

THE ROAD AHEAD

The Central Bank of Nigeria has in recent times taken certain actions to address the stability of the Financial Sector in Nigeria. Following concerns on the health of the Nigerian Banking system arising largely from the system's exposure to the capital market and the effect of the global financial crises, as well as exposure to oil marketers, Ministries, Departments and Agencies, the Central Bank conducted a stress audit of all banks operating in Nigeria. This was conducted in two phases:

The first audit phase was concluded on August 14, 2009 and certain actions were taken by the Central Bank of Nigeria to ensure the stability of the Financial System. The Central Bank's stress audit of BankPHB was concluded under the second phase and the Central Bank has since met with, and presented its report to the Board of BankPHB. The Board of BankPHB has embraced the Central Bank stress audit report and has immediately set about addressing the issues raised by the Central Bank of Nigeria.

The new management led by Cyril Chukwumah, who has over 3 decades experience in banking, accounting and financial services consulting, assures all our financial partners that our bank will continue to meet its obligations/commitments under the existing commercial arrangements

The Central Bank of Nigeria has committed to providing capital injection as Long Term Loan and liquidity support to BankPHB. The Public Statement issued by the Central Bank of Nigeria (CBN) attests to the support granted to Nigeria's Financial Sector by the Government of Nigeria. As it had communicated immediately following the conclusion of the first phase of the special audits, the CBN continues to guarantee all foreign loans and correspondent banking lines to Nigerian Banks.

In the months ahead, we will be concentrating on the key outcomes of the audit findings, specifically, shoring up liquidity and capital adequacy as well as strengthening the bank's corporate governance in order to position Bank PHB for positive growth in the future. We will also be focusing on strengthening our risk management framework, financial reporting processes and standards, implementation of a new improved control regime, and the accelerated implementation of International Financial Reporting Standards (IFRS), amongst others. We will also focus on strengthening our leadership development and succession planning. The new management wishes to state that this process had been initiated by the bank immediately following the field portion of the special examination. The new leadership will ensure speedy conclusion of this exercise and implementation of the recommended actions.

We recognize the concerns of our stakeholders around our investment in Springbank. While the above transformational plans will produce a new set of controls around future investments, we will work closely with the management of Springbank to manage this investment with the singular objective of shareholder value maximization.

With renewed confidence we urge you, dear stakeholders, to join us as we begin anew to recreate your forward thinking institution that constantly reminds you to think possible.

MANAGEMENT