

ABRIDGED FINANCIAL STATEMENT 2009

CONSOLIDATED BALANCE SHEET as at 31 December 2009

	Group		Bank	
	31 December 2009	30 June 2008	31 December 2009	30 June 2008
	N'000	N'000	N'000	N'000
Assets				
Cash and balances with central banks	23,990,791	84,671,438	22,453,763	84,215,182
Treasury bills	11,853,334	140,363,893	6,459,566	139,139,045
Due from other banks	62,177,011	285,481,956	54,034,989	283,230,289
Loans and advances	186,844,420	314,125,996	177,433,734	312,881,090
Advances under finance lease	3,101,224	3,953,392	3,101,224	3,953,392
Insurance receivables	1,266,279	1,169,378	-	-
Investment securities	89,570,443	148,880,571	85,389,078	140,497,071
Investment in subsidiaries	4,673,494	-	23,605,276	5,317,465
Investment in associates	455,510	868,475	304,190	304,190
Goodwill	9,227,512	1,039,496	-	-
Deferred taxes	88,252,612	-	88,252,612	-
Other assets	22,819,548	34,186,688	21,770,574	33,136,755
Investment property	700,000	150,000	-	-
Property, plant and equipment	53,111,653	35,007,265	50,822,446	34,244,720
	558,043,831	1,049,898,548	533,627,452	1,036,919,199
Liabilities				
Customer deposits	477,981,817	716,764,592	457,472,465	717,928,793
Due to other banks	131,193,851	14,495,000	131,000,000	10,020,000
Liability on investment contracts	158,099	4,961,546	-	-
Liabilities on insurance contracts	1,271,631	866,221	-	-
Other borrowings	77,800,279	11,493,203	77,514,550	11,493,203
Taxation	1,786,437	6,342,568	1,535,016	6,104,057
Other liabilities	62,277,847	124,283,950	58,044,607	122,423,560
Deferred taxes	47,516	1,391,535	-	1,378,240
Retirement benefit obligations	114,230	91,080	114,120	91,080
	752,631,707	880,689,695	725,680,758	869,438,933
Equity				
Share capital	10,052,497	7,577,497	10,052,497	7,577,497
Share premium account	218,400,901	140,883,315	218,400,901	140,883,315
Treasury Shares	(34,842,956)	-	(34,842,956)	-
Reserves	(388,163,825)	20,557,663	(385,663,747)	19,019,454
Attributable to equity holders of the parent	(194,553,383)	169,018,474	(192,053,305)	167,480,266
Non controlling interest	(34,493)	190,378	-	-
Total Equity	(194,587,876)	169,208,852	(192,053,305)	167,480,266
Total equity and liabilities	558,043,831	1,049,898,548	533,627,452	1,036,919,199
Acceptances and guarantees	132,436,940	117,041,531	122,973,070	110,763,884

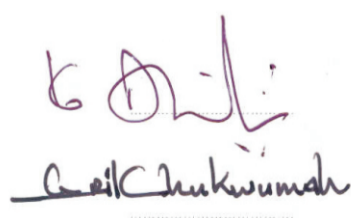
CONSOLIDATED PROFIT AND LOSS ACCOUNT for the 18 months ended 31 December 2009

