

| NATIONAL BANK OF MALAWI | | | |
|--|--------------------------------|--------------------------------|------------------------------|
| SUMMARY OF UNAUDITED INTERIM CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30TH JUNE 2009 | | | |
| | 30-Jun-09 Unaudited | 30-Jun-08 Unaudited | 31-Dec-08 Audited |
| | K'm | K'm | K'm |
| STATEMENTS OF COMPREHENSIVE INCOME | | | |
| Interest income | 3,511 | 2,674 | 5,972 |
| Interest expense | (501) | (336) | (816) |
| Net interest income | 3,010 | 2,338 | 5,156 |
| Other income | 2,298 | 1,897 | 4,122 |
| Share of profits of associate | 7 | 7 | - |
| Net income | 5,315 | 4,242 | 9,278 |
| Operating expenses | (2,484) | (2,261) | (4,959) |
| Profit before recoveries on impaired loans and advances | 2,831 | 1,981 | 4,319 |
| Net recoveries on impaired loans and advances | 45 | 97 | 252 |
| Profit before taxation | 2,876 | 2,078 | 4,571 |
| Income tax expense | (855) | (620) | (1,417) |
| Profit after taxation | 2,021 | 1,458 | 3,154 |
| Other Comprehensive Income | | | |
| Gains on property valuations | 0 | 0 | 824 |
| Deferred tax on excess depreciation | 0 | 0 | 2 |
| Deferred tax on previously revalued assets | 0 | 0 | (151) |
| Other Comprehensive Income net of tax | - | - | 675 |
| Total Comprehensive Income for the period | 2,021 | 1,458 | 3,829 |
| Profit attributable to shareholders | | | |
| Owners of the Parent | 2,023 | 1,458 | 3,152 |
| Non-controlling (Minority) Interests | (2) | - | 2 |
| | 2,021 | 1,458 | 3,154 |
| DIVIDENDS PAID | | | |
| Interim | - | - | 500 |
| Final (for prior year) | 1,002 | 352 | 351 |
| Total | 1,002 | 352 | 851 |
| Earnings per share (Kwacha) | 4.41 | 3.19 | 6.90 |
| Dividend per share (Kwacha) | 2.19 | 0.77 | 1.86 |
| Number of ordinary shares in issue (millions) | 458 | 457 | 457 |
| STATEMENTS OF FINANCIAL POSITION | | | |
| LIABILITIES AND EQUITY | | | |
| Liability to customers | 51,585 | 41,817 | 45,439 |
| Other liabilities | 9,821 | 9,129 | 9,126 |
| Equity attributable to equity holders of the parent company | 10,803 | 7,885 | 9,757 |
| Minority interest | 6 | 6 | 8 |
| Total equity and liabilities | 72,215 | 58,837 | 62,330 |
| ASSETS | | | |
| Cash and funds with Reserve Bank of Malawi | 10,025 | 4,832 | 2,207 |
| Treasury and Reserve Bank of Malawi bills | 10,493 | 13,543 | 10,705 |
| Reserve Bank of Malawi Bill Bonds | 982 | 540 | 959 |
| Government of Malawi Local Registered Stocks | 1,415 | 1,862 | 1,623 |
| Equity Investments | 905 | 772 | 1,037 |
| Placements with other banks | 2,623 | 4,244 | 8,684 |
| Loans and advances to customers | 33,922 | 20,712 | 25,567 |
| Other investments | 19 | 4 | 500 |
| Other assets | 3,196 | 6,498 | 3,388 |
| Investment in associate | 150 | 129 | 143 |
| Property, plant and equipment | 8,185 | 5,138 | 7,217 |
| Deferred tax assets | 300 | 563 | 300 |
| Total assets | 72,215 | 58,837 | 62,330 |
| Memorandum Items | | | |
| Contingent liabilities | 3,670 | 4,214 | 2,560 |
| STATEMENTS OF CHANGES IN EQUITY | | | |
| As at beginning of period | | | |
| Total Comprehensive Income for the period | 2,021 | 1,458 | 3,829 |
| Dividends paid | (1,002) | (352) | (851) |
| Other movements (net) | 25 | 14 | 16 |
| As at end of period | 10,809 | 7,891 | 9,765 |
| STATEMENTS OF CASH FLOWS | | | |
| Cash flows from operating activities | | | |
| Profit before tax | 2,876 | 2,078 | 4,571 |
| Adjustments for: | | | |
| Depreciation | 311 | 204 | 454 |
| Fair value loss/(gain) on equity investments | 202 | (57) | (59) |
| Loss/(profit) on disposal of equity investments | 0 | 0 | (2) |
| Share of profits of associate | (7) | (7) | (27) |
| Profit on disposal of property, plant and equipment | (4) | (4) | (5) |
| Dividends received | (34) | (13) | (23) |
| Impairment loss on property valuation | 0 | 0 | 152 |
| Increase/(decrease) in employment benefits obligation | 102 | (199) | (270) |
| Increase in operating assets | (8,182) | (6,050) | (7,790) |
| Increase in operating liabilities | 5,928 | 11,123 | 11,309 |
| Cash generated from operating activities | 1,192 | 7,075 | 8,310 |
| Tax paid | (902) | (730) | (1,295) |
| Net cash inflow from operating activities | 290 | 6,345 | 7,015 |
| Net cash used in investing activities | (1,884) | (4,473) | (7,871) |
| Net cash used in financing activities | (977) | (336) | (835) |
| Net (decrease)/increase in cash and cash equivalents | (2,571) | 1,536 | (1,691) |
| Cash and cash equivalents at beginning of the period | 10,462 | 12,153 | 12,153 |
| Cash and cash equivalents at end of the period | 7,891 | 13,689 | 10,462 |

