

Summary of the unaudited Group results

for the six months ended 31 December 2008

Group overview

Despite the continued challenges presented by the subdued Namibian and turbulent global economies, the FNB Namibia Holdings Group ("the Group") has continued to generate sustainable results, albeit at a slower earnings growth rate. Headline earnings increased by 9% to N\$176 million (2007; N\$161 million) for the six nonths ended 31 December 2008. Earnings per ordinary share increased by 11% to 68 cents (2007: 61 cents).

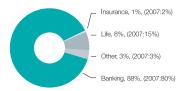
The banking group increased profit before tax by a healthy 20% from N\$203 million to N\$244 million,

ontributing 88% (2007: 80%) to the Group. The good profit contribution by the banking group compensated for the negative growth by the insurance operations, which demonstrates the benefit of a diversified income base. Swabou Life's profit before tax amounted to N\$21 million (2007: N\$37 million), with earnings adversely affected by unrealised losses on equity portfolios as a result of the weakening international equity markets. In line with the Group's strategy to introduce new products, Swabou Insurance launched personal lines products impacting on the performance of the company, but these will position it well for the future.

The chart alongside illustrates the relative

segment contribution, based on profit before

The Group's cost to income ratio increased to 50% (2007: 47%), impacted by margin pressure as a result of the higher cost of funding. The cost to income is well within the industry norms.
A dividend cover of 2.4 has been maintained. esulting in a dividend of 28 cents (2007: 25 cents) per ordinary share being declared



Net interest income: The 4% growth in net interest income before impairment of advances lags balance shee growth of 12%. Interest income is partly distorted by a change in the term structure of deposits, in line with the Group's liquidity management strategy. The interest rate differential between the Namibian and South African repor rates also contributed to the increase in funding cost. Impairment losses: The banking group's sound lending criteria and its stringent collection processes ensured

that the impairment charge was maintained at a low level, especially against the prolonged high interes: rate cycle and high inflation. As a result, the total impairment charge decreased to N\$26 million (2007 N\$40 million) and comprises the following componer

	31 December 2008		31 Decen	nber 2007	
	N\$ mi∎ion	% of average advances	N\$ mi l ion	% of average advances	
Specific impairment on non-performing loans	7.2	0.1	11.9	0.3	
PV of security of non-performing loans	9.9	0.2	11.7	0.2	
Total specific impairment	17.1	0.3	23.6	0.5	
Portfolio impairment	8.5	0.2	16.5	0.4	
Total impairment charge	25.6 0.5 40.1		0.9		

Non interest income: Non interest income increased by 7% to N\$230 million (2007: N\$214 million). The increase was driven by strong transactional volume growth, with an escalation in consumers switching to more cost efficient electronic channels. Also contributing to the growth was forex trading assisted by the volatility of the currency markets and increased marketing efforts. However, the unrealised equity loss on Swabou Life's investment portfolios, which are included under non interest revenue, reduced non interest evenue growth to 7%.

Net insurance premium income and net claims and benefits paid: Net premium income for the period was N\$78 million (2007; N\$79 million), a decrease of 1%. Lower single premium income on the Momentum book and credit life sales contributed to the decrease in net premium income. Claims and benefits increased from N\$58 million to N\$61 million, an increase of 5%. Decrease in value of policyholder liabilities - insurance contracts: Policyholders' liabilities are matched

with investment portfolios and thus the values of these liabilities are impacted by movements in fair value of the underlying investments. The decrease in the policyholders' liabilities by N\$66 million is therefore as a result of the decrease in the fair value of the underlying matched investments, reflecting the equity matched movements. A corresponding N\$59 million unrealised loss on the policyholders' fund is recorded under non

Fair value adjustments: Longer-term interest rates fell during the period, resulting in a revaluation loss of N\$27 million (2007: N\$1 million gain) for the FNB17 fixed rate bonds. To illustrate, the yield at the end of June 2008 was 12.35% compared to 8.93% (2007: 10.21%) at the end of December 2008. A N\$32 million favourable revaluation of the interest rate swap used to hedge this interest rate risk is reflected in non interes: income, which offsets this charge.

Operating expenses: Operating costs increased by 15% year on year from N\$301 million to N\$345 million. Staff costs are up by 12.6% on last year mainly as a result of salary adjustments and an increase in headcount due to expansion and the strengthening of risk management processes. Costs related to investments in infrastructure - both premises and technology were incurred, as well as increased marketing spend on new

Tax: The Group's effective tax rate has increased from 30% to 33% for the interim period primarily due to the impact of the unrealised losses on Swabou Life's equity investment portfolio.

with the advances growth where corporate borrowings, some of which are seasonal, contributed to a satisfactory prowth, compared to private credit extension of 9.4%.

