



## From the MD/CEO

Dear Customers & Shareholders,

I am writing this letter to you as the Chief Executive Officer of Oceanic Bank International Plc at a time of unprecedented financial sector crisis in Nigeria and the rest of the world and following the intervention of the Central Bank of Nigeria in your bank.

The year 2009 for your bank has been extraordinary and our unaudited financial statements for the nine months to September 30, 2009 reflect the need to come clean about the true and fair state of affairs of the bank. In coming clean, we have examined the extent to which the bank's accounts both in 2009 and prior year have reflected the true position of our non-performing loans and the recognition of interest thereon.

In the unaudited accounts for the nine months to September 30<sup>th</sup> 2009, we have booked provisions of =N=311.8billion in respect of bad and doubtful loans and, in line with Prudential Guidelines, accounting standards and best accounting practice, we have not booked income on such non-performing loans, resulting in a loss before tax of =N=398.3billion. We are now confident that all known losses as at September 30<sup>th</sup> 2009 have been properly accounted for. We also believe we have addressed the twin problems of 'ever greening' the loan book and bad loans that were not properly accounted for.

To the extent that most of the loans we have now classified as bad in the 3<sup>rd</sup> Qtr 2009 unaudited accounts had already become delinquent in 2008, but were not classified or accounted for as such in the 2008 audited accounts, we will in the coming months restate the 2008 accounts in order to correct these distortions. When this is done, it is expected that the Profit and Loss account for 2008 will show a substantial loss vs. the profit after tax of =N=7.68billion currently shown, while the restated Profit and Loss account for nine months to September 30<sup>th</sup> 2009 will show a correspondingly reduced loss. The restatement is not however expected to result in a change in the Shareholders Funds position as at 30<sup>th</sup> September 2009 except to the extent of tax related adjustments.

Once this is done, we will be able to put behind us all the unfortunate events of the recent past and focus on the future of our great bank.

Our bank has a great brand. We are proud of our loyal and dependable customer base, a successful retail business, a network of 440 branches strategically located across Nigeria, world class transaction banking and retail banking product engines, rich holdings of real estate, to name a few of elements we must continue to be proud of.

It is widely expected that the financial sector crisis in and outside Nigeria will persist in 2010. As we prepare to brace the macroeconomic and external difficulties ahead, we are optimistic about the future of Oceanic Bank and we are poised to implement fully the recovery strategy.

Your bank is taking action to streamline its cost base so as to align expenditure with revenue. To enable us focus on stabilising the bank's Nigerian and core banking operations, our investment program has been postponed almost entirely. Unfortunately, since many of these actions concern our employees, personnel adjustments cannot be avoided.

As I look forward to 2010, I am confident I have the right staff in the right positions to weather the financial storm, which may get worse before it gets better. The nature of the economy is one we have never before experienced; however, I believe we can endure and tackle the challenges that lie ahead.

To be successful in 2010 and beyond, we must:

1. Remain focused on our customers
2. Be committed to the enthrone of strong corporate governance
3. Sustain the momentum of the last two months that has resulted in deposit growth, loan recovery and improvements in efficiency;
4. Carefully monitor credit quality and proactively work with customers to remedy delinquencies and mitigate further deterioration of their loans;
5. Use capital wisely.
6. Continue to review and control expenses.

In closing, I would like to reaffirm our commitment to a conservative corporate philosophy and strong corporate governance. I believe your bank can rise above this and can be profitable even during these very difficult times. In fact, these difficult times may bring new growth opportunities to Oceanic Bank.

Over the next days and weeks, the management team will be following through with stakeholders on this landmark bridge from the past into the future of your bank, premised on the right foundation.

The Un-audited Accounts as at September 30, 2009 will be published on our website during the week and hardcopies will be available to customers and investors.

Thank you for your continued support and investment in Oceanic Bank.

**John O. Aboh**  
MD/CEO