PERFORMANCE

The Board is pleased to announce a Group pre-tax profit of K2.9b, compared with K2.1b earned during a similar period of 2008, representing a 38% increase.

The Bank continues to benefit from a major restructuring exercise implemented in the middle of 2008, which focused on client relationship management, effective cost control, product development and asset quality. The operations have also been enhanced to concentrate on high-yielding quality assets as reflected in the comparative balance sheets.

Deposits and lending have increased by 23% and 64% respectively. This is in spite of a generally uncertain and subdued operating environment in the run-up to the May general elections. There were also anxieties and uncertainties emanating from the global financial crisis which is yet to show clear signs of bottoming out.

Despite the acute shortages of foreign currency and falling prices on the stock market, prudent treasury management resulted in the Bank registering good performance.

DIVIDEND

The Board has resolved to pay an interim dividend amounting to K675m (2008 interim: K500m) which, based on the shares in issue as at 30th June 2009 translates to K1.47 per share. However, due to an increase in issued share capital arising from bonus shares issued subsequent to the reporting date, the actual dividend payout will be K1.44 per share (2008 interim: K1.09). The dividends will be paid on 4th September 2009 to members whose names appear on the register as at the close of business on 21st August, 2009.

OUTLOOK

Official estimates point to a real GDP growth rate of around 7.9% in 2009. The downside risk to this robust growth estimate remains the current low commodity prices being received for the country's main exports, in particular tobacco and cotton. Lower export earnings are likely to exacerbate the current foreign exchange shortages. This will in turn pose a challenge to the manufacturing and trading sectors due to their dependence on significant levels of imported raw materials for operations.

Inflation seems to be under control although the economy may experience some inflationary pressures emanating from the lagging effects of government general elections-related expenditures and money supply growth, partially dampening the effects of low food prices.

Monetary policy in the second half of 2009 is likely to continue focusing on mopping up excess liquidity and its conduct is expected to be consistent with the already low levels of foreign exchange reserves position. This may limit the ability of the authorities to reduce interest rates.

In line with its strategy, the Bank will build upon and consolidate its achievements of the first half of the year by commissioning a new operating platform to enhance customer service and efficiencies. The Bank has embarked on a major K11b IT infrastructure project to replace the Bank's current Bankmaster/Branch Power banking system with a more robust T24 system supplied by Temenos. Upon its launch, T24 should enable the Bank to offer first class service to its customers as well as introduce new innovative products.

The performance of the Bank in the second half of the year is therefore expected to be just as strong, and to mirror that of the first half.

BY ORDER OF THE BOAD

G. B. Partridge, Chief Executive Officer and Director

Dr. M. A. P. Chikaonda, Chairman

30th July, 2009

Registered Office:
19 Victoria Avenue,
BLANTYRE