

FIRST NATIONAL BANK OF BOTSWANA LIMITED

(Incorporated in the Republic of Botswana)

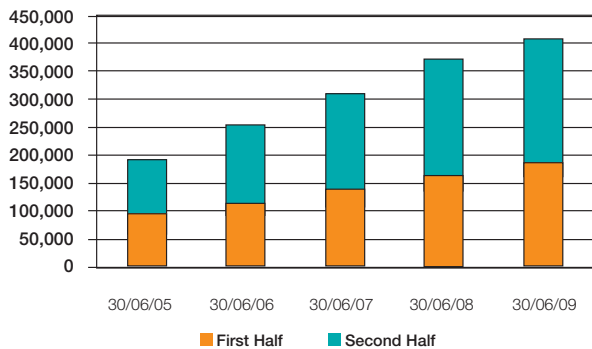
AUDITED YEAR-END RESULTS AND DIVIDEND ANNOUNCEMENT: 30 JUNE 2009

The Directors have pleasure in announcing the audited financial results of First National Bank of Botswana (the Bank) and its subsidiaries for the year ended 30 June 2009.

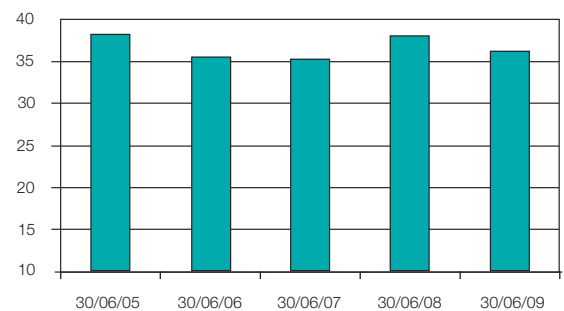
Financial Highlights

- Profit before direct taxation up 19% on corresponding period
- Cost to income ratio 36%
- Return on shareholders' funds 49%
- Return on average assets 3%
- Non interest expenditure up 13% on corresponding period
- Proposed final dividend per share of 4.50 thebe, an increase of 29%

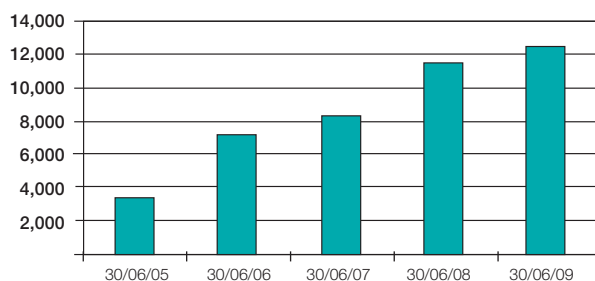
Profit After Tax (P'000)



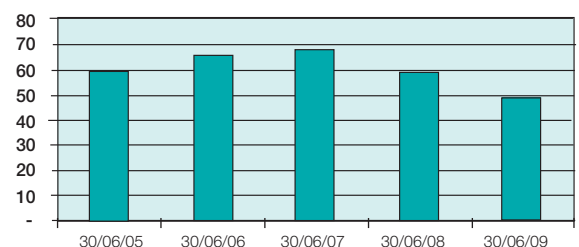
Cost to Income Ratio (%)



Total Assets (P'million)



Return on equity (%)



FNB
First National Bank
Botswana

How can we help you?

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BASIS OF PREPARATION AND ACCOUNTING POLICIES

- The financial results have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting and the Companies Act of Botswana (Companies Act 2003).
- In preparing the underlying annual financial statements from which this press release was extracted, all International Financial Reporting Standards and International Financial Reporting Interpretations Committee interpretations issued and effective at 30 June 2009 have been applied.
- All new accounting pronouncements, effective for the year, have been adopted by the Bank in the current year, but did not have material impact on the Bank, either in the current year or the prior year, therefore no restatements have been made.
- The accounting policies applied and method of computation are consistent with those applied in the annual financial statements for the year ended 30 June 2008.

INDEPENDENT AUDITOR'S REPORT

The auditors, Deloitte & Touche, have issued their opinion on the Consolidated financial statements for the year ended 30 June 2009. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. A copy of their audit report is available for inspection at the Company's registered office. These abridged financial statements have been derived from the consolidated financial statements and are consistent in all material respects, with the consolidated financial statements.

