



**SUMMARY OF AUDITED INTERIM RESULTS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2010**

	<b>Audited Group</b>	<b>Unaudited Company</b>	<b>Audited Company</b>	
	<b>30-Jun 10</b>	<b>30-Jun-09</b>	<b>31-Dec-09</b>	
	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				<b>Performance</b>
Interest received	2,242,868	1,722,855	3,603,948	We are pleased to announce a Group pre-tax profit of K1.01 billion compared to K655 million during a similar period in 2009, representing a 55% increase. Profit after tax at K654 million was 55% up on the corresponding period in 2009.
Interest payable	(702,318)	(484,510)	(1,072,510)	
Net Interest Income	1,540,550	1,238,345	2,531,438	
Other Income	1,284,651	745,777	1,574,917	
Net Income	2,825,201	1,984,122	4,106,355	
Operating expenses	(1,716,992)	(1,230,509)	(2,755,437)	
Profit before impairment losses	1,108,209	753,613	1,350,918	
Impairment provisions	(93,992)	(98,739)	(143,776)	
Profit before tax	1,014,217	654,874	1,207,142	
Income tax expenses	(353,159)	(234,683)	(397,077)	
<b>Profit for the period</b>	<b>661,058</b>	<b>420,191</b>	<b>810,065</b>	The increase in profitability has been largely due to a 24% growth in portfolio income arising from a 35% growth in the Loans which has been funded by a 40% increase in Deposits. Significant growth was also realized from Non Interest income which increased tremendously by 72% due to availability in the second quarter of foreign exchange, being the tobacco auction season. Net Income at K2.8 billion was 42% above corresponding period.
<b>Other Comprehensive Income</b>				Operating expenses at K1.7 billion were 39% above corresponding period due to the increase in the number of our points of representation from 29 to 35 countrywide, costs of the new NBS Forex Bureau Ltd and comparatively higher interest paid on deposits of K702 million which was 45% above 2009.
Decrease in Fair Value of Investments	(6,852)	-	(1,314)	
Net gain on property revaluation	0		53,735	
<b>Total Comprehensive Income</b>	<b>654,206</b>	<b>420,191</b>	<b>862,486</b>	The overall after tax profit of K669 million translates to an annualized after tax return on equity of 52%.
Earnings per share (tambala)	134	85	164	<b>Prospects</b>
Number of ordinary share in issue (million)	493	493	493	
<b>STATEMENT OF FINANCIAL POSITION</b>				We expect the trend to slow down during the second half due to a likely short supply of forex and recent reduction in bank interest rates.  The cost to income ratio at 64% was an improvement from last year's ratio of 67% though higher than the norm of 60% and is forecast to remain within acceptable levels.  The Bank will be finalizing its equity capital raising initiative before 31 <sup>st</sup> December 2010 and discussions are currently under way with a prospective investor.
<b>LIABILITIES &amp; EQUITY</b>				
Liabilities to Depositors	25,752,670	18,450,222	24,317,506	
Other liabilities	3,924,472	2,357,683	2,480,535	
Ordinary shareholders funds	3,001,639	2,052,271	2,520,100	
<b>TOTAL</b>	<b>32,678,781</b>	<b>22,860,176</b>	<b>29,318,141</b>	
<b>ASSETS</b>				
Cash and Cash equivalents	8,089,123	4,580,530	6,137,262	
Money market investments	461,204	1,458,643	1,793,109	
Other investments/Receivables	926,498	18,665	775,981	
Loans and Advances	20,335,519	15,030,789	17,945,806	
Property, plant and equipment	2,866,437	1,771,549	2,665,983	
<b>TOTAL</b>	<b>32,678,781</b>	<b>22,860,176</b>	<b>29,318,141</b>	
Memorandum Items				<b>Dividend</b>
Contingent liabilities	197,490	197,490	197,490	
<b>STATEMENT OF CHANGES IN EQUITY</b>				The Directors have approved payment of an interim dividend of K123 million or 25 tambala per share (20 tambala: 2009) payable on a day to be announced.
As at beginning of period	2,520,100	1,780,079	1,904,281	
Total Comprehensive income for the period	654,206	420,192	862,486	
Other movements net	(172,667)	(148,000)	(246,667)	
As at end of Period	<b>3,001,639</b>	<b>2,052,271</b>	<b>2,520,100</b>	<b>BY ORDER OF THE BOARD</b>
<b>STATEMENT OF CASH FLOWS</b>				<b>20<sup>TH</sup> AUGUST 2010</b>
<b>OPERATING ACTIVITIES</b>				<b>F L MLUSU, CHAIRMAN</b>
Interest and fees received	3,527,519	2,468,638	5,178,865	
Interest paid	(702,318)	(484,510)	(1,072,510)	
Cash paid to Suppliers and employees	2,648,790	(502,153)	(3,514,946)	<b>E NUKA (MRS), DIRECTOR</b>
Movement in net customer balances	(2,389,713)	(352,752)	373,973	
Income Tax paid	(349,000)	(192,973)	(2,738,258)	
Cash flows from operating activities	<b>2,735,278</b>	<b>936,250</b>	<b>2,955,694</b>	<b>Registered Office</b>
<b>FINANCING ACTIVITIES</b>				<b>Corner Masauko Chipembere Highway/ Johnstone Road Ginnery Corner, Blantyre</b>
Long – term Loan Repayment	(264,531)	(73,066)	(30,781)	
Dividend Paid	(172,667)	(148,000)	(246,667)	
Cash flow from financing activities	<b>(437,198)</b>	<b>(221,066)</b>	<b>(277,448)</b>	
<b>INVESTING ACTIVITIES</b>				
Acquisition of investment in securities	0	0	(49,865)	
Acquisition of property and equipment	(346,219)	(323,115)	(679,580)	
Cash flows to investing activities	<b>(346,219)</b>	<b>(323,115)</b>	<b>(729,445)</b>	
Net movement in Cash and Cash equivalent	1,951,861	392,069	1,948,801	
Cash and Cash equivalent at beginning of period	6,137,262	4,188,461	4,188,461	
Cash and cash equivalent at end of period	<b>8,089,123</b>	<b>4,580,530</b>	<b>6,137,262</b>	

**Auditor's Report to the members of NBS Bank Limited and its Subsidiary**

We have audited the consolidated financial statements of NBS Bank Limited and its subsidiary (the Group) for the six months period ended 30 June 2010 from which the accompanying summarised consolidated financial statements were derived in accordance with International Standards on Auditing. In our report dated 20th August 2010 we expressed an unqualified opinion on the consolidated financial statements from which the summarised consolidated financial statements were derived.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the consolidated 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 of the scope of our audit, the summarised consolidated financial statements should be read in conjunction with the consolidated financial statements from which these summarised consolidated financial statements were derived and our full audit report thereon.

**KPMG**  
**Public Accountants**  
**Blantyre, Malawi**