Notwithstanding an increase of 13% in non-performing loans, the healthy profile of the advances book has en maintained. Non-performing loans as a percentage of gross average advances is at 2.9% (2007: 2.3%). In line with the Group funding strategy, deposits increased by 16%.

The Group maintained the 2.4 times dividend cover on profit attributable to ordinary shareholders.

The Group is in the process of finalising the acquisition of 40% of the ordinary shares in FNB Insurance Broker

Namibia (Pty) Ltd ("FNB IBN") from FNB Insurance Brokers Holdings (Pty) Ltd ("FNB IBH") at a price of N\$10 million. At the beginning of the negotiation with FNB IBH, FNB IBN was in the process of acquiring WC Knight and Associates (Pty) Ltd ("WCKA") and the parties agreed that FNB Namibia Holdings would also pay 40% of the agreed price for WCKA. This transaction falls under the category of related parties as per the Namibiar Stock Exchange ("NSX") rules due to the fact that FNB Namibia Holdings and FNB IBH are related parties. As a result, the transaction has been subject to a fair and reasonable opinion by an independent expert. The report is available at the Group's registered offices. The acquisition is subject to the regulatory approval. The effective date will be one month following the completion conditions having been fulfilled.

Group capital management

Total capital adequacy ratio for the banking group was 19.6% (2007: 19.9%), with tier one capital comprising 14.5% (2007: 14.3%). Current capital requirements in the Banking Institutions Act 1998 are based on the International Capital Accord of the Basel Committee established in 1988. This capital accord has been revised international capital Accord on its base committee established in 1935. This capital according to the Search of Namibia, will be effective from 1 January 2010. The main changes lie in the calculation of risk-weighted assets and the closer alignment of capital levels to true.

underlying economic risks. As a subsidiary of a South African banking group, where the principles of Basel II were andopting documents in inside. As a social and a social national and in a group, where the principles of baselin west adopted on 1 January 2008, First National Bank of Namibia Limited has compiled with the standardised approach to calculate credit, market and operational risk capital. Indications are that compliance with Basel II will not require a material increase in our current economic capital estimates or minimum regulatory levels.

The capital adequacy requirement ("CAR") for Swabou Life is based on there being a sufficient excess o free assets over liabilities to guard against adverse conditions in future. The financial soundness valuation o Swabou Life disclosed free reserves of N\$276 million (31 December 2007: N\$340 million). The free reserves decreased due the payment of N\$100 million dividend to the shareholders during the current period and covered the CAR 3.0 times (31 December 2007: 5.4 times) which is above the prescribed minimum level.

The capital adequacy of Swabou Insurance is measured by the solvency margin, which at 31 December 2008 was 42.2% (31 December 2007: 35.9%), against a statutory minimum requirement of 25%.

Acquisition of shares by employee share trust

The FNB Employee Share Incentive Trust purchased 5,503,511 FNB Namibia Holdings' shares from Transnamib Holdings Limited during the period. The shares will be used as a hedge for the share allocation to staff members n terms of the rules of the Trust. The shares held by the FNB Employee Share Incentive Trust are eliminated on consolidation, reducing the equity on a Group reporting level

Events subsequent to the balance sheet date

There are no material events to report subsequent to the balance sheet date.

Group prospects As expected, interest rates remained largely unchanged for the better part of 2008, with the first 50 basis point reduction by Bank of Namibia in December 2008. It is widely predicted that the declining rate cycle has commenced and we can expect further reductions in the second half of the Group's financial year. The Group will, however, continue focusing on quality asset growth thereby maintaining impairments within acceptable limits.

On an operational level, the Group is making good progress in implementing a new core banking system as required by the Bank of Namibia. Conversion will take place by 31 December 2009. There are substantial cost implications which will be incurred in the second half of the financial year and in the next financial year. In an attempt to partly counter these costs, and the uncertainties faced in current economic times, managemen is exercising prudent cost management as well as continuing to explore the opportunities offered by a diversified

financial services group.