CONDENSED CONSOLIDATED INCOME STATEMENT

Interest income and similar income
Interest expense and similar charges
Net interest income before impairment of advances
Impairment losses on loans and advances
Net interest income after impairment of advances
Non interest revenue
Income from operations
Operating expenses
Depreciation
Other operating expenses

Net income from operations

Share of profit of associate company

Profit before indirect taxation

Indirect taxation

Profit before direct taxation

Direct taxation

Profit for the year

Average number of shares in issue during the year ('000)

+ Earnings per share (thebe) (based on weighted average number of shares outstanding)

Diluted earnings per share (thebe) (based on weighted average number of shares in issue)

+ Average number of shares outstanding takes into account 20 million shares held by the FNBB Employees Share Participation Trust

RATIOS AND MARKET INFORMATION

Dividend per share (thebe)

Dividend cover (times)

* Cost to income ratio (percent)

** Return on equity (percent)

*** Return on average assets (percent)

Capital adequacy ratio (percent)

Closing share price (thebe)

Dividend yield - ordinary shares (percent)

Price earnings ratio

Year ended 30 June 2009 P'000	Year ended 30 June 2008 P'000	% Change
1,296,474	1,168,337	11
(773,578)	(768,085)	1
522,896	400,252	31
(40,752)	(20,804)	96
482,144	379,448	27
370,158	347,666	6
852,302	727,114	17
(316,534)	(279,148)	13
(10,001)	(8,081)	24
(306,533)	(271,067)	13
535,768	447,966	20
1,131	1,314	(14)
536,899	449,280	20
(8,326)	(6,414)	30
528,573	442,866	19
(121,853)	(68,839)	77
406,720	374,027	9
2,563,700	2,563,700	
15.99	14.70	8.7
15.86	14.59	8.7
8.7	8.0	9
1.8	1.8	
36	38	
49	56	
3	4	
16.9	15.1	
210	240	(13)
4.1	3.3	
13.1	16.3	

* Cost to income ratio is based on total non-interest expenditure including indirect taxation (Value Added Tax).

** Return on shareholders' funds is annualised and includes proposed dividend (dividend reserve).

*** Return on average assets is annualised.

CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS

Cash and short-term funds
Derivative financial instruments
Investment securities and other investments
Advances
Investment in associate company
Due to related companies
Accounts receivable
Property and equipment
Intangible asset
Total assets

LIABILITIES AND SHAREHOLDERS FUNDS

Liabilities

Amounts due to other banks
Deposits and current accounts - armotised cost
Derivative financial instruments
Long-term loans
Accrued interest
Balances due to Group companies
Subordinated unsecured registered bonds
Current taxation
Creditors and accruals
Deferred taxation
Total liabilities

Shareholders' equity

Stated capital
Reserves
Dividend reserve
Total shareholders' equity

Total liabilities and shareholders' funds

CONTINGENCIES (OFF BALANCE SHEET ITEMS)

Guarantees
Letters of credit

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Cash flows from operating activities

Cash generated by operations
Taxation paid

Net increase in assets
Net increase in liabilities

Net cash generated from operating activities

Dividends paid
Long term loans repaid

Net cash used by financing activities

Net cash used by investing activities

Net increase in cash and cash equivalents
Cash and cash equivalents at the beginning of the year
Cash and cash equivalents at the end of the year

Cash and short-term funds at the end of the year

Cash and short-term funds
Investment in Bank of Botswana Certificates

At 30 June 2009 P'000	At 30 June 2008 P'000	% Change
1,185,914	1,796,013	(34)
22,611	59,514	
6,085,772	5,363,202	13
4,643,241	3,969,496	17
2,037	2,297	
3,956	2,029	
363,392	181,911	
115,601	80,737	
26,963	26,963	
12,449,487	11,482,162	8
13,851	142,310	
10,552,699	9,763,624	8
21,388	59,514	
316,612	324,694	
70,142	86,594	
175,827	97,587	80
100,000	100,000	
7,494	5,173	
191,279	134,781	
79,071	43,267	
11,528,363	10,757,544	
51,088	51,088	
754,669	583,800	
115,367	89,730	
921,124	724,618	27
12,449,487	11,482,162	8
868,322	379,742	
50,967	289,911	
919,289	669,653	37
Year ended 30 June 2009 P'000	Year ended 30 June 2008 P'000	
579,191	437,089	33
(84,768)	(50,016)	
494,423	387,073	
(974,226)	(963,126)	
778,235	2,963,389	
298,432	2,387,336	
(205,097)	(271,753)	
(7,455)	(6,760)	
(212,552)	(278,513)	
(43,531)	(4,573)	
42,349	2,104,250	
7,053,088	4,948,838	
7,095,437	7,053,088	1
1,185,914	1,796,013	
5,909,523	5,257,075	
7,095,437	7,053,088	

