

## Management Commentary

On October 29, 2010, Oceanic Bank International PLC (BLOOMBERG: OCEANIC NL; NSE: OCEANIC; REUTERS: OCBK.LG) or “the Bank” reported its unaudited third quarter results for the 9-month period ended September 30, 2010.

The latest results, which show a significant improvement in Oceanic Bank's bottom line over the comparative period in 2009, were greatly boosted by low cost of funds (on the back of the drop in interest rates in Q2 2010), improved revenue-expense ratio (mainly due to staff rationalisation at the end of 2009) and the write-back of impairment losses on Loans and Advances.

As at the end of the third quarter, the Group has written back N14.8bn, while cumulative recoveries on September 30 year-to-date (YTD) were N111.4bn.

In the 9-month period under review, the Bank's deposit book grew by 15% to close at N626 billion, primarily due to sustained customer loyalty, the resilience of the Oceanic Brand, excellent customer service and the effectiveness of its 375-branch network.

During the period, Fitch Ratings upgraded the Bank's individual rating from “F” to “E”.

In the 3<sup>rd</sup> quarter, Oceanic Bank held its first interactive session with shareholders to apprise them of milestones achieved in its turnaround program and options being explored by its Board to recapitalize the institution. Shareholders voiced their support for the Bank's demonstration of transparency and responsibility, and engaged the Bank's Board and Management in a frank exchange of ideas over its future.

Commenting on the results, John Aboh, Chief Executive Officer said:

*Our turnaround program continues to yield good results; we are keeping operating costs in check, pursuing NPL recoveries aggressively and focusing on risk management. If you look at the underlying business of Oceanic Bank, what you find is a solid institution with a resilient brand, committed workforce and loyal customers. This is our winning formula.*

Sharing her outlook for the 4<sup>th</sup> quarter, Oyinkan Adewale, Executive Director/Chief Financial Officer said :

*Following the recent court ruling, we look forward to receiving a major boost to the Bank's liquidity from AMCON. With the resolution of insider-related NPLs, we expect a massive improvement in the Bank's NPL ratio from 69% (end Qtr 3) to about 50% and we look forward to deploying the proceeds to optimise our cost of funds.*