, the income statement would be presented as below:

	Notes	2026 E'000	2025 E'000
Interest income	4	744 668	787 364
Interest expense	5	(412 948)	(419 686)
Net interest income		<u>331 720</u>	<u>367 678</u>
Non-interest income			
Impairment reversal- financial assets	6	7 266	72 778
Revaluation gains on foreign exchange activities			-
Other revenue	6	<u>325 801</u>	<u>367 073</u>
		<u>333 067</u>	<u>439 851</u>
Total operating income		<u>664 787</u>	<u>807 529</u>
Operating expenses			
Property occupation expenses	2	(30 617)	(24 589)
Salaries and employee benefits	2,7	(319 659)	(282 840)
Depreciation and amortization expense	2	(40 656)	(40 328)
Currency expenses	3	(28 471)	(21 699)
Other expenses	2	(204 539)	(232 394)
Revaluation losses on foreign exchange activities		<u>(307 451)</u>	<u>(16 152)</u>
Total operating expenses		<u>(931 394)</u>	<u>(618 002)</u>
(Loss)/profit and total comprehensive (loss)/income		<u>(266 607)</u>	<u>189 527</u>

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