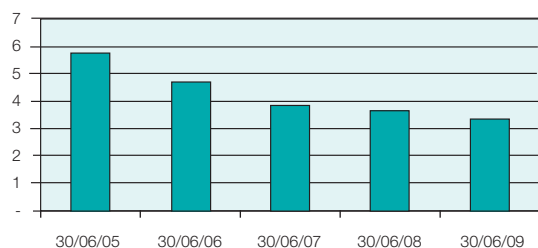
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital P'000	Associate company retained earnings P'000	Other non - distributable reserves P'000	Equity settled employee benefit reserve P'000	Retained earnings P'000	Dividend reserve P'000	Total P'000
Balance at the beginning of the year	51,088	1,342	26,114	3,223	553,121	89,730	724,618
Profit for the year					406,720		406,720
Decrease in available-for-sale reserve			(6,199)				(6,199)
Deferred tax on available-for-sale reserve			(1,173)				(1,173)
Dividend paid - 2008 Final						(89,730)	(89,730)
Dividends paid - 2009 Interim					(115,367)		(115,367)
Dividends proposed - 2009 Final					(115,367)	115,367	-
Recognition of share based payments				2,215			2,215
Decrease in associate company reserve		(260)			260		-
Transfer from property revaluation reserve			(114)		114		-
Transfer from deferred tax			40				40
Balance at the end of the year	51,088	1,082	18,668	5,438	729,481	115,367	921,124

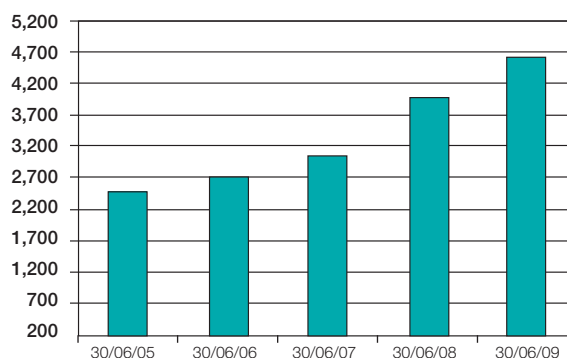
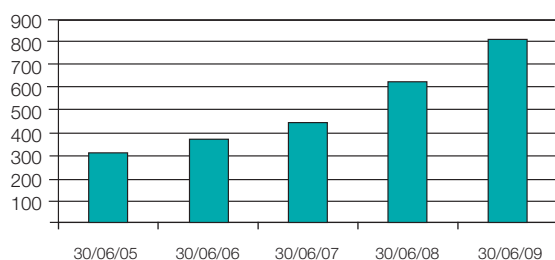
CONDENSED SEGMENTAL REPORTING

	Retail P'000	Property Division P'000	Wesbank P'000	Corporate P'000	Treasury and International Trade P'000	Support P'000	Total P'000
Interest income	248,785	200,292	183,919	49,058	609,950	4,470	1,296,474
Net income / (loss) from operations	132,378	90,941	53,461	10,036	281,353	(32,401)	535,768
Total Assets	1,775,352	1,444,705	1,093,050	355,318	7,122,729	658,333	12,449,487
Total Liabilities	3,342,163	70,421	17,978	1,901,070	5,630,594	566,137	11,528,363

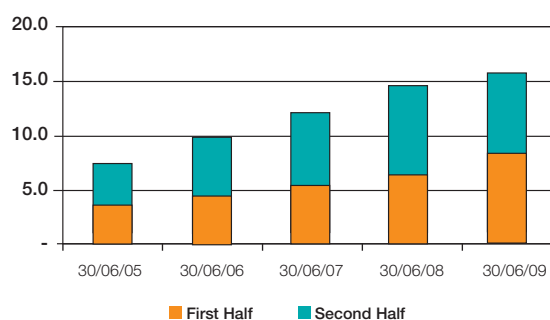
Return on Assets (%)