The strong capital position of the Group on top of the diversified income base will ensure resilience against

the possible adverse market conditions. For and on behalf of the board

Windhoek, 4 February 2009



Earnings per share +11%



 \Re Return on average equity 24.7%



 $\ref{eq:poisson}$ Dividend per ordinary share +12%

Profit attributable to equity holders +9%

	Change	Unaudited ended 31	Audited year ended 30 June	
N\$ million	%	2008	2007	2008
Condensed consolidated income statement				
Interest and similar income	14	818	717	1,481
Interest expense and similar charges	(24)	(451)	(365)	(775)
Net interest income before impairment of advances	4	367	352	706
Impairment of advances	35	(26)	(40)	(72)
Net interest income after impairment of advances	9	341	312	634
Non interest income	7	230	214	433
Net insurance premium income	(1)	78	79	160
Net claims and benefits paid	(5)	(61)	(58)	(117)
Decrease in value of policyholder liabilities: insurance contracts	>100	66	9	85
Fair value adjustment to policyholder liabilities: investments contracts	(40)	3	5	(4)
Fair value adjustment to financial liabilities	(>100)	(27)	1	16
Income from operations	12	630	562	1,207
Operating expenses	(15)	(345)	(301)	(626)
Net income from operations	9	285	261	581
Share of profit from associates		1		6
Income before tax	10	286	261	587
Indirect tax	(13)	(9)	(8)	(18)
Profit before tax	9	277	253	569
Direct tax	(19)	(92)	(77)	(160)
Profit for the period	5	185	176	409
Attributable to:	5	185	176	409
Non cumulative non redeemable preference shareholders		1	1	1
Minority interest	(46)	7	13	24
Equity holders of the Group	9	177	162	384
Earnings per share (cents)	11	68	61	145
Dividends per share (cents)	12	28	25	53
Condensed consolidated				

Assets				
Cash and short term funds	5	512	489	345
Due from banks and other financial institutions	>100	497	196	1,004
Derivative financial instruments	>100	58	27	38
Advances	12	9,851	8,764	9,142
Investment securities		1,944	1,946	2,068
Accounts receivable	78	215	121	95
Policy loans on investment contracts	38	22	16	19
Reinsurance assets	(15)	332	391	390
Investment in associates	>100	5	1	5
Tax asset	>100	17		17
Deferred tax asset	(>100)		37	20
Property and equipment	22	214	176	188
Investment properties	(33)	4	6	4
Intangible assets	4	59	57	67
Total assets	12	13,730	12,227	13,402
Equity and liabilities				

Deferred tax asset	(>100)		37	20	
Property and equipment	22	214	176	188	
Investment properties	(33)	4	6	4	
Intangible assets	4	59	57	67	
Total assets	12	13,730	12,227	13,402	
					Т
Equity and liabilities					
Liabilities					
Deposits	16	10,126	8,710	9,676	
Due to banks and other financial institutions		294	293	354	
Derivative financial instruments	23	48	39	62	
Creditors and accruals	2	240	236	247	
Gross outstanding claims	>100	4	1	1	
Gross unearned premium	67	10	6	16	
Provision for unintimated claims	>100	2	1	2	
Policyholders liabilities under insurance contracts	(15)	981	1,148	1,104	
Policyholders liabilities under investment contracts	25	40	32	38	
Post retirement benefit liability	5	39	37	38	
Tax liability	50	15	10	1	
Deferred tax liability	>100	3			
Long term liabilities	7	268	250	236	
Total liabilities	12	12,070	10,763	11,775	
Equity attributable to equity holders of the group	16	1,544	1,331	1,483	
Minority interest	(13)	116	133	144	
Total equity	13	1,660	1,464	1,627	
Total equity and liabilities	12	13,730	12.227	13,402	

Contingent liabilities and

Contingent liabilities	15	1,876	1,637	1,696
Capital commitments	(41)	22	37	30
Capital commitments	(41)	22	37	

Condensed consolidated Net cash flow from operating activities

Cash and cash equivalents at end of the period
Cash and cash equivalents at beginning of the period
Net increase in cash and cash equivalents
Net cash flow from financing activities
Net cash flow from investment activities

369	356	188
(32)	(19)	76
(170)	(74)	(145)
167	263	119
345	226	226
 512	489	345

Condensed consolidated statement of changes in equity

	Un er	Audited year ended 30 June		
	20	08	2007	2008
N\$ million	Attributable to equity holders of the group	Minority Interest	Attributable to equity holders of the group	Attributable to equity holders of the group
Equity at beginning of the period	1,483	144	1,240	1,240
Profit for the period	178	7	162	385
Movement in available-for-sale revaluation reserves	23			
Amounts removed from equity and recognised in the income statement	(1)		(4)	(2)
Share option costs	2		2	2
Consolidation of Employee Share Trust	(66)			(6)
Ordinary dividends	(75)	(35)	(69)	(135)
Preference share dividend				(1)
Equity at end of the period	1,544	116	1,331	1,483

