

RATINGS RELEASE

Diamond Bank Plc ("the Bank" or "Diamond") has been assigned an "A" rating by Agusto & Co. Limited. The rating is justified by the Bank's good financial performance, symbolized by its strong capital base, experienced management, moderate market share, satisfactory profitability, and good liquidity profile. The rating is constrained by the gradual decline in Diamond's asset quality.

Diamond Bank is one of the top ten largest banks (in terms of total assets) in the industry. The Bank experienced moderate growth in its business volumes during the 2007 financial year, with total assets and net loans increasing by 49% and 30% respectively compare to an industry growth of 85% and 90% on the same parameters. Diamond generates half of its net earnings from fund-based activity and has maintained its strong commercial banking focus. The Bank's pre-tax return on equity (ROE) of 20.7% compares favorably with its peers, although its cost to income profile requires improvement. Diamond's pre-tax return on assets (ROA) of 2.7%, though slightly lower than the prior year's 2.9% also compares favorably with its peers.

With a 6.6% ratio of non performing loans (NPL) to total loans (TL) Diamond's asset quality compares favorably with the industry. The Bank's provisioning for classified credits is adequate at 89%, at par with the industry average. However, Diamond's nominal classified credits have increased considerably in the last 12 months. Though the Bank has made investment in its risk management systems its ability to curb decline in non-performing loans remains a rating concern. The Bank's good liquidity profile is supported by its network of 126 business offices spread across the country, although the Bank's 7.2% Weighted Average Cost of Funds is higher than its peer and industry average.

Diamond's core capital is strong, at N54 billion. The Bank's Basle ratio of 24% is more than twice the regulatory minimum of 10%. Diamond's 37.6 million Global Depository Receipts (GDRs) were listed on the London Stock Exchange in January 2008, following capital inflows of US\$500 million arising from the capital raising exercise. The Bank has shareholders funds exceeding N100 billion, and its capital base is strong enough to support current business volumes.

Diamond's market share has exhibited strong growth, with market share across key indicators exceeding 5% in 2007. The Bank's management is experienced and stable.

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