The Board is pleased to announce a group pre-tax profit of K4.6b, compared with K3.6b earned in 2007, representing a 28% increase. The Bank continues on a stable growth path consistent with its Vision and Mission. Post-tax profits at K3.2b (2007: K2.46b) show a 32% increase. Correspondingly, earnings per share rose 33% from K5.24 in 2007 to K6.90. Overall, the balance sheet grew by 33%.

Although the market experienced some pressures on interest margins, net interest income grew by 14% as a direct result of significant growth in the loan book and deposit base of 39% and 30% respectively. This is a direct payoff of the Bank’s aggressive client relationship management efforts. The growth was complemented by strong performance in non-funded income which increased by 31%. This underscores the success of the Bank’s strategy of diversifying its income streams to avoid undue reliance on net interest in a declining interest rate environment.

In spite of foreign exchange shortages experienced during the trading period, exchange earnings at K1.6b exceeded expectations and grew by 24%. Utilization of loan facilities could have been much higher than the recorded figure had the supply of foreign exchange been normal.

The Bank restructured its operations to remain competitive and to maintain its leadership role in the sector. The restructuring has paved way for future improvements in the cost income ratio and efficiency gains, in line with the Bank’s strategic objectives and international benchmarks.

The Bank’s associate, United General Insurance (UGI) Limited, registered satisfactory performance in 2008. Premiums grew by 12% of which, amounting to K27m has been included in the consolidated pre-tax income of the group.

DIVIDEND
An interim dividend of K500m was paid in September, 2008 in addition to a final dividend of K351m in respect of 2007 profits. In total the dividend paid out in 2008 amounted to K851m.

The Board has resolved to recommend to the shareholders payment of a final dividend amounting to K3.12 per share. The dividend will be payable after the Annual General Meeting.

OUTLOOK
The frequent downward revision of world economic growth rates by various authoritative economic bodies is a clear reflection of the uncertainties surrounding the depth of the current world recession and the length of time it will take to bottom out. The world wide financial crisis and credit crunch notwithstanding, the various credit lines that the Bank enjoys with its key external correspondent relationships to date remain unaffected and will be maintained throughout 2009.

In the light of the global financial crisis which has implications for the Malawi economy the Bank expects subdued GDP growth, continuing scarcity of foreign exchange, a somewhat accommodative fiscal and monetary policy, resulting in the continuation of problems created by excess money supply growth. However, the Bank’s strong balance sheet and strategies in place should enable it to deal with the negative effects arising from these challenges. The Bank is poised to secure a continued stable growth path in 2009. In addition, the Bank is investing substantially in customer services through improvements of its delivery platforms, product innovations and up-skillling of its members of staff.

BY ORDER OF THE BOARD

Dr. M.A.P. Chikaonda
G. B. Partridge,
Chairman
Director

26th March, 2009

Registered Office:

13 Victoria Avenue
BLANTYRE

AUDITORS’ REPORT TO THE MEMBERS OF NATIONAL BANK OF MALAWI AND ITS SUBSIDIARIES

We have audited the consolidated financial statements of National Bank of Malawi and its subsidiaries the (Group) for the year ended 30 December 2008 from which the accompanying summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 28 March 2009 we expressed an unqualified opinion on the financial statements from which the summarised financial statements were derived.

In our opinion the summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Group’s financial position and the results of its operations for the period and the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which they were derived and our full audit report thereon.

Details
Public Auditors
Kamuzu, Malawi, 28 March 2009

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