The Directors have pleasure in announcing the unaudited financial results of First National Bank of Botswana Limited (the Bank) and its subsidiaries for the half year ended 31 December 2009.

Financial Highlights
- Balance sheet growth of 15%
- Impairment losses increased by only 12% on corresponding period
- Cost to income ratio of 38%
- Advances growth of 13%
- Deposits growth of 17%
- Return on average assets 3.5%
- Non interest expenditure increased by only 8% on corresponding period
- Proposed interim dividend per share of 4.5 thebe
- Profit before tax declined marginally by 5%

First Half Year Interim Results and Dividend Announcement:
For the Period ended 31 December 2009

BASIS OF PRESENTATION AND ACCOUNTING POLICIES
- The financial results have been prepared in accordance with International Financial Reporting Standards ("IFRS") and (IAS) 34 - Interim Financial Reporting, and the Companies Act of Botswana (Act 27 of 1996).
- All new accounting standards and pronouncements, effective for the year, have been adopted by the Bank. Most significant of these are IAS 1 - Financial Statement Presentation and IFRS 8 - Operating Segments. Both of these standards focus on presentation and disclosure and have no impact on the recognition or measurement of amounts presented. No other amendments adopted in the current year had a material impact on the Bank in either the current, or prior year, and therefore no restatements have been made.
- The accounting policies applied are consistent with those applied in the annual financial statements for the year ended 30 June 2009.

CONSOLIDATED INCOME STATEMENT

<table>
<thead>
<tr>
<th>Unaudited</th>
<th>Unaudited</th>
<th>Audited</th>
<th>Year ended</th>
<th>Year ended</th>
<th>P'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 Dec 2008</td>
<td>31 Dec 2007</td>
<td>31 Dec 2008</td>
<td>31 Dec 2009</td>
<td>31 Dec 2009</td>
<td>100%</td>
</tr>
<tr>
<td>Internal income and income on loans</td>
<td>Net interest income</td>
<td>Non-interest income</td>
<td>Total income</td>
<td>Total income</td>
<td>% Change</td>
</tr>
<tr>
<td>523,883</td>
<td>428,187</td>
<td>25,695</td>
<td>554,520</td>
<td>453,875</td>
<td>-12%</td>
</tr>
<tr>
<td>Interest and fees on loans and advances</td>
<td>517,667</td>
<td>411,962</td>
<td>25,704</td>
<td>544,175</td>
<td>451,524</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>16,216</td>
<td>7,223</td>
<td>2,491</td>
<td>26,520</td>
<td>10,351</td>
</tr>
<tr>
<td>Total income</td>
<td>543,875</td>
<td>454,175</td>
<td>27,595</td>
<td>570,045</td>
<td>464,226</td>
</tr>
<tr>
<td>Total expenses</td>
<td>386,310</td>
<td>316,251</td>
<td>24,314</td>
<td>436,864</td>
<td>349,500</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>385,513</td>
<td>315,682</td>
<td>24,314</td>
<td>436,864</td>
<td>349,500</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>807</td>
<td>569</td>
<td>88</td>
<td>1,158</td>
<td>888</td>
</tr>
<tr>
<td>Total expenses</td>
<td>386,310</td>
<td>316,251</td>
<td>24,314</td>
<td>436,864</td>
<td>349,500</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>157,565</td>
<td>137,924</td>
<td>23,281</td>
<td>133,181</td>
<td>114,726</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>113,622</td>
<td>101,005</td>
<td>22,131</td>
<td>121,250</td>
<td>103,624</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>113,622</td>
<td>101,005</td>
<td>22,131</td>
<td>121,250</td>
<td>103,624</td>
</tr>
</tbody>
</table>

FIRST NATIONAL BANK OF BOTSWANA LIMITED
(Incorporated in the Republic of Botswana)

The Directors have pleasure in announcing the unaudited financial results of First National Bank of Botswana Limited (the Bank) and its subsidiaries for the half year ended 31 December 2009.
Economic Review

Indications are that the economy is recovering, albeit at a slow pace. The diamond industry has recovered somewhat but remains volatile and extremely uncertain. The non-mining sector is also beginning to come under pressure as government spending slows and consumer income takes strain.

The period under review was challenging as interest rates continued on a downward cycle. The central bank continued to reduce the bank rate despite inflation being at it’s lowest level since 2002.

Income Statement Performance

In an environment where economic conditions have been a challenge, the Bank’s profit before tax declined by only 3% compared to corresponding period.

In response to the challenges being faced, First National Bank of Botswana has continued with its sound credit vetting processes. This has resulted in impairment losses growing by only 12% from a low base. Although the level of retenchments in the mining sector has reduced, consumers are still experiencing financial strain with diminishing income levels. In the face of these economic circumstances the Bank has managed to keep its impairment losses at reasonable levels.

Further, the period under review called for the Bank to achieve extreme cost efficiencies. To this end, the Bank adopted initiatives to manage of its costs. These have been very successful with growth in costs being only 8%, which is in line with the level of inflation during the period.

The challenges posed by the economic conditions impacted most businesses and individuals. Despite this, the Bank’s advances grew by 13%, albeit yielding a lower growth of 4% in net interest income before impairment of advances. The relatively low growth in interest income in relation to the growth in advances is reflective of the significant margin compression being experienced in the low interest rate environment.

Despite the economic challenges which resulted in the lower levels of foreign currency availed to the market by Debiswana as well as the significant reduction in transactional volumes, non-interest income experienced a decline of only 2%. This performance reflects the Bank’s continued commitment to revenue diversification through its innovative product offerings.

Statement of Financial Position

The Bank’s balance sheet remains strong with a growth of 15%. This growth was driven mainly by growth in Bank of Botswana Certificates, which grew by 37%, as the Bank exercises caution in lending with the emphasis being on credit risk management. The growth in deposits of 17% has contributed to this position as the excess funds are invested in Bank of Botswana Certificates. Cash balances, with a growth of 4%, and advances growth of 13%, mainly in Property Finance, have also contributed to the overall growth of the balance sheet.

Reserves increased by 19% reflecting the Bank’s decision to retain its profits in an effort to address capital constraints while maintaining a sound dividend payout policy.

The Directors recommend an interim dividend of 4.5 thebe per share.

Capital Management

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

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 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 31 December 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 Items

Contingencies grew by 28%, 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.

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 practices.
- 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 established by the Board are the AUDIT, CREDIT, DIRECTORS AFFAIRS AND GOVERNANCE, RISK 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 P21.4 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 an interim dividend of 4.5 thebe per share has been declared for the half year ended 31 December 2009. The dividend will be paid on or about 25 March 2010 to shareholders registered at the close of business on 12 March 2010. The transfer registers will be closed from 14 March to 18 March 2010, 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 19 March 2010.

For and on behalf of the Board.

P D Shah
Chairman

L E Boakgomo-Ntakhwana
Chief Executive Officer

GABORONE, 27 January 2010

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