		I be a conditional	-1	Audited
			Unaudited six months ended 31 December	
N\$ million	Change %	2008	2007	30 June 2008
N3 Hillion	70	2006	2007	2006
Condensed segment information				
Income from operations per segment:				
Banking operations	14	555	485	1,004
Long term insurance	(9)	62	68	139
Short term insurance	43	10	7	22
Other, includes property, head office charges and consolidation entries		3	2	42
and consolidation entries	12	630	562	
O	12	630	562	1,207
Operating profit before direct tax per segment:				
Banking operations	20	244	203	437
Long term insurance	(43)	21	37	72
Short term insurance	(60)	2	5	8
Other, includes property, head office charges and consolidation entries		10	8	52
and consolidation entries	10	277	253	569
Total assets per segment:		211	200	309
	10	10.100	10.014	10.000
Banking operations	13	12,189	10,814	12,032
Long term insurance	12	1,378	1,229	1,190
Short term insurance	25	35	28	52
Other, includes property		128	156	128
	12	13,730	12,227	13,402
Other, includes property	12			

12	13,730	12,227	13,402	
	177	162	384	
			1	
			(4)	
	(1)	(1)	(1)	
			(34)	
			(16)	
9	176	161	330	
				_
		177	177 162 (1) (1)	177 162 384 1 (4) (1) (1) (1) (34) (16)

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Features of the Group results				
Share performance				
·	4.4	07.0	01.0	145.0
Earnings per share (cents)	11	67.8	61.2	145.2
Headline earnings per share (cents)	11	67.3	60.7	124.7
Diluted headline earnings per share (cents)	11	67.3	60.7	124.7
Dividends per share (cents) - ordinary (Actual declared in financial period)	12	28.0	25.0	53.0
Closing share price (cents) - ordinary	25	1,165.0	930.0	996.0
Number of shares in issue (millions) - ordinary*	(2)	258.3	264.3	264.3
Weighted number of shares in issue (millions) - ordinary'	(1)	262.0	264.3	264.3
Dividend cover (times) - ordinary (based on normalized earnings)		2.4	2.4	2.4
Net asset value per share (cents)	19	597.9	503.7	561.2
Dividend yield (%) - ordinary dividend	(11)	4.8	5.4	5.3
Earnings yield (%) - ordinary shares	(12)	11.6	13.2	14.6
Price to Book ratio	6	1.9	1.8	1.8
Price: Earnings ratio - ordinary shares		8.6	7.6	6.9
* after consolidation of employee share trust				
Selected ratios				
Return on average shareholders' equity (%)		24.7	24.7	28.2
Return on average assets (%)	(13)	2.7	3.1	3.4
Cost to income ratio (%)	(6)	50.2	47.3	45.9
Capital adequacy ratio of the Banking Group	(2)	19.6	19.9	20.7
Capital adequacy requirement (CAR) of Swabou Life (times)	(44)	3.0	5.4	5.1

Basis of preparation

Solvency margin of Swabou Insurance (%)

ancial statements for the six months ended 31 December 2008 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), in particular IAS 34 "Interim Financial Reporting" and in compliance with the Listing Requirements of the Namibian Stock Exchange and the Namibian Compan

Accounting policies and estimates and judgements made in applying accounting policies

The accounting policies adopted and the est ates and judgements made in applying the accounting policies are consistent with those applied and disclosed in the annual financial statements for the year ended 30 June 2008.

Interim Dividend Declaration

Notice is hereby given that an interim dividend (number 29) of 28 cents per ordinary share has been declared on 4 February 2009 in respect of the half year ended 31 December 2008. The last day to trade shares on a cum dividend basis will be 27 February 2009 and the first day to trade ex dividend will be 2 March 2009. The record date will be 6 March 2009 and the payment date will be 3 April 2009.

Y Katjirua, Company Secretary

Windhoek, 4 February 2009

Transfer secretary:

First National Bank Building, 209-211 Independence Avenue, P O Box 195, Windhoek, Namibia, Website: http://www.fnbnamibia.com.na. Registration No. 88/024. Transfer Secretaries (Pty) Ltd, Kaiserkrone Centre, Post Street Mall, PO Box 2401, Windhoek, Namibia. Registration No. 93/713. JJG Securities (Pty) Ltd. Ground Floor, 12 Love Street, P O Box 186, Windhoek, Namibia. Registration No. 95/505.

H-D Voigts (Chairman), Adv V R Rukoro (CEO), H W P Böttger, C L R Haikali, J R Khethe*, J K Macaskill*, S H Moir*, M N Ndilula, P T Nevonga, I I Zaamwani-Kamwi, * South African