	Group		Bank	
	18 months to 31 December 2009	12 months to 30 June 2008	18 months to 31 December 2009	12 months to 30 June 2008
	N'000	N'000	N'000	N'000
Gross Earnings	160,035,803	89,237,552	152,718,200	86,483,953
Interest and similar income	111,125,290	56,123,308	108,243,692	55,534,908
Interest and similar expense	(77,161,952)	(24,928,913)	(74,750,994)	(24,167,296)
Net interest and discount income	33,963,338	31,194,395	33,492,698	31,367,612
Other income	48,910,514	33,114,244	44,474,508	30,949,045
Operating expenses	(130,045,247)	(32,925,830)	(125,223,804)	(31,882,501)
Provision for losses	(440,465,535)	(4,536,765)	(436,462,487)	(4,628,063)
(Loss)/ Income from shares in Associated companies	(412,965)	347,175	-	-
(Loss)/profit before taxation	(488,049,895)	27,193,219	(483,719,085)	25,806,093
Taxation	87,860,024	(6,543,482)	88,105,632	(6,369,053)
(Loss)/profit after taxation	(400,189,871)	20,649,737	(395,613,454)	19,437,040
Non-controlling interest	836,739	(101,654)	-	-
(Loss)/profit after taxation & non-controlling interest	(399,353,132)	20,548,083	(395,613,454)	19,437,040
KEY FINANCIAL INFORMATION				
Total non-performing loans and advances (N'000)	335,596,734	8,058,472	341,206,285	6,710,740
Total non-performing loans to total loans and advances (%)	70%	2%	73%	2%
EPS (Basic) (=N=)	(20.14)	2.60	(19.95)	2.46

Approved by the Board of Directors on 30 June 2010 and signed on its behalf by:

Mr. Abdul-Lateef Kolawole Abiola - Chairman

Cyril Chukwumah - Managing Director/CEO




Chartered Accountants



12 July 2010

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF BANK PHB PLC

Report on the financial statements

We have audited the accompanying financial statements of Bank PHB Plc ("the Bank") and its subsidiaries ("the Group") which comprise the balance sheets as of 31 December 2009 and the profit and loss accounts and cash flow statements for the period then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. Except as discussed below, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

As disclosed in note 2(b), the profit and loss accounts include revaluation gains and write-offs and provisions for which sufficient appropriate audit evidence was not made available to us. We also did not receive sufficient appropriate audit evidence with respect to the following: [i] operating account balance with the Central Bank of Nigeria included in 'Cash and balances with Central Banks' disclosed in note 12 to the financial statements; and [ii] an amount due to customers included in Customer deposits as disclosed in note 27. We were also unable to obtain sufficient appropriate audit evidence to determine whether any of these adjustments should have been made to the comparative balance sheets of 30 June 2008 or allocated to different line items in the current year profit and loss accounts and cash flow statements.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the state of the financial affairs of the Bank and the Group as of 31 December 2009 and of their losses and cash flows for the period then ended in accordance with Nigerian Statements of Accounting Standards and in the manner required by the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act.

Emphasis of Matter

We draw attention to note 2(a) in the financial statements which indicates that the Bank and the Group incurred losses amounting to N396 billion and N399 billion respectively for the eighteen month period ended 31 December 2009. As at that date, the Bank and the Group had net liabilities of N192 billion and N195 billion respectively and liquidity and capital adequacy ratios were below the regulatory minimum levels. These conditions, along with other matters as set forth in Note 2(a), indicate the existence of a material uncertainty which may cast significant doubt about the Bank's ability to continue as a going concern. We also draw attention to note 19 to the financial statements concerning the possible outcome of a lawsuit regarding the control of Spring Bank Plc. The financial statements of Spring Bank Plc were not included in the Group financial statements owing to a subsisting court injunction. Management has disclosed their view that the ultimate outcome of the matter cannot presently be determined.

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters.

- Except as described in the Basis of Qualified Opinion paragraph above:
 - we have received all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - the Bank has kept proper books of account so far as appears from our examination of those books and we have received proper returns adequate for the purposes of our audit from branches not visited by us;
- The Bank's balance sheet and profit and loss account are in agreement with the books of account;
- Insider credits are disclosed in Note 39 as required by CBN Circular No. BSD/1/2004.

Contraventions

The Bank contravened the provisions of Section 160 of the Companies and Allied Matters Act on purchase of own shares. The Bank also contravened section 15 (4) of the Banks and Other Financial Institutions Act on liquidity ratio and the Central Bank of Nigeria circular BSD/11/2003 of 4 August 2003 on capital adequacy.