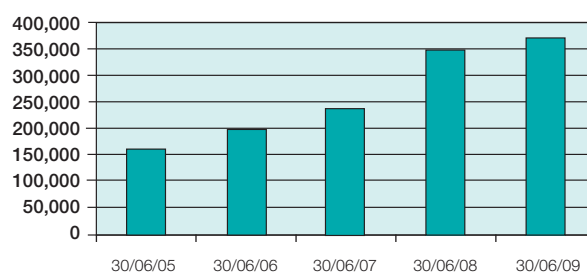
Loans and Advances (P'millions)

Shareholders' Funds (P'million)
(excludes dividend payable)

Earnings per share (thebe)



Non Interest income (P'000s)



Economic review

The period under review was characterised by mixed economic conditions. During the first half of the financial year, inflation was at an all time high, as a result of rising fuel and food prices and high interest rates. Both individual and businesses experienced significant credit growth. Despite this, demand for products and services remained high.

Signs of economic stress started showing around October 2008, and the full impact was felt during the second half of the financial year. Activity in the mining sector slowed down significantly, impacted by reduced demand from our export markets which were hard hit by the global economic crisis, and declining commodity prices. The resultant impact for the local economy was the reduction in government revenues, significant retrenchments, particularly in the mining industry, and general economic slowdown across all sectors of the economy. Inflation reduced as food prices stabilised and fuel prices dropped significantly. Credit growth was also impacted negatively, and the response from Bank of Botswana was a significant cut in the bank rate, from 17% at its peak to the current 13%, a total of 400 basis points to date.

Income statement performance

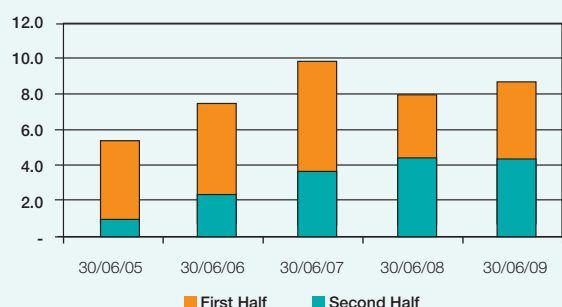
For First National Bank of Botswana, profit before taxation increased by 19% for the year ended 30 June 2009, on the back of strong performance in net interest income as mentioned above.

The increase in interest revenue is also largely attributable to the growth in the core lending business as a result of the ability to tap into the market through the recent expansion initiatives of the Bank. Although the advances increased by 17%, net interest income increased by 31%, reflecting higher margins as the Bank focused in the retail segment.

Impairments grew by 96% off a relatively low base, but this is also a reflection of the hardships experienced by customers as a result of the economic conditions that characterised the year under review. The Bank continues to work closely with customers in exploring various options of cushioning the impact of the downturn.

The growth of non interest income of only 6%, reflects the impact of the once-off income of P35 million on the Bank's investment in

Dividends Per Share (thebe)



VISA in the prior year. If the income from VISA is excluded in the prior year, non interest income has grown by 18% on year on year. The volatility in the foreign exchange experienced during the year mitigated the impact of the low volumes experienced in that market. The economic slowdown also resulted in a reduction in transactional volumes, particularly in the second half of the year, mainly due to economic hardships as unemployment rates increased.

Faced with threats of declining revenue as a result of the economic climate, the Bank focused on cost efficiencies during the second half of the financial year. These initiatives resulted in growth in costs of only 13% despite the high inflation environment during the first half of the year. The cost to income ratio has improved to 36%, remaining the lowest in the market.

The effective tax rate increased from 15.5% to 23% based on current accounting practice and lower dividend declared in the prior year.

Balance Sheet

An increase of 17% in advances and 13% in Bank of Botswana Certificates ("BoBCs"), and a decrease of 34% in cash and short term funds, caused total assets to increase marginally by 8%, mainly as a result of a modest 8% increase in customer deposits. The growth in advances has been driven by the Retail network and WesBank, which have performed exceptionally well as a result of various initiatives to improve processes and service to customers. The lower increase in BoBCs is as a result of the decrease in wholesale deposits directly linked to BoBC holdings. Reserves increased by 27%, reflecting Bank's decision to retain its profits in an effort to address capital constraints resulting from growth.

The Directors recommend a final dividend of 4.50 thebe per share, an increase of 29% from prior year.

Capital management

The Bank continues to manage its capital in line with the Board approved capital management framework and the introduction of Basel II to be adopted in Botswana in 2011. The purpose of the framework is to create objectives, policies and principles relating to the capital optimisation process of book capital (shareholders funds or accounting capital – Net Asset Value), regulatory capital and economic capital.

Economic capital is defined as the capital which the Bank must hold, commensurate with its risk profile, under severe stress conditions, to give comfort to third party stakeholders that it will be able to discharge its obligations to third parties in accordance with an indicated degree of certainty even under stress conditions, and would continue to operate as a going concern. Tests have been performed and will continue to be performed on a regular basis to assess if the Bank is appropriately capitalised from an economic risk point of view.

The Bank's capital adequacy ratio, which excludes the dividend reserve, has been maintained at 17% at 30 June 2009, and is in line with the Bank's capital management framework and the required ratio by Bank of Botswana of 15%.

In line with the substantial growth in assets and the planned impact of the introduction of Basel II, and the effect that these factors will have on the capital adequacy ratio, the Directors believe it appropriate to continue with the prudent approach to capital management.

Contingencies

Off Balance Sheet

Contingencies grew by 37%, driven mainly by growth in performance guarantees issued to support the current infrastructure expansion in Botswana.

Subsequent events

There were no material events that occurred subsequent to the balance sheet date that require adjustment to the income statement or balance sheet, or that require disclosure in the financial statements. With the economic stress in the world markets, the Bank is aware of the effect that this could have on the performance of the Bank and is a matter that is receiving close attention.

Corporate Governance

The Board and Management are responsible for ensuring that the Bank's operations are conducted in accordance with all applicable laws and regulations, including the responsibility for:

- Ensuring that an adequate and effective process of corporate governance, including effective risk management, is established and maintained in accordance with recommended current best practice;
- Ensuring that internal controls are maintained and material malfunctions are reported; and
- Ensuring that the Bank continues to operate as a going concern.

The Board comprises a majority of independent, non-executive Directors and meets regularly, overviews executive management performance and retains effective control over the Bank. The Board is assisted by committees, which are responsible for different aspects of governance. The main committees are the Directors Affairs and Governance, Audit, Credit and Remuneration committees.

Social Responsibility

The Bank established the FNBB Foundation for the purpose of aiding educational, arts and culture, and social welfare development in Botswana by identifying beneficiaries who are in need and deserving of assistance. The Bank has committed to contributing up to 1% of its profit after tax to the Foundation. Since the inception of the Foundation in 2001, the Bank has made grants in excess of P20 million to the Foundation, and in turn, the Foundation has approved donations and pledges to qualifying beneficiaries. Details of the foundation and criteria for eligibility can be found at the Bank's website: www.fnbbotswana.co.bw

Declaration of dividend

Notice is hereby given that a final dividend of 4.50 thebe per share has been declared for the year ended 30 June 2009. The dividend will be paid on or about 16 October 2009 to shareholders registered at the close of business on 2 October 2009. The transfer registers will be closed from 5 October to 9 October 2009, both dates inclusive.

In terms of the Botswana Income Tax Act (Cap 52.01) as amended, withholding tax at the rate of 15% will be deducted by the company from gross dividends.

If a change of address or dividend instructions is to apply to this dividend, notification should reach the Transfer Secretaries by 9 October 2009.

For and on behalf of the Board.

P D Shah
Chairman

L E Boakgomo-Ntakhwana
Chief Executive Officer

GABORONE, 14 August 2009

TRANSFER SECRETARIES
PriceWaterHouse Coopers (Proprietary) Limited
Plot 50371, Fairground Office Park
PO Box 294
GABORONE

This information is also available on the internet. Visit www.fnbbotswana.co.bw

First National Bank of Botswana Limited

A Registered Bank, incorporated in Botswana, Reg No. 1119, Marketing & Communications Department,
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Tel: (267) 364 2600, Fax: (267) 390 6679

Directors: P.D. Shah (Chairman)(Kenya), L.E. Boakgomo-Ntakhwana (Chief Executive Officer), J.R. Khethe (S.A.),
J.K. Macaskill (S.A.), M.T. Sekgororoane, S. Thapelo, P.D. Stevenson, B.U. Madhav (S.A.), B.M. Bonyongo,
R.C. Wright (Deputy CEO, alternate to L.E. Boakgomo-Ntakhwana)



How